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EUROPEAN CENTRAL BANK

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MONTHLY BULLETIN 02 | 2013

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Address
Kaiserstrasse 29
60311 Frankfurt am Main
Germany

Postal address
Postfach 16 03 19
60066 Frankfurt am Main
Germany

Telephone
+49 69 1344 0

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

Fax
+49 69 1344 6000

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 7 February to keep the key ECB interest rates unchanged. HICP inflation rates have declined further, as anticipated, and are expected to fall below 2% in the coming months. Over the policy-relevant horizon, inflationary pressures should remain contained. The underlying pace of monetary expansion continues to be subdued. Medium to longer-term inflation expectations for the euro area remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%. Overall, this allows the monetary policy stance to remain accommodative. The economic weakness in the euro area is expected to prevail in the early part of 2013. In particular, necessary balance sheet adjustments in the public and private sectors will continue to weigh on economic activity. Later in 2013 economic activity should gradually recover, supported by the accommodative monetary policy stance, the improvement in financial market confidence and reduced fragmentation, as well as a strengthening of global demand. In order to sustain confidence, it is essential for governments to reduce further both fiscal and structural imbalances and to proceed with financial sector restructuring.

With regard to the liquidity situation of banks, counterparties have so far repaid €140.6 billion of the €489.2 billion obtained in the first of the two three-year longer-term refinancing operations (LTROs) settled in December 2011 and March 2012. This reflects the improvement in financial market confidence. Repayments are provided for in the modalities of the three-year LTROs and are at the discretion of the counterparties, who must appropriately assess their funding situation, their ability to provide new loans to the economy and their resilience to shocks. The Governing Council will closely monitor conditions in the money market and their potential impact on the stance of monetary policy, which will remain accommodative with the full allotment mode of liquidity provision.

With regard to the economic analysis, euro area real GDP declined by 0.1%, quarter on quarter, in the third quarter of 2012, following a contraction of 0.2% in the second quarter. Available data continue to signal further weakness in activity in the fourth quarter and at the beginning of 2013. This weakness reflects the adverse impact of low consumer and investor sentiment on domestic expenditure, as well as subdued foreign demand. However, financial market sentiment has improved and the latest survey indicators confirm earlier evidence of a stabilisation in business and consumer confidence, albeit at low levels. Later in 2013 a gradual recovery should start, with domestic demand being supported by the accommodative monetary policy stance, the improvement in financial market confidence and reduced fragmentation, and export growth benefiting from a strengthening of global demand.

The risks surrounding the economic outlook for the euro area continue to be on the downside. They relate to the possibility of weaker than expected domestic demand and exports, slow implementation of structural reforms in the euro area, as well as geopolitical issues and imbalances in major industrialised countries which could both have an impact on developments in global commodities and financial markets. These factors have the potential to dampen the ongoing improvement in confidence and thereby delay the recovery.

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.0% in January 2013, down from 2.2% in November and December and from 2.5% in October. On the basis of current futures prices for oil, inflation rates are expected to decline further to below 2% in the coming months. Over the policy-relevant horizon, in an environment of weak economic activity in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain contained.

Risks to the outlook for price developments continue to be seen as broadly balanced over the medium term, with upside risks relating to higher administered prices and indirect taxes, as well as higher oil prices, and downside risks

stemming from weaker economic activity and, more recently, the appreciation of the euro exchange rate.

Turning to the monetary analysis, the underlying pace of monetary expansion continues to be subdued. The annual growth rate of M3 decreased to 3.3% in December 2012, from 3.8% in November. Shifts from overnight deposits to short-term time deposits led to a decrease in the annual rate of growth of M1, which declined to 6.2% in December, from 6.7% in November, and outflows from marketable instruments dampened overall M3 growth. A further strengthening in the deposit base of MFIs in a number of stressed countries took place in December, in combination with further capital inflows into the euro area, both of which continued to reduce fragmentation.

The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) remained negative in December. This mainly reflected ongoing negative annual growth of loans to non-financial corporations, which was -1.3% in December after -1.5% in November. However, annual growth in MFI loans to households remained broadly unchanged at 0.7% in December. To a large extent, subdued loan dynamics reflect the current stage of the business cycle, heightened credit risk and the ongoing adjustment in the balance sheets of the financial and non-financial sectors. In line with these developments, the bank lending survey for the fourth quarter of 2012 confirms the weakness in credit demand and the continued effect of credit risk considerations on the tightening of credit standards. At the same time, the survey confirms the positive impact of Eurosystem measures on banks' overall funding and liquidity situation. In particular, banks reported improvements across all funding categories in the fourth quarter.

In order to ensure adequate transmission of monetary policy to the financing conditions in euro area countries, it is essential to continue strengthening the resilience of banks where needed. Decisive steps for establishing an integrated financial framework will help to accomplish this objective. The future single supervisory mechanism (SSM) is one of the main building blocks. It is a crucial move towards re-integrating the banking system.

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

As regards other policy areas, structural reforms and fiscal adjustment can complement each other, thereby improving the outlook for job creation, economic growth and debt sustainability. Past policy action is bearing fruit, in terms of both the unwinding of existing fiscal imbalances and the reduction of current account deficits. In particular, in several countries with particular adjustment needs, contained growth in unit labour costs signals greater price competitiveness and exports are performing better. Governments should build on the progress achieved in fiscal consolidation, strengthen competition in product markets and continue with labour market reforms. This would boost the euro area's growth potential, reduce high structural unemployment and improve the adjustment capacities of the euro area countries.

This issue of the Monthly Bulletin contains two articles. The first article takes stock of the existing national fiscal frameworks in the EU Member States and identifies reforms needed to bring them into line with the requirements of the new EU fiscal governance framework. The second article illustrates the importance of monitoring shadow banking from a central banking perspective.

ECONOMIC AND MONETARY DEVELOPMENTS

I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The recovery in global economic activity has shown some tentative signs of renewed momentum, although it remains muted, fragmented and fragile. Improvements in financial market conditions and the more positive sentiment shown by survey indicators suggest activity will strengthen gradually. Inflation has been stabilising in advanced economies, while consumer prices continue to rise in a number of emerging markets.

I.1 GLOBAL ECONOMIC ACTIVITY

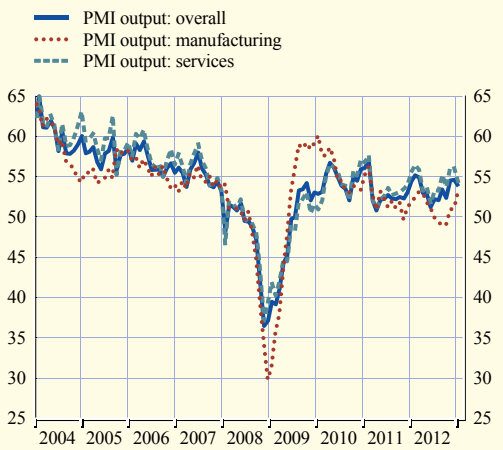
The recovery in global economic activity has shown some tentative signs of renewed momentum, although it remains muted, fragmented across economic regions, and fragile. Global financial market conditions have continued to improve, while survey indicators have been signalling a sustained improvement in business sentiment. The Purchasing Managers' Index (PMI) for global all-industry output stood at 53.3 in January, down only slightly from 53.7 in December. The manufacturing PMI climbed further above the neutral 50 mark that divides expansion from contraction in January, while activity in the services sector continued to expand at a solid pace, albeit somewhat slower than in December.

Excluding the euro area, the global composite PMI declined somewhat in January, but remained close to the average recorded in the final quarter of 2012 (see Chart 1). The overall strengthening of sentiment that began in the fourth quarter of 2012 was broadly maintained in early 2013, suggesting global growth will pick up gradually. The pace of activity is expected to remain lacklustre in advanced economies as still tight credit conditions, ongoing balance sheet repair, and fiscal tightening restrain the pace of growth. Meanwhile, activity in emerging markets is expected to remain solid.

Forward-looking indicators continue to show tentative signs of stabilisation, albeit at low levels, suggesting subdued global growth conditions. The new orders component of the global all-industry PMI continued to improve in January, reaching a ten-month high of 52.6. In November, the OECD's composite leading indicator, designed to anticipate turning points in economic activity

Chart 1 Global PMI (excluding the euro area)

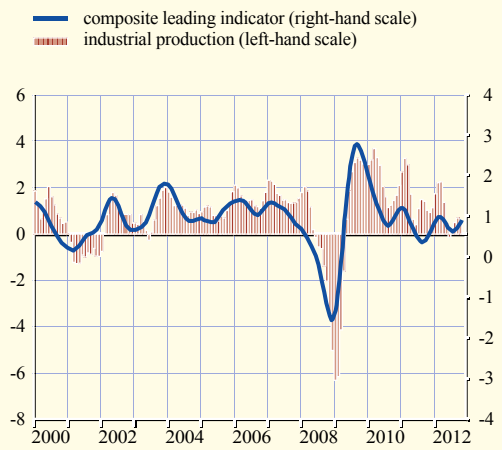
(seasonally adjusted monthly data)



Source: Markit.

Chart 2 Composite leading indicator and industrial production

(three-month-on-three-month percentage changes)



Sources: OECD and ECB calculations.
Note: The indicators refer to the OECD countries plus Brazil, China, India, Indonesia, Russia and South Africa.

relative to trend, increased for the third successive month and now signals firming economic growth in the OECD area as a whole (see Chart 2). The individual country indicators continue to point to diverging patterns across the major economies.

Risks to the global outlook remain tilted to the downside and include slow implementation of structural reforms in the euro area, as well as geopolitical issues and imbalances in major industrialised countries, which could have an impact on developments in global commodities and financial markets. These factors have the potential to dampen the ongoing improvement in confidence and thereby delay the recovery.

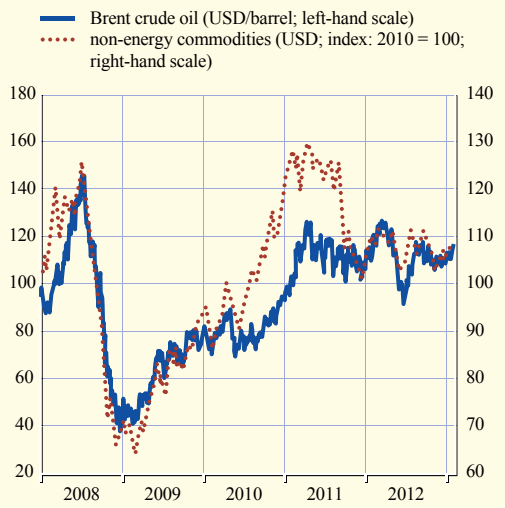
1.2 GLOBAL PRICE DEVELOPMENTS

In advanced countries inflation stabilised in the final months of 2012. In the OECD area, annual headline consumer price inflation remained unchanged at 1.9% in December. The stabilisation in inflation was rather broadly based across OECD countries. Excluding food and energy, inflation decreased slightly to 1.5% in December, after holding steady at 1.6% in the previous four months. Meanwhile, annual inflation increased significantly in a number of emerging economies, most notably in China and Brazil (see Table 1).

Turning to energy price developments, Brent crude oil prices increased by 5.6% between 2 January and 6 February 2013 (see Chart 3), trading at around USD 117 per barrel, which is 3% higher compared with one year ago. The recent increase in oil prices has mainly been driven by tightening oil market fundamentals coupled with geopolitical tensions, and has been amplified by improved market sentiment. In the fourth quarter of 2012, global oil demand was revised upwards, owing to stronger demand from China, the United States and Brazil, while global oil supply declined further. Looking ahead, global oil demand is expected to pick up further, having been revised upwards for 2013. At the same time, OECD crude oil inventories should provide a buffer, as they currently remain close to their five-year maximum. Market participants expect lower prices over the medium term, with December 2013 futures prices trading at USD 110 per barrel and December 2014 futures prices trading at USD 103 per barrel. Box 1 presents an overview of the latest developments in global fossil energy production and the subsequent impact on certain energy prices.

In the course of January and early February, prices of non-energy commodities also increased, by 3% on aggregate (see Chart 3). Metal prices increased more than food prices, on account of several global demand indicators giving more positive readings, especially concerning China. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was about 0.2% lower on 1 February 2013 compared with a year earlier, driven by an overall year-on-year decline in metal components. This was only partly offset by an overall rise in food prices.

Chart 3 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Table 1 Price developments in selected economies

(annual percentage changes)

	2010	2011	2012					
			July	Aug.	Sep.	Oct.	Nov.	Dec.
OECD	1.8	2.9	1.9	2.0	2.2	2.2	1.9	1.9
United States	1.6	3.2	1.4	1.7	2.0	2.2	1.8	1.7
Japan	-0.7	-0.3	-0.4	-0.5	-0.3	-0.4	-0.2	-0.1
United Kingdom	3.3	4.5	2.6	2.5	2.2	2.7	2.7	2.7
China	3.3	5.4	1.8	2.0	1.9	1.7	2.0	2.5
Memo item:								
OECD core inflation [1]	1.3	1.6	1.8	1.6	1.6	1.6	1.6	1.5

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

Box 1

THE IMPLICATIONS OF THE RESURGENCE IN FOSSIL ENERGY PRODUCTION

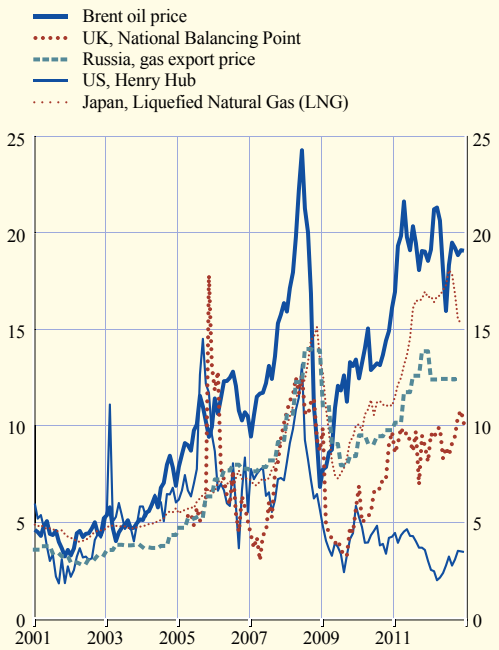
Over the past decade, technological advances have resulted in a resurgence in global fossil energy production. The combination of horizontal drilling techniques and hydraulic fracturing has provided access to large volumes of shale oil and gas trapped in shale formations of low permeability, which were previously inaccessible and the extraction of which was uneconomical with traditional methods.

As regards shale gas, production has increased substantially, mainly in the United States. According to the US Energy Information Administration (EIA), US shale gas production is expected to account for about half of total US natural gas production by 2035.[1] At these levels of production, unconventional gas will more than offset declines in conventional gas sources, with the implication that the US might become a net exporter of natural gas by 2022.

It is not only the United States, but also other parts of the world, that hold vast shale gas reserves. China may contain the largest shale gas reserves, although parts of Europe, South America and Africa may also have access to

Chart A Regional natural gas prices and Brent crude oil price

(USD/MMBtu [1]; monthly data)



Sources: Bloomberg, Haver and Fame.
Notes: Last observation of the price of LNG in Japan is for November 2012, and of other gas benchmarks December 2012. Quarterly data for Russia's gas export price; last observation is for the third quarter of 2012. The Brent oil price has been converted to USD/MMBtu.
1) MMBtu denotes one million British thermal units.

1 See the EIA's Annual Energy Outlook 2012.

significant unconventional resources. This implies that shale gas could play an increasingly important role in global natural gas markets.

The rise in shale gas production has caused US gas prices to drop to a ten-year low (see Chart A). Mainly as a result of high transportation costs, but also owing to regulations[2], there is no global gas price, and the impact of shale gas on international gas prices has so far been limited. In continental Europe, for example, most gas is delivered through pipelines and sold on long-term contracts linked to the price of oil. In Japan, gas prices are also linked to oil prices and gas is generally imported in the form of Liquefied Natural Gas (LNG). So far, high costs (in terms of liquefying, transporting and deliquefying LNG) have limited the degree to which international price differences have been arbitraged away. However, recent technological advances which are expected to reduce transportation costs, together with a potential loosening of export restrictions in the United States, could reduce the regional segmentation of markets for natural gas and thereby lead to some convergence of global gas prices.

Chart B Brent-WTI spread

(USD/barrel; daily data)

Source: Bloomberg.
Notes: Last observation refers to 28 January 2013. Positive values imply smaller values of WTI compared with Brent.

More recently, there has also been a substantial rise in the extraction of shale oil, so far largely in North America. Other countries with the potential for an increase in extraction are China, Argentina, Mexico and Russia. According to the projections of the International Energy Agency (IEA), ultimate recoverable resources worldwide include about 250 billion barrels of shale oil – which equates to around 10% of remaining conventional resources.

The increase in shale oil production in the United States and Canada has reduced the price of West Texas Intermediate (WTI) crude oil and contributed to the widening spreads between international benchmarks such as the Brent crude oil price and the WTI (see Chart B).

Looking ahead, estimates by the IEA imply that the United States will significantly reduce its energy import dependency, which could result in a reduction in the US trade deficit.[3] According to the IEA, the self-sufficiency ratio (defined as the ratio of indigenous energy production over total primary energy demand) is expected to rise to 97% by 2035, which contrasts with anticipated developments in other regions, such as the EU, which is expected to become less self-sufficient.

There is, however, considerable uncertainty as regards the volume of shale gas and oil reserves and the extent to which these will be recovered. This is crucial in determining the outlook for global energy markets. In Europe, however, stricter regulations, less experience, higher density of population and stronger environmental headwinds make a high recovery rate less likely than in the United States.

2 For example, in the United States natural gas cannot be exported without the explicit approval of the US Department of Energy.
3 See the IEA's World Energy Outlook 2012.

When facing energy price fluctuations, central banks must understand their nature and how they will propagate through the economy to affect output and prices. However, in an environment where there is a credible central bank, energy price fluctuations should not affect inflation expectations over the medium to long term.

1.3 DEVELOPMENTS IN SELECTED ECONOMIES

UNITED STATES

In the United States, real GDP marginally declined in the fourth quarter of 2012. According to the "advance" estimate by the Bureau of Economic Analysis, real GDP decreased at an annualised quarter-on-quarter rate of 0.1% in the fourth quarter of 2012, down from the 3.1% expansion recorded in the previous three months. A sharp retrenchment in government spending, mainly in national defence spending, and a decline in private inventories, following a strong increase in the third quarter, were the main factors behind the contraction in output. Reflecting a weak trade environment, both imports and exports declined, with net exports contributing negatively to overall growth. On a more positive note, personal consumption expenditure picked up, and fixed investment accelerated sharply. Both residential and non-residential investment increased significantly. Moreover, real disposable personal income improved substantially – helped by strong dividend payments – pushing up the savings rate to 4.7%.

Recent indicators suggest that the recovery will remain moderate in the first quarter of 2013. The underlying momentum in consumption and fixed investment remains positive. The payroll tax increase as agreed in the American Taxpayer Relief Act in January 2013 will, however, have an impact on consumers' income, and this is expected to dampen private consumption somewhat in the first quarter, having already had a negative impact on consumer confidence in January. Business activity has been resilient, as reflected in the improvement in business confidence, despite the remaining fiscal uncertainty which could still weigh on sentiment. The labour market continued to improve in January, with the number of non-farm payrolls increasing further while the unemployment rate stood at 7.9%. On the housing front, the positive momentum is expected to continue, as house prices increased further and residential construction surged in the fourth quarter of 2012. Looking ahead, the near-term outlook remains surrounded by considerable uncertainty relating to the ongoing fiscal debate and the possibility of strong government spending cuts.

In December 2012 annual CPI inflation declined to 1.7%, down from 1.8% in November 2012 and significantly lower than the 3.0% recorded in December 2011. This lower rate of inflation was due to weak growth in energy prices while food inflation remained unchanged. Excluding food and energy, annual CPI inflation remained unchanged at 1.9%.

On 30 January, the Federal Open Market Committee (FOMC) decided to keep the target range for the federal funds rate at 0% to 0.25%, and anticipated that exceptionally low levels for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is not projected to be above 2.5%, and longer term inflation expectations continue to be well anchored. The FOMC decided to continue purchasing additional agency mortgage-backed securities at a pace of USD 40 billion per month and longer-term Treasury securities at a pace of USD 45 billion per month.

Table 2 Real GDP growth in selected economies

(percentage changes)

	Annual growth rates					Quarterly growth rates		
	2010	2011	2012			2012		
			Q2	Q3	Q4	Q2	Q3	Q4
United States	2.4	1.8	2.1	2.6	1.5	0.3	0.8	0.0
Japan	4.7	-0.5	4.0	0.5	n.a.	0.0	-0.9	n.a.
United Kingdom	1.8	0.9	-0.3	0.0	0.0	-0.4	0.9	-0.3
China	10.4	9.3	7.6	7.4	7.9	2.0	2.1	2.0

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

JAPAN

In Japan, in a weak economic environment, high-frequency indicators were tentatively positive towards the end of 2012. Industrial production bottomed out, partly driven by the yen's weakness and stronger private consumption. The positive impact of private consumption on the economy was also reflected in the improvement of retail sales over the course of the final quarter. During the final months of 2012, the trade deficit stood at a record high, driven by a strong yen earlier in the year and weak external demand, which was amplified by the Sino-Japanese tensions in the second half of 2012. The trade deficit improved slightly in December 2012, as exports softened to a lesser extent than imports. More timely business sentiment indicators, such as the PMI composite output index for January, support the view that growth is likely to recover gradually during 2013.

The economy remains in deflationary territory. Annual CPI inflation increased slightly to -0.1% in December. Core CPI inflation (excluding food, beverages and energy) declined marginally to -0.6%. At its latest monetary policy meeting on 21 and 22 January 2013, the Bank of Japan decided to introduce a price stability target of 2%, which replaces the previous inflation goal of 1%. Furthermore, the Bank of Japan introduced the "open-ended asset purchasing method" for its asset purchase programme, lifting the termination date which was previously set as end-2013. The bank also announced plans to purchase about JPY 13 trillion of financial assets each month, starting in 2014. It released a joint statement with the Japanese Government on "overcoming deflation and achieving sustainable economic growth". The target for the uncollateralised overnight call rate was maintained at a range of 0.0% to 0.1%. The Japanese Government announced a fiscal package worth JPY 10.3 trillion, which will fund post-quake reconstruction and disaster prevention measures, investment projects, and regional initiatives.

UNITED KINGDOM

In the United Kingdom, the recovery of economic activity is likely to progress very gradually over the course of the year, as domestic demand continues to be constrained by still tight credit conditions, ongoing household balance sheet adjustment and substantial fiscal tightening, while the contribution of exports to growth will be limited. In the fourth quarter of 2012, real GDP declined by 0.3% quarter on quarter, according to the preliminary estimate. This decline was due to a drop in industrial sector activity, while services output remained unchanged. Despite the weak economic conditions, the labour market situation has continued to improve gradually, with the unemployment rate declining to 7.7% in the three months to November 2012. Credit growth remains frail, but some surveys have pointed to an improvement in credit conditions recently. Looking ahead, survey indicators for January suggest that growth in economic activity will remain modest in the short term.

Annual CPI inflation has been relatively stable in recent months following the sharp decline in the pace of inflation that began in autumn 2011. It remained unchanged at 2.7% in December 2012 for the third consecutive month. Meanwhile, CPI inflation excluding energy and unprocessed food declined by 0.2 percentage point to 2.6% in December. Looking ahead, weak wage growth, the existence of ample spare capacity and the sluggish recovery in economic activity should contribute to a dampening of inflationary pressures in the medium term. At its meeting on 10 January 2013, the Bank of England's Monetary Policy Committee maintained the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion.

CHINA

In China, GDP figures relating to the fourth quarter of 2012 confirmed that an upswing in growth was underway. In year-on-year terms, growth accelerated to 7.9% at the end of 2012, from 7.4% in the third quarter. While no official quarter-on-quarter contributions to GDP growth are published, it is likely that consumption and investment were the main contributors to growth. Growth momentum seemed to spill over into 2013, with the January manufacturing PMI reaching a two-year high. Looking ahead, the economy is expected to continue growing strongly in 2013 amid a gradually improving external environment.

Price pressures increased in December as annual CPI inflation rose to 2.5%, driven to a very large extent by a spike in food prices. PPI inflation also rose, but remained negative for the tenth month in a row. Financial and monetary indicators continued to increase, in particular owing to high growth in non-bank lending. Both exports and imports, including to and from the euro area, rebounded towards the end of the year, resulting in the highest 12-month cumulative trade balance since October 2009, reaching USD 232.8 billion.

1.4 EXCHANGE RATES

Over the past month, the euro appreciated in an environment of low volatility and continued strengthening of investor sentiment towards the euro area. On 6 February 2013, 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 3.3% above its level at the beginning of this year and 3.9% above its level a year earlier (see Chart 4 and Table 3).

In bilateral terms, over the past month, the euro broadly appreciated against all major currencies. Between 2 January and 6 February 2013 the euro gained 2.4% against the US dollar and 5.8% against the pound sterling, and also strongly appreciated against the Japanese yen (by 11.3%) amid changing market expectations about the economic outlook for the euro area relative to other major advanced economies, as

Chart 4 Nominal effective exchange rate of the euro

(daily data; index: Q1 1999 = 100)

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.

Table 3 Euro exchange rate developments

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

	Weight in euro effective exchange rate (EER-20)	Change in the exchange rate of the euro as at 6 February 2013 with respect to	
		2 January 2013	6 February 2012
EER-20		3.3	3.9
Chinese renminbi	18.8	2.5	2.3
US dollar	16.9	2.4	3.6
Pound sterling	14.9	5.8	4.2
Japanese yen	7.2	11.3	26.5
Swiss franc	6.5	2.3	2.3
Polish zloty	6.2	2.8	0.2
Czech koruna	5.0	2.3	3.0
Swedish krona	4.7	0.1	-2.4
Korean won	3.9	4.8	0.7
Hungarian forint	3.2	0.7	0.4
Danish krone	2.6	0.0	0.3
Romanian leu	2.0	-1.2	1.1

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.

well as favourable developments in interest rate differentials. During the same period, the euro also appreciated against the currencies of most other Asian and European economies as well as the currencies of large commodity-exporting countries.

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

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Monetary data up to December 2012 confirm the subdued underlying pace of money and credit expansion that has been observed for a protracted period. The annual growth rate of M1 declined, reflecting a substitution from overnight deposits to time deposits. MFI lending to the non-financial private sector in the euro area remained weak. Demand conditions explain much of the current weakness in lending, but supply constraints also persist in a number of countries, driven in particular by a high risk perception. The latest monetary data also point to receding financial segmentation in the euro area.

THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 declined to 3.3% in December, from 3.8% in November (see Chart 5). This decrease reflected an outflow from M3 in December 2012, in particular related to a strong decline in marketable instruments and, to a lesser extent, deposits. The decline in the latter mainly reflected outflows from deposits held by other general government.

On the counterparts side, the December decline in money growth is mainly attributed to a decline in credit to general government, partly offset by inflows in the net external asset position of MFIs. There was also a strong increase in MFI holdings of securities other than shares issued by the private sector, mainly mirroring operations related to the restructuring of the Spanish banking sector in December 2012. The volume of euro area MFIs' main assets contracted further in December, continuing the deleveraging observed since spring 2012. The monthly contraction in main assets mainly reflected decreases in inter-MFI lending, government bond holdings and claims on the Eurosystem.

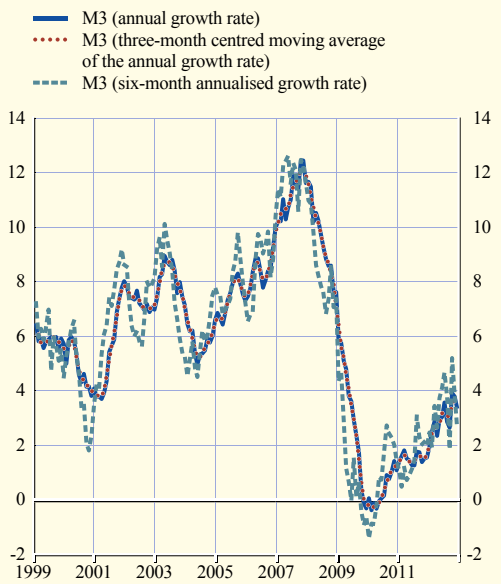
MAIN COMPONENTS OF M3

As regards the components of M3, the annual growth rate of M1 declined to 6.2% in December 2012, down from 6.7% in November. This reflects shifts from overnight deposits into other short-term deposits. The December outflow, which followed consistent monthly inflows for overnight deposits throughout 2012, was mainly attributable to non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs), the sector which includes investment funds. This development might reflect the reduction in the OFIs' liquidity buffers in a context of lower financial market volatility. The December outflow notwithstanding, M1 remained the main contributor to broad money growth, accounting for 3.1 percentage points of the annual M3 growth of 3.3% in December.

The annual growth rate of euro area short-term deposits other than overnight deposits (M2 minus M1) increased moderately in December

Chart 5 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

to 2.1%. This reflected a monthly inflow in short-term time deposits (with agreed maturity of up to two years) related to outflows from M1. Moreover, the December developments conceal inflows for time deposits in a number of stressed countries pointing towards improved confidence in the banking sector of these countries. Such inflows are partly offset by outflows in time deposits of general government.

The annual growth rate of marketable instruments (M3 minus M2) registered a further strong decline to -7.6% in December, down from -3.7% in November. This decrease reflected monthly outflows in holdings of short-term MFI debt securities, money market fund shares/units and repos vis-à-vis the money holding sector. Outflows from money market fund shares/units reflect the demanding business conditions for the institutions involved, in an environment of low interest rates. Redemptions in short-term MFI debt securities reflect the deleveraging of banks as well as the shift from market-based funding to deposit funding and the currently high level of central bank liquidity, which was partly repaid in January. The high level of central bank liquidity, together with the higher volume of deposits, allowed banks to cover their funding needs without having to roll over their maturing debt securities.

The annual growth rate of M3 deposits (including repurchase agreements) – the broadest component of M3 for which timely sectoral decompositions are available – remained broadly unchanged at 4.2% in December. This concealed an increase in the contribution of the deposits held by households, which offset the decrease in the contribution of other general government. The contribution of deposits held by non-financial corporations to the annual growth of M3 deposits increased slightly in December.

MAIN COUNTERPARTS OF M3

The annual growth rate of MFI credit to euro area residents increased marginally in December to 0.4%, up from 0.3% in November (see Table 4). This reflected two counterbalancing developments in its components. The annual growth rate of credit to general government slowed down to 5.8%, from 8.4% in November. The monthly outflow from government securities broadly reflected relatively weak net issuance activities by governments in a number of euro area countries, improved conditions in the government bond markets and, to a lesser extent, buyback operations in Greece.

By contrast, credit to the private sector increased to -0.8% in December, up from -1.6% in November. The latter, however, reflected a marked increase in MFI holdings of securities other than shares, a development resulting from the restructuring of the Spanish banking sector. More specifically, in December Spanish MFIs transferred assets to SAREB (the new asset management company), which is classified as part of the OFI sector, and received securities issued by this entity in exchange. The simultaneous recapitalisation with bonds issued by the European Stability Mechanism, which also belongs to the OFI sector, added to these inflows, explaining most of the monthly increase in MFI holdings of OFI securities in December.

The annual growth of loans to the private sector originated by MFIs (adjusted for sales and securitisation) increased in December to -0.2%, from -0.5% in November. The development was mainly driven by a positive base effect, as a strong negative flow had been recorded in December 2011, the month dropping out from the calculation of the annual rate of growth in December 2012. More generally, some caution needs to be exercised in the interpretation of December and January monetary data due to the possible presence of end-of-year effects relating to balance sheet adjustments.

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					
		2012 Q1	2012 Q2	2012 Q3	2012 Q4	2012 Nov.	2012 Dec.
M1	**52.2**	**2.4**	**2.9**	**4.8**	**6.2**	**6.7**	**6.2**
Currency in circulation	8.9	6.1	5.5	5.3	3.0	2.2	2.5
Overnight deposits	43.3	1.7	2.4	4.6	6.9	7.7	7.0
M2-M1 (= other short-term deposits)	39.9	2.6	2.6	1.3	1.6	1.8	2.1
Deposits with an agreed maturity of up to two years	18.6	3.0	2.3	-1.1	-2.1	-1.9	-1.9
Deposits redeemable at notice of up to three months	21.3	2.1	2.9	3.7	5.0	5.2	5.9
M2	**92.1**	**2.5**	**2.8**	**3.2**	**4.2**	**4.5**	**4.4**
M3-M2 (= marketable instruments)	7.9	-0.1	2.6	1.6	-2.9	-3.7	-7.6
M3	**100.0**	**2.2**	**2.7**	**3.1**	**3.6**	**3.8**	**3.3**
Credit to euro area residents		**1.2**	**1.4**	**0.9**	**0.5**	**0.3**	**0.4**
Credit to general government		5.3	8.6	9.2	8.3	8.4	5.8
Loans to general government		-4.6	-1.7	1.5	1.9	2.2	-0.4
Credit to the private sector		0.3	-0.3	-1.0	-1.4	-1.6	-0.8
Loans to the private sector		0.7	-0.1	-0.6	-0.8	-0.8	-0.7
Loans to the private sector adjusted for sales and securitisation [2]		1.1	0.4	-0.1	-0.4	-0.5	-0.2
Longer-term financial liabilities (excluding capital and reserves)		**0.4**	**-2.4**	**-4.4**	**-5.2**	**-5.2**	**-5.3**

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.

The annual growth rate of loans to non-financial corporations originated by MFIs increased slightly to -1.3% in December, up from -1.5% in November (see Table 5). This increase was mainly due to the above-mentioned positive base effects and conceals sizeable net redemptions of €22 billion in December 2012. Whereas the loan sales to SAREB by MFIs in Spain, which constituted the bulk of the asset transfers, are not reflected in the figures adjusted for sales and securitisation, transactions

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					
		2012 Q1	2012 Q2	2012 Q3	2012 Q4	2012 Nov.	2012 Dec.
Non-financial corporations	**41.8**	**0.7**	**0.1**	**-0.8**	**-1.9**	**-1.9**	**-2.3**
Adjusted for sales and securitisation [2]	-	*0.9*	*0.3*	*-0.5*	*-1.4*	*-1.5*	*-1.3*
Up to one year	25.0	0.6	0.1	-0.6	-1.7	-2.0	0.2
Over one and up to five years	17.5	-3.1	-2.6	-3.2	-4.5	-4.5	-5.3
Over five years	57.5	2.0	1.0	0.0	-1.1	-1.0	-2.4
Households [3]	**48.3**	**1.2**	**0.4**	**0.2**	**0.4**	**0.4**	**0.5**
Adjusted for sales and securitisation [2]	-	*1.9*	*1.4*	*1.0*	*0.8*	*0.8*	*0.7*
Consumer credit [4]	11.5	-1.8	-2.1	-2.4	-2.9	-2.9	-2.9
Lending for house purchase [4]	72.9	1.8	0.9	0.8	1.2	1.2	1.3
Other lending	15.6	0.9	0.2	-0.7	-0.7	-0.7	-0.6
Insurance corporations and pension funds	**0.8**	**-3.1**	**-5.4**	**-9.1**	**-4.1**	**-4.4**	**-2.0**
Other non-monetary financial intermediaries	**9.1**	**-1.8**	**-3.4**	**-2.8**	**-1.5**	**-1.7**	**0.7**

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.

related to the transfer of fixed assets contributed to the negative flows of loans to non-financial corporations. The annual growth rate of loans to households originated by MFIs remained broadly unchanged, at 0.7% in December. The monthly flow was slightly negative as the positive flows observed in lending for house purchase and consumer credit were not strong enough to offset the outflows registered in other lending. An analysis of savings, investments and financing broken down by sector for the third quarter of 2012 is presented in Box 4.

All in all, looking beyond the effects of the restructuring of the Spanish banking system in December, loan growth in the euro area remains subdued. While the profile of loans to the non-financial private sector is in line with past regularities based on the state of the business cycle, both demand and supply factors are weighing on the pace of loan growth, with significant heterogeneity across countries. The current economic slowdown and persisting high uncertainty are weakening the demand for bank loans. At the same time, the segmentation of financial markets, while receding in recent months, is also curbing credit growth. Finally, the need to reduce household and corporate indebtedness in a number of countries is also dragging down loan growth. Indeed, the latest bank lending survey confirms that risk perceptions and low demand for loans were among the factors weighing on MFI lending growth (see Box 2).

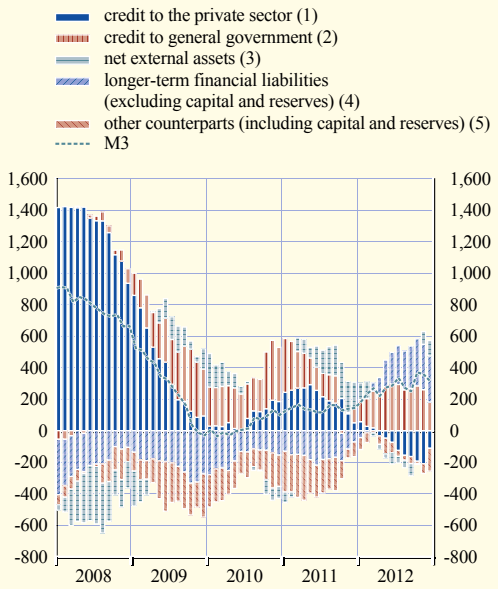
The annual growth rate of longer-term financial liabilities (excluding capital and reserves) remained negative in December 2012 at -5.3%, after -5.2% in November. Long-term deposits registered a further monthly outflow in December, mostly reflecting the unwinding of past securitisations. The annual net issuance of long-term debt securities by euro area MFIs showed a recovery but remained negative. This suggests that banks have been able to satisfy their funding needs either with the liquidity received through the two three-year longer-term refinancing operations (LTROs) or by strengthening their deposit base. It also reflects lower funding needs by some banks as a result of deleveraging. Finally, capital and reserves were affected by the restructuring of the Spanish banking system.

The net external asset position of euro area MFIs increased by €23 billion in December, reflecting the third consecutive capital inflow (see Chart 6). This brings the cumulated inflow in the second half of 2012 to €143 billion, compared to a cumulated outflow of €96 billion between October 2011, when the negative trend in net external assets began, and June 2012. Overall, latest developments in net external assets are in line with other indicators, suggesting a return of confidence in the euro area and the euro in recent months.

Overall, data up to December confirm that the underlying dynamics of money and credit growth remain subdued. Demand conditions explain much of the current weakness in MFI lending,

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.

although constraints on the supply side weigh on credit growth in a number of euro area countries. At the same time, the latest monetary data continue to point to receding financial segmentation in the euro area, in particular with regard to bank funding. This was visible in a further increase in the MFI net external asset position, the continued rebalancing of funding flows between the largest euro area countries, and a further strengthening of the deposit base in a number of stressed countries. All of these factors allowed a further reduction in excess central bank liquidity.

Box 2

THE RESULTS OF THE EURO AREA BANK LENDING SURVEY FOR THE FOURTH QUARTER OF 2012

This box summarises the main results of the euro area bank lending survey for the fourth quarter of 2012, which was conducted by the Eurosystem between 14 December 2012 and 10 January 2013.[1] For the euro area as a whole, the net tightening of banks' credit standards on loans to enterprises was broadly stable in the fourth quarter of 2012, as compared with the previous survey round. By contrast, the net tightening of credit standards for both housing and consumer loans increased over the same period.

Among the factors underlying these developments, the impact of the general economic outlook and of industry-specific risks on the net tightening of loans to enterprises remained high, while risk perceptions made the largest contribution to the increase in the net tightening of credit standards on loans to households. The impact of banks' cost of funds and balance sheet constraints on the net tightening of credit standards remained broadly unchanged, in the case of loans to both enterprises and households.

As regards demand for loans to enterprises, euro area banks continued to report a pronounced net decline, although the balance was broadly unchanged from the previous survey round. According to reporting banks, the net decline in corporate demand was mainly driven by the substantial negative impact of fixed investment on the financing needs of firms. The ongoing net decline in demand for loans to households for house purchase and for consumer credit abated in the fourth quarter of 2012.

For the first quarter of 2013 survey participants expect a similar degree of net tightening of credit standards for loans to enterprises, and a decrease for loans to households for both house purchase and consumer credit. At the same time, euro area banks expect a less pronounced net decline in corporate demand, but a more pronounced net decline in the demand for loans for house purchase.

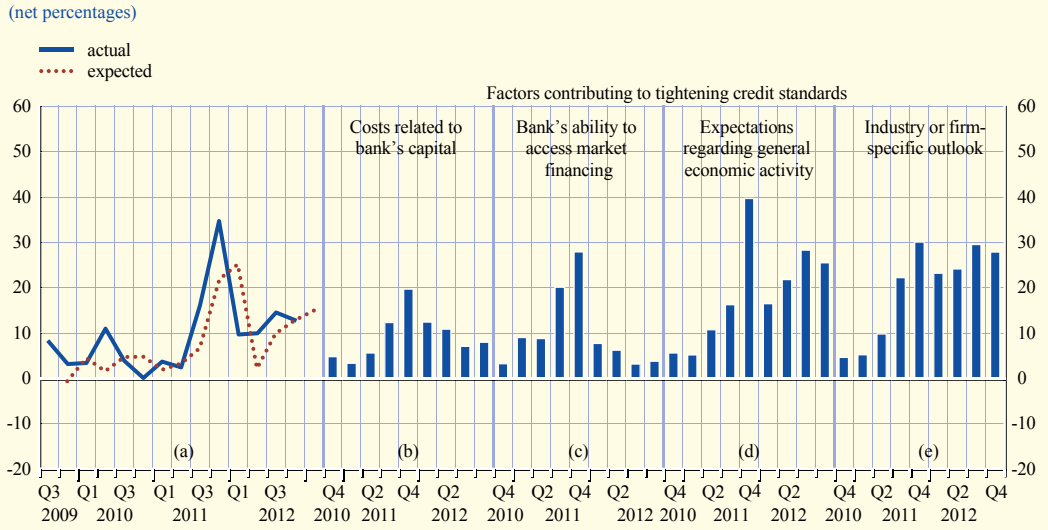
Loans and credit lines to enterprises

In the fourth quarter of 2012 the net percentage[2] of banks reporting a tightening of credit standards on loans and credit lines to enterprises remained broadly unchanged (at 13%, compared with 15%

1 The cut-off date of the survey was 10 January 2013. A comprehensive assessment of its results was published on the ECB's website on 30 January 2013.

2 The reported net percentage refers to the difference between the proportion of banks reporting that credit standards have been tightened and the proportion of banks reporting that they have been eased. A positive net percentage indicates that banks have tended to tighten credit standards ("net tightening"), whereas a negative net percentage indicates that banks have tended to ease credit standards ("net easing").

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



Notes: In panel (a), the net percentages refer to the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably". The net percentages for the questions related to the factors are the difference between the percentage of banks reporting that the given factor contributed to tightening and the percentage reporting that it contributed to easing. "Realised" values refer to the period in which the survey was conducted. "Expected" values refer to the expected changes over the next three months.

in the previous quarter; see Chart A). This development was in line with banks' expectations three months earlier (13%). In the last quarter of 2012 the net tightening of credit standards remained relatively stable across maturities and borrowers. More specifically, euro area banks reported a net tightening of credit standards on loans to small and medium-sized enterprises (SMEs) and large firms of 12% and 15% respectively (compared with 11% and 17% in the third quarter of 2012). They reported a net tightening of credit standards for both short and long-term loans, at 10% and 15% (compared with 11% and 14% respectively in the previous survey round).

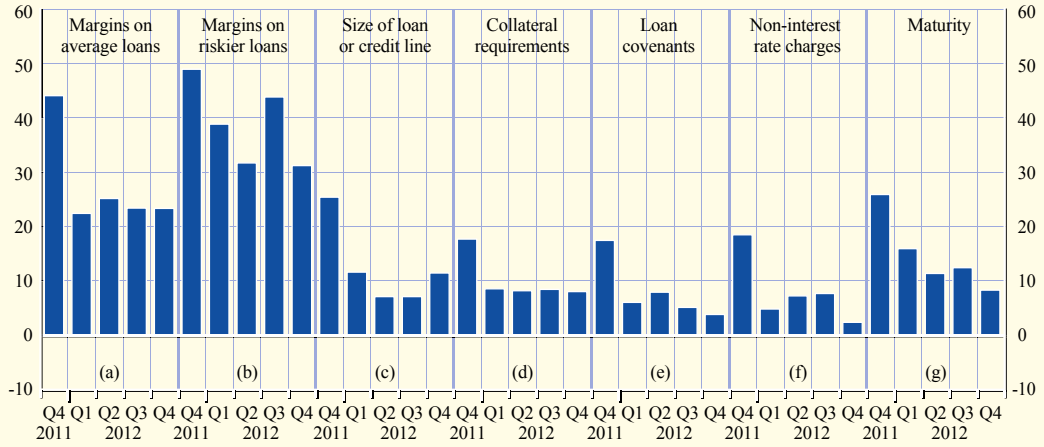
Looking at the underlying factors, the net percentage of euro area banks reporting that cost of funds and balance sheet constraints had contributed to a tightening of credit standards remained broadly unchanged in the fourth quarter of 2012. More specifically, marginal increases were reported as regards the costs related to banks' capital positions (8%, compared with 7% in the third quarter of 2012) and their access to market funding (4%, after 3% in the previous quarter). Similarly, the impact of risk perceptions on the tightening of credit standards was stable, though relatively high. Finally, competitive pressures from other banks led to a slight tightening of credit standards in the fourth quarter of 2012 (1%, compared with -3% in the third quarter of 2012).

The broadly stable net tightening of credit standards in the fourth quarter of 2012 was reflected in the developments in most lending terms and conditions (see Chart B). In particular, margins on average loans and collateral requirements changed very little compared with the previous survey round. At the same time, the widening of margins on riskier loans declined (31%, down from 44%), suggesting a less pronounced degree of risk-related price differentiation by banks.

Looking ahead, on balance, euro area banks expect a similar degree of net tightening of credit standards for loans to enterprises in the first quarter of 2013 (15%). The net tightening of credit standards is also expected to remain broadly unchanged for loans to both SMEs

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

(net percentages of banks reporting tightening terms and conditions)



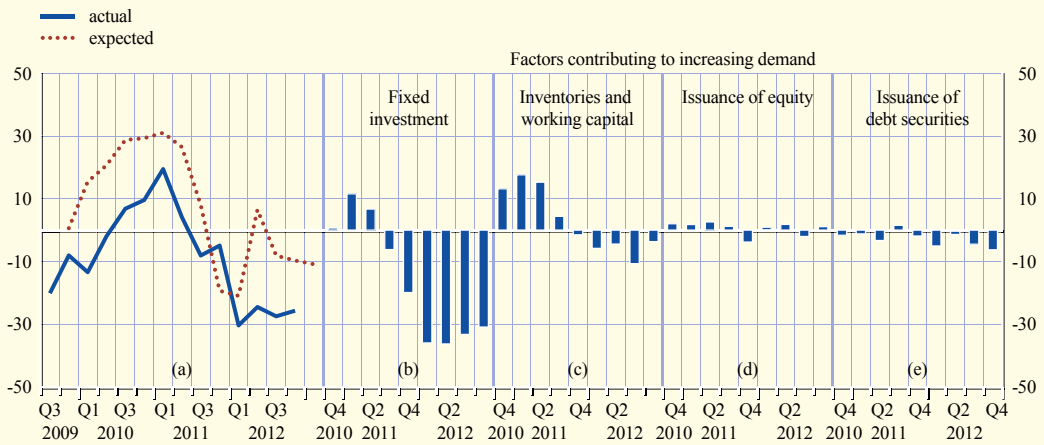
Note: The net percentages refer to the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

(10%, compared with 12% in the fourth quarter of 2012) and large firms (13%, after 15% in the fourth quarter of 2012). In the case of short-term loans, the net tightening of credit standards is expected to moderate in the first quarter of 2013 (3%, compared with 10% in the fourth quarter of 2012), while it is expected to increase somewhat for long-term loans (to 18%, after 15% in the fourth quarter of 2012).

In the fourth quarter of 2012 the net decline in the demand for corporate loans remained broadly unchanged compared with the previous survey round (at -26%, after -28%; see Chart C).

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

(net percentages)



Notes: In panel (a), the net percentages refer to the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". The net percentages for the questions related to the factors are the difference between the percentage of banks reporting that the given factor contributed to an increase in demand and the percentage reporting that it contributed to a decline. "Realised" values refer to the period in which the survey was conducted. "Expected" values refer to the expected changes over the next three months.

However, the decline was stronger than expected by respondents in the previous survey round (-10%). Moreover, the net decline in the demand for loans appears to have been relatively similar for large firms and for SMEs (-27% and -23% respectively), but stronger for long-term loans than for short-term loans (-30% and -16% respectively).

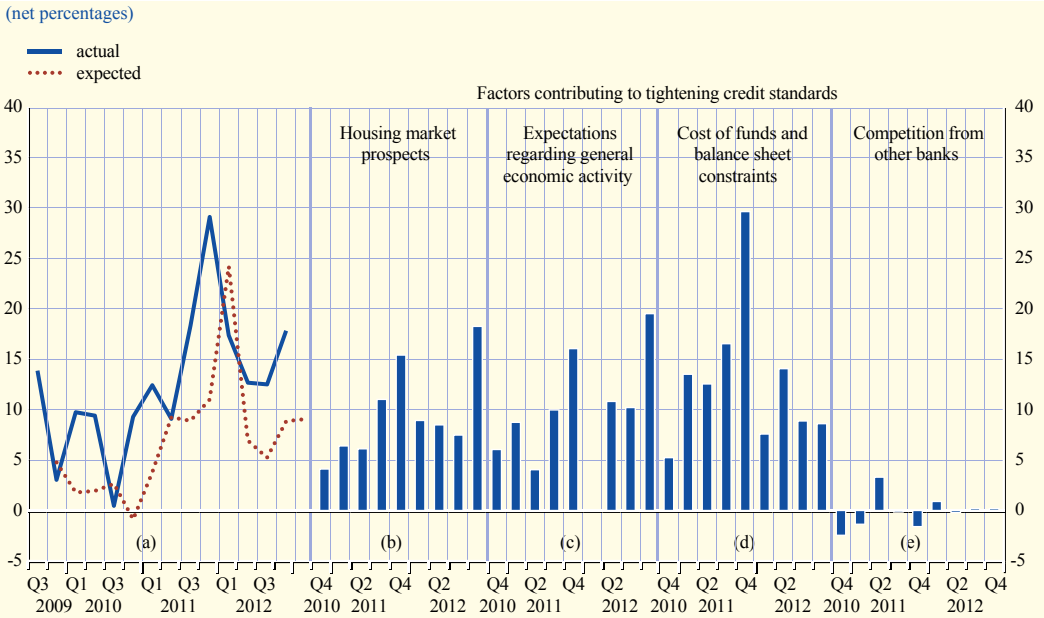
According to survey participants, the fall in net demand was mainly driven by a substantial negative impact from reduced financing needs for fixed investments (to -31%, from -33%) and mergers and acquisitions (to -15%, from -17%). Inventories and working capital continued to contribute to a decrease in loan demand, but to a lesser extent (-4%, after -11% in the third quarter of 2012). The use of other external sources of finance also contributed to the pronounced net decline in demand for loans, although issuance of equity made a positive contribution (1%, after -2% in the third quarter of 2012).

Looking ahead, banks expect a considerably smaller net decline in the demand for corporate loans in the first quarter of 2013 (-11%). The net decline in demand is expected to apply to a similar extent to large firms and to SMEs (-9% and -8% respectively) and to affect long-term loans (-12%) more markedly than short-term loans (0%).

Loans to households for house purchase

In the fourth quarter of 2012 the net percentage of banks reporting a tightening of credit standards for loans to households for house purchase increased to 18%, from 13% in the third quarter (see Chart D). This development was more pronounced than had been anticipated in the previous survey round. According to survey participants, the increase in net tightening in the fourth quarter was mainly driven by worsened expectations regarding the general economic

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



Note: See notes to Chart A.

outlook (20%, up from 10%) and housing market prospects (18%, up from 8%). As in the case of corporate loans, pressures from cost of funds and balance sheet constraints remained broadly unchanged (at 9%). Competitive pressures were reported to have remained neutral.

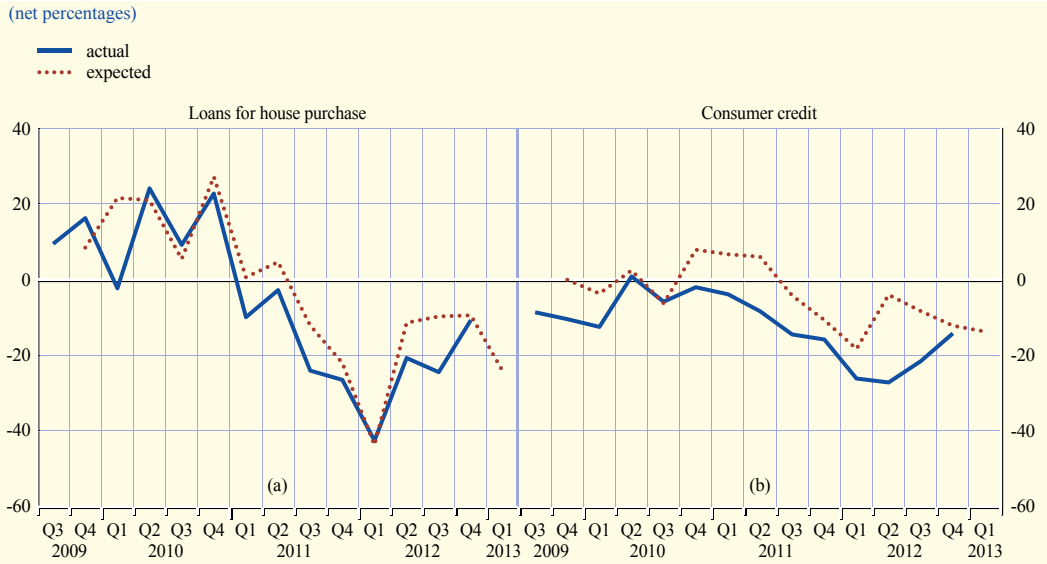
Terms and conditions for housing loans exhibited mixed behaviour across price and non-price categories in the fourth quarter of 2012. While margins on average loans declined (8% in net terms, down from 14%), margins on riskier loans increased (24%, up from 19%). In addition, responses regarding non-price terms and conditions pointed to a tightening with regard to collateral requirements and loan maturity, and some moderation for the loan-to-value ratio (4%, down from 8%).

Looking ahead, banks expect a somewhat lower degree of net tightening of credit standards for loans for house purchase (9%) for the first quarter of 2013.

With regard to loan demand, euro area banks reported a less pronounced contraction in net terms in the demand for housing loans (-11%, compared with -25% in the third quarter of 2012; see Chart E). While the contribution of housing market prospects remained broadly unchanged (at -13%, from -14% in the third quarter of 2012), the contribution of consumer confidence to the net decline in demand moderated somewhat (-20%, compared with -23% in the third quarter of 2012). By contrast, the use of household savings as an alternative source of finance contributed somewhat more strongly to the net decline in demand for housing loans (to -15%, from -9% in the third quarter of 2012).

Looking ahead, banks expect a further net decline in the demand for housing loans (-25%) for the first quarter of 2013.

Chart E Changes in demand for loans to households for house purchase and consumer credit



Notes: The net percentages refer to the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". "Realised" values refer to the period in which the survey was conducted. "Expected" values refer to the expected changes over the next three months.

Consumer credit and other lending to households

For the fourth quarter of 2012 euro area banks reported an increase in the net tightening of credit standards (9%, up from 3%; see Chart F). As in the case of housing loans, worsened risk perceptions played a major role in this increase. Expectations regarding general economic activity, the creditworthiness of consumers and the risk on collateral demanded contributed to the tightening in the last quarter of 2012, while pressures emerging from cost of funds and balance sheet constraints on credit standards remained broadly unchanged. With regard to terms and conditions for consumer credit, banks reported, on balance, a broadly stable net tightening of margins on average consumer loans (12%, from 13% in the third quarter of 2012), while they noted an increase in the case of riskier consumer loans (17%, compared with 14% in the third quarter of 2012). In addition, the net tightening of non-price terms and conditions for consumer credit remained broadly unchanged.

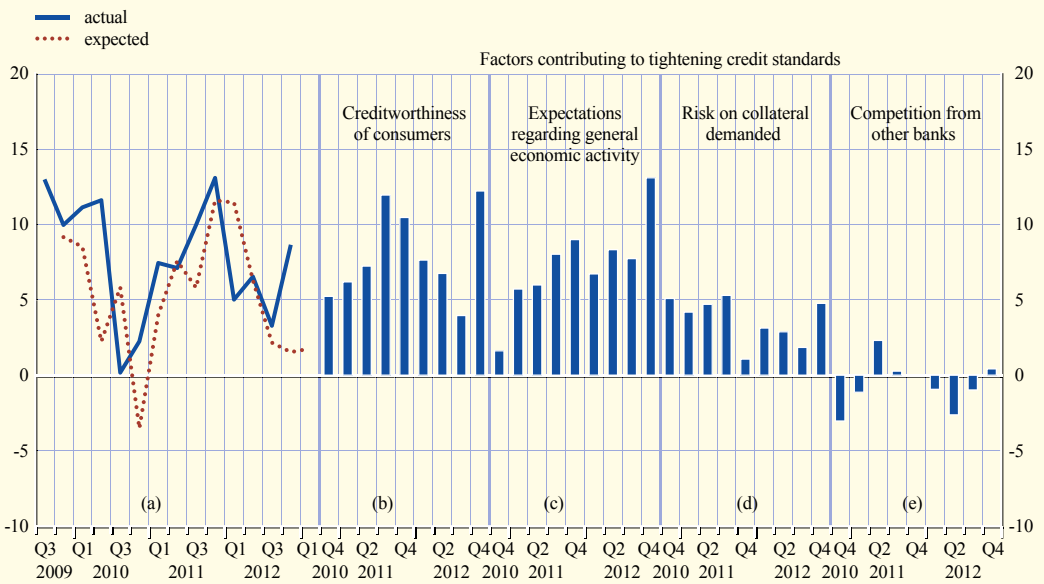
Looking ahead, in net terms, only 2% of banks expect a further tightening of credit standards on consumer credit and other lending to households in the first quarter of 2013.

In the fourth quarter of 2012 the demand for consumer credit continued to decline in net terms, albeit at a slower pace than in the previous round (-14%, after -22% in the previous quarter; see Chart E). This was mainly explained by less household spending on durable goods (-17%, after -18% in the third quarter) and in negative consumer confidence (-22%, unchanged from the previous survey round).

Looking ahead to the first quarter of 2013, banks expect the net decline in demand for consumer credit to be similar to that reported in the fourth quarter of 2012 (-14%).

Chart F Changes in credit standards applied to the approval of consumer credit and other lending to households

(net percentages)



Note: See notes to Chart A.

Ad hoc question on the impact of the financial turmoil

As in previous survey rounds, the January 2013 bank lending survey contained an ad hoc question aimed at assessing the extent to which financial market tensions affected banks' access to retail and wholesale funding markets in the fourth quarter of 2012, and the extent to which they might still have an effect in the first quarter 2013.

On balance, in the fourth quarter of 2012 euro area banks reported a further improvement in their access to retail and wholesale funding across all funding categories compared with the previous quarter (see Chart G). The overall improvement was stronger than expected at the time of the previous survey round and, moreover, is expected to continue in the first quarter of 2013.

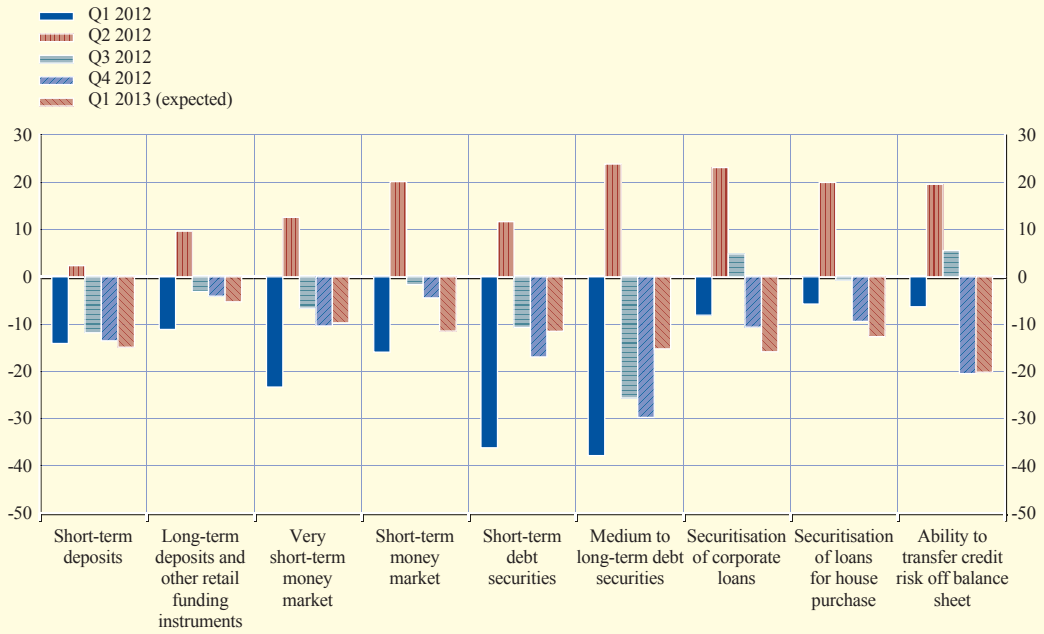
Ad hoc question on the impact of the sovereign debt crisis on banks' funding conditions, credit standards and credit margins

The questionnaire for the January 2013 survey also included – as it had in previous survey rounds – an ad hoc question aimed at assessing the impact of the sovereign debt crisis on banks' funding conditions, their credit standards and, for the first time, their credit margins.

In the context of subsiding financial tensions in most market segments, responses to the January 2013 survey indicated that the impact of sovereign debt tensions on banks' funding conditions abated significantly in the fourth quarter of 2012. On balance, about 1% of survey participants reported that their direct exposure to sovereign debt and the value of sovereign

Chart G Change in the access to funding over the past three months

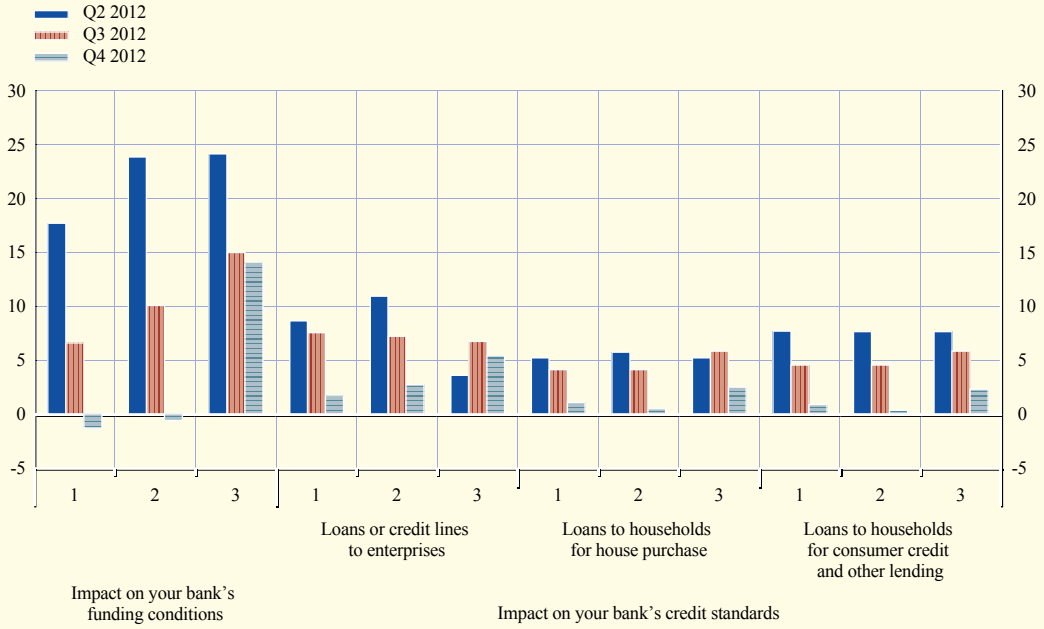
(net percentages of banks reporting deteriorated market access)

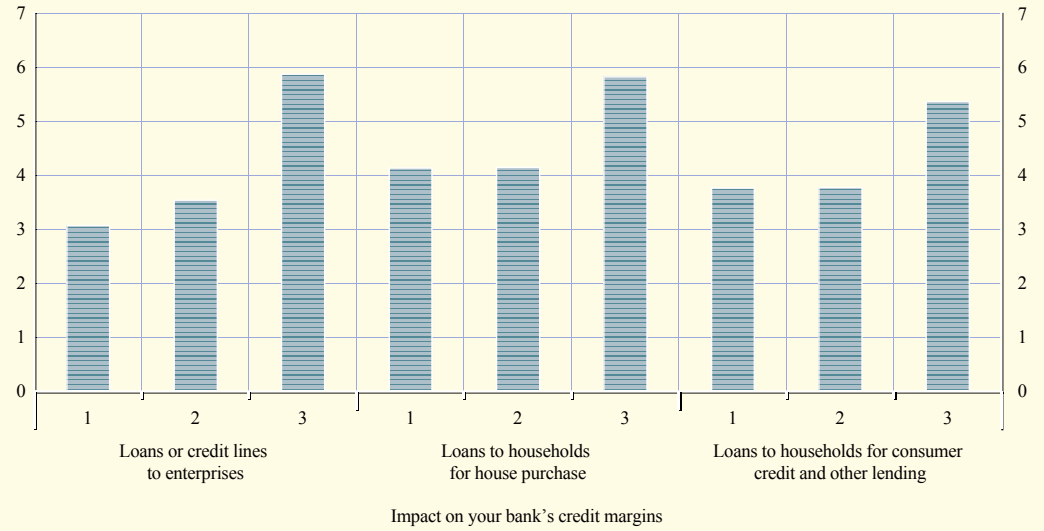


Note: The net percentages are defined as the difference between the sum of the percentages for "deteriorated considerably" and "deteriorated somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

Chart H Impact of the sovereign debt crisis on banks' funding conditions, credit standards and lending margins

(net percentages of banks reporting an impact on funding conditions, on the tightening of credit standards or on the widening of lending margins)





Note: The net percentages are defined as the difference between the sum of the percentages for "contributed to a deterioration of funding conditions/tightening of credit standards/widening of lending margins considerably" and "contributed somewhat" and the sum of the percentages for "contributed to an easing of funding conditions/easing of credit standards/narrowing of lending margins somewhat" and "contributed considerably".

collateral had contributed to an easing in funding conditions (compared with a net tightening impact of 7% and 10% respectively in the third quarter of 2012). The impact of the sovereign debt crisis on banks' credit standards also receded strongly in the last quarter of 2012. The moderation was pronounced and widespread across lending categories and channels of transmission. At the same time, banks reported that the impact of the sovereign debt crisis on their credit margins was somewhat stronger than that on credit standards (see Chart H).

Ad hoc questions on the impact of Capital Requirement Directive IV and other changes in bank regulation[3]

As was the case in the July 2012 round, the questionnaire for the January 2013 survey also included two ad hoc questions aimed at assessing the extent to which the new regulatory capital requirements affected banks' lending policies via the potential impact on their capital positions and the credit standards they apply to loans. For the first time, the January 2013 survey also asked about the impact of the new regulatory requirements on banks' credit margins.

On balance, 32% of the participating euro area banks reported a decline in their risk-weighted assets during the second half of 2012, broadly in line with what they had expected in the July 2012 survey. This adjustment process concerned primarily riskier, as opposed to average, loans and is expected to continue to do so. In addition, the increase in banks' capital positions was less marked than in July last year (24% versus 35%). Moreover, by contrast with the July survey results, in the second half of 2012 the increase in banks' capital positions was driven to a greater extent by the issuance of shares than by retained earnings.

Looking ahead, a lower net percentage of euro area banks plan to reduce their risk-weighted assets in the first half of 2013 than in the second half of 2012 (20%, from 32% in the second half of 2012). At the same time, on balance, more banks intend to increase their capital positions than in the second half of 2012 (39%, from 24% in the second half of 2012).

As regards the effects of the new regulatory requirements on banks' credit standards and lending margins, euro area banks indicated that they tightened their credit standards on loans to both large firms and SMEs in the second half of 2012 (19% and 15% respectively, as opposed to 25% and 8% in the July 2012 round). For loans to households, 11% of the euro area banks in net terms reported a tightening of credit standards on housing loans owing to the new regulatory requirements, while 8% reported a tightening on loans for consumer credit. The impact of regulatory requirements on credit margins was about the same as that on credit standards for each lending category, with the exception of housing loans, where the impact on credit margins was somewhat lower. For the first half of 2013 banks expect some moderation in the net tightening of credit standards for loans to enterprises and households owing to regulatory pressures. At the same time, banks expect to continue tightening their credit margins in the first half of 2013, across all lending categories.

3 See the regulatory requirements set out in Capital Requirement Directive IV (July 2011), which can be found on the European Commission's website (http://ec.europa.eu), as well as those resulting from the European Banking Association and any national regulations concerning banks' capital requirements that have recently been approved or are expected to be approved in the near future.

2.2 SECURITIES ISSUANCE

In November 2012 the annual growth rate of debt securities issued by euro area residents continued to decline slightly, as a result of lower debt issuance in most sectors, with the exception of the non-monetary financial sector. The year-on-year increase in debt securities issued by non-financial corporations, albeit moderating marginally, remained at high levels by historical standards. The annual growth rate of issuance of quoted shares remained stable.

DEBT SECURITIES

In November 2012 the annual growth rate of debt securities issued by euro area residents continued todecline slightly, to stand at 2.9%, compared with 3.2% in the previous month (see Table 6). This further moderation was due to a small decline in the annual growth rate of long-term debt securities issuance (to 3.6%, from 3.8% in October) and to a sharper contraction of short-term debt securities issuance (to -4.0%, from -2.8%). The annualised and seasonally adjusted six-month growth rate of debt securities issued, which better conveys short-term trends, declined somewhat (to 1.2% in November, compared with 1.5% in October), thus remaining at historically low levels. More specifically, short-term issuance dynamics became increasingly negative in the case of non-monetary financial corporations (with the rate of growth falling from -3.7% in October to -5.0% in November), while they consolidated somewhat for MFIs (with the rate of growth improving from -0.6% in October to 0% in November). At the same time, short-term issuance activity in the general government sector slowed down somewhat (from 4.1% in October to 3.6% in November). The annualised and seasonally adjusted six-month growth rate of debt securities issuance by the non-financial corporate sector declined only marginally, remaining at a very high level of 13.3% in November, as compared with 13.4% in the previous month (see Chart 7).

Looking at the maturity structure of debt security issuance, refinancing activity remained concentrated on issuance in the long-term segment, notably at fixed rates. The annual growth rate of issuance of fixed rate long-term debt securities rose further, to 6.0% in November, from 5.7% in October. At the same time, the annual rate of change in issuance of floating rate long-term debt securities decreased further, to -3.8% in November, from -2.2% in the previous month.

Table 6 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) 2012 November	Annual growth rates[1] 2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 October	2012 November
Debt securities	**16,827**	**3.1**	**4.1**	**4.2**	**3.7**	**3.2**	**2.9**
MFIs	5,514	3.3	4.6	3.7	3.6	2.0	1.1
Non-monetary financial corporations	3,265	-1.4	-0.6	2.4	0.9	0.3	0.5
Non-financial corporations	984	5.0	6.7	9.3	10.9	12.6	12.3
General government	7,064	4.9	5.7	4.7	4.3	4.4	4.3
of which:							
Central government	6,368	4.1	4.7	3.8	3.5	3.8	3.9
Other general government	696	13.2	16.7	14.3	12.8	10.8	8.0
Quoted shares	**4,407**	**1.6**	**1.6**	**1.4**	**1.0**	**1.0**	**1.0**
MFIs	396	10.0	10.8	10.1	5.6	5.0	5.5
Non-monetary financial corporations	338	5.2	3.6	3.1	2.9	2.9	2.4
Non-financial corporations	3,673	0.3	0.3	0.3	0.3	0.4	0.4

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

From a sectoral perspective, and on the basis of annual rates of growth, the moderate decrease in debt issuance was broad-based across the MFI sector and, albeit to a lesser extent, across the non-financial corporate sector and general government. For MFIs, in particular, the annual growth rate fell to 1.1%, from 2.0% in the previous month. The annual rate of growth of debt securities issued by non-financial corporations, by contrast, remained robust at a level of 12.3%, slightly down from the level of 12.6% recorded in the previous month. Likewise, the annual growth of public borrowing declined only marginally, to 4.3% in November, from 4.4% in October. Finally, the annual growth rate of debt securities issued by non-monetary financial corporations increased from 0.3% in October to 0.5% in November.

QUOTED SHARES

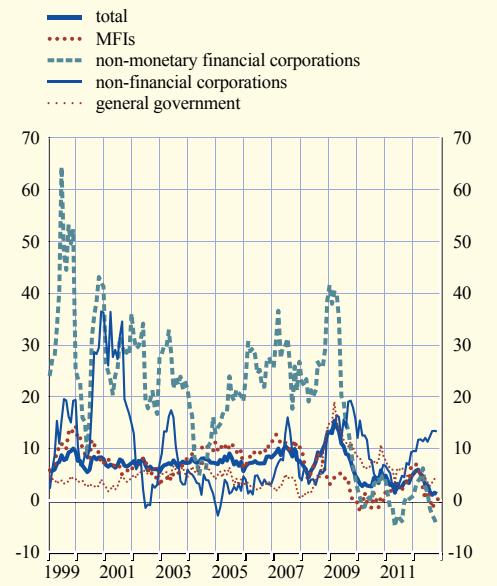
The annual growth rate of quoted shares issued by euro area residents remained stable at 1% in November, reflecting mixed developments in equity issuance across sectors (see Chart 8). In particular, the annual rate of growth in equity issuance by MFIs rose to 5.5%, from 5.0% in October. By contrast, it declined in the case of non-monetary financial corporations (to 2.4%, from 2.9% in the previous month). The annual growth of quoted shares issued by non-financial corporations remained stable at 0.4% in November.

2.3 MONEY MARKET INTEREST RATES

Overnight money market interest rates remained stable between early January and the beginning of February, while the money market yield curve steepened slightly, reflecting expectations of future increases in interest rates in conjunction with the expected evolution of liquidity conditions. In the first maintenance period of 2013, which began on 16 January, the EONIA remained at very low levels, reflecting continuing large amounts of excess liquidity over the period. Interest rates implied by EURIBOR futures rose significantly.

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

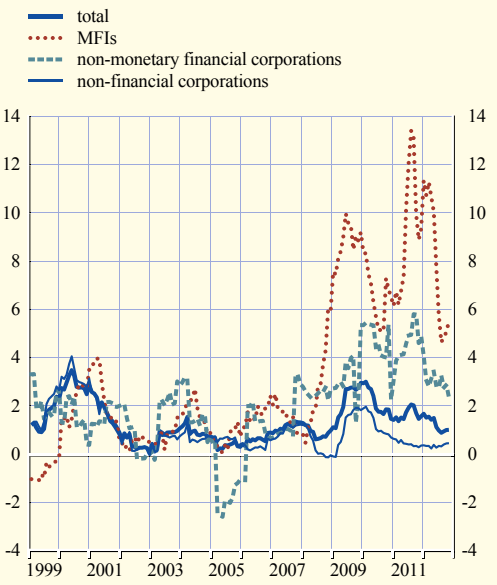
(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

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

(annual growth rates)



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

Unsecured money market interest rates, as measured by the EURIBOR, increased between early January and early February 2013, especially at longer maturities. On 6 February the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.12%, 0.23%, 0.38% and 0.62% respectively – i.e. 1, 4, 5 and 6 basis points higher than the levels observed on 9 January. Consequently, the spread between the twelve-month and the one-month EURIBOR – an indicator of the slope of the money market yield curve – slightly increased to 49 basis points on 6 February compared to 44 basis points on 9 January (see Chart 9).

The three-month EONIA swap rate stood at 0.12% on 6 February, 5 basis points higher than on 9 January. The spread between the three-month EURIBOR and the three-month EONIA swap rate consequently decreased to 11 basis points.

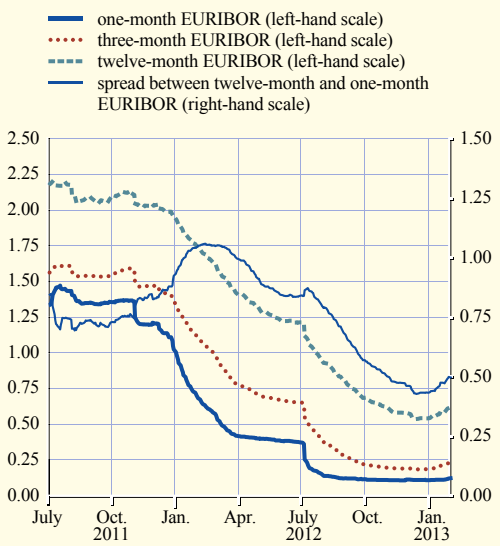
The interest rates implied by the prices of three-month EURIBOR futures maturing in March, June, September and December 2013 increased by 8, 15, 20 and 25 basis points respectively in comparison to the levels seen on 9 January, to stand at 0.27%, 0.34%, 0.42% and 0.50% on 6 February.

Between 9 January and the end of the twelfth maintenance period of 2012 on 15 January, the EONIA remained stable at around 0.07%, amid continued excess liquidity. In the maintenance period starting on 16 January, the EONIA continued to stand on average at 0.07% (see Chart 10).

Between 9 January and 6 February the Eurosystem conducted several refinancing operations. In the main refinancing operations of the first maintenance period of 2013, which were conducted on 15, 22 and 29 January and 5 February, the Eurosystem allotted €131.2 billion, €125.3 billion, €124.1 billion and €129.3 billion respectively. The Eurosystem also conducted two longer-term refinancing operations (LTROs) in January, both as fixed rate tender procedures with full allotment, namely a special-term refinancing operation with a maturity of one maintenance period on

Chart 9 Money market interest rates

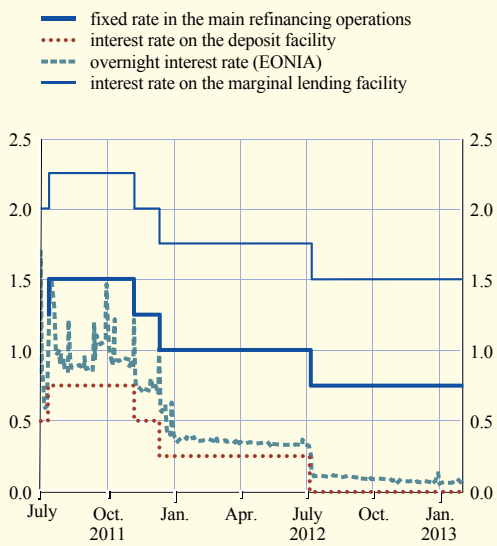
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

Chart 10 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

15 January (in which €10.5 billion was allotted) and a three-month LTRO on 30 January (in which €3.7 billion was allotted). Moreover, since 30 January counterparties have the option to voluntarily repay before maturity, on a weekly basis, funds borrowed in the three-year LTRO allotted on 21 December 2011. As of 1 February, €140.6 billion was repaid (see Box 3).

The Eurosystem also conducted four one-week liquidity-absorbing operations as variable rate tender procedures with a maximum bid rate of 0.75% on 15, 22 and 29 January and 5 February. With these operations, the Eurosystem fully absorbed the liquidity associated with bond holdings under the Securities Markets Programme.

After reaching historical record levels during the second quarter of 2012, excess liquidity further declined during the first maintenance period (from €621.4 billion to €558.4 billion). This development mainly reflected the start of repayments of the first three-year LTRO funds on 30 January. While average daily recourse to the deposit facility decreased to €191.9 billion, from €238.4 billion in the previous maintenance period, current accounts in excess of reserve requirements decreased on average from €383 billion to €366.5 billion.

Box 3

EARLY REPAYMENT OF FUNDS RAISED THROUGH THREE-YEAR LONGER-TERM REFINANCING OPERATIONS: ECONOMIC RATIONALE AND IMPACT ON THE MONEY MARKET

This box recalls the modalities for the early repayment of funds raised through three-year longer-term refinancing operations (LTROs) and discusses both the economic rationale for early repayment decisions and the impact of early repayment on euro area money markets.

As part of the non-standard measures aimed at both forestalling a curtailment of credit and ensuring that the ECB's monetary policy would be transmitted effectively to the real economy, the ECB decided, as announced on 8 December 2011, to conduct two additional LTROs, each with a maturity of three years. The first of these operations was settled on 22 December 2011, and the second on 1 March 2012. In order to increase the attractiveness of the operations, counterparties were given the option to repay the amounts obtained from the Eurosystem, either in part or in full, on a weekly basis starting after approximately one year. In conjunction with the feature of the interest rate being indexed, over the life of the respective operation, to the average rate for main refinancing operations (MROs), the three-year LTROs could thus be considered, from the perspective of Eurosystem counterparties, as being equivalent to two one-year operations with an option to extend their maturity to up to three years.

The difficult funding situation faced by many euro area banks at the time the operations were conducted and the interest rate of the operation, which was attractive in comparison with corresponding prevailing market rates, e.g. those for three-year secured lending, together with the optional features,[1] led to significant demand in both operations. The first operation attracted bids from 523 counterparties, for around €489.2 billion (including transfers of €45.7 billion from

1 See the box entitled "Impact of the two three-year longer-term refinancing operations" in *Monthly Bulletin*, ECB, March 2012.

the one-year LTRO allotted in October 2011). The volume of the second operation was even larger, attracting bids from 800 counterparties, for around €529.5 billion. Overall, the allotments in both operations resulted in a net increase of around €480 billion in the Eurosystem's liquidity provision.

How does early repayment work?

Counterparties have the option to repay any part of the amounts they have been allotted in the operations, on any day that coincides with the settlement day of an MRO. Counterparties must inform their respective national central bank, giving one week's notice, of the amount they wish to repay. The first three-year LTRO could be repaid as of 30 January 2013 and the second as of 27 February 2013. At 12 noon on the last business day of each week, the ECB announces the total amount that will be repaid and the number of counterparties repaying each LTRO in full or in part is published the following week.

In line with this procedure, counterparties had a first opportunity on 30 January to return the funds they had obtained in the first three-year operation. On Friday, 25 January, the ECB announced the sum total of all intended repayments: 278 counterparties opted to repay €137.2 billion.[2] One week later, on 6 February, an additional €3.5 billion was returned by 27 counterparties.

Economic factors behind early repayment decisions

There are various factors that drive counterparties' decisions to pay back three-year LTRO funds early. The most important is that euro area banks' access to funding markets has improved considerably since December 2011, even though funding conditions continue to vary across jurisdictions. Many euro area credit institutions are again able to place senior unsecured and secured bonds in the market, as is evidenced by the significant increase in issuance activity in the second half of 2012. The widespread funding uncertainty prevailing a year ago, which had prompted a large-scale precautionary take-up of the longer-term funding, has diminished considerably in the meantime. Banks' decisions to pay three-year LTRO funds back at this point in time are also driven by the following general factors. First, a widespread tendency to return to a more conservative funding model has led to a reduced overall reliance on funding raised on capital markets and to a relative increase in funding sources that are deemed to be more stable, such as retail deposits. Second, euro area banks are still in the midst of a process of balance sheet adjustment, which is generally associated with less rapid growth, or even a decline of the size of balance sheets, thereby reducing their funding needs.[3] Third, some counterparties appear to have opted for early repayment to signal improvements in their individual funding conditions.

Bank refinancing costs are highly bank-specific and are also, as long as financial market fragmentation persists, driven by country-specific factors. Currently, the cost of 75 basis points for three-year funds still remains very attractive for a large proportion of the euro area credit institutions. For example, the yield on the bulk of euro area bank bonds in the two-year segment is typically in the range of between 1% and 3%. However, not least following recent improvements

2 See the ECB's website at www.ecb.europa.eu, or the ECB's pages on Bloomberg and Reuters.
3 See, for example, Special Feature A, entitled "EU bank deleveraging – driving forces and strategies", in *Financial Stability Review*, ECB, June 2012.

in banks' funding conditions, a sizeable proportion of the euro area banks is currently able to refinance at conditions that are more favourable than those offered by the three-year LTROs. Overall, as refinancing through the outstanding LTROs remains more attractive than that through market-based funding for large parts of the euro area banking system, the pace of further early repayments should be limited.

Impact on euro area money markets

Since the introduction of fixed rate tenders with full allotment in October 2008, short-term money market rates in the euro area have been influenced by varying degrees of excess liquidity. The fixed rate full-allotment procedure allows banks to obtain as much funding as they desire in all liquidity-providing operations of the Eurosystem. Banks' aggregate demand for central bank liquidity usually exceeds their aggregate liquidity needs as it also includes, among other elements, a precautionary reserve against liquidity shocks. The emergence of such reserve holdings, which replace a fully functioning interbank money market, leads to excess liquidity, defined as the amount of central bank reserves demanded by banks in excess of their needs, which are given by reserve requirements and autonomous factors. These precautionary holdings become particularly pronounced when banks face widespread funding stress.

Excess liquidity can also be considered to be a shift in the probability of each individual bank ending the day with recourse to the deposit facility – rather than with no net recourse to the standing facilities in the case of balanced liquidity conditions. Thereby, excess liquidity causes short-term money market rates to decline and, with the increasing probability of end-of-day recourse to the deposit facility, to also approach the interest rate on the latter. More specifically, large amounts of excess liquidity have caused the average level of short-term money market rates to be set at a small margin above the deposit rate, i.e. significantly below the interest rate applied in MROs.

The large allotment volumes of the two three-year LTROs resulted in the level of excess liquidity rising to around €775 billion in the maintenance period of March 2012, up from €258 billion during the maintenance period of November 2011. Therefore, the two three-year LTROs can be considered to have been a key driver of excess liquidity since December 2011. The increase in excess liquidity, in turn, was associated with overnight rates trading very close to the rate of the deposit facility (see Chart A below for a scatter plot showing the relationship between the EONIA and the level of excess liquidity per maintenance period).

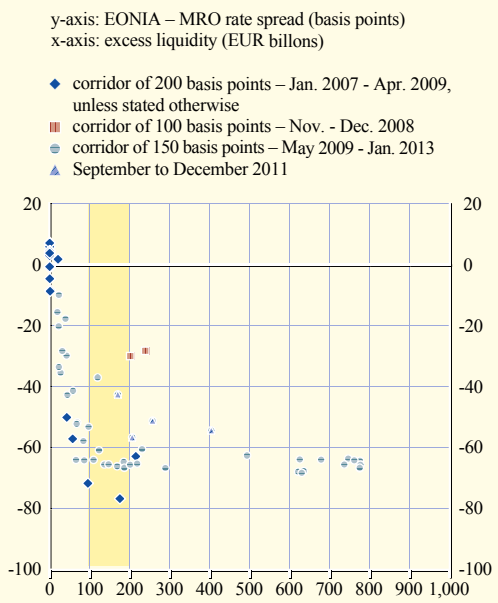
Each point in Chart A represents the average amount of excess liquidity, as well as the associated average spread between the EONIA and the MRO rate in a given maintenance period over the period from January 2007 to January 2013. The spread between EONIA and the MRO rate is bounded by the width of the interest rate corridor, as the EONIA should normally not exceed the rate on the marginal lending facility, nor should it trade below the rate on the deposit facility. For this reason, it is important to consider the prevailing width of the interest rate corridor in each maintenance period, and the observations have been marked accordingly.

The relationship between the level of excess liquidity and the EONIA depends on several factors that go beyond the pattern presented in Chart A. For example, the degree of money market segmentation has an upward influence on the threshold from which the EONIA starts to trade at levels very close to the deposit facility rate. The higher the money market segmentation

(or the higher the financial market stress), the higher is this threshold. This can be seen in Chart A, from the maintenance periods throughout the fourth quarter of 2011. During that period, euro area financial markets were subject to particularly severe stress, leading to a situation in which, even with rather high levels of excess liquidity, the EONIA traded at a higher margin over the deposit rate than would otherwise have been the case in periods of lower financial stress.

In general, it holds that once excess liquidity passes a certain threshold, very short-term money market rates essentially move in parallel with the rate of the deposit facility. A visual assessment of the distribution in Chart A would place this threshold somewhere between €100 and €200 billion (shaded in yellow).

Chart A Relationship between the EONIA-MRO spread and average excess liquidity per maintenance period



Source: ECB.

Moreover, the relationship depends on expected levels of excess liquidity in the period under consideration, because the minimum reserve averaging-provision links the days of every maintenance period to each other. Furthermore, the allotment of the two three-year operations led to a significant decline in forward EONIA rates across a wide range of maturities, as it affected market expectations of future levels of excess liquidity, given the "lock-in" of sizeable amounts of excess liquidity for a period of at least one year.

The early repayments of three-year LTRO funds has reduced excess liquidity to some extent and may contribute to a further reduction of expectations of excess liquidity. However, repayment volumes remain too low to significantly affect short-term money market interest rates at present.

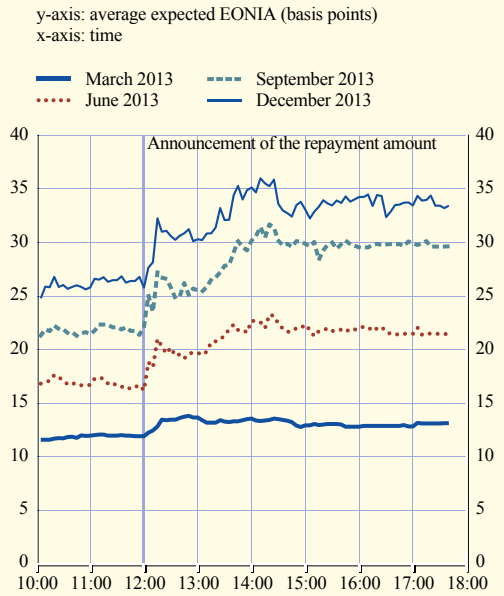
Average expected EONIA rates in the months ahead rose sharply after the announcement of the first repayments on 25 January 2013 (see Chart B). The pronounced market reaction suggests that a scenario is starting to be priced into forward short-term money market rates in which excess liquidity could decline towards the threshold values associated with rising short-term money market rates.

There are, however, several factors that speak against such a scenario of sharply increasing short-term money market rates. First of all, current levels of excess liquidity remain rather high. Significant additional repayment flows would be needed for tangible effects on short-term money market rates to materialise. However, market expectations of future repayment flows are still below those that would be required to trigger significant upward moves in very short-term money market rates. Second, the fixed rate tender procedure will remain in place for all operations at least until June

this year. This should contribute to smoothing increases in short-term money market rates that are due to spikes in repayment volumes. Finally, significant repayment volumes are likely to be linked to further improvements in financial market conditions. Such improvements reduce the level of excess liquidity needed to closely align short-term money market rates with the rate on the deposit facility. Thus, improving financial market conditions should, all other things being equal, lead to lower short-term money market rates for any given level of excess liquidity.

To sum up, counterparties have so far repaid €140.6 billion of the €489.2 billion obtained in the first of the two three-year LTROs. These amounts reflect continued improvement in financial market confidence. Repayments are provided for in the modalities of the three-year LTROs and are at the discretion of the counterparties, who must appropriately assess their funding situation, their ability to provide new loans to the economy and their resilience to shocks. The ECB will closely monitor conditions in the money market and their potential impact on the stance of monetary policy, which will remain accommodative with the full allotment mode of liquidity provision.

Chart B Average expected EONIA rates, by maintenance period, around the time of the announcement of the first repayment on 25 January



Sources: Reuters and ECB calculations.

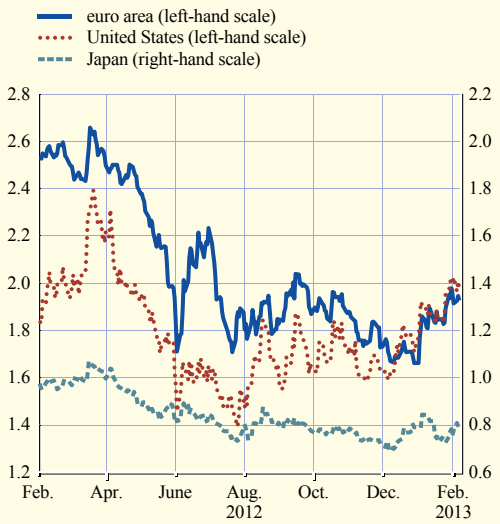
2.4 BOND MARKETS

Between 2 January and 6 February, yields on AAA-rated euro area long-term government bonds and US long-term government bond yields rose by 16 and 12 basis points respectively. For most of the review period, market sentiment was positive, driven by several factors such as the strong demand observed at recent auctions for the sovereign debt of some of the euro area countries under financial stress, the temporary agreement on the fiscal debt ceiling in the United States and the early repayments of funds raised through the three-year longer-term refinancing operations conducted by the ECB one year ago. However, towards the end of the period under review, market sentiment reversed somewhat amid a perceived increase in uncertainty in some euro area countries. Uncertainty about future bond market developments, as measured by implied bond market volatility, increased slightly. Market-based indicators continue to suggest that inflation expectations remain firmly anchored in line with price stability.

Between 2 January and 6 February, AAA-rated long-term euro area government bonds and US long-term government bond yields increased by 16 and 12 basis points respectively. Consequently, the nominal interest rate differential between ten-year government yields in the United States and those in the euro area narrowed by around 4 basis points (see Chart 11). Yields on Japanese sovereign long-term bonds remain broadly unchanged at levels close to 0.8%.

Chart 11 Long-term government bond yields

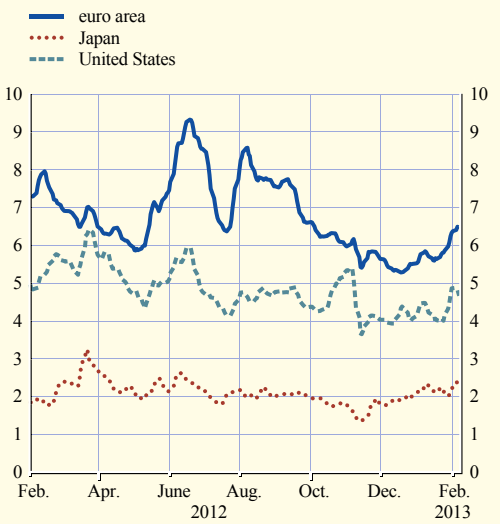
(percentages per annum; daily data)



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, France, Germany and the Netherlands.

Chart 12 Implied government bond market volatility

(percentages; daily data)



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

The reduction of tail-risks in the euro area in the wake of the announcement of Outright Monetary Transactions (OMTs) back in September 2012 continued to affect market sentiment and contributed more recently to attracting investment flows to euro area countries under financial stress. The positive market sentiment was enhanced further by the strong demand observed at recent auctions for the sovereign debt of some euro area countries under financial stress, the temporary agreement on the fiscal debt ceiling in the United States and the early repayment of funds raised through the three-year longer-term refinancing operations conducted by the ECB last year. Market sentiment, however, reversed somewhat towards the end of the period under review, amid a perceived increase in uncertainty in some euro area countries, some negative economic data releases, disappointing earnings announcements by some euro area banks and news of some euro area governments adopting rescue packages for certain private banks. In the United States, positive economic data releases with respect to the labour market and the housing sector were later compensated for by negative economic growth in the fourth quarter of 2012. In Japan, asset prices were boosted by investor expectations of a new asset purchase programme after the announcement of the adoption of an inflation target by the government.

The rise in yields on AAA-rated long-term government bonds was accompanied by a slight increase in investors' uncertainty about short-term bond market developments, as measured by option-implied volatility, which stood at levels close to 7% in the euro area and 5% in the United States on 6 February. Nevertheless, these levels remained low, in line with those prevailing before the sovereign debt crisis.

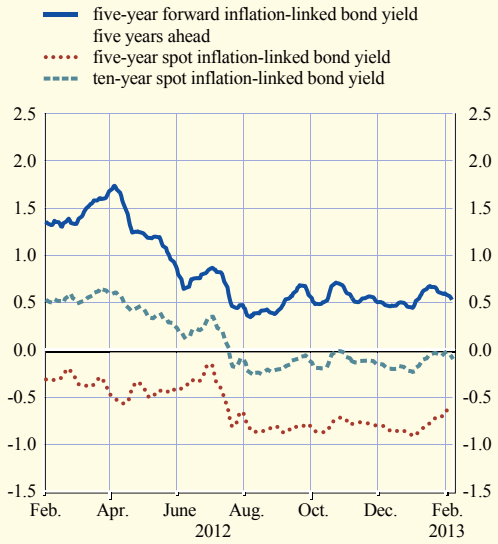
Benchmark yields on bonds issued by euro area sovereigns under financial stress developed along somewhat mixed lines over the period under review. Declines were recorded in Greece, Ireland and Portugal, where yields on long-term government bonds fell by 72, 26 and 11 basis points respectively. By contrast, yields on long term government bonds issued by Italy and Spain increased by 31 and 45 basis points respectively. At the same time, the yields on bonds issued by countries less affected by the sovereign debt crisis rose somewhat.

The real yields on five-year inflation-linked euro area government bonds increased by 20 basis points over the period under review, standing at -0.7% on 6 February, while those on such bonds with a ten-year horizon rose less markedly (by 9 basis points), to stand at close to 0% (see Chart 13). For bonds with maturities of up to ten years, real interest rates in the euro area thus remain negative and continue to reflect investors' perceptions of relatively subdued medium-term growth prospects. As a result, implied forward real interest rates in the euro area (five-year forward five years ahead) decreased slightly, by 3 basis points, to stand at 0.5% on 6 February.

The term structure of short-term forward rates shifted upwards across maturities over the review period, reflecting adjustments of yield expectations and modest improvements in the outlook for economic activity (see Chart 14).

Chart 13 Euro area zero coupon inflation-linked bond yields

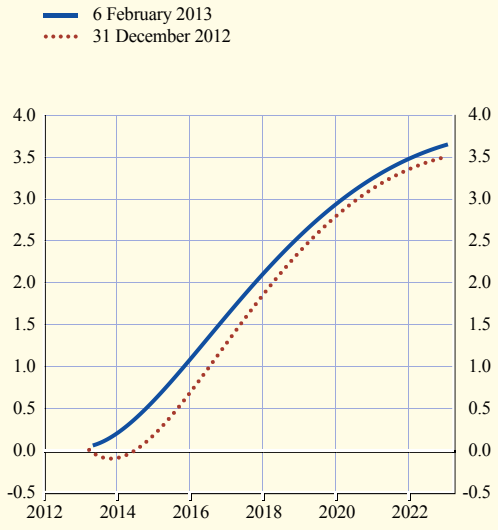
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



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

Chart 14 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.

Where financial market indicators of long-term inflation expectations in the euro area are concerned, the five-year forward break-even inflation rates five years ahead implied by inflation-linked bonds increased somewhat over the period under review, standing slightly above 2.6% on 6 February (see Chart 15). The corresponding inflation swap forward rate rose by 12 basis points, to stand at around 2.4% on the same date. The general improvement in euro area financial market conditions was likewise reflected in euro area inflation-linked government bond markets. In particular, liquidity conditions have improved and some euro area governments have restarted primary market activity in euro area inflation-linked bonds after a long absence. The inflation risk premia priced into index-linked bonds are relatively low by historical standards. Overall, taking into account distortions associated with liquidity premia and inflation risk premia, market-based indicators suggest that inflation expectations remain fully consistent with price stability.

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

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

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

Between 2 January and 6 February, spreads on investment-grade bonds issued by financial corporations in the euro area increased across all rating classes, although most markedly for AAA-rated issues, breaking the trend initiated in the summer of 2012. Spreads on investment-grade bonds issued by non-financial corporations, by contrast, remained broadly unchanged, and thus continued to be slightly higher than the depressed levels observed prior to the financial crisis. In absolute terms, the spreads on bonds issued by lower-rated financial institutions remain almost twice as high as those on bonds of non-financial issuers.

2.5 INTEREST RATES ON LOANS AND DEPOSITS

In December 2012 short-term lending rates on loans to households for house purchase remained unchanged, but those on large loans for non-financial corporations increased. For longer maturities, by contrast, rates on loans to households for house purchase rose, while rates for both small and large-sized loans to non-financial corporations declined. The spreads between rates on small and large loans to non-financial corporations narrowed slightly in the case of longer maturities and more markedly, albeit at elevated levels, in the case of short-term loans.

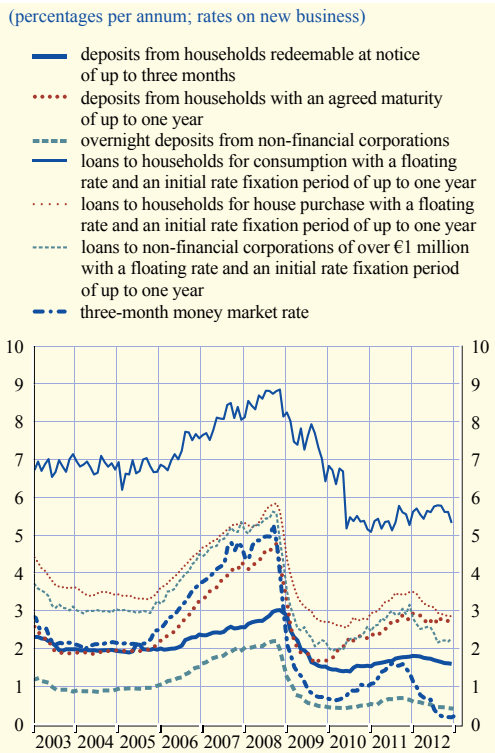
In December 2012 short-term MFI interest rates on deposits changed only marginally, to the upside for non-financial corporations and to the downside for households. Turning to MFI lending rates, short-term interest rates on loans to households for house purchase remained broadly stable at 2.9% in December, but those on consumer credit declined to 5.3%, from 5.6% in November. Where

loans to non-financial corporations are concerned, short-term rates on large loans (i.e. loans of more than €1 million) rose by 9 basis points to stand at 2.3% in December, while they fell by 10 basis points for small loans (i.e. loans of up to €1 million), to 3.8% in the same month (see Chart 16). Accordingly, the spread between short-term rates on small loans to non-financial corporations and the corresponding rates on large loans declined considerably in December, nonetheless remaining at an elevated level of 150 basis points (as compared with an historical average of 100 basis points over the period since 2003). This suggests that financing conditions for small and medium-sized enterprises have improved slightly, but continue to be persistently tighter than those for large firms. In the case of overdrafts, rates for households decreased by, on average, 19 basis points, to 8.2%, while those for non-financial corporations remained unchanged at 3.9%.

Overall, given that the EURIBOR did not change in December 2012, the spread between the three-month money market rate and short-term MFI interest rates on loans to households remained stable at 2.7%, as in the previous month, while that vis-à-vis corresponding rates for non-financial corporations increased by 10 basis points, to 2.1% (see Chart 17).

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

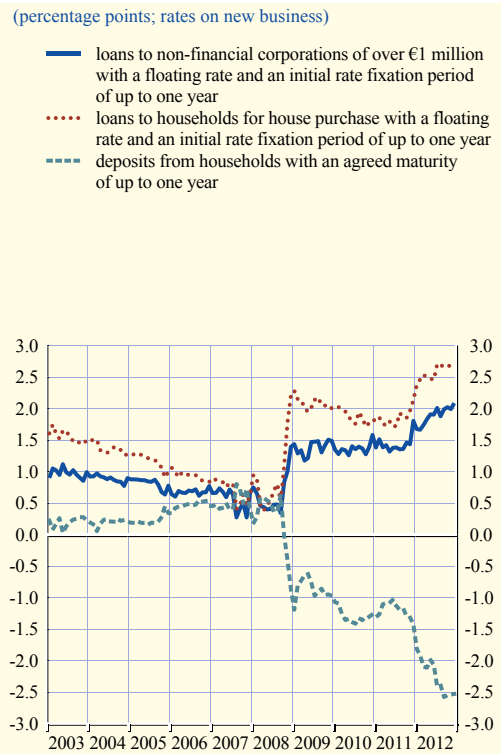
(percentages per annum; rates on new business)



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).

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

(percentage points; rates on new business)

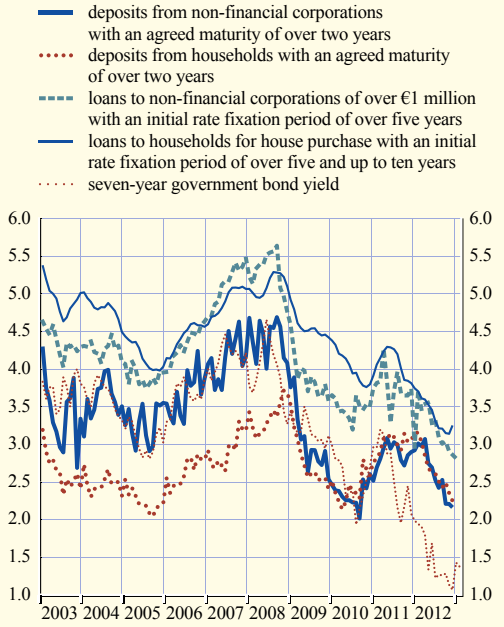


Source: ECB.
Notes: For the loans, the spreads are calculated as the lending rate minus the three-month money market rate. For the deposits, the spread is calculated as the three-month money market rate minus the deposit rate. Data as of June 2010 may not be fully comparable with those prior to that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

Taking a longer-term perspective, short-term MFI interest rates on loans to households for house purchase and loans to non-financial corporations have decreased by around 60 and 90 basis points respectively since the beginning of 2012. To some extent, this reflects the pass-through of changes in market rates to bank lending rates after the cuts in key ECB interest rates since November 2011, together with the effects of the non-standard measures enacted or announced over this period. Indeed, the decline in short-term lending rates is linked closely to substantial improvements in banks' cost of funds and in their access to funding.

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

(percentages per annum; rates on new business)



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

Turning to longer maturities, MFI interest rates on long-term deposits from households and non-financial corporations decreased somewhat further in December, by 10 and 4 basis points respectively, to 2.2% in both cases. At the same time, interest rates on long-term loans to households for house purchase increased somewhat in December. Specifically, rates on loans to households for house purchase with an initial rate fixation period of over five and up to ten years rose by 11 basis points, to 3.3%, thus remaining at historically low levels. By contrast, long-term rates (with an initial rate fixation period of over five years) on large loans to non-financial corporations declined by 5 basis points, to 2.9% (see Chart 18). Likewise, long-term rates on small-sized loans to non-financial corporations declined further, by 9 basis points, to 3.4%. The spread between long-term rates on small-sized and those on large loans narrowed moderately from 59 basis points in November to 55 basis points in December, but remain higher than the historical average recorded over the period since 2003 (30 basis points). As the yields on AAA-rated seven-year government bonds decreased by a further 7 basis points, to 1.1%, in December, the spread between long-term lending rates and the yields on AAA-rated seven-year government bonds widened somewhat for housing loans and remained broadly unchanged for loans to non-financial corporations.

Viewed over a longer term, the spread between long-term lending rates and the yields on AAA-rated seven-year government bonds generally rose slightly in the course of 2012. This reflected a decline in the yields on AAA-rated government bonds in the context of flight-to-safety flows that was sharper than that in long-term MFI lending rates, particularly for non-financial corporations, but also for households. At the same time, the decrease in long-term lending rates also reflected both the pass-through of past cuts in key ECB interest rates and the benefits of the ECB's non-standard measures such as the two three-year longer-term refinancing operations (LTROs) of December 2011 and February 2012, as well as the announcement of Outright Monetary Transactions (OMTs) in September 2012.

2.6 EQUITY MARKETS

Risk appetite remained strong in the euro area in January, but eased in early February. As a result, stock prices declined between 2 January and 6 February. In the United States and especially in Japan, stock prices kept rising. The globally positive market sentiment observed in January was driven primarily by the temporary agreement on the fiscal debt ceiling in the United States, and by early repayments of the three-year longer-term refinancing operations conducted by the ECB, which were perceived as a sign of an easing of liquidity pressures in the euro area banking sector. By contrast, in early February, market sentiment towards the euro area deteriorated, as uncertainty in some euro area countries increased and some euro area data releases, including earnings announcements, surprised investors negatively. Global stock market uncertainty, as measured by implied volatility, declined to historically low levels in January. Thereafter, stock market uncertainty in the euro area increased in the first days of February.

Between 2 January and 6 February, stock prices developed along mixed lines in the euro area and in the United States (see Chart 19). The prices of euro area equities, as measured by the broad-based Dow Jones EURO STOXX index, decreased by 2% over the period under review, while the Standard & Poor's 500 index in the United States rose by 3%. Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, increased by around 10%.

Global risk appetite remained strong throughout January, with stock prices in both the euro area and the United States continuing the positive trends that started in mid-2012. Stock prices in the United States have reached values close to their pre-financial crisis levels. Risk appetite towards euro area assets continued to improve in January, although stock prices remain well below the levels recorded prior to the financial crisis, given that estimated equity risk premia are still at high levels and reported price/earnings ratios remain below their historical averages. In most of the period under review, stock price developments were driven primarily by the temporary agreement on the fiscal debt ceiling in the United States and the early repayments of the three-year longer-term refinancing operations conducted by the ECB one year ago, which were perceived as a sign of an easing of liquidity pressures in the euro area banking sector. However, in the first days of February, the euro area stock market recorded relatively large losses. These can be attributed to several factors, including perceived domestic

Chart 19 Stock price indices

(index: 1 February 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.

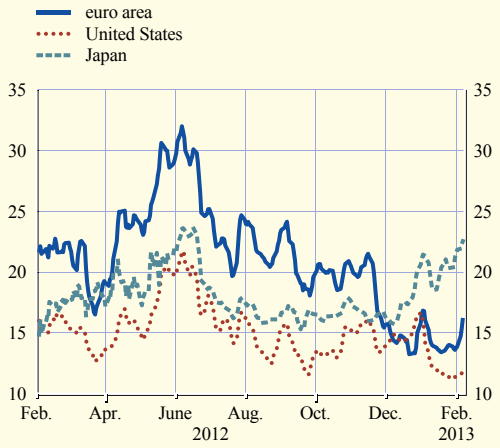
uncertainty in some countries, along with weak economic data releases and disappointing earnings reports by some banks.

Stock market uncertainty, as measured by implied volatility, returned to historically low levels in both economic areas in January, after it had temporarily increased in connection with the uncertainties surrounding the resolution of the so-called fiscal cliff in the United States at the end of the year. Nevertheless, in early February and in relation to the factors described above, euro area stock market volatility returned to the values (18%) seen at the end of December (see Chart 20).

With respect to sectoral developments, both financial and non-financial equity prices in the euro area decreased in the period under review, namely by 1% and 2% respectively. In the United States, stock price gains were slightly higher for the financial than for the non-financial sector (5% and 3% respectively).

Chart 20 Implied stock market volatility

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



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

Box 4

INTEGRATED EURO AREA ACCOUNTS FOR THE THIRD QUARTER OF 2012[1]

The integrated euro area accounts released on 29 January 2013, covering data up to the third quarter of 2012, offer comprehensive information on the income, spending, financing and portfolio decisions of institutional sectors in the euro area. The euro area external balance further improved (due mainly to dynamic net trade and net property income earned). Despite rebounding somewhat, the profit margins of non-financial corporations (NFCs) remained at low levels. Nonetheless, low net interest paid, together with stronger earnings abroad, contributed to NFCs' increasingly high savings. Cuts in fixed investment and destocking resulted in NFCs increasing further their net lending position, instead of returning to a more traditional net borrowing position. In contrast, households' saving ratio remained at record lows as consumers sought to cushion the impact on consumption of the sharp decline in real incomes, and government deficit reduction came to a standstill. From a balance sheet point of view, households' net wealth declined again, while NFCs' deleveraging resumed. Financial corporations' (FCs) capital ratios increased significantly in the quarter through recapitalisation, high retained earnings and holding gains.

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

Euro area income and net lending/net borrowing

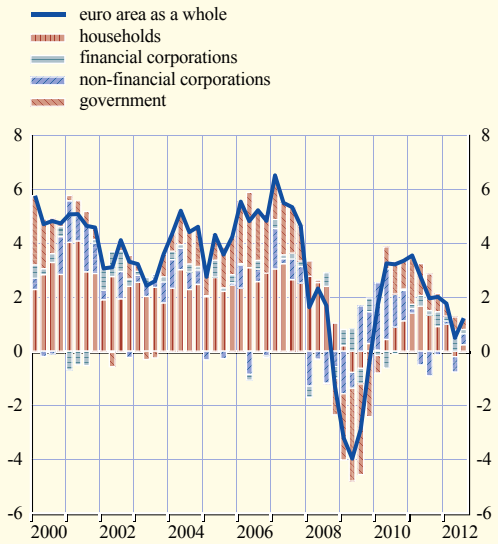
The annual growth rate of euro area nominal gross disposable income rebounded somewhat in the third quarter of 2012 (to 1.2%, following its abrupt deceleration to 0.5% in the previous quarter), notably owing to strong property income earned (foreign direct investment). This rebound in disposable income primarily benefited corporates but also households (see Chart A).

With euro area consumption growing less rapidly than income, overall euro area gross saving expanded year on year. Retained earnings (i.e. savings) of both NFCs and FCs increased year on year. In contrast, households kept their saving ratio at a historical low and governments reduced dissaving only moderately. Euro area fixed capital formation declined by 3.7% year on year in the third quarter of 2012. The decline was broad-based, particularly for government and FCs. Fixed investment by households and NFCs declined by 2.3% and 3.9% respectively. The destocking of inventories continued in the third quarter (5 billion euro per quarter, seasonally adjusted), compared with restocking a year earlier. As a result, gross capital formation fell more markedly in year-on-year terms than gross fixed capital formation.

As euro area savings increased and gross capital formation decreased, the net lending position of the euro area further improved, accounted for by an increasing current account surplus (owing to net trade and earnings on foreign direct investment), to 1% of GDP on a four-quarter sum basis (up from 0.4% in the second quarter). From a sectoral viewpoint, this improvement mostly reflects increased net lending by FCs and NFCs. The reduction of government deficits stalled (on a four-quarter sum basis), while households' net lending was stable (Chart B). On the

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

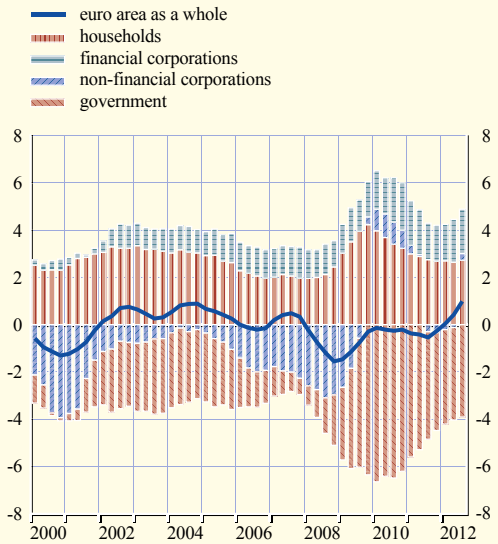
(annual percentage changes; percentage point contributions)



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.

financing side, cross-border flows tended to be subdued, although non-residents were large investors in euro area government debt securities in the third quarter of 2012.

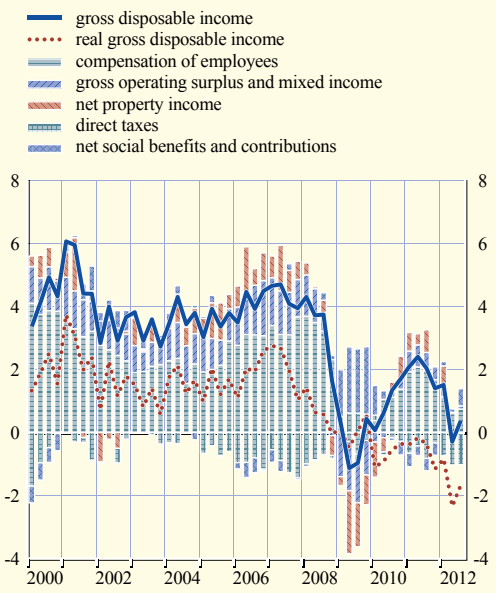
Behaviour of institutional sectors

Households' nominal income increased slightly year on year (0.4% in the third quarter of 2012, after -0.3% in the second quarter), a rebound driven by a reduction in fiscal drag (household net transfers vis-à-vis government), owing to higher social benefits. Growth in compensation of employees remained subdued, while property income paid and earned declined (see Chart C). Households' income declined markedly again in real terms, by -1.6% year on year. To cushion the adverse impact on consumption, households continued tapping into their savings. The saving ratio remained at record lows in the third quarter (13%, on a seasonally adjusted basis) (see Chart D). Housing investment contracted on a year-on-year basis and, accordingly, households' net lending increased somewhat year on year. Growth in both financing and financial assets continued to edge down, with ongoing portfolio shifts away from insurance technical reserves and into bank deposits. Households' net wealth fell significantly year on year, since their holding losses on housing exceeded their net saving and gains on equity (see Chart G). Hence, leverage ratios (debt to assets) increased further.

The year-on-year fall in the gross operating surplus of NFCs (wages still growing faster than value added) slowed somewhat in the third quarter and NFCs' seasonally adjusted profit margins rebounded from low levels. Nonetheless, savings (i.e. retained earnings) increased year on year, owing to lower net interest paid, subdued taxes reflecting weak activity and strong earnings

Chart C Households' nominal gross disposable income

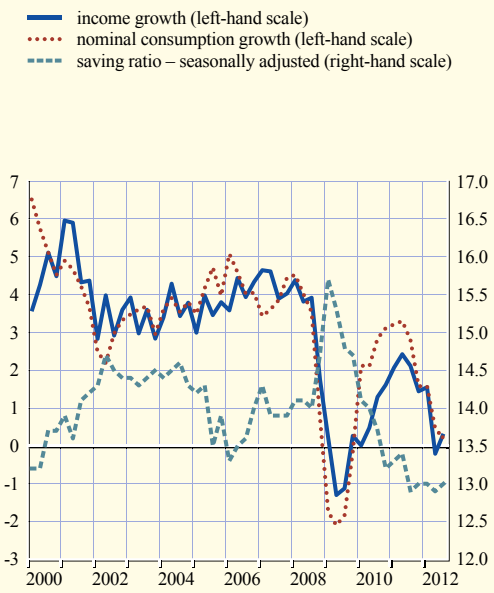
(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB.

Chart D Households' income, consumption and saving ratio

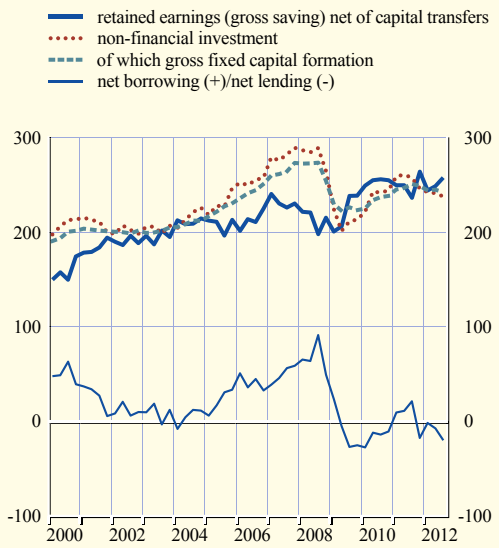
(annual percentage changes; percentage of gross disposable income, four-quarter moving sum)



Sources: Eurostat and ECB.

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

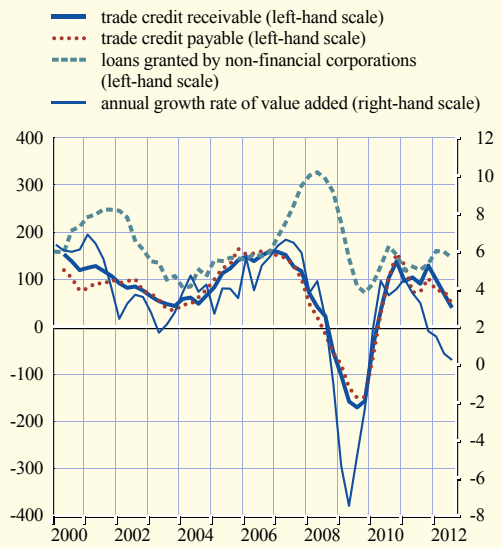
(EUR billions, seasonally adjusted)



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

Chart F Loans granted by non-financial corporations and their trade credit receivables and payables

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



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

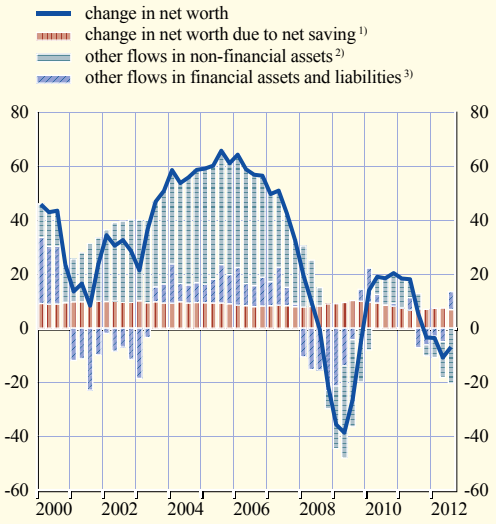
on foreign direct investment. Given that fixed capital expenditure fell again markedly and that destocking continued, NFC's unusual net lending position increased further (see Chart E). NFCs' financing favoured bond issuance (€95 billion over the last three quarters), substituting for bank loans (contracting by €40 billion). Moreover, intra-sector lending (e.g. trade credits and loans granted by NFCs) remained resilient, again providing a buffer against bank financing constraints, particularly in the case of small and medium-sized enterprises (see Chart F). NFCs continued adding to their ample liquidity buffers (€2.8 trillion) and resumed deleveraging, helped also by the favourable impact of higher equity prices.

The reduction in the government deficit came to a halt, standing at 3.9% of GDP on a four-quarter sum basis in the third quarter of 2012, owing to higher net capital transfers paid, to declining government revenue growth in a contracting economy (except for strong tax receipts from households) and to an uptick in social benefits. Growth in total expenditure remained contained overall, below 1% year on year in nominal terms (excluding capital transfers), reflecting ongoing consolidation measures (e.g. the stagnant compensation of employees). In addition to covering the deficit, debt issuance funded significant increases in financial assets. Debt securities issued were absorbed by non-resident investors and banks.

The retained earnings (i.e. disposable income) of FCs increased further, as strong net dividends earned more than compensated for falling value added and net interest earned. With sizeable net retained earnings (€40 billion in the third quarter of 2012), continued equity issuance and holding gains on assets, FCs' net assets at market value (a euro area accounts measure of capital ratio) rose strongly (see Chart H). In a context of continued deleveraging pressures, additions to FCs' balance sheets remained subdued on a consolidated basis.

Chart G Change in the net worth of households

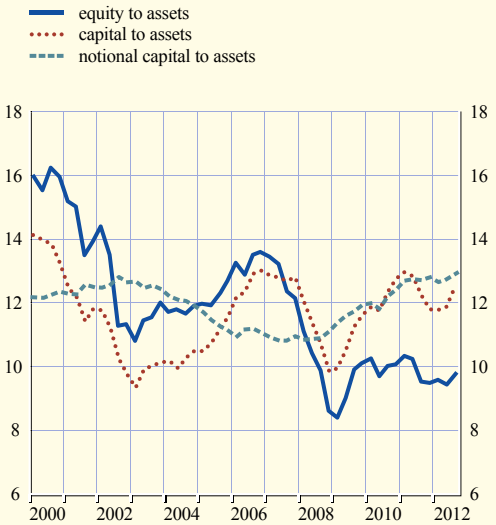
(four-quarter moving sums; percentages of gross disposable income)



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

Chart H Capital ratios of financial institutions excluding mutual funds

(percentage of total assets)



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

Balance sheet dynamics

In the third quarter of 2012, the net worth of households again fell markedly year on year by the equivalent of 7% of income (as opposed to increases in 2010, when it had peaked at 20.4% in the fourth quarter). The positive impact of net saving (6.9% of income) and holding gains on their financial asset portfolio (6.6% of income) was more than compensated for by holding losses on non-financial assets (housing), which amounted to 20.4% of income (see Chart G).

Financial corporations posted significant holding gains on their financial assets in the third quarter of 2012, with holding gains both on equity held (quoted shares, unquoted shares and mutual funds, in a context of recovering stockmarkets) and on debt securities held (as bond yields fell). This contributed to the strong increase in the FCs' capital ratio as measured in the national accounts (net assets at market value) (see Chart H).

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.0% in January 2013, down from 2.2% in November and December and from 2.5% in October. On the basis of current futures prices for oil, inflation rates are expected to decline further to below 2% in the coming months. Over the policy-relevant horizon, in an environment of weak economic activity in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain contained. Risks to the outlook for price developments continue to be seen as broadly balanced over the medium term.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, headline HICP inflation was 2.0% in January 2013, down from 2.2% in November and December and from 2.5% in October (see Table 7). The decline in the headline inflation rate reflected decreases in the annual rate of change in the energy, non-energy industrial goods and the services components of the HICP. The rate of inflation in the food component remained unchanged from the previous month.

The pattern of euro area inflation in 2012 largely followed changes in the contribution of energy prices. In particular, the mid-year rebound in HICP inflation was caused principally by a strong increase in oil prices and thus energy prices. Food prices had, on balance, relatively little impact on the pattern of HICP inflation, as the impact of the upward movement in unprocessed food price inflation on the headline figure was offset by the effect of the downward movement in processed food price inflation on the aggregate index. Box 5 discusses how the changes in energy and food prices in 2012 may influence the path of the annual inflation rate during 2013 through base effects.

Table 7 Price developments

(annual percentage changes, unless otherwise indicated)

	2011	2012	2012 Aug.	2012 Sep.	2012 Oct.	2012 Nov.	2012 Dec.	2013 Jan.
HICP and its components [1]								
Overall index	2.7	2.5	2.6	2.6	2.5	2.2	2.2	*2.0*
Energy	11.9	7.6	8.9	9.1	8.0	5.7	5.2	*3.9*
Food	2.7	3.1	3.0	2.9	3.1	3.0	3.2	*3.2*
Unprocessed food	1.8	3.0	3.5	3.7	4.3	4.1	4.4	.
Processed food	3.3	3.1	2.7	2.5	2.4	2.4	2.4	.
Non-energy industrial goods	0.8	1.2	1.1	1.2	1.1	1.1	1.0	*0.8*
Services	1.8	1.8	1.8	1.7	1.7	1.6	1.8	*1.7*
Other price indicators								
Industrial producer prices	5.9	2.6	2.7	2.7	2.6	2.1	2.1	.
Oil prices (EUR per barrel)	79.7	86.6	90.5	87.9	85.6	84.8	82.8	84.2
Non-energy commodity prices	12.2	0.5	6.5	4.6	5.7	5.2	2.5	-3.8

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation and its components (excluding unprocessed food and processed food) in January 2013 refer to Eurostat's flash estimates.

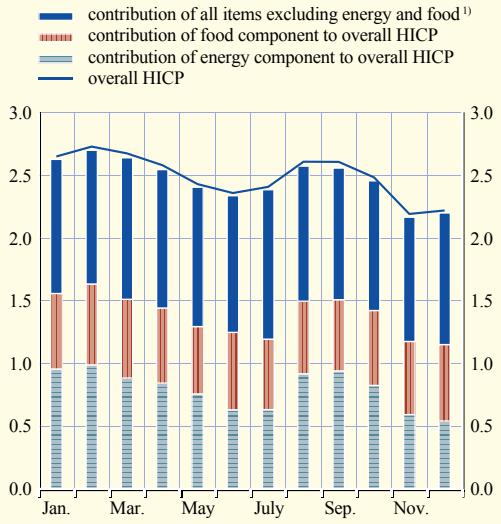
Box 5

BASE EFFECTS AND THEIR IMPACT ON HICP INFLATION IN 2013

The pattern of euro area inflation in 2012 largely reflected changes in the contributions of energy prices. In particular, the mid-year rebound in HICP inflation was caused principally by a strong increase in oil prices and, in turn, energy prices (see Chart A). On balance, food prices, the second volatile HICP component, had relatively little impact on the pattern of HICP inflation, as the upward movement in unprocessed food inflation was to some extent offset by the downward movement in processed food inflation. This box discusses how the changes in energy and food prices in 2012 may influence the path of the annual HICP inflation rate in 2013 through base effects.

Chart A Contributions to annual HICP inflation in 2012

(percentage points)



Sources: Eurostat and ECB calculations.
1) Comprises HICP services and non-energy industrial goods.

Base effects occur when variations in the annual growth rate of an economic indicator, in this case the HICP, are attributable to an atypical movement in the index 12 months earlier owing, for instance, to significant changes in commodity prices.[1] More specifically, they explain the extent to which the change from one month to the next in the year-on-year rate of inflation results from the "dropping out" of an unusual month-on-month change from the price index 12 months earlier. When analysing developments in the annual inflation rate, it is important to distinguish the effects of these unusual month-on-month changes that occurred 12 months earlier from those that occurred in the latest month (i.e. the actual monthly "news").

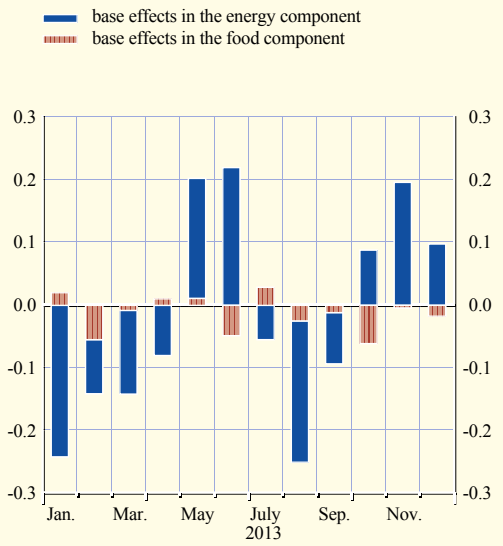
Chart B shows the estimated contribution of base effects from the energy and food components of the HICP to the change in the annual inflation rate from one month to the next over the period from January to December 2013.[2] Notably, it shows that the contribution of base effects stemming from energy prices is estimated to be negative in most months of the year and particularly large in the first three months and August, as the strong increases in energy prices recorded a year earlier drop out of the annual comparison. By contrast, base effects are estimated to have an upward impact on the month-on-month changes in inflation in May and June, as well as in the last few months of 2013, on account of the large drop in energy prices in the same months of 2012. Base effects

1 Technically, a base effect can be defined as the contribution to the change in the year-on-year inflation rate in a particular month that stems from a deviation in the month-on-month rate of change in the base month (i.e. the same month one year earlier) from its usual or normal pattern, taking into account seasonal fluctuations. For further details, see the box entitled "Accounting for recent and prospective movements in HICP inflation: the role of base effects" and the references therein, *Monthly Bulletin*, ECB, December 2008.

2 Identifying and estimating base effects is not a straightforward task. Defining a base effect as stemming from atypical influences affecting the price index 12 months earlier involves calculating the deviation in the month-on-month rate of change in the base period from its usual pattern. There is no commonly agreed way of identifying such atypical influences on inflation. For the purposes of this box, the usual pattern of month-on-month changes in the HICP is computed for each month by adding an estimated seasonal effect to the average month-on-month change observed since January 1995.

Chart B Contribution of base effects in the energy and food components to the monthly change in annual HICP inflation in 2013

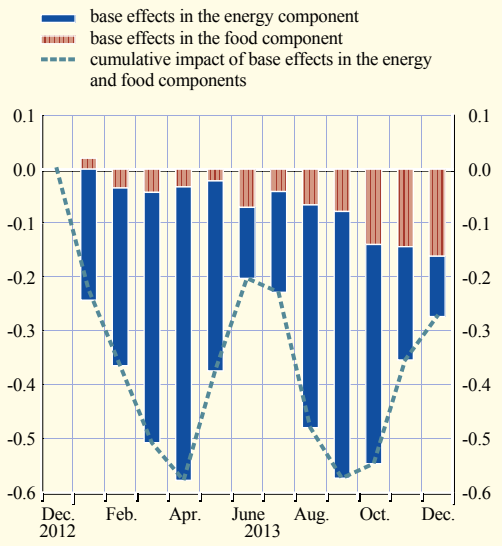
(percentage points)



Sources: Eurostat and ECB calculations.

Chart C Cumulative impact of base effects in the energy and food components of the HICP in 2013

(percentage points)



Sources: Eurostat and ECB calculations.

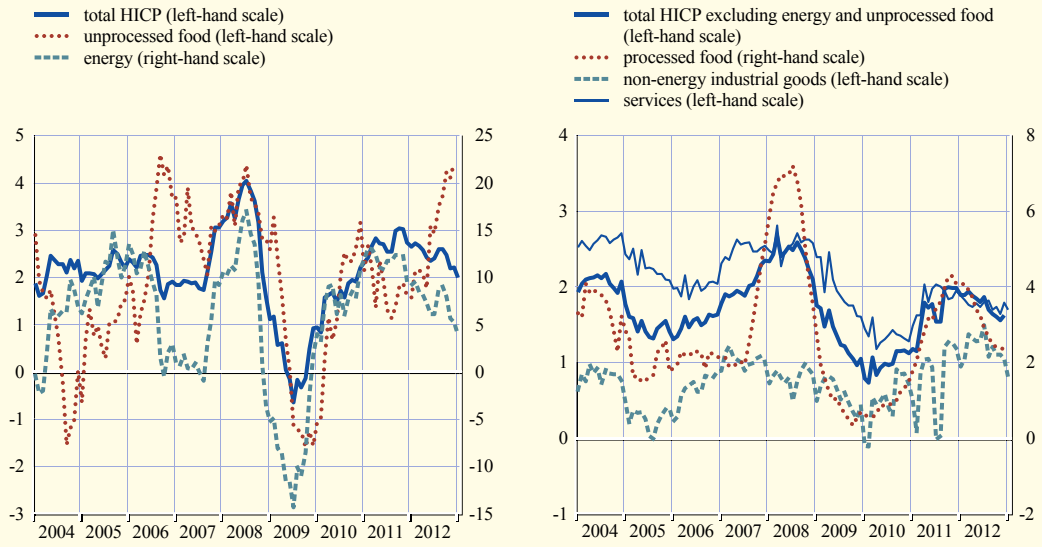
stemming from food prices are expected to be considerably more modest than those stemming from energy prices and also predominantly negative. These base effects are largely attributable to the unprocessed food component, and it is estimated that they will be comparatively larger in February, June and October 2013. The negative base effects from August 2013 onwards mostly reflect the strong increases in the prices of meat and vegetables in the same months of 2012. The hike in meat prices reflected the spike in animal feed prices brought about by rising food commodity prices over last summer.

Chart C cumulates the contribution of base effects to the changes in the annual growth rates of the HICP over the 12 months starting from December 2012. It is estimated that the cumulative impact of these base effects will have a downward impact of around 0.3 percentage point on annual HICP inflation over the period from December 2012 to December 2013. The contribution of the base effects stemming from food prices will remain modest in absolute terms over the year.

Overall, downward base effects stemming from past changes in energy prices are one factor that will influence the profile of HICP inflation over the coming months. Additional mechanical impacts are associated with developments in indirect tax rates. Assuming full and immediate pass-through, changes in indirect tax rates in some euro area countries over the course of 2012 had, on balance, an upward impact on HICP inflation amounting to 0.4 percentage point. Such mechanical impacts drop out of the annual inflation rate after 12 months and will thus exert a downward pressure on HICP inflation in 2013, similar to that of base effects in the energy and food components. However, it is likely that there will also be increases in indirect tax rates across euro area countries in 2013, so this downward pressure may not come fully to the fore. In any case, beyond such mechanical impacts, future inflation developments will, of course, also depend on developments in energy and food prices in 2013, as well as other factors, such as consumer demand and different cost pressures.

Chart 21 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

Looking at the main components of the HICP in more detail, energy price inflation dropped further, from 5.2% in December 2012 to 3.9% in January 2013 (see Chart 21). Based on information from the European Commission's weekly Oil Bulletin, average consumer prices for oil products (transport and home heating fuels) fell further in January, driven by lower crude oil prices in euro.

Eurostat's flash estimate for total food, which refers to the annual rate of change in processed and unprocessed food prices taken together, remained unchanged at 3.2% in January. No official information is available regarding the breakdown of the food component in January. Previously, however, unprocessed food price inflation increased from 4.1% in November to 4.4% in December 2012 – the highest rate since July 2008 – on account of a higher annual rate of increase in the prices of vegetables. The higher inflation rate in this sub-component more than offset lower annual rates of change in the prices of fruit, fish and even meat, although the latter are being affected by the spikes in prices for animal feed, as shown in the recent data on producer prices (see Section 3.2). Processed food price inflation remained unchanged at 2.4% in December for the third month in a row. In the last quarter of 2012 processed food price inflation was substantially lower than at the beginning of the year, when it stood slightly above 4%.

Eurostat does not publish a flash estimate for annual HICP inflation excluding all food and energy items. In December 2012, the last month for which a figure for HICP inflation excluding food and energy is available, this measure increased to 1.5%, from 1.4% in November. Excluding the volatile components food and energy, HICP inflation consists of two main components: non-energy industrial goods and services. The annual rate of change in non-energy industrial goods prices diminished somewhat to 1.0% in December. In particular, the annual rate of increase in car prices fell to 0.3%, its lowest level since August 2010. According to the flash estimate provided by Eurostat, non-energy industrial goods price inflation decreased even further in January 2013, to 0.8%. Services price inflation also declined, to 1.7% in January 2013 from 1.8% in December 2012, reversing the increase in November, which occurred on account of higher inflation rates for transport, as well as recreation and personal services.

3.2 INDUSTRIAL PRODUCER PRICES

Industrial producer price inflation (excluding construction) remained stable at 2.1% in December 2012 (see Table 7 and Chart 22). The decrease in the energy component was partially offset by increases in the annual rate of change in the prices of intermediate and consumer goods, while inflation in the capital goods component remained unchanged. The producer price index for industry excluding construction and energy increased slightly to 1.6%.

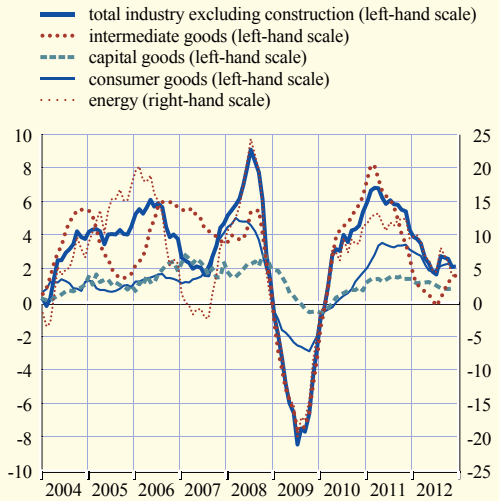
Focusing on the later stages of the production chain, the annual rate of change in the consumer food component of the producer price index ticked up to 3.7% in December 2012, from 3.5% in the previous month. The latest data from the Purchasing Managers' Index (PMI) survey continue to show strong input cost increases for food retailers, albeit partially offset by declining profit margins. Earlier in the price chain, the annual rate of change in EU farm gate prices remained broadly stable at 11.8% in December, signalling that the increases seen over recent months are levelling off. Moreover, international food commodity prices in euro terms declined in January – for the fifth successive month – pushing the index well below its level before last summer's spike.

The annual rate of change in the non-food consumer goods component declined by 0.2 percentage point – for the second month in a row – to 0.3% in December, the lowest annual rate of increase for two years. The PMI retail survey index for input prices for non-food stores was broadly stable at its long-term average in January.

At the earlier stages of price formation, the annual rate of change in the intermediate goods component of the producer price index increased to 1.6% in December from 1.4% in November, owing partly to a recent pick-up in prices for base metals. Despite the recent appreciation of the euro, industrial raw materials prices saw monthly increases in December and January in euro terms.

Chart 22 Breakdown of industrial producer prices

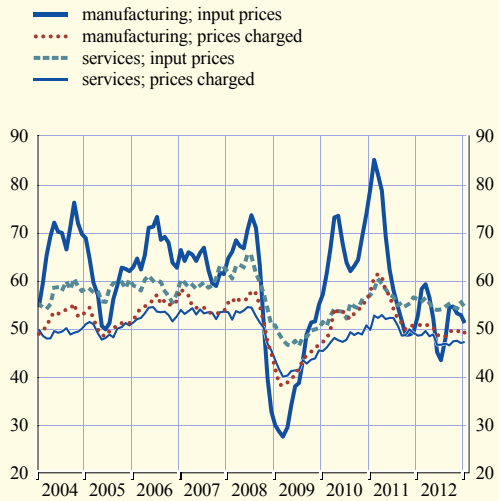
(annual percentage changes; monthly data)



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.

Headline indices from both the PMI and the European Commission surveys indicate that companies' price expectations remained well below their historical averages in January 2013. With regard to the PMI (see Chart 23), the input price index for the manufacturing sector decreased from 53.0 in December to 51.3 in January. At the same time, the output price index decreased from the threshold value of 50 to 49.3, signalling falling prices. Forward-looking European Commission survey data on selling price expectations for total industry decreased somewhat in January, as selling price expectations in intermediate industries declined, while those in consumer goods industries increased.

Overall, producer prices and price survey data confirm subdued pipeline pressures for non-energy industrial goods prices, but somewhat stronger pressures for food prices.

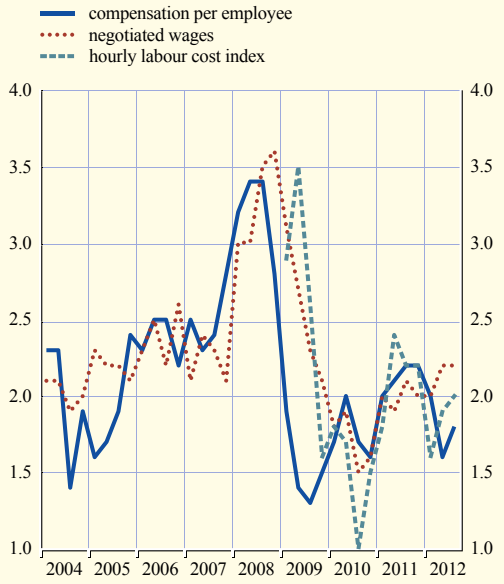
3.3 LABOUR COST INDICATORS

As evidenced by the latest releases of labour cost indicators, domestic cost pressures stemming from labour costs remained subdued in the first three quarters of 2012 (see Table 8 and Chart 24). Wage data showed some signs of moderation compared with 2011, amid a weakening in economic activity and a rise in the slack in the labour market.

Labour productivity grew at a very low, but still positive, year-on-year rate of 0.1% in the third quarter of 2012. Growth in compensation per employee accelerated to 1.8% over the same period, from 1.6% in the second quarter, but remained below the rate of 2.2% observed, on average, in 2011. Reflecting also upward pressure as a result of lower productivity growth, unit labour cost growth stood at 1.7% in the third quarter of 2012, compared with 1.3% in the second quarter. The low productivity gains – in a context of modest economic

Chart 24 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Table 8 Labour cost indicators

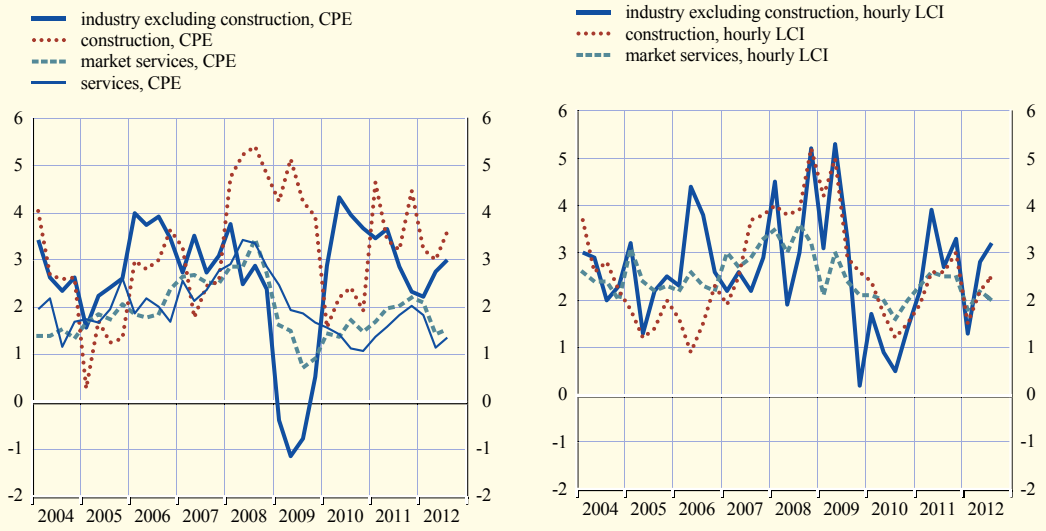
(annual percentage changes, unless otherwise indicated)

	2010	2011	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3
Negotiated wages	1.7	2.0	2.1	2.0	2.0	2.2	2.2
Hourly labour cost index	1.5	2.2	2.2	2.2	1.6	1.9	2.0
Compensation per employee	1.7	2.2	2.2	2.2	2.0	1.6	1.8
Memo items:							
Labour productivity	2.5	1.2	1.0	0.7	0.4	0.3	0.1
Unit labour costs	-0.9	1.0	1.1	1.6	1.6	1.3	1.7

Sources: Eurostat, national data and ECB calculations.

Chart 25 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

growth – are expected to continue exerting an intensifying upward pressure on unit labour costs in the near term.

The annual rate of growth in negotiated wages remained unchanged at 2.2% in the third quarter. Preliminary data for October and November suggest that the annual rate of change will also be more or less stable in the fourth quarter. The fact that actual wages, measured by compensation per employee, grew more moderately than negotiated wages suggests that some adjustment of wage costs at the euro area level is taking place via a negative wage drift (e.g. owing to a reduction in working hours).[1]

3.4 THE OUTLOOK FOR INFLATION

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.0% in January 2013, down from 2.2% in November and December and from 2.5% in October. On the basis of current futures prices for oil, inflation rates are expected to decline further to below 2% in the coming months. Over the policy-relevant horizon, in an environment of weak economic activity in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain contained.

The latest ECB Survey of Professional Forecasters shows that, compared with the previous round, forecasters have revised their inflation expectations downwards by 0.1 percentage point for 2013 and 2014, to 1.8% for both years (see Box 6). Inflation expectations for 2015 stand at 1.9%. Inflation expectations for 2013 and 2014 are within the ranges reported in the December 2012 Eurosystem staff macroeconomic projections for the euro area. Longer-term inflation expectations (for 2017) remain unchanged at 2.0%.

1 For more details, see the box entitled "Recent developments in the wage drift in the euro area", *Monthly Bulletin*, ECB, January 2013.

Risks to the outlook for price developments continue to be seen as broadly balanced over the medium term, with upside risks relating to higher administered prices and indirect taxes, as well as higher oil prices, and downside risks stemming from weaker economic activity and, more recently, the appreciation of the euro exchange rate.

Box 6

RESULTS OF THE ECB SURVEY OF PROFESSIONAL FORECASTERS FOR THE FIRST QUARTER OF 2013

This box reports the results of the ECB Survey of Professional Forecasters (SPF) for the first quarter of 2013. The survey was conducted between 16 and 22 January 2013, and 56 responses were received.[1] The results imply slightly lower inflation expectations for 2013 and 2014 compared with the previous round. Real GDP growth expectations were also revised downwards and unemployment expectations were revised upwards for 2013 and 2014. With regard to longer-term inflation expectations, the average point forecast remained unchanged at 2.0%.[2]

Slightly lower short-term inflation expectations

The SPF inflation expectations for 2013 and 2014 stand at 1.8% (see the table). This implies slight downward revisions of 0.1 percentage point for both years compared with the previous survey round. According to participants, these revisions mainly reflect weaker economic activity and

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

2 Starting from this round, the forecast horizon of the SPF has been extended to two calendar years ahead, from the January (rather than the July) exercise for each year. This survey round thus includes inflation, real GDP growth and unemployment expectations for 2015.

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

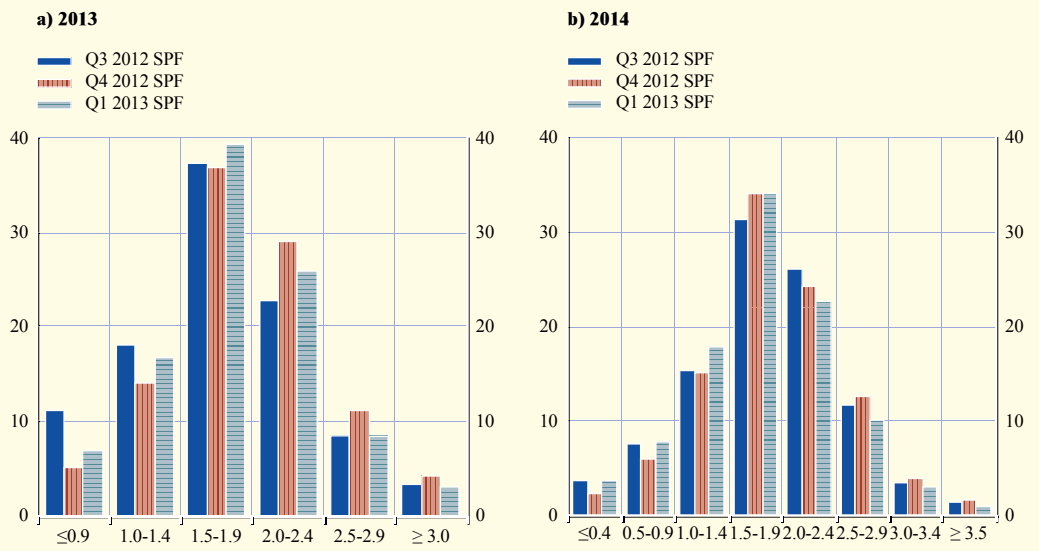
(annual percentage changes, unless otherwise indicated)

	Survey horizon			
HICP inflation	**2013**	**2014**	**2015**	**2017**
SPF Q1 2013	1.8	1.8	1.9	2.0
Previous SPF (Q4 2012)	*1.9*	*1.9*	-	*2.0*
Eurosystem staff macroeconomic projections (December 2012)	1.1 - 2.1	0.6 - 2.2	-	-
Consensus Economics (January 2013) [1)]	1.9	1.7	1.8	2.1
Euro Zone Barometer (January 2013)	1.9	1.8	1.9	2.0
Real GDP growth	**2013**	**2014**	**2015**	**2017**
SPF Q1 2013	0.0	1.1	1.6	1.8
Previous SPF (Q4 2012)	*0.3*	*1.3*	-	*1.8*
Eurosystem staff macroeconomic projections (December 2012)	-0.9 - 0.3	0.2 - 2.2	-	-
Consensus Economics (January 2013) [1)]	-0.1	0.9	1.6	1.5
Euro Zone Barometer (January 2013)	0.0	1.2	1.6	1.6
Unemployment rate [2)]	**2013**	**2014**	**2015**	**2017**
SPF Q1 2013	12.1	11.9	11.2	9.5
Previous SPF (Q4 2012)	*11.6*	*11.2*	-	*9.0*
Consensus Economics (January 2013) [1)]	12.0	12.0	-	-
Euro Zone Barometer (January 2013)	12.0	12.0	11.3	10.0

1) Forecasts for 2015 and 2017 by Consensus Economics were last published in the October 2012 issue.
2) As a percentage of the labour force.

Chart A Aggregate probability distribution of average annual inflation expectations for 2013 and 2014 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 SPF forecasters.

labour markets and more favourable developments in commodity prices. Inflation expectations for 2015 stand at 1.9%.

The SPF inflation expectations for 2013 and 2014 are within the ranges reported in the December 2012 Eurosystem staff macroeconomic projections and are very similar to those published in the Euro Zone Barometer and Consensus Economics surveys in January 2013. The aggregate probability distributions for inflation in 2013 and 2014 have shifted towards slightly lower outcomes compared with the previous survey round (see Chart A).

Risks to the baseline inflation outlook are perceived by participants to be broadly balanced. Some respondents mentioned further increases in commodity prices as an upward risk, while the main downside risk related to a further deterioration in economic activity and labour markets in the euro area.

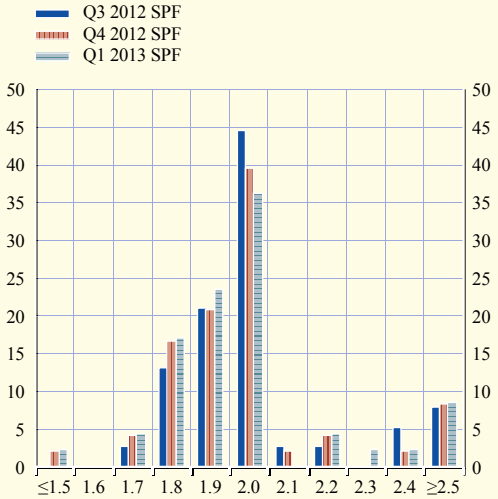
Longer-term inflation expectations unchanged at 2.0%

The average point forecast for longer-term inflation (for 2017) remains at 2.0%. Rounded to two decimal places, expectations stand on average at 1.98%, unchanged from the previous survey round. The median and the mode of the point forecasts are also stable at 2.0%. The share of respondents providing a point forecast of 2.0% has fallen from 40% to 36% (see Chart B). The SPF inflation expectations for 2017 are broadly in line with the latest longer-term forecasts from Consensus Economics and the Euro Zone Barometer.

The aggregate probability distribution has become slightly more concentrated around intervals between 1.0% and 2.4% (with somewhat less probability in the tails of the distribution)

Chart B Cross-sectional distribution of longer-term (2017) inflation point forecasts

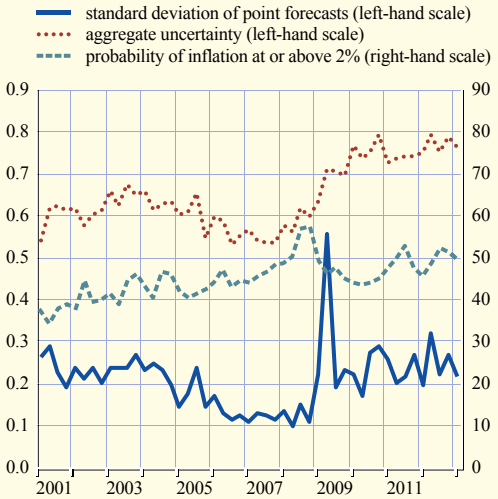
(percentage of respondents)



Source: ECB.

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 individual probability density functions with probability mass concentrated in the middle of the interval).

compared with the previous SPF round. The probability of inflation being at or above 2.0% inched downwards, falling from 51% in the previous SPF round to 50% in this round.

Disagreement about longer-term inflation expectations, as measured by the standard deviation of the point forecasts, decreased to 0.2 percentage point (from 0.3 percentage point). Aggregate uncertainty surrounding longer-term inflation expectations, as measured by the standard deviation of the aggregate probability distribution, declined marginally compared with the previous round, but remains at historically high levels (see Chart C).[3]

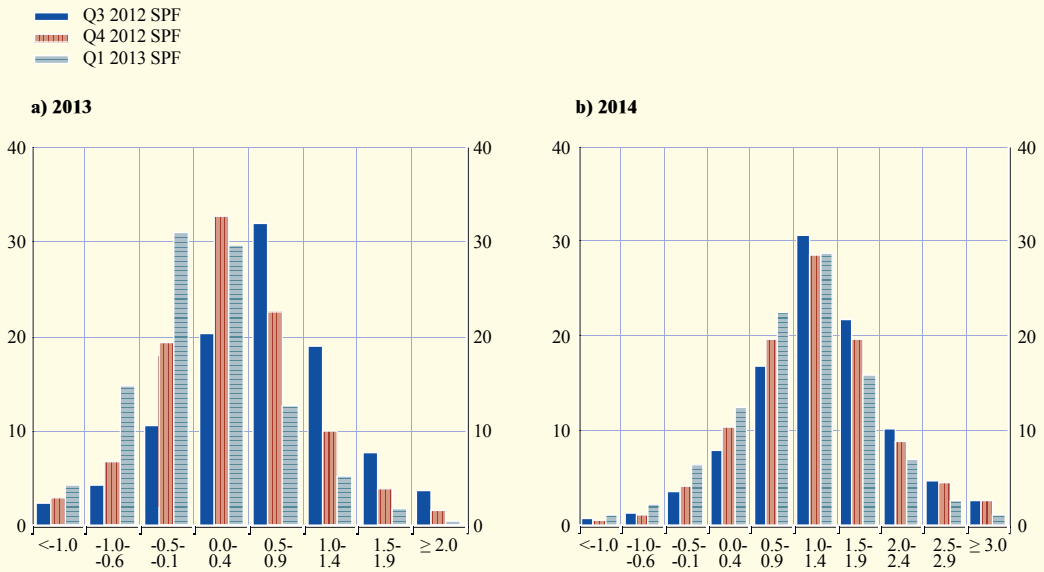
Short-term real GDP growth expectations revised further downwards

Real GDP growth expectations for 2013 and 2014 have been revised downwards by 0.3 percentage point and 0.2 percentage point respectively compared with the previous survey round, to stand at 0.0% and 1.1% respectively. Expectations for 2015 stand at 1.6% (see the table). Expectations for 2013 and 2014 lie within the ranges reported in the December 2012 Eurosystem staff broad macroeconomic projection exercise and are broadly similar to those in the January 2013 Consensus Economics and Euro Zone Barometer forecasts. According to the respondents, the main factor behind the downward revision for 2013 is the weaker than expected development in economic activity in the fourth quarter of 2012. Lower contributions from private and public consumption to growth for the current year and the next year are forecast, owing to prolonged uncertainty in the euro area, as well as to further fiscal consolidation. Positive contributions to growth continue to come from external demand. On balance, respondents expect a return to a sustained expansion of real GDP in mid-2013.

3 For more information on uncertainty measures, see the box entitled "Measuring perceptions of macroeconomic uncertainty", *Monthly Bulletin*, ECB, January 2010.

Chart D Aggregate probability distribution of GDP growth expectations for 2013 and 2014 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 SPF forecasters.

The aggregate probability distribution for real GDP growth in 2013 has shifted towards lower outcomes in terms of the mean and skewness. The respondents now assign the highest probability, 31%, to the interval between -0.5% and -0.1%, compared with 19% in the previous SPF round (see Chart D). As in the previous survey round, the highest probability for 2014, 29%, is allocated to the interval between 1.0% to 1.4%. Participants see the balance of risks to GDP growth tilted to the downside, owing mainly to a possible external drag on the gradual recovery envisaged for 2013 and a lower level of market confidence than assumed in the baseline. An upside risk is a potential more positive development in world trade and better than expected economic sentiment, should the benefits of structural reforms materialise earlier than was assumed in the baseline.

Longer-term real GDP growth expectations (for 2017) remain stable at 1.8%. The aggregate probability distribution around this average point forecast has changed only slightly compared with the previous SPF round, with marginally thicker tails.

Increase in euro area unemployment rate expectations

The average point forecasts for the euro area unemployment rate currently stand at 12.1% for 2013, 11.9% for 2014 and 11.2% for 2015, with the pattern following more or less that of the expected moderate recovery. These expectations imply upward revisions of 0.5 percentage point for 2013 and 0.7 percentage point for 2014 compared with the previous SPF round (see the table). According to forecasters' comments, the upward revisions were due mainly to weaker than expected economic activity. The forecasts for 2013 are higher than the latest Consensus Economics and Euro Zone Barometer forecasts, while they are slightly lower for 2014 and 2015.

Risks to shorter-term unemployment expectations are considered to be mainly on the upside and related to a further weakening of economic activity and continued low level of confidence affecting hiring decisions. Some forecasters also see a risk that part of the rise in unemployment may be of a structural nature. Downside risks are mentioned mainly in the context of the longer-term horizon and are mostly associated with greater success with already implemented and still-to-be-implemented structural reforms in some countries.

Longer-term euro area unemployment rate expectations (for 2017) increased by 0.5 percentage point to 9.5%, after a decrease in the previous round. The aggregate probability distribution has shifted back towards higher outcomes, in line with a balance of risks that is assessed to be on the upside, despite the downside risks that were mentioned in relation to longer-term expectations by some of the forecasters.

Other variables and conditioning assumptions

On balance, the assumptions for the variables that underlie the respondents' forecasts remained broadly unchanged for oil prices and growth in compensation per employee, while those for the USD/EUR exchange rate and the interest rate have been revised upwards. It is assumed that oil prices will increase from around USD 110 per barrel in the first quarter of 2013 to USD 113.9 in 2015. The USD/EUR exchange rate for the first quarter of 2013 is assumed to stand at USD 1.30 and to remain broadly stable at USD 1.29 in 2015. Annual growth in compensation per employee is expected to stand at 1.8% in 2013, 2.0% in 2014, 2.1% in 2015 and 2.4% in 2017. The ECB's main refinancing rate is expected to be 0.7% until the end of the first quarter of 2013, but to be somewhat lower for the rest of 2013. It is expected to stand at around 0.8% in 2014 and 1.2% in 2015.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Euro area real GDP declined by 0.1%, quarter on quarter, in the third quarter of 2012, following a contraction of 0.2% in the second quarter. Available data continue to signal further weakness in activity in the fourth quarter and at the beginning of 2013. This weakness reflects the adverse impact of low consumer and investor sentiment on domestic expenditure, as well as subdued foreign demand. However, financial market sentiment has improved and the latest survey indicators confirm earlier evidence of a stabilisation in business and consumer confidence, albeit at low levels. Later in 2013 a gradual recovery should start, with domestic demand being supported by the accommodative monetary policy stance, the improvement in financial market confidence and reduced fragmentation, and export growth benefiting from a strengthening of global demand. The risks surrounding the economic outlook for the euro area continue to be on the downside.

4.1 REAL GDP AND DEMAND COMPONENTS

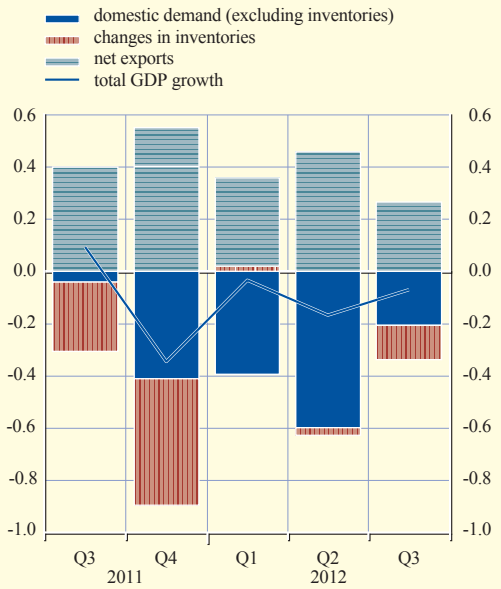
Real GDP in the euro area contracted slightly further by 0.1%, quarter on quarter, in the third quarter of 2012, following a decline of 0.2% in the previous quarter (see Chart 26). Domestic demand and inventories contributed negatively, while net trade continued to provide positive impetus to activity, partly on the back of weak imports.

Following a decrease of 0.5% in the second quarter of 2012, private consumption shrank further, by 0.1%, in the third quarter. This fall was mainly the result of a negative contribution to consumer spending growth from car purchases, which was only partly offset by rising consumption of services. The contribution from consumption of retail goods was broadly neutral. Consumption has fallen for four consecutive quarters, with a cumulated fall of almost 1.5%.

As regards the fourth quarter of 2012, information on private consumption reveals a continued softening in household spending. The volume of retail sales declined by 1.6%, quarter on quarter, in the fourth quarter, following flat growth in the previous quarter. At the same time, new passenger car registrations in the euro area declined, quarter on quarter, by 1.4% in the fourth quarter, following a sharper decrease of 6.2% in the previous quarter. Given the weights of car purchases and retail trade in euro area private consumption (around 5% and 45%, respectively), this implies that their combined contribution to quarter-on-quarter consumption growth should be even more negative in the fourth quarter than in the third quarter when their contribution was around -0.3 percentage point. Retail sector survey data show a further drop in consumption of retail goods in the fourth quarter of 2012 as well as in January 2013 (see Chart 27). The Purchasing Managers' Index (PMI) for retail trade declined between the third and fourth quarters, remaining clearly below the theoretical expansion-

Chart 26 Real GDP growth and contributions

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

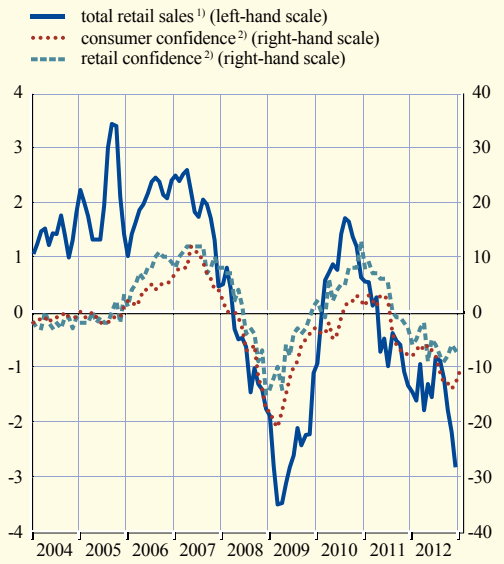


Sources: Eurostat and ECB calculations.

contraction threshold of 50, which points to continued sluggish sales. The index improved somewhat in January, although still pointing to contracting sales and thus a continuation of the negative dynamics. Similarly, euro area consumer confidence, which also declined between the third and fourth quarters, recovered in January. The index remains nonetheless clearly below its long-term average, signalling further weakness in consumer spending. Finally, the indicator for major purchases also stands at a level well below its long-term average, thus pointing towards persistently sluggish consumption of consumer durables.

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

(monthly data)



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

Gross fixed capital formation fell by 0.6%, quarter on quarter, in the third quarter of 2012, having declined for five consecutive quarters. With regard to the breakdown of investment in the third quarter, both construction and non-construction investment contracted in quarter-on-quarter terms.

Looking ahead, industrial production of capital goods (an indicator of future non-construction investment) increased, month on month, by 0.7% in November, following two months of sharper declines. The average level of capital goods production in October and November stood as a result more than 4% below that in the third quarter, when it rose by 1.7% quarter on quarter. Although survey results for the non-construction industrial sector, from both the PMI and the European Commission, suggest a further drop in investment in the fourth quarter of 2012 as well as at the beginning of the first quarter of 2013, they have in recent months showed clear signs of a gradual improvement. At the same time, the Commission surveys indicate that capacity utilisation increased somewhat in the three-month period up to January 2013, after having declined since the summer of 2011.

Data related to euro area construction investment are consistent with further weakness in the fourth quarter of 2012. Construction production declined, month on month, by 0.4% in November, thereby standing some 6% below its level one year earlier. The latest developments point towards a quarterly contraction in the fourth quarter, which would represent a worsening compared with the third quarter when production in construction rose by 0.3%. Survey results support this picture. For instance, the European Commission indicator on construction confidence, which is available up to January 2013, dropped further between the third and fourth quarters, thereby remaining at levels significantly below its historical average. At the same time, the PMI for construction in the euro area remained at a level well below 50 in the fourth quarter, pointing to further negative developments in that quarter. Survey results suggest that continued financing constraints and ongoing housing market adjustments in a number of euro area countries are still weighing on construction investment.

Growth in euro area trade slowed in the third quarter of 2012. Exports and imports of goods and services increased, by 0.9% and 0.3% quarter on quarter, respectively. The latest information suggests that both import and export dynamics weakened further in the fourth quarter of 2012. The values of trade recorded in October and November were, on average, below the levels seen in the third quarter. However, short-term indicators point to a slight fall in import and export prices in the last quarter of 2012, implying that the decline in trade volumes can be expected to be smaller than indicated by the value data. Reflecting an environment of stabilising global growth, survey data relating to euro area exports have improved over recent months. In January the PMI new export orders continued to improve, while the European Commission survey for export order levels has stabilised, though at a rather low level. Both indicators, however, remain at rather low levels. Looking ahead, growth in foreign demand and euro area exports is expected to strengthen in the first quarter of 2013, although the positive effects on exports stemming from the euro depreciation observed over the course of last year will fade. Broadly consistent with the prospects for economic activity in the euro area, the near-term outlook for imports remains subdued.

4.2 SECTORAL OUTPUT

Real value added shrank again by 0.1%, quarter on quarter, in the third quarter of 2012. Activity in industry (excluding construction) as well as construction contracted, while value added in services continued to stagnate. Box 7 looks at developments in the allocation of value added across economic sectors over time.

Box 7

CHANGES IN THE ALLOCATION OF GROSS VALUE ADDED IN THE EURO AREA: A SECTORAL PERSPECTIVE

This box analyses the developments in the allocation of gross value added across economic sectors.[1] It examines the changes in the share of value added of industry in real terms for the euro area as a whole as well as for selected countries.[2] It focuses on developments prior to the onset of the crisis (from the first quarter of 2000 to the first quarter of 2008) and the period thereafter (from the first quarter of 2008 to the third quarter of 2012).

The analysis pools together countries which were subject to heightened financial pressure over the period under review ("stressed economies") and examines their developments against a selection of countries with more stable economies ("non-stressed economies"). For this purpose, the stressed economies included in the analysis are Greece, Ireland, Italy, Portugal and Spain and the non-stressed economies included are Austria, Belgium, Finland, France, Germany and the Netherlands.

1 The sectoral breakdown is derived from the "Statistical classification of economic activities in the European Community" (NACE Rev. 2), which was revised in 2007.

2 With the entry into force of Commission Decision 98/715/EC, volumes in national accounts have been compiled by using values expressed in the prices of the previous year. As a consequence of this chain-linking approach, national account volume series are no longer additive. This also applies to NACE Rev. 2 sectoral breakdowns. This property of chain-linked volumes has been especially pronounced for those economic activities which experienced significant changes in their price structures. For the purpose of this analysis, significant deviations from additivity have been avoided by adding up sectoral gross value added volumes, thereby creating artificial volume series for total gross value added which differ from the respective chain-linked volumes. The sectoral shares of gross value added shown in this box for Ireland and Greece have been computed using this method.

Developments in value added in the euro area as a whole

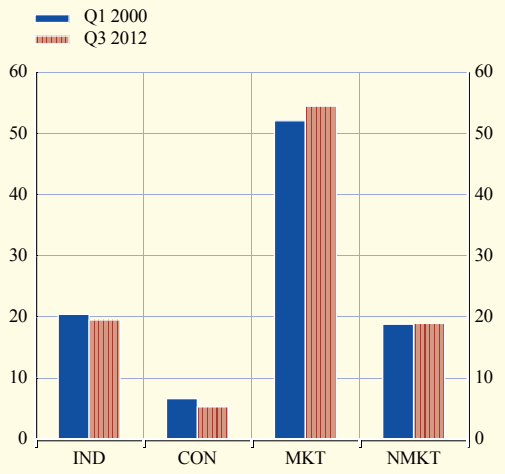
In line with the ongoing deindustrialisation trend, the sectoral allocation of gross value added in the euro area as a whole saw a shift from the industrial sector to the services sector between the first quarter of 2000 and the third quarter of 2012. The share of gross value added of industry excluding construction and construction decreased from 28% to 25%, while that of total services increased from 70% to 73%. In particular, the share of value added of market services increased from 52% to 55%, largely as a result of developments in information and communication activities as well as in financial and insurance activities. The share of value added of non-market services (which to a large extent include public or government services) remained broadly unchanged (see Chart A).

Throughout the pre-crisis period, declines in the shares of value added of industry excluding construction, construction and non-market services were offset by strong gains in the share of value added of market services (see Chart B). In the period thereafter, the shares of value added of industry excluding construction and, to a greater extent, construction, further declined, while the shares of value added of both non-market services and market services increased.

Thus, in both of the periods under review, the adjustment pattern observed in industry excluding construction and construction was characterised by a decrease in their respective shares of value added, while market services witnessed an increase thereof. By contrast, the adjustment of the share of non-market services deviated from this pattern, as this share decreased in the first period but increased in the second. This behaviour is explained by examining the non-market services sector's performance compared with the other sectors, both prior to and following the crisis. In fact, in the years prior to the first quarter of 2008,

Chart A Share of euro area value added by economic sector

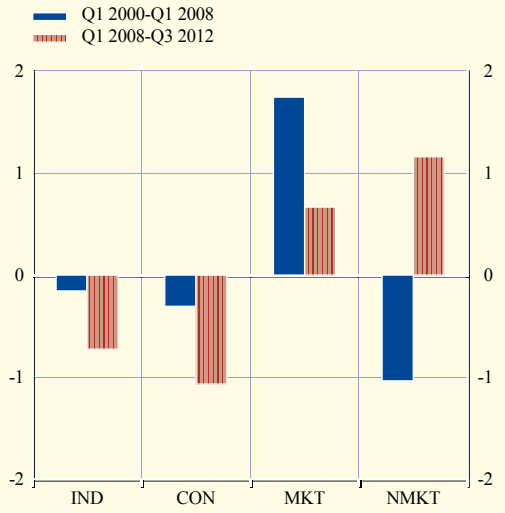
(percentages)



Source: Eurostat.
Notes: In all charts, "IND" refers to industry excluding construction activities; "CON" to construction activities; "MKT" to market services; and "NMKT" to non-market services, including public administration and defence, compulsory social security, education, human health and social work activities. Market services include wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities; information and communication activities; real estate activities; professional, scientific and technical activities; administrative and support service activities; financial and insurance activities; arts, entertainment and recreation; repair of household goods and other services.

Chart B Relative change in the share of euro area value added across economic sectors

(percentage points)



Source: Eurostat.
Note: See Chart A.

a much stronger growth rate in the market services sector led to a relative decline in the share of value added of the non-market services sector, despite steady increases in the level of value added produced by the latter sector (22.1% growth rate for market services and 11.7% growth rate for non-market services between the first quarter of 2000 and the first quarter of 2008). In subsequent years, the relative increase in the share of value added of non-market services stemmed, however, from the significant decline in the levels of value added produced by industry excluding construction and construction, even though there was a slowdown in the growth rate of value added of non-market services (-5.6%, -18.6% and 4.3% for industry excluding construction, construction, and non-market services, respectively).

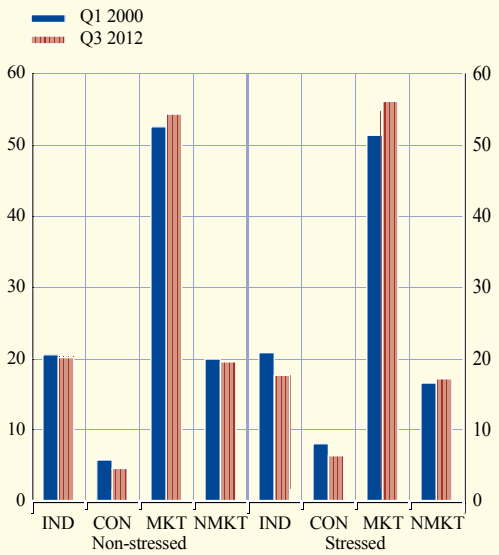
Is there any evidence of a rebalancing between stressed and non-stressed economies?

An overview of the sectoral allocation of value added in stressed and non-stressed economies suggests that, in the early 2000s, the share of value added of industry excluding construction was similar in both groups of countries and hovered around 20% (see Chart C). Stressed economies' exposure to the construction sector was slightly greater than that of non-stressed economies (8% in stressed economies as compared with 6% in non-stressed economies). The share of value added of total services was consequently larger in non-stressed economies (73% in non-stressed economies as compared with 68% in stressed economies).

Prior to the crisis, in the stressed economies the shares of value added declined in industry excluding construction and increased in construction (see Chart D). By contrast, in the non-stressed economies the share of value added of industry excluding construction increased, while that of construction declined. When comparing these developments with those observed in the euro area as a whole, it is

Chart C Share of value added by economic sector in non-stressed and stressed economies

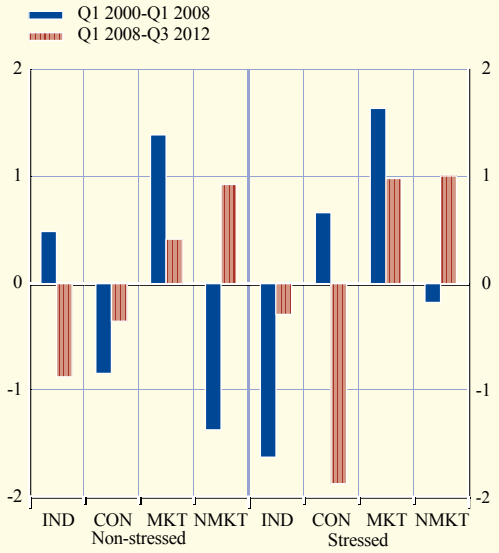
(percentages)



Source: Eurostat.
Notes: The latest observation for non-stressed economies is the third quarter of 2012 and for stressed economies it is the first quarter of 2012. The seasonally adjusted data included for Greece are based on ECB calculations. The available data for the stressed economies pertain to a slightly shorter period, i.e. from the first quarter of 2001 to the first quarter of 2012.

Chart D Relative change in the share of value added across economic sectors

(percentage points)



Source: Eurostat.
Note: See Chart C.

clear that the relative decline in the share of value added of industry excluding construction in the stressed economies overcompensated for the increase experienced by the non-stressed economies for the same sector. The opposite was true for developments in the construction sector.

In the following period, the share of value added of industry excluding construction, and, to a much greater extent, that of construction, declined in the stressed economies, whereas the share of value added of market services continued to increase. Adjustment in the non-stressed economies was characterised by a decrease in the share of value added of industry excluding construction, thereby marking a reversal of the pattern observed in the previous period. In both groups of economies, the share of value added of non-market services increased.

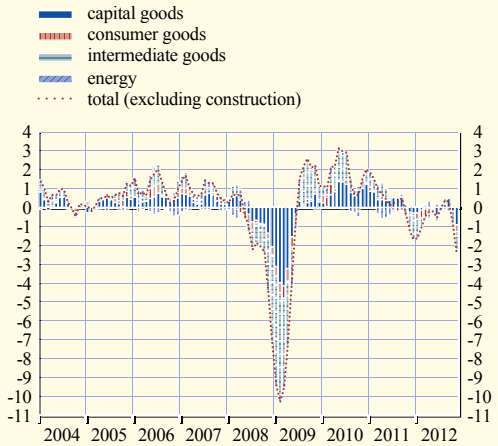
As was the case for the euro area as a whole, developments in non-market services in the two groups of economies warrant further explanation. The share of value added of non-market services has indeed increased in both the non-stressed and stressed economies since 2008, by 0.9 and 1 percentage point, respectively. Nonetheless, a comparison of the changes in the share of value added of non-market services with the changes in the share of value added of other sectors shows a significant increase in the level of value added produced by this sector in the non-stressed economies (5.4%), compared with a much smaller increase in the stressed economies (1.4%), reflecting ongoing consolidation efforts.

In sum, there is some evidence that a process of sectoral adjustment within the euro area has been under way since the crisis, and is still ongoing. This rebalancing process is likely to continue in the years to come.

With regard to developments in the fourth quarter of 2012, growth in industrial production (excluding construction) decreased by 0.3% in November, following a stronger decline in the previous month. In October and November production stood on average around 2.5% below its level in the third quarter. This represents a worsening compared with the third quarter, when production rose, quarter on quarter, by 0.3% (see Chart 28). More timely survey data confirm this weakness. For example, although the PMI manufacturing output index improved in the fourth quarter, it remained below the theoretical no-growth threshold of 50 (see Chart 29). The PMI services business activity index remained broadly unchanged between the third and fourth quarters, also at a level below 50. Other business surveys, such as those of the European Commission, are in line with developments in the PMI. Most survey evidence for the euro area was more positive in January 2013, pointing to a stabilisation of output at a low level. For instance, the European Commission survey data indicate fewer constraints on production in the three months to January 2013, which was mainly attributable to an improvement in demand conditions.

Chart 28 Industrial production growth and contributions

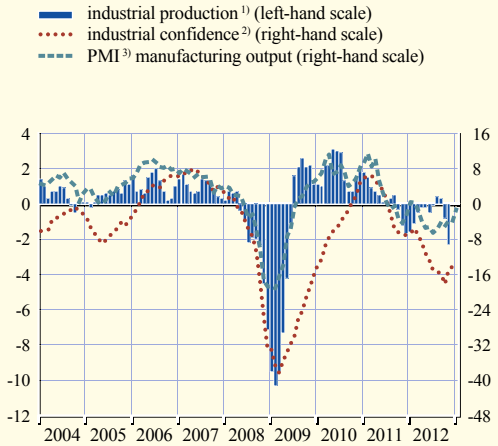
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 29 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



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

4.3 LABOUR MARKET

Euro area labour markets have continued to deteriorate, while more timely survey data anticipate additional negative developments in the period ahead. Young and low-skilled workers have been particularly affected by the crisis. At the same time, there is a substantial degree of heterogeneity in unemployment developments across euro area countries (see Box 8).

Headcount employment declined, quarter on quarter, by 0.2% in the third quarter of 2012, following flat growth in the previous quarter (see Table 9). At the sectoral level, the latest figure shows that employment contracted sharply in construction, while the reductions in industry (excluding construction) and services were less pronounced. Meanwhile, total hours worked diminished further, also by 0.2% quarter on quarter in the third quarter. However, in year-on-year terms, hours worked have declined by 1.6%, which is more than twice the drop in headcount employment. This divergence most likely reflects firms' efforts to avoid the adjustment costs associated with shedding labour in response to the renewed weakening of growth.

Annual growth in labour productivity per person employed decreased further to 0.1% in the third quarter of 2012, down from 0.3% in the previous quarter (see Chart 31). During the same period, annual growth in hourly labour productivity recorded a smaller fall, from 1.1% to 1.0%. As regards the fourth quarter of 2012, the latest readings of the PMI productivity index, which covers the manufacturing and services sectors, signal continued weak developments.

The unemployment rate, which has been on the rise since the first half of 2011, remained unchanged at 11.7% between November and December (see Chart 32). The latest figure is 1.0 percentage point higher than the one recorded in December 2011. It appears, however, that the speed of the rise in

Table 9 Employment growth

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

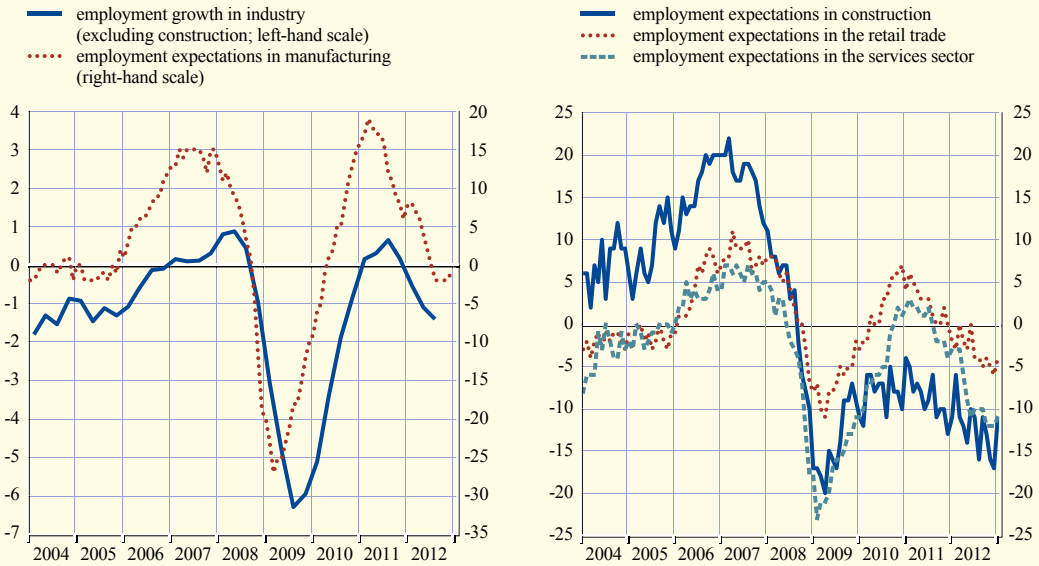
	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2010	2011	2012 Q1	2012 Q2	2012 Q3	2010	2011	2012 Q1	2012 Q2	2012 Q3
Whole economy	-0.5	0.3	-0.3	0.0	-0.2	0.0	0.2	-0.3	-0.6	-0.2
of which:										
Agriculture and fishing	-1.1	-2.2	-0.2	0.8	-0.5	-0.9	-2.4	-0.4	-0.4	-0.5
Industry	-3.2	-1.0	-0.7	-0.5	-0.6	-1.6	-0.8	-0.5	-1.1	-1.5
Excluding construction	-2.8	0.3	-0.4	-0.5	-0.2	-0.3	0.9	-0.1	-0.7	-1.5
Construction	-3.9	-4.0	-1.5	-0.6	-1.5	-4.0	-4.1	-1.1	-2.0	-1.6
Services	0.4	0.8	-0.2	0.1	-0.1	0.6	0.7	-0.3	-0.5	0.2
Trade and transport	-0.7	0.7	-0.3	0.0	-0.2	-0.3	0.3	-0.7	-0.4	0.2
Information and communication	-1.3	1.9	0.7	0.7	-0.5	-0.8	1.9	0.7	0.0	0.0
Finance and insurance	-0.7	-0.2	-0.2	-0.7	-0.9	-0.2	-0.1	-0.3	-1.3	-0.3
Real estate activities	-0.3	3.0	-1.4	1.0	-1.3	0.7	3.6	-1.5	0.2	-0.7
Professional services	1.6	2.5	-0.6	0.6	0.1	2.3	2.7	-0.7	0.0	0.1
Public administration	1.0	0.1	-0.1	0.1	0.0	1.1	0.1	0.1	-0.3	0.1
Other services [1]	0.9	0.2	0.6	-0.3	0.3	0.6	-0.1	0.4	-1.9	1.4

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

unemployment is diminishing, as the increase in the number of unemployed has become smaller compared with earlier in 2012. Survey indicators still point towards further job losses in both industry and services at the beginning of the first quarter of 2013 (see Chart 30). Moreover, the unemployment rate expected for 2013 and 2014 has been revised upwards in the latest Survey of Professional Forecasters (see Box 6 in Section 3).

Chart 30 Employment growth and employment expectations

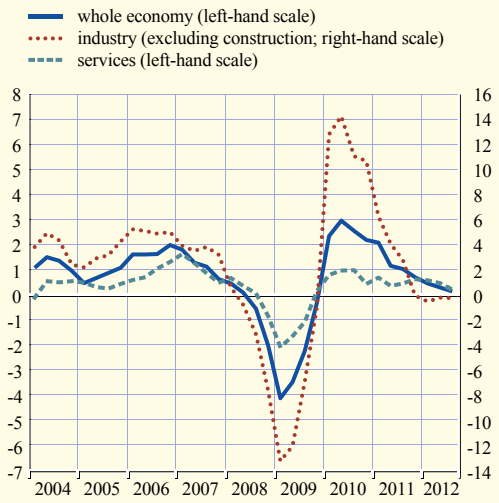
(annual percentage changes; percentage balances; seasonally adjusted)



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

Chart 31 Labour productivity per person employed

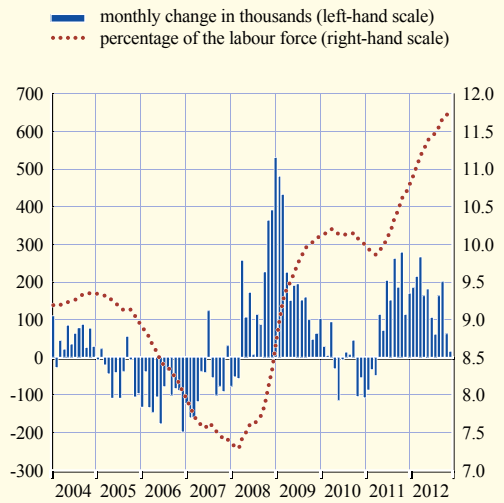
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 32 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

Box 8

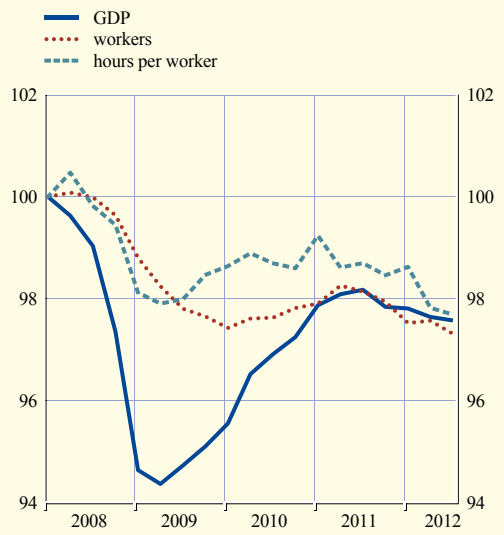
UNEMPLOYMENT DEVELOPMENTS IN THE EURO AREA

The situation in euro area labour markets has worsened significantly since the start of the economic and financial crisis in 2008. After reaching a record low of 7.2% in February of that year, the unemployment rate for the euro area rose to an all-time high of 11.7% in December 2012. Young and low-skilled workers have been severely hit by the crisis, although a substantial degree of heterogeneity is found across euro area countries. This box describes developments in unemployment, particularly youth unemployment, in the euro area since the start of the crisis and points to the need for further structural reforms and policy action to address the situation.

Until early 2009, headcount employment adjustment at the aggregate euro area level was relatively muted in comparison with the fall in GDP. This development mostly reflected labour hoarding in several euro area countries,

Chart A Cumulative changes in euro area GDP, number of employees and hours worked per worker

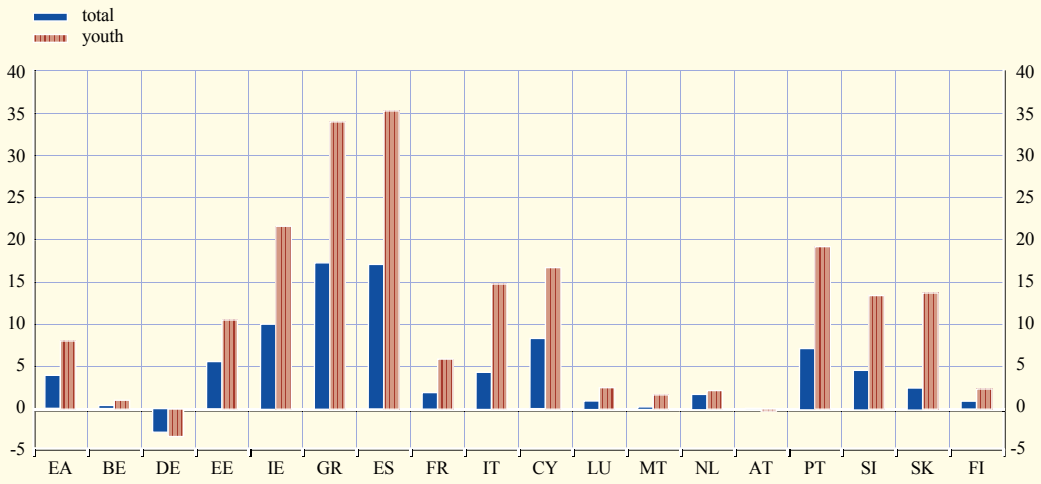
(index: Q1 2008 = 100)



Sources: Eurostat and ECB calculations.

Chart B Changes in unemployment rates between the third quarter of 2007 and the third quarter of 2012

(percentage points)

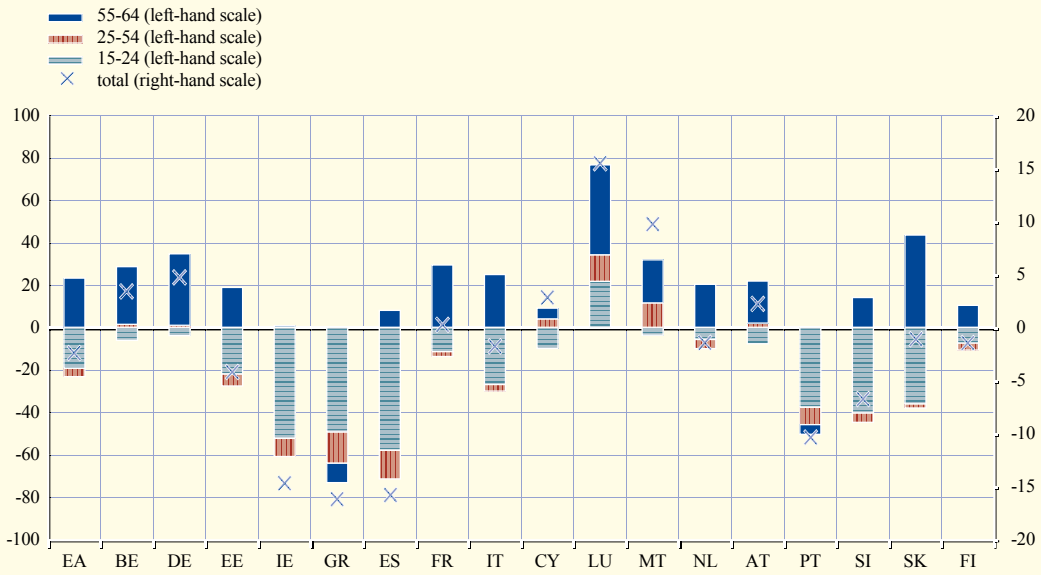


Source: Eurostat.
Notes: The youth unemployment rate refers to the unemployment rate among people under 25 years old. EA stands for euro area.

associated with a downward adjustment in working hours rather than in headcount employment (see Chart A). However, there were some differences at the country level: Spain, Ireland, Greece, Estonia and Portugal recorded a decline in employment considerably larger than the fall in total hours worked.

Chart C Change in employment by age group between the third quarter of 2007 and the third quarter of 2012

(percentage changes)



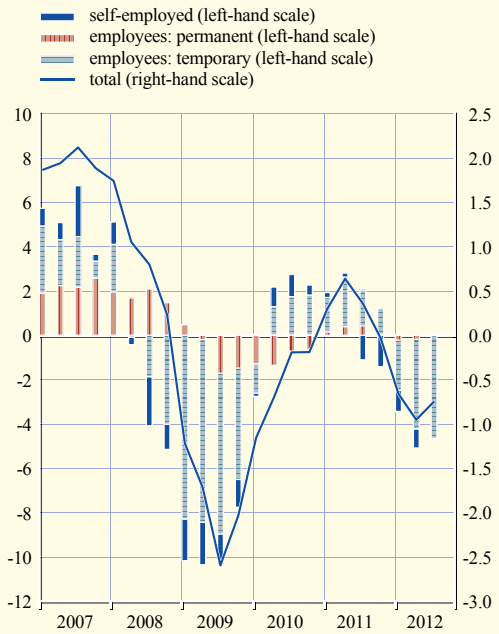
Source: Eurostat (Labour Force Survey).
Notes: Percentage changes in employment refer to the second quarter of 2012 for Greece, Italy, Austria and Finland. EA stands for euro area.

A key feature of the rise in total unemployment since the start of the crisis is the sharp increase in youth unemployment in many euro area countries. In Spain and Greece, the youth unemployment rate increased by more than 30 percentage points between the third quarter of 2007 and the third quarter of 2012, to stand above 50% (see Chart B). Furthermore, the decline in youth employment has been mostly in full-time jobs. In Germany, the Netherlands and Austria, youth unemployment has remained well below 10%. Part of the reason for the disproportionate rise in youth unemployment in some countries is that young people are more vulnerable to being made redundant, as they are more likely to be employed on temporary contracts and tend to be less experienced than older workers; the latter are generally in jobs which are better protected by government regulation and contracts. Rigid labour market regulations imposing relatively high minimum wages, insufficient wage differentiation across different types of workers and sometimes excessively high employment protection for permanent workers can also make it more difficult for young workers to find jobs. By contrast, the employment of workers in the 55-64 age group, particularly females in part-time jobs, has continued to rise in most euro area countries since the start of the crisis (see Chart C). This may also reflect the impact of reforms introduced in a number of countries in recent years, including pension reforms, which have encouraged an increase in labour market participation among these workers.

In terms of professional status and types of contract, temporary workers whose contracts are coming to an end are usually the first to be made redundant when firms need to reduce staff numbers. This makes them more vulnerable than permanent workers in the initial phase of a recession (see Chart D). However, when the economy starts to pick up, employers may be uncertain about the magnitude and duration of the recovery and may first recruit workers

Chart D Employment breakdown by professional status and type of contract

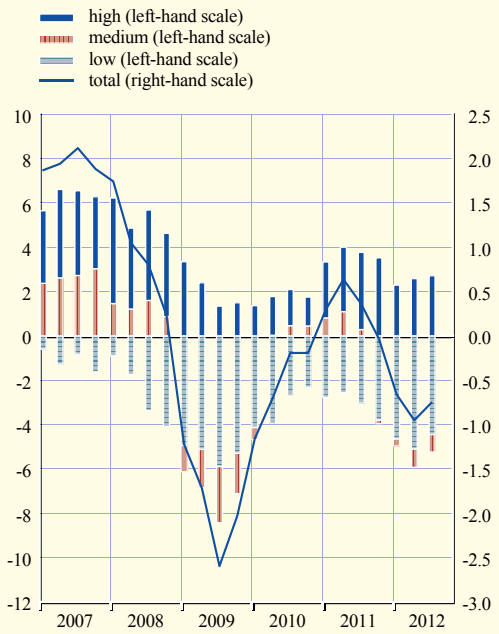
(annual percentage changes)



Source: Eurostat (Labour Force Survey).

Chart E Employment breakdown by skills

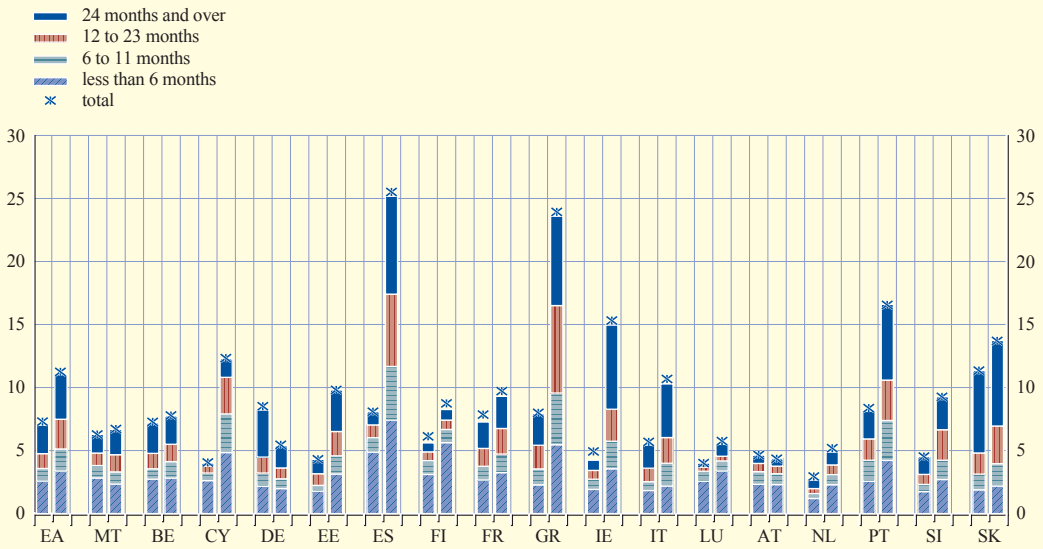
(annual percentage changes)



Source: Eurostat (Labour Force Survey).

Chart F Unemployment breakdown by duration

(percentages of total labour force)



Source: Eurostat (Labour Force Survey).
Notes: First bar shows the third quarter of 2007; second bar shows the third quarter of 2012 (the second quarter of 2012 for Greece, Italy, Austria and Finland). EA stands for euro area.

by offering temporary contracts. Thus, temporary employment is more sensitive to the business cycle.

However, there are notable differences at the country level. In Spain, many young workers on temporary contacts have been made redundant since the start of the crisis, while in Ireland and Greece the number of permanent employees has dropped considerably.

Low-skilled and high-skilled workers have been affected differently by the crisis. Employment among low-skilled workers has decreased significantly (see Chart E) and their unemployment rate has increased by more than that of high-skilled workers. By contrast, employment of high-skilled workers has continued to grow since the start of the crisis, albeit at a slower pace than previously. The divergent evolution of unemployment rates among high-skilled and low-skilled workers is more pronounced in some of the countries most affected by the crisis, e.g. Ireland and Spain. This is partly due to sectoral effects, for example employment in the construction sector – characterised by employment of low-skilled, younger workers – has been disproportionately hit by the crisis.

Turning to the duration of unemployment, the crisis has clearly resulted in a rise in longer-term unemployment. Since the start of the crisis a rising share of unemployed people have been without a job for more than a year, with this trend accelerating from the second half of 2009 onwards (see Chart F). Significant differences can be observed across countries, with larger increases in longer-term unemployment in Portugal, Greece, Ireland and Spain. A key reason behind the sharp increase in unemployment and its duration in many euro area countries is the presence of rigidities which prevent sufficient downward adjustment of compensation per employee.

The longer the above groups of workers remain unemployed, particularly young and low-skilled workers, the greater the risk of cyclical unemployment becoming structural unemployment, further impairing long-term economic growth potential. These developments point to a need for further comprehensive reforms to remove rigidities in labour and product markets in euro area countries. In particular, easing employment protection legislation and removing rigidities in wage-setting institutions in order to increase wage flexibility would facilitate the access of new labour market entrants, especially younger workers, to jobs.[1] Priority should also be given to active labour market policies which help the unemployed to find work by supporting job searches, and to policies aimed at improving human capital and workers' skills. In this context, the European Commission is proposing to introduce "Youth Guarantee" schemes, whereby every young person under 25 years old receives an offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed.

1 For further analysis of euro area labour market developments and policy recommendations, see "Euro area labour markets and the crisis", *Occasional Paper Series*, No 138, ECB, Frankfurt am Main, October 2012.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Available data continue to signal further weakness in activity in the fourth quarter and at the beginning of 2013. This weakness reflects the adverse impact of low consumer and investor sentiment on domestic expenditure, as well as subdued foreign demand. However, financial market sentiment has improved and the latest survey indicators confirm earlier evidence of a stabilisation in business and consumer confidence, albeit at low levels. Later in 2013 a gradual recovery should start, with domestic demand being supported by the accommodative monetary policy stance, the improvement in financial market confidence and reduced fragmentation, and export growth benefiting from a strengthening of global demand.

The risks surrounding the economic outlook for the euro area continue to be on the downside. They relate to the possibility of weaker than expected domestic demand and exports, slow implementation of structural reforms in the euro area, as well as geopolitical issues and imbalances in major industrialised countries which could both have an impact on developments in global commodities and financial markets. These factors have the potential to dampen the ongoing improvement in confidence and thereby delay the recovery.

ARTICLES

THE IMPORTANCE AND EFFECTIVENESS OF NATIONAL FISCAL FRAMEWORKS IN THE EU

The sovereign debt crisis has exposed fundamental weaknesses in the economic governance framework of the European Union, and in the euro area in particular. Important aspects that have been highlighted in the debate on fiscal governance are the limited enforcement of EU fiscal rules by the European Commission and the Council of the European Union, and insufficient national ownership to implement EU fiscal rules. Recent governance reforms have sought to remedy these problems, in particular by strengthening the enforcement mechanism of rules and increasing minimum requirements for national budgetary frameworks so as to ensure consistency and alignment with the reinforced EU governance framework, and, ultimately, to ensure the sustainability of public finances.

Against this background, this article takes stock of the existing national fiscal frameworks in the EU Member States and identifies the reforms needed to bring them into line with the newly defined requirements. The article discusses the six most important elements of national fiscal frameworks, namely (i) fiscal rules, (ii) medium-term budgetary planning, (iii) budget coordination, (iv) fiscal councils, (v) budget monitoring and (vi) macroeconomic and budgetary projections. In addition, it sets out more far-reaching reform steps, which may be needed to ensure the effectiveness of national fiscal frameworks, as is necessary for the smooth functioning of EMU.

Progress towards effective fiscal frameworks has so far been uneven across EU Member States and across the various elements of such frameworks. In nearly all cases, further institutional reforms – going beyond the existing requirements – are necessary, especially for euro area countries, in order to secure sound fiscal policies going forward.

1 INTRODUCTION

The current sovereign debt crisis has exposed fundamental weaknesses in the EU's economic governance framework. The fiscal framework, and the Stability and Growth Pact (SGP) in particular, as implemented in the early years of EMU, did not prevent the build-up of large fiscal imbalances in several euro area countries. Sanctions were not applied at the EU level for non-compliance with the rules. There was also a widespread lack of national ownership, as EU Member States did not feel obliged to strictly implement the EU fiscal rules in order to achieve and maintain fiscal sustainability. Moreover, the pre-crisis governance framework did not set any minimum requirements for national fiscal frameworks, the design of which remained at the full discretion of the Member States. This might have been one important reason why national parliaments, governments and monitoring institutions failed to fully internalise the requirements of being a member of EMU.

National fiscal frameworks reflect the full set of rules, procedures and institutions that shape fiscal policy-making at the national level. They are also expected to transpose the European governance framework to the national level. Their main purpose is to anchor fiscal discipline and market expectations, as well as to support sustainable public finances in every EU Member State. The most important requirements for national fiscal frameworks to be fully effective are credible and enforceable numerical fiscal rules, clear medium-term budgetary planning, strong budget coordination arrangements between the different levels of government, independent fiscal councils, reliable fiscal statistics and effective budget monitoring, as well as unbiased macroeconomic and budget projections.

The recent strengthening of the EU fiscal governance framework has not been restricted to the European level[1] but has, for the first time, set out requirements for national budgetary frameworks in order to ensure that fiscal frameworks at the national level are consistent with the requirements at the EU level. This strengthening has taken place via the introduction of important legislation over the past two years, with the legislative package known as the "six-pack" and the fiscal compact of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, while the "two-pack" proposal by the Commission, also aimed at strengthening economic governance, is still under negotiation (see Box 1 for further details). Of particular significance is Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States (hereinafter referred to as the "budgetary frameworks directive"), which is part of the "six-pack" and which has to be transposed into national law by 31 December 2013. In this context, the Commission published an interim report on the implementation of this Directive in December 2012, which found "substantial but uneven progress in transposing the Directive" across Member States.

This article analyses the importance and effectiveness of the national fiscal frameworks in the EU Member States and, in particular, the euro area, with respect to ensuring sound fiscal policies. Section 2 defines some benchmarks for effective national fiscal frameworks. Section 3 outlines recent changes in the EU legislation related to national budgetary frameworks. On the basis of this, Section 4 identifies reforms needed at the national level in order to comply with the requirements of the new EU fiscal governance framework. Section 5 sets out some proposals on how to further improve national fiscal frameworks in order to help foster budgetary discipline by going beyond the EU requirements, also reflecting the normative benchmarks outlined in Section 2. Section 6 concludes.

2 HOW SHOULD EFFECTIVE NATIONAL FISCAL FRAMEWORKS BE DESIGNED?

The empirical and theoretical literature underlines the importance of effective national fiscal frameworks, and in particular fiscal rules, in guiding fiscal policy towards stronger budget discipline.[2] Fiscal rules can target the budget balance, public debt, government revenue or government expenditure.[3] The effectiveness of fiscal rules largely depends on their specific design. Past experience shows that the design of numerical fiscal rules needs to satisfy three main principles[4]: the rules need to be (i) well defined – encompassing all levels of government – (ii) strictly binding, and (iii) fully enforceable.

1 See for example the article entitled "The reform of economic governance in the euro area – essential elements", *Monthly Bulletin*, ECB, March 2011, the box entitled "Stronger EU economic governance framework comes into force", *Monthly Bulletin*, ECB, December 2011, and the article entitled "A fiscal compact for a stronger economic and monetary union", *Monthly Bulletin*, ECB, May 2012.

2 See Ayuso-i-Casals et al., "Beyond the SGP – features and effects of EU national-level fiscal rules", in European Commission (ed.), "The role of fiscal rules and institutions in shaping budgetary outcomes", *European Economy – Economic Papers*, No 275, April 2007; Debrun, X. and Kumar, M.S., "The discipline-enhancing role of fiscal institutions: theory and empirical evidence", *IMF Working Papers*, No 07/171, July 2007; and Schaechter et al., "Fiscal rules in response to the crisis – toward the 'Next-generation' rules. A new dataset", *IMF Working Papers*, No 12/187, July 2012.

3 The empirical literature is inconclusive as regards which type of rule is most desirable. Several papers support expenditure rules, e.g. Wierts, P., "How do expenditure rules affect fiscal behaviour?", *DNB Working Paper Series*, No 166, 2008; Turrini, A., "Fiscal policy and the cycle in the euro area: the role of government revenue and expenditure", *European Economy – Economic Papers*, No 323, 2008; Holm-Hadulla, F., Hauptmeier, S. and Rother, P., "The impact of expenditure rules on budgetary discipline over the cycle", *Applied Economics*, No 25, 2012. Others regard balanced budget and debt rules or even a combination of several different rules to be more effective, e.g. Debrun et al., "Tied to the mast? National fiscal rules in the European Union", *Economic Policy*, No 23, 2008.

4 In their seminal contribution to this debate, Kopits and Symansky single out a larger number of optimal features of fiscal rules, namely: fiscal rules need to be well-defined, transparent, adequate, consistent with other rules, simple, flexible to accommodate large exogenous shocks, and enforceable, and they need to be supported by efficient policy actions (see Kopits, G. and Symansky, S.A., "Fiscal policy rules", *IMF Occasional Papers*, No 162, 1998). This Monthly Bulletin article only refers to three features, which seem to be most important for the effectiveness of fiscal rules.

First, well-defined fiscal targets are important for guiding the preparation and execution of the budget. This includes the clear definition of numerical benchmarks for fiscal variables, which ensure sustainable fiscal policies over the short as well as the long term. The effectiveness of fiscal rules is found to be stronger when they have broader coverage, i.e. when they target all levels of government rather than just specific parts. Moreover, strong and credible budgetary cooperation arrangements among the different levels of government can further reinforce the disciplinary effect of fiscal rules.[5] Such cooperation is of obvious importance for EU Member States, in particular the ones which are strongly decentralised: while the fiscal targets of the EU fiscal framework refer to the general government sector, it is generally the central or federal government that is held liable for the implementation of the EU fiscal rules. Moreover, it is important that compliance with the rules can be easily monitored and that any slippages in meeting the annual fiscal targets are detected early on in the budget year, before large imbalances can accumulate. This requires reliable and timely data, as well as the establishment of frequent and effective fiscal surveillance exercises (for example, by making it mandatory for budgetary reviews to be carried out on an "intra-year" basis, i.e. more frequently than once a year).

Second, fiscal rules need to be strictly binding in order to foster compliance. This requires them to be laid down in national law or, better still, in a country's constitution. Moreover, in order to ensure fiscal discipline over a longer horizon and to limit ad-hoc decisions by governments, it is important to see fiscal rules as multi-annual targets, ideally in the context of a multi-annual budgetary framework which should be of a binding nature. If escape clauses which allow for a certain deviation from the numerical benchmark are considered, they should be narrowly defined and be restricted to large exogenous shocks beyond the control of the authorities. Preferably, fiscal slippages – including those accumulated under escape clauses – should ex post not be consigned to the past, but be cumulated and corrected to avoid numerical fiscal benchmarks becoming moving targets.

Third, to be fully credible, fiscal rules need to be enforceable. Thus, in the event of non-compliance with the rules, a clearly defined correction mechanism should be activated – preferably automatically. A clear time horizon for correcting deviations from the fiscal target needs to be defined. Furthermore, effective enforcement requires a gradual, well-defined and credible sanctions mechanism, which leaves only very limited room for political discretion and is preferably fully automatic. To further strengthen the enforcement of fiscal rules and counteract governments' inherent deficit bias, compliance with fiscal rules should be monitored by an independent body, such as a fiscal council.

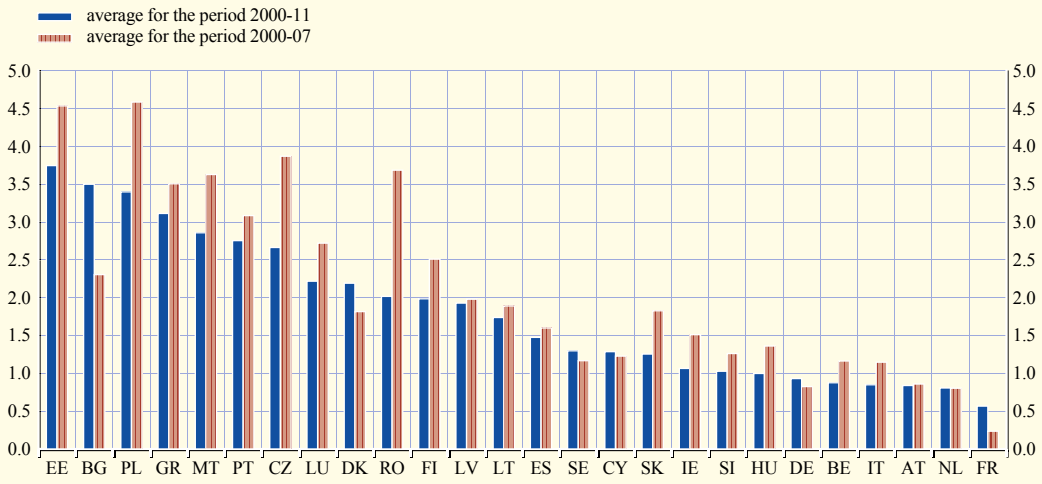
Fiscal councils can play an important role in enforcing fiscal rules and fostering budgetary discipline. For example, they can help to achieve unbiased and realistic macroeconomic and budgetary projections, either by producing them themselves or at least scrutinising government projections. Sound and realistic projections are essential for sound fiscal planning and budget preparation, as overly optimistic projections may trigger too positive an assessment of the underlying fiscal stance, masking any emerging fiscal imbalances.[6] In fact, projections of economic growth and government

5 Budget coordination arrangements and their effects are discussed in the following: Escolano, J., Eyraud, L., Moreno Badia, M., Sarnes, J. and Tuladhar, A., "Fiscal performance, institutional design and decentralization in European Union countries", *IMF Working Papers*, No 12/45, February 2012; Eskeland, G.S., Litvack, J. and Rodden, J.A. (eds.), *Fiscal decentralization and the challenge of hard budget constraints*, MIT press, 2003; Joumard, I. and Kongsrud, P. M., "Fiscal relations across government levels", *OECD Economics Department* Working Papers, No 375, 2003; Ter-Minassian, T. (ed.), *Fiscal federalism in theory and practice*, IMF, 1997; Asatryan, Z., Feld, L.P. and Geys, B., "Partial fiscal decentralization and sub-national government fiscal discipline: empirical evidence from OECD countries", workshop paper/mimeo, 2012; Baskaran, T. and Hessami, Z., "Fiscal decentralisation and budgetary stability: transitory effects and long-run equilibria", workshop paper/mimeo, 2012; and Foremny, D. and von Hagen, J., "Sub-national budgetary discipline during times of crisis: the impact of fiscal rules and tax autonomy", workshop paper/mimeo, 2012.

6 Realistic macroeconomic projections are particularly important for accurate government revenue projections, given that revenue strongly depends on macroeconomic developments, while government spending is more influenced by political decision-making.

Government revenue projection errors

(as a percentage of GDP)



Sources: European Commission and national sources.
Notes: The projection errors are proxied by the average of the annual difference between government revenue projections one year ahead (as stated in the respective stability and convergence programmes) and actual government revenue for the corresponding year (expressed as a percentage of GDP). The averages are shown for two time periods, thus including and excluding the crisis years. The series are adjusted for the years for which no projections are available. No annual projections are available for the United Kingdom.

revenue have been "too optimistic" in a number of EU Member States over the past decade, with the proxy for the projection errors ranging on average from 0.5% of GDP to around 4.5% of GDP in the period from 2000 to 2011 (see Chart).[7] Yet, the projection errors appear to be smaller in countries where projections are either produced or scrutinised by independent bodies, such as in the Netherlands, Austria and Belgium.

How do fiscal councils need to be designed if they are to support the enforcement of fiscal rules and foster budgetary discipline? The general conclusion that can be drawn from the literature is that three conditions need to be met if fiscal councils are to be effective[8]: first, fiscal councils need to be strictly independent from the government; second, their mandate should be comprehensive; and third, they should possess forceful instruments to trigger peer pressure.

First, strict independence is fundamentally important for facilitating unbiased fiscal analyses and/or projections while at the same time achieving institutional credibility. Credibility in turn is a precondition for effectively increasing the political cost of deviations from the government's commitments. In order to ensure political independence, it is necessary to establish appointment procedures based on professional qualifications and not political preferences, as well as long terms of service, and to prohibit the government from interfering with the analyses of the fiscal council or its mandate, or influencing its executives.[9] These elements can be reinforced by reputation-building over time and international monitoring of adherence to the principle of independence.

7 See also Beetsma, R., Giuliodori, M. and Wierts, P., "Fiscal plans and outcomes", *Economic Policy*, No 24, 2009.

8 See Wyplosz, C., "Fiscal rules: theoretical issues and historical experiences", *NBER Working Papers*, No 17884, 2012; von Hagen, J., "Sticking to fiscal plans: the role of institutions", *Public Choice*, No 144, 2010; Debrun, X., Hauner, D. and Kumar, M.S., "Independent fiscal agencies", *Journal of Economic Surveys*, No 23, 2009; Hagemann, R., "How can fiscal councils strengthen fiscal performance?", *OECD Journal: Economic Studies*, Vol. 2011/1, 2011; Frankel, J., "Over-optimism in forecasts by official budget agencies and its implications", *NBER Working Papers*, No 17239, 2011.

9 For details see for example Wyplosz, C., op. cit., or Calmfors, L. and Wren-Lewis, S., "What should fiscal councils do?", *Economic Policy*, Vol. 26, No 68, October 2011, pp. 649-695.

Second, the mandate of fiscal councils should be comprehensive, stressing the importance of long-term fiscal sustainability. It should include the ex post analysis of whether fiscal policy has complied with the rules, as well as the evaluation of fiscal plans with respect to the targets derived from the fiscal rules and the underlying projections. In order for fiscal councils to fulfil their mandate, they should be given far-reaching access to the required data, and government transparency should be mandatory, for example with respect to fiscal projections or the forecasting of the effects of discretionary policy measures on the budget. Furthermore, the calibre and quantity of the technical staff needs to be sufficient in order to ensure that analyses are reliable and of a high quality.

Third, it is crucial for the success of fiscal councils as effective "watchdogs" that they have a prominent public voice. This implies that the analyses of fiscal councils should be highly visible. An instrument to ensure this visibility could be the requirement for governments to "comply or explain", i.e. either to follow, or to publicly explain deviations from, the fiscal council's advice. An alternative avenue could be to oblige governments to publish the results of ex post projection reviews or to empower the independent body to ask for a revision of the forecasts that the government carries out to base the preparation of the budget on sound assumptions.

3 RECENT EU GOVERNANCE REFORMS TO STRENGTHEN NATIONAL FISCAL FRAMEWORKS

This section describes recent EU governance reforms aimed at strengthening national fiscal frameworks (see Box 1 for a detailed overview of the EU's tools for fostering reforms in national fiscal frameworks). Reforms relating to the six most important areas of national fiscal frameworks are presented, namely those covering (i) numerical fiscal rules, (ii) medium-term budgetary planning, (iii) budget coordination between levels of government, (iv) fiscal councils, (v) budget monitoring, and (vi) macroeconomic and budget forecasting.

Box 1

THE EU TOOLS FOR FOSTERING REFORMS IN NATIONAL FISCAL FRAMEWORKS

This box provides an overview of the EU tools for fostering reforms in national fiscal frameworks.

Directive on requirements for budgetary frameworks (as part of the "six-pack")

Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States was adopted in November 2011, as part of a major reform of the EU economic governance framework known as the "six-pack". A directive allows Member States to gradually adapt their laws to meet the goals set out in the directive by the indicated deadline, and gives them the freedom to decide how to do so. A full transposition of the budgetary frameworks directive is expected by the end of 2013, although the Heads of State or Government of the euro area sought to introduce its content by the end of 2012.[1] In the event of a Member State not complying by the 2013 deadline,

1 Statement by the Heads of State or Government of the euro area and EU institutions, 21 July 2011.

whether in the form of inaction or omissions in transposition, the European Commission can launch an infringement procedure or even refer the case to the Court of Justice of the European Union.

Fiscal compact (as part of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union)

The requirements for national fiscal frameworks have subsequently been further reinforced through the fiscal compact as part of the intergovernmental Treaty on Stability, Coordination and Governance in the Economic and Monetary Union. The Treaty entered into force on 1 January 2013 after ratification by 12 euro area countries. The correct transposition of the fiscal compact into national law by the deadline of the end of 2013 will be verified by the Court of Justice of the European Union, following a report by the European Commission.

The Treaty confers on the European Commission the responsibility for proposing binding common principles "concerning in particular the nature, the size and the time-frame of the corrective action to be undertaken (…) and the role and independence of the institutions responsible at national level for monitoring the observance of the rules". In consultation with the Member States, the European Commission outlined the design features of the correction mechanism in a communication which was endorsed by the Council of the European Union (EU Council) in June 2012.[2]

The "two-pack"

The proposed regulation for "monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficits of the Member States in the euro area" forms one of the additional two draft EU legal acts aimed at further strengthening the budgetary and economic surveillance of euro area countries and restoring confidence in financial markets. The "two-pack" proposals were presented by the European Commission in November 2011 and are still under negotiation at the time of writing.

Policy recommendations and peer review

To complement the binding rules on national fiscal frameworks, the European Commission and the EU's Economic Policy Committee were charged with performing a regular assessment and peer review of the Member States' fiscal frameworks in order to share best practices. In May and November 2011, the Economic Policy Committee reviewed the national fiscal frameworks of all 27 EU Member States and adopted country-specific policy recommendations taking into account differences in institutional and cultural traditions.[3] However, these recommendations are not binding and there are no tools at the disposal of the EU authorities to enforce them. The means of pressure available include regular follow-up peer reviews of the implementation of the recommendations. An interim review was carried out in 2012 for several countries which were considered to be facing particularly important challenges (Cyprus, Greece, Ireland, Latvia and Portugal).[4] In addition, for 12 countries the policy advice on strengthening fiscal frameworks issued by the

2 European Commission Communication entitled "Common principles on national fiscal correction mechanisms", 20 June 2012 (COM (2012) 0342).

3 European Commission, "Fiscal frameworks across Member States: Commission services country fiches from the 2011 EPC peer review", *European Economy Occasional Papers*, No 91, February 2012.

4 European Commission, "Fiscal Frameworks in the European Union: May 2012 update on priority countries", *European Economy Occasional Papers*, No 113, July 2012.

EU Council in July 2012 in the context of the "European semester" fed into their country-specific recommendations. The implementation of these recommendations will be subject to an annual review by the European Commission and the EU Council.

Macroeconomic adjustment programmes

In countries subject to an EU-IMF macroeconomic adjustment programme, the national fiscal frameworks have been shaped by the conditionality attached to financial assistance. The broad policy conditions are defined by the EU Council and further developed in a Memorandum of Understanding concluded between the European Commission, the IMF, the ECB and the country concerned.

To sum up, the tools used to foster reforms in national fiscal frameworks are ideally mutually reinforcing. EU Member States are expected to conduct comprehensive reforms of their national fiscal frameworks, based on the latest EU economic governance requirements and lessons learnt from peer reviews. While it is too early to fully assess the effectiveness of the various governance tools used so far, binding rules definitely provide more legal certainty and the means for their enforcement. This is one of the reasons why in its legal opinion on the "two-pack" the ECB expressed its preference for setting out the key elements of the fiscal compact – including the specification of the automatically triggered correction mechanism of the balanced budget rule – in secondary legislation, i.e. in the "two-pack", rather than using "softer" channels (such as communications).[5]

5 Opinion of the European Central Bank of 7 March 2012 on strengthened economic governance of the euro area (CON/2012/18).

NUMERICAL FISCAL RULES

Numerical rules tend to foster budget discipline. The budgetary frameworks directive does not, however, prescribe any specific rules at the national level. Indeed, it merely stipulates that Member States should have numerical fiscal rules in place based on the following general principles: (i) fiscal rules need to be clearly defined and promote compliance with the SGP effectively; (ii) they should be monitored effectively; (iii) non-compliance with fiscal rules should only be permitted temporarily under clearly defined escape clauses; (iv) there should be some enforcement of the rules in the case of non-compliance; and (v) the fiscal rules need be reflected in the country's annual budget laws.

Binding requirements to that effect are included in the fiscal compact. The euro area countries are required to introduce a balanced budget rule at the national – preferably constitutional – level, combined with an automatically triggered correction mechanism. National budgets are defined as balanced if the annual structural budget balance[10] is in line with the country-specific medium-term objective as defined in the preventive arm of the SGP. The fiscal compact specifies an upper limit to the structural deficit of 0.5% of GDP, and 1% of GDP at most for Member States with debt-to-GDP ratios significantly below 60% of GDP and low risks to long-term fiscal sustainability. The balanced budget rule must include a correction mechanism which is triggered automatically in the event of significant deviations from the medium-term objective or the adjustment path towards it. Significant deviations are defined according to the preventive arm of the SGP. Concrete principles

10 The structural budget balance is defined in terms of the annual cyclically adjusted balance, net of one-off and temporary measures.

for specifying the correction mechanisms at the national level were outlined by the European Commission and endorsed by the EU Council in June 2012.[11]

The fiscal compact also requires Member States to respect the expenditure rule of the preventive arm of the enhanced SGP when approaching their medium-term objectives. According to this rule, total real expenditure growth under the control of the government[12] must not exceed potential medium-term GDP growth. Furthermore, the numerical benchmark for debt reduction is also enshrined in the fiscal compact. This rule stipulates that Member States with debt-to-GDP ratios above 60% must reduce the excess of their debt ratios at an average rate of one-twentieth per year as a benchmark. Under the SGP, Member States have to comply with the debt rule after a three-year transition period following the termination of their current excessive deficit procedures.

MEDIUM-TERM BUDGETARY PLANNING

In order to be able to better predict multi-annual fiscal plans, the budgetary frameworks directive asks Member States to establish credible and effective medium-term budget frameworks with a planning horizon of at least three years. The main elements of the medium-term framework proposed in the directive are: (i) transparent multi-annual budgetary objectives for the general government deficit and debt, as well as public expenditure; (ii) projections of the main revenue and expenditure items for the budget year and beyond, which shall also constitute the basis for budget preparations; (iii) a description of the medium-term policies envisaged; and (iv) a prediction of the impact of these medium-term policies on long-term fiscal sustainability. Moreover, the directive prescribes that annual budget laws should be consistent with the provisions of the medium-term budgetary framework (in line with the stability and convergence programmes). In addition, the "two-pack" proposal requires the medium-term fiscal plans to be published annually together with the underlying documents.

BUDGET COORDINATION BETWEEN LEVELS OF GOVERNMENT

Strong budgetary coordination between the different levels of government is important for ensuring full compliance with fiscal rules, including at the European level (given that fiscal rules usually relate to general government, which includes levels of government that are not under the direct control of central government). The budgetary frameworks directive stipulates that Member States should have appropriate coordination mechanisms in place across the different sub-sectors of general government. These mechanisms should ensure comprehensive and consistent coverage of all government entities with respect to annual and multi-annual fiscal planning and compliance with the numerical fiscal rules.

INDEPENDENT FISCAL COUNCIL

Independent bodies, for example fiscal councils, can markedly increase the transparency and quality of fiscal policies and the effectiveness of fiscal rules. The budgetary frameworks directive states that

11 The common principles relating to national fiscal correction mechanisms, as published by the Commission, are: (i) national fiscal correction mechanisms should be enshrined in national law, preferably at constitutional level; (ii) they should be consistent with the EU framework; (iii) they should be activated in well-defined circumstances; (iv) the size and the timeline of the correction should be framed by pre-defined rules; (v) the mechanisms may give a prominent operational role to rules on public expenditure and discretionary tax measures; (vi) escape clauses are foreseen in exceptional circumstances; and (vii) their activation should be monitored/assessed by an independent body. See the European Commission Communication entitled "Common principles on national fiscal correction mechanisms", 20 June 2012 (COM (2012) 0342).

12 Expenditure is defined as total expenditure minus interest payments, non-discretionary changes in unemployment benefits and spending increases mandated by law.

independent bodies or bodies endowed with functional autonomy vis-à-vis the fiscal authorities of the Member States should monitor the Member States' compliance with their respective numerical fiscal rules.

BUDGET MONITORING

An adequate monitoring framework is crucial to effective fiscal surveillance, to ensure that fiscal slippages are detected at an early stage. Such a framework needs timely and accurate budgetary data, covering all sub-sectors of general government.[13] The budgetary frameworks directive includes additional requirements with respect to statistical reporting – especially concerning the derivation of quarterly national accounts data (which are decisive in assessing compliance with EU fiscal rules) from quarterly national cash data (see Box 2). It requires that contingent liabilities which could have a large impact on public budgets are published. In addition, the reinforced SGP introduces the possibility of financial sanctions for Member States that misrepresent government deficit and debt data, while Eurostat's audit powers have already been widened. The "two-pack" proposal requires that Member States subject to an excessive deficit procedure monitor their in-year budgetary implementation and that the respective reports be made public.

MACROECONOMIC AND BUDGET FORECASTING

Unbiased and realistic macroeconomic and budgetary projections are another cornerstone of effective fiscal surveillance. The budgetary frameworks directive requires Member States to base their fiscal planning on the most up-to-date information and the most likely macroeconomic and budgetary assumptions. Furthermore, Member States are asked to publish their macroeconomic and budgetary projections – including the methodology used and the underlying assumptions – and to regularly engage in a technical dialogue with the European Commission on the assumptions. Moreover, to allow for sufficient peer pressure, the directive also requires that the projections are regularly evaluated ex post, including against other available projections. Member States should specify which institutions are responsible for the macroeconomic and budgetary forecasts.

To complement the budgetary frameworks directive, the "two-pack" proposal for euro area countries requires macroeconomic projections, on which draft budgets are based, to be prepared or at least endorsed by independent bodies. The "two-pack" provisions specify the coverage of the draft budget plans (the main revenue and expenditure components) for general government, which should be published together with the underlying assumptions.

13 European government finance statistics are based on a series of legal instruments, which can be divided into those relating to methodology (see, in particular, Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community), to data transmission (among others, Regulation (EC) No 1267/2003 of the European Parliament and of the Council of 16 June 2003 amending Council Regulation (EC) No 2223/96 with respect to the time limit for transmission of the main aggregates of national accounts, to the derogations concerning the transmission of the main aggregates of national accounts and to the transmission of employment data in hours worked) and to statistical aspects of the excessive deficit procedure (Council Regulation (EC) No 3605/93 of 22 November 1993 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community).

Box 2

THE NEW ACCOUNTING STANDARDS/STATISTICAL REQUIREMENTS

This box summarises the new accounting standards/statistical requirements of the reinforced EU economic governance framework. The budgetary frameworks directive stipulates that the public accounting systems of EU Member States should comprehensively and consistently cover all sub-sectors of general government and contain the information needed to generate accrual data to enable the preparation of data based on the ESA 95 statistical standard. Thus, Member States must ensure the timely and regular publication of fiscal data for all sub-sectors of general government, including:

(i) cash-based fiscal data (or the equivalent figures from public accounting if cash-based data are not available);

(ii) a detailed reconciliation table showing the methodology for the transition from quarterly cash-based data (or the equivalent figures from public accounting if cash-based data are not available) to data based on the ESA 95 standard.

The transition from cash-based data to data based on the ESA 95 standard is crucial, as it allows for better transparency, comparability and accountability of quarterly fiscal data, qualities which were previously only required for annual data. The ESA 95 prescribes the use of accrual accounting principles, which require transactions to be recorded when goods have been received or services have been provided, regardless of when the payment is made. Accrual accounting is the only way to obtain a complete and reliable picture of the economic and financial position of the public sector both for the period to which the accounts relate and the time when obligations are met.

To increase the transparency of general government finances, the budgetary frameworks directive also requires Member States to publish relevant information on contingent liabilities with a potentially large impact on public budgets, including government guarantees, non-performing loans and liabilities stemming from the operation of public corporations. Member States are also required to publish information on the participation of general government in the capital of private and public corporations in respect of significant amounts.

The first scheduled publication dates for these national data are February 2014 for the monthly data and June 2014 for the quarterly data (with January 2014 and the first quarter of 2014 being the respective starting points).

From an ECB perspective, the directive is an important step in improving the enforcement of high-quality government finance statistics provision in the EU. The directive supports the implementation of accrual-based public accounting systems, which are interconnected with ESA 95-based data and subject to internal control and independent audits. In addition, the directive should further enhance the quality of statistics.[1] These factors should help to detect

1 See the box entitled "The Reform of Economic Governance in the Euro Area – Essential Elements", *Monthly Bulletin*, ECB, March 2011.

fiscal slippages at an early stage and facilitate their timely correction. Moreover, ESA 95-based data may currently differ significantly from public accounting data, since the latter have not been harmonised nationally or internationally.[2] The adoption of harmonised public sector EU accounting standards that include all sub-sectors of general government may be considered further on a step-by-step basis in the medium term.

2 Eurostat carried out an assessment of the suitability of using International Public Sector Accounting Standards (IPSASs) for the EU Member States. The conclusions of the study were delivered at the end of 2012. They show that there is major potential for the budgetary integration of harmonised public sector EU accounting standards.

4 OVERVIEW OF EXISTING NATIONAL FISCAL FRAMEWORKS AND THE REFORMS NEEDED

This section analyses the extent to which EU Member States are already complying with the new requirements for national fiscal frameworks and identifies reforms that may be needed.[14] The main insights are summarised in the Table below.

NUMERICAL FISCAL RULES

In the EU, the most stringent fiscal rules currently in place are those in Sweden and in Germany. Sweden has, inter alia, a balanced budget rule included in public finance legislation, which is defined in cyclically adjusted terms, i.e. general government should have a surplus of 1% of GDP over the business cycle. Germany incorporated a "debt brake" rule into its constitution, which has been coming into effect gradually since 2011. The rule restricts the cyclically adjusted deficit to 0.35% of GDP for central government from 2016 onwards, while state governments will be obliged to balance their budgets over the business cycle from 2020 onwards. Fiscal slippages will be recorded in a specific correction account, with the objective of effectively ensuring compliance with the balanced budget rule over time and preventing upward debt trajectories.

Inspired by these rules and following ratification of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, several Member States (such as Denmark, Italy, Ireland, France and Spain) have recently passed, or are in the process of passing, legislation concerning balanced budget rules for general government. In most countries, however, these rules have not yet come into force. Moreover, there seem to be some differences across countries with respect to the automaticity of the underlying correction mechanism, the correction of cumulated deviations from fiscal targets and the definition and applicability of escape clauses. Furthermore, the numerical fiscal rules are not set at the constitutional level in all countries (attempts to anchor the fiscal rules at the constitutional level have not always been met with the necessary majorities, for example in Austria).

In addition to the balanced budget rule, some countries also have well-functioning public debt and expenditure rules in place. In Poland and Slovakia, for example, the public debt limits foresee a gradual correction mechanism, with sanctions if certain thresholds are exceeded. Portugal has recently established expenditure ceilings for central government.

14 EU Member States will need to formally comply with the requirements of the directive from 2014 onwards, and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union only entered into force on 1 January 2013.

MEDIUM-TERM BUDGETARY PLANNING

In the context of the "European semester", all Member States are supposed to prepare stability or convergence programmes which include their medium-term budgetary objective for general government and projections for the main revenue and expenditure items. In most countries, annual budget laws are in line with the multi-annual fiscal planning outlined in their stability and convergence programmes. In Belgium and Hungary, however, the methodological approaches taken in preparing the annual budgets seem to differ from those in the stability and convergence programmes.

To foster medium-term budgetary planning, some countries have multi-annual planning frameworks in place, for example in the form of binding expenditure ceilings. This is the case in the Netherlands, Austria, Sweden and Finland, among others. In 2012 Ireland introduced a binding medium-term expenditure framework for its central government. In addition, Portugal and Hungary improved their multi-annual budgetary frameworks for their central governments in the context of the revised budgetary framework legislation while, in Spain, recent developments in multi-annual budgetary targets affected all levels of government. Other countries, such as Latvia and Cyprus, are currently in the process of strengthening their medium-term planning frameworks. Currently, however, Belgium and Luxembourg still do not envisage introducing a comprehensive national medium-term planning framework.

BUDGET COORDINATION BETWEEN LEVELS OF GOVERNMENT

Coordination mechanisms between different sub-sectors of general government are not yet established in all EU Member States. However, there have recently been some advances at the national level, reflecting the fact that the fiscal compact refers to general government, which indirectly requires at least some degree of coordination between central government and the sub-sectors. In Germany, the "Stabilitätsrat" (stability council) is required to help coordinate budget planning for the Federal Government and the federal states in order to ensure sound fiscal policies and compliance with the requirements of the German "debt brake".[15] In Spain and Italy, among others, the newly established numerical fiscal rules at the constitutional level are also to cover regional and local authorities. In addition, sub-national budgetary plans in Spain need to be validated ex ante by the central government; if budgetary targets are exceeded at sub-national level, the central government can impose sanctions and corrective measures (such as examining their accounts and cutting sub-national spending). Moreover, in Denmark a recently adopted budget regulation foresees that, from 2014 onwards, regions and municipalities will be faced with a cut in grants from the central government if they exceed certain defined expenditure ceilings.

INDEPENDENT FISCAL COUNCILS

In more than half of the EU Member States, independent fiscal councils or bodies with functional autonomy either already exist or are about to be established. In Belgium, Austria and Sweden, for example, fiscal councils are long established. While the fiscal councils' mandates differ across countries, they typically focus on providing fiscal assessments (including of long-run sustainability and compliance with rules) and estimates of the budgetary impact of proposed measures, as well as verifying government projections.

15 For details see: Deutsche Bundesbank, *Monthly Report*, October 2011, pp. 20-24.

Overview of national fiscal frameworks in the EU

	Numerical fiscal rules[1]			Medium-term planning[2]	Budget coordination[3]	Fiscal council[4]	Budgetary monitoring[5]	Projections[6]
	Budget balance	Debt	Expenditure					
Belgium					+/-	x	x	x
Bulgaria	+/-	+/-	+/-	x	x		+/-	
Czech Republic		*	*	x		*	x	
Denmark	x		x	x	x	x	x	
Germany	x			x	x	+/-	x	x
Estonia				x	x			
Ireland	x	x	x	x	+/-	x	x	
Greece				x	*		+/-	
Spain	x	x	x	x	x		x	
France	x			x	+/-	x		
Italy	x			x	x	x	+/-	
Cyprus	+/-	+/-	+/-	x	+/-	+/-	+/-	+/-
Latvia	*	*	*	x	x			
Lithuania	*			x	x			
Luxembourg					+/-			+/-
Hungary		x		x		+/-		
Malta	*			x			x	
Netherlands			x	x	x	x	x	x
Austria	+/-		x	x	x	x	x	x
Poland		x		x	x			
Portugal	+/-		+/-	x	x	x	+/-	
Romania			+/-	x		x	x	+/-
Slovenia	*			x	+/-	+/-	x	x
Slovakia		x		x		x	x	+/-
Finland			x	x				
Sweden	x	x	x	x	x	x	x	
United Kingdom				x		x		x

Notes: Based on information publicly available up to December 2012. "x" indicates that requirements have been fully met and "+/-" that they have only been partly met. "*" indicates improvements to national fiscal frameworks that have not yet been adopted/passed, but which are already at an advanced stage in the legislative process (i.e. they have at least passed the first reading in parliament).
1) Effective and binding numerical fiscal rules targeting the budget balance, public debt or government expenditure (including expenditure ceilings), preferably contained in the constitution.
2) Fiscal planning procedure in place covering at least three years.
3) Implicit or explicit budget coordination between different levels of government.
4) Independent fiscal council that provides regular assessments of, and operational recommendations for, budgetary policy.
5) Official budget review and comprehensive and timely data on budget implementation.
6) Unbiased and realistic macro or revenue projections, ideally prepared or scrutinised by an independent agency.

BUDGET MONITORING

While all EU Member States monitor budget implementation during the year, monitoring procedures differ substantially across countries. There is still no official intra-year budget review in place in nearly half of the EU Member States. Only a few countries, such as Belgium, the Netherlands, Romania, Slovakia and Slovenia, have fully-fledged official intra-year budget reviews, which are even made publicly available.

As regards budget statistics, the availability and quality of budgetary data is rather mixed in the EU Member States and has remained broadly unchanged in recent years. However, Spain has recently taken measures to improve the availability of sub-national government budgetary data. Moreover, in the context of the financial assistance programmes, measures have been adopted to improve the quality of budgetary data (such as in Greece).

MACROECONOMIC AND BUDGET FORECASTING

In line with the budgetary frameworks directive, macroeconomic and economic projections are published in more than half of the Member States, while the underlying methodologies are only publicly available in a few countries, namely Denmark, Finland and Slovakia. Moreover, no country seems to have a legislative process in place to evaluate the projections ex post on a regular basis. However, in some countries (e.g. Romania) the government is obliged to publicly explain any significant differences between its projections and those of the European Commission.

In most Member States, macroeconomic and budgetary projections are still prepared by the respective finance/budget ministry and not by independent agencies.[16] In only a few countries are the government projections at least scrutinised by an independent agency or committee (Germany and Slovakia, for example). The Member States with long-established independent bodies for macroeconomic projections are Belgium, the Netherlands, Austria and Slovenia. The United Kingdom recently set up an independent office in charge of producing macroeconomic and revenue projections and scrutinising the government's input into the public finance projections (although the government formally retained its right to produce its own forecasts). However, in some countries in which macroeconomic and revenue projections are prepared by an independent body (such as Luxembourg and Romania), the government is not obliged to use these projections when preparing the budget.

5 THE EFFECTIVENESS OF NATIONAL FISCAL FRAMEWORKS – POSSIBLE AREAS FOR IMPROVEMENT

This section discusses how the normative benchmarks outlined in Section 2 compare with the existing requirements for national fiscal frameworks and identifies possible areas for improvement in euro area countries in order to make national fiscal frameworks fully commensurate with the requirements of the single currency.

NEED FOR BETTER ENFORCEMENT AND STRONGER AUTOMATICITY

The existing requirements for national fiscal frameworks, in particular those included in the fiscal compact, foresee clearly defined numerical fiscal rules which are enforceable and ideally anchored at the constitutional level. These requirements seem to be broadly in line with the normative benchmarks needed for credible fiscal targets. However, as has been spelt out on previous occasions,[17] the fiscal compact, though expected to help strengthen fiscal credibility, contains some loopholes, for example with respect to the rather generous escape clauses and the correction mechanism not being fully automatic.

Moreover, more effective fiscal surveillance frameworks are needed in order for slippages in annual fiscal targets to be detected early in the budget year. This surveillance could take the form of mandatory intra-year budgetary reviews. Although the budgetary frameworks directive falls short of requiring the establishment of adequate monitoring frameworks for budget implementation, the "two-pack" proposal foresees the regular monitoring of in-year budgetary execution for those euro area Member States subject to an excessive deficit procedure. Going forward, it would be preferable for this to become a standard feature for all Member States.

16 In the EU Member States there are even fewer independent agencies in charge of preparing revenue projections.
17 See for example the article entitled "A fiscal compact for a stronger economic and monetary union", *Monthly Bulletin*, ECB, May 2012.

Furthermore, with respect to the need to ensure that multi-annual fiscal plans can be better predicted and to limit ad-hoc decisions by governments, the current requirements can only be seen as minimum requirements. Indeed, the EU fiscal surveillance framework needs to be better integrated with national fiscal planning so that budget preparation is fully consistent with the budgetary plans outlined in the stability and convergence programmes. Another weakness in current medium-term planning is that the commitments under the medium-term fiscal frameworks are not binding and cannot be enforced. Experience has actually shown that binding medium-term planning frameworks tend to be more effective in avoiding fiscal slippages. EU Member States should therefore go beyond the current requirements and strengthen the multi-annual character of budget planning. This calls for a stronger enforcement of medium-term fiscal plans.

Furthermore, budget coordination between different levels of government is key for budgetary discipline and meeting the fiscal targets covering general government. However, the current legislation falls short of specifying requirements for effective budget coordination that would successfully prevent non-compliance with fiscal targets at the sub-national level. Going beyond the current requirements, effective budget coordination at the national level should be explicit and take the form of regularly updated and sufficiently binding internal stability programmes, for example. Further possible means of strengthening budget coordination across different levels of government are the introduction of an internal sanctions mechanism in the case of non-compliance with targets set for the different levels and a request for the correction of cumulated ex post fiscal slippages, such as through the implementation of a correction account.

MORE EFFECTIVE MONITORING OF BUDGETARY COMMITMENTS NEEDED

The EU requirements for national fiscal frameworks already include some important elements that apply to fiscal councils to ensure their effectiveness. The budgetary frameworks directive defines the need for fiscal councils to monitor compliance with numerical fiscal rules at the national level. Moreover, the common principles for independent bodies as spelt out in a European Commission communication in June 2012 [18] seem adequate, if fully implemented, to ensure that fiscal councils are sufficiently independent. However, the legislation may prove to be lacking as regards the comprehensiveness of the related tasks. In particular, fiscal councils are not required to be solely responsible for the preparation of macroeconomic and budgetary forecasts. Moreover, EU legislation does not include provisions to ensure that fiscal councils are highly visible. In particular, it remains very vague on the consequences if a fiscal council finds non-compliance with fiscal rules or if government projections are found to be too optimistic. Thus there is a need to further strengthen the voice of fiscal councils at the national level in order for them to gain greater leverage in relation to governments, as well as national parliaments, for example by obliging governments to either comply with, or publicly explain deviations from, the councils' advice.

6 CONCLUSIONS

Effective national fiscal frameworks are crucial for ensuring that fiscal policies are sound and that EMU functions smoothly. Recent reforms of the EU economic governance framework also rightly targeted fiscal frameworks at the national level. However, reform progress has so far been uneven across countries. As a first step, it is imperative that countries foster their reform efforts and fully comply with the minimum benchmarks for national fiscal frameworks and the provisions

18 See footnote 11.

of the fiscal compact by the deadline for its transposition. While Member States are currently in the process of establishing balanced budget rules, government expenditure and debt rules are still not a common feature. Moreover, further progress is required in the area of budget coordination between levels of government; the availability and quality of sub-national government budgetary data should be strengthened; and several countries still do not have an independent council, so they need to ensure that their fiscal planning is based on unbiased projections.

The new governance requirements, however, while constituting a step in the right direction, may not be sufficient to ensure sound fiscal policies in the EU going forward, especially in the case of euro area countries, given the larger interdependencies created by EMU. In particular, in several ways the new fiscal governance reform steps, even if fully implemented, fall short of what is required to ensure effective national fiscal frameworks and foster budget discipline. Euro area countries should therefore go beyond the minimum requirements, as spelt out in the budgetary frameworks directive.

There are a number of ways to achieve this. For example, the effectiveness of fiscal councils could be increased by obliging governments to either comply with, or publicly explain deviations from, the councils' advice. Similarly, in order to strengthen budget coordination across different levels of government, an internal sanctions mechanism could be established in the event of non-compliance. Moreover, the commitments under medium-term fiscal frameworks ought to be made binding and a mandatory review of intra-year budget implementation be introduced for all EU countries. Such steps would make a significant contribution to establishing truly effective national fiscal frameworks, to fostering fiscal discipline, and to ensuring the smooth functioning of EMU.

ENHANCING THE MONITORING OF SHADOW BANKING

Over recent years, shadow banking has come to be identified within international policy debates as one of the main sources of possible concern about financial stability, prompting policy initiatives to improve monitoring and regulation. This article illustrates the importance of monitoring shadow banking from a central banking perspective – particularly with regard to repo and securities lending transactions – and shows how the existing statistical data for the euro area provide only a limited picture. In this context, the article reviews the recommendations that are being finalised by the Financial Stability Board (FSB) to enhance the transparency of shadow banking, with a special focus on those related to the repo and securities lending markets. In particular, a preliminary assessment is made of the main benefits and challenges of establishing a trade repository for repo transactions in the EU.

1 INTRODUCTION

A growing awareness of the risks shadow banking poses to financial stability has prompted both central bankers and policy-makers to refocus their attention on identifying, monitoring and regulating shadow banking. This article starts by recalling some of the conceptual issues surrounding shadow banking activities and assesses their importance from a policy point of view (Section 2). It then provides updated data on the significance and scope of shadow banking in the euro area (Section 3). After a brief presentation of some the FSB's recent proposals regarding shadow banking, the article provides a focused assessment of the main rationale for enhancing the transparency of repo and securities lending markets (Section 4). In this context, the article provides a first assessment of the main benefits of, and key challenges with respect to, the establishment of a trade repository for the repo market in the EU (Section 5).

2 DEFINITION OF SHADOW BANKING AND SOME CONCEPTUAL ISSUES

The current commonly accepted definition of shadow banking – which draws on work carried out by international policy institutions – refers to activities related to credit intermediation, liquidity and maturity transformation that take place outside the regulated banking system.[1] The shadow banking sector cannot, therefore, be identified completely with a specific set of financial intermediaries. Moreover, the same shadow entity or activity can actually be regulated differently in various jurisdictions. Contrary to the situation in the United States, lending activities in Europe take place largely within the perimeter of the regulated banking system, although overall credit intermediation may also involve other financial intermediaries. Maturity transformation broadly relates to the use of short-term liabilities to fund investment in long-term assets. This is often, but not necessarily, complemented by liquidity transformation, i.e. investing in illiquid assets while acquiring funding through more liquid liabilities.

The financial institutions and segments of the financial sector within this broad definition may include finance companies, hedge funds and investment funds, entities that are involved in various activities related to securitisation, credit insurers and financial guaranty insurers, as well as, on the funding side, the repo markets and money market funds (MMFs).

1 See, in particular, Financial Stability Board, "Shadow Banking: Strengthening Oversight and Regulation", Recommendations of the Financial Stability Board, 27 October 2011 (available at http://www.financialstabilityboard.org).

The current financial crisis has caused economists and policy-makers to turn their attention increasingly towards shadow banking activities. Of particular interest is the role played by shadow banking activities in fostering the accumulation of risk which eventually unleashed the financial crisis, and the possible regulatory policies that could have prevented it. Liquidity squeezes, most notably in the repo market, and often involving financial intermediaries outside the regulated banking system, have frequently been mentioned as one of the factors triggering the financial crisis.[2]

There is already an extensive body of literature analysing these issues, in particular the activities in shadow banking markets (such as the repo and the securities lending markets). At the same time, however, empirical studies of shadow banking markets have been hampered by the limited public availability of data related to these activities.[3]

The importance for central banks to monitor shadow banking activities relates to both their financial stability and their monetary policy mandate:

- Concerning financial stability, shadow banking activities support the increase of the leverage (and the risk) of the whole financial system. An analysis of the balance sheets of financial and non-financial corporations shows that leverage (broadly speaking, the ratio of debt to equity) fluctuates over time and, as one of the important determinants of asset prices, tends therefore to amplify fluctuations in credit and economic activity.[4] Before the financial crisis, there was a significant build-up of leverage in the financial sector, also in the euro area, which can be attributed largely to the shadow banking sector and, in particular, the development of financial innovation and the growth of markets that are relatively "hidden" from regulators.[5] A highly leveraged financial system is more prone to "sudden deleveraging" processes, which may have a negative impact on the provision of credit and, in turn, increase volatility in the real economy.[6]

- Regarding the monetary policy mandate of central banks, shadow banking activities are also directly relevant because of the repercussions they can have on the assessment and conduct of monetary policy. When evaluating monetary developments, central banks need to take particular account of the structure of the financial system, the role played by financial intermediaries other than banks and also shadow banking activities.

Some shadow banking activities, notably the funding role of certain securities markets (primarily the repo and the securities lending markets), also have a direct link to the implementation of monetary policy since, in the euro area, the provision of central bank liquidity to the banking sector is based

2 See Gorton, G., *Slapped by the Invisible Hand: The Panic of 2007*, Oxford University Press, 2010, and Gorton, G. and Metrick, A., "Securitized Banking and the Run on Repo", *Journal of Financial Economics*, Vol. 104, 2012, pp. 425-51.

3 For a recent survey of the analytical work related to shadow banking, see Adrian, T. and Ashcraft, A.B., "Shadow Banking: A Review of the Literature", *Federal Reserve Bank of New York Staff Reports*, No 580, 1 October 2012.

4 See Adrian, T. and Shin, H.S., "Liquidity and Leverage", *Journal of Financial Intermediation*, Vol. 19, No 3, 2010, pp. 418-37.

5 See Bakk-Simon, K., Borgioli, S., Giron, C., Hempell, H., Maddaloni, A., Recine, F. and Rosati, S., "Shadow banking in the euro area: an overview", *Occasional Paper Series*, No 133, ECB, April 2012, in particular Chart 18. For the role played by securitisation activity, see Maddaloni, A. and Peydró, J.-L., "Bank risk-taking, securitisation, supervision and low interest rates – evidence from the euro area and the US lending standards", *Review of Financial Studies*, Vol. 24, 2011, pp. 2121-6.

6 There may be several mechanisms through which shadow banking activities contribute to increasing leverage and ultimately amplifying macroeconomic shocks. See, for example, Gennaioli, N., Shleifer, A. and Vishny, R.W., "A Model of Shadow Banking", *Journal of Finance*, forthcoming, and Faia, E., "Credit risk transfers and the macroeconomy", *Working Paper Series*, No 1256, ECB, October 2010. These issues are also specifically addressed by the analytical work carried out by the ESCB Macro-prudential research network (MaRs). See the relevant literature mentioned in *Report on the first two years of the Macro-prudential Research Network*, ECB, October 2012 (available at http://www.ecb.europa.eu), and, in particular, Goodhart, C.A.E., Kashyap, A.K., Tsomocos, D. and Vardoulakis, A., "Financial regulation in general equilibrium", *LSE Financial Markets Group Discussion Paper*, No 702, March 2012.

on repo operations. This implies that any proposal to regulate the repo markets needs to be carefully assessed against both the impact such regulation may have on the functioning of the money market and the possible effects on monetary policy implementation and the transmission mechanism of monetary policy.

The repo market, in particular, has increased in importance in the context of a further general decline in banks' recourse to unsecured funding. Since the beginning of the financial crisis, there has been a shift in transactions from unsecured to secured money markets, which have instead shown remarkable resilience. Overall, this trend has increased the importance both of collateralised markets for funding purposes and of financial intermediaries acting in this market, in particular central counterparties that facilitate the reduction of counterparty risks for banks involved in such repo transactions.

3 RELEVANCE OF SHADOW BANKING FOR THE EURO AREA: A STATISTICAL PERSPECTIVE

As mentioned above, one of the challenges in measuring shadow banking is the difficulty in defining a perimeter for such activities, as they are not necessarily performed by a specific set of financial institutions. The well-established macroeconomic financial statistics are generally based on groups of institutions (as opposed to being based on activities), and on reporting criteria that do not always have sufficient granularity to identify different kinds of financial intermediation and risk exposures or to distinguish between traditional banking activities and other "shadow banking" activities, as defined in Section 2. For instance, there are few statistical data available on securities lending and repo markets. A further problem lies in the fact that activities related to shadow banking are often performed by financial institutions on which no regular, frequent statistical information is available, or on which the statistical data have only become available very recently.

In this article, the quarterly ECB/Eurostat euro area accounts and the ECB's monetary statistics are used to provide a measure of shadow banking based on the classification of "institutional units" according to national accounts standards. While these statistics do not easily capture the subtleties required in providing an activity-related measurement of shadow banking, they are well equipped to identify different kinds of intermediaries. They also provide a methodologically sound and reliable way of approaching the quantification of shadow banking[7].

The table below shows the total assets of euro area financial institutions (other than the Eurosystem), broken down by national account institutional sector, at four moments in time: in 2003, at the beginning of the latest period of credit expansion; in mid-2007, shortly before the outbreak of the financial crisis; in spring 2010, before the onset of the sovereign debt crisis; and at end-June 2012, which is the latest observation available.

Shadow banking is tentatively identified as any bank-like intermediation that is not carried out by regulated banks. Financial intermediaries that, in principle, do not face the risk of a run on their liabilities similar to a traditional run on bank deposits (in other words, intermediaries whose liabilities are equity-like, rather than debt-like) are excluded. Thus, insurance corporations, pension funds and most investment funds are excluded, whereas MMFs are included, as their liabilities are a close substitute for regular bank deposits.

7 For an in-depth discussion of the statistical issues associated with the measurement of shadow banking, see Bakk-Simon, K., Borgioli, S., Giron, C., Hempell, H., Maddaloni, A., Recine, F. and Rosati, S., "Shadow banking in the euro area: an overview", *Occasional Paper Series*, No 133, ECB, April 2012.

Assets of financial institutions in the euro area

	Q4 2003		Q2 2007		Q1 2010		Q2 2012	
	EUR trillions	Percentage of total	EUR trillions	Percentage of total	EUR trillions	Percentage of total	EUR trillions	Percentage of total
Banks	**18.1**	**58.6**	**25.6**	**55.9**	**28.3**	**56.3**	**29.3**	**55.2**
Other intermediaries	**5.1**	**16.4**	**8.5**	**18.6**	**10.1**	**20.1**	**10.8**	**20.3**
Money market funds (MMFs)	*0.9*	*2.8*	*1.2*	*2.6*	*1.2*	*2.4*	*1.0*	*1.9*
Financial vehicle corporations	*...*	*...*	*...*	*...*	*2.3*	*4.6*	*2.1*	*4.1*
Other miscellaneous intermediaries	*4.2*	*13.6*	*7.3*	*16.0*	*6.6*	*13.1*	*7.6*	*14.4*
Investment funds other than MMFs	3.3	10.7	5.5	12.1	5.2	10.4	5.9	11.2
Insurance corporations and pension funds	4.4	14.3	6.1	13.4	6.6	13.1	7.0	13.3
Total assets of financial institutions	30.8	100.0	45.7	100.0	50.1	100.0	53.0	100.0

Sources: Euro area accounts (ECB and Eurostat) and monetary statistics (ECB).
Notes: The category "other intermediaries" and sub-category "other miscellaneous intermediaries" are aggregates prepared specifically for the study of shadow banking and are not part of the standard institutional sector categories as defined in international statistical standards for national accounts (i.e. the 2008 SNA and the ESA 2010). Assets of "banks" are estimated from the assets of the MFI sector in the euro area accounts subtracting Eurosystem assets (monetary statistics) and MMF shares issued by MFIs (euro area accounts and monetary statistics). Assets of "other intermediaries" are equal to OFI assets (as given in the euro area accounts) plus MMF shares issued by MFIs minus mutual fund shares issued by investment funds other than MMFs (Euro area accounts and monetary statistics).

Thus, a proxy for shadow banking can be calculated, using the data in the table above, by adding the sector comprising "non-monetary financial intermediaries other than insurance corporations and pension funds" (OFIs) to the figure for "MMFs" and then subtracting "investment funds other than MMFs". The resulting category appears under the heading "other intermediaries" in the table above. On the basis of the available data sources, the "other intermediaries" grouping can be broken down further into three subcategories: (i) MMFs; (ii) financial vehicle corporations; and (iii) a miscellaneous group covering all the other non-bank intermediaries. It is worth recollecting here that this measure is only an approximation of the size of the activities performed by shadow banking. The exclusion of all investment funds other than MMFs removes also some entities which carry out activities that could be considered part of shadow banking – hedge funds, private equity funds, exchange-traded funds, etc. Conversely, the "other miscellaneous intermediaries" category is heterogeneous and insufficiently defined at this stage. The group could also include some entities that do not undertake activities linked to shadow banking. Steps are therefore being taken to define this category better and, more generally, to improve the statistics available, which ultimately should make it possible to obtain a more precise measure.

Against this background, in mid-2012, total assets of these other intermediaries amounted to 20.3% of total financial institutions, compared with 55.2% of banks. By contrast, back in 2003, the share of bank assets was close to 60%. The reduction in bank intermediation came to a temporary standstill during the first few years of the financial crisis, when the share of bank assets actually increased (from 55.9% in mid-2007 to 56.3% in March 2010).

It is worth noting, however, that the residual category "other miscellaneous intermediaries", for which no further granularity is available, holds €7.6 trillion of total assets, i.e. more than 70% of the total assets intermediated by shadow banking entities (the "other intermediaries" sector): in other words, a relevant component of euro area non-bank intermediation can only be traced statistically

Chart 1 Banks and other intermediaries in the euro area

Sources: Euro area accounts (ECB and Eurostat) and monetary statistics (ECB).
Note: See the notes to the table.

by deriving it residually, and is outside the usual classification of regular official statistics. Such an approach may lead to some inaccuracy in measuring the phenomenon.

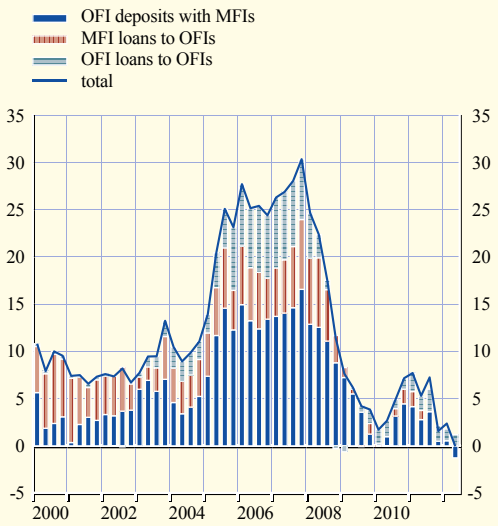
Chart 1 provides a time-series perspective of the size of the non-bank intermediation compared with the traditional one. Assets of "other intermediaries" grew at sustained rates in the run-up to the crisis, i.e. in the period from 2005 to 2007 (at an annual growth rate of close to 20%), possibly suggesting that a process of partial replacement of bank intermediation (otherwise growing robustly by up to almost 13%) by non-bank intermediation was taking place to circumvent regulatory constraints affecting the growth of banks' balance sheets. Starting at the end of 2007, non-bank intermediation declined sharply in the context of general deleveraging triggered by the financial crisis. In relative terms, bank intermediation showed a smaller decline, suggesting a reversal of the previous shift from bank to non-bank intermediation.

The shadow system and the regulated banking system are not two disjoint entities: strong interconnections exist as a result of balance sheet and off-balance-sheet links. Chart 2 shows the rate of growth of intra-financial institutions deposits and loans, illustrating the increasing relevance of balance sheet ties between these two parts of financial intermediation. In particular, it shows the hefty increase, during the years prior to the crisis, in MFI financing obtained from non-traditional bank sources, i.e. from lending by other intermediaries (OFIs' deposits with MFIs). This covers, among other things, repos with other intermediaries and financing through securitisation vehicles [8].

8 It should be noted that Chart 2 displays a downward biased estimate of intra-financial institutions linkages as only deposits and loans are displayed, whereas debt securities and equity links and off-balance-sheet linkages are not covered. Moreover, the chart shows links between MFIs and other financial intermediaries (OFIs). These two categories do not, however, correspond exactly to the categories "banks" and "other intermediaries" in the table.

Chart 2 Flows of deposits and loans between MFIs and OFIs

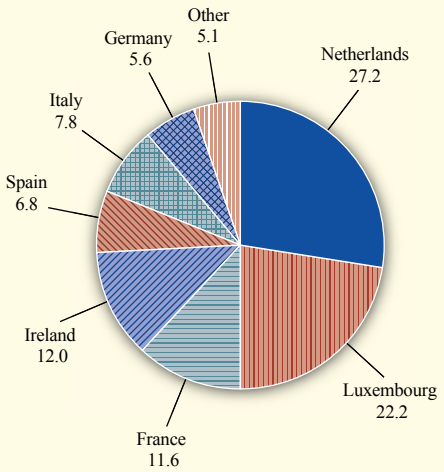
(annual growth rate and contributions to annual growth rates)



Source: Euro area accounts (ECB and Eurostat).
Note: The data exclude interbank deposits.

Chart 3 Assets of other intermediaries, broken down by country

(percentage of the total at the end of the second quarter of 2012)



Sources: Euro area accounts (ECB and Eurostat) and monetary statistics (ECB).
Note: See the notes to the table.

Both the relative and the absolute size of shadow banking differ across euro area countries. Chart 3 displays the total assets of shadow banking intermediaries per country, as a proportion of the total. Non-bank intermediation is especially prominent in Luxembourg, the Netherlands and Ireland, particularly in relation to the size of the respective economies. However, this reflects a certain specialisation in the non-traditional banking industry in those countries, rather than a stronger domestic demand for that kind of mediation.[9]

4 ENHANCING THE TRANSPARENCY OF REPOS AND SECURITIES LENDING

4.1 WORK CARRIED OUT BY THE FINANCIAL STABILITY BOARD

The Financial Stability Board (FSB) has played a key role in driving the policy discussion on enhancing the regulatory framework for shadow banking. Following the mandate received from the G20 leaders to assess the financial stability risks and develop recommendations to strengthen the oversight and regulation of shadow banking, the FSB has initiated work aimed at (i) enhancing the monitoring of shadow banking and (ii) strengthening the regulatory framework.

As regards monitoring, the FSB has launched the annual monitoring of shadow banking, for which the ECB provides data on the euro area. In terms of the regulatory framework, on 18 November 2012, the FSB published a Consultative Document[10], which includes an assessment of the main financial stability risks and a set of recommendations to address such risks. Additionally, two further

9 The apparently small size of shadow banking activities in some of the larger countries partially reflects this geographical specialisation. For instance, German corporations tend to resort to financial vehicles located in the Netherlands for certain intermediation services.

10 Financial Stability Board, "Consultative Document: Strengthening Oversight and Regulation of Shadow Banking – An Integrated Overview of Policy Recommendations", 18 November 2012 (available at http://www.financialstabilityboard.org).

Consultative Documents were published on the same day containing policy recommendations to address, respectively, shadow banking entities other than MMFs[11] and repos and securities lending[12].

As explained in Section 2, repo transactions are of specific interest for central banks, given their importance for the transmission of monetary policy and for interbank funding. At the same time, securities lending and repo markets enable financial institutions to build direct exposures to each other, thereby increasing interconnections and a possible risk of contagion. In this context, the recommendations proposed by the FSB as regards the enhancement of transparency are welcome in view of their importance for financial stability purposes. More specifically, the FSB requests improvements in two areas: regulatory reporting and market transparency.

- The aim of improving regulatory reporting is to have more granular information on securities lending and repo exposures between financial institutions. The FSB recommended that public authorities should collect, as a matter of urgency, more granular data on securities lending and repo exposures among large international financial institutions.

- By enhancing market transparency, authorities strive to better understand – and, therefore, possibly predict – sudden changes in market behaviour. In this context, the FSB noted that trade repositories are likely to be the most effective way of collecting comprehensive data on the repo and securities lending markets and that feasibility studies to establish such data collection entities should be undertaken by national/regional authorities. Furthermore, the FSB indicated that it would continue to work on these issues after the end of the consultation.[13]

In its reply to the European Commission's Green Paper on Shadow Banking[14], the Eurosystem highlighted the need for enhancing transparency in shadow banking.[15] In the Eurosystem's view, enhancing transparency is of paramount importance at the current stage to improve knowledge of the market segments which fall outside the regulatory reach and which may pose financial stability issues. More specifically, the Eurosystem has a keen interest in obtaining more information on repo market activity, both for the implementation of monetary policy and on account of financial stability considerations. However, activity on this market is difficult to observe in real time, because there is no comprehensive source of information in the EU. The Eurosystem has, therefore, suggested that a proper solution would be to create a central database which collects data directly from infrastructures and custodian banks as a joint effort by public authorities and the financial industry.[16]

The creation of a central EU database on repo transactions has also been supported by the European Parliament, which has invited the European Commission to submit a report on the required

11 Financial Stability Board, "Consultative Document: Strengthening Oversight and Regulation of Shadow Banking – A Policy Framework for Strengthening Oversight and Regulation of Shadow Banking Entities", 18 November 2012 (available at http://www.financialstabilityboard.org).
12 Financial Stability Board, "Consultative Document: Strengthening Oversight and Regulation of Shadow Banking – A Policy Framework for Addressing Shadow Banking Risks in Securities Lending and Repos", 18 November 2012 (available at http://www.financialstabilityboard.org).
13 "Recommendation 2: […] Depending on the consultation findings on the appropriate geographical and product scope of trade repositories, the FSB should establish a working group to identify the appropriate scope and undertake a feasibility study for one or more trade repositories at a global level. Such feasibility studies should involve market participants. Recommendation 3: As an interim step, the FSB should coordinate a set of market-wide surveys by national/regional authorities to increase transparency for financial stability purposes and inform the design of trade repositories. Such market-wide surveys should make publicly available aggregate summary information on securities lending and repo markets on a regular basis."
14 See COM(2012) 102 final, dated 19 March 2012 (available at http://ec.europa.eu).
15 Eurosystem Reply to the European Commission's Green Paper on Shadow Banking, 5 July 2012 (available at http://www.ecb.europa.eu).
16 Ibid.

institutional set-up by mid-2013.[17] The following section reviews the main rationale for enhancing transparency of the repo market and proposes some preliminary considerations on the possible establishment of a trade repository in the EU in light of the FSB's recommendations.

4.2 FINANCIAL STABILITY AND SYSTEMIC RISK RELATED TO REPOS: THE RATIONALE FOR ENHANCING TRANSPARENCY

Securities financing transactions play a key role in supporting price discovery and secondary market liquidity for a wide range of public and private sector issuances. They are also instrumental in helping market participants to finance their assets and, consequently, in building up leverage at the institutional and market levels. Maturity transformation and interconnectedness among market participants are thus essential aspects of securities financing markets (see the box below). Their aggregation over many transactions or market participants has the potential to yield risk diversification. However, in unfavourable scenarios, this can also be the trigger for uncertainty and a disorderly unwinding of positions.

17 European Parliament, Committee on Economic and Monetary Affairs, "Report on shadow banking", 25 October 2012.

Box

ILLUSTRATION OF SYSTEMIC RISK CONCERNS THAT WARRANT A MONITORING OF SECURITIES FINANCING MARKETS

To understand the systemic concerns that warrant a monitoring of these markets (in particular, of the repo market segment), it is helpful to recall the basic elements of such a transaction.

A repo transaction is a maturity transforming transaction consisting of the provision of funds by counterparty A to counterparty B against the guarantee of collateral issued (or guaranteed) by counterparty C for a limited and pre-specified period of time.

As market participants A, B and C are all subject (albeit to varying degrees) to credit or liquidity risk, any change in the perception of credit risk, or liquidity constraints for any of them, will lead to changes in the transaction parameters.

- Actual or perceived negative changes in the creditworthiness of the recipient of cash (counterparty B) may lead to increased collateralisation requests, to be covered by either additional collateral of the same type, issuer or quality, or alternatively cash (i.e. liquidity).

- Changes in the necessary amount of collateral need not be only the result of a change in the market price of the underlying collateral instrument, but could also be the result of a change in the credit risk perception of the collateral issuer C (e.g. a downgrade by a rating agency), including it entering into default.

- Finally, as the borrowing entity (counterparty A) commonly reuses the collateral received in other transactions, any changes in its own creditworthiness or difficulties in recovering or replacing the collateral obtained in the initial transaction could have a negative impact on counterparty B.

As this basic illustration highlights, any of the developments described above could trigger reaction chains that put counterparties A or B under increased liquidity stress or adversely affect the perception of credit worthiness by other market participants. From the markets point of view, any such development might result in the counterparties with which counterparties A or B transact being subject to contagion from this liquidity or credit stress. The result in a stress scenario is likely to be a broad withdrawal of market participants from this market, which, as a consequence, would experience a dramatic decrease in liquidity, similar to "runs". Maturity transformation is a key driver of such runs.

Runs in secured markets can have damaging effects on other participants in these markets or on other financial markets. Some institutions operating in repo and securities lending markets are very large and the consequences of a run on these institutions could be systemic. The damaging effects of runs can spread from an institution to its counterparties and, where a fire sale occurs, the spread can be even wider.[18]

In light of the above, the financial stability issues to be addressed by policy recommendations include: (i) liquidity and leverage risk that can be caused by the reinvestment of securities lending cash collateral, or ensuing from pro-cyclical variations in collateral valuation/volatility;[19] and (ii) risk transmission to other market segments as a consequence of fire sales of assets in case of a counterparty default or due to interconnectedness resulting from the re-use of collateral. Moreover, financial stability issues may arise from the lack of legal certainty as to the re-hypothecation of clients' assets and could be triggered by the inadequate collateral valuation practices revealed by a failure of actual marking-to-market practices.

Most securities lending and repo transactions are carried out on a bilateral basis and are largely opaque (even when they are cleared through central counterparties).

Regulators and market participants both have an interest in monitoring repo markets for evidence of incipient "runs". In this context, there is no doubt that increased transparency can help regulators in that it provides information instrumental to identifying trends in the build-up of risks over time, either for a specific institution or specific asset class or for the market overall. In addition, it allows regulators to monitor changes in market activity that can lead to the emergence of potential new risks and support the development of appropriate policy responses in times of stress.

From the market participants' point of view, increased transparency will be beneficial in that it allows participants to observe how market activity is evolving over time with respect to pricing, liquidity and other characteristics that affect their own risk management and profitability. Moreover, it can provide information regarding risks that could have an impact on market participants.

18 For a thorough review of the academic literature on securities financing transactions, see Annex 3 of "Securities Lending and Repos: Market Overview and Financial Stability Issues", *Interim Report of the FSB Workstream on Securities Lending an Repos*, FSB, 27 April 2012 (available at http://www.financialstabilityboard.org). There are only a limited number of empirical studies in comparison with theoretical contributions, and the evidence available is based, almost exclusively, on the US repo market. Few analyses exist for other countries or regions, such as the euro area.

19 The re-use and associated velocity of collateral have important implications for financial institution (de)leveraging as it impacts the interconnectedness of the financial system. Besides these aspects that are relevant for financial stability, a higher re-use rate of collateral increases the "money-likeness" of collateral and consequently impacts the conduct of monetary policy, as argued, for example, in Singh, M., "The (Other) Deleveraging", *Working Paper Series*, No 12/179, IMF, July 2012.

In the euro area context, increased transparency will also benefit the Eurosystem in the implementation of its monetary policy operations. More specifically, it can provide information on structural aspects of the repo market regarding asset categories eligible for monetary policy operations and the extent of their use by counterparties, as well as information on risk control measures applied. Such information could guide the Eurosystem's policy decisions (especially in times of financial stress) with respect to the Eurosystem's own collateral eligibility criteria and the calibration of its risk control framework.

5 MAIN BENEFITS AND CHALLENGES OF ESTABLISHING A TRADE REPOSITORY FOR REPOS IN THE EU

Having positively assessed the need for enhanced transparency of the securities lending and repo markets, the next question is how to implement this in practice. Ideally, the monitoring of repo and securities lending markets could be organised through either a central database or a trade repository.[20]

In the context of the repo market, which is of particular importance for central banks, the following appear to be the main benefits and challenges of establishing a trade repository. In terms of benefits, a trade repository for repos would, above all, ensure transparency for both market participants and authorities. As with trade repositories for derivatives, a trade repository for repos would facilitate the collection and dissemination of information from different data sources. It would establish a complete (and uniform) picture of the repo market for relevant parties. Market participants, for example, would be able to retrieve their data and, depending on the actual set-up, could also benefit from additional services (e.g. by allowing counterparties to match/compare transactions they have with other counterparties). At the same time, the trade repository would provide the necessary legal and confidentiality safeguards regarding the use of the data. Authorities would be able to monitor repo activities, as part of the process of monitoring shadow banking in the EU, and analyse the possible implications for systemic risk in the EU financial system.

Establishing a trade repository for repos in the EU would require joint efforts by relevant authorities and the financial industry. The authorities and legislators should take the necessary legislative initiatives to create a reporting framework at the EU level and ensure compliance with data protection requirements. Possible legal constraints or specific legislative requirements must be identified at an early stage. The industry should implement the necessary changes to ensure proper registration and reporting. Market infrastructures (e.g. central securities depositories, international central securities depositories and central counterparties), banks (insofar as they internalise repo settlement in their own books) and non-banks are particularly key for the data collection. The Eurosystem – as a public authority and by virtue of its role in macro-prudential supervision – could be well placed to drive the discussion on common and centralised reporting of data for the euro repo market. Given its keen interest in obtaining information on repo market activity – for the implementation of monetary policy and for financial stability considerations – the Eurosystem could coordinate further investigations on challenges that might arise in developing a solution at the EU level.

20 A trade repository is an entity that maintains a centralised electronic record (database) of transaction data. In particular, it centralises the collection, storage and dissemination of data. Trade repositories are expected to play a major role in the on-going reform of the OTC derivatives markets and the collection of adequate data on those markets.

6 CONCLUSION

The financial crisis has triggered a new understanding among central bankers and policy-makers about the interconnections between the different components of the financial system and how possible sources of financial vulnerability may trigger risks to financial stability. This is particularly true for those entities and activities outside the regulated banking system, which turned out to be a major trigger of the financial crisis. Work carried out by the FSB, following an invitation from the G20 leaders, as well as further analytical research, has helped to bridge the knowledge gap and ensure that those involved in policy discussions are better informed. Effective solutions, however, must still be implemented to improve the monitoring of shadow banking activities, with particular regard to the securities lending and repo markets. The establishment in the EU of a central database or a trade repository for repo and securities lending transactions, in line with the FSB's proposed recommendations, would represent a significant step forward in this regard.

EURO AREA STATISTICS

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

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Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1)]

	M1 [2)]	M2 [2)]	M3 [2),3)]	M3 [2),3)] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2)]	Securities other than shares issued in euro by non-MFI corporations [2)]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4)]
	1	2	3	4	5	6	7	8
2011	2.1	2.3	1.5	-	2.2	0.7	1.39	2.65
2012	4.1	3.2	2.9	-	-0.2	.	0.58	1.72
2012 Q1	2.4	2.5	2.2	-	0.7	0.2	1.04	2.60
Q2	2.9	2.8	2.7	-	-0.1	2.6	0.69	2.32
Q3	4.8	3.2	3.1	-	-0.6	1.0	0.36	1.94
Q4	6.2	4.2	3.6	-	-0.8	.	0.20	1.72
2012 Aug.	5.2	3.2	2.9	3.0	-0.7	0.4	0.33	1.91
Sep.	5.0	3.1	2.6	3.1	-0.9	1.1	0.25	1.94
Oct.	6.5	4.3	3.9	3.4	-0.8	0.5	0.21	1.95
Nov.	6.7	4.5	3.8	3.7	-0.8	0.8	0.19	1.80
Dec.	6.2	4.4	3.3	.	-0.7	.	0.19	1.72
2013 Jan.	.	.	.	.	.	.	0.20	2.02

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

	HICP [1)]	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2011	2.7	5.9	2.2	1.4	3.4	80.5	0.3	10.2
2012	2.5	2.6	.	.	.	78.3	.	11.4
2012 Q2	2.5	2.2	1.9	-0.5	-2.3	78.9	-0.7	11.3
Q3	2.5	2.4	2.0	-0.6	-2.2	77.5	-0.7	11.5
Q4	2.3	2.3	.	.	.	77.0	.	11.7
2012 Aug.	2.6	2.7	-	-	-1.2	-	-	11.5
Sep.	2.6	2.7	-	-	-2.7	-	-	11.6
Oct.	2.5	2.6	-	-	-3.3	76.9	-	11.7
Nov.	2.2	2.1	-	-	-3.7	-	-	11.7
Dec.	2.2	2.1	-	-	.	-	-	11.7
2013 Jan.	2.0	.	-	-	.	77.2	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [6)] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2011	23.9	9.2	119.2	667.1	-14.0	117.1	103.4	100.7	1.3920
2012	.	.	.	689.4	.	.	97.8	95.6	1.2848
2012 Q1	-2.6	6.3	-74.5	671.2	-10.7	117.5	99.5	96.9	1.3108
Q2	16.0	25.2	77.9	701.5	-12.9	124.8	98.2	95.9	1.2814
Q3	44.5	30.5	-34.9	733.8	-12.6	124.5	95.9	93.8	1.2502
Q4	.	.	.	689.4	.	.	97.8	95.8	1.2967
2012 Aug.	9.9	5.6	-3.9	716.1	-	-	95.2	93.2	1.2400
Sep.	13.3	10.4	-34.5	733.8	-	-	97.2	94.9	1.2856
Oct.	13.4	12.5	35.3	715.8	-	-	97.8	95.5	1.2974
Nov.	21.4	16.3	26.2	718.2	-	-	97.2	95.3	1.2828
Dec.	.	.	.	689.4	-	-	98.7	96.6	1.3119
2013 Jan.	.	.	.	.	-	-	100.4	98.2	1.3288

Sources: ECB, European Commission (Eurostat and Economic and Financial Affairs DG) and Thomson Reuters.
Note: For more information on the data, see the relevant tables later in this section.

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

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem

(EUR millions)

1. Assets

	4 January 2013	11 January 2013	18 January 2013	25 January 2013	1 February 2013
Gold and gold receivables	438,686	438,687	438,687	438,686	438,687
Claims on non-euro area residents in foreign currency	250,685	251,302	256,361	253,908	255,050
Claims on euro area residents in foreign currency	32,340	31,388	31,538	31,210	28,703
Claims on non-euro area residents in euro	19,033	21,714	22,357	21,996	22,045
Lending to euro area credit institutions in euro	1,116,994	1,113,646	1,163,204	1,156,233	1,015,482
Main refinancing operations	81,097	77,725	131,242	125,302	124,149
Longer-term refinancing operations	1,035,769	1,035,769	1,030,929	1,030,929	891,327
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	127	151	1,032	2	7
Credits related to margin calls	0	1	1	0	0
Other claims on euro area credit institutions in euro	203,816	200,114	138,027	131,320	127,288
Securities of euro area residents in euro	584,944	585,602	582,638	582,775	575,967
Securities held for monetary policy purposes	276,903	276,598	276,160	275,236	270,869
Other securities	308,041	309,004	306,478	307,539	305,099
General government debt in euro	29,961	29,961	29,961	29,962	29,912
Other assets	279,704	280,118	279,438	282,690	276,561
Total assets	2,956,165	2,952,532	2,942,211	2,928,781	2,769,695

2. Liabilities

	4 January 2013	11 January 2013	18 January 2013	25 January 2013	1 February 2013
Banknotes in circulation	904,411	893,632	887,004	881,925	883,854
Liabilities to euro area credit institutions in euro	924,018	939,540	945,285	895,574	797,938
Current accounts (covering the minimum reserve system)	462,287	507,684	540,018	479,499	408,150
Deposit facility	252,615	222,608	196,399	207,198	180,957
Fixed-term deposits	208,500	208,500	208,500	208,500	208,500
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	616	748	367	376	331
Other liabilities to euro area credit institutions in euro	6,493	6,530	6,118	6,575	6,792
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	137,209	134,864	117,201	162,527	107,581
Liabilities to non-euro area residents in euro	185,485	180,271	186,441	185,061	179,126
Liabilities to euro area residents in foreign currency	3,439	3,593	8,791	4,889	4,509
Liabilities to non-euro area residents in foreign currency	5,815	5,739	4,990	6,539	7,549
Counterpart of special drawing rights allocated by the IMF	54,952	54,952	54,952	54,952	54,952
Other liabilities	241,411	240,340	238,444	237,751	234,435
Revaluation accounts	407,375	407,377	407,377	407,378	407,378
Capital and reserves	85,556	85,693	85,608	85,610	85,581
Total liabilities	2,956,165	2,952,532	2,942,211	2,928,781	2,769,695

Source: ECB.

1.2 Key ECB interest rates

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

With effect from: [1]	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
			Fixed rate	Minimum bid rate			
	Level	Change	Level	Level	Change	Level	Change
	1	2	3	4	5	6	7
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 [2]	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 [3]	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25
31 Aug.	3.25	-0.25	-	4.25	-0.25	5.25	-0.25
18 Sep.	2.75	-0.50	-	3.75	-0.50	4.75	-0.50
9 Nov.	2.25	-0.50	-	3.25	-0.50	4.25	-0.50
2002 6 Dec.	1.75	-0.50	-	2.75	-0.50	3.75	-0.50
2003 7 Mar.	1.50	-0.25	-	2.50	-0.25	3.50	-0.25
6 June	1.00	-0.50	-	2.00	-0.50	3.00	-0.50
2005 6 Dec.	1.25	0.25	-	2.25	0.25	3.25	0.25
2006 8 Mar.	1.50	0.25	-	2.50	0.25	3.50	0.25
15 June	1.75	0.25	-	2.75	0.25	3.75	0.25
9 Aug.	2.00	0.25	-	3.00	0.25	4.00	0.25
11 Oct.	2.25	0.25	-	3.25	0.25	4.25	0.25
13 Dec.	2.50	0.25	-	3.50	0.25	4.50	0.25
2007 14 Mar.	2.75	0.25	-	3.75	0.25	4.75	0.25
13 June	3.00	0.25	-	4.00	0.25	5.00	0.25
2008 9 July	3.25	0.25	-	4.25	0.25	5.25	0.25
8 Oct.	2.75	-0.50	-	-	-	4.75	-0.50
9 [4]	3.25	0.50	-	-	-	4.25	-0.50
15 [5]	3.25	...	3.75	-	-0.50	4.25	...
12 Nov.	2.75	-0.50	3.25	-	-0.50	3.75	-0.50
10 Dec.	2.00	-0.75	2.50	-	-0.75	3.00	-0.75
2009 21 Jan.	1.00	-1.00	2.00	-	-0.50	3.00	...
11 Mar.	0.50	-0.50	1.50	-	-0.50	2.50	-0.50
8 Apr.	0.25	-0.25	1.25	-	-0.25	2.25	-0.25
13 May	0.25	...	1.00	-	-0.25	1.75	-0.50
2011 13 Apr.	0.50	0.25	1.25	-	0.25	2.00	0.25
13 July	0.75	0.25	1.50	-	0.25	2.25	0.25
9 Nov.	0.50	-0.25	1.25	-	-0.25	2.00	-0.25
14 Dec.	0.25	-0.25	1.00	-	-0.25	1.75	-0.25
2012 11 July	0.00	-0.25	0.75	-	-0.25	1.50	-0.25

Source: ECB.

1) From 1 January 1999 to 9 March 2004, the date refers to the deposit and marginal lending facilities. For main refinancing operations, changes in the rate are effective from the first operation following the date indicated. The change on 18 September 2001 was effective on that same day. From 10 March 2004 onwards, the date refers both to the deposit and marginal lending facilities and to the main refinancing operations (with changes effective from the first main refinancing operation following the Governing Council decision), unless otherwise indicated.

2) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new monetary regime by market participants.

3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.

4) As of 9 October 2008 the ECB reduced the standing facilities corridor from 200 basis points to 100 basis points around the interest rate on the main refinancing operations. The standing facilities corridor was restored to 200 basis points as of 21 January 2009.

5) On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. This change overrode the previous decision (made on the same day) to cut by 50 basis points the minimum bid rate on the main refinancing operations conducted as variable rate tenders.

1.3 Eurosystem monetary policy operations allotted through tender procedures [1), 2)]

(EUR millions; interest rates in percentages per annum)

1. Main and longer-term refinancing operations [3)]

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8
	Main refinancing operations							
2012 31 Oct.	83,730	87	83,730	0.75	-	-	-	7
7 Nov.	79,474	81	79,474	0.75	-	-	-	7
14	75,214	84	75,214	0.75	-	-	-	7
21	75,428	85	75,428	0.75	-	-	-	7
28	74,591	79	74,591	0.75	-	-	-	7
5 Dec.	70,764	74	70,764	0.75	-	-	-	7
12	73,217	82	73,217	0.75	-	-	-	7
19	72,683	79	72,683	0.75	-	-	-	9
28	89,661	86	89,661	0.75	-	-	-	6
2013 3 Jan.	81,097	69	81,097	0.75	-	-	-	6
9	77,725	75	77,725	0.75	-	-	-	7
16	131,242	72	131,242	0.75	-	-	-	7
23	125,302	71	125,302	0.75	-	-	-	7
30	124,149	74	124,149	0.75	-	-	-	7
6 Feb.	129,308	73	129,308	0.75	-	-	-	7
	Longer-term refinancing operations [5)]							
2012 8 Aug.	25,180	28	25,180	0.75	-	-	-	35
30	9,746	36	9,746	0.75	-	-	-	91
12 Sep.	13,844	26	13,844	0.75	-	-	-	28
27	18,709	55	18,709	0.75	-	-	-	84
10 Oct.	12,629	27	12,629	0.75	-	-	-	35
1 Nov.	6,156	52	6,156	0.75	-	-	-	91
14	15,926	30	15,926	0.75	-	-	-	28
29 [6)]	7,371	37	7,371	.	-	-	-	91
12 Dec.	15,296	26	15,296	0.75	-	-	-	35
20 [6)]	14,962	50	14,962	.	-	-	-	98
2013 16 Jan.	10,455	19	10,455	0.75	-	-	-	28
31 [6)]	3,713	46	3,713	.	-	-	-	84

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2012 31 Oct.	Collection of fixed-term deposits	404,051	56	209,500	-	-	0.75	0.01	0.01	7
7 Nov.	Collection of fixed-term deposits	459,619	62	208,500	-	-	0.75	0.01	0.01	7
14	Collection of fixed-term deposits	464,144	63	208,500	-	-	0.75	0.01	0.01	7
21	Collection of fixed-term deposits	450,602	63	208,500	-	-	0.75	0.01	0.01	7
28	Collection of fixed-term deposits	400,817	60	208,500	-	-	0.75	0.01	0.01	7
5 Dec.	Collection of fixed-term deposits	415,855	53	208,500	-	-	0.75	0.01	0.01	7
12	Collection of fixed-term deposits	405,362	57	208,500	-	-	0.75	0.01	0.01	7
19	Collection of fixed-term deposits	354,791	52	208,500	-	-	0.75	0.01	0.01	9
28	Collection of fixed-term deposits	197,559	43	197,559	-	-	0.75	0.75	0.03	6
2013 3 Jan.	Collection of fixed-term deposits	324,054	61	208,500	-	-	0.75	0.01	0.01	6
9	Collection of fixed-term deposits	344,451	64	208,500	-	-	0.75	0.01	0.01	7
16	Collection of fixed-term deposits	356,291	61	208,500	-	-	0.75	0.01	0.01	7
23	Collection of fixed-term deposits	298,933	60	208,500	-	-	0.75	0.01	0.01	7
30	Collection of fixed-term deposits	284,235	66	208,500	-	-	0.75	0.20	0.04	7
6 Feb.	Collection of fixed-term deposits	335,198	91	205,500	-	-	0.75	0.10	0.04	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.

I.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
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012	18,752.3	9,923.7	667.7	2,603.1	1,315.7	4,242.1
2012 July	19,077.4	10,025.9	724.6	2,655.6	1,332.9	4,338.4
Aug.	18,943.3	9,977.3	714.4	2,643.9	1,287.7	4,320.1
Sep.	18,893.9	9,992.3	690.9	2,632.8	1,300.1	4,277.9
Oct.	18,807.8	9,973.0	675.6	2,607.6	1,304.6	4,247.0
Nov.	18,752.3	9,923.7	667.7	2,603.1	1,315.7	4,242.1

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012	106.4	509.9	403.5	0.0	0.75
2012 11 Sep.	107.1	540.0	432.9	0.0	0.75
9 Oct.	107.0	538.1	431.1	0.0	0.75
13 Nov.	106.4	529.2	422.7	0.0	0.75
11 Dec.	106.4	509.9	403.5	0.0	0.75
2013 15 Jan.	106.0	489.0	383.0	0.0	0.75
12 Feb.	105.4	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors						Liquidity-absorbing factors				Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012	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
2012 7 Aug.	678.9	146.0	1,079.9	0.8	281.0	343.1	211.5	897.7	130.7	93.5	510.2	1,751.0
11 Sep.	676.8	130.6	1,076.8	0.8	279.7	328.6	210.5	897.6	107.0	81.0	540.0	1,766.2
9 Oct.	681.5	117.6	1,062.8	1.1	279.6	305.4	209.0	892.7	101.4	96.0	538.1	1,736.2
13 Nov.	708.5	84.4	1,053.8	1.0	278.9	256.1	209.3	890.0	95.7	146.4	529.2	1,675.3
11 Dec.	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 15 Jan.	683.9	78.2	1,036.8	3.7	276.8	238.4	206.6	903.5	100.1	141.7	489.0	1,630.9

Source: ECB.

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

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1)]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2)]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3)]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2011	4,700.3	2,780.5	18.0	1.0	2,761.5	717.2	556.9	10.1	150.2	-	20.3	779.2	8.1	395.0
2012 (p)	5,288.2	3,351.2	16.9	1.0	3,333.3	723.1	568.3	10.5	144.2	-	23.4	799.9	8.4	382.3
2012 Q3	5,489.6	3,517.1	17.1	1.0	3,499.1	730.0	572.6	9.9	147.5	-	21.7	843.6	8.4	368.9
Q4 (p)	5,288.2	3,351.2	16.9	1.0	3,333.3	723.1	568.3	10.5	144.2	-	23.4	799.9	8.4	382.3
2012 Sep.	5,489.6	3,517.1	17.1	1.0	3,499.1	730.0	572.6	9.9	147.5	-	21.7	843.6	8.4	368.9
Oct.	5,480.9	3,538.6	17.1	1.0	3,520.6	721.0	565.6	10.0	145.4	-	21.9	822.7	8.4	368.3
Nov.	5,402.2	3,448.3	17.1	1.0	3,430.3	722.3	568.1	10.4	143.7	-	22.1	829.5	8.4	371.6
Dec. (p)	5,288.2	3,351.2	16.9	1.0	3,333.3	723.1	568.3	10.5	144.2	-	23.4	799.9	8.4	382.3
	MFIs excluding the Eurosystem													
2011	33,540.3	18,483.3	1,159.6	11,162.9	6,160.7	4,765.3	1,395.9	1,517.5	1,852.0	50.2	1,211.8	4,253.5	232.3	4,544.0
2012 (p)	32,683.9	17,987.5	1,152.8	11,043.3	5,791.4	4,905.7	1,629.3	1,416.7	1,859.8	66.6	1,227.9	4,042.6	215.6	4,237.9
2012 Q3	33,918.6	18,455.6	1,163.0	11,186.8	6,105.8	4,885.6	1,619.3	1,376.6	1,889.6	60.9	1,221.4	4,201.7	222.4	4,871.0
Q4 (p)	32,683.9	17,987.5	1,152.8	11,043.3	5,791.4	4,905.7	1,629.3	1,416.7	1,859.8	66.6	1,227.9	4,042.6	215.6	4,237.9
2012 Sep.	33,918.6	18,455.6	1,163.0	11,186.8	6,105.8	4,885.6	1,619.3	1,376.6	1,889.6	60.9	1,221.4	4,201.7	222.4	4,871.0
Oct.	33,328.5	18,380.9	1,177.7	11,167.4	6,035.9	4,878.8	1,636.5	1,373.8	1,868.5	63.7	1,219.4	4,189.1	223.3	4,373.3
Nov.	33,329.8	18,318.4	1,168.0	11,160.6	5,989.7	4,904.0	1,673.9	1,353.1	1,877.0	66.6	1,224.1	4,164.1	224.0	4,428.6
Dec. (p)	32,683.9	17,987.5	1,152.8	11,043.3	5,791.4	4,905.7	1,629.3	1,416.7	1,859.8	66.6	1,227.9	4,042.6	215.6	4,237.9

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [4)]	Debt securities issued [5)]	Capital and reserves	External liabilities	Remaining liabilities [3)]
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2011	4,700.3	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	284.3	412.1
2012 (p)	5,288.2	938.2	3,063.5	81.4	64.5	2,917.7	-	0.0	539.6	298.7	448.3
2012 Q3	5,489.6	917.8	3,257.7	91.9	21.2	3,144.6	-	0.0	575.2	303.8	435.1
Q4 (p)	5,288.2	938.2	3,063.5	81.4	64.5	2,917.7	-	0.0	539.6	298.7	448.3
2012 Sep.	5,489.6	917.8	3,257.7	91.9	21.2	3,144.6	-	0.0	575.2	303.8	435.1
Oct.	5,480.9	916.8	3,278.5	84.0	64.1	3,130.4	-	0.0	559.1	291.2	435.4
Nov.	5,402.2	915.1	3,190.8	115.6	71.2	3,004.0	-	0.0	565.6	292.7	438.2
Dec. (p)	5,288.2	938.2	3,063.5	81.4	64.5	2,917.7	-	0.0	539.6	298.7	448.3
	MFIs excluding the Eurosystem										
2011	33,540.3	-	17,318.5	195.5	10,752.3	6,370.7	570.6	5,008.2	2,231.1	3,803.4	4,608.5
2012 (p)	32,683.9	-	17,192.6	171.3	10,866.8	6,154.5	523.0	4,841.5	2,355.8	3,499.4	4,271.6
2012 Q3	33,918.6	-	17,430.7	204.5	10,827.2	6,399.1	540.8	4,977.9	2,325.3	3,752.1	4,891.8
Q4 (p)	32,683.9	-	17,192.6	171.3	10,866.8	6,154.5	523.0	4,841.5	2,355.8	3,499.4	4,271.6
2012 Sep.	33,918.6	-	17,430.7	204.5	10,827.2	6,399.1	540.8	4,977.9	2,325.3	3,752.1	4,891.8
Oct.	33,328.5	-	17,356.7	189.6	10,814.8	6,352.4	548.8	4,930.6	2,331.0	3,737.9	4,423.4
Nov.	33,329.8	-	17,373.9	197.3	10,835.6	6,341.0	550.0	4,907.0	2,331.0	3,658.3	4,509.7
Dec. (p)	32,683.9	-	17,192.6	171.3	10,866.8	6,154.5	523.0	4,841.5	2,355.8	3,499.4	4,271.6

Source: ECB.

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

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

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2)]
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011	26,717.5	12,341.5	1,177.6	11,163.9	3,480.3	1,952.8	1,527.6	739.7	5,032.8	240.4	4,882.8
2012 (p)	26,231.3	12,214.0	1,169.7	11,044.3	3,624.8	2,197.6	1,427.2	767.1	4,842.5	224.1	4,558.8
2012 Q3	27,160.3	12,367.9	1,180.1	11,187.8	3,578.4	2,191.9	1,386.5	749.2	5,045.3	230.8	5,188.7
Q4 (p)	26,231.3	12,214.0	1,169.7	11,044.3	3,624.8	2,197.6	1,427.2	767.1	4,842.5	224.1	4,558.8
2012 Sep.	27,160.3	12,367.9	1,180.1	11,187.8	3,578.4	2,191.9	1,386.5	749.2	5,045.3	230.8	5,188.7
Oct.	26,629.4	12,363.1	1,194.7	11,168.4	3,586.0	2,202.1	1,383.9	747.8	5,011.8	231.7	4,689.1
Nov.	26,688.0	12,346.7	1,185.1	11,161.6	3,605.6	2,242.0	1,363.5	760.5	4,993.6	232.4	4,749.3
Dec. (p)	26,231.3	12,214.0	1,169.7	11,044.3	3,624.8	2,197.6	1,427.2	767.1	4,842.5	224.1	4,558.8
	Transactions										
2011	992.9	60.3	-55.6	115.8	127.6	151.8	-24.2	-29.9	-37.3	7.8	864.2
2012 (p)	63.5	-43.2	-5.1	-38.1	107.4	182.5	-75.1	39.1	-152.6	-16.3	129.2
2012 Q3	-47.2	5.8	-7.6	13.4	-71.1	6.4	-77.5	16.5	-58.4	2.4	57.6
Q4 (p)	-426.4	-104.5	-10.1	-94.4	18.4	-22.3	40.7	15.4	-95.7	-6.4	-253.5
2012 Sep.	-131.8	38.3	2.3	36.0	16.0	30.5	-14.5	11.3	-41.1	0.8	-157.0
Oct.	-128.2	-0.2	14.7	-14.9	-1.1	1.1	-2.2	-3.8	7.5	0.9	-131.7
Nov.	72.7	-12.1	-9.6	-2.5	6.8	27.2	-20.4	12.5	-13.8	0.9	78.5
Dec. (p)	-370.9	-92.2	-15.2	-77.0	12.6	-50.7	63.3	6.7	-89.5	-8.2	-200.3

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									
2011	26,717.5	857.5	259.3	10,764.5	520.4	3,006.1	2,219.9	4,087.7	5,020.6	-18.5
2012 (p)	26,231.3	876.8	252.6	10,931.2	456.5	2,837.5	2,411.1	3,798.0	4,719.9	-52.5
2012 Q3	27,160.3	866.7	296.4	10,848.4	479.9	2,940.8	2,406.6	4,056.0	5,326.9	-61.2
Q4 (p)	26,231.3	876.8	252.6	10,931.2	456.5	2,837.5	2,411.1	3,798.0	4,719.9	-52.5
2012 Sep.	27,160.3	866.7	296.4	10,848.4	479.9	2,940.8	2,406.6	4,056.0	5,326.9	-61.2
Oct.	26,629.4	864.3	273.5	10,878.8	485.1	2,916.8	2,396.6	4,029.1	4,858.9	-73.6
Nov.	26,688.0	864.1	313.0	10,906.8	483.4	2,886.2	2,410.9	3,950.9	4,947.9	-75.1
Dec. (p)	26,231.3	876.8	252.6	10,931.2	456.5	2,837.5	2,411.1	3,798.0	4,719.9	-52.5
	Transactions									
2011	992.9	49.1	-0.8	168.0	-29.0	49.9	141.6	-200.0	860.7	-46.6
2012 (p)	63.5	19.4	-4.5	181.3	-19.8	-143.4	169.4	-252.5	138.2	-24.6
2012 Q3	-47.2	-1.1	-36.9	0.7	-17.0	-10.9	30.6	-84.5	82.6	-10.8
Q4 (p)	-426.4	10.2	-44.2	90.2	-21.7	-82.7	58.1	-214.5	-234.1	12.3
2012 Sep.	-131.8	-3.5	33.5	52.0	-20.4	-8.3	12.9	-35.2	-139.5	-23.3
Oct.	-128.2	-2.4	-22.8	32.2	5.7	-18.3	2.3	-13.2	-97.4	-14.3
Nov.	72.7	-0.2	39.4	28.4	-1.1	-26.5	5.7	-74.0	101.9	-0.8
Dec. (p)	-370.9	12.7	-60.8	29.6	-26.3	-37.8	50.1	-127.2	-238.6	27.3

Source: ECB.

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

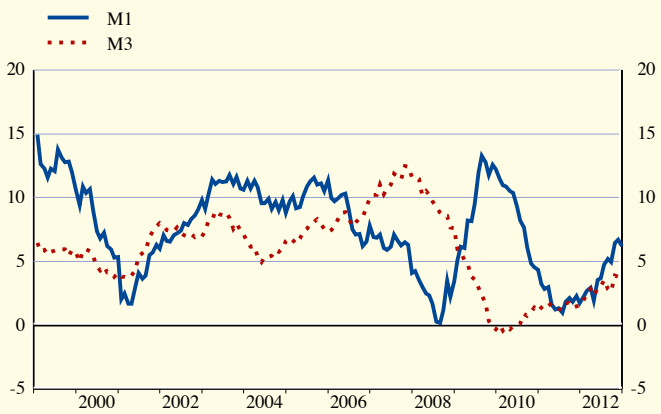
2.3 Monetary statistics [1)]

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

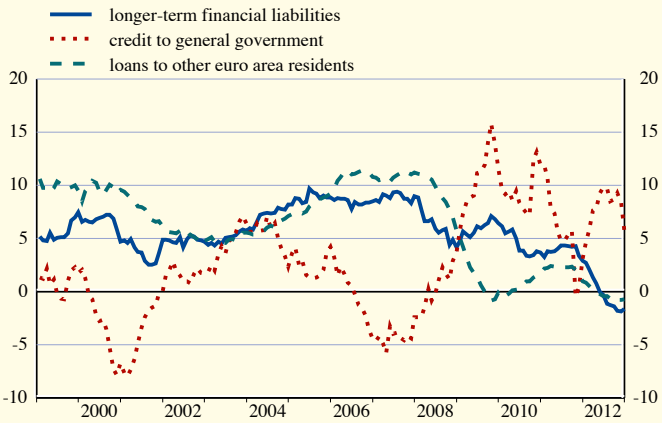
1. Monetary aggregates [2)] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents [3)]			Net external assets [4)]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [5)]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2011	4,792.3	3,799.7	8,592.0	886.6	9,478.5	-	7,680.2	3,156.7	13,287.5	11,022.5	-	930.8
2012 (p)	5,085.9	3,884.4	8,970.3	770.3	9,740.5	-	7,562.8	3,397.6	13,056.1	10,863.0	-	1,029.3
2012 Q3	5,025.7	3,844.6	8,870.3	815.7	9,686.0	-	7,663.7	3,383.6	13,107.1	10,950.6	-	968.0
Q4 (p)	5,085.9	3,884.4	8,970.3	770.3	9,740.5	-	7,562.8	3,397.6	13,056.1	10,863.0	-	1,029.3
2012 Sep.	5,025.7	3,844.6	8,870.3	815.7	9,686.0	-	7,663.7	3,383.6	13,107.1	10,950.6	-	968.0
Oct.	5,095.7	3,876.0	8,971.7	824.2	9,796.0	-	7,635.4	3,406.9	13,095.3	10,945.1	-	973.6
Nov.	5,118.0	3,873.2	8,991.2	795.6	9,786.9	-	7,624.0	3,432.5	13,043.8	10,928.8	-	1,042.2
Dec. (p)	5,085.9	3,884.4	8,970.3	770.3	9,740.5	-	7,562.8	3,397.6	13,056.1	10,863.0	-	1,029.3
	Transactions											
2011	82.7	71.3	154.0	-10.1	143.9	-	210.9	94.8	50.2	104.1	130.6	162.7
2012 (p)	297.9	81.3	379.1	-63.2	315.9	-	-125.2	181.3	-111.4	-76.1	-20.5	98.8
2012 Q3	127.1	-37.4	89.7	-32.1	57.5	-	-5.9	42.8	-62.3	-14.6	-1.2	18.4
Q4 (p)	63.1	45.8	108.9	-43.3	65.6	-	-29.1	-14.0	-4.2	-38.5	-4.9	124.9
2012 Sep.	-19.2	10.6	-8.5	-24.8	-33.3	-	8.7	32.6	-9.6	-13.3	-11.8	-15.9
Oct.	70.5	32.3	102.8	9.0	111.8	-	-9.8	14.2	-9.3	-0.9	5.1	33.1
Nov.	22.6	0.8	23.4	-28.0	-4.6	-	-19.5	12.9	-47.5	-12.1	-12.0	68.9
Dec. (p)	-29.9	12.7	-17.2	-24.4	-41.6	-	0.2	-41.1	52.6	-25.5	2.1	22.9
	Growth rates											
2011	1.8	1.9	1.8	-1.1	1.5	1.7	2.9	3.2	0.4	1.0	1.2	162.7
2012 (p)	6.2	2.1	4.4	-7.6	3.3	3.7	-1.6	5.8	-0.8	-0.7	-0.2	98.8
2012 Q3	5.0	0.6	3.1	-1.5	2.6	3.1	-1.4	8.7	-1.2	-0.9	-0.4	-77.3
Q4 (p)	6.2	2.1	4.4	-7.6	3.3	3.7	-1.6	5.8	-0.8	-0.7	-0.2	98.8
2012 Sep.	5.0	0.6	3.1	-1.5	2.6	3.1	-1.4	8.7	-1.2	-0.9	-0.4	-77.3
Oct.	6.5	1.7	4.3	-0.4	3.9	3.4	-1.8	9.3	-1.5	-0.8	-0.5	-4.7
Nov.	6.7	1.8	4.5	-3.7	3.8	3.7	-1.8	8.4	-1.6	-0.8	-0.5	81.5
Dec. (p)	6.2	2.1	4.4	-7.6	3.3	.	-1.6	5.8	-0.8	-0.7	-0.2	98.8

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



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



Source: ECB.

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

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

3) 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)]

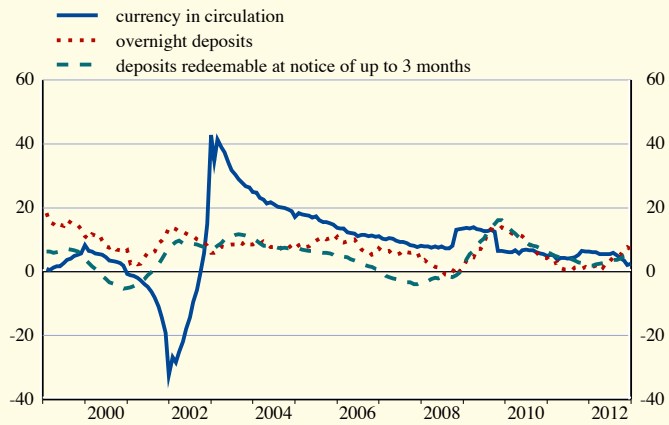
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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										
2011	843.2	3,949.1	1,841.2	1,958.4	144.5	535.5	206.6	2,820.6	115.4	2,542.8	2,201.4
2012 (p)	864.4	4,221.5	1,807.6	2,076.8	123.0	469.2	178.0	2,679.4	106.2	2,387.0	2,390.3
2012 Q3	867.2	4,158.5	1,802.8	2,041.9	120.6	482.1	213.0	2,721.4	109.3	2,425.4	2,407.6
Q4 (p)	864.4	4,221.5	1,807.6	2,076.8	123.0	469.2	178.0	2,679.4	106.2	2,387.0	2,390.3
2012 Sep.	867.2	4,158.5	1,802.8	2,041.9	120.6	482.1	213.0	2,721.4	109.3	2,425.4	2,407.6
Oct.	869.9	4,225.8	1,811.8	2,064.3	125.5	491.0	207.8	2,706.6	108.0	2,421.4	2,399.4
Nov.	862.5	4,255.5	1,798.7	2,074.5	126.4	483.6	185.6	2,705.0	108.1	2,408.1	2,402.9
Dec. (p)	864.4	4,221.5	1,807.6	2,076.8	123.0	469.2	178.0	2,679.4	106.2	2,387.0	2,390.3
	Transactions										
2011	49.4	33.3	34.7	36.6	-13.5	-29.7	33.1	18.8	-2.5	55.6	139.0
2012 (p)	21.3	276.6	-34.4	115.7	-15.6	-21.9	-25.7	-118.7	-11.6	-161.8	167.0
2012 Q3	6.2	120.9	-70.0	32.6	-0.6	-18.6	-12.9	4.6	-3.3	-43.7	36.5
Q4 (p)	-2.8	66.0	13.1	32.7	2.6	-11.1	-34.9	-21.5	-4.5	-39.0	35.8
2012 Sep.	-1.0	-18.2	-1.7	12.3	-12.1	-8.5	-4.2	1.0	-1.2	-4.2	13.1
Oct.	2.7	67.8	9.9	22.4	5.0	9.4	-5.3	-9.0	-1.3	-3.6	4.2
Nov.	-7.3	29.9	-10.9	11.7	1.0	-6.7	-22.2	2.3	-1.3	-15.3	-5.2
Dec. (p)	1.8	-31.7	14.1	-1.4	-3.3	-13.7	-7.3	-14.8	-1.9	-20.0	36.9
	Growth rates										
2011	6.2	0.9	1.9	1.9	-8.1	-5.1	24.0	0.7	-2.1	2.2	6.8
2012 (p)	2.5	7.0	-1.9	5.9	-11.2	-4.4	-13.1	-4.2	-9.9	-6.4	7.5
2012 Q3	4.2	5.1	-3.0	4.1	-23.3	-1.0	17.2	-5.0	-8.4	-4.5	7.4
Q4 (p)	2.5	7.0	-1.9	5.9	-11.2	-4.4	-13.1	-4.2	-9.9	-6.4	7.5
2012 Sep.	4.2	5.1	-3.0	4.1	-23.3	-1.0	17.2	-5.0	-8.4	-4.5	7.4
Oct.	3.5	7.1	-1.8	4.9	-22.2	1.9	13.8	-4.8	-9.1	-5.9	7.3
Nov.	2.2	7.7	-1.9	5.2	-20.1	0.4	0.5	-4.6	-9.0	-5.7	6.6
Dec. (p)	2.5	7.0	-1.9	5.9	-11.2	-4.4	-13.1	-4.2	-9.9	-6.4	7.5

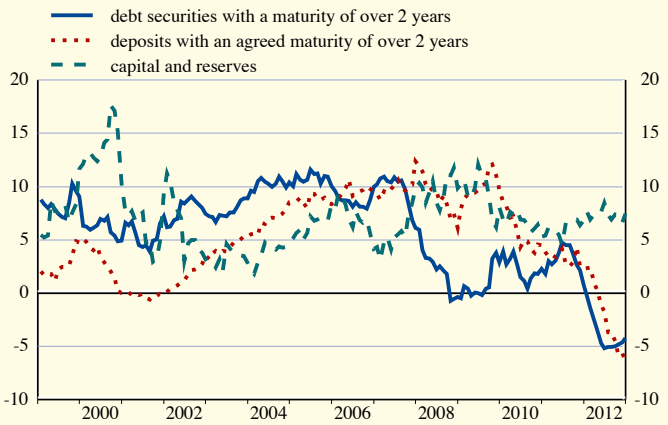
C3 Components of monetary aggregates [1)]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1)]

(annual growth rates; seasonally adjusted)



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

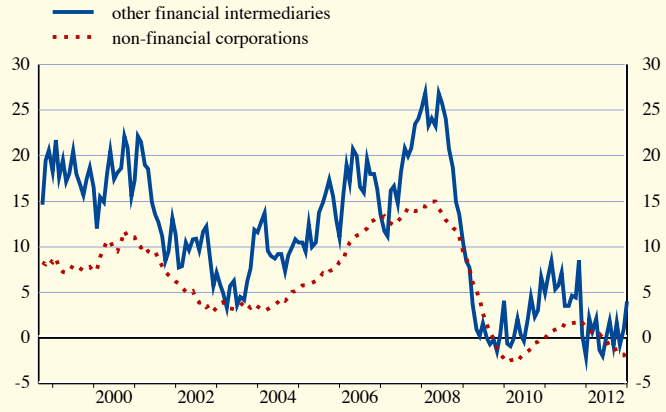
2.3 Monetary Statistics [1)]

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

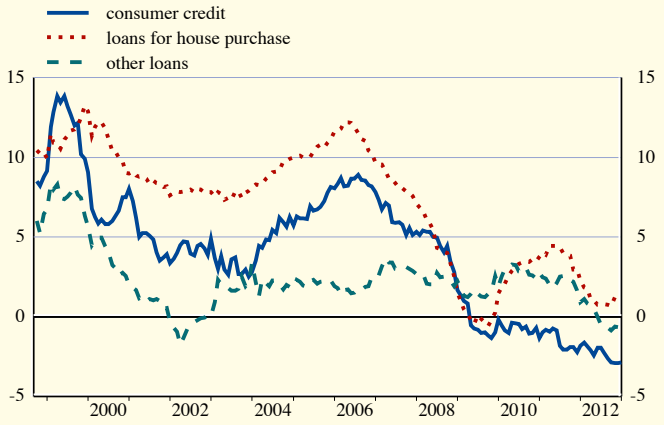
3. Loans as counterpart to M3

	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											
2011	91.1	975.5	4,722.7	-	1,148.2	859.6	2,715.0	5,233.2	-	626.3	3,778.3	828.6
2012 [(p)]	89.2	984.1	4,545.3	-	1,135.3	795.4	2,614.6	5,244.4	-	601.7	3,825.2	817.5
2012 Q3	87.1	968.0	4,655.4	-	1,141.2	827.5	2,686.7	5,240.1	-	603.2	3,812.7	824.2
Q4 [(p)]	89.2	984.1	4,545.3	-	1,135.3	795.4	2,614.6	5,244.4	-	601.7	3,825.2	817.5
2012 Sep.	87.1	968.0	4,655.4	-	1,141.2	827.5	2,686.7	5,240.1	-	603.2	3,812.7	824.2
Oct.	90.9	968.8	4,642.6	-	1,141.6	823.6	2,677.4	5,242.8	-	601.6	3,814.9	826.3
Nov.	88.1	959.6	4,632.5	-	1,140.9	816.3	2,675.3	5,248.6	-	599.4	3,822.2	827.0
Dec. [(p)]	89.2	984.1	4,545.3	-	1,135.3	795.4	2,614.6	5,244.4	-	601.7	3,825.2	817.5
	Transactions											
2011	1.3	-35.7	57.9	63.7	23.4	-22.2	56.7	80.6	101.3	-11.5	84.8	7.3
2012 [(p)]	-1.8	6.7	-107.3	-62.1	2.5	-45.1	-64.7	26.4	37.0	-17.9	49.0	-4.7
2012 Q3	3.2	11.8	-25.1	-20.5	-7.4	-14.1	-3.6	-4.6	5.4	-8.9	5.4	-1.1
Q4 [(p)]	2.1	18.5	-67.7	-36.3	1.9	-19.1	-50.5	8.5	10.8	-1.1	11.6	-1.9
2012 Sep.	0.7	10.1	-24.1	-21.4	-18.4	-5.8	0.1	0.0	-0.5	-2.2	3.3	-1.1
Oct.	3.8	0.3	-9.0	-7.5	2.3	-2.8	-8.5	3.9	8.4	-1.2	2.6	2.5
Nov.	-2.9	-8.2	-7.2	-6.8	-2.5	-4.2	-0.4	6.2	5.8	-0.3	6.2	0.4
Dec. [(p)]	1.1	26.4	-51.4	-22.0	2.1	-12.0	-41.5	-1.6	-3.4	0.3	2.8	-4.7
	Growth rates											
2011	1.5	-3.6	1.2	1.4	2.1	-2.5	2.1	1.6	2.0	-1.8	2.3	0.9
2012 [(p)]	-2.0	0.7	-2.3	-1.3	0.2	-5.3	-2.4	0.5	0.7	-2.9	1.3	-0.6
2012 Q3	-8.9	-2.0	-1.5	-1.2	-2.1	-4.1	-0.4	0.0	0.8	-2.9	0.7	-0.8
Q4 [(p)]	-2.0	0.7	-2.3	-1.3	0.2	-5.3	-2.4	0.5	0.7	-2.9	1.3	-0.6
2012 Sep.	-8.9	-2.0	-1.5	-1.2	-2.1	-4.1	-0.4	0.0	0.8	-2.9	0.7	-0.8
Oct.	-2.3	-2.2	-1.8	-1.5	-2.2	-4.4	-0.9	0.4	0.8	-2.9	1.2	-0.6
Nov.	-4.4	-1.7	-1.9	-1.5	-2.0	-4.5	-1.0	0.4	0.8	-2.9	1.2	-0.7
Dec. [(p)]	-2.0	0.7	-2.3	-1.3	0.2	-5.3	-2.4	0.5	0.7	-2.9	1.3	-0.6

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



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



Source: ECB.

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

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

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

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	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												
2012 [(p)]	81.7	64.3	4.5	12.9	1,165.5	196.2	598.9	229.5	337.1	4,542.0	1,127.0	795.4	2,619.6
2012 Q3	89.8	71.9	5.7	12.3	1,199.1	221.7	629.2	226.4	343.5	4,652.8	1,140.7	828.3	2,683.8
Q4 [(p)]	81.7	64.3	4.5	12.9	1,165.5	196.2	598.9	229.5	337.1	4,542.0	1,127.0	795.4	2,619.6
2012 Oct.	93.0	75.1	5.4	12.5	1,191.9	226.0	624.2	225.6	342.1	4,638.1	1,137.9	824.8	2,675.3
Nov.	88.7	71.4	4.8	12.6	1,182.3	217.0	606.1	226.8	349.4	4,636.8	1,143.2	816.6	2,676.9
Dec. [(p)]	81.7	64.3	4.5	12.9	1,165.5	196.2	598.9	229.5	337.1	4,542.0	1,127.0	795.4	2,619.6
	Transactions												
2012 [(p)]	-1.6	0.7	-1.8	-0.5	45.3	38.7	17.5	13.3	14.5	-108.4	1.9	-45.1	-65.2
2012 Q3	4.4	4.4	0.3	-0.2	49.8	44.6	45.7	2.6	1.5	-33.6	-17.7	-12.6	-3.2
Q4 [(p)]	-8.1	-7.5	-1.2	0.6	-31.2	-25.5	-29.2	3.7	-5.8	-68.3	-5.9	-19.9	-42.6
2012 Oct.	3.2	3.2	-0.3	0.2	-7.7	4.4	-5.8	-0.6	-1.4	-11.0	-0.9	-2.4	-7.7
Nov.	-4.2	-3.7	-0.6	0.1	-8.5	-9.1	-17.2	1.2	7.5	1.7	3.5	-5.1	3.2
Dec. [(p)]	-7.0	-7.0	-0.3	0.3	-14.9	-20.7	-6.2	3.1	-11.8	-59.0	-8.5	-12.4	-38.1
	Growth rates												
2012 [(p)]	-1.9	1.1	-28.4	-3.5	4.0	24.7	3.0	6.2	4.5	-2.3	0.2	-5.3	-2.4
2012 Q3	-8.7	-8.9	6.2	-13.2	1.7	23.0	-1.6	7.3	4.5	-1.5	-2.0	-4.1	-0.4
Q4 [(p)]	-1.9	1.1	-28.4	-3.5	4.0	24.7	3.0	6.2	4.5	-2.3	0.2	-5.3	-2.4
2012 Oct.	-2.4	-1.4	1.6	-9.2	-0.8	5.4	-5.3	7.2	3.2	-1.8	-2.1	-4.4	-0.9
Nov.	-4.4	-3.4	-9.7	-7.9	1.0	14.9	-4.0	4.5	8.4	-1.8	-2.0	-4.5	-0.9
Dec. [(p)]	-1.9	1.1	-28.4	-3.5	4.0	24.7	3.0	6.2	4.5	-2.3	0.2	-5.3	-2.4

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													
2012 [(p)]	5,254.1	603.8	135.8	175.2	292.8	3,831.5	14.3	56.6	3,760.6	818.7	420.4	139.9	80.8	598.0
2012 Q3	5,245.1	604.9	134.2	176.8	293.9	3,816.0	14.4	56.8	3,744.8	824.1	414.6	138.7	83.0	602.4
Q4 [(p)]	5,254.1	603.8	135.8	175.2	292.8	3,831.5	14.3	56.6	3,760.6	818.7	420.4	139.9	80.8	598.0
2012 Oct.	5,244.5	603.5	133.6	176.8	293.1	3,816.9	14.3	57.0	3,745.6	824.2	416.8	138.4	82.7	603.1
Nov.	5,252.8	599.9	132.7	175.9	291.3	3,822.3	14.3	57.1	3,750.9	830.6	417.4	144.7	82.3	603.6
Dec. [(p)]	5,254.1	603.8	135.8	175.2	292.8	3,831.5	14.3	56.6	3,760.6	818.7	420.4	139.9	80.8	598.0
	Transactions													
2012 [(p)]	26.5	-17.9	-3.7	-6.0	-8.2	49.1	0.1	0.3	48.7	-4.7	-5.1	-1.2	-5.7	2.2
2012 Q3	-7.3	-10.1	-2.2	-3.0	-5.0	9.9	0.3	0.3	9.3	-7.0	-3.2	-6.2	-2.1	1.3
Q4 [(p)]	13.2	-0.7	1.9	-1.4	-1.2	14.5	0.0	-0.2	14.7	-0.5	3.7	1.4	-1.7	-0.3
2012 Oct.	0.7	-1.0	-0.7	0.0	-0.3	1.3	-0.1	0.2	1.2	0.4	0.3	-0.2	-0.1	0.8
Nov.	8.7	-1.7	-0.6	-0.9	-0.2	4.3	0.0	0.1	4.1	6.1	0.2	6.3	-0.3	0.1
Dec. [(p)]	3.9	2.0	3.3	-0.5	-0.7	8.9	0.1	-0.5	9.4	-7.1	3.2	-4.7	-1.3	-1.1
	Growth rates													
2012 [(p)]	0.5	-2.9	-2.6	-3.3	-2.7	1.3	0.6	0.6	1.3	-0.6	-1.2	-0.9	-6.5	0.4
2012 Q3	0.0	-2.8	-2.6	-3.6	-2.5	0.7	2.4	1.8	0.7	-0.8	0.3	-5.1	-4.7	0.8
Q4 [(p)]	0.5	-2.9	-2.6	-3.3	-2.7	1.3	0.6	0.6	1.3	-0.6	-1.2	-0.9	-6.5	0.4
2012 Oct.	0.4	-2.9	-3.1	-3.2	-2.7	1.2	2.6	1.8	1.2	-0.6	0.8	-4.3	-4.5	0.8
Nov.	0.4	-2.9	-2.8	-3.4	-2.6	1.2	2.9	1.4	1.2	-0.7	0.4	-2.9	-4.7	0.5
Dec. [(p)]	0.5	-2.9	-2.6	-3.3	-2.7	1.3	0.6	0.6	1.3	-0.6	-1.2	-0.9	-6.5	0.4

Source: ECB.

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

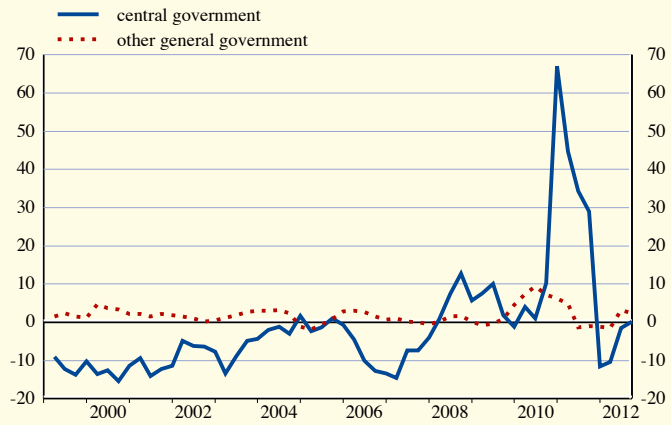
2.4 MFI loans: breakdown [1), 2)]

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

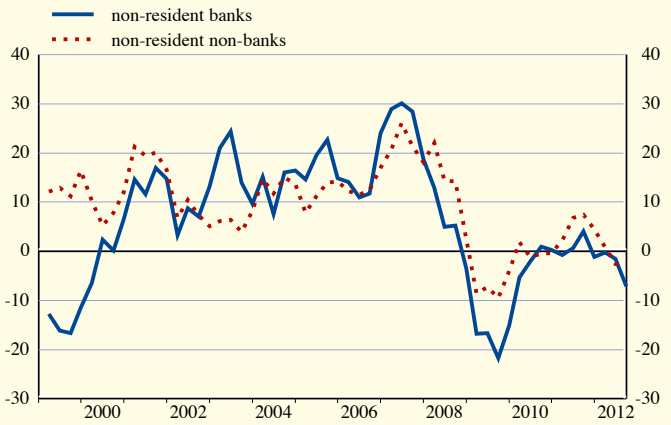
3. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011	1,159.6	348.9	221.7	567.4	21.7	3,021.4	2,022.5	998.9	62.4	936.4
2012 (p)	1,152.8	341.9	231.5	563.4	26.2	2,864.5	1,988.9	1,018.2	59.7	958.4
2011 Q4	1,159.6	348.9	221.7	567.4	21.7	3,021.4	2,022.5	998.9	62.4	936.4
2012 Q1	1,137.5	322.6	224.0	566.9	24.0	3,006.6	1,998.8	1,007.8	59.4	948.4
Q2	1,169.9	339.6	240.1	565.1	25.1	3,086.9	2,063.9	1,023.0	58.0	965.0
Q3 (p)	1,163.0	341.9	231.5	563.4	26.2	3,006.8	1,988.9	1,018.2	59.7	958.4
	Transactions									
2011	-54.9	-45.9	-0.4	14.6	-23.3	15.4	-26.3	41.7	13.0	28.8
2012 (p)	-4.0	-4.1	5.0	0.5	4.5	-130.4	-44.5	18.2	-2.9	21.1
2011 Q4	13.3	4.7	1.2	10.3	-2.9	-151.9	-108.2	-43.8	-1.4	-42.3
2012 Q1	-21.2	-25.9	-1.7	4.1	2.3	42.1	18.5	23.7	-2.2	25.9
Q2	34.9	19.5	16.1	-1.8	1.1	-14.3	-3.6	-10.8	-3.0	-7.7
Q3 (p)	-7.7	2.3	-9.3	-1.8	1.1	-54.5	-59.4	5.3	2.3	3.0
	Growth rates									
2011	-4.5	-11.6	-0.2	2.7	-51.6	0.6	-1.1	4.4	26.7	3.2
2012 (p)	-0.3	0.2	2.7	2.0	6.7	-4.2	-7.1	-2.6	-7.0	-2.3
2011 Q4	-4.5	-11.6	-0.2	2.7	-51.6	0.6	-1.1	4.4	26.7	3.2
2012 Q1	-4.2	-10.4	-2.8	1.9	-41.6	0.1	-0.3	0.8	7.1	0.5
Q2	1.8	-1.5	7.2	2.0	-6.7	-1.9	-1.6	-2.5	-8.5	-2.2
Q3 (p)	1.7	0.2	2.7	2.0	6.7	-5.6	-7.1	-2.6	-7.0	-2.3

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.

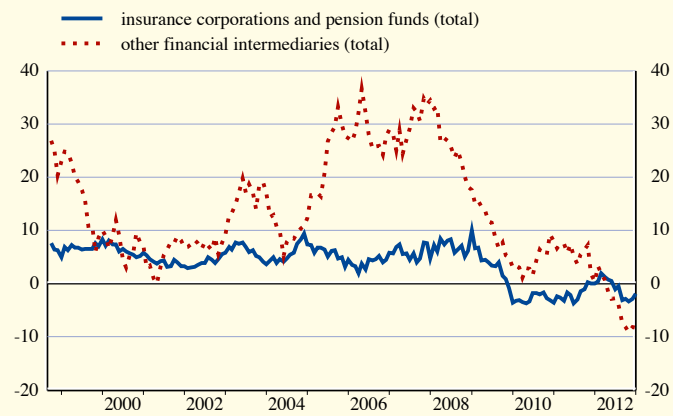
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

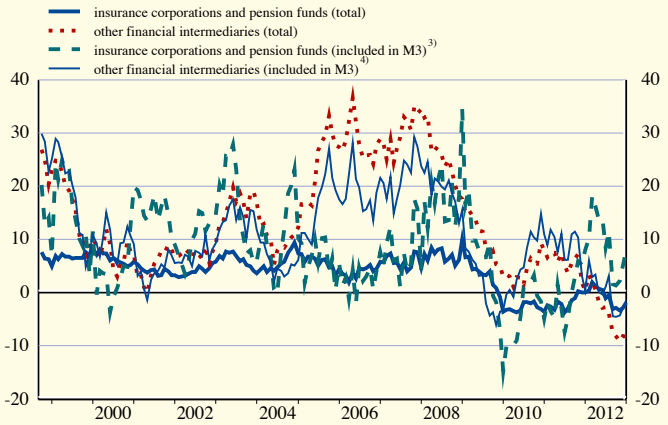
1. Deposits by financial intermediaries

	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														
2011	704.0	92.1	79.9	512.4	4.0	0.2	15.5	2,220.7	390.0	284.9	1,190.7	14.7	0.5	339.9	260.0
2012 (p)	690.8	106.8	81.4	483.5	6.4	0.2	12.5	2,012.0	408.8	236.5	1,017.9	13.7	0.3	334.7	256.7
2012 Q3	692.7	101.9	79.0	494.6	6.3	0.2	10.6	2,110.4	434.4	239.4	1,034.8	13.0	0.3	388.5	297.6
Q4 (p)	690.8	106.8	81.4	483.5	6.4	0.2	12.5	2,012.0	408.8	236.5	1,017.9	13.7	0.3	334.7	256.7
2012 Sep.	692.7	101.9	79.0	494.6	6.3	0.2	10.6	2,110.4	434.4	239.4	1,034.8	13.0	0.3	388.5	297.6
Oct.	693.2	107.1	79.5	489.6	6.4	0.2	10.4	2,076.6	420.3	247.3	1,027.4	12.8	0.3	368.5	283.7
Nov.	685.1	103.7	76.6	485.5	6.2	0.2	12.8	2,076.4	423.0	236.8	1,028.6	13.0	0.4	374.6	292.8
Dec. (p)	690.8	106.8	81.4	483.5	6.4	0.2	12.5	2,012.0	408.8	236.5	1,017.9	13.7	0.3	334.7	256.7
	Transactions														
2011	0.2	11.7	4.2	-14.2	1.1	-0.1	-2.6	8.8	28.8	-29.2	5.6	3.9	0.1	-0.4	5.5
2012 (p)	-12.8	15.2	2.6	-27.9	2.0	0.0	-4.7	-181.6	21.1	-49.5	-168.7	-1.9	-0.2	17.7	13.3
2012 Q3	0.1	3.1	0.3	-5.0	0.5	0.0	1.3	-42.1	26.7	-15.1	-58.8	-1.5	-0.1	6.7	2.2
Q4 (p)	-2.4	5.0	3.2	-11.1	-0.2	0.0	0.8	-94.0	-23.8	-1.4	-15.5	0.3	0.0	-53.6	-40.8
2012 Sep.	1.4	2.2	0.4	-1.8	0.0	0.0	0.5	29.7	18.5	-1.1	-3.7	-0.1	0.0	16.0	14.6
Oct.	0.1	5.2	0.5	-5.0	0.1	0.0	-0.7	-32.8	-13.8	8.1	-7.1	-0.2	0.1	-19.9	-13.8
Nov.	-7.9	-3.4	-2.6	-4.1	-0.2	0.0	2.4	-0.1	2.8	-10.4	1.3	0.2	0.0	6.1	9.1
Dec. (p)	5.4	3.2	5.2	-2.0	-0.1	0.0	-0.8	-61.1	-12.8	0.9	-9.6	0.3	-0.1	-39.8	-36.1
	Growth rates														
2011	0.0	14.4	5.6	-2.7	43.3	-	-13.1	0.4	8.1	-9.3	0.4	36.0	-	-0.2	2.1
2012 (p)	-1.8	16.6	3.4	-5.5	51.2	-	-32.1	-8.3	5.4	-17.4	-14.2	-13.1	-	4.4	4.2
2012 Q3	-2.9	15.7	-6.7	-4.5	63.7	-	-44.6	-8.1	12.9	-23.3	-11.5	9.5	-	-6.8	-7.5
Q4 (p)	-1.8	16.6	3.4	-5.5	51.2	-	-32.1	-8.3	5.4	-17.4	-14.2	-13.1	-	4.4	4.2
2012 Sep.	-2.9	15.7	-6.7	-4.5	63.7	-	-44.6	-8.1	12.9	-23.3	-11.5	9.5	-	-6.8	-7.5
Oct.	-3.4	15.1	-6.4	-5.5	60.1	-	-43.1	-9.1	9.1	-17.7	-13.7	12.3	-	-7.3	-8.1
Nov.	-2.9	17.6	-3.1	-5.8	47.1	-	-33.4	-8.1	6.5	-18.9	-12.9	-34.8	-	1.0	1.6
Dec. (p)	-1.8	16.6	3.4	-5.5	51.2	-	-32.1	-8.3	5.4	-17.4	-14.2	-13.1	-	4.4	4.2

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



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



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

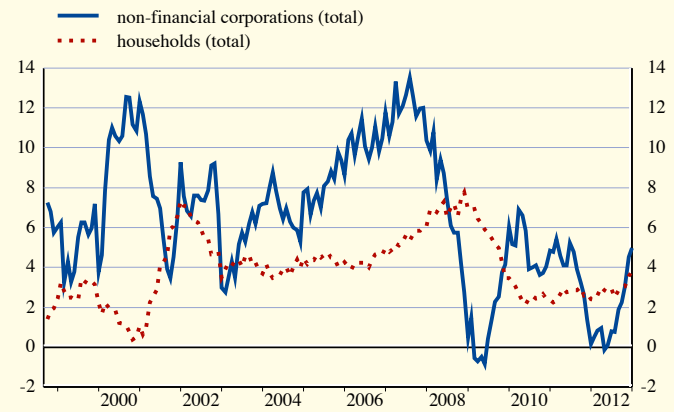
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

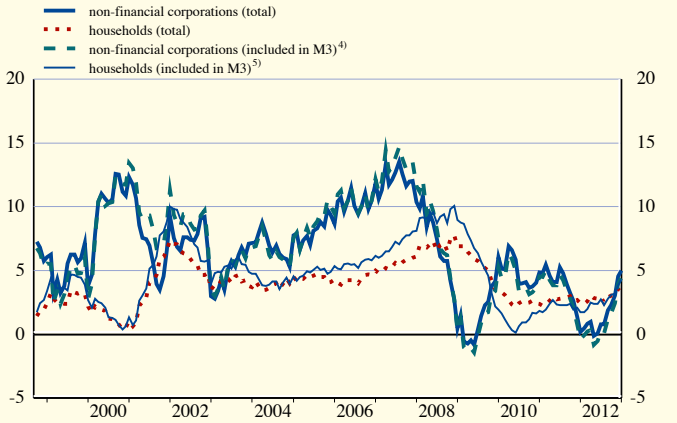
2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2011	1,687.3	1,050.6	448.4	97.7	72.3	2.0	16.3	5,894.0	2,255.7	948.3	723.7	1,837.0	106.7	22.7
2012 (p)	1,766.5	1,152.0	408.9	107.7	85.4	2.0	10.5	6,119.5	2,346.3	983.9	743.8	1,937.1	98.0	10.3
2012 Q3	1,701.1	1,094.5	403.8	104.9	84.0	1.7	12.2	6,015.5	2,296.0	973.7	741.7	1,891.8	99.6	12.7
Q4 (p)	1,766.5	1,152.0	408.9	107.7	85.4	2.0	10.5	6,119.5	2,346.3	983.9	743.8	1,937.1	98.0	10.3
2012 Sep.	1,701.1	1,094.5	403.8	104.9	84.0	1.7	12.2	6,015.5	2,296.0	973.7	741.7	1,891.8	99.6	12.7
Oct.	1,716.3	1,100.4	411.5	106.5	83.6	1.7	12.7	6,016.6	2,284.9	976.7	739.8	1,904.5	98.9	11.9
Nov.	1,728.6	1,115.1	408.0	106.8	84.8	2.0	11.9	6,034.6	2,299.3	976.5	738.4	1,909.4	99.4	11.7
Dec. (p)	1,766.5	1,152.0	408.9	107.7	85.4	2.0	10.5	6,119.5	2,346.3	983.9	743.8	1,937.1	98.0	10.3
	Transactions													
2011	2.9	8.9	-7.7	8.7	-7.3	0.4	-0.2	139.0	7.4	42.5	55.3	43.5	-2.6	-7.0
2012 (p)	84.1	104.4	-38.9	13.8	9.5	0.0	-4.7	224.6	90.2	37.4	18.4	102.0	-11.0	-12.4
2012 Q3	25.7	31.4	-10.5	3.5	2.6	0.0	-1.2	15.9	8.2	-1.1	0.3	13.8	-3.8	-1.7
Q4 (p)	68.2	58.2	8.2	2.9	-0.9	0.3	-0.6	104.6	50.7	12.7	0.1	46.5	-3.0	-2.4
2012 Sep.	12.0	14.0	-3.6	0.0	1.9	0.1	-0.5	12.0	14.4	1.4	-1.9	0.1	-1.5	-0.6
Oct.	16.3	5.9	8.1	1.7	-0.5	0.0	1.0	1.4	-11.0	3.1	-1.9	12.7	-0.7	-0.8
Nov.	12.5	15.0	-3.4	0.3	1.2	0.3	-0.8	17.8	14.4	1.6	-3.4	6.3	-0.9	-0.2
Dec. (p)	39.4	37.3	3.5	1.0	-1.7	0.0	-0.8	85.5	47.3	7.9	5.4	27.6	-1.4	-1.3
	Growth rates													
2011	0.2	0.9	-1.7	9.9	-9.3	28.9	-3.4	2.4	0.3	4.7	8.3	2.4	-2.4	-23.6
2012 (p)	5.0	10.0	-8.7	14.4	13.0	-0.5	-29.1	3.8	4.0	3.9	2.5	5.6	-10.2	-54.5
2012 Q3	2.3	9.2	-13.7	12.2	4.7	0.4	-34.7	3.0	2.4	5.5	4.5	3.9	-8.5	-62.3
Q4 (p)	5.0	10.0	-8.7	14.4	13.0	-0.5	-29.1	3.8	4.0	3.9	2.5	5.6	-10.2	-54.5
2012 Sep.	2.3	9.2	-13.7	12.2	4.7	0.4	-34.7	3.0	2.4	5.5	4.5	3.9	-8.5	-62.3
Oct.	3.0	9.5	-12.0	13.2	6.7	-15.8	-33.2	3.1	2.2	5.3	3.9	4.6	-9.1	-63.2
Nov.	4.5	10.6	-10.2	13.4	10.7	1.0	-37.5	3.5	3.4	4.5	3.3	5.2	-9.4	-62.4
Dec. (p)	5.0	10.0	-8.7	14.4	13.0	-0.5	-29.1	3.8	4.0	3.9	2.5	5.6	-10.2	-54.5

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



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



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

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

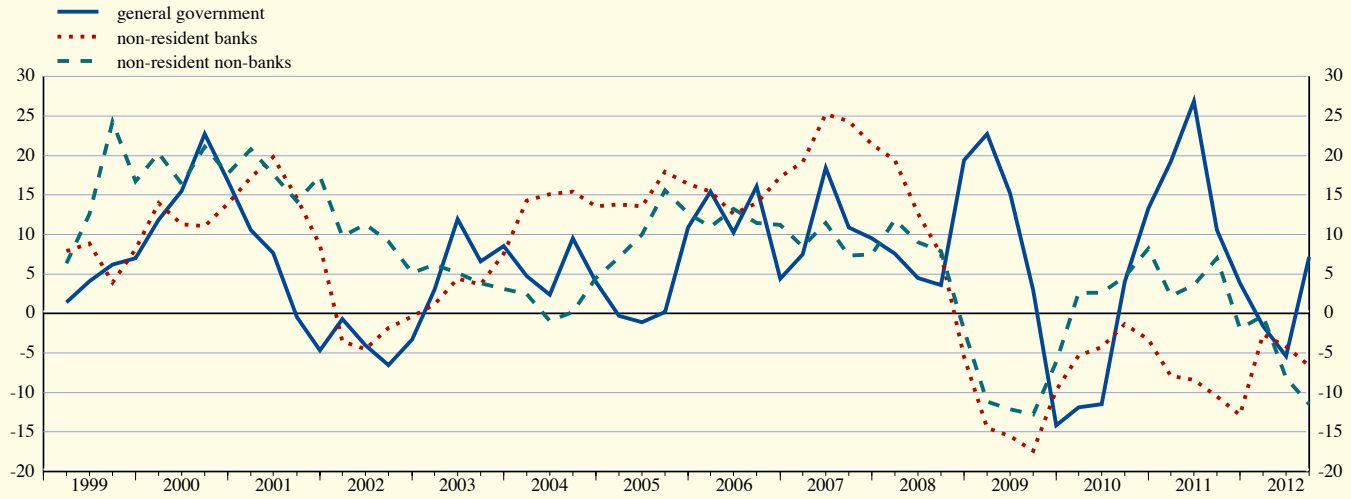
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011	441.8	195.5	48.6	112.6	85.2	3,153.6	2,175.0	978.6	44.3	934.3
2012 (p)	449.3	171.3	93.1	111.3	103.1	2,892.2	2,173.8	953.3	42.6	910.7
2011 Q4	441.8	195.5	48.6	112.6	85.2	3,153.6	2,175.0	978.6	44.3	934.3
2012 Q1	466.7	192.5	65.0	113.4	95.9	3,314.2	2,331.4	982.8	54.7	928.1
Q2	507.1	190.9	98.4	112.3	105.5	3,243.7	2,290.4	953.3	41.6	911.7
Q3 (p)	512.0	204.5	93.1	111.3	103.1	3,131.1	2,173.8	953.3	42.6	910.7
	Transactions									
2011	16.9	3.3	0.6	2.3	10.6	-334.9	-314.6	-20.3	-2.1	-18.2
2012 (p)	-7.4	-22.1	29.9	-0.8	15.1	-242.0	0.3	-37.6	-1.6	-35.9
2011 Q4	-22.5	-15.9	-5.9	2.1	-2.7	-235.7	-152.6	-83.1	-6.3	-76.8
2012 Q1	25.9	-2.9	16.5	1.3	10.9	193.5	180.6	12.9	11.0	1.8
Q2	25.0	0.8	18.9	-1.3	6.7	-133.6	-76.4	-57.2	-13.9	-43.3
Q3 (p)	4.8	13.7	-5.5	-0.9	-2.5	-93.2	-104.0	6.8	1.3	5.5
	Growth rates									
2011	3.9	1.3	1.3	2.1	14.3	-9.8	-12.8	-1.9	-4.4	-1.8
2012 (p)	-1.3	-11.4	45.5	1.1	14.1	-7.6	-6.6	-11.5	-16.2	-11.3
2011 Q4	3.9	1.3	1.3	2.1	14.3	-9.8	-12.8	-1.9	-4.4	-1.8
2012 Q1	-1.6	-18.3	23.5	5.6	21.2	-1.9	-2.7	-0.3	29.7	-1.6
Q2	-5.5	-27.4	51.5	0.8	17.5	-5.3	-4.2	-8.2	-16.3	-7.8
Q3 (p)	7.1	-2.0	45.5	1.1	14.1	-7.9	-6.6	-11.5	-16.2	-11.3

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.

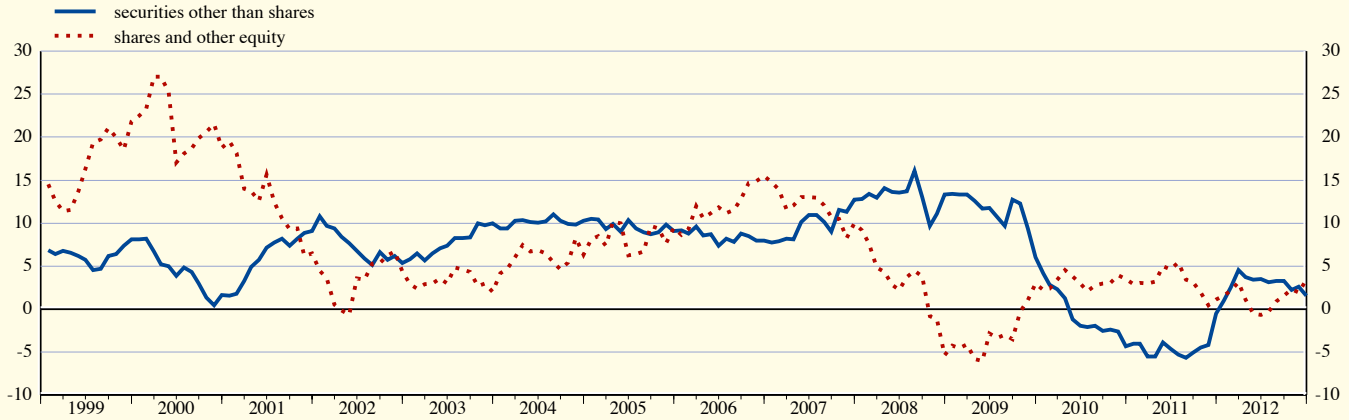
2.6 MFI holdings of securities: breakdown [1), 2)]

(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											
2011	5,697.7	1,764.2	87.8	1,373.0	22.9	1,489.2	28.3	932.5	1,507.2	485.1	726.6	295.4
2012 (p)	5,779.1	1,757.1	102.6	1,596.5	32.7	1,393.0	23.6	873.4	1,528.7	475.7	752.2	300.7
2012 Q3	5,787.1	1,784.9	104.7	1,587.4	31.9	1,351.1	25.5	901.6	1,510.7	486.5	734.8	289.3
Q4 (p)	5,779.1	1,757.1	102.6	1,596.5	32.7	1,393.0	23.6	873.4	1,528.7	475.7	752.2	300.7
2012 Sep.	5,787.1	1,784.9	104.7	1,587.4	31.9	1,351.1	25.5	901.6	1,510.7	486.5	734.8	289.3
Oct.	5,757.4	1,765.2	103.3	1,605.2	31.3	1,345.1	28.7	878.6	1,511.4	486.2	733.2	292.0
Nov.	5,784.2	1,768.6	108.5	1,640.6	33.3	1,329.6	23.5	880.1	1,512.6	478.4	745.8	288.4
Dec. (p)	5,779.1	1,757.1	102.6	1,596.5	32.7	1,393.0	23.6	873.4	1,528.7	475.7	752.2	300.7
	Transactions											
2011	-29.2	45.1	7.8	-2.6	5.5	-24.9	-0.1	-60.1	17.0	60.2	-31.5	-11.7
2012 (p)	89.1	-6.5	16.3	190.6	10.6	-72.7	-3.4	-45.7	51.5	7.5	38.4	5.6
2012 Q3	-60.6	13.1	7.0	14.2	-1.5	-78.5	0.3	-15.3	20.5	2.2	16.3	2.0
Q4 (p)	-17.0	-29.9	-0.1	-12.2	1.7	41.5	-1.3	-16.8	19.2	-7.8	15.3	11.7
2012 Sep.	-1.5	-23.0	0.6	34.8	0.0	-15.4	0.8	0.8	8.6	1.3	11.1	-3.8
Oct.	-31.3	-19.7	-0.9	11.1	-0.4	-5.7	3.4	-19.0	0.4	1.0	-3.9	3.3
Nov.	17.5	1.9	5.5	26.3	2.1	-15.6	-5.1	2.5	-0.3	-8.9	12.5	-3.9
Dec. (p)	-3.3	-12.1	-4.6	-49.5	0.0	62.9	0.4	-0.3	19.0	0.1	6.7	12.2
	Growth rates											
2011	-0.5	2.7	7.7	-0.2	33.7	-1.6	-0.8	-6.2	1.1	13.8	-4.1	-3.8
2012 (p)	1.6	-0.4	18.6	14.0	48.4	-4.9	-12.2	-4.9	3.4	1.5	5.3	1.9
2012 Q3	3.3	5.3	19.4	13.8	39.6	-5.5	1.3	-4.6	1.6	4.2	1.8	-3.3
Q4 (p)	1.6	-0.4	18.6	14.0	48.4	-4.9	-12.2	-4.9	3.4	1.5	5.3	1.9
2012 Sep.	3.3	5.3	19.4	13.8	39.6	-5.5	1.3	-4.6	1.6	4.2	1.8	-3.3
Oct.	2.2	3.9	15.3	15.7	36.3	-8.4	12.3	-5.8	2.3	4.9	1.9	-1.0
Nov.	2.6	3.9	19.1	17.1	51.4	-9.6	-11.2	-3.9	1.9	2.8	3.0	-2.0
Dec. (p)	1.6	-0.4	18.6	14.0	48.4	-4.9	-12.2	-4.9	3.4	1.5	5.3	1.9

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.

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

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

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

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
To euro area residents														
2010	5,517.3	-	-	-	-	-	-	12,245.0	96.0	4.0	2.1	0.2	1.1	0.4
2011	6,160.7	-	-	-	-	-	-	12,322.6	96.2	3.8	1.9	0.3	1.1	0.4
2012 Q2	6,312.9	-	-	-	-	-	-	12,360.9	96.2	3.8	1.9	0.3	1.0	0.4
Q3 (p)	6,105.8	-	-	-	-	-	-	12,349.8	96.3	3.7	1.8	0.2	1.0	0.4
To non-euro area residents														
2010	2,010.9	44.9	55.1	30.7	2.9	3.2	11.6	952.3	39.9	60.1	42.8	1.4	3.7	6.7
2011	2,022.5	44.5	55.5	35.6	2.5	2.7	9.3	998.9	38.2	61.8	41.2	2.6	3.3	7.8
2012 Q2	2,063.9	46.4	53.6	33.1	2.2	2.9	9.6	1,023.0	38.9	61.1	39.8	2.4	3.0	9.2
Q3 (p)	1,988.9	47.2	52.8	31.3	2.6	3.2	10.0	1,018.2	39.2	60.8	38.9	2.5	2.9	9.4
Holdings of securities other than shares														
Issued by euro area residents														
2010	1,886.4	94.3	5.7	3.3	0.1	0.3	1.7	3,062.5	98.5	1.5	0.8	0.1	0.1	0.4
2011	1,852.0	95.3	4.7	2.5	0.1	0.3	1.5	2,913.3	98.2	1.8	1.0	0.2	0.1	0.4
2012 Q2	1,865.2	94.7	5.3	2.6	0.1	0.4	1.8	3,042.2	98.0	2.0	1.2	0.1	0.1	0.4
Q3 (p)	1,889.6	94.5	5.5	2.7	0.1	0.3	2.0	2,995.9	98.1	1.9	1.1	0.1	0.1	0.5
Issued by non-euro area residents														
2010	545.9	49.9	50.1	27.6	0.3	0.5	16.8	506.2	33.3	66.7	40.4	3.9	0.9	13.6
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.4	32.2	67.8	39.4	5.8	0.7	13.7
2012 Q2	455.4	56.5	43.5	19.0	0.3	0.3	18.7	463.9	34.0	66.0	38.9	5.9	0.8	12.5
Q3 (p)	446.6	54.3	45.7	19.2	0.3	0.6	19.9	454.9	33.7	66.3	37.7	6.3	0.7	12.6
Deposits														
By euro area residents														
2010	5,774.7	92.9	7.1	4.1	0.3	1.3	0.8	10,739.7	97.1	2.9	1.9	0.2	0.1	0.4
2011	6,370.7	92.1	7.9	5.1	0.2	1.2	0.7	10,947.8	97.0	3.0	2.0	0.1	0.1	0.4
2012 Q2	6,624.3	93.5	6.5	3.9	0.2	1.1	0.7	11,030.2	97.0	3.0	2.0	0.1	0.1	0.4
Q3 (p)	6,399.1	93.5	6.5	3.9	0.2	1.1	0.7	11,031.7	97.0	3.0	2.0	0.1	0.1	0.4
By non-euro area residents														
2010	2,487.5	52.0	48.0	31.8	2.2	1.8	8.7	997.1	58.8	41.2	29.3	1.2	1.4	5.1
2011	2,175.0	59.2	40.8	25.6	2.1	1.8	7.2	978.6	56.1	43.9	30.0	2.0	1.5	5.1
2012 Q2	2,290.4	61.0	39.0	25.4	1.8	1.2	6.7	953.3	54.5	45.5	30.0	1.9	1.2	5.8
Q3 (p)	2,173.8	59.7	40.3	25.6	2.1	1.1	7.3	953.3	53.7	46.3	30.1	2.1	1.3	5.8

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2010	5,083.2	81.6	18.4	9.7	1.8	2.1	2.5
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012 Q2	5,225.4	81.8	18.2	9.5	1.7	2.0	2.5
Q3 (p)	5,197.5	82.0	18.0	9.5	1.6	1.9	2.5

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

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 May	6,680.1	475.0	2,735.0	1,775.1	880.1	242.5	572.3
June	6,707.3	480.6	2,730.7	1,816.3	880.4	244.1	555.2
July	6,939.5	483.8	2,822.8	1,890.8	914.4	245.6	582.1
Aug.	6,949.2	479.5	2,843.2	1,887.4	917.1	243.1	578.9
Sep.	7,024.8	497.4	2,854.4	1,918.9	923.9	242.3	587.9
Oct.	7,053.8	491.1	2,894.1	1,908.0	930.8	243.0	586.7
Nov. (p)	7,163.7	492.5	2,937.2	1,935.4	939.5	243.7	615.4
	Transactions						
2012 Q1	150.7	16.8	72.9	4.8	11.5	4.3	40.4
Q2	17.8	12.2	35.7	-13.9	-5.5	2.7	-13.4
Q3	120.8	24.3	62.2	-0.1	14.6	0.3	19.4

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 May	6,680.1	137.8	6,025.2	4,468.1	664.4	1,557.0	517.1
June	6,707.3	134.0	6,070.9	4,493.1	664.4	1,577.8	502.4
July	6,939.5	137.1	6,270.8	4,625.4	699.0	1,645.5	531.6
Aug.	6,949.2	140.8	6,285.4	4,647.7	703.3	1,637.7	523.0
Sep.	7,024.8	150.5	6,340.2	4,661.6	716.6	1,678.5	534.1
Oct.	7,053.8	146.7	6,372.4	4,673.3	726.3	1,699.1	534.7
Nov. (p)	7,163.7	150.7	6,454.0	4,731.0	736.3	1,723.0	559.0
	Transactions						
2012 Q1	150.7	9.4	94.5	58.4	30.9	36.1	46.8
Q2	17.8	6.6	39.5	-1.0	-12.5	40.7	-28.3
Q3	120.8	19.5	75.7	25.5	28.7	50.2	25.5

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									
2012 Apr.	6,065.1	2,110.9	1,616.7	1,494.3	309.7	135.6	397.9	5,978.6	86.5	972.3
May	6,025.2	2,160.8	1,540.3	1,478.8	311.3	138.1	395.8	5,938.5	86.6	999.9
June	6,070.9	2,173.3	1,570.9	1,479.4	311.4	138.3	397.6	5,989.8	81.1	969.5
July	6,270.8	2,249.2	1,630.8	1,529.7	315.1	140.7	405.3	6,189.3	81.5	964.5
Aug.	6,285.4	2,261.3	1,625.5	1,537.9	313.6	138.6	408.4	6,204.2	81.2	970.0
Sep.	6,340.2	2,273.8	1,654.8	1,550.5	313.5	139.7	407.8	6,257.8	82.4	942.3
Oct.	6,372.4	2,309.0	1,647.5	1,556.6	316.1	137.9	405.3	6,289.8	82.5	945.4
Nov. (p)	6,454.0	2,349.1	1,667.9	1,572.3	317.1	136.7	410.9	6,371.1	82.9	945.6
	Transactions									
2012 May	16.9	26.3	-5.4	-4.2	0.1	-1.1	1.2	17.1	-0.2	12.0
June	10.6	17.8	-3.5	-4.6	1.2	-0.1	-0.2	15.0	-4.4	-25.7
July	37.4	23.5	-2.5	17.0	0.3	-0.4	-0.5	37.2	0.2	-14.9
Aug.	16.9	17.4	-2.8	2.7	0.7	-1.0	0.0	17.0	-0.1	13.1
Sep.	21.4	12.3	4.9	5.1	1.0	-0.4	-1.6	21.2	0.2	-22.0
Oct.	30.2	24.3	1.1	5.6	1.2	-0.9	-1.1	30.1	0.1	6.3
Nov. (p)	25.3	24.7	-3.8	4.2	0.0	-1.8	2.0	25.1	0.2	1.6

Source: ECB.

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q4	2,505.2	1,424.4	390.5	675.2	186.2	4.5	167.8	1,080.8	271.3	436.0	20.5
2012 Q1	2,674.1	1,502.8	424.6	678.8	209.0	5.7	184.5	1,171.2	313.1	453.4	15.5
Q2	2,730.7	1,507.9	414.7	694.9	207.9	5.1	185.3	1,222.8	315.5	467.6	17.8
Q3 (p)	2,854.4	1,567.8	416.3	711.5	231.6	6.1	202.1	1,286.6	322.6	494.0	18.3
	Transactions										
2012 Q1	72.9	13.7	10.4	-21.1	14.8	0.5	9.1	59.2	20.5	15.7	-4.3
Q2	35.7	10.5	-9.4	16.7	0.8	-0.4	2.9	25.2	-5.9	-8.3	1.1
Q3 (p)	62.2	18.2	-7.4	-4.6	17.9	0.5	11.8	44.0	-0.7	28.2	-0.4

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q4	1,734.6	636.3	47.6	-	39.0	21.4	528.3	1,098.2	154.5	358.1	71.8
2012 Q1	1,887.4	689.0	56.4	-	41.7	24.1	566.7	1,198.4	162.7	389.8	75.3
Q2	1,816.3	638.9	45.5	-	38.6	22.3	532.5	1,177.3	163.6	391.9	78.1
Q3 (p)	1,918.9	684.2	52.8	-	44.0	24.6	562.8	1,234.7	172.1	412.1	72.1
	Transactions										
2012 Q1	4.8	-3.9	4.1	-	0.9	-1.2	-7.8	8.7	-2.1	-0.2	-1.6
Q2	-13.9	-9.4	-2.8	-	-1.4	0.2	-5.4	-4.3	0.2	-0.9	3.6
Q3 (p)	-0.1	-3.7	0.5	-	3.3	-0.5	-6.9	3.6	-0.2	4.6	-4.0

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q4	839.4	708.0	94.7	-	613.4	-	-	131.4	20.9	40.5	0.6
2012 Q1	889.3	753.2	69.0	-	684.1	-	-	136.1	25.2	41.2	0.6
Q2	880.4	744.0	79.5	-	664.4	-	-	136.5	24.9	43.0	0.6
Q3 (p)	923.9	791.6	75.0	-	716.6	-	-	132.3	27.3	39.7	0.6
	Transactions										
2012 Q1	11.5	11.5	-19.4	-	30.9	-	-	0.0	2.2	-0.5	-0.1
Q2	-5.5	-3.4	9.1	-	-12.5	-	-	-2.1	-0.2	0.4	0.0
Q3 (p)	14.6	21.8	-6.9	-	28.7	-	-	-7.2	1.0	-3.3	0.0

Source: ECB.

1) Other than money market funds. For further details, see the General Notes.

2) Investment fund shares (other than money market fund shares) are issued by other financial intermediaries. Money market fund shares are issued by MFIs.

2.10 Aggregated balance sheet of euro area financial vehicle corporations

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

1. Assets

	Total	Deposits and loan claims	Securitised loans							Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area					Originated outside euro area				
				MFIs		Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government					
					Remaining on the MFI balance sheet [1]								
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2011 Q3	2,205.4	324.8	1,465.2	1,154.6	590.5	145.6	21.6	5.1	138.3	228.9	86.9	37.5	62.0
Q4	2,278.1	327.5	1,533.5	1,218.9	581.2	150.5	22.4	4.8	136.8	227.4	89.0	36.5	64.3
2012 Q1	2,225.0	320.6	1,502.6	1,198.0	551.6	144.9	21.9	4.8	133.0	214.9	85.9	35.3	65.6
Q2	2,146.6	305.4	1,454.2	1,147.6	513.2	149.4	21.2	4.4	131.6	213.1	84.0	30.2	59.7
Q3	2,079.3	301.1	1,393.4	1,085.1	476.1	157.6	23.2	4.4	123.1	203.1	86.2	28.3	67.2
	Transactions												
2011 Q3	-32.7	-15.9	0.0	10.8	-	-2.2	0.0	0.0	-8.5	-5.6	-2.1	-0.9	-8.1
Q4	67.7	2.7	64.9	63.2	-	4.2	0.8	-0.4	-3.0	-1.2	1.2	-1.0	1.0
2012 Q1	-54.4	-6.5	-29.0	-19.5	-	-5.5	-0.4	0.0	-3.6	-12.9	-1.9	-1.0	-3.1
Q2	-83.0	-14.9	-49.1	-51.3	-	5.0	-0.7	-0.4	-1.8	-2.1	-2.0	-5.3	-9.6
Q3	-82.6	-4.1	-63.6	-65.8	-	4.4	0.3	0.0	-2.4	-14.5	1.7	-2.1	0.0

2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
	1	2	3	4	5	6	7
	Outstanding amounts						
2011 Q3	2,205.4	134.9	1,820.1	64.5	1,755.5	34.7	215.8
Q4	2,278.1	152.5	1,880.5	67.3	1,813.2	33.8	211.3
2012 Q1	2,225.0	152.7	1,822.6	60.3	1,762.3	33.0	216.8
Q2	2,146.6	147.2	1,752.3	58.0	1,694.3	27.1	220.0
Q3	2,079.3	143.1	1,684.7	57.7	1,627.0	25.9	225.5
	Transactions						
2011 Q3	-32.7	-2.2	-25.6	-3.0	-22.6	-2.5	-2.4
Q4	67.7	17.4	61.7	2.8	58.9	-1.3	-10.1
2012 Q1	-54.4	1.1	-56.5	-8.2	-48.3	-0.9	1.9
Q2	-83.0	-5.1	-72.4	-1.9	-70.5	-5.8	0.2
Q3	-82.6	-5.7	-71.9	1.4	-73.3	-1.2	-3.8

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector [2]					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
												Financial vehicle corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2011 Q3	1,154.6	823.6	247.7	18.4	0.3	9.5	36.2	228.9	122.1	42.5	79.6	32.9	106.8
Q4	1,218.9	890.0	255.3	17.6	0.2	6.6	32.3	227.4	120.2	41.3	78.9	32.5	107.2
2012 Q1	1,198.0	879.4	246.4	17.6	0.2	6.4	32.2	214.9	114.7	40.6	74.1	31.8	100.2
Q2	1,147.6	832.9	245.0	18.1	0.2	6.3	31.5	213.1	114.2	41.8	72.5	30.6	98.9
Q3	1,085.1	787.1	230.6	16.8	0.2	5.5	32.3	203.1	110.7	38.9	71.7	29.9	92.4
	Transactions												
2011 Q3	10.8	-33.1	46.0	-0.7	0.0	-0.2	0.0	-5.6	-3.3	-0.3	-3.0	-1.2	-2.4
Q4	63.2	66.3	7.1	-0.7	-0.1	-3.0	-4.3	-1.2	-1.6	-1.5	-0.1	-0.1	0.4
2012 Q1	-19.5	-10.0	-8.1	0.1	0.0	-0.2	-0.1	-12.9	-5.5	-0.7	-4.8	-0.5	-7.4
Q2	-51.3	-48.5	-1.3	0.5	0.0	-0.1	0.2	-2.1	-0.1	1.0	-1.1	-1.4	-2.0
Q3	-65.8	-47.6	-13.8	-1.1	0.0	-0.8	-1.4	-14.5	-6.4	-3.7	-2.7	-1.1	-8.1

Source: ECB.

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

2) Excludes securitisations of inter-MFI loans.

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

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2009 Q4	6,655.0	784.1	431.3	2,488.0	799.4	1,447.1	91.1	254.6	210.9	148.4
2010 Q1	6,889.2	781.1	437.6	2,616.8	803.8	1,526.4	90.8	260.3	228.5	143.9
Q2	6,908.9	782.3	441.1	2,647.7	781.2	1,514.3	86.9	265.7	244.1	145.7
Q3	7,083.0	780.5	449.2	2,738.7	796.6	1,555.0	82.9	267.3	267.1	145.6
Q4	7,018.6	768.5	453.5	2,677.2	826.1	1,586.3	72.1	267.2	220.1	147.6
2011 Q1	7,106.7	768.9	454.6	2,730.8	833.4	1,597.4	73.8	275.6	222.4	149.6
Q2	7,122.3	771.6	462.1	2,741.8	833.0	1,598.4	79.1	267.0	220.8	148.4
Q3	7,118.5	788.6	461.4	2,765.8	782.8	1,547.0	90.2	267.0	267.6	148.1
Q4	7,123.5	780.5	471.5	2,725.5	791.5	1,574.2	95.2	265.0	270.2	149.8
2012 Q1	7,386.5	791.2	470.3	2,844.3	802.3	1,683.1	98.4	266.7	279.4	150.8
Q2	7,448.4	780.2	469.2	2,872.0	815.9	1,683.0	103.1	270.4	302.2	152.3
Q3	7,652.6	782.7	477.4	2,978.0	827.9	1,757.8	108.7	273.5	293.8	152.9

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2009 Q4	2,488.0	2,077.6	542.4	1,135.9	241.5	17.0	140.8	410.4
2010 Q1	2,616.8	2,193.6	574.9	1,217.9	236.2	16.1	148.5	423.2
Q2	2,647.7	2,223.9	578.3	1,230.9	245.8	16.2	152.7	423.8
Q3	2,738.7	2,307.8	594.6	1,284.5	255.0	18.7	154.9	430.9
Q4	2,677.2	2,250.5	590.7	1,251.7	233.4	17.4	157.2	426.7
2011 Q1	2,730.8	2,310.9	612.8	1,288.6	237.1	17.1	155.3	419.9
Q2	2,741.8	2,321.2	616.9	1,291.7	236.7	16.7	159.1	420.6
Q3	2,765.8	2,339.0	626.7	1,304.8	228.5	16.8	162.2	426.8
Q4	2,725.5	2,295.1	623.7	1,262.2	226.3	16.4	166.5	430.4
2012 Q1	2,844.3	2,388.3	650.3	1,307.4	232.4	17.0	181.1	456.0
Q2	2,872.0	2,397.7	656.5	1,299.6	237.0	16.8	187.9	474.3
Q3	2,978.0	2,481.1	686.0	1,330.4	245.5	17.4	202.0	496.9

3. Liabilities and net worth

	Liabilities									Net worth
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves				Other accounts receivable/ payable and financial derivatives	
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2009 Q4	6,446.3	233.0	39.4	442.1	5,533.2	3,040.9	1,692.8	799.5	198.6	208.7
2010 Q1	6,644.9	249.8	39.5	456.7	5,708.7	3,126.8	1,753.4	828.5	190.3	244.3
Q2	6,723.8	252.0	40.8	428.4	5,808.6	3,157.0	1,821.9	829.8	194.0	185.0
Q3	6,882.2	276.8	39.7	437.2	5,948.1	3,220.7	1,902.3	825.1	180.4	200.8
Q4	6,836.8	252.4	42.5	444.8	5,928.7	3,257.8	1,846.4	824.4	168.4	181.8
2011 Q1	6,886.9	264.9	40.5	462.4	5,943.3	3,285.6	1,817.5	840.2	175.8	219.8
Q2	6,910.1	265.2	43.1	451.7	5,973.5	3,309.2	1,830.5	833.9	176.6	212.2
Q3	7,016.7	272.8	42.2	406.9	6,104.6	3,290.8	1,981.8	832.0	190.2	101.8
Q4	7,035.6	266.8	42.2	405.3	6,132.9	3,299.4	2,006.2	827.3	188.4	87.9
2012 Q1	7,195.0	275.2	44.5	437.8	6,247.5	3,339.8	2,061.4	846.3	190.1	191.6
Q2	7,272.6	283.2	43.5	421.8	6,320.1	3,342.4	2,130.9	846.7	204.1	175.7
Q3	7,349.8	293.7	44.9	455.4	6,360.3	3,395.4	2,120.5	844.3	195.6	302.8

Source: ECB.

3 EURO AREA ACCOUNTS

3.1 Integrated economic and financial accounts by institutional sector

(EUR billions)

Uses 2012 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						632
Trade balance [1]						-49
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,125	116	717	56	237	
Other taxes less subsidies on production	27	9	12	3	4	
Consumption of fixed capital	377	101	214	11	51	
Net operating surplus and mixed income [1]	581	277	274	31	-1	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						6
Taxes less subsidies on production						
Property income	644	34	252	288	69	111
Interest	358	32	62	195	69	53
Other property income	286	2	190	93	0	58
Net national income [1]	1,987	1,597	125	49	215	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	282	228	45	9	0	1
Social contributions	433	433				1
Social benefits other than social transfers in kind	470	1	18	34	417	1
Other current transfers	189	69	24	48	48	10
Net non-life insurance premiums	46	34	10	1	1	2
Non-life insurance claims	46			46		1
Other	98	35	15	1	47	7
Net disposable income [1]	1,961	1,421	70	54	416	
Use of income account						
Net disposable income						
Final consumption expenditure	1,865	1,373			491	
Individual consumption expenditure	1,677	1,373			303	
Collective consumption expenditure	188				188	
Adjustment for the change in the net equity of households in pension fund reserves	14	0	1	13	0	0
Net saving/current external account [1]	96	62	69	41	-76	-36
Capital account						
Net saving/current external account						
Gross capital formation	438	142	233	10	53	
Gross fixed capital formation	436	140	233	10	53	
Changes in inventories and acquisitions less disposals of valuables	2	2	0	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-1	1	0	0	0
Capital transfers	45	9	0	1	34	5
Capital taxes	7	7	0	0		0
Other capital transfers	38	3	0	1	34	5
Net lending (+)/net borrowing (-) (from capital account) [1]	38	24	74	45	-104	-38
Statistical discrepancy	0	3	-3	0	0	0

Sources: ECB and Eurostat.

1) For details of the calculation of the balancing items, see the Technical Notes.

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

(EUR billions)

Resources 2012 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						583
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,110	503	1,216	101	290	
Taxes less subsidies on products	241					
Gross domestic product (market prices)[2]	2,352					
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	581	277	274	31	-1	
Compensation of employees	1,128	1,128				4
Taxes less subsidies on production	268				268	1
Property income	654	227	103	307	17	100
Interest	354	55	39	251	9	56
Other property income	299	172	64	56	8	44
Net national income						
Secondary distribution of income account						
Net national income	1,987	1,597	125	49	215	
Current taxes on income, wealth, etc.	282				282	1
Social contributions	433	1	19	49	364	2
Social benefits other than social transfers in kind	468	468				3
Other current transfers	165	86	13	47	19	34
Net non-life insurance premiums	46			46		2
Non-life insurance claims	44	35	7	1	0	2
Other	75	50	6	0	19	30
Net disposable income						
Use of income account						
Net disposable income	1,961	1,421	70	54	416	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	14	14				0
Net saving/current external account						
Capital account						
Net saving/current external account	96	62	69	41	-76	-36
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	377	101	214	11	51	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	48	10	25	5	7	2
Capital taxes	7				7	0
Other capital transfers	41	10	25	5	0	2
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

Sources: ECB and Eurostat.

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

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

(EUR billions)

Assets 2012 Q3	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		19,123	16,592	35,886	15,776	7,040	4,211	17,944
Monetary gold and special drawing rights (SDRs)				495				
Currency and deposits		6,917	2,033	12,195	2,263	800	854	3,664
Short-term debt securities		53	95	583	428	65	35	643
Long-term debt securities		1,316	289	6,409	2,632	2,798	429	3,980
Loans		76	3,093	13,441	3,888	473	681	2,120
of which: Long-term		57	1,826	10,436	2,720	353	579	.
Shares and other equity		4,054	7,404	1,734	6,322	2,525	1,388	6,720
Quoted shares		700	1,282	322	1,981	501	195	.
Unquoted shares and other equity		2,011	5,751	1,123	3,315	305	1,027	.
Mutual fund shares		1,344	370	289	1,026	1,719	167	.
Insurance technical reserves		6,045	176	3	0	233	4	256
Other accounts receivable and financial derivatives		662	3,502	1,026	243	146	821	562
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		26	110	-491	202	43	-62	34
Monetary gold and SDRs				0				0
Currency and deposits		15	27	-385	-27	1	-41	-71
Short-term debt securities		4	-4	-14	3	7	0	-25
Long-term debt securities		-30	0	-61	104	15	-7	38
Loans		1	29	10	20	8	-1	17
of which: Long-term		0	57	-14	0	4	19	.
Shares and other equity		-7	21	0	68	11	6	54
Quoted shares		-9	7	11	16	0	0	.
Unquoted shares and other equity		7	13	4	31	-3	0	.
Mutual fund shares		-5	2	-15	20	15	6	.
Insurance technical reserves		26	-2	0	0	3	0	2
Other accounts receivable and financial derivatives		16	39	-40	34	-2	-19	18
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		196	186	58	212	196	32	134
Monetary gold and SDRs				35				
Currency and deposits		-2	-6	-27	10	0	-3	-22
Short-term debt securities		-1	-3	4	-6	0	0	1
Long-term debt securities		15	5	21	64	96	8	40
Loans		0	-4	-27	-22	2	3	1
of which: Long-term		0	-4	-15	-18	1	0	.
Shares and other equity		124	233	55	161	96	20	130
Quoted shares		26	57	13	102	22	7	.
Unquoted shares and other equity		51	175	37	29	2	8	.
Mutual fund shares		48	1	5	30	72	4	.
Insurance technical reserves		60	0	0	0	2	0	-3
Other accounts receivable and financial derivatives		-2	-38	-4	5	-1	5	-12
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		19,344	16,889	35,454	16,190	7,279	4,181	18,112
Monetary gold and SDRs				530				
Currency and deposits		6,930	2,054	11,783	2,247	801	810	3,571
Short-term debt securities		56	89	573	424	72	34	619
Long-term debt securities		1,301	294	6,370	2,801	2,908	429	4,058
Loans		77	3,118	13,424	3,885	484	682	2,138
of which: Long-term		57	1,879	10,406	2,702	358	599	.
Shares and other equity		4,172	7,658	1,789	6,551	2,633	1,414	6,903
Quoted shares		716	1,347	347	2,099	522	202	.
Unquoted shares and other equity		2,069	5,939	1,163	3,375	304	1,036	.
Mutual fund shares		1,387	373	279	1,076	1,806	177	.
Insurance technical reserves		6,132	174	3	0	238	4	255
Other accounts receivable and financial derivatives		676	3,502	982	282	143	807	568
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2012 Q3	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, liabilities								
Total liabilities		6,797	25,694	34,738	15,524	7,153	10,024	16,148
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			30	25,648	32	0	268	2,747
Short-term debt securities			99	691	82	3	713	314
Long-term debt securities			864	4,655	2,812	47	6,349	3,126
Loans		6,221	8,484		3,504	301	2,075	3,187
of which: Long-term		5,864	6,115		1,907	114	1,739	.
Shares and other equity		8	12,151	2,503	8,931	407	4	6,144
Quoted shares			3,336	315	197	102	0	.
Unquoted shares and other equity		8	8,815	1,218	2,812	304	4	.
Mutual fund shares				969	5,923			.
Insurance technical reserves		36	347	68	1	6,264	1	
Other accounts payable and financial derivatives		532	3,718	1,173	162	131	615	629
Net financial worth [1]	-1,301	12,326	-9,102	1,149	252	-113	-5,813	
Financial account, transactions in liabilities								
Total transactions in liabilities		-2	39	-509	173	45	42	73
Monetary gold and SDRs								
Currency and deposits			1	-442	0	0	6	-46
Short-term debt securities			-8	7	-10	0	-9	-11
Long-term debt securities			42	-12	-48	1	31	46
Loans		-4	0		68	11	-15	24
of which: Long-term		4	25		22	0	23	.
Shares and other equity		0	19	-18	105	2	0	45
Quoted shares			5	3	4	2	0	.
Unquoted shares and other equity		0	14	3	32	0	0	.
Mutual fund shares				-24	70			.
Insurance technical reserves		0	1	0	0	28	0	
Other accounts payable and financial derivatives		2	-15	-44	57	2	30	15
Changes in net financial worth due to transactions [1]	38	27	71	18	29	-2	-104	-38
Other changes account, liabilities								
Total other changes in liabilities		-9	411	94	181	84	153	65
Monetary gold and SDRs								
Currency and deposits			0	-38	0	0	0	-11
Short-term debt securities			0	-2	0	0	1	-2
Long-term debt securities			19	26	21	0	141	41
Loans		-3	-6		-16	0	0	-23
of which: Long-term		-2	-34		-15	0	0	.
Shares and other equity		0	427	103	204	27	0	57
Quoted shares			215	45	20	13	0	.
Unquoted shares and other equity		0	212	62	-17	14	0	.
Mutual fund shares				-3	202			.
Insurance technical reserves		0	0	0	0	60	0	
Other accounts payable and financial derivatives		-6	-30	6	-28	-3	12	2
Other changes in net financial worth [1]	-34	205	-224	-36	30	112	-121	69
Closing balance sheet, liabilities								
Total liabilities		6,786	26,144	34,323	15,878	7,282	10,220	16,285
Monetary gold and SDRs								
Currency and deposits			31	25,168	32	0	275	2,690
Short-term debt securities			91	696	72	3	704	301
Long-term debt securities			926	4,668	2,785	48	6,521	3,213
Loans		6,214	8,479		3,556	313	2,059	3,187
of which: Long-term		5,866	6,105		1,915	115	1,762	.
Shares and other equity		8	12,597	2,588	9,241	436	4	6,247
Quoted shares			3,555	363	220	117	0	.
Unquoted shares and other equity		8	9,042	1,283	2,826	318	4	.
Mutual fund shares				942	6,194			.
Insurance technical reserves		36	347	69	1	6,352	1	
Other accounts payable and financial derivatives		528	3,673	1,134	191	130	657	647
Net financial worth [1]	-1,297	12,558	-9,255	1,131	312	-3	-6,039	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2008	2009	2010	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1	2011 Q3-2012 Q2	2011 Q4-2012 Q3
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,463	4,448	4,505	4,594	4,621	4,638	4,648	4,659
Other taxes less subsidies on production	94	86	83	93	96	104	113	114
Consumption of fixed capital	1,361	1,387	1,417	1,453	1,466	1,477	1,486	1,495
Net operating surplus and mixed income [1]	2,359	2,101	2,217	2,260	2,253	2,247	2,229	2,214
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,947	2,964	2,808	2,962	2,970	2,991	2,979	2,955
Interest	2,385	1,594	1,378	1,490	1,530	1,548	1,533	1,504
Other property income	1,562	1,370	1,430	1,472	1,440	1,443	1,446	1,451
Net national income [1]	7,802	7,545	7,773	7,917	7,954	7,986	7,992	8,012
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,145	1,029	1,055	1,103	1,112	1,123	1,139	1,154
Social contributions	1,672	1,677	1,704	1,739	1,753	1,761	1,770	1,774
Social benefits other than social transfers in kind	1,657	1,774	1,811	1,832	1,841	1,851	1,862	1,875
Other current transfers	772	773	777	781	782	786	790	792
Net non-life insurance premiums	188	180	182	183	184	184	185	186
Non-life insurance claims	189	181	182	184	184	185	186	187
Other	395	412	413	414	415	417	419	420
Net disposable income [1]	7,700	7,437	7,663	7,810	7,845	7,874	7,876	7,896
Use of income account								
Net disposable income								
Final consumption expenditure	7,139	7,152	7,319	7,452	7,477	7,505	7,513	7,518
Individual consumption expenditure	6,403	6,382	6,542	6,674	6,698	6,723	6,731	6,736
Collective consumption expenditure	736	770	778	778	779	781	782	783
Adjustment for the change in the net equity of households in pension fund reserves	70	61	56	58	59	60	61	60
Net saving [1]	561	285	343	358	368	370	364	377
Capital account								
Net saving								
Gross capital formation	2,072	1,705	1,790	1,871	1,871	1,853	1,820	1,791
Gross fixed capital formation	2,010	1,753	1,766	1,821	1,830	1,829	1,815	1,798
Changes in inventories and acquisitions less disposals of valuables	62	-47	24	50	41	24	5	-7
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	1	1	0	1	3	3
Capital transfers	152	183	221	171	174	167	172	179
Capital taxes	24	34	25	27	31	29	29	29
Other capital transfers	128	149	196	144	143	138	143	150
Net lending (+)/net borrowing (-) (from capital account) [1]	-143	-26	-19	-51	-25	4	40	93

Sources: ECB and Eurostat.

1) For details of the calculation of the balancing items, see the Technical Notes.

3.2 Euro area non-financial accounts (cont'd)

(EUR billions; four-quarter cumulated flows)

Resources	2008	2009	2010	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1	2011 Q3-2012 Q2	2011 Q4-2012 Q3
Generation of income account								
Gross value added (basic prices)	8,277	8,022	8,222	8,401	8,437	8,466	8,476	8,482
Taxes less subsidies on products	946	894	942	971	975	976	974	974
Gross domestic product (market prices)[2]	9,224	8,916	9,164	9,372	9,411	9,442	9,450	9,456
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
Net operating surplus and mixed income								
Allocation of primary income account								
Net operating surplus and mixed income	2,359	2,101	2,217	2,260	2,253	2,247	2,229	2,214
Compensation of employees	4,472	4,458	4,518	4,608	4,634	4,651	4,661	4,672
Taxes less subsidies on production	1,047	998	1,039	1,076	1,081	1,090	1,096	1,098
Property income	3,870	2,952	2,808	2,934	2,955	2,988	2,984	2,983
Interest	2,328	1,550	1,333	1,449	1,488	1,506	1,499	1,477
Other property income	1,542	1,403	1,475	1,486	1,467	1,482	1,485	1,506
Net national income								
Secondary distribution of income account								
Net national income	7,802	7,545	7,773	7,917	7,954	7,986	7,992	8,012
Current taxes on income, wealth, etc.	1,154	1,034	1,059	1,109	1,118	1,129	1,143	1,157
Social contributions	1,670	1,675	1,702	1,738	1,752	1,759	1,768	1,772
Social benefits other than social transfers in kind	1,649	1,768	1,805	1,826	1,835	1,845	1,856	1,869
Other current transfers	671	668	669	675	675	676	678	681
Net non-life insurance premiums	189	181	182	184	184	185	186	187
Non-life insurance claims	184	177	178	180	180	180	181	181
Other	298	309	309	312	311	311	311	313
Net disposable income								
Use of income account								
Net disposable income	7,700	7,437	7,663	7,810	7,845	7,874	7,876	7,896
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	70	61	56	58	59	60	61	60
Net saving								
Capital account								
Net saving	561	285	343	358	368	370	364	377
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,361	1,387	1,417	1,453	1,466	1,477	1,486	1,495
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	161	192	232	181	185	178	185	192
Capital taxes	24	34	25	27	31	29	29	29
Other capital transfers	137	158	207	154	154	149	156	164
Net lending (+)/net borrowing (-) (from capital account)								

Sources: ECB and Eurostat.

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

3.3 Households

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

	2008	2009	2010	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1	2011 Q3-2012 Q2	2011 Q4-2012 Q3
Income, saving and changes in net worth								
Compensation of employees (+)	4,472	4,458	4,518	4,608	4,634	4,651	4,661	4,672
Gross operating surplus and mixed income (+)	1,525	1,440	1,441	1,471	1,477	1,482	1,482	1,483
Interest receivable (+)	347	233	201	221	228	232	231	229
Interest payable (-)	251	146	124	141	145	146	142	137
Other property income receivable (+)	787	726	727	749	746	754	748	745
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	873	842	848	876	881	892	906	921
Net social contributions (-)	1,668	1,672	1,699	1,734	1,748	1,756	1,765	1,769
Net social benefits (+)	1,644	1,763	1,800	1,821	1,830	1,840	1,851	1,864
Net current transfers receivable (+)	70	73	73	71	70	69	69	69
= Gross disposable income	6,045	6,023	6,080	6,179	6,201	6,223	6,219	6,224
Final consumption expenditure (-)	5,240	5,164	5,295	5,417	5,439	5,460	5,466	5,469
Changes in net worth in pension funds (+)	70	60	56	57	58	59	60	60
= Gross saving	874	920	840	819	820	822	813	815
Consumption of fixed capital (-)	375	379	385	393	396	398	401	403
Net capital transfers receivable (+)	0	10	14	12	10	9	9	9
Other changes in net worth (+)	-1,767	-884	772	-97	-647	-658	-1,099	-854
= Changes in net worth	-1,268	-333	1,240	341	-214	-226	-679	-433
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	648	553	557	572	576	576	571	565
Consumption of fixed capital (-)	375	379	385	393	396	398	401	403
Main items of financial investment (+)								
Short-term assets	450	7	38	126	124	146	160	170
Currency and deposits	437	121	118	146	118	155	168	178
Money market fund shares	-3	-40	-59	-23	-21	-22	-20	-27
Debt securities [1]	16	-74	-21	3	28	13	13	19
Long-term assets	56	456	376	245	212	210	174	135
Deposits	-25	71	57	57	55	53	41	27
Debt securities	30	8	-14	40	49	29	-21	-39
Shares and other equity	-82	151	96	-8	-17	26	60	53
Quoted and unquoted shares and other equity	67	122	97	32	35	64	87	64
Mutual fund shares	-149	29	0	-40	-52	-38	-27	-10
Life insurance and pension fund reserves	133	226	237	155	124	102	94	94
Main items of financing (-)								
Loans	257	108	126	123	96	79	47	26
of which: From euro area MFIs	83	65	147	148	81	34	13	1
Other changes in assets (+)								
Non-financial assets	-411	-1,201	676	347	-263	-499	-832	-1,274
Financial assets	-1,430	297	138	-466	-434	-235	-315	390
Shares and other equity	-1,165	99	46	-389	-411	-340	-399	179
Life insurance and pension fund reserves	-235	189	125	-20	20	98	101	179
Remaining net flows (+)	51	42	-33	32	62	54	11	10
= Changes in net worth	-1,268	-333	1,240	341	-214	-226	-679	-433
Balance sheet								
Non-financial assets (+)	27,917	26,890	27,738	28,115	27,656	27,380	27,196	27,003
Financial assets (+)								
Short-term assets	5,778	5,774	5,815	5,890	5,953	5,969	6,023	6,033
Currency and deposits	5,321	5,474	5,596	5,659	5,726	5,755	5,825	5,841
Money market fund shares	320	246	189	191	172	156	145	135
Debt securities [1]	137	54	30	40	55	57	53	56
Long-term assets	10,785	11,595	12,096	11,699	11,870	12,171	12,053	12,250
Deposits	911	961	1,020	1,062	1,074	1,084	1,092	1,089
Debt securities	1,327	1,388	1,328	1,309	1,336	1,368	1,316	1,301
Shares and other equity	3,847	4,130	4,271	3,776	3,838	4,007	3,909	4,037
Quoted and unquoted shares and other equity	2,881	2,984	3,044	2,688	2,723	2,803	2,711	2,785
Mutual fund shares	966	1,146	1,227	1,089	1,115	1,204	1,198	1,252
Life insurance and pension fund reserves	4,701	5,116	5,478	5,551	5,622	5,711	5,736	5,823
Remaining net assets (+)	370	388	424	496	477	463	471	490
Liabilities (-)								
Loans	5,806	5,935	6,121	6,205	6,219	6,206	6,221	6,214
of which: From euro area MFIs	4,914	4,968	5,213	5,313	5,281	5,269	5,294	5,283
= Net worth	39,044	38,711	39,951	39,994	39,738	39,777	39,522	39,562

Sources: ECB and Eurostat.

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

3.4 Non-financial corporations

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

	2008	2009	2010	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1	2011 Q3-2012 Q2	2011 Q4-2012 Q3
Income and saving								
Gross value added (basic prices) (+)	4,758	4,520	4,679	4,812	4,833	4,850	4,857	4,860
Compensation of employees (-)	2,841	2,787	2,824	2,901	2,925	2,938	2,948	2,957
Other taxes less subsidies on production (-)	46	41	35	41	42	45	51	49
= Gross operating surplus (+)	1,871	1,693	1,820	1,869	1,866	1,867	1,858	1,854
Consumption of fixed capital (-)	765	782	799	822	830	836	842	847
= Net operating surplus (+)	1,106	911	1,021	1,047	1,036	1,031	1,017	1,007
Property income receivable (+)	628	529	558	555	555	559	565	577
Interest receivable	238	168	160	167	169	170	169	166
Other property income receivable	390	361	398	388	386	388	395	411
Interest and rents payable (-)	426	298	258	282	288	290	284	277
= Net entrepreneurial income (+)	1,309	1,142	1,321	1,321	1,303	1,300	1,298	1,307
Distributed income (-)	1,008	927	941	981	970	970	984	989
Taxes on income and wealth payable (-)	235	152	168	184	188	188	190	189
Social contributions receivable (+)	68	71	69	72	73	74	74	74
Social benefits payable (-)	66	68	69	69	70	70	70	71
Other net transfers (-)	48	47	44	45	47	48	48	48
= Net saving	20	19	167	113	102	98	80	84
Investment, financing and saving								
Net acquisition of non-financial assets (+)	368	71	163	208	204	186	160	135
Gross fixed capital formation (+)	1,074	902	938	985	994	994	990	981
Consumption of fixed capital (-)	765	782	799	822	830	836	842	847
Net acquisition of other non-financial assets (+)	58	-50	24	44	40	27	12	1
Main items of financial investment (+)								
Short-term assets	61	95	44	4	-32	-8	0	21
Currency and deposits	14	88	68	46	0	9	9	32
Money market fund shares	33	39	-23	-40	-43	-35	-30	-24
Debt securities [1]	14	-32	-1	-1	11	18	20	13
Long-term assets	645	199	449	473	444	471	403	294
Deposits	34	1	19	61	75	53	43	16
Debt securities	-25	23	8	2	-5	-12	-1	-1
Shares and other equity	350	104	270	289	240	270	202	134
Other (mainly intercompany loans)	285	72	152	120	133	160	158	145
Remaining net assets (+)	-33	64	-24	-57	-36	-45	-8	50
Main items of financing (-)								
Debt	657	77	143	203	228	230	204	192
of which: Loans from euro area MFIs	391	-108	-19	86	66	-3	-35	-76
of which: Debt securities	46	90	62	44	48	73	90	105
Shares and other equity	287	249	254	244	182	207	201	142
Quoted shares	-7	59	31	28	27	19	15	15
Unquoted shares and other equity	294	190	223	217	155	187	186	127
Net capital transfers receivable (-)	74	82	66	67	69	68	70	78
= Net saving	20	19	167	113	102	98	80	84
Financial balance sheet								
Financial assets								
Short-term assets	1,848	1,932	1,966	1,919	1,942	1,919	1,928	1,932
Currency and deposits	1,538	1,632	1,696	1,683	1,706	1,682	1,698	1,717
Money market fund shares	192	214	192	159	147	141	135	126
Debt securities [1]	117	86	79	78	89	97	95	89
Long-term assets	9,421	10,249	10,769	10,369	10,599	11,093	10,987	11,280
Deposits	247	236	247	296	313	336	335	336
Debt securities	217	238	254	255	260	286	289	294
Shares and other equity	6,340	7,108	7,430	6,851	7,031	7,446	7,269	7,532
Other (mainly intercompany loans)	2,617	2,666	2,838	2,967	2,994	3,025	3,093	3,118
Remaining net assets	156	167	-5	-18	15	56	-10	34
Liabilities								
Debt	9,247	9,268	9,514	9,660	9,682	9,696	9,794	9,843
of which: Loans from euro area MFIs	4,857	4,702	4,672	4,761	4,712	4,682	4,697	4,642
of which: Debt securities	695	815	877	878	884	934	963	1,017
Shares and other equity	11,147	12,398	12,935	11,755	11,993	12,572	12,151	12,597
Quoted shares	2,953	3,503	3,799	3,126	3,281	3,569	3,336	3,555
Unquoted shares and other equity	8,194	8,895	9,136	8,629	8,712	9,003	8,815	9,042

Sources: ECB and Eurostat.

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

3.5 Insurance corporations and pension funds

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

	2008	2009	2010	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1	2011 Q3-2012 Q2	2011 Q4-2012 Q3
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	69	-47	-16	7	48	88	75	59
Currency and deposits	57	-33	-9	5	14	29	15	3
Money market fund shares	12	0	-17	-8	11	47	48	45
Debt securities [1]	1	-14	10	10	23	12	12	11
Long-term assets	129	293	291	242	131	78	81	87
Deposits	6	15	-5	9	7	-2	-5	-13
Debt securities	77	102	183	106	38	12	32	56
Loans	20	8	30	16	7	5	-1	10
Quoted shares	-15	-44	11	8	0	-3	-5	-5
Unquoted shares and other equity	17	-21	0	12	0	-5	2	-6
Mutual fund shares	25	233	73	91	79	71	57	44
Remaining net assets (+)	10	15	14	-40	-40	-47	-15	-12
Main items of financing (-)								
Debt securities	5	5	1	3	3	5	1	3
Loans	30	-4	7	13	6	8	11	14
Shares and other equity	8	5	7	3	2	2	4	5
Insurance technical reserves	123	250	273	157	123	101	101	107
Net equity of households in life insurance and pension fund reserves	122	242	252	146	121	103	94	101
Prepayments of insurance premiums and reserves for outstanding claims	1	8	20	10	2	-1	8	6
= Changes in net financial worth due to transactions	43	4	1	34	7	4	24	5
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	-545	198	113	-92	-112	-22	-36	189
Other net assets	42	35	-8	-87	13	135	117	173
Other changes in liabilities (-)								
Shares and other equity	-171	12	-6	-42	-46	-31	-35	41
Insurance technical reserves	-250	159	140	-18	19	102	106	183
Net equity of households in life insurance and pension fund reserves	-243	189	130	-19	19	100	107	187
Prepayments of insurance premiums and reserves for outstanding claims	-7	-30	10	1	0	2	-1	-4
= Other changes in net financial worth	-82	62	-28	-119	-72	42	10	139
Financial balance sheet								
Financial assets (+)								
Short-term assets	376	324	313	343	348	380	370	386
Currency and deposits	224	195	190	199	193	208	195	200
Money market fund shares	98	90	74	83	84	107	110	113
Debt securities [1]	54	39	49	61	72	65	65	72
Long-term assets	5,097	5,663	6,054	6,066	6,042	6,278	6,292	6,512
Deposits	598	610	603	615	606	608	605	601
Debt securities	2,289	2,467	2,637	2,700	2,647	2,773	2,798	2,908
Loans	432	435	466	470	473	473	473	484
Quoted shares	480	503	540	493	499	515	501	522
Unquoted shares and other equity	324	309	302	301	299	301	305	304
Mutual fund shares	974	1,339	1,505	1,488	1,517	1,608	1,610	1,692
Remaining net assets (+)	236	209	233	242	246	236	247	251
Liabilities (-)								
Debt securities	36	43	46	47	47	49	49	51
Loans	281	270	283	298	286	296	301	313
Shares and other equity	418	435	436	390	392	424	407	436
Insurance technical reserves	5,164	5,573	5,985	6,062	6,127	6,235	6,264	6,352
Net equity of households in life insurance and pension fund reserves	4,364	4,795	5,177	5,243	5,317	5,409	5,437	5,531
Prepayments of insurance premiums and reserves for outstanding claims	800	778	809	819	810	825	827	821
= Net financial wealth	-190	-124	-151	-147	-216	-110	-113	-3

Source: ECB.

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

FINANCIAL MARKETS

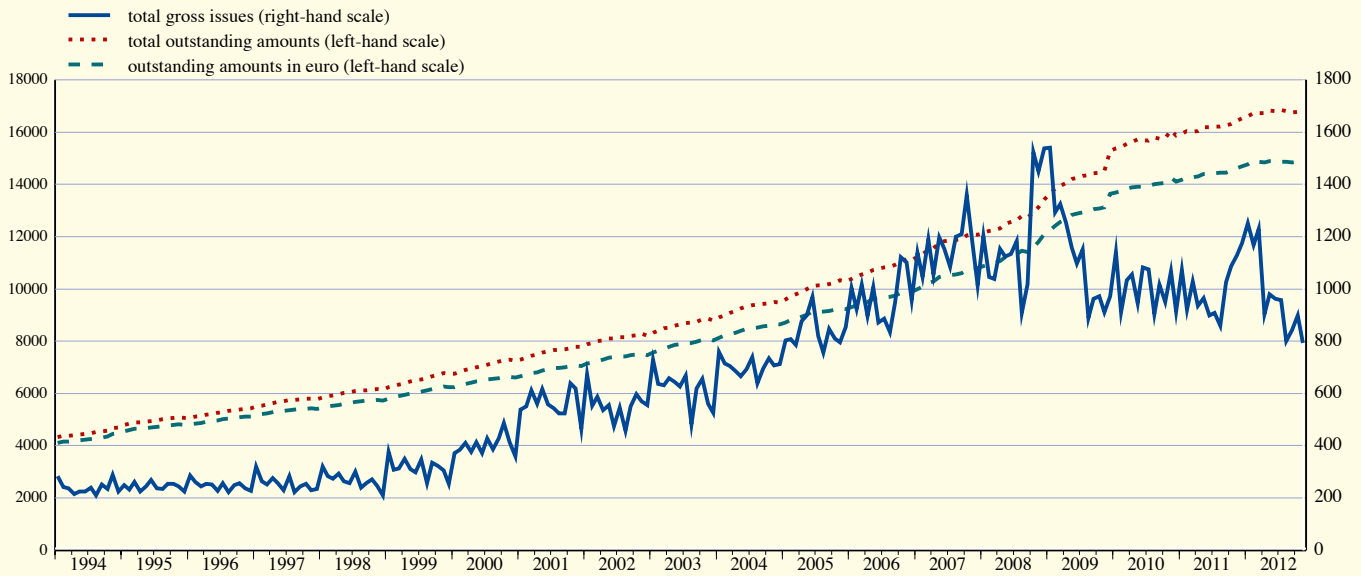
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2]	
											Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011 Nov.	16,790.9	1,064.5	85.5	14,625.3	1,017.4	92.6	16,440.4	1,128.5	100.8	2.4	31.9	3.3
Dec.	16,849.1	1,127.6	58.2	14,682.8	1,085.2	57.5	16,524.7	1,176.4	56.0	3.9	144.9	4.6
2012 Jan.	16,946.1	1,192.3	97.1	14,772.3	1,120.8	89.7	16,597.6	1,250.4	82.3	3.8	62.2	5.1
Feb.	17,132.1	1,137.0	186.5	14,916.3	1,050.0	144.4	16,740.2	1,168.2	161.0	4.2	96.6	5.7
Mar.	17,180.4	1,237.3	143.3	14,864.8	1,094.3	42.7	16,729.6	1,229.1	79.2	4.7	81.6	5.9
Apr.	17,134.4	839.1	-35.3	14,845.8	801.2	-8.4	16,730.1	904.6	-1.9	4.4	-8.4	5.0
May	17,174.7	918.0	41.8	14,887.1	866.6	42.6	16,833.3	980.2	59.6	4.0	-2.0	4.6
June	17,180.8	932.7	6.5	14,885.2	871.5	-1.2	16,802.0	961.6	-18.4	3.7	13.5	3.0
July	17,115.4	890.9	-5.0	14,876.5	832.8	-8.3	16,853.8	957.1	29.0	4.0	56.5	2.9
Aug.	17,095.5	751.5	-22.9	14,865.3	708.1	-13.7	16,800.0	800.1	-36.9	3.6	-6.5	1.6
Sep.	17,081.7	809.7	-4.6	14,846.6	757.2	-9.7	16,752.6	842.6	-23.2	3.4	33.1	1.0
Oct.	.	.	.	14,860.3	775.8	17.8	16,779.0	898.6	37.5	3.2	26.9	1.5
Nov.	.	.	.	14,892.6	678.2	30.0	16,827.2	793.0	49.4	2.9	-23.8	1.2
	Long-term											
2011 Nov.	15,326.5	212.0	70.9	13,241.4	192.8	81.6	14,836.9	213.4	92.0	3.2	25.6	3.4
Dec.	15,374.7	238.2	47.1	13,304.0	228.9	61.6	14,925.9	246.6	63.4	4.0	107.8	4.3
2012 Jan.	15,460.1	347.9	85.8	13,366.9	303.7	63.4	14,970.2	332.7	52.1	3.9	69.4	4.9
Feb.	15,630.7	366.7	170.1	13,503.3	310.1	135.9	15,100.1	340.8	145.7	4.2	86.8	5.6
Mar.	15,666.0	388.6	130.8	13,460.7	280.9	52.1	15,083.2	331.5	75.6	4.6	76.0	6.0
Apr.	15,632.7	188.7	-22.6	13,438.9	175.0	-11.2	15,084.1	206.5	1.5	4.1	-8.3	4.9
May	15,682.2	232.0	49.4	13,488.6	208.6	49.4	15,191.9	244.4	68.3	4.0	15.3	4.7
June	15,716.7	278.7	35.4	13,526.5	246.3	39.0	15,200.9	262.1	20.6	3.8	13.9	3.4
July	15,639.0	265.1	-20.2	13,498.5	233.1	-27.9	15,221.6	271.8	0.3	3.9	38.5	3.0
Aug.	15,628.2	145.9	-13.1	13,490.6	126.8	-9.8	15,184.1	142.0	-22.4	3.8	19.3	2.1
Sep.	15,646.8	256.6	26.5	13,508.7	225.0	26.1	15,187.2	250.9	24.2	4.0	82.0	2.1
Oct.	.	.	.	13,539.0	212.2	33.1	15,225.7	249.1	48.0	3.9	45.2	2.9
Nov.	.	.	.	13,587.0	194.1	47.8	15,283.9	222.3	61.3	3.6	-7.1	2.6

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010	15,874	5,243	3,287	854	5,936	554	1,008	625	80	69	206	29
2011	16,525	5,527	3,285	872	6,217	624	1,000	609	98	62	191	39
2011 Q4	16,525	5,527	3,285	872	6,217	624	1,131	714	138	70	172	36
2012 Q1	16,730	5,629	3,317	905	6,209	670	1,216	765	108	71	223	49
Q2	16,802	5,592	3,291	937	6,285	697	949	584	81	71	183	30
Q3	16,753	5,561	3,225	969	6,299	698	867	538	63	63	177	26
2012 Aug.	16,800	5,633	3,239	952	6,275	702	800	534	50	54	140	21
Sep.	16,753	5,561	3,225	969	6,299	698	843	480	65	71	199	28
Oct.	16,779	5,532	3,250	979	6,316	701	899	530	69	70	200	29
Nov.	16,827	5,514	3,265	984	6,368	696	793	459	55	58	194	28
	Short-term											
2010	1,544	572	120	70	728	54	759	534	34	57	115	19
2011	1,599	702	106	79	634	77	748	511	48	53	107	29
2011 Q4	1,599	702	106	79	634	77	888	629	76	60	94	28
2012 Q1	1,646	711	122	83	641	91	881	609	63	55	125	29
Q2	1,601	678	120	97	624	83	711	498	33	58	102	20
Q3	1,565	667	106	89	626	77	645	455	24	48	100	17
2012 Aug.	1,616	702	114	96	622	82	658	472	24	46	101	15
Sep.	1,565	667	106	89	626	77	592	408	22	44	98	19
Oct.	1,553	652	106	87	627	81	649	452	26	50	100	20
Nov.	1,543	638	108	84	641	72	571	393	19	43	100	15
	Long-term [2]											
2010	14,329	4,671	3,167	785	5,207	499	249	91	47	12	90	9
2011	14,926	4,824	3,178	793	5,583	547	252	98	51	9	84	10
2011 Q4	14,926	4,824	3,178	793	5,583	547	243	85	62	10	78	8
2012 Q1	15,083	4,918	3,195	822	5,568	580	335	156	45	16	99	20
Q2	15,201	4,914	3,171	841	5,661	614	238	86	48	13	81	10
Q3	15,187	4,894	3,119	881	5,673	622	222	82	38	16	77	8
2012 Aug.	15,184	4,931	3,125	856	5,653	619	142	62	26	8	40	6
Sep.	15,187	4,894	3,119	881	5,673	622	251	72	44	26	100	9
Oct.	15,226	4,880	3,144	892	5,689	620	249	78	43	19	100	9
Nov.	15,284	4,876	3,157	900	5,727	623	222	66	35	15	94	13
	of which: Long-term fixed rate											
2010	9,474	2,628	1,099	673	4,697	377	156	50	13	10	77	6
2011	10,016	2,763	1,151	699	4,994	408	150	54	12	8	70	7
2011 Q4	10,016	2,763	1,151	699	4,994	408	121	40	7	9	61	5
2012 Q1	10,227	2,875	1,199	727	5,004	421	229	103	17	15	83	11
Q2	10,407	2,876	1,245	748	5,101	437	148	42	21	12	68	6
Q3	10,497	2,859	1,279	786	5,132	441	139	37	14	15	68	4
2012 Aug.	10,443	2,880	1,262	761	5,102	439	77	25	6	8	34	4
Sep.	10,497	2,859	1,279	786	5,132	441	189	43	24	26	91	5
Oct.	10,533	2,853	1,312	798	5,129	441	170	46	25	19	74	5
Nov.	10,631	2,848	1,332	804	5,202	446	154	28	23	14	82	8
	of which: Long-term variable rate											
2010	4,384	1,762	1,963	106	432	121	78	35	29	1	10	4
2011	4,408	1,791	1,874	90	513	139	85	37	32	1	11	3
2011 Q4	4,408	1,791	1,874	90	513	139	109	38	51	1	15	3
2012 Q1	4,346	1,776	1,836	91	486	156	90	46	25	1	10	8
Q2	4,335	1,771	1,814	89	486	175	77	38	25	1	9	4
Q3	4,242	1,771	1,736	90	466	179	72	41	23	1	4	4
2012 Aug.	4,294	1,784	1,757	91	483	179	55	32	19	0	2	2
Sep.	4,242	1,771	1,736	90	466	179	52	25	19	0	4	4
Oct.	4,246	1,764	1,731	91	483	177	69	27	16	0	22	4
Nov.	4,203	1,767	1,724	93	443	176	55	32	10	1	7	5

Source: ECB.

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

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

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

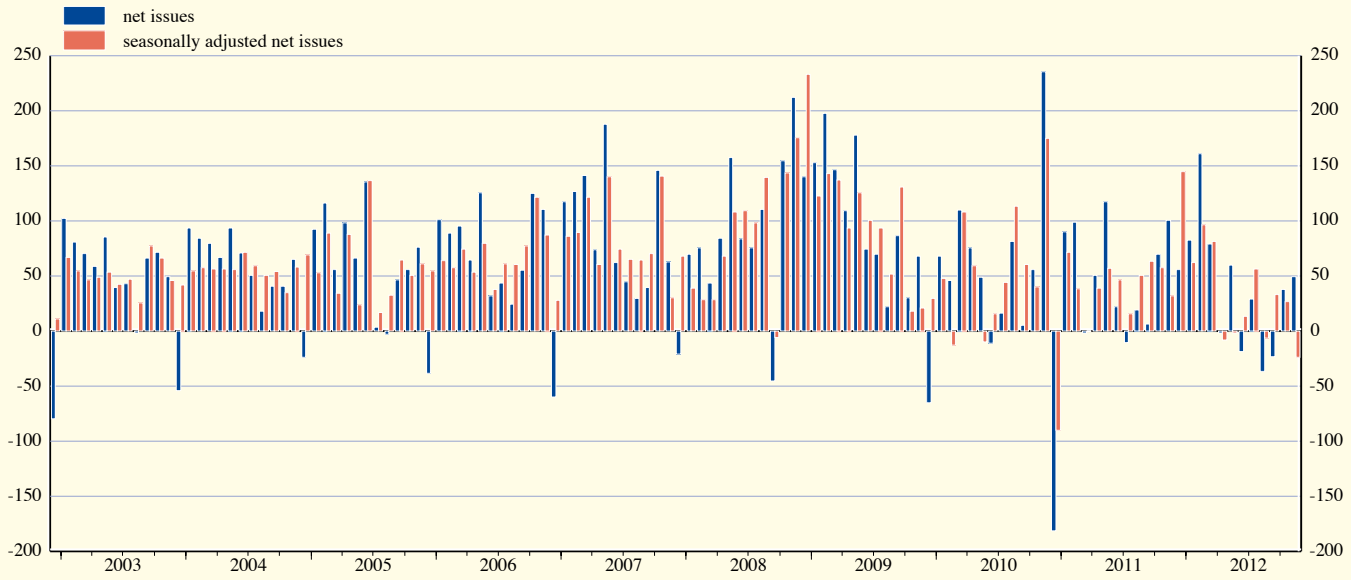
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010	45.7	-1.3	4.9	5.0	31.8	5.3	-	-	-	-	-	-
2011	51.5	22.6	-3.6	3.7	23.2	5.6	-	-	-	-	-	-
2011 Q4	75.6	29.7	20.2	3.3	17.6	4.9	78.1	40.8	-2.0	6.8	31.3	1.2
2012 Q1	107.5	38.0	12.1	11.8	29.6	15.9	80.1	16.5	22.2	9.4	15.7	16.3
Q2	13.1	-19.8	-5.8	10.2	27.8	0.7	1.1	-14.4	-8.4	7.8	13.4	2.7
Q3	-10.4	-4.7	-21.4	10.7	4.3	0.7	27.7	0.2	-7.4	11.9	20.7	2.3
2012 Aug.	-36.9	1.0	-42.1	5.3	1.8	-2.8	-6.5	-1.3	-30.3	12.4	11.1	1.6
Sep.	-23.2	-53.7	-11.0	18.1	25.5	-2.2	33.1	-38.4	19.5	18.5	35.6	-2.1
Oct.	37.5	-20.1	27.2	10.9	17.7	1.8	26.9	-4.9	8.2	9.8	19.7	-6.0
Nov.	49.4	-18.5	15.4	5.3	52.3	-5.2	-23.8	-21.9	-16.3	5.2	14.1	-4.9
	Long-term											
2010	54.1	1.8	2.2	5.3	41.3	3.5	-	-	-	-	-	-
2011	47.4	12.0	-2.3	2.8	31.0	3.9	-	-	-	-	-	-
2011 Q4	75.2	0.7	21.6	5.5	43.8	3.6	66.7	13.7	0.2	6.8	42.7	3.3
2012 Q1	91.1	35.0	7.0	10.5	27.5	11.1	77.4	20.6	17.8	10.0	19.2	9.8
Q2	30.1	-7.6	-5.3	5.7	33.6	3.8	7.0	-13.2	-7.1	3.2	21.5	2.7
Q3	0.7	-1.9	-16.8	13.3	3.4	2.7	46.6	4.8	-5.0	15.1	26.3	5.5
2012 Aug.	-22.4	0.8	-40.0	5.8	9.9	1.1	19.3	7.9	-27.1	12.1	23.9	2.6
Sep.	24.2	-21.3	-3.6	25.0	21.2	3.0	82.0	-8.9	22.3	23.7	39.6	5.2
Oct.	48.0	-6.7	27.5	12.5	17.3	-2.7	45.2	5.2	10.3	12.3	20.7	-3.4
Nov.	61.3	-2.2	13.3	8.3	38.3	3.5	-7.1	6.6	-20.0	7.8	-4.5	3.0

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

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



Source: ECB.

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

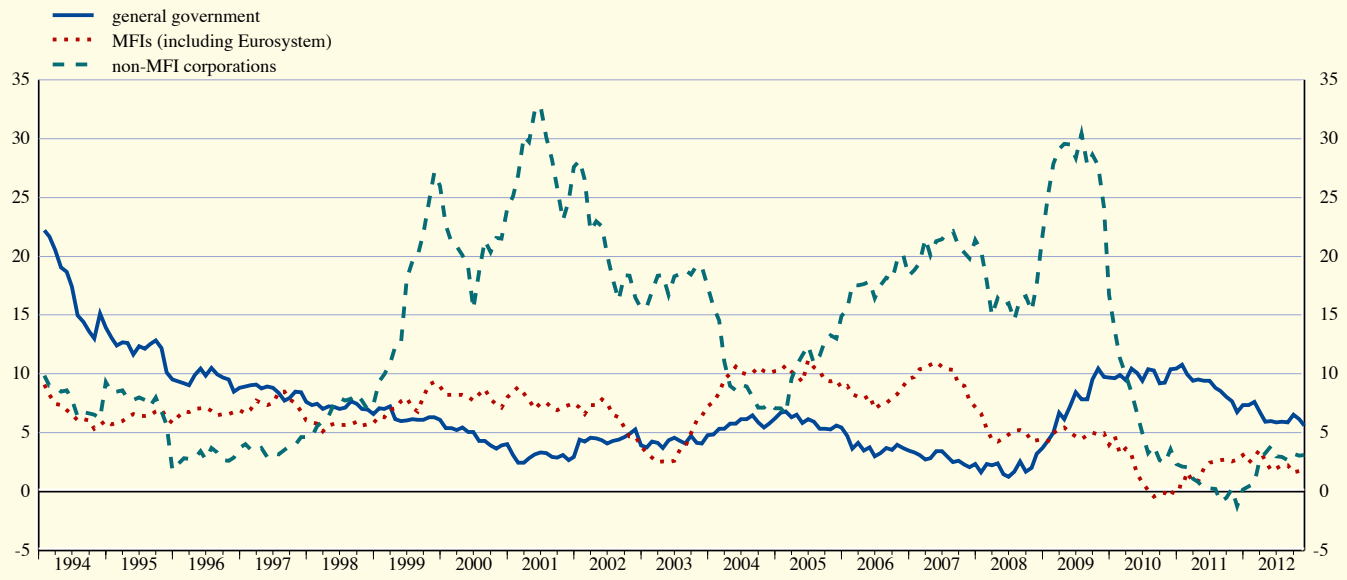
4.3 Growth rates of securities other than shares issued by euro area residents [1)]

(percentage changes)

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011 Nov.	2.4	3.1	-2.4	5.2	3.0	13.6	3.3	3.6	0.2	6.8	3.6	11.2
Dec.	3.9	5.2	-1.3	5.5	4.7	12.1	4.6	6.7	0.5	9.3	4.1	4.8
2012 Jan.	3.8	4.3	-1.3	6.4	4.8	15.4	5.1	6.8	0.9	9.5	4.5	14.3
Feb.	4.2	4.5	-0.7	7.1	4.8	19.8	5.7	6.9	2.8	9.5	4.6	16.2
Mar.	4.7	4.8	1.7	8.0	4.5	17.9	5.9	6.4	3.8	11.7	4.6	17.8
Apr.	4.4	4.1	2.5	9.6	3.7	15.7	5.0	4.7	4.4	11.8	3.5	18.5
May	4.0	2.9	3.1	9.2	3.8	12.6	4.6	2.3	6.2	11.4	4.0	14.1
June	3.7	3.4	1.5	10.5	3.5	11.7	3.0	0.2	2.6	12.1	2.8	19.2
July	4.0	4.1	1.2	10.4	3.4	14.8	2.9	1.7	1.4	11.3	2.3	15.4
Aug.	3.6	3.6	0.6	10.9	3.3	12.5	1.6	0.5	-1.6	12.3	2.1	9.0
Sep.	3.4	2.4	0.5	12.5	3.9	10.9	1.0	-1.5	-2.8	13.4	3.3	4.4
Oct.	3.2	2.0	0.3	12.6	3.8	10.8	1.5	-0.6	-3.7	13.4	4.2	3.6
Nov.	2.9	1.1	0.5	12.3	3.9	8.0	1.2	0.0	-5.0	13.3	3.8	2.3
	Long-term											
2011 Nov.	3.2	2.7	-2.5	4.0	6.4	10.0	3.4	2.1	0.7	5.0	5.2	9.2
Dec.	4.0	3.1	-0.9	4.5	7.2	9.4	4.3	3.0	1.2	7.4	6.4	7.2
2012 Jan.	3.9	2.4	-0.8	5.8	7.0	11.1	4.9	3.2	1.6	9.1	7.1	10.3
Feb.	4.2	2.9	-0.7	6.5	7.0	13.5	5.6	4.2	2.8	9.8	7.1	14.4
Mar.	4.6	3.5	1.5	7.6	6.3	12.7	6.0	4.3	3.5	13.5	6.9	15.2
Apr.	4.1	2.6	2.3	7.2	5.4	11.7	4.9	3.0	3.5	10.9	5.5	14.4
May	4.0	1.8	3.0	7.1	5.5	10.6	4.7	1.5	5.4	9.3	5.9	11.9
June	3.8	1.9	1.6	8.8	5.4	10.7	3.4	0.9	2.1	10.2	4.4	14.2
July	3.9	2.2	1.3	9.7	5.3	12.1	3.0	1.2	1.0	10.3	3.6	13.8
Aug.	3.8	2.2	0.7	10.7	5.3	11.5	2.1	0.3	-1.4	11.6	3.6	8.6
Sep.	4.0	1.6	0.6	13.5	6.0	11.8	2.1	-1.0	-2.3	13.6	5.2	8.5
Oct.	3.9	1.7	0.3	13.9	5.7	10.7	2.9	0.4	-2.8	16.9	5.9	7.0
Nov.	3.6	1.6	0.4	13.9	5.2	9.6	2.6	1.7	-4.4	18.8	4.6	7.3

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

(annual percentage changes)



Source: ECB.

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

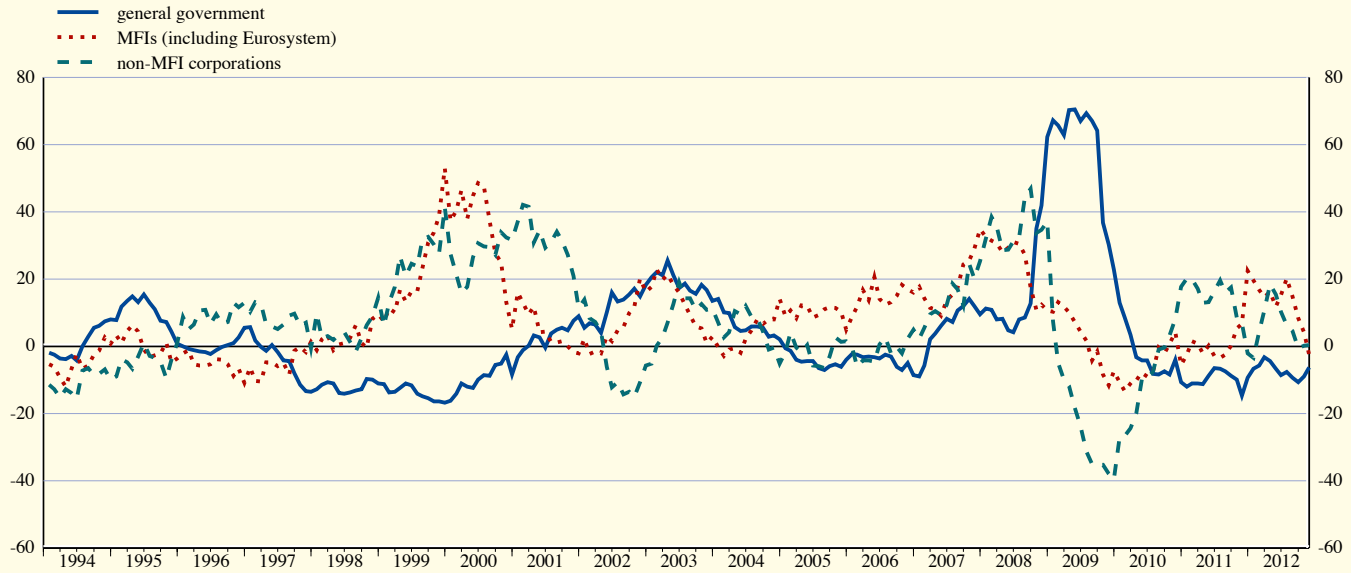
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2010	8.8	5.7	6.4	19.7	9.9	8.8	-0.5	-3.9	0.9	-2.0	6.4	27.5
2011	6.3	4.8	3.4	6.3	7.8	7.7	-0.7	-1.2	-5.7	-2.0	22.3	16.1
2011 Q4	5.5	5.4	2.6	4.6	6.1	8.1	-1.1	-0.1	-7.4	-2.6	21.0	13.9
2012 Q1	5.7	5.3	2.1	6.7	6.4	9.0	-0.1	0.7	-5.5	-0.9	15.3	21.5
Q2	5.2	4.9	1.9	8.1	5.6	6.7	0.5	-0.2	-2.4	-1.3	8.1	25.9
Q3	5.0	4.0	1.3	11.1	5.5	7.0	0.0	-0.1	-3.5	0.5	6.6	25.5
2012 June	4.7	4.0	1.4	9.5	5.2	6.1	0.6	-0.5	-2.1	-1.7	9.0	24.9
July	4.8	4.3	1.2	10.1	5.0	7.0	0.4	-0.3	-3.1	0.8	9.2	27.1
Aug.	5.1	4.1	1.0	11.2	5.6	6.9	-0.2	0.3	-4.0	1.0	5.3	25.0
Sep.	5.6	3.4	1.8	14.3	6.4	7.7	-1.2	-0.3	-4.8	1.3	1.6	24.0
Oct.	5.7	3.6	3.4	15.0	6.0	6.5	-2.2	-0.2	-7.4	-0.9	2.8	22.9
Nov.	6.0	3.6	4.9	15.2	6.2	6.8	-3.8	-0.2	-8.3	-1.6	-6.4	17.6
	In euro											
2010	9.0	5.5	7.4	20.1	10.0	8.3	-0.2	-3.3	0.7	-2.5	5.9	26.2
2011	6.5	4.0	3.6	6.7	8.1	7.2	-0.3	0.2	-6.3	-2.9	22.2	15.3
2011 Q4	5.7	5.1	2.6	4.8	6.4	8.6	-0.7	1.4	-8.1	-3.6	20.8	12.3
2012 Q1	6.1	5.6	2.5	6.6	6.6	9.8	0.6	2.7	-6.1	-2.1	15.0	20.2
Q2	5.5	5.4	1.6	8.6	5.7	6.6	0.7	2.2	-4.2	-2.5	7.9	25.3
Q3	5.3	4.9	0.8	11.4	5.5	6.4	0.2	2.7	-5.8	0.4	6.3	25.5
2012 June	5.1	4.8	1.3	9.8	5.3	5.7	1.0	2.3	-4.1	-1.9	8.9	25.1
July	5.0	5.2	0.6	10.4	5.0	6.5	0.6	2.6	-5.5	0.9	8.8	27.1
Aug.	5.3	5.0	0.2	11.4	5.7	6.2	0.0	3.2	-6.4	1.1	5.0	24.8
Sep.	6.0	4.2	1.6	15.2	6.5	7.1	-1.0	2.1	-6.7	0.7	1.2	24.2
Oct.	5.9	4.1	3.1	16.0	6.0	6.0	-2.3	2.1	-9.7	-1.5	2.5	23.5
Nov.	6.1	3.8	4.0	16.8	6.3	6.3	-3.9	1.9	-10.3	-1.5	-7.2	17.6

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

(annual percentage changes)



Source: ECB.

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

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

(EUR billions, unless otherwise indicated; market values)

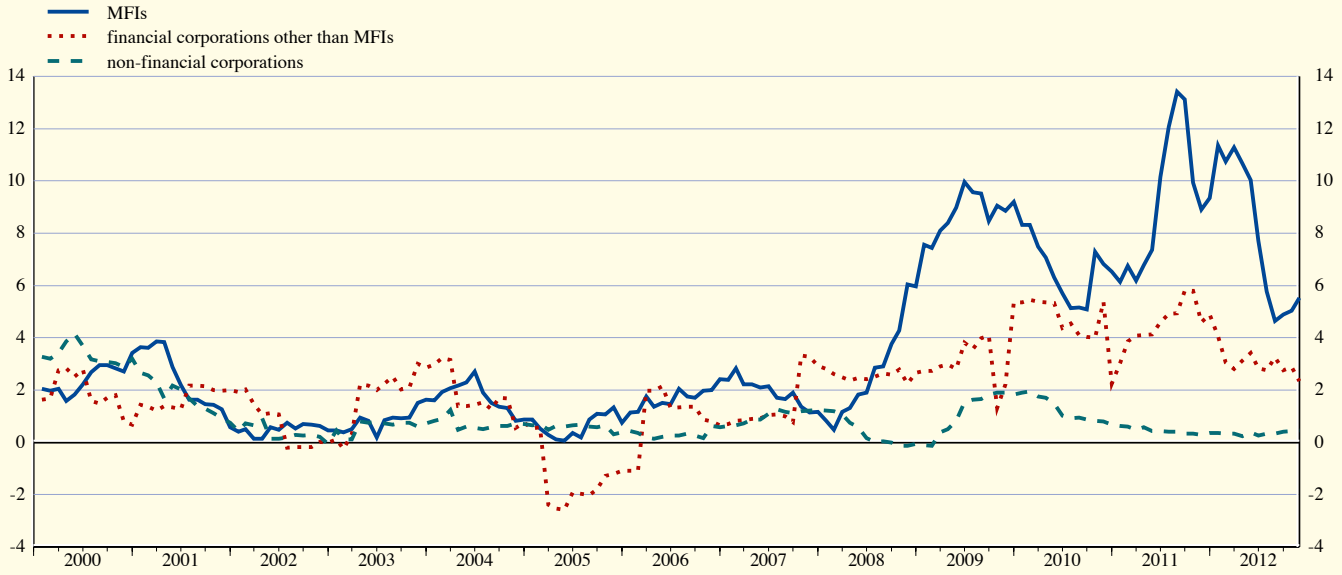
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2010 Nov.	4,397.4	104.4	1.8	437.5	6.8	316.6	5.4	3,643.3	0.8
Dec.	4,579.9	104.4	1.4	458.1	6.5	334.0	2.3	3,787.7	0.7
2011 Jan.	4,743.8	104.6	1.4	513.9	6.1	365.9	3.0	3,864.0	0.6
Feb.	4,829.9	104.7	1.5	534.6	6.7	379.0	3.9	3,916.2	0.6
Mar.	4,751.8	104.8	1.4	491.3	6.2	363.3	4.1	3,897.2	0.5
Apr.	4,875.3	105.0	1.5	497.3	6.8	371.6	4.1	4,006.5	0.6
May	4,760.2	105.0	1.5	475.8	7.4	356.3	4.1	3,928.1	0.4
June	4,705.1	105.5	1.7	491.5	10.2	350.6	4.6	3,863.0	0.4
July	4,487.5	105.7	1.9	458.6	12.1	325.6	4.9	3,703.3	0.4
Aug.	3,959.8	105.9	2.1	382.9	13.4	281.7	4.9	3,295.2	0.4
Sep.	3,733.0	105.9	2.0	350.5	13.1	264.4	5.8	3,118.1	0.3
Oct.	4,026.1	105.9	1.7	360.5	9.9	288.0	5.8	3,377.6	0.3
Nov.	3,875.2	106.0	1.5	329.8	8.9	271.6	4.6	3,273.8	0.3
Dec.	3,887.8	106.1	1.6	339.3	9.3	270.8	4.9	3,277.7	0.4
2012 Jan.	4,100.7	106.3	1.7	375.5	11.4	298.1	4.0	3,427.1	0.4
Feb.	4,266.8	106.3	1.5	394.7	10.7	311.3	3.1	3,560.8	0.3
Mar.	4,250.8	106.4	1.5	373.1	11.3	311.1	2.8	3,566.6	0.3
Apr.	4,078.0	106.5	1.4	327.3	10.7	292.0	3.1	3,458.7	0.2
May	3,772.0	106.5	1.5	280.9	10.0	260.2	3.4	3,230.9	0.4
June	3,935.1	106.6	1.1	317.7	7.7	280.3	2.8	3,337.2	0.3
July	4,061.8	106.8	1.0	309.9	5.8	287.5	2.7	3,464.4	0.3
Aug.	4,184.9	106.8	0.9	349.7	4.6	304.7	3.3	3,530.6	0.3
Sep.	4,242.3	106.9	0.9	365.0	4.9	319.2	2.8	3,558.1	0.4
Oct.	4,319.2	107.0	1.0	383.6	5.0	329.9	2.9	3,605.7	0.4
Nov.	4,407.2	107.0	1.0	395.7	5.5	338.2	2.4	3,673.2	0.4

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

(annual percentage changes)



Source: ECB.

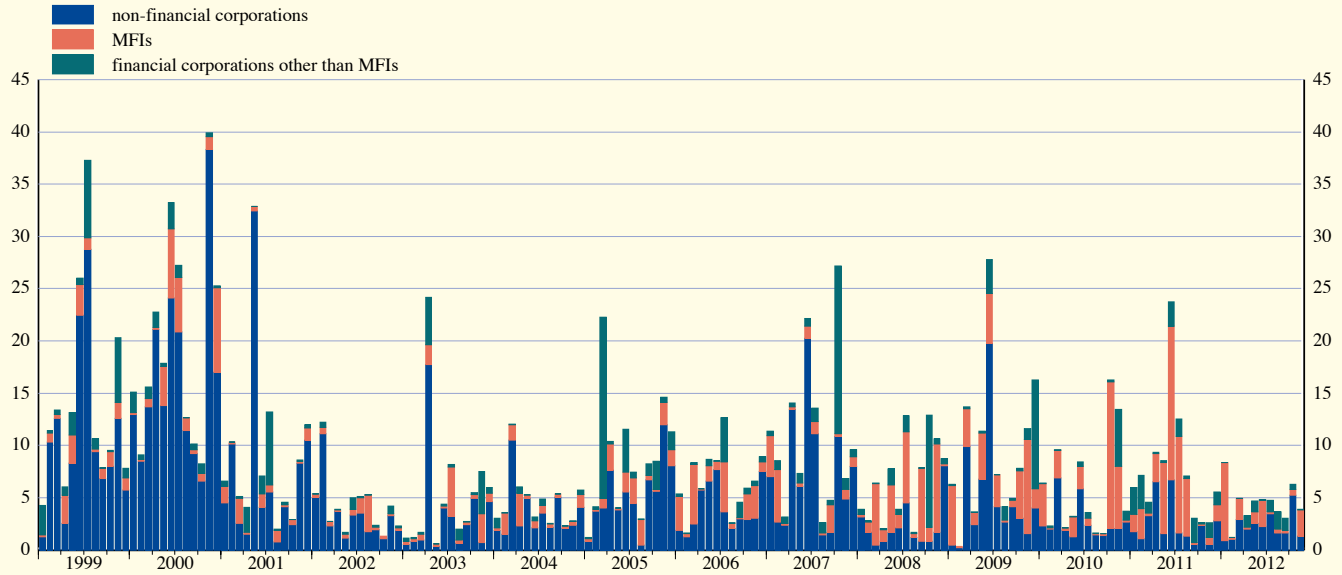
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2010 Nov.	13.5	1.5	12.0	5.9	0.0	5.9	5.5	0.1	5.4	2.1	1.4	0.7
Dec.	3.7	3.5	0.2	0.2	0.0	0.2	0.9	0.3	0.5	2.7	3.2	-0.5
2011 Jan.	6.0	1.3	4.7	1.6	0.0	1.6	2.6	0.0	2.6	1.8	1.3	0.5
Feb.	7.1	0.2	6.9	2.9	0.0	2.9	3.2	0.0	3.2	1.1	0.2	0.8
Mar.	4.4	1.0	3.5	0.1	0.0	0.1	1.0	0.2	0.8	3.3	0.7	2.6
Apr.	9.3	0.6	8.8	2.7	0.0	2.7	0.1	0.0	0.1	6.5	0.6	5.9
May	8.6	8.8	-0.2	6.8	2.1	4.6	0.2	0.0	0.2	1.6	6.6	-5.0
June	23.7	1.3	22.5	14.7	0.0	14.7	2.3	0.3	2.0	6.7	1.0	5.7
July	12.5	0.7	11.8	9.3	0.0	9.3	1.6	0.0	1.6	1.6	0.7	0.9
Aug.	7.1	1.0	6.1	5.5	0.0	5.5	0.3	0.2	0.1	1.3	0.8	0.5
Sep.	2.9	2.9	0.0	0.0	0.9	-0.9	2.3	0.0	2.3	0.5	2.0	-1.4
Oct.	2.4	0.4	2.0	0.0	0.0	0.0	0.1	0.0	0.1	2.3	0.4	1.9
Nov.	2.6	1.5	1.1	0.7	0.0	0.7	1.4	0.0	1.4	0.6	1.5	-1.0
Dec.	5.5	1.0	4.5	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.0	1.8
2012 Jan.	8.4	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.6
Feb.	1.1	1.4	-0.3	0.0	0.0	0.0	0.0	0.2	-0.2	1.0	1.2	-0.1
Mar.	4.9	0.7	4.3	2.0	0.0	2.0	0.0	0.1	-0.1	2.9	0.6	2.3
Apr.	3.1	0.3	2.8	0.0	0.0	0.0	1.1	0.0	1.1	2.0	0.3	1.7
May	4.7	1.8	2.9	1.1	0.0	1.1	1.0	0.1	1.0	2.5	1.7	0.8
June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1
July	4.7	0.3	4.4	0.2	0.0	0.2	1.1	0.0	1.1	3.5	0.3	3.2
Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.9	0.5	2.3	0.1	0.0	0.1	1.2	0.1	1.0	1.7	0.4	1.3
Oct.	6.3	1.8	4.5	0.5	0.0	0.5	0.5	0.1	0.4	5.3	1.7	3.5
Nov.	3.9	2.0	1.8	2.5	0.0	2.5	0.1	0.1	0.0	1.3	1.9	-0.6

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2)]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2012 Jan.	0.53	2.94	3.49	3.15	1.81	1.96	0.61	1.36	2.95	2.92	1.23
Feb.	0.52	2.90	3.38	3.16	1.81	1.96	0.59	1.26	2.96	3.01	1.05
Mar.	0.51	2.88	3.04	3.03	1.79	1.95	0.58	1.31	2.75	2.98	0.97
Apr.	0.49	2.82	2.93	2.84	1.76	1.95	0.55	1.16	2.70	3.07	1.28
May	0.48	2.65	2.70	2.68	1.74	1.91	0.54	1.07	2.31	2.75	0.93
June	0.47	2.72	2.73	2.63	1.73	1.88	0.52	1.11	2.32	2.69	0.98
July	0.45	2.80	2.89	2.61	1.70	1.85	0.48	1.14	2.01	2.53	1.26
Aug.	0.44	2.66	2.76	2.51	1.68	1.81	0.46	1.10	2.12	2.42	1.01
Sep.	0.42	2.80	2.83	2.42	1.65	1.77	0.46	1.13	2.37	2.53	1.41
Oct.	0.41	2.74	2.56	2.49	1.62	1.71	0.45	1.05	2.18	2.21	1.50
Nov.	0.40	2.73	2.46	2.35	1.61	1.65	0.43	1.04	2.03	2.21	1.12
Dec.	0.39	2.71	2.58	2.25	1.60	1.59	0.42	1.08	1.91	2.16	1.53

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
2012 Jan.	8.46	17.06	5.62	6.59	8.08	7.57	3.50	3.71	3.75	4.03	4.03	3.88	4.76	3.93
Feb.	8.41	17.05	5.70	6.59	8.09	7.63	3.45	3.64	3.70	3.95	3.92	3.86	4.71	4.04
Mar.	8.39	16.98	5.55	6.44	7.94	7.45	3.32	3.57	3.61	3.91	3.83	3.73	4.74	3.90
Apr.	8.26	17.10	5.43	6.31	7.95	7.35	3.20	3.58	3.59	3.96	3.79	3.65	4.68	3.89
May	8.26	17.10	5.65	6.39	7.95	7.48	3.14	3.54	3.53	3.84	3.72	3.80	4.74	3.83
June	8.25	17.06	5.61	6.28	7.73	7.27	3.11	3.48	3.46	3.69	3.66	3.61	4.73	3.71
July	8.15	17.01	5.76	6.26	7.82	7.37	3.09	3.40	3.31	3.62	3.58	3.64	4.45	3.49
Aug.	8.12	16.96	5.79	6.27	7.67	7.37	2.94	3.33	3.21	3.52	3.48	3.43	4.45	3.32
Sep.	8.14	16.96	5.78	6.18	7.62	7.24	2.92	3.27	3.21	3.49	3.45	3.23	4.48	3.31
Oct.	8.04	16.97	5.61	6.12	7.67	7.15	2.88	3.24	3.15	3.49	3.42	3.25	4.25	3.34
Nov.	7.96	16.95	5.61	6.09	7.67	7.12	2.87	3.18	3.14	3.40	3.35	3.33	4.23	3.23
Dec.	7.92	16.08	5.32	6.04	7.52	6.93	2.86	3.24	3.25	3.45	3.41	3.15	4.13	3.01

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
2012 Jan.	4.63	4.93	5.35	4.78	5.04	4.40	4.33	2.66	3.70	3.06	3.45	2.70	3.80
Feb.	4.58	4.86	5.25	4.74	5.02	4.65	4.41	2.50	3.76	3.36	3.89	3.77	3.64
Mar.	4.60	4.81	5.17	4.66	5.00	4.63	4.32	2.39	3.43	3.06	3.09	3.37	3.57
Apr.	4.46	4.96	5.09	4.61	4.85	4.57	4.39	2.39	3.52	3.43	3.40	3.51	3.59
May	4.42	4.82	5.11	4.60	4.84	4.49	4.20	2.37	3.75	3.41	3.48	3.60	3.51
June	4.39	4.81	5.03	4.58	4.76	4.41	4.16	2.44	3.20	3.44	3.03	3.34	3.22
July	4.29	4.86	5.17	4.58	4.56	4.13	4.12	2.23	3.31	3.62	3.13	3.19	3.50
Aug.	4.20	4.84	4.95	4.31	4.50	3.92	3.88	2.05	2.96	3.08	3.21	3.16	3.01
Sep.	4.18	4.69	4.75	4.26	4.45	3.88	3.93	2.15	2.57	2.92	2.73	2.95	3.06
Oct.	4.21	4.74	4.89	4.29	4.31	3.79	3.94	2.12	2.91	3.30	3.00	2.93	3.20
Nov.	4.17	4.65	4.82	4.16	4.31	3.79	3.78	2.11	2.68	3.76	3.26	2.90	2.91
Dec.	4.18	4.66	4.46	4.21	4.24	3.68	3.51	2.17	2.78	3.20	2.41	2.71	3.01

Source: ECB.

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

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

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

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

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

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

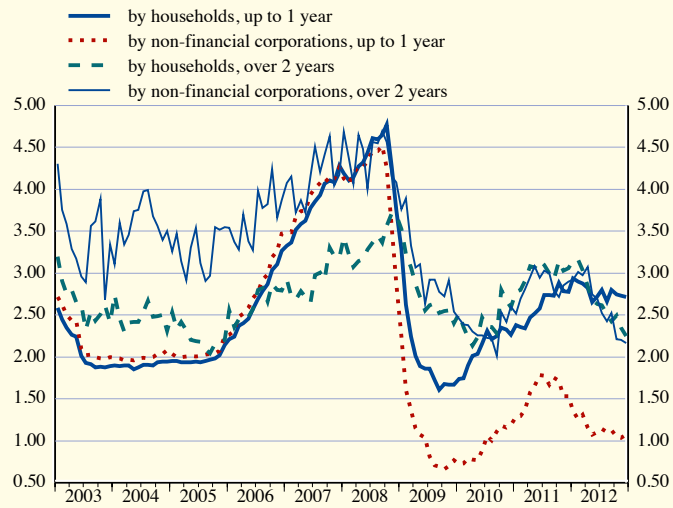
4. Interest rates on deposits (outstanding amounts)

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2)]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2012 Jan.	0.53	2.76	2.78	1.81	1.96	0.61	2.14	3.16	2.46
Feb.	0.52	2.79	2.80	1.81	1.96	0.59	2.13	3.20	2.62
Mar.	0.51	2.81	2.81	1.79	1.95	0.58	2.05	3.13	2.58
Apr.	0.49	2.78	2.82	1.76	1.95	0.55	2.00	3.09	2.57
May	0.48	2.76	2.80	1.74	1.91	0.54	1.96	3.06	2.39
June	0.47	2.73	2.82	1.73	1.88	0.52	1.93	3.08	2.48
July	0.45	2.72	2.78	1.70	1.85	0.48	1.89	3.04	2.47
Aug.	0.44	2.70	2.77	1.68	1.81	0.46	1.84	3.01	2.45
Sep.	0.42	2.69	2.79	1.65	1.77	0.46	1.82	3.02	2.61
Oct.	0.41	2.67	2.74	1.62	1.71	0.45	1.78	2.95	2.55
Nov.	0.40	2.66	2.75	1.61	1.65	0.43	1.79	2.96	2.54
Dec.	0.39	2.64	2.73	1.60	1.59	0.42	1.80	2.90	2.64

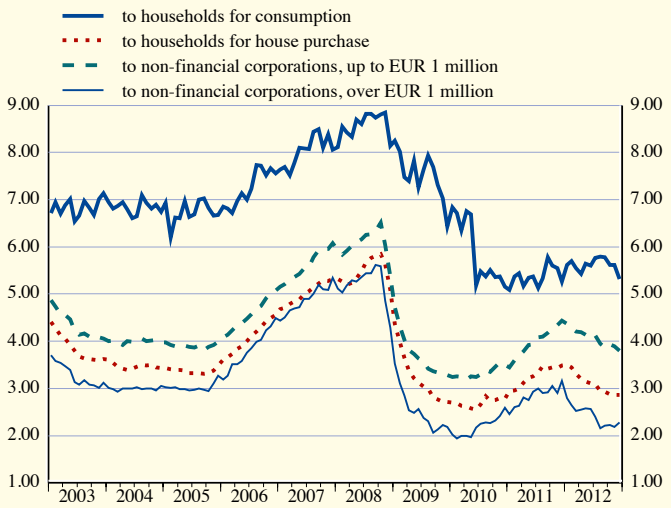
5. Interest rates on loans (outstanding amounts)

	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
2012 Jan.	4.06	3.71	3.87	8.14	6.40	5.29	4.24	3.82	3.68
Feb.	4.04	3.69	3.86	8.09	6.39	5.27	4.18	3.78	3.67
Mar.	4.03	3.68	3.85	8.07	6.37	5.25	4.15	3.66	3.60
Apr.	3.93	3.64	3.80	7.97	6.31	5.20	4.05	3.61	3.54
May	3.88	3.62	3.77	7.95	6.29	5.16	3.99	3.58	3.50
June	3.86	3.60	3.76	7.83	6.30	5.14	3.96	3.53	3.46
July	3.78	3.54	3.72	7.78	6.26	5.08	3.89	3.47	3.40
Aug.	3.73	3.51	3.67	7.77	6.22	5.05	3.81	3.41	3.36
Sep.	3.72	3.51	3.66	7.80	6.30	5.03	3.78	3.40	3.34
Oct.	3.65	3.45	3.61	7.75	6.25	4.97	3.76	3.29	3.26
Nov.	3.53	3.42	3.60	7.59	6.23	4.95	3.72	3.30	3.25
Dec.	3.49	3.39	3.56	7.59	6.18	4.91	3.71	3.27	3.22

C21 New deposits with an agreed maturity
(percentages per annum excluding charges; period averages)



C22 New loans with a floating rate and up to 1 year's initial rate fixation (percentages per annum excluding charges; period averages)



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

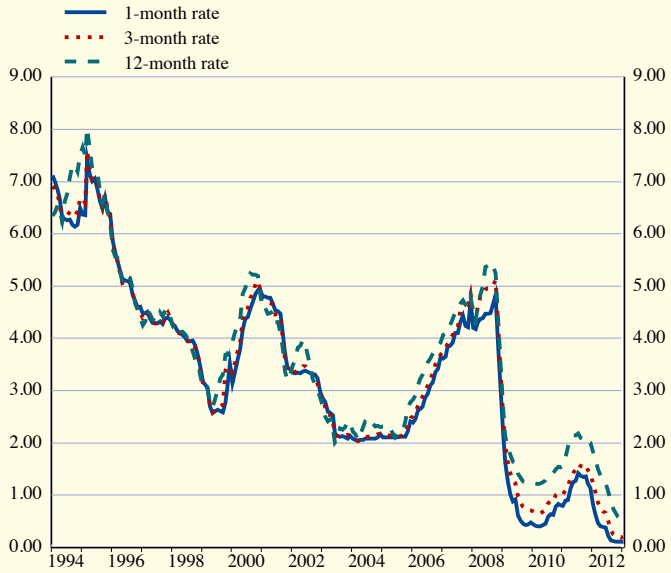
4.6 Money market interest rates

(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.58	0.83	1.11	0.43	0.19
2011 Q4	0.79	1.24	1.50	1.72	2.05	0.48	0.20
2012 Q1	0.37	0.64	1.04	1.34	1.67	0.51	0.20
Q2	0.34	0.39	0.69	0.98	1.28	0.47	0.20
Q3	0.13	0.16	0.36	0.63	0.90	0.43	0.19
Q4	0.08	0.11	0.20	0.37	0.60	0.32	0.19
2012 Jan.	0.38	0.84	1.22	1.50	1.84	0.57	0.20
Feb.	0.37	0.63	1.05	1.35	1.68	0.50	0.20
Mar.	0.36	0.47	0.86	1.16	1.50	0.47	0.20
Apr.	0.35	0.41	0.74	1.04	1.37	0.47	0.20
May	0.34	0.39	0.68	0.97	1.27	0.47	0.20
June	0.33	0.38	0.66	0.93	1.22	0.47	0.20
July	0.18	0.22	0.50	0.78	1.06	0.45	0.20
Aug.	0.11	0.13	0.33	0.61	0.88	0.43	0.19
Sep.	0.10	0.12	0.25	0.48	0.74	0.39	0.19
Oct.	0.09	0.11	0.21	0.41	0.65	0.33	0.19
Nov.	0.08	0.11	0.19	0.36	0.59	0.31	0.19
Dec.	0.07	0.11	0.19	0.32	0.55	0.31	0.18
2013 Jan.	0.07	0.11	0.20	0.34	0.58	0.30	0.17

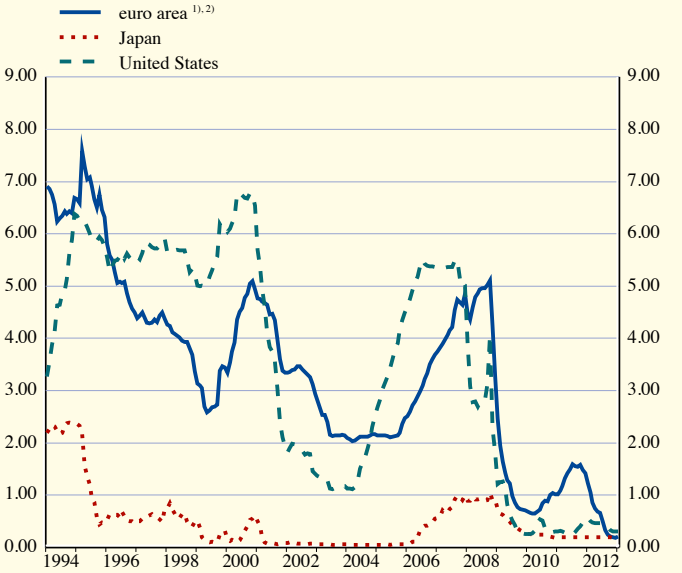
C23 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

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

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

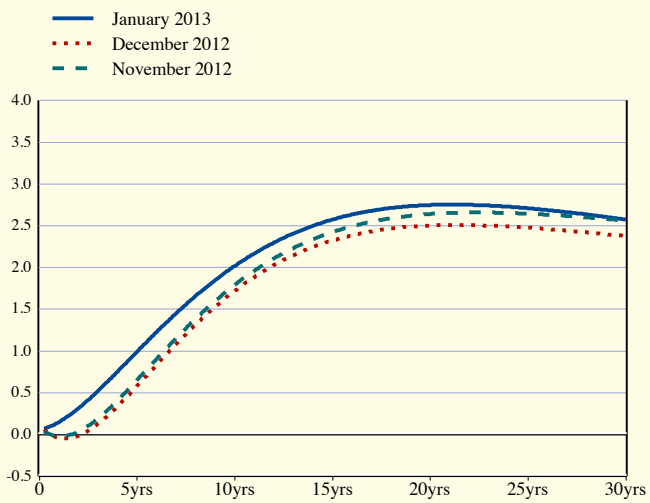
4.7 Euro area yield curves [1)]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
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
2011 Q4	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Q1	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Q2	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
Q3	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
Q4	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2012 Jan.	0.11	0.21	0.45	1.44	2.03	2.67	2.55	2.22	0.39	1.03	3.07	4.26
Feb.	0.11	0.15	0.37	1.39	1.99	2.59	2.49	2.22	0.29	0.95	3.06	4.06
Mar.	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Apr.	0.03	0.10	0.32	1.26	1.84	2.47	2.44	2.15	0.26	0.85	2.84	4.10
May	0.07	0.05	0.17	0.89	1.36	1.89	1.82	1.72	0.10	0.52	2.17	3.23
June	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
July	0.00	-0.09	-0.02	0.71	1.25	1.87	1.87	1.89	-0.11	0.26	2.12	3.52
Aug.	0.03	-0.05	0.01	0.75	1.29	1.91	1.88	1.90	-0.08	0.30	2.17	3.55
Sep.	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
Oct.	0.01	-0.01	0.09	0.78	1.31	1.95	1.94	1.86	0.02	0.39	2.13	3.72
Nov.	0.04	-0.02	0.04	0.65	1.15	1.80	1.76	1.76	-0.03	0.27	1.91	3.60
Dec.	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 Jan.	0.07	0.15	0.32	0.99	1.45	2.02	1.95	1.71	0.28	0.70	2.18	3.62

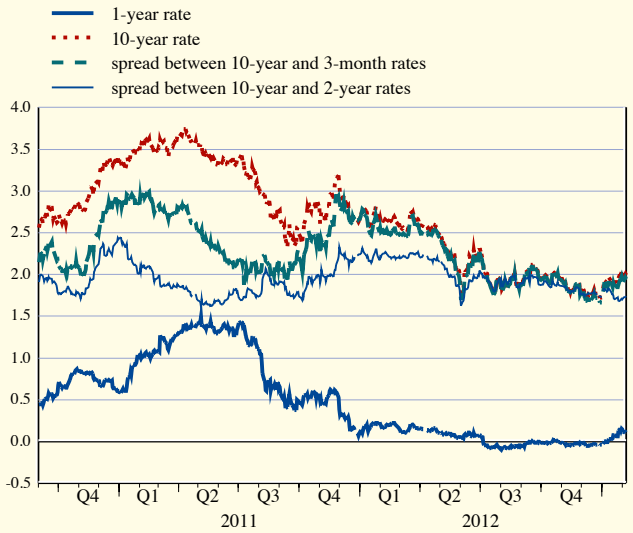
C25 Euro area spot yield curves [2)]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2)]

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



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

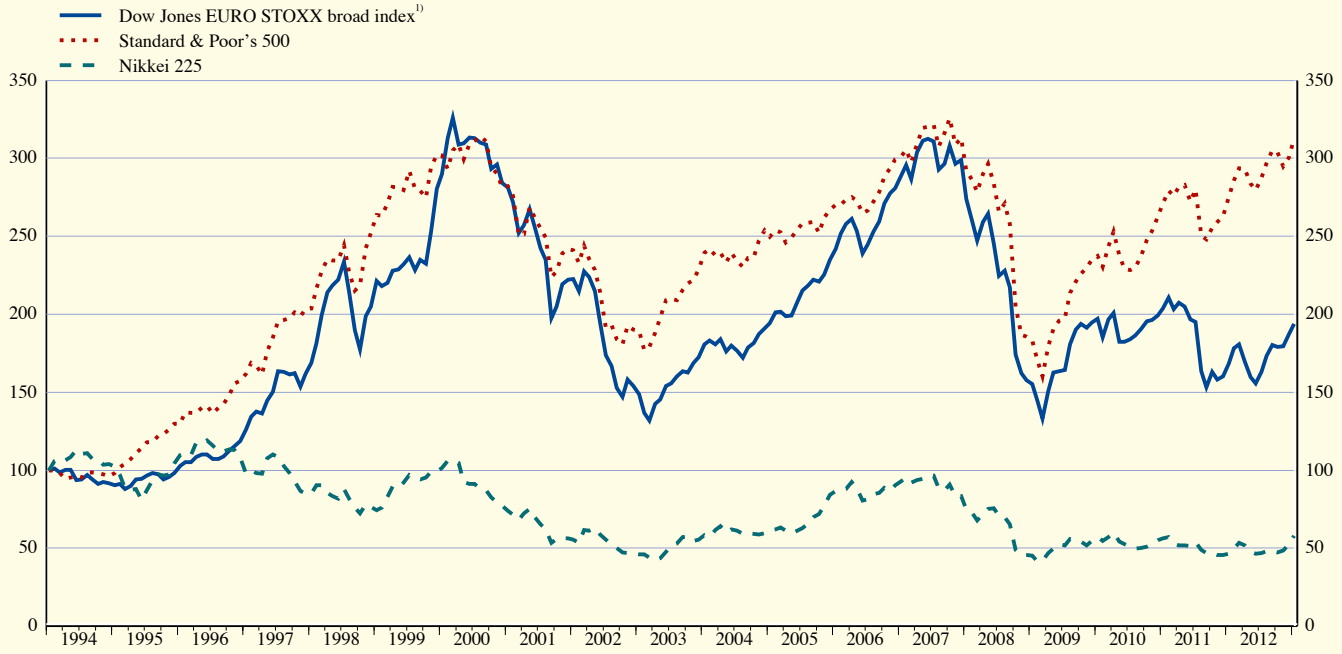
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices [1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
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
2011 Q4	222.4	2,277.8	427.1	142.1	327.1	295.5	117.2	296.6	201.8	256.5	320.3	432.4	1,225.7	8,580.6
2012 Q1	243.7	2,473.6	499.1	150.3	372.3	324.6	129.7	333.3	221.7	253.7	300.6	480.6	1,348.8	9,295.3
Q2	224.0	2,226.2	472.5	140.8	370.7	285.3	108.2	311.6	207.4	223.4	261.9	493.2	1,349.7	9,026.5
Q3	238.7	2,400.9	505.9	152.7	392.3	307.8	117.2	327.7	215.9	234.0	265.6	548.5	1,400.9	8,886.4
Q4	252.0	2,543.3	536.8	163.6	407.4	310.5	133.0	347.7	231.6	232.0	245.4	570.7	1,418.1	9,208.6
2012 Jan.	233.4	2,382.1	477.6	146.9	351.8	317.3	120.4	319.2	206.9	248.8	305.0	473.6	1,300.6	8,616.7
Feb.	247.2	2,508.2	507.2	152.1	377.3	327.0	134.4	336.3	223.9	254.6	300.1	477.6	1,352.5	9,242.3
Mar.	250.7	2,532.2	512.9	152.0	388.0	329.5	134.6	344.6	234.3	257.7	296.7	490.5	1,389.2	9,962.3
Apr.	235.0	2,340.8	497.6	145.9	380.9	301.1	116.8	327.8	221.2	237.7	275.2	488.5	1,386.4	9,627.4
May	221.9	2,198.5	469.5	139.7	373.7	281.6	105.0	310.4	204.5	218.9	261.4	492.0	1,341.3	8,842.5
June	216.2	2,152.7	453.1	137.4	358.3	275.1	104.0	298.4	198.0	215.4	250.4	498.9	1,323.5	8,638.1
July	226.5	2,258.4	479.1	145.8	379.4	290.4	106.5	313.9	204.4	224.3	257.3	534.2	1,359.8	8,760.7
Aug.	240.5	2,424.5	509.4	154.6	399.7	313.0	116.8	330.3	220.8	231.8	265.7	552.5	1,403.4	8,949.9
Sep.	250.1	2,530.7	531.4	158.2	398.1	321.0	129.5	339.8	223.0	247.2	274.6	559.7	1,443.4	8,948.6
Oct.	248.7	2,503.5	528.4	159.1	398.3	311.7	130.2	340.2	219.9	241.9	255.9	567.6	1,437.8	8,827.4
Nov.	248.7	2,514.0	526.1	162.8	403.8	308.0	131.2	343.7	230.6	226.9	239.0	563.3	1,394.5	9,059.9
Dec.	259.7	2,625.6	559.5	170.0	422.7	312.0	138.5	361.5	246.8	225.8	240.2	583.1	1,422.3	9,814.4
2013 Jan.	269.1	2,715.3	568.4	176.4	434.1	319.7	148.6	373.9	255.3	228.5	251.7	588.6	1,480.4	10,750.9

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1)]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2)]	
	Index: 2005 = 100	Total	Total excl. unprocessed food and energy	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
% of total in 2012	100.0	100.0	81.8	58.5	41.5	100.0	11.9	7.2	28.5	11.0	41.5	88.2	11.8
	1	2	3	4	5	6	7	8	9	10	11	12	13
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.8
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.5
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5
2012	115.6	2.5	1.8	3.0	1.8	-	-	-	-	-	-	2.3	3.6
2011 Q4	114.1	2.9	2.0	3.7	1.9	0.7	1.0	0.7	0.7	1.5	0.3	2.9	3.5
2012 Q1	114.3	2.7	1.9	3.3	1.8	0.8	0.7	0.7	0.2	4.1	0.5	2.6	3.4
Q2	115.9	2.5	1.8	3.0	1.7	0.6	0.6	0.8	0.4	1.0	0.5	2.3	3.4
Q3	115.7	2.5	1.7	3.1	1.8	0.5	0.4	1.1	0.0	1.2	0.5	2.4	3.9
Q4	116.7	2.3	1.6	2.7	1.7	0.4	0.7	1.5	0.4	-0.1	0.2	2.1	3.9
2012 Aug.	115.6	2.6	1.7	3.2	1.8	0.4	0.2	0.6	0.0	2.4	0.2	2.4	3.9
Sep.	116.4	2.6	1.6	3.2	1.7	0.2	0.1	0.4	0.2	1.1	0.0	2.4	4.1
Oct.	116.7	2.5	1.6	3.0	1.7	0.1	0.4	0.7	0.1	-0.5	0.1	2.3	3.9
Nov.	116.5	2.2	1.6	2.6	1.6	-0.1	0.2	0.2	0.2	-1.4	0.0	2.0	3.9
Dec.	116.9	2.2	1.6	2.5	1.8	0.2	0.2	0.5	0.1	-0.5	0.3	2.0	3.9
2013 Jan. [3)]	115.7	2.0	.	.	1.7	.	.	.	.	1.3	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2012	19.1	11.9	7.2	39.5	28.5	11.0	10.1	6.0	6.5	3.1	14.5	7.3
	14	15	16	17	18	19	20	21	22	23	24	25
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
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
2011 Q4	3.3	4.2	1.8	3.9	1.2	11.5	1.7	1.4	3.0	-1.8	2.2	2.1
2012 Q1	3.2	4.0	2.0	3.3	1.1	9.1	1.7	1.5	2.9	-2.7	2.1	2.4
Q2	3.0	3.5	2.3	2.9	1.3	7.2	1.7	1.4	2.7	-3.1	2.2	2.0
Q3	3.0	2.7	3.4	3.2	1.3	8.0	1.9	1.5	3.0	-3.1	2.2	1.9
Q4	3.1	2.4	4.3	2.5	1.1	6.3	1.8	1.5	3.1	-3.8	2.1	1.9
2012 Aug.	3.0	2.7	3.5	3.3	1.1	8.9	1.9	1.6	3.3	-3.1	2.2	1.9
Sep.	2.9	2.5	3.7	3.4	1.2	9.1	1.8	1.5	2.8	-3.3	2.2	1.8
Oct.	3.1	2.4	4.3	3.0	1.1	8.0	1.9	1.5	3.1	-3.5	2.0	2.1
Nov.	3.0	2.4	4.1	2.4	1.1	5.7	1.9	1.5	2.8	-4.1	2.1	1.8
Dec.	3.2	2.4	4.4	2.2	1.0	5.2	1.8	1.4	3.4	-3.8	2.3	1.7
2013 Jan. [3)]	3.2	.	.	.	0.8	3.9	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

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

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construction [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-3.2
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	1.9	1.0
2011	118.3	5.9	5.5	3.8	5.9	1.4	3.1	2.1	3.3	11.9	3.3	1.0
2012	121.5	2.6	2.1	1.3	0.8	1.0	2.3	1.8	2.4	6.6	.	.
2011 Q4	119.3	5.1	4.5	2.9	3.4	1.5	3.3	2.5	3.4	11.4	2.8	-0.3
2012 Q1	121.0	3.7	3.0	1.7	1.2	1.2	2.9	2.3	3.0	9.6	1.8	-0.8
Q2	121.1	2.2	1.6	1.1	0.4	1.2	2.0	1.9	2.0	5.9	1.6	-1.6
Q3	121.7	2.4	1.9	1.0	0.3	0.9	2.1	1.6	2.2	6.5	1.2	-2.6
Q4	122.0	2.3	1.9	1.5	1.4	0.9	2.2	1.2	2.4	4.6	.	.
2012 July	120.9	1.7	1.1	0.7	-0.2	1.0	1.9	1.8	2.0	4.5	-	-
Aug.	122.0	2.7	2.2	1.0	0.2	0.8	2.2	1.7	2.2	8.1	-	-
Sep.	122.2	2.7	2.3	1.2	0.7	0.8	2.3	1.3	2.4	7.0	-	-
Oct.	122.3	2.6	2.3	1.5	1.2	0.8	2.3	1.3	2.4	5.9	-	-
Nov.	122.0	2.1	1.7	1.5	1.4	0.9	2.1	1.1	2.3	4.1	-	-
Dec.	121.8	2.1	1.6	1.6	1.6	0.9	2.2	1.0	2.3	3.7	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [3] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [4]			Use-weighted [5]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports [6]	Imports [6]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consumption	Government consumption	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.4	-22.8	107.2	0.9	-0.1	-0.4	2.1	-0.3	-3.5	-6.3
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.1	0.8	1.5	1.7	0.7	0.8	3.1	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.4	1.2	2.0	2.5	0.8	2.0	3.6	5.7
2012	86.6	0.5	1.1	0.3	2.6	6.4	-0.3	.	.	.	.	.	.	.	.
2011 Q4	80.7	-2.5	3.6	-5.2	-1.7	4.3	-6.0	109.8	1.3	2.1	2.5	1.1	1.9	2.7	4.6
2012 Q1	90.1	-5.8	-7.6	-4.9	-4.8	-3.7	-5.6	110.2	1.2	1.7	2.4	1.1	1.7	1.9	3.1
Q2	84.6	-1.1	-3.4	0.1	1.1	4.1	-1.2	110.5	1.2	1.6	2.0	0.9	1.2	1.4	2.2
Q3	87.3	5.3	10.4	2.7	7.8	16.0	1.6	111.0	1.3	1.5	2.0	0.9	1.0	1.6	2.3
Q4	84.4	4.4	5.9	3.7	7.0	10.2	4.5	.	.	.	.	.	.	.	.
2012 Aug.	90.5	6.5	11.6	3.9	8.6	16.3	2.6	-	-	-	-	-	-	-	-
Sep.	87.9	4.6	8.1	2.9	7.7	14.2	2.8	-	-	-	-	-	-	-	-
Oct.	85.6	5.7	8.1	4.6	7.9	11.7	4.9	-	-	-	-	-	-	-	-
Nov.	84.8	5.2	6.8	4.4	8.0	11.8	4.9	-	-	-	-	-	-	-	-
Dec.	82.8	2.5	3.0	2.2	5.1	7.1	3.5	-	-	-	-	-	-	-	-
2013 Jan.	84.2	-3.8	-3.4	-3.9	-1.6	0.2	-3.1	-	-	-	-	-	-	-	-

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

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

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

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

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
	Unit labour costs [1]											
2010	109.2	-0.9	4.1	-7.6	3.7	-0.9	-0.1	0.3	3.3	0.9	0.8	1.9
2011	110.3	1.0	-2.5	0.0	0.6	0.8	3.1	0.7	4.1	2.9	0.7	1.1
2011 Q4	111.2	1.6	-2.2	2.4	-1.4	1.5	3.8	-0.7	3.8	3.5	0.8	0.9
2012 Q1	111.5	1.6	-1.3	2.8	0.8	1.5	4.2	1.6	1.4	2.1	0.6	1.2
Q2	111.9	1.3	0.5	3.0	0.3	0.8	4.5	0.2	0.7	1.9	-0.1	0.9
Q3	112.2	1.7	1.8	3.3	0.9	1.1	5.0	0.3	0.5	2.3	0.4	2.5
	Compensation per employee											
2010	111.6	1.7	2.1	3.8	2.1	1.9	2.8	1.7	3.1	0.9	0.9	1.3
2011	114.1	2.2	1.8	3.0	3.9	1.8	2.4	1.0	2.4	2.8	1.4	1.4
2011 Q4	115.1	2.2	2.0	2.3	4.5	2.1	2.3	-0.1	1.7	3.4	1.9	2.0
2012 Q1	115.7	2.0	1.8	2.2	3.2	1.8	2.5	2.0	2.2	2.5	1.4	2.0
Q2	115.9	1.6	1.4	2.8	3.0	1.3	1.9	0.9	0.2	2.0	0.7	1.0
Q3	116.4	1.8	1.4	3.0	3.6	1.4	2.1	1.1	0.6	2.0	1.0	1.8
	Labour productivity per person employed [2]											
2010	102.2	2.5	-1.9	12.3	-1.5	2.8	2.8	1.5	-0.2	0.0	0.1	-0.6
2011	103.4	1.2	4.4	3.0	3.3	1.0	-0.6	0.3	-1.6	-0.1	0.7	0.3
2011 Q4	103.5	0.7	4.3	-0.1	6.0	0.5	-1.5	0.6	-2.1	0.0	1.1	1.1
2012 Q1	103.8	0.4	3.1	-0.6	2.4	0.3	-1.7	0.4	0.8	0.5	0.8	0.8
Q2	103.6	0.3	0.9	-0.3	2.7	0.5	-2.4	0.7	-0.5	0.1	0.9	0.1
Q3	103.7	0.1	-0.3	-0.3	2.7	0.3	-2.7	0.7	0.0	-0.3	0.7	-0.7
	Compensation per hour worked											
2010	113.6	1.2	0.9	1.1	2.5	1.6	2.2	1.2	2.3	0.1	0.8	1.3
2011	116.0	2.1	0.1	2.3	4.3	2.0	2.4	0.8	1.8	2.6	1.4	1.7
2011 Q4	117.2	2.4	-0.2	2.7	5.5	2.4	2.2	-0.2	2.8	3.1	1.7	2.5
2012 Q1	117.6	2.6	4.3	2.3	4.6	2.9	3.1	2.5	4.9	3.1	1.4	3.1
Q2	118.8	2.4	3.4	2.8	4.9	2.8	2.2	1.6	3.8	2.3	0.7	2.9
Q3	119.5	2.8	3.4	4.7	5.8	2.8	2.5	1.8	4.2	2.6	1.0	2.8
	Hourly labour productivity [2]											
2010	104.2	2.0	-2.1	9.5	-1.5	2.5	2.3	0.9	-1.2	-0.6	0.0	-0.3
2011	105.5	1.3	4.5	2.4	3.5	1.3	-0.6	0.2	-2.2	-0.2	0.7	0.7
2011 Q4	105.8	0.9	3.9	0.2	6.6	1.0	-1.5	0.6	-1.6	-0.2	0.9	1.5
2012 Q1	106.2	1.1	3.6	-0.4	4.0	1.3	-1.1	0.9	2.8	1.0	0.9	1.8
Q2	106.6	1.1	1.4	-0.2	4.8	1.7	-2.2	1.3	1.1	0.7	0.9	2.1
Q3	106.8	1.0	0.2	1.3	4.9	1.2	-2.7	1.2	1.9	0.4	0.7	0.6

5. Labour cost indices [3]

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2010	104.2	1.5	1.3	2.2	1.1	1.7	1.9	1.7
2011	106.5	2.2	2.0	2.8	3.0	2.5	2.5	2.0
2011 Q4	112.9	2.2	2.1	2.6	3.3	3.0	2.5	2.0
2012 Q1	100.3	1.6	1.7	1.4	1.3	1.5	1.8	2.0
Q2	112.2	1.9	2.1	1.4	2.8	2.2	2.2	2.2
Q3	106.0	2.0	2.0	1.7	3.2	2.5	2.0	2.2

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

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

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2008	9,241.6	9,156.0	5,206.4	1,899.1	1,989.2	61.3	85.6	3,884.9	3,799.3
2009	8,922.3	8,804.0	5,134.2	1,988.2	1,730.7	-49.1	118.3	3,285.4	3,167.1
2010	9,176.4	9,053.9	5,269.1	2,017.1	1,743.0	24.8	122.4	3,769.5	3,647.1
2011	9,421.0	9,285.1	5,407.4	2,030.8	1,804.9	41.9	136.0	4,149.9	4,013.9
2011 Q3	2,363.8	2,326.6	1,356.2	507.8	451.7	10.9	37.2	1,046.9	1,009.8
Q4	2,360.7	2,313.9	1,357.7	508.7	450.6	-3.0	46.8	1,049.8	1,003.0
2012 Q1	2,368.1	2,319.7	1,362.1	511.8	446.5	-0.8	48.4	1,063.7	1,015.3
Q2	2,370.3	2,309.9	1,359.3	511.0	438.5	1.1	60.4	1,079.8	1,019.4
Q3	2,379.1	2,308.7	1,364.1	512.1	437.2	-4.9	70.4	1,095.6	1,025.2
	percentage of GDP								
2011	100.0	98.6	57.4	21.6	19.2	0.4	1.4	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2011 Q3	0.1	-0.3	0.2	-0.3	-0.3	-	-	1.4	0.5
Q4	-0.3	-0.9	-0.5	0.0	-0.5	-	-	0.0	-1.4
2012 Q1	0.0	-0.4	-0.3	0.1	-1.4	-	-	0.5	-0.3
Q2	-0.2	-0.6	-0.5	-0.1	-1.7	-	-	1.6	0.6
Q3	-0.1	-0.3	-0.1	-0.1	-0.6	-	-	0.9	0.3
	annual percentage changes								
2008	0.4	0.3	0.4	2.3	-1.4	-	-	1.1	0.9
2009	-4.4	-3.8	-1.0	2.6	-12.7	-	-	-12.4	-11.1
2010	2.0	1.3	0.9	0.7	-0.1	-	-	11.2	9.6
2011	1.4	0.5	0.1	-0.1	1.5	-	-	6.3	4.2
2011 Q3	1.3	0.4	0.2	-0.4	0.7	-	-	5.7	3.6
Q4	0.6	-0.7	-0.8	-0.4	0.8	-	-	3.6	0.5
2012 Q1	-0.1	-1.6	-1.1	-0.1	-2.5	-	-	2.4	-1.1
Q2	-0.5	-2.3	-1.1	-0.2	-3.9	-	-	3.5	-0.6
Q3	-0.6	-2.3	-1.4	-0.1	-4.2	-	-	3.0	-0.7
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2011 Q3	0.1	-0.3	0.1	-0.1	-0.1	-0.3	0.4	-	-
Q4	-0.3	-0.9	-0.3	0.0	-0.1	-0.5	0.6	-	-
2012 Q1	0.0	-0.4	-0.2	0.0	-0.3	0.0	0.3	-	-
Q2	-0.2	-0.6	-0.3	0.0	-0.3	0.0	0.5	-	-
Q3	-0.1	-0.3	-0.1	0.0	-0.1	-0.1	0.3	-	-
	contributions to annual percentage changes in GDP; percentage points								
2008	0.4	0.3	0.3	0.5	-0.3	-0.1	0.1	-	-
2009	-4.4	-3.7	-0.6	0.5	-2.7	-0.9	-0.7	-	-
2010	2.0	1.3	0.5	0.2	0.0	0.6	0.7	-	-
2011	1.4	0.5	0.1	0.0	0.3	0.2	0.9	-	-
2011 Q3	1.3	0.4	0.1	-0.1	0.1	0.3	0.9	-	-
Q4	0.6	-0.7	-0.5	-0.1	0.2	-0.3	1.3	-	-
2012 Q1	-0.1	-1.6	-0.6	0.0	-0.5	-0.5	1.5	-	-
Q2	-0.5	-2.2	-0.6	-0.1	-0.7	-0.8	1.8	-	-
Q3	-0.6	-2.3	-0.8	0.0	-0.8	-0.6	1.6	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2008	8,296.1	141.5	1,643.9	562.4	1,590.1	367.0	392.3	930.7	857.5	1,520.8	289.9	945.6
2009	8,028.4	123.9	1,461.5	531.6	1,537.7	369.8	421.4	901.9	803.9	1,581.7	295.0	893.9
2010	8,234.8	135.9	1,568.7	500.6	1,580.9	369.7	436.9	915.0	816.1	1,611.1	299.9	941.6
2011	8,447.1	143.1	1,637.3	506.0	1,632.1	370.5	433.2	945.6	842.4	1,631.7	305.4	973.9
2011 Q3	2,119.1	35.5	411.4	126.1	409.9	92.9	108.6	237.6	211.6	409.0	76.5	244.7
Q4	2,118.8	35.9	407.0	126.9	411.3	92.4	108.2	238.2	212.5	409.1	77.3	241.9
2012 Q1	2,124.4	37.2	408.0	126.1	410.6	91.8	108.6	238.5	213.5	412.2	77.9	243.7
Q2	2,126.5	37.2	409.7	125.3	410.7	90.5	107.5	240.4	213.7	414.1	77.5	243.8
Q3	2,133.5	37.5	411.2	124.9	414.1	89.6	106.1	241.8	215.2	414.4	78.6	245.6
	percentage of value added											
2011	100.0	1.7	19.4	6.0	19.3	4.4	5.1	11.2	10.0	19.3	3.6	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2011 Q3	0.2	0.0	0.1	-0.6	0.2	0.4	0.5	0.1	0.2	0.2	0.6	-0.5
Q4	-0.3	0.0	-1.6	-0.1	-0.2	0.2	-0.3	0.3	-0.1	0.2	0.6	-1.0
2012 Q1	0.0	0.7	0.1	-1.0	-0.1	-0.8	0.0	0.2	0.1	-0.1	0.3	0.1
Q2	-0.1	-0.7	-0.1	-0.9	-0.2	-0.6	-0.4	0.2	-0.1	0.4	-0.8	-0.7
Q3	-0.1	-1.1	-0.2	-0.8	0.0	-0.1	-0.1	0.0	0.3	-0.1	0.3	0.1
	annual percentage changes											
2008	0.6	2.2	-2.3	-1.1	0.7	3.3	1.7	1.2	1.5	2.0	1.7	-1.3
2009	-4.4	1.3	-13.2	-8.0	-4.5	1.5	0.5	0.5	-7.6	1.3	-0.3	-4.2
2010	2.1	-3.0	9.1	-5.4	2.2	1.5	0.7	-0.5	1.7	1.1	0.3	1.0
2011	1.6	2.1	3.4	-0.8	1.7	1.2	0.1	1.3	2.5	0.7	0.5	0.4
2011 Q3	1.5	2.6	3.4	-1.3	1.2	1.3	1.2	1.3	2.2	0.8	0.7	-0.4
Q4	0.9	1.7	0.1	0.7	0.8	0.8	0.7	1.5	1.8	0.9	1.1	-1.6
2012 Q1	0.0	1.4	-1.1	-2.8	0.0	0.0	-0.2	1.4	0.7	0.7	1.1	-1.0
Q2	-0.3	0.0	-1.4	-2.6	-0.3	-0.7	-0.3	0.9	0.0	0.7	0.6	-2.1
Q3	-0.5	-1.1	-1.7	-2.7	-0.5	-1.3	-0.9	0.8	0.2	0.4	0.4	-1.5
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2011 Q3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	-0.3	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
2012 Q1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q2	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	-
Q3	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2008	0.6	0.0	-0.4	-0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.1	-
2009	-4.4	0.0	-2.6	-0.5	-0.9	0.1	0.0	0.1	-0.8	0.2	0.0	-
2010	2.1	0.0	1.7	-0.4	0.4	0.1	0.0	-0.1	0.2	0.2	0.0	-
2011	1.6	0.0	0.6	0.0	0.3	0.1	0.0	0.1	0.2	0.1	0.0	-
2011 Q3	1.5	0.0	0.6	-0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.0	-
Q4	0.9	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.2	0.2	0.0	-
2012 Q1	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.2	0.1	0.1	0.0	-
Q2	-0.3	0.0	-0.3	-0.2	-0.1	0.0	0.0	0.1	0.0	0.1	0.0	-
Q3	-0.5	0.0	-0.3	-0.2	-0.1	-0.1	0.0	0.1	0.0	0.1	0.0	-

Sources: Eurostat and ECB calculations.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2005	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2009	-13.7	90.5	-14.9	-15.9	-16.1	-19.2	-20.9	-5.0	-17.4	-3.0	-5.4	-7.9
2010	4.1	97.1	7.3	7.7	7.7	10.0	9.2	3.0	2.7	3.1	3.8	-8.1
2011	2.4	100.4	3.4	4.5	4.6	4.1	8.6	0.5	0.6	0.5	-4.4	-1.0
2011 Q4	0.0	99.4	-0.3	0.9	0.9	-0.4	3.7	-0.7	-3.0	-0.4	-7.6	2.1
2012 Q1	-2.6	99.0	-1.7	-1.5	-1.4	-3.1	1.8	-3.0	-5.0	-2.7	-3.4	-7.0
Q2	-3.1	98.4	-2.3	-2.7	-2.7	-3.9	-1.0	-3.0	-5.3	-2.7	1.4	-6.3
Q3	-2.8	98.7	-2.2	-2.3	-2.1	-4.0	-0.8	-2.3	-5.2	-1.9	0.4	-4.8
2012 June	-2.3	98.4	-1.9	-2.3	-2.0	-3.6	-0.6	-2.2	-2.3	-2.2	2.1	-3.0
July	-3.4	98.9	-2.6	-2.6	-2.8	-3.9	-1.3	-3.4	-9.3	-2.6	0.6	-6.0
Aug.	-1.4	99.7	-1.2	-1.2	-1.3	-3.6	0.3	-0.2	-2.3	0.0	0.3	-1.7
Sep.	-2.9	97.5	-2.7	-2.9	-2.0	-4.5	-1.1	-3.0	-3.0	-3.0	0.2	-4.7
Oct.	-3.2	96.5	-3.3	-3.6	-3.1	-4.3	-4.2	-2.8	-6.4	-2.3	1.5	-3.3
Nov.	-3.9	96.2	-3.7	-4.2	-3.4	-4.8	-4.4	-3.6	-7.7	-3.0	0.5	-4.7
	month-on-month percentage changes (s.a.)											
2012 June	-0.2	-	-0.4	-0.6	-0.8	-0.5	-1.2	-0.4	0.4	-0.7	1.9	-0.3
July	0.3	-	0.5	0.9	0.7	0.1	2.2	-0.5	-0.2	-0.5	-1.4	0.5
Aug.	1.1	-	0.8	0.8	1.5	0.2	1.3	2.1	2.7	1.6	0.7	0.7
Sep.	-2.2	-	-2.3	-2.6	-3.1	-2.0	-3.0	-2.6	-3.5	-2.8	-0.2	-1.7
Oct.	-0.9	-	-1.0	-1.0	-1.0	-0.6	-2.9	0.5	-3.8	1.2	-0.3	0.0
Nov.	-0.2	-	-0.3	-0.3	-0.3	-0.3	0.7	-1.4	-1.1	-1.2	-1.6	-0.4

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

	Industrial new orders [1]		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing [2] (current prices)		Manufacturing (current prices)		Current prices	Constant prices								
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Fuel	Total (s.a.; thousands) [3]	Total
										Textiles, clothing, footwear	Household equipment			
% of total in 2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	38.4	51.0	9.0	12.8	10.6		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	102.8	17.7	105.2	10.1	2.1	101.5	0.9	0.5	1.8	2.2	1.1	-2.8	843	-8.5
2011	111.6	8.6	114.7	8.9	1.6	100.9	-0.6	-1.0	0.1	-1.3	0.0	-3.6	838	-1.1
2012	.	.	.	.	0.2	99.3	-1.7	-1.4	-1.4	.	.	-5.1	744	-11.0
2012 Q1	108.2	-3.9	115.1	1.1	1.3	100.3	-1.0	-0.9	-0.4	-0.6	-2.0	-5.5	773	-11.4
Q2	.	.	113.9	-0.8	0.2	99.5	-1.6	-1.5	-1.2	-5.6	-1.8	-4.7	769	-6.8
Q3	.	.	114.6	-0.8	0.7	99.4	-1.2	-1.0	-0.8	-0.6	-2.0	-4.4	721	-12.7
Q4	.	.	.	.	-1.3	97.9	-2.8	-2.1	-3.0	.	.	-5.7	711	-14.2
2012 Aug.	.	.	116.6	1.0	1.3	99.6	-0.7	-0.4	-0.8	-1.3	-2.0	-4.3	739	-9.8
Sep.	.	.	113.1	-1.2	0.4	98.9	-1.7	-1.4	-0.9	2.9	-2.0	-6.2	723	-12.2
Oct.	.	.	112.7	-1.1	-1.3	98.2	-2.9	-2.4	-2.5	-3.7	-5.3	-6.6	695	-15.1
Nov.	.	.	111.7	-2.9	-0.7	98.1	-1.9	-1.8	-2.0	-2.3	-3.2	-4.6	702	-15.1
Dec.	.	.	.	.	-1.7	97.3	-3.4	-2.1	-4.2	.	.	-5.9	736	-12.0
	month-on-month percentage changes (s.a.)													
2012 Aug.	-	.	-	2.3	0.3	-	-0.2	0.2	0.1	-0.5	0.5	-1.5	-	5.1
Sep.	-	.	-	-3.0	-0.5	-	-0.7	-0.3	-1.4	-0.1	-1.0	-2.3	-	-2.1
Oct.	-	.	-	-0.4	-0.7	-	-0.7	-0.6	-0.7	-1.9	-1.8	-0.1	-	-3.8
Nov.	-	.	-	-0.9	-0.1	-	-0.1	-0.4	-0.1	0.6	0.5	1.2	-	1.0
Dec.	-	.	-	.	-0.8	-	-0.8	-0.8	-1.0	.	.	0.3	-	4.9

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

1) Following the amendment of the Regulation concerning short-term statistics (see the General Notes), euro area industrial new order statistics have been discontinued; the last release by Eurostat was for March 2012.

2) Includes manufacturing industries working mainly on the basis of orders, which represented 61.2% of total manufacturing in 2005.

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

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator[2] (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation[3] (%)	Total[4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total[4]	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2009	80.8	-28.7	-56.7	14.7	-14.7	70.8	-24.8	-7.0	-26.1	55.3	-10.7
2010	101.1	-4.7	-24.4	0.8	11.2	76.9	-14.2	-5.3	-12.3	31.2	-8.0
2011	101.7	0.2	-6.5	2.2	9.3	80.5	-14.5	-7.4	-18.1	23.2	-9.1
2012	90.1	-12.1	-24.9	7.0	-4.5	78.3	-22.3	-11.3	-27.6	38.4	-12.0
2011 Q4	94.3	-6.9	-14.2	6.9	0.5	79.9	-20.5	-9.6	-28.3	33.7	-10.6
2012 Q1	94.9	-6.4	-15.3	6.1	2.2	79.9	-19.9	-10.0	-24.1	34.4	-10.9
Q2	91.9	-10.9	-22.5	6.7	-3.5	78.9	-19.5	-10.3	-24.2	32.3	-10.9
Q3	87.2	-15.4	-29.1	8.2	-8.9	77.5	-23.8	-11.8	-30.4	40.7	-12.4
Q4	86.5	-15.8	-32.7	6.9	-7.8	77.0	-26.2	-13.0	-31.7	46.3	-13.7
2012 Aug.	86.9	-15.3	-29.1	8.3	-8.6	-	-24.4	-11.7	-30.8	42.8	-12.4
Sep.	86.0	-15.9	-30.3	7.1	-10.4	-	-25.7	-13.4	-32.6	43.0	-14.0
Oct.	85.2	-18.2	-34.9	8.6	-11.3	76.9	-25.5	-12.8	-31.8	44.2	-13.2
Nov.	86.6	-14.9	-31.9	6.2	-6.8	-	-26.7	-13.8	-31.8	46.9	-14.2
Dec.	87.8	-14.2	-31.4	6.0	-5.3	-	-26.3	-12.3	-31.5	47.7	-13.8
2013 Jan.	89.2	-13.9	-32.0	5.0	-4.9	77.2	-23.9	-11.7	-28.9	42.7	-12.4

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total[4]	Order books	Employment expectations	Total[4]	Present business situation	Volume of stocks	Expected business situation	Total[4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2009	-33.1	-42.1	-24.1	-15.5	-21.4	9.8	-15.4	-15.8	-20.8	-18.2	-8.5
2010	-28.7	-39.4	-18.2	-4.1	-6.6	7.2	1.6	4.4	1.8	3.5	8.0
2011	-26.2	-33.9	-18.5	-5.4	-5.6	11.1	0.6	5.3	2.0	5.3	8.5
2012	-28.7	-35.1	-22.3	-15.2	-18.9	14.2	-12.6	-6.9	-12.5	-7.7	-0.5
2011 Q4	-26.3	-31.6	-21.0	-11.1	-13.5	14.0	-5.6	-1.7	-6.5	-1.8	3.3
2012 Q1	-25.0	-30.7	-19.3	-13.7	-14.4	16.3	-10.5	-0.7	-6.6	-0.5	5.0
Q2	-27.2	-32.3	-22.1	-14.4	-18.2	14.8	-10.4	-5.1	-11.2	-4.9	0.9
Q3	-29.7	-36.9	-22.5	-16.8	-21.8	14.5	-14.1	-10.5	-15.9	-11.5	-4.1
Q4	-33.0	-40.5	-25.5	-16.0	-21.3	11.4	-15.4	-11.3	-16.3	-13.6	-4.0
2012 Aug.	-31.5	-37.3	-25.8	-17.1	-22.5	14.2	-14.6	-10.9	-16.7	-11.5	-4.5
Sep.	-30.3	-39.5	-21.2	-18.4	-24.2	15.1	-15.9	-12.0	-17.1	-14.0	-4.9
Oct.	-31.6	-39.9	-23.4	-17.3	-21.5	12.5	-18.0	-12.2	-17.3	-15.5	-3.8
Nov.	-34.1	-41.9	-26.4	-14.8	-19.5	11.2	-13.8	-12.0	-15.9	-14.2	-5.8
Dec.	-33.3	-39.8	-26.8	-15.9	-23.0	10.5	-14.3	-9.8	-15.7	-11.2	-2.4
2013 Jan.	-28.7	-36.4	-21.1	-15.6	-23.3	11.8	-11.7	-8.8	-14.0	-11.0	-1.2

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

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

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

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

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

5.3 Labour markets [1)]

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

		By employment status		By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
levels (thousands)													
2011	147,047	125,952	21,095	5,057	23,221	9,941	36,123	4,040	4,097	1,312	18,080	34,397	10,780
percentage of total persons employed													
2011	100.0	85.7	14.3	3.4	15.8	6.8	24.6	2.7	2.8	0.9	12.3	23.4	7.3
annual percentage changes													
2009	-1.8	-1.8	-1.9	-2.1	-5.0	-6.4	-1.6	-0.6	0.4	-3.7	-2.6	1.2	1.1
2010	-0.5	-0.5	-0.6	-1.1	-2.8	-3.9	-0.7	-1.3	-0.7	-0.3	1.6	1.0	0.9
2011	0.3	0.5	-0.8	-2.2	0.3	-4.0	0.7	1.9	-0.2	3.0	2.5	0.1	0.2
2011 Q4	-0.1	0.1	-1.2	-2.5	0.2	-5.0	0.3	2.3	0.0	3.6	1.9	-0.1	-0.1
2012 Q1	-0.5	-0.4	-1.1	-1.6	-0.5	-5.1	-0.3	1.7	-0.5	0.6	0.2	-0.1	0.4
Q2	-0.7	-0.7	-0.9	-0.9	-1.1	-5.2	-0.8	1.8	-1.0	1.4	-0.1	-0.2	0.5
Q3	-0.7	-0.9	-0.1	-0.7	-1.4	-5.3	-0.8	1.5	-1.6	0.8	0.4	-0.3	1.1
quarter-on-quarter percentage changes													
2011 Q4	-0.2	-0.2	-0.3	-0.8	-0.3	-1.8	-0.3	0.6	0.1	2.5	0.3	-0.2	0.4
2012 Q1	-0.3	-0.4	0.4	-0.2	-0.4	-1.5	-0.3	0.7	-0.2	-1.4	-0.6	-0.1	0.6
Q2	0.0	0.0	-0.4	0.8	-0.5	-0.6	0.0	0.7	-0.7	1.0	0.6	0.1	-0.3
Q3	-0.2	-0.3	0.2	-0.5	-0.2	-1.5	-0.2	-0.5	-0.9	-1.3	0.1	0.0	0.3
Hours worked													
levels (millions)													
2011	232,729	187,453	45,275	10,433	36,926	17,612	60,736	6,501	6,488	2,042	27,722	49,069	15,199
percentage of total hours worked													
2011	100.0	80.5	19.5	4.5	15.9	7.6	26.1	2.8	2.8	0.9	11.9	21.1	6.5
annual percentage changes													
2009	-3.2	-3.6	-1.7	-2.0	-8.9	-7.3	-2.5	-1.1	-1.0	-3.9	-3.7	0.9	-0.2
2010	0.0	0.1	-0.4	-0.9	-0.3	-4.0	-0.3	-0.8	-0.2	0.7	2.3	1.1	0.6
2011	0.2	0.5	-1.1	-2.4	0.9	-4.1	0.3	1.9	-0.1	3.6	2.7	0.1	-0.1
2011 Q4	-0.3	0.0	-1.4	-2.1	-0.1	-5.6	-0.2	2.3	0.1	3.1	2.1	0.0	-0.4
2012 Q1	-1.2	-1.0	-1.9	-2.1	-0.8	-6.5	-1.3	1.1	-1.0	-1.4	-0.3	-0.1	-0.6
Q2	-1.5	-1.5	-1.6	-1.4	-1.2	-7.0	-2.0	1.5	-1.6	-0.3	-0.6	-0.2	-1.5
Q3	-1.6	-1.9	-0.6	-1.2	-2.9	-7.2	-1.6	1.4	-2.1	-1.1	-0.2	-0.3	-0.2
quarter-on-quarter percentage changes													
2011 Q4	-0.5	-0.5	-0.5	-0.1	-0.6	-2.8	-0.7	0.7	-0.2	0.9	0.4	-0.2	-0.1
2012 Q1	-0.3	-0.3	-0.7	-0.4	-0.1	-1.1	-0.7	0.7	-0.3	-1.5	-0.7	0.1	0.4
Q2	-0.6	-0.8	0.0	-0.4	-0.7	-2.0	-0.4	0.0	-1.3	0.2	0.0	-0.3	-1.9
Q3	-0.2	-0.4	0.6	-0.5	-1.5	-1.6	0.2	0.0	-0.3	-0.7	0.1	0.1	1.4
Hours worked per person employed													
levels (thousands)													
2011	1,583	1,488	2,146	2,063	1,590	1,772	1,681	1,609	1,584	1,556	1,533	1,427	1,410
annual percentage changes													
2009	-1.4	-1.8	0.2	0.1	-4.1	-0.9	-0.9	-0.5	-1.4	-0.2	-1.1	-0.3	-1.3
2010	0.5	0.6	0.2	0.2	2.6	-0.1	0.4	0.5	0.5	1.0	0.6	0.1	-0.3
2011	-0.1	0.0	-0.3	-0.2	0.6	-0.2	-0.3	0.0	0.1	0.6	0.1	0.0	-0.4
2011 Q4	-0.2	-0.1	-0.2	0.4	-0.3	-0.6	-0.4	0.0	0.1	-0.5	0.2	0.2	-0.3
2012 Q1	-0.7	-0.6	-0.8	-0.5	-0.2	-1.5	-1.0	-0.6	-0.5	-1.9	-0.6	0.0	-1.0
Q2	-0.8	-0.8	-0.8	-0.5	-0.1	-2.0	-1.2	-0.3	-0.6	-1.6	-0.6	0.0	-2.0
Q3	-0.9	-1.0	-0.5	-0.5	-1.5	-2.1	-0.8	0.0	-0.4	-1.8	-0.6	0.0	-1.2
quarter-on-quarter percentage changes													
2011 Q4	2.6	3.0	1.0	-2.6	3.7	0.1	2.3	3.2	2.9	0.6	5.6	3.2	1.5
2012 Q1	0.7	1.0	-1.7	-2.5	1.1	-0.1	0.1	2.0	1.8	1.1	-0.2	2.3	0.1
Q2	-2.8	-3.7	1.3	4.7	-3.4	-0.9	-2.1	-5.1	-4.4	-2.9	-4.0	-4.5	-2.6
Q3	-1.3	-1.2	-1.4	-0.2	-3.0	-1.0	-1.2	0.2	-0.4	0.2	-2.0	-0.9	0.5

Source: ECB calculations based on Eurostat data.

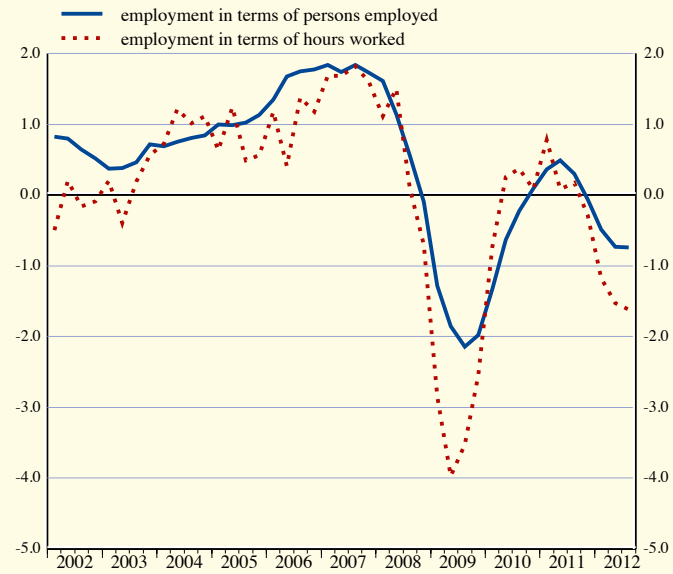
1) Data for employment are based on the ESA 95.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

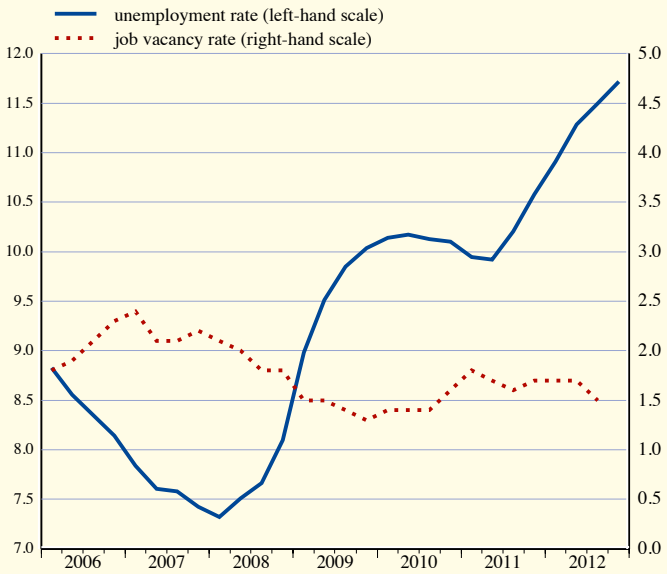
2. Unemployment and job vacancies [1)]

	Unemployment										Job vacancy rate [2)]
	Total		By age [3)]				By gender [4)]				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.4		20.6		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2009	15.058	9.6	11.769	8.4	3.290	20.3	8.149	9.4	6.910	9.8	1.4
2010	15.936	10.1	12.658	8.9	3.278	20.9	8.599	10.0	7.337	10.3	1.5
2011	16.034	10.2	12.828	9.0	3.206	20.8	8.549	9.9	7.485	10.5	1.7
2012	18.050	11.4	14.553	10.1	3.497	23.1	9.703	11.2	8.348	11.5	.
2011 Q4	16.750	10.6	13.455	9.4	3.295	21.5	8.955	10.4	7.796	10.8	1.7
2012 Q1	17.285	10.9	13.904	9.7	3.381	22.2	9.245	10.7	8.040	11.2	1.7
Q2	17.927	11.3	14.468	10.1	3.459	22.9	9.646	11.1	8.281	11.4	1.7
Q3	18.305	11.5	14.783	10.3	3.522	23.4	9.843	11.4	8.462	11.7	1.5
Q4	18.683	11.7	15.058	10.4	3.625	24.0	10.076	11.6	8.607	11.8	.
2012 July	18.209	11.4	14.710	10.2	3.499	23.3	9.772	11.3	8.437	11.6	-
Aug.	18.271	11.5	14.765	10.2	3.506	23.3	9.818	11.3	8.453	11.7	-
Sep.	18.435	11.6	14.874	10.3	3.560	23.6	9.940	11.5	8.495	11.7	-
Oct.	18.636	11.7	15.018	10.4	3.617	23.9	10.048	11.6	8.588	11.8	-
Nov.	18.699	11.7	15.065	10.4	3.634	24.0	10.085	11.6	8.614	11.8	-
Dec.	18.715	11.7	15.091	10.5	3.624	24.0	10.095	11.6	8.619	11.8	-

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



C29 Unemployment and job vacancy [2)] rates



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

6 GOVERNMENT FINANCE

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

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue											Capital revenue		Memo item: Fiscal burden [2)]
			Direct taxes			Indirect taxes		Social contributions			Sales			Capital taxes	
				Households	Corporations		Received by EU institutions		Employers	Employees					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	44.9	44.2	11.5	8.8	2.7	13.2	0.4	15.7	8.2	4.6	2.3	0.6	0.5	40.9
2004	44.5	44.0	11.5	8.5	2.9	13.2	0.3	15.5	8.1	4.5	2.2	0.5	0.4	40.6
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.5	2.3	0.5	0.3	40.7
2006	45.3	45.0	12.3	8.8	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.3	0.3	41.3
2007	45.3	45.1	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3
2008	45.1	44.9	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.4	2.3	0.2	0.3	40.9
2009	44.9	44.6	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.6
2010	44.8	44.5	11.5	8.9	2.5	12.9	0.3	15.6	8.2	4.5	2.6	0.3	0.3	40.4
2011	45.4	45.1	11.9	9.1	2.7	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.9

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure [3)]
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers					Investment	Capital transfers		
							Social payments	Subsidies					Paid by EU institutions	
									Paid by EU institutions					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	48.0	44.1	10.6	5.0	3.3	25.2	22.3	1.8	0.5	4.0	2.6	1.4	0.1	44.7
2004	47.4	43.5	10.5	5.0	3.1	24.9	22.1	1.7	0.5	3.9	2.5	1.5	0.1	44.3
2005	47.3	43.4	10.5	5.0	3.0	24.9	22.1	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.3	5.0	2.9	24.6	21.8	1.6	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.2	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.3	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	3.9	2.6	1.3	0.0	44.2
2009	51.3	47.0	11.1	5.7	2.9	27.4	24.3	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.9	5.7	2.8	27.2	24.2	1.8	0.4	4.4	2.5	1.8	0.0	48.1
2011	49.5	46.0	10.6	5.5	3.0	26.9	23.9	1.7	0.4	3.5	2.3	1.2	0.0	46.5

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

	Deficit (-)/surplus (+)					Primary deficit (-)/ surplus (+)	Government consumption [4)]							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	-3.2	-2.5	-0.5	-0.2	0.1	0.2	20.5	10.6	5.0	5.2	1.9	2.3	8.1	12.4
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.5	-2.3	-0.3	-0.2	0.2	0.5	20.4	10.5	5.0	5.1	1.9	2.3	8.0	12.4
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.2	1.9	2.3	7.9	12.4
2007	-0.7	-1.2	0.0	0.0	0.6	2.3	20.0	10.1	5.0	5.1	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.5	10.3	5.2	5.3	2.0	2.3	8.0	12.6
2009	-6.3	-5.2	-0.5	-0.3	-0.4	-3.5	22.3	11.1	5.7	5.8	2.1	2.5	8.6	13.7
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.0	10.9	5.7	5.8	2.1	2.6	8.4	13.5
2011	-4.1	-3.3	-0.7	-0.2	0.0	-1.1	21.6	10.6	5.5	5.8	2.1	2.6	8.2	13.3

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2008	-1.0	-0.1	-2.9	-7.4	-9.8	-4.5	-3.3	-2.7	0.9	3.2	-4.6	0.5	-0.9	-3.6	-1.9	-2.1	4.4
2009	-5.5	-3.1	-2.0	-13.9	-15.6	-11.2	-7.5	-5.4	-6.1	-0.8	-3.9	-5.6	-4.1	-10.2	-6.0	-8.0	-2.5
2010	-3.8	-4.1	0.2	-30.9	-10.7	-9.7	-7.1	-4.5	-5.3	-0.8	-3.6	-5.1	-4.5	-9.8	-5.7	-7.7	-2.5
2011	-3.7	-0.8	1.1	-13.4	-9.4	-9.4	-5.2	-3.9	-6.3	-0.3	-2.7	-4.5	-2.5	-4.4	-6.4	-4.9	-0.6

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

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

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

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2)]				Other creditors [3)]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2002	68.0	2.7	11.9	4.6	48.9	40.8	19.6	10.8	10.5	27.2
2003	69.2	2.1	12.5	5.1	49.6	40.1	19.8	11.3	9.1	29.1
2004	69.6	2.2	12.1	4.8	50.5	38.7	18.9	11.1	8.7	30.9
2005	70.5	2.4	12.3	4.5	51.3	37.0	18.1	11.3	7.6	33.5
2006	68.7	2.5	11.9	4.0	50.3	34.9	18.3	9.3	7.3	33.7
2007	66.4	2.2	11.3	3.9	48.9	32.7	17.1	8.6	7.0	33.6
2008	70.2	2.3	11.6	6.5	49.8	33.2	17.8	7.9	7.5	37.0
2009	80.0	2.5	12.7	8.3	56.5	37.3	20.7	9.2	7.5	42.6
2010	85.4	2.4	15.4	7.3	60.2	40.4	22.8	10.4	7.2	44.9
2011	87.3	2.4	15.5	7.4	62.1	42.7	24.0	10.9	7.9	44.6

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

	Total	Issued by: [4)]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
	1	2	3	4	5	6	7	8	9	10	11	12	13
2002	68.0	56.3	6.2	4.7	0.8	7.6	60.4	5.3	15.5	25.3	27.2	66.9	1.1
2003	69.2	56.7	6.5	5.0	1.0	7.8	61.4	5.1	14.9	26.0	28.3	68.3	0.9
2004	69.6	56.6	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.6	1.0
2005	70.5	57.2	6.7	5.2	1.4	7.8	62.8	4.6	14.8	25.8	29.9	69.4	1.1
2006	68.7	55.4	6.5	5.3	1.4	7.3	61.4	4.4	14.3	24.2	30.1	67.9	0.7
2007	66.4	53.5	6.3	5.3	1.4	7.1	59.2	4.3	14.5	23.6	28.2	65.8	0.5
2008	70.2	56.9	6.7	5.3	1.3	10.0	60.2	5.0	17.7	23.5	29.1	69.3	0.9
2009	80.0	64.8	7.7	5.8	1.7	12.1	67.9	5.0	19.5	27.3	33.2	78.9	1.1
2010	85.4	69.2	8.3	5.9	1.9	13.0	72.4	5.2	21.2	29.3	34.9	84.2	1.1
2011	87.3	70.7	8.5	5.9	2.2	12.6	74.7	6.2	20.8	30.4	36.1	85.7	1.6

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2008	89.2	66.8	4.5	44.5	112.9	40.2	68.2	106.1	48.9	14.4	62.0	58.5	63.8	71.7	22.0	27.9	33.9
2009	95.7	74.5	7.2	64.9	129.7	53.9	79.2	116.4	58.5	15.3	67.6	60.8	69.2	83.2	35.0	35.6	43.5
2010	95.5	82.5	6.7	92.2	148.3	61.5	82.3	119.2	61.3	19.2	68.3	63.1	72.0	93.5	38.6	41.0	48.6
2011	97.8	80.5	6.1	106.4	170.6	69.3	86.0	120.7	71.1	18.3	70.9	65.5	72.4	108.1	46.9	43.3	49.0

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

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

6.3 Change in debt [1)]

(as a percentage of GDP)

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

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement [2)]	Valuation effects [3)]	Other changes in volume [4)]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5)]	MFIs	Other financial corporations	Other creditors [6)]
	1	2	3	4	5	6	7	8	9	10	11	12
2003	3.1	3.3	-0.2	0.0	-0.6	1.0	0.6	2.1	0.5	0.8	0.8	2.7
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	-0.1	0.3	3.0
2005	3.3	3.1	0.3	0.0	0.3	0.6	-0.1	2.6	-0.3	-0.1	0.5	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.4	-0.3	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.2	1.1	-0.5	4.1
2009	7.2	7.4	-0.2	0.0	0.1	0.7	1.6	4.9	3.0	2.2	1.0	4.3
2010	7.6	7.7	-0.1	0.0	0.0	3.1	-0.7	5.2	4.1	2.7	1.5	3.5
2011	4.2	4.0	0.2	0.0	0.0	0.4	0.2	3.5	3.4	1.9	0.7	0.8

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment [7)]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [8)]
				Total	Currency and deposits	Loans	Securities [9)]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	3.1	-3.2	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.2	-2.9	0.2	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.5	0.8	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.3	0.0	0.0	0.0
2006	1.6	-1.4	0.2	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.0	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.2	-6.3	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.6	-6.2	1.4	1.8	0.0	0.5	1.1	0.1	0.0	0.1	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.1	-0.2	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.2	0.0	0.0	0.1

Source: ECB.

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

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

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2)]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2006 Q3	43.6	43.1	11.8	12.4	15.1	2.3	0.8	0.5	0.3	39.5
Q4	49.1	48.5	14.4	14.1	15.8	2.5	0.9	0.6	0.3	44.5
2007 Q1	42.2	41.8	10.4	12.8	14.8	2.1	0.9	0.4	0.3	38.3
Q2	45.8	45.3	13.0	13.0	15.0	2.2	1.4	0.4	0.3	41.2
Q3	43.6	43.2	12.3	12.4	14.7	2.3	0.7	0.5	0.3	39.6
Q4	49.3	48.8	14.8	13.8	15.7	2.6	1.0	0.6	0.3	44.6
2008 Q1	42.3	42.0	10.9	12.3	14.8	2.1	1.1	0.3	0.2	38.2
Q2	45.2	44.9	12.9	12.4	15.1	2.2	1.5	0.4	0.3	40.6
Q3	43.4	43.1	12.2	12.0	15.0	2.3	0.8	0.4	0.3	39.5
Q4	48.9	48.4	13.9	13.4	16.4	2.7	1.1	0.5	0.3	43.9
2009 Q1	42.3	42.2	10.4	12.0	15.6	2.3	1.1	0.1	0.2	38.2
Q2	45.3	44.7	11.8	12.5	15.7	2.4	1.4	0.6	0.5	40.5
Q3	42.9	42.6	11.0	12.0	15.5	2.5	0.7	0.3	0.3	38.8
Q4	48.8	47.9	13.0	13.6	16.4	2.8	1.0	0.8	0.5	43.5
2010 Q1	42.1	41.9	10.1	12.2	15.5	2.3	0.9	0.2	0.3	38.0
Q2	45.0	44.5	11.8	12.6	15.4	2.5	1.3	0.4	0.3	40.2
Q3	43.1	42.7	10.9	12.5	15.2	2.5	0.7	0.3	0.3	38.9
Q4	48.7	47.9	13.2	13.4	16.4	2.9	1.0	0.7	0.3	43.3
2011 Q1	42.9	42.6	10.6	12.4	15.3	2.4	1.0	0.3	0.3	38.7
Q2	45.2	44.8	12.0	12.7	15.4	2.5	1.5	0.3	0.3	40.3
Q3	43.8	43.5	11.4	12.5	15.3	2.6	0.8	0.3	0.3	39.6
Q4	49.4	48.4	13.3	13.4	16.7	2.9	1.0	1.0	0.4	43.9
2012 Q1	43.1	43.0	10.9	12.6	15.3	2.4	0.9	0.1	0.2	39.0
Q2	46.0	45.8	12.6	12.9	15.6	2.5	1.3	0.3	0.3	41.3
Q3	44.3	44.0	12.0	12.5	15.4	2.6	0.7	0.3	0.3	40.2

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social benefits	Subsidies		Investment	Capital transfers		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006 Q3	45.4	41.8	9.8	4.8	2.9	24.3	20.9	1.2	3.6	2.6	1.0	-1.8	1.1
Q4	49.6	44.7	10.8	6.1	2.7	25.0	21.3	1.3	4.9	2.7	2.2	-0.4	2.3
2007 Q1	44.8	41.3	9.9	4.3	2.9	24.1	20.7	1.1	3.5	2.3	1.2	-2.6	0.3
Q2	44.9	41.5	10.1	4.6	3.2	23.6	20.6	1.1	3.4	2.5	0.9	0.9	4.1
Q3	44.7	41.1	9.6	4.8	2.9	23.8	20.5	1.1	3.6	2.6	0.9	-1.1	1.9
Q4	49.3	44.8	10.8	6.1	2.8	25.0	21.2	1.5	4.5	2.8	1.7	0.0	2.9
2008 Q1	45.4	41.8	9.9	4.4	3.1	24.5	20.8	1.2	3.6	2.3	1.2	-3.1	0.0
Q2	45.9	42.3	10.3	4.8	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.6	2.7
Q3	45.9	42.2	9.8	5.0	3.0	24.3	21.2	1.1	3.7	2.7	1.0	-2.4	0.6
Q4	51.4	46.8	11.2	6.5	2.8	26.2	22.2	1.4	4.6	2.9	1.7	-2.5	0.3
2009 Q1	49.4	45.6	10.7	4.9	2.9	27.0	23.0	1.3	3.8	2.6	1.2	-7.0	-4.1
Q2	50.6	46.4	11.1	5.4	3.0	26.9	23.3	1.3	4.2	2.8	1.3	-5.3	-2.3
Q3	50.2	46.1	10.5	5.6	2.9	27.1	23.5	1.3	4.1	2.8	1.1	-7.2	-4.4
Q4	54.6	49.7	11.8	6.9	2.6	28.4	24.0	1.5	4.9	3.0	1.9	-5.9	-3.3
2010 Q1	50.3	46.5	10.8	4.9	2.8	28.0	23.6	1.4	3.9	2.3	1.5	-8.2	-5.4
Q2	49.4	45.9	11.0	5.3	3.0	26.7	23.2	1.3	3.5	2.5	1.1	-4.4	-1.5
Q3	50.5	45.3	10.2	5.5	2.8	26.8	23.1	1.3	5.2	2.6	2.6	-7.5	-4.7
Q4	53.5	48.7	11.4	6.8	2.8	27.7	23.6	1.5	4.7	2.7	2.0	-4.8	-2.0
2011 Q1	48.5	45.4	10.5	4.8	3.0	27.2	23.1	1.3	3.1	2.1	0.9	-5.7	-2.7
Q2	48.4	45.2	10.6	5.1	3.2	26.2	22.9	1.2	3.2	2.3	0.9	-3.3	-0.1
Q3	48.3	44.9	10.1	5.4	3.0	26.4	23.0	1.2	3.5	2.3	1.1	-4.5	-1.5
Q4	52.6	48.7	11.3	6.7	3.0	27.7	23.6	1.5	3.9	2.5	1.7	-3.2	-0.2
2012 Q1	48.2	45.6	10.3	4.8	3.1	27.4	23.3	1.2	2.6	1.9	0.7	-5.1	-1.9
Q2	49.0	45.7	10.6	5.2	3.2	26.7	23.3	1.1	3.3	2.1	1.2	-2.9	0.3
Q3	48.8	45.1	10.0	5.4	2.9	26.8	23.4	1.1	3.7	2.2	1.4	-4.4	-1.5

Sources: ECB calculations based on Eurostat and national data.

1) The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions between the EU budget and entities outside the government sector are not included. Otherwise, except for different data transmission deadlines, the quarterly data are consistent with the annual data.

2) The fiscal burden comprises taxes and social contributions.

6.5 Quarterly debt and change in debt [1)]

(as a percentage of GDP)

1. Euro area – Maastricht debt by financial instrument

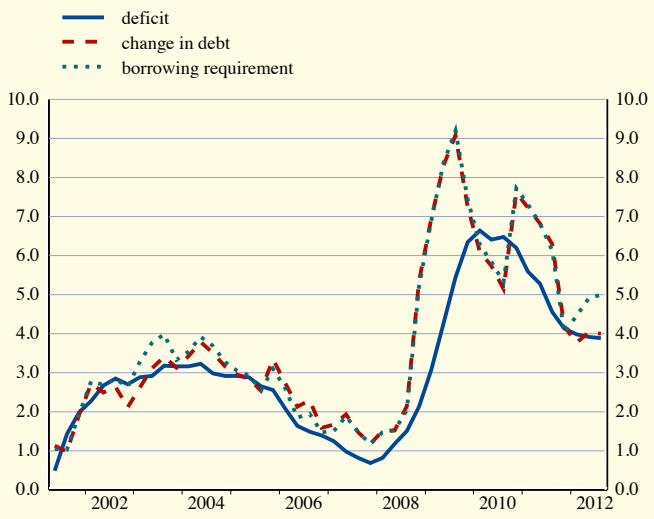
	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2009 Q4	80.0	2.5	12.7	8.3	56.5
2010 Q1	81.6	2.4	12.9	8.2	58.2
Q2	82.9	2.4	13.5	7.8	59.2
Q3	83.0	2.4	13.4	7.9	59.2
Q4	85.4	2.4	15.4	7.3	60.2
2011 Q1	86.2	2.4	15.2	7.4	61.2
Q2	87.1	2.4	15.0	7.5	62.2
Q3	86.8	2.4	15.2	7.8	61.4
Q4	87.3	2.4	15.5	7.4	62.1
2012 Q1	88.2	2.5	15.8	7.6	62.3
Q2	89.9	2.5	16.7	7.3	63.4
Q3	90.0	2.5	16.5	7.2	63.7

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2009 Q4	2.2	-5.9	-3.7	-2.7	-2.9	-0.1	0.1	0.2	-0.2	-0.8	2.4
2010 Q1	8.1	-8.2	-0.1	0.8	0.8	-0.1	-0.3	0.3	-0.4	-0.5	8.5
Q2	7.7	-4.4	3.2	3.3	2.0	1.1	-0.2	0.4	-0.1	0.0	7.8
Q3	2.8	-7.5	-4.7	-2.9	-2.3	-0.6	0.0	0.0	0.0	-1.8	2.8
Q4	11.7	-4.8	6.9	5.7	-0.3	1.6	4.7	-0.3	0.0	1.2	11.7
2011 Q1	6.6	-5.7	1.0	0.8	2.0	-0.7	-0.3	-0.1	-0.2	0.3	6.8
Q2	6.0	-3.3	2.8	2.6	2.8	0.6	-0.4	-0.5	0.2	0.0	5.8
Q3	0.7	-4.5	-3.7	-3.7	-3.7	-0.4	0.1	0.2	0.6	-0.6	0.2
Q4	3.4	-3.2	0.2	-0.5	-0.3	-0.2	-0.1	0.1	0.1	0.7	3.3
2012 Q1	4.9	-5.1	-0.2	3.4	4.0	-0.3	-0.3	0.1	-3.7	0.1	8.6
Q2	7.1	-2.9	4.1	3.2	1.6	0.5	0.0	1.1	-0.5	1.5	7.6
Q3	0.6	-4.4	-3.8	-1.9	-2.0	0.2	-0.3	0.3	0.1	-2.0	0.5

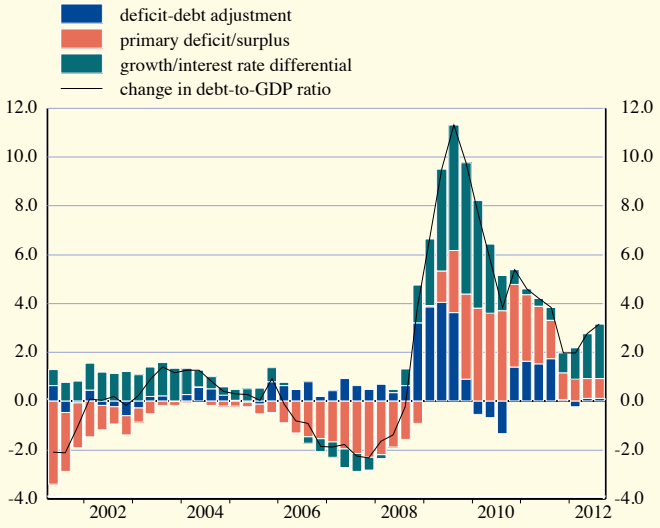
C30 Deficit, borrowing requirement and change in debt

(four-quarter moving sum as a percentage of GDP)



C31 Maastricht debt

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



Sources: ECB calculations based on Eurostat and national data.

1) Intergovernmental lending in the context of the financial crisis is consolidated.

7 EXTERNAL TRANSACTIONS AND POSITIONS

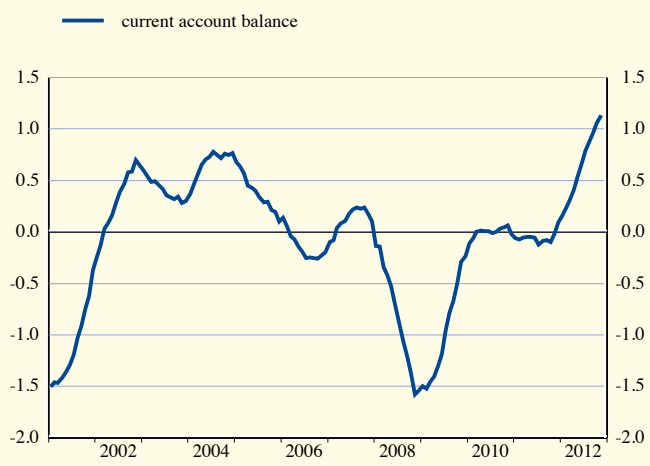
7.1 Summary balance of payments [1)]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	-13.3	30.7	44.9	9.0	-97.8	8.3	-5.0	15.1	-67.0	247.3	19.0	-188.7	4.6	-10.1
2010	3.1	18.2	54.3	40.4	-109.8	7.8	10.9	5.5	-95.0	124.1	17.8	-30.8	-10.5	-16.4
2011	12.5	9.2	67.2	43.0	-106.9	11.5	23.9	-45.3	-154.8	274.0	-4.9	-149.5	-10.2	21.4
2011 Q3	6.5	3.6	21.0	12.4	-30.4	2.0	8.5	-11.1	-38.9	39.6	-10.7	-4.8	3.7	2.6
Q4	36.6	15.8	18.7	22.2	-20.0	6.1	42.7	-42.2	-35.7	-34.0	-10.9	45.1	-6.7	-0.5
2012 Q1	-4.6	6.3	15.3	13.0	-39.2	2.0	-2.6	3.6	-3.5	-71.0	-6.7	86.9	-2.1	-1.0
Q2	14.9	25.2	25.4	-10.2	-25.5	1.1	16.0	-20.4	-16.3	94.2	-9.1	-80.3	-9.0	4.4
Q3	41.0	30.5	26.8	13.2	-29.5	3.5	44.5	-55.0	-25.7	-9.3	-0.6	-19.4	-0.1	10.5
2011 Nov.	9.3	5.9	5.0	5.9	-7.5	2.6	11.9	-21.8	-50.5	33.0	-3.8	-0.3	-0.2	10.0
Dec.	23.4	9.0	7.9	9.1	-2.6	1.7	25.1	-21.6	10.9	-51.8	-5.1	29.7	-5.4	-3.4
2012 Jan.	-11.7	-7.6	3.2	2.4	-9.7	0.3	-11.3	19.2	0.3	-39.4	-6.2	65.6	-1.1	-7.9
Feb.	-3.5	3.2	5.0	5.7	-17.4	1.8	-1.8	6.5	5.7	12.1	4.4	-14.1	-1.6	-4.7
Mar.	10.6	10.7	7.1	4.9	-12.1	-0.1	10.5	-22.1	-9.4	-43.7	-4.9	35.4	0.7	11.6
Apr.	2.3	5.3	6.8	-0.6	-9.2	0.2	2.5	-3.8	-3.5	3.2	0.8	-1.3	-3.0	1.3
May	-4.8	6.2	8.6	-11.1	-8.5	1.3	-3.5	1.9	8.2	25.6	-7.0	-23.4	-1.5	1.6
June	17.4	13.7	10.0	1.5	-7.8	-0.4	17.0	-18.5	-21.0	65.4	-2.8	-55.6	-4.5	1.5
July	20.8	14.5	9.3	4.9	-7.8	0.5	21.3	-21.0	-5.8	9.2	-2.3	-22.6	0.5	-0.3
Aug.	8.5	5.6	8.5	4.9	-10.6	1.5	9.9	-9.2	14.7	-18.6	3.5	-7.3	-1.6	-0.7
Sep.	11.8	10.4	9.0	3.4	-11.1	1.5	13.3	-24.8	-34.6	0.1	-1.8	10.5	1.0	11.5
Oct.	11.6	12.5	6.9	2.0	-9.8	1.8	13.4	-12.0	-10.6	45.8	4.0	-48.7	-2.4	-1.5
Nov.	19.8	16.3	5.6	4.0	-6.1	1.6	21.4	-26.1	14.1	12.1	10.2	-61.5	-1.0	4.7
	12-month cumulated transactions													
2012 Nov.	106.2	99.8	87.9	31.1	-112.6	11.7	117.8	-131.6	-31.1	20.1	-7.3	-93.2	-20.1	13.7
	12-month cumulated transactions as a percentage of GDP													
2012 Nov.	1.1	1.1	0.9	0.3	-1.2	0.1	1.2	-1.4	-0.3	0.2	-0.1	-1.0	-0.2	0.1

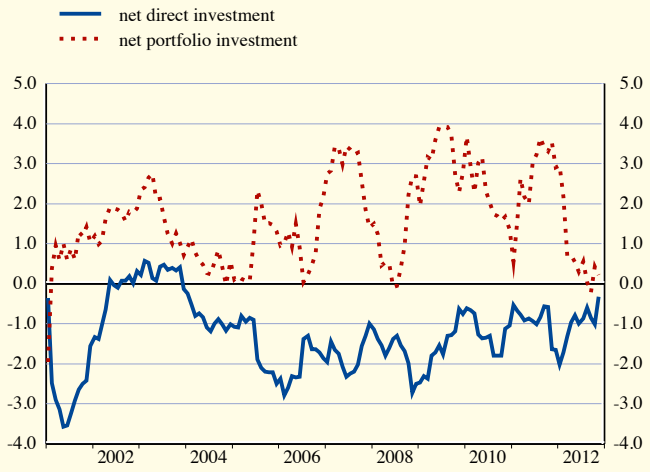
C32 Euro area b.o.p.: current account

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



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

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



Source: ECB.

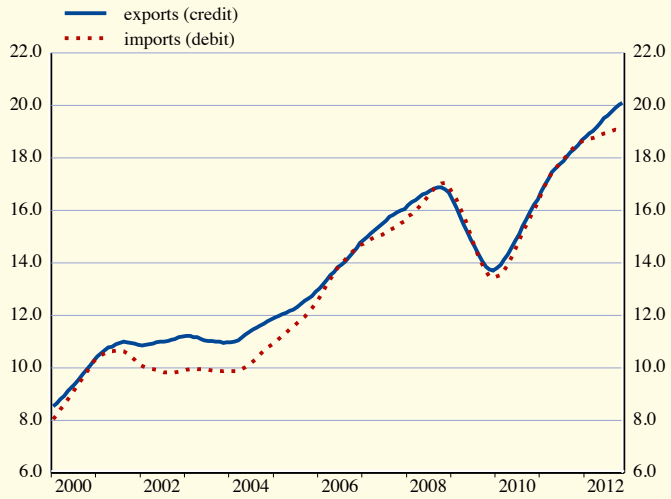
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

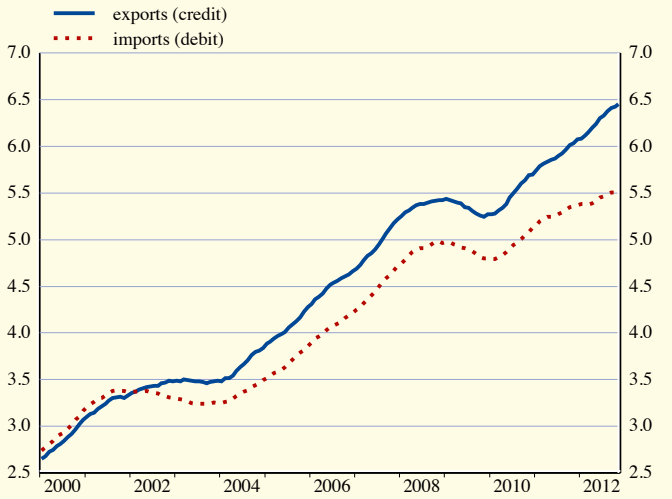
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	2,330.1	2,343.4	-13.3	1,302.6	1,272.0	499.9	455.0	434.3	425.3	93.3	6.4	191.1	27.2	19.5	11.2
2010	2,693.5	2,690.4	3.1	1,566.8	1,548.6	541.7	487.4	498.0	457.6	87.0	6.3	196.8	27.1	20.3	12.5
2011	2,975.0	2,962.5	12.5	1,775.5	1,766.2	576.6	509.4	528.4	485.4	94.5	6.6	201.4	27.8	25.0	13.5
2011 Q3	744.5	738.0	6.5	445.1	441.5	154.1	133.1	128.4	116.0	17.0	1.8	47.4	7.0	5.0	3.0
Q4	785.2	748.6	36.6	463.6	447.8	151.6	133.0	137.6	115.5	32.4	1.6	52.4	7.0	11.3	5.2
2012 Q1	751.3	755.9	-4.6	464.0	457.7	137.1	121.9	124.3	111.3	25.8	1.5	65.0	6.3	4.8	2.8
Q2	788.0	773.1	14.9	479.0	453.8	154.7	129.3	133.5	143.6	20.9	1.6	46.3	6.6	5.2	4.1
Q3	786.2	745.2	41.0	479.1	448.5	164.6	137.8	125.7	112.5	16.8	1.8	46.3	6.6	6.4	2.9
2012 Sep.	261.2	249.5	11.8	158.5	148.0	53.6	44.6	43.6	40.2	5.6	-	16.7	-	2.4	0.9
Oct.	270.9	259.3	11.6	173.6	161.1	52.9	46.0	38.2	36.2	6.2	-	15.9	-	3.2	1.4
Nov.	262.3	242.5	19.8	167.7	151.4	49.5	43.9	36.4	32.4	8.6	-	14.7	-	2.7	1.1
	Seasonally adjusted														
2012 Q1	769.7	748.1	21.6	467.2	447.4	148.8	127.0	129.3	121.1	24.4	-	52.5	-	-	-
Q2	787.0	760.4	26.6	480.3	455.3	154.8	132.1	127.8	121.0	24.2	-	52.0	-	-	-
Q3	793.2	762.9	30.2	483.9	458.2	155.5	133.3	129.6	119.7	24.1	-	51.8	-	-	-
2012 Sep.	267.4	257.9	9.4	162.9	153.9	52.2	45.0	44.1	41.3	8.1	-	17.8	-	-	-
Oct.	258.1	250.1	8.0	158.8	148.7	51.2	43.8	40.7	41.0	7.4	-	16.6	-	-	-
Nov.	257.7	242.9	14.8	160.3	147.6	51.3	44.2	38.6	36.0	7.6	-	15.1	-	-	-
	12-month cumulated transactions														
2012 Nov.	3,122.2	3,014.6	107.6	1,904.7	1,806.4	611.5	523.6	510.4	479.2	95.6	-	205.3	-	-	-
	12-month cumulated transactions as a percentage of GDP														
2012 Nov.	32.9	31.8	1.1	20.1	19.1	6.5	5.5	5.4	5.1	1.0	-	2.2	-	-	-

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



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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2009	22.5	12.0	411.8	413.3	163.6	25.9	100.4	12.4	23.7	24.8	24.5	77.2	100.9	121.5	99.1	89.4
2010	25.1	11.9	472.9	445.7	242.0	51.4	150.2	41.5	22.2	22.6	28.6	83.9	102.2	124.6	77.8	64.3
2011	26.7	12.4	501.7	473.0	252.7	42.0	154.2	56.8	24.7	22.6	35.1	95.6	102.6	133.3	86.7	67.4
2011 Q3	6.6	3.7	121.8	112.3	58.5	1.5	38.1	19.8	6.5	5.4	8.8	18.5	25.9	33.5	22.1	16.8
Q4	6.9	3.2	130.7	112.3	68.0	13.9	37.4	1.9	7.2	7.1	7.0	16.4	25.4	34.3	23.1	17.2
2012 Q1	6.8	2.3	117.5	109.0	56.6	25.0	36.4	18.4	5.9	5.4	8.8	16.9	24.3	33.6	21.9	16.7
Q2	7.1	3.3	126.4	140.3	58.0	0.2	43.9	9.1	6.8	6.2	15.5	45.2	24.6	29.6	21.5	15.4
Q3	7.0	3.9	118.6	108.6	55.7	15.5	36.9	15.0	7.9	5.9	9.9	21.3	24.6	30.6	20.5	13.9

3. Geographical breakdown
(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
2011 Q4 to 2012 Q3	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	3,110.7	991.0	53.8	91.8	473.8	309.1	62.5	62.8	48.6	158.3	40.4	70.2	118.5	244.2	421.4	955.4
Goods	1,885.6	582.3	34.6	57.7	245.8	244.1	0.2	32.8	22.5	121.8	30.1	43.9	88.5	132.5	225.8	605.4
Services	608.1	184.1	12.1	16.7	115.0	33.7	6.6	10.2	10.5	21.6	7.2	14.5	19.9	60.2	93.3	186.6
Income	521.1	161.6	6.2	15.3	102.1	28.4	9.5	19.4	14.7	14.4	2.9	10.8	9.6	42.9	95.5	149.4
Investment income	493.2	154.0	5.5	15.1	100.5	27.7	5.2	19.4	14.6	14.3	2.8	10.8	9.5	28.3	93.6	145.8
Current transfers	95.9	63.1	0.8	2.1	10.9	3.0	46.3	0.4	0.8	0.7	0.3	0.9	0.5	8.6	6.8	13.9
Capital account	27.8	23.0	0.0	0.0	0.8	0.5	21.6	0.0	0.0	0.0	0.0	0.0	0.1	0.9	0.3	3.4
	Debits															
Current account	3,022.8	959.7	49.7	91.6	427.3	279.4	111.7	39.6	31.8	-	34.5	104.0	151.7	209.2	398.9	-
Goods	1,807.8	504.3	30.2	50.9	197.5	225.6	0.0	30.2	15.0	205.9	25.7	50.0	136.1	105.9	152.2	582.6
Services	522.0	153.4	9.2	14.1	90.8	39.1	0.3	5.9	7.3	15.1	6.7	10.3	10.5	45.2	107.8	159.6
Income	483.0	175.3	9.3	24.8	126.7	9.6	4.9	2.1	7.6	-	1.1	43.0	4.4	48.6	132.7	-
Investment income	470.3	168.8	9.2	24.7	125.0	5.0	4.9	2.0	7.4	-	0.8	42.8	4.2	48.1	131.5	-
Current transfers	210.0	126.7	1.0	1.8	12.3	5.1	106.5	1.4	1.9	4.4	0.9	0.7	0.7	9.5	6.3	57.5
Capital account	15.1	2.0	0.3	0.1	1.1	0.4	0.2	0.2	0.1	0.3	0.2	0.0	0.1	0.4	4.2	7.6
	Net															
Current account	88.0	31.3	4.0	0.2	46.5	29.7	-49.2	23.2	16.7	-	5.9	-33.8	-33.2	35.0	22.4	-
Goods	77.8	78.1	4.4	6.8	48.3	18.5	0.2	2.6	7.6	-84.2	4.3	-6.1	-47.6	26.6	73.7	22.8
Services	86.2	30.6	2.9	2.6	24.2	-5.4	6.3	4.2	3.2	6.4	0.5	4.2	9.4	15.0	-14.5	27.0
Income	38.1	-13.8	-3.1	-9.5	-24.6	18.8	4.6	17.3	7.1	-	1.7	-32.2	5.2	-5.7	-37.2	-
Investment income	23.0	-14.8	-3.7	-9.6	-24.5	22.7	0.3	17.4	7.2	-	2.0	-32.1	5.3	-19.8	-37.9	-
Current transfers	-114.1	-63.6	-0.2	0.3	-1.4	-2.1	-60.2	-1.0	-1.1	-3.7	-0.7	0.2	-0.2	-0.9	0.5	-43.6
Capital account	12.6	20.9	-0.2	0.0	-0.3	0.1	21.4	-0.1	0.0	-0.3	-0.2	0.0	0.1	0.5	-3.9	-4.3

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2009	13,739.1	15,225.6	-1,486.4	154.0	170.6	-16.7	4,412.8	3,532.5	4,340.9	6,863.8	-1.3	4,527.2	4,829.3	459.6
2010	15,216.8	16,479.1	-1,262.3	165.8	179.6	-13.8	4,946.7	3,908.6	4,907.3	7,470.9	-32.6	4,807.6	5,099.5	587.8
2011	15,843.5	17,158.4	-1,314.9	168.2	182.1	-14.0	5,564.7	4,392.0	4,762.6	7,636.5	-24.3	4,877.2	5,129.9	663.4
2012 Q1	16,165.3	17,177.2	-1,012.0	171.0	181.7	-10.7	5,626.2	4,144.7	5,044.6	7,808.3	-24.1	4,847.3	5,224.3	671.2
Q2	16,483.1	17,702.0	-1,218.9	174.2	187.0	-12.9	5,834.8	4,593.2	5,042.8	7,842.6	-28.9	4,932.9	5,266.2	701.5
Q3	16,668.5	17,863.3	-1,194.9	175.9	188.5	-12.6	5,879.6	4,646.8	5,194.0	8,049.7	-20.5	4,881.5	5,166.8	733.8
	Changes to outstanding amounts													
2008	-757.8	-428.8	-329.0	-8.2	-4.6	-3.6	189.2	38.2	-803.9	-571.2	28.4	-198.5	104.2	27.0
2009	504.2	387.6	116.6	5.7	4.3	1.3	497.0	272.5	513.7	896.9	-0.9	-591.0	-781.8	85.4
2010	1,477.7	1,253.5	224.2	16.1	13.7	2.4	533.9	376.1	566.4	607.1	-31.2	280.4	270.2	128.2
2011	626.7	679.3	-52.6	6.7	7.2	-0.6	618.0	483.3	-144.7	165.6	8.3	69.6	30.4	75.6
2012 Q2	317.8	524.7	-207.0	13.4	22.2	-8.7	208.6	448.5	-1.8	34.3	-4.9	85.6	42.0	30.3
Q3	185.4	161.4	24.0	7.9	6.8	1.0	44.8	53.6	151.2	207.1	8.5	-51.4	-99.4	32.3
	Transactions													
2008	421.0	540.3	-119.3	4.6	5.8	-1.3	338.3	107.4	4.7	252.7	84.6	-10.0	180.1	3.4
2009	-89.7	-74.6	-15.1	-1.0	-0.8	-0.2	352.9	285.9	96.0	343.4	-19.0	-515.0	-703.8	-4.6
2010	652.9	658.4	-5.5	7.1	7.2	-0.1	356.7	261.7	135.9	260.1	-17.8	167.5	136.7	10.5
2011	535.3	490.0	45.3	5.7	5.2	0.5	408.0	253.1	-51.9	222.1	4.9	164.2	14.7	10.2
2012 Q1	300.6	304.2	-3.6	12.9	13.1	-0.2	75.6	72.1	125.6	54.6	6.7	90.6	177.5	2.1
Q2	76.3	55.9	20.4	3.2	2.4	0.9	65.7	49.4	-58.9	35.3	9.1	51.5	-28.8	9.0
Q3	84.8	29.8	55.0	3.6	1.3	2.3	61.3	35.6	41.3	32.1	0.6	-18.5	-37.9	0.1
2012 July	61.8	40.8	21.0	-	-	-	13.7	8.0	-8.3	0.9	2.3	54.6	31.9	-0.5
Aug.	4.7	-4.5	9.2	-	-	-	24.8	39.4	22.5	3.9	-3.5	-40.6	-47.9	1.6
Sep.	18.3	-6.6	24.8	-	-	-	22.8	-11.8	27.1	27.2	1.8	-32.4	-22.0	-1.0
Oct.	43.7	31.7	12.0	-	-	-	20.7	10.1	-0.2	45.6	-4.0	24.7	-24.0	2.4
Nov.	12.0	-14.1	26.1	-	-	-	-6.2	7.9	36.7	48.8	-10.2	-9.3	-70.8	1.0
	Other changes													
2008	-1,172.8	-967.6	-205.2	-12.7	-10.5	-2.2	-149.2	-69.3	-808.6	-823.0	-56.2	-182.5	-75.2	23.7
2009	583.3	456.2	127.1	6.5	5.1	1.4	144.1	-13.4	417.6	547.6	18.2	-86.6	-78.1	90.0
2010	824.8	595.1	229.7	9.0	6.5	2.5	177.2	114.4	430.5	347.1	-13.4	112.9	133.6	117.7
2011	91.4	189.4	-97.9	1.0	2.0	-1.0	210.0	230.2	-92.8	-56.5	3.4	-94.6	15.7	65.4
	Other changes due to exchange rate changes													
2008	-49.8	28.2	-77.9	-0.5	0.3	-0.8	-25.0	-33.8	6.6	41.9	.	-40.7	20.1	9.3
2009	-49.2	-56.0	6.8	-0.6	-0.6	0.1	-5.3	5.6	-29.8	-34.4	.	-11.5	-27.2	-2.7
2010	535.4	323.1	212.3	5.8	3.5	2.3	166.0	59.5	180.0	103.1	.	176.3	160.6	13.0
2011	134.4	164.2	-29.8	1.4	1.7	-0.3	16.9	11.6	41.5	63.0	.	68.3	89.7	7.7
	Other changes due to price changes													
2008	-1,002.7	-975.6	-27.1	-10.8	-10.6	-0.3	-159.2	-60.7	-809.5	-915.0	-56.0	.	.	22.0
2009	634.8	493.1	141.7	7.1	5.5	1.6	147.4	29.4	423.5	463.8	18.2	.	.	45.8
2010	327.4	156.5	170.9	3.6	1.7	1.9	52.6	2.4	186.1	154.1	-13.3	.	.	102.0
2011	84.1	-252.7	336.8	0.9	-2.7	3.6	-20.3	0.0	39.9	-252.7	3.7	.	.	60.7
	Other changes due to other adjustments													
2008	-118.7	-26.2	-92.5	-1.3	-0.3	-1.0	36.7	27.3	-6.0	42.3	.	-141.8	-95.9	-7.7
2009	-2.3	19.1	-21.4	0.0	0.2	-0.2	2.0	-48.3	24.0	118.3	.	-75.1	-50.8	46.9
2010	-37.9	115.4	-153.3	-0.4	1.3	-1.7	-41.5	52.5	64.3	89.9	.	-63.5	-27.0	2.7
2011	-126.8	277.9	-404.7	-1.3	2.9	-4.3	213.4	218.6	-174.2	133.2	.	-162.9	-74.0	-3.0
	Growth rates of outstanding amounts													
2008	3.0	3.5	-	.	.	.	9.2	3.3	-0.2	4.0	.	-0.2	3.3	1.0
2009	-0.7	-0.5	-	.	.	.	8.9	8.8	2.4	5.6	.	-10.0	-12.5	-1.3
2010	4.6	4.2	-	.	.	.	7.8	7.2	3.0	3.7	.	3.7	2.8	2.0
2011	3.6	3.0	-	.	.	.	8.3	6.7	-1.2	3.0	.	3.5	0.3	1.6
2012 Q1	3.7	3.2	-	.	.	.	6.8	5.6	1.0	1.6	.	3.5	4.0	-0.1
Q2	2.9	2.3	-	.	.	.	6.7	6.3	-1.1	-0.3	.	2.4	3.2	2.1
Q3	2.4	1.6	-	.	.	.	6.1	6.0	1.2	0.5	.	-0.8	-0.3	2.7

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

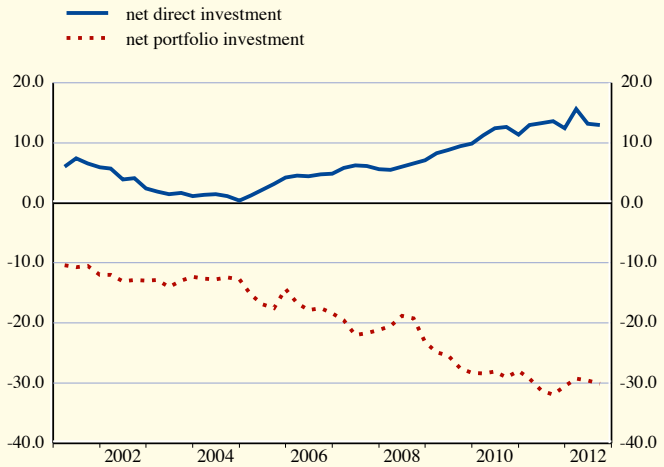
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

2. Direct investment

	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2010	4,946.7	3,825.3	275.3	3,550.0	1,121.4	17.0	1,104.4	3,908.6	2,940.6	90.4	2,850.3	968.0	14.7	953.2
2011	5,564.7	4,230.1	287.6	3,942.5	1,334.6	13.5	1,321.0	4,392.0	3,337.2	92.6	3,244.6	1,054.7	11.2	1,043.5
2012 Q2	5,834.8	4,433.5	285.6	4,147.9	1,401.4	13.0	1,388.3	4,593.2	3,385.8	95.1	3,290.8	1,207.4	10.3	1,197.1
Q3	5,879.6	4,467.4	292.3	4,175.1	1,412.2	13.0	1,399.2	4,646.8	3,407.6	97.8	3,309.8	1,239.2	11.9	1,227.4
	Transactions													
2009	352.9	268.2	24.6	243.6	84.7	2.6	82.1	285.9	275.1	5.4	269.7	10.8	-0.6	11.4
2010	356.7	225.9	16.3	209.5	130.9	1.6	129.3	261.7	284.1	6.4	277.7	-22.4	-7.7	-14.7
2011	408.0	352.1	18.4	333.7	55.8	-3.5	59.3	253.1	283.3	3.2	280.1	-30.2	-0.9	-29.3
2012 Q1	75.6	67.1	-2.4	69.5	8.4	1.0	7.4	72.1	63.9	2.0	61.8	8.2	-0.6	8.9
Q2	65.7	50.6	-1.7	52.4	15.0	-1.0	16.1	49.4	43.9	0.7	43.2	5.5	0.1	5.3
Q3	61.3	42.6	0.8	41.8	18.7	0.1	18.6	35.6	31.0	1.4	29.6	4.6	1.7	2.9
2012 July	13.7	19.0	2.4	16.6	-5.3	0.0	-5.3	8.0	8.8	0.8	8.0	-0.9	0.1	-0.9
Aug.	24.8	18.6	0.9	17.7	6.2	0.1	6.1	39.4	39.0	0.2	38.9	0.4	-0.2	0.6
Sep.	22.8	5.0	-2.4	7.5	17.7	0.0	17.7	-11.8	-16.9	0.4	-17.3	5.0	1.7	3.3
Oct.	20.7	21.5	0.7	20.8	-0.8	0.1	-0.9	10.1	9.2	0.6	8.6	1.0	-1.0	2.0
Nov.	-6.2	-2.3	-1.9	-0.4	-3.9	0.1	-4.0	7.9	7.0	0.3	6.8	0.9	0.2	0.6
	Growth rates													
2010	7.8	6.3	6.8	6.2	13.2	10.6	13.3	7.2	10.6	8.0	10.7	-2.4	-37.9	-1.6
2011	8.3	9.3	6.8	9.5	5.0	-21.5	5.4	6.7	9.7	3.5	9.9	-3.9	-7.9	-3.8
2012 Q1	6.8	7.7	3.4	8.0	3.9	-15.5	4.2	5.6	8.1	6.1	8.2	-3.5	-17.0	-3.3
Q2	6.7	7.6	-0.7	8.3	3.5	-7.7	3.6	6.3	8.1	5.3	8.2	-0.5	-6.2	-0.4
Q3	6.1	7.1	-1.7	7.8	2.8	4.6	2.7	6.0	6.9	5.6	7.0	2.5	15.8	2.3

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

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



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2010	4,907.3	1,907.7	81.2	3.6	1,826.5	47.6	2,579.3	807.6	15.6	1,771.7	74.5	420.3	316.3	41.7	104.0	0.2
2011	4,762.6	1,703.4	62.5	3.1	1,640.8	39.6	2,592.9	725.7	16.0	1,867.2	94.2	466.3	300.6	57.5	165.7	0.5
2012 Q2	5,042.8	1,805.6	60.0	2.8	1,745.6	39.5	2,740.7	683.7	15.4	2,056.9	102.2	496.5	320.5	52.3	176.0	0.6
Q3	5,194.0	1,879.1	60.3	2.8	1,818.8	41.4	2,821.6	676.5	15.2	2,145.0	103.3	493.3	317.7	55.5	175.6	0.4
	Transactions															
2009	96.0	51.0	-0.8	0.0	51.8	2.5	38.4	-93.6	-3.8	132.0	17.5	6.7	12.3	-12.9	-5.6	0.9
2010	135.9	77.5	4.1	-0.2	73.3	1.7	104.5	-126.2	-0.8	230.8	51.5	-46.1	-64.9	-11.7	18.8	-1.9
2011	-51.9	-71.0	-15.7	-0.2	-55.2	-7.3	-11.5	-55.0	0.3	43.5	-3.0	30.6	24.3	10.5	6.4	0.2
2012 Q1	125.6	21.2	4.0	0.0	17.2	-1.8	59.0	-7.9	-0.6	66.9	-0.6	45.4	27.0	-4.2	18.5	-0.1
Q2	-58.9	-25.9	-7.5	0.0	-18.4	0.0	-7.1	-28.5	-0.3	21.4	-3.4	-25.9	-22.0	-1.8	-3.9	0.2
Q3	41.3	5.6	0.0	0.0	5.6	0.8	35.3	-9.2	-0.4	44.5	-0.1	0.4	-3.3	2.8	3.7	-0.2
2012 July	-8.3	-4.5	-0.8	0.0	-3.7	-	5.3	-11.2	-0.1	16.5	-	-9.1	-9.6	-3.9	0.5	-
Aug.	22.5	1.6	1.6	0.0	0.1	-	19.0	1.2	-0.1	17.8	-	1.9	2.0	4.0	-0.1	-
Sep.	27.1	8.5	-0.7	0.0	9.2	-	11.0	0.9	-0.3	10.1	-	7.6	4.3	2.7	3.3	-
Oct.	-0.2	6.5	3.3	0.0	3.2	-	1.5	-9.0	-1.7	10.5	-	-8.3	-14.2	-2.2	5.9	-
Nov.	36.7	-0.1	-1.6	0.0	1.5	-	17.5	1.7	3.6	15.8	-	19.2	9.7	4.8	9.5	-
	Growth rates															
2010	3.0	4.9	5.6	-5.1	4.8	4.8	4.2	-13.6	-4.9	14.8	124.1	-10.3	-17.9	-25.4	22.4	-91.7
2011	-1.2	-4.1	-20.3	-6.0	-3.4	-15.9	-0.5	-7.0	2.2	2.5	-3.1	7.4	8.0	26.6	6.1	120.7
2012 Q1	1.0	-2.7	-16.1	-5.1	-2.0	-16.2	1.6	-6.6	-11.2	5.2	-3.6	11.9	11.2	12.9	13.5	-64.1
Q2	-1.1	-5.5	-28.7	-6.2	-4.4	-11.3	0.3	-9.9	-15.2	4.4	-5.7	9.0	6.8	-2.9	12.5	34.3
Q3	1.2	-2.2	-18.1	-5.9	-1.5	-4.7	2.2	-9.2	-17.0	6.7	-5.9	9.3	7.3	-5.0	11.4	-21.6

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2010	7,470.9	3,175.5	665.8	2,509.7	3,841.4	1,189.9	2,651.5	1,648.3	454.0	69.5	384.6	347.4
2011	7,636.5	3,050.8	556.9	2,493.8	4,142.3	1,273.5	2,868.7	1,772.1	443.5	87.2	356.2	316.5
2012 Q2	7,842.6	3,221.9	544.7	2,677.2	4,151.2	1,227.0	2,924.2	1,826.7	469.4	93.2	376.2	323.0
Q3	8,049.7	3,374.7	548.2	2,826.4	4,242.4	1,233.6	3,008.8	1,902.7	432.6	73.9	358.6	315.0
	Transactions											
2009	343.4	87.6	15.5	72.0	143.0	-10.0	153.0	109.4	112.8	-11.1	123.9	145.5
2010	260.1	125.9	-13.8	139.7	177.8	61.8	116.0	187.2	-43.6	14.7	-58.4	-37.7
2011	222.1	99.7	20.4	79.3	166.2	80.1	86.1	87.2	-43.8	2.7	-46.5	-34.7
2012 Q1	54.6	39.8	8.3	31.5	5.2	-17.0	22.2	15.3	9.6	4.4	5.2	6.3
Q2	35.3	-1.0	-11.9	10.9	28.6	-16.6	45.2	43.2	7.7	13.1	-5.4	-16.7
Q3	32.1	19.8	-0.9	20.7	47.9	-1.4	49.3	51.1	-35.7	-17.1	-18.6	-7.3
2012 July	0.9	-7.8	-7.3	-0.4	-11.5	-6.6	-4.9	-	20.1	3.4	16.7	-
Aug.	3.9	6.6	8.6	-2.0	29.9	5.7	24.3	-	-32.6	-14.4	-18.3	-
Sep.	27.2	20.9	-2.2	23.2	29.5	-0.5	30.0	-	-23.2	-6.1	-17.1	-
Oct.	45.6	28.4	-4.4	32.8	11.4	1.4	10.0	-	5.8	8.2	-2.4	-
Nov.	48.8	11.8	-3.2	15.0	41.4	0.6	40.7	-	-4.4	-12.9	8.5	-
	Growth rates											
2010	3.7	4.4	-2.1	6.4	4.9	5.4	4.7	12.4	-8.7	17.9	-13.1	-9.5
2011	3.0	3.2	3.2	3.1	4.5	7.1	3.3	5.4	-8.4	6.7	-11.4	-10.2
2012 Q1	1.6	1.4	3.9	0.6	3.7	2.1	4.4	4.3	-11.6	-15.7	-10.9	-12.1
Q2	-0.3	1.4	2.2	1.0	0.2	-3.4	1.8	1.6	-14.1	-15.6	-14.2	-16.8
Q3	0.5	2.3	3.9	1.7	1.3	-4.9	4.0	5.7	-15.7	-2.0	-19.0	-23.2

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits	Currency and deposits		Trade credits	Loans/currency and deposits	Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2010	4,807.6	32.9	32.2	0.7	2,972.0	2,932.7	39.4	161.9	7.6	115.4	19.8	1,640.7	213.3	1,279.5	441.6
2011	4,877.2	35.7	35.4	0.3	3,067.6	3,006.6	61.0	162.8	6.7	116.4	30.2	1,611.1	228.4	1,215.1	507.8
2012 Q2	4,932.9	35.0	34.7	0.3	3,145.7	3,074.1	71.5	160.5	6.6	111.0	30.0	1,591.7	278.1	1,131.8	492.1
Q3	4,881.5	37.3	37.0	0.3	3,080.7	3,000.9	79.8	150.3	5.1	103.1	25.1	1,613.2	273.3	1,143.4	504.7
	Transactions														
2009	-515.0	-0.1	-0.1	0.0	-420.4	-399.9	-20.5	11.8	-0.4	10.4	0.2	-106.3	7.4	-108.5	-20.2
2010	167.5	-2.9	-2.8	0.0	9.7	0.9	8.8	41.7	-0.3	41.3	4.9	119.0	8.7	86.5	52.4
2011	164.2	-2.7	-2.8	0.1	49.7	20.3	29.4	1.2	-0.2	0.7	10.3	116.0	8.1	82.6	49.3
2012 Q1	90.6	1.2	1.2	0.0	33.4	38.3	-4.9	-10.3	-0.2	-10.0	-5.7	66.2	15.4	32.6	33.0
Q2	51.5	-2.4	-2.4	0.0	1.3	-13.3	14.6	6.6	0.0	6.3	5.4	46.1	2.2	47.0	16.1
Q3	-18.5	6.2	6.2	0.0	-40.8	-47.1	6.3	-9.2	-1.5	-7.6	-4.9	25.3	-2.7	13.3	9.6
2012 July	54.6	5.0	-	-	20.1	-	-	-0.4	-	-	1.8	29.9	-	-	17.2
Aug.	-40.6	-0.3	-	-	-30.1	-	-	-1.8	-	-	-1.1	-8.4	-	-	-11.7
Sep.	-32.4	1.4	-	-	-30.7	-	-	-7.0	-	-	-5.6	3.8	-	-	4.0
Oct.	24.7	4.8	-	-	10.2	-	-	8.4	-	-	-1.0	1.3	-	-	7.7
Nov.	-9.3	-2.1	-	-	-19.1	-	-	6.0	-	-	4.2	5.9	-	-	2.9
	Growth rates														
2010	3.7	-12.7	-12.5	-9.9	0.4	0.1	23.4	34.0	-3.1	54.0	32.8	7.7	4.2	7.2	12.7
2011	3.5	-5.4	-5.5	40.4	1.8	0.8	75.3	0.9	-3.2	1.0	51.5	7.3	3.8	6.7	11.4
2012 Q1	3.5	-11.8	-12.1	43.2	0.8	0.2	33.8	0.2	-4.0	0.5	56.2	9.4	7.9	8.6	15.9
Q2	2.4	-27.0	-27.3	40.1	-1.1	-2.0	48.0	5.0	-3.9	7.7	64.2	9.9	9.1	9.8	11.7
Q3	-0.8	-8.1	-8.2	-1.0	-5.0	-5.6	26.9	3.0	-24.4	6.3	47.0	7.3	6.6	7.7	9.1

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2010	5,099.5	269.1	266.1	3.0	3,491.0	3,445.0	46.0	148.0	0.0	141.8	6.2	1,191.5	202.7	842.1	146.7
2011	5,129.9	408.9	406.1	2.8	3,208.3	3,140.6	67.6	223.9	0.1	217.1	6.8	1,288.8	224.0	871.7	193.2
2012 Q2	5,266.2	413.4	411.8	1.6	3,316.8	3,237.6	79.2	238.4	0.1	231.7	6.7	1,297.5	238.5	849.0	210.0
Q3	5,166.8	432.0	430.8	1.3	3,206.5	3,125.0	81.5	231.7	0.1	225.0	6.6	1,296.6	234.5	843.6	218.5
	Transactions														
2009	-703.8	-233.0	-233.2	0.2	-352.8	-341.6	-11.2	17.2	0.0	17.2	0.0	-135.2	0.3	-118.9	-16.6
2010	136.7	8.9	6.3	2.6	-9.3	-15.2	5.9	65.6	0.0	65.1	0.5	71.4	15.9	29.3	26.2
2011	14.7	134.6	134.8	-0.2	-288.9	-327.6	38.7	74.1	0.0	74.0	0.0	94.9	10.4	65.7	18.8
2012 Q1	177.5	-71.5	-71.7	0.1	187.1	190.5	-3.5	7.3	0.0	7.3	0.0	54.6	7.4	22.2	25.1
Q2	-28.8	73.4	74.7	-1.3	-116.0	-130.2	14.2	7.3	0.0	6.9	0.5	6.5	0.0	12.8	-6.3
Q3	-37.9	21.0	21.3	-0.3	-89.1	-93.2	4.1	-4.4	0.0	-4.4	0.0	34.6	0.4	19.0	15.1
2012 July	31.9	28.6	-	-	-25.0	-	-	1.2	-	-	-	27.1	-	-	-
Aug.	-47.9	-1.4	-	-	-42.2	-	-	-1.7	-	-	-	-2.5	-	-	-
Sep.	-22.0	-6.3	-	-	-21.9	-	-	-3.9	-	-	-	10.0	-	-	-
Oct.	-24.0	-12.4	-	-	-6.6	-	-	3.1	-	-	-	-8.2	-	-	-
Nov.	-70.8	1.9	-	-	-70.6	-	-	3.3	-	-	-	-5.3	-	-	-
	Growth rates														
2010	2.8	3.5	2.4	.	-0.2	-0.4	15.5	79.9	.	84.9	5.8	6.2	8.8	3.4	17.8
2011	0.3	50.6	51.2	.	-8.3	-9.6	89.7	50.4	.	52.6	0.2	8.1	5.2	7.9	12.9
2012 Q1	4.0	20.0	19.1	.	-1.1	-1.9	45.9	30.5	.	30.9	16.6	10.8	7.0	10.9	12.8
Q2	3.2	42.5	43.3	.	-4.0	-5.2	74.8	25.3	.	25.6	15.9	10.6	6.6	11.4	10.1
Q3	-0.3	35.2	36.0	.	-7.3	-8.1	37.7	9.2	.	9.0	16.5	8.2	3.6	9.4	5.6

Source: ECB.

7.3 Financial account

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

7. Reserve assets [1)]

	Reserve assets														Memo items		
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange								Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allo-cations
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities				Financial derivatives				
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.0	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011	667.1	422.1	346.846	54.0	30.2	160.9	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012 Q1	671.2	431.7	346.847	52.5	30.9	155.8	4.5	7.6	143.5	0.7	129.6	13.2	0.1	0.3	55.2	-42.7	54.7
Q2	701.5	440.3	346.825	54.3	33.4	173.0	5.1	8.6	159.7	0.6	137.4	21.7	-0.4	0.4	51.5	-41.9	56.9
Q3	733.8	476.4	346.827	53.8	34.2	168.9	5.4	8.2	155.2	0.2	136.1	18.9	0.2	0.5	39.9	-39.5	56.2
2012 Nov.	718.2	460.8	346.694	53.6	32.9	170.4	5.7	9.3	155.1	0.2	135.6	19.3	0.4	0.6	36.3	-39.7	55.7
Dec.	689.4	437.2	346.693	52.8	31.9	166.8	6.1	8.8	151.3	0.2	130.9	20.2	0.6	0.6	32.8	-35.0	55.0
	Transactions																
2009	-4.6	-2.0	-	0.5	3.4	-6.5	3.1	-1.2	-9.6	0.0	-14.2	4.6	1.2	0.0	-	-	-
2010	10.5	0.0	-	-0.1	4.9	5.6	-5.4	6.6	4.3	0.0	10.6	-6.3	0.0	0.0	-	-	-
2011	10.2	0.1	-	-1.6	12.9	-1.2	-2.3	-8.3	9.3	0.1	15.9	-6.8	0.0	0.0	-	-	-
2012 Q1	2.1	0.0	-	-0.3	1.3	0.7	-0.1	-0.3	0.9	-0.1	-1.1	2.1	0.2	0.3	-	-	-
Q2	9.0	0.0	-	-0.3	1.3	7.8	0.8	0.7	6.3	-0.1	-0.3	6.7	0.0	0.2	-	-	-
Q3	0.1	0.0	-	0.0	1.1	-1.1	0.7	-0.2	-1.7	-0.3	1.2	-2.6	0.0	0.1	-	-	-
	Growth rates																
2008	1.0	-1.3	-	-2.5	105.5	1.7	67.8	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009	-1.3	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010	2.0	0.0	-	-0.1	46.7	3.7	-43.3	75.9	3.6	-5.2	10.3	-24.5	-	-	-	-	-
2011	1.6	0.0	-	-3.0	82.3	-1.2	-30.0	-52.6	6.9	27.4	14.3	-45.2	-	-	-	-	-
2012 Q1	-0.1	0.0	-	-1.2	34.5	-4.7	-13.7	-61.7	3.7	-7.7	9.4	-38.2	-	-	-	-	-
Q2	2.1	0.0	-	-1.4	34.2	3.7	10.9	-40.6	7.6	-20.6	8.8	-7.9	-	-	-	-	-
Q3	2.7	0.0	-	-1.7	25.4	7.6	20.3	-25.3	9.7	-53.5	6.9	41.2	-	-	-	-	-

8. Gross external debt

	Total	By instrument						By sector (excluding direct investment)			
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2009	10,332.9	4,467.5	525.7	3,523.2	176.9	184.9	1,454.8	1,966.1	251.9	4,579.8	2,080.3
2010	10,850.0	4,694.9	454.0	3,841.4	202.7	201.9	1,455.1	2,143.7	269.1	4,750.4	2,231.8
2011	11,029.9	4,635.5	443.5	4,142.3	224.0	270.4	1,314.3	2,312.6	408.9	4,569.0	2,425.2
2012 Q1	11,097.9	4,711.3	458.4	4,110.8	233.7	279.2	1,304.5	2,356.9	334.2	4,676.6	2,425.6
Q2	11,808.0	4,730.1	469.4	4,151.2	238.6	297.5	1,921.2	2,388.1	413.4	4,637.1	2,448.2
Q3	11,797.9	4,624.4	432.6	4,242.4	234.5	307.9	1,956.0	2,449.4	432.0	4,514.1	2,446.3
	Outstanding amounts as a percentage of GDP										
2009	115.8	50.1	5.9	39.5	2.0	2.1	16.3	22.0	2.8	51.3	23.3
2010	118.3	51.2	5.0	41.9	2.2	2.2	15.9	23.4	2.9	51.8	24.3
2011	117.1	49.2	4.7	44.0	2.4	2.9	14.0	24.6	4.3	48.5	25.8
2012 Q1	117.5	49.9	4.9	43.5	2.5	3.0	13.8	25.0	3.5	49.5	25.7
Q2	124.8	50.0	5.0	43.9	2.5	3.1	20.3	25.2	4.4	49.0	25.9
Q3	124.5	48.8	4.6	44.8	2.5	3.2	20.6	25.8	4.6	47.6	25.8

Source: ECB.

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

7.3 Financial account

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

9. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2011	Outstanding amounts (international investment position)														
Direct investment	1,172.7	260.7	-10.6	-13.0	11.4	274.1	-1.3	84.4	73.2	-22.1	125.2	40.0	-146.5	-0.3	758.2
Abroad	5,564.7	1,541.1	28.7	142.2	1,049.2	321.1	0.0	183.8	85.1	74.5	526.0	1,082.9	487.1	0.0	1,584.3
Equity/reinvested earnings	4,230.1	1,128.4	23.9	78.5	776.0	249.9	0.0	146.2	68.4	53.7	394.6	743.1	402.2	0.0	1,293.5
Other capital	1,334.6	412.8	4.7	63.7	273.2	71.1	0.0	37.5	16.6	20.8	131.4	339.8	84.9	0.0	290.7
In the euro area	4,392.0	1,280.4	39.2	155.2	1,037.8	47.0	1.3	99.4	11.9	96.6	400.8	1,042.9	633.5	0.4	826.0
Equity/reinvested earnings	3,337.2	1,052.4	26.1	142.6	855.5	27.0	1.2	83.4	6.3	76.9	236.0	789.1	370.2	0.1	722.7
Other capital	1,054.7	228.0	13.2	12.6	182.2	20.0	0.0	16.0	5.6	19.7	164.8	253.8	263.3	0.3	103.3
Portfolio investment assets	4,762.6	1,536.9	84.5	199.5	1,005.5	99.4	148.0	100.7	52.5	208.0	124.3	1,557.1	384.9	35.2	763.0
Equity	1,703.4	341.8	10.9	41.6	275.9	13.2	0.1	39.1	48.7	90.4	102.0	553.1	215.8	1.4	311.0
Debt instruments	3,059.2	1,195.1	73.6	157.9	729.6	86.2	147.9	61.6	3.9	117.6	22.2	1,004.0	169.1	33.8	452.0
Bonds and notes	2,592.9	1,050.8	68.5	124.8	629.5	83.8	144.2	56.8	2.7	46.3	15.4	828.0	155.1	32.7	405.1
Money market instruments	466.3	144.3	5.1	33.0	100.1	2.4	3.7	4.8	1.2	71.3	6.9	175.9	13.9	1.0	46.9
Other investment	-252.8	-287.0	45.5	-30.0	-154.0	72.1	-220.6	-10.1	-13.5	10.9	-75.1	63.8	82.8	-71.6	47.1
Assets	4,877.2	2,159.9	92.3	91.0	1,777.6	182.7	16.3	26.8	46.1	99.5	257.4	763.5	589.1	36.7	898.2
General government	162.8	63.9	1.5	4.1	44.3	1.3	12.7	1.8	3.2	2.3	1.0	8.5	2.4	30.4	49.3
MFIs	3,103.3	1,497.4	71.9	49.7	1,225.7	147.2	2.9	14.7	20.9	80.2	130.1	473.3	439.6	5.7	441.4
Other sectors	1,611.1	598.7	19.0	37.2	507.7	34.2	0.7	10.2	22.0	17.0	126.3	281.6	147.1	0.6	407.5
Liabilities	5,129.9	2,446.9	46.8	121.0	1,931.6	110.6	236.9	36.8	59.6	88.6	332.5	699.7	506.3	108.3	851.1
General government	223.9	118.2	0.1	0.4	53.5	0.1	64.1	0.1	0.1	0.1	1.2	33.2	1.4	66.6	3.1
MFIs	3,617.1	1,757.9	36.4	84.8	1,436.3	85.5	115.0	24.8	30.8	61.4	256.7	416.0	414.0	38.8	616.7
Other sectors	1,288.8	570.8	10.3	35.8	441.8	25.0	57.8	11.9	28.8	27.0	74.6	250.4	91.0	3.0	231.4
2011 Q4 to 2012 Q3	Cumulated transactions														
Direct investment	81.2	72.4	-0.7	0.2	62.1	10.8	0.0	11.0	7.6	-2.6	-24.9	-80.5	24.9	0.0	73.2
Abroad	325.6	120.2	1.2	3.8	101.9	13.2	0.0	18.3	11.5	-1.7	-9.1	43.6	39.2	0.0	103.7
Equity/reinvested earnings	287.6	108.6	1.0	2.3	91.2	14.1	0.0	17.1	9.0	-3.2	-8.7	45.3	35.0	0.0	84.5
Other capital	38.0	11.6	0.3	1.5	10.7	-0.9	0.0	1.2	2.5	1.5	-0.3	-1.8	4.2	0.0	19.2
In the euro area	244.4	47.8	1.9	3.6	39.8	2.4	0.0	7.3	3.9	0.9	15.9	124.0	14.2	0.0	30.5
Equity/reinvested earnings	221.9	47.4	1.5	3.9	36.8	5.2	0.0	11.6	1.6	3.0	-4.0	135.8	-0.2	0.0	26.8
Other capital	22.5	0.4	0.4	-0.2	3.0	-2.8	0.0	-4.3	2.3	-2.1	19.9	-11.7	14.4	0.0	3.7
Portfolio investment assets	62.3	10.1	4.7	24.9	-44.7	2.1	23.1	5.4	1.2	-10.7	-3.1	19.6	-37.6	-3.0	80.5
Equity	-36.5	4.0	1.4	2.4	-0.2	0.4	0.0	4.9	0.6	-6.8	-0.3	-26.0	-19.6	0.0	6.7
Debt instruments	98.9	6.0	3.3	22.4	-44.5	1.8	23.1	0.5	0.6	-3.8	-2.8	45.6	-18.0	-3.0	73.8
Bonds and notes	59.2	-16.2	3.6	14.6	-60.1	2.9	22.8	-0.1	0.0	-3.0	0.0	32.8	-15.4	-3.4	64.7
Money market instruments	39.7	22.3	-0.3	7.8	15.6	-1.1	0.2	0.6	0.6	-0.8	-2.8	12.8	-2.6	0.5	9.1
Other investment	-32.3	74.2	-13.0	-36.6	151.7	-24.1	-3.9	6.5	-22.3	-12.8	-27.6	36.4	-19.8	-12.1	-54.9
Assets	-45.5	-5.0	-2.1	2.1	9.2	-15.1	0.9	0.8	4.0	-1.3	1.6	-11.2	-56.4	-3.0	25.0
General government	3.7	12.2	-0.2	-0.1	12.6	-0.1	0.0	0.1	0.0	-1.1	0.0	-2.9	-0.9	0.2	-3.7
MFIs	-163.8	-35.9	-4.3	0.2	-15.2	-17.5	0.9	0.1	5.3	-1.3	-2.9	-47.2	-58.6	-3.2	-20.2
Other sectors	114.6	18.6	2.3	1.9	11.9	2.5	0.0	0.6	-1.3	1.0	4.6	38.9	3.1	0.1	49.0
Liabilities	-13.2	-79.2	10.8	38.7	-142.5	9.0	4.8	-5.8	26.3	11.5	29.2	-47.6	-36.6	9.1	79.9
General government	19.6	-5.6	0.2	0.1	-18.5	0.0	12.6	0.0	0.0	0.0	-0.5	-3.8	-0.2	26.8	2.9
MFIs	-136.6	-109.5	14.6	37.6	-160.9	10.7	-11.6	-6.6	24.4	9.1	30.2	-65.0	-45.0	-17.8	43.6
Other sectors	103.8	35.9	-4.0	1.0	36.9	-1.7	3.8	0.8	1.9	2.3	-0.5	21.2	8.6	0.0	33.5

Source: ECB.

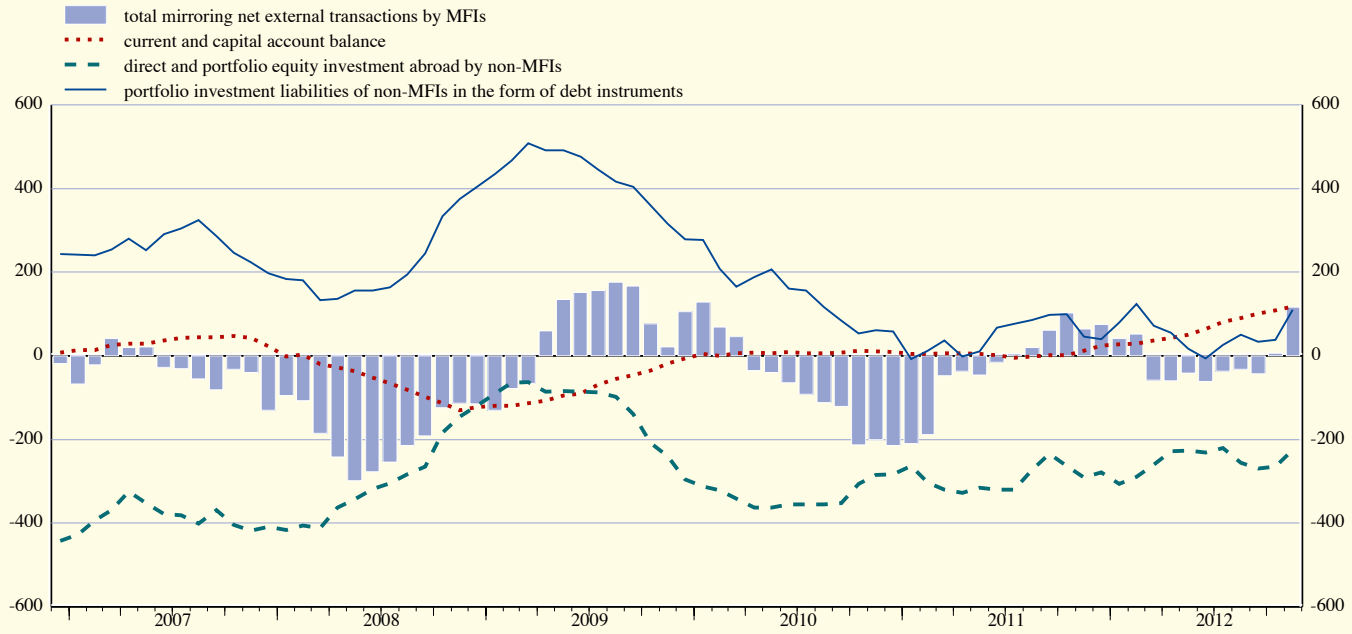
7.4 Monetary presentation of the balance of payments [1)]

(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2009	105.7	-5.5	-325.6	280.9	-51.8	-126.4	72.1	278.0	94.5	-117.7	19.0	-11.8
2010	-213.7	9.6	-338.5	262.6	-73.2	-249.5	139.8	57.7	-159.9	136.9	17.7	-17.0
2011	74.4	23.9	-393.1	250.9	55.2	-49.9	79.3	39.6	-117.2	169.0	-4.9	21.4
2011 Q3	20.2	8.5	-79.7	42.6	45.7	-3.8	3.1	-9.3	-60.6	81.8	-10.7	2.6
Q4	-31.3	42.7	-124.2	86.0	28.1	4.9	-17.5	-63.7	6.4	17.4	-10.9	-0.5
2012 Q1	-54.3	-2.6	-76.9	70.7	-17.2	-85.4	31.5	27.3	-56.0	62.0	-6.7	-1.0
Q2	4.2	16.0	-68.4	48.5	18.4	-17.5	10.9	39.7	-52.6	13.8	-9.1	4.4
Q3	38.3	44.5	-60.3	32.5	-5.6	-48.2	20.7	30.7	-16.1	30.2	-0.6	10.5
2011 Nov.	-38.9	11.9	-53.4	1.7	17.6	-1.1	1.4	-22.8	4.7	-5.0	-3.8	10.0
Dec.	44.1	25.1	-38.9	48.5	5.7	-2.5	19.2	-44.1	34.7	4.7	-5.1	-3.4
2012 Jan.	-49.8	-11.3	-33.3	35.7	-2.0	-23.2	-6.1	1.5	-21.4	24.4	-6.2	-7.9
Feb.	13.7	-1.8	-21.0	21.9	-5.6	-35.6	0.2	52.3	-18.7	22.3	4.4	-4.7
Mar.	-18.2	10.5	-22.6	13.1	-9.6	-26.6	37.4	-26.4	-15.9	15.2	-4.9	11.6
Apr.	-28.6	2.5	-27.2	22.4	-2.5	-8.8	-3.8	-12.1	2.8	-4.2	0.8	1.3
May	18.7	-3.5	-14.6	21.6	8.4	-8.9	-1.2	32.2	-32.6	22.8	-7.0	1.6
June	14.1	17.0	-26.6	4.5	12.5	0.2	15.9	19.5	-22.8	-4.7	-2.8	1.5
July	11.2	21.3	-11.4	7.1	3.7	-17.1	-0.4	11.8	-29.5	28.3	-2.3	-0.3
Aug.	20.5	9.9	-23.8	39.4	-0.1	-17.7	-2.0	6.0	10.2	-4.3	3.5	-0.7
Sep.	6.5	13.3	-25.2	-14.0	-9.2	-13.5	23.2	12.9	3.2	6.2	-1.8	11.5
Oct.	12.6	13.4	-19.8	10.5	-3.2	-16.4	32.8	7.6	-9.7	-5.1	4.0	-1.5
Nov.	71.5	21.4	4.4	7.4	-1.5	-25.3	15.0	49.2	-11.9	-2.1	10.2	4.7
	12-month cumulated transactions											
2012 Nov.	116.5	117.8	-260.0	218.2	-3.3	-195.3	130.1	110.5	-111.7	103.6	-7.3	13.7

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

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

7.5 Trade in goods

1. Values and volumes by product group [1)]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2010	20.0	22.5	1,533.1	765.4	311.7	421.0	1,268.6	1,550.7	948.5	229.9	349.0	1,019.4	250.3
2011	13.2	13.2	1,745.1	879.3	353.2	474.8	1,427.7	1,759.1	1,126.5	240.1	367.4	1,105.7	321.1
2011 Q4	8.7	5.5	446.7	223.2	90.9	122.4	364.9	437.0	279.9	59.8	91.8	270.6	84.1
2012 Q1	8.5	3.7	463.2	232.7	94.6	126.3	376.1	452.8	290.9	61.2	92.0	274.9	88.5
Q2	8.1	1.1	466.7	230.1	96.6	129.0	382.0	446.4	285.4	62.0	91.1	275.2	88.1
Q3	7.2	0.2	472.9	232.3	96.3	132.0	385.8	446.7	283.0	61.6	93.0	273.4	90.5
2012 June	12.0	2.8	158.3	77.9	32.6	43.5	127.8	149.1	94.9	21.6	30.7	91.4	29.6
July	11.0	2.7	155.0	76.0	31.6	43.7	127.0	148.0	92.7	21.0	31.0	92.2	29.0
Aug.	10.1	2.2	160.2	79.2	32.2	44.7	133.0	151.6	96.5	20.9	31.3	93.6	31.8
Sep.	1.0	-4.2	157.7	77.1	32.4	43.6	125.8	147.1	93.8	19.7	30.7	87.6	29.7
Oct.	14.2	7.4	155.8	77.2	31.3	43.0	126.2	148.3	95.4	19.9	31.2	91.3	31.7
Nov.	5.4	-0.3	157.1	77.8	32.6	43.5	127.5	146.1	93.7	19.5	30.5	88.2	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2010	14.9	10.7	137.1	132.9	138.6	144.4	134.0	121.4	113.7	132.3	143.7	128.2	104.8
2011	7.8	3.0	148.6	143.6	153.0	155.9	145.6	125.0	118.1	136.4	144.6	134.1	101.7
2011 Q4	3.5	-2.5	150.6	144.5	155.4	158.6	147.4	122.7	115.8	134.5	142.3	130.8	104.0
2012 Q1	4.4	-1.8	152.9	147.7	160.0	159.3	149.7	122.9	116.2	132.4	139.3	129.8	99.9
Q2	3.7	-3.5	153.3	145.7	161.7	162.1	151.2	121.2	114.1	133.3	138.0	129.6	100.8
Q3	2.5	-5.6	153.6	146.1	158.5	162.8	151.0	119.8	112.8	129.8	136.0	126.0	105.4
2012 May	1.5	-4.7	152.0	144.5	159.5	161.1	154.1	121.0	113.0	134.5	138.7	133.7	99.1
June	7.3	-1.2	155.7	148.0	162.4	163.9	151.2	121.7	115.4	136.9	137.6	127.4	108.4
July	6.5	-1.6	151.7	144.3	156.2	162.3	149.3	121.3	113.8	132.8	136.7	127.9	109.4
Aug.	4.8	-4.3	155.5	148.4	158.8	164.9	155.6	120.9	114.2	132.2	136.0	128.8	108.6
Sep.	-3.4	-10.6	153.5	145.6	160.5	161.3	148.1	117.0	110.2	124.4	135.4	121.5	98.3
Oct.	10.5	2.4	152.5	145.9	157.3	159.9	149.2	119.8	113.5	129.5	139.4	128.2	108.2

2. Prices [2)]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3)]							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total					Memo item: Manufacturing	Total (index: 2005 = 100)	Total					Memo item: Manufacturing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	110.5	4.0	5.8	1.4	2.2	23.3	4.0	118.8	8.9	4.7	-0.4	3.8	26.1	3.9
2012	113.3	2.6	1.0	2.2	2.5	10.7	2.5	.	.	.	.	.	.	.
2012 Q2	113.2	2.6	1.0	2.5	2.6	8.4	2.5	122.5	3.1	0.1	1.9	3.3	6.1	1.8
Q3	113.9	2.8	0.6	2.6	2.8	12.3	2.8	123.3	3.7	0.4	2.7	3.9	7.2	2.6
Q4	113.1	1.8	0.7	1.6	2.2	5.2	1.8	.	.	.	.	.	.	.
2012 July	113.5	2.5	0.4	2.8	2.7	7.0	2.5	122.5	3.0	0.5	3.2	4.4	4.1	2.6
Aug.	114.3	3.4	0.7	2.7	2.9	17.0	3.4	124.3	5.0	0.6	2.8	4.5	11.2	3.1
Sep.	113.9	2.6	0.7	2.2	2.6	13.0	2.6	123.2	3.1	0.2	2.2	2.8	6.4	2.2
Oct.	113.4	2.3	0.8	1.8	2.5	10.0	2.4	122.1	2.2	0.7	1.5	2.5	4.2	2.0
Nov.	113.2	2.0	0.8	1.7	2.3	4.3	1.9	121.7	1.5	0.7	1.1	2.4	1.9	1.6
Dec.	112.7	1.2	0.6	1.1	1.9	1.2	1.2	.	.	.	.	.	.	.

Source: Eurostat.

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

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

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

7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2010	1,533.1	30.2	52.6	194.7	208.3	63.0	92.8	47.4	180.6	356.6	94.8	34.6	104.0	73.4	129.4
2011	1,745.1	32.9	60.4	213.4	241.5	79.8	109.2	56.7	200.6	406.4	115.5	39.4	112.1	84.6	147.7
2011 Q2	432.2	8.2	15.4	52.5	60.6	19.7	26.2	14.3	49.1	98.7	27.4	9.5	27.2	20.7	39.5
Q3	435.8	8.4	15.6	53.7	61.4	20.6	28.9	13.6	49.1	101.7	28.8	10.1	28.2	21.5	33.3
Q4	446.7	8.3	14.4	54.1	60.2	20.9	28.3	13.5	52.2	106.2	30.6	10.5	28.7	22.4	37.5
2012 Q1	463.2	8.4	15.1	56.5	61.3	22.1	29.4	14.6	55.7	109.5	31.3	10.6	31.0	23.7	36.0
Q2	466.7	8.5	14.8	57.2	61.1	22.7	29.2	14.6	55.9	109.2	30.3	11.4	31.3	24.3	37.9
Q3	472.9	8.4	14.8	57.9	61.6	22.9	29.3	14.9	58.4	110.3	29.8	11.6	31.2	24.5	38.7
2012 June	158.3	2.9	5.0	18.6	20.4	7.7	9.5	4.8	18.8	37.4	10.5	3.9	10.2	8.0	14.9
July	155.0	2.8	4.9	18.7	20.3	7.6	9.5	4.7	19.1	35.9	9.9	3.9	10.3	7.9	13.2
Aug.	160.2	2.8	5.2	20.2	21.2	7.8	10.1	5.2	20.0	37.7	10.2	3.9	10.4	8.6	11.1
Sep.	157.7	2.8	4.8	18.9	20.1	7.6	9.6	4.9	19.3	36.7	9.8	3.8	10.5	8.1	14.4
Oct.	155.8	2.8	4.8	19.6	20.8	7.6	9.7	5.0	18.1	36.0	9.8	3.9	10.8	8.2	12.5
Nov.	157.1	.	.	.	.	7.8	10.1	5.3	18.1	37.8	9.9	3.9	10.5	8.2	.
	Percentage share of total exports														
2011	100.0	1.9	3.5	12.2	13.8	4.6	6.3	3.3	11.5	23.3	6.6	2.3	6.4	4.8	8.5
	Imports (c.i.f.)														
2010	1,550.7	27.4	47.3	147.8	195.4	112.2	72.7	30.7	129.8	494.7	208.6	51.4	118.8	75.3	98.5
2011	1,759.1	29.9	53.2	166.9	226.8	138.0	81.7	35.0	140.8	552.1	218.6	52.6	129.0	91.1	114.6
2011 Q2	441.1	7.6	13.5	41.4	56.6	34.2	19.7	8.9	34.7	139.8	55.7	12.6	31.0	22.2	31.6
Q3	442.3	7.4	13.7	42.3	57.2	33.1	22.3	8.6	34.9	140.7	55.0	13.3	31.2	23.5	27.4
Q4	437.0	7.6	12.7	42.2	57.3	35.0	20.2	8.5	35.7	134.9	52.7	12.9	31.8	23.7	27.3
2012 Q1	452.8	7.2	13.2	42.5	57.3	37.7	20.0	8.5	37.7	136.4	53.4	12.5	38.7	23.7	29.8
Q2	446.4	7.3	13.1	41.4	56.9	34.6	19.7	8.3	37.7	136.3	55.8	12.6	38.1	23.0	29.9
Q3	446.7	7.2	13.7	42.4	58.1	33.3	21.5	8.3	39.0	132.0	53.4	12.2	39.8	23.2	28.1
2012 June	149.1	2.5	4.2	13.2	19.0	10.6	6.8	2.7	12.8	46.6	18.5	4.2	12.0	7.4	11.3
July	148.0	2.4	4.6	14.3	18.9	10.1	7.1	2.8	13.2	44.2	18.5	4.1	12.6	7.8	10.1
Aug.	151.6	2.4	4.7	14.1	19.9	11.6	7.7	2.8	13.2	44.7	17.9	4.1	13.8	8.0	8.6
Sep.	147.1	2.4	4.4	13.9	19.4	11.5	6.7	2.8	12.6	43.2	17.0	4.0	13.4	7.4	9.4
Oct.	148.3	2.4	4.5	13.7	19.6	12.3	6.8	3.0	12.5	43.7	16.8	3.8	13.4	7.5	9.1
Nov.	146.1	.	.	.	.	11.8	6.9	2.8	12.0	42.9	16.7	3.9	13.4	7.6	.
	Percentage share of total imports														
2011	100.0	1.7	3.0	9.5	12.9	7.8	4.6	2.0	8.0	31.4	12.4	3.0	7.3	5.2	6.5
	Balance														
2010	-17.6	2.7	5.3	46.9	12.9	-49.1	20.1	16.8	50.8	-138.1	-113.8	-16.8	-14.8	-1.8	30.9
2011	-14.0	3.0	7.2	46.5	14.7	-58.3	27.5	21.7	59.7	-145.7	-103.1	-13.2	-16.9	-6.6	33.1
2011 Q2	-8.9	0.6	1.9	11.1	4.0	-14.5	6.4	5.5	14.4	-41.1	-28.3	-3.1	-3.8	-1.5	8.0
Q3	-6.5	1.0	1.9	11.5	4.1	-12.6	6.6	5.0	14.3	-39.1	-26.2	-3.2	-3.1	-2.0	5.8
Q4	9.8	0.7	1.7	11.9	2.9	-14.1	8.1	5.0	16.4	-28.6	-22.1	-2.4	-3.1	-1.3	10.2
2012 Q1	10.5	1.1	1.9	14.0	4.0	-15.6	9.4	6.2	17.9	-26.9	-22.1	-1.9	-7.8	0.0	6.2
Q2	20.4	1.3	1.7	15.7	4.1	-11.9	9.4	6.3	18.2	-27.1	-25.4	-1.2	-6.8	1.4	8.1
Q3	26.2	1.2	1.2	15.5	3.4	-10.4	7.8	6.5	19.3	-21.8	-23.6	-0.6	-8.6	1.4	10.6
2012 June	9.2	0.4	0.8	5.4	1.4	-2.9	2.7	2.1	6.1	-9.2	-8.0	-0.2	-1.8	0.7	3.6
July	7.0	0.5	0.3	4.4	1.4	-2.5	2.4	2.0	5.9	-8.3	-8.7	-0.2	-2.3	0.1	3.1
Aug.	8.6	0.4	0.4	6.1	1.4	-3.9	2.4	2.4	6.7	-7.0	-7.7	-0.2	-3.4	0.6	2.5
Sep.	10.6	0.3	0.4	5.0	0.7	-4.0	3.0	2.1	6.7	-6.5	-7.2	-0.2	-2.9	0.6	5.0
Oct.	7.4	0.4	0.2	5.9	1.2	-4.7	2.9	2.0	5.5	-7.7	-7.0	0.1	-2.6	0.7	3.3
Nov.	11.0	.	.	.	.	-4.0	3.2	2.5	6.1	-5.1	-6.8	0.0	-2.9	0.6	.

Source: Eurostat.

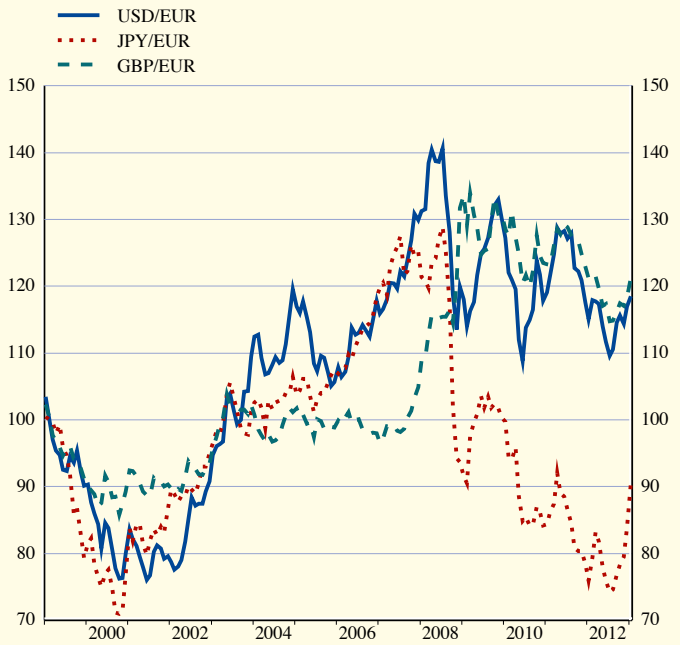
EXCHANGE RATES

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

	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2010	103.6	101.6	98.1	96.9	107.2	98.2	111.4	98.1
2011	103.4	100.7	97.6	95.1	105.5	96.3	112.1	97.6
2012	97.8	95.6	93.3	.	.	.	107.0	92.9
2011 Q4	102.1	99.4	96.3	93.5	101.4	93.0	111.6	97.0
2012 Q1	99.5	96.9	94.4	91.4	99.8	90.3	108.3	94.0
Q2	98.2	95.9	93.3	90.2	98.4	88.7	107.4	93.3
Q3	95.9	93.8	91.7	87.8	96.1	86.3	105.1	91.3
Q4	97.8	95.8	93.7	.	.	.	107.4	93.1
2012 Jan.	98.9	96.3	93.7	-	-	-	108.0	93.7
Feb.	99.6	97.2	94.6	-	-	-	108.4	94.1
Mar.	99.8	97.3	94.9	-	-	-	108.6	94.3
Apr.	99.5	97.2	94.5	-	-	-	108.4	94.2
May	98.0	95.7	93.2	-	-	-	107.2	93.1
June	97.2	94.9	92.3	-	-	-	106.6	92.5
July	95.3	93.2	90.9	-	-	-	104.4	90.7
Aug.	95.2	93.2	91.1	-	-	-	104.3	90.7
Sep.	97.2	94.9	93.1	-	-	-	106.6	92.5
Oct.	97.8	95.5	93.6	-	-	-	107.2	92.8
Nov.	97.2	95.3	93.1	-	-	-	106.7	92.6
Dec.	98.7	96.6	94.5	-	-	-	108.2	93.8
2013 Jan.	100.4	98.2	96.0	-	-	-	109.8	95.1
	Percentage change versus previous month							
2013 Jan.	1.7	1.7	1.6	-	-	-	1.5	1.4
	Percentage change versus previous year							
2013 Jan.	1.4	2.0	2.4	-	-	-	1.7	1.5

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

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



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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2011	1.9558	24.590	7.4506	0.7063	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	7.4390	2.3378
2012	1.9558	25.149	7.4437	0.6973	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	7.5217	2.3135
2012 Q2	1.9558	25.269	7.4349	0.6981	3.4528	293.98	4.2595	4.4293	8.9133	0.80998	7.5280	2.3157
Q3	1.9558	25.082	7.4457	0.6963	3.4528	283.05	4.1366	4.5255	8.4354	0.79153	7.4732	2.2560
Q4	1.9558	25.167	7.4590	0.6963	3.4528	283.25	4.1123	4.5288	8.6230	0.80740	7.5290	2.3272
2012 July	1.9558	25.447	7.4384	0.6963	3.4528	286.28	4.1837	4.5549	8.5451	0.78827	7.5006	2.2281
Aug.	1.9558	25.021	7.4454	0.6963	3.4528	278.93	4.0934	4.5176	8.2805	0.78884	7.4853	2.2291
Sep.	1.9558	24.752	7.4539	0.6962	3.4528	284.22	4.1345	4.5022	8.4929	0.79821	7.4291	2.3177
Oct.	1.9558	24.939	7.4582	0.6962	3.4528	282.09	4.1071	4.5624	8.6145	0.80665	7.5140	2.3384
Nov.	1.9558	25.365	7.4587	0.6962	3.4528	282.26	4.1321	4.5273	8.6076	0.80389	7.5410	2.3010
Dec.	1.9558	25.214	7.4604	0.6965	3.4528	285.79	4.0956	4.4899	8.6512	0.81237	7.5334	2.3439
2013 Jan.	1.9558	25.563	7.4614	0.6978	3.4528	294.01	4.1424	4.3835	8.6217	0.83271	7.5746	2.3543
	Percentage change versus previous month											
2013 Jan.	0.0	1.4	0.0	0.2	0.0	2.9	1.1	-2.4	-0.3	2.5	0.5	0.4
	Percentage change versus previous year											
2013 Jan.	0.0	0.1	0.4	-0.2	0.0	-4.3	-5.3	1.0	-2.6	0.1	0.3	-0.9

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee 1)	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22
2010	1.4423	2.3314	1.3651	8.9712	10.2994	60.5878	12,041.70	4.9457	116.24	4.2668
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73	4.9536	102.49	3.9672
2012 Q2	1.2699	2.5167	1.2949	8.1072	9.9460	69.3757	11,932.86	4.9021	102.59	3.9918
Q3	1.2035	2.5359	1.2447	7.9410	9.6962	68.9706	11,876.24	4.9818	98.30	3.9029
Q4	1.2484	2.6671	1.2850	8.1036	10.0506	70.2047	12,473.53	4.9853	105.12	3.9632
2012 July	1.1931	2.4914	1.2461	7.8288	9.5308	68.1061	11,605.16	4.9042	97.07	3.8914
Aug.	1.1841	2.5170	1.2315	7.8864	9.6177	68.8632	11,777.55	4.9779	97.58	3.8643
Sep.	1.2372	2.6066	1.2583	8.1273	9.9686	70.0452	12,287.93	5.0717	100.49	3.9599
Oct.	1.2596	2.6333	1.2801	8.1390	10.0574	68.8589	12,457.30	4.9976	102.47	3.9649
Nov.	1.2331	2.6512	1.2787	7.9998	9.9423	70.3250	12,343.83	4.9970	103.94	3.9230
Dec.	1.2527	2.7264	1.2984	8.1809	10.1679	71.6946	12,643.37	4.9570	109.71	4.0075
2013 Jan.	1.2658	2.6993	1.3189	8.2698	10.3027	72.0716	12,837.99	4.9706	118.34	4.0413
	Percentage change versus previous month									
2013 Jan.	1.0	-1.0	1.6	1.1	1.3	0.5	1.5	0.3	7.9	0.8
	Percentage change versus previous year									
2013 Jan.	2.0	16.9	0.9	1.5	2.8	9.1	9.6	1.1	19.1	0.7

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	23	24	25	26	27	28	29	30	31	32	33
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2012	16.9029	1.5867	7.4751	54.246	39.9262	1.6055	10.5511	1,447.69	1.2053	39.928	1.2848
2012 Q2	17.3620	1.6241	7.5582	54.813	39.8768	1.6200	10.4214	1,477.96	1.2015	40.101	1.2814
Q3	16.4690	1.5462	7.3910	52.377	39.9755	1.5594	10.3385	1,416.52	1.2035	39.207	1.2502
Q4	16.7805	1.5751	7.3664	53.387	40.3064	1.5855	11.2766	1,414.42	1.2080	39.778	1.2967
2012 July	16.4263	1.5390	7.4579	51.452	39.9467	1.5494	10.1379	1,404.11	1.2011	38.873	1.2288
Aug.	16.3600	1.5306	7.3239	52.173	39.6334	1.5480	10.2585	1,403.93	1.2011	38.974	1.2400
Sep.	16.6413	1.5721	7.3945	53.629	40.4006	1.5837	10.6512	1,444.65	1.2089	39.842	1.2856
Oct.	16.7207	1.5817	7.4076	53.691	40.3558	1.5879	11.2215	1,435.37	1.2098	39.811	1.2974
Nov.	16.7689	1.5660	7.3371	52.716	40.2505	1.5695	11.2986	1,395.13	1.2052	39.391	1.2828
Dec.	16.8664	1.5777	7.3503	53.796	40.3114	1.6009	11.3179	1,411.41	1.2091	40.187	1.3119
2013 Jan.	16.8760	1.5877	7.3821	54.105	40.1847	1.6326	11.6957	1,417.69	1.2288	39.924	1.3288
	Percentage change versus previous month										
2013 Jan.	0.1	0.6	0.4	0.6	-0.3	2.0	3.3	0.4	1.6	-0.7	1.3
	Percentage change versus previous year										
2013 Jan.	-2.5	-1.6	-3.8	-3.7	-0.6	-1.1	13.1	-3.9	1.5	-1.9	3.0

Source: ECB.

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

9 DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2011	3.4	2.1	2.7	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2012	2.4	3.5	2.4	2.3	3.2	5.7	3.7	3.4	0.9	2.8
2012 Q3	3.0	3.4	2.4	1.9	3.2	6.0	3.9	4.2	0.9	2.4
Q4	2.8	2.9	2.1	1.6	3.0	5.5	2.8	4.7	1.0	2.7
2012 Oct.	3.0	3.6	2.3	1.6	3.2	6.0	3.4	5.0	1.2	2.7
Nov.	2.7	2.8	2.2	1.5	2.8	5.3	2.7	4.4	0.8	2.7
Dec.	2.8	2.4	1.9	1.6	2.9	5.1	2.2	4.6	1.1	2.7
	General government deficit (-)/surplus (+) as a percentage of GDP									
2009	-4.3	-5.8	-2.7	-9.8	-9.4	-4.6	-7.4	-9.0	-0.7	-11.5
2010	-3.1	-4.8	-2.5	-8.1	-7.2	-4.4	-7.9	-6.8	0.3	-10.2
2011	-2.0	-3.3	-1.8	-3.4	-5.5	4.3	-5.0	-5.5	0.4	-7.8
	General government gross debt as a percentage of GDP									
2009	14.6	34.2	40.6	36.7	29.3	79.8	50.9	23.6	42.6	67.8
2010	16.2	37.8	42.9	44.5	37.9	81.8	54.8	30.5	39.5	79.4
2011	16.3	40.8	46.6	42.2	38.5	81.4	56.4	33.4	38.4	85.0
	Long-term government bond yield as a percentage per annum; period average									
2012 July	4.87	2.60	1.10	4.67	4.82	7.56	4.99	6.52	1.33	1.47
Aug.	4.28	2.38	1.15	4.45	4.84	7.36	4.88	6.84	1.44	1.49
Sep.	3.80	2.41	1.31	3.92	4.53	7.28	4.85	6.54	1.51	1.53
Oct.	3.39	2.24	1.29	3.52	4.32	6.94	4.57	6.85	1.54	1.54
Nov.	3.22	1.92	1.11	3.32	4.11	6.87	4.18	6.84	1.46	1.55
Dec.	3.44	2.12	1.07	3.24	4.00	6.44	3.88	6.65	1.51	1.60
	3-month interest rate as a percentage per annum; period average									
2012 July	2.14	1.06	0.41	0.75	1.11	8.00	5.13	5.11	2.10	0.82
Aug.	1.69	1.00	0.31	0.61	0.93	7.77	5.11	5.51	2.02	0.71
Sep.	1.60	0.87	0.32	0.58	0.81	-	4.95	5.47	1.69	0.65
Oct.	1.56	0.71	0.33	0.52	0.76	6.84	4.82	5.46	1.51	0.54
Nov.	1.45	0.54	0.30	0.54	0.73	-	4.62	5.64	1.46	0.52
Dec.	1.39	0.50	0.28	0.53	0.70	-	4.26	5.79	1.37	0.52
	Real GDP									
2011	1.7	1.9	1.1	5.5	5.9	1.6	4.3	2.5	3.7	0.9
2012	.	.	.	.	3.6	.	.	.	.	0.0
2012 Q2	0.5	-1.0	-1.2	4.8	3.2	-1.4	2.3	1.1	1.3	-0.3
Q3	0.5	-1.3	-0.4	5.2	3.2	-1.6	1.9	-0.6	0.7	0.0
Q4	.	.	.	.	3.1	.	.	.	.	0.0
	Current and capital account balance as a percentage of GDP									
2010	-0.7	-3.0	5.9	4.9	2.7	2.8	-3.3	-4.2	6.5	-3.1
2011	1.6	-2.5	5.9	0.0	-1.3	3.3	-2.9	-4.0	6.3	-1.2
2012 Q1	-6.6	2.6	2.8	-3.0	-9.7	1.7	-3.6	-0.2	7.7	-3.0
Q2	-2.9	-2.1	8.3	-1.1	7.3	4.1	0.1	-4.3	6.0	-4.1
Q3	10.0	-4.6	6.6	4.8	3.0	5.2	-0.9	-3.5	8.3	-3.8
	Gross external debt as a percentage of GDP									
2010	102.7	56.2	190.4	164.8	83.2	144.8	66.4	75.8	190.5	413.1
2011	93.1	57.9	183.1	145.0	77.8	147.2	71.9	73.7	195.3	425.0
2012 Q1	93.8	58.9	187.1	144.5	80.9	138.1	70.3	74.9	195.8	423.2
Q2	94.8	60.1	191.8	144.1	78.0	134.6	71.9	75.2	200.4	415.5
Q3	95.0	59.0	187.7	139.4	79.1	128.2	70.8	74.9	199.3	414.5
	Unit labour costs									
2010	5.6	0.0	-1.2	-10.4	-6.9	-0.9	1.3	7.7	-2.4	1.2
2011	1.1	1.1	0.1	5.2	-0.1	1.8	0.7	1.9	-0.5	1.6
2012 Q1	1.9	4.3	1.1	-1.3	3.9	5.5	0.0	4.6	1.6	4.3
Q2	0.7	3.3	2.0	-1.8	4.5	6.5	0.6	4.2	2.4	4.7
Q3	3.2	2.5	1.7	-2.6	2.9	5.6	1.5	-0.8	3.0	3.6
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2011	11.3	6.7	7.6	16.3	15.3	11.0	9.6	7.4	7.5	8.0
2012	12.2	7.0	7.7	.	13.0	.	10.2	7.0	7.7	.
2012 Q3	12.3	7.0	7.5	14.1	12.7	10.7	10.3	7.0	7.7	7.8
Q4	12.3	7.4	7.9	.	12.6	.	10.5	6.7	7.8	.
2012 Oct.	12.3	7.3	7.7	.	12.6	10.9	10.4	6.9	7.7	7.8
Nov.	12.4	7.4	7.9	.	12.7	10.9	10.5	6.7	8.1	.
Dec.	12.3	7.5	8.0	.	12.3	.	10.6	6.5	7.8	.

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

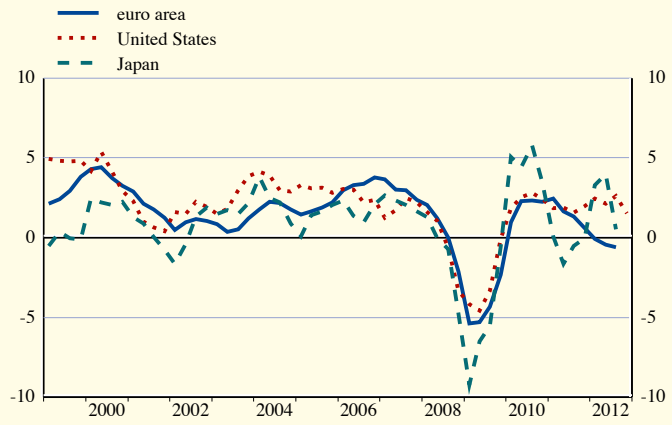
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Government deficit (-)/ surplus (+) as a % of GDP	Govern-ment debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2009	-0.4	-1.4	-3.1	-13.8	9.3	8.0	0.69	4.17	1.3948	-11.9	73.3
2010	1.6	-1.1	2.4	6.3	9.6	2.5	0.34	3.57	1.3257	-11.4	82.1
2011	3.2	1.9	1.8	4.8	8.9	7.3	0.34	2.10	1.3920	-10.2	86.0
2012	2.1	.	2.2	4.4	8.1	8.5	0.43	1.88	1.2848	.	.
2011 Q4	3.3	1.4	2.0	4.5	8.7	9.7	0.48	2.10	1.3482	-9.9	86.0
2012 Q1	2.8	0.2	2.4	5.3	8.3	10.1	0.51	2.38	1.3108	-8.7	87.7
Q2	1.9	0.5	2.1	5.5	8.2	9.6	0.47	1.83	1.2814	-8.8	88.2
Q3	1.7	0.1	2.6	4.0	8.0	7.0	0.43	1.77	1.2502	-8.6	88.7
Q4	1.9	.	1.5	2.8	7.8	7.5	0.32	1.88	1.2967	.	.
2012 Sep.	2.0	-	-	3.5	7.8	6.7	0.39	1.77	1.2856	-	-
Oct.	2.2	-	-	2.2	7.9	7.3	0.33	1.79	1.2974	-	-
Nov.	1.8	-	-	3.5	7.8	7.2	0.31	1.72	1.2828	-	-
Dec.	1.7	-	-	2.7	7.8	7.9	0.31	1.88	1.3119	-	-
2013 Jan.	.	-	-	.	7.9	.	0.30	2.14	1.3288	-	-
					Japan						
2009	-1.3	0.3	-5.5	-21.9	5.1	2.7	0.47	1.42	130.34	-8.8	180.1
2010	-0.7	-4.8	4.7	16.6	5.1	2.8	0.23	1.18	116.24	-8.3	188.3
2011	-0.3	0.8	-0.5	-2.5	4.6	2.7	0.19	1.00	110.96	-8.9	204.4
2012	0.0	.	.	-0.3	.	2.5	0.19	0.84	102.49	.	.
2011 Q4	-0.3	-	0.0	-1.7	4.5	3.0	0.20	1.00	104.22	.	.
2012 Q1	0.3	-	3.3	4.7	4.5	3.0	0.20	1.05	103.99	.	.
Q2	0.1	-	4.0	5.3	4.4	2.3	0.20	0.84	102.59	.	.
Q3	-0.4	-	0.5	-4.6	4.2	2.4	0.19	0.78	98.30	.	.
Q4	-0.2	-	.	-5.9	.	2.3	0.19	0.84	105.12	.	.
2012 Sep.	-0.3	-	-	-8.1	4.2	2.4	0.19	0.78	100.49	-	-
Oct.	-0.4	-	-	-4.5	4.2	2.3	0.19	0.78	102.47	-	-
Nov.	-0.2	-	-	-5.5	4.1	2.1	0.19	0.74	103.94	-	-
Dec.	-0.1	-	-	-7.8	.	2.6	0.18	0.84	109.71	-	-
2013 Jan.	.	-	-	.	.	.	0.17	0.80	118.34	-	-

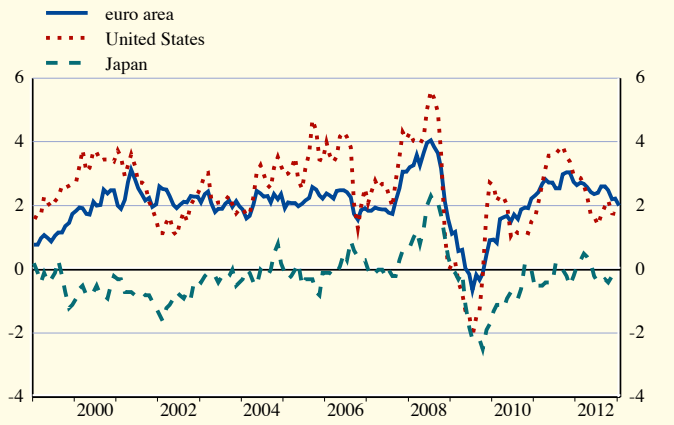
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

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

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TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

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

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

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

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

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:

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

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

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

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

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

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

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

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

CALCULATION OF BALANCING ITEMS

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

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

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

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

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

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

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

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

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

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

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

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

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

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

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

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

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

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

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

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

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are

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

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

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

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

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

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

GENERAL NOTES

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

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 6 February 2013.

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

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Estonia joined in 2011, bringing the number of euro area countries to 17. 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 17 (i.e. aggregating the data of all 17 countries currently in the euro area) for all years, despite the fact that the euro area has only had this composition since 1 January 2011. Unless otherwise indicated, the ECB's Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

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

For the HICP, as well as monetary aggregates and their counterparts, annual rates of change are compiled from chain-linked indices, with joining countries' series linked to the euro area series in the December index. Thus, if a country joins the euro area in January of a given year, annual rates

of change relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. Percentage changes are calculated on the basis of a chain-linked index, taking account of the changing composition of the euro area. Absolute changes for monetary aggregates and their counterparts (transactions) refer to the composition of the euro area at the time to which the statistics relate.

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

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

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

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

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

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

OVERVIEW

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

MONETARY POLICY STATISTICS

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

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

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

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

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

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

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

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

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

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

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

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2]. Detailed sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8[3] concerning statistics on the assets and liabilities of investment

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

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 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,

4 OJ L 15, 20.01.2009, p. 1.

the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

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

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

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

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

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

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

FINANCIAL MARKETS

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

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

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term".

Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

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

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car 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 and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains[7], has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2,

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

the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

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

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

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The annual deficit and debt data for the euro area aggregates may therefore differ from those published by the European Commission. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[13] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents non-seasonally adjusted quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly

13 OJ L 172, 12.7.2000, p. 3.

non-financial accounts for general government[14]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[15] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[16]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23)[17] was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area's b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata. The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly

14 OJ L 179, 9.7.2002, p. 1.
15 OJ L 354, 30.11.2004, p. 34.
16 OJ L 159, 20.6.2007, p. 48.
17 OJ L 65, 3.3.2012, p. 1.

b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions and international organisations (which, with the exception of the ECB and the European Stability Mechanism, are considered to be outside the euro area for statistical purposes, regardless of their physical location) as well as offshore centres. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem's international

reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are

available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 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. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

14 JANUARY AND 4 FEBRUARY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

4 MARCH 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010.

8 APRIL AND 6 MAY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations in May and June 2010.

10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

8 JULY AND 5 AUGUST 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2009 can be found in the ECB's Annual Report for the respective years.

2 SEPTEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 18 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

7 OCTOBER AND 4 NOVEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

2 DECEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

13 JANUARY AND 3 FEBRUARY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 MARCH 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

7 APRIL 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

5 MAY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively.

9 JUNE 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 October 2011, notably to continue its fixed rate tender procedures with full allotment.

7 JULY 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.50%, starting from the operation to be settled on 13 July 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.25% and 0.75% respectively, both with effect from 13 July 2011.

4 AUGUST 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on several measures to address renewed tensions in some financial markets. In particular, it decides that the Eurosystem will conduct a liquidity-providing supplementary longer-term refinancing operation with a maturity of approximately six months as a fixed rate tender procedure with full allotment. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 17 January 2012, notably to continue its fixed rate tender procedures with full allotment.

8 SEPTEMBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively.

6 OCTOBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on the details of its refinancing operations from October 2011 to 10 July 2012, notably to conduct two longer-term refinancing operations – one

with a maturity of approximately 12 months in October 2011, and another with a maturity of approximately 13 months in December 2011 – and to continue to apply fixed rate tender procedures with full allotment in all of its refinancing operations. In addition, the Governing Council decides to launch a new covered bond purchase programme in November 2011.

3 NOVEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 9 November 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 9 November 2011.

8 DECEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 14 December 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.75% and 0.25% respectively, both with effect from 14 December 2011. It also decides to adopt further non-standard measures, notably: (i) to conduct two longer-term refinancing operations with a maturity of approximately three years; (ii) to increase the availability of collateral; (iii) to reduce the reserve ratio to 1%; and (iv) to discontinue, for the time being, the fine-tuning operations carried out on the last day of each maintenance period.

12 JANUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

9 FEBRUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

8 MARCH, 4 APRIL AND 3 MAY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

6 JUNE 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

5 JULY 2012

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

2 AUGUST 2012

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

6 SEPTEMBER 2012

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

4 OCTOBER 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 AND 7 FEBRUARY 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.

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

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

STATUTORY PUBLICATIONS

- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

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

OTHER/TASK-RELATED PUBLICATIONS

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

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

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

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GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input

prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price

levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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