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EUROPEAN CENTRAL BANK

EUROSYSTEM

MONTHLY BULLETIN 04 | 2012

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MONTHLY BULLETIN
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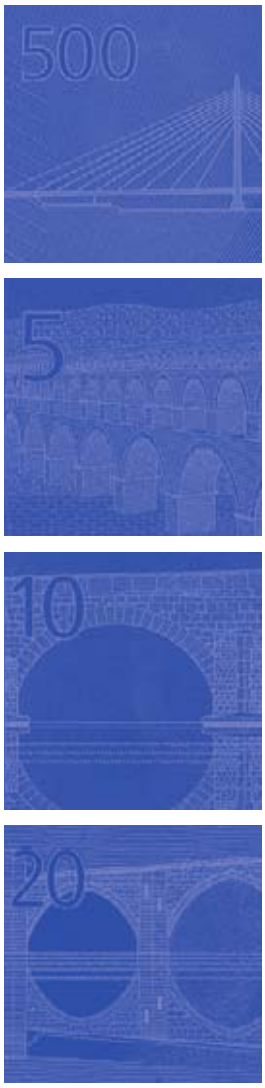
EUROSYSTEM



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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 4 April 2012 to keep the key ECB interest rates unchanged. The information that has become available since the beginning of March broadly confirms the Governing Council's previous assessment. Inflation rates are likely to stay above 2% in 2012, with upside risks prevailing. Over the policy-relevant horizon, the Governing Council expects price developments to remain in line with price stability. Consistent with this picture, the underlying pace of monetary expansion remains subdued. Survey indicators for economic growth have broadly stabilised at low levels in the early months of 2012, and a moderate recovery in activity is expected in the course of the year. The economic outlook remains subject to downside risks.

Medium-term inflation expectations for the euro area economy must continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. Over the last few months the Eurosystem has implemented both standard and non-standard monetary policy measures. This combination of measures has contributed to a stabilisation in the financial environment and an improvement in the transmission of monetary policy. Further developments need to be carefully monitored. It is also important to keep in mind that all the non-standard monetary policy measures are temporary in nature and that all the necessary tools are available to address upside risks to medium-term price stability in a firm and timely manner.

With regard to the economic analysis, real GDP contracted by 0.3% in the euro area in the fourth quarter of 2011. Survey data confirm a stabilisation in economic activity at a low level in early 2012. The Governing Council continues to expect the euro area economy to recover gradually in the course of the year. The outlook for economic activity should be supported by foreign demand, the very low short-term interest rates in the euro area, and all the measures taken to foster the proper functioning of the euro area economy. However, the remaining tensions in euro area sovereign debt markets and their impact on credit conditions, as well as the process of balance sheet adjustment in the financial and non-financial sectors and high unemployment in parts of the euro area, are expected to continue to dampen the underlying growth momentum.

Downside risks to the economic outlook prevail. They relate in particular to a renewed intensification of tensions in euro area debt markets and their potential spillover to the euro area real economy. Downside risks also relate to further increases in commodity prices.

Euro area annual HICP inflation was 2.6% in March 2012, according to Eurostat's flash estimate, after 2.7% in the previous three months. Inflation is likely to stay above 2% in 2012, mainly owing to recent increases in energy prices, as well as recently announced rises in indirect taxes. On the basis of current futures prices for commodities, annual inflation rates should fall below 2% again in early 2013. In this context, the Governing Council will pay particular attention to any signs of pass-through from higher energy prices to wages, profits and general price-setting. However, looking ahead, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain limited.

Risks to the outlook for HICP inflation rates in the coming years are still seen to be broadly balanced, with upside risks in the near term mainly stemming from higher than expected oil prices and indirect tax increases. Downside risks continue to exist owing to weaker than expected developments in economic activity.

The monetary analysis indicates that the underlying pace of monetary expansion has remained subdued. The annual growth rate of M3 was 2.8% in February 2012, compared with 2.5% in January. In both January and February a strengthening in the deposit base of banks was observed. Annual loan growth to

the private sector has remained subdued, with the rate (adjusted for loan sales and securitisation) moderating in February to 1.1% year on year, from 1.5% in January.

The annual growth rates of loans to non-financial corporations and loans to households (adjusted for loan sales and securitisation) stood at 0.6% and 1.8% respectively in February. The volume of MFI loans to non-financial corporations and households remained practically unchanged compared with the previous month.

Money and credit data up to February confirm a broad stabilisation of financial conditions and thereby the avoidance of an abrupt and disorderly adjustment in the balance sheets of credit institutions, as intended by the Eurosystem's measures. Funding conditions for banks have generally improved, and there has been increased issuance activity and a re-opening of some segments of funding markets. The demand for credit remains weak in the light of still subdued economic activity and the ongoing process of balance sheet adjustment in non-financial sectors. The full supportive impact of the Eurosystem's non-standard measures will need time to unfold and to have a positive effect on the growth of loans when demand recovers. In this context, it should be noted that the second three-year longer-term refinancing operation was only settled on 1 March 2012.

Following the stabilisation in the financial environment, it is essential for banks to strengthen their resilience further, including by retaining earnings. The soundness of banks' balance sheets will be a key factor in facilitating both an appropriate provision of credit to the economy and the normalisation of all funding channels.

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

In order to support confidence, sustainable growth and employment, the Governing Council calls upon governments to restore sound fiscal positions and implement strong structural reforms. Commitments under the Stability and Growth Pact need to be fully honoured and weaknesses in competitiveness forcefully addressed. National policy-makers need to fully meet their responsibilities to ensure fiscal sustainability, to increase the adjustment capacity of product and labour markets, to enhance productivity and competitiveness, and to ensure the soundness of their financial system. In particular, countries which have suffered losses in cost competitiveness need to ensure sufficient wage adjustment and foster productivity growth.

It should be recalled that the single monetary policy naturally focuses on maintaining medium-term price stability for the euro area as a whole. It is up to national policy-makers to foster domestic developments which support the competitiveness of their economies. Both prudent fiscal policies and competitive and flexible product and labour markets are of crucial importance for the functioning of the euro area economy.

This issue of the Monthly Bulletin contains three articles. The first article presents an analysis of government debt sustainability issues in the euro area. The second article reviews the developments in prices and costs during the 2008-09 recession, while the third describes the Eurosystem's regime and main principles for financial reporting and accounting.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

In an environment of overall receding global financial market pressures, further signs of a stabilisation in the global economy are appearing. Over the past month, the flow of data has broadly confirmed a gradual pick-up in the global economy. Notwithstanding the improving near-term global outlook, however, structural impediments continue to restrain the pace of growth. Global inflation has eased in recent months, partly reflecting the decline in the annual rate of change in the energy component of consumer price indices.

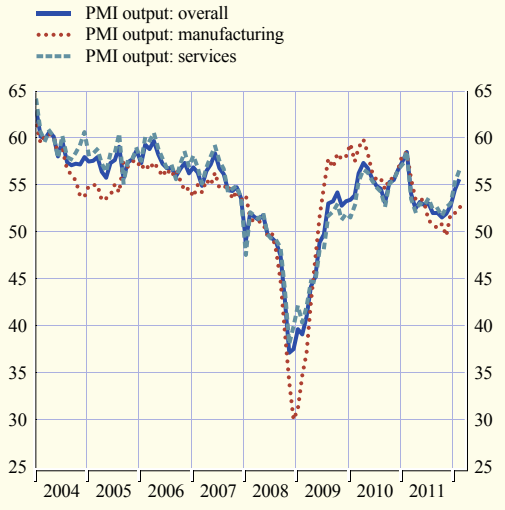
1.1 DEVELOPMENTS IN THE WORLD ECONOMY

In an environment of overall receding global financial market pressures, further signs of a stabilisation in the global economy are appearing. Over the past month, the flow of data has broadly confirmed a gradual pick-up in the global economy. Notwithstanding the improving near-term global outlook, however, structural impediments continue to restrain the pace of growth in the medium term. In some major advanced economies, labour and housing markets, albeit gradually recovering, remain weak. Moreover, although the repair of public and private balance sheets has advanced, the process has yet to be completed. In emerging markets, despite some softening in activity towards the end of last year, growth is progressing at a much faster pace than in advanced economies, thereby providing a solid contribution to the expansion of the global economy.

Overall, the latest survey data indicate that both business and consumer confidence, which showed tentative signs of stabilisation towards the end of 2011, continued to improve in the first quarter of this year. The Purchasing Managers' Index (PMI) for global manufacturing output remained almost unchanged at 52.7 in March (see Chart 1). In addition, the more forward-looking PMI for new orders also remained virtually unchanged at 51.1 in March, providing some positive signals for the near-term global economic outlook. On the consumer side, indicators of consumer confidence have also tended to improve. For advanced economies, however,

Chart 1 Global PMI output

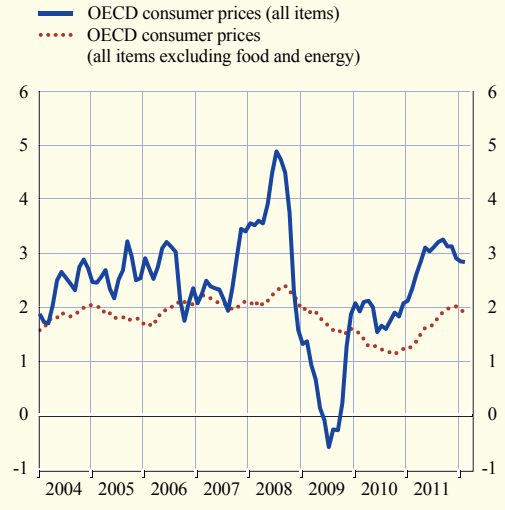
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

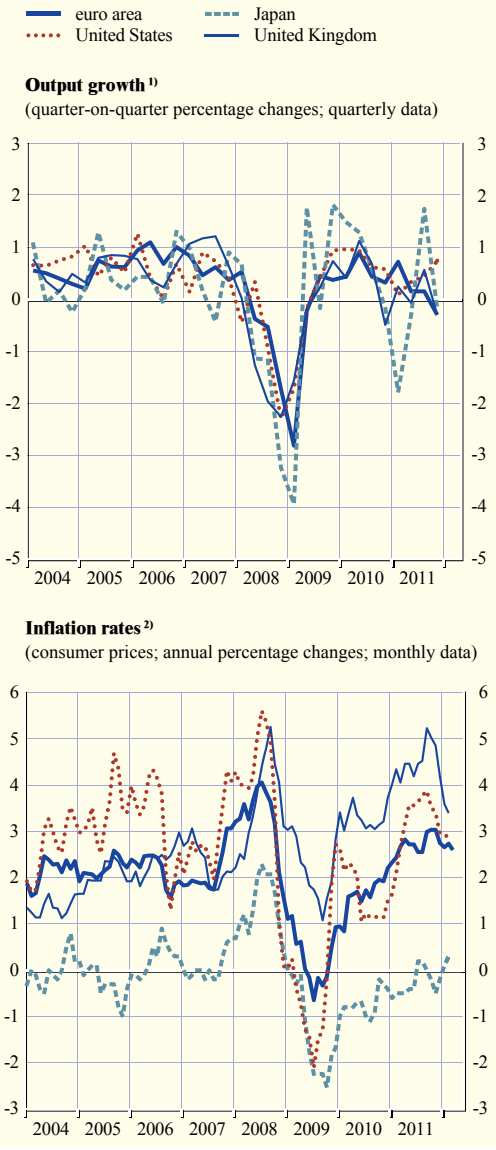
these indicators remain below historical averages, while confidence in emerging markets has held up well.

Global inflation has eased in recent months across all major countries. Annual inflation in the OECD area stood at 2.8% in February 2012, having gradually declined from its peak of 3.3% in September 2011. This was partly associated with favourable base effects, reflecting the decline in the annual rate of change in the energy component of consumer price indices. In February energy prices in the OECD area rose at an annual rate of 7.9%, compared with 14.2% in September. Annual inflation excluding food and energy stood at 1.9% in February, unchanged from the previous month. In emerging economies, inflation has also declined recently.

UNITED STATES

In the United States, the economy continued to recover in the final quarter of 2011. According to the third estimate by the Bureau of Economic Analysis, real GDP increased by 3.0% in annualised terms in the fourth quarter of 2011 (0.7% on a quarter-on-quarter basis), up from 1.8% in the previous quarter. The expansion in the fourth quarter was driven primarily by the change in private inventories and consumer spending. Residential investment picked up strongly, while net exports and government expenditure contributed negatively to growth. Data for the first quarter of 2012 indicate that economic activity continued to improve. The growth in non-farm payroll employment in early 2012 has gathered pace, more quickly than expected by market analysts, and has made a substantial contribution to the improvement in sentiment. Robust retail and vehicle sales indicate that consumption has continued to grow. At the same time, the housing market shows signs of stabilisation, but remains weak overall.

Chart 3 Main developments in major industrialised economies



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

Annual CPI inflation remained unchanged at 2.9% in February 2012 compared with the previous month. The figures for CPI inflation in February feature contrasting developments in the food and energy components, with a deceleration in the annual rate for food prices and an acceleration in energy prices, the latter effectively reversing the deceleration seen in the second half of 2011. Annual inflation, excluding food and energy, declined to 2.2%, thereby halting the upward trend observed since early 2011.

On 13 March 2012 the Federal Open Market Committee (FOMC) stated that strains in global financial markets have eased and that the US economy has been expanding moderately. It also noted that labour market conditions have improved further, but the housing sector remains depressed. The FOMC decided to keep the target range for the federal funds rate at 0% to 0.25% and anticipated that economic conditions are likely to warrant exceptionally low levels for the federal funds rate at least until late 2014.

JAPAN

In Japan, economic activity continues to show some tentative signs of a pick-up from the temporary lull at the end of 2011, although the most recent data releases have been somewhat mixed. After two months of positive growth, industrial production unexpectedly declined in February, but manufacturing firms expect an increase in the two subsequent months. The manufacturing PMI for March also pointed to positive growth (albeit modest) in manufacturing production, driven to a large extent by a continued increase in new orders. On the other hand, the Bank of Japan's Tankan quarterly survey for March surprisingly showed that business sentiment among large manufacturing firms was unchanged from December 2011. Private consumption continues to firm, partly owing to the positive impact of incentives to purchase vehicles. The recovery in real exports of goods since the end of 2011 has been somewhat muted thus far, while in February 2012 growth in real imports of goods lost some of its previous gains. In seasonally-adjusted terms, the monthly nominal trade balance (based on customs trade data) remained negative in February, although the deficit has narrowed since November 2011.

Looking at price developments, annual headline CPI inflation increased in February 2012 to 0.3% (from 0.1% in the previous month). Annual CPI inflation excluding fresh food also increased, from -0.1% in January to 0.1% in February 2012, while annual CPI inflation excluding food and energy stood at -0.5% (up from -0.8% in the previous month). At its latest monetary policy meeting on 13 March, the Bank of Japan decided to maintain its target for the uncollateralised overnight call rate at around 0% to 0.1%. It also announced the enhancement of the fund-provisioning measure to help strengthen the foundations for economic growth.

UNITED KINGDOM

In the United Kingdom, survey data during the first quarter of 2012 was relatively upbeat, but industrial production and retail sales volumes showed some signs of weakness. The labour market situation has remained weak as unemployment is relatively high (8.4% on average in the three months up to January). Looking ahead, growth in domestic demand is expected to remain constrained by tight credit conditions, ongoing household balance sheet adjustment and substantial fiscal tightening, while the outlook for external demand is likely to restrain export growth.

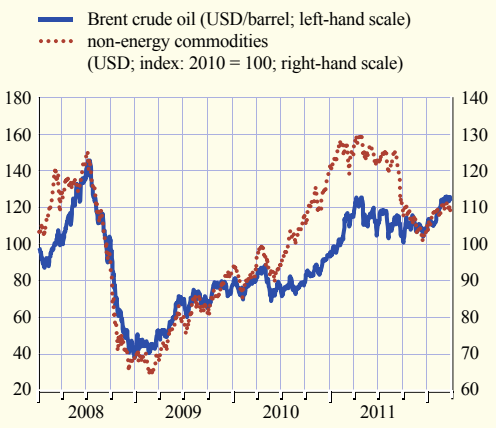
Inflation has remained relatively high, but has continued to ease owing to the gradual waning of certain temporary factors (past energy price increases and the increase in the rate of VAT in January 2011). Annual CPI inflation declined to 3.4% in February from 3.6% in January, while CPI inflation excluding energy and unprocessed food remained unchanged at 2.9%. Inflation is likely to continue easing in the near term, although the recent oil price increase could exert some upward pressure. In the longer term, the existence of large spare capacity together with the sluggish recovery of economic activity should help contain inflationary pressures. On 8 March the Bank of England's Monetary Policy Committee maintained the official Bank Rate paid on commercial bank reserves at 0.5% and the stock of asset purchases financed by the issuance of central bank reserves at a total of GBP 325 billion.

CHINA

In China, available indicators suggest that economic growth continued to decelerate in the first two months of the year. Amid less favourable external conditions and a slowdown in domestic demand,

both exports and imports weakened and the trade balance reported a cumulated deficit of USD 4.2 billion for the first two months of 2012. Industrial production growth has slowed in recent months and the March flash manufacturing PMI signalled a worsening in production conditions. Profits of state-owned enterprises fell by 11% in year-on-year terms in February 2012. The property sector adjustment is also weighing on domestic demand. Residential housing sales were more than 10% lower in January and February 2012 compared with the same period last year. Nonetheless, February data suggest that house prices are gradually bottoming out. As regards price developments, inflationary pressures eased further in February 2012. Annual CPI inflation declined to 3.2% and producer prices were unchanged compared with the same period last year. The People's Bank of China continued to loosen monetary conditions by raising the loan-to-deposit ratio ceilings for two of the largest state-owned banks. The authorities set the GDP growth target for 2012 at 7.5%, down from 8% last year, and left the annual CPI inflation target unchanged at 4%.

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

1.2 COMMODITY MARKETS

Oil prices were broadly stable in March. Brent crude oil prices stood at USD 123.4 per barrel on 3 April, which is 0.8% higher than at the beginning of March and 14.7% higher than at the beginning of the year (see Chart 4). Looking ahead, market participants expect lower oil prices in the medium term, with futures contracts for December 2013 trading at USD 112.5 per barrel.

Pressure on prices remains high owing to ongoing concerns regarding a possible supply disruption in relation to the upcoming EU embargo on oil imports from Iran. This is further amplified by ongoing tightness in supply and demand, as reflected by OECD industry oil stocks remaining below their historical average for the seventh consecutive month. Going forward, price pressures may be dampened, at least temporarily, should either the rumours over a possible release of strategic petroleum reserves or a pledge by Saudi Arabia to increase production prove true.

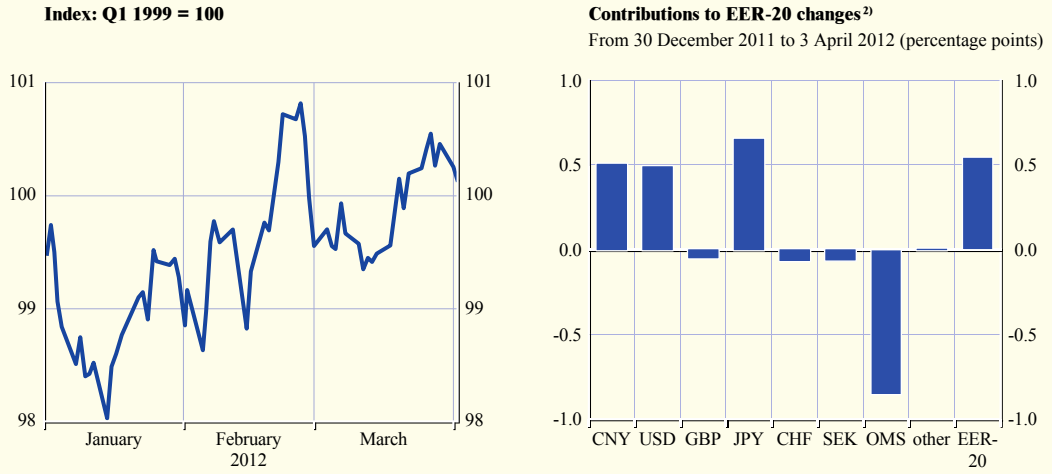
On aggregate, prices of non-oil commodities were also broadly stable in March. While prices of oilseeds and oils were boosted primarily by lower supply in South America as a result of bad weather, metal prices were negatively affected by economic growth prospects in China. In aggregate US dollar terms, the price index for non-energy commodities was 6% higher at the end of March than at the beginning of the year.

1.3 EXCHANGE RATES

During the first quarter of 2012 the euro appreciated slightly overall, in an environment of steadily declining volatility. On 3 April 2012 the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, was 0.5% above its level at the end of December 2011 and 3.2% below its average level in 2011 (see Chart 5).

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.

In bilateral terms, over the past three months the euro has broadly appreciated against most major currencies. Between 30 December 2011 and 3 April 2012 the euro strengthened against the US dollar by 2.9%, the Japanese yen by 9.1% and the Chinese renminbi by 2.7%. The single currency remained broadly stable against the pound sterling. Vis-à-vis other European currencies, the euro depreciated overall over the period under review, most notably against the Hungarian forint and the Polish zloty, by 6.6% and 7.2% respectively, as well as against the Czech koruna by 4.5% (see Table 1). Market volatility, as measured on the basis of foreign exchange

Table 1 Euro exchange rate developments[1)]

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

	Weight in EER-20	Level on 3 April 2012	Appreciation (+)/depreciation (–) of the euro as at 3 April 2012 since: 30 December 2011	since: 3 January 2011	compared with: average for 2011
Chinese renminbi	18.8	8.378	2.7	-4.7	-6.9
US dollar	16.9	1.332	2.9	-0.2	-4.3
Pound sterling	14.9	0.833	-0.3	-3.3	-4.1
Japanese yen	7.2	109.3	9.1	0.6	-1.5
Swiss franc	6.5	1.204	-1.0	-3.4	-2.4
Polish zloty	6.2	4.136	-7.2	4.5	0.4
Czech koruna	5.0	24.62	-4.5	-1.9	0.1
Swedish krona	4.7	8.794	-1.3	-1.6	-2.6
Korean won	3.9	1,497	-0.1	-0.3	-2.9
Hungarian forint	3.2	293.8	-6.6	5.5	5.2
NEER[2)]		100.1	0.5	-1.4	-3.2

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).

option prices, has continued to decline since the beginning of the year and currently stands below long-term average levels for most currency pairs.

Between 30 December 2011 and 3 April 2012 the currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates. The Latvian lats traded on the stronger side of its central rate within the unilaterally set fluctuation band of +/-1%.

1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Looking forward, leading indicators suggest that the momentum in global economic growth has improved in recent months. The OECD's composite leading indicator increased in January 2012 for the third consecutive month, supported in particular by developments in the United States and Japan. Notwithstanding the uncertainty surrounding the global economy, risks to the outlook for the external environment of the euro area remain broadly balanced. While downside risks relate notably to the imbalances still evident in several economies as well as to further increases in commodity prices, incoming information indicates that the recovery in major advanced economies may in fact be slightly more robust than anticipated in current forecasts.

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 dynamics of money and credit remained subdued in February 2012, despite a sizeable inflow for broad money. The inflow for broad money mainly reflected developments in the short-term liabilities of credit institutions. On the counterpart side, euro area MFIs substantially increased their main asset holdings in February by purchasing securities, while bank loans were broadly stable. Developments observed during the first two months of 2012 support the assessment that deleveraging pressures on banks have eased and there has been a considerable reduction in the risk of disorderly deleveraging. At the same time, the full supportive impact of the three-year longer-term refinancing operations (LTROs) on the supply of loans to the non-financial private sector will take time to materialise.

THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 increased further in February 2012, standing at 2.8%, up from 2.5% in January (see Chart 7). This reflected another strong monthly inflow for broad money, with the month-on-month growth rate of M3 standing at 0.8% in February. This increase was not linked to secured money market borrowing conducted via central counterparties (CCPs) located in the euro area. Consequently, a month-on-month increase was also seen in M3 holdings adjusted for the impact of repurchase agreements with CCPs, with the annual growth rate of the M3 series adjusted for this effect increasing to 2.5%, up from 2.0% in January.

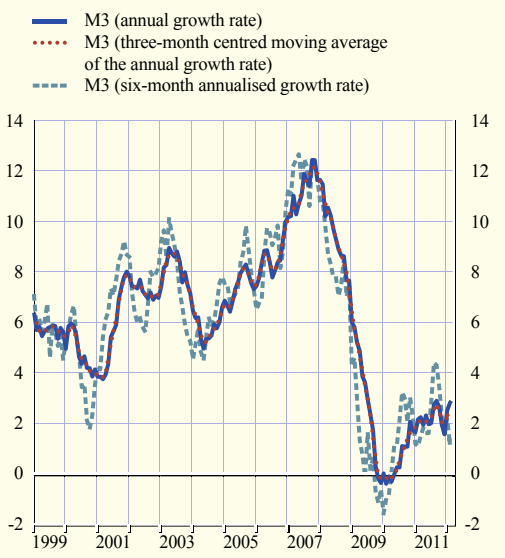
February saw monthly inflows for all components of M3 that represent short-term liabilities on the part of credit institutions. Credit institutions tried to draw in deposits, in some countries by offering attractive interest rates. The sectoral breakdown supports this assessment, as the recovery seen in the monthly flow was driven largely by the non-financial private sector.

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) weakened in February, standing at 1.1%, down from 1.5% in January. This decline was broadly based across sectors. MFIs mainly reduced their loans to non-monetary financial intermediaries, while the net monthly flow of loans to the non-financial private sector was close to zero. Data for the first two months of 2012 support the assessment that the contractionary dynamics observed for lending to the non-financial private sector in the fourth quarter of 2011 – albeit partly related to special factors, such as end-of-year operations in December – have generally been contained.

The monetary data also confirm the broader alleviation of deleveraging pressures on other elements of banks' balance sheets, and thus

Chart 7 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

a considerable reduction in the risk of disorderly deleveraging. February saw euro area MFIs (excluding the Eurosystem) substantially increase their main asset holdings by purchasing securities and, to a lesser extent, inter-MFI loans, while bank loans to the private sector were broadly stable.

MAIN COMPONENTS OF M3

The increase in the annual growth rate of M3 in February mainly mirrored the stronger dynamics of those components of M3 that represent short-term liabilities on the part of credit institutions. In terms of the monthly flow, the largest contribution came from short-term deposits other than overnight deposits (i.e. M2 minus M1), which tend to host transactions driven primarily by portfolio considerations and, in part, reflect attempts by credit institutions to foster stable deposits by offering attractive interest rates.

The annual growth rate of M1 increased to 2.5% in February, up from 2.1% in the previous month. Monthly inflows were observed for both overnight deposits and currency in circulation. As regards holdings of overnight deposits, those of non-monetary financial intermediaries increased more strongly than those of non-financial corporations. By contrast, those of the household sector declined slightly on an annual basis, on account of the monthly flow standing at zero in February.

The annual growth rate of short-term deposits other than overnight deposits increased to 3.1% in February, up from 2.6% in January, reflecting increases in the annual growth rates of its two sub-components. The monthly inflows seen for short-term time deposits (i.e. deposits with an agreed maturity of up to two years) have been particularly large since the turn of the year. This has been driven largely by households in some countries reallocating funds, apparently shifting them into higher-yielding monetary instruments. Remuneration considerations are also likely to have been the driving force behind the sizeable inflow observed for short-term savings deposits (i.e. deposits redeemable at notice of up to three months) since the turn of the year.

The annual growth rate of marketable instruments declined to 3.1% in February, down from 4.4% in January. In terms of the annual growth rates of its sub-components, this concealed divergent developments: declines were observed for money market fund shares/units and repurchase agreements, while a strong increase was seen for holdings of MFI debt securities with a maturity of up to two years (i.e. short-term securities). Small monthly inflows were observed for repurchase agreements with CCPs, as in January, while there was net redemption of money market fund shares/units by the euro area money-holding sector (see Box 1 on the new statistical definition of money market funds). The money-holding sector increased its holdings of short-term MFI debt securities in February. More generally, non-euro area residents have also resumed purchases of short-term MFI debt securities, thereby signalling a reversal of the general apprehension observed with regard to bank securities in late 2011.

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 – increased to 2.5% in February, up from 2.3% in the previous month. The monthly inflow was distributed equally between the financial and non-financial sectors. As regards the non-financial sector, the annual growth rate of M3 deposits held by households increased to 2.0% in February, up from 1.7% in the previous month, while that of M3 deposits held by non-financial corporations was more subdued, increasing to 0.4%, having stood at 0.3% in January.

Box 1

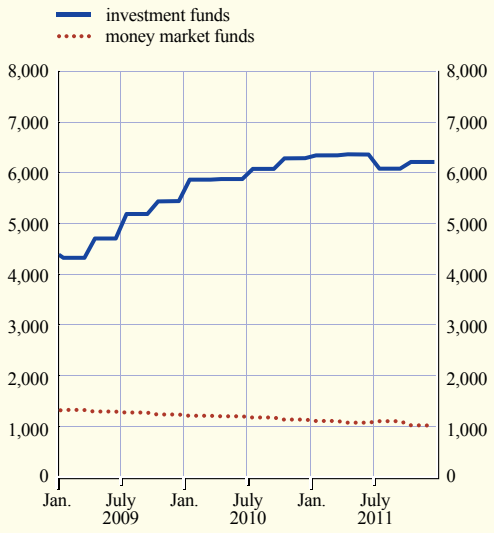
NEW STATISTICAL DEFINITION OF EURO AREA MONEY MARKET FUNDS

The Committee of European Securities Regulators (the predecessor of the European Securities and Markets Authority) published in May 2010 guidelines on a new, common definition of European money market funds for supervisory purposes, which is currently being implemented in most EU countries. These guidelines improve investor protection by setting out clear-cut quantitative and qualitative criteria to be applied by any fund marketing itself as a money market fund. They aim to restrict the various types of risk associated with money market funds, i.e. interest rate, liquidity, credit and credit spread risk. The Governing Council of the ECB decided in August 2011 to adopt the new European definition of money market funds also for statistical purposes by means of a regulation.[1] The new definition had to be implemented for the reporting of monetary financial institutions in the data collection for monetary statistics from 1 February 2012 at the latest. Against this background, this box briefly discusses the impact of the new statistical definition for monetary statistics and monetary analysis.

Money market funds represent a significant share of investment funds (see Chart A). In general, in view of the liquidity features of their shares/units and their investment strategy, money market funds are viewed by investors as a close substitute for short-term deposits. Together with the stability of principal value, i.e. redemption at nominal value, these characteristics mean that money market fund shares/units are considered as monetary assets and classified under "marketable instruments" in the broad monetary aggregate M3. Given the prominent role of money in the two-pillar monetary policy strategy of the ECB, money market fund shares/units contribute to the ECB's analysis of risks to future price developments stemming from monetary developments.

Chart A Total assets of money market funds and investment funds (excluding money market funds) in the euro area

(EUR billions)



Source: ECB.

One important feature of money is its nominal capital certainty. In the challenging business

1 See Regulation ECB/2011/12 amending Regulation (EC) No 25/2009 concerning the balance sheet of monetary financial institutions (ECB/2008/32). According to the new definition, money market funds have the primary investment objective of maintaining the principal of the fund and aim to provide a return in line with money market rates. In addition, money market funds may invest only in high-quality money market instruments. In making its investment decisions, the fund management has to take into account a broad set of factors including, but not limited to: (a) the credit quality of the instrument; (b) the nature of the instrument's asset class; (c) inherent operational and counterparty risk for structured financial instruments; and (d) the liquidity profile. The earlier ECB regulation defined money market funds as those collective investment undertakings (i) issuing units which are close substitutes for deposits; (ii) primarily investing in (a) money market instruments, (b) money market shares/units, (c) other fungible debt instruments with a residual maturity of up to one year, and/or (d) bank deposits; and/or (iii) pursuing a rate of return that approaches the interest rates on money market instruments. The two definitions also deviate from each other in that the new criteria and thresholds apply to the entire money market fund investment portfolio, while the ECB's former statistical criteria applied to only 85% of the investment portfolio.

environment for money market funds during episodes of the financial crisis, the nominal capital certainty of some money market fund shares/units was called into question. Funds that used innovative financial products with the aim of achieving a better risk/return profile than the majority of funds using a more traditional investment approach were particularly affected. The lack of nominal capital certainty and the unconventional characteristics of these particular funds put the business model of money market funds and their reputation as an investment class at risk. This has contributed to sizeable outflows from such funds in the course of the financial crisis. Moreover, it has hampered the substitutability of money market fund shares/units for other M3 components, thus limiting their degree of "moneyness".

Impact of the new definition on monetary aggregates

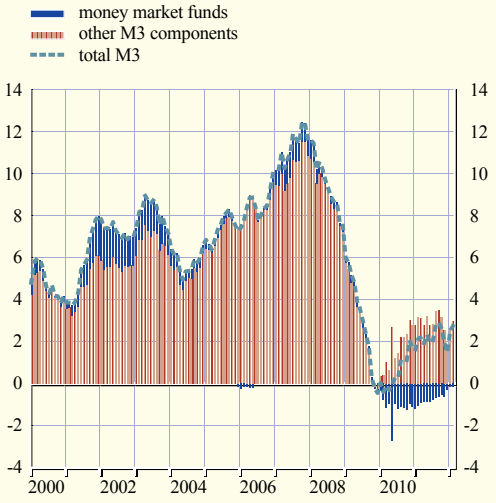
Preliminary estimates suggest that the change in the definition brought about by the new regulation significantly alters the picture of the money market fund industry in some Member States. In particular, in Ireland and Luxembourg, the redefined money market fund industry was approximately 28% and 22% smaller respectively in terms of the total net asset value. The overall impact of changes to the reporting population in the euro area amounts to a reduction of €193.7 billion (18%) of the money market fund sector's total net asset value since July 2011.

Turning to the impact of the new definition on the monetary aggregate M3, only money market fund shares/units held by the euro area resident money-holding sector are affected. Given that in some countries, such as Ireland and Luxembourg, the change in the composition of the reporting population mainly applies to fund shares/units held by non-euro area residents and other MFIs (with MFIs being classified as part of the money-issuing sector), the impact on monetary aggregates is much smaller. The effect on the money market fund shares/units held by the euro area money-holding sector is equivalent to a reduction of only about €69 billion, corresponding to 0.7% in terms of M3 outstanding amounts in February 2012. Importantly, there has been no direct effect on M3 transactions and growth rates, as the change in the reporting population was corrected for through statistical reclassifications, shifting these funds from the money market to the investment fund sector. It should be noted, however, that, in addition to funds that have been reclassified under the investment fund sector, there are also money market funds that have adapted their investment policy in response to the new supervisory definition. This may have had a certain, albeit smaller, impact on the data, although the actual effect is difficult to disentangle from other factors that may have influenced the development of the money market fund sector, for example the low interest rate environment.

As shown in Chart B, the contribution of money market fund shares/units to the annual growth rate of M3 has been, overall, limited. Consequently, any potential distortion in the

Chart B M3 annual growth and contributions of money market fund shares/units and other M3 components

(annual percentage changes; contributions in percentage points)



Sources: ECB and ECB calculations.

information content of the broad monetary aggregate for monetary analysis can be regarded as small. Nevertheless, the new, more detailed and narrower definition of money market funds is warranted in order to safeguard the quality of monetary statistics for monetary policy purposes.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents remained broadly unchanged in February (see Table 2). This stagnation masked a pick-up in the annual growth rate of credit to general government, which rose to 6.0% (up from 4.9% in January), while that of credit to the private sector fell to 0.3%, down from 0.6% in the previous month.

The annual growth rate of lending to general government increased for the fourth consecutive month as a result of large net purchases of securities issued by euro area governments, whereas loans to general government contracted. The flow of credit to the private sector was relatively muted in February, as MFIs increased their holdings of securities and reduced loans. As a result, the annual growth rate of loans to the private sector adjusted for sales and securitisation declined (standing at 1.1%, down from 1.5% in January; see Table 2). The reduction in loans in February was concentrated in the non-monetary financial intermediary sector, as the contraction concerned mainly loans to insurance corporations, pension funds and other financial intermediaries. There was only a small inflow for lending conducted via CCPs, much smaller than in previous months. The net monthly flow of loans to the non-financial private sector (adjusted for sales and securitisation) was close to zero in February, thereby confirming the stabilisation observed in January.

Table 2 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3 [1]	Annual growth rates					
		2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Jan.	2012 Feb.
M1	**49.1**	**3.2**	**1.7**	**1.4**	**1.9**	**2.1**	**2.5**
Currency in circulation	8.7	4.9	4.2	4.5	6.2	6.2	6.2
Overnight deposits	40.4	2.9	1.1	0.8	1.0	1.2	1.7
M2-M1 (=other short-term deposits)	39.4	1.4	3.4	3.4	2.3	2.6	3.1
Deposits with an agreed maturity of up to two years	19.4	-2.6	2.3	3.1	2.0	3.3	4.0
Deposits redeemable at notice of up to three months	20.1	5.4	4.5	3.7	2.5	1.9	2.3
M2	**88.5**	**2.4**	**2.4**	**2.3**	**2.1**	**2.3**	**2.8**
M3-M2 (=marketable instruments)	11.5	-1.6	-0.2	3.0	3.7	4.4	3.1
M3	**100.0**	**1.9**	**2.1**	**2.4**	**2.3**	**2.5**	**2.8**
Credit to euro area residents		**3.7**	**3.1**	**2.4**	**1.3**	**1.4**	**1.4**
Credit to general government		10.9	6.5	5.2	1.4	4.9	6.0
Loans to general government		17.7	10.7	7.0	-2.2	-4.7	-5.0
Credit to the private sector		2.1	2.3	1.7	1.3	0.6	0.3
Loans to the private sector		2.4	2.6	2.5	2.0	1.1	0.7
Loans to the private sector adjusted for sales and securitisation [2]		2.8	2.8	2.7	2.3	1.5	1.1
Longer-term financial liabilities (excluding capital and reserves)		**2.8**	**3.4**	**3.6**	**2.7**	**1.1**	**0.5**

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

Table 3 MFI loans to the private sector

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

	Outstanding amount as a percentage of the total[1]	Annual growth rates					
		2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Jan.	2012 Feb.
Non-financial corporations	**42.1**	**0.6**	**1.0**	**1.5**	**1.6**	**0.7**	**0.4**
Adjusted for sales and securitisation[2]	-	*1.5*	*1.9*	*2.2*	*1.9*	*0.9*	*0.6*
Up to one year	24.3	-1.2	1.5	4.1	3.8	0.7	0.1
Over one and up to five years	18.0	-2.4	-2.9	-3.6	-3.3	-3.6	-3.9
Over five years	57.7	2.4	2.2	2.1	2.3	2.2	2.0
Households[3]	**46.8**	**3.1**	**3.4**	**3.0**	**2.2**	**1.3**	**1.2**
Adjusted for sales and securitisation[2]	-	*3.1*	*3.0*	*2.7*	*2.3*	*2.0*	*1.8*
Consumer credit[4]	11.9	-1.0	-1.0	-2.0	-2.0	-1.6	-1.8
Lending for house purchase[4]	72.2	4.0	4.4	4.0	3.0	1.8	1.8
Other lending	15.8	2.4	2.0	2.4	1.8	1.1	0.8
Insurance corporations and pension funds	**0.8**	**7.2**	**3.2**	**7.0**	**4.3**	**-1.3**	**-8.3**
Other non-monetary financial intermediaries	**10.4**	**7.1**	**6.0**	**3.9**	**3.2**	**2.0**	**0.6**

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.

The weak lending activity observed is likely, to a large extent, to reflect weak demand at the current stage of the business cycle, as well as the need, in some parts of the euro area, for households and non-financial corporations to deleverage, given their high debt ratios (see Box 2 for analysis of the main factors that are likely to affect developments in loans to the non-financial private sector over the next few months). Supply effects stemming from lingering pressures on longer-term funding as a result of the uncertain economic and financial environment and the capital requirements arising from Basel III are also likely to have played a role. The alleviation of deleveraging pressures on other elements of banks' balance sheets was evident in January and February, following the implementation of the further non-standard measures announced by the Governing Council on 8 December 2011. At the same time, the full supportive impact of the Eurosystem's three-year LTROs on the supply of loans will take time to materialise.

Box 2

FACTORS AFFECTING LENDING TO THE PRIVATE SECTOR AND THE SHORT-TERM OUTLOOK FOR MONEY AND LOAN DYNAMICS

The intensification of the financial crisis in the fourth quarter of 2011 had a considerable impact on bank funding at that time, with an incipient risk of disorderly deleveraging and hence an adverse impact on the ability of banks to support the real economy. This assessment is supported by particularly weak flows in broad money and credit to the private sector in the fourth quarter (although the figures for December in large measure also reflected special factors, including end-of-year operations) and by the results of the euro area bank lending survey for the fourth quarter of 2011, which indicated both a tightening of credit standards and a decrease in credit demand. While subdued money and credit growth may in part reflect an ongoing correction of

excess liquidity and past excesses in loan supply, the speed of the adjustment observed in the fourth quarter of 2011 was a cause of concern.

Loans to the private sector are usually the main driver of broad money growth in the euro area. The analysis of lending dynamics is key to the assessment of monetary developments and the pace of underlying money growth, and thus the implications for price stability over the medium run. Looking through short-term volatility, the slow growth of credit to the private sector in the past few months, together with weak growth in broad money, supports the view that the underlying pace of monetary expansion has remained subdued and that risks to price stability over the medium term have not changed substantially.

This box provides an overview of some of the main factors which are likely to affect developments in loans to the non-financial private sector in the next few months. While survey data and model-based estimates indicate that loan supply factors are likely to continue to exert an adverse impact on loan growth in the next few months, weak loan demand will probably remain the main determinant. Leading indicators suggest that demand for loans on the part of both households and non-financial corporations (NFCs) is likely to remain weak, at least during the first half of 2012, in line with subdued economic activity. Persistent funding pressures resulting from an uncertain economic and financial environment, as well as changes to the capital ratio requirements for banks arising from the Basel III regulatory framework, may also dampen the supply of loans. At the same time, the full supportive impact of the three-year longer-term refinancing operations (LTROs) conducted by the Eurosystem in December 2011 and February 2012 on loans to the non-financial private sector will take some time to unfold. Close monitoring of credit market developments is thus warranted. Nonetheless, these operations have already supported the adjustment of banks' balance sheets, with clear signs of a stabilisation in the monetary data in January and February pointing to an alleviation of deleveraging pressures.

Credit supply and demand factors

From a policy perspective it is important to gauge the relative contributions of credit supply and credit demand forces to developments in loans to the private sector. Unfortunately, the impact of these forces is difficult to isolate and estimate. However, some indications can be gleaned from survey data and model-based estimates. For example, according to the results of the euro area bank lending survey for the fourth quarter of 2011, both supply and demand developments may continue to weigh adversely on lending. In particular, credit standards for both loans to households and loans to enterprises are expected to have tightened further in the first quarter of 2012, although to a lesser extent than in the fourth quarter of 2011, while demand is expected to have fallen significantly further.[1] At the same time, following the three-year LTROs, loan supply may be less dependent on the availability of market funding and more closely linked to the risk-bearing capacity of banks and thus their capital positions. However, the supportive impact of the easing of funding strains on lending conditions and loans to the private sector may take time to unfold.

This picture is backed by other survey data relating to NFCs. For example, according to the European Commission survey on limits to production in the first quarter of 2012, financial

1 For more details, see the box entitled "The results of the euro area bank lending survey for the fourth quarter of 2011", *Monthly Bulletin*, ECB, February 2012.

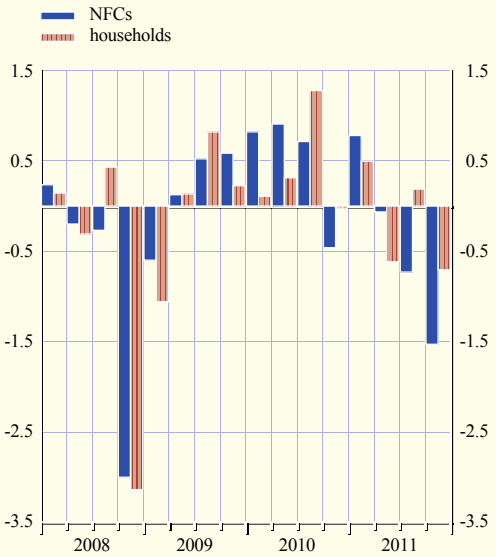
constraints remained broadly unchanged as a factor limiting production for euro area enterprises operating in services or manufacturing, while a slight increase in the impact of this factor was recorded for construction. However, overall, financial constraints constitute only a minor factor limiting production for all sectors, similarly to a shortage of labour, space, equipment and/or material, with insufficient demand remaining by far the most important factor.

Model-based estimates suggest that credit supply factors played a relatively limited role in explaining the growth of loans to both households and NFCs up to the fourth quarter of 2011. However, looking ahead, the impact of recent credit supply shocks may be yet to materialise. For example, according to a structural vector autoregressive (VAR) model which identifies credit supply shocks with sign restrictions, series for loan supply shocks show that in the fourth quarter of 2011 new adverse shocks appeared (see Chart A). According to the model, the impact of these shocks would appear only gradually and become fully visible only from mid-2012. However, the impact of such contractionary forces on the broader economy is likely to be mitigated by the non-standard monetary policy measures taken in late 2011.

The level of indebtedness of both households and NFCs is also likely to affect loan demand, as well as the creditworthiness of potential borrowers as assessed by banks. Levels of indebtedness as a ratio to nominal GDP are very high by historical standards and while firms have managed to reduce this ratio, households have only stabilised it (see Chart B). This is likely to be a further factor weighing on loans to households, particularly in some countries, given the strong heterogeneity in the extent of household indebtedness across euro area countries.

Chart A Supply shocks in lending to NFCs and households based on a structural VAR model

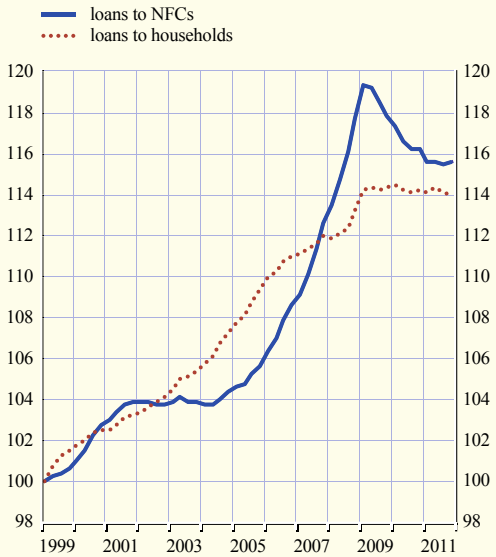
(percentages; standard deviations)



Source: ECB.
Note: The series of loan supply shocks is estimated using a structural VAR model with sign restrictions. For more details on the model, see the article entitled "Recent developments in loans to the private sector", *Monthly Bulletin*, ECB, January 2011.

Chart B Outstanding amounts of MFI loans as a ratio to nominal GDP

(percentages; Q1 1999 = 100)



Source: ECB.
Note: The ratios are normalised.

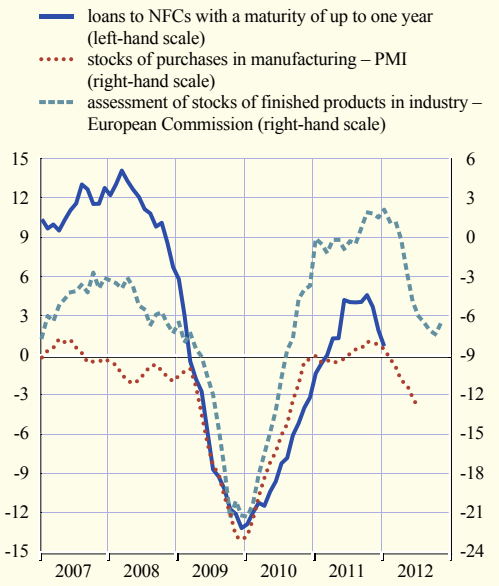
Leading indicators of developments in loans to the non-financial private sector

Leading indicators provide useful information on likely developments in lending to the private sector in the next few months, although it should be borne in mind that they relate mainly to loan demand and their reliability is limited.

As regards MFI loans to NFCs, short-term loans have been the main driver of the recent decline in the annual growth of total MFI loans to NFCs (adjusted for sales and securitisation). Survey indicators of changes in inventories, which tend to be relatively reliable leading indicators of short-term developments in loans to NFCs, suggest that the growth of these loans may continue to decrease during the first half of 2012 (see Chart C). Another factor which is likely to affect developments in the external financing of NFCs is that currently large enterprises with access to the financial market can issue corporate bonds relatively easily. While small and medium-sized enterprises rely heavily on bank loans, they can also benefit indirectly from a benign issuance environment via trade credit or inter-company loans extended by larger firms. In the first three months of 2012 many NFCs issued significant amounts of marketable debt in an environment of strong demand for corporate securities, thus reducing their need for bank loans. Finally, ample availability of internal funds may also dampen demand for external financing.[2]

Chart C Short-term loans to NFCs and leading indicators

(annual percentage changes; percentage balances)



Sources: European Commission and ECB.
Note: The indicator for stocks of finished products in industry is shown with an inverted sign. This indicator and the indicator for stocks of purchases in manufacturing, which is derived from the survey for the Purchasing Managers' Index (PMI), are shown as deviations from the long-run average and are shifted ahead by six and ten months respectively so that the correlation with loan growth is maximised.

Regarding MFI loans to households, the decline in the annual growth rate in the last quarter of 2011 and the stabilisation in the first two months of 2012 are broadly in line with developments in the European Commission's consumer confidence indicator over the same period. Data on consumer confidence in March, as well as the pattern of other survey indicators over the first quarter of 2012, such as the Commission's indicator of consumers' willingness to make major purchases in the next year, point to some signs of a stabilisation in confidence, although at low levels. Thus, on the basis of these leading and coincident demand indicators, the growth of loans to households is likely to remain relatively weak in the next few months.

The adjustment of banks' balance sheets, monetary policy measures and the implications for broad money growth

Looking ahead, the evolution of loans to the private sector will in part depend on the capacity of the euro area banking sector to provide intermediation services. In this respect, the Eurosystem's non-standard monetary policy measures have been instrumental in easing immediate liquidity

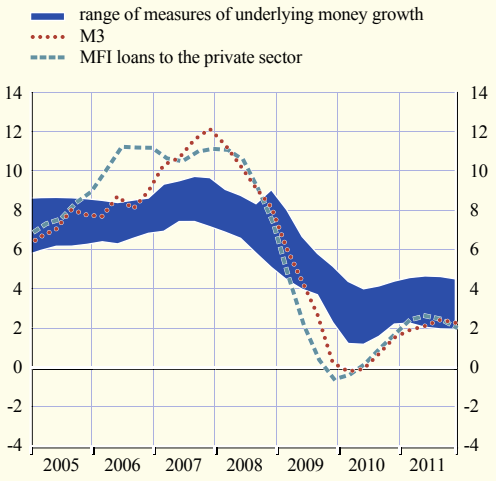
2 For a fuller discussion of sectoral financial flows and balance sheets, see the box entitled "Integrated euro area accounts for the third quarter of 2011", *Monthly Bulletin*, ECB, February 2012.

and funding constraints for the euro area banking sector, thereby preventing abrupt deleveraging that might have led to a sizeable curtailment of credit. Since the first three-year LTRO was conducted, the costs of debt market funding for banks have declined at the short end of the yield curve, thereby providing some relief as well as asset valuation benefits. Moreover, debt issuance gained momentum, possibly to provide collateral for use in the second three-year LTRO.

Nevertheless, the liquidity provided by the Eurosystem is only an incomplete and imperfect substitute for market funding. Moreover, while this liquidity has averted an abrupt contraction in banking operations, it will not fully restore the normal transmission of monetary policy impulses. The latest figures in banks' balance sheets indicate that banks have made some progress in terms of recapitalisation and the creation of liquidity buffers, especially in some countries. However, it is imperative that further adjustment be made by the banking sector to enable it to provide intermediation services over the medium term.

Chart D M3 and underlying money growth

(annual percentage changes)



Sources: ECB and ECB calculations.

The slow growth of broad money and credit in recent months supports the view that the underlying pace of monetary expansion has been subdued (see Chart D). At the same time, the strong expansion of Eurosystem liquidity has resulted in a sharp acceleration in the growth of base money. However, this is not mirrored in a marked increase in broad money or credit growth, which would indicate a materialisation of inflationary risks. In order for the very ample provision of central bank reserves to result in a strengthening of broad money and credit growth, a sustained return of confidence and a strengthening of economic activity are needed to underpin demand for credit on the part of firms and households, together with a banking system that is able and willing to supply credit to the real economy.

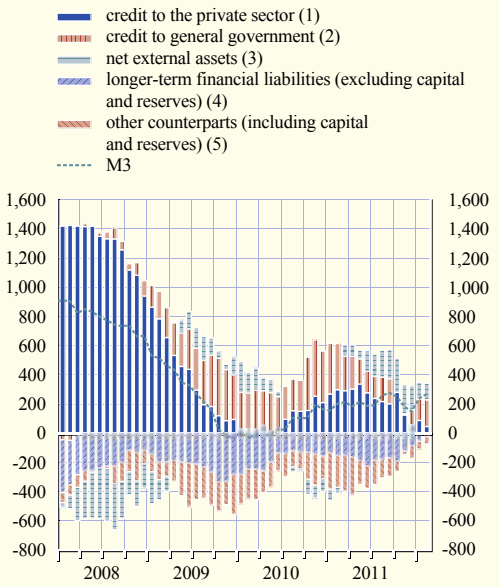
The annual growth rate of MFI loans to non-financial corporations adjusted for sales and securitisation moderated further in February (standing at 0.6%, down from 0.9% in January and 1.2% in December) as a result of a marginally negative monthly flow. The figure for February conceals some substitution of loans with short to medium-term maturities (i.e. loans with original maturities of up to five years) for loans with longer maturities (i.e. loans with original maturities of over five years). Developments in lending to non-financial corporations during the first two months of 2012 support the assessment that the contractionary forces observed at the end of 2011 have generally been contained. Cross-country heterogeneity in loan developments remains significant, in line with uneven developments in economic activity, differences in external financing needs and differences in the indebtedness levels of non-financial corporations in the various euro area countries.

The annual growth rate of MFI loans to households adjusted for sales and securitisation declined slightly to stand at 1.8% in February, down from 2.0% in January, thereby continuing the gradual

slowdown observed for lending to households since May 2011. Loans to households were supported by lending for house purchase, the annual growth rate of which remained unchanged at 1.8% in February. Government schemes introduced in certain countries in order to support domestic real estate markets are expected to gradually have less impact on such borrowing activity as time goes by. At the same time, the annual growth rates of consumer credit and other lending to households stood at -1.8% and 0.8% respectively in February, as households' demand for these categories of lending declined.

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.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) declined significantly to stand at 0.5% in February, down from 1.1% in the previous month. This moderation represented a further monthly outflow for long-term MFI debt securities on a consolidated basis. By contrast, the annual growth rate of deposits with an agreed maturity of over two years remained broadly unchanged, as the non-financial private sector increased its holdings of such deposits, while non-monetary financial intermediaries reduced such holdings. A further inflow was observed for capital and reserves in February, resulting in a 6.5% increase in capital and reserves in the 12 months to February, reflecting banks' continued efforts to improve their capital positions against the background of the requirements imposed by the European Banking Authority and Basel III.

The annual inflow for euro area MFIs' net external asset position was €113 billion in February, unchanged from January (see Chart 8). The monthly inflow in February was €17 billion. The large shifts seen in MFIs' gross external position in previous months were not repeated in February, suggesting that confidence and safe-haven considerations, which drove flows in previous months, were less relevant in February. The flow recorded in February for non-euro area residents' deposits was only slightly negative, suggesting that the withdrawal of international funding observed in late 2011 and early 2012 weakened in February.

Overall, the dynamics of money and credit remained subdued in February. Data for the first two months of 2012 confirm that deleveraging pressures on banks have eased and the risk of disorderly deleveraging has declined considerably. The decline observed in February for MFI loans was concentrated in the general government and non-monetary financial intermediary sectors, while the flow of loans to the non-financial private sector was muted. The weak lending to the non-financial private sector is likely, to a large extent, to reflect the subdued pace of economic activity, as well as the need, in some parts of the euro area, for households and non-financial corporations to deleverage, albeit with some supply-side effects remaining. The full supportive impact of the Eurosystem's three-year LTROs on the supply of loans will take time to materialise.

2.2 SECURITIES ISSUANCE

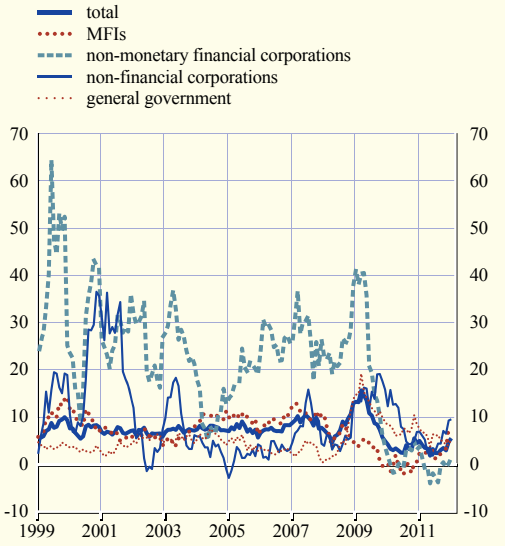
The annual growth of debt securities issuance by euro area residents stood at 4.0% in January 2012, up from 3.1%, on average, in the last quarter of 2011. A certain easing of market uncertainty in comparison with the end of last year may have allowed all types of issuers to accelerate their debt securities issuance at the beginning of 2012. At the same time, the annual growth rate of quoted share issuance remained broadly stable at 1.7%.

DEBT SECURITIES

In January 2012 the annual rate of growth in debt securities issued by euro area residents stood at 4.0%, unchanged from the previous month, but up from 3.1%, on average, in the last quarter of 2011 (see Table 4). Short-term trends point to a rapid acceleration of issuance activity in all sectors except that of financial corporations other than MFIs (see Chart 9). This rebound in debt securities issuance may reflect, to some extent, the recent improvement in sentiment and the easing of uncertainty brought about by the two three-year LTROs.

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

(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

For the first time since the beginning of 2010, issuance of short-term debt securities contributed positively to the growth in overall issuance in December 2011, and continued to do so in January 2012. At the same time, issuance of long-term debt securities with floating rates contracted further, continuing the trend that started in mid-2011.

Table 4 Securities issued by euro area residents

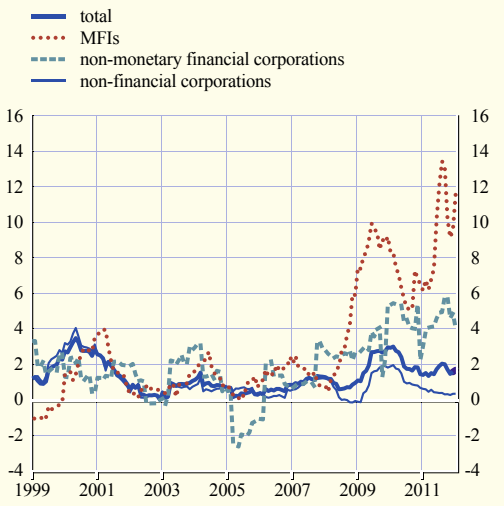
Issuing sector	Amount outstanding (EUR billions) 2012 January	Annual growth rates[1] 2011 Q1	2011 Q2	2011 Q3	2011 Q4	2011 December	2012 January
Debt securities	**16,615**	**3.7**	**3.5**	**3.5**	**3.1**	**4.0**	**4.0**
MFIs	5,542	0.6	1.1	1.9	3.3	5.2	4.4
Non-monetary financial corporations	3,293	1.8	0.8	-0.3	-1.1	-1.0	-0.7
Non-financial corporations	877	6.2	4.1	4.9	5.0	5.4	6.2
General government	6,903	7.3	6.9	6.6	4.9	5.4	5.7
of which:							
Central government	6,270	6.7	6.1	5.9	4.2	4.7	4.8
Other general government	633	13.0	15.8	14.6	13.2	12.1	15.5
Quoted shares	**4,107**	**1.4**	**1.5**	**1.9**	**1.7**	**1.6**	**1.7**
MFIs	362	6.4	7.5	12.4	10.2	9.6	11.6
Non-monetary financial corporations	298	3.4	4.2	5.0	5.2	4.9	4.0
Non-financial corporations	3,447	0.6	0.5	0.4	0.3	0.3	0.4

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

The overall growth rate of debt securities issuance in January 2012 concealed diverging developments across sectors. In the financial sector, the annual growth rate of securities issued by MFIs declined somewhat, from 5.2% in December 2011 to 4.4% in January 2012. However, short-term trends continue to point to a rapid acceleration of debt securities issuance since mid-2011, fuelled by continued capitalisation needs.

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 annual growth rate of debt issuance by the general government sector rebounded in December 2011, reaching 15.5% in January 2012. Over these two months, sovereign bond yields tended to decline in most euro area countries under financial stress and predominantly edged up in other counties amid policy steps towards the resolution of the sovereign debt crisis. Anecdotal evidence also suggests that demand for sovereign bonds of some euro area countries was particularly robust in the context of the Eurosystem's three-year LTROs. Consistent with these positive developments, uncertainty about near-term bond market developments has declined, and investors have regained interest in European public issuers.

Finally, the annual growth rate of debt securities issued by non-financial corporations increased further, to 6.2% in January, up from 5.4% in the previous month, continuing an upward trend that had started in April 2011. Drawing on the lessons learned in 2008 and 2009, corporate issuers may have been bypassing the banking sector affected by the sovereign debt crisis by tapping financial markets directly. According to data provided by market participants, issuance activity in December 2011 and January 2012 was concentrated on the investment-grade segment, which was possibly related to the comparatively favourable financing conditions there, while issuance activity in the high-yield segment remained low. In addition, issuance activity in these two months was reported to have been concentrated mainly on the services, energy and utilities sectors.

QUOTED SHARES

The annual growth rate of quoted share issuance by euro area residents remained broadly unchanged at 1.7% in January 2012. On the one hand, the annual rate of growth in equity issuance by MFIs increased in January 2012, to 11.6%, from 9.6% in December 2011 (see Chart 10), reflecting the easing of financial market tensions and the continued need to comply with new regulatory capital requirements. At the same time, the annual growth rate of quoted shares issued by financial corporations other than MFIs continued to decline, down to 4.0%, while that of quoted shares issued by non-financial corporations remained broadly unchanged at 0.4%.

2.3 MONEY MARKET INTEREST RATES

Money market interest rates declined between early March and early April 2012. In the third maintenance period of 2012, which began on 14 March, the EONIA stood at a low level, reflecting large amounts of excess liquidity.

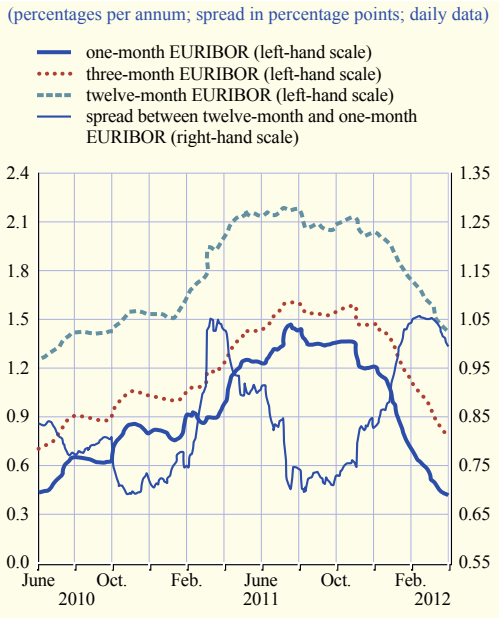
Unsecured money market interest rates, as measured by the EURIBOR, declined between early March and early April 2012. On 3 April the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.42%, 0.77%, 1.07% and 1.41% respectively – i.e. 9, 14, 15 and 15 basis points lower than the levels observed on 7 March. Consequently, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased marginally to stand at 99 basis points on 3 April (see Chart 11).

The three-month EONIA swap rate stood at 0.36% on 3 April, 2 basis points higher than on 7 March. This resulted in the spread between the three-month EURIBOR and the three-month EONIA swap rate decreasing by 16 basis points to stand at 41 basis points, approaching the levels seen prior to summer 2011.

The interest rates implied by the prices of three-month EURIBOR futures maturing in June, September and December 2012 and March 2013 stood at 0.68%, 0.69%, 0.74% and 0.78% respectively on 3 April, representing a decrease of 1 basis point and increases of 2, 6 and 8 basis points respectively by comparison with the levels observed on 7 March.

Chart 11 Money market interest rates

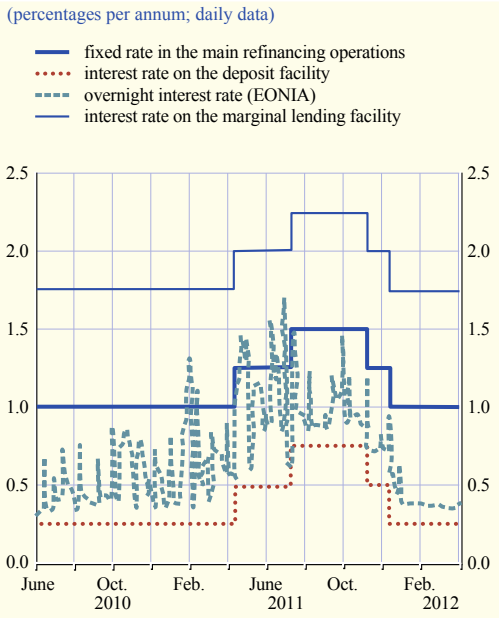
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

Chart 12 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

Between 7 March and the end of the second maintenance period of 2012 on 13 March, the EONIA remained stable at around 0.35% amid continued excess liquidity. Fluctuations in the EONIA remained limited during the remainder of March, continuing the pattern observed since the beginning of the year. The negative spread between the EONIA and the rate on the main refinancing operations reflected the total amount of excess liquidity. On 3 April the EONIA stood at 0.343%.

The Eurosystem conducted several refinancing operations between 7 March and 3 April. In the main refinancing operations of the third maintenance period, which were conducted on 13, 20 and 27 March and 3 April, the Eurosystem allotted €42.1 billion, €59.5 billion, €61.1 billion and €62.5 billion respectively. The Eurosystem also conducted two longer-term refinancing operations (LTROs) in March, both as fixed rate tender procedures with full allotment: a special-term refinancing operation on 13 March with a maturity of one maintenance period (in which €9.8 billion was allotted); and a three-month LTRO on 28 March (in which €25.1 billion was allotted). The declines observed in the amounts allotted in these main refinancing operations and LTROs reflected the replacement of such funding with longer-term funding provided by means of the Eurosystem's two three-year LTROs conducted in December 2011 and February 2012.

The Eurosystem also conducted four one-week liquidity-absorbing operations on 13, 20 and 27 March and 3 April as variable rate tender procedures with a maximum bid rate of 1.00%. With these operations, the Eurosystem absorbed in full the liquidity associated with purchases carried out under the Securities Markets Programme.

The third maintenance period of the year, which began on 14 March, was characterised by high levels of excess liquidity, with average daily recourse to the deposit facility standing at €772 billion on 3 April.

2.4 BOND MARKETS

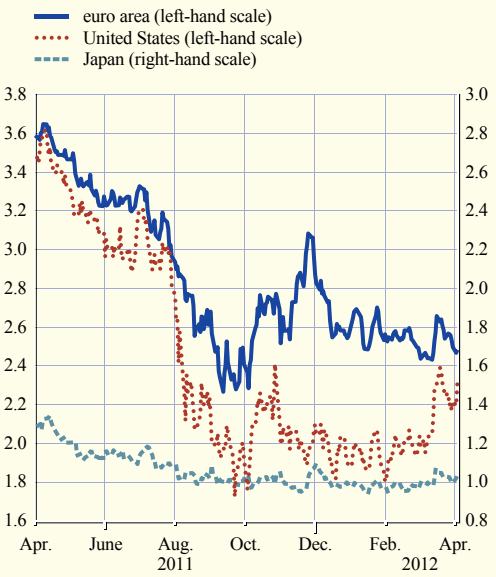
Overall, AAA-rated long-term euro area government bond yields remained broadly stable in March and early April. Developments in government bond markets in the first part of the month reflected mainly the easing of tensions in financial markets which was supported by, among other factors, the second three-year LTRO carried out at the end of February and the agreement on the restructuring of Greek sovereign debt reached on 9 March. In the second part of the month, however, AAA-rated government bond yields in the euro area declined somewhat on account of market concerns about the near-term economic outlook there. In the United States, bond yields also declined in the second part of March, despite the fact that a number of indicators confirmed the view that the economy continues to recover. Uncertainty about future bond market developments, as measured by implied bond market volatility, decreased slightly in the euro area, with current levels still remaining high by historical standards. Market-based indicators suggest that inflation expectations remain fully consistent with price stability

Overall, between 29 February and 3 April 2012, the yields on AAA-rated long-term euro area government bonds remained broadly stable at around 2.5%. In the United States, long-term government bond yields increased by 30 basis points over the same period, to stand at around 2.3% on 3 April. In the first part of March, government bond markets in the two economic areas were supported by developments related to the liquidity provision to the banking system by the Eurosystem through the three-year LTRO carried out on 29 February, as well as the

agreement of 9 March on the restructuring of Greek sovereign debt. Although the expected volatility of euro area government bond yields did not change significantly in this period, the resolution of the high uncertainty that had surrounded the possibility of a disorderly Greek default contributed to mitigating the concerns prevailing in financial markets and lowered the perceived likelihood that an extreme event could occur within the euro area. The declaration of a restructuring credit event for Greek public debt by the International Swaps and Derivatives Association (ISDA) on 9 March and the associated activation of CDS protection also contributed to reassuring market participants that credit derivatives still represent valid hedging tools, thereby mitigating their perceived risk exposure. In the second part of the month, by contrast, euro area yields tended to decrease amid data releases pointing to a weakening economic outlook (see Chart 13). In that period, yields declined slightly in the United States, despite the fact that macroeconomic releases generally confirmed that the US economy continues to recover. The nominal interest rate differential between ten-year government bond yields in the United States and those in the euro area thus decreased in the period under review and stood at around 20 basis points on 3 April. In Japan, ten-year government bond yields remained broadly unchanged over the period under review, standing at 1% on 3 April.

Chart 13 Long-term government bond yields

(percentages per annum; daily data)



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

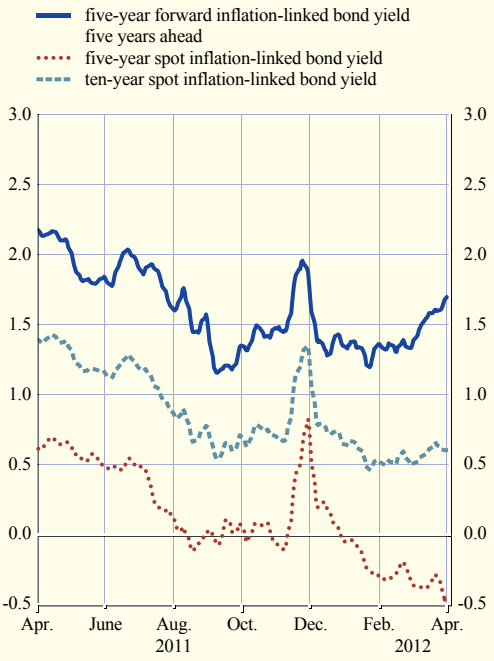
Investors' uncertainty about near-term bond market developments in the euro area, as measured by option-implied volatility, dropped marginally in the period under review, while it remained broadly unchanged in the United States. These developments took place against the background of further moderate declines in expected volatility in global equity markets.

Taking a somewhat longer perspective, however, implied bond market volatility in both economic areas has declined significantly from the peaks recorded in November 2011 and currently stands at approximately half the levels prevailing in the aftermath of the default of Lehman Brothers in 2008. Nonetheless, current values still remain high by historical standards. Despite the moderation of investors' risk aversion in March, as signalled by, among other indicators, a decline in the VIX index, demand for "safe-haven" assets (as proxied by still high liquidity premia on German government bonds relative to those on agency bonds) remained elevated in the period under review, suggesting that overall bond market sentiment has not fully recovered.

The spreads of sovereign ten-year bond yields vis-à-vis those of German sovereign bonds tended to narrow further, although rather marginally, for most euro area countries in the period under review. However, spreads for Italy and Spain increased, as did those for the Netherlands, albeit to a lesser extent. While the rise observed in the latter country may reflect a normalisation of the liquidity premia that had been affecting AAA-rated issuers at the peak of the euro area turbulences

Chart 14 Euro area zero coupon inflation-linked bond yields

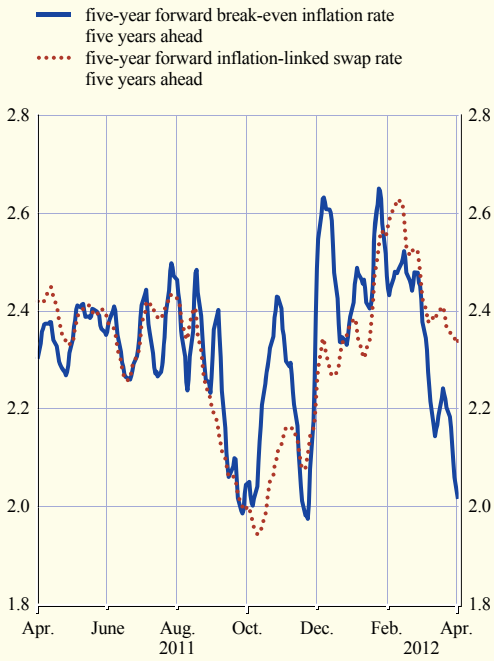
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



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

Chart 15 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

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



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

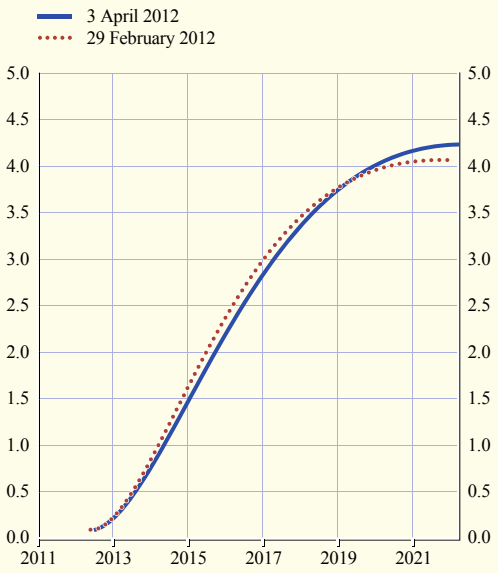
towards the end of 2011, the increase recorded in Italy and Spain in the second part of the month occurred against the background of a reassessment of the outlook for growth in the euro area.

The yield on five-year inflation-linked euro area government bonds declined by around 15 basis points in the period under review, while the yield on corresponding ten-year bonds rose by around 10 basis points, with real yields standing at -0.5% and 0.6% respectively in early April (see Chart 14). Reflecting the different movements of five-year and ten-year spot yields, the implied forward break-even inflation rates in the euro area (five-year forward five years ahead) declined by almost 30 basis points, to just above 2.0%, in the period under review (see Chart 15). However, the inflation swap rate with the same time horizon remained broadly unchanged at around 2.4% over the same period.

Overall, taking into account not only market volatility and distortions amid high liquidity premia, but also inflation risk premia, market-based indicators suggest that 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). Relative to end-February, the term structure of forward rates prevailing at the end of March did not change to any noticeable extent.

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.

Spreads on investment-grade corporate bonds issued by non-financial corporations (relative to the Merrill Lynch EMU AAA-rated government bond index) rose marginally for AA-rated bonds in the period under review, but overall there was a decline for the remaining rating classes. A particularly marked decline was recorded in the case of AAA-rated bonds, the spreads on which contracted by 20 basis points. Between 5 March and 3 April spreads on investment-grade corporate bonds issued by financial corporations also registered a broad-based decline, which was larger for the lower-rated issuers, namely around 15 basis points. The marked compression of the spreads that has been taking place since the beginning of 2012 and that continued at a slower pace in March may have reflected the overall decline in risk perceptions, as signalled by the marked decline in the VIX index, reduced funding pressures for financial institutions after the Eurosystem's two three-year LTROs of December 2011 and February 2012 and the auction held by the ISDA on 19 March to settle the credit derivative trades for the Greek debt, which has significantly reduced the market-based perceptions of the occurrence of extreme events.

2.5 INTEREST RATES ON LOANS AND DEPOSITS

In February 2012 MFI interest rates on deposits decreased marginally. At the same time, interest rates on short-term loans declined across most loan categories and maturities, while developments have been more heterogeneous in the case of MFI interest rates on long-term loans.

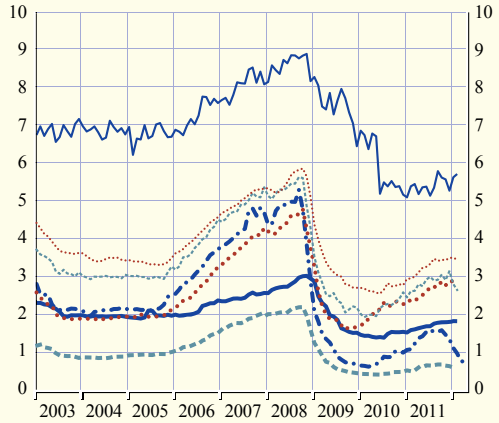
In February 2012 short-term MFI interest rates on deposits decreased marginally. The rates on both deposits from households with an agreed maturity of up to one year and deposits from non-financial corporations declined by around 3 basis points (see Chart 17).

At the same time, most short-term MFI lending rates also declined, albeit to varying degrees. For example, interest rates on overdrafts for non-financial corporations decreased by 4 basis points. More significantly, MFI lending rates for small corporate loans (i.e. loans of up to €1 million) declined by 10 basis points, to 4.3%, in February 2012, while those on large loans (i.e. loans of more than €1 million) fell by 15 basis points, to 2.6%. This means that the spread between MFI lending rates on large loans, supposedly granted to large firms, and those on small loans, supposedly granted to smaller firms, continued to rise, reaching a historical high of 160 basis points in February. Over the same period, MFI lending rates on loans to households for house purchase declined by only 5 basis points, while those on consumer credit actually increased by 10 basis points.

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

(percentages per annum; rates on new business)

- deposits from households redeemable at notice of up to three months
- deposits from households with an agreed maturity of up to one year
- overnight deposits from non-financial corporations
- loans to households for consumption with a floating rate and an initial rate fixation period of up to one year
- loans to households for house purchase with a floating rate and an initial rate fixation period of up to one year
- loans to non-financial corporations of over €1 million with a floating rate and an initial rate fixation period of up to one year
- three-month money market rate

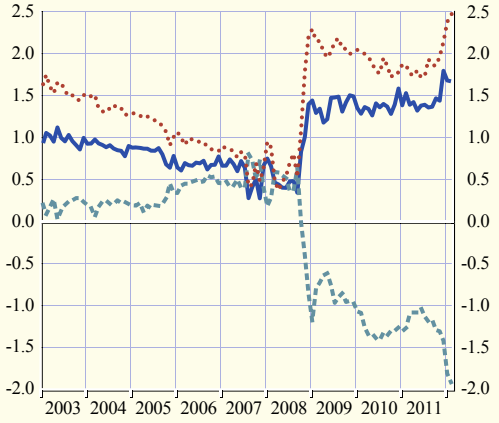


Source: ECB.
Note: Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

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

(percentage points; rates on new business)

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



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

As a result, and given that the EURIBOR decreased by 14 basis points in February 2012, the spread vis-à-vis short-term lending rates on loans to households for house purchase widened from 237 basis points in January to 246 basis points in February, while the spread vis-à-vis large short-term loans to non-financial corporations remained broadly unchanged (Chart 18).

Taking a longer-term perspective, a significant pass-through of changes in market rates to bank lending rates occurred during the latest full cycle of monetary policy easing (between October 2008 and March 2010). Throughout most of 2011, MFI lending rates increased somewhat, largely reflecting generally higher credit risk and the deterioration of bank financing conditions against the background of acute tensions in banks' funding markets and significant deleveraging needs. More recently, signs of easing are likely to reflect the cuts in the ECB's key interest rates in November and December 2011, as well as the liquidity provision to the banking system through the two three-year LTROs.

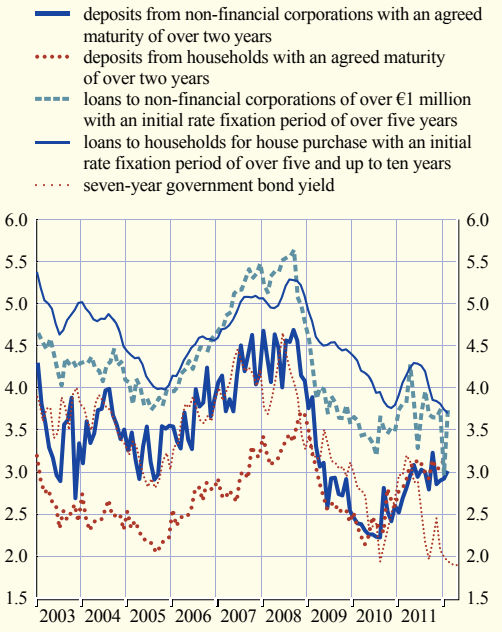
Turning to longer-term maturities, the overall picture presented by the latest developments in long-term MFI lending rates appears to have been blurred by a certain degree of volatility in some of the series. More specifically, corporate lending rates on large loans with an initial rate fixation

period of over five years stood at 3.7% in February 2012, thus having rebounded sharply from January, but basically unchanged in comparison with previous months. At the same time, MFI lending rates on small-sized loans increased only slightly, namely by 5 basis points. By contrast, the rates on loans to households for house purchase with an initial rate fixation period of over five and up to ten years declined slightly, by about 5 basis points (see Chart 19).

Prior to February 2012, the spreads between long-term lending rates and AAA-rated seven-year government bond yields tended to increase, driven in part by the downward pressure on AAA-rated government bond yields caused by flight-to-safety flows. In February, the spread between long-term rates on loans to households for house purchase (over ten years' maturity) and the yield on AAA-rated seven-year government bonds remained broadly unchanged at 200 basis points. For non-financial corporations, the corresponding spread for small-sized loans increased by about 10 basis points to stand at 226 basis points.

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).

Viewed from a longer-term perspective, long-term lending rates for households and the rates on small-sized long-term corporate loans have generally shown a somewhat incomplete and sluggish pass-through, while those on large long-term corporate loans have evolved more in line with the yields on AAA-rated long-term government bonds. As in the case of the pass-through of short-term market rates to short-term bank lending rates, historical regularities between long-term lending rates and the yields on corresponding AAA-rated government bonds may recently have been distorted by the tensions associated with the euro area sovereign debt crisis, as well as by the vulnerabilities of euro area banks.

2.6 EQUITY MARKETS

Between 29 February and 3 April 2012, stock prices declined by around 1% in the euro area, while they rose by approximately 3.5% in the United States. In the euro area, equity prices increased in the first part of the month, on account of positive market sentiment that arose in the aftermath of the second three-year LTRO and the completion of the Greek debt restructuring, both factors contributing to the easing of tensions in financial markets. However, euro area stocks prices declined in the remainder of the month, amid data releases pointing to a weakening short-term economic outlook. In the euro area, financial equity prices declined more markedly than the composite index. Developments in the US stock markets were mainly driven by stock prices in the financial sector, the increase of which was more than twice that of the non-financial sector. Stock market uncertainty, as measured by implied volatility, rose marginally

in the euro area, while it continued to decline, albeit to a limited extent, in the United States. Currently, implied volatility in both economic areas stands around the levels prevailing around mid-2011.

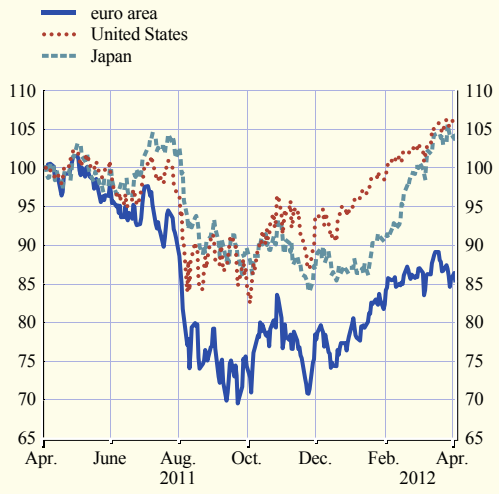
Between 29 February and 3 April 2012, stock prices in the euro area, as measured by the broad-based Dow Jones EURO STOXX index, declined by around 1%, while the corresponding broad-based US index Standard & Poor's 500 rose by around 3.5% (see Chart 20). Stock prices in Japan, as measured by the Nikkei 225 index, increased by around 3.5% over the same period.

As was the case for bond markets, developments in euro area stock prices were not uniform in March. In the first part, stock prices continued to rise, as positive sentiment was supported by a decline in the market's perception of the likelihood of extreme negative events in the euro area, as well as by continuing positive economic data releases in the United States. In the euro area, equity prices gained around 4% between 29 February, when the second three-year LTRO was carried out by the Eurosystem, and 19 March, after the completion of the Greek debt restructuring. In the remainder of the review period, however, data releases pointing to a weakening economic outlook contributed to the reversal of previous gains. In the United States, stock prices increased in the first part of the month and remained broadly unchanged thereafter.

Stock market uncertainty, as measured by implied volatility, decreased marginally in the euro area and in the United States in the period under review, reaching levels on 3 April that were last seen in May 2011 (see Chart 21). While the levels of uncertainty remain elevated in historical terms,

Chart 20 Stock price indices

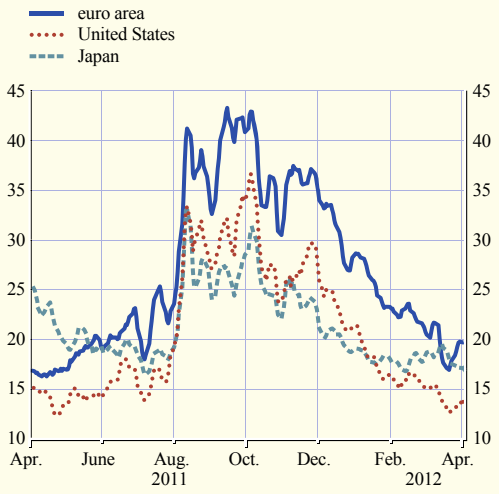
(index: 1 April 2011 = 100; daily data)



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

Chart 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.

reflecting, among other factors, the existence of downward risks to global growth as well as still persistent concerns about the evolution of the euro area sovereign debt crisis, they are currently not far removed from the values recorded at the beginning of 2007, when the turbulences in the US sub-prime mortgage market were still far from affecting the financial markets.

In the two main economic areas, the financial sub-indices of the equity markets tended overall to lead the movements of the respective composite indices in the period under review. In particular, financial stock prices in the two areas rose more significantly than the composite indices until around 19 March, on account of a number of factors, including the positive results of the stress test exercise recently carried out among major US banks, the positive spillover deriving from the easing of tensions in financial markets and the releases of economic data signalling a continuing economic recovery in the United States. In the remainder of the month and in early April, the financial sub-index reversed sharply in the euro area, falling more markedly than the composite index, while the two corresponding indices remained broadly stable in the United States. Overall, between the end of February and 3 April, euro area financial share prices dropped by 4%, while they rose by around 6.5% in the United States.

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.6% in March 2012, after 2.7% in the previous three months. Inflation is likely to stay above 2% in 2012, mainly owing to recent increases in energy prices, as well as recently announced rises in indirect taxes. On the basis of current futures prices for commodities, annual inflation rates should fall below 2% again in early 2013. In this context, particular attention will be paid to any signs of pass-through from higher energy prices to wages, profits and general price-setting. However, looking ahead, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain limited. Risks to the outlook for HICP inflation rates in the coming years are still seen to be broadly balanced.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.6% in March 2012, after 2.7% in the previous three months (see Table 5). Higher oil prices and excise taxes on fuel in some countries, as well as the effects of the past depreciation of the euro, appear to have pushed up energy prices in the first quarter of 2012, broadly offsetting the base effects stemming from the energy component.

In February 2012, the last month for which an official breakdown is available, a decline in the annual rate of change in the services component, which has a large weight in the HICP basket, was counterbalanced by higher annual rates of change in prices for energy, non-energy industrial goods and unprocessed food.

Looking at the main HICP components in more detail, energy inflation rose to 9.5% in February, from 9.2% in January, driven by a strong month-on-month increase of 1.1%, which more than offset a downward base effect. This rise in energy inflation was attributable in particular to a higher annual rate of increase in the prices of fuels and lubricants for personal transport equipment. The annual rate of change in prices for unprocessed food increased to 2.2% in February, driven by higher annual rates of change for all items except fruit. With regard to processed food prices, the annual rate of change stood at 4.1% for the third month in a row.

Table 5 Price developments

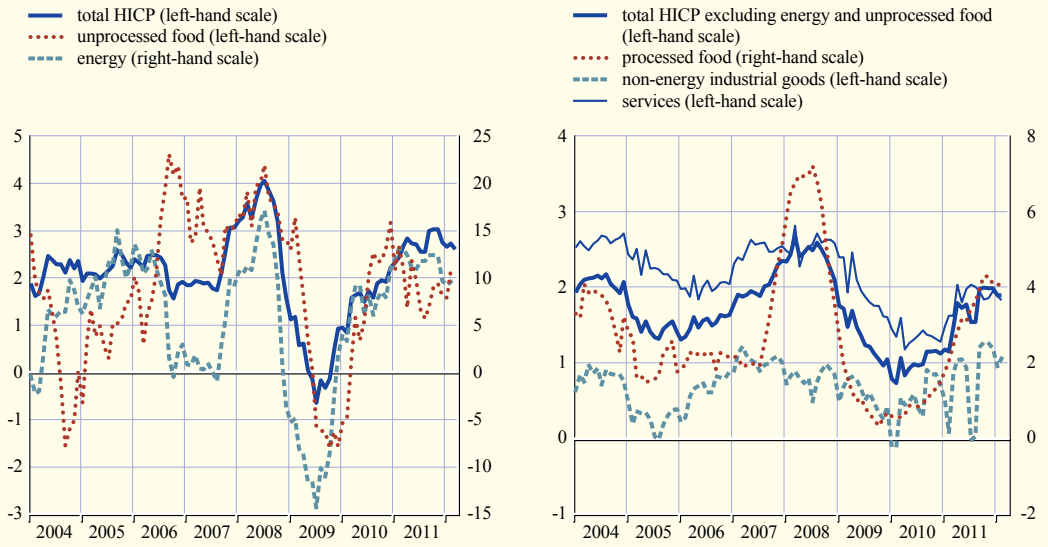
(annual percentage changes, unless otherwise indicated)

	2010	2011	2011 Oct.	2011 Nov.	2011 Dec.	2012 Jan.	2012 Feb.	2012 Mar.
HICP and its components								
Overall index [1]	1.6	2.7	3.0	3.0	2.7	2.7	2.7	*2.6*
Energy	7.4	11.9	12.4	12.3	9.7	9.2	9.5	.
Unprocessed food	1.3	1.8	1.8	1.9	1.6	1.6	2.2	.
Processed food	0.9	3.3	4.3	4.3	4.1	4.1	4.1	.
Non-energy industrial goods	0.5	0.8	1.3	1.3	1.2	0.9	1.1	.
Services	1.4	1.8	1.8	1.9	1.9	1.9	1.8	.
Other price indicators								
Industrial producer prices	2.9	5.9	5.5	5.4	4.3	3.8	3.6	.
Oil prices (EUR per barrel)	60.7	79.7	78.9	81.4	81.7	86.2	89.7	94.2
Non-energy commodity prices	44.6	12.2	1.6	-1.9	-6.7	-4.6	-7.5	-5.4

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation in March 2012 refers to Eurostat's flash estimate.

Chart 22 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation stood at 1.5% in February 2012, unchanged from January. HICP inflation excluding food and energy, which is determined predominantly by domestic factors, such as wages, profit mark-ups and indirect taxes, consists of two main components: non-energy industrial goods and services.

The annual rate of change in non-energy industrial goods prices increased from 0.9% in January to 1.1% in February, driven mainly by a higher rate of increase in prices for garments. Services inflation dropped to 1.8%, as declines in the annual rates of change in communication, housing and miscellaneous services more than offset an increase in the annual rate of change in recreation and personal services.

In January 2012 a new European Commission regulation came into force requiring a comprehensive update of the HICP weights on an annual basis. Box 3, entitled "New standards for HICP weights", explains the new standards and reviews the implications of the changes in the new set of weights for 2012.

Box 3

NEW STANDARDS FOR HICP WEIGHTS

To accurately measure inflation, it is important that the HICP remains representative of consumption patterns. These patterns evolve over time in response to economic factors and changing preferences. The HICP reflects the structure of consumption via the sample of specific representative products, which is chosen for measuring price changes from month to month, and the weights that are assigned to individual product groups. While existing regulations already

Table A Changes in the weights used in national HICPs following the new Regulation

Country	Previous update frequency	Main changes
Germany	Every 5 years	Update every year and new data source (national accounts)
Ireland	Every 5 years	Update every year, data source to be changed to national accounts from 2013
Cyprus	Every year	Data source changed to national accounts
Luxembourg	Every year	Weighting reference period changed from three years ago to two years ago
Malta	Every 5 years	Update every year and new data source (national accounts)
Austria	Every 5 years	Update every year and new data source (national accounts)
Finland	Every 5 years	Update every year and new data source (national accounts)
All other euro area countries	Every year	No changes, all countries continue to use national accounts as primary source[1)]

Source: Eurostat.
1) Estonia, Spain and Portugal make use of the household budget surveys in addition to national accounts.

require HICP samples to be kept up to date, a new Regulation[1] came into force in January 2012 requiring a comprehensive update of weights on an annual basis. This box explains the new standards and reviews the implications of the changes in the new set of weights for 2012.

HICP weights should reflect the share of each product group in the final monetary consumption expenditure of households.[2] Over time, these expenditure shares can evolve owing to developments in both the prices and the quantities consumed of the various product groups. Relatively high price increases in a product group would mechanically result in a higher consumption share, but this effect is typically dampened as relative quantities are adjusted in response. Relative price increases in certain product groups, such as energy, where demand is less responsive to price changes may also lead to an adjustment in relative quantities for other product groups where demand is more price elastic. Consumption patterns may also react to income growth – whereas overall consumption should grow in proportion to income (assuming a stable savings rate), expenditure on some items (e.g. essentials such as food) may grow less than proportionally, leading to a reduced weight. Quantities may also be influenced by a wide variety of other factors, such as changes in preferences or technological advancements.

Some minimum standards for the quality of HICP weights were already in place before the new Regulation. These former standards required that weights reflect consumption patterns which are not more than seven years old and that large changes in expenditure shares which significantly impacted on total inflation be incorporated annually.[3] The new Regulation requires a comprehensive annual update of weights that are representative of expenditure patterns in the previous calendar year. However, recognising that at the time that weights need to be finalised, detailed data on expenditure patterns in the previous year are often unavailable, the Regulation also permits the use of weights which are two years old. For components where important market developments are known to have taken place, national statistical institutes should nevertheless try to use alternative sources in order to update expenditure shares to the

1 Commission Regulation (EU) No 1114/2010 of 1 December 2010 laying down detailed rules for the implementation of Council Regulation (EC) No 2494/95 as regards minimum standards for the quality of HICP weightings and repealing Commission Regulation (EC) No 2454/97.
2 For more details, see http://www.ecb.europa.eu/stats/prices/hicp/html/index.en.html
3 Note that the updating of weights may refer to the updating of both price and quantity components, as in this box, or to the updating of only the price component. Price-updated weights, whereby the structure of consumption remains fixed, have always been required for the HICP as a consequence of the chain-linked index formula. Such weights, however, are a purely technical requirement that lead to results that are identical to those obtained from a fixed-base index. The main innovation of the new Regulation is that both the price and the quantity components must be comprehensively updated on an annual basis.

previous year. With a view to enhancing the comparability across countries, the Regulation also encourages the use of national accounts data rather than household budget surveys as the primary data source for HICP weights.

In practice, many countries were already compliant with the new tighter standards. Table A gives an overview of the seven euro area countries in which changes were implemented. In Germany, Ireland, Malta, Austria and Finland, the frequency of updating HICP weights has increased from every five years to every year. This also implies a harmonisation of the periods to which the weights refer. For example, the weights applied in 2011 under the former Regulation referred to consumption patterns in 2005 in Germany, but 2009 in France and Italy. As the economic cycle was at a different stage in 2005 compared with in 2009, these differences weakened the comparability of national HICPs. The new Regulation provides that, as from 2012, all countries' HICP weights shall refer to the consumption pattern of the preceding two years (i.e. 2012 weights refer to 2010 or 2011).[4]

Table B shows the euro area HICP weights for the main components for the years 2001, 2011 and 2012.[5] With the exception of energy and industrial goods excluding energy, the new Regulation seems to have caused only minor changes in the weights between 2011 and 2012. This reflects the fact that the structure of the broad categories of household consumption evolves relatively slowly and that, for the majority of euro area countries, the change in the weights refers to a change in the consumption patterns over a single year, rather than several years as in the case of Germany, for example (since the 2011 weights were compiled according to the former Regulation).

By comparing the recent weights to those applied in 2001, the longer-term evolution in euro area consumption patterns becomes more evident. Table B decomposes these developments into price and quantity effects. In most cases a negative relationship exists between the two. In processed food, for example, relatively high price increases have been fully offset by lower relative quantities consumed (although in absolute terms quantities increased). The weight of industrial goods excluding energy declined by 3.1 percentage points between 2001 and 2012,

4 One exception is Ireland where the new Regulation will not be fully implemented until 2013. Weights for 2012 in Ireland refer to consumption patterns in the period 2009-10.

5 The year 2001 was chosen as a reference because the coverage of services was significantly extended in 2000 and weights for earlier periods are therefore not comparable with those thereafter.

Table B Euro area HICP weights for the main components

(percentages of overall HICP; percentage points; annual percentage changes)

Year	Total	Unprocessed food	Processed food	Industrial goods excluding energy	Energy	Services
2001	100	7.7	11.9	31.6	9.0	39.8
2011	100	7.4	11.9	28.9	10.4	41.4
2012	100	7.2	11.9	28.5	11.0	41.5
Change 2001-12		-0.5	0.0	-3.1	1.9	1.7
of which:						
Due to changes in relative prices		0.0	1.0	-3.8	2.3	0.4
Due to changes in relative quantities		-0.5	-1.0	0.6	-0.4	1.2
Memo: average annual HICP increase 2001-11	2.1	2.4	2.8	0.8	4.5	2.3

Sources: Eurostat and ECB calculations.
Notes: The price and quantity components are estimated assuming no changes in quantities below the four-digit level of the classification of individual consumption by purpose. Due to rounding, they may not add up to the overall change.

owing to the downward price trend which was partly offset by increases in relative quantities. By contrast, the weight of services increased, owing to the positive impact from both relative prices and relative quantities. The largest proportional change was observed in the weight of the energy component, which increased by 1.9 percentage point over the period. This mainly reflects the higher relative price increase, which was only to a small extent compensated by a decline in relative quantities.[6]

Aggregate developments in the weights mask a large number of, in some cases offsetting, changes at a more detailed level. For example, within the services component, the weight of telecommunication equipment and services increased from 2.5% to 3.0% as large increases in relative volumes more than offset declines in relative prices, while the weight of housing rents fell from 6.6% to 6.0%, owing to developments in both relative prices and volumes. Within the industrial goods excluding energy component, the weight of personal products increased from 1.5% to 1.7%, while the weight of motor cars fell from 4.5% to 3.6%, owing to declines in both relative prices and quantities.

By tightening the standards required for HICP weights, the new Regulation provides a more relevant and accurate measurement of inflation, which enhances both the comparability across Member States and the reliability of the HICP data. It therefore represents a welcome improvement in the quality of this important statistic.

6 For a further discussion on the role of the energy component in headline inflation over recent years, see the article entitled "The developments of prices and costs during and after the 2008-09 recession" in this issue of the Monthly Bulletin.

3.2 INDUSTRIAL PRODUCER PRICES

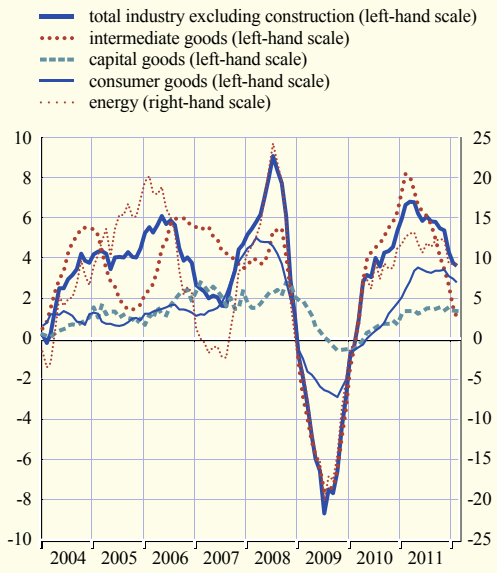
Industrial producer price inflation (excluding construction) declined to 3.6% in February 2012, down from 3.8% in January (see Table 5 and Chart 23). This decline was broadly based across the main components of producer price inflation, with the exception of the energy component where a downward base effect was more than offset by a strong month-on-month increase. The annual rate of change in producer prices excluding construction and energy declined to 1.7% in February, from 2.0% in January.

Focusing on the later stages of the production chain, the annual rate of change in consumer food prices declined to 3.7% in February, from 3.9% in the previous month. Further declines are expected in the short term, owing to the recent sharp falls in EU food commodity prices. The annual rate of change in the non-food component, which tends to lead developments in the non-energy industrial goods component of the HICP, also declined in February, to 1.3%, from historically elevated levels at the end of 2011. This decline, together with a decrease in import price inflation, signals that short-term pipeline pressures for underlying consumer price inflation are easing.

With regard to the Purchasing Managers' Index, input prices and output prices edged up in March 2012 (see Chart 24). In the case of the manufacturing sector, the output price index rose slightly to 51.2, from 51.0 in February, while the input price index rose to 59.5 from 58.5 over the same period on the back of recent hikes in commodity prices. As regards selling price expectations, the overall industry index of the European Commission survey has remained unchanged in recent months. This is due to the steady increase in selling price expectations in intermediate goods industries being offset by falling price expectations in capital and consumer goods industries. These data support the view that, while price pressures at the end of the production chain are easing, they are rising again at the earlier stages of the chain, spurred in particular by the recent increases in oil prices.

Chart 23 Breakdown of industrial producer prices

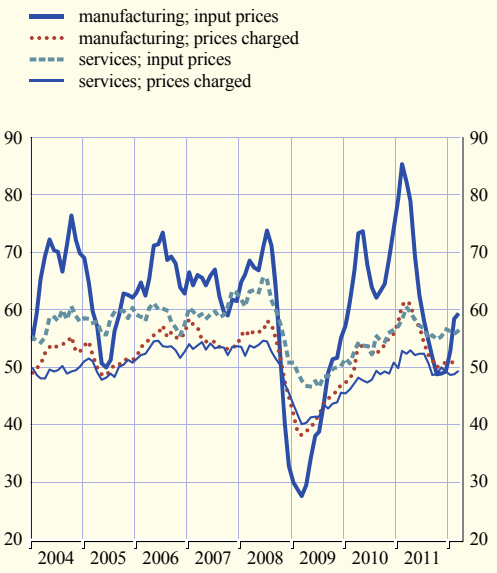
(annual percentage changes; monthly data)



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.

3.3 LABOUR COST INDICATORS

Until the summer of 2011 labour cost indicators in the euro area increased gradually, in line with the concurrent improvements in labour market conditions (see Table 6 and Chart 25). Later in the year, wage growth developments showed some signs of stabilisation.

Euro area negotiated wages grew by 2.0% year on year in the fourth quarter of 2011, after 2.1% in the previous quarter. Overall in 2011 average wage growth amounted to 2.0%, up from 1.7% in 2010. The annual rate of change in hourly labour costs increased slightly to 2.8% in the fourth quarter of 2011, compared with 2.6% in the previous quarter. This acceleration reflected primarily developments in the industrial sector and the construction sector, as the rate of hourly labour cost growth in the market services sector remained unchanged. Overall, non-wage costs continued to

Table 6 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2010	2011	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4
Negotiated wages	1.7	2.0	1.6	2.0	1.9	2.1	2.0
Hourly labour cost index	1.5	2.8	1.7	2.5	3.3	2.6	2.8
Compensation per employee	1.6	2.3	1.5	2.2	2.3	2.3	2.2
Memo items:							
Labour productivity	2.4	1.3	2.0	2.2	1.3	1.1	0.9
Unit labour costs	-0.8	0.9	-0.5	0.0	1.1	1.2	1.3

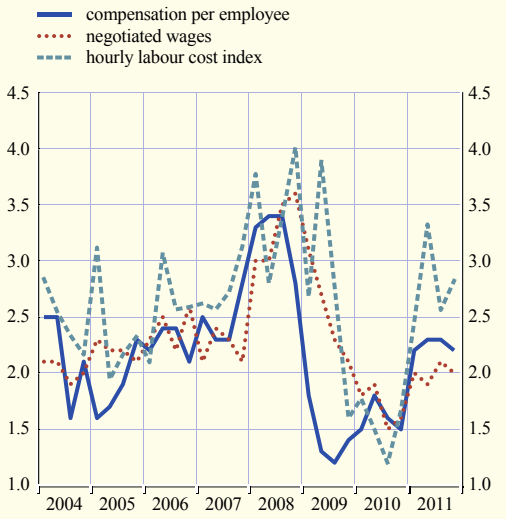
Sources: Eurostat, national data and ECB calculations.

grow at a faster rate than the wages and salaries component of euro area hourly labour costs. In 2011 as a whole compensation per hour worked grew at a rate of 2.8% year on year, compared with 1.5% in 2010.

In line with these developments, other wage indicators appeared to stabilise towards the end of 2011. Compensation per employee grew at 2.2% year on year in the fourth quarter, virtually unchanged from the previous three quarters. At the same time, unit labour cost growth increased slightly to 1.3% year on year, from 1.2% in the previous quarter. This was due primarily to a further decline in the annual growth rate of labour productivity, from 1.1% in the third quarter to 0.9% in the fourth quarter, on the back of slower growth in output. Overall in 2011 unit labour cost growth rose to 1.0%, from -0.8% in 2010, mainly on account of labour productivity rising at a significantly slower rate than compensation per employee. Looking ahead, the latest surveys point to a further slowdown in productivity in the coming quarters, which could drive up growth in unit labour costs further. In the medium term labour cost pressures are likely to remain contained, given the rather weak outlook for growth and the continued slack in the labour market.

Chart 25 Selected labour cost indicators

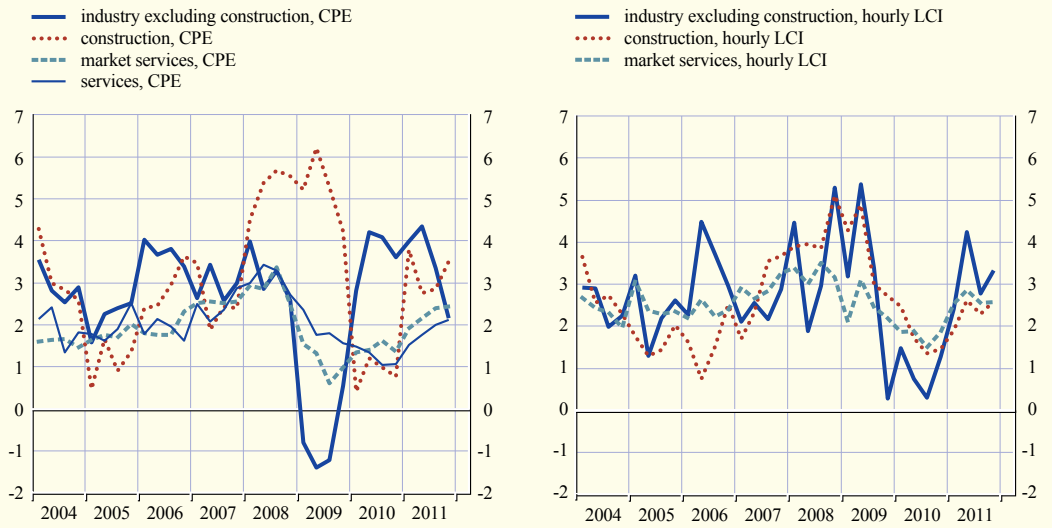
(annual percentage changes; quarterly data)



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.

3.4 THE OUTLOOK FOR INFLATION

Inflation is likely to stay above 2% in 2012, mainly owing to recent increases in energy prices, as well as recently announced rises in indirect taxes. On the basis of current futures prices for commodities, annual inflation rates should fall below 2% again in early 2013. In this context, particular attention will be paid to any signs of pass-through from higher energy prices on wages, profits and general price-setting. However, looking ahead, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain limited.

Risks to the outlook for HICP inflation rates in the coming years are still seen to be broadly balanced, with upside risks in the near term mainly stemming from higher than expected oil prices and indirect tax increases. Downside risks continue to exist owing to weaker than expected developments in economic activity.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

In the fourth quarter of 2011, real GDP contracted by 0.3% in the euro area. Survey data confirm a stabilisation in economic activity at a low level in early 2012. The euro area economy is then expected to recover gradually in the course of the year. The outlook for economic activity should be supported by foreign demand, the very low short-term interest rates in the euro area and all the measures taken to foster the proper functioning of the euro area economy. However, the remaining tensions in euro area sovereign debt markets and their impact on credit conditions, as well as the process of balance sheet adjustment in the financial and non-financial sectors and high unemployment in parts of the euro area, are expected to continue to dampen the underlying growth momentum. Downside risks to the economic outlook prevail.

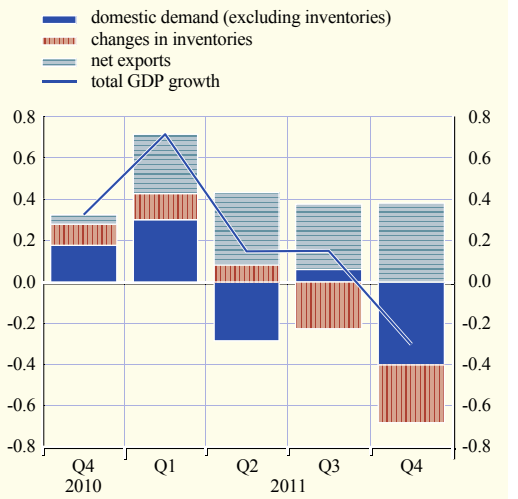
4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP in the euro area declined by 0.3% quarter on quarter in the fourth quarter of 2011, following a growth rate of 0.1% in the previous quarter (see Chart 27). The outcome for the fourth quarter reflected negative contributions from domestic demand and changes in inventories, while net trade continued to contribute positively. Output stood at more than 2% below its pre-recession peak in the first quarter of 2008.

Private consumption in the euro area contracted by 0.5% quarter on quarter in the fourth quarter of 2011. This compares with a rise of 0.2% in the previous quarter. It is most likely that the outcome for the fourth quarter reflects negative contributions from the consumption of retail goods and services, as car registrations, which correlate closely with car purchases, increased quarter on quarter.

Chart 27 Real GDP growth and contributions

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

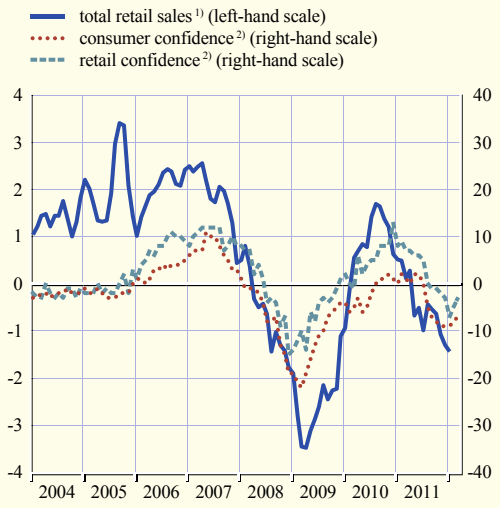


Sources: Eurostat and ECB calculations.

As regards the first quarter of 2012, information on private consumption points towards a persistent lack of dynamism in consumer spending. Retail sales rose by 1.1% in January to stand at a level slightly above that in the fourth quarter of 2011. Euro area new passenger car registrations rose by 0.9% month on month in February after having declined by 12.2% in the previous month. In the first two months of the first quarter, car registrations stood at almost 10% below the average level in the fourth quarter. This is a significant deterioration compared with the last quarter of 2011 when registrations rose, quarter on quarter, by 1.3%. Retail sector survey data, which are available for the first quarter, point towards continued weakness in the consumption of retail goods (see Chart 28). The Purchasing Managers' Index (PMI) for the retail sector remained unchanged at 46.7 between the fourth quarter of 2011 and the first quarter of 2012, indicating continued shrinking sales. However, according to the European Commission's consumer survey, the indicator on consumer confidence increased for the third consecutive month in March. As a result, consumer confidence in the first quarter was, on average, slightly higher than in the fourth quarter (but still below its long-term average). The indicator of expected major purchases, which also rose somewhat in the first quarter, still stands at a historically low level, suggesting that consumers remain cautious when deciding whether or not 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 declined quarter on quarter by 0.5% in the fourth quarter of 2011. Investment has, therefore, contracted for three consecutive quarters. With regard to the breakdown of investment in the fourth quarter, non-construction investment declined quarter on quarter by 0.5%, while construction investment contracted by 0.4%.

Industrial production of capital goods (an indicator of future non-construction investment) increased in January 2012 by 0.5%, month on month, following a decline of 0.9% in the previous month. Capital goods production, which declined quarter on quarter by 1.4% in the last quarter of 2011, stood in January at slightly below its average level in the fourth quarter. Moreover, survey results for the non-construction industrial sector – from both the PMI and the European Commission's industrial confidence indicator – point, on balance, towards some limited improvement in investment activity in the first quarter, which is nonetheless still likely to be weak. The industrial confidence indicator is close to its historical average, while the manufacturing PMI remained below the theoretical no-growth threshold of 50 in the first quarter of 2012, although it improved somewhat vis-à-vis the fourth quarter of 2011.

In January 2012 construction production declined by 0.5%, month on month, following a decline of 1.8% the previous month, thereby signalling a weak start to the first quarter. Meanwhile, the construction confidence indicator published by the European Commission remained below its historical average throughout the first quarter. The PMI for construction in the euro area fell sharply in February, and in the first two months of the first quarter of 2012 stood at well below 50, pointing towards continued negative development.

Turning to trade flows, imports and exports declined by 1.4% and 0.4% respectively in the fourth quarter of 2011, reflecting the weakness of economic activity in the euro area and the global economy at the time. However, the information that has become available in the meantime shows some signs of stabilisation in euro area trade, particularly on the export side. In January imports and exports of goods, which account for almost 80% of total euro area trade, increased noticeably on a monthly basis. Survey data relating to euro area exports also improved somewhat, amid increasing signs of stabilisation in foreign demand. In the first quarter of 2012 the average level of the PMI for new export orders in the euro area manufacturing sector was clearly above the average of the previous quarter. This notwithstanding, the PMI remained below the theoretical expansion/contraction threshold of 50 and eased slightly on a monthly basis in March. Broadly consistent with the prospects for economic activity in the euro area, the near-term outlook for imports remains rather subdued. In some euro area countries, the weakness of imports also reflects the ongoing correction of the large and persistent current account deficits recorded prior to the global financial crisis. Box 4 shows that such episodes of current account reversals are typically associated with significant adjustments in trade flows, particularly on the import side.

Box 4

THE ANATOMY OF CURRENT ACCOUNT REVERSALS

In the years leading up to the global financial crisis, several euro area countries recorded large and persistent current account deficits. Since the onset of the crisis, some of these countries have witnessed a significant correction in their current account balance while, for others, the adjustment is still ongoing. Against this backdrop, this box sheds some light on the anatomy of current account reversals in the advanced economies – episodes in which sizeable current account deficits narrowed substantially in a relatively short period of time.

Identification of current account reversals

Current account reversals can be triggered by a variety of internal and external factors.[1] For instance, a country with a current account deficit may be implementing a strategy of fiscal consolidation, which will act to reduce the current account deficit through higher public savings. External factors, such as a sudden stop in capital inflows, can also play a role. All these factors have in common that they are conducive to a reduction in domestic activity and thus also the current account deficit.

To identify past episodes of current account reversals, this box applies a simple and transparent rule to the current account data of 33 advanced economies, including all 17 euro area countries, over the period 1970-2010. More specifically, for an observation to qualify as the starting point of a reversal, the following conditions have to be met: (1) the initial current account deficit exceeds 4% of GDP; and (2) the average current account deficit over the next three years is reduced by at least 1.5% of GDP and within this period by at least one third compared with the initial level. The first requirement ensures that only reversals of quantitatively significant deficits are captured, while the second one guarantees that the current account adjustment itself is of considerable magnitude and takes place in a relatively short period of time. This definition closely follows the standard methodology used in the literature.[2]

Accordingly, there were 48 episodes of current account reversals in the advanced economies between 1970 and 2010. To get an idea of a "typical" reversal, this box focuses mainly on the median of each relevant indicator during these episodes.

Adjustments during current account reversals

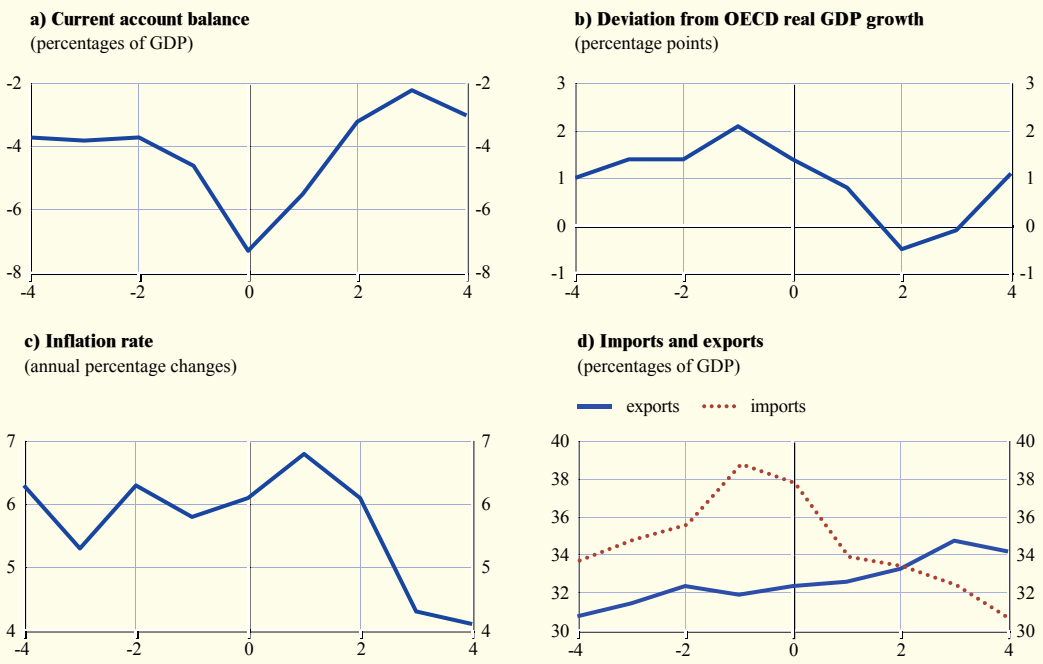
The years leading up to a typical current account reversal in the advanced economies are characterised by buoyant GDP growth, higher inflation, an appreciation in the real effective exchange rate and a worsening current account balance (see Chart A). The start of the reversal then typically coincides with an abrupt slowdown in real GDP growth. While growth does not enter negative territory in the median episode, it declines temporarily relative to overall growth in the OECD countries. In addition, the real effective exchange rate tends to depreciate during a

1 See, for instance, Milesi-Ferretti, G.-M. and Razin, A. "Sharp reductions in current account deficits. An empirical analysis", *European Economic Review*, Vol. 42, 1998.

2 See, for instance, Freund, C., "Current account adjustment in industrial countries", *Journal of International Money and Finance*, Vol. 24, 2005. In contrast to the literature, however, this box studies the sustainability of reversals ex post, rather than imposing a sustainability condition ex ante.

Chart A Adjustment paths during a "typical" (median) current account reversal

(annual frequency)



Source: ECB staff.
Notes: t=0 is the year in which the current account balance reaches its trough. The charts are based on 48 current account reversals in a sample covering 33 advanced economies (including all 17 euro area countries) over the period 1970-2010.

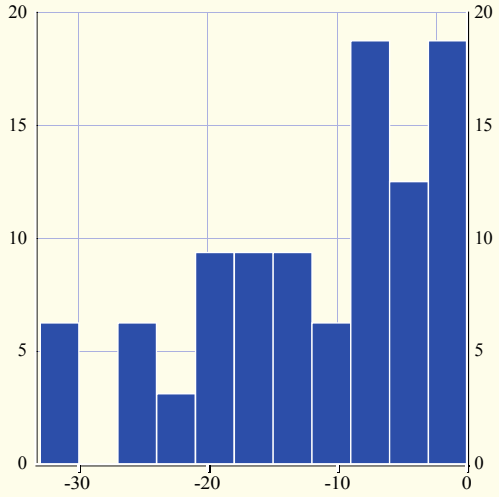
reversal, although there is considerable variation across episodes in the magnitude and timing of this exchange rate adjustment (see Chart B).

The combination of real depreciation, which directs demand from foreign to domestic products, and the slowdown in aggregate demand, which rebalances the demand differentials vis-à-vis the trading partners, is conducive to adjustments in the trade balance with the rest of the world. Indeed, imports slow down abruptly during a typical current account reversal, while export growth gains momentum on the back of improvements in price competitiveness. As a result, the current account balance tends to adjust sharply when the reversal starts, with the most notable changes taking place over a horizon of around two years. The magnitude of the current account adjustment is largely explained by the initial current account balance. Typically, the current account adjustment is sustained over at least the first five years after the start of the reversal, without the current account deficit reverting to the previous peak over this period.

While the typical patterns of current account reversals provide useful insights, there is nevertheless considerable heterogeneity across episodes, particularly regarding the relative importance of the main adjustment mechanisms. Contractionary episodes, i.e. reversals associated with larger output losses, are generally characterised by less pronounced real effective exchange rate depreciation than non-contractionary reversals (see Chart C). This suggests that swift changes in the real exchange rate can help contain the adjustment costs in terms of output losses. In turn, real exchange rate adjustments can be facilitated by flexible nominal exchange rates, as well as labour and product markets in which prices and wages respond quickly to changes

Chart B Histogram of the peak-to-trough changes in the real effective exchange rate

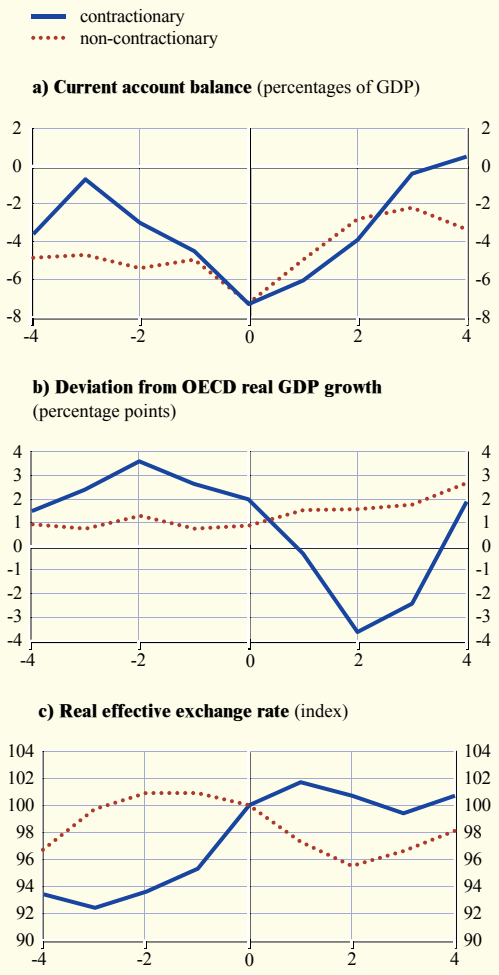
(x-axis: peak-to-trough percentage changes; y-axis: percentages)



Source: ECB staff.
Note: The histogram refers to the percentage change in the real effective exchange rate from the peak over the four years before the reversal to the trough over the four years after the start of the reversal.

Chart C Contractionary and non-contractionary current account reversals

(annual frequency)



Source: ECB staff.
Notes: t=0 is the year in which the current account reaches its trough. Non-contractionary episodes are those in the upper quartile of all reversals, ordered according to the changes in GDP growth (correcting for OECD growth). Contractionary episodes are those in the bottom quartile.

in economic conditions. Labour and product market flexibility is particularly important if the nominal exchange rate is not available to individual countries as an adjustment tool.

Conclusions

Empirical evidence shows that current account reversals in the advanced economies tend to be initially very sharp and the achieved adjustments sustained over several years. The adjustment is typically driven by a combination of a slowdown in GDP growth and a depreciation in the real effective exchange rate. It appears that a more pronounced real depreciation can help contain the adjustment costs in terms of output losses. In the case of individual euro area countries experiencing a correction in their current account deficits, a real effective exchange rate depreciation generally requires adjustments in prices and wages. This highlights the importance of structural reforms to enhance the flexibility of labour and product markets in euro area countries.

4.2 SECTORAL OUTPUT

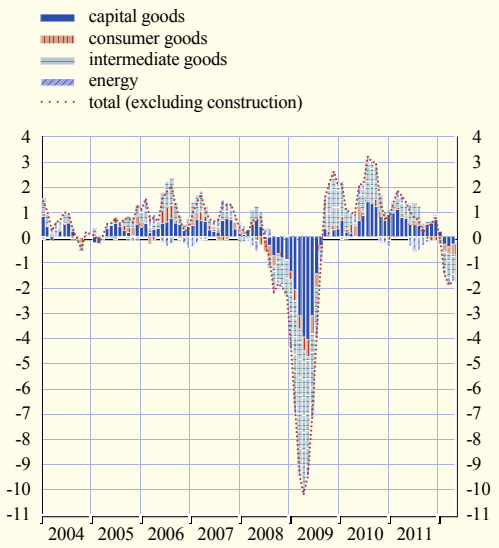
Real value added shrank, quarter on quarter, by 0.2% in the fourth quarter of 2011. Activity in industry (excluding construction) declined by 1.7%, quarter on quarter. By contrast, value added in services and construction rose by 0.1% and 0.3% respectively. This was the first time that value-added growth was higher in services than in industry (excluding construction) since the recovery started in the second quarter of 2009.

With regard to developments in the first quarter of 2012, industrial production (excluding construction) increased month on month by 0.2% in January, following a decline of 0.9% in the previous month. The three-month percentage change, calculated on the basis of a three-month moving average of the index, was -1.8% in January, which represents a marginal improvement compared with the quarterly decline in the fourth quarter of 2011 (see Chart 29). Meanwhile, euro area industrial new orders (excluding heavy transport equipment) declined by 2.9% month on month in January, after the relatively strong increase of 3.7% the previous month. Survey data point to a protracted weakness in activity for the first quarter as a whole, although some improvements have taken place compared with the previous quarter (see Chart 30). For example, although the PMI manufacturing output index stood at 49.8 in the first quarter, i.e. below the no-growth threshold of 50, it was still higher than in the previous quarter, when the index averaged 46.5.

The latest construction production data confirm ongoing subdued activity in the construction sector. The monthly index fell by 0.5% month on month in January, while the monthly decline was revised

Chart 29 Industrial production growth and contributions

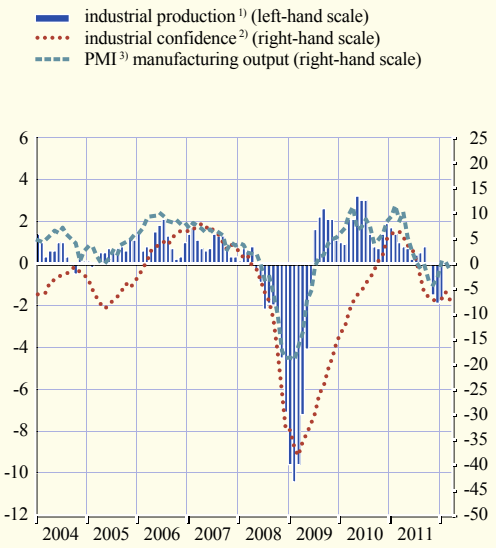
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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 PMI manufacturing output

(monthly data; seasonally adjusted)



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

downwards in December and is now estimated at 1.8%. The level of construction production is broadly unchanged compared with a year ago. Survey data point to further weakness in February and March. Box 5 describes how Eurostat has changed the way it seasonally adjusts short-term economic indicators for the euro area.

The PMI index of activity in business services also rose, from 47.6 in the fourth quarter of 2011 to 49.3 in the first quarter of 2012. Despite having declined for two consecutive months, the index is still above its most recent trough in October 2011. Other business surveys, such as those of the European Commission, are broadly in line with developments in the PMI.

Box 5

THE NEW APPROACH TO SEASONAL ADJUSTMENT[1] OF EUROPEAN AGGREGATES IN SHORT-TERM STATISTICS

Starting with the observation period of January 2012 (or the first quarter of 2012 for quarterly data), Eurostat, the statistical office of the EU, has changed its way of seasonally adjusting short-term economic indicators for the euro area and the EU from a "direct" approach to an "indirect" approach. Until December 2011 non-seasonally adjusted national data were used to produce a European aggregate, which was then directly seasonally adjusted. While this direct seasonal adjustment made use of the most adequate statistical setting for the respective European time series, in certain periods, the results, especially the month-on-month growth rates, differed from the weighted average of the seasonally adjusted national components. By contrast, under the indirect approach, European totals are calculated as a weighted average of the seasonally adjusted national data in order to obtain a fully consistent set of seasonally adjusted European totals and national components. This box describes the indirect approach adopted, as well as the revisions to euro area industrial production, retail trade turnover and construction production growth rates following the switch from the direct to the indirect method.

Indirect seasonal adjustment of European aggregates

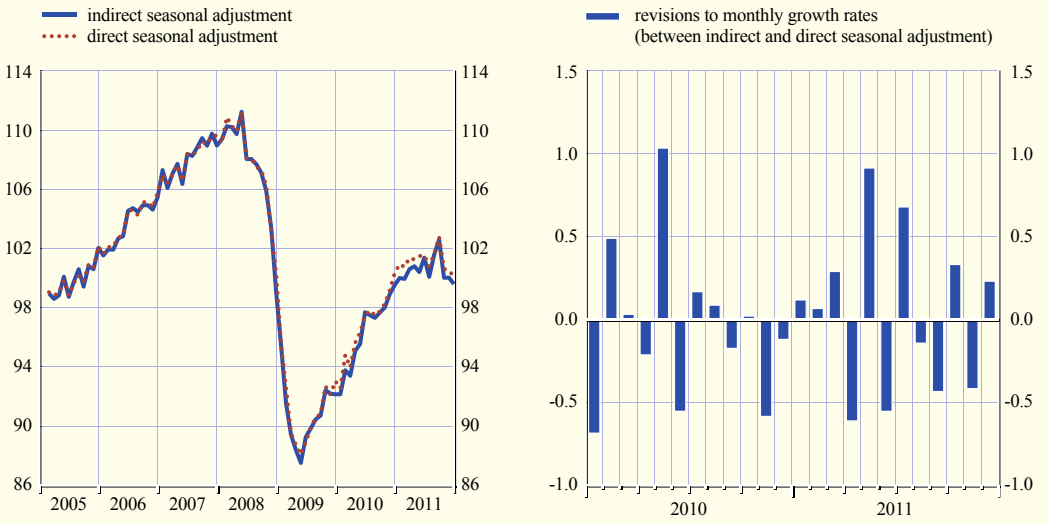
Short-term indicators, such as industrial production or retail trade turnover, are typically adjusted for the average effects of regular seasonal events such as summer holidays on industrial production or Christmas shopping on retail trade turnover. Now that it has adopted an indirect approach, Eurostat is using national data that have been seasonally adjusted by national statistical institutes, based on the assumption that adjustment at a national level is more appropriate in terms of taking into account information on specific developments affecting the data.[2] A change to indirect seasonal adjustment in short-term statistics increases coherence with other statistical domains. For example, the indirect approach is already used for compiling seasonally adjusted euro area GDP and its components in the quarterly national accounts.

The main advantage of indirectly derived European aggregates is their consistency with the national components. If national data are released earlier than the European totals, such national

1 For the sake of simplicity, in this box, seasonal and working day adjustment are referred to as seasonal adjustment.
2 For more information on the indirect and direct approaches to seasonal adjustment, see the "ESS Guidelines on Seasonal Adjustment", available on Eurostat's website at: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-09-006/EN/KS-RA-09-006-EN.PDF

Seasonally adjusted euro area industrial production using indirect and direct seasonal adjustment

(index 2005 = 100 and revisions to monthly growth rates in percentage points)



Sources: Eurostat and ECB calculations.

data can be used to adequately estimate the forthcoming European aggregates. However, the indirect approach requires the application of harmonised practices among countries, for example in the treatment of outliers, so that the same phenomena are treated in the same way across Member States.

Impact of the change from direct to indirect seasonal adjustment of euro area aggregates

The change from direct to indirect seasonal adjustment of European aggregates was applied to the data as of January 2012 as well as to the historical parts of the European time series. While the revisions to the index levels were small, the revisions to the monthly growth rate of euro area aggregates were higher. The left-hand chart shows the revisions to the index levels and the right-hand chart shows the revisions to the monthly growth rate for euro area industrial production.

Over the period 2005-11, for industrial production, retail trade turnover and construction production[3], average revisions did not significantly differ from zero, both at the aggregated level and at the first level of breakdown (see the table). This reflects the fundamental property of seasonal adjustment, which should not alter the series' medium-term trend levels irrespective of the approach or procedure applied. Despite average revisions being negligible, the ranges between the highest and the lowest revisions point to revisions being more pronounced for individual observations.

The breakdown of the European totals into their components, for example the main industrial groupings (MIGs), is still not fully consistent. This is due mainly to the use of different national methodologies (such as the direct approach for the seasonal adjustment of totals and

3 As some Member States deliver national data only at a quarterly frequency, the monthly European aggregates for construction production are compiled only using national data at monthly frequency, whereas quarterly European results cover the full range of national data from Member States. As a result, the index levels of monthly and quarterly construction production differ.

Revisions to euro area industrial production, retail trade turnover and construction production monthly growth rates after the introduction of indirect seasonal adjustment

(in percentage points)

Indicator	Average revision	Range of revision	Absolute average revision	*Memo item:* Absolute average of monthly changes
Industrial production (excluding contruction)	-0.01	-1.4 to 1.2	0.33	*0.93*
of which:				
Manufacturing	-0.01	-0.9 to 1.2	0.32	*0.99*
MIG Intermediate goods	-0.01	-1.7 to 1.6	0.39	*1.14*
MIG Capital goods	-0.01	-1.8 to 2.2	0.62	*1.56*
MIG Consumer goods	-0.01	-1.2 to 0.9	0.36	*0.85*
MIG Durable consumer goods	0.00	-2.8 to 4.2	0.69	*1.50*
MIG Non-durable consumer goods	-0.02	-1.2 to 0.8	0.30	*0.89*
MIG Energy	0.00	-1.8 to 1.9	0.33	*1.54*
Retail trade turnover (including fuel)	-0.01	-0.9 to 0.6	0.15	*0.48*
of which:				
Food, bevarages, tobacco	-0.02	-1.4 to 0.7	0.31	*0.55*
Non-food	-0.01	-0.9 to 1.6	0.31	*0.66*
Fuel	0.03	-1.2 to 2.2	0.38	*1.06*
Contruction production[1)]	0.03	-3.4 to 4.9	0.83	*1.59*
of which:				
Buildings[1)]	0.04	-4.7 to 5.5	0.91	*1.64*
Civil Engineering[1)]	-0.01	-4.4 to 7.2	1.49	*1.96*

Sources: Eurostat and ECB calculations.
Notes: Revision to month-on-month changes of seasonally and working day adjusted data from January 2005 to December 2011.
1) The revisions are also affected by the lower country coverage in the monthly European aggregates.

their components at national level) or issues around a set of consistent weights. In particular, for industrial production, the inconsistencies between euro area totals and the aggregation of its MIG components may be not negligible.

A satisfactory degree of harmonisation of national practices in seasonal adjustment is needed to ensure that indirectly seasonally adjusted European aggregates can compare favourably with directly adjusted European totals. The European Statistical System (ESS) is encouraged to increase transparency regarding the methodologies and practices applied among Member States, for example by providing complete metadata on national methodologies regarding seasonal adjustment. Moreover, it needs to actively monitor and promote further harmonisation of the adjustment process at the national level.

4.3 LABOUR MARKET

Conditions in the euro area labour markets continue to deteriorate. Employment growth remained negative and the unemployment rate has kept rising. Surveys see some further worsening in the short term.

Employment declined by 0.2% quarter on quarter in the fourth quarter of 2011, following a decline of the same magnitude in the previous quarter (which in turn has been revised downwards by 0.1 percentage point). At the same time, hours worked declined by 0.4% (see Table 7). At the sectoral level, on a quarter-on-quarter basis, the latest employment figure reflects a sharp drop in construction of 1.6%, while employment in industry (excluding construction) and services showed less pronounced declines of 0.3% and 0.1% respectively. Survey indicators suggest a further contraction in employment in the first quarter of 2012 (see Chart 31).

Table 7 Employment growth

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

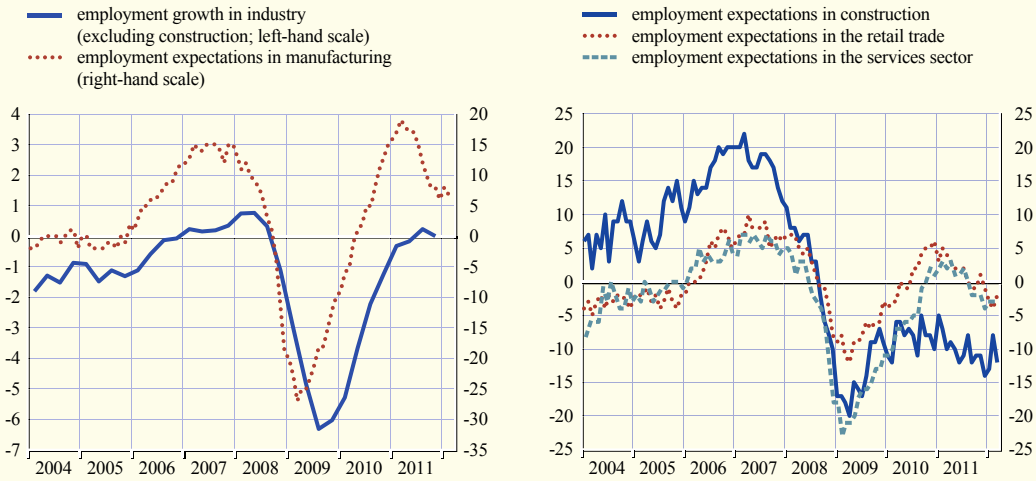
	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2010	2011	2011 Q2	2011 Q3	2011 Q4	2010	2011	2011 Q2	2011 Q3	2011 Q4
Whole economy	-0.5	0.1	0.2	-0.2	-0.2	0.0	0.2	-0.3	0.2	-0.4
of which:										
Agriculture and fishing	-0.9	-2.6	0.4	-1.0	-0.8	-0.9	-1.9	-0.9	-1.2	-0.3
Industry	-3.3	-1.2	-0.2	-0.5	-0.7	-1.9	-0.8	-0.7	-0.1	-1.0
Excluding construction	-3.1	-0.1	0.0	0.1	-0.3	-0.8	0.6	-0.4	0.4	-0.2
Construction	-3.8	-3.8	-0.5	-1.6	-1.6	-3.9	-3.6	-1.3	-1.1	-2.6
Services	0.4	0.7	0.3	-0.1	-0.1	0.7	0.7	-0.1	0.3	-0.2
Trade and transport	-0.7	0.6	0.6	-0.1	-0.4	-0.3	0.4	0.2	0.5	-0.8
Information and communication	-1.1	1.6	0.5	-0.3	0.0	-0.8	1.4	-0.1	0.4	-0.7
Finance and insurance	-1.0	-0.2	-0.3	0.1	0.0	-0.6	0.2	-0.5	0.2	-0.3
Real estate activities	-0.4	2.6	-0.5	-0.5	2.2	0.6	2.1	-0.7	0.8	1.2
Professional services	2.0	2.6	0.9	-0.2	0.4	2.8	3.0	0.5	0.1	0.5
Public administration	1.0	0.1	-0.1	0.1	-0.1	1.1	0.1	-0.3	0.1	0.1
Other services [1]	0.8	-0.2	-0.5	0.0	-0.1	0.6	-0.5	-1.3	1.0	-0.3

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

The annual rate of change in productivity per person employed eased further from 1.1% in the third quarter to 0.9% in the fourth quarter of 2011 (see Chart 32). This slowdown in growth is fully explained by developments in industry (excluding construction), as productivity accelerated in construction and services. Similarly, the annual growth rate of hourly labour productivity also decreased further to 0.7% in the fourth quarter. Looking ahead, the latest readings of the PMI productivity index suggest some further moderation in productivity growth in the first quarter of 2012.

Chart 31 Employment growth and employment expectations

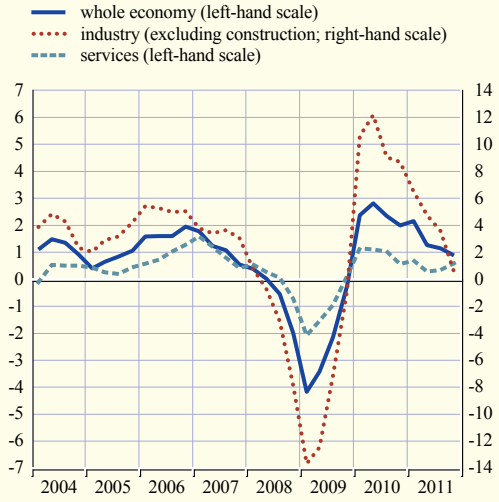
(annual percentage changes; percentage balances; seasonally adjusted)



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

Chart 32 Labour productivity per person employed

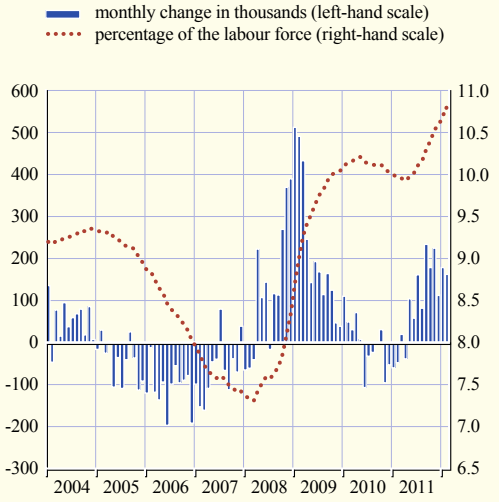
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 33 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

The unemployment rate, which has been rising since April 2011, stood at 10.8% in February 2012. This is 0.6 percentage point above the level at which it previously peaked in May 2010 (see Chart 33).

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Survey data confirm a stabilisation in economic activity at a low level in early 2012. The euro area economy is expected to recover gradually in the course of the year. The outlook for economic activity should be supported by foreign demand, the very low short-term interest rates in the euro area and all the measures taken to foster the proper functioning of the euro area economy. However, the remaining tensions in euro area sovereign debt markets and their impact on credit conditions, as well as the process of balance sheet adjustment in the financial and non-financial sectors and high unemployment in parts of the euro area, are expected to continue to dampen the underlying growth momentum.

Downside risks to the economic outlook prevail. They relate in particular to a renewed intensification of tensions in euro area debt markets and their potential spillover to the euro area real economy. Downside risks also relate to further increases in commodity prices.

ARTICLES

ANALYSING GOVERNMENT DEBT SUSTAINABILITY IN THE EURO AREA

The rapid build-up of government debt in an environment of financial instability and low growth has increased the need for an assessment of government debt sustainability. Despite frontloaded and comprehensive fiscal consolidation in euro area countries, risks to debt sustainability need to be closely monitored. To assess the size of these risks, conventional debt sustainability analysis has become a core element of enhanced country surveillance. Such an analysis is, however, subject to several limitations. It depends crucially on the choice of underlying assumptions and analytical tool and its findings are subject to considerable uncertainty. What is required, therefore, is a more comprehensive approach to debt sustainability assessments, comprising a more systematic in-depth assessment of country-specific risks. This would need to include a systematic monitoring of a broad set of fiscal liabilities and private sector imbalances, replacing the current ad hoc approach to accounting for such risks. Moreover, more emphasis should be placed on accounting for fiscal and economic behaviour in response to shocks. In addition, the crisis has shown that apart from addressing medium-term risks to debt sustainability, there is also a need to account for short-term refinancing risks, which tends to further strengthen the case for safety margins in public finances in normal times. To limit risks to debt sustainability in the euro area, government debt-to-GDP ratios should be brought to levels safely below 60%. In this respect, the commitment to establish within the new Treaty on Stability, Coordination and Governance in the Economic and Monetary Union a new fiscal compact comprising a "debt brake" is a welcome step towards achieving more rigorous budgetary discipline in the euro area.

1 INTRODUCTION

The global financial crisis has led to a rapid accumulation of government debt in most countries of the euro area and in the euro area as a whole. This reflects, among other things, the strong deterioration in economic growth and the working of automatic stabilisers, as well as, in several euro area countries, partly sizeable fiscal stimuli and government support to the banking sector.[1] The rapid build-up of government debt in an environment of financial instability and low growth has increased the need for an assessment of debt sustainability, i.e. a country's ability to service all accumulated government debt at any point in time. Despite frontloaded and comprehensive fiscal consolidation in euro area countries, risks to debt sustainability need to be closely monitored. To gauge the size of these risks, conventional debt sustainability analysis – an accounting-based approach which has long been widely applied to the monitoring of debt – has become a core element of enhanced country surveillance. As such, it is part of EU/IMF reports assessing the compliance of Member States that have a financial assistance programme with their associated policy commitments.

However, conventional debt sustainability analysis is subject to several limitations, which means that the results need to be interpreted carefully. In fact, the outcome of debt sustainability analyses depends crucially on the choice of underlying assumptions and analytical tool and is subject to considerable uncertainty. Furthermore, particular care is needed, as debt sustainability assessments can also have a direct impact on sustainability itself: increases in government bond yields that are based on unfavourable sustainability assessments by financial markets could create a vicious circle of increasing government debt refinancing costs and furthering debt sustainability risks. As recent developments in the euro area have shown, this negative spiral accelerates further if unfavourable debt sustainability assessments, for example by credit rating agencies, have a negative impact on banks' balance sheets

1 See Van Riet, A. (ed.), "Euro area fiscal policies and the crisis", *Occasional Paper Series*, No 109, ECB, Frankfurt am Main, April 2010.

and result in higher deleveraging needs to meet core capital requirements. And this is compounded by higher sovereign bond yields feeding through to banks' funding conditions and private sector borrowing costs, which in turn weigh on private investment and economic growth.

Against this background, this article addresses the following three questions:[2]

- What can conventional debt sustainability analysis deliver?
- How can the tools to assess debt sustainability analysis be improved?
- Given the tools currently available to conduct debt sustainability analysis, what policy conclusions can be drawn for fiscal policies in the euro area?

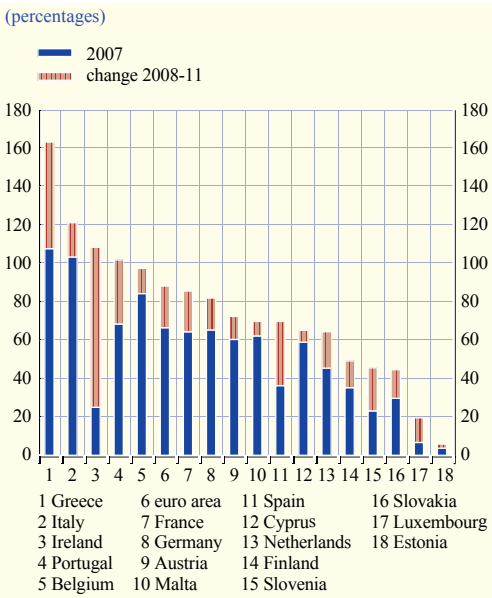
The article is structured as follows: section 2 briefly reviews the build-up of government debt across the euro area countries since the onset of the crisis and the associated increases in government bond yield spreads. Section 3 sets out the concept of debt sustainability, explaining the main features of conventional debt sustainability analysis, based on illustrative results for the euro area aggregate, and identifying the tool's main advantages and shortcomings. Section 4 puts forward some possible extensions to the conventional debt sustainability analysis, which would take account of risks associated with contingent, implicit and other off-budget liabilities. Section 5 examines alternative, more model-based, analyses of debt sustainability. Section 6 looks at early warning mechanisms of fiscal stress, focusing especially on short-term fiscal risks. Section 7 concludes, drawing particular attention to the high degree of uncertainty surrounding medium-term debt sustainability assessments and the resulting need for a stronger focus on short-term public finance developments and fiscal prudence in the euro area.

2 GOVERNMENT INDEBTEDNESS IN THE EURO AREA

The euro area government gross debt-to-GDP ratio is estimated to have risen by 22 percentage points from its pre-crisis level in 2007 to stand at 88% in 2011 (see Chart 1). Among the individual euro area countries, Ireland, Greece, Portugal and Spain were the ones that experienced the strongest increases over the period 2008-11. For 2011, debt ratios in Greece, Italy, Ireland and Portugal are estimated to have reached very high levels, i.e. at around 100% of GDP or above.

2 For an overview and applications of various approaches to debt sustainability analysis, see the chapter entitled "Debt sustainability in the EU" in "Public finances in EMU – 2011", *European Economy 3*, Brussels, September 2011. See also "Modernizing the Framework for Fiscal Policy and Public Debt Sustainability Analysis", IMF, August 2011. For an assessment of medium and long-term fiscal adjustment needs under various scenarios, see the April 2011 edition of the IMF's *Fiscal Monitor*. For another survey, see Schaechter, A. et al., "A Toolkit to Assessing Fiscal Vulnerabilities and Risks in Advanced Economies", *Working Paper Series*, No WP/12/11 IMF, Washington DC, January 2012.

Chart 1 General government debt-to-GDP ratios in the euro area countries, 2007-11

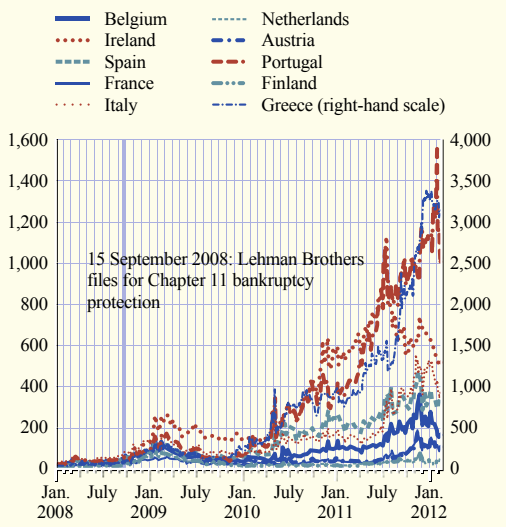


Sources: European Commission's autumn 2011 economic forecast and ECB calculations.

Indeed, debt ratios are estimated to have been below the 60% of GDP reference value in only five euro area countries. Further afield, in the United States and Japan, debt-to-GDP ratios have also increased to levels substantially above pre-crisis levels. However, when compared with the United States and Japan, budgetary imbalances have, on aggregate, been more limited in the euro area and fiscal consolidation has been more frontloaded and comprehensive. Thus, from its pre-crisis level in 2007, the euro area government debt-to-GDP ratio has increased less than in the United States and Japan. Over the medium term, debt-to-GDP ratios in the United States and Japan are expected to exceed the euro area aggregate (see the box entitled "Government debt developments in the United States and Japan").

Given financial market concerns over the sustainability of government debt and unfavourable macroeconomic developments since the collapse of Lehman Brothers in September 2008, government bond yield spreads vis-à-vis Germany have risen in many euro area countries (see Chart 2).[3] However, these increases have varied significantly across countries, in view of the different assessments of country-specific risks. More recently, there are indications that the progress made with fiscal consolidation in the euro area as a whole and in vulnerable countries in particular, as well as the efforts to strengthen the EU fiscal and economic framework, are recognised in financial markets.

Chart 2 Spreads over the German ten-year government bond yield, 2008-12



Sources: Bloomberg, Thomson Reuters Datastream and ECB calculations.
Notes: Data for Cyprus, Luxembourg, Malta, Slovenia and Slovakia are not comparable and are therefore not shown here.

In this vein, a certain stabilisation of sovereign debt markets can be observed in vulnerable euro area countries, associated with a reduction of their bond yield spreads vis-à-vis German sovereign yields.

3 Bond yield curves can be shown to depend on fiscal sustainability assessments and macroeconomic variables such as prospects for economic growth. See, for example, Borgy, V., Laubach, T., Mésonnier, J.-S. and Renne, J.-P., "Fiscal Sustainability, Default Risk and Euro Area Sovereign Bond Spreads", *Working Paper Series*, No 350, Banque de France, Paris, October 2011.

BOX

GOVERNMENT DEBT DEVELOPMENTS IN THE UNITED STATES AND JAPAN

Government debt sustainability concerns are rising among a number of advanced G20 countries. A substantial drop in revenues, compounded by a number of fiscal stimulus and financial sector support measures implemented during the recession have led to a surge in government debt levels across many advanced economies. In the United States, intense negotiations surrounding the recent increase in the debt ceiling have further concentrated investor focus on US public

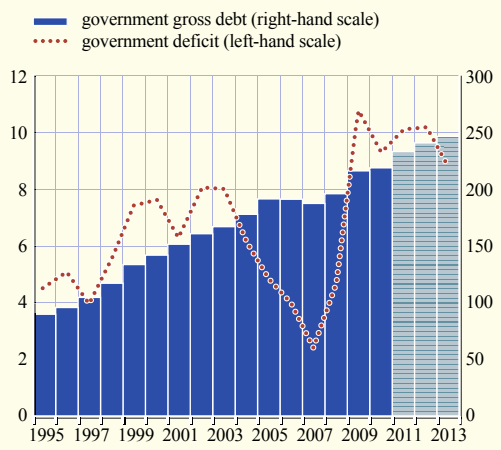
Chart A General government gross debt and budget balances, United States

(as a percentage of GDP)

Sources: BEA, CBO and ECB calculations.
Note: Data for 2011-13 are forecasts.

Chart B General government gross debt and budget balances, Japan

(as a percentage of GDP)



Source: IMF.
Note: Data for 2011-13 are forecasts.

finances.[1] At the same time, Japan has had a long history of rising debt-to-GDP ratios such that its ratio is now almost twice that of the United States.[2] Against this background, this box presents recent deficit and debt developments and assesses debt sustainability prospects for the United States and Japan, highlighting differences in fiscal developments with the euro area.

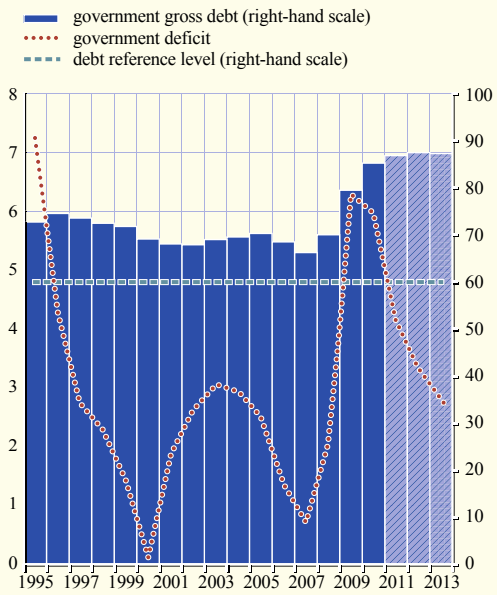
In 2007, prior to the recession, the general government gross debt-to-GDP ratio was around 65% in the United States, while Japan experienced a significantly higher level of indebtedness at close to 190% of GDP. From these pre-crisis levels, the cyclical downturn in federal receipts, coupled with the substantial fiscal stimulus implemented in response to the economic downturn, led to a rapid increase in the US budget deficit, which exceeded 10% of GDP in 2009 and 2010. In the case of Japan, budget deficits increased to above 9%, which also pointed to a rapid deterioration of public finances. As a result, the significant and sustained public deficits in both countries translated into a rapid rise in gross debt. In 2010 gross debt was around 95% of GDP in the United States and around 220% of GDP in Japan (see Charts A and B).[3] The general government debt level in the euro area as a whole amounted to 85.6% of GDP in 2010 (see Chart C).

Although fiscal deficits are expected to decline in the United States over the next few years, debt ratios are expected to increase further in the short term – albeit less rapidly – before broadly stabilising in 2013. However, these developments are highly uncertain, as it will not become clear what the impact of the recent extension of tax cuts and benefits until the end of 2012 will be, nor is it clear whether the automatic tax cuts resulting from the failure of the "Super Committee" to reach an agreement will finally be implemented in full. These developments may

1 Citing political risks among other factors, Standard & Poor's downgraded US long-term debt from AAA to AA+ on 5 August 2011 and cautioned that further downgrades may follow if the US government debt trajectory rises above the rating agency's current baseline.
2 Moody's downgraded Japanese debt in August 2011, following a previous downgrade by Standard and Poor's at the start of 2011.
3 These government debt data for the United States and Japan are not fully comparable to the euro area data as they are not compiled according to the European accounting methodology (ESA 95).

Chart C General government gross debt and budget balances, euro area

(as a percentage of GDP)



Sources: European Commission, ECB calculations.
Note: Data for 2011-13 are forecasts.

imply an upward and downward risk to the deficit figures respectively. As regards Japan, the reduction in the deficit is expected to take place with some delay, partly on account of the special expenditures devoted to cope with the consequences of the Japanese earthquake in March 2011, meaning that debt ratios are expected to continue rising steadily up to 2013. These developments are again subject to a high level of uncertainty, given ongoing discussions in Japan regarding the budget for the 2012 fiscal year and the proposed tax and social security reform plan, which envisages a gradual increase in the consumption tax rate from the current 5% to 10% by the mid-2010s. By comparison, the euro area-wide general government deficit is projected to decline to lower levels, reaching 3% of GDP in 2013. As a consequence, the increase in the euro area debt-to-GDP ratio is projected to be more muted than in the United States and Japan, contributing to a lower debt-to-GDP ratio over the medium term.

The need for considerable fiscal consolidation in the United States and Japan also implies that there is very limited scope for fiscal policy to support growth in case of a weakening outlook. On the contrary, the risk of a deterioration in debt sustainability, related to adverse macroeconomic shocks which slow economic growth and increase long-term interest rates, is non-negligible.

3 CONVENTIONAL DEBT SUSTAINABILITY ANALYSIS

This section briefly sets out the concept of government debt sustainability, before discussing the theoretical underpinnings of conventional debt sustainability analysis. It provides illustrative projections for medium-term debt developments for the euro area aggregate, emphasising also the fact that conventional debt sustainability analysis is subject to a trade-off between simplicity and theoretical soundness.

THE CONCEPT OF GOVERNMENT DEBT SUSTAINABILITY

The sustainability of government debt means that the accumulated government debt has to be serviced at any point in time. It requires governments to be both solvent and liquid.[4]

- "Solvency" is a medium to long-term concept and requires that the government's net present value budget constraint is fulfilled, stipulating that the net present value of the government's future primary balances must be at least as high as the net present value of outstanding government debt ("flow concept").[5]

4 See also "Modernizing the Framework for Fiscal Policy and Public Debt Sustainability Analysis", IMF, August 2011.
5 According to the "stock concept", solvency requires that the net present value of all future outstanding liabilities shall not be higher than the outstanding amount of assets.

- "Liquidity" is a short-term concept and refers to a government's ability to maintain access to financial markets, ensuring its ability to service all upcoming obligations in the short term.[6]

Thus, even though debt sustainability assessments take a medium to long-term perspective, they need to account for a country's ability to maintain market access in the short term for the purposes of refinancing maturing debt. A country that faces increasing difficulties in accessing financial markets in the short term could face debt sustainability problems over the medium term, as higher bond yields will gradually increase the cost of servicing debt. Furthermore, government debt can only be considered sustainable if the fiscal policies required to ensure sustainable debt levels are feasible and realistic in both political and economic terms.

CONVENTIONAL DEBT SUSTAINABILITY ANALYSIS

Conventional debt sustainability analysis is a simple accounting exercise, based on the standard debt accumulation equation:[7]

$$\Delta b_t = \frac{i_t - g_t}{1+g_t} b_{t-1} - pb_t + dda_t$$

According to this equation, the change in the debt-to-GDP ratio (Δb_t) is derived from the cumulated impact of three components:

(1) the "interest-growth differential", which captures the impact of the debt ratio-increasing (real) interest rate as well as the impact of the debt ratio-reducing (real) GDP growth rate;[8]

(2) the primary balance (pb_t);

(3) the deficit-debt adjustment (dda_t).

The deficit-debt adjustment relates to that part of the change in the debt-to-GDP ratio which is not reflected in the deficit. It is derived, for example, from: (i) a change in the size of foreign currency-denominated debt associated with a change in the exchange rate; (ii) financial transactions in relation to government support to financial institutions; (iii) privatisation receipts; or (iv) the purchase of assets.

Generally, conventional debt sustainability analysis is based on a gross general government debt rather than on a net debt concept that nets out government financial assets. The reasons for this are twofold: first, the definition of financial (vis-à-vis non-financial) assets differs across countries, making comparability particularly challenging; second, financial assets are not always easy to liquidate. Nonetheless, financial assets – which for the euro area average represent about a third of the value of government liabilities – constitute an important buffer for governments to address concerns about debt sustainability. This also holds true for governments' stakes in state-owned (or partly state-owned) companies: governments can always opt for reducing their ownership in them in order to use the privatisation receipts for reducing public debt. This notwithstanding, sales of such assets when a country already faces a liquidity shock may only generate limited revenue in a weak economic environment, or may not be possible at all. Thus, while non-financial assets in principle impact on the size of net debt and are therefore relevant for assessing long-term government debt sustainability, a prudent definition of net debt should include only financial assets which can be liquidated at short notice.

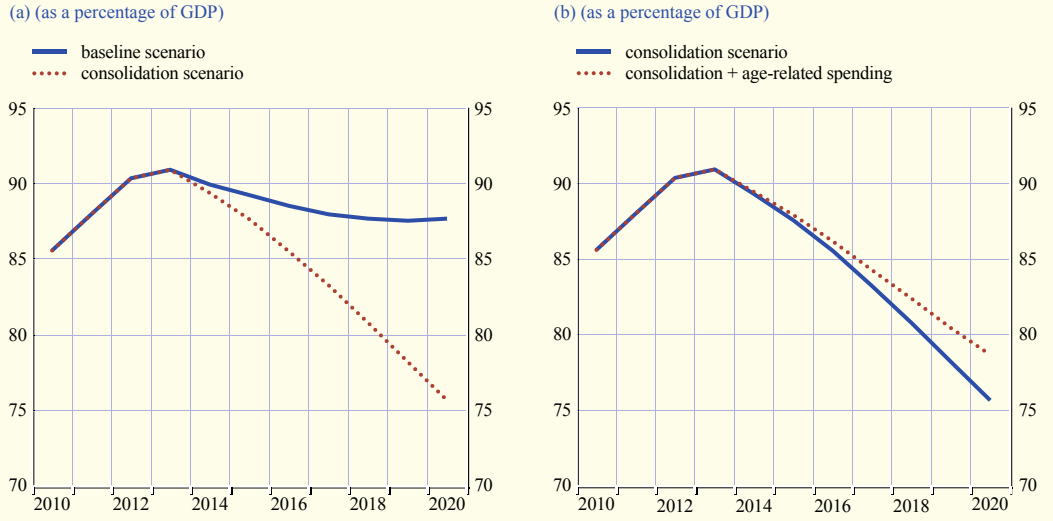
Assuming that dda_t is zero and that the interest-growth differential is positive and thus debt-increasing, two immediate conclusions can be drawn from the debt accumulation equation: first, sufficiently large primary surpluses are needed to stabilise the debt-to-GDP ratio, or reduce it; and second, high-debt countries need

6 See Giammarioli, N., Nickel, C., Rother, P. and Vidal, J.-P., "Assessing fiscal soundness: theory and practice", *Occasional Paper Series*, No 56, ECB, Frankfurt am Main, March 2007.

7 For more details, see the article entitled "Ensuring fiscal sustainability in the euro area", *Monthly Bulletin*, ECB, Frankfurt am Main, April 2011.

8 The interest-growth differential could also be denoted in nominal values if government debt is issued in nominal bonds.

Chart 3 Medium-term debt scenarios for the euro area for the period 2010-20



Sources: European Commission's autumn 2011 economic forecast until 2013 and ECB calculations.
Note: Technical assumptions underlying the different scenarios are outlined in the main text.

to run larger primary surpluses than low-debt countries in order to stabilise, or reduce, the debt ratio. Obviously, in the case of positive deficit-debt adjustments – as observed during the financial crisis through the support provided by governments to the banking sector – even larger primary balance adjustments would be required to stabilise and reduce debt-to-GDP ratios.

Chart 3a shows the results of conventional debt sustainability analysis for the euro area aggregate for the period 2010-20 under a baseline and a consolidation scenario. These scenarios are based on the European Commission's autumn 2011 economic forecast until 2013, aggregating the dynamics of all euro area countries.[9] Thereafter, the assumptions on real interest rates and growth as well as primary balances that underlie the scenarios are the following:

- Real GDP growth g is based on potential growth after the end of the projection horizon in 2013, assuming a gradually closing output gap.[10]

- The average real effective interest rate is assumed to gradually converge to 3% for all countries.[11] The real interest rate is defined as an average effective interest rate, reflecting a projection of interest rates at different maturities and the maturity structure of government debt.[12] Generally, the impact of market interest rates on the results of debt sustainability analysis depends on how quickly they feed through to refinancing needs (see Chart 5).

- The structural component of the primary balance pb_t is assumed to remain unchanged after 2013. Thus, from 2014 onwards, the headline primary balance improves with the lower cyclical deficit component, while the structural balance remains constant.

9 According to the European Commission's projections, the baseline includes only the measures that were legislated (or were very likely to be legislated) at the beginning of October 2011; as such, it does not reflect the most likely path for fiscal policy, but one based on current decisions.

10 Potential growth is projected to match the 2010-20 average presented in Table 3.3 of "The 2012 ageing report: underlying assumptions and projection methodologies", *European Economy 4*, Brussels, 2011.

11 This implies a convergence of the average nominal effective interest rate to 5% for all countries, since it is assumed that inflation in each euro area country converges at around 2%.

12 The standard approach uses the implicit interest rate on government debt (i.e. interest payments on the previous year's debt as a percentage of the current year's debt).

- The deficit-debt adjustment dda_t is assumed to be zero from 2014 onwards.

To assess the sensitivity of the results to shocks, a bound test is conducted: in the consolidation scenario, instead of keeping the structural primary balance constant after the end of the projection horizon as in the baseline scenario, a mechanical adjustment in the structural primary balance of 0.75 percentage point is assumed until a balanced budget, in structural terms, is achieved.

As Chart 3 shows, according to the baseline scenario, the debt-to-GDP ratio is set to level off in 2013, decline marginally thereafter before risking to rise again at the end of the projection horizon. By contrast, in the consolidation scenario, the debt-to-GDP ratio is set on a more strongly declining trajectory after 2013. Obviously, in a scenario with lower growth and/or higher interest rates than in the baseline (not presented here), the debt ratio would be on an unsustainable path.

It must be stressed, however, that these results for the euro area aggregate are only illustrative. They are based on ad hoc assumptions regarding the medium-term developments of interest-growth differentials and primary balances and merely reflect the aggregate sustainability risk for the 17 euro area member countries; in this sense, their meaningfulness for policy considerations is limited. In addition, sustainability at the euro area-wide level does not imply sustainability at the level of individual countries. This point is of particular importance, since unsustainable government debt in one country threatens to lead to widespread contagion, which in turn puts financial stability and fiscal sustainability in the euro area as a whole at risk. This is a reflection of the euro area's institutional framework, in which fiscal policies remain largely a national responsibility. Within this framework, it is the duty of each individual member country to pursue sound public finances, thereby contributing to the stability and smooth functioning of EMU.

ASSESSMENT OF CONVENTIONAL DEBT SUSTAINABILITY ANALYSIS

In light of the preceding review of the basic features of conventional debt sustainability analysis and its illustrative application, it is possible to draw some conclusions regarding the main advantages and shortcomings of such an analysis.

In terms of the advantages of conventional debt sustainability analysis, the main benefits are transparency and ease of application. Provided that the underlying assumptions are fully understood, the tool's results are easy to interpret and communicate. Assessing changes to single variables, as reflected in sensitivity/bound tests, is also straightforward. Moreover, the tool is usually readily applicable: once the general framework has been agreed, the tool is well-situated for operational work, which explains why it is widely used by both international institutions and financial market participants. A further benefit is that the deterministic baseline scenario can be adjusted for each variable of the debt accumulation equation to reflect country specificities and the judgements of individual experts.

Nonetheless, conventional debt sustainability analysis has several shortcomings. One drawback is that the deterministic baseline scenario only delivers valuable results if the medium-term trajectory of macroeconomic and budgetary variables is based on realistic assumptions. For example, a standardised cross-country approach, which assumes equal mechanical fiscal adjustment across countries, can potentially arrive at unrealistically large primary surplus assumptions when compared with country-specific historical evidence. This would ground the baseline on unsustainable fiscal policies.[13] A key difficulty for debt sustainability analysis is thus the lack of knowledge on how quickly countries can

13 For an overview of selected episodes of large and sustained cyclically adjusted primary budget surpluses in EU countries, see the box entitled "Past experience of EU countries with sustaining large primary budget surpluses", *Monthly Bulletin*, ECB, Frankfurt am Main, June 2011.

improve primary balances and what levels of primary surpluses and tax levels they can sustain. As regards baseline scenarios derived from government plans, these are subject to obvious limitations: they tend to be based on overly optimistic macroeconomic projections and budgetary plans, which neglect the political cycle and the lower commitment to budget consolidation in the presence of upcoming elections. Therefore, any interpretation of sustainability exercises needs to account for restraints on the realism of the baseline projections, which need to be communicated as clearly and transparently as possible.

To sum up, there is obviously a clear trade-off between comfortable application and transparency on the one hand and theoretical soundness and robustness on the other. In this vein, there is scope for improving conventional debt sustainability analysis, namely by extending the scope of the analysis and by implementing alternative approaches that go beyond the standard debt accumulation equation. The next two sections address these possible extensions in more detail.

4 EXTENDING THE SCOPE OF CONVENTIONAL DEBT SUSTAINABILITY ANALYSIS

An obvious limitation of debt sustainability analysis is that it usually focuses only on explicit government liabilities, thereby ignoring the fact that the size of government debt can be affected both by contingent and implicit liabilities as well as by other off-budget obligations.[14] This section therefore calls for a broadening of conventional debt sustainability analysis to include contingent, implicit and other off-budget liabilities.

Contingent liabilities refer to future government liabilities that arise only if a particular event materialises. In the euro area, government guarantees given to financial institutions feature prominently among these liabilities.[15] As indicated in Table 1, the accumulated government contingent liabilities related to guarantees to the banking sector are sizeable in many euro area countries and could rise further to reach, or even surpass, higher ceiling commitments. Other contingent liabilities incurred as part of the euro area sovereign debt crisis resolution mechanism relate to cross-border commitments. These include guarantees provided under the European Financial Stability Facility (EFSF) or, subsequently, the European Stability Mechanism (ESM).[16] There has so far been no consistent debt sustainability analysis approach to systematically account for contingent liabilities. A recent exercise by the European Commission, for example, involved estimating bank default probabilities and including the estimated fiscal burden from defaults in the sustainability assessment.[17] Another approach could be to explicitly amend the deficit-debt adjustment term by accounting for the results of the recapitalisation exercise carried out by the European Banking Authority.[18]

Implicit liabilities are mostly related to entitlements whose payments fall due in the future, such as pensions and other age-related public spending. However, the cost pressures related to these items could change sustainability

14 For a survey, see Hartwig Lojsch, D., Rodríguez Vives, M. and Slavík, M., "The size and composition of government debt in the euro area", *Occasional Paper Series*, No 132, ECB, Frankfurt am Main, October 2011.

15 While government capital injections to banks are associated with an immediate increase in general government debt, government guarantees do so only once they are drawn. For a distinction, see Box 1 entitled "The statistical recording of public interventions to support the financial sector" (prepared by Catz, J. and Maurer, H.), in Van Riet, A. (ed.), "Euro area fiscal policies and the crisis", *Occasional Paper Series*, No 109, ECB, Frankfurt am Main, April 2010.

16 The treatment of loans granted by the EFSF and the ESM differs. In cases where the EFSF is employed and provides loans, this has an impact on the balance sheet of countries providing guarantees proportional to their adjusted contribution key under the EFSF. As the EFSF borrows in the market on behalf of euro area governments to provide loans to euro area countries in severe distress, these lending operations are routed through the government accounts of the guarantor Member States. In the case of the ESM, loan provision will not affect the government debt level of these Member States. However, if guarantor Member States finance their share of paid-in ESM capital through borrowing, this will raise their goverment debt.

17 See the chapter entitled "Debt sustainability in the EU" in "Public finances in EMU – 2011", *European Economy 3*, Brussels, September 2011.

18 See *Financial Stability Review*, ECB, Frankfurt am Main, December 2011.

Table 1 Measures impacting on government contingent liabilities, 2008-11

	EFSF amended guarantee commitments [1]		EFSF amended contribution key [1] (shares in percentage)	Government guarantees to the banking sector (cumulative net impact on general government debt as a percentage of GDP)
	euro millions	as a percentage of 2011 GDP		2008-11
Belgium	27,032	7.30	3.72	12.7
Germany	211, 046	8.22	29.07	3.0
Estonia	1,995	12.46	0.27	0.0
Ireland	-	-	0.00	42.8
Greece	-	-	0.00	25.8
Spain	92,544	8.61	12.75	6.2
France	158,488	7.97	21.83	3.1
Italy	139,268	8.78	19.18	2.7
Cyprus	1,526	8.51	0.21	15.7
Luxembourg	1,947	4.66	0.27	3.2
Malta	704	10.91	0.10	0.0
Netherlands	44,446	7.32	6.12	6.1
Austria	21,639	7.19	2.99	5.7
Portugal	-	-	0.00	9.0
Slovenia	3,664	10.23	0.51	4.4
Slovakia	7,728	11.05	1.06	0.0
Finland	13,974	7.34	1.92	0.0
Total	726,000	7.71	100.00	5.2

Source: ESCB and EFSF.
1) The amended contribution key accounts for the stepping out of Greece, Ireland and Portugal.

assessments over the medium term: even though the bulk of ageing cost increases will only materialise in many euro area countries after 2020, accounting for the more limited increases in the period up to then could render sustainable debt trajectories unsustainable. Systematically accounting for these costs in any medium-term debt sustainability analysis would thus offer a valuable broadening of the assessments.[19] For the euro area, as indicated in Chart 3b, incorporating these liabilities into the consolidation scenario specified above (and assuming that no offsetting measures are adopted) would put government debt on a higher, though still declining, debt trajectory.

Other off-budget obligations refer to those government obligations that are not included in the statistical definition of general government, but that can become subject to government spending and relate, for example, to state-owned enterprises. The importance of these liabilities has come to the fore with recent fiscal developments, for example, in Portugal: over the period 2007-10, the debt-to-GDP ratio had to be revised upwards by almost 7 percentage points of GDP due to the reclassification of three state-owned transportation enterprises from the broader concept of the "public sector" into the narrower concept of the "general government sector".

Looking ahead, instead of only an ad hoc approach, a prudent assessment of the risks to debt sustainability needs to systematically account for contingent, implicit and other off-budget liabilities.

5 MODEL-BASED APPROACHES TO ASSESSING DEBT SUSTAINABILITY

Another drawback to conventional debt sustainability analysis is the fact that the standard debt accumulation equation does not capture interdependencies between the variables

19 For long-term projections of age-related spending for the period 2008-60, see "The 2009 ageing report – Economic and budgetary projections for the 27 EU Member States (2008-60)", *European Economy 2*, Brussels, 2009. The data from this report have been incorporated into long-term sustainability projections provided in "Sustainability Report 2009", *European Economy 9*, Brussels, 2009.

driving debt sustainability on account of it being just a simple accounting exercise. This section briefly surveys available approaches in the literature to account better for the interaction of key variables driving debt dynamics.

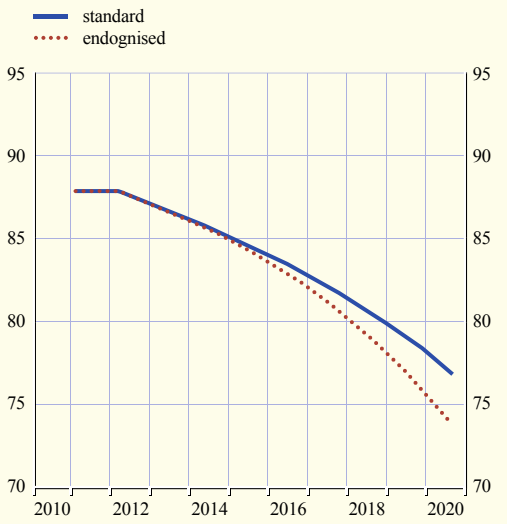
INTRODUCING INTERDEPENDENCIES IN CONVENTIONAL DEBT SUSTAINABILITY ANALYSIS

Whereas the standard debt accumulation equation abstracts from interdependencies between its key determinants – GDP growth, interest rates and primary balances – empirical evidence points to the existence of relationships between these variables. For example, some empirical evidence points to primary balances responding to changes in the debt-to-GDP ratio, at least beyond a certain debt threshold. This indicates that governments tend to respond to rising indebtedness by stepping up fiscal consolidation.[20] Other empirical evidence has found that growth is impeded at high levels of debt. This finding suggests that, if a debt ratio rises above a certain threshold (often estimated at around 90% of GDP), growth is negatively affected.[21] The main channels through which government debt was found, in these studies, to have an influence on growth are private and public capital accumulation. Similarly, several empirical studies for the euro area have found that high government debt ratios may contribute to rising sovereign bond yield spreads and, ultimately, higher sovereign long-term interest rates.[22]

Chart 4 shows some preliminary results accounting for such interdependencies in the euro area. They are derived from the estimated coefficients of interdependencies between GDP growth, interest rates and primary balances in a simultaneous equation panel approach, in which each variable driving debt accumulation is dependent on the remaining explanatory variables of the system. The resulting coefficients measuring the magnitude of interdependencies between the explanatory variables are then incorporated into the standard debt accumulation equation. For the euro area aggregate, the results show that, when accounting for such interdependencies (see the endogenised scenario

Chart 4 Sensitivity analysis with endogenous fiscal adjustment: euro area for the period 2010-20

(government debt-to-GDP ratio; in percentage)



Source: ECB calculations.
Note: For an explanation of the standardised and endogenised scenarios see the main text.

20 See, for example, Bohn, H., "The Behavior of U.S. Public Debt and Deficits", *The Quarterly Journal of Economics*, No 113(3), August 1998, pp. 949- 963, and the box entitled "Government debt dynamics and primary budget balance developments in the EU Member States", *Monthly Bulletin*, ECB, Frankfurt am Main, March 2011. Other available evidence indicates that governments tend to increase the level of labour taxation in response to rises in government debt and even more in response to rises in interest payments: for more details, see Holm-Hadulla, F., Leiner-Killinger, N. and Slavík, M., "The response of labour taxation to changes in government debt", *Working Paper Series*, No 1307, ECB, Frankfurt am Main, March 2011.

21 For further details, see Reinhart, C. and Rogoff, K., "Growth in a Time of Debt", *Working Paper Series*, No 15639, NBER, January 2010; Kumar, M. and Woo, J., "Public Debt and Growth", *Working Paper Series*, No 10/174, IMF, Washington DC, July 2010; and Checherita-Westphal, C. and Rother, P., "The impact of high and growing government debt on economic growth: an empirical investigation for the euro area", *Working Paper Series*, No 1237, ECB, Frankfurt am Main, August 2010.

22 See Codogno, L., Favero, C. and Missale, A., "Yield spreads on EMU government bonds", *Economic Policy*, Vol. 18, No 37, October 2003; Ardagna, S., Caselli, F. and Lane T., "Fiscal Discipline and the Cost of Public Debt Service: Some Estimates for OECD Countries", *Working Paper Series*, No 10788, NBER, September 2004; Attinasi, M.G., Checherita-Westphal, C. and Nickel, C., "What explains the surge in euro area sovereign spreads during the financial crisis of 2007-09?", *Working Paper Series*, No 1131, ECB, Frankfurt am Main, December 2009; and Schuknecht, L., Von Hagen, J. and Wolswijk, G., "Government bond risk premiums in the EU revisited: the impact of the financial crisis", *Working Paper Series*, No 1152, ECB, Frankfurt am Main, February 2010.

in Chart 4), fiscal consolidation at times of high debt would put the debt-to-GDP ratio on a steeper downward sloping path than in the baseline (standardised) scenario. This result reflects the fact that, at high debt ratios, fiscal consolidation that reduces the debt-to-GDP ratio tends to reduce long-term sovereign interest rates and support growth. This effect tends to abate at lower debt ratios, at which a more ambitious primary balance path is associated with lower nominal GDP growth rates.[23]

The benefits of this approach relate to the fact that it can take into account interdependencies between factors driving debt dynamics within a deterministic baseline that can be adjusted as experts see fit. However, within a panel approach for a large set of countries the coefficients only reflect an average impact for the euro area aggregate; a valuable extension of this model would be to set up country-specific models, for example vector autoregressions.

Another work stream in relation to the expansion of debt sustainability analysis involves structural/DSGE (dynamic stochastic general equilibrium) models, in which the debt-to-GDP ratio can be forecast by taking account (at least to a certain degree) of the interdependency between the constitutive terms of the debt accumulation equation in a general equilibrium framework. Based on variants of the European Commission's QUEST model, such analysis has been used selectively in alternative debt simulations for EU countries with financial assistance programmes.[24]

STOCHASTIC APPROACHES ACCOUNTING FOR UNCERTAINTY

As the above assessment of conventional debt sustainability analysis has shown, a much enhanced risk analysis is required that takes into account the high degree of uncertainty surrounding medium-term debt trajectories, which cannot be captured by simple bound tests as these are limited in number. In this vein, such an analysis would need to account for both a correlation of shocks and fiscal responses to such shocks based on historical evidence of interdependencies between debt determinants. This would extend the spectrum of possible scenarios and thus strengthen the sensitivity analysis. One approach to address these concerns is the "fan-chart" approach.[25] This methodology seeks to enhance the understanding of the risks and their magnitude surrounding medium-term debt dynamics, thereby explicitly acknowledging the probabilistic nature of debt sustainability analysis exercises. Within this approach, the reference (baseline) scenario results as the median scenario. The magnitude of the risks associated with this scenario is illustrated in fan charts, which depict confidence bands for varying degrees of uncertainty around the median. The confidence band would be wider for countries for which uncertainty about medium-term debt developments is higher than for countries with more muted risk to debt sustainability. In the same vein, fan charts make it possible to quantify the probability that the debt ratio will turn out higher or lower than a certain value.

The main benefit of this approach is the fact that risks to government debt can be quantified and thus better assessed. In this regard, such a stress-testing approach would be highly valuable from a policy perspective. Yet, this has

23 It should be noted that this specification does not directly adhere to the common approach in the fiscal multiplier literature (which would, inter alia, require different measures for the fiscal shock than changes in the primary balance ratio). By contrast, the regression aims to capture key regularities between the variables in the debt accumulation equation, which on the fiscal side involves the primary balance ratio rather than the usual variables used to measure the fiscal impulse (such as the change in the structural balance). It is also worthwhile to point out that the estimates are based on a panel approach that ignores cross-country interdependencies between the relevant drivers of debt dynamics; an interesting extension to the analysis would be to empirically capture such interdependencies which may result, for example, from changes in the fiscal stance in one country influencing economic developments in other euro area countries.

24 An overview of the model-based approach is provided in the chapter entitled "Debt sustainability in the EU" in "Public finances in EMU – 2011", *European Economy 3*, Brussels, September 2011.

25 See Celasun, O., Debrun, X. and Ostry, J.D., "Primary Surplus Behavior and Risks to Fiscal Sustainability in Emerging Market Countries: A "Fan-Chart" Approach", *Working Paper Series*, No WP/06/67, IMF, Washington DC, March 2006.

to be weighed against the drawbacks common to all model-based approaches, namely that the results are not always easy to interpret and are dependent on historical relations.

LONG-TERM BUDGETARY OUTLOOKS BASED ON MICRO MODELS

Generally, for a more reliable analysis of debt sustainability a more in-depth assessment of country-specific risks would be desirable. One example of a comprehensive analysis is the long-term budgetary outlook prepared annually by the United States Congressional Budget Office.[26] This in-depth review provides projections for every government revenue and expenditure item, relying on a model-based analysis that accounts for past economic relationships. In particular, the budgetary impact of entitlement policies is projected by using a micro-founded model, which includes comprehensive long-term simulations for age-related spending. Another example of an in-depth long-term budgetary outlook is the Fiscal Sustainability Report published by the United Kingdom's Office for Budget Responsibility.[27]

Overall, such analyses have clear benefits in terms of being detailed and country-specific. While such an in-depth approach would, in principle, be needed for a reliable assessment, its application to cross-country surveillance of sustainability risks is hardly feasible, given the high data intensity and large monitoring resources needed for this approach.

6 ENHANCING EARLY WARNING MECHANISMS FOR FISCAL STRESS

The above considerations on extending the scope of debt sustainability analysis show that there is, by necessity, a large amount of uncertainty prevailing over the medium term. In addition, even governments for whom the debt sustainability analysis indicates that long-term sustainability is ensured might face shorter-term difficulties in refinancing outstanding liabilities in adverse market circumstances. Accompanying debt sustainability assessments by monitoring short-term fiscal risks and setting up early warning systems for fiscal stress would therefore appear to be of the utmost importance.

SHORT-TERM LIQUIDITY RISKS

An assessment of short-term liquidity risks, including short-term refinancing needs, accounts for the fact that the composition of government debt in terms of maturity, holdership and currency denomination can have a direct influence on the vulnerability of debt sustainability to negative sentiment and adverse spillovers.[28] Generally, countries with a large share of debt maturing in the short term are particularly vulnerable to abrupt changes in interest rates and market sentiment. Chart 5 depicts the estimated gross sovereign financing needs of euro area countries. It points at particularly large government refinancing needs at or above 20% of GDP in 2012 for Greece and Cyprus (which require only partial market funding) as well as for Belgium, Spain, France, Italy, the Netherlands and Portugal.

ESTIMATION OF DEBT LIMITS

As regards forward-looking assessments for identifying fiscal stress, another approach relates to estimating a critical debt limit based on countries' fiscal reaction to debt increases in the past. Based on this country-specific critical debt level, the remaining "fiscal space", namely the additional public debt increase before the critical level will be reached, can then be calculated given the current debt level. This method thus allows for an upfront identification of the size of safety margins and of the different degrees of vulnerability towards shocks affecting the government budget.[29]

26 See *CBO's 2011 Long-Term Budget Outlook*, Congress of the United States Congressional Budget Office, United States, June 2011.

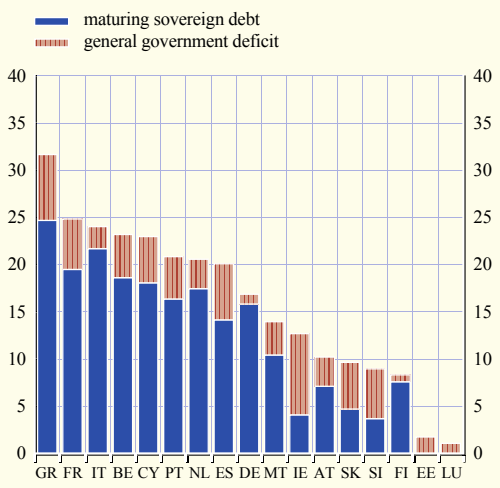
27 See *Fiscal sustainability report*, Office for Budget Responsibility, United Kingdom, July 2011.

28 See, for example, Hartwig Lojsch, D., Rodríguez Vives, M. and Slavík, M., "The size and composition of government debt in the euro area", *Occasional Paper Series*, No 132, ECB, Frankfurt am Main, October 2011.

29 See, for example, Ostry, J.D., Ghosh, A.R., Kim, J.I. and Qureshi, M.S., "Fiscal Space", *IMF Staff Position Note*, No SPN/10/11, IMF, Washington DC, September 2010.

Chart 5 Estimated gross sovereign financing needs in the euro area in 2012

(as a percentage of GDP; end-January 2012)



Sources: European Commission's autumn 2011 economic forecast, ECB and ECB calculations.
Notes: The gross financing needs for 2012 are broad estimates consisting of the redemption of maturing debt and the government deficit (assuming no additional financial operations "below the line"). The estimates are subject to the following caveats. First, they only take into account redemptions of securities, while maturing loans are not included on account of a lack of data (this may lead to underestimation). Second, some government securities do not fall into the ESA definition of general government debt (which might lead to overestimation). However, in order to provide more accurate estimates in the case of Cyprus the chart excludes the special purpose bond of €2.2 billion (12% of GDP) issued with the aim of improving the liquidity of the banking sector. This bond matures in November 2012 and it is expected to be paid back by banks and not to be rolled over by the government. Third, estimates do not account for the fact that some maturing government securities are held within the government sector. Finally, as some data are not yet available, refinancing needs corresponding to short-term debt issued after January 2012 are not reflected in the 2012 data.

EARLY WARNING MECHANISMS FOR FISCAL STRESS

Finally, early warning systems for fiscal stress, which draw on existing models for early warning systems for currency and banking crises,[30] employ historical data from crisis episodes to identify variables with leading properties in terms of flagging upcoming crises. The current financial crisis has shown that fiscal sustainability is challenged both by genuine fiscal imbalances and by private sector imbalances which – once they unfold – can have a large adverse impact on public sector balance sheets. The predominant methodological approach to assessing such risks is the "signalling approach". This approach tries to identify critical thresholds for different indicators by minimising wrong predictions of crisis and non-crisis events. An alternative approach relates to multivariate logit/probit models, which have the advantage of capturing the interaction between different variables that predict crises.

Generally speaking, for a large number of advanced economies, the related studies indicate that financial indicators have larger predictive power for fiscal stress than fiscal variables.[31] The decisive factor in all these approaches is the way in which fiscal crises and fiscal stress are defined.[32] Recent analyses apply a definition, which covers only very severe fiscal stress (including events such as public debt default, large-scale IMF support programmes or yearly inflation rates above 35%). However, to arrive at meaningful results, several refinements to the current approaches seem necessary – including extending the definition of fiscal stress and improving the statistical methodology and the dataset applied.

7 CONCLUSION

The above analysis has shown that conventional debt sustainability analysis can serve as a useful reference point for assessing debt sustainability risks over the medium term. It is also a useful tool for gauging consolidation needs under certain (fixed) economic conditions and it provides a reference point for assessing whether fiscal policy commitments are compliant with debt sustainability. However, conventional debt sustainability analysis has several limitations,

30 See Alessi, L. and Detken, C., "'Real time' early warning indicators for costly asset price boom/bust cycles: a role for global liquidity", *Working Paper Series*, No 1039, ECB, Frankfurt am Main, March 2009.

31 See Baldacci, E., Petrova, I., Belhocine, N., Dobrescu, G. and Mazranni, S., "Assessing Fiscal Stress", *Working Paper Series*, No WP/11/100, IMF, Washington DC, May 2011, or see the chapter entitled "Debt sustainability in the EU" in "Public finances in EMU – 2011", *European Economy 3*, Brussels, September 2011.

32 Fiscal stress events "capture crisis episodes that encompass public debt default and near-debt default events, as well as severe deteriorations in the fiscal solvency risk outlook leading to fiscal sustainability risks" – quoted from Baldacci, E., Petrova, I., Belhocine, N., Dobrescu, G. and Mazraani, S., "Assessing Fiscal Stress", *Working Paper Series*, No WP/11/100, IMF, Washington DC, May 2011.

which must be reflected in a differentiated assessment and communication. Debt sustainability analysis is a simple accounting exercise that relies heavily on the individual judgement of risks, as reflected in the choice of the baseline and the sensitivity tests. Moreover, the definitions underlying debt sustainability (i.e. the stabilisation of government debt) are highly imperfect indicators for debt sustainability because they assume that the government will be able to refinance outstanding obligations in any market condition. The current financial crisis has, however, shown that liquidity risk is an important factor that should not be overlooked. Therefore, a careful and more prudent interpretation of debt sustainability analysis seems warranted.

In looking at how the tools to assess debt sustainability can be improved, the limitations of the debt sustainability analysis framework warrant an extension to the toolkit for sustainability analyses. A more comprehensive approach is needed, comprising a more systematic in-depth assessment of country-specific risks. This would need to include the systematic monitoring of a broad set of fiscal liabilities, replacing the current ad hoc approach to accounting for such risks. Looking ahead, fiscal risks arising from private-sector imbalances and from cross-country spillovers should also be carefully monitored. Moreover, more emphasis should be placed on accounting for fiscal and economic behaviour in response to shocks. However, it should be acknowledged and clearly communicated that any extension of conventional debt sustainability analysis gives rise to a trade-off between comprehensiveness on the one hand and transparency and simplicity on the other.

Finally, as regards the implications for fiscal policies in the euro area, even the most sophisticated debt sustainability analysis cannot overcome the widespread uncertainty surrounding medium to long-term projections. This requires enhancing early warning mechanisms for fiscal vulnerabilities with a view to detecting fiscal stress in a timely manner. Nevertheless, by their very nature, such technical tools will still only be able to highlight specific aspects of impending risks to government finances. Policy-makers in the euro area therefore need to ensure that public finances carry sufficient safety margins at all times and urgently enable a revival of growth as a prerequisite for reducing sustainability risks. New shocks will differ from those observed in the past and may not give policy-makers the option of adjusting their policies in real time.

The fundamentally changed environment in global financial markets in general, and for sovereign debt financing in particular, calls for a new attitude towards fiscal prudence for the foreseeable future. Debt-to-GDP ratios should therefore be brought to levels safely below 60%. In many euro area countries, this will require significant further consolidation efforts over an extended period of time. While there are clearly very important differences across countries regarding their ability to achieve primary surpluses, many euro area countries under fiscal stress will need to run and maintain primary surpluses of 4% of GDP or above for a prolonged period of time. Looking ahead, the agreements following the European Council meetings of 8-9 December 2011 and 30 January 2012 – and signed on 2 March – including the commitment to establish within the new Treaty on Stability, Coordination and Governance in the Economic and Monetary Union a new fiscal compact comprising a "debt brake", will need to be strictly adhered to.[33] If fully implemented, they will prove to be an important step towards strengthening fiscal discipline, giving rise to a virtuous circle of lower debt sustainability risks and increasing financial market confidence.

33 The agreements of the European Council of 8-9 December 2011 and 30 January 2012 – and signed on 2 March – include the establishment of a fiscal compact, comprising a balanced budget rule formulated in structural terms in an intergovernmental treaty at the European level. This is supposed to be enshrined in national legislation and combined with an automatic correction mechanism in case of deviations (debt brake).

THE DEVELOPMENT OF PRICES AND COSTS DURING THE 2008-09 RECESSION

In order to assess the inflation outlook and the risks to it, it is important to understand the relationship between inflation and the business cycle. This article looks specifically at developments during the 2008-09 recession and examines whether the responsiveness of inflation at that time was in line with historical experience. It shows that the decline in headline HICP inflation was very strong, largely as a result of the particularly pronounced collapse in commodity prices. By contrast, the reaction of HICP inflation excluding food and energy was much more limited, despite the extreme depth of the recession. The implied weak relationship with economic slack appears to be related to the presence of downward nominal rigidities in the euro area, which prevented a greater adjustment of wages in response to the recession. In addition, well-anchored inflation expectations, reflecting a credible monetary policy, helped to avert the onset of a deflationary cycle.

1 INTRODUCTION

The recession that hit the euro area economy in 2008-09 was of unprecedented depth. Real GDP declined by 5.5% from peak to trough, giving rise to a substantial widening of the output gap. In this respect, at first sight, it is not surprising that the recession coincided with a relatively sharp reduction in consumer price inflation, with the annual rate of change in the HICP declining from around 4% prior to the recession, to almost -1% at its trough. Upon closer inspection, however, it appears that much of this decline was due to the food and energy components of the HICP, which tend to be heavily influenced by external developments. The adjustment in HICP inflation excluding these components, which is more directly related to domestic demand and cost factors, was much more limited.

Against this background, this article reviews the adjustment of prices and costs during the latest recession and compares it with historical experience. Any regularities or idiosyncrasies observed in this adjustment could also provide valuable input to forward-looking assessments of inflation developments. For instance, they could help to shape the assessment of how inflation is likely to develop in response to the slowdown in real GDP growth observed in 2011.

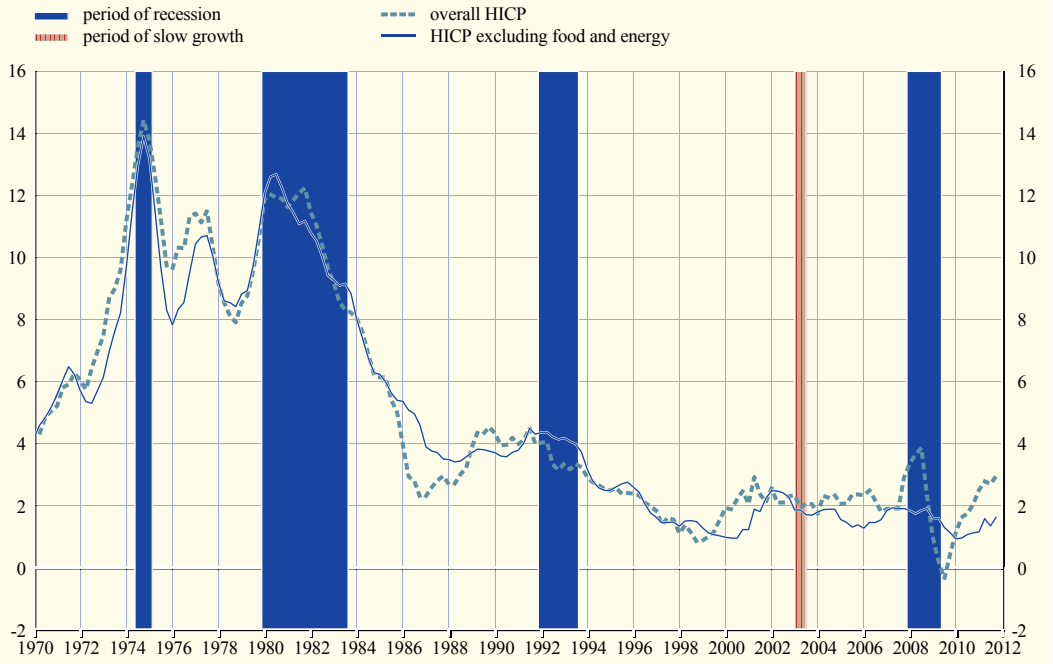
The article is structured as follows. Section 2 assesses whether the developments in euro area inflation (both overall HICP inflation and HICP inflation excluding food and energy) at the time of the 2008-09 recession are to be viewed as exceptional in the light of previous recessions. Section 3 looks at how commodity prices shaped developments in HICP inflation during the latest recession and asks why they may have had a stronger impact than in previous recessions. Section 4 then focuses on the relationship between the inflation components that are more affected by domestic factors (covered by the HICP excluding food and energy) and economic slack, and examines the role of labour costs and profits in the adjustment of inflation. Section 5 concludes and offers some implications for the current outlook.

2 DEVELOPMENT OF INFLATION DURING THE LATEST RECESSION COMPARED WITH PREVIOUS RECESSIONS

Comparing the adjustment of inflation during the 2008-09 recession with that during previous recessions is difficult for many reasons. For example, the adjustment depends on the depth and length of a recession. It may also depend on whether a recession is driven more by external or domestic factors and on the macroeconomic policies in place or adopted at the time. Chart 1 shows that inflation

Chart 1 Overall HICP inflation and HICP inflation excluding food and energy

(annual percentage changes)



Sources: Eurostat and ECB calculations.
Notes: Data prior to 1996 are ECB estimates based on non-harmonised national CPI data. The dates of the periods of recession/slow growth correspond to those identified by the Centre for Economic Policy Research (see footnote 1).

developments around the time of the recessions differed somewhat.[1] For instance, the declines in inflation during the mid-1970s and early 1980s did not occur until some time after the onset of the recession. During the 1980s recession the decline also coincided with a policy-induced secular disinflation process, which makes it difficult to separate the cyclical from the structural adjustment. Furthermore, the 2008-09 recession was unlike the others in that it witnessed very different patterns in overall HICP inflation and HICP inflation excluding food and energy. While overall HICP inflation fell by 4.7 percentage points from peak to trough, HICP inflation excluding food and energy declined by only 1.2 percentage points. Similarly, during the post-recession period (2010-11) overall HICP inflation rebounded much more strongly than HICP inflation excluding food and energy.

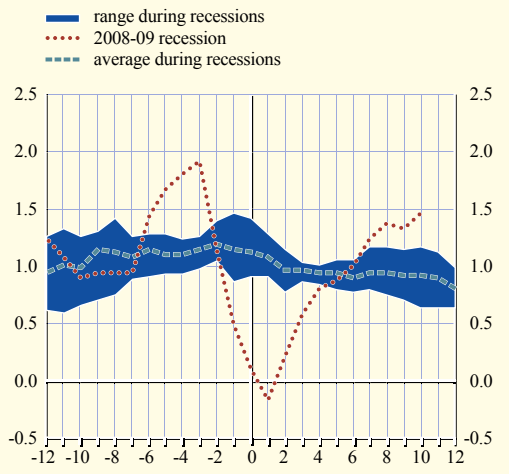
In order to account for the very different levels of inflation at the time of recessions over the past four decades, Charts 2 and 3 show inflation developments that have been normalised by dividing them by the mean of inflation at the time (three years preceding and following the trough of the recession). It is evident that the normalised movements in overall HICP inflation during the latest recession were clearly out of line with historical experience, while those in HICP inflation excluding food and energy followed a more similar pattern to those in previous recessions.

This difference in inflation developments raises a number of issues. On the one hand,

1 The dates of the recession periods referred to in this article are those identified by the Centre for Economic Policy Research. The latest recession thus started in the first quarter of 2008 and ended in the second quarter of 2009. The period from the first quarter of 2003 to the second quarter of 2003 was described as a prolonged pause in economic growth, rather than a fully fledged recession.

Chart 2 Overall normalised euro area HICP inflation before and after recessions

(normalised annual percentage changes)

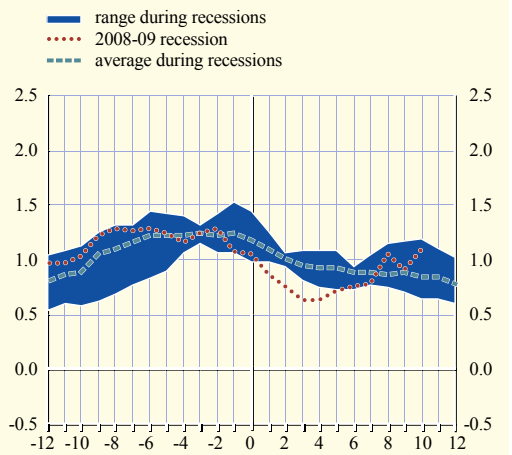


Sources: Eurostat, national data and ECB calculations.
Notes: The chart shows the average and ranges of normalised annual inflation rates for 12 quarters before and after the last quarter of each recession (0 = Q1 1975, Q3 1982, Q3 1993 and Q2 2003). For the 2008-09 recession, 0 = Q2 2009. The values have been normalised by dividing by the mean of inflation over the chart range, namely three years preceding and following the trough of output during the recessions. The average and ranges do not include the 2008-09 recession. Data prior to 1996 are ECB estimates based on non-harmonised national CPI data.

it appears that the impact of commodity prices on food and energy prices was stronger than in previous recessions, possibly reflecting the fact that the sharp movements in commodity prices coincided with particularly strong movements in the global economic cycle (see Section 3). On the other hand, it appears that the reaction of HICP inflation excluding food and energy, albeit in normalised terms slightly stronger than in previous recessions, was relatively muted given that the recession itself was much more severe than any of the others over the last four decades. On balance, it would therefore appear that the adjustment in the euro area economy was, to a relatively large extent, attributable to adjustments in quantities, e.g. reductions in the number of hours worked or persons employed, rather than adjustments in prices, for example via lower wage costs (see Section 4).

Chart 3 Normalised euro area HICP inflation excluding food and energy before and after recessions

(normalised annual percentage changes)



Sources: Eurostat, national data and ECB calculations.
Note: See notes to chart 2.

3 THE IMPACT OF COMMODITY PRICES DURING THE 2008-09 RECESSION

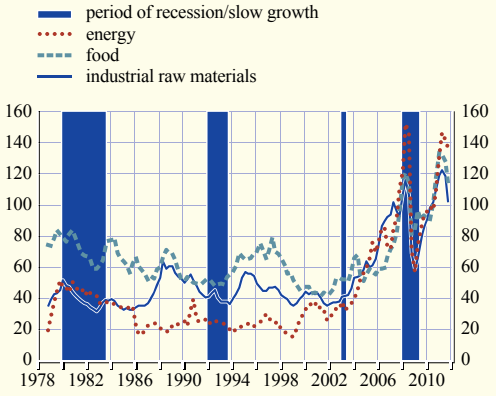
Changes in commodity prices have a direct impact on the food and energy components of the HICP, as commodities are either consumed directly or constitute significant input into the final product. In the case of the energy component, crude oil is the basis for refined energy products, such as transport fuels and heating oil. Crude oil prices also have a strong impact on gas prices and, to a lesser extent, on electricity prices.[2] In the case of the food component, food commodities, such as wheat, oilseeds, sugar, etc., are an important cost factor in the production of processed consumer food products, and commodities such as meat, have a direct bearing on the unprocessed food component.[3]

Over time, such direct impacts can vary in strength, for two reasons: i) differences in the strength of the commodity price movements themselves; and ii) differences in the strength of the pass-through of changes in commodity

2 Oil prices have an impact on gas prices, as gas can be a substitute for oil in some cases, in particular in the generation of electricity, and as many long-term gas contracts are linked to oil prices.
3 Several commodities, such as corn, soybeans and oats, are also used as animal feed and, as such, also impact on the unprocessed food component via the meat component.

Chart 4 International commodity price developments

(USD; index: 2010 = 100)



Sources: ECB, Eurostat and HWWI.
Note: The dates of the periods of recession/slow growth correspond to those identified by the Centre for Economic Policy Research (see footnote 1).

prices to consumer prices. Chart 4 shows that there were historically sharp fluctuations in international commodity prices in the second half of the 2000s. With regard to the latest recession, the sequence of a broad-based surge in prices prior to the recession, a broad-based slump during the recession, and a broad-based rebound after the recession coincided with the pronounced global economic cycle and, in particular, developments in the emerging economies, which have become increasingly important users and consumers of commodities (see Box 1 for a comparison of recent and historical patterns in oil price developments). During the price surges of 2008 and 2011, the impact on euro area inflation of the fluctuations in international commodity prices in US dollar terms was dampened somewhat by the appreciation of the euro against the US dollar.

Box 1

OIL PRICE DEVELOPMENTS DURING THE 2008-09 RECESSION

During the 2008-09 global recession, the price of Brent crude oil plummeted from around USD 150 per barrel in mid-2008 to around USD 40 per barrel at the turn of 2009. This more or less 70% drop marked a reversal in the steep upward trend in oil prices that had started in the early 2000s. Furthermore, as soon as the first signs of a recovery in global activity emerged, oil prices started to rise again. This box discusses the nature of these recent sharp price movements in the light of past episodes of similar sharp changes in oil prices.

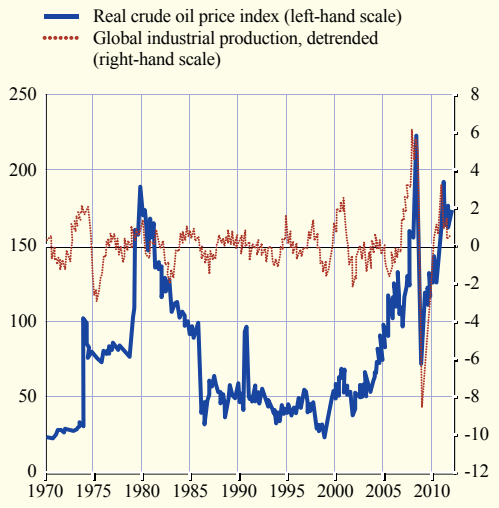
Historical experience with sharp movements in oil prices

From a historical perspective, the recent episode of rapidly rising and falling oil prices appears to have been unprecedented in terms of both the speed and magnitude of the movements (see Chart A). Although there have been periods of either faster price rises, e.g. after the Yom Kippur war in 1973, or stronger, albeit slower, price declines, e.g. during the 1980s, the latest episode stands out for the steepness of both the upward and downward path. In addition, unlike the latest episode, all comparable previous episodes can be linked directly to dramatic geopolitical developments stemming from conflicts in the Middle East, e.g. the embargo by the Organization of the Petroleum Exporting Countries (OPEC) in 1973 or the Iranian revolution in 1979.

More specifically, the main determinants of the sharp movements in oil prices up to the late 1990s were supply shocks. It can therefore be said that the movements in oil prices tended to drive the economic cycle, rather than be a consequence of it. This is highlighted in Chart A, which shows developments in real oil prices and the cyclical component of global industrial production

Chart A Real crude oil prices and global activity

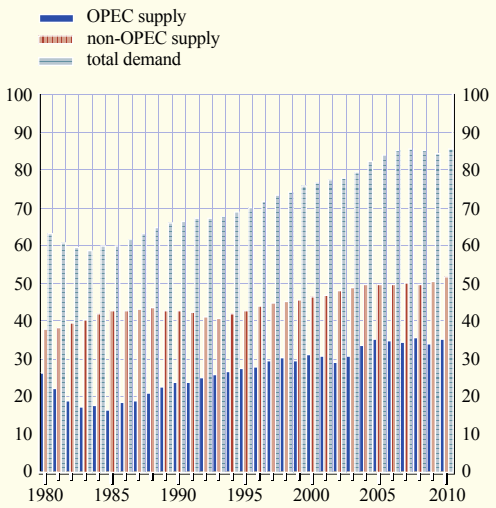
(indices: 2005 = 100; monthly data)



Sources: IMF, US Bureau of Labor Statistics, Haver Analytics and ECB calculations.
Notes: The oil price index is an average of the Dubai, Brent and WTI price indices deflated by the US consumer price index and expressed in 2005 US dollar terms (last observation refers to January 2012). Global industrial production excludes construction and refers to OECD countries and the six largest non-member countries. It is detrended using a Hodrick-Prescott filter (last observation refers to November 2011).

Chart B Oil supply and demand

(million barrels per day; annual data)



Source: US Energy Information Administration.
Note: Last observation refers to 2010.

since January 1970.[1] For example, oil prices more than tripled in the aftermath of OPEC's drastic reduction in oil supply in November 1973, which is estimated to have amounted to 7.5% of global output at the time.[2] Owing to the lack of alternative sources of oil supply and the highly oil-intensive nature of the global economy, a severe recession set in. Similarly, the oil price shock of 1979 also triggered an economic recession. However, the protracted downward path of oil prices thereafter does not appear to have been associated with developments in economic activity. In fact, the decline was driven mainly by oil supply, and in particular by a rapid expansion of production by non-OPEC countries, whose exploitation of proven, as well as new, oil fields was suddenly made economically viable by the higher oil prices of the mid-1970s (see Chart B).

The changed nature of oil price movements

The overall stability of oil prices up to the late 1990s was due mainly to the relatively stable and reliable growth of oil supply, in particular from OPEC countries. However, the continuous reduction in OPEC's spare capacity, combined with a lack of new capacity – owing to limited investment during the period of low oil prices from the mid-1980s – and a slowdown in non-OPEC production, resulted in overall supply growth consistently lagging behind growth in oil demand during the 2000s. In general, this has put upward pressure on oil prices. Therefore, since there have been no oil supply disruptions of a comparable magnitude to those previously

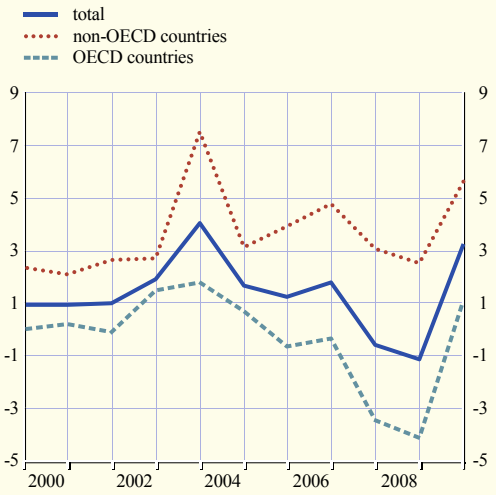
1 In order to clearly capture business cycle-related developments in global activity, as well as render such developments comparable across cycles, Chart A shows a detrended measure of global industrial production (excluding construction).
2 See Hamilton, J.D., "Historical Oil Shocks", in Whaples, R. and Parker, R. (eds), *Major Events in Economic History*, Routledge, forthcoming in 2013. The article is also available at http://dss.ucsd.edu/~jhamilto/oil_history.pdf

experienced, oil prices appear to have been more demand-driven in recent years.[3]

The sharp decline in oil prices during the 2008-09 recession was triggered by a growing number of signals pointing to a major decline in global economic activity, and then exacerbated by the eruption of the financial crisis. The index of industrial production (excluding construction) fell by about 13% during the 2008-09 recession (see Chart A). This followed the buoyant growth in both global activity and oil prices prior to the crisis, which indicates that there has been a strong link between oil price movements and the global business cycle in recent years. A key factor in this has been the more prominent role being played by non-OECD countries in driving the global business cycle and determining global oil demand in the presence of limited supply growth (see Chart C). This is also supported by the fact that the pronounced movements in oil prices very closely mirrored those in food and other commodity prices, rather than following a more idiosyncratic path (see Chart 4 in the main text).

Chart C Growth in oil demand

(annual percentage changes)



Source: International Energy Agency.
Note: Last observation refers to 2010.

Looking ahead, there are very few reasons to expect that there will be a slowdown in global oil demand growth. In fact, owing to the rapid growth of the emerging economies, in particular Asia, oil demand is forecast by the International Energy Agency to rise steadily until 2016, despite the current high price levels.[4] By contrast, oil supply growth is likely to be constrained, at least in the medium to long term, owing to geological constraints on the further expansion of non-OPEC capacity and the fact that significant investment is required to expand OPEC's currently limited capacity. Moreover, it will still be some time before alternative sources of energy and fuel, which are becoming more economically viable given the current high oil prices, constitute a significant share of the energy and fuel supply. Both these factors imply that the recent strong co-movement of oil prices with the global business cycle may continue. However, developments on the supply side will also continue to play an important role, particularly given the current and expected tight situation in terms of global oil supply and demand.[5]

3 There were several notable oil supply disruptions during the 2000s, including the one following the general strike in Venezuela in 2002-03 and the supply disruption in the wake of the US attack on Iraq in 2003. However, a much smaller share of the global oil supply was affected on these occasions than during earlier supply disruptions. See reference mentioned in footnote 2.
4 International Energy Agency, *Oil Market Report*, December 2011.
5 See also Kaufmann, R., Karadeloglou, P. and di Mauro, F., "Will oil prices decline over the long run?", *Occasional Paper Series*, No 98, ECB, October 2008.

With regard to oil prices, the relatively strong impact that they had on the energy component of the HICP at the time of the 2008-09 recession was attributable not only to the large fluctuations in crude oil prices, but also to the much higher level at which they started compared with previous episodes of price changes. The fact that the impact of oil price changes on the HICP depends on the oil price level reflects the fact that the impact of oil price increases on consumer

prices for liquid fuels is cushioned by relatively stable distribution margins, and in particular by the excise duties on fuel, which are set as a fixed amount per litre. For example, if oil prices are at €20 per barrel, a 10% increase in crude oil prices is estimated to lead to an average increase in the energy component of the HICP of approximately 1.6%. However, if oil prices stand at €100 per barrel, the impact rises to around 4.2%.[4] This explains why the impact of the surge and slump in oil prices on the energy component of the HICP at the time of the 2008-09 recession was so strong, even though the developments in terms of annual percentage changes were less exceptional (see Chart 5).

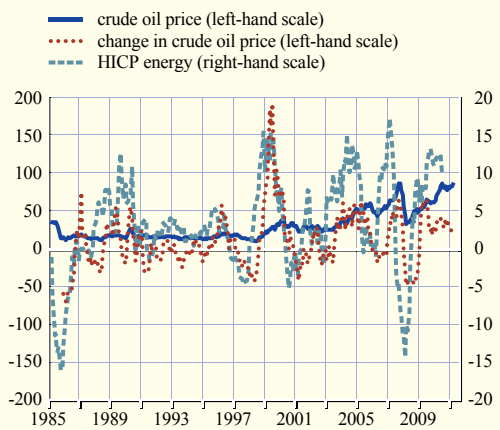
The level of oil prices also has implications for the weight of energy in the HICP basket. The above-average price trend of energy products, together with rising energy consumption, has translated into a steadily growing share of energy in total consumption. As a result, the weight in the HICP basket in 2011 was over 10%, which is almost double what it was in the 1970s. Mechanically, this implies that any given percentage increase in energy prices will have a greater impact on overall HICP inflation than in previous decades.

With regard to food prices, developments in international commodity prices have historically not played a large role in determining consumer prices. One explanation for this is that the Common Agricultural Policy (CAP) influences the prices of certain commodities that are produced in the EU, via intervention prices, price supports, import tariffs and quotas.[5] As a result, prices within the EU have traditionally been higher than international prices and the CAP has cushioned the transmission of global food price shocks to HICP inflation. Chart 6 shows that, until 2006, there was considerably more volatility in the index of international prices than in the index of EU prices. However, since international prices for various commodities exceeded the CAP intervention prices in 2006, EU and international prices have moved more in line with each other. This suggests that the CAP no longer dampens prices to the same extent and that the impact of

4 For more details, see Task Force of the Monetary Policy Committee of the European System of Central Banks, "Energy markets and the euro area macroeconomy" (Section 3.2), *Occasional Paper Series*, No 113, ECB, June 2010.
5 See Ferrucci, G., Jiménez-Rodríguez, R. and Onorante, L., "Food price pass-through in the euro area – the role of asymmetries and non-linearities", *Working Paper Series*, No 1168, ECB, April 2010.

Chart 5 Crude oil prices and energy inflation

(EUR per barrel; annual percentage changes)



Sources: Eurostat and Datastream.

Chart 6 International and EU prices for food commodities

(index: 2008 = 100)

Sources: European Commission's Directorate General for Agriculture and Rural Development, HWWI and ECB calculations.

more volatile international food commodity prices played a greater role in determining food price inflation during the 2008-09 recession.[6]

Commodity prices also influence HICP inflation through indirect effects, which refer to the impact of higher input costs on HICP inflation excluding food and energy along the production chain, and second-round effects, which embed the impact of commodity prices in wage setting or inflation expectations. Indirect effects and second-round effects take considerably longer to feed through than direct effects. Consequently, their impact may depend on the duration of the commodity price movements. At the time of the 2008-09 recession, the movements were very sharp in both directions, but also extended only over a relatively short horizon, both on the way up and down. Therefore, this may have mitigated the overall response in terms of indirect effects.

Evidence from various models typically implies that a 10% increase in oil prices leads to a cumulative impact on HICP inflation excluding food and energy of only around 0.2 percentage point over a three-year horizon. This impact is estimated to be more or less equally split between indirect effects and second-round effects. In this respect, the more limited reaction of HICP inflation excluding food and energy at the time of the 2008-09 recession, compared with previous recessions, may be due to the fact that indirect effects and second-round effects appear to have declined since the mid-1980s,[7] as a result of changes in the structural features of the economy, in particular a lower energy intensity, of the greater anchoring of inflation expectations, and of changes in wage and price-setting behaviour. These issues will be discussed in the following section.

4 THE LIMITED RESPONSIVENESS OF THE HICP EXCLUDING FOOD AND ENERGY DURING THE 2008-09 RECESSION

Given the depth of the 2008-09 recession, as measured by the economy-wide output gap, the responsiveness of the inflation components that are more affected by domestic factors (covered by the HICP excluding food and energy) was muted. In this respect, Chart 7 shows that the combinations of HICP inflation excluding food and energy and the output gap observed in recent years are different to those observed in the period from 1990: even at the deepest point of the recession, HICP inflation excluding food and energy did not move much below 1%.

In this respect, it is important to note that, compared with previous recessions, the 1990s recession marked an initial change in the relationship between inflation and economic

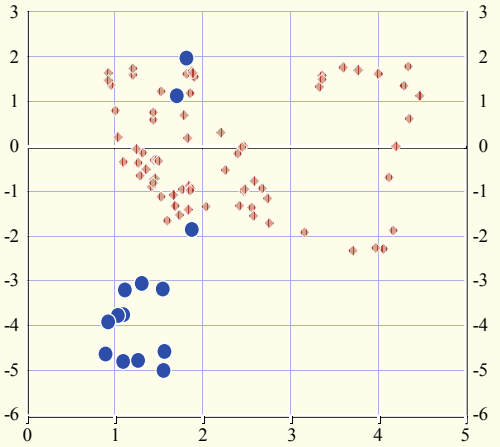
6 This is likely to be a permanent change, owing to the fact that food commodity prices are likely to remain high and that price intervention measures are being phased out of the CAP.

7 See Task Force of the Monetary Policy Committee of the European System of Central Banks, op. cit. According to evidence from a small-scale structural model, the average estimate of the impact of a 10% increase in oil prices on the HICP excluding energy declined from 0.29 percentage point to 0.20 percentage point when based on rolling samples that start between the first quarter of 1971 and the third quarter of 1995 and end between the fourth quarter of 1979 and the fourth quarter of 2000, compared with rolling samples that start between the first quarter of 1980 and the first quarter of 2001 and end between the first quarter of 1988 and the first quarter of 2009.

Chart 7 Euro area HICP inflation (excluding food and energy) and output gap

(annual percentage changes; percentages; quarterly data)

x-axis: year-on-year HICP excluding food and energy
y-axis: output gap as a percentage of potential output



Sources: Eurostat and OECD output gap estimates.
Notes: The overall sample is for the period from 1990 to 2011. The blue dots are combinations of HICP inflation excluding food and energy and the output gap from 2008 to 2011.

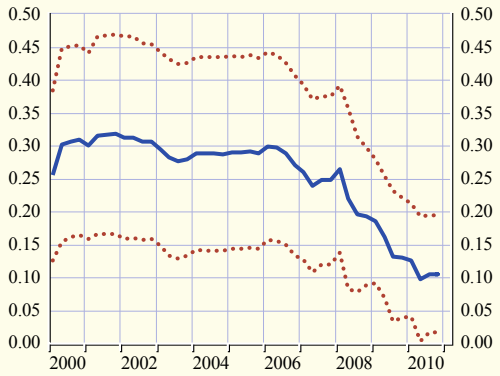
slack, i.e. a break in the so-called Phillips curve. In particular, the role of the output gap or the unemployment rate in explaining inflation (taking into account supply influences stemming from commodity price shocks or tax changes) appears to have declined during that period. According to the literature, this decline can be attributed to several concomitant factors, such as globalisation, which reduces the scope for increasing prices in the presence of foreign competition, and sound monetary policies in many countries.[8] Chart 8 suggests that the role of these indicators may have declined even further during the 2000s, as the recursive estimates of the coefficient of economic slack in a Phillips curve-type equation for HICP inflation excluding food and energy declined, in particular at the time of the 2008-09 recession.

There are several reasons why weak disinflationary pressures may arise, even in the presence of significant changes in economic activity. One of the main reasons is labour market rigidities. On average, labour costs account for around 27% of euro area firms' total production input costs. Therefore, rigidities in the adjustment of these costs can explain a substantial part of any lack of responsiveness of inflation. Labour costs are ultimately determined by the combination of wages and productivity. The growth rate of unit labour costs actually increased until the end of 2008, when economic activity reached its lowest point in the recession, and this, owing to a relatively smaller fall in employment, translated into productivity losses (see Chart 9). Only after the subsequent economic recovery had led to improvements in labour productivity and wage growth had settled at lower levels did unit labour cost growth fall, reaching a trough in 2010 and edging into positive territory again in 2011. These dynamics therefore had a somewhat "counter-cyclical" effect on inflation. The fact that HICP inflation excluding food and energy

8 For a country comparison, see, for example, Laxton, D. and N'Diaye, P., "Monetary Policy Credibility and the Unemployment-Inflation Tradeoff: Some Evidence from 17 Industrial Countries," *Working Paper Series*, No 02/222, IMF, 2002. For evidence on the United States, see Atkeson, A. and Ohanian, L.E., "Are Phillips curves useful for forecasting inflation?", *Quarterly Review*, Vol. 25, No l, Federal Reserve Bank of Minneapolis, Winter 2001, pp. 2-11. For evidence on the euro area, see Fischer, B., Lenza, M., Pill, H. and Reichlin, L., "Monetary analysis and monetary policy in the euro area 1999-2006", *Journal of International Money and Finance*, Vol. 28, No 7, Elsevier, November 2009, pp. 1138-1164.

Chart 8 Recursive estimates of the coefficient of economic slack in a standard Phillips curve

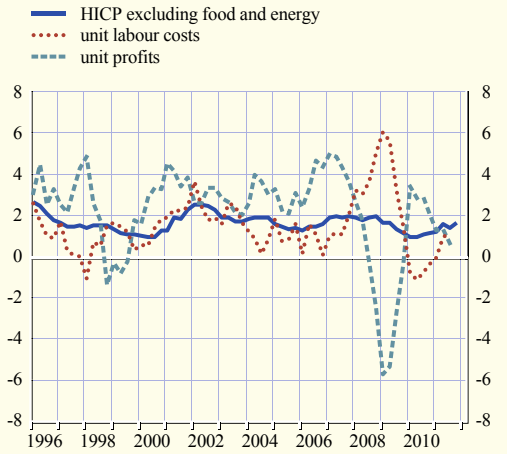
(elasticity; quarterly data)



Sources: ECB calculations.
Notes: The recursive estimates use HICP inflation excluding food and energy as the dependent variable and the OECD output gap estimate as the regressor. The sample for the estimates always starts in 1988. The dotted red lines refer to 95% confidence intervals.

Chart 9 HICP inflation excluding food and energy, unit labour costs and unit profit growth

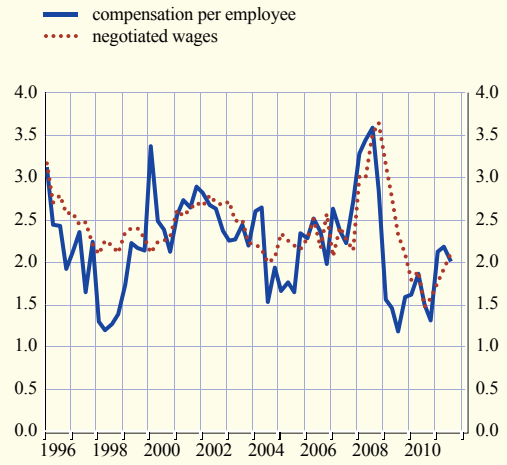
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 10 Compensation per employee and negotiated wages

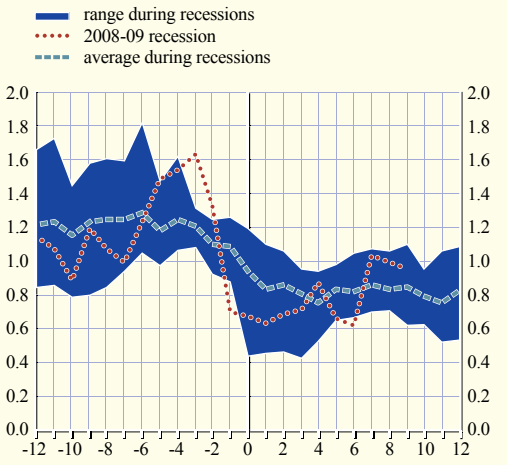
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 11 Normalised compensation per employee before and after recessions

(normalised annual percentage changes)



Sources: Eurostat and ECB calculations.
Notes: The chart shows the average and ranges of normalised annual rates of change for 12 quarters before and after the last quarter of each recession (0 = Q1 1975, Q3 1983, Q3 1993 and Q2 2003). For the 2008-09 recession, 0 = Q2 2009. The values have been normalised by dividing by the mean over the chart range, namely three years preceding and following the trough of output during the recessions. The average and ranges do not include the 2008-09 recession. Data prior to 1996 are based on data from the ECB's area-wide model database, which uses non-harmonised sources.

nevertheless remained relatively stable at the time of the recession was due to countervailing developments in unit profit growth, which closely followed those of real activity.

Focusing on wage developments, growth in compensation per employee moderated from 3½% at the start of the 2008-09 recession (which is the highest it has been since the start of EMU in 1999) to around 1½% in autumn 2009 (see Chart 10). This decline was in line with historical experience (see Chart 11, which has been computed using the same methodology as in Charts 2 and 3). This may be surprising, given the exceptional depth of the recession, but can be partly explained by the fact that cost adjustments were made in terms of "quantities", such as reductions in the number of hours worked or persons employed, rather than in terms of wage rates.[9] Box 2, which compares developments in inflation and labour costs in the euro area and the United States, suggests that, in the latter economy, the importance of "quantity" adjustment was even greater in the 2008-09 recession than in previous recessions.

With regard to the euro area as a whole, there is a variety of factors that may have prevented a stronger downward wage adjustment during the 2008-09 recesssion, despite the very weak labour market conditions. For instance, in some euro area countries, wages are indexed to past inflation developments and therefore showed less adjustment.[10] A number of countries also maintain a legal minimum wage, which tends to provide a lower bound for the downward adjustment of wages, in particular for sectors and professions with low productivity growth. There also appeared

9 For a comparison of the labour market developments in Germany and the United States, see, for instance, Burda, M. and Hunt, J., "What Explains the German Labor Market Miracle in the Great Recession?", CEPR Discussion Paper, No 8520, August 2011.

10 See Babecký, J., Du Caju, P., Kosma, T., Lawless, M., Messina, J. and Rõõm, T., "Downward nominal and real wage rigidity – survey evidence from European firms", *Working Paper Series*, No 1105, ECB, November 2009.

to be a more general reluctance to lower the level (rather than the rate of growth) of wages. Survey evidence from the ESCB's Wage Dynamics Network during the 2008-09 recession has shown that, when faced with declines in demand, firms tended to reduce their labour costs primarily by reducing their labour input in terms of the number of employees or hours worked, rather than via wage reductions. Only 1.5% of the firms surveyed during the summer of 2009 responded that they had reduced basic wages in response to the recession, and only 8.6% indicated that flexible wage components, such as bonuses, had been reduced. At the same time, the incidence of wage freezes was reported to have increased considerably after the recession, with the number of firms having implemented a wage freeze jumping from 7.6% in the five years prior to the recession to 37.1% by the summer of 2009. With regard to the macroeconomic data, the stronger adjustment in the flexible wage components than in the basic wage rates is reflected in the somewhat different patterns of growth in compensation per employee and negotiated wages (see Chart 10). Growth in negotiated wages moderated more slowly than that in compensation per employee, reaching a trough more than one year later. This delay may be explained not only by labour market rigidities, but also by the average length of contractual wage agreements (around 18 months) in the euro area: inevitably wage growth tends to lag economic developments, depending on the depth of the recession and the remaining duration of the contracts.

Box 2

ADJUSTMENT OF PRICES DURING AND AFTER RECESSIONS: A COMPARISON OF THE EURO AREA WITH THE UNITED STATES

This box compares the developments in inflation at the time of the latest recession with those during previous recessions, focusing on the euro area and the United States. It also compares the labour cost developments in both economies, as they are one of the key components of domestically generated inflation.

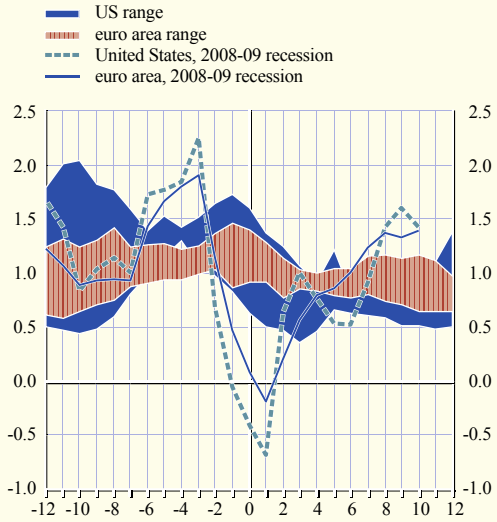
Inflation in the United States followed a similar pattern to that in the euro area during the latest recession

Similar to the picture for the euro area presented in Section 2 of the main text, the behaviour of headline inflation in the United States at the time of the latest recession was distinctly different to that during previous recessions (see Chart A). As with the euro area, the historically strong movements in headline inflation were attributable primarily to commodity price developments, as the developments in inflation excluding food and energy remained broadly in line with the developments observed during previous recessions (see Chart B). At the same time, however, the euro area and the United States differed in that prices for shelter had a very significant impact in the latter. In fact, contrary to the broadly stable developments observed during previous recessions in the United States, shelter prices fell substantially during the latest recession and were in negative territory for most of 2010. Thereafter, they started to recover relatively quickly, returning to close to their pre-crisis levels in the third quarter of 2011. This pronounced cycle was linked to the strong correction in the US housing market that started in 2007, with prices falling at rates not seen in the previous four decades.

While the responsiveness of inflation at the time of the latest recession was very similar across the euro area and the United States, it is worth noting that, traditionally, there has been greater

Chart A Headline inflation

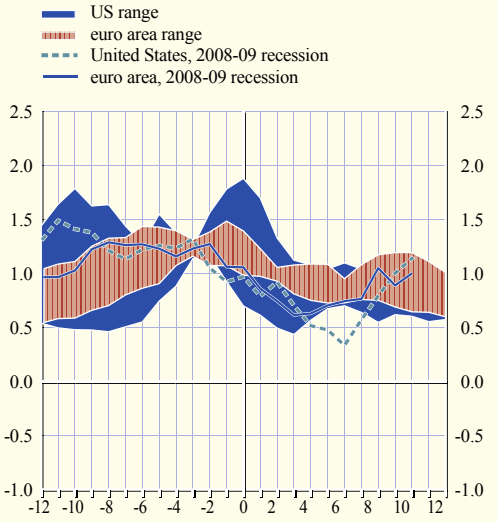
(normalised annual percentage changes)



Sources: US Bureau of Labor Statistics, National Bureau of Economic Research and ECB calculations.
Notes: The chart shows the normalised annual inflation rates for 12 quarters before and after the last quarter of each US recession (0 = Q1 1975, Q4 1982, Q1 1991, Q4 2001 and Q2 2009). Results for the euro area are as reported in Charts 2 and 3.

Chart B Inflation excluding food and energy

(normalised annual percentage changes)



Sources: US Bureau of Labor Statistics, National Bureau of Economic Research and ECB calculations.
Notes: The charts show the normalised annual inflation rates for 12 quarters before and after the last quarter of each US recession (0 = Q1 1975, Q4 1982, Q1 1991, Q4 2001 and Q2 2009). Results for the euro area are as reported in Charts 2 and 3.

variation in inflation developments in the latter. This also applies to periods of recession and is reflected in the wider ranges for both headline inflation and inflation excluding food and energy in the United States than in the euro area. This may be due, inter alia, to the fact that developments in energy prices tend to have a somewhat larger impact on inflation in the United States, in line with the higher energy intensity of the US economy, owing to lower taxes on energy products, and the empirical finding that inflation reacts more swiftly and strongly to changes in economic slack in the United States.[1] In general, prices seem to change more frequently in the United States, which may be related to greater competition in the retail sector and some services.[2]

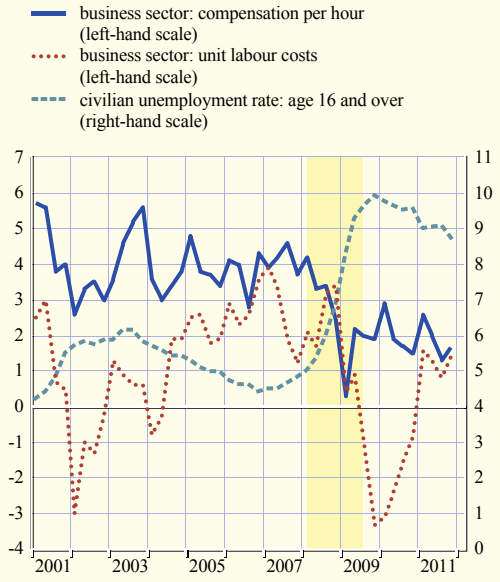
Labour costs appear to have responded more quickly to economic conditions in the United States than in the euro area

In both the euro area and the United States, the latest recession initially led to some upward pressure on unit labour cost growth, before a moderation in wage growth and improvements in productivity triggered a marked decline half way through the recession period (see Charts C and D). However, while in the United States, unit labour costs had already moved into negative territory in the second half of 2009 and in 2010, and remained below their pre-crisis growth rates thereafter, in the euro area, the initial lack of adjustment in wages and labour costs during the recession

1 For more details, see the box entitled "Inflation in the euro area and the United States: an assessment based on the Phillips curve", *Monthly Bulletin*, ECB, June 2011.
2 For a more profound analysis, see "Price Changes in the Euro Area and the United States: Some Facts from Individual Consumer Price Data", Dhyne, E. et al., *Journal of Economic Perspectives*, Vol. 20, No 2, spring 2006.

Chart C US unemployment rate and labour costs

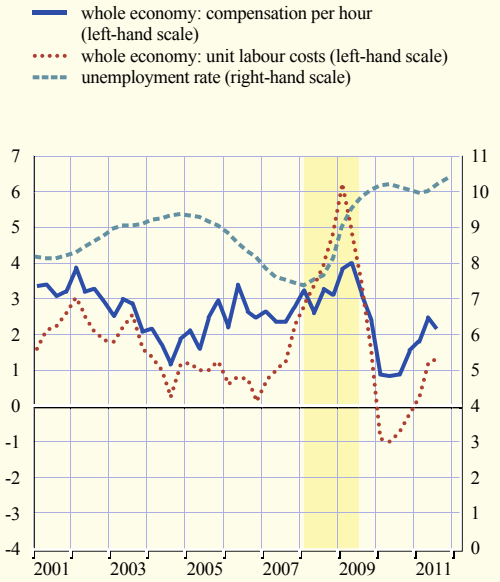
(annual percentage changes; percentage of the labour force; seasonally adjusted)



Sources: US Bureau of Labor Statistics and National Bureau of Economic Research.
Note: The shaded area indicates the latest recession period.

Chart D Euro area unemployment rate and labour costs

(annual percentage changes; percentage of the labour force; seasonally adjusted)



Sources: Eurostat, Centre for Economic Policy Research and ECB calculations.
Note: The shaded area indicates the latest recession period.

pushed unit labour costs up to very high levels for some quarters before they declined briefly and to a lesser extent than in the United States. The main factors behind these developments appear to be the degree of the adjustment and its timing, bearing in mind that the peak-to-trough decline in real GDP growth was comparable between the two economic areas. Indeed, the charts indicate that there was a greater delay in the deceleration of wage growth in the euro area than in the United States and that the increase in the unemployment rate was much more modest. A simple cross-correlation analysis between labour costs and the unemployment rate versus real GDP developments confirms a more coincident relationship between labour market developments and economic activity in the United States than in the euro area, especially in terms of labour costs. This is in line with the notion that, compared with the euro area, inflation excluding food and energy in the United States typically reacts more quickly to changes in economic slack, owing to the greater labour market flexibility in the United States than in the euro area, although, during the latest recession, the extent and nature of the flexibility (e.g. number of hours worked and persons employed) varied substantially across the euro area countries.

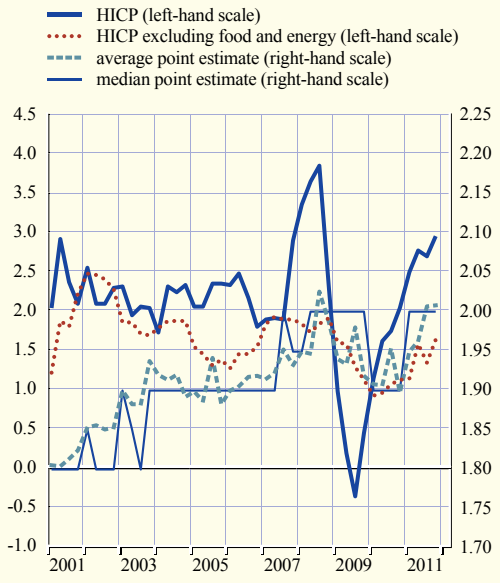
To sum up, in both the euro area and the United States, developments in headline inflation during the latest recession were not in line with historical experience. At the same time, in both economies, the developments in inflation excluding food and energy were broadly in line with historical experience. Finally, it appears that labour costs in the United States adjusted more quickly to the economic conditions than in the euro area, and that the adjustment was due to both lower wage growth and gains in productivity on the back of a greater number of lay-offs at an earlier stage.

Finally, a low responsiveness of inflation to changes in economic slack can also be due to price and wage-setters' inflation expectations being firmly anchored. Expectations can be an important determinant of actual inflation: if agents believe that inflation will remain below, but close to, 2% over the medium term (and that monetary policy measures will be appropriate for meeting that objective), the risk of a self-sustaining deflationary process is low.

Chart 12 depicts the developments in long-term inflation expectations in the euro area, derived from the ECB Survey of Professional Forecasters, over the period from the first quarter of 2001 to the fourth quarter of 2011. It shows that long-term inflation expectations in the euro area have remained stable in recent years. From 2004 the median point forecast was between 1.9% and 2.0%, despite the strong movements in prices as of 2006 and the depth of the recession that followed the collapse of Lehman Brothers in 2008. The mean and median point forecasts were broadly in line with the ECB's quantitative definition of price stability and, overall, they displayed remarkable stability.

Chart 12 Inflation expectations (five years ahead), HICP inflation and HICP inflation excluding food and energy

(annual percentage changes)



Sources: ECB Survey of Professional Forecasters and ECB calculations.

5 CONCLUSION

This article has reviewed the developments of consumer prices in the euro area during the 2008-09 recession. Compared with previous recessions, overall HICP inflation experienced a sharp decline, but this was the result of the greater impact of commodity price developments on the food and energy components of the HICP, rather than a response to the exceptional changes in economic slack. In fact, the more domestically generated parts of inflation, as measured by the HICP excluding food and energy, were relatively resilient given the severity of the recession. This resilience was in line with the weakening relationship between the degree of economic slack and inflation that has been observed over the last two decades. Nominal rigidities in the labour markets, especially as headline inflation approached zero, and a stronger anchoring of inflation expectations may have played an important role in dampening fluctuations in price and wage inflation over the economic cycle. In the United States, developments in inflation excluding food and energy were also broadly in line with those during previous recessions. However, the labour cost adjustment in the United States was quicker to reflect the economic conditions than in the euro area as a whole, and was the result of both lower wage growth and gains in productivity.

The findings on past inflation adjustments can help to determine the outlook for euro area inflation. In particular, they can help to explain why the currently available inflation forecasts and projections for 2012 from private and international organisations remain elevated, despite the slowdown in growth observed in 2011.

In fact, HICP inflation excluding food and energy is projected to remain broadly stable over the projection horizon. While domestic price pressures stemming from slow growth in domestic demand and contained labour cost developments are expected to be weak, they are expected to be broadly offset by the upward impact of foreseen increases in indirect taxes and administered prices.[11]

11 See the box entitled "ECB staff macroeconomic projections for the euro area", *Monthly Bulletin*, ECB, March 2012.

FINANCIAL REPORTING IN THE EUROSYSTEM

Recent evidence indicates that public interest in the Eurosystem's financial statements has grown, in particular in the context of the latest financial crisis. It therefore seems appropriate to take a look at the Eurosystem's regime of financial reporting and accounting, and at the main principles followed.

1 INTRODUCTION

The ECB regularly publishes different types of financial report that show the Eurosystem's financial position. This reporting serves to meet the accountability requirements vis-à-vis the public and the Eurosystem's stakeholders and to provide financial information for operational purposes such as the conduct of monetary policy.

The common Eurosystem accounting and reporting rules are set out in a published ECB guideline, hereinafter referred to as the "Accounting Guideline".[1] The Accounting Guideline applies to all central banks of the euro area for the purpose of Eurosystem reporting. This framework is tailored to the needs of the Eurosystem central banks[2] and differs from the International Financial Reporting Standards (IFRSs) with respect to the treatment of the core central bank operations.

2 THE NEED FOR TRANSPARENCY AND REPORTING

As public institutions, central banks are accountable both for the use of the public resources entrusted to them and for the efficient fulfilment of the tasks necessary for attaining their objectives, including the effective conduct of monetary policy. The latter creates the need for appropriate communications, without which economic agents might not perceive the objectives of central bank operations as intended. The lack of sufficient information could, therefore, endanger the effective conduct of monetary policy.

An important element of efficient communications is transparency, which is achieved, inter alia, by publishing regular financial statements. Transparency also implies the accurate disclosure of the financial outcome of policy actions. However, given that a central bank's financial results should not be considered as an indicator of the effectiveness of monetary policy, appropriate communication channels need to be used to ensure that central bank finances are understood.[3]

Financial reporting is just one source of information on activities undertaken by the Eurosystem, albeit an important one. In addition, the ECB serves the needs of various users by providing a range of supplementary data for operational, analytical and statistical purposes.

For example, data on, and explanations of, the Eurosystem's standard and non-standard financial measures are made available to the general public on a daily and weekly basis on the ECB's website and through the newswire services, so as to inform markets on the Eurosystem's responses to economic developments. The public can therefore easily retrieve data on the Eurosystem's open market operations in euro, on US dollar-denominated liquidity-providing or absorbing operations, on purchases of euro-denominated covered bonds (i.e. the covered bond purchase programmes – CBPP and CBPP2) and on the

1 See the Guideline of the European Central Bank of 11 November 2010 on the legal framework for accounting and financial reporting in the European System of Central Banks (recast) (ECB/2010/20) (Official Journal of the European Union (OJ), L 35, 9.2.2011, pp. 31 ff) as amended by the Guideline of the European Central Bank of 21 December 2011 amending Guideline ECB/2010/20 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2011/27) (OJ L 19, 24.1.2012, pp. 37 ff).

2 Since its initial adoption by the ECB's Governing Council in 1998, the Accounting Guideline has been reviewed regularly, and has been amended on several occasions to address the evolving needs of the Eurosystem central banks, to fulfil the stakeholders' interest in more detailed financial information on Eurosystem operations and to ensure the guideline remains up-to-date as regards crisis-induced developments in the financial markets.

3 These additional channels include press releases, briefings and public speeches.

securities purchases carried out under the Securities Markets Programme (SMP).

In addition, the ECB publishes a large set of statistical data on a monthly or quarterly basis, most of which derives from information provided within the scope of the Eurosystem's financial reporting. In particular, the tables on monetary policy statistics include information on the consolidated financial statement of the Eurosystem, the key ECB interest rates and the monetary policy operations conducted by the Eurosystem. Furthermore, aggregated and consolidated balance sheet information on MFIs[4] is collected and published in the context of MFI balance sheet statistics, providing some specific information on the Eurosystem's balance sheet. In the area of external statistics, which encompass data on the euro area's balance of payments and the international investment position, the data collected by the ECB and other Eurosystem central banks also play an important role. Eurosystem accounting data are also used as input for the integrated euro area accounts.[5]

The above-mentioned statistical reports and publications of market data interrelate with the Eurosystem's financial reporting,[6] which will be discussed in more detail in this article.

3 HARMONISATION AND CONSOLIDATION PROCESS

3.1 HARMONISATION

The effects of the Eurosystem's monetary policy operations appear on the balance sheets of a number of central banks. Given that the Eurosystem conducts a single monetary policy, its financial statements should reflect the financial impact of, and describe, the operations conducted by all euro area central banks as though they were one single entity. Consequently, the preparation of the Eurosystem's financial statements requires the consolidation of all NCB and ECB data.

A prerequisite for consolidated Eurosystem reporting is the harmonisation of accounting rules. The individual data of the NCBs and the ECB can be added together (aggregated) in a meaningful way only if they are produced and reported in a consistent manner.

Moreover, uniform rules and standardised reporting formats allow the income accruing to NCBs in the performance of the Eurosystem's monetary policy (also known as monetary income) to be calculated and allocated accordingly. The method used by the Eurosystem to measure the monetary income relies on the profit and loss statements of, and the balance sheet data reported by, the NCBs. Therefore, in order to apply the agreed monetary income methodology properly and to distribute the monetary income fairly to the shareholders of the Eurosystem, all NCBs must calculate their income and present their financial position in a uniform way.[7]

Finally, the harmonisation of rules has the benefit of ensuring the comparability of the data reported by individual NCBs across the Eurosystem, allowing meaningful cross-section analysis.

3.2 CONSOLIDATION PROCESS

The Eurosystem publishes consolidated reports more frequently than commercial groups. Although consolidation is a simple concept, the process itself involves more than mere aggregation, requiring a number of techniques

4 MFIs are financial institutions which together form the money-issuing sector of the euro area. The ECB and the other Eurosystem central banks are part of the euro area MFI sector.

5 All these data, including the Eurosystem's weekly financial statements, are available in the form of time series under "Statistical Data Warehouse" on the ECB's website (see http://www.ecb.europa.eu).

6 For example, the information on the holdings of bonds under both the covered bond purchase programmes (CBPP and CBPP2) and the Securities Markets Programme, published in the weekly financial statement of the Eurosystem, corresponds to the figures on outright operations in euro, as published on the ECB's website every week (see http://www.ecb.europa.eu).

7 The mechanism for pooling and allocating monetary income is laid down in detail in the Decision of the European Central Bank of 25 November 2010 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (recast) (ECB/2010/23), as further amended (OJ L 35, 9.2.2011, pp. 17 ff.).

in order to arrive at a meaningful presentation of the combined figures of all Eurosystem central banks. The main steps followed when preparing the Eurosystem's consolidated financial statements can be summarised as follows:

a) First, the figures reported under the same items in the balance sheets of the individual NCBs and the ECB are aggregated, with the exception of those items that result from intra-group transactions.

b) Second, the balances of NCBs and the ECB with third parties are not netted. For example, a claim that NCB 1 has on a credit institution and the liability that NCB 2 might have vis-à-vis the same credit institution are not offset against one another, but are rather shown gross on the respective side of the consolidated financial statement. This reflects the fact that the Eurosystem central banks are separate legal entities, so such transactions cannot be settled net.

c) Third, intra-Eurosystem balances are netted. This is an important concept in the consolidation exercise. Transactions or results that would not be reflected in the accounts if the Eurosystem were a single entity are eliminated in the course of consolidation. Therefore, all claims and liabilities between Eurosystem central banks, including the ECB, are netted out and are not presented at all in any of the Eurosystem's consolidated financial statements. For example, the paid-up capital of the ECB, which is made up of contributions from the euro area NCBs and disclosed under "Capital and reserves" on the liability side of the ECB's balance sheet (liability item 15.1),[8] is offset against the related claims that are shown under "Participating interest in the ECB" on the asset side of each NCB's balance sheet (asset item 9.1). Another example is the netting of the intra-Eurosystem balances (asset item 9.5 or liability item 10.4) that occur in the books of the Eurosystem central banks as a result of cross-border payment flows between banks in the euro area. These interbank payments are executed through a system called TARGET2. Given that all Eurosystem central banks operate in the single currency area, the sum of all their intra-Eurosystem balances in TARGET2 is nil. Consequently, none of these balances are disclosed in the consolidated balance sheet of the Eurosystem.[9]

In order to facilitate the process of eliminating intra-Eurosystem positions, distinct balance sheet items, under which these intra-Eurosystem balances are disclosed, were created in the balance sheets of both the NCBs and the ECB. Table 1 summarises the intra-Eurosystem positions that are eliminated during the consolidation process.

8 The balance sheet positions mentioned in this section relate to the items in the annual balance sheet format set out in Annex VIII of the Accounting Guideline.

9 For an insight into the economic meaning of TARGET2 balances, see Box 4, entitled "TARGET2 balances of national central banks in the euro area", *Monthly Bulletin*, ECB, October 2011.

Table 1 Intra-Eurosystem positions in euro that are eliminated during the consolidation process

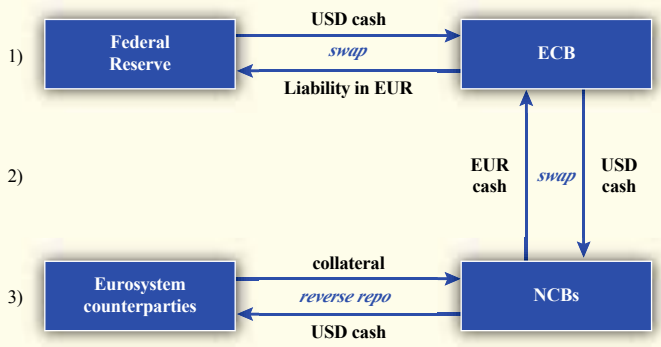
Asset item 9.1 (NCBs) – "Participating interest in the ECB"	⟷	Liability item 15.1 (ECB) – "Capital" (only contributions of Eurosystem NCBs)
Asset item 9.2 (NCBs) – "Claims equivalent to the transfer of foreign reserves"	⟷	Liability item 10.1 (ECB) – "Liabilities equivalent to the transfer of foreign reserves"
Asset item 9.3 (ECB) – "Claims related to the issuance of ECB debt certificates"	⟷	Liability item 10.2 (NCBs) – "Liabilities related to the issuance of ECB debt certificates"
Asset item 9.4 (NCBs/ECB) – "Net claims related to the allocation of euro banknotes within the Eurosystem"	⟷	Liability item 10.3 (NCBs) – "Net liabilities related to the allocation of euro banknotes within the Eurosystem"
Asset item 9.5 (NCBs/ECB) – "Other claims within the Eurosystem"	⟷	Liability item 10.4 (NCBs/ECB) – "Other liabilities within the Eurosystem"

A business case illustrating the application of the consolidation process is the provision of US dollar liquidity to Eurosystem counterparties via the swap line that the ECB has in place with the US Federal Reserve System. The chart in Box 1 reflects the principle of the decentralised execution of this operation. It shows the flow of funds from the Federal Reserve to the ECB, and from the ECB to the NCBs that conduct the operations with their local counterparties.

Box 1

PROVISION OF US DOLLAR LIQUIDITY TO EUROSYSTEM COUNTERPARTIES WITHIN THE FRAMEWORK OF THE SWAP LINE AGREED BETWEEN THE ECB AND THE FEDERAL RESERVE SYSTEM

The Governing Council of the ECB first decided to conduct US dollar liquidity-providing operations in connection with the US dollar Term Auction Facility in December 2007, to address the elevated pressures in the short-term funding markets.[1] First (as shown in the figure below), the Federal Reserve provides the ECB with US dollars in exchange for euro. Second, the ECB passes the US dollars on to the NCBs by entering into back-to-back swap transactions with them. Third, the resulting funds are used by the NCBs to provide US dollar liquidity to eligible Eurosystem counterparties in the form of reverse repo transactions. The overall impact on the Eurosystem position reflects only the balances with third parties, i.e. there is an increase in liability item 6 "Liabilities to non-euro area residents denominated in euro" where the liability vis-à-vis the Federal Reserve is recorded in euro, and an equivalent increase in asset item 3 "Claims on euro area residents denominated in foreign currency"[2] where the claims on Eurosystem counterparties are disclosed. On the other hand, intra-Eurosystem balances that result from euro payments between the ECB and the NCBs are eliminated.



1 See the press release of 12 December 2007 (available on the ECB's website at: http://www.ecb.europa.eu).
2 For details on the structure of the consolidated weekly financial statement of the Eurosystem, see Section 4.

4 THE CONSOLIDATED WEEKLY FINANCIAL STATEMENT AND ITS COMPONENTS

The main publicly available Eurosystem report that is produced using the consolidation technique is the consolidated weekly financial statement of the Eurosystem, which shows the assets and liabilities held by the Eurosystem vis-à-vis third parties. This weekly report can be a useful tool for external analysts, especially for those who monitor the monetary and foreign exchange policies of the Eurosystem, as well as its investment activities. For illustrative purposes, the structure of the consolidated weekly financial statement of the Eurosystem is presented in Table 2.

Table 2 Reporting format of the consolidated weekly financial statement of the Eurosystem

Foreign currency position
Net lending to credit institutions

Assets		Liabilities	
1	Gold and gold receivables	1	Banknotes in circulation
2	Claims on non-euro area residents denominated in foreign currency	2	Liabilities to euro area credit institutions related to monetary policy operations denominated in euro
2.1	Receivables from the IMF	2.1	Current accounts (covering the minimum reserve system)
2.2	Balances with banks and security investments, external loans and other external assets	2.2	Deposit facility
		2.3	Fixed-term deposits
3	Claims on euro area residents denominated in foreign currency	2.4	Fine-tuning reverse operations
4	Claims on non-euro area residents denominated in euro	2.5	Deposits related to margin calls
4.1	Balances with banks, security investments and loans	3	Other liabilities to euro area credit institutions denominated in euro
4.2	Claims arising from the credit facility under ERM II		
5	Lending to euro area credit institutions related to monetary policy operations denominated in euro	4	Debt certificates issued
		5	Liabilities to other euro area residents denominated in euro
5.1	Main refinancing operations	5.1	General government
5.2	Longer-term refinancing operations	5.2	Other liabilities
5.3	Fine-tuning reverse operations	6	Liabilities to non-euro area residents denominated in euro
5.4	Structural reverse operations	7	Liabilities to euro area residents denominated in foreign currency
5.5	Marginal lending facility	8	Liabilities to non-euro area residents denominated in foreign currency
5.6	Credits related to margin calls		
6	Other claims on euro area credit institutions denominated in euro	8.1	Deposits, balances and other liabilities
		8.2	Liabilities arising from the credit facility under ERM II
7	Securities of euro area residents denominated in euro	9	Counterpart of special drawing rights allocated by the IMF
7.1	Securities held for monetary policy purposes	10	Other liabilities
7.2	Other securities	11	Revaluation accounts
8	General government debt denominated in euro	12	Capital and reserves
9	Other assets		
Total assets		**Total liabilities**	

The consolidated weekly financial statement is structured such that (i) foreign currency items (e.g. asset item 2) are distinguished from euro-denominated items (e.g. asset item 4), (ii) monetary policy instruments (e.g. asset item 5) and the autonomous liquidity factors[10] are reported separately, (iii) positions vis-à-vis euro area residents (e.g. asset item 3) are distinguished from those vis-à-vis non-euro area residents (e.g. asset item 2) and iv) positions vis-à-vis the financial sector (e.g. liability item 3) are clearly set apart from those vis-à-vis the general government and others (e.g. liability item 5). The reason for this grouping of balances is to provide a useful structure for different readers. For example, while liquidity managers are more focused, for instance, on those balance sheet items that reflect, in aggregate terms, the liquidity supply of the Eurosystem, statisticians are more interested in, among other things, the breakdown of balances by country of residence of the counterparty for analytical purposes.

Another distinguishing feature of the consolidated weekly financial statement is that only transaction values are disclosed during the quarter, while the balances at the end of each quarter are shown, following the revaluation process, at market prices and rates. The benefit

10 Autonomous liquidity factors are defined as those items in the consolidated balance sheet of the Eurosystem that, aside from monetary policy operations, provide or withdraw liquidity, and thus affect the current accounts that credit institutions hold with the Eurosystem, mainly for purposes of fulfilling their minimum reserve requirements. The autonomous factors include government deposits with the Eurosystem, banknotes in circulation and net foreign assets of the Eurosystem.

of this approach for policy-makers and other users is that it combines a cash flow-oriented approach, which is useful for assessing the effect of pure liquidity flows, with a periodic (quarterly) update to reflect economic values. These end-of-quarter adjustments are reported in a separate column of the consolidated weekly financial statement of the Eurosystem and can therefore be distinguished from regular transactions so as to increase transparency and support the analysis of the statement.

The consolidated weekly financial statement of the Eurosystem is published together with an accompanying explanatory note that facilitates its interpretation and provides further information on the development of key balance sheet items since the previous week. This explanatory note distinguishes between items not related to monetary policy operations (e.g. the foreign currency position, gold and banknotes) and items related to monetary policy operations (e.g. net lending to credit institutions and securities held for monetary policy purposes).

5 THE EUROSYSTEM'S MAIN ACCOUNTING PRINCIPLES AND RULES

5.1 ACCOUNTING PRINCIPLES

The main features of the Eurosystem's accounting framework are based on generally accepted accounting rules for the recognition of assets and liabilities and on basic accounting principles such as economic reality and transparency, materiality, the going concern assumption, the accruals principle, consistency and comparability. Particular prominence is given to the principle that income recognition shall be carried out prudently. In the Eurosystem context, the application of this principle should ultimately aid the creation of financial buffers, and thus contribute to ensuring financial strength.

A central bank operating with a level of equity that is perceived as insufficient may be regarded as not being financially independent and, as a result, its policy actions may be deemed not to be credible. Therefore, it could be broadly argued that an inadequate level of equity can affect a central bank's capability of achieving its monetary policy objectives. Against this background, consideration must be given to Eurosystem-specific factors that could affect capital levels:

(i) the inherent risks stemming from certain balance sheet items, in particular the high share in the balance sheet of unhedged exposures to foreign currency and interest rate risk;[11]

(ii) the different local arrangements governing the distribution of the NCBs' profits (NCBs currently operate in 17 different jurisdictions), which may limit the ability to maintain adequate financial buffers e.g. by setting up reserves; and

(iii) the fact that assets are not necessarily readily tradable, either on account of their nature (as in the case of gold, of which the Eurosystem has significant holdings) or when transactions may be interpreted as a policy signal from the ECB.

Given both that the distribution of the Eurosystem's profits is generally determined unconditionally as a proportion of reported profits and that the central banks' losses are usually not subject to any automatic coverage by the respective governments, the aforementioned factors expose the central banks to the risk of an erosion of their equity.[12] Consequently the accounting framework can have a significant impact on the Eurosystem's ability to retain income, and thus to ensure it has adequate financial strength. To overcome the risk of capital erosion, prominence is given to the prudence principle.

11 Since most of the Eurosystem's assets and liabilities are periodically revalued at current market exchange rates and prices, profitability is strongly affected by exchange rate exposures and, to a lesser extent, also by interest rate exposures.

12 An appropriately designed profit distribution or recapitalisation system could compensate for the effects of accounting rules, thus still enabling sufficient capital retention.

5.2 ACCOUNTING RULES

INCOME RECOGNITION

The application of the prudence principle, in the light of the above-mentioned factors, calls for an appropriate design of the income recognition rules. Consequently, the unrealised gains, i.e. gains arising from the revaluation of assets, are not recognised as income in the profit and loss account, but are recorded in a revaluation account on the liabilities side of the balance sheet; they do not form part of distributable profits. On the other hand, the unrealised losses are included in the profit and loss account at year-end. This rule applies to the revaluation of currency holdings, as well as of security holdings (other than those that are "held to maturity") and derivatives. In addition, gains and losses arising on any security or currency are not used to offset gains or losses arising from another security or currency (hereinafter referred to as the "non-netting principle").

This asymmetric treatment of valuation gains and losses has certain advantages for the central banks: first, it avoids the distribution of unrealised gains, which may subsequently be reversed as a result of a decline in exchange rates and asset prices, leading to losses and the erosion of capital, and, second, it results in an automatic creation of financial buffers in times of favourable market developments that are subsequently available for use when market developments are less favourable, since these revaluation accounts serve as a first-line defence to absorb valuation losses. The above advantages may offset the potential impact of factors specific to the Eurosystem and, in particular, of the balance sheet risks and the varying degrees of control as regards profit distribution rules. Consequently, the asymmetric treatment of unrealised gains and losses is deemed to be appropriate for policy operations of the Eurosystem.[13]

PROVISIONING

Another important aspect of the accounting regimes of Eurosystem central banks is that of provisioning. The relevant rules for provisioning are governed by the local legislation that applies to the individual NCBs. The accounting framework of the ECB and those of a number of euro area NCBs allow general provisions to be made for foreign currency, interest rate, gold price and credit risk. A provision of this type was established at the ECB in 2005, and its size has increased steadily, reaching €6.4 billion at the end of 2011. This general provision has enhanced the ECB's protection against financial risks, as it may be used to cover realised and unrealised losses, in particular valuation losses not covered by the revaluation accounts. The size of this provision, and whether it continues to be required, is reviewed annually, taking a range of factors into account that include, in particular, the level of holdings of risk-bearing assets, the extent of materialised risk exposures in each financial year, projected results for the coming year and the outcome of a risk assessment involving calculations of the values at risk (VaRs) on risk-bearing assets, which is applied consistently over time.[14]

The existence of this significant buffering mechanism is therefore a central bank-specific feature, the use of which is justified by the nature of central bank operations and the resulting risk structure inherent in the balance sheet. Such provisions are referred to as "provisions equivalent to reserves" in the Statute of the European System of Central Banks and of the European Central Bank and, although not explicitly flagged as such, they are considered as part of the central bank's equity.[15] Their importance has recently increased in the light of the credit risk stemming from the outstanding claims on governments and financial institutions as a result of the enhanced credit support operations.

13 At the same time, however, it could be argued that as a result of the "asymmetric approach" the central bank's actual performance is not reflected in its profits; from the perspective of risk management or market operations, valuation gains would normally be considered part of performance measures.
14 See *Annual Report 2010*, ECB, April 2011, p. 211.
15 See Article 48 of the Statute of the European System of Central Banks and of the European Central Bank (Statute of the ESCB).

In addition to the general principles, the Eurosystem's accounting framework contains a significant number of detailed prescriptive rules, which allow a harmonised accounting treatment of core central bank operations. An overview of the main rules is given in Table 4 at the end of this article. As can be seen there, the Accounting Guideline addresses the most relevant accounting issues that the central banks face, and aims not only at setting the principles, but also at clarifying the detailed accounting methodologies to be applied.[16] The accounting treatment of non-core operations is governed by the local central bank law, which may refer to generally accepted international standards. In the specific case of the ECB, the valuation principles of the International Financial Reporting Standards (IFRSs)[17] are applied in the areas not covered by its own legal framework,[18] and in the absence of any decision to the contrary by the Governing Council.

6 MAIN DIFFERENCES TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

This section highlights the most significant differences between the Eurosystem's accounting framework and the IFRSs, which represent the most internationally recognised framework.[19] These differences stem from the need to accommodate the specific nature of the Eurosystem central banks' operations in the accounting rules. Consequently, while the Accounting Guideline does not substantially differ from the IFRSs with respect to the basic accounting assumptions, its emphasis on the prudence principle results in fundamental differences in the area of income recognition and provisioning.

Under the IFRSs, central banks would not necessarily be able to set up the general financial buffers necessary for them to be capable of responding to future adverse market developments. First, under the IFRS framework (IFRS 9 and IAS 21), unrealised gains on the revaluation of financial instruments (unless reported at amortised cost) and items in foreign currencies would be included in the calculation of income. In the case of the Eurosystem, this could lead to equity erosion, given that the NCBs' distributable income is normally determined unconditionally as a proportion of the reported profit. Second, recognition of general, forward-looking, "above-the-line" provisions for potential future losses ("rainy day" provisions) is currently not permitted under the IFRSs/IASs; under IAS 37, an above-the-line provision may only be recognised in very strict and specific circumstances, namely "when (a) an entity has a present obligation as a result of a past event; (b) it is probable that an outflow of resources embodying the economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation."[20]

Furthermore, the Eurosystem's accounting and reporting framework and the IFRSs differ with respect to the accounting and reporting requirements of other major items. The most important divergences relate to hedge accounting, classification and disclosure requirements for financial instruments, components of financial statements and the presentation of the balance sheet.

A brief overview of the most important differences between the Eurosystem's accounting and reporting framework and the IFRSs is given in the table below.

16 One of the perceived drawbacks of the Eurosystem's reporting framework is the lack of obligatory disclosure rules that can be applied across the Eurosystem – see also the table in Section 6.

17 Available on the website of the IFRS Foundation and the International Accounting Standards Board (IASB) at: http://www.ifrs.org.

18 See Decision of the ECB of 11 November 2011 on the annual accounts of the European Central Bank (ECB/2010/21) (OJ L 35, 9.2.2011, pp. 1-16).

19 The section takes into account the new IFRS 9, as issued by the IASB in October 2010, which currently replaces parts of the International Accounting Standard 39 (IAS 39). This new standard will ultimately replace IAS 39 in its entirety. Its application in the EU is pending endorsement.

20 See Article 14 of IAS 37 (available on the website of the IFRS Foundation and the IASB at: http://www.ifrs.org).

Table 3 Main differences between the Eurosystem's accounting and reporting framework and the International Financial Reporting Standards

Issue	Eurosystem	IFRSs
Main categories for the classification of financial instruments	– Held-to-maturity securities – Marketable securities other than held-to-maturity – Marketable equity instruments – Illiquid equity shares and other equity held as permanent investments – Loans – Off-balance-sheet instruments	– Financial assets/liabilities measured at amortised cost [1)] – Financial assets/liabilities measured at fair value (IFRS 9)
Measurement of the main categories of financial assets and liabilities	– Held-to-maturity securities and non-marketable instruments at amortised cost and subject to impairment – Non-held-to-maturity securities and marketable equity instruments at market prices – Illiquid equity shares and other equity held as permanent investments at cost and subject to impairment – Loans at nominal value – Off-balance-sheet instruments at market values	Financial assets/liabilities measured either at amortised cost or fair value in line with their classification (see the classification categories above). Those financial assets that are valued at amortised cost are subject to impairment (IFRS 9)
Main income recognition rules for financial instruments	"Asymmetric approach" to recognising gains and losses on: – non-held-to-maturity securities, – marketable equity instruments, – off-balance-sheet instruments, and – the effects of translating the monetary items at current exchange rates	– Revaluation gains and losses of "financial assets/liabilities measured at fair value" recognised in the profit and loss account (IFRS 9) – Optional recognition in equity of revaluation result of equities not held for trading (IFRS 9) – Monetary items translated at current exchange rates through profit and loss account (IAS 21)
Provisioning	General provisions for expected losses are permitted if that is allowed under the relevant legislation	Provisions set up only in the event of an obligation as a result of a past event that is expected to cause an outflow of economic benefits and that can be estimated reliably (IAS 37)
Hedge accounting rules	Hedge accounting rules limited to the hedging of the interest rate risk of securities with derivatives and the hedging of the positions in special drawing rights (SDRs) with the underlying basket currencies	General hedge accounting rules for fair value and cash flow hedges (still covered by IAS 39)
Disclosure requirements with respect to financial instruments	Harmonised disclosure of items of common interest to the ECB and the NCBs (recommended)	Comprehensive requirements as specified by IFRS 7
Components of financial statements	Cash flow statement and statement of other comprehensive income are not issued as they are considered not to provide additional information of relevance, given the central bank role of the ECB/NCBs	Both cash flow statement and statement of other comprehensive income are required by IAS 1
Presentation (balance sheet; profit and loss statement)	Geared to monetary policy analysis	General-purpose layout (IAS 1)

1) An asset is included in this category if it is held under a business model that has the objective of collecting contractual cash flows, and if the contractual terms of the asset give rise to payments of principal and interest on specified dates.

As indicated in the table above, the Eurosystem's accounting rules with respect to core monetary policy operations deviate from the IFRSs.[21] At the same time, generally accepted standards like the IFRSs may represent an appropriate basis for the accounting treatment of the non-core operations such as those related to fixed assets or pension obligations. Indeed, as mentioned earlier, the ECB, for the purposes of its own annual accounts, follows the IFRS valuation principles[22] in areas not covered by its own accounting framework.[23]

7 RECENT DEVELOPMENTS IN THE ACCOUNTING FRAMEWORK

The Eurosystem's accounting framework has been amended in recent years so as to accommodate the new activities undertaken by the Eurosystem central banks and to properly reflect the enhanced credit support operations. These amendments have covered accounting rules for (i) synthetic instruments,[24] (ii) the hedging of the interest rate risk of securities, (iii) the hedging of the exchange risk of SDR positions, (iv) "held-to-maturity" security portfolios and (v) a Eurosystem provision against credit risk arising from monetary policy operations.

The recent decision to introduce accounting rules for synthetic instruments and for the hedging of both the interest rate risk of securities and the exchange risk of SDR positions was taken in response to the introduction of new risk management techniques by the central banks. The new accounting rules, which allow revaluation losses/gains on the hedged item to be offset against unrealised gains/losses on the hedging instrument (or against the revaluation results of the individual instruments combined to form a synthetic instrument), have resulted in a better reflection of both economic reality and the relevant risk management practices. This has helped to overcome the valuation mismatch that would otherwise result from the application of the Eurosystem's asymmetric valuation approach and the "non-netting" principle individually to the hedged item and the hedging instrument (or the individual instruments combined to form a synthetic instrument).

The accounting rules for securities that are held to maturity have been applied to account for those holdings in securities that were purchased for monetary policy purposes. Such holdings are reported under asset item 7.1 of the Eurosystem's balance sheet and currently encompass (i) bonds issued by euro area credit institutions that were acquired under the covered bond purchase programmes and (ii) government bonds purchased within the scope of the Securities Markets Programme. The Governing Council decided to hold these securities to maturity and therefore changes in their market value are not reflected on the balance sheet. Held-to-maturity securities are subject to an annual impairment test. These tests follow the logic of the "incurred loss" model, meaning that a reassessment of the recoverable amounts only occurs if there is actual evidence (a "trigger event") that they might not be repaid in full.[25]

In 2008, following the default of several of the Eurosystem's monetary policy counterparties,

21 Similarly, other major central banks apply rules that deviate from those generally accepted in their jurisdictions. The Federal Reserve Banks, for example, follow a set of specialised accounting policies, designed by the System's Board of Governors, which differs from the Generally Accepted Accounting Principles in the United States (US GAAP) – see Board of Governors of the Federal Reserve System, *97th Annual Report 2010*, June 2011, p. 356.

22 However, the ECB is not required to follow IFRS disclosure rules.

23 See Article 24 of the Decision of the ECB of 11 November 2011 on the annual accounts of the European Central Bank (ECB/2010/21) (OJ L 35, 9.2.2011, pp. 1-16).

24 A synthetic instrument is a financial instrument created artificially by combining two or more instruments with the aim of replicating the cash flows and valuation patterns of another instrument.

25 In this context, it should be mentioned that standard-setters at the IFRS Foundation and the IASB are currently considering a move to what is known as the "expected loss" model, which does not require a trigger event to occur before the credit losses can be recognised. Under this new approach, the expected losses would already be recognised, in full or in part, at the very outset when the asset is acquired. It is questionable whether this new method would be appropriate for central banks that purchase securities to support certain market segments: the immediate recognition of possible losses on such assets could cause such policy actions to be wrongfully perceived as being inefficient and might thus be detrimental to the objective of the intervention.

the Governing Council decided, in line with the prudence principle, to create a provision against counterparty risk.[26] This provision is funded by the NCBs in proportion to their respective shares in the capital of the ECB, as laid down in the key prevailing in the year of default, and is recognised in a decentralised manner in the books of the NCBs.[27] The initial level of this provision, €5.7 billion, was equal to the potential shortfall arising from the difference between the market value of the pledged collateral and the value of the claims outstanding at the time. Since its establishment, the amount of the provision has been subject to annual reviews and adjusted in line with both the disposal of the related collateral and the prospect of recovery. The respective shares of the provision are referred to specifically under the balance sheet item "Provisions" in the annual accounts of the NCBs.[28] The level of the provision had decreased to €0.9 billion at the end of 2011, and the provision will ultimately be used upon the completion of the sale of the collateral.

8 CONCLUSION

The Eurosystem's accounting framework and its financial reporting regime serve as a vehicle to communicate the financial position of the Eurosystem to stakeholders in a transparent manner. They have been adapted over time in order to reflect new Eurosystem operations and to meet the needs of the stakeholders. Harmonised rules allow the individual financial statements of the participating central banks to be consolidated. The accounting principles used in the preparation of the balance sheets are designed in a way that properly considers the specific nature of the Eurosystem: central banks' balance sheets expose them to substantial risks, while their institutional ability to control the distribution of profits varies according to the jurisdiction. Under these circumstances the Eurosystem's accounting and reporting framework, which emphasises the principle of prudence, is an adequate basis that helps maintain both the financial strength and the financial independence of the Eurosystem.

26 See also the press release of 5 March 2009 (available on the ECB's website at: http://www.ecb.europa.eu).
27 In accordance with Article 32.4 of the Statute of the ESCB, any losses – if they were to occur – should ultimately be borne in full by the Eurosystem NCBs in proportion to the ECB capital key shares prevailing in the year of default.
28 In addition, the related claims on counterparties in default have been reclassified, i.e. moved from the asset item "Lending to euro area credit institutions related to monetary policy operations" to the asset item "Other assets" (see the consolidated financial statement of the Eurosystem as at 6 March 2009 – available on the ECB's website at: http://www.ecb.europa.eu).

Table 4

OVERVIEW OF THE EUROSYSTEM'S MAIN ACCOUNTING RULES

Issue	Guidance
Frequency of revaluations in the case of gold, foreign currency instruments, securities (other than held-to-maturity) and other financial instruments	Quarterly, although a higher frequency is permitted for internal purposes.
Reporting of cash movements	Balance sheet items presented at transaction value in daily reporting. Accruals disclosed under "Other assets"/"Other liabilities". Revaluation results reported only at the quarter-end.
Structure of the Eurosystem financial reports	Eurosystem reports defined in Annexes V – VII of the Accounting Guideline. Recommended format of the national balance sheets and the profit and loss accounts specified in Annexes VIII and IX.
Non-netting principle for revaluation	Revaluation on a currency-by-currency basis for foreign exchange, and on an ISIN-by-ISIN basis for securities.

Issue	Guidance
Hedging of SDR holdings	SDRs and the designated individual foreign exchange holdings underlying the SDR basket are treated as one holding.
Hedging of the interest rate risk of securities with derivatives	Limited to micro-hedges of a security or a group of securities with similar features, subject to the adequate documentation of the hedge relationship.
Disposal of held-to-maturity securities	Held-to-maturity securities may be sold in the event of (i) an insignificant quantity, (ii) a sale occurring a month before maturity, or (iii) exceptional circumstances such as the deterioration of the issuer's rating or upon a decision by the Governing Council.
Synthetic instruments	Netting at the year-end of the unrealised gains and losses of the instruments combined to form a synthetic instrument.
Banknotes in circulation	Explicit accounting method described in the Accounting Guideline (Article 12).
Valuation rules for financial assets and liabilities	Specified in Annex IV of the Accounting Guideline (see also the table in Section 6).
Income recognition	– Realised gains and losses through the profit and loss account, calculated by reference to the average cost. – Unrealised gains and losses subject to "asymmetric approach" and "non-netting" principle. – Impairment recognised in the profit and loss account.
Treatment of repo transactions	– Repos recorded as collateralised deposits taken (liabilities) – securities provided as collateral remain on the balance sheet. – Reverse repos recorded as collateralised loans (assets) – securities received as collateral not included on the balance sheet.
Premiums and discounts	Amortised and treated as interest income/expense over the remaining life of securities, according to straight-line or internal rate-of-return method, with the latter mandatory in the case of discount securities with a remaining maturity of more than one year.
Frequency and accounting of accruals	– Accruals on foreign currency financial instruments – calculated daily, converted at current exchange rates and included in the currency position. – Accruals on euro financial instruments – recorded at least quarterly. – Accruals on other items – recorded at least annually.
Realised foreign exchange gains and losses	Arise as a result of foreign currency outflows, i.e. decreases of the foreign currency position.
Acquisition cost of transactions	Average cost method used for gold, foreign currency and securities. Detailed calculation techniques for each category are set out in the Accounting Guideline.
Foreign exchange transactions	Recorded off-balance-sheet on the trade date and included in the net foreign currency position for the calculation of realised and unrealised gains and losses. Difference between the spot and the forward rates accrued over the lifetime of the forward contract.
Off-balance-sheet interest rate instruments and options	Recorded on the trade date. Accounted for and revalued on an item-by-item basis, and treated separately from on-balance-sheet items. "Asymmetric approach" for the recognition of gains and losses.
Revaluation of assets and liabilities upon accession to the euro area	All assets and liabilities are revalued upon the introduction of the euro. It is recommended that the resulting revaluation gains are not considered immediately distributable.

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
2010	8.5	1.8	0.5	-	0.6	4.2	0.81	3.36
2011	2.0	2.3	2.2	-	2.4	1.0	1.39	2.65
2011 Q2	1.7	2.4	2.1	-	2.6	1.4	1.42	3.41
Q3	1.4	2.3	2.4	-	2.5	0.6	1.56	2.48
Q4	1.9	2.1	2.3	-	2.0	-0.2	1.50	2.65
2012 Q1	.	.	.	-	.	.	1.04	2.60
2011 Oct.	1.7	1.9	2.6	2.5	2.7	0.6	1.58	2.79
Nov.	2.1	2.1	1.9	2.0	1.7	-1.0	1.48	3.07
Dec.	1.7	1.8	1.6	2.0	1.0	-0.4	1.43	2.65
2012 Jan.	2.1	2.3	2.5	2.3	1.1	0.4	1.22	2.67
Feb.	2.5	2.8	2.8	.	0.7	.	1.05	2.59
Mar.	.	.	.	.	.	.	0.86	2.60

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

	HICP [1]	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2010	1.6	2.9	1.5	1.9	7.3	76.7	-0.5	10.1
2011	2.7	5.9	2.8	1.5	3.5	80.4	0.1	10.2
2011 Q2	2.8	6.3	3.3	1.6	4.0	80.9	0.4	10.0
Q3	2.7	5.9	2.6	1.3	3.9	80.0	0.2	10.2
Q4	2.9	5.1	2.8	0.7	-0.2	79.8	-0.2	10.5
2011 Oct.	3.0	5.5	-	-	0.9	79.6	-	10.4
Nov.	3.0	5.4	-	-	0.0	-	-	10.5
Dec.	2.7	4.3	-	-	-1.6	-	-	10.6
2012 Jan.	2.7	3.8	-	-	-1.5	80.0	-	10.7
Feb.	2.7	3.6	-	-	.	-	-	10.8
Mar.	2.6	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [6] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2010	-36.7	12.9	98.1	591.2	-13.4	120.4	103.6	101.6	1.3257
2011	-19.6	5.0	224.9	667.1	.	.	103.4	100.7	1.3920
2011 Q2	-20.4	-3.0	121.2	580.9	-14.1	119.5	105.2	102.6	1.4391
Q3	0.6	3.1	21.1	646.6	-13.8	123.1	103.5	100.6	1.4127
Q4	27.9	17.9	-36.1	667.1	.	.	102.1	99.5	1.3482
2012 Q1	.	.	.	.	.	.	99.5	96.9	1.3108
2011 Oct.	4.1	1.7	-34.1	651.6	.	.	103.0	100.3	1.3706
Nov.	4.1	6.7	-6.5	683.4	.	.	102.6	99.9	1.3556
Dec.	19.7	9.5	4.5	667.1	.	.	100.8	98.2	1.3179
2012 Jan.	-12.1	-10.1	-53.1	702.4	.	.	98.9	96.3	1.2905
Feb.	.	.	.	696.4	.	.	99.6	97.2	1.3224
Mar.	.	.	.	.	.	.	99.8	97.4	1.3201

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

	2 March 2012	9 March 2012	16 March 2012	23 March 2012
Gold and gold receivables	423,445	423,449	423,449	423,450
Claims on non-euro area residents in foreign currency	246,981	246,978	246,561	247,482
Claims on euro area residents in foreign currency	72,110	70,367	71,354	70,758
Claims on non-euro area residents in euro	23,269	20,363	18,018	18,645
Lending to euro area credit institutions in euro	1,130,352	1,118,273	1,149,485	1,155,888
Main refinancing operations	29,469	17,541	42,178	59,543
Longer-term refinancing operations	1,100,076	1,100,076	1,095,505	1,095,505
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	783	632	11,784	834
Credits related to margin calls	24	23	17	6
Other claims on euro area credit institutions in euro	59,261	57,880	55,269	57,708
Securities of euro area residents in euro	631,714	631,122	630,446	626,257
Securities held for monetary policy purposes	284,080	283,011	283,399	279,344
Other securities	347,633	348,112	347,047	346,913
General government debt in euro	31,176	31,176	31,176	31,176
Other assets	404,851	406,174	360,536	351,486
Total assets	3,023,159	3,005,782	2,986,294	2,982,849

2. Liabilities

	2 March 2012	9 March 2012	16 March 2012	23 March 2012
Banknotes in circulation	870,556	870,605	869,106	867,063
Liabilities to euro area credit institutions in euro	1,148,864	1,132,702	1,109,076	1,092,866
Current accounts (covering the minimum reserve system)	91,402	97,943	132,173	89,273
Deposit facility	820,819	797,953	758,754	785,393
Fixed-term deposits	219,500	219,500	218,000	218,000
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	17,143	17,305	150	201
Other liabilities to euro area credit institutions in euro	7,368	7,355	1,529	1,645
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	147,146	145,954	152,956	167,925
Liabilities to non-euro area residents in euro	90,890	92,293	93,408	90,704
Liabilities to euro area residents in foreign currency	4,413	3,910	3,901	3,099
Liabilities to non-euro area residents in foreign currency	7,861	7,800	7,376	8,696
Counterpart of special drawing rights allocated by the IMF	55,942	55,942	55,942	55,942
Other liabilities	213,100	212,191	215,971	217,875
Revaluation accounts	394,029	394,029	394,029	394,029
Capital and reserves	82,990	83,000	83,000	83,004
Total liabilities	3,023,159	3,005,782	2,986,294	2,982,849

Source: ECB.

1.2 Key ECB interest rates

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

With effect from: [1]	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
			Fixed rate	Minimum bid rate			
	Level	Change	Level	Level	Change	Level	Change
	1	2	3	4	5	6	7
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 [2]	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 [3]	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25
31 Aug.	3.25	-0.25	-	4.25	-0.25	5.25	-0.25
18 Sep.	2.75	-0.50	-	3.75	-0.50	4.75	-0.50
9 Nov.	2.25	-0.50	-	3.25	-0.50	4.25	-0.50
2002 6 Dec.	1.75	-0.50	-	2.75	-0.50	3.75	-0.50
2003 7 Mar.	1.50	-0.25	-	2.50	-0.25	3.50	-0.25
6 June	1.00	-0.50	-	2.00	-0.50	3.00	-0.50
2005 6 Dec.	1.25	0.25	-	2.25	0.25	3.25	0.25
2006 8 Mar.	1.50	0.25	-	2.50	0.25	3.50	0.25
15 June	1.75	0.25	-	2.75	0.25	3.75	0.25
9 Aug.	2.00	0.25	-	3.00	0.25	4.00	0.25
11 Oct.	2.25	0.25	-	3.25	0.25	4.25	0.25
13 Dec.	2.50	0.25	-	3.50	0.25	4.50	0.25
2007 14 Mar.	2.75	0.25	-	3.75	0.25	4.75	0.25
13 June	3.00	0.25	-	4.00	0.25	5.00	0.25
2008 9 July	3.25	0.25	-	4.25	0.25	5.25	0.25
8 Oct.	2.75	-0.50	-	-	-	4.75	-0.50
9 [4]	3.25	0.50	-	-	-	4.25	-0.50
15 [5]	3.25	...	3.75	-	-0.50	4.25	...
12 Nov.	2.75	-0.50	3.25	-	-0.50	3.75	-0.50
10 Dec.	2.00	-0.75	2.50	-	-0.75	3.00	-0.75
2009 21 Jan.	1.00	-1.00	2.00	-	-0.50	3.00	...
11 Mar.	0.50	-0.50	1.50	-	-0.50	2.50	-0.50
8 Apr.	0.25	-0.25	1.25	-	-0.25	2.25	-0.25
13 May	0.25	...	1.00	-	-0.25	1.75	-0.50
2011 13 Apr.	0.50	0.25	1.25	-	0.25	2.00	0.25
13 July	0.75	0.25	1.50	-	0.25	2.25	0.25
9 Nov.	0.50	-0.25	1.25	-	-0.25	2.00	-0.25
14 Dec.	0.25	-0.25	1.00	-	-0.25	1.75	-0.25

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 28 Dec.	144,755	171	144,755	1.00	-	-	-	7
2012 4 Jan.	130,622	138	130,622	1.00	-	-	-	7
11	110,923	131	110,923	1.00	-	-	-	7
18	126,877	143	126,877	1.00	-	-	-	7
25	130,317	136	130,317	1.00	-	-	-	7
1 Feb.	115,579	135	115,579	1.00	-	-	-	7
8	109,462	135	109,462	1.00	-	-	-	7
15	142,751	160	142,751	1.00	-	-	-	7
22	166,490	169	166,490	1.00	-	-	-	7
29	29,469	83	29,469	1.00	-	-	-	7
7 Mar.	17,541	65	17,541	1.00	-	-	-	7
14	42,178	75	42,178	1.00	-	-	-	7
21	59,543	78	59,543	1.00	-	-	-	7
28	61,078	81	61,078	1.00	-	-	-	7
4 Apr.	62,625	80	62,625	1.00	-	-	-	7
	Longer-term refinancing operations							
2011 9 Nov.	55,547	47	55,547	1.25	-	-	-	35
1 Dec.	38,620	108	38,620	1.26	-	-	-	91
14	41,150	42	41,150	1.00	-	-	-	35
22 [5)]	29,741	72	29,741	.	-	-	-	98
22 [5) 6)]	489,191	523	489,191	.	-	-	-	1,134
2012 18 Jan.	38,734	44	38,734	1.00	-	-	-	28
26 [5)]	19,580	54	19,580	.	-	-	-	91
15 Feb.	14,325	18	14,325	1.00	-	-	-	28
1 Mar. [5)]	6,496	30	6,496	.	-	-	-	91
1 [5) 6)]	529,531	800	529,531	.	-	-	-	1,092
14	9,754	19	9,754	1.00	-	-	-	28
29	25,127	48	25,127	.	-	-	-	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 28 Dec.	Collection of fixed-term deposits	263,336	95	211,000	-	-	1.00	0.89	0.56	7
2012 4 Jan.	Collection of fixed-term deposits	336,926	134	211,500	-	-	1.00	0.44	0.36	7
11	Collection of fixed-term deposits	376,720	131	213,000	-	-	1.00	0.34	0.32	7
18	Collection of fixed-term deposits	377,640	118	217,000	-	-	1.00	0.31	0.29	7
25	Collection of fixed-term deposits	345,649	113	219,000	-	-	1.00	0.30	0.28	7
1 Feb.	Collection of fixed-term deposits	325,503	100	219,000	-	-	1.00	0.28	0.27	7
8	Collection of fixed-term deposits	344,328	97	219,000	-	-	1.00	0.28	0.27	7
15	Collection of fixed-term deposits	351,861	97	219,500	-	-	1.00	0.28	0.27	7
22	Collection of fixed-term deposits	372,243	91	219,500	-	-	1.00	0.27	0.27	7
29	Collection of fixed-term deposits	331,939	79	219,500	-	-	1.00	0.27	0.26	7
7 Mar.	Collection of fixed-term deposits	452,118	106	219,500	-	-	1.00	0.26	0.26	7
14	Collection of fixed-term deposits	437,434	91	218,000	-	-	1.00	0.26	0.26	7
21	Collection of fixed-term deposits	429,702	92	218,000	-	-	1.00	0.26	0.26	7
28	Collection of fixed-term deposits	322,943	82	213,500	-	-	1.00	0.26	0.26	7
4 Apr.	Collection of fixed-term deposits	415,044	78	213,500	-	-	1.00	0.26	0.26	7

Source: ECB.

1) The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
2) With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations.
3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October 2008, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. On 4 March 2010 the ECB decided to return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010 and settled on 29 April 2010.
4) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
5) 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.
6) After one year counterparties will have the option to repay any part of the liquidity that they have been allotted in this operation, on any day that coincides with the settlement day of a main refinancing operation.

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2007	17,394.7	9,438.8	815.0	2,143.1	1,364.0	3,633.9
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 Sep.	19,247.9	9,761.9	650.5	2,808.3	1,576.5	4,450.7
Oct.	19,126.2	9,718.9	657.4	2,788.5	1,562.7	4,398.7
Nov.	19,073.0	9,708.5	673.6	2,776.0	1,509.5	4,405.4
Dec.	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012 Jan.	19,111.6	9,901.2	684.7	2,784.2	1,343.8	4,397.7

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2011 8 Nov.	206.2	208.9	2.8	0.0	1.50
13 Dec.	207.7	212.2	4.5	0.0	1.25
2012 17 Jan.	207.0	212.3	5.3	0.0	1.00
14 Feb.	103.3	108.1	4.7	0.0	1.00
13 Mar.	104.3	108.9	4.6	0.0	1.00
10 Apr.	105.4	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2011 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
8 Nov.	612.1	196.1	387.1	2.8	231.9	204.6	178.0	861.4	57.9	-80.8	208.9	1,274.8
13 Dec.	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012 17 Jan.	683.9	169.4	627.3	6.0	278.6	399.3	210.8	883.7	67.7	-8.7	212.3	1,495.3
14 Feb.	698.3	120.6	683.6	2.3	282.4	489.0	218.5	870.1	100.1	1.6	108.1	1,467.1
13 Mar.	688.2	89.1	860.1	2.2	288.1	621.0	219.5	868.8	129.0	-19.4	108.9	1,598.6

Source: ECB.

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

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2010	3,212.4	1,551.0	18.6	0.9	1,531.5	574.4	463.8	9.4	101.2	-	18.1	684.1	8.5	376.3
2011	4,700.3	2,728.5	18.0	1.0	2,709.5	716.9	600.3	10.9	105.7	-	19.9	779.2	8.6	447.3
2011 Q3	3,928.6	2,043.3	18.0	1.0	2,024.4	659.9	544.3	10.9	104.7	-	17.9	767.4	8.7	431.3
Q4	4,700.3	2,728.5	18.0	1.0	2,709.5	716.9	600.3	10.9	105.7	-	19.9	779.2	8.6	447.3
2011 Nov.	4,329.7	2,383.6	18.0	1.0	2,364.7	691.8	576.5	10.9	104.3	-	18.4	784.5	8.8	442.7
Dec.	4,700.3	2,728.5	18.0	1.0	2,709.5	716.9	600.3	10.9	105.7	-	19.9	779.2	8.6	447.3
2012 Jan.	4,740.8	2,762.7	18.0	1.0	2,743.7	731.3	614.7	11.0	105.6	-	20.7	809.4	8.1	408.6
Feb. (p)	4,821.7	2,789.0	18.0	1.0	2,770.0	738.0	620.7	11.2	106.2	-	21.0	803.2	8.0	462.4
	MFIs excluding the Eurosystem													
2010	32,199.5	17,765.0	1,221.8	11,026.0	5,517.1	4,938.6	1,524.2	1,528.6	1,885.8	59.9	1,233.1	4,321.5	223.5	3,657.9
2011	33,542.8	18,488.0	1,160.0	11,162.1	6,166.0	4,766.9	1,397.5	1,517.9	1,851.5	50.2	1,213.5	4,252.7	233.2	4,538.2
2011 Q3	33,658.0	18,445.6	1,145.8	11,296.0	6,003.8	4,674.0	1,415.5	1,458.8	1,799.8	58.4	1,229.9	4,422.2	230.3	4,597.6
Q4	33,542.8	18,488.0	1,160.0	11,162.1	6,166.0	4,766.9	1,397.5	1,517.9	1,851.5	50.2	1,213.5	4,252.7	233.2	4,538.2
2011 Nov.	33,393.4	18,538.6	1,144.3	11,251.7	6,142.6	4,710.5	1,381.8	1,523.8	1,805.0	56.3	1,228.2	4,278.0	231.5	4,350.3
Dec.	33,542.8	18,488.0	1,160.0	11,162.1	6,166.0	4,766.9	1,397.5	1,517.9	1,851.5	50.2	1,213.5	4,252.7	233.2	4,538.2
2012 Jan.	33,722.7	18,508.6	1,156.3	11,195.0	6,157.3	4,839.8	1,448.2	1,521.4	1,870.2	51.7	1,231.7	4,232.7	231.0	4,627.3
Feb. (p)	33,721.8	18,483.3	1,140.5	11,164.3	6,178.6	4,928.4	1,496.7	1,528.4	1,903.3	55.8	1,225.3	4,210.8	224.9	4,593.2

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2010	3,212.4	863.7	1,394.8	68.0	8.7	1,318.1	-	0.0	428.5	153.8	371.7
2011	4,700.3	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	287.7	408.7
2011 Q3	3,928.6	882.1	1,984.0	50.1	6.6	1,927.3	-	0.0	475.8	189.4	397.3
Q4	4,700.3	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	287.7	408.7
2011 Nov.	4,329.7	892.7	2,367.8	60.9	12.0	2,294.9	-	0.0	489.4	178.2	401.8
Dec.	4,700.3	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	287.7	408.7
2012 Jan.	4,740.8	893.6	2,666.9	108.7	9.8	2,548.4	-	0.0	521.5	243.3	415.5
Feb. (p)	4,821.7	892.1	2,752.7	135.6	12.4	2,604.6	-	0.0	526.3	241.2	409.3
	MFIs excluding the Eurosystem										
2010	32,199.5	-	16,497.6	196.2	10,526.4	5,774.9	612.3	4,847.4	2,045.5	4,218.2	3,978.5
2011	33,542.8	-	17,267.2	195.5	10,752.4	6,319.3	570.5	5,008.1	2,233.8	3,803.1	4,660.1
2011 Q3	33,658.0	-	17,079.3	211.4	10,783.5	6,084.4	607.5	4,955.3	2,203.5	4,027.3	4,785.0
Q4	33,542.8	-	17,267.2	195.5	10,752.4	6,319.3	570.5	5,008.1	2,233.8	3,803.1	4,660.1
2011 Nov.	33,393.4	-	17,113.4	203.8	10,726.0	6,183.6	603.2	4,943.7	2,204.2	3,970.2	4,558.8
Dec.	33,542.8	-	17,267.2	195.5	10,752.4	6,319.3	570.5	5,008.1	2,233.8	3,803.1	4,660.1
2012 Jan.	33,722.7	-	17,257.8	210.5	10,764.2	6,283.1	547.6	5,015.9	2,257.9	3,859.2	4,784.4
Feb. (p)	33,721.8	-	17,287.9	206.8	10,776.4	6,304.8	530.5	5,041.4	2,265.4	3,839.1	4,757.4

Source: ECB.

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

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2]
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010	25,809.9	12,267.4	1,240.4	11,027.0	3,526.1	1,988.0	1,538.1	799.9	5,005.6	232.0	3,979.1
2011	26,809.8	12,341.0	1,178.0	11,163.1	3,526.5	1,997.8	1,528.7	739.1	5,032.0	241.8	4,929.4
2011 Q3	27,049.2	12,460.8	1,163.8	11,296.9	3,429.4	1,959.8	1,469.6	752.4	5,189.5	239.0	4,978.0
Q4	26,809.8	12,341.0	1,178.0	11,163.1	3,526.5	1,997.8	1,528.7	739.1	5,032.0	241.8	4,929.4
2011 Nov.	26,706.3	12,415.0	1,162.3	11,252.7	3,493.0	1,958.3	1,534.7	753.9	5,062.5	240.2	4,741.7
Dec.	26,809.8	12,341.0	1,178.0	11,163.1	3,526.5	1,997.8	1,528.7	739.1	5,032.0	241.8	4,929.4
2012 Jan.	26,979.6	12,370.3	1,174.3	11,196.0	3,595.3	2,062.9	1,532.4	747.6	5,042.1	239.1	4,985.2
Feb. [p]	26,979.0	12,323.7	1,158.5	11,165.2	3,656.9	2,117.4	1,539.6	745.4	5,014.0	233.0	5,006.0
	Transactions										
2010	596.3	412.8	206.3	206.5	142.3	144.8	-2.5	5.7	-112.3	2.4	145.3
2011	1,014.7	48.6	-58.8	107.4	143.8	162.9	-19.1	-33.0	-32.4	8.1	879.1
2011 Q3	1,382.0	46.0	-6.9	52.9	30.5	36.9	-6.4	-23.2	22.4	1.6	1,304.6
Q4	-253.4	-103.4	13.5	-116.9	95.5	56.6	38.9	-14.3	-174.0	3.8	-61.4
2011 Nov.	-72.4	-20.5	-1.3	-19.2	43.7	40.0	3.7	5.5	-64.0	0.6	-37.7
Dec.	71.2	-82.9	15.1	-98.0	11.3	17.3	-6.0	-15.0	-20.2	2.6	174.9
2012 Jan.	237.6	37.2	-3.0	40.2	72.6	64.0	8.6	9.1	19.2	-3.7	103.3
Feb. [p]	56.4	-36.2	-16.2	-20.0	55.0	48.5	6.5	-1.1	21.6	-5.4	22.6

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities [2]	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	25,809.9	808.6	264.2	10,535.1	552.4	2,860.4	2,022.6	4,372.0	4,350.2	44.4
2011	26,809.8	857.5	259.3	10,764.5	520.3	3,050.8	2,220.8	4,090.8	5,068.8	-23.0
2011 Q3	27,049.2	831.2	261.5	10,790.1	549.0	3,050.8	2,183.9	4,216.8	5,182.4	-16.5
Q4	26,809.8	857.5	259.3	10,764.5	520.3	3,050.8	2,220.8	4,090.8	5,068.8	-23.0
2011 Nov.	26,706.3	841.4	264.6	10,738.0	546.9	3,034.3	2,200.9	4,148.3	4,960.6	-28.8
Dec.	26,809.8	857.5	259.3	10,764.5	520.3	3,050.8	2,220.8	4,090.8	5,068.8	-23.0
2012 Jan.	26,979.6	843.0	319.2	10,774.0	495.9	3,040.1	2,274.6	4,102.6	5,199.8	-69.5
Feb. [p]	26,979.0	842.5	342.4	10,788.8	474.7	3,031.9	2,290.8	4,080.3	5,166.7	-39.2
	Transactions									
2010	596.3	38.6	11.8	331.6	-98.2	41.6	99.8	-25.5	145.9	50.7
2011	1,014.7	49.1	-0.8	174.3	-26.6	57.2	135.3	-196.9	891.8	-68.7
2011 Q3	1,382.0	11.5	-77.5	104.7	6.3	-16.4	49.7	-11.0	1,339.7	-24.9
Q4	-253.4	26.4	-2.2	-32.3	-6.6	-41.3	46.1	-112.5	-104.4	-26.6
2011 Nov.	-72.4	3.9	2.7	-45.9	6.5	-8.8	18.3	-39.1	-19.9	10.1
Dec.	71.2	16.2	-5.4	21.5	-4.7	-14.6	23.8	-34.3	94.2	-25.5
2012 Jan.	237.6	-14.4	59.9	12.3	7.9	-15.2	7.8	57.3	133.6	-11.7
Feb. [p]	56.4	-0.4	23.2	20.2	0.3	5.9	2.0	1.1	-25.0	29.1

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.

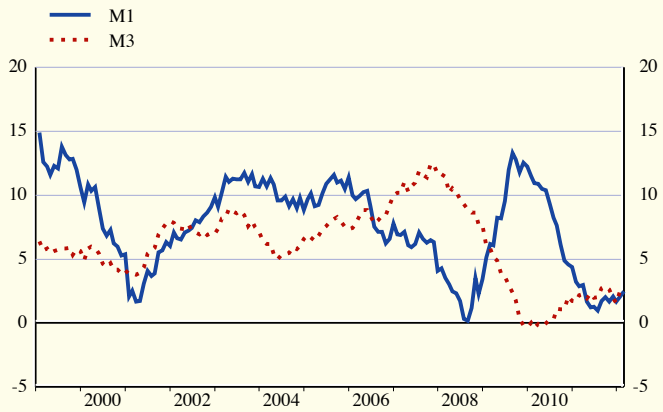
2.3 Monetary statistics [1]

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

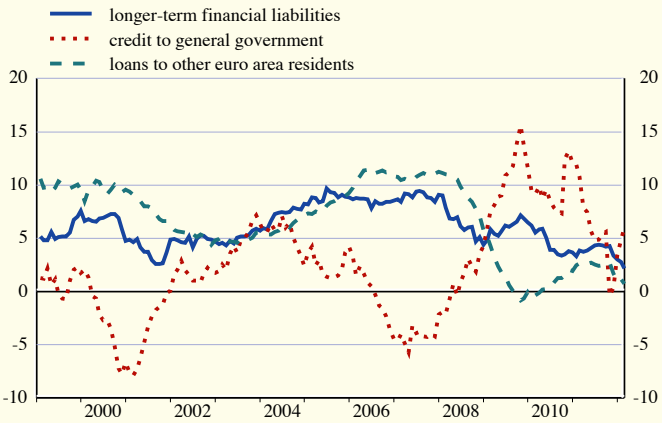
1. Monetary aggregates [2] and counterparts

	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											
2010	4,702.1	3,707.3	8,409.4	1,130.8	9,540.2	-	7,314.0	3,255.8	13,384.3	11,048.7	-	619.5
2011	4,786.2	3,804.7	8,590.9	1,150.0	9,740.9	-	7,727.2	3,202.8	13,451.2	11,185.6	-	926.9
2011 Q3	4,780.5	3,811.6	8,592.1	1,233.0	9,825.1	-	7,710.6	3,134.5	13,511.9	11,267.9	-	952.1
Q4	4,786.2	3,804.7	8,590.9	1,150.0	9,740.9	-	7,727.2	3,202.8	13,451.2	11,185.6	-	926.9
2011 Nov.	4,785.2	3,806.7	8,591.8	1,183.7	9,775.6	-	7,722.8	3,125.3	13,531.3	11,250.5	-	911.6
Dec.	4,786.2	3,804.7	8,590.9	1,150.0	9,740.9	-	7,727.2	3,202.8	13,451.2	11,185.6	-	926.9
2012 Jan.	4,790.3	3,837.1	8,627.4	1,137.3	9,764.7	-	7,783.3	3,238.7	13,485.5	11,214.5	-	937.4
Feb. (p)	4,815.0	3,869.4	8,684.5	1,129.2	9,813.7	-	7,770.6	3,274.2	13,475.2	11,192.8	-	928.1
	Transactions											
2010	195.9	-10.0	185.9	-23.8	162.1	-	252.6	351.4	210.1	207.7	264.6	-86.2
2011	77.9	76.4	154.2	-4.2	150.0	-	218.1	102.8	56.2	108.3	134.2	164.4
2011 Q3	58.0	26.7	84.7	68.4	153.1	-	77.9	69.7	43.5	57.3	69.1	24.6
Q4	4.2	-12.3	-8.1	-71.8	-79.9	-	-4.3	86.1	-65.2	-65.4	-29.1	-55.0
2011 Nov.	10.2	-2.4	7.8	-22.6	-14.8	-	-15.6	35.4	-33.5	-15.8	-13.1	-17.9
Dec.	-2.9	-4.9	-7.7	-22.8	-30.6	-	-9.8	54.4	-88.7	-73.2	-68.7	2.4
2012 Jan.	5.8	33.1	38.9	10.3	49.2	-	16.3	35.3	47.1	36.1	41.1	-26.0
Feb. (p)	27.2	33.2	60.4	13.7	74.1	-	-10.9	29.1	0.8	-11.0	-8.3	17.1
	Growth rates											
2010	4.4	-0.3	2.3	-2.1	1.7	1.8	3.6	12.1	1.6	1.9	2.4	-86.2
2011	1.7	2.1	1.8	-0.5	1.6	2.0	3.0	3.4	0.4	1.0	1.2	164.4
2011 Q3	2.0	3.0	2.5	5.8	2.9	2.8	4.2	5.6	1.5	2.5	2.7	199.1
Q4	1.7	2.1	1.8	-0.5	1.6	2.0	3.0	3.4	0.4	1.0	1.2	164.4
2011 Nov.	2.1	2.1	2.1	0.8	1.9	2.0	3.4	0.3	0.9	1.7	1.9	201.3
Dec.	1.7	2.1	1.8	-0.5	1.6	2.0	3.0	3.4	0.4	1.0	1.2	164.4
2012 Jan.	2.1	2.6	2.3	4.4	2.5	2.3	2.8	4.9	0.6	1.1	1.5	113.0
Feb. (p)	2.5	3.1	2.8	3.1	2.8	.	2.2	6.0	0.3	0.7	1.1	113.3

C1 Monetary aggregates [1]
(annual growth rates; seasonally adjusted)



C2 Counterparts [1]
(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

3) 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)]

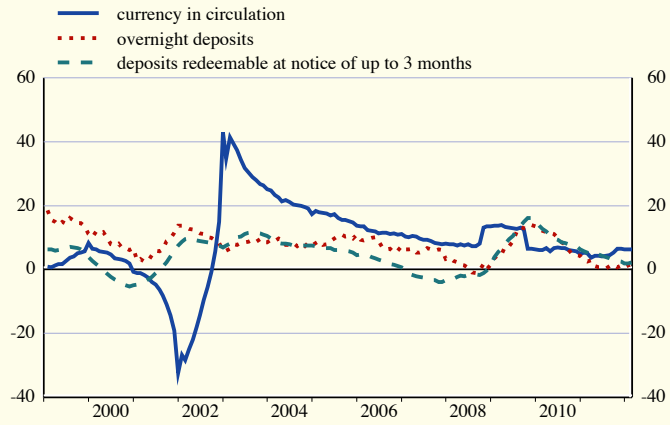
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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										
2010	794.0	3,908.2	1,794.7	1,912.6	438.6	568.7	123.4	2,756.4	118.9	2,432.1	2,006.6
2011	843.2	3,942.9	1,846.3	1,958.4	407.6	535.4	207.0	2,865.2	115.4	2,544.1	2,202.3
2011 Q3	832.0	3,948.5	1,854.4	1,957.2	509.3	552.0	171.6	2,874.7	119.4	2,531.6	2,184.9
Q4	843.2	3,942.9	1,846.3	1,958.4	407.6	535.4	207.0	2,865.2	115.4	2,544.1	2,202.3
2011 Nov.	844.5	3,940.6	1,833.7	1,972.9	462.8	547.0	173.9	2,866.3	116.2	2,547.0	2,193.2
Dec.	843.2	3,942.9	1,846.3	1,958.4	407.6	535.4	207.0	2,865.2	115.4	2,544.1	2,202.3
2012 Jan.	849.9	3,940.5	1,877.8	1,959.3	431.7	499.6	206.0	2,851.9	114.4	2,549.6	2,267.4
Feb. [p]	852.6	3,962.4	1,900.9	1,968.6	436.7	473.1	219.5	2,817.6	113.9	2,551.2	2,287.8
	Transactions										
2010	36.5	159.5	-122.1	112.1	96.4	-101.3	-18.9	62.3	-14.1	107.9	96.5
2011	49.4	28.4	39.8	36.6	-10.0	-27.4	33.2	26.0	-2.4	61.9	132.7
2011 Q3	16.1	42.0	9.5	17.2	72.8	5.6	-10.0	-2.1	-0.1	25.7	54.4
Q4	11.2	-7.0	-9.0	-3.3	-99.4	6.2	21.5	-37.1	-3.0	9.1	26.6
2011 Nov.	4.0	6.2	-9.0	6.6	-24.5	0.4	1.5	-3.3	-1.7	-19.9	9.1
Dec.	-1.3	-1.6	9.8	-14.6	-52.9	10.9	19.1	-18.3	-0.8	-3.8	12.9
2012 Jan.	6.8	-1.1	31.9	1.3	24.0	-3.3	-10.4	-8.4	-0.9	6.4	19.2
Feb. [p]	2.8	24.4	22.9	10.3	5.3	-5.1	13.4	-20.1	-1.5	4.4	6.3
	Growth rates										
2010	4.8	4.3	-6.4	6.2	28.3	-15.1	-13.8	2.3	-10.6	4.7	5.2
2011	6.2	0.7	2.2	1.9	-2.3	-4.7	24.1	1.0	-2.1	2.5	6.5
2011 Q3	5.3	1.4	3.1	3.0	31.2	-9.5	2.8	3.6	-2.4	3.1	6.8
Q4	6.2	0.7	2.2	1.9	-2.3	-4.7	24.1	1.0	-2.1	2.5	6.5
2011 Nov.	6.4	1.2	1.6	2.5	12.5	-9.4	12.6	2.1	-1.9	2.8	6.1
Dec.	6.2	0.7	2.2	1.9	-2.3	-4.7	24.1	1.0	-2.1	2.5	6.5
2012 Jan.	6.2	1.2	3.3	1.9	11.5	-2.3	11.7	-0.1	-2.9	2.5	7.2
Feb. [p]	6.2	1.7	4.0	2.3	4.2	-2.7	21.3	-1.1	-4.4	2.6	6.5

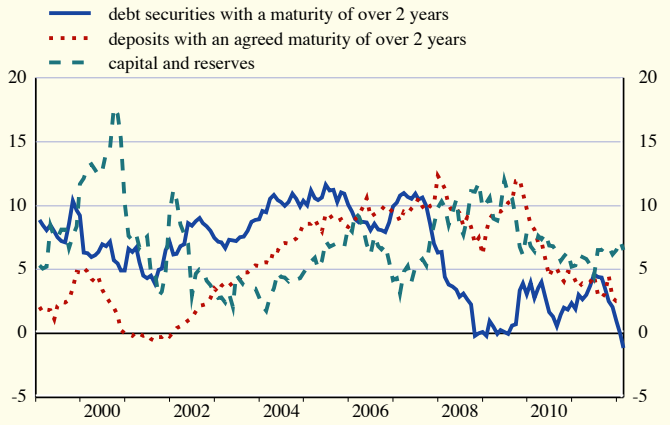
C3 Components of monetary aggregates [1)]

(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.

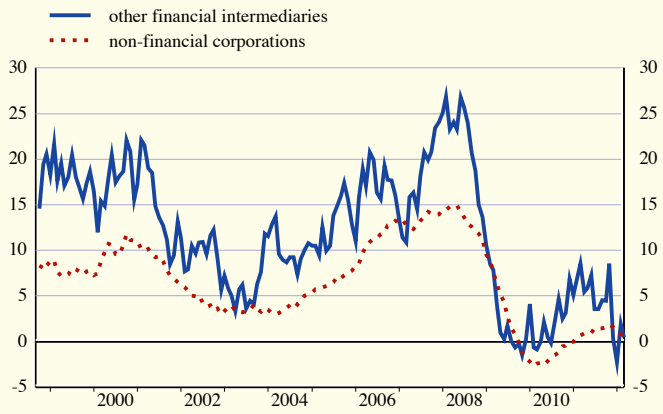
2.4 MFI loans: breakdown [1), 2)]

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

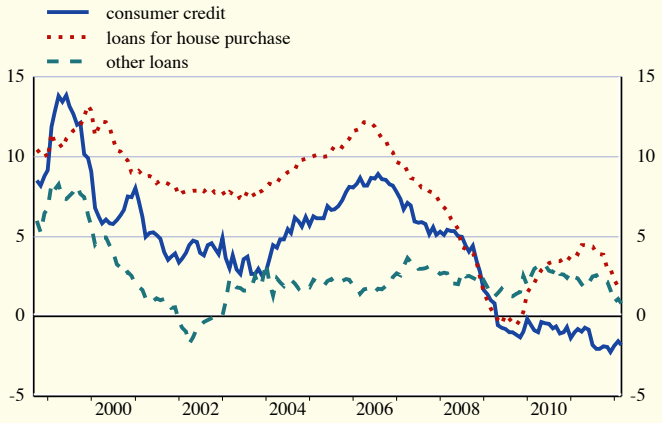
1. Loans to financial intermediaries, non-financial corporations and households

	Insurance corporations and pension funds	Other financial inter-mediaries	Non-financial corporations					Households [3)]				
	Total	Total	Total		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total		Consumer credit	Loans for house purchase	Other loans
				Loans adjusted for sales and securitisation [4)]					Loans adjusted for sales and securitisation [4)]			
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2010	93.7	1,128.5	4,668.5	-	1,127.6	899.0	2,641.9	5,158.0	-	638.5	3,700.6	819.0
2011	91.1	1,139.0	4,723.0	-	1,147.1	860.8	2,715.1	5,232.5	-	626.2	3,777.5	828.8
2011 Q3	95.6	1,145.0	4,758.2	-	1,177.2	870.2	2,710.8	5,269.2	-	627.9	3,805.9	835.4
Q4	91.1	1,139.0	4,723.0	-	1,147.1	860.8	2,715.1	5,232.5	-	626.2	3,777.5	828.8
2011 Nov.	92.2	1,165.8	4,754.5	-	1,175.0	864.6	2,714.8	5,238.0	-	626.5	3,776.4	835.2
Dec.	91.1	1,139.0	4,723.0	-	1,147.1	860.8	2,715.1	5,232.5	-	626.2	3,777.5	828.8
2012 Jan.	87.7	1,168.2	4,718.6	-	1,146.5	853.6	2,718.6	5,239.9	-	626.8	3,781.9	831.3
Feb. [p)]	84.2	1,161.8	4,709.9	-	1,142.3	849.6	2,718.0	5,236.9	-	624.2	3,783.0	829.7
	Transactions											
2010	6.3	56.3	-1.9	45.9	-37.5	-26.3	61.9	146.9	155.5	-8.5	133.7	21.7
2011	1.4	-25.4	52.1	57.4	22.4	-27.3	57.0	80.2	100.8	-11.6	84.5	7.2
2011 Q3	6.5	26.5	19.8	20.7	-0.5	-1.0	21.4	4.5	16.0	-3.2	6.0	1.8
Q4	-4.5	-11.5	-32.2	-30.2	-26.5	-8.4	2.7	-17.2	17.4	-1.2	-11.9	-4.1
2011 Nov.	-1.0	-16.3	-5.2	-4.8	-4.2	-3.4	2.4	6.7	9.3	-0.3	6.3	0.7
Dec.	-1.1	-34.8	-31.9	-32.0	-25.2	-4.3	-2.4	-5.4	-1.0	0.1	0.1	-5.6
2012 Jan.	-3.2	30.0	0.5	0.8	0.8	-6.5	6.2	8.8	13.4	1.5	4.3	2.9
Feb. [p)]	-3.5	-4.5	-2.5	-1.0	-2.4	-2.0	1.9	-0.4	0.8	-1.9	2.2	-0.7
	Growth rates											
2010	7.2	5.1	0.0	1.0	-3.2	-2.8	2.4	2.9	3.1	-1.3	3.8	2.8
2011	1.6	-2.2	1.1	1.2	2.0	-3.1	2.2	1.6	1.9	-1.8	2.3	0.9
2011 Q3	9.9	4.5	1.6	2.2	4.0	-3.7	2.4	2.9	2.6	-1.9	3.9	2.3
Q4	1.6	-2.2	1.1	1.2	2.0	-3.1	2.2	1.6	1.9	-1.8	2.3	0.9
2011 Nov.	1.2	0.4	1.5	1.8	3.7	-3.2	2.2	2.1	2.3	-2.2	3.0	1.6
Dec.	1.6	-2.2	1.1	1.2	2.0	-3.1	2.2	1.6	1.9	-1.8	2.3	0.9
2012 Jan.	-1.3	2.0	0.7	0.9	0.7	-3.6	2.2	1.3	2.0	-1.6	1.8	1.1
Feb. [p)]	-8.3	0.6	0.4	0.6	0.1	-3.9	2.0	1.2	1.8	-1.8	1.8	0.8

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												
2011	83.4	63.7	6.3	13.4	1,115.2	155.6	579.4	213.5	322.4	4,720.8	1,139.3	860.8	2,720.7
2011 Q3	98.3	78.8	5.2	14.2	1,168.0	178.2	631.3	207.4	329.3	4,754.8	1,176.3	870.8	2,707.7
Q4	83.4	63.7	6.3	13.4	1,115.2	155.6	579.4	213.5	322.4	4,720.8	1,139.3	860.8	2,720.7
2011 Dec.	83.4	63.7	6.3	13.4	1,115.2	155.6	579.4	213.5	322.4	4,720.8	1,139.3	860.8	2,720.7
2012 Jan.	84.5	65.1	6.1	13.3	1,151.5	178.3	603.8	223.1	324.6	4,722.4	1,150.2	851.7	2,720.6
Feb. (p)	82.8	63.4	6.1	13.2	1,142.2	182.7	593.7	222.8	325.6	4,710.9	1,143.9	848.9	2,718.1
	Transactions												
2011	1.9	2.8	1.1	-2.0	-26.2	12.8	-21.9	-10.3	6.0	50.9	21.5	-27.3	56.7
2011 Q3	7.6	7.5	0.0	0.0	31.1	25.2	26.7	1.0	3.3	9.9	-11.6	0.2	21.3
Q4	-15.0	-15.2	1.0	-0.8	-58.3	-22.6	-57.1	4.5	-5.7	-31.2	-33.4	-9.1	11.3
2011 Dec.	-9.5	-10.2	1.0	-0.3	-50.8	-31.2	-49.6	-1.7	0.6	-37.6	-35.1	-4.6	2.2
2012 Jan.	1.3	1.4	-0.2	0.0	37.2	22.7	25.6	9.7	1.8	6.6	12.3	-8.4	2.7
Feb. (p)	-1.7	-1.6	0.0	-0.1	-7.6	4.4	-9.2	0.0	1.7	-5.3	-4.5	-0.7	-0.1
	Growth rates												
2011	2.1	3.9	21.7	-13.3	-2.3	8.9	-3.6	-4.9	1.9	1.1	1.9	-3.1	2.1
2011 Q3	10.2	15.6	-7.0	-8.1	4.5	20.2	6.4	-4.5	7.1	1.6	4.1	-3.7	2.3
Q4	2.1	3.9	21.7	-13.3	-2.3	8.9	-3.6	-4.9	1.9	1.1	1.9	-3.1	2.1
2011 Dec.	2.1	3.9	21.7	-13.3	-2.3	8.9	-3.6	-4.9	1.9	1.1	1.9	-3.1	2.1
2012 Jan.	-1.7	-0.8	20.1	-13.5	1.9	25.2	1.1	3.3	2.5	0.7	0.8	-3.6	2.2
Feb. (p)	-8.2	-8.5	12.3	-14.2	0.5	15.1	-1.8	2.9	3.1	0.4	0.2	-3.9	2.0

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													
2011	5,242.7	628.4	140.9	183.8	303.7	3,784.3	14.5	56.6	3,713.2	830.1	419.7	142.8	87.5	599.8
2011 Q3	5,274.8	629.6	138.5	186.3	304.8	3,809.8	14.5	56.6	3,738.8	835.4	409.7	147.5	87.9	600.1
Q4	5,242.7	628.4	140.9	183.8	303.7	3,784.3	14.5	56.6	3,713.2	830.1	419.7	142.8	87.5	599.8
2011 Dec.	5,242.7	628.4	140.9	183.8	303.7	3,784.3	14.5	56.6	3,713.2	830.1	419.7	142.8	87.5	599.8
2012 Jan.	5,236.6	624.4	140.1	182.4	301.8	3,782.2	14.2	56.7	3,711.4	830.0	418.6	143.2	87.3	599.5
Feb. (p)	5,228.4	619.4	137.7	180.9	300.8	3,780.8	14.0	56.6	3,710.3	828.2	418.2	143.2	86.2	598.8
	Transactions													
2011	80.7	-11.6	-3.7	-6.4	-1.6	85.1	-0.2	2.7	82.6	7.3	8.8	-6.4	-2.5	16.2
2011 Q3	4.4	-4.6	-2.4	-0.8	-1.4	13.1	-0.2	1.1	12.1	-4.1	-1.3	-5.8	-0.8	2.6
Q4	-12.5	-0.7	2.1	-2.0	-0.8	-9.0	0.3	0.4	-9.7	-2.9	10.1	-4.8	-0.1	2.1
2011 Dec.	-0.2	1.8	3.2	-0.8	-0.5	6.0	0.4	-0.1	5.6	-7.9	9.9	-7.8	0.3	-0.4
2012 Jan.	-4.8	-3.1	-0.8	-0.7	-1.7	-2.1	-0.3	0.0	-1.9	0.4	-0.9	0.6	-0.1	0.0
Feb. (p)	-5.6	-4.4	-2.3	-1.4	-0.7	-0.3	-0.2	0.0	0.0	-0.9	-0.3	0.1	-0.9	-0.2
	Growth rates													
2011	1.6	-1.8	-2.5	-3.4	-0.5	2.3	-1.7	5.0	2.3	0.9	2.1	-4.3	-2.9	2.8
2011 Q3	2.9	-1.9	-2.1	-3.6	-0.8	3.9	-3.2	0.5	3.9	2.3	0.0	-0.1	-3.7	3.8
Q4	1.6	-1.8	-2.5	-3.4	-0.5	2.3	-1.7	5.0	2.3	0.9	2.1	-4.3	-2.9	2.8
2011 Dec.	1.6	-1.8	-2.5	-3.4	-0.5	2.3	-1.7	5.0	2.3	0.9	2.1	-4.3	-2.9	2.8
2012 Jan.	1.3	-1.6	-1.3	-2.9	-0.9	1.9	-1.1	5.4	1.8	1.1	2.4	-3.1	-2.2	2.6
Feb. (p)	1.2	-1.8	-1.6	-3.2	-1.1	1.8	0.1	4.8	1.7	0.8	2.1	-2.8	-2.7	2.2

Source: ECB.

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

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

3) Including non-profit institutions serving households.

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

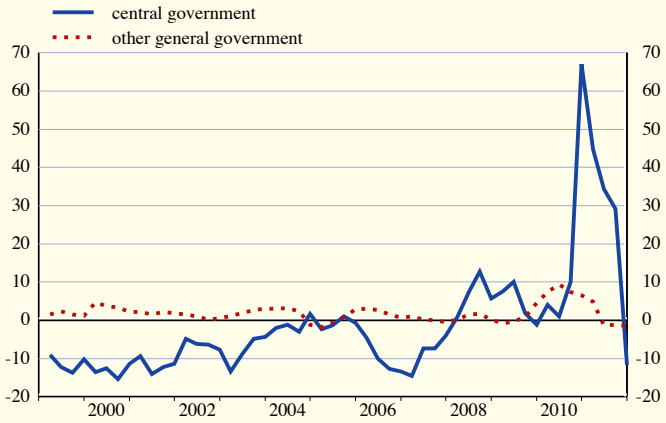
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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)	1,160.0	348.1	221.9	567.7	21.8	3,020.5	2,022.2	998.4	62.6	935.8
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	1,152.7	346.4	223.4	555.9	27.0	3,006.5	2,012.0	994.5	60.1	934.4
Q3	1,145.8	343.5	224.0	553.7	24.7	3,155.7	2,133.1	1,022.7	62.7	960.0
Q4 (p)	1,160.0	348.1	221.9	567.7	21.8	3,020.5	2,022.2	998.4	62.6	935.8
	Transactions									
2010	207.2	156.3	14.9	24.1	11.9	6.3	8.3	-2.3	0.6	-3.0
2011 (p)	-58.2	-46.3	-0.1	11.1	-23.4	15.8	-26.4	42.2	13.1	29.0
2011 Q1	-28.2	-34.3	4.4	4.9	-3.2	56.3	0.2	56.1	6.9	49.1
Q2	-36.5	-13.0	-6.5	-2.1	-14.9	44.5	21.8	22.7	6.1	16.6
Q3	-7.1	-3.3	0.6	-2.0	-2.4	66.1	59.6	6.3	1.4	5.0
Q4 (p)	13.5	4.3	1.4	10.3	-3.0	-151.1	-108.0	-42.9	-1.3	-41.6
	Growth rates									
2010	20.6	67.1	7.1	4.6	35.1	0.6	0.5	-0.1	0.8	-0.2
2011 (p)	-4.8	-11.7	-0.1	2.0	-51.9	0.7	-1.2	4.5	27.0	3.2
2011 Q1	14.3	44.7	9.6	3.4	0.6	0.6	-0.7	2.3	16.3	1.5
Q2	7.1	34.4	-1.1	1.4	-38.6	2.6	0.5	6.6	30.4	5.4
Q3	6.2	29.1	0.0	1.8	-43.3	5.2	4.0	7.4	24.6	6.4
Q4 (p)	-4.8	-11.7	-0.1	2.0	-51.9	0.7	-1.2	4.5	27.0	3.2

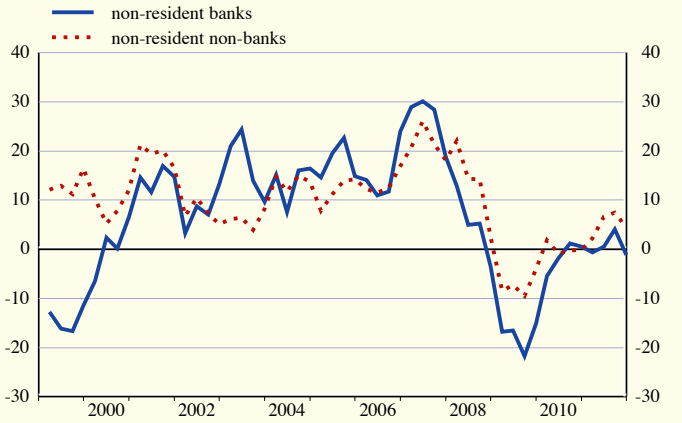
C7 Loans to government [2)]

(annual growth rates; not seasonally adjusted)



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

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

3) The term "banks" is used in this table to indicate institutions similar to MFIs which are resident outside the euro area.

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

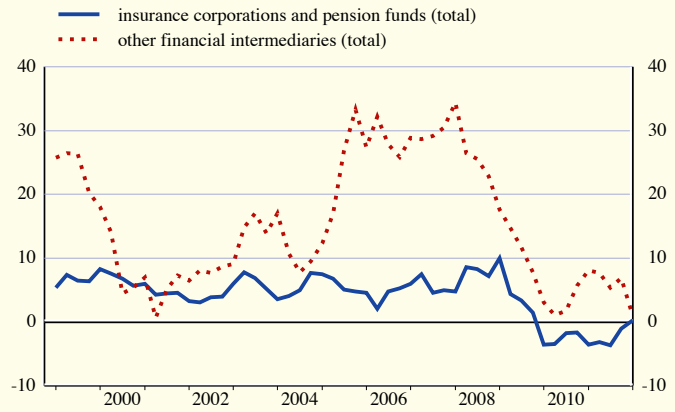
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2010	716.9	84.6	79.3	528.3	2.6	0.3	21.9	2,168.3	358.5	305.7	1,132.6	10.7	0.5	360.3	255.0
2011	704.3	92.1	79.9	512.7	4.0	0.2	15.5	2,220.5	389.8	284.9	1,190.8	14.7	0.5	339.8	259.8
2011 Q3	718.0	88.4	85.0	520.2	3.6	0.2	20.6	2,313.1	382.6	308.8	1,167.4	11.4	0.5	442.4	339.4
Q4	704.3	92.1	79.9	512.7	4.0	0.2	15.5	2,220.5	389.8	284.9	1,190.8	14.7	0.5	339.8	259.8
2011 Nov.	707.3	88.4	79.7	517.9	4.2	0.2	16.9	2,282.1	395.6	287.9	1,182.3	19.1	0.4	396.7	304.0
Dec.	704.3	92.1	79.9	512.7	4.0	0.2	15.5	2,220.5	389.8	284.9	1,190.8	14.7	0.5	339.8	259.8
2012 Jan.	720.3	109.0	83.4	510.0	4.0	0.2	13.7	2,249.3	415.6	271.6	1,188.8	12.7	0.3	360.4	270.6
Feb. (p)	721.2	106.7	87.1	506.9	4.2	0.2	16.1	2,250.4	407.9	277.8	1,175.8	14.1	0.3	374.6	286.2
	Transactions														
2010	-26.5	-3.3	-8.4	-16.6	0.2	0.0	1.6	156.9	45.1	-37.6	52.8	-8.0	0.4	104.2	-
2011	2.2	11.7	4.2	-13.9	1.1	-0.1	-0.9	19.5	28.8	-29.1	16.4	3.9	0.1	-0.5	5.3
2011 Q3	13.9	3.3	12.8	-3.9	0.4	0.0	1.3	89.9	10.3	8.6	7.3	-1.1	0.2	64.7	49.3
Q4	-8.2	3.6	-5.2	-6.1	0.1	0.0	-0.7	-100.1	4.5	-24.7	19.0	3.3	0.1	-102.3	-79.8
2011 Nov.	-12.0	-4.8	-5.6	-2.4	0.2	0.0	0.6	-25.6	12.0	-9.1	-8.7	8.2	0.0	-28.0	-21.8
Dec.	-2.0	3.5	0.1	-3.8	-0.2	0.0	-1.4	-64.2	-8.1	-4.2	6.3	-4.4	0.1	-53.9	-44.3
2012 Jan.	16.1	17.0	3.5	-2.7	0.1	0.0	-1.8	30.4	26.1	-13.0	-1.2	-2.0	-0.2	20.7	10.4
Feb. (p)	1.8	-2.1	3.8	-2.4	0.1	0.0	2.4	2.9	-6.9	6.4	-12.3	1.4	0.0	14.4	15.6
	Growth rates														
2010	-3.6	-3.4	-9.6	-3.0	9.7	-	7.8	8.1	14.4	-11.1	4.9	-48.5	-	41.1	-
2011	0.3	14.4	5.6	-2.6	43.3	-	-5.2	0.9	8.0	-9.3	1.4	36.1	-	-0.2	2.0
2011 Q3	-1.0	4.3	-0.6	-2.3	28.7	-	8.1	6.9	1.5	-0.2	2.6	2.8	-	33.8	47.7
Q4	0.3	14.4	5.6	-2.6	43.3	-	-5.2	0.9	8.0	-9.3	1.4	36.1	-	-0.2	2.0
2011 Nov.	0.3	4.6	4.8	-1.8	45.2	-	13.1	2.3	3.7	-11.1	1.6	79.6	-	13.1	17.2
Dec.	0.3	14.4	5.6	-2.6	43.3	-	-5.2	0.9	8.0	-9.3	1.4	36.1	-	-0.2	2.0
2012 Jan.	0.7	17.6	9.5	-3.1	39.2	-	-18.3	3.6	8.6	-10.9	1.9	16.7	-	16.6	23.7
Feb. (p)	2.2	25.4	14.8	-3.6	38.3	-	4.2	2.5	7.8	-9.8	2.1	26.8	-	8.0	13.5

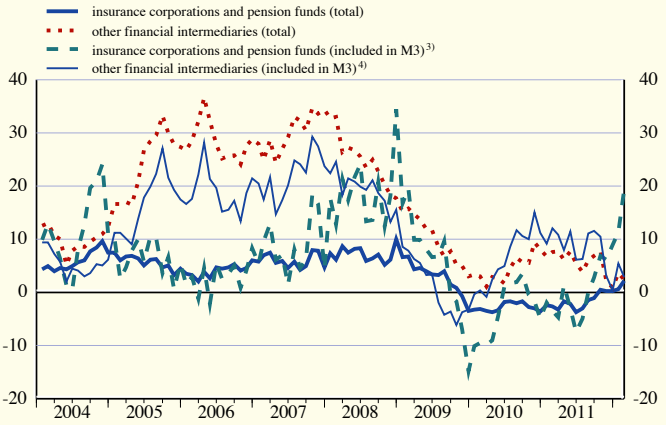
C9 Total deposits by sector [2)]

(annual growth rates)



C10 Total deposits and deposits included in M3 by sector [2)]

(annual growth rates)



Source: ECB.

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

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

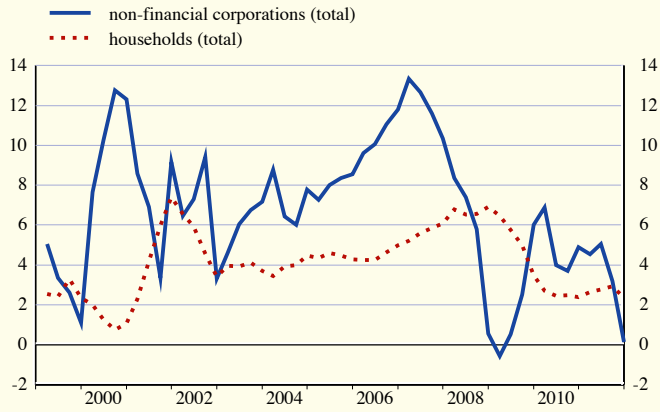
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2010	1,670.7	1,036.4	455.5	87.2	75.8	1.5	14.2	5,739.1	2,244.5	901.0	665.0	1,788.5	110.3	29.8
2011	1,686.0	1,044.2	453.6	97.6	72.3	2.0	16.3	5,894.4	2,256.0	948.2	723.8	1,837.0	106.7	22.7
2011 Q3	1,663.6	999.2	471.0	96.7	76.5	1.7	18.5	5,835.4	2,240.9	921.9	709.8	1,820.0	109.0	33.9
Q4	1,686.0	1,044.2	453.6	97.6	72.3	2.0	16.3	5,894.4	2,256.0	948.2	723.8	1,837.0	106.7	22.7
2011 Nov.	1,654.1	999.9	459.7	97.6	75.2	2.0	19.6	5,825.2	2,222.9	934.7	712.9	1,816.6	107.2	31.0
Dec.	1,686.0	1,044.2	453.6	97.6	72.3	2.0	16.3	5,894.4	2,256.0	948.2	723.8	1,837.0	106.7	22.7
2012 Jan.	1,637.1	993.9	452.5	98.6	75.1	2.0	15.0	5,903.4	2,228.9	966.8	726.9	1,852.6	105.9	22.4
Feb. (p)	1,629.5	987.1	451.9	100.3	74.1	2.1	14.0	5,918.9	2,218.0	981.8	734.4	1,858.3	105.6	20.7
	Transactions													
2010	78.1	40.3	23.2	9.0	7.8	-0.2	-2.1	132.9	81.7	-98.9	58.7	113.6	-14.6	-7.5
2011	2.5	3.7	-2.6	8.7	-7.3	0.5	-0.5	134.7	7.7	42.5	50.6	43.5	-2.6	-7.0
2011 Q3	2.9	-17.4	17.1	1.8	-0.9	-0.4	2.6	4.6	-18.9	15.6	3.7	4.2	-0.4	0.4
Q4	21.7	46.6	-17.1	0.7	-6.5	0.3	-2.4	57.0	14.8	25.9	13.8	15.1	-1.3	-11.2
2011 Nov.	-11.2	2.5	-12.1	0.1	-1.6	0.0	0.0	-10.0	-12.0	8.8	0.7	-5.5	-0.7	-1.4
Dec.	30.1	43.5	-7.0	0.0	-2.9	0.0	-3.5	67.9	32.5	12.9	10.9	20.4	-0.5	-8.3
2012 Jan.	-48.4	-49.6	-0.8	0.9	2.3	0.0	-1.2	9.6	-26.8	18.3	3.1	15.9	-0.7	-0.3
Feb. (p)	-6.2	-5.8	-1.6	3.0	-1.0	0.1	-1.0	16.3	-10.4	15.4	7.6	6.8	-1.2	-1.7
	Growth rates													
2010	4.9	4.1	5.3	11.2	11.4	-10.1	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.7	-20.2
2011	0.1	0.4	-0.6	9.8	-9.3	31.4	-5.2	2.3	0.3	4.7	7.6	2.4	-2.4	-23.6
2011 Q3	3.2	0.3	8.3	12.0	-2.5	-19.9	31.2	2.9	1.5	2.4	7.5	3.4	-1.7	8.0
Q4	0.1	0.4	-0.6	9.8	-9.3	31.4	-5.2	2.3	0.3	4.7	7.6	2.4	-2.4	-23.6
2011 Nov.	1.3	0.1	3.2	11.7	-9.4	-1.7	17.1	2.6	0.8	3.9	7.3	2.7	-1.7	3.9
Dec.	0.1	0.4	-0.6	9.8	-9.3	31.4	-5.2	2.3	0.3	4.7	7.6	2.4	-2.4	-23.6
2012 Jan.	0.8	0.5	1.3	9.7	-10.0	38.4	13.2	2.3	-0.3	6.6	7.2	2.4	-2.7	-25.6
Feb. (p)	0.8	0.9	0.2	11.0	-8.7	1.6	4.0	2.5	-0.4	7.8	7.4	2.6	-3.9	-33.2

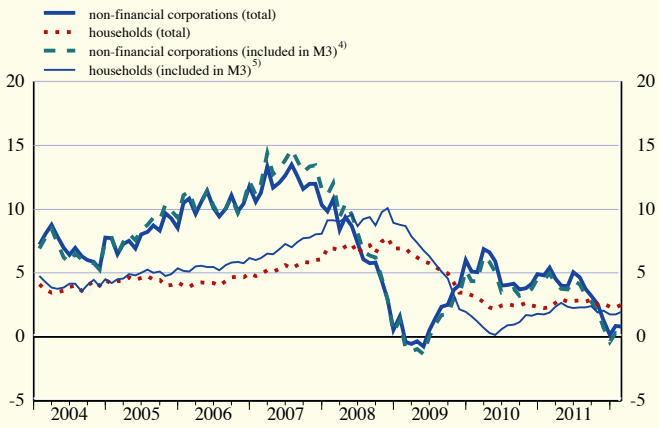
C11 Total deposits by sector [2)]

(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)]

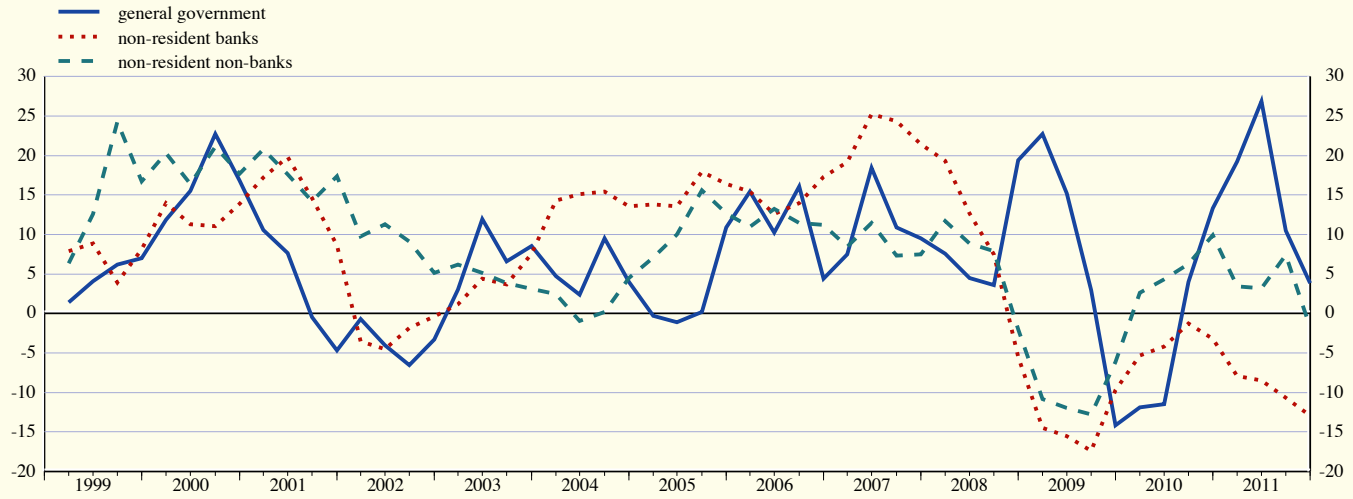
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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	2,492.0	996.9	45.9	950.9
2011 [(p)]	442.7	195.5	48.6	113.5	85.2	3,152.9	2,175.4	976.2	44.2	931.9
2011 Q1	475.6	235.8	52.3	108.7	78.8	3,310.0	2,342.6	967.4	41.4	926.0
Q2	521.5	266.4	55.0	112.6	87.5	3,276.4	2,291.6	984.8	47.7	937.1
Q3	464.8	211.4	54.3	111.4	87.8	3,342.9	2,295.3	1,047.6	50.0	997.7
Q4 [(p)]	442.7	195.5	48.6	113.5	85.2	3,152.9	2,175.4	976.2	44.2	931.9
	Transactions									
2010	49.9	47.4	4.3	-5.0	2.9	0.8	-83.9	84.7	7.5	77.1
2011 [(p)]	16.9	3.4	0.6	2.3	10.6	-334.6	-318.0	-18.0	-2.2	-15.8
2011 Q1	50.4	43.4	4.7	-2.4	4.7	-81.4	-75.9	-5.6	-3.6	-1.9
Q2	45.7	30.9	2.7	3.9	8.2	-19.7	-41.5	21.8	6.4	15.4
Q3	-56.9	-55.1	-1.0	-1.2	0.2	0.5	-49.1	49.6	1.4	48.3
Q4 [(p)]	-22.3	-15.9	-5.9	2.0	-2.5	-234.0	-151.5	-83.9	-6.4	-77.5
	Growth rates									
2010	13.3	32.2	9.9	-4.4	4.1	0.3	-3.2	9.9	12.7	9.6
2011 [(p)]	3.9	1.3	1.3	2.0	14.3	-9.7	-13.0	-1.7	-4.5	-1.6
2011 Q1	19.2	41.4	4.0	-1.4	9.2	-4.8	-7.9	3.4	-10.5	4.2
Q2	26.8	61.3	1.2	-2.6	14.0	-5.2	-8.5	3.2	5.0	3.1
Q3	10.5	21.6	-7.8	-1.9	17.0	-5.6	-10.7	7.4	3.3	7.6
Q4 [(p)]	3.9	1.3	1.3	2.0	14.3	-9.7	-13.0	-1.7	-4.5	-1.6

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

(annual growth rates)



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

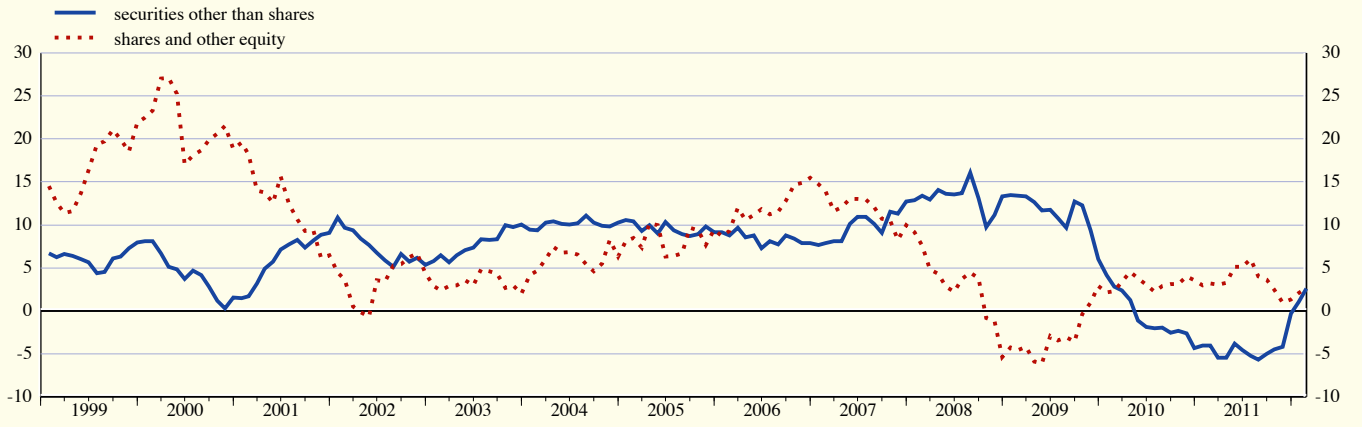
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2010	5,991.2	1,778.4	107.4	1,507.8	16.4	1,500.9	27.8	1,052.6	1,535.9	445.3	787.8	302.8
2011	5,699.4	1,763.7	87.8	1,374.6	22.9	1,489.6	28.3	932.5	1,509.0	486.9	726.6	295.5
2011 Q3	5,635.8	1,706.9	92.8	1,393.1	22.3	1,433.7	25.0	961.9	1,530.5	489.3	740.6	300.5
Q4	5,699.4	1,763.7	87.8	1,374.6	22.9	1,489.6	28.3	932.5	1,509.0	486.9	726.6	295.5
2011 Nov.	5,651.5	1,707.6	97.4	1,359.9	21.9	1,497.0	26.7	941.0	1,522.3	486.5	741.7	294.1
Dec.	5,699.4	1,763.7	87.8	1,374.6	22.9	1,489.6	28.3	932.5	1,509.0	486.9	726.6	295.5
2012 Jan.	5,764.0	1,781.6	88.6	1,424.9	23.3	1,497.6	23.8	924.2	1,527.8	497.5	734.2	296.2
Feb. (p)	5,852.2	1,812.7	90.6	1,465.7	31.0	1,504.8	23.6	923.7	1,517.8	493.6	731.7	292.5
	Transactions											
2010	-270.7	-167.1	-6.9	42.8	-2.0	10.2	-14.8	-132.9	54.4	28.2	5.2	20.9
2011	-18.5	45.9	8.0	3.3	5.5	-20.9	0.4	-60.7	20.3	61.2	-34.7	-6.3
2011 Q3	-46.0	37.1	0.3	-43.6	0.3	-6.7	-0.7	-32.7	-13.6	17.2	-23.2	-7.6
Q4	83.0	66.5	0.5	-6.9	-0.2	36.6	2.3	-15.7	-12.1	6.3	-14.9	-3.5
2011 Nov.	-5.0	2.8	1.9	4.2	-0.9	2.6	1.0	-16.5	4.8	0.5	5.1	-0.7
Dec.	63.4	60.3	-3.8	2.5	0.5	-6.6	0.8	9.8	-6.3	8.1	-15.3	1.0
2012 Jan.	108.3	27.8	3.1	55.2	-0.1	12.2	-3.6	13.7	20.4	10.5	9.1	0.8
Feb. (p)	96.5	30.8	3.3	40.5	8.2	6.3	0.1	7.2	-3.3	0.9	-1.1	-3.0
	Growth rates											
2010	-4.3	-8.5	-5.5	2.9	-11.1	0.7	-35.4	-11.2	3.6	6.5	0.6	7.5
2011	-0.3	2.7	7.8	0.2	33.8	-1.4	0.8	-6.2	1.3	14.0	-4.6	-2.1
2011 Q3	-5.0	-4.9	8.0	-1.1	24.9	-4.3	-16.8	-12.8	3.6	13.4	-1.0	1.0
Q4	-0.3	2.7	7.8	0.2	33.8	-1.4	0.8	-6.2	1.3	14.0	-4.6	-2.1
2011 Nov.	-4.2	-3.0	6.7	-5.2	28.8	-2.2	1.0	-9.2	0.9	11.8	-3.8	-2.8
Dec.	-0.3	2.7	7.8	0.2	33.8	-1.4	0.8	-6.2	1.3	14.0	-4.6	-2.1
2012 Jan.	1.0	4.7	11.5	3.1	21.7	0.1	-9.4	-7.5	2.1	16.2	-5.0	-0.2
Feb. (p)	2.6	6.1	18.8	5.6	56.0	0.1	-14.2	-5.9	2.7	16.3	-4.1	0.1

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.

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

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

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

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
	To euro area residents													
2009	5,916.1	-	-	-	-	-	-	11,785.6	96.2	3.8	1.9	0.2	1.0	0.4
2010	5,517.1	-	-	-	-	-	-	12,247.8	96.0	4.0	2.1	0.2	1.1	0.4
2011 Q3	6,003.8	-	-	-	-	-	-	12,441.8	96.1	3.9	1.9	0.3	1.1	0.4
Q4 (p)	6,166.0	-	-	-	-	-	-	12,322.1	96.2	3.8	1.9	0.3	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 Q3	2,133.1	44.1	55.9	34.8	2.8	3.3	9.0	1,022.7	40.0	60.0	41.3	2.2	3.3	7.0
Q4 (p)	2,022.2	44.5	55.5	35.6	2.5	2.7	9.3	998.4	38.2	61.8	41.2	2.6	3.3	7.8
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 Q3	1,799.8	94.8	5.2	2.6	0.1	0.3	1.8	2,874.2	98.4	1.6	0.9	0.2	0.1	0.4
Q4 (p)	1,851.5	95.3	4.7	2.5	0.1	0.3	1.5	2,915.4	98.2	1.8	1.0	0.2	0.1	0.4
	Issued by non-euro area residents													
2009	552.1	55.3	44.7	27.1	0.4	0.5	14.6	595.6	35.3	64.7	37.9	4.3	0.9	15.3
2010	545.9	49.9	50.1	27.6	0.3	0.5	16.8	506.6	33.3	66.7	40.5	3.9	0.9	13.6
2011 Q3	478.8	54.7	45.3	21.8	0.3	0.4	17.1	483.0	32.5	67.5	39.2	6.0	0.8	12.5
Q4 (p)	457.3	56.4	43.6	21.1	0.3	0.3	16.0	475.2	32.2	67.8	39.7	5.6	0.7	13.6
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 Q3	6,084.4	92.2	7.8	4.6	0.3	1.4	0.8	10,994.9	97.0	3.0	2.0	0.2	0.1	0.4
Q4 (p)	6,319.3	92.1	7.9	5.1	0.2	1.3	0.7	10,947.9	97.0	3.0	2.0	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	2,492.0	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 Q3	2,295.3	57.0	43.0	27.0	2.1	1.8	7.8	1,047.6	59.1	40.9	28.6	1.5	1.7	4.6
Q4 (p)	2,175.4	59.1	40.9	25.6	2.1	1.8	7.3	976.2	56.1	43.9	30.0	2.0	1.5	5.1

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 Q3	5,180.3	81.8	18.2	9.7	1.7	2.1	2.5
Q4 (p)	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6

Source: ECB.

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

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2011 July	6,443.6	394.9	2,421.4	1,944.0	891.6	232.5	559.1
Aug.	6,200.9	411.9	2,384.0	1,736.9	840.3	233.9	594.0
Sep.	6,080.9	420.9	2,383.9	1,632.8	830.9	235.5	576.8
Oct.	6,177.6	422.3	2,370.6	1,736.1	845.0	234.3	569.3
Nov.	6,082.7	418.8	2,345.2	1,704.0	827.4	234.9	552.4
Dec.	6,213.2	415.9	2,503.8	1,733.1	838.6	236.6	485.1
2012 Jan. [p]	6,480.6	435.3	2,586.5	1,820.2	866.1	234.9	537.6
	Transactions						
2011 Q2	71.4	5.6	41.9	25.9	13.1	3.3	-18.5
Q3	-4.7	29.0	-21.2	-41.9	-15.8	2.9	42.3
Q4	-194.1	-35.1	-11.2	-26.4	-11.2	2.0	-112.2

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 July	6,443.6	123.9	5,831.9	4,471.4	674.4	1,360.5	487.8
Aug.	6,200.9	130.3	5,551.2	4,273.8	623.3	1,277.4	519.3
Sep.	6,080.9	126.7	5,423.0	4,169.0	604.2	1,254.0	531.1
Oct.	6,177.6	127.4	5,532.0	4,237.1	616.2	1,294.9	518.3
Nov.	6,082.7	128.7	5,448.2	4,156.2	597.8	1,292.0	505.9
Dec.	6,213.2	117.8	5,664.7	4,257.6	614.0	1,407.2	430.7
2012 Jan. [p]	6,480.6	124.2	5,884.6	4,410.7	653.3	1,473.9	471.9
	Transactions						
2011 Q2	71.4	-4.2	78.0	25.3	10.5	52.7	-2.4
Q3	-4.7	6.5	-44.0	-54.8	-31.0	10.8	32.9
Q4	-194.1	-13.8	-49.5	-61.9	-2.8	13.1	-130.7

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 June	5,795.6	1,812.5	1,689.6	1,424.5	276.9	112.5	479.6	5,708.8	86.8	1,047.5
July	5,831.9	1,837.1	1,674.6	1,434.4	291.4	116.1	478.2	5,743.3	88.6	1,032.5
Aug.	5,551.2	1,807.4	1,495.2	1,381.8	290.8	114.0	462.0	5,462.8	88.4	1,060.3
Sep.	5,423.0	1,786.2	1,414.0	1,387.7	290.9	119.0	425.1	5,333.8	89.2	1,066.9
Oct.	5,532.0	1,789.1	1,503.9	1,406.2	294.0	115.6	423.1	5,449.7	82.2	1,051.6
Nov.	5,448.2	1,758.0	1,473.5	1,384.3	293.5	118.7	420.1	5,365.4	82.8	1,083.5
Dec.	5,664.7	1,920.6	1,496.6	1,402.5	297.1	122.1	425.9	5,579.5	85.2	991.9
2012 Jan. [p]	5,884.6	2,021.5	1,575.9	1,431.8	300.1	122.3	432.9	5,799.2	85.4	938.1
	Transactions									
2011 July	37.1	12.2	5.8	2.7	13.4	1.9	1.0	35.6	1.5	-20.0
Aug.	-48.9	-13.9	-23.0	-10.7	0.9	-0.2	-1.9	-48.9	0.0	32.8
Sep.	-32.3	-16.4	-11.1	-4.2	0.9	0.6	-2.1	-32.5	0.3	-12.2
Oct.	-18.4	1.3	-2.6	-5.9	1.3	-0.7	-11.8	-11.8	-6.6	-5.7
Nov.	-21.6	-8.8	-8.5	-5.7	0.0	0.1	1.3	-22.2	0.6	19.1
Dec.	-9.5	0.8	-6.5	-3.4	2.5	-0.3	-2.6	-11.6	2.1	0.7
2012 Jan. [p]	16.8	15.2	2.3	-0.5	0.5	0.1	-0.8	16.9	-0.1	6.1

Source: ECB.

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

2.9 Securities held by investment funds [1] broken down by issuer of securities

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q1	2,351.9	1,430.8	383.5	676.0	200.2	5.6	165.6	921.1	246.5	350.6	14.1
Q2	2,387.6	1,430.3	386.4	671.6	196.3	5.8	170.1	957.3	252.3	358.6	17.8
Q3	2,383.9	1,414.2	380.7	682.4	184.2	4.7	162.1	969.7	252.4	369.7	18.7
Q4 (p)	2,503.8	1,422.6	391.0	673.9	185.5	4.5	167.6	1,081.2	270.4	436.8	20.4
	Transactions										
2011 Q2	41.9	-0.4	1.7	-3.5	-1.6	0.4	2.7	40.8	8.2	11.7	3.6
Q3	-21.2	-16.8	-5.9	1.3	-7.6	-0.4	-4.3	-4.4	6.0	-4.1	5.3
Q4 (p)	-11.2	-1.4	3.0	-7.1	-1.3	-0.3	4.3	-8.2	-4.4	-6.6	-0.4

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q1	1,973.7	782.8	89.2	-	41.7	26.2	625.7	1,191.0	167.2	365.2	71.1
Q2	1,958.6	773.6	84.5	-	41.2	26.1	621.9	1,185.0	166.4	362.8	77.0
Q3	1,632.8	615.7	53.3	-	35.8	20.4	506.3	1,017.0	141.8	323.7	72.5
Q4 (p)	1,733.1	636.5	51.1	-	36.4	21.5	527.4	1,096.6	154.7	356.8	71.2
	Transactions										
2011 Q2	25.9	-1.0	-0.6	-	1.3	0.3	-2.0	26.9	2.9	8.5	6.9
Q3	-41.9	-8.8	-4.9	-	-0.7	0.2	-3.4	-33.0	-5.1	-11.8	-3.2
Q4 (p)	-26.4	-9.7	-1.7	-	-2.3	0.4	-6.1	-16.8	-0.9	-11.7	0.9

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q1	882.1	745.4	78.0	-	667.4	-	-	136.7	22.6	41.8	0.5
Q2	886.8	752.0	79.3	-	672.7	-	-	134.8	22.1	42.8	0.5
Q3	830.9	698.7	94.5	-	604.2	-	-	132.2	20.1	42.6	0.5
Q4 (p)	838.6	709.0	95.0	-	614.0	-	-	129.6	20.7	40.1	0.6
	Transactions										
2011 Q2	13.1	11.7	1.2	-	10.5	-	-	1.4	0.3	1.2	0.0
Q3	-15.8	-15.1	16.0	-	-31.0	-	-	-0.8	-0.5	-0.4	0.0
Q4 (p)	-11.2	-2.4	0.3	-	-2.8	-	-	-8.8	-0.8	-4.7	-0.1

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 Q4	2,353.0	373.8	1,525.8	1,226.2	606.4	140.5	22.4	6.0	130.8	250.5	92.5	41.9	68.6
2011 Q1	2,255.3	351.4	1,484.5	1,185.1	595.3	142.5	21.8	5.9	129.2	241.6	89.0	36.3	52.4
Q2	2,216.4	340.1	1,461.2	1,167.0	585.5	144.7	20.4	5.2	123.9	232.5	88.6	35.7	58.3
Q3	2,202.1	321.7	1,465.6	1,180.7	590.5	142.8	20.5	5.1	116.3	232.5	86.9	37.8	57.6
Q4	2,269.5	324.6	1,530.3	1,244.8	583.1	147.8	20.8	4.8	112.0	228.9	90.0	36.8	58.8
	Transactions												
2010 Q4	45.8	24.6	24.7	30.8	-	-5.0	-1.4	-0.4	0.6	-5.4	-0.9	-0.6	3.4
2011 Q1	-95.2	-25.0	-39.9	-44.3	-	5.3	-0.3	-0.1	-0.5	-9.9	-2.4	-5.1	-12.8
Q2	-43.1	-11.2	-25.6	-21.5	-	1.9	-0.7	-0.3	-5.0	-7.9	0.0	0.0	1.7
Q3	-23.7	-18.4	3.2	13.2	-	-2.1	-0.1	0.0	-7.8	-2.2	-2.1	-1.1	-3.1
Q4	67.1	3.1	63.0	62.2	-	4.2	0.3	-0.4	-3.4	-3.4	2.3	-1.0	3.2

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 Q4	2,353.0	136.5	1,970.6	89.3	1,881.2	42.8	203.1
2011 Q1	2,255.3	135.1	1,884.4	79.6	1,804.7	36.3	199.5
Q2	2,216.4	135.9	1,840.5	77.9	1,762.5	35.2	204.9
Q3	2,202.1	134.1	1,823.6	75.0	1,748.6	34.7	209.6
Q4	2,269.5	150.3	1,881.3	78.8	1,802.4	34.0	203.9
	Transactions						
2010 Q4	45.8	16.0	24.8	5.7	19.1	-2.1	7.1
2011 Q1	-95.2	-1.1	-83.3	-10.1	-73.2	-6.0	-4.8
Q2	-43.1	1.4	-47.6	-5.7	-41.8	-0.8	3.8
Q3	-23.7	-2.2	-23.0	-3.3	-19.6	-1.7	3.2
Q4	67.1	16.5	58.6	5.3	53.3	-1.1	-6.9

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector [2]					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
												Financial vehicle corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2010 Q4	1,226.2	853.9	251.5	18.1	0.2	7.1	43.5	250.5	130.3	45.5	84.8	36.3	120.1
2011 Q1	1,185.1	803.6	261.2	17.9	0.2	7.2	36.2	241.6	124.3	42.3	82.0	36.5	117.4
Q2	1,167.0	788.6	253.1	19.3	0.4	9.8	37.5	232.5	124.2	41.0	83.2	35.4	108.4
Q3	1,180.7	795.4	256.0	18.6	0.4	9.6	34.8	232.5	122.3	42.1	80.1	33.8	110.2
Q4	1,244.8	828.2	262.2	18.5	0.2	6.6	35.3	228.9	120.2	40.4	79.7	33.0	108.1
	Transactions												
2010 Q4	30.8	16.6	14.3	-1.6	-0.1	0.1	2.1	-5.4	-5.3	-1.1	-4.2	-2.4	-0.2
2011 Q1	-44.3	-52.2	3.2	-0.4	0.0	0.0	-1.7	-9.9	-5.7	-3.1	-2.7	-0.1	-4.2
Q2	-21.5	-20.8	0.2	0.8	0.2	2.6	-3.9	-7.9	0.4	-0.4	0.7	-0.7	-8.3
Q3	13.2	6.2	1.4	-0.7	0.0	-0.2	-1.2	-2.2	-3.1	-0.2	-2.9	-1.2	1.0
Q4	62.2	32.2	6.1	-0.8	-0.1	-3.0	0.2	-3.4	-1.6	-1.6	0.0	-0.2	-1.8

Source: ECB.

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

2) Excludes securitisations of inter-MFI loans.

2.11 Aggregated balance sheet of euro area insurance corporations and pension funds

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2009 Q1	6,181.0	797.2	493.6	2,359.3	774.9	1,061.2	108.0	243.6	186.9	156.3
Q2	6,318.2	782.7	487.2	2,381.9	807.4	1,187.3	97.8	247.8	170.8	155.2
Q3	6,515.5	784.0	482.9	2,429.4	788.6	1,362.6	95.3	250.4	168.0	154.1
Q4	6,646.8	786.8	476.5	2,469.5	809.7	1,442.2	95.2	254.8	158.9	153.2
2010 Q1	6,872.8	784.0	483.8	2,580.7	825.8	1,518.7	93.0	263.3	175.5	148.1
Q2	6,899.2	785.3	487.3	2,614.3	807.9	1,504.7	90.3	269.5	190.3	149.7
Q3	7,071.5	783.1	495.4	2,702.8	825.5	1,545.4	86.0	271.3	212.8	149.1
Q4	7,005.6	774.2	498.9	2,643.7	848.6	1,574.3	76.8	271.7	166.2	151.2
2011 Q1	7,062.5	774.9	496.4	2,667.3	856.0	1,589.5	74.9	278.0	172.1	153.4
Q2	7,075.0	776.7	504.6	2,682.0	849.5	1,594.7	77.9	268.5	168.8	152.4
Q3	7,070.8	793.6	498.3	2,707.4	799.0	1,544.4	84.8	268.1	223.3	151.8
Q4	7,134.3	787.4	501.9	2,693.9	813.8	1,593.4	87.7	269.0	232.6	154.6

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2009 Q1	2,359.3	1,936.5	530.3	1,037.9	218.7	13.5	136.1	422.8
Q2	2,381.9	1,984.0	544.0	1,058.6	227.6	15.0	138.9	397.8
Q3	2,429.4	2,025.0	555.0	1,090.8	226.3	15.1	137.7	404.4
Q4	2,469.5	2,060.6	545.4	1,120.0	238.9	16.7	139.7	408.9
2010 Q1	2,580.7	2,161.6	576.6	1,190.2	232.2	16.2	146.4	419.1
Q2	2,614.3	2,190.8	581.5	1,198.9	243.3	16.7	150.5	423.5
Q3	2,702.8	2,274.1	592.9	1,248.1	261.1	19.7	152.3	428.7
Q4	2,643.7	2,216.5	590.3	1,222.4	230.6	18.0	155.2	427.2
2011 Q1	2,667.3	2,249.5	609.8	1,214.4	253.9	19.0	152.5	417.8
Q2	2,682.0	2,254.4	630.3	1,234.3	215.2	16.3	158.4	427.6
Q3	2,707.4	2,276.8	637.4	1,229.8	230.6	17.9	161.2	430.6
Q4	2,693.9	2,261.3	626.9	1,170.5	280.5	20.6	162.7	432.7

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
2009 Q1	6,128.1	346.9	31.7	377.8	5,230.9	2,777.5	1,608.8	844.6	140.9	52.9
Q2	6,181.1	320.6	33.0	395.4	5,295.2	2,849.7	1,599.5	846.0	136.8	137.1
Q3	6,342.5	302.5	36.1	442.1	5,420.8	2,939.4	1,637.5	844.0	141.0	172.9
Q4	6,444.9	283.2	39.5	438.8	5,537.2	3,008.0	1,686.6	842.7	146.2	202.0
2010 Q1	6,639.5	291.2	39.5	456.8	5,703.2	3,096.9	1,742.9	863.4	148.9	233.3
Q2	6,717.5	295.5	40.9	428.6	5,802.3	3,123.1	1,811.4	867.8	150.3	181.7
Q3	6,876.0	311.1	39.8	437.5	5,943.1	3,185.4	1,892.5	865.2	144.5	195.5
Q4	6,828.5	279.6	42.3	445.1	5,922.6	3,220.4	1,834.6	867.6	138.8	177.2
2011 Q1	6,885.6	297.6	40.1	461.4	5,947.9	3,250.9	1,808.9	888.1	138.5	176.9
Q2	6,909.7	300.2	43.0	449.1	5,977.1	3,270.8	1,825.5	880.8	140.3	165.3
Q3	7,018.3	306.2	41.9	402.9	6,113.1	3,259.9	1,974.8	878.4	154.2	52.5
Q4	7,029.7	302.6	41.6	405.1	6,130.6	3,268.3	1,989.5	872.7	149.9	104.6

Source: ECB.

EURO AREA ACCOUNTS

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

Uses 2011 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						584
Trade balance [1]						-20
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,108	115	701	56	235	
Other taxes less subsidies on production	27	6	14	4	4	
Consumption of fixed capital	362	97	206	11	49	
Net operating surplus and mixed income [1]	600	284	279	37	-1	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						6
Taxes less subsidies on production						
Property income	667	39	249	308	71	104
Interest	399	37	74	217	71	55
Other property income	268	2	175	91	0	49
Net national income [1]	1,979	1,588	129	49	214	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	266	210	46	9	0	2
Social contributions	428	428				1
Social benefits other than social transfers in kind	457	1	17	33	405	1
Other current transfers	184	68	23	45	49	10
Net non-life insurance premiums	43	33	9	1	1	2
Non-life insurance claims	43			43		1
Other	98	35	14	1	48	8
Net disposable income [1]	1,954	1,421	72	56	404	
Use of income account						
Net disposable income						
Final consumption expenditure	1,850	1,365			484	
Individual consumption expenditure	1,665	1,365			300	
Collective consumption expenditure	184				184	
Adjustment for the change in the net equity of households in pension fund reserves	16	0	0	16	0	0
Net saving/current external account [1]	104	71	72	41	-80	1
Capital account						
Net saving/current external account						
Gross capital formation	468	148	255	11	54	
Gross fixed capital formation	455	145	245	11	54	
Changes in inventories and acquisitions less disposals of valuables	13	3	10	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-1	0	0	0	0
Capital transfers	30	9	1	2	19	5
Capital taxes	6	6	1	0		0
Other capital transfers	24	3	0	2	19	5
Net lending (+)/net borrowing (-) (from capital account) [1]	1	21	37	39	-97	-1
Statistical discrepancy	0	-15	15	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 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						564
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,097	502	1,200	108	287	
Taxes less subsidies on products	240					
Gross domestic product (market prices)[2]	2,338					
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	600	284	279	37	-1	
Compensation of employees	1,109	1,109				4
Taxes less subsidies on production	267				267	1
Property income	671	233	99	319	19	100
Interest	391	62	49	269	10	63
Other property income	280	172	49	50	9	37
Net national income						
Secondary distribution of income account						
Net national income	1,979	1,588	129	49	214	
Current taxes on income, wealth, etc.	267				267	1
Social contributions	428	1	17	50	360	1
Social benefits other than social transfers in kind	455	455				3
Other current transfers	160	85	12	45	18	35
Net non-life insurance premiums	43			43		2
Non-life insurance claims	43	35	7	1	0	2
Other	74	50	5	0	18	32
Net disposable income						
Use of income account						
Net disposable income	1,954	1,421	72	56	404	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	16	16				0
Net saving/current external account						
Capital account						
Net saving/current external account	104	71	72	41	-80	1
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	362	97	206	11	49	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	32	9	16	1	7	3
Capital taxes	6				6	0
Other capital transfers	26	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 Q3	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		18,903	16,948	32,249	15,364	6,834	3,874	16,763
Monetary gold and special drawing rights (SDRs)				412				
Currency and deposits		6,708	1,901	9,114	2,364	805	787	3,572
Short-term debt securities		57	76	464	317	47	32	714
Long-term debt securities		1,371	244	5,973	2,436	2,659	442	3,824
Loans		80	3,132	13,430	3,588	472	545	1,900
of which: Long-term		59	1,796	10,308	2,560	352	463	.
Shares and other equity		4,397	7,901	1,912	6,383	2,469	1,363	6,033
Quoted shares		829	1,413	370	2,154	572	262	.
Unquoted shares and other equity		2,204	6,078	1,242	3,233	297	933	.
Mutual fund shares		1,364	410	300	996	1,600	168	.
Insurance technical reserves		5,815	178	3	0	230	4	241
Other accounts receivable and financial derivatives		476	3,516	941	276	152	701	479
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		28	195	1,340	50	54	-27	118
Monetary gold and SDRs				0				0
Currency and deposits		12	19	1,140	92	26	-86	31
Short-term debt securities		-3	4	47	-3	7	0	-18
Long-term debt securities		-10	7	-15	-62	-15	-5	19
Loans		0	93	53	55	-3	-15	38
of which: Long-term		0	27	-140	30	0	-2	.
Shares and other equity		-17	69	0	-32	43	13	8
Quoted shares		6	40	1	-69	3	3	.
Unquoted shares and other equity		8	34	10	56	3	14	.
Mutual fund shares		-30	-5	-11	-19	37	-4	.
Insurance technical reserves		24	0	0	0	-1	0	-3
Other accounts receivable and financial derivatives		22	4	114	0	-3	66	43
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		-466	-840	61	-340	-113	-46	8
Monetary gold and SDRs				57				
Currency and deposits		9	5	94	0	2	0	73
Short-term debt securities		-2	3	-1	4	0	-1	21
Long-term debt securities		-43	-16	43	11	21	2	172
Loans		-1	11	41	21	-1	0	24
of which: Long-term		-1	2	19	13	0	0	.
Shares and other equity		-406	-823	-155	-383	-137	-58	-283
Quoted shares		-182	-231	-71	-302	-52	-45	.
Unquoted shares and other equity		-145	-561	-79	-34	-7	-3	.
Mutual fund shares		-79	-31	-5	-46	-78	-9	.
Insurance technical reserves		-13	0	0	0	2	0	2
Other accounts receivable and financial derivatives		-10	-20	-18	6	0	11	-1
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		18,466	16,303	33,651	15,074	6,776	3,800	16,889
Monetary gold and SDRs				469				
Currency and deposits		6,728	1,925	10,348	2,456	833	700	3,676
Short-term debt securities		52	83	510	318	54	31	717
Long-term debt securities		1,318	235	6,001	2,385	2,666	439	4,015
Loans		79	3,237	13,524	3,664	468	530	1,961
of which: Long-term		58	1,825	10,187	2,603	352	461	.
Shares and other equity		3,974	7,146	1,758	5,968	2,375	1,318	5,758
Quoted shares		652	1,222	301	1,782	523	220	.
Unquoted shares and other equity		2,066	5,551	1,173	3,254	293	943	.
Mutual fund shares		1,255	374	284	932	1,559	155	.
Insurance technical reserves		5,827	177	3	0	231	4	240
Other accounts receivable and financial derivatives		488	3,499	1,037	282	149	777	521
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2011 Q3	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, liabilities								
Total liabilities		6,670	26,813	31,393	14,736	6,891	9,218	14,801
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			30	22,301	21	0	259	2,640
Short-term debt securities			82	623	78	1	687	235
Long-term debt securities			799	4,540	2,738	33	6,002	2,838
Loans		6,152	8,564		3,376	270	1,706	3,079
of which: Long-term		5,784	6,077		1,855	121	1,401	.
Shares and other equity		7	13,364	2,691	8,389	423	6	5,577
Quoted shares			3,914	489	250	122	0	.
Unquoted shares and other equity		7	9,451	1,155	2,552	300	6	.
Mutual fund shares				1,048	5,587			.
Insurance technical reserves		35	335	70	1	6,029	1	
Other accounts payable and financial derivatives		476	3,638	1,168	133	135	558	431
Net financial worth [1]	-1,550	12,233	-9,865	856	628	-57	-5,345	
Financial account, transactions in liabilities								
Total transactions in liabilities		22	143	1,288	100	18	69	118
Monetary gold and SDRs								
Currency and deposits			-1	1,148	12	0	3	72
Short-term debt securities			11	6	-10	0	15	11
Long-term debt securities			3	-17	-7	0	-35	-24
Loans		16	40		96	6	28	35
of which: Long-term		24	25		43	-2	27	.
Shares and other equity		0	54	27	23	1	0	-20
Quoted shares			4	17	3	1	0	.
Unquoted shares and other equity		0	50	9	75	0	0	.
Mutual fund shares				0	-55			.
Insurance technical reserves		0	0	2	0	17	0	
Other accounts payable and financial derivatives		6	34	122	-13	-6	58	44
Changes in net financial worth due to transactions [1]	1	6	53	52	-50	36	-97	-1
Other changes account, liabilities								
Total other changes in liabilities		6	-1,435	-2	-367	-83	90	-2
Monetary gold and SDRs								
Currency and deposits			0	117	0	0	0	66
Short-term debt securities			0	10	0	0	0	15
Long-term debt securities			27	64	-32	-1	97	36
Loans		1	13		42	-1	1	38
of which: Long-term		2	1		14	-1	1	.
Shares and other equity		0	-1,461	-200	-379	-45	0	-159
Quoted shares			-776	-158	-68	-25	0	.
Unquoted shares and other equity		0	-685	-61	0	-20	0	.
Mutual fund shares				19	-311			.
Insurance technical reserves		0	0	0	0	-9	0	
Other accounts payable and financial derivatives		4	-14	8	3	-28	-7	3
Other changes in net financial worth [1]	47	-472	595	64	26	-29	-137	10
Closing balance sheet, liabilities								
Total liabilities		6,698	25,520	32,680	14,470	6,825	9,378	14,917
Monetary gold and SDRs								
Currency and deposits			30	23,566	32	0	262	2,778
Short-term debt securities			94	639	68	1	702	261
Long-term debt securities			828	4,587	2,699	32	6,064	2,850
Loans		6,169	8,617		3,514	275	1,735	3,151
of which: Long-term		5,811	6,104		1,912	118	1,429	.
Shares and other equity		7	11,958	2,518	8,033	378	6	5,398
Quoted shares			3,142	348	185	97	0	.
Unquoted shares and other equity		7	8,816	1,103	2,627	279	6	.
Mutual fund shares				1,067	5,221			.
Insurance technical reserves		35	335	72	1	6,038	1	
Other accounts payable and financial derivatives		487	3,658	1,298	123	101	609	479
Net financial worth [1]	-1,502	11,767	-9,217	971	604	-50	-5,578	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2007	2008	2009	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,278	4,460	4,442	4,472	4,490	4,517	4,548	4,575
Other taxes less subsidies on production	99	94	85	87	82	84	88	94
Consumption of fixed capital	1,294	1,361	1,384	1,405	1,415	1,425	1,435	1,442
Net operating surplus and mixed income [1]	2,398	2,360	2,117	2,187	2,213	2,240	2,259	2,271
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,689	3,936	2,959	2,759	2,803	2,848	2,922	2,976
Interest	2,129	2,383	1,606	1,401	1,410	1,441	1,484	1,532
Other property income	1,560	1,553	1,353	1,358	1,393	1,407	1,438	1,445
Net national income [1]	7,773	7,807	7,538	7,680	7,733	7,797	7,862	7,920
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,136	1,145	1,028	1,043	1,054	1,071	1,081	1,096
Social contributions	1,596	1,671	1,676	1,689	1,699	1,708	1,717	1,733
Social benefits other than social transfers in kind	1,586	1,657	1,774	1,813	1,821	1,826	1,831	1,837
Other current transfers	738	771	775	779	771	771	773	772
Net non-life insurance premiums	183	187	181	180	180	178	178	179
Non-life insurance claims	184	188	182	180	180	179	178	179
Other	370	395	412	419	412	414	416	415
Net disposable income [1]	7,679	7,705	7,430	7,565	7,621	7,684	7,750	7,810
Use of income account								
Net disposable income								
Final consumption expenditure	6,884	7,135	7,140	7,259	7,301	7,350	7,399	7,438
Individual consumption expenditure	6,185	6,399	6,369	6,486	6,529	6,576	6,623	6,660
Collective consumption expenditure	699	737	771	773	772	774	776	778
Adjustment for the change in the net equity of households in pension fund reserves	61	70	62	56	55	54	55	58
Net saving [1]	796	570	290	306	320	334	351	373
Capital account								
Net saving								
Gross capital formation	2,065	2,074	1,719	1,768	1,793	1,838	1,855	1,871
Gross fixed capital formation	1,990	2,011	1,763	1,761	1,773	1,799	1,814	1,828
Changes in inventories and acquisitions less disposals of valuables	75	63	-43	7	19	39	41	43
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	-1	1	1	2	1	1	1	1
Capital transfers	153	152	185	221	226	214	206	164
Capital taxes	24	24	34	30	25	26	25	25
Other capital transfers	129	128	151	191	201	188	181	139
Net lending (+)/net borrowing (-) (from capital account) [1]	40	-135	-37	-47	-49	-70	-61	-48

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 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3
Generation of income account								
Gross value added (basic prices)	8,069	8,275	8,028	8,151	8,200	8,265	8,329	8,382
Taxes less subsidies on products	960	946	894	931	940	956	958	966
Gross domestic product (market prices)[2]	9,029	9,221	8,922	9,082	9,139	9,221	9,288	9,347
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	2,398	2,360	2,117	2,187	2,213	2,240	2,259	2,271
Compensation of employees	4,286	4,468	4,450	4,481	4,500	4,527	4,558	4,585
Taxes less subsidies on production	1,067	1,047	996	1,032	1,035	1,053	1,059	1,072
Property income	3,711	3,867	2,933	2,740	2,788	2,825	2,908	2,968
Interest	2,092	2,327	1,561	1,358	1,370	1,402	1,446	1,496
Other property income	1,619	1,540	1,372	1,382	1,418	1,423	1,462	1,473
Net national income								
Secondary distribution of income account								
Net national income	7,773	7,807	7,538	7,680	7,733	7,797	7,862	7,920
Current taxes on income, wealth, etc.	1,144	1,153	1,034	1,047	1,059	1,076	1,087	1,103
Social contributions	1,595	1,670	1,674	1,688	1,698	1,707	1,716	1,732
Social benefits other than social transfers in kind	1,578	1,649	1,767	1,807	1,814	1,819	1,824	1,830
Other current transfers	644	671	669	665	662	660	662	664
Net non-life insurance premiums	184	188	182	180	180	179	178	179
Non-life insurance claims	180	184	178	177	176	175	175	175
Other	280	298	309	308	306	306	309	310
Net disposable income								
Use of income account								
Net disposable income	7,679	7,705	7,430	7,565	7,621	7,684	7,750	7,810
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61	70	62	56	55	54	55	58
Net saving								
Capital account								
Net saving	796	570	290	306	320	334	351	373
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,294	1,361	1,384	1,405	1,415	1,425	1,435	1,442
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	168	162	194	231	236	224	215	174
Capital taxes	24	24	34	30	25	26	25	25
Other capital transfers	144	138	160	202	211	198	190	149
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 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3
Income, saving and changes in net worth								
Compensation of employees (+)	4,286	4,468	4,450	4,481	4,500	4,527	4,558	4,585
Gross operating surplus and mixed income (+)	1,483	1,521	1,449	1,446	1,455	1,466	1,482	1,491
Interest receivable (+)	316	351	241	213	214	221	229	238
Interest payable (-)	221	249	146	125	126	130	137	142
Other property income receivable (+)	788	785	714	704	713	726	736	748
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	834	872	841	844	848	858	864	873
Net social contributions (-)	1,592	1,667	1,671	1,684	1,694	1,703	1,712	1,728
Net social benefits (+)	1,573	1,644	1,762	1,802	1,809	1,814	1,819	1,824
Net current transfers receivable (+)	62	70	73	72	70	69	68	69
= Gross disposable income	5,853	6,041	6,020	6,054	6,083	6,122	6,169	6,202
Final consumption expenditure (-)	5,078	5,237	5,153	5,246	5,288	5,329	5,373	5,408
Changes in net worth in pension funds (+)	60	69	61	56	54	54	55	57
= Gross saving	835	874	928	864	850	846	851	851
Consumption of fixed capital (-)	358	372	375	378	380	381	382	384
Net capital transfers receivable (+)	12	-1	10	5	10	9	9	9
Other changes in net worth (+)	1,273	-2,040	-499	854	858	590	456	-130
= Changes in net worth	1,762	-1,539	64	1,346	1,339	1,065	934	346
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	661	646	553	554	558	565	568	574
Consumption of fixed capital (-)	358	372	375	378	380	381	382	384
Main items of financial investment (+)								
Short-term assets	420	455	-13	-23	56	115	125	130
Currency and deposits	351	438	121	89	120	141	139	149
Money market fund shares	37	-9	-41	-82	-51	-38	-33	-23
Debt securities [1]	32	27	-93	-30	-13	11	19	4
Long-term assets	156	26	516	485	407	321	280	242
Deposits	-31	-27	85	80	56	40	50	51
Debt securities	86	14	28	-9	-6	37	37	57
Shares and other equity	-108	-96	179	167	130	44	12	-21
Quoted and unquoted shares and other equity	37	72	131	109	107	55	22	22
Mutual fund shares	-145	-167	48	59	23	-11	-9	-43
Life insurance and pension fund reserves	209	135	225	247	228	199	180	155
Main items of financing (-)								
Loans	384	258	110	111	125	125	141	126
of which: From euro area MFIs	283	83	65	135	147	170	168	149
Other changes in assets (+)								
Non-financial assets	1,224	-672	-796	762	797	619	217	330
Financial assets	67	-1,412	275	97	82	-14	193	-457
Shares and other equity	48	-1,158	85	-43	41	32	172	-354
Life insurance and pension fund reserves	8	-239	175	141	85	25	46	-37
Remaining net flows (+)	-24	48	14	-39	-57	-34	75	38
= Changes in net worth	1,762	-1,539	64	1,346	1,339	1,065	934	346
Balance sheet								
Non-financial assets (+)	27,914	27,515	26,897	27,732	27,872	27,769	27,812	28,252
Financial assets (+)								
Short-term assets	5,261	5,804	5,780	5,767	5,841	5,875	5,915	5,911
Currency and deposits	4,851	5,321	5,475	5,500	5,599	5,599	5,652	5,659
Money market fund shares	277	309	236	200	186	203	191	187
Debt securities [1]	132	174	70	68	56	73	73	64
Long-term assets	12,141	10,710	11,538	11,905	12,015	12,082	12,102	11,653
Deposits	965	915	971	1,015	1,028	1,037	1,056	1,069
Debt securities	1,286	1,303	1,379	1,343	1,317	1,330	1,355	1,306
Shares and other equity	5,103	3,808	4,104	4,172	4,274	4,266	4,206	3,786
Quoted and unquoted shares and other equity	3,710	2,870	2,983	2,998	3,065	3,092	3,032	2,719
Mutual fund shares	1,392	938	1,121	1,174	1,209	1,174	1,174	1,068
Life insurance and pension fund reserves	4,787	4,683	5,083	5,375	5,396	5,450	5,484	5,493
Remaining net assets (+)	324	324	306	301	293	280	369	372
Liabilities (-)								
Loans	5,569	5,821	5,925	6,031	6,087	6,094	6,152	6,169
of which: From euro area MFIs	4,831	4,914	4,968	5,159	5,213	5,256	5,304	5,313
= Net worth	40,071	38,532	38,596	39,673	39,934	39,913	40,045	40,019

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 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3
Income and saving								
Gross value added (basic prices) (+)	4,646	4,755	4,499	4,590	4,627	4,676	4,720	4,758
Compensation of employees (-)	2,711	2,833	2,774	2,788	2,804	2,827	2,854	2,876
Other taxes less subsidies on production (-)	49	46	39	39	33	34	37	41
= Gross operating surplus (+)	1,886	1,876	1,686	1,763	1,790	1,814	1,829	1,841
Consumption of fixed capital (-)	725	767	783	796	802	809	816	820
= Net operating surplus (+)	1,161	1,110	903	967	987	1,005	1,014	1,021
Property income receivable (+)	639	637	541	520	535	540	561	571
Interest receivable	218	239	173	154	157	164	171	183
Other property income receivable	421	398	369	366	377	376	389	388
Interest and rents payable (-)	366	421	297	260	263	269	280	292
= Net entrepreneurial income (+)	1,434	1,326	1,147	1,226	1,259	1,276	1,294	1,299
Distributed income (-)	1,002	1,023	927	915	937	954	961	969
Taxes on income and wealth payable (-)	248	236	152	161	167	173	176	181
Social contributions receivable (+)	64	68	70	69	69	69	70	70
Social benefits payable (-)	63	65	68	69	69	70	70	70
Other net transfers (-)	43	48	46	46	45	45	43	43
= Net saving	142	22	24	105	109	104	114	106
Investment, financing and saving								
Net acquisition of non-financial assets (+)	409	369	83	142	163	196	199	209
Gross fixed capital formation (+)	1,058	1,077	912	931	946	966	978	990
Consumption of fixed capital (-)	725	767	783	796	802	809	816	820
Net acquisition of other non-financial assets (+)	76	58	-46	7	20	39	37	39
Main items of financial investment (+)								
Short-term assets	167	72	93	26	18	20	37	-3
Currency and deposits	153	15	88	51	67	61	64	43
Money market fund shares	-20	33	40	-28	-41	-27	-20	-34
Debt securities [1]	34	24	-34	3	-8	-14	-7	-12
Long-term assets	769	681	263	377	438	438	512	560
Deposits	-10	36	5	-7	0	15	21	30
Debt securities	49	-37	17	-11	-5	10	25	27
Shares and other equity	423	337	124	130	172	176	240	268
Other (mainly intercompany loans)	307	344	116	265	270	236	226	235
Remaining net assets (+)	184	-41	48	82	-3	2	-1	-92
Main items of financing (-)								
Debt	919	670	80	215	209	243	306	259
of which: Loans from euro area MFIs	537	394	-114	-35	-8	28	71	73
of which: Debt securities	32	48	90	71	67	45	44	46
Shares and other equity	400	310	296	226	224	235	257	242
Quoted shares	58	6	67	36	30	29	28	29
Unquoted shares and other equity	342	304	230	190	195	206	229	212
Net capital transfers receivable (-)	69	75	83	79	72	70	69	67
= Net saving	142	22	24	105	109	104	114	106
Financial balance sheet								
Financial assets								
Short-term assets	1,788	1,878	1,959	1,926	1,973	1,952	1,938	1,935
Currency and deposits	1,507	1,538	1,632	1,626	1,693	1,667	1,672	1,678
Money market fund shares	163	192	214	182	174	178	167	151
Debt securities [1]	118	148	113	119	107	107	99	105
Long-term assets	10,759	9,327	10,283	10,743	11,030	11,201	11,316	10,692
Deposits	208	247	228	242	225	225	229	247
Debt securities	228	184	197	206	201	222	221	212
Shares and other equity	7,984	6,248	7,078	7,289	7,540	7,682	7,733	6,996
Other (mainly intercompany loans)	2,339	2,648	2,779	3,007	3,064	3,072	3,132	3,237
Remaining net assets	259	210	187	180	36	134	86	48
Liabilities								
Debt	8,651	9,340	9,453	9,632	9,641	9,660	9,780	9,875
of which: Loans from euro area MFIs	4,466	4,871	4,711	4,709	4,698	4,728	4,755	4,766
of which: Debt securities	648	704	827	900	887	864	881	922
Shares and other equity	14,316	11,071	12,388	12,631	13,101	13,378	13,364	11,958
Quoted shares	5,061	2,935	3,516	3,542	3,814	3,923	3,914	3,142
Unquoted shares and other equity	9,255	8,136	8,872	9,090	9,287	9,455	9,451	8,816

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 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	23	78	-49	-4	-10	-24	-37	3
Currency and deposits	7	57	-33	6	-10	-9	-15	9
Money market fund shares	5	18	-2	-4	-6	-23	-25	-15
Debt securities [1]	11	3	-14	-6	5	8	3	9
Long-term assets	229	126	281	261	230	215	232	199
Deposits	47	-9	21	-12	-8	8	10	16
Debt securities	108	75	101	159	142	112	105	51
Loans	-15	26	6	12	28	22	25	17
Quoted shares	20	-7	-60	14	14	17	15	10
Unquoted shares and other equity	7	18	-22	-18	-13	-8	-5	2
Mutual fund shares	63	24	235	106	66	64	82	103
Remaining net assets (+)	9	20	38	38	21	0	-42	-35
Main items of financing (-)								
Debt securities	3	4	5	2	0	0	2	3
Loans	-2	24	-18	5	3	10	6	0
Shares and other equity	2	8	1	4	4	4	0	1
Insurance technical reserves	245	130	229	279	256	209	176	140
Net equity of households in life insurance and pension fund reserves	211	126	225	269	244	200	176	144
Prepayments of insurance premiums and reserves for outstanding claims	34	4	4	10	12	9	0	-4
= Changes in net financial worth due to transactions	13	58	53	6	-24	-32	-31	24
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	34	-562	228	126	118	37	68	-119
Other net assets	-38	52	20	68	-10	-33	-12	-22
Other changes in liabilities (-)								
Shares and other equity	-21	-173	11	-19	-9	-9	12	-38
Insurance technical reserves	30	-260	188	144	94	35	54	-18
Net equity of households in life insurance and pension fund reserves	18	-248	185	146	97	38	58	-24
Prepayments of insurance premiums and reserves for outstanding claims	12	-12	4	-2	-3	-3	-5	6
= Other changes in net financial worth	-14	-77	49	69	23	-22	-11	-85
Financial balance sheet								
Financial assets (+)								
Short-term assets	321	401	346	369	341	328	329	365
Currency and deposits	163	224	195	203	190	181	181	203
Money market fund shares	94	110	99	106	94	85	86	93
Debt securities [1]	63	67	52	60	57	62	62	69
Long-term assets	5,503	5,074	5,662	5,989	5,997	6,092	6,123	6,030
Deposits	594	599	617	610	610	624	624	630
Debt securities	2,203	2,269	2,446	2,637	2,575	2,628	2,643	2,650
Loans	411	434	439	453	467	468	472	468
Quoted shares	750	492	524	542	563	578	572	523
Unquoted shares and other equity	381	313	305	297	307	301	297	293
Mutual fund shares	1,164	965	1,331	1,449	1,474	1,494	1,515	1,466
Remaining net assets (+)	173	241	228	294	252	257	247	279
Liabilities (-)								
Debt securities	20	23	31	31	33	31	33	33
Loans	245	273	255	279	262	267	270	275
Shares and other equity	578	413	425	415	420	438	423	378
Insurance technical reserves	5,295	5,165	5,582	5,916	5,932	6,005	6,029	6,038
Net equity of households in life insurance and pension fund reserves	4,472	4,350	4,760	5,081	5,101	5,161	5,195	5,201
Prepayments of insurance premiums and reserves for outstanding claims	822	815	822	835	831	844	835	837
= Net financial wealth	-140	-159	-56	11	-57	-64	-57	-50

Source: ECB.

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

FINANCIAL MARKETS

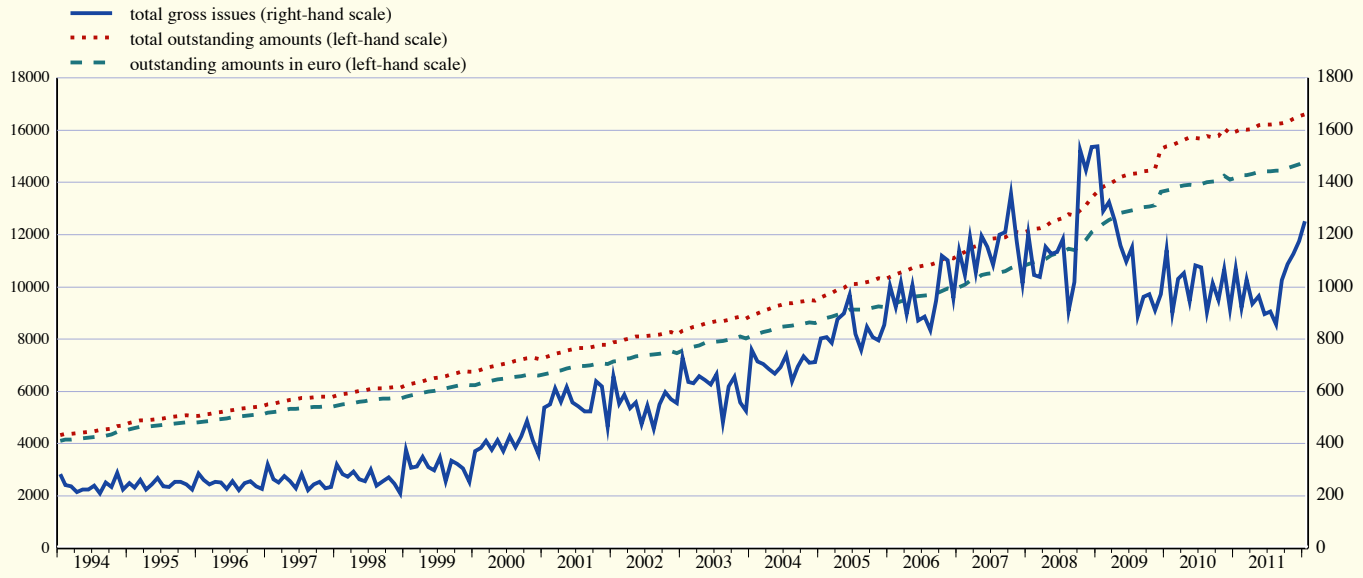
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [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											
2011 Jan.	16,363.9	1,005.1	75.1	14,187.2	954.5	72.2	15,946.1	1,070.8	91.9	3.7	78.1	5.0
Feb.	16,463.3	866.8	100.3	14,278.3	813.9	92.2	16,039.0	920.2	98.7	4.1	48.4	4.1
Mar.	16,461.4	986.8	-1.6	14,269.1	919.9	-9.0	16,014.8	1,027.9	0.3	3.4	9.8	3.5
Apr.	16,483.4	889.7	22.5	14,317.2	850.3	48.7	16,041.8	934.9	52.1	3.2	26.2	3.3
May	16,586.6	922.5	101.6	14,409.7	865.9	90.9	16,190.2	963.7	118.1	3.6	41.7	1.9
June	16,619.3	851.8	32.7	14,433.8	799.9	24.0	16,207.7	896.8	24.6	3.9	50.7	3.2
July	16,589.0	852.1	-30.8	14,423.6	824.8	-10.9	16,220.8	906.7	-11.6	3.7	13.8	2.4
Aug.	16,618.9	806.2	30.1	14,454.3	771.8	30.9	16,228.2	857.7	18.7	3.3	47.4	2.4
Sep.	16,651.8	1,001.7	33.3	14,460.9	925.8	7.1	16,274.5	1,026.3	8.9	3.3	61.3	3.0
Oct.	16,703.3	1,034.5	52.3	14,539.9	992.9	79.6	16,318.6	1,086.5	70.1	3.4	59.9	3.4
Nov.	16,787.4	1,061.7	83.5	14,630.1	1,014.6	89.4	16,441.7	1,125.7	93.9	2.4	5.1	3.0
Dec.	16,857.4	1,127.1	69.9	14,698.0	1,084.7	67.8	16,538.0	1,176.1	68.0	4.0	193.7	4.8
2012 Jan.	.	.	.	14,791.8	1,118.1	96.8	16,615.1	1,250.5	89.4	4.0	75.3	5.5
	Long-term											
2011 Jan.	14,913.8	308.9	64.9	12,816.8	278.0	50.5	14,380.8	320.1	67.4	4.8	97.1	6.2
Feb.	15,019.2	284.2	105.7	12,911.9	253.2	95.5	14,468.4	285.1	92.1	5.0	42.8	5.6
Mar.	15,029.5	313.5	10.8	12,928.8	277.4	17.4	14,461.5	311.6	14.9	4.2	20.4	5.1
Apr.	15,082.9	303.3	53.7	12,993.1	278.4	64.6	14,507.7	308.9	67.8	4.2	48.4	4.8
May	15,159.0	275.8	75.0	13,060.7	243.4	66.5	14,613.4	266.4	80.2	4.5	14.8	3.4
June	15,212.2	259.0	52.7	13,112.0	227.7	50.7	14,662.3	256.6	53.7	4.6	44.0	3.8
July	15,193.5	202.8	-20.9	13,100.5	191.6	-13.8	14,673.2	213.3	-13.3	4.4	25.4	2.7
Aug.	15,188.3	121.6	-5.2	13,099.6	112.0	-1.0	14,653.2	122.0	-9.6	4.0	28.4	2.5
Sep.	15,180.0	229.2	-7.7	13,087.4	189.8	-11.4	14,681.8	213.9	-4.1	4.0	42.7	2.8
Oct.	15,254.0	278.3	76.0	13,167.3	250.9	81.8	14,728.3	268.0	70.2	4.0	74.3	3.2
Nov.	15,325.8	210.8	71.5	13,249.0	191.6	81.1	14,841.6	212.2	87.8	3.3	5.0	3.0
Dec.	15,384.4	238.3	57.6	13,320.7	229.1	70.7	14,941.3	246.7	74.2	4.1	144.1	4.4
2012 Jan.	.	.	.	13,388.2	300.9	70.9	14,990.2	329.9	59.6	4.0	86.3	5.3

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

(EUR billions)



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

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

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

4.2 Securities other than shares issued by euro area residents, by sector of the issuer and instrument type

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010	15,872	5,246	3,290	850	5,932	554	1,007	625	80	69	205	29
2011	16,538	5,530	3,299	868	6,216	624	999	609	98	62	191	39
2011 Q1	16,015	5,347	3,256	824	6,024	564	1,006	592	92	59	220	43
Q2	16,208	5,363	3,249	832	6,167	597	932	551	86	60	192	43
Q3	16,274	5,425	3,229	854	6,160	607	930	579	78	60	180	33
Q4	16,538	5,530	3,299	868	6,216	624	1,129	715	136	70	172	36
2011 Oct.	16,319	5,412	3,259	860	6,181	607	1,087	629	144	86	197	31
Nov.	16,442	5,456	3,266	870	6,229	621	1,126	730	107	63	181	45
Dec.	16,538	5,530	3,299	868	6,216	624	1,176	786	157	60	139	34
2012 Jan.	16,615	5,542	3,293	877	6,270	633	1,251	769	117	65	248	51
	Short-term											
2010	1,539	572	121	67	724	54	759	534	34	57	115	19
2011	1,597	702	107	77	634	77	747	511	47	53	107	29
2011 Q1	1,553	618	113	71	700	52	701	462	41	49	118	30
Q2	1,545	582	124	72	702	65	654	440	31	51	102	32
Q3	1,593	613	113	83	712	72	747	512	42	53	114	26
Q4	1,597	702	107	77	634	77	887	630	75	60	94	28
2011 Oct.	1,590	625	109	84	703	70	819	545	68	73	109	24
Nov.	1,600	652	105	84	686	74	913	665	68	54	95	31
Dec.	1,597	702	107	77	634	77	929	679	90	52	78	29
2012 Jan.	1,625	709	109	81	648	79	921	629	66	53	138	34
	Long-term [2]											
2010	14,332	4,674	3,169	783	5,207	499	248	91	46	12	90	9
2011	14,941	4,828	3,192	791	5,583	547	252	98	50	9	84	10
2011 Q1	14,461	4,729	3,143	752	5,325	512	306	130	50	10	102	13
Q2	14,662	4,781	3,125	759	5,465	532	277	111	55	9	90	12
Q3	14,682	4,812	3,116	770	5,448	535	183	67	36	7	66	7
Q4	14,941	4,828	3,192	791	5,583	547	242	85	61	10	78	8
2011 Oct.	14,728	4,788	3,150	776	5,478	537	268	84	76	13	88	7
Nov.	14,842	4,804	3,161	786	5,544	547	212	65	39	9	85	13
Dec.	14,941	4,828	3,192	791	5,583	547	247	107	67	8	61	4
2012 Jan.	14,990	4,833	3,184	797	5,622	554	330	141	50	12	110	17
	of which: Long-term fixed rate											
2010	9,477	2,633	1,099	671	4,697	377	156	50	13	10	77	6
2011	10,026	2,777	1,151	697	4,994	408	151	54	12	8	70	7
2011 Q1	9,639	2,700	1,109	655	4,787	387	195	78	13	8	87	9
Q2	9,862	2,743	1,141	666	4,912	401	173	62	20	8	74	8
Q3	9,887	2,773	1,149	678	4,887	400	112	35	8	6	58	5
Q4	10,026	2,777	1,151	697	4,994	408	123	41	7	9	61	5
2011 Oct.	9,891	2,758	1,144	682	4,903	403	132	47	4	11	66	4
Nov.	9,970	2,764	1,144	692	4,962	407	117	29	7	9	64	8
Dec.	10,026	2,777	1,151	697	4,994	408	119	48	8	7	53	3
2012 Jan.	10,085	2,798	1,154	702	5,021	409	218	95	16	11	86	9
	of which: Long-term variable rate											
2010	4,384	1,761	1,964	106	432	121	78	34	29	1	10	4
2011	4,412	1,782	1,886	91	513	139	84	37	32	1	11	3
2011 Q1	4,330	1,741	1,916	93	458	123	90	42	32	1	11	4
Q2	4,299	1,765	1,839	89	477	129	84	42	23	1	13	4
Q3	4,289	1,767	1,809	88	491	133	56	26	21	0	5	3
Q4	4,412	1,782	1,886	91	513	139	107	36	51	1	15	3
2011 Oct.	4,331	1,753	1,853	89	503	133	121	27	70	2	20	3
Nov.	4,358	1,762	1,861	90	507	138	81	28	28	1	19	5
Dec.	4,412	1,782	1,886	91	513	139	118	54	55	1	7	1
2012 Jan.	4,396	1,768	1,874	91	519	143	91	37	29	1	16	8

Source: ECB.

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

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

4.2 Securities other than shares issued by euro area residents, by sector of the issuer and instrument type

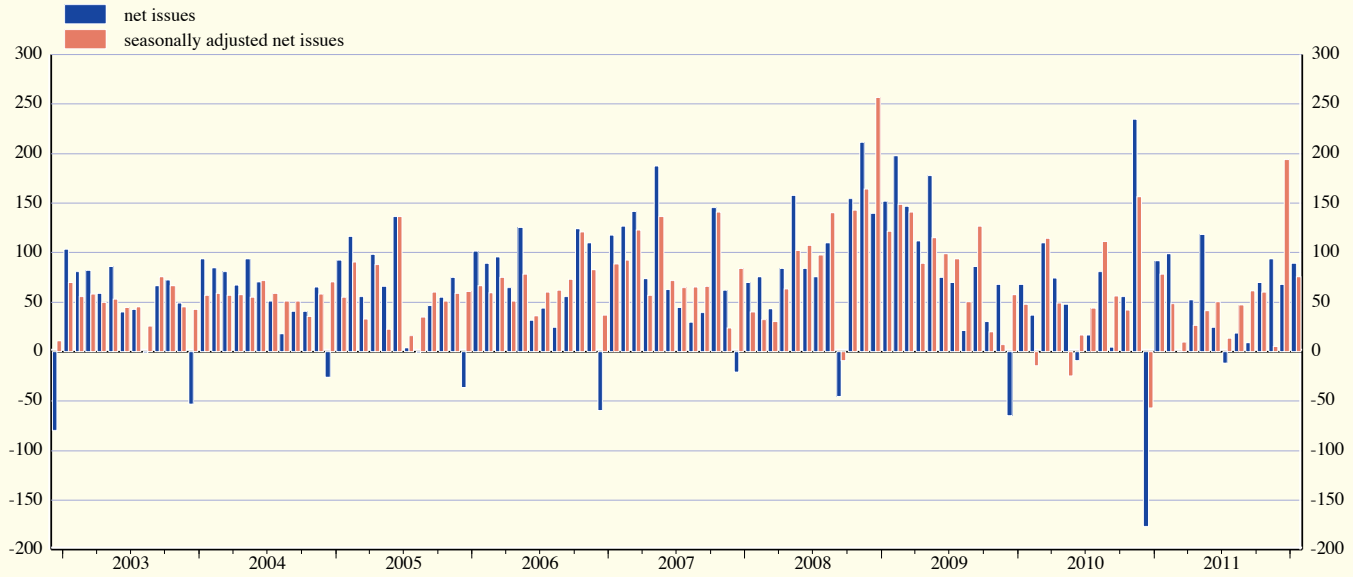
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010	45.4	-1.2	4.6	5.0	31.6	5.3	45.2	-1.4	4.7	5.0	31.8	5.1
2011	52.8	22.7	-2.6	3.7	23.4	5.6	53.0	23.1	-2.4	3.8	23.1	5.3
2011 Q1	63.6	43.0	-20.4	4.3	32.5	4.3	45.4	24.0	-4.0	2.8	16.7	5.9
Q2	64.9	5.0	-1.4	2.7	47.5	11.0	39.5	0.6	-6.5	-0.2	34.2	11.5
Q3	5.3	12.7	-10.1	4.5	-3.8	2.0	40.8	20.2	5.1	6.2	5.6	3.7
Q4	77.3	30.2	21.4	3.2	17.6	4.9	86.2	47.6	-4.2	6.4	36.1	0.3
2011 Oct.	70.1	2.0	33.8	8.9	23.2	2.2	59.9	9.9	12.6	8.0	35.1	-5.7
Nov.	93.9	29.0	2.0	6.5	45.1	11.1	5.1	21.5	-41.0	5.8	8.1	10.7
Dec.	68.0	59.7	28.5	-5.9	-15.6	1.4	193.7	111.4	15.8	5.3	65.2	-4.1
2012 Jan.	89.4	16.4	-1.6	10.6	54.5	9.4	75.3	-7.6	18.1	6.9	38.3	19.7
	Long-term											
2010	54.0	1.9	2.0	5.3	41.3	3.5	54.3	1.9	2.2	5.3	41.4	3.5
2011	48.4	12.1	-1.3	2.7	31.0	3.9	48.9	12.2	-1.0	2.8	31.1	3.9
2011 Q1	58.1	27.4	-16.9	2.3	40.5	4.9	53.4	17.1	-1.9	2.5	31.2	4.6
Q2	67.2	16.7	-5.1	2.4	46.7	6.5	35.7	5.6	-9.4	-0.6	35.1	5.0
Q3	-9.0	2.9	-6.5	0.9	-6.9	0.6	32.1	10.8	7.3	2.2	9.1	2.7
Q4	77.4	1.3	23.3	5.4	43.8	3.6	74.5	15.5	-0.2	7.0	48.9	3.3
2011 Oct.	70.2	-10.3	37.7	8.4	31.4	3.1	74.3	-3.4	20.8	9.4	45.2	2.3
Nov.	87.8	3.2	6.0	6.8	63.4	8.4	5.0	7.6	-38.3	6.3	21.0	8.4
Dec.	74.2	10.9	26.2	1.1	36.6	-0.7	144.1	42.2	16.9	5.4	80.5	-0.8
2012 Jan.	59.6	8.8	-3.2	6.8	40.7	6.6	86.3	5.4	18.0	8.4	46.0	8.4

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

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



Source: ECB.

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

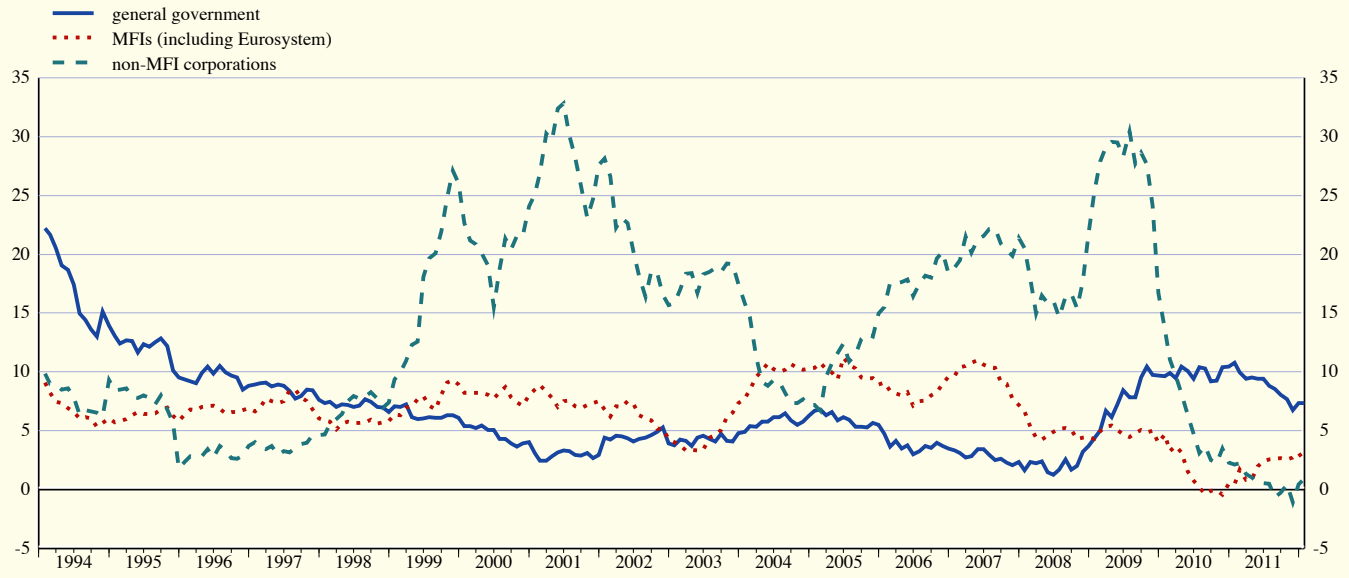
4.3 Growth rates of securities other than shares issued by euro area residents [1)]

(percentage changes)

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011 Jan.	3.7	0.0	1.7	7.2	7.1	13.4	5.0	2.3	3.8	6.9	7.3	10.9
Feb.	4.1	1.6	2.3	5.5	6.7	11.9	4.1	2.5	1.4	6.1	6.4	9.4
Mar.	3.4	0.8	1.2	4.8	5.9	14.5	3.5	2.2	-1.0	5.2	6.3	12.1
Apr.	3.2	0.4	1.1	3.4	6.0	14.6	3.3	2.9	-0.7	2.5	5.3	12.3
May	3.6	1.7	0.3	4.3	6.1	17.4	1.9	3.0	-4.0	3.7	2.7	15.8
June	3.9	1.8	0.5	4.2	6.5	16.1	3.2	2.8	-1.9	1.8	5.2	20.1
July	3.7	1.8	0.4	4.9	6.2	13.3	2.4	1.2	-2.8	2.9	5.1	16.0
Aug.	3.3	1.9	-1.2	5.2	5.6	15.3	2.4	1.2	-3.8	4.4	4.9	22.0
Sep.	3.3	2.3	-0.6	4.8	5.1	14.2	3.0	2.3	-0.2	4.4	4.0	16.8
Oct.	3.4	2.9	-0.1	4.7	4.7	12.8	3.4	2.9	0.4	7.1	4.2	12.9
Nov.	2.4	3.2	-2.3	5.1	3.0	13.6	3.0	3.3	-0.6	6.5	3.4	11.0
Dec.	4.0	5.2	-1.0	5.4	4.7	12.1	4.8	7.7	0.2	9.3	4.1	4.0
2012 Jan.	4.0	4.4	-0.7	6.2	4.8	15.5	5.5	7.6	1.5	9.5	4.5	15.0
	Long-term											
2011 Jan.	4.8	0.4	0.7	8.0	11.0	8.3	6.2	3.7	1.9	7.5	10.9	7.5
Feb.	5.0	1.7	1.3	6.4	10.1	8.6	5.6	4.1	0.2	6.1	10.0	8.5
Mar.	4.2	0.8	0.2	5.7	9.4	9.0	5.1	3.3	-2.0	5.6	11.0	9.4
Apr.	4.2	0.9	0.1	5.0	9.5	9.5	4.8	3.5	-1.6	4.0	10.0	8.7
May	4.5	2.0	-0.6	5.2	9.1	12.1	3.4	3.6	-4.9	3.1	7.9	11.0
June	4.6	2.4	-0.3	4.4	9.4	9.4	3.8	2.9	-2.1	1.5	7.8	11.9
July	4.4	2.5	-0.5	4.8	8.7	9.8	2.7	1.4	-2.9	2.1	6.6	12.2
Aug.	4.0	2.6	-1.8	4.4	8.4	10.2	2.5	1.2	-3.9	2.8	6.8	12.1
Sep.	4.0	2.7	-1.1	3.4	7.9	9.4	2.8	2.1	-0.4	1.3	5.0	9.3
Oct.	4.0	2.6	-0.3	3.5	7.6	8.7	3.2	1.7	1.0	3.0	5.3	8.5
Nov.	3.3	2.7	-2.3	4.0	6.4	10.0	3.0	1.9	0.1	4.8	4.9	9.1
Dec.	4.1	3.1	-0.5	4.4	7.2	9.4	4.4	3.3	1.4	7.4	6.5	6.9
2012 Jan.	4.0	2.5	-0.2	5.6	7.0	11.1	5.3	3.5	2.5	9.2	7.3	10.1

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

(annual percentage changes)



Source: ECB.

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

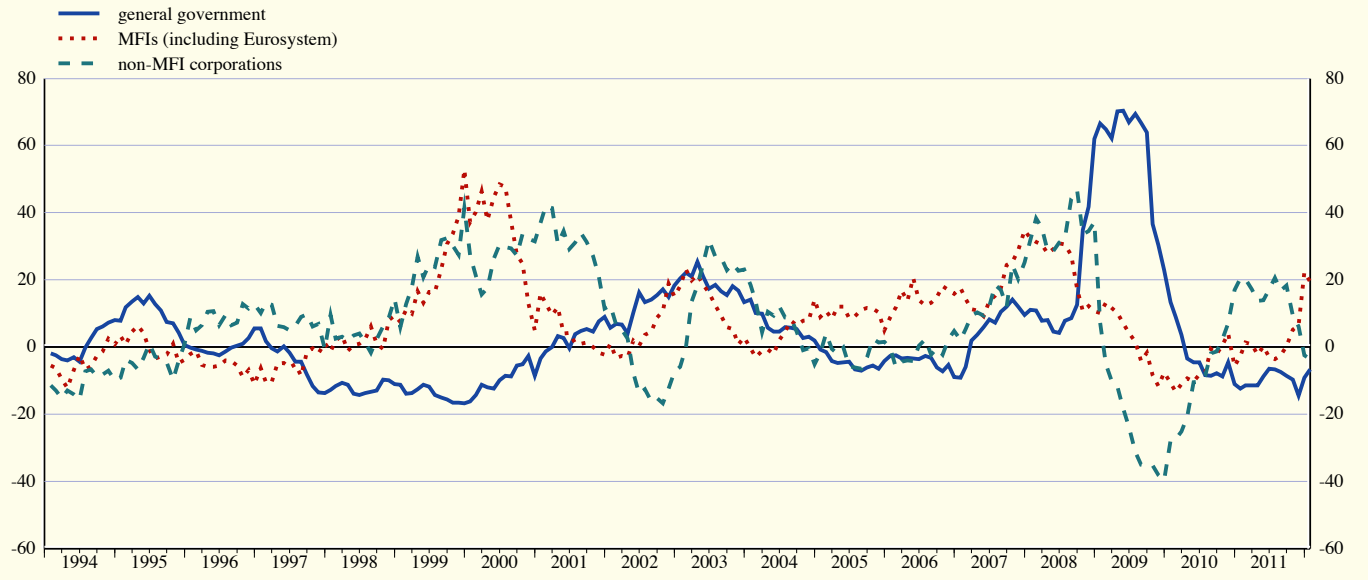
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2010	8.8	5.7	6.4	19.6	9.9	8.8	-0.6	-3.9	0.7	-1.5	6.4	27.5
2011	6.4	5.0	3.4	6.3	7.8	7.6	-0.6	-1.4	-5.3	-1.9	22.3	16.1
2011 Q1	6.9	3.4	3.1	9.2	9.7	5.6	0.4	-1.8	-1.9	-1.2	19.0	20.0
Q2	6.5	4.6	3.7	6.4	8.2	7.9	-0.5	-2.1	-4.7	-1.5	23.5	18.4
Q3	6.6	6.2	4.2	5.2	7.4	8.9	-1.5	-1.4	-7.7	-2.3	25.7	13.0
Q4	5.6	5.6	2.7	4.5	6.1	8.1	-1.0	-0.5	-6.8	-2.5	21.0	13.9
2011 Aug.	6.5	6.3	3.8	5.2	7.2	9.4	-1.9	-1.5	-8.5	-2.2	25.6	13.4
Sep.	6.1	6.4	4.7	4.3	6.4	8.3	-1.6	-1.2	-8.5	-3.7	28.3	13.4
Oct.	5.7	5.7	3.5	4.2	6.2	7.5	-0.6	-1.0	-6.3	-2.9	25.8	12.7
Nov.	5.2	5.2	1.6	4.6	5.8	8.5	-1.7	0.0	-7.8	-2.3	14.6	15.1
Dec.	5.5	5.6	1.1	5.0	6.3	8.0	0.4	0.4	-4.4	-1.0	18.7	14.4
2012 Jan.	5.6	5.2	2.1	6.4	6.4	8.7	-0.1	-0.4	-4.5	-0.9	15.6	19.4
	In euro											
2010	9.1	5.6	7.4	19.9	10.0	8.3	-0.3	-3.3	0.4	-1.9	5.9	26.2
2011	6.5	4.2	3.6	6.6	8.1	7.2	-0.1	0.0	-5.9	-2.8	22.2	15.3
2011 Q1	7.0	2.2	3.3	9.6	9.9	4.5	1.0	-0.1	-2.7	-1.7	19.1	21.0
Q2	6.6	3.8	4.0	6.5	8.5	7.3	0.3	-0.6	-4.7	-2.6	23.5	18.1
Q3	6.7	5.4	4.5	5.9	7.6	8.6	-1.2	-0.2	-8.4	-3.5	25.6	11.1
Q4	5.7	5.4	2.6	4.7	6.4	8.5	-0.6	1.0	-7.6	-3.6	20.8	12.3
2011 Aug.	6.6	5.6	4.0	6.1	7.4	9.0	-1.6	-0.5	-9.1	-3.7	25.6	11.5
Sep.	6.2	5.7	4.6	4.8	6.6	8.4	-1.5	-0.1	-9.8	-4.6	28.3	11.4
Oct.	5.8	5.4	3.5	4.5	6.4	8.2	-0.1	0.5	-6.8	-3.9	25.6	11.0
Nov.	5.5	5.2	1.8	4.7	6.1	9.0	-1.3	1.5	-8.3	-3.4	14.3	13.7
Dec.	5.7	5.7	0.8	5.0	6.5	8.6	0.7	1.9	-5.3	-2.1	18.4	13.1
2012 Jan.	6.0	5.5	2.6	6.0	6.6	10.0	0.7	1.6	-4.7	-2.2	15.3	18.2

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

(annual percentage changes)



Source: ECB.

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

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

(EUR billions, unless otherwise indicated; market values)

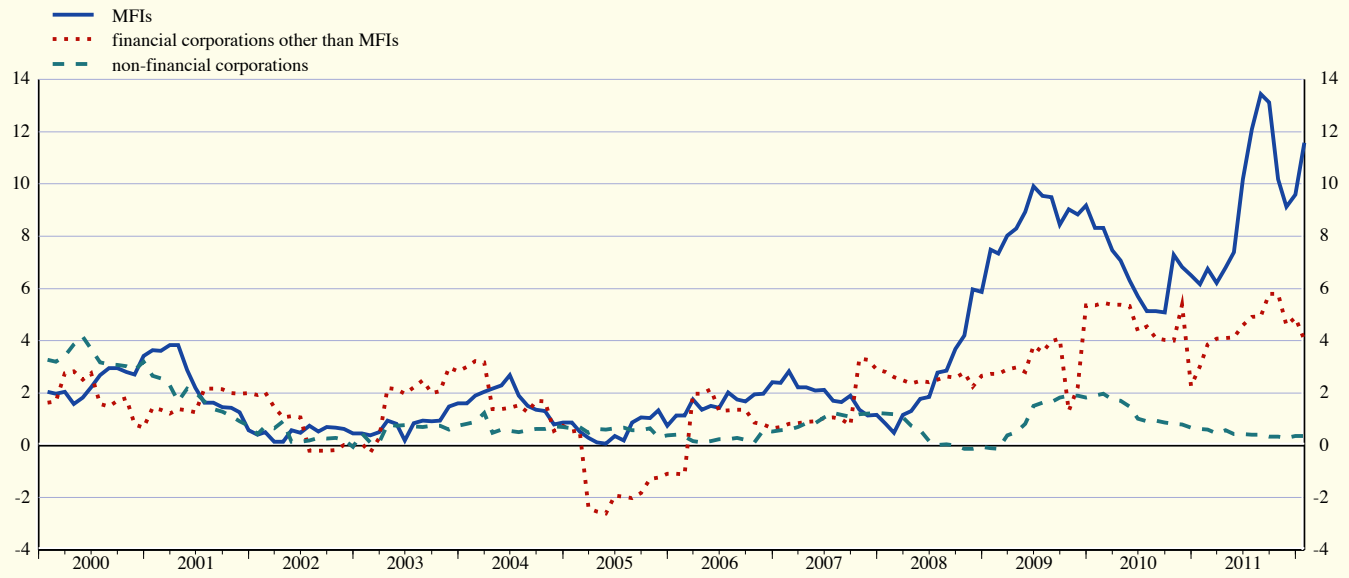
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2010 Jan.	4,242.8	103.1	2.9	516.7	8.3	340.7	5.4	3,385.4	1.9
Feb.	4,161.5	103.2	3.0	499.3	8.3	339.2	5.4	3,323.0	2.0
Mar.	4,474.4	103.4	2.8	543.6	7.5	365.2	5.4	3,565.5	1.8
Apr.	4,409.1	103.4	2.7	508.4	7.1	345.7	5.4	3,555.0	1.7
May	4,093.4	103.5	2.4	445.9	6.3	322.7	5.3	3,324.9	1.5
June	4,054.6	103.7	1.9	446.4	5.7	315.5	4.4	3,292.7	1.0
July	4,256.1	103.7	1.7	519.8	5.1	338.0	4.5	3,398.3	0.9
Aug.	4,121.2	103.7	1.7	479.3	5.1	314.4	4.1	3,327.5	0.9
Sep.	4,345.2	103.8	1.6	487.0	5.1	326.6	4.0	3,531.6	0.9
Oct.	4,531.0	104.2	1.8	514.4	7.3	333.5	4.0	3,683.1	0.8
Nov.	4,413.3	104.4	1.8	437.8	6.8	316.6	5.4	3,658.9	0.8
Dec.	4,596.2	104.4	1.4	458.4	6.5	334.0	2.3	3,803.8	0.7
2011 Jan.	4,759.8	104.6	1.4	514.3	6.2	365.8	3.0	3,879.7	0.6
Feb.	4,845.8	104.7	1.5	535.0	6.8	378.9	3.9	3,931.9	0.6
Mar.	4,767.3	104.8	1.4	491.7	6.2	363.2	4.1	3,912.5	0.5
Apr.	4,891.8	105.0	1.5	497.5	6.8	371.5	4.1	4,022.8	0.6
May	4,777.5	105.0	1.5	475.9	7.4	356.2	4.1	3,945.4	0.4
June	4,722.7	105.5	1.7	491.6	10.2	350.5	4.6	3,880.5	0.4
July	4,504.3	105.7	1.9	458.8	12.1	325.5	4.9	3,720.0	0.4
Aug.	3,975.3	105.9	2.0	383.0	13.4	281.6	4.9	3,310.7	0.4
Sep.	3,749.2	105.9	2.0	350.7	13.1	264.3	5.8	3,134.2	0.3
Oct.	4,044.0	105.9	1.7	361.3	10.2	288.0	5.8	3,394.7	0.3
Nov.	3,893.4	106.0	1.5	330.6	9.1	271.5	4.6	3,291.3	0.3
Dec.	3,906.8	106.1	1.6	340.1	9.6	270.7	4.9	3,296.0	0.3
2012 Jan.	4,107.1	106.3	1.7	362.3	11.6	298.0	4.0	3,446.8	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

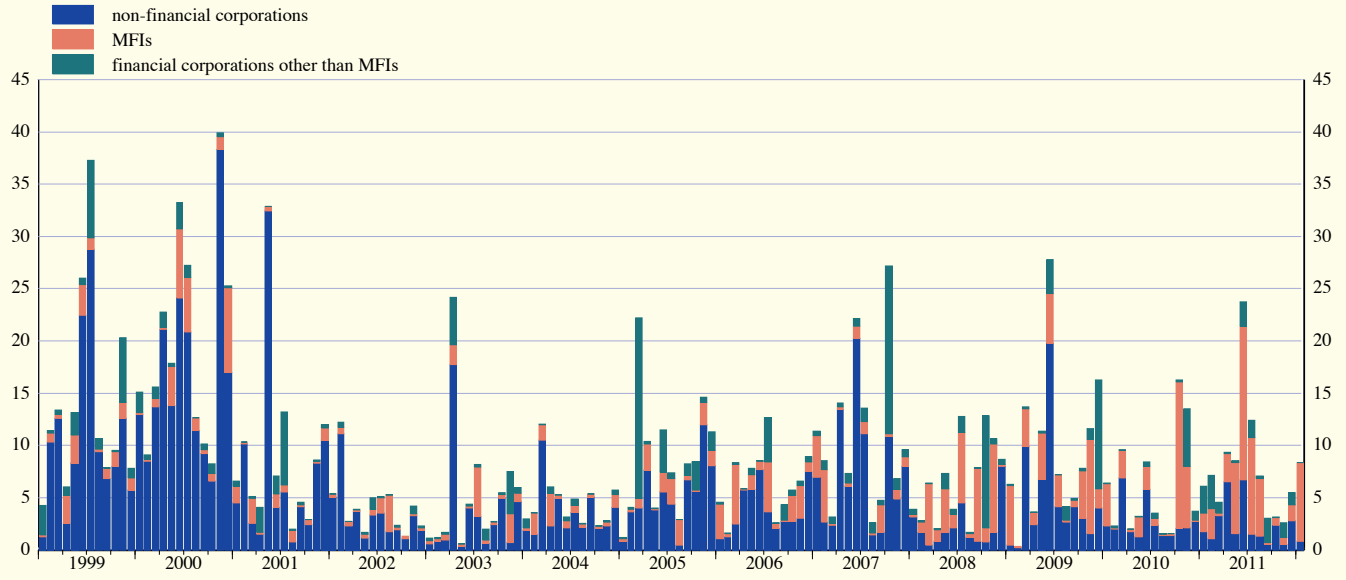
(EUR billions; market values)

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
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.	13.5	1.5	12.0	5.9	0.0	5.9	5.5	0.1	5.4	2.1	1.4	0.7
Dec.	3.7	3.5	0.2	0.2	0.0	0.2	0.9	0.3	0.5	2.7	3.2	-0.5
2011 Jan.	6.1	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.	9.4	0.5	8.8	2.7	0.0	2.7	0.1	0.0	0.1	6.5	0.5	6.0
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
Sep.	2.9	2.9	0.0	0.0	0.9	-0.9	2.3	0.0	2.3	0.5	2.0	-1.4
Oct.	3.1	0.4	2.7	0.7	0.0	0.7	0.1	0.0	0.1	2.3	0.4	1.9
Nov.	2.6	1.5	1.1	0.7	0.0	0.7	1.4	0.0	1.4	0.5	1.5	-1.0
Dec.	5.5	1.0	4.5	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.0	1.8
2012 Jan.	8.3	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.5

C20 Gross issues of quoted shares by sector of the issuer

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2011 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	2.69	2.99	1.42
Sep.	0.55	2.73	3.15	2.92	1.79	1.94	0.69	1.71	2.72	2.79	1.47
Oct.	0.55	2.88	3.17	3.14	1.80	1.96	0.69	1.67	2.74	3.23	1.65
Nov.	0.55	2.78	3.08	3.03	1.80	1.96	0.66	1.46	2.61	2.85	1.62
Dec.	0.54	2.78	3.20	3.06	1.81	1.97	0.65	1.50	2.76	2.90	1.38
2012 Jan.	0.53	2.94	3.48	3.15	1.83	1.96	0.61	1.27	2.95	2.92	1.23
Feb.	0.52	2.90	3.37	3.15	1.83	1.96	0.60	1.22	2.96	3.01	1.06

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

	Revolving loans and overdrafts	Extended credit card debt [3]	Consumer credit				Lending for house purchase					Lending to sole proprietors and unincorporated partnerships		
			By initial rate fixation			APRC [4]	By initial rate fixation				APRC [4]	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011 Mar.	8.04	16.88	5.43	6.22	7.82	7.32	3.00	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.	8.41	17.18	5.77	6.57	7.94	7.64	3.41	3.86	4.02	4.02	4.02	3.97	4.86	4.20
Oct.	8.43	17.17	5.60	6.53	7.94	7.54	3.44	3.79	3.86	3.94	3.95	3.98	4.76	4.16
Nov.	8.41	17.11	5.56	6.47	7.78	7.39	3.43	3.74	3.84	3.94	3.96	4.22	4.93	4.02
Dec.	8.37	17.08	5.26	6.44	7.64	7.16	3.49	3.74	3.81	3.95	4.02	4.13	4.84	3.92
2012 Jan.	8.46	17.06	5.61	6.58	8.08	7.57	3.50	3.71	3.75	4.03	4.03	3.89	4.76	3.93
Feb.	8.41	17.05	5.70	6.58	8.09	7.62	3.44	3.64	3.70	3.95	3.92	3.87	4.71	4.04

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2011 Mar.	4.12	4.02	4.38	4.63	4.99	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	2.87	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	2.79	3.56	3.64	3.99	3.87	4.06
Sep.	4.54	4.59	4.94	4.79	4.94	4.46	4.31	2.84	3.44	3.69	3.63	3.64	3.74
Oct.	4.61	4.70	5.10	4.86	4.99	4.56	4.27	2.98	3.54	3.78	3.89	3.60	3.71
Nov.	4.61	4.77	5.26	4.98	5.10	4.65	4.26	2.80	3.66	3.42	3.92	3.60	3.71
Dec.	4.67	4.89	5.15	4.98	5.05	4.58	4.27	3.02	3.74	3.11	3.95	3.73	3.75
2012 Jan.	4.64	4.93	5.36	4.78	5.04	4.40	4.33	2.66	3.70	3.06	3.45	2.70	3.80
Feb.	4.59	4.86	5.25	4.71	5.02	4.65	4.41	2.50	3.76	3.31	3.92	3.77	3.64

Source: ECB.

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

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

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

4. Interest rates on deposits (outstanding amounts)

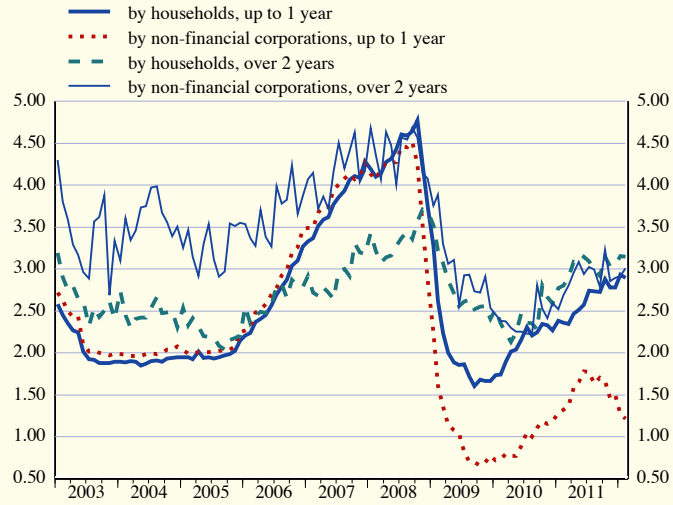
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2]	With an agreed maturity of:		Redeemable at notice of: [2],[3]		Overnight [2]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2011 Mar.	0.45	2.38	2.71	1.61	1.88	0.54	1.85	3.13	1.65
Apr.	0.46	2.41	2.73	1.65	1.90	0.61	1.94	3.12	1.72
May	0.49	2.45	2.74	1.67	1.91	0.63	1.99	3.12	1.76
June	0.49	2.49	2.75	1.70	1.92	0.67	2.07	3.11	1.93
July	0.52	2.54	2.77	1.70	1.93	0.66	2.13	3.13	1.94
Aug.	0.54	2.59	2.77	1.77	1.93	0.68	2.12	3.14	1.97
Sep.	0.55	2.62	2.79	1.79	1.94	0.69	2.14	3.15	2.07
Oct.	0.55	2.65	2.78	1.80	1.96	0.69	2.16	3.14	2.15
Nov.	0.55	2.70	2.80	1.80	1.96	0.66	2.17	3.16	2.24
Dec.	0.54	2.73	2.78	1.81	1.97	0.65	2.14	3.13	2.37
2012 Jan.	0.53	2.76	2.78	1.83	1.96	0.61	2.09	3.16	2.46
Feb.	0.52	2.79	2.80	1.83	1.96	0.60	2.08	3.20	2.62

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2011 Mar.	3.71	3.80	3.84	7.92	6.40	5.20	3.68	3.49	3.48
Apr.	3.81	3.78	3.84	7.94	6.43	5.23	3.78	3.60	3.53
May	3.81	3.78	3.85	7.96	6.38	5.24	3.84	3.65	3.56
June	3.87	3.78	3.86	7.95	6.45	5.28	3.93	3.73	3.63
July	4.03	3.79	3.90	8.03	6.42	5.30	4.00	3.80	3.69
Aug.	4.06	3.78	3.89	8.07	6.42	5.31	4.06	3.84	3.72
Sep.	4.13	3.79	3.92	8.14	6.48	5.32	4.11	3.85	3.73
Oct.	4.12	3.78	3.91	8.17	6.44	5.33	4.18	3.86	3.74
Nov.	4.12	3.77	3.91	8.09	6.44	5.34	4.20	3.89	3.75
Dec.	4.12	3.74	3.89	8.11	6.43	5.31	4.26	3.87	3.72
2012 Jan.	4.06	3.71	3.87	8.14	6.40	5.28	4.23	3.81	3.68
Feb.	4.04	3.69	3.86	8.10	6.42	5.28	4.18	3.78	3.67

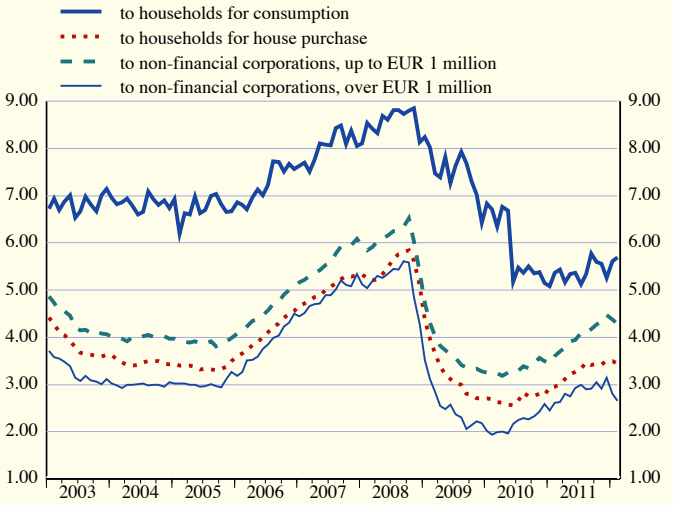
C21 New deposits with an agreed maturity

(percentages per annum excluding charges; period averages)



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

(percentages per annum excluding charges; period averages)



Source: ECB.

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

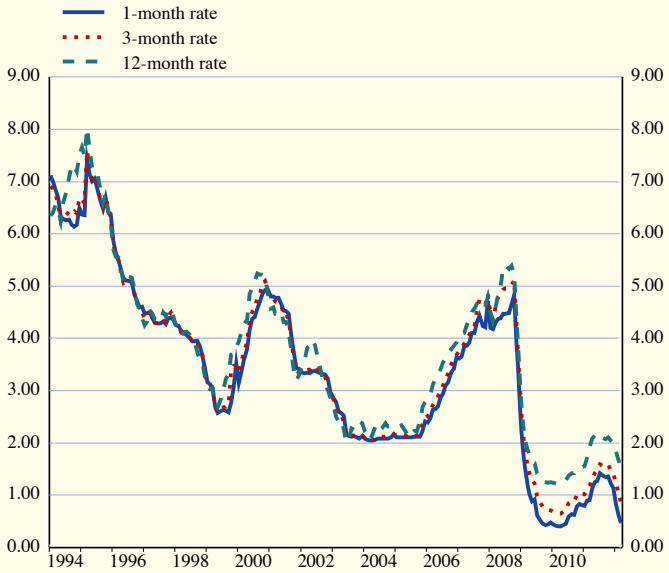
4.6 Money market interest rates

(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2011 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
Q4	0.79	1.24	1.50	1.72	2.05	0.48	0.20
2012 Q1	0.37	0.64	1.04	1.34	1.67	0.51	0.20
2011 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
Nov.	0.79	1.23	1.48	1.71	2.04	0.48	0.20
Dec.	0.63	1.14	1.43	1.67	2.00	0.56	0.20
2012 Jan.	0.38	0.84	1.22	1.50	1.84	0.57	0.20
Feb.	0.37	0.63	1.05	1.35	1.68	0.50	0.20
Mar.	0.36	0.47	0.86	1.16	1.50	0.47	0.20

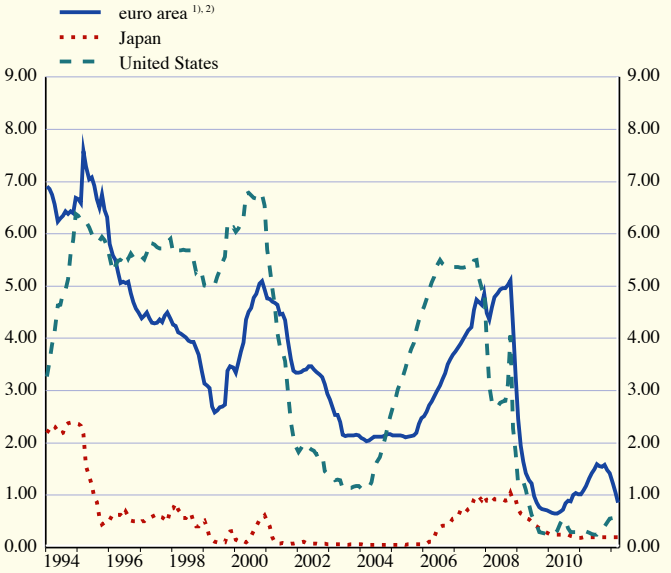
C23 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

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

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

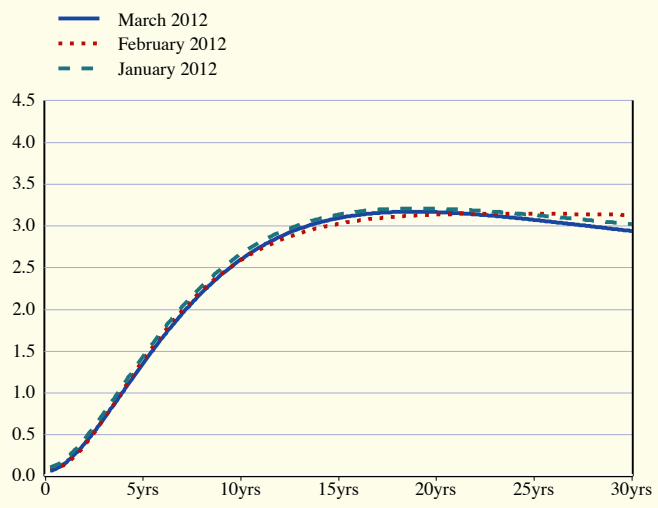
4.7 Euro area yield curves [1)]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2011 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
Q4	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Q1	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
2011 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
Nov.	0.20	0.38	0.74	1.92	2.51	3.07	2.87	2.33	0.69	1.53	3.64	4.41
Dec.	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Jan.	0.11	0.21	0.45	1.44	2.03	2.67	2.55	2.22	0.39	1.03	3.07	4.26
Feb.	0.11	0.15	0.37	1.39	1.99	2.59	2.49	2.22	0.29	0.95	3.06	4.06
Mar.	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26

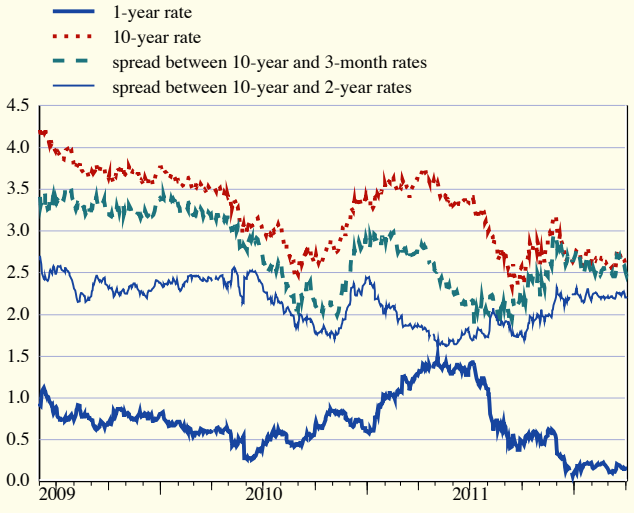
C25 Euro area spot yield curves [2)]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2)]

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



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

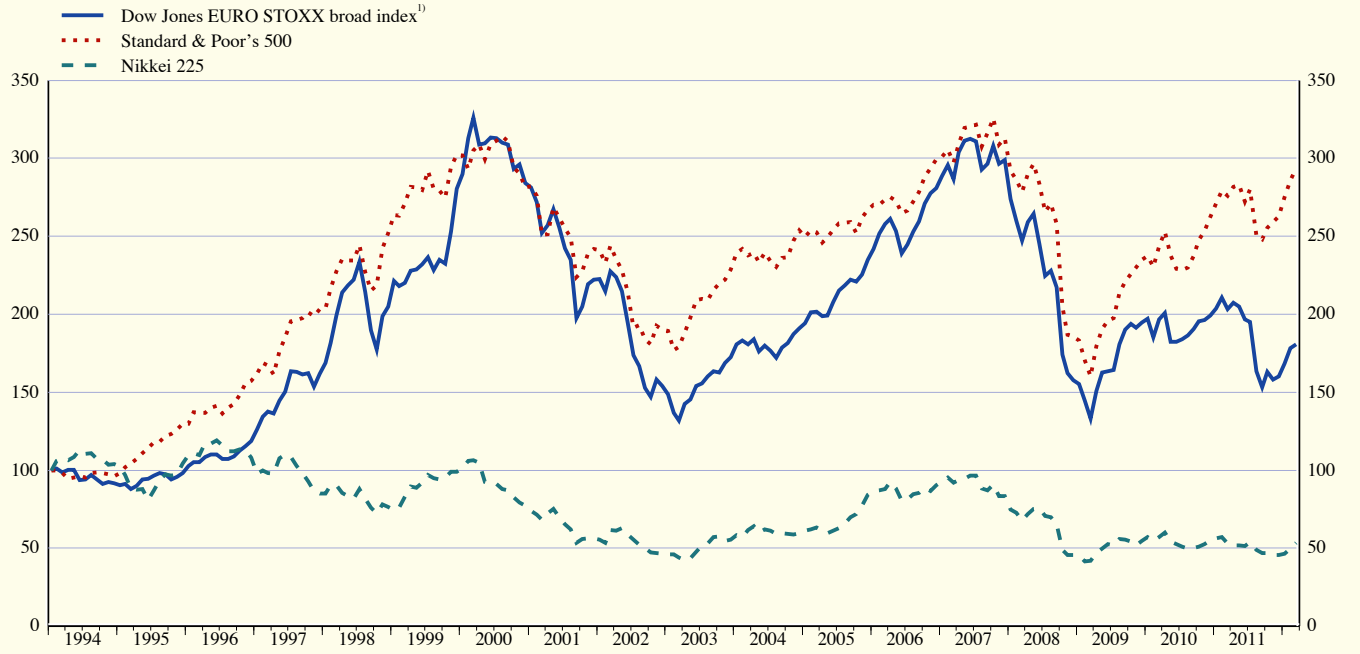
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices [1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2011 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
Q4	222.4	2,277.8	427.1	142.1	327.1	295.5	117.2	296.6	201.8	256.5	320.3	432.4	1,225.7	8,580.6
2012 Q1	243.7	2,473.6	499.1	150.3	372.3	324.6	129.7	333.3	221.7	253.7	300.6	480.6	1,348.8	9,295.3
2011 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
Nov.	219.2	2,239.6	423.6	141.5	325.9	293.5	112.8	292.2	205.7	250.6	316.6	423.3	1,226.4	8,506.1
Dec.	222.2	2,283.3	433.2	142.4	329.9	302.9	115.9	295.5	196.6	249.3	310.3	448.4	1,243.3	8,506.0
2012 Jan.	233.4	2,382.1	477.6	146.9	351.8	317.3	120.4	319.2	206.9	248.8	305.0	473.6	1,300.6	8,616.7
Feb.	247.2	2,508.2	507.2	152.1	377.3	327.0	134.4	336.3	223.9	254.6	300.1	477.6	1,352.5	9,242.3
Mar.	250.7	2,532.2	512.9	152.0	388.0	329.5	134.6	344.6	234.3	257.7	296.7	490.5	1,389.2	9,962.3

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2]	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
			Total excl. unprocessed food and energy										
% of total in 2012	100.0	100.0	81.8	58.5	41.5	100.0	11.9	7.2	28.5	11.0	41.5	88.2	11.8
	1	2	3	4	5	6	7	8	9	10	11	12	13
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.8
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.5
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5
2010 Q4	110.8	2.0	1.1	2.5	1.3	0.5	0.5	0.5	0.3	2.0	0.4	2.0	2.3
2011 Q1	111.3	2.5	1.3	3.1	1.6	1.0	0.9	0.5	0.2	6.3	0.5	2.4	3.3
Q2	113.1	2.8	1.8	3.3	1.9	0.8	1.1	0.3	0.3	2.8	0.6	2.6	3.6
Q3	112.9	2.7	1.7	3.2	2.0	0.3	1.1	0.1	-0.3	0.4	0.5	2.6	3.5
Q4	114.1	2.9	2.0	3.7	1.9	0.8	1.1	1.0	1.1	1.5	0.3	2.9	3.5
2011 Oct.	113.9	3.0	2.0	3.9	1.8	0.2	0.5	0.4	0.2	0.6	0.1	3.0	3.6
Nov.	114.0	3.0	2.0	3.9	1.9	0.2	0.2	0.4	0.1	0.7	0.1	3.0	3.5
Dec.	114.4	2.7	2.0	3.3	1.9	0.1	0.2	0.1	0.0	-0.1	0.2	2.7	3.5
2012 Jan.	113.4	2.7	1.9	3.2	1.9	0.4	0.2	-0.2	0.0	2.6	0.2	2.5	3.5
Feb.	114.0	2.7	1.9	3.4	1.8	0.3	0.3	0.8	0.1	1.1	0.1	2.6	3.4
Mar. [3]	.	2.6	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2012	19.1	11.9	7.2	39.5	28.5	11.0	10.1	6.0	6.5	3.1	14.5	7.3
	14	15	16	17	18	19	20	21	22	23	24	25
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2010 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	3.3	-1.8	2.3	2.1
Q4	3.3	4.2	1.8	3.9	1.2	11.5	1.7	1.4	3.0	-1.8	2.2	2.1
2011 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
Oct.	3.3	4.3	1.8	4.2	1.3	12.4	1.7	1.4	2.9	-1.9	2.2	2.0
Nov.	3.4	4.3	1.9	4.1	1.3	12.3	1.7	1.3	2.9	-1.7	2.1	2.2
Dec.	3.1	4.1	1.6	3.4	1.2	9.7	1.7	1.4	3.2	-1.9	2.2	2.3
2012 Jan.	3.1	4.1	1.6	3.2	0.9	9.2	1.8	1.5	2.8	-2.4	2.1	2.6
Feb.	3.3	4.1	2.2	3.4	1.1	9.5	1.7	1.5	2.8	-3.0	2.2	2.4

Sources: Eurostat and ECB calculations.

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

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construction [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.8	1.9
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-3.2
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	1.9	1.1
2011	118.3	5.9	5.5	3.8	5.9	1.4	3.1	2.1	3.3	11.9	3.3	1.0
2010 Q4	113.5	4.8	4.6	3.1	5.9	0.8	1.5	1.4	1.5	9.6	2.8	1.9
2011 Q1	116.7	6.5	6.3	4.4	7.9	1.3	2.5	1.8	2.6	12.5	4.1	2.0
Q2	118.5	6.3	5.8	4.3	6.8	1.3	3.4	1.9	3.7	11.9	3.0	1.1
Q3	118.9	5.9	5.5	3.8	5.6	1.5	3.3	2.2	3.5	11.8	3.3	1.0
Q4	119.3	5.1	4.5	2.9	3.4	1.5	3.3	2.5	3.4	11.3	2.9	-0.2
2011 Sep.	119.0	5.8	5.3	3.5	5.0	1.5	3.4	2.5	3.5	12.2	-	-
Oct.	119.2	5.5	5.0	3.2	4.1	1.6	3.4	2.5	3.5	12.3	-	-
Nov.	119.5	5.4	4.7	3.0	3.5	1.4	3.4	2.5	3.6	12.3	-	-
Dec.	119.2	4.3	3.7	2.5	2.7	1.6	3.1	2.3	3.2	9.4	-	-
2012 Jan.	120.1	3.8	3.3	2.0	1.6	1.4	3.0	2.3	3.0	9.2	-	-
Feb.	120.9	3.6	3.0	1.7	1.1	1.4	2.8	2.4	2.9	9.3	-	-

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 consumption	Government consumption	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	65.9	2.0	18.4	-4.4	-1.7	9.7	-8.6	106.2	2.0	2.6	2.7	2.8	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	-0.4	2.0	-0.4	-3.4	-6.0
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	107.9	0.7	1.5	1.7	0.9	1.0	2.8	5.0
2011	79.7	12.2	22.4	7.7	12.9	20.7	7.5	109.3	1.3	2.2	2.5	0.9	2.0	3.7	5.9
2011 Q1	77.3	42.9	46.1	41.4	41.0	47.2	36.6	108.8	1.2	2.2	2.5	0.7	2.3	5.1	7.9
Q2	81.3	11.6	28.8	4.6	13.3	26.2	5.1	109.2	1.3	2.1	2.5	0.8	1.9	3.7	5.7
Q3	79.3	3.8	16.7	-1.6	4.9	11.7	0.3	109.5	1.3	2.2	2.4	0.9	1.9	3.2	5.3
Q4	80.7	-2.5	3.6	-5.2	-1.7	4.4	-6.0	109.7	1.4	2.1	2.4	1.3	1.8	2.7	4.5
2012 Q1	90.1	-5.9	-7.8	-4.9	-4.9	-4.0	-5.6	.	.	.	.	.	.	.	.
2011 Oct.	78.9	1.6	10.7	-2.4	2.5	10.6	-3.2	-	-	-	-	-	-	-	-
Nov.	81.4	-1.9	4.7	-4.9	-0.7	6.0	-5.5	-	-	-	-	-	-	-	-
Dec.	81.7	-6.7	-3.6	-8.1	-6.3	-2.5	-9.0	-	-	-	-	-	-	-	-
2012 Jan.	86.2	-4.6	-4.1	-4.8	-4.1	-1.9	-5.8	-	-	-	-	-	-	-	-
Feb.	89.7	-7.5	-10.5	-6.0	-6.5	-6.5	-6.5	-	-	-	-	-	-	-	-
Mar.	94.2	-5.4	-8.7	-3.8	-4.0	-3.3	-4.6	-	-	-	-	-	-	-	-

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

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

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

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

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
	Unit labour costs [1]											
2010	109.2	-0.8	-1.3	-6.0	1.2	-2.0	-1.3	0.1	2.7	1.8	1.1	1.5
2011	110.2	0.9	-1.7	-0.2	0.3	0.6	3.0	1.6	3.8	3.3	0.9	1.4
2011 Q1	109.6	0.0	0.2	-2.4	0.5	-1.2	1.8	2.5	4.6	3.3	0.8	0.8
Q2	110.2	1.1	-1.8	-0.4	1.7	0.4	3.3	3.3	4.0	3.5	0.8	1.9
Q3	110.1	1.2	-2.3	-0.2	0.6	1.8	3.5	0.5	2.0	2.9	1.0	1.5
Q4	110.7	1.3	-2.8	1.6	-1.6	1.4	3.1	0.1	4.8	3.4	0.8	1.6
	Compensation per employee											
2010	111.5	1.6	1.5	3.7	0.8	1.3	2.4	2.2	3.5	1.5	0.8	1.1
2011	114.0	2.3	2.5	3.5	3.2	2.0	2.1	2.2	2.1	3.0	1.4	1.5
2011 Q1	113.3	2.2	3.6	4.0	3.8	1.7	1.8	1.8	2.2	2.9	1.0	0.7
Q2	113.9	2.3	2.1	4.4	2.7	1.6	1.9	3.2	2.4	3.0	1.3	1.4
Q3	114.2	2.3	2.4	3.4	2.9	2.3	2.4	2.5	1.8	2.9	1.5	1.6
Q4	114.7	2.2	2.0	2.2	3.5	2.2	2.3	1.5	2.0	3.2	1.7	2.5
	Labour productivity per person employed [2]											
2010	102.1	2.4	2.8	10.3	-0.4	3.3	3.7	2.1	0.8	-0.3	-0.2	-0.3
2011	103.5	1.3	4.3	3.7	2.9	1.3	-0.8	0.6	-1.7	-0.3	0.5	0.1
2011 Q1	103.4	2.2	3.4	6.5	3.2	3.0	0.1	-0.7	-2.3	-0.4	0.1	-0.1
Q2	103.3	1.3	4.0	4.7	1.0	1.2	-1.3	-0.2	-1.5	-0.5	0.5	-0.5
Q3	103.7	1.1	4.8	3.6	2.3	0.4	-1.0	2.0	-0.2	0.0	0.5	0.0
Q4	103.6	0.9	5.0	0.6	5.2	0.7	-0.8	1.4	-2.6	-0.2	0.9	0.9
	Compensation per hour worked											
2010	113.3	1.1	0.1	1.2	1.3	1.1	2.0	1.8	2.5	0.6	0.8	1.3
2011	115.6	2.1	0.3	2.5	3.2	2.0	2.4	1.8	2.4	2.4	1.4	1.8
2011 Q1	114.6	1.6	-1.1	1.6	2.7	2.0	1.9	1.6	1.5	2.1	1.0	1.1
Q2	115.8	2.5	1.4	3.7	3.4	2.1	3.1	3.0	3.6	2.8	1.6	2.1
Q3	115.6	2.2	0.4	2.8	3.0	2.0	2.1	1.9	1.4	2.3	1.7	1.9
Q4	116.5	1.9	0.5	1.9	3.8	1.9	2.4	0.8	2.9	2.3	1.3	2.2
	Hourly labour productivity [2]											
2010	104.1	1.9	2.8	7.7	-0.3	2.9	3.4	1.6	-0.2	-1.1	-0.3	-0.2
2011	105.4	1.2	3.5	3.0	2.7	1.4	-0.6	0.2	-1.2	-0.7	0.5	0.4
2011 Q1	105.1	1.8	0.4	4.5	2.2	3.4	0.2	-1.1	-2.3	-0.8	0.1	0.4
Q2	105.5	1.6	4.3	4.4	1.6	1.8	-0.4	-0.3	-0.1	-0.5	0.7	0.3
Q3	105.5	1.0	4.9	3.3	2.1	0.3	-1.4	1.4	-0.7	-0.5	0.6	0.0
Q4	105.6	0.7	4.5	0.4	5.2	0.5	-0.7	0.9	-1.6	-0.8	0.5	0.7

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
2010	104.3	1.5	1.4	1.8	1.0	1.8	1.8	1.7
2011	107.2	2.8	2.6	3.5	3.2	2.4	2.6	2.0
2011 Q1	106.1	2.5	2.2	3.4	2.4	1.9	2.5	2.0
Q2	107.2	3.3	3.1	3.8	4.2	2.6	2.9	1.9
Q3	107.3	2.6	2.5	3.1	2.8	2.3	2.6	2.1
Q4	108.1	2.8	2.6	3.5	3.3	2.6	2.6	2.0

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).

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2008	9,244.2	9,158.9	5,207.1	1,898.9	1,989.7	63.2	85.3	3,882.1	3,796.8
2009	8,922.9	8,804.8	5,126.5	1,986.5	1,741.4	-49.7	118.0	3,273.6	3,155.6
2010	9,158.0	9,043.8	5,262.2	2,013.5	1,749.7	18.4	114.2	3,746.1	3,631.9
2011	9,414.3	9,281.5	5,403.1	2,030.9	1,807.2	40.3	132.8	4,121.4	3,988.6
2010 Q4	2,310.2	2,282.0	1,334.3	504.3	439.4	3.9	28.2	978.9	950.7
2011 Q1	2,338.3	2,316.2	1,343.2	506.8	450.6	15.6	22.0	1,008.5	986.5
Q2	2,350.9	2,322.7	1,346.1	507.9	452.2	16.6	28.2	1,023.8	995.6
Q3	2,361.8	2,323.2	1,354.4	507.7	452.1	9.0	38.6	1,044.5	1,005.9
Q4	2,359.3	2,315.6	1,357.6	508.4	451.1	-1.5	43.6	1,041.8	998.1
	percentage of GDP								
2011	100.0	98.6	57.4	21.6	19.2	0.4	1.4	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2010 Q4	0.3	0.3	0.4	0.1	-0.5	-	-	1.5	1.5
2011 Q1	0.7	0.4	0.0	0.0	1.6	-	-	1.3	0.7
Q2	0.1	-0.2	-0.5	0.0	-0.2	-	-	1.2	0.4
Q3	0.1	-0.2	0.2	-0.2	-0.2	-	-	1.4	0.7
Q4	-0.3	-0.7	-0.5	-0.3	-0.5	-	-	-0.4	-1.4
	annual percentage changes								
2008	0.4	0.3	0.4	2.3	-1.1	-	-	1.0	0.9
2009	-4.3	-3.8	-1.2	2.5	-12.1	-	-	-12.7	-11.7
2010	1.9	1.2	0.9	0.5	-0.5	-	-	11.2	9.6
2011	1.5	0.5	0.2	0.0	1.3	-	-	6.2	3.8
2010 Q4	2.1	1.7	1.2	-0.2	1.1	-	-	11.8	11.1
2011 Q1	2.4	1.6	0.9	0.3	3.2	-	-	9.9	8.1
Q2	1.6	0.7	0.3	0.1	1.1	-	-	6.4	4.2
Q3	1.3	0.4	0.2	-0.1	0.8	-	-	5.6	3.3
Q4	0.7	-0.6	-0.7	-0.4	0.8	-	-	3.6	0.4
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2010 Q4	0.3	0.3	0.3	0.0	-0.1	0.1	0.0	-	-
2011 Q1	0.7	0.4	0.0	0.0	0.3	0.1	0.3	-	-
Q2	0.1	-0.2	-0.3	0.0	0.0	0.1	0.4	-	-
Q3	0.1	-0.2	0.1	0.0	0.0	-0.2	0.3	-	-
Q4	-0.3	-0.7	-0.3	-0.1	-0.1	-0.3	0.4	-	-
	contributions to annual percentage changes in GDP; percentage points								
2008	0.4	0.3	0.2	0.5	-0.2	-0.1	0.1	-	-
2009	-4.3	-3.8	-0.7	0.5	-2.6	-1.0	-0.6	-	-
2010	1.9	1.2	0.5	0.1	-0.1	0.7	0.7	-	-
2011	1.5	0.5	0.1	0.0	0.2	0.1	1.0	-	-
2010 Q4	2.1	1.6	0.7	0.0	0.2	0.8	0.5	-	-
2011 Q1	2.4	1.6	0.5	0.1	0.6	0.4	0.8	-	-
Q2	1.6	0.7	0.2	0.0	0.2	0.3	0.9	-	-
Q3	1.3	0.3	0.1	0.0	0.1	0.1	1.0	-	-
Q4	0.7	-0.6	-0.4	-0.1	0.2	-0.3	1.3	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2008	8,298.9	141.9	1,652.6	561.5	1,597.8	356.5	385.3	930.7	859.8	1,520.8	291.9	945.3
2009	8,029.5	125.8	1,466.1	536.4	1,517.0	359.6	428.0	905.0	810.2	1,582.0	299.4	893.4
2010	8,218.5	137.1	1,553.3	512.3	1,561.9	357.6	439.3	921.9	823.3	1,609.3	302.3	939.5
2011	8,443.3	144.3	1,636.0	518.2	1,614.7	354.9	437.4	957.0	845.6	1,628.0	307.3	970.9
2010 Q4	2,072.9	35.1	396.6	126.8	395.4	89.0	109.4	234.1	208.1	402.2	76.0	237.3
2011 Q1	2,096.6	36.7	404.4	129.9	401.7	88.7	108.3	235.6	209.3	405.6	76.4	241.7
Q2	2,106.5	36.8	407.6	129.1	403.4	88.6	108.6	238.7	210.8	406.9	76.0	244.4
Q3	2,118.2	35.5	413.3	128.8	404.2	88.9	110.2	240.7	212.0	407.5	77.0	243.6
Q4	2,118.0	35.3	408.4	130.1	404.5	88.6	110.2	242.1	213.2	407.9	77.8	241.3
	percentage of value added											
2011	100.0	1.7	19.4	6.1	19.1	4.2	5.2	11.3	10.0	19.3	3.6	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2010 Q4	0.4	0.6	1.5	-1.5	0.4	0.9	-0.2	0.4	0.3	-0.1	0.0	-0.1
2011 Q1	0.7	1.7	1.4	0.9	1.0	-0.9	1.2	-0.2	0.9	0.3	-0.2	1.0
Q2	0.2	0.2	0.6	-0.5	-0.1	0.3	0.0	0.3	0.5	0.1	-0.8	0.1
Q3	0.2	-0.4	0.3	-0.7	0.1	0.3	0.8	0.3	0.4	0.2	0.8	-0.4
Q4	-0.2	0.2	-1.7	0.3	-0.1	0.9	-0.6	0.5	-0.1	0.2	0.3	-1.0
	annual percentage changes											
2008	0.6	1.8	-2.3	-1.1	1.1	2.8	1.2	1.2	1.6	1.9	1.7	-1.3
2009	-4.3	-0.5	-13.4	-6.8	-5.5	1.7	3.9	0.4	-6.7	1.3	0.7	-4.4
2010	2.0	1.8	6.9	-4.2	2.6	2.6	1.0	0.3	1.7	0.8	0.4	0.7
2011	1.5	1.6	3.6	-1.0	1.9	0.7	0.4	0.9	2.3	0.6	-0.2	1.3
2010 Q4	2.2	1.7	7.4	-3.1	3.0	2.7	-0.2	0.7	2.4	0.2	0.0	1.1
2011 Q1	2.3	0.7	6.2	-0.2	3.3	1.1	-0.9	0.9	2.8	0.5	0.2	3.5
Q2	1.6	1.6	4.6	-2.0	2.3	0.7	-0.5	1.0	2.7	0.5	-0.9	1.5
Q3	1.4	2.2	3.8	-1.8	1.3	0.7	1.9	0.8	2.1	0.5	-0.1	0.6
Q4	0.8	1.7	0.6	0.0	0.8	0.6	1.4	0.9	1.8	0.8	0.1	-0.3
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2010 Q4	0.4	0.0	0.3	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
2011 Q1	0.7	0.0	0.3	0.1	0.2	0.0	0.1	0.0	0.1	0.1	0.0	-
Q2	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	-
Q3	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	-0.2	0.0	-0.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2008	0.6	0.0	-0.5	-0.1	0.2	0.1	0.1	0.1	0.2	0.3	0.1	-
2009	-4.3	0.0	-2.7	-0.5	-1.1	0.1	0.2	0.0	-0.7	0.2	0.0	-
2010	2.0	0.0	1.2	-0.3	0.5	0.1	0.1	0.0	0.2	0.2	0.0	-
2011	1.5	0.0	0.7	-0.1	0.4	0.0	0.0	0.1	0.2	0.1	0.0	-
2010 Q4	2.2	0.0	1.4	-0.2	0.6	0.1	0.0	0.1	0.2	0.0	0.0	-
2011 Q1	2.3	0.0	1.1	0.0	0.6	0.0	0.0	0.1	0.3	0.1	0.0	-
Q2	1.6	0.0	0.9	-0.1	0.4	0.0	0.0	0.1	0.3	0.1	0.0	-
Q3	1.4	0.0	0.7	-0.1	0.3	0.0	0.1	0.1	0.2	0.1	0.0	-
Q4	0.8	0.0	0.1	0.0	0.2	0.0	0.1	0.1	0.2	0.1	0.0	-

Sources: Eurostat and ECB calculations.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2005	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2009	-13.7	90.5	-14.9	-16.0	-16.1	-19.2	-20.9	-5.0	-17.4	-3.0	-5.5	-7.8
2010	4.0	97.0	7.3	7.6	7.7	10.0	9.0	3.0	2.6	3.1	3.9	-8.0
2011	2.5	100.5	3.5	4.7	4.8	4.3	8.8	0.6	0.6	0.6	-4.8	-1.0
2011 Q1	4.5	100.5	6.5	8.1	8.2	9.1	13.1	1.0	3.1	0.7	-2.2	-2.5
Q2	2.1	100.6	4.0	5.3	5.3	4.4	9.3	1.7	1.1	1.8	-5.4	-4.9
Q3	3.5	101.4	3.9	4.7	4.8	3.8	9.7	0.6	1.9	0.4	-3.2	1.8
Q4	0.0	99.4	-0.2	1.1	1.0	0.0	3.9	-0.9	-3.2	-0.6	-8.2	1.9
2011 Aug.	5.2	102.6	5.7	6.8	6.9	5.5	12.7	2.6	3.0	2.6	-2.1	2.6
Sep.	1.9	100.0	2.1	2.7	2.8	2.1	5.8	0.1	-0.8	0.2	-3.3	0.9
Oct.	0.2	100.0	0.9	1.8	1.7	0.2	4.8	0.1	-3.1	0.5	-4.9	-2.0
Nov.	0.3	99.6	0.0	0.9	0.9	-0.3	4.7	-2.0	-3.2	-1.7	-6.4	1.2
Dec.	0.1	98.7	-1.6	0.4	0.4	0.0	2.2	-0.9	-3.2	-0.6	-12.5	10.0
2012 Jan.	-1.6	98.9	-1.5	-0.5	-0.7	-2.1	2.8	-2.4	-3.7	-2.2	-6.4	-2.8
	month-on-month percentage changes (s.a.)											
2011 Aug.	0.5	-	1.0	1.1	1.1	0.7	1.4	1.0	-2.3	1.4	1.2	1.0
Sep.	-2.2	-	-2.5	-2.4	-2.8	-2.0	-3.6	-1.6	-3.7	-1.3	-1.9	-1.6
Oct.	-0.2	-	0.0	0.0	0.1	-0.7	0.8	0.5	-1.2	0.5	-0.9	-0.9
Nov.	0.2	-	-0.4	-0.4	-0.2	0.0	0.0	-1.4	0.0	-1.5	-0.1	1.9
Dec.	-0.9	-	-0.9	-0.5	-0.5	-1.0	-0.9	0.1	-0.1	0.0	-2.3	-1.8
2012 Jan.	0.3	-	0.2	0.1	-0.1	0.2	0.5	-0.6	0.4	-0.6	1.3	-0.5

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

	Industrial new orders		Industrial turnover		Retail sales (including 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			Fuel	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	38.4	51.0	9.0	12.8	10.6		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	87.3	-22.7	95.6	-18.3	-4.3	100.5	-2.4	-1.7	-2.4	-1.9	-4.2	-5.7	925	3.3
2010	102.8	17.7	105.2	10.2	2.1	101.5	0.9	0.5	1.8	2.2	1.1	-2.8	843	-8.5
2011	111.5	8.5	114.7	8.9	1.6	100.9	-0.6	-1.0	0.0	-1.4	0.0	-3.4	838	-1.1
2011 Q1	112.1	18.5	113.9	13.8	2.1	101.4	0.1	-1.0	1.2	-0.3	1.7	-1.4	868	-3.1
Q2	114.2	11.6	114.6	9.7	1.7	100.8	-0.5	-0.5	0.0	1.7	-1.2	-3.6	825	-1.8
Q3	110.8	5.3	115.7	8.8	1.7	101.2	-0.5	-0.8	0.1	-2.3	0.0	-4.4	824	2.9
Q4	108.9	-0.4	114.6	4.1	1.0	100.1	-1.3	-1.7	-0.9	-4.1	-0.3	-4.0	835	-1.7
2011 Sep.	107.4	1.5	114.1	6.6	1.5	100.8	-1.1	0.0	-1.9	-8.5	-0.4	-4.4	833	1.3
Oct.	108.9	1.4	114.1	4.8	1.8	100.7	-0.7	-0.4	-0.9	-4.3	-0.4	-4.6	822	-0.6
Nov.	107.0	-2.4	114.7	3.8	1.1	100.4	-1.4	-1.5	-1.0	-4.2	-1.3	-4.2	827	-3.3
Dec.	110.8	-0.3	114.9	3.5	0.1	99.2	-1.7	-2.9	-0.7	-3.8	0.6	-3.2	856	-1.1
2012 Jan.	107.4	-3.8	114.8	1.9	1.2	100.2	-1.1	-1.7	-0.5	0.3	-2.7	-3.5	751	-13.3
Feb.	.	.	.	.	.	.	.	.	.	.	.	.	758	-14.8
	month-on-month percentage changes (s.a.)													
2011 Oct.	-	1.4	-	0.1	0.1	-	-0.1	0.0	0.2	2.9	0.2	-0.4	-	-1.3
Nov.	-	-1.8	-	0.5	-0.1	-	-0.3	-0.7	-0.1	0.9	-0.9	-0.2	-	0.6
Dec.	-	3.6	-	0.1	-0.6	-	-1.2	-1.4	-0.9	0.0	1.1	-0.9	-	3.5
2012 Jan.	-	-3.1	-	-0.1	0.9	-	1.1	0.9	1.0	1.1	-1.4	1.4	-	-12.2
Feb.	-	.	-	.	.	-	.	.	.	.	.	.	-	0.9

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

1) 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					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation [3] (%)					
		Total [4]	Order books	Stocks of finished products	Production expectations		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
2008	93.5	-8.4	-13.4	10.8	-1.0	82.0	-18.4	-10.1	-25.4	23.9	-14.1
2009	80.2	-28.7	-56.7	14.8	-14.7	70.8	-24.8	-7.0	-26.1	55.3	-10.7
2010	100.5	-4.7	-24.7	0.8	11.4	76.7	-14.2	-5.3	-12.3	31.2	-8.1
2011	101.0	0.1	-6.9	2.3	9.4	80.4	-14.5	-7.5	-18.2	23.3	-9.2
2011 Q1	106.9	6.1	-2.1	-1.8	18.7	80.7	-11.0	-6.2	-10.0	20.1	-7.5
Q2	105.2	4.0	-2.0	-0.7	13.1	80.9	-10.7	-6.7	-12.6	15.2	-8.3
Q3	98.4	-2.8	-9.0	4.5	5.2	80.0	-15.9	-7.4	-21.8	24.1	-10.1
Q4	93.6	-7.0	-14.6	7.0	0.6	79.8	-20.6	-9.7	-28.4	33.8	-10.8
2012 Q1	94.1	-6.6	-15.9	6.1	2.1	.	-20.0	-10.1	-24.2	34.7	-11.2
2011 Oct.	94.4	-6.6	-13.5	6.5	0.2	79.6	-20.1	-9.1	-28.7	32.7	-10.0
Nov.	93.5	-7.3	-14.2	7.1	-0.5	-	-20.5	-9.2	-28.8	33.9	-10.2
Dec.	92.8	-7.2	-16.2	7.4	2.0	-	-21.3	-10.7	-27.7	34.8	-12.2
2012 Jan.	93.4	-7.0	-16.4	6.5	1.9	80.0	-20.7	-10.9	-27.4	33.1	-11.6
Feb.	94.5	-5.7	-14.2	5.9	3.0	-	-20.3	-10.0	-24.2	36.2	-10.7
Mar.	94.4	-7.2	-17.1	5.8	1.4	-	-19.1	-9.4	-21.0	34.7	-11.3

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total [4]	Order books	Employment expectations	Total [4]	Present business situation	Volume of stocks	Expected business situation	Total [4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2008	-14.2	-20.7	-7.7	-10.0	-11.0	15.8	-3.3	0.4	-3.8	0.5	4.7
2009	-33.1	-42.1	-24.1	-15.5	-21.4	9.8	-15.4	-15.8	-20.8	-18.2	-8.5
2010	-28.8	-39.3	-18.4	-4.1	-6.6	7.2	1.6	4.5	1.9	3.5	8.0
2011	-27.4	-34.9	-20.0	-5.5	-5.8	11.1	0.5	5.4	2.2	5.4	8.6
2011 Q1	-27.8	-38.2	-17.3	-0.9	-0.5	8.1	5.9	10.1	7.6	9.8	12.9
Q2	-26.9	-33.8	-20.0	-2.4	-1.6	9.7	4.1	9.5	7.1	9.7	11.6
Q3	-27.7	-35.0	-20.4	-7.5	-7.3	12.8	-2.3	3.5	0.3	3.7	6.5
Q4	-27.4	-32.5	-22.3	-11.1	-13.6	14.0	-5.7	-1.6	-6.4	-1.7	3.3
2012 Q1	-26.4	-31.8	-21.0	-13.9	-14.8	16.3	-10.7	-0.6	-6.5	-0.4	5.0
2011 Oct.	-27.3	-33.6	-21.1	-9.9	-12.3	13.7	-3.8	-0.2	-3.8	-0.7	3.9
Nov.	-26.0	-30.5	-21.4	-11.2	-14.1	13.8	-5.8	-2.0	-7.0	-1.8	2.8
Dec.	-28.9	-33.5	-24.4	-12.2	-14.5	14.4	-7.6	-2.6	-8.4	-2.6	3.3
2012 Jan.	-28.1	-33.2	-22.9	-15.5	-18.3	16.3	-11.9	-0.7	-7.3	0.6	4.7
Feb.	-24.6	-31.4	-17.9	-14.0	-14.3	16.8	-11.0	-0.9	-6.9	-1.3	5.4
Mar.	-26.5	-30.7	-22.3	-12.2	-11.8	15.7	-9.1	-0.3	-5.4	-0.6	5.0

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

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

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

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

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

5.3 Labour markets [1)]

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

		By employment status		By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
	levels (thousands)												
2011	146,684	125,631	21,053	4,951	23,066	9,901	35,996	4,022	4,127	1,322	18,088	34,487	10,724
	percentage of total persons employed												
2011	100.0	85.6	14.4	3.4	15.7	6.8	24.5	2.7	2.8	0.9	12.3	23.5	7.3
	annual percentage changes												
2009	-1.8	-1.8	-1.8	-2.2	-5.0	-6.8	-1.7	-0.7	0.1	-2.8	-2.5	1.4	1.0
2010	-0.5	-0.5	-0.7	-0.9	-3.1	-3.8	-0.7	-1.1	-1.0	-0.4	2.0	1.0	0.8
2011	0.1	0.3	-1.0	-2.6	-0.1	-3.8	0.6	1.6	-0.2	2.6	2.6	0.1	-0.2
2011 Q1	0.2	0.4	-0.7	-2.6	-0.3	-3.3	0.3	1.1	-0.2	3.3	3.2	0.4	0.3
Q2	0.4	0.5	-0.7	-2.2	-0.2	-3.0	1.0	2.0	-0.4	2.6	3.2	0.0	-0.4
Q3	0.2	0.4	-1.1	-2.5	0.2	-4.0	0.9	1.7	-0.1	1.0	2.1	0.1	-0.1
Q4	-0.2	0.0	-1.3	-3.1	0.0	-4.9	0.1	1.5	0.0	3.6	2.0	-0.1	-0.7
	quarter-on-quarter percentage changes												
2011 Q1	0.0	0.0	0.1	-1.7	0.2	-1.2	0.0	1.3	0.3	2.4	0.9	0.0	-0.2
Q2	0.2	0.3	-0.5	0.4	0.0	-0.5	0.6	0.5	-0.3	-0.5	0.9	-0.1	-0.5
Q3	-0.2	-0.1	-0.5	-1.0	0.1	-1.6	-0.1	-0.3	0.1	-0.5	-0.2	0.1	0.0
Q4	-0.2	-0.2	-0.4	-0.8	-0.3	-1.6	-0.4	0.0	0.0	2.2	0.4	-0.1	-0.1
Hours worked													
	levels (millions)												
2011	231,690	186,577	45,113	10,305	36,637	17,590	60,292	6,436	6,519	2,011	27,723	49,073	15,103
	percentage of total hours worked												
2011	100.0	80.5	19.5	4.4	15.8	7.6	26.0	2.8	2.8	0.9	12.0	21.2	6.5
	annual percentage changes												
2009	-3.4	-3.6	-2.7	-3.0	-8.9	-7.8	-3.0	-1.2	-1.5	-3.6	-3.7	1.1	-0.6
2010	0.0	0.0	-0.3	-0.9	-0.8	-3.9	-0.3	-0.8	-0.6	0.6	2.8	1.1	0.6
2011	0.2	0.5	-1.0	-1.9	0.6	-3.6	0.4	1.4	0.2	2.1	3.0	0.1	-0.5
2011 Q1	0.6	0.9	-0.6	0.3	1.6	-2.3	-0.1	1.0	0.2	3.3	3.7	0.4	-0.2
Q2	0.0	0.3	-1.3	-2.5	0.1	-3.5	0.5	1.0	-0.2	1.2	3.2	-0.2	-1.3
Q3	0.3	0.6	-0.9	-2.6	0.5	-3.8	1.1	2.2	0.4	1.5	2.6	-0.1	-0.1
Q4	0.0	0.3	-1.3	-2.7	0.2	-4.9	0.3	1.3	0.5	2.5	2.6	0.3	-0.6
	quarter-on-quarter percentage changes												
2011 Q1	0.5	0.6	0.0	-0.4	0.4	0.1	0.4	1.7	1.1	1.2	1.5	0.4	0.0
Q2	-0.3	-0.1	-0.8	-0.9	-0.4	-1.3	0.2	-0.1	-0.5	-0.7	0.5	-0.3	-1.3
Q3	0.2	0.2	-0.1	-1.2	0.4	-1.1	0.5	0.4	0.2	0.8	0.1	0.1	1.0
Q4	-0.4	-0.4	-0.4	-0.3	-0.2	-2.6	-0.8	-0.7	-0.3	1.2	0.5	0.1	-0.3
Hours worked per person employed													
	levels (thousands)												
2011	1,580	1,485	2,143	2,081	1,588	1,777	1,675	1,600	1,580	1,521	1,533	1,423	1,408
	annual percentage changes												
2009	-1.7	-1.8	-1.0	-0.8	-4.1	-1.0	-1.4	-0.5	-1.6	-0.8	-1.3	-0.3	-1.6
2010	0.5	0.5	0.4	0.0	2.4	-0.1	0.4	0.3	0.5	1.0	0.8	0.0	-0.2
2011	0.1	0.2	-0.1	0.8	0.6	0.2	-0.1	-0.2	0.4	-0.5	0.4	0.0	-0.3
2011 Q1	0.4	0.5	0.1	3.0	1.9	1.0	-0.3	-0.1	0.4	0.1	0.5	0.0	-0.5
Q2	-0.3	-0.2	-0.6	-0.3	0.3	-0.6	-0.6	-1.0	0.2	-1.4	0.0	-0.2	-0.8
Q3	0.1	0.2	0.2	0.0	0.2	0.2	0.2	0.4	0.5	0.5	0.5	-0.2	0.0
Q4	0.2	0.3	0.0	0.4	0.2	-0.1	0.2	-0.1	0.5	-1.0	0.6	0.4	0.2
	quarter-on-quarter percentage changes												
2011 Q1	0.5	0.8	-1.1	-0.9	0.3	0.0	0.4	1.1	1.8	0.2	0.2	1.6	0.3
Q2	-2.3	-3.1	1.3	3.9	-2.8	0.6	-1.9	-4.8	-4.1	-3.4	-3.7	-3.8	-1.8
Q3	-1.1	-0.9	-1.4	-0.6	-1.7	-0.7	-1.3	0.7	-0.8	1.2	-1.5	-1.0	-0.4
Q4	2.8	3.2	0.9	-2.1	4.1	-0.3	2.6	2.7	3.2	1.0	5.4	3.3	1.9

Source: ECB calculations based on Eurostat data.
1) Data for employment are based on the ESA 95.

5.3 Labour markets

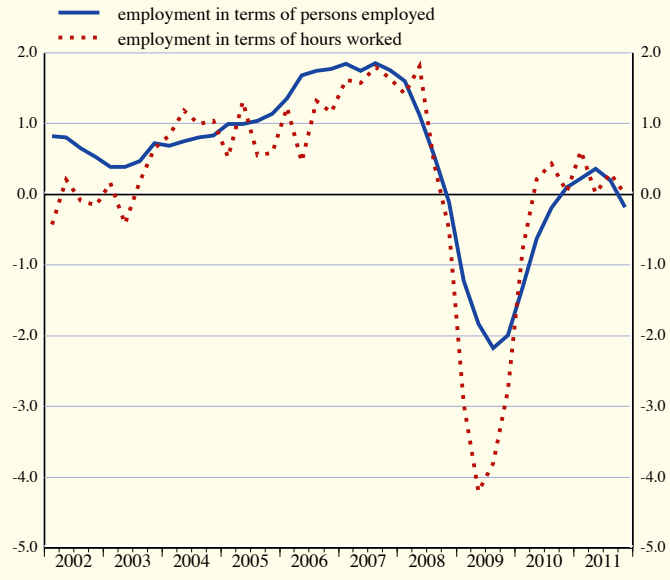
(seasonally adjusted, unless otherwise indicated)

2. Unemployment and job vacancies [1]

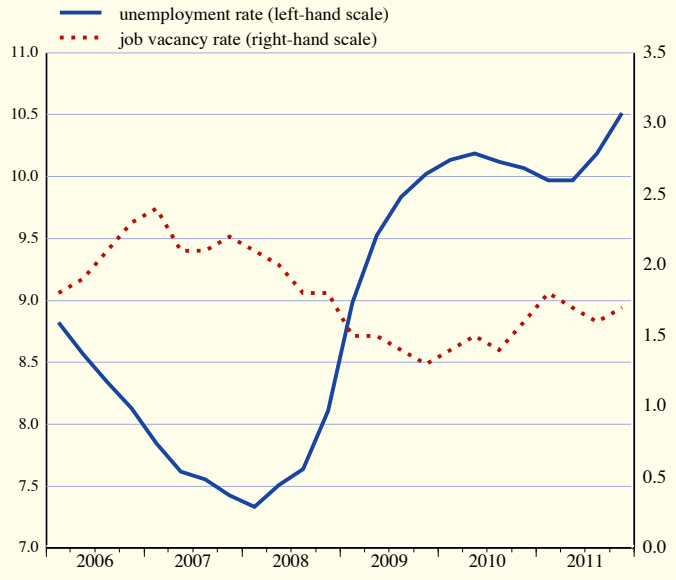
	Unemployment										Job vacancy rate [2]
	Total		By age [3]				By gender [4]				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.5		20.5		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2008	11.968	7.6	9.293	6.6	2.675	16.0	6.045	7.0	5.923	8.5	1.9
2009	15.055	9.6	11.770	8.4	3.285	20.3	8.146	9.4	6.909	9.8	1.4
2010	15.920	10.1	12.651	8.9	3.269	20.9	8.589	10.0	7.331	10.3	1.5
2011	16.036	10.2	12.837	9.0	3.199	20.8	8.541	9.9	7.495	10.5	1.7
2010 Q4	15.833	10.1	12.637	8.9	3.196	20.6	8.451	9.8	7.382	10.4	1.6
2011 Q1	15.680	10.0	12.502	8.8	3.179	20.6	8.344	9.7	7.337	10.3	1.8
Q2	15.727	10.0	12.564	8.8	3.162	20.5	8.378	9.7	7.349	10.3	1.7
Q3	16.094	10.2	12.903	9.0	3.190	20.8	8.535	9.9	7.559	10.5	1.6
Q4	16.643	10.5	13.379	9.4	3.265	21.4	8.907	10.3	7.736	10.8	1.7
2011 Sep.	16.277	10.3	13.063	9.2	3.213	21.0	8.644	10.0	7.633	10.6	-
Oct.	16.456	10.4	13.220	9.3	3.237	21.2	8.797	10.2	7.659	10.7	-
Nov.	16.681	10.5	13.388	9.4	3.293	21.5	8.902	10.3	7.779	10.8	-
Dec.	16.793	10.6	13.528	9.4	3.265	21.4	9.023	10.4	7.770	10.8	-
2012 Jan.	16.972	10.7	13.710	9.6	3.262	21.5	9.130	10.6	7.842	10.9	-
Feb.	17.134	10.8	13.862	9.7	3.272	21.6	9.227	10.7	7.906	11.0	-

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			Indirect taxes		Social contributions			Sales		Capital taxes	
				Households	Corporations		Received by EU institutions		Employers	Employees				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	44.2	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	40.6
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.5	2.3	0.5	0.3	40.7
2006	45.3	44.9	12.3	8.8	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.4	0.3	41.3
2007	45.3	45.0	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3
2008	45.1	44.8	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.5	2.3	0.3	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	0.4	0.4	40.5
2010	44.7	44.4	11.6	8.9	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	3.9	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	1.5	0.1	44.3
2005	47.3	43.4	10.5	5.0	3.0	24.9	22.1	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.3	5.0	2.9	24.6	21.8	1.6	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.2	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.2	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	3.9	2.6	1.3	0.0	44.2
2009	51.2	46.9	11.0	5.7	2.9	27.4	24.2	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	50.9	46.6	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	-3.1	-2.5	-0.5	-0.2	0.1	0.2	20.5	10.6	4.9	5.2	1.9	2.2	8.1	12.3
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.5	-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	13.6

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	69.1	2.1	12.4	5.1	49.6	40.3	19.8	11.3	9.2	28.9
2004	69.5	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	18.1	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	85.3	2.4	15.3	7.7	60.0	40.5	23.4	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	61.1	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	69.1	56.6	6.5	5.0	1.0	7.8	61.3	5.0	14.9	26.0	28.2	68.3	0.9
2004	69.5	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	85.3	69.3	8.3	5.9	1.9	13.1	72.2	5.2	24.0	28.1	33.3	84.5	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	24.8	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	44.2	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	92.5	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	4.2	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	Exchange rate effects	Other changes in volume	Other [9]
				Total	Currency and deposits	Loans	Securities [10]	Shares and other equity	Privatisations	Equity injections				
	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	-3.1	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	1.3	1.7	0.0	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 Q3	43.4	42.7	11.2	12.5	15.1	2.2	0.7	0.7	0.3	39.2
Q4	48.6	47.8	13.6	14.0	16.1	2.4	0.8	0.8	0.3	44.0
2006 Q1	42.6	42.1	10.4	12.8	15.1	2.2	0.8	0.4	0.3	38.6
Q2	45.6	45.2	12.5	13.1	15.1	2.3	1.4	0.5	0.3	40.9
Q3	43.6	43.1	11.8	12.4	15.1	2.2	0.8	0.5	0.3	39.5
Q4	49.0	48.4	14.4	14.1	15.8	2.4	0.9	0.6	0.3	44.5
2007 Q1	42.3	41.9	10.4	12.8	14.7	2.2	0.9	0.4	0.3	38.3
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	49.2	48.6	14.8	13.9	15.7	2.4	1.0	0.6	0.3	44.6
2008 Q1	42.5	42.2	10.9	12.3	14.8	2.3	1.1	0.3	0.2	38.2
Q2	45.2	44.9	12.9	12.3	15.0	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	42.4	10.4	12.0	15.5	2.5	1.1	0.1	0.2	38.2
Q2	45.2	44.6	11.8	12.5	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	48.4	47.6	13.0	13.6	16.4	2.6	0.9	0.8	0.5	43.5
2010 Q1	42.2	42.0	10.1	12.1	15.5	2.5	0.9	0.2	0.3	38.0
Q2	45.1	44.7	11.9	12.7	15.4	2.6	1.3	0.4	0.3	40.3
Q3	42.9	42.5	11.0	12.4	15.2	2.4	0.7	0.3	0.3	38.9
Q4	48.3	47.5	13.1	13.4	16.4	2.7	1.0	0.7	0.3	43.2
2011 Q1	42.8	42.5	10.5	12.4	15.3	2.5	1.0	0.3	0.3	38.5
Q2	45.0	44.7	12.0	12.5	15.3	2.6	1.4	0.3	0.3	40.1
Q3	43.7	43.4	11.4	12.6	15.3	2.4	0.8	0.3	0.3	39.6

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social benefits	Subsidies		Investment	Capital transfers		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2005 Q3	45.8	42.3	10.0	4.8	3.0	24.6	21.2	1.2	3.5	2.6	1.0	-2.4	0.6
Q4	49.6	45.0	11.3	5.8	2.7	25.2	21.6	1.3	4.6	2.9	1.7	-1.0	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	-0.4
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	41.8	9.8	4.7	2.9	24.3	20.9	1.2	3.6	2.6	1.0	-1.7	1.2
Q4	49.4	44.3	10.8	5.8	2.7	25.1	21.3	1.3	5.1	2.9	2.2	-0.5	2.2
2007 Q1	44.9	41.5	9.9	4.5	2.9	24.1	20.7	1.1	3.4	2.2	1.2	-2.7	0.3
Q2	45.1	41.7	10.0	4.9	3.2	23.6	20.6	1.1	3.4	2.5	0.9	0.8	4.0
Q3	44.6	41.1	9.6	4.7	3.0	23.8	20.6	1.1	3.6	2.6	0.9	-1.0	1.9
Q4	49.2	44.5	10.8	5.8	2.8	25.1	21.2	1.5	4.7	3.0	1.7	0.0	2.8
2008 Q1	45.5	42.0	9.9	4.7	3.0	24.4	20.8	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	46.4	11.2	6.2	2.8	26.3	22.2	1.4	4.8	3.2	1.7	-2.5	0.3
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	50.6	46.5	11.1	5.5	3.0	26.8	23.3	1.3	4.1	2.8	1.3	-5.4	-2.4
Q3	49.9	45.9	10.5	5.3	2.9	27.1	23.5	1.3	4.1	2.8	1.2	-7.2	-4.3
Q4	54.4	49.3	11.8	6.5	2.6	28.4	24.0	1.5	5.1	3.1	1.9	-5.9	-3.3
2010 Q1	50.5	46.7	10.7	5.2	2.8	27.9	23.6	1.4	3.8	2.3	1.5	-8.3	-5.5
Q2	49.6	46.1	10.9	5.5	2.9	26.7	23.2	1.3	3.5	2.5	1.2	-4.5	-1.6
Q3	50.4	45.2	10.2	5.3	2.8	26.9	23.2	1.3	5.2	2.5	2.7	-7.5	-4.7
Q4	53.1	48.3	11.4	6.4	2.7	27.7	23.7	1.5	4.9	2.8	2.1	-4.8	-2.1
2011 Q1	48.7	45.7	10.4	5.2	2.9	27.1	23.1	1.3	3.0	2.1	0.9	-5.9	-2.9
Q2	48.6	45.4	10.6	5.4	3.1	26.2	22.8	1.2	3.2	2.4	0.9	-3.6	-0.5
Q3	47.8	44.7	10.0	5.2	3.0	26.5	23.0	1.2	3.1	2.3	0.8	-4.1	-1.1

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)

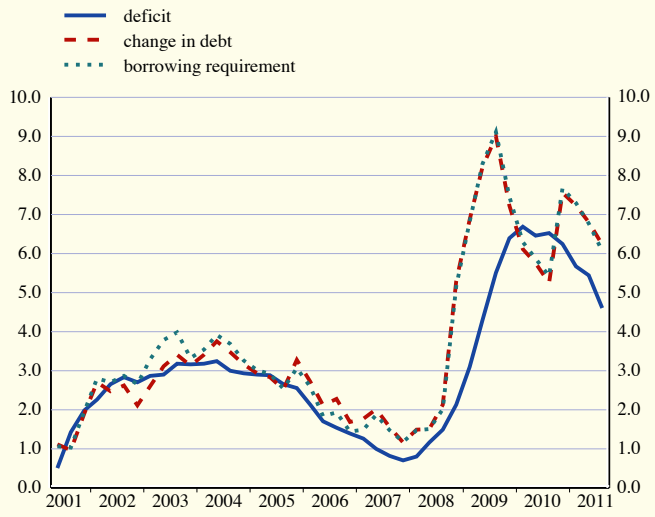
1. Euro area – Maastricht debt by financial instrument [2]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2008 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	8.4	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	82.8	2.4	13.4	8.1	59.0
Q3	83.0	2.4	13.3	8.2	59.1
Q4	85.3	2.4	15.3	7.7	60.0
2011 Q1	86.3	2.4	15.1	7.7	61.0
Q2	87.2	2.4	14.9	7.8	62.0
Q3	86.8	2.4	15.1	8.0	61.4

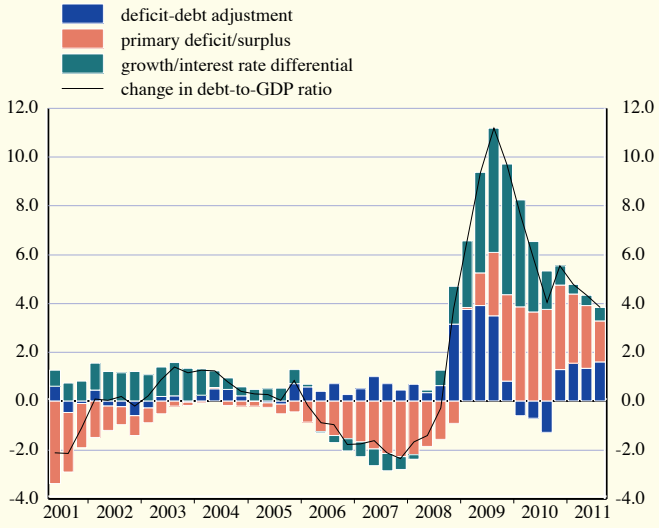
2. Euro area – deficit-debt adjustment

	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 Q4	9.2	-2.5	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	-5.4	3.7	3.2	2.3	-0.6	0.3	1.2	-0.4	0.9	9.5
Q3	5.0	-7.2	-2.3	-2.8	-3.1	0.6	-0.1	-0.3	0.2	0.3	4.7
Q4	2.4	-5.9	-3.5	-2.8	-2.9	-0.1	0.1	0.1	-0.2	-0.5	2.6
2010 Q1	8.1	-8.3	-0.1	0.7	0.8	0.0	-0.4	0.3	-0.3	-0.5	8.5
Q2	7.6	-4.5	3.2	3.2	2.0	1.1	-0.2	0.4	-0.1	0.0	7.7
Q3	3.0	-7.5	-4.5	-3.0	-2.3	-0.6	-0.1	0.1	0.0	-1.5	3.0
Q4	11.3	-4.8	6.5	5.9	-0.3	1.7	4.7	-0.2	0.0	0.6	11.3
2011 Q1	6.8	-5.9	0.9	0.9	2.0	-0.4	-0.4	-0.3	-0.2	0.2	7.0
Q2	6.0	-3.6	2.3	2.9	2.9	0.5	-0.4	-0.1	0.3	-0.8	5.7
Q3	0.8	-4.1	-3.3	-4.2	-3.8	-0.7	-0.2	0.6	0.5	0.3	0.3

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

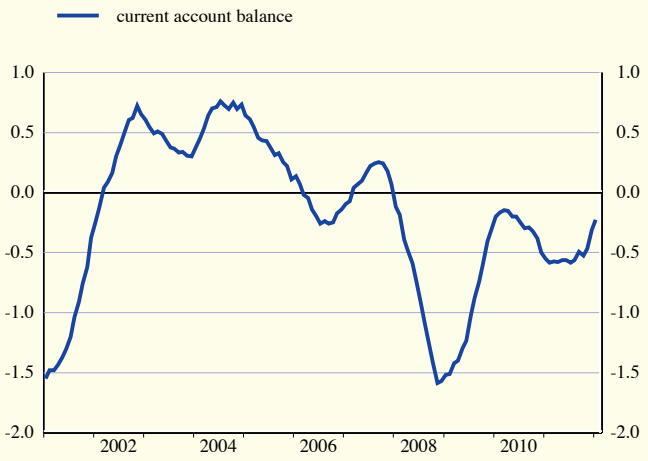
7.1 Summary balance of payments [1]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	-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
2011	-29.5	5.0	60.3	10.2	-104.9	9.9	-19.6	10.1	-71.1	296.0	-23.4	-181.4	-10.0	9.5
2010 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	-21.0	-3.0	17.9	-14.0	-21.8	0.6	-20.4	18.4	-29.0	150.2	1.6	-108.9	4.5	2.0
Q3	-1.2	3.1	21.0	4.2	-29.5	1.8	0.6	9.8	-16.5	37.7	-15.4	0.3	3.8	-10.4
Q4	22.8	17.9	14.4	9.7	-19.2	5.1	27.9	-33.9	-15.7	-20.4	-7.3	16.3	-6.7	5.9
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	-3.9	4.2	1.7	-6.9	-0.1	-5.0	-4.0	-29.8	13.6	2.6	3.6	6.0	8.9
May	-15.9	0.3	5.6	-15.3	-6.6	0.4	-15.5	15.4	-5.0	45.1	-2.3	-19.4	-3.1	0.2
June	-0.2	0.5	8.1	-0.4	-8.3	0.3	0.1	7.0	5.8	91.5	1.2	-93.2	1.6	-7.1
July	1.4	3.8	7.4	1.2	-11.0	-0.1	1.3	-3.8	-17.2	-24.6	-0.8	40.1	-1.2	2.5
Aug.	-3.6	-4.2	5.5	3.4	-8.3	2.0	-1.5	1.4	7.7	25.6	-6.5	-28.7	3.4	0.1
Sep.	1.0	3.6	8.1	-0.3	-10.3	-0.1	0.9	12.2	-7.0	36.7	-8.1	-11.0	1.6	-13.1
Oct.	2.6	1.7	5.3	3.2	-7.6	1.5	4.1	-5.0	-7.6	-26.4	-0.9	31.0	-1.1	0.9
Nov.	1.9	6.7	3.0	1.8	-9.5	2.2	4.1	-6.7	-8.0	1.5	0.6	-0.5	-0.2	2.5
Dec.	18.3	9.5	6.1	4.7	-2.1	1.4	19.7	-22.2	-0.1	4.6	-7.1	-14.2	-5.4	2.5
2012 Jan.	-12.3	-10.1	1.6	3.5	-7.3	0.1	-12.1	12.6	-6.2	-46.9	-3.2	69.5	-0.5	-0.5
	12-month cumulated transactions													
2012 Jan.	-21.8	9.7	59.3	12.6	-103.4	9.6	-12.2	9.2	-89.1	278.0	-25.6	-149.6	-4.6	3.0
	12-month cumulated transactions as a percentage of GDP													
2012 Jan.	-0.2	0.1	0.6	0.1	-1.1	0.1	-0.1	0.1	-0.9	3.0	-0.3	-1.6	0.0	0.0

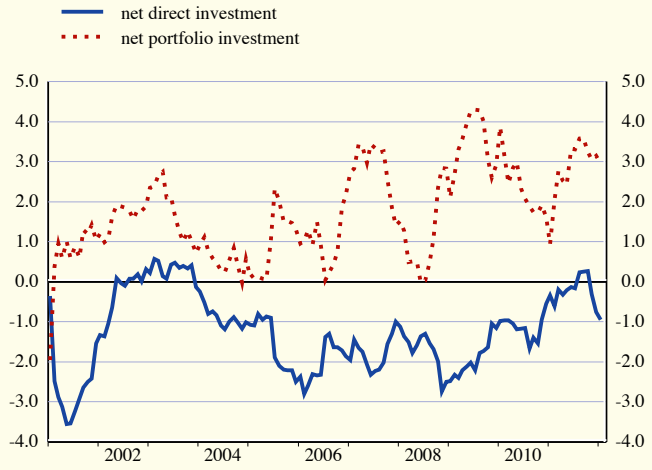
C32 Euro area b.o.p.: current account

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



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

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



Source: ECB.

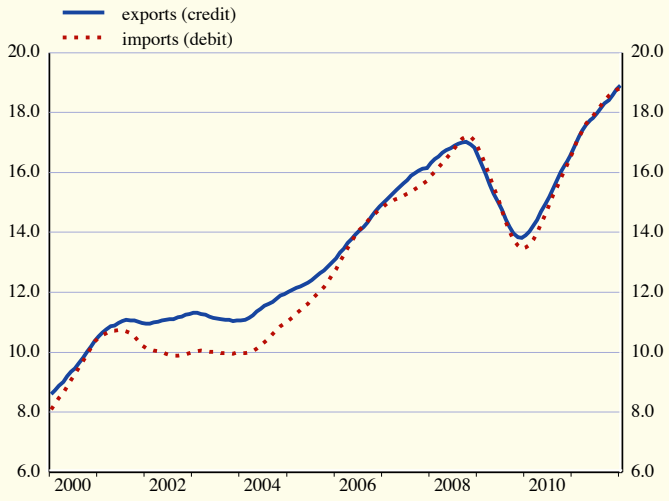
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

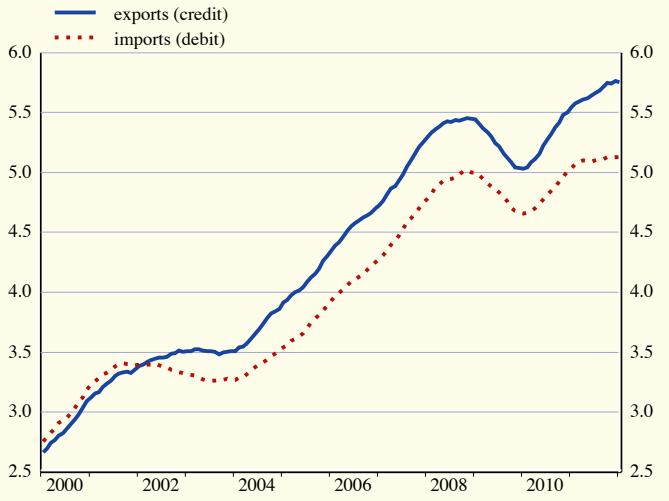
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remittances		Workers' remittances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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
2011	2,884.7	2,914.2	-29.5	1,770.3	1,765.3	543.1	482.8	482.8	472.7	88.5	.	193.5	.	23.3	13.4
2010 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	719.5	740.4	-21.0	438.7	441.8	134.1	116.2	127.7	141.8	18.9	1.6	40.7	5.6	3.7	3.1
Q3	723.1	724.2	-1.2	444.5	441.4	146.1	125.1	115.8	111.6	16.6	1.8	46.1	5.7	5.2	3.4
Q4	757.7	734.8	22.8	463.6	445.8	140.0	125.5	125.8	116.1	28.3	.	47.5	.	9.4	4.4
2011 Nov.	247.7	245.8	1.9	159.5	152.9	43.3	40.3	39.1	37.3	5.8	.	15.3	.	3.1	0.9
Dec.	266.3	248.0	18.3	151.7	142.2	50.0	43.9	49.7	45.0	14.9	.	16.9	.	3.9	2.5
2012 Jan.	234.5	246.7	-12.3	142.3	152.4	41.0	39.4	41.6	38.0	9.6	.	16.9	.	1.0	0.9
	Seasonally adjusted														
2011 Q2	713.5	726.8	-13.3	437.0	441.9	133.5	118.7	121.2	118.2	21.9	.	47.9	.	.	.
Q3	727.5	729.2	-1.7	443.4	441.5	138.0	120.5	122.1	118.7	23.9	.	48.4	.	.	.
Q4	733.3	737.4	-4.0	452.4	445.1	137.3	122.4	122.6	121.6	21.1	.	48.3	.	.	.
2011 Nov.	244.9	245.8	-0.9	152.7	147.6	45.1	40.4	41.8	41.2	5.3	.	16.6	.	.	.
Dec.	247.2	243.8	3.4	152.6	146.4	45.9	40.9	41.8	40.5	7.0	.	16.0	.	.	.
2012 Jan.	252.6	248.1	4.5	154.4	149.5	44.0	40.1	45.1	42.1	9.1	.	16.3	.	.	.
	12-month cumulated transactions														
2012 Jan.	2,900.5	2,921.7	-21.2	1,778.6	1,769.9	541.3	482.3	489.7	475.9	91.0	.	193.6	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2012 Jan.	30.8	31.0	-0.2	18.9	18.8	5.8	5.1	5.2	5.1	1.0	.	2.1	.	.	.

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



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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
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 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	3.3	121.9	138.5	57.8	9.7	38.5	10.7	5.7	4.8	12.3	46.3	25.2	31.0	20.9	17.8
Q3	5.8	4.0	110.0	107.6	47.7	18.0	34.8	17.9	6.5	4.8	9.0	18.4	25.1	32.2	21.8	17.3

3. Geographical breakdown
(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzerland	United States	Other
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions									
2010 Q4 to 2011 Q3	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,832.7	936.1	52.2	89.6	430.4	304.4	59.4	55.0	39.0	136.7	40.2	62.0	107.1	218.5	354.4	883.9
Goods	1,728.3	553.6	33.4	59.4	224.2	236.3	0.2	29.1	20.0	110.8	30.5	38.2	78.7	117.7	193.9	555.9
Services	538.9	168.3	11.0	15.1	104.1	31.5	6.6	8.7	8.4	17.5	7.1	13.3	17.9	55.0	78.5	164.3
Income	474.4	152.6	6.7	13.4	91.4	32.7	8.3	16.8	9.8	7.8	2.4	9.7	9.9	37.6	76.0	151.7
Investment income	450.7	146.0	6.6	13.3	89.9	32.1	4.0	16.8	9.8	7.8	2.4	9.6	9.9	26.3	74.2	148.0
Current transfers	91.2	61.6	1.2	1.7	10.6	3.8	44.4	0.4	0.7	0.6	0.2	0.9	0.6	8.2	6.0	12.0
Capital account	21.0	17.8	0.0	0.0	1.1	0.4	16.3	0.1	0.0	0.0	0.0	0.2	0.1	0.4	0.4	1.8
	Debits															
Current account	2,881.6	878.1	44.6	86.1	373.5	269.8	104.2	-	31.8	-	-	93.9	-	185.6	367.4	-
Goods	1,735.7	479.6	29.6	51.7	179.6	218.6	0.0	31.1	14.4	213.5	27.9	52.9	126.4	96.0	140.5	553.5
Services	482.5	137.8	7.9	12.9	81.8	35.0	0.2	5.2	6.4	13.0	5.9	9.5	10.1	43.0	98.8	152.8
Income	469.6	144.4	6.4	20.0	100.5	11.7	5.8	-	9.2	-	-	31.0	-	39.2	121.6	-
Investment income	455.5	136.3	6.3	19.9	99.0	5.3	5.8	-	9.0	-	-	30.8	-	38.8	120.3	-
Current transfers	193.8	116.4	0.7	1.5	11.6	4.4	98.1	1.5	1.8	3.6	0.7	0.5	0.7	7.4	6.6	54.6
Capital account	15.0	1.6	0.0	0.1	0.9	0.4	0.2	0.2	0.3	0.3	0.3	0.1	0.1	0.6	1.2	10.3
	Net															
Current account	-48.9	58.0	7.7	3.5	56.8	34.6	-44.7	-	7.2	-	-	-32.0	-	32.9	-13.0	-
Goods	-7.4	74.0	3.8	7.7	44.6	17.7	0.2	-2.0	5.6	-102.7	2.6	-14.8	-47.7	21.7	53.5	2.4
Services	56.4	30.5	3.1	2.2	22.3	-3.5	6.3	3.5	2.0	4.5	1.2	3.8	7.7	12.1	-20.3	11.6
Income	4.7	8.2	0.3	-6.5	-9.1	21.0	2.6	-	0.7	-	-	-21.3	-	-1.6	-45.6	-
Investment income	-4.8	9.7	0.3	-6.6	-9.1	26.8	-1.7	-	0.8	-	-	-21.2	-	-12.5	-46.2	-
Current transfers	-102.6	-54.7	0.5	0.1	-1.0	-0.6	-53.7	-1.1	-1.1	-3.1	-0.5	0.4	-0.1	0.7	-0.5	-42.6
Capital account	6.0	16.2	0.0	-0.1	0.2	0.0	16.1	-0.1	-0.2	-0.3	-0.2	0.1	0.1	-0.2	-0.8	-8.5

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2008	13,377.1	14,961.4	-1,584.3	144.7	161.8	-17.1	3,878.4	3,247.8	3,834.9	5,976.8	-0.5	5,290.0	5,736.7	374.2
2009	13,764.1	15,170.3	-1,406.2	154.3	170.0	-15.8	4,287.2	3,403.0	4,341.3	6,781.9	0.2	4,675.9	4,985.4	459.6
2010	15,234.8	16,461.7	-1,226.9	166.4	179.8	-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	163.8	177.2	-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	15,278.0	16,592.6	-1,314.6	164.1	178.2	-14.1	4,905.2	3,801.7	4,762.6	7,641.6	-48.6	5,077.8	5,149.4	581.0
Q3	15,432.1	16,725.3	-1,293.2	164.6	178.4	-13.8	4,960.3	3,850.3	4,574.8	7,511.6	-46.0	5,296.3	5,363.3	646.7
	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	16.1	14.1	2.0	511.0	311.8	566.2	661.0	-61.7	327.1	318.7	128.2
2011 Q2	142.7	215.4	-72.7	6.0	9.1	-3.1	103.3	62.2	-48.7	171.9	-17.0	100.7	-18.7	4.4
Q3	154.0	132.7	21.4	6.6	5.7	0.9	55.1	48.7	-187.8	-129.9	2.6	218.5	214.0	65.7
	Transactions													
2008	429.9	551.3	-121.3	4.7	6.0	-1.3	336.6	105.5	5.0	266.4	84.5	0.5	179.4	3.4
2009	-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	5.4	5.8	-0.5	174.9	125.0	145.6	293.6	-17.4	176.7	115.5	10.3
2011	383.2	393.2	-10.1	4.1	4.2	-0.1	238.3	167.1	-60.6	235.4	23.4	172.1	-9.3	10.0
2011 Q2	198.2	216.6	-18.4	8.4	9.2	-0.8	55.9	26.9	33.0	183.2	-1.6	115.3	6.4	-4.5
Q3	114.7	124.5	-9.8	4.9	5.3	-0.4	40.7	24.1	-64.6	-27.0	15.4	127.0	127.3	-3.8
Q4	-146.9	-180.8	33.9	-6.1	-7.5	1.4	52.3	36.6	-56.1	-76.5	7.3	-157.2	-140.9	6.7
2011 Sep.	49.2	61.4	-12.2	.	.	.	21.5	14.5	-9.8	26.9	8.1	31.0	19.9	-1.6
Oct.	-62.9	-67.9	5.0	.	.	.	18.3	10.6	-36.0	-62.5	0.9	-47.1	-16.1	1.1
Nov.	-47.5	-54.1	6.7	.	.	.	13.2	5.2	-23.2	-21.7	-0.6	-37.1	-37.6	0.2
Dec.	-36.6	-58.8	22.2	.	.	.	20.8	20.7	3.1	7.7	7.1	-73.0	-87.2	5.4
2012 Jan.	66.3	78.9	-12.6	.	.	.	23.6	17.3	28.7	-18.2	3.2	10.3	79.8	0.5
	Other changes													
2007	-332.3	-84.4	-247.9	-3.7	-0.9	-2.7	59.9	64.3	-180.8	25.1	-75.1	-152.6	-173.8	16.3
2008	-1,045.7	-856.7	-188.9	-11.3	-9.3	-2.0	-184.9	-79.5	-801.2	-827.7	-56.0	-27.2	50.5	23.7
2009	515.9	323.8	192.2	5.8	3.6	2.2	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	-10.6	-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													
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	3.5	3.4	-	.	.	.	3.9	3.5	3.2	4.2	.	3.7	2.3	2.0
2011 Q2	3.8	3.8	-	.	.	.	3.7	4.5	3.1	6.3	.	4.9	-0.2	2.3
Q3	3.8	3.9	-	.	.	.	3.5	5.2	0.8	5.2	.	7.2	1.2	0.8
Q4	2.5	2.4	.	.	.	.	5.0	4.5	-1.4	3.2	.	3.5	-0.1	1.6

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

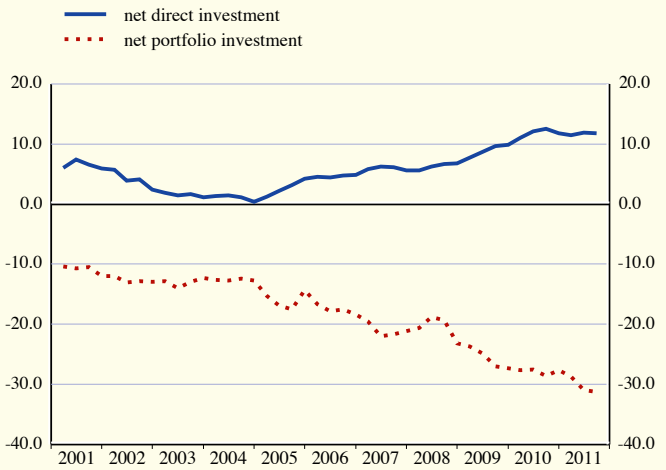
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		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 Q2	4,905.2	3,775.8	281.0	3,494.8	1,129.4	14.5	1,114.9	3,801.7	2,896.3	85.4	2,810.9	905.4	9.5	895.8
Q3	4,960.3	3,807.6	283.5	3,524.1	1,152.7	13.2	1,139.5	3,850.3	2,952.7	86.5	2,866.2	897.6	8.5	889.2
	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
2011 Q2	55.9	51.2	9.4	41.8	4.7	-2.6	7.3	26.9	24.8	1.7	23.2	2.1	-1.5	3.6
Q3	40.7	27.7	2.2	25.5	13.0	-1.7	14.7	24.1	41.2	1.3	39.9	-17.0	-0.8	-16.2
Q4	52.3	46.1	0.1	45.9	6.3	1.0	5.3	36.6	17.5	1.1	16.4	19.1	-0.1	19.2
2011 Sep.	21.5	10.9	0.8	10.1	10.6	-0.2	10.9	14.5	11.4	0.5	11.0	3.1	0.0	3.1
Oct.	18.3	14.1	0.1	14.0	4.2	0.2	4.0	10.6	5.1	0.1	5.1	5.5	-0.1	5.6
Nov.	13.2	16.2	-0.8	17.0	-3.0	0.3	-3.2	5.2	2.1	0.7	1.4	3.1	0.0	3.1
Dec.	20.8	15.8	0.9	14.9	5.0	0.5	4.6	20.7	10.3	0.3	10.0	10.5	0.0	10.5
2012 Jan.	23.6	26.7	2.3	24.4	-3.2	0.2	-3.3	17.3	23.6	0.2	23.4	-6.2	-0.5	-5.7
	Growth rates													
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	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 Q2	3.7	3.4	5.6	3.2	4.9	-12.7	5.2	4.5	5.0	8.0	5.0	2.9	-47.9	3.9
Q3	3.5	2.9	5.9	2.7	5.4	-24.0	5.9	5.2	5.2	6.6	5.2	5.5	-52.3	6.7
Q4	5.0	5.6	5.7	5.5	3.2	-19.7	3.5	4.5	5.5	5.8	5.4	1.6	-31.6	2.0

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 Q2	4,762.6	1,838.4	94.4	3.5	1,744.0	41.6	2,552.7	761.1	17.6	1,791.6	91.3	371.6	278.8	45.7	92.8	0.4
Q3	4,574.8	1,621.8	76.4	3.4	1,545.4	38.6	2,551.7	749.4	17.7	1,802.4	93.9	401.3	301.8	54.9	99.5	0.5
	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
2011 Q2	33.0	18.0	3.2	0.1	14.8	-2.3	28.0	-4.4	0.4	32.4	-1.2	-12.9	-12.3	4.8	-0.5	-0.5
Q3	-64.6	-53.3	-12.9	0.0	-40.4	-1.9	-19.9	-21.6	-0.2	1.6	0.1	8.6	8.2	3.5	0.4	0.0
Q4	-56.1	-26.6	-4.0	-0.3	-22.6	.	-27.6	-26.5	0.6	-1.1	.	-1.9	-7.0	-0.8	5.1	.
2011 Sep.	-9.8	-11.9	-2.3	0.0	-9.6	.	-14.9	-7.9	-0.1	-7.0	.	17.1	23.0	0.4	-5.9	.
Oct.	-36.0	-6.5	-3.2	-0.1	-3.2	.	-12.6	-6.7	0.6	-5.9	.	-17.0	-22.4	-6.3	5.4	.
Nov.	-23.2	-14.1	-0.7	0.0	-13.4	.	-12.1	-14.6	0.4	2.5	.	3.0	0.6	-1.1	2.4	.
Dec.	3.1	-6.1	-0.1	-0.2	-6.0	.	-3.0	-5.3	-0.4	2.3	.	12.2	14.9	6.6	-2.7	.
2012 Jan.	28.7	3.7	-0.6	0.0	4.3	.	20.0	1.2	0.8	18.8	.	5.0	2.8	-7.2	2.2	.
	Growth rates															
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	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 Q2	3.1	3.4	4.8	-9.8	3.4	-14.1	3.6	-12.4	9.7	12.2	125.5	-0.8	-4.4	9.2	13.8	93.4
Q3	0.8	0.3	-7.3	-8.7	0.7	-15.7	0.6	-15.2	9.1	8.8	133.2	5.9	0.7	0.9	28.8	-7.4
Q4	-1.4	-3.6	-15.3	-17.6	-3.0	.	-0.6	-8.3	16.3	2.9	.	4.3	1.9	23.2	12.1	.

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 Q2	7,641.6	3,123.9	637.8	2,486.1	3,965.7	1,166.9	2,798.8	1,785.7	551.9	140.3	411.6	359.9
Q3	7,511.6	2,795.1	618.2	2,176.8	4,153.2	1,223.1	2,930.2	1,848.7	563.3	139.3	424.0	376.6
	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
2011 Q2	183.2	-20.1	-7.3	-12.7	175.2	44.6	130.5	97.9	28.2	21.6	6.6	-0.2
Q3	-27.0	-31.3	-11.3	-19.9	11.0	14.6	-3.7	-16.8	-6.6	-10.3	3.7	17.9
Q4	-76.5	-4.5	8.8	-13.3	-24.4	-16.6	-7.8	.	-47.6	-6.6	-41.0	.
2011 Sep.	26.9	-18.2	-1.7	-16.5	34.6	6.2	28.4	.	10.6	1.0	9.5	.
Oct.	-62.5	-10.0	2.1	-12.2	-39.2	-23.8	-15.4	.	-13.3	-4.8	-8.5	.
Nov.	-21.7	-5.8	9.8	-15.6	-2.5	-4.1	1.7	.	-13.5	7.4	-20.8	.
Dec.	7.7	11.4	-3.1	14.5	17.2	11.3	5.9	.	-20.9	-9.3	-11.7	.
2012 Jan.	-18.2	8.7	4.2	4.5	-34.2	-6.9	-27.3	.	7.3	-3.3	10.6	.
	Growth rates											
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	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 Q2	6.3	5.9	1.1	7.2	5.5	9.9	3.6	7.5	17.1	150.5	-1.3	3.3
Q3	5.2	2.8	-2.9	4.4	6.7	10.3	5.2	8.6	8.7	60.5	-1.0	5.9
Q4	3.2	1.0	-0.5	1.3	4.9	6.5	4.2	.	4.7	54.1	-5.0	.

Source: ECB.

7.3 Financial account

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

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 Q2	5,077.8	40.5	40.3	0.2	3,042.6	2,992.9	49.7	147.3	7.5	99.4	19.2	1,847.5	223.6	1,478.2	441.1
Q3	5,296.3	42.4	42.1	0.3	3,206.2	3,148.7	57.5	142.7	7.4	94.6	17.5	1,905.0	229.0	1,516.0	454.6
	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
2011 Q2	115.3	4.6	4.6	0.0	60.8	54.2	6.6	0.9	0.0	0.5	2.4	49.0	-1.1	47.9	17.2
Q3	127.0	-2.8	-2.9	0.1	82.7	68.2	14.4	-6.6	-0.1	-6.5	-1.6	53.7	4.2	36.8	16.9
Q4	-157.2	-8.7	.	.	-171.1	.	.	16.5	.	.	12.9	6.1	.	.	9.2
2011 Sep.	31.0	-3.3	.	.	4.1	.	.	2.8	.	.	3.2	27.4	.	.	13.9
Oct.	-47.1	-3.4	.	.	-72.7	.	.	6.7	.	.	7.6	22.3	.	.	20.0
Nov.	-37.1	-3.4	.	.	-47.4	.	.	9.4	.	.	6.8	4.3	.	.	6.7
Dec.	-73.0	-1.9	.	.	-51.0	.	.	0.4	.	.	-1.5	-20.4	.	.	-17.6
2012 Jan.	10.3	1.8	.	.	5.3	.	.	-1.5	.	.	0.5	4.8	.	.	-2.8
	Growth rates														
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	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 Q2	4.9	65.6	67.1	-1.3	2.8	2.4	37.7	18.1	-3.2	27.5	3.7	6.5	6.0	6.2	13.5
Q3	7.2	45.4	45.7	62.4	6.0	5.1	84.3	16.2	-3.6	25.0	9.1	8.0	7.4	7.6	13.3
Q4	3.5	-7.2	.	.	1.3	.	.	2.2	.	.	45.9	7.6	.	.	10.8

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 Q2	5,149.4	278.0	275.1	2.8	3,325.3	3,269.4	55.9	187.1	0.0	181.3	5.8	1,359.0	209.5	1,000.2	149.3
Q3	5,363.3	315.2	312.3	2.9	3,403.7	3,340.5	63.3	210.8	0.0	204.9	5.9	1,433.6	214.0	1,044.5	175.0
	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
2011 Q2	6.4	7.2	4.9	2.4	-17.9	-19.2	1.3	12.6	0.0	12.3	0.3	4.5	-1.1	3.9	1.7
Q3	127.3	29.8	29.8	0.0	21.3	5.7	15.6	23.4	0.0	23.3	0.1	52.8	3.2	30.4	19.1
Q4	-140.9	90.3	.	.	-259.6	.	.	4.7	.	.	.	23.7	.	.	.
2011 Sep.	19.9	8.6	.	.	-17.3	.	.	19.0	.	.	.	9.7	.	.	.
Oct.	-16.1	-7.4	.	.	-34.0	.	.	2.8	.	.	.	22.6	.	.	.
Nov.	-37.6	-2.8	.	.	-38.8	.	.	-0.2	.	.	.	4.2	.	.	.
Dec.	-87.2	100.6	.	.	-186.8	.	.	2.1	.	.	.	-3.1	.	.	.
2012 Jan.	79.8	-35.8	.	.	106.3	.	.	6.3	.	.	.	3.1	.	.	.
	Growth rates														
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	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 Q2	-0.2	12.6	11.8	.	-5.2	-5.6	23.3	89.4	.	96.4	-12.6	4.2	8.1	1.2	18.6
Q3	1.2	25.9	25.6	.	-4.4	-5.4	72.7	102.8	.	110.0	-9.8	3.3	9.6	0.1	18.3
Q4	-0.1	51.4	.	.	-9.2	.	.	45.1	.	.	.	7.8	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets [1)]

	Reserve assets														Memo items		
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange								Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allo-cations
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities				Financial derivatives				
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.1	129.5	0.6	111.3	17.6	0.0	0.0	262.8	-245.7	5.5
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.1	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011 Q1	576.6	351.5	346.987	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	580.9	361.4	346.988	50.5	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
Q3	646.6	416.3	346.989	52.9	26.0	151.4	5.5	11.1	135.1	0.6	120.5	14.0	-0.4	0.0	31.4	-24.5	54.5
2012 Jan.	702.4	459.1	346.845	53.5	29.7	159.8	4.7	9.0	146.3	-	-	-	-0.2	0.2	95.5	-79.3	55.5
Feb.	696.4	456.7	346.846	52.5	30.6	156.4	5.1	6.9	144.2	-	-	-	0.2	0.3	97.4	-83.7	-
	Transactions																
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	10.3	0.0	-	-0.1	4.9	5.4	-5.4	6.7	4.1	0.0	10.6	-6.5	0.0	0.0	-	-	-
2011 Q2	-4.5	0.0	-	-0.2	0.9	-5.2	-0.5	-5.4	0.8	0.0	0.4	0.4	-0.1	0.0	-	-	-
Q3	-3.8	0.0	-	0.2	2.3	-6.3	0.3	-2.9	-3.8	0.0	3.0	-6.7	0.0	0.0	-	-	-
Q4	6.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2007	1.6	-1.7	-	7.3	-18.3	6.3	15.0	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.0	-1.3	-	-2.5	105.5	1.7	67.8	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009	-1.2	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010	2.0	0.0	-	-0.1	46.4	3.6	-43.3	76.2	3.4	-5.2	10.3	-25.5	-	-	-	-	-
2011 Q2	2.3	0.0	-	-2.4	49.9	4.5	-36.6	5.3	7.3	1.9	12.4	-16.1	-	-	-	-	-
Q3	0.8	0.0	-	-2.1	65.5	-3.1	-29.3	-36.8	3.0	1.9	9.9	-42.1	-	-	-	-	-
Q4	1.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Gross external debt

	Total	By instrument						By sector (excluding direct investment)			
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2008	10,914.5	5,340.8	398.1	3,377.9	184.1	211.8	1,401.7	1,747.0	482.7	5,006.5	2,276.5
2009	10,391.3	4,622.0	506.9	3,493.1	177.8	185.6	1,405.9	1,975.7	251.7	4,559.1	2,198.9
2010	11,016.4	4,891.7	469.2	3,823.0	200.8	211.5	1,420.2	2,186.8	268.8	4,751.3	2,389.4
2011 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	11,108.1	4,726.0	551.9	3,965.7	209.5	213.8	1,441.0	2,332.7	278.0	4,632.5	2,423.9
Q3	11,526.7	4,902.2	563.3	4,153.2	214.1	247.1	1,446.8	2,436.1	315.2	4,766.1	2,562.5
	Outstanding amounts as a percentage of GDP										
2008	118.2	57.8	4.3	36.6	2.0	2.3	15.2	18.9	5.2	54.2	24.6
2009	116.5	51.8	5.7	39.2	2.0	2.1	15.8	22.1	2.8	51.1	24.6
2010	120.4	53.5	5.1	41.8	2.2	2.3	15.5	23.9	2.9	51.9	26.1
2011 Q1	117.6	51.3	5.4	40.7	2.2	2.4	15.4	24.2	2.9	49.7	25.3
Q2	119.5	50.8	5.9	42.6	2.3	2.3	15.5	25.1	3.0	49.8	26.1
Q3	123.1	52.4	6.0	44.4	2.3	2.6	15.5	26.0	3.4	50.9	27.4

Source: ECB.

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

7.3 Financial account

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

9. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzerland	United States	Offshore financial centres	International organisations	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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 Q4 to 2011 Q3	Cumulated transactions														
Direct investment	-24.1	23.4	2.6	-11.2	13.6	18.4	0.0	-27.8	8.7	7.6	-16.6	-46.1	-13.3	-0.1	39.9
Abroad	166.3	49.5	4.1	-6.5	31.0	21.0	0.0	-4.1	8.9	1.7	4.8	31.1	-2.9	0.0	77.3
Equity/reinvested earnings	107.0	34.2	3.5	-3.4	13.1	21.0	0.0	-1.6	3.2	1.5	4.4	24.4	-18.1	0.0	59.1
Other capital	59.3	15.4	0.6	-3.1	17.9	0.0	0.0	-2.5	5.7	0.3	0.4	6.7	15.2	0.0	18.2
In the euro area	190.4	26.1	1.5	4.7	17.4	2.5	0.0	23.7	0.2	-5.9	21.3	77.2	10.4	0.1	37.3
Equity/reinvested earnings	145.5	37.3	1.0	2.5	34.0	-0.2	0.0	29.0	0.2	0.3	4.2	40.7	7.2	0.0	26.7
Other capital	44.9	-11.2	0.5	2.2	-16.6	2.8	0.0	-5.3	0.0	-6.2	17.2	36.5	3.2	0.1	10.7
Portfolio investment assets	41.6	26.9	4.2	18.9	-18.6	1.8	20.5	-4.9	5.5	-3.2	-6.6	23.7	-17.3	3.3	14.3
Equity	4.4	-2.7	-0.1	1.5	-3.6	-0.8	0.4	4.0	4.3	2.2	-7.0	0.8	0.5	-0.4	2.7
Debt instruments	37.2	29.6	4.4	17.5	-15.0	2.6	20.1	-8.9	1.2	-5.4	0.5	22.8	-17.8	3.7	11.6
Bonds and notes	14.2	19.1	5.2	10.0	-15.4	3.1	16.2	-9.6	1.0	-4.2	2.6	6.9	-23.9	3.8	18.5
Money market instruments	23.0	10.5	-0.8	7.5	0.4	-0.4	3.9	0.7	0.1	-1.2	-2.1	15.9	6.1	-0.1	-6.9
Other investment	294.5	-3.3	2.0	-12.8	61.7	-4.0	-50.2	1.3	-1.4	-3.0	17.0	184.8	178.0	-52.3	-26.6
Assets	354.3	88.2	3.7	13.6	70.3	0.7	-0.2	1.4	9.1	-2.8	37.0	74.3	111.0	-11.9	48.1
General government	21.4	8.3	0.8	-0.6	7.0	1.0	0.1	0.8	0.0	2.2	0.7	7.0	0.9	0.5	1.0
MFIs	189.7	27.4	2.2	10.9	18.7	-3.0	-1.4	0.4	6.8	-6.8	17.8	57.6	82.2	-12.5	16.8
Other sectors	143.2	52.5	0.7	3.3	44.6	2.7	1.1	0.2	2.3	1.9	18.5	9.6	27.9	0.1	30.3
Liabilities	59.8	91.4	1.7	26.5	8.6	4.7	50.0	0.1	10.5	0.3	20.1	-110.5	-67.1	40.3	74.7
General government	108.7	62.3	0.0	0.0	38.0	0.0	24.3	0.0	0.0	-0.2	-0.8	15.7	1.1	30.5	0.1
MFIs	-95.7	-2.3	-0.1	23.4	-47.4	2.6	19.3	-1.6	7.8	0.7	13.9	-120.1	-70.9	9.8	67.0
Other sectors	46.8	31.4	1.8	3.1	17.9	2.1	6.5	1.7	2.7	-0.2	7.0	-6.0	2.7	-0.1	7.5

Source: ECB.

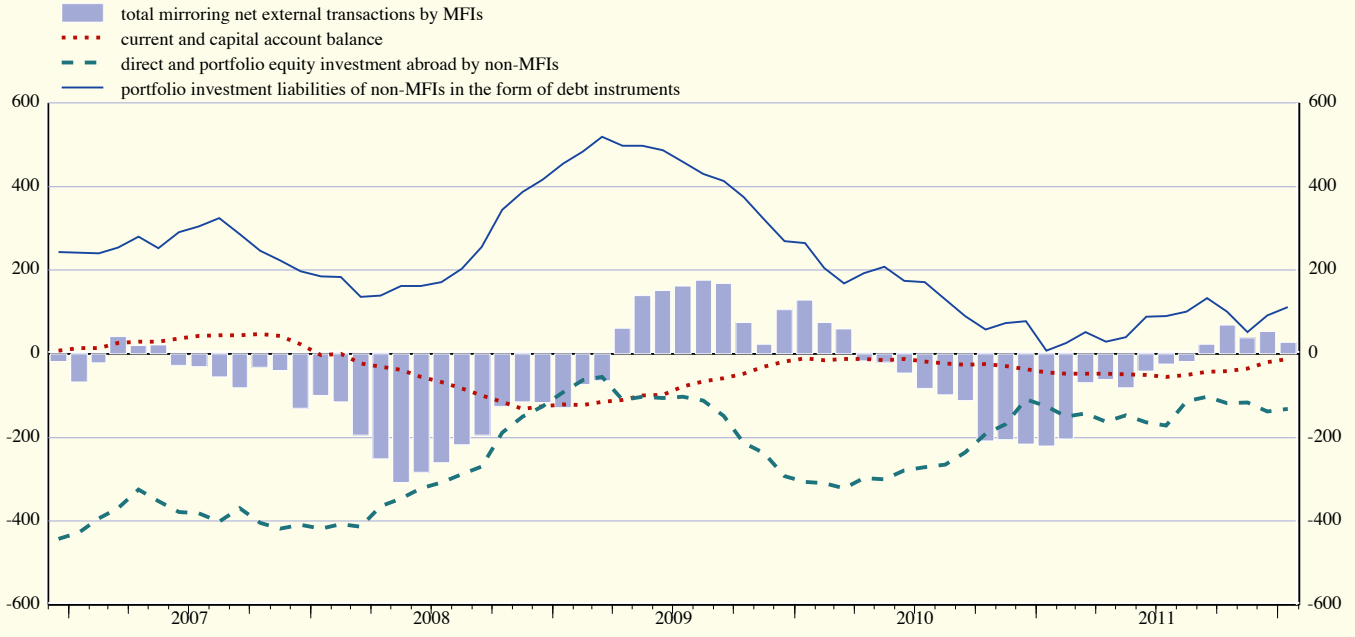
7.4 Monetary presentation of the balance of payments [1]

(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2009	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
2011	54.1	-19.6	-226.0	166.3	49.2	-61.9	35.4	91.4	-139.7	172.8	-23.4	9.5
2010 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	5.7	-20.4	-49.2	26.8	-14.8	-31.8	-12.7	137.1	-49.9	17.1	1.6	2.0
Q3	5.8	0.6	-40.2	23.7	40.4	-2.0	-19.9	0.0	-47.2	76.2	-15.4	-10.4
Q4	-26.7	27.9	-51.2	35.7	22.6	-4.1	-13.3	-48.8	-22.6	28.4	-7.3	5.9
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.	-25.6	-5.0	-42.3	18.1	-7.4	-14.6	-2.7	18.9	-7.6	5.3	2.6	8.9
May	-5.3	-15.5	-4.7	0.0	-1.4	-18.5	-15.4	69.1	-32.2	15.5	-2.3	0.2
June	36.7	0.1	-2.2	8.6	-6.0	1.3	5.4	49.1	-10.1	-3.7	1.2	-7.1
July	-18.2	1.3	-26.9	8.1	3.6	-16.4	14.9	-22.1	-3.7	21.4	-0.8	2.5
Aug.	8.6	-1.5	7.8	1.5	27.2	1.4	-18.4	-15.9	-13.2	26.1	-6.5	0.1
Sep.	15.4	0.9	-21.0	14.1	9.6	13.0	-16.5	37.9	-30.2	28.7	-8.1	-13.1
Oct.	-39.1	4.1	-17.9	10.7	3.2	0.5	-12.2	-23.9	-29.0	25.4	-0.9	0.9
Nov.	-38.0	4.1	-13.8	4.5	13.4	-5.0	-15.6	-19.2	-13.7	4.0	0.6	2.5
Dec.	50.3	19.7	-19.5	20.5	6.0	0.4	14.5	-5.8	20.1	-1.0	-7.1	2.5
2012 Jan.	-50.6	-12.1	-21.0	17.6	-4.3	-21.0	4.5	-16.7	-3.3	9.3	-3.2	-0.5
	12-month cumulated transactions											
2012 Jan.	27.0	-12.2	-217.6	146.5	44.7	-70.6	29.5	111.7	-121.6	139.0	-25.6	3.0

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

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

7.5 Trade in goods

1. Values and volumes by product group [1]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2010	20.0	22.5	1,533.6	764.0	311.5	419.8	1,268.7	1,547.8	947.8	229.9	348.3	1,019.7	250.1
2011	12.7	12.3	1,735.8	.	.	.	1,421.7	1,742.3	.	.	.	1,095.4	.
2011 Q1	21.5	24.0	426.3	215.0	85.5	115.9	350.2	435.3	277.0	59.3	91.6	277.3	74.8
Q2	13.0	12.8	429.4	215.7	87.4	116.0	350.4	436.2	280.3	59.0	90.0	275.7	78.0
Q3	9.4	9.6	436.4	219.1	87.5	118.7	358.0	440.3	283.0	59.2	91.6	275.2	81.3
Q4	8.3	4.5	443.6	.	.	.	363.1	430.5	.	.	.	267.2	.
2011 Aug.	13.9	12.8	147.5	74.2	29.9	40.3	122.3	149.5	95.8	20.4	31.3	93.6	27.0
Sep.	9.9	8.8	146.8	73.6	29.2	40.0	119.3	145.2	93.2	19.2	30.4	90.9	27.4
Oct.	5.8	8.2	144.3	72.5	27.8	39.5	116.7	144.0	91.8	19.6	30.2	89.4	27.2
Nov.	10.2	4.2	149.0	74.0	31.1	40.2	121.9	143.6	91.6	19.4	30.1	88.6	27.4
Dec.	8.9	0.9	150.3	.	.	.	124.5	143.0	.	.	.	89.3	.
2012 Jan.	10.9	3.6	152.3	.	.	.	.	146.4	.	.	.	.	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2009	-16.5	-13.7	119.6	115.0	118.9	128.1	115.9	109.9	101.1	116.4	136.8	111.2	108.0
2010	14.9	10.7	136.8	132.3	138.5	143.5	133.9	121.1	113.3	131.9	143.3	128.1	104.7
2010 Q4	15.1	10.3	143.1	137.5	150.4	148.5	139.7	124.1	116.6	134.2	145.4	132.8	109.3
2011 Q1	13.3	7.7	145.8	141.6	148.6	152.2	143.2	125.3	118.3	132.5	144.8	133.8	100.3
Q2	8.3	2.7	146.9	140.7	153.0	153.8	143.9	124.0	116.6	135.0	143.8	134.5	96.3
Q3	5.3	2.6	147.9	142.3	152.1	155.3	145.9	125.0	118.2	135.9	143.1	133.6	102.5
2011 June	0.2	-4.4	143.0	137.3	147.3	147.5	140.0	120.2	113.1	127.1	140.7	130.9	97.8
July	1.5	1.4	144.7	139.2	148.4	151.1	142.5	124.7	118.4	135.4	141.0	132.5	101.9
Aug.	9.3	4.7	149.9	144.1	156.0	158.1	149.3	126.5	119.2	140.4	144.9	135.7	101.8
Sep.	5.6	1.9	149.1	143.6	151.9	156.6	146.0	123.9	116.9	132.0	143.3	132.5	103.9
Oct.	0.2	0.4	145.5	139.9	144.4	153.1	141.2	122.0	114.6	133.8	140.3	129.5	102.2
Nov.	4.8	-4.6	150.8	144.6	159.7	156.0	148.3	121.4	114.1	131.5	139.6	128.8	101.6

2. Prices [2]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3]							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total					Memo item: Manufac-turing	Total (index: 2005 = 100)	Total					Memo item: Manufac-turing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	106.2	4.1	4.8	1.4	2.2	26.4	4.1	108.8	9.8	9.7	1.4	2.9	26.1	5.8
2011	110.5	4.0	5.8	1.4	2.2	23.3	4.0	118.7	9.1	4.6	-0.1	3.8	26.1	4.2
2011 Q2	110.4	3.6	6.0	0.8	1.8	22.0	3.5	118.7	8.6	4.6	-0.7	3.3	25.3	3.7
Q3	110.8	3.4	5.0	0.9	1.8	25.5	3.4	118.9	8.1	3.0	-1.5	2.9	26.4	3.0
Q4	111.1	3.5	3.8	1.8	2.3	20.3	3.4	119.8	7.6	0.4	0.6	3.4	24.0	2.8
2011 Sep.	111.0	3.5	4.7	1.1	1.8	27.2	3.5	119.4	8.6	2.5	-1.1	3.3	28.6	3.1
Oct.	110.8	3.9	4.4	1.7	2.4	24.4	3.8	119.4	9.0	1.5	0.5	4.0	28.1	3.6
Nov.	111.1	3.7	3.8	1.8	2.4	22.3	3.6	119.9	8.2	0.8	0.5	3.4	26.6	3.0
Dec.	111.4	3.1	3.1	1.8	2.2	14.7	3.0	120.2	5.7	-1.0	0.7	2.8	17.8	1.8
2012 Jan.	112.6	3.2	2.3	1.9	2.5	17.7	3.1	122.2	5.5	-1.3	1.2	2.3	17.7	1.8
Feb.	112.9	3.0	1.7	2.0	2.2	18.8	3.0	.	.	.	0.0	.	.	0.8

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.)														
2010	1,533.6	30.2	52.6	194.7	208.2	63.0	93.2	47.4	180.6	356.5	94.8	34.6	104.0	73.4	129.7
2011	1,735.8	32.8	60.2	212.4	240.5	79.8	109.0	56.6	197.5	406.1	115.3	39.4	111.0	84.5	145.4
2010 Q3	397.2	7.5	13.4	50.0	53.7	16.9	24.0	12.1	47.9	92.3	24.0	8.9	26.4	19.3	33.5
Q4	405.7	8.2	14.2	50.3	55.9	17.3	25.0	13.3	46.2	93.3	25.5	9.0	27.1	19.3	35.5
2011 Q1	426.3	8.0	14.9	52.8	59.0	18.7	25.8	15.3	49.7	100.1	28.9	9.3	28.0	20.0	34.1
Q2	429.4	8.2	15.5	52.3	60.2	19.8	26.5	14.3	48.1	98.4	27.3	9.5	26.8	20.7	38.6
Q3	436.4	8.3	15.6	53.4	61.0	20.6	28.8	13.6	48.6	101.6	28.6	10.2	27.8	21.5	35.7
Q4	443.6	8.3	14.3	53.9	60.3	20.7	28.0	13.5	51.1	106.0	30.5	10.5	28.4	22.2	37.0
2011 Aug.	147.5	2.8	5.3	18.4	20.9	6.9	10.1	4.5	17.1	34.6	9.9	3.5	9.2	7.4	10.5
Sep.	146.8	2.8	5.1	17.9	20.4	7.0	10.0	4.5	15.8	34.0	9.6	3.4	9.5	7.1	12.6
Oct.	144.3	2.7	4.8	17.7	19.7	6.6	9.1	4.4	15.7	34.4	10.2	3.6	9.2	6.9	13.1
Nov.	149.0	2.8	4.7	18.2	20.3	7.0	9.4	4.4	17.4	35.5	10.2	3.5	9.6	7.3	12.3
Dec.	150.3	2.8	4.8	18.0	20.2	7.2	9.5	4.7	18.0	36.0	10.1	3.4	9.7	8.0	11.6
2012 Jan.	152.3	.	.	.	.	7.1	9.9	4.7	18.3	35.8	10.4	3.5	9.6	7.7	.
	Percentage share of total exports														
2011	100.0	1.9	3.5	12.2	13.9	4.6	6.3	3.3	11.4	23.4	6.6	2.3	6.4	4.9	8.4
	Imports (c.i.f.)														
2010	1,547.8	27.4	47.3	147.8	195.4	112.2	72.8	30.7	129.9	494.7	208.6	51.4	118.8	75.2	95.5
2011	1,742.3	29.7	53.0	165.3	226.2	137.5	80.1	34.8	139.3	547.3	216.8	52.5	128.2	90.4	110.5
2010 Q3	400.5	6.9	12.4	37.5	50.0	28.2	18.6	7.7	34.3	130.4	55.8	13.2	29.9	19.4	25.2
Q4	408.0	7.0	12.5	38.6	52.4	30.2	17.9	8.1	34.2	128.6	54.3	13.0	32.3	20.9	25.2
2011 Q1	435.3	7.2	13.2	40.7	55.6	35.6	19.1	9.0	35.3	135.9	54.8	13.7	35.0	21.5	27.1
Q2	436.2	7.5	13.4	41.0	56.4	34.1	19.3	8.8	34.2	139.7	55.8	12.7	30.7	21.9	29.3
Q3	440.3	7.4	13.8	42.2	57.1	32.7	22.0	8.5	34.4	138.9	54.6	13.2	31.1	23.4	28.7
Q4	430.5	7.6	12.6	41.4	57.2	35.0	19.8	8.5	35.4	132.8	51.7	12.8	31.4	23.5	25.4
2011 Aug.	149.5	2.4	4.7	14.1	19.2	10.3	8.3	3.1	11.6	47.5	19.1	4.5	10.8	8.1	9.4
Sep.	145.2	2.5	4.5	14.2	19.2	10.4	7.0	2.6	11.8	44.7	17.2	4.3	10.6	7.6	10.0
Oct.	144.0	2.5	4.2	13.8	18.8	12.0	6.6	2.9	11.9	44.8	17.5	4.3	10.6	7.7	8.2
Nov.	143.6	2.6	4.3	13.9	19.2	11.7	6.8	2.7	11.7	44.2	17.0	4.2	10.3	7.7	8.4
Dec.	143.0	2.5	4.2	13.7	19.1	11.3	6.4	2.9	11.8	43.8	17.2	4.3	10.5	8.0	8.7
2012 Jan.	146.4	.	.	.	.	11.4	6.7	2.7	12.0	44.3	17.6	4.1	11.8	7.7	.
	Percentage share of total imports														
2011	100.0	1.7	3.0	9.5	13.0	7.9	4.6	2.0	8.0	31.4	12.4	3.0	7.4	5.2	6.3
	Balance														
2010	-14.2	2.7	5.3	47.0	12.7	-49.1	20.4	16.7	50.7	-138.2	-113.8	-16.8	-14.8	-1.8	34.2
2011	-6.5	3.1	7.2	47.1	14.2	-57.7	28.8	21.9	58.2	-141.2	-101.5	-13.0	-17.1	-5.9	34.9
2010 Q3	-3.3	0.6	0.9	12.5	3.8	-11.3	5.5	4.5	13.6	-38.1	-31.7	-4.3	-3.4	-0.2	8.3
Q4	-2.3	1.3	1.7	11.6	3.6	-12.8	7.1	5.2	12.1	-35.3	-28.8	-4.0	-5.3	-1.6	10.2
2011 Q1	-9.0	0.9	1.7	12.1	3.4	-17.0	6.7	6.3	14.3	-35.9	-25.9	-4.5	-7.0	-1.5	7.0
Q2	-6.7	0.7	2.1	11.4	3.9	-14.3	7.2	5.5	13.9	-41.2	-28.5	-3.2	-3.9	-1.2	9.3
Q3	-3.9	0.9	1.8	11.2	3.9	-12.1	6.8	5.1	14.1	-37.2	-25.9	-3.1	-3.3	-1.9	7.0
Q4	13.1	0.7	1.7	12.4	3.1	-14.3	8.2	5.0	15.7	-26.8	-21.2	-2.3	-3.0	-1.2	11.6
2011 Aug.	-2.0	0.3	0.6	4.3	1.6	-3.5	1.8	1.5	5.5	-12.9	-9.2	-1.0	-1.7	-0.8	1.1
Sep.	1.6	0.2	0.6	3.7	1.1	-3.4	3.0	1.9	4.0	-10.7	-7.7	-0.8	-1.1	-0.5	2.5
Oct.	0.3	0.3	0.6	3.9	0.9	-5.4	2.5	1.5	3.8	-10.4	-7.3	-0.7	-1.5	-0.8	4.9
Nov.	5.4	0.1	0.4	4.3	1.1	-4.7	2.7	1.7	5.7	-8.7	-6.8	-0.8	-0.7	-0.4	3.9
Dec.	7.4	0.3	0.7	4.3	1.1	-4.2	3.0	1.8	6.2	-7.8	-7.1	-0.9	-0.8	0.0	2.9
2012 Jan.	5.9	.	.	.	.	-4.4	3.2	2.0	6.3	-8.6	-7.2	-0.6	-2.1	0.0	.

Source: Eurostat.

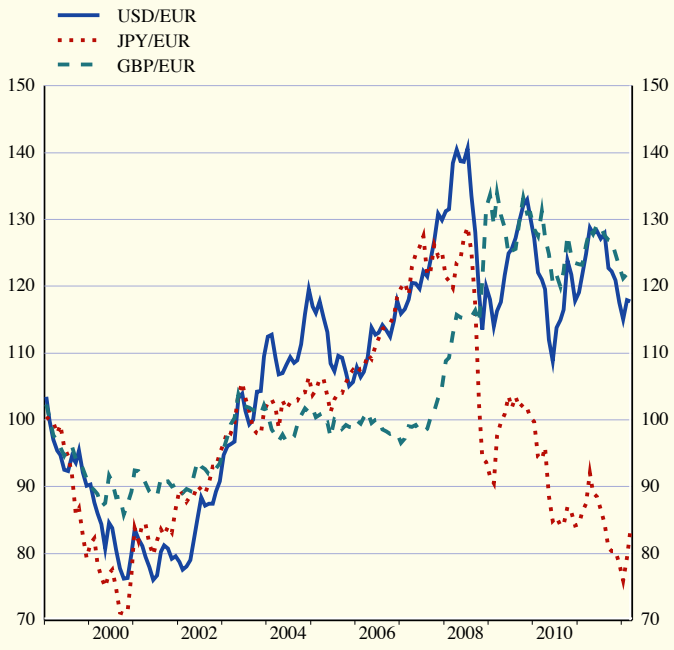
8 EXCHANGE RATES

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

	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2009	110.6	109.2	104.3	104.9	118.7	104.8	119.7	106.8
2010	103.6	101.6	98.1	96.8	107.8	97.2	111.4	98.1
2011	103.4	100.7	97.6	95.1	107.4	95.8	112.1	97.6
2011 Q1	102.7	100.1	97.1	94.9	105.7	95.3	110.7	96.7
Q2	105.2	102.6	99.3	97.1	109.0	97.7	113.5	99.0
Q3	103.5	100.6	97.6	95.1	108.1	95.7	112.5	97.7
Q4	102.1	99.5	96.3	93.3	106.9	94.5	111.6	97.0
2012 Q1	99.5	96.9	94.3	.	.	.	108.3	94.0
2011 Mar.	104.1	101.6	98.5	-	-	-	112.3	98.1
Apr.	105.9	103.3	100.0	-	-	-	114.0	99.6
May	104.9	102.2	98.8	-	-	-	113.2	98.6
June	105.0	102.2	99.0	-	-	-	113.4	98.8
July	104.0	101.0	98.1	-	-	-	112.4	97.7
Aug.	103.9	100.8	97.9	-	-	-	112.9	98.0
Sep.	102.8	100.0	96.8	-	-	-	112.0	97.4
Oct.	103.0	100.3	97.0	-	-	-	112.6	97.9
Nov.	102.6	99.9	96.7	-	-	-	112.1	97.4
Dec.	100.8	98.2	95.1	-	-	-	110.3	95.8
2012 Jan.	98.9	96.3	93.6	-	-	-	108.0	93.7
Feb.	99.6	97.2	94.5	-	-	-	108.4	94.1
Mar.	99.8	97.4	94.8	-	-	-	108.6	94.3
	Percentage change versus previous month							
2012 Mar.	0.2	0.2	0.4	-	-	-	0.3	0.2
	Percentage change versus previous year							
2012 Mar.	-4.1	-4.2	-3.8	-	-	-	-3.3	-3.8

C39 Effective exchange rates
(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates
(monthly averages; index: 1999 Q1=100)



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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2009	1.9558	26.435	7.4462	0.7057	3.4528	280.33	4.3276	4.2399	10.6191	0.89094	7.3400	2.1631
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2011	1.9558	24.590	7.4506	0.7063	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	7.4390	2.3378
2011 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
Q4	1.9558	25.276	7.4398	0.7017	3.4528	303.47	4.4207	4.3365	9.0910	0.85727	7.4968	2.4759
2012 Q1	1.9558	25.084	7.4350	0.6985	3.4528	296.85	4.2329	4.3533	8.8529	0.83448	7.5568	2.3556
2011 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
Nov.	1.9558	25.464	7.4412	0.7015	3.4528	309.15	4.4324	4.3560	9.1387	0.85740	7.4923	2.4565
Dec.	1.9558	25.514	7.4341	0.6975	3.4528	304.19	4.4774	4.3282	9.0184	0.84405	7.5136	2.4632
2012 Jan.	1.9558	25.531	7.4353	0.6990	3.4528	307.33	4.3760	4.3417	8.8503	0.83210	7.5543	2.3759
Feb.	1.9558	25.042	7.4341	0.6988	3.4528	290.68	4.1835	4.3513	8.8196	0.83696	7.5815	2.3264
Mar.	1.9558	24.676	7.4354	0.6977	3.4528	292.26	4.1370	4.3668	8.8873	0.83448	7.5358	2.3631
	Percentage change versus previous month											
2012 Mar.	0.0	-1.5	0.0	-0.2	0.0	0.5	-1.1	0.4	0.8	-0.3	-0.6	1.6
	Percentage change versus previous year											
2012 Mar.	0.0	1.2	-0.3	-1.3	0.0	7.9	3.1	4.9	0.0	-3.7	2.0	6.9

	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
2009	1.7727	2.7674	1.5850	9.5277	10.8114	-	67.3611	14,443.74	5.4668	130.34	4.9079
2010	1.4423	2.3314	1.3651	8.9712	10.2994	-	60.5878	12,041.70	4.9457	116.24	4.2668
2011	1.3484	2.3265	1.3761	8.9960	10.8362	-	64.8859	12,206.51	4.9775	110.96	4.2558
2011 Q3	1.3459	2.3063	1.3841	9.0653	11.0105	-	64.7000	12,181.09	5.0174	109.77	4.2666
Q4	1.3316	2.4240	1.3788	8.5682	10.4879	-	68.5352	12,111.94	5.0172	104.22	4.2458
2012 Q1	1.2425	2.3169	1.3128	8.2692	10.1725	-	65.8991	11,901.67	4.9431	103.99	4.0121
2011 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
Nov.	1.3414	2.4210	1.3897	8.6154	10.5495	-	68.8330	12,214.99	5.0521	105.02	4.2756
Dec.	1.3003	2.4175	1.3481	8.3563	10.2496	-	69.2066	11,965.40	4.9725	102.55	4.1639
2012 Jan.	1.2405	2.3084	1.3073	8.1465	10.0187	-	66.0601	11,709.25	4.9141	99.33	4.0151
Feb.	1.2327	2.2729	1.3193	8.3314	10.2553	-	65.0589	11,913.82	4.9474	103.77	3.9978
Mar.	1.2538	2.3674	1.3121	8.3326	10.2474	-	66.5399	12,082.50	4.9679	108.88	4.0229
	Percentage change versus previous month										
2012 Mar.	1.7	4.2	-0.5	0.0	-0.1	-	2.3	1.4	0.4	4.9	0.6
	Percentage change versus previous year										
2012 Mar.	-9.5	2.0	-4.0	-9.3	-6.1	-	5.7	-1.5	-0.4	-4.8	-5.3

	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
2009	18.7989	2.2121	8.7278	66.338	44.1376	2.0241	11.6737	1,772.90	1.5100	47.804	1.3948
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2011 Q3	17.3908	1.6976	7.7652	60.371	41.1734	1.7309	10.0898	1,532.60	1.1649	42.574	1.4127
Q4	18.3742	1.7353	7.7602	58.566	42.0737	1.7348	10.9209	1,542.87	1.2293	41.791	1.3482
2012 Q1	17.0195	1.6030	7.5868	56.421	39.5496	1.6573	10.1730	1,482.75	1.2080	40.630	1.3108
2011 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
Nov.	18.5646	1.7584	7.7868	58.743	41.8082	1.7476	11.0547	1,537.42	1.2307	41.969	1.3556
Dec.	18.1174	1.7102	7.7451	57.537	41.5686	1.7070	10.7829	1,513.26	1.2276	41.099	1.3179
2012 Jan.	17.3140	1.6132	7.6752	56.208	40.4394	1.6510	10.3405	1,474.96	1.2108	40.718	1.2905
Feb.	16.9159	1.5845	7.5522	56.419	39.4232	1.6585	10.1289	1,485.58	1.2071	40.614	1.3224
Mar.	16.8239	1.6104	7.5315	56.634	38.7804	1.6624	10.0475	1,487.83	1.2061	40.557	1.3201
	Percentage change versus previous month										
2012 Mar.	-0.5	1.6	-0.3	0.4	-1.6	0.2	-0.8	0.2	-0.1	-0.1	-0.2
	Percentage change versus previous year										
2012 Mar.	0.1	-14.7	-3.8	-7.0	-2.6	-6.4	3.7	-5.1	-6.3	-4.6	-5.7

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.

9 DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2010	3.0	1.2	2.2	-1.2	1.2	4.7	2.7	6.1	1.9	3.3
2011	3.4	2.1	2.7	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2011 Q3	3.1	2.0	2.6	4.4	4.6	3.4	3.7	4.2	1.6	4.7
Q4	2.5	2.8	2.5	4.1	4.0	4.1	4.2	3.4	0.9	4.7
2011 Dec.	2.0	2.8	2.4	3.9	3.5	4.1	4.5	3.2	0.4	4.2
2012 Jan.	1.9	3.8	2.8	3.4	3.4	5.6	4.1	2.8	0.7	3.6
Feb.	2.0	4.0	2.7	3.3	3.7	5.8	4.4	2.7	1.0	3.4
	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 Sep.	5.30	3.00	2.07	5.60	5.09	7.64	5.74	7.43	1.83	2.41
Oct.	5.27	3.14	2.23	5.62	5.06	7.88	5.71	7.48	1.90	2.52
Nov.	5.27	3.67	2.01	5.73	5.25	8.53	5.80	7.43	1.69	2.29
Dec.	5.23	3.70	1.86	5.93	5.75	8.97	5.84	7.21	1.68	2.12
2012 Jan.	5.30	3.39	1.74	5.74	5.35	9.51	5.68	7.02	1.70	1.47
Feb.	5.31	3.12	1.84	5.45	5.15	8.60	5.46	6.99	1.89	1.48
	3-month interest rate as a percentage per annum; period average									
2011 Sep.	3.67	1.17	1.44	0.87	1.85	6.19	4.75	5.77	2.53	0.92
Oct.	3.68	1.17	1.40	0.99	1.88	6.18	4.80	5.96	2.52	0.97
Nov.	3.64	1.15	1.29	1.27	1.87	7.25	4.94	6.01	2.62	1.01
Dec.	3.64	1.16	1.08	1.86	1.78	6.50	4.98	6.05	2.69	1.06
2012 Jan.	3.34	1.17	1.01	1.79	1.48	8.54	4.99	5.26	2.61	1.09
Feb.	3.19	1.20	1.00	1.31	1.43	8.83	4.97	4.79	2.44	1.07
	Real GDP									
2010	0.4	2.7	1.3	-0.3	1.4	1.3	3.9	-1.7	6.1	2.1
2011	1.7	1.7	1.0	5.5	5.9	1.7	4.3	2.5	3.9	0.7
2011 Q2	2.2	2.1	1.4	5.2	6.4	1.7	4.6	1.4	4.8	0.4
Q3	1.6	1.3	0.0	5.9	6.7	1.5	4.2	3.4	4.4	0.3
Q4	1.6	0.6	0.5	5.9	5.4	1.5	4.3	2.2	1.2	0.5
	Current and capital account balance as a percentage of GDP									
2010	-0.2	-3.0	5.6	4.9	4.2	3.0	-2.8	-4.2	6.7	-3.1
2011	2.2	-2.5	6.7	0.9	0.9	3.6	-2.1	-4.1	7.1	-1.7
2011 Q2	0.6	-5.9	7.0	-0.7	-2.1	3.2	-2.1	-7.5	6.7	-0.3
Q3	11.9	-5.7	8.4	0.8	5.7	4.4	-3.3	-4.3	8.6	-3.1
Q4	-4.1	-0.6	5.9	2.6	-1.7	3.2	-1.4	-1.8	5.3	-1.6
	Gross external debt as a percentage of GDP									
2009	108.3	51.6	188.5	156.5	87.0	144.9	59.4	68.5	210.5	416.9
2010	102.8	56.5	190.7	165.4	87.4	144.0	66.0	75.8	191.3	413.9
2011 Q2	95.9	55.6	181.4	154.6	85.3	137.2	68.7	76.5	188.2	416.8
Q3	93.3	57.9	182.9	151.4	81.9	146.9	73.6	76.9	196.4	434.2
Q4	92.0	58.4	.	145.9	80.8	145.3	72.2	73.5	194.7	426.0
	Unit labour costs									
2010	5.6	-0.7	-1.0	-9.8	-7.3	-3.2	2.2	7.9	-1.9	1.7
2011	1.1	0.2	0.3	2.1	-0.3	4.4	.	1.7	-0.9	1.6
2011 Q2	-0.1	0.4	-0.8	3.1	-1.0	5.8	0.1	1.9	-1.0	1.1
Q3	3.1	0.0	0.9	2.1	-1.2	6.0	2.0	3.9	-0.9	2.4
Q4	4.8	0.4	1.5	2.1	2.2	3.4	.	0.3	0.4	3.3
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2010	10.2	7.3	7.5	18.7	17.8	11.1	9.6	7.3	8.4	7.8
2011	11.2	6.7	7.6	15.4	15.4	10.9	9.7	7.4	7.5	8.0
2011 Q3	11.1	6.6	7.5	14.8	15.3	10.9	9.7	7.5	7.3	8.2
Q4	11.6	6.6	7.8	14.6	14.3	10.9	10.0	7.5	7.5	8.3
2011 Dec.	11.8	6.7	7.8	14.6	14.3	11.0	10.1	7.5	7.5	8.3
2012 Jan.	12.2	6.7	7.9	.	.	11.3	10.1	7.2	7.6	.
Feb.	12.4	6.8	7.9	.	.	11.0	10.2	7.1	7.5	.

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

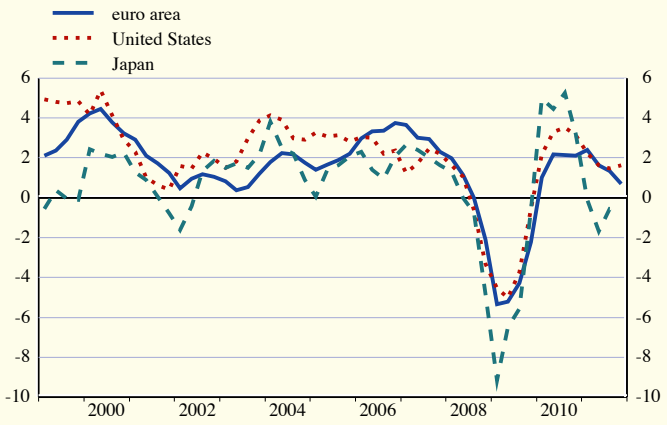
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
	United States										
2008	3.8	2.8	-0.3	-4.8	5.8	7.1	2.93	2.70	1.4708	-6.6	61.5
2009	-0.4	-0.6	-3.5	-13.8	9.3	7.9	0.69	4.17	1.3948	-11.6	74.1
2010	1.6	-2.0	3.0	6.3	9.6	2.3	0.34	3.57	1.3257	-10.7	82.4
2011	3.2	1.9	1.7	4.8	9.0	7.2	0.34	2.10	1.3920	.	.
2011 Q1	2.1	1.3	2.2	6.8	9.0	4.6	0.31	3.76	1.3680	-9.9	83.2
Q2	3.4	1.0	1.6	4.0	9.0	5.4	0.26	3.46	1.4391	-10.2	83.0
Q3	3.8	2.0	1.5	3.9	9.1	9.1	0.30	2.18	1.4127	-9.7	84.9
Q4	3.3	3.1	1.6	4.4	8.7	9.5	0.48	2.10	1.3482	.	.
2012 Q1	.	.	.	.	.	.	0.51	2.38	1.3108	.	.
2011 Nov.	3.4	-	-	4.1	8.7	9.6	0.48	2.30	1.3556	-	-
Dec.	3.0	-	-	4.6	8.5	9.6	0.56	2.10	1.3179	-	-
2012 Jan.	2.9	-	-	5.3	8.3	10.2	0.57	1.97	1.2905	-	-
Feb.	2.9	-	-	5.4	8.3	9.9	0.50	2.15	1.3224	-	-
Mar.	.	-	-	.	.	.	0.47	2.38	1.3201	-	-
	Japan										
2008	1.4	1.3	-1.1	-3.4	4.0	2.1	0.93	1.21	152.45	-1.9	162.9
2009	-1.3	2.9	-5.5	-21.9	5.1	2.7	0.47	1.42	130.34	-8.8	180.0
2010	-0.7	-2.8	4.5	16.6	5.1	2.8	0.23	1.18	116.24	-8.4	188.4
2011	-0.3	.	-0.7	-3.6	4.6	2.8	0.19	1.00	110.96	.	.
2011 Q1	-0.5	0.4	-0.1	-2.6	4.8	2.5	0.19	1.33	112.57	.	.
Q2	-0.4	1.6	-1.7	-6.9	4.6	2.7	0.20	1.18	117.41	.	.
Q3	0.1	0.6	-0.5	-2.1	4.4	2.8	0.19	1.04	109.77	.	.
Q4	-0.3	.	-0.6	-2.9	4.5	3.0	0.20	1.00	104.22	.	.
2012 Q1	.	.	.	.	.	.	0.20	1.05	103.99	.	.
2011 Nov.	-0.5	-	-	-4.2	4.4	3.0	0.20	1.10	105.02	-	-
Dec.	-0.2	-	-	-4.4	4.5	3.2	0.20	1.00	102.55	-	-
2012 Jan.	0.1	-	-	-1.3	4.7	3.1	0.20	0.98	99.33	-	-
Feb.	0.3	-	-	1.5	.	3.0	0.20	1.01	103.77	-	-
Mar.	.	-	-	.	.	.	0.20	1.05	108.88	-	-

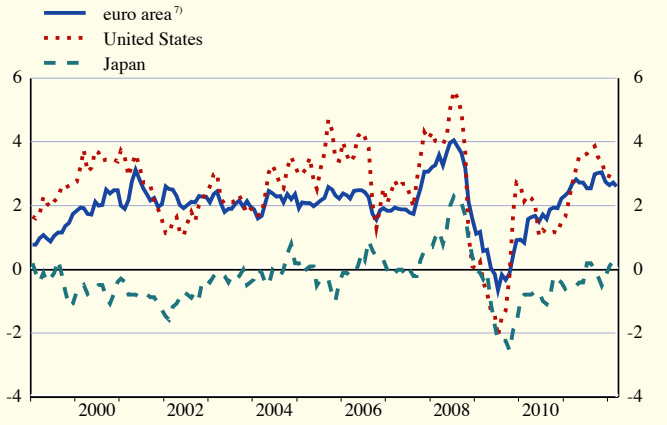
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

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

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:

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

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

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

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:

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

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

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

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

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

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

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

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

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:

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

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

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

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

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

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

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

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

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

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

GENERAL NOTES

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

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 3 April 2012.

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

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

EURO AREA SERIES WITH A FIXED COMPOSITION

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

EURO AREA SERIES WITH A CHANGING COMPOSITION

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

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

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

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

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

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

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

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

OVERVIEW

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

MONETARY POLICY STATISTICS

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

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

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

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

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

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

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

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

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area

banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

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

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2]. Detailed sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8[3] concerning statistics on the assets and liabilities of investment funds. Further information on these investment fund statistics can be found in the "Manual on investment fund statistics" (ECB, May 2009).

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC's balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30[4] as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

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

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

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

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

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

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

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

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

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition),

with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

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

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

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

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do

not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car

5 Svensson, L.E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", CEPR Discussion Papers, No 1051. Centre for Economic Policy Research, London, 1994.

registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial 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 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

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.

(Tables 1, 2 and 3 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

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

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

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[13] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[14]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided

10 OJ L 169, 8.7.2003, p. 37.
11 OJ L 310, 30.11.1996, p. 1.
12 OJ L 210, 11.8.2010, p. 1.
13 OJ L 172, 12.7.2000, p. 3.
14 OJ L 179, 9.7.2002, p. 1.

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)[15] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[16]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

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. 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.

15 OJ L 354, 30.11.2004, p. 34.
16 OJ L 159, 20.6.2007, p. 48.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem's international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 2

("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

14 JANUARY AND 4 FEBRUARY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

4 MARCH 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010.

8 APRIL AND 6 MAY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations in May and June 2010.

10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

8 JULY AND 5 AUGUST 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

2 SEPTEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 18 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

7 OCTOBER AND 4 NOVEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2009 can be found in the ECB's Annual Report for the respective years.

2 DECEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

13 JANUARY AND 3 FEBRUARY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 MARCH 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

7 APRIL 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

5 MAY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively.

9 JUNE 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 October 2011, notably to continue its fixed rate tender procedures with full allotment.

7 JULY 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.50%, starting from the operation to be settled on 13 July 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.25% and 0.75% respectively, both with effect from 13 July 2011.

4 AUGUST 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on several measures to address renewed tensions in some financial markets. In particular, it decides that the Eurosystem will conduct a liquidity-providing supplementary longer-term refinancing operation with a maturity of approximately six months as a

fixed rate tender procedure with full allotment. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 17 January 2012, notably to continue its fixed rate tender procedures with full allotment.

8 SEPTEMBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively.

6 OCTOBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on the details of its refinancing operations from October 2011 to 10 July 2012, notably to conduct two longer-term refinancing operations – one with a maturity of approximately 12 months in October 2011, and another with a maturity of approximately 13 months in December 2011 – and to continue to apply fixed rate tender procedures with full allotment in all of its refinancing operations. In addition, the Governing Council decides to launch a new covered bond purchase programme in November 2011.

3 NOVEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 9 November 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 9 November 2011.

8 DECEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 14 December 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.75% and 0.25% respectively, both with effect from 14 December 2011. It also decides to adopt further non-standard measures, notably: (i) to conduct two longer-term refinancing operations with a maturity of approximately three years; (ii) to increase the availability of collateral; (iii) to reduce the reserve ratio to 1%; and (iv) to discontinue, for the time being, the fine-tuning operations carried out on the last day of each maintenance period.

12 JANUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

9 FEBRUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

8 MARCH AND 4 APRIL 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

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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- Annual Report
- Convergence Report
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- Legal Working Paper Series
- Occasional Paper Series
- Research Bulletin
- Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

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

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

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

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GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input

prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price

levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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