



EUROPEAN CENTRAL BANK

EUROSYSTEM

MONTHLY BULLETIN 02 | 2010

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FEBRUARY**

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## ABBREVIATIONS

### COUNTRIES

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

### OTHERS

BIS	Bank for International Settlements
b.o.p.	balance of payments
BPM5	IMF Balance of Payments Manual (5th edition)
CD	certificate of deposit
c.i.f.	cost, insurance and freight at the importer's border
CPI	Consumer Price Index
ECB	European Central Bank
EER	effective exchange rate
EMI	European Monetary Institute
EMU	Economic and Monetary Union
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
EU	European Union
EUR	euro
f.o.b.	free on board at the exporter's border
GDP	gross domestic product
HICP	Harmonised Index of Consumer Prices
HWWI	Hamburg Institute of International Economics
ILO	International Labour Organization
IMF	International Monetary Fund
MFI	monetary financial institution
NACE Rev. 1	Statistical classification of economic activities in the European Community
NCB	national central bank
OECD	Organisation for Economic Co-operation and Development
PPI	Producer Price Index
SITC Rev. 4	Standard International Trade Classification (revision 4)
ULCM	unit labour costs in manufacturing
ULCT	unit labour costs in the total economy

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



## EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 4 February 2010 to leave the key ECB interest rates unchanged. The current rates remain appropriate. Taking into account all the information and analyses that have become available since the Governing Council meeting on 14 January 2010, price developments are expected to remain subdued over the policy-relevant horizon. The latest information has also confirmed that euro area economic activity continued to expand around the turn of the year. Looking ahead, the Governing Council expects the euro area economy to grow at a moderate pace in 2010. The recovery process is likely to be uneven and the outlook remains subject to uncertainty. The outcome of the monetary analysis confirms the assessment of low inflationary pressure over the medium term. All in all, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Medium to longer-term inflation expectations remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

The latest information confirms that economic activity in the euro area continued to expand around the turn of the year. The euro area has been benefiting from a turn in the inventory cycle and a recovery in exports, as well as from the significant macroeconomic stimulus under way and the measures adopted to restore the functioning of the financial system. However, these stimuli will unwind over time, while activity is likely to be adversely affected by the ongoing process of balance sheet adjustment in the financial and non-financial sectors, both inside and outside the euro area. In addition, low capacity utilisation rates are likely to dampen investment, and unemployment in the euro area is expected to increase somewhat further, thereby lowering consumption growth. For these reasons, the euro area economy is expected to grow only at a moderate pace in 2010 and the recovery process could be uneven.

The Governing Council continues to view the risks to this outlook as broadly balanced. On the upside, confidence may improve more than expected, and both the global economy and foreign trade may recover more strongly than projected. Furthermore, there may be stronger than anticipated effects stemming from the extensive macroeconomic stimulus being provided and from other policy measures taken. On the downside, concerns remain relating to a stronger or more protracted than expected negative feedback loop between the real economy and the financial sector, renewed increases in oil and other commodity prices, the intensification of protectionist pressures and the possibility of a disorderly correction of global imbalances.

With regard to price developments, euro area annual HICP inflation increased further in January 2010 to stand at 1.0%, according to Eurostat's flash estimate, after 0.9% in December 2009. Inflation is expected to be around 1% in the near term and to remain moderate over the policy-relevant horizon. In line with a slow recovery in demand in the euro area and elsewhere, overall price, cost and wage developments are expected to stay subdued. In this context, it is important to emphasise that inflation expectations over the medium to longer term remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

Risks to this outlook remain broadly balanced. They relate, in particular, to the further development of economic activity and the evolution of commodity prices. Furthermore, increases in indirect taxation and administered prices may be stronger than currently expected, owing to the need for fiscal consolidation in the coming years.

Turning to the monetary analysis, the annual growth rate of M3 remained negative in December 2009, standing at -0.2%. In the same period, annual growth in loans to the

private sector was zero. These data continue to support the Governing Council's assessment of a moderate underlying pace of monetary expansion and low inflationary pressure over the medium term. Actual monetary developments are likely to be weaker than the underlying pace of monetary expansion, owing to the downward impact of the rather steep yield curve. Looking ahead, M3 and credit growth is likely to remain weak for some time to come.

The prevailing interest rate constellation continues to have a strong influence on both the level and composition of annual M3 growth. On the one hand, the low rates of remuneration on short-term bank deposits foster the allocation of funds away from M3 and into longer-term deposits and securities. On the other hand, the narrow spreads between the interest rates paid on different short-term deposits imply a low opportunity cost of holding funds in the most liquid components included in M1, which continued to grow at a robust annual rate of more than 12% in December.

The zero annual growth rate of bank loans to the private sector reflects a further increase in the growth in loans to households, while the annual growth in loans to non-financial corporations moved further into negative territory. Such divergence remains in line with business cycle regularities. The ongoing contraction in the outstanding amounts of loans to non-financial corporations continues to be accounted for entirely by a strong net redemption of loans with a short maturity. For the sector as a whole, the overall contraction may be due partly to substitution with market-based financing.

Given the typical lags between turning points in economic activity and those in the demand for bank loans, growth in loans can be expected to remain weak over the months to come. In the meantime, the real cost of external financing for non-financial enterprises has declined further, while the net tightening of credit standards applied by banks has continued to diminish, as indicated by the Bank Lending Survey for the last quarter of 2009. At the same

time, banks have continued to reduce the size of their overall balance sheets over the past few months. In this respect, the challenge remains for banks to adjust the size and structure of their balance sheets while ensuring the availability of credit to the non-financial sector. To address this challenge, banks should use the improved funding conditions to strengthen their capital bases further and, where necessary, take full advantage of government support measures for recapitalisation. This is important to facilitate access to finance, especially for those enterprises that do not have recourse to market-based financing.

To sum up, the current key ECB interest rates remain appropriate. Taking into account all the information and analyses that have become available since the Governing Council meeting on 14 January 2010, price developments are expected to remain subdued over the policy-relevant horizon. The latest information has also confirmed that euro area economic activity continued to expand around the turn of the year. Looking ahead, the Governing Council expects the euro area economy to grow at a moderate pace in 2010. The recovery process is likely to be uneven and the outlook remains subject to uncertainty. A cross-check of the outcome of the economic analysis with that of the monetary analysis confirms the assessment of low inflationary pressure over the medium term. All in all, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Medium to longer-term inflation expectations remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

The Governing Council will continue its enhanced credit support to the banking system, while taking into account the ongoing improvement in financial market conditions and avoiding distortions associated with maintaining non-standard measures for too long. The Governing Council will, in early March, take decisions on the continued implementation of the

gradual phasing-out of the extraordinary liquidity measures that are not needed to the same extent as in the past. In order to counter effectively any threat to price stability over the medium to longer term, the liquidity provided will be absorbed when necessary. Accordingly, the Governing Council will continue to monitor very closely all developments over the period ahead.

As regards fiscal policies, many euro area countries are faced with large, sharply rising fiscal imbalances, which risk leading to less favourable medium and long-term interest rates and lower levels of private investment. Moreover, high levels of public deficit and debt place an additional burden on monetary policy and undermine the Stability and Growth Pact as a key pillar of Economic and Monetary Union. Against this background, it is of paramount importance that the stability programme of each euro area country is underpinned with concrete measures in line with the fiscal exit and consolidation strategies for the period ahead. Countries will be required to meet their commitments under the excessive deficit procedures. Consolidation of public finances should start in 2011 at the latest and will have to exceed substantially the annual adjustment of 0.5% of GDP set as a minimum requirement by the Stability and Growth Pact. A strong focus on expenditure reforms is needed.

The key challenge in order to reinforce sustainable growth and job creation is to accelerate structural reforms, as the financial crisis has negatively affected the productive capacity of the euro area economies. In the case of product markets, policies that enhance competition and innovation are urgently needed to speed up restructuring and investment and to create new business opportunities. In labour markets, moderate wage-setting, effective incentives to work and sufficient labour market flexibility are required in order to avoid significantly higher structural unemployment over the coming years. Finally, an appropriate restructuring of the banking sector should play an important role. Sound balance sheets, effective risk management and transparent, robust business models are key

to strengthening banks' resilience to shocks, thereby laying the foundations for sustainable growth and financial stability.

This issue of the Monthly Bulletin contains three articles. The first article describes how the euro repo markets were affected by the financial market turmoil and discusses the links between Eurosystem operations and these markets. The second article provides an overview of euro area commercial property markets and their impact on banks. The third article presents an update on developments in general economic statistics for the euro area.



# ECONOMIC AND MONETARY DEVELOPMENTS

## I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

*The global economy, in which activity has started to recover, continues to show stronger signs of a return to growth. Global inflation has also moved back in positive territory, as the negative base effects associated with commodity price developments are turning positive. While the near-term prospects for the global economy generally appear to be favourable, uncertainty still surrounds the strength of the upswing. The risks to the global economic outlook appear to be broadly balanced.*

### I.1 DEVELOPMENTS IN THE WORLD ECONOMY

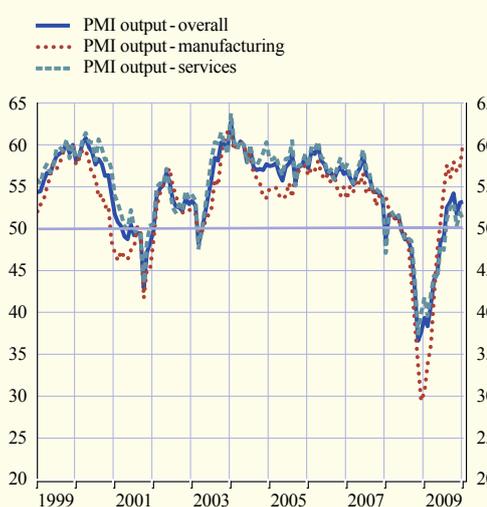
Global economic activity, supported both by monetary and fiscal policy stimuli and by the inventory cycle, appears to be on a path of recovery. The latest GDP data releases for the third and fourth quarters have confirmed that the recovery is broad-based, with quarterly real GDP growth having turned positive in several advanced and emerging economies. At the same time, the pace of the recovery is becoming increasingly divergent across countries.

This overall view is consistent with a number of global short-term indicators. The global Purchasing Managers' Index (PMI) has continued to rise from a low of slightly below 40 in the last month of 2008 to 53.1 in December 2009, edging slightly up to 53.2 in January 2010 (see Chart 1). In light of these improvements, the global PMI – for both developed and emerging economies – has returned close to the levels that had prevailed before the first signs of financial strain in the summer of 2007. Both the decline during the financial crisis and the recent increase in the global PMI have been driven predominantly by the manufacturing sector, while the services sector exhibited more resilience in the downturn, but also a more moderate pace of recovery. The pick-up in activity has been accompanied by sustained growth in the new orders component of the PMI, which has now reached its highest level since mid-2004. This increase was due mainly to new orders of manufacturing products.

Annual headline inflation rates in the OECD countries increased to 1.9% in December (see Chart 2), as the base effects associated with commodity price developments are turning positive. Excluding food and energy,

Chart 1 Global PMI output

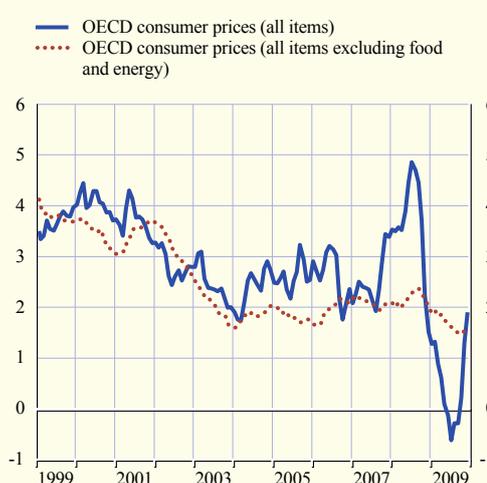
(diffusion index; SA; monthly data)



Source: Markit.

Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

annual inflation over the same period was slightly lower at 1.6%. The global PMI of manufacturing input prices registered a sharp increase in December, primarily as a result of higher commodity prices.

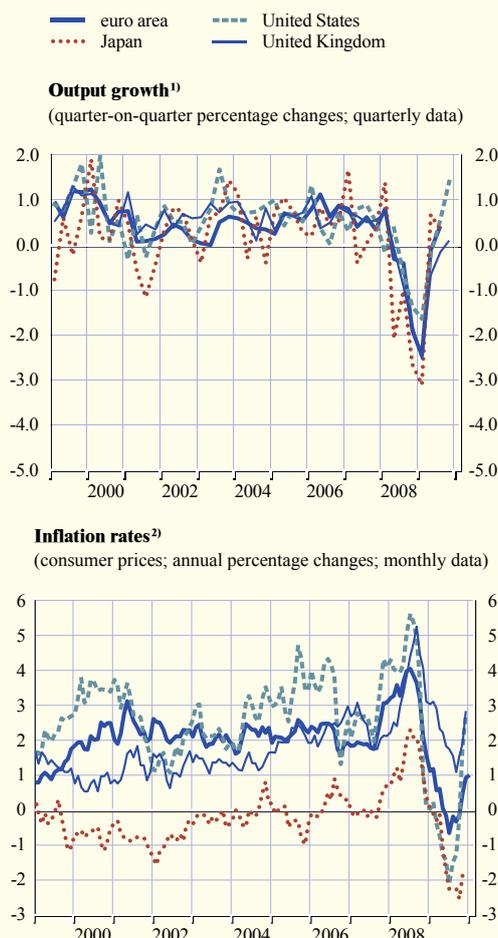
### UNITED STATES

In the United States, economic growth accelerated in the fourth quarter of 2009, after having turned positive in the previous quarter, as economic conditions continued to improve. According to the advance estimate published by the Bureau of Economic Analysis, real GDP rose by 5.7% in annualised terms in the fourth quarter, the highest increase in more than six years. The main driver of the pick-up in activity was a less pronounced pace of inventory liquidation. In addition, private consumption contributed positively to growth, albeit less than in the previous quarter. Investment in residential property continued to increase, and business investment rose for the first time in more than one year. Net exports also contributed positively to growth, as the strong export growth exceeded that of imports. Looking ahead, while government stimulus measures continue to provide substantial support to the economy in the near term, the outlook for consumer spending remains clouded by weak labour market conditions and still high private household debt.

As regards price developments, CPI inflation rose by 2.7% in the year to December 2009, which compares with an average of -0.4% for the year (see Chart 3). The annual increase in the CPI in December was broad-based, with indices for food and most core items posting modest increases, and with positive base effects stemming from past developments in energy prices. The annual rate of inflation excluding food and energy rose slightly to 1.8% in December, compared with an average of 1.7% for the year.

On 27 January 2010, the US Federal Open Market Committee (FOMC) decided to maintain its target range for the federal funds rate at 0% to 0.25%. The FOMC continues to expect economic conditions, including low rates of resource utilisation, subdued inflation trends and stable inflation expectations, to probably warrant exceptionally low levels of the federal funds rate for an extended period of time. Some of the non-conventional measures that have been introduced to support the functioning of financial markets and stimulate the economy have expired recently. Other measures are anticipated to expire as announced earlier, and purchase programmes of longer-term securities will be completed by the end of March.

Chart 3 Main developments in major industrialised economies



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

## JAPAN

In Japan, the economic situation has improved over recent months. While Japan's Cabinet Office has recently revised quarter-on-quarter real GDP growth for the third quarter of 2009 downwards from 1.2% to 0.3%, short-term indicators showed improving conditions in the last quarter of 2009. Industrial production has increased for several consecutive months, while monthly data for private consumption showed strong spending on durable goods, despite a decline in consumer confidence and persistently high unemployment rates.

Price indices continued to decrease in December 2009, partly on account of considerable excess capacity. In annual terms, consumer prices fell by 1.7% in December, after a decline of 1.9% in November. The annual fall in consumer prices, excluding food and energy, was 1.2% in December, compared with a fall of 1.0% in November. Declining prices are also reflected in consumer expectations. Survey data show that, in December, the proportion of persons expecting lower prices one year ahead exceeded that of those expecting higher prices for the first time since the survey began in April 2004.

At its meeting on 26 January 2010, the Bank of Japan decided to leave its target for the uncollateralised overnight call rate unchanged at 0.1%. The median forecast for core CPI inflation by the Bank of Japan's Policy Board members was revised to -0.5% for the 2010 fiscal year and to -0.2% for 2011 fiscal year, 0.3 and 0.2 percentage points respectively upwards in comparison with October. The median forecast for real GDP growth remained largely unchanged, at 1.3% for the 2010 fiscal year and 2.1% for the 2011 fiscal year.

## UNITED KINGDOM

In the United Kingdom, economic activity returned to positive territory in late 2009, while inflation picked up noticeably. According to the flash estimate, real GDP increased in the fourth quarter of 2009, by 0.1%, quarter on quarter, compared with a 0.2% decrease in the third quarter. The still sluggish recovery mainly reflected a subdued performance of services. While manufacturing output expanded by 0.4%, services only grew by 0.1%. There is increased evidence that the housing market has stabilised and has started to gradually recover. House prices have risen for the sixth consecutive month in December 2009, which is in line with the improvement in mortgage credit availability in the fourth quarter. The flow of net mortgage lending increased in November 2009, although it remained well below the average monthly flow in 2008. Annual HICP inflation rose to 2.9% in December, from 1.9% in November. The increase in inflation was partly due to base effects, such as the impact of the sharp fall in the price of oil in December 2008, but may partly also reflect some frontloading of the price impact stemming from the increase in VAT in January.

At its meeting on 4 February, the Bank of England's Monetary Policy Committee decided to keep the official Bank Rate paid on commercial bank reserves at 0.5%. The Committee also decided to maintain the stock of asset purchases at GBP 200 billion.

## OTHER EUROPEAN COUNTRIES

In most other non-euro area EU countries, the economic situation also seems to have improved recently, while headline inflation has picked up. In Sweden, real GDP rose by 0.2% (quarter on quarter) in the third quarter of 2009, after the 0.3% increase registered in the second quarter. In Denmark, output increased by 0.6% in the third quarter, after a marked decrease of 2.3% in the second quarter. In December 2009 annual HICP inflation continued to rise – mainly owing to base effects – to 2.8% in Sweden and to 1.2% in Denmark. On 15 January 2010 Danmarks Nationalbank reduced the main policy rate by 10 basis points to 1.05%.



In the largest central and eastern European EU Member States, recent indicators suggest some improvement in economic performance. Compared with the second quarter, real GDP contracted at a somewhat slower pace in Hungary and Romania in the third quarter, namely by -1.8% and -0.6%, quarter on quarter, respectively and increased by 0.5% and 0.8% in Poland and the Czech Republic respectively. Short-term indicators generally suggest that the economic situation of most countries in the region is improving. In particular, indicators related to export and industry rose significantly, while indicators related to domestic demand show a more mixed picture. Although confidence indicators have been improving in recent months, most of them remain well below their respective long-term average. The divergence in annual HICP inflation across countries persisted in December, ranging from 0.5% in the Czech Republic and 3.8% in Poland to 4.7% and 5.4% in Romania and Hungary respectively. On 5 January 2010 Banca Națională a României decided to decrease the main policy rate by 50 basis points to 7.5%.

#### **EMERGING ASIA**

The recovery from the global slowdown has continued in emerging Asia. Macroeconomic stimuli, declining unemployment rates and positive wealth effects from rising asset prices have all contributed in strengthening economic activity. In a number of countries, the revival of exports has gained further momentum, which is also reflected in faster growth in manufacturing. Consumer price inflation returned to positive territory in most of the countries in the region, mainly on account of base effects and higher food and raw material prices.

Economic activity accelerated in China, with annual real GDP standing at 10.7% in the fourth quarter of 2009, which compares with 8.7% for the year as a whole. The fiscal stimuli continued to be a key driver of Chinese economic performance, while net exports provided a negative contribution of 3.7 percentage points to GDP growth in 2009. The rapid acceleration of annual consumer price inflation, from -1.8% in July 2009 to 1.9% in December, has prompted the start of a phase of gradual monetary policy tightening. In particular, the commercial banks' reserve requirements were raised by 0.5 percentage point in mid-January 2010.

#### **LATIN AMERICA**

Economic activity continued to show signs of strengthening, while inflationary developments were mixed across the region. In Brazil, industrial production increased by almost 19% in annual terms in December 2009, after having rebounded in the previous month. Annual consumer price inflation picked up slightly in December, increasing to around 4%. In Argentina, industrial production expanded by 10.3%, year on year, in December. At the same time, annual consumer price inflation continued to increase, reaching 7.7% in December. In Mexico, economic activity continued to show some signs of stabilisation, with year-on-year industrial production falling by 1.7% in November, i.e. considerably less than in the previous month. At the same time, inflationary pressures eased somewhat, with consumer price inflation standing at 3.6% in December.

### **1.2 COMMODITY MARKETS**

The upswing in oil prices observed in December was partly reversed in January. Brent crude oil prices stood at USD 74.2 per barrel on 3 February 2010, which is about 7% lower than at the beginning of the year (see Chart 4). Looking ahead, however, market participants are continuing to expect higher oil prices in the medium term, with futures contracts for December 2011 trading at around USD 84 per barrel.

While the decline in oil prices was caused by concerns about the sustainability of the growth path in China, underlying fundamentals remain supportive. The International Energy Agency's latest projections on demand in 2010 suggest an increase of 1.9 millions of barrels per day in consumption in comparison with 2009. On the supply side, non-OPEC production is projected to remain broadly unchanged in 2010.

The prices of non-energy commodities also moderated in January. Prices of food and agricultural raw materials declined, in particular on account of reports of record maize crops, while sugar prices increased. Prices of metals remained broadly unchanged, which masked a rise in tin prices and a drop in lead prices. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was about 27% higher at the end of January 2010 than at the beginning of 2009.

### 1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Leading indicators signal that the global economy will continue to expand in the near term. Relative to November 2009, the latest available data for the OECD's composite leading indicator rose in line with average developments in previous months, thus suggesting that economic activity is on a path of recovery in most advanced OECD countries (see Chart 5), as well as in major emerging economies. This more favourable shorter-term outlook is also supported by the continued rise in consumer and business confidence in most OECD countries in recent months. Data releases for November 2009 suggest that confidence indicators are back to the levels prevailing in mid-2008. More recent data releases for December provide evidence of further improvements in the US consumer confidence index, while the Australian and Canadian consumer confidence indices declined slightly. Confirming this positive short-term assessment, the US, Japanese and Swiss business confidence indices increased in December, although at a slower pace than in the earlier stages of the recovery. Moreover, equity market valuations across the world

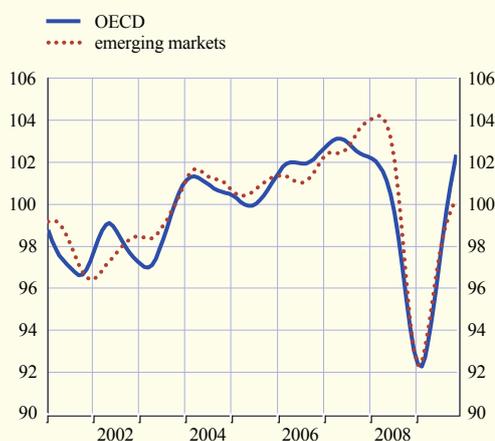
Chart 4 Main developments in commodity markets



Sources: Bloomberg and HWWI.

Chart 5 OECD composite leading indicators

(monthly data; amplitude-adjusted)



Source: OECD.

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

were significantly higher relative to the lows recorded in early 2009. This development may reflect improvements in the outlook for global growth, together with historically low policy rates worldwide. The recovery of the world economy also suggests improved prospects for global trade, as well as for foreign demand in the euro area. The most recent global trade indicators, based on data available up to November 2009, continue to signal growing volumes. Notwithstanding these positive signals, uncertainty still surrounds both the outlook for global growth and the extent to which the recovery can become self-sustained once the impact of the temporary factors supporting economic activity in the near term – such as the inventory cycle and the policy stimulus measures – begin to fade.

While global economic prospects remain subject to uncertainty, the risks to global activity remain broadly balanced. On the upside, confidence may improve more than expected, and both the global economy and foreign trade may recover more strongly than projected. Furthermore, there may be stronger than anticipated effects stemming from the extensive macroeconomic stimulus being provided and from other policy measures taken. On the downside, concerns remain relating to a stronger or more protracted than expected negative feedback loop between the real economy and the financial sector, renewed increases in oil and other commodity prices, the intensification of protectionist pressures and the possibility of a disorderly correction of global imbalances.

## 2 MONETARY AND FINANCIAL DEVELOPMENTS

### 2.1 MONEY AND MFI CREDIT

The annual growth rates of M3 and MFI loans to the private sector both stood at around zero in December 2009, having declined in parallel over a protracted period of time. This supports the assessment that the pace of underlying monetary expansion is moderate and medium-term inflationary pressures stemming from monetary developments are currently low. The annual growth of headline M3 continues to understate the pace of underlying monetary expansion owing to the downward impact of the steep yield curve. Moreover, the subdued dynamics of MFI loans to the private sector concealed further strengthening in the annual growth rate of loans to households, whereas the annual growth rate of loans to non-financial corporations became more negative. These divergent developments remain consistent with business cycle regularities. The deleveraging of euro area MFIs continued in December, being driven mainly by the reduction of inter-MFI positions.

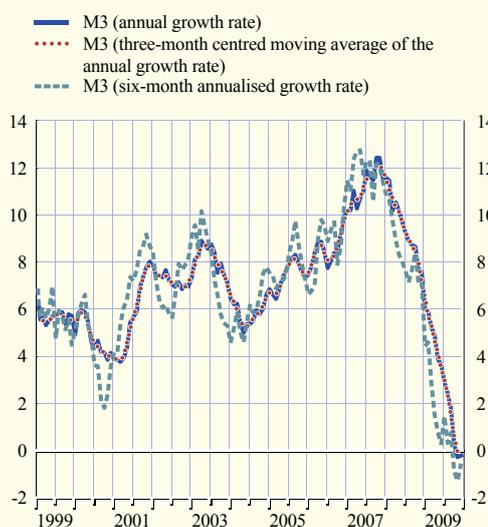
#### THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 remained broadly unchanged at -0.2% in December 2009, having stood at -0.3% in November (see Chart 6). At the same time, the month-on-month growth rate turned positive, having been negative in the previous two months (standing at 0.5% in December, up from -0.5% in November and -0.3% in October). However, this increase may not be indicative of a change in monetary dynamics, as it was driven mainly by strong inflows for repurchase agreements, which are typically relatively volatile. Looking beyond such short-term developments, monetary dynamics remained subdued and continued to reflect the strong downward impact associated with the steep yield curve and the improvements seen in investor confidence, which together have led to shifts out of M3 and into longer-term assets. At the same time, the narrow spreads between the interest rates on the various types of short-term deposit have fostered substitution within M3, with shifts towards M1. As a result, the annual growth rate of M1 has remained elevated, while those of short-term deposits other than overnight deposits (i.e. M2-M1) and marketable instruments (i.e. M3-M2) have become increasingly negative over the last 12 months.

The annual growth rate of MFI loans to the private sector was zero in December, having been slightly negative for two months in a row. When adjusted for the impact of the derecognition of loans in the context of securitisation, annual growth rates have been positive in recent months, but the improvement in December was less marked. The annual growth rate of lending to households increased further in December, providing indications – albeit still tentative – of a turning point in loans to households. By contrast, the annual growth rate of loans to non-financial corporations continued to decline. This pattern of sectoral loan developments remains consistent

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

with business cycle regularities. The deleveraging process in the banking sector appears to have continued in December, but was carried out mainly via the reduction of inter-MFI positions. The subdued lending to the private sector appears, to a large extent, to reflect reduced demand on the part of borrowers.

### MAIN COMPONENTS OF M3

The broadly unchanged annual growth rate of M3 concealed a further shift in the contributions of the various components. While the contribution of M1 increased further, that of short-term deposits other than overnight deposits became even more negative. The contribution of marketable instruments remained broadly unchanged in negative territory.

The annual growth rate of M1 decreased slightly to stand at 12.3% in December, down from 12.5% in the previous month (see Table 1). However, the monthly flow was positive (a development due almost exclusively to overnight deposits).

The annual growth rate of short-term deposits other than overnight deposits declined further to stand at -9.0% in December, down from -8.6% in November. A third of the monthly outflow for deposits with an agreed maturity of up to two years (i.e. short-term time deposits) was offset by an inflow for deposits redeemable at notice of up to three months (i.e. short-term savings deposits). Shifts are likely to be taking place between these two types of short-term deposit, as short-term savings deposits are currently better remunerated than short-term time deposits. Similarly, the low opportunity cost of holding overnight deposits continues to provide incentives to move funds into this instrument from short-term time deposits.

**Table 1 Summary table of monetary variables**

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

	Outstanding amount as a percentage of M3 <sup>1)</sup>	Annual growth rates					
		2009 Q1	2009 Q2	2009 Q3	2009 Q4	2009 Nov.	2009 Dec.
<b>M1</b>	<b>48.0</b>	<b>5.4</b>	<b>8.1</b>	<b>12.2</b>	<b>12.3</b>	<b>12.5</b>	<b>12.3</b>
Currency in circulation	8.1	13.6	13.2	12.8	7.5	6.8	6.1
Overnight deposits	39.9	3.8	7.1	12.1	13.3	13.8	13.6
<b>M2 - M1 (= other short-term deposits)</b>	<b>39.5</b>	<b>9.3</b>	<b>3.0</b>	<b>-3.1</b>	<b>-7.6</b>	<b>-8.6</b>	<b>-9.0</b>
Deposits with an agreed maturity of up to two years	20.2	13.0	-0.7	-13.2	-22.1	-23.9	-24.3
Deposits redeemable at notice of up to three months	19.4	4.5	8.6	12.9	15.9	16.3	15.3
<b>M2</b>	<b>87.5</b>	<b>7.3</b>	<b>5.6</b>	<b>4.5</b>	<b>2.2</b>	<b>1.8</b>	<b>1.6</b>
<b>M3 - M2 (= marketable instruments)</b>	<b>12.5</b>	<b>-0.7</b>	<b>-2.5</b>	<b>-7.6</b>	<b>-11.4</b>	<b>-12.8</b>	<b>-10.2</b>
<b>M3</b>	<b>100.0</b>	<b>6.1</b>	<b>4.4</b>	<b>2.7</b>	<b>0.3</b>	<b>-0.3</b>	<b>-0.2</b>
<b>Credit to euro area residents</b>		<b>6.5</b>	<b>4.8</b>	<b>3.6</b>	<b>2.9</b>	<b>2.7</b>	<b>2.4</b>
Credit to general government		5.7	8.4	11.5	13.6	13.2	11.2
Loans to general government		2.3	1.5	2.7	3.2	3.4	3.5
Credit to the private sector		6.7	4.0	2.1	0.9	0.6	0.7
Loans to the private sector		4.6	2.1	0.4	-0.6	-0.7	0.0
Loans to the private sector adjusted for sales and securitisation		6.1	3.6	1.6	0.3	0.1	0.3
<b>Longer-term financial liabilities (excluding capital and reserves)</b>		<b>3.7</b>	<b>4.3</b>	<b>4.8</b>	<b>6.8</b>	<b>7.3</b>	<b>6.0</b>

Source: ECB.

1) As at the end of the last month available. Figures may not add up due to rounding.

The annual growth rate of marketable instruments increased to stand at -10.2% in December, up from -12.8% in November. This fairly strong increase was driven by the inflow observed in December for repurchase agreements held by non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs).<sup>1</sup> In addition, for the first time since April 2009 the money-holding sector made net purchases of short-term MFI debt securities (i.e. those with a maturity of up to two years). By contrast, the monthly inflow for the largest sub-component of marketable instruments – money market fund shares/units – was muted.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest group of monetary assets for which a sectoral breakdown is reported – rose to 1.2% in December, up from 1.1% in November, having declined since the third quarter of 2008. This concealed heterogeneous developments in the various sectors: a further increase in the contribution of non-financial corporations was broadly offset by a further decline in the contribution of households and a more negative contribution by non-monetary financial intermediaries. The decline observed in the contribution made by household deposits is consistent both with the fact that household income typically lags economic recoveries and with the shifting of funds into longer-term assets. At the same time, the sustained accumulation of liquidity observed for non-financial corporations is consistent with firms rebuilding liquidity buffers, as well as with the improvement typically seen in firms' cash flows early in an economic recovery.

#### MAIN COUNTERPARTS OF M3

Turning to the counterparts of M3, the annual growth rate of total MFI credit to euro area residents decreased further to stand at 2.4% in December, down from 2.7% in November (see Table 1). This was a result of the annual growth rate of credit to general government declining further (albeit remaining robust at 11.2%, down from 13.2% in November), while the annual growth rate of credit to the private sector remained broadly unchanged at a relatively subdued 0.7%.

The annual growth rate of loans to the private sector (the largest component of credit to the private sector) was zero, having been slightly negative for two months in a row. When adjusted for the impact of securitisation, the increase in growth in December was less marked, reflecting the fact that the considerable derecognition of loans seen at the end of 2008 dropped out of the calculation of the annual growth rate (with the flows of derecognised loans in the second half of 2009 being subdued or even negative). Thus, there has been a decline in the distortion observed in the annual growth rates of loans as a result of derecognition, a decline that is expected to continue in the coming months.

The subdued developments observed in lending to the private sector conceal heterogeneity across the various sub-sectors. Lending to non-financial corporations declined further, while the positive developments seen in loans to households in the second half of 2009 continued (see Table 2). These divergent developments are consistent with historical regularities: growth in loans to households tends to pick up early in the economic cycle, while growth in loans to non-financial corporations lags improvements in economic activity. (For details of developments in euro area banks' credit standards and loan demand, see Box 1.)

The annual growth rate of MFI loans to non-financial corporations declined further to stand at -2.3% in December, down from -1.9% in November. Looking at the maturity breakdown, the negative overall flow for loans to non-financial corporations continued mainly to reflect the

<sup>1</sup> For a detailed description of the often volatile nature of OFIs' holdings of repurchase agreements, see Box 2, entitled "Recent developments in repurchase agreements", in the December 2009 issue of the Monthly Bulletin.

**Table 2 MFI loans to the private sector**

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

	Outstanding amount as a percentage of the total <sup>1)</sup>	Annual growth rates					
		2009 Q1	2009 Q2	2009 Q3	2009 Q4	2009 Nov.	2009 Dec.
<b>Non-financial corporations</b>	<b>43.6</b>	<b>8.1</b>	<b>4.6</b>	<b>1.1</b>	<b>-1.4</b>	<b>-1.9</b>	<b>-2.3</b>
Up to one year	25.2	4.0	-2.6	-8.7	-12.0	-12.1	-13.8
Over one and up to five years	20.0	12.4	9.8	4.7	-0.2	-1.4	-1.6
Over five years	54.7	8.8	6.8	5.3	3.9	3.7	3.9
<b>Households<sup>2)</sup></b>	<b>46.0</b>	<b>1.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.3</b>	<b>0.5</b>	<b>1.3</b>
Consumer credit <sup>3)</sup>	12.7	1.2	-0.4	-1.0	-1.0	-1.0	-0.1
Lending for house purchase <sup>3)</sup>	71.7	0.7	-0.2	-0.3	0.2	0.3	1.5
Other lending	15.6	1.7	1.5	1.4	1.9	2.5	1.7
<b>Insurance corporations and pension funds</b>	<b>0.8</b>	<b>-6.7</b>	<b>-3.5</b>	<b>-6.1</b>	<b>-12.3</b>	<b>-14.4</b>	<b>-12.5</b>
<b>Other non-monetary financial intermediaries</b>	<b>9.6</b>	<b>7.9</b>	<b>1.3</b>	<b>-0.0</b>	<b>0.5</b>	<b>0.3</b>	<b>5.5</b>

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) As defined in the ESA 95.

3) The definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.

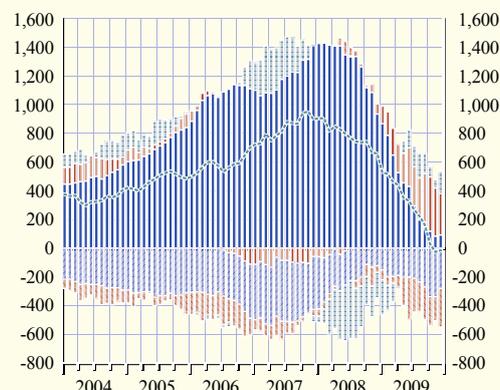
substantial outflows observed for loans with a maturity of up to one year (which pushed the annual growth rate of such short-term loans further into negative territory). The annual growth rate of long-term loans (i.e. those with a maturity of over five years) increased slightly, despite a muted flow. These contrasting dynamics may reflect various factors, such as the replacement of short-term loans with either long-term loans or – especially in the case of large firms – market-based financing. At the same time, the low level of inventories and the increased availability of liquid money holdings in the sector as a whole may have reduced the need for short-term borrowing.

The annual growth rate of loans to households increased further to stand at 1.3% in December, up from 0.5% in November. When account is taken of the impact of the derecognition of loans in the context of true-sale securitisation (which typically concerns loans to households rather than loans to non-financial corporations), the recovery in the annual growth rate of loans to households is less marked. The increase observed in annual loan growth in December was driven mainly by lending for house purchase. It was also driven, to a lesser extent, by consumer credit – albeit this remained subdued. Overall, the most recent developments suggest that a turning point may have been reached in terms of household loan growth.

**Chart 7 Counterparts of M3**

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

- credit to the private sector (1)
- credit to general government (2)
- net external assets (3)
- longer-term financial liabilities (excluding capital and reserves) (4)
- other counterparts (including capital and reserves) (5)
- M3



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.

Among the other counterparts of M3, the annual growth rate of MFI longer-term financial liabilities excluding capital and reserves declined to 6.0% in December, down from 7.3% in the previous month. This reflects base effects, together with the subdued or slightly negative flows observed across all components. From a sectoral perspective, credit institutions continued to obtain long-term funding from households in the form of long-term deposits, reflecting the fact that longer-term deposits were better remunerated than shorter-term deposits.

Finally, the annual inflow for MFIs' net external asset position was €154 billion in December, up from €59 billion in November (see Chart 7). This primarily reflected a sizeable monthly net inflow in December, with the decline observed for external liabilities (mainly deposits) significantly exceeding that seen for external assets (mostly loans).

To sum up, the fact that the annual growth rates of M3 and loans to the private sector have declined in parallel over a protracted period of time and remained at around zero in December supports the assessment that the pace of underlying monetary expansion is moderate and medium-term inflationary pressures stemming from monetary developments are low. The growth of headline M3 continues to understate the pace of underlying monetary growth owing to the strong downward impact of the steep yield curve.

#### Box 1

### THE RESULTS OF THE JANUARY 2010 BANK LENDING SURVEY FOR THE EURO AREA

This box describes the main results of the January 2010 bank lending survey (BLS) for the euro area, which was conducted between 7 December 2009 and 8 January 2010 by the Eurosystem.<sup>1</sup> All in all, a turning-point in the tightening trend of credit standards observed since the second half of 2007 may have come closer, but has not yet been reached at the euro area level. The new survey results point to a slight further net tightening of credit standards, which was, however, of a smaller magnitude than in previous quarters. Looking at different borrower categories, the decline in net tightening in credit standards was larger for mortgages than for consumer credit and loans to non-financial corporations (NFCs).

#### Loans or credit lines to enterprises

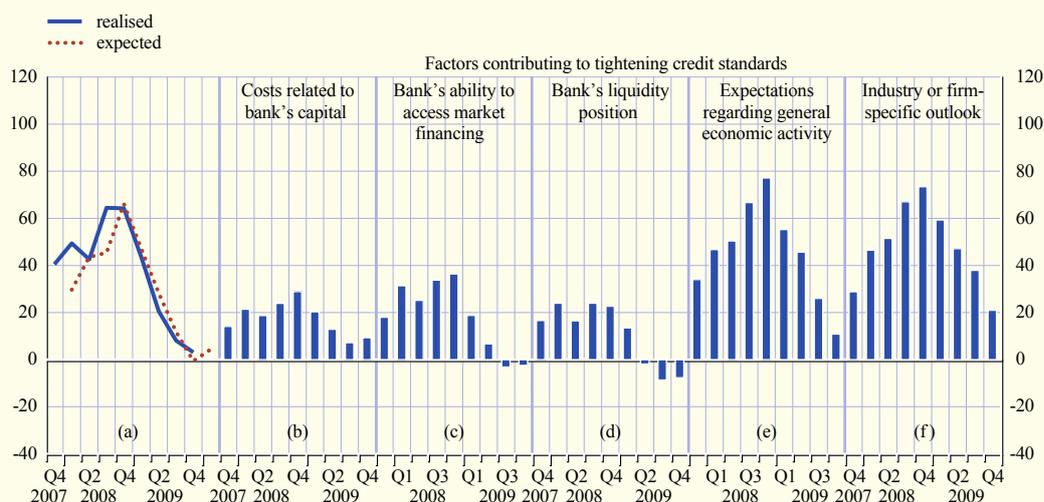
In the last quarter of 2009 the net percentage of banks reporting a tightening of credit standards on loans and credit lines to enterprises continued to decline, to 3% from 8% in the third quarter of 2009 and 21% in the second quarter (see Chart A). The pace of decline in net tightening<sup>2</sup> reported in the current survey round was thus noticeably slower than in recent rounds. The decline in net tightening was also somewhat smaller than what had been expected by banks in the previous survey. Indeed, in the third quarter of 2009, banks had expected the net tightening to reach zero and come to a halt.

1 The cut-off date of the survey was 8 January 2010. A comprehensive assessment of the results of the January 2010 bank lending survey for the euro area was published on 29 January 2010 on the ECB's website.

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**

(net percentages)



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.

Looking at the factors contributing to the slight further net tightening in credit standards, banks reported a lower impact of the risks related to developments in general economic activity, the industry-specific outlook and collateral. All these factors, although still contributing to a net tightening of credit standards, continued to diminish in importance in the last quarter of 2009, in line with an overall improving macroeconomic outlook in the euro area. Bank-specific factors, however, provided a more ambiguous picture. On the one hand, banks’ access to market financing (-2%) and liquidity position (-8%) contributed to an easing of credit standards in the fourth quarter of 2009, albeit slightly less so than in the previous quarter. On the other hand, costs related to banks’ capital position (9%) contributed to an increase in the tightening of credit standards (compared with 7% in the third quarter of 2009).

The net tightening of the price and non-price terms and conditions on loans to enterprises also continued to decline in the fourth quarter of 2009 (see Chart B). This decline was broadly based across all categories of terms and conditions, with, in particular, a substantial further reduction in the net increase of margins on average loans, to 6% in the last quarter of 2009, compared with 13% in the previous quarter.

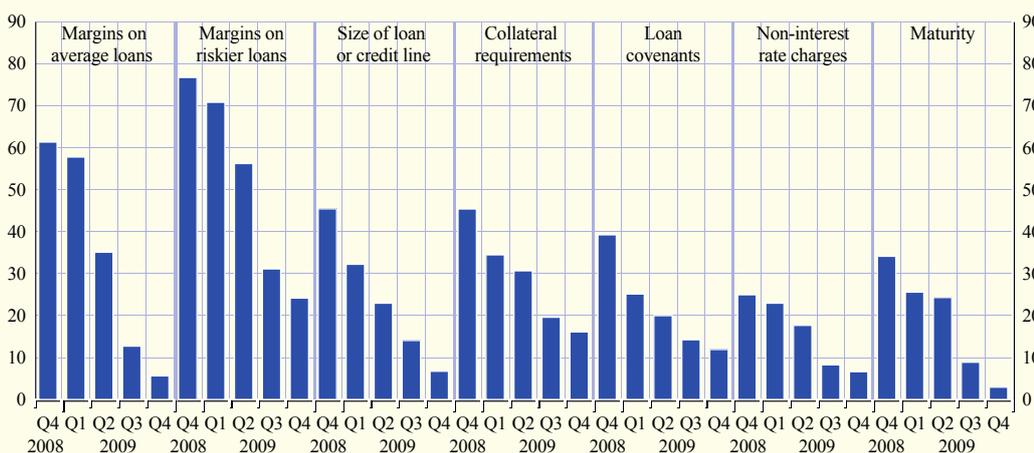
Looking forward, euro area banks expect some further tightening of credit standards on loans to NFCs in the first quarter of 2010, with an expected net tightening potentially worsening slightly to 4% (see Chart A).

**Loan demand:** Net demand<sup>3</sup> for loans by NFCs remained negative (at -8%), albeit much less so than in the third quarter of 2009 (-20%). Weakness in fixed investment (-34% in the last

3 The term “net demand” refers to the difference between the proportion of banks reporting an increase in loan demand and the proportion of banks reporting a decline.

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

(net percentages of banks reporting tightening terms and conditions)

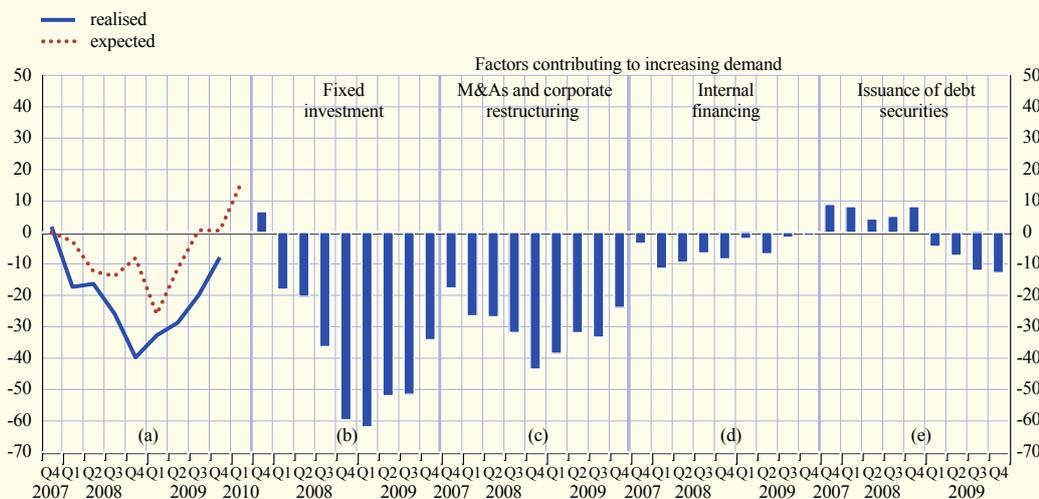


Note: The net percentages refer to the difference between the sum of the percentages for “tightened considerably” and “tightened somewhat” and the sum of the percentages for “eased somewhat” and “eased considerably”.

quarter of 2009 compared with -52% in the previous quarter) and, to a lesser extent, scarce M&A activity (-24% in the last quarter of 2009 compared with -33% in the previous quarter) are seen as the main factors contributing to the negative net loan demand, although both contributions have become less negative throughout 2009 (see Chart C). Another relevant factor is the greater use made by euro area firms of alternative sources of financing, such as equity issuance (-5%) and, in particular, debt securities issuance (-13%), in a context of favourable market conditions.

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.

Looking forward, banks appear more optimistic about loan demand than in the previous survey and expect net loan demand from enterprises to recover and turn positive in the first quarter of 2010 (+15%), somewhat more for SMEs (+22%) than for large firms (+8%).

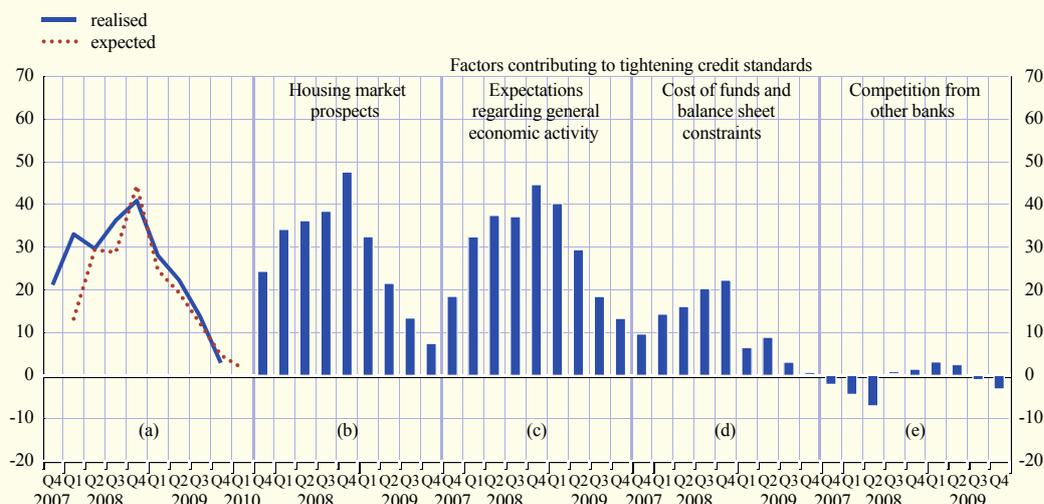
### Loans to households for house purchase

**Credit standards:** The net percentage of banks reporting a further tightening of credit standards on loans to households for house purchase continued to decline at a steady pace, reaching 3% in the last quarter of 2009 compared with 14% in the third quarter of 2009 and 22% in the second quarter (see Chart D). This was broadly in line with expectations from the previous survey. This further decline was mainly driven by a lower perception of risk related to general economic activity (13% in the fourth quarter of 2009 compared with 19% in the third quarter) and, in particular, housing market prospects (8% compared with 14%), although both factors still contributed to a tightening of housing credit standards. Unlike for corporate loans, banks' cost of funds and balance sheet constraints, seen as pure supply-side constraints on the provision of loans, no longer contributed to a tightening of credit standards at the end of 2009 and were neutral for the first time since mid-2007.

Regarding the terms and conditions for loans to households for house purchase, the net increase of average margins was further reduced in the last quarter of 2009 (to an almost neutral 1%, after 6% in the previous quarter). Whilst still substantial, the net increase in margins on riskier loans and the loan-to-value ratio declined further, signalling a general decline in the risk aversion of banks towards housing loans. However, banks reported that increases in collateral requirements and net tightening of other terms and conditions related to loan maturities and non-interest charges hardly changed between the third and the last quarter of 2009.

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

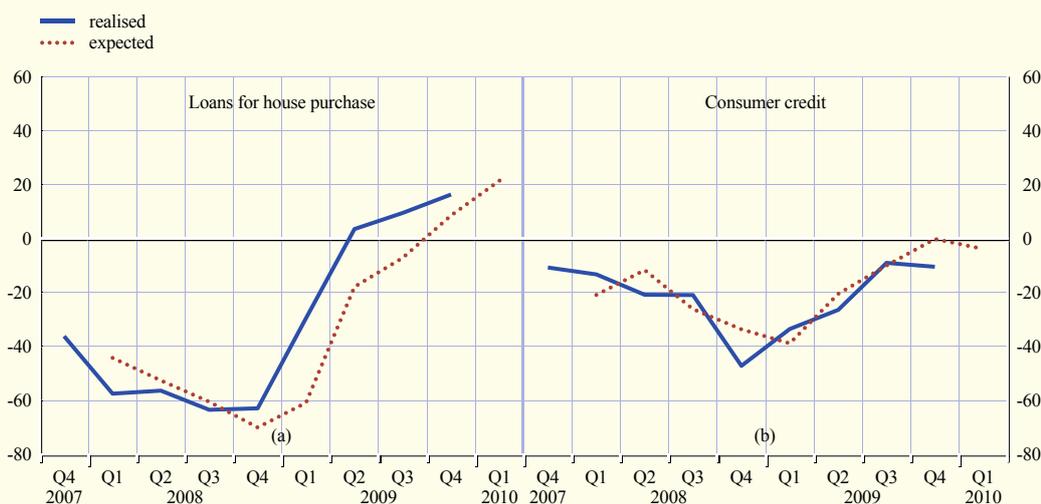
(net percentages)



Note: See notes to Chart A.

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

(net percentages)



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.

Looking forward, banks expect a further mild decrease in net tightening of credit standards on loans for house purchase in the first quarter of 2010 (from 5% in the last quarter of 2009 to an expected 2% in the first quarter of 2010).

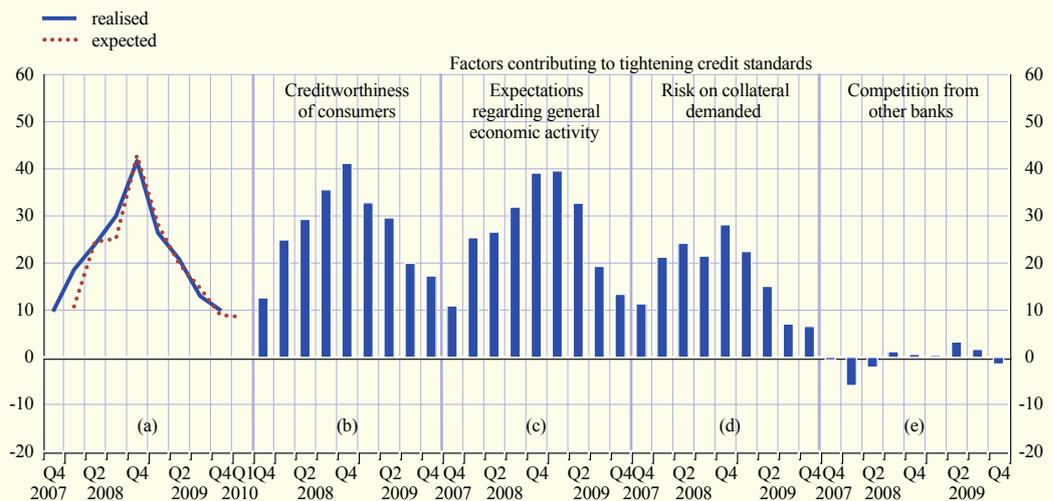
**Loan demand:** The net percentage of banks reporting an increase in demand for housing loans continued to rise for the third quarter in a row, reaching 16% (compared with 10% in the third quarter of 2009 and 4% in the second quarter), which is more than expected in the last survey round (see Chart E). This rising demand is mostly explained by the contribution of housing market prospects, which turned positive (from -8% in the third quarter of 2009 to +8% in the last quarter) for the first time since 2006. Consumer confidence, whilst still dampening demand for housing loans, has also improved substantially. Looking forward, banks expect the net demand for housing loans to continue to increase (to 22%) in the first quarter of 2010.

#### Consumer credit and other lending to households

**Credit standards:** The net tightening of standards on consumer credit observed in the January 2010 survey stood at 10%, compared with 13% in the third quarter of 2009 and 21% in the second quarter (see Chart F). The net tightening therefore also declined in the fourth quarter of 2009, but the decline was less pronounced than for other types of loans. The decline in the tightening was moreover broadly in line with banks’ expectations. As in the previous round, the overall net tightening recorded in the last quarter of 2009 pointed more to risks related to creditworthiness (17%) and collateral (7%) than to bank-specific issues related to cost of funds or balance sheet constraints (4%). Looking forward, banks appear to have reassessed somewhat the developments in credit standards on consumer loans and, in contrast with the previous survey round, no longer expect net tightening to come to a halt, but rather to continue to decline only mildly compared with the previous quarter (i.e. to an expected 9% in the first quarter of 2010).

**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.

**Loan demand:** Developments in demand for consumer loans were more sluggish in the last quarter of 2009. The net demand for consumer credit continued to decline (-10% in the last quarter of 2009 compared with -9% in the third quarter and -26% in the second). According to banks, although consumer confidence was reported to have had less of a dampening effect in the last quarter of 2009, there was no visible improvement in spending on durable goods and household savings. Looking ahead, banks expect the net demand for consumer credit to register some mild improvement in the first quarter of 2010, but to remain negative at -4%.

#### Ad hoc questions on the impact of the financial turmoil and 12-month-ahead expectations

As in previous survey rounds, the January 2010 survey contained a set of ad hoc questions addressing the impact of the financial market tensions experienced since the second half of 2007 and, for the first time, a new question asking for 12-month-ahead expectations about credit constraints.

Banks generally reported that their access to wholesale funding improved in the last quarter of 2009. A net percentage of respectively 17% and 10% of responding banks reported some progress in accessing funding on the very short-term and short-term money markets. Similarly, banks tended to report a very slight improvement in their access to short to longer-term debt securities and access to securitisation for both housing and corporate loans. However, so-called “synthetic securitisation” (i.e. the ability to transfer credit risks off balance sheet) deteriorated further. In the first quarter of 2010 banks expect a further improvement in the access to financial markets (money, debt securities and securitisation markets). The ability to transfer credit risks off balance sheet is expected to remain hampered, although less so than in the last quarter of 2009.

Turning to the impact of governments’ announcements and introduction of recapitalisation support and state guarantees for debt securities issued by banks, an increasing number of respondents

indicated that such measures no longer have an impact on market access (i.e. up from 45% in the third quarter of 2009 to 63% in the last quarter of the year). However, about 37% of responding banks continued to judge that these measures actually facilitated access to wholesale funding.

Regarding the impact of the financial turmoil on banks' costs related to their capital position and on their lending policy, there was not much of a change between the third and the last quarter of 2009. In the last quarter of 2009, about 41% of the reporting banks indicated "some" or a "considerable" impact on both capital and lending, broadly in line with replies from the previous survey round.

Finally, the expectations of euro area banks for credit standards in 2010 as a whole appear very similar to expectations for the first quarter of 2010. The only exception is for credit standards on mortgage loans, which are foreseen to ease in 2010 as a whole, whereas they are still expected to be tightened in the first quarter of the year. All in all, available evidence suggests that at present euro area banks do not expect a broad-based easing of credit standards in the coming months, except on mortgage loans.

## 2.2 SECURITIES ISSUANCE

*All in all, the annual growth of debt securities issuance showed signs of moderation, edging downwards to 9.6% in November 2009. In the course of last year, issuance of longer-term debt securities benefited from favourable market conditions. In the non-financial corporate sector, the momentum of securities issuance remained strong in November, driven mainly by long-term debt securities issuance. This positive trend in the corporate sector is likely to reflect to some extent the substitution of market-based financing for bank financing, supported by the rapid decline in the cost of market-based debt after the first quarter of 2009.*

### DEBT SECURITIES

The annual growth rate of debt securities issued by euro area residents continued to moderate, falling to 9.6% in November 2009 from 11.0% in the previous month and reflecting a broad-based decrease across all institutional sectors (see Table 3). Similar developments can be observed in the seasonally adjusted annualised six-month growth rates, with debt securities issuance declining from 15.2% in March 2009 to 6.3% in November 2009. This reflected a sharp fall in the growth rates of issuance by monetary financial institutions and non-monetary financial corporations and, to a smaller extent, by general government (see Chart 8). Debt securities issuance by non-financial corporations and general government remained strong. The overall decline in November was driven by a further drop in the annual growth rate of issuance at short-term maturities, as issuers showed a strong preference for long-term debt securities in order to lock in favourable long-term financing conditions.

In terms of maturities, the annual growth rate of issuance of short-term debt securities dropped to 0.9% in November, from 5.5% in the previous month. At the same time, the growth rate of issuance of long-term debt securities declined slightly, standing at 10.8%. Issuance of longer-term debt securities can be broken down further into securities issued at floating rates and at fixed rates. In recent months, the positive trend in the issuance of fixed rate long-term debt securities has persisted, with the annual growth rate of such issuance surging from 5.4% at the beginning of the year to 12.5% in November 2009. At the same time, the annual growth rate of issuance of floating rate long-term debt securities continued to decrease, falling to 7.1% in November.

**Table 3 Securities issued by euro area residents**

Issuing sector	Amount outstanding (EUR billions) 2009 November	Annual growth rates <sup>1)</sup>					
		2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 October	2009 November
		Debt securities	14,233	7.8	10.6	12.0	11.5
MFIs	5,382	5.7	5.9	5.8	4.1	3.0	2.5
Non-monetary financial corporations	2,159	23.5	30.9	32.5	28.7	26.1	21.5
Non-financial corporations	795	5.6	7.9	10.3	13.2	16.1	15.8
General government	5,898	5.6	9.6	12.2	13.5	13.3	11.9
<i>of which:</i>							
Central government	5,532	5.7	9.9	12.4	13.7	13.6	12.0
Other general government	366	3.0	6.0	9.6	9.5	10.4	10.5
<b>Quoted shares</b>	<b>4,099</b>	<b>0.8</b>	<b>1.2</b>	<b>1.9</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>
MFIs	568	4.9	7.2	8.7	9.4	9.0	8.8
Non-monetary financial corporations	314	2.6	3.1	3.4	3.8	0.8	1.7
Non-financial corporations	3,217	-0.1	0.0	0.7	1.6	1.9	1.9

Source: ECB.

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

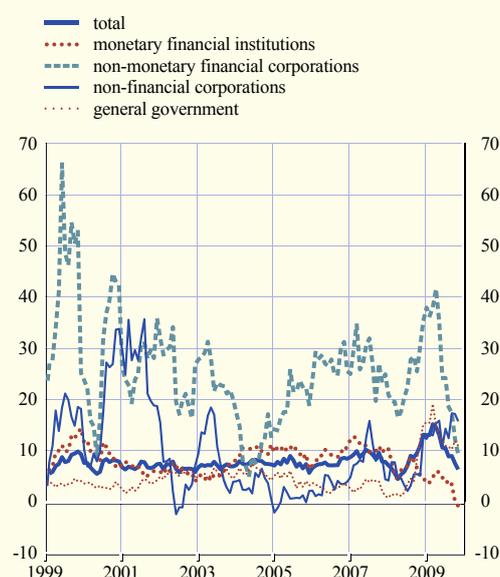
Regarding sectoral issuance, the pace of debt securities issuance by non-financial corporations continued to be very fast, with a 15.8% annual growth rate in November 2009. Since the beginning of 2009 the rebound in net issuance by non-financial corporations has been driven by long-term debt securities, particularly at fixed rates, which grew at an annual rate of 26.1% in November 2009. Net issuance of short-term debt securities, by contrast, decreased sharply, contracting by about one-third with respect to the previous year. Euro area companies are currently taking advantage of the significant decline in the relative cost of market-based debt financing after the first quarter of 2009 in order to secure long-term financing, with corporate spreads currently below the levels observed immediately prior to the intensification of the financial crisis in September 2008. At the same time, the momentum of debt issuance could also partly reflect the tightening of terms and conditions on bank loans.

Turning to the financial sector, there was a further slowdown in the annual growth of debt securities issuance by MFIs, to 2.5% in November 2009, from 3.0% in October. It was driven by a rapid decline in the annual growth rate of short-term debt securities issued, which reached -11.7% in November, while the annual growth of long-term debt securities issuance stabilised at around 5%.

Similarly, the annual growth rate of debt securities issued by non-monetary financial corporations declined to 21.5% in November 2009 due to a sharp contraction in issuance of short-term debt. The issuance activity of

**Chart 8 Sectoral breakdown of debt securities issued by euro area residents**

(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

non-monetary financial corporations, as for other types of issuers, continued to focus on longer-term maturities.

Finally, the annual growth of debt securities issued by the general government sector remained strong, but declined in comparison with the previous month, to stand at 11.9% in November 2009. A sharp deceleration in the annual growth rate of short-term debt securities issuance was partly offset by a rise in the annual growth rate of longer-term debt securities issued. The strong momentum in the issuance of government debt securities reflects the persistently substantial funding needs of the euro area public sector.

#### QUOTED SHARES

The annual growth rate of quoted shares issued by euro area residents remained unchanged at 2.7% in November 2009 (see Chart 9). The annual growth rate of equity issuance by MFIs remained buoyant at 8.8%, reflecting continued efforts on the part of many euro area banks to strengthen their balance sheets by bolstering their capital bases. The annual growth rate of quoted shares issued by non-financial corporations remained unchanged at 1.9% in November 2009, above the very low levels in the first half of 2009, possibly fostered by increased confidence and positive stock market developments.

### 2.3 MONEY MARKET INTEREST RATES

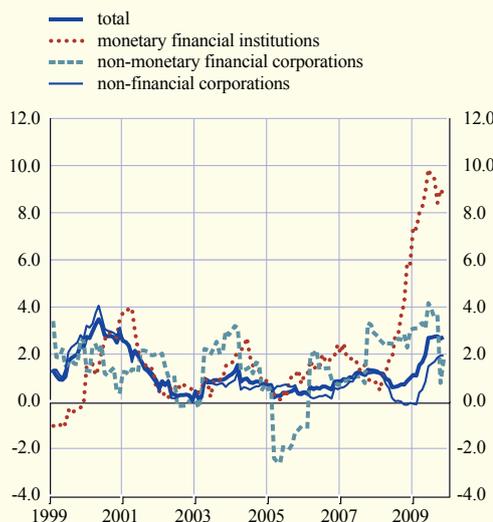
*The money market yield curve remained broadly unchanged in January and early February 2010, with marginal declines observed for all maturities. This reflected the continued ample liquidity conditions in the euro area, particularly following the allotment of the final one-year longer-term refinancing operation on 16 December 2009. The Eurosystem also continued to conduct outright purchases of covered bonds in the context of the covered bond purchase programme that began on 6 July 2009.*

Unsecured money market rates declined only marginally in January and early February 2010. On 3 February the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.43%, 0.67%, 0.93% and 1.23% respectively, representing slight declines of 3, 2, 6 and 1 basis points by comparison with the levels observed on 8 January. As a result, the slope of the money market yield curve was almost unchanged, with the spread between the twelve-month and one-month EURIBOR remaining at 80 basis points on 3 February (see Chart 10).

Secured money market rates, such as those derived from the three-month EONIA swap index, also declined, albeit even less than unsecured rates. The three-month EONIA swap rate stood at 0.364%

Chart 9 Sectoral breakdown of quoted shares issued by euro area residents

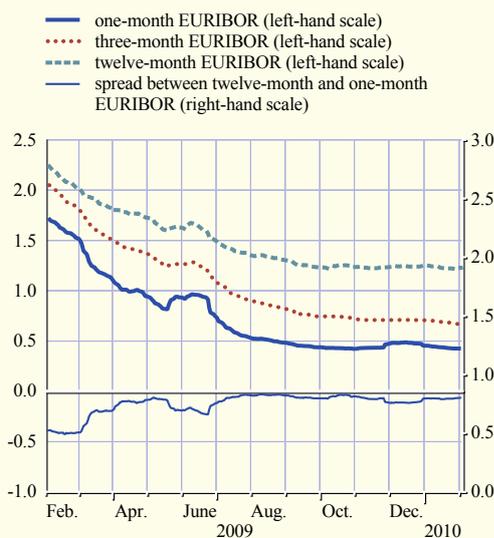
(annual growth rates)



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

Chart 10 Money market interest rates

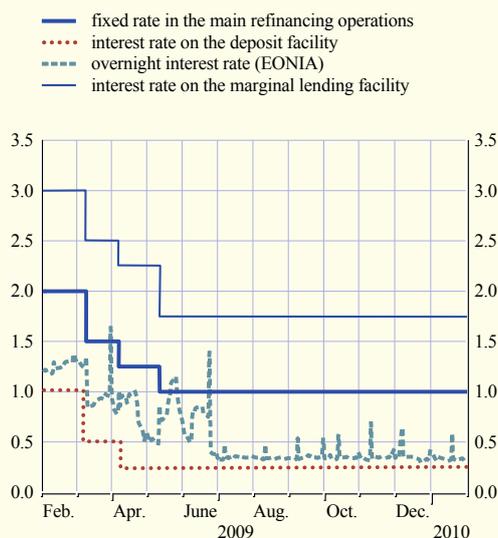
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Reuters.

Chart 11 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Reuters.

on 3 February, around 1 basis point lower than its value on 8 January. As a result, the spread between this secured money market rate and the corresponding EURIBOR declined marginally to stand at 30 basis points on 3 February, down from 32 basis points on 8 January.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in March, June, September and December 2010 declined to stand at 0.70%, 0.97%, 1.26% and 1.52% respectively on 3 February. The rates implied by contracts maturing in March and June (which were 1 and 2.5 basis points lower respectively than their levels on 8 January) declined less than those implied by contracts maturing in September and December (which were 8 and 14 basis points lower respectively).

The EONIA was broadly stable in January and early February. It remained at levels around 10 basis points above the deposit facility rate of 0.25% (see Chart 11), with the exception of 19 January. This was the final day of the twelfth maintenance period of 2009, when the EONIA rose to 0.59% as a result of the Eurosystem conducting a liquidity-absorbing fine-tuning operation by means of a variable rate tender procedure. The operation absorbed €258.9 billion, with a maximum rate of 1.00%, a marginal rate of 0.80% and a weighted average rate of 0.75%. On 3 February the EONIA stood at 0.323%.

In the main refinancing operations conducted on 12, 19 and 26 January and 2 February the ECB allotted €60.1 billion, €58.0 billion, €63.4 billion and €56.4 billion respectively. As regards longer-term operations, the ECB conducted a special LTRO with a maturity of one month on 19 January (in which it allotted €5.7 billion), as well as a regular three-month LTRO on 27 January (in which it allotted €3.3 billion). All operations were conducted with a fixed rate of 1% and full allotment.

In line with the increase in the liquidity surplus in the euro area money market following the settlement of the final one-year LTRO, average daily recourse to the deposit facility rose to stand at €153.1 billion in the period from 20 January to 3 February – up further from the €129.6 billion observed in the previous maintenance period, which ended on 19 January.

January also saw the Eurosystem continue to provide US dollar funding in one-week operations against collateral eligible for Eurosystem operations, as well as Swiss franc funding in one-week swap operations. On 31 January the Eurosystem stopped conducting US dollar liquidity-providing operations.

The covered bond purchase programme that began on 6 July 2009 has also proceeded further. The total value of purchases of euro-denominated covered bonds issued in the euro area stood at €34.4 billion on 3 February, with €60 billion worth of bonds set to be purchased by the end of June 2010.

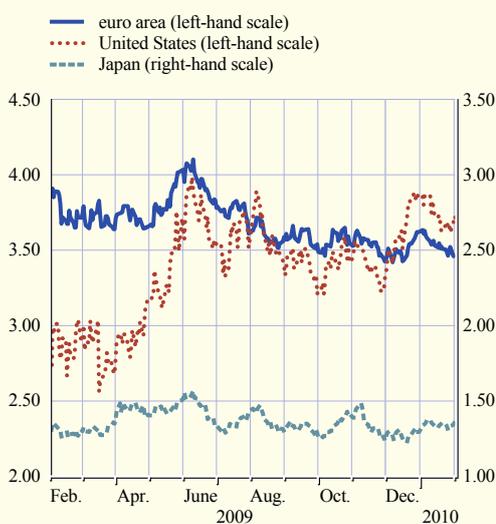
## 2.4 BOND MARKETS

*Long-term government bond yields on both sides of the Atlantic decreased somewhat in January and early February, partly on account of a decline in investors' appetite for risky assets. Inflation expectations derived from inflation-linked bonds in the euro area decreased somewhat, reflecting mainly the unwinding of earlier temporary distortions in the inflation-linked bond market. While intra-euro area sovereign spreads increased, corporate bond spreads continued to decline across rating categories and sectors in January and early February.*

Compared with the end of December 2009, ten-year government bond yields in the euro area decreased by around 15 basis points to stand at around 3.5% on 3 February (see Chart 12). In the United States, ten-year government bond yields decreased to a similar extent to stand at around 3.7% on the same date. Accordingly, the ten-year nominal interest rate differential between US and euro area government bonds remained broadly unchanged. The decrease in euro area long-term government bond yields may partly reflect renewed safe-haven flows towards highly rated government bonds, as reflected, for example, in a temporary increase in liquidity premia on German government bonds. The concomitant decrease in ten-year government bond yields in the United States appeared to reflect also safe-haven flows amid market concerns about the impact on equity prices of proposals by the US government to regulate more tightly banks' proprietary trading activities. The impact on bond yields of

Chart 12 Long-term government bond yields

(percentages per annum; daily data)



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

macroeconomic news releases over the period under review, which were overall mixed, appears to have been modest. Implied euro area and US bond market volatility decreased somewhat since end-December 2009.

Intra-euro area sovereign bond spreads vis-à-vis Germany generally increased in the period under review. The increases were particularly pronounced for Greece, but market concerns about the sustainability of fiscal positions more broadly also impinged noticeably on the spreads of Italian, Portuguese and Spanish government bonds. Against this background, sovereign credit default swap spreads also edged up somewhat for most euro area countries.

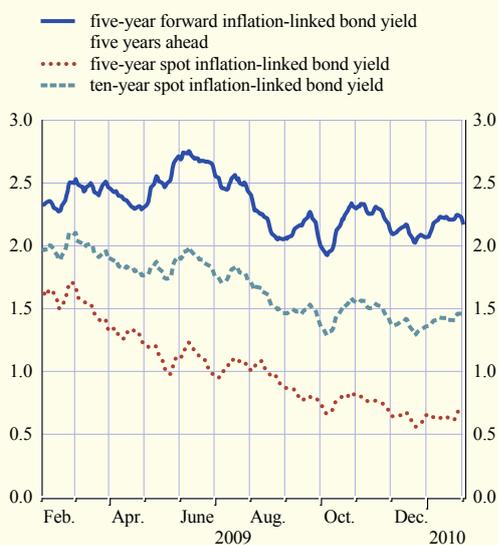
Yields on euro area five-year inflation-linked government bonds rose slightly and stood at around 0.7% on 3 February, while ten-year real yields increased by 10 basis points to stand at 1.4% (see Chart 13). Consequently, the five-year forward real yield five years ahead rose by 10 basis points to stand at 2.2%.

Inflation expectations derived from euro area inflation-linked bonds decreased somewhat in January and early February. On 3 February the five and ten-year spot break-even inflation rates stood at 1.7% and 2.2% respectively, markedly lower than the levels observed at the end of December 2009 (see Chart 14). The implied five-year forward break-even inflation rate five years ahead decreased by 15 basis points to stand at around 2.7%. The recent declines in long-term forward break-even inflation rates and inflation-linked swap rates appear mainly to reflect an unwinding of previous temporary market distortions.

The term structure of forward rates in the euro area shows how the overall behaviour of euro area long-term yields can be decomposed into changes in interest rate expectations (and related risk

**Chart 13 Euro area zero coupon inflation-linked bond yields**

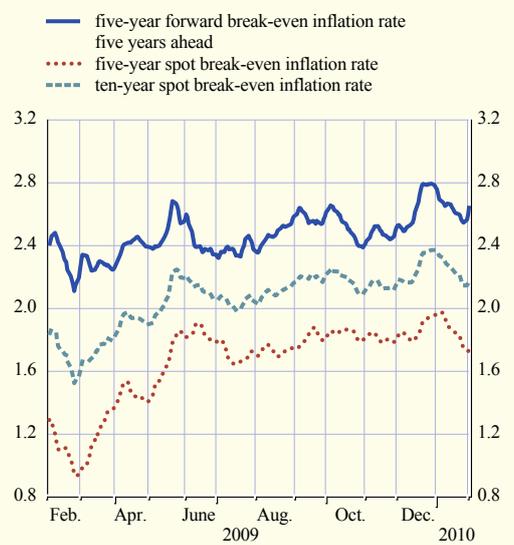
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Reuters and ECB calculations.

**Chart 14 Euro area zero coupon break-even inflation rates**

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



Sources: Reuters and ECB calculations.

premia) at different horizons (see Chart 15). The implied forward overnight interest rate curve for euro area government bonds shifted down, particularly at intermediate maturities, compared with the end of December 2009.

As regards corporate bond markets, spreads continued to narrow across all rating classes and for both financial and non-financial firms. Towards the end of the review period, however, decreasing risk appetite among investors and higher uncertainty, as measured by implied stock market volatility, led to some modest rewidening of spreads for the lowest-rated issuers. In the euro area, covered bond spreads versus swaps remained broadly stable overall, with the exception of Spanish covered bond spreads, which widened somewhat.

## 2.5 INTEREST RATES ON LOANS AND DEPOSITS

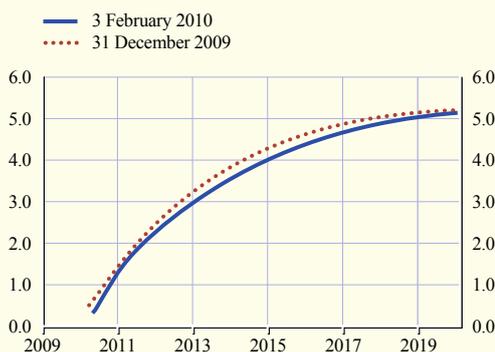
*Developments in MFI lending and deposit rates in December 2009 pointed towards a stabilisation at historically low levels. MFI interest rates on short-term loans to, and deposits from, households and non-financial corporations declined slightly or remained unchanged with respect to the previous month. At the same time, MFI rates on long-term loans to both households and non-financial corporations declined somewhat in December 2009, with some rates charged to non-financial corporations reaching their lowest level since 2003. Overall, these developments suggest that euro area banks continued to pass on the reduction in key ECB interest rates that has taken place since October 2008, broadly in line with historical patterns, and that this process is close to coming to an end.*

Overall, short-term MFI interest rates on loans to, and deposits from, households and non-financial corporations declined slightly or remained unchanged in December 2009 (see Chart 16).

In December 2009, for instance, the short-term rates on loans to households for house purchase

**Chart 15 Implied forward euro area overnight interest rates**

(percentages per annum; daily data)

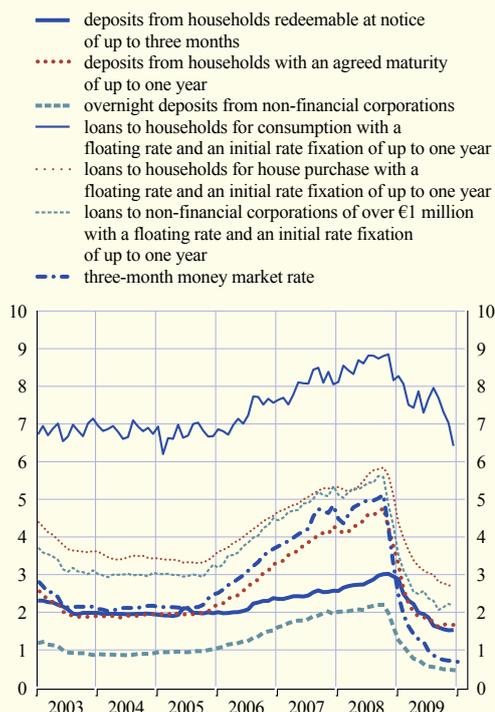


Sources: ECB, EuroMTS (underlying data) and Fitch Ratings (ratings).

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

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

(percentages per annum; rates on new business)



Source: ECB.

and on deposits redeemable at notice from households remained unchanged at 2.7% and 1.5% respectively, the lowest levels recorded since 2003. However, the more volatile short-term rates on loans for consumption declined further to 6.4%, a drop of 61 basis points. At the same time, banks' rates on overdrafts for non-financial corporations and short-term rates on large loans to non-financial corporations fell only slightly in December 2009 to reach 4.1% and 2.2% respectively. Short-term rates on small loans to non-financial corporations remained broadly unchanged around their historical lows at 3.3%.

Given that the three-month EURIBOR declined by 1 basis point in December 2009, the spreads between short-term MFI interest rates and the three-month money market rate remained constant for loans to households for house purchase, whilst declining sharply for loans to households for consumption and decreasing marginally for loans to non-financial corporations

(see Chart 17). Overall, these developments suggest that the pass-through of the reduction in key ECB interest rates that has taken place since October 2008 is close to coming to an end.

Taking a longer-term perspective, between September 2008 (i.e. immediately prior to the beginning of the cycle of monetary policy easing) and December 2009, short-term rates on both loans to households for house purchase and loans to non-financial corporations declined by 310 and 343 basis points respectively. This compares with a decline of 432 basis points in the three-month EURIBOR and indicates a considerable pass-through of market rate changes to bank lending rates. The typically more "sticky" rates on bank overdrafts and short-term consumer loans have been adjusted to a far lesser extent over the same period.

Taking into account concerns regarding borrowers' balance sheets and uncertainty surrounding borrowers' income and ability to service their debts, which are raising credit risk premia, reductions in policy rates appear to have been feeding through to retail lending and deposit rates with a degree of inertia broadly similar to that observed in the past.

As for MFI rates on loans with a longer-term maturity, they declined somewhat in December 2009 for both households and non-financial corporations, despite a rise in long-term government bond yields in the same period (see Chart 18): the rates on loans to households for house purchase with a rate fixation period of between five and ten years slightly declined by 4 basis points to 4.4%; the rates on small loans to non-financial corporations with over five years' rate fixation declined by 15 basis points to 3.9%; and the rates on large loans to non-financial corporations with over five years' rate

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

(percentage points; rates on new business)

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



Source: ECB.

Notes: For the loans, the spreads are calculated as the lending rate minus the three-month money market rate. For the deposits, the spread is calculated as the three-month money market rate minus the deposit rate.

fixation decreased by 22 basis points to 3.6%. MFI rates on loans to non-financial corporations are at their lowest level since 2003.

Viewed from a longer-term perspective, between September 2008 and December 2009, euro area banks adjusted their rates on long-term loans to non-financial corporations more or less in line with the decline in long-term government bond yields. By contrast, longer-term rates on loans to households for house purchase have not fallen as much over this period, reflecting most likely an incomplete and more sluggish pass-through, in the absence of alternative financing sources for households, as well as concerns about credit risk and the value of housing collateral.

Euro area banks' profitability depends, among other things, on loan-deposit margins on both outstanding amounts and new business. These margins declined from about 4% to 3.5% in the first half of 2009 and stabilised in the last quarter of the year. This tends to confirm that banks' profitability improved in the last part of the year.

## 2.6 EQUITY MARKETS

*The upward trend in stock prices was interrupted in January and early February, as broad-based stock market indices in the euro area and the United States recorded some losses. At the same time, implied stock market volatility increased noticeably on both sides of the Atlantic. Overall, newly proposed banking regulation in the United States appeared to exert some downward pressure on stock prices internationally. In the euro area, market concerns about the fiscal challenges in some countries also weighed on stock prices. The expected growth in euro area earnings per share 12 months ahead improved marginally in January.*

In January and early February, the upward trend in stock prices, which had established itself since March 2009, was interrupted. In the first half of January, stock prices of financial firms performed somewhat better than those of non-financial firms, but these gains were more than offset by losses in the second half of the month. The pronounced declines in the stock prices of banks in this period appeared to be partly attributable to new banking regulation proposed by the US government. The negative sentiment was broad-based, however, and impinged on stocks of almost all economic sectors on both sides of the Atlantic. Euro area stock prices, as measured by the Dow Jones EURO STOXX index, and US stock prices, as measured by the Standard & Poor's 500 index, declined by 3.7% and 1.6% respectively between the end of December 2009 and 3 February 2010 (see Chart 19). Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, declined by about 1.3%. Short-term stock market uncertainty, as measured by implied volatility,

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

(percentages per annum; rates on new business)

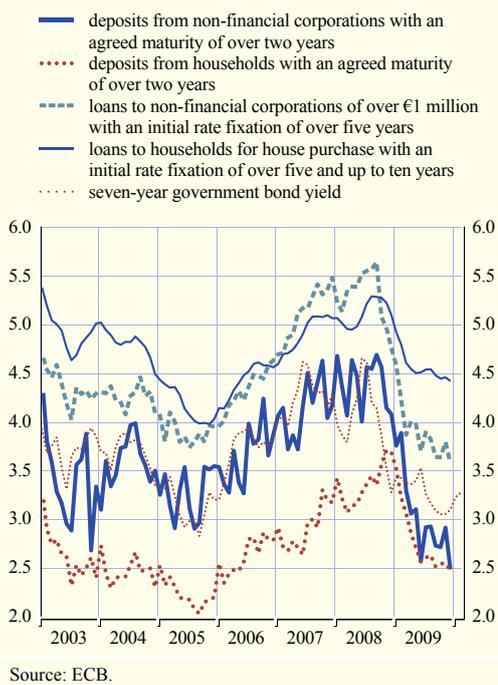
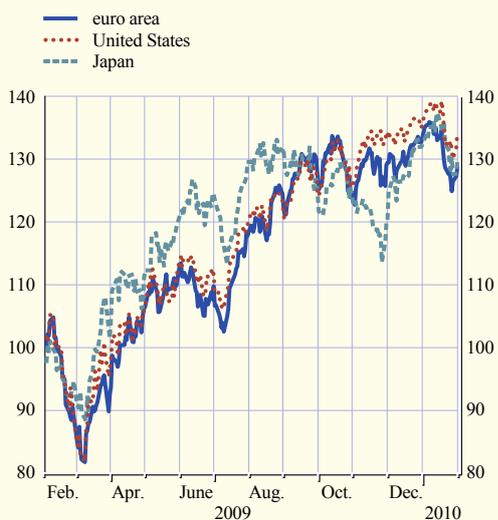


Chart 19 Stock price indices

(index: 1 February 2009 = 100; daily data)



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

Chart 20 Implied stock market volatility

(percentages per annum; five-day moving 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.

increased noticeably in major markets (see Chart 20). However, expected volatility for the one and two-year horizons only increased modestly, suggesting that market participants perceive the most recent bout of volatility to be only temporary.

For euro area listed companies, the growth of actual earnings per share remained depressed in January 2010. The actual earnings per share of firms covered by the Dow Jones EURO STOXX index declined by 31%, albeit an improvement in comparison with December 2009. A more marginal improvement was observed in the expected growth of earnings per share 12 months ahead, which was forecast to improve to 31%, from 30% in December. The improvement in expected earnings per share has been sustained since the beginning of the third quarter of 2009.

The relatively sharper declines of euro area stock prices compared with other major markets seemed at least partly related to the intensified market concerns about the sustainability of fiscal positions in some euro area countries. In particular, stock markets of countries which had seen sharper increases in sovereign risk spreads generally also suffered more substantial losses than other national stock markets in the euro area. Overall, the period under review was characterised by mixed macroeconomic news, and the lower stock prices are thus unlikely to reflect any substantial downward adjustment of investors' outlook for economic growth in the major economies.

Box 2

**INTEGRATED EURO AREA ACCOUNTS FOR THE THIRD QUARTER OF 2009<sup>1</sup>**

The integrated euro area accounts for the third quarter of 2009 released on 28 January 2010 offer comprehensive and consistent information on the income, spending, financing and portfolio decisions of all sectors of the euro area economy.

**Euro area income and net lending/net borrowing**

As the euro area economy resumed moderate growth in the third quarter of 2009, the year-on-year contraction of the nominal gross disposable income of the euro area as a whole slowed to -2.3% from -3.7% in the previous quarter. Non-financial corporations returned to positive income growth after the decline in the previous quarter. Households' income growth decreased again, mainly reflecting further reductions in compensation of employees. Government disposable income declined year on year, though at a slower pace. Financial corporations' disposable income fell sharply (see Chart A).

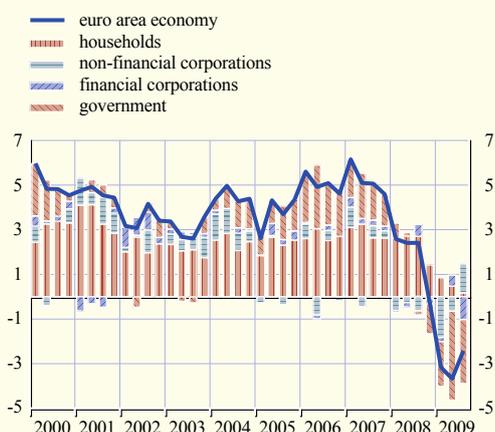
Euro area gross saving rebounded in the third quarter of 2009, mainly on account of rising savings of non-financial corporations. The very rapid 16.3% year-on-year decline in euro area savings observed in the second quarter of 2009 moderated to -10.5%. Gross capital formation also shrank less strongly year on year, with an annual change of -12% (from -13.5% in the second quarter), due to a deceleration in the decline in capital expenditure by the private non-financial sectors, whilst year on year growth in government investment, although still robust, decreased.

As a result of the marked inflection in savings, coupled with a less marked one in capital formation, the external balance continued to improve. This result also reflected falling net

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

**Chart A Euro area gross disposable income – contribution by sector**

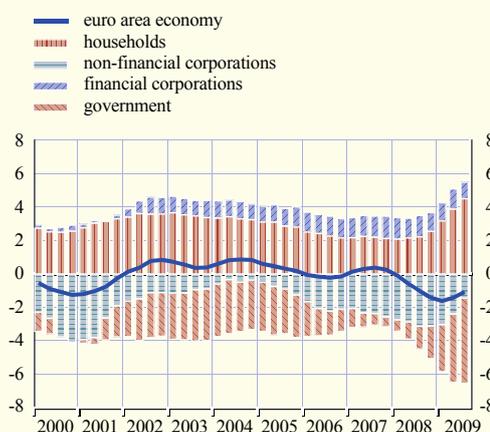
(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB.

**Chart B Euro area net lending/net borrowing**

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



Sources: Eurostat and ECB.

property income paid to the rest of the world and further improvements in the trade balance. Thus, the euro area net lending/net borrowing<sup>2</sup> improved in the third quarter, to a deficit of 1.1% of GDP (after a deficit of 1.4% in the second quarter), on a four-quarter moving sum basis. From a sectoral standpoint, this was the result of sharply diminishing net borrowing by non-financial corporations and of the continued increase in net lending of households, which together outweighed the further increase in government net borrowing and the pronounced decrease in financial corporations' net lending (see Chart B).

From a financial account perspective, the decreased euro area net borrowing reflects the increase in euro area net outflows in currency and deposits and the decrease in net inflows in debt securities, which outweighed the increased net inflows in shares and other equity. In gross terms, the fallout from the global financial crisis continued to dampen cross-border transactions for many types of financial instruments (except debt securities, with still elevated purchases by non-residents, in particular of government securities). Most notably, the flows of interbank deposits between euro area MFIs and non-resident banks remained negative for the fourth quarter in a row, as repatriation of funds continued.

#### Behaviour of institutional sectors

In the third quarter of 2009, *household* nominal income decelerated further, although less than in the previous quarter and still showing a positive year-on-year growth rate. Falling compensation of employees, self-employment income and net property income earned continued to be partially compensated for by strong net social transfers received and by falling taxes paid. At the same time, real disposable income growth was still supported by favourable disinflation dynamics on a year-on-year basis, growing at +1.0% year on year in the third quarter of 2009. However, households deepened their retrenchment of real consumption initiated in mid-2008, against a background of worsening employment prospects, protracted housing market weakness, and accumulated past losses on shares (despite recouping around one third of peak-to-trough losses). As a result, households savings accelerated, with the saving rate reaching a new high of 15.5% (see Chart C). This, coupled with further falls in household non-financial investment (although less pronounced than in the past), resulted in increased financial investment and continued subdued loan growth. With regard to the portfolio structure, the return to more normal conditions was confirmed, as asset markets recovered and the preference for liquidity receded further: purchases of equity and non-money market mutual funds expanded and acquisitions of insurance technical reserves accelerated again, while acquisitions of M3 and close substitutive assets shrank (see Chart D).

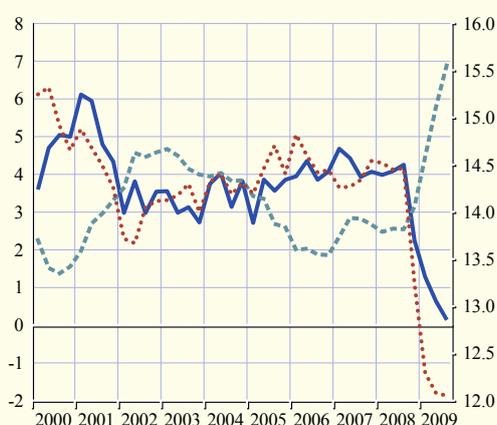
As a result of the recovery in output and continued cost cutting, the gross operating surplus of *non-financial corporations* recovered strongly in the third quarter – registering the largest quarter-on-quarter increase on record – and its annual decline halved. In addition, non-financial corporations continued benefiting from lower taxes and net interest paid and from lower net dividends distributed, helping to trigger a sharp rebound in saving (disposable income), which posted a large increase also year on year. Against the background of stabilising global demand (though at low levels of capacity utilisation) and further easing in external financing conditions, the contraction in fixed capital formation moderated in the third quarter (from -17.1% year on year to -13.7%). The rapid destocking also slowed down. As the steep pick-up in saving far exceeded the upturn in

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

**Chart C Household income and consumption growth, and the saving ratio**

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

- household income growth (left-hand scale)
- ..... nominal consumption growth (left-hand scale)
- - - saving ratio (right-hand scale)

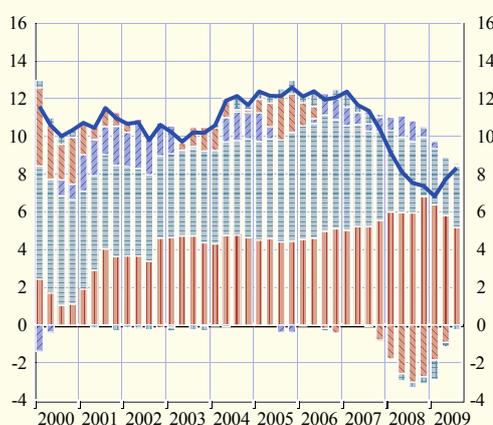


Sources: Eurostat and ECB.

**Chart D Households' financial investment**

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

- total assets
- currency and deposits
- insurance technical reserves
- debt securities
- equities
- other



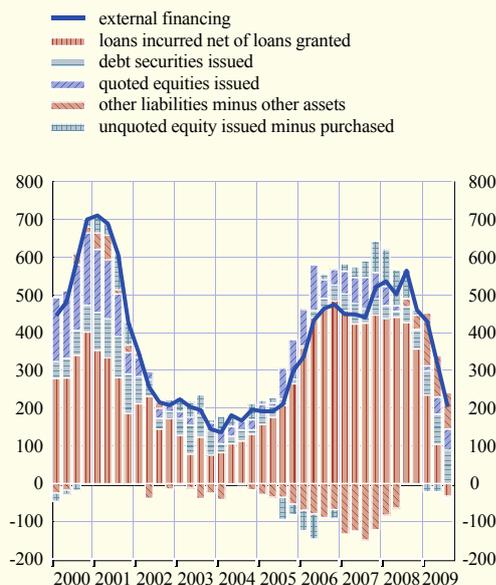
Sources: Eurostat and ECB.

capital investment, the net borrowing position of non-financial corporations improved markedly, turning even into a net lending considering solely the third quarter of 2009. The annual growth rate of external financing of non-financial corporations slowed further, while its composition changed due to pronounced substitution effects, with market financing by far exceeding MFI financing (see Chart E). Net incurrence of loans sharply decelerated to a net redemption, largely reflecting massive net redemptions in short-term loans. Firms further boosted issuance of securities, amidst falling spreads. Inter-company lending (in the form of loans granted or of trade credit), though again decelerating, remained resilient compared with nominal GDP growth, suggesting some buffering role attenuating the adverse impact of restrained bank financing. The trend towards a reduction in purchases of quoted shares came to a halt, while liquidity buffers increased overall (despite continued selling of debt securities held).

The further deterioration of *general government* accounts on a four-quarter moving sum basis largely reflects the impact of automatic stabilisers but also sizeable stimulus measures. While reaching very high deficits, there was some stabilisation in year-on-year terms, as the rapid growth in social benefits expenditure slowed and the decline in taxes and social contributions earned moderated. Debt issuance, though remaining elevated, was not as high as in the previous three quarters (partly due to seasonal factors), as Treasuries drew down their liquid assets in the third quarter and limited purchases of financial assets carried out in the context of financial rescues. The high debt securities issuance continued to be absorbed mainly by purchases by MFIs, seeking safe placements and benefiting from a profitable “carry trade”, alongside large purchases by non-residents.

**Chart E NFCs' external financing by source of funds**

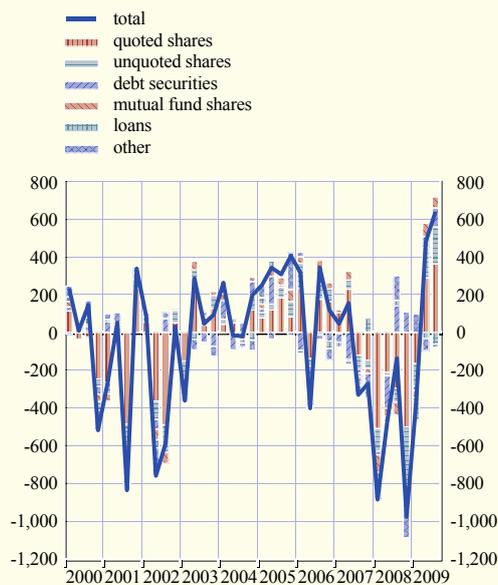
(four-quarter moving sum; EUR billions)



Source: ECB.  
 Note: For presentational purposes, some transactions in assets are netted here from financing, as they are predominantly internal to the sector (loans granted by NFCs, unquoted shares, other accounts receivable/payable).

**Chart F Other economic flows in financial corporations' assets**

(quarterly flow; EUR billions)



Sources: Eurostat and ECB.  
 Note: Other economic flows mainly relate to holding gains and losses.

The disposable income of *financial corporations* fell sharply, as the contraction in net interest earned outweighed the solid growth in gross operating surplus (the latter reflecting increased bank margins and falling compensation of employees), and as the favourable impact of cuts in net dividends earlier in the year faded away. At the same time, financial corporations benefited from substantial holding gains in recent quarters on equity as well as on debt securities. Gains on government securities held compensated for the large write-downs initially incurred on “toxic assets” (see Chart F).<sup>3</sup> Despite ongoing pressures to deleverage, additions to financial corporations' balance sheets remained positive though subdued. They reached an average of €200 billion per quarter since the end of 2008, excluding interbank transactions, as against up to €1 trillion per quarter during the preceding leverage boom. However, the shift towards safer assets continued by acquiring government securities on a large scale, diminishing the exposure to cross-border assets and limiting loan origination. This reinforced role of market instruments amongst the assets of financial corporations may be part of a more general disintermediation pattern across sectors as economic agents adapted their funding and portfolio behaviour in the wake of the financial turmoil.

### Financial markets

In the third quarter of 2009 governments remained the main net issuers of debt securities. Non-financial corporations continued raising substantial funds on this market by way of issuance as well as disposal of debt securities held. MFIs were large net purchasers of debt securities

<sup>3</sup> It should be noted that, in the case of loans, which are valued at nominal value in the euro area accounts, impairment only has an impact on the financial wealth of creditors at the time when they are actually written off, i.e. with a considerable delay.

(of government notably) while net issuance remained weak. There was a deceleration of issuance by other financial intermediaries (OFIs), though it still remained at an elevated level, mostly through securities directly purchased by sponsoring MFIs. The rest of the world slowed its sizeable net buying, while purchases by households and institutional investors accelerated.

On the mutual funds market, net issuance of non-money market mutual fund shares accelerated on the back of resumed appetite of households for riskier and longer-term assets.

On the quoted shares market, net issuance remained strong, in the context of capital enhancement needs of MFIs and the move of non-financial corporations towards non-bank financing. Non-financial corporations kept purchasing, as cash constraints were less binding. Investment funds (included in the OFI sector) became prominent buyers, while MFIs resumed selling.

On the loan market, non-financial corporations redeemed strongly, in particular in the short-term segment, replacing loans with other liability classes, while household borrowing remained subdued in a context of low expenditure.

### **Balance sheet dynamics**

A continued rebound in global equity markets attenuated the negative impact of previous losses on the net financial wealth of households, limiting the cumulated loss incurred in the four quarters up to the third quarter of 2009 (although the cumulated loss from the mid-2007 peak remained considerable). Similarly, the equity-to-assets ratio of financial corporations, measured at market value, continued its recovery from the low levels of March 2009, reflecting the increase in stock prices of financial corporations and, to a lesser extent, renewed equity issuance.

## 3 PRICES AND COSTS

According to Eurostat's flash estimate, annual HICP inflation stood at 1.0% in January 2010, slightly up from 0.9% in December 2009. Looking ahead, annual HICP inflation is expected to stay close to 1% in early 2010 and to remain subdued over the medium term as a result of the expected slow recovery in demand in the euro area and elsewhere. Risks to the inflation outlook remain broadly balanced.

### 3.1 CONSUMER PRICES

Euro area annual HICP inflation stood at 1.0% in January 2010, up from 0.9% in December 2009, according to Eurostat's flash estimate (see Table 4). Official estimates of the breakdown of the January HICP have not yet been published, but it is known that the outcome was not affected by any significant base effects.

Looking at December 2009, the last month for which breakdown data are available, the HICP rose to 0.9%, from 0.5% in November, largely reflecting base effects in energy prices. The year-on-year change in the energy component became positive, rising to 1.8%, from -2.4% in November. The strong increase essentially reflects a sizeable upward base effect related to the previous year's developments in oil prices. In month-on-month terms, however, energy price inflation decreased in December, driven by developments in the prices of oil-related items for heating and transportation.

The annual rate of change in the unprocessed food component of the euro area HICP stood at -1.6% in December, down from -1.3% in November. All sub-components of unprocessed food recorded a negative year-on-year rate of growth. The annual rate of change of processed food prices increased by 0.7% in December, after a 0.5% increase one month earlier.

Excluding all food and energy items, or about 30% of the HICP basket, HICP inflation increased by 0.1 percentage point to 1.1% in December. This reflected a slight increase in the annual rate of change in non-energy industrial goods prices, while services price inflation remained unchanged.

**Table 4 Price developments**

(annual percentage changes, unless otherwise indicated)

	2008	2009	2009 Aug.	2009 Sep.	2009 Oct.	2009 Nov.	2009 Dec.	2010 Jan.
<b>HICP and its components</b>								
Overall index <sup>1)</sup>	3.3	0.3	-0.2	-0.3	-0.1	0.5	0.9	1.0
Energy	10.3	-8.1	-10.2	-11.0	-8.5	-2.4	1.8	.
Unprocessed food	3.5	0.2	-1.2	-1.3	-1.6	-1.3	-1.6	.
Processed food	6.1	1.1	0.6	0.5	0.3	0.5	0.7	.
Non-energy industrial goods	0.8	0.6	0.6	0.5	0.3	0.2	0.4	.
Services	2.6	2.0	1.8	1.8	1.8	1.6	1.6	.
<b>Other price indicators</b>								
Industrial producer prices	6.1	-5.1	-7.5	-7.6	-6.6	-4.4	-2.9	.
Oil prices (EUR per barrel)	65.9	44.6	51.1	46.9	49.8	52.1	51.6	54.0
Non-energy commodity prices	2.1	-18.5	-16.5	-17.1	-7.3	-0.9	19.0	27.1

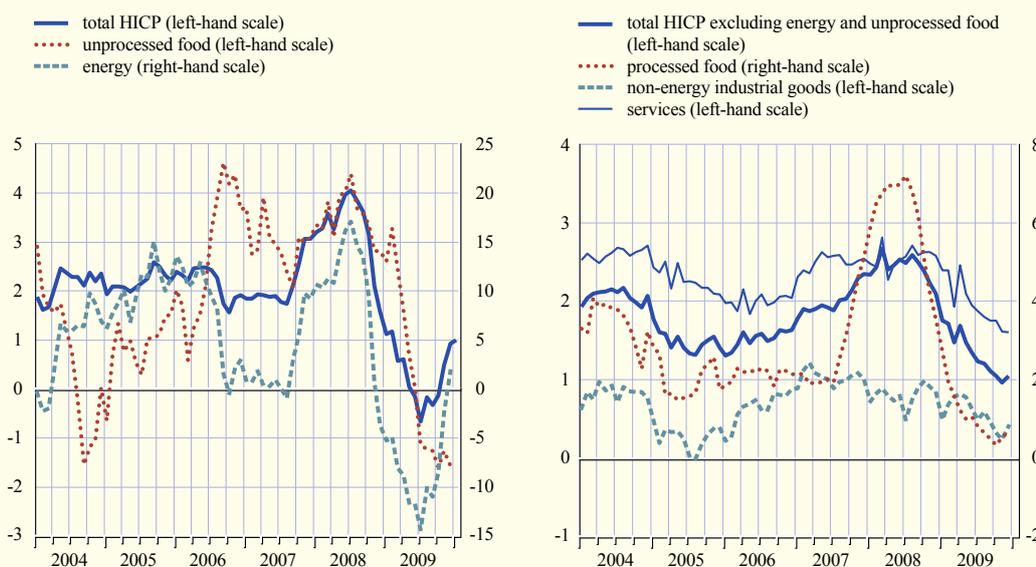
Sources: Eurostat, ECB and ECB calculations based on Thomson Financial Datastream data.

Note: The non-energy commodity price index is weighted according to the structure of euro area imports in the period 2004-06.

1) HICP inflation in January 2010 refers to Eurostat's flash estimate.

Chart 21 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

The annual rate of change in non-energy industrial goods prices increased slightly, by 0.2 percentage point, to 0.4% in December. The dynamics of the annual rate of change in this component were driven primarily by garment and footwear price developments, and to a lesser extent by car prices. Services price inflation remained unchanged in December, at 1.6%. Subdued developments in the prices of items related to leisure travel (package holidays, air transport, restaurants and accommodation) continued to dampen services price inflation.

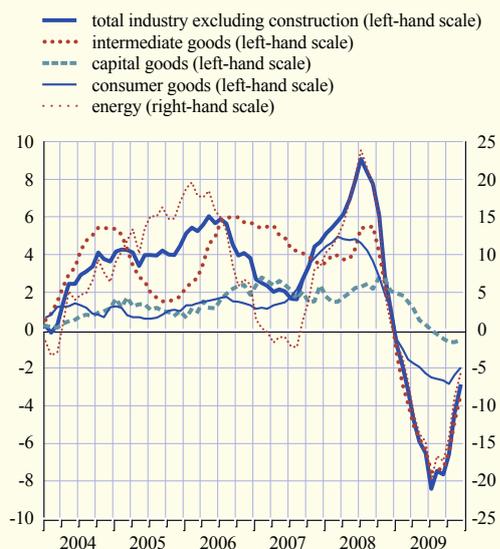
### 3.2 INDUSTRIAL PRODUCER PRICES

The annual rate of change in industrial producer prices (excluding construction) rose in December to -2.9%, from -4.4% in November. The increase, which was widespread across components, was particularly pronounced in the energy and intermediate goods components, largely on account of strong positive base effects.

At the latter stages of the production chain, the annual rate of change in consumer goods prices increased in December to -2.0%, from -2.4% one month earlier. Moderating downward price pressures are also confirmed by survey data on the price-setting behaviour of firms (see Chart 23). With regard to the Purchasing Managers' Index, the input price index for manufacturing and the services sector rose further in January. The readings for both sectors stood above the threshold of 50, whereby a value above 50 indicates an increase in prices and a value below 50 indicates a decrease. The index of prices charged in the manufacturing sector increased slightly in January, but remains below 50. The indicator of prices charged for the services sector decreased slightly. The levels of the indices of prices charged for the manufacturing and services sectors indicate that prices continue to decline, at broadly the same rate as in December 2009.

**Chart 22 Breakdown of industrial producer prices**

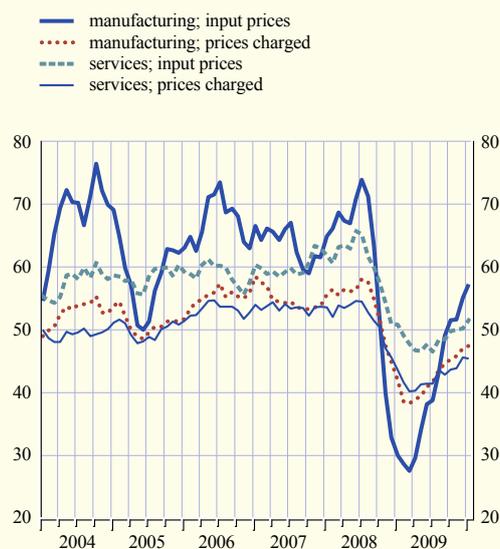
(annual percentage changes; monthly data)



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.

### 3.3 LABOUR COST INDICATORS

Little new information on labour costs has become available since the previous issue of the Monthly Bulletin. Labour cost growth, which peaked at the end of 2008, continued to decline in the third quarter of 2009. This decrease reflected both lower wage growth per hour and fewer hours worked. Developments in these two variables have led to some differences in the behaviour of the annual rates of growth in negotiated wages, compensation per employee and hourly labour costs (see Chart 24 and Table 5).

The annual rate of growth in negotiated wages in the euro area fell from 2.7% in the second quarter of 2009 to 2.3% in the third quarter. This substantial decline is likely to have reflected the sharp downturn in economic activity, the persistent increase in unemployment and the significant drop in inflation. As negotiated wages capture wage increases settled through collective agreements,

**Table 5 Labour cost indicators**

(annual percentage changes, unless otherwise indicated)

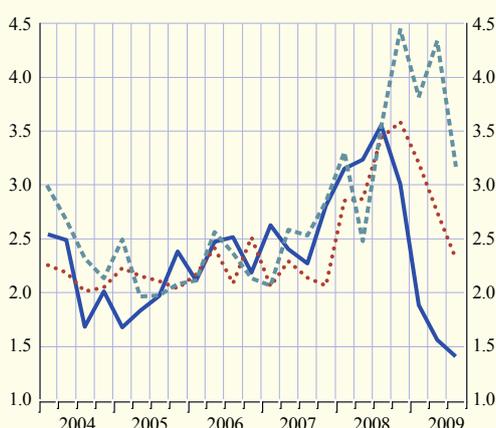
	2007	2008	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3
Negotiated wages	2.1	3.2	3.4	3.6	3.2	2.7	2.3
Total hourly labour costs	2.5	3.4	3.5	4.4	3.8	4.3	3.2
Compensation per employee	2.5	3.2	3.6	3.0	1.9	1.6	1.4
<i>Memo items:</i>							
Labour productivity	1.0	-0.1	-0.1	-1.7	-3.8	-3.1	-2.0
Unit labour costs	1.6	3.3	3.6	4.8	5.9	4.8	3.5

Sources: Eurostat, national data and ECB calculations.

Chart 24 Selected labour cost indicators

(annual percentage changes; quarterly data)

- compensation per employee
- ... negotiated wages
- - - hourly labour costs



Sources: Eurostat, national data and ECB calculations.

this indicator tends to react to changes in economic conditions with a time-lag. Available information signals that the annual rate of growth in negotiated wages remained broadly stable in the fourth quarter of 2009.

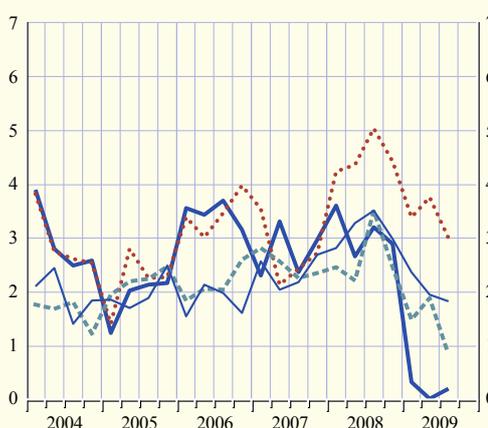
The annual growth rate of compensation per employee decelerated further to 1.4% in the third quarter of 2009, from 1.6% one quarter earlier. The additional moderation in the annual growth rate of this indicator resulted from lower wage growth per hour, a reduction in working hours and cuts in flexible pay elements. The sectoral breakdown indicates that the deceleration was mainly driven by the market services component (see Chart 25).

Consistent with the recent slowdown in growth in negotiated wages and compensation per employee, hourly labour costs also declined in the third quarter, to 3.2%, down from 4.3% in the second quarter of the year. The annual growth rate of this indicator is, however, still high by comparison with both previous recessions and other labour cost indicators. It would appear that the persistently strong growth in hourly labour costs is still being driven by the fact that lower working hours (resulting from various measures taken in several countries) do not lead to proportional falls in wages per employee. Owing to the fact that the industrial sector is most strongly affected by shorter working hours, the year-on-year increase in hourly labour costs, at 5.4%, was highest in this sector in the third quarter of 2009.

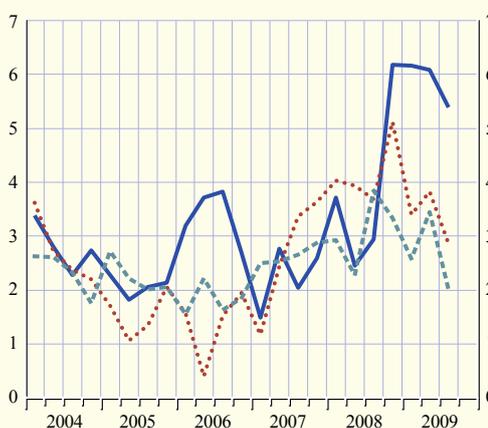
Chart 25 Sectoral labour cost developments

(annual percentage changes; quarterly data)

- industry excluding construction, CPE
- ... construction, CPE
- - - market services, CPE
- services, CPE



- industry excluding construction, hourly LCI
- ... construction, hourly LCI
- - - market services, hourly LCI



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

Annual productivity in terms of output per employee registered another strong decline in the third quarter, falling by 2.0% compared with the same quarter of the previous year (see Table 5). This decline was, however, weaker than the 3.1% contraction observed in the second quarter. As a result, the annual growth rate of unit labour costs moderated, to 3.5%, in the third quarter. Given that the average level since the start of EMU has been around 1.8%, annual unit labour cost growth remains very high.

### 3.4 EURO AREA RESIDENTIAL PROPERTY PRICES

As reported in detail in Box 3, euro area residential property prices fell in both nominal and real terms in the first half of 2009, following a moderation in growth from the peak recorded in 2005.

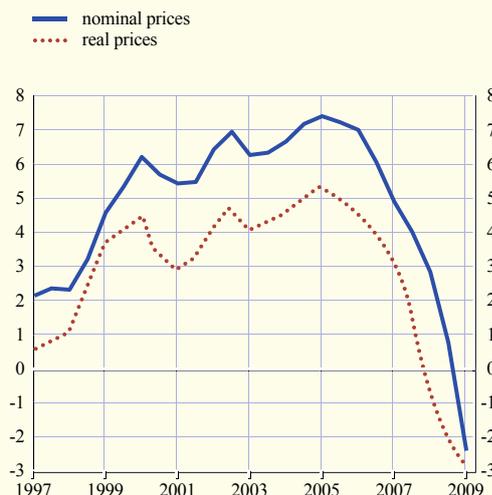
#### Box 3

#### RECENT HOUSING MARKET DEVELOPMENTS IN THE EURO AREA

Euro area residential property prices fell in the first half of 2009, after growth moderated following strong price increases in the period to 2005. This box reviews recent developments in residential property prices in the euro area, examines selected housing supply and demand factors, and assesses the prospects for house prices.<sup>1</sup>

**Chart A Residential property prices in the euro area**

(annual percentage changes; biannual data)



Source: ECB calculations based on national data.  
Notes: Real residential property price growth is obtained by subtracting annual HICP inflation from nominal residential property price growth. The euro area residential property price aggregate is calculated from national series covering more than 90% of euro area GDP for the whole period.

According to the latest data,<sup>2</sup> in the first half of 2009 euro area house prices fell at an annual rate of 2.4% in nominal terms and 3.0% in real terms, i.e. deflated by the HICP (see Chart A). This contraction – the first on record since 1982 – follows a period of slower growth that began after the strong price increases recorded between 1999 and 2005 (when the average annual increase was 6.4%; see the table). Over the period 1999-2008 the cumulative increase in euro area nominal house prices was in excess of 60%.

Residential property prices fell year on year in the first half of 2009 in a majority of euro area countries. The sharpest drops were observed in Ireland, Spain, France, Malta and Slovenia. Generally, the countries experiencing the most pronounced corrections are those that exhibited the strongest house price increases in the period to 2005. Available country data for the third quarter of 2009 point to a further contraction in residential property prices.

1 For a detailed analysis of indicators of housing supply and demand, see the article entitled “Assessing house price developments in the euro area” in the February 2006 issue of the Monthly Bulletin.

2 It should be noted that there is a high degree of uncertainty regarding the data used to assess house price developments. This stems, in particular, from issues related to coverage, quality control and representativeness.

### Residential property prices (nominal) in the euro area

(annual percentage changes)												
	Weight (%)	1999-2005, average annual change	2006	2007	2008	2008		2009	2009			
						H1	H2	H1	Q1	Q2	Q3	Q4
Belgium <sup>1)</sup>	3.7	7.5	11.8	9.3	4.8	5.8	3.9	-0.6	1.0	-2.2	-1.5	..
Germany <sup>2)</sup>	27.0	-0.9	0.2	0.7	0.2	..	..	..	..	..	..	..
Ireland <sup>2)</sup>	2.1	12.2	13.4	0.9	-9.4	-9.0	-9.8	-10.4	-9.8	-11.1	-12.9	..
Greece <sup>2)</sup>	2.5	9.5	12.2	4.6	2.6	2.6	2.7	..	..	..	..	..
Spain <sup>2)</sup>	11.7	13.8	10.4	5.8	0.7	2.9	-1.4	-7.6	-6.8	-8.3	-8.0	-6.3
France <sup>1)</sup>	21.1	11.2	12.1	6.6	1.2	3.7	-1.1	-8.1	-6.9	-9.3	-8.0	..
Italy <sup>2)</sup>	17.1	6.9	5.8	5.0	4.2	4.5	4.0	3.1	..	..	..	..
Cyprus <sup>2),3)</sup>	0.2	-	10.0	15.0	..	..	..	..	..	..	..	..
Luxembourg <sup>2)</sup>	0.4	11.1	10.8	10.1	..	..	..	..	..	..	..	..
Malta <sup>2)</sup>	0.1	10.8	3.5	1.1	-2.7	-1.7	-3.8	-7.9	-9.9	-6.0	-2.5	..
Netherlands <sup>1)</sup>	6.3	7.8	4.6	4.2	2.9	3.7	2.2	-1.5	-0.3	-2.8	-5.1	..
Austria <sup>2),4)</sup>	3.0	0.7	4.0	4.1	1.3	1.0	1.6	4.6	4.3	4.9	..	..
Portugal <sup>2)</sup>	1.8	2.9	2.1	1.3	3.9	3.1	4.7	1.5	2.7	0.3	-0.8	..
Slovenia <sup>1)</sup>	0.4	-	17.6	22.6	3.1	5.8	0.5	-8.4	-7.0	-9.8	-10.9	..
Slovakia <sup>1)</sup>	0.6	-	16.8	23.9	..	32.8	..	..	..	..	..	..
Finland <sup>1)</sup>	2.0	..	6.4	5.5	0.6	3.0	-1.8	-4.5	-5.6	-3.5	0.2	..
Euro area	100.0	6.4	6.5	4.4	1.8	2.8	0.8	-2.4	..	..	..	..

Sources: National data and ECB calculations.

Note: Weights are based on euro area nominal GDP in 2007.

1) Existing dwellings (houses and flats); whole country.

2) All dwellings (new and existing houses and flats); whole country.

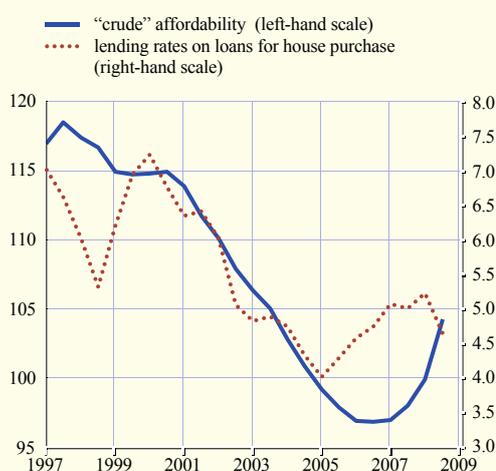
3) The property price index is estimated by the Central Bank of Cyprus using data on valuations of property received from several MFIs and other indicators relevant to the housing market.

4) Data to 2000 are for Vienna only.

The moderation in euro area house prices has been associated with subdued developments in both housing supply and demand in the euro area. One demand determinant is affordability, which can be assessed with the widely used “crude” or narrow housing affordability measure – defined as the ratio of household nominal disposable income to the nominal house price index. This measure, which had fallen since end-2001 as income growth did not keep pace with house price increases, began to increase at the end of 2007, mainly as a result of lower house price inflation, and continued its upward movement in the first half of 2009, indicating an improvement in affordability (see Chart B). Borrowing conditions also improved in the first half of 2009, with a decrease in nominal interest rates on loans to households for house purchase. According to the latest bank lending survey for the euro area, in the last quarter of 2009 the net percentage of banks reporting a tightening of credit standards for loans to households for house purchase continued to decrease (falling to 3%, as compared with 28% in the first quarter of 2009). In line with these developments, the annual growth rate of loans to households for

Chart B “Crude” housing affordability and borrowing conditions

(index: 2005 = 100; percentages per annum)



Sources: Eurostat and ECB calculations.

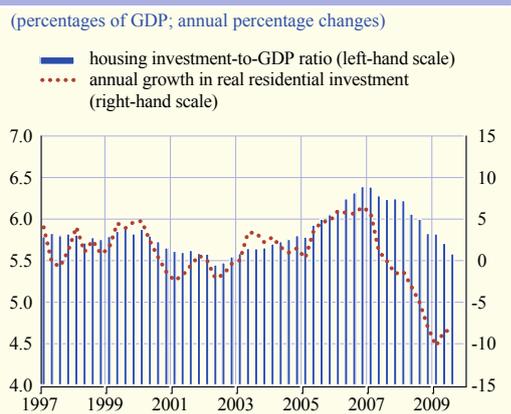
Notes: “Crude” housing affordability is defined as the ratio of household nominal disposable income to the nominal house price index. Lending rates are calculated as the rate on loans to households for house purchase with an initial rate fixation period of over five and up to ten years.

house purchase in the euro area has recently levelled off, but at a level considerably lower (1.5% in December 2009) than the peak of over 12% reached in mid-2006. All in all, income and credit developments suggest that euro area housing demand will remain subdued in the coming months, despite some tentative signs of stabilisation.

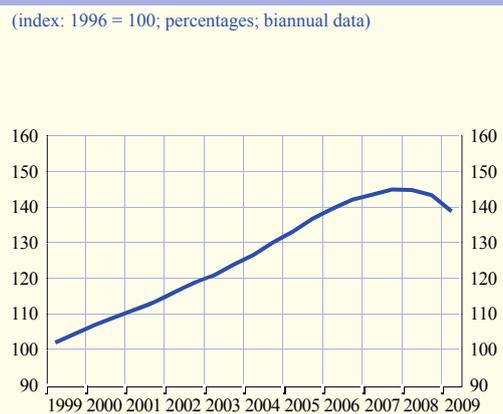
In an environment of subdued housing demand and lower prices, there have also been signs of a rapid decline in housing supply in the euro area. Real housing investment has been shrinking since mid-2007. Real residential investment in the euro area has fallen steadily in year-on-year terms, declining from a peak growth rate of 6.5% in the last quarter of 2006 to a contraction of 8.3% in the third quarter of 2009 (see Chart C). This has also contributed to a decline in the share of resources in the economy devoted to housing construction, as illustrated by the fact that the ratio of nominal housing investment to nominal GDP has fallen. Building permit issuance, which is often used as a leading indicator for housing investment, suggests that this weakness will persist in the coming months, as the number of permits issued has continued to fall sharply, contracting at an annual rate of close to 25% in the third quarter of 2009.

Against the background of the recent contraction in activity and employment, housing supply and demand dynamics suggest that euro area house prices are likely to continue to moderate for some time to come. This is also consistent with indications from an asset-pricing approach applied to housing. Under this approach, the ratio of the euro area house price index relative to the euro area rent component of the HICP index remains somewhat elevated (see Chart D). This also supports the expectation of a further correction in house prices.

**Chart C Residential investment in the euro area**



**Chart D House price/rental yield ratio in the euro area**



### 3.5 THE OUTLOOK FOR INFLATION

Over the short term, the outlook for annual HICP inflation will be shaped by non-negligible upward base effects arising from changes in food and energy prices. Base effects are, however, expected to contribute less to inflation developments in 2010 than they did in 2009 (for details, see Box 3 of the January 2010 issue of the Monthly Bulletin). At the same time, economic fundamentals, such as weak consumer demand and lower labour cost growth, are expected to weigh on developments

in the HICP. Annual HICP inflation is expected to stay close to 1% in early 2010. Looking further ahead, over the policy-relevant horizon overall price and cost developments are expected to remain subdued in an environment of sluggish demand in the euro area and elsewhere.

The latest ECB Survey of Professional Forecasters (SPF; see Box 4) shows that forecasters have not substantially changed their 2010 and 2011 outlook for inflation compared with the previous round. The SPF inflation expectations for 2010 and 2011 are within the ranges reported in the December 2009 Eurosystem staff macroeconomic projections for the euro area. Longer-term inflation expectations (for 2014) have remained stable at 1.9%.

Risks to the outlook for price developments remain broadly balanced. They relate, in particular, to the outlook for economic activity and to developments in commodity prices. Furthermore, increases in indirect taxation and administered prices may be stronger than currently expected owing to the need for fiscal consolidation over the coming years.

#### Box 4

#### RESULTS OF THE ECB SURVEY OF PROFESSIONAL FORECASTERS FOR THE FIRST QUARTER OF 2010

This box reports the results of the ECB Survey of Professional Forecasters (SPF) for the first quarter of 2010. The survey was conducted between 15 and 20 January 2010. There were 61 responses from forecasters. The SPF collects information on expectations for euro area inflation, GDP growth and unemployment from experts affiliated with financial or non-financial institutions that are based in the EU.<sup>1</sup>

#### Inflation expectations for 2010 and 2011

Compared with the previous SPF round, forecasters have not substantially changed their outlook for inflation: inflation is expected to be at 1.3% in 2010 and at 1.5% in 2011, up by 0.1 percentage point and down by 0.1 percentage point respectively compared with the results for the fourth quarter of 2009 (see the table).<sup>2</sup> Many respondents reported that they expected the high level of economic slack to exert downward pressure on inflation. Inflation is thus expected to remain moderate in the short to medium term.

The SPF inflation expectations for 2010 and 2011 are within the ranges reported in the December 2009 Eurosystem staff macroeconomic projections for the euro area. Compared with the forecasts of the January 2010 issues of Consensus Economics and the Euro Zone Barometer, SPF inflation expectations are slightly higher for 2010 (by 0.1 percentage point) and at the same level for 2011.

The SPF participants were also asked to assess the probability of the future outcome for inflation falling within specific intervals. Compared with the previous round, the aggregate probability distribution for 2010 has remained broadly unchanged, with respondents assigning a probability of around 39% to an inflation outcome of between 1.0% and 1.4%. The probability distribution

1 Given the diversity of the panel of participants, aggregate SPF results can reflect a relatively heterogeneous set of subjective views and assumptions.

2 Additional data are available on the ECB's website at [www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html](http://www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html).

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

(annual percentage changes, unless otherwise indicated)

HICP inflation	Survey horizon				
	2010	December 2010	2011	December 2011	Longer-term <sup>2)</sup>
SPF Q1 2010	1.3	1.4	1.5	1.6	1.9
Previous SPF (Q4 2009)	1.2	-	1.6	-	1.9
Eurosystem staff macroeconomic projections	0.9 - 1.7	-	0.8 - 2.0	-	-
Consensus Economics (Jan. 2010)	1.2	-	1.5	-	2.0
Euro Zone Barometer (Jan. 2010)	1.2	-	1.5	-	1.9
Real GDP growth	2010	Q3 2010	2011	Q3 2011	Longer-term <sup>2)</sup>
SPF Q1 2010	1.2	1.2	1.6	1.6	1.8
Previous SPF (Q4 2009)	1.0	-	1.6	-	1.9
ECB staff macroeconomic projections	0.1 - 1.5	-	0.2 - 2.2	-	-
Consensus Economics (Jan. 2010)	1.3	-	1.6	-	1.9
Euro Zone Barometer (Jan. 2010)	1.3	-	1.6	-	2.0
Unemployment rate <sup>1)</sup>	2010	November 2010	2011	November 2011	Longer-term <sup>2)</sup>
SPF Q1 2010	10.5	10.7	10.5	10.4	8.6
Previous SPF (Q4 2009)	10.6	-	10.4	-	8.5
Consensus Economics (Jan. 2010)	10.4	-	10.4	-	-
Euro Zone Barometer (Jan. 2010)	10.5	-	10.4	-	8.6

1) As a percentage of the labour force.

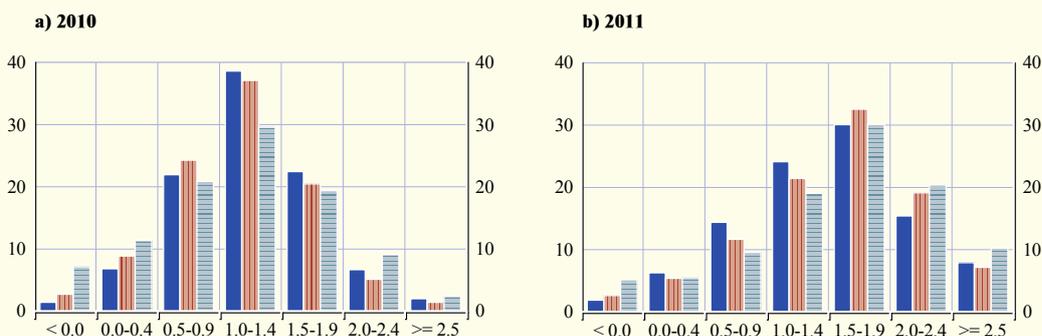
2) Longer-term inflation expectations refer to 2014 in the SPF, Consensus Economics and the Euro Zone Barometer.

for 2011 shifted slightly towards lower inflation outcomes, although remaining concentrated in the range between 1.5% and 1.9%, as in the last SPF round (see Chart A). Based on the individual probability distributions, the balance of risks to these forecasts is assessed by respondents to be on the downside. This is reflected by the fact that the majority of respondents provided a point forecast which is above the mean forecast from their probability distribution, implying that they assign a higher probability to outcomes below this point forecast than to those above it. While many respondents cited oil and other commodity price pressures, as well as increases in indirect taxes, as the main upside risks to inflation in 2010 and 2011, they see downside risks relating to the expected increase in the rate of unemployment and a possible further appreciation of the euro exchange rate.

### Chart A Probability distribution for average annual inflation in 2010 and 2011 in the latest SPF rounds<sup>1)</sup>

(probability in percentages)

■ 2010 Q1 SPF  
 ■ 2009 Q4 SPF  
 ■ 2009 Q3 SPF



Source: ECB.

1) Corresponds to the average of individual probability distributions provided by SPF forecasters.

### Indicators of longer-term inflation expectations

Longer-term inflation expectations (for 2014) have remained stable at 1.9% (1.91%, as compared with 1.92% in the previous SPF round). The average point forecast is below the long-term inflation projections provided by Consensus Economics in October 2009 (at 2.0%) and in line with those published in the January 2010 issue of the Euro Zone Barometer.

The stability of the average point estimate, at 1.9%, in this SPF round is combined with a broadly stable disagreement in the longer-term inflation expectations, measured by the standard deviation of the point estimates. Aggregate uncertainty surrounding inflation expectations, as measured by the standard deviation of the aggregate probability distribution, increased slightly to 0.8, from 0.7 in the previous SPF round.<sup>3</sup> The cross-sectional distribution shifted towards lower outcomes: more respondents reported a point estimate at or below 2.0% than in the fourth quarter of 2009 (see Chart B). Finally, the probability of longer-term inflation standing at 2% or above remained stable at 44%.

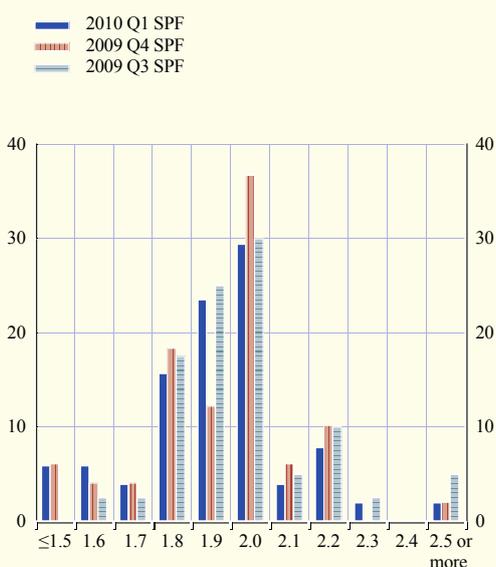
At the same time, measures of inflation expectations derived from financial markets have been higher and more volatile than survey-based measures (see Chart C).<sup>4</sup> However, it is likely that market-based measures of inflation expectations have been impacted by liquidity

<sup>3</sup> See the box entitled “Measuring perceptions of macroeconomic uncertainty” in the January 2010 issue of the Monthly Bulletin.

<sup>4</sup> See also the article entitled “Measures of inflation expectations in the euro area” in the July 2006 issue of the Monthly Bulletin.

**Chart B Cross-sectional distribution of longer-term (2014) inflation expectations among SPF respondents**

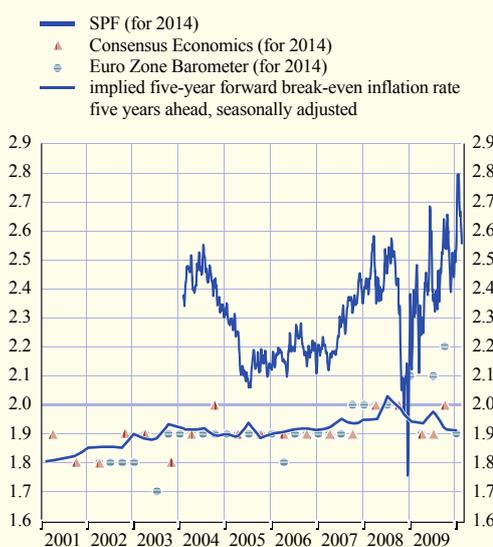
(percentage of respondents)



Source: ECB.

**Chart C Longer-term inflation expectations from surveys and break-even inflation rates**

(average annual percentage changes; five-day moving averages of daily data)



Sources: Consensus Economics, Euro Zone Barometer, Reuters and ECB calculations.

and supply/demand factors over the recent period.<sup>5</sup> In particular, the declines in long-term forward break-even inflation rates and comparable inflation-linked bond rates in January reflect the unwinding of previous supply/demand imbalances in the inflation-linked bond market following the issuance of inflation-linked bonds in January.<sup>6</sup> The recent volatility observed in these measures should thus be treated with some caution and should not be mechanically interpreted as reflecting revisions in market participants' long-term inflation expectations.<sup>7</sup>

### Real GDP growth expectations

On average, the SPF respondents now expect euro area real GDP to grow by 1.2% in 2010. This represents an upward revision (of 0.2 percentage point) to their growth assessment for 2010 in the previous SPF round. Growth expectations for 2011 are unchanged at 1.6%. In general, respondents believe that a sustained recovery in the euro area is unlikely before 2011, as the labour market recovery will be very gradual, investment is not expected to gain strength before 2011 owing to low capacity utilisation rates, domestic demand is expected to remain relatively subdued this year and exports could be hindered by a strong euro. Most respondents cited the phasing-out of fiscal stimulus measures as one of the main downward effects, while a positive contribution to growth is expected to come from inventories and from an increase in consumer confidence, ultimately lowering the savings rate.

The SPF growth expectations lie in the upper part of the ranges reported in the December 2009 Eurosystem staff macroeconomic projections for the euro area for 2010 and 2011. The SPF growth expectations are 0.1 percentage point lower than the latest Consensus Economics and Euro Zone Barometer forecasts for 2010, while they are in line for 2011.

In line with the upward revision of expected real GDP growth, the aggregate probability distribution for 2010 has shifted towards higher outcomes. Respondents assigned a 32% probability to a real GDP growth outcome in the range from 1.0% to 1.4%. The aggregate probability distribution for 2011 is broadly in line with that of the previous SPF round and is concentrated in the range between 1.5% and 1.9% (see Chart D).

Uncertainty surrounding one-year-ahead and two-year-ahead real GDP forecasts decreased compared with the previous SPF round, but remains relatively high. The balance of risks to the average point forecast for real GDP growth appears to be on the downside. A sluggish global outlook and rising oil prices are the main downside risks to the outlook for euro area activity, while upside risks primarily relate to a recovery in consumer and investor confidence.

Longer-term growth expectations (for 2014) have been revised slightly downwards – by 0.1 percentage point – compared with the previous SPF round and now stand at 1.8%. The SPF assessment is slightly below that of the Euro Zone Barometer (2.0% for 2014, published in January 2010) and that of Consensus Economics (1.9% for 2014, published in October 2009).

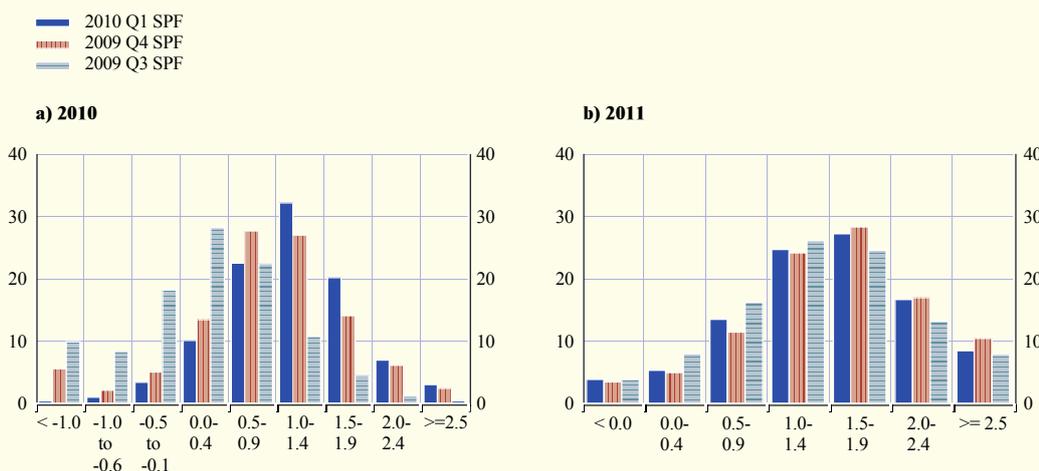
5 For a further discussion of the impact of the financial market crisis on market-based measures of inflation expectations, see the box entitled “Recent increases in real yields and their implications for the analysis of inflation expectations” in the November 2008 issue of the Monthly Bulletin.

6 See Section 2.4 for further details of recent developments in financial market indicators of inflation expectations.

7 For more details, see P. Hördahl and O. Tristani (2007), “Inflation risk premia in the term structure of interest rates”, ECB Working Paper No 734.

Chart D Probability distribution for average annual real GDP growth in 2010 and 2011 in the latest SPF rounds<sup>1)</sup>

(probability in percentages)



Source: ECB.

1) Corresponds to the average of individual probability distributions provided by SPF forecasters.

Looking at the individual probability distributions, respondents also assess the balance of risks for longer-term growth to be on the downside.

### Expectations for the euro area unemployment rate

Unemployment rate expectations have been revised slightly, down by 0.1 percentage point for 2010 and up by 0.1 percentage point for 2011, and now stand at 10.5% for both years. The balance of risks to short and medium-term expectations is assessed to be slightly on the upside for 2010 and 2011. Longer-term unemployment rate expectations (for 2014) have been revised slightly upwards, by 0.1 percentage point, to 8.6%, and the balance of risks to the longer-term outlook is assessed to be clearly on the upside.

## 4 OUTPUT, DEMAND AND THE LABOUR MARKET

The latest information indicates that euro area economic activity continued to expand at the end of 2009 and in early 2010. The euro area has been benefiting from a turn in the inventory cycle and a recovery in exports, as well as from the significant macroeconomic stimulus under way and the measures adopted to restore the functioning of the financial system. However, consumption and investment have remained subdued and conditions in euro area labour markets have continued to deteriorate in recent months. Looking through the volatility of incoming data, the euro area economy is expected to grow at a moderate pace in 2010 and the recovery process could be uneven. Over the medium term the euro area economy is likely to be affected by the process of ongoing balance sheet adjustment in the financial and the non-financial sector, both inside and outside the euro area. As domestic demand remains subdued and a number of the supporting factors are of a temporary nature, the strength of the recovery remains uncertain. The risks to this outlook remain broadly balanced.

### 4.1 REAL GDP AND DEMAND COMPONENTS

Only a few economic data have become available since the previous issue of the Monthly Bulletin. In the third quarter of 2009 euro area real GDP grew by 0.4% quarter on quarter, having previously contracted for five consecutive quarters (see Chart 26). Available information suggests that economic activity in the euro area continued to expand in the last quarter of 2009 and in early 2010.

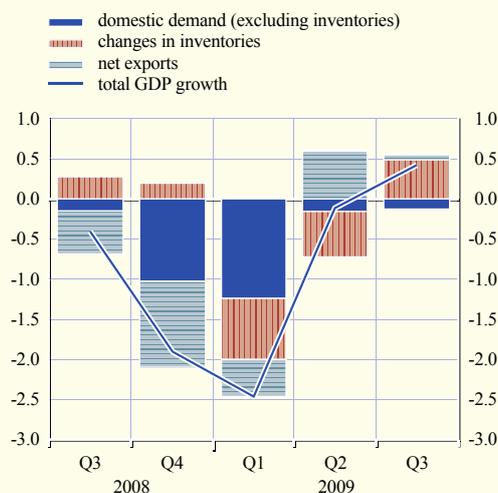
The breakdown of expenditure for the third quarter shows a slightly negative contribution from domestic demand (excluding inventories) and positive contributions from inventories and, to a lesser extent, from net exports. The negative contribution from domestic demand reflected declines in investment and private consumption, which were partly offset by an increase in government consumption.

Private consumption declined by 0.1% quarter on quarter in the period from July to September 2009, having recorded modest growth in the previous quarter. Household spending remained subdued in the third quarter, with retail sales falling by 0.3% quarter on quarter.

As regards developments in the last quarter of 2009 and in early 2010, available information on retail sales, together with data on consumer confidence and car registrations, has continued to provide a somewhat mixed picture for household spending. On the one hand, surveys with a bearing on consumption suggest a gradual improvement on the whole. For instance, the European Commission's indicator of euro area consumer confidence increased in each month of the last quarter of 2009, but remained stable in January, signalling a pause in the upward trend that had started in the first half of 2009. On the other hand, retail sales (including sales of fuels) remained flat in December, after contracting by 0.5% in November. In the fourth quarter of 2009 retail sales fell by 0.2%

Chart 26 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

quarter on quarter, which is slightly less than in the previous quarter (see Chart 27), while growth in new passenger car registrations declined to 1.3%, from 2.8% in the third quarter. As a consequence, retail sales including car registrations declined by 0.1% in the fourth quarter, representing weaker growth than the flat growth recorded in the previous quarter. This development reflects the phasing-out of fiscal incentives for car purchase in some euro area countries.

All in all, while consumer surveys continued to point to an improvement in consumer confidence up to the end of 2009, developments in retail sales and car registrations, in combination with weak labour markets and a further weakening in the impact of fiscal incentives for car purchase, suggest that consumer spending continued to be subdued throughout the fourth quarter of 2009 and possibly in early 2010.

Gross fixed capital formation declined by 0.8% quarter on quarter in the third quarter of 2009, after contracting by 1.6% in the previous three-month period. This development confirms that the pace of the decline in investment is moderating, especially in view of the fact that investment dropped by 4.0% in the fourth quarter of 2008 and by 5.4% the first quarter of 2009. The breakdown of investment in the third quarter of 2009 indicates that the decline was almost entirely explained by construction investment, which decreased by 1.8% quarter on quarter, while non-construction investment declined by only 0.1%.

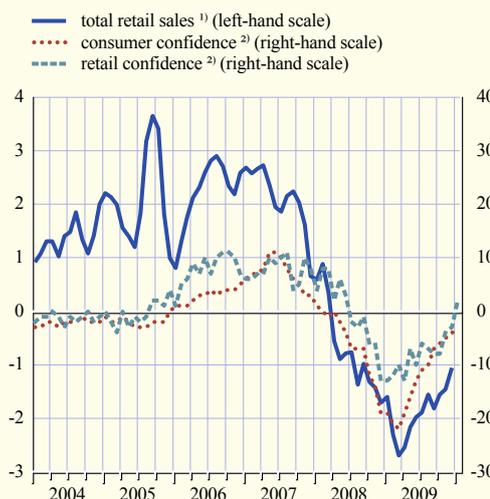
As regards available indicators of investment in the euro area in the last part of 2009, construction production declined, month on month, in both October and November. On average, construction production over this two-month period was 1.3% below the level recorded for the third quarter of 2009, thus considerably less than the quarter-on-quarter drop of 2.6% recorded in the same quarter.

Investment is expected to improve further in the coming quarters, but to remain subdued as a result of low capacity utilisation, continued weak demand and profit developments, tighter credit standards, uncertainty about the strength of the recovery and excess supply in housing markets in some euro area countries.

With regard to trade developments, exports increased by 3.1% in the third quarter of 2009, compared with a contraction of 1.2% in the second quarter, while imports rose by 3.0%, after declining by 2.8% in the previous quarter. Net trade contributed 0.1 percentage point to the quarterly GDP growth rate. Available data on developments over the last few months of 2009 suggest that net trade did not have a negative impact on GDP growth in the final quarter of the year.

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. Excludes fuel.  
2) Percentage balances; seasonally and mean-adjusted.

Changes in inventories made a 0.5 percentage point contribution to GDP growth in the third quarter of 2009, having made negative contributions in the previous two quarters of the year. The contribution of inventories to GDP growth in the third quarter appears to be explained by a slowdown in the pace of destocking, rather than by the beginning of a restocking phase. The Purchasing Managers' Index (PMI) survey indicates that the pace of inventory destocking is slowing further in the euro area. This development indicates that, all other things being equal, inventories should have made a further positive contribution to GDP growth in the final quarter of 2009.

#### 4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

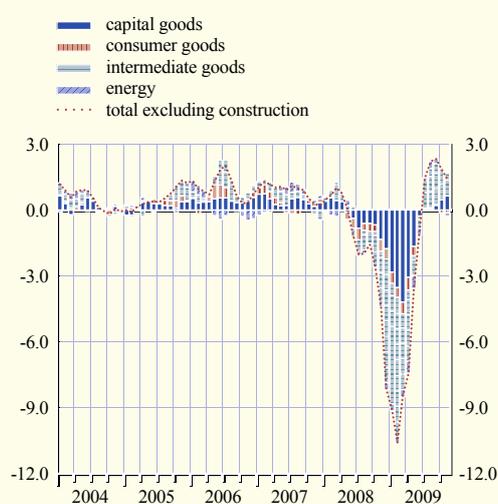
The 0.4% increase in real value added in the third quarter of 2009 was fuelled by a sharp rebound in the output of the industrial sector, while value added remained unchanged in the services sector and continued to contract in construction. In particular, value added in the industrial sector (excluding construction) increased by 2.3% quarter on quarter in the third quarter, having contracted by 1.5% in the second quarter. Services value added recorded no growth in the third quarter, whereas it had increased by 0.2% in the previous quarter, while value added in construction contracted by 0.8% in the third quarter, which is slightly more than the 0.7% contraction seen in the second quarter.

As regards developments in the fourth quarter of 2009, industrial production increased by 1.0% month on month in November 2009, after declining by 0.3% in October. Developments in production have shown a clear recovery over recent months and in November production was 4.7% higher than the trough reached in April 2009. In the two months of the fourth quarter for which data are available, production was on average 0.8% above its level in the third quarter (see Chart 28). Moreover, industrial new orders (excluding heavy transport equipment) posted a robust month-on-month increase in November, having declined in October.

Surveys have also pointed towards economic expansion in the last few months of 2009 (see Chart 29). For example, the PMI for the manufacturing sector continued to rise over that period. In the last quarter of 2009 it stood at above 51 on average, up from less than 48 in the third quarter, and was therefore firmly in the expansion range for the first time since the second quarter of 2008. Other business surveys, such as the European Commission Business Surveys, confirmed the improved sentiment shown in the PMI data. Survey indicators for activity in the services sector have also followed an upward path and suggest that activity continued to expand in the last quarter of 2009.

**Chart 28 Industrial production growth and contributions**

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



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

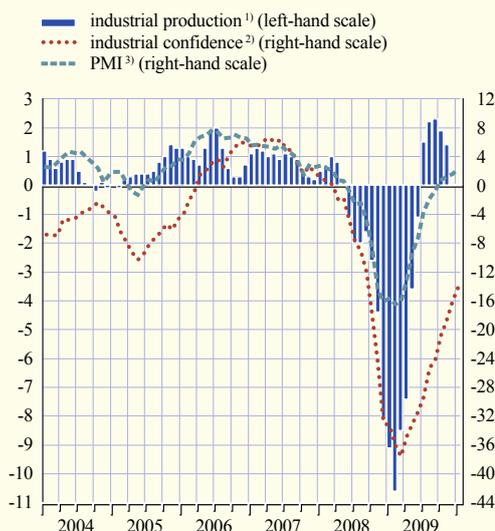
As regards the first quarter of 2010, survey indicators published in January suggest that economic activity expanded further at the beginning of the year. In particular, while the PMI for manufacturing continued to rise in January, the index for the services sector declined to a level below the average of the fourth quarter of 2009, but still indicated expansion. The European Commission Business Surveys show that confidence rose in all sectors in January, except in the construction sector, where it declined slightly.

#### LABOUR MARKET

Conditions in euro area labour markets have continued to deteriorate in recent months. Employment decreased by 0.5% quarter on quarter in the third quarter of 2009. This is the same quarterly rate of decline as recorded in the second quarter, but less than in the first quarter of the year (see Table 6). At the sectoral level, industry and construction continued to bear the brunt of the contraction in employment. While the 1.6% quarter-on-quarter decline in industrial employment (excluding construction) in the third quarter suggests some moderation in the rate of contraction compared with the previous quarter, the decline in construction employment shows a further clear deterioration for that quarter, after some signs of improvement in the second quarter. By contrast, employment in the services sector appears to have held up somewhat better, declining

Chart 29 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.  
Note: All series 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.

Table 6 Employment growth

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

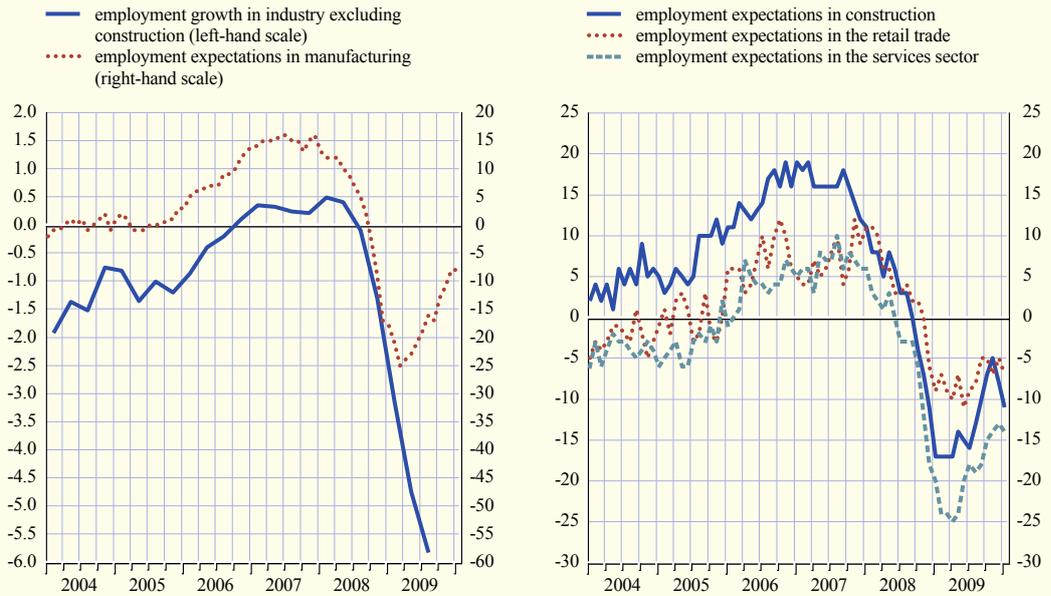
	Annual rates		Quarterly rates				
	2007	2008	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3
Whole economy	1.8	0.7	-0.2	-0.4	-0.7	-0.5	-0.5
of which:							
Agriculture and fishing	-1.5	-1.4	-0.6	0.1	-0.8	-0.8	-1.1
Industry	1.3	-0.8	-0.9	-1.4	-1.7	-1.7	-1.7
Excluding construction	0.3	-0.1	-0.5	-1.1	-1.5	-1.8	-1.6
Construction	3.8	-2.2	-1.9	-2.2	-2.3	-1.4	-2.0
Services	2.1	1.4	0.0	0.0	-0.4	-0.1	-0.1
Trade and transport	2.0	1.3	-0.1	-0.4	-0.8	-0.4	-0.1
Finance and business	4.0	2.3	0.0	-0.5	-0.9	-0.7	-0.5
Public administration <sup>1)</sup>	1.2	1.0	0.2	0.6	0.2	0.6	0.3

Sources: Eurostat and ECB calculations.

1) Also includes education, health and other services.

**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.

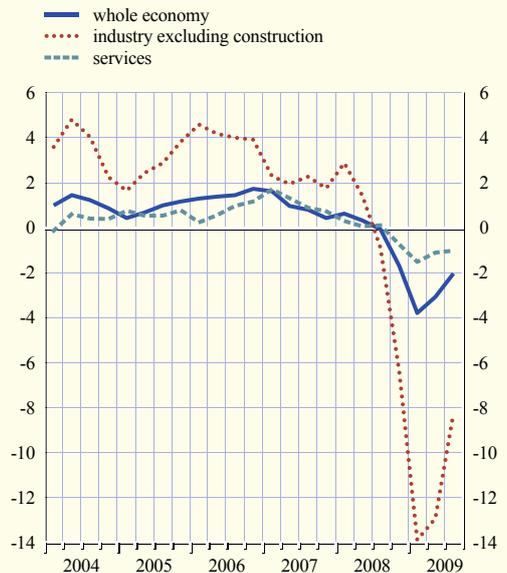
by only 0.1% quarter on quarter, which was the same rate as recorded in the previous quarter (see Chart 30). Survey indicators suggest continued declines in employment at the turn of the year, although the rate of job losses eased to its weakest since October 2008.

Together with the recovery in euro area output growth, the job losses seen in recent quarters have contributed to an improvement in productivity. In year-on-year terms, aggregate euro area productivity (measured as output per employee) still dropped by 2.0% in the third quarter of 2009, but this rate is a substantial improvement on the record contractions seen in the first half of the year (see Chart 31). More recently the latest survey indicators suggest that productivity continued to improve in the fourth quarter.

The euro area unemployment rate went up to 10.0% in December 2009 from 9.9% in the previous month, following a 0.1 percentage

**Chart 31 Labour productivity**

(annual percentage changes)



Sources: Eurostat and ECB calculations.

point downward revision to the latter figure (see Chart 32). The increase in the euro area unemployment rate masks diverse developments across the euro area. For instance, unemployment increased markedly in Ireland, Slovakia and Spain in 2009, reaching rates considerably above the euro area average. Looking ahead, survey indicators have improved from their lows, but still suggest that further increases in euro area unemployment are likely in the months ahead, albeit at a slower pace than was observed and expected earlier in 2009.

### 4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

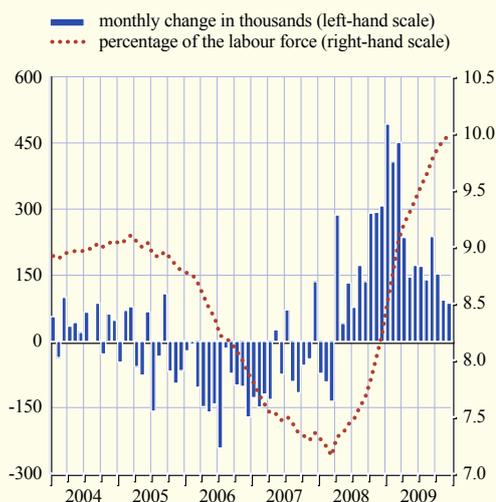
The euro area has been benefiting from a turn in the inventory cycle and a recovery in exports, as well as from the significant macroeconomic stimulus under way and the measures adopted to restore the functioning of the financial system. The latest information indicates that euro area economic activity continued to expand in the last months of 2009 and in early 2010, although consumption and investment appear to have remained subdued.

The euro area economy is expected to grow at a moderate pace in 2010 and the recovery process may be uneven, as a number of the supporting factors are of a temporary nature and domestic demand is expected to remain weak. Over the medium term the recovery is likely to be affected by the process of ongoing balance sheet adjustment in the financial and the non-financial sector, both inside and outside the euro area. In addition, low capacity utilisation rates are likely to dampen investment, and unemployment in the euro area is expected to increase somewhat further, thereby dampening consumption growth. The strength of the recovery remains therefore uncertain.

The risks to the outlook for economic activity remain broadly balanced. On the upside, confidence may improve further and foreign demand may prove to be stronger than projected. In addition, there may be stronger than anticipated effects stemming from the extensive macroeconomic stimulus being provided as well as from other policy measures taken. On the downside, concerns remain relating to a stronger or more protracted negative feedback loop between the real economy and the financial sector, renewed increases in oil and other commodity prices, the intensification of protectionist pressures and the possibility of a disorderly correction of global imbalances.

Chart 32 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

## 5 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

### 5.1 EXCHANGE RATES

The euro exchange rate has depreciated in nominal effective terms by around 4% over the past three months, moving below its average level in 2009. The weakening of the euro has been broadly based, but particularly pronounced vis-à-vis the Japanese yen and the US dollar.

#### EFFECTIVE EXCHANGE RATE OF THE EURO

Following some fluctuation in November, the nominal effective exchange rate of the euro – as measured against the currencies of 21 of the euro area’s most important trading partners – weakened significantly in December and January (see Chart 33). On 3 February it was 4.2% weaker than at the end of October and 2.1% below its average level in 2009. Over the last three months the depreciation of the euro has been broadly based, but particularly pronounced vis-à-vis the Japanese yen and the US dollar.

#### US DOLLAR/EURO

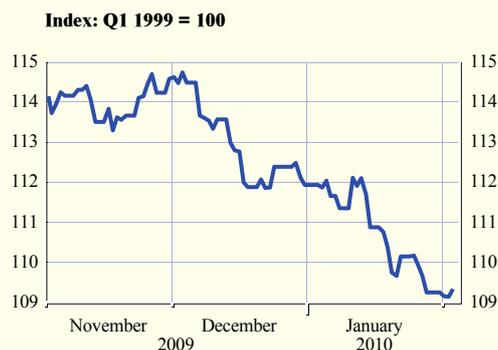
In December and January the euro weakened considerably vis-à-vis the US dollar, against the background of a relatively broad-based appreciation of the US dollar against major currencies in December. At the same time market uncertainty in the foreign exchange markets, as measured by implied volatility at the three-month horizon, continued to subside, drawing closer to its 10-year average (see Chart 34). Moreover, the term structure of implied volatilities also flattened, suggesting that market expectations of a rebound to a higher foreign exchange volatility environment had eased somewhat. On 3 February the euro was trading at USD 1.40, 5.5% lower than at the end of October and around its 2009 average.

#### JAPANESE YEN/EURO

Following some fluctuation in November and December the euro depreciated significantly vis-à-vis the Japanese yen in January, falling below the range of JPY 129-138, within which it had been trading for several months (see Chart 34). The appreciation of the

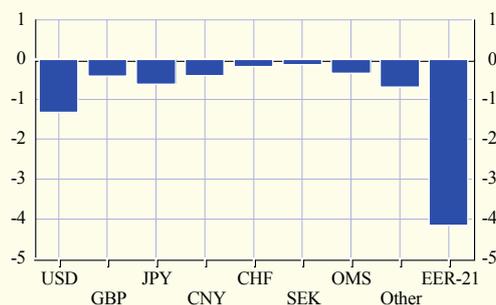
Chart 33 Euro effective exchange (EER-21) rate and its decomposition<sup>1)</sup>

(daily data)



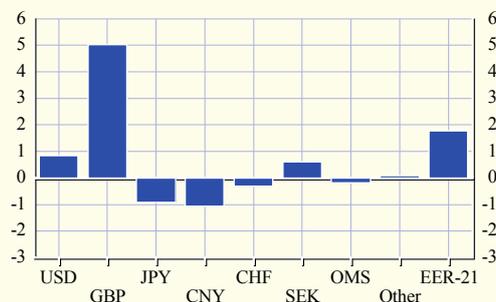
#### Contributions to EER-21 changes<sup>2)</sup>

From 30 October 2009 to 3 February 2010  
(percentage points)



#### Contributions to EER-21 changes<sup>2)</sup>

From 3 January 2005 to 3 February 2010  
(percentage points)



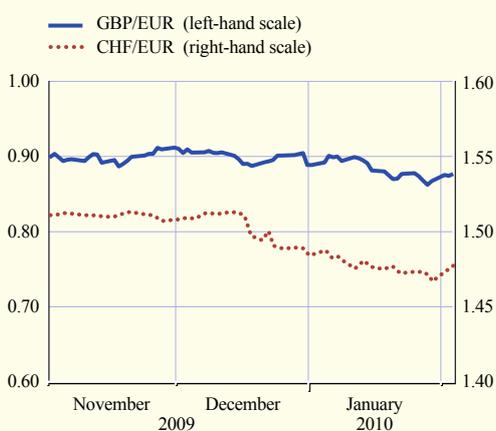
Source: ECB.

1) An upward movement of the index represents an appreciation of the euro against the currencies of 21 of the most important trading partners of the euro area (including all non-euro area EU Member States).

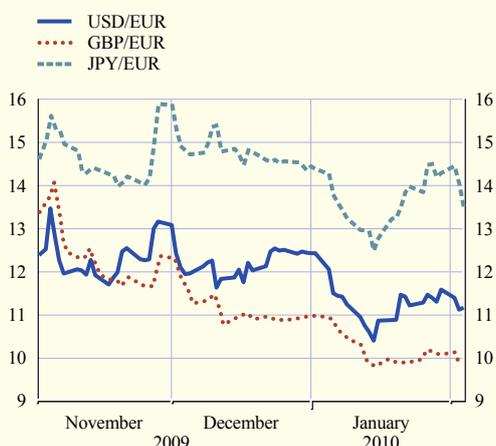
2) Contributions to EER-21 changes are displayed individually for the currencies of the six main trading partners of the euro area. The category “Other Member States” (OMS) refers to the aggregate contribution of the currencies of the non-euro area Member States (except the pound sterling and the Swedish krona). The category “Other” refers to the aggregate contribution of the currencies of the remaining six trading partners of the euro area in the EER-21 index. Changes are calculated using the corresponding overall trade weights in the EER-21 index.

**Chart 34 Patterns in exchange rates and implied volatilities**

(daily data)



**Implied exchange rate volatilities (three-month)**



Source: Bloomberg and ECB.

Japanese yen in January, in an environment of declining global stock markets and rising risk aversion, was relatively broadly based. The implied volatility of the JPY/EUR exchange rate decreased at short horizons amid considerable fluctuation (see Chart 34). On 3 February the euro stood at JPY 127, 5.9% weaker than at the end of October and around 2.8% below its 2009 average.

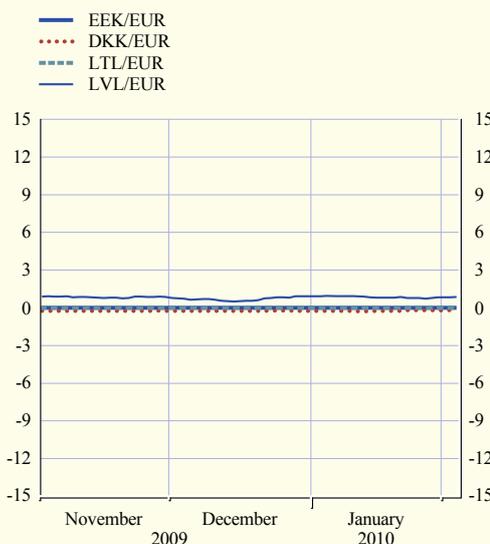
**EU MEMBER STATES' CURRENCIES**

Over the three months to 3 February, the currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates (see Chart 35). The Latvian lats, however, remained on the weak side of the  $\pm 1\%$  unilaterally set fluctuation band.

As regards the currencies of the EU Member States not participating in ERM II, the euro has weakened by 2% against the pound sterling over the past three months and on 3 February was

**Chart 35 Patterns in exchange rates in ERM II**

(daily data; deviation from the central parity in percentage points)



Source: ECB.

Notes: A positive (negative) deviation from the central rate against the euro implies that the currency is on the weak (strong) side of the band. In the case of the Danish krone, the fluctuation band is  $\pm 2.25\%$ ; for all other currencies, the standard fluctuation band of  $\pm 1\%$  applies.

1.7% lower than its 2009 average. Since the end of October the implied volatility of the GBP/EUR exchange rate has decreased strongly (see Chart 34), but remains above the 10-year average, particularly at the longer horizons. Over the same period the euro has weakened against the Polish zloty (by 6.1%), the Romanian leu (by 4.7%), the Czech koruna (by 1.6%) and the Hungarian forint (by 1.2%). Over the past three months the euro has also weakened, by 2.7%, vis-à-vis the Swedish krona.

### OTHER CURRENCIES

From the end of October to 3 February the Swiss franc strengthened against the euro by 2.5% to reach CHF 1.47 to the euro. This appreciation took place primarily in December, following a change in the Swiss National Bank's communication on exchange rate policy. Over the same period the bilateral euro exchange rates vis-à-vis the Chinese renminbi and the Hong Kong dollar moved in line with the USD/EUR exchange rate. The euro also weakened against major commodity currencies, such as the Canadian dollar (by 7.0%), the Australian dollar (by 3.2%) and the Norwegian krone (by 2.7%).

## 5.2 BALANCE OF PAYMENTS

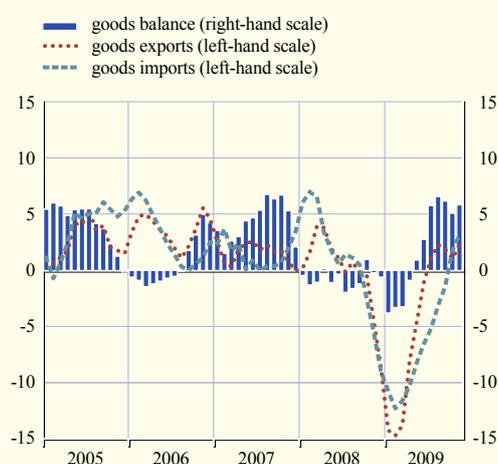
*Both exports and imports of goods and services rose in the three-month period to November 2009 and the 12-month cumulated current account deficit of the euro area narrowed to €73.5 billion (around 0.8% of GDP). In the financial account, the euro area recorded net inflows in bonds and notes and net outflows in equities in the three-month period to November.*

### TRADE AND THE CURRENT ACCOUNT

Extra-euro area trade continued to rise in the three-month period to November 2009. While extra-euro area exports of goods increased at a similar pace to that recorded in the previous three-month period, imports of extra-euro area goods picked up strongly and outpaced them (see Chart 36). This pick-up was in line with the increases in euro area export growth and industrial production over the last few months, which have both led to additional demand for imported inputs. Euro area exports continued to be supported by strengthening foreign demand. Trade in services also rebounded in the three-month period to November, albeit less strongly than euro area goods trade, with exports and imports rising by 1.4% and 0.9% respectively compared with the previous three months (see Table 7). The slower pace of the recovery in services trade mirrored the fact that, at the global level, the rebound in the services sector has been trailing that in the manufacturing sector over the last few months. Overall, the latest figures confirm that, after the sharp contraction in 2008 and in the first half of 2009, extra-euro area trade has stabilised and is recovering gradually (see Box 5 entitled "Recent developments in euro area trade").

Chart 36 Extra-euro area trade in goods

(three-month-on-three-month percentage changes; EUR billions; three-month moving averages; monthly data; working day and seasonally adjusted)



Source: ECB.

Table 7 Main items of the euro area balance of payments

(seasonally adjusted, unless otherwise indicated)

			Three-month moving average figures ending			12-month cumulated figures ending		
	2009 Oct.	2009 Nov.	2009 Feb.	2009 May	2009 Aug.	2009 Nov.	2009 Nov.	
<i>EUR billions</i>								
<b>Current account</b>	<b>-4.6</b>	<b>0.1</b>	<b>-13.8</b>	<b>-7.1</b>	<b>-0.2</b>	<b>-3.5</b>	<b>-136.1</b>	<b>-73.5</b>
Goods balance	7.1	7.0	-3.3	0.9	6.5	5.8	-12.5	29.9
Exports	110.9	111.1	109.5	104.4	106.8	109.2	1,584.1	1,289.7
Imports	103.8	104.1	112.8	103.5	100.2	103.4	1,596.6	1,259.8
Services balance	3.7	2.3	2.7	2.1	2.5	2.7	40.7	29.9
Exports	38.5	38.3	40.2	39.1	37.8	38.3	511.3	466.1
Imports	34.8	36.0	37.5	37.0	35.3	35.6	470.6	436.2
Income balance	-2.0	-3.3	-4.8	-2.0	-2.6	-3.3	-67.2	-38.1
Current transfers balance	-13.4	-5.8	-8.3	-8.2	-6.6	-8.6	-97.1	-95.1
<b>Financial account<sup>1)</sup></b>	<b>4.5</b>	<b>-0.6</b>	<b>19.7</b>	<b>12.7</b>	<b>-10.2</b>	<b>12.3</b>	<b>159.7</b>	<b>103.6</b>
Combined net direct and portfolio investment	15.1	-15.3	8.3	33.2	10.9	16.6	152.2	207.1
Net direct investment	-2.0	-0.3	-12.5	-2.2	-5.4	-10.7	-200.5	-92.5
Net portfolio investment	17.1	-14.9	20.8	35.4	16.3	27.3	352.7	299.6
Equities	-34.1	-9.5	-11.9	5.3	31.7	-23.3	13.9	5.2
Debt instruments	51.2	-5.4	32.7	30.1	-15.3	50.6	338.8	294.4
Bonds and notes	32.7	-10.2	30.0	19.7	-31.9	29.9	151.7	143.4
Money market instruments	18.5	4.8	2.6	10.4	16.6	20.7	187.1	150.9
<i>Percentage changes over previous period</i>								
<b>Goods and services</b>								
Exports	4.0	0.0	-12.5	-4.1	0.7	2.1	4.6	-16.2
Imports	0.2	1.1	-11.3	-6.5	-3.5	2.6	8.8	-18.0
<b>Goods</b>								
Exports	5.0	0.1	-14.7	-4.6	2.3	2.3	4.5	-18.6
Imports	1.5	0.2	-12.3	-8.2	-3.2	3.2	9.2	-21.1
<b>Services</b>								
Exports	1.1	-0.5	-5.8	-2.7	-3.4	1.4	4.9	-8.8
Imports	-3.5	3.5	-8.0	-1.4	-4.5	0.9	7.2	-7.3

Source: ECB.

Note: Figures may not add up owing to rounding.

1) Figures refer to balances (net flows). A positive (negative) sign indicates a net inflow (outflow). Not seasonally adjusted.

## Box 5

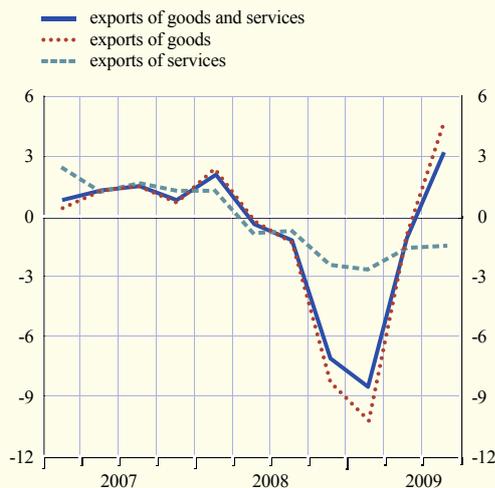
## RECENT DEVELOPMENTS IN EURO AREA TRADE

This box reviews the main features of the sharp downturn in trade experienced by the euro area in the latter part of 2008 and the first half of 2009, as well as the recent evidence of stabilisation.

National accounts data show that total euro area export volumes (i.e. intra plus extra-euro area trade – goods and services taken together) declined for five consecutive quarters, starting in the second quarter of 2008 (Chart A). The most severe decline took place during the period in which the financial crisis intensified, i.e. in the fourth quarter of 2008 and the first quarter of 2009, with the quarterly rate of decline in the range of 7-9%. The total volume of euro area imports also followed a similar path of contraction, although the decline was somewhat less pronounced.

**Chart A Volume of euro area exports of goods and services**

(quarterly percentage changes; quarterly data; seasonally adjusted)



Sources: Eurostat national accounts data and ECB calculations.  
Notes: Data covers intra and extra-euro area trade. The latest observations refer to the third quarter of 2009.

**Chart B Volume of intra and extra-euro area exports of goods**

(three-month-on-three-month percentage changes; monthly data; seasonally adjusted)



Sources: Eurostat external trade statistics and ECB calculations.  
Note: The latest observations refer to October 2009.

The underlying force behind the contraction in euro area trade was the global decline in economic activity, with goods trade falling significantly more than trade in services (Chart A) and goods trade within the euro area initially decreasing at a slightly higher pace than extra-euro area exports (Chart B). The financial turmoil across the globe was characterised by a fall in confidence, which contributed to the rapid destocking, as well as to the significant decline in investment expenditure, in most regions of the world. This had a strong negative impact on trade in intermediate and capital goods, which contracted relatively more than trade in consumption goods (Chart C).

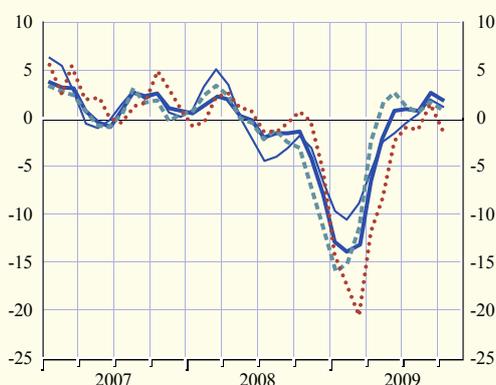
A number of amplifying factors appear to have played an important role in this major downturn in trade. In particular, the globalisation process has entailed a considerable growth in vertical supply chains, whereby imported inputs are increasingly used in the production of exports. This may have acted as a propagation mechanism when trade contracted, leading to a sharp decline in trade in intermediate goods. Another significant factor which appears to have affected trade negatively was the shortage in, and the rising costs of, trade finance, generated by the rapid tightening in financial conditions at the height of the turmoil. These factors appear to have interacted and magnified the impact on trade that stemmed directly from the decline in world output.

Total euro area exports returned to positive growth in the third quarter of 2009 (Chart A). This upturn was primarily driven by trade in goods, which seems to have been marginally more pronounced in intra-euro area trade flows (Chart B). Some of the factors that contributed to the rapid decline in euro area trade are currently supporting the moderate rebound in euro area trade. The recent improvement in global economic activity and the recovery in the inventory

**Chart C** Volume of extra-euro area exports of goods, broken down by broad economic category

(three-month-on-three-month percentage changes; monthly data; seasonally adjusted)

- total extra-euro area exports
- ... capital goods
- - - intermediate goods
- consumption goods

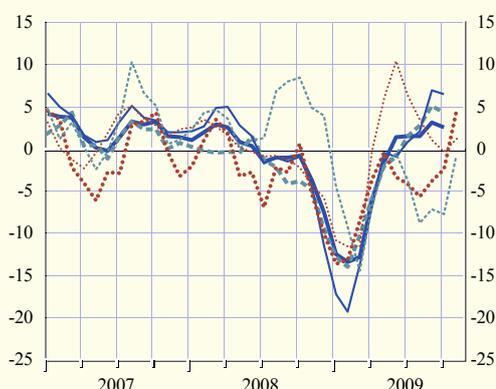


Sources: Eurostat external trade statistics and ECB calculations.  
Note: The latest observations refer to October 2009.

**Chart D** Volume of extra-euro area exports of goods to selected trading partners

(three-month-on-three-month percentage changes; monthly data; seasonally adjusted)

- total extra-euro area exports
- ... United States
- - - United Kingdom
- new non-euro area EU Member States
- ... Asia
- - - OPEC



Sources: Eurostat external trade statistics and ECB calculations.  
Note: The latest observations refer to November 2009 except for exports to the United Kingdom (October 2009), new non-euro area EU Member States (October 2009) and total extra-euro area exports (October 2009).

cycle have been the main supporting factors. Global supply chains also appear to have been reactivated somewhat, thereby amplifying the recovery in trade and leading to a stronger rebound in intermediate goods (Chart C).

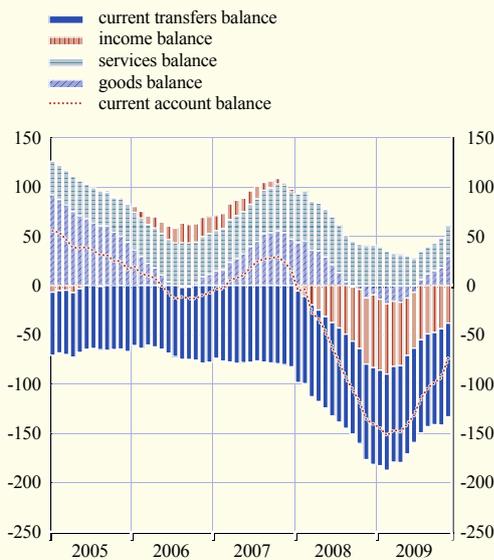
The macroeconomic stimulus packages and the measures adopted to restore the functioning of the financial system have also played an important role and have contributed to the higher demand for tradables. This appears to be partly corroborated by the particularly strong rebound of trade with Asia (Chart D), where fiscal spending measures have been sizeable. The widespread fiscal schemes supporting the sales of motor vehicles also seem to be having a positive impact on trade. The stabilisation of trade was also paralleled by improving conditions in trade finance.

Looking forward, the strength of the trade recovery remains somewhat uncertain as the recent improvement in euro area trade seems to be partly supported by temporary factors. At the same time, the return of confidence and the rebound in the global economy, notably in Asia, could lead to a stronger than anticipated impact on trade. A resurgence of protectionist pressures could dampen the trade recovery and should be strongly resisted.

As a result of these developments in extra-euro area trade, the 12-month cumulated goods balance improved further in November 2009, having returned to positive territory in July 2009 (see Chart 37). This improvement, together with lower deficits in the income account and to a lesser extent in current transfers, was only partly offset by a smaller surplus in the services balance. As a result, the euro area current account deficit narrowed further to €73.5 billion (about 0.8% of GDP) in 12-month cumulated terms in November, compared with a deficit of €136.1 billion a year earlier.

**Chart 37 Main items of the current account**

(EUR billions; 12-month cumulated flows; monthly data; working day and seasonally adjusted)



Source: ECB.

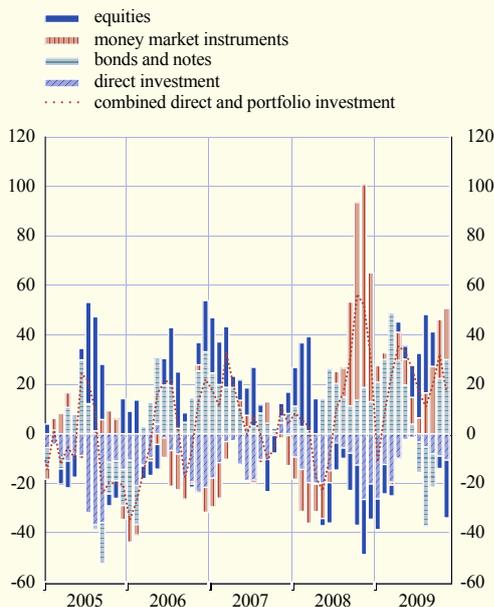
**FINANCIAL ACCOUNT**

In the three-month period to November 2009, lower net purchases of both foreign equities and bonds and notes by euro area residents pointed to a somewhat higher home bias in financial investment compared to the previous three-month period. At the same time non-euro area residents made net sales of euro area equities, which were only partly offset by rising net purchases of euro area bonds and notes. Overall, these developments resulted in net outflows in equities and net inflows in bonds and notes in the three-month period to November 2009 (see Chart 38 and Table 7).

The ongoing shift in non-residents' demand away from euro area equities towards euro area bonds and notes, as well as lower purchases of foreign bonds and notes by euro area residents, appear to be in line with developments in yield spreads. The positive yield spread between euro area bonds and the bonds of other major economies, e.g. the United States, seems

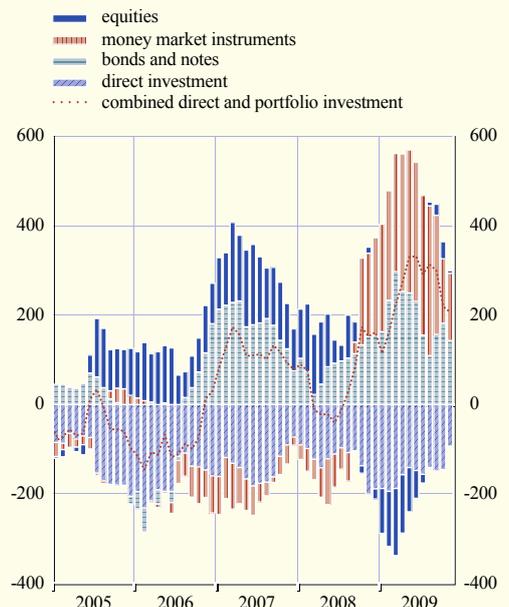
**Chart 38 Main items of the financial account**

(EUR billions; net flows; three-month moving averages; monthly data)



Source: ECB.

(EUR billions; 12-month cumulated net flows; monthly data)



to have encouraged international investors to increase their purchases of euro area bonds and notes. Furthermore, the euro area continued to record net inflows in money market instruments, although they remained well below the peak levels observed last year.

Turning to direct investment, the euro area recorded an increase in net outflows in the three-month period to November 2009 compared with the previous three-month period. This development is mainly explained by a rise in euro area investment abroad, particularly in equity capital. This could partly reflect the fact that euro area firms have taken advantage of the strengthening of the euro up to October 2009 to buy assets abroad. Meanwhile, foreign direct investment in the euro area remained subdued.

Overall, the euro area recorded a slight increase in net inflows in combined direct and portfolio investment in the three-month period to November 2009 compared with the previous three-month period. In 12-month cumulated terms, net inflows in combined direct and portfolio investment reached €207.1 billion in November 2009, compared with €152.2 billion a year earlier (see Chart 38).



## ARTICLES

# EURO REPO MARKETS AND THE FINANCIAL MARKET TURMOIL



*Repos (i.e. sale and repurchase agreements) are an important money market instrument for market participants in search of liquidity or specific securities. As a fund-raising tool, repos are an alternative to unsecured loans and the issuance of short-term securities.*

*The financial market turmoil that began in August 2007 has affected the euro repo markets in several ways, leading to a significant decline in repo market turnover and outstanding amounts. Special repo markets and repos collateralised using non-government securities have suffered most, while general collateral (GC) repos – and, in particular, government bond repos – have gained market share. As the bulk of euro repos are collateralised using liquid and safe assets, repo market activities have declined less than activities in unsecured money markets.*

*Eurosystem monetary policy operations have played an important role for repo markets during the turmoil. The increased provision of liquidity – including liquidity at longer maturities – has been essential in order to provide the banking system with liquidity insurance, but it may have had a negative impact on turnover in the interbank repo market. The Eurosystem's collateral policy has helped to improve the availability of high-quality collateral in interbank repo markets.*

### I THE RELEVANCE OF REPO MARKETS FOR THE EUROSISTEM

Money markets play a decisive role in the implementation of monetary policy as the place where credit institutions trade short-term funds – the first element in the transmission of monetary policy. Money markets provide information which is used by central banks (including the ECB) in the implementation of monetary policy. In turn, specific features of the implementation of monetary policy may have an immediate impact on money markets – particularly trading volumes and rates. This is true not only for unsecured money markets, but also for repo markets. This explains the Eurosystem's interest in this market segment.

A repo is essentially a transaction in which one market participant borrows funds from another market participant against collateral (see Box 1 for more details). The Eurosystem's credit operations are a close substitute for repo markets, since market participants can raise funds against collateral through interbank repos, as well as through the Eurosystem. An increase in the amount of credit provided by the Eurosystem may therefore have implications for volumes and rates in repo markets. Similarly, changes in the maturity profile of Eurosystem

credit operations may affect repo markets' maturity structure and yield curve.

Furthermore, of specific importance in this respect is the collateral policy of the Eurosystem. An asset deposited with the Eurosystem as collateral cannot be used to collateralise a loan in the repo market at the same time. This means that the more the Eurosystem accepts collateral that is not accepted (or hardly ever accepted) in the repo market, the more collateral becomes available for repo market transactions. The Eurosystem has always accepted a broad range of assets as collateral for its credit operations, including private sector bonds and non-marketable assets. This has given banks the option of using less liquid assets as collateral in Eurosystem operations and keeping highly liquid assets – particularly euro area central government bonds – for use in repo market transactions. The fact that the Eurosystem accepts a broad range of assets as collateral may have played an important role in the stabilisation of financial markets in the course of the turmoil.

Anecdotal evidence also suggests that, during the turmoil, assets have needed to be eligible for use in Eurosystem operations in order to be generally accepted in repo markets. A cash

lender is typically allowed to reuse collateral assets (i.e. it is entitled, where necessary, to use assets received as collateral in order to raise cash in a repo transaction). However, such reuse requires a party that is prepared to accept those assets as collateral. If an asset is eligible for use in Eurosystem operations, this ensures that it can indeed be reused in a transaction with a Eurosystem central bank. Moreover, if a borrower defaults, the lender of the relevant cash may need to quickly exchange that collateral for cash, at least on a temporary basis. If the collateral is eligible for use in Eurosystem

operations, this can be done in a Eurosystem liquidity-providing operation.

This article describes the impact that the financial market turmoil has had on repo markets and discusses the links between Eurosystem operations and repo markets that have proved most important during the turmoil. Section 2 compares the impact on the repo market with the impact on the unsecured money market. Section 3 discusses the performance of different segments of the repo market, while Section 4 provides a summary and looks to the future.

#### Box 1

##### REPOS: BASIC DEFINITIONS

A repo operation (i.e. a sale and repurchase agreement) is defined as an agreement between a cash borrower and a cash lender that stipulates that the cash borrower (also referred to as the “repo seller”):

- sells assets to the cash lender (or “repo buyer”) for a certain amount of cash (the repo’s “nominal amount”); and
- will buy these (or similar) assets back at a later date for the same amount of cash, plus interest as payment for the use of that cash.

Thus, a repo agreement involves two transactions: the sale and repurchase of assets. Economically, a repo is similar to a secured cash loan: the cash borrower receives a loan from the cash lender and provides assets as collateral. In a repo transaction, however, legal ownership of the assets is transferred from the borrower to the lender. This implies that the lender is allowed to sell the assets on to a third party, provided that it is able to buy them back in order to return the assets to the borrower when the transaction matures. If the borrower defaults on its obligation to pay back the cash (plus interest), the lender can liquidate the assets immediately, as it is the owner of those assets. It does not need to wait until insolvency procedures have been concluded. This means that a lender is better protected in a repo transaction than in a secured loan transaction.

The main elements of a repo are the maturity, the nominal amount, the repo rate, the collateral assets and the haircut. Most repos have a fixed maturity, which can range from one day to more than one year. There are three types of repo with a maturity of one day: overnight repos are traded and settled on the same day and mature the day after; tomorrow/next repos are settled one day after the trade and mature two days after the trade; and spot/next repos are settled two days after the trade and mature three days after the trade. Around 5% of repos are open repos,<sup>1</sup> in which both parties to the transaction may terminate the repo at any point in time.

<sup>1</sup> See ICMA European Repo Market Survey No 17, June 2009.

The repo rate is the interest rate that determines the interest payment made by the cash borrower at the end of the repo (i.e. the percentage of the repo's nominal amount that is to be paid as interest). The majority of repos have a fixed repo rate, while floating rate repos account for around 9% of all repos.<sup>2</sup> In a floating rate repo, the repo rate is defined with reference to a rate such as the EONIA or the EURIBOR, to which a positive or negative spread is added. Thus, the repo rate changes when the reference rate changes.

Parties to a repo may agree on a specific asset (i.e. a specific ISIN code) as collateral. Such transactions are called "special repos". If, rather than a specific asset, the repo agreement specifies a basket of assets (i.e. a list of ISIN codes), the transaction is referred to as a "general collateral (GC)" repo. A GC basket may, for example, include bonds issued by euro area central governments. In a GC repo, the cash borrower (or its agent) decides which of the basket of assets to actually use as collateral. GC repos are always cash-driven – i.e. they come about because the cash borrower wishes to raise cash. Special repos are typically securities-driven – i.e. the repo is initiated by a cash lender searching for a specific asset. The cash lender may, for example, wish to sell the security short (i.e. without holding it), as it expects the price of the security to decline. In order to deliver the security in question, it first has to borrow that security through a special repo. The repo rates of special repos are often very close to GC repo rates, but they may be significantly below the GC repo rate if there is strong demand for that particular security. In this case, repo traders say that the security is "on special".

To ensure that both parties are protected against a default by their counterparty, the collateral value and the cash value of the repo should be close to each other. If the collateral value is lower, the cash lender incurs losses if the borrower defaults. If it is higher, the borrower incurs losses if the lender defaults. For that reason, the collateral is valued at the "dirty" (i.e. including the interest accrued) mid-market price. However, the market for the collateral asset may not be fully liquid, so there is a risk of the asset being sold for less than the mid-price. This is the main reason for the application of initial margins or haircuts. A haircut of 2%, for example, means that the market value of the collateral is supposed to be 2% higher than the nominal cash value of the repo. A 2% haircut is relatively common for collateral consisting of bonds issued by the central governments of industrial countries. By way of example, haircuts on bonds issued in emerging market countries may exceed 50%.

The market value of the collateral may change over the life of the repo. To adjust for asset price changes, variation margins are used. The collateral is marked to market, typically on a daily basis. If the collateral value declines, the borrower has to deposit additional assets. If the value of that collateral increases, assets are returned to it.

<sup>2</sup> See ICMA European Repo Market Survey No 17, June 2009.

## 2 REPO MARKETS AND UNSECURED MONEY MARKETS

### INTEREST RATE SPREADS

A good starting point for a comparison of the performance of the unsecured interbank market and the repo market is developments in interest

rate spreads in those two markets. When the turmoil began in August 2007, the unsecured interbank money market was significantly affected, and it has remained under pressure since then. Spreads between EURIBOR rates and overnight interest rate swap (OIS) rates, having been close to zero prior to August 2007, jumped to unprecedented levels within a few days.

When tensions peaked in September 2008 following Lehman Brothers' default, EURIBOR spreads increased even further to stand at levels close to 180 basis points for three-month maturities (see Chart 1).

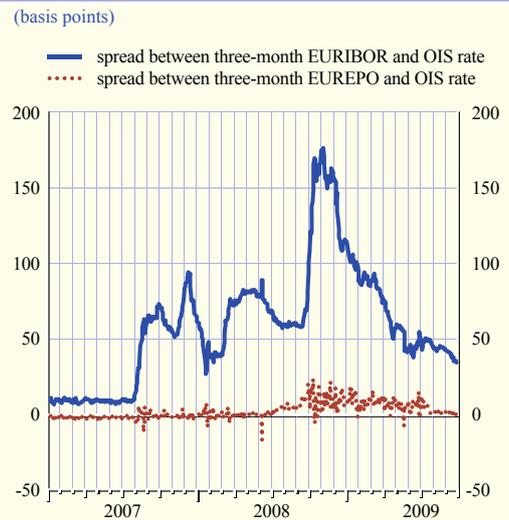
Repo rates depend on the quality of the assets used as collateral. If one is to compare repo rates with unsecured interbank market rates, one must first decide which of the various repo rates to consider. As euro area government bonds are the most commonly used asset in the euro repo market (see Section 3), it is reasonable to use EUREPO rates in this context. EUREPO rates are provided by the European Banking Federation and refer to GC repo transactions with euro area government bonds as collateral. As shown in Chart 1, spreads between EUREPO rates and OIS rates remained low on average until September 2008, before increasing somewhat in the wake of Lehman Brothers' default and returning to pre-turmoil levels in the third quarter of 2009. This clearly suggests that the turmoil has had much less impact on repo rates than on unsecured interbank market rates.

Two factors may have contributed to the resilience of EUREPO rates during the turmoil. First, high-quality collateral protects the cash lender against the risk of financial losses in the event of the borrower defaulting. This reduces the credit risk premium in EUREPO rates. Second, it is relatively easy for the cash lender to reuse high-quality collateral to borrow funds in the repo market or from the Eurosystem if need be. This reduces the funding liquidity risk premium in EUREPO rates. As will be discussed later, these two aspects play a less pronounced role when the quality of the collateral is lower.

## VOLUMES

The turmoil has had a significant impact not only on interest rate spreads, but also on turnover in the unsecured interbank market. This market experienced strong and steady growth between 2002 and 2007, but contracted by 12% between

**Chart 1 Spreads between the three-month EURIBOR and EUREPO rates and the OIS rate**



Sources: Thomson Reuters and European Banking Federation.

the second quarter of 2007 (i.e. prior to the onset of the turmoil) and the second quarter of 2008, and by another 25% in the following year, bringing the market back to levels last seen in 2002 (see Chart 2).<sup>1</sup>

The repo market appears to have been affected to a similar extent in the first year of the turmoil, but less severely in the second year. Overall, turnover in the repo market grew more strongly than turnover in the unsecured interbank market between 2002 and 2007, before contracting by around 12% between the second quarter of 2007 and the second quarter of 2008, and growing by around 5% in the following year.

<sup>1</sup> This article's analysis of volumes in interbank markets is based on two sources: the ECB's Euro Money Market Survey and the European Repo Market Survey of the International Capital Market Association (ICMA). The Euro Money Market Survey is based on information provided by a panel of large banks and is conducted on an annual basis. Reporting banks provide data on their activities in unsecured money markets and repo markets during the second quarter of the reporting year. Quantitative data refer to market turnover in the interbank market (i.e. transactions between banks and non-banks are not included). The ICMA's European Repo Market Survey is also based on data reported by a panel of large banks. It covers only repo markets and includes data on outstanding amounts of repo transactions (i.e. open interest) as at two snapshot dates per year (one in June and one in December). The survey is published twice a year.

**Chart 2 Turnover (lending plus borrowing)  
in the interbank money market**

(index: 2002 = 100)



Source: ECB Euro Money Market Survey.  
Note: Constant panel of 105 banks.

**Chart 3 Maturity-weighted turnover  
(lending plus borrowing) in the interbank  
money market**

(maturities of up to one year; index: 2002 = 100)



Source: ECB Euro Money Market Survey.  
Note: Constant panel of 105 banks.

The data displayed in Chart 2 do not take into account the maturity of transactions. A repo with a maturity of one day and a one-year repo are treated in the same way. It is therefore important to complement this analysis with data on maturity-weighted turnover.<sup>2</sup> Maturity-weighted turnover is a better indicator of the size of the repo market than pure turnover. As Chart 3 shows, maturity-weighted turnover in the repo market declined from 2007 to 2008, and again from 2008 to 2009. In the unsecured interbank market, this measure increased slightly from 2007 to 2008, before declining sharply the following year. The total decline in maturity-weighted turnover between the second quarter of 2007 and the second quarter of 2009 was 16% in the repo market and around 31% in the unsecured interbank market.

However, it is important to note that indicators of the size of the repo market may be sensitive to changes in their methodology. As mentioned above, Chart 3 – which is based on the ECB's Euro Money Market Survey – shows a 16% decline in maturity-weighted turnover in repo markets between the second quarter of 2007 and the second quarter of 2009. Data in the ICMA's

European Repo Market Surveys (see Chart 4) indicate a 35% decline in outstanding amounts in European repo markets between June 2007 and June 2009, compared with a 16% decline in maturity-weighted turnover.

Overall, the data suggest that euro repo market volumes have declined significantly as a consequence of the turmoil, but probably somewhat less than volumes in unsecured euro money markets. What could explain these developments?

Four main factors could explain the declines observed in repo market volumes. First, banks typically started to deleverage after the onset of the turmoil. Bank balance sheets have been shrinking for more than two years now, which may have had a negative impact on banking activities – particularly lending and borrowing activities. As will be shown below, that deleveraging has also resulted in a sharp reduction in short-selling activities. As a consequence, turnover in the special repo segment has contracted, while the GC repo market has suffered

<sup>2</sup> Maturity-weighted turnover is the sum of the volumes of all transactions multiplied by the respective number of days to maturity.

**Chart 4 Outstanding amounts (lending plus borrowing) in European repo markets**

(index: June 2002 = 100)



Sources: ICMA European Repo Market Surveys and ECB calculations.

Notes: The number of banks participating varies from survey to survey, so the total outstanding amounts in the various surveys are not comparable. However, each survey provides information on the percentage change in the outstanding amounts of those banks that participated in the three most recent surveys. This chart has been produced on the basis of that information.

less. Second, central banks have intermediated between banks. The Eurosystem, for example, increased the amount of euro-denominated credit provided to counterparties from less than €500 billion in the third quarter of 2008 to more than €800 billion in the final quarter of 2008, when tensions in financial markets peaked. The increased provision of liquidity has allowed banks to borrow more from the Eurosystem and less in the interbank market. This has created excess liquidity, which has been returned to the Eurosystem's deposit facility. Thus, the Eurosystem's liquidity measures have replaced some transactions in the interbank market. Third, as will be discussed in more detail in Section 3, although most of the assets used as collateral in the repo market are of relatively high quality, less liquid assets are used in some repo market segments. These assets provide the cash lender with less protection against losses in the event of the borrower defaulting, and it may be difficult for the lender to reuse them. As a consequence, the use of such assets as collateral has become more costly (and in many cases impossible) during the turmoil. Fourth, some market participants have been under severe pressure and unable

to borrow funds despite being able to provide high-quality collateral, as lenders have wanted, given the high degree of uncertainty, to avoid any risks related to defaulting counterparties in repos. Nevertheless, the fact that repo transactions are, to a large extent, secured by high-quality assets is certainly the main reason why repo markets have probably been less affected by the turmoil than the unsecured interbank market.

Interestingly, as a paper published in the BIS Quarterly Review<sup>3</sup> pointed out, the US repo market has experienced more problems than the euro repo market. Three major factors may have contributed to this. First, large investment banks dominate the US repo markets. These institutions had no access to central bank credit and therefore came under particularly severe pressure when the financial turmoil intensified, with the result that they had to scale back their repo market activities more than most of the major European players. Second, prior to the turmoil, non-government bonds (particularly agency bonds, agency mortgage-backed securities and corporate bonds) played a more important role in the US repo market. After the onset of the turmoil, cash markets for such bonds dried up significantly, with the result that there was little possibility to use these bonds as collateral in repo markets. This led to considerable demand for – and a relative lack of – US Treasury bonds and an increase in the number of Treasury settlement failures around March 2008 and after Lehman Brothers' default. To mitigate these problems, the Federal Reserve introduced the Term Securities Lending Facility in March 2008. This facility allows counterparties to exchange certain less liquid securities for government bonds. Third, the Eurosystem has always accepted a broad range of assets (particularly non-government bonds) as collateral. Eurosystem counterparties have therefore been able to use less liquid assets as collateral in Eurosystem operations and keep their most liquid assets for use in the interbank repo market (see Box 2 below). In the United States, prior to the turmoil, most Federal Reserve

3 P. Hördahl and M. R. King, "Developments in repo markets during the financial turmoil", BIS Quarterly Review, December 2008.

operations required banks to use government bonds and other very liquid assets so that these assets could not be used in the repo market. This has changed, however, over the course of the turmoil, with the Federal Reserve' introduction of various new facilities for less liquid bonds.

## MATURITIES

Anecdotal evidence originally suggested that the term money market segments (i.e. markets for transactions with a maturity of more than one day) have been hit harder by the turmoil than the overnight market. Indeed, term money markets were occasionally described by market participants as completely illiquid. This assessment was based mainly on the observation that, in the course of the turmoil, unsecured money market spreads have widened much more at the long end of the money market yield curve than at the short end.

However, according to the ECB's Money Market Survey, the average maturity of repo transactions with a maturity of up to one year increased from 6.6 days in the second quarter of 2007 to 7.2 days one year later and only then decreased to stand at 6.1 days in the second quarter of 2009. In the unsecured money market, the average maturities were 5.2 days, 6.2 days and 5.5 days over the same period. This contradicts, to some extent, the anecdotal evidence of shortening maturities.

This may be a reflection of: (i) banks' need to address the maturity structure of their liabilities; and (ii) central bank operations. Prior to the turmoil, many banks used to refinance long-term assets using short-term liabilities, which then had to be rolled over periodically. During the turmoil, however, this strategy has proved risky, as rolling over loans has not been as easy as it was before. As a consequence, demand for longer-term interbank funds has increased, despite the higher spreads that have to be paid for such funds, which led to an increase in average maturities in the interbank market in the first year of the turmoil, despite cash-rich banks' reluctance to lend funds for more than one week.

Following Lehman Brothers' default the Eurosystem began using fixed rate tender procedures with full allotment in all liquidity-providing operations, including longer-term refinancing operations with maturities of up to one year. This has allowed banks with sufficient amounts of eligible collateral to borrow any funds needed from the Eurosystem at the ECB's main refinancing rate. This measure has eliminated the rollover risk for most banks and may explain the reduction in average maturities from 2008 to 2009.

## 3 THE IMPACT OF THE TURMOIL ON DIFFERENT REPO MARKET SEGMENTS

### GC AND SPECIAL REPOS

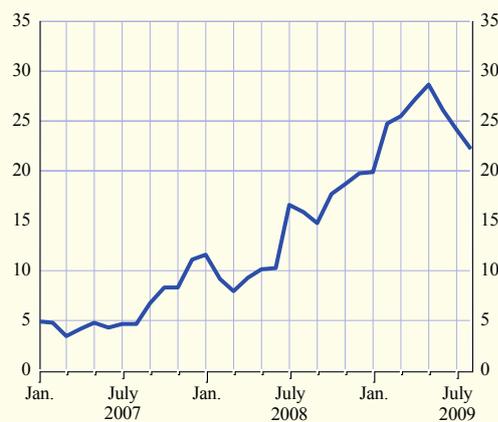
As described in Box 1, GC repos are used mainly to raise funds (i.e. they are cash-driven), while special repos are often securities-driven and part of short-selling strategies. With the onset of the turmoil, the funding motive has become more important, while short-selling has declined significantly. For example, GC repos' share of total repo turnover increased from 5% prior to the turmoil to almost 30% in the second quarter of 2009 for the three electronic repo trading platforms BrokerTec, MTS and Eurex Repo (see Chart 5).<sup>4</sup> Market participants also confirm that a smaller number of bonds have been "on special" since August 2007. This indicates that the reduction in repo market activity described in the previous section is not least a consequence of reduced short-selling activity. The turmoil may thus have led to a structural shift towards the funding motive in the repo market.

This finding should not come as a surprise, as two factors have played an important role in banks' strategy during the turmoil. First, as indicated, banks have had to deleverage. As a consequence, they have scaled down their short-selling. Second, banks have had to raise funds, and it has been difficult to obtain these with

<sup>4</sup> Electronic trading platforms currently account for almost 30% of repos.

**Chart 5 GC repos as a share of total euro repo turnover on electronic platforms**

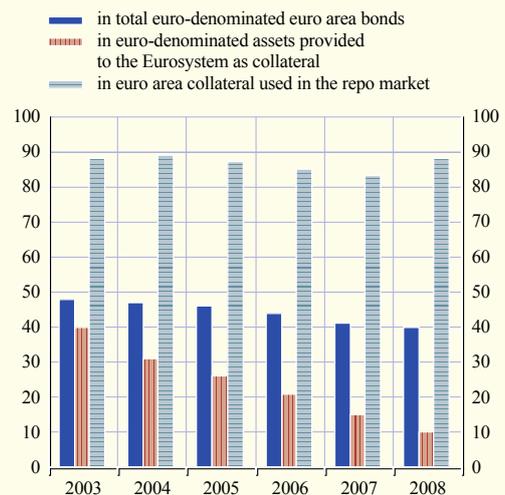
(percentages)



Sources: BrokerTec, MTS and Eurex Repo.  
Note: Eurex Repo's GC Pooling is not included.

**Chart 6 Share of euro-denominated euro area central government bonds**

(percentage)



Sources: ICMA European Repo Market Surveys, ECB and ECB calculations.  
Notes: Data on Eurosystem collateral refer to annual averages. All other data refer to the December of the relevant year.

acceptable conditions in the unsecured money market. GC repos have proved a relatively good alternative as long as it has been possible to use high-quality collateral. The repo market as a whole has contracted, but the GC repo market may, to some extent, have replaced the unsecured money market.

#### GOVERNMENT BOND REPOS VERSUS CREDIT REPOS

Any analysis of repo markets during the turmoil has to take into account the various types of asset that are used as collateral in the repo market. In principle, any type of security may be used. However, central government bonds account for the vast majority (80-90%) of repo collateral in Europe (see Chart 6). By way of comparison, only 40% of all outstanding euro-denominated bonds were euro area central government bonds in 2008. Interestingly, while government bonds' share of euro area bond markets as a whole (and specifically of the collateral provided to the Eurosystem) continued to decline from 2007 to 2008, this was not the case for the repo market,

where central government bonds accounted for 83% of the market at the end of 2007 and 88% at the end of 2008. It is reasonable to assume that this trend towards the use of government bonds as collateral in repo markets reflects a flight to high-quality collateral in the wake of the increased tensions that followed Lehman Brothers' default. As the financial programmes introduced by governments in order to mitigate the recession and support the financial system led to more government bond issuance, and as banks may need to hold more government bonds as a liquidity buffer for the future, the share of government bonds in repo market collateral is likely to remain considerable in the coming years.

Other indications that the financial market turmoil has had an impact on the type of collateral used in the interbank repo market relate to the tri-party repo market. A tri-party repo is a repo where the cash lender and cash borrower outsource the collateral management to a specialist third party – the tri-party agent. The borrower and the lender agree on a basket of assets that can be used as collateral.

The tri-party agent then defines and updates the prices of the assets and determines the assets that will actually be used. It does so primarily with the aim of reducing the collateral costs of the borrower.

The share of illiquid assets is much larger for tri-party repos than for other repos between market participants. This is because tri-party agents specialise in the pricing of illiquid assets. Two of the major tri-party agents in Europe are Euroclear Bank and Clearstream Banking Luxembourg, the two international central securities depositories (ICSDs). As settlement institutions, the ICSDs can extract detailed information on asset prices from their own settlement data.

Indeed, structured securities such as asset-backed securities account for a substantial share of collateral in tri-party repos. However, as data from Clearstream Banking Luxembourg confirm, the turmoil reduced the share of structured securities from 35% in June 2007 to 25% in September 2007. Moreover, the share of government bonds in total tri-party repos reported for the ICMA European Repo Market Survey has increased from between 20% and 30% prior to the turmoil to 53% in June 2009. This may reflect the view, as expressed by many market participants, that it has been impossible (even for tri-party agents) to define adequate prices for structured securities and many other private sector papers. As a consequence, such assets have been used less often, being replaced by more liquid assets for which reliable market prices can be found.

These interpretations are very much supported by developments in collateral haircuts for repos and developments in repo rate spreads for different types of collateral during the turmoil. Haircuts have increased for most asset classes, but particularly strong increases have been observed for structured securities, for which haircuts of up to 100% have been observed, meaning that these assets have no longer been able to be used as collateral.<sup>5</sup> Hedge funds and other unrated borrowers have been affected

most, but even the haircuts required of major banks have increased significantly.

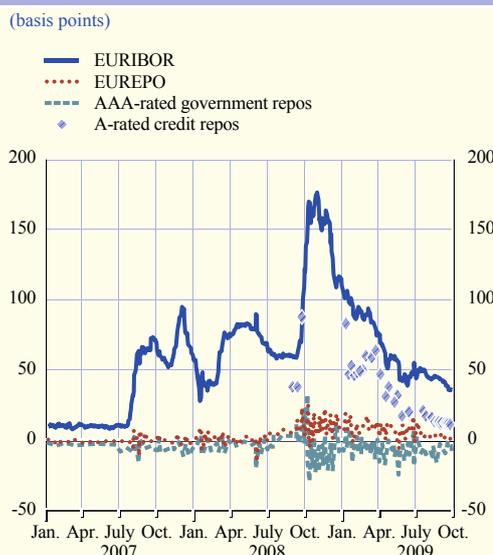
GC repo rate spreads for different types of collateral are displayed in Chart 7. As discussed above, EUREPO spreads have remained relatively close to zero for most of the turmoil to date, while EURIBOR spreads reached levels in excess of 150 basis points after Lehman Brothers' default. Spreads for A-rated credit repos<sup>6</sup> were, however, fairly close to EURIBOR spreads for several months following Lehman Brothers' default. The spreads observed for credit repos more closely resemble those seen for the EURIBOR than those recorded for the EUREPO.

These findings are consistent with developments observed in the collateral used in Eurosystem credit operations. Article 18.1 of the Statute of the ESCB requires that all credit provided by the Eurosystem be collateralised.

5 See, for example, Section 5 of the ECB publication "EU banks' funding structure and policies", May 2009.

6 Credit repos are collateralised using private sector securities rather than government bonds.

Chart 7 Spreads vis-à-vis OIS rates at the three-month maturity



Sources: Thomson Reuters, European Banking Federation and JPMorgan (for credit repo rates).

Note: Rates for A-rated credit repos are available only for infrequent snapshot dates prior to August 2009.

The Eurosystem accepts a broad range of assets as collateral, including central and regional government bonds, corporate and covered and uncovered bank bonds, asset-backed securities and non-marketable assets, such as credit claims (i.e. bank loans). In October and November 2008 the Eurosystem further extended, on a temporary basis, the list of assets eligible for use as collateral in order to complement the policy of full allotment at a fixed rate applied in all open market operations since then.<sup>7</sup> Assets need to fulfil a set of criteria in order to be eligible for use in Eurosystem operations. These criteria can be found in the ECB's General Documentation.<sup>8</sup> A list of all marketable eligible assets is published on the ECB's website. The decision as to which assets on that list a credit institution uses to collateralise credit provided by the Eurosystem is largely at the discretion of the relevant credit institution.<sup>9</sup>

As Chart 6 shows, the share of central government bonds in the assets used as collateral in Eurosystem operations has declined continuously over the past six years. Moreover, the share of structured securities has been increasing, particularly since the start of the turmoil. Thus, the trend observed in the composition of collateral deposited with the Eurosystem is the opposite of that observed for collateral in repo markets. A discussion of this observation is provided in Box 2 below.

7 See the ECB press releases of 15 October 2008 and 7 May 2009. Assets that have been eligible since October and November 2008 include marketable debt instruments denominated in US dollars, pounds sterling and Japanese yen, as well as assets with a rating between A- and BBB-.

8 General Documentation on Eurosystem monetary policy instruments and procedures, November 2008.

9 The Eurosystem applies collateral concentration limits to the use of uncovered bank bonds and does not allow a credit institution to use assets as collateral if the credit institution has "close links" with the issuer of those assets.

## Box 2

### THE USE OF COLLATERAL IN REPO MARKETS AND EUROSISTEM CREDIT OPERATIONS

The question of which assets are used as collateral in repo transactions between private parties is – like the haircuts and the repo rate – a matter for negotiation. In principle, the two parties can agree on any transferable assets. However, in most cases only very liquid assets (particularly central government bonds) are used.

Why are less liquid assets, such as corporate bonds and asset-backed securities, hardly ever used? It may be argued that these imply a lower level of protection for the cash lender. Illiquid assets are difficult to mark to market, so valuation mistakes over the life of the repo are likely. And even if the assets have been valued correctly, the liquidation price of illiquid assets may be much lower than the previous market price. If the borrower defaults, therefore, the lender may be able to sell illiquid collateral assets only at a loss.

However, this line of argument is incomplete, as larger haircuts can be applied to illiquid assets to ensure that the lender is not less protected than it would be if central government bonds were used as collateral. It is not necessarily true, therefore, that illiquid assets imply a lower level of protection for the lender.

To complete this line of argument, it should be noted that the borrower may not be prepared to accept large haircuts, as these imply additional costs for the borrower in terms of collateral. But what are the costs of highly illiquid collateral such as asset-backed securities?

In this context, it is important to bear in mind that the borrower is not the only party that could default. The lender could, of course, also default. If the lender in a repo transaction defaults, the collateral will not usually be returned to the borrower. The repo will be terminated when the default is announced and the collateral will be valued. If the value of the collateral exceeds the cash value, the borrower will keep the cash, but will still have a net claim on the lender, which may be lost in part or in full. The expected net claim – and thus the potential losses – will be larger when the haircuts are large. As a consequence, the borrower will be reluctant to accept large haircuts. Thus, the additional expected losses that stem from accepting larger haircuts can be interpreted as collateral costs.<sup>1</sup>

As a consequence, the borrower may wish to provide illiquid assets as collateral, provided that the lender accepts small haircuts. However, small haircuts on illiquid collateral will not normally be acceptable to the lender. The two parties will therefore agree to first employ the most liquid assets as collateral, with relatively small haircuts. Less liquid assets will be used only if the borrower does not have any more liquid assets available.

This explanation for the large share of central government bonds in repo market collateral is based on the assumption that there is a chance of the cash lender defaulting. If the lender cannot default, the borrower might be less reluctant to accept large haircuts on less liquid assets. This leads to the conclusion that banks may prefer to use less liquid assets as collateral with the central bank, an institution that will hardly ever default, even if central bank haircuts on such assets are relatively large. In addition, this strategy allows banks to save more liquid assets for their borrowing activities in the private repo market.

<sup>1</sup> For a more detailed discussion, see C. Ewerhart and J. Tapking, “Repo markets, counterparty risk and the 2007/2008 liquidity crisis”, ECB Working Paper No 909, 2008.

Finally, referring back to Chart 7, it should be noted that government bond repo spreads during the turmoil have been very much dependent on the issuing government, particularly in the first two quarters of 2009. It was at this time that the yield spreads of euro area government bonds vis-à-vis German government bonds widened significantly as the creditworthiness of some euro area governments was occasionally questioned by market participants as a consequence of significant government intervention. As Chart 7 shows, AAA-rated government bond repo spreads were lower than EUREPO spreads during that period. As described above, EUREPO rates relate to GC repo transactions with euro area government bonds as collateral, including bonds rated below AAA. AAA-rated government bond repo spreads declined somewhat at the peak of the turmoil and reached negative levels, indicating considerable demand for such papers in the repo

market at that time and reflecting the perception that even overnight unsecured lending involved some degree of credit risk.

### CENTRAL COUNTERPARTY CLEARING

An important strategy with a view to mitigating some of the risks stemming from repo transactions is the use of central counterparty clearing houses (CCPs). CCPs are institutions that offer what is called “novation”: once two parties have concluded a repo trade, the CCP steps in between them and the original repo trade is replaced by two new transactions – one between the cash borrower and the CCP (in which the CCP receives collateral from and lends funds to the cash borrower), and one between the CCP and the cash lender (in which the CCP provides collateral to and receives funds from the cash lender). Even if one party to the original transaction fails to fulfil its obligations

(i.e. its obligations towards the CCP), the other party will still not suffer any loss, as the transaction between that second party and the CCP will still be settled. Only if the CCP fails to fulfil its obligations will non-defaulting parties potentially suffer losses. This, however, is very unlikely, as CCPs are very safe institutions that apply strict risk management measures.

For the cash lender, CCP clearing is attractive in principle if there is a significant risk of both the cash borrower defaulting and the cash value of the repo transaction (including interest) exceeding the liquidation value of the collateral (measured, for example, by the bid price) at the moment of default. For the cash borrower, CCP clearing is attractive if there is a significant risk of both the cash lender defaulting and the collateral's repurchase value (measured, for example, by the ask price) exceeding the cash value. Thus, it is conceivable that the share of repos cleared through a CCP will increase when both: (i) the probability of default increases; and (ii) collateral assets become more illiquid.<sup>10</sup> As a consequence of the financial turmoil, market participants have a strong incentive to reduce credit risk in their operations through increased recourse to CCP clearing, and regulation is being considered in Europe and the United States to channel standardised over-the-counter transactions into CCP clearing.

The ICMA European Repo Market Survey provides data on the percentage of repos traded (anonymously) in an electronic trading system and cleared in a CCP. These accounted for between 9% and 15% of repo trades in the four surveys prior to the turmoil and between 10% and 18% during the turmoil to date, with a peak of 18% observed in December 2008 following Lehman Brothers' default. Since June 2008 the ICMA survey has also provided data on the percentage of repos cleared in a CCP, including non-electronic repos. This was at 24% in June 2008, had increased to 33% by December 2008 and stood at 32% in June 2009.

Thus, these data confirm that CCP clearing has increased somewhat during the turmoil as a consequence of heightened concerns regarding counterparty credit risk, which has also affected the repo market.

#### 4 SUMMARY AND OUTLOOK

Two main trends have characterised the euro repo market during the financial market turmoil: a flight to quality and the growing importance of the funding motive. That flight to quality can be seen in both the increased share of government bonds in the collateral employed in repo markets and the greater use of CCPs. The fact that GC repos have increased relative to special repos indicates that the repo market is increasingly being used as a funding market and may have replaced some activities in the unsecured money market. Nevertheless, the repo market has clearly suffered as a result of the turmoil.

The interrelationship between Eurosystem monetary policy operations and repo markets has become pronounced during the turmoil. On the one hand, the increases in the volume of monetary policy operations have led to those operations replacing some interbank repos and thus have had a negative impact on turnover. On the other hand, the fact that the Eurosystem accepts a very broad range of assets as collateral in its operations has helped to improve the availability of high-quality collateral in the interbank repo market.

An important question concerns the extent to which the repo market trends triggered by the turmoil will be reversed following the end of the turmoil. It may be that non-government bonds regain their important role as collateral when

<sup>10</sup> Price volatility might play a less important role than the liquidity of assets, as frequent marking to market and margin calls should ensure that the collateral value as measured by the mid-price (i.e. the average of the bid price and the ask price) is always very close to the cash value.

## ARTICLES

Euro repo markets  
and the financial  
market turmoil

they become sufficiently liquid. However, the requirements regarding the liquidity of assets employed as collateral in interbank repos may become more demanding in the future. Similarly, banks may soon return to short-selling strategies. However, given their advantages as regards banks' credit and liquidity risk management, it may be that repos are used more for funding purposes than was the case prior to August 2007. Indeed, the repo market may be one of those markets that gain in importance in the medium term as a result of the turmoil.



# EURO AREA COMMERCIAL PROPERTY MARKETS AND THEIR IMPACT ON BANKS

## ARTICLES

Euro area commercial property markets and their impact on banks

*Developments in commercial property markets are of importance to euro area banks mainly because commercial property loans represent a considerable part of many banks' assets and lending for commercial property tends to be more volatile than many other types of lending. Conditions in commercial property markets have deteriorated in most euro area countries since 2008 and negative developments have intensified in recent quarters. This article provides an overview of commercial property markets in the euro area, discusses some recent developments in the markets and presents some data on euro area banks' commercial property lending exposures.*

## I INTRODUCTION

History has shown that disorderly adjustments in commercial property markets can play an important role in financial crises, most notably in the Nordic countries and in the United States in the early 1990s, as well as in some Asian economies in the late 1990s.

Developments in commercial property markets can have important implications for financial stability via a number of channels.<sup>1</sup> First, a significant proportion of many euro area banks' assets are comprised of loans extended for investment in commercial property. A fall in commercial property prices and rents weakens the property companies' earnings capacity and thus their ability to service debt, and it also lowers the value of collateral for mortgages. In the event of a borrower being unable to pay, the value of the collateral may then have to be realised for less than the amount of the loan. Second, loans for commercial property investment tend to be more volatile than many other types of lending in banks' loan portfolios. Third, adjustments in commercial property prices can also have an indirect impact on banks' balance sheets in that they have negative implications for the real economy. Fourth, decreases in commercial property prices can have a direct impact on banks' balance sheets as they might be property owners. Fifth, institutional investors, such as insurance companies, pension funds, hedge funds and private equity firms, all of which fulfil varying but important functions in the financial system, sometimes have large investments in commercial property markets, both directly and indirectly.

Section 2 provides an overview of commercial property markets and companies in the euro area.

Section 3 discusses recent developments in, and the outlook for, euro area commercial property markets and companies. Section 4 analyses euro area banks' lending exposures to commercial property, given that this can be considered to be the main channel through which adverse developments in commercial property markets can have a negative impact on financial stability. Section 5 concludes.

## 2 OVERVIEW OF COMMERCIAL PROPERTY MARKETS AND COMPANIES IN THE EURO AREA

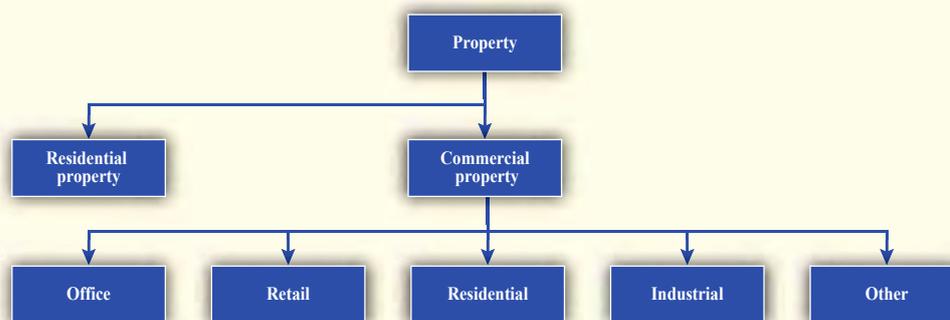
Commercial property encompasses a variety of income-producing property, such as office buildings, restaurants, shopping centres, hotels, industrial parks, warehouses, factories and residential property owned by, for instance, a property company (see Chart 1).

Commercial property companies can be defined as companies that are predominantly engaged in the ownership, development and building of income-producing real estate, including the renting and operating of and the trading in such property.

Property used for residential purposes, such as multi-household dwellings, is labelled as commercial property when it is owned or being developed for commercial purposes, for example by a property company or an institutional investor.

<sup>1</sup> These risks have also been highlighted in ECB, "Commercial property markets: financial stability risks, recent developments and EU banks' exposures", December 2008, and ECB, "Commercial property investment and financial stability", *Financial Stability Review*, December 2007.

Chart 1 Types of property



Note: Property used for residential purposes is labelled as commercial property when it is owned or being developed for commercial purposes.

### THE SIZE OF COMMERCIAL PROPERTY MARKETS IN THE EURO AREA

It is difficult to accurately estimate the size of commercial property markets in the euro area or globally because of the fragmented and somewhat opaque nature of the markets in many countries. Some estimates put the overall size of euro area commercial property markets at around €4.4 trillion in 2008 (see Chart 2). Within the euro area, Germany has the biggest market, with a share of 28% of the total euro area market, followed by France (20%) and Italy (17%).

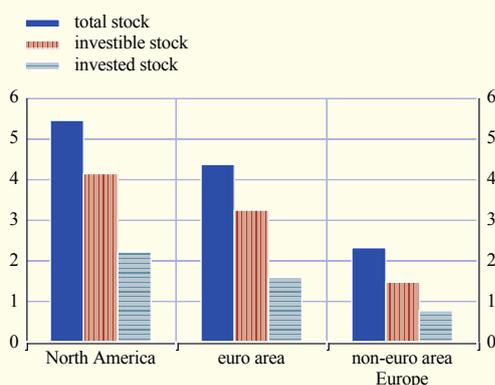
The total commercial property stock can be divided into several categories in order to

reflect to what extent the property is, or can be, bought and sold by investors (see the table). The size of the “investible” part of the euro area market is estimated to be about €3.2 trillion, or 74% of the total market (see Chart 2). The investible part does not make up the entire market owing to the fact that not all properties can be sold by the owners, such as some government-owned buildings, e.g. hospitals, schools and similar properties.

Within the investible part of commercial property markets, it is possible to separate the share that is “invested”, i.e. owned by professional investors and not owner-occupied.

Chart 2 The size of commercial property markets in Europe and North America

(2008; EUR trillions)



Sources: DTZ and RREEF Research.

### Investible and invested commercial property stock

“Investible” property stock = share of “total property stock” of investment grade quality which can be sold to professional investors or which is currently owner-occupied, but could become available for sale later.

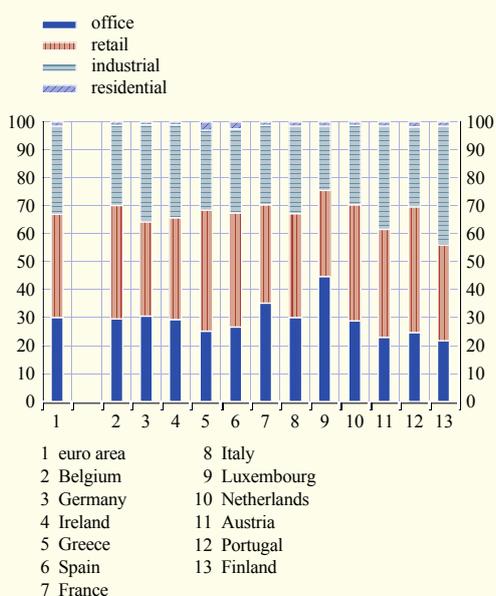
“Invested” property stock = share of “investible property stock” which is not owner-occupied, and thus owned by professional real estate investors for investment purposes.

This share corresponds to the relatively more “liquid” stock in the commercial property market. The overall size of the invested market in the euro area is estimated to be around €1.6 trillion, or 37% of the total market (see Chart 2). This share varies considerably across countries, ranging from 14% to 80%, reflecting the varying degrees of owner occupation across euro area countries.

Beyond the variation in the size of markets within the euro area, there are also differences within markets in terms of the relative size of each of the main commercial property types, which mainly include offices, retail space and residential multi-family houses. In euro area countries, the retail segment is generally the largest, making up about 37% of the total. Office and industrial property each account for about 30% (see Chart 3).

**Chart 3 The size of different types of commercial property in the euro area and selected euro area countries**

(2008; percentage of total)



Sources: RREEF Research and ECB calculations.

## PROPERTY COMPANIES IN THE EURO AREA

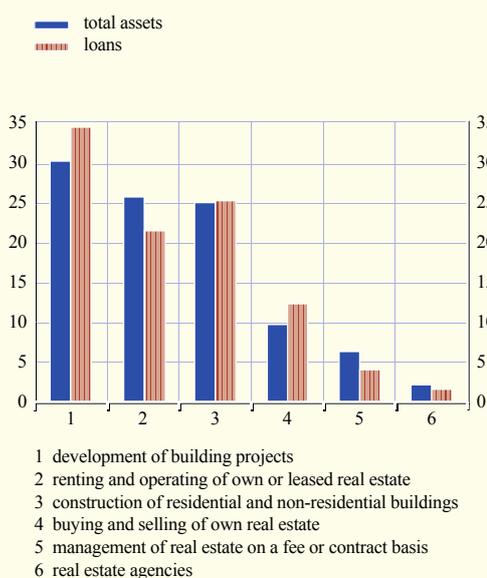
The business activities of property companies in the euro area span a variety of areas related to real estate. The definition of a property company is thus a rather broad concept.

Property companies engaged in developing<sup>2</sup>, renting and operating, and/or constructing buildings hold more than 80% of the total assets of property companies in the euro area. Companies buying and selling properties account for an additional 10% and management companies and real estate agencies make up the remaining share (see Chart 4). Needless to say, many property companies are active in several areas.

- 2 This includes the development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to complete the construction of buildings for later sale.

**Chart 4 The relative size of different types of commercial property companies in the euro area**

(2008; percentage of total)



Sources: Bureau van Dijk (Amadeus) and ECB calculations.  
Notes: The data cover almost 31,000 companies in the euro area. The classifications are in line with the Statistical Classification of Economic Activities in the European Community.

The relative size of these companies when measured by total loans broadly follows that of the total asset distribution (see Chart 4). The biggest credit exposures for banks are to property developers and property construction companies, although the size of the different property sectors varies significantly across euro area countries. It is, however, difficult to obtain data for these segments of banks' commercial property lending as they are often grouped together under the broader category of "construction", which also includes lending to railway and motorway builders, for example.

### 3 RECENT DEVELOPMENTS IN, AND THE OUTLOOK FOR, COMMERCIAL PROPERTY MARKETS IN THE EURO AREA

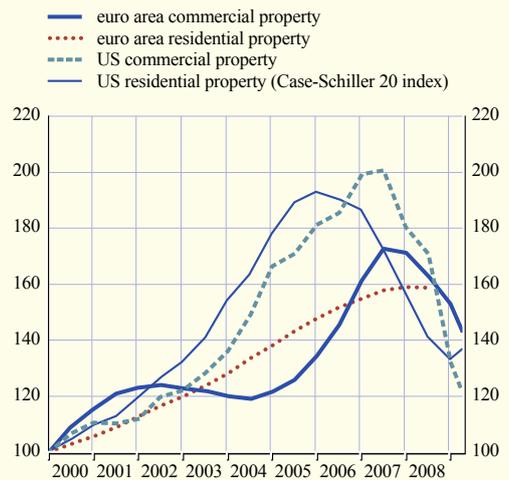
#### CAPITAL VALUES

Commercial property values – i.e. commercial property prices adjusted downwards for capital expenditure, maintenance and depreciation – in the euro area have been more cyclical than residential property prices during the last decade (see Chart 5). This is mainly because commercial property values follow the business cycle more closely than residential prices. In addition, commercial property values are more volatile because they are marked down when rents soften or vacancies rise, even if no transaction has taken place. Residential property price data, on the other hand, are based on actual transactions. This, together with the fact that homeowners are more likely than commercial property occupiers to stay in their property even if the value thereof declines, leads to prices for residential property being, in general, less volatile. Commercial property lending is, therefore, often a more volatile component in banks' loan portfolios than residential property lending (see Section 4).

While residential property prices, on average, stabilised in the euro area during 2008, the capital values of commercial property have been declining since the beginning of 2008 (see Chart 5).

**Chart 5 Commercial and residential property prices in the euro area and the United States**

(H1 2000 – Q3 2009; index: H1 2000 = 100)



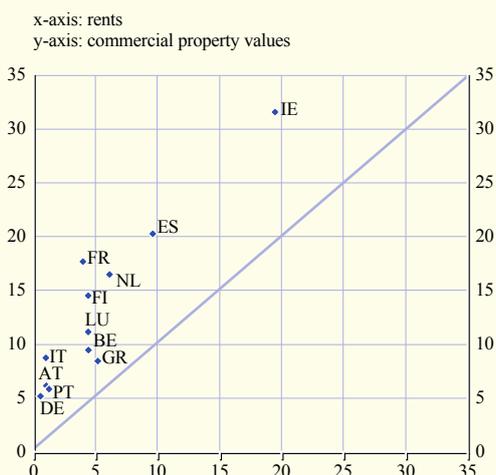
Sources: ECB, Jones Lang LaSalle, Standard and Poor's and Bloomberg.  
Note: The data for commercial property are "capital value changes", i.e. prices net of expenditure, maintenance and depreciation.

The developments in the euro area during the last decade can be compared with those in the United States, where both commercial and residential property prices witnessed a more pronounced increase between 2000 and 2006/07, which was then followed by a more distinct correction (see Chart 5). While US residential property prices reached a peak in the first half of 2006, commercial property prices continued to increase up until the second half of 2007, but the corrections in both markets have, up to now, been of a similar magnitude.

In theory, commercial property prices should mainly be driven by rent developments, since the net present value of future income streams should determine the value of a commercial property. Indeed, there was a positive relationship between commercial property value changes and rent growth during the period of high capital value growth between 2004 and 2007 (see Chart 6). However, the fact that commercial property values in most countries rose more than rents suggests that price increases might, in some cases, have

**Chart 6 Changes in commercial property capital values and rents in selected euro area countries**

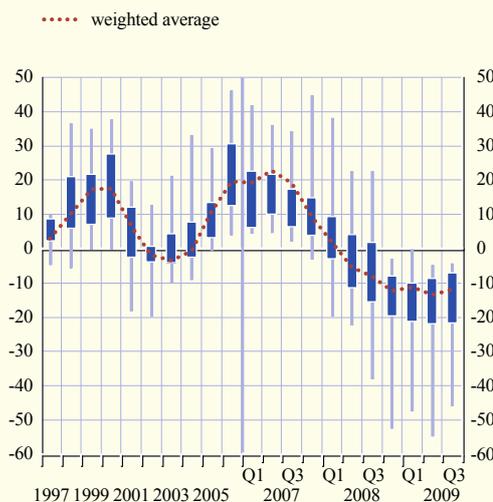
(average percentage change per annum for the period 2004-2007)



Sources: Jones Lang LaSalle, Eurostat and ECB calculations.

**Chart 7 Changes in the capital value of prime commercial property in euro area countries**

(percentage change per annum; maximum, minimum, interquartile distribution and weighted average)



Source: Jones Lang LaSalle.

Note: Data for Cyprus, Malta, Slovakia and Slovenia are not available.

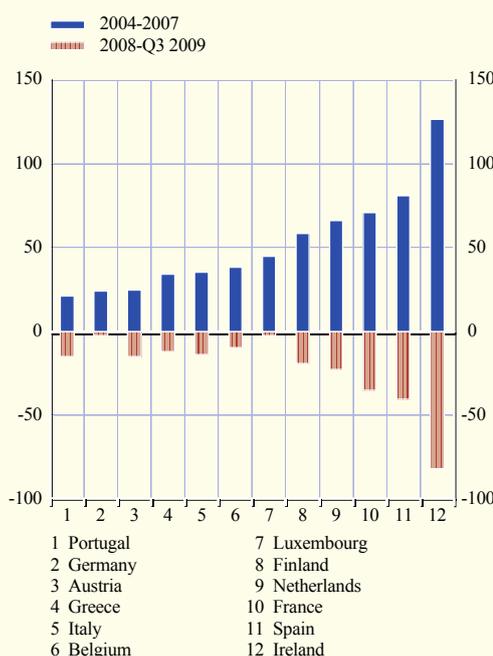
been driven by factors other than economic developments, for example, by speculative activity fuelled by a hunt for yield. Such activity was also driven by the relatively low interest rates and sometimes lax lending standards of banks.

The deterioration in euro area commercial property markets since 2007 has been rather broad-based and all euro area countries for which data are available have been recording declines in the capital values of prime property (modern buildings in attractive locations) since the fourth quarter of 2008 (see Chart 7). On average, year-on-year price declines have hovered between 10% and 13% in recent quarters. However, this varies widely across countries, with annual price decreases of 50% in some countries and more modest price declines in other countries.

In general, the countries that recorded the steepest price increases between 2004 and 2007 are the ones that have been witnessing the largest corrections since the beginning of 2008 (see Chart 8).

**Chart 8 Changes in commercial property capital values in selected euro area countries between 2004 and 2007, and 2008 and Q3 2009**

(cumulative percentage changes per annum)



Sources: Jones Lang LaSalle, Eurostat and ECB calculations.

## RENTS

Rents have held up better than capital values in recent quarters and were still increasing, on average, in the euro area in the first quarter of 2009 (see Chart 9). It should be noted, however, that rents are often fixed for one or several years and demand factors for commercial property space that have an impact on rents thus only pass through to actual rent developments with a lag. Furthermore, rent developments have varied across euro area countries, with some countries recording declining rental values since the beginning of 2008 (see Chart 9).

In the third quarter of 2009, commercial property rents in the euro area declined by about 4% year on year. Rents fell by almost 10% for office space, while, on average, remaining flat for retail space. However, developments across countries have been heterogeneous in recent quarters as well, with rents in some countries falling by up to 25% year on year. At the same time, office vacancy rates have been rising steadily from around 7%

in mid-2008 to an average of 10% in the third quarter of 2009, which is likely to put further pressure on rents in the period ahead.<sup>3</sup>

## INVESTMENT ACTIVITY

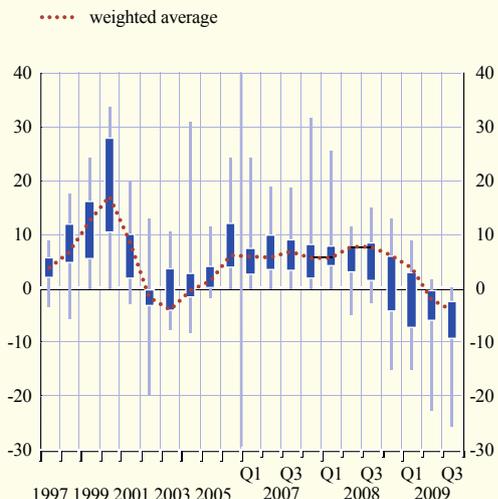
Commercial property markets in the euro area grew rapidly between 2004 and 2008 on account of the large price increases in many countries and considerable property development activity, fuelled by favourable economic conditions. This was accompanied by a significant growth in investment volume. Quarterly investment volumes grew steadily from about €10 billion in the first quarter of 2004 to a peak of €34.5 billion in the third quarter of 2007 (see Chart 10).

Leveraged investors, such as private equity funds and hedge funds, were behind much of the investment activity during this period. These investors were attracted by the relatively high returns on commercial property in an

<sup>3</sup> See Jones Lang LaSalle, "Key market rental indicators – Q3 2009", October 2009.

**Chart 9 Changes in rents for prime commercial property in euro area countries**

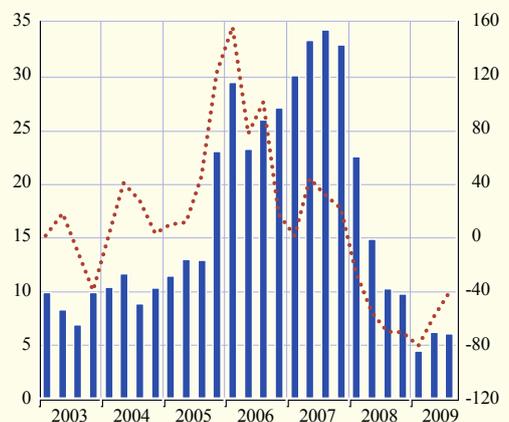
(percentage change per annum; maximum, minimum, interquartile distribution and weighted average)



Source: Jones Lang LaSalle.  
Note: Data for Cyprus, Malta, Slovakia and Slovenia are not available.

**Chart 10 Commercial property transaction volumes in the euro area**

— billions (left-hand scale)  
..... percentage change per annum (right-hand scale)



Source: DTZ Research.

environment where the search for yield had compressed returns on many other asset classes. The availability of cheap financing from banks and in capital markets further contributed to investor demand for commercial property. Demand was also strong from insurance companies and pension funds looking to make long-term investments to match their long-term liabilities.

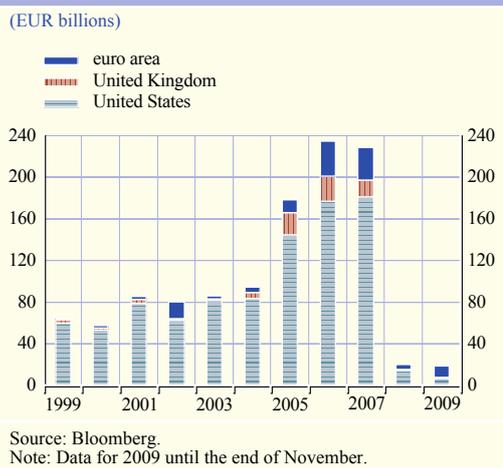
The high levels of sale and leaseback activity recorded in many countries, whereby a non-property company sells, for example, its headquarters and leases it back to free up capital, further contributed to the strong investment activity of recent years.

After the end of 2007, investment volumes fell rapidly and stood at €4.5 billion in the first quarter of 2009. This represented an 80% decrease compared with the peak in the third quarter of 2007 (see Chart 10). Volumes increased somewhat in the second and third quarters of 2009 compared with the first quarter. This was the first sign in seven quarters of investment volumes stabilising, although investment activity still remains low.

### COMMERCIAL MORTGAGE-BACKED SECURITIES MARKETS

Commercial mortgage-backed securities (CMBSs) are a type of bond issued in securities markets and backed by mortgages on income-generating properties. Together with the high commercial property price inflation between 2004 and 2007 and a general appetite for structured finance products, the European CMBS market developed and grew rapidly (see Chart 11), although its size remained much smaller than many other asset-backed securities markets and the US CMBS market. Amid the turbulence in credit and commercial property markets, the issuance of CMBSs came to a near halt in Europe after the summer of 2007. This meant that it was no longer possible for banks to reduce commercial property lending exposures via CMBSs.

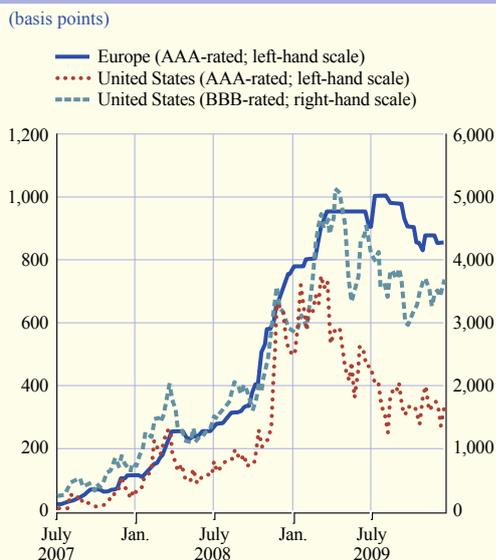
Chart 11 Issuance of CMBSs in the euro area, the United Kingdom and the United States



The strains in credit and commercial property markets have resulted in large-scale rating downgrades of European CMBSs by rating agencies, and many issues are currently on negative rating alert. The rating downgrades were driven, in particular, by: i) a significant increase in estimated loan-to-value ratios owing to falling property values and other types of covenant breaches; ii) an increase in refinancing risk since many CMBSs will mature in the coming two to four years; and iii) rating changes of credit-linked entities (banks, corporates and sovereigns) that had knock-on effects on the ratings of some CMBSs. The CMBS rating downgrades have in turn caused losses and collateral calls for banks, insurers and other investors in CMBS markets.

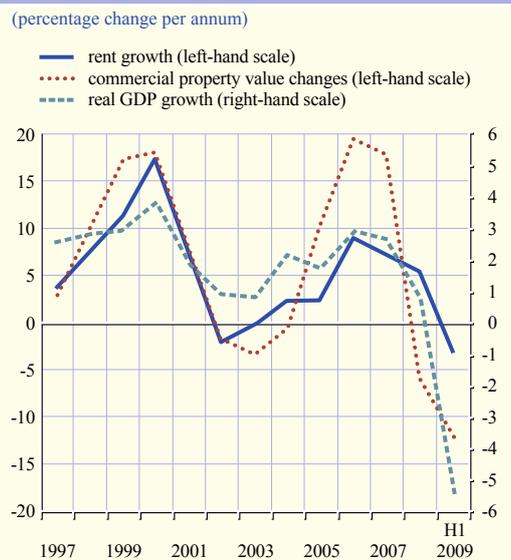
European CMBS spreads have been pricing in an increasingly pessimistic outlook for the market. Whereas spreads on many other types of credit and structured credit securities have narrowed substantially in recent months, those of European CMBSs have remained elevated (see Chart 12), largely as a result of the negative and uncertain outlook for commercial property markets in Europe. By contrast, in the United States, AAA-rated CMBS spreads have narrowed significantly since early 2009 (see Chart 12). However, it is important to bear in mind that

**Chart 12 Spreads on CMBs in Europe and the United States**



Source: JP Morgan Chase & Co.  
 Note: A spread of 1,000 basis points means that it costs EUR/USD 1,000 to insure EUR/USD 10,000 worth of debt against default.

**Chart 13 Changes in the capital value of prime commercial property in the euro area, commercial property rent growth and euro area real GDP growth**



Sources: ECB and Jones Lang LaSalle.  
 Note: Commercial property data for Cyprus, Malta, Slovakia and Slovenia are not available.

liquidity in the US market has been bolstered by the extension by the Federal Reserve System of its Term Asset-Backed Securities Loan Facility (TALF), launched in December 2008, to also include AAA-rated legacy CMBSs. Notably, spreads on lower-rated US CMBSs not eligible for TALF loans remain wide (see Chart 12).

**OUTLOOK AND RISKS FOR EURO AREA COMMERCIAL PROPERTY MARKETS AND COMPANIES**

Commercial property investors typically face two types of risk. First, they bear income risks if vacancy rates increase, rents decrease or prices fall. Second, they are exposed to funding risks resulting from factors affecting the availability of credit and the cost of debt, such as an increase in interest rates, the tightening of bank lending standards or a decline in demand for corporate bonds.

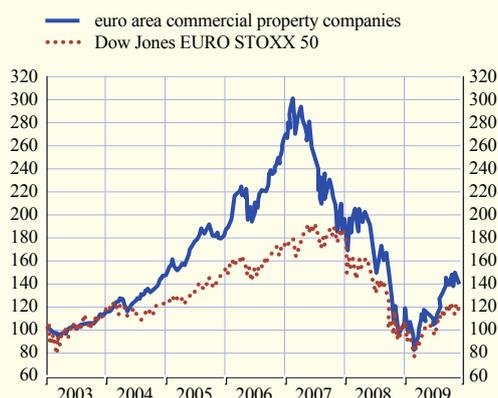
The outlook for commercial property prices and rents largely depends on the future path of economic activity in the euro area, as developments in commercial property markets follow the business cycle rather

closely (see Chart 13). In addition, expected high tenant default rates in the period ahead and the continued weakness of the euro area labour market are also likely to keep demand for rented property muted. Falling prices are mainly a concern for investors financed by loans as a large stock of commercial property loans are due to be reset in the coming years, many at prices below purchase prices. More losses are thus likely in the period ahead as a result of banks' exposure to commercial property lending and investment (see below).

As a result of the financial crisis and lacklustre developments in commercial property markets, funding costs and risks for commercial property investors are relatively high. Although commercial property investors have benefited from low interest rates, banks continue to apply more conservative lending standards – including lower loan-to-value ratios – and higher margins for commercial property loans. A decrease in the availability of financing or an increase in the cost thereof places constraints on those commercial property investors who are dependent on external funding.

**Chart 14 Euro area commercial property company share prices and the Dow Jones EURO STOXX 50 index**

(index: January 2003 = 100)



Source: Bloomberg.

The uncertain outlook for commercial property markets in the euro area is also visible in forward-looking market indicators. Although the share prices of companies engaged in the ownership, trading and development of income-producing real estate in the euro area have risen by some 70% since March 2009, they remain well below the levels seen in previous years (see Chart 14).

Looking further ahead, the uncertainty surrounding the outlook for commercial

**Chart 15 Expected default frequencies of commercial property companies in the euro area**

(percentage probability; median)



Sources: Moody's KMV and ECB calculations.

Notes: The expected default frequency provides an estimate of the probability of default in the following year. The data refer to around 200 real estate companies engaged in a broad range of real estate activities.

property companies in the euro area has resulted in historically high expected default frequencies for many companies (see Chart 15).

All in all, conditions in many euro area commercial property markets remain fragile. Looking ahead, the negative developments in euro area commercial property markets are likely to continue until economic conditions improve and investor appetite for commercial property returns.

#### 4 EURO AREA BANKS' EXPOSURES TO COMMERCIAL PROPERTY

##### THE SIZE OF THE COMMERCIAL PROPERTY LENDING MARKET IN THE EURO AREA

While the risks to banks stemming from commercial property markets are increasingly understood, information about the magnitude of banks' exposures to these markets has been rather limited and fragmented across the euro area and the EU so far. In this article, the lending exposures of euro area banks relating to commercial property are estimated by using survey-based information received from national central banks and supervisory authorities, as well as information from industry sources (such as real estate adviser companies).

In 2008 the Banking Supervision Committee (BSC), which is a forum for cooperation between NCBs and supervisory authorities in the EU and the ECB, carried out a survey among EU banks on exposures related to commercial property and the management of these exposures.<sup>4</sup> Data were collected from banks on a consolidated basis. As for the definition of commercial property loans used in the survey, countries (banks) were asked to apply the definition used by the IMF to compile its financial soundness indicators. According to this definition, commercial property loans comprise loans that are collateralised by commercial property, loans to construction companies and loans to companies active in the development of real

4 ECB, "Commercial property markets: financial stability risks, recent developments and EU banks' exposures", December 2008.

estate. Significant efforts were made to tailor the data collection exercise so as to make indicators for banks' commercial property exposures comparable across countries. Nevertheless, some inconsistencies may have remained, for instance owing to different loan classification practices applied by banks.

The survey results revealed that many euro area banks have substantial lending exposures related to commercial property in terms of both total assets and total loans. On average, at the end of 2007, commercial property loans accounted for 5.2% of the total assets of the euro area banks surveyed, and for 10.4% of their total loans. In absolute terms, the gross commercial property loans of euro area banks taking part in the survey amounted to €1.1 trillion in December 2007.

It is important to stress that there are large differences across the surveyed banks in terms of their commercial property lending exposures. This is evident from the wide dispersion in the commercial property loan shares of the surveyed euro area banks across different countries, which ranged from 1.8% to 36.1% and from 1.1% to 28% as a share of total loans and total assets, respectively.

Regarding the comparability of these ratios at the country level, a certain degree of caution is warranted. First, the coverage of the survey differed significantly across countries, ranging between 40% and 100% of total banking sector assets. Second, some countries only reported data on the banks that are the most active (or indeed specialised) in commercial property lending, while others provided data on the whole banking system (e.g. based on credit registers or other sources).

In addition to the BSC survey, information on banks' commercial property loans can also be drawn from the sectoral breakdown of loans to non-financial corporations, as these loans also include loans related to commercial property. Importantly, these data allow some inferences to be drawn on the development of commercial property lending over time for the whole euro

area banking sector. However, some caution is needed in interpreting the indicators based on the sectoral breakdown, as this category also includes lending related to other activities.<sup>5</sup>

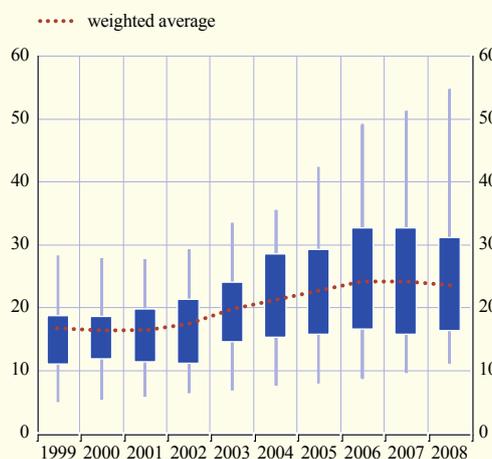
Based on this measure, in most countries, bank lending exposures to the commercial property sector increased steadily over the years leading up to the eruption of the financial turmoil. Some countries witnessed large increases in loans for commercial property (excluding lending for construction) as a share of total lending to non-financial companies (see Chart 16). Against the background of the intensification of the economic downturn and a significant deterioration in commercial property market conditions, euro area banks, on average, slightly decreased their lending exposures to the commercial property sector as a share of loans to non-financial firms in 2008.

In absolute terms, based on this measure, the gross commercial property lending of euro

<sup>5</sup> Furthermore, it should be noted that these indicators were provided on a domestic consolidation basis, as opposed to the broader consolidation basis used in the above-mentioned BSC survey.

**Chart 16 Country distribution of banks' commercial property loans (excluding lending for construction) in the euro area**

(percentage of total lending to non-financial corporations; maximum, minimum, interquartile distribution and weighted average)



Sources: ECB, DTZ Research and ECB calculations.

area banks is estimated to have amounted to €1.1 trillion in December 2008.<sup>6</sup>

### BREAKDOWN OF COMMERCIAL PROPERTY LENDING BY GEOGRAPHIC LOCATION AND PROPERTY TYPE

In order to assess the riskiness of commercial property lending, in addition to qualitative information on banks' risk management practices such as proper due diligence on the borrower, quantitative information on the geographical location, property type (office, retail or residential) and the purpose of the loan (development or investment) is also needed.

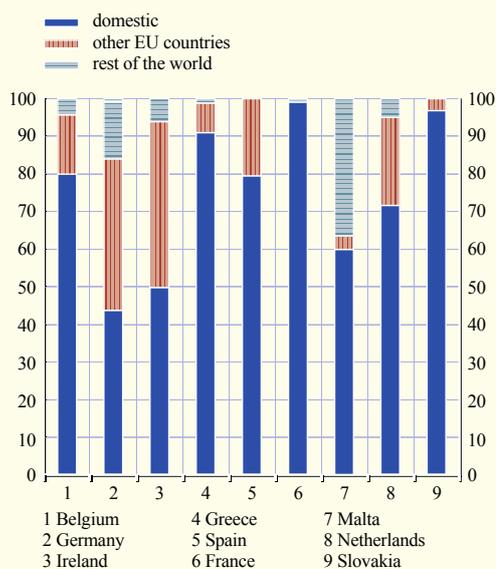
There is limited data available publicly regarding these breakdowns as only those lenders focusing on commercial property lending tend to provide these details in their financial disclosures. Therefore, information from the BSC survey is used. In addition to questions about the size of exposures, this survey also contained questions on the distribution of commercial property loan portfolios according to these three dimensions.

As regards the geographical breakdown, the bulk of commercial property lending is domestic. However, in some countries – in particular those in which some of the largest property lenders operate – banks have significant cross-border exposures, mainly to other EU countries (see Chart 17). Commercial property lending activity to the United States by the surveyed euro area banks appears to be modest, amounting to €45 billion, which corresponds to 5% of the total commercial property loans at the end of 2007, for those euro area banks which reported on the geographical breakdown of their exposures.<sup>7</sup>

Several euro area countries also provided information on the breakdown of commercial property loans by property type, such as office, retail or residential. The importance of different property sectors varies to a great extent across

Chart 17 Geographical breakdown of commercial property loans issued by the surveyed euro area banks, by country

(2007; percentages)



Source: Banking Supervision Committee.

Note: For France, data are available on a domestic consolidation basis.

countries (see Chart 18). On average, banks' exposures appear to be the highest for the office sector, although it is difficult to detect common patterns across the countries that provided information on this breakdown.

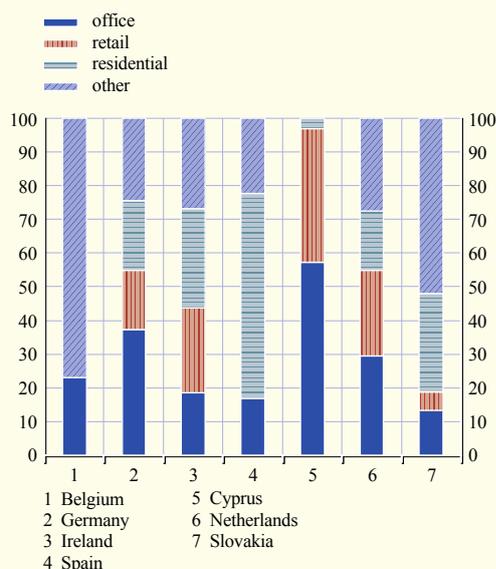
Another important aspect to be considered when assessing the riskiness of commercial property lending is the purpose of the loans, i.e. loans to developers versus loans for investment purposes. Lending to real estate developers tends to be the riskiest portion of any real estate lending, as properties are usually under construction or not yet let, and banks may face significant problems in recovering their exposure should the property developer face financial difficulties.

<sup>6</sup> Note that while this figure is very similar to that obtained from the BSC survey, the figures are not fully comparable, as data collected through the two exercises differ in coverage and consolidation as well as, albeit to a limited extent, in definition.

<sup>7</sup> Note that not all countries were able to provide the relevant figures.

**Chart 18 Property sector breakdown of commercial property loans issued by the surveyed banks, by country**

(2007; percentages)



Source: Banking Supervision Committee.  
Notes: The survey covered only three categories (the retail, office and residential sectors), which do not add up to 100% of total commercial real estate loans. The residual is shown as "other" (e.g. industrial and hotels and leisure).

Since information relating to the purpose of the loans was relatively scarce in the BSC survey, data publicly available for a sub-sample of euro area banks was used to assess the relative share of loans for development and investment.<sup>8</sup> On the basis of this limited information, the average share of loans to developers for this sample of banks was 21% in 2007, although this masks significant differences across institutions.

### LENDING STANDARDS AND CHANGES IN RISK APPETITE SINCE THE BEGINNING OF THE FINANCIAL TURMOIL

Contrary to practices in the United Kingdom and the United States, bank lending surveys in the euro area do not cover commercial property lending. Therefore, the relevant results from surveys carried out by DTZ, a global real estate adviser, and the BSC are used to assess recent trends and expectations regarding banks' lending standards.

As the BSC survey was carried out in the second quarter of 2008, it has, to some extent, already captured the change in banks' lending behaviour in the wake of the eruption of the financial turmoil. Indeed, survey responses suggest that, since the onset of the financial market turmoil, banks' risk appetite has, in general, decreased. Several banks reported that, as from the second half of 2007, they started to tighten their credit standards, for instance by applying lower loan-to-value ratios. There were also indications of an increase in risk differentiation across markets, with lower new loan origination, stricter credit standards and higher risk premia applied to riskier regions and/or riskier activities (e.g. the share of development financing has declined). Overall, survey responses suggested that, on balance, euro area banks have already started to tighten their credit standards with respect to commercial property lending since the onset of the financial turmoil and have increasingly focused on the financing of better quality borrowers and assets.

A more recent survey, carried out by DTZ among European property lenders, covered, among other things, banks' expectations regarding lending activity and lending terms and conditions for both 2009 and 2010.<sup>9</sup> Overall, these results suggest that the tightening of credit standards continued in 2009, owing to the deteriorating conditions in commercial property markets, and that banks are not likely to ease them again until after 2010.

In particular, the survey results revealed that the overwhelming majority of banks expected to tighten their lending terms and conditions in 2009, while a third of lenders expected further tightening in 2010. Following reductions in loan-to-value ratios in 2008, nearly half of the banks expected a further decrease in 2009 and most lenders expected to maintain loan-to-value ratios at these lower levels in 2010. At the same

<sup>8</sup> For the exposures underlying the calculation, see JP Morgan Chase & Co., "European banks: quantifying earnings at risk from commercial real estate", 4 November 2008.  
<sup>9</sup> See DTZ Research, "European Lenders Survey", May 2009.

time, the vast majority of lenders expected to increase margins in 2009 and nearly 40% of banks indicated further increases in 2010.

Regarding banks' expectations for gross new lending, nearly half of the lenders expected to decrease lending in 2009 and only about 20% of banks expected an increase. For 2010, however, the net percentage of lenders expecting to increase lending turned positive. As for the outlook for the European lending market as a whole, the majority of lenders did not expect a substantial recovery until after 2010.

#### ASSET QUALITY

Information on the quality of commercial property loans is scarce as most banks do not disclose the breakdown of impaired loans or loan loss provisions by industry or sub-sector. The limited information that is available on asset quality regarding commercial property lending can be gathered from public disclosures by banks that specialise in such lending or for which commercial property is an important business segment, and is thus reported separately.

Most of the banks that disclose such information reported a significant increase in loan loss provisioning and/or non-performing loans in 2008 and, where data thereon were available, in the first half of 2009. For this sub-sample of banks, provisioning rates on commercial property loans increased significantly in 2008, from about 0.1-0.3% in 2007 to 0.4-2.1% in 2008. Based on disclosures for the first half of 2009, the increase in provisioning costs for commercial property loans even accelerated for a number of large commercial property lenders. Provisioning rates (on an annualised basis) for banks in this sub-sample ranged from 0.7% to 6.9% in the first six months of 2009. As a consequence of rising loan loss provisions, some banks began to report losses in the commercial property business segment in 2008 and, based on developments in the first three quarters, are likely to record losses in 2009 as well.

While the limited sample does not allow inferences to be drawn on the quality of

commercial property loan portfolios of the euro area banking sector as a whole, the wide variation of provisioning rates suggests that loss rates on commercial property loans will ultimately vary substantially across banks. The outlook for asset quality is likely to differ among banks, partly as a result of the geographical distribution of their commercial property loan portfolios. In particular, banks significantly exposed to the commercial property markets that have experienced the most significant deterioration (e.g. in Ireland, Spain, the United Kingdom and the United States) are likely to record above-average loss rates. In this respect, it should be noted that some euro area property lenders have significant foreign exposures and thus their performance does not only depend on the conditions in their domestic commercial property markets. Other important factors that could determine differences in lenders' performance in future include the share of development loans, which often carry higher risks than other types of loans, and the quality of underwriting standards.

#### 5 CONCLUDING REMARKS

Commercial property markets are important from a financial stability point of view mainly because commercial property lending constitutes a considerable share of banks' assets. Indeed, it is estimated that loans extended for commercial property purposes account for about 10% of the total loans issued by euro area banks. It should be noted, however, that the importance of commercial property lending varies greatly across banks, and indeed banking sectors, in the euro area.

History has shown that adverse developments in commercial property markets have the potential to cause significant losses for banks and severe financial instability. This, together with the growing size of commercial property markets in the euro area in recent decades, means that the monitoring and analysis of commercial property market developments is warranted for financial stability analysis. This task is challenging, however, as the data on developments in

commercial property markets are often of poor quality and are not harmonised across countries. There is thus a need for better data on both prices and banks' exposures.

In addition, because of the significance of commercial property exposures for some banks, it is crucial that banks have sound risk management practices. For the same reason, it is important for supervisors to have adequate information on banks' exposures to commercial property markets and to monitor developments in these markets in order to be able to identify potential risks faced by banks.

Given the deterioration in most commercial property markets, several euro area banks have recorded reduced incomes, or even losses, in their commercial property business in recent quarters. Going forward, weak demand for renting commercial property and deteriorating tenant performance are likely to contribute to an increase in non-performing loans. As a consequence, banks with significant commercial property lending exposures could face the risk of elevated credit losses further into 2010, in particular if they are exposed to weaker performing property markets.

# UPDATE ON DEVELOPMENTS IN GENERAL ECONOMIC STATISTICS FOR THE EURO AREA

## ARTICLES

Update on developments  
in general economic  
statistics for  
the euro area

*General economic statistics, comprising data on prices, costs, output, demand and the labour market, are of crucial importance for the fulfillment of the ECB's role in monetary policy and financial stability. Euro area general economic statistics have become increasingly complete, comparable and timely. At the same time, the experience of 11 years of EMU has highlighted the ECB's need to further strengthen the underlying dataset in the area of general economic statistics. A number of deficiencies and gaps have been identified that need to be taken up by the European Statistical System. The highest priorities for the ECB are reflected in the revised list of Principal European Economic Indicators as included in both the 2008 and the 2009 Status Report on Information Requirements in EMU<sup>1</sup> issued by the Economic and Financial Committee. These indicators establish targets and priorities for euro area statistics. Furthermore, in an increasingly globalised world, it is necessary for statistical indicators to become internationally comparable in order to properly assess the impact of economic partner areas on the business cycle, setting additional requirements for the compilers of statistics worldwide.*

## I INTRODUCTION

General economic statistics as referred to in this article cover a wide range of macroeconomic indicators on prices, costs, output, demand and labour market developments. The statistical responsibility for the provision of most of these euro area statistics lies with the European Statistical System<sup>2</sup> and, in many cases, these statistics are covered by legal acts adopted by the European Parliament and the EU Council or the European Commission.

The ECB makes extensive use of general economic statistics. The Harmonised Index of Consumer Prices (HICP) provides the quantitative reference point for its definition and the measurement of price stability. The Governing Council takes monetary policy decisions on the basis of a comprehensive assessment of the risks to price stability. The economic analysis focuses on real activity and takes account of the fact that price developments over the short and medium horizon are influenced by the interplay of supply and demand in goods, services and factor markets. Therefore, the ECB regularly reviews developments in overall output, demand and labour market conditions, a broad range of price and cost indicators, as well as surveys of business sentiment as early indicators of economic developments.

The ECB published its requirements in the field of general economic statistics in 2000 and

reviewed these requirements in 2004.<sup>3</sup> Overarching reviews of developments in the provision of general economic statistics were included in the April 2001 and April 2003 issues of the ECB's Monthly Bulletin. Subsequently, progress made in individual statistical domains was also referred to in several issues of the ECB's Monthly Bulletin. Section 2 introduces the Principal European Economic Indicators (PEEIs), which have detailed targets on timeliness and data quality that match the highest international standards. Section 3 summarises the progress achieved in recent years for each statistical domain, as well as the challenges ahead. It also introduces the new classification of economic activities "NACE Revision 2" (Box 1) and addresses several more horizontal issues relating to general economic statistics, for example seasonal adjustment. Section 4 concludes.

- 1 The 2008 and 2009 Status Reports on Information Requirements in EMU issued by the Economic and Financial Committee are available on the ECB's website.
- 2 The European Statistical System comprises the Statistical Office of the European Communities (Eurostat) and the national statistical authorities. Both the European Statistical System and the European System of Central Banks (ESCB) develop, collect, compile and disseminate European statistics. A Memorandum of Understanding between Eurostat and the ECB sets out the division of labour between the two institutions. The ECB is primarily responsible for monetary and financial statistics, as well as statistics on financial institutions, payment systems, effective exchange rates and quarterly financial accounts; Eurostat is chiefly responsible for (general) economic statistics and for all non-economic statistics. The two institutions have shared responsibility for external statistics (balance of payments and international investment position), for the European non-financial sector accounts and for the statistical infrastructure.
- 3 See "Requirements in the field of general economic statistics" and "Review of the requirements in the field of general economic statistics" on the ECB's website.

## 2 THE PRINCIPAL EUROPEAN ECONOMIC INDICATORS REVISITED

In February 2003 the ECOFIN Council laid down requirements for PEEIs, which are a set of key euro area and EU statistics to improve the statistical information available for euro area economic analysis and policy making. They were developed from the September 2000 Action Plan on EMU Statistical Requirements, established by the European Commission (Eurostat) in close cooperation with the ECB. The list of PEEIs originally specified targets for the timeliness and other quality aspects of 19 key infra-annual macroeconomic statistics covering consumer prices, national accounts,

short-term business statistics, labour market and external trade indicators. The progress made in achieving these targets is regularly monitored by the Economic and Financial Committee, with the assistance of Eurostat and the ECB. Since its launch, the PEEI initiative has proved successful: the targets in terms of timeliness and coverage have largely been met for most PEEIs.

In November 2007 the ECOFIN Council agreed to review the PEEIs so as to take into account new user needs resulting from an evolving economic environment, different perceptions of the data quality of short-term statistics, an increased emphasis on

### Principal European Economic Indicators

Euro area indicator	Periodicity (m=monthly; q=quarterly)	Release target for euro area indicators	Current release of euro area indicators	Current release of US indicators
<b>Consumer price indicators</b>				
HICP flash estimate	m	0	0	n.a.
HICP actual indices	m	17	14-16	14-23
<b>Quarterly national accounts</b>				
First GDP (flash) estimate	q	30 (previously 45)	45	28
First GDP release with more breakdowns	q	60	64	28
Institutional sector accounts	q	90	121	56-60
Government finance statistics	q	90	96	56-60
<b>Business indicators</b>				
Industrial production index	m	40	42	14-17
Industrial producer price index (domestic)	m	30 (previously 35)	34	13-20
Industrial new orders index	m	50/40 <sup>2</sup>	56	23-28
Industrial import price index	m	45	[38]	9-18
Production in construction	m	45	49	31
Turnover index for retail trade and repair	m	30	35	11-15
Turnover index for other services	q (ideally m)	60	59	75
Corporate output price index for services	q (ideally m)	60	n.a.	17
<b>Labour market indicators</b>				
Unemployment rate	m	30	30	3
Job vacancy rate	q	45	74	40
Employment	q	45	75	1-8
Labour cost index	q	70	74	29
<b>External trade indicators</b>				
External trade balance	m	46	48	42
<b>Housing market indicators</b>				
Residential property prices <sup>1</sup>	q	90	n.a.	45 <sup>3</sup>
House sales	q	90	n.a.	25
Building permits	q	90	89	20

Source: Economic and Financial Committee, "Status Report on Information Requirements in EMU", 2009.

Notes: n.a. = not available; [ ] = available but not released.

Releases refer to the number of calendar days after the end of the reporting period. The position of weekends and public holidays within a month may cause small changes in the number of calendar days after the end of the reporting period.

1) The European Statistical System does not yet compile a euro area residential property price index. Available data for example, the semi-annual indicator compiled by the ECB, are partially based on non-official sources.

2) Long-term release target of 40 days.

3) Monthly data.

euro area figures, globalisation aspects and comparisons with other major economies. The existing PEEI targets were found to be largely appropriate for economic and monetary policy purposes, but some shortcomings were identified, notably for services. The absence of harmonised information on euro area housing markets was considered to be critical and, consequently, three new indicators were added to the list of PEEIs: residential property prices, house sales and building permits.

In addition, it was proposed that more ambitious medium to long-term timeliness targets for selected PEEIs be pursued (e.g. publishing the flash estimate of GDP growth 30 days after the reference period), provided that the reliability of the estimates was not compromised. These improvements in timeliness would better serve the policy-making needs of the ECB and other institutions, and would compare more favourably with international standards. The positive experience gained from the introduction of GDP flash estimates 45 days after the reference period has demonstrated that improvements in timeliness do not necessarily come at the expense of reduced reliability. In general, the medium to long-term aim is to achieve a harmonised release calendar according to which the PEEIs would be published with a delay of 30, 60 or 90 days after the reference period, depending on the indicator. This approach takes into account the interdependent nature of the PEEIs, which means that the compilation of a particular PEEI (e.g. the GDP flash estimate) often requires the timely availability of other PEEIs. The table provides an overview of the revised list of PEEIs.

In addition to timeliness and availability, the review also investigated other data quality aspects aimed at improving the accuracy, reliability and communication of PEEIs, requiring a coordinated approach across PEEIs and the basic statistics. Moreover, good coordination within the European Statistical System is needed as euro area data are based on national contributions. Eurostat and the ECB have already taken several initiatives in this direction, including proposals for a harmonised

revision policy, for European guidelines for seasonal adjustment, as well as for guidelines for the communication of major revisions.

The review of the PEEIs<sup>4</sup> foresees that the revised list of PEEIs and the associated quality targets will be implemented by 2012. It also includes a research agenda for the next ten years, which should shape the future set of key European short-term economic indicators. This approach will allow the European Statistical System to swiftly respond to new challenges and user requirements. The positive experience gained with the PEEIs has inspired similar initiatives at a global level, such as the Principal Global Indicators (PGIs), which are discussed in Section 3.7.

### 3 PROGRESS ACHIEVED, ASSESSMENT AND FUTURE PLANS

#### 3.1 HARMONISED INDEX OF CONSUMER PRICES

The Harmonised Index of Consumer Prices (HICP) for the euro area is explicitly mentioned in the ECB's quantitative definition of price stability and is therefore the main yardstick against which the success of the ECB's monetary policy is measured. The national HICPs also play a crucial role in assessing the convergence of non-euro area EU Member States.

The euro area HICP is first published as a flash estimate of the overall index on the last day of the reference month and then with a full set of details around two weeks later. The flash estimate has proved to be extremely reliable. The revised list of PEEIs includes a breakdown of the flash estimate into five main aggregates. Work is under way within the European Statistical System to investigate the feasibility of providing such a breakdown, starting with the energy and non-energy components.

<sup>4</sup> ECOFIN Council conclusions on the Economic and Financial Committee's 2008 Status Report on Information Requirements in EMU, 4 November 2008.

A large body of EU regulations govern the methodology that must be followed by national statistical institutes when compiling national HICPs and, as a result, the HICP is one of the most harmonised statistics across EU countries. In recent years, new regulations have been adopted in order to harmonise the days in each month on which prices are collected<sup>5</sup> and to further clarify the conceptual basis of the HICP.<sup>6</sup> In 2009 a new regulation was adopted on the treatment of seasonal products<sup>7</sup> (i.e. products which are not available for purchase during certain times of the year) and will be implemented in 2011.

In terms of international comparability beyond the EU, an important improvement has been the publication of an experimental HICP for the United States by the US Bureau of Labor Statistics. Moreover, an increasing number of non-EU countries within Europe are either compiling or developing HICPs.

Another important area in which good progress has been achieved is that relating to the measurement of the impact of government decisions on inflation. The ECB has developed and published experimental HICP-based estimates of administered prices – i.e. prices which are either set or significantly influenced by governments.<sup>8</sup> In parallel, Eurostat has developed an HICP at constant tax rates, which was first published in October 2009.<sup>9</sup> These indices help the ECB to assess HICP inflation more accurately and enrich the analysis of consumer price developments.

Over recent years, inflation statistics in many countries across the world have come under particular scrutiny by the media and the general public. It is important that the public have confidence in the reliability of official measures of inflation, even when these measures may differ from their subjective perceptions of price developments. Within the euro area, a number of national statistical institutes have taken measures to improve public understanding of inflation and how it is measured. The ECB has contributed to these initiatives via a dedicated

section on the ECB's website that features an interactive tool to visualise developments in the euro area HICP and its components.<sup>10</sup>

Despite the progress made, the further development of the HICP remains of paramount importance. Top priority must continue to be given to the improvement and harmonisation of the methods of sampling and quality adjustment, i.e. common procedures for updating the national baskets of goods and services and for identifying and removing the part of price changes that are due to changes in the quality of products. Whilst much development work has been done on these topics over the past few years, further efforts are needed to ensure the methods used are fully comparable. Another priority is the finalisation of the work on the treatment of owner-occupied housing. A pilot project, coordinated by Eurostat, has now been extended to all but one EU Member State, and results from this project are expected in 2010. This project should also provide timely and reliable information on house price developments.

### 3.2 STATISTICS ON HOUSING

The analysis of euro area and EU housing markets intensified prior to and during the crisis, as has the demand for high-quality statistics on national, euro area and EU housing market supply and demand conditions, with particular

5 See Council Regulation (EC) No 701/2006 of 25 April 2006 laying down detailed rules for the implementation of Regulation (EC) No 2494/95 as regards the temporal coverage of price collection in the harmonised index of consumer prices.

6 See Commission Regulation (EC) No 1334/2007 of 14 November 2007 amending Regulation (EC) No 1749/96 on initial implementing measures for Council Regulation (EC) No 2494/95 concerning harmonised indices of consumer prices.

7 See Commission Regulation (EC) No 330/2009 of 22 April 2009 laying down detailed rules for the implementation of Council Regulation (EC) No 2494/95 as regards minimum standards for the treatment of seasonal products in the Harmonised Indices of Consumer Prices (HICP).

8 See the box entitled "Measuring and assessing the impact of administered prices on HICP inflation" in the May 2007 issue of the Monthly Bulletin.

9 See the box entitled "New statistical series measuring the impact of indirect taxes on HICP inflation" in the November 2009 issue of the Monthly Bulletin.

10 See the "Inflation and the euro" section on the ECB's website.

emphasis on changes in residential property prices over time. However, the availability and the statistical quality of existing non-financial data on housing markets are far from satisfactory. In several cases, such housing statistics are only available from non-official sources. Given the importance of comparable, high-quality statistics on housing markets, three new indicators were added to the list of PEEIs in 2008: residential property prices, house sales and building permits. While data on building permits are already being compiled by the European Statistical System and need only to be improved further in terms of statistical reliability, there are currently no official harmonised data at the European level on residential property prices and house sales. The most promising work in progress towards harmonised residential property price indices and house sales data is currently being undertaken by the European Statistical System in the context of measuring transaction prices on owner-occupied housing.

In order to fill the gap in the statistics on changes in house prices for the euro area and EU Member States, the ECB has been collecting national residential property price data for EU countries in cooperation with the national central banks of the EU. Since 2001, the ECB has compiled and published an aggregate for the euro area by weighting together changes in prices for houses and flats for the euro area countries. Since early 2005, dwelling price statistics have also been collected for non-euro area EU Member States.

Although every effort has have been made to compile data that are as comparable as possible, the raw data stem from various national official and non-official sources which may differ in several respects. There are differences regarding the type of recorded prices, the coverage of regions and dwelling types, and other statistical aspects, particularly in the way changes in prices over time are corrected for changes in the composition of dwellings sampled over time. Against this background, fully comparable house price indices are urgently required in order to complete the conjunctural analysis that serves as input into monetary policy-making.

### 3.3 NATIONAL ACCOUNTS

National accounts are compiled in accordance with the European System of Accounts (ESA 95)<sup>11</sup> and provide a comprehensive and consistent overview of the economy.

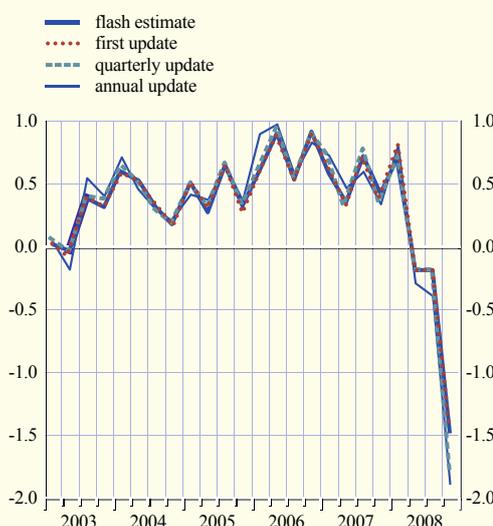
Since May 2003 Eurostat has published a flash estimate of quarterly seasonally and working day-adjusted GDP volume growth 45 days after the end of the reference quarter. The timeliness of the first estimates of the main expenditure components and the activity breakdown of value added has improved from 70 to 64 days at present. The euro area GDP flash estimate is a reliable<sup>12</sup> and widely recognised indicator with a country coverage that now extends to 95% of euro area GDP. The development of euro area GDP growth indicated by the flash estimates does not differ much from subsequent estimates, with most revisions stemming from the incorporation of annual information sources, as illustrated in the chart below.

11 See Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community.

12 See the article entitled "Revisions to GDP estimates in the euro area" in the April 2009 issue of the Monthly Bulletin.

Euro area quarter-on-quarter GDP volume growth

(percentage changes)



Sources: Eurostat and ECB calculations.

The first estimates of income data (including compensation of employees), as well as the asset breakdown of gross fixed capital formation and the goods and services breakdown of foreign trade, generally become available as part of the employment release (national accounts concept) after 72 days. The remaining variables – including the activity breakdown for compensation of employees – are published within 100 days after the reference quarter. Another important release concerns the quarterly integrated euro area accounts by institutional sector,<sup>13</sup> which Eurostat and the ECB have been publishing since June 2007. This data set, currently disseminated around 120 days after the reference quarter, provides a comprehensive overview of the economic process from production to financial transactions and balance sheets. At present, work is ongoing to integrate the quarterly euro area non-financial assets and households' housing wealth data that the ECB has published annually since 2006 in the euro area accounts.

In line with the PEEI review, further improvements in timeliness are envisaged. The medium-term aim is to publish by 2012 euro area quarterly national accounts according to a harmonised release calendar, starting with a GDP flash estimate, after 30 days, followed by a first estimate of the GDP components after 60 days and finally, the quarterly sector accounts after 90 days. The publication of a GDP flash estimate after 30 days would better address policy-making needs and bring the timeliness into line with international standards. Its feasibility is currently being investigated.

In December 2007 the European Parliament and the Council adopted a regulation that requires national statistical institutes to provide Eurostat with additional quarterly national accounts data, such as data on the durability of private consumption expenditure and the geographical breakdown of exports and imports. The latter will allow data on euro area foreign trade that only reflects the transactions of euro area countries with countries outside the euro area to be compiled. At present, euro area exports and

imports reflect intra-euro area trade in goods and services, and are not adjusted for asymmetries in the recording of trade at the national level. This is the main conceptual shortcoming of euro area quarterly national accounts and also the main difference to the quarterly integrated euro area accounts by institutional sector.

Other challenges relate to the harmonisation both of seasonal adjustment practices and of release and revision policies (see Section 2). In the course of 2005-06, the European Statistical System introduced important changes<sup>14</sup> in the national accounts, such as chain-linked volume measures and a new treatment of the imputed output of financial intermediaries (FISIM). Since the national statistical institutes have incorporated these changes at national level in a staggered way, the national revisions were shown in the euro area results on an ongoing basis, which negatively affected the comparability and stability of the latter, and highlighted the need for a close coordination of major revisions. In addition, the length of the time series with consistent back data was reduced for a number of countries, which implied a shortening of Eurostat's official euro area time series from 1991 to 1995. In order to address the user needs for long time series, the ECB has recently published estimates for quarterly euro area GDP and its main expenditure components starting in 1980.<sup>15</sup> To avoid similar changeover problems, significant attention is being devoted to the coordination of the next major revision, which concerns the implementation of the revised classification of economic activities "NACE Revision 2" (see the box) in the national accounts, scheduled to take place in September 2011. Comprehensive coordination will also be required for the implementation of the revised European System of Accounts which is foreseen for 2014.

13 See the article entitled "The introduction of quarterly sectoral accounts statistics for the euro area" in the November 2007 issue of the Monthly Bulletin.

14 See the box entitled "Improvements to euro area GDP and national accounts" in the December 2005 issue of the Monthly Bulletin.

15 These long time series on euro area GDP and its main expenditure components are available from the Statistical Data Warehouse on the ECB's website.

A number of recent initiatives propose the development of a set of alternative indicators that go beyond GDP.<sup>16</sup> The latter is mainly a measure of market production and, although it may shed some light on certain aspects of welfare, it was never intended to be an indicator of economic well-being as such. Households' disposable income is suggested as a more relevant measure of the well-being or living standards of citizens, as there may be large differences between the income of the citizens of a country and measures of domestic production (some of the income is generated by non-residents, and some residents receive income from abroad).

In addition, the measure of disposable income for households, for example, takes into account the fact that the taxes paid by households are deducted from their available income and, in turn, takes into account transfers received from governments. For the same reason, the proposals to complement data on income flows with measures of assets, liabilities and net worth are welcomed, in particular for the households sector. This has been one of the key concerns of the ECB when developing, jointly with Eurostat, the quarterly integrated euro area accounts, including financial balance sheets, and also in the current plans to introduce non-financial balance sheet data by institutional sector. Finally, these proposals also confirm the importance of the ongoing Eurosystem project to develop a household finance and consumption survey.

Complementing GDP with a limited number of (non-monetary) indicators on well-being could be beneficial, provided that certain conditions are fulfilled: the indicators should be well-defined, compiled by an independent institution and use a transparent methodology that is accompanied by sufficient metadata.

### 3.4 SHORT-TERM BUSINESS STATISTICS

Short-term business statistics, such as statistics on industrial production, retail trade turnover, new orders and producer prices, provide important information for conjunctural analysis

and also feed into the ECB's analysis of the business cycle and price pressures. They provide timely and detailed information, often at a monthly frequency, supplementing the more comprehensive data provided by the national accounts. Timeliness of short-term indicators is an important quality feature for the ECB. Since 2004, first estimates for euro area retail trade statistics (with limited breakdown) have been available around 35 days after the end of the reference month – representing a considerable gain when compared with the former timeliness of around 65 days.<sup>17</sup> In recent years, timeliness has also improved for other short-term indicators, albeit less noticeably.

A revision of the EU Regulation concerning short-term statistics was adopted in 2005.<sup>18</sup> This Regulation required, for indicators with an international dimension, an additional breakdown into euro area and non-euro area transactions. It also called for the compilation of an import price index for the euro area, which has now been published by Eurostat. The import price index<sup>19</sup> fills an important gap in the analysis of price pressures within the euro area economy.

Data on new passenger car registrations in the euro area is based on the national data available from the European Automobile Manufacturers' Association, covering all euro area countries except Cyprus and Malta. This monthly indicator is released about 15 days after the reference month, and the data are seasonally and working day-adjusted by the ECB.

Traditionally, short-term business statistics have focused on developments in the manufacturing and construction industries. However, nearly 72% of value added in the euro area comes from

16 See, for example, Joseph E. Stiglitz, Amartya Sen and Jean-Paul Fitoussi, "Report by the Commission on the Measurement of Economic Performance and Social Progress", 2009.

17 See the box entitled "First estimates of retail trade turnover in the euro area" in the April 2004 issue of the Monthly Bulletin.

18 See Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98 concerning short-term statistics.

19 See the box entitled "New euro area industrial import price and industrial producer export price indices" in the December 2008 issue of the Monthly Bulletin.

services (market and non-market). In order to address the lack of reliable indicators for the services sector, the revised Regulation also requires producer price and turnover indices for a number of market services. These data have started to become available in recent years, although only at a quarterly frequency, with a delay of around 60 days for turnover and of around 90 days for output prices. Furthermore, available data currently cover only a limited number of services. Coverage is expected to increase by mid-2010, as the remaining national derogations expire.

A major challenge for short-term business statistics in 2009 was the updating of the base year from 2000 to 2005 and the implementation

of the new NACE classification (see the box below). Looking ahead, key areas for improvement, aside from the continued development of services sector indicators, are the further harmonisation of, and improvements to, the reliability of existing indicators. Work in this respect is already underway for the retail trade turnover index and producer price index. The successfully established production of reliable flash estimates for euro area GDP and the HICP should encourage the European Statistical System to also develop flash estimates for other economic indicators. Work towards the provision of a euro area flash industrial production indicator around one month after the end of the observation period (“*t+30*”) has been proposed.

## Box

### UPDATE OF THE CLASSIFICATION OF ECONOMIC ACTIVITIES

The classification of economic activities or “NACE”<sup>1</sup> provides the statistical framework for a wide range of European statistics, comprising national accounts, short-term business and labour market statistics.<sup>2</sup> The changeover to the NACE Revision 2 is organised by statistical domain and scheduled throughout the period 2009-11. Revisions of statistical classifications are necessary to reflect changes in the structure of the economy, for example by including new economic activities and products.

#### Characteristics of the NACE Revision 2

The NACE classification is mandatory for the European Statistical System and is fully consistent with the worldwide classification of economic activities “ISIC” (International Standard Industrial Classification of all Economic Activities). The NACE has a hierarchical structure, dividing economic activities into sections, divisions, groups and classes. At the national level, classes can be sub-divided further.

Under the NACE Revision 2, the basic classification rule remains unchanged, i.e. the allocation of statistical units on the basis of the main activity generating value added. However, the NACE Revision 2 comprises an additional number of details aimed at reflecting new forms of production and emerging industries. For example, the new division “Manufacture of computer, electronic and optical products” has been created to combine high-tech activities. The largest increase in detail

1 “NACE” is derived from the French title “Nomenclature générale des Activités économiques dans les Communautés Européennes”, the statistical classification of economic activities in the European Communities.

2 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.

relates to the services industries. For example, the section “Accommodation and food service activities” now better reflects certain activities like mobile food services or event catering. The new section “Information and communication” combines activities involving the production and distribution of information, information technology activities and data processing, which were formerly classified under various categories.

The majority of the new NACE classes remained unchanged, needed simple relabelling or were derived from two or more former NACE classes. In about one-third of the cases, one former NACE class was split into two or more classes. The most complicated rearrangement was necessary in cases in which two or more classes from the former NACE corresponded to two or more classes in the NACE Revision 2.

### Implementation of the NACE Revision 2

Short-term business indicators such as industrial production, industrial producer prices, new orders and retail trade turnover, follow the NACE Revision 2 since the reporting period January 2009 for monthly indicators and since the first quarter of 2009 for quarterly indicators. The overall assessment of the introduction of NACE Revision 2 is favourable, as this demanding and complex project was done without major delays by the European Statistical System.<sup>3</sup> However, a few issues remain open and require further work, for example some extensive revisions in national series, the occasionally unsatisfactory provision of back data and the lack of a fully consistent set of weights at the country and European levels. Euro area labour cost indices for the first quarter of 2009 were released for the first time under the NACE Revision 2, although with only limited back data from several Member States and an overall lack of the required seasonally and working day adjusted data. The changeover for the Labour Force Survey results took place with the release of the data for the first quarter of 2009 for the European aggregates by Eurostat in October 2009, representing a delay of one year.

The changeover process will continue in 2010 and 2011. In particular, for national accounts, the changeover planned for September 2011, requires that all Member States adhere strictly to the agreed timetable in order to allow for the provision of complete and reliable results for the euro area in a timely manner.

<sup>3</sup> See the box entitled “Recent changes in short-term statistics” in the April 2009 issue of the Monthly Bulletin.

Some labour market indicators also feature in the short-term business statistics dataset. In particular, series on employment, hours worked and wages are available for the euro area. Monthly estimates are released on a quarterly basis because they are compiled from a mix of monthly and quarterly national data. These data generally outperform the timeliness requirements laid down in the EU Regulation concerning short-term statistics, but in some cases the results can be very volatile (e.g. hours worked). In terms of coverage, these indicators are only provided for the industry and construction branches and are comparable with the related labour

market indicators from the national accounts (see the next section).

## 3.5 LABOUR MARKET STATISTICS

### EMPLOYMENT

In recent years, there have been a number of developments in the compilation of labour market indicators, and significant improvements are expected in 2010. Employment statistics in terms of persons employed were already partially available from the national accounts dataset in 2003, including first estimates of quarterly and annual European aggregates. Since then, these

data have gained in quality and timeliness. Due to the increased coverage of quarterly national series, the euro area employment estimates have been published 75 days after the reference quarter since June 2006, with a breakdown by labour status (employee and self-employed). A further recent development is the simultaneous publication of the employment breakdown by economic activity. As the first estimates of total compensation of employees for the euro area are published with the employment release, estimates can also be calculated of the derived compensation per employee indicator. While this is already a significant achievement, the European Statistical System has yet to achieve the desired target of 45 days after the reference quarter in terms of timeliness.

The preferred measure for the analysis of employment developments and labour productivity calculations are employment data in terms of hours worked. Hours worked give a better approximation of the actual labour input used in the production process than cruder measures, such as the number of persons employed or full-time equivalents. The measure of labour input in terms of hours actually worked is also more comparable across countries as it does not depend on national structural differences, e.g. the shares of part-timers, and allows for more precise data to be compiled on labour productivity by industry when a person works in more than one industry. For the euro area, initial annual estimates up to 2007 became available at the end of 2008 and have been updated with some delay due to the lag in the publication of national data. Quarterly euro area estimates, which were expected in 2004, are not yet available. The national coverage of the data is expected to improve in early 2010, and first euro area aggregates are expected to then become available as well.

Nevertheless, this measure of labour input based on hours worked is still a compromise solution compared with measures that adjust for differences in the composition of labour, qualifications and skill levels. These are key

for a more precise measurement of labour productivity and are still lacking at the euro area level. Eurostat is planning to work on the estimation of these data within the European Statistical System's EU KLEMS<sup>20</sup> project. The main source for this data-intensive estimation will be the EU Labour Force Survey dataset.

Quarterly estimates of employment data are also available from the EU Labour Force Survey. This rich dataset provides a number of additional breakdowns (e.g. by age, gender, occupation, education), which are not available from other sources and are necessary for the analysis of labour market developments. Euro area aggregates can only be compiled 105-115 days after the reference period, when all European countries have provided data.

## UNEMPLOYMENT

Monthly harmonised unemployment statistics for the euro area are usually released on the last day of the month following the reference period. The euro area data are compiled using Labour Force Survey monthly and quarterly national data, interpolated where possible using monthly registered unemployment data. In 2008 there was a significant quality improvement in the euro area data due to the amelioration of the methodology used for the estimation of the monthly national data. Furthermore, the EU Regulation<sup>21</sup> on the compilation of harmonised quarterly job vacancy data came into force in 2009, and new euro area data are expected to become available mid-June 2010.

## LABOUR COSTS

Recently there have been several important improvements in the index of hourly labour costs in the euro area. In 2009 the NACE

20 The acronym "EU KLEMS" denotes the European Union's standard factors of production capital (K) and labour (L), as well as intermediate inputs: Energy (E), Materials (M), and Services (S). Further information on this is provided in Section 3.7.

21 Commission Regulation (EC) No 1062/2008 of 28 October 2008 implementing Regulation (EC) No 453/2008 of the European Parliament and of the Council on quarterly statistics on Community job vacancies, as regards seasonal adjustment procedures and quality reports.

Revision 2 classification was introduced and the index reference year was changed from 2000 to 2008. At the same time, the number of economic activities covered by the labour cost index was extended to include non-market services. The derogations for delivery of the country data have expired, resulting in an almost complete country coverage at the time of the first quarterly estimates published after around 75 days.

The ECB's quarterly indicator of negotiated wage rates is currently the timeliest indicator of wage developments available for the euro area. It is released around 50 days after the reporting period, in comparison with the lag of around 70 days for the compensation per employee and unit labour cost indicators from the national accounts and for the labour cost index. It is based on non-harmonised monthly and quarterly national data on collectively agreed wages. Negotiated wages reflect the increase in basic pay agreed between employers and employees, excluding employers' social contributions. The ECB's definition includes bonuses, overtime and other compensation only if they are the result of collective bargaining at the centralised/union level. At the time of release, country coverage was at around 90-95%.

### 3.6 TENDENCY SURVEYS

Results from tendency surveys for businesses (manufacturing, construction, retail trade, services) and consumers provide leading information for quantitative indicators in a very timely fashion.<sup>22</sup> Tendency surveys are not the responsibility of the European Statistical System and are provided by various statistical institutions and research institutes. The coverage of euro area surveys has been extended to include the services industries in greater detail. For example, the European Commission's programme of business surveys has been supplemented with a new survey covering financial services industries (financial intermediation, insurance and pension funding, auxiliary activities of financial intermediation). The changeover of business surveys to the new NACE Revision 2 classification is scheduled for 2010. This means

that the European Commission survey results will better match corresponding data from official statistics.

Further gains in timeliness have been achieved for the euro area results thanks to the Purchasing Managers' Surveys in manufacturing and services. Since 2006, euro area flash estimates of the Purchasing Managers' Index (PMI), based on approximately 85-90% of total survey respondents, have been available as early as in the third week of the reference month and now provide the first information on euro area developments. The overall reliability of the PMI flash estimate is good. The provision of flash estimates for other PMI surveys, e.g. retail trade or construction, is desirable.

### 3.7 OTHER DEVELOPMENTS

#### EU KLEMS

The EU KLEMS research project started in 2004 and was financed by the European Commission to analyse productivity and growth accounting at the industry level in the EU. In 2007 the ECOFIN Council requested Eurostat to draw up, with the support of the Committee of Monetary, Financial and Balance of Payments Statistics (CMFB), an implementation plan to develop the research project into regular output by the European Statistical System. The implementation plan was endorsed by the ECOFIN Council in 2008. It is foreseen that the database will rely on timely national account data from the ESA 95 transmission programme, complemented by other official national data.

In addition, further research and development work is planned to establish harmonised methodologies for the capital stock, capital services and quality-adjusted labour input estimates, as well as multifactor productivity and growth accounting calculations. The aim is to disseminate the statistical dataset in full in 2012.

<sup>22</sup> See the article "Opinion surveys on activity, prices and labour market developments in the euro area – features and uses" in the January 2004 issue of the Monthly Bulletin and the box entitled "The usefulness of business tendency survey indicators for conjunctural analysis" in the May 2006 issue of the Monthly Bulletin.

## BUSINESS DEMOGRAPHY

Business demography statistics trace developments in the number of businesses (births and deaths) and on the stock of business units over time. These can provide information on the overall “climate” for entrepreneurship in general and on the dynamics of an economy. These aspects not only enrich the structural analysis, but also provide insights for conjunctural analysis. However, official statistics on enterprise demography are not available for the euro area as a whole. Within the framework of structural business statistics, EU Member States have to provide national data on enterprise demography annually. Currently, existing derogations for a number of Member States hamper the provision of euro area aggregates. It is foreseen that for the 2008 reporting period, all EU Member States will provide (annual) enterprise demography data with a timeliness of between 18 months and two years. The current unavailability of euro area totals, as well as the unsatisfactory timeliness expected of future euro area data, have led to a project in which the ECB and euro area national central banks have identified national data that are used to compile euro area aggregates for a small number of business demography indicators. Although the national data are not fully harmonised, they come close to satisfying the definitions for the business demography indicators.

## SEASONAL AND CALENDAR ADJUSTMENT

Many short-term economic indicators are significantly affected by effects that recur regularly in the same period each year. Such seasonal effects may obscure underlying short-term economic developments, and the time series affected are thus usually adjusted for seasonal variations.<sup>23</sup> Calendar adjustment, conducted in addition to seasonal adjustment, aims at eliminating effects related to specific calendar constellations.

Seasonal and calendar adjustment practices have not yet been sufficiently harmonised in the EU and may vary in terms of the approach used for identifying and estimating seasonal effects, revision policies, treatment of total

and component data, etc. In order to harmonise seasonal and calendar adjustment procedures, the European Statistical System has recently developed comprehensive guidelines on seasonal adjustment.<sup>24</sup> In addition, the ECB and Eurostat have cooperated with national producers of seasonally adjusted national accounts data and have provided recommendations for a more harmonised approach to seasonal and calendar adjustment.

## GLOBAL INDICATORS ON GENERAL ECONOMIC STATISTICS

Besides the economic analysis of euro area developments, the ECB regularly analyses the external environment of the euro area with the aim of assessing, inter alia, the impact of developments in the global economy on the euro area business cycle. The devising of statistical standards worldwide, and adherence to them, is far from satisfactory. However, for a number of aspects, international statistical standards have already been adopted. For example, the classification of economic activities (ISIC) is coherent with the European NACE, and the System of National Accounts (SNA 2008) is the reference for the “derived” European System of Accounts (ESA). Furthermore, work by international statistical bodies like the United Nations or the OECD has been intensified in recent years and they have provided recommendations, handbooks and guidance for national statistical institutes worldwide. For the industrial production index, for example, the United Nations (UN) is preparing a manual with international recommendations, which is due to be published in 2010. However, many statistical indicators, including for general economic statistics, are not comparable internationally as different statistical concepts, data coverage, accounting conventions and compilation practices continue to be applied.<sup>25</sup> Partly, in

<sup>23</sup> See the box entitled “Seasonal adjustment of short-term economic indicators for the euro area in the current recession” in the August 2009 issue of the Monthly Bulletin.

<sup>24</sup> Available on Eurostat’s website.

<sup>25</sup> See the article entitled “Comparability of statistics for the euro area, the United States and Japan” in the April 2005 issue of the Monthly Bulletin.

response to the statistical needs thrown up by the financial turmoil and the economic downturn, the Inter-agency Group on Economic and Financial Statistics recently launched a dedicated website featuring principal global indicators for the G20 economies.<sup>26</sup> The website aims to facilitate the monitoring of economic and financial developments for these systemically important economies. The G20 finance ministers and central bank governors have adopted a recommendation to further enhance this website by, for example, closing gaps in national data and adding long runs of historical data.<sup>27</sup> However, important challenges remain for the international statistical community to provide coherent and comparable statistics in a timely manner.

#### 4 CONCLUSIONS

In summary, general economic statistics for the euro area have improved markedly in terms of their availability, quality and timeliness in recent years, and the European Statistical System has responded well to the challenges set by the ESCB. However, a number of gaps remain. The reviewed list of PEEIs addresses many of these and, from the ECB's perspective, their implementation remains the highest priority. Furthermore, the amended PEEIs reflect the experience the ECB has gained from a decade of monetary policy-making for the euro area. Major gaps are indicators on the housing market, which are not or are only partially available, in particular statistics on euro area residential property prices based on comparable data from all euro area countries. Further improvements are also required in the provision of statistics for the increasingly important services industries.

Besides the provision of missing statistics, further efforts on harmonising existing statistics are called for. The public release of euro area statistics 30, 60 or 90 days after the end of the reference period, depending on the information concerned, is of particular interest, as this timetable fits well with the schedule for the meetings of the ECB's Governing Council for

the assessment of the monetary policy stance at the beginning of each month. Similarly, a greater synchronisation of national release and revision policies is desirable. Intensified cooperation among all stakeholders and strong leadership at the European level are necessary to continue to strengthen the provision of euro area general economic statistics required for the conduct of monetary policy in the euro area.

26 See <http://www.principalglobalindicators.org>. The Inter-agency Group comprises the BIS, the ECB, Eurostat, the IMF, the OECD, the UN and the World Bank.

27 See the report "The Financial Crisis and Information Gaps" adopted at the November 2009 meeting of the G20, available on the IMF's website.



# EURO AREA STATISTICS





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<sup>1</sup> For further information, please contact us at: [statistics@ecb.europa.eu](mailto: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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#### ENLARGEMENT OF THE EURO AREA ON 1 JANUARY 2009 TO INCLUDE SLOVAKIA

Unless otherwise indicated, all data series including observations for 2009 and beyond relate to the Euro 16 (the euro area including Slovakia) for the whole time series. For interest rates, monetary statistics and the HICP (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), the statistical series relating to the euro area cover the EU Member States that had adopted the euro at the time to which the statistics relate. Where applicable, this is indicated in the tables by means of a footnote. In such cases, where underlying data are available, absolute and percentage changes for the respective year of entry into the euro area of Greece (2001), Slovenia (2007), Cyprus (2008), Malta (2008) and Slovakia (2009), calculated from bases covering the year prior to the year of entry, use a series in which the impact of these countries' joining the euro area is taken into account. Historical data referring to the euro area before the entry of Slovakia are available on the ECB's website at: <http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html>

#### Conventions used in the tables

“-”	data do not exist/data are not applicable
“.”	data are not yet available
“...”	nil or negligible
“billion”	10 <sup>9</sup>
(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<sup>1)</sup>

	M1 <sup>2)</sup>	M2 <sup>2)</sup>	M3 <sup>2),3)</sup>	M3 <sup>2),3)</sup> 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government <sup>2)</sup>	Securities other than shares issued in euro by non-MFI corporations <sup>2)</sup>	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) <sup>4)</sup>
	1	2	3	4	5	6	7	8
2008	2.4	9.6	9.7	-	9.5	18.9	4.64	3.69
2009	9.5	4.9	3.3	-	1.6	.	1.22	3.76
2009 Q1	5.4	7.3	6.1	-	4.6	26.1	2.01	3.77
Q2	8.1	5.6	4.4	-	2.1	27.8	1.31	3.99
Q3	12.2	4.5	2.7	-	0.4	25.3	0.87	3.64
Q4	12.3	2.2	0.3	-	-0.6	.	0.72	3.76
2009 Aug.	13.4	4.5	2.4	2.4	0.1	24.0	0.86	3.68
Sep.	12.8	3.6	1.8	1.5	-0.3	24.3	0.77	3.64
Oct.	11.8	2.4	0.3	0.6	-0.8	23.6	0.74	3.68
Nov.	12.5	1.8	-0.3	-0.1	-0.7	19.7	0.72	3.57
Dec.	12.3	1.6	-0.2	.	0.0	.	0.71	3.76
2010 Jan.	.	.	.	.	.	.	0.68	3.66

### 2. Prices, output, demand and labour markets

	HICP <sup>1)</sup>	Industrial producer prices	Hourly labour costs	Real GDP	Industrial production excluding construction	Capacity utilisation in manufacturing (percentages)	Employment	Unemployment (% of labour force)
	1	2	3	4	5	6	7	8
2008	3.3	6.1	3.4	0.6	-1.7	81.8	0.7	7.5
2009	0.3	-5.1	.	.	.	71.1	.	9.4
2009 Q2	0.2	-5.7	4.3	-4.8	-18.6	69.9	-1.8	9.3
Q3	-0.4	-7.8	3.2	-4.0	-14.5	70.3	-2.1	9.6
Q4	0.4	-4.6	.	.	.	71.7	.	9.9
2009 Aug.	-0.2	-7.5	-	-	-15.1	-	-	9.6
Sep.	-0.3	-7.6	-	-	-12.7	-	-	9.8
Oct.	-0.1	-6.6	-	-	-11.0	71.0	-	9.9
Nov.	0.5	-4.4	-	-	-6.8	-	-	9.9
Dec.	0.9	-2.9	-	-	.	-	-	10.0
2010 Jan.	1.0	.	-	-	.	72.4	-	.

### 3. Balance of payments, reserve assets and exchange rates

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)				Reserve assets (end-of-period positions)	Effective exchange rate of the euro: EER-21 <sup>5)</sup> (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Direct investment	Portfolio investment		Nominal	Real (CPI)	
2008	-133.3	-11.4	-189.0	350.5	374.2	110.5	110.1	1.4708
2009	.	.	.	.	462.4	111.7	110.6	1.3948
2009 Q1	-36.6	-7.7	-58.8	129.9	395.7	109.9	109.2	1.3029
Q2	-19.5	13.1	-4.3	82.8	381.5	111.1	110.2	1.3632
Q3	-1.2	13.3	-24.3	83.4	430.9	112.1	110.9	1.4303
Q4	.	.	.	.	462.4	113.8	112.2	1.4779
2009 Aug.	-5.4	-1.8	4.8	26.5	428.0	111.7	110.6	1.4268
Sep.	-5.9	1.4	-29.9	79.8	430.9	112.9	111.6	1.4562
Oct.	-3.6	6.2	-2.0	17.1	437.9	114.3	112.9	1.4816
Nov.	1.3	6.8	-0.3	-14.9	464.2	114.0	112.5	1.4914
Dec.	.	.	.	.	462.4	113.0	111.3	1.4614
2010 Jan.	.	.	.	.	.	110.8	109.1	1.4272

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

Note: For more information on the data, see the relevant tables later in this section.

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

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

3) M3 and its components exclude holdings by non-euro area residents of money market fund shares/units and debt securities with a maturity of up to two years.

4) Based on AAA-rated euro area central government bond yield curves. For further information, see Section 4.7.

5) For a definition of the trading partner groups and other information, please refer to the General Notes.



# MONETARY POLICY STATISTICS

## 1.1 Consolidated financial statement of the Eurosystem (EUR millions)

### 1. Assets

	8 January 2010	15 January 2010	22 January 2010	29 January 2010
<b>Gold and gold receivables</b>	266,919	266,918	266,918	266,919
<b>Claims on non-euro area residents in foreign currency</b>	196,138	196,411	195,138	193,793
<b>Claims on euro area residents in foreign currency</b>	31,434	28,170	27,812	28,273
<b>Claims on non-euro area residents in euro</b>	16,190	17,324	17,395	18,092
<b>Lending to euro area credit institutions in euro</b>	724,030	719,875	720,920	726,311
Main refinancing operations	54,652	60,707	58,629	64,044
Longer-term refinancing operations	669,303	659,103	662,188	662,159
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	46	46	83	88
Credits related to margin calls	30	19	19	20
<b>Other claims on euro area credit institutions in euro</b>	26,890	27,264	28,468	26,705
<b>Securities of euro area residents in euro</b>	329,637	327,173	328,848	331,188
Securities held for monetary policy purposes	29,112	29,894	32,054	33,532
Other securities	300,526	297,278	296,793	297,656
<b>General government debt in euro</b>	36,171	36,171	36,171	36,171
<b>Other assets</b>	252,181	251,300	248,673	250,202
<b>Total assets</b>	<b>1,879,590</b>	<b>1,870,606</b>	<b>1,870,342</b>	<b>1,877,655</b>

### 2. Liabilities

	8 January 2010	15 January 2010	22 January 2010	29 January 2010
<b>Banknotes in circulation</b>	796,391	787,904	783,351	783,544
<b>Liabilities to euro area credit institutions in euro</b>	387,831	394,517	387,294	384,802
Current accounts (covering the minimum reserve system)	160,684	162,360	244,221	219,534
Deposit facility	227,141	232,147	143,073	165,261
Fixed-term deposits	0	0	0	0
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	6	10	0	7
<b>Other liabilities to euro area credit institutions in euro</b>	497	516	293	442
<b>Debt certificates issued</b>	0	0	0	0
<b>Liabilities to other euro area residents in euro</b>	123,371	119,094	133,000	143,563
<b>Liabilities to non-euro area residents in euro</b>	46,338	43,404	41,016	40,245
<b>Liabilities to euro area residents in foreign currency</b>	4,710	4,994	4,967	2,718
<b>Liabilities to non-euro area residents in foreign currency</b>	9,560	9,215	8,428	9,395
<b>Counterpart of special drawing rights allocated by the IMF</b>	51,249	51,249	51,249	51,249
<b>Other liabilities</b>	166,468	165,474	166,502	167,455
<b>Revaluation accounts</b>	220,213	220,213	220,213	220,213
<b>Capital and reserves</b>	72,962	74,028	74,028	74,028
<b>Total liabilities</b>	<b>1,879,590</b>	<b>1,870,606</b>	<b>1,870,342</b>	<b>1,877,655</b>

Source: ECB.

## 1.2 Key ECB interest rates

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

With effect from: <sup>1)</sup>	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
	Level	Change	Fixed rate	Minimum bid rate	Change	Level	Change
			Level	Level			
	1	2	3	4	5	6	7
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 <sup>2)</sup>	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 <sup>3)</sup>	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 <sup>4)</sup>	3.25	0.50	-	-	-	4.25	-0.50
15 <sup>5)</sup>	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

Source: ECB.

- 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.
- 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.
- 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.
- 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.
- 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 <sup>1), 2)</sup>

(EUR millions; interest rates in percentages per annum)

#### 1. Main and longer-term refinancing operations <sup>3), 4)</sup>

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 <sup>5)</sup>	Weighted average rate	
	1	2	3	4	5	6	7	8
<b>Main refinancing operations</b>								
2009 7 Oct.	62,620	224	62,620	1.00	-	-	-	7
14	61,565	218	61,565	1.00	-	-	-	7
21	49,803	224	49,803	1.00	-	-	-	7
28	48,660	188	48,660	1.00	-	-	-	7
4 Nov.	46,201	170	46,201	1.00	-	-	-	7
11	51,250	160	51,250	1.00	-	-	-	7
18	52,580	177	52,580	1.00	-	-	-	7
25	59,066	168	59,066	1.00	-	-	-	7
2 Dec.	58,128	137	58,128	1.00	-	-	-	6
8	55,779	111	55,779	1.00	-	-	-	8
16	52,899	125	52,899	1.00	-	-	-	7
23	58,575	109	58,575	1.00	-	-	-	7
30	78,647	132	78,647	1.00	-	-	-	7
2010 6 Jan.	54,023	100	54,023	1.00	-	-	-	7
13	60,077	102	60,077	1.00	-	-	-	7
20	58,020	101	58,020	1.00	-	-	-	7
27	63,435	83	63,435	1.00	-	-	-	7
3 Feb.	55,824	74	55,824	1.00	-	-	-	7
<b>Longer-term refinancing operations</b>								
2009 29 Oct.	3,284	25	3,284	1.00	-	-	-	91
11 Nov.	2,536	12	2,536	1.00	-	-	-	27
12	10,794	9	10,794	1.00	-	-	-	91
12	782	21	782	1.00	-	-	-	182
26	2,065	19	2,065	1.00	-	-	-	91
8 Dec.	2,655	8	2,655	1.00	-	-	-	43
10	2,933	9	2,933	1.00	-	-	-	91
10	1,728	21	1,728	1.00	-	-	-	182
17	2,558	21	2,558	1.00	-	-	-	105
17 <sup>6)</sup>	96,937	224	96,937	-	-	-	-	371
2010 20 Jan.	5,739	7	5,739	1.00	-	-	-	21
28	3,268	22	3,268	1.00	-	-	-	91

#### 2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (... days)		
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate <sup>5)</sup>		Weighted average rate	
		1	2	3	4	5	6	7	8	9	10
2008 11 Nov.	Collection of fixed-term deposits	149,656	117	79,940	-	-	3.75	3.60	3.51	1	
9 Dec.	Collection of fixed-term deposits	152,655	95	137,456	-	-	3.25	3.05	2.94	1	
2009 20 Jan.	Collection of fixed-term deposits	143,835	103	140,013	-	-	2.50	2.30	2.15	1	
10 Feb.	Collection of fixed-term deposits	130,435	119	129,135	-	-	2.00	1.80	1.36	1	
10 Mar.	Collection of fixed-term deposits	111,502	119	110,832	-	-	2.00	1.80	1.52	1	
7 Apr.	Collection of fixed-term deposits	105,486	114	103,876	-	-	1.50	1.30	1.12	1	
12 May	Collection of fixed-term deposits	109,091	128	108,056	-	-	1.25	1.05	0.93	1	
9 June	Collection of fixed-term deposits	91,551	101	57,912	-	-	1.00	0.80	0.77	1	
7 July	Collection of fixed-term deposits	279,477	165	275,986	-	-	1.00	0.80	0.64	1	
11 Aug.	Collection of fixed-term deposits	238,847	159	238,345	-	-	1.00	0.80	0.70	1	
8 Sep.	Collection of fixed-term deposits	196,299	157	195,099	-	-	1.00	0.80	0.73	1	
13 Oct.	Collection of fixed-term deposits	170,131	160	169,680	-	-	1.00	0.80	0.74	1	
10 Nov.	Collection of fixed-term deposits	191,883	165	191,379	-	-	1.00	0.80	0.76	1	
7 Dec.	Collection of fixed-term deposits	130,896	147	129,709	-	-	1.00	0.80	0.76	1	
2010 19 Jan.	Collection of fixed-term deposits	259,013	188	258,907	-	-	1.00	0.80	0.75	1	

Source: ECB.

- 1) The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
- 2) With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations. For split tender operations conducted before this month, see Table 2 in Section 1.3.
- 3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.
- 4) 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.
- 5) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
- 6) In the final one-year longer-term refinancing operation, which was settled on 17 December 2009, the rate at which all bids were satisfied was indexed to the average minimum bid rate in the main refinancing operations over the life of this operation.

**1.4 Minimum reserve and liquidity statistics**

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

**1. Reserve base of credit institutions subject to reserve requirements**

Reserve base as at: <sup>1)</sup>	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2007	17,394.7	9,438.8	815.0	2,143.1	1,364.0	3,633.9
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009 July	18,432.9	9,891.2	818.9	2,436.0	1,204.6	4,082.1
Aug.	18,319.0	9,817.8	799.7	2,427.1	1,172.3	4,102.1
Sep.	18,280.1	9,752.0	786.1	2,453.9	1,206.6	4,081.5
Oct.	18,260.1	9,766.9	763.3	2,420.9	1,224.8	4,084.2
Nov.	18,286.0	9,743.2	756.6	2,436.5	1,245.0	4,104.6

**2. Reserve maintenance**

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2009 11 Aug.	216.0	216.9	0.9	0.0	1.00
8 Sep.	215.9	216.9	1.0	0.0	1.00
13 Oct.	213.7	214.7	1.1	0.0	1.00
10 Nov.	211.8	212.8	1.0	0.0	1.00
7 Dec.	210.2	211.4	1.2	0.0	1.00
2010 19 Jan.	210.1	211.2	1.2	0.0	1.00
9 Feb.	209.5	.	.	.	.

**3. Liquidity**

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations <sup>3)</sup>	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>							
	1	2	3	4	5	6	7	8	9	10	11	12
2008	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2009 11 Aug.	433.6	94.1	694.0	0.3	2.8	185.1	22.1	770.8	133.9	-103.9	216.9	1,172.8
8 Sep.	427.6	74.8	645.4	0.3	8.4	136.7	18.5	769.1	125.7	-110.4	216.9	1,122.7
13 Oct.	421.4	79.1	616.9	0.3	14.3	109.6	12.9	768.8	139.0	-113.1	214.7	1,093.1
10 Nov.	413.0	52.3	626.1	0.3	20.1	86.5	12.0	770.7	148.7	-118.9	212.8	1,070.0
7 Dec.	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 19 Jan.	413.0	60.6	648.4	0.4	28.4	147.0	8.1	796.8	119.8	-132.1	211.2	1,155.0

Source: ECB.

1) End of period.

2) Includes liquidity provided under the Eurosystem's covered bond purchase programme.

3) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.

 For more information, please see: <http://www.ecb.europa.eu/mopo/liq/html/index.en.html>



## MONEY, BANKING AND INVESTMENT FUNDS

### 2.1 Aggregated balance sheet of euro area MFIs <sup>1)</sup>

(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 <sup>2)</sup>	Holdings of shares/other equity issued by euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Eurosystem														
2007	2,046.2	1,031.7	17.8	0.6	1,013.3	268.6	225.1	1.9	41.6	-	17.4	395.3	15.2	318.0
2008	2,982.9	1,809.4	18.6	0.6	1,790.1	350.8	308.0	2.4	40.3	-	14.4	476.7	15.7	316.1
2009 Q2	2,893.4	1,671.5	17.7	0.7	1,653.1	385.4	327.0	2.7	55.7	-	15.0	480.7	16.4	324.4
2009 July	2,734.4	1,500.7	17.7	0.7	1,482.4	391.8	327.8	3.0	60.9	-	15.3	483.6	16.5	326.6
Aug.	2,723.6	1,451.3	17.6	0.7	1,433.1	400.6	332.1	3.3	65.3	-	15.7	518.4	16.4	321.2
Sep.	2,746.8	1,465.9	17.6	0.7	1,447.7	408.4	336.0	3.3	69.2	-	16.1	517.5	16.6	322.2
Oct.	2,693.0	1,405.3	17.6	0.7	1,387.1	410.6	333.7	3.6	73.3	-	16.0	529.4	16.6	315.0
Nov.	2,659.4	1,340.1	17.6	0.7	1,321.9	416.1	334.3	3.7	78.2	-	16.1	555.8	16.6	314.7
Dec. <sup>(p)</sup>	2,830.5	1,483.2	17.6	0.7	1,464.9	416.9	333.6	3.7	79.6	-	16.5	555.7	16.4	341.8
MFIs excluding the Eurosystem														
2007	29,500.2	16,893.0	954.5	10,144.3	5,794.2	3,950.6	1,197.1	1,013.2	1,740.3	93.5	1,293.8	4,878.9	205.7	2,184.7
2008	31,835.8	18,052.0	968.0	10,771.4	6,312.6	4,630.9	1,244.7	1,406.7	1,979.5	98.7	1,199.5	4,754.3	211.4	2,888.9
2009 Q2	31,815.0	18,050.7	998.5	10,835.8	6,216.3	5,085.8	1,466.2	1,496.1	2,123.5	95.6	1,198.9	4,431.3	215.0	2,737.8
2009 July	31,713.1	17,945.9	999.2	10,799.1	6,147.6	5,110.5	1,475.8	1,493.9	2,140.8	95.3	1,204.8	4,390.3	215.8	2,750.5
Aug.	31,491.3	17,783.0	1,004.2	10,734.4	6,044.4	5,104.0	1,475.6	1,492.8	2,135.6	94.8	1,213.0	4,343.4	215.9	2,737.3
Sep.	31,278.5	17,674.4	994.6	10,768.4	5,911.4	5,115.4	1,504.5	1,492.7	2,118.2	90.6	1,222.1	4,267.0	216.3	2,692.6
Oct.	31,212.3	17,659.0	1,014.3	10,722.8	5,921.9	5,102.2	1,517.6	1,490.2	2,094.4	88.7	1,224.9	4,263.7	217.1	2,656.8
Nov.	31,335.1	17,673.7	1,007.6	10,750.9	5,915.1	5,107.0	1,519.5	1,490.7	2,096.8	88.2	1,239.0	4,243.0	218.1	2,766.1
Dec. <sup>(p)</sup>	31,132.4	17,709.7	1,002.4	10,755.6	5,951.8	5,052.7	1,482.5	1,492.7	2,077.4	85.0	1,237.5	4,255.7	219.6	2,572.3

#### 2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/units <sup>3)</sup>	Debt securities issued <sup>4)</sup>	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
Eurosystem											
2007	2,046.2	697.0	714.7	23.9	19.1	671.8	-	0.1	238.0	113.9	282.5
2008	2,982.9	784.7	1,217.5	68.8	16.6	1,132.1	-	0.1	273.8	377.8	329.0
2009 Q2	2,893.4	785.9	1,257.5	125.1	23.6	1,108.7	-	0.1	283.3	202.6	364.0
2009 July	2,734.4	795.1	1,106.7	128.2	20.2	958.2	-	0.1	286.7	187.1	358.8
Aug.	2,723.6	790.0	1,097.0	124.0	21.7	951.3	-	0.1	288.6	177.2	370.8
Sep.	2,746.8	789.7	1,149.0	138.4	23.0	987.6	-	0.1	292.7	154.1	361.1
Oct.	2,693.0	794.1	1,095.2	152.8	26.0	916.4	-	0.1	297.3	144.9	361.4
Nov.	2,659.4	798.7	1,037.0	129.3	27.7	880.0	-	0.1	321.4	143.9	358.4
Dec. <sup>(p)</sup>	2,830.5	829.2	1,159.0	102.9	22.4	1,033.7	-	0.1	322.0	140.2	380.0
MFIs excluding the Eurosystem											
2007	29,500.2	-	15,141.9	126.9	8,927.5	6,087.5	754.1	4,630.9	1,683.6	4,538.6	2,751.1
2008	31,835.8	-	16,741.8	191.0	9,690.9	6,860.0	825.1	4,848.3	1,767.2	4,402.7	3,250.6
2009 Q2	31,815.0	-	16,771.6	227.3	9,918.6	6,625.7	837.5	4,984.9	1,839.8	4,236.9	3,144.2
2009 July	31,713.1	-	16,599.0	170.2	9,882.0	6,546.8	853.6	5,008.7	1,854.3	4,198.7	3,198.8
Aug.	31,491.3	-	16,437.2	150.7	9,865.3	6,421.2	854.4	5,004.0	1,875.4	4,133.9	3,186.4
Sep.	31,278.5	-	16,349.0	157.0	9,904.5	6,287.5	831.4	4,962.8	1,886.8	4,084.6	3,163.9
Oct.	31,212.3	-	16,348.8	164.9	9,901.2	6,282.7	823.8	4,929.5	1,890.8	4,084.9	3,134.5
Nov.	31,335.1	-	16,360.1	174.8	9,900.3	6,285.0	810.2	4,932.2	1,902.8	4,072.1	3,257.6
Dec. <sup>(p)</sup>	31,132.4	-	16,474.6	144.2	10,020.5	6,309.9	735.9	4,926.5	1,918.9	4,070.2	3,006.3

Source: ECB.

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

**2.2 Consolidated balance sheet of euro area MFIs <sup>1)</sup>**

(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
		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
<b>Outstanding amounts</b>											
2007	22,376.2	11,117.3	972.3	10,144.9	2,437.3	1,422.2	1,015.1	882.2	5,274.2	220.9	2,444.3
2008	24,108.0	11,758.6	986.6	10,772.0	2,961.8	1,552.7	1,409.1	786.1	5,231.0	227.1	3,143.3
2009 Q2	24,080.1	11,852.7	1,016.2	10,836.5	3,292.1	1,793.2	1,498.9	780.7	4,911.9	231.3	3,011.3
2009 July	24,028.6	11,816.7	1,016.9	10,799.8	3,300.6	1,803.7	1,496.9	777.7	4,873.9	232.3	3,027.5
Aug.	23,946.1	11,756.8	1,021.7	10,735.1	3,303.8	1,807.7	1,496.0	781.8	4,861.8	232.4	3,009.6
Sep.	23,898.3	11,781.3	1,012.2	10,769.1	3,336.5	1,840.5	1,495.9	797.4	4,784.6	232.9	2,965.7
Oct.	23,849.4	11,755.2	1,031.8	10,723.4	3,345.1	1,851.3	1,493.8	799.1	4,793.1	233.7	2,923.2
Nov.	24,002.3	11,776.8	1,025.2	10,751.6	3,348.2	1,853.8	1,494.4	811.6	4,798.8	234.7	3,032.2
Dec. <sup>(p)</sup>	23,802.1	11,776.2	1,020.0	10,756.2	3,312.5	1,816.1	1,496.4	811.2	4,811.4	236.0	2,854.8
<b>Transactions</b>											
2007	2,620.9	1,014.5	-9.9	1,024.4	281.0	-46.3	327.3	55.5	806.6	-0.5	464.4
2008	1,694.0	597.9	12.4	585.5	468.2	58.1	410.2	-56.1	-81.6	-2.2	768.9
2009 Q2	-224.3	68.5	27.0	41.5	144.2	89.3	54.8	6.0	-63.1	0.6	-381.5
Q3	-155.3	-50.9	-3.9	-47.0	32.9	39.1	-6.2	0.4	-91.3	1.9	-47.9
Q4 <sup>(p)</sup>	-152.7	8.1	9.3	-1.3	-25.4	-22.1	-3.3	13.8	-35.1	3.2	-117.3
2009 July	-56.5	-29.5	0.7	-30.2	3.2	6.2	-3.0	-7.0	-39.2	1.2	14.9
Aug.	-94.4	-56.9	4.8	-61.7	1.9	3.5	-1.6	0.5	-22.9	0.1	-17.2
Sep.	-4.4	35.5	-9.4	44.9	27.8	29.4	-1.6	6.9	-29.3	0.6	-45.6
Oct.	-37.8	-18.3	19.7	-38.0	7.6	11.9	-4.2	3.3	13.2	0.8	-44.3
Nov.	153.4	25.9	-4.9	30.9	2.2	1.1	1.2	12.6	4.2	1.0	107.4
Dec. <sup>(p)</sup>	-268.3	0.4	-5.4	5.8	-35.2	-35.0	-0.2	-2.1	-52.4	1.4	-180.4

**2. Liabilities**

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units <sup>2)</sup>	Debt securities issued <sup>3)</sup>	Capital and reserves	External liabilities	Remaining liabilities	Excess of inter-MFI liabilities over inter-MFI assets
<b>Outstanding amounts</b>										
2007	22,376.2	638.6	150.8	8,946.6	660.4	2,849.1	1,492.7	4,652.5	3,033.6	-48.2
2008	24,108.0	722.9	259.8	9,707.5	726.1	2,828.6	1,613.3	4,780.5	3,579.6	-110.7
2009 Q2	24,080.1	735.0	352.5	9,942.2	741.7	2,805.9	1,690.0	4,439.5	3,508.2	-135.1
2009 July	24,028.6	745.5	298.4	9,902.2	758.0	2,807.1	1,698.6	4,385.8	3,557.7	-124.9
Aug.	23,946.1	741.2	274.6	9,887.0	759.3	2,803.2	1,717.2	4,311.1	3,557.2	-105.0
Sep.	23,898.3	740.6	295.3	9,927.5	740.5	2,775.5	1,738.7	4,238.7	3,524.9	-83.9
Oct.	23,849.4	745.5	317.7	9,927.3	734.9	2,761.9	1,746.2	4,229.8	3,495.9	-109.9
Nov.	24,002.3	750.1	304.1	9,928.0	721.8	2,757.3	1,780.8	4,215.9	3,616.0	-72.0
Dec. <sup>(p)</sup>	23,802.1	770.0	247.1	10,042.9	650.6	2,769.5	1,798.2	4,210.5	3,386.2	-73.1
<b>Transactions</b>										
2007	2,620.9	45.8	-13.4	887.5	54.5	269.3	143.4	847.6	456.8	-70.7
2008	1,694.0	83.3	106.1	700.7	29.8	-30.1	138.1	93.3	599.5	-26.8
2009 Q2	-224.3	15.0	0.5	154.1	-20.0	18.1	55.7	-167.7	-242.2	-37.9
Q3	-155.3	5.7	-45.6	-1.4	-2.4	-13.8	27.6	-123.0	-53.5	51.1
Q4 <sup>(p)</sup>	-152.7	29.4	-48.3	111.6	-42.4	-11.8	44.5	-114.3	-126.9	5.5
2009 July	-56.5	10.5	-54.1	-39.7	16.0	0.4	2.3	-50.7	42.8	16.0
Aug.	-94.4	-4.3	-12.3	-12.8	1.1	2.2	13.1	-49.2	-49.5	17.3
Sep.	-4.4	-0.5	20.7	51.1	-19.5	-16.4	12.3	-23.1	-46.8	17.8
Oct.	-37.8	4.8	22.3	1.9	-4.8	-10.9	2.9	0.8	-28.0	-26.8
Nov.	153.4	4.7	-13.6	3.0	-15.0	1.5	14.6	10.1	111.2	37.0
Dec. <sup>(p)</sup>	-268.3	19.9	-57.0	106.8	-22.6	-2.4	27.1	-125.2	-210.1	-4.8

Source: ECB.

- 1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 2) Amounts held by euro area residents.
- 3) 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 <sup>1)</sup>

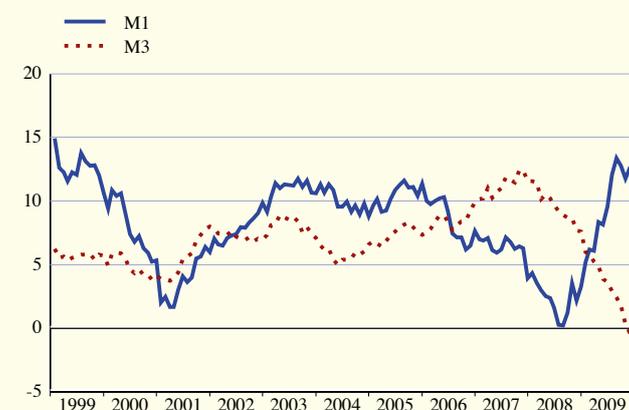
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

### 1. Monetary aggregates <sup>2)</sup> and counterparts

	M3				M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents			Net external assets <sup>3)</sup>	
	M2		M3-M2	Loans				Memo item: Loans adjusted for sales and securitisation <sup>4)</sup>				
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2007	3,827.9	3,509.8	7,337.8	1,305.6	8,643.4	-	6,028.0	2,416.9	12,069.5	10,161.9	-	596.0
2008	3,972.9	4,036.6	8,009.5	1,376.8	9,386.3	-	6,294.1	2,563.6	12,989.2	10,787.8	-	423.4
2009 Q2	4,250.6	3,894.3	8,144.8	1,275.4	9,420.2	-	6,551.1	2,790.2	13,077.5	10,809.8	-	473.9
2009 July	4,320.4	3,846.3	8,166.7	1,249.7	9,416.4	-	6,577.9	2,813.8	13,048.5	10,767.0	-	488.1
Aug.	4,376.5	3,822.4	8,198.9	1,211.2	9,410.1	-	6,644.0	2,844.3	13,062.9	10,761.0	-	564.6
Sep.	4,398.8	3,783.7	8,182.6	1,226.2	9,408.8	-	6,667.4	2,861.6	13,086.0	10,760.8	-	551.8
Oct.	4,458.6	3,738.8	8,197.4	1,184.3	9,381.7	-	6,666.4	2,889.5	13,040.5	10,736.9	-	545.7
Nov.	4,454.5	3,710.9	8,165.4	1,166.0	9,331.4	-	6,734.0	2,883.0	13,062.9	10,751.7	-	561.2
Dec. <sup>(p)</sup>	4,478.1	3,690.1	8,168.1	1,166.5	9,334.6	-	6,755.6	2,865.3	13,082.1	10,769.5	-	573.0
Transactions												
2007	145.8	529.7	675.5	221.4	896.9	-	510.9	-59.1	1,410.3	1,028.2	1,119.6	-42.8
2008	126.8	486.0	612.8	46.5	659.3	-	260.3	71.0	934.6	584.2	745.6	-176.3
2009 Q2	128.7	-72.8	55.9	-18.1	37.8	-	131.4	108.1	64.8	16.8	37.4	106.2
Q3	149.8	-101.3	48.6	-51.5	-2.9	-	115.3	63.3	9.2	-28.7	-26.4	36.2
Q4 <sup>(p)</sup>	77.5	-94.8	-17.3	-7.5	-24.9	-	63.9	7.6	3.8	20.3	21.3	45.4
2009 July	69.8	-47.8	22.1	-26.8	-4.7	-	20.5	19.4	-27.5	-36.3	-35.0	10.1
Aug.	56.8	-23.0	33.8	-38.8	-5.1	-	67.6	30.0	13.0	-3.0	1.9	40.3
Sep.	23.2	-30.5	-7.3	14.1	6.9	-	27.3	14.0	23.7	10.6	6.7	-14.2
Oct.	60.1	-43.9	16.3	-41.9	-25.7	-	-1.4	29.0	-38.4	-16.2	-11.6	-11.2
Nov.	-3.4	-27.3	-30.6	-18.5	-49.1	-	52.8	-6.2	25.8	17.5	16.2	-10.0
Dec. <sup>(p)</sup>	20.8	-23.7	-2.9	52.9	50.0	-	12.4	-15.1	16.4	19.0	16.8	66.5
Growth rates												
2007 Dec.	4.0	17.9	10.1	20.2	11.6	11.9	9.3	-2.6	13.2	11.2	12.1	-42.8
2008 Dec.	3.3	13.7	8.3	3.5	7.6	7.1	4.3	2.9	7.7	5.7	7.2	-176.3
2009 June	9.5	0.4	5.0	-4.0	3.7	3.5	6.1	10.7	3.4	1.4	2.6	126.0
2009 July	12.1	-2.7	4.6	-6.7	2.9	3.0	6.0	10.9	2.3	0.6	1.8	143.8
Aug.	13.4	-4.1	4.5	-9.6	2.4	2.4	6.3	11.5	1.5	0.1	1.3	172.7
Sep.	12.8	-5.3	3.6	-9.0	1.8	1.5	6.5	13.5	1.4	-0.3	0.9	138.9
Oct.	11.8	-7.0	2.4	-11.8	0.3	0.6	7.3	15.1	0.9	-0.8	0.2	71.1
Nov.	12.5	-8.6	1.8	-12.8	-0.3	-0.1	7.2	13.2	0.6	-0.7	0.1	58.9
Dec. <sup>(p)</sup>	12.3	-9.0	1.6	-10.2	-0.2	.	6.7	11.2	0.7	0.0	0.3	153.5

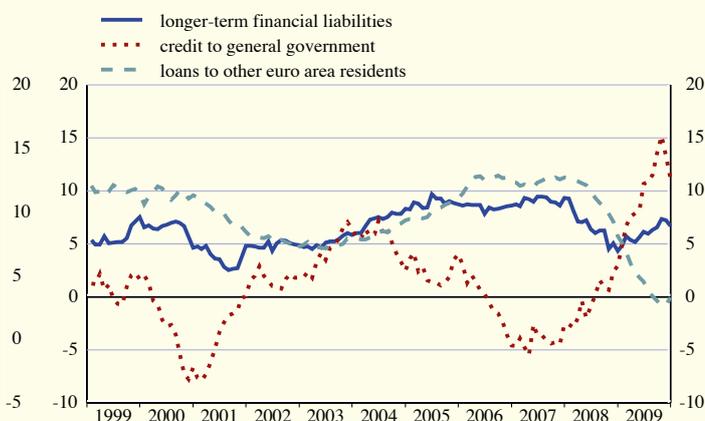
### C1 Monetary aggregates <sup>1)</sup>

(annual growth rates; seasonally adjusted)



### C2 Counterparts <sup>1)</sup>

(annual growth rates; seasonally adjusted)



Source: ECB.

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

Monthly and other shorter-term growth rates for selected items are available at: <http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>

2) Monetary liabilities of MFIs and central government (post office, treasury, etc.) vis-à-vis non-MFI euro area residents excluding central government.

For definitions of M1, M2 and M3, see glossary.

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

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

### 2.3 Monetary statistics <sup>1)</sup>

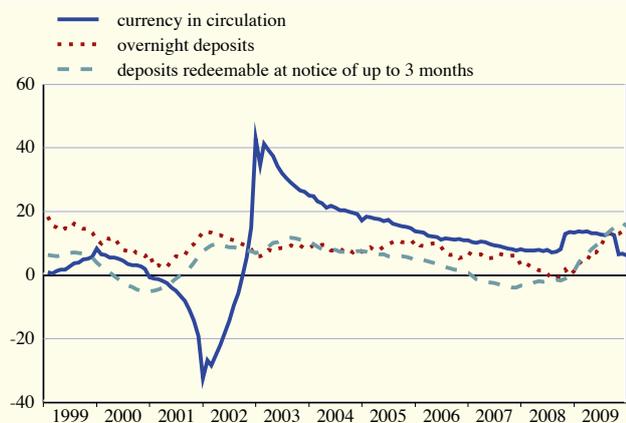
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2007	625.6	3,202.4	1,969.3	1,540.5	307.6	685.9	312.2	2,549.6	119.2	1,872.6	1,486.6
2008	709.9	3,263.0	2,469.6	1,567.0	354.3	755.6	266.8	2,575.5	121.2	1,990.7	1,606.7
2009 Q2	734.2	3,516.3	2,197.9	1,696.3	351.3	742.2	182.0	2,607.9	129.7	2,118.4	1,695.1
2009 July	733.6	3,586.8	2,123.5	1,722.7	328.9	747.0	173.8	2,618.7	131.0	2,133.9	1,694.3
Aug.	742.8	3,633.7	2,079.0	1,743.3	306.6	747.1	157.5	2,638.7	132.0	2,151.3	1,721.9
Sep.	747.4	3,651.5	2,022.9	1,760.8	326.9	750.8	148.5	2,626.1	133.0	2,174.7	1,733.7
Oct.	745.2	3,713.4	1,952.8	1,786.0	300.6	744.7	139.0	2,615.4	134.1	2,173.8	1,743.3
Nov.	753.6	3,700.8	1,916.3	1,794.6	310.2	727.2	128.6	2,629.3	133.1	2,186.2	1,785.4
Dec. <sup>(p)</sup>	754.3	3,723.7	1,883.3	1,806.8	348.8	677.7	140.0	2,643.8	131.3	2,189.8	1,790.8
Transactions											
2007	46.7	99.1	582.2	-52.5	42.1	58.7	120.6	149.5	9.7	209.0	142.8
2008	83.3	43.4	466.0	20.0	48.0	33.3	-34.7	6.2	0.5	115.9	137.6
2009 Q2	6.8	122.0	-128.2	55.4	10.9	-15.0	-14.0	15.3	4.2	45.3	66.5
Q3	13.1	136.7	-165.9	64.6	-24.3	7.4	-34.7	35.8	3.4	58.7	17.5
Q4 <sup>(p)</sup>	7.0	70.5	-140.8	45.9	21.9	-23.6	-5.8	9.2	-1.7	14.3	42.2
2009 July	-0.6	70.5	-74.2	26.5	-22.4	4.5	-9.0	10.8	1.3	15.5	-7.1
Aug.	9.2	47.7	-43.6	20.6	-22.3	-0.2	-16.4	26.2	1.1	18.3	22.1
Sep.	4.6	18.6	-48.0	17.6	20.4	3.1	-9.3	-1.1	1.0	24.9	2.5
Oct.	-2.2	62.3	-69.1	25.2	-26.3	-5.3	-10.4	-7.1	1.1	-0.3	5.0
Nov.	8.5	-11.8	-35.9	8.6	9.7	-19.4	-8.8	18.5	-1.0	13.3	22.0
Dec. <sup>(p)</sup>	0.7	20.1	-35.8	12.1	38.5	1.0	13.4	-2.2	-1.8	1.3	15.2
Growth rates											
2007 Dec.	8.1	3.2	41.3	-3.4	15.8	9.2	62.1	6.3	9.5	12.5	10.9
2008 Dec.	13.3	1.4	23.4	1.3	15.5	4.8	-11.6	0.3	0.4	6.2	9.4
2009 June	12.8	8.9	-6.1	10.4	5.3	2.8	-33.7	0.2	9.3	9.6	11.7
2009 July	12.5	12.0	-12.2	12.3	-3.5	3.8	-38.3	-0.1	11.0	10.2	10.7
Aug.	13.2	13.4	-15.3	13.7	-8.3	1.9	-42.6	0.6	12.8	10.4	10.6
Sep.	12.5	12.8	-17.9	15.0	-3.0	3.1	-48.0	0.8	14.9	11.9	8.9
Oct.	6.5	12.9	-21.4	16.3	-11.8	2.7	-50.4	3.4	14.2	12.0	7.5
Nov.	6.8	13.8	-23.9	16.3	-6.3	-0.9	-53.1	4.2	11.3	11.1	7.0
Dec. <sup>(p)</sup>	6.1	13.6	-24.3	15.3	-1.6	-1.4	-46.7	3.1	7.1	9.7	8.6

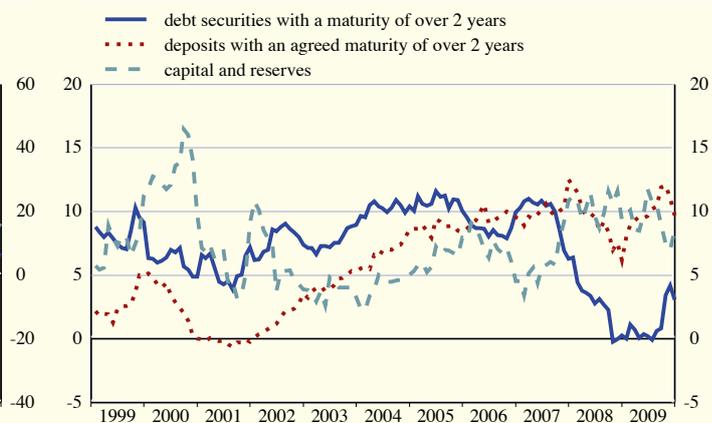
#### C3 Components of monetary aggregates <sup>1)</sup>

(annual growth rates; seasonally adjusted)



#### C4 Components of longer-term financial liabilities <sup>1)</sup>

(annual growth rates; seasonally adjusted)



Source: ECB.

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

## 2.4 MFI loans: breakdown <sup>1), 2)</sup>

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

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

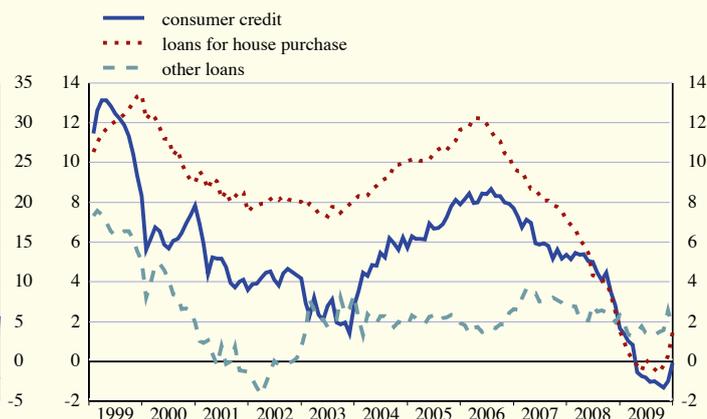
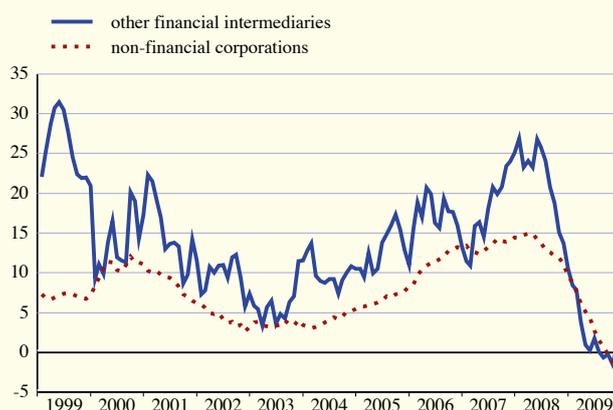
	Insurance corporations and pension funds	Other financial intermediaries <sup>3)</sup>	Non-financial corporations			Households <sup>4)</sup>				
	Total	Total	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2007	107.5	880.5	4,385.0	1,282.1	860.2	2,242.7	4,788.9	616.5	3,425.2	747.1
2008	104.3	978.3	4,823.4	1,381.0	961.6	2,480.7	4,881.8	630.8	3,487.6	763.4
2009 Q2	100.1	1,026.1	4,793.3	1,284.6	974.7	2,534.0	4,890.4	635.6	3,487.5	767.3
2009 July	94.2	1,014.0	4,767.3	1,250.8	968.4	2,548.1	4,891.5	632.3	3,493.6	765.6
Aug.	91.2	1,003.8	4,766.8	1,249.8	962.8	2,554.2	4,899.2	630.7	3,500.9	767.7
Sep.	94.3	1,008.4	4,749.5	1,238.0	953.8	2,557.7	4,908.5	630.3	3,509.3	768.9
Oct.	88.6	999.9	4,731.0	1,222.0	946.8	2,562.2	4,917.4	628.1	3,519.7	769.7
Nov.	84.9	1,011.3	4,721.4	1,209.5	938.6	2,573.4	4,934.1	629.6	3,527.7	776.8
Dec. <sup>4)</sup>	90.0	1,035.6	4,694.5	1,184.9	940.9	2,568.6	4,949.5	630.9	3,547.0	771.6
Transactions										
2007	16.7	177.0	555.0	145.4	155.9	253.8	279.5	31.5	228.0	20.0
2008	-4.4	88.8	419.1	86.9	120.1	212.2	80.7	10.5	53.0	17.2
2009 Q2	2.3	52.7	-42.1	-51.7	-1.4	11.1	3.9	-4.7	2.4	6.1
Q3	-5.7	-15.2	-33.8	-44.4	-17.6	28.2	26.0	1.7	20.5	3.8
Q4 <sup>4)</sup>	-4.3	28.5	-45.6	-54.3	-9.7	18.4	41.7	0.3	36.9	4.6
2009 Oct.	-5.7	-7.1	-13.4	-16.4	-5.2	8.3	10.0	-1.4	10.1	1.2
Nov.	-3.7	12.5	-7.9	-11.7	-7.1	10.9	16.6	0.7	8.0	7.9
Dec. <sup>4)</sup>	5.1	23.1	-24.3	-26.1	2.6	-0.8	15.2	1.0	18.8	-4.6
Growth rates										
2007 Dec.	18.2	24.9	14.5	12.8	22.0	12.8	6.2	5.4	7.1	2.7
2008 Dec.	-4.1	10.1	9.5	6.8	13.9	9.4	1.7	1.7	1.5	2.3
2009 June	-0.7	1.8	2.7	-5.7	7.1	5.9	0.2	-0.8	0.1	1.4
2009 Oct.	-12.8	-1.4	-1.2	-11.8	0.7	3.9	-0.1	-1.3	-0.2	1.6
Nov.	-14.4	0.3	-1.9	-12.1	-1.4	3.7	0.5	-1.0	0.3	2.5
Dec. <sup>4)</sup>	-12.5	5.5	-2.3	-13.8	-1.6	3.9	1.3	-0.1	1.5	1.7

### C5 Loans to other financial intermediaries and non-financial corporations <sup>2)</sup>

(annual growth rates; not seasonally adjusted)

### C6 Loans to households <sup>2)</sup>

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

3) Including investment funds.

4) Including non-profit institutions serving households.

## 2.4 MFI loans: breakdown <sup>1), 2)</sup>

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

### 2. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries <sup>3)</sup>				Non-financial corporations			
	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	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
Outstanding amounts												
2008	93.0	69.3	5.7	18.0	962.1	555.0	169.0	238.0	4,828.4	1,377.6	961.4	2,489.4
2009 Q2	104.0	81.5	7.3	15.1	1,027.1	601.1	184.4	241.5	4,806.4	1,297.1	974.8	2,534.5
2009 Q3	94.3	71.6	7.8	14.9	1,016.0	585.8	183.6	246.7	4,742.5	1,235.6	953.1	2,553.9
2009 Oct.	90.4	66.9	8.0	15.5	988.5	565.1	176.0	247.4	4,723.0	1,217.8	947.4	2,557.8
2009 Nov.	85.9	63.0	7.8	15.1	1,005.5	585.0	173.0	247.5	4,720.9	1,213.7	938.7	2,568.5
2009 Dec. <sup>4)</sup>	80.3	57.1	7.2	15.9	1,020.3	595.4	174.4	250.6	4,699.9	1,181.6	940.7	2,577.6
Transactions												
2008	-4.0	-3.1	-1.8	0.9	89.9	27.3	20.3	42.4	419.5	86.4	120.1	213.0
2009 Q2	6.8	6.8	1.2	-1.2	35.2	30.0	1.9	3.3	-22.1	-33.8	-1.8	13.5
2009 Q3	-9.7	-9.9	0.4	-0.3	-8.6	-13.1	-1.2	5.8	-53.9	-59.4	-18.4	23.8
2009 Oct.	-3.9	-4.7	0.2	0.6	-26.1	-25.3	-1.5	0.7	-14.4	-18.2	-3.9	7.7
2009 Nov.	-4.4	-3.8	-0.2	-0.4	18.1	20.6	-2.9	0.4	-0.4	-3.4	-7.5	10.5
2009 Dec. <sup>4)</sup>	-5.7	-6.0	-0.5	0.8	13.5	9.7	1.4	2.4	-18.3	-33.6	2.2	13.1
Growth rates												
2008 Dec.	-4.1	-4.3	-23.7	5.0	10.5	5.4	13.7	22.0	9.5	6.7	13.9	9.4
2009 June	-0.4	-0.1	-3.7	-0.3	1.7	-4.4	13.2	11.0	2.7	-5.7	7.2	5.9
2009 Sep.	-7.0	-9.3	23.4	-7.0	-0.2	-4.8	7.5	6.5	-0.2	-10.2	2.0	4.6
2009 Oct.	-12.8	-18.5	40.2	-2.6	-1.5	-8.2	8.4	9.5	-1.2	-11.7	0.7	3.9
2009 Nov.	-14.6	-19.5	39.7	-9.0	0.3	-3.9	3.8	9.0	-1.9	-12.1	-1.4	3.7
2009 Dec. <sup>4)</sup>	-12.5	-17.5	27.4	-3.7	5.7	6.3	5.8	4.2	-2.3	-13.8	-1.6	3.9

### 3. Loans to households <sup>4)</sup>

	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	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													
2008	4,887.9	633.1	138.8	196.2	298.0	3,490.3	17.2	67.5	3,405.7	764.5	155.0	90.5	519.0
2009 Q2	4,898.3	639.1	136.6	198.6	303.9	3,487.4	15.8	64.1	3,407.5	771.9	154.3	88.3	529.3
2009 Q3	4,915.6	631.8	133.4	195.8	302.6	3,514.6	15.2	62.3	3,437.1	769.2	148.8	87.9	532.5
2009 Oct.	4,920.8	630.0	132.1	195.2	302.7	3,522.3	15.2	62.2	3,445.0	768.5	146.3	87.7	534.5
2009 Nov.	4,938.5	628.9	131.7	194.8	302.4	3,530.2	15.1	62.3	3,452.8	779.5	151.4	87.4	540.6
2009 Dec. <sup>4)</sup>	4,955.0	633.1	133.9	195.9	303.3	3,549.2	15.0	62.3	3,471.9	772.7	146.4	87.2	539.1
Transactions													
2008	80.0	10.4	1.0	-9.1	18.6	52.4	1.1	-3.8	55.1	17.2	2.5	-5.3	20.1
2009 Q2	21.5	1.8	0.7	-0.9	2.0	7.7	-0.8	-1.5	10.0	12.0	4.0	-0.1	8.1
2009 Q3	25.2	-0.3	-2.4	-0.2	2.4	26.0	-0.5	-1.8	28.2	-0.5	-5.2	-0.2	4.8
2009 Oct.	6.3	-0.9	-1.1	-0.3	0.5	7.4	-0.1	-0.3	7.8	-0.2	-2.4	-0.1	2.3
2009 Nov.	17.6	-1.9	-0.2	-0.3	-1.4	7.8	-0.1	0.1	7.8	11.7	5.0	0.0	6.7
2009 Dec. <sup>4)</sup>	16.3	3.9	2.6	0.3	1.0	18.6	-0.1	0.0	18.7	-6.1	-5.0	-0.1	-1.0
Growth rates													
2008 Dec.	1.7	1.7	0.7	-4.4	6.7	1.5	7.0	-5.2	1.6	2.3	1.7	-5.1	4.0
2009 June	0.2	-0.8	-1.8	-5.5	3.0	0.1	-2.4	-11.2	0.3	1.4	-1.7	-5.6	3.8
2009 Sep.	-0.3	-1.2	-3.3	-4.4	2.1	-0.6	-11.1	-12.6	-0.3	1.5	-3.0	-3.8	3.8
2009 Oct.	-0.1	-1.3	-3.9	-4.1	1.7	-0.2	-12.2	-12.2	0.1	1.6	-3.0	-3.6	3.8
2009 Nov.	0.5	-1.0	-2.1	-3.7	1.4	0.3	-12.2	-11.0	0.6	2.6	-2.2	-2.4	4.9
2009 Dec. <sup>4)</sup>	1.3	-0.1	-2.2	-1.8	2.0	1.5	-14.3	-9.9	1.8	1.7	-5.0	-2.2	4.4

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 investment funds.

4) Including non-profit institutions serving households.

## 2.4 MFI loans: breakdown <sup>1), 2)</sup>

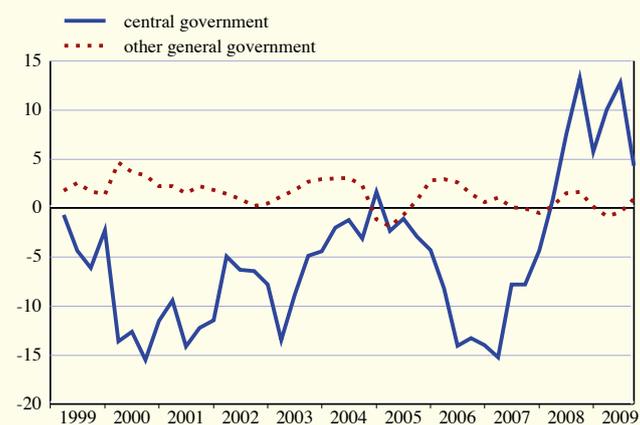
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

### 4. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks <sup>3)</sup>	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										
2006	809.0	104.0	232.5	446.6	25.8	2,931.8	2,070.6	861.2	63.1	798.1
2007	954.5	213.4	217.6	494.1	29.4	3,300.2	2,344.5	955.7	59.8	895.9
2008 Q4	968.0	227.0	210.1	508.6	22.2	3,247.8	2,282.0	965.8	57.8	908.1
2009 Q1	971.0	232.9	205.6	511.5	21.0	3,057.1	2,101.0	956.1	59.2	896.9
Q2	998.5	249.3	206.5	514.1	28.6	2,949.3	1,999.7	949.6	57.2	892.3
Q3 <sup>(p)</sup>	994.6	235.6	209.7	518.4	30.7	2,808.0	1,894.1	913.7	48.1	865.6
Transactions										
2007	-8.0	-4.5	-13.0	6.0	3.6	540.7	381.4	159.3	0.3	159.0
2008	13.2	12.3	-8.1	16.2	-7.2	-59.3	-85.8	26.4	0.3	26.1
2008 Q4	-9.5	1.1	-0.2	12.8	-23.2	-257.6	-182.6	-75.0	-0.7	-74.3
2009 Q1	2.0	5.5	-4.4	2.2	-1.2	-234.0	-208.5	-25.7	0.3	-26.0
Q2	28.0	16.9	0.9	2.6	7.6	-72.1	-79.0	7.2	-1.0	8.2
Q3 <sup>(p)</sup>	-3.8	-13.6	3.2	4.3	2.1	-75.3	-69.8	-5.8	0.9	-6.7
Growth rates										
2006 Dec.	-1.6	-14.0	-5.8	5.2	-11.6	21.9	23.9	17.2	-0.1	18.8
2007 Dec.	-1.0	-4.3	-5.6	1.3	13.8	18.6	18.5	18.8	0.5	20.2
2008 Dec.	1.4	5.8	-3.7	3.3	-24.5	-1.8	-3.6	2.8	0.5	3.0
2009 Mar.	1.5	10.0	-3.6	3.5	-43.5	-14.3	-16.7	-8.7	-3.6	-9.0
June	2.6	12.8	-4.1	3.9	-31.9	-13.8	-16.5	-7.5	-7.6	-7.5
Sep. <sup>(p)</sup>	1.7	4.3	-0.2	4.4	-32.3	-18.2	-21.9	-9.4	-0.7	-9.9

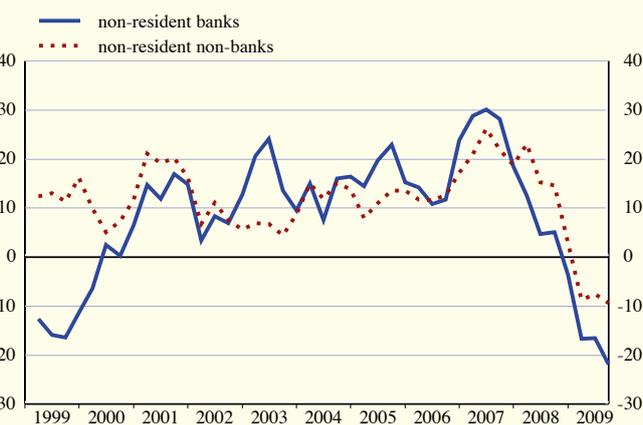
### C7 Loans to government <sup>2)</sup>

(annual growth rates; not seasonally adjusted)



### C8 Loans to non-euro area residents <sup>2)</sup>

(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 <sup>1), 2)</sup>

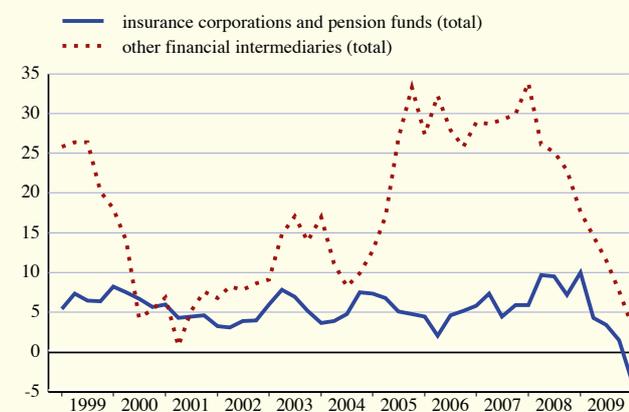
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

### 1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries <sup>3)</sup>						
	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	
Outstanding amounts														
2007	689.5	70.8	69.6	526.4	0.8	1.1	20.8	1,525.0	311.8	345.5	708.1	12.2	0.3	147.1
2008	761.9	84.4	114.3	537.5	1.1	1.5	23.1	1,803.5	320.2	421.0	852.9	12.3	0.1	197.0
2009 Q2	746.5	85.1	88.5	550.6	1.7	1.5	19.0	1,898.0	337.2	343.8	947.8	14.1	0.0	255.0
2009 July	745.1	85.8	88.4	550.7	1.8	1.5	16.9	1,852.7	309.8	346.6	950.3	14.6	0.0	231.4
Aug.	745.1	86.8	85.0	551.2	1.8	1.5	18.7	1,834.8	298.3	350.8	945.5	14.5	0.1	225.5
Sep.	739.9	83.1	83.8	550.5	1.9	1.4	19.2	1,866.3	314.9	335.0	948.6	14.4	0.2	253.3
Oct.	742.3	88.8	83.9	548.0	2.0	1.4	18.3	1,844.7	318.9	337.2	938.8	15.8	0.1	233.9
Nov.	734.4	84.6	79.1	545.7	2.0	1.4	21.6	1,850.4	325.9	332.3	938.1	16.1	0.0	237.9
Dec. <sup>4)</sup>	736.1	84.0	85.0	543.3	2.1	1.4	20.2	1,856.5	313.6	332.4	941.2	15.9	0.0	253.4
Transactions														
2007	38.5	0.8	10.4	31.9	-0.3	-0.3	-4.1	387.7	33.9	98.7	229.2	1.7	0.1	24.1
2008	69.4	12.4	42.8	12.3	-0.3	0.1	2.2	269.3	4.5	72.2	142.3	-0.3	-0.3	51.0
2009 Q2	-12.1	-5.4	-9.4	4.9	0.1	0.0	-2.4	61.0	19.5	-20.0	41.4	-0.2	0.0	20.4
Q3	-6.3	-1.9	-4.5	-0.1	0.1	-0.1	0.1	-22.2	-22.4	-1.7	3.1	0.4	0.1	-1.7
Q4 <sup>4)</sup>	-4.6	0.6	0.8	-7.4	0.3	0.0	1.1	-12.0	-1.6	-3.4	-8.4	1.4	-0.1	0.1
2009 July	-1.3	0.7	-0.1	0.1	0.1	0.0	-2.1	-45.1	-27.4	2.9	2.5	0.5	0.0	-23.6
Aug.	0.1	1.0	-3.3	0.5	0.0	0.0	1.8	-16.5	-11.2	4.6	-4.1	-0.1	0.1	-5.9
Sep.	-5.0	-3.6	-1.1	-0.7	0.0	-0.1	0.5	39.4	16.2	-9.2	4.6	0.0	0.0	27.8
Oct.	2.5	5.7	0.1	-2.6	0.1	0.0	-0.8	-20.6	4.3	2.6	-9.4	1.4	0.0	-19.4
Nov.	-8.1	-4.1	-4.9	-2.4	0.0	0.0	3.2	7.2	7.2	-4.4	0.1	0.3	-0.1	4.0
Dec. <sup>4)</sup>	1.0	-1.1	5.7	-2.4	0.1	0.0	-1.3	1.4	-13.1	-1.5	1.0	-0.3	0.0	15.4
Growth rates														
2007 Dec.	5.9	1.1	17.5	6.4	-25.3	-	-16.4	33.9	12.0	39.7	47.8	16.4	-	19.1
2008 Dec.	10.0	17.3	60.0	2.3	-23.4	-	10.5	17.6	1.4	21.1	20.0	-2.5	-	34.6
2009 June	3.4	14.1	2.2	2.4	25.6	-	-4.0	11.5	3.7	-14.2	21.3	15.4	-	39.9
2009 July	3.3	21.3	-0.4	2.2	40.1	-	-15.9	8.5	6.8	-21.7	21.0	1.7	-	30.3
Aug.	4.0	28.8	-2.8	2.3	50.1	-	-4.3	6.8	8.2	-23.9	19.9	11.5	-	23.0
Sep.	1.5	9.3	-8.3	2.3	55.8	-	-5.9	7.7	1.9	-25.1	21.7	24.0	-	36.3
Oct.	0.9	6.3	-7.6	1.9	68.2	-	-12.7	5.3	0.4	-23.7	19.5	32.9	-	20.4
Nov.	-0.8	-0.3	-17.5	1.6	89.8	-	9.6	5.0	7.8	-24.6	15.1	37.9	-	23.1
Dec. <sup>4)</sup>	-3.6	-1.1	-26.5	1.0	95.8	-	-12.3	3.4	2.1	-21.9	10.1	30.0	-	28.7

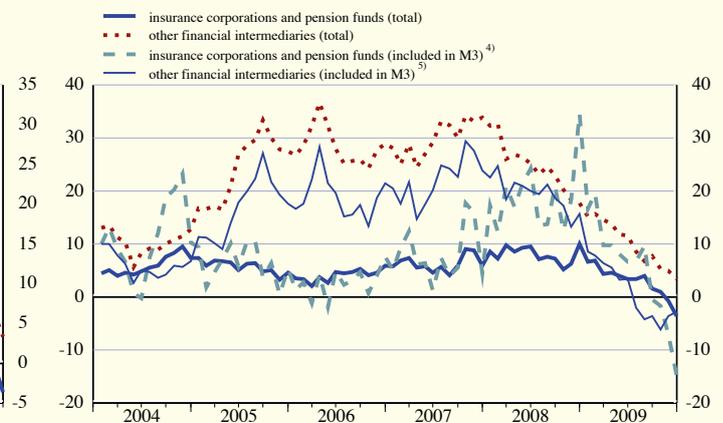
### C9 Total deposits by sector <sup>2)</sup>

(annual growth rates)



### C10 Total deposits and deposits included in M3 by sector <sup>2)</sup>

(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) Includes investment funds.
- 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 <sup>1), 2)</sup>

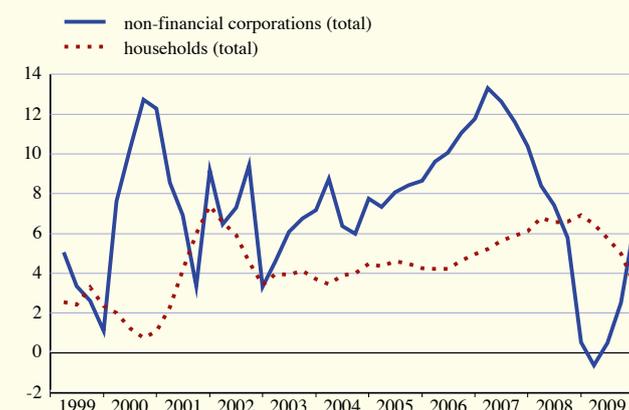
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

### 2. Deposits by non-financial corporations and households

	Non-financial corporations						Households <sup>3)</sup>							
	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														
2007	1,477.2	884.0	479.4	59.5	29.3	1.4	23.7	4,989.0	1,777.4	993.3	561.5	1,458.6	111.1	87.1
2008	1,502.9	883.4	502.2	64.4	27.9	1.3	23.7	5,368.6	1,813.3	1,350.0	517.9	1,490.2	113.6	83.7
2009 Q2	1,519.1	917.1	459.3	71.9	49.8	1.5	19.6	5,505.7	2,010.8	1,185.5	536.2	1,604.1	118.2	50.9
2009 July	1,519.9	913.6	458.7	74.0	53.7	1.5	18.4	5,515.9	2,028.7	1,154.3	544.5	1,618.0	119.4	50.9
Aug.	1,531.0	929.1	451.8	76.1	56.0	1.5	16.5	5,507.5	2,032.0	1,122.0	552.7	1,632.6	120.1	48.1
Sep.	1,551.6	951.6	444.8	77.9	58.3	1.5	17.4	5,500.8	2,052.9	1,084.7	561.0	1,637.6	121.4	43.2
Oct.	1,561.3	963.5	442.6	78.5	60.1	1.5	15.1	5,513.5	2,084.9	1,040.7	573.5	1,650.7	123.8	39.9
Nov.	1,564.2	971.4	435.6	79.6	61.2	1.6	14.8	5,510.9	2,098.9	1,010.7	584.2	1,654.0	124.7	38.5
Dec. <sup>4)</sup>	1,605.4	1,002.6	434.6	81.0	68.7	1.7	16.6	5,593.6	2,155.1	988.1	605.4	1,683.9	123.7	37.3
Transactions														
2007	140.2	34.1	126.8	-8.1	-10.8	-0.7	-1.1	282.9	22.4	320.9	-45.4	-43.2	11.2	17.1
2008	7.8	-5.0	13.3	3.2	-3.4	-0.3	0.0	347.5	28.7	335.5	-43.1	28.1	1.7	-3.4
2009 Q2	44.2	45.8	-16.0	1.3	11.3	0.1	1.7	59.8	110.9	-94.4	11.8	39.3	2.7	-10.6
Q3	34.8	35.7	-13.4	6.1	8.6	0.0	-2.2	-3.8	42.4	-100.0	24.8	33.6	3.1	-7.7
Q4 <sup>5)</sup>	53.4	50.8	-10.3	3.0	10.4	0.2	-0.7	92.8	102.0	-96.8	44.8	46.3	2.3	-5.8
2009 Oct.	10.5	12.3	-2.0	0.6	1.7	0.0	-2.2	13.5	32.1	-43.7	12.8	13.1	2.5	-3.3
Nov.	3.4	8.3	-6.8	1.1	1.1	0.0	-0.3	-2.4	14.0	-30.0	10.8	3.3	0.9	-1.4
Dec. <sup>5)</sup>	39.5	30.1	-1.5	1.3	7.6	0.1	1.8	81.8	55.8	-23.0	21.2	29.9	-1.0	-1.1
Growth rates														
2007 Dec.	10.4	4.0	35.1	-11.8	-26.3	-31.6	-4.4	6.1	1.3	47.7	-7.5	-3.3	11.2	24.4
2008 Dec.	0.5	-0.6	2.8	5.3	-11.0	-16.2	0.0	6.9	1.6	33.2	-7.7	1.9	1.5	-3.9
2009 June	0.5	4.5	-11.4	12.1	78.6	1.0	-13.0	5.8	11.3	-0.6	0.0	9.6	10.5	-48.4
2009 Oct.	3.7	11.9	-15.4	18.5	139.8	13.0	-47.7	4.3	17.3	-22.1	10.6	14.3	15.4	-60.6
Nov.	4.0	11.5	-15.2	20.6	134.4	19.5	-40.7	3.5	16.8	-25.5	13.4	14.3	12.2	-59.5
Dec. <sup>5)</sup>	6.3	13.0	-13.9	23.5	146.6	28.2	-29.7	3.5	17.4	-27.3	16.4	13.0	7.5	-55.4

### C11 Total deposits by sector <sup>2)</sup>

(annual growth rates)

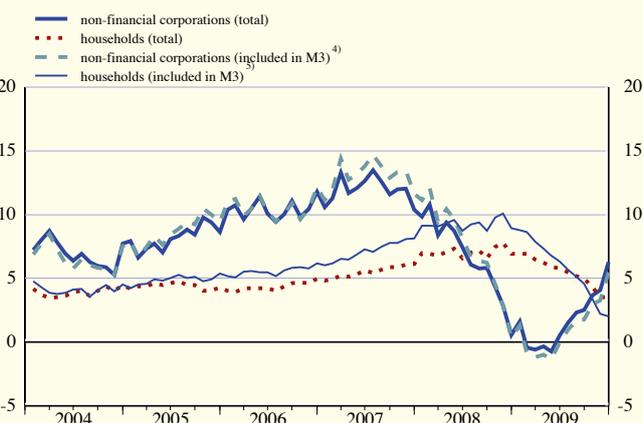


Source: ECB.

- 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.

### C12 Total deposits and deposits included in M3 by sector <sup>2)</sup>

(annual growth rates)



**2.5 Deposits held with MFIs: breakdown <sup>1), 2)</sup>**

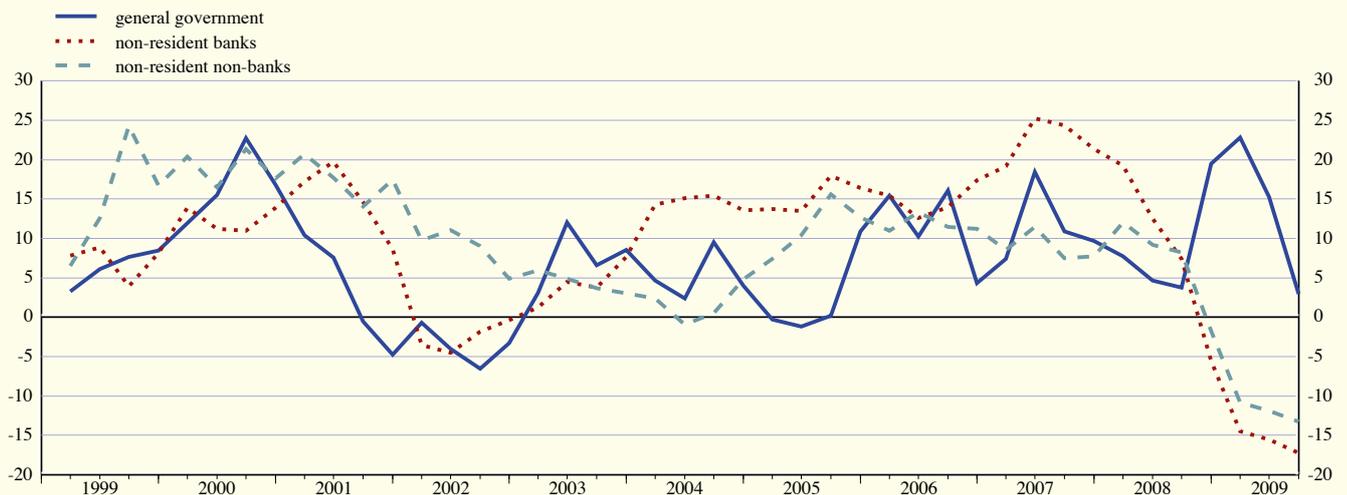
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

**3. Deposits by government and non-euro area residents**

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks <sup>3)</sup>	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										
2006	329.6	124.1	45.4	91.4	68.8	3,430.0	2,561.5	868.6	128.5	740.1
2007	373.7	126.9	59.0	107.6	80.3	3,862.1	2,953.9	908.2	143.3	764.9
2008 Q4	445.0	191.0	52.3	115.9	85.8	3,713.9	2,816.9	897.0	65.8	831.2
2009 Q1	464.4	216.4	50.6	114.5	83.0	3,665.7	2,786.7	879.0	63.6	815.4
Q2	476.6	227.3	48.9	118.9	81.4	3,565.2	2,685.4	879.9	64.3	815.6
Q3 <sup>(p)</sup>	403.0	157.0	51.2	123.1	71.7	3,422.4	2,569.6	853.2	62.5	790.7
Transactions										
2007	31.9	-3.1	13.6	9.8	11.6	609.4	542.6	66.8	20.2	46.6
2008	72.8	63.5	-6.5	8.7	7.1	-185.1	-167.0	-18.0	-36.9	18.9
2008 Q4	46.2	50.8	-9.2	3.0	1.5	-427.8	-332.1	-95.8	-35.3	-60.4
2009 Q1	15.7	22.5	-1.7	-2.3	-2.9	-108.9	-77.7	-31.3	-2.6	-28.7
Q2	11.8	10.9	-1.6	4.5	-2.0	-60.5	-67.6	7.1	0.9	6.1
Q3 <sup>(p)</sup>	-62.1	-58.9	2.3	4.2	-9.8	-80.1	-67.3	-12.5	-1.3	-11.3
Growth rates										
2006 Dec.	4.3	-16.6	18.4	9.3	52.1	15.7	17.3	11.2	5.3	12.4
2007 Dec.	9.7	-2.4	29.9	10.7	16.9	17.9	21.3	7.7	15.8	6.3
2008 Dec.	19.5	49.9	-11.0	8.1	8.8	-4.7	-5.6	-1.8	-25.6	2.6
2009 Mar.	22.8	52.6	2.2	5.7	6.5	-13.6	-14.5	-10.9	-24.1	-8.8
June	15.3	43.7	-13.0	5.3	-4.9	-14.7	-15.6	-11.9	-21.9	-10.4
Sep. <sup>(p)</sup>	2.9	18.6	-16.6	8.3	-15.6	-16.3	-17.2	-13.3	-28.3	-10.8

**C13 Deposits by government and non-euro area residents <sup>2)</sup>**

(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 <sup>1), 2)</sup>

(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
<b>Outstanding amounts</b>												
2007	5,185.3	1,656.4	84.0	1,180.5	16.6	979.9	33.3	1,234.7	1,636.5	424.5	869.3	342.7
2008	5,858.4	1,887.1	92.4	1,225.4	19.3	1,355.5	51.2	1,227.5	1,476.9	423.2	776.3	277.4
2009 Q2	6,289.9	2,016.8	106.7	1,445.8	20.4	1,448.4	47.7	1,204.1	1,475.0	428.3	770.6	276.1
2009 July	6,302.5	2,033.1	107.7	1,456.7	19.2	1,445.4	48.5	1,192.0	1,486.6	437.6	767.2	281.8
Aug.	6,305.2	2,030.2	105.4	1,457.7	17.9	1,445.5	47.3	1,201.2	1,496.0	441.9	771.1	283.0
Sep.	6,296.1	2,015.3	102.9	1,486.4	18.1	1,446.5	46.2	1,180.7	1,498.2	435.9	786.1	276.1
Oct.	6,271.1	1,991.6	102.8	1,500.3	17.3	1,447.7	42.4	1,169.0	1,502.0	437.0	787.9	277.1
Nov.	6,256.7	1,993.8	103.0	1,503.8	15.7	1,449.0	41.7	1,149.7	1,514.9	438.6	800.4	276.0
Dec. <sup>(p)</sup>	6,212.7	1,967.4	110.0	1,466.6	15.9	1,452.9	39.8	1,160.1	1,517.6	437.9	799.6	280.1
<b>Transactions</b>												
2007	592.4	136.0	18.1	-86.2	1.5	318.3	9.5	195.2	147.8	51.3	55.4	41.0
2008	692.8	212.4	5.9	36.5	1.9	390.7	19.0	26.4	-84.2	22.9	-56.6	-50.5
2009 Q2	176.6	34.6	4.1	83.7	0.5	56.2	-1.6	-0.9	16.6	7.2	5.7	3.6
Q3	20.2	-4.5	-0.3	34.0	-1.8	-6.3	-0.4	-0.5	7.5	9.1	0.3	-1.9
Q4 <sup>(p)</sup>	-99.1	-49.0	5.3	-19.0	-2.3	3.2	-6.9	-30.3	21.3	4.1	13.5	3.8
2009 July	14.1	18.5	1.0	7.9	-1.3	-3.8	0.5	-8.9	4.6	6.8	-7.0	4.8
Aug.	7.5	-4.6	-1.2	0.6	-1.1	-1.1	-0.7	15.6	3.6	2.5	0.5	0.5
Sep.	-1.4	-18.4	-0.2	25.4	0.6	-1.4	-0.2	-7.3	-0.8	-0.2	6.8	-7.3
Oct.	-23.5	-22.3	0.1	14.2	-0.7	-1.1	-3.5	-10.3	6.7	2.1	3.2	1.4
Nov.	-8.8	-1.0	1.4	2.2	-1.6	1.4	-0.3	-10.9	13.9	2.4	12.5	-1.0
Dec. <sup>(p)</sup>	-66.8	-25.7	3.7	-35.4	-0.1	2.9	-3.2	-9.1	0.7	-0.4	-2.3	3.4
<b>Growth rates</b>												
2007 Dec.	12.7	8.7	25.4	-6.8	10.7	50.2	33.4	17.7	10.0	13.7	6.9	13.9
2008 Dec.	13.3	12.7	8.1	3.1	9.9	40.0	57.2	2.2	-5.3	5.4	-6.7	-15.3
2009 June	11.6	11.9	1.4	18.0	19.8	29.0	-5.8	-7.7	-3.4	0.7	-5.5	-4.0
2009 July	10.7	11.8	-1.8	18.2	13.5	26.4	-5.5	-9.4	-4.0	2.0	-8.6	0.5
Aug.	9.6	10.7	-2.0	18.3	13.8	22.7	-7.1	-9.4	-3.6	3.8	-8.5	-0.2
Sep.	12.6	11.3	4.1	24.2	15.5	24.9	-4.9	-5.7	-4.2	2.6	-8.2	-2.8
Oct.	12.1	8.4	5.7	26.8	-0.2	20.5	-9.3	-2.5	-0.9	6.3	-4.2	-2.3
Nov.	9.2	5.8	10.8	23.1	-3.9	14.3	-9.3	-3.4	0.4	7.4	-2.0	-3.4
Dec. <sup>(p)</sup>	5.9	4.0	18.3	18.9	-16.8	6.8	-22.5	-4.4	2.8	5.6	1.9	0.7

## C14 MFI holdings of securities <sup>2)</sup>

(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 Revaluation of selected MFI balance sheet items <sup>1), 2)</sup>**  
(EUR billions)

**1. Write-offs/write-downs of loans to households<sup>3)</sup>**

	Consumer credit				Lending for house purchase				Other lending			
	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	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
2007	-4.2	-1.2	-1.4	-1.6	-2.7	-0.2	-0.2	-2.3	-6.9	-0.8	-2.3	-3.7
2008	-4.6	-1.1	-1.5	-1.9	-2.7	0.0	-0.2	-2.5	-6.7	-1.2	-2.3	-3.2
2009 Q1	-1.8	-0.5	-0.5	-0.8	-1.2	0.0	-0.1	-1.1	-2.3	-0.7	-0.2	-1.3
Q2	-1.5	-0.3	-0.5	-0.7	-1.0	0.0	0.0	-0.9	-1.2	-0.1	-0.2	-0.9
Q3	-1.6	-0.3	-0.5	-0.9	-0.8	0.0	0.0	-0.7	-1.6	-0.3	-0.2	-1.0
2009 July	-0.7	-0.1	-0.2	-0.3	-0.2	0.0	0.0	-0.2	-0.6	-0.1	-0.1	-0.4
Aug.	-0.4	-0.1	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.4	-0.1	0.0	-0.2
Sep.	-0.5	-0.1	-0.2	-0.3	-0.4	0.0	0.0	-0.3	-0.6	-0.1	-0.1	-0.4
Oct.	-0.7	-0.1	-0.3	-0.4	-0.2	0.0	0.0	-0.2	-0.4	0.0	-0.1	-0.2
Nov.	-0.4	-0.1	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.5	0.0	-0.1	-0.3
Dec. <sup>(p)</sup>	-1.0	-0.4	-0.2	-0.3	-0.5	0.0	0.0	-0.5	-1.2	-0.2	-0.3	-0.7

**2. Write-offs/write-downs of loans to non-financial corporations and non-euro area residents**

	Non-financial corporations				Non-euro area residents		
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year
	1	2	3	4	5	6	7
2007	-12.5	-2.1	-5.4	-4.9	-5.2	-3.4	-1.8
2008	-17.8	-4.1	-9.1	-4.6	-6.6	-3.4	-3.2
2009 Q1	-7.2	-3.5	-1.7	-2.1	-2.7	-1.3	-1.3
Q2	-5.9	-1.7	-2.4	-1.8	-1.1	-0.3	-0.8
Q3	-7.0	-2.2	-2.1	-2.7	-1.0	-0.5	-0.5
2009 July	-2.5	-0.7	-0.9	-0.9	-0.4	-0.2	-0.2
Aug.	-1.4	-0.7	-0.4	-0.3	-0.1	-0.1	0.0
Sep.	-3.1	-0.8	-0.8	-1.5	-0.5	-0.2	-0.3
Oct.	-3.4	-0.7	-1.3	-1.4	-0.4	-0.1	-0.3
Nov.	-1.7	-0.3	-0.7	-0.6	-0.2	0.0	-0.3
Dec. <sup>(p)</sup>	-4.4	-1.2	-1.9	-1.3	-0.9	-0.3	-0.6

**3. Revaluation of securities held by MFIs**

	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
2007	-14.2	-3.3	0.1	-0.4	-0.2	-3.2	-0.6	-6.7	27.6	3.8	11.7	12.1
2008	-56.4	-8.0	0.0	5.2	0.0	-20.1	-2.2	-31.2	-60.6	-8.2	-44.1	-8.2
2009 Q1	-14.1	-0.3	-0.1	-3.2	0.0	-2.9	0.4	-8.1	-16.0	-3.5	-11.5	-1.0
Q2	-2.4	2.0	0.1	-2.0	-0.1	-1.7	0.3	-1.0	8.2	2.3	4.7	1.3
Q3	17.3	4.6	0.1	3.6	0.0	3.4	0.2	5.3	15.9	4.8	9.2	1.9
2009 July	8.2	1.9	0.1	2.9	0.0	0.5	0.2	2.5	7.0	2.5	3.6	0.9
Aug.	4.9	1.5	0.0	0.4	0.0	1.1	0.0	1.9	5.7	1.8	3.3	0.6
Sep.	4.2	1.2	0.0	0.3	0.0	1.8	0.0	1.0	3.1	0.4	2.3	0.4
Oct.	2.3	1.6	0.0	-0.3	0.0	0.4	0.0	0.7	-3.2	-1.0	-1.6	-0.5
Nov.	2.5	1.2	0.0	1.3	0.1	-0.1	0.0	0.0	-0.9	-0.8	-0.1	-0.1
Dec. <sup>(p)</sup>	-2.6	-1.6	0.0	-1.9	-0.1	0.9	0.0	0.1	1.9	-0.3	1.5	0.8

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.

## 2.8 Currency breakdown of selected MFI balance sheet items <sup>1), 2)</sup>

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

### 1. Deposits

	MFIs <sup>3)</sup>							Non-MFIs						
	All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies				All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies					
			Total						Total					
			USD	JPY	CHF	GBP			USD	JPY	CHF	GBP		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	By euro area residents													
2006	5,239.3	90.7	9.3	5.6	0.4	1.5	1.2	8,037.1	96.3	3.7	2.2	0.3	0.1	0.6
2007	6,087.5	92.1	7.9	4.8	0.4	1.1	1.0	9,054.4	95.8	4.2	2.2	0.4	0.1	0.5
2008 Q4	6,860.0	89.7	10.3	7.3	0.4	1.2	0.8	9,881.8	96.9	3.1	1.9	0.5	0.1	0.4
2009 Q1	6,607.9	90.9	9.1	6.3	0.3	1.2	0.7	9,989.5	96.9	3.1	1.9	0.4	0.1	0.5
Q2	6,625.7	92.2	7.8	5.1	0.3	1.1	0.8	10,145.9	97.0	3.0	1.9	0.3	0.1	0.5
Q3 <sup>4)</sup>	6,287.5	92.4	7.6	4.8	0.4	1.1	0.8	10,061.5	97.0	3.0	1.9	0.3	0.1	0.4
	By non-euro area residents													
2006	2,561.5	45.4	54.6	35.0	2.3	2.7	11.5	868.6	50.8	49.2	31.9	1.3	2.0	10.4
2007	2,953.9	47.0	53.0	33.5	2.9	2.4	11.0	908.2	50.1	49.9	32.9	1.6	1.8	9.9
2008 Q4	2,816.9	48.2	51.8	33.4	2.8	2.6	10.2	897.0	54.9	45.1	28.7	1.4	1.9	9.4
2009 Q1	2,786.7	47.2	52.8	34.8	2.1	2.6	10.4	879.0	52.7	47.3	31.6	1.2	1.9	8.4
Q2	2,685.4	49.0	51.0	33.2	1.6	2.6	10.7	879.9	51.9	48.1	32.5	1.8	1.8	7.8
Q3 <sup>4)</sup>	2,569.6	49.1	50.9	34.3	1.5	2.5	9.5	853.2	54.3	45.7	30.5	1.4	1.6	7.7

### 2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies			
			Total			
			USD	JPY	CHF	GBP
1	2	3	4	5	6	7
2006	4,470.8	80.6	19.4	10.0	1.6	3.5
2007	4,933.2	81.5	18.5	9.2	1.7	3.4
2008 Q4	5,111.7	83.3	16.7	8.4	2.0	2.5
2009 Q1	5,197.9	83.3	16.7	8.7	1.9	2.5
Q2	5,225.0	83.6	16.4	8.3	1.8	2.7
Q3 <sup>4)</sup>	5,203.4	84.0	16.0	8.2	1.8	2.3

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 Currency breakdown of selected MFI balance sheet items <sup>1), 2)</sup>**

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

**3. Loans**

	MFIs <sup>3)</sup>							Non-MFIs						
	All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies				All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies					
			Total						Total					
			USD	JPY	CHF	GBP			USD	JPY	CHF	GBP		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
To euro area residents														
2006	4,938.0	-	-	-	-	-	9,943.7	96.4	3.6	1.6	0.2	1.1	0.5	
2007	5,794.2	-	-	-	-	-	11,098.9	96.2	3.8	1.8	0.2	0.9	0.6	
2008 Q4	6,312.6	-	-	-	-	-	11,739.4	95.9	4.1	2.1	0.3	1.0	0.4	
2009 Q1	6,128.1	-	-	-	-	-	11,785.6	95.9	4.1	2.1	0.3	1.0	0.5	
Q2	6,216.3	-	-	-	-	-	11,834.4	96.1	3.9	2.0	0.2	1.0	0.5	
Q3 <sup>(p)</sup>	5,911.4	-	-	-	-	-	11,763.1	96.2	3.8	1.9	0.2	1.0	0.4	
To non-euro area residents														
2006	2,070.6	50.9	49.1	28.7	2.0	2.3	11.0	861.2	39.3	60.7	43.1	1.1	4.0	8.6
2007	2,344.5	48.2	51.8	28.8	2.3	2.4	12.7	955.7	40.9	59.1	41.2	1.2	3.7	8.2
2008 Q4	2,282.0	45.8	54.2	31.8	3.0	2.6	11.3	965.8	40.5	59.5	41.9	1.4	4.3	7.4
2009 Q1	2,101.0	44.8	55.2	31.2	2.7	3.1	12.7	956.1	38.1	61.9	44.5	1.0	4.2	7.8
Q2	1,999.7	45.2	54.8	29.6	2.8	3.2	13.5	949.6	40.2	59.8	42.6	1.1	3.9	7.6
Q3 <sup>(p)</sup>	1,894.1	45.4	54.6	29.9	2.7	3.1	12.6	913.7	40.5	59.5	41.7	1.5	3.8	7.6

**4. Holdings of securities other than shares**

	Issued by MFIs <sup>3)</sup>							Issued by non-MFIs						
	All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies				All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies					
			Total						Total					
			USD	JPY	CHF	GBP			USD	JPY	CHF	GBP		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Issued by euro area residents														
2006	1,636.9	95.6	4.4	2.3	0.2	0.3	1.3	1,935.8	97.6	2.4	1.3	0.3	0.1	0.7
2007	1,740.3	95.2	4.8	2.4	0.3	0.3	1.5	2,210.3	97.7	2.3	1.4	0.2	0.1	0.5
2008 Q4	1,979.5	95.3	4.7	2.6	0.4	0.2	1.2	2,651.4	97.3	2.7	1.7	0.3	0.1	0.4
2009 Q1	2,085.8	95.0	5.0	2.7	0.2	0.4	1.3	2,834.3	97.5	2.5	1.7	0.2	0.1	0.4
Q2	2,123.5	95.0	5.0	2.5	0.5	0.4	1.4	2,962.4	97.7	2.3	1.5	0.2	0.1	0.3
Q3 <sup>(p)</sup>	2,118.2	95.1	4.9	2.9	0.2	0.3	1.3	2,997.2	97.9	2.1	1.4	0.2	0.1	0.4
Issued by non-euro area residents														
2006	515.3	52.3	47.7	28.8	0.7	0.4	14.5	594.5	38.9	61.1	36.5	4.9	0.8	14.2
2007	582.4	53.9	46.1	27.3	0.7	0.4	14.4	652.3	35.9	64.1	39.3	4.5	0.8	12.6
2008 Q4	580.7	54.1	45.9	28.6	0.9	0.5	13.3	646.8	39.0	61.0	37.1	6.4	0.8	11.0
2009 Q1	597.9	52.1	47.9	27.6	0.3	1.6	13.9	617.9	34.1	65.9	40.5	4.3	0.8	15.3
Q2	571.0	55.3	44.7	24.6	1.7	1.4	14.6	633.1	33.5	66.5	41.4	4.0	0.9	15.0
Q3 <sup>(p)</sup>	562.1	56.2	43.8	25.3	0.6	0.5	14.7	618.0	34.8	65.2	39.3	4.2	0.9	15.1

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.

## 2.9 Aggregated balance sheet of euro area investment funds <sup>1)</sup>

(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							
2009 May	4,596.4	414.7	1,773.4	1,240.1	620.1	194.1	354.1
June	4,710.0	378.1	1,872.8	1,251.5	627.6	200.7	379.2
July	4,987.0	370.8	1,937.6	1,441.3	655.6	201.7	379.9
Aug.	5,088.1	374.5	1,968.7	1,495.8	662.4	202.0	384.7
Sep.	5,150.4	347.6	1,997.8	1,542.8	681.1	197.3	383.8
Oct.	5,151.0	349.3	2,018.2	1,516.6	687.0	199.4	380.5
Nov. <sup>(p)</sup>	5,212.9	337.3	2,047.2	1,552.1	689.1	199.6	387.6
Transactions							
2009 Q1	-76.2	-23.1	-0.2	-9.1	-5.3	2.8	-41.4
Q2	106.7	-0.7	99.8	19.5	2.2	9.7	-23.8
Q3	163.3	-10.1	68.7	109.0	10.3	-3.1	-11.5

### 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							
2009 May	4,596.4	105.9	4,195.0	3,427.3	437.1	767.7	295.5
June	4,710.0	98.6	4,276.9	3,494.6	457.2	782.3	334.4
July	4,987.0	103.1	4,528.2	3,701.7	483.3	826.4	355.6
Aug.	5,088.1	106.1	4,633.0	3,784.3	493.3	848.7	348.9
Sep.	5,150.4	96.4	4,729.4	3,860.0	514.0	869.5	324.6
Oct.	5,151.0	97.0	4,734.4	3,859.2	521.8	875.2	319.6
Nov. <sup>(p)</sup>	5,212.9	96.5	4,790.9	3,900.7	525.3	890.2	325.5
Transactions							
2009 Q1	-76.2	-15.7	-22.8	-13.9	24.1	-8.8	-37.7
Q2	106.7	0.3	93.0	74.7	20.8	18.3	13.5
Q3	163.3	0.7	179.5	86.5	17.6	93.0	-16.8

### 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										
2009 Apr.	4,085.0	1,294.2	1,015.6	1,101.1	218.5	81.7	373.8	4,018.2	66.8	1,315.6
May	4,195.0	1,348.1	1,078.9	1,087.4	221.1	79.2	380.3	4,128.2	66.7	1,295.4
June	4,276.9	1,425.5	1,077.6	1,093.0	221.0	79.2	380.6	4,209.3	67.6	1,269.1
July	4,528.2	1,485.2	1,242.1	1,111.6	222.9	78.1	388.3	4,462.9	65.2	1,285.4
Aug.	4,633.0	1,510.2	1,290.7	1,139.9	225.5	78.1	388.6	4,567.9	65.1	1,285.2
Sep.	4,729.4	1,531.0	1,344.7	1,165.0	219.3	77.3	392.1	4,664.0	65.4	1,253.0
Oct.	4,734.4	1,545.5	1,323.1	1,177.6	225.1	78.7	384.3	4,669.1	65.4	1,246.2
Nov. <sup>(p)</sup>	4,790.9	1,560.0	1,344.4	1,201.4	227.2	76.7	381.1	4,725.7	65.2	1,223.7
Transactions										
2009 May	18.3	12.1	12.4	-2.9	1.0	-3.1	-1.3	18.4	-0.1	-1.6
June	69.9	60.8	2.3	-13.8	7.7	7.4	5.5	69.5	0.3	-28.2
July	128.0	40.6	85.1	0.4	-1.4	-1.8	4.9	130.3	-2.4	16.4
Aug.	28.2	11.8	9.8	7.4	1.6	-0.8	-1.4	28.4	-0.1	3.9
Sep.	23.3	4.1	8.8	13.1	-1.6	-0.1	-0.9	22.8	0.5	-29.2
Oct.	26.5	10.2	3.5	13.8	3.2	0.4	-4.5	26.7	-0.2	-5.8
Nov. <sup>(p)</sup>	19.0	8.4	5.3	4.0	1.0	-0.4	0.7	19.1	-0.1	-20.4

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.

**2.10 Securities held by investment funds<sup>1)</sup> 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
<b>Outstanding amounts</b>											
2008 Q4	1,708.4	1,206.2	335.0	617.3	150.2	3.2	100.4	502.1	130.7	163.6	25.5
2009 Q1	1,710.6	1,233.9	340.9	628.6	151.6	4.0	108.7	476.6	142.3	183.5	22.6
Q2	1,872.8	1,293.7	357.9	635.7	173.2	3.9	122.9	579.1	161.9	234.6	21.8
Q3 <sup>(p)</sup>	1,997.8	1,383.3	388.5	668.1	185.8	4.9	135.9	614.5	180.1	234.6	22.0
<b>Transactions</b>											
2009 Q1	-0.2	24.3	7.4	7.2	2.6	1.1	6.0	-24.4	13.2	14.7	-2.4
Q2	99.8	32.0	3.5	10.1	11.3	-0.8	7.9	67.8	6.8	48.7	-2.6
Q3 <sup>(p)</sup>	68.7	46.2	10.7	19.4	6.1	0.4	9.6	22.5	11.2	3.6	-0.8

**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
<b>Outstanding amounts</b>											
2008 Q4	1,156.0	582.4	67.6	-	31.1	26.3	456.1	573.5	103.3	183.7	60.6
2009 Q1	1,070.5	502.9	48.1	-	26.1	19.8	408.7	567.5	89.3	190.8	47.9
Q2	1,251.5	566.0	69.8	-	28.6	16.8	450.1	685.5	110.8	210.9	59.7
Q3 <sup>(p)</sup>	1,542.8	700.1	97.1	-	35.1	24.7	543.0	842.7	126.9	265.0	61.7
<b>Transactions</b>											
2009 Q1	-9.1	-30.9	-14.3	-	-4.8	-2.3	-9.1	22.0	-5.7	20.3	-6.2
Q2	19.5	-4.2	1.3	-	-1.4	-3.4	-1.3	23.6	4.3	1.0	7.1
Q3 <sup>(p)</sup>	109.0	31.6	7.1	-	3.3	2.3	19.6	77.4	2.3	33.9	1.4

**3. Investment fund/money market fund shares**

	Total	Euro area						Rest of the world			
		Total	MFIs <sup>2)</sup>	General government	Other financial intermediaries <sup>2)</sup>	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
<b>Outstanding amounts</b>											
2008 Q4	621.9	494.6	93.9	-	400.7	-	-	127.3	13.3	19.4	0.4
2009 Q1	594.6	492.9	85.1	-	407.8	-	-	101.8	9.5	15.9	0.3
Q2	627.6	540.1	82.9	-	457.2	-	-	87.5	12.9	16.2	0.4
Q3 <sup>(p)</sup>	681.1	592.5	78.5	-	514.0	-	-	88.5	14.4	19.4	0.3
<b>Transactions</b>											
2009 Q1	-5.3	17.2	-6.9	-	24.1	-	-	-22.5	-3.1	-3.7	0.0
Q2	2.2	15.8	-5.1	-	20.8	-	-	-13.6	2.1	0.2	0.0
Q3 <sup>(p)</sup>	10.3	11.8	-5.8	-	17.6	-	-	-1.5	0.9	-0.3	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.



## EURO AREA ACCOUNTS

### 3.1 Integrated economic and financial accounts by institutional sector

(EUR billions)

Uses	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
<b>2009 Q3</b>						
<b>External account</b>						
Exports of goods and services						442.2
<i>Trade balance</i> <sup>1)</sup>						-21.9
<b>Generation of income account</b>						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,067.9	110.4	675.4	52.6	229.5	
Other taxes less subsidies on production	26.2	4.8	14.2	3.5	3.8	
Consumption of fixed capital	354.2	98.2	198.4	11.5	46.1	
<i>Net operating surplus and mixed income</i> <sup>1)</sup>	565.1	286.6	246.3	33.8	-1.7	
<b>Allocation of primary income account</b>						
Net operating surplus and mixed income						4.7
Compensation of employees						
Taxes less subsidies on production						
Property income	625.3	33.7	222.3	308.2	61.2	91.2
Interest	382.6	31.4	60.6	229.4	61.1	54.0
Other property income	242.7	2.3	161.6	78.7	0.0	37.2
<i>Net national income</i> <sup>1)</sup>	1,874.5	1,533.9	109.7	32.5	198.5	
<b>Secondary distribution of income account</b>						
Net national income						
Current taxes on income, wealth, etc.	238.2	200.9	32.3	4.8	0.3	1.2
Social contributions	410.1	410.1				1.1
Social benefits other than social transfers in kind	446.4	1.4	15.8	31.1	398.0	0.8
Other current transfers	178.2	67.8	24.3	42.8	43.3	7.2
Net non-life insurance premiums	41.4	30.7	9.1	0.9	0.7	1.0
Non-life insurance claims	41.2			41.2		0.5
Other	95.6	37.1	15.2	0.7	42.6	5.6
<i>Net disposable income</i> <sup>1)</sup>	1,850.5	1,386.2	62.6	42.2	359.4	
<b>Use of income account</b>						
Net disposable income						
Final consumption expenditure	1,774.9	1,303.9			471.0	
Individual consumption expenditure	1,589.6	1,303.9			285.7	
Collective consumption expenditure	185.3				185.3	
Adjustment for the change in the net equity of households in pension fund reserves	15.0	0.1	0.6	14.3	0.0	0.0
<i>Net saving/current external account</i> <sup>1)</sup>	75.6	97.2	62.1	27.9	-111.6	4.2
<b>Capital account</b>						
Net saving/current external account						
Gross capital formation	434.1	139.9	225.4	11.4	57.3	
Gross fixed capital formation	443.2	138.2	236.3	11.3	57.4	
Changes in inventories and acquisitions less disposals of valuables	-9.1	1.7	-10.9	0.1	0.0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	-0.2	-2.3	0.8	0.1	1.1	0.2
Capital transfers	34.1	7.8	1.0	1.9	23.4	3.5
Capital taxes	6.7	5.5	0.2	1.0		0.0
Other capital transfers	27.4	2.4	0.8	0.9	23.4	3.5
<i>Net lending (+)/net borrowing (-) (from capital account)</i> <sup>1)</sup>	-2.6	59.8	50.5	27.1	-139.9	2.6
Statistical discrepancy	0.0	-0.1	0.1	0.0	0.0	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	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
2009 Q3						
<b>External account</b>						
Imports of goods and services						420.3
<i>Trade balance</i>						
<b>Generation of income account</b>						
Gross value added (basic prices)	2,013.5	499.9	1,134.3	101.5	277.8	
Taxes less subsidies on products	217.4					
Gross domestic product (market prices) <sup>2)</sup>	2,230.9					
Compensation of employees						
Other taxes less subsidies on production						
Consumption of fixed capital						
<i>Net operating surplus and mixed income</i>						
<b>Allocation of primary income account</b>						
Net operating surplus and mixed income	565.1	286.6	246.3	33.8	-1.7	
Compensation of employees	1,069.2	1,069.2				3.4
Taxes less subsidies on production	244.6				244.6	-1.0
Property income	620.9	211.8	85.6	306.8	16.8	95.6
Interest	373.1	56.8	38.6	269.2	8.5	63.5
Other property income	247.9	155.0	47.0	37.6	8.2	32.0
<i>Net national income</i>						
<b>Secondary distribution of income account</b>						
Net national income	1,874.5	1,533.9	109.7	32.5	198.5	
Current taxes on income, wealth, etc.	238.7				238.7	0.7
Social contributions	410.1	1.1	16.5	46.2	346.3	1.1
Social benefits other than social transfers in kind	444.4	444.4				2.7
Other current transfers	155.5	87.0	8.8	42.3	17.4	29.8
Net non-life insurance premiums	41.2			41.2		1.2
Non-life insurance claims	40.5	33.4	6.2	0.6	0.3	1.2
Other	73.8	53.6	2.6	0.5	17.1	27.5
<i>Net disposable income</i>						
<b>Use of income account</b>						
Net disposable income	1,850.5	1,386.2	62.6	42.2	359.4	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	15.0	15.0				0.0
<i>Net saving/current external account</i>						
<b>Capital account</b>						
Net saving/current external account	75.6	97.2	62.1	27.9	-111.6	4.2
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	354.2	98.2	198.4	11.5	46.1	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	35.6	9.9	17.2	1.0	7.5	2.0
Capital taxes	6.7				6.7	0.0
Other capital transfers	28.9	9.9	17.2	1.0	0.7	2.0
<i>Net lending (+)/net borrowing (-) (from capital account)</i>						
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	Euro area	Households	Non-financial corporations	MFIs	Other financial inter- mediaries	Insurance corporations and pension funds	General govern- ment	Rest of the world
2009 Q3								
<b>Opening balance sheet, financial assets</b>								
Total financial assets		17,161.2	14,660.5	32,623.9	12,177.6	6,140.3	3,367.8	15,061.3
Monetary gold and special drawing rights (SDRs)				234.0				
Currency and deposits		6,303.3	1,732.6	9,960.4	2,054.5	846.4	751.3	3,888.8
Short-term debt securities		45.1	91.8	640.7	381.3	349.5	25.2	829.3
Long-term debt securities		1,396.9	144.1	6,150.5	1,879.4	2,049.1	353.0	3,168.3
Loans		68.7	2,841.3	12,808.3	2,957.9	425.0	468.5	1,806.8
<i>of which: Long-term</i>		49.8	1,650.0	9,764.5	2,472.9	310.3	358.2	.
Shares and other equity		3,790.9	6,560.0	1,915.9	4,707.6	2,022.1	1,167.3	4,658.1
Quoted shares		643.9	1,090.4	488.6	1,362.5	426.0	265.1	.
Unquoted shares and other equity		1,830.6	5,131.6	1,089.1	2,767.3	434.0	773.8	.
Mutual fund shares		1,316.3	338.0	338.2	577.8	1,162.1	128.3	.
Insurance technical reserves		5,296.1	143.2	1.9	0.0	187.7	3.2	153.7
Other accounts receivable and financial derivatives		260.1	3,147.5	912.2	196.9	260.6	599.4	556.4
<i>Net financial worth</i>								
<b>Financial account, transactions in financial assets</b>								
Total transactions in financial assets		90.9	28.3	-600.0	147.5	59.1	-55.2	9.3
Monetary gold and SDRs				0.1				-0.1
Currency and deposits		-0.8	39.6	-571.6	2.2	-1.9	-70.9	-121.7
Short-term debt securities		-4.0	-8.0	-8.3	0.3	-0.8	-0.8	30.2
Long-term debt securities		8.8	-15.1	38.8	63.9	27.2	8.2	12.6
Loans		1.0	5.8	-52.1	-17.1	0.2	20.2	-23.7
<i>of which: Long-term</i>		0.7	-25.3	36.7	-33.0	2.4	15.8	.
Shares and other equity		22.0	60.0	-14.0	80.5	37.3	-9.7	114.4
Quoted shares		-0.6	42.5	-14.0	86.6	-74.1	2.6	.
Unquoted shares and other equity		12.1	24.6	11.7	-16.8	-0.9	-18.9	.
Mutual fund shares		10.4	-7.0	-11.6	10.6	112.4	6.6	.
Insurance technical reserves		60.5	-0.2	0.0	0.0	0.6	0.0	6.9
Other accounts receivable and financial derivatives		3.5	-53.7	7.1	17.7	-3.5	-2.2	-9.3
<i>Changes in net financial worth due to transactions</i>								
<b>Other changes account, financial assets</b>								
Total other changes in financial assets		457.9	659.0	129.9	363.9	145.6	57.2	285.1
Monetary gold and SDRs				51.9				
Currency and deposits		-1.6	-12.6	-53.9	-4.6	0.6	0.7	-65.5
Short-term debt securities		0.3	6.5	-1.3	-2.3	0.4	0.0	-4.6
Long-term debt securities		28.7	20.3	31.7	38.3	32.2	2.0	-3.6
Loans		0.0	1.8	-50.9	-10.5	-0.2	-0.3	6.1
<i>of which: Long-term</i>		0.0	10.8	-24.2	6.4	0.3	-0.3	.
Shares and other equity		348.8	586.6	156.3	347.8	113.4	54.1	360.5
Quoted shares		90.4	124.4	64.5	246.0	51.7	36.2	.
Unquoted shares and other equity		173.7	448.7	80.2	93.9	22.5	11.1	.
Mutual fund shares		84.6	13.5	11.6	7.9	39.2	6.8	.
Insurance technical reserves		94.2	0.0	0.0	0.0	-0.5	0.0	-0.4
Other accounts receivable and financial derivatives		-12.5	56.3	-4.0	-4.8	-0.2	0.8	-7.3
<i>Other changes in net financial worth</i>								
<b>Closing balance sheet, financial assets</b>								
Total financial assets		17,710.0	15,347.8	32,153.7	12,689.0	6,345.0	3,369.8	15,355.8
Monetary gold and SDRs				285.9				
Currency and deposits		6,300.9	1,759.6	9,334.9	2,052.1	845.1	681.1	3,701.5
Short-term debt securities		41.4	90.4	631.2	379.3	349.1	24.4	854.9
Long-term debt securities		1,434.4	149.3	6,221.0	1,981.6	2,108.4	363.2	3,177.2
Loans		69.7	2,848.9	12,705.3	2,930.3	425.0	488.3	1,789.2
<i>of which: Long-term</i>		50.5	1,635.5	9,777.0	2,446.3	313.0	373.7	.
Shares and other equity		4,161.7	7,206.6	2,058.3	5,135.9	2,172.8	1,211.7	5,133.0
Quoted shares		733.7	1,257.3	539.2	1,695.2	403.6	303.8	.
Unquoted shares and other equity		2,016.5	5,604.9	1,180.9	2,844.4	455.6	766.1	.
Mutual fund shares		1,411.4	344.4	338.2	596.4	1,313.7	141.7	.
Insurance technical reserves		5,450.9	142.9	1.9	0.0	187.7	3.2	160.2
Other accounts receivable and financial derivatives		251.1	3,150.1	915.3	209.7	256.8	598.0	539.8
<i>Net financial worth</i>								

Source: ECB.

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

(EUR billions)

Liabilities	Euro area	Households	Non-financial corporations	MFIs	Other financial intermediaries	Insurance corporations and pension funds	General government	Rest of the world
<b>2009 Q3</b>								
<b>Opening balance sheet, liabilities</b>								
Total liabilities		6,407.6	23,202.6	31,800.3	11,966.9	6,295.3	7,955.9	13,330.0
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			25.4	22,696.3	30.1	0.0	253.7	2,531.8
Short-term debt securities			293.2	727.0	75.8	9.7	1,010.9	246.3
Long-term debt securities			512.3	4,523.0	2,343.6	30.5	4,960.4	2,771.4
Loans		5,735.3	8,375.4		2,722.4	267.5	1,307.0	2,968.9
<i>of which: Long-term</i>		5,363.9	5,894.4		1,838.5	84.4	1,094.2	.
Shares and other equity			10,694.2	2,784.5	6,572.5	423.6	4.5	4,336.3
Quoted shares			2,802.8	450.0	113.0	141.4	0.0	.
Unquoted shares and other equity		6.3	7,891.4	1,065.6	2,338.5	281.3	4.5	.
Mutual fund shares				1,268.9	4,121.0			.
Insurance technical reserves		33.8	331.8	65.1	0.8	5,353.9	0.4	
Other accounts payable and financial derivatives		632.2	2,970.3	1,004.3	221.7	210.2	419.0	475.3
<i>Net financial worth<sup>1)</sup></i>	-1,497.3	10,753.6	-8,542.1	823.6	210.7	-155.0	-4,588.1	
<b>Financial account, transactions in liabilities</b>								
Total transactions in liabilities		31.2	-22.2	-645.2	166.5	58.1	84.7	6.7
Monetary gold and SDRs								
Currency and deposits			0.0	-660.7	-3.0	0.0	-5.2	-56.4
Short-term debt securities			8.1	-42.8	-1.9	-1.3	41.7	5.1
Long-term debt securities			12.3	40.2	20.2	2.2	67.9	1.3
Loans		24.3	-72.9		1.4	-7.7	6.4	-17.2
<i>of which: Long-term</i>		32.4	-10.1		-5.0	0.2	6.5	.
Shares and other equity			47.7	-6.6	171.7	0.2	0.8	76.7
Quoted shares			9.7	5.3	1.4	0.1	0.0	.
Unquoted shares and other equity		0.0	38.0	-3.0	-30.9	0.1	0.8	.
Mutual fund shares				-8.9	201.3			.
Insurance technical reserves		0.1	0.7	1.8	0.0	65.2	0.0	
Other accounts payable and financial derivatives		6.8	-18.1	23.0	-21.9	-0.4	-26.9	-2.8
<i>Changes in net financial worth due to transactions<sup>1)</sup></i>	-2.6	59.7	50.6	45.1	-19.1	1.0	-139.9	2.6
<b>Other changes account, liabilities</b>								
Total other changes in liabilities		-3.3	1,150.2	170.2	312.9	144.5	67.0	205.1
Monetary gold and SDRs								
Currency and deposits			0.0	-109.3	0.0	0.0	0.0	-27.5
Short-term debt securities			-1.9	-4.0	-1.1	0.0	-1.0	7.0
Long-term debt securities			10.5	18.8	-0.2	-0.1	75.6	45.0
Loans		-2.9	6.0		-26.6	-0.2	-0.2	-30.1
<i>of which: Long-term</i>		-1.9	2.9		6.3	0.0	-0.2	.
Shares and other equity			1,136.3	230.5	324.7	53.7	0.0	222.1
Quoted shares			456.6	140.2	36.8	34.6	0.0	.
Unquoted shares and other equity		0.1	679.7	97.6	55.2	19.1	0.0	.
Mutual fund shares				-7.3	232.8			.
Insurance technical reserves		0.0	0.0	0.0	0.0	93.3	0.0	
Other accounts payable and financial derivatives		-0.4	-0.8	34.3	16.1	-2.2	-7.4	-11.3
<i>Other changes in net financial worth<sup>1)</sup></i>	-28.1	461.2	-491.2	-40.3	51.0	1.1	-9.8	80.0
<b>Closing balance sheet, liabilities</b>								
Total liabilities		6,435.5	24,330.6	31,325.3	12,446.4	6,498.0	8,107.6	13,541.8
Monetary gold and SDRs								
Currency and deposits			25.4	21,926.3	27.1	0.0	248.5	2,447.9
Short-term debt securities			299.4	680.2	72.8	8.4	1,051.6	258.4
Long-term debt securities			535.2	4,582.0	2,363.7	32.6	5,103.9	2,817.7
Loans		5,756.6	8,308.5		2,697.2	259.6	1,313.2	2,921.5
<i>of which: Long-term</i>		5,394.4	5,887.2		1,839.9	84.5	1,100.5	.
Shares and other equity			11,878.2	3,008.4	7,068.9	477.5	5.3	4,635.2
Quoted shares			3,269.2	595.5	151.1	176.1	0.0	.
Unquoted shares and other equity		6.4	8,609.1	1,160.3	2,362.8	300.5	5.3	.
Mutual fund shares				1,252.7	4,555.0			.
Insurance technical reserves		33.9	332.5	66.9	0.8	5,512.4	0.4	
Other accounts payable and financial derivatives		638.6	2,951.4	1,061.6	215.9	207.5	384.7	461.2
<i>Net financial worth<sup>1)</sup></i>	-1,528.0	11,274.5	-8,982.7	828.4	242.6	-153.0	-4,737.8	

Source: ECB.

### 3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2005	2006	2007	2007 Q4- 2008 Q3	2008 Q1- 2008 Q4	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3
<b>Generation of income account</b>								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	3,906.7	4,069.1	4,255.2	4,398.2	4,432.2	4,439.1	4,438.1	4,431.2
Other taxes less subsidies on production	129.8	128.6	136.7	135.2	131.7	129.7	123.0	119.6
Consumption of fixed capital	1,189.4	1,249.9	1,317.8	1,366.8	1,381.4	1,393.0	1,401.5	1,408.3
<i>Net operating surplus and mixed income</i> <sup>1)</sup>	2,068.2	2,185.9	2,329.6	2,376.9	2,355.4	2,289.8	2,206.6	2,158.9
<b>Allocation of primary income account</b>								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,585.6	3,012.8	3,584.1	3,859.6	3,861.8	3,749.6	3,516.9	3,254.5
Interest	1,344.5	1,643.2	2,057.2	2,298.0	2,308.2	2,220.5	2,062.8	1,849.9
Other property income	1,241.1	1,369.6	1,526.9	1,561.6	1,553.7	1,529.1	1,454.1	1,404.7
<i>Net national income</i> <sup>1)</sup>	6,968.7	7,321.1	7,697.3	7,818.5	7,801.2	7,718.7	7,626.4	7,566.1
<b>Secondary distribution of income account</b>								
Net national income								
Current taxes on income, wealth, etc.	935.9	1,028.2	1,111.8	1,142.3	1,124.2	1,112.9	1,075.1	1,044.8
Social contributions	1,477.8	1,540.5	1,596.3	1,646.3	1,661.6	1,669.6	1,670.5	1,674.3
Social benefits other than social transfers in kind	1,505.5	1,553.2	1,597.4	1,648.4	1,666.2	1,690.0	1,721.3	1,752.8
Other current transfers	712.0	723.6	753.2	782.7	790.5	784.7	775.8	765.7
Net non-life insurance premiums	179.6	179.9	184.2	188.3	189.1	186.4	182.7	178.0
Non-life insurance claims	180.5	180.2	184.1	188.7	190.2	187.4	183.4	178.5
Other	351.9	363.4	384.8	405.7	411.3	410.8	409.8	409.1
<i>Net disposable income</i> <sup>1)</sup>	6,882.3	7,228.9	7,602.8	7,716.3	7,696.1	7,614.4	7,522.3	7,460.8
<b>Use of income account</b>								
Net disposable income								
Final consumption expenditure	6,355.0	6,631.4	6,892.3	7,117.3	7,155.1	7,165.3	7,160.8	7,156.4
Individual consumption expenditure	5,690.2	5,946.3	6,181.5	6,376.9	6,405.7	6,405.4	6,393.7	6,382.6
Collective consumption expenditure	664.8	685.1	710.8	740.3	749.4	759.9	767.1	773.8
Adjustment for the change in the net equity of households in pension fund reserves	60.8	62.9	59.8	64.5	65.3	65.3	64.7	63.0
<i>Net saving</i> <sup>1)</sup>	527.6	597.7	710.6	599.1	541.0	449.1	361.5	304.4
<b>Capital account</b>								
Net saving								
Gross capital formation	1,716.2	1,876.5	2,021.2	2,073.7	2,065.2	1,998.6	1,900.2	1,819.5
Gross fixed capital formation	1,708.1	1,852.5	1,993.0	2,046.8	2,027.8	1,975.0	1,903.4	1,842.9
Changes in inventories and acquisitions less disposals of valuables	8.1	24.0	28.2	26.9	37.4	23.6	-3.1	-23.4
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	-0.4	-0.4	-1.1	0.2	0.7	1.1	0.7	0.4
Capital transfers	183.6	170.0	151.2	163.8	164.6	161.8	169.3	168.1
Capital taxes	24.4	22.5	24.3	24.2	23.8	23.6	28.6	29.0
Other capital transfers	159.2	147.4	126.9	139.6	140.7	138.2	140.7	139.1
<i>Net lending (+)/net borrowing (-) (from capital account)</i> <sup>1)</sup>	14.3	-13.9	23.1	-94.9	-132.6	-149.1	-129.4	-98.4

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	2005	2006	2007	2007 Q4- 2008 Q3	2008 Q1- 2008 Q4	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3
<b>Generation of income account</b>								
Gross value added (basic prices)	7,294.1	7,633.5	8,039.2	8,277.2	8,300.6	8,251.6	8,169.2	8,118.1
Taxes less subsidies on products	845.2	913.8	959.4	953.6	947.2	929.6	912.0	899.6
Gross domestic product (market prices) <sup>2)</sup>	8,139.3	8,547.3	8,998.6	9,230.8	9,247.8	9,181.3	9,081.3	9,017.7
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
<i>Net operating surplus and mixed income</i>								
<b>Allocation of primary income account</b>								
Net operating surplus and mixed income	2,068.2	2,185.9	2,329.6	2,376.9	2,355.4	2,289.8	2,206.6	2,158.9
Compensation of employees	3,913.9	4,076.6	4,263.3	4,406.6	4,440.6	4,447.3	4,446.3	4,439.4
Taxes less subsidies on production	988.2	1,054.0	1,103.2	1,094.8	1,084.5	1,064.9	1,042.2	1,028.6
Property income	2,584.0	3,017.4	3,585.4	3,799.8	3,782.5	3,666.3	3,448.3	3,193.7
Interest	1,319.1	1,613.7	2,016.3	2,240.7	2,250.8	2,161.2	2,004.9	1,792.3
Other property income	1,264.9	1,403.7	1,569.0	1,559.1	1,531.7	1,505.1	1,443.4	1,401.4
<i>Net national income</i>								
<b>Secondary distribution of income account</b>								
Net national income	6,968.7	7,321.1	7,697.3	7,818.5	7,801.2	7,718.7	7,626.4	7,566.1
Current taxes on income, wealth, etc.	939.5	1,032.9	1,119.2	1,150.6	1,132.5	1,121.0	1,081.6	1,050.5
Social contributions	1,477.0	1,539.8	1,595.5	1,645.8	1,661.0	1,668.8	1,669.5	1,673.4
Social benefits other than social transfers in kind	1,497.9	1,545.2	1,588.4	1,639.9	1,658.0	1,681.9	1,713.4	1,745.1
Other current transfers	630.4	635.5	661.0	681.1	685.9	681.2	674.0	663.3
Net non-life insurance premiums	180.5	180.2	184.1	188.7	190.2	187.4	183.4	178.5
Non-life insurance claims	178.3	177.1	181.5	185.5	186.5	183.7	179.9	175.2
Other	271.6	278.2	295.4	306.9	309.2	310.0	310.7	309.5
<i>Net disposable income</i>								
<b>Use of income account</b>								
Net disposable income	6,882.3	7,228.9	7,602.8	7,716.3	7,696.1	7,614.4	7,522.3	7,460.8
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61.0	63.1	60.0	64.6	65.3	65.3	64.7	63.0
<i>Net saving</i>								
<b>Capital account</b>								
Net saving	527.6	597.7	710.6	599.1	541.0	449.1	361.5	304.4
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,189.4	1,249.9	1,317.8	1,366.8	1,381.4	1,393.0	1,401.5	1,408.3
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	196.7	184.5	165.9	177.0	175.5	170.2	177.8	176.9
Capital taxes	24.4	22.5	24.3	24.2	23.8	23.6	28.6	29.0
Other capital transfers	172.3	161.9	141.6	152.7	151.6	146.7	149.2	147.9
<i>Net lending (+)/net borrowing (-) (from capital account)</i>								

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)

	2005	2006	2007	2007 Q4- 2008 Q3	2008 Q1- 2008 Q4	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3
<b>Income, saving and changes in net worth</b>								
Compensation of employees (+)	3,913.9	4,076.6	4,263.3	4,406.6	4,440.6	4,447.3	4,446.3	4,439.4
Gross operating surplus and mixed income (+)	1,338.0	1,414.2	1,497.8	1,544.2	1,550.3	1,543.7	1,530.7	1,519.8
Interest receivable (+)	225.5	261.7	305.1	336.3	336.7	324.2	300.7	270.0
Interest payable (-)	130.5	163.4	208.9	233.9	233.0	216.5	190.9	161.1
Other property income receivable (+)	702.8	748.3	792.9	808.4	798.8	793.2	768.7	753.9
Other property income payable (-)	9.5	9.8	9.9	9.9	9.9	10.0	10.1	10.2
Current taxes on income and wealth (-)	741.7	794.3	851.6	889.3	891.8	889.1	875.8	869.3
Net social contributions (-)	1,473.8	1,536.5	1,592.1	1,641.9	1,657.2	1,665.2	1,666.0	1,669.8
Net social benefits (+)	1,492.6	1,539.7	1,582.8	1,634.1	1,652.2	1,676.0	1,707.6	1,739.2
Net current transfers receivable (+)	66.3	66.4	68.9	69.8	71.0	72.8	76.1	79.1
<b>= Gross disposable income</b>	<b>5,383.6</b>	<b>5,602.8</b>	<b>5,848.3</b>	<b>6,024.4</b>	<b>6,057.6</b>	<b>6,076.4</b>	<b>6,087.2</b>	<b>6,091.0</b>
Final consumption expenditure (-)	4,690.7	4,898.2	5,088.6	5,247.2	5,261.6	5,245.2	5,221.5	5,196.7
Changes in net worth in pension funds (+)	60.6	62.7	59.5	64.1	64.9	64.8	64.3	62.6
<b>= Gross saving</b>	<b>753.5</b>	<b>767.4</b>	<b>819.3</b>	<b>841.3</b>	<b>860.8</b>	<b>896.0</b>	<b>929.9</b>	<b>956.8</b>
Consumption of fixed capital (-)	325.6	344.7	365.4	380.2	383.7	386.5	388.7	390.5
Net capital transfers receivable (+)	24.0	18.7	12.4	14.9	15.3	15.1	16.0	18.0
Other changes in net worth <sup>1)</sup> (+)	480.3	508.8	72.3	-1,196.8	-1,612.1	-1,222.9	-650.1	105.5
<b>= Changes in net worth <sup>1)</sup></b>	<b>932.2</b>	<b>950.1</b>	<b>538.6</b>	<b>-720.8</b>	<b>-1,119.6</b>	<b>-698.2</b>	<b>-92.8</b>	<b>689.9</b>
<b>Investment, financing and changes in net worth</b>								
Net acquisition of non-financial assets (+)	550.4	603.2	642.4	651.9	642.3	621.7	595.4	571.1
Consumption of fixed capital (-)	325.6	344.7	365.4	380.2	383.7	386.5	388.7	390.5
Main items of financial investment (+)								
Short-term assets	206.5	305.4	424.1	428.9	435.9	381.4	283.6	194.9
Currency and deposits	246.9	284.3	349.8	392.4	437.0	397.6	335.4	257.4
Money market fund shares	-20.2	0.9	40.0	13.5	-9.1	-4.0	-24.9	-22.7
Debt securities <sup>2)</sup>	-20.2	20.1	34.2	23.0	8.0	-12.3	-26.9	-39.8
Long-term assets	411.4	329.3	156.5	41.8	41.4	96.2	200.3	323.9
Deposits	-8.7	1.2	-26.1	-34.8	-24.7	-10.7	17.3	57.0
Debt securities	-2.4	36.2	4.5	62.3	49.0	49.6	36.6	48.8
Shares and other equity	129.9	-24.9	-87.6	-196.5	-157.6	-109.4	-30.7	28.1
Quoted and unquoted shares and other equity	63.3	-8.6	-7.9	-49.1	-11.1	7.2	37.9	49.3
Mutual fund shares	66.5	-16.3	-79.7	-147.4	-146.5	-116.5	-68.5	-21.2
Life insurance and pension fund reserves	292.6	316.8	265.7	210.8	174.7	166.7	177.1	190.0
Main items of financing (-)								
Loans	398.0	401.6	350.1	238.7	200.4	149.6	119.9	98.5
<i>of which: From euro area MFIs</i>	358.5	355.3	283.7	184.2	82.6	19.9	10.1	-15.8
Other changes in financial assets (+)								
Shares and other equity	425.9	469.3	53.8	-998.2	-1,352.4	-1,037.2	-601.1	-16.1
Life insurance and pension fund reserves	109.3	46.5	24.5	-183.9	-254.5	-198.1	-102.8	43.9
Remaining net flows (+)	-47.7	-57.1	-47.2	-42.5	-48.3	-26.1	40.4	61.2
<b>= Changes in net worth <sup>1)</sup></b>	<b>932.2</b>	<b>950.1</b>	<b>538.6</b>	<b>-720.8</b>	<b>-1,119.6</b>	<b>-698.2</b>	<b>-92.8</b>	<b>689.9</b>
<b>Financial balance sheet</b>								
Financial assets (+)								
Short-term assets	4,484.4	4,748.2	5,211.0	5,542.9	5,719.6	5,788.6	5,797.8	5,763.3
Currency and deposits	4,174.0	4,454.4	4,843.3	5,104.7	5,312.9	5,374.4	5,430.1	5,397.6
Money market fund shares	296.4	257.6	296.0	348.5	328.0	346.5	312.0	315.6
Debt securities <sup>2)</sup>	14.0	36.1	71.6	89.7	78.6	67.7	55.8	50.2
Long-term assets	11,000.4	11,893.9	12,075.5	10,871.4	10,452.5	10,252.1	10,694.9	11,285.2
Deposits	992.7	997.0	931.3	864.6	875.9	855.5	873.3	903.3
Debt securities	1,248.0	1,289.9	1,279.2	1,306.6	1,342.4	1,353.9	1,386.3	1,425.7
Shares and other equity	4,510.5	4,994.5	4,962.3	3,823.9	3,411.3	3,208.6	3,478.9	3,846.1
Quoted and unquoted shares and other equity	3,186.5	3,594.5	3,618.4	2,766.3	2,450.5	2,283.2	2,474.6	2,750.2
Mutual fund shares	1,324.0	1,400.0	1,343.9	1,057.6	960.8	925.5	1,004.3	1,095.8
Life insurance and pension fund reserves	4,249.2	4,612.5	4,902.7	4,876.2	4,822.9	4,834.1	4,956.5	5,110.2
Remaining net assets (+)	33.5	18.2	3.5	18.2	-3.1	-23.9	-3.8	-17.4
Liabilities (-)								
Loans	4,767.9	5,181.2	5,520.2	5,667.3	5,706.7	5,698.2	5,735.3	5,756.6
<i>of which: From euro area MFIs</i>	4,201.0	4,553.1	4,825.5	4,938.7	4,901.1	4,878.7	4,899.0	4,916.2
<b>= Net financial wealth</b>	<b>10,750.3</b>	<b>11,479.0</b>	<b>11,769.7</b>	<b>10,765.2</b>	<b>10,462.3</b>	<b>10,318.6</b>	<b>10,753.6</b>	<b>11,274.5</b>

Sources: ECB and Eurostat.

1) Excluding changes in net worth which are due to other changes in non-financial assets, such as revaluations of residential property.

2) 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)

	2005	2006	2007	2007 Q4- 2008 Q3	2008 Q1- 2008 Q4	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3
<b>Income and saving</b>								
Gross value added (basic prices) (+)	4,164.2	4,372.1	4,620.7	4,756.8	4,758.7	4,702.5	4,622.1	4,568.8
Compensation of employees (-)	2,471.4	2,583.9	2,711.6	2,807.3	2,828.1	2,825.5	2,817.2	2,803.0
Other taxes less subsidies on production (-)	72.8	74.7	79.9	79.6	76.6	75.2	70.2	67.2
<b>= Gross operating surplus (+)</b>	<b>1,620.0</b>	<b>1,713.4</b>	<b>1,829.2</b>	<b>1,869.9</b>	<b>1,853.9</b>	<b>1,801.9</b>	<b>1,734.8</b>	<b>1,698.6</b>
Consumption of fixed capital (-)	669.8	701.4	738.4	765.2	773.7	780.5	785.0	788.6
<b>= Net operating surplus (+)</b>	<b>950.3</b>	<b>1,012.0</b>	<b>1,090.8</b>	<b>1,104.7</b>	<b>1,080.2</b>	<b>1,021.4</b>	<b>949.8</b>	<b>910.0</b>
Property income receivable (+)	433.5	500.3	572.4	593.4	591.5	571.3	545.1	521.9
Interest receivable	141.3	169.6	199.0	225.2	227.0	216.6	200.7	181.3
Other property income receivable	292.2	330.7	373.4	368.2	364.6	354.8	344.4	340.5
Interest and rents payable (-)	236.2	284.2	345.7	396.3	402.5	384.1	353.5	313.4
<b>= Net entrepreneurial income (+)</b>	<b>1,147.5</b>	<b>1,228.1</b>	<b>1,317.5</b>	<b>1,301.8</b>	<b>1,269.3</b>	<b>1,208.6</b>	<b>1,141.3</b>	<b>1,118.5</b>
Distributed income (-)	857.6	925.7	986.3	1,027.4	1,023.1	1,016.4	988.4	959.2
Taxes on income and wealth payable (-)	149.1	189.8	212.1	212.8	195.4	188.6	167.9	146.8
Social contributions receivable (+)	72.8	74.9	64.3	64.9	65.5	65.6	66.2	66.7
Social benefits payable (-)	60.7	60.6	61.7	62.7	63.0	63.0	63.2	63.3
Other net transfers (-)	61.4	65.8	55.9	58.9	59.3	59.5	60.5	62.4
<b>= Net saving</b>	<b>91.5</b>	<b>61.1</b>	<b>65.7</b>	<b>4.8</b>	<b>-6.0</b>	<b>-53.3</b>	<b>-72.5</b>	<b>-46.6</b>
<b>Investment, financing and saving</b>								
Net acquisition of non-financial assets (+)	255.1	315.1	367.1	373.7	360.2	305.4	223.3	162.6
Gross fixed capital formation (+)	915.8	990.6	1,078.9	1,114.5	1,098.7	1,063.9	1,013.5	975.8
Consumption of fixed capital (-)	669.8	701.4	738.4	765.2	773.7	780.5	785.0	788.6
Net acquisition of other non-financial assets (+)	9.1	25.9	26.6	24.4	35.3	22.0	-5.2	-24.6
Main items of financial investment (+)								
Short-term assets	128.9	159.0	156.7	86.5	41.7	-17.6	19.4	57.0
Currency and deposits	113.7	146.3	154.4	89.4	15.6	-5.3	9.8	37.2
Money market fund shares	8.3	2.5	-19.1	6.6	30.6	27.7	33.0	43.3
Debt securities <sup>1)</sup>	6.9	10.1	21.4	-9.6	-4.5	-40.0	-23.4	-23.5
Long-term assets	400.5	525.9	718.3	677.4	671.3	671.7	555.6	429.3
Deposits	30.8	31.0	11.3	14.7	9.2	19.2	29.5	18.5
Debt securities	-34.9	4.8	-38.5	-50.6	-35.5	8.7	-39.2	-57.4
Shares and other equity	241.3	288.9	428.8	396.3	380.7	385.6	342.4	304.7
Other (mainly intercompany loans)	163.3	201.3	316.7	317.1	316.9	258.2	222.9	163.4
Remaining net assets (+)	103.0	120.8	156.3	20.6	9.1	-119.2	-99.9	-99.5
Main items of financing (-)								
Debt	454.8	741.8	808.0	791.8	729.1	560.9	409.3	220.1
of which: Loans from euro area MFIs	271.7	456.3	557.8	501.6	405.6	278.1	120.5	-26.3
of which: Debt securities	12.4	41.3	42.6	41.7	49.7	63.9	79.9	87.9
Shares and other equity	280.6	245.5	455.7	283.0	281.3	253.5	284.0	298.8
Quoted shares	104.5	41.5	70.3	-2.5	2.6	13.2	45.5	56.8
Unquoted shares and other equity	176.1	204.0	385.4	285.5	278.7	240.4	238.5	242.0
Net capital transfers receivable (-)	60.5	72.3	69.0	78.6	77.9	79.1	77.6	77.1
<b>= Net saving</b>	<b>91.5</b>	<b>61.1</b>	<b>65.7</b>	<b>4.8</b>	<b>-6.0</b>	<b>-53.3</b>	<b>-72.5</b>	<b>-46.6</b>
<b>Financial balance sheet</b>								
Financial assets								
Short-term assets	1,507.3	1,671.5	1,808.0	1,844.4	1,861.1	1,841.9	1,877.6	1,911.7
Currency and deposits	1,229.3	1,367.2	1,507.6	1,536.6	1,540.9	1,510.4	1,550.5	1,579.0
Money market fund shares	176.5	184.8	161.0	182.8	187.8	210.5	213.7	224.4
Debt securities <sup>1)</sup>	101.5	119.5	139.4	125.0	132.4	121.0	113.4	108.3
Long-term assets	8,790.3	10,140.7	10,942.8	9,971.7	9,299.4	9,057.0	9,492.3	10,143.2
Deposits	116.5	151.6	184.2	174.9	186.5	183.6	182.1	180.6
Debt securities	283.1	287.7	238.2	168.2	192.5	173.9	122.5	131.4
Shares and other equity	6,426.6	7,562.3	8,082.9	6,951.5	6,168.2	5,880.3	6,346.3	6,982.3
Other (mainly intercompany loans)	1,964.1	2,139.1	2,437.4	2,677.1	2,752.3	2,819.2	2,841.3	2,848.9
Remaining net assets	278.2	326.9	400.4	410.7	389.4	339.3	345.8	367.0
Liabilities								
Debt	7,196.3	7,868.7	8,642.6	9,220.2	9,379.3	9,468.8	9,512.7	9,475.6
of which: Loans from euro area MFIs	3,529.2	3,984.9	4,530.9	4,863.9	4,929.5	4,911.1	4,886.3	4,810.9
of which: Debt securities	684.4	703.6	706.8	736.5	757.2	776.0	805.5	834.5
Shares and other equity	11,177.7	13,131.7	14,219.3	11,697.1	10,606.5	9,947.1	10,694.2	11,878.2
Quoted shares	3,673.4	4,438.5	4,902.6	3,385.1	2,823.8	2,480.6	2,802.8	3,269.2
Unquoted shares and other equity	7,504.3	8,693.2	9,316.7	8,312.0	7,782.7	7,466.5	7,891.4	8,609.1

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)

	2005	2006	2007	2007 Q4- 2008 Q3	2008 Q1- 2008 Q4	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3
<b>Financial account, financial transactions</b>								
<b>Main items of financial investment (+)</b>								
Short-term assets	25.5	67.5	92.2	90.7	106.7	54.9	38.6	21.1
Currency and deposits	7.2	10.6	6.4	32.4	57.0	18.2	12.5	0.0
Money market fund shares	-0.5	3.6	3.1	21.7	20.3	16.8	9.4	6.6
Debt securities <sup>1)</sup>	18.8	53.3	82.7	36.6	29.5	19.9	16.8	14.6
Long-term assets	282.5	310.8	201.3	133.6	108.9	96.5	133.6	185.2
Deposits	17.5	72.8	49.6	6.2	2.2	9.2	9.3	17.8
Debt securities	132.1	128.9	77.5	81.2	64.1	78.9	42.0	51.8
Loans	-4.7	-2.0	-14.2	16.0	25.1	-1.5	12.1	11.6
Quoted shares	31.1	-2.7	-1.8	-10.8	-15.7	-13.2	-16.5	-85.4
Unquoted shares and other equity	18.8	27.4	27.0	27.3	28.7	22.0	14.7	1.6
Mutual fund shares	87.6	86.5	63.2	13.7	4.4	1.2	72.2	187.7
Remaining net assets (+)	-5.9	4.7	-22.7	13.6	39.0	17.5	33.0	14.2
<b>Main items of financing (-)</b>								
Debt securities	-0.4	5.7	3.9	5.4	9.3	9.9	7.0	7.3
Loans	10.2	43.2	3.9	-12.3	22.4	0.1	13.0	9.9
Shares and other equity	10.4	9.6	1.8	-9.4	-0.6	2.9	2.8	5.3
Insurance technical reserves	335.3	324.4	290.7	238.5	182.1	165.2	177.4	190.4
Net equity of households in life insurance and pension fund reserves	291.6	318.1	286.9	221.1	174.1	160.1	171.9	186.6
Prepayments of insurance premiums and reserves for outstanding claims	43.8	6.2	3.9	17.4	8.0	5.0	5.6	3.8
<b>= Changes in net financial worth due to transactions</b>	-53.5	0.0	-29.5	15.7	41.3	-9.2	5.0	7.5
<b>Other changes account</b>								
<b>Other changes in financial assets (+)</b>								
Shares and other equity	188.8	174.5	8.7	-413.8	-542.3	-427.6	-284.9	-66.2
Other net assets	75.5	-36.3	-54.7	-15.9	23.3	-9.8	52.5	78.5
<b>Other changes in liabilities (-)</b>								
Shares and other equity	122.8	39.6	-36.3	-145.2	-185.6	-190.4	-124.1	-52.6
Insurance technical reserves	141.8	51.2	22.5	-186.8	-247.4	-194.9	-98.5	50.5
Net equity of households in life insurance and pension fund reserves	150.8	47.7	22.6	-179.9	-247.4	-190.7	-95.2	52.1
Prepayments of insurance premiums and reserves for outstanding claims	-9.1	3.5	0.0	-6.9	0.0	-4.2	-3.3	-1.6
<b>= Other changes in net financial worth</b>	-0.4	47.4	-32.2	-97.6	-86.1	-52.1	-9.9	14.4
<b>Financial balance sheet</b>								
<b>Financial assets (+)</b>								
Short-term assets	435.3	511.0	596.3	668.0	707.8	717.3	705.6	692.0
Currency and deposits	146.6	156.6	163.1	188.4	222.9	214.7	198.5	192.7
Money market fund shares	75.6	81.6	82.5	99.0	100.2	113.0	103.7	104.9
Debt securities <sup>1)</sup>	213.1	272.7	350.6	380.6	384.6	389.6	403.5	394.4
Long-term assets	4,702.8	5,126.3	5,288.1	5,047.0	4,865.5	4,814.1	4,986.4	5,208.5
Deposits	514.8	589.9	634.3	637.6	637.4	646.3	647.9	652.4
Debt securities	1,784.6	1,855.2	1,885.3	1,965.2	1,956.6	1,992.7	1,995.1	2,063.1
Loans	413.3	407.8	395.9	414.8	421.3	420.5	425.0	425.0
Quoted shares	631.1	713.8	707.4	516.9	405.6	370.4	426.0	403.6
Unquoted shares and other equity	431.5	503.1	539.4	484.1	462.5	435.5	434.0	455.6
Mutual fund shares	927.6	1,056.4	1,125.8	1,028.5	982.1	948.7	1,058.4	1,208.8
Remaining net assets (+)	179.2	206.8	176.7	190.8	226.3	228.5	238.1	237.0
<b>Liabilities (-)</b>								
Debt securities	21.4	35.9	35.2	36.7	43.2	42.2	40.2	41.0
Loans	196.5	236.5	237.2	247.7	263.9	263.6	267.5	259.6
Shares and other equity	627.6	676.8	642.3	524.8	456.1	397.1	423.6	477.5
Insurance technical reserves	4,583.0	4,958.6	5,271.9	5,271.5	5,206.5	5,222.9	5,353.9	5,512.4
Net equity of households in life insurance and pension fund reserves	3,896.9	4,262.7	4,572.2	4,559.9	4,498.9	4,513.6	4,641.3	4,798.7
Prepayments of insurance premiums and reserves for outstanding claims	686.1	695.9	699.7	711.5	707.6	709.3	712.6	713.7
<b>= Net financial wealth</b>	-111.1	-63.7	-125.4	-174.9	-170.2	-165.9	-155.0	-153.0

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

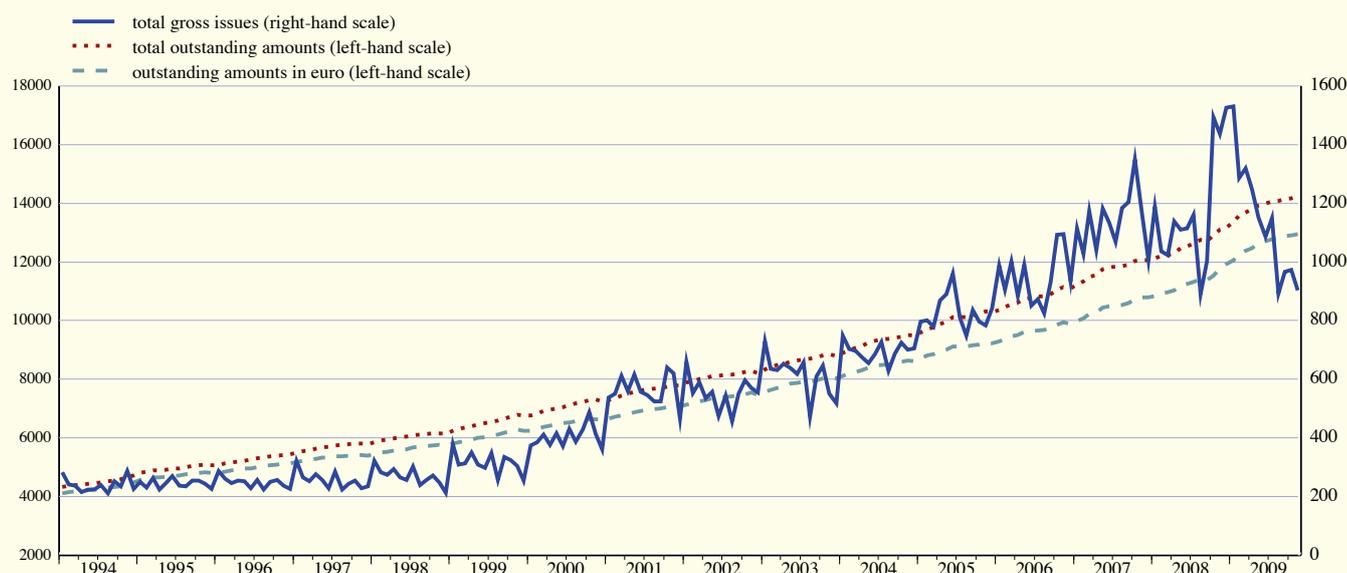
### 4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro <sup>1)</sup>			By euro area residents								
	Outstanding amounts	Gross issues	Net issues	In euro			In all currencies					
				Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted <sup>2)</sup>	
1	2	3	4	5	6	7	8	9	10	Net issues 11	6-month growth rates 12	
<b>Total</b>												
2008 Nov.	13,952.9	1,421.9	217.9	11,763.7	1,369.3	227.3	13,095.9	1,436.7	212.6	8.1	192.0	11.0
Dec.	14,139.0	1,538.6	189.6	11,916.4	1,450.0	156.4	13,169.1	1,527.2	143.3	9.5	229.5	13.1
2009 Jan.	14,237.7	1,500.6	94.1	12,055.8	1,451.3	135.7	13,369.9	1,530.1	145.1	10.1	103.1	13.0
Feb.	14,430.9	1,260.0	190.9	12,242.9	1,200.8	184.9	13,574.4	1,286.3	204.5	11.0	157.2	13.1
Mar.	14,603.0	1,318.0	170.5	12,379.0	1,229.8	134.7	13,680.1	1,318.6	150.0	11.9	134.5	15.2
Apr.	14,680.2	1,233.6	79.9	12,479.1	1,167.3	102.8	13,791.8	1,247.8	109.3	12.1	91.5	14.6
May	14,888.3	1,159.9	208.0	12,653.3	1,070.6	174.2	13,934.7	1,151.0	173.0	12.1	113.1	13.1
June	14,977.9	1,088.8	89.1	12,713.2	1,006.6	59.2	13,999.5	1,086.7	68.8	11.9	87.4	10.6
July	15,006.8	1,124.2	31.6	12,766.1	1,069.5	55.8	14,063.2	1,148.7	67.4	11.8	101.2	10.5
Aug.	15,055.6	882.3	47.8	12,796.1	826.4	29.0	14,083.5	892.5	22.3	11.0	60.4	8.9
Sep.	15,163.6	965.3	106.9	12,876.8	882.1	79.6	14,155.6	965.8	83.7	12.0	145.1	9.0
Oct.	.	.	.	12,900.4	900.8	24.2	14,179.3	972.1	27.0	11.0	1.3	7.5
Nov.	.	.	.	12,955.7	843.4	55.5	14,233.4	903.9	59.7	9.6	35.7	6.3
<b>Long-term</b>												
2008 Nov.	12,392.1	275.2	174.1	10,323.7	253.6	174.8	11,483.7	262.5	165.1	6.2	137.4	8.0
Dec.	12,571.1	363.3	180.2	10,495.1	328.8	173.0	11,578.5	340.6	153.9	7.3	165.7	9.7
2009 Jan.	12,647.4	291.6	74.1	10,584.6	276.7	88.3	11,712.7	300.2	88.9	8.1	115.4	10.5
Feb.	12,817.8	301.4	169.3	10,747.0	270.4	161.4	11,886.2	297.5	173.6	9.2	136.4	10.6
Mar.	12,998.2	319.8	150.6	10,917.3	280.2	140.6	12,021.0	301.8	141.7	10.3	139.0	13.2
Apr.	13,074.5	292.2	79.5	10,985.7	257.4	71.6	12,099.2	276.2	75.0	10.3	71.7	14.0
May	13,277.7	339.1	204.3	11,155.8	281.3	171.4	12,250.1	301.6	175.5	10.6	112.8	13.3
June	13,398.3	313.1	119.0	11,264.5	274.5	106.7	12,377.9	308.3	126.9	10.8	99.7	11.9
July	13,421.9	269.3	25.9	11,294.6	247.9	32.5	12,416.3	272.8	41.4	10.8	82.7	11.2
Aug.	13,478.4	130.7	56.3	11,336.1	108.1	41.3	12,456.3	121.0	45.4	10.5	93.6	10.3
Sep.	13,553.4	223.5	72.6	11,413.0	196.9	74.6	12,521.9	222.3	74.7	11.5	120.3	9.9
Oct.	.	.	.	11,470.5	215.3	55.9	12,575.8	234.6	57.8	11.7	54.9	9.6
Nov.	.	.	.	11,551.5	176.6	80.0	12,653.8	191.6	83.6	10.8	49.9	8.4

### 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 <sup>1)</sup>					
	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	
<b>Total</b>												
2007	12,066	5,048	1,505	653	4,534	327	1,138	841	59	109	116	12
2008	13,169	5,267	1,924	701	4,937	340	1,177	816	74	100	162	24
2008 Q4	13,169	5,267	1,924	701	4,937	340	1,486	1,006	136	107	209	28
2009 Q1	13,680	5,390	2,032	723	5,191	343	1,378	922	78	92	250	35
Q2	13,999	5,431	2,112	757	5,348	351	1,162	749	62	90	241	20
Q3	14,156	5,424	2,137	785	5,452	358	1,002	651	43	84	212	12
2009 Aug.	14,083	5,437	2,141	768	5,383	354	892	628	27	74	155	8
Sep.	14,156	5,424	2,137	785	5,452	358	966	610	30	83	230	14
Oct.	14,179	5,375	2,149	793	5,498	363	972	599	44	79	229	21
Nov.	14,233	5,382	2,159	795	5,532	366	904	590	34	69	191	20
<b>Short-term</b>												
2007	1,287	788	36	100	345	18	946	754	18	101	64	9
2008	1,591	822	62	116	566	25	961	722	26	92	101	19
2008 Q4	1,591	822	62	116	566	25	1,220	911	38	96	152	23
2009 Q1	1,659	839	42	98	663	18	1,078	806	17	74	154	27
Q2	1,622	785	37	85	699	16	866	631	14	69	139	13
Q3	1,634	751	31	82	752	19	797	569	10	71	139	8
2009 Aug.	1,627	752	34	84	742	16	771	567	10	72	117	5
Sep.	1,634	751	31	82	752	19	743	525	10	63	134	11
Oct.	1,604	710	35	80	760	18	738	513	14	62	134	13
Nov.	1,580	706	34	75	746	19	712	515	9	58	115	15
<b>Long-term<sup>2)</sup></b>												
2007	10,779	4,260	1,468	553	4,189	309	191	86	41	8	52	3
2008	11,579	4,445	1,862	585	4,371	316	216	95	48	8	61	4
2008 Q4	11,579	4,445	1,862	585	4,371	316	266	95	98	12	57	5
2009 Q1	12,021	4,552	1,991	625	4,529	325	300	116	61	18	96	8
Q2	12,378	4,645	2,075	672	4,650	335	295	118	48	21	102	7
Q3	12,522	4,673	2,106	703	4,700	339	205	82	33	14	72	4
2009 Aug.	12,456	4,684	2,108	685	4,641	339	121	61	17	2	38	3
Sep.	12,522	4,673	2,106	703	4,700	339	222	85	19	20	95	2
Oct.	12,576	4,665	2,114	713	4,739	345	235	85	29	17	95	8
Nov.	12,654	4,676	2,124	721	4,786	347	192	75	25	11	76	5
<i>of which: Long-term fixed rate</i>												
2007	7,324	2,264	594	419	3,797	250	107	44	10	5	45	3
2008	7,613	2,326	635	448	3,955	250	120	49	9	6	53	3
2008 Q4	7,613	2,326	635	448	3,955	250	121	42	13	10	53	2
2009 Q1	7,933	2,393	702	491	4,094	253	208	72	27	18	86	5
Q2	8,248	2,492	747	539	4,211	260	210	72	23	20	90	5
Q3	8,375	2,527	768	569	4,251	259	139	49	14	13	61	3
2009 Aug.	8,297	2,521	764	551	4,201	260	65	33	4	1	26	1
Sep.	8,375	2,527	768	569	4,251	259	174	55	13	20	86	1
Oct.	8,436	2,535	768	580	4,289	264	168	56	8	16	83	5
Nov.	8,504	2,549	772	589	4,329	265	140	47	11	11	68	2
<i>of which: Long-term variable rate</i>												
2007	3,001	1,621	856	123	342	58	69	31	30	3	4	0
2008	3,476	1,725	1,198	127	363	64	81	36	38	1	5	1
2008 Q4	3,476	1,725	1,198	127	363	64	129	39	83	1	3	2
2009 Q1	3,585	1,757	1,264	124	369	70	75	32	34	0	5	3
Q2	3,614	1,740	1,302	124	374	74	65	30	24	1	7	2
Q3	3,611	1,725	1,313	123	372	79	48	21	18	0	7	1
2009 Aug.	3,634	1,747	1,318	123	368	78	40	17	12	0	9	2
Sep.	3,611	1,725	1,313	123	372	79	27	16	5	1	5	1
Oct.	3,602	1,710	1,321	123	369	80	57	24	21	1	8	3
Nov.	3,609	1,707	1,326	122	373	81	42	21	13	0	5	2

Source: ECB.

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

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

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

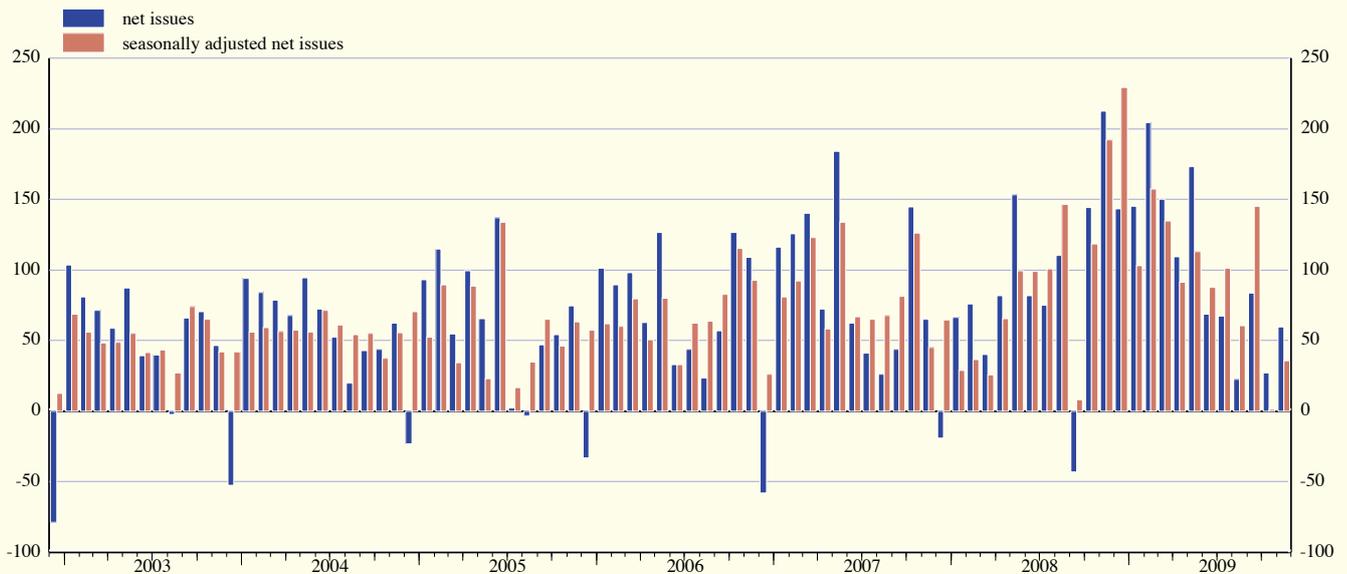
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

**2. Net issues**

	Non-seasonally adjusted <sup>1)</sup>						Seasonally adjusted <sup>1)</sup>					
	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											
2007	83.5	40.7	27.6	4.2	9.9	1.2	83.7	41.3	27.0	4.3	10.0	1.1
2008	95.1	23.1	34.9	4.2	31.7	1.1	95.8	23.3	34.1	4.4	33.1	1.0
2008 Q4	166.7	11.3	80.7	6.2	63.0	5.5	179.9	21.4	55.7	9.3	90.6	2.9
2009 Q1	166.6	39.7	35.1	7.0	83.9	0.9	131.6	20.3	45.1	5.2	58.7	2.4
Q2	117.1	21.7	27.3	11.5	53.8	2.8	97.3	21.1	27.1	7.3	39.0	2.8
Q3	57.8	0.2	9.9	10.1	35.4	2.3	102.2	9.7	29.1	12.8	47.1	3.5
2009 Aug.	22.3	-9.6	-4.3	-1.7	37.0	0.9	60.4	-0.5	7.3	2.8	48.9	1.9
Sep.	83.7	-7.7	-1.5	18.1	71.1	3.7	145.1	16.0	31.1	21.8	70.3	5.7
Oct.	27.0	-47.9	13.3	8.9	47.3	5.5	1.3	-73.1	-7.7	7.0	71.3	3.9
Nov.	59.7	9.3	10.8	2.8	34.1	2.7	35.7	12.0	1.5	2.3	19.5	0.3
	Long-term											
2007	61.7	23.9	26.9	2.4	7.8	0.7	61.3	24.1	26.4	2.4	7.7	0.7
2008	65.7	16.2	32.8	2.8	13.3	0.6	65.0	16.3	32.0	2.9	13.2	0.5
2008 Q4	116.0	2.8	80.9	4.5	26.2	1.6	111.4	12.4	56.3	4.8	37.0	0.8
2009 Q1	134.7	24.9	41.9	12.9	52.0	3.0	130.3	16.2	52.0	14.4	44.7	2.9
Q2	125.8	36.1	28.8	15.9	41.3	3.7	94.8	25.4	27.9	12.2	25.7	3.5
Q3	53.9	12.1	12.0	11.0	17.4	1.4	98.9	22.3	31.4	12.9	29.8	2.5
2009 Aug.	45.4	21.2	-3.2	-0.3	25.5	2.1	93.6	37.5	10.1	2.7	40.4	2.9
Sep.	74.7	-8.1	1.4	19.8	61.0	0.7	120.3	7.0	31.6	21.8	57.2	2.6
Oct.	57.8	-6.2	8.6	10.6	39.2	5.6	54.9	-9.1	-12.5	10.7	61.4	4.4
Nov.	83.6	13.4	11.6	8.2	47.8	2.6	49.9	17.9	2.2	7.6	22.1	0.2

**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.

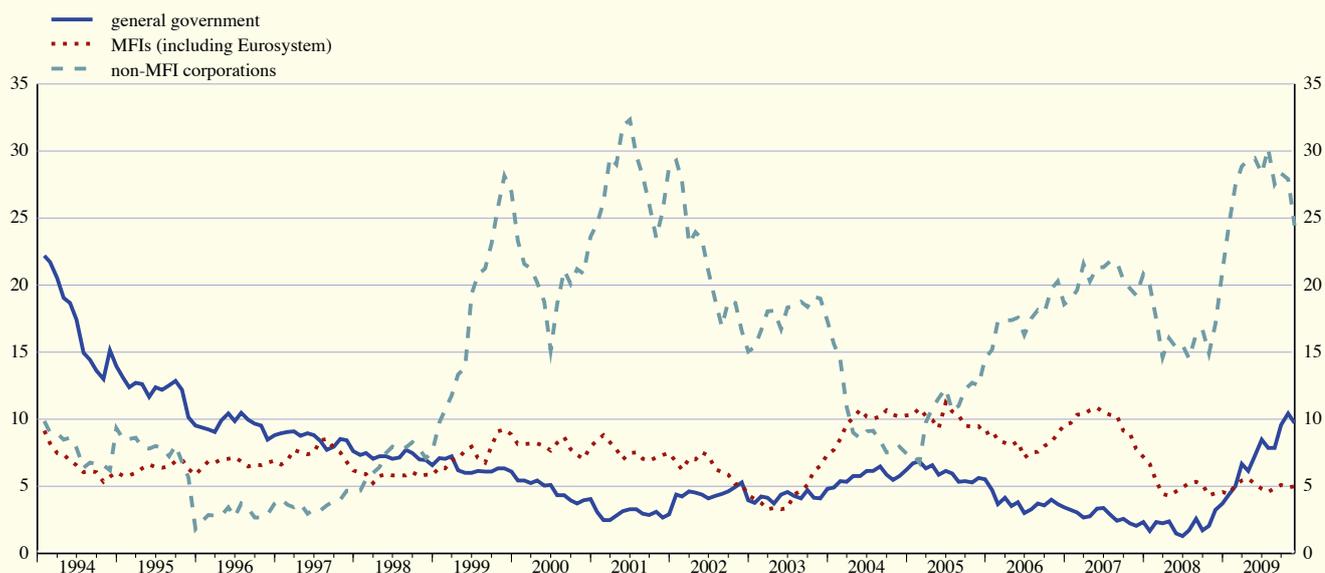
### 4.3 Growth rates of securities other than shares issued by euro area residents <sup>1)</sup>

(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												
2008 Nov.	8.1	5.7	23.8	4.9	6.7	2.8	11.0	5.1	30.4	5.1	12.5	7.1
Dec.	9.5	5.5	27.8	7.8	8.4	4.1	13.1	4.8	35.4	12.9	15.5	9.8
2009 Jan.	10.1	5.3	30.0	7.1	9.6	5.5	13.0	3.6	37.9	12.3	16.0	8.6
Feb.	11.0	6.3	32.1	8.1	10.1	6.5	13.1	3.8	36.3	13.3	16.0	7.2
Mar.	11.9	6.4	33.2	9.1	11.6	7.9	15.2	4.8	38.1	13.0	19.8	10.0
Apr.	12.1	6.3	33.4	10.1	11.7	10.6	14.6	6.0	41.6	15.3	15.1	11.3
May	12.1	5.5	32.9	10.2	12.8	9.5	13.1	5.8	35.3	15.9	13.0	11.9
June	11.9	4.8	29.7	11.8	13.7	9.6	10.6	4.7	24.2	10.8	12.0	9.6
July	11.8	4.2	30.8	13.2	13.5	9.4	10.5	4.8	24.2	14.3	11.0	10.3
Aug.	11.0	3.5	26.9	12.8	13.4	9.0	8.9	3.1	18.6	12.5	10.7	10.8
Sep.	12.0	4.2	27.2	15.2	14.9	10.6	9.0	3.5	17.4	17.3	10.2	11.3
Oct.	11.0	3.0	26.1	16.1	13.6	10.4	7.5	0.1	12.3	17.2	12.1	9.4
Nov.	9.6	2.5	21.5	15.8	12.0	10.5	6.3	-0.7	9.3	15.7	11.1	9.3
Long-term												
2008 Nov.	6.2	4.5	22.4	3.8	3.4	1.3	8.0	4.6	29.2	3.6	5.2	3.0
Dec.	7.3	4.6	26.8	6.1	3.8	2.2	9.7	3.9	35.5	9.7	7.1	4.6
2009 Jan.	8.1	4.4	30.7	8.3	4.4	3.4	10.5	3.0	42.2	16.1	7.1	4.2
Feb.	9.2	5.1	33.9	10.5	5.1	3.9	10.6	3.0	41.0	19.5	7.4	3.0
Mar.	10.3	5.4	34.8	13.0	6.7	5.8	13.2	3.9	42.9	21.0	11.8	7.3
Apr.	10.3	5.6	34.8	14.8	6.0	8.7	14.0	5.1	46.9	26.0	10.0	11.8
May	10.6	5.2	34.4	16.3	7.2	8.5	13.3	5.7	39.6	30.5	9.1	14.2
June	10.8	4.8	31.7	19.0	8.4	8.4	11.9	5.6	28.0	29.1	9.8	12.6
July	10.8	4.6	33.4	21.2	7.8	8.0	11.2	6.1	25.4	26.6	8.6	12.0
Aug.	10.5	4.8	29.9	20.8	7.8	8.0	10.3	6.7	19.7	22.1	8.3	13.2
Sep.	11.5	5.1	30.2	23.2	9.6	9.3	9.9	6.4	18.8	25.4	7.5	11.4
Oct.	11.7	4.9	28.9	25.2	10.4	10.4	9.6	4.7	13.1	24.4	11.0	9.0
Nov.	10.8	5.0	23.9	26.1	9.6	10.8	8.4	4.3	10.0	21.9	10.1	7.5

### 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.

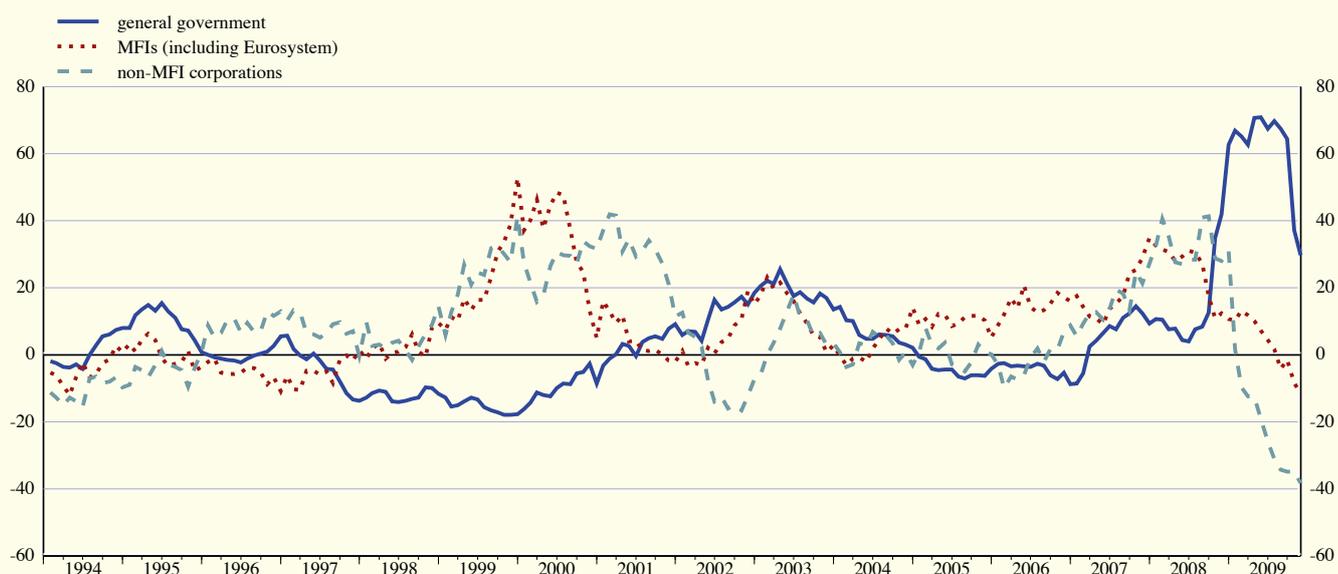
### 4.3 Growth rates of securities other than shares issued by euro area residents <sup>1)</sup> (cont'd)

(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												
2007	5.1	7.1	17.1	4.0	2.5	6.6	15.8	11.2	37.7	18.6	3.8	-1.8
2008	3.1	4.9	5.7	4.9	1.5	1.4	12.8	5.6	33.4	7.1	7.6	3.2
2008 Q4	3.2	4.5	4.8	5.3	2.3	-0.8	13.0	5.7	33.8	4.5	3.8	10.3
2009 Q1	6.1	4.9	13.0	12.5	5.3	1.6	15.8	5.3	44.8	0.6	0.8	11.1
Q2	9.0	6.8	20.3	21.2	7.5	4.8	14.6	3.3	44.1	-1.3	-0.6	19.9
Q3	10.6	7.2	24.7	28.4	9.0	3.9	11.6	1.0	36.6	-3.4	-1.6	25.1
2009 June	10.3	6.9	22.4	25.3	9.1	4.4	12.4	1.3	38.5	-1.3	0.1	23.4
July	10.4	6.7	25.8	28.6	8.6	3.9	12.4	1.5	39.3	-3.2	-2.3	23.7
Aug.	10.5	7.4	24.7	28.2	8.7	3.5	10.6	0.9	34.1	-3.9	-3.8	25.9
Sep.	11.7	8.2	24.6	31.8	10.0	4.4	11.2	0.1	34.7	-5.0	2.9	28.2
Oct.	12.7	8.5	26.0	34.1	11.1	6.4	9.6	-1.1	31.6	-4.5	1.3	26.1
Nov.	12.5	9.4	25.3	35.2	10.1	7.1	7.1	-1.9	23.8	-4.4	1.7	25.8
In euro												
2007	4.6	6.4	13.7	2.3	2.7	6.7	15.2	10.4	35.4	18.2	3.9	-2.4
2008	2.9	4.7	6.1	3.0	1.7	1.3	14.3	6.6	35.1	7.2	7.9	2.0
2008 Q4	3.4	4.7	7.2	3.2	2.5	-1.3	15.4	7.7	36.5	5.2	4.0	9.3
2009 Q1	6.5	6.1	16.4	9.8	5.6	0.9	18.7	7.9	47.7	0.6	0.9	10.9
Q2	9.6	8.8	23.4	19.5	7.7	4.2	17.3	5.3	47.1	-2.0	-0.7	21.7
Q3	11.3	9.4	26.6	27.4	9.2	3.3	13.8	2.8	39.0	-4.0	-2.4	27.4
2009 June	10.9	8.8	24.5	24.1	9.4	3.8	14.9	3.1	41.5	-2.0	-0.2	25.5
July	11.0	8.8	27.8	27.4	8.9	3.3	14.8	3.4	41.9	-3.7	-3.0	25.9
Aug.	11.2	9.6	26.7	27.5	9.0	2.8	12.6	2.6	36.2	-4.4	-4.9	28.3
Sep.	12.3	10.7	25.8	30.6	10.1	3.7	13.3	2.0	36.6	-5.9	1.7	30.5
Oct.	13.3	11.0	27.2	33.5	11.2	5.7	11.4	0.5	33.1	-5.4	0.0	26.9
Nov.	12.9	11.8	25.6	34.6	10.2	6.8	8.6	-0.6	25.0	-5.1	0.4	25.9

### 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 <sup>1)</sup>

(EUR billions, unless otherwise indicated; market values)

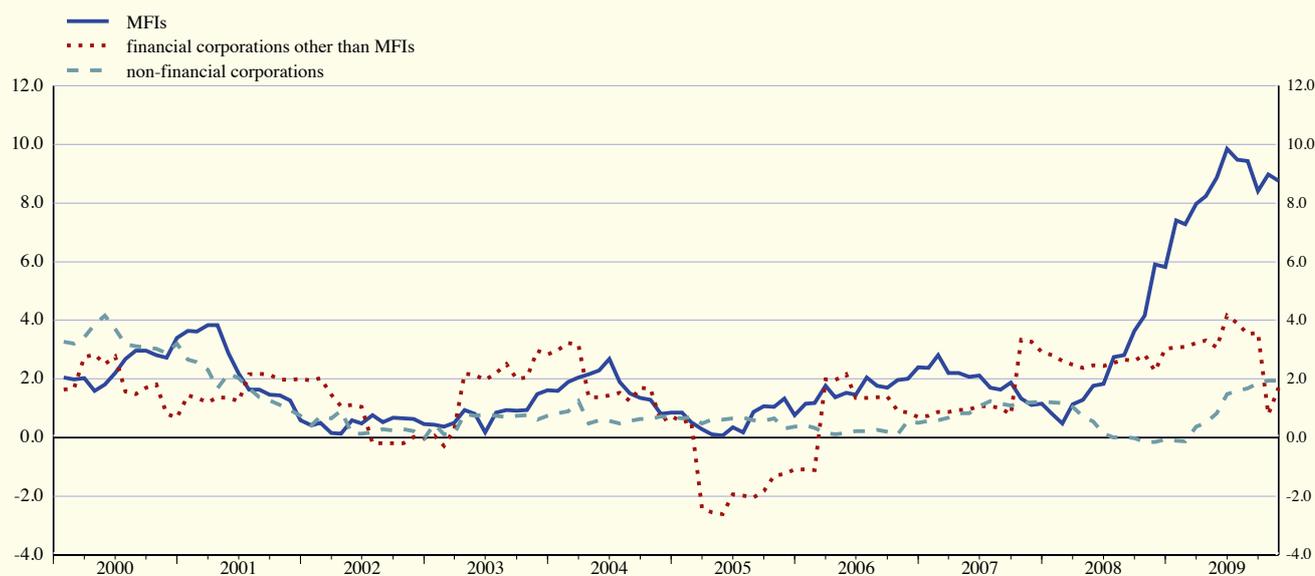
##### 1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2001 = 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
2007 Nov.	6,631.8	104.3	1.4	1,034.6	1.1	578.6	3.3	5,018.6	1.2
Dec.	6,588.7	104.4	1.4	1,019.0	1.2	578.4	2.9	4,991.3	1.2
2008 Jan.	5,766.2	104.4	1.3	889.8	0.8	497.0	2.8	4,379.4	1.2
Feb.	5,820.8	104.5	1.2	860.1	0.5	492.0	2.6	4,468.7	1.2
Mar.	5,567.1	104.5	1.2	860.5	1.1	501.0	2.5	4,205.6	1.1
Apr.	5,748.0	104.4	1.0	837.2	1.3	519.1	2.4	4,391.7	0.7
May	5,729.4	104.5	0.9	771.0	1.8	496.7	2.5	4,461.7	0.6
June	5,081.0	104.5	0.6	665.3	1.8	435.5	2.4	3,980.3	0.1
July	4,972.7	104.6	0.6	691.6	2.8	427.9	2.5	3,853.2	0.0
Aug.	4,999.3	104.6	0.6	665.5	2.8	438.0	2.7	3,895.7	0.0
Sep.	4,430.0	104.7	0.7	612.2	3.6	381.8	2.6	3,436.1	0.0
Oct.	3,743.8	105.0	0.7	451.9	4.2	280.2	2.8	3,011.8	-0.1
Nov.	3,489.3	105.2	0.9	394.5	5.9	265.1	2.3	2,829.7	-0.2
Dec.	3,482.6	105.4	1.0	377.0	5.8	269.1	3.0	2,836.5	-0.1
2009 Jan.	3,286.9	105.6	1.1	342.8	7.4	243.9	3.1	2,700.3	-0.1
Feb.	2,922.2	105.6	1.1	275.0	7.3	192.4	3.1	2,454.8	-0.1
Mar.	3,010.5	106.1	1.5	314.5	8.0	209.7	3.2	2,486.4	0.4
Apr.	3,435.6	106.2	1.7	412.8	8.2	256.4	3.3	2,766.4	0.5
May	3,580.6	106.5	2.0	453.2	8.9	262.3	3.1	2,865.1	0.8
June	3,530.7	107.3	2.7	448.5	9.8	257.9	4.2	2,824.3	1.5
July	3,815.2	107.5	2.7	509.4	9.5	278.3	3.9	3,027.5	1.6
Aug.	4,044.3	107.5	2.7	572.4	9.4	301.0	3.5	3,171.0	1.7
Sep.	4,213.3	107.6	2.8	593.0	8.4	327.6	3.6	3,292.7	1.9
Oct.	4,085.6	107.8	2.7	568.1	9.0	322.1	0.8	3,195.4	1.9
Nov.	4,098.6	108.1	2.7	567.6	8.8	313.5	1.7	3,217.5	1.9

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

(annual percentage changes)



Source: ECB.

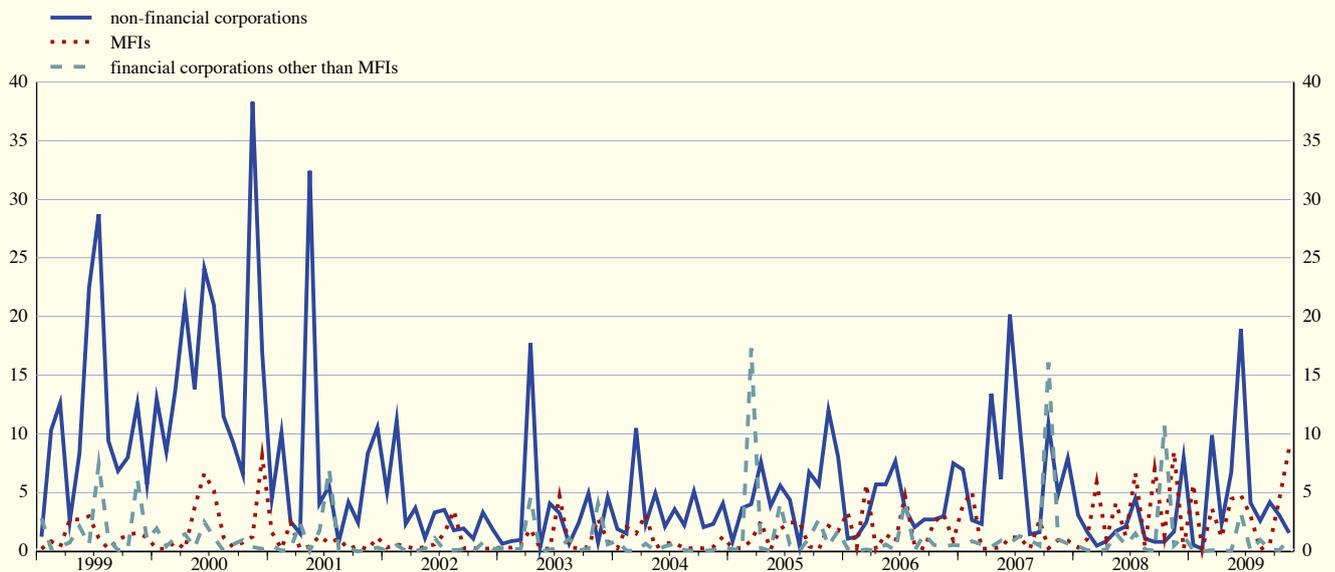
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

**4.4 Quoted shares issued by euro area residents <sup>1)</sup>**  
(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
2007 Nov.	6.8	3.3	3.5	0.9	0.0	0.9	1.0	1.3	-0.3	4.9	2.0	2.9
Dec.	9.5	4.6	4.9	0.9	0.0	0.9	0.7	2.2	-1.5	7.9	2.5	5.5
2008 Jan.	3.6	1.4	2.3	0.1	0.0	0.1	0.4	0.7	-0.2	3.1	0.7	2.4
Feb.	2.8	1.9	0.9	1.0	0.0	1.0	0.1	0.3	-0.2	1.7	1.6	0.1
Mar.	6.4	6.0	0.3	5.9	0.0	5.9	0.0	0.5	-0.4	0.4	5.6	-5.1
Apr.	2.0	3.0	-0.9	1.1	0.0	1.1	0.1	0.5	-0.3	0.8	2.5	-1.7
May	7.3	6.0	1.4	4.1	0.1	4.1	1.5	0.3	1.2	1.7	5.6	-3.9
June	3.9	4.8	-0.9	1.3	0.0	1.3	0.5	0.1	0.4	2.1	4.7	-2.6
July	12.7	3.4	9.4	6.7	0.0	6.7	1.5	0.5	1.0	4.5	2.9	1.6
Aug.	1.5	3.0	-1.4	0.3	0.0	0.3	0.1	0.0	0.1	1.1	3.0	-1.9
Sep.	7.8	2.9	5.0	7.0	0.0	7.0	0.0	0.1	-0.1	0.8	2.8	-2.0
Oct.	12.8	0.6	12.2	1.4	0.0	1.4	10.7	0.0	10.7	0.8	0.6	0.1
Nov.	10.6	2.9	7.7	8.4	0.5	8.0	0.5	2.1	-1.6	1.7	0.3	1.4
Dec.	9.3	2.6	6.8	0.0	0.0	0.0	1.3	0.0	1.2	8.0	2.5	5.5
2009 Jan.	6.3	0.5	5.8	5.7	0.0	5.7	0.1	0.0	0.0	0.5	0.4	0.1
Feb.	0.2	0.9	-0.7	0.0	0.0	0.0	0.0	0.1	-0.1	0.2	0.8	-0.6
Mar.	13.6	0.2	13.4	3.6	0.0	3.6	0.1	0.0	0.1	9.9	0.2	9.7
Apr.	3.7	0.3	3.4	1.2	0.0	1.2	0.1	0.0	0.0	2.4	0.3	2.1
May	11.2	0.3	10.9	4.4	0.0	4.4	0.0	0.0	0.0	6.7	0.3	6.5
June	27.0	2.0	25.0	4.8	0.0	4.8	3.3	0.3	3.0	18.9	1.8	17.2
July	7.2	0.2	7.0	3.0	0.0	3.0	0.0	0.0	0.0	4.1	0.2	3.9
Aug.	3.6	3.3	0.2	0.0	0.0	0.0	1.0	1.9	-0.9	2.6	1.4	1.2
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.1	4.2	0.2	3.9
Oct.	7.6	0.3	7.4	4.5	0.0	4.5	0.1	0.0	0.1	3.0	0.2	2.8
Nov.	11.4	0.2	11.2	8.8	0.0	8.8	1.0	0.0	1.0	1.6	0.2	1.4

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



Source: ECB.

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

## 4.5 MFI interest rates on euro-denominated deposits from and loans to euro area residents <sup>1)</sup>

(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 <sup>2)</sup>	With an agreed maturity of:			Redeemable at notice of: <sup>2),3)</sup>		Overnight <sup>2)</sup>	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
2009 Jan.	1.02	3.28	3.90	3.52	2.88	4.08	1.26	2.24	3.81	3.76	2.05
Feb.	0.90	2.62	3.38	3.23	2.49	3.98	1.10	1.61	3.21	3.89	1.55
Mar.	0.80	2.24	2.94	3.07	2.31	3.87	0.93	1.36	2.96	3.30	1.23
Apr.	0.66	2.01	2.69	2.87	2.22	3.75	0.77	1.15	2.64	3.06	1.12
May	0.61	1.89	2.39	2.71	1.99	3.62	0.73	1.08	2.38	3.11	1.02
June	0.56	1.86	2.38	2.57	1.95	3.52	0.63	1.04	2.17	2.58	0.93
July	0.52	1.86	2.41	2.61	1.86	3.38	0.57	0.82	2.41	2.93	0.68
Aug.	0.50	1.72	2.32	2.64	1.64	3.23	0.55	0.71	2.06	2.93	0.57
Sep.	0.49	1.61	2.27	2.52	1.60	3.12	0.52	0.69	2.10	2.74	0.58
Oct.	0.46	1.68	2.11	2.55	1.55	2.97	0.49	0.66	1.99	2.72	0.56
Nov.	0.46	1.67	2.23	2.56	1.52	2.76	0.48	0.70	2.11	2.92	0.58
Dec.	0.45	1.67	2.32	2.48	1.53	2.45	0.47	0.77	1.99	2.49	0.64

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

	Bank overdrafts <sup>2)</sup>	Consumer credit				Lending for house purchase				Other lending by initial rate fixation			
		By initial rate fixation			Annual percentage rate of charge <sup>4)</sup>	By initial rate fixation				Annual percentage rate of charge <sup>4)</sup>	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
2009 Jan.	10.14	8.27	7.03	8.63	8.66	4.37	4.77	4.92	5.00	4.86	4.43	5.44	5.23
Feb.	10.15	8.06	6.65	8.49	8.35	3.97	4.54	4.80	4.89	4.60	4.08	5.03	5.16
Mar.	9.94	7.51	6.51	8.31	8.05	3.65	4.34	4.61	4.72	4.38	3.83	4.72	5.05
Apr.	9.71	7.43	6.50	8.27	8.05	3.38	4.21	4.55	4.68	4.22	3.54	4.69	4.90
May	9.62	7.87	6.44	8.17	8.08	3.22	4.15	4.50	4.58	4.12	3.60	4.71	4.90
June	9.55	7.30	6.36	8.03	7.83	3.12	4.12	4.51	4.58	4.07	3.54	4.76	4.95
July	9.31	7.67	6.49	8.04	8.02	3.03	4.09	4.54	4.54	4.02	3.35	4.77	4.91
Aug.	9.26	7.96	6.54	7.96	8.17	3.00	4.10	4.54	4.45	4.06	3.21	4.74	4.82
Sep.	9.26	7.69	6.45	7.91	8.00	2.81	4.05	4.48	4.45	3.92	3.13	4.66	4.74
Oct.	9.16	7.32	6.38	7.94	7.87	2.77	4.02	4.45	4.40	3.85	3.21	4.73	4.72
Nov.	9.07	7.03	6.29	7.87	7.76	2.71	3.97	4.46	4.32	3.78	3.16	4.57	4.66
Dec.	9.00	6.42	6.25	7.49	7.41	2.71	3.96	4.42	4.26	3.80	3.08	4.40	4.33

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

	Bank overdrafts <sup>2)</sup>	Other loans of up to EUR 1 million by initial rate fixation			Other loans of over EUR 1 million 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 years	
								1
2009 Jan.		5.65	4.73	5.46	5.24	3.52	3.95	4.58
Feb.		5.38	4.32	5.24	4.96	3.12	3.51	4.23
Mar.		5.08	4.03	5.06	4.74	2.85	3.22	3.87
Apr.		4.72	3.82	5.00	4.60	2.54	3.34	4.01
May		4.64	3.73	5.00	4.52	2.48	3.21	3.98
June		4.55	3.64	4.85	4.49	2.57	3.08	3.71
July		4.34	3.56	4.78	4.32	2.37	2.89	3.90
Aug.		4.24	3.42	4.67	4.24	2.31	2.80	3.83
Sep.		4.25	3.36	4.54	4.16	2.06	2.89	3.64
Oct.		4.18	3.33	4.49	4.18	2.14	2.73	3.64
Nov.		4.11	3.34	4.49	4.10	2.22	2.74	3.80
Dec.		4.06	3.27	4.23	3.95	2.18	3.13	3.58

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, new business and outstanding amounts coincide. End of period.
- 3) 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.
- 4) The annual percentage rate of charge 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<sup>1)</sup>**  
(percentages per annum; outstanding amounts as at end of period, new business as period average, unless otherwise indicated)

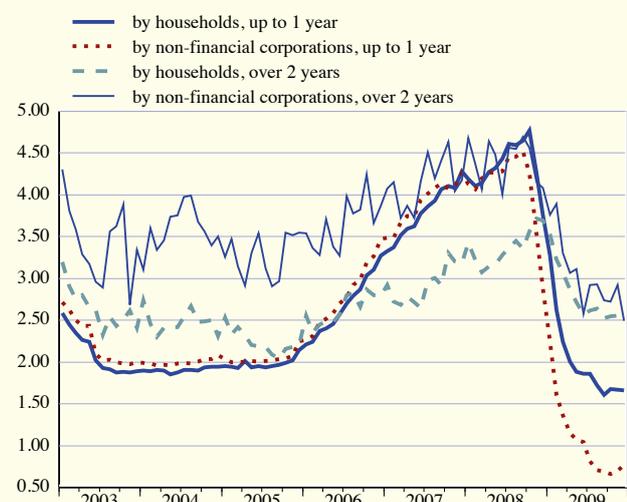
**4. Interest rates on deposits (outstanding amounts)**

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight <sup>2)</sup>	With an agreed maturity of:		Redeemable at notice of: <sup>3)3)</sup>		Overnight <sup>2)</sup>	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
2009 Jan.	1.02	4.16	3.10	2.88	4.08	1.26	3.48	4.11	3.09
Feb.	0.90	3.98	3.17	2.49	3.98	1.10	3.17	4.00	2.68
Mar.	0.80	3.78	3.06	2.31	3.87	0.93	2.80	3.87	2.29
Apr.	0.66	3.54	3.11	2.22	3.75	0.77	2.50	3.84	1.95
May	0.61	3.38	3.04	1.99	3.62	0.73	2.35	3.70	1.79
June	0.56	3.25	3.07	1.95	3.52	0.63	2.19	3.65	1.63
July	0.52	3.07	3.03	1.86	3.38	0.57	1.97	3.52	1.53
Aug.	0.50	2.94	3.01	1.64	3.23	0.55	1.89	3.39	1.53
Sep.	0.49	2.83	3.01	1.60	3.12	0.52	1.80	3.39	1.45
Oct.	0.46	2.64	2.96	1.55	2.97	0.49	1.70	3.34	1.35
Nov.	0.46	2.51	2.95	1.52	2.76	0.48	1.62	3.37	1.28
Dec.	0.45	2.36	2.90	1.53	2.45	0.47	1.56	3.31	1.20

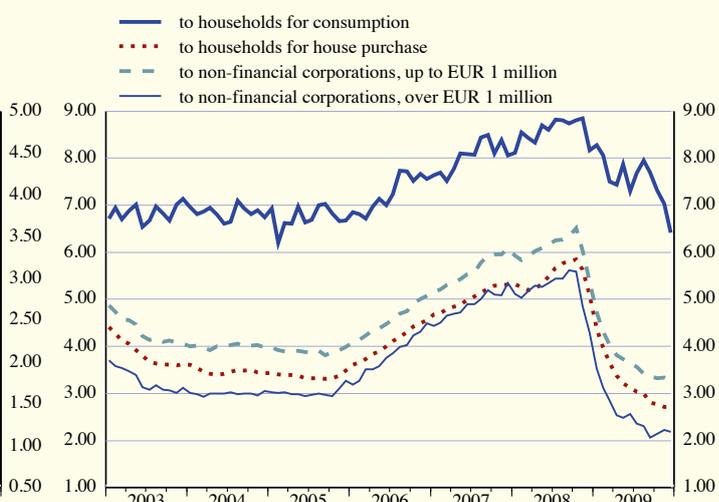
**5. Interest rates on loans (outstanding amounts)**

	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
2009 Jan.	5.22	4.72	4.93	8.72	7.22	6.22	5.10	4.89	4.89
Feb.	5.14	4.75	4.91	8.61	7.27	6.21	4.75	4.59	4.74
Mar.	4.92	4.63	4.78	8.43	7.08	6.07	4.40	4.28	4.48
Apr.	4.70	4.49	4.65	8.19	7.00	5.92	4.10	3.97	4.25
May	4.59	4.45	4.56	8.09	6.92	5.84	4.00	3.84	4.12
June	4.50	4.40	4.46	7.97	6.91	5.79	3.91	3.72	4.00
July	4.31	4.31	4.36	7.82	6.79	5.70	3.72	3.59	3.81
Aug.	4.23	4.25	4.28	7.81	6.74	5.65	3.65	3.50	3.73
Sep.	4.18	4.26	4.25	7.80	6.72	5.64	3.62	3.43	3.68
Oct.	4.05	4.19	4.18	7.69	6.66	5.54	3.56	3.37	3.60
Nov.	4.01	4.15	4.12	7.56	6.66	5.51	3.53	3.36	3.57
Dec.	4.08	4.10	4.06	7.54	6.58	5.43	3.46	3.35	3.49

**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.

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

## 4.6 Money market interest rates

(percentages per annum; period averages)

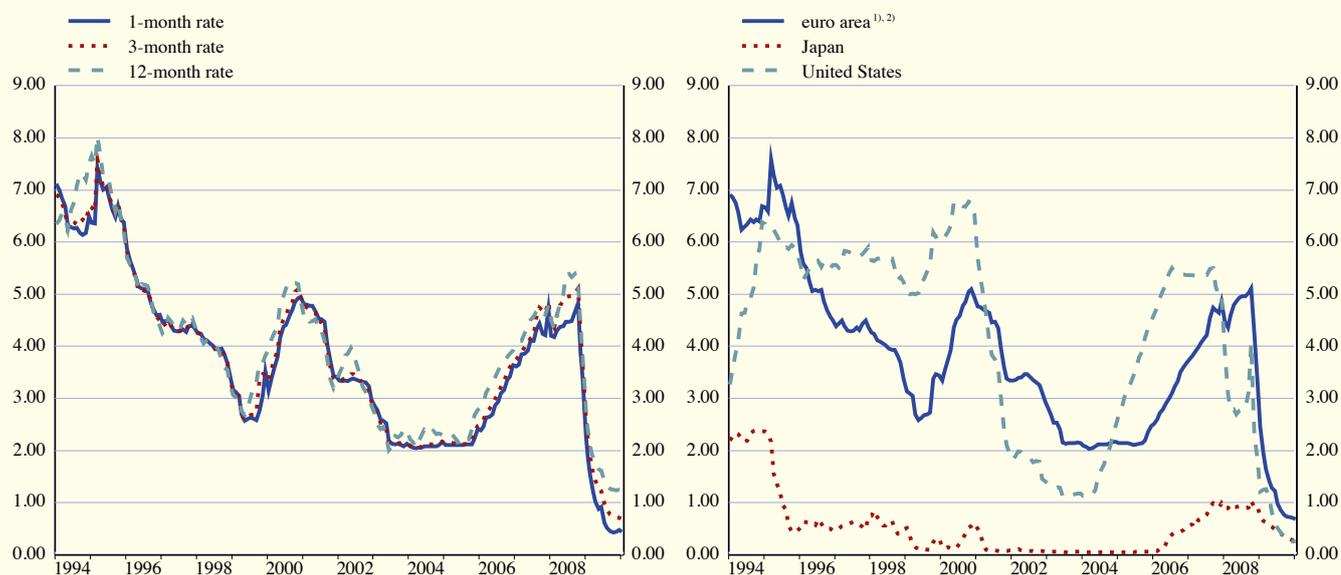
	Euro area <sup>1),2)</sup>					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2007	3.87	4.08	4.28	4.35	4.45	5.30	0.79
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2008 Q4	3.17	3.92	4.24	4.31	4.38	2.77	0.96
2009 Q1	1.37	1.67	2.01	2.11	2.22	1.24	0.67
Q2	0.77	0.94	1.31	1.51	1.67	0.84	0.53
Q3	0.36	0.53	0.87	1.13	1.34	0.41	0.40
Q4	0.36	0.45	0.72	1.00	1.24	0.27	0.31
2009 Jan.	1.81	2.14	2.46	2.54	2.62	1.21	0.73
Feb.	1.26	1.63	1.94	2.03	2.14	1.24	0.64
Mar.	1.06	1.27	1.64	1.77	1.91	1.27	0.62
Apr.	0.84	1.01	1.42	1.61	1.77	1.11	0.57
May	0.78	0.88	1.28	1.48	1.64	0.82	0.53
June	0.70	0.91	1.23	1.44	1.61	0.62	0.49
July	0.36	0.61	0.97	1.21	1.41	0.52	0.43
Aug.	0.35	0.51	0.86	1.12	1.33	0.42	0.40
Sep.	0.36	0.46	0.77	1.04	1.26	0.30	0.36
Oct.	0.36	0.43	0.74	1.02	1.24	0.28	0.33
Nov.	0.36	0.44	0.72	0.99	1.23	0.27	0.31
Dec.	0.35	0.48	0.71	1.00	1.24	0.25	0.28
2010 Jan.	0.34	0.44	0.68	0.98	1.23	0.25	0.26

### C23 Euro area money market rates <sup>1), 2)</sup>

(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.

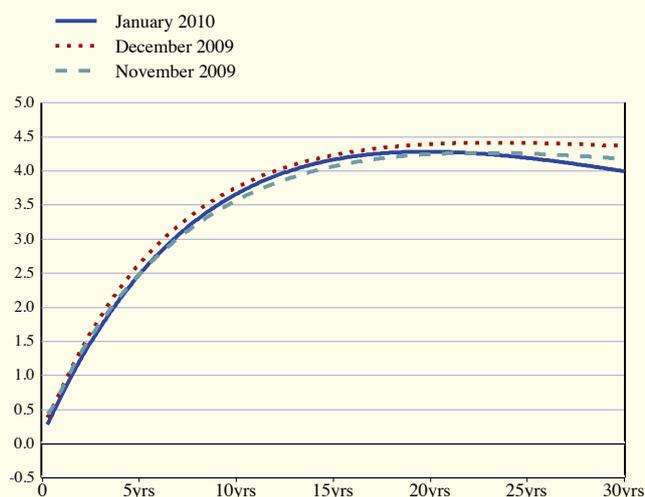
**4.7 Euro area yield curves <sup>1)</sup>**

(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
2007	3.85	4.00	4.01	4.11	4.23	4.38	0.52	0.36	4.06	4.02	4.40	4.78
2008	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2008 Q4	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009 Q1	0.78	0.88	1.46	2.70	3.23	3.77	3.00	2.31	1.41	2.58	4.24	5.19
Q2	0.62	0.90	1.50	2.85	3.42	3.99	3.37	2.49	1.47	2.67	4.54	5.42
Q3	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
Q4	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2009 Jan.	1.19	1.27	1.79	3.02	3.53	4.02	2.83	2.24	1.70	2.85	4.53	5.26
Feb.	0.93	1.01	1.56	2.79	3.31	3.85	2.93	2.30	1.48	2.64	4.32	5.25
Mar.	0.78	0.88	1.46	2.70	3.23	3.77	3.00	2.31	1.41	2.58	4.24	5.19
Apr.	0.74	0.96	1.53	2.72	3.25	3.79	3.05	2.26	1.52	2.58	4.24	5.19
May	0.79	0.93	1.53	3.00	3.60	4.18	3.39	2.65	1.43	2.77	4.81	5.61
June	0.62	0.90	1.50	2.85	3.42	3.99	3.37	2.49	1.47	2.67	4.54	5.42
July	0.49	0.74	1.43	2.68	3.21	3.74	3.26	2.31	1.49	2.62	4.21	5.13
Aug.	0.44	0.74	1.46	2.69	3.19	3.68	3.24	2.22	1.55	2.66	4.16	4.95
Sep.	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
Oct.	0.50	0.81	1.43	2.61	3.13	3.68	3.18	2.25	1.49	2.50	4.12	5.11
Nov.	0.44	0.80	1.34	2.49	3.01	3.57	3.13	2.23	1.38	2.32	4.00	5.04
Dec.	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010 Jan.	0.28	0.71	1.25	2.48	3.06	3.66	3.38	2.42	1.28	2.25	4.15	5.23

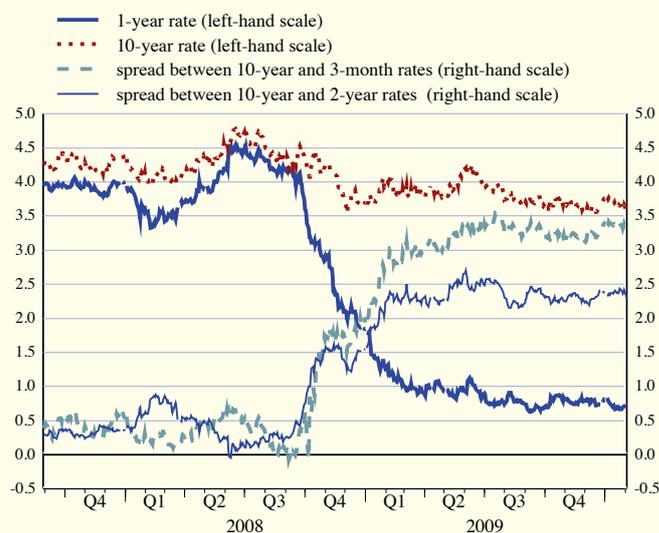
**C25 Euro area spot yield curves**

(percentages per annum; end of period)



**C26 Euro area spot rates and spreads**

(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.

## 4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices <sup>1)</sup>												United States	Japan
	Benchmark		Main industry indices										Standard & Poor's 500	Nikkei 225
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2007	416.4	4,315.8	543.8	235.4	366.5	449.6	408.3	488.4	383.4	561.4	492.7	519.2	1,476.5	16,984.4
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2008 Q4	228.7	2,497.7	320.7	136.5	236.9	287.6	169.3	238.1	200.0	384.7	387.0	358.1	910.9	8,700.4
2009 Q1	200.2	2,166.4	293.6	131.6	207.9	272.5	126.3	223.0	175.7	340.6	367.2	345.7	810.1	7,968.8
Q2	220.5	2,376.6	326.9	136.6	229.5	287.3	158.6	251.0	201.1	337.7	351.5	343.8	892.0	9,274.8
Q3	247.2	2,660.6	369.0	142.0	257.1	296.8	192.7	286.0	211.3	361.1	386.0	365.1	994.2	10,117.3
Q4	268.1	2,872.7	422.1	151.5	282.8	316.9	209.7	317.7	214.1	375.3	416.5	399.3	1,088.7	9,969.2
2009 Jan.	215.5	2,344.9	309.7	136.8	220.8	280.5	143.4	236.4	188.1	376.5	384.1	364.8	866.6	8,402.5
Feb.	200.4	2,159.8	299.2	132.7	208.0	280.9	123.3	226.1	175.7	341.0	361.7	354.1	806.3	7,707.3
Mar.	184.6	1,993.9	272.5	125.3	194.9	256.9	111.8	206.8	163.5	304.2	355.2	319.1	757.1	7,772.8
Apr.	209.3	2,256.3	308.4	134.6	219.0	268.1	145.0	237.9	196.0	323.2	356.8	327.7	848.5	8,755.5
May	225.7	2,426.7	331.6	140.1	233.8	296.0	164.5	259.8	203.1	346.3	348.0	346.7	901.7	9,257.7
June	226.7	2,449.0	341.0	135.3	235.9	298.3	166.8	255.5	204.3	343.8	349.6	357.0	926.1	9,810.3
July	228.0	2,462.1	337.9	134.8	243.7	288.6	170.6	256.8	198.8	334.7	364.8	352.9	934.1	9,678.3
Aug.	250.7	2,702.7	377.6	142.1	261.8	293.2	198.6	290.3	208.5	365.7	387.2	364.1	1,009.7	10,430.4
Sep.	264.0	2,827.9	393.3	149.5	266.5	308.7	210.2	312.5	227.2	384.4	407.0	378.8	1,044.6	10,302.9
Oct.	268.7	2,865.5	403.7	150.1	277.5	314.2	216.0	318.4	221.3	375.4	415.0	393.6	1,067.7	10,066.2
Nov.	265.4	2,843.8	415.4	149.5	280.0	315.3	208.7	313.6	209.9	369.8	414.5	391.5	1,088.1	9,641.0
Dec.	270.1	2,907.6	447.0	155.0	290.9	321.1	204.3	321.0	211.0	380.5	419.8	412.4	1,110.4	10,169.0
2010 Jan.	273.5	2,922.7	449.4	158.9	295.7	329.8	204.6	331.6	223.1	384.1	407.4	425.5	1,123.6	10,661.6

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

# PRICES, OUTPUT, DEMAND AND LABOUR MARKETS



## 5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

### 1. Harmonised Index of Consumer Prices<sup>1)</sup>

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices <sup>2)</sup>	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
		Total excl. unprocessed food and energy											
% of total <sup>3)</sup>	100.0	100.0	83.0	58.6	41.4	100.0	11.9	7.5	29.7	9.6	41.4	89.3	10.7
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006	102.2	2.2	1.5	2.3	2.0	-	-	-	-	-	-	2.1	2.7
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.1
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.3	3.0
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.6
2008 Q4	108.2	2.3	2.2	2.1	2.6	-0.6	0.3	0.3	0.3	-8.7	0.5	2.1	3.4
2009 Q1	107.4	1.0	1.6	0.1	2.2	-0.3	-0.1	0.3	0.0	-4.9	0.4	0.7	2.9
Q2	108.3	0.2	1.5	-1.2	2.2	0.2	0.1	-0.9	0.2	0.7	0.4	0.0	1.7
Q3	108.0	-0.4	1.2	-1.9	1.8	0.2	0.4	-0.9	0.0	0.8	0.4	-0.6	1.1
Q4	108.6	0.4	1.0	-0.4	1.7	0.2	0.1	0.0	0.1	0.3	0.4	0.4	0.8
2009 Aug.	108.1	-0.2	1.2	-1.5	1.8	0.3	0.1	-0.2	0.1	1.8	0.2	-0.3	1.1
Sep.	108.2	-0.3	1.1	-1.8	1.8	-0.1	0.0	0.1	0.0	-1.2	0.1	-0.5	1.0
Oct.	108.4	-0.1	1.0	-1.4	1.8	0.1	0.0	0.0	0.0	-0.2	0.2	-0.2	0.8
Nov.	108.5	0.5	1.0	-0.3	1.6	0.2	0.2	0.2	0.0	1.4	0.1	0.4	0.8
Dec.	108.9	0.9	1.0	0.5	1.6	0.0	0.1	-0.1	0.1	-0.5	0.1	0.9	0.7
2010 Jan. <sup>4)</sup>		1.0											

	Goods						Services							
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing	Transport	Communication	Recreation and personal	Miscellaneous			
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy						Rents		
% of total <sup>3)</sup>	19.3	11.9	7.5	39.3	29.7	9.6	10.1	6.0	6.3	3.2	14.9	6.8		
	14	15	16	17	18	19	20	21	22	23	24	25		
2006	2.4	2.1	2.8	2.3	0.6	7.7	2.5	2.1	2.5	-3.3	2.3	2.3		
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2		
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5		
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1		
2008 Q4	3.8	4.3	3.0	1.2	0.9	2.1	2.2	1.9	4.5	-2.0	3.3	2.2		
2009 Q1	2.4	2.1	2.8	-1.1	0.7	-6.1	2.0	1.7	3.6	-1.7	2.7	2.1		
Q2	1.0	1.1	0.8	-2.3	0.7	-10.7	2.1	1.8	3.1	-1.2	2.7	2.0		
Q3	-0.1	0.6	-1.2	-2.8	0.5	-11.9	2.0	1.8	2.5	-0.6	1.8	2.1		
Q4	-0.2	0.5	-1.5	-0.5	0.3	-3.2	1.9	1.7	2.5	-0.6	1.4	2.2		
2009 July	0.0	0.8	-1.1	-3.6	0.5	-14.4	2.1	1.8	2.6	-0.8	1.9	2.0		
Aug.	-0.1	0.6	-1.2	-2.3	0.6	-10.2	2.0	1.8	2.5	-0.7	1.8	2.0		
Sep.	-0.2	0.5	-1.3	-2.6	0.5	-11.0	2.0	1.8	2.3	-0.3	1.7	2.1		
Oct.	-0.4	0.3	-1.6	-2.0	0.3	-8.5	1.9	1.6	2.6	-0.3	1.6	2.1		
Nov.	-0.1	0.5	-1.3	-0.4	0.2	-2.4	1.9	1.7	2.4	-0.7	1.3	2.2		
Dec.	-0.2	0.7	-1.6	0.8	0.4	1.8	1.9	1.7	2.5	-0.8	1.2	2.2		

Sources: Eurostat and ECB calculations.

- 1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 2) ECB estimates based on Eurostat data; 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 <http://www.ecb.europa.eu/stats/prices/hicp/html/index.en.html> for a note explaining the methodology used in the compilation of this indicator.
- 3) Weighting used in 2009.
- 4) 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 <sup>1)</sup>	Residential property prices <sup>2)</sup>
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
		Manu- facturing	Total	Intermediate goods	Capital goods	Consumer goods						
						Total	Durable	Non-durable				
% of total <sup>3)</sup>	100.0	100.0	83.0	75.8	30.1	21.9	23.7	2.7	21.0	24.2		
	1	2	3	4	5	6	7	8	9	10	11	12
2006	105.1	5.1	3.5	2.8	4.6	1.6	1.5	1.4	1.5	13.4	4.6	6.5
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.4	2.1	1.2	4.1	4.4
2008	114.4	6.1	4.8	3.5	4.0	2.1	3.9	2.8	4.1	14.1	3.8	1.8
2009	108.6	-5.1	-5.4	-2.9	-5.2	0.4	-2.0	1.2	-2.5	-11.5	.	.
2008 Q4	113.7	3.4	0.7	2.4	2.6	2.5	2.0	2.6	1.9	6.7	3.4	0.8 <sup>4)</sup>
2009 Q1	109.8	-2.0	-4.3	-1.1	-2.7	1.8	-1.0	1.9	-1.4	-4.1	2.6	-
Q2	108.3	-5.7	-6.8	-3.0	-5.7	0.6	-2.0	1.5	-2.5	-13.2	-0.2	-2.4 <sup>4)</sup>
Q3	108.0	-7.8	-7.4	-4.2	-7.4	-0.2	-2.6	1.0	-3.1	-18.0	-1.6	-
Q4	108.4	-4.6	-2.9	-3.1	-4.9	-0.6	-2.4	0.5	-2.8	-9.7	.	.
2009 July	107.8	-8.4	-8.2	-4.1	-7.5	0.0	-2.5	1.2	-3.0	-19.8	-	-
Aug.	108.3	-7.5	-7.0	-4.2	-7.4	-0.2	-2.6	1.1	-3.1	-16.7	-	-
Sep.	107.9	-7.6	-6.9	-4.2	-7.3	-0.5	-2.7	0.7	-3.2	-17.3	-	-
Oct.	108.2	-6.6	-5.2	-3.9	-6.5	-0.6	-2.8	0.4	-3.3	-14.3	-	-
Nov.	108.4	-4.4	-2.7	-3.1	-4.8	-0.6	-2.4	0.5	-2.8	-8.9	-	-
Dec.	108.5	-2.9	-0.8	-2.3	-3.4	-0.5	-2.0	0.5	-2.3	-5.6	-	-

### 3. Commodity prices and gross domestic product deflators<sup>1)</sup>

	Oil prices <sup>5)</sup> (EUR per barrel)	Non-energy commodity prices						Total (s.a.; index: 2000 = 100)	GDP deflators					Exports <sup>8)</sup>	Imports <sup>8)</sup>	
		Import-weighted <sup>6)</sup>			Use-weighted <sup>7)</sup>				Total	Domestic demand						
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump- tion	Government consump- tion	Gross fixed capital formation			
% of total		100.0	35.0	65.0	100.0	45.0	55.0									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2006	52.9	27.5	5.8	37.6	24.4	5.9	38.1	113.8	1.9	2.4	2.2	2.0	2.9	2.6	3.8	
2007	52.8	7.5	14.3	5.0	5.1	9.4	2.7	116.5	2.4	2.3	2.3	1.7	2.6	1.6	1.4	
2008	65.9	2.1	18.5	-4.3	-1.7	9.7	-8.5	119.0	2.2	2.7	2.9	2.8	2.4	2.4	3.7	
2009	44.6	-18.5	-8.9	-23.2	-18.1	-11.5	-22.8	.	.	.	.	.	.	.	.	
2008 Q4	43.5	-9.9	-7.2	-11.2	-14.5	-12.8	-15.8	120.0	2.4	2.0	2.0	2.2	1.8	1.3	0.4	
2009 Q1	35.1	-29.2	-15.0	-36.0	-28.6	-17.7	-36.8	120.1	1.8	1.1	0.3	2.8	0.6	-2.6	-4.4	
Q2	43.8	-24.5	-11.2	-31.0	-22.5	-10.0	-31.4	120.2	1.1	0.1	-0.3	1.6	-0.8	-4.4	-6.8	
Q3	48.1	-18.8	-12.7	-21.8	-18.9	-15.3	-21.5	120.4	0.9	-0.3	-0.7	2.4	-1.5	-5.4	-8.1	
Q4	51.2	2.8	5.8	1.4	2.3	-1.0	4.9	.	.	.	.	.	.	.	.	
2009 Aug.	51.1	-16.5	-10.9	-19.1	-17.7	-16.3	-18.7	.	.	.	.	.	.	.	.	
Sep.	46.9	-17.1	-11.6	-19.6	-17.5	-15.4	-18.9	.	.	.	.	.	.	.	.	
Oct.	49.8	-7.3	-1.2	-10.1	-9.3	-10.3	-8.6	.	.	.	.	.	.	.	.	
Nov.	52.1	-0.9	3.0	-2.8	-1.0	-2.9	0.5	.	.	.	.	.	.	.	.	
Dec.	51.6	19.0	16.2	20.5	19.7	11.0	27.0	.	.	.	.	.	.	.	.	
2010 Jan.	54.0	27.1	8.8	38.7	25.6	7.6	42.9	.	.	.	.	.	.	.	.	

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 Financial Datastream 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) In 2005.

4) The quarterly data for the second and fourth quarters refer to biannual averages for the first and second halves of the year respectively. Since some national data are only available annually, the biannual estimate is partially derived from annual results; consequently, the accuracy of biannual data is lower than the accuracy of annual data.

5) Brent Blend (for one-month forward delivery).

6) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.

7) 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).

8) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

## 5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

### 4. Unit labour costs, compensation per employee and labour productivity

(seasonally adjusted)

	Total (index: 2000 = 100)	Total	By economic activity					Memo item: Indicator of negotiated wages <sup>4)</sup>
			Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	
	1	2	3	4	5	6	7	8
Unit labour costs <sup>1)</sup>								
2005	109.0	1.2	8.5	-0.5	3.2	0.7	2.1	2.1
2006	110.0	1.0	1.3	-0.5	3.4	0.6	2.2	2.0
2007	111.7	1.6	2.6	0.7	4.1	0.7	2.3	1.8
2008	115.4	3.3	0.1	3.6	2.8	3.2	3.1	3.1
2008 Q3	115.8	3.6	-0.9	4.1	3.0	4.4	3.6	2.5
Q4	118.2	4.8	-0.4	9.9	2.5	5.2	2.4	3.2
2009 Q1	120.3	5.9	0.6	16.5	2.2	6.8	0.3	3.6
Q2	120.4	4.8	1.3	14.9	0.7	5.5	1.0	2.1
Q3	119.9	3.5	0.0	9.2	-0.7	3.5	0.0	3.6
Compensation per employee								
2005	112.3	2.0	2.6	1.9	2.2	1.9	2.3	1.9
2006	114.9	2.3	3.2	3.4	3.5	1.7	2.3	1.7
2007	117.8	2.5	4.1	2.8	2.7	2.1	2.5	2.5
2008	121.6	3.2	3.3	3.1	4.5	2.7	2.5	3.7
2008 Q3	122.1	3.6	3.5	3.2	5.0	3.9	3.0	3.5
Q4	122.8	3.0	3.0	2.9	4.4	2.9	2.0	3.5
2009 Q1	122.7	1.9	3.2	0.3	3.4	2.2	0.7	3.2
Q2	123.2	1.6	3.6	0.0	3.8	1.9	1.9	1.9
Q3	123.8	1.4	2.8	0.2	3.0	0.5	1.4	2.9
Labour productivity <sup>2)</sup>								
2005	103.1	0.7	-5.5	2.4	-1.1	1.3	0.2	-0.2
2006	104.5	1.4	1.8	3.9	0.1	1.2	0.1	-0.3
2007	105.5	1.0	1.4	2.1	-1.4	1.4	0.2	0.7
2008	105.4	-0.1	3.2	-0.5	1.6	-0.5	-0.6	0.6
2008 Q3	105.5	-0.1	4.4	-0.9	1.9	-0.5	-0.6	1.0
Q4	103.8	-1.7	3.4	-6.4	1.8	-2.2	-0.4	0.3
2009 Q1	102.0	-3.8	2.5	-13.9	1.2	-4.3	0.4	-0.4
Q2	102.4	-3.1	2.3	-12.9	3.0	-3.4	0.9	-0.2
Q3	103.3	-2.0	2.8	-8.3	3.7	-2.9	1.4	-0.7

### 5. Hourly labour costs<sup>3)</sup>

	Total (s.a.; index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages <sup>4)</sup>
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total <sup>5)</sup>	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2005	92.2	2.1	2.2	2.0	2.1	1.6	2.3	2.1
2006	94.3	2.3	2.3	2.2	3.4	1.4	1.8	2.3
2007	96.6	2.5	2.8	1.5	2.2	2.7	2.6	2.1
2008	99.9	3.4	3.5	3.3	3.8	4.2	3.1	3.2
2008 Q3	100.5	3.5	3.6	3.5	2.9	3.7	3.8	3.4
Q4	101.7	4.4	4.3	4.9	6.2	5.1	3.3	3.6
2009 Q1	102.3	3.8	3.7	4.5	6.2	3.4	2.6	3.2
Q2	103.3	4.3	4.2	4.6	6.1	3.8	3.5	2.7
Q3	103.8	3.2	3.1	3.6	5.4	2.9	2.0	2.3

Sources: Eurostat, ECB calculations based on Eurostat data (Table 4 in Section 5.1 and column 7 in Table 5 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 value added (volumes) per person employed.
- 2) Value added (volumes) per person employed.
- 3) Hourly labour costs for the whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
- 4) Experimental data (see <http://www.ecb.europa.eu/stats/intro/html/experiment.en.html> for further details).
- 5) In 2008.

## 5.2 Output and demand

### 1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance <sup>1)</sup>		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	Total	Exports <sup>1)</sup>	Imports <sup>1)</sup>
	1	2	3	4	5	6	7	8	9
	<i>Current prices (EUR billions; seasonally adjusted)</i>								
2005	8,140.6	8,021.3	4,666.2	1,664.2	1,683.1	7.9	119.2	3,094.0	2,974.7
2006	8,558.9	8,461.2	4,870.0	1,733.2	1,831.2	26.7	97.7	3,451.6	3,353.9
2007	9,005.7	8,864.7	5,062.2	1,803.4	1,968.5	30.6	141.0	3,732.8	3,591.8
2008	9,259.6	9,162.9	5,228.8	1,892.1	2,001.8	40.2	96.8	3,858.7	3,761.9
2008 Q3	2,324.7	2,309.6	1,316.9	474.7	504.0	14.0	15.1	984.0	968.9
Q4	2,294.7	2,281.4	1,304.6	480.7	481.8	14.3	13.3	900.6	887.3
2009 Q1	2,239.7	2,231.4	1,288.3	487.8	453.5	1.8	8.3	801.3	793.0
Q2	2,238.4	2,218.8	1,292.1	493.2	444.3	-10.7	19.6	783.0	763.4
Q3	2,251.9	2,232.4	1,294.1	498.2	439.8	0.3	19.4	805.4	785.9
	<i>percentage of GDP</i>								
2008	100.0	99.0	56.5	20.4	21.6	0.4	1.0	-	-
	<i>Chain-linked volumes (prices for the previous year; seasonally adjusted<sup>3)</sup>)</i>								
	<i>quarter-on-quarter percentage changes</i>								
2008 Q3	-0.4	0.1	0.0	0.5	-1.2	-	-	-1.3	0.0
Q4	-1.9	-0.8	-0.5	0.6	-4.0	-	-	-7.2	-4.8
2009 Q1	-2.5	-2.0	-0.4	0.6	-5.4	-	-	-8.6	-7.4
Q2	-0.1	-0.7	0.1	0.6	-1.6	-	-	-1.2	-2.8
Q3	0.4	0.4	-0.1	0.6	-0.8	-	-	3.1	3.0
	<i>annual percentage changes</i>								
2005	1.7	1.9	1.8	1.6	3.2	-	-	5.1	5.8
2006	3.0	2.9	2.0	2.1	5.5	-	-	8.5	8.5
2007	2.8	2.4	1.6	2.3	4.8	-	-	6.3	5.5
2008	0.6	0.6	0.4	2.0	-0.4	-	-	1.0	1.0
2008 Q3	0.4	0.4	0.0	2.1	-0.6	-	-	1.0	0.9
Q4	-1.8	-0.5	-0.7	2.4	-5.8	-	-	-6.9	-4.0
2009 Q1	-5.0	-3.2	-1.3	2.5	-11.5	-	-	-16.6	-12.8
Q2	-4.8	-3.4	-0.9	2.5	-11.7	-	-	-17.2	-14.3
Q3	-4.0	-3.2	-1.0	2.5	-11.4	-	-	-13.5	-11.8
	<i>contributions to quarter-on-quarter percentage changes in GDP; percentage points</i>								
2008 Q3	-0.4	0.1	0.0	0.1	-0.3	0.3	-0.5	-	-
Q4	-1.9	-0.8	-0.3	0.1	-0.9	0.2	-1.1	-	-
2009 Q1	-2.5	-2.0	-0.2	0.1	-1.1	-0.8	-0.5	-	-
Q2	-0.1	-0.7	0.0	0.1	-0.3	-0.6	0.6	-	-
Q3	0.4	0.4	-0.1	0.1	-0.2	0.5	0.1	-	-
	<i>contributions to annual percentage changes in GDP; percentage points</i>								
2005	1.7	1.8	1.1	0.3	0.6	-0.2	-0.2	-	-
2006	3.0	2.9	1.2	0.4	1.1	0.1	0.1	-	-
2007	2.8	2.4	0.9	0.5	1.0	0.0	0.4	-	-
2008	0.6	0.6	0.2	0.4	-0.1	0.1	0.0	-	-
2008 Q3	0.4	0.3	0.0	0.4	-0.1	0.1	0.1	-	-
Q4	-1.8	-0.5	-0.4	0.5	-1.3	0.6	-1.3	-	-
2009 Q1	-5.0	-3.2	-0.7	0.5	-2.5	-0.5	-1.8	-	-
Q2	-4.8	-3.4	-0.5	0.5	-2.5	-0.8	-1.5	-	-
Q3	-4.0	-3.2	-0.6	0.5	-2.5	-0.6	-0.9	-	-

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.
- 3) Annual data are not working day-adjusted.

5.2 Output and demand

2. Value added by economic activity

	Gross value added (basic prices)							Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	
	1	2	3	4	5	6	7	8
<i>Current prices (EUR billions; seasonally adjusted)</i>								
2005	7,295.9	143.7	1,481.7	439.8	1,541.3	2,018.4	1,671.1	844.7
2006	7,645.0	141.2	1,563.3	476.3	1,598.0	2,134.6	1,731.6	913.9
2007	8,046.8	151.7	1,638.9	509.3	1,672.7	2,271.0	1,803.1	959.0
2008	8,313.6	146.7	1,660.2	533.3	1,726.8	2,364.6	1,882.1	946.0
2008 Q3	2,087.5	35.9	418.0	134.8	433.8	594.0	471.0	237.2
Q4	2,064.5	34.9	395.7	132.0	428.8	594.9	478.2	230.2
2009 Q1	2,016.1	34.4	359.1	130.4	417.9	589.7	484.7	223.5
Q2	2,016.2	33.4	353.2	129.3	418.6	592.5	489.2	222.2
Q3	2,029.8	32.4	361.1	128.9	420.2	594.7	492.4	222.1
<i>percentage of value added</i>								
2008	100.0	1.8	20.0	6.4	20.8	28.4	22.6	-
<i>Chain-linked volumes (prices for the previous year; seasonally adjusted<sup>1)</sup>)</i>								
<i>quarter-on-quarter percentage changes</i>								
2008 Q3	-0.4	0.3	-1.8	-1.4	-0.4	-0.1	0.5	-0.2
Q4	-1.9	0.3	-6.4	-1.8	-2.0	-0.6	0.3	-2.0
2009 Q1	-2.5	-0.3	-8.3	-1.0	-2.8	-0.7	-0.1	-2.5
Q2	-0.2	-0.2	-1.5	-0.7	-0.1	0.1	0.7	0.3
Q3	0.4	0.4	2.3	-0.8	0.2	-0.1	0.1	0.8
<i>annual percentage changes</i>								
2005	1.7	-6.1	1.3	1.6	2.0	2.7	1.3	1.9
2006	3.0	0.0	3.6	2.9	2.8	4.1	1.4	3.3
2007	3.0	-0.1	2.4	2.3	3.4	4.3	2.0	0.9
2008	0.9	1.7	-0.6	-0.6	0.8	1.7	1.6	-1.2
2008 Q3	0.6	2.8	-1.0	-1.0	0.4	1.3	1.8	-1.5
Q4	-1.7	2.2	-7.6	-3.4	-2.0	0.2	1.5	-2.6
2009 Q1	-4.9	0.1	-16.6	-5.9	-5.5	-1.0	1.1	-5.6
Q2	-4.9	0.1	-17.1	-4.7	-5.1	-1.2	1.3	-4.4
Q3	-4.1	0.1	-13.6	-4.2	-4.6	-1.3	1.0	-3.5
<i>contributions to quarter-on-quarter percentage changes in value added; percentage points</i>								
2008 Q3	-0.4	0.0	-0.4	-0.1	-0.1	0.0	0.1	-
Q4	-1.9	0.0	-1.3	-0.1	-0.4	-0.2	0.1	-
2009 Q1	-2.5	0.0	-1.6	-0.1	-0.6	-0.2	0.0	-
Q2	-0.2	0.0	-0.3	0.0	0.0	0.0	0.2	-
Q3	0.4	0.0	0.4	-0.1	0.0	0.0	0.0	-
<i>contributions to annual percentage changes in value added; percentage points</i>								
2005	1.7	-0.1	0.3	0.1	0.4	0.7	0.3	-
2006	3.0	0.0	0.7	0.2	0.6	1.1	0.3	-
2007	3.0	0.0	0.5	0.1	0.7	1.2	0.4	-
2008	0.9	0.0	-0.1	0.0	0.2	0.5	0.4	-
2008 Q3	0.6	0.1	-0.2	-0.1	0.1	0.4	0.4	-
Q4	-1.7	0.0	-1.5	-0.2	-0.4	0.1	0.3	-
2009 Q1	-4.9	0.0	-3.4	-0.4	-1.1	-0.3	0.3	-
Q2	-4.9	0.0	-3.5	-0.3	-1.1	-0.3	0.3	-
Q3	-4.1	0.0	-2.7	-0.3	-1.0	-0.4	0.2	-

Sources: Eurostat and ECB calculations.

1) Annual data are not working day-adjusted.

## 5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

### 3. Industrial production

	Total		Industry excluding construction								Construction	
	% of total <sup>1)</sup>	Total (s.a.; index: 2005 = 100)	Total	Industry excluding construction and energy							Energy	
				Manu- facturing	Total	Interme- diate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
1	2	3	4	5	6	7	8	9	10	11	12	
	100.0	78.0	78.0	69.4	68.8	28.2	22.1	18.5	2.6	15.9	9.1	22.0
2006	4.1	104.3	4.2	4.6	4.8	4.9	6.0	3.0	4.7	2.7	0.6	3.5
2007	3.2	108.2	3.7	4.2	4.3	3.7	6.7	2.3	1.4	2.5	-0.9	1.1
2008	-2.2	106.3	-1.7	-1.8	-1.9	-3.3	-0.1	-2.0	-5.7	-1.4	0.3	-4.4
2008 Q4	-8.9	98.6	-8.9	-9.2	-9.4	-13.3	-8.4	-4.7	-11.9	-3.5	-4.1	-8.1
2009 Q1	-17.0	90.2	-18.5	-20.2	-20.6	-25.4	-23.9	-7.4	-19.8	-5.5	-4.5	-10.3
Q2	-16.7	89.2	-18.6	-19.5	-19.9	-24.3	-24.2	-6.0	-21.3	-3.4	-8.9	-7.4
Q3	-13.8	91.3	-14.5	-15.3	-15.8	-18.4	-21.1	-4.0	-18.4	-1.9	-6.3	-9.3
2009 June	-15.2	90.1	-16.7	-17.8	-18.3	-22.2	-22.2	-5.3	-23.6	-2.3	-6.2	-7.6
July	-15.0	90.5	-15.8	-16.9	-17.7	-20.2	-23.5	-4.0	-20.4	-1.3	-5.6	-10.1
Aug.	-14.6	91.5	-15.1	-16.1	-16.0	-19.4	-22.0	-5.4	-19.6	-3.8	-6.1	-10.5
Sep.	-11.9	91.8	-12.7	-13.1	-13.7	-15.7	-18.3	-2.8	-15.6	-0.8	-7.3	-7.6
Oct.	-10.5	91.6	-11.0	-11.5	-12.1	-12.2	-16.9	-4.6	-14.2	-2.9	-5.2	-6.3
Nov.	-7.1	92.6	-6.8	-7.0	-7.3	-5.9	-12.8	-1.8	-8.2	-0.8	-5.7	-7.1
<i>month-on-month percentage changes (s.a.)</i>												
2009 June	0.8	-	1.0	1.0	-0.2	0.6	0.2	-0.2	-3.5	0.2	1.8	0.0
July	-0.1	-	0.4	0.4	-0.2	1.2	-1.3	0.5	0.9	0.4	0.6	-1.6
Aug.	0.8	-	1.2	1.4	1.1	0.9	1.6	-0.4	5.7	-1.1	0.2	0.1
Sep.	0.6	-	0.3	0.6	0.0	0.9	1.6	0.2	-4.9	0.8	-1.6	-0.7
Oct.	-0.5	-	-0.3	-0.7	-0.3	1.1	-0.5	-1.4	-0.8	-1.3	1.0	-0.1
Nov.	1.3	-	1.1	1.8	1.1	1.8	1.4	1.0	2.1	0.8	-2.5	-0.8

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

	Industrial new orders		Industrial turnover		Retail sales (excluding automotive fuel)							New passenger car registrations	
	Manufacturing <sup>2)</sup> (current prices)		Manufacturing (current prices)		Current prices	Constant prices						Total (s.a.; thousands) <sup>3)</sup>	Total
	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				
									Textiles, clothing, footwear	Household equipment			
1	2	3	4	5	6	7	8	9	10	11	12	13	
% of total <sup>1)</sup>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	42.9	57.1	9.9	13.9		
2007	120.0	8.7	115.0	6.5	2.6	104.3	1.8	0.0	3.2	4.0	3.1	968	-0.5
2008	113.4	-5.2	116.9	1.9	1.7	103.5	-0.8	-1.8	-0.1	-1.7	-1.9	896	-7.0
2009	.	.	.	.	-2.6	101.6	-1.9	-1.8	-1.9	.	.	923	2.8
2009 Q1	83.1	-31.8	95.0	-21.6	-2.8	101.9	-2.7	-3.5	-2.0	-0.7	-6.2	828	-12.6
Q2	84.5	-30.6	94.1	-23.2	-2.8	101.7	-2.0	-1.6	-2.2	-2.1	-5.3	933	-0.2
Q3	91.1	-21.4	96.2	-18.8	-3.2	101.4	-1.8	-1.4	-2.2	-2.8	-2.9	959	9.6
Q4	.	.	.	.	-1.5	101.3	-1.1	-0.7	-1.4	.	.	971	20.3
2009 July	90.3	-24.9	95.1	-20.7	-2.6	101.6	-1.2	-1.6	-1.1	0.1	-3.3	974	6.8
Aug.	90.7	-23.2	97.1	-18.8	-3.2	101.5	-1.8	-0.9	-2.5	-4.0	-2.7	932	14.5
Sep.	92.3	-16.4	96.3	-16.9	-3.9	101.1	-2.5	-1.8	-3.0	-4.8	-2.8	969	9.6
Oct.	90.3	-14.5	96.8	-16.3	-1.7	101.6	-0.4	-1.1	-0.2	2.5	-0.4	980	10.8
Nov.	92.8	-0.4	98.1	-6.5	-2.6	101.2	-1.5	-1.3	-1.7	-3.7	-2.8	975	33.6
Dec.	.	.	.	.	-0.4	101.2	-1.2	0.1	-2.2	.	.	959	19.3
<i>month-on-month percentage changes (s.a.)</i>													
2009 Aug.	-	0.5	-	2.1	-0.1	-	-0.1	0.7	-0.7	-2.4	-0.1	-	-4.3
Sep.	-	1.7	-	-0.8	-0.4	-	-0.4	-0.6	-0.2	0.2	-0.1	-	4.0
Oct.	-	-2.1	-	0.5	0.5	-	0.5	0.0	0.7	2.1	0.5	-	1.1
Nov.	-	2.8	-	1.4	-0.4	-	-0.4	0.2	-0.7	-2.6	-1.2	-	-0.5
Dec.	-	.	-	.	0.8	-	0.0	0.3	-0.2	.	.	-	-1.6

Sources: Eurostat, except columns 12 and 13 in Table 4 in Section 5.2 (which comprise ECB calculations based on data from the European Automobile Manufacturers' Association).

1) In 2005.

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, <sup>1)</sup> unless otherwise indicated; seasonally adjusted)

**5. Business and Consumer Surveys**

	Economic sentiment indicator <sup>2)</sup> (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation <sup>3)</sup> (percentages)	Total <sup>4)</sup>	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total <sup>4)</sup>	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2006	107.2	2	0	6	13	83.2	-9	-3	-9	15	-9
2007	109.2	5	5	5	13	84.2	-5	-2	-4	5	-8
2008	93.5	-9	-15	11	-2	81.8	-18	-10	-25	24	-14
2009	80.8	-28	-56	14	-15	71.1	-25	-7	-26	56	-10
2008 Q4	80.0	-25	-36	18	-22	78.0	-27	-11	-34	49	-14
2009 Q1	71.5	-36	-56	20	-31	72.4	-33	-11	-41	64	-14
Q2	75.6	-33	-62	18	-20	69.9	-28	-9	-34	59	-11
Q3	84.1	-26	-58	12	-9	70.3	-21	-5	-20	51	-9
Q4	91.9	-19	-50	7	1	71.7	-17	-3	-11	48	-7
2009 Aug.	84.8	-25	-56	12	-8	-	-22	-5	-21	54	-9
Sep.	86.7	-24	-56	10	-7	-	-19	-4	-15	48	-10
Oct.	89.6	-21	-53	8	-2	71.0	-18	-3	-12	48	-8
Nov.	91.9	-19	-51	7	2	-	-17	-3	-10	50	-7
Dec.	94.1	-16	-47	5	3	-	-16	-3	-10	46	-5
2010 Jan.	95.7	-14	-44	3	5	72.4	-16	-3	-9	46	-6

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total <sup>4)</sup>	Order books	Employment expectations	Total <sup>4)</sup>	Present business situation	Volume of stocks	Expected business situation	Total <sup>4)</sup>	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2006	1	-4	6	1	3	14	13	18	13	18	24
2007	0	-7	7	1	5	15	13	20	16	19	24
2008	-13	-20	-6	-7	-6	17	2	2	-5	4	7
2009	-31	-40	-22	-15	-21	11	-15	-16	-22	-16	-9
2008 Q4	-23	-31	-16	-15	-16	17	-13	-12	-20	-9	-6
2009 Q1	-31	-36	-26	-19	-21	15	-20	-24	-33	-21	-18
Q2	-33	-42	-24	-17	-23	9	-19	-22	-29	-23	-15
Q3	-31	-41	-22	-14	-19	10	-13	-12	-18	-13	-5
Q4	-28	-40	-16	-12	-19	10	-7	-4	-8	-8	3
2009 Aug.	-31	-40	-22	-14	-20	10	-13	-11	-16	-10	-5
Sep.	-30	-42	-19	-15	-21	11	-14	-9	-15	-10	-2
Oct.	-29	-42	-16	-15	-24	10	-12	-7	-10	-10	0
Nov.	-26	-39	-14	-11	-19	10	-4	-4	-7	-8	4
Dec.	-28	-40	-17	-10	-15	9	-6	-3	-7	-6	5
2010 Jan.	-29	-39	-20	-5	-6	8	-1	-1	-6	-3	5

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

- 1) Difference between the percentages of respondents giving positive and negative replies.
- 2) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period 1990 to 2008.
- 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 <sup>1)</sup>

(annual percentage changes, unless otherwise indicated)

### 1. Employment

	Whole economy		By employment status		By economic activity					
	Millions (s.a.)		Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total <sup>2)</sup>	100.0	100.0	85.2	14.8	3.9	17.1	7.5	25.6	16.0	29.9
	1	2	3	4	5	6	7	8	9	10
2005	141.875	1.0	1.0	0.4	-0.7	-1.1	2.7	0.7	2.5	1.5
2006	144.168	1.6	1.8	0.8	-1.8	-0.3	2.7	1.6	4.0	1.8
2007	146.728	1.8	1.9	0.8	-1.5	0.3	3.8	2.0	4.0	1.2
2008	147.816	0.7	0.9	-0.3	-1.4	-0.1	-2.2	1.3	2.3	1.0
2008 Q3	147.794	0.5	0.8	-0.9	-1.7	-0.1	-2.7	0.9	2.0	0.8
Q4	147.261	0.0	0.1	-0.8	-1.1	-1.2	-5.0	0.4	0.7	1.3
2009 Q1	146.200	-1.2	-1.0	-2.3	-2.3	-3.0	-7.2	-1.2	-1.2	1.6
Q2	145.499	-1.8	-1.7	-2.2	-2.3	-4.7	-7.5	-1.8	-2.1	1.7
Q3	144.788	-2.1	-2.0	-2.4	-2.8	-6.1	-7.8	-1.7	-2.5	1.7
	<i>quarter-on-quarter percentage changes (s.a.)</i>									
2008 Q3	-0.352	-0.2	-0.2	-0.6	-0.6	-0.5	-1.9	-0.1	0.0	0.2
Q4	-0.533	-0.4	-0.3	-0.5	0.1	-1.1	-2.2	-0.4	-0.5	0.6
2009 Q1	-1.062	-0.7	-0.7	-0.9	-0.8	-1.5	-2.3	-0.8	-0.9	0.2
Q2	-0.700	-0.5	-0.5	-0.5	-0.8	-1.8	-1.4	-0.4	-0.7	0.6
Q3	-0.712	-0.5	-0.5	-0.7	-1.1	-1.6	-2.0	-0.1	-0.5	0.3

### 2. Unemployment

(seasonally adjusted)

	Total		By age <sup>3)</sup>				By gender <sup>4)</sup>			
	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 <sup>2)</sup>	100.0		78.0		22.0		53.7		46.3	
	1	2	3	4	5	6	7	8	9	10
2006	12.876	8.3	10.053	7.3	2.823	16.4	6.387	7.5	6.489	9.4
2007	11.673	7.5	9.124	6.6	2.549	14.9	5.736	6.7	5.937	8.5
2008	11.891	7.6	9.264	6.6	2.628	15.4	5.998	6.9	5.893	8.3
2009	14.876	9.4	11.609	8.2	3.267	19.6	8.003	9.3	6.873	9.6
2008 Q4	12.673	8.0	9.864	7.0	2.809	16.6	6.549	7.6	6.124	8.6
2009 Q1	13.890	8.8	10.815	7.7	3.075	18.2	7.359	8.5	6.531	9.2
Q2	14.717	9.3	11.491	8.1	3.226	19.3	7.908	9.1	6.809	9.5
Q3	15.225	9.6	11.923	8.4	3.302	20.0	8.232	9.5	6.992	9.8
Q4	15.674	9.9	12.208	8.7	3.466	20.8	8.515	9.9	7.160	10.0
2009 July	15.052	9.5	11.795	8.3	3.257	19.7	8.120	9.4	6.932	9.7
Aug.	15.192	9.6	11.900	8.4	3.292	19.9	8.200	9.5	6.992	9.8
Sep.	15.430	9.8	12.074	8.5	3.356	20.2	8.377	9.7	7.053	9.8
Oct.	15.583	9.9	12.145	8.6	3.438	20.7	8.449	9.8	7.134	10.0
Nov.	15.676	9.9	12.206	8.7	3.470	20.9	8.528	9.9	7.149	10.0
Dec.	15.763	10.0	12.274	8.7	3.489	21.0	8.567	10.0	7.196	10.1

Source: Eurostat.

1) Data for employment refer to persons and are based on the ESA 95. Data for unemployment refer to persons and follow ILO recommendations.

2) In 2009.

3) Adult: 25 years of age and over; youth: below 25 years of age; rates are expressed as a percentage of the labour force for the relevant age group.

4) Rates are expressed as a percentage of the labour force for the relevant gender.



# GOVERNMENT FINANCE

## 6.1 Revenue, expenditure and deficit/surplus <sup>1)</sup> (as a percentage of GDP)

### 1. Euro area – revenue

	Total		Current revenue								Capital revenue		Memo item: Fiscal burden <sup>2)</sup>	
	1	2	Direct taxes		Indirect taxes	Social contributions			Sales	Capital taxes	13			
			Households	Corporations		Employers	Employees							
			3	4	5	6	7	8	9	10	11	12	14	
2000	46.5	46.2	12.6	9.6	3.0	13.9	0.6	15.8	8.2	4.8	2.2	0.3	0.3	42.6
2001	45.7	45.4	12.2	9.4	2.7	13.5	0.5	15.6	8.2	4.7	2.1	0.2	0.3	41.6
2002	45.1	44.8	11.8	9.2	2.5	13.5	0.4	15.6	8.2	4.6	2.1	0.3	0.3	41.2
2003	45.0	44.4	11.4	9.0	2.3	13.5	0.4	15.7	8.3	4.6	2.1	0.6	0.5	41.1
2004	44.5	44.0	11.3	8.7	2.5	13.5	0.3	15.5	8.2	4.5	2.1	0.5	0.4	40.7
2005	44.8	44.4	11.5	8.8	2.6	13.7	0.3	15.4	8.1	4.5	2.2	0.5	0.3	40.9
2006	45.3	45.0	12.1	8.9	3.0	13.9	0.3	15.3	8.1	4.5	2.1	0.3	0.3	41.5
2007	45.5	45.2	12.4	9.1	3.1	13.8	0.3	15.1	8.0	4.4	2.1	0.3	0.3	41.6
2008	44.9	44.7	12.2	9.3	2.7	13.3	0.3	15.3	8.1	4.4	2.1	0.2	0.3	41.0

### 2. Euro area – expenditure

	Total		Current expenditure							Capital expenditure			Memo item: Primary expenditure <sup>3)</sup>	
	1	2	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments		Subsidies	Investment	Capital transfers	Paid by EU institutions		
							7	8						9
			3	4	5	6	7	8	9	10	11	12	13	14
2000	46.6	43.8	10.4	4.8	3.9	24.7	21.6	2.0	0.5	2.8	2.5	1.3	0.0	42.7
2001	47.6	43.7	10.3	4.8	3.8	24.8	21.7	1.9	0.5	3.9	2.5	1.4	0.0	43.8
2002	47.7	43.9	10.4	4.9	3.5	25.1	22.2	1.9	0.5	3.8	2.4	1.4	0.0	44.2
2003	48.1	44.1	10.5	5.0	3.3	25.4	22.5	1.9	0.5	3.9	2.5	1.4	0.1	44.8
2004	47.5	43.6	10.4	5.0	3.1	25.1	22.3	1.8	0.5	3.9	2.5	1.5	0.1	44.4
2005	47.4	43.5	10.4	5.0	3.0	25.0	22.3	1.7	0.5	3.9	2.5	1.4	0.0	44.4
2006	46.7	42.8	10.2	5.0	2.9	24.8	22.0	1.7	0.5	3.8	2.5	1.4	0.0	43.8
2007	46.1	42.3	10.0	5.0	3.0	24.4	21.6	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	46.9	43.0	10.1	5.1	3.0	24.8	22.0	1.6	0.4	3.9	2.5	1.3	0.0	43.9

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

	Deficit (-)/surplus (+)					Primary deficit (-)/surplus (+)	Government consumption <sup>4)</sup>							
	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
2000	-0.1	-0.5	-0.1	0.1	0.5	3.8	19.7	10.4	4.8	4.9	1.8	2.2	8.2	11.6
2001	-1.9	-1.7	-0.4	-0.1	0.3	1.9	19.8	10.3	4.8	4.9	1.8	2.1	8.2	11.7
2002	-2.6	-2.1	-0.5	-0.2	0.2	0.9	20.2	10.4	4.9	5.1	1.8	2.1	8.3	12.0
2003	-3.1	-2.4	-0.5	-0.2	0.0	0.2	20.5	10.5	5.0	5.2	1.8	2.1	8.3	12.2
2004	-3.0	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.4	5.0	5.1	1.9	2.1	8.3	12.1
2005	-2.6	-2.2	-0.3	-0.2	0.2	0.4	20.4	10.4	5.0	5.1	1.9	2.2	8.2	12.3
2006	-1.3	-1.4	-0.1	-0.2	0.4	1.6	20.3	10.2	5.0	5.2	1.9	2.1	8.0	12.2
2007	-0.6	-1.2	0.0	0.0	0.5	2.4	20.0	10.0	5.0	5.2	1.9	2.1	7.9	12.1
2008	-2.0	-2.0	-0.2	-0.2	0.4	1.0	20.4	10.1	5.1	5.3	1.9	2.1	8.1	12.3

### 4. Euro area countries – deficit (-)/surplus (+) <sup>5)</sup>

	BE	DE	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
2005	-2.7	-3.3	1.7	-5.2	1.0	-2.9	-4.3	-2.4	0.0	-2.9	-0.3	-1.6	-6.1	-1.4	-2.8	2.8
2006	0.3	-1.6	3.0	-2.9	2.0	-2.3	-3.3	-1.2	1.3	-2.6	0.5	-1.6	-3.9	-1.3	-3.5	4.0
2007	-0.2	0.2	0.3	-3.7	1.9	-2.7	-1.5	3.4	3.7	-2.2	0.2	-0.6	-2.6	0.0	-1.9	5.2
2008	-1.2	0.0	-7.2	-7.7	-4.1	-3.4	-2.7	0.9	2.5	-4.7	0.7	-0.4	-2.7	-1.8	-2.3	4.5

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

- 1) Data refer to the Euro 16. The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not consolidated.
- 2) The fiscal burden comprises taxes and social contributions.
- 3) Comprises total expenditure minus interest expenditure.
- 4) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
- 5) Includes proceeds from the sale of UMTS licences and settlements under swaps and forward rate agreements.

## 6.2 Debt <sup>1)</sup>

(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 <sup>2)</sup>				Other creditors <sup>3)</sup>
						Total	MFIs	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1999	72.0	2.9	14.5	4.3	50.4	48.7	25.4	13.7	9.7	23.3
2000	69.2	2.7	13.2	3.7	49.6	44.0	22.1	12.3	9.6	25.2
2001	68.2	2.8	12.4	4.0	49.0	41.8	20.6	11.0	10.2	26.4
2002	68.0	2.7	11.8	4.6	48.9	40.0	19.4	10.6	10.0	28.0
2003	69.1	2.1	12.4	5.0	49.6	39.3	19.6	11.0	8.6	29.8
2004	69.5	2.2	12.0	5.0	50.3	37.5	18.5	10.7	8.3	31.9
2005	70.0	2.4	11.8	4.7	51.2	35.5	17.2	11.1	7.1	34.6
2006	68.2	2.4	11.4	4.1	50.2	33.8	17.4	9.4	7.0	34.4
2007	65.9	2.2	10.8	4.2	48.8	32.1	16.8	8.6	6.7	33.9
2008	69.3	2.3	10.9	6.7	49.4	32.5	17.2	8.2	7.1	36.8

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

	Total	Issued by: <sup>4)</sup>				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
1999	72.0	60.5	6.0	5.1	0.4	7.3	64.6	7.0	13.5	27.8	30.6	69.9	2.0
2000	69.2	58.1	5.8	4.9	0.4	6.5	62.7	6.2	13.4	27.8	28.1	67.4	1.8
2001	68.2	57.0	6.0	4.7	0.4	7.0	61.2	5.3	13.7	26.6	27.9	66.7	1.5
2002	68.0	56.7	6.2	4.7	0.4	7.6	60.4	5.2	15.5	25.3	27.2	66.7	1.3
2003	69.1	57.0	6.5	5.0	0.6	7.8	61.3	5.0	14.9	26.0	28.2	68.1	0.9
2004	69.5	57.4	6.6	5.1	0.4	7.8	61.6	4.7	14.8	26.2	28.5	68.6	0.9
2005	70.0	57.6	6.7	5.2	0.5	7.9	62.2	4.6	14.8	25.6	29.7	69.1	1.0
2006	68.2	55.9	6.5	5.3	0.5	7.4	60.8	4.3	14.4	24.0	29.8	67.7	0.6
2007	65.9	54.0	6.2	5.2	0.5	7.4	58.5	4.3	14.2	22.7	29.1	65.4	0.5
2008	69.3	57.1	6.6	5.2	0.4	10.2	59.1	4.5	17.8	22.2	29.3	68.6	0.7

### 3. Euro area countries

	BE	DE	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
2005	92.1	68.0	27.6	100.0	43.0	66.4	105.8	69.1	6.1	70.2	51.8	63.9	63.6	27.0	34.2	41.8
2006	88.1	67.6	25.0	97.1	39.6	63.7	106.5	64.6	6.6	63.6	47.4	62.2	64.7	26.7	30.5	39.3
2007	84.2	65.0	25.1	95.6	36.1	63.8	103.5	58.3	6.6	62.0	45.5	59.5	63.6	23.3	29.3	35.2
2008	89.8	65.9	44.1	99.2	39.7	67.4	105.8	48.4	13.5	63.8	58.2	62.6	66.3	22.5	27.7	34.1

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

- 1) Data refer to the Euro 16. Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not 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 <sup>1)</sup>**  
(as a percentage of GDP)

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

	Total	Source of change			Financial instruments				Holders			Other creditors <sup>6)</sup>
		Borrowing requirement <sup>2)</sup>	Valuation effects <sup>3)</sup>	Other changes in volume <sup>4)</sup>	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>5)</sup>	MFIs	Other financial corporations	
	1	2	3	4	5	6	7	8	9	10	11	12
2000	1.1	1.2	0.0	-0.1	0.0	-0.5	-0.3	1.9	-2.1	-2.0	-0.6	3.2
2001	1.9	1.9	-0.1	0.1	0.2	-0.2	0.5	1.5	-0.3	-0.5	-0.8	2.2
2002	2.1	2.7	-0.5	-0.1	0.0	-0.2	0.7	1.6	-0.4	-0.5	-0.1	2.5
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.5	0.8	0.8	2.6
2004	3.1	3.2	-0.1	0.0	0.2	0.1	0.1	2.7	-0.2	-0.3	0.1	3.3
2005	3.1	3.0	0.0	0.0	0.3	0.3	-0.1	2.6	-0.7	-0.6	0.8	3.8
2006	1.5	1.4	0.1	0.0	0.2	0.2	-0.4	1.5	0.0	1.0	-1.2	1.5
2007	1.1	1.1	0.0	0.0	-0.1	-0.1	0.3	1.0	0.0	0.2	-0.3	1.1
2008	5.2	5.1	0.1	0.0	0.1	0.4	2.6	2.0	1.3	0.9	-0.2	3.8

**2. Euro area – deficit-debt adjustment**

	Change in debt	Deficit (-)/ surplus (+) <sup>7)</sup>	Deficit-debt adjustment <sup>8)</sup>											
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	Other <sup>9)</sup>
				Total	Currency and deposits	Loans	Securities <sup>10)</sup>	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000	1.1	-0.1	1.0	1.0	0.7	0.1	0.2	0.0	-0.3	0.2	0.0	0.1	-0.1	0.1
2001	1.9	-1.9	0.0	-0.5	-0.6	0.1	0.1	-0.1	-0.3	0.1	-0.1	0.0	0.0	0.1
2002	2.1	-2.6	-0.5	0.1	0.1	0.0	0.0	-0.1	-0.4	0.1	-0.5	-0.1	-0.1	0.0
2003	3.1	-3.1	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.1	-3.0	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	3.1	-2.6	0.5	0.6	0.3	0.1	0.1	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2006	1.5	-1.3	0.2	0.3	0.3	-0.1	0.3	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.2
2007	1.1	-0.6	0.5	0.6	0.3	0.0	0.3	0.1	-0.2	0.2	0.0	0.0	0.0	-0.1
2008	5.2	-2.0	3.2	3.1	0.8	0.7	0.7	0.8	-0.1	0.7	0.1	0.0	0.0	0.0

Source: ECB.

- 1) Data refer to the Euro 16 and are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e.  $[\text{debt}(t) - \text{debt}(t-1)] \div \text{GDP}(t)$ .
- 2) The borrowing requirement is by definition equal to transactions in debt.
- 3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
- 4) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
- 5) Holders resident in the country whose government has issued the debt.
- 6) Includes residents of euro area countries other than the country whose government has issued the debt.
- 7) Including proceeds from sales of UMTS licences.
- 8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
- 9) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
- 10) Excluding financial derivatives.

## 6.4 Quarterly revenue, expenditure and deficit/surplus <sup>1)</sup>

(as a percentage of GDP)

### 1. Euro area – quarterly revenue

	Total		Current revenue					Capital revenue		Memo item: Fiscal burden <sup>2)</sup>
	1	2	Direct taxes	Indirect taxes	Social contributions	Sales	Property income	8	Capital taxes	
2003 Q3	42.7	42.2	10.8	12.6	15.5	1.9	0.6	0.5	0.2	39.1
2003 Q4	49.2	48.2	13.1	14.1	16.2	2.9	0.8	1.0	0.3	43.7
2004 Q1	41.4	40.9	9.6	12.9	15.3	1.7	0.6	0.4	0.3	38.1
2004 Q2	44.8	44.0	12.0	12.9	15.3	2.0	1.1	0.8	0.6	40.7
2004 Q3	42.8	42.3	10.6	12.8	15.4	1.9	0.7	0.5	0.3	39.1
2004 Q4	49.0	48.0	12.9	14.2	16.2	2.9	0.7	1.0	0.4	43.7
2005 Q1	42.0	41.5	9.9	13.0	15.3	1.7	0.6	0.5	0.3	38.5
2005 Q2	44.4	43.8	11.7	13.2	15.1	2.0	1.1	0.6	0.3	40.2
2005 Q3	43.4	42.7	11.0	13.0	15.2	1.9	0.7	0.7	0.3	39.5
2005 Q4	49.0	48.3	13.4	14.2	16.1	2.9	0.8	0.7	0.3	43.9
2006 Q1	42.4	42.0	10.2	13.4	15.1	1.6	0.8	0.4	0.3	38.9
2006 Q2	45.5	45.0	12.4	13.5	15.1	1.9	1.3	0.5	0.3	41.2
2006 Q3	43.7	43.2	11.5	13.0	15.2	2.0	0.8	0.5	0.3	39.9
2006 Q4	49.3	48.7	14.0	14.2	15.8	2.9	0.9	0.6	0.3	44.4
2007 Q1	42.2	41.8	10.3	13.5	14.8	1.7	0.8	0.4	0.3	38.8
2007 Q2	45.8	45.3	12.8	13.4	15.0	1.9	1.5	0.4	0.3	41.5
2007 Q3	43.7	43.2	12.0	12.8	14.9	1.9	0.8	0.5	0.3	40.0
2007 Q4	49.7	49.2	14.4	14.2	15.8	3.0	0.9	0.5	0.3	44.6
2008 Q1	42.2	41.9	10.7	12.9	14.8	1.7	1.0	0.3	0.2	38.7
2008 Q2	45.1	44.7	12.8	12.8	15.0	1.9	1.5	0.4	0.3	40.9
2008 Q3	43.1	42.7	11.8	12.4	15.1	1.9	0.8	0.4	0.3	39.5
2008 Q4	48.8	48.3	13.6	13.6	16.2	3.0	1.0	0.5	0.3	43.6
2009 Q1	42.3	42.1	10.5	12.5	15.5	1.8	1.0	0.2	0.2	38.7
2009 Q2	44.6	44.0	11.7	12.5	15.6	2.0	1.5	0.6	0.5	40.2
2009 Q3	42.5	42.2	10.7	12.4	15.6	2.0	0.8	0.3	0.3	39.0

### 2. Euro area – quarterly expenditure and deficit/surplus

	Total		Current expenditure					Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)	
	Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social benefits	Subsidies	Investment	Capital transfers				
										1			2
2003 Q3	47.1	43.4	10.2	4.8	3.3	25.1	21.6	1.3	3.7	2.5	1.2	-4.4	-1.1
2003 Q4	51.0	46.2	11.1	5.7	3.1	26.4	22.8	1.5	4.8	3.3	1.6	-1.9	1.2
2004 Q1	46.4	43.0	10.3	4.6	3.2	24.9	21.3	1.2	3.4	1.9	1.5	-5.0	-1.8
2004 Q2	46.6	43.2	10.4	4.8	3.3	24.7	21.4	1.3	3.4	2.3	1.1	-1.8	1.5
2004 Q3	46.1	42.7	9.9	4.7	3.1	24.9	21.5	1.3	3.4	2.4	1.0	-3.3	-0.1
2004 Q4	50.8	45.6	11.0	5.7	2.9	26.1	22.6	1.4	5.2	3.1	2.1	-1.9	1.0
2005 Q1	46.8	43.1	10.3	4.6	3.1	25.1	21.4	1.2	3.7	1.9	1.8	-4.9	-1.7
2005 Q2	46.1	42.7	10.2	4.9	3.2	24.4	21.3	1.1	3.4	2.3	1.1	-1.7	1.5
2005 Q3	45.8	42.3	9.9	4.8	3.0	24.7	21.3	1.2	3.4	2.5	1.0	-2.4	0.6
2005 Q4	50.5	45.7	11.1	5.8	2.7	26.0	22.5	1.3	4.8	3.1	1.7	-1.5	1.3
2006 Q1	45.3	42.2	10.0	4.6	2.9	24.7	21.1	1.2	3.1	1.9	1.2	-2.9	0.0
2006 Q2	45.4	42.2	10.2	4.9	3.1	24.0	21.0	1.1	3.2	2.3	1.0	0.1	3.1
2006 Q3	45.3	41.9	9.8	4.7	2.9	24.5	21.1	1.2	3.4	2.4	1.0	-1.6	1.3
2006 Q4	50.3	45.0	10.7	5.7	2.7	25.8	22.2	1.4	5.3	3.2	2.2	-1.0	1.7
2007 Q1	44.3	41.2	9.8	4.5	2.9	23.9	20.5	1.2	3.2	2.0	1.2	-2.1	0.8
2007 Q2	44.6	41.4	9.9	4.8	3.2	23.5	20.5	1.1	3.2	2.3	0.8	1.2	4.3
2007 Q3	44.6	41.2	9.6	4.7	3.0	23.9	20.7	1.2	3.4	2.5	0.9	-0.9	2.0
2007 Q4	50.3	45.2	10.7	5.8	2.8	26.0	22.2	1.5	5.1	3.4	1.8	-0.6	2.2
2008 Q1	44.7	41.5	9.8	4.6	2.9	24.2	20.5	1.2	3.2	2.0	1.2	-2.5	0.5
2008 Q2	45.3	41.9	10.1	4.9	3.1	23.7	20.6	1.1	3.4	2.3	1.1	-0.2	3.0
2008 Q3	45.4	41.9	9.7	4.8	3.0	24.4	21.2	1.2	3.5	2.5	1.1	-2.3	0.7
2008 Q4	51.7	46.7	11.0	6.0	2.8	26.9	23.0	1.4	5.1	3.4	1.7	-3.0	-0.2
2009 Q1	48.3	44.9	10.5	5.2	2.9	26.2	22.4	1.3	3.4	2.1	1.2	-6.0	-3.1
2009 Q2	49.8	46.0	10.9	5.5	3.1	26.5	23.0	1.3	3.9	2.7	1.2	-5.3	-2.1
2009 Q3	48.8	45.1	10.3	5.2	2.7	26.9	23.3	1.4	3.7	2.6	1.1	-6.3	-3.5

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. The data are not seasonally adjusted.
- 2) The fiscal burden comprises taxes and social contributions.

## 6.5 Quarterly debt and change in debt

(as a percentage of GDP)

### 1. Euro area – Maastricht debt by financial instrument<sup>1)</sup>

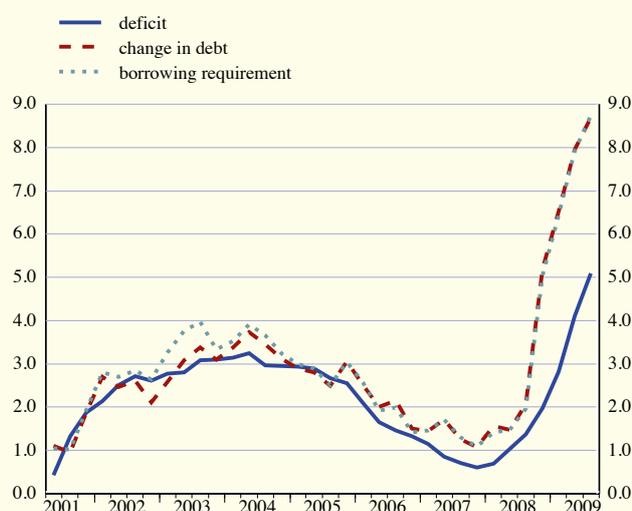
	Total 1	Financial instruments			
		Currency and deposits 2	Loans 3	Short-term securities 4	Long-term securities 5
2006 Q4	68.2	2.4	11.4	4.1	50.2
2007 Q1	68.4	2.4	11.5	4.7	49.9
Q2	68.6	2.2	11.2	5.1	50.2
Q3	67.6	2.1	11.0	5.1	49.4
Q4	65.9	2.2	10.8	4.2	48.8
2008 Q1	66.9	2.1	11.1	5.0	48.7
Q2	67.2	2.1	11.0	4.9	49.1
Q3	67.1	2.1	10.8	5.5	48.6
Q4	69.3	2.3	10.9	6.7	49.4
2009 Q1	72.7	2.3	11.0	7.9	51.6
Q2	75.9	2.4	11.5	8.4	53.6
Q3	77.6	2.3	11.6	9.2	54.5

### 2. Euro area – deficit-debt adjustment

	Change in debt 1	Deficit (-)/ surplus (+) 2	Deficit-debt adjustment							Memo item: Borrowing requirement 11	
			Total 3	Transactions in main financial assets held by general government				Valuation effects and other changes in volume 9	Other 10		
				Total 4	Currency and deposits 5	Loans 6	Securities 7				Shares and other equity 8
2006 Q4	-2.9	-1.0	-3.9	-2.4	-1.5	-0.5	-0.2	-0.2	-0.2	-1.3	-2.8
2007 Q1	4.5	-2.1	2.3	2.0	1.0	0.0	0.6	0.2	-0.7	1.1	5.2
Q2	4.2	1.2	5.3	5.0	4.1	0.0	0.6	0.4	0.6	-0.3	3.5
Q3	-0.6	-0.9	-1.5	-1.5	-2.1	0.1	0.4	0.0	0.1	-0.1	-0.7
Q4	-3.4	-0.6	-4.0	-2.9	-1.9	-0.2	-0.6	-0.2	0.0	-1.1	-3.4
2008 Q1	6.3	-2.5	3.8	3.1	1.9	0.0	0.9	0.3	-0.1	0.7	6.3
Q2	3.7	-0.2	3.5	3.4	1.8	0.3	1.1	0.1	0.0	0.0	3.7
Q3	1.9	-2.3	-0.4	-0.9	-1.6	0.0	0.1	0.6	0.5	0.0	1.4
Q4	8.8	-3.0	5.9	6.5	1.1	2.6	0.8	2.0	0.1	-0.7	8.7
2009 Q1	11.9	-6.0	5.9	5.4	4.9	-0.1	-0.2	0.9	-0.3	0.7	12.2
Q2	9.4	-5.3	4.1	3.5	1.9	-0.7	1.0	1.3	-0.2	0.8	9.6
Q3	4.7	-6.3	-1.6	-2.9	-3.2	0.8	-0.1	-0.4	0.2	1.1	4.5

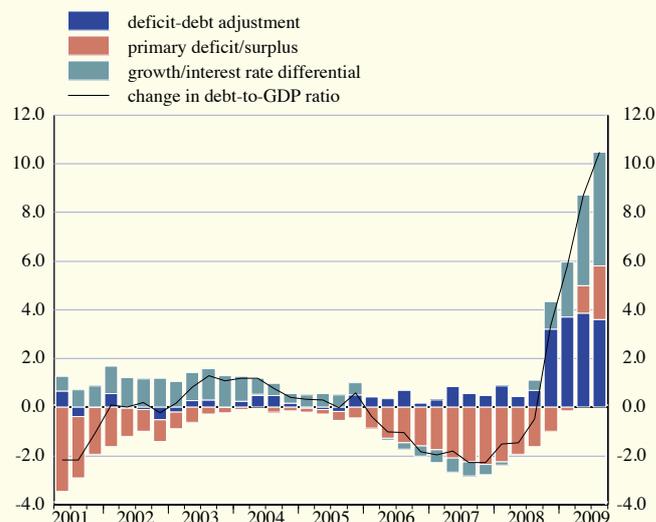
### C28 Deficit, borrowing requirement and change in debt

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



### C29 Maastricht debt

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



Sources: ECB calculations based on Eurostat and national data.

1) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.



## EXTERNAL TRANSACTIONS AND POSITIONS

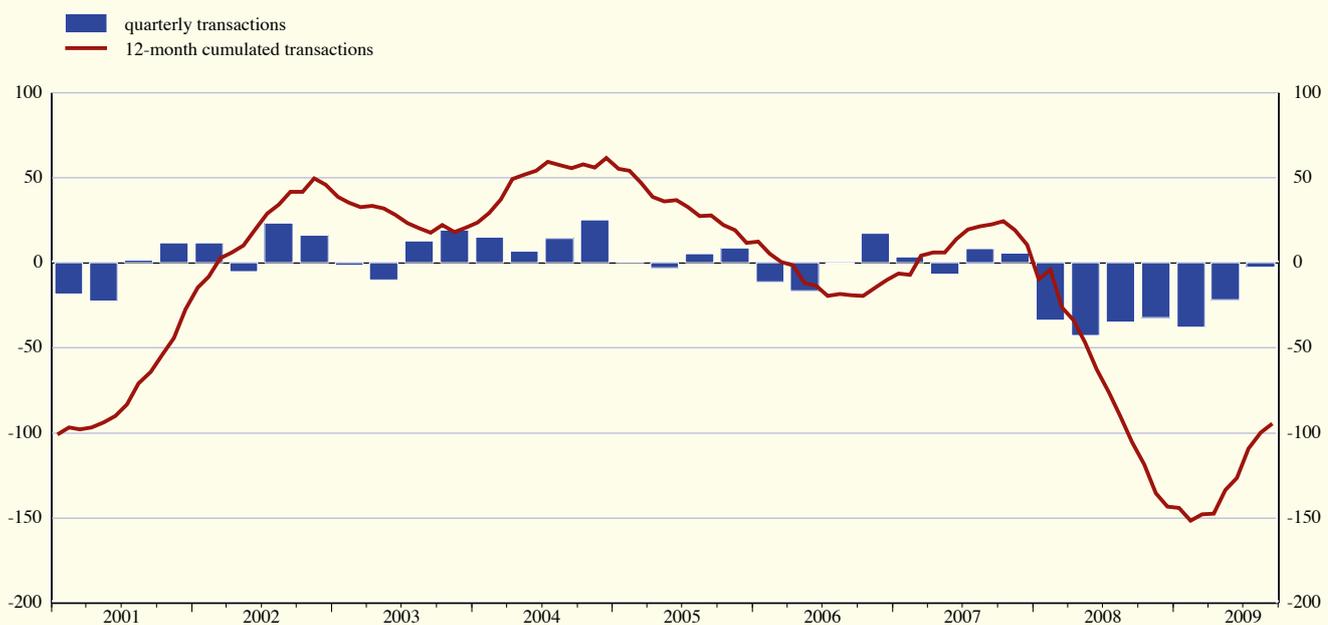
### 7.1 Summary balance of payments <sup>1)</sup>

(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
2006	-10.2	10.7	41.6	17.3	-79.8	9.1	-1.1	-9.1	-160.2	188.7	-0.6	-35.7	-1.3	10.2
2007	10.6	46.0	48.3	2.8	-86.4	5.0	15.7	-1.2	-72.9	151.3	-64.6	-9.9	-5.1	-14.4
2008	-143.3	-11.4	40.6	-74.4	-98.1	10.0	-133.3	163.9	-189.0	350.5	-65.7	72.1	-3.9	-30.7
2008 Q3	-34.7	-10.4	12.9	-12.8	-24.4	1.7	-32.9	58.3	-23.6	114.7	-8.2	-26.1	1.6	-25.4
Q4	-32.2	-1.9	7.1	-11.7	-25.7	1.7	-30.5	41.5	-61.1	152.7	-13.3	-36.1	-0.5	-11.0
2009 Q1	-38.0	-7.7	0.5	-2.3	-28.4	1.4	-36.6	55.8	-58.8	129.9	-5.3	-15.7	5.7	-19.1
Q2	-21.7	13.1	7.3	-25.1	-16.9	2.2	-19.5	13.9	-4.3	82.8	18.8	-81.0	-2.4	5.5
Q3	-2.7	13.3	12.8	-5.8	-22.9	1.5	-1.2	14.0	-24.3	83.4	-4.2	-41.3	0.3	-12.8
2008 Nov.	-17.4	-4.8	1.9	-5.3	-9.2	1.6	-15.8	12.7	-53.5	50.2	-10.3	26.7	-0.4	3.2
Dec.	-5.7	-0.2	3.8	-3.8	-5.5	-0.1	-5.7	16.1	-2.8	1.4	-3.7	13.4	7.9	-10.3
2009 Jan.	-24.0	-10.6	0.2	-3.2	-10.4	0.2	-23.8	31.8	-22.8	-6.4	3.4	52.4	5.3	-8.0
Feb.	-5.4	-0.1	0.4	0.0	-5.6	0.5	-4.9	11.2	-11.7	67.3	-1.3	-44.3	1.2	-6.3
Mar.	-8.6	3.0	-0.2	0.9	-12.3	0.7	-7.9	12.7	-24.3	69.0	-7.3	-23.8	-0.8	-4.9
Apr.	-10.8	4.1	1.7	-7.9	-8.7	1.7	-9.1	12.4	6.6	-0.6	9.1	-2.9	0.1	-3.3
May	-13.7	2.2	3.0	-12.2	-6.7	0.3	-13.5	13.0	10.9	37.9	9.2	-42.8	-2.2	0.5
June	2.9	6.9	2.6	-5.0	-1.6	0.3	3.2	-11.5	-21.8	45.5	0.6	-35.3	-0.4	8.4
July	9.1	13.6	5.1	-2.6	-7.0	0.9	10.1	-13.0	0.9	-22.9	6.5	6.2	-3.7	3.0
Aug.	-6.0	-1.8	3.9	0.2	-8.3	0.6	-5.4	-6.0	4.8	26.5	-9.3	-28.7	0.8	11.3
Sep.	-5.9	1.4	3.8	-3.4	-7.7	0.0	-5.9	33.0	-29.9	79.8	-1.4	-18.9	3.3	-27.1
Oct.	-3.9	6.2	4.0	0.5	-14.6	0.3	-3.6	4.5	-2.0	17.1	0.9	-11.0	-0.6	-0.8
Nov.	0.1	6.8	1.8	-1.3	-7.2	1.2	1.3	-0.6	-0.3	-14.9	-0.7	14.9	0.3	-0.6
	<i>12-month cumulated transactions</i>													
2009 Nov.	-71.8	31.3	30.1	-37.7	-95.6	6.5	-65.3	103.6	-92.5	299.6	6.0	-120.6	11.2	-38.2

### C30 B.o.p. current account balance

(EUR billions)



Source: ECB.

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

7.2 Current and capital accounts

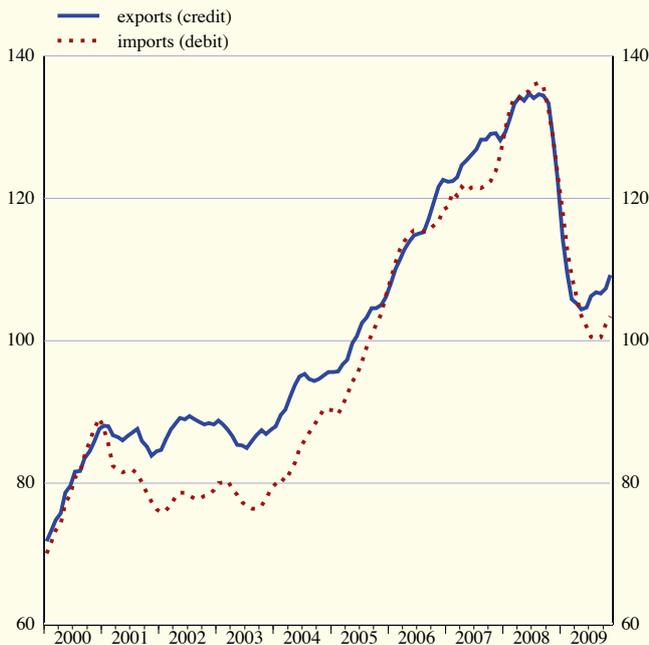
(EUR billions; transactions)

1. Summary current and capital accounts

	Current account												Capital account		
	Total			Goods		Services		Income		Current transfers			Credit	Debit	
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Workers' remittances				
											11	12	13		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
2006	2,429.1	2,439.3	-10.2	1,396.4	1,385.7	441.2	399.6	499.9	482.7	91.6	5.4	171.4	17.4	23.8	14.7
2007	2,697.0	2,686.3	10.6	1,516.5	1,470.5	491.8	443.5	597.4	594.7	91.3	6.4	177.7	20.6	25.7	20.7
2008	2,744.9	2,888.1	-143.3	1,581.0	1,592.4	509.9	469.2	565.1	639.6	88.8	6.7	186.9	21.4	24.2	14.2
2008 Q3	692.4	727.0	-34.7	403.0	413.4	137.2	124.2	138.2	150.9	14.0	1.8	38.4	5.4	4.9	3.2
Q4	674.0	706.2	-32.2	379.5	381.3	128.0	120.9	139.6	151.3	27.0	1.8	52.7	5.6	5.3	3.7
2009 Q1	561.1	599.1	-38.0	307.8	315.6	108.8	108.3	118.8	121.1	25.7	1.4	54.1	5.0	4.1	2.7
Q2	559.5	581.1	-21.7	312.1	299.0	113.2	106.0	113.1	138.2	21.1	1.5	38.0	5.4	5.0	2.8
Q3	559.8	562.5	-2.7	322.9	309.7	124.0	111.2	98.3	104.1	14.6	1.6	37.6	5.5	3.8	2.3
2009 Sep.	190.3	196.2	-5.9	111.4	109.9	40.6	36.8	33.2	36.6	5.1	.	12.8	.	0.8	0.8
Oct.	194.8	198.7	-3.9	117.6	111.4	40.2	36.2	33.0	32.5	4.0	.	18.6	.	1.1	0.8
Nov.	191.8	191.7	0.1	115.5	108.8	36.5	34.6	32.1	33.4	7.7	.	14.9	.	2.0	0.9
	Seasonally adjusted														
2008 Q3	692.1	729.6	-37.5	403.4	407.0	127.1	118.4	141.1	160.9	20.4	.	43.3	.	.	.
Q4	650.5	693.2	-42.8	368.4	370.2	125.7	118.1	134.7	156.5	21.7	.	48.4	.	.	.
2009 Q1	581.5	618.9	-37.4	317.6	327.2	119.4	113.7	123.1	132.2	21.5	.	45.8	.	.	.
Q2	564.1	578.3	-14.1	314.0	305.7	115.0	109.5	111.8	117.8	23.4	.	45.2	.	.	.
Q3	555.6	559.9	-4.2	319.8	301.3	114.4	105.7	100.0	110.7	21.4	.	42.2	.	.	.
2009 June	188.6	190.8	-2.2	106.2	101.7	37.0	36.3	36.5	38.3	8.9	.	14.6	.	.	.
July	187.9	184.2	3.7	108.7	98.3	38.5	34.8	33.9	37.6	6.8	.	13.5	.	.	.
Aug.	184.5	186.5	-2.0	105.4	100.7	37.8	34.8	34.1	36.4	7.1	.	14.6	.	.	.
Sep.	183.2	189.1	-5.9	105.7	102.3	38.1	36.1	32.0	36.7	7.5	.	14.1	.	.	.
Oct.	188.4	193.0	-4.6	110.9	103.8	38.5	34.8	33.3	35.4	5.6	.	19.0	.	.	.
Nov.	192.0	191.9	0.1	111.1	104.1	38.3	36.0	32.7	36.0	10.0	.	15.8	.	.	.

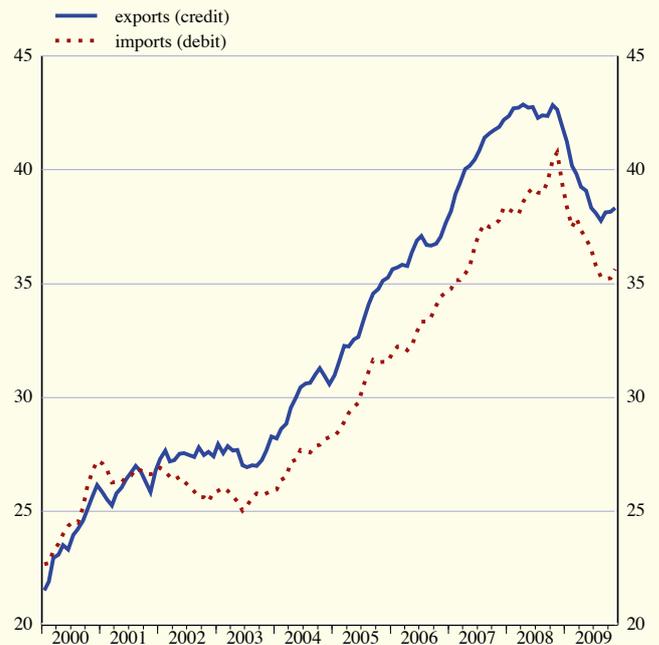
C31 B.o.p. goods

(EUR billions; seasonally adjusted; three-month moving average)



C32 B.o.p. services

(EUR billions; seasonally adjusted; three-month moving average)



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			Reinv. earnings	Debit	Reinv. earnings	Credit	Debit	Credit	Debit	Credit	Debit			
			1	2										3	4	5
2006	17.4	9.8	482.5	472.8	184.3	40.3	114.5	37.5	20.6	20.2	39.2	96.3	103.6	91.5	134.9	150.4
2007	18.8	10.2	578.6	584.5	208.8	72.7	139.1	46.1	26.4	24.9	45.4	113.2	118.8	110.9	179.3	196.4
2008	19.1	10.5	546.0	629.1	163.6	30.5	153.8	58.2	30.3	25.5	42.9	120.5	123.9	127.8	185.3	201.4
2008 Q3	4.6	3.1	133.5	147.8	39.0	10.7	37.7	20.3	7.1	6.2	10.2	23.2	32.1	31.0	45.1	49.8
Q4	4.9	2.7	134.7	148.6	38.4	2.9	38.4	12.8	8.7	6.4	8.3	20.2	30.8	33.6	48.4	50.0
2009 Q1	4.7	2.0	114.1	119.1	37.9	12.1	28.4	17.2	5.5	5.9	6.5	13.0	25.8	36.3	38.3	35.6
Q2	4.6	2.6	108.4	135.6	35.2	4.4	27.5	5.3	5.9	6.1	8.7	36.6	24.2	35.6	34.4	29.6
Q3	4.6	3.0	93.7	101.1	31.3	9.5	27.7	11.9	4.4	4.7	6.6	13.4	24.7	33.9	26.7	21.4

### 3. Geographical breakdown

(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzerland	United States	Other
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions									
2008 Q4 to 2009 Q3	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Credits																
<b>Current account</b>	2,354.4	833.8	49.3	68.5	417.2	238.8	60.0	34.4	31.3	82.6	27.8	48.8	75.7	171.6	331.1	717.4
Goods	1,322.3	441.1	29.4	41.9	188.7	181.0	0.1	18.7	16.1	65.2	20.6	29.7	55.1	84.8	160.1	430.9
Services	474.0	158.1	11.3	12.4	101.7	27.4	5.3	7.0	6.5	13.5	5.6	10.3	12.7	47.9	72.7	139.7
Income	469.7	170.3	7.9	12.7	115.1	27.4	7.2	8.5	7.9	3.6	1.5	8.5	7.5	32.3	92.7	136.9
Investment income	450.9	163.8	7.8	12.6	113.4	26.7	3.2	8.5	7.9	3.6	1.5	8.5	7.5	25.3	90.9	133.6
Current transfers	88.4	64.3	0.7	1.4	11.7	3.0	47.5	0.2	0.7	0.3	0.1	0.3	0.4	6.6	5.6	9.9
<b>Capital account</b>	18.2	15.5	0.0	0.0	1.0	0.1	14.3	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.5	1.6
Debits																
<b>Current account</b>	2,448.9	781.7	42.5	70.8	361.0	208.1	99.3	-	26.0	-	-	87.6	-	161.8	349.5	-
Goods	1,305.5	367.8	27.3	39.1	142.2	159.3	0.0	22.2	11.2	162.3	18.5	44.3	78.8	74.4	127.2	398.7
Services	446.4	137.3	7.6	11.0	85.4	33.0	0.2	5.4	5.8	10.6	4.5	7.7	7.7	38.0	96.9	132.5
Income	514.7	166.7	6.7	19.6	121.8	11.3	7.3	-	7.3	-	-	35.1	-	43.5	119.6	-
Investment income	504.3	160.6	6.6	19.5	120.3	6.9	7.2	-	7.2	-	-	35.0	-	43.0	118.8	-
Current transfers	182.4	110.0	0.9	1.1	11.6	4.5	91.9	1.4	1.7	2.8	0.7	0.5	0.5	5.8	5.7	53.1
<b>Capital account</b>	11.4	2.3	0.0	0.1	1.0	0.2	1.0	0.1	0.1	0.1	0.2	0.1	0.1	0.5	0.8	7.1
Net																
<b>Current account</b>	-94.6	52.0	6.9	-2.3	56.2	30.7	-39.3	-	5.2	-	-	-38.8	-	9.9	-18.5	-
Goods	16.7	73.3	2.1	2.9	46.5	21.7	0.1	-3.5	4.9	-97.1	2.1	-14.6	-23.7	10.5	32.8	32.2
Services	27.6	20.8	3.7	1.4	16.3	-5.7	5.1	1.6	0.7	2.8	1.1	2.6	5.0	9.9	-24.2	7.2
Income	-44.9	3.6	1.2	-6.9	-6.8	16.1	-0.1	-	0.6	-	-	-26.6	-	-11.3	-27.0	-
Investment income	-53.4	3.2	1.2	-7.0	-6.8	19.8	-4.0	-	0.7	-	-	-26.5	-	-17.7	-27.9	-
Current transfers	-93.9	-45.6	-0.1	0.3	0.1	-1.5	-44.4	-1.2	-1.0	-2.6	-0.6	-0.2	-0.1	0.8	-0.1	-43.3
<b>Capital account</b>	6.8	13.2	0.0	-0.1	0.0	0.0	13.4	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.3	-5.4

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 <sup>1)</sup>			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
<b>Outstanding amounts (international investment position)</b>														
2005	10,838.5	11,554.1	-715.6	133.1	141.8	-8.8	2,790.8	2,444.3	3,887.5	5,057.8	-21.4	3,861.5	4,052.0	320.1
2006	12,384.0	13,399.8	-1,015.8	144.8	156.6	-11.9	3,153.4	2,729.4	4,372.1	5,950.0	-20.8	4,553.4	4,720.4	325.8
2007	13,906.9	15,155.8	-1,248.9	154.5	168.4	-13.9	3,572.8	3,130.7	4,631.6	6,556.5	-26.0	5,381.3	5,468.6	347.2
2008	13,312.5	14,949.2	-1,636.7	143.7	161.3	-17.7	3,744.4	3,217.0	3,763.9	6,078.6	-36.2	5,466.1	5,653.6	374.2
2009 Q2	13,314.9	14,831.4	-1,516.5	146.6	163.3	-16.7	4,011.7	3,296.7	3,896.2	6,299.9	-58.2	5,083.7	5,234.7	381.5
Q3	13,412.7	14,971.0	-1,558.2	148.9	166.2	-17.3	4,063.9	3,356.6	4,052.1	6,611.2	-60.5	4,926.4	5,003.1	430.9
<b>Changes to outstanding amounts</b>														
2005	2,209.7	2,070.3	139.3	27.1	25.4	1.7	522.1	209.0	842.5	1,012.3	16.0	790.0	849.1	39.1
2006	1,545.5	1,845.7	-300.2	18.1	21.6	-3.5	362.6	285.1	484.6	892.2	0.6	691.9	668.4	5.7
2007	1,522.9	1,756.0	-233.1	16.9	19.5	-2.6	419.4	401.3	259.5	606.5	-5.2	827.9	748.1	21.4
2008	-594.4	-206.6	-387.8	-6.4	-2.2	-4.2	171.7	86.3	-867.7	-478.0	-10.2	84.8	185.1	27.0
2009 Q2	204.5	68.1	136.3	9.2	3.1	6.1	174.1	59.0	257.8	284.3	-7.5	-205.7	-275.1	-14.2
Q3	97.8	139.6	-41.8	4.4	6.3	-1.9	52.2	59.9	155.9	311.3	-2.3	-157.3	-231.6	49.4
<b>Transactions</b>														
2005	1,358.3	1,320.7	37.6	16.7	16.2	0.5	358.4	152.4	416.2	524.5	17.3	584.3	643.7	-18.0
2006	1,728.3	1,719.1	9.1	20.2	20.1	0.1	417.6	257.4	519.8	708.5	0.6	788.9	753.2	1.3
2007	1,940.9	1,939.7	1.2	21.6	21.5	0.0	481.2	408.3	436.7	587.9	64.6	953.4	943.4	5.1
2008	480.6	644.5	-163.9	5.2	7.0	-1.8	326.5	137.5	-9.0	341.5	65.7	93.4	165.5	3.9
2009 Q1	-204.1	-148.4	-55.8	-9.3	-6.8	-2.5	100.1	41.3	-71.2	58.7	5.3	-232.7	-248.4	-5.7
Q2	-2.1	11.8	-13.9	-0.1	0.5	-0.6	97.5	93.2	62.2	145.0	-18.8	-145.4	-226.4	2.4
Q3	-9.9	4.1	-14.0	-0.4	0.2	-0.6	59.2	35.0	42.0	125.3	4.2	-115.0	-156.3	-0.3
2009 July	-20.3	-33.3	13.0	.	.	.	14.1	14.9	21.0	-2.0	-6.5	-52.5	-46.3	3.7
Aug.	31.0	25.0	6.0	.	.	.	15.0	19.8	45.8	72.3	9.3	-38.3	-67.0	-0.8
Sep.	-20.6	12.4	-33.0	.	.	.	30.2	0.3	-24.8	55.1	1.4	-24.1	-42.9	-3.3
Oct.	87.5	91.9	-4.5	.	.	.	27.9	26.0	15.7	32.8	-0.9	44.1	33.1	0.6
Nov.	29.6	28.9	0.6	.	.	.	9.7	9.3	11.0	-3.9	0.7	8.5	23.5	-0.3
<b>Other changes</b>														
2005	851.4	749.6	101.7	10.5	9.2	1.2	163.7	56.5	426.3	487.7	-1.4	205.7	205.4	57.1
2006	-182.7	126.6	-309.3	-2.1	1.5	-3.6	-55.0	27.7	-35.2	183.7	0.0	-97.0	-84.8	4.4
2007	-418.0	-183.7	-234.3	-4.6	-2.0	-2.6	-61.8	-7.0	-177.2	18.6	-69.8	-125.5	-195.3	16.3
2008	-1,075.0	-851.1	-223.9	-11.6	-9.2	-2.4	-154.9	-51.2	-858.7	-819.5	-75.9	-8.6	19.6	23.1
<b>Other changes due to exchange rate changes</b>														
2005	394.2	245.0	149.2	4.8	3.0	1.8	89.8	5.7	158.3	101.4	.	129.2	137.9	17.0
2006	-343.3	-227.3	-116.0	-4.0	-2.7	-1.4	-72.1	-4.2	-151.7	-99.9	.	-105.7	-123.2	-13.9
2007	-533.1	-293.0	-240.1	-5.9	-3.3	-2.7	-113.3	-5.9	-221.2	-107.5	.	-185.0	-179.5	-13.7
2008	-43.6	64.7	-108.2	-0.5	0.7	-1.2	-17.3	-0.2	-1.5	47.4	.	-34.0	17.5	9.2
<b>Other changes due to price changes</b>														
2005	284.5	430.3	-145.8	3.5	5.3	-1.8	45.0	40.8	199.0	389.5	-1.4	.	.	41.9
2006	288.6	298.4	-9.8	3.4	3.5	-0.1	45.4	33.5	226.0	264.9	0.0	.	.	17.1
2007	82.4	124.7	-42.4	0.9	1.4	-0.5	46.5	12.5	75.0	112.2	-69.8	.	.	30.7
2008	-1,013.8	-1,102.1	88.3	-10.9	-11.9	1.0	-155.6	-138.4	-803.6	-963.7	-75.9	.	.	21.2
<b>Other changes due to other adjustments</b>														
2005	172.7	74.3	98.3	2.1	0.9	1.2	29.0	10.0	69.0	-3.1	.	76.5	67.4	-1.8
2006	-128.0	55.5	-183.5	-1.5	0.6	-2.1	-28.3	-1.6	-109.6	18.6	.	8.7	38.4	1.2
2007	32.7	-15.4	48.1	0.4	-0.2	0.5	5.0	-13.6	-31.0	13.9	.	59.5	-15.7	-0.8
2008	-17.6	186.3	-203.9	-0.2	2.0	-2.2	18.0	87.4	-53.6	96.8	.	25.4	2.1	-7.3
<b>Growth rates of outstanding amounts</b>														
2005	15.2	13.4	-	.	.	.	15.2	6.8	13.1	12.1	.	18.5	19.5	-5.9
2006	16.1	14.8	-	.	.	.	15.0	10.5	13.6	13.7	.	20.5	18.7	0.3
2007	15.7	14.4	-	.	.	.	15.3	14.9	10.0	9.8	.	21.0	20.0	1.6
2008	3.4	4.3	-	.	.	.	9.2	4.4	-0.5	5.4	.	1.7	3.1	1.1
2009 Q1	-2.3	-0.8	-	.	.	.	7.7	2.8	-4.4	3.8	.	-7.8	-7.5	-1.8
Q2	-2.9	-1.5	-	.	.	.	9.4	6.1	-5.6	3.9	.	-9.0	-11.2	-1.2
Q3	-3.9	-2.8	-	.	.	.	8.2	4.8	-3.0	5.2	.	-12.6	-15.0	-0.9

Source: ECB.

1) Net financial derivatives are included in assets.

## 7.3 Financial account

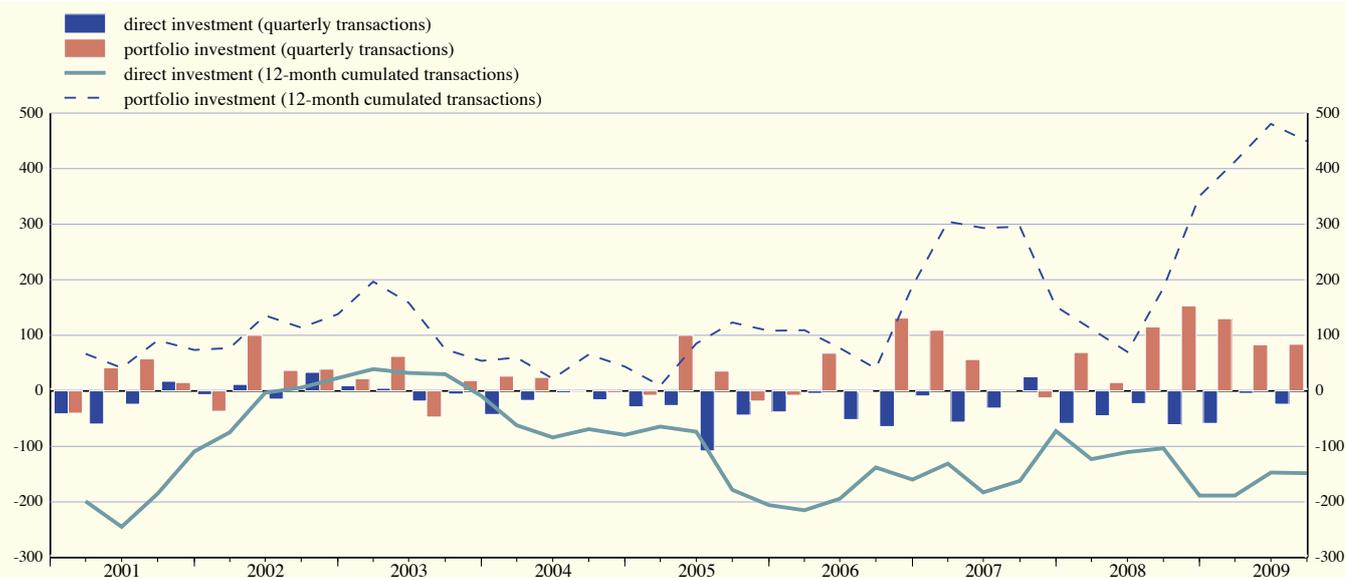
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

### 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	In MFIs	In non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts (international investment position)														
2007	3,572.8	2,886.7	240.8	2,645.9	686.1	6.4	679.7	3,130.7	2,401.0	69.5	2,331.5	729.8	15.4	714.4
2008	3,744.4	2,946.9	234.8	2,712.1	797.5	9.3	788.2	3,217.0	2,405.5	77.0	2,328.5	811.6	16.4	795.1
2009 Q2	4,011.7	3,147.3	265.1	2,882.2	864.4	10.4	854.0	3,296.7	2,478.5	70.7	2,407.8	818.3	16.6	801.6
Q3	4,063.9	3,177.5	262.8	2,914.7	886.4	10.4	876.1	3,356.6	2,537.7	74.5	2,463.2	819.0	15.3	803.6
Transactions														
2007	481.2	373.0	25.5	347.4	108.2	-0.1	108.4	408.3	310.5	5.1	305.4	97.8	1.4	96.4
2008	326.5	198.1	2.2	195.9	128.4	-0.2	128.6	137.5	91.3	-1.0	92.2	46.2	1.6	44.6
2009 Q1	100.1	55.6	20.4	35.2	44.6	0.9	43.7	41.3	44.0	1.2	42.8	-2.7	0.1	-2.8
Q2	97.5	78.2	8.9	69.3	19.3	0.6	18.7	93.2	76.7	1.3	75.3	16.5	0.4	16.1
Q3	59.2	32.4	0.3	32.1	26.8	0.2	26.6	35.0	36.7	2.4	34.3	-1.7	-1.1	-0.6
2009 July	14.1	6.3	2.4	3.8	7.8	-0.1	7.9	14.9	14.6	1.1	13.6	0.3	-0.4	0.7
Aug.	15.0	10.9	1.6	9.3	4.2	0.3	3.9	19.8	15.7	0.4	15.3	4.1	-0.6	4.6
Sep.	30.2	15.3	-3.7	19.0	14.9	0.0	14.9	0.3	6.4	0.9	5.5	-6.1	-0.1	-6.0
Oct.	27.9	24.3	-0.6	24.9	3.6	0.3	3.3	26.0	16.6	0.3	16.3	9.4	0.1	9.3
Nov.	9.7	9.7	0.6	9.1	0.0	0.2	-0.2	9.3	7.9	0.5	7.5	1.4	-0.1	1.4
Growth rates														
2007	15.3	14.6	11.3	14.9	18.5	-55.0	18.7	14.9	14.8	8.3	15.0	15.3	6.3	15.5
2008	9.2	6.9	0.8	7.5	18.8	-1.6	19.1	4.4	3.8	-1.4	4.0	6.4	9.9	6.3
2009 Q1	7.7	5.4	5.9	5.3	16.8	-20.9	17.3	2.8	4.1	-0.1	4.2	-0.8	9.8	-1.1
Q2	9.4	8.0	7.6	8.0	14.8	5.7	14.8	6.1	7.7	4.6	7.8	1.6	4.9	1.5
Q3	8.2	6.6	11.9	6.1	14.2	14.0	14.2	4.8	7.5	6.9	7.5	-2.7	-4.3	-2.7

### C33 B.o.p. net direct and portfolio investment

(EUR billions)



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												
	1	2	Total	MFIs	Non-MFIs		Bonds and notes			Money market instruments			12	MFIs	Non-MFIs				
					3	4	5	6	7	8	9	10			11	13	14	15	16
Outstanding amounts (international investment position)																			
2007	4,631.6	1,961.8	136.7	2.8	1,825.1	44.6	2,279.7	990.2	16.4	1,289.5	17.2	390.1	297.3	34.6	92.8	0.5			
2008	3,763.9	1,162.7	68.4	3.0	1,094.3	27.3	2,179.1	970.9	19.9	1,208.2	18.4	422.1	353.3	61.6	68.8	1.3			
2009 Q2	3,896.2	1,216.2	66.4	3.0	1,149.8	29.2	2,251.1	929.3	17.3	1,321.8	38.7	429.0	351.3	55.3	77.7	1.5			
Q3	4,052.1	1,361.9	74.6	3.1	1,287.3	31.4	2,269.9	927.4	16.8	1,342.6	37.7	420.2	341.8	45.0	78.4	1.4			
Transactions																			
2007	436.7	64.2	26.7	0.0	37.5	8.2	291.5	148.3	4.9	143.2	3.3	81.0	63.4	26.3	17.6	0.8			
2008	-9.0	-101.8	-37.9	0.6	-63.9	0.1	95.4	43.9	3.3	51.5	2.6	-2.5	26.8	15.1	-29.4	0.4			
2009 Q1	-71.2	-38.1	-5.7	0.0	-32.4	0.1	-56.1	-49.1	-2.4	-7.0	-1.2	23.0	21.6	-0.5	1.4	0.4			
Q2	62.2	9.3	-0.3	0.0	9.5	0.3	32.9	-33.7	0.1	66.6	20.8	20.1	12.5	-1.8	7.5	-0.3			
Q3	42.0	36.7	3.4	0.0	33.3	-0.4	27.4	-7.0	-0.5	34.4	-2.0	-22.2	-10.3	-11.8	-11.9	-0.2			
2009 July	21.0	16.3	2.0	0.0	14.3	.	12.8	-8.6	0.7	21.5	.	-8.2	-8.1	-1.7	-0.1	.			
Aug.	45.8	12.3	0.9	0.0	11.3	.	37.3	14.3	0.0	23.0	.	-3.8	-3.0	-5.7	-0.8	.			
Sep.	-24.8	8.1	0.5	0.0	7.6	.	-22.7	-12.7	-1.1	-10.0	.	-10.2	0.8	-4.3	-11.0	.			
Oct.	15.7	8.0	1.8	0.0	6.2	.	4.2	-3.9	0.6	8.1	.	3.5	2.3	3.3	1.1	.			
Nov.	11.0	9.1	-0.8	-0.2	9.9	.	19.9	2.8	0.3	17.1	.	-17.9	-16.9	1.6	-1.0	.			
Growth rates																			
2007	10.0	3.3	22.2	-0.5	2.0	21.3	14.0	16.7	38.9	12.0	23.3	23.1	23.7	272.7	25.8	277.4			
2008	-0.5	-6.1	-29.7	24.6	-4.4	0.2	4.3	4.5	20.4	4.0	15.6	-0.5	9.1	41.9	-32.1	70.8			
2009 Q1	-4.4	-7.9	-22.0	18.8	-7.0	1.3	-0.9	-3.8	14.4	1.5	5.3	-10.5	-2.3	43.6	-38.8	36.6			
Q2	-5.6	-8.5	-15.3	14.9	-8.1	-0.9	-3.0	-10.3	-12.8	2.9	110.0	-10.4	-7.0	-18.6	-24.2	39.2			
Q3	-3.0	-3.1	-8.5	12.4	-2.8	-3.5	-2.5	-10.6	-18.6	4.0	89.3	-6.9	0.0	-30.8	-32.5	49.3			

#### 4. Portfolio investment liabilities

	Total		Equity				Debt instruments							
	1	2	Total	MFIs	Non-MFIs		Bonds and notes			Money market instruments				
					3	4	5	6	7	8	9	10	11	12
Outstanding amounts (international investment position)														
2007	6,556.5	3,272.5	594.6	2,677.9	3,041.1	1,143.5	1,897.6	1,118.5	243.0	141.5	101.5	76.1		
2008	6,078.6	2,168.7	640.7	1,528.0	3,466.5	1,263.8	2,202.8	1,357.1	443.3	108.9	334.4	272.9		
2009 Q2	6,299.9	2,282.7	679.0	1,603.7	3,511.9	1,197.2	2,314.7	1,425.6	505.3	79.2	426.1	359.3		
Q3	6,611.2	2,528.8	713.7	1,815.1	3,523.8	1,179.0	2,344.8	1,448.9	558.6	78.2	480.4	421.7		
Transactions														
2007	587.9	157.9	24.3	133.6	367.1	156.5	210.6	141.7	62.9	52.9	10.0	20.4		
2008	341.5	-124.8	93.4	-218.2	250.0	31.5	218.6	199.2	216.3	-2.5	218.9	185.7		
2009 Q1	58.7	-51.3	-4.4	-46.8	90.4	-11.0	101.4	67.6	19.6	-11.4	31.0	51.6		
Q2	145.0	47.8	3.4	44.4	44.6	-2.2	46.8	56.8	52.6	-2.6	55.2	54.1		
Q3	125.3	78.6	12.3	66.3	-12.9	-7.6	-5.3	-5.9	59.6	13.9	45.7	60.5		
2009 July	-2.0	39.3	6.3	33.0	-61.7	-3.5	-58.2	.	20.4	-6.4	26.8	.		
Aug.	72.3	57.5	11.4	46.1	4.2	9.1	-4.8	.	10.5	-0.2	10.7	.		
Sep.	55.1	-18.1	-5.4	-12.8	44.5	-13.2	57.7	.	28.6	20.5	8.2	.		
Oct.	32.8	-26.1	-0.5	-25.6	37.0	12.5	24.5	.	21.9	2.3	19.7	.		
Nov.	-3.9	-0.4	-2.4	2.0	9.7	-4.3	14.0	.	-13.2	1.9	-15.1	.		
Growth rates														
2007	9.8	5.2	4.4	5.3	13.5	15.9	12.2	14.2	31.2	54.5	13.7	33.2		
2008	5.4	-5.4	16.0	-10.5	8.3	2.8	11.5	17.8	88.3	-2.0	202.0	246.5		
2009 Q1	3.8	-10.0	2.1	-13.6	9.0	1.1	13.6	18.5	83.0	-18.5	208.0	250.6		
Q2	3.9	-7.1	-0.4	-9.0	4.8	-4.6	10.4	17.7	99.3	-20.1	233.3	300.3		
Q3	5.2	-0.6	4.2	-1.9	2.8	-5.3	7.5	12.0	67.6	-5.9	113.9	177.6		

Source: ECB.

## 7.3 Financial account

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

### 5. Other investment assets

	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)														
2007	5,381.3	36.9	35.6	1.4	3,354.4	3,283.2	71.2	107.8	12.7	48.8	13.7	1,882.1	196.2	1,518.5	476.5
2008	5,466.1	28.8	27.7	1.0	3,280.7	3,221.6	59.1	101.0	12.1	40.9	7.2	2,055.6	186.1	1,644.9	474.5
2009 Q2	5,083.7	27.9	27.7	0.3	2,966.4	2,930.5	35.9	103.2	12.1	42.0	11.2	1,986.1	188.9	1,559.3	414.1
Q3	4,926.4	22.8	22.5	0.3	2,823.3	2,790.0	33.2	109.1	11.9	48.4	8.6	1,971.3	190.5	1,544.3	446.2
	Transactions														
2007	953.4	22.0	22.0	0.0	546.8	539.6	7.2	-7.7	-1.4	-7.2	-5.5	392.2	14.1	335.3	55.3
2008	93.4	-9.4	-9.4	0.0	-50.2	-65.5	15.3	-6.6	-1.1	-6.8	-5.8	159.6	2.5	97.6	-31.9
2009 Q1	-232.7	-8.2	-8.2	0.0	-236.4	-234.6	-1.8	6.5	0.0	5.8	9.1	5.3	-3.5	8.7	1.1
Q2	-145.4	7.0	7.0	0.0	-90.0	-76.0	-13.9	-3.8	0.0	-4.5	-5.1	-58.6	5.3	-68.0	-16.7
Q3	-115.0	-6.6	-6.6	0.0	-83.5	-81.2	-2.3	-5.1	-0.3	-4.9	-3.9	-19.8	0.1	-15.8	26.1
2009 July	-52.5	-2.3	.	.	-37.3	.	.	-4.5	.	.	-4.4	-8.5	.	.	4.9
Aug.	-38.3	-2.5	.	.	-24.9	.	.	1.3	.	.	2.3	-12.2	.	.	14.9
Sep.	-24.1	-1.8	.	.	-21.3	.	.	-1.9	.	.	-1.8	1.0	.	.	6.4
Oct.	44.1	1.9	.	.	13.8	.	.	-0.3	.	.	-0.5	28.7	.	.	3.7
Nov.	8.5	0.2	.	.	16.8	.	.	3.6	.	.	1.5	-12.1	.	.	-6.2
	Growth rates														
2007	21.0	157.3	173.7	-1.7	18.6	18.8	11.4	-6.4	-9.8	-12.4	-28.6	26.6	7.5	28.8	14.0
2008	1.7	-26.2	-26.9	5.0	-1.5	-2.0	21.6	-6.2	-8.9	-14.0	-44.4	8.6	1.2	6.5	-6.9
2009 Q1	-7.8	-57.3	-58.7	6.0	-14.1	-14.6	11.2	4.6	-6.7	9.2	39.1	4.3	-3.1	3.6	-11.3
Q2	-9.0	-28.7	-30.3	5.6	-14.1	-14.1	-17.1	-4.9	-3.3	-13.2	-35.7	0.1	-4.8	-0.8	-3.3
Q3	-12.6	-42.4	-43.8	6.0	-18.3	-18.4	-22.4	-2.3	-4.7	-6.6	-20.3	-2.6	-4.1	-2.7	3.3

### 6. Other investment liabilities

	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)														
2007	5,468.6	201.7	201.4	0.2	3,935.1	3,872.6	62.5	52.3	0.0	46.9	5.4	1,279.5	156.9	1,009.7	112.8
2008	5,653.6	482.3	481.9	0.4	3,751.8	3,698.1	53.6	61.9	0.0	58.0	3.9	1,357.6	170.2	1,069.6	117.8
2009 Q2	5,234.7	313.4	308.4	5.0	3,587.6	3,551.2	36.4	58.8	0.0	55.0	3.9	1,274.9	182.3	973.2	119.4
Q3	5,003.1	264.3	263.8	0.6	3,437.7	3,401.0	36.8	59.7	0.0	55.9	3.8	1,241.3	179.1	952.9	109.4
	Transactions														
2007	943.4	91.4	91.4	0.0	625.3	620.5	4.8	-1.0	0.0	-2.0	1.0	227.8	10.0	218.9	-1.1
2008	165.5	280.7	280.6	0.1	-181.0	-191.9	10.9	9.5	0.0	11.0	-1.5	56.3	10.5	46.1	-0.3
2009 Q1	-248.4	-82.2	-85.1	2.9	-112.7	-111.4	-1.3	-3.7	0.0	-2.7	-0.9	-49.9	-5.1	-40.2	-4.6
Q2	-226.4	-89.3	-91.1	1.8	-81.1	-69.7	-11.4	-2.4	0.0	-3.1	0.7	-53.6	4.4	-57.3	-0.7
Q3	-156.3	-43.5	-43.7	0.3	-79.1	-79.7	0.6	1.4	0.0	1.9	-0.5	-35.1	1.3	-24.6	-11.7
2009 July	-46.3	-14.1	.	.	-31.0	.	.	-0.1	.	.	.	-1.1	.	.	.
Aug.	-67.0	-9.1	.	.	-44.6	.	.	0.3	.	.	.	-13.7	.	.	.
Sep.	-42.9	-20.3	.	.	-3.5	.	.	1.2	.	.	.	-20.4	.	.	.
Oct.	33.1	-8.3	.	.	14.7	.	.	5.9	.	.	.	20.8	.	.	.
Nov.	23.5	-1.3	.	.	16.4	.	.	0.9	.	.	.	7.5	.	.	.
	Growth rates														
2007	20.0	79.2	79.4	-6.9	18.0	18.2	9.5	-1.9	27.4	-4.1	20.7	20.7	6.8	26.2	0.5
2008	3.1	141.3	141.4	20.8	-4.6	-4.9	17.3	18.3	-20.1	23.6	-27.9	4.3	6.6	4.5	-0.8
2009 Q1	-7.5	82.4	81.3	439.8	-13.5	-13.9	10.3	12.5	-11.4	14.2	-12.6	-4.1	-0.4	-4.4	-7.7
Q2	-11.2	19.1	17.3	1,123.2	-14.9	-15.1	-9.6	10.5	41.1	11.3	-1.2	-6.5	-3.5	-7.6	-1.7
Q3	-15.0	-27.7	-29.0	916.8	-16.3	-16.4	-13.4	8.1	234.7	9.4	-11.1	-8.3	-2.8	-9.3	-8.6

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**

	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 allocations	
		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	
<b>Outstanding amounts (international investment position)</b>																	
2005	320.1	163.4	375.861	4.3	10.6	141.7	12.6	21.4	107.9	0.6	69.4	38.0	-0.2	0.0	25.6	-17.9	5.9
2006	325.8	176.3	365.213	4.6	5.2	139.7	6.3	22.5	110.7	0.5	79.3	30.8	0.3	0.0	24.6	-21.5	5.6
2007	347.2	201.0	353.688	4.6	3.6	138.0	7.2	22.0	108.5	0.4	87.8	20.3	0.3	0.0	44.3	-38.5	5.3
2008 Q4	374.2	217.0	349.190	4.7	7.3	145.1	7.6	8.0	129.5	0.6	111.3	17.6	0.0	0.1	262.8	-245.7	5.5
2009 Q1	395.7	240.4	349.059	4.8	8.4	142.1	8.4	3.7	129.9	0.6	108.6	20.7	0.1	0.1	155.4	-141.4	5.6
Q2	381.5	229.8	347.546	4.2	11.3	136.2	9.5	6.6	119.9	0.5	99.3	20.0	0.2	0.0	77.6	-65.6	5.4
Q3	430.9	236.1	347.200	49.8	11.7	133.2	12.7	7.1	113.2	0.5	89.8	22.9	0.2	0.0	56.7	-42.4	50.9
2009 Oct.	437.9	244.0	347.197	49.5	11.6	132.8	11.7	9.1	111.7	-	-	-	0.2	0.0	43.4	-36.0	50.6
Nov.	464.2	271.7	347.166	49.6	10.3	132.6	11.8	8.4	112.2	-	-	-	0.2	0.0	39.5	-32.0	50.3
Dec.	462.4	266.0	347.163	51.1	9.7	135.5	12.3	8.1	115.2	-	-	-	-0.1	0.0	32.1	-24.5	51.1
<b>Transactions</b>																	
2006	1.3	-4.2	-	0.5	-5.2	10.2	-6.1	2.7	13.7	0.0	19.4	-5.7	0.0	0.0	-	-	-
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-	-
2008	3.9	-2.1	-	-0.1	3.8	2.3	5.0	-15.8	11.8	0.1	15.8	-4.1	1.3	0.1	-	-	-
2009 Q1	-5.7	-0.9	-	0.0	0.9	-5.7	2.2	-4.9	-3.7	0.0	-6.6	2.9	0.6	0.0	-	-	-
Q2	2.4	0.1	-	-0.5	3.3	-0.4	-0.4	2.9	-3.2	0.0	-2.0	-1.2	0.2	0.0	-	-	-
Q3	-0.3	-0.2	-	0.3	0.6	-1.0	2.3	0.3	-3.8	0.0	-7.0	3.2	0.2	0.0	-	-	-
<b>Growth rates</b>																	
2006	0.3	-2.4	-	11.6	-49.0	7.7	-48.4	12.7	13.4	0.0	29.2	-15.3	-	-	-	-	-
2007	1.6	-1.7	-	7.3	-18.3	6.3	14.9	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.1	-1.0	-	-2.6	105.3	1.7	67.7	-69.1	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009 Q1	-1.8	-1.1	-	4.6	135.1	-6.3	142.1	-90.5	6.7	2.6	3.7	25.5	-	-	-	-	-
Q2	-1.2	-0.9	-	-6.6	174.2	-6.4	106.0	-80.7	2.1	2.6	0.0	15.5	-	-	-	-	-
Q3	-0.9	-0.9	-	-2.9	200.8	-6.2	60.3	-70.2	-2.7	1.3	-8.9	34.6	-	-	-	-	-

Source: ECB.

## 7.3 Financial account

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

### 8. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzerland	United States	Offshore financial centres	International organisations	Other countries
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>2008</b>	Outstanding amounts (international investment position)														
<b>Direct investment</b>	527.4	-93.0	-2.1	-30.2	-293.9	233.6	-0.3	41.1	35.2	-9.5	126.2	-68.7	-7.1	-0.2	503.3
Abroad	3,744.4	1,255.3	34.9	93.9	865.7	260.8	0.0	104.1	38.8	71.7	384.5	734.6	418.5	0.1	736.8
Equity/reinvested earnings	2,946.9	967.5	30.1	60.3	660.1	216.9	0.0	83.3	32.0	53.6	335.3	551.3	386.7	0.0	537.4
Other capital	797.5	287.9	4.8	33.6	205.7	43.8	0.0	20.7	6.9	18.1	49.2	183.4	31.9	0.0	199.4
In the euro area	3,217.0	1,348.3	37.0	124.1	1,159.7	27.1	0.3	63.0	3.6	81.2	258.3	803.3	425.6	0.3	233.4
Equity/reinvested earnings	2,405.5	1,096.8	28.3	97.4	956.9	13.9	0.2	50.6	0.8	68.7	191.1	590.8	284.1	0.1	122.5
Other capital	811.6	251.5	8.7	26.7	202.8	13.2	0.1	12.4	2.9	12.5	67.2	212.5	141.6	0.2	110.9
<b>Portfolio investment assets</b>	3,763.9	1,242.2	63.7	122.4	895.5	80.7	80.0	82.8	25.6	213.4	95.4	1,225.8	458.4	30.5	389.8
Equity	1,162.7	228.7	6.4	19.9	191.7	9.8	0.9	18.2	22.8	84.5	81.3	378.8	197.8	2.0	148.6
Debt instruments	2,601.3	1,013.6	57.3	102.5	703.7	71.0	79.1	64.6	2.9	128.8	14.1	847.0	260.6	28.5	241.3
Bonds and notes	2,179.1	849.1	50.3	81.5	569.1	70.3	77.8	61.6	2.3	61.7	12.6	705.4	238.2	28.4	219.9
Money market instruments	422.1	164.5	6.9	21.0	134.6	0.6	1.3	3.0	0.6	67.1	1.5	141.5	22.4	0.1	21.4
<b>Other investment</b>	-187.5	-91.1	51.1	28.0	-110.4	108.8	-168.6	-6.2	-16.0	-10.2	-131.2	-286.3	2.1	1.8	349.6
Assets	5,466.1	2,419.7	100.9	83.3	2,020.2	201.8	13.4	25.7	34.0	109.4	276.5	852.5	640.7	58.7	1,048.8
General government	101.0	15.0	0.7	0.4	3.6	0.7	9.7	0.0	1.8	0.2	0.1	3.4	1.4	40.1	39.1
MFIs	3,309.5	1,731.1	83.9	58.3	1,419.1	167.9	1.9	16.8	14.5	79.0	164.5	418.9	367.7	18.2	498.8
Other sectors	2,055.6	673.5	16.4	24.6	597.5	33.3	1.8	8.9	17.7	30.3	111.9	430.2	271.7	0.5	510.9
Liabilities	5,653.6	2,510.8	49.8	55.3	2,130.6	93.0	182.0	32.0	50.0	119.5	407.7	1,138.8	638.6	57.0	699.1
General government	61.9	32.5	0.0	0.1	2.5	0.0	29.7	0.0	0.0	0.6	0.5	7.0	0.3	17.7	3.3
MFIs	4,234.1	1,907.6	38.9	33.5	1,664.9	70.0	100.2	24.4	32.1	91.2	328.7	751.1	535.1	36.8	527.2
Other sectors	1,357.6	570.8	10.8	21.7	463.2	23.0	52.0	7.5	17.9	27.8	78.6	380.8	103.2	2.5	168.7
<b>2008 Q4 to 2009 Q3</b>	Cumulated transactions														
<b>Direct investment</b>	148.5	54.1	1.2	7.4	34.5	11.0	0.0	-5.0	3.7	-10.0	-21.9	34.1	66.0	0.0	27.5
Abroad	303.6	105.7	1.6	19.3	78.9	5.8	0.0	3.3	4.0	-1.3	-0.4	83.4	61.5	0.0	47.4
Equity/reinvested earnings	192.9	56.8	1.3	9.5	43.7	2.3	0.0	3.5	2.4	0.7	3.7	42.5	48.7	0.0	34.6
Other capital	110.7	48.9	0.3	9.8	35.2	3.5	0.0	-0.2	1.6	-2.0	-4.1	41.0	12.8	0.0	12.8
In the euro area	155.1	51.5	0.4	11.9	44.4	-5.2	0.0	8.3	0.3	8.7	21.5	49.3	-4.5	0.0	19.9
Equity/reinvested earnings	177.6	52.6	0.5	12.4	37.6	2.0	0.0	8.5	0.2	2.8	13.0	63.6	8.7	0.0	28.3
Other capital	-22.5	-1.0	-0.1	-0.5	6.8	-7.3	0.0	-0.1	0.1	5.9	8.5	-14.3	-13.2	0.0	-8.4
<b>Portfolio investment assets</b>	-133.1	41.0	5.7	11.6	7.6	-4.8	20.9	4.6	4.2	-47.0	8.2	-41.3	-113.4	-2.5	13.1
Equity	-46.2	-1.4	0.4	1.2	-2.4	-0.6	0.0	3.8	5.7	-5.7	6.6	-13.0	-49.3	0.0	7.1
Debt instruments	-86.9	42.4	5.3	10.3	10.1	-4.2	20.9	0.8	-1.5	-41.3	1.6	-28.3	-64.1	-2.5	6.0
Bonds and notes	-58.5	49.8	4.8	16.2	15.4	-4.1	17.5	-2.9	-0.8	-28.5	0.3	-28.2	-48.8	-2.9	3.6
Money market instruments	-28.4	-7.3	0.5	-5.9	-5.3	-0.1	3.5	3.7	-0.7	-12.8	1.3	-0.1	-15.3	0.4	2.4
<b>Other investment</b>	174.1	-220.9	1.5	-9.4	-221.7	18.8	-10.1	-3.1	5.4	68.7	85.1	49.9	82.1	18.9	88.1
Assets	-722.3	-332.5	-15.8	-13.7	-319.6	15.1	1.5	-0.8	-10.3	-9.4	-53.8	-188.1	-43.1	-4.9	-79.4
General government	-2.3	-2.4	-0.3	-0.1	-2.0	-0.3	0.2	0.0	-0.1	0.0	0.0	0.1	0.0	1.3	-1.2
MFIs	-664.4	-326.2	-14.9	-13.4	-312.9	14.5	0.6	-1.3	-12.5	-7.2	-50.2	-108.3	-47.3	-6.1	-105.3
Other sectors	-55.5	-3.9	-0.6	-0.1	-4.7	0.9	0.7	0.5	2.2	-2.2	-3.6	-79.9	4.2	0.0	27.2
Liabilities	-896.4	-111.6	-17.4	-4.3	-97.9	-3.7	11.7	2.3	-15.8	-78.0	-138.9	-238.0	-125.2	-23.8	-167.4
General government	4.3	2.2	0.0	-0.2	0.3	0.0	2.1	0.0	0.0	-0.1	0.0	0.3	0.0	2.2	-0.2
MFIs	-787.5	-95.6	-16.6	-1.4	-78.1	-0.6	1.2	1.1	-15.4	-79.6	-139.5	-142.6	-128.8	-25.9	-161.0
Other sectors	-113.2	-18.2	-0.8	-2.6	-20.2	-3.1	8.4	1.2	-0.3	1.7	0.6	-95.6	3.7	-0.1	-6.2

Source: ECB.

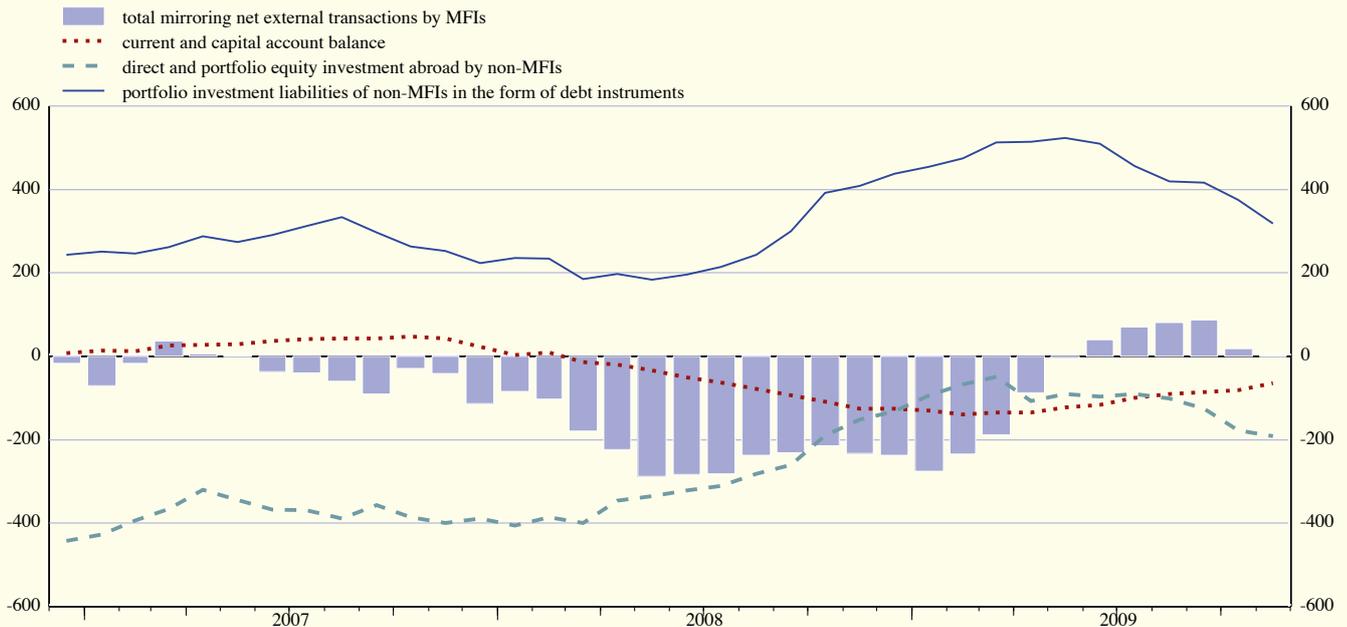
7.4 Monetary presentation of the balance of payments <sup>1)</sup>

(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					
	1	2	By resident units abroad <sup>3</sup>	By non-resident units in euro area <sup>4</sup>	Assets		Liabilities		Assets	Liabilities	9	10	11	12
					Equity	Debt instruments	Equity	Debt instruments						
				5	6	7	8							
2006	-17.6	8.0	-391.6	256.4	-136.2	-135.5	151.6	243.3	-256.5	229.9	-0.3	13.3		
2007	-112.5	22.8	-457.6	401.0	-38.3	-160.9	134.4	223.0	-384.8	226.8	-64.8	-14.1		
2008	-237.6	-126.2	-325.0	136.6	63.8	-21.6	-218.5	438.0	-153.7	66.4	-65.6	-31.7		
2008 Q3	-48.1	-31.2	-107.4	72.5	43.3	-16.1	-74.3	134.1	-27.3	-8.1	-8.3	-25.3		
Q4	52.7	-28.9	-48.9	-14.7	50.0	73.2	-111.9	140.8	-18.1	34.8	-13.2	-10.4		
2009 Q1	-41.7	-36.6	-78.8	40.0	32.4	5.6	-46.8	132.4	-11.8	-53.5	-5.3	-19.1		
Q2	77.4	-19.5	-88.0	91.4	-9.5	-74.2	44.4	102.0	62.5	-56.0	18.8	5.5		
Q3	-1.2	-1.2	-58.7	33.7	-33.3	-22.5	66.3	40.4	24.8	-33.7	-4.2	-12.8		
2008 Nov.	10.5	-15.4	-35.0	-18.5	6.4	10.0	-8.6	55.5	12.2	9.3	-10.4	4.9		
Dec.	-22.5	-5.1	-8.0	2.8	8.3	23.6	-37.2	-0.3	28.9	-20.9	-3.4	-11.2		
2009 Jan.	-74.5	-23.8	-21.1	9.3	2.4	-5.6	-35.1	51.6	-3.7	-43.7	3.4	-8.0		
Feb.	31.0	-4.9	-19.5	12.4	18.8	0.8	3.4	38.1	6.8	-17.3	-1.3	-6.3		
Mar.	1.8	-7.9	-38.2	18.3	11.3	10.4	-15.2	42.7	-15.0	7.6	-7.3	-4.9		
Apr.	21.4	-9.1	-59.8	73.2	5.2	-48.3	-24.1	48.9	-11.5	41.0	9.1	-3.3		
May	5.2	-13.5	-11.3	20.9	-1.9	-33.2	28.6	30.3	86.6	-110.8	9.2	0.5		
June	50.8	3.2	-16.9	-2.6	-12.9	7.4	39.9	22.7	-12.6	13.8	0.6	8.4		
July	-0.1	10.1	-11.7	14.3	-14.3	-21.4	33.0	-31.3	13.0	-1.2	6.5	3.0		
Aug.	19.4	-5.4	-13.2	19.9	-11.3	-22.2	46.1	5.9	10.9	-13.3	-9.3	11.3		
Sep.	-20.4	-5.9	-33.9	-0.5	-7.6	21.0	-12.8	65.9	0.9	-19.2	-1.4	-27.1		
Oct.	-4.7	-3.6	-28.2	25.6	-6.2	-9.2	-25.6	44.2	-28.4	26.7	0.9	-0.8		
Nov.	-8.1	1.3	-8.8	8.9	-9.9	-16.1	2.0	-1.0	8.5	8.4	-0.7	-0.6		
<i>12-month cumulated transactions</i>														
2009 Nov.	-0.7	-64.7	-270.6	202.4	-18.1	-92.9	3.1	317.7	84.4	-129.1	6.2	-39.1		

C34 Main b.o.p. items mirroring developments in MFI net external transactions <sup>1)</sup>

(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<sup>1)</sup>

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
	Exports	Imports	Total			Memo item: Manufacturing	Total			Memo items:			
			Intermediate	Capital	Consumption		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)													
2007	11.0	8.4	1,507.7	739.4	326.6	401.5	1,282.6	1,491.7	914.1	234.4	323.1	1,019.7	227.5
2008	3.6	8.1	1,558.6	767.5	337.3	412.4	1,300.6	1,601.8	1,020.3	233.0	333.0	1,019.1	293.7
2008 Q4	-5.0	-2.1	365.3	174.0	81.9	95.8	302.0	372.7	228.9	56.4	81.8	238.1	55.4
2009 Q1	-20.9	-20.7	311.4	149.2	65.4	86.4	258.9	321.7	181.1	49.4	78.6	214.8	35.6
Q2	-23.2	-27.2	310.4	150.6	63.4	85.0	254.5	306.9	170.2	47.5	76.3	202.9	41.4
Q3	-19.4	-25.8	320.9	154.3	64.5	87.3	261.3	309.6	177.2	47.3	77.7	202.1	48.4
2009 June	-20.7	-26.4	103.7	50.2	21.1	28.5	83.4	102.0	56.9	15.7	25.5	66.6	14.7
July	-18.1	-28.9	108.4	52.5	22.6	29.6	89.6	102.8	57.9	15.7	25.8	67.4	15.8
Aug.	-21.2	-25.7	103.9	49.3	20.1	28.6	83.9	102.0	58.4	15.6	25.7	66.6	16.2
Sep.	-19.3	-22.8	108.6	52.4	21.9	29.0	87.8	104.8	61.0	16.1	26.2	68.2	16.4
Oct.	-17.1	-22.4	108.5	52.5	22.0	29.0	89.3	103.8	60.3	15.1	25.5	67.1	16.1
Nov.	-5.8	-14.7	108.0	.	.	.	88.8	104.1	.	.	.	66.3	.
Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)													
2007	8.6	6.8	144.4	141.3	153.2	144.6	142.1	129.1	123.2	143.3	141.5	134.7	107.7
2008	1.2	0.4	146.0	141.2	157.6	146.9	142.6	128.8	122.5	143.7	143.2	133.1	108.3
2008 Q4	-7.5	-4.6	135.9	127.0	151.0	136.6	130.2	122.5	115.8	135.2	137.2	120.8	108.0
2009 Q1	-20.8	-14.7	117.8	112.3	119.9	124.5	112.0	113.8	104.3	117.7	130.9	110.3	99.4
Q2	-22.0	-19.3	118.8	115.4	117.1	122.6	111.7	109.5	98.0	114.1	130.8	106.7	97.2
Q3	-17.5	-14.7	122.0	117.4	118.6	125.0	114.5	109.8	100.3	117.2	132.8	107.4	97.2
2009 June	-19.2	-16.8	118.6	115.4	116.5	122.4	109.6	108.4	97.2	113.3	130.9	105.4	93.8
July	-16.2	-18.2	123.3	120.3	124.2	126.1	117.4	108.6	98.0	115.3	131.0	106.4	98.1
Aug.	-19.4	-13.7	118.9	112.9	111.0	123.4	110.5	109.5	100.1	116.9	132.2	106.8	96.8
Sep.	-17.3	-12.2	123.8	119.1	120.7	125.6	115.5	111.3	103.0	119.3	135.1	109.0	96.8
Oct.	-14.6	-12.5	124.6	120.7	122.3	125.3	118.3	112.5	103.7	114.2	134.5	109.5	97.6
Nov.	.	.	.	.	.	.	.	.	.	.	.	.	.

### 2. Prices<sup>2)</sup>

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) <sup>3)</sup>							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	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	103.5	1.6	1.5	-0.4	2.4	25.2	1.5	112.7	6.5	0.2	-3.4	2.4	28.2	0.8
2009	100.9	-2.5	-4.1	0.6	0.6	.	-2.5	.	.	.	.	.	.	.
2009 Q2	100.9	-2.8	-3.9	1.5	0.9	-36.4	-2.7	101.5	-12.4	-6.5	0.1	1.4	-35.3	-4.2
Q3	100.9	-4.0	-6.2	0.7	0.4	-34.0	-3.8	102.3	-13.0	-7.8	-1.0	-0.3	-33.8	-5.2
Q4	100.6	-2.0	-5.0	-1.1	-0.4	.	-1.9	.	.	.	.	.	.	.
2009 July	100.8	-4.0	-5.7	1.3	0.5	-38.9	-3.8	101.6	-15.0	-8.1	-0.6	0.7	-39.2	-5.4
Aug.	101.2	-3.6	-6.1	0.8	0.7	-30.1	-3.5	103.3	-12.2	-7.5	-1.0	-0.4	-31.4	-4.8
Sep.	100.6	-4.3	-6.7	0.0	0.0	-32.7	-4.2	102.0	-11.7	-7.9	-1.3	-1.3	-30.1	-5.3
Oct.	100.4	-3.6	-6.5	-1.0	-1.1	-13.6	-3.5	102.8	-7.7	-7.2	-2.1	-3.1	-16.7	-4.9
Nov.	100.7	-2.2	-5.4	-1.6	-0.7	10.7	-2.0	103.5	-3.5	-5.5	-2.4	-3.5	-2.2	-3.6
Dec.	100.7	-0.2	-3.1	-0.7	0.4	.	0.0	.	.	.	.	.	.	.

Source: Eurostat.

- 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.
- 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.
- 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	Switzerland	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
<b>Exports (f.o.b.)</b>															
2007	1,507.7	34.1	55.6	230.9	216.3	68.0	82.3	41.5	195.9	295.9	60.6	34.3	87.6	61.7	137.9
2008	1,558.6	35.0	53.6	220.2	232.2	78.4	86.6	42.8	187.5	307.9	65.7	33.6	100.5	68.1	146.0
2008 Q2	398.0	9.1	14.3	58.0	60.7	20.2	22.2	11.4	47.4	77.6	16.8	8.5	24.9	16.9	35.5
2008 Q3	397.7	9.1	14.0	55.8	60.1	21.0	21.9	10.8	46.9	76.9	16.0	8.2	26.7	17.6	36.8
2008 Q4	365.3	8.0	11.4	49.2	51.9	17.6	21.2	8.3	43.6	74.4	15.6	8.1	24.9	17.4	37.4
2009 Q1	311.4	7.4	10.0	42.3	43.6	12.5	20.0	7.7	39.9	65.2	15.4	7.1	23.4	12.8	26.5
2009 Q2	310.4	6.4	9.6	42.4	42.2	12.1	19.3	8.3	37.7	70.4	16.8	7.1	22.8	12.4	26.8
2009 Q3	320.9	6.9	10.5	44.6	45.1	12.1	19.3	9.1	35.8	71.3	17.3	7.2	22.5	14.1	29.8
2009 June	103.7	2.0	3.3	14.4	13.9	4.1	6.5	2.8	12.5	23.7	5.6	2.4	7.5	4.0	8.9
2009 July	108.4	2.3	3.6	15.0	14.9	4.2	6.5	3.1	12.6	24.1	5.7	2.6	7.6	4.9	9.6
2009 Aug.	103.9	2.3	3.4	14.3	14.8	3.8	6.3	3.0	11.4	23.4	5.7	2.2	7.4	4.4	9.5
2009 Sep.	108.6	2.3	3.5	15.3	15.4	4.1	6.4	3.0	11.9	23.8	5.8	2.4	7.5	4.7	10.6
2009 Oct.	108.5	2.2	3.6	14.9	15.4	4.1	6.5	3.0	12.6	24.0	6.0	2.4	7.5	4.6	10.1
2009 Nov.	108.0	.	.	.	.	4.2	6.7	3.1	12.6	24.5	6.2	2.4	7.7	4.9	.
<i>% share of total exports</i>															
2008	100.0	2.2	3.4	14.1	14.9	5.0	5.6	2.7	12.0	19.8	4.2	2.2	6.5	4.4	9.4
<b>Imports (c.i.f.)</b>															
2007	1,491.7	28.8	52.3	169.5	169.5	102.2	67.2	32.4	131.7	455.6	172.7	59.1	113.4	75.3	93.8
2008	1,601.8	30.6	52.2	164.2	184.3	122.0	69.9	32.4	137.7	481.4	184.3	56.9	141.0	81.7	104.3
2008 Q2	410.6	8.0	13.6	42.6	47.7	32.3	17.6	8.6	33.8	121.9	45.2	14.7	37.4	20.4	26.6
2008 Q3	413.8	7.9	13.3	41.7	47.4	34.3	17.8	8.2	35.5	124.2	48.0	14.0	38.1	21.2	24.2
2008 Q4	372.7	7.3	11.5	36.1	43.0	24.8	17.4	7.0	33.7	113.2	46.5	13.4	30.7	19.8	28.0
2009 Q1	321.7	6.9	9.4	31.6	39.3	17.8	16.7	6.7	33.1	98.9	42.2	11.5	23.7	14.8	22.9
2009 Q2	306.9	6.3	8.9	30.4	38.5	18.1	16.1	6.3	28.4	92.8	39.8	10.4	23.1	14.3	23.8
2009 Q3	309.6	6.8	9.9	31.5	40.6	21.8	16.1	6.6	27.0	92.3	38.0	10.4	22.5	14.6	20.0
2009 June	102.0	2.0	3.0	10.2	12.7	6.4	5.2	2.2	9.1	30.6	13.0	3.5	7.8	4.8	7.9
2009 July	102.8	2.3	3.4	10.4	13.2	6.8	5.4	2.2	9.1	30.5	12.6	3.5	7.6	4.9	7.0
2009 Aug.	102.0	2.3	3.2	10.4	13.6	6.7	5.4	2.1	8.8	30.6	12.6	3.4	7.3	4.9	6.9
2009 Sep.	104.8	2.2	3.3	10.7	13.8	8.3	5.3	2.2	9.1	31.2	12.8	3.5	7.6	4.8	6.2
2009 Oct.	103.8	2.2	3.1	10.7	14.1	7.8	5.2	2.3	8.9	30.6	12.6	3.4	7.3	4.8	6.8
2009 Nov.	104.1	.	.	.	.	7.9	5.1	2.3	9.1	30.4	12.5	3.5	8.4	5.1	.
<i>% share of total imports</i>															
2008	100.0	1.9	3.3	10.2	11.5	7.6	4.4	2.0	8.6	30.1	11.5	3.6	8.8	5.1	6.5
<b>Balance</b>															
2007	16.0	5.4	3.3	61.4	46.8	-34.2	15.1	9.0	64.2	-159.7	-112.1	-24.8	-25.8	-13.6	44.1
2008	-43.1	4.4	1.5	56.0	47.9	-43.6	16.7	10.3	49.7	-173.5	-118.7	-23.3	-40.6	-13.6	41.7
2008 Q2	-12.6	1.1	0.7	15.3	13.0	-12.1	4.5	2.8	13.7	-44.3	-28.4	-6.2	-12.6	-3.5	8.9
2008 Q3	-16.2	1.2	0.6	14.1	12.7	-13.4	4.0	2.6	11.4	-47.3	-31.9	-5.8	-11.3	-3.5	12.7
2008 Q4	-7.3	0.7	-0.1	13.1	9.0	-7.2	3.7	1.3	9.9	-38.8	-30.9	-5.4	-5.8	-2.4	9.4
2009 Q1	-10.4	0.5	0.6	10.7	4.3	-5.2	3.3	1.0	6.8	-33.7	-26.8	-4.4	-0.4	-2.0	3.7
2009 Q2	3.5	0.1	0.7	12.0	3.7	-6.0	3.2	2.0	9.3	-22.5	-22.9	-3.3	-0.3	-1.9	3.0
2009 Q3	11.3	0.1	0.6	13.1	4.5	-9.7	3.2	2.5	8.8	-21.0	-20.8	-3.2	0.0	-0.5	9.7
2009 June	1.7	0.0	0.3	4.2	1.2	-2.3	1.2	0.6	3.4	-6.8	-7.4	-1.0	-0.3	-0.8	1.0
2009 July	5.6	0.0	0.2	4.6	1.7	-2.6	1.1	0.9	3.5	-6.5	-6.9	-0.8	0.0	0.0	2.7
2009 Aug.	1.9	0.0	0.2	3.9	1.2	-2.9	0.9	0.8	2.5	-7.2	-6.9	-1.2	0.1	-0.4	2.6
2009 Sep.	3.8	0.1	0.2	4.6	1.5	-4.2	1.1	0.8	2.7	-7.4	-7.0	-1.1	-0.1	-0.1	4.4
2009 Oct.	4.7	0.0	0.5	4.2	1.3	-3.8	1.3	0.7	3.7	-6.6	-6.5	-1.0	0.3	-0.2	3.3
2009 Nov.	3.9	.	.	.	.	-3.6	1.6	0.8	3.5	-6.0	-6.2	-1.1	-0.7	-0.1	.

Source: Eurostat.



## EXCHANGE RATES

### 8.1 Effective exchange rates <sup>1)</sup>

(period averages; index: 1999 Q1=100)

	EER-21					EER-41		
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2007	106.3	106.8	105.2	102.7	107.0	100.6	113.0	104.2
2008	110.5	110.1	107.4	105.7	112.8	104.3	118.0	107.1
2009	111.7	110.6	106.0	.	.	.	120.6	107.9
2008 Q4	107.0	106.5	103.1	102.4	111.5	101.3	115.2	104.0
2009 Q1	109.9	109.2	104.8	104.9	118.0	105.2	119.0	107.0
Q2	111.1	110.2	105.4	106.3	121.2	106.5	119.8	107.5
Q3	112.1	110.9	106.2	107.4	118.5	106.6	121.0	108.1
Q4	113.8	112.2	107.4	.	.	.	122.5	108.9
2009 Jan.	109.8	109.2	105.0	-	-	-	118.6	106.9
Feb.	108.7	108.0	103.6	-	-	-	117.7	106.0
Mar.	111.1	110.3	105.6	-	-	-	120.4	108.1
Apr.	110.3	109.5	104.7	-	-	-	119.1	106.9
May	110.8	109.9	105.3	-	-	-	119.5	107.2
June	112.0	111.1	106.2	-	-	-	120.7	108.3
July	111.6	110.5	105.8	-	-	-	120.5	107.8
Aug.	111.7	110.6	106.0	-	-	-	120.6	107.9
Sep.	112.9	111.6	106.9	-	-	-	122.0	108.8
Oct.	114.3	112.9	108.2	-	-	-	123.0	109.5
Nov.	114.0	112.5	107.6	-	-	-	122.9	109.3
Dec.	113.0	111.3	106.4	-	-	-	121.7	108.0
2010 Jan.	110.8	109.1	104.2	-	-	-	119.1	105.6
	<i>% change versus previous month</i>							
2010 Jan.	-1.9	-2.0	-2.1	-	-	-	-2.1	-2.2
	<i>% change versus previous year</i>							
2010 Jan.	0.9	0.0	-0.8	-	-	-	0.4	-1.2

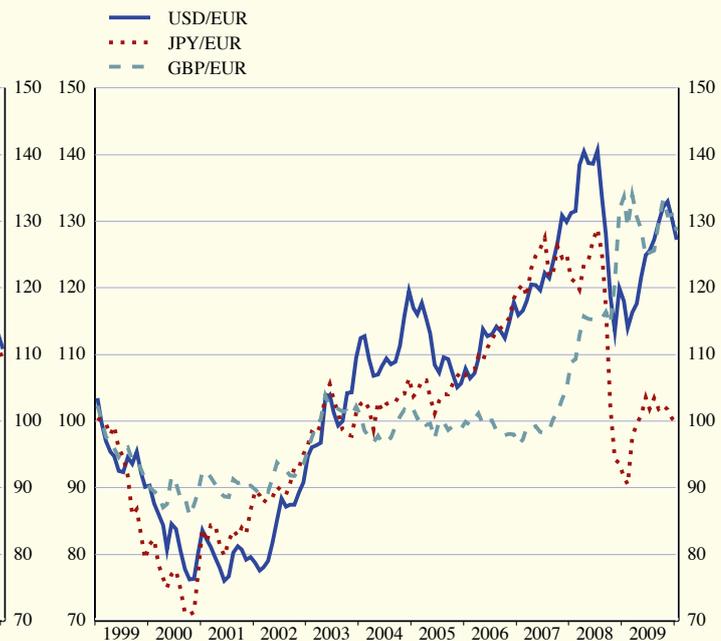
### C35 Effective exchange rates

(monthly averages; index: 1999 Q1=100)



### C36 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)

	Danish kroner 1	Swedish krona 2	Pound sterling 3	US dollar 4	Japanese yen 5	Swiss franc 6	South Korean won 7	Hong Kong dollar 8	Singapore dollar 9	Canadian dollar 10	Norwegian kroner 11	Australian dollar 12
2007	7.4506	9.2501	0.68434	1.3705	161.25	1.6427	1,272.99	10.6912	2.0636	1.4678	8.0165	1.6348
2008	7.4560	9.6152	0.79628	1.4708	152.45	1.5874	1,606.09	11.4541	2.0762	1.5594	8.2237	1.7416
2009	7.4462	10.6191	0.89094	1.3948	130.34	1.5100	1,772.90	10.8114	2.0241	1.5850	8.7278	1.7727
2009 Q2	7.4471	10.7806	0.87883	1.3632	132.59	1.5138	1,747.10	10.5657	2.0050	1.5883	8.8431	1.7917
Q3	7.4442	10.4241	0.87161	1.4303	133.82	1.5195	1,772.14	11.0854	2.0570	1.5704	8.7397	1.7169
Q4	7.4424	10.3509	0.90483	1.4779	132.69	1.5088	1,725.91	11.4555	2.0604	1.5604	8.3932	1.6250
2009 July	7.4458	10.8262	0.86092	1.4088	133.09	1.5202	1,778.43	10.9182	2.0421	1.5824	8.9494	1.7504
Aug.	7.4440	10.2210	0.86265	1.4268	135.31	1.5236	1,768.99	11.0587	2.0577	1.5522	8.6602	1.7081
Sep.	7.4428	10.1976	0.89135	1.4562	133.14	1.5148	1,768.58	11.2858	2.0720	1.5752	8.5964	1.6903
Oct.	7.4438	10.3102	0.91557	1.4816	133.91	1.5138	1,739.94	11.4828	2.0714	1.5619	8.3596	1.6341
Nov.	7.4415	10.3331	0.89892	1.4914	132.97	1.5105	1,735.17	11.5588	2.0711	1.5805	8.4143	1.6223
Dec.	7.4419	10.4085	0.89972	1.4614	131.21	1.5021	1,703.03	11.3296	2.0392	1.5397	8.4066	1.6185
2010 Jan.	7.4424	10.1939	0.88305	1.4272	130.34	1.4765	1,624.76	11.0783	1.9930	1.4879	8.1817	1.5624
	<i>% change versus previous month</i>											
2010 Jan.	0.0	-2.1	-1.9	-2.3	-0.7	-1.7	-4.6	-2.2	-2.3	-3.4	-2.7	-3.5
	<i>% change versus previous year</i>											
2010 Jan.	-0.1	-5.0	-3.8	7.8	8.9	-1.1	-9.8	7.9	0.9	-8.3	-11.2	-20.4
	Czech koruna 13	Estonian kroon 14	Latvian lats 15	Lithuanian litas 16	Hungarian forint 17	Polish zloty 18	Bulgarian lev 19	New Roman- ian leu 20	Croatian kuna 21	New Turkish lira 22		
2007	27.766	15.6466	0.7001	3.4528	251.35	3.7837	1.9558	3.3353	7.3376	1.7865		
2008	24.946	15.6466	0.7027	3.4528	251.51	3.5121	1.9558	3.6826	7.2239	1.9064		
2009	26.435	15.6466	0.7057	3.4528	280.33	4.3276	1.9558	4.2399	7.3400	2.1631		
2009 Q2	26.679	15.6466	0.7065	3.4528	285.71	4.4523	1.9558	4.1963	7.3528	2.1410		
Q3	25.597	15.6466	0.7019	3.4528	271.35	4.1978	1.9558	4.2263	7.3232	2.1444		
Q4	25.923	15.6466	0.7084	3.4528	270.88	4.1745	1.9558	4.2680	7.2756	2.2029		
2009 July	25.793	15.6466	0.7006	3.4528	272.06	4.2965	1.9558	4.2184	7.3307	2.1378		
Aug.	25.646	15.6466	0.7013	3.4528	270.05	4.1311	1.9558	4.2183	7.3287	2.1236		
Sep.	25.346	15.6466	0.7039	3.4528	271.84	4.1584	1.9558	4.2420	7.3102	2.1711		
Oct.	25.861	15.6466	0.7088	3.4528	268.49	4.2146	1.9558	4.2871	7.2419	2.1823		
Nov.	25.812	15.6466	0.7088	3.4528	270.92	4.1646	1.9558	4.2896	7.2952	2.2262		
Dec.	26.089	15.6466	0.7077	3.4528	273.22	4.1439	1.9558	4.2284	7.2907	2.2013		
2010 Jan.	26.133	15.6466	0.7088	3.4528	269.43	4.0703	1.9558	4.1383	7.2938	2.1028		
	<i>% change versus previous month</i>											
2010 Jan.	0.2	0.0	0.2	0.0	-1.4	-1.8	0.0	-2.1	0.0	-4.5		
	<i>% change versus previous year</i>											
2010 Jan.	-3.8	0.0	0.6	0.0	-3.7	-3.8	0.0	-2.3	-0.9	-1.0		
	Brazilian real <sup>1)</sup> 23	Chinese yuan renminbi 24	Icelandic krona <sup>2)</sup> 25	Indian rupee <sup>3)</sup> 26	Indonesian rupiah 27	Malaysian ringgit 28	Mexican peso <sup>1)</sup> 29	New Zealand dollar 30	Philippine peso 31	Russian rouble 32	South African rand 33	Thai baht 34
2007	2.6594	10.4178	87.63	56.4186	12,528.33	4.7076	14.9743	1.8627	63.026	35.0183	9.6596	44.214
2008	2.6737	10.2236	143.83	63.6143	14,165.16	4.8893	16.2911	2.0770	65.172	36.4207	12.0590	48.475
2009	2.7674	9.5277	-	67.3611	14,443.74	4.9079	18.7989	2.2121	66.338	44.1376	11.6737	47.804
2009 Q2	2.8245	9.3107	-	66.3982	14,334.53	4.8340	18.1648	2.2565	65.097	43.7716	11.5242	47.294
Q3	2.6699	9.7702	-	69.1909	14,285.93	5.0333	18.9695	2.1232	68.815	44.7703	11.1618	48.575
Q4	2.5703	10.0905	-	68.9088	13,999.42	5.0275	19.3003	2.0297	69.080	43.5740	11.0757	49.221
2009 July	2.7221	9.6246	-	68.2333	14,241.51	4.9963	18.8143	2.1873	67.724	44.3881	11.2007	47.969
Aug.	2.6314	9.7485	-	68.9570	14,270.78	5.0185	18.5571	2.1097	68.803	45.1972	11.3415	48.543
Sep.	2.6520	9.9431	-	70.4154	14,346.84	5.0862	19.5255	2.0691	69.967	44.7624	10.9495	49.239
Oct.	2.5771	10.1152	-	69.2160	14,057.25	5.0425	19.5856	2.0065	69.419	43.6188	11.0938	49.504
Nov.	2.5777	10.1827	-	69.4421	14,115.45	5.0553	19.5478	2.0450	70.165	43.1835	11.2134	49.634
Dec.	2.5566	9.9777	-	68.0924	13,830.84	4.9859	18.7787	2.0383	67.706	43.9019	10.9261	48.544
2010 Jan.	2.5383	9.7436	-	65.5361	13,263.60	4.8170	18.2820	1.9646	65.702	42.5749	10.6492	47.150
	<i>% change versus previous month</i>											
2010 Jan.	-0.7	-2.3	-	-3.8	-4.1	-3.4	-2.6	-3.6	-3.0	-3.0	-2.5	-2.9
	<i>% change versus previous year</i>											
2010 Jan.	-17.0	7.7	-	1.6	-10.4	1.9	-0.5	-18.6	5.4	0.6	-18.9	2.0

Source: ECB.

1) For these currencies the ECB computes and publishes euro reference exchange rates as from 1 January 2008. Previous data are indicative.

2) The most recent rate for the Icelandic krona refers to 3 December 2008.

3) For this currency the ECB computes and publishes euro reference exchange rates as from 1 January 2009. Previous data are indicative.



## DEVELOPMENTS OUTSIDE THE EURO AREA

### 9.1 In other EU Member States

(annual percentage changes, unless otherwise indicated)

#### 1. Economic and financial developments

	Bulgaria	Czech Republic	Denmark	Estonia	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10	11
HICP											
2008	12.0	6.3	3.6	10.6	15.3	11.1	6.0	4.2	7.9	3.3	3.6
2009	2.5	0.6	1.1	0.2	3.3	4.2	4.0	4.0	5.6	1.9	2.2
2009 Q3	0.8	-0.1	0.6	-0.9	1.2	2.4	4.9	4.3	5.0	1.7	1.5
Q4	0.9	0.0	0.9	-2.0	-1.3	1.2	4.9	3.8	4.5	2.3	2.1
2009 Oct.	0.3	-0.6	0.6	-2.1	-1.2	1.0	4.2	3.8	4.3	1.8	1.5
Nov.	0.9	0.2	0.9	-2.1	-1.4	1.3	5.2	3.8	4.6	2.4	1.9
Dec.	1.6	0.5	1.2	-1.9	-1.4	1.2	5.4	3.8	4.7	2.8	2.9
General government deficit (-)/surplus (+) as a % of GDP											
2006	3.0	-2.6	5.2	2.3	-0.5	-0.4	-9.3	-3.6	-2.2	2.5	-2.7
2007	0.1	-0.7	4.5	2.6	-0.3	-1.0	-5.0	-1.9	-2.5	3.8	-2.7
2008	1.8	-2.1	3.4	-2.7	-4.1	-3.2	-3.8	-3.6	-5.5	2.5	-5.0
General government gross debt as a % of GDP											
2006	22.7	29.4	31.3	4.5	10.7	18.0	65.6	47.7	12.4	45.9	43.2
2007	18.2	29.0	26.8	3.8	9.0	16.9	65.9	45.0	12.6	40.5	44.2
2008	14.1	30.0	33.5	4.6	19.5	15.6	72.9	47.2	13.6	38.0	52.0
Long-term government bond yield as a % per annum; period average											
2009 July	7.56	5.41	3.74	-	12.75	14.50	8.81	6.19	11.46	3.37	3.55
Aug.	7.77	5.09	3.60	-	12.81	14.50	8.40	6.08	11.46	3.45	3.45
Sep.	7.45	5.01	3.65	-	13.27	14.50	7.91	6.17	11.00	3.38	3.42
Oct.	7.08	4.50	3.60	-	13.51	14.50	7.45	6.15	9.13	3.25	3.34
Nov.	6.53	4.19	3.62	-	13.75	14.50	7.37	6.14	8.24	3.27	3.46
Dec.	6.61	3.98	3.53	-	13.75	9.10	7.69	6.22	8.66	3.24	3.60
3-month interest rate as a % per annum; period average											
2009 July	5.69	2.09	2.06	6.16	16.94	8.41	9.99	4.26	9.21	0.67	1.00
Aug.	5.30	1.92	1.94	5.85	13.06	7.98	9.02	4.16	9.06	0.62	0.78
Sep.	5.11	1.88	1.76	5.58	11.58	7.07	8.78	4.18	9.05	0.55	0.61
Oct.	4.84	1.87	1.58	5.44	13.49	6.59	7.34	4.18	10.03	0.50	0.57
Nov.	4.80	1.80	1.56	4.54	11.87	5.39	7.56	4.19	10.19	0.48	0.61
Dec.	4.71	1.64	1.55	3.28	8.39	4.54	7.47	4.23	10.18	0.48	0.61
Real GDP											
2008	6.0	2.5	-0.9	-3.6	-4.6	2.8	0.6	5.0	7.1	-0.2	0.5
2009	.	.	.	.	.	-15.0	.	.	.	.	-4.8
2009 Q2	-4.9	-4.7	-7.0	-16.1	-17.3	-19.7	-7.2	1.3	-8.7	-5.8	-5.8
Q3	-5.4	-4.1	-5.4	-15.6	-19.3	-14.2	-7.9	1.0	-7.1	-5.2	-5.1
Q4	.	.	.	.	.	-13.0	.	.	.	.	-3.2
Current and capital account balance as a % of GDP											
2007	-27.2	-2.6	1.5	-16.8	-20.4	-12.8	-6.1	-3.6	-12.8	8.7	-2.5
2008	-24.6	-2.2	2.2	-8.4	-11.5	-10.1	-6.0	-3.9	-11.1	6.1	-1.3
2009 Q1	-17.2	4.4	1.1	0.8	4.2	4.7	-0.3	2.6	-3.7	7.6	-0.3
Q2	-12.4	-2.6	4.6	7.9	16.7	3.6	4.4	-0.1	-5.4	9.1	-0.7
Q3	4.7	-1.6	5.7	9.6	11.8	6.8	4.7	-1.0	-2.3	6.9	-0.8
Gross external debt as a % of GDP											
2007	100.3	44.5	170.6	111.0	127.6	71.9	115.1	48.4	51.3	151.4	401.3
2008	108.4	47.6	179.0	118.5	128.5	71.6	152.4	56.7	57.0	175.3	431.4
2009 Q1	106.7	46.1	187.4	118.9	128.6	72.7	187.4	62.0	58.2	185.2	416.6
Q2	107.1	45.3	189.1	121.2	131.7	77.5	164.4	60.0	61.6	217.0	390.9
Q3	107.6	44.4	191.9	123.7	145.8	83.1	164.2	60.0	66.5	210.2	408.0
Unit labour costs											
2007	14.2	2.9	4.9	17.3	27.3	6.5	5.4	2.6	15.2	4.7	3.0
2008	16.2	5.1	6.5	14.1	21.1	9.3	4.5	6.9	.	2.8	2.8
2009 Q1	16.1	5.5	7.1	10.0	8.2	14.2	-	5.2	-	8.2	4.5
Q2	14.2	4.3	9.4	3.4	-1.7	10.8	-	4.0	-	7.0	6.6
Q3	10.2	2.2	5.1	1.5	-13.0	-6.5	-	4.5	-	5.0	4.2
Standardised unemployment rate as a % of labour force (s.a.)											
2008	5.6	4.4	3.4	5.6	7.5	6.0	7.8	7.2	5.8	6.2	5.6
2009	6.7	6.8	6.0	.	17.7	.	10.0	8.2	.	8.3	.
2009 Q3	6.9	7.3	6.2	15.2	19.0	14.6	10.4	8.4	7.2	8.6	7.8
Q4	7.7	7.8	7.1	.	22.1	.	10.8	8.8	.	8.9	.
2009 Oct.	7.4	7.7	6.9	-	21.2	.	10.8	8.7	.	8.8	7.8
Nov.	7.7	7.8	7.2	-	22.2	.	10.8	8.8	.	8.9	.
Dec.	7.9	8.0	7.4	-	22.8	.	10.7	8.9	.	8.9	.

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

## 9.2 In the United States and Japan

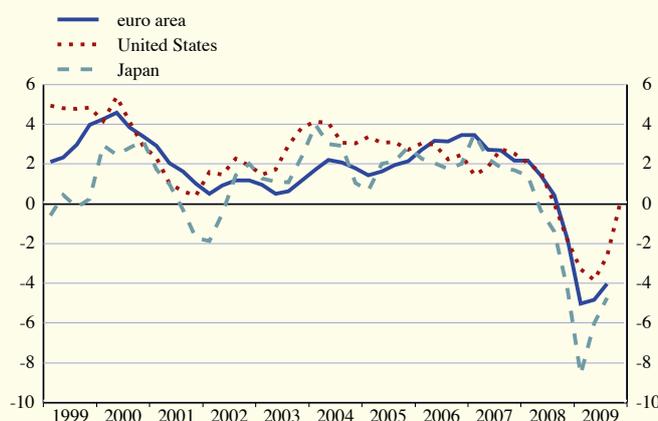
(annual percentage changes, unless otherwise indicated)

### 1. Economic and financial developments

	Consumer price index	Unit labour costs <sup>1)</sup>	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money <sup>2)</sup>	3-month interbank deposit rate <sup>3)</sup>	10-year zero coupon government bond yield; <sup>3)</sup> end of period	Exchange rate <sup>4)</sup> as national currency per euro	Fiscal deficit (-)/surplus (+) as a % of GDP	Gross public debt <sup>5)</sup> as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
2006	3.2	2.8	2.7	2.7	4.6	5.3	5.20	5.26	1.2556	-2.2	47.7
2007	2.9	2.3	2.1	1.6	4.6	6.3	5.30	4.81	1.3705	-2.8	48.3
2008	3.8	1.0	0.4	-3.1	5.8	7.1	2.93	2.70	1.4708	-6.5	56.3
2009	-0.4	.	-2.4	-11.0	9.3	7.6	0.69	4.17	1.3948	.	.
2008 Q4	1.6	1.7	-1.9	-8.7	7.0	8.5	2.77	2.70	1.3180	-8.1	56.3
2009 Q1	0.0	-0.1	-3.3	-13.9	8.2	9.5	1.24	2.96	1.3029	-9.9	60.0
Q2	-1.2	0.3	-3.8	-14.6	9.3	8.6	0.84	3.95	1.3632	-11.6	62.8
Q3	-1.6	-1.4	-2.6	-10.5	9.6	7.7	0.41	3.61	1.4303	-11.4	65.8
Q4	1.4	.	0.1	-4.4	10.0	4.9	0.27	4.17	1.4779	.	.
2009 Sep.	-1.3	.	.	-6.9	9.8	7.0	0.30	3.61	1.4562	.	.
Oct.	-0.2	.	.	-7.4	10.1	5.8	0.28	3.71	1.4816	.	.
Nov.	1.8	.	.	-4.3	10.0	5.5	0.27	3.44	1.4914	.	.
Dec.	2.7	.	.	-1.4	10.0	3.4	0.25	4.17	1.4614	.	.
2010 Jan.	.	.	.	.	.	.	0.25	3.92	1.4272	.	.
Japan											
2006	0.2	-0.5	2.0	4.5	4.1	1.0	0.30	1.85	146.02	-1.6	159.9
2007	0.1	-1.0	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.3
2008	1.4	1.6	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.1	162.2
2009	-1.4	.	.	-22.5	.	2.7	0.47	1.42	130.34	.	.
2008 Q4	1.0	3.9	-4.4	-14.6	4.0	1.8	0.96	1.42	126.71	.	.
2009 Q1	-0.1	3.9	-8.6	-34.6	4.5	2.1	0.67	1.27	122.04	.	.
Q2	-1.0	2.5	-6.0	-27.9	5.2	2.6	0.53	1.39	132.59	.	.
Q3	-2.2	.	-4.7	-20.1	5.5	2.8	0.40	1.47	133.82	.	.
Q4	-2.0	.	.	-5.3	.	3.3	0.31	1.47	132.69	.	.
2009 Sep.	-2.2	.	.	-18.4	5.3	3.0	0.36	1.45	133.14	.	.
Oct.	-2.5	.	.	-15.1	5.1	3.4	0.33	1.58	133.91	.	.
Nov.	-1.9	.	.	-4.2	5.2	3.3	0.31	1.41	132.97	.	.
Dec.	-1.7	.	.	5.4	.	3.1	0.28	1.42	131.21	.	.
2010 Jan.	.	.	.	.	.	.	0.26	1.42	130.34	.	.

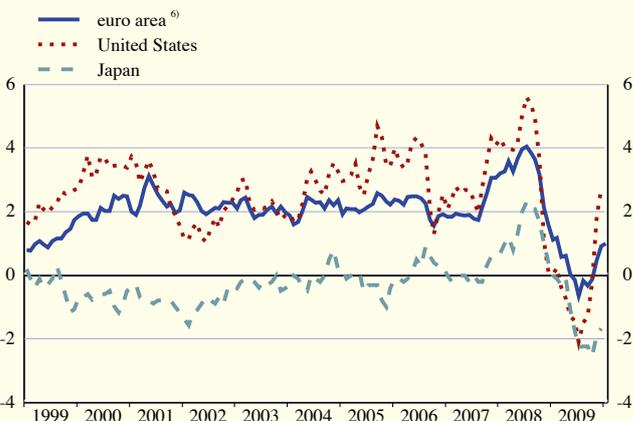
### C37 Real gross domestic product

(annual percentage changes; quarterly data)



### C38 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); Reuters (columns 7 and 8); ECB calculations (column 11).

- 1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
- 2) Period averages; M2 for the United States, M2+CDs for Japan.
- 3) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
- 4) For more information, see Section 8.2.
- 5) Gross consolidated general government debt (end of period).
- 6) Data refer to the changing composition of the euro area. For further information, see the General Notes.



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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:

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

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

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

### 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:

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

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

$$d) F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

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:

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2006 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website ([www.ecb.europa.eu](http://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:

$$f) a_t = \left[ \prod_{i=0}^{11} \left( 1 + \frac{F_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

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

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in g) 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 g). For example, the month-on-month growth rate  $a_t^M$  can be calculated as:

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

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

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

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

#### SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS<sup>1</sup>

The approach used is based on multiplicative decomposition using X-12-ARIMA.<sup>2</sup> 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.<sup>3</sup> 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.

#### CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1 and 3.2 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.

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](http://www.ecb.europa.eu)).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), “New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program”, *Journal of Business and Economic Statistics*, 16, 2, pp.127-152, or “X-12-ARIMA Reference Manual”, Time Series Staff, Bureau of the Census, Washington, D.C.

For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), “Programs TRAMO and SEATS: Instructions for the User”, Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2001) generally differs from 100, reflecting the seasonality of that month.

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 worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth). They currently exclude other changes in non-financial assets owing to the unavailability of data.

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).

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

## 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:

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

As a base, the index is set equal to 100 in December 2001. 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:

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

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

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:

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

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:

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

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 <sup>4</sup>

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 k) and l), 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:

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

$$p) \quad a_t = \left( \frac{I_t}{I_{t-6}} - 1 \right) \times 100$$

#### TABLE 1 IN SECTION 5.1

#### SEASONAL ADJUSTMENT OF THE HICP <sup>4</sup>

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S78). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

<sup>4</sup> 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](http://www.ecb.europa.eu)).

**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 (see footnote 2 on page S78). The raw data for goods, services and income are preadjusted to take a working day effect into account. The working day adjustment in goods and services is corrected for national public holidays. The seasonal adjustment of these items is carried out using these preadjusted 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:

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

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](http://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](mailto:statistics@ecb.europa.eu).

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, the cut-off date was 3 February 2010.

Unless otherwise indicated, all data series including observations for 2009 relate to the Euro 16 (the euro area including Slovakia) for the whole time series. For interest rates, monetary statistics and the HICP (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), the statistical series refer to the changing composition of the euro area. Where applicable, this is indicated in the tables by means of a footnote. In such cases, where underlying data are available, absolute and percentage changes for the respective year of entry into the euro area of Greece (2001), Slovenia (2007), Cyprus (2008), Malta (2008) and Slovakia (2009), calculated from bases covering the year prior to the year of entry, use a series in which the impact of these countries’ joining the euro area is taken into account. Historical data referring to the euro area before the entry of Slovakia are available on the ECB’s website at: <http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html>.

The statistical series referring to the changing composition of the euro area are based on the euro area composition at the time to which the statistics relate. Thus, data prior to 2001 refer to

the Euro 11, i.e. the following 11 EU Member States: Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Data from 2001 to 2006 refer to the Euro 12, i.e. the Euro 11 plus Greece. Data for 2007 refer to the Euro 13, i.e. the Euro 12 plus Slovenia. Data for 2008 refer to the Euro 15, i.e. the Euro 13 plus Cyprus and Malta, and data as of 2009 refer to the Euro 16, i.e. the Euro 15 plus Slovakia.

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<sup>1</sup> 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, Estonia, 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

<sup>1</sup> 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>).

of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

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

## OVERVIEW

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

## MONETARY POLICY STATISTICS

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

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

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the 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 INVESTMENT FUNDS

Section 2.1 shows the aggregated balance sheet of the monetary financial institution 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 Community 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.

Sections 2.2 to 2.6 include data on transactions, which are derived as differences in outstanding amounts adjusted for reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. Section 2.7 shows selected revaluations that are used in the derivation of transactions. Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes. Section 2.8 shows a quarterly currency breakdown of selected MFI balance sheet items.

Details of 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). The publication "Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices that NCBs are recommended to follow. Since 1 January 1999, statistical information has been collected and compiled on the basis of Regulation ECB/1998/16 of 1 December 1998 concerning the consolidated balance sheet of the monetary financial institutions sector,<sup>2</sup> as last amended by Regulation ECB/2003/10<sup>3</sup>.

In line with this Regulation, the balance sheet item "money market paper" has been merged with the item "debt securities" on both the assets and liabilities sides of the MFI balance sheet.

Section 2.9 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

<sup>2</sup> OJ L 356, 30.12.1998, p. 7.

<sup>3</sup> OJ L 250, 2.10.2003, p. 19.

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 2.10 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.

Further information on these investment fund statistics can be found in the "Manual on investment fund statistics". Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8 concerning statistics on the assets and liabilities of investment 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 on current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a

whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

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

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

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

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts for the 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 statistics on debt securities are estimated to cover approximately 95% of total issues by euro area residents. 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<sup>4</sup>. 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 hourly labour costs, GDP and expenditure components, value added by economic activity, industrial production, retail sales and passenger car registrations are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics<sup>5</sup>. 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,<sup>6</sup> 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<sup>7</sup>. 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.

4 Svensson, L. E., “Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994”, Centre for Economic Policy Research, Discussion Paper No 1051, 1994.

5 OJ L 162, 5.6.1998, p. 1.

6 OJ L 393, 30.12.2006, p. 1.

7 OJ L 155, 15.6.2007, p. 3.

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<sup>8</sup> and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003<sup>9</sup>. A breakdown of hourly labour costs for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95 quarterly national accounts.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars. The euro area series excludes Cyprus and Malta.

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

Unemployment rates (Table 2 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

## GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000<sup>10</sup> 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

<sup>8</sup> OJ L 69, 13.3.2003, p. 1.

<sup>9</sup> OJ L 169, 8.7.2003, p. 37.

<sup>10</sup> OJ L 172, 12.7.2000, p. 3.

government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government<sup>11</sup>. 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)<sup>12</sup> and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)<sup>13</sup>. 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](http://www.cmfb.org)). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force’s recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB’s website.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 8 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which,

11 OJ L 179, 9.7.2002, p. 1.

12 OJ L 354, 30.11.2004, p. 34.

13 OJ L 159, 20.6.2007, p. 48.

with the exception of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled “Euro area balance of payments and international investment position vis-à-vis main counterparts” in the February 2005 issue of the Monthly Bulletin.

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. 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.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the “Statistics” section of the ECB’s website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on

board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

### EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-21 group of trading partners is composed of the 11 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-41 group comprises the EER-21 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 Box 5, entitled "International trade developments and revision of the effective

exchange rates of the euro”, in the January 2010 issue of the Monthly Bulletin, the relevant methodological note and ECB Occasional Paper No 2 (“The effective exchange rates of the euro” by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB’s website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

#### **DEVELOPMENTS OUTSIDE THE EURO AREA**

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

## ANNEXES

# CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSISTEM<sup>1</sup>



### 11 JANUARY AND 8 FEBRUARY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.50%, 4.50% and 2.50% respectively.

### 8 MARCH 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 3.75%, starting from the operation to be settled on 14 March 2007. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 4.75% and 2.75%, both with effect from 14 March 2007.

### 12 APRIL AND 10 MAY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

### 6 JUNE 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4%, starting from the operation to be settled on 13 June 2007. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5% and 3% respectively, with effect from 13 June 2007.

### 5 JULY, 2 AUGUST, 6 SEPTEMBER, 4 OCTOBER, 8 NOVEMBER AND 6 DECEMBER 2007, AND 10 JANUARY, 7 FEBRUARY, 6 MARCH, 10 APRIL, 8 MAY AND 5 JUNE 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.00%, 5.00% and 3.00% respectively.

### 3 JULY 2008

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4.25%, starting from the operation to be settled on 9 July 2008. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5.25% and 3.25% respectively, with effect from 9 July 2008.

### 7 AUGUST, 4 SEPTEMBER AND 2 OCTOBER 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

### 8 OCTOBER 2008

The Governing Council of the ECB decides to decrease the minimum bid rate on the main refinancing operations by 50 basis points to 3.75%, starting from the operations to be settled on 15 October 2008. In addition, it decides to decrease by 50 basis points the interest rates on

<sup>1</sup> The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2006 can be found in the ECB's Annual Report for the respective years.

both the marginal lending facility and the deposit facility, to 4.75% and 2.75% respectively, with immediate effect. Moreover, the Governing Council decides that, as from the operation settled on 15 October, the weekly main refinancing operations will be carried out through a fixed-rate tender procedure with full allotment at the interest rate on the main refinancing operation. Furthermore, as of 9 October, the ECB will reduce the corridor of standing facilities from 200 basis points to 100 basis points around the interest rate on the main refinancing operation. The two measures will remain in place for as long as needed, and at least until the end of the first maintenance period of 2009, on 20 January.

#### **15 OCTOBER 2008**

The Governing Council of the ECB decides to further expand the collateral framework and enhance the provision of liquidity. To do so, the Governing Council decides: (i) to expand the list of assets eligible as collateral in Eurosystem credit operations, with this expansion remaining in force until the end of 2009, (ii) to enhance the provision of longer-term refinancing, with effect from 30 October 2008 and until the end of the first quarter of 2009, and (iii) to provide US dollar liquidity through foreign exchange swaps.

#### **6 NOVEMBER 2008**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 3.25%, starting from the operations to be settled on 12 November 2008. In addition, it decides to decrease by 50 basis points the interest rates on both the marginal lending facility and the deposit facility, to 3.75% and 2.75% respectively, with effect from 12 November 2008.

#### **4 DECEMBER 2008**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing

operations of the Eurosystem by 75 basis points to 2.50%, starting from the operations to be settled on 10 December 2008. In addition, it decides to decrease by 75 basis points the interest rates on both the marginal lending and the deposit facility to 3.00% and 2.00% respectively, with effect from 10 December 2008.

#### **18 DECEMBER 2008**

The Governing Council of the ECB decides that the main refinancing operations will continue to be carried out through a fixed rate tender procedure with full allotment beyond the maintenance period ending on 20 January 2009. This measure will be in place for as long as needed, and at least until the last allotment of the third maintenance period in 2009 on 31 March. Moreover, as of 21 January 2009, the corridor of standing facility rates, which on 9 October 2008 was reduced to 100 basis points around the prevailing interest rate of the main refinancing operation, will be re-widened symmetrically to 200 basis points.

#### **15 JANUARY 2009**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 2.00%, starting from the operations to be settled on 21 January 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 3.00% and 1.00% respectively, with effect from 21 January 2009, in line with the decision of 18 December 2008.

#### **5 FEBRUARY 2009**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.00%, 3.00% and 1.00% respectively.

**5 MARCH 2009**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 1.50%, starting from the operations to be settled on 11 March 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.50% and 0.50% respectively, with effect from 11 March 2009.

Moreover, the Governing Council decides to continue the fixed rate tender procedure with full allotment for all main refinancing operations, special-term refinancing operations and supplementary and regular longer-term refinancing operations for as long as needed, and in any case beyond the end of 2009. In addition, the Governing Council decides to continue with the current frequency and maturity profile of supplementary longer-term refinancing operations and special-term refinancing operations for as long as needed, and in any case beyond the end of 2009.

**2 APRIL 2009**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operations to be settled on 8 April 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.25% and 0.25% respectively, with effect from 8 April 2009.

**7 MAY 2009**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 13 May 2009. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.75% with effect from 13 May 2009, and to leave the interest rate on the deposit facility unchanged at 0.25%.

In addition, the Governing Council of the ECB decides to proceed with its enhanced credit support approach. In particular, it decides that the Eurosystem will conduct liquidity-providing longer-term refinancing operations with a maturity of one year as fixed rate tender procedure with full allotment. In addition, it decides in principle that the Eurosystem will purchase euro-denominated covered bonds issued in the euro area.

**4 JUNE 2009**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, the Governing Council of the ECB decides upon the technical modalities related to the purchase of euro-denominated covered bonds issued in the euro area decided on 7 May 2009.

**2 JULY, 6 AUGUST, 3 SEPTEMBER, 8 OCTOBER, 5 NOVEMBER AND 3 DECEMBER 2009, AND 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.





## DOCUMENTS PUBLISHED BY THE EUROPEAN CENTRAL BANK SINCE 2009

This list is designed to inform readers about selected documents published by the European Central Bank since January 2009. For Working Papers, which as of January 2009 (from Working Paper No 989 onwards) are available online only, the list only refers to publications released between November 2009 and January 2010. Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting [info@ecb.europa.eu](mailto:info@ecb.europa.eu).

For a complete list of documents published by the European Central Bank and by the European Monetary Institute, please visit the ECB's website (<http://www.ecb.europa.eu>).

### ANNUAL REPORT

“Annual Report 2008”, April 2009.

### MONTHLY BULLETIN ARTICLES

- “Housing wealth and private consumption in the euro area”, January 2009.
- “Foreign asset accumulation by authorities in emerging markets”, January 2009.
- “New survey evidence on wage setting in Europe”, February 2009.
- “Assessing global trends in protectionism”, February 2009.
- “The external financing of households and non-financial corporations: a comparison of the euro area and the United States”, April 2009.
- “Revisions to GDP estimates in the euro area”, April 2009.
- “The functional composition of government spending in the European Union”, April 2009.
- “Expectations and the conduct of monetary policy”, May 2009.
- “Five years of EU membership”, May 2009.
- “Credit rating agencies: developments and policy issues”, May 2009.
- “The impact of government support to the banking sector on euro area public finances”, July 2009.
- “The implementation of monetary policy since August 2007”, July 2009.
- “Rotation of voting rights in the Governing Council of the ECB”, July 2009.
- “Housing finance in the euro area”, August 2009.
- “Recent developments in the retail bank interest rate pass-through in the euro area”, August 2009.
- “Monetary policy and loan supply in the euro area”, October 2009.
- “Recent developments in the balance sheets of the Eurosystem, the Federal Reserve System and the Bank of Japan”, October 2009.
- “Financial development in emerging economies – stock-taking and policy implications”, October 2009.
- “Central bank communication in periods of heightened uncertainty”, November 2009.
- “Monetary analysis in an environment of financial turmoil”, November 2009.
- “The latest euro area recession in a historical context”, November 2009.
- “The ECB's monetary policy stance during the financial crisis”, January 2010.
- “The ECB's relations with European Union institutions and bodies: trends and prospects”, January 2010.
- “Entitlements of households under government pension schemes in the euro area – results on the basis of the new system of national accounts”, January 2010.
- “Euro repo markets and the financial market turmoil”, February 2010.
- “Euro area commercial property markets and their impact on banks”, February 2010.
- “Update on developments in general economic statistics for the euro area”, February 2010.

#### **STATISTICS POCKET BOOK**

Available monthly since August 2003.

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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](http://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.

**Current account:** a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

**Debt (financial accounts):** loans taken out by households, as well as the loans, deposit liabilities, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

**Debt (general government):** the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

**Debt security:** a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

**Debt-to-GDP ratio (general government):** the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

**Deficit (general government):** the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

**Deficit-debt adjustment (general government):** the difference between the general government deficit and the change in general government debt.

**Deficit ratio (general government):** the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

**Deflation:** a generalised, persistent and self-reinforcing decline in a broad set of prices that results from a drop in aggregate demand and becomes entrenched in expectations.

**Deposit facility:** a standing facility of the Eurosystem which counterparties may use to make overnight deposits, remunerated at a pre-specified interest rate, at an NCB.

**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 two groups of trading partners: the EER-21 (comprising the 11 non-euro area EU Member States and 10 trading partners outside the EU) and the EER-41 (composed of the EER-21 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. They comprise 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 a prime bank is willing to lend funds in euro to another prime bank, computed daily for interbank deposits with 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 that have already adopted 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.

**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 specified by the central bank 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.

**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).

**Harmonised Index of Consumer Prices (HICP):** a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

**Hourly labour cost index:** a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

**Implied volatility:** the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

**Index of negotiated wages:** a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

**Industrial producer prices:** factory-gate prices (transportation costs are not included) of all products sold by industry excluding construction on the domestic markets of the euro area countries, excluding imports.

**Industrial production:** the gross value added created by industry at constant prices.

**Inflation:** an increase in the general price level, e.g. in the consumer price index.

**Inflation-indexed government bonds:** debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

**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 payments 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.

**Longer-term refinancing operations:** credit operations with a maturity of more than one week that are executed by the Eurosystem in the form of reverse transactions. The regular monthly operations are conducted with a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to one year were conducted, the frequency of which varied.

**M1:** a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

**M2:** an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

**M3:** a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

**Main refinancing operation:** 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 which counterparties may use to receive overnight credit from an NCB at a pre-specified interest rate against eligible assets.

**MFI credit to euro area residents:** MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

**MFI interest rates:** the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

**MFI longer-term financial liabilities:** deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

**MFI net external assets:** the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

**MFIs (monetary financial institutions):** financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

**Minimum bid rate:** the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

**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:** the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as 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 over the medium term that is consistent with the maintenance of price stability. At present, the reference value for annual M3 growth is 4½%.

**Reserve requirement:** the minimum amount of reserves a credit institution is required to hold with the Eurosystem over a predefined 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.

**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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