EUROPEAN CENTRAL BANK

EUROSYSTEM

MONTHLY BULLETIN
NOVEMBER

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In 2014 all ECB publications feature a motif taken from the €20 banknote.

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on the regular economic and monetary analyses, and in line with its forward guidance, the Governing Council decided at its meeting on 6 November 2014 to keep the key ECB interest rates unchanged. Following up on the decisions of 2 October 2014, the Eurosystem last month started purchasing covered bonds under the new programme. The Eurosystem will also soon start to purchase asset-backed securities. The programmes will last for at least two years. Together with the series of targeted longer-term refinancing operations to be conducted until June 2016, these asset purchases will have a sizeable impact on the Eurosystem's balance sheet, which is expected to move towards the dimensions it had at the beginning of 2012.

The measures will enhance the functioning of the monetary policy transmission mechanism, support financing conditions in the euro area, facilitate credit provision to the real economy and generate positive spillovers to other markets. They will thereby further ease the monetary policy stance more broadly, support the Governing Council's forward guidance on the key ECB interest rates and reinforce the fact that there are significant and increasing differences in the monetary policy cycle between major advanced economies.

With the measures that have been put in place, monetary policy has responded to the outlook for low inflation, a weakening growth momentum and continued subdued monetary and credit dynamics. The accommodative monetary policy stance will underpin the firm anchoring of medium to long-term inflation expectations, in line with the Governing Council's aim of achieving inflation rates below, but close to, 2%. As they work their way through to the economy, the monetary policy measures will together contribute to a return of inflation rates to levels closer to the Governing Council's aim.

However, looking ahead, and taking into account new information and analysis, the Governing Council will closely monitor and continuously assess the appropriateness of its monetary policy stance. Should it become necessary to further address risks of too prolonged a period of low inflation, the Governing Council is unanimous in its commitment to using additional unconventional instruments within its mandate. The Governing Council has tasked ECB staff and the relevant Eurosystem committees with ensuring the timely preparation of further measures to be implemented, if needed.

Regarding the economic analysis, euro area real GDP increased by 0.1%, quarter on quarter, in the second quarter of this year, revised up as compared with the earlier estimate. Since the summer months, incoming data and survey evidence have overall indicated a weakening in the euro area's growth momentum. This information has now been incorporated into the most recent forecasts by private and public institutions, which indicate a downward revision of real GDP growth over the projection horizon up to 2016, with the outlook for a modest economic recovery remaining in place. This picture is broadly in line with the Governing Council's current assessment. On the one hand, domestic demand should be supported by the monetary policy measures, the ongoing improvements in financial conditions, the progress made in fiscal consolidation and structural reforms, and lower energy prices supporting real disposable income. Furthermore, demand for exports should benefit from the global recovery. On the other hand, the recovery is likely to continue to be dampened by high unemployment, sizeable unutilised capacity, and the necessary balance sheet adjustments in the public and private sectors.

The risks surrounding the economic outlook for the euro area continue to be on the downside. In particular, the weakening in the euro area's growth momentum, alongside heightened geopolitical risks, could dampen confidence and, in particular, private investment. In addition, insufficient progress in structural reforms in euro area countries constitutes a key downward risk to the economic outlook.

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.4% in October 2014, after 0.3% in September. Compared with the previous month, this mainly reflects a somewhat less negative contribution from energy prices and slightly stronger annual increases in food prices. A fall in industrial goods prices was partly compensated for by an increase in services price inflation. On the basis of current information and prevailing futures prices for energy, annual HICP inflation is expected to remain at around current low levels over the coming months, before increasing gradually during 2015 and 2016. This is also the picture portrayed by the most recent forecasts, which now incorporate the recent sharp fall in oil prices.

The Governing Council will continue to closely monitor the risks to the outlook for price developments over the medium term. In this context, the Governing Council will focus in particular on the possible repercussions of dampened growth dynamics, geopolitical developments, exchange rate and energy price developments, and the pass-through of the monetary policy measures.

Turning to the monetary analysis, data for September 2014 continue to point to subdued underlying growth in broad money (M3), with the annual growth rate increasing moderately, however, to 2.5% in September, after 2.1% in August. Annual growth in M3 continues to be supported by its most liquid components, with the narrow monetary aggregate M1 growing at an annual rate of 6.2% in September.

The annual rate of change of loans to non-financial corporations (adjusted for loan sales and securitisation) remained negative at -1.8% in September, after -2.0% in August and -2.2% in July. On average over recent months, net redemptions have moderated from the historically high levels recorded a year ago. Lending to non-financial corporations continues to reflect the lagged relationship with the business cycle, credit risk, credit supply factors and the ongoing adjustment of financial and non-financial sector balance sheets. The annual growth rate of loans to households (adjusted for loan sales and securitisation) was 0.6% in September, after 0.5% in August. In line with some stabilisation in credit flows, the October bank lending survey for the euro area reported a net easing of credit standards on loans to enterprises and households. At the same time, it has to be kept in mind that the level of credit standards is still tight from a historical perspective. Following the completion of the ECB's comprehensive assessment, a further strengthening of banks' balance sheets can be expected to contribute to reducing credit supply constraints and facilitating more lending.

A cross-check of the outcome of the economic analysis with the signals coming from the monetary analysis confirms the recent decisions taken by the Governing Council to provide further monetary policy accommodation and to support lending to the real economy.

Monetary policy is focused on maintaining price stability over the medium term and its accommodative stance contributes to supporting economic activity. However, in order to strengthen investment activity, boost job creation and raise productivity growth, other policy areas need to contribute decisively. In particular, the legislation and implementation of product and labour market reforms as well as actions to improve the business environment for firms need to gain momentum in several countries. The effective implementation of structural reforms will raise expectations of higher incomes and encourage firms to increase investment today and bring forward the economic recovery. As regards fiscal policies, countries with remaining fiscal imbalances should not unravel the progress already made and should proceed in line with the rules of the Stability and Growth Pact. Throughout the procedural steps under the agreed framework, the Pact should remain the anchor for confidence in sustainable public finances. The existing flexibility within the rules should allow governments to address the budgetary costs of major structural reforms, to support demand and to achieve a more growth-friendly composition of fiscal policies. A full and consistent implementation of the euro area's existing fiscal and macroeconomic surveillance framework is key to bringing down high public debt ratios, to raising potential growth and to increasing the resilience of the euro area economy to shocks.

This issue of the Monthly Bulletin contains two articles. The first article highlights three examples of new cross-country comparative research related to the financial vulnerability of euro area households. The second article reviews recent advances in integrating early warning indicators for fiscal stress into the European system of budgetary surveillance, and proposes further improvements to these indicators.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

Although the world economy continues to show signs of slow improvement, the recovery remains fragile and uneven in the light of increasing cyclical and structural divergence across regions and countries. In the second half of the year global activity has been strengthening gradually, supported by improved fundamentals and solid momentum in a number of key advanced economies. Meanwhile, growth in emerging market economies has remained subdued and uncertain as a result of financial market and geopolitical tension, as well as structural impediments. Global inflation eased slightly in September owing to significantly lower energy prices and ample unutilised capacity.

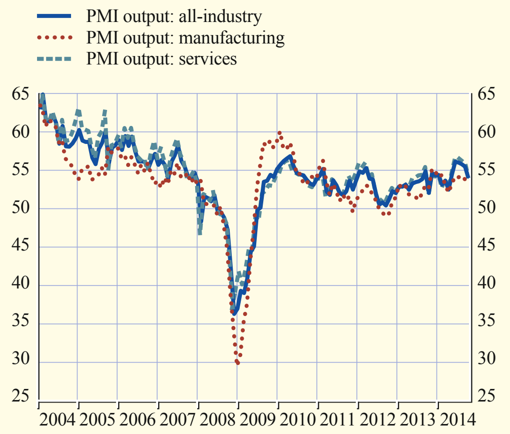
1.1 GLOBAL ECONOMIC ACTIVITY AND TRADE

The latest surveys continue to suggest some strengthening in global activity since the middle of the year. The main impetus for growth in the world economy stems from advanced economies, which are (increasingly) benefitting from waning private sector deleveraging, less fiscal drag and monetary accommodation. By contrast, in several emerging market economies, structural challenges, such as infrastructure deficits, product and labour market rigidities, and domestic and external imbalances, as well as tightened financial conditions are restraining the growth potential. Geopolitical risks, relating mostly to the conflict between Ukraine and Russia and tension in major oil-producing countries remain present, but their impact on oil prices and global activity has been rather limited so far. Furthermore, a potential reversal of global risk sentiment following a period of compressed risk spreads and very low volatility in financial markets could have negative repercussions for the global economy.

The most recent sentiment indicators suggest that there was some moderation in the global growth momentum at the beginning of the fourth quarter amid widening differentiation across countries.

Chart 1 Global PMI (excluding the euro area)

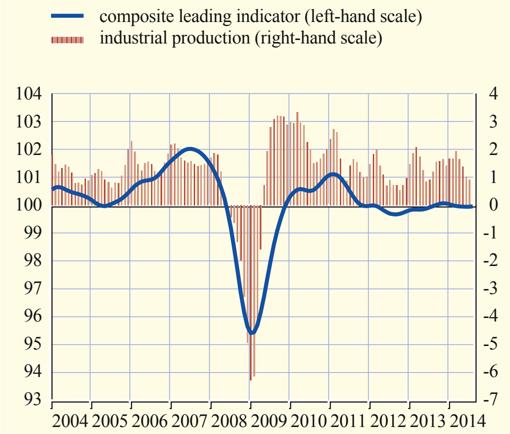
(seasonally adjusted monthly data)



Source: Markit.

Chart 2 Composite leading indicator and industrial production

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



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

The global composite output Purchasing Managers' Index (PMI) excluding the euro area declined to 54.0 in October, which was slightly below its long-term average, owing to a fall in output in the services sector, while the global manufacturing PMI remained unchanged (see Chart 1). At the country level, the decline was broad-based across advanced and emerging market economies, with a more pronounced weakness in Japan and Brazil. Looking ahead, the new orders component of the global composite PMI eased slightly, suggesting a more gradual recovery in world activity in October. At the same time, the OECD's composite leading indicators, which are designed to anticipate turning points in economic activity relative to trend, pointed to a mixed outlook across major economies in August, characterised by weakening growth in Japan, stable growth in the United States, the United Kingdom and China, and improving growth momentum in India (see Chart 2).

Growth in global trade is recovering gradually from low levels. According to the CPB Netherlands Bureau for Economic Policy Analysis, the volume of world imports of goods increased by 0.5% in August on a three-month-on-three-month basis, following a revised 0.0% in July, driven by significant improvements in emerging market economies, notably emerging Asia and, to a lesser extent, Latin America. Meanwhile, trade momentum slowed in advanced economies, mostly on the back of weaker trade activity in the United States and the euro area. At the same time, the global PMI for new manufacturing export orders decreased in October, but remained close to its long-term average, pointing to a moderate rebound in global trade momentum in the short term. Overall, world trade developments remain volatile and are subject to high levels of uncertainty, partly owing to geopolitical tension and subdued economic activity in several world regions, suggesting a very gradual recovery of global trade going forward.

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

Box 1 discusses recent developments in the labour markets of non-euro area EU countries.

Box 1

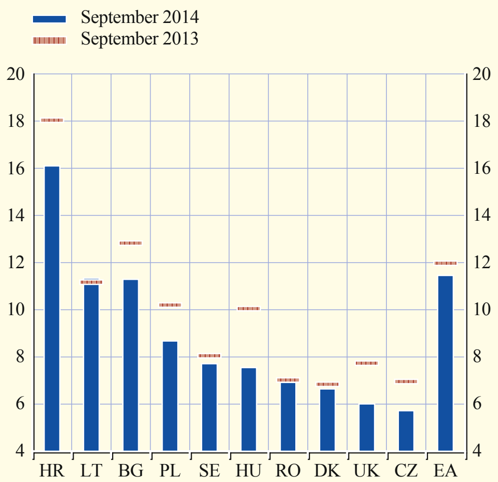
CYCLICAL IMPROVEMENTS IN THE LABOUR MARKETS OF NON-EURO AREA EU COUNTRIES

Recent developments in the labour markets of most non-euro area EU countries[1] have generally been favourable, as reflected by the falling unemployment rates witnessed over the past year. In comparison with the euro area, this improvement has been quite remarkable given that the unemployment rates of these countries were already at lower levels one year ago. In September 2014 the euro area unemployment rate stabilised at 11.5%, while outside the euro area only Croatia and Bulgaria featured unemployment of a higher or similar magnitude (see Chart A). The jobless rate of Lithuania, which will become the nineteenth Member State to join the euro area on 1 January 2015, is also broadly comparable to that of the euro area. That being said, as with the euro area, there is significant heterogeneity across non-euro area EU countries.

1 The group of non-euro area EU countries is composed of two parts: (i) Bulgaria (BG), the Czech Republic (CZ), Croatia (HR), Lithuania (LT), Hungary (HU), Poland (PL) and Romania (RO); and (ii) Denmark (DK), Sweden (SE) and the United Kingdom (UK) – the former being referred to as EU7 countries and the latter as EU3 countries.

Chart A Standardised unemployment rate

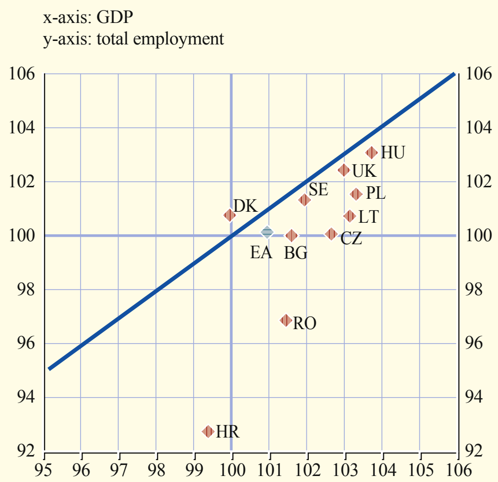
(percentage of labour force)



Source: Eurostat.
Notes: Based on seasonally adjusted data. EA refers to the euro area. The last observation refers to September (August in the case of Hungary and July in the case of the United Kingdom) 2014.

Chart B Economic activity and total employment

(Q2 2014; index: Q2 2013 = 100)



Sources: Eurostat and ECB calculations.
Notes: EA refers to the euro area. The observations for Croatia and the United Kingdom refer to the first quarter of 2014 (with the index having a value of 100 in the first quarter of 2013).

The decrease in unemployment rates mentioned above largely indicates that a growing number of jobless people have been able to find paid employment in non-euro area EU countries. In some countries, new entrants to the labour market who have immediately obtained work (and are included in labour force statistics for the first time) also contributed to the improvement here.

The labour market recovery generally reflects the fact that most non-euro area EU countries have seen more dynamic economic activity than the euro area during the past year.[2] In a number of such countries, employment actually expanded at a rate comparable to that of real GDP (see Chart B). In the case of the Czech Republic and Poland, however, the improvement in economic activity appears to have been less conducive to increased employment.[3] Meanwhile, the relatively robust job creation observed in Hungary is largely explained by the substantial expansion of a government-sponsored work scheme.[4]

Turning to recent structural labour market trends, the increase in hours worked per person employed was similar for non-euro area EU countries and the euro area. However, new job creation was significantly more pronounced in non-euro area EU countries, particularly in the United Kingdom, Denmark and Sweden (EU3 countries; see Chart C). There was also considerable heterogeneity regarding the number of hours worked across non-euro area EU countries – this figure increased substantially in EU3 countries, rising to levels markedly above their long-term averages, but remained broadly unchanged in the remaining non-euro area EU countries (referred to here as the EU7). As regards different contractual arrangements, in comparison with the euro area, the most vigorous growth was registered for the self-employed

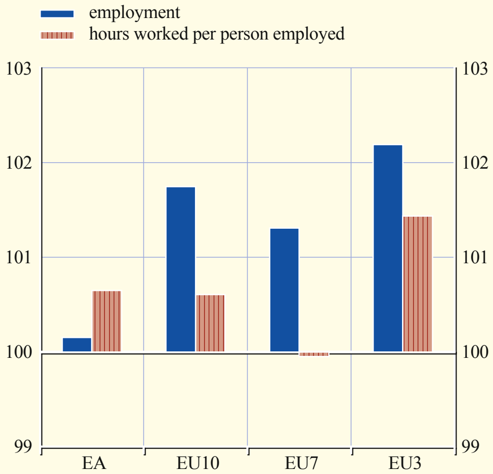
2 As regards the euro area, structural rigidities are in some cases impeding labour market adjustment. See "The impact of the economic crisis on euro area labour markets", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2014.

3 Croatia constitutes an outlier, as the contraction in total employment was disproportionate to the slowdown in economic activity experienced over the past year. This probably reflects the recent restructuring of state-owned enterprises.

4 Under the Public Work Scheme, on average, around 180,000 people (representing over 4% of total employment) were kept in employment during each relevant month of 2014.

Chart C Employment and hours worked

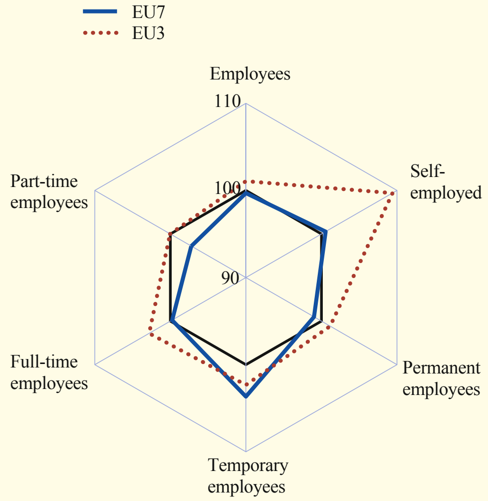
(Q1 2014; index: Q1 2013 = 100)



Sources: Eurostat and ECB calculations.
Notes: EA refers to the euro area and EU10 refers to all non-euro area EU countries (see footnote 1). In addition, Croatia is excluded from the EU10 and EU7 aggregates owing to problems with data availability.

Chart D Contractual arrangements in the labour market

(change between the second quarter of 2014 and the second quarter of 2013; index: euro area change = 100)



Sources: Eurostat and ECB calculations.

in EU3 countries and temporary employees in EU7 countries (see Chart D). The relatively modest increase in the number of permanent employees and full-time workers (these still dominate the labour market by a wide margin) may suggest ongoing caution in hiring practices.

While any further improvement in the labour markets of non-euro area EU countries will hinge on the strength of the economic recovery, the latest developments provide some insights into the outlook for employment. In the United Kingdom, Denmark and Sweden, the current high level of hours worked per person employed implies that there is more limited scope for raising the amount of working time. The economic recovery is thus more likely to translate into job creation and/or rising wages. In contrast, other non-euro area EU countries appear to have more room for manoeuvre in this context. Here, increases in average working time may initially dilute the impact of the economic recovery on job creation. Finally – in line with the euro area – further labour market improvements will also depend on whether a number of country-specific structural weaknesses are addressed, including skill mismatches, a relatively low labour force participation rate or high youth unemployment.

1.2 GLOBAL PRICE DEVELOPMENTS

Global inflation softened in September on the back of falling oil prices and spare capacity. Headline consumer price inflation in the OECD area eased slightly to 1.7% year on year in September, down from 1.8% in August, primarily owing to a weaker contribution from the energy component. Excluding food and energy, OECD annual CPI inflation also softened somewhat to 1.8% in September (see Table 1). Consumer price inflation stabilised in the United States, but further

Table 1 Price developments in selected economies

(annual percentage changes)

	2012	2013	2014 Apr.	May	June	July	Aug.	Sep.
OECD	2.3	1.6	2.0	2.1	2.1	1.9	1.8	1.7
United States	2.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7
Japan	0.0	0.4	3.4	3.7	3.6	3.4	3.3	3.2
United Kingdom	2.8	2.6	1.8	1.5	1.9	1.6	1.5	1.2
China	2.6	2.6	1.8	2.5	2.3	2.3	2.0	1.6
Memo item:								
OECD excluding food and energy	1.8	1.6	2.0	1.9	1.9	1.9	1.9	1.8

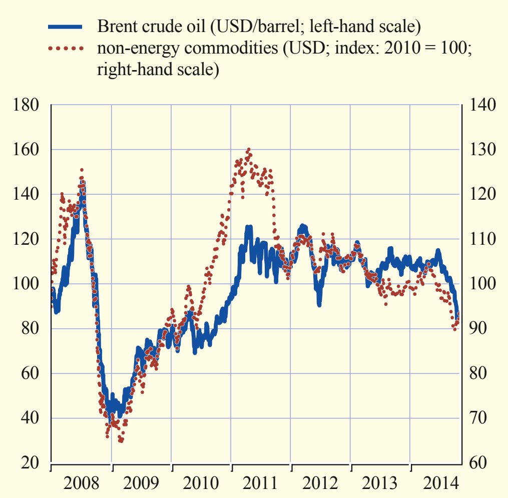
Sources: OECD, national data, BIS, Eurostat and ECB calculations.

moderated in the United Kingdom, Japan and China. Looking ahead, inflationary pressures are expected to remain contained against the backdrop of output gaps that are closing slowly and weakening commodity prices.

Commodity prices, in particular oil prices, play an important role in explaining global inflation developments. Oil prices continued to decline and reached a four-year low at the beginning of November (see Chart 3). Brent crude oil prices stood at USD 83 on 5 November 2014, which was about 22% lower than their level a year earlier. Current low oil prices are explained by a combination of plentiful oil supply and weak oil demand. Global oil supply continued to increase in October owing to an increase in OPEC production, which was led by Libya and Iraq, coupled with sustained growth in North American shale oil production. At the same time, the International Energy Agency further reduced its global oil demand forecast for 2014 and 2015 on the back of faltering economic growth, particularly in China. Moreover, the combination of ample oil supply and weak oil demand growth caused oil inventories to rise. Box 2 discusses in more detail the main drivers behind the recent developments in oil prices. Looking ahead oil market participants have priced in slightly higher prices over the medium term, with December 2015 Brent futures contracts trading at USD 88 per barrel.

Recently non-energy commodity prices have increased and currently stand at a level that is around 5% higher than in early October. This increase follows a five-month decline on the back of the expected record harvests in the United States, which kept grain prices low, and a slowdown in industrial production growth in China, which is seen as the main driver of lower metal prices. In aggregate terms, the non-energy commodity price index (denominated in US dollars) currently stands at around 4% lower compared with a year earlier.

Chart 3 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Box 2

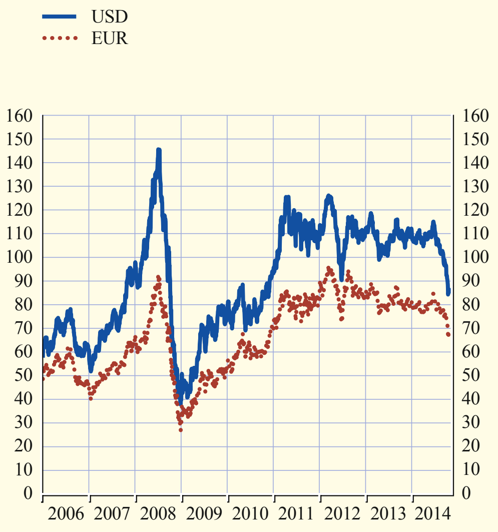
UNDERSTANDING THE RECENT DECLINE IN OIL PRICES

Despite intensified geopolitical tension in major oil-producing countries, oil prices have declined noticeably in recent months. After trading at above USD 100 per barrel for about two years, Brent crude oil prices have declined by almost 25% since early July to reach a four-year low of around USD 86 per barrel at the end of October (see Chart A). When the recent decline is expressed in euro instead of US dollars, it is less pronounced (around 18%). This box describes the main drivers behind this decline in oil prices.

In general, oil prices are determined by the interplay of oil demand and supply developments. For example, with the onset of the financial crisis in 2008 a steep fall in oil demand together with increasing oil supply caused oil prices to drop substantially (see Chart B), whereas a strong recovery in global oil demand combined with slower growth in supply pushed oil prices above USD 100 per barrel again in 2010. From 2011 to mid-2014 oil prices were broadly stable, reflecting the well-balanced oil market. Demand was recovering gradually from the crisis, and supply grew on the back of strong gains in North American shale oil production. At the same time oil prices were supported by oil production outages in OPEC countries triggered by geopolitical tension. More specifically, political instability in Libya caused domestic oil production to drop to levels close to zero in 2011 and again in 2013, and the western embargo imposed on Iranian oil exports from 2012 led to a drop in Iranian oil production by almost a third. More recently, the ISIS invasion of northern Iraq and geopolitical uncertainties related to

Chart A Brent crude oil prices

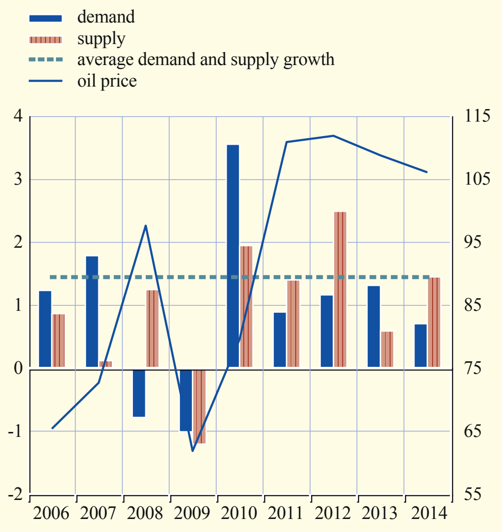
(USD and EUR per barrel)



Source: Bloomberg.
Notes: Daily data; the last observation refers to 29 October 2014.

Chart B Oil prices and growth in oil demand and supply

(percentages (left-hand scale); USD per barrel (right-hand scale))



Source: International Energy Agency.
Notes: Annual data. 2014 data for supply are calculated as the average of the first three quarters and 2014 data for demand are based on IEA estimates. The average demand and supply growth are calculated over the period 1986-2013.

the Ukraine-Russia conflict maintained oil prices well above USD 100 per barrel owing to the fear of potential negative supply effects.

The decline in oil prices observed since early July has also been driven by a combination of supply and demand factors. Plentiful oil supply against a backdrop of continued weak oil demand is mainly responsible for the observed drop in prices (see Chart B), reinforced by receding concerns over potential supply-side disruptions related to geopolitical tension.

On the supply side, growth in global oil production has remained strong for two reasons. First, growth in North American shale oil production continues to increase at a steady pace, which leads to reduced oil imports by the United States and frees up oil production elsewhere, creating a glut in oil supply in the European Brent oil market. Second, in contrast to market expectations, global oil production has remained robust so far despite heightened geopolitical uncertainty in Russia, Iraq and Libya. Consequently, concerns related to potential short-term supply disruptions owing to geopolitical instability have been receding overall. Specifically, increases in production capacity in southern Iraq have compensated for supply losses in the occupied northern part of the country, and Russian oil exports have remained on track. In Libya, despite increased levels of domestic unrest, oil production increased noticeably following the lifting of a year-long blockade of its export terminals.

On the demand side, global oil demand growth is showing signs of softening, driven in particular by weaker projections for Chinese and European oil demand. This has caused the International Energy Agency (IEA) to lower its global oil demand forecast for 2014 and 2015 in recent months. In turn, ample supply combined with weak demand growth is causing oil inventories to rise, creating a buffer to absorb potential future short-lived shocks.

Falling oil prices will lead to lower energy prices in the euro area, implying a positive stimulus to household real disposable income and reducing input costs for companies. These developments may dampen inflation in the near term, while supporting growth in the euro area.

1.3 DEVELOPMENTS IN SELECTED ECONOMIES

UNITED STATES

In the United States, the recovery in economic activity has become more sustained over the past six months. Following an increase in GDP in the second quarter at an annualised rate of 4.6% (1.1% quarter on quarter), real GDP rose by 3.5% at an annualised rate (0.9% quarter on quarter) in the third quarter according to the first estimate by the Bureau of Economic Analysis (see Table 2). The expansion in the third quarter was supported by a turnaround in the contribution from net trade as exports grew robustly and imports declined, and by the continued strength of domestic demand. However, the housing market continued to be a relatively weak spot, as indicated by the rather sluggish increase in residential investment.

High-frequency indicators point to sustained growth momentum in the final quarter of 2014. Business sentiment remained robust and, therefore, the near-term outlook supportive. Meanwhile, the outlook for consumer spending has continued to improve, reflected in a further rise in consumer sentiment in October to its highest level since the start of the last recession. The recent progress in sentiment occurred amid low borrowing costs, favourable labour market prospects and recent sharp declines in gasoline prices, which are expected to particularly benefit low-income households,

Table 2 Real GDP growth in selected economies

(percentage changes)

	Annual growth rates					Quarterly growth rates		
	2012	2013	2014 Q1	2014 Q2	2014 Q3	2014 Q1	2014 Q2	2014 Q3
United States	2.3	2.2	1.9	2.6	2.3	-0.5	1.1	0.9
Japan	1.5	1.5	2.7	0.0	-	1.5	-1.8	-
United Kingdom	0.7	1.7	2.9	3.2	*3.0*	0.7	0.9	*0.7*
China	7.7	7.7	7.4	7.5	7.3	1.5	2.0	1.9

Sources: National data, BIS, Eurostat and ECB calculations.
Note: Data in italic refer to preliminary statistics.

which have a high propensity to consume. Looking further ahead the US economy is expected to continue growing at rates above trend, supported by continued improvements in the labour and housing markets, accommodative financial conditions and fading headwinds from both household balance sheet repair and fiscal policy.

Annual CPI inflation remained steady in September, with headline CPI inflation standing at 1.7%, which is the same as the rate of inflation excluding food and energy. Although on a monthly basis inflation was mostly supported by an increase in the food and shelter indices, energy prices posted their third consecutive monthly decline, in line with recent developments in oil prices. Looking ahead inflation is expected to increase only slowly, driven by a gradually diminishing amount of slack in the labour market, while recent oil price declines and the appreciation of the US dollar will exert downward pressure.

In the context of generally improving economic prospects, on 29 October 2014 the Federal Open Market Committee announced an end to its asset purchases programme, while reaffirming "that it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends."

JAPAN

In Japan, the recovery in economic activity following the sharp drop in output in the second quarter of 2014 has been muted so far. Monthly indicators available up to September were generally soft, signalling that real GDP growth in the third quarter is likely to have returned to positive territory, albeit at a slower pace than initially anticipated. Despite picking up in September, industrial production has declined in the third quarter following weak demand. At the same time the rebound in private consumption has been limited in part by declines in real incomes and consumer sentiment. Meanwhile net exports of goods together with public and private (non-residential) investment are likely to have supported growth in the third quarter.

In terms of price developments, annual CPI inflation continued to ease further in September. Annual CPI inflation declined to 3.2% in September from 3.3% in the previous month, driven to a large extent by a lower positive contribution from energy prices. Excluding the direct impact of the April increase in VAT, annual CPI inflation stands currently close to 1%, while annual CPI excluding food and energy inflation has remained in a range of 0.5%-0.8% since late 2013.

At its latest monetary policy meeting on 31 October 2014 the Bank of Japan announced an expansion of its Quantitative and Qualitative Monetary Easing programme (QQE) by accelerating the annual pace of increase in the monetary base to about JPY 80 trillion (from about JPY 60-70 trillion previously). At the same time the Bank of Japan will purchase Japanese Government Bonds so that their amount outstanding will increase at an annual pace of about JPY 80 trillion (which represents an increase of about JPY 30 trillion), while lengthening its average remaining maturity to about seven to ten years (an extension by a maximum of three years). It also opted to triple the annual pace of purchases of exchange-traded funds and Japanese real estate investment trusts to JPY 3 trillion and JPY 90 billion respectively.

UNITED KINGDOM

In the United Kingdom, according to preliminary estimates, real GDP growth slowed to 0.7% quarter on quarter in the third quarter of 2014 from 0.9% in the second quarter. Growth was particularly robust in the transport and communication sectors and the business services sector. In the first half of the year growth was driven by private consumption and housing investment. The labour market continued to strengthen, and the unemployment rate fell to a five-year low of 6.0% in the three months to August. Latest data and surveys suggest that this softening in growth will extend to the last quarter of the year. The need to repair private and public sector balance sheets and the weakness in external demand are the main downside risks to economic activity.

Annual CPI inflation declined further to 1.2% in September, falling by 0.3 percentage point compared with the previous month. Consumer price inflation excluding food and energy declined to 1.5% in September from 1.9% in August. Overall, inflationary pressures are expected to remain subdued owing to moderate wage growth and the effects of the appreciation of the pound sterling.

At its meeting on 7 and 8 October 2014 the Bank of England's Monetary Policy Committee maintained the policy rate at 0.5% and the size of the Asset Purchase Programme at GBP 375 billion.

CHINA

Chinese GDP growth slowed slightly to 7.3% annually in the third quarter, from 7.5% in the previous quarter, as the effect of the modest monetary and fiscal stimulus started to unwind. On a quarterly basis, growth decreased to 1.9% from 2.0%. Consumption and trade contributed most to growth, while the contribution from investment weakened, reflecting a slowdown in housing investment and more moderate credit growth.

The housing market continued to deteriorate, as prices and sales volumes growth kept falling and are now close to the troughs seen in previous housing downturns in 2008 and 2012. At the same time, the stock of vacant housing expressed in months of sales has more than doubled since early 2010, suggesting that this downturn might be more severe and longer-lasting than previous correction phases. In order to support the housing market, at the end of September authorities lowered minimum interest rates and deposit requirements for new mortgages for customers with no other mortgage loans, even if they already own a property. Some local governments have also reduced purchasing restrictions since the housing market started weakening early in 2014.

Credit flows are moderating on the back of measures by authorities to restrain shadow banking. This has led to an increasing share of bank loans in total credit, while the share of medium and long-term loans has also risen, suggesting more stable financing flows. Nonetheless, with nominal GDP growth having decreased from 18% in 2011 to below 10% at present, financial leverage continues to rise. Inflationary pressures have also weakened, with CPI declining to 1.6% in September, while PPI inflation continues to be negative.

1.4 EXCHANGE RATES

Over the past month the exchange rate of the euro appreciated against the currencies of most of the euro area's main trading partners. On 5 November 2014 the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, stood 0.2% above its level at the beginning of October, but 2.7% below its level one year previously (see Chart 4 and Table 3). Movements in exchange rates were largely related to developments in expectations about future monetary policy, as well as to adjustments in market expectations regarding the economic outlook for the euro area relative to other major economies.

Chart 4 Nominal effective exchange rate of the euro

(daily data; index: Q1 1999 = 100)

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

In bilateral terms, since early October the exchange rate of the euro weakened against the US dollar (by 1.0%), but strengthened against the pound sterling (by 0.8%), and, notably, the Japanese yen (by 3.4%) following the announcement of the expansion of the QQE programme by the Bank of Japan. Over the period under review, overall, it also appreciated vis-à-vis currencies of commodity-exporting countries. As far as the currencies of other EU Member States were concerned, the exchange rate of the euro generally appreciated, most notably against the Swedish krona (by 1.4%). The Lithuanian litas and the Danish krone, which are participating in ERM II, remained broadly stable against the euro, trading at, or close to, their respective central rates.

Table 3 Euro exchange rate developments

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

	Weight in the effective exchange rate of the euro (EER-20)	Change in the exchange rate of the euro as at 5 November 2014 with respect to	
		1 October 2014	5 November 2013
EER-20		0.2	-2.7
Chinese renminbi	18.7	-1.4	-7.3
US dollar	16.8	-1.0	-7.5
Pound sterling	14.8	0.8	-6.7
Japanese yen	7.2	3.4	8.0
Swiss franc	6.4	-0.2	-2.1
Polish zloty	6.2	1.2	1.3
Czech koruna	5.0	1.2	7.7
Swedish krona	4.7	1.4	4.8
Korean won	3.9	1.4	-5.0
Hungarian forint	3.2	-0.4	4.1
Danish krone	2.6	0.0	-0.2
Romanian leu	2.0	0.2	-0.5
Croatian kuna	0.6	0.3	0.5

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

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

In September 2014, annual M3 growth made further progress towards recovery from the subdued levels that have been observed since the beginning of this year. The preference of money-holders for liquid assets, in particular overnight deposits, remained the main driving factor behind annual broad money growth. On the counterpart side, although the accumulation by MFIs of net external assets remained supportive until recently, its contribution decreased for the second month in a row in September. Shifts away from longer-term financial liabilities also contributed to M3 growth, while the drag coming from credit contraction continued to moderate. A further decrease in the pace of contraction of MFI lending to the private sector in September supports previous indications that a turnaround in loan dynamics occurred around the second quarter of 2014.

THE BROAD MONETARY AGGREGATE M3

In September, the annual growth rate of M3 increased for the fifth consecutive month, to stand at 2.5%, after 2.1% in August and 1.8% in July (see Chart 5). These increases notwithstanding, the underlying growth of broad money remained weak. The preference of money-holders for liquid assets, especially overnight deposits, remained the driving factor behind annual broad money growth.

On the component side, all major components of M3 except marketable instruments registered monthly inflows, with M1 recording the main share. The preference for holding liquid assets in an environment of very low interest rates (mainly shown by households) appears to have been the main factor driving these inflows.

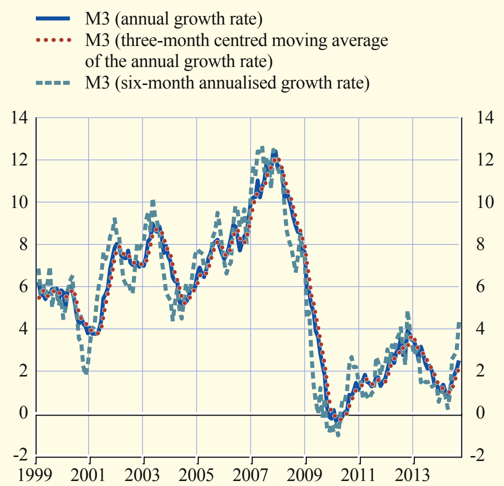
On the counterpart side, the accumulation by MFIs of net external assets remained supportive on a 12-month basis, although August and September saw net outflows. The drag on money growth coming from credit contraction continued to moderate, confirming previous indications that a turnaround in loan dynamics occurred around the second quarter of 2014.

Shifts away from longer-term financial liabilities also continued to support M3 growth. The ongoing contraction of longer-term financial liabilities reflects both MFIs' reduced funding needs and the shift towards deposit-based funding that is being encouraged by the current regulatory regime.

Since the beginning of the financial crisis, MFIs' main assets have decreased by 8.1%. While their contraction had been abating since the beginning of 2014, it received fresh impetus in recent months. In the three months to September, these main assets decreased by €43 billion (after having decreased by €3 billion in the three months to August). While a moderate balance sheet expansion was recorded once more for MFIs in non-stressed countries, an increased contraction was observed in stressed countries.

Chart 5 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

MAIN COMPONENTS OF M3

The annual growth rate of M1 increased to 6.2% in September, after 5.9% in August (see Table 4). Both overnight deposits and currency in circulation registered inflows, with overnight deposits recording the main share. With other non-risky assets also offering reduced returns, the opportunity cost of holding overnight deposits is very low. Thus, the robust annual growth of M1 confirms the persistently strong preference for liquidity displayed by the money-holding sector in an environment of very low interest rates (see Section 2.5).

In this environment, the annual rate of change in short-term deposits other than overnight deposits (M2 minus M1) remained low: in September, it increased further to -1.5%, after -1.7% in August. This was related to a modest increase in the annual rate of change in short-term time deposits (i.e. deposits with an agreed maturity of up to two years), which reached -3.7% in September after -4.2% in August, while the annual growth rate of short-term savings deposits (i.e. deposits redeemable at notice of up to three months) remained unchanged in September at 0.3%. Given the generally very low interest rates and the improved funding situation of banks, these types of deposit may be less attractive because they do not offer a remuneration that compensates holders for the lower degree of liquidity in comparison with overnight deposits.

Although remaining clearly negative, the annual rate of change in marketable instruments (M3 minus M2) rose further in September, to stand at -4.1%, after -6.5% in August. The September increase reflects a modest outflow, which was concentrated on repurchase agreements. Both the annual rate of change in money market fund shares/units and the annual growth rate of repurchase agreements improved significantly compared with the previous month. The annual rate of change in short-term MFI debt securities continued to contract, but at a slightly slower pace than previously.

Table 4 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3[1]	Annual growth rates					
		2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Aug.	2014 Sep.
M1	**56.3**	**6.4**	**6.0**	**5.2**	**5.8**	**5.9**	**6.2**
Currency in circulation	9.4	4.1	6.0	5.6	5.7	5.8	6.0
Overnight deposits	46.9	6.9	6.0	5.2	5.8	5.9	6.3
M2-M1 (=other short-term deposits)	37.6	-1.2	-2.4	-2.1	-1.7	-1.7	-1.5
Deposits with an agreed maturity of up to two years	16.5	-6.3	-6.8	-5.4	-4.2	-4.2	-3.7
Deposits redeemable at notice of up to three months	21.2	3.3	1.4	0.7	0.3	0.3	0.3
M2	**94.0**	**3.1**	**2.4**	**2.1**	**2.6**	**2.7**	**3.0**
M3-M2 (=marketable instruments)	6.0	-17.1	-13.1	-12.5	-6.6	-6.5	-4.1
M3	**100.0**	**1.5**	**1.2**	**1.1**	**2.0**	**2.1**	**2.5**
Credit to euro area residents		**-1.2**	**-1.9**	**-2.2**	**-1.9**	**-1.8**	**-1.5**
Credit to general government		0.1	-0.2	-1.3	-1.5	-1.2	-0.4
Loans to general government		-6.7	-4.0	-2.6	-1.0	-0.7	-0.7
Credit to the private sector		-1.6	-2.3	-2.5	-2.0	-1.9	-1.8
Loans to the private sector		-2.2	-2.3	-1.9	-1.5	-1.5	-1.2
Loans to the private sector adjusted for sales and securitisation[2]		-1.8	-2.0	-1.5	-0.9	-0.9	-0.6
Longer-term financial liabilities (excluding capital and reserves)		**-3.6**	**-3.4**	**-3.4**	**-3.5**	**-3.3**	**-3.7**

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.

Given the very low yields offered by money market instruments, money market funds find it very difficult to offer an attractive remuneration, especially when compared with overnight deposits. The continued contraction of short-term debt securities, especially those offered to retail customers, reflects the shift towards deposit-based funding that is being encouraged by the current regulatory regime.

The annual growth rate of M3 deposits – which include repos and represent the broadest component of M3 for which a timely sectoral breakdown is available – increased to 2.8% in September, from 2.4% in August. This increase was driven by deposits held by both households and non-financial corporations, reflecting their aforementioned preference for liquidity in an environment of very low interest rates. The annual growth rate of deposits held by households increased to 2.2% in September, up from 2.0% in August. The annual growth rate of deposits held by non-financial corporations, which has remained at robust levels since early 2013, decreased slightly, to 5.8%, in September, down from 6.0% in the previous month. Over and beyond the need for firms to improve their liquidity conditions in the context of tight access to bank lending, the robust growth of non-financial corporations' deposits may also reflect the capacity of euro area firms to generate internal sources of financing. In addition, the annual growth rate of deposits held by other financial intermediaries (OFIs) increased further, to stand at 0.1% in September. By comparison, the annual growth rate of deposits held by insurance corporations and pension funds (ICPFs) decreased from 5.9% in August to 2.1% in September, reflecting sizeable outflows.

MAIN COUNTERPARTS OF M3

The annual rate of change in MFI credit to euro area residents recovered further, reaching -1.5% in September, after -1.8% in August (see Table 4). This reflected an increase in the annual rate of change in credit to the general government sector (to -0.4%, from -1.2% in the previous month) and a slightly slower pace of contraction of credit to the private sector (-1.8%, from -1.9% in August).

The higher annual rate of change in credit to general government in September was mainly driven by net monthly purchases of government securities, including both domestic and non-domestic government bonds, by euro area MFIs. The annual rate of change in government debt securities held by MFIs increased to -0.3% in September, from -1.4% in August.

The annual rate of change in loans to the private sector originated by MFIs (adjusted for sales and securitisation) rose further to -0.6% in September, after -0.9% in August (see Table 5), increasing for the sixth consecutive month. The monthly flow in September 2014 was positive, mainly reflecting net flows of loans to households and to non-monetary financial intermediaries including insurance corporations and pension funds, while net redemptions of loans to non-financial corporations were recorded.

The annual rate of change in loans to non-financial corporations (adjusted for sales and securitisation) increased further, to -1.8%, in September, after -2.0% in August and the low of -3.2% in February. The annual growth rate of loans to households (adjusted for sales and securitisation) improved marginally, to stand at 0.6% in September.

Regarding loans to non-financial corporations, the latest data confirm previous indications that a turnaround in loan dynamics occurred around the second quarter of 2014. This turnaround would be consistent with the past lead-lag relationship of sectoral MFI loans with respect to the business cycle. The assessment that a broad-based turnaround in loan dynamics occurred is further supported by the results of the October 2014 euro area bank lending survey (BLS),

Table 5 MFI loans to the private sector

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

	Outstanding amount as a percentage of the total[1)]	Annual growth rates					
		2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Aug.	2014 Sep.
Non-financial corporations	**41.0**	**-3.6**	**-3.0**	**-2.7**	**-2.2**	**-2.2**	**-2.0**
Adjusted for sales and securitisation[2)]	-	*-2.9*	*-3.0*	*-2.7*	*-2.1*	*-2.0*	*-1.8*
Up to one year	24.7	-4.1	-4.8	-4.6	-2.2	-2.2	-1.3
Over one and up to five years	16.9	-5.3	-5.3	-4.0	-3.5	-3.5	-3.3
Over five years	58.4	-2.9	-1.5	-1.5	-1.8	-1.7	-1.9
Households[3)]	**49.7**	**0.1**	**-0.2**	**-0.4**	**-0.5**	**-0.4**	**-0.5**
Adjusted for sales and securitisation[2)]	-	*0.3*	*0.3*	*0.4*	*0.5*	*0.5*	*0.6*
Consumer credit[4)]	10.9	-3.0	-2.7	-2.0	-1.4	-1.5	-1.0
Lending for house purchase[4)]	74.0	0.9	0.6	0.2	-0.1	0.0	-0.1
Other lending	15.1	-1.5	-1.7	-1.7	-1.6	-1.7	-1.7
Insurance corporations and pension funds	**1.0**	**10.9**	**9.5**	**5.0**	**4.7**	**0.2**	**8.7**
Other non-monetary financial intermediaries	**8.2**	**-9.1**	**-11.3**	**-7.5**	**-4.4**	**-4.0**	**-2.7**

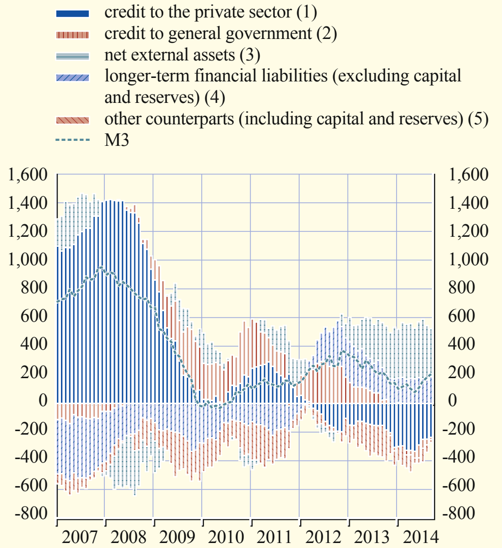
Source: ECB.
Notes: MFI sector including the Eurosystem; sectoral classification based on the ESA 95. For further details, see the relevant technical notes.
1) As at the end of the last month available. Sector loans as a percentage of total MFI loans to the private sector; maturity breakdown and breakdown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

which indicate a slight net easing of credit standards on loans to non-financial corporations and a positive net loan demand (see Box 3). Box 4 presents the results of the latest survey on the access to finance of enterprises in the euro area (SAFE) and confirms that their financial situation had improved compared with the previous survey period. In addition, a broader analysis of savings, investment and financing, broken down by institutional sector, is presented in Box 5.

The annual rate of change in MFIs' longer-term financial liabilities (excluding capital and reserves) stood at -3.7% in September, down from -3.3% in August, on account of a monthly outflow of €27 billion. Net issuance of longer-term MFI debt securities declined further in September (€14 billion). The improved market conditions for MFI debt issuance are illustrated by the further narrowing of the spreads between non-secured bank bond yields and swap rates and by the answers to the October 2014 BLS question on banks' access to funding. Overall, these developments are likely to reflect both balance sheet deleveraging in stressed countries and the prospect of longer-term central bank funding via the targeted longer-term refinancing operations (TLTROs) announced in June 2014 and launched in September 2014.

Chart 6 Counterparts of M3

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



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

In September, the net external asset position of euro area MFIs decreased by €17 billion, which was the second consecutive month-on-month decline following increases from February 2013 to July 2014. This reflected a decline in the preference of investors for acquiring euro area securities. In the 12 months to September, however, the net external asset position of euro area MFIs stood at €334 billion, reflecting current account surpluses and a generally strong interest of international investors in euro area securities (see Chart 6). For around two years now, MFIs' net external assets have increased on a 12-month basis, thereby representing the main factor supporting annual M3 growth since November 2012.

Overall, annual M3 growth made further progress towards recovery from the subdued levels that have been observed since the beginning of this year. Broad money growth was supported, in particular, by a reduced pace of credit contraction and by shifts away from longer-term financial liabilities, while the contribution of net external assets moderated further. At the same time, subdued M3 dynamics continue to reflect a search for yield by the money-holding sector in an environment characterised by a low remuneration of monetary assets and returning confidence.

Box 3

THE RESULTS OF THE EURO AREA BANK LENDING SURVEY FOR THE THIRD QUARTER OF 2014

This box summarises the main results of the euro area bank lending survey conducted by the Eurosystem between 24 September and 9 October 2014 for the third quarter of 2014.[1] Overall, euro area banks reported a net easing of credit standards and a net increase in demand for all loan categories.

Summary of the main results

In the third quarter of 2014, euro area banks reported a net easing of credit standards applied to both loans to enterprises and loans to households, while credit standards remained relatively tight. Net loan demand continued to be positive and stood above its historical average for loans to enterprises and loans to households. Looking ahead to the fourth quarter of 2014, banks expect a net easing of credit standards and a net increase in demand for all loan categories. This survey round also included three additional ad hoc questions aimed at gauging the impact of the targeted longer-term refinancing operations (TLTROs) conducted and planned by the Eurosystem between September 2014 and June 2016. According to euro area banks, participation in the TLTROs is mainly driven by profitability and to a lesser extent by precautionary motives. Concerning the use of TLTRO funds, banks aim to employ these funds mainly for granting loans as well as for replacing other funding sources. The impact on loan supply is expected to be largely translated into an easing of terms and conditions.

Loans and credit lines to enterprises

Euro area banks reported a net easing of credit standards on loans to enterprises in the third quarter of 2014 (-2%, compared with -3% in the previous quarter; see Chart A). Looking at the

1 A detailed analysis of the results of the euro area bank lending survey for the third quarter of 2014 was published on the ECB's website on 29 October 2014.

underlying factors, euro area banks reported that, on average, banks' cost of funds and balance sheet constraints as well as competitive pressures contributed to a net easing of credit standards. At the same time, banks' risk perceptions concerning firms' business outlook and macroeconomic uncertainty had a slight net tightening impact on credit standards in the third quarter, in contrast to the previous quarter.

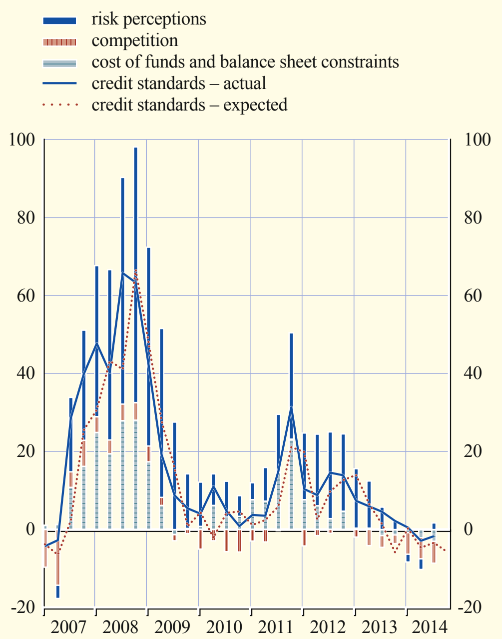
Banks further relaxed the terms and conditions for new loans to enterprises in the third quarter of 2014. In net terms, margins on both average and riskier loans were further narrowed (-22% and -2% respectively, compared with -26% and -4% in the previous quarter; see Chart B). In addition, in net terms, all components of other terms and conditions were eased in the third quarter of 2014.

Looking ahead, euro area banks expect a further net easing of credit standards for loans to enterprises in the fourth quarter of 2014 (-6%).

Net demand for loans to enterprises continued to be positive and recovered further in the

Chart A Changes in credit standards applied to the approval of loans or credit lines to enterprises and contributing factors

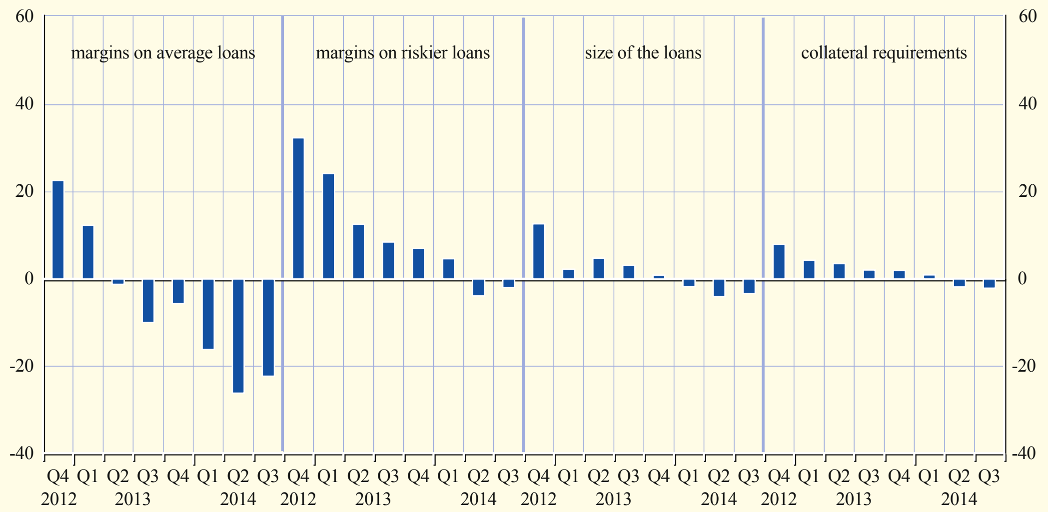
(net percentages and average net percentages per category)



Source: ECB.
Notes: Cost of funds and balance sheet constraints as unweighted average of "capital position", "access to market financing" and "liquidity position"; risk perception as unweighted average of "expected economic activity", "industry-specific risk" and "risk on collateral demanded"; competition as "bank competition", "non-bank competition" and "competition by market financing".

Chart B Changes in terms and conditions for approving loans or credit lines to enterprises

(net percentages of banks reporting tightening terms and conditions)



Source: ECB.

third quarter of 2014 (6%, following 4% in the previous quarter; see Chart C). According to the participating banks, this development was mainly driven by increased "other financing needs" which are mainly related to mergers and acquisitions (15%, compared with 5% in the previous quarter) as well as debt restructuring (13%, compared with 8% in the second quarter). By contrast, financing needs related to fixed investment dampened demand for loans to euro area enterprises after a marginally positive contribution in the previous quarter.

Looking ahead, in net terms, euro area banks expect an increase in demand for loans to enterprises in the fourth quarter of 2014 (17%).

Loans to households for house purchase

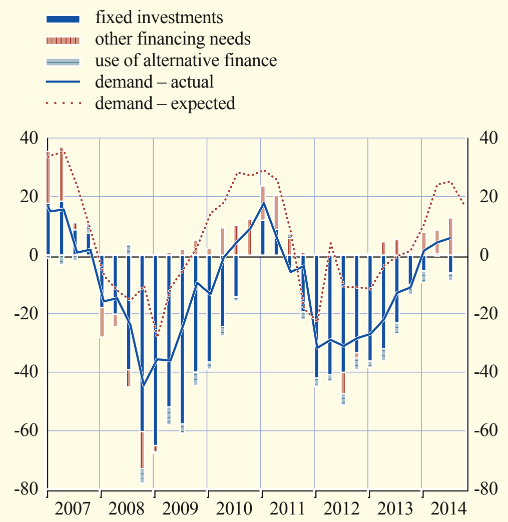
In the third quarter of 2014 euro area banks again reported a net easing of credit standards on loans to households for house purchase (-2%, compared with -4% in the previous quarter; see Chart D). Similar to corporate loans, banks' cost of funds and balance sheet constraints as well as competitive pressures contributed on average to a net easing of credit standards for housing loans while banks' risk perceptions on both the general economic outlook and housing market prospects had a slightly net tightening impact.

Banks further relaxed the price terms and conditions for housing loans in the third quarter of 2014. More specifically, euro area banks reported, in net terms, a significant narrowing of margins on average housing loans (-30%, unchanged from the previous quarter), while margins on riskier loans were slightly wider (2%). Responses regarding non-price terms and conditions pointed to little change overall, with a small relaxation of loan maturities.

Looking ahead, euro area banks expect a further net easing of credit standards for housing loans in the fourth quarter of 2014 (-2%).

Chart C Changes in demand for loans or credit lines to enterprises and contributing factors

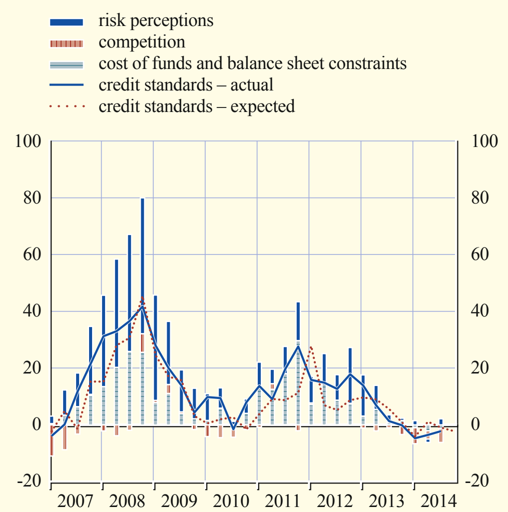
(net percentages and average net percentages per category)



Source: ECB.
Notes: Other financing needs as unweighted average of "inventories and working capital", "M&A and corporate restructuring" and "debt restructuring"; use of alternative finance as unweighted average of "internal financing", "loans from other banks", "loans from non-banks", "issuance of debt securities" and "issuance of equity".

Chart D Changes in credit standards applied to the approval of loans to households for house purchase and contributing factors

(net percentages and average net percentages per category)



Source: ECB.
Notes: Risk perception as unweighted average of "expected economic activity" and "housing market prospects"; competition as unweighted average of "competition from other banks" and "competition from non-banks".

Turning to loan demand, euro area banks reported an additional net increase in demand for housing loans in the third quarter (23%, compared with 19% in the previous quarter; see Chart E). Regarding the underlying factors, housing market prospects and to a lesser extent consumer confidence contributed positively to the net increase in demand for housing loans. By contrast, the contribution related to the use of alternative financing remained slightly negative.

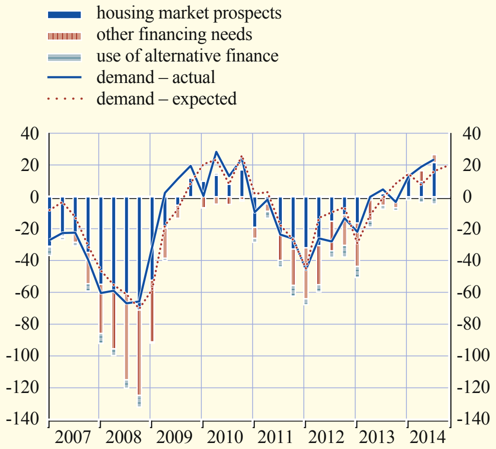
Looking ahead, banks expect a further net increase in demand for housing loans (19%) in the fourth quarter of 2014.

Consumer credit and other lending to households

In the third quarter of 2014, euro area banks reported a net easing of credit standards for consumer credit and other lending to households (-7%, compared with -2% in the previous quarter). This development was driven by a more pronounced net easing impact from banks' cost of funds and balance sheet constraints as well as a continued net easing impact from competition. At the same time, banks' risk perceptions were reported to have contributed marginally to the net tightening of consumer credit and other lending to households.

Chart E Changes in demand for loans to households for house purchase and contributing factors

(net percentages and average net percentages per category)



Source: ECB.
Notes: Other financing needs as unweighted average of "consumer confidence" and "non-housing related consumption expenditure"; use of alternative finance as unweighted average of "household savings", "loans from other banks" and "other sources of finance".

Turning to terms and conditions, banks reported a further narrowing of margins on average loans (-8%, compared with -14% in the previous survey round). Those on riskier loans narrowed slightly (-1%, compared with 2% in the previous quarter) for the first time since mid-2005.

Looking ahead, euro area banks expect a net easing of credit standards applied to consumer credit and to other lending to households in the fourth quarter of 2014 (-1%).

In the third quarter of 2014, surveyed banks reported a net increase in demand for consumer credit (10%, compared with 17% in the second quarter of 2014). Looking ahead, euro area banks expect a continued net increase in the demand for consumer credit in the fourth quarter of 2014 (18%).

Ad hoc questions

The October 2014 bank lending survey contained a number of ad hoc questions.

First, it contained – as in previous survey rounds – an ad hoc question on banks' access to retail and wholesale funding. On average, in the third quarter of 2014, euro area banks reported a further net easing of their access to funding for all main market instruments, i.e. for retail funding, money market instruments, issuance of bank debt securities and securitisation. Looking ahead to the fourth quarter of 2014, euro area banks expect a further considerable net easing of their access to retail and wholesale funding.

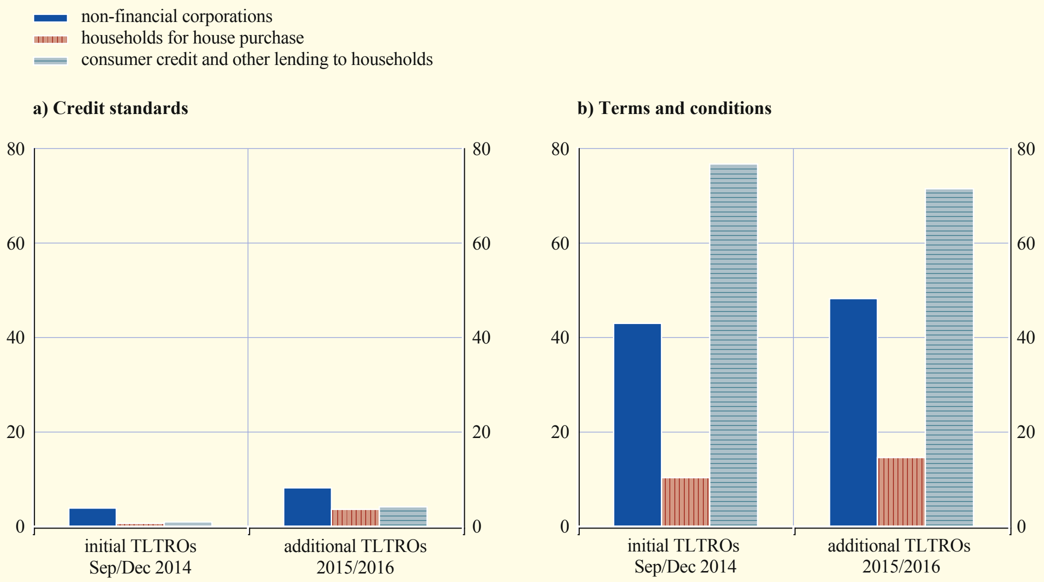
Second, the October 2014 survey included – as in previous survey rounds – an ad hoc question aimed at assessing the impact of the sovereign debt crisis on banks' funding conditions, credit standards and credit margins over the previous three months. The banks' replies indicated that reduced sovereign debt tensions contributed on average to a further and considerable easing of banks' funding conditions in the third quarter of 2014. Furthermore, euro area banks reported that the reduced sovereign debt tensions had a marginal easing impact on their credit standards and they contributed to a further narrowing of margins for all loan categories.

Third, the October 2014 survey also included three ad hoc questions aimed at gauging the impact of the targeted longer-term refinancing operations (TLTROs) conducted and planned by the Eurosystem between September 2014 and June 2016. In particular, banks were asked about their participation and the underlying reasons for participating. In addition, they were asked about their planned use of the funds obtained through the initial and the additional TLTROs. Finally, banks provided an assessment of the impact of the TLTROs on their own financial situation and their lending behaviour.

As regards participation, 44% of the surveyed euro area banks participated in the first initial TLTRO, mainly driven by profitability motives. A somewhat higher proportion of 47% of banks plan to participate in the second initial TLTRO in December 2014, again mainly for profitability reasons, whereas 29% reported that they were still undecided. Looking ahead to the additional TLTROs starting in March 2015, banks are still largely undecided on their participation (63% of banks in aggregate).

Chart F Impact of TLTROs on lending behaviour

(percentage of respondents reporting that TLTRO has contributed/will contribute considerably or somewhat to an easing)



Source: ECB.

As regards the use of funds obtained from the initial and additional TLTROs, banks[2] reported that they would primarily use them for granting loans, in particular loans to enterprises, and to a lesser extent for refinancing purposes, i.e. to replace other funding sources. The purchase of assets was mentioned only by a minority of banks.

As regards the contribution of the TLTROs to improving banks' financial situation, 43% of the banks indicated, for the initial TLTROs in September and December 2014, an expected enhancement in their liquidity positions (35% for the additional TLTROs in 2015 and 2016) as well as an expected improvement in market refinancing conditions (around 35%) and in their profitability (around 30%). For banks' loan supply, the impact of the TLTROs is expected to translate almost exclusively into an easing of terms and conditions, notably for consumer loans, to a lesser extent for loans to enterprises and to a small extent for housing loans. Only a limited improvement in overall credit standards is expected (see Chart F).

2 Replies refer only to those banks that participated in the initial September TLTRO and decided to participate in the initial December 2014 TLTRO and in the additional TLTROs in 2015 and 2016.

2.2 DEBT SECURITIES ISSUANCE

In August 2014, debt securities issuance by euro area residents continued to contract. The positive, albeit declining, annual growth rate of debt securities issuance by non-financial corporations (NFCs) did not fully compensate for the persistently negative growth rate of debt securities issuance by MFIs, which is partly due to the ongoing deleveraging process. The annual growth rate of equity issuance by MFIs remained strong in August, reflecting the ongoing strengthening of balance sheets in this sector of the economy.

DEBT SECURITIES

The annual growth rate of debt securities issuance by euro area residents remained negative at -0.5% in August, down from -0.2% in the previous month (see Table 6). At the sectoral level, the annual growth rate of issuance by NFCs amounted to 8.3%, down from 9.2%, while the annual growth

Table 6 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) August 2014	Annual growth rates[1] 2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 July	2014 August
Debt securities	**16,442**	**-0.8**	**-0.9**	**-0.8**	**-0.8**	**-0.2**	**-0.5**
MFIs	4,685	-8.7	-8.9	-8.0	-7.4	-7.1	-7.1
Non-monetary financial corporations	3,156	0.9	0.2	-2.1	-2.8	-1.1	-1.7
Non-financial corporations	1,118	10.2	9.5	8.6	7.5	9.2	8.3
General government	7,482	3.3	3.3	3.9	3.7	3.7	3.4
of which:							
Central government	6,791	4.2	4.0	4.5	4.2	3.9	3.6
Other general government	691	-3.8	-3.1	-0.7	-1.1	1.5	1.6
Quoted shares	**5,932**	**1.0**	**0.8**	**1.1**	**1.6**	**1.4**	**1.4**
MFIs	638	7.8	7.4	8.6	9.8	6.9	6.9
Non-monetary financial corporations	546	1.5	0.8	1.2	1.9	3.8	3.6
Non-financial corporations	4,748	0.2	0.1	0.3	0.6	0.4	0.5

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

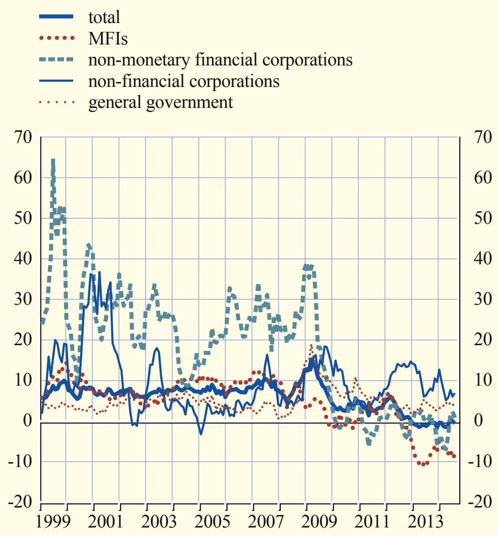
rate of issuance by MFIs remained unchanged at -7.1%. For the general government sector, the annual growth rate of issuance declined to 3.4%, down from 3.7%. Finally, the annual growth rate of issuance by non-monetary financial corporations stood at -1.7% in August, down from -1.1% in July.

The fact that the growth rate of debt securities issuance by the MFI sector was negative suggests that European banks continued to deleverage in August.

The maturity breakdown of debt securities issued reveals that refinancing activity in August was concentrated in the long-term fixed rate segment of the market. The annual growth rate of long-term debt securities issuance decreased slightly to 0.2%, from 0.5% in July. This reflected a year-on-year decrease of 5.0% in the issuance of long-term floating rate debt securities (compared with a decrease of 4.8% in July), which was partly compensated for by a 1.8% increase in the issuance of long-term fixed rate debt securities (down from 2.3% in the previous month). The annual growth rate of short-term debt securities issuance remained in negative territory and stood at -5.8% in August, down from -5.2% in the previous month.

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

(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

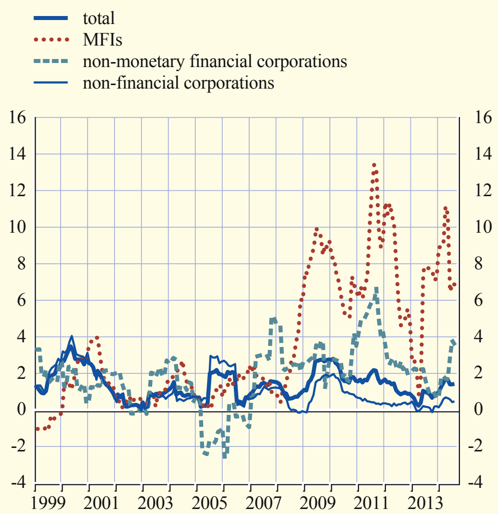
Looking at short-term trends, the increase in debt issuance activity by NFCs was less pronounced than indicated by the annual growth rate (see Chart 7). In August, the annualised six-month growth rate of debt securities issuance by NFCs was 6.9%, up from 6.0% in the previous month, while that for MFIs was -8.3%, up from -9.2% in July. In the case of non-monetary financial corporations, the corresponding rate remained positive at 1.0%, after 2.3% in July. By contrast, the annualised six-month growth rate of issuance by the general government sector declined to 3.1%, from 4.3% in July.

QUOTED SHARES

In August 2014, the annual growth rate of quoted shares issued by euro area residents remained broadly stable compared with the previous month, standing at 1.4% (see Chart 8). As regards NFCs, year-on-year growth of equity issuance increased to 0.5%. The corresponding

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

(annual growth rates)



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

growth rate for non-monetary financial corporations, on the other hand, declined to 3.6%. Finally, the annual growth rate of equity issuance by MFIs remained robust in August. It stood at 6.9%, unchanged from July. The fact that issuance of quoted shares was driven mainly by the MFI sector suggests that European banks continued to build up capital buffers in August.

2.3 MONEY MARKET INTEREST RATES

Unsecured money market interest rates were broadly unchanged in October, while the EONIA and EONIA swap rates increased slightly against a background of decreasing excess liquidity. Following the settlement of the first targeted longer-term refinancing operation, excess liquidity increased temporarily before gradually falling back towards the levels prevailing before the operation was settled.

Unsecured money market interest rates were broadly unchanged between 2 October and 5 November, with the one-month, three-month, six-month and twelve-month EURIBOR standing at 0.01%, 0.08%, 0.18% and 0.34% respectively on 5 November. The spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – also remained broadly unchanged, standing at around 33 basis points on 5 November (see Chart 9).

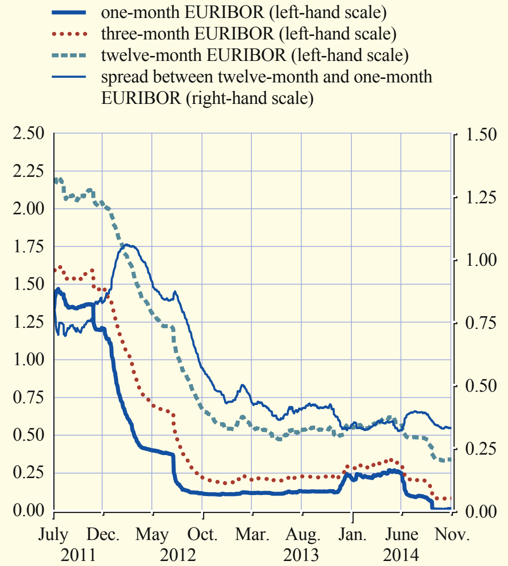
As regards expectations of future money market rates, the rates implied by three-month EURIBOR futures maturing in December 2014 and in March, June and September 2015 increased slightly, compared with the levels prevailing on 2 October 2014, standing at 0.08%, 0.08%, 0.08% and 0.09% respectively on 5 November. Market uncertainty, as measured by the implied volatility of short-term options on three-month EURIBOR futures, also increased slightly over the period under review, standing at around 0.04% on 5 November.

The EONIA was negative in the first part of the review period but increased slightly in the course of October, against a background of declining excess liquidity, and returned to slightly positive territory. On the last day of the month the EONIA reached 0.08%, before returning to slightly negative levels during the first part of November, reflecting a temporary increase in excess liquidity (see Chart 10).

Following the developments in the EONIA and the decline in excess liquidity, the three-month EONIA swap rate increased slightly during the period under review and also returned to slightly positive territory, having been negative since the Governing Council meeting on 4 September. During the last part of the period, the three-month EONIA swap rate returned to slightly negative levels, standing at -0.03% on 5 November. The spread between

Chart 9 Money market interest rates

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

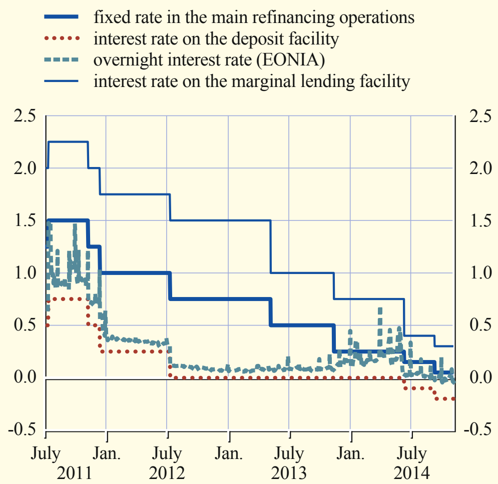


Sources: ECB and Thomson Reuters.

the three-month EURIBOR and the three-month EONIA swap rate ended the review period broadly unchanged, standing at 11 basis points on 5 November.

Chart 10 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

Between 2 October and 5 November 2014 the Eurosystem conducted several refinancing operations, all as fixed rate tender procedures. In the main refinancing operations (MROs) of the tenth maintenance period of 2014, conducted on 7, 14, 21 and 28 October and on 4 November, the Eurosystem allotted €84.2 billion, €82.5 billion, €92.9 billion, €118.2 billion and €98.2 billion respectively. The Eurosystem also carried out one three-month longer-term refinancing operation (LTRO) on 29 October (in which €10.2 billion was allotted).

Moreover, counterparties opted to repay before maturity, on a weekly basis, funds borrowed in the three-year LTROs allotted on 21 December 2011 and 29 February 2012. As at 5 November, a total of €697.0 billion had been repaid since 30 January 2013. Of the total repayments, €373.1 billion was related to the LTRO allotted on 21 December 2011 and the remaining €323.9 billion was related to that allotted on 29 February 2012.

Excess liquidity decreased in the ninth maintenance period of 2014 to an average level of around €111.4 billion, compared with an average level of around €130.0 billion in the previous maintenance period. The overall decrease in average excess liquidity was due to higher absorption by autonomous factors and a decline in outstanding open market operations. In particular, lower recourse to the MROs and the three-year LTRO repayments outweighed, on average, the increase in liquidity resulting from the first targeted longer-term refinancing operation. Average daily recourse to the deposit facility decreased slightly to €24.3 billion in the ninth maintenance period, from €25.2 billion in the previous maintenance period, while average current account holdings in excess of reserve requirements decreased from €104.9 billion to €87.3 billion. Average recourse to the marginal lending facility remained unchanged at €0.2 billion.

Excess liquidity was broadly unchanged in the first three weeks of the tenth maintenance period, when it stood at average levels of around €112.8 billion.

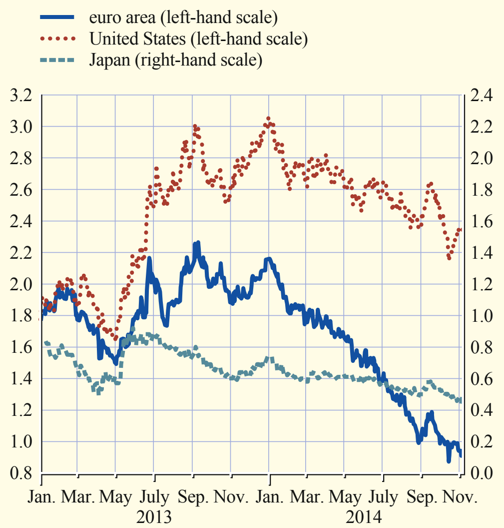
2.4 BOND MARKETS

Between the end of September and early November 2014, AAA-rated ten-year euro area government bond yields and ten-year US government bond yields decreased as a result of market concerns about the outlook for global growth.

Between the end of September and 5 November 2014, AAA-rated ten-year euro area government bond yields decreased by 0.11% to stand at around 0.9% on 5 November (see Chart 11). In contrast, shorter-term AAA-rated euro area government bond yields remained broadly unchanged over the review period, standing at levels below zero at the end of the period. As a result, the slope of the term structure, as measured by the difference between the ten-year and the two-year bond yield, decreased by around 12 basis points over the review period to stand at around 100 basis points. Ten-year government bond yields in the United States and Japan also decreased, with US bond yields declining by around 15 basis points and Japanese bond yields declining by around 6 basis points, to stand at around 2.4% and 0.5% respectively.

Chart 11 Long-term government bond yields

(percentages per annum; daily data)



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

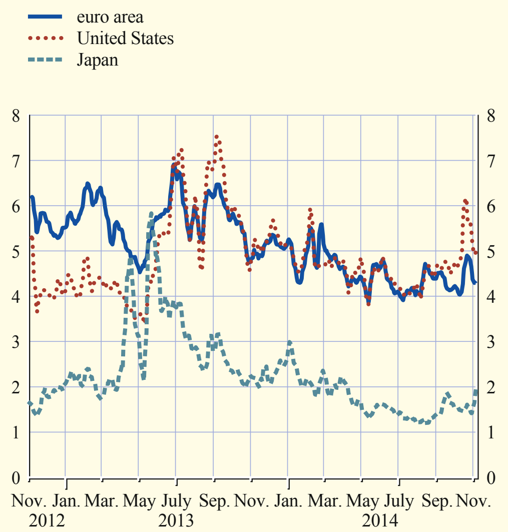
The largest declines in AAA-rated long-term euro area government bond yields during the review period occurred around the middle of October, following some weak economic data releases for the euro area. Much of these declines were subsequently reversed in the following days, but the yields decreased again towards the end of the review period. Long-term bond yields in stressed euro area countries were also affected by weak economic data for the euro area and therefore increased during the review period. In a number of stressed euro area countries long-term bond yields displayed a great deal of volatility owing to country-specific news.

Long-term bond yields in the United States decreased during the review period, with the sharpest decline occurring in the first half of the period. The decrease took place against a background of market concerns about global growth and some market expectations of a slower pace of monetary policy tightening in the United States than previously anticipated. In the second half of the review period part of the decline was reversed following some positive US economic data. The decision by the Federal Open Market Committee to conclude its asset purchase program was expected and did not have a large market impact on long-term bond yields in the United States. Long-term bond yields in Japan declined slightly during the month. The decision by the Bank of Japan to expand its monetary easing only had a slight downward impact on long-term yields in Japan, even though the decision was seen as unexpected by some market participants.

Investor uncertainty about near-term developments in the euro area bond market, as measured by the implied volatility extracted from bond options with a short maturity, increased over the review period and stood at around 4% on 5 November (see Chart 12). Bond market uncertainty in the United States also increased over the period, with implied volatility in bond markets standing at around 5% on 5 November. The increase in bond market uncertainty reflected market concerns about global growth.

Chart 12 Implied government bond market volatility

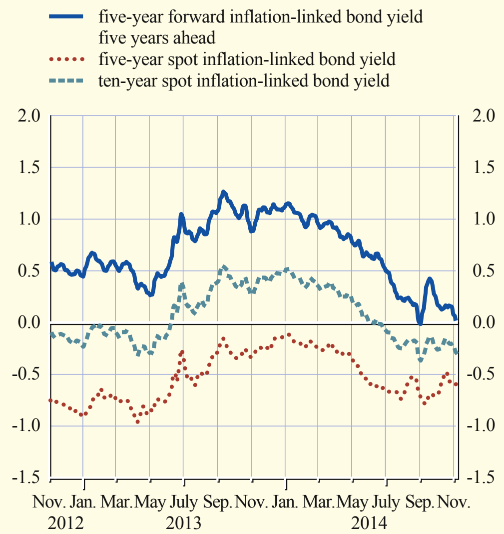
(percentages per annum; five-day moving averages of daily data)



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

Chart 13 Euro area zero coupon inflation-linked bond yields

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



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

Long-term real bond yields in the euro area, as measured by the yields on inflation-linked government bonds, decreased slightly over the period under review (see Chart 13). Between late September and early November, real ten-year bond yields decreased by around 5 basis points to stand at -0.29%. In contrast, real five-year bond yields increased slightly, standing at -0.59% on 5 November. As a result, the long-term forward real interest rate in the euro area decreased by 21 basis points to stand at around 0.02% at the end of the review period.

Financial market indicators of long-term inflation expectations, calculated as the spread between corresponding nominal and inflation-linked bonds, decreased slightly over the review period. On 5 November, break-even inflation rates stood at around 0.8% at the five-year maturity horizon and at around 1.4% at the ten-year maturity horizon. The bond-based five-year forward break-even inflation rate five years ahead remained broadly unchanged during the review period and stood at 1.9% on 5 November (see Chart 14). The less volatile long-term forward break-even inflation rates calculated from inflation-linked swaps declined, standing at 1.83% at the end of the period. Currently, investors consider the risk of an inflation rate higher than 2% to be relatively small and the market price for inflation risk, as included in market-based indicators of long-term inflation expectations, is consequently very low from a historical perspective. Moreover, the recent increase in the supply of bonds linked to euro area inflation has added downward pressure on market-based measures of inflation expectations. Survey-based measures of inflation expectations from Consensus Economics for the horizon six to ten years ahead currently point to an inflation rate of 1.9%.

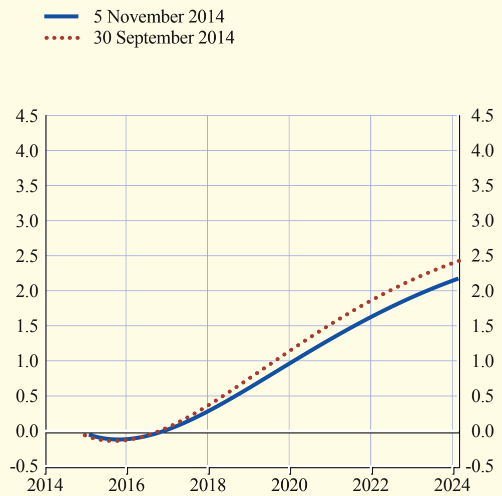
Chart 14 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

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

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

Chart 15 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

Between the end of September and 5 November, the term structure of implied forward overnight interest rates in the euro area stayed broadly unchanged for shorter maturities, while declining for longer maturities. In particular, over the review period the implied forward interest rate at the ten-year maturity decreased by around 23 basis points (see Chart 15).

In the period under review, the yield spreads of investment-grade corporate bonds issued by euro area financial and non-financial corporations (relative to the Merrill Lynch EMU AAA-rated government bond index) decreased for most rating categories. The largest decrease over the period was on yield spreads of corporate bonds issued by lower rated euro area financial corporations.

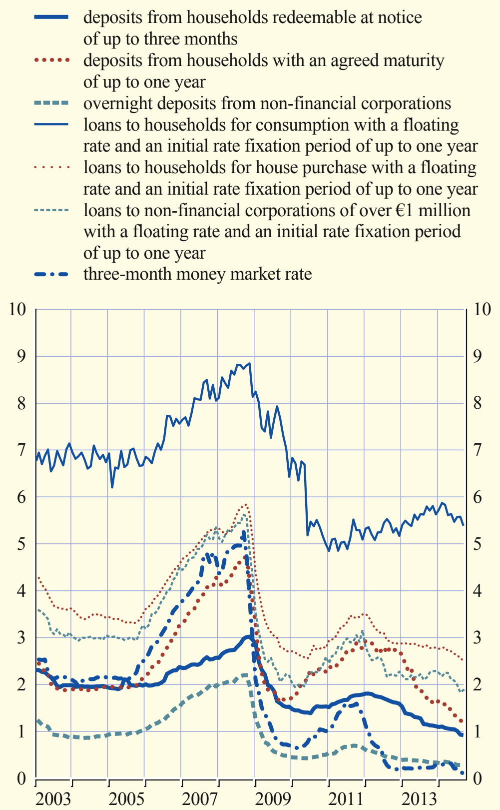
2.5 INTEREST RATES ON LOANS AND DEPOSITS

In September 2014, MFI interest rates on short-term deposits from both households and non-financial corporations remained broadly unchanged. MFI interest rates on long-term deposits from non-financial corporations decreased, while rates on those from households increased slightly. Most MFI lending rates declined further, with the sole exception of those on large loans with short interest rate fixation periods. Spreads vis-à-vis market rates for loans with long interest rate fixation periods decreased slightly, whereas those for loans with short interest rate fixation periods showed an uneven picture. While the spread between rates on small and large loans decreased further for short interest rate fixation periods in September, it increased slightly for long interest rate fixation periods.

Looking first at short maturities and shorter interest rate fixation periods, all main rates were stable or registered small declines in September 2014. MFI interest rates on deposits with an agreed maturity of up to one year remained broadly unchanged for both households and non-financial corporations, standing at 1.2% and 0.5% respectively. Lending rates on loans to households for house purchase with a floating rate and an initial interest rate fixation period of up to one year declined by 5 basis points to stand at 2.5%, while interest rates on consumer credit decreased by 19 basis points to stand at 5.4% (see Chart 16). With respect to non-financial corporations, interest rates on small loans (defined as loans of up to €1 million) decreased by 15 basis points, to 3.3%, while those on large loans (defined as loans of more than €1 million) with short interest rate fixation periods increased slightly, by 5 basis points, to 1.9%. The spread between interest rates on small loans with short interest rate fixation periods to non-financial corporations and those on corresponding large loans decreased further in September, to stand at 143 basis points, but still remained higher than the average of about 120 basis points recorded since 2007. The decline in the spread observed in September shows that short-term financing conditions for small and medium-sized enterprises continued to improve relative to those faced by large firms.

Chart 16 Short-term MFI interest rates and a short-term market rate

(percentages per annum; rates on new business)



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

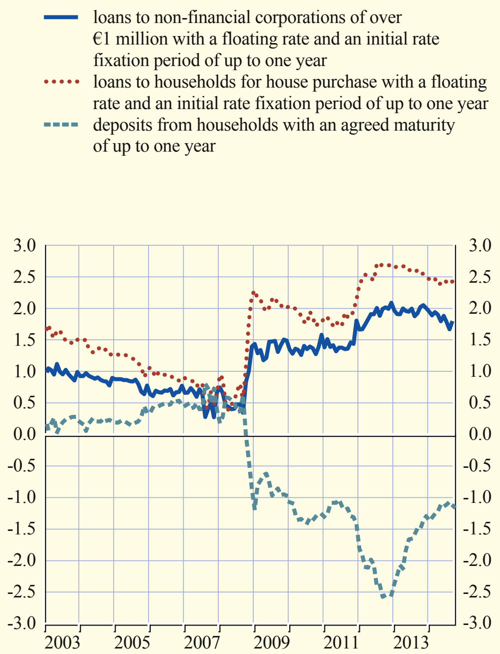
Given that the three-month EURIBOR declined further to stand at 0.08% in September, the spread between the three-month money market rate and MFI interest rates on household loans with short interest rate fixation periods remained broadly unchanged, standing at 243 basis points. The corresponding spread vis-à-vis interest rates on large loans to non-financial corporations with short interest rate fixation periods increased by 13 basis points, to 180 basis points, while that vis-à-vis small loans declined by 7 basis points to stand at 323 basis points (see Chart 17).

Since the beginning of 2012, MFI interest rates on short-term deposits from both non-financial corporations and households have decreased by between 80 and 170 basis points, whereas MFI interest rates on both small and large short-term loans to non-financial corporations and on loans to households for house purchase have declined by between 90 and 100 basis points.

Turning to longer maturities and longer interest rate fixation periods, most long-term MFI rates saw a decline in September. MFI interest rates on long-term deposits from non-financial corporations decreased by 10 basis points, to 1.5%, in September, while those for households increased slightly, by 4 basis points, to 1.7%. Interest rates on loans to households for house purchase with long

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

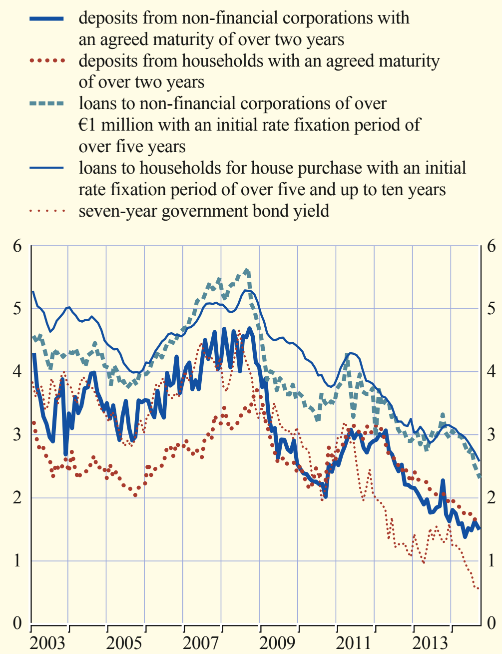
(percentage points; rates on new business)



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

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

(percentages per annum; rates on new business)



Source: ECB.
Notes: Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18). The euro area seven-year government bond yield is based on the ECB's data on AAA-rated bonds, which currently include bonds from Austria, Finland, Germany and the Netherlands.

interest rate fixation periods declined further in September, namely by 10 basis points, to 2.6% (see Chart 18). Lending rates on small loans to non-financial corporations with long interest rate fixation periods decreased by 7 basis points, to 2.9%, while those on large loans decreased by 12 basis points, to 2.4%. Hence, the spread between rates on small loans with long interest rate fixation periods and rates on corresponding large loans increased slightly to stand at 45 basis points in September. Since the average yield on AAA-rated seven-year euro area government bonds, which can be considered to be a benchmark for longer maturities, remained broadly unchanged in September, at 0.6%, the spread between rates on loans with long interest rate fixation periods and the yield on such bonds decreased slightly in September.

Since the beginning of 2012, MFI interest rates on long-term deposits have decreased by around 140 basis points, whereas long-term lending rates have declined less markedly, namely by around 100 basis points. Over the same period, the spread between rates on loans with long interest rate fixation periods and the average yield on AAA-rated seven-year government bonds has fluctuated between 140 and 280 basis points in the case of loans to non-financial corporations, and between 140 and 220 basis points in the case of loans to households for house purchase. In both cases, the spread remains far above pre-crisis levels, i.e. those prevailing in August 2007, which were below 100 for both small and large loans to non-financial corporations and to households for house purchase.

Overall, the reduction of key ECB interest rates in September, together with the effects of the non-standard monetary policy measures implemented or announced by the ECB, are gradually being passed through to banks' deposit and lending rates. At the same time, weak economic conditions and the need for banks to consolidate their balance sheets may still be putting upward pressure on bank lending rates in some euro area countries.

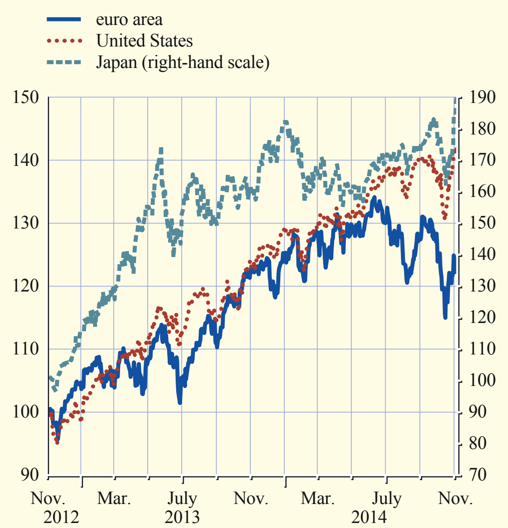
2.6 EQUITY MARKETS

Between the end of September and early November 2014, stock prices decreased in the euro area, while increasing in the United States and Japan. Stock market uncertainty, as measured by implied volatility, increased across the euro area, the United States and Japan.

Between the end of September and 5 November 2014, stock prices in the euro area, as measured by the broad-based Dow Jones EURO STOXX index, decreased by around 3% (see Chart 19). The largest decreases occurred in the first half of the period following weak economic data from the euro area. News related to specific euro area countries also contributed to volatility in stock prices during the period under review. Stock prices in the United States, as measured by the Standard & Poor's 500 index, increased by around 3% over the same period. US stock prices decreased in the first half of the review period, against a background of market concerns about the outlook for global growth. Towards the end of the review period the decline was reversed following

Chart 19 Stock price indices

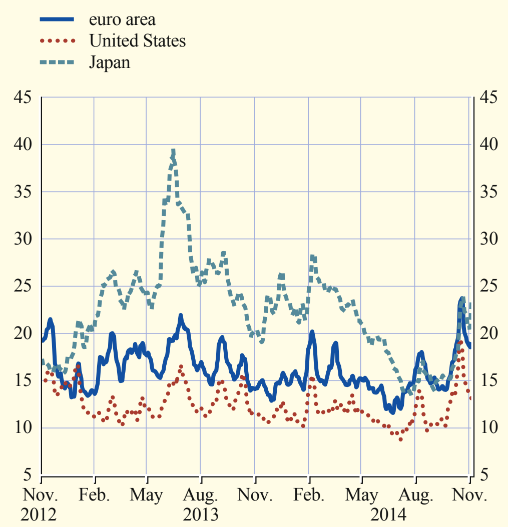
(index: 1 November 2012 = 100; daily data)



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

Chart 20 Implied stock market volatility

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



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

some positive economic data from the United States. The decision by the Federal Open Market Committee to conclude its asset purchase program was expected and did not have a large market impact on stock prices in the United States. Stock prices in Japan, as measured by the Nikkei 225 index, also decreased sharply in the first half of the review period, but recovered following the decision by the Bank of Japan to expand its monetary easing. Consequently, stock prices in Japan increased overall during the review period.

At the sectoral level, the largest declines in euro area stock prices took place in the oil and gas sector and the healthcare sector. The best performing sectors in the euro area were the telecommunications sector and the consumer goods sector. Financial sector stocks in the euro area declined over the period. Following the ECB's announcement of the comprehensive assessment of euro area banks, financial sector stocks declined slightly on a sectoral level, while large declines was seen on a company level. At the end of the review period, the decrease in financial sector stocks following the announcement was reversed. In the United States, the sectoral performance of stock prices was mixed. The largest declines took place in the oil and gas sector and the basic materials sector. The best performing sectors in the United States were the healthcare sector and the utilities sector

Between the end of September and early November, stock market uncertainty in the euro area, as measured by implied volatility, increased to stand at around 19% on 5 November, having recorded even higher levels around the middle of the review period (see Chart 20). Implied volatility also increased in both the United States and Japan, with peaks around the middle of the review period. The increases in stock market uncertainty reflected increased market concerns about the outlook for global growth.

Box 4

SURVEY ON THE ACCESS TO FINANCE OF ENTERPRISES IN THE EURO AREA: APRIL TO SEPTEMBER 2014

This box presents the main results of the eleventh round of the survey on the access to finance of enterprises in the euro area (SAFE), which was conducted between 1 September and 10 October 2014.[1] The total euro area sample size was 10,750 firms, of which 9,792 (91%) were small and medium-sized enterprises (SMEs), that is, enterprises with fewer than 250 employees. This box describes the changes in the financial situation, financing needs and access to finance of SMEs in the euro area over the six months preceding the survey (i.e. from April to September 2014).[2] In addition, developments for SMEs are compared with those for large firms over the same period.

Summary of the main results

Overall, euro area SMEs reported that their financial situation had improved compared with the previous survey period. "Finding customers" remained the dominant concern for euro area SMEs (with 20% mentioning this issue as their main problem, down from 21% in the previous survey

1 A comprehensive report, detailed statistical tables and additional breakdowns were published in the "Statistics" section of the ECB's website on 12 November 2014 ("Monetary and financial statistics"/"Surveys"/"Access to finance of SMEs").
2 The reference period for the previous survey round was October 2013 to March 2014.

round), followed by “availability of skilled labour” (16%), “regulation” (15%) and “competition” (14%). “Access to finance” as the dominant concern took fifth place (13%, unchanged from the previous survey period), whereas it was slightly less of an issue for large euro area firms (11%, up from 8%).

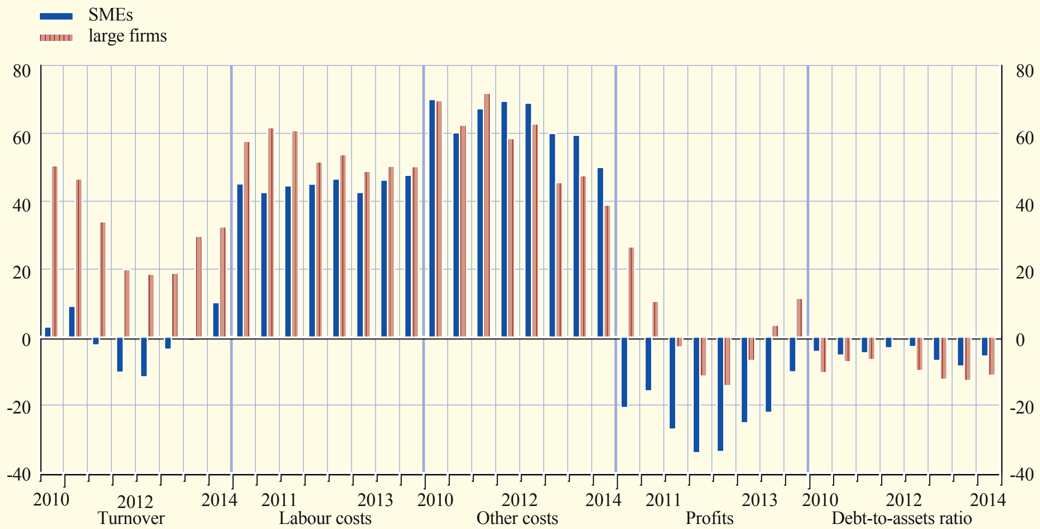
The financial situation of SMEs has improved

In the period from April to September 2014, the financial situation of euro area SMEs improved compared with the previous survey period. In net terms[3], euro area SMEs reported a significant increase in turnover (10% compared with -1% in the previous period; see Chart A). The net percentage of euro area SMEs that reported a rise in labour costs remained high (48% compared with 46% in the previous period), while the net percentage reporting increases in other costs declined (50% compared with 59% in the previous survey). In line with the developments in turnover and other costs, there was a drop in the net percentage of euro area SMEs reporting a decline in profits (-10% compared with -22%). The financial situation of large euro area firms has apparently continued to improve since the last survey period, as they reported, on balance, increases in turnover and profits of 32% and 11% respectively (up from 30% and 4% in the previous survey).

Deleveraging by euro area enterprises appears to have continued, but at slower pace than in the previous survey period. There was a decline in the net percentage of euro area SMEs and large firms reporting a decrease in their leverage ratio (-6% and -11% respectively, after -9% and -13% in the previous survey round).

Chart A Indicators of the financial situation of euro area firms

(change over the preceding six months; net percentage of respondents)



Source: ECB and European Commission survey on the access to finance of SMEs.
Note: Net percentages are defined as the difference between the percentage of firms reporting an increase for a given factor and that reporting a decrease.

3 “Net terms” refers to the difference between the percentage of firms reporting an increase and those reporting a decrease.

Overall slight further increase in the external financing needs of euro area SMEs

On balance, 1% of euro area SMEs reported an increase in their need for bank loans (lower than in the previous survey round, when 5% reported an increase; see Chart B) and 11% signalled an increased need for bank overdrafts (down from 12%). In net terms, 12% of euro area SMEs reported a greater need for trade credit (up from 9%). Fixed investment, along with inventory and working capital, remained the two most important factors affecting SMEs' need for external financing. On balance, 31% of euro area SMEs signalled fixed investment and 27% working capital as the main sources of their financing needs.

Large firms reported, on balance, a smaller increase in their need for external financing in the form of bank loans (6%, down from 9% in the previous survey round), trade credit (9%, down from 11%) and bank overdrafts (4%, down from 6%).

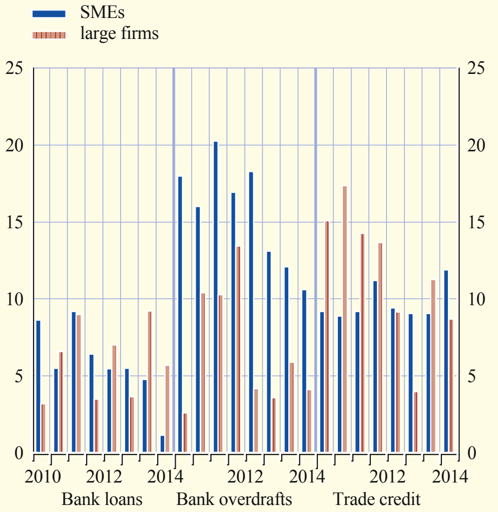
Evidence of stabilisation in the availability of external financing for euro area SMEs

Between April and September 2014 external financing conditions for euro area SMEs tended to stabilise or improve. The net percentage of euro area SMEs indicating a deterioration in the availability of bank loans declined to -1% (from -4%; see Chart C). Euro area SMEs, on balance, also reported a smaller deterioration in the availability of bank overdrafts (-2%, from -8%), while they signalled an improved availability of trade credit (1%, from -4%).

Euro area SMEs continued to attribute the unavailability of external financing mainly to a further deterioration in the general economic outlook (-21%, in net terms, from -11%). Furthermore, the impact of the other factors related to the availability of external financing was almost unchanged or slightly more positive than in the previous survey round.

Chart B External financing needs of euro area firms

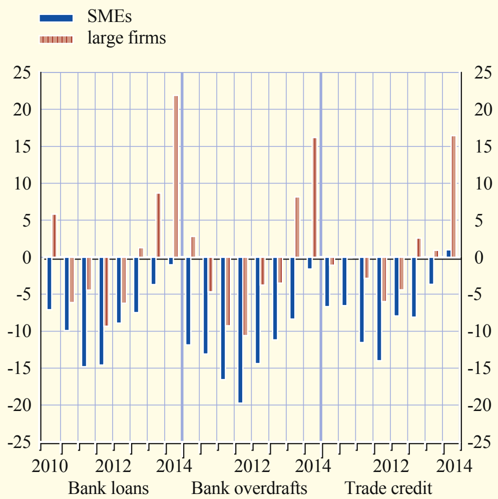
(change over the preceding six months; net percentage of respondents)



Source: ECB and European Commission survey on the access to finance of SMEs.
Notes: Net percentages are defined as the difference between the percentage of firms reporting an increase in needs and that reporting a decrease. Data for bank overdrafts (which also include credit lines and credit card overdrafts) are not available for the first two rounds of the survey.

Chart C Availability of external financing for euro area firms

(change over the preceding six months, net percentage of firms that had applied for external financing)



Source: ECB and European Commission survey on the access to finance of SMEs.
Note: Net percentages are defined as the difference between the percentage of firms reporting an increase in availability and that reporting a decrease.

The net percentage of euro area SMEs reporting a worsening in their firm-specific outlook remained unchanged at -1%, while SMEs' own capital continued to have a positive impact, on balance, on the availability of external financing (10%, up from 4%). In addition, euro area SMEs indicated a smaller deterioration in banks' willingness to provide a loan (-2%, compared with -11% in the previous survey).

In line with the stabilisation in the availability of bank loans, euro area SMEs also reported, on balance, an improvement in the terms and conditions of bank loan financing. Euro area SMEs reported declines in the level of interest rates (-9%, down from +9% in the previous survey). With regard to non-price terms and conditions, they indicated an unchanged increase in the size of loans at 3% and a slight increase in collateral requirements in the current survey period (29%, up from 26%).

The availability of bank loans for large firms continued to improve (22%, up from 9%) indicating that large firms generally had better access to finance than SMEs.

Continuing financing obstacles for euro area SMEs

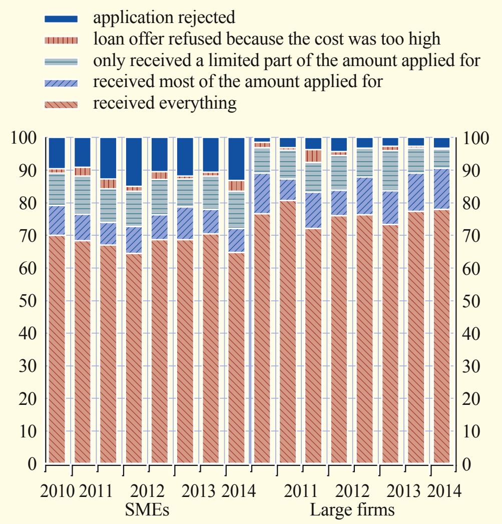
During the survey period, 30% of euro area SMEs applied for a bank loan, while 36% did not as they held sufficient internal funds. Among those that applied for a loan, 65% reported that their application had been successful and that they had received the full amount requested.[4] By contrast, 13% reported that their application had been rejected (up from 11%) and 11% reported that they had received only a part of the amount applied for (up from 10%; see Chart D).

An overall indicator of SMEs' financing obstacles can be obtained by summing up the percentages of SMEs reporting rejected loan applications, loan applications for which only a part of the amount applied for was granted, loan offers which SMEs did not accept because the borrowing costs were too high and the percentage of SMEs that did not apply for a loan for fear of rejection (i.e. discouraged borrowers). The indicator of euro area SMEs' financing obstacles has deteriorated overall, increasing to 16% (from 13% in the previous survey round).

Large firms had greater success when applying for bank loans than SMEs, with 78% of requests being accepted (up from 77%). The rejection rate remained unchanged at 3%.

Chart D Outcome of loan applications by euro area firms

(over the preceding six months; percentage of firms that had applied for bank loans)



Sources: ECB and European Commission survey on the access to finance of SMEs.

4 In the previous survey round, 71% of euro area SMEs reported that they had received the full amount applied for. The results may not be fully comparable, however, as the question was formulated differently for the current survey round – as a result the percentages were calculated excluding the categories "loan application is still pending" and "do not know". See, for more details, the annex to the report mentioned in footnote 1.

According to the overall indicator of large firms' financing obstacles, 8% of large firms reported that their desired loan applications were not successful (up from 7%), indicating that large firms generally had better access to finance than SMEs.

Box 5

INTEGRATED EURO AREA ACCOUNTS FOR THE SECOND QUARTER OF 2014[1]

This box discusses the integrated euro area accounts, released on 27 October 2014 and covering data up to the second quarter of 2014. The integrated euro area accounts offer comprehensive information on the income, spending, financing and portfolio decisions of institutional sectors in the euro area, as well as on their balance sheet positions. For the first time, the data on the financial and non-financial accounts referred to below are based on the new European System of Accounts (ESA 2010). In addition to methodological changes and revisions due to the introduction of new data sources, the change-over results in a more detailed breakdown, by subsector, of the financial accounts of financial corporations, and in a more detailed breakdowns of financial assets and liabilities (see also Box 8).

Summary of the main results

The euro area's external surplus was broadly unchanged at 2.1% of GDP (on a four-quarter-sum basis) in the second quarter of 2014, thus remaining at the highest level recorded since the launch of the euro. The current level of net lending by the euro area reflects the deleveraging of balance sheets by the non-financial private sector and weak internal demand, as well as fiscal consolidation, which has resulted in lower government deficits. The net external asset position of the euro area improved significantly, after having deteriorated moderately in the previous quarter. This improvement mirrored primarily the positive net lending position of the euro area and, to a somewhat lesser extent, valuation gains due to relative asset price and exchange rate changes.

Households' nominal and real income growth decelerated slightly. Households increased their consumption and maintained their savings rate at a very low level. Housing investment turned negative again, following the first rise in two years in the previous quarter. The net lending of non-financial corporations (NFCs) remained at about 0.5% of GDP, thus continuing to fluctuate around this level for the sixth consecutive quarter. The growth of fixed capital expenditure, which decelerated in year-on-year terms, was offset both by a moderation in retained earnings and by some destocking. Business margins remained at very low levels. General government net borrowing was 2.6% of GDP (on a four-quarter-sum basis), down from 2.7% in the first quarter.

Regarding developments in indebtedness, gross debt-to-GDP ratios remained high for all euro area sectors. Moreover, they increased in the case of all sectors except households. However, the financial picture according to other leverage measures, such as the debt-to-assets, capital and net worth ratios, is more favourable. The debt-to-assets ratio of NFCs stabilised in the second quarter of 2014, after having declined significantly since mid-2013. Underlying this stabilisation was a strengthening of debt financing that was offset by increased assets, stemming mainly

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

from the impact of further holding gains on total equity. Financial corporations' headline capital ratios increased moderately further, to stand at relatively high levels, which could partly reflect supervisory requirements and preparations for the completion of the ECB's asset quality review (AQR) in the third quarter. Households' net worth rose again in year-on-year terms, on account of continued increases in securities' prices, while losses on holding real estate moderated.

Euro area income and net lending/net borrowing

Nominal gross disposable income in the euro area grew by 1.2%, year on year, in the second quarter of 2014, down from 2.1% in the previous quarter. This deceleration in income growth reflected the low quarterly increase in real GDP in the second quarter, while price dynamics remained weak. Income growth slowed down sharply for NFCs (turning negative) and, to a lesser extent, also for households and the government sector. Income growth for financial corporations turned positive, however, for the first time since the first quarter of 2012, when seen in year-on-year terms (see Chart A).

Gross savings in the euro area declined modestly in the second quarter of 2014 (on a four-quarter sum basis). The household saving ratio fell slightly, thus remaining at a historically low level, while NFCs slightly moderated their retained earnings and government savings increased (on a four-quarter-sum basis). The growth of gross fixed capital formation in the euro area decreased from 2.3% in year-on-year terms in the first quarter to -0.2% in the second quarter. This change was driven mainly by a deceleration of NFCs' investment growth, which was rather flat, year on year, as well as by developments in household and government investment, which turned negative in both cases.

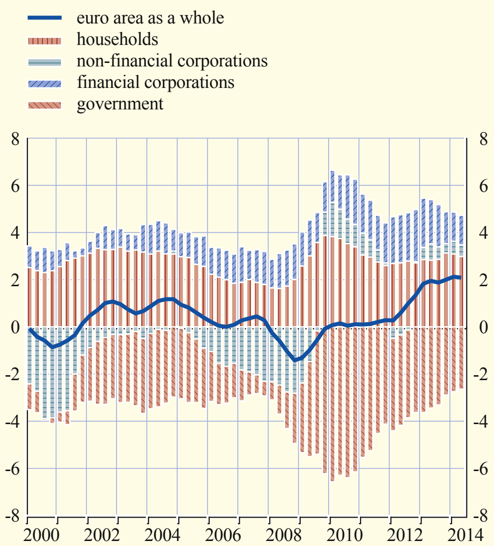
Chart A Gross disposable income in the euro area and contributions by sector

(annual percentage changes; percentage point contributions)

Sources: Eurostat and ECB.

Chart B Net lending/net borrowing of the euro area

(percentages of GDP; four-quarter moving sums)



Sources: Eurostat and ECB.

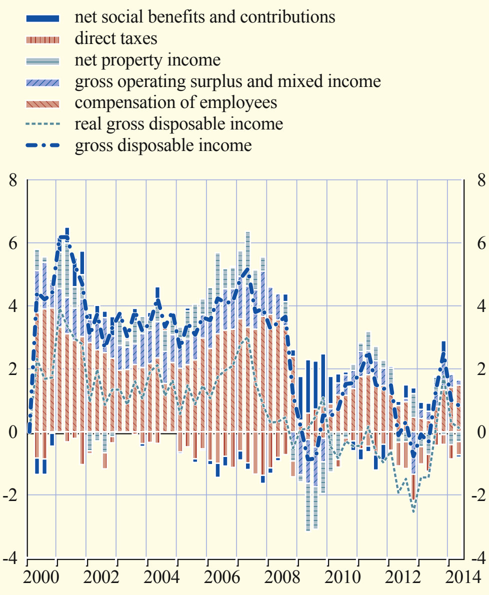
The euro area's net lending stabilised in the second quarter, at 2.1% of GDP on a four-quarter-sum basis. It thus remained at the highest level recorded since the inception of the euro. From a sectoral point of view, the government deficit declined by 0.1 percentage point, to 2.6% of GDP (on a four-quarter-sum basis), counterbalanced by a decrease of 0.1 percentage point in households' net lending position, to 3.0% of GDP (see Chart B). NFCs showed a net lending position for the seventh consecutive quarter. On the financing side, robust net purchases by non-residents of debt securities and equity issued by euro area residents point to positive foreign investor sentiment vis-à-vis the euro area.

Behaviour of institutional sectors

Households' nominal income growth declined slightly in year-on-year terms in the second quarter of this year, as compared with the previous quarter (0.8%, after 1.0%). The factors underlying this broad stability in household income growth all changed little. Income from self-employment contributed 0.2 percentage point less than in the previous quarter, and the contribution of direct taxes, net property income and net social benefits received declined by 0.1 percentage point. At the same time, the contribution of compensation per employee increased by 0.1 percentage point (see Chart C). Against the background of weak price dynamics, real income growth totalled 0.1%, year on year, in the second quarter of this year, down from 0.3% in the previous quarter. With nominal consumption growth increasing further and outpacing income growth, the household saving ratio decreased by 0.2 percentage point in the second quarter, to 12.9%, and thus continued to fluctuate around 13% (see Chart D). Housing investment growth turned negative (-0.3%, year on year), after the previous quarter had seen the first positive growth rate in two years. Consequently, households' net lending declined on a four-quarter-sum basis. Households' total loan financing

Chart C Households' nominal gross disposable income

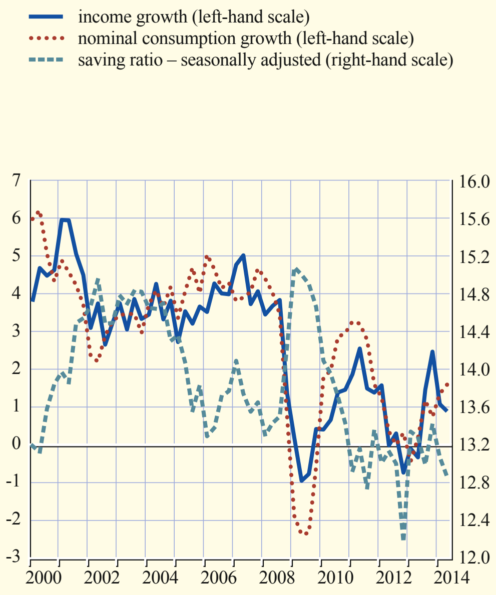
(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB.

Chart D Households' income, consumption and saving ratio

(annual percentage changes; percentage of gross disposable income, seasonally adjusted)



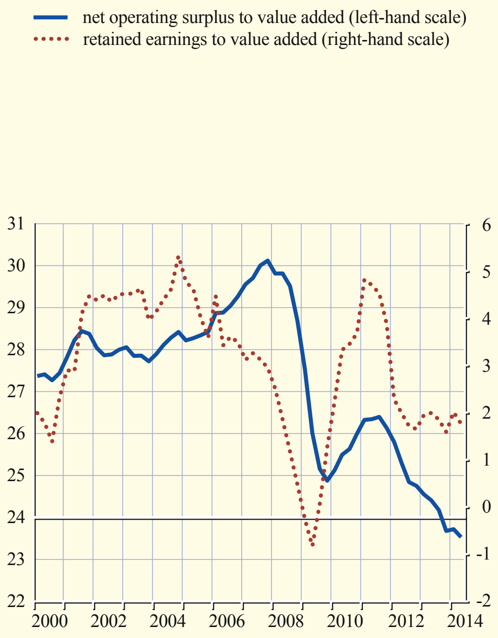
Sources: Eurostat and ECB.

was unchanged in the second quarter of 2014, as borrowing from banks remained weak. On the assets side, households' financial investment remained at values close to the historical low reached in the previous quarter, reflecting still weak income growth and deleveraging needs in a number of countries. Households continued to allocate savings to deposits, as well as to life insurance and pension products. At the same time, they increased their mutual fund share holdings significantly and moved away from debt securities and direct equity holdings. The household leverage ratio declined as net worth increased further, year on year (see Chart I). The latter reflected continued gains on security holdings and positive net savings, which together exceeded moderating holding losses on real assets and, in particular, real estate by a considerable margin. The household debt-to-assets ratio also declined marginally (see Chart H).

The year-on-year growth of the gross operating surplus of NFCs decelerated in the second quarter, as value added growth slowed down, while wage growth stabilised. Business margins, as measured by the ratio of the net operating surplus (i.e. net of consumption of fixed capital) to value added, declined slightly further, and thus remained at a very low level (see Chart E). At the same time, the ratio of retained earnings to value added continued to fluctuate around 2%, as seen since early 2012. NFCs' savings (i.e. retained earnings) moderated slightly in terms of four-quarter sums. An important underlying factor was a further reduction of interest paid. Gross fixed capital formation declined to 0.2%, in terms of year-on-year growth, marking the fourth consecutive quarter of positive growth. The net lending position of NFCs remained

Chart E Non-financial corporations' margins

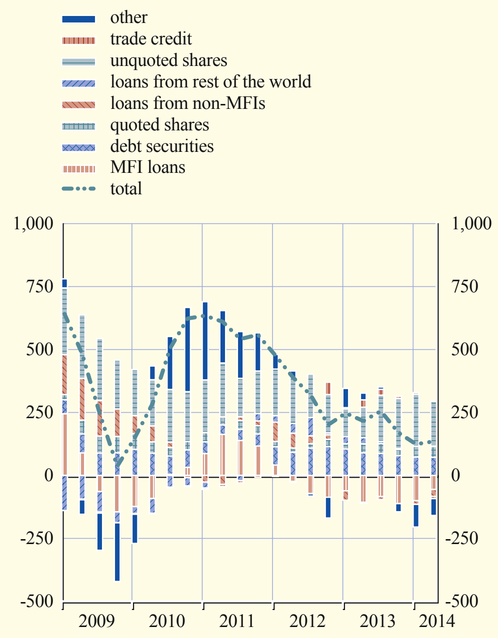
(percentages, four-quarter average)



Sources: Eurostat and ECB.

Chart F External financing of non-financial corporations

(in EUR billion; four-quarter sums)



Sources: Eurostat and ECB.
Notes: MFI loans and loans from non-MFIs (other financial intermediaries, and insurance corporations and pension funds) corrected for loan sales and securitisations. Other is the difference between the total and the instruments included in the chart.

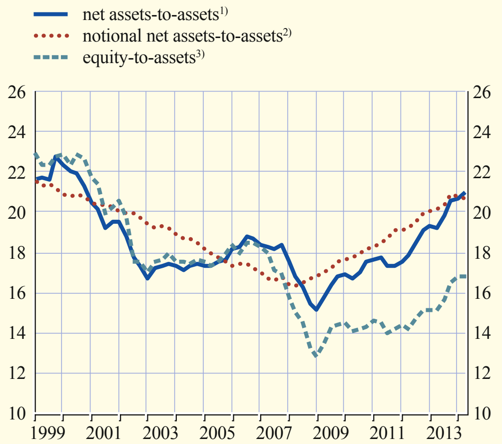
broadly unchanged at moderately positive levels. The moderation in retained earnings and lower inventories more or less offset the deceleration of gross fixed capital formation. NFCs' external financing increased slightly in the second quarter of 2014 (see Chart F), driven primarily by higher bank loans to firms. At the same time, net issuance of debt securities and quoted shares by NFCs remained at robust levels and was supported by lower corporate bond yields and favourable investor sentiment. Net issuance of unquoted shares and other equity, by contrast, was subdued for the second quarter in a row. This was partly due to foreign multinational firms continuing to transfer retained profits out of the euro area, which are initially recorded, by statistical convention, under this instrument in firms' balance sheets. Trade credit and inter-company lending remained weak. The weakness of intra-sectoral financing may be explained by firms using higher retained profits and deposit holdings to finance working capital in an environment of high uncertainty regarding the strength of the global and domestic economic recovery. Lending by foreign entities strengthened modestly further, in comparison with the previous quarter, indicating that firms continued to issue bonds indirectly via conduits resident outside the euro area in the context of high demand for euro area securities. At the same time, lending by non-MFIs remained weak. NFCs' liquidity buffers remained broadly unchanged at high levels (€2.7 trillion, which is around ¼ of annual nominal GDP). The leverage ratio stabilised after having declined by 3½ percentage points since mid-2013 (see Chart H). Underlying this stabilisation was a strengthening of debt financing that was compensated for by increased assets, originating mainly from the impact of further holding gains on total equity.

The *general government* sector's net borrowing declined (on a four-quarter-sum basis) from 2.7% in the first quarter to 2.6% in the second quarter. Excluding capital transfers to financial corporations, net borrowing was broadly unchanged. Both revenue and spending growth decelerated, year on year, in comparison with the first quarter. In the case of revenue, receipts from direct taxes payable by corporations were lower than a year earlier, as were most components of non-tax revenue. On the spending side, gross fixed capital formation was particularly weak (-2.1%, year on year). Government consumption growth remained unchanged (1.6%, year on year).

Gross entrepreneurial income of *financial corporations*, which had remained almost unchanged in the first quarter of the year, returned to the path of sustained decline, which had started in mid-2011, in the second quarter (annual growth of -6.0%). This decline reflected a slight moderation in value added – although this was still the only resource category recording positive growth (4.2%) – an improvement in compensation of employees (which declined by -0.2%, compared with -1.0% in the previous quarter) and a reduction in dividends received (-5.0%).

Chart G Capital ratios of financial institutions excluding mutual funds

(percentages of total assets)



Sources: Eurostat, ECB.
1) Assets and liabilities are valued at market value.
2) Calculated on the basis of cumulated transactions in net assets and assets, i.e. excluding holding gains/losses on assets and liabilities.
3) "Equity" comprises "shares and other equity" other than "mutual fund shares". Interbank deposits and Eurosystem financing are netted out from assets and liabilities.

Nonetheless, retained earnings grew strongly, at an annual rate of 20.6%, showing the first positive reading since the beginning of 2012. This development was due to a sharp decline in dividends paid (-18.7%), which represents a halt in the recent increasing trend towards a redistribution of profits to shareholders via dividends. The expansion of retained earnings, combined with large holding gains on assets, led to an increase in headline capital ratios. The higher retained earnings may partly reflect preparations for the completion of the AQR in the third quarter. At the same time, equity issuance continued to contribute negatively to the accumulation of capital buffers, partially reflecting disinvestment in financial conduits, which led to a slight decline in the transaction-based measure of the capital position (see Chart G). The stock market valuation of the sector remains significantly below the market value of net assets, reflecting continued market distrust. Financial corporations' financial investment (excluding inter-MFI deposits and loans) picked up slightly, but the annual growth rate remained below 1%.

Balance sheet dynamics

In relation to developments in indebtedness, gross debt-to-GDP ratios continued to increase in the case of both the government and the financial sector in the second quarter of 2014, from already high levels. NFCs' indebtedness also edged up from the previous quarter, after having declined continuously since mid-2012. Households' debt ratio remained unchanged. The picture is more favourable, however, when other leverage measures, such as debt-to-assets and net worth ratios, are considered. Debt-to-assets ratios (including financial and non-financial assets) in the private sector fell anew, albeit only marginally, in the case of all subsectors. Government sector leverage continued to rise. The international investment position (i.i.p.)[2] of the euro area showed a significant improvement in the second quarter of 2014, to -15.3% of GDP, after -18.1% in the previous quarter. This improvement mainly reflected the positive net lending position of the euro area and, to a somewhat lesser extent, valuation gains due to relative asset price and exchange rate changes.

The debt-to-assets ratio of NFCs stabilised at 45.1% in the second quarter of 2014, after having declined continuously, by 3½ percentage points, since mid-2013 (see Chart H). The debt-to-assets ratio is now 9 percentage points lower than at the peak reached in early 2009 (see Chart H). Underlying the recent stabilisation was

Chart H Sectoral leverage

(percentages of total assets)

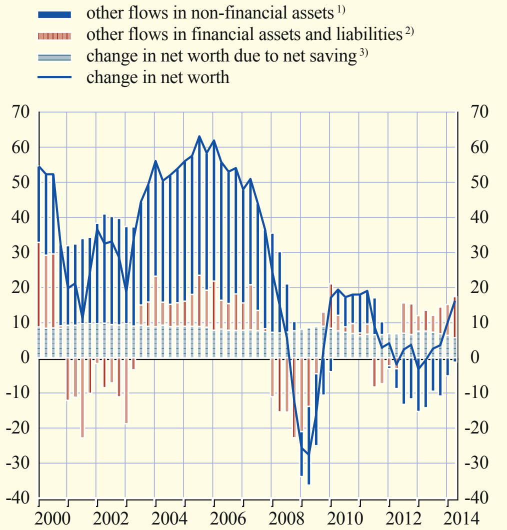
Sources: Eurostat and ECB.
Notes: Calculated as a ratio of total debt liabilities to total assets. Total assets comprise all financial assets and most non-financial assets.

2 The i.i.p. measures the net asset position of residents vis-à-vis non-residents: assets net of liabilities (including equity).

a strengthening of debt financing that was compensated for by increased assets, originating mainly from the impact of further holding gains on total equity. The net worth of households continued to rebound, again increasing on a year-on-year basis (16.2% of their annual income) (see Chart I). This improvement reflected holding gains on households' financial portfolios (amounting to 11.7% of their income), which mirrored the observed increases in share and bond prices. Households' net savings also contributed positively to the increase in households' net worth (5.7% of their income). Together, the holding gains on financial assets and positive net savings exceeded moderating holding losses (-1.2% of their income) on non-financial (housing) assets by a considerable margin. Financial corporations' headline capital ratios increased again, to stand at relatively high levels (see Chart G). These increases could partly reflect supervisory requirements and preparations for the completion of the AQR in the third quarter.

Chart I Change in the net worth of households

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



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

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.4% in October 2014, after 0.3% in September. Compared with the previous month, this mainly reflects a somewhat less negative contribution from energy prices and slightly stronger annual increases in food prices. A fall in industrial goods prices was partly compensated for by an increase in services price inflation. On the basis of current information and prevailing futures prices for energy, annual HICP inflation is expected to remain at around current low levels over the coming months, before increasing gradually during 2015 and 2016. This is also the picture portrayed by the most recent forecasts by private and public institutions, which now incorporate the recent sharp fall in oil prices.

The risks to the outlook for price developments over the medium term will be closely monitored, in particular with regard to the possible repercussions of dampened growth dynamics, geopolitical developments, exchange rate and energy price developments and the pass-through of monetary policy measures.

3.1 CONSUMER PRICES

Looking at the latest data, according to Eurostat's flash estimate, euro area annual HICP inflation increased to 0.4% in October 2014, from 0.3% in September. This outcome reflects higher annual rates of change in the energy, unprocessed food and services components, which were partially offset by declines in the annual rates of change of non-energy industrial goods and processed food components (see Table 7 and Chart 21). At the same time, HICP inflation excluding energy and food stood at 0.7% in October, down from 0.8% in September.

Looking at the main components of the HICP in closer detail, Eurostat's flash estimate points to a less negative annual rate of change in energy price inflation (-1.8% in October, compared with -2.3% in September). The main factor behind this increase was a strong upward base effect, which more than compensated for a relatively strong month-on-month decline of 0.7%. Since August 2013, energy prices have recorded predominantly negative annual rates of change.

Table 7 Price developments

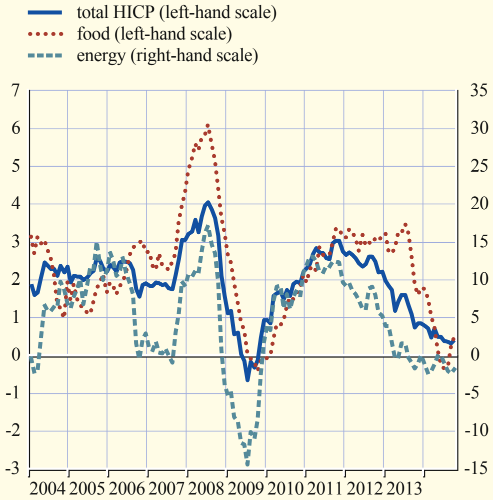
(annual percentage changes, unless otherwise indicated)

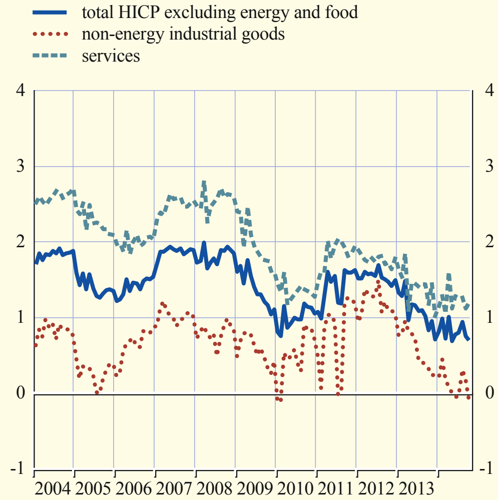
	2012	2013	2014 May	2014 June	2014 July	2014 Aug.	2014 Sep.	2014 Oct.
HICP and its components [1]								
Overall index	2.5	1.4	0.5	0.5	0.4	0.4	0.3	*0.4*
Energy	7.6	0.6	0.0	0.1	-1.0	-2.0	-2.3	*-1.8*
Food	3.1	2.7	0.1	-0.2	-0.3	-0.3	0.3	*0.5*
Unprocessed food	3.0	3.5	-2.1	-2.8	-2.6	-2.4	-0.9	*-0.1*
Processed food	3.1	2.2	1.5	1.4	1.1	1.0	1.0	*0.8*
Non-energy industrial goods	1.2	0.6	0.0	-0.1	0.0	0.3	0.2	*-0.1*
Services	1.8	1.4	1.1	1.3	1.3	1.3	1.1	*1.2*
Other price indicators								
Industrial producer prices	2.8	-0.2	-1.1	-0.9	-1.3	-1.4	-1.4	.
Oil prices (EUR per barrel)	86.6	81.7	79.4	82.3	79.9	77.6	76.4	69.5
Non-energy commodity prices	-5.2	-8.0	-6.9	-4.2	-4.8	-4.2	-4.6	-2.7

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation and its components in October 2014 refer to Eurostat's flash estimates.

Chart 21 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)





Source: Eurostat.

For the total food component, comprising both processed and unprocessed food prices, Eurostat's flash estimate implies a further increase in the annual rate of change to 0.5%, from 0.3% in September. This conceals developments in opposite directions in unprocessed and processed food price inflation. As was expected once the weather-related downward impact had faded out, the downward trend in unprocessed food price inflation did reverse, with an increase by 2.7 percentage points being recorded between June and October, to stand at -0.1% in October. Processed food price inflation, on the other hand, has continued to decline since the beginning of this year, to 0.8% in October from 1.0% in September.

Annual HICP inflation excluding the volatile food and energy components declined for the second month in a row, from 0.8% in September to 0.7% in October. This change reflected a lower annual rate of change in non-energy industrial goods prices (from 0.2% in September to -0.1% in October), which was partly offset by a higher annual rate of change in services prices (from 1.1% in September to 1.2% in October).

The continuing low levels of non-energy industrial goods and services price inflation reflect relatively weak consumer demand, low pricing power among firms, modest wage developments and the lagged effects of the appreciation of the euro up to May 2014. So far, the indirect effects of the recent lower oil prices have not yet had a significant impact on non-energy consumer prices, as they tend to feed through at a slower pace than the direct effects on the energy component. Moreover, they will, to some extent, be offset by the recent depreciation of the euro. The level of HICP inflation excluding energy and food (0.7% in October) has remained relatively stable since late 2013, hovering around rates between 0.7% and 1.0%, which is consistent with the ongoing moderate expansion in economic growth.

3.2 INDUSTRIAL PRODUCER PRICES

Headline industrial producer price inflation excluding construction remained unchanged at -1.4% in September 2014 (see Table 7 and Chart 22). Excluding both construction and energy, industrial producer price inflation also remained unchanged at -0.2% in September.

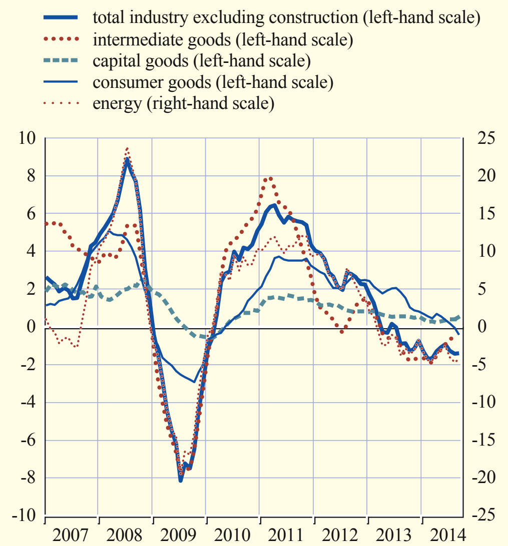
Pipeline pressures for HICP non-energy industrial goods inflation weakened. Producer price inflation for non-food consumer goods declined to 0.2% in September, from 0.3% in August. At the earlier price stages, there were again somewhat stronger downward impacts from domestic factors, as reflected in the lower annual rates of growth in the PPI for intermediate goods. Developments in pipeline pressures resulting from external factors were mixed. While the annual rate of change of crude oil prices in euro fell further, that of industrial raw material commodity prices remained unchanged, showing a positive reading for the second month in a row.

Pipeline pressures for HICP food inflation diminished further at both stages of the price chain. Producer price inflation for the consumer food industry fell to -0.9% in September, from -0.4 % in August (mostly driven by prices in the meat and dairy processing industries). Earlier in the price chain, pipeline pressures continued to recede as the annual rate of change of EU farm gate prices turned more negative, however, an upward impact may be associated with the recent upturn in the annual growth rate of international food commodity prices in euro terms.

From a sectoral perspective, the latest survey-based evidence – in the form of the Purchasing Managers' Index data for October – do not suggest changes to the outlook of low inflation developments in the coming months. The index for input prices in the manufacturing sector continued to decline, while the index for prices charged increased, albeit still indicating that prices

Chart 22 Breakdown of industrial producer prices

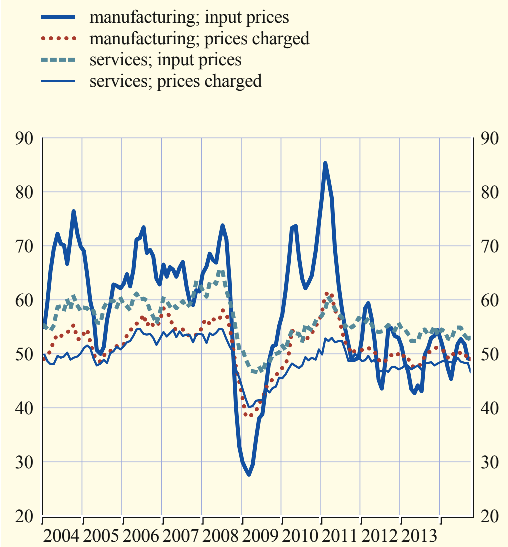
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 23 Producer input and output price surveys

(diffusion indices; monthly data)



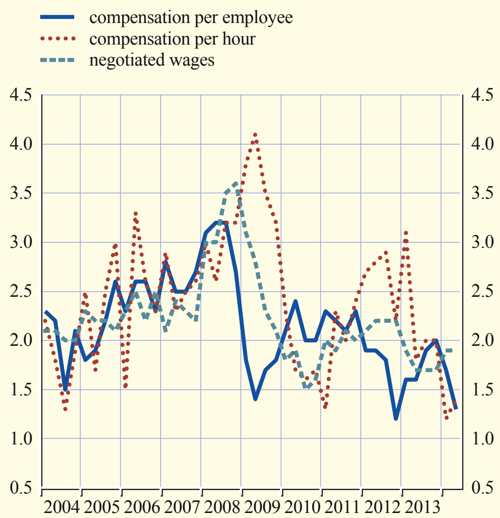
Source: Markit.
Note: An index value above 50 indicates an increase in prices, whereas a value below 50 indicates a decrease.

have declined marginally. For the services sector, the index for input prices increased, while the index for prices charged fell, suggesting that prices have decreased at a faster pace. All sub-indices continue to hover close to the threshold value of 50 for positive price changes, below their long-term averages (see Chart 23).

According to the European Commission's survey, selling price expectations for both the industrial sector (excluding construction) and the services sector increased in October, but continue to hover at levels below their long-term averages.

Chart 24 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

3.3 LABOUR COST INDICATORS

The latest data on labour costs confirm continued moderate domestic price pressures (see Table 8 and Chart 24). In the second quarter of 2014, annual wage growth, measured per employee, slowed at the euro area level, while it increased when measured per hour. The pattern of wage growth at the euro area level continues to conceal substantial divergences in wage developments across countries.

The annual rate of change for compensation per employee slowed down in the second quarter of 2014, to 1.3% from the 1.7% recorded in the first quarter. This development was mainly attributable to a lower contribution from the industrial sector (Chart 25). Wage growth, as measured by compensation per hour, increased to 1.4% in the second quarter of 2014, up from 1.2% in the previous quarter. The divergence between these two indicators was related to a lower annual growth rate of hours worked per employee than in the previous quarter. At the same time, owing to a sharp slowdown in labour productivity, the annual growth rate of unit labour costs increased to 0.9% in the second quarter of 2014.

Table 8 Labour cost indicators

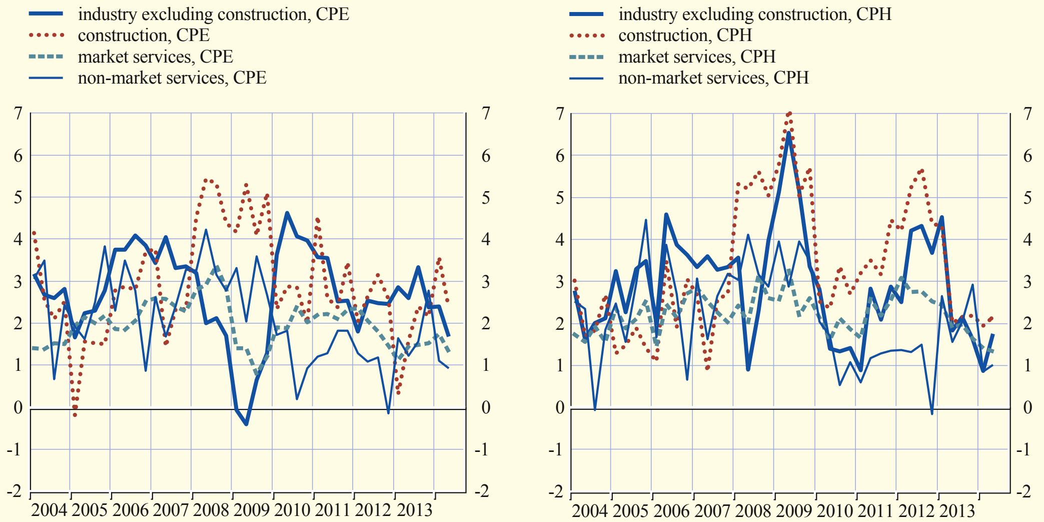
(annual percentage changes, unless otherwise indicated)

	2012	2013	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2
Negotiated wages	2.2	1.8	1.7	1.7	1.7	1.9	1.9
Compensation per employee	1.7	1.7	1.6	1.9	2.0	1.7	1.3
Compensation per hour	2.7	2.2	1.8	2.0	2.0	1.2	1.4
Memo items:							
Labour productivity	-0.2	0.3	0.4	0.5	0.8	1.0	0.4
Unit labour costs	1.9	1.4	1.2	1.4	1.2	0.7	0.9

Sources: Eurostat, national data and ECB calculations.

Chart 25 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

Negotiated wages in the euro area grew at an annual rate of 1.9% in the second quarter, which was substantially higher than that for compensation per employee. Preliminary data on negotiated wages for the third quarter of 2014 suggest a small deceleration in the annual growth rate compared with the second quarter.

3.4 THE OUTLOOK FOR INFLATION

On the basis of current information and prevailing futures prices for energy, annual HICP inflation is expected to remain at around current low levels over the coming months, before increasing gradually during 2015 and 2016. This is also the picture portrayed by the most recent forecasts by private and public institutions, which now incorporate the recent sharp fall in oil prices.

The accommodative monetary policy stance will underpin the firm anchoring of medium to long-term inflation expectations, in line with the Governing Council's aim of achieving inflation rates below, but close to, 2%.

The latest ECB Survey of Professional Forecasters shows that, compared with the previous survey round, forecasters have revised their inflation expectations downwards for 2014, 2015 and 2016 to 0.5%, 1.0% and 1.4%, respectively. This implies downward revisions of between 0.1 and 0.2 percentage point for each year compared with the previous survey round (see Box 6). The average point forecast for longer-term inflation expectations stands at 1.8%, a decline of 0.06 percentage point compared with the previous survey round.

Box 7 reviews the recent downward revisions to projections of euro area HICP inflation across various international organisations and private institutions and discusses the potential drivers behind these revisions.

The risks to the outlook for price developments over the medium term will be closely monitored, in particular with regard to the possible repercussions of dampened growth dynamics, geopolitical developments, exchange rate and energy price developments and the pass-through of monetary policy measures.

Box 6

RESULTS OF THE ECB SURVEY OF PROFESSIONAL FORECASTERS FOR THE FOURTH QUARTER OF 2014

This box reports the results of the ECB Survey of Professional Forecasters (SPF) for the fourth quarter of 2014. The survey was conducted between 16 and 23 October 2014, and 61 responses were received.[1] Compared with the previous round, inflation expectations were revised downwards slightly further by between 0.1-0.2 percentage point. They currently stand at 0.5%, 1.0% and 1.4% for 2014, 2015 and 2016, respectively. Long-term inflation expectations were revised downwards by 0.06 percentage point to stand at 1.80%. Real GDP growth expectations were revised downwards by between 0.2-0.3 percentage point, to 0.8% for 2014, 1.2% for 2015 and 1.5% for 2016. Unemployment expectations remained stable for the short term but were revised upwards slightly for longer-term horizons.

Inflation expectations for 2014-16 revised further downwards

The SPF average point forecasts for inflation in 2014, 2015 and 2016 stand at 0.5%, 1.0% and 1.4%, respectively (see the table). The current low level of inflation is assessed to be driven by a combination of external factors (primarily the fall in oil prices, weak import prices and the lagged impact of the past appreciation of the euro) and domestic factors (ample excess capacity and rebalancing in some euro area countries). The expected pick-up in inflation is seen as being driven by a number of developments. In particular, these include ongoing, albeit moderate, economic growth, the recent depreciation of the euro and supportive monetary policy, as well as an expected stabilisation of, and even slight increase in, oil prices.

Compared with the previous survey round in the third quarter of 2014, there were downward revisions of between 0.1-0.2 percentage point for 2014-16. These downward revisions were broad-based, with around 85% of respondents revising down their forecasts for 2014 and 2015, and 60% doing so for 2016. The main factors cited as being behind these downward revisions were lower oil prices and weaker than expected economic activity. On the other hand, the depreciation of the euro was cited as a counterbalancing factor in these revisions.

Overall, the expected path of inflation for the period 2014-16 in the SPF for the fourth quarter of 2014 is slightly lower (around 0.1 percentage point) than that forecast in the September 2014 ECB staff macroeconomic projection exercise, whilst SPF expectations for 2014 and 2015 are exactly in line with the October 2014 Consensus Economics and Euro Zone Barometer surveys.

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

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

(annual percentage changes, unless otherwise indicated)

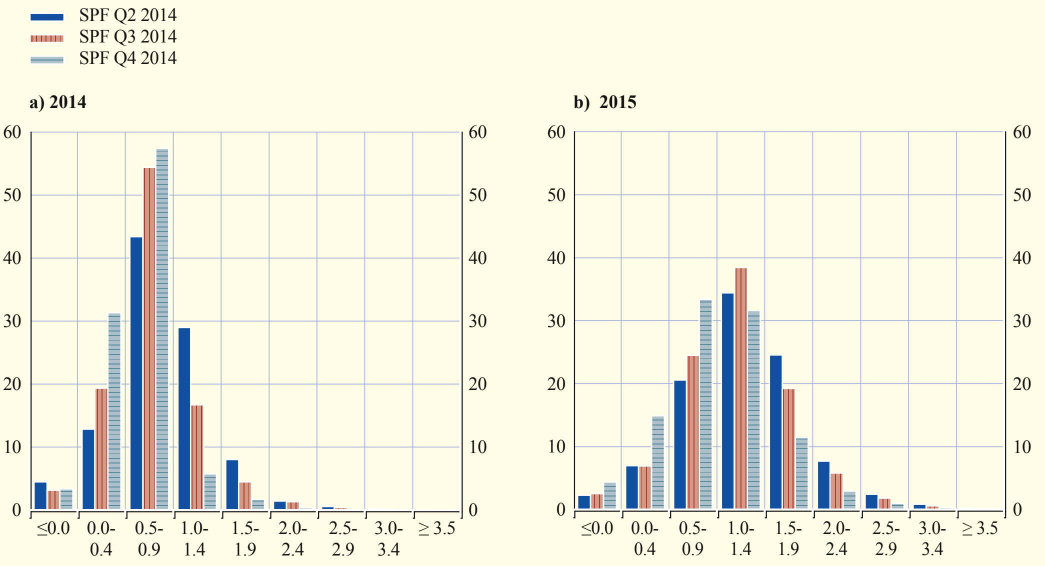
	Survey horizon			
HICP inflation	**2014**	**2015**	**2016**	**Long-term** [1]
SPF Q4 2014	0.5	1.0	1.4	1.8
Previous SPF (Q3 2014)	*0.7*	*1.2*	*1.5*	*1.9*
ECB staff macroeconomic projections (Sep. 2014)	0.6	1.1	1.4	-
Consensus Economics (Oct. 2014)	0.5	1.0	1.3	1.9
Euro Zone Barometer (Oct. 2014)	0.5	1.0	1.3	1.8
Real GDP growth	**2014**	**2015**	**2016**	**Long-term** [1]
SPF Q4 2014	0.8	1.2	1.5	1.7
Previous SPF (Q3 2014)	*1.0*	*1.5*	*1.7*	*1.8*
ECB staff macroeconomic projections (Sep. 2014)	0.9	1.6	1.9	-
Consensus Economics (Oct. 2014)	0.8	1.2	1.5	1.6
Euro Zone Barometer (Oct. 2014)	0.8	1.2	1.6	1.6
Unemployment rate [2]	**2014**	**2015**	**2016**	**Long-term** [1]
SPF Q4 2014	11.6	11.3	10.9	9.5
Previous SPF (Q3 2014)	*11.6*	*11.3*	*10.8*	*9.4*
ECB staff macroeconomic projections (Sep. 2014)	11.6	11.2	10.8	-
Consensus Economics (Oct. 2014)	11.6	11.3	-	-
Euro Zone Barometer (Oct. 2014)	11.6	11.3	11.0	10.3

1) Long-term expectations refer to 2019 (2018 for the Euro Zone Barometer).
2) As a percentage of the labour force.

Turning to the aggregate probability distributions, compared with the previous SPF round, the means of the aggregate probability distributions for expected inflation in 2014-16 have shifted further towards lower outcomes (see Chart A). Whilst the most likely (modal) outcome has remained in the same bin for 2014 (i.e. 0.5-0.9%), it has shifted downwards for 2015

Chart A Aggregate probability distribution of average annual inflation expectations for 2014 and 2015 in the latest SPF rounds

(probability in percentages)



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

(to 0.5-0.9%) and for 2016 (to 1.0-1.4%). According to survey participants, there is a relatively high probability of inflation remaining below 1% in 2015 (53%) and in 2016 (28%), however, the probability of negative inflation remains low: 3% for 2014, 4% for 2015 and 2.3% for 2016.

A comparison of the estimated mean of the aggregated probability distribution with the average of the point forecasts suggests that the risks to the baseline inflation outlook are generally perceived to be to the downside, and increasingly so over the forecast horizon.[2] The qualitative comments suggest that downside risks stem primarily from oil prices, weak economic activity and the possibility of inflation expectations becoming unanchored. However, the euro exchange rate and monetary policy actions are cited as sources of upward risk.

Longer-term inflation expectations for 2019 revised marginally downwards

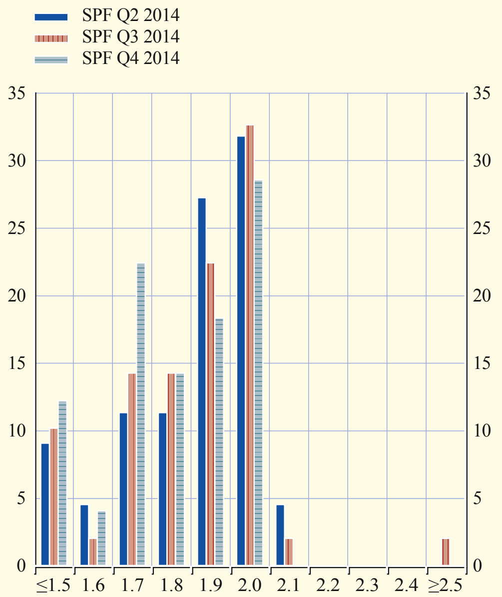
The average point forecast for longer-term inflation expectations (five-years ahead – 2019) declined by 0.06 percentage point (measured at two decimals) to 1.80%, from 1.86% in the previous round. Based on a balanced panel of respondents who participated in both of the last two rounds (41 of the 49 who gave long-term expectations in this round), four revised their longer-term expectations upwards and seven of them revised them downwards – and 30 were unchanged. The median of the point forecasts also declined to 1.8%, although the largest portion (29%) of respondents continues to provide a point forecast of 2.0% (see Chart B).

The long-term inflation expectations from the SPF are in line with the latest inflation expectations for 2018 from the October 2014 Euro Zone Barometer and are 0.1 percentage point below those for 2019 from the October 2014 Consensus Economics survey.

The aggregate probability distribution shifted towards lower outcomes compared with the previous SPF round. The probability of inflation being at or above 2.0% declined to 32%, from 36% in the third quarter of 2014, while the probability of inflation being below 1% increased to 12%, from 11% in the previous round. The probability of negative inflation rates remained low at 1.2% (up from 0.9%). On average, the balance of risks around the point forecast is assessed to be to the downside (as has been the case for the past four years), with the estimated mean of the aggregated probability distribution standing at around 1.7% compared with the mean point estimate of 1.8%.

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

(percentage of respondents)



Source: ECB.

2 The difference between the mean point estimate and the estimated mean of the aggregated probability distribution can be regarded as an indication of the direction and magnitude of the balance of risks perceived by SPF respondents to their forecasts. For more information on uncertainty measures, see the box entitled "Measuring perceptions of macroeconomic uncertainty", *Monthly Bulletin*, ECB, January 2010.

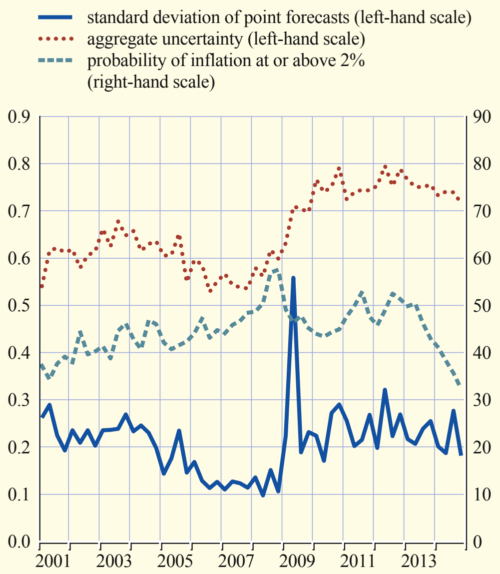
Disagreement over longer-term inflation expectations, as measured by the standard deviation of the point forecasts, decreased compared with the previous round. The aggregate uncertainty surrounding longer-term inflation expectations, as measured by the standard deviation of the aggregate probability distribution, also decreased slightly (see Chart C).

Real GDP growth expectations decreased for all horizons

The average point forecast for real GDP growth in 2014 and 2015 decreased by 0.2 percentage point, to 0.8%, and by 0.3 percentage point, to 1.2%, respectively, compared with the previous survey round. The corresponding forecast for 2016 decreased by 0.2 percentage point to 1.5% (see the table). These downward revisions were broad-based: for 2014 and 2015 around 90% of the respondents revised their forecasts downwards compared with the previous survey round. For 2016, two-thirds of the respondents lowered their forecast.

Chart C Disagreement and uncertainty about longer-term inflation expectations

(percentage points; percentages)



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

The qualitative comments provided by the respondents indicate that the downward revisions for 2014 were driven by disappointing figures for GDP growth in the second quarter, as well as persisting low business confidence in some euro area countries, and a more pessimistic outlook for key export markets.

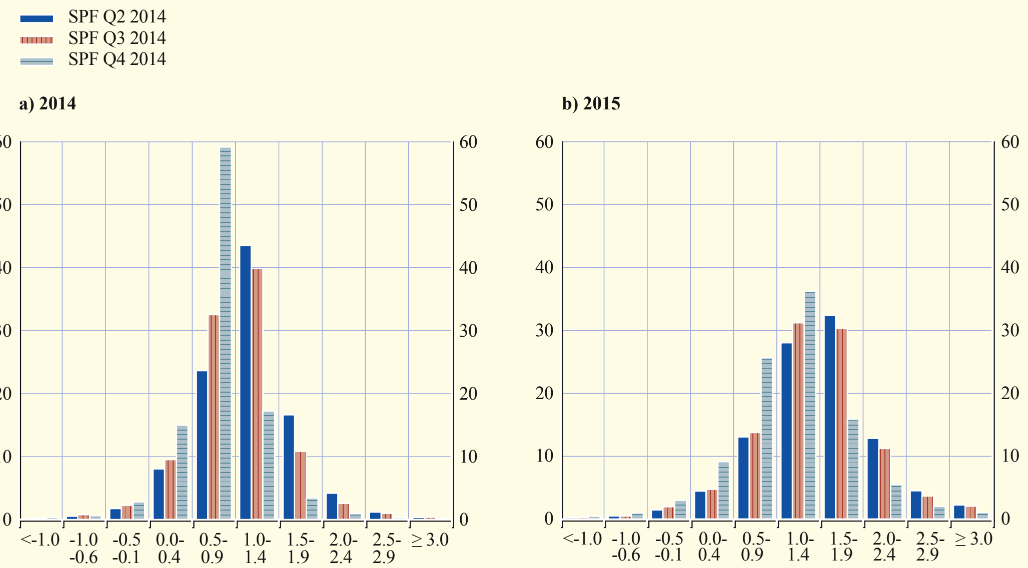
This survey round included an additional question as to whether the recent lower economic activity was expected to be a temporary phenomenon or part of a more sustained weakness in the economy. The respondents indicated that, so far, they regarded the fall in activity as a temporary phenomenon, although the responses suggested that the baseline forecasts were partly the result of recent geopolitical tensions translating into lower confidence and a wait-and-see attitude on the part of investors for the short-term horizon.

For 2014, the average SPF point forecast is 0.1 percentage point lower than the September 2014 ECB staff macroeconomic projections and 0.4 percentage point lower for both 2015 and 2016. Compared with the other survey results, the average SPF point forecast is in line with the October survey results from Consensus Economics and the Euro Zone Barometer (for real GDP growth) for 2014 and 2015, but slightly lower than the result from the Euro Zone Barometer for 2016.

The aggregate probability distributions have shifted towards lower outcomes for all horizons, but most notably for 2014 and 2015 (see Chart D). For 2014, respondents now assign the highest probability (59%) to the interval between 0.5% and 0.9%. For 2015, the highest probability (36%) continues to be assigned to the interval between 1.0% and 1.4%, compared with 31% before.

Chart D Aggregate probability distribution of GDP growth expectations for 2014 and 2015 in the latest SPF rounds

(probability in percentages)



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

The balance of risks has become more clearly tilted to the downside. The qualitative comments by the respondents identify geopolitical tensions, mainly in Ukraine and Russia, but also in the Middle East, as by far the main risk surrounding their forecasts (mentioned by two-thirds of the respondents). Other risks cited are lower than expected external demand (mainly from China and the United States) as well as inadequate progress with reforms in some euro area countries. However, respondents also see some upside risks, such as an unexpectedly quick recovery of exports, also driven by exchange rate developments, and a strong decrease in financial fragmentation in the euro area, leading to greater consumption and investment than assumed in the baseline.

Longer-term growth expectations decreased

Longer-term growth expectations, as measured by the average point forecast (for 2019), decreased by 0.1 percentage point to 1.7%. As in previous survey rounds, the SPF results for that horizon remain higher than the corresponding Consensus Economics and Euro Zone Barometer forecasts, which stand at 1.6%. The aggregate probability distribution of long-term growth expectations remains tilted to the downside.

Unemployment rate expectations stable for the short term but revised upwards for the longer term

The average point forecasts for the unemployment rate are 11.6% for 2014, 11.3% for 2015 and 10.9% for 2016, with the modest nature of the recovery seen as reducing unemployment only at a very slow pace. Compared with the previous round, expectations for 2014 and 2015 have remained unchanged, while for 2016 they have been revised upwards by 0.1 percentage point (see the table).

The latest SPF expectations for the unemployment rate are in line with private sector forecasts for 2014 and 2015, but are 0.1 percentage point lower than the result from the Euro Zone Barometer for 2016. Compared with the September 2014 Macroeconomic Projection Exercise, the SPF expectations are slightly more pessimistic for 2015 and 2016, with expectations being 0.1 percentage point higher.

Risks to the short and medium-term baseline forecasts remain tilted to the upside and are related to a more modest recovery than anticipated. Additionally, some respondents saw the risks relating to a sustained period of low growth and low inflation as preventing firms from investing and thus from employing staff. Furthermore, it was mentioned that recent high cyclical unemployment could become structural if not addressed by more structural reforms, thus becoming potentially more persistent. Smaller downside risks to the unemployment outlook are mostly associated with stronger than envisaged effects of the implemented structural and labour market reforms and higher labour mobility across sectors and countries.

The average point forecast for longer-term unemployment rate expectations (9.5% for the reference year 2019) is 0.1 percentage point higher than in the previous SPF round. The aggregate probability distribution has shifted slightly towards higher outcomes compared with the previous SPF round.

Other variables and conditioning assumptions

Other information provided by the respondents (changes in their assumptions) implied significant downward revisions to the short-term interest rate, the oil price in US dollars and the euro exchange rate against the US dollar, while expectations for the growth rate of compensation per employee remained rather stable. The oil price is expected to average at USD 91.7 per barrel in the fourth quarter of 2014 and to increase gradually to USD 95.8 in the third quarter of 2015 and then further again to levels around USD 98.8 in 2016. The forecast for the euro exchange rate against the US dollar is significantly lower compared with the previous SPF round, and is now expected to stand at 1.27 in the fourth quarter of 2014 and then to gradually decline, to stand at 1.24 in the third quarter of 2015 and at 1.23 in 2016. Assumptions for growth in compensation per employee were revised downwards by 0.1 percentage point for this year and next year, standing at 1.3% year on year in 2014 and 1.5% in 2015, but remaining unchanged in 2016, at 1.8%. For the five-year ahead horizon, forecasters expect a slightly lower growth rate than anticipated in the previous survey round, of 2.1%. The mean assumption for the ECB's main refinancing rate is broadly flat for the next four quarters, implying a downward revision for the short term, but a more significant one for the medium term. It is assumed that it will stand at around 0.07% until 2015 and reach a level of 0.16% in 2016.

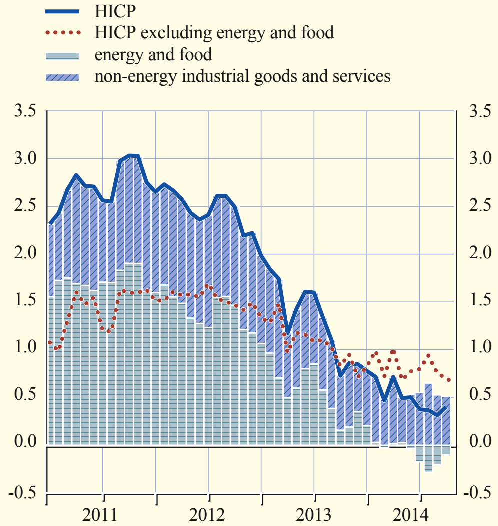
Box 7

RECENT REVISIONS TO PROJECTIONS OF EURO AREA HICP INFLATION

This box provides an overview of recent revisions to projections of euro area HICP inflation and of the accuracy of the ECB/Eurosystem's projections in this regard. When assessing revisions to inflation projections, it is useful to bear in mind the factors that have been driving actual inflation developments. In this respect, the decline in headline HICP inflation in the euro area that began in late 2011 reflects mainly the decline in the contributions from the energy and food components (see Chart A). In the case of the energy component, the decline has been due primarily to developments in commodity prices and exchange rates. HICP inflation excluding energy and food also declined from mid-2012, in an environment of weak demand and strong pressure to regain competitiveness, but has remained broadly stable since the last quarter of 2013, supported by the gradual economic recovery that began in 2013.

Chart A HICP inflation and HICP inflation excluding energy and food

(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB calculations.

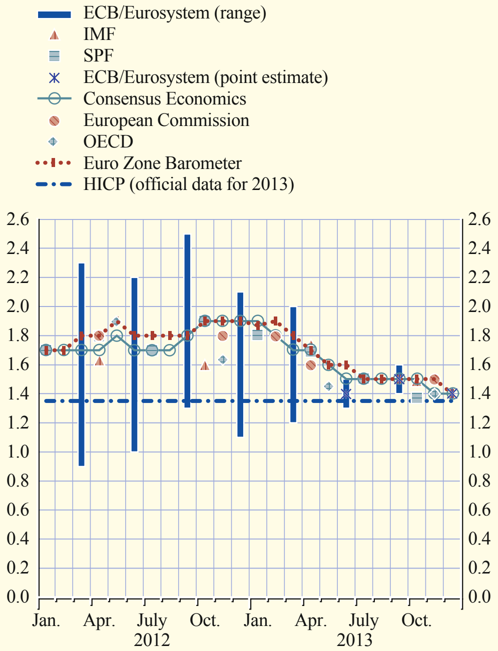
While contained price pressures were foreseen to some extent, the decline in euro area HICP inflation has led various international organisations and private institutions to repeatedly revise their projections downward.[1] The evolution of projections of HICP inflation for 2013 (see Chart B) by the IMF, ECB Survey of Professional Forecasters (SPF), Consensus Economics, Euro Zone Barometer, OECD and European Commission, as well as the ECB/Eurosystem, shows that the inflation outcome of 1.4% was consistently over-predicted by all institutions, but was nevertheless within the ECB/Eurosystem staff projection ranges[2]. Chart C shows that the projections of inflation for 2014 have been subject to even more significant downward revisions.

1 By contrast, during the recovery period that followed the financial crisis, projections of euro area HICP inflation were predominantly lower than actual inflation. See, for example, the box entitled "The forecast bias for euro area HICP inflation", *Monthly Bulletin*, ECB, Frankfurt am Main, June 2012.

2 Unlike the other institutions under review, the ECB/Eurosystem publishes projection ranges to account for the uncertainty associated with the projections. For a detailed description of how the ranges are calculated, see *A guide to Eurosystem staff macroeconomic projection exercises*, ECB, Frankfurt am Main, June 2001, p.15; *New procedure for constructing ECB staff projection ranges*, ECB, Frankfurt am Main, September 2008; and *New procedure for constructing Eurosystem and ECB staff projection ranges*, ECB, Frankfurt am Main, December 2009.

Chart B Evolution of projections of average annual euro area HICP inflation for 2013

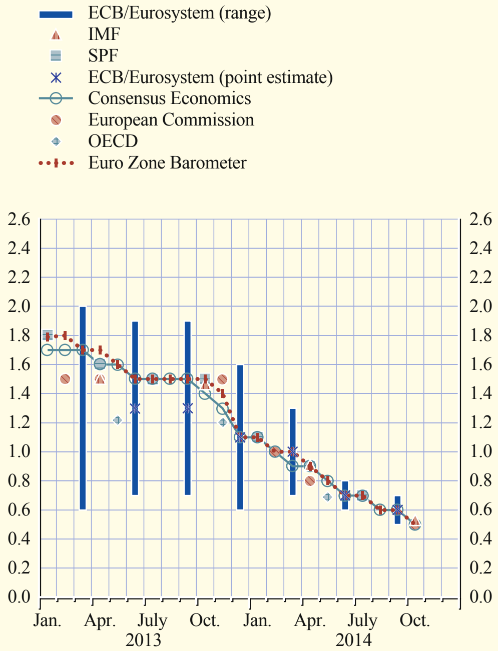
(annual percentage changes)



Sources: ECB, European Commission, IMF, OECD, Euro Zone Barometer and Consensus Economics.
Notes: The dates on the x-axis correspond to the publication dates of the various projections. The time span between the cut-off date for the information used and the actual publication date varies across projections.

Chart C Evolution of projections of average annual euro area HICP inflation for 2014

(annual percentage changes)



Sources: ECB, European Commission, IMF, OECD, Euro Zone Barometer and Consensus Economics.
Notes: The dates on the x-axis correspond to the publication dates of the various projections. The time span between the cut-off date for the information used and the actual publication date varies across projections.

Main factors driving revisions to projections of euro area HICP inflation for 2013 and 2014

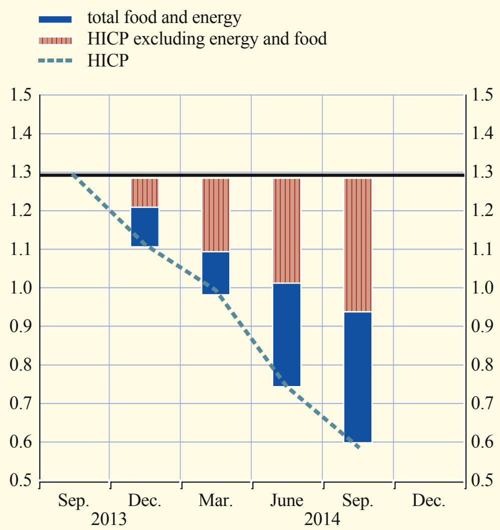
The ECB/Eurosystem staff macroeconomic projections of HICP inflation for 2013 were gradually revised downward, mainly on account of downward revisions to projections of HICP inflation excluding food and energy, with the contribution from downward revisions to the energy component being relatively limited. Relatively adverse weather conditions implied upward revisions to projections of food price inflation in 2013, partly offsetting downward revisions to other components. For 2014, the revisions have been more broadly based, including revisions to HICP inflation excluding food and energy, and revisions to the volatile components of food and energy themselves (see Chart D).[3] In the case of the energy component, the revisions mainly reflect lower than anticipated oil prices in euro, while in the case of the food component, they reflect unexpectedly favourable weather conditions that have driven down food prices compared with the previous year.

When assessing the factors behind the revisions to HICP inflation for 2013 and 2014, it is important to note that projections are made on the basis of specific technical assumptions, in particular, for commodity prices and exchange rates. Chart E, for example, shows that by assuming constant exchange rates in the Eurosystem staff projections, a major factor behind the overestimation of HICP inflation projections for 2013 and 2014 has been the appreciation of the euro up to May 2014.

3 Since the ECB/Eurosystem staff macroeconomic projections only provided ranges before the autumn 2013 round, the analysis is based on the mid-point of the projection range prior to that round.

Chart D Breakdown of revisions by the ECB/ Eurosystem to HICP inflation projections by component

(percentage points)



Source: ECB calculations.
Note: The chart shows the contribution of HICP components to the revisions to projections of HICP inflation for 2014, taking the September 2013 ECB staff macroeconomic projections as the benchmark.

Chart E Assumed and actual USD/EUR exchange rate

Source: ECB calculations.
Note: "Assumed value" is defined as the futures-based oil price projections assumed in the Eurosystem staff macroeconomic projections.

This had a direct downward impact on energy inflation through oil prices in euro terms, but also dampened HICP inflation excluding energy and food via its impact on import prices for both final consumer goods and intermediate inputs. The depreciation of the euro since May 2014 implies an assumption error in the June 2014 Eurosystem staff projections, but the upward revision to inflation that this would normally imply has been offset by the fact that oil prices in US dollar terms have declined much more sharply than assumed in that exercise.

Revisions to projections of HICP inflation excluding food and energy can also reflect a stronger than expected impact of economic slack, as slack is an important determinant of price pressures. This may reflect the considerable uncertainty associated with the measurement of slack itself, but also a greater responsiveness of inflation to slack if the structural reforms that have been implemented in several countries in recent years have reduced rigidities in product and labour markets. Linked to this, there are also other possible reasons for revisions, such as the effects related to the unexpected depth and duration of the crisis, and the lower than expected pass-through of increases in indirect taxes in some countries.

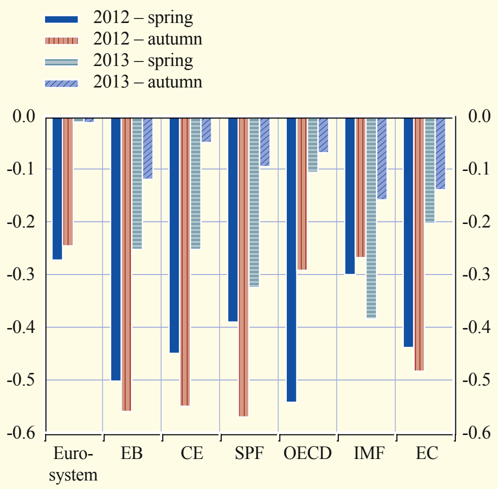
Comparing the forecast errors across institutions

An analysis of the errors in the forecasts of euro area HICP inflation for 2013 across institutions shows that the Eurosystem's forecasts compare favourably (see Chart F).[4] Chart G shows the projections of headline inflation by the various institutions and compares them with the average outcome up to October 2014. The Eurosystem's projections of euro area inflation in 2014 have

4 For a longer-term assessment of the projection performance among various institutions covering 2000-12, see also the article entitled "An assessment of Eurosystem staff macroeconomic projections", *Monthly Bulletin*, ECB, Frankfurt am Main, May 2013.

Chart F Forecast errors by various institutions for 2013 euro area HICP inflation

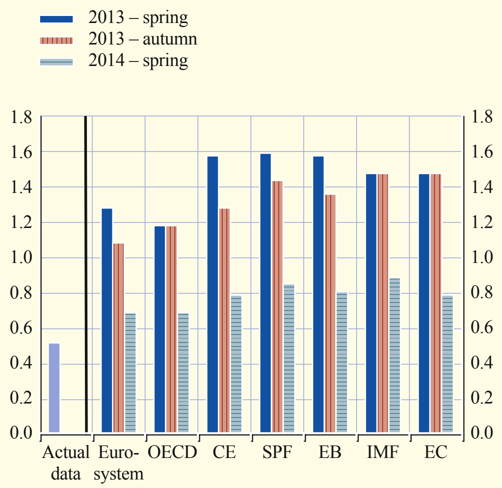
(percentage points)



Sources: ECB, European Commission (EC), IMF, OECD, Euro Zone Barometer (EB) and Consensus Economics (CE).
Note: Forecast error is defined as the inflation outcome minus the projection.

Chart G Forecasts by various institutions for 2014 euro area HICP inflation

(annual percentage changes)



Sources: ECB, European Commission (EC), IMF, OECD, Euro Zone Barometer (EB) and Consensus Economics (CE).
Note: "Actual data" is the average HICP inflation outcome up to October 2014.

so far been closer to the actual outcome, suggesting a higher level of accuracy, the only exception being in the case of the 2013 spring exercise, in which the OECD's errors were marginally smaller.[5]

Conclusion

Overall, throughout 2013 and 2014 international organisations and private institutions have revised their forecasts of headline HICP inflation downward. All components of the HICP contributed to the ECB/Eurosystem's revisions to their forecasts. Clearly, correctly anticipated developments in the exchange rate, as well as in oil and food prices, would have significantly reduced the need for revisions. However, the revisions to forecasts of HICP inflation excluding food and energy suggest that other factors, including uncertainties associated with the measurement and impact of economic slack, may also have played a role. In this context, structural reforms and increased competition may have exerted downward pressure on prices through a greater responsiveness to economic slack.

5 One drawback when comparing the forecasts of various institutions is that they are prepared at slightly different points in time, which, in practice, implies that institutions have different information when producing their forecasts. This may have an impact on the relative accuracy of the forecasts.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Euro area real GDP increased by 0.1%, quarter on quarter, in the second quarter of this year. This represents a slight upward revision compared with the earlier estimate, which partly reflects the introduction of the ESA 2010 methodology. Since the summer months, incoming data and survey evidence have overall indicated a weakening in the euro area's growth momentum. This information has now been incorporated into the most recent forecasts by private and public institutions, which indicate a downward revision of real GDP growth over the projection horizon up to 2016, with the outlook for a modest economic recovery remaining in place. On the one hand, domestic demand should be supported by the monetary policy measures, the ongoing improvements in financial conditions, the progress made in fiscal consolidation and structural reforms, and lower energy prices supporting real disposable income. Furthermore, demand for exports should benefit from the global recovery. On the other hand, the recovery is likely to continue to be dampened by high unemployment, sizeable unutilised capacity, and the necessary balance sheet adjustments in the public and private sectors. The risks surrounding the economic outlook for the euro area continue to be on the downside.

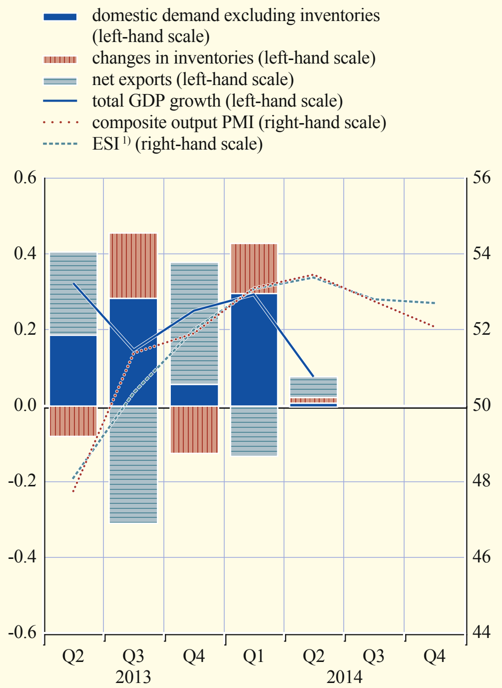
4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP growth in the euro area was revised up from 0.0% to 0.1%, quarter on quarter, in the second quarter of 2014 (see Chart 26). This slight upward revision, which is partly explained by the introduction of the ESA 2010 methodology (see Box 8), implies that output growth has been positive for five consecutive quarters. In the second quarter, net trade contributed positively to output growth, while domestic demand and changes in inventories both made neutral contributions. Survey results weakened between the second and third quarter of this year, before improving somewhat in October. As a result, they still point to continued weak momentum in economic activity in the second half of this year, although remaining in line with modest positive growth.

Private consumption increased by 0.3%, quarter on quarter, in the second quarter of 2014, thereby continuing the recovery path that started in the first half of last year. The outcome for the second quarter reflected positive contributions to consumer spending growth from retail trade as well as from purchases of cars, while it appears that consumption of services made a broadly neutral contribution.

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

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



Sources: Eurostat, Markit, European Commission Business and Consumer Surveys and ECB calculations.
1) Economic Sentiment Indicator; the ESI is normalised with the mean and standard deviation of the PMI over the period shown in the chart.

Box 8

THE IMPACT OF THE EUROPEAN SYSTEM OF ACCOUNTS 2010 ON EURO AREA MACROECONOMIC STATISTICS

The introduction of the new European System of Accounts 2010 (ESA 2010) in line with international statistical standards has, through its implementation from September 2014 onwards, resulted in revisions to national accounts and European macroeconomic statistics.[1] In addition, all EU Member States have implemented statistical benchmark revisions introducing new data sources and compilation methods. These changes affect important economic indicators such as GDP, external trade, government deficit and debt, and private sector debt. This box provides an overview of the resulting revisions to the levels and growth rates of these indicators.

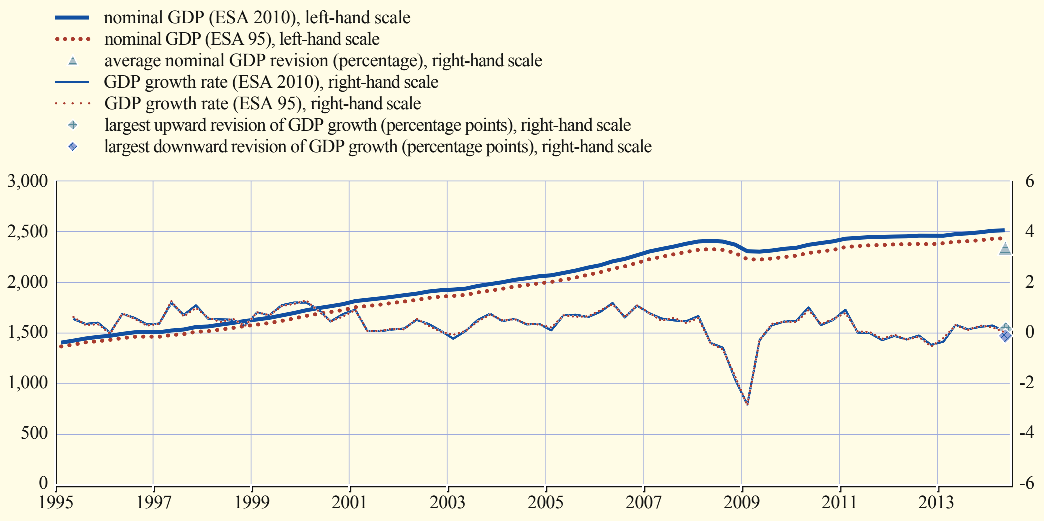
GDP

Overall, the nominal level of euro area GDP in 2010[2] was revised upwards by 3.5% compared with data based on the previous version of the European System of Accounts, the ESA 95. Of this change, 1.9 percentage points were attributed to the capitalisation of research and development and 1.3 percentage points to changes in data sources. The total revision for 2013 was 3.1%.

While changes were registered for levels, the quarterly growth rates for euro area GDP remained close to the previously published figures based on the ESA 95. The average revision over the period from the first quarter of 1995 to the second quarter of 2014 was around 0.0 percentage point

Chart A Revisions to euro area nominal GDP and real growth rate

(EUR billions; quarterly percentage changes, percentages and percentage points; seasonally adjusted)



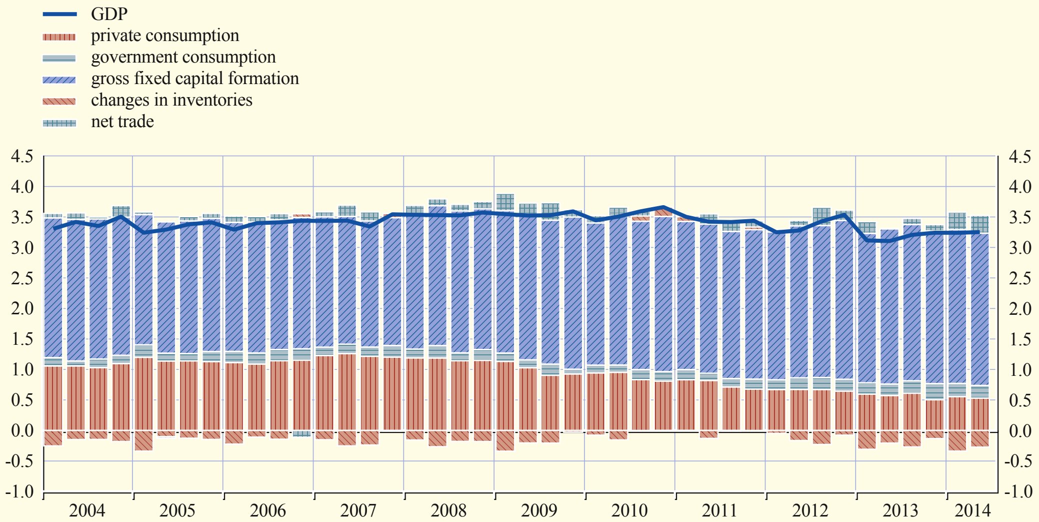
Sources: Eurostat and ECB calculations.

1 See the article entitled “New international standards in statistics – enhancements to methodology and data availability”, *Monthly Bulletin*, ECB, August 2014.

2 The year 2010 has been used by Eurostat as a reference year for estimating the effects of the factors affecting the national and euro area GDP figures.

Chart B Revisions to levels of euro area GDP and domestic demand components as a percentage of GDP

(percentages; seasonally adjusted, quarterly data)



Source: ECB calculations.

in terms of absolute value. In 2014, quarter-on-quarter GDP growth for both the first and second quarters was revised up by 0.1 percentage point – in the second quarter from 0.0% to +0.1%.

In the new national accounts standards, expenditure on research and development and on military weapon systems is recorded as investment rather than intermediate consumption. This methodological change increases the level of euro area GDP.[3] The average revision of the level of nominal gross fixed capital formation for the period from 1995 to the second quarter of 2014 was +11.0% (or 2.2% of GDP), while the average real quarter-on-quarter growth rate increased by 0.2 percentage point.

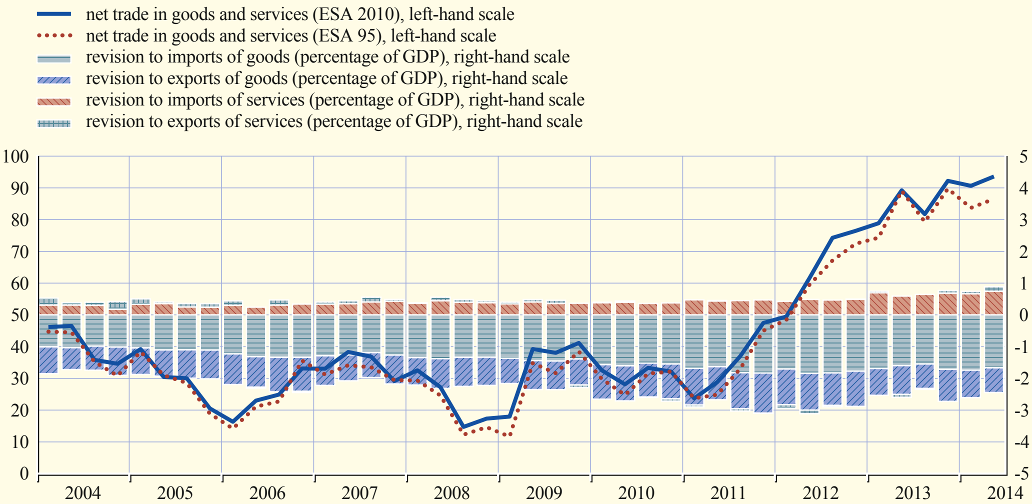
The revision of nominal domestic demand overall was close to that of GDP (+3.2% on average). The nominal levels of all other components of domestic demand were revised upwards, with the exception of changes in inventories. The level of private consumption rose by an average 1.7% (or 0.9% of GDP) and that of government consumption by 0.8% (or 0.2% of GDP).

In addition to the methodological changes introduced by the ESA 2010, statistical improvements such as the incorporation of new data sources have also played a role in the upward revision of nominal euro area GDP. They led to a 1.3% increase in the level of euro area GDP in 2010. In some countries such changes accounted for the largest part of the overall revision, e.g. in Cyprus (8.4 percentage points out of a total revision of +9.5%) and the Netherlands (5.9 percentage points out of +7.6%). Among the four largest euro area economies, in Germany and France statistical improvements led to revisions of, respectively, only +0.6% and +0.8%, while in Spain and Italy they led to increases of 1.7% and 1.9%, half the respective overall revision. The level of GDP was revised upwards in all EU Member States except Latvia, where it was revised down by 0.1% owing to the impact of the statistical improvements.

3 For detailed information on the impact of the ESA 2010 across EU Member States see Eurostat's press release No 157/2014 of 17 October 2014, available on the latter's website (http://epp.eurostat.ec.europa.eu).

Chart C ESA 2010-related revisions to nominal euro area trade

(EUR billions; percentages; seasonally adjusted, quarterly data)



Sources: Eurostat and ECB calculations.

Net trade in goods and services

Owing to the change in the way "merchanting" and goods sent abroad for processing are recorded in the ESA 2010, trade in goods and services has been revised substantially. In the ESA 2010, the basis for recording international trade is the change in ownership of the goods concerned and not merely the physical cross-border movement of goods. As a result of this change, the nominal levels of imports and exports have decreased. The average downward revision of euro area imports and exports in absolute terms for the period since 1995 were 2.3% (or 0.8% of GDP) and 1.9% (or 0.7% of GDP) respectively.

General government balance (deficit/surplus) and debt

According to Eurostat's autumn 2014 excessive deficit procedure notifications, the 2013 euro area general government deficit and debt, expressed in terms of GDP, were revised downwards by 0.2 percentage point and 1.6 percentage points respectively.[4] The revisions for the period 2010 to 2012 were of a similar magnitude (see Table A).

The revisions have been very different across the euro area countries. For 2013, the general government balance-to-GDP ratio improved most in Ireland (by 1.5 percentage points), Luxembourg (by 0.6 percentage point) and Cyprus (by 0.5 percentage point). As regards general government debt, the 2013 ratio to GDP was revised significantly upwards for Austria (by 6.7 percentage points) and Belgium (by 3.0 percentage points), while it was revised significantly downwards for Cyprus (by 9.5 percentage points), the Netherlands (by 4.9 percentage points), Italy (by 4.8 percentage points) and Malta (by 3.2 percentage points). For other countries the revisions were smaller.

4 For more information see "Revisions to government deficit and debt of EU Member States for 2010-2013", note accompanying Eurostat's press release No 158/2014 of 21 October 2014.

Table A Revisions to euro area general government balance and debt ratios

(as a percentage of GDP)

		Ratio April 2014	Ratio October 2014	Total revision	Revision due to: ESA 2010	Other changes	GDP revision
Government balance (deficit (-)/surplus(+))	2010	-6.2	-6.1	0.1	0.0	-0.1	0.2
	2011	-4.1	-4.1	0.0	-0.1	-0.1	0.1
	2012	-3.7	-3.6	0.1	0.0	0.0	0.1
	2013	-3.0	-2.9	0.2	0.0	0.1	0.1
Government debt	2010	85.5	83.7	-1.8	0.8	0.3	-2.9
	2011	87.4	85.8	-1.6	1.0	0.3	-2.9
	2012	90.7	89.0	-1.7	1.0	0.3	-2.9
	2013	92.6	90.9	-1.6	0.9	0.3	-2.8

Source: Eurostat.
Note: Figures may not add up owing to rounding.

The revisions of the general government balance-to-GDP ratio are due to several factors which partially offset one another, namely the impact of the ESA 2010 introduction, other statistical improvements (new and updated data sources and improved compilation) and the revisions to nominal GDP.

With respect to the ESA 2010, the three main changes that impacted the government deficit levels were related to a) changes in the sector classification criteria, affecting the number of entities classified in the government sector; b) the treatment of lump sum transfers from pension schemes to the government; and c) the exclusion of interest on swaps and forward rate agreements from the deficit calculation. For the euro area as a whole, these methodological changes triggered only negligible revisions to the government deficit level. However, for some euro area countries they had a noticeable impact on the general government balance.

The other changes (not related to the introduction of the ESA 2010) contributed only 0.1 percentage point to the total revision of the euro area government deficit in 2013.

The upward revision of nominal GDP (see above) contributed 0.1 percentage point to the overall revision of the 2013 government deficit ratio for the euro area as a whole. In Ireland, Cyprus and Slovenia the increase in the nominal GDP level contributed 0.4 percentage point or more to the improvement in the ratio of the general government balance to GDP in 2013.

As regards the downward revision of the general government debt-to-GDP ratio, several partly offsetting factors played a role. Changes introduced by the ESA 2010, mainly the inclusion of certain entities in the government sector, led to an increase in the euro area debt ratio by 0.9 percentage point for 2013. The impact was particularly significant in Belgium, Ireland, Austria and Portugal. Moreover, other revisions (not related to the ESA 2010) increased the euro area government debt ratio by 0.3 percentage point for the same year. However, these two factors together were more than compensated by the impact of the increased level of nominal GDP on the ratio, which amounted to 2.8 percentage points.

Debt indicators for corporations and households

Debt indicators for the other institutional sectors of the economy based on the financial accounts have been affected by changes to the boundaries between the sectors and by new guidance for the separation of financial and non-financial corporations.

In particular, the reclassification of certain holding companies from the non-financial to the financial sector lowers the debt of non-financial corporations and increases the recorded size of the financial sector (see Table B). This shift is particularly large in some countries that have a sizable number of holding companies, such as Belgium. The decrease in non-financial corporation debt due to the reclassification of holding companies is offset by upward revisions stemming from improved data sources, resulting in particular in a better coverage of non-MFI financing. Moreover, debt of non-financial corporations can now be measured more comprehensively by including trade credits, an important source of financing, with data available from all euro area countries on a quarterly basis. This resulted in an overall increase in the ratio of non-financial corporation debt to GDP at the end of 2013 by 21 percentage points.

Financial sector debt has increased not only because of the inclusion of additional holding companies but also owing to the clear requirement to record entities (such as special purpose entities) as residents if they are incorporated or registered in a country, even if they have little or no physical presence there. Reviews of data sources and methods have also tended to increase the recorded debt of financial corporations. Finally, as the reclassified holding companies generally have relatively large outstanding amounts of equity, the debt-to-equity ratios for financial corporations have decreased.

As regards the recorded indebtedness of the household sector, the downward revision of the debt-to-GDP ratio stems exclusively from statistical improvements and the effect of the revisions to GDP.

Table B Revisions to debt indicators by sector

(outstanding amounts at end-2013 as a percentage of GDP)

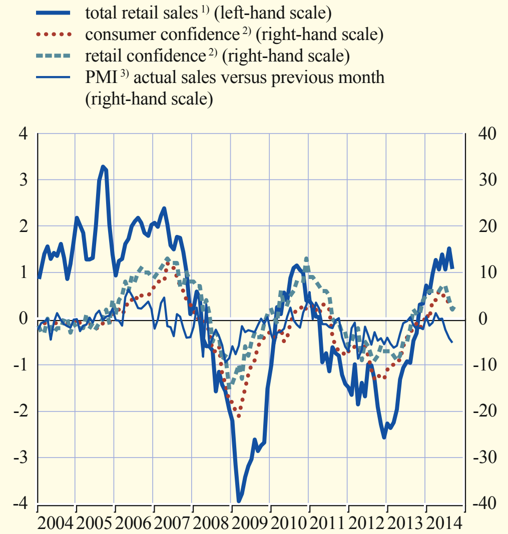
	Non-financial corporation debt[1)]	Financial sector debt[2)]	Household debt (loans)
Old value	104.8	457.6	64.3
Methodological revisions (sector delineation)	-5.3	2.3	0.0
Benchmark and other revisions	5.5	2.5	0.5
Inclusion of trade credits in non-financial corporation debt	24.8		
Denominator effect (division by new GDP)	-4.1	-14.0	-2.0
Total change in indicator	21.0	-9.1	-1.6
New value	**125.8**	**448.5**	**62.7**

1) Debt securities, loans, liabilities from pension schemes and, in the new debt indicator for non-financial corporations, trade credits.
2) All liabilities excluding equity (shares, other equity and investment fund shares other than money market fund shares).

When considering data and indicators until October, information on private consumption confirms, on balance, some further rise in household spending, although reflecting at the same time some deceleration in underlying consumption dynamics. The volume of retail sales in the third quarter was, on average, 0.2% above that of the second quarter, when sales increased by 0.4%, quarter on quarter. Moreover, growth in new passenger car registrations stood at 0.3%, quarter on quarter, in the third quarter, after having been 1.7% in the previous quarter. Retail sector survey data, which weakened in the third quarter, slightly improved between September and October. The Purchasing Managers' Index (PMI) for retail trade declined from 50.4 in the second quarter to 46.1 in the third quarter, thus indicating shrinking sales. At the same time, the European Commission's indicator for confidence in the retail sector also declined between the second and third quarter before slightly rising in October, reaching a level which is still below its average in the third quarter (see Chart 27). Moreover, euro area consumer confidence edged up in October, after four consecutive monthly declines. As a result, confidence currently stands at a level below its average in the third quarter, but remaining above its long-term average. Finally, the indicator for major purchases also improved between September and October, reflecting mixed developments at the country level. Although this indicator appears to have started a recovery path, it still remains at a low level, thus pointing towards moderate developments in consumption of consumer durables. However, caution is warranted when interpreting developments in this indicator as it appears that its correlation with actual consumption of durables has declined since the onset of the crisis.

Chart 27 Retail sales, retail sector PMI and measures of confidence

(monthly data)



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

Gross fixed capital formation contracted by 0.9%, quarter on quarter, in the second quarter of 2014, following four quarters of rising investment. The latest outcome appears to have been brought about mainly by a fall in construction investment, alongside broadly stable developments in non-construction investment.

Short-term indicators point to continued sluggish developments in the third quarter. Industrial production of capital goods (an indicator of future non-construction investment) fell sharply, by 4.8% month on month, in August, following a rise of 2.5% in July. As a result, the average level of capital goods production in July and August stood 0.2% below that of the second quarter, when it declined by 0.6% quarter on quarter. Although survey results for the non-construction industrial sector in the third quarter of 2014 and for October, from both the PMI and the European Commission, have declined compared with the second quarter, they nonetheless point to moderate positive growth. At the same time, the European Commission's business survey of the manufacturing industry indicates that capacity utilisation, which started to slowly rise at the beginning of 2013, remained broadly stable in the three-month period to October 2014. This indicator remains below its long-term average, indicating the presence of significant excess capacity in the industrial sector.

As regards construction, hard data and survey results paint a somewhat mixed picture. Construction production rose in the euro area, month on month, by 1.5% in August, following a smaller increase in the previous month. As a result, the July-August average stood 0.5% above the average level for the second quarter, when construction production declined by 0.7% on a quarterly basis. Survey results however provide a less positive, albeit also mixed, picture than the latest developments in actual construction production. On the one hand, the PMI for construction activity deteriorated further between the second and the third quarter of the year and is thus well below the theoretical "no growth" threshold of 50. On the other hand, the European Commission indicator for construction confidence improved somewhat between the same quarters, before increasing further between September and October, although this indicator is still registering levels far below its long-term average. In addition, forward-looking survey data on new orders and the order book remain at low levels, significantly below their historical averages. Overall, it appears that activity in the construction sector is still being impeded by subdued economic prospects in this sector and ongoing housing market adjustment in a number of euro area countries.

Both euro area exports and imports increased on a quarterly basis by 1.3% in the second quarter of this year. As a result, the contribution of euro area trade to GDP growth, which has been rather volatile over recent quarters, turned slightly positive again in the second quarter. The latest data on euro area trade point to a slowdown in quarterly export growth alongside a rise in imports in the third quarter, amidst weaker trade momentum in advanced economies. The net trade contribution to GDP growth is therefore likely to have been negative in the third quarter. The value of exports in July and August was, on average, 0.1% above the average in the second quarter, whereas the corresponding figure for imports was 0.5%. At the same time, trade prices did not move significantly, which implies that trade volumes should not have differed significantly from trade values. Survey data for the period from July to October also point to some weakening in export growth compared with the second quarter. The PMI for new export orders declined between the second and third quarter, before displaying a further decline in October. However, the index remains above the expansion threshold of 50, thereby indicating positive growth. The European Commission survey indicator for export order books paints a broadly similar picture.

4.2 SECTORAL OUTPUT

Real value added displayed flat growth, quarter on quarter, in the second quarter of 2014. This outcome reflected a sharp fall in construction sector value added, which was offset by a rise in value added for industry excluding construction and services (see Box 9).

Box 9

A CLOSER LOOK AT THE RECOVERY IN EURO AREA SERVICES

Growth has returned to the euro area economy since the second quarter of 2013. An important driver behind the recovery has been growth in the services sector, which accounts for about three-quarters of total value added. The economic recovery in the euro area has been uneven across the main economic sectors. Real activity in the services sector, as measured by the chain-linked index of value added, has been above previous peak levels since the second quarter of 2011, whereas in industry, and in particular construction, it is still clearly below previous peak levels.[1] Against this background, this box takes a closer look at the recent recovery in the euro area services sector. It describes the main drivers of the recovery up to the second quarter of 2014. It also assesses the sustainability of the recovery in the near term on the basis of the latest survey evidence.

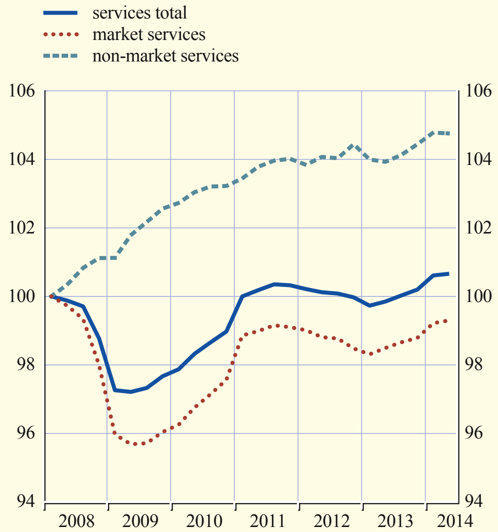
Real value added developments up to the second quarter of 2014

Developments in real value added show that the current recovery in euro area services has been particularly driven by market services, which account for about three-quarters of total services value added. The real value added of market services was, in the second quarter of this year, 1.0% higher than in the first quarter of last year (see Chart A). Non-market services (public administration, education, health care and social services) contributed less to the current recovery, against a background of fiscal consolidation efforts. This notwithstanding, the real value added of non-market services stood in the second quarter 0.7% above the level recorded in the first quarter of last year. These euro area developments mask notable cross-country differences. For example, looking at the four largest euro area countries, in the second quarter of this year market services real value added in Italy was 0.4% lower than in the first quarter of 2013, whereas it was 1.2% higher in France, 1.4% higher in Germany and 2.3% higher in Spain. For non-market services, this range across the largest countries varies between -0.7% for Spain and 1.6% for France.

Striking differences also exist for the main subsectors of market services (see Chart B). The strongest growth since the first quarter of last year was recorded for trade, transport, accommodation and food services as well as

Chart A Euro area value added for total services, market services and non-market services

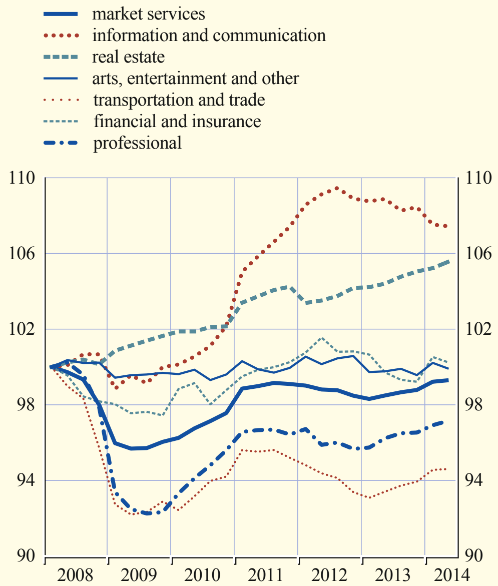
(chain-linked index; 2008 Q1 =100)



Source: Eurostat.

Chart B Euro area market services value added across subsectors

(chain-linked index, 2008 Q1 =100)



Source: Eurostat.

1 For more details, see "Euro area sectoral activity since 2008", *Monthly Bulletin*, ECB, Frankfurt am Main, May 2014. Besides value added, turnover data is available for a few services subsectors, but they refer to nominal developments and are therefore not covered in this box.

professional, business and support services. Both subsectors have picked up comparatively well since the start of the current recovery. These service activities include a broad range of both business-to-consumer and business-to-business services. Some of these are largely sheltered and are linked to demand from households (such as retail trade and food services) while others are exposed to (global) business-to-business developments (such as air and sea cargo transportation or business travel). Business services are benefitting from a need for consulting and advisory activities in an environment of strong restructuring and mergers and acquisitions. Real estate services activity has also contributed to the recent recovery in services, while the real value added of financial and insurance services as well as the arts, entertainment and other services has remained broadly unchanged since the first quarter of last year. The real value added of information and communication services has declined somewhat.

Survey evidence for the third and fourth quarters of 2014

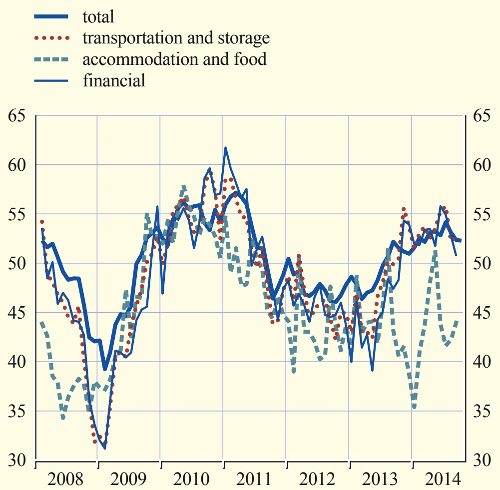
Given that real value added in services grew in the second quarter of this year compared with the previous quarter by only 0.05%, surveys can provide some insight into the recovery in services for the second half of this year.

Chart C plots the Purchasing Managers' Index (PMI) services business activity index for total market services and selected subsectors. The PMI services business activity index is a widely monitored survey indicator, as it provides an early signal of the growth of value added in services.[2] The total services business activity index was above the theoretical "no-change" threshold of 50 in the third quarter and at the start of the fourth quarter, indicating further growth in the market services sector. However, the momentum of market services growth has in recent months slowed down slightly, as in October the PMI services business activity index was at its lowest level since July this year. The chart also shows that significant differences across subsectors have remained. A comparatively low level of business activity is recorded for accommodation.

Chart D plots, on the basis of European Commission DG ECFIN surveys, the evolution of demand expected in the months ahead for total (non-financial) services and selected subsectors and the evolution of demand (turnover) expected in the next three months for financial services. Expected demand for total services between July and September came down compared to June, but returned in October close to the June level, which was the highest since the summer of 2011. The October level thus clearly remained on balance positive, suggesting that the recovery in the service sector is expected to continue.

Chart C PMI services business activity for total market services and selected subsectors

(monthly diffusion index)



Source: Markit.
Note: "Financial" refers to financial service activities, insurance and pension funding and auxiliary activities.

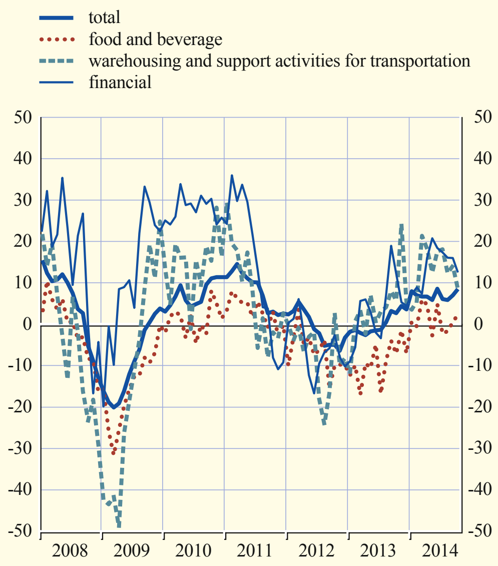
2 See also the box entitled "Euro area sectoral value added growth and the Purchasing Managers' Index", *Monthly Bulletin*, ECB, Frankfurt am Main, April 2014.

Again, differences across subsectors exist. Comparatively strong, albeit slowing, demand is expected for warehousing and support activities for transportation as well as financial services, while comparatively low demand is foreseen for food and beverage service activities.

In sum, real value added data up to the second quarter of this year show that the recent recovery in the services sector is mainly driven by market services, which, in turn, benefited most from a pick-up in transportation and trade as well as professional, business and support services. Survey data up to the first month of the fourth quarter of this year show that the recovery in the services sector is expected to remain on track despite a slowing down in overall services growth. PMI services business activity indices and data on demand expected in the months ahead show that food services are expected to be comparatively weak.

Chart D Evolution of services demand expected in the months ahead for total and selected subsectors

(monthly percentage balances)

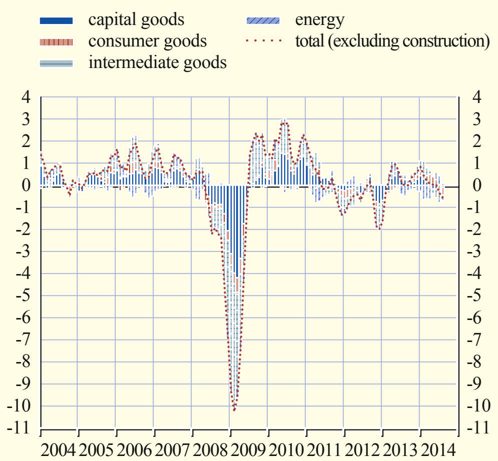


Source: European Commission DG ECFIN services and financial services surveys.

With regard to developments in the third quarter of 2014, industrial production (excluding construction) declined by 1.8%, month on month, in August, following 0.9% growth in the previous month. As a result, average industrial production in July and August stood 0.5% below that of the second quarter, when production displayed flat growth on a quarterly basis (see Chart 28). The ECB indicator for euro area industrial new orders (excluding heavy transport equipment) declined by 1.1%, month on month, in August, following a small increase in the previous month. Therefore, on average, in July and August the level of new orders stood 0.2% below its second-quarter outcome, when they were stable vis-à-vis the first quarter. More timely survey data also point to a weakening in industrial sector output, although they continue to be in line with moderate growth in the third quarter and at the beginning of the fourth quarter. For example, the manufacturing

Chart 28 Industrial production growth and contributions

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



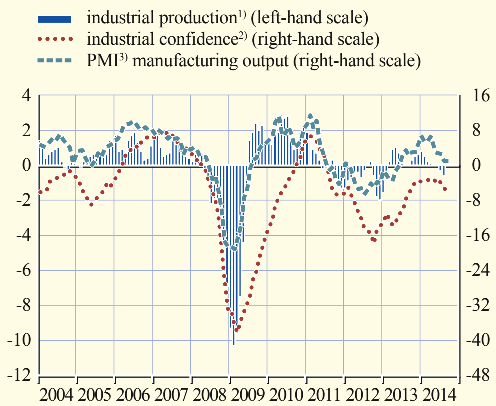
Sources: Eurostat and ECB calculations.
Note: Data shown are calculated as three-month moving averages against the corresponding average three months earlier.

output PMI declined in the third quarter, albeit remaining above the expansion threshold of 50, but rose again between September and October (see Chart 29). Moreover, European Commission survey data indicate that the demand situation remained broadly stable in the three months to October 2014.

Services sector value added is likely to have increased further so far in the second half of 2014. In slight contrast to the manufacturing sector, the PMI for services business activity rose somewhat between the second and the third quarter of 2014, whereas during the same period the European Commission's indicator for services sector confidence remained flat, before edging up in October. The PMI marginally declined between September and October, to 52.3, thereby standing somewhat below its second and third-quarter averages, albeit still signalling positive growth.

Chart 29 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



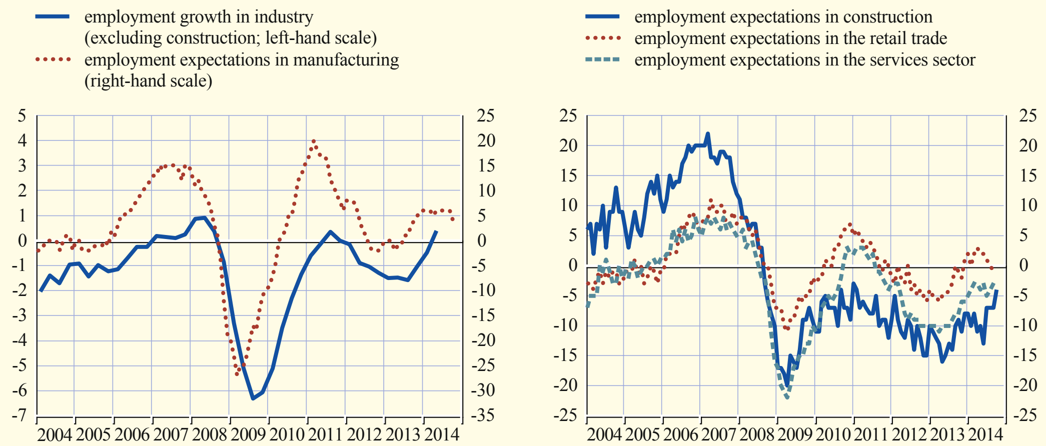
Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
Note: Survey data refer to manufacturing.
1) Three-month-on-three-month percentage changes.
2) Percentage balances.
3) Purchasing Managers' Index; deviations from an index value of 50.

4.3 LABOUR MARKET

The latest data for employment and unemployment rates suggest that the labour market has been improving slightly. However, strong differences persist across countries, as well as between different age groups. Survey results have recently weakened, thus suggesting stagnating labour market developments in the period ahead (see Chart 30).

Chart 30 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.

Table 9 Employment growth

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

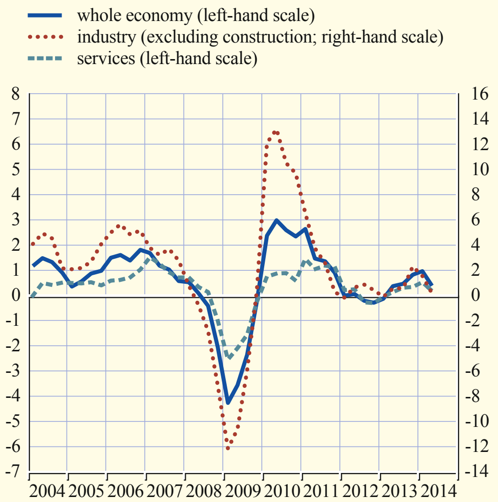
	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2012	2013	2013 Q4	2014 Q1	2014 Q2	2012	2013	2013 Q4	2014 Q1	2014 Q2
Whole economy	-0.6	-0.8	0.1	0.0	0.2	-1.5	-1.2	0.1	0.0	0.2
of which:										
Agriculture and fishing	-1.6	-1.4	-0.5	-0.5	0.4	-2.9	-0.5	0.6	-1.0	-0.6
Industry	-2.0	-2.3	-0.1	-0.2	0.3	-3.4	-2.5	-0.4	-0.2	0.1
Excluding construction	-0.8	-1.4	0.0	0.2	0.4	-2.1	-1.3	-0.1	0.0	0.2
Construction	-4.6	-4.6	-0.6	-1.0	-0.1	-6.3	-5.3	-1.0	-0.6	-0.2
Services	-0.1	-0.3	0.2	0.1	0.2	-0.8	-0.8	0.2	0.1	0.2
Trade and transport	-0.6	-0.7	0.2	-0.1	0.5	-1.6	-1.3	0.0	0.1	0.5
Information and communication	0.7	0.1	0.7	0.2	0.3	0.4	0.3	0.8	0.0	0.6
Finance and insurance	-0.5	-1.2	-0.1	-0.1	-0.8	-0.6	-1.4	0.1	-0.1	-0.8
Real estate activities	-0.1	-1.4	-0.5	1.3	0.1	-1.2	-2.2	-0.8	1.3	-0.3
Professional services	0.5	0.2	0.2	0.3	0.6	-0.2	-0.5	0.1	0.4	0.5
Public administration	-0.2	-0.1	0.3	0.2	-0.1	-0.4	-0.5	0.6	-0.1	0.0
Other services[1]	0.6	-0.2	-0.1	0.2	0.2	-0.4	-0.7	-0.6	0.5	-0.3

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

Headcount employment, which stabilised in the third quarter of 2013, edged up in the following two quarters, before rising further, by 0.2% quarter on quarter, in the second quarter of this year (see Table 9). At the sectoral level, the latest figure reflects increases in employment in industry excluding construction and services. Total hours worked also rose by 0.2%, quarter on quarter, in the second quarter of 2014, following stable developments in the previous quarter.

Chart 31 Labour productivity per person employed

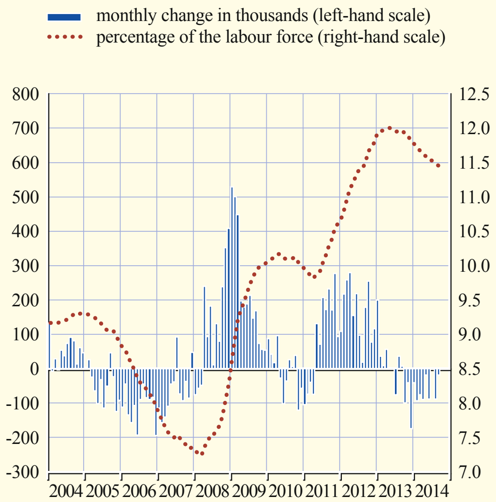
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 32 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

Labour productivity per person employed increased by 0.4% in annual terms in the second quarter of 2014 (see Chart 31). This is broadly similar to the growth rate recorded for 2013 as a whole. The annual growth rate of hourly labour productivity edged up by 0.1 percentage point, reaching 0.5% in the second quarter. As regards the third quarter of 2014, the latest readings of the PMI productivity index, which encompasses the manufacturing and services sectors, signal continued positive growth.

The unemployment rate declined from its peak of 12.0% in the second quarter of 2013 to 11.5% in the third quarter of 2014 (see Chart 32). This improvement has been broad-based across age and gender groups. Although the unemployment rate has remained broadly stable since June 2014, the number of unemployed has declined. The latest reading is nonetheless 4.2 percentage points higher than in March 2008, when unemployment was at a cyclical low before the onset of the financial crisis. Moreover, although differences across countries have diminished somewhat recently, they still remain high by historical standards.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Since the summer months, incoming data and survey evidence have overall indicated a weakening in the euro area's growth momentum. This information has now been incorporated into the most recent forecasts by private and public institutions, which indicate a downward revision of real GDP growth over the projection horizon up to 2016, with the outlook for a modest economic recovery remaining in place. On the one hand, domestic demand should be supported by the monetary policy measures, the ongoing improvements in financial conditions, the progress made in fiscal consolidation and structural reforms, and lower energy prices supporting real disposable income. Furthermore, demand for exports should benefit from the global recovery. On the other hand, the recovery is likely to continue to be dampened by high unemployment, sizeable unutilised capacity, and the necessary balance sheet adjustments in the public and private sectors.

The risks surrounding the economic outlook for the euro area continue to be on the downside. In particular, the weakening in the euro area's growth momentum, alongside heightened geopolitical risks, could dampen confidence and, in particular, private investment. In addition, insufficient progress in structural reforms in euro area countries constitutes a key downward risk to the economic outlook.

The results from the latest Survey of Professional Forecasters show that the growth outlook for 2014, 2015 as well as 2016 has been revised down compared with the previous survey round. At the same time, unemployment expectations remain virtually unchanged (see Box 6 in Section 3).

ARTICLES

THE FINANCIAL VULNERABILITY OF EURO AREA HOUSEHOLDS – EVIDENCE FROM THE EUROSYSTEM'S HOUSEHOLD FINANCE AND CONSUMPTION SURVEY

This article highlights three examples of new cross-country comparative research based on data from the Eurosystem's Household Finance and Consumption Survey (HFCS) – research that is particularly relevant to the assessment of financial stability. First, the article investigates how the financial vulnerability of households is affected by different adverse macroeconomic shocks, finding that the effects of such shocks are fairly limited at the euro area level. Second, a new methodology is presented which combines household-level data with aggregate data, providing timely estimates of the impact of shocks on individual households. Those estimates suggest that high-income households have recently experienced the largest declines in wealth. Meanwhile, the impact on consumption expenditure by low-income households has probably been magnified owing to their stronger response to wealth shocks. Third, the extended dataset is then used to derive a breakdown of the effect of recent changes in interest rates and unemployment on measures of financial vulnerability (such as the debt service-to-income ratio). The article finds that, although households with variable rate mortgages have benefited from declines in interest rates, the impact of falling rates on the debt service-to-income ratios of low-income households has been dampened by the fact that poorer households have been disproportionately affected by rising unemployment.

1 INTRODUCTION

The financial positions of euro area households differ significantly both within and across countries, reflecting differences in income, consumption, wealth, debt holdings and portfolio allocation. This has implications for central banks. For example, the impact that changes in interest rates will have on the consumption expenditure of an individual household depends crucially on that household's overall financial position – for example, whether it is a net debtor or a net creditor, and whether the interest rates on its assets and liabilities are fixed or variable. Such differences have macroeconomic implications, as the economy's overall response to policy changes will depend on the distribution of assets and debt across households – especially in times of crisis, when economic shocks are large and unevenly distributed. Consequently, a deep understanding of the economy's responses to various shocks or changes in policy instruments requires detailed information on the structure and composition of household finances at the micro level.

Central banks have long been involved in the collection and analysis of data on the financial positions of individual households, reflecting the importance of household finances for monetary policy and the analysis of financial stability. In 1983 the Federal Reserve System launched its Survey of Consumer Finances, which is conducted every three years. Several other central banks have since decided to follow suit and carry out household finance surveys of their own. Here in Europe, the Eurosystem (comprises the ECB and the NCBs of all the countries that have adopted the euro) has recently launched its Household Finance and Consumption Survey. This joint effort involving the central banks of the Eurosystem and a number of national statistical institutes aims to produce data which are comparable across countries.

The HFCS provides detailed data on individual household balance sheets and other aspects of household finances. That dataset currently contains a wealth of information on the finances of over 62,000 households across 15 euro area countries. In April 2013 the ECB published the results of the first wave of the survey,[1] and a number of research projects using those data have

1 For an overview, see the article entitled "The Eurosystem Household Finance and Consumption Survey: Description and main results of the first wave", *Monthly Bulletin*, ECB, April 2013. Extensive information about the survey is available on the ECB's website (www.ecb.europa.eu/home/html/researcher_hfcn.en.html), especially in two ECB reports accompanying the public release of the HFCS dataset: "The Eurosystem Household Finance and Consumption Survey: Results from the first wave" and "The Eurosystem Household Finance and Consumption Survey: Methodological report for the first wave".

since been carried out by Eurosystem researchers. That dataset has also been made available beyond the confines of the Eurosystem, and some 300 external researchers are now working on around 130 different projects using those data. The availability of that information has triggered substantial research activity across the euro area on the subject of household finances.

Research projects using the new data cover a very wide range of topics. Some are studying the links between asset prices and consumption, while others are tracking patterns in debt holdings, wealth and income inequality. Other projects, for example, are gauging the impact that inflation and changes in interest rates have on various households, or estimating the determinants of saving, credit constraints and financial vulnerability.

These topics reflect recent developments in household finance, which is a relatively new research field compared with areas such as corporate finance.[2] The HFCS acts as a catalyst for the further development of this field, particularly in terms of cross-country comparisons. It is also an important input into assessments of macroeconomic and financial stability.

A comprehensive summary of all the results available thus far is beyond the scope of this article. Instead, the article puts the spotlight on three areas that are particularly relevant for the analysis of financial stability.

First, the experiences of a number of countries during the crisis have highlighted the crucial role played by household balance sheets in determining the intensity, duration and macroeconomic impact of the crisis. Accordingly, Section 2 focuses on the financial vulnerability of households – i.e. the risk that adverse shocks will trigger financial distress for particular types of household. Specifically, it uses simulation analysis to "stress test" households' financial positions, in order to see how alternative macroeconomic scenarios affect various measures of households' financial vulnerability and estimate potential losses for the banking system if households default.

Section 3 of the article shows how the usefulness of the HFCS dataset for monetary policy – and for financial stability in particular – can be increased by introducing aggregate data. One major limitation of data derived from household finance surveys is the amount of time taken to collect and process that information. Consequently, data are published with a substantial lag. For example, the HFCS data that were released in 2013 related mainly to the year 2010. For many policy purposes, this delay is simply too long (particularly when there are major changes in asset prices and/or economic conditions). Fortunately, this problem can be alleviated by combining the cross-sectional survey data with more timely aggregate data (e.g. data on asset prices). This makes it possible to derive timely estimates of several relevant indicators of households' financial positions and, ultimately, to ascertain the implications for the dynamics of consumption. The results of such an approach are presented in Section 3.

Section 4 demonstrates one possible use of such extended HFCS data. Using the technique described above, it looks at how the distribution of financial pressures on households (as measured, for example, by the debt service-to-income ratio) evolves over time and how its dynamics are affected by changes in interest rates and the unemployment rate. Such timely measures of financial pressure are useful not only in terms of analysing the risks to financial stability, but also for more general macroeconomic analysis.

2 For an overview of household finance and key references, see: Campbell, J.Y., "Household Finance", presidential address to the American Finance Association, *The Journal of Finance*, Vol. 61(4), 2006, pp. 1553-1604; and Guiso, L. and Sodini, P., "Household Finance: an Emerging Field", in Constandinides, G.M., Harris, M. and Stulz, R.M. (eds.), *Handbook of the Economics of Finance*, Elsevier, 2013.

2 "STRESS TESTING" HOUSEHOLDS' FINANCES

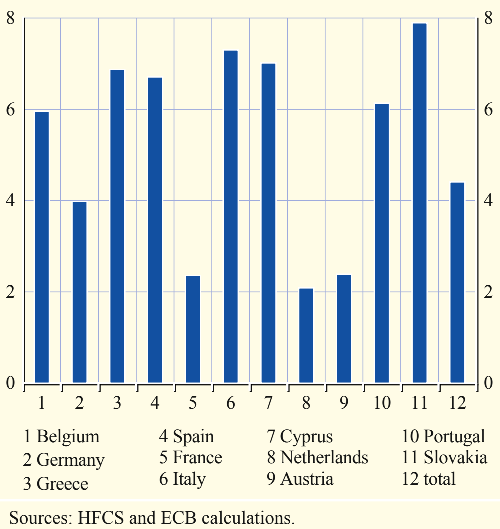
Given that the HFCS provides detailed information on the balance sheets of individual households, it is especially well suited to the analysis of households' financial vulnerabilities – particularly using stress-testing techniques. As these tests can provide valuable information supporting the assessment of risks to financial stability, their use has become increasingly widespread in recent years. However, most of the studies undertaken thus far have faced serious limitations in terms of data, such as the unavailability of income and wealth data for individual households or a lack of comparability across countries.[3] Using data from the HFCS, Ampudia, van Vlokhoven and Żochowski[4] propose a framework for assessing the vulnerability of households and carry out a stress-testing exercise. In addition, since full information on households' balance sheets is now available, they also estimate the potential losses incurred by the banking system if households default.

First, the authors propose a measure of financial distress which takes account of both the solvency and liquidity positions of individual households. A household is considered to be in distress if two conditions are met: (i) its financial margin (defined as household income minus taxes, debt payments and basic living costs) must be negative; and (ii) the total negative flow (vis-à-vis that financial margin) over a given period of time must exceed the household's liquid assets. In order to calibrate households' basic living costs and the number of months needed to satisfy the solvency requirement, the study uses country-level data on non-performing loans. Chart 1 uses that measure to estimate the percentage of distressed indebted households in various countries.

Using such a measure of household distress, the authors then perform a stress-testing exercise on the household sector, analysing the impact that various adverse shocks have on households' financial distress. This section reports on the impact that shocks to employment, interest rates and house prices have on various indicators of credit risk at the country level: (i) the percentage of vulnerable households, which can be used as an indicator of households' probability of default;

Chart 1 Estimated percentage of indebted households in distress

(percentages)



Sources: HFCS and ECB calculations.
Notes: Data for Spain relate to 2008; data for Greece and the Netherlands relate to 2009; and data for all other countries relate to 2010. Total refers to the 11 countries included in the graph.

3 For studies using income data, see: Beck, T., Kibuuka, K. and Tiongson, E., "Mortgage Finance in Central and Eastern Europe – Opportunity Or Burden?", *World Bank Policy Research Working Papers*, No 5202, 2010; Herrala, R. and Kauko, K., "Household loan loss risk in Finland – estimations and simulations with micro data", *Bank of Finland Research Discussion Papers*, No 5/2007, 2007; Sugawara, N. and Zalduendo, J., "Stress-Testing Croatian Households with Debt-Implications for Financial Stability", *World Bank Policy Research Working Papers*, No 5906, 2011; and Zajączkowski, S. and Żochowski, D., "The distribution and dispersion of debt burden ratios among households in Poland and its implications for financial stability", *IFC Bulletin*, No 26, BIS, pp. 62-74. Two other studies use the HFCS for similar purposes, looking at particular countries: Albacete, N. and Lindner, P., "Household Vulnerability in Austria – A Microeconomic Analysis Based on the Household Finance and Consumption Survey", *Financial Stability Report*, No 25, Oesterreichische Nationalbank, June 2013, pp. 57-73; and IMF, "Spain: Vulnerabilities of Private Sector Balance Sheets and Risks to the Financial Sector – Technical Notes", IMF Country Report No 12/140, June 2012.

4 See Ampudia, M., van Vlokhoven, H. and Żochowski, D., "Financial fragility of euro area households", *Working Paper Series*, ECB, forthcoming.

(ii) exposure at default, which represents the percentage of total debt that is held by distressed households; and (iii) loss given default, which represents the losses (net of collateral) that are incurred by the financial sector when distressed households default. These losses are calculated on the basis of various scenarios, depending on the amount of assets that banks are able to seize in the event of a default.

Table Estimated effects of shocks on the percentage of households in distress

(percentages)

Country	Belgium	Germany	Greece	Spain	France	Italy	Cyprus	Portugal	Slovakia	Total
Baseline	6.0	4.0	6.9	6.7	2.4	7.3	7.0	6.1	7.9	4.7
Interest rate shock	6.3	4.0	7.8	8.8	2.4	7.5	7.6	7.5	8.0	5.1
Employment shock	6.0	4.1	7.5	7.1	2.5	7.4	7.3	6.4	8.4	4.9
Combined shock	6.3	4.1	8.5	9.1	2.5	7.7	8.0	7.7	8.5	5.3

Sources: HFCS and ECB calculations.
Notes: The interest rate shock involves a 300 basis point increase in the interest rates on all loans to households. The employment shock is defined as a 5 percentage point increase in the unemployment rate. People who lose their jobs are assumed to receive unemployment benefits. Data for Spain relate to 2008; data for Greece relate to 2009; and data for all other countries relate to 2010. In addition, total refers to the nine countries included in the table.

The above table presents baseline figures showing the percentage of distressed households at the time of the survey (2008 for Spain, 2009 for Greece and 2010 for all other countries).[5] It also shows the situation under three alternative scenarios, reporting the effect of (i) a 300 basis point increase in interest rates, (ii) a 5 percentage point increase in the unemployment rate, and (iii) both shocks combined. When looking at all the countries in our sample together, the effects of such shocks are fairly limited, with the combined shock causing the percentage of distressed households to rise from 4.7% to 5.3%. At the country level, however, the results vary quite considerably. For example, the impact of that combined shock is negligible in France and Germany (the percentage of distressed households rises from 2.4% to 2.5% and from 4.0% to 4.1% respectively), but fairly large in Spain (here, the corresponding figure increases from 6.7% to 9.1%). A key driver of the results is the relative prevalence of fixed and variable rate mortgages in each country; a factor which determines the transmission of the interest rate shock. Households seem to be more vulnerable in countries with a large percentage of variable rate mortgages. These figures also reflect the restrictiveness of previous bank lending policies as well as household aversion to risk, which ultimately shapes the size of the buffer (comprising income and liquid assets) that indebted households maintain.

The authors also estimate the impact that such shocks would have on loss given default. Loss given default is a key measure of the credit losses that banks could incur if households were to default, and it provides some useful insight into the risks that house price shocks pose to banks. Chart 2 presents the changes in loss given default that would result from a combined interest rate, employment and house price shock. It shows outcomes for three different scenarios, depending on the amount of household assets that a bank is able to recover after a default, namely: (i) all assets; (ii) all liquid assets, plus the value of any real estate in the event that the household has a mortgage; and (iii) all liquid assets, plus the value of any real estate, but with a 20% reduction in the said value (reflecting the fact that the bank may be obliged to accept a lower price if a quick asset sale is necessary).

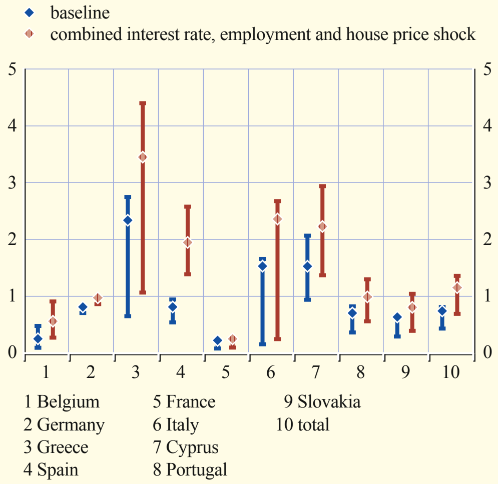
5 The Netherlands and Austria are excluded from this analysis owing to small sample sizes of distressed households.

In France and Germany there are only small differences between the three loss given default scenarios. In particular, reducing the value of collateral has hardly any effect. This suggests that the debts of French and German households are relatively well covered by assets. In contrast, reducing the value of collateral may significantly increase the losses incurred by banks in Greece, Spain and Cyprus. Overall, risks to the financial sector are limited: potential losses do not exceed 5% of total household debt in any euro area country, even in the worst scenario.

All in all, the framework devised by Ampudia, van Vlokhoven and Żochowski provides a platform for assessing both risks to financial stability stemming from the household sector and possible heterogeneity in the monetary transmission mechanism. These two aspects are highly relevant from the ECB's perspective, not only in view of the establishment of the Single Supervisory Mechanism and the ECB's assumption of a number of macro-prudential policy responsibilities, but also in terms of understanding how the monetary transmission mechanism functions in all parts of the euro area when households are under stress.

Chart 2 Estimations of loss given default

(percentages)



Sources: HFCS and ECB calculations.
Notes: The interest rate shock involves a 300 basis point increase in the interest rates on all loans to households. The employment shock is defined as a 5 percentage point increase in the unemployment rate. People who lose their jobs are assumed to receive unemployment benefits. The house price shock is a decline of 20% in the value of real estate. Three different estimates are provided, based on different assumptions regarding the assets that a bank can recover in the event of a default. The bottom of the line represents a scenario in which the bank is able to recover all of the household's assets. The diamond indicates a scenario where the bank is able to recover all liquid assets, plus the value of collateral if the household has a mortgage. The top of the line is based on the same assumptions as the diamond, but the value of real estate is reduced by 20% because the purchase price of an asset tends to be below its market value in the case of a forced sale. In addition, total refers to the nine countries included in the chart.

3 COMBINING AGGREGATE AND HOUSEHOLD-LEVEL DATA

This section shows how the HFCS can be rendered more useful for monetary policy and the assessment of financial stability by combining the data that it generates with aggregate data (which are released with a shorter lag). It then shows how the extended dataset can be used to assess the impact of shocks to household wealth and to ascertain the implications of wealth dynamics for households' consumption.

Thus far, the HFCS dataset consists of just a single wave (note that a second wave is currently under way). The dataset contains a considerable amount of detailed data on the composition of the balance sheets of individual households in the period around 2010 (the reference year for most countries), and thereby complements existing aggregate data.

In contrast with normal periods, when changes in the distribution of wealth and the structure of assets and liabilities tend to be small and gradual, households have experienced very substantial

Chart 3 Growth in asset prices

(percentages; Q1 2008 to Q2 2013)

Sources: ECB, Thomson Reuters and national sources.

changes in asset prices during the last few years (see Chart 3).[6] Consequently, the HFCS dataset represents a snapshot of past developments and does not accurately reflect the current state of households' balance sheets.

To alleviate this shortcoming, HFCS data can be extended using country-specific aggregate data, which are more up to date than household-level data. A group of ECB authors[7] has recently updated the data for each of the various asset types and income components (as well as the debt service rate), using their aggregate country-level counterparts.[8]

This approximation procedure is not intended as an alternative to the collection of actual household-level data, since it neglects much of the household-specific variation in the data and overlooks

6 Available evidence from the US Survey of Consumer Finances and the Spanish Survey of Household Finances indicates that changes in prices are the main drivers of asset holdings, with participation rates for various asset types changing only very gradually over time. See: Bricker, J., Dettling, L.J., Henriques, A., Hsu, J.W., Moore, K.B., Sabelhaus, J., Thompson, J. and Windle, R.A., "Changes in U.S. Family Finances from 2010 to 2013: Evidence from the Survey of Consumer Finances", *Federal Reserve Bulletin*, Vol. 100(4), 2014, pp. 1-40; and Banco de España, "Survey of Household Finances (EFF) 2011: Methods, Results and Changes Since 2008", *Economic Bulletin*, January 2014, pp. 13-44.

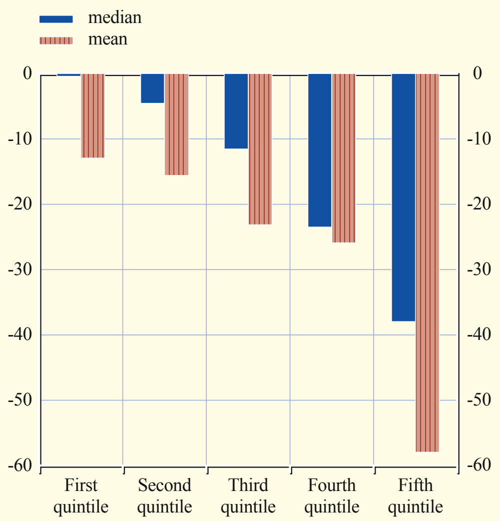
7 See Ampudia, M., Pavlickova, A., Slacalek, J. and Vogel, E., "Household heterogeneity in the euro area since the onset of the Great Recession", *Working Paper Series*, No 1705, ECB, 2014.

8 For real estate (the most important category, since it represents the largest asset held by most euro area households), they use developments in house prices. For the other asset types, they use indices of quoted and unquoted stocks and bonds. On the liability side, debt is assumed to be constant in real terms, which is in line with the developments observed in aggregate household liabilities in the euro area since 2008. Net wealth is defined as the sum of real and financial assets, net of total liabilities. Debt service is adjusted depending on whether mortgages have variable or fixed rates, using actual changes in the relevant interest rates for variable rate mortgages and consumer loans. This procedure is similar to that conducted by another group of authors for the United States (see Krimmel, J., Moore, K.B., Sabelhaus, J. and Smith, P., "The Current State of U.S. Household Balance Sheets", *Federal Reserve Bank of St. Louis Review*, Vol. 95(5), 2013, pp. 337-359).

the behavioural responses of individual households. However, significant heterogeneity is still observed in the approximated data, both across countries and across all households. Consequently, the extended dataset can be used to quantify economic shocks affecting various types of household.

Chart 4 Estimated changes in median and average net wealth per household, broken down by income quintile

(EUR thousands; Q1 2008 to Q2 2013)



Sources: HFCS and ECB calculations.

The extended dataset allows for an insight into the current distribution of wealth, as well as changes that have taken place during the recent financial turbulence. For example, looking at the period from the first quarter of 2008 to the second quarter of 2013 (which covers the financial crisis), we can estimate whether the wealth of households with low income was affected differently than that of households with high income. Chart 4 shows estimates of changes in the median and mean net wealth of households in all five income quintiles. Net wealth decreased for all quintiles, with declines ranging from €400 to €38,000 for the median and from €13,000 to €58,000 for the mean. The declines were larger for households with higher incomes, reflecting the fact that these are more likely to hold various types of risky assets (such as real estate and shares) – the value of such assets fell in most countries during the period under observation (see Chart 3). At the same time, even in the lowest income quintile, almost a half of households are home-owners. Given that house prices fell quite significantly in many cases, decreases in household wealth are broadly based across income quintiles.

Many authors have estimated the effect that changes in wealth have had on households' consumption.[9] The first wave of the HFCS does not cover household consumption in much detail, so it does not permit an evaluation of the wealth effect (note that the box in this article describes a method for estimating consumption expenditure). However, it is possible to ascertain the effects of changes in households' wealth (as indicated by Chart 4) for some assumed values of the marginal propensity to consume out of wealth (MPCW) – i.e. the change in consumption (in euro) that is caused by a €1 change in wealth.

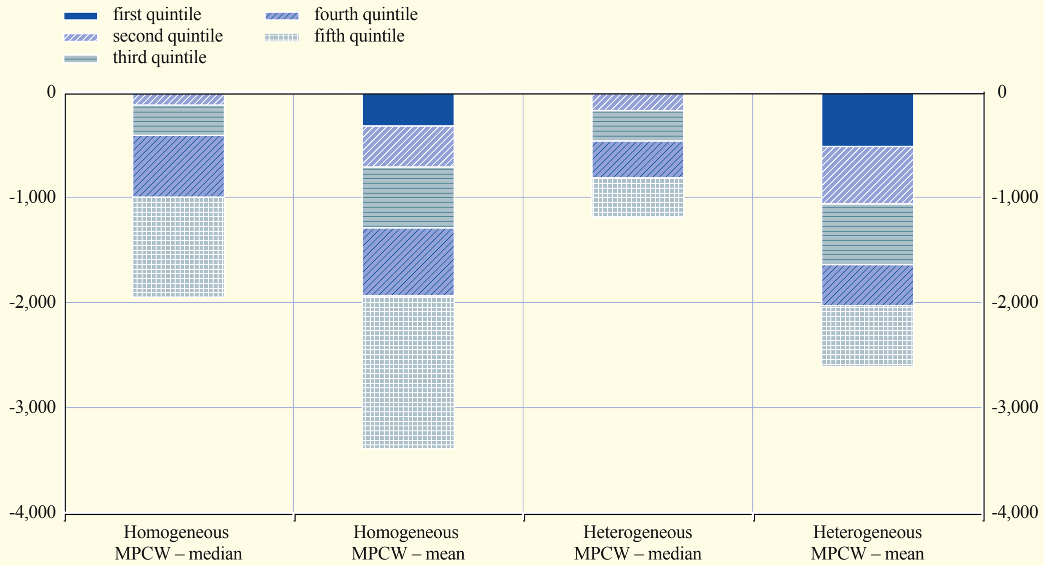
Two scenarios are considered for the MPCW: (i) a homogeneous scenario, in which the MPCW of all households equals 0.025; and (ii) a heterogeneous scenario, in which households in the five income quintiles have MPCWs of 0.040, 0.035, 0.025, 0.015 and 0.010 respectively. The latter is consistent with the large volume of empirical literature reporting that poorer households react more strongly to wealth shocks (see, for example, the recent paper by Mian, Rao and Sufi[10]).

9 See, among others, Slacalek, J., "What Drives Personal Consumption? The Role of Housing and Financial Wealth", *The B.E. Journal of Macroeconomics*, Vol. 9(1), 2009, Article 37.

10 Please refer to Mian, A., Rao, K. and Sufi, A., "Household Balance Sheets, Consumption, and the Economic Slump", *The Quarterly Journal of Economics*, Vol. 128(4), 2013, pp. 1687-1726.

Chart 5 Estimated changes in consumption per household, broken down by scenario and income quintile

(EUR; Q1 2008 to Q2 2013)



Sources: HFCS and ECB calculations.
Note: MPCW refers to marginal propensity to consume out of wealth.

As Chart 5 illustrates, changes in median and mean wealth have prompted a decline in consumption expenditure of between €1,200 and €3,400 per household. The decreases in consumption are larger for the specifications using mean wealth (because mean wealth fell more strongly than median wealth) and a homogeneous MPCW (because households with higher incomes experienced larger losses). The chart also indicates the share of the decline in aggregate consumption that can be attributed to each income quintile. With a heterogeneous MPCW, the shaded areas appear to be of a fairly similar size, meaning that even poor households accounted for a significant decrease in aggregate consumption – despite their vastly lower incomes and wealth.

Box

COMBINING THE HFCS WITH EUROSTAT'S HOUSEHOLD BUDGET SURVEY TO DERIVE INFORMATION ON HOUSEHOLDS' CONSUMPTION

HFCS data provide an accurate description of households' wealth, indebtedness and income. Given that the HFCS questionnaire is already fairly demanding, adding any further specific questions about consumption could prove difficult. However, it is possible to estimate households' total consumption by linking the limited information in the HFCS (which relates only to expenditure on food) with detailed data on consumption from Eurostat's diary-based Household Budget Survey (HBS). Those data can be useful, for example, for analysing cross-country heterogeneity in expenditure and estimating the size of wealth effects on consumption.

Information on households' consumption derived from the HBS

The 2010 HBS reported that the average annual consumption of euro area households amounted to €29,300. While the average expenditure of German, French and Italian households was close to this figure, there were large differences across other countries. For example, the consumption of households in Luxembourg was, on average, five times higher than in Slovakia. In addition, it was found that consumption in the euro area was strongly linked to income: average consumption for the bottom income quintile was less than half the average consumption for the top quintile. Average consumption also varied depending on the age of household members and household composition.

On average, food and non-alcoholic beverages accounted for 14.6% of total expenditure, but this figure varied significantly from country to country – ranging from just 8.8% in Luxembourg to 22.0% in Slovakia. Thus, cross-country variations in food consumption were smaller than the differences in total consumption. Furthermore, food consumption was affected by the composition and characteristics of the household: in almost all countries, the proportion of total consumption devoted to food increased with age and declined with a rising income.

Estimating households' consumption using HBS data

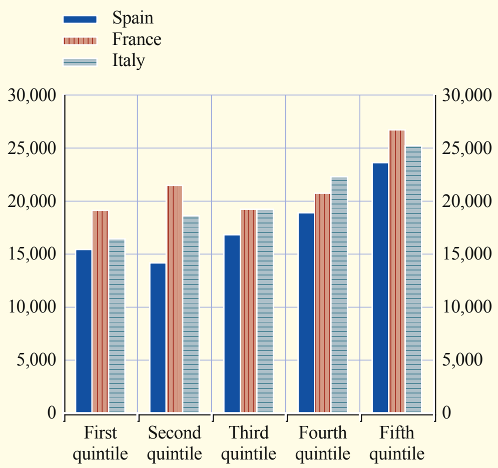
This box presents initial estimates of household consumption using both HFCS and HBS data; ones based on fitted values of equations that are estimated using HBS data. These equations allow for consumption to be linked to observable variables which are common to both the HFCS and the HBS. Note that it is essential to take account of different household characteristics when estimating heterogeneity in the consumption of individual households. Initial tentative estimates of total consumption at the household level are now available for Spain, France and Italy; countries for which HBS micro data are available for the year 2010. The results show a clear relationship between net wealth and consumption (see the chart below) – a relationship that could not have been established using HBS data alone, as the HBS survey does not provide information on wealth.

The unexpected decline in consumption observed for France (i.e. from the second to the third quintile) is due to indebtedness. Households in the third quintile of net wealth are more likely to be indebted and have higher debt service-to-income ratios, which tends to reduce their consumption.

These initial results are promising and should eventually be extended to other euro area countries. Once consumption data are available, it will be possible to calculate saving rates by using disposable income data derived from the information on gross incomes available via the HFCS. Although it relies on estimation, this data enrichment process allows users of HFCS data to study the determinants of consumption at the household level for a large number of countries.

Chart Estimated median consumption of non-durables, broken down by net wealth quintile

(EUR; average annual data for 2010)



Sources: HFCS, HBS and ECB calculations.

4 CHANGES IN THE DISTRIBUTION OF FINANCIAL PRESSURES ON HOUSEHOLDS

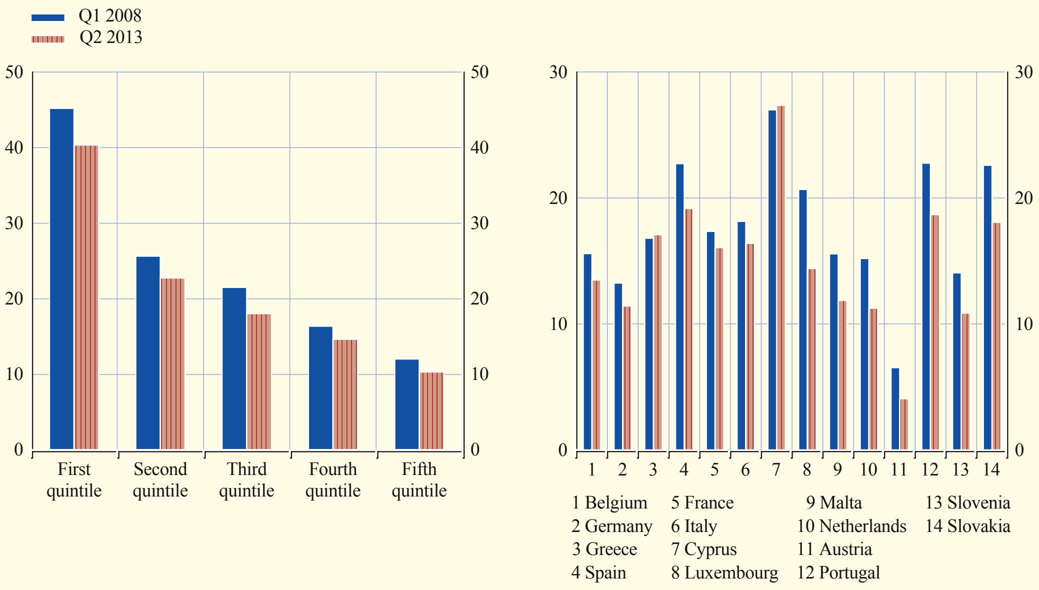
The extended HFCS dataset can also be used to approximate the distribution of the financial pressures on euro area households (as measured, for example, by the debt service-to-income ratio) and its evolution since the financial crisis. The aforementioned ratio can be used to gauge households' capacity to take on new loans or service existing debt, making it an indicator of their ability to cope with financial shocks (and an alternative to the measure discussed in Section 2). The debt service-to-income ratio has recently been affected by two countervailing factors, the magnitude of which varies across both countries and households: (i) a decline in interest rates; and (ii) an increase in unemployment rates (which has caused a decrease in income for some households).

Chart 6 shows how estimated changes in mortgage interest rates and income affected the median mortgage debt service-to-income ratios of households holding mortgages across income quintiles over the period under review. The substantial declines in mortgage interest rates – between 150 and 250 basis points in most countries – resulted in decreases in mortgage debt service ratios in all income quintiles. Households in the bottom quintile benefited most, with their median mortgage debt service ratios falling by almost 5 percentage points (compared with a decline of less than 2 percentage points for the top quintile). The right-hand panel shows that the evolution of mortgage debt service ratios was also heterogeneous across countries. While declines were particularly strong in countries where variable rate mortgages are more prevalent (such as Spain, Luxembourg, the Netherlands and Portugal), those ratios actually increased slightly in Greece and Cyprus on account of a considerable increase in the unemployment rate.

The simulations conducted by Ampudia, Pavlickova, Slacalek and Vogel (see footnote 7) allow for a breakdown of the projected changes in the debt service-to-income ratio into (i) the part that is due to the

Chart 6 Estimated distribution of households' median mortgage debt service-to-income ratios across income quintiles and countries

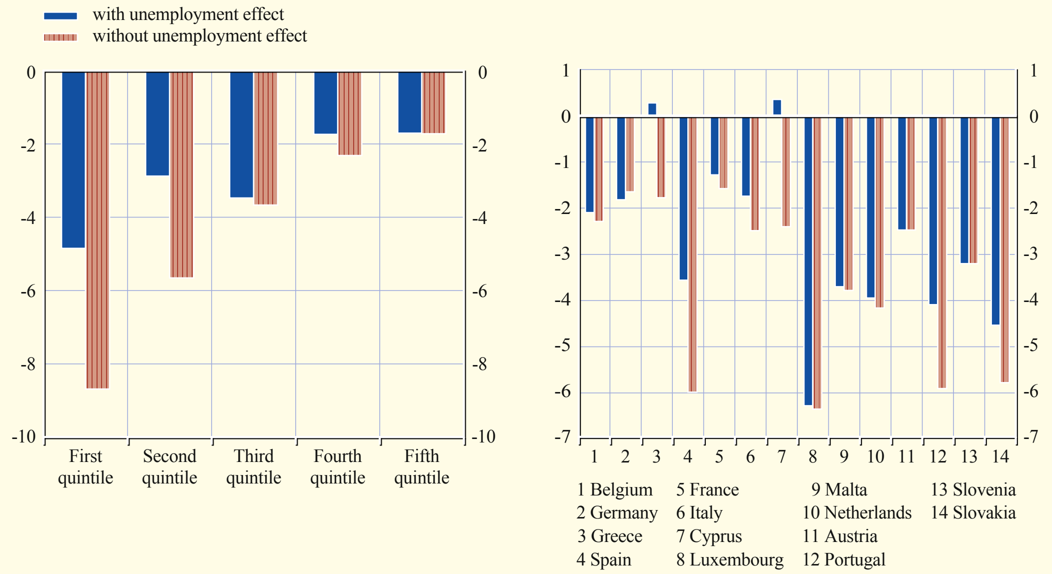
(percentages)



Sources: HFCS and ECB calculations.

Chart 7 Estimated changes in median mortgage debt service-to-income ratios across income quintiles and countries, both with and without the unemployment effect

(percentage points; Q1 2008 to Q2 2013)



Sources: HFCS and ECB calculations.

decline in interest rates (accounting for the fact that the rates on some mortgages are fixed, while others are variable), and (ii) the part that is due to the change in the unemployment rate. Chart 7 looks at how changes in unemployment rates contributed to changes in mortgage debt service ratios by comparing the baseline estimates (shown in Chart 6) with the counterfactual scenario in which unemployment is assumed to be constant. The left-hand panel suggests that the increase in unemployment had a disproportionate effect on households in the bottom two income quintiles, significantly offsetting the decreases in their mortgage rates. Without the unemployment channel, their median mortgage debt service ratio would have declined by a further 2.7 percentage points. Once again, the right-hand panel indicates that unemployment rates had a particularly strong impact on mortgage debt service ratios in Greece, Spain, Cyprus and Portugal. Thus, the observed increases in unemployment rates – which varied from country to country and were fairly severe in a number of cases – offset some of the declines in mortgage debt service ratios that were caused by falling interest rates.[11]

The analysis presented in sections 3 and 4 illustrates the value added by the extended HFCS dataset. This dataset is available whenever timely distributional information is required vis-à-vis households' balance sheets and financial pressures.

5 CONCLUSION

This article shows that household-level data can provide significant additional insight into other macroeconomic data and support the assessment of financial stability. In contrast to the fairly limited variation in macroeconomic data that has been witnessed over time, heterogeneity

11 These estimates are qualitatively similar to those of Ehrmann and Ziegelmeyer, who report on the impact of a 300 basis point decline in interest rates on the mortgage debt service ratios of individual households (see Ehrmann, M. and Ziegelmeyer, M., "Household risk management and actual mortgage choice in the euro area", *Working Paper Series*, No 1631, ECB, 2014).

across households is substantial and highly pervasive, and has a strong impact on their economic behaviour. Household-level data make it possible to document such heterogeneity by focusing on specific types of household. In addition, the different responses of individual households are interesting in themselves and can have major implications at an aggregate level.

EARLY WARNING INDICATORS FOR FISCAL STRESS IN EUROPEAN BUDGETARY SURVEILLANCE

The euro area sovereign debt crisis has resulted in exceptionally large economic costs. One of the key lessons from it is therefore that crisis prevention should be strengthened to avoid the build-up of huge macroeconomic, fiscal and financial imbalances in the first place. In order to work effectively, crisis prevention requires reliable and timely indicators for any risks to fiscal stability that may emerge. This has created a strong interest in early warning systems. With respect to public finances, early warnings are required, especially for "fiscal stress", which can be defined as the short-term risk of facing a sovereign liquidity crisis. As such risks to fiscal sustainability can result directly from fiscal, but also indirectly from macroeconomic or financial, imbalances and their interaction, early warning indicators that have recently been developed aim to extract signals for fiscal stress from a broad range of fiscal and non-fiscal variables. This article reviews recent advances in integrating early warning indicators into the European system of budgetary surveillance, as well as proposing further improvements to these indicators.

1 INTRODUCTION

The sovereign debt crisis has demonstrated that fiscal sustainability concerns can become virulent not only in the long run, but also in the short run. In the medium to long term, the assessment of a government's solvency is crucial. Solvency requires a government's intertemporal budget constraint to be fulfilled, meaning that the net present value of its future primary balances must be at least as high as that of outstanding government debt. This can be assessed by debt sustainability analyses, for example. However, governments can encounter the risk of a liquidity crisis even if they are not experiencing any solvency problems. Such liquidity risks imply that a government is having difficulty accessing financial markets in order to service all its forthcoming obligations in the short term. Against this background, fiscal stress can be defined as the short-term risk of facing a sovereign liquidity crisis, which is characterised by severe sovereign funding difficulties.[1]

The fiscal stress episodes in the context of the sovereign debt crisis have created an interest in early warning systems, partly because government bond yields and sovereign spreads largely failed to signal the impending crisis early on.[2] The main aim of such early warning indicators is to provide reliable and timely signs of any risks to fiscal stability that may emerge. Ideally, they can be used to identify a need for policy action in order to prevent the occurrence of fiscal stress in the first place.

In reaction to the lessons of the debt crisis, the European Commission has introduced an early warning indicator for short-term risks to fiscal sustainability in the European system of fiscal surveillance (the so-called S0 indicator).[3]

This article discusses concepts of early warning indicators for fiscal stress, reviews the application of such early warning indicators in the European system of fiscal surveillance and proposes avenues for further improvements to these indicators.

1 Aside from early warning indicators, short-term risks to fiscal sustainability can also be monitored by short-term refinancing needs. See the article entitled "Analysing government debt sustainability in the euro area", *Monthly Bulletin*, ECB, April 2012.

2 For more information on the development of sovereign bond spreads ahead of and during the crisis, see the article entitled "The determinants of euro area sovereign bond yield spreads during the crisis", *Monthly Bulletin*, ECB, May 2014.

3 Information on the S0 indicator is contained in the European Commission's "Fiscal Sustainability Report 2012", *European Economy*, No 8/2012, 2012. The indicator is described in detail in Berti, K., Salto, M. and Lequien, M., "An early-detection index of fiscal stress for EU countries", *European Economy – Economic Papers*, No 475, Brussels, 2012.

The article is structured as follows: Section 2 sets out the general approach of early warning systems based on the signalling approach, including the definition of fiscal stress and the selection of the potential determinants of fiscal stress. Section 3 discusses the design and performance of early warning indicators for fiscal stress that are applied in the European budgetary surveillance framework and proposes further enhancements. Section 4 concludes, drawing particular attention to the limitations of early warning systems for fiscal stress.

2 EARLY WARNING SYSTEMS FOR FISCAL STRESS BASED ON THE SIGNALLING APPROACH

This section starts with a short characterisation of the concept of early warning systems based on the signalling approach, before going through its main elements and their implementation, and then examining the advantages and disadvantages of the approach in more detail.

EARLY WARNING SYSTEMS BASED ON THE SIGNALLING APPROACH

The basic concepts for early warning indicators have been developed mainly for emerging countries in studies of "twin" crises affecting the currency and financial markets. In the context of these studies, a so-called signalling approach has been developed.[4] This approach has also been applied in the context of the recent fiscal crises and is the standard approach for setting up early warning systems for country surveillance.[5] The signalling approach employs historical data from crisis episodes to identify early warning indicators with leading properties to flag any impending crisis. Setting up a system of early warning indicators for fiscal stress based on the signalling approach basically consists of four steps: first, the criteria for identifying episodes of fiscal stress in the past need to be defined. In the second step, a set of variables needs to be selected as potential "leading indicators" for fiscal stress, and a "signalling window" has to be defined. This signalling window determines how far in advance the early warning system can signal fiscal stress. Most approaches choose a signalling window of one year. This means that a signal sent by an indicator in any given year indicates whether fiscal stress is to be expected in the following year.[6] In the third step, critical thresholds for each of the leading indicators are calculated on the basis of historical data for the leading indicators and on past episodes of fiscal stress. Calculating these critical thresholds is at the core of the signalling approach, as they determine whether a variable sends a crisis signal or not. In the fourth step, the different leading indicators are aggregated into composite indices for signalling fiscal stress, which can be used for policy surveillance. The implementation of these four steps for an early warning system for fiscal stress is discussed below.

4 Seminal contributions were made by Kaminsky, G.L. and Reinhart, C.M., "The twin crises: the causes of banking and balance-of-payments problems", *American Economic Review*, Vol. 89, No 3, 1999, pp. 473-500, and Kaminsky, G.L., Lizondo, S. and Reinhart, C.M., "Leading indicators of currency crises", *IMF Staff Papers*, Vol. 45, No 1, 1998. A discussion of the approach and its alternatives can be found in Berg, A. and Pattillo, C., "Predicting currency crises: the indicators approach and an alternative", *Journal of International Money and Finance*, Vol. 18, pp. 561-586, and in Candelon, B. Dumitrescu, E. I. and Hurlin, C., "How to evaluate an Early Warning System? Towards a Unified Statistical Framework for Assessing Financial Crises Forecasting Methods", *IMF Economic Review*, Vol. 60, 2012, pp. 75-113.

5 It is applied, for example, in recent studies by the European Commission (see Berti, K., Salto, M. and Lequien, M., "An early-detection index of fiscal stress for EU countries", *European Economy – Economic Papers*, No 475, Brussels, 2012) and the IMF (see Baldacci, E., Petrova, I., Belhocine, N., Dobrescu, G. and Mazraani, S., "Assessing fiscal stress", *IMF Working Paper*, No 11/100, 2011). A second important approach in the field which is not discussed in this article concerns multivariate regressions based on probit or logit models. Such models are applied, for example, in Berg, A. and Pattillo, C., "Predicting currency crises: the indicators approach and an alternative", *Journal of International Money and Finance*, Vol. 18, 1999, pp. 561-586, and in Bussiere, M. and Fratzscher, M., "Towards a New Early Warning System of Financial Crises", *Journal of International Money and Finance*, Vol. 25, 2006, pp. 953-973.

6 As annual data on fiscal and macroeconomic variables are only provided with a time lag, the time between sending a signal and the expected occurrence of fiscal stress might even be shorter than one year in this case.

DEFINING AND IDENTIFYING EPISODES OF FISCAL STRESS

Fiscal stress can be defined as short-term risks to fiscal sustainability which are characterised by a period of extreme funding difficulties.[7] A number of different criteria can be employed to firmly identify such extreme funding difficulties. In the most severe cases, episodes of fiscal stress are characterised by a public default or debt restructuring.[8] However, episodes of fiscal stress are not restricted to default events, as countries under fiscal stress can apply for official financial support. This support may, for example, be granted in the form of an IMF or, for euro area countries, a European Stability Mechanism (ESM) support programme.[9] Recourse to exceptional official financing can therefore also serve as a criterion for identifying fiscal stress. Defining fiscal stress based on these criteria alone carries the risk of missing relevant episodes in which extreme funding difficulties occur, even though market access may still be maintained. Such periods may be identified as fiscal stress by a sharp deterioration in market access, which would be reflected in extraordinarily high sovereign yield spreads.[10] These three criteria (defaults, recourse to exceptional official financing and a high level of spreads) form the standard definition of fiscal stress used in most recent contributions.

POSSIBLE DETERMINANTS OF FISCAL STRESS

Fiscal stress can be caused by a broad range of different factors. One scenario is that unsound fiscal policies are followed, resulting in high deficit and debt ratios, which pose a risk to fiscal sustainability and are thereby directly responsible for triggering fiscal stress. However, unsound fiscal policies are not necessarily a precondition for fiscal stress. Funding difficulties could also result from large adverse macroeconomic shocks, which increase fiscal deficits, for example via the working of automatic stabilisers, and push up the debt ratio directly via the denominator effect.

As demonstrated during the crisis, private sector imbalances can also exacerbate fiscal imbalances. For example, fiscal imbalances can be aggravated by large and persistent current account deficits, which often result from a loss in competitiveness.[11] The economic adjustment processes that are required, typically when growth is low, can then trigger a deterioration in the public finances in that tax revenues fall and spending needs intensify.

As well as these factors, there are important interactions between the financial, fiscal and real sectors which can also create vulnerabilities for fiscal stress.[12] In the case of a financial crisis, which could follow the bursting of a housing bubble in an economy with high private sector leverage, for example, government measures to support the financial sector may contribute to a strong deterioration in the public finances. This may lead to a fall in government bond prices, which would, in turn, weigh heavily on banks' balance sheets and may also reduce the credit supply,

7 This definition is proposed by Baldacci E., Petrova, I., Belhocine, N., Dobrescu, G. and Mazraani, S., "Assessing fiscal stress", *IMF Working Paper 11/100*, 2011, and also applied by Berti, K., Salto, M. and Lequien, M., "An early-detection index of fiscal stress for EU countries", *European Economy – Economic Papers*, No 475, Brussels, 2012.

8 For details, see Hemming, R., Kell, M. and Schimmelpfennig, A., "Fiscal vulnerability and financial crises in emerging market economies", *IMF Occasional Paper*, No 218, 2003, and Manasse, P., Roubini, N. and Schimmelpfennig, A., "Predicting sovereign debt crises", *IMF Working Paper 03/221*, 2003. Sovereign defaults can either be outright or implicit. Implicit default could result from an exceptionally high inflation rate. According to the literature, the critical level for the inflation rate should reflect an implicit default in advanced economies at an annual inflation rate of 35%. See Sturzenegger, F. and Zettelmeyer, J., *Debt Defaults and Lessons from a Decade of Crises*, MIT Press, 2007.

9 See the article entitled "The European Stability Mechanism", *Monthly Bulletin*, ECB, July 2011.

10 Such a sharp deterioration in market access conditions is usually reflected in yield spreads two standard deviations or more above the country-specific mean. Under the assumption that the yield spreads are distributed normally, this would mean that only the highest 2.5 % of the spreads included in the sample identify a crisis event.

11 Under the reinforced European governance framework, these imbalances are also monitored under the macroeconomic imbalance procedure. See the boxes entitled "The 2013 Macroeconomic Imbalance Procedure", *Monthly Bulletin*, ECB, May 2013, and "Key challenges for the surveillance of economic and fiscal policies under the 2014 European Semester", *Monthly Bulletin*, ECB, March 2014.

12 See the article entitled "Monetary and fiscal policy interactions in a monetary union", *Monthly Bulletin*, ECB, July 2012.

thereby creating an adverse feedback loop between sovereign bond markets, the real economy and the financial sector. A similar adverse feedback loop could also be triggered if the sovereign exposure of banks is high. A collapse in government bond prices resulting from concerns about fiscal sustainability based on unsound fiscal policies may easily spark a banking crisis.

Taken together, an early warning system for fiscal stress should therefore include not only fiscal, but also macroeconomic and financial variables. Ideally, the interdependencies between the different variables should be taken into account to address the risk of adverse feedback loops.

CALCULATING CRITICAL THRESHOLDS FOR EARLY WARNING INDICATORS

The identification of critical thresholds for different indicator variables forms the core of the signalling approach. These thresholds determine whether the indicator variables send a crisis signal or not. Ideally, the early warning indicators only send a crisis signal if a crisis actually occurs (true positive signal), otherwise no crisis signal should be sent (true negative signal). In practice, however, such a perfect early warning indicator for fiscal stress is difficult to define, such that wrong predictions cannot be ruled out. In general, two different types of wrong prediction are possible. First, it may be that an early warning indicator does not send a crisis signal, but a crisis then occurs. This prediction error can be called a "missed crisis".[13] Alternatively, the indicator could signal a crisis, but no crisis occurs. This means the indicator sends a "false alarm".[14]

The likelihood of missing crises and sending false alarms depends on the threshold value of the leading indicators. For example, if the threshold for an indicator variable such as the government debt ratio is set very low, it is very likely that false alarms will be sent, as the indicator variable will all too often indicate fiscal stress. On the other hand, setting the threshold very high increases the probability of missing crises. Determining the critical thresholds is therefore a balancing act between minimising the number of false alarms and the number of missed crises. One prominent way of conducting this balancing act is to just minimise – on the basis of historical data – the sum of the errors resulting from missed crises and false alarms.[15] This can be done by maximising the so-called signalling power, which is the estimated ability of the variable to send correct signals. The signalling power can be calculated by subtracting the ratio of false alarms over no-crisis episodes and the ratio of missed crises over crisis episodes from unity. This signalling power therefore takes the value of 1 if no crises are missed and no false alarms are sent, and decreases with the share of wrong predictions in the form of missed crises and false alarms.

AGGREGATING INDIVIDUAL INDICATORS TO COMPOSITE EARLY WARNING INDICES

To make it easier to monitor the risks of fiscal stress, the signals of the individual variables can be aggregated to composite early warning indices. These indices can comprise all variables or just sub-groups. The starting point for this aggregation is to distinguish whether the individual indicator signals a crisis for a given year or not. To maximise the predictive power of the overall index, the aggregation of the signals should then take into account the reliability of the signal of the individual indicator and that of all the indicators signalling a crisis in a given year compared with the reliability of all variables in the system. For the aggregation, the individual value of the indicator is therefore set to 1 for the years in which it signals a crisis and to 0 for all other years. These signals (1 or 0) are then multiplied by the signalling power of the respective indicator. This multiplication

13 In the literature, this is called a "type II error".
14 In the literature, this is called a "type I error".
15 In recent contributions, the most common way of doing this has been to minimise the total misspecification error (TME), which is defined as the sum of the ratio of false alarms to no-crisis episodes and the ratio of missed crises to crisis episodes. An alternative way is to maximise the signal-to-noise ratio, which is based on the sum of true over that of false signals. The advantage of the TME compared with the signal-to-noise ratio is that it assigns a higher weighting to "missed crisis" signals, which are likely to be far costlier than false alarms.

ensures that variables with small prediction errors (implying a low relative number of missed crisis and false alarms) receive a higher weighting than indicators with large prediction errors. The results of the multiplication of signals by signalling power are then added together to make up the composite indicator. Finally, the result is divided by the sum of the signalling power of all variables included in the index, which accounts for the relative reliability of the indicators compared with that of all variables together. This final step also ensures that the value of the composite indicator always remains between 0 (if no variable sends a crisis signal) and 1 (if all variables indicate a crisis simultaneously). The values of the aggregate index will be higher, the larger the number of variables that are signalling a crisis and the higher the predictive power of these variables.

Once the values of the aggregate indices are calculated, critical thresholds need to be determined in order to identify whether an index value signals a crisis or not. To this end, the approach described above can be applied to the index in the same way as to the individual variables.

STRENGTHS AND WEAKNESSES OF THE SIGNALLING APPROACH FOR CALCULATING EARLY WARNING INDICES

The signalling approach for setting up an early warning system for fiscal stress has significant advantages. First, it can integrate a large number of variables. This is an important feature, as fiscal stress can result from a broad variety of factors. Second, the estimation of critical thresholds can take all available historical data into account, even when the individual data series cover very different sample periods. This is important because there are significant differences across variables in terms of data availability. Third, the economic literature suggests that early warning systems based on the signalling approach have a higher predictive power than those based on alternative approaches.[16] Finally, another major advantage is that the signalling approach allows for a relatively easy implementation of an early warning system, as the critical thresholds derived for the indicator variables can be used for policy surveillance and analysis directly.

While these strengths can help to explain the popularity of the signalling approach for setting up early warning indicators for fiscal stress, the weaknesses of the approach should not be ignored. One key disadvantage of the signalling approach is that interdependencies and interactions between the variables cannot be taken into account, although these interdependencies are likely to play an important role in the development of fiscal stress.

3 EARLY WARNING INDICATORS FOR FISCAL STRESS IN EUROPEAN BUDGETARY SURVEILLANCE

One experience of the recent crisis is that fiscal and macroeconomic risks can also materialise in the short term. This has also prompted the implementation of early warning indicators in the European fiscal and macroeconomic governance framework. The macroeconomic imbalance procedure, for example, which was introduced as part of the so-called six-pack reform[17], includes a scoreboard of early warning indicators as a means to identify any need for in-depth analyses of macroeconomic imbalances.[18] In the fiscal sphere, the European Commission has established the S0 indicator for

16 This holds especially for out-of-sample forecasts. The predictive power of approaches based on the signalling approach and of alternative multivariate probit models is evaluated and compared in Berg, A. and Pattillo, C. "Predicting currency crises: the indicators approach and an alternative", *Journal of International Money and Finance*, No 18, 1999, pp. 561-586, and Berg, A., Borensztein, E. and Pattillo, C., "Assessing early warning systems: how have they worked in practice?", *IMF Working Paper 04/52*, 2004. With respect to in-sample forecasts, probit models seem to work better. As out-of-sample forecasts are the decisive test for the ability of early warning systems to signal fiscal stress well in advance, these findings are an argument in favour of relying on signalling approaches for early warning systems.

17 See the box entitled "The stronger EU economic governance framework comes into force", *Monthly Bulletin*, ECB, December 2011.

18 For details, see "Alert Mechanism Report", European Commission, 2014.

fiscal stress[19]. This allows the analysis of risks to fiscal sustainability, which originally focused only on the medium and long-term perspective, to be expanded to include the short-term perspective as well.[20] The concept of the S0 indicator is presented in the next part. This is followed by an evaluation of its performance, including an illustration of how the S0 could have helped to signal fiscal stress before the recent sovereign debt crisis.

THE S0 INDICATOR

The S0 indicator is based on the signalling approach discussed in Section 2 and employs the standard definition of fiscal stress. Accordingly, fiscal stress is identified on the basis of defaults or debt restructuring, recourse to exceptional official financing and strong deteriorations in the financing conditions of governments.[21] The signalling window of the S0 is set to one year. As fiscal stress can be triggered by a broad variety of factors, the indicator is based on 28 fiscal, macroeconomic, financial and competitiveness variables. In particular, many of the variables of the scoreboard for the surveillance of macroeconomic imbalances are included. Critical thresholds are provided for all 28 indicator variables and for an overall index (the S0 indicator), as well as a fiscal and a non-fiscal (financial/competitiveness) sub-index. Overall risks for fiscal stress can therefore be assessed by looking at the S0 indicator, while the sub-indices indicate whether risks are emanating from the fiscal side or the financial/competitiveness side. The sources of risks for fiscal stress can be identified even more precisely by analysing the individual variables and the values they take relative to their critical thresholds.

19 The S0 indicator is part of the European Commission's fiscal sustainability analysis framework, which was explained in the "Fiscal Sustainability Report 2012", *European Economy*, No. 8/2012, European Commission (see also Berti, Salto and Lequien, 2012, for further details on S0). Values of the S0 indicator by country are regularly reported (together with the medium and long-term fiscal sustainability gap indicators S1 and S2) in the European Commission's staff working documents accompanying the recommendations for country-specific recommendations in the context of the European Semester (the EU's integrated cycle of economic policy coordination).

20 The S0 indicator complements the existing fiscal sustainability indicators of the European Commission, S1 and S2, which analyse medium and long-term fiscal risks by defining fiscal gaps, taking consolidation needs and the projected costs of ageing into account. The methodology for the S0 indicator is fundamentally different from that for the S1 and S2 indicators, as it does not assess "fiscal gaps", but risks of "fiscal stress" in the short term. For details, see "Fiscal Sustainability Report 2012", *European Economy*, No. 8/2012.

21 Only the first year of a crisis episode is used when calculating the critical thresholds of the indicator variables, as the early warning indicator should focus on signalling the start of a crisis.

Box 1

PREDICTIVE POWER OF THE S0 INDICATOR AND ITS COMPONENTS

The predictions of the S0 indicator and its individual variables are based on critical thresholds that determine whether a crisis signal is sent. Calculation of the critical thresholds for all 28 variables and the composite early warning indices is therefore at the core of the S0 indicator.

Table 1 (based on calculations by the European Commission in spring 2014) maps the critical threshold values for all the individual variables and indicates whether the values above or below the threshold are critical. It also reports the signalling power for each indicator, which is calculated by subtracting from unity the ratio of false alarms over no-crisis periods and the ratio of missed crises over crisis episodes. In addition to the results for individual variables, the table also shows the respective values for the fiscal sub-index (consisting of 14 fiscal variables), the financial/competitiveness sub-index (derived from 14 macroeconomic, competitiveness and financial variables) and the overall S0 indicator for fiscal stress (derived from all 28 variables).

Signalling power of the S0 indicator and its components

Variables	Threshold	Values that are uncritical (>/< means above/ below threshold)	Signalling power	Ratio of false alarms over no-crisis episodes (type I error)	Ratio of missed crises over crisis episodes (type II error)
Budget balance, % GDP	-10.2	>	0.07	0.04	0.89
Primary balance, % GDP	0.0	>	0.17	0.40	0.43
Cyclically adjusted balance, % GDP	-3.1	>	0.25	0.45	0.30
Debt stabilising primary balance, % GDP	2.5	<	0.02	0.12	0.86
Gross debt, % GDP	103.3	<	0.03	0.06	0.91
Change in gross debt, % GDP	6.5	<	0.11	0.08	0.81
Short-term government debt % GDP	16.0	<	0.10	0.11	0.79
Net government debt, % GDP	58.1	<	0.13	0.19	0.68
Gross financing needs, % GDP	16.8	<	0.16	0.21	0.63
Interest rate-growth rate differential	5.9	<	0.08	0.07	0.85
Change in expenditure of general government, % GDP	2.3	<	0.14	0.13	0.74
Change in final consumption expenditure of general government, % GDP	0.6	<	0.17	0.19	0.64
Old-age dependency ratio 20 years ahead	33.9	<	0.10	0.11	0.79
Average yearly change in projected age-related public expenditure as % of GDP over next 5 years	0.3	<	0.09	0.14	0.77
Fiscal sub-index	**0.35**	**<**	**0.23**	**0.21**	**0.56**
Net international investment position, % GDP	-50.1	>	0.31	0.13	0.56
Net savings of households, % GDP	1.0	>	0.34	0.26	0.40
Private sector debt, % GDP	209.2	<	0.25	0.04	0.71
Private sector credit flow (amount of private liabilities incurred along the year), % GDP	10.9	<	0.44	0.42	0.14
Leverage, financial corporations	2.2	<	0.03	0.97	0.00
Short-term debt, non-financial corporations, % GDP	27.4	<	0.25	0.21	0.54
Short-term debt, households, % GDP	3.5	<	0.27	0.34	0.38
Construction value added, %	7.3	<	0.27	0.36	0.38
Current account, three-year backward moving average, % GDP	-2.5	>	0.38	0.37	0.25
Change (three years) of real effective exchange rate (based on exports deflator)	9.8	<	0.23	0.19	0.59
Change (three years) in nominal unit labour costs	12.7	<	0.27	0.48	0.25
Yield curve (nominal long-term minus nominal short-term interest rates)	0.6	>	0.48	0.39	0.14
Real GDP growth	-0.9	>	0.10	0.07	0.83
GDP per capita in purchasing power parities, % of US level	73.3	>	0.28	0.44	0.27
Financial/competitiveness sub-index	**0.45**	**<**	**0.48**	**0.34**	**0.18**
Overall index (S0 indicator)	**0.43**	**<**	**0.55**	**0.21**	**0.25**

Source: European Commission; spring 2014.

The underlying dataset used to determine the critical thresholds and the signalling power for each variable consists of ex-post data and covers 33 advanced economies[1] from 1970-2013 on the basis of annual frequency.

The table shows that the signalling power of the different variables varies substantially. In the case of the cyclically adjusted balance, for example, the threshold value shows that a cyclically adjusted balance below -3.1% of GDP indicates fiscal stress. Around two-thirds of the crisis included in the sample for which data on the cyclically adjusted balance are available would have been indicated correctly by the cyclically adjusted balance. However, it would also have sent a false alarm in 45% of the no-crisis episodes. Taken together, this leads to a signalling power of 0.25.

1 All EU Member States except Cyprus, Luxembourg and Malta, plus Australia, Canada, Iceland, Israel Japan, New Zealand, Norway, Switzerland and the United States.

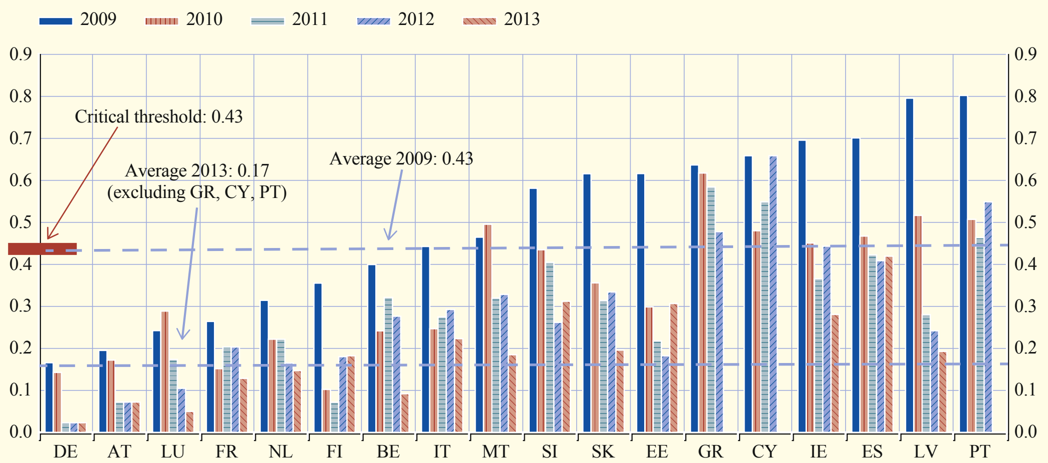
For the financial/competitiveness sub-index, a critical threshold of 0.45 is derived. As the index values represent an aggregation of all the 14 financial/competitiveness variables included, their level has no further economic interpretation – in contrast to the thresholds of the single variables – except that all values in this sub-index above 0.45 signal fiscal stress. As the table shows, the financial/competitiveness index would have missed only 18% of the crises. Overall, the financial/competitiveness variables perform significantly better in predicting fiscal stress than the fiscal variables,[2] and the reliability of the signals of the financial/competitiveness sub-index is therefore higher than that of the fiscal sub-index.

The highest signalling power among the financial/competitiveness variables is found for the yield curve, followed by the private sector credit flow and the current account. Among fiscal variables, the cyclically adjusted balance sends the most reliable signals, followed by the primary balance and the change in government consumption.

2 This is also highlighted in Berti, K., Salto, M. and Lequien, M., "An early-detection index of fiscal stress for EU countries", *European Economy – Economic Papers*, No 475, European Commission, Brussels, 2012.

Chart 1 reflects an application of the S0 indicator for the years 2009-13 for the euro area countries which were not under an adjustment programme at the beginning of 2014. [22] In 2009 the unweighted average of the indicator equalled 0.43 – exactly at the critical threshold. The 2009 values of the indicator signalled a risk of fiscal stress in 11 euro area countries (Italy, Malta, Slovenia, Slovakia, Estonia, Greece, Cyprus, Ireland, Spain, Latvia and Portugal) in 2010, with the risks being highest in Portugal. By 2013 the unweighted average value of the index in the euro area (excluding Greece, Cyprus and Portugal) had fallen to 0.17, indicating that fiscal vulnerability in the euro area was much lower. The overall reduction in the average vulnerability is also reflected in most countries individually. Based on data for 2013, the S0 sees Germany as having the lowest risk of fiscal stress

Chart 1 S0 indicator for fiscal stress in euro area countries 2009-2013 (2013 values included only for countries not subject to an economic adjustment programme at the beginning of 2014)



Source: European Commission; spring 2014.

22 Values of the S0 indicator by country are also reported (for non-programme countries) in the European Commission's staff working documents, which are available online at http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm.

in 2014. Of the euro area countries for which the 2013 values of the S0 indicator are reported in Chart 1, none appear to be at risk of fiscal stress in 2014.

EARLY INDICATION OF FISCAL STRESS BY THE S0

The goal of an early warning indicator for fiscal stress is to correctly signal the build-up of short-term risks to fiscal sustainability. The overall reliability of its crisis signals is therefore crucial for the performance of the S0 as an early warning indicator (for a detailed analysis of the predictive power of the S0 indicator and its components, see Box 1). As the last line of Table 1 in Box 1 indicates, the S0 would have accurately predicted 75% of the crisis episodes and 79% of the no-crisis episodes. This implies that it would have missed 25% of the crisis episodes and sent false alarms in 21% of the no-crisis episodes included in the dataset. Comparing the overall S0 indicator with the fiscal sub-index based only on fiscal variables shows that, on the basis of the fiscal index alone, a lot more crisis episodes would have been missed (56% instead of 25%). The fiscal sub-index alone would have signalled only 44% of the crisis episodes correctly.

However, all these results need to be interpreted cautiously. First, the critical thresholds that are applied to evaluate the predictive power of the individual variables and the overall index were derived from data from 1970-2013. This means that the prediction of fiscal stress that was made in 2009 relied on information for calculating the critical thresholds that also included the years 2009-13. Consequently, the results presented reflect an "in-sample" early warning exercise, which could be interpreted as an upper bound on the forecasting ability of the S0 indicator. In this respect, further detailed analyses on the predictive capabilities of the indicator, including beyond the time period used to calculate the critical thresholds (so-called out-of-sample forecasts), seem to be warranted in order to better evaluate the predictive power of the indicator (see also the discussion in Box 2). Second, the results are derived from ex-post data, whereas, in practice, an early warning system needs to rely on real-time data, which may be subject to substantial ex-post revisions. Assessed in real time, the reliability of the crisis signals might therefore have been somewhat lower than indicated.

Taken together, the overall results nonetheless demonstrate that the S0 indicator provides important information for impending fiscal stress. The fact that the S0 index performed significantly better than the fiscal sub-index in itself supports the approach of not relying solely on fiscal variables in an early warning system for fiscal stress. There is therefore a strong case for including the S0 in country surveillance. Considering the fact that the number of missed crises and false alarms is still high, however, the results of the S0 also need to be interpreted carefully. In any case, as with any other mechanical analysis, the broader country-specific contexts need to be taken into account when interpreting the results of the S0 indicator. [23]

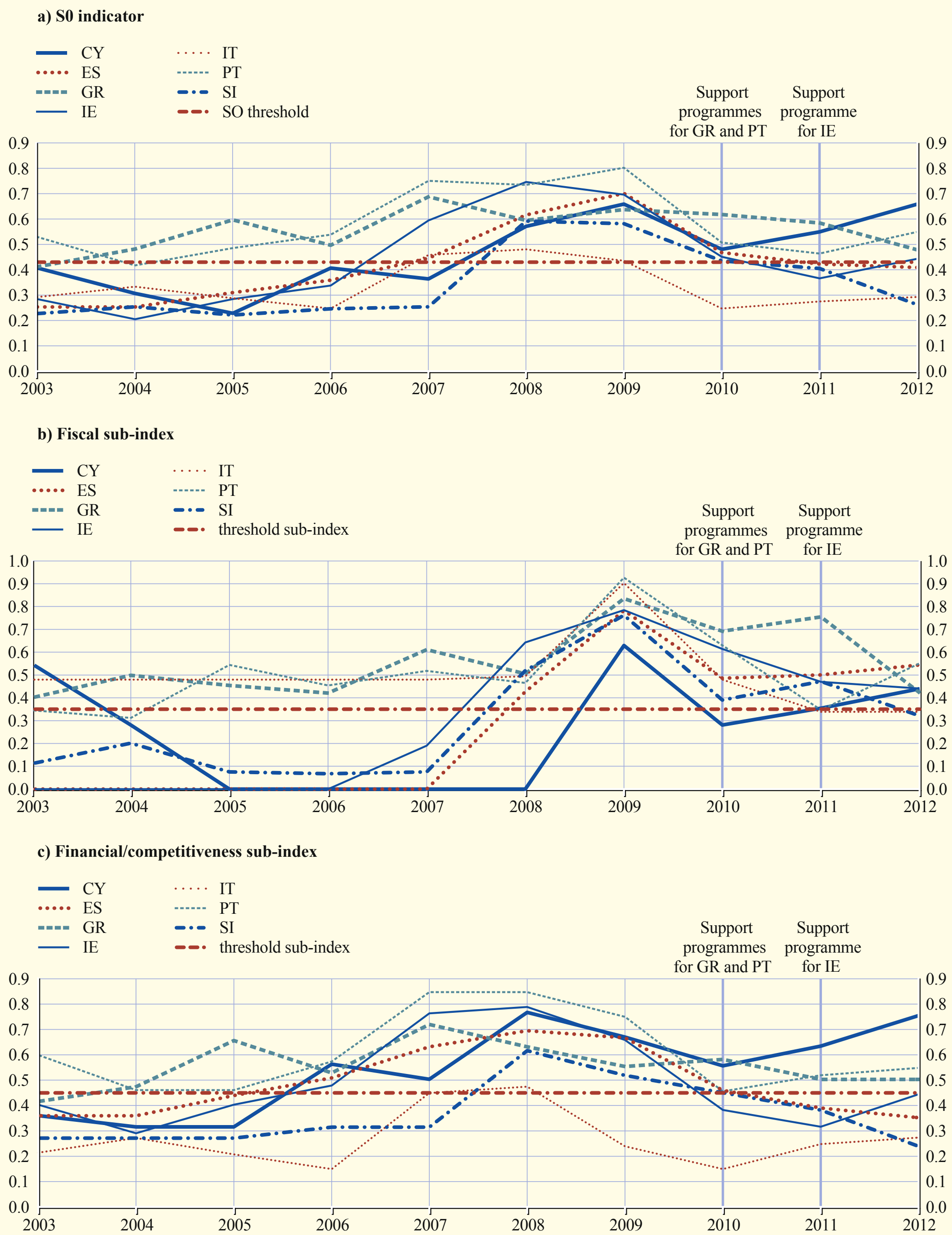
THE S0 INDICATOR AND THE BUILD-UP OF FISCAL STRESS BEFORE THE SOVEREIGN DEBT CRISIS

The introduction of the S0 in European budgetary surveillance has, in particular, been prompted by experiences in the recent crisis. This raises the question as to how well the S0 indicator would have predicted impending fiscal stress in crisis countries in the past. Would the build-up of fiscal stress – which culminated in the application of Greece, Ireland, Portugal and Cyprus for international financial support in 2010-2012 – have been indicated by the S0 well in advance?

23 This is explicitly acknowledged by the European Commission in its "Fiscal Sustainability Report 2012", *European Economy*, No 8/2012, 2012, p. 24.

Chart 2 Signalling imbalances ahead of the crisis

(y-axis: index value)



Source: European Commission; spring 2014.

Chart 2 shows the application of the S0 indicator, as well as the fiscal and financial/competitiveness sub-indices from 2003-12 for seven countries that experienced a high level of sovereign spreads in the recent crisis (Cyprus, Spain, Greece, Ireland, Italy, Portugal and Slovenia). The graphs show that the S0 would have had indicated a build-up of fiscal stress (based on ex-post data and critical thresholds that were derived from data from 1970-2013) in all seven countries by 2008. With respect to the programme countries, fiscal stress would have been signalled for Greece as early as 2004, Portugal in 2005, Ireland in 2007 and Cyprus in 2008 – well ahead of the funding difficulties that arose in 2010-11.[24]

Turning to the sub-indices, the signals first indicated fiscal stress resulting from fiscal policies in Greece as early as 2003. In Ireland, financial/competitiveness developments were signalling risks of fiscal stress as early as 2006, while fiscal policies did not give such signals until 2008. In Spain, the fiscal sub-index signalled stress only from 2008, while the non-fiscal sub-index indicated vulnerabilities as early as 2006.

The results of the S0 are promising with respect to budgetary surveillance. However, they need to be interpreted with caution, especially because they reflect only an in-sample early warning exercise and were derived from ex-post data realisations which had been revised substantially over time, especially in programme countries.[25]

POSSIBLE FURTHER IMPROVEMENTS TO EARLY WARNING INDICATORS FOR FISCAL STRESS

The usefulness of early warning indicators in fiscal surveillance depends on their ability to signal the development of fiscal stress correctly early on. How could the usefulness of indicators like the S0 be improved further in order to reduce incorrect signals and increase the signalling power? [26]

Most early warning systems that are based on the signalling approach rely on common threshold values for the indicator variables. These are derived uniformly for a large sample of countries. In the case of the S0, for example, the critical thresholds are calculated on the basis of data covering 33 advanced economies (see Box 1). Such an approach relies on the assumption that countries' vulnerability to fiscal stress is homogenous, as the critical levels beyond which the variables send a crisis signal are the same for all countries.

However, there are important arguments that these critical levels for the thresholds of the variables signalling fiscal stress may vary greatly across different countries, and that vulnerability to fiscal stress is country-specific. First, there is also strong country heterogeneity with respect to fiscal sustainability: the debt-to-GDP ratio as a leading indicator for fiscal sustainability in euro area countries in 2013 ranged from 10% of GDP in Estonia to 175% of GDP in Greece. Second, this heterogeneity matters for the thresholds of signalling variables. This can be illustrated with respect to budget balances, for example. While a high budget balance might affect the funding conditions

24 For more information on the development of sovereign bond spreads, which can be seen as an indicator for funding difficulties ahead of and during the crisis, see the article entitled "The determinants of euro area sovereign bond yield spreads during the crisis", *Monthly Bulletin*, ECB, May 2014.

25 Out-of-sample and real-time estimates are not available for the S0 indicator. Hernández des Cos et al. (2014) present evidence that a substantially lower signalling power of the indicator has to be expected in out-of-sample forecasts – see also Box 2 of this article.

26 Recent improvements for early warning indicators have been proposed, especially in research on financial stress. Holló et al. (2012), for example, propose a continuous composite indicator of systemic stress (CISS) for the euro area, which applies portfolio theory to the aggregation of individual stress indicators (covering both financial markets and intermediaries) in the composite index. See Holló, D., Kremer, M. and Lo Duca, M., "CISS – a composite indicator of systemic stress in the financial system", *Working Paper Series*, No 1426, ECB, 2012. Alessi and Detken (2011) have developed an approach that allows policy-makers' preferences to be integrated into an early warning system for asset price cycles. See Alessi, L. and Detken, C., "Quasi real time early warning indicators for costly asset price boom/bust cycles. A role for global liquidity", *European Journal of Political Economy*, Vol. 27, No 3, 2011, pp. 520-533.

for a low-debt country only marginally, the critical level that could trigger fiscal stress for a high-debt country is likely to be far lower, as the remaining fiscal space is more limited. In addition, there is also a risk that common thresholds might heavily depend on the group of countries included, as the results can be driven by outliers.

As the critical thresholds of many of the signalling variables included are likely to depend on the country, early warning indicators for fiscal stress may be improved by calculating country-specific critical thresholds in order to account for cross-country differences.

There are advantages and disadvantages of both the common and country-specific approaches. A common threshold approach allows the data to be pooled across countries and increases the number of crisis observations when identifying thresholds, which should increase the reliability of the results. On the other hand, the common threshold approach does not take account of heterogeneity across countries in a sample. In contrast, a country-specific threshold approach can take full account of country heterogeneity, but has to rely on a lower number of crisis observations, which might have a negative effect on the reliability of the results. The choice of approach depends largely on the country heterogeneity of the data sample.

In a recent study, Hernández de Cos et al. (2014)[27] introduce country-specific thresholds in a signalling approach for fiscal stress. The analyses included in the study show that country-specific thresholds can indeed help to further reduce the likelihood of prediction errors (for details, see Box 2). This holds for in-sample and out-of-sample predictions. By introducing country-specific thresholds, the number of "missed crises" in particular is strongly reduced, which increases the possibility of signalling effectively and may prevent a fiscal crisis occurring at an early stage. The positive impact of introducing country-specific thresholds is most important for the predictive power of the fiscal variables, while the effect on the financial/competitiveness variables is more limited. This may be seen as an indication that country-specific thresholds play a particularly important role in the fiscal sphere.

27 Hernández de Cos, P., Koester, G. B., Moral-Benito, E. and Nickel, C., "Signalling fiscal stress in the euro area a country-specific early warning system", *Working Paper Series*, ECB, 2014.

Box 2

COMMON VERSUS COUNTRY-SPECIFIC THRESHOLDS IN EARLY WARNING SYSTEMS FOR FISCAL STRESS

Most early warning systems that are based on the signalling approach ignore country heterogeneity and rely on common threshold values for the indicator variables, which are derived uniformly for a large sample of countries. However, as critical thresholds for the indicator variables might differ greatly across countries, Hernández de Cos et al. (2014)[1] suggested in a recent study that country-specific thresholds be integrated in a signalling approach.

This study applies the same definition of fiscal stress as the S0 indicator and uses a similar dataset, but was restricted to 11 euro area countries (Luxemburg had to be excluded from the dataset owing to data restrictions). To evaluate possible improvements in such an approach, the

1 Hernández de Cos, P., Koester, G. B., Moral-Benito, E. and Nickel, C., "Signalling fiscal stress in the euro area a country-specific early warning system", *Working Paper Series*, No 1712, ECB, 2014.

Predictive power of the composite indices based on common and country-specific thresholds

	In-sample						Out-of-sample					
	Common threshold			Country-specific threshold			Common threshold			Country-specific threshold		
	Signalling power	Ratio of false alarms over no-crisis episodes (type I error)	Ratio of missed crises over crisis episodes (type II error)	Signalling power	Ratio of false alarms over no-crisis episodes (type I error)	Ratio of missed crises over crisis episodes (type II error)	Signalling power	Ratio of false alarms over no-crisis episodes (type I error)	Ratio of missed crises over crisis episodes (type II error)	Signalling power	Ratio of false alarms over no-crisis episodes (type I error)	Ratio of missed crises over crisis episodes (type II error)
	OVERALL INDEX						OVERALL INDEX					
Index	0.56	0.24	0.20	0.95	0.05	0.00	0.42	0.40	0.18	0.77	0.18	0.06
	FISCAL INDEX						FISCAL INDEX					
Index	0.22	0.15	0.64	0.88	0.09	0.04	0.13	0.05	0.82	0.58	0.24	0.18
	FINANCIAL/COMPETITIVENESS INDEX						FINANCIAL/COMPETITIVENESS INDEX					
Index	0.50	0.26	0.24	0.87	0.06	0.07	0.47	0.36	0.18	0.79	0.16	0.06

Source: Hernández de Cos et al. (2014).

study estimates and compares the signalling power of two different early warning systems, one based on common thresholds and the other based on country-specific thresholds. The results are summarised in Table 2.

For the in-sample analysis, which evaluates the predictive power of the indices based on critical thresholds that take data up to 2010 into account, the table shows that the predictive power of the country-specific signalling approach is considerably higher than that of the common threshold approach – both for the overall index and the fiscal and financial/competitiveness sub-indices. At 0.56, the overall country-specific index has a signalling power of 95%, significantly higher than that of the common threshold approach. The number of missed crises, in particular, can be completely eliminated (meaning that no crises are missed), while it is as high as 0.20 using the common threshold approach applied by the S0 indicator, for example (meaning that 20% of crises are missed).[2]

The signalling power for both the fiscal and financial/competitiveness sub-indices is also high under the country-specific approach and relatively close to the performance of the overall index. Compared with the common threshold approach, the improvement of the signalling power is most striking with respect to the fiscal sub-index: here, the country-specific approach derives a signalling power of 0.88, compared with only 0.22 under the common threshold approach.[3] This could indicate that country heterogeneity plays an especially crucial role with respect to fiscal variables. With regard to the financial/competitiveness sub-index, the difference between the two approaches is also substantial, albeit somewhat less pronounced.

Out-of-sample estimates, which are derived in the study of Hernández de Cos et al. (2014) for the years 2000-10 from thresholds that are estimated using data from 1970-2000, find the

2 The slight differences between the common threshold approach presented in this box and the European Commission results for the S0 indicator reported in Table 1 stem especially from the fact that the Commission employs a dataset from 1970-2013, while the study by Hernández de Cos et al. uses a dataset that only covers the years 1970-2010.

3 This result might help to explain why some studies (especially non-country-specific) in the literature fail to find an important role for fiscal variables as a signal for impending fiscal stress.

country-specific approach likewise has a major advantage over the common threshold approach. Here, the overall signalling power of the country-specific approach is 0.77, compared with a value of 0.42 for the common threshold approach.

These analyses therefore show that country-specific thresholds can indeed help to further reduce the likelihood of prediction errors in an early warning system based on the signalling approach. This can be achieved in particular by reducing the number of "missed crises".

4 CONCLUSION

Early warning indicators for fiscal stress can be important tools for budgetary surveillance in order to allow economic policy time to counteract adverse developments and to help prevent the occurrence of major crises in the first place.

In the European system of budgetary surveillance, such an early warning indicator for fiscal stress has recently been established in the form of the S0, which aims to predict the risk of fiscal stress with a forecast horizon of one year on the basis of fiscal, macroeconomic and financial variables. The S0 indicator closes a gap in the European fiscal sustainability analysis framework by capturing fiscal vulnerability in the short run, whereas the framework previously focused exclusively on the medium and long-term dimensions of fiscal sustainability.

It is of paramount importance for the usefulness of any early warning indicator in budgetary surveillance that it predicts the risk of fiscal stress correctly. The overall results discussed in this article demonstrate that the S0 indicator provides important information on impending fiscal stress, as evidenced by its ability to correctly signal a large majority of fiscal crises in the past – on the basis of in-sample analyses, at least. There is therefore a strong case for including the S0 in country surveillance. However, given the fact that there are still a large number of the missed crises and false alarms that typically characterise applications of the signals' approach relying on common thresholds over a pool of countries, the results of the S0 need to be interpreted carefully. In this respect, further detailed analyses on the predictive capabilities of the indicator, including beyond the time period used to calculate the critical thresholds (so-called out-of-sample forecasts) and based on real-time data, would be useful. In any case, a broad background of country-specific contexts should be taken into account when interpreting the results of the S0 indicator in fiscal surveillance.

While the introduction of the S0 has improved the "toolbox" of budgetary surveillance, there might still be room for further improvement. One avenue for such improvement could be a country-specific approach, which could help to take into account the fact that the critical levels for the thresholds of the variables signalling fiscal stress may vary strongly across countries. Such country-specific thresholds could especially help to reduce the number of missed crises.

While there is a strong case for the usefulness of such early warning indicators in general, several caveats need to be borne in mind. First, all predictions of early warning indicators are based on observations of historical crises, but future crisis events and their triggers might differ fundamentally from past crises. Second, the ex-post data employed in a system of early warning indicators are usually only available with a time lag and may be subject to revision. Data availability and quality can therefore greatly affect the signalling power of early warning indicators. Third, it should be noted that, even if impending fiscal crises are signalled correctly, there might not be enough time left to counteract the critical developments. Finally, it needs to be noted that an early warning system based on the signalling approach can only serve as an additional cross-check within a broader budgetary surveillance system. An early warning indicator is not, and cannot be, a substitute for strict and well-observed fiscal rules under the European governance framework.

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.

Beginning in the last quarter of 2014, European statistics are undergoing a changeover to updated statistical standards, the European System of Accounts (ESA) 2010 and the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). This will have an impact on many of the most crucial macroeconomic indicators, such as GDP, the current account, government deficits and sector-specific debt indicators. The changeover will affect chapter 3, as well as chapters 5 to 9 of this statistical annex. For more detailed information on the new standards and their implementation in the different statistical domains please refer to the article entitled "New international standards in statistics – enhancements to methodology and data availability" in the August 2014 issue of the Monthly Bulletin. Further explanations and related documents can be found on the ECB's website at http://www.ecb.europa.eu/stats/acc/ESA2010/html/index.en.html for the ESA 2010 and http://www.ecb.europa.eu/stats/external/bpm6/html/index.en.html for BPM6. For the ESA 2010, see also the information provided on Eurostat's website http://epp.eurostat.ec.europa.eu/portal/page/portal/esa_2010/introduction.

Conventions used in the tables

"-"	data do not exist/data are not applicable
"."	data are not yet available
"…"	nil or negligible
"billion"	10^9
(p)	provisional
s.a.	seasonally adjusted
n.s.a.	non-seasonally adjusted

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1]

	M1 [2]	M2 [2]	M3 [2, 3]	M3 [2, 3] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2]	Securities other than shares issued in euro by non-MFI corporations [2]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4]
	1	2	3	4	5	6	7	8
2012	4.0	3.1	2.9	-	-0.2	0.7	0.57	1.72
2013	7.0	4.0	2.4	-	-1.5	0.9	0.22	2.24
2013 Q4	6.4	3.1	1.5	-	-2.2	1.3	0.24	2.24
2014 Q1	6.0	2.4	1.2	-	-2.3	-1.3	0.30	1.82
Q2	5.2	2.1	1.1	-	-1.9	-1.8	0.30	1.44
Q3	5.8	2.6	2.0	-	-1.5	.	0.16	1.06
2014 May	5.0	2.1	1.1	1.2	-2.0	-1.2	0.32	1.56
June	5.4	2.3	1.6	1.5	-1.8	-1.3	0.24	1.44
July	5.6	2.5	1.8	1.8	-1.6	-0.3	0.21	1.34
Aug.	5.9	2.7	2.1	2.1	-1.5	-0.8	0.19	1.03
Sep.	6.2	3.0	2.5	.	-1.2	.	0.10	1.06
Oct.	.	.	.	.	.	.	0.08	0.96

2. Prices, output, demand and labour markets

	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
2012	2.5	2.8	2.0	-0.7	-2.5	78.6	-0.6	11.3
2013	1.4	-0.2	1.4	-0.5	-0.7	78.3	-0.8	11.9
2014 Q1	0.7	-1.6	0.6	1.0	1.3	79.8	0.0	11.7
Q2	0.6	-1.1	1.2	0.8	1.0	79.7	0.4	11.6
Q3	0.4	-1.4	.	.	.	80.0	.	11.5
2014 May	0.5	-1.1	-	-	0.7	-	-	11.6
June	0.5	-0.9	-	-	0.3	-	-	11.5
July	0.4	-1.3	-	-	1.6	79.9	-	11.5
Aug.	0.4	-1.4	-	-	-1.9	-	-	11.5
Sep.	0.3	-1.4	-	-	.	-	-	11.5
Oct.	0.4	.	-	-	.	80.0	-	.

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 [5] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2012	.	132.3	.	689.4	.	.	97.9	95.6	1.2848
2013	224.8	210.9	45.3	542.1	-13.5	114.1	101.7	98.9	1.3281
2013 Q4	86.8	58.8	-2.5	542.1	-13.5	114.1	103.1	100.0	1.3610
2014 Q1	43.1	43.7	-27.8	570.6	-12.7	115.9	103.9	100.7	1.3696
Q2	49.8	60.4	-39.7	583.1	-10.9	116.7	103.8	100.1	1.3711
Q3	.	.	.	597.0	.	.	101.6	97.9	1.3256
2014 May	9.0	20.6	-84.0	568.8	-	-	103.8	100.1	1.3732
June	23.1	21.1	-4.3	583.1	-	-	103.0	99.3	1.3592
July	32.6	23.8	-17.7	585.1	-	-	102.6	98.8	1.3539
Aug.	18.0	8.9	22.1	594.1	-	-	101.9	98.2	1.3316
Sep.	.	.	.	597.0	-	-	100.4	96.7	1.2901
Oct.	.	.	.	.	-	-	99.6	95.9	1.2673

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) 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

	3 October 2014	10 October 2014	17 October 2014	24 October 2014	31 October 2014
Gold and gold receivables	334,530	334,531	334,531	334,531	334,532
Claims on non-euro area residents in foreign currency	263,051	262,961	262,374	263,582	262,933
Claims on euro area residents in foreign currency	27,848	28,733	27,177	26,870	27,904
Claims on non-euro area residents in euro	20,642	21,114	20,744	21,206	22,340
Lending to euro area credit institutions in euro	513,916	506,760	499,224	503,904	527,627
Main refinancing operations	89,075	84,212	82,518	92,918	118,152
Longer-term refinancing operations	424,724	422,436	416,581	410,759	408,472
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	117	112	125	200	1,003
Credits related to margin calls	0	0	0	27	0
Other claims on euro area credit institutions in euro	66,973	65,653	65,598	60,837	59,831
Securities of euro area residents in euro	561,851	561,093	559,090	561,177	557,088
Securities held for monetary policy purposes	194,627	194,046	191,240	192,350	192,933
Other securities	367,224	367,047	367,850	368,826	364,154
General government debt in euro	26,727	26,727	26,727	26,727	26,727
Other assets	238,131	235,114	234,260	233,950	233,088
Total assets	2,053,668	2,042,685	2,029,725	2,032,783	2,052,070

2. Liabilities

	3 October 2014	10 October 2014	17 October 2014	24 October 2014	31 October 2014
Banknotes in circulation	975,140	974,298	972,948	971,105	975,233
Liabilities to euro area credit institutions in euro	237,131	227,796	213,852	197,150	250,027
Current accounts (covering the minimum reserve system)	206,777	204,627	184,784	170,005	211,585
Deposit facility	30,353	23,105	29,045	27,127	38,415
Fixed-term deposits	0	0	0	0	0
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	1	64	23	18	27
Other liabilities to euro area credit institutions in euro	4,773	4,775	4,699	4,756	4,781
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	100,000	103,220	108,549	134,041	93,070
Liabilities to non-euro area residents in euro	41,006	39,134	36,835	36,166	39,122
Liabilities to euro area residents in foreign currency	913	1,198	1,084	1,112	1,346
Liabilities to non-euro area residents in foreign currency	7,262	7,503	5,681	6,404	6,282
Counterpart of special drawing rights allocated by the IMF	55,494	55,494	55,494	55,494	55,494
Other liabilities	221,101	218,418	219,733	215,706	215,866
Revaluation accounts	315,537	315,537	315,537	315,537	315,537
Capital and reserves	95,312	95,312	95,312	95,312	95,313
Total liabilities	2,053,668	2,042,685	2,029,725	2,032,783	2,052,070

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 4 Jan. [2]	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 [3]	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25
31 Aug.	3.25	-0.25	-	4.25	-0.25	5.25	-0.25
18 Sep.	2.75	-0.50	-	3.75	-0.50	4.75	-0.50
9 Nov.	2.25	-0.50	-	3.25	-0.50	4.25	-0.50
2002 6 Dec.	1.75	-0.50	-	2.75	-0.50	3.75	-0.50
2003 7 Mar.	1.50	-0.25	-	2.50	-0.25	3.50	-0.25
6 June	1.00	-0.50	-	2.00	-0.50	3.00	-0.50
2005 6 Dec.	1.25	0.25	-	2.25	0.25	3.25	0.25
2006 8 Mar.	1.50	0.25	-	2.50	0.25	3.50	0.25
15 June	1.75	0.25	-	2.75	0.25	3.75	0.25
9 Aug.	2.00	0.25	-	3.00	0.25	4.00	0.25
11 Oct.	2.25	0.25	-	3.25	0.25	4.25	0.25
13 Dec.	2.50	0.25	-	3.50	0.25	4.50	0.25
2007 14 Mar.	2.75	0.25	-	3.75	0.25	4.75	0.25
13 June	3.00	0.25	-	4.00	0.25	5.00	0.25
2008 9 July	3.25	0.25	-	4.25	0.25	5.25	0.25
8 Oct.	2.75	-0.50	-	-	-	4.75	-0.50
9 [4]	3.25	0.50	-	-	-	4.25	-0.50
15 [5]	3.25	...	3.75	-	-0.50	4.25	...
12 Nov.	2.75	-0.50	3.25	-	-0.50	3.75	-0.50
10 Dec.	2.00	-0.75	2.50	-	-0.75	3.00	-0.75
2009 21 Jan.	1.00	-1.00	2.00	-	-0.50	3.00	...
11 Mar.	0.50	-0.50	1.50	-	-0.50	2.50	-0.50
8 Apr.	0.25	-0.25	1.25	-	-0.25	2.25	-0.25
13 May	0.25	...	1.00	-	-0.25	1.75	-0.50
2011 13 Apr.	0.50	0.25	1.25	-	0.25	2.00	0.25
13 July	0.75	0.25	1.50	-	0.25	2.25	0.25
9 Nov.	0.50	-0.25	1.25	-	-0.25	2.00	-0.25
14 Dec.	0.25	-0.25	1.00	-	-0.25	1.75	-0.25
2012 11 July	0.00	-0.25	0.75	-	-0.25	1.50	-0.25
2013 8 May	0.00	...	0.50	-	-0.25	1.00	-0.50
13 Nov.	0.00	...	0.25	-	-0.25	0.75	-0.25
2014 11 June	-0.10	-0.10	0.15	-	-0.10	0.40	-0.35
10 Sep.	-0.20	-0.10	0.05	-	-0.10	0.30	-0.10

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				
2014 30 July	133,304	162	133,304	0.15	-	-	-	7
6 Aug.	107,922	131	107,922	0.15	-	-	-	7
13	108,203	132	108,203	0.15	-	-	-	7
20	107,612	131	107,612	0.15	-	-	-	7
27	131,762	135	131,762	0.15	-	-	-	7
3 Sep.	111,199	124	111,199	0.15	-	-	-	7
10	110,702	144	110,702	0.05	-	-	-	7
17	105,689	138	105,689	0.05	-	-	-	7
24	90,307	135	90,307	0.05	-	-	-	7
1 Oct.	89,075	131	89,075	0.05	-	-	-	7
8	84,212	139	84,212	0.05	-	-	-	7
15	82,518	132	82,518	0.05	-	-	-	7
22	92,918	144	92,918	0.05	-	-	-	7
29	118,152	187	118,152	0.05	-	-	-	7
5 Nov.	98,189	152	98,189	0.05	-	-	-	7
				Longer-term refinancing operations [5)]				
2014 27 Mar.	11,617	83	11,617	0.23	-	-	-	91
9 Apr.	28,023	35	28,023	0.25	-	-	-	35
2 May	13,193	97	13,193	0.19	-	-	-	90
14	32,335	54	32,335	0.25	-	-	-	28
29	10,949	89	10,949	0.16	-	-	-	91
11 June	9,970	44	9,970	0.15	-	-	-	28
26	10,386	84	10,386	0.13	-	-	-	91
31 July	6,786	91	6,786	0.10	-	-	-	91
28 Aug. [6)]	7,244	72	7,244	.	-	-	-	91
24 Sep. [7)]	82,602	255	82,602	0.15	-	-	-	1,463
25 [6)]	10,971	90	10,971	.	-	-	-	84
30 Oct. [6)]	10,161	102	10,161	.	-	-	-	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
2014 12 Mar.	Collection of fixed-term deposits	219,077	159	175,500	-	-	0.25	0.23	0.21	7
19	Collection of fixed-term deposits	223,227	160	175,500	-	-	0.25	0.22	0.21	7
26	Collection of fixed-term deposits	180,901	138	175,500	-	-	0.25	0.25	0.22	7
2 Apr.	Collection of fixed-term deposits	199,721	152	175,500	-	-	0.25	0.23	0.21	7
9	Collection of fixed-term deposits	192,515	156	172,500	-	-	0.25	0.24	0.22	7
16	Collection of fixed-term deposits	153,364	139	153,364	-	-	0.25	0.25	0.23	7
23	Collection of fixed-term deposits	166,780	139	166,780	-	-	0.25	0.25	0.23	7
30	Collection of fixed-term deposits	103,946	121	103,946	-	-	0.25	0.25	0.24	7
7 May	Collection of fixed-term deposits	165,533	158	165,533	-	-	0.25	0.25	0.23	7
14	Collection of fixed-term deposits	144,281	141	144,281	-	-	0.25	0.25	0.24	7
21	Collection of fixed-term deposits	137,465	148	137,465	-	-	0.25	0.25	0.24	7
28	Collection of fixed-term deposits	102,878	119	102,878	-	-	0.25	0.25	0.25	7
4 June	Collection of fixed-term deposits	119,200	140	119,200	-	-	0.25	0.25	0.24	7
11	Collection of fixed-term deposits	108,650	122	108,650	-	-	0.15	0.15	0.13	7

Source: ECB.

1) The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
2) With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations.
3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October 2008, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. On 4 March 2010 the ECB decided to return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010 and settled on 29 April 2010.
4) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
5) For the operations settled on 22 December 2011 and 1 March 2012, after one year counterparties have the option to repay any part of the liquidity that they have been allotted in these operations, on any day that coincides with the settlement day of a main refinancing operation.
6) In this longer-term refinancing operation, the rate at which all bids are satisfied is indexed to the average minimum bid rate in the main refinancing operations over the life of the operation. The interest rates displayed for these indexed longer-term refinancing operations have been rounded to two decimal places. For the precise calculation method, please refer to the Technical Notes.
7) Targeted longer-term refinancing operation. Further information can be found in the “Monetary Policy” section of the ECB’s webpage (https://www.ecb.europa.eu) under “Instruments” then “Open market operations”.

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012	18,564.7	9,971.7	637.5	2,583.9	1,163.1	4,208.4
2013	17,847.1	9,811.6	518.8	2,447.1	1,152.6	3,917.1
2014 Apr.	18,035.7	9,948.1	541.3	2,364.4	1,257.2	3,924.7
May	18,077.2	10,002.9	543.9	2,356.2	1,270.3	3,903.9
June	17,990.3	10,022.5	546.3	2,342.3	1,208.3	3,870.9
July	18,038.7	10,030.9	550.1	2,326.6	1,295.5	3,835.6
Aug.	17,417.8	10,055.5	561.8	1,654.4	1,303.8	3,842.3

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012	106.4	509.9	403.5	0.0	0.75
2013	103.3	220.2	116.9	0.0	0.25
2014 10 June	103.9	192.3	88.3	0.0	0.25
8 July	104.4	214.3	109.8	0.0	0.15
12 Aug.	105.0	210.2	105.2	0.0	0.15
9 Sep.	105.2	210.1	104.9	0.0	0.15
7 Oct.	105.3	192.6	87.3	0.0	0.05
11 Nov.	105.7	.	.	.	.

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
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0
2013	550.8	91.6	625.3	0.1	241.5	48.3	177.4	925.9	80.2	57.2	220.2	1,194.4
2014 13 May	536.4	128.1	519.6	0.2	222.6	29.7	152.4	947.9	87.7	-2.1	191.2	1,168.8
10 June	536.8	148.1	507.8	0.1	215.9	28.3	126.0	951.0	111.5	-0.4	192.3	1,171.6
8 July	540.0	111.7	460.1	0.1	209.0	23.9	27.2	958.1	110.0	-12.5	214.3	1,196.3
12 Aug.	547.6	106.6	414.7	0.3	202.2	24.6	0.0	967.6	92.4	-23.6	210.2	1,202.5
9 Sep.	547.8	114.7	387.4	0.2	196.3	25.2	0.0	971.8	66.2	-27.0	210.1	1,207.1
7 Oct.	552.1	98.9	398.2	0.2	194.7	24.3	0.0	971.3	78.4	-22.5	192.6	1,188.2

Source: ECB.

1) A coefficient of 1% is applied as of the maintenance period beginning on 18 January 2012. A coefficient of 2% is applied to all previous maintenance periods.

2) Includes liquidity provided under the Eurosystem's covered bond purchase programmes and the Eurosystem's Securities Markets Programme.

3) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2012	5,288.1	3,351.2	16.9	1.0	3,333.3	723.1	568.4	10.5	144.2	-	23.4	799.9	8.3	382.3
2013	4,073.0	2,283.2	15.0	1.2	2,267.1	715.3	567.6	24.9	122.8	-	25.0	632.4	8.3	408.7
2014 Q2	3,735.9	1,897.2	13.6	1.2	1,882.4	706.4	569.4	15.6	121.3	-	27.0	675.0	8.1	422.3
Q3 (p)	3,721.6	1,864.1	13.6	1.2	1,849.3	698.0	562.8	14.5	120.6	-	26.7	688.3	8.1	436.3
2014 June	3,735.9	1,897.2	13.6	1.2	1,882.4	706.4	569.4	15.6	121.3	-	27.0	675.0	8.1	422.3
July	3,654.1	1,815.5	13.6	1.2	1,800.7	699.3	564.3	14.2	120.7	-	26.5	680.3	8.1	424.5
Aug.	3,673.8	1,830.6	13.6	1.2	1,815.8	695.3	560.2	14.3	120.9	-	26.7	686.1	8.1	426.9
Sep. (p)	3,721.6	1,864.1	13.6	1.2	1,849.3	698.0	562.8	14.5	120.6	-	26.7	688.3	8.1	436.3
	MFIs excluding the Eurosystem													
2012	32,694.8	17,987.2	1,153.4	11,043.4	5,790.4	4,901.8	1,627.0	1,423.3	1,851.6	66.8	1,227.8	4,045.7	214.7	4,250.9
2013	30,444.4	16,981.3	1,082.4	10,649.1	5,249.7	4,673.4	1,694.4	1,335.7	1,643.3	58.1	1,232.5	3,855.8	210.6	3,432.7
2014 Q2	30,730.9	16,887.2	1,087.5	10,606.8	5,193.0	4,693.0	1,808.5	1,302.7	1,581.8	45.4	1,236.7	4,077.3	203.2	3,588.1
Q3 (p)	31,198.6	16,822.5	1,085.8	10,580.7	5,156.0	4,674.1	1,840.2	1,284.0	1,549.9	44.1	1,240.4	4,298.5	204.1	3,914.9
2014 June	30,730.9	16,887.2	1,087.5	10,606.8	5,193.0	4,693.0	1,808.5	1,302.7	1,581.8	45.4	1,236.7	4,077.3	203.2	3,588.1
July	30,893.6	16,871.4	1,096.8	10,577.1	5,197.5	4,672.8	1,800.1	1,307.1	1,565.6	43.3	1,238.5	4,173.7	203.5	3,690.4
Aug.	31,101.1	16,809.4	1,086.2	10,541.6	5,181.6	4,679.9	1,830.7	1,295.9	1,553.3	47.1	1,237.1	4,190.5	203.5	3,933.4
Sep. (p)	31,198.6	16,822.5	1,085.8	10,580.7	5,156.0	4,674.1	1,840.2	1,284.0	1,549.9	44.1	1,240.4	4,298.5	204.1	3,914.9

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2012	5,288.1	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	536.6	298.7	452.5
2013	4,073.0	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	406.3	202.2	477.8
2014 Q2	3,735.9	986.1	1,652.4	101.1	50.0	1,501.4	-	0.0	459.4	148.7	489.2
Q3 (p)	3,721.6	998.3	1,596.0	51.0	39.4	1,505.5	-	0.0	479.6	143.0	504.7
2014 June	3,735.9	986.1	1,652.4	101.1	50.0	1,501.4	-	0.0	459.4	148.7	489.2
July	3,654.1	996.3	1,564.8	98.2	45.9	1,420.7	-	0.0	464.4	136.4	492.1
Aug.	3,673.8	998.1	1,566.2	63.8	37.4	1,465.0	-	0.0	473.8	140.7	495.0
Sep. (p)	3,721.6	998.3	1,596.0	51.0	39.4	1,505.5	-	0.0	479.6	143.0	504.7
	MFIs excluding the Eurosystem										
2012	32,694.8	-	17,195.3	169.6	10,870.4	6,155.3	534.7	4,848.9	2,344.0	3,494.8	4,277.2
2013	30,444.4	-	16,646.2	152.5	10,940.9	5,552.8	462.9	4,352.6	2,399.6	3,106.7	3,476.5
2014 Q2	30,730.9	-	16,725.3	214.8	10,984.5	5,525.9	437.6	4,236.3	2,456.0	3,226.0	3,649.6
Q3 (p)	31,198.6	-	16,651.7	189.5	11,028.7	5,433.5	458.7	4,196.7	2,490.7	3,432.2	3,968.5
2014 June	30,730.9	-	16,725.3	214.8	10,984.5	5,525.9	437.6	4,236.3	2,456.0	3,226.0	3,649.6
July	30,893.6	-	16,716.7	194.6	10,987.2	5,534.9	452.9	4,210.5	2,465.5	3,300.8	3,747.3
Aug.	31,101.1	-	16,697.0	182.6	11,037.7	5,476.7	460.0	4,195.7	2,482.4	3,309.0	3,957.0
Sep. (p)	31,198.6	-	16,651.7	189.5	11,028.7	5,433.5	458.7	4,196.7	2,490.7	3,432.2	3,968.5

Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Amounts issued by euro area residents. Amounts issued by non-euro area residents are included in external assets.
3) Amounts held by euro area residents.
4) Amounts issued with a maturity of up to two years and held by non-euro area residents are included in external liabilities.

2.2 Consolidated balance sheet of euro area MFIs [1)]

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

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2)]
		Total	General government	Other euro area residents		Total	General government	Other euro area residents				
	1	2	3	4		5	6	7	8	9	10	11
						Outstanding amounts						
2012	26,251.1	12,214.6	1,170.3	11,044.3		3,629.2	2,195.4	1,433.8	767.0	4,845.6	222.9	4,571.8
2013	24,649.7	11,747.7	1,097.4	10,650.3		3,622.6	2,262.0	1,360.6	792.1	4,488.2	218.9	3,780.2
2014 Q2	25,134.0	11,709.1	1,101.1	10,608.0		3,696.2	2,377.9	1,318.3	805.5	4,752.3	211.3	3,959.6
Q3 (p)	25,685.8	11,681.3	1,099.4	10,581.9		3,701.6	2,403.0	1,298.6	804.1	4,986.7	212.2	4,299.9
2014 June	25,134.0	11,709.1	1,101.1	10,608.0		3,696.2	2,377.9	1,318.3	805.5	4,752.3	211.3	3,959.6
July	25,308.9	11,688.7	1,110.4	10,578.3		3,685.7	2,364.4	1,321.3	805.7	4,854.0	211.6	4,063.3
Aug.	25,543.5	11,642.5	1,099.8	10,542.8		3,701.0	2,390.9	1,310.1	802.7	4,876.6	211.6	4,308.9
Sep. (p)	25,685.8	11,681.3	1,099.4	10,581.9		3,701.6	2,403.0	1,298.6	804.1	4,986.7	212.2	4,299.9
						Transactions						
2012	90.5	-35.3	-4.6	-30.8		112.1	183.0	-70.9	38.6	-150.0	-14.0	139.1
2013	-1,616.7	-278.3	-73.6	-204.7		-26.6	46.2	-72.8	14.1	-79.4	-2.1	-1,244.5
2014 Q2	165.5	-18.3	-6.1	-12.2		-8.9	2.6	-11.5	5.3	68.3	1.4	117.7
Q3 (p)	339.6	-19.8	-3.6	-16.2		-16.0	7.7	-23.7	0.8	38.3	1.0	335.4
2014 June	-58.1	26.7	-7.9	34.6		-17.8	-6.4	-11.4	-1.5	-33.2	0.5	-32.9
July	140.2	-11.6	7.5	-19.1		-15.4	-17.8	2.4	4.0	61.1	0.3	101.8
Aug.	192.3	-44.8	-10.6	-34.2		4.0	15.8	-11.8	-3.8	-6.8	0.1	243.5
Sep. (p)	7.2	36.6	-0.6	37.1		-4.7	9.6	-14.3	0.6	-16.0	0.6	-9.9

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [3)]	Debt securities issued [4)]	Capital and reserves	External liabilities	Remaining liabilities [2)]	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
					Outstanding amounts					
2012	26,251.1	876.8	251.0	10,934.9	467.9	2,853.2	2,396.4	3,793.4	4,729.6	-52.1
2013	24,649.7	921.2	214.8	10,981.1	404.8	2,586.4	2,340.4	3,308.9	3,954.3	-62.2
2014 Q2	25,134.0	935.3	315.9	11,034.5	392.2	2,533.2	2,457.3	3,374.8	4,138.9	-48.0
Q3 (p)	25,685.8	947.0	240.5	11,068.1	414.6	2,526.1	2,507.2	3,575.2	4,473.3	-66.3
2014 June	25,134.0	935.3	315.9	11,034.5	392.2	2,533.2	2,457.3	3,374.8	4,138.9	-48.0
July	25,308.9	944.7	292.8	11,033.1	409.6	2,524.1	2,470.6	3,437.2	4,239.4	-42.6
Aug.	25,543.5	946.8	246.4	11,075.1	412.9	2,521.4	2,495.1	3,449.7	4,452.0	-55.8
Sep. (p)	25,685.8	947.0	240.5	11,068.1	414.6	2,526.1	2,507.2	3,575.2	4,473.3	-66.3
					Transactions					
2012	90.5	19.5	-5.1	180.5	-18.2	-125.3	156.0	-251.4	151.4	-16.9
2013	-1,616.7	44.4	-37.0	162.6	-46.6	-199.2	79.1	-441.6	-1,187.1	8.7
2014 Q2	165.5	18.8	48.7	35.9	-11.6	-20.8	17.6	-43.6	134.8	-14.2
Q3 (p)	339.6	11.7	-75.7	14.3	9.2	-30.0	49.0	36.6	335.6	-11.0
2014 June	-58.1	6.4	26.3	31.3	-12.9	-20.0	19.3	-103.0	5.9	-11.5
July	140.2	9.4	-23.1	-4.0	17.4	-17.5	16.2	33.3	103.4	5.0
Aug.	192.3	2.0	-46.4	37.6	3.4	-6.9	13.2	-4.4	205.0	-11.4
Sep. (p)	7.2	0.2	-6.2	-19.3	-11.7	-5.7	19.5	7.7	27.1	-4.6

Source: ECB.

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

2.3 Monetary statistics [1]

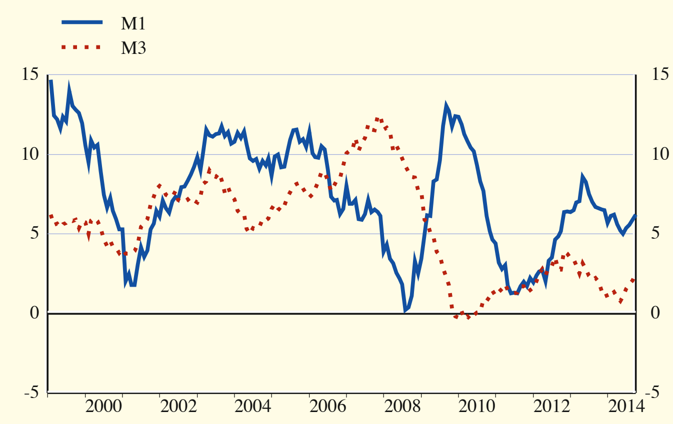
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents [3]			Net external assets [4]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [5]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2012	5,107.1	3,882.3	8,989.4	789.8	9,779.3	-	7,569.0	3,406.0	13,055.3	10,854.0	-	1,035.4
2013	5,391.1	3,812.4	9,203.5	624.7	9,828.1	-	7,303.0	3,402.3	12,693.8	10,539.9	-	1,161.9
2014 Q2	5,547.2	3,808.4	9,355.6	602.3	9,957.9	-	7,288.6	3,439.4	12,595.2	10,467.7	-	1,364.1
Q3 (p)	5,693.7	3,802.9	9,496.6	611.1	10,107.7	-	7,330.6	3,512.4	12,571.0	10,446.2	-	1,405.4
2014 June	5,547.2	3,808.4	9,355.6	602.3	9,957.9	-	7,288.6	3,439.4	12,595.2	10,467.7	-	1,364.1
July	5,598.6	3,807.4	9,406.0	611.2	10,017.1	-	7,295.8	3,465.5	12,576.3	10,437.5	-	1,415.1
Aug.	5,658.5	3,795.3	9,453.8	608.9	10,062.7	-	7,318.9	3,502.7	12,565.8	10,432.7	-	1,413.9
Sep. (p)	5,693.7	3,802.9	9,496.6	611.1	10,107.7	-	7,330.6	3,512.4	12,571.0	10,446.2	-	1,405.4
	Transactions											
2012	307.4	78.6	386.0	-55.8	330.2	-	-116.7	184.4	-103.2	-71.0	-15.4	100.1
2013	291.2	-66.7	224.5	-124.1	100.3	-	-89.9	-25.0	-305.9	-247.9	-221.6	361.5
2014 Q2	56.6	15.6	72.2	3.4	75.6	-	-76.8	-35.3	-39.2	-43.8	12.0	83.4
Q3 (p)	137.8	-10.2	127.7	4.5	132.2	-	3.2	53.7	-16.1	-11.6	-12.1	8.9
2014 June	14.5	8.3	22.9	8.7	31.6	-	-36.9	-36.4	11.2	-9.3	-3.7	43.5
July	51.1	-2.1	49.0	9.0	58.0	-	0.3	20.1	-5.1	-19.7	-20.9	39.4
Aug.	58.0	-12.8	45.2	-2.4	42.8	-	6.2	26.6	-10.7	-3.4	-2.9	-13.8
Sep. (p)	28.7	4.7	33.5	-2.1	31.4	-	-3.4	7.0	-0.3	11.5	11.8	-16.7
	Growth rates											
2012	6.4	2.1	4.5	-6.6	3.5	3.5	-1.5	5.8	-0.8	-0.6	-0.1	100.1
2013	5.7	-1.7	2.5	-16.2	1.0	1.2	-1.2	-0.7	-2.3	-2.3	-2.1	361.5
2014 Q2	5.4	-1.8	2.3	-8.8	1.6	1.5	-1.6	-2.6	-2.2	-1.8	-1.1	387.9
Q3 (p)	6.2	-1.5	3.0	-4.1	2.5	2.1	-1.1	-0.4	-1.8	-1.2	-0.6	334.4
2014 June	5.4	-1.8	2.3	-8.8	1.6	1.5	-1.6	-2.6	-2.2	-1.8	-1.1	387.9
July	5.6	-1.8	2.5	-6.9	1.8	1.8	-1.2	-1.8	-1.9	-1.6	-1.0	416.4
Aug.	5.9	-1.7	2.7	-6.5	2.1	2.1	-1.1	-1.2	-1.9	-1.5	-0.9	379.7
Sep. (p)	6.2	-1.5	3.0	-4.1	2.5	.	-1.1	-0.4	-1.8	-1.2	-0.6	334.4

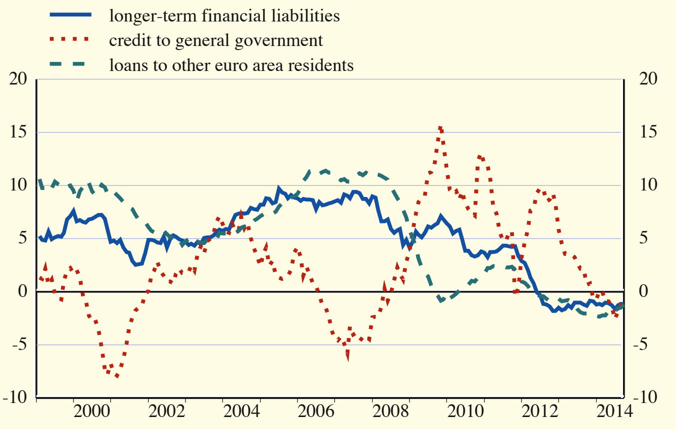
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Monetary liabilities of MFIs and central government (post office, treasury, etc.) vis-à-vis non-MFI euro area residents excluding central government. For definitions of M1, M2 and M3, see glossary.
3) Excludes reverse repos to central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.
4) Values in the section "growth rates" are sums of the transactions during the 12 months ending in the period indicated.
5) Adjustment for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

2.3 Monetary statistics [1]

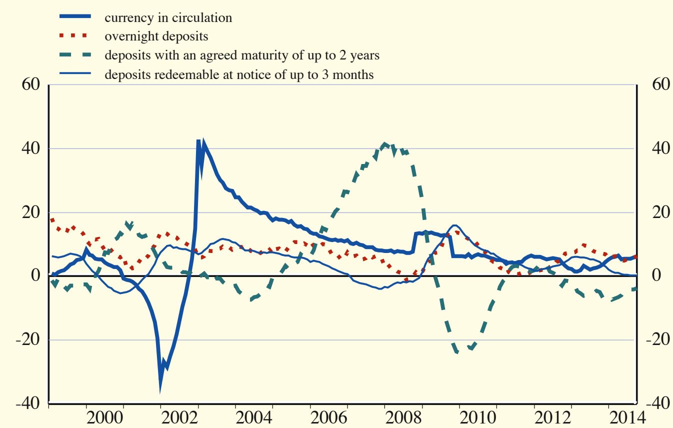
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos [2]	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012	863.9	4,243.1	1,801.8	2,080.6	123.7	483.3	182.9	2,685.0	106.1	2,395.2	2,382.7
2013	909.6	4,481.5	1,690.8	2,121.6	118.8	417.9	87.9	2,510.7	91.7	2,372.3	2,328.4
2014 Q2	930.2	4,617.0	1,675.8	2,132.6	131.4	394.6	76.3	2,454.1	89.9	2,299.0	2,445.6
Q3 (p)	948.1	4,745.6	1,663.5	2,139.4	121.6	418.6	70.9	2,451.8	92.5	2,277.3	2,508.9
2014 June	930.2	4,617.0	1,675.8	2,132.6	131.4	394.6	76.3	2,454.1	89.9	2,299.0	2,445.6
July	935.5	4,663.1	1,674.8	2,132.6	129.8	410.8	70.6	2,451.3	90.5	2,289.6	2,464.5
Aug.	943.3	4,715.2	1,659.8	2,135.5	129.7	403.5	75.6	2,446.0	91.8	2,289.1	2,492.0
Sep. (p)	948.1	4,745.6	1,663.5	2,139.4	121.6	418.6	70.9	2,451.8	92.5	2,277.3	2,508.9
	Transactions										
2012	20.2	287.2	-36.0	114.7	-17.0	-20.0	-18.8	-105.9	-10.2	-156.3	155.7
2013	45.6	245.5	-109.9	43.2	-11.9	-48.6	-63.6	-137.3	-14.3	-18.9	80.5
2014 Q2	3.9	52.7	7.3	8.3	14.4	-7.2	-3.7	-16.8	-1.3	-60.4	1.8
Q3 (p)	17.9	119.9	-16.7	6.6	-10.6	10.8	4.4	-35.0	2.6	-26.8	62.3
2014 June	1.7	12.8	2.8	5.6	10.6	-1.9	-0.1	-17.7	-1.2	-12.8	-5.2
July	5.3	45.9	-2.0	-0.1	-1.8	16.3	-5.5	-11.5	0.5	-10.5	21.9
Aug.	7.8	50.2	-15.7	2.8	-0.2	-7.1	4.9	-9.4	1.4	-2.0	16.2
Sep. (p)	4.8	23.9	1.0	3.8	-8.6	1.6	4.9	-14.1	0.7	-14.3	24.3
	Growth rates										
2012	2.4	7.2	-1.9	5.8	-11.8	-3.9	-9.8	-3.8	-8.8	-6.1	6.9
2013	5.3	5.8	-6.1	2.1	-9.5	-10.4	-37.6	-5.1	-13.5	-0.8	3.4
2014 Q2	5.5	5.3	-4.5	0.5	5.3	-8.2	-25.7	-3.2	-6.9	-3.9	2.6
Q3 (p)	6.0	6.3	-3.7	0.3	10.3	-2.0	-23.7	-2.9	-1.1	-4.7	4.4
2014 June	5.5	5.3	-4.5	0.5	5.3	-8.2	-25.7	-3.2	-6.9	-3.9	2.6
July	5.6	5.6	-4.2	0.2	1.1	-3.9	-28.5	-2.6	-5.1	-4.2	3.4
Aug.	5.8	5.9	-4.2	0.3	6.1	-5.2	-24.9	-2.5	-2.9	-4.2	3.5
Sep. (p)	6.0	6.3	-3.7	0.3	10.3	-2.0	-23.7	-2.9	-1.1	-4.7	4.4

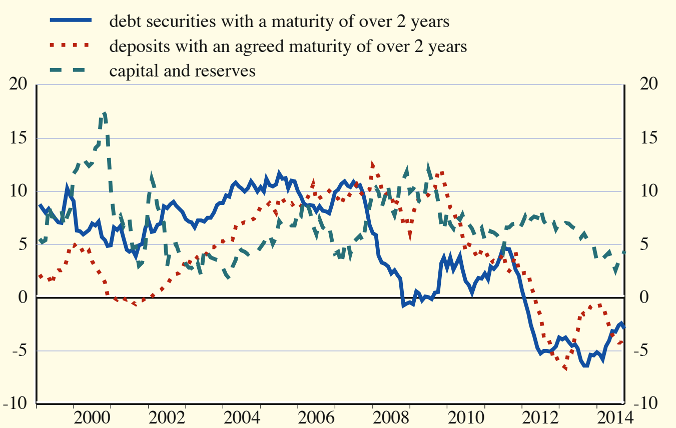
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Excludes repurchase agreements with central counterpaties as of June 2010; transactions and growth rates are adjusted for this effect.

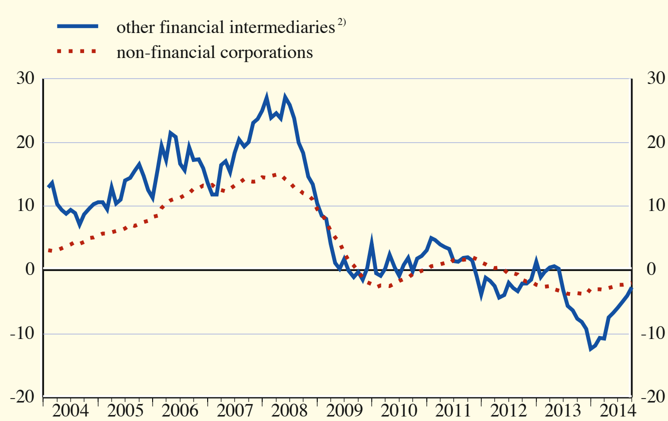
2.3 Monetary statistics [1)]

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

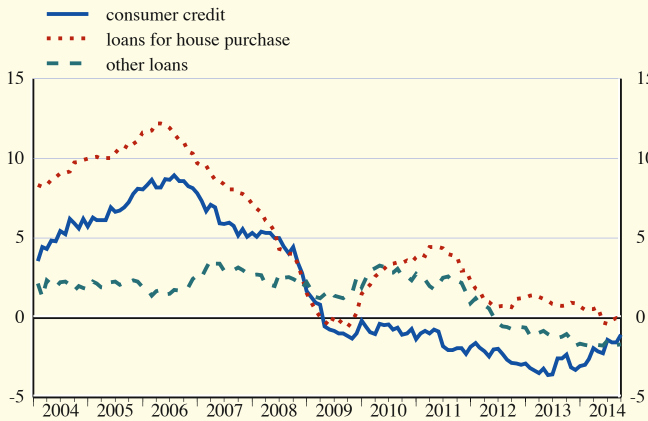
3. Loans as counterpart to M3

	Insurance corporations and pension funds	Other financial inter-mediaries [2)]	Non-financial corporations					Households [3)]				
	Total	Total	Total	Loans adjusted for sales and securitisation [4)]	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation [4)]	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10	11	12
						Outstanding amounts						
2012	89.0	977.0	4,546.5	-	1,129.8	795.7	2,621.1	5,241.4	-	601.8	3,823.5	816.1
2013	98.3	865.5	4,355.7	-	1,067.5	740.5	2,547.8	5,220.4	-	573.3	3,851.3	795.7
2014 Q2	98.3	872.0	4,307.8	-	1,056.4	734.6	2,516.8	5,189.6	-	570.4	3,831.2	787.9
Q3 (p)	103.7	860.4	4,285.8	-	1,058.3	725.3	2,502.1	5,196.4	-	567.5	3,846.8	782.2
2014 June	98.3	872.0	4,307.8	-	1,056.4	734.6	2,516.8	5,189.6	-	570.4	3,831.2	787.9
July	102.5	851.9	4,292.6	-	1,051.7	731.4	2,509.6	5,190.4	-	571.3	3,833.0	786.2
Aug.	96.6	852.0	4,291.7	-	1,049.7	730.9	2,511.2	5,192.4	-	566.6	3,842.0	783.7
Sep. (p)	103.7	860.4	4,285.8	-	1,058.3	725.3	2,502.1	5,196.4	-	567.5	3,846.8	782.2
						Transactions						
2012	-2.0	12.7	-107.3	-60.1	6.5	-51.4	-62.4	25.6	34.3	-17.7	48.5	-5.1
2013	9.6	-120.6	-133.1	-127.9	-44.6	-44.9	-43.7	-3.7	14.1	-18.0	27.4	-13.1
2014 Q2	-2.8	12.1	-16.7	-6.2	-0.2	7.2	-23.7	-36.5	8.2	-1.7	-34.5	-0.3
Q3 (p)	5.2	-10.4	-18.0	-19.8	1.4	-7.9	-11.4	11.6	13.0	1.3	12.2	-2.0
2014 June	2.5	-14.3	0.4	4.9	19.1	4.0	-22.7	2.1	3.2	1.8	-0.4	0.7
July	4.1	-11.6	-14.3	-16.0	-5.3	-2.1	-6.9	2.1	2.8	0.7	2.3	-0.9
Aug.	-5.9	-1.1	-1.0	-0.7	-2.1	-0.7	1.8	4.6	4.7	-1.5	8.0	-1.9
Sep. (p)	7.0	2.3	-2.7	-3.1	8.8	-5.1	-6.4	4.9	5.4	2.1	1.9	0.8
						Growth rates						
2012	-2.2	1.3	-2.3	-1.3	0.6	-6.0	-2.3	0.5	0.7	-2.9	1.3	-0.6
2013	10.8	-12.3	-2.9	-2.8	-4.0	-5.7	-1.7	-0.1	0.3	-3.0	0.7	-1.6
2014 Q2	4.7	-5.9	-2.3	-2.2	-2.8	-3.3	-1.8	-0.6	0.5	-1.4	-0.4	-1.4
Q3 (p)	8.7	-2.7	-2.0	-1.8	-1.3	-3.3	-1.9	-0.5	0.6	-1.0	-0.1	-1.7
2014 June	4.7	-5.9	-2.3	-2.2	-2.8	-3.3	-1.8	-0.6	0.5	-1.4	-0.4	-1.4
July	7.1	-4.9	-2.3	-2.2	-2.4	-3.6	-1.9	-0.5	0.5	-1.5	-0.1	-1.4
Aug.	0.2	-4.0	-2.2	-2.0	-2.2	-3.5	-1.7	-0.4	0.5	-1.5	0.0	-1.7
Sep. (p)	8.7	-2.7	-2.0	-1.8	-1.3	-3.3	-1.9	-0.5	0.6	-1.0	-0.1	-1.7

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



C6 Loans to households [1)] (annual growth rates; seasonally adjusted)



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

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

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

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2013	90.0	72.6	4.1	13.3	984.8	122.9	439.4	223.7	321.7	4,344.6	1,059.2	739.4	2,545.9
2014 Q2	99.1	82.9	3.9	12.2	996.8	121.3	449.6	234.6	312.6	4,316.0	1,066.1	735.3	2,514.6
Q3 (p)	107.2	90.0	4.6	12.6	990.0	121.7	440.7	238.1	311.2	4,285.5	1,055.5	726.8	2,503.2
2014 July	104.3	87.6	4.5	12.2	977.1	125.5	428.8	235.5	312.9	4,302.6	1,057.1	733.1	2,512.4
Aug.	100.7	84.0	4.5	12.1	967.9	122.2	417.2	237.9	312.8	4,282.7	1,036.9	731.8	2,514.1
Sep. (p)	107.2	90.0	4.6	12.6	990.0	121.7	440.7	238.1	311.2	4,285.5	1,055.5	726.8	2,503.2
	Transactions												
2013	8.8	8.8	-0.3	0.3	-75.7	44.8	-54.8	3.9	-24.9	-133.6	-44.4	-44.9	-44.3
2014 Q2	-0.2	0.9	0.0	-1.1	18.1	3.6	9.3	13.6	-4.8	-7.8	7.1	8.7	-23.6
Q3 (p)	7.9	6.9	0.7	0.3	-5.6	0.3	-0.8	1.5	-6.3	-26.4	-11.1	-7.2	-8.1
2014 July	5.1	4.6	0.6	0.0	-11.2	4.2	-10.7	0.3	-0.8	-12.4	-9.5	-1.1	-1.8
Aug.	-3.6	-3.6	0.0	-0.1	-10.5	-3.3	-11.8	2.1	-0.8	-20.0	-20.3	-1.5	1.8
Sep. (p)	6.4	5.9	0.1	0.4	16.1	-0.6	21.6	-0.9	-4.7	6.0	18.8	-4.6	-8.2
	Growth rates												
2013	10.7	13.7	-7.0	2.2	-6.7	24.4	-10.3	1.9	-7.1	-3.0	-4.0	-5.7	-1.7
2014 Q2	4.6	5.2	5.5	0.3	-5.5	-2.6	-11.3	10.1	-5.8	-2.3	-2.8	-3.3	-1.8
Q3 (p)	8.7	9.5	33.0	-2.9	-2.7	-3.3	-7.7	9.6	-3.3	-2.0	-1.3	-3.3	-1.9
2014 July	7.0	7.4	25.8	-0.7	-2.2	13.2	-6.3	9.7	-4.1	-2.3	-2.4	-3.6	-2.0
Aug.	0.6	-0.1	28.5	-3.2	-3.1	3.6	-9.1	10.0	-3.1	-2.2	-2.2	-3.5	-1.7
Sep. (p)	8.7	9.5	33.0	-2.9	-2.7	-3.3	-7.7	9.6	-3.3	-2.0	-1.3	-3.3	-1.9

2. Loans to households [3)]

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Sole proprietors	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2013	5,229.7	575.8	128.6	169.5	277.7	3,857.5	12.7	55.4	3,789.4	796.5	408.6	136.5	76.4	583.6
2014 Q2	5,194.9	572.5	125.7	169.3	277.5	3,829.6	13.2	54.5	3,761.9	792.8	399.8	141.1	75.5	576.3
Q3 (p)	5,198.1	568.2	122.1	169.9	276.2	3,848.4	13.6	55.0	3,779.9	781.4	399.6	135.4	74.3	571.8
2014 July	5,193.1	572.5	124.1	170.3	278.1	3,835.8	13.3	54.6	3,768.0	784.7	399.5	133.1	75.0	576.6
Aug.	5,190.3	566.4	120.8	169.5	276.1	3,841.6	13.1	55.0	3,773.5	782.3	398.3	131.9	74.4	576.0
Sep. (p)	5,198.1	568.2	122.1	169.9	276.2	3,848.4	13.6	55.0	3,779.9	781.4	399.6	135.4	74.3	571.8
	Transactions													
2013	-4.2	-18.1	-4.0	-6.8	-7.3	27.2	-1.4	-1.5	30.1	-13.3	-10.7	-3.5	-3.7	-6.1
2014 Q2	-22.3	2.9	-1.0	4.6	-0.7	-32.0	0.1	-0.3	-31.8	6.7	0.0	6.9	0.1	-0.3
Q3 (p)	7.9	0.0	-1.2	1.0	0.2	15.5	0.3	0.2	14.9	-7.6	-2.0	-5.8	-0.5	-1.3
2014 July	-0.7	-0.2	-1.8	0.9	0.7	6.7	0.0	0.1	6.6	-7.2	-1.7	-7.7	-0.2	0.7
Aug.	-0.1	-2.9	-1.4	-0.7	-0.9	4.8	-0.1	0.2	4.7	-1.9	-1.2	-1.2	-0.3	-0.4
Sep. (p)	8.7	3.1	1.9	0.8	0.4	4.0	0.4	0.0	3.6	1.6	0.9	3.1	0.0	-1.6
	Growth rates													
2013	-0.1	-3.0	-2.9	-3.9	-2.5	0.7	-9.9	-2.6	0.8	-1.6	-2.6	-2.5	-4.6	-1.0
2014 Q2	-0.6	-1.4	-2.2	0.4	-2.1	-0.4	-5.0	-2.8	-0.3	-1.4	-1.3	-0.5	-2.7	-1.5
Q3 (p)	-0.5	-1.1	-3.2	1.5	-1.6	-0.1	6.1	-2.6	-0.1	-1.7	-1.4	-0.4	-2.4	-1.9
2014 July	-0.5	-1.6	-3.1	0.7	-2.2	-0.1	2.4	-3.4	-0.1	-1.4	-1.1	-1.1	-3.1	-1.3
Aug.	-0.4	-1.5	-3.4	0.8	-2.1	0.0	2.6	-3.0	0.0	-1.7	-1.2	-1.4	-3.5	-1.5
Sep. (p)	-0.5	-1.1	-3.2	1.5	-1.6	-0.1	6.1	-2.6	-0.1	-1.7	-1.4	-0.4	-2.4	-1.9

Source: ECB.

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

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

3) Including non-profit institutions serving households.

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

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

3. Loans to government and non-euro area residents

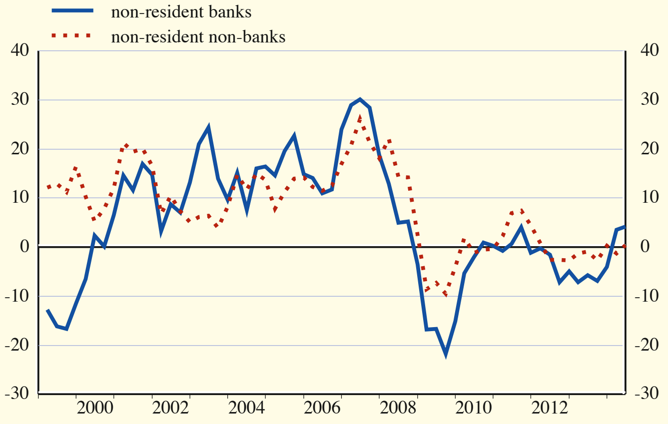
	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2012	1,153.4	341.8	221.6	565.9	24.1	2,868.2	1,906.7	961.5	60.7	900.7
2013	1,082.4	279.6	213.8	560.7	28.3	2,726.0	1,788.1	937.9	56.5	881.4
2013 Q3	1,090.4	285.1	213.8	560.0	31.6	2,767.3	1,807.6	959.7	59.3	900.5
Q4	1,082.4	279.6	213.8	560.7	28.3	2,726.0	1,788.1	937.9	56.5	881.4
2014 Q1	1,092.9	289.2	213.5	562.0	28.2	2,864.4	1,904.3	960.1	58.4	901.7
Q2 (p)	1,087.5	295.4	207.4	556.1	28.5	2,933.4	1,957.6	975.8	57.7	918.1
	Transactions									
2012	-3.6	-4.1	-4.9	2.9	2.4	-128.3	-100.8	-27.5	-1.0	-26.5
2013	-72.1	-61.7	-7.9	-6.7	4.2	-72.7	-75.9	3.2	-2.1	5.3
2013 Q3	-12.4	-5.1	-4.5	-6.4	3.5	-91.4	-77.3	-14.0	2.4	-16.4
Q4	-8.0	-5.4	0.0	0.7	-3.3	-10.9	3.0	-13.9	-2.2	-11.8
2014 Q1	9.1	8.5	-0.3	1.0	-0.1	135.1	113.4	21.6	2.1	19.5
Q2 (p)	-4.7	6.2	-6.1	-5.1	0.3	47.4	37.2	10.2	-1.0	11.2
	Growth rates									
2012	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-4.9	-2.8	-1.8	-2.8
2013	-6.2	-18.1	-3.5	-1.2	17.2	-2.6	-4.0	0.3	-3.6	0.5
2013 Q3	-6.3	-16.3	-7.7	-1.0	20.1	-5.5	-6.9	-2.8	3.3	-3.2
Q4	-6.2	-18.1	-3.5	-1.2	17.2	-2.6	-4.0	0.3	-3.6	0.5
2014 Q1	-3.0	-7.6	-1.7	-1.4	8.5	1.8	3.5	-1.3	1.8	-1.5
Q2 (p)	-1.5	1.4	-5.0	-1.7	1.7	2.9	4.2	0.4	2.3	0.3

C7 Loans to government [2)]

(annual growth rates; not seasonally adjusted)

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

(annual growth rates; not seasonally adjusted)



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

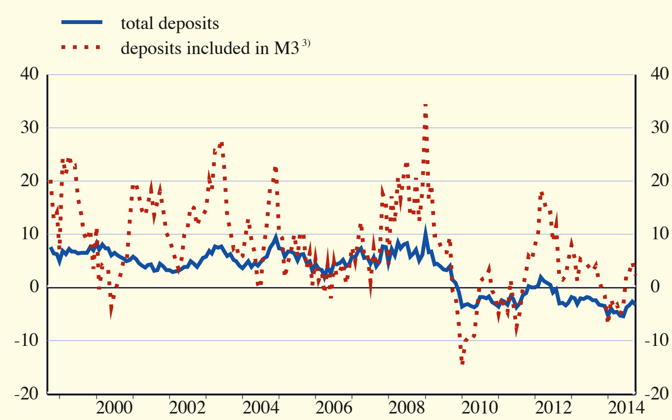
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

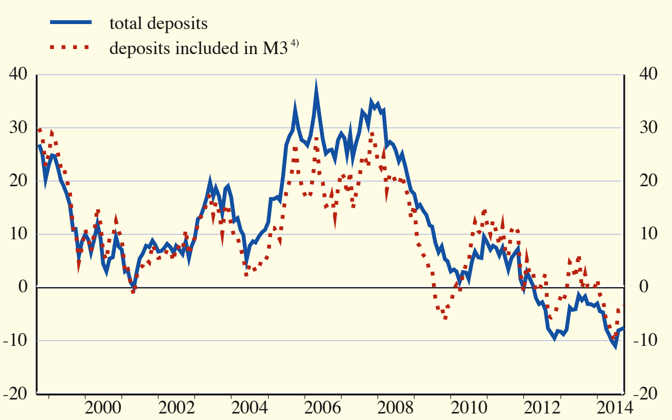
1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2012	691.4	106.5	81.4	484.4	6.4	0.2	12.5	2,020.0	410.1	236.6	1,021.0	13.6	0.3	338.6	260.8
2013	653.6	96.1	76.5	462.8	7.0	0.1	11.0	1,861.7	424.7	221.4	942.5	16.4	0.5	256.1	184.2
2014 Q2	654.5	109.3	75.4	449.5	8.1	0.1	12.1	1,796.8	442.0	212.9	871.2	16.5	0.2	254.0	171.2
Q3 (p)	648.8	110.0	71.1	444.2	8.4	0.2	15.0	1,800.2	461.6	229.7	852.8	17.0	0.4	238.7	163.3
2014 June	654.5	109.3	75.4	449.5	8.1	0.1	12.1	1,796.8	442.0	212.9	871.2	16.5	0.2	254.0	171.2
July	661.7	114.6	75.5	447.2	8.1	0.1	16.2	1,791.0	435.1	214.3	865.6	16.6	0.2	259.1	169.6
Aug.	658.1	110.9	76.9	445.9	8.0	0.2	16.2	1,794.0	430.5	223.9	863.8	16.6	0.4	258.9	171.9
Sep. (p)	648.8	110.0	71.1	444.2	8.4	0.2	15.0	1,800.2	461.6	229.7	852.8	17.0	0.4	238.7	163.3
	Transactions														
2012	-12.3	15.2	2.9	-27.6	2.0	0.0	-4.7	-181.2	23.4	-49.5	-166.0	-2.0	-0.3	13.2	9.4
2013	-36.0	-9.2	-5.3	-21.9	1.3	-0.1	-0.8	-54.9	14.8	-14.8	-76.7	3.0	0.3	18.6	32.6
2014 Q2	-11.1	-2.1	-2.6	-6.5	0.0	0.0	0.0	-47.9	1.1	-2.4	-44.7	-1.5	-0.2	-0.2	-5.9
Q3 (p)	-6.2	0.3	-4.3	-5.4	0.3	0.0	2.9	-3.2	18.4	15.6	-22.2	0.4	0.1	-15.6	-7.9
2014 June	-4.6	-1.0	-2.0	-1.9	0.0	0.0	0.3	13.7	4.5	-7.4	-7.8	-0.2	-0.1	24.9	24.0
July	7.0	5.1	0.1	-2.4	0.0	0.0	4.2	-5.0	-4.7	1.0	-6.6	0.1	0.0	5.0	-1.6
Aug.	-3.7	-3.7	1.3	-1.3	-0.1	0.0	0.0	1.5	-5.4	9.6	-2.5	-0.1	0.1	-0.3	2.2
Sep. (p)	-9.5	-1.1	-5.8	-1.8	0.4	0.0	-1.2	0.3	28.5	4.9	-13.2	0.4	0.0	-20.3	-8.6
	Growth rates														
2012	-1.7	16.5	3.8	-5.4	50.8	-	-32.1	-8.2	6.0	-17.3	-14.0	-14.0	-	2.9	2.5
2013	-5.2	-8.8	-6.5	-4.5	18.7	-	-7.3	-2.9	3.6	-6.3	-7.5	21.8	-	2.7	10.5
2014 Q2	-3.6	4.8	-4.0	-6.3	9.3	-	34.7	-10.9	-3.0	-7.7	-11.7	1.4	-	-20.5	-23.8
Q3 (p)	-3.2	2.7	-5.1	-5.6	1.9	-	57.4	-7.5	3.7	-2.9	-11.7	3.0	-	-14.9	-17.7
2014 June	-3.6	4.8	-4.0	-6.3	9.3	-	34.7	-10.9	-3.0	-7.7	-11.7	1.4	-	-20.5	-23.8
July	-3.3	4.8	-6.8	-5.9	4.7	-	53.8	-8.0	0.3	-8.1	-11.8	-1.5	-	-8.3	-9.8
Aug.	-2.6	6.4	-4.9	-5.7	-2.2	-	83.2	-7.8	-1.0	-5.0	-11.2	2.0	-	-9.3	-11.5
Sep. (p)	-3.2	2.7	-5.1	-5.6	1.9	-	57.4	-7.5	3.7	-2.9	-11.7	3.0	-	-14.9	-17.7

C9 Deposits by insurance corporations and pension funds [2)]
(annual growth rates)



C10 Deposits by other financial intermediaries [2)]
(annual growth rates)



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

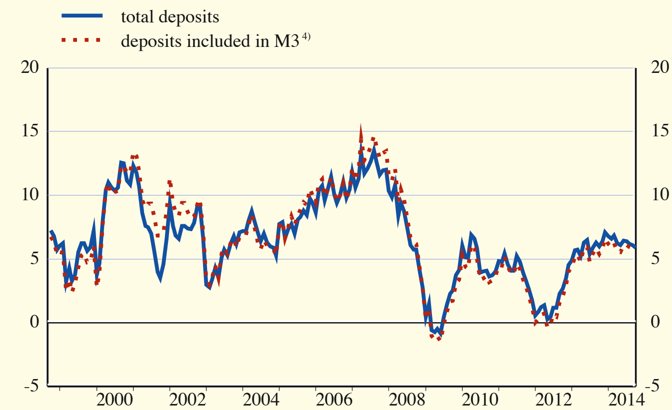
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

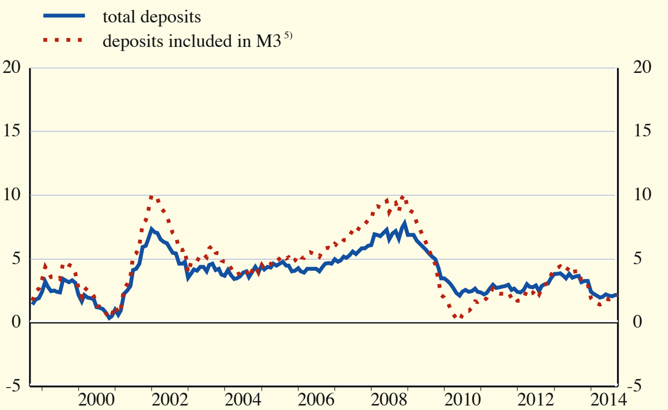
2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2012	1,761.8	1,148.8	408.3	106.5	85.4	2.0	10.9	6,118.9	2,346.2	979.1	747.8	1,937.3	98.0	10.4
2013	1,873.9	1,236.7	404.4	122.8	91.7	1.8	16.5	6,263.3	2,521.5	877.4	806.7	1,969.3	83.9	4.5
2014 Q2	1,874.7	1,248.5	384.1	127.3	97.9	2.0	14.9	6,339.5	2,615.2	855.7	807.8	1,974.5	82.1	4.2
Q3 (p)	1,914.0	1,279.3	390.1	128.5	99.5	2.2	14.5	6,340.0	2,638.8	843.3	802.0	1,966.9	84.0	5.0
2014 June	1,874.7	1,248.5	384.1	127.3	97.9	2.0	14.9	6,339.5	2,615.2	855.7	807.8	1,974.5	82.1	4.2
July	1,876.3	1,243.6	391.8	127.2	98.6	2.0	13.1	6,341.0	2,624.0	852.7	804.8	1,971.7	82.7	5.0
Aug.	1,905.3	1,263.0	395.8	128.6	99.4	2.2	16.3	6,357.4	2,644.4	847.9	803.1	1,973.3	83.6	5.1
Sep. (p)	1,914.0	1,279.3	390.1	128.5	99.5	2.2	14.5	6,340.0	2,638.8	843.3	802.0	1,966.9	84.0	5.0
	Transactions													
2012	82.2	99.6	-35.5	12.9	9.5	0.0	-4.3	224.6	90.2	33.9	21.6	100.8	-9.5	-12.3
2013	119.6	92.4	-3.7	17.8	7.5	-0.1	5.7	148.4	176.8	-100.1	59.5	32.2	-14.1	-5.9
2014 Q2	17.1	31.7	-17.1	0.9	0.3	0.1	1.1	54.6	77.7	-14.1	-6.0	0.3	-1.7	-1.5
Q3 (p)	30.4	25.2	4.0	0.1	1.6	0.2	-0.7	-2.7	21.9	-13.6	-6.0	-7.7	1.9	0.8
2014 June	-1.1	10.2	-9.6	0.7	-0.5	0.1	-2.0	16.6	25.5	-4.6	-1.7	-0.6	-1.2	-0.8
July	-0.9	-6.8	7.2	-0.1	0.6	0.0	-1.8	0.7	8.3	-3.2	-3.0	-2.8	0.6	0.8
Aug.	26.8	18.6	3.5	0.5	0.8	0.2	3.1	15.9	20.2	-5.0	-1.8	1.6	0.9	0.0
Sep. (p)	4.5	13.4	-6.8	-0.3	0.1	0.0	-2.0	-19.3	-6.6	-5.4	-1.2	-6.5	0.4	-0.1
	Growth rates													
2012	4.9	9.5	-8.0	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.5	-8.9	-54.2
2013	6.8	8.1	-0.9	16.8	8.7	-3.7	52.4	2.4	7.5	-10.2	8.0	1.7	-14.4	-57.0
2014 Q2	6.4	8.5	-1.8	10.6	5.0	26.4	40.3	2.1	6.9	-8.0	5.0	0.3	-7.0	-30.5
Q3 (p)	5.9	8.1	-1.4	6.9	3.1	31.8	45.8	2.2	7.2	-6.8	2.4	0.2	-1.2	-20.7
2014 June	6.4	8.5	-1.8	10.6	5.0	26.4	40.3	2.1	6.9	-8.0	5.0	0.3	-7.0	-30.5
July	6.2	8.2	-0.7	9.4	4.1	24.1	26.9	2.1	7.1	-7.6	4.0	0.1	-5.1	-26.9
Aug.	6.1	7.9	-0.5	9.0	3.4	33.2	33.7	2.2	7.3	-7.5	3.2	0.2	-2.8	-23.2
Sep. (p)	5.9	8.1	-1.4	6.9	3.1	31.8	45.8	2.2	7.2	-6.8	2.4	0.2	-1.2	-20.7

C11 Deposits by non-financial corporations [2)]
(annual growth rates)



C12 Deposits by households [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)]

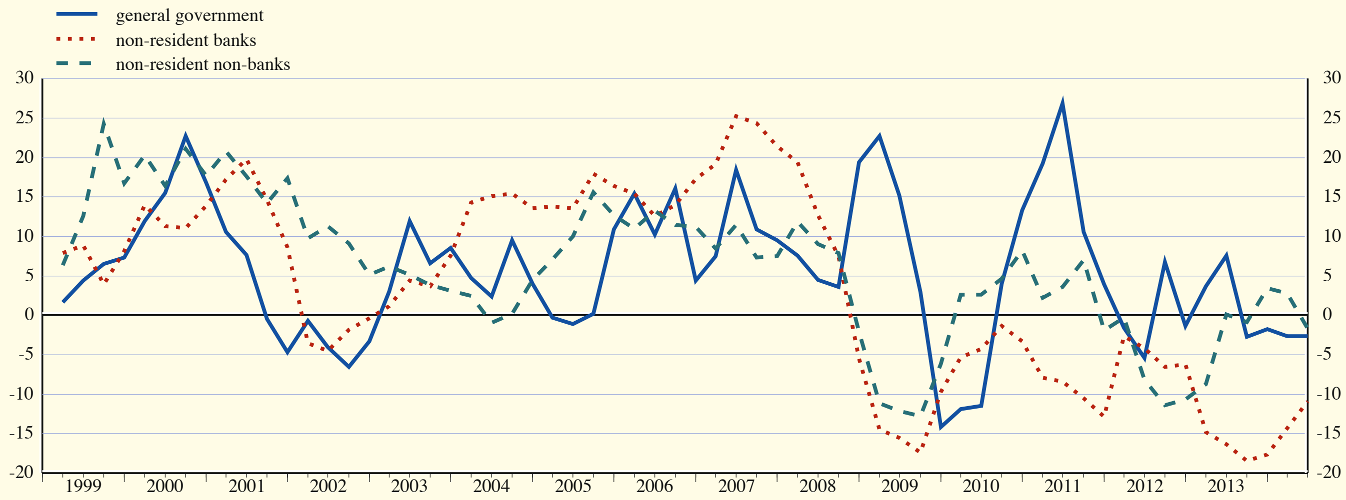
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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									
2012	447.9	169.6	62.8	111.7	103.8	2,895.4	2,016.8	878.6	39.8	838.7
2013	441.0	152.5	64.1	109.2	115.3	2,519.8	1,626.0	893.8	29.8	864.0
2013 Q3	495.5	190.9	70.7	113.6	120.2	2,666.1	1,737.5	928.6	43.0	885.6
Q4	441.0	152.5	64.1	109.2	115.3	2,519.8	1,626.0	893.8	29.8	864.0
2014 Q1	488.0	181.1	73.1	110.7	123.3	2,594.9	1,667.7	927.2	33.8	893.4
Q2 (p)	534.0	214.8	72.5	113.2	133.5	2,581.9	1,659.2	922.7	31.2	891.5
	Transactions									
2012	-7.9	-22.6	-0.3	-0.4	15.5	-240.1	-135.6	-104.5	-5.1	-99.4
2013	-8.0	-17.9	1.1	-2.6	11.3	-324.7	-355.1	30.4	-8.8	39.3
2013 Q3	-49.8	-44.7	-0.1	-1.7	-3.3	-128.8	-127.6	-1.2	7.9	-9.1
Q4	-55.2	-39.1	-6.6	-4.5	-5.0	-124.7	-95.8	-28.9	-13.0	-15.9
2014 Q1	45.5	28.5	9.0	1.3	6.7	63.2	38.1	25.1	3.9	21.2
Q2 (p)	45.4	33.8	-0.6	2.6	9.7	-29.7	-18.9	-10.8	-2.7	-8.1
	Growth rates									
2012	-1.4	-11.7	10.3	-0.4	18.2	-7.5	-6.2	-10.7	-11.9	-10.6
2013	-1.8	-10.5	1.8	-2.3	10.8	-11.3	-17.7	3.4	-22.7	4.6
2013 Q3	-2.8	-5.4	-24.1	2.1	16.3	-13.1	-18.4	-0.9	2.0	-1.0
Q4	-1.8	-10.5	1.8	-2.3	10.8	-11.3	-17.7	3.4	-22.7	4.6
2014 Q1	-2.6	-13.5	9.0	-1.2	9.0	-9.0	-14.4	2.8	-7.8	3.2
Q2 (p)	-2.7	-9.4	2.3	-2.1	6.5	-7.8	-10.9	-1.7	-11.0	-1.3

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

(annual growth rates)



Source: ECB.

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

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

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

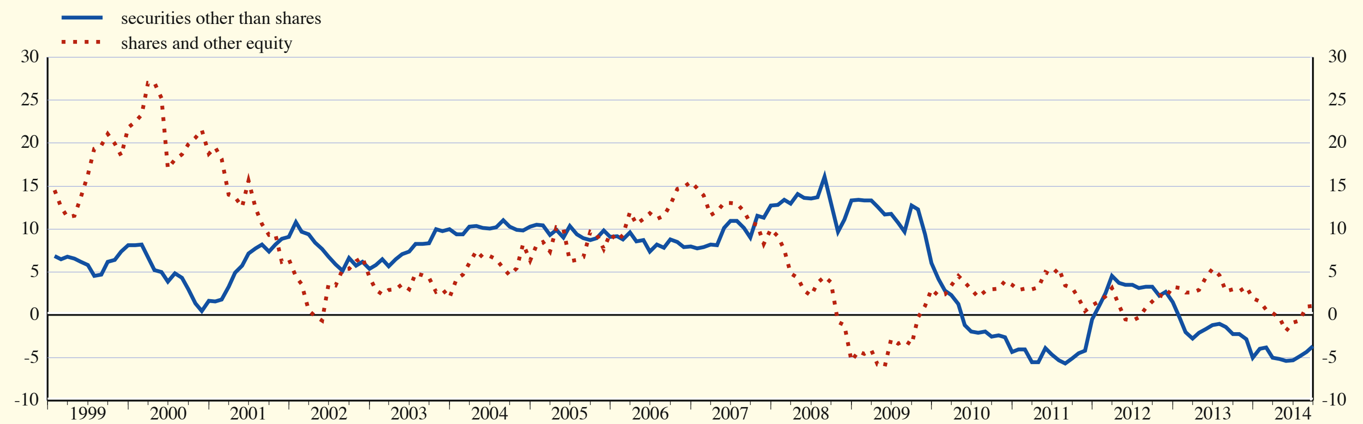
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2012	5,774.7	1,748.7	102.9	1,594.2	32.8	1,399.6	23.6	872.8	1,528.5	475.7	752.1	300.7
2013	5,472.0	1,540.6	102.7	1,674.1	20.3	1,307.0	28.7	798.6	1,561.4	457.0	775.5	328.9
2014 Q2	5,523.8	1,469.0	112.8	1,788.8	19.7	1,270.2	32.5	830.8	1,547.8	449.2	787.4	311.1
Q3 (p)	5,586.0	1,428.5	121.4	1,816.3	23.9	1,252.1	31.9	911.9	1,562.7	454.1	786.3	322.3
2014 June	5,523.8	1,469.0	112.8	1,788.8	19.7	1,270.2	32.5	830.8	1,547.8	449.2	787.4	311.1
July	5,513.4	1,451.0	114.6	1,779.5	20.7	1,275.4	31.7	840.6	1,546.8	450.3	788.2	308.3
Aug.	5,535.5	1,438.9	114.4	1,809.4	21.3	1,264.3	31.6	855.6	1,547.4	452.2	785.0	310.3
Sep. (p)	5,586.0	1,428.5	121.4	1,816.3	23.9	1,252.1	31.9	911.9	1,562.7	454.1	786.3	322.3
Transactions												
2012	83.1	-17.5	16.0	191.1	10.5	-67.8	-4.0	-45.2	49.8	6.6	37.9	5.3
2013	-288.3	-220.3	-0.3	65.5	-11.3	-93.0	5.9	-34.8	29.7	-12.4	13.4	28.7
2014 Q2	-8.5	-36.4	-3.4	16.6	0.0	-6.6	2.4	18.8	2.7	-1.0	5.3	-1.6
Q3 (p)	-24.7	-47.4	-2.3	15.4	3.0	-20.2	-2.4	29.1	16.4	3.9	1.1	11.5
2014 June	-15.7	-11.9	-0.9	-6.9	0.7	-10.7	1.0	13.0	-3.0	2.3	-1.4	-3.9
July	-22.8	-18.1	0.4	-12.4	0.7	5.0	-1.3	2.7	2.5	1.1	4.4	-2.9
Aug.	6.6	-13.6	-1.0	21.6	0.5	-11.4	-0.4	11.1	-1.3	1.4	-3.9	1.2
Sep. (p)	-8.5	-15.7	-1.7	6.2	1.9	-13.8	-0.7	15.3	15.2	1.4	0.6	13.1
Growth rates												
2012	1.5	-1.0	18.3	14.0	47.7	-4.6	-14.6	-4.8	3.3	1.3	5.2	1.8
2013	-5.0	-12.5	-0.4	4.1	-35.2	-6.6	25.2	-4.0	1.9	-2.6	1.8	9.7
2014 Q2	-5.3	-11.4	-5.1	-1.3	-33.2	-7.4	19.9	2.2	-0.9	-2.9	0.5	-1.1
Q3 (p)	-3.6	-11.5	6.4	2.3	-25.2	-8.0	2.4	5.8	1.1	1.0	1.8	-0.5
2014 June	-5.3	-11.4	-5.1	-1.3	-33.2	-7.4	19.9	2.2	-0.9	-2.9	0.5	-1.1
July	-4.8	-11.9	-6.6	0.1	-30.4	-6.9	10.5	2.9	-0.6	-4.6	2.6	-2.6
Aug.	-4.3	-11.9	-0.6	1.2	-34.5	-7.5	9.8	4.5	0.9	0.4	2.5	-2.0
Sep. (p)	-3.6	-11.5	6.4	2.3	-25.2	-8.0	2.4	5.8	1.1	1.0	1.8	-0.5

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.

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

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

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

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
To euro area residents														
2012	5,790.4	-	-	-	-	-	-	12,196.7	96.4	3.6	1.7	0.2	0.9	0.5
2013	5,249.7	-	-	-	-	-	-	11,731.5	96.8	3.2	1.7	0.1	0.9	0.4
2014 Q1	5,211.2	-	-	-	-	-	-	11,731.3	96.8	3.2	1.7	0.1	0.9	0.3
Q2 (p)	5,193.0	-	-	-	-	-	-	11,694.3	96.7	3.3	1.8	0.1	0.9	0.4
To non-euro area residents														
2012	1,906.7	47.3	52.7	31.9	1.9	3.5	10.1	961.5	40.1	59.9	38.2	2.0	2.9	9.9
2013	1,788.1	41.0	59.0	38.7	1.8	3.4	9.5	937.9	40.2	59.8	38.1	3.0	2.7	9.3
2014 Q1	1,904.3	39.1	60.9	39.1	2.6	3.6	10.1	960.1	40.5	59.5	37.9	2.7	2.6	9.4
Q2 (p)	1,957.6	38.5	61.5	40.1	2.7	3.9	9.3	975.8	39.8	60.2	37.3	3.6	2.5	9.7
Holdings of securities other than shares														
Issued by euro area residents														
2012	1,851.6	94.4	5.6	2.7	0.1	0.4	2.0	3,050.3	98.1	1.9	1.2	0.1	0.1	0.4
2013	1,643.3	93.7	6.3	2.6	0.1	0.3	2.8	3,030.1	98.4	1.6	0.8	0.2	0.1	0.5
2014 Q1	1,617.9	93.0	7.0	2.9	0.1	0.2	3.3	3,081.8	98.4	1.6	0.8	0.1	0.1	0.5
Q2 (p)	1,581.8	92.9	7.1	2.8	0.1	0.3	3.4	3,111.2	98.3	1.7	0.9	0.1	0.1	0.5
Issued by non-euro area residents														
2012	434.0	54.9	45.1	19.8	0.3	0.3	19.1	438.8	34.1	65.9	39.1	5.4	0.9	11.8
2013	421.9	52.4	47.6	20.2	0.2	0.5	20.0	376.7	38.2	61.8	37.5	4.1	1.0	10.7
2014 Q1	423.5	52.9	47.1	20.0	0.2	0.4	19.8	380.0	37.4	62.6	37.6	5.0	0.7	10.3
Q2 (p)	432.5	52.6	47.4	21.2	0.3	0.5	20.0	398.4	37.7	62.3	38.3	4.8	0.8	10.0
Deposits														
By euro area residents														
2012	6,155.3	93.8	6.2	3.9	0.2	1.1	0.6	11,040.0	97.0	3.0	2.0	0.1	0.1	0.4
2013	5,552.8	93.4	6.6	4.2	0.2	1.0	0.7	11,093.4	96.8	3.2	2.2	0.1	0.1	0.4
2014 Q1	5,517.7	93.0	7.0	4.4	0.2	1.1	0.7	11,136.6	96.8	3.2	2.2	0.1	0.1	0.4
Q2 (p)	5,525.9	92.8	7.2	4.6	0.2	1.0	0.8	11,199.4	96.7	3.3	2.2	0.1	0.1	0.4
By non-euro area residents														
2012	2,016.8	58.3	41.7	27.7	1.6	1.0	7.3	878.6	52.4	47.6	31.3	1.9	1.1	6.3
2013	1,626.0	51.3	48.7	33.1	1.7	1.5	7.8	893.8	53.9	46.1	29.7	2.1	1.2	6.4
2014 Q1	1,667.7	51.5	48.5	33.8	1.6	1.5	7.2	927.2	53.8	46.2	30.0	2.2	1.0	6.6
Q2 (p)	1,659.2	49.5	50.5	35.4	2.0	1.6	7.4	922.7	52.0	48.0	30.3	2.6	1.1	7.3

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
2012	5,068.0	81.8	18.2	9.6	1.6	1.9	2.5
2013	4,582.7	81.0	19.0	10.7	1.3	1.8	2.7
2014 Q1	4,550.7	80.5	19.5	11.0	1.3	1.8	2.8
Q2 (p)	4,493.7	79.6	20.4	11.6	1.2	1.8	3.0

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						
2014 Feb.	8,204.3	543.6	3,216.3	2,421.4	1,144.2	256.1	622.6
Mar.	8,369.4	557.7	3,279.7	2,417.7	1,179.6	255.2	679.6
Apr.	8,470.6	558.6	3,327.5	2,431.1	1,185.3	259.0	709.2
May	8,693.4	562.5	3,403.1	2,521.6	1,218.4	264.1	723.7
June	8,753.8	550.5	3,447.4	2,562.8	1,247.3	258.1	687.7
July	8,852.6	568.8	3,483.0	2,570.8	1,259.3	258.2	712.6
Aug. (p)	9,027.2	573.1	3,551.7	2,631.4	1,282.1	258.4	730.5
	Transactions						
2013 Q4	61.5	3.1	6.8	43.5	51.7	3.5	-47.2
2014 Q1	229.6	44.8	103.3	50.9	21.5	1.6	7.5
Q2	222.9	3.6	107.6	61.2	32.8	2.9	14.8

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						
2014 Feb.	8,204.3	184.3	7,448.9	5,467.9	907.2	1,980.9	571.1
Mar.	8,369.4	190.2	7,532.0	5,549.9	927.9	1,982.2	647.2
Apr.	8,470.6	192.6	7,601.0	5,601.8	931.8	1,999.3	677.0
May	8,693.4	188.7	7,812.2	5,737.9	961.2	2,074.3	692.5
June	8,753.8	175.5	7,919.7	5,788.4	984.0	2,131.3	658.6
July	8,852.6	178.5	8,000.3	5,836.1	992.9	2,164.2	673.8
Aug. (p)	9,027.2	184.6	8,152.5	5,938.8	1,013.4	2,213.7	690.0
	Transactions						
2013 Q4	61.5	0.7	112.1	93.6	44.0	27.1	-56.0
2014 Q1	229.6	24.6	143.7	136.6	20.3	1.4	71.7
Q2	222.9	-0.2	198.4	117.2	26.4	81.2	24.7

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									
2014 Jan.	7,295.0	2,500.8	2,014.7	1,822.8	345.4	158.2	453.1	7,193.6	101.4	855.3
Feb.	7,448.9	2,530.9	2,084.9	1,865.8	346.7	159.0	461.6	7,346.6	102.3	855.3
Mar.	7,532.0	2,560.6	2,092.5	1,894.2	349.4	163.3	472.0	7,429.6	102.4	835.5
Apr.	7,601.0	2,587.5	2,114.7	1,913.4	351.4	159.7	474.4	7,497.5	103.5	836.5
May	7,812.2	2,644.7	2,195.8	1,963.7	360.3	163.7	483.9	7,707.4	104.8	839.2
June	7,919.7	2,660.0	2,230.8	1,999.9	358.6	171.7	498.6	7,813.4	106.3	824.4
July	8,000.3	2,694.5	2,240.3	2,032.9	360.7	172.7	499.3	7,893.5	106.7	846.5
Aug. (p)	8,152.5	2,743.2	2,293.4	2,065.6	362.8	174.5	513.0	8,045.1	107.4	856.6
	Transactions									
2014 Feb.	59.1	23.2	13.2	20.6	0.1	1.5	0.6	58.5	0.6	4.9
Mar.	40.1	26.8	-0.7	13.7	1.5	-2.8	1.5	50.5	-10.4	-19.6
Apr.	55.1	18.1	24.2	13.6	1.8	-3.3	0.8	54.2	0.9	0.8
May	71.7	23.2	14.1	22.3	7.5	0.9	3.7	71.8	-0.1	-2.5
June	71.5	13.9	10.8	32.3	-3.6	6.4	11.7	71.5	0.0	-16.5
July	73.2	27.9	13.5	29.1	-0.4	0.8	2.3	72.9	0.3	16.5
Aug. (p)	35.4	19.8	0.6	8.1	0.5	-0.5	6.9	35.7	-0.3	8.0

Source: ECB.

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2013 Q3	3,096.9	1,687.0	394.4	798.6	257.4	9.0	227.4	1,410.0	343.5	548.7	14.9
Q4	3,112.6	1,708.2	390.3	807.4	264.5	10.4	235.5	1,404.4	346.6	548.2	13.7
2014 Q1	3,279.7	1,845.2	414.7	856.8	299.7	11.8	262.2	1,438.5	396.3	553.6	14.5
Q2 (p)	3,447.4	1,914.3	420.6	887.7	320.5	11.3	274.2	1,536.8	418.4	575.1	15.2
	Transactions										
2013 Q4	6.8	9.3	-6.1	2.0	5.9	1.1	6.3	-2.5	6.3	-5.4	-0.6
2014 Q1	103.3	65.6	11.5	26.7	12.8	0.5	14.0	42.4	14.5	18.8	0.4
Q2 (p)	107.6	40.0	3.6	14.0	13.6	0.9	7.8	67.6	14.9	17.6	0.2

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2013 Q3	2,228.6	817.2	72.6	-	56.2	30.4	658.1	1,411.3	197.8	502.7	112.8
Q4	2,370.0	886.3	85.4	-	64.7	35.5	700.7	1,483.6	215.4	536.0	123.2
2014 Q1	2,417.7	919.0	92.1	-	63.3	33.3	730.3	1,498.7	215.9	553.6	116.5
Q2 (p)	2,562.8	940.4	94.5	-	67.0	29.0	749.9	1,622.3	228.8	597.4	131.7
	Transactions										
2013 Q4	43.5	18.3	3.6	-	2.4	1.6	10.7	23.4	8.7	0.5	10.0
2014 Q1	50.9	20.5	2.8	-	13.0	-1.0	5.8	24.1	5.6	23.5	-0.4
Q2 (p)	61.2	13.6	7.7	-	3.0	-1.5	4.5	47.6	8.1	20.5	5.4

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2013 Q3	1,064.3	924.0	86.2	-	837.7	-	-	140.3	33.8	47.6	0.5
Q4	1,117.9	971.2	85.1	-	886.1	-	-	146.6	36.6	49.4	0.5
2014 Q1	1,179.6	1,016.2	88.2	-	927.9	-	-	163.4	40.5	60.0	0.4
Q2 (p)	1,247.3	1,075.2	91.2	-	984.0	-	-	172.1	45.6	60.7	0.8
	Transactions										
2013 Q4	51.7	43.7	-0.3	-	44.0	-	-	8.0	3.9	2.0	0.0
2014 Q1	21.5	22.0	1.7	-	20.3	-	-	-0.5	0.8	-0.7	-0.1
Q2 (p)	32.8	28.9	2.5	-	26.4	-	-	3.9	2.6	0.4	0.3

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												
2013 Q2	1,998.7	271.3	1,349.3	1,041.5	456.5	162.1	24.6	3.6	117.5	192.7	88.3	36.4	60.7
Q3	1,959.8	264.2	1,326.8	1,031.8	449.6	156.2	20.1	3.5	115.2	180.2	87.4	36.8	64.3
Q4	1,916.0	252.8	1,292.3	1,010.2	442.6	145.4	19.7	3.1	113.9	178.8	89.7	38.3	64.1
2014 Q1	1,884.6	253.4	1,256.7	976.7	430.4	158.1	21.1	3.1	97.8	163.2	101.6	44.7	64.9
Q2	1,860.6	236.9	1,250.2	975.5	421.9	163.5	19.6	0.1	91.4	164.8	100.7	43.4	64.5
	Transactions												
2013 Q2	-32.5	-15.3	-16.6	-8.0	-	-1.5	-1.4	-0.4	-5.3	1.5	2.7	-1.7	-3.1
Q3	-39.8	-6.9	-21.5	-9.3	-	-5.5	-4.3	0.0	-2.3	-12.7	-0.7	0.5	1.4
Q4	-45.5	-11.3	-34.3	-21.6	-	-10.6	-0.6	-0.4	-1.2	-0.5	2.4	1.2	-3.0
2014 Q1	-41.7	-11.1	-27.9	-27.6	-	0.3	-0.4	0.0	-0.2	-2.4	-1.3	-0.1	1.2
Q2	-20.1	-16.4	1.0	4.5	-	5.1	-1.3	-0.4	-6.8	0.7	-0.3	-1.5	-3.5

2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
	1	2	3	4	5	6	7
	Outstanding amounts						
2013 Q2	1,998.7	129.4	1,615.2	56.2	1,559.0	29.4	224.8
Q3	1,959.8	124.2	1,580.6	56.1	1,524.5	28.8	226.2
Q4	1,916.0	117.3	1,541.1	61.0	1,480.1	29.0	228.6
2014 Q1	1,884.6	143.5	1,474.0	81.0	1,393.0	28.0	239.0
Q2	1,860.6	130.6	1,467.0	79.6	1,387.3	26.9	236.1
	Transactions						
2013 Q2	-32.5	-12.1	-15.0	0.0	-15.1	-1.6	-3.8
Q3	-39.8	-3.9	-35.5	-0.1	-35.3	-0.7	0.2
Q4	-45.5	-6.2	-39.5	4.8	-44.3	0.7	-0.5
2014 Q1	-41.7	-1.5	-43.5	-4.7	-38.8	0.4	2.8
Q2	-20.1	-13.5	-4.8	-3.4	-1.4	-1.3	-0.4

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												
2013 Q2	1,041.5	759.7	226.0	20.9	0.2	5.5	29.3	192.7	114.3	32.9	81.4	32.4	78.4
Q3	1,031.8	757.9	216.2	21.5	0.2	5.5	30.5	180.2	109.7	29.0	80.6	31.0	70.6
Q4	1,010.2	740.8	204.7	26.8	0.2	5.4	32.2	178.8	107.6	28.7	78.8	33.6	71.2
2014 Q1	976.7	725.6	193.2	24.7	0.2	5.3	27.7	163.2	98.9	26.0	72.8	34.1	64.4
Q2	975.5	728.6	190.4	25.1	0.2	5.4	25.9	164.8	101.5	24.2	77.3	37.9	63.3
	Transactions												
2013 Q2	-8.0	7.7	-5.6	0.2	0.0	-0.2	0.0	1.5	3.2	0.7	2.5	0.1	-1.8
Q3	-9.3	-2.1	-8.9	0.7	0.0	0.0	0.9	-12.7	-4.8	-4.0	-0.8	-1.4	-7.9
Q4	-21.6	-17.3	-11.2	5.3	0.0	-0.1	1.7	-0.5	-1.8	-0.1	-1.7	1.9	1.2
2014 Q1	-27.6	-15.4	-8.7	-0.8	0.0	-0.1	-2.5	-2.4	-2.5	-0.4	-2.1	-1.4	0.1
Q2	4.5	2.9	-1.3	0.1	0.0	0.1	2.6	0.7	2.1	-1.8	3.9	3.6	-1.4

Source: ECB.

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

2) Excludes securitisations of inter-MFI loans.

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

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2011 Q3	7,148.0	792.4	463.9	2,764.6	788.2	1,581.3	88.9	255.5	264.7	148.4
Q4	7,158.9	785.2	473.6	2,725.1	793.1	1,615.9	91.2	253.5	271.1	150.1
2012 Q1	7,444.1	797.7	474.0	2,867.8	806.5	1,712.4	102.9	258.1	276.3	148.4
Q2	7,467.3	786.6	473.0	2,879.9	801.9	1,716.7	106.7	261.4	292.0	149.1
Q3	7,679.4	786.0	482.5	2,992.5	819.6	1,796.4	108.1	263.1	281.9	149.3
Q4	7,768.2	788.8	481.5	3,040.8	817.9	1,837.7	109.5	261.7	279.0	151.4
2013 Q1	7,957.0	798.7	476.2	3,109.1	835.5	1,913.6	114.6	283.5	275.0	150.8
Q2	7,899.6	777.7	475.7	3,101.9	832.9	1,906.2	100.0	283.1	269.9	152.2
Q3	7,992.7	771.0	479.5	3,118.9	854.1	1,980.7	95.8	283.6	256.1	152.9
Q4	8,080.7	755.8	480.3	3,187.5	874.7	2,021.8	83.0	282.1	240.5	155.0
2014 Q1	8,328.8	767.2	494.0	3,272.0	889.2	2,096.5	98.8	287.4	267.8	155.9
Q2 (p)	8,592.8	759.3	494.1	3,375.9	935.3	2,197.4	99.2	291.5	283.6	156.4

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
2011 Q3	2,764.6	2,346.9	635.0	1,309.3	227.4	17.0	158.2	417.7
Q4	2,725.1	2,303.1	635.5	1,264.2	223.9	16.3	163.2	422.1
2012 Q1	2,867.8	2,418.0	667.7	1,320.8	236.5	17.0	176.0	449.8
Q2	2,879.9	2,411.5	675.3	1,303.7	234.6	16.5	181.4	468.4
Q3	2,992.5	2,500.3	705.8	1,342.5	241.6	17.0	193.4	492.2
Q4	3,040.8	2,535.6	690.3	1,381.1	249.9	17.7	196.7	505.1
2013 Q1	3,109.1	2,617.4	722.6	1,412.8	257.6	17.2	207.1	491.7
Q2	3,101.9	2,600.3	703.5	1,414.6	257.3	16.1	208.9	501.6
Q3	3,118.9	2,606.6	702.0	1,409.1	265.8	16.0	213.7	512.4
Q4	3,187.5	2,656.4	676.3	1,476.5	266.6	15.6	221.4	531.1
2014 Q1	3,272.0	2,726.1	674.6	1,543.0	266.3	15.8	226.4	545.9
Q2 (p)	3,375.9	2,810.2	688.6	1,600.4	279.9	13.4	227.8	565.7

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
2011 Q3	7,061.6	270.7	41.2	409.3	6,137.9	3,275.8	2,050.2	811.8	202.4	86.4
Q4	7,076.2	263.7	41.2	408.1	6,165.0	3,283.1	2,077.4	804.4	198.2	82.7
2012 Q1	7,233.1	271.3	43.3	438.9	6,278.4	3,316.3	2,137.9	824.2	201.1	211.0
Q2	7,300.5	280.8	42.0	419.7	6,348.7	3,315.8	2,205.3	827.6	209.3	166.8
Q3	7,372.1	292.0	43.7	450.1	6,387.9	3,361.1	2,200.8	826.0	198.4	307.3
Q4	7,472.6	266.5	49.1	477.7	6,459.0	3,395.7	2,243.9	819.4	220.2	295.6
2013 Q1	7,585.2	278.5	48.7	492.8	6,541.0	3,440.5	2,252.3	848.1	224.2	371.7
Q2	7,633.8	278.7	45.6	500.0	6,576.6	3,454.6	2,275.3	846.7	232.8	265.8
Q3	7,656.1	278.0	46.2	515.2	6,593.0	3,493.4	2,253.4	846.2	223.7	336.6
Q4	7,741.7	265.5	47.2	537.6	6,673.6	3,535.5	2,296.5	841.7	217.9	338.9
2014 Q1	7,913.3	278.2	48.0	536.6	6,812.8	3,603.4	2,339.1	870.3	237.7	415.5
Q2 (p)	8,057.1	284.0	52.7	531.8	6,943.5	3,666.1	2,405.1	872.2	245.2	535.7

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2014 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						656
Trade balance [1]						-85
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,219	107	796	57	258	
Other taxes less subsidies on production	43	9	26	5	4	
Consumption of fixed capital	455	116	258	12	70	
Net operating surplus and mixed income [1]	540	280	221	39	0	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						8
Taxes less subsidies on production						
Property income	859	27	444	315	73	141
Interest	295	25	47	151	73	51
Other property income	564	2	398	164	0	89
Net national income [1]	2,045	1,733	2	55	256	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	323	254	55	13	0	5
Social contributions	463	463				1
Social benefits other than social transfers in kind	492	1	17	36	438	1
Other current transfers	242	75	29	80	58	16
Net non-life insurance premiums	60	37	10	12	1	8
Non-life insurance claims	65			65		2
Other	116	39	19	2	57	6
Net disposable income [1]	2,012	1,526	-69	63	492	
Use of income account						
Net disposable income						
Final consumption expenditure	1,934	1,407			528	
Individual consumption expenditure	1,736	1,407			330	
Collective consumption expenditure	198				198	
Adjustment for the change in pension entitlements	22	0	1	21	0	0
Net saving/current external account [1]	78	141	-69	42	-36	-43
Capital account						
Net saving/current external account						
Gross capital formation	490	138	272	12	68	
Gross fixed capital formation	502	137	285	12	68	
Changes in inventories and acquisitions less disposals of valuables	-11	1	-13	0	1	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	-1	-1	0	0	0	1
Capital transfers	35	9	1	2	24	5
Capital taxes	7	7	0	0		0
Other capital transfers	28	2	0	2	24	5
Net lending (+)/net borrowing (-) (from capital account) [1]	47	119	-68	43	-47	-47
Statistical discrepancy	1	-22	21	0	0	-1

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 2014 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						571
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,257	511	1,300	112	333	
Taxes less subsidies on products	253					
Gross domestic product (market prices)[2)]	2,510					
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	540	280	221	39	0	
Compensation of employees	1,223	1,223				4
Taxes less subsidies on production	294				294	1
Property income	847	257	225	331	34	152
Interest	295	43	35	209	8	52
Other property income	553	214	191	121	27	101
Net national income						
Secondary distribution of income account						
Net national income	2,045	1,733	2	55	256	
Current taxes on income, wealth, etc.	327				327	1
Social contributions	462	1	18	59	384	2
Social benefits other than social transfers in kind	491	491				2
Other current transfers	207	95	13	78	21	50
Net non-life insurance premiums	65			65		3
Non-life insurance claims	60	38	9	12	0	8
Other	82	57	4	1	20	40
Net disposable income						
Use of income account						
Net disposable income	2,012	1,526	-69	63	492	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in pension entitlements	22	22				0
Net saving/current external account						
Capital account						
Net saving/current external account	78	141	-69	42	-36	-43
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	455	116	258	12	70	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	39	8	17	3	11	2
Capital taxes	7				7	0
Other capital transfers	31	8	17	3	3	2
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

(EUR billions)

Assets 2014 Q2	Euro area	Households	Non-financial corporations	MFIs	Investment funds (except MMFs)	OFIs	ICPFs	General govern-ment	Rest of the world
Opening balance sheet, financial assets									
Total financial assets	103,121	20,418	17,500	31,360	7,806	12,905	8,365	4,768	20,283
Monetary gold and special drawing rights (SDRs)	567			567					
Currency and deposits	22,310	7,274	2,113	9,269	316	1,687	822	829	2,978
Short-term debt securities	1,173	49	58	577	283	100	70	38	519
Long-term debt securities	14,243	1,095	248	5,690	3,060	560	3,162	429	4,661
Loans	22,145	93	3,214	12,625	86	4,446	694	988	3,069
Shares and other equity	29,314	4,944	8,406	1,672	3,668	5,823	3,165	1,636	8,251
Listed shares	5,923	956	1,198	330	2,331	454	356	299	.
Unlisted shares and other equity	17,383	2,545	6,880	1,051	110	5,167	491	1,140	.
Investment fund shares (including MMF shares)	6,008	1,443	328	292	1,227	202	2,319	197	.
Insurance and pension schemes	6,901	6,405	183	28	0	1	281	4	321
Other accounts receivable and financial derivatives	6,467	559	3,279	933	393	288	171	845	485
of which: Trade credits and advances	2,709	107	2,460	1	0	69	12	60	0
Net financial worth									
Financial account, transactions in financial assets									
Total transactions in financial assets	433	132	46	-185	201	42	60	137	113
Monetary gold and SDRs	0			0					0
Currency and deposits	-58	72	-9	-177	6	-24	-13	87	-46
Short-term debt securities	-19	0	-3	-22	16	-2	0	-7	17
Long-term debt securities	101	-35	-20	-3	97	23	36	4	70
Loans	121	0	15	-3	5	66	3	36	-5
Shares and other equity	153	30	28	-7	93	-30	28	12	67
Listed shares	81	2	1	-9	57	24	5	1	.
Unlisted shares and other equity	-38	-18	27	3	2	-63	1	9	.
Investment fund shares (including MMF shares)	110	45	-1	-1	33	9	22	2	.
Insurance and pension schemes	49	42	0	0	0	0	7	0	11
Other accounts receivable and financial derivatives	86	24	36	27	-16	10	1	5	-2
of which: Trade credits and advances	15	3	13	0	0	-1	0	0	0
Changes in net financial worth due to transactions									
Other changes account, financial assets									
Total other changes in financial assets	1,060	146	249	32	156	338	141	-1	278
of which: Revaluations [1]	.	.	.	.	.	.	.	.	.
Monetary gold and SDRs	.	.	.	.	.	.	.	.	.
Currency and deposits	.	.	.	.	.	.	.	.	.
Short-term debt securities	.	.	.	.	.	.	.	.	.
Long-term debt securities	.	.	.	.	.	.	.	.	.
Loans	.	.	.	.	.	.	.	.	.
Shares and other equity	.	.	.	.	.	.	.	.	.
Listed shares	.	.	.	.	.	.	.	.	.
Unlisted shares and other equity	.	.	.	.	.	.	.	.	.
Investment fund shares (including MMF shares)	.	.	.	.	.	.	.	.	.
Insurance and pension schemes	.	.	.	.	.	.	.	.	.
Other accounts receivable and financial derivatives	.	.	.	.	.	.	.	.	.
Other changes in net financial worth									
Closing balance sheet, financial assets									
Total financial assets	104,614	20,696	17,794	31,207	8,162	13,284	8,566	4,905	20,674
Monetary gold and SDRs	576			576					
Currency and deposits	22,294	7,342	2,120	9,117	323	1,669	809	914	2,950
Short-term debt securities	1,157	46	53	559	304	96	70	30	539
Long-term debt securities	14,562	1,078	237	5,728	3,211	607	3,262	439	4,756
Loans	22,452	93	3,236	12,602	90	4,701	698	1,033	3,075
Shares and other equity	30,067	5,041	8,648	1,674	3,864	5,911	3,278	1,652	8,420
Listed shares	6,068	948	1,209	321	2,450	478	366	295	.
Unlisted shares and other equity	17,713	2,566	7,105	1,060	116	5,216	497	1,153	.
Investment fund shares (including MMF shares)	6,287	1,526	334	293	1,298	217	2,414	204	.
Insurance and pension schemes	7,039	6,526	191	33	0	1	284	3	342
Other accounts receivable and financial derivatives	6,465	570	3,310	918	371	297	166	833	592
of which: Trade credits and advances	2,744	110	2,490	2	0	70	13	60	0
Net financial worth									

Source: ECB.
1) Data on revaluations is not yet available.

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

(EUR billions)

Liabilities 2014 Q2	Euro area	Households	Non-financial corporations	MFIs	Investment funds (except MMFs)	OFIs	ICPFs	General govern-ment	Rest of the world
Opening balance sheet, liabilities									
Total liabilities	104,607	6,799	26,998	31,152	7,398	12,791	7,876	11,592	18,475
Monetary gold and special drawing rights (SDRs)									
Currency and deposits	22,659			22,295				284	2,629
Short-term debt securities	1,276		61	454	2	116	0	642	416
Long-term debt securities	15,932		1,016	4,357	2	3,059	53	7,446	2,972
Loans	21,414	6,181	8,557		134	3,795	320	2,428	3,800
Shares and other equity	29,995	29	13,940	2,998	6,997	5,458	542	32	7,570
Listed shares	5,435		4,255	552	0	474	155	0	.
Unlisted shares and other equity	16,412	29	9,685	1,296	0	4,983	386	32	.
Investment fund shares (including MMF shares)	8,148			1,150	6,997				.
Insurance and pension schemes	7,222		354	47	0	4	6,744	1	0
Other accounts payable and financial derivatives	6,054	516	3,016	949	263	333	217	760	897
of which: Trade credits and advances	2,709	133	2,330	44	0	69	12	100	0
Net financial worth	-1,486	13,619	-9,499	208	407	113	489	-6,824	
Financial account, transactions in liabilities									
Total transactions in liabilities	387	36	92	-178	197	-8	64	185	159
Monetary gold and SDRs									
Currency and deposits	-152			-151				0	47
Short-term debt securities	-22		-7	-9	0	6	0	-13	20
Long-term debt securities	106		18	-48	4	-3	4	132	65
Loans	91	16	37		3	3	4	29	25
Shares and other equity	181	0	44	-12	198	-47	-3	0	39
Listed shares	49		19	25	0	5	0	0	.
Unlisted shares and other equity	-48	0	25	-19	0	-51	-3	0	.
Investment fund shares (including MMF shares)	180			-18	198				.
Insurance and pension schemes	61		2	-1	0	0	60	0	0
Other accounts payable and financial derivatives	122	19	-1	43	-8	33	-1	36	-38
of which: Trade credits and advances	15	5	8	2	0	-1	0	0	0
Changes in net financial worth due to transactions	46	96	-46	-7	4	50	-4	-47	-46
Other changes account, liabilities									
Total other changes in liabilities	824	5	75	187	184	127	96	150	505
of which: Revaluations [1]	.	.	.	.	.	.	.	.	.
Monetary gold and SDRs	.	.	.	.	.	.	.	.	.
Currency and deposits	.			.				.	.
Short-term debt securities	.	.	.	.	.	.	.	.	.
Long-term debt securities	.	.	.	.	.	.	.	.	.
Loans	.	.	.	.	.	.	.	.	.
Shares and other equity	.	.	.	.	.	.	.	.	.
Listed shares	.	.	.	.	.	.	.	.	.
Unlisted shares and other equity	.	.	.	.	.	.	.	.	.
Investment fund shares (including MMF shares)	.			.	.			.	.
Insurance and pension schemes	.	.	.	.	.	.	.	.	.
Other accounts payable and financial derivatives	.	.	.	.	.	.	.	.	.
Other changes in net financial worth	236	141	174	-154	-29	211	44	-151	-227
Closing balance sheet, liabilities									
Total liabilities	105,818	6,840	27,165	31,160	7,780	12,910	8,036	11,927	19,140
Monetary gold and SDRs									
Currency and deposits	22,546			22,173				292	2,699
Short-term debt securities	1,255		54	444	5	121	0	630	441
Long-term debt securities	16,194		1,037	4,340	7	3,047	56	7,707	3,124
Loans	21,613	6,198	8,651		136	3,834	325	2,469	3,914
Shares and other equity	30,506	30	13,961	3,088	7,362	5,495	537	32	7,982
Listed shares	5,301		4,154	522	0	478	146	0	.
Unlisted shares and other equity	16,702	30	9,807	1,427	0	5,016	390	32	.
Investment fund shares (including MMF shares)	8,504			1,140	7,362				.
Insurance and pension schemes	7,381		355	46	0	4	6,901	1	0
Other accounts payable and financial derivatives	6,270	539	3,053	1,015	269	382	216	795	788
of which: Trade credits and advances	2,744	139	2,356	45	0	70	13	99	0
Net financial worth	-1,204	13,856	-9,371	47	383	374	530	-7,022	

Source: ECB.
1) Data on revaluations is not yet available.

3.2 Households

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

	2010	2011	2012	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4	2013 Q2-2014 Q1	2013 Q3-2014 Q2
Income, saving and changes in net worth								
Compensation of employees (+)	4,570	4,672	4,726	4,738	4,751	4,772	4,794	4,818
Gross operating surplus and mixed income (+)	1,488	1,530	1,512	1,522	1,528	1,545	1,551	1,554
Interest receivable (+)	191	212	200	186	180	176	172	170
Interest payable (-)	128	147	130	116	110	107	104	102
Other property income, net (+)	736	758	765	746	754	754	749	744
Current taxes on income and wealth (-)	869	901	948	965	972	977	984	990
Social contributions, net (-)	1,718	1,766	1,804	1,819	1,827	1,834	1,841	1,851
Social benefits, net (+)	1,812	1,837	1,882	1,903	1,913	1,924	1,930	1,938
Net current transfers receivable (+)	71	70	77	77	76	81	82	83
= Gross disposable income	6,153	6,267	6,280	6,273	6,294	6,333	6,349	6,362
Final consumption expenditure (-)	5,367	5,512	5,538	5,535	5,551	5,561	5,580	5,602
Changes in net worth in pension funds (+)	72	73	76	76	78	78	79	80
= Gross saving	859	828	818	814	821	850	848	841
Consumption of fixed capital (-)	429	440	449	452	453	455	456	459
Net capital transfers receivable (+)	35	7	5	6	2	-3	-4	-7
Other changes in net worth (+)	644	-210	-142	-408	-204	-164	253	658
= Changes in net worth	1,109	185	232	-40	165	228	640	1,033
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	571	580	557	543	541	537	538	537
Consumption of fixed capital (-)	429	440	449	452	453	455	456	459
Financial investment (+), *of which:*	462	363	342	378	349	330	326	339
Short-term assets	42	126	193	165	132	92	69	96
Currency and deposits	119	118	225	218	189	130	104	128
Money market fund (MMF) shares	-50	-70	8	65	68	44	41	59
Debt securities [1]	-17	30	0	-22	-30	-24	-15	-9
Long-term assets	388	237	144	167	192	199	231	207
Deposits	57	54	10	10	28	58	61	43
Debt securities	-23	67	-91	-137	-155	-141	-120	-111
Shares and other equity	104	-1	95	148	165	120	127	111
Listed and unlisted shares and other equity	95	47	56	53	70	62	67	30
Non-MMF investment fund shares	9	-47	39	95	95	58	60	81
Life insurance and pension entitlements	.	.	32	116	154	162	163	165
Financing (-) ,	177	87	32	-11	-24	-24	1	54
of which: Loans	114	88	11	-17	-6	-22	-14	-1
of which: From euro area MFIs	147	81	23	-1	5	-6	-6	-35
Other changes in assets (+)								
Non-financial assets [2]	78	-212	-1,182	-1,342	-1,051	-1,142	-781	-535
Financial assets	198	-379	600	379	304	403	487	707
Shares and other equity	52	-334	372	260	287	427	381	526
Life insurance and pension entitlements	.	.	44	30	9	-17	72	148
Remaining net flows (+)	376	361	381	483	495	573	538	478
= Changes in net worth	1,109	185	232	-40	165	228	640	1,033
Balance sheet								
Non-financial assets [2] (+)	29,932	30,299	29,674	29,248	29,369	29,068	28,992	29,249
of which: Housing wealth	28,427	28,749	28,104	27,658	27,770	27,462	27,376	27,625
Financial assets (+)	18,549	18,533	19,474	19,649	19,829	20,208	20,418	20,696
Short-term assets	5,834	5,973	6,143	6,196	6,173	6,222	6,223	6,289
Currency and deposits	5,597	5,728	5,949	6,031	6,018	6,076	6,084	6,159
Money market fund (MMF) shares	1,300	1,172	1,288	1,345	1,378	1,404	1,443	1,526
Debt securities [1]	53	78	73	56	54	49	49	46
Long-term assets	11,650	11,464	12,239	12,286	12,505	12,843	13,018	13,214
Deposits	1,062	1,114	1,133	1,152	1,166	1,190	1,190	1,183
Debt securities	1,296	1,266	1,240	1,132	1,104	1,087	1,095	1,078
Shares and other equity	4,109	3,770	4,252	4,317	4,534	4,807	4,853	4,956
Listed and unlisted shares and other equity	2,994	2,765	3,085	3,081	3,257	3,500	3,501	3,515
Non-MMF investment fund shares	1,116	1,006	1,168	1,236	1,277	1,307	1,352	1,441
Life insurance and pension entitlements	.	.	5,614	5,684	5,700	5,759	5,880	5,997
Liabilities (-)	6,639	6,806	6,891	6,825	6,793	6,791	6,799	6,840
of which: Loans	6,100	6,191	6,254	6,221	6,216	6,198	6,181	6,198
of which: From euro area MFIs	5,189	5,257	5,269	5,259	5,251	5,239	5,226	5,196
= Net worth	41,841	42,026	42,258	42,072	42,406	42,486	42,610	43,105

Sources: ECB and Eurostat.

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

2) Non-financial assets are compiled in accordance with the ESA 95 standard.

3.3 Non-financial corporations

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

	2010	2011	2012	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4	2013 Q2-2014 Q1	2013 Q3-2014 Q2
Income and saving								
Gross value added (basic prices) (+)	4,900	5,076	5,106	5,104	5,113	5,122	5,147	5,163
Compensation of employees (-)	2,904	2,995	3,043	3,052	3,061	3,076	3,092	3,109
Other taxes less subsidies on production (-)	31	40	49	48	52	62	59	58
= Gross operating surplus (+)	1,966	2,041	2,013	2,004	1,999	1,984	1,996	1,997
Consumption of fixed capital (-)	935	968	996	1,003	1,007	1,011	1,017	1,022
= Net operating surplus (+)	1,031	1,074	1,017	1,001	993	973	980	974
Property income receivable (+)	548	602	565	536	531	509	503	499
Interest receivable	155	175	158	152	150	148	145	142
Other property income receivable	393	427	408	384	381	361	358	357
Interest and rents payable (-)	275	332	307	272	267	253	236	225
= Net entrepreneurial income (+)	1,303	1,344	1,276	1,266	1,256	1,230	1,247	1,248
Distributed income (-)	909	909	939	904	898	875	875	887
Taxes on income and wealth payable (-)	173	194	201	206	206	207	209	207
Other net transfers (-)	52	54	62	63	63	64	64	65
= Net saving	143	154	62	77	72	61	79	69
Investment, financing and saving								
Net acquisition of non-financial assets (+)	178	146	127	111	105	99	88	82
Gross fixed capital formation (+)	1,052	1,122	1,124	1,108	1,108	1,112	1,121	1,122
Consumption of fixed capital (-)	935	968	996	1,003	1,007	1,011	1,017	1,022
Net acquisition of other non-financial assets (+)	-9	-8	2	-8	-10	-12	-17	-17
Financial investment (+)	750	546	164	176	221	169	164	199
Currency and deposits	89	81	59	36	86	96	103	102
Debt securities	23	-15	-21	-44	-41	-36	-14	-29
Loans	182	100	67	-19	-49	-72	-47	-24
Shares and other equity	243	292	88	41	25	6	-51	7
of which: Unlisted shares and other equity	236	297	86	30	6	-22	-51	14
of which: Investment fund shares	-29	-31	0	-2	-2	2	-6	4
Other financial assets	213	88	-29	161	201	175	174	142
Financing (-)	623	559	201	216	255	170	124	135
Debt securities	70	48	115	90	88	79	73	72
Short-term	-5	11	1	-4	3	-3	-11	-18
Long-term	75	37	113	94	85	82	84	90
Loans	113	188	-31	-111	-170	-185	-182	-111
Short-term	-111	80	-4	15	-20	-34	-29	29
Long-term	224	107	-26	-126	-150	-151	-153	-140
Shares and other equity	231	202	182	156	223	224	250	220
of which: Unlisted shares and other equity	198	169	152	121	184	199	206	177
Trade credits and advances	.	.	50	29	23	8	6	-9
Other liabilities	-31	-3	40	88	89	42	-22	-36
Net capital transfers receivable (-)	-92	-78	-78	-81	-72	-64	-64	-62
= Net saving	143	154	62	77	72	61	79	69
Financial balance sheet								
Financial assets (+)	15,887	16,025	16,584	16,367	17,069	17,417	17,500	17,794
Currency and deposits	.	.	.	.	.	.	.	.
Debt securities	336	334	335	302	302	295	305	291
Loans	3,172	3,297	3,261	3,238	3,249	3,230	3,214	3,236
Shares and other equity	7,118	6,920	7,481	7,345	7,977	8,203	8,406	8,648
of which: Unlisted shares and other equity	5,740	5,794	6,218	6,071	6,601	6,718	6,880	7,105
of which: Investment fund shares	376	306	305	296	303	321	328	334
Other financial assets	3,375	3,511	3,430	3,465	3,468	3,545	3,557	3,501
Financial liabilities (-)	25,175	24,614	25,605	25,504	26,494	27,002	26,998	27,165
Debt securities	840	832	993	1,009	1,040	1,048	1,077	1,091
Short-term	53	62	63	72	72	58	61	54
Long-term	787	770	930	937	968	990	1,016	1,037
Loans	8,921	9,070	8,929	8,873	8,827	8,655	8,557	8,651
Short-term	2,405	2,463	2,392	2,450	2,410	2,326	2,371	2,425
Long-term	6,516	6,606	6,536	6,422	6,417	6,328	6,186	6,226
Shares and other equity	11,850	11,143	12,159	12,125	13,154	13,777	13,940	13,961
of which: Unlisted shares and other equity	8,457	8,261	8,824	8,678	9,362	9,668	9,685	9,807
Trade credits and advances	.	.	2,356	2,328	2,329	2,376	2,330	2,356
Other liabilities	352	362	1,115	1,115	1,089	1,091	1,040	1,052

Sources: ECB and Eurostat.

3.4 Financial corporations

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

	2010	2011	2012	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4	2013 Q2-2014 Q1	2013 Q3-2014 Q2
Income and saving								
Net value added (basic prices) (+)	393	385	382	379	379	380	385	389
Compensation of employees (-)	229	232	233	234	234	235	235	235
Other taxes less subsidies on production (-)	13	16	21	20	20	19	19	20
= Net operating surplus (+)	151	137	128	125	125	126	131	135
Interest receivable (+)	976	1,079	1,027	949	916	886	865	848
Interest payable (-)	739	819	760	699	670	644	628	616
Other property income receivable (+)	358	376	335	333	328	320	326	321
Property income attributed to insurance policy holders and rents (-)	266	279	279	278	278	277	283	325
= Net entrepreneurial income (+)	480	495	451	429	422	412	411	401
Changes in net worth in pension funds (-)	70	68	70	71	74	74	75	76
Distributed income (-)	249	248	236	248	248	237	244	224
Taxes on income and wealth payable (-)	40	41	45	48	50	50	50	50
Net capital transfers and other net transfers (+)	104	84	130	138	142	110	103	98
= Changes in net worth due to transactions (+)	184	171	216	182	173	136	122	126
Other changes in net worth (+)	278	-241	236	88	-34	-131	-264	-128
= Changes in net worth	462	-71	452	271	139	6	-142	-2
Investment, financing and saving								
Net acquisition of non-financial assets (+)	1	6	-1	-2	-2	3	-1	2
Financial investment (+)	1,377	2,644	1,144	-1,034	-1,363	-1,341	-957	-736
Currency and deposits	87	1,774	34	-1,964	-1,950	-1,847	-1,243	-1,204
Debt securities	-152	110	-110	-288	-345	-474	-409	-353
Loans	532	251	328	92	-122	-208	-245	-183
Of which: Long-term	520	210	234	71	5	-100	-111	-118
Shares and other equity	376	321	382	444	490	657	562	614
Other financial assets	84	21	-60	-3	-54	-52	-118	-83
Financing (-)	1,195	2,479	927	-1,218	-1,538	-1,475	-1,080	-861
Currency and deposits	281	1,838	234	-1,924	-1,968	-1,910	-1,418	-1,338
Debt securities	-152	110	-110	-288	-345	-474	-409	-353
Loans	169	38	127	78	-63	-4	-40	-70
Of which: Long-term	131	19	9	17	-29	61	50	17
Shares and other equity	562	379	595	680	604	658	575	603
Listed shares	38	56	30	44	34	33	45	39
Unlisted shares and other equity	286	333	266	267	163	232	137	42
Investment fund shares	238	-10	299	368	407	393	393	522
Insurance and pension schemes	284	116	159	184	192	191	191	212
Other liabilities	49	-3	-77	54	43	65	22	86
Other changes in financial assets (+)	756	-539	1,181	243	-237	-266	-122	1,132
Of which: Debt securities	47	-258	579	36	-185	-247	-48	349
Of which: Shares and other equity	519	-542	671	530	465	465	415	933
Other changes in financial laibilities (-)	476	-304	946	156	-201	-138	143	1,259
= Changes in net worth	462	-71	452	271	139	6	-142	-2
Financial balance sheet								
Financial assets (+)	57,050	59,155	61,480	60,823	60,273	59,873	60,435	61,219
Currency and deposits	12,347	14,256	14,222	13,171	12,738	12,235	12,094	11,918
Debt securities	12,237	12,256	13,296	13,366	13,236	13,158	13,501	13,836
Loans	17,796	18,084	18,423	18,413	18,048	17,902	17,851	18,091
Of which: Long-term	14,013	14,231	14,572	14,489	14,322	14,295	14,302	14,414
Shares and other equity	12,096	11,876	12,929	13,180	13,547	14,051	14,328	14,727
Other financial assets	2,573	2,682	2,610	2,694	2,704	2,527	2,661	2,647
Financial liabilities (-)	56,154	58,329	60,203	59,488	58,952	58,590	59,217	59,885
Currency and deposits	22,429	24,326	24,521	23,549	23,037	22,495	22,321	22,199
Debt securities	8,405	8,544	8,630	8,353	8,211	8,037	8,043	8,021
Loans	4,058	4,273	4,362	4,477	4,275	4,207	4,248	4,295
Of which: Long-term	2,609	2,859	2,876	2,940	2,883	2,905	2,991	2,976
Shares and other equity	13,228	13,033	14,360	14,594	14,968	15,460	15,994	16,482
Listed shares	895	702	837	873	976	1,092	1,180	1,147
Unlisted shares and other equity	5,549	5,782	6,256	6,249	6,316	6,520	6,666	6,832
Investment fund shares	6,783	6,549	7,267	7,472	7,676	7,848	8,148	8,504
Insurance and pension schemes	5,991	6,123	6,450	6,546	6,580	6,637	6,795	6,951
Other liabilities	1,990	1,975	1,825	1,914	1,827	1,702	1,763	1,883

Sources: ECB and Eurostat.

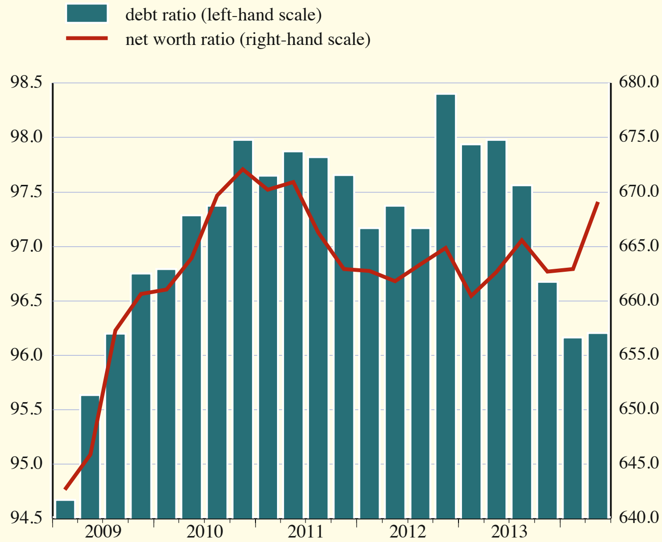
3.5 Households and non-financial corporations, summary indicators

(percentages based on four-quarter cumulated transactions; annual percentage changes)

	2009	2010	2011	2012	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2
Households	*percentage of adjusted gross disposable income*								
Saving rate	15.0	13.8	13.1	12.9	12.8	12.9	13.3	13.2	13.0
Investment rate	9.3	9.1	9.0	8.7	8.5	8.5	8.3	8.4	8.3
Debt ratio	96.7	98.0	97.7	98.4	98.0	97.6	96.7	96.2	96.2
Net worth ratio	660.6	672.1	662.9	664.8	662.7	665.5	662.7	662.9	669.1
	annual percentage changes								
Compensation of employees	-0.2	1.4	2.2	1.1	0.5	1.1	1.7	1.9	2.0
Gross disposable income (adjusted)	-0.3	1.0	1.8	0.3	-0.3	1.5	2.5	1.1	0.9
Final consumption expenditure	-1.8	2.4	2.7	0.5	0.2	1.2	0.7	1.4	1.6
Gross saving	9.2	-7.1	-3.6	-1.2	-3.0	3.9	14.5	-0.9	-2.8
Financial investment	3.2	2.6	2.0	1.8	2.0	1.8	1.7	1.7	1.7
Financing	2.4	2.8	1.3	0.5	-0.2	-0.4	-0.3	0.0	0.8
Non-financial corporations	*percentage of gross value added (unless otherwise indicated)*								
Profit share	24.7	26.6	26.5	25.0	24.8	24.6	24.0	24.2	24.2
Investment rate	21.5	21.5	22.1	22.0	21.7	21.7	21.7	21.8	21.7
Debt ratio (debt to GDP)	-	-	-	-	128.1	127.6	125.9	124.2	125.1
Leverage ratio (debt over total liabilities)	-	-	-	-	49.2	47.4	46.0	45.6	45.8
	annual percentage changes								
Gross value added	-4.9	2.9	3.6	0.6	0.6	0.7	0.7	2.0	1.3
Gross operating surplus and mixed income	-9.8	5.2	3.9	-1.4	-0.3	-0.8	-3.0	2.3	0.1
Net entrepreneurial income	-12.2	11.0	3.1	-5.1	-2.2	-3.2	-9.1	6.0	0.5
Gross fixed capital formation	-14.6	2.8	6.6	0.2	-0.8	0.1	1.3	3.6	0.2
Financial investment	0.7	4.9	3.4	1.0	1.1	1.3	1.0	1.0	1.2
Financing	0.2	2.6	2.2	0.8	0.9	1.0	0.7	0.5	0.5

C15 Households' debt and net worth

(percentages of adjusted gross disposable income)



C16 Non-financial corporations' debt and leverage

(percentages of GDP and percentages of total liabilities, respectively)

Sources: ECB and Eurostat.

4 FINANCIAL MARKETS

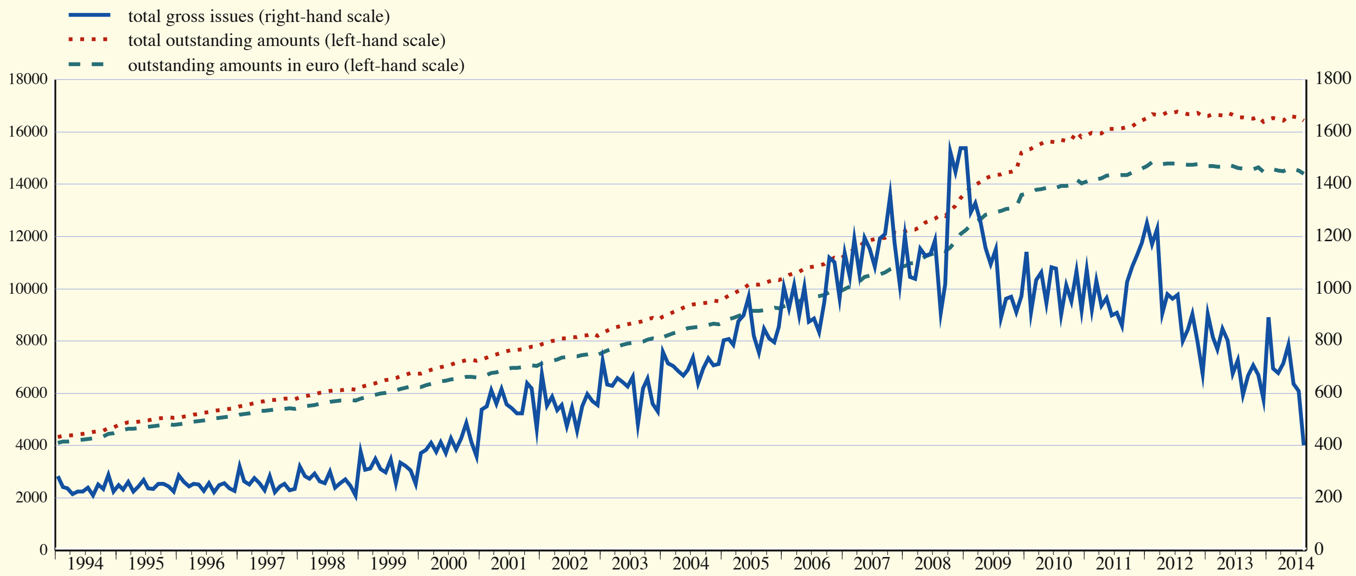
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2]	
											Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2013 Aug.	16,819.2	516.5	-24.7	14,587.3	482.9	-26.4	16,553.7	595.1	-18.5	-0.8	15.3	-0.8
Sep.	16,828.6	608.2	9.8	14,579.7	557.6	-7.2	16,540.3	668.4	-5.7	-0.7	28.7	-0.3
Oct.	16,831.1	645.1	3.6	14,569.8	574.8	-8.7	16,507.4	707.9	-21.7	-1.0	-31.2	-0.5
Nov.	16,940.4	598.4	109.5	14,651.3	539.6	81.8	16,593.8	670.8	85.0	-0.8	8.3	-0.5
Dec.	16,763.9	517.6	-186.4	14,477.8	479.4	-183.4	16,374.6	577.4	-220.3	-1.3	-109.9	-1.6
2014 Jan.	16,785.3	795.6	21.4	14,508.7	739.6	31.0	16,482.2	890.6	89.8	-0.8	63.3	-0.3
Feb.	16,856.8	628.9	67.3	14,567.4	575.8	54.6	16,540.0	694.8	67.0	-0.6	3.4	-0.5
Mar.	16,836.1	650.9	-21.6	14,534.4	581.8	-34.0	16,487.3	677.8	-53.4	-0.8	-44.0	-1.3
Apr.	16,812.9	681.5	-21.7	14,497.4	618.3	-35.5	16,445.9	713.7	-38.0	-1.0	-42.9	-1.5
May	16,918.8	731.7	105.8	14,602.8	658.7	105.1	16,594.3	786.1	132.4	-0.7	44.0	-1.0
June	16,896.3	595.5	-23.3	14,560.8	521.4	-42.6	16,577.9	636.2	-16.7	-0.5	29.5	0.6
July	.	.	.	14,522.2	500.9	-42.0	16,559.8	609.3	-36.2	-0.2	1.4	-0.1
Aug.	.	.	.	14,396.1	298.0	-62.8	16,442.1	400.0	-65.6	-0.5	-29.4	-0.5
						Long-term						
2013 Aug.	15,546.9	116.7	-7.0	13,387.6	97.1	-10.5	15,097.8	112.4	-6.9	0.2	30.6	0.1
Sep.	15,562.7	223.7	16.2	13,392.5	190.6	5.3	15,103.2	216.7	14.8	0.1	42.5	0.4
Oct.	15,590.7	250.5	28.1	13,402.0	200.4	9.6	15,097.6	229.6	3.5	-0.1	-6.1	0.5
Nov.	15,706.3	251.9	114.5	13,493.5	210.0	90.4	15,204.4	240.1	105.1	0.2	29.5	0.7
Dec.	15,607.1	155.1	-99.8	13,403.0	134.1	-91.0	15,093.0	149.6	-102.7	0.1	-27.8	0.4
2014 Jan.	15,571.4	273.7	-34.6	13,370.0	237.4	-31.9	15,102.8	290.3	-4.0	0.0	1.3	0.9
Feb.	15,635.4	231.7	63.8	13,424.1	197.6	54.0	15,152.3	228.5	62.0	0.3	0.2	0.5
Mar.	15,587.3	257.1	-49.4	13,371.7	209.1	-53.8	15,095.9	238.5	-57.5	-0.1	-37.9	-0.5
Apr.	15,594.9	272.1	7.8	13,359.0	226.0	-12.6	15,083.2	252.3	-10.7	-0.1	-20.4	-0.7
May	15,694.0	327.7	99.9	13,466.4	278.6	108.1	15,228.8	323.5	132.6	0.2	53.5	-0.4
June	15,708.5	251.1	12.8	13,469.5	199.4	1.5	15,245.9	245.2	16.6	0.4	31.0	0.4
July	.	.	.	13,406.1	180.1	-68.2	15,191.0	206.3	-73.1	0.5	-14.0	0.2
Aug.	.	.	.	13,301.0	64.9	-57.0	15,091.2	75.7	-61.0	0.2	-22.0	-0.1

C17 Total outstanding amounts and gross issues of securities other than shares issued by euro area residents

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2012	16,617	5,399	3,260	977	6,291	689	958	589	82	68	187	33
2013	16,375	4,887	3,188	1,047	6,575	679	730	385	65	64	188	29
2013 Q3	16,540	5,003	3,246	1,042	6,573	676	664	350	52	63	173	25
Q4	16,375	4,887	3,188	1,047	6,575	679	652	341	58	64	163	25
2014 Q1	16,487	4,820	3,192	1,074	6,716	686	754	371	71	69	202	41
Q2	16,578	4,737	3,216	1,095	6,844	686	712	326	82	74	195	35
2014 May	16,594	4,786	3,236	1,092	6,800	680	786	362	113	84	196	31
June	16,578	4,737	3,216	1,095	6,844	686	636	285	67	62	183	39
July	16,560	4,704	3,253	1,112	6,806	684	609	233	88	64	190	34
Aug.	16,442	4,685	3,156	1,118	6,791	691	400	191	35	33	119	22
	Short-term											
2012	1,489	601	136	81	606	64	703	490	37	52	104	21
2013	1,282	474	111	74	571	52	513	315	27	47	103	21
2013 Q3	1,437	539	133	90	628	47	489	294	26	46	106	18
Q4	1,282	474	111	74	571	52	446	269	23	45	91	18
2014 Q1	1,391	530	142	83	580	57	502	289	35	50	100	27
Q2	1,332	516	113	79	573	51	438	246	21	54	92	25
2014 May	1,365	523	134	83	578	48	463	260	22	59	99	22
June	1,332	516	113	79	573	51	391	218	18	40	86	29
July	1,369	516	145	87	578	44	403	181	52	45	105	21
Aug.	1,351	527	118	86	574	47	324	162	25	30	91	16
	Long-term [2]											
2012	15,128	4,798	3,124	896	5,685	626	255	99	45	16	84	12
2013	15,093	4,413	3,077	973	6,004	627	218	69	38	17	85	8
2013 Q3	15,103	4,464	3,113	952	5,946	628	175	56	26	18	67	8
Q4	15,093	4,413	3,077	973	6,004	627	206	72	35	20	72	7
2014 Q1	15,096	4,290	3,050	991	6,136	629	252	82	35	19	102	14
Q2	15,246	4,221	3,102	1,016	6,272	635	274	80	62	20	103	9
2014 May	15,229	4,263	3,103	1,009	6,222	631	323	101	91	25	98	8
June	15,246	4,221	3,102	1,016	6,272	635	245	67	49	22	97	10
July	15,191	4,188	3,108	1,025	6,229	640	206	52	37	20	85	13
Aug.	15,091	4,158	3,039	1,033	6,217	644	76	29	11	2	28	6
	of which: Long-term fixed rate											
2012	10,451	2,812	1,216	805	5,173	446	165	54	18	15	71	7
2013	10,696	2,648	1,321	870	5,401	455	144	36	19	14	69	6
2013 Q3	10,670	2,671	1,321	851	5,372	456	121	32	12	14	59	5
Q4	10,696	2,648	1,321	870	5,401	455	137	37	18	18	60	5
2014 Q1	10,769	2,565	1,320	884	5,536	463	183	46	20	16	90	11
Q2	10,952	2,540	1,395	906	5,641	469	184	38	38	18	82	7
2014 May	10,926	2,559	1,399	900	5,603	465	223	39	70	23	83	7
June	10,952	2,540	1,395	906	5,641	469	170	39	19	19	86	7
July	10,917	2,526	1,410	912	5,597	473	142	29	17	15	72	8
Aug.	10,860	2,500	1,382	919	5,582	477	48	11	7	2	23	4
	of which: Long-term variable rate											
2012	4,249	1,732	1,811	88	440	177	78	38	25	1	8	5
2013	3,984	1,561	1,650	98	502	172	61	28	17	2	11	2
2013 Q3	4,016	1,580	1,689	97	478	172	43	20	13	3	4	2
Q4	3,984	1,561	1,650	98	502	172	61	31	16	2	10	2
2014 Q1	3,913	1,529	1,615	102	502	165	58	31	13	3	8	3
Q2	3,880	1,490	1,582	103	539	166	76	37	19	2	17	2
2014 May	3,895	1,510	1,583	104	532	166	90	58	17	2	11	2
June	3,880	1,490	1,582	103	539	166	60	22	24	2	8	4
July	3,864	1,472	1,576	107	543	167	52	16	17	4	11	5
Aug.	3,819	1,467	1,535	106	543	167	19	12	2	0	2	2

Source: ECB.

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

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

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

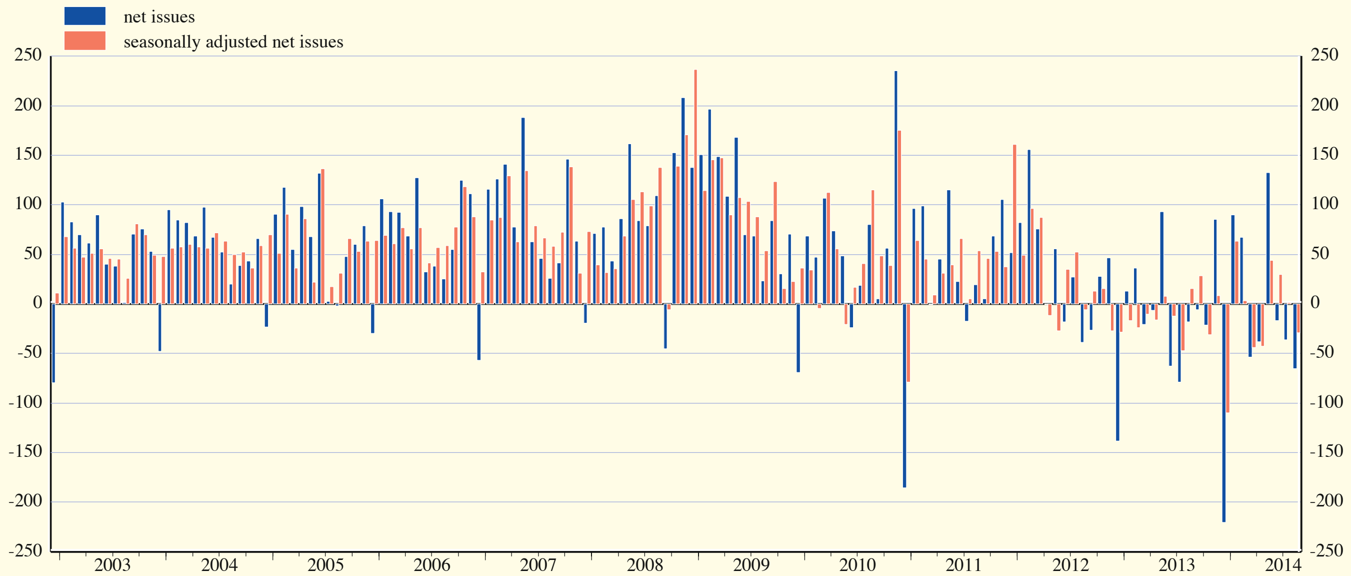
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
Total												
2012	20.7	-8.1	2.1	10.4	13.2	3.1	-	-	-	-	-	-
2013	-17.4	-39.7	-7.5	6.5	24.0	-0.6	-	-	-	-	-	-
2013 Q3	-34.4	-36.7	-5.1	10.9	-1.4	-2.1	-1.0	-33.5	5.4	10.4	17.4	-0.7
Q4	-52.3	-35.4	-22.3	3.0	0.9	1.4	-44.3	-29.9	-36.9	5.5	16.2	0.8
2014 Q1	34.5	-20.9	-2.8	9.0	46.9	2.3	7.6	-29.8	1.9	7.1	27.6	0.8
Q2	25.9	-28.8	6.8	6.2	41.8	-0.1	10.2	-28.2	6.2	6.2	25.6	0.5
2014 May	132.4	-11.9	60.8	15.4	69.2	-1.2	44.0	-23.5	44.8	12.6	11.2	-1.0
June	-16.7	-46.8	-20.8	2.6	41.7	6.6	29.5	-29.6	12.2	9.1	31.4	6.5
July	-36.2	-41.1	32.4	14.4	-39.1	-2.8	1.4	-46.0	33.0	12.7	2.3	-0.7
Aug.	-65.6	-23.5	-31.4	-0.7	-16.1	6.2	-29.4	-23.3	-14.9	3.8	-2.4	7.4
Long-term												
2012	30.5	0.5	0.0	10.2	15.7	4.2	-	-	-	-	-	-
2013	0.7	-29.4	-4.2	7.1	26.9	0.3	-	-	-	-	-	-
2013 Q3	-28.4	-30.7	-4.1	10.4	-4.1	0.1	11.2	-26.1	4.0	10.2	21.0	2.1
Q4	2.0	-14.5	-11.6	8.5	19.8	-0.2	-1.5	-9.7	-23.4	8.7	22.4	0.5
2014 Q1	0.2	-38.7	-11.9	6.1	44.1	0.7	-12.2	-42.0	-5.9	6.3	30.1	-0.7
Q2	46.2	-23.6	16.4	7.4	44.2	1.8	21.4	-29.2	13.9	7.2	29.1	0.4
2014 May	132.6	-9.6	67.9	14.3	59.0	1.1	53.5	-21.1	49.3	14.7	9.8	0.7
June	16.6	-39.9	-0.6	6.7	46.9	3.5	31.0	-40.2	26.4	7.0	36.7	1.0
July	-73.1	-42.1	1.3	6.7	-44.0	5.0	-14.0	-40.9	1.4	8.1	8.2	9.2
Aug.	-61.0	-32.5	-19.6	0.1	-12.2	3.3	-22.0	-27.3	-3.8	4.1	1.0	3.9

C18 Net issues of securities other than shares: seasonally adjusted and non-seasonally adjusted

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



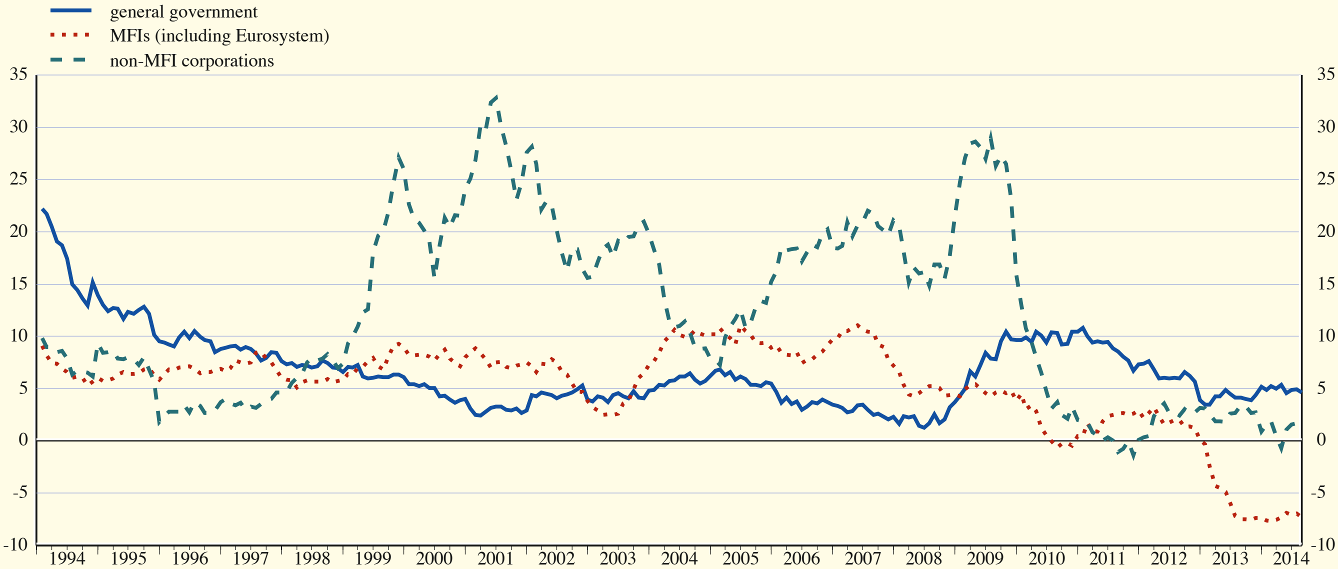
Source: ECB.

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

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

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2013 Aug.	-0.8	-9.2	1.3	10.5	4.2	-3.6	-0.8	-9.6	0.3	7.4	5.1	-0.9
Sep.	-0.7	-8.9	1.7	9.9	4.1	-3.8	-0.3	-8.3	1.7	8.1	4.4	-2.8
Oct.	-1.0	-9.0	0.7	9.9	3.8	-4.1	-0.5	-7.4	-0.4	7.5	4.5	-4.6
Nov.	-0.8	-8.8	0.7	9.9	4.0	-2.6	-0.5	-6.2	-1.3	10.5	3.1	-2.0
Dec.	-1.3	-8.9	-2.8	8.0	4.6	-1.1	-1.6	-7.3	-5.7	9.7	3.1	0.1
2014 Jan.	-0.8	-8.1	-1.8	9.5	4.4	-2.0	-0.3	-4.9	-4.4	12.7	3.2	1.8
Feb.	-0.6	-7.8	-2.0	8.6	4.5	0.7	-0.5	-5.9	-4.3	9.8	3.9	2.3
Mar.	-0.8	-7.7	-2.4	7.8	4.2	-0.8	-1.3	-7.0	-6.3	7.4	4.0	1.4
Apr.	-1.0	-7.6	-3.7	6.3	4.7	-1.9	-1.5	-7.7	-7.0	5.2	4.9	0.9
May	-0.7	-7.1	-2.4	7.9	3.8	-1.2	-1.0	-8.0	-3.6	5.7	4.5	-0.5
June	-0.5	-7.2	-2.2	8.6	4.0	0.7	0.6	-7.0	1.5	7.7	4.9	1.1
July	-0.2	-7.1	-1.1	9.2	3.9	1.5	-0.1	-9.2	2.3	6.0	4.6	1.1
Aug.	-0.5	-7.1	-1.7	8.3	3.6	1.6	-0.5	-8.3	1.0	6.9	3.3	0.8
	Long-term											
2013 Aug.	0.2	-7.5	1.0	12.1	4.5	0.6	0.1	-9.6	2.0	8.2	6.0	0.8
Sep.	0.1	-7.5	1.2	10.9	4.4	0.3	0.4	-8.2	1.4	9.1	5.4	2.0
Oct.	-0.1	-7.5	0.4	10.7	4.2	0.7	0.5	-6.8	-0.2	8.9	5.5	1.4
Nov.	0.2	-7.4	0.5	10.6	4.8	0.3	0.7	-5.1	-1.0	12.9	4.3	1.6
Dec.	0.1	-7.4	-1.6	9.6	5.7	0.5	0.4	-4.7	-3.7	12.7	4.5	2.6
2014 Jan.	0.0	-7.6	-0.9	10.1	5.5	-1.1	0.9	-3.8	-2.6	13.9	4.5	1.2
Feb.	0.3	-7.7	-0.5	9.9	5.6	1.8	0.5	-5.8	-2.9	11.7	5.2	2.7
Mar.	-0.1	-7.5	-2.1	9.5	5.4	0.9	-0.5	-6.8	-5.5	9.7	5.3	-0.2
Apr.	-0.1	-7.3	-3.3	8.3	5.9	0.4	-0.7	-7.8	-6.4	7.6	6.4	-0.5
May	0.2	-6.9	-1.7	10.5	4.9	0.6	-0.4	-8.6	-2.5	8.3	5.6	-0.3
June	0.4	-7.1	-1.1	10.5	5.2	1.1	0.4	-9.4	1.6	8.5	6.0	-0.3
July	0.5	-6.9	-1.0	10.6	5.2	2.6	0.2	-9.9	0.7	7.6	5.9	4.1
Aug.	0.2	-7.3	-1.2	9.6	4.8	2.5	-0.1	-8.8	0.5	7.7	4.4	2.4

C19 Annual growth rates of long-term debt securities, by sector of the issuer, in all currencies combined
(annual percentage changes)



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

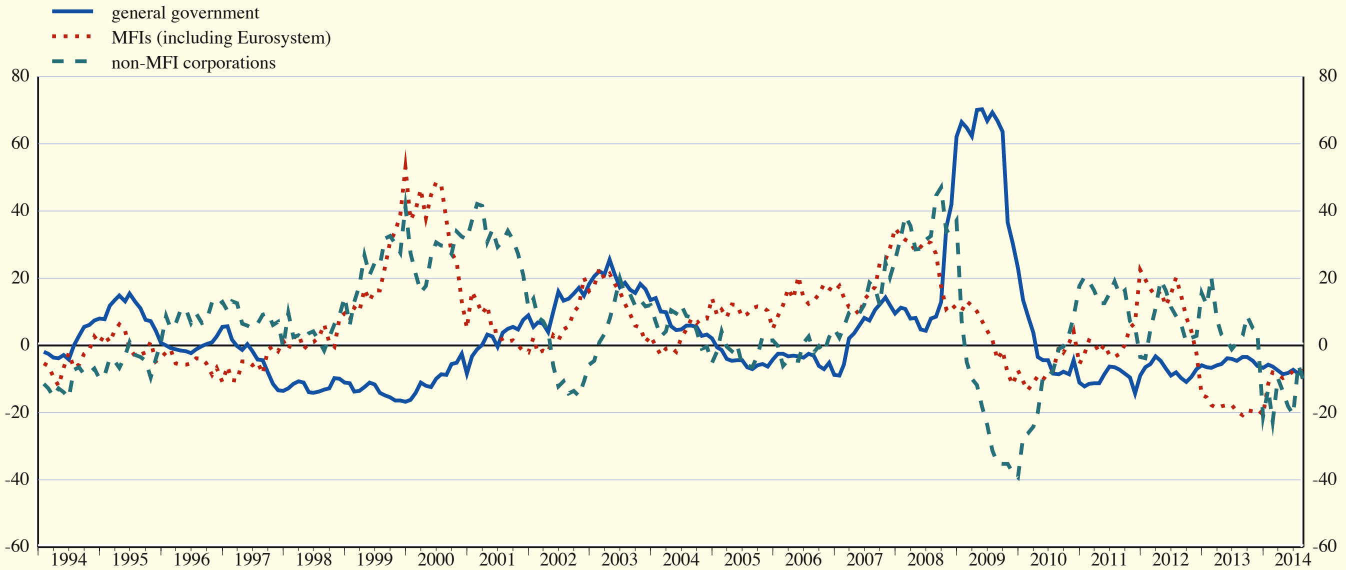
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2012	5.3	4.1	1.9	10.4	5.9	7.3	-0.9	-0.3	-4.9	-0.4	6.6	23.0
2013	3.3	-3.2	6.8	13.4	4.6	4.1	-7.2	-7.5	-9.6	5.0	-1.3	-0.9
2013 Q3	3.0	-4.8	7.9	12.7	4.8	3.4	-8.0	-9.6	-9.1	6.9	-1.9	-5.4
Q4	2.3	-5.0	5.3	10.4	4.3	2.6	-6.7	-9.8	-8.1	11.9	6.5	-4.1
2014 Q1	1.8	-5.9	1.4	9.6	4.8	1.8	-5.1	-8.5	-7.5	13.8	12.7	-2.5
Q2	1.9	-6.2	2.0	9.2	4.8	2.5	-5.3	-6.9	-9.5	14.1	11.2	-3.9
2014 Mar.	1.7	-6.5	0.6	8.9	5.0	3.0	-5.1	-7.2	-8.2	14.5	10.1	-4.3
Apr.	1.6	-6.5	0.9	8.0	5.0	2.6	-5.4	-6.7	-10.2	14.0	13.8	-5.0
May	2.2	-5.8	3.5	10.2	4.6	2.1	-5.5	-6.8	-9.8	14.8	9.5	-3.0
June	2.2	-6.1	2.8	10.2	4.9	2.8	-5.0	-6.9	-8.7	12.4	10.8	-3.2
July	2.3	-5.6	3.1	10.1	4.6	4.4	-4.8	-7.7	-8.7	14.0	14.2	-1.8
Aug.	1.8	-6.5	2.8	9.3	4.2	4.7	-5.0	-7.8	-8.9	11.7	14.3	-2.9
	In euro											
2012	5.5	4.6	0.7	10.6	6.0	7.2	-0.6	2.0	-6.5	-1.4	6.3	22.6
2013	3.1	-4.0	4.2	14.5	4.7	4.0	-7.6	-7.2	-10.8	6.3	-1.8	-1.2
2013 Q3	2.7	-5.9	5.1	13.6	4.9	3.8	-8.5	-9.7	-10.1	8.4	-2.3	-5.8
Q4	2.0	-6.0	2.9	11.2	4.3	2.8	-7.1	-10.3	-9.0	13.0	6.3	-4.5
2014 Q1	1.6	-7.1	-1.2	9.4	4.9	1.7	-5.8	-9.3	-8.7	13.1	12.9	-2.8
Q2	1.8	-7.6	1.2	8.4	4.9	2.2	-6.0	-7.8	-10.9	13.2	11.5	-3.1
2014 Mar.	1.5	-7.8	-1.5	8.3	5.1	2.6	-5.8	-8.1	-9.3	14.1	10.3	-4.1
Apr.	1.5	-7.9	-0.6	7.5	5.1	2.3	-6.0	-7.5	-11.6	13.0	14.2	-4.3
May	2.1	-7.3	3.9	9.2	4.7	1.8	-6.2	-7.8	-11.2	14.0	9.8	-2.2
June	1.9	-7.7	2.1	8.9	4.9	2.4	-5.9	-8.0	-10.7	11.4	11.2	-1.7
July	1.9	-7.6	2.5	8.6	4.6	4.2	-5.4	-8.6	-10.3	12.6	14.9	0.5
Aug.	1.3	-8.8	1.8	8.5	4.2	4.6	-5.4	-8.6	-10.1	10.6	15.0	-0.7

C20 Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined

(annual percentage changes)



Source: ECB.

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

4.4 Quoted shares issued by euro area residents [1]

(EUR billions, unless otherwise indicated; market values)

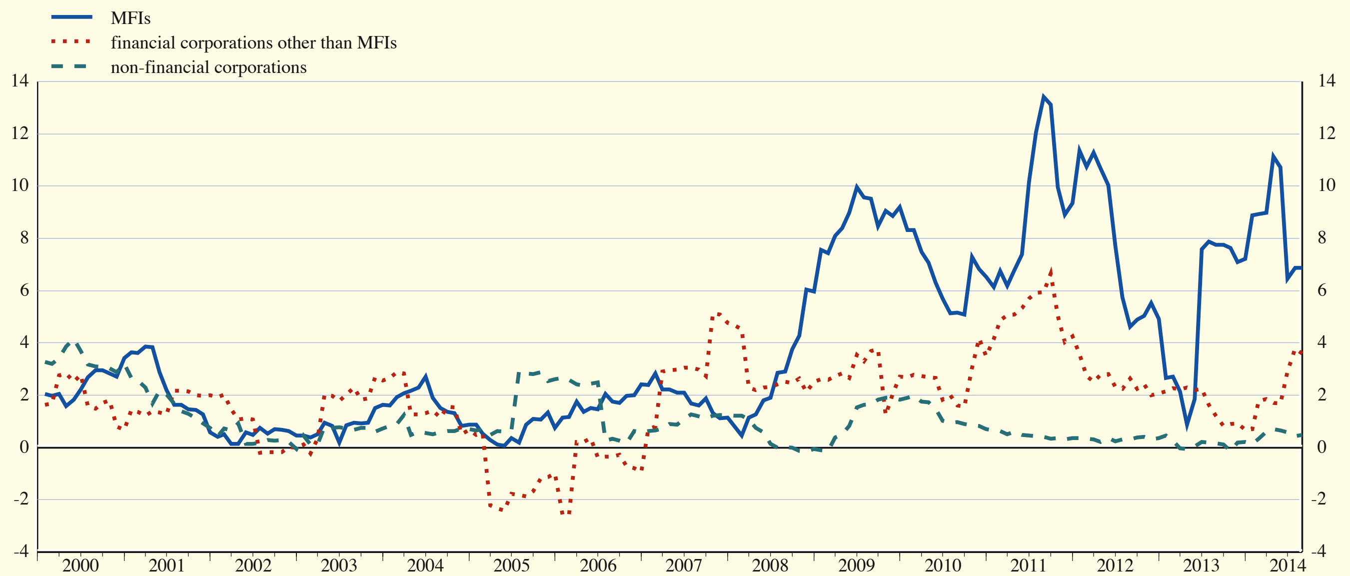
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2012 Aug.	4,273.9	106.7	0.9	352.2	4.6	383.9	2.6	3,537.8	0.3
Sep.	4,320.1	106.8	0.9	365.9	4.9	392.9	2.2	3,561.3	0.4
Oct.	4,402.0	106.9	1.0	384.9	5.0	405.8	2.4	3,611.4	0.4
Nov.	4,480.1	106.8	0.9	397.5	5.5	403.7	2.0	3,678.8	0.3
Dec.	4,594.2	107.0	0.9	404.6	4.9	426.2	2.1	3,763.4	0.4
2013 Jan.	4,758.7	107.1	0.8	445.2	2.6	447.3	2.1	3,866.2	0.5
Feb.	4,749.5	106.9	0.6	418.5	2.7	445.7	2.3	3,885.3	0.3
Mar.	4,752.5	106.7	0.3	382.4	2.2	452.4	2.2	3,917.7	0.0
Apr.	4,849.9	106.6	0.2	412.5	0.9	475.6	2.3	3,961.8	-0.1
May	4,978.3	106.9	0.4	443.4	1.9	495.8	2.2	4,039.1	0.0
June	4,775.5	107.7	1.0	415.7	7.6	480.1	2.2	3,879.6	0.2
July	4,988.7	107.7	1.0	449.7	7.9	475.8	1.6	4,063.2	0.2
Aug.	4,969.0	107.7	0.9	463.8	7.8	474.8	1.2	4,030.4	0.2
Sep.	5,209.3	107.7	0.9	495.4	7.8	491.2	0.8	4,222.7	0.1
Oct.	5,478.0	107.6	0.7	557.2	7.6	523.5	0.9	4,397.3	-0.1
Nov.	5,571.3	107.8	0.9	562.7	7.1	534.7	0.9	4,473.8	0.2
Dec.	5,642.7	107.9	0.9	569.0	7.2	551.1	0.7	4,522.6	0.2
2014 Jan.	5,556.9	108.1	1.0	597.7	8.9	535.8	0.7	4,423.4	0.1
Feb.	5,832.9	108.2	1.3	637.8	8.9	557.1	1.8	4,638.0	0.3
Mar.	5,883.6	108.3	1.5	642.6	9.0	558.0	1.8	4,683.0	0.6
Apr.	5,914.3	108.5	1.7	639.1	11.1	559.9	1.7	4,715.3	0.7
May	6,009.2	108.7	1.7	642.6	10.7	555.0	1.7	4,811.5	0.6
June	6,025.8	109.2	1.4	629.3	6.5	547.6	2.9	4,848.9	0.6
July	5,881.2	109.2	1.4	626.8	6.9	541.3	3.8	4,713.1	0.4
Aug.	5,931.8	109.2	1.4	638.0	6.9	545.9	3.6	4,747.9	0.5

C21 Annual growth rates for quoted shares issued by euro area residents

(annual percentage changes)



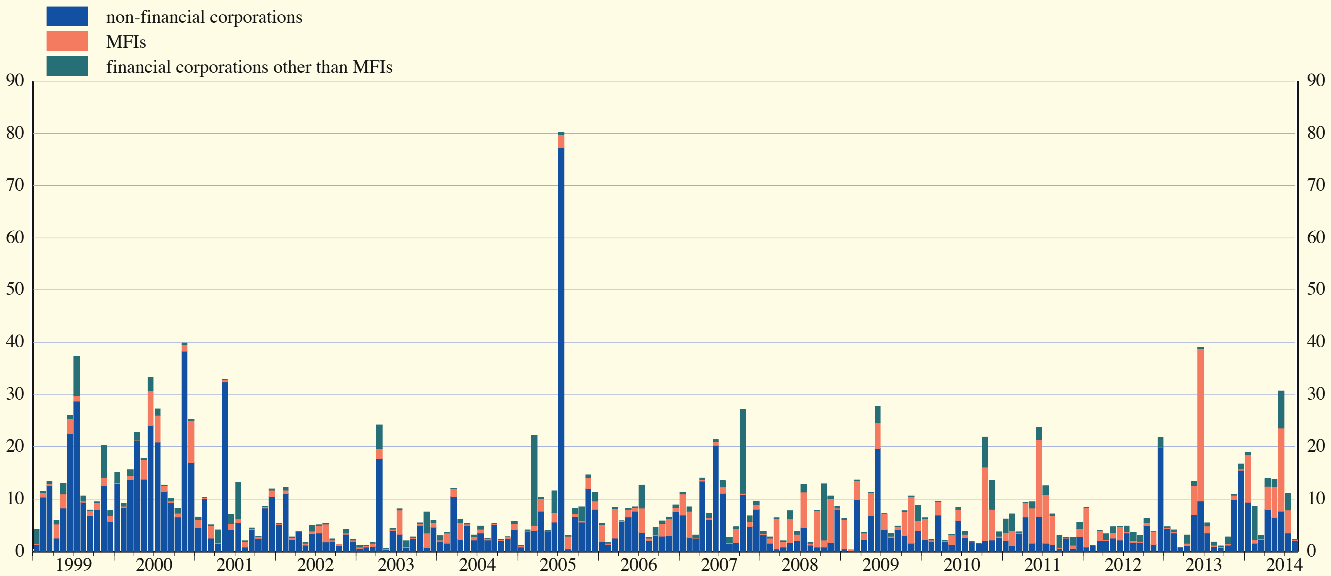
Source: ECB.
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2012 Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.9	0.5	2.3	0.1	0.0	0.1	1.2	0.1	1.0	1.7	0.4	1.3
Oct.	6.3	1.8	4.5	0.5	0.0	0.5	0.9	0.1	0.8	4.9	1.7	3.2
Nov.	3.9	5.9	-2.0	2.5	0.0	2.5	0.1	0.1	0.0	1.3	5.8	-4.5
Dec.	21.6	16.2	5.4	0.0	0.5	-0.5	1.8	0.0	1.8	19.7	15.7	4.1
2013 Jan.	4.6	0.3	4.3	0.0	0.0	0.0	0.2	0.1	0.1	4.3	0.2	4.1
Feb.	4.1	11.4	-7.3	0.3	0.0	0.3	0.3	0.0	0.3	3.5	11.4	-7.8
Mar.	0.7	10.6	-9.9	0.0	0.1	-0.1	0.1	0.3	-0.3	0.6	10.1	-9.4
Apr.	3.2	5.9	-2.8	0.4	5.2	-4.8	1.7	0.0	1.6	1.1	0.7	0.4
May	13.4	1.8	11.5	5.5	0.0	5.5	0.8	0.0	0.8	7.0	1.8	5.2
June	39.1	1.9	37.1	29.2	0.0	29.1	0.3	0.3	0.1	9.6	1.7	7.9
July	5.4	3.0	2.4	1.4	0.0	1.4	0.6	1.9	-1.4	3.5	1.1	2.4
Aug.	1.7	2.3	-0.7	0.0	0.0	0.0	0.6	0.5	0.1	1.0	1.8	-0.8
Sep.	0.9	1.7	-0.8	0.1	0.0	0.1	0.0	0.6	-0.6	0.7	1.1	-0.4
Oct.	2.6	7.5	-4.9	0.1	0.0	0.1	1.3	0.1	1.2	1.2	7.4	-6.2
Nov.	10.9	2.1	8.8	0.8	0.0	0.8	0.2	0.1	0.1	9.9	2.0	7.9
Dec.	16.6	9.4	7.2	0.0	0.0	0.0	1.1	0.0	1.1	15.6	9.4	6.2
2014 Jan.	18.9	7.8	11.1	9.1	0.3	8.9	0.5	0.1	0.3	9.4	7.4	1.9
Feb.	8.7	2.3	6.4	0.7	0.0	0.7	6.4	0.3	6.1	1.6	2.0	-0.4
Mar.	2.9	2.4	0.5	0.0	0.0	0.0	0.6	0.6	0.0	2.3	1.8	0.5
Apr.	13.9	3.1	10.9	4.5	0.0	4.5	1.4	0.2	1.3	8.0	2.9	5.1
May	13.8	2.8	11.0	6.0	0.0	6.0	1.3	0.4	0.8	6.5	2.3	4.1
June	30.7	1.9	28.8	16.0	0.0	16.0	7.1	0.3	6.8	7.6	1.6	6.0
July	11.1	7.7	3.4	4.5	0.0	4.5	3.1	0.1	3.0	3.4	7.6	-4.1
Aug.	2.2	1.7	0.5	0.0	0.0	0.0	0.1	0.9	-0.8	2.1	0.7	1.4

C22 Gross issues of quoted shares by sector of the issuer
(EUR billions; transactions during the month; market values)



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2)]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2013 Oct.	0.29	1.72	1.83	2.07	1.13	1.15	0.34	0.78	1.65	2.28	0.29
Nov.	0.29	1.60	1.76	2.02	1.12	1.11	0.34	0.75	1.57	1.73	0.47
Dec.	0.29	1.58	1.66	1.91	1.11	1.07	0.34	0.79	1.52	1.63	0.71
2014 Jan.	0.28	1.66	1.64	1.95	1.09	1.05	0.33	0.71	1.42	1.81	0.58
Feb.	0.28	1.60	1.63	1.93	1.11	1.03	0.33	0.63	1.42	1.75	0.83
Mar.	0.28	1.57	1.50	1.86	1.07	1.01	0.35	0.65	1.37	1.58	0.87
Apr.	0.27	1.57	1.44	1.83	1.06	0.99	0.34	0.70	1.24	1.60	0.28
May	0.27	1.42	1.31	1.72	1.05	0.96	0.34	0.61	1.26	1.38	0.29
June	0.27	1.35	1.24	1.74	1.04	0.92	0.31	0.57	1.13	1.52	0.20
July	0.24	1.32	1.21	1.75	1.01	0.90	0.28	0.57	1.14	1.49	0.52
Aug.	0.24	1.23	1.12	1.66	0.93	0.90	0.28	0.47	1.13	1.63	0.23
Sep.	0.23	1.20	1.07	1.70	0.92	0.88	0.26	0.49	1.00	1.53	0.66

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

	Revolving loans and overdrafts	Extended credit card debt [3)]	Consumer credit				Lending for house purchase					Lending to sole proprietors and unincorporated partnerships		
			By initial rate fixation			APRC [4)]	By initial rate fixation				APRC [4)]	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2013 Oct.	7.68	17.02	5.71	6.04	7.63	7.15	2.77	3.04	3.12	3.27	3.35	3.10	3.95	3.26
Nov.	7.65	16.96	5.81	6.05	7.75	7.21	2.79	3.06	3.15	3.31	3.37	3.30	4.08	3.19
Dec.	7.64	16.94	5.63	6.20	7.44	7.05	2.78	3.00	3.15	3.32	3.37	3.07	3.86	3.05
2014 Jan.	7.70	17.08	5.73	6.08	7.73	7.34	2.76	3.01	3.12	3.31	3.36	3.18	3.80	3.01
Feb.	7.66	17.08	5.87	6.02	7.68	7.38	2.79	2.95	3.09	3.27	3.35	3.23	3.97	3.07
Mar.	7.66	17.08	5.83	5.94	7.54	7.28	2.78	2.90	3.03	3.23	3.29	3.23	4.03	3.12
Apr.	7.61	17.24	5.61	5.83	7.50	7.18	2.72	2.91	3.00	3.24	3.29	3.10	3.87	3.07
May	7.56	17.25	5.64	5.96	7.58	7.27	2.71	2.87	2.96	3.14	3.23	3.29	3.96	2.98
June	7.59	17.21	5.47	5.89	7.45	7.11	2.66	2.85	2.89	3.09	3.20	3.15	3.85	2.94
July	7.43	17.06	5.57	5.80	7.38	6.97	2.63	2.75	2.81	2.99	3.10	3.00	3.78	2.88
Aug.	7.43	17.02	5.58	5.73	7.34	7.02	2.56	2.74	2.73	2.87	3.04	3.05	3.88	2.72
Sep.	7.49	17.08	5.39	5.79	7.29	6.98	2.51	2.69	2.63	2.83	2.97	2.84	3.81	2.65

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2013 Oct.	4.02	4.60	4.83	4.39	4.14	3.51	3.50	2.19	2.64	3.14	2.86	3.28	3.38
Nov.	3.95	4.56	4.71	4.34	4.29	3.56	3.50	2.23	2.62	2.96	2.90	2.98	3.10
Dec.	3.97	4.53	4.49	4.20	4.19	3.43	3.41	2.17	2.73	2.67	2.81	2.82	3.13
2014 Jan.	4.03	4.61	4.68	4.25	3.99	3.40	3.48	2.15	2.74	2.76	2.94	3.03	3.12
Feb.	3.99	4.54	4.59	4.26	4.07	3.48	3.46	2.08	2.78	2.91	2.77	2.88	3.13
Mar.	3.95	4.60	4.49	4.22	4.10	3.51	3.47	2.17	2.74	2.83	2.99	2.77	3.23
Apr.	3.98	4.59	4.48	4.10	3.95	3.45	3.45	2.20	2.55	2.88	2.57	2.82	3.20
May	3.92	4.50	4.51	4.22	4.06	3.41	3.41	2.06	2.40	2.67	2.80	2.62	3.04
June	3.88	4.29	4.37	4.12	4.04	3.37	3.21	1.94	2.75	2.55	2.69	2.51	2.91
July	3.76	4.32	4.31	3.86	3.89	3.24	3.21	1.91	2.43	2.74	2.37	2.70	2.91
Aug.	3.71	4.18	4.28	3.83	3.82	3.15	3.09	1.74	2.43	2.73	2.50	2.39	2.66
Sep.	3.69	3.98	4.04	3.79	3.80	3.06	3.14	1.81	2.37	2.47	2.22	2.32	2.50

Source: ECB.

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

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

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

4. Interest rates on deposits (outstanding amounts)

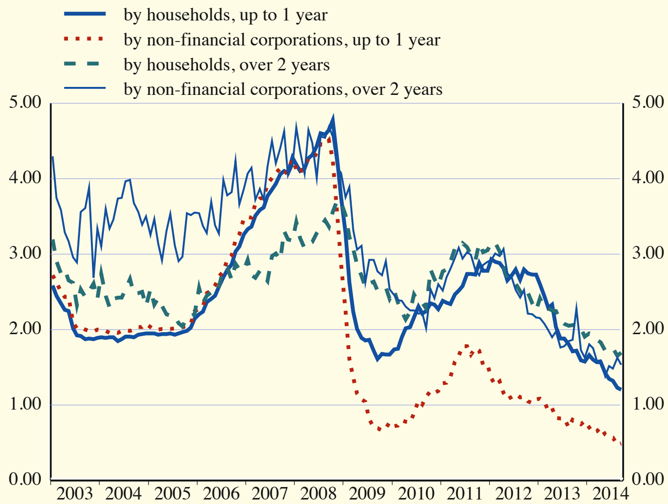
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight	With an agreed maturity of:		Redeemable at notice of: [2]		Overnight	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2013 Oct.	0.29	2.09	2.60	1.13	1.15	0.34	1.34	2.83	1.35
Nov.	0.29	2.02	2.60	1.12	1.11	0.34	1.32	2.84	1.34
Dec.	0.29	1.94	2.57	1.11	1.07	0.34	1.29	2.79	1.05
2014 Jan.	0.28	1.87	2.55	1.09	1.05	0.33	1.24	2.77	1.01
Feb.	0.28	1.84	2.59	1.11	1.03	0.33	1.23	2.78	1.08
Mar.	0.28	1.79	2.53	1.07	1.01	0.35	1.20	2.76	1.11
Apr.	0.27	1.75	2.52	1.06	0.99	0.34	1.18	2.73	1.02
May	0.27	1.70	2.48	1.05	0.96	0.34	1.18	2.71	0.87
June	0.27	1.65	2.48	1.04	0.92	0.31	1.15	2.67	0.78
July	0.24	1.59	2.44	1.01	0.90	0.28	1.11	2.61	0.90
Aug.	0.24	1.54	2.43	0.93	0.90	0.28	1.08	2.57	0.82
Sep.	0.23	1.50	2.43	0.92	0.88	0.26	1.07	2.60	0.92

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2013 Oct.	3.50	3.20	3.35	7.61	6.10	4.80	3.62	3.27	3.12
Nov.	3.51	3.22	3.34	7.52	6.11	4.79	3.59	3.28	3.12
Dec.	3.59	3.24	3.33	7.49	6.08	4.77	3.61	3.29	3.14
2014 Jan.	3.61	3.17	3.31	7.59	6.08	4.77	3.67	3.29	3.13
Feb.	3.59	3.21	3.37	7.64	6.20	4.84	3.63	3.33	3.17
Mar.	3.57	3.18	3.33	7.62	6.10	4.77	3.62	3.30	3.13
Apr.	3.63	3.16	3.31	7.51	6.11	4.79	3.63	3.30	3.14
May	3.60	3.15	3.29	7.50	6.10	4.76	3.57	3.28	3.13
June	3.29	3.15	3.29	7.49	6.12	4.79	3.51	3.28	3.13
July	3.24	3.10	3.26	7.40	6.05	4.76	3.44	3.22	3.08
Aug.	3.16	3.08	3.23	7.39	6.03	4.76	3.38	3.18	3.06
Sep.	3.14	3.05	3.24	7.46	6.05	4.76	3.36	3.14	3.05

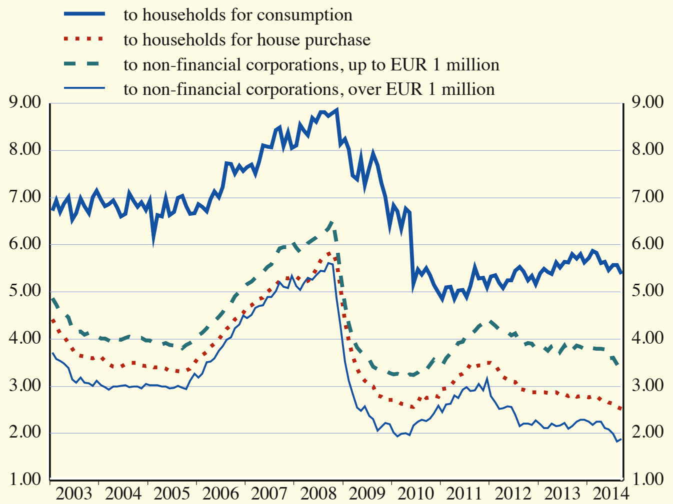
C23 New deposits with an agreed maturity

(percentages per annum excluding charges; period averages)



C24 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 S41.

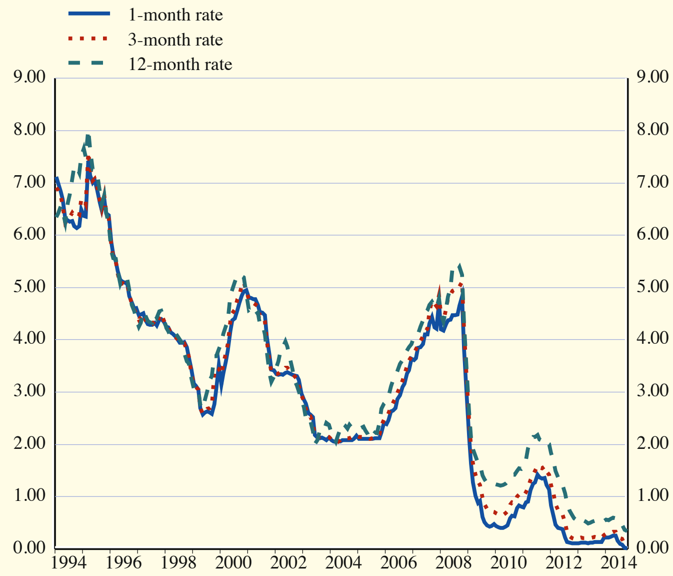
4.6 Money market interest rates

(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.57	0.83	1.11	0.43	0.19
2013	0.09	0.13	0.22	0.34	0.54	0.27	0.15
2013 Q3	0.09	0.13	0.22	0.34	0.54	0.26	0.15
Q4	0.12	0.16	0.24	0.35	0.53	0.24	0.14
2014 Q1	0.18	0.23	0.30	0.40	0.56	0.24	0.14
Q2	0.19	0.22	0.30	0.39	0.57	0.23	0.13
Q3	0.02	0.07	0.16	0.27	0.44	0.23	0.13
2013 Oct.	0.09	0.13	0.23	0.34	0.54	0.24	0.15
Nov.	0.10	0.13	0.22	0.33	0.51	0.24	0.14
Dec.	0.17	0.21	0.27	0.37	0.54	0.24	0.15
2014 Jan.	0.20	0.22	0.29	0.40	0.56	0.24	0.14
Feb.	0.16	0.22	0.29	0.39	0.55	0.24	0.14
Mar.	0.19	0.23	0.31	0.41	0.58	0.23	0.14
Apr.	0.25	0.25	0.33	0.43	0.60	0.23	0.14
May	0.25	0.26	0.32	0.42	0.59	0.23	0.14
June	0.08	0.15	0.24	0.33	0.51	0.23	0.13
July	0.04	0.10	0.21	0.30	0.49	0.23	0.13
Aug.	0.02	0.09	0.19	0.29	0.47	0.23	0.13
Sep.	0.01	0.02	0.10	0.20	0.36	0.23	0.12
Oct.	0.00	0.01	0.08	0.18	0.34	0.23	0.11

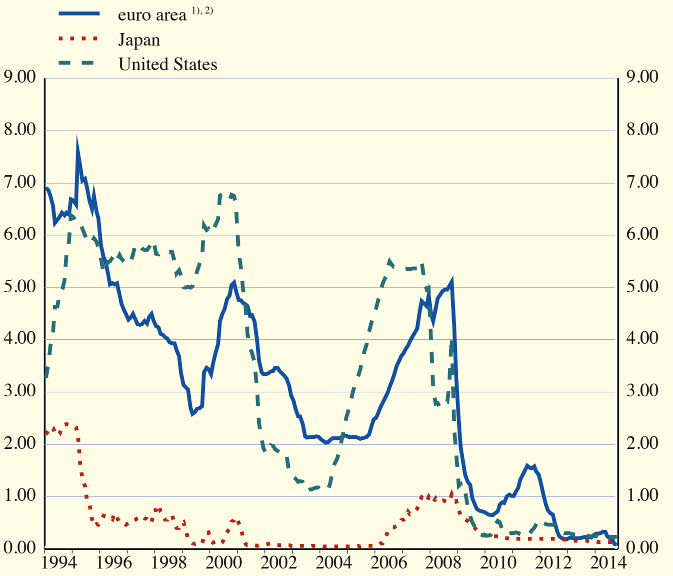
C25 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C26 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

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

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

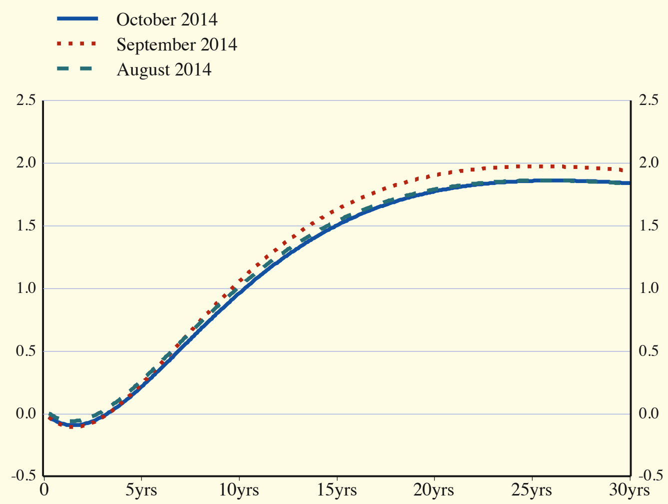
4.7 Euro area yield curves [1]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2013 Q3	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Q4	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2014 Q1	0.16	0.11	0.17	0.76	1.23	1.82	1.66	1.65	0.11	0.40	1.94	3.50
Q2	0.05	-0.01	0.02	0.47	0.88	1.44	1.39	1.42	-0.04	0.16	1.46	3.09
Q3	-0.03	-0.09	-0.10	0.24	0.57	1.06	1.09	1.16	-0.14	-0.02	1.03	2.53
2013 Oct.	0.05	0.05	0.15	0.82	1.32	1.95	1.90	1.80	0.09	0.45	2.10	3.74
Nov.	0.08	0.05	0.14	0.82	1.34	1.99	1.91	1.84	0.08	0.43	2.14	3.79
Dec.	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2014 Jan.	0.09	0.04	0.11	0.77	1.27	1.89	1.80	1.79	0.04	0.37	2.06	3.61
Feb.	0.14	0.09	0.16	0.79	1.27	1.88	1.74	1.72	0.09	0.41	2.03	3.56
Mar.	0.16	0.11	0.17	0.76	1.23	1.82	1.66	1.65	0.11	0.40	1.94	3.50
Apr.	0.13	0.09	0.16	0.71	1.15	1.72	1.60	1.56	0.10	0.38	1.81	3.36
May	0.09	0.03	0.06	0.56	0.98	1.56	1.47	1.49	0.01	0.23	1.60	3.23
June	0.05	-0.01	0.02	0.47	0.88	1.44	1.39	1.42	-0.04	0.16	1.46	3.09
July	0.04	-0.02	0.01	0.43	0.81	1.34	1.30	1.33	-0.04	0.14	1.35	2.91
Aug.	0.00	-0.06	-0.05	0.28	0.59	1.03	1.03	1.08	-0.09	0.04	1.01	2.38
Sep.	-0.03	-0.09	-0.10	0.24	0.57	1.06	1.09	1.16	-0.14	-0.02	1.03	2.53
Oct.	-0.02	-0.08	-0.08	0.22	0.52	0.96	0.99	1.05	-0.12	-0.01	0.93	2.33

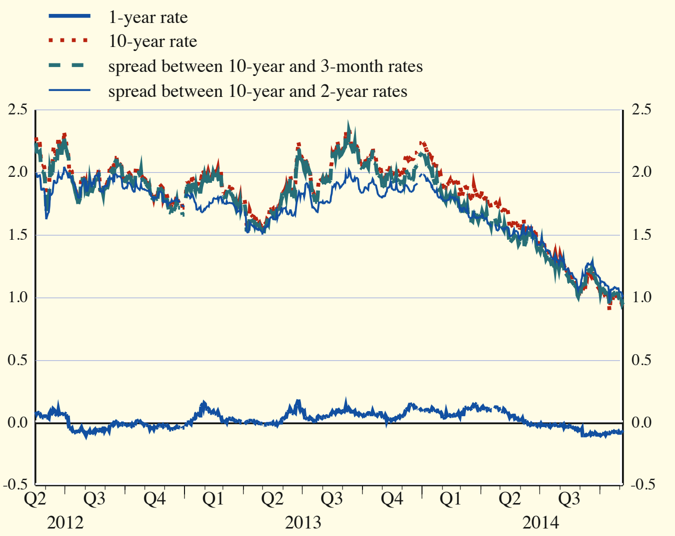
C27 Euro area spot yield curves [2]

(percentages per annum; end of period)



C28 Euro area spot rates and spreads [2]

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



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

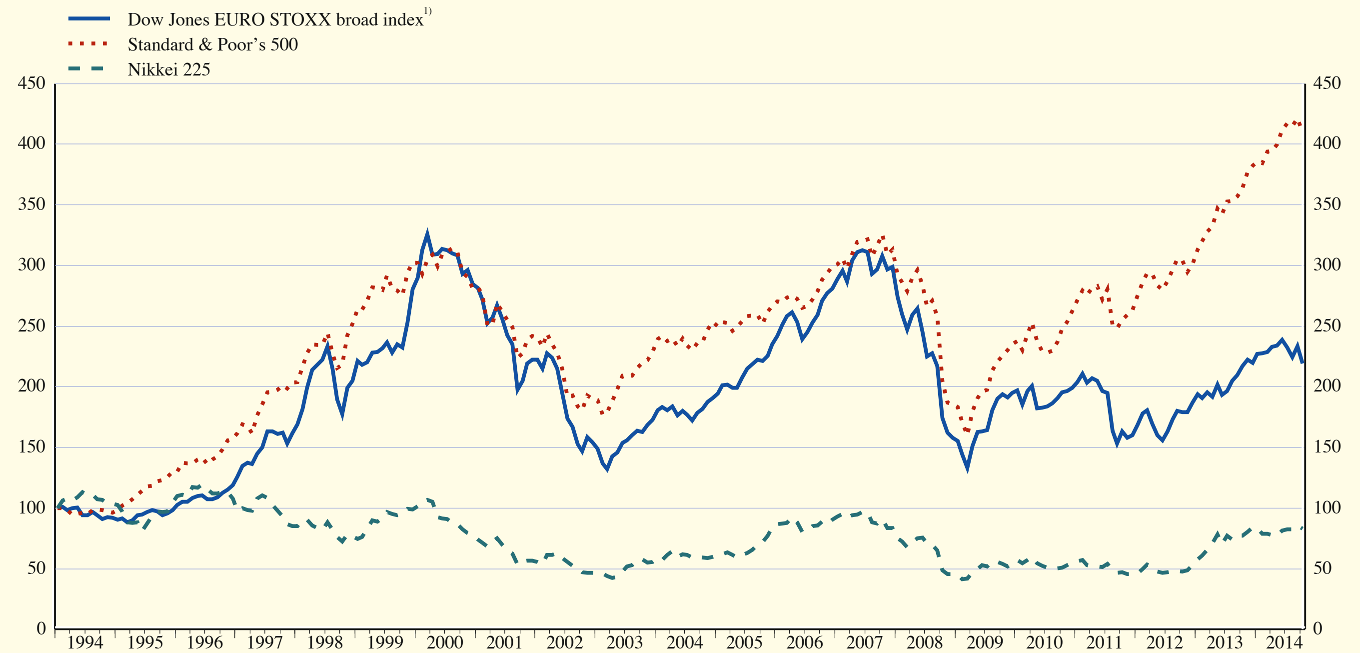
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices [1)]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2012	239.7	2,411.9	503.7	151.9	385.7	307.2	122.1	330.2	219.2	235.9	268.5	523.3	1,379.4	9,102.6
2013	281.9	2,794.0	586.3	195.0	468.2	312.8	151.5	402.7	274.1	230.6	253.4	629.4	1,643.8	13,577.9
2013 Q3	282.1	2,782.3	581.1	197.7	477.6	312.1	150.4	406.2	277.3	224.0	245.3	631.3	1,674.9	14,127.7
Q4	304.9	3,017.6	620.6	211.9	492.2	325.7	169.9	442.8	301.9	249.5	287.4	631.8	1,768.7	14,951.3
2014 Q1	315.9	3,090.8	639.0	218.7	500.1	323.4	182.2	461.0	306.3	262.3	293.9	640.7	1,834.9	14,958.9
Q2	326.5	3,214.0	657.3	219.5	524.2	360.3	184.5	471.9	305.3	284.9	311.9	656.5	1,900.4	14,655.0
Q3	319.4	3,173.1	645.9	213.8	509.8	351.1	178.9	446.0	315.3	288.7	304.0	686.1	1,975.9	15,553.1
2013 Oct.	301.4	2,988.9	602.2	210.0	487.3	329.2	168.4	436.3	293.4	249.6	290.6	616.5	1,720.0	14,329.0
Nov.	308.7	3,056.0	630.5	214.1	498.7	330.9	171.1	448.8	306.1	253.7	289.1	646.6	1,783.5	14,931.7
Dec.	304.7	3,010.2	631.3	211.7	490.9	316.3	170.3	443.9	307.2	245.0	282.0	633.9	1,807.8	15,655.2
2014 Jan.	314.7	3,092.4	640.7	217.4	497.9	318.8	181.3	462.3	308.2	251.3	297.4	647.6	1,822.4	15,578.3
Feb.	315.9	3,085.9	643.7	219.2	502.0	318.9	183.0	460.0	304.3	261.1	291.9	638.3	1,817.0	14,617.6
Mar.	317.0	3,094.0	632.7	219.5	500.7	332.4	182.5	460.6	306.2	275.0	292.2	635.8	1,863.5	14,694.8
Apr.	323.2	3,171.5	637.8	219.9	518.8	348.9	185.8	470.5	304.1	278.7	298.6	642.4	1,864.3	14,475.3
May	324.7	3,197.4	660.9	217.7	521.7	362.3	181.9	470.2	300.4	280.6	315.0	657.2	1,889.8	14,343.1
June	331.5	3,271.7	672.1	220.9	531.9	369.2	185.9	475.0	311.6	295.2	321.4	669.1	1,947.1	15,131.8
July	322.3	3,192.3	659.8	215.3	522.6	361.0	178.3	453.8	311.5	292.0	308.7	660.0	1,973.1	15,379.3
Aug.	311.3	3,089.1	625.9	210.7	497.0	341.5	173.6	435.3	309.8	281.2	296.7	674.1	1,961.5	15,358.7
Sep.	324.0	3,233.4	650.4	215.3	508.7	350.0	184.5	447.9	324.5	292.6	306.1	725.0	1,993.2	15,948.5
Oct.	304.2	3,029.6	612.5	202.4	481.0	315.8	173.4	416.4	301.8	276.6	294.6	695.0	1,937.3	15,394.1

C29 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.

5 PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2]	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
			Total excl. unprocessed food and energy										
% of total in 2014	100.0	100.0	81.7	57.2	42.8	100.0	12.3	7.5	26.7	10.8	42.8	87.3	12.7
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.7
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.6
2012	115.6	2.5	1.8	3.0	1.8	-	-	-	-	-	-	2.3	3.8
2013	117.2	1.4	1.3	1.3	1.4	-	-	-	-	-	-	1.2	2.1
2013 Q3	117.3	1.3	1.3	1.3	1.4	0.4	0.7	0.4	-0.1	1.0	0.5	1.3	1.8
Q4	117.6	0.8	1.0	0.5	1.2	-0.1	0.3	-1.2	0.1	-1.1	0.1	0.7	1.4
2014 Q1	117.2	0.7	1.0	0.3	1.2	0.2	0.3	0.0	0.1	0.0	0.3	0.5	2.0
Q2	118.2	0.6	0.9	0.0	1.3	0.0	0.2	-1.0	-0.1	-0.3	0.3	0.3	2.2
Q3	117.7	0.4	0.9	-0.3	1.2	0.2	0.2	0.2	0.1	-0.4	0.4	0.2	1.6
2014 May	118.1	0.5	0.8	0.0	1.1	0.0	0.1	-0.5	0.0	-0.1	0.1	0.2	2.2
June	118.2	0.5	0.8	-0.1	1.3	0.1	0.0	0.0	0.0	0.2	0.2	0.3	2.1
July	117.4	0.4	0.8	-0.3	1.3	0.0	0.1	0.1	0.0	-0.2	0.1	0.2	1.8
Aug.	117.6	0.4	0.9	-0.3	1.3	0.1	0.0	0.2	0.1	-0.6	0.1	0.2	1.4
Sep.	118.1	0.3	0.8	-0.3	1.1	0.1	0.1	0.5	0.0	0.1	0.0	0.1	1.5
Oct. [3]	118.1	0.4	0.8	.	1.2	.	.	.	.	-0.7	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2014	19.8	12.3	7.5	37.5	26.7	10.8	10.5	6.2	7.3	3.1	14.7	7.2
	14	15	16	17	18	19	20	21	22	23	24	25
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2012	3.1	3.1	3.0	3.0	1.2	7.6	1.8	1.5	2.9	-3.2	2.2	2.0
2013	2.7	2.2	3.5	0.6	0.6	0.6	1.7	1.5	2.4	-4.2	2.2	0.7
2013 Q3	3.1	2.5	4.2	0.3	0.4	0.1	1.8	1.7	2.3	-4.0	2.2	0.8
Q4	1.8	2.1	1.3	-0.1	0.3	-0.9	1.7	1.4	1.8	-3.5	2.0	0.4
2014 Q1	1.4	1.8	0.7	-0.3	0.3	-1.9	1.8	1.4	1.6	-2.7	1.3	1.2
Q2	0.2	1.5	-1.8	-0.1	0.0	-0.4	1.9	1.4	1.8	-2.8	1.6	1.3
Q3	-0.1	1.0	-2.0	-0.4	0.1	-1.8	1.7	1.3	1.7	-3.1	1.5	1.3
2014 May	0.1	1.5	-2.1	0.0	0.0	0.0	1.9	1.4	1.4	-2.9	1.2	1.3
June	-0.2	1.4	-2.8	0.0	-0.1	0.1	1.8	1.4	1.6	-2.9	1.6	1.4
July	-0.3	1.1	-2.6	-0.3	0.0	-1.0	1.7	1.3	1.8	-2.9	1.5	1.4
Aug.	-0.3	1.0	-2.4	-0.4	0.3	-2.0	1.7	1.3	1.9	-2.9	1.5	1.3
Sep.	0.3	1.0	-0.9	-0.6	0.2	-2.3	1.6	1.4	1.5	-3.3	1.5	1.3
Oct. [3]	0.5	0.8	-0.1	.	-0.1	-1.8	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) These experimental statistics can only provide an approximate measure of price administration, since changes in administered prices cannot be fully isolated from other influences. Please refer to Eurostat's website (http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction) for a note explaining the methodology used in the compilation of this indicator.
3) Estimate based on provisional national releases, which usually cover around 95% of the euro area, as well as on early information on energy prices.

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and property prices

	Industrial producer prices excluding construction										Construction [1]	Residential property prices [2]	Experimental indicator of commercial property prices [2),3)]
	Total (index: 2010 = 100)	Total		Industry excluding construction and energy						Energy			
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods						
							Total	Durable	Non-durable				
% of total in 2010	100.0	100.0	78.1	72.1	29.4	20.1	22.6	2.3	20.3	27.9			
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	100.0	2.7	3.3	1.7	3.6	0.2	0.4	0.7	0.4	6.2	1.9	0.9	-0.3
2011	105.7	5.7	5.3	3.8	5.8	1.5	3.3	1.9	3.5	10.9	3.3	1.1	2.9
2012	108.6	2.8	2.0	1.4	0.7	1.0	2.5	1.6	2.6	6.6	1.7	-1.8	-0.2
2013	108.5	-0.2	-0.1	0.4	-0.6	0.6	1.7	0.7	1.8	-1.6	0.6	-2.1	-1.0
2013 Q3	108.3	-0.6	-0.3	0.3	-1.1	0.6	1.8	0.6	2.0	-2.7	0.5	-1.5	-1.0
Q4	108.0	-1.1	-0.9	-0.3	-1.7	0.5	0.9	0.6	1.0	-2.8	0.7	-1.6	-0.9
2014 Q1	107.6	-1.6	-1.1	-0.5	-1.8	0.3	0.6	0.9	0.5	-4.1	0.2	-0.7	.
Q2	107.1	-1.1	-0.4	-0.2	-1.2	0.3	0.5	0.9	0.5	-3.1	0.3	0.0	.
Q3	106.9	-1.4	-0.6	-0.1	-0.6	0.4	-0.1	1.0	-0.2	-4.3	.	.	.
2014 Apr.	107.1	-1.3	-0.6	-0.3	-1.5	0.2	0.7	0.8	0.7	-3.6	-	-	-
May	107.0	-1.1	-0.4	-0.2	-1.2	0.3	0.5	0.9	0.5	-3.1	-	-	-
June	107.1	-0.9	-0.1	-0.1	-0.9	0.3	0.4	1.0	0.3	-2.5	-	-	-
July	106.9	-1.3	-0.4	-0.1	-0.6	0.4	0.2	1.0	0.1	-4.1	-	-	-
Aug.	106.7	-1.4	-0.7	-0.2	-0.6	0.4	0.0	1.0	-0.2	-4.7	-	-	-
Sep.	106.9	-1.4	-0.8	-0.2	-0.5	0.5	-0.4	1.0	-0.5	-4.3	-	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [4] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [5]			Use-weighted [6]			Total (s.a.; index: 2010 = 100)	Total	Domestic demand				Exports [7]	Imports [7]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	60.7	44.0	19.3	57.9	40.4	22.6	54.5	100.0	0.7	1.4	1.6	0.7	1.3	3.1	5.1
2011	79.7	15.9	21.3	13.6	15.0	20.0	11.8	101.1	1.1	1.9	2.3	0.8	1.7	3.6	5.9
2012	86.6	-5.2	0.2	-7.6	-1.7	5.8	-6.9	102.4	1.3	1.5	1.9	0.8	1.3	1.9	2.5
2013	81.7	-8.0	-13.4	-5.3	-7.7	-10.1	-5.8	103.7	1.3	0.9	1.1	1.3	0.3	-0.3	-1.3
2013 Q3	82.5	-10.6	-22.2	-4.3	-11.4	-18.2	-5.7	103.8	1.3	0.9	1.2	1.2	0.3	-0.7	-1.7
Q4	80.3	-10.1	-18.4	-5.9	-10.9	-15.4	-7.2	104.0	1.0	0.6	0.7	1.4	0.2	-0.9	-1.9
2014 Q1	78.6	-12.9	-8.8	-14.7	-11.1	-6.8	-14.1	104.3	0.9	0.6	0.7	0.8	0.3	-1.0	-2.0
Q2	79.9	-6.2	-1.3	-8.6	-3.7	1.1	-7.4	104.5	0.8	0.5	0.7	0.8	0.4	-0.8	-1.5
Q3	78.0	-4.5	-1.6	-5.8	-1.1	0.2	-2.1	.	.	.	.	.	.	.	.
2014 May	79.4	-6.9	-2.1	-9.2	-4.0	1.3	-8.0	-	-	-	-	-	-	-	-
June	82.3	-4.2	-2.2	-5.1	-1.6	0.6	-3.3	-	-	-	-	-	-	-	-
July	79.9	-4.8	-5.2	-4.6	-1.5	-1.5	-1.6	-	-	-	-	-	-	-	-
Aug.	77.6	-4.2	1.0	-6.4	-1.0	1.3	-2.7	-	-	-	-	-	-	-	-
Sep.	76.4	-4.6	-0.5	-6.4	-0.8	1.0	-2.0	-	-	-	-	-	-	-	-
Oct.	69.5	-2.7	3.6	-5.4	1.0	4.1	-1.3	-	-	-	-	-	-	-	-

Sources: Eurostat, ECB calculations based on Eurostat data (columns 8-15 in Table 3 in Section 5.1), ECB calculations based on Thomson Reuters data (column 1 in Table 3 in Section 5.1), ECB calculations based on IPD data and national sources (column 13 in Table 2 in Section 5.1) and ECB calculations (column 12 in Table 2 in Section 5.1 and columns 2-7 in Table 3 in Section 5.1).

1) Input prices for residential buildings.
2) Experimental data based on non-harmonised sources (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).
3) Data refer to the Euro 18.
4) Brent Blend (for one-month forward delivery).
5) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.
6) Refers to prices expressed in euro. Weighted according to euro area domestic demand (domestic production plus imports minus exports) in the period 2004-06. Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for details).
7) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

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

(quarterly data seasonally adjusted; annual data unadjusted)

	Total (index: 2010 = 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]											
2012	102.5	1.9	3.6	2.1	2.7	2.6	0.2	-0.4	2.1	3.5	0.5	2.4
2013	103.9	1.4	-2.5	2.1	0.4	1.5	1.6	2.5	-2.4	1.0	1.6	2.3
2013 Q3	104.1	1.4	-2.7	2.7	1.0	1.2	2.5	3.0	-2.5	0.5	1.4	1.6
Q4	104.2	1.2	-3.7	0.1	0.0	0.4	1.6	4.1	-1.7	0.9	2.8	2.2
2014 Q1	104.3	0.7	-3.3	0.8	0.0	0.2	4.4	0.9	0.7	1.6	0.9	1.0
Q2	104.7	0.9	-1.8	1.5	0.8	0.3	4.4	0.7	1.0	2.2	0.7	1.1
	Compensation per employee											
2012	103.9	1.7	1.9	2.4	2.6	1.7	2.1	1.2	2.0	2.3	0.9	2.3
2013	105.7	1.7	1.1	2.8	1.7	1.5	1.0	2.5	-0.2	1.0	1.7	1.7
2013 Q3	106.2	1.9	1.4	3.3	2.4	1.7	0.9	2.5	-0.6	1.0	1.6	1.4
Q4	106.5	2.0	0.5	2.4	2.2	1.3	0.9	3.3	0.0	1.3	2.8	1.9
2014 Q1	106.8	1.7	0.4	2.4	3.6	1.8	2.4	1.4	0.9	1.6	1.1	1.6
Q2	107.0	1.3	1.5	1.7	2.3	1.1	2.0	2.3	1.2	1.7	0.9	0.8
	Labour productivity per person employed [2]											
2012	101.4	-0.2	-1.6	0.3	0.0	-0.9	1.9	1.6	-0.1	-1.1	0.4	-0.2
2013	101.7	0.3	3.7	0.7	1.2	0.0	-0.6	-0.1	2.3	-0.1	0.2	-0.5
2013 Q3	102.0	0.5	4.2	0.6	1.4	0.4	-1.6	-0.5	1.9	0.5	0.1	-0.2
Q4	102.1	0.8	4.4	2.3	2.1	0.9	-0.7	-0.8	1.7	0.4	-0.1	-0.2
2014 Q1	102.4	1.0	3.8	1.5	3.6	1.7	-1.9	0.5	0.3	0.0	0.2	0.6
Q2	102.2	0.4	3.4	0.2	1.5	0.8	-2.3	1.7	0.2	-0.4	0.2	-0.3
	Compensation per hour worked											
2012	104.7	2.7	3.6	3.7	4.8	2.8	2.3	1.2	2.2	3.0	1.1	3.4
2013	107.0	2.2	1.6	2.5	2.7	2.1	0.7	2.7	1.0	1.8	2.1	2.2
2013 Q3	107.3	2.0	1.5	2.2	2.2	2.1	1.1	2.4	1.4	1.7	2.0	2.2
Q4	107.5	2.0	-0.2	1.6	2.2	1.6	0.5	2.5	1.2	1.3	2.9	2.2
2014 Q1	108.0	1.2	0.8	0.9	1.9	1.4	2.2	0.9	1.7	1.5	0.9	0.8
Q2	108.2	1.4	3.3	1.7	2.1	1.1	2.1	2.3	2.8	1.4	1.0	1.0
	Hourly labour productivity [2]											
2012	102.3	0.8	-0.3	1.6	1.8	0.2	2.1	1.7	1.1	-0.4	0.7	0.9
2013	103.0	0.7	2.8	0.5	2.0	0.5	-0.8	0.2	3.2	0.6	0.5	0.0
2013 Q3	103.1	0.6	3.1	-0.4	1.3	0.9	-1.3	-0.7	3.2	1.0	0.6	0.2
Q4	103.3	0.8	2.9	1.6	2.5	1.0	-1.3	-1.5	2.8	0.5	0.1	0.1
2014 Q1	103.6	0.4	3.4	0.1	2.4	1.1	-2.0	-0.2	0.9	0.1	0.0	0.0
Q2	103.5	0.5	3.4	0.3	1.8	0.6	-2.2	1.7	1.7	-0.4	0.4	0.2

5. Labour cost indices [3]

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2012	108.9	2.0	2.0	2.0	2.4	2.5	2.4	2.2
2013	110.4	1.4	1.5	0.9	2.2	0.9	0.8	1.8
2013 Q3	107.2	0.9	1.0	0.5	1.4	0.1	0.6	1.7
Q4	117.1	1.3	1.6	0.3	2.0	0.4	0.5	1.7
2014 Q1	103.6	0.6	1.0	-0.6	0.9	0.8	0.7	1.9
Q2	115.6	1.2	1.2	1.0	2.5	0.7	0.9	1.9

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

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

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)								
2010	9,512.1	9,382.8	5,363.9	2,032.7	1,964.4	21.8	129.3	3,692.0	3,562.7
2011	9,768.2	9,629.4	5,498.5	2,046.4	2,026.9	57.7	138.9	4,074.3	3,935.4
2012	9,824.4	9,563.8	5,527.7	2,059.5	1,982.9	-6.4	260.6	4,252.4	3,991.8
2013	9,904.4	9,564.2	5,551.4	2,090.1	1,941.7	-18.9	340.2	4,325.7	3,985.5
2013 Q2	2,475.4	2,386.2	1,385.1	521.6	483.8	-4.4	89.2	1,083.1	993.9
Q3	2,483.2	2,401.5	1,392.5	524.4	487.4	-2.8	81.7	1,086.2	1,004.5
Q4	2,493.9	2,401.7	1,392.8	523.4	491.3	-5.8	92.2	1,096.4	1,004.1
2014 Q1	2,508.6	2,418.0	1,399.5	528.2	492.2	-2.0	90.7	1,096.2	1,005.5
Q2	2,513.5	2,419.8	1,404.2	529.2	487.8	-1.3	93.6	1,109.1	1,015.5
	percentage of GDP								
2013	100.0	96.6	56.0	21.1	19.6	-0.2	3.4	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2013 Q2	0.3	0.1	0.1	0.0	0.5	-	-	1.9	1.5
Q3	0.1	0.5	0.3	0.2	0.5	-	-	0.6	1.4
Q4	0.3	-0.1	-0.1	-0.2	0.6	-	-	1.1	0.4
2014 Q1	0.3	0.4	0.2	0.7	0.3	-	-	0.3	0.6
Q2	0.1	0.0	0.3	0.2	-0.9	-	-	1.3	1.3
	annual percentage changes								
2010	2.0	1.5	0.8	0.8	-0.5	-	-	11.0	9.7
2011	1.6	0.7	0.2	-0.2	1.5	-	-	6.6	4.3
2012	-0.7	-2.2	-1.3	-0.2	-3.4	-	-	2.4	-1.0
2013	-0.5	-0.9	-0.7	0.2	-2.4	-	-	2.0	1.2
2013 Q2	-0.6	-1.2	-0.7	0.0	-2.7	-	-	2.2	0.8
Q3	-0.3	-0.2	-0.4	0.4	-1.6	-	-	1.7	2.1
Q4	0.4	0.2	0.1	0.3	-0.3	-	-	3.5	3.2
2014 Q1	1.0	1.0	0.5	0.7	2.0	-	-	3.8	3.9
Q2	0.8	0.9	0.7	0.9	0.5	-	-	3.2	3.7
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2013 Q2	0.3	0.1	0.1	0.0	0.1	-0.1	0.2	-	-
Q3	0.1	0.5	0.1	0.0	0.1	0.2	-0.3	-	-
Q4	0.3	-0.1	0.0	0.0	0.1	-0.1	0.3	-	-
2014 Q1	0.3	0.4	0.1	0.1	0.1	0.1	-0.1	-	-
Q2	0.1	0.0	0.1	0.0	-0.2	0.0	0.1	-	-
	contributions to annual percentage changes in GDP; percentage points								
2010	2.0	1.4	0.5	0.2	-0.1	0.9	0.6	-	-
2011	1.6	0.7	0.1	0.0	0.3	0.3	0.9	-	-
2012	-0.7	-2.2	-0.7	0.0	-0.7	-0.7	1.4	-	-
2013	-0.5	-0.9	-0.4	0.0	-0.5	-0.1	0.4	-	-
2013 Q2	-0.6	-1.2	-0.4	0.0	-0.6	-0.2	0.6	-	-
Q3	-0.3	-0.2	-0.2	0.1	-0.3	0.3	-0.1	-	-
Q4	0.4	0.2	0.0	0.1	-0.1	0.1	0.2	-	-
2014 Q1	1.0	0.9	0.3	0.1	0.4	0.1	0.1	-	-
Q2	0.8	0.8	0.4	0.2	0.1	0.2	-0.1	-	-

Sources: Eurostat and ECB calculations.

1) Exports and imports cover goods and services and include cross-border intra-euro area trade. They are not fully consistent with: 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	Manufactu-ring, energy and utilities	Construction	Trade, transport, accommoda-tion and food services	Information and commu-nication	Finance and insurance	Real estate	Professional, business and support services	Public admi-nistration, education, health and social work	Arts, enter-tainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2010	8,560.8	140.8	1,649.6	487.9	1,617.9	395.5	442.7	969.5	884.6	1,667.6	304.7	951.3
2011	8,781.5	146.7	1,712.6	484.9	1,663.9	406.9	434.6	1,007.6	918.3	1,695.0	310.9	986.7
2012	8,833.5	150.8	1,719.2	472.2	1,671.8	409.8	439.1	1,013.1	926.8	1,714.0	316.8	990.8
2013	8,899.1	154.5	1,728.6	462.9	1,678.7	401.0	438.4	1,030.1	939.9	1,744.1	320.7	1,005.3
2013 Q2	2,222.1	39.4	432.8	115.4	418.7	100.6	110.0	256.5	234.3	434.4	80.1	253.3
Q3	2,230.9	38.1	432.6	115.9	421.7	99.9	109.8	258.3	236.4	437.4	80.7	252.4
Q4	2,242.1	38.5	437.3	116.9	422.4	100.2	109.7	260.1	237.2	439.0	80.7	251.9
2014 Q1	2,254.7	38.8	436.0	117.2	424.1	100.2	112.9	261.8	238.8	443.3	81.5	254.0
Q2	2,254.8	38.5	436.8	115.4	423.3	99.7	113.2	263.0	240.2	443.2	81.5	258.6
	percentage of value added											
2013	100.0	1.7	19.4	5.2	18.9	4.5	4.9	11.6	10.6	19.6	3.6	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2013 Q2	0.2	0.6	0.7	-0.2	0.4	0.1	-0.9	0.2	0.5	-0.1	0.0	1.3
Q3	0.2	1.0	0.1	0.3	0.3	-0.6	-0.4	0.3	0.3	0.2	0.1	-0.3
Q4	0.3	1.3	0.5	0.4	0.2	0.2	-0.1	0.3	0.0	0.3	-0.3	0.1
2014 Q1	0.3	1.4	-0.3	0.3	0.7	-0.9	1.3	0.2	0.4	0.3	0.7	0.3
Q2	0.0	-1.1	0.2	-1.6	0.0	-0.1	-0.3	0.3	0.2	0.0	-0.3	1.1
	annual percentage changes											
2010	2.1	-3.4	8.1	-3.9	1.1	1.6	1.0	0.7	2.1	1.1	0.1	1.7
2011	1.7	0.8	3.0	-2.8	2.2	5.1	1.2	1.8	2.3	0.7	0.4	0.7
2012	-0.5	-3.1	-0.6	-4.7	-1.4	2.6	1.1	-0.2	-0.6	0.3	0.4	-2.5
2013	-0.4	2.3	-0.7	-3.4	-0.8	-0.4	-1.3	0.9	0.1	0.0	-0.7	-1.0
2013 Q2	-0.6	2.1	-0.9	-4.2	-1.0	-0.2	-1.8	0.9	0.4	-0.1	-0.4	-0.7
Q3	-0.3	3.5	-1.0	-2.8	-0.4	-1.1	-1.5	1.0	0.5	0.1	-0.6	-0.4
Q4	0.4	4.5	1.3	-1.1	0.6	-0.4	-1.6	0.8	0.9	0.0	-1.0	0.0
2014 Q1	1.0	4.4	1.0	0.9	1.6	-1.1	-0.1	1.0	1.2	0.8	0.5	1.4
Q2	0.7	2.6	0.5	-0.6	1.3	-1.3	0.5	1.1	1.0	0.8	0.1	1.2
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2013 Q2	0.2	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	-
Q3	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	0.3	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	-
2014 Q1	0.3	0.0	-0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.0	-
Q2	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2010	2.1	-0.1	1.5	-0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.0	-
2011	1.7	0.0	0.6	-0.2	0.4	0.2	0.1	0.2	0.2	0.1	0.0	-
2012	-0.5	-0.1	-0.1	-0.3	-0.3	0.1	0.1	0.0	-0.1	0.1	0.0	-
2013	-0.4	0.0	-0.1	-0.2	-0.1	0.0	-0.1	0.1	0.0	0.0	0.0	-
2013 Q2	-0.6	0.0	-0.2	-0.2	-0.2	0.0	-0.1	0.1	0.0	0.0	0.0	-
Q3	-0.3	0.1	-0.2	-0.1	-0.1	-0.1	-0.1	0.1	0.1	0.0	0.0	-
Q4	0.4	0.1	0.2	-0.1	0.1	0.0	-0.1	0.1	0.1	0.0	0.0	-
2014 Q1	1.0	0.1	0.2	0.0	0.3	-0.1	0.0	0.1	0.1	0.1	0.0	-
Q2	0.7	0.0	0.1	0.0	0.2	-0.1	0.0	0.1	0.1	0.2	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: 2010 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2010	100.0	79.4	79.4	68.3	67.7	26.7	23.2	17.8	2.3	15.5	11.7	20.6
	1	2	3	4	5	6	7	8	9	10	11	12
2011	2.0	103.5	3.5	4.7	4.8	4.2	8.4	0.9	0.6	0.9	-4.3	-3.5
2012	-3.0	101.0	-2.5	-2.7	-2.8	-4.5	-1.1	-2.5	-4.9	-2.2	-0.4	-5.0
2013	-1.1	100.3	-0.7	-0.7	-0.7	-1.0	-0.6	-0.5	-3.7	0.0	-0.8	-2.8
2013 Q3	-1.1	100.3	-1.1	-1.1	-0.9	-0.7	-1.2	-0.9	-3.8	-0.6	-2.1	-1.1
Q4	1.0	100.9	1.6	1.9	2.1	2.4	2.8	0.5	-2.4	1.0	-1.3	-1.2
2014 Q1	2.2	101.1	1.3	3.2	3.3	3.1	4.1	2.4	-0.4	2.8	-9.1	6.6
Q2	1.5	101.1	1.0	1.7	1.8	1.4	1.0	3.5	-0.9	4.1	-5.1	3.8
2014 Apr.	2.5	102.0	1.9	3.3	3.4	3.6	1.2	6.0	0.2	7.0	-7.9	7.6
May	1.0	100.9	0.7	1.3	1.4	0.4	1.4	2.6	-1.2	3.1	-3.3	4.7
June	0.1	100.6	0.3	0.7	0.7	0.4	0.3	2.0	-1.5	2.4	-3.8	-0.8
July	0.9	101.5	1.6	2.5	2.5	1.4	3.9	2.0	-1.6	2.6	-5.0	-0.5
Aug.	-2.0	99.7	-1.9	-1.5	-1.6	-1.1	-3.7	1.0	-2.9	1.4	-3.5	-0.3
	month-on-month percentage changes (s.a.)											
2014 Apr.	0.9	-	1.1	1.2	1.3	0.9	0.5	2.9	-0.3	3.4	1.1	0.5
May	-1.2	-	-1.1	-1.6	-1.8	-2.0	-0.9	-1.7	-2.2	-1.7	3.1	-1.4
June	0.0	-	-0.3	-0.2	0.0	0.2	0.1	-1.6	2.1	-2.2	-1.1	-0.2
July	0.7	-	0.9	1.2	1.2	1.0	2.5	0.5	-1.0	0.8	-1.4	0.3
Aug.	-1.0	-	-1.8	-2.1	-2.0	-0.7	-4.8	0.1	0.2	-0.2	1.2	1.5

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

	Indicator on industrial new orders [1]		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing		Manufacturing (current prices)		Current prices	Constant prices								
	Total (s.a.; index: 2010 = 100)	Total	Total (s.a.; index: 2010 = 100)	Total	Total	Total (s.a.; index: 2010 = 100)	Total	Food, beverages, tobacco	Non-food			Fuel	Total (s.a.; thousands) [2]	Total
										Textiles, clothing, footwear	Household equipment			
% of total in 2010	100.0	100.0	100.0	100.0	100.0	100.0	100.0	39.3	51.5	9.2	12.0	9.1		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	108.6	8.6	109.3	9.2	1.7	99.3	-0.7	-1.1	-0.2	-1.4	-0.3	-3.3	840	-0.9
2012	104.4	-3.8	108.8	-0.5	0.5	97.6	-1.7	-1.3	-1.6	-2.5	-2.8	-5.0	745	-11.1
2013	104.4	0.0	107.3	-1.4	-0.4	96.8	-0.8	-1.0	-0.6	-1.4	-2.6	-1.0	713	-4.4
2013 Q4	106.2	2.9	107.9	0.3	0.2	96.9	0.3	-0.2	0.9	0.5	-0.8	0.3	743	5.3
2014 Q1	107.1	4.4	108.7	1.7	0.6	97.5	1.0	-0.4	2.3	3.5	0.6	0.8	725	5.0
Q2	107.3	3.8	108.3	1.3	0.8	97.9	1.4	1.2	1.9	1.9	0.2	-0.5	738	3.9
Q3	.	.	.	.	0.3	98.1	1.1	-0.1	2.3	.	.	-0.5	740	4.1
2014 May	107.3	4.2	107.7	0.6	0.0	97.8	0.5	-0.1	1.5	3.2	-0.2	-0.6	731	3.3
June	106.2	1.5	108.3	1.2	1.3	98.2	2.0	1.6	2.7	2.5	0.1	-0.2	738	3.3
July	108.3	4.0	108.6	1.5	-0.1	97.9	0.7	-1.0	2.3	1.2	0.5	-2.0	745	5.7
Aug.	105.7	0.3	107.5	-2.0	1.1	98.8	1.9	-0.3	4.0	5.5	1.6	0.0	742	4.1
Sep.	.	.	.	.	-0.1	97.6	0.6	0.9	0.6	.	.	0.5	732	2.5
	month-on-month percentage changes (s.a.)													
2014 May	-	-0.9	-	-1.1	0.1	-	0.2	0.0	0.5	2.3	0.0	0.2	-	-1.7
June	-	-1.1	-	0.6	0.4	-	0.4	0.5	0.3	0.0	-0.4	0.2	-	0.9
July	-	2.0	-	0.3	-0.4	-	-0.3	-0.9	0.2	-1.1	0.6	-0.5	-	0.9
Aug.	-	-2.4	-	-1.0	0.8	-	0.9	0.2	1.3	4.8	0.9	1.0	-	-0.3
Sep.	-	.	-	.	-1.3	-	-1.3	-0.1	-2.2	.	.	0.9	-	-1.4

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

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

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

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator 2) (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation 3) (%)	Total 4)	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total 4)	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2010	101.4	-4.5	-24.2	1.0	11.6	77.0	-14.1	-5.2	-12.3	31.1	-8.0
2011	102.2	0.2	-6.4	2.3	9.4	80.6	-14.3	-7.3	-18.0	23.0	-9.0
2012	90.8	-11.7	-24.4	6.8	-3.9	78.6	-22.1	-11.1	-27.4	38.1	-11.7
2013	93.8	-9.3	-26.0	4.7	2.8	78.3	-18.6	-8.9	-20.0	34.4	-11.2
2013 Q3	95.3	-8.3	-24.9	4.6	4.4	78.4	-15.9	-7.9	-16.7	29.6	-9.2
Q4	99.1	-4.1	-18.6	2.8	9.1	79.3	-14.4	-6.3	-11.6	29.8	-9.8
2014 Q1	101.6	-3.5	-16.5	2.8	8.8	79.8	-11.2	-4.6	-6.9	23.7	-9.6
Q2	102.2	-3.6	-15.3	3.6	8.0	79.7	-7.7	-3.5	-2.9	16.5	-8.0
Q3	100.9	-4.9	-15.8	4.7	5.9	80.0	-9.9	-3.7	-7.0	21.5	-7.4
2014 May	102.6	-3.1	-14.6	3.5	8.9	-	-7.1	-3.4	-2.5	15.1	-7.4
June	102.1	-4.3	-15.9	4.0	6.9	-	-7.5	-2.9	-2.8	16.1	-8.0
July	102.2	-3.8	-15.5	4.1	8.2	79.9	-8.3	-3.0	-4.0	19.1	-7.1
Aug.	100.6	-5.3	-15.6	4.5	4.3	-	-10.0	-4.0	-7.3	21.4	-7.4
Sep.	99.9	-5.5	-16.3	5.4	5.2	-	-11.4	-4.0	-9.8	23.9	-7.8
Oct.	100.7	-5.1	-15.7	5.6	5.9	80.0	-11.1	-3.8	-9.4	23.3	-7.8

	Construction confidence indicator			Retail trade confidence indicator				Services industries				
	Total 4)	Order books	Employment expectations	Total 4)	Present business situation	Volume of stocks	Expected business situation	Services confidence indicator				Capacity utilisation 3) (%)
								Total 4)	Business climate	Demand in recent months	Demand in the months ahead	
	12	13	14	15	16	17	18	19	20	21	22	23
2010	-28.5	-39.3	-17.6	-3.9	-6.1	7.4	1.8	3.9	1.4	3.0	7.3	.
2011	-25.2	-33.1	-17.2	-5.4	-5.3	11.6	0.6	5.3	2.2	5.4	8.3	.
2012	-27.6	-34.3	-21.0	-15.1	-18.5	14.4	-12.5	-6.8	-11.8	-7.6	-1.0	86.6
2013	-30.0	-38.2	-21.7	-12.5	-18.8	9.3	-9.2	-6.1	-9.9	-8.6	0.2	86.9
2013 Q3	-31.0	-39.7	-22.3	-10.3	-16.2	8.6	-6.1	-5.3	-8.2	-8.6	0.8	87.1
Q4	-28.6	-37.7	-19.5	-6.8	-10.5	6.6	-3.3	-1.3	-4.2	-3.4	3.6	87.1
2014 Q1	-29.0	-39.6	-18.5	-3.1	-5.7	5.6	2.1	3.4	1.0	1.9	7.2	87.2
Q2	-30.7	-40.2	-21.2	-2.3	-3.5	6.7	3.3	3.9	2.7	1.9	7.1	87.3
Q3	-28.1	-38.9	-17.3	-4.7	-5.7	7.9	-0.6	3.3	1.3	2.3	6.3	87.6
2014 May	-30.1	-40.4	-19.7	-2.5	-3.0	8.0	3.6	3.8	3.2	2.2	5.9	-
June	-31.7	-40.1	-23.3	-1.9	-1.7	6.0	2.1	4.4	2.6	1.9	8.6	-
July	-28.2	-39.0	-17.3	-2.3	-1.6	6.8	1.5	3.6	1.7	3.1	6.1	87.3
Aug.	-28.4	-39.8	-17.1	-4.6	-6.3	7.3	-0.2	3.1	1.1	2.3	5.9	-
Sep.	-27.7	-38.0	-17.4	-7.3	-9.1	9.6	-3.2	3.2	1.0	1.5	7.0	-
Oct.	-24.6	-35.2	-14.0	-6.4	-8.9	8.8	-1.4	4.4	1.4	3.2	8.5	87.8

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)						
2013	146,205	124,127	22,078	4,950	22,117	8,952	36,249	4,015	3,966	1,461	18,795	35,305	10,394
							percentage of total persons employed						
2013	100.0	84.9	15.1	3.4	15.1	6.1	24.8	2.7	2.7	1.0	12.9	24.1	7.1
							annual percentage changes						
2011	0.1	0.1	-0.1	-2.2	-0.1	-3.7	0.5	1.0	-0.6	0.7	2.5	0.0	0.0
2012	-0.6	-0.6	-0.4	-1.6	-0.8	-4.6	-0.6	0.7	-0.5	-0.1	0.5	-0.2	0.6
2013	-0.8	-0.7	-1.1	-1.4	-1.4	-4.6	-0.7	0.1	-1.2	-1.4	0.2	-0.1	-0.2
2013 Q3	-0.8	-0.8	-1.0	-0.7	-1.6	-4.1	-0.9	0.5	-0.9	-0.9	0.0	0.0	-0.4
Q4	-0.4	-0.4	-0.8	0.0	-1.0	-3.1	-0.3	0.3	-0.8	-0.9	0.5	0.1	-0.8
2014 Q1	0.0	0.2	-0.6	0.6	-0.5	-2.6	-0.1	0.8	-0.6	0.7	1.2	0.5	-0.1
Q2	0.4	0.7	-1.2	-0.7	0.4	-2.1	0.5	1.0	-1.1	0.9	1.4	0.6	0.5
							quarter-on-quarter percentage changes						
2013 Q3	0.0	0.0	-0.2	-0.1	-0.3	-0.3	-0.1	-0.2	-0.1	0.0	0.3	0.2	0.2
Q4	0.1	0.1	0.0	-0.5	0.0	-0.6	0.2	0.7	-0.1	-0.5	0.2	0.3	-0.1
2014 Q1	0.0	0.1	-0.6	-0.5	0.2	-1.0	-0.1	0.2	-0.1	1.3	0.3	0.2	0.2
Q2	0.2	0.4	-0.4	0.4	0.4	-0.1	0.5	0.3	-0.8	0.1	0.6	-0.1	0.2
							Hours worked						
							levels (millions)						
2013	230,906	184,562	46,344	10,119	36,262	15,930	59,555	6,563	6,427	2,238	29,008	50,158	14,646
							percentage of total hours worked						
2013	100.0	79.9	20.1	4.4	15.7	6.9	25.8	2.8	2.8	1.0	12.6	21.7	6.3
							annual percentage changes						
2011	0.2	0.3	-0.3	-2.2	0.6	-3.8	0.1	1.0	-0.2	0.4	2.7	0.4	0.2
2012	-1.5	-1.5	-1.6	-2.9	-2.1	-6.3	-1.6	0.4	-0.6	-1.2	-0.2	-0.4	-0.4
2013	-1.2	-1.2	-1.2	-0.5	-1.3	-5.3	-1.3	0.3	-1.4	-2.2	-0.5	-0.5	-0.7
2013 Q3	-1.0	-0.9	-1.1	0.4	-0.6	-4.0	-1.3	0.2	-0.8	-2.2	-0.4	-0.5	-0.8
Q4	-0.4	-0.3	-0.5	1.5	-0.4	-3.5	-0.4	0.9	-0.1	-1.9	0.4	-0.1	-1.1
2014 Q1	0.6	0.7	0.0	1.0	0.9	-1.5	0.5	0.9	0.1	0.0	1.2	0.8	0.5
Q2	0.3	0.6	-1.1	-0.8	0.2	-2.4	0.6	0.9	-1.1	-0.6	1.4	0.4	-0.1
							quarter-on-quarter percentage changes						
2013 Q3	0.0	0.0	0.1	0.2	0.0	-0.5	0.0	-0.5	-0.3	-0.7	0.4	0.0	0.3
Q4	0.1	0.2	-0.4	0.6	-0.1	-1.0	0.0	0.8	0.1	-0.8	0.1	0.6	-0.6
2014 Q1	0.0	0.1	-0.3	-1.0	0.0	-0.6	0.1	0.0	-0.1	1.3	0.4	-0.1	0.5
Q2	0.2	0.3	-0.5	-0.6	0.2	-0.2	0.5	0.6	-0.8	-0.3	0.5	0.0	-0.3
							Hours worked per person employed						
							levels (thousands)						
2013	1,579	1,487	2,099	2,044	1,640	1,779	1,643	1,635	1,621	1,531	1,543	1,421	1,409
							annual percentage changes						
2011	0.1	0.2	-0.2	-0.1	0.7	-0.2	-0.4	0.1	0.4	-0.2	0.2	0.5	0.2
2012	-1.0	-0.9	-1.2	-1.3	-1.2	-1.7	-1.1	-0.3	-0.1	-1.2	-0.7	-0.2	-1.0
2013	-0.4	-0.5	-0.1	0.9	0.1	-0.8	-0.6	0.2	-0.2	-0.9	-0.7	-0.4	-0.5
2013 Q3	-0.2	-0.2	-0.1	1.1	1.0	0.1	-0.5	-0.3	0.1	-1.3	-0.4	-0.5	-0.4
Q4	0.1	0.0	0.3	1.5	0.7	-0.4	-0.1	0.7	0.7	-1.0	0.0	-0.1	-0.4
2014 Q1	0.5	0.6	0.7	0.3	1.4	1.1	0.6	0.1	0.7	-0.7	0.0	0.3	0.6
Q2	-0.1	-0.1	0.1	-0.1	-0.1	-0.3	0.2	-0.2	0.0	-1.5	0.0	-0.1	-0.5
							quarter-on-quarter percentage changes						
2013 Q3	0.0	0.0	0.3	0.2	0.3	-0.2	0.1	-0.3	-0.2	-0.7	0.1	-0.2	0.1
Q4	0.0	0.1	-0.4	1.2	-0.1	-0.4	-0.2	0.1	0.2	-0.4	-0.1	0.3	-0.5
2014 Q1	0.0	-0.1	0.3	-0.4	-0.1	0.4	0.2	-0.2	0.0	0.0	0.0	-0.3	0.3
Q2	-0.1	0.0	-0.1	-1.0	-0.2	-0.1	0.0	0.3	0.0	-0.4	0.0	0.1	-0.5

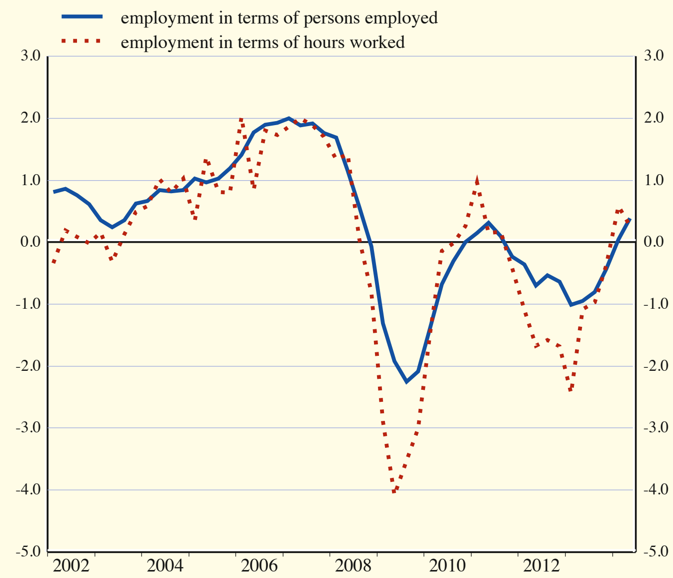
Source: ECB calculations based on Eurostat data.
1) Data for employment are based on the ESA 2010.

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		79.3		20.7		54.2		45.8		
	1	2	3	4	5	6	7	8	9	10	11
2010	15.993	10.1	12.683	8.9	3.311	21.0	8.665	10.0	7.328	10.2	1.5
2011	16.067	10.1	12.828	8.9	3.239	20.9	8.595	9.9	7.472	10.4	1.7
2012	18.081	11.3	14.562	10.1	3.520	23.2	9.732	11.2	8.349	11.4	1.6
2013	19.118	11.9	15.559	10.7	3.559	23.9	10.280	11.9	8.838	12.0	1.5
2013 Q3	19.155	12.0	15.604	10.7	3.551	24.0	10.337	11.9	8.818	12.0	1.4
Q4	18.989	11.9	15.501	10.7	3.487	23.8	10.162	11.7	8.827	12.0	1.6
2014 Q1	18.731	11.7	15.281	10.5	3.450	23.7	10.064	11.6	8.667	11.8	1.7
Q2	18.517	11.6	15.129	10.4	3.388	23.5	9.898	11.4	8.619	11.7	1.7
Q3	18.389	11.5	15.043	10.3	3.346	23.3	9.766	11.3	8.623	11.7	.
2014 Apr.	18.559	11.6	15.159	10.4	3.400	23.5	9.985	11.6	8.575	11.7	-
May	18.540	11.6	15.148	10.4	3.393	23.4	9.899	11.4	8.641	11.8	-
June	18.452	11.5	15.081	10.4	3.370	23.5	9.810	11.3	8.642	11.8	-
July	18.454	11.5	15.098	10.4	3.356	23.4	9.798	11.3	8.657	11.8	-
Aug.	18.366	11.5	15.024	10.3	3.342	23.3	9.750	11.3	8.615	11.7	-
Sep.	18.347	11.5	15.007	10.3	3.340	23.3	9.750	11.3	8.597	11.7	-

C30 Employment - persons employed and hours worked
(annual percentage changes)



C31 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.

GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus [1]
(as a percentage of GDP; four-quarter moving sum as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue									Capital revenue		Memo item: Fiscal burden [3]
			Direct taxes	Households	Corporations	Indirect taxes	Net social contributions	Employers [2]	Households [2]	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13
2009	44.4	44.0	11.4	9.0	2.3	12.5	15.2	8.0	6.1	3.0	0.3	0.4	39.5
2010	44.3	44.0	11.4	8.8	2.5	12.6	15.1	7.9	6.0	3.1	0.2	0.3	39.4
2011	44.8	44.5	11.7	8.9	2.6	12.8	15.1	7.9	6.0	3.1	0.2	0.3	39.9
2012	45.7	45.5	12.2	9.4	2.7	13.0	15.3	8.0	6.1	3.2	0.2	0.3	40.8
2013	46.4	46.1	12.5	9.6	2.8	13.1	15.5	8.0	6.2	3.2	0.3	0.3	41.4
2014 Q1	46.6	46.1	12.5	.	.	13.0	15.4	.	.	3.2	0.5	.	41.2
Q2	46.6	46.1	12.5	.	.	13.0	15.5	.	.	3.2	0.5	.	41.3

2. Euro area – expenditure

	Total	Current expenditure						Capital expenditure			Memo item: Primary expenditure
			Compensation of employees	Intermediate consumption	Interest	Social payments [4]	Subsidies		Investment	Capital transfers	
	1	2	3	4	5	6	7	8	9	10	11
2009	50.3	45.2	10.9	5.4	2.8	23.4	1.9	5.0	3.6	1.4	47.5
2010	50.1	44.9	10.7	5.4	2.7	23.4	1.8	5.2	3.4	1.9	47.3
2011	48.6	44.3	10.4	5.3	3.0	23.1	1.8	4.3	3.1	1.2	45.7
2012	49.1	44.6	10.3	5.3	3.0	23.4	1.7	4.5	2.9	1.6	46.1
2013	48.9	44.9	10.4	5.3	2.8	23.8	1.7	4.1	2.8	1.3	46.2
2014 Q1	49.3	45.4	10.3	5.3	2.8	23.0	1.4	4.0	2.8	1.1	46.6
Q2	49.2	45.4	10.3	5.3	2.7	23.0	1.4	3.8	2.8	1.0	46.5

3. Euro area – deficit/surplus and effect of EU budget

	Deficit (-)/surplus (+)						Memo item: Primary deficit (-)/ surplus (+)
	Total	Central government	State government	Local government	Social security funds	Effect of EU budget	
	1	2	3	4	5	6	7
2009	-5.9	-5.0	-0.5	-0.3	-0.3	0.3	-3.1
2010	-5.8	-5.0	-0.7	-0.4	-0.1	0.3	-3.1
2011	-3.8	-3.3	-0.7	-0.2	0.0	0.3	-0.9
2012	-3.3	-3.4	-0.3	0.0	0.0	0.3	-0.4
2013	-2.5	-2.5	-0.2	0.0	-0.1	0.4	0.3
2014 Q1	-2.8	.	.	.	.	.	0.0
Q2	-2.6	.	.	.	.	.	0.1

4. Euro area – government consumption

	Government consumption							
	Total						Collective consumption	Individual consumption
		Compensation of employees	Intermediate consumption	Social transfers in kind	Consumption of fixed capital	Sales		
	1	2	3	4	5	6	7	8
2009	21.6	10.9	5.4	5.6	2.5	3.0	8.3	13.4
2010	21.4	10.7	5.4	5.6	2.5	3.1	8.1	13.3
2011	21.0	10.4	5.3	5.5	2.5	3.1	7.9	13.0
2012	21.0	10.3	5.3	5.6	2.6	3.2	8.0	13.0
2013	21.1	10.4	5.3	5.7	2.6	3.2	8.0	13.1

Sources: ECB for annual data; Eurostat for quarterly data.
1) EU budget transactions are included and consolidated in annual data.
2) Data refer to actual social contributions.
3) The fiscal burden comprises taxes and social contributions.
4) Current transfers to non-profit institutions serving households are included in annual data.

6.2 Debt [1]

(as a percentage of GDP)

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

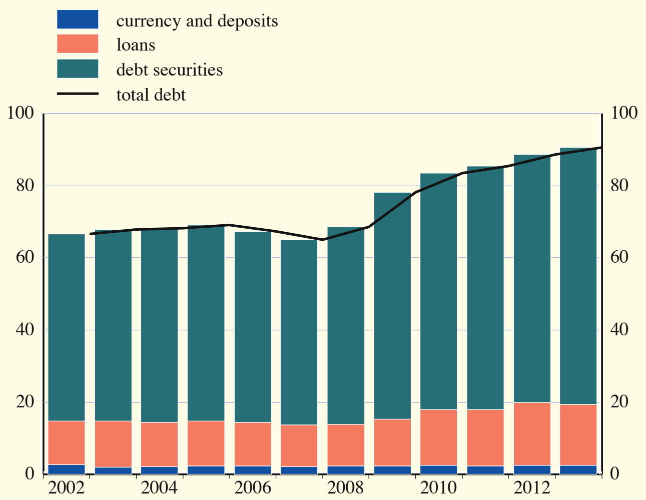
	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term debt securities	Long-term debt securities	Resident creditors [2]				Non-resident creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2008	68.6	2.2	11.7	6.3	48.4	32.8	18.2	7.7	7.0	35.8
2009	78.2	2.4	12.8	8.0	55.0	36.5	21.1	9.0	6.5	41.7
2010	83.6	2.4	15.5	7.1	58.5	40.5	23.9	10.3	6.4	43.1
2011	85.5	2.4	15.5	7.1	60.4	42.4	24.1	11.1	7.2	43.1
2012	88.7	2.5	17.4	6.6	62.2	45.1	26.0	12.2	6.9	43.6
2013	90.7	2.5	16.9	6.1	65.2	45.7	26.0	12.8	6.9	45.0

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

	Total	Issuer [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
	Outstanding amounts												
2008	68.6	55.4	6.7	5.2	1.3	9.7	58.9	5.7	17.2	23.0	28.5	67.4	1.1
2009	78.2	63.1	7.7	5.7	1.7	11.7	66.5	6.0	19.0	26.6	32.6	76.9	1.2
2010	83.6	67.5	8.3	5.8	1.9	12.7	70.9	6.1	20.7	28.6	34.3	82.2	1.3
2011	85.5	68.9	8.5	5.8	2.2	12.2	73.2	7.2	20.3	29.6	35.5	83.6	1.8
2012	88.7	71.7	8.9	5.9	2.2	11.5	77.3	8.6	19.5	31.4	37.8	86.5	2.2
2013	90.7	74.0	8.6	5.9	2.2	10.4	80.3	9.2	19.3	32.0	39.4	88.7	2.0

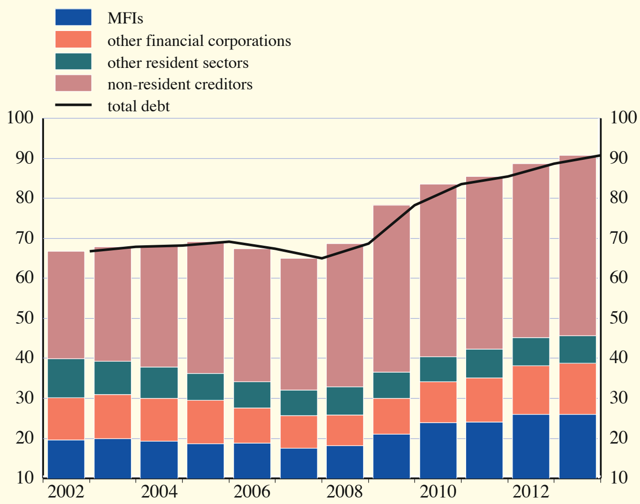
C32 Debt by financial instrument

(as percentage of GDP)



C33 Debt by holder

(as percentage of GDP)



Source: ECB.

1) Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Intergovernmental lending in the context of the financial crisis is consolidated. Data are partially estimated.

2) Holders resident in the country whose government has issued the debt.

3) Includes residents of euro area countries other than the country whose government has issued the debt.

4) Excludes debt held by general government in the country whose government has issued it.

6.3 Deficit-debt adjustment, main financial assets and government debt at market value [1)]
(as a percentage of GDP)

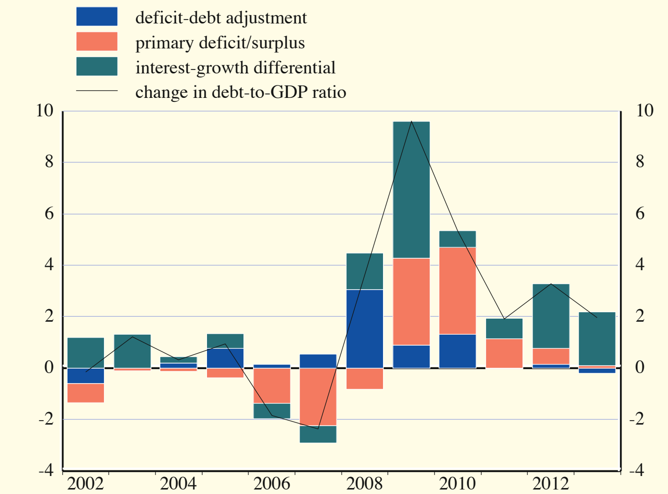
1. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment												Memo item: Borrowing requirement
				Transactions in main financial assets held by general government							Other flows				
				Total	Currency and deposits	Loans	Debt securities	Equity and investment fund shares			Total	Revaluation effects [2)]		Other changes in volume [3)]	
									Privatisations	Equity injections			Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	5.2	-2.1	3.1	2.9	0.7	0.6	0.7	0.8	-0.1	0.7	0.2	0.2	0.0	0.0	5.0
2009	7.1	-6.2	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	-0.2	0.0	0.0	7.3
2010	7.4	-6.1	1.3	1.7	0.0	0.5	0.9	0.2	0.0	0.2	-0.1	-0.1	0.0	0.0	7.5
2011	4.1	-4.1	0.0	-0.3	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.2	0.1	0.0	0.0	3.9
2012	3.8	-3.6	0.1	1.2	0.3	0.4	-0.1	0.5	-0.2	0.3	-1.3	-1.3	0.0	0.0	5.1
2013	2.7	-2.9	-0.2	-0.5	-0.4	-0.4	-0.1	0.4	-0.2	0.4	-0.1	-0.1	0.0	0.0	2.8

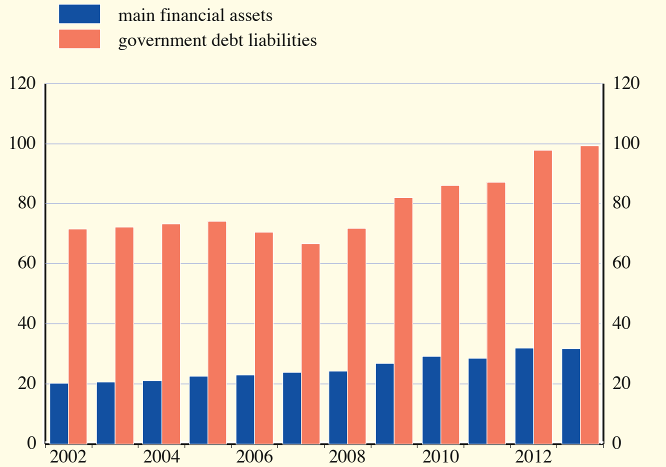
2. Euro area – outstanding amounts of main financial assets and government debt liabilities [4)]

	Main financial assets					Government debt liabilities			
	Total	Currency and deposits	Loans	Debt securities	Equity and investment fund shares	Total	Currency and deposits	Loans	Debt securities
	1	2	3	4	5	6	7	8	9
2008	24.1	5.6	3.8	2.3	12.4	71.7	3.0	11.8	57.0
2009	26.8	6.3	3.9	2.6	14.0	81.9	3.2	12.9	65.9
2010	29.2	6.1	4.5	3.5	15.0	86.0	3.2	15.8	67.0
2011	28.6	6.2	4.9	3.2	14.4	87.1	3.5	16.1	67.5
2012	31.8	6.6	6.2	3.2	15.8	97.8	3.7	19.3	74.8
2013	31.6	6.1	6.4	3.0	16.0	99.3	3.3	19.5	76.5

C34 Change in debt
(annual change in the debt-to-GDP ratio and underlying factors)



C35 Outstanding amounts of govern. assets and liabilities
(as a percentage of GDP)



Sources: ECB and ECB calculations based on Eurostat and national data for government assets and liabilities.
1) Data are partially estimated. Intergovernmental lending in the context of the financial crisis is consolidated.
2) 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).
3) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
4) Outstanding amounts of main financial assets and government debt liabilities at market value and consolidated between sub-sectors of government.

6.4 Government debt securities [1]

(Principal and interest during the debt service period; outstanding amounts at end of period; transactions as 12-month average)

1. Euro area – debt service due in two years

	Debt service											Average residual maturity [3]
	Total	Up to 1 year							Over 1 and up to 2 years			
		Total	Principal [2]			Interest			Total	Principal	Interest	
			Total	Up to 3 months	Over 3 months	Total	Up to 3 months	Over 3 months				
	1	2	3	4	5	6	7	8	9	10	11	12
	EUR billions											
2011	2,632.2	1,691.0	1,479.4	589.3	890.2	211.6	54.4	157.2	941.1	753.9	187.2	6.4
2012	2,598.4	1,597.9	1,391.6	478.8	912.9	206.3	52.9	153.4	1,000.4	815.2	185.3	6.3
2013 Q3	2,692.6	1,659.7	1,450.6	469.9	980.7	209.1	53.4	155.7	1,032.9	846.6	186.3	6.3
Q4	2,674.3	1,639.3	1,430.9	497.0	933.9	208.4	53.4	155.0	1,035.1	849.8	185.2	6.3
2014 Q1	2,666.8	1,693.2	1,481.8	489.8	992.0	211.4	54.4	157.0	973.6	784.7	189.0	6.4
2014 Apr.	2,705.8	1,685.1	1,474.3	498.2	976.1	210.8	54.2	156.6	1,020.7	831.8	188.9	6.4
May	2,707.0	1,667.7	1,456.1	506.4	949.7	211.6	54.3	157.3	1,039.3	849.1	190.2	6.4
June	2,652.5	1,669.9	1,459.9	542.7	917.2	210.0	53.8	156.2	982.6	793.4	189.2	6.4
July	2,672.7	1,685.9	1,474.6	511.9	962.7	211.3	54.2	157.1	986.8	796.1	190.7	6.4
Aug.	2,749.5	1,769.1	1,561.0	607.7	953.3	208.1	53.4	154.6	980.4	792.4	188.0	6.3
Sep.	2,736.2	1,733.1	1,525.6	573.3	952.3	207.5	53.3	154.2	1,003.1	815.4	187.8	6.3
	As a percentage of GDP											
2011	27.1	17.4	15.1	6.0	9.1	2.2	0.6	1.7	9.7	7.7	2.0	-
2012	26.6	16.3	14.2	4.9	9.3	2.2	0.6	1.6	10.2	8.3	1.9	-
2013 Q3	27.3	16.8	14.6	4.7	9.9	2.2	0.6	1.6	10.5	8.5	1.9	-
Q4	27.1	16.6	14.4	5.0	9.4	2.2	0.6	1.6	10.5	8.6	1.9	-
2014 Q1	27.0	17.1	15.0	4.9	10.0	2.1	0.6	1.6	9.8	7.9	1.9	-
2014 Apr.	27.3	17.0	14.9	5.0	9.9	2.1	0.6	1.6	10.3	8.4	1.9	-
May	27.4	16.9	14.7	5.1	9.6	2.2	0.6	1.6	10.5	8.6	1.9	-
June	26.8	16.9	14.7	5.5	9.3	2.1	0.5	1.6	9.9	8.0	1.9	-
July	27.0	17.0	14.9	5.2	9.7	2.1	0.6	1.6	10.0	8.0	1.9	-
Aug.	27.8	17.9	15.8	6.1	9.6	2.1	0.5	1.6	9.9	8.0	1.9	-
Sep.	27.7	17.5	15.4	5.8	9.6	2.1	0.5	1.6	10.1	8.2	1.9	-

2. Euro area – average nominal yields

	Outstanding amounts						Transactions			
	Total	Zero coupon	Floating rate	Fixed rate			Issuance		Redemptions	
				Total	Up to 1 year	Over 5 years	Total	Up to 1 year	Total	Over 1 year
	1	2	3	4	5	6	7	8	9	10
	Percentages per annum									
2011	4.0	3.0	2.5	4.2	3.7	4.6	.	.	3.2	3.2
2012	3.7	3.0	1.6	3.9	3.3	4.4	1.6	1.6	2.7	2.9
2013 Q3	3.4	1.2	1.6	3.7	3.2	4.2	1.0	0.8	1.9	2.9
Q4	3.4	1.0	1.6	3.7	3.2	4.2	1.0	0.7	1.8	2.8
2014 Q1	3.2	0.8	1.6	3.7	3.2	4.1	1.1	0.6	1.7	2.8
2014 Apr.	3.2	0.7	1.6	3.6	3.2	4.1	1.0	0.6	1.7	2.9
May	3.2	0.7	1.5	3.6	3.2	4.1	1.0	0.6	1.6	2.8
June	3.2	0.8	1.5	3.6	3.1	4.0	1.1	0.7	1.7	2.9
July	3.2	0.9	1.6	3.6	3.0	4.0	1.2	0.8	1.7	2.9
Aug.	3.1	0.5	1.5	3.6	3.1	4.0	0.9	0.5	1.6	2.8
Sep.	3.1	0.5	1.5	3.5	3.1	3.9	1.0	0.5	1.6	2.8

Source: ECB.

1) Data on government debt securities are recorded at face value and not consolidated within the general government sector.
2) Principal amounts do not cover short-term securities issued and redeemed within the next 12 months.
3) Average residual maturity in years.

6.5 Fiscal developments in euro area countries

(as a percentage of GDP; four-quarter moving sum as a percentage of GDP; percentages per annum for yields)

	Belgium	Germany	Estonia [1]	Ireland [2]	Greece	Spain	France	Italy	Cyprus
	1	2	3	4	5	6	7	8	9
					Government deficit (-)/surplus (+)				
2012	-4.1	0.1	-0.3	-8.0	-8.6	-10.3	-4.9	-3.0	-5.8
2013	-2.9	0.1	-0.5	-5.7	-12.2	-6.8	-4.1	-2.8	-4.9
2014 Q1	-2.9	0.4	-0.4	-5.5	-10.2	-6.5	-4.0	-2.9	-5.0
Q2	-3.1	0.5	-0.3	-5.4	-2.9	-6.3	-4.2	-3.0	-4.1
					Government debt				
2012	104.0	79.0	9.7	121.7	156.9	84.4	89.2	122.2	79.5
2013	104.5	76.9	10.1	123.3	174.9	92.1	92.2	127.9	102.2
2014 Q1	108.6	75.6	10.5	121.9	174.3	95.0	94.1	130.7	102.5
Q2	108.6	75.4	10.5	116.7	176.8	96.4	95.2	133.8	109.5
					Government debt securities: debt service [3]				
2012	20.7	14.6	-	7.1	15.4	17.5	17.6	22.5	17.8
2013	17.8	13.6	-	7.1	19.1	19.9	17.9	24.0	10.7
2014 Q1	20.8	13.9	-	5.6	17.8	20.6	18.7	25.0	10.4
Q2	18.9	13.6	-	4.7	12.8	20.4	18.6	25.2	11.0
2014 July	18.8	13.2	-	5.0	14.7	21.3	18.7	25.2	6.4
Aug.	19.7	13.3	-	5.3	13.5	20.8	23.3	24.9	6.4
Sep.	20.0	13.1	-	5.3	12.6	20.8	22.9	23.6	6.3
					Government debt securities: average nominal yields				
2012	4.1	2.8	-	5.0	3.5	4.5	3.5	4.2	4.7
2013	3.8	2.4	-	4.5	3.6	4.2	3.2	3.8	3.7
2014 Q1	3.6	2.3	-	4.5	3.6	4.0	3.0	3.7	3.7
Q2	3.6	2.3	-	4.4	3.5	3.9	2.9	3.6	3.8
2014 July	3.6	2.4	-	4.4	3.4	3.9	2.9	3.5	4.2
Aug.	3.6	2.2	-	4.4	3.3	3.9	2.9	3.5	4.2
Sep.	3.5	2.2	-	4.4	3.3	3.9	2.9	3.4	4.2

	Latvia	Luxembourg	Malta	Netherlands	Austria	Portugal	Slovenia	Slovakia	Finland
	10	11	12	13	14	15	16	17	18
					Government deficit (-)/surplus (+)				
2012	-0.8	0.1	-3.7	-4.0	-2.3	-5.5	-3.7	-4.2	-2.1
2013	-0.9	0.6	-2.7	-2.3	-1.5	-4.9	-14.6	-2.6	-2.4
2014 Q1	0.0	0.2	-3.0	-3.1	-1.5	-4.1	-13.5	-2.6	-2.5
Q2	0.1	0.3	-3.2	-3.0	-1.5	-4.8	-13.1	-2.7	-2.5
					Government debt				
2012	40.9	21.4	67.9	66.5	81.7	124.8	53.4	52.1	53.0
2013	38.2	23.6	69.8	68.6	81.2	128.0	70.4	54.6	56.0
2014 Q1	38.7	23.2	72.3	68.1	81.3	131.6	77.1	57.5	57.5
Q2	41.1	23.1	75.0	69.6	82.6	129.4	78.3	55.6	58.9
					Government debt securities: debt service [3]				
2012	3.0	4.9	10.6	12.0	8.6	15.9	7.0	8.5	7.2
2013	3.8	0.3	11.6	10.9	10.9	20.8	12.7	8.9	6.7
2014 Q1	3.9	0.3	12.8	10.0	10.2	20.7	16.9	11.9	5.8
Q2	2.2	0.3	14.4	12.4	10.0	17.5	13.4	6.5	6.7
2014 July	2.2	0.3	11.3	12.4	11.8	17.3	13.6	6.4	9.2
Aug.	2.1	0.3	10.6	11.9	11.2	17.3	13.0	6.4	9.2
Sep.	2.5	0.3	10.1	12.7	11.1	16.4	13.2	7.1	6.4
					Government debt securities: average nominal yields				
2012	4.5	3.0	4.9	3.4	3.9	4.3	4.5	3.9	3.0
2013	4.3	2.6	4.6	3.0	3.7	4.1	4.6	3.7	2.8
2014 Q1	3.8	2.6	4.4	2.8	3.7	4.1	4.5	3.7	2.8
Q2	3.6	2.6	4.3	2.8	3.5	4.1	4.3	3.6	2.7
2014 July	3.6	2.6	4.3	2.7	3.5	4.0	4.3	3.6	2.7
Aug.	3.6	2.6	4.3	2.8	3.5	4.0	4.2	3.6	2.7
Sep.	3.6	2.6	4.3	2.7	3.5	4.0	4.2	3.6	2.6

Sources: Eurostat for government deficit/surplus and government debt; ECB for government debt service and average nominal yields.
1) Statistics on Estonian government debt securities are not currently published owing to low data coverage.
2) Data on government debt service do not cover securities issued without an International Securities Identification Number.
3) Government debt service comprises principal and interest expenditure due in the next 12 months.

7 EXTERNAL TRANSACTIONS AND POSITIONS

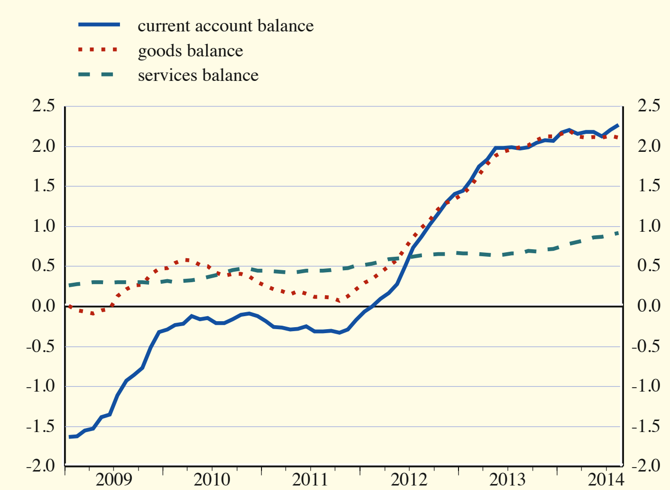
7.1 Summary balance of payments [1) 2)]

(EUR billions, unless otherwise indicated; 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	Primary income	Second-ary income			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	-16.3	21.1	49.7	39.8	-126.8	.	.	.	.	.	.	.	.	.
2012	138.3	132.3	65.6	70.3	-130.0	.	.	.	.	.	.	.	.	.
2013	204.8	210.9	71.1	67.8	-145.0	20.0	224.8	442.1	38.7	6.6	33.6	358.4	4.8	217.3
2013 Q4	78.3	58.8	20.0	29.6	-30.1	8.4	86.8	168.2	30.0	-32.5	12.4	157.9	0.4	81.5
2014 Q1	37.4	43.7	18.6	26.9	-51.9	5.7	43.1	70.2	25.7	-53.5	5.8	89.9	2.2	27.1
Q2	46.0	60.4	25.5	-6.1	-33.8	3.9	49.8	76.0	-3.4	-36.3	15.7	99.8	0.3	26.1
2013 Aug.	10.6	11.6	4.7	6.3	-11.9	1.3	11.9	41.0	3.7	3.0	-4.7	37.0	2.0	29.1
Sep.	16.3	14.8	9.7	2.9	-11.2	0.5	16.8	26.6	14.4	2.5	1.9	6.7	1.1	9.8
Oct.	21.0	21.5	5.5	3.1	-9.2	3.1	24.1	35.3	-6.1	-2.0	4.5	39.7	-0.8	11.2
Nov.	24.7	21.4	5.6	6.5	-8.7	3.6	28.3	34.9	18.5	-48.6	4.4	60.8	-0.2	6.6
Dec.	32.6	15.8	9.0	20.0	-12.2	1.8	34.4	98.1	17.7	18.1	3.5	57.4	1.4	63.7
2014 Jan.	2.0	3.4	7.0	5.4	-13.9	0.9	2.9	-24.8	-3.9	-55.1	0.1	31.6	2.6	-27.7
Feb.	10.3	19.1	5.4	10.7	-24.8	2.9	13.2	4.1	11.9	-67.8	2.6	57.9	-0.4	-9.1
Mar.	25.0	21.2	6.2	10.7	-13.1	1.9	27.0	90.8	17.8	69.4	3.2	0.4	0.0	63.8
Apr.	16.5	18.7	7.3	0.8	-10.4	1.2	17.7	-5.7	16.4	32.2	5.5	-60.3	0.4	-23.4
May	8.4	20.6	9.0	-12.2	-9.1	0.7	9.0	-0.9	-4.9	-79.1	9.7	73.1	0.3	-9.9
June	21.1	21.1	9.1	5.2	-14.3	2.0	23.1	82.6	-14.9	10.6	0.5	86.9	-0.5	59.5
July	31.8	23.8	10.8	7.0	-9.9	0.8	32.6	-11.6	3.3	-21.0	-1.1	7.0	0.1	-44.2
Aug.	16.8	8.9	7.5	8.9	-8.4	1.2	18.0	17.0	-11.6	33.7	-3.3	-3.0	1.3	-1.0
	12-month cumulated transactions													
2013 Aug.	195.1	196.7	65.3	76.6	-143.5	.	.	.	.	.	.	.	.	.
2014 Aug.	226.5	210.5	92.1	69.2	-145.3	20.5	247.1	346.4	58.5	-107.1	31.4	358.3	5.4	99.4
	12-month cumulated transactions as a percentage of GDP													
2013 Aug.	2.0	2.0	0.7	0.8	-1.5	.	.	.	.	.	.	.	.	.
2014 Aug.	2.3	2.1	0.9	0.7	-1.5	0.2	2.5	3.5	0.6	-1.1	0.3	3.6	0.1	1.0

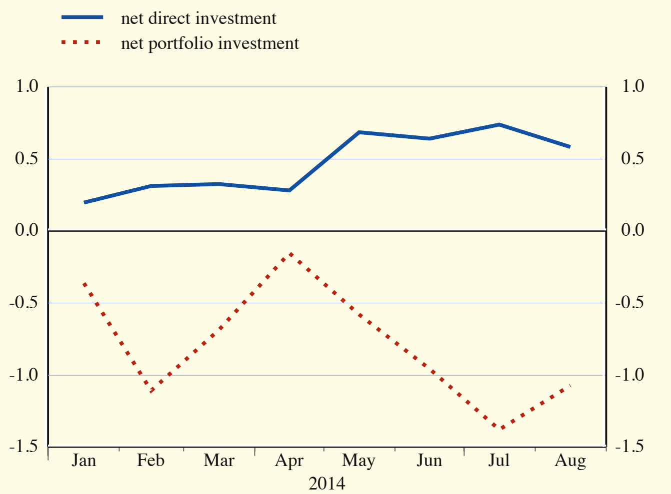
C36 Euro area b.o.p.: current account

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



C37 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.

2) Data for reference periods before 2013 are expected to be available in the first quarter of 2015.

7.2 Current and capital accounts [1)]

(EUR billions, unless otherwise indicated; transactions)

1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Primary income				Secondary income			
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Compensation of employees	Debit	Compensation of employees	Credit	Debit	Credit	Debit
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2011	2,951.7	2,967.9	-16.3	1,726.5	1,705.4	564.3	514.6	583.0	.	543.2	.	77.9	204.7	.	.
2012	3,152.7	3,014.4	138.3	1,870.0	1,737.8	608.8	543.2	595.6	.	525.3	.	78.1	208.1	.	.
2013	3,222.1	3,017.3	204.8	1,904.2	1,693.3	641.2	570.1	593.0	30.8	525.2	14.0	83.8	228.7	38.9	18.9
2013 Q4	825.5	747.2	78.3	484.6	425.8	167.3	147.3	152.3	8.1	122.7	3.6	21.3	51.4	15.9	7.4
2014 Q1	786.8	749.4	37.4	467.3	423.6	155.2	136.6	145.3	7.9	118.4	2.6	19.0	70.8	9.3	3.6
Q2	828.4	782.4	46.0	484.1	423.8	171.2	145.7	150.1	7.8	156.2	3.7	22.9	56.7	7.5	3.6
2014 Apr.	266.1	249.6	16.5	159.8	141.0	53.2	45.8	46.3	2.6	45.5	1.2	6.9	17.3	2.1	0.9
May	275.2	266.9	8.4	161.7	141.1	56.6	47.5	49.0	2.6	61.1	1.2	8.0	17.1	2.3	1.6
June	287.0	265.9	21.1	162.7	141.6	61.5	52.4	54.8	2.6	49.6	1.3	8.0	22.3	3.1	1.0
July	287.0	255.2	31.8	171.9	148.1	61.6	50.8	46.6	2.6	39.5	1.4	6.9	16.8	1.8	1.0
Aug.	248.7	231.9	16.8	137.7	128.8	59.2	51.7	45.2	2.6	36.3	1.3	6.6	15.1	2.1	0.9
	12-month cumulated transactions														
2013 Aug.	3,195.3	3,000.2	195.1	1,890.8	1,694.1	625.4	560.1	597.2	.	520.6	.	81.8	225.4	.	.
2014 Aug.	3,251.0	3,024.5	226.5	1,905.8	1,695.4	673.0	580.9	588.4	31.6	519.1	13.9	83.8	229.1	38.3	17.8
	12-month cumulated transactions as a percentage of GDP														
2013 Aug.	32.4	30.4	2.0	19.2	17.2	6.3	5.7	6.1	.	5.3	.	0.8	2.3	.	.
2014 Aug.	32.6	30.3	2.3	19.1	17.0	6.7	5.8	5.9	0.3	5.2	0.1	0.8	2.3	0.4	0.2
	Year-on-year percentage changes														
2013 Aug.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.	0.0	.	0.0	0.0	.	.
2014 Aug.	-1.4	-4.1	58.1	-6.0	-4.5	8.9	4.1	-0.6	3.7	-7.3	0.9	9.5	-15.9	-8.7	-9.9
	Seasonally adjusted														
2013 Q4	811.1	762.3	48.9	482.1	428.1	164.9	145.1	143.1	-	134.2	-	21.1	54.9	-	-
2014 Q1	810.2	751.1	59.1	471.7	422.9	168.7	144.0	149.3	-	127.2	-	20.5	56.9	-	-
Q2	824.7	761.6	63.1	486.7	426.6	171.5	148.1	145.9	-	127.0	-	20.6	59.9	-	-
2014 Apr.	275.8	252.9	22.9	164.3	142.9	55.9	48.2	49.3	-	42.5	-	6.4	19.2	-	-
May	272.1	249.6	22.5	160.3	139.7	56.6	48.4	48.4	-	42.6	-	6.9	18.9	-	-
June	276.8	259.1	17.7	162.1	144.0	59.1	51.5	48.3	-	41.9	-	7.3	21.7	-	-
July	272.6	251.0	21.6	159.8	142.2	56.3	47.3	49.6	-	42.5	-	6.9	19.0	-	-
Aug.	263.8	244.4	19.3	149.3	134.7	56.9	48.9	50.0	-	43.0	-	7.6	17.8	-	-
	Month-on-month percentage changes														
2014 June	1.7	3.8	-21.3	1.2	3.0	4.4	6.4	-0.2	-	-1.4	-	6.9	14.8	-	-
July	-1.5	-3.1	21.9	-1.4	-1.2	-4.8	-8.1	2.7	-	1.3	-	-5.3	-12.6	-	-
Aug.	-3.2	-2.6	-10.4	-6.6	-5.2	1.2	3.3	0.8	-	1.1	-	9.4	-6.1	-	-

2. Services

	Total		Transport		Travel		Insurance, pension and financial services		Telecommunications computer and information services		Other business services [2)]		Other services [3)]	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	564.3	514.6	.	.	.	.	.	.	.	.	.	.	.	.
2012	608.8	543.2	.	.	.	.	.	.	.	.	.	.	.	.
2013	641.2	570.1	127.4	123.0	112.6	93.1	75.9	52.0	75.2	40.4	161.9	164.3	88.2	97.2
2013 Q2	160.3	141.1	32.7	30.9	29.6	21.8	18.6	13.0	18.2	9.9	40.0	41.1	21.2	24.5
Q3	171.5	148.7	33.5	31.4	39.9	31.9	19.2	12.5	18.3	9.6	39.2	39.7	21.5	23.6
Q4	167.3	147.3	31.4	30.6	23.3	21.6	20.2	13.6	21.3	10.8	45.8	45.3	25.3	25.4
2014 Q1	155.2	136.6	29.7	30.0	20.7	18.1	18.8	14.0	19.2	9.9	41.3	39.6	25.5	24.9
Q2	171.2	145.7	31.4	30.4	30.8	23.4	19.9	14.0	20.7	10.2	43.6	42.6	24.8	25.1

Source: ECB.
1) Data for reference periods before 2013 are expected to be available in the first quarter of 2015.
2) Comprises research and development services, professional and management consulting services, and technical, trade-related and other business services not included in the previous categories.
3) Comprises manufacturing services on physical inputs owned by others, maintenance and repair services not included elsewhere, construction, charges for the use of intellectual property, personal, cultural and recreational services, government goods and services and services not allocated.

7.2 Current and capital accounts [1]
(EUR billions)

3. Investment income
(transactions)

	Total		Direct investment						Portfolio investment				Other investment		Reserve assets
	Credit	Debit	Equity				Debt instruments		Equity		Debt securities		Credit	Debit	Credit
			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
2011	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2013	535.1	511.2	271.7	32.1	183.0	38.7	64.0	50.9	45.4	112.9	102.5	110.3	48.7	54.2	2.7
2013 Q2	145.5	153.3	75.6	0.5	48.6	9.1	16.3	12.5	14.7	49.8	25.9	28.3	12.4	14.1	0.7
Q3	133.0	124.2	67.1	17.0	47.5	16.4	15.2	12.3	12.7	24.7	25.7	27.0	11.6	12.8	0.7
Q4	132.9	119.1	67.5	-9.3	45.8	-3.5	17.3	13.1	9.9	19.4	25.5	27.1	12.0	13.6	0.7
2014 Q1	125.3	115.8	61.8	17.8	40.6	12.4	16.2	13.9	11.2	20.5	24.9	27.3	10.6	13.5	0.7
Q2	140.7	152.5	70.9	7.4	42.5	8.1	15.1	14.5	18.2	56.8	25.4	25.5	10.5	13.3	0.7

4. Geographical breakdown
(four-quarter cumulated transactions)

2013 Q3 to 2014 Q2	Total	EU Member States outside the euro area				Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other countries [2]
		Total	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Credits													
Current account	3,249.1	1,035.2	493.8	478.3	63.2	58.3	46.2	165.6	37.5	76.0	120.9	264.3	437.3	1,007.7
Goods	1,910.5	610.2	253.8	355.9	0.5	31.6	24.1	130.4	27.6	43.2	82.0	105.7	224.2	631.6
Services	665.3	202.1	123.5	70.9	7.7	10.7	10.8	20.4	7.4	16.2	21.1	74.2	106.1	196.3
Primary income	589.9	185.0	91.9	46.2	46.9	15.5	10.7	14.3	2.2	13.0	17.2	71.4	96.0	164.6
Investment income	531.9	149.9	89.4	53.8	6.8	15.3	10.6	14.2	2.2	12.9	17.2	55.0	94.3	160.3
Secondary income	83.4	35.2	24.6	2.5	8.1	0.6	0.6	0.6	0.2	3.7	0.6	13.1	11.0	18.0
Capital account	40.4	31.1	5.0	0.7	25.3	0.0	0.0	0.7	0.1	0.3	0.1	2.9	0.5	4.7
	Debits													
Current account	3,036.4													
Goods	1,699.7	477.7	164.3	313.4	0.0	25.4	14.5	199.8	25.2	42.2	133.2	96.8	141.1	543.9
Services	578.3	168.1	92.9	73.9	1.3	5.3	8.2	16.4	7.0	10.1	10.4	50.5	125.4	176.9
Primary income	525.5													
Investment income	511.6													
Secondary income	232.9	131.4	24.1	7.5	99.8	1.7	1.1	2.5	1.1	3.4	0.8	14.4	16.4	60.1
Capital account	17.9	6.4	4.6	1.5	0.4	0.2	0.4	0.2	0.1	0.0	0.0	0.7	1.8	7.9
	Net													
Current account	212.7													
Goods	210.9	132.5	89.5	42.5	0.5	6.3	9.6	-69.4	2.4	0.9	-51.2	8.9	83.1	87.7
Services	87.0	34.0	30.6	-3.0	6.4	5.4	2.6	3.9	0.4	6.1	10.7	23.7	-19.3	19.4
Primary income	64.4													
Investment income	20.3													
Secondary income	-149.5	-93.5	0.5	-2.3	-91.6	-1.1	-0.6	-1.9	-0.9	0.2	-0.3	-1.3	-5.4	-44.8
Capital account	22.5	42.5	0.5	17.1	25.0	-0.2	-0.4	0.5	0.0	0.3	0.1	2.1	-1.3	-21.1

Source: ECB.
1) Data for reference periods before 2013 are expected to be available in the first quarter of 2015.
2) All income on reserve assets is allocated to other countries

7.3 Financial account [1)]

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

1. Summary financial account

	Total [2)]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2010	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2011	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2013 Q2	17,723.4	19,159.9	-1,436.5	180.1	194.7	-14.6	7,119.8	5,406.2	5,463.9	8,782.8	-61.6	4,636.2	4,968.9	564.3
Q3	17,609.2	19,113.7	-1,504.5	178.4	193.6	-15.2	6,995.4	5,409.4	5,564.3	8,907.0	-56.9	4,518.8	4,796.7	586.8
Q4	17,755.2	19,096.7	-1,341.5	179.3	192.8	-13.5	7,231.6	5,550.5	5,653.4	9,054.5	-65.2	4,392.5	4,489.3	542.1
2014 Q1	18,187.2	19,447.1	-1,259.9	182.7	195.4	-12.7	7,352.5	5,499.4	5,741.0	9,307.7	-49.5	4,578.3	4,638.1	570.6
Q2	18,632.9	19,718.1	-1,085.2	186.6	197.4	-10.9	7,404.8	5,487.0	6,026.7	9,635.8	-44.0	4,661.5	4,593.9	583.1
	Transactions													
2011	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2013	770.1	328.0	442.1	7.8	3.3	4.5	519.1	480.4	261.8	255.2	33.6	-49.2	-407.6	4.8
2013 Q4	250.8	82.5	168.2	2.5	0.8	1.7	215.5	185.5	54.8	87.4	12.4	-32.4	-190.3	0.4
2014 Q1	322.5	252.3	70.2	3.2	2.5	0.7	9.2	-16.5	69.2	122.7	5.8	236.0	146.1	2.2
Q2	186.7	110.7	76.0	1.9	1.1	0.8	-26.5	-23.0	152.4	188.7	15.7	44.8	-55.0	0.3
2014 Apr.	131.9	137.6	-5.7	-	-	-	30.4	14.0	48.8	16.6	5.5	46.8	107.0	0.4
May	69.6	70.5	-0.9	-	-	-	-15.1	-10.2	40.4	119.5	9.7	34.3	-38.8	0.3
June	-14.8	-97.5	82.6	-	-	-	-41.8	-26.9	63.2	52.6	0.5	-36.3	-123.2	-0.5
July	65.0	76.6	-11.6	-	-	-	3.1	-0.2	16.7	37.7	-1.1	46.1	39.1	0.1
Aug.	24.2	7.2	17.0	-	-	-	6.5	18.2	36.1	2.3	-3.3	-16.3	-13.3	1.3
	Total other changes													
2010	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2011	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2013 Q2	-440.6	-300.9	-143.8	-6.9	-5.5	-1.5	-75.4	-102.5	-166.9	-172.5	-4.0	-69.5	-25.9	-124.8
Q3	-185.2	-24.7	-159.0	-3.1	-1.5	-1.6	-197.3	-58.2	28.9	79.5	4.3	-40.5	-46.0	19.5
Q4	-104.7	-101.3	-5.3	-2.2	-2.2	-0.1	20.7	-44.3	34.3	60.1	-20.7	-93.9	-117.0	-45.1
2014 Q1	116.1	98.5	11.4	0.6	0.5	0.1	111.6	-34.6	18.4	130.5	9.9	-50.2	2.6	26.3
Q2	252.4	160.9	98.7	3.5	2.5	1.0	78.8	10.6	133.3	139.4	-10.2	38.4	10.8	12.1
	Annual growth rates (in percentage) [3)]													
2013 Q2	.	.	.	-	-	-	.	.	.	.	-	.	.	.
Q3	.	.	.	-	-	-	.	.	.	.	-	.	.	.
Q4	.	.	.	-	-	-	.	.	.	.	-	.	.	.
2014 Q1	4.9	2.0	2.2	-	-	-	6.2	7.5	4.0	3.2	-	3.7	-5.8	1.2
Q2	4.7	2.2	2.0	-	-	-	3.9	3.9	6.3	5.0	-	3.9	-4.5	1.1

Source: ECB.

1) Data for reference periods before 2013 are expected to be available in the first quarter of 2015.

2) Net financial derivatives are included in total assets.

3) See the Technical Notes.

7.3 Financial account [1]

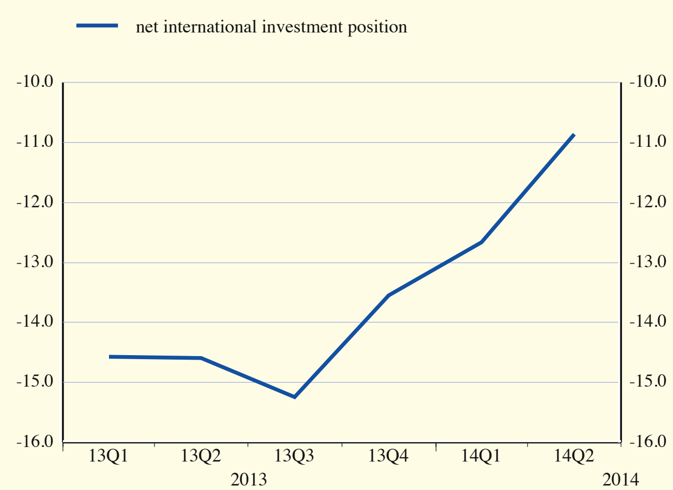
(EUR billions, unless otherwise indicated; outstanding amounts and growth rates at end of period; transactions during period)

2. Direct investment

	Assets						Liabilities					
	Total	By instrument		By resident sector		Memo item: Direct investment abroad [2]	Total	By instrument		By resident sector		Memo item: Direct investment in the euro area [2]
		Equity (including reinvested earnings)	Debt instruments	MFIs	Non-MFIs			Equity (including reinvested earnings)	Debt instruments	MFIs	Non-MFIs	
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2010	.	.	.	.	.	.	.	.	.	.	.	.
2011	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.
2013 Q2	7,119.8	4,851.8	2,268.0	308.2	6,811.6	6,100.4	5,406.2	3,476.6	1,929.6	161.3	5,244.9	4,386.9
Q3	6,995.4	4,847.8	2,147.6	305.6	6,689.8	6,035.4	5,409.4	3,511.6	1,897.8	161.3	5,248.1	4,449.4
Q4	7,231.6	5,042.1	2,189.5	302.6	6,929.0	6,291.5	5,550.5	3,651.0	1,899.5	153.4	5,397.1	4,610.4
2014 Q1	7,352.5	5,114.5	2,238.0	307.5	7,045.0	6,314.7	5,499.4	3,607.0	1,892.4	151.9	5,347.6	4,461.7
Q2	7,404.8	5,111.3	2,293.6	308.5	7,096.3	6,406.2	5,487.0	3,562.6	1,924.4	153.2	5,333.8	4,488.4
	Transactions											
2011	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.
2013	519.1	485.4	33.7	-0.8	520.0	578.1	480.4	419.4	61.0	8.1	459.1	539.4
2013 Q4	215.5	240.0	-24.5	1.2	214.3	261.3	185.5	188.2	-2.8	1.9	183.5	231.2
2014 Q1	9.2	-1.6	10.8	6.4	3.0	-16.6	-16.5	-17.4	0.9	-1.5	-28.4	-42.3
Q2	-26.5	-47.6	21.2	4.3	-29.2	3.9	-23.0	-32.3	9.3	2.3	-31.3	7.3
2014 Apr.	30.4	3.7	26.8	1.7	29.2	-	14.0	7.0	7.1	0.9	11.1	-
May	-15.1	-22.1	7.1	1.9	-16.4	-	-10.2	-22.1	11.9	0.6	-12.8	-
June	-41.8	-29.2	-12.6	0.8	-42.0	-	-26.9	-17.2	-9.7	0.7	-29.6	-
July	3.1	9.6	-6.5	-0.7	3.8	-	-0.2	6.3	-6.5	0.2	-0.4	-
Aug.	6.5	7.5	-1.0	-0.9	7.4	-	18.2	11.7	6.4	0.7	17.5	-
	Annual growth rates (in percentage)											
2013 Q4	.	.	.	.	.	.	.	.	.	.	.	.
2014 Q1	6.2	8.0	2.1	0.2	6.3	8.1	7.5	9.7	3.4	1.5	7.7	10.5
Q2	3.9	5.9	-0.5	0.6	3.9	5.7	3.9	5.8	0.3	2.5	3.9	6.3

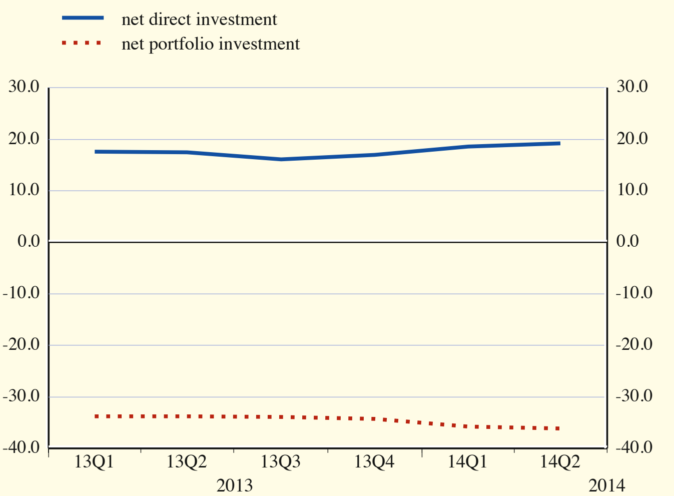
C38 Euro area international investment position

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



C39 Euro area direct and portfolio investment position

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



Source: ECB.

1) Data for reference periods before 2013 are expected to be available in the first quarter of 2015.

2) Estimate of the BPM5 directional principle.

7.3 Financial account [1)]

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

3. Portfolio investment assets

	Total	By instrument					By resident sector				By counterpart sector (issue		
		Equity and investment fund shares			Debt securities		Eurosystem	MFIs (excluding Eurosystem)	General government	Other sectors	MFIs	General government	Other sectors
		Total	Equity	Investment fund shares	Short-term	Long-term							
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts (international investment position)												
2010	.	.	.	.	.	.	.	.	.	.	.	.	.
2011	.	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.	.
2013 Q2	5,463.9	2,129.5	1,813.1	315.4	491.3	2,841.0	83.6	931.4	140.8	4,308.0	1,163.0	865.4	3,435.4
Q3	5,564.3	2,230.3	1,906.0	322.9	487.3	2,844.2	81.2	944.8	140.9	4,397.4	1,190.6	807.9	3,565.7
Q4	5,653.4	2,346.9	2,009.0	335.0	475.2	2,829.1	78.5	937.2	135.1	4,502.6	1,155.0	793.8	3,704.5
2014 Q1	5,741.0	2,405.4	2,076.9	326.7	486.4	2,849.2	79.1	936.5	129.2	4,596.1	1,197.2	798.3	3,745.5
Q2	6,026.7	2,549.4	2,183.8	364.2	509.4	2,967.9	84.8	962.7	132.5	4,846.7	1,233.1	848.6	3,944.9
	Transactions												
2011	.	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.	.
2013	261.8	165.9	151.6	14.3	6.6	89.3	17.2	-20.1	-2.3	267.0	43.7	20.5	197.3
2013 Q4	54.8	41.2	36.5	4.7	-1.1	14.7	2.9	-0.5	-4.4	56.8	16.9	-5.4	43.5
2014 Q1	69.2	18.1	12.4	5.7	12.7	38.4	1.6	-9.8	-4.8	82.2	9.3	12.5	47.4
Q2	152.4	65.0	55.7	9.3	16.0	71.4	4.2	9.4	-0.7	139.6	21.1	30.4	100.9
2014 Apr.	48.8	27.9	-	-	-0.5	23.2	-0.8	-11.1	0.1	60.6	5.6	7.9	35.3
May	40.4	21.9	-	-	8.8	12.3	3.4	5.7	0.1	31.1	2.3	8.0	30.0
June	63.2	15.2	-	-	7.7	35.9	1.5	14.8	-0.9	47.8	13.1	14.6	35.5
July	16.7	6.6	-	-	1.8	8.3	-0.3	-1.4	-0.6	18.9	4.4	4.9	7.4
Aug.	36.1	4.4	-	-	5.6	14.8	-2.9	13.0	-0.9	26.9	14.2	8.7	13.2
	Annual growth rates (in percentage)												
2013 Q4	.	.	.	.	.	.	.	.	.	.	.	.	.
2014 Q1	4.0	5.5	5.7	4.3	0.9	3.4	24.0	-3.0	-7.8	5.6	5.3	0.4	4.0
Q2	6.3	7.7	8.0	6.3	6.3	5.3	9.6	1.2	-7.8	7.8	8.8	2.6	6.2

4. Portfolio investment liabilities

	Total	By instrument					By resident sector		
		Equity and investment fund shares			Debt securities		MFIs	General government	Other sectors
		Total	Equity	Investment fund shares	Short-term	Long-term			
	1	2	3	4	5	6	7	8	9
	Outstanding amounts (international investment position)								
2010	.	.	.	.	.	.	.	.	.
2011	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.
2013 Q2	8,782.8	3,807.9	1,396.3	2,411.6	453.2	4,521.7	1,867.0	2,191.8	4,723.9
Q3	8,907.0	3,939.0	1,497.7	2,441.4	484.9	4,483.1	1,888.9	2,251.7	4,766.4
Q4	9,054.5	4,138.1	1,655.4	2,482.7	464.0	4,452.4	1,832.6	2,222.1	4,999.9
2014 Q1	9,307.7	4,294.4	1,706.2	2,588.2	455.3	4,558.0	1,852.1	2,370.8	5,084.8
Q2	9,635.8	4,494.4	1,794.4	2,699.9	478.2	4,663.2	1,890.8	2,484.7	5,260.3
	Transactions								
2011	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.
2013	255.2	156.9	21.4	135.6	13.1	85.2	-44.2	115.5	204.2
2013 Q4	87.4	42.0	15.2	26.8	-39.4	84.8	-11.4	31.4	74.4
2014 Q1	122.7	57.8	-20.1	78.0	4.0	60.9	27.6	56.7	43.0
Q2	188.7	106.7	28.9	77.7	20.2	61.9	26.8	78.4	84.9
2014 Apr.	16.6	18.2	-	-	-5.5	3.8	-20.0	28.7	8.3
May	119.5	31.6	-	-	14.5	73.4	29.2	45.3	45.5
June	52.6	56.8	-	-	11.2	-15.4	17.6	4.4	31.1
July	37.7	33.5	-	-	3.5	0.7	14.9	-21.5	44.3
Aug.	2.3	18.6	-	-	-18.3	2.0	1.9	-27.5	27.9
	Annual growth rates (in percentage)								
2013 Q4	.	.	.	.	.	.	.	.	.
2014 Q1	3.2	4.0	0.3	6.5	-2.4	3.1	-0.6	5.7	3.7
Q2	5.0	5.6	1.0	8.6	4.9	4.4	2.9	8.5	4.1

Source: ECB.
1) Data for reference periods before 2013 are expected to be available in the first quarter of 2015.

7.3 Financial account [1]

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

5. Other investment assets

	Total	By instrument				By resident sector			
		Currency and deposits	Other assets [2]	Loans	Trade credits and advances	Eurosystem	Other MFIs (excluding Eurosystem)	General government	Other sectors
	1	2	3	4	5	6	7	8	9
	Outstanding amounts (international investment position)								
2010	.	.	.	.	.	.	.	.	.
2011	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.
2013 Q2	4,636.2	2,314.1	2,322.1	1,655.1	250.0	19.8	2,951.4	158.6	1,507.4
Q3	4,518.8	2,205.9	2,312.9	1,636.0	244.6	26.5	2,858.7	156.1	1,478.4
Q4	4,392.5	2,163.1	2,229.4	1,624.7	243.8	17.1	2,761.1	161.7	1,453.5
2014 Q1	4,578.3	2,319.7	2,258.6	1,596.1	247.6	10.0	2,906.5	160.2	1,495.9
Q2	4,661.5	2,402.6	2,258.9	1,604.9	252.6	9.1	2,983.1	159.0	1,511.1
	Transactions								
2011	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.
2013	-49.2	-92.6	43.4	-10.0	-6.3	-20.1	-68.8	-10.1	49.7
2013 Q4	-32.4	-6.4	-26.0	-17.8	-0.4	-8.7	-17.3	5.7	-12.1
2014 Q1	236.0	170.8	65.2	1.7	-0.8	-6.6	143.1	0.1	99.4
Q2	44.8	56.5	-11.7	-0.9	-1.7	-1.0	57.9	-1.9	-10.1
2014 Apr.	46.8	37.1	9.7	-	-	5.3	50.5	-4.3	-4.7
May	34.3	44.3	-10.0	-	-	-4.5	41.2	1.6	-4.0
June	-36.3	-24.9	-11.4	-	-	-1.9	-33.8	0.8	-1.4
July	46.1	30.7	15.4	-	-	0.9	54.1	-0.5	-8.4
Aug.	-16.3	-11.3	-5.0	-	-	0.4	-13.7	3.8	-6.9
	Annual growth rates (in percentage)								
2013 Q4	.	.	.	.	.	.	.	.	.
2014 Q1	3.7	5.6	1.8	-2.7	-3.0	-63.3	2.4	-0.3	8.2
Q2	3.9	5.9	1.8	-1.0	-3.0	-51.6	4.0	1.4	4.7

6. Other investment liabilities

	Total	By instrument				By resident sector			
		Currency and deposits	Other liabilities [3]	Loans	Trade credits and advances	Eurosystem	Other MFIs (excluding Eurosystem)	General government	Other sectors
	1	2	3	4	5	6	7	8	9
	Outstanding amounts (international investment position)								
2010	.	.	.	.	.	.	.	.	.
2011	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.
2013 Q2	4,968.9	3,041.9	1,926.9	1,195.1	220.7	428.5	2,872.2	240.1	1,430.1
Q3	4,796.7	2,895.7	1,901.0	1,160.3	212.3	413.8	2,750.3	243.3	1,389.8
Q4	4,489.3	2,743.1	1,746.3	1,116.5	211.0	392.8	2,536.3	237.2	1,325.4
2014 Q1	4,638.1	2,782.1	1,855.9	1,143.8	213.6	362.8	2,610.8	227.8	1,438.6
Q2	4,593.9	2,759.4	1,834.6	1,122.2	216.4	346.1	2,603.0	228.6	1,417.5
	Transactions								
2011	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.
2013	-407.6	-390.7	-16.9	-19.5	7.4	-78.8	-325.4	0.3	-3.7
2013 Q4	-190.3	-122.7	-67.6	-29.4	2.8	-16.7	-127.5	-7.0	-39.2
2014 Q1	146.1	26.1	120.0	26.5	0.1	-30.6	71.0	1.2	104.5
Q2	-55.0	-36.0	-19.0	-19.1	0.3	-18.3	-22.5	2.5	-16.7
2014 Apr.	107.0	89.5	17.5	-	-	1.8	88.1	0.0	17.1
May	-38.8	-19.6	-19.2	-	-	-0.5	-27.5	-2.0	-8.8
June	-123.2	-105.8	-17.4	-	-	-19.6	-83.1	4.5	-25.0
July	39.1	24.3	14.7	-	-	-13.0	44.2	1.9	6.0
Aug.	-13.3	-27.6	14.2	-	-	6.3	-19.5	-1.2	1.0
	Annual growth rates (in percentage)								
2013 Q4	.	.	.	.	.	.	.	.	.
2014 Q1	-5.8	-10.4	1.7	-1.6	0.8	-17.7	-8.3	0.8	2.0
Q2	-4.5	-8.9	2.7	-2.2	0.7	-18.0	-6.5	1.3	2.6

Source: ECB.

1) Data for reference periods before 2013 are expected to be available in the first quarter of 2015.
2) Includes other equity; insurance, pension and standardised guarantee schemes; other accounts receivable.
3) Includes other equity; insurance, pension ans standardised guarantee schemes; other accounts payable and special drawing rights' allocations.

7.3 Financial account [1)]

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

7. Reserve assets [2)]

	Reserve assets												Memo items	
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Other reserve assets							Other foreign currency assets	Pre-determined short-term net drains on foreign currency
						Currency and deposits		Securities			Financial derivatives (net)	Other claims		
		In EUR billions	In fine troy ounces (millions)			With monetary authorities, IMF and the BIS	With banks	Equity and investment fund shares	Debt securities					
									Long-term	Short-term				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2010	591.2	366.2	346.962	54.2	15.8	7.7	16.0	0.5	112.8	17.9	0.0	0.0	26.3	.
2011	667.1	422.1	346.846	54.0	30.2	5.3	7.8	0.8	135.7	11.7	-0.4	0.0	97.4	.
2012	689.4	437.2	346.693	52.8	31.9	6.1	8.8	0.2	130.9	20.2	0.6	0.6	32.8	.
2013 Q4	542.1	301.9	346.564	50.1	28.9	6.5	5.7	0.2	135.8	11.4	0.4	1.1	22.5	-30.1
2014 Q1	570.6	324.9	346.792	50.2	28.2	5.3	7.7	0.3	139.5	12.1	0.1	2.3	22.7	-31.3
Q2	583.1	333.8	346.720	50.8	28.1	4.9	8.1	0.3	139.6	14.8	-0.1	2.7	23.0	-28.5
2014 May	568.8	318.6	346.719	51.0	28.7	3.7	8.5	0.3	139.9	15.5	-0.2	2.7	23.7	-31.9
June	583.1	333.8	346.720	50.8	28.1	4.9	8.1	0.3	139.6	14.8	-0.1	2.7	23.0	-28.5
July	585.1	333.1	346.721	51.4	28.4	4.6	12.3	0.3	136.5	15.6	-0.2	3.0	25.4	-32.2
Aug.	594.1	338.0	346.721	52.0	27.5	4.2	13.3	0.3	138.6	17.5	-0.3	2.9	24.6	-32.0
Sep.	597.0	335.2	346.722	53.2	28.5	6.3	10.4	0.4	143.1	17.9	-0.5	2.5	27.5	-31.9
	Transactions													
2011	.	.	-	.	.	.	.	.	.	.	.	.	-	-
2012	.	.	-	.	.	.	.	.	.	.	.	.	-	-
2013	4.8	0.0	-	-0.5	-1.6	0.5	-2.8	0.0	16.1	-6.2	-1.0	0.4	-	-
2013 Q4	0.4	0.0	-	0.4	-1.1	1.5	-3.2	0.0	6.2	-3.3	-0.1	0.1	-	-
2014 Q1	2.2	0.0	-	-0.2	-0.7	-0.5	1.8	0.1	1.4	0.6	-0.3	0.0	-	-
Q2	0.3	0.0	-	0.1	-0.4	-0.3	0.1	0.1	-2.1	2.3	0.1	0.4	-	-
2014 Apr.	0.4	0.0	-	0.3	0.6	-1.3	0.4	0.1	-1.8	2.2	0.0	-0.1	-	-
May	0.3	0.0	-	0.0	-0.5	-0.3	0.1	0.0	-0.4	0.9	0.0	0.4	-	-
June	-0.5	0.0	-	-0.2	-0.6	1.3	-0.5	0.0	0.1	-0.7	0.0	0.0	-	-
July	0.1	0.0	-	0.1	0.1	-0.4	4.6	0.0	-5.3	0.6	-0.2	0.5	-	-
Aug.	1.3	0.0	-	0.2	-1.0	-0.4	1.0	0.0	0.0	1.8	0.0	-0.3	-	-
	Annual growth rates (in percentage)													
2013 Q4	0.8	0.0	-	-1.0	-5.2	8.6	-31.7	0.1	12.5	-33.1	-	51.3	-	-
2014 Q1	1.2	0.0	-	-0.5	-8.4	20.0	-16.6	40.2	14.2	-35.1	-	52.6	-	-
Q2	1.1	0.0	-	0.2	-9.1	5.9	7.7	71.1	7.2	-10.9	-	35.3	-	-

8. External debt

	Gross external debt											Net external debt
	Total	By instrument						By sector				
		Loans, currency and deposits	Debt securities		Trade credits and advances	Other debt liabilities	Direct investment: debt instruments	General government	Eurosystem	Other MFIs (excluding Eurosystem)	Other sectors	
			Short-term	Long-term								
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2010	.	.	.	.	.	.	.	.	.	.	.	.
2011	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.
2013 Q4	11,301.1	3,859.5	464.0	4,452.4	211.0	417.1	1,899.5	2,459.3	390.6	3,833.2	4,617.9	1,112.5
2014 Q1	11,539.7	3,926.0	455.3	4,558.0	213.6	496.3	1,892.4	2,598.6	360.6	3,895.0	4,685.5	1,082.6
Q2	11,655.5	3,881.6	478.2	4,663.2	216.4	493.0	1,924.4	2,713.4	343.4	3,908.5	4,690.2	907.7
	Outstanding amounts as a percentage of GDP											
2010	.	.	.	.	.	.	.	.	.	.	.	.
2011	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.
2013 Q4	114.1	39.0	4.7	45.0	2.1	4.2	19.2	24.8	3.9	38.7	46.6	11.2
2014 Q1	115.9	39.4	4.6	45.8	2.1	5.0	19.0	26.1	3.6	39.1	47.1	10.9
Q2	116.7	38.9	4.8	46.7	2.2	4.9	19.3	27.2	3.4	39.1	47.0	9.1

Source: ECB.

1) Data for reference periods before 2013 are expected to be available in the first quarter of 2015.

2) 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	Hong Kong	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	United Kingdom	Other EU	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2014 Q2	Outstanding amounts (international investment position)													
Direct investment	1,917.8	799.7	519.1	282.2	-1.7	103.6	120.8	10.5	-44.8	228.9	66.1	-339.6	-1.0	973.5
Assets	7,404.8	2,221.5	1,579.3	642.0	0.1	235.3	152.3	56.9	126.1	727.0	1,663.6	635.4	-0.5	1,587.2
Equity/reinvested earnings	5,111.3	1,497.5	1,048.6	449.0	0.0	172.9	119.7	37.9	95.5	483.1	1,121.0	478.1	-0.6	1,106.1
Debt instruments	2,293.6	724.0	530.7	193.1	0.1	62.5	32.6	19.0	30.6	243.9	542.6	157.3	0.1	481.0
Liabilities	5,487.0	1,421.8	1,060.2	359.8	1.8	131.7	31.5	46.3	170.9	498.1	1,597.5	975.0	0.5	613.6
Equity/reinvested earnings	3,562.6	1,024.9	761.3	262.3	1.3	110.4	9.4	17.9	151.0	273.9	1,103.4	469.3	0.1	402.2
Debt instruments	1,924.4	396.9	298.9	97.5	0.5	21.3	22.1	28.4	19.9	224.2	494.1	505.7	0.4	211.4
Portfolio investment assets	6,026.7	1,897.9	1,003.5	662.1	232.4	120.9	60.4	59.4	300.6	181.5	1,928.6	418.3	39.9	1,019.2
Equity, investment fund shares	2,549.4	522.9	362.9	159.7	0.2	41.5	55.0	47.8	199.0	160.0	897.2	240.8	1.1	384.2
Debt securities	3,477.3	1,375.1	640.6	502.3	232.1	79.4	5.4	11.5	101.6	21.5	1,031.4	177.5	38.8	635.0
Short-term	509.4	162.4	89.0	72.7	0.6	9.3	1.1	5.1	71.5	6.1	183.7	23.3	2.2	44.7
Long-term	2,967.9	1,212.7	551.6	429.6	231.5	70.1	4.3	6.5	30.2	15.4	847.7	154.1	36.6	590.3
Other investment	67.0	-200.9	82.5	-40.3	-243.1	5.2	13.3	29.0	53.4	20.7	86.3	115.7	-209.0	153.4
Assets	4,661.5	1,994.0	1,639.0	338.9	16.2	30.5	68.7	81.6	137.9	274.3	759.9	428.4	36.9	849.1
MFIs	2,992.2	1,347.3	1,099.7	245.2	2.4	18.4	48.5	75.3	113.2	159.3	466.0	337.5	6.8	420.1
Non-MFIs	1,670.1	647.6	539.3	94.6	13.8	12.1	20.2	6.4	24.7	115.0	293.9	90.9	30.2	429.0
Liabilities	4,593.9	2,194.4	1,556.5	378.7	259.3	25.2	55.5	52.6	84.5	253.6	673.6	312.7	246.0	695.8
MFIs	2,949.1	1,417.3	989.0	322.3	106.0	16.5	26.1	42.7	48.9	184.7	352.5	240.1	112.9	507.3
Non-MFIs	1,646.2	778.4	567.5	57.7	153.2	8.7	29.4	9.9	35.6	68.9	321.1	72.6	133.1	188.5
2013 Q3 to 2014 Q2	Four-quarter cumulated transactions													
Direct investment	63.9	128.0	120.5	7.9	-0.3	7.6	2.8	-0.6	-24.0	-58.8	-110.6	38.2	0.0	81.3
Assets	271.3	99.2	85.6	13.6	0.1	23.4	10.8	7.1	-15.3	-33.2	38.6	47.0	0.0	93.6
Equity/reinvested earnings	282.2	105.2	76.3	28.9	0.0	31.6	7.5	0.6	-12.7	-45.9	70.6	44.4	0.0	80.8
Debt instruments	-10.9	-6.0	9.3	-15.3	0.0	-8.2	3.3	6.5	-2.7	12.7	-32.0	2.7	0.0	12.7
Liabilities	207.4	-28.8	-34.9	5.7	0.4	15.8	8.0	7.8	8.6	25.6	149.2	8.8	0.0	12.3
Equity/reinvested earnings	201.3	-22.4	-25.0	2.6	0.0	14.6	5.3	0.8	9.4	16.5	128.8	16.2	0.0	31.9
Debt instruments	6.1	-6.4	-9.9	3.1	0.4	1.2	2.7	6.9	-0.7	9.1	20.3	-7.4	0.0	-19.7
Portfolio investment assets	348.0	97.3	73.3	9.0	15.0	17.0	4.7	1.6	22.4	13.9	114.7	9.8	5.7	60.8
Equity, investment fund shares	171.0	51.1	31.9	19.0	0.2	4.1	3.3	-1.5	21.2	7.2	74.2	1.1	0.0	10.2
Debt securities	177.0	46.2	41.4	-10.0	14.8	12.8	1.4	3.1	1.2	6.7	40.5	8.7	5.7	50.6
Short-term	30.0	9.7	17.0	-6.8	-0.5	2.0	0.0	1.8	4.0	1.7	5.5	5.0	1.0	-0.6
Long-term	147.0	36.5	24.4	-3.1	15.3	10.8	1.4	1.3	-2.8	5.0	35.1	3.8	4.7	51.2
Other investment	396.9	163.8	168.9	-6.4	1.3	4.8	9.2	14.7	42.1	61.8	34.1	13.3	0.9	52.2
Assets	171.6	-58.0	-65.4	7.3	0.1	7.5	12.1	25.3	48.0	26.5	74.5	39.0	0.9	-4.1
MFIs	100.4	-78.1	-76.4	-2.1	0.4	0.7	11.7	26.7	45.2	17.9	53.6	31.6	0.8	-9.7
Non-MFIs	71.2	20.1	11.1	9.3	-0.3	6.8	0.4	-1.4	2.8	8.6	20.9	7.4	0.1	5.6
Liabilities	-225.4	-221.8	-234.3	13.7	-1.2	2.7	2.9	10.6	5.9	-35.3	40.3	25.7	0.0	-56.3
MFIs	-263.1	-185.6	-194.3	13.5	-4.9	-1.7	-1.3	8.4	4.1	-44.8	22.3	17.7	-4.3	-77.9
Non-MFIs	37.8	-36.2	-40.0	0.1	3.7	4.4	4.2	2.2	1.8	9.5	18.1	8.0	4.3	21.6

Source: ECB.

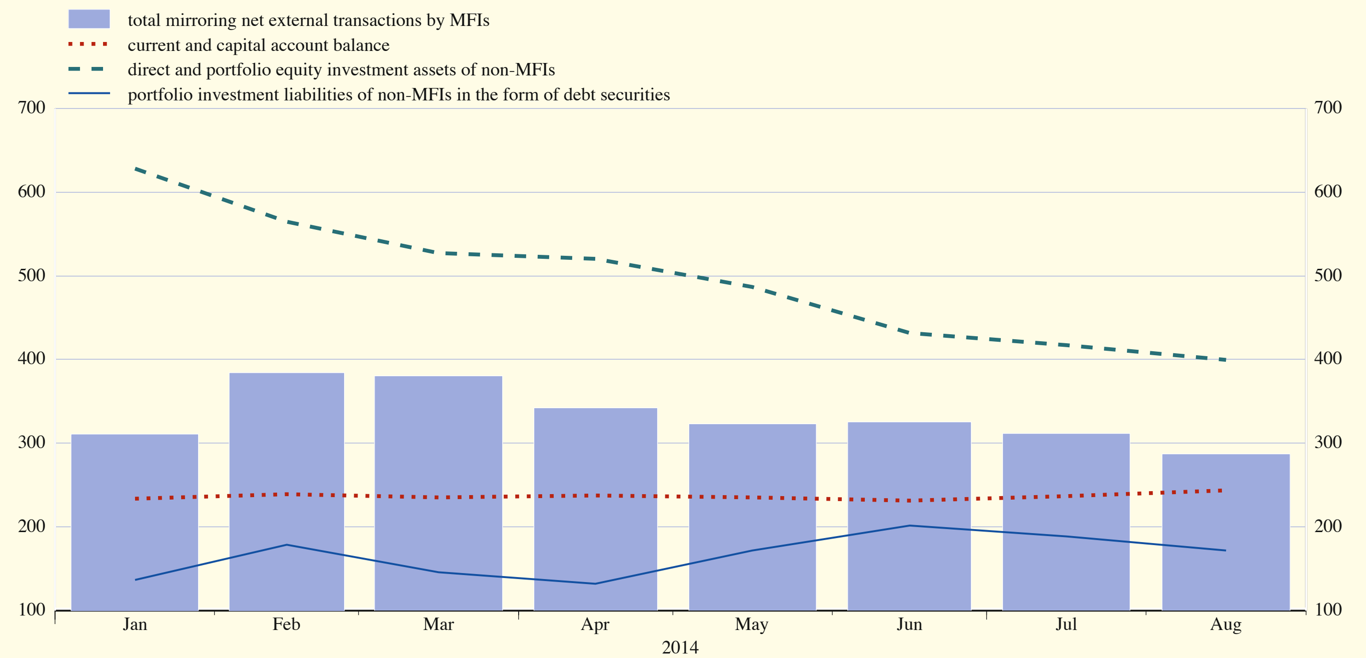
7.4 Monetary presentation of the balance of payments 1) 2)

(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			
			Assets	Liabilities	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt securities	Equity	Debt securities				
	1	2	3	4	5	6	7	8	9	10	11	12
2011	.	.	.	.	.	.	.	.	.	.	.	.
2012	.	.	.	.	.	.	.	.	.	.	.	.
2013	355.4	220.8	520.0	459.1	124.8	139.9	195.1	124.6	39.7	-3.5	33.6	217.3
2013 Q2	133.6	52.2	129.3	158.9	8.5	29.9	60.7	17.5	35.9	-23.2	13.8	84.8
Q3	48.2	54.8	72.9	53.4	30.5	30.5	11.3	25.3	-9.9	-7.6	0.5	35.5
Q4	136.9	85.1	214.3	183.5	35.5	16.9	54.7	51.1	-6.4	-46.1	12.4	81.5
2014 Q1	61.4	43.0	3.0	-28.4	33.2	44.2	47.6	52.0	99.5	105.8	5.8	27.1
Q2	79.2	48.5	-29.2	-31.3	71.4	67.4	90.1	73.2	-12.0	-14.2	15.7	26.1
2013 Aug.	32.1	11.3	34.2	28.7	-3.4	5.1	-8.4	-1.6	-1.9	2.4	-4.7	29.1
Sep.	-4.1	16.5	25.7	9.4	18.1	14.4	7.1	15.8	3.9	1.3	1.9	9.8
Oct.	31.7	23.5	168.9	174.1	10.7	2.3	11.7	6.0	-6.1	-14.5	4.5	11.2
Nov.	38.6	27.8	29.3	11.4	8.2	9.0	24.5	46.0	17.2	-9.5	4.4	6.6
Dec.	66.6	33.9	16.2	-2.0	16.6	5.6	18.5	-0.9	-17.5	-22.2	3.5	63.7
2014 Jan.	-6.6	3.0	24.9	24.0	8.6	9.3	7.3	32.0	21.3	19.1	0.1	-27.7
Feb.	46.8	13.0	-23.5	-33.3	12.9	18.0	21.3	52.5	18.8	31.3	2.6	-9.1
Mar.	21.1	27.1	1.7	-19.1	11.7	16.8	19.0	-32.4	59.3	55.4	3.2	63.8
Apr.	-27.5	17.1	29.2	11.1	32.3	28.4	13.1	23.9	-9.1	17.1	5.5	-23.4
May	43.4	8.3	-16.4	-12.8	22.0	9.3	26.2	64.5	-2.4	-10.8	9.7	-9.9
June	63.2	23.1	-42.0	-29.6	17.1	29.7	50.8	-15.3	-0.6	-20.5	0.5	59.5
July	6.4	32.5	3.8	-0.4	10.3	8.0	24.9	-2.0	-8.9	7.9	-1.1	-44.2
Aug.	7.3	17.6	7.4	17.5	6.2	19.8	19.1	-18.7	-3.1	-0.2	-3.3	-1.0
	12-month cumulated transactions											
2013 Aug.	.	.	.	.	.	.	.	.	.	.	.	.
2014 Aug.	287.1	243.3	225.1	150.2	174.7	170.7	243.5	171.4	72.9	54.3	31.4	99.4

C40 Main b.o.p. items mirroring developments in MFI net external transactions 2)

(EUR billions; 12-month cumulated transactions)



Source: ECB.

1) Data for reference periods before 2013 are expected to be available in the first quarter of 2015.

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

7.5 Trade in goods [1]

1. Values and volumes by product group [2]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
	Exports	Imports	Total				Memo item:	Total				Memo items:	
				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)												
2011	13.0	13.3	1,749.0	880.9	353.2	474.6	1,432.3	1,766.4	1,130.3	241.4	369.3	1,110.9	323.3
2012	7.6	1.8	1,880.6	934.3	386.5	516.7	1,524.0	1,794.2	1,152.1	243.4	373.0	1,090.2	360.9
2013	1.1	-3.0	1,897.3	933.1	385.1	532.6	1,538.0	1,739.3	1,098.4	236.4	374.1	1,077.5	337.0
2013 Q2	1.8	-3.0	474.7	232.6	97.3	132.2	384.3	433.6	275.5	58.9	92.0	267.6	84.5
Q3	0.3	-1.8	472.7	231.9	95.4	133.7	384.2	436.8	275.5	60.4	94.3	270.3	84.3
Q4	1.1	-2.2	474.6	232.0	96.4	133.9	386.7	431.5	268.9	58.1	95.8	271.8	81.1
2014 Q1	1.2	0.4	479.5	235.0	95.3	136.7	389.5	436.8	271.9	60.5	96.2	277.7	79.2
Q2	0.6	0.1	479.9	234.0	95.7	137.2	394.5	436.1	270.0	60.1	98.3	279.8	79.2
2014 June	3.0	2.7	159.9	77.4	31.5	45.4	131.1	146.2	89.8	20.6	32.9	94.0	25.9
July	2.9	0.9	159.7	77.7	31.7	46.4	131.0	147.0	91.2	20.2	33.1	95.3	26.6
Aug.	-2.9	-4.4	158.3	.	.	.	128.2	142.5	.	.	.	90.5	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2011	7.7	3.3	108.2	107.5	111.0	107.8	108.8	103.1	103.7	103.3	101.1	104.7	98.1
2012	3.5	-3.2	111.9	110.2	117.1	111.7	112.0	99.5	100.8	98.0	96.8	98.9	99.6
2013	1.7	-0.5	113.5	111.7	115.7	114.9	113.1	99.1	100.1	95.3	97.2	98.5	98.3
2013 Q2	2.0	-1.1	113.3	111.0	116.2	114.1	112.8	98.9	100.9	93.6	95.4	97.4	101.2
Q3	2.2	1.9	113.5	111.7	114.6	115.6	113.3	99.5	100.4	97.6	98.0	99.1	97.9
Q4	2.2	1.4	113.7	111.9	115.7	114.7	113.4	99.6	99.8	95.3	99.4	100.0	95.9
2014 Q1	1.5	2.1	114.9	113.3	114.6	117.2	114.2	100.3	100.3	97.9	99.8	102.0	94.9
Q2	0.7	2.1	114.8	113.0	113.8	117.7	115.6	101.6	101.8	97.6	102.3	103.2	95.7
2014 May	0.5	1.6	115.4	112.6	116.0	118.8	116.8	101.7	102.7	95.6	102.1	102.1	99.0
June	2.4	3.6	114.0	111.6	111.6	115.5	114.4	101.6	100.9	99.9	102.6	103.5	92.2
July	1.2	2.1	113.6	111.7	112.9	117.5	114.0	102.7	102.8	101.9	102.0	105.2	95.2

2. Prices [3]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [4]							Industrial import prices (c.i.f.)						
	Total (index: 2010 = 100)	Total					Manufacturing	Total (index: 2010 = 100)	Total					Manufacturing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	30.1	42.0	18.5	9.4	96.4	100.0	100.0	29.0	25.4	23.3	22.4	80.4
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	103.7	3.7	5.3	1.1	1.7	22.5	3.5	107.6	7.5	4.1	-1.5	3.6	27.4	2.9
2012	106.1	2.2	0.9	1.8	2.3	9.4	2.2	111.2	3.4	0.2	1.6	3.2	8.1	2.1
2013	105.0	-1.0	-1.5	-0.2	0.8	-7.9	-0.9	108.2	-2.7	-2.4	-1.9	0.0	-5.5	-1.7
2013 Q3	105.0	-1.4	-1.8	-0.6	0.5	-9.3	-1.3	108.1	-3.3	-3.2	-2.6	-0.8	-5.3	-2.5
Q4	104.3	-1.4	-2.1	-0.4	0.4	-8.2	-1.3	106.8	-3.2	-3.1	-2.1	-0.8	-5.5	-2.3
2014 Q1	104.1	-1.6	-1.8	-0.3	-0.1	-9.3	-1.3	106.0	-3.6	-3.0	-2.3	-0.4	-7.3	-2.2
Q2	104.3	-0.8	-1.3	-0.3	0.0	-1.7	-0.7	105.4	-2.3	-2.8	-2.7	-0.6	-2.2	-2.0
Q3	104.6	-0.4	-0.3	0.4	0.2	-5.5	-0.2	105.3	-2.6	-0.7	-1.2	0.1	-7.5	-0.7
2014 July	104.6	-0.4	-0.5	0.2	0.3	-4.2	-0.3	105.5	-2.3	-1.3	-1.6	-0.5	-4.9	-1.1
Aug.	104.5	-0.5	-0.3	0.3	0.2	-6.8	-0.3	105.1	-2.8	-0.6	-1.4	0.1	-8.0	-0.8
Sep.	104.7	-0.2	-0.1	0.6	0.1	-5.6	0.0	105.3	-2.7	-0.1	-0.7	0.7	-9.6	-0.1

Source: Eurostat.

1) Differences between ECB's b.o.p. goods and Eurostat's trade in goods are mainly due to different definitions. While trade statistics consider a transaction to take place when there is a physical movement of goods across borders, the b.o.p. compiler measures goods on a change-of-ownership basis. For more details see Table 1 in the euro area balance of payments and international investment position statistics 2009 quality report.

2) 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.

3) 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.

4) 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
		Total	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Exports (f.o.b.)													
2011	1,749.0	557.0	214.4	342.7	81.8	109.2	57.0	201.7	408.5	115.9	39.6	112.8	84.9	135.6
2012	1,880.6	573.3	230.0	343.3	92.2	116.3	59.5	223.7	440.7	120.7	44.6	126.5	97.4	151.3
2013	1,897.3	589.3	239.4	349.8	88.7	110.7	60.4	221.5	443.9	122.1	43.9	129.7	97.8	154.9
2013 Q2	474.7	145.5	59.3	86.3	22.8	27.4	15.6	55.1	110.4	30.0	10.8	32.8	24.8	39.9
Q3	472.7	148.1	59.9	88.2	21.7	27.8	14.7	55.4	110.1	31.1	11.1	31.7	24.7	38.6
Q4	474.6	151.8	62.1	89.7	20.7	27.5	14.6	55.5	112.5	31.4	11.0	31.0	23.5	37.9
2014 Q1	479.5	154.6	63.3	91.3	20.2	26.9	14.6	58.0	112.2	32.0	11.0	33.1	23.5	36.0
Q2	479.9	155.0	63.3	91.7	19.4	27.4	14.0	59.3	113.5	32.2	10.6	32.5	22.7	35.8
2014 June	159.9	51.9	21.0	30.8	6.1	9.3	4.6	19.5	37.4	10.8	3.5	10.8	7.5	12.8
July	159.7	52.6	21.4	31.2	6.4	9.3	4.5	19.4	38.5	11.0	3.6	10.3	7.4	10.7
Aug.	158.3	52.3	.	.	5.9	9.4	4.7	19.5	37.5	10.6	3.6	10.3	7.4	.
	12-month cumulated transactions as percentage of total exports													
2013 Aug.	100.0	30.6	12.4	18.2	4.9	5.9	3.2	11.6	23.4	6.3	2.3	7.0	5.2	8.2
2014 Aug.	100.0	32.2	.	.	4.2	5.7	3.0	12.1	23.6	6.7	2.3	6.7	4.9	.
	Imports (c.i.f.)													
2011	1,766.4	483.1	167.5	315.6	139.6	82.2	35.1	140.8	556.9	220.1	53.8	129.3	91.4	108.1
2012	1,794.2	482.7	167.5	315.2	144.8	82.3	34.5	151.2	540.7	214.3	49.2	157.5	89.8	111.2
2013	1,739.3	487.9	164.3	323.6	145.0	81.8	36.0	149.2	510.0	204.3	43.6	141.3	80.3	107.8
2013 Q2	433.6	121.0	40.9	80.1	35.6	20.5	8.8	37.3	128.0	50.5	11.0	36.3	19.9	26.3
Q3	436.8	123.0	41.0	82.0	36.7	20.8	9.0	38.0	127.5	50.6	10.6	34.5	20.1	27.0
Q4	431.5	122.7	40.6	82.1	35.3	20.4	9.3	38.3	127.2	51.1	10.9	32.5	19.7	26.0
2014 Q1	436.8	124.5	40.5	84.0	34.7	21.1	9.3	37.1	130.4	53.6	10.7	32.7	19.4	27.7
Q2	436.1	125.3	40.6	84.7	34.0	21.5	9.5	37.5	129.0	53.1	10.3	32.9	19.8	26.5
2014 June	146.2	41.7	13.5	28.3	11.1	7.1	3.2	12.8	43.0	18.1	3.4	10.9	6.8	9.4
July	147.0	41.6	13.0	28.6	10.7	7.3	3.2	12.9	44.1	18.2	3.6	11.2	6.7	9.3
Aug.	142.5	40.6	.	.	10.6	7.0	3.0	13.0	42.7	17.7	3.5	10.9	6.3	.
	12-month cumulated transactions as percentage of total imports													
2013 Aug.	100.0	27.7	9.5	18.2	8.3	4.7	2.0	8.4	29.4	11.7	2.5	8.6	4.7	6.2
2014 Aug.	100.0	28.5	.	.	7.9	4.8	2.1	8.7	29.7	12.1	2.5	7.6	4.5	.
	Balance													
2011	-17.4	73.9	46.9	27.0	-57.8	27.0	21.9	60.8	-148.4	-104.2	-14.2	-16.5	-6.5	27.5
2012	86.4	90.7	62.6	28.1	-52.6	34.1	25.0	72.5	-100.1	-93.6	-4.6	-31.1	7.6	40.1
2013	158.0	101.3	75.1	26.2	-56.3	28.9	24.3	72.3	-66.1	-82.3	0.3	-11.5	17.5	47.1
2013 Q2	41.1	24.5	18.3	6.2	-12.8	6.9	6.8	17.7	-17.6	-20.5	-0.2	-3.4	4.9	13.6
Q3	35.9	25.1	18.8	6.2	-15.0	7.0	5.7	17.4	-17.4	-19.5	0.5	-2.8	4.6	11.6
Q4	43.2	29.0	21.4	7.6	-14.6	7.0	5.3	17.2	-14.7	-19.7	0.1	-1.5	3.8	11.9
2014 Q1	42.7	30.1	22.8	7.3	-14.4	5.8	5.4	20.9	-18.2	-21.6	0.4	0.4	4.1	8.2
Q2	43.8	29.7	22.7	7.0	-14.6	6.0	4.5	21.7	-15.5	-20.8	0.3	-0.3	2.9	9.3
2014 June	13.8	10.1	7.6	2.5	-5.0	2.2	1.5	6.6	-5.6	-7.4	0.1	-0.1	0.7	3.3
July	12.7	11.0	8.4	2.6	-4.3	2.0	1.3	6.5	-5.6	-7.1	0.0	-0.9	0.8	1.3
Aug.	15.8	11.7	.	.	-4.7	2.4	1.7	6.5	-5.2	-7.1	0.1	-0.6	1.1	.

Source: Eurostat.

8 EXCHANGE RATES

8.1 Effective exchange rates [1)]

(period averages; index: 1999 Q1=100)

	EER-20						EER-39	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM [2)]	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2011	103.4	100.7	97.2	95.0	106.6	96.8	112.2	97.7
2012	97.9	95.6	92.9	89.8	101.8	91.7	107.1	92.9
2013	101.7	98.9	96.4	93.4	104.8	94.0	112.0	96.2
2013 Q3	101.9	99.2	96.6	93.5	106.2	95.4	112.9	96.8
Q4	103.1	100.0	97.6	94.3	101.0	91.2	114.7	97.8
2014 Q1	103.9	100.7	97.9	95.4	104.4	96.9	116.6	99.0
Q2	103.8	100.1	97.8	95.0	103.6	97.0	116.0	97.9
Q3	101.6	97.9	95.7	.	.	.	113.7	95.6
2013 Oct.	102.8	99.8	97.3	-	-	-	114.2	97.4
Nov.	102.6	99.5	97.1	-	-	-	114.2	97.3
Dec.	103.9	100.7	98.2	-	-	-	115.8	98.6
2014 Jan.	103.4	100.3	97.5	-	-	-	115.9	98.6
Feb.	103.6	100.4	97.6	-	-	-	116.3	98.9
Mar.	104.6	101.4	98.5	-	-	-	117.5	99.6
Apr.	104.5	101.0	98.5	-	-	-	117.0	98.9
May	103.8	100.1	97.9	-	-	-	116.1	97.8
June	103.0	99.3	97.1	-	-	-	115.1	97.0
July	102.6	98.8	96.6	-	-	-	114.6	96.4
Aug.	101.9	98.2	95.9	-	-	-	114.0	95.9
Sep.	100.4	96.7	94.6	-	-	-	112.4	94.5
Oct.	99.6	95.9	93.8	-	-	-	111.9	94.0
	Percentage change versus previous month							
2014 Oct.	-0.8	-0.8	-0.8	-	-	-	-0.4	-0.6
	Percentage change versus previous year							
2014 Oct.	-3.2	-3.9	-3.6	-	-	-	-2.0	-3.5

C41 Effective exchange rates

(monthly averages; index: 1999 Q1=100)

C42 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)

Source: ECB.

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

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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Croatian kuna	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11
2011	1.9558	24.590	7.4506	7.4390	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	2.3378
2012	1.9558	25.149	7.4437	7.5217	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	2.3135
2013	1.9558	25.980	7.4579	7.5786	3.4528	296.87	4.1975	4.4190	8.6515	0.84926	2.5335
2014 Q1	1.9558	27.442	7.4625	7.6498	3.4528	307.93	4.1843	4.5023	8.8569	0.82787	3.0372
Q2	1.9558	27.446	7.4628	7.5992	3.4528	305.91	4.1665	4.4256	9.0517	0.81471	2.8972
Q3	1.9558	27.619	7.4522	7.6233	3.4528	312.24	4.1747	4.4146	9.2052	0.79378	2.8674
2014 Apr.	1.9558	27.450	7.4656	7.6267	3.4528	307.37	4.1853	4.4620	9.0329	0.82520	2.9393
May	1.9558	27.437	7.4641	7.5952	3.4528	304.58	4.1800	4.4237	9.0298	0.81535	2.8736
June	1.9558	27.450	7.4588	7.5770	3.4528	305.87	4.1352	4.3930	9.0914	0.80409	2.8808
July	1.9558	27.458	7.4564	7.6146	3.4528	309.81	4.1444	4.4098	9.2327	0.79310	2.8699
Aug.	1.9558	27.816	7.4551	7.6326	3.4528	313.91	4.1919	4.4252	9.1878	0.79730	2.8784
Sep.	1.9558	27.599	7.4449	7.6236	3.4528	313.20	4.1899	4.4095	9.1929	0.79113	2.8543
Oct.	1.9558	27.588	7.4448	7.6573	3.4528	307.85	4.2066	4.4153	9.1797	0.78861	2.8577
	Percentage change versus previous month										
2014 Oct.	0.0	0.0	0.0	0.4	0.0	-1.7	0.4	0.1	-0.1	-0.3	0.1
	Percentage change versus previous year										
2014 Oct.	0.0	7.5	-0.2	0.5	0.0	4.4	0.4	-0.7	4.9	-6.9	5.5

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	12	13	14	15	16	17	18	19	20	21
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73	4.9536	102.49	3.9672
2013	1.3777	2.8687	1.3684	8.1646	10.3016	77.9300	13,857.50	4.7948	129.66	4.1855
2014 Q1	1.5275	3.2400	1.5107	8.3576	10.6287	84.5794	16,179.21	4.7892	140.80	4.5184
Q2	1.4699	3.0583	1.4950	8.5438	10.6297	81.9776	15,935.34	4.7517	140.00	4.4352
Q3	1.4326	3.0137	1.4422	8.1734	10.2746	80.3183	15,588.03	4.6593	137.75	4.2323
2014 Apr.	1.4831	3.0864	1.5181	8.5984	10.7107	83.3624	15,801.66	4.8010	141.62	4.4989
May	1.4755	3.0512	1.4951	8.5658	10.6456	81.4318	15,830.12	4.7600	139.74	4.4337
June	1.4517	3.0388	1.4728	8.4698	10.5365	81.2046	16,167.87	4.6966	138.72	4.3760
July	1.4420	3.0109	1.4524	8.3940	10.4935	81.3058	15,789.65	4.6325	137.72	4.3100
Aug.	1.4306	3.0219	1.4548	8.1965	10.3207	81.0709	15,603.10	4.6569	137.11	4.2310
Sep.	1.4246	3.0089	1.4196	7.9207	10.0019	78.5676	15,362.85	4.6896	138.39	4.1522
Oct.	1.4436	3.1018	1.4214	7.7635	9.8309	77.7896	15,389.80	4.7249	136.85	4.1436
	Percentage change versus previous month									
2014 Oct.	1.3	3.1	0.1	-2.0	-1.7	-1.0	0.2	0.8	-1.1	-0.2
	Percentage change versus previous year									
2014 Oct.	0.8	3.9	0.6	-6.7	-7.0	-7.4	1.9	-2.0	2.6	-4.3

	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
	22	23	24	25	26	27	28	29	30	31	32
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2012	16.9029	1.5867	7.4751	54.246	39.9262	1.6055	10.5511	1,447.69	1.2053	39.928	1.2848
2013	16.9641	1.6206	7.8067	56.428	42.3370	1.6619	12.8330	1,453.91	1.2311	40.830	1.3281
2014 Q1	18.1299	1.6371	8.3471	61.468	48.0425	1.7379	14.8866	1,465.34	1.2237	44.722	1.3696
Q2	17.8171	1.5923	8.2049	60.464	47.9415	1.7178	14.4616	1,410.80	1.2192	44.510	1.3711
Q3	17.3879	1.5731	8.2754	58.073	48.0583	1.6584	14.2700	1,361.10	1.2115	42.563	1.3256
2014 Apr.	18.0485	1.6049	8.2506	61.646	49.2978	1.7345	14.5815	1,441.28	1.2189	44.657	1.3813
May	17.7620	1.5957	8.1513	60.258	47.8403	1.7189	14.2995	1,407.13	1.2204	44.686	1.3732
June	17.6516	1.5769	8.2149	59.543	46.7509	1.7008	14.5094	1,385.45	1.2181	44.195	1.3592
July	17.5834	1.5578	8.3880	58.844	46.9984	1.6825	14.4366	1,382.29	1.2150	43.470	1.3539
Aug.	17.5051	1.5783	8.2522	58.320	48.1781	1.6622	14.2052	1,364.17	1.2118	42.644	1.3316
Sep.	17.0717	1.5841	8.1798	57.033	49.0519	1.6295	14.1578	1,336.02	1.2076	41.536	1.2901
Oct.	17.0713	1.6090	8.3136	56.807	51.9380	1.6154	14.0266	1,345.25	1.2078	41.139	1.2673
	Percentage change versus previous month										
2014 Oct.	0.0	1.6	1.6	-0.4	5.9	-0.9	-0.9	0.7	0.0	-1.0	-1.8
	Percentage change versus previous year										
2014 Oct.	-3.8	-1.6	2.4	-3.4	18.7	-4.7	3.7	-7.5	-1.9	-3.3	-7.1

Source: ECB.

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	Croatia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2012	2.4	3.5	2.4	3.4	3.2	5.7	3.7	3.4	0.9	2.8
2013	0.4	1.4	0.5	2.3	1.2	1.7	0.8	3.2	0.4	2.6
2014 Q2	-1.6	0.2	0.4	0.3	0.2	-0.1	0.3	1.3	0.3	1.7
Q3	-1.2	0.7	0.3	0.4	0.2	0.1	-0.1	1.5	0.2	1.5
2014 July	-1.1	0.6	0.5	0.5	0.5	0.5	0.0	1.5	0.4	1.6
Aug.	-1.0	0.7	0.3	0.3	0.3	0.3	-0.1	1.3	0.2	1.5
Sep.	-1.4	0.8	0.3	0.2	0.0	-0.5	-0.2	1.8	0.0	1.2
	General government deficit (-)/surplus (+) as a percentage of GDP									
2011	-2.0	-2.9	-2.1	-7.7	-9.0	-5.5	-4.9	-5.5	-0.1	-7.6
2012	-0.5	-4.0	-3.9	-5.6	-3.2	-2.3	-3.7	-3.0	-0.9	-8.3
2013	-1.2	-1.3	-0.7	-5.2	-2.6	-2.4	-4.0	-2.2	-1.3	-5.8
	General government gross debt as a percentage of GDP									
2011	15.7	41.0	46.4	59.9	37.3	81.0	54.8	34.2	36.1	81.9
2012	18.0	45.5	45.6	64.4	39.9	78.5	54.4	37.3	36.4	85.8
2013	18.3	45.7	45.0	75.7	39.0	77.3	55.7	37.9	38.6	87.2
	Long-term government bond yield as a percentage per annum; period average									
2014 Apr.	3.44	2.00	1.57	4.41	3.26	5.56	4.10	5.15	2.06	2.30
May	3.18	1.73	1.47	4.31	2.98	5.01	3.80	4.72	1.88	2.27
June	3.11	1.55	1.38	3.94	2.92	4.50	3.54	4.48	1.80	2.35
July	3.38	1.49	1.24	3.72	2.90	4.33	3.34	4.16	1.60	2.31
Aug.	3.41	1.38	1.07	3.68	2.61	4.73	3.36	4.21	1.53	2.12
Sep.	3.26	1.21	0.96	3.57	2.42	4.59	3.10	4.09	1.51	2.08
	3-month interest rate as a percentage per annum; period average									
2014 Apr.	0.83	0.37	0.31	0.83	0.41	2.94	2.72	2.74	0.91	0.53
May	0.83	0.37	0.35	0.87	0.41	2.55	2.72	2.62	0.92	0.53
June	0.81	0.35	0.36	0.89	0.38	2.50	2.69	2.24	0.85	0.54
July	0.76	0.35	0.38	0.87	0.35	2.29	2.68	1.97	0.52	0.56
Aug.	0.72	0.35	0.37	1.01	0.33	2.06	2.65	1.92	0.52	0.56
Sep.	0.70	0.35	0.29	1.16	0.24	1.98	2.45	2.52	0.48	0.56
	Real GDP 1)									
2012	0.5	-0.8	-0.8	-2.2	3.8	-1.7	2.0	0.5	-0.3	0.7
2013	1.1	-0.7	-0.1	-0.9	3.3	1.1	1.6	3.5	1.5	1.7
2013 Q4	1.9	1.1	0.7	-0.9	3.1	2.9	2.5	5.0	2.8	2.7
2014 Q1	1.5	2.6	0.6	-0.4	.	3.3	3.5	3.7	1.7	2.9
Q2	1.8	2.5	1.1	-1.0	.	3.7	3.3	1.5	2.6	3.2
	Current and capital account balance as a percentage of GDP 2)									
2012	.	-0.2	5.5	0.2	1.8	4.4	-1.4	-3.0	5.6	-3.7
2013	3.7	-0.1	7.1	1.3	4.6	7.7	0.9	1.3	6.4	-4.3
2013 Q4	-2.1	0.4	8.3	-6.7	9.2	8.9	1.2	0.7	5.4	-4.5
2014 Q1	-0.3	10.0	3.5	-16.0	.	7.6	0.1	5.2	6.6	-4.2
Q2	3.1	-2.7	6.4	.	.	6.4	3.1	-0.5	4.8	-4.8
	Gross external debt as a percentage of GDP 2)									
2012	.	60.1	177.7	102.7	77.8	158.2	72.3	75.3	187.4	.
2013	94.5	62.8	174.5	105.3	69.7	144.8	70.0	68.9	182.0	.
2013 Q4	94.5	62.9	174.5	105.3	69.7	148.6	71.1	68.9	182.0	.
2014 Q1	93.4	64.6	170.0	107.5	.	147.8	70.6	65.4	191.7	.
Q2	93.0	66.7	168.3	.	.	149.2	71.7	63.4	191.5	.
	Unit labour costs 1)									
2012	4.5	2.6	1.9	-0.2	2.2	2.5	1.5	2.5	4.1	2.4
2013	7.2	0.5	1.4	1.4	3.0	3.9	0.1	4.5	1.1	1.5
2013 Q4	2.7	-2.1	0.7	1.8	3.2	3.3	-3.8	2.6	-0.1	1.0
2014 Q1	-0.3	1.4	1.4	-5.5	4.9	3.2	-3.3	0.9	1.3	0.8
Q2	-1.3	1.0	0.7	.	4.3	1.9	-3.4	0.1	1.9	-0.8
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2012	12.3	7.0	7.5	16.1	13.4	10.9	10.1	6.9	8.0	7.9
2013	12.9	7.0	7.0	17.3	11.8	10.2	10.3	7.0	8.0	7.6
2014 Q2	11.5	6.2	6.5	16.9	11.4	8.0	9.2	6.9	8.0	6.3
Q3	11.3	5.9	6.6	16.3	11.4	.	8.8	7.0	7.8	.
2014 July	11.3	5.8	6.6	16.5	11.5	7.8	8.9	7.1	7.8	6.0
Aug.	11.3	6.3	6.6	16.4	11.4	7.6	8.8	7.1	8.0	.
Sep.	11.3	5.7	6.6	16.1	11.3	.	8.7	6.9	7.7	.

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

1) Data for Hungary and Poland according to ESA95. Unit labour costs data for Croatia according to ESA95.

2) Data for Croatia and Romania according to BPM5.

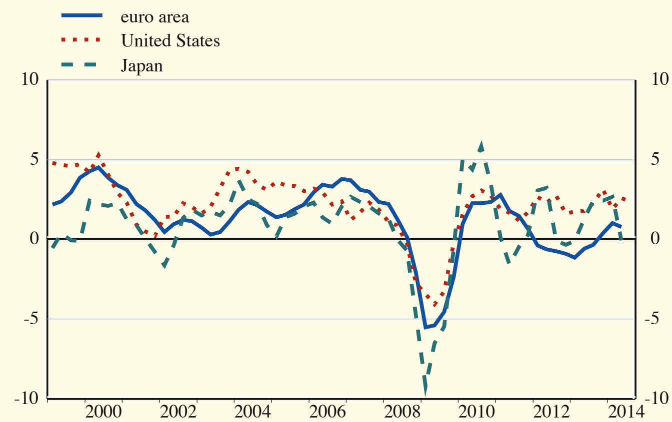
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Government deficit (-)/ surplus (+) as a % of GDP	Government debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2010	1.6	-1.3	2.5	6.6	9.6	2.5	0.34	3.57	1.3257	-12.2	79.2
2011	3.2	2.1	1.6	3.6	8.9	7.3	0.34	2.10	1.3920	-10.7	83.1
2012	2.1	1.7	2.3	4.4	8.1	8.6	0.43	1.88	1.2848	-9.0	86.5
2013	1.5	0.3	2.2	2.9	7.4	6.7	0.27	3.27	1.3281	-5.7	87.8
2013 Q3	1.6	1.2	2.3	2.7	7.2	6.5	0.26	2.91	1.3242	-6.3	86.6
Q4	1.2	-2.0	3.1	3.2	7.0	6.0	0.24	3.27	1.3610	-4.9	87.8
2014 Q1	1.4	2.5	1.9	2.3	6.7	6.0	0.24	2.97	1.3696	-5.0	88.6
Q2	2.1	1.6	2.6	3.8	6.2	6.5	0.23	2.74	1.3711	-5.1	.
Q3	1.8	.	2.3	4.4	6.1	6.4	0.23	2.73	1.3256	.	.
2014 June	2.1	-	-	3.8	6.1	6.5	0.23	2.74	1.3592	-	-
July	2.0	-	-	5.1	6.2	6.6	0.23	2.80	1.3539	-	-
Aug.	1.7	-	-	3.9	6.1	6.4	0.23	2.58	1.3316	-	-
Sep.	1.7	-	-	4.1	5.9	6.3	0.23	2.73	1.2901	-	-
Oct.	.	-	-	.	.	.	0.23	2.56	1.2673	-	-
					Japan						
2010	-0.7	-4.8	4.7	15.6	5.1	2.8	0.23	1.18	116.24	-8.3	186.7
2011	-0.3	0.8	-0.4	-2.8	4.6	2.7	0.19	1.00	110.96	-8.8	202.9
2012	0.0	-1.4	1.5	0.6	4.3	2.5	0.19	0.84	102.49	-8.7	211.0
2013	0.4	-0.8	1.5	-0.8	4.0	3.6	0.15	0.95	129.66	.	.
2013 Q3	0.9	-1.9	2.4	2.2	4.0	3.8	0.15	0.88	131.02	.	.
Q4	1.4	-0.9	2.4	5.9	3.9	4.3	0.14	0.95	136.48	.	.
2014 Q1	1.5	-2.1	2.7	8.3	3.6	3.9	0.14	0.84	140.80	.	.
Q2	3.6	1.7	0.0	2.6	3.6	3.2	0.13	0.72	140.00	.	.
Q3	3.3	.	.	-1.0	.	3.0	0.13	0.66	137.75	.	.
2014 June	3.6	-	-	3.1	3.7	3.0	0.13	0.72	138.72	-	-
July	3.4	-	-	-0.7	3.8	3.0	0.13	0.67	137.72	-	-
Aug.	3.3	-	-	-3.3	.	3.0	0.13	0.62	137.11	-	-
Sep.	3.2	-	-	0.6	.	3.0	0.12	0.66	138.39	-	-
Oct.	.	-	-	.	.	.	0.11	0.60	136.85	-	-

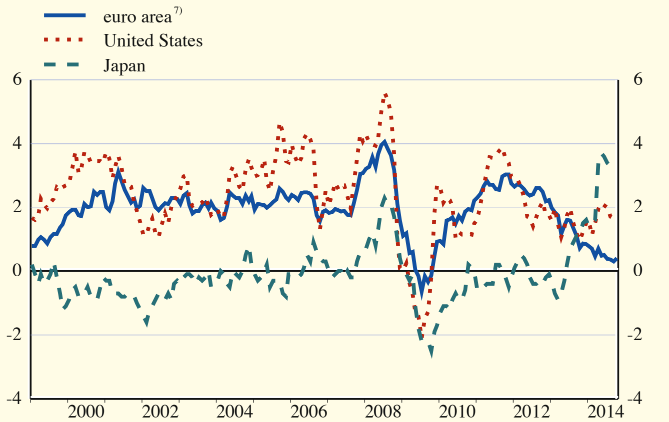
C43 Real gross domestic product

(annual percentage changes; quarterly data)



C44 Consumer price indices

(annual percentage changes; monthly data)



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

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

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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:

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

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:

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2010 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

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

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

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

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in 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_t^M can be calculated as:

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

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

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

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

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

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

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

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

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

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

CALCULATION OF BALANCING ITEMS

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

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

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

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

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

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

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

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

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

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

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

ANNUAL GROWTH RATES FOR FINANCIAL TRANSACTIONS

The annual growth rate $g(f_t)$ for financial transactions is calculated as:

$$\text{k)}\quad g(f_t) = \left(\sum_{i=0}^{3} f_{t-i} \Big/ F_{t-4} \right) \times 100$$

where f_t stands for the transactions in quarter t, and F_{t-4} for the end-of-quarter stock value four quarters earlier.

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

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

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

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

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

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

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

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

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

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

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

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).

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S81). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 1 IN SECTION 7.2

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

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

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

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

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

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

GENERAL NOTES

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

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 5 November 2014.

Unless otherwise indicated, all data series relate to the group of 18 countries that are members of the euro area (the Euro 18) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; Slovakia joined in 2009, forming the Euro 16; and Estonia joined in 2011, forming the Euro 17. Latvia joined in 2014, bringing the number of euro area countries to 18. From October 2012, the euro area statistics also include the European Stability Mechanism, an international organisation resident in the euro area for statistical purposes.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 18 for all years, despite the fact that the euro area has only had this composition since 1 January 2014. Unless otherwise indicated, the ECB's Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

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

For the HICP, as well as statistics based on the balance sheet of the MFI sector ("monetary statistics"), rates of change are compiled from chain-linked indices, with the new composition introduced by the linking factor at the point of enlargement. Thus, if a country joins the euro area in January of a given year, the factors contributing to the chain-linked indices relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. For further details on monetary statistics, refer to the "Manual on MFI balance sheet statistics", available in the "Statistics" section of the ECB's website.

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

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

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

The group "Other EU Member States" comprises (unless otherwise indicated) Bulgaria, the Czech Republic, Denmark, Croatia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts and the IMF Balance of Payments and International Investment Position 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

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).

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 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.

2 OJ L 15, 20.01.2009, p. 14.

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.

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

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

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, in particular revaluations (e.g. those resulting from the impact of changes in asset prices) are 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, investment funds (other than money market funds), other financial institutions (OFIs, including financial auxiliaries and captive financial institutions), and insurance corporations and pension funds.

Section 3.2 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 Section 3.1.

Sections 3.3 and 3.4 display four-quarter cumulated flows (transactions) for, respectively, non-financial corporations' and 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 summary indicators and charts for households and non-financial corporations.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 17 for the whole time series (i.e. a fixed composition).

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

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term".

Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

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

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table

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.

includes seasonally adjusted HICP data, which are compiled by the ECB, and experimental HICP-based indices of administered prices.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains[7], has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 2010[11] quarterly national accounts. As of September 2014, the updated ESA 2010 regulation replaces the ESA 95 and becomes compulsory in the Member States of the EU. As in the past, the new regulation defines the methodology on common standards,

6 OJ L 162, 5.6.1998, p. 1.
7 OJ L 393, 30.12.2006, p. 1.
8 OJ L 155, 15.6.2007, p. 3.
9 OJ L 69, 13.3.2003, p. 1.
10 OJ L 169, 8.7.2003, p. 37.
11 OJ L 174, 26.6.2013, p. 1.

definitions, classifications and accounting rules used for compiling national accounts and tables in the EU as well as the data transmission programme setting out the time limits by which Member States shall make their data available. The ESA 2010 also employs concepts related to other statistical classifications, e.g. the NACE Revision 2. The publication of euro area national accounts data applying this new classification began in November 2014.

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), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

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

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

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 2010 methodology.

The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of statistical reporting requirements laid down in the ECB Guideline of 3 June 2014 on government finance statistics (ECB/2014/21)[12]. Harmonised data provided by the NCBs are regularly updated. Annual figures on government revenue and expenditure (Section 6.1) include transactions with the EU budget (e.g. agricultural subsidies).

The quarterly euro area aggregates in Sections 6.1 to 6.3 are provided by Eurostat and may not be fully consistent with the annual data, for instance owing to different data cut-off dates and the exclusion of EU budget transactions in the quarterly data.

The monthly euro area aggregates in Section 6.4 are compiled by the ECB on the basis of security-by-security information provided from the ESCB's Centralised Securities Database (CSDB)[13].

Individual euro area country data in Section 6.5 are reported on the basis of Eurostat (for government deficit/surplus and government debt) and CSDB data (for debt service and average nominal yields). The annual figures presented in Section 6.5 on government deficit/surplus and government debt are reported to the European Commission under Commission Regulation (EU) No 220/2014 of 7 March 2014 amending Council Regulation (EC) No 479/2009 as regards references to the European system of national and regional accounts in the European Union.

12 OJ L 267, 06.09.2014, p. 9–26.
13 See the methodological note on "Debt securities issuance and service by EU governments", available on the ECB's website (http://www.ecb.europa.eu).

EXTERNAL TRANSACTIONS AND POSITIONS

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23)[14] was adopted by the Governing Council of the ECB. This legal act lays down the new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6).

The sign conventions for the b.o.p. current and capital accounts (tables in Sections 7.1, 7.2 and 7.4) give a plus sign for surpluses and credit and debit transactions; a negative sign denotes a deficit. As regards the b.o.p. financial account (tables in Sections 7.1, 7.3 and 7.4), a plus sign represents a net increase, and a minus sign represents a net decrease, in assets or liabilities.

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 4 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions and international organisations (which, with the exception of the ECB and the European Stability Mechanism, are considered to be resident outside the euro area for statistical purposes, regardless of their physical location) as well as offshore centres. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia.

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. The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are generally used for unquoted shares, and other investment (e.g. loans and deposits).

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. In Table 2, columns 6 and 12 refer respectively to direct investment by resident units abroad and direct investment by non-resident units in the euro area. These direct investment concepts are from the previous edition of the IMF's Balance of Payments and International Investment Position Manual (BPM5) and are aimed at bridging the gap between the concepts in the two manuals.

In Table 5 in Section 7.3, the breakdown into "currency and deposits" and "loans" 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.

14 OJ L 65, 3.3.2012, p. 1.

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, as well as net external debt (i.e. gross external debt net of external debt assets).

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). A 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. For more details see Table 1 in *Euro area balance of payments and international investment position statistics – 2009 quality report*, ECB, Frankfurt am Main, March 2010.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-19 group excludes Croatia. The EER-39 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices (CPIs), producer price indices (PPIs), gross domestic product deflators and unit labour costs, both for the manufacturing sector (ULCM) and for the total economy (ULCT). ULCM-deflated EERs are available only for the EER-19.

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

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

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. However, data shown in this table on current and capital accounts and gross external debt follow the respective national concept and do not include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

12 JANUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

9 FEBRUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

8 MARCH, 4 APRIL AND 3 MAY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

6 JUNE 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

5 JULY 2012

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

2 AUGUST 2012

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

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

6 SEPTEMBER 2012

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

4 OCTOBER AND 8 NOVEMBER 2012

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

6 DECEMBER 2012

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

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

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

2 MAY 2013

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

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

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

7 NOVEMBER 2013

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

5 DECEMBER 2013, 9 JANUARY, 6 FEBRUARY, 6 MARCH, 3 APRIL AND 8 MAY 2014

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.25%, 0.75% and 0.00% respectively.

5 JUNE 2014

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations (MROs) by 10 basis points to 0.15%, starting from the operation to be settled on 11 June 2014. In addition, it decides to decrease the interest rate on the marginal lending facility by 35 basis points to 0.40% and the interest rate on the deposit facility by 10 basis points to -0.10%, both with effect from 11 June 2014. It also decides to adopt further non-standard measures, notably: (i) to conduct a series of targeted longer-term refinancing operations (TLTROs) maturing in September 2018 to support bank lending to the non-financial private sector, with an interest rate fixed over the life of each operation at the rate on the Eurosystem's main refinancing operations prevailing at the time of take-up, plus a fixed spread of 10 basis points; (ii) to continue conducting the MROs as fixed rate tender procedures with full allotment at least until the end of the reserve maintenance period ending in December 2016; (iii) to conduct the three-month longer-term refinancing operations (LTROs) to be allotted before the end of the reserve maintenance period ending in December 2016 as fixed rate tender procedures with full allotment; (iv) to suspend the weekly fine-tuning operation sterilising the liquidity injected under the Securities Markets Programme; (v) to intensify preparatory work related to outright purchases in the ABS market.

3 JULY AND 7 AUGUST 2014

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.15%, 0.40% and -0.10% respectively.

4 SEPTEMBER 2014

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 10 basis points to 0.05%, starting from the operation to be settled on 10 September 2014. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 10 basis points, to 0.30% and -0.20% respectively, with effect from 10 September 2014. It also decides to (i) purchase a broad portfolio of simple and transparent asset-backed securities (ABSs) with underlying assets consisting of claims against the euro area non-financial private sector under an ABS purchase programme (ABSPP), and (ii) purchase a broad portfolio of euro-denominated covered bonds issued by MFIs domiciled in the euro area under a new covered bond purchase programme (CBPP3). Interventions under both of these programmes will start in October 2014.

2 OCTOBER 2014

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.05%, 0.30% and -0.20% respectively. It also decides on the operational details of asset-backed securities and covered bond purchase programmes.

6 NOVEMBER 2014

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.05%, 0.30% and -0.20% respectively.

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

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

STATUTORY PUBLICATIONS

- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

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

OTHER/TASK-RELATED PUBLICATIONS

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

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

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

GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

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

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

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

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

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

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in variable rate liquidity-providing tender operations.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

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

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.