



EUROPEAN CENTRAL BANK

EUROSYSTEM

MONTHLY BULLETIN  
OCTOBER

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## ABBREVIATIONS

### COUNTRIES

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

### OTHERS

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

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



## EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council at its meeting on 7 October continued to view the current key ECB interest rates as appropriate and therefore decided to leave them unchanged. Considering all the new information and analyses which have become available since its meeting on 2 September 2010, the Governing Council continues to expect price developments to remain moderate over the policy-relevant medium-term horizon. Recent economic data are consistent with the expectation that the recovery should proceed at a moderate pace in the second half of this year, with the underlying momentum remaining positive. At the same time, uncertainty is still prevailing. The monetary analysis confirms that inflationary pressures over the medium term remain contained, as suggested by weak money and credit growth. The Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations remain firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The firm anchoring of inflation expectations remains of the essence.

Overall, the current monetary policy stance remains accommodative. The stance, the provision of liquidity and the allotment modes will be adjusted as appropriate, taking into account the fact that all the non-standard measures taken during the period of acute financial market tensions are fully consistent with the ECB's mandate and, by construction, temporary in nature. Accordingly, the Governing Council will continue to monitor all developments over the period ahead very closely.

Turning to the economic analysis, euro area real GDP grew strongly on a quarterly basis, increasing by 1.0% in the second quarter of 2010, supported mainly by domestic demand, but partly reflecting temporary factors. Recent statistical releases and survey evidence generally confirm the expectation of a moderation in the second half of this year

in the euro area and elsewhere. Nevertheless, the positive underlying momentum of the recovery in the euro area remains in place. The global recovery is expected to go on, and this should imply a continued positive impact on the demand for euro area exports. At the same time, private sector domestic demand should gradually strengthen further, supported by the accommodative monetary policy stance and the measures adopted to restore the functioning of the financial system. However, the recovery in activity is expected to be dampened by the process of balance sheet adjustment in various sectors.

In the Governing Council's assessment, the risks to this economic outlook are slightly tilted to the downside, with uncertainty still prevailing. On the one hand, global trade may continue to grow more rapidly than expected, thereby supporting euro area exports. On the other hand, concerns remain relating to the re-emergence of tensions in financial markets. In addition, downside risks relate to renewed increases in oil and other commodity prices, protectionist pressures, and the possibility of a disorderly correction of global imbalances.

With regard to price developments, euro area annual HICP inflation was 1.8% in September, according to Eurostat's flash estimate, compared with 1.6% in August. The increase in inflation was anticipated and reflects base effects mainly stemming from the energy component. In the next few months HICP inflation rates will hover around current levels before moderating again in the course of next year. Overall, in 2011 inflation rates should remain moderate, benefiting from low domestic price pressures. Inflation expectations over the medium to longer term continue to be 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 the outlook for price developments are slightly tilted to the upside. They relate, in particular, to the evolution of energy and non-oil commodity prices. Furthermore,

increases in indirect taxation and administered prices may be greater than currently expected, owing to the need for fiscal consolidation in the coming years. At the same time, risks to domestic price and cost developments are contained.

Turning to the monetary analysis, the annual growth rate of M3 rose to 1.1% in August 2010, from 0.2% in July. The annual growth rate of loans to the private sector also rose, standing at 1.2%, after 0.8% in the previous month. In both cases, the rise reflects relatively strong monthly flows. The still low growth rates continue to support the assessment that the underlying pace of monetary expansion is moderate and that inflationary pressures over the medium term are contained.

The yield curve has remained fairly steep, but the downward impact of this on monetary growth is gradually waning. Moreover, while spreads between different short-term interest rates are still generally narrow, they have been widening somewhat between rates paid on short-term time deposits and overnight deposits. As a result, the annual growth rate of M1 has continued to moderate from high levels, and stood at 7.7% in August 2010, while the annual growth rate of other short-term deposits has become less negative.

The rise in the annual growth rate of bank loans to the non-financial private sector reflects both a further slight increase in the positive growth of loans to households and a gradually less negative annual growth rate in loans to non-financial corporations. The latest developments are consistent with the lagged response of loan developments to economic activity over the business cycle that was also observed in past cycles.

Banks have gradually increased the overall size of their balance sheets recently, but the challenge remains for banks to expand the availability of credit to the non-financial sector when demand picks up further. Where necessary, to address this challenge, banks should retain earnings, turn

to the market to strengthen further their capital bases or take full advantage of government support measures for recapitalisation.

To sum up, the current key ECB interest rates remain appropriate. The Governing Council therefore decided to leave them unchanged. Considering all the new information and analyses which have become available since its meeting on 2 September 2010, the Governing Council continues to expect price developments to remain moderate over the policy-relevant medium-term horizon. Recent economic data are consistent with the expectation that the recovery should proceed at a moderate pace in the second half of this year, with the underlying momentum remaining positive. At the same time, uncertainty is still prevailing. A cross-check of the outcome of the economic analysis with that of the monetary analysis confirms that inflationary pressures over the medium term remain contained, as suggested by weak money and credit growth. The Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations remain firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The firm anchoring of inflation expectations remains of the essence.

Turning to fiscal policies, the Governing Council takes note of the recent announcements made in some euro area countries with regard to measures to tackle the existing fiscal imbalances. Indeed, a number of countries have to meet major challenges, and immediate, ambitious and convincing corrective action is required. Credible multi-year consolidation plans are needed and will strengthen public confidence in the capacity of governments to return to sustainable public finances, reduce risk premia in interest rates and thus support sustainable growth over the medium term. For all euro area countries, the 2011 budgets need to reflect the commitment to ambitious fiscal consolidation in line with countries' pledges under their excessive deficit procedures. Any positive

fiscal developments that may emerge, reflecting factors such as a more favourable than expected environment, should be exploited to make faster progress with fiscal consolidation.

The urgent implementation of far-reaching structural reforms is essential to enhance the prospects for higher sustainable growth. Major reforms are particularly needed in those countries that have experienced a loss of competitiveness in the past or that are suffering from high fiscal and external deficits. The removal of labour market rigidities and the strengthening of productivity growth would further support the adjustment process of these economies. Increasing product market competition, particularly in the services sectors, would also facilitate industrial restructuring and encourage innovation and the adoption of new technologies.

This issue of the Monthly Bulletin contains one article, which describes how the ECB has responded to the various phases of the financial market crisis within its medium term-oriented monetary policy strategy.





# ECONOMIC AND MONETARY DEVELOPMENTS

## I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The recovery in the global economy is continuing, although its momentum has been moderating somewhat. The short-term global outlook is clouded by the waning support from the inventory cycle and from the fiscal stimuli. This is supported by the latest survey-based data, which also point to a slowdown in the pace of the global recovery. Global price pressures have remained fairly subdued on account of prevailing spare capacity, particularly in advanced economies, while inflationary pressures have been somewhat more pronounced in emerging economies.

### I.1 DEVELOPMENTS IN THE WORLD ECONOMY

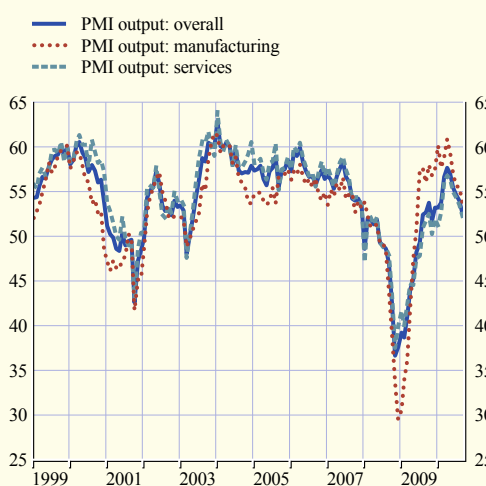
The recovery in the global economy is continuing, although its momentum has been moderating somewhat. The short-term global outlook is clouded by the waning support from the inventory cycle and from the fiscal stimuli. Across regions, the pace of the recovery remains somewhat uneven. In the major advanced economies, growth has remained moderate, as consumers and businesses in these countries repair their balance sheets in an environment of weak credit and labour markets as well as subdued consumer confidence. Growth has also slowed recently in emerging economies – particularly in Asia, which had been leading the global recovery – thereby diminishing the risk of overheating in some countries. Box 1 reviews the growing importance of emerging market economies.

The latest survey-based evidence substantiates the view that the global economic recovery has lost some momentum in recent months. The global Purchasing Managers' Index (PMI) for all-industry output stood at 52.6 in September, down from 53.9 in August, signalling that the global economy has continued to expand, albeit at a slower pace (see Chart 1). The momentum in both the manufacturing and the services sector continued to slow. The PMI for global employment was broadly unchanged at 50.4, suggesting generally very modest employment growth globally. This is broadly in line with the slow decline in the unemployment rate in OECD countries, which remained at the fairly high level of 8.5% in July (see Chart 2).

Global price pressures have remained fairly subdued on account of prevailing spare capacity, particularly in advanced economies. While the

Chart 1 Global PMI output

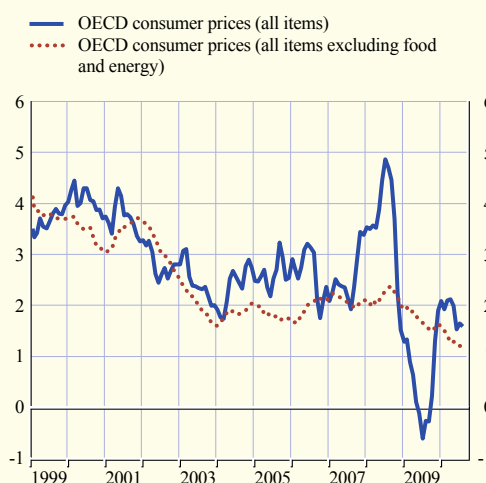
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

PMI input price index increased to 57.6 in September, from 56.8 in August, signalling a rise in average input costs, it remains below the levels recorded prior to the global financial crisis. According to the latest available data, in the OECD countries, annual inflation declined moderately in recent months, from a peak of just over 2% in the first quarter of 2010, on average, to 1.5% in June, before edging up again to 1.6% in July and August. Excluding food and energy, annual consumer price inflation has gradually declined and stood at 1.2% in August, unchanged from the previous month. In dynamic emerging market regions, by contrast, inflationary pressures have been somewhat more pronounced. In some countries, such as Brazil and India, capacity constraints have already exerted upward pressure on prices, while in China, overheating pressures have been diminishing somewhat. Finally, the rise in food prices over recent months has had a more pronounced impact on inflation developments in emerging markets, given that food has a greater weight in the consumption baskets.

#### Box 1

### THE GROWING IMPORTANCE OF EMERGING ECONOMIES

Emerging economies<sup>1</sup> – which in 2009 accounted for 82% of the world's population – are playing an increasingly important role for the global economy and for the euro area in particular. Indeed, over the period 2004-09 emerging economies accounted for 63% of the increase in global output.

In terms of economic size, their share in global output has increased from less than 20% in the early 1990s to more than 30% at present, measured at market exchange rates. If the concept of purchasing power parity (PPP) is used – that is, taking account of differences in the cost of living – the share of emerging economies in world GDP is already 45%, almost 10 percentage points higher than in the early 1990s (Chart A). According to the IMF's World Economic Outlook, this share will surpass 50% in 2013.

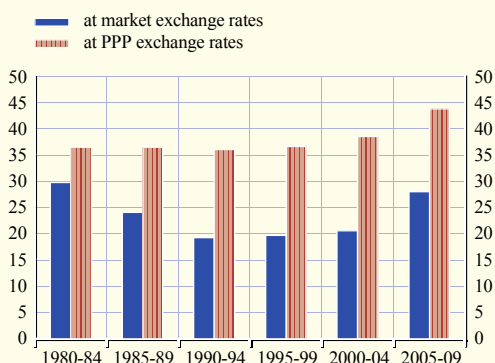
Regarding individual economies, China and India – accounting for around 20% and 18% respectively of the world's population, compared with about 5% each for the euro area and the United States – have now entered the circle of the largest economies in the world. In terms of market exchange rates, China is now the third largest economy behind the United States and the euro area, based on 2010 World Economic Outlook projections. China's GDP level is already 91% of euro area GDP in PPP terms – though only 43% at market exchange rates. In PPP terms, India is among the top five economies, with GDP amounting to more than one-third of that of the euro area. Using either method, the subsequent positions are dominated by the emerging world, including Brazil, Russia and Mexico (the exceptions being the United Kingdom and Canada) (Chart B).

Emerging economies are very open to international trade, which is reflected in their growing share in world trade. On the export side, the emerging economies' share has increased from around 19% of world exports in the early 1990s to close to 35% recently. On the import side, the share has increased from 20% to 30% over the same period.

<sup>1</sup> This box adopts the definition of emerging market economies given by the IMF.

Chart A Emerging economies' share in world GDP

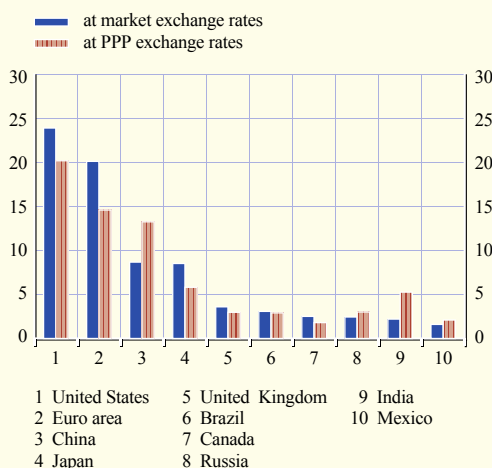
(percentages)



Source: IMF World Economic Outlook.

Chart B GDP of selected economies in 2010 relative to world GDP

(percentages)



Source: IMF World Economic Outlook.

Emerging economies have also made some significant progress in terms of financial development. In particular, the share of the major emerging economies' stock markets in world capitalisation increased from 7% in 1990 to 32% in 2009. This has been associated with considerable net private portfolio inflows both prior to the global financial crisis and – following a phase of temporary capital flow retrenchment, especially in the last quarter of 2008 and the first quarter of 2009 – during the subsequent recovery.

Regarding economic links with advanced economies, the recent global crisis has confirmed that developments in emerging economies continue to depend significantly on advanced economies. Indeed, even though the shock stemmed from the advanced world, the median emerging economy suffered about as large a decline in output as the median advanced economy.<sup>2</sup>

Taking a historical perspective, however, it becomes clear that emerging economies have been less affected in the recent crisis than in the past, and have indeed even led the global recovery. Emerging Asia – especially its largest economies – has evidenced a large degree of resilience to the global economic downturn. In China real GDP growth declined only slightly, from 9.6% in 2008 to 9.1% in 2009. This is mainly because the Chinese authorities reacted promptly with a RMB 4 trillion (12% of GDP) stimulus package combined with a strongly expansionary monetary policy, which boosted infrastructural investment and contributed to the resilience of private consumption. Another important factor was that the domestic value-added content of Chinese exports is relatively low owing to a large share of processing trade. As a result, falling exports implied almost equally falling imports of intermediate goods and, thus, only a limited negative impact of net exports on GDP growth. Finally, owing to the still binding restrictions on inward and outward portfolio investments, banks' balance sheets were not severely impacted by the global financial turmoil. From the second quarter of 2009 onwards, private capital inflows regained pace, as did foreign exchange reserves, which totalled USD 2.4 trillion in June 2010.

<sup>2</sup> See "How Did Emerging Markets cope in the Crisis?", IMF, 2010.

Turning to the importance of emerging economies for the euro area, it should be highlighted that the share of euro area exports (excluding intra-euro area trade) to Asia increased from 19% in 2000 to 22% in 2009, whereas exports to the United States decreased from 17% to 12% in the same period. The share of China in total euro area exports increased from 2% in 2000 to 5.3% in 2009. Exports to Russia more than doubled during the same period, from 1.8% to 3.9%, thereby exceeding exports to Japan, although Russia's share had been even higher in 2008 (5.0%), before the collapse in world trade. A similar trend can be identified for India, albeit on a much smaller scale, with this country accounting for 1.7% of euro area exports in 2009.

A further breakdown of euro area exports using quarterly data shows that China's share increased from 3.8% in the first quarter of 2007 to 6.2% in the second quarter of 2010. In nominal terms euro area exports to China increased by 54% between the first quarter of 2009 and the second quarter of 2010. The largest share of this increase can be attributed to machinery and transport equipment – especially road vehicles. More generally, while euro area exports have grown by 21.8% since their trough in the second quarter of 2009, more than a quarter of this increase can be attributed to exports to emerging Asia, almost 10% to exports to Latin America, and a further 6% to exports to the Commonwealth of Independent States, including Russia.

Looking ahead, the importance of emerging economies for both global and euro area developments is likely to increase further over time. This is suggested by all available long-term projections based on demographic trends and models of capital accumulation and production.

#### **UNITED STATES**

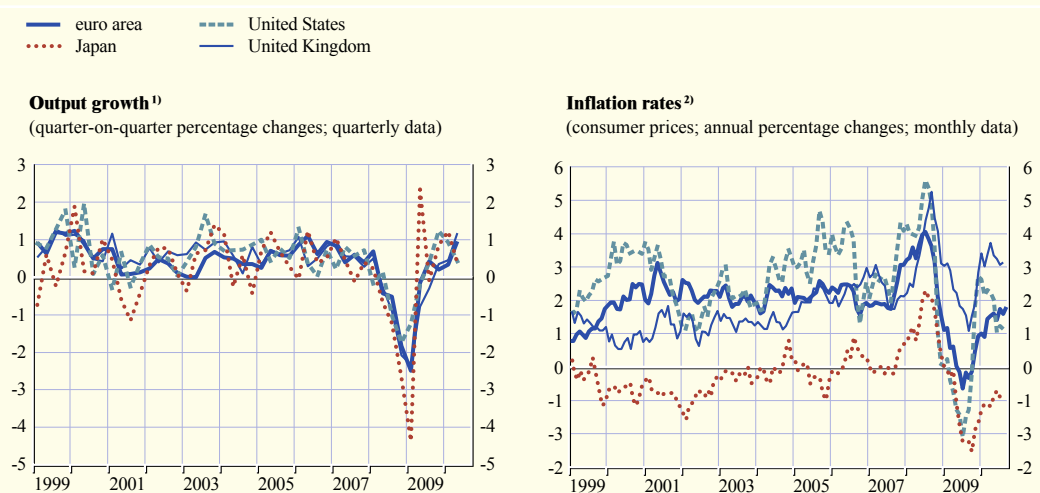
In the United States, the pace of recovery in economic activity moderated in the second quarter of 2010, after having rebounded strongly in the previous two quarters. According to the third estimate by the Bureau of Economic Analysis, annualised quarter-on-quarter real GDP growth was 1.7% (see Chart 3). GDP growth was supported by business investment and government spending. Meanwhile, growth was dampened by a large negative contribution from net exports, owing to a sharp acceleration in imports relative to that in exports. Recent data releases point to modest GDP growth in the third quarter. Industrial production rose at a slower pace in August than earlier this year, as the momentum from inventory accumulation waned. Looking ahead, survey-based indicators suggest a further weakening in the manufacturing sector. In the context of low consumer confidence and weak labour market conditions, personal consumption expenditure growth is expected to remain subdued.

As regards price developments, annual CPI inflation declined to 1.1% in August 2010, from 1.2% in July. The energy index rose by 3.8% year on year in August and, as in July, was the primary driver of headline inflation. Excluding food and energy, the annual rate of inflation remained at 0.9% in August, the lowest rate since 1966, reflecting the substantial slack in US product and labour markets.

On 21 September the US Federal Open Market Committee (FOMC) decided to keep the target for the policy rate unchanged within a range of 0% to 0.25% and continued to anticipate that economic conditions were likely to warrant exceptionally low levels of the federal funds rate for an extended period. The FOMC also said that inflation was at levels somewhat below those it judges to be most consistent, over the longer run, with its mandate and that it was prepared to provide additional accommodation if needed to support the economic recovery and return inflation, over time, to levels consistent with its mandate.



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 economy continued to expand in the second quarter, albeit at a slower rate than in the first quarter of 2010. According to the second preliminary data release by Japan's Cabinet Office, real GDP expanded by 0.4% quarter on quarter in the second quarter. Growth was still largely driven by exports, although the pace of increase has started to moderate. On the domestic side, the main contribution came from non-residential investment, while private consumption was flat, reflecting the waning effect of the policy stimulus measures. Recent data releases point to a further moderation of activity. In particular, industrial output fell in August, reflecting the slowdown in export growth given the appreciation of the yen and a slowdown in global demand. The September Tankan survey revealed that, while firms' assessment of current conditions has improved somewhat, their outlook has deteriorated.

Overall consumer price inflation remained negative in August (at -0.9% year on year), owing to the significant slack in the economy. CPI inflation excluding fresh food declined by 1.0%, while annual CPI inflation excluding fresh food and energy declined by 1.5%.

On 15 September the Japanese authorities intervened in the foreign exchange market for the first time since March 2004 in order to curb the appreciation of the yen. On 5 October the Bank of Japan decided to lower its target for the uncollateralised overnight rate to between 0.0% and 0.1%, from the previous level of 0.1%. At the same time, the Bank of Japan announced that it would examine the establishment, as a temporary measure, of a programme on its balance sheet to purchase various financial assets.

## UNITED KINGDOM

In the United Kingdom, the economic recovery has continued. Real GDP increased by 1.2% quarter on quarter in the second quarter of 2010, after expanding by 0.4% in the first quarter. Growth was mainly driven by a rebound in private consumption and a continued accumulation of inventories in

the second quarter, while the contribution of net trade was nil. House prices continued their upward trend in year-on-year terms, although month on month they have declined in recent months. Looking ahead, inventory adjustments, the monetary stimulus, external demand and the past depreciation of the pound sterling should support economic activity. However, growth in domestic demand is expected to remain restrained by tight credit conditions, household balance sheet adjustment and substantial fiscal tightening.

Annual CPI inflation increased markedly at the beginning of 2010, peaking at 3.7% in April, but has moderated somewhat in recent months, standing at 3.1% in August. Looking ahead, the lagged effects of the depreciation of the pound sterling and the impact of the VAT rate increase in January 2011 are expected to exert upward pressure on consumer prices. In recent quarters the Bank of England's Monetary Policy Committee has maintained the official Bank Rate paid on commercial bank reserves at 0.5%. The Committee has also continued to vote to maintain the stock of asset purchases financed by the issuance of central bank reserves at GBP 200 billion.

#### **OTHER EUROPEAN COUNTRIES**

On balance, the economic situation continued to improve in the second quarter in other non-euro area EU countries, while inflationary developments were mixed. Real GDP increased by 1.7% and 1.9% quarter on quarter in the second quarter of 2010 in Denmark and Sweden respectively, suggesting that the recovery has gained pace in both countries. In Denmark, HICP inflation has been stable in recent months, hovering around 2%, while it has followed a decreasing trend in Sweden. In August 2010 annual HICP inflation stood at 2.3% in Denmark and 1.1% in Sweden.

Overall, the largest central and eastern European EU countries continue to recover, although economic growth has been volatile in recent quarters. The recovery continues to be supported by external demand and inventory accumulation. Domestic demand has remained fairly subdued owing to weak labour and credit market conditions as well as fiscal restraint in some countries. Recent confidence indicators and industrial production and trade data point to the continuation of an external demand-driven recovery in all countries, with the exception of Romania. In August 2010 inflation stood at 1.5% in the Czech Republic and 1.9% in Poland. In Hungary, inflation declined markedly to 3.6% in August 2010, in line with the base effect related to last year's tax hike. In Romania, inflation hovered slightly above 4% in the months prior to July, before increasing to 7.6% in August following the recent VAT hike.

#### **EMERGING ASIA**

In emerging Asia economic activity remains buoyant, albeit moderating slightly. The latest available data for industrial production and export indicators exhibit marginally lower growth rates compared with the second quarter, whereas domestic private demand is increasingly contributing to economic growth in a number of countries. Inflationary pressures have been somewhat more pronounced owing to the favourable economic conditions, but also as a result of rebounding commodity prices.

In China, overall economic activity remained strong in the summer months, despite the gradual withdrawal of fiscal stimuli. Annual year-on-year growth rates of both investment and industrial production picked up in August. Retail sales have also risen, led by vehicle sales. August data indicate a further shift in the composition of investment, away from public stimulus-related infrastructure investment and towards private sector investment. Measures to tighten activity in the property sector adopted in April had only a limited negative impact on actual construction growth and were complemented by additional fine-tuning measures in late September. Despite a continued deceleration, export growth remained strong at 34% in year-on-year terms in August,

and the monthly trade surplus was close to pre-crisis levels for the fourth consecutive month. In the first eight months of 2010 the cumulated trade surplus was USD 104.5 billion, which is 15.4% below that of the same period last year. CPI inflation increased to 3.5% year on year in August (from 3.3% in July), led by an increase in food prices.

## LATIN AMERICA

Economic activity in Latin America continued to advance at a rapid pace in the second quarter. However, recent high-frequency indicators point towards a moderation in growth. At the same time, inflationary pressures have remained broadly stable. In Brazil, real GDP grew at an annual rate of 8.7% in the second quarter of 2010, slightly below the 9.0% growth rate recorded in the first quarter. Industrial production in July, meanwhile, stood 8.7% higher than a year earlier, down from 11.1% in June. In August consumer price inflation stood at 4.4% on an annual basis, broadly unchanged from the previous month. Argentina also recorded strong levels of economic activity during the second quarter, with real GDP expanding by 9.2% on an annual basis. At the same time, consumer price inflation continued to record double-digit rates on an annual basis, reaching 11.1% in August, broadly unchanged compared with July. Finally, in Mexico, industrial production grew by 6.1% in July, after having increased by 8.3% in June. Consumer price inflation was broadly unchanged in August as compared with July, standing at an annual rate of 3.7%.

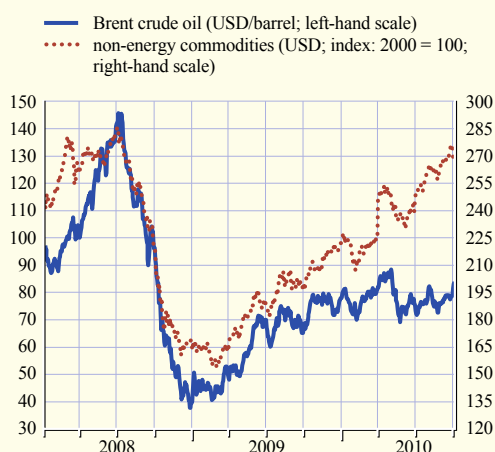
## 1.2 COMMODITY MARKETS

Oil prices recovered during September and early October. Brent crude oil prices stood at USD 83.9 per barrel on 6 October, which is 5.8% higher than at the beginning of the year (see Chart 4). Looking ahead, market participants expect higher oil prices in the medium term, with futures contracts for December 2012 trading at around USD 90 per barrel.

Looking at fundamentals, oil demand is growing robustly in non-OECD countries and recovering steadily in OECD countries, in particular in the United States. According to the International Energy Agency, global oil demand is expected to rise by 1.5% in 2011. On the supply side, oil production capacity remains ample, partially owing to increases in non-OPEC output. While high levels of inventories have dampened the demand-side pressures on oil prices in recent months, some signs of an inventory drawdown have started to materialise, which may hint at tighter market conditions in the future.

The prices of non-energy commodities increased significantly in September. Food prices continued to increase strongly, driven in particular by maize and sugar. Price increases were due to a combination of robust demand, a reduced supply owing to adverse weather conditions and low inventories. Cotton has also reached record prices, mainly owing to a strong recovery in demand and tight supply. Metal prices have also increased, driven in particular by aluminium, tin

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

and nickel. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was 20.8% higher at the end of September than at the beginning of the year.

### 1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

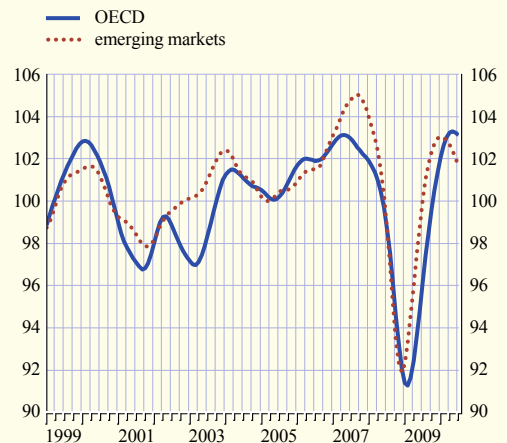
Looking ahead, the latest survey and indicator-based information suggests that the recovery in the global economy is continuing, although the momentum has been moderating somewhat. In July the OECD composite leading indicator decreased slightly to 103.1, albeit remaining above its long-term average (see Chart 5). This development suggests that the global recovery may have passed its peak in the first half of this year. Some further moderation of the global economic expansion in the near future is also suggested by the lower inflow of new orders, as indicated by PMI data for September.

The overall new orders index declined to 52.6 in September, from 55.2 on average in the second quarter. New business growth slowed mainly in the manufacturing sector, while the slowdown of growth in new orders in the services sector was less pronounced. In fact, the services sector new orders index picked up slightly in September, as compared with August. Box 2 briefly presents trends in world trade following the financial crisis.

In an environment of uncertainty, the risks to global activity are slightly tilted to the downside. On the upside, trade may continue to grow faster than expected. On the downside, concerns remain relating to the emergence of renewed tensions in financial markets, renewed increases in oil and other commodity prices, and protectionist pressures, as well as the possibility of a disorderly correction of global imbalances.

**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.

#### Box 2

#### TRENDS IN WORLD TRADE FOLLOWING THE FINANCIAL CRISIS

A striking feature of the recent financial crisis was the collapse in world trade, which was highly synchronised across countries and regions.<sup>1</sup> Between the third quarter of 2008 and the second quarter of 2009 global trade volumes declined by approximately 15% and, thus, much more steeply than world GDP, which fell by around 2% over the same period (see Chart A). This partly reflects the fact that global trade is more cyclical than global economic activity, because the more “trade-intensive” GDP components – such as private investment, durable goods consumption and inventories – experience larger swings than non-traded goods and services over the business cycle. The increased presence of global supply chains in recent years may have further amplified this effect.

<sup>1</sup> For more details, see the article entitled “Recent developments in global and euro area trade”, *Monthly Bulletin*, ECB, August 2010.

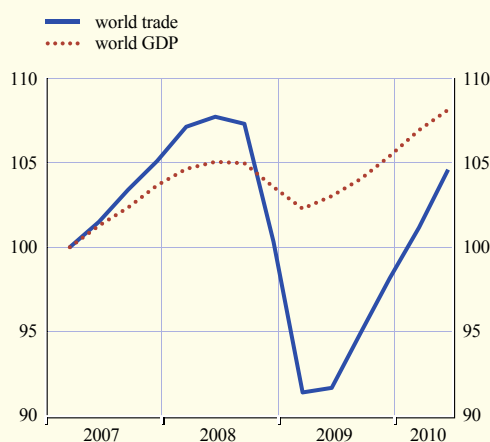
Following this severe downturn, world trade recorded a vigorous rebound which started in the second half of 2009 and continued well into the first half of 2010 (see Chart A). By the second quarter of 2010 global trade had recovered by more than 14% from its trough, although it still remained somewhat below the level recorded in the third quarter of 2008 before the intensification of the financial crisis.

The pace of the recovery in global trade seems to have moderated in the second and third quarters of this year. Monthly data from the Centraal Planbureau (the Netherlands Bureau for Economic Policy Analysis) – which provides timely data on global trade in goods – suggest that the momentum of growth in global trade in goods has slowed, declining from 5.4% in the first quarter of 2010 to 2.8% in July (on a three-month-on-three-month basis). Recent survey-based data point to a further slowdown in growth in the third quarter. The new export orders component of the global Purchasing Managers' Index (PMI), which is strongly correlated with developments in global trade, has declined steadily over the past few months. In September it stood at 52.1, significantly below the peak of 58.5 recorded in April (see Chart B). At the same time, it remained above the expansion/contraction threshold of 50, suggesting that global trade is continuing to expand, although at a more subdued rate than in the first half of the year.

The recent trends in and near-term prospects for global trade are affected by the unwinding of several transitory factors. During the financial crisis, fiscal stimulus measures – most prominently car scrappage schemes – supported global trade. As these measures are being phased out and governments are embarking on a process of fiscal consolidation, the previously supportive effects on trade are unwinding. Moreover, inventory dynamics magnified both the downturn and the subsequent upturn in global trade. More recently, however, inventories have been approaching levels in line with historical averages, which implies that restocking is likely to have a less

**Chart A World trade in goods and services and world GDP**

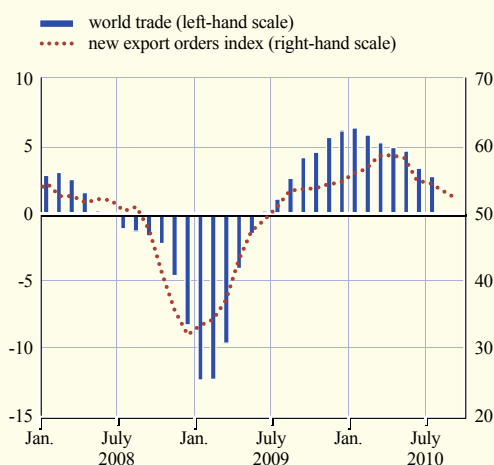
(index: Q1 2007 = 100; quarterly data)



Source: ECB.  
Note: The latest observation refers to the second quarter of 2010.

**Chart B World trade in goods and the new export orders component of the global PMI**

(three-month-on-three-month percentage changes; diffusion index)



Sources: Centraal Planbureau and Markit.  
Note: The latest observation refers to September 2010 for the export orders component of the Purchasing Managers' Index (PMI) and July 2010 for world trade.



pronounced effect on global trade in the near term. Finally, the strong rebound in global trade may also reflect a technical correction following the extremely sharp fall during the crisis.

Looking ahead, trade levels are likely to remain below their pre-crisis trajectory for some time to come. First, trade-intensive sectors are credit-sensitive. As lending standards are unlikely to return to pre-crisis standards in the near future, persistent repercussions on the level of trade cannot be ruled out. Second, in several advanced economies, demand for non-tradable goods has increased somewhat relative to demand for durable goods, as consumers repair their balance sheets and thereby tend to reduce their expenditure on durable goods more than their spending on services.<sup>2</sup> This is also likely to have a negative impact on global trade. In the longer term world trade growth can be expected to continue to outpace growth in economic activity, as emerging economies continue to integrate rapidly into the world economy.

Overall, the vigorous recovery in global trade in recent quarters was partly a technical correction and is waning now, as suggested by recent survey data releases. Meanwhile, there is little evidence that global trade integration has been hindered by the financial crisis. While tight credit standards and balance sheet restructuring are likely to dampen trade growth for some time to come, in the longer term world trade prospects will largely depend on the outlook for global economic activity and the ongoing globalisation process.

<sup>2</sup> See also Chapter 4 entitled “Do financial crises have lasting effects on trade?”, *World Economic Outlook*, IMF, October 2010.

## 2 MONETARY AND FINANCIAL DEVELOPMENTS

### 2.1 MONEY AND MFI CREDIT

The annual growth rate of M3 increased markedly in August, although it was still subdued. The annual rate of increase in MFI loans to the private sector rose further, but likewise remained relatively weak. Both developments reflected relatively strong monthly flows, but the latter need to be assessed with caution given the recent volatility in short-term dynamics. Taken together, the assessment of moderate underlying monetary expansion and contained inflationary pressures over the medium term continues to prevail. Developments in loans to the private sector reflected a moderate positive growth in loans to households and a less negative growth in loans to non-financial corporations. The pattern of sectoral loan growth is broadly consistent with business cycle regularities. Finally, the data on MFIs' main assets show that the size of banks' overall balance sheets expanded further in August, mainly on account of an increased accumulation of external assets.

#### THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 rose to 1.1% in August, a marked increase from the 0.2% recorded in the previous month (see Chart 6). The month-on-month growth of 0.9% was the highest since October 2008. Given the volatility that has characterised shorter-term developments in M3 and some of its components and counterparts over past quarters, it remains to be seen to what extent the latest developments will prove to be sustained.

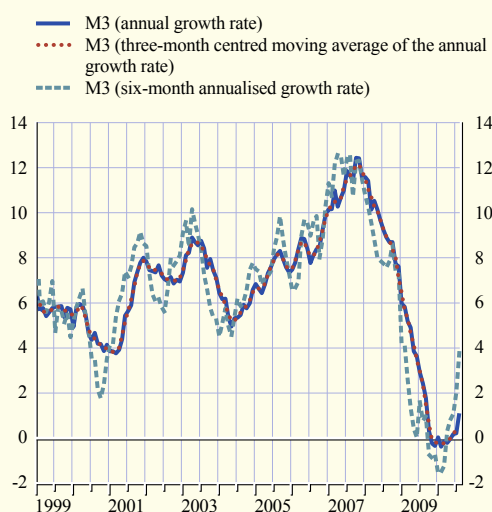
The developments in M3 continue to reflect two features of the current interest rate constellation. On the one hand, the yield curve has remained steep, but its dampening effect is gradually receding. Given that this profile has now prevailed for some time, large-scale shifts in the allocation of financial assets to instruments outside M3 have probably faded out. On the other hand, there have been some shifts in the relative remuneration of short-term deposits, which could foster a further rebalancing of components within M3, curtailing the growth of M1 and strengthening that of other short-term deposits and marketable instruments.

On the counterparts side, the increase in annual M3 growth is mirrored in a further increase in the annual growth rate of loans to the private sector. While positive flows were observed for both M3 and loans in August, looking beyond short-term volatilities points to still relatively subdued developments.

The data on MFIs' main assets in August show that the size of banks' overall balance sheets has expanded further, mainly due to an increased accumulation of external assets and, to a lesser extent, also to an extension of loans to non-MFIs.

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

### MAIN COMPONENTS OF M3

The annual growth rate of M3 continues to conceal pronounced differences in the levels of growth recorded for the various components, although the annual growth of M1 has gradually declined in recent quarters and the growth rates of both marketable instruments and short-term deposits other than overnight deposits have become substantially less negative.

The annual growth rate of M1 declined further to 7.7% in August, down from 8.1% in July. This development was due mainly to a decline in the annual growth of overnight deposits. This, in turn, may reflect the fact that the opportunity cost of holding these deposits has gradually been increasing over the past few months, in particular as interest rates paid on short-term time deposits have been on an upward trend.

The annual growth rate of short-term deposits other than overnight deposits increased to -4.5% in August, up from -5.9% in July. Positive monthly flows were registered for both types of short-term deposits (time deposits with an agreed maturity of up to two years and savings deposits redeemable at notice of up to three months). For short-term savings deposits, this is a continuation of past developments, and is in line with the relatively high remuneration that these deposits have enjoyed in comparison with that of the other types of short-term deposits in recent months. For short-term time deposits, the positive monthly flow in August is likely to have reflected the recent increases in remuneration.

The annual growth rate of marketable instruments increased to -5.1% in August, up from -8.3% in July. This less negative annual growth rate reflected a positive monthly flow, which was driven by an inflow into money market fund shares/units, for the first time since August 2009 (for a more detailed analysis of recent developments in euro area money market funds, see Box 3 below). At the same time, a monthly outflow was registered in repurchase agreements and short-term debt securities (debt securities with a maturity of up to two years).

#### Box 3

### RECENT DEVELOPMENTS IN EURO AREA MONEY MARKET FUNDS

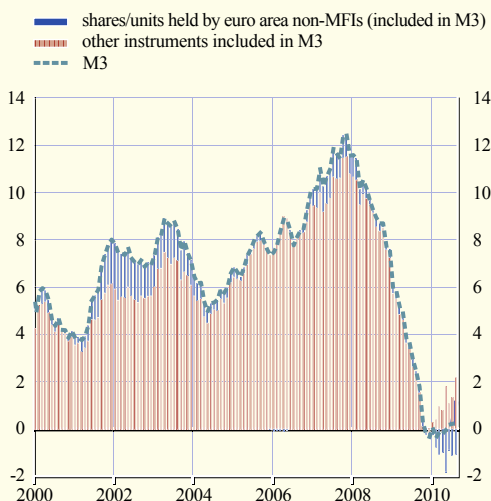
Money market fund (MMF) shares/units are one of the marketable instruments included in the broad monetary aggregate M3. An exceptional series of redemptions of these shares/units by the money-holding sector over the past one-and-a-half years has built up to a significant negative impact on the annual growth rate of M3 (see Chart A). This box looks at the factors and sectors behind these redemptions, and sheds some light on the implications for the financing of the euro area economy, in particular for banks and governments.<sup>1</sup>

In the course of the financial turmoil, euro area MMFs faced serious headwinds. First, after the onset of the turmoil in August 2007, investors' concerns about the quality of the assets of MMFs increased, reflecting the fact that, prior to 2007, a small number of "cash-enhanced"

<sup>1</sup> For more information regarding the new harmonised ECB statistics on euro area money market funds, see also the box in the article entitled "Harmonised ECB statistics on euro area investment funds and their analytical use for monetary policy purposes" in the August 2010 issue of the Monthly Bulletin.

**Chart A Contribution of money market fund shares/units to euro area M3 growth**

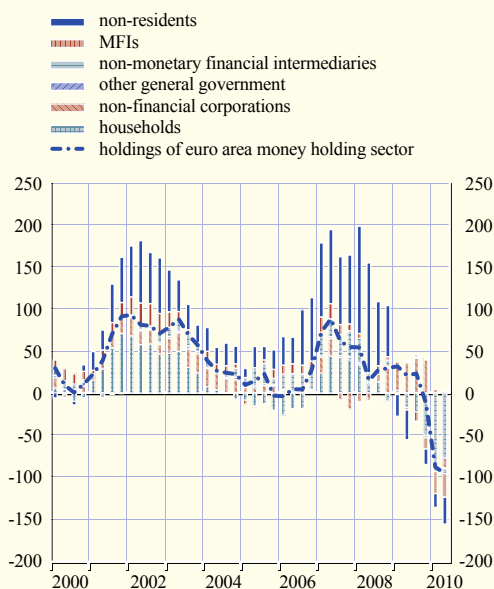
(annual percentage changes; percentage points; adjusted for seasonal and calendar effects)



Source: ECB.

**Chart B Holdings of money market fund shares/units, broken down by sector**

(annual flows in EUR billions; not adjusted for seasonal and calendar effects)



Source: ECB estimates.

funds had purchased asset-backed securities (ABSs) to boost their returns and beat their benchmark money market rate.<sup>2</sup> Second, after the collapse of Lehman Brothers in September 2008, European governments provided blanket insurance to bank deposits, which may have made MMFs look relatively “more risky” to investors. Third, with money market rates falling to historically low levels in spring 2009, returns on investment have been limited and have induced investors to reallocate their funds.

#### The response of the money-holding sectors during the financial turmoil

Euro area MMF shares/units are held both by resident money-holding sectors (included in M3) and by non-euro area residents. Chart B illustrates that all holding sectors contributed to the reduced investment into, and eventual outflows from, MMFs in the period of financial turmoil. A partial exception was the non-financial corporate sector that increased rather than decreased its investment until late 2009. Overall, the decline in the annual flows into MMFs was dominated by (dis) investment by both euro area households and non-euro area residents. Households started to reduce their investment in MMFs from the very outset of the financial turmoil, and after the collapse of Lehman Brothers they reduced their holdings by a cumulative amount of around €95 billion between the third quarter of 2008 and the second quarter of 2010. This accounted for the bulk of withdrawals from MMFs.

Non-euro area residents, by contrast, initially retained their investment in euro area MMFs and seem, on balance, only to have started to withdraw funds after the collapse of Lehman Brothers (the cumulative outflow between the third quarter of 2008 and the second quarter of 2010 was €67 billion). The pattern of

<sup>2</sup> These cash-enhanced funds were in fact not classified as MMFs in the sense of the MFI Regulation. However, the distinction between such funds and pure MMFs may not necessarily be clear to the public at large. An EU-wide initiative is underway in response to the financial turmoil to clarify and tighten the criteria for MMFs.

non-resident investment was not closely aligned to events in the euro area. This may reflect the fact that the MMFs held by non-residents in the euro area invest mainly in external assets, so that the holdings are often adjusted in response to liquidity needs and return considerations in the home countries of the non-residents involved.<sup>3</sup>

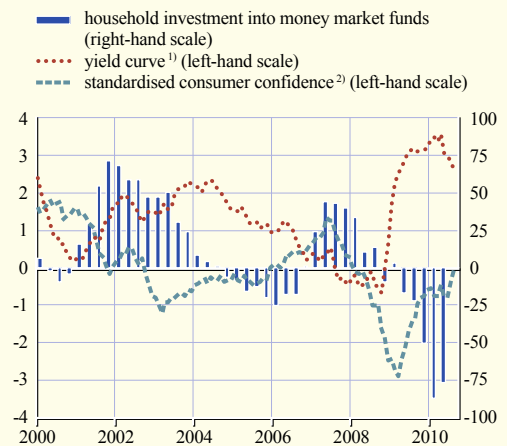
Comparing recent developments in households' investment in MMF shares/units with those observed in the previous period of heightened financial market uncertainty in the aftermath of the bursting of the dot-com bubble between 2001 and mid-2003 clearly reveals different patterns of investment, with funds benefiting from large inflows only between 2001 and mid-2003. This is noteworthy on account of the fact that both periods share important defining macroeconomic characteristics (see Chart C).<sup>4</sup> First, they were both characterised by a marked and protracted deterioration in consumer confidence, a factor that would normally give rise to stronger investment in MMF shares/units. Second, both periods saw a steepening of the yield curve that was driven mainly by a decline in short-term money market interest rates, a factor that should dampen investment in MMFs. There were, of course, differences in the degree to which the yield curve steepened. Indeed, the steepening was exceptionally sharp between October 2008 and June 2009 as money market rates moved to unprecedented lows. But this stronger impact may have been mitigated to some extent by the fact that the deterioration in consumer confidence between mid-2007 and early 2009 was also more marked than in the period between 2001 and mid-2003. Taken by themselves, these two factors thus cannot fully explain the differences in the pattern of households' MMF investment in the two periods. The main difference is likely to be related to the nature of the prevailing financial and economic uncertainties. In the aftermath of the bursting of the dot-com bubble, the uncertainty related mainly to the evolution of equity markets, and MMFs seemed a safe vehicle for a parking of funds for future investment. In the period of financial turmoil, by contrast, the uncertainty related largely to the health of the financial intermediaries themselves, so that the impact of the interest rate constellation could unfold to a greater degree.

### The implications for financing

Given the investment fund character, redemptions of MMF shares/units on the liability side of such funds' balance sheets during the period of financial turmoil are, by nature, mirrored in reductions of holdings of assets. This has an impact on the financing of the euro area economy. The impact on the direct financing of the euro area non-financial sectors is small, as MMFs

**Chart C Selected determinants of households' holdings of money market fund shares/units**

(annual flows in EUR billions; percentage points; not adjusted for seasonal effects)



Sources: European Commission, ECB and ECB estimates.

Notes:

1) The yield curve is measured in percentage points as the difference between long-term euro area government bond yields and the three-month money market interest rate.

2) Consumer confidence has been standardised over the period from 1999 to 2010. It is expressed in standard deviations.

<sup>3</sup> All in all, approximately one-fifth of the assets (loans and debt securities) underlying the euro area MMF shares/units held by both residents and non-residents are denominated in US dollars.

<sup>4</sup> See the article entitled "Money demand and uncertainty" in the October 2005 issue of the Monthly Bulletin.



currently hold less than 2% of all debt securities issued by these sectors, approximately three-quarters of which are government securities. By contrast, the impact on the financing of euro area credit institutions is more important as MMFs hold slightly more than 7% of their debt securities.

Chart D shows the breakdown by counterpart sector of the annual flows of credit granted by these funds, which mainly take the form of purchases of debt securities (rather than loans). Credit to the non-bank private sector has been curtailed since the onset of the financial turmoil in mid-2007 and, as of early 2009, MMFs started to significantly reduce their credit to non-resident banks. With the emergence of the sovereign debt crisis in the euro area, MMFs also cut back their holdings of claims on both euro area governments and euro area MFIs.

In the first half of 2010, they reduced the credit extended to all sectors, reflecting the pressure associated with the cumulative outflows from share holdings.

### Conclusions

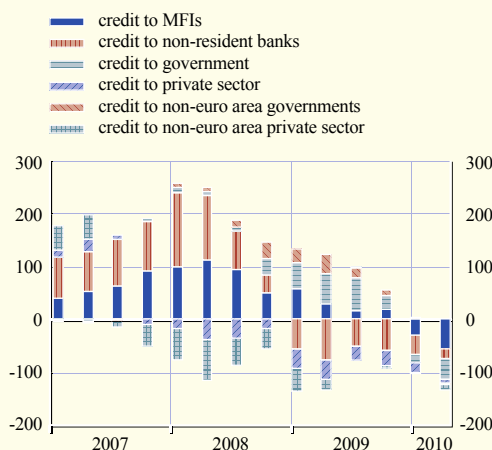
The reallocation of households' portfolios out of MMFs to other stores of value has contributed to dampening annual M3 growth since the end of 2009. This reflects the fact that, in the current environment, uncertainty has centred heavily on the financial sector itself. Hence, investment in MMF shares/units could not benefit from generally high economic uncertainty, so that the impact of the exceptionally steep yield curve and the low level of short-term interest rates could unfold. In August 2010, MMFs saw positive inflows for the first time in a year, but the extent to which this reflects a renewed attractiveness of this investment vehicle remains to be seen.

The implications of redemptions of MMF shares/units for the overall financing of the euro area economy are likely to be contained. While they could potentially be more significant for euro area banks, given that MMFs may buy fewer bank bonds, this impact may be attenuated by the fact that euro area households may place some of the proceeds from their withdrawals from MMFs in bank deposits.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements, and represent the broadest monetary aggregate for which a timely sectoral breakdown is available – increased further in August. This mainly reflects a further increase in the contribution of non-monetary financial intermediaries other than pension funds and insurance corporations, i.e. the other financial intermediaries (OFI) sector, and – although to a far lesser extent – a strengthening of that of non-financial corporations. The contribution of the household sector remained broadly stable. The holdings of OFIs continue to account for the largest part of the annual growth of M3 deposits. To a considerable extent, OFIs' holdings of M3 deposits have been driven by increased volumes of repurchase agreements, which in recent months essentially reflected

Chart D Money market funds' asset holdings

(annual flows in EUR billions; not adjusted for seasonal and calendar effects)



Source: ECB.

interbank transactions conducted on electronic platforms linked to central counterparties (CCPs) that are classified as belonging to the OFI sector.

### MAIN COUNTERPARTS OF M3

Regarding the counterparts of M3, the annual growth rate of total MFI credit to euro area residents increased to 2.2% in August, up from 1.8% in July. This conceals a further decline, even though from a still high level, of the annual growth of credit to the general government, as MFIs scaled their purchases of government debt securities down (see Table 1).

On the other hand, the annual growth of credit to the private sector increased further, driven mainly by loans (the largest component of credit to the private sector), but also by more purchases of private sector securities. The annual growth of loans to the private sector has been increasing since the start of the year (1.2% in August, after 0.8% in July), but at rates that are still relatively subdued. As in the previous months, the impact of securitisation on private sector loan growth in August remained negligible.

The annual growth of loans to the private sector continues to conceal differences across the various sub-sectors. The annual growth rate of loans to non-financial corporations remained in negative territory in August (at -1.1%), although again to a slightly lesser degree than in the previous month (see Table 2). This reflects a positive monthly flow in August, which was broadly based across all maturity brackets. Regarding loans to households, the annual growth rate edged up slightly (to stand at 2.9% in August). The positive annual growth of loans to households continues to mainly reflect developments in lending for house purchase, while consumer credit continued to contract on an annual basis.

**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 Q3	2009 Q4	2010 Q1	2010 Q2	2010 July	2010 Aug.
<b>M1</b>	<b>49.7</b>	<b>12.2</b>	<b>12.3</b>	<b>11.3</b>	<b>10.3</b>	<b>8.1</b>	<b>7.7</b>
Currency in circulation	8.3	12.8	7.5	6.2	6.4	6.6	6.7
Overnight deposits	41.4	12.0	13.3	12.4	11.1	8.4	7.9
<b>M2 - M1 (= other short-term deposits)</b>	<b>38.6</b>	<b>-3.1</b>	<b>-7.6</b>	<b>-8.2</b>	<b>-8.0</b>	<b>-5.9</b>	<b>-4.5</b>
Deposits with an agreed maturity of up to two years	18.9	-13.1	-22.0	-22.7	-21.5	-17.4	-15.1
Deposits redeemable at notice of up to three months	19.7	12.9	15.8	13.3	10.3	8.3	8.2
<b>M2</b>	<b>88.3</b>	<b>4.5</b>	<b>2.2</b>	<b>1.7</b>	<b>1.4</b>	<b>1.5</b>	<b>2.0</b>
<b>M3 - M2 (= marketable instruments)</b>	<b>11.7</b>	<b>-7.6</b>	<b>-11.4</b>	<b>-11.7</b>	<b>-9.7</b>	<b>-8.3</b>	<b>-5.1</b>
<b>M3</b>	<b>100.0</b>	<b>2.7</b>	<b>0.3</b>	<b>-0.2</b>	<b>-0.1</b>	<b>0.2</b>	<b>1.1</b>
<b>Credit to euro area residents</b>		<b>3.7</b>	<b>3.0</b>	<b>1.9</b>	<b>1.7</b>	<b>1.8</b>	<b>2.2</b>
Credit to general government		12.0	14.2	9.9	9.0	7.7	7.4
Loans to general government		2.6	3.1	3.8	6.7	5.9	6.1
Credit to the private sector		2.1	0.9	0.3	0.2	0.6	1.0
Loans to the private sector		0.4	-0.6	-0.4	0.2	0.8	1.2
Loans to the private sector adjusted for sales and securitisation		1.6	0.3	-0.2	0.2	0.8	1.3
<b>Longer-term financial liabilities (excluding capital and reserves)</b>		<b>4.8</b>	<b>6.7</b>	<b>5.5</b>	<b>4.4</b>	<b>2.3</b>	<b>1.8</b>

Source: ECB.

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

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 Q3	2009 Q4	2010 Q1	2010 Q2	2010 July	2010 Aug.
<b>Non-financial corporations</b>	<b>42.6</b>	<b>1.1</b>	<b>-1.4</b>	<b>-2.5</b>	<b>-2.2</b>	<b>-1.4</b>	<b>-1.1</b>
Up to one year	24.1	-8.6	-11.9	-12.3	-10.8	-8.2	-7.9
Over one and up to five years	19.6	4.7	-0.2	-3.3	-4.5	-3.9	-3.1
Over five years	56.3	5.3	3.9	3.2	3.1	2.8	2.9
<b>Households<sup>2)</sup></b>	<b>46.4</b>	<b>-0.1</b>	<b>0.3</b>	<b>1.7</b>	<b>2.5</b>	<b>2.7</b>	<b>2.9</b>
Consumer credit <sup>3)</sup>	12.6	-1.0	-1.0	-0.6	-0.4	-0.6	-0.4
Lending for house purchase <sup>3)</sup>	71.5	-0.2	0.2	2.0	3.0	3.4	3.5
Other lending	16.0	1.3	1.9	2.4	2.9	2.6	2.9
<b>Insurance corporations and pension funds</b>	<b>0.9</b>	<b>-6.1</b>	<b>-12.4</b>	<b>-9.3</b>	<b>-9.2</b>	<b>-1.0</b>	<b>4.6</b>
<b>Other non-monetary financial intermediaries</b>	<b>10.1</b>	<b>-0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.8</b>	<b>1.4</b>	<b>3.5</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.

Overall, the latest developments in private sector loans confirm the broad consistency with business cycle regularities, which suggest that the turning point in the growth of loans to households takes place early in the economic cycle, while that in growth of loans to non-financial corporations tends to be lagging. The data now tentatively suggest that a turning point in lending to non-financial corporations may have been reached. However, given the fact that isolated positive flows of loans to non-financial corporations have also taken place in the recent past, it is too early to assess whether the August data mark the onset of a sustained recovery in MFI lending to this sector. Moreover, a number of factors – including the uneven recovery across countries and economic sectors, and the possibility of some firms to draw on internally generated funds and/or market-based funding – could justify a somewhat delayed, or more muted, recovery of the annual growth of real loans to enterprises in the current environment.

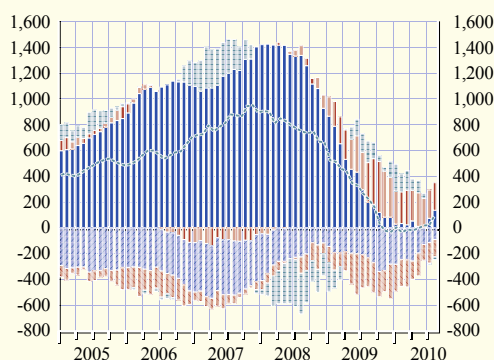
Among the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) moderated further in August, continuing the broadly declining trend recorded since October 2009. This decline reflected similar developments across sub-components. The decline in the annual growth rate of longer-term deposits provides further support to the view that the previous shifts from M3 deposits to longer-term deposits, which were fostered by the steep yield curve, have subsided in recent months. Moreover, the annual growth rate of long-term MFI debt securities held by the money-holding sector declined further in August. The annual growth rate of capital and reserves fell to 7.9% in August, down from 8.1% in July.

Finally, the annual outflow from MFIs' net external asset position was €23 billion in August, compared with an outflow of €1 billion in July (see Chart 7). The negative annual flow in net external assets reflects both a still negative annual flow in external assets and – for the first time since the end of 2008 – a slightly positive annual flow in external liabilities. This points to a gradual normalisation of external asset and liability developments in the context of a more general return to an expansion of MFIs' balance sheets.

**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.

To sum up, the annual growth rates of both M3 and loans to the private sector increased in August, but remained relatively subdued. While the dampening impact of the still steep yield curve on M3 growth is gradually receding, this continues to imply that underlying monetary growth is likely to be higher than actual M3 growth. Overall, the assessment that the pace of underlying monetary expansion is moderate and that medium-term inflationary pressures stemming from monetary developments are contained continues to hold true.

## 2.2 SECURITIES ISSUANCE

The annual growth rate of debt securities issuance moderated further in July 2010, declining to 3.4%. Data on sectoral issuance reveal that this moderation was broadly based across sectors except for the general government. At the same time, the annual growth rate of quoted shares issued remained broadly unchanged at a subdued level.

## DEBT SECURITIES

The annual growth rate of debt securities issued by euro area residents continued to moderate, declining to 3.4% in July 2010, from 3.7% in the previous month (see Table 3). Both long and short-term issuance continued the downward trends that started in 2009. The annual growth rate of long-term debt securities issuance decelerated to 4.9% in July, while that of short-term debt

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

Issuing sector	Amount outstanding (EUR billions) 2010 July	Annual growth rates <sup>1)</sup>					
		2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 June	2010 July
<b>Debt securities</b>	<b>15,730</b>	<b>11.3</b>	<b>10.0</b>	<b>6.6</b>	<b>4.8</b>	<b>3.7</b>	<b>3.4</b>
MFIs	5,431	4.0	2.9	1.6	0.6	-0.4	-0.8
Non-monetary financial corporations	3,233	26.0	20.0	8.1	3.5	1.9	0.7
Non-financial corporations	867	13.5	16.4	14.7	15.1	12.5	10.4
General government	6,199	13.5	12.7	9.9	8.3	7.6	7.9
of which:							
Central government	5,773	13.7	12.9	9.9	8.1	7.2	7.4
Other general government	426	9.6	10.5	10.5	11.4	13.7	15.2
<b>Quoted shares</b>	<b>4,269</b>	<b>2.7</b>	<b>2.8</b>	<b>2.9</b>	<b>2.5</b>	<b>1.9</b>	<b>1.8</b>
MFIs	524	9.3	8.8	8.2	6.6	5.7	5.1
Non-monetary financial corporations	332	3.9	2.7	5.4	5.2	4.3	4.5
Non-financial corporations	3,414	1.6	1.9	1.9	1.5	1.0	0.9

Source: ECB.

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

securities issuance fell to -8.0%. The annualised and seasonally adjusted six-month growth rate of debt securities issued, which captures short-term trends better, remained on a downward path in July, primarily on account of more negative net issuance by MFIs (see Chart 8). However, using the same measure, issuance by non-financial corporations stopped decelerating and remained broadly unchanged, while growth of general government issuance picked up.

Over recent months, refinancing activity at fixed rates has slowed, although it still remains buoyant in annual terms in the long-term segment, while short-term debt securities issuance has continued to contract. The annual growth rate of fixed rate long-term debt securities issuance has dropped below 8%. At the same time, the annual growth rate of floating rate long-term debt securities issuance has remained broadly stable at around -1%.

From a sectoral perspective, the moderation in the pace of debt securities issuance recorded in recent months appears to have been broadly based, with the exception of the general government, where the growth of issuance has stabilised. The annual growth rate of debt securities issued by non-financial corporations in the euro area has decelerated significantly since April but remains robust by historical standards. Compared with June, the annual growth rate of non-financial corporations' debt securities issuance declined by around 2 percentage points to 10.4%. In particular, the net issuance of fixed rate long-term debt securities fell markedly in July.

Notwithstanding the intensification of tensions concerning sovereign risk, public borrowing has expanded considerably in some countries. As a result, the annual growth rate of debt securities issued by the general government sector stabilised at 7.9% in July. The robust pace of growth in debt issuance reflects the persistently large funding needs of public sectors in the euro area.

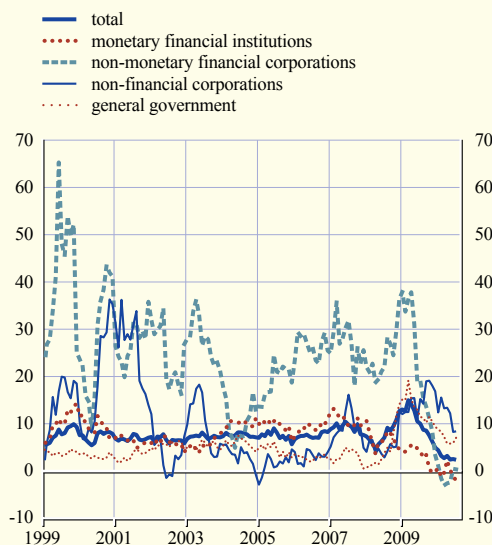
As regards the financial sector, the annual growth rate of debt securities issued by MFIs declined to -0.8% in July, after -0.4% in the previous month. The continued tensions related to sovereign risk had negative effects on access to funding by euro area banks. The annual growth rate of debt issuance has been negative since May, and market debt financing of the MFI sector contracted in the three-month period to July. The annual growth rate of debt securities issued by non-monetary financial corporations remained barely positive at 0.7% in July, down from 1.9% in the previous month.

#### QUOTED SHARES

The annual growth rate of quoted shares issued by euro area residents remained broadly unchanged at 1.8% in July 2010 (see Chart 9). Continuing its moderation from the peak reached in 2009, the annual growth rate of equity issuance by MFIs still remained well above its historical average (5.1% in July). This reflects the efforts made by banks to raise capital in order to strengthen their

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

(six-month annualised growth rates; seasonally adjusted)

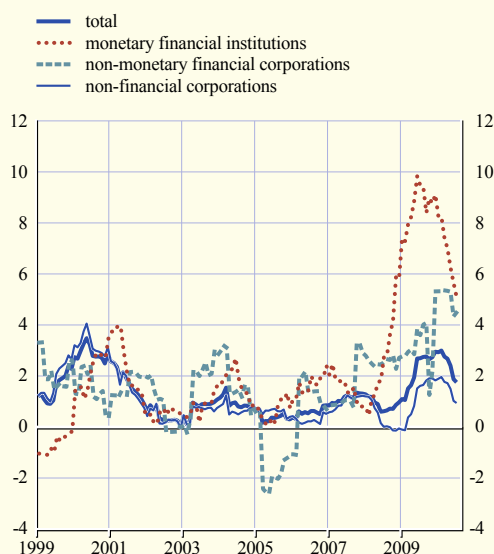


Source: ECB.



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

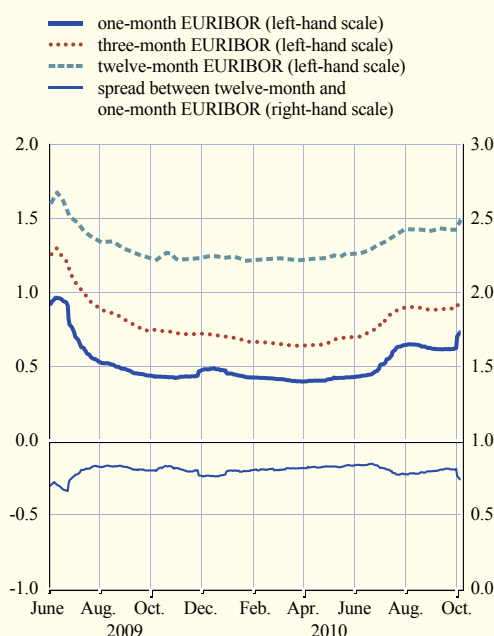
(annual growth rates)



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.

balance sheets. At the same time, the annual growth rate of quoted shares issued by non-financial corporations remained broadly unchanged at 0.9%. Low equity issuance rates should be seen against the background of the high cost of equity financing, which after the surge in May has remained close to historically high levels.

### 2.3 MONEY MARKET INTEREST RATES

Money market interest rates remained broadly stable in September 2010. After an upward shift on 30 September, they reached somewhat higher levels in early October, mainly in reflection of the parallel expiry of three longer-term refinancing operations at the end of September. The EONIA has become more volatile since the maturing of the one-year long-term refinancing operation on 1 July 2010. In line with the gradual reduction of excess liquidity in the euro area, average daily recourse to the deposit facility declined during the ninth maintenance period of 2010, in comparison with that in the previous maintenance period that ended on 7 September.

In September 2010, unsecured money market rates remained broadly stable. On 6 October the one-month, three-month, six-month and 12-month EURIBOR stood at 0.74%, 0.96%, 1.19% and 1.47% respectively – i.e. around 11, 7, 6 and 5 basis points higher respectively than the levels observed on 1 September. As a result, the spread between the 12-month and the one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased by 6 basis points over that period, standing at around 73 basis points on 6 October (see Chart 10).

Between 1 September and 6 October, the money market rates derived from the three-month EONIA swap index increased by more than the corresponding unsecured rate. The three-month EONIA swap rate stood at 0.71% on 6 October, around 21 basis points higher than

on 1 September. As a result, the spread between this money market rate and the corresponding unsecured EURIBOR decreased to 25 basis points on 6 October, 14 basis points narrower than on 1 September, but nevertheless remained relatively wide in comparison with the levels prevailing prior to the onset of the financial market turmoil in August 2007.

The interest rates implied by the prices of three-month EURIBOR futures maturing in December 2010, and in March, June and September 2011, stood at 1.05%, 1.12%, 1.18% and 1.22% respectively on 6 October, representing increases of around 13, 15, 17 and 16 basis points respectively from the rates on 1 September.

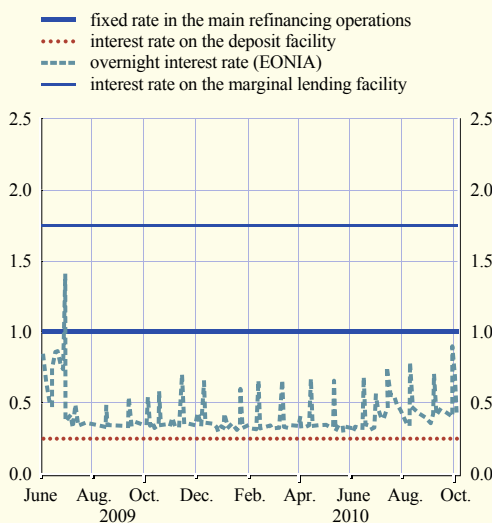
The EONIA has become more volatile since the maturing of the one-year longer-term refinancing operation (LTRO) on 1 July 2010. During the maintenance period starting on 8 September 2010, the EONIA remained broadly stable around the level of 0.44% basis points until the end of September. On 30 September, the EONIA reached the level of 0.878%, before stabilising at levels of around 0.7% in early October (see Chart 11). The upward shift in the level of the EONIA is mainly the consequence of a drop in excess liquidity following the maturity of three LTROs involving a total amount of €225 billion on 30 September (one three-month, one six-month and one 12-month LTRO). Only around €133 billion of this total were rolled over (€29.4 billion in a fine-tuning, bridging operation and €104.0 billion in the three-month LTRO). This development caused excess liquidity to decline by, on average, approximately €75 billion, leading to a current level of around €25 billion. This rise in the EONIA was transmitted to EONIA expectations.

In the main refinancing operations of 7, 14, 21 and 28 September, and 5 October, the ECB allotted €153.6 billion, €151.6 billion, €153.8 billion, €166.4 billion and €97 billion respectively. As regards its longer-term operations, the ECB allotted two LTROs in September, both as fixed rate tenders with full allotment: a one-month operation on 7 September (in which €37.9 billion was allotted) and a three-month operation on 29 September (in which €104 billion was allotted). In addition, the ECB conducted five one-week liquidity-absorbing operations as variable rate tenders with a maximum bid rate of 1.00% on 7, 14, 21 and 28 September, and on 5 October. In the last of these operations, the ECB absorbed €63.5 billion, which corresponds to the size of purchases under the Securities Markets Programme, taking into account transactions up to and including 1 October 2010.

In line with the gradual reduction of excess liquidity in the euro area, average daily recourse to the deposit facility declined to €64 billion in the period from 8 September to 5 October. This was not significantly lower than the €83.7 billion observed in the previous maintenance period, which had ended on 7 September.

Chart 11 ECB interest rates  
and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Reuters.

## 2.4 BOND MARKETS

*In the course of September and early October 2010, yields on AAA-rated long-term euro area government bonds rose somewhat, while in the United States long-term government bond yields decreased slightly overall. Intra-euro area sovereign bond yield spreads remained broadly unchanged for most countries but decreased markedly for Greece – after recording a new high in early September – and widened considerably for Ireland and Portugal. Long-term real yields in the euro area increased slightly, but they are currently ranging at very low levels by historical standards. Long-term break-even inflation rates eased further. Implied bond market volatility remained at somewhat elevated levels on both sides of the Atlantic.*

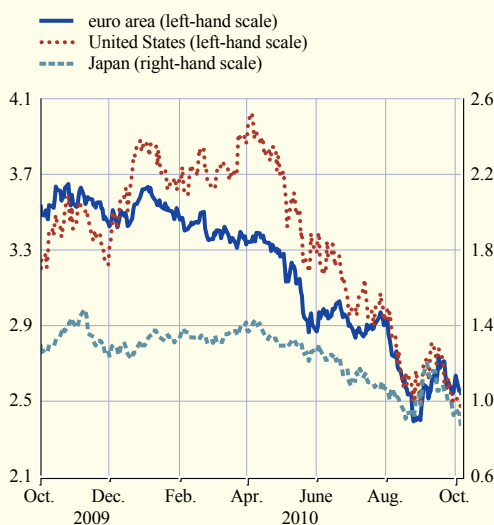
Between the end of August and 6 October, AAA-rated long-term euro area government bond yields rose by 15 basis points, while in the United States long-term government bond yields decreased by 5 basis points. On 6 October, ten-year government bond yields stood at 2.5% in the euro area and at 2.4% in the United States (see Chart 12). Consequently, the ten-year nominal interest rate differential between US and euro area government bonds turned negative, falling from 10 basis points at the end of August to about -10 basis points on 6 October. In Japan, ten-year government bond yields decreased somewhat overall to stand at a long-time low of 0.8% at the beginning of October. Implied bond market volatility on both sides of the Atlantic remained near the levels reached during August.

Long-term US government bond yields increased in the first half of September in the wake of broadly positive macroeconomic news. However, following the Federal Open Market Committee's statement that exceptionally low levels of the federal funds rate would likely be warranted for an

extended period, US ten-year government bond yields fell by about 20 basis points towards the end of September. Part of this decline may be also due to market participants' expectations of further measures of quantitative easing. At the same time, investors' uncertainty about the timing and nature of such measures possibly contributed to maintaining bond market volatility at somewhat elevated levels.

**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.

Yields on AAA-rated long-term euro area government bonds broadly mirrored US government bond yield movements but ended the review period with an overall increase, supported by broadly positive economic data releases. While for most euro area countries ten-year government bond yield spreads vis-à-vis their German counterpart remained broadly unchanged, in the case of Greek government bonds the spread widened again in early September to above 950 basis points – a level close to that recorded in early May. However, this yield difference against the German Bund decreased markedly – by 190 basis points – over

the following weeks. Irish and Portuguese spreads increased by 50 and 60 basis points, respectively, over the review period. In the case of Portugal, the main factor behind these developments was probably investors' concerns about the country's economic recovery in view of its high sovereign financing costs. In the case of Ireland, the focus of bond market participants was on the fiscal burden arising from the need to re-capitalise the banking system.

Yields on ten-year inflation-linked euro area government bonds showed an overall increase of 10 basis points from the end of August to 6 October, while five-year real yields remained broadly unchanged. On 6 October, five and ten-year spot real yields stood at around 0.0% and 0.8%, respectively, close to their historical lows (see Chart 13).

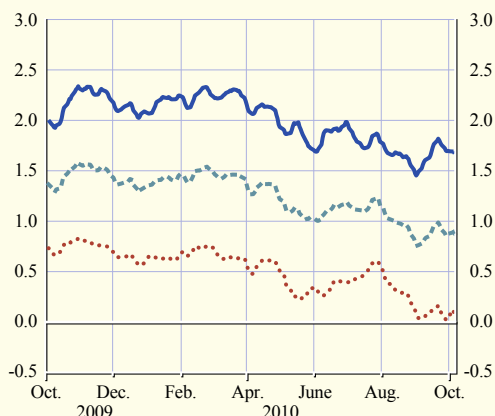
Between the end of August and 6 October the combination of nominal and real long-term yield increases led five-year spot break-even inflation rates to rise by 15 basis points, while their ten-year counterparts increased by 5 basis points. On 6 October they stood at 1.6% and 1.8% respectively. Accordingly, five-year forward rates five years ahead declined slightly by about 5 basis points towards a level of 2.0% (see Chart 14). The difference between break-even inflation rates derived from bonds and those derived from swaps ranged at moderate levels during the review period. Accordingly, in early October, both measures indicated very similar levels of long-term inflation expectations and related risk premia.

The development of the euro area term structure of short-term forward rates shows how the overall behaviour of euro area long-term bond yields can be decomposed into changes in interest rate expectations (and related risk premia) at different horizons (see Chart 15). It turns out that the rise in the level of long-term bond yields is the result of a slight upward revision of short-term interest rate expectations and related risk premia over all time periods, but particularly around the one and two-year horizon.

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

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

- five-year forward inflation-linked bond yield five years ahead
- ..... five-year spot inflation-linked bond yield
- - - ten-year spot inflation-linked bond yield

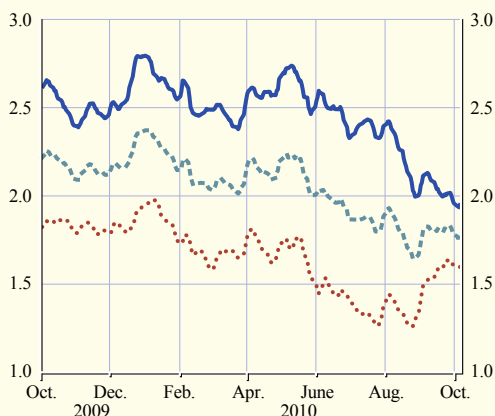


Sources: Reuters and ECB calculations.

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

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

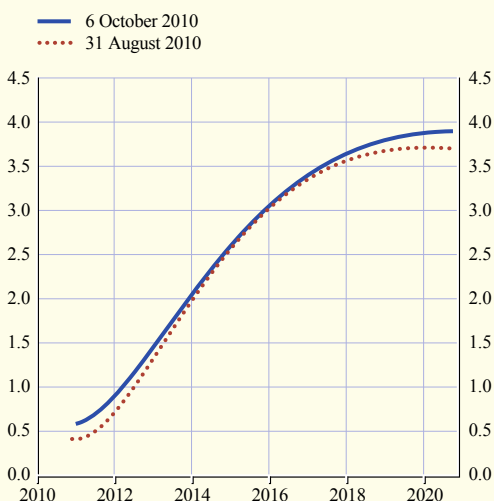
- five-year forward break-even inflation rate five years ahead
- ..... five-year spot break-even inflation rate
- - - ten-year spot break-even inflation rate



Sources: Reuters and ECB calculations.

**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.

Higher-rated investment-grade corporate bond spreads remained broadly unchanged compared with levels at the end of August, while spreads for lower-rated debt of both non-financial and financial corporations as well as high-yield spreads decreased to some extent. Overall, current spread levels across sectors and rating classes have retreated substantially from their peaks in early 2009 but remain somewhat above pre-crisis values.

## 2.5 INTEREST RATES ON LOANS AND DEPOSITS

*Most MFI lending rates continued to rise from historically low levels for both households and non-financial corporations, and across most maturities, in August 2010. Increases in short-term lending rates partly mirror concomitant increases in market rates. The pass-through of past reductions in key ECB interest rates to bank customers seems close to completion.*

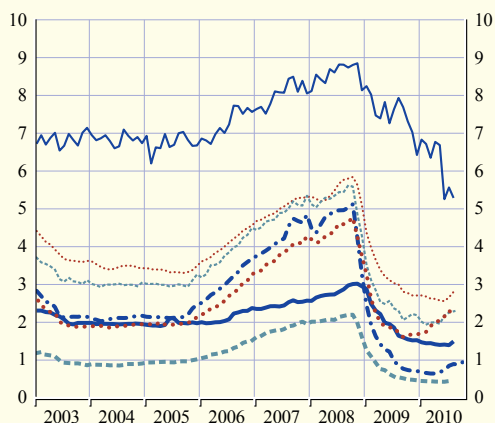
In August 2010 the vast majority of short-term MFI interest rates on deposits decreased for both households and non-financial corporations. Conversely, most short-term rates on loans to households and non-financial corporations increased (see Chart 16). More precisely, short-term interest rates on loans to households for house purchase rose by 15 basis points to 2.8%, the first increase for two consecutive months since October 2008. The average rates on overdrafts extended to households retreated slightly to 8.7%, while the more volatile rates on consumer credit declined by 28 basis points to 5.3%, reversing the previous month's increase. In the case of non-financial corporations, banks' short-term rates on both small loans (i.e. loans of less than €1 million) and large loans (i.e. loans of more than €1 million) continued to increase, rising to 3.4% and 2.3% respectively. The interest rates on overdrafts also increased slightly to 3.8%. Since the EURIBOR increased by 5 basis points in August 2010, the spreads between short-term MFI lending rates to households for house purchase and the three-month money market rate have widened, while the spread vis-à-vis interest rates on loans to non-financial corporations remained broadly unchanged (see Chart 17).

From a longer-term perspective, between September 2008 (i.e. immediately prior to the beginning of the cycle of monetary policy easing) and August 2010 short-term rates on both loans to households for house purchase and loans to non-financial corporations decreased by 299 and 324 basis points respectively. This compares with a decline of 412 basis points in the three-month EURIBOR and indicates a considerable pass-through of market rate changes to bank lending rates. The pick-up in market rates in July and August was reflected in higher short-term lending rates both on loans to households and non-financial corporations, thereby providing an indication of the potential completion of the pass-through of past reductions in key ECB interest rates.

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

(percentages per annum; rates on new business)

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



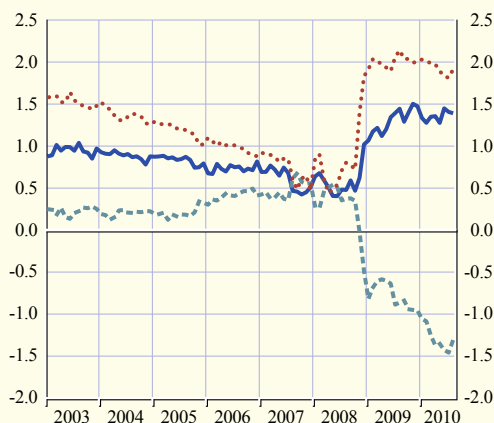
Source: ECB.

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

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

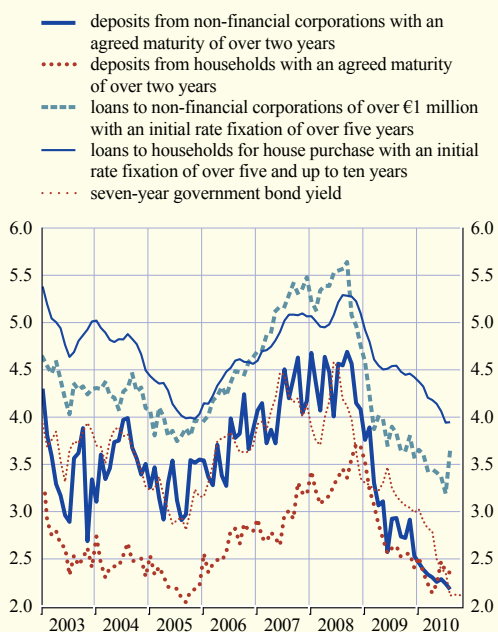
As regards longer maturities, MFI interest rates on long-term deposits decreased slightly in August 2010, while interest rates on longer-term loans to non-financial corporations increased and those on loans to households for house purchase remained broadly unchanged (see Chart 18). More precisely, the interest rates on loans to households for house purchase with an initial rate fixation of over five and up to ten years and those with an initial rate fixation of over ten years halted their decline and stood at 3.9% and 3.8% respectively. Average rates on small loans to non-financial corporations with an initial rate fixation of over one and up to five years and those with an initial rate fixation of over five years declined by around 10 basis points to stand at 4.2% and 3.8% respectively. The average rates on large loans increased by 8 basis points to 2.9% in the case of loans with an initial rate fixation of over one and up to five years and by 45 basis points to 3.6% for loans with an initial rate fixation of over five years.

Viewed from a longer-term perspective, since September 2008 euro area banks have adjusted their rates on long-term loans to non-financial corporations more or less in line with the decline in AAA-rated long-term government bond yields. By contrast, long-term rates on loans to households have not fallen by as much over the same period, reflecting a more incomplete and sluggish pass-through for households but possibly also increased credit risk concerns in some



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

(percentages per annum; rates on new business)



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

parts of the euro area. Since April 2010, longer-term interest rates have continued to decline for loans to households, albeit to a much lesser extent than the decline in AAA-rated long-term government bond yields, which has been driven notably by flight-to-safety flows. For non-financial corporations, however, long-term lending interest rates have followed an upward trend in recent months.

Recent developments in bank interest rates have led to a widening in loan-deposit margins on new loans, while margins on outstanding amounts have recovered in comparison with those recorded in the early part of 2009. Improved margins will contribute to the profitability of euro area banks, which has been picking up since the second half of 2009.

## 2.6 EQUITY MARKETS

*Between the end of August and 6 October stock prices in the euro area and the United States increased by 7% and 11% respectively. These increases were supported by broadly positive economic news on both sides of the Atlantic. At the same time, ongoing uncertainty about the*

*pace of the US economic recovery and re-emerging concerns about tensions in euro area sovereign debt markets may have weighed negatively on investors' sentiment. Stock market uncertainty, as measured by implied volatility, decreased only slightly overall. Euro area listed companies recorded solid earnings growth across most sectors.*

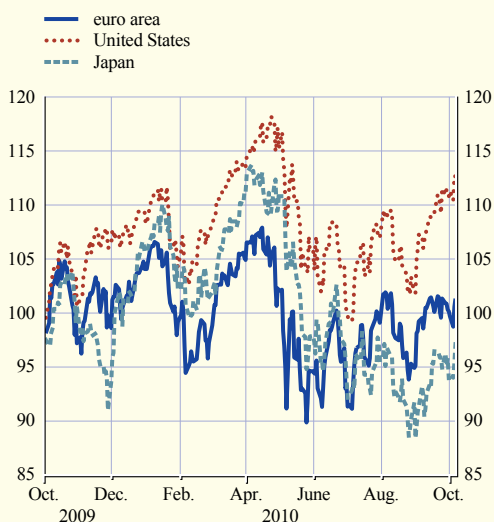
In the course of September and early October global stock prices increased markedly. Overall, euro area stock prices, as measured by the broad-based Dow Jones EURO STOXX index, rose by 7%, while in the United States the Standard and Poor's 500 index was up by 11% between the end of August and 6 October (see Chart 19). Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, rose by 10%. Near-term stock market uncertainty, as measured by option-implied volatility, decreased slightly overall in major markets (see Chart 20).

Over the review period, the increases in stock prices were larger in the non-financial sector than in the banking sector, both in the euro area and in the United States.

On both sides of the Atlantic, stock prices rose against a backdrop of broadly positive economic news. In the euro area, several indicators of consumer and business sentiment turned out to be better than expected. For instance, financial analysts were positively surprised by the Ifo Business Climate Index, which rose further in September to reach its highest level since

Chart 19 Stock price indices

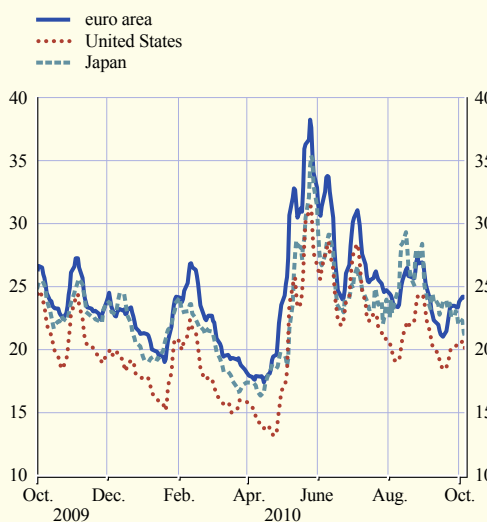
(index: 1 October 2009 = 100; daily data)



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.

June 2007, while the Economic Sentiment Index reported by the European Commission also rose further in September. At the same time, a fall in the PMI in September and the release of lower than expected figures for industrial production growth likely contributed to some downward pressure on stock prices. Moreover, it cannot be excluded that re-emerging concerns regarding tensions in euro-area sovereign debt markets may have also weighed negatively on investors' sentiment. In the United States, positive signals to market participants (e.g. strong earnings figures and positive surprises in capital goods orders) were met by the prevailing uncertainty surrounding the pace of economic recovery.

Both actual and expected earnings developments gave an overall positive picture of profitability for euro area listed companies. Actual annual earnings-per-share growth for the firms listed on the Dow Jones EURO STOXX index stood at 21% in September, after 10% in August. Earnings-per-share growth 12 months ahead is likewise forecast to be strong at 18%. At the sectoral level, earnings-per-share growth in the financial sector rose from 20% in August to 33% in September. Earnings growth in the industrial sector turned positive in September after being negative in all previous months of 2010. Overall, earnings growth turned out to be solid in September, with most sectors showing an increase compared with August.

## 3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation stood at 1.8% in September 2010, compared with 1.6% in August. This increase was anticipated and reflects base effects stemming mainly from the energy component. In the next few months HICP inflation rates will hover around current levels, before moderating again in the course of next year. Overall, in 2011 inflation rates should remain moderate, benefiting from low domestic price pressures. Inflation expectations over the medium to longer term continue to be 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 the outlook for price developments are slightly tilted to the upside.

### 3.1 CONSUMER PRICES

According to Eurostat's flash estimate, the euro area annual HICP inflation rate stood at 1.8% in September 2010, up from 1.6% in August (see Table 4). Official estimates of the breakdown of HICP inflation in September are not yet available, but it would appear that the increase was related to base effects stemming mainly from the energy component.

In August, the last month for which an official breakdown is available, the annual growth rate of overall HICP inflation fell by 0.1 percentage point compared with July (see Chart 21). This decrease was attributable mainly to the fact that the annual rate of change in the energy component fell sharply to 6.1% in August, from 8.1% in the previous month, owing to a negative base effect and a slightly negative month-on-month change. In recent months the actual monthly movements in energy prices have been modest and most of the fluctuation in the year-on-year rate has stemmed from base effects.

The annual growth rate of total food prices (including alcohol and tobacco) continued to trend upwards, to stand at 1.5% in August, which is 0.2 percentage point higher than in July. As for the sub-components, the rate of growth in unprocessed food prices accelerated further in August, on account of base effects and month-on-month increases in the prices of meat and fish. The year-on-year change in the prices of unprocessed food stood at 2.4% in August, up from 1.9% in the previous month, while that in the prices of processed food rose slightly, to stand at 1.0%. Within processed food prices, the prices of tobacco, spirits, and oils and fats recorded the strongest annual growth rates in August. All in all, there is so far little sign of a pass-through from the recent strong increases in

**Table 4 Price developments**

(annual percentage changes, unless otherwise indicated)

	2008	2009	2010 Apr.	2010 May	2010 June	2010 July	2010 Aug.	2010 Sep.
<b>HICP and its components</b>								
Overall index <sup>1)</sup>	3.3	0.3	1.5	1.6	1.4	1.7	1.6	1.8
Energy	10.3	-8.1	9.1	9.2	6.2	8.1	6.1	.
Unprocessed food	3.5	0.2	0.7	0.4	0.9	1.9	2.4	.
Processed food	6.1	1.1	0.6	0.9	0.9	0.9	1.0	.
Non-energy industrial goods	0.8	0.6	0.2	0.3	0.4	0.5	0.4	.
Services	2.6	2.0	1.2	1.3	1.3	1.4	1.4	.
<b>Other price indicators</b>								
Industrial producer prices	6.1	-5.1	2.8	3.1	3.1	4.0	3.6	.
Oil prices (EUR per barrel)	65.9	44.6	64.0	61.6	62.2	58.9	59.9	59.8
Non-energy commodity prices	1.9	-18.5	52.0	52.1	51.1	56.8	51.5	58.7

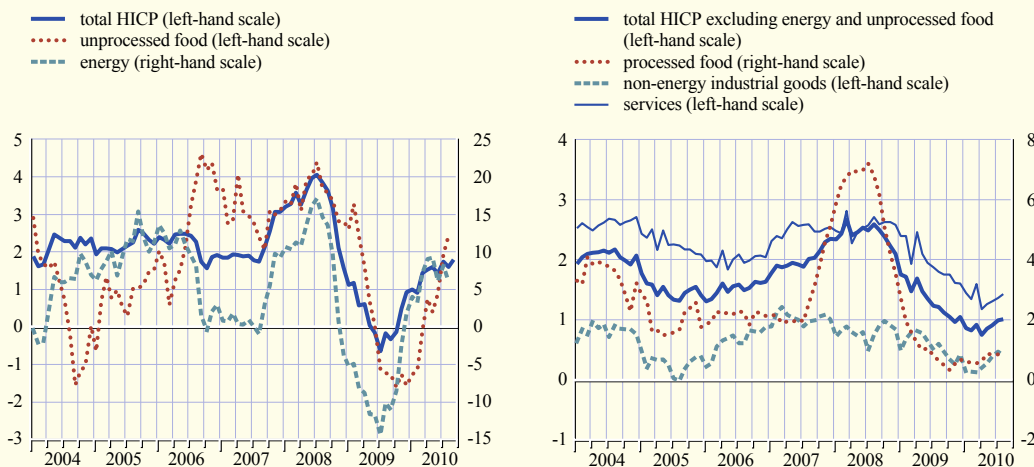
Sources: Eurostat, ECB and ECB calculations based on Thomson Financial Datastream data.

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 September 2010 refers to Eurostat's flash estimate.

Chart 21 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

food commodity prices to food price inflation. In this respect, it should be noted that the increase in EU internal market prices for food commodities, which are more relevant for the euro area, has not been as great as that in international food commodity prices.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation stood at 1.0% in August, unchanged from July. This figure represents a very modest upward movement from the lows of 0.8% reached in April and May. Of the two components of this aggregate, non-energy industrial goods price inflation declined slightly to 0.4%, mostly owing to developments in the prices of garments (affected by sales), as well as newspapers and other periodicals, while services price inflation remained stable at 1.4%. Having declined moderately in the course of 2009, the annual inflation rates for both components have remained subdued at historically low levels since the beginning of the year.

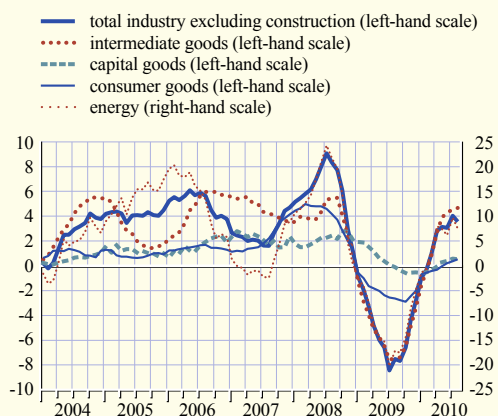
### 3.2 INDUSTRIAL PRODUCER PRICES

In August the annual rate of change in industrial producer prices (excluding construction) declined to 3.6%, from 4.0% in July (see Chart 22). This decline was due largely to a lower annual rate of change in energy prices at the producer level, which, in turn, was due to a downward base effect and a month-on-month decline in energy prices. Industrial producer prices, excluding energy and construction, rose slightly to 2.2% as a result of upward movements in the intermediate and consumer goods components. The prices of some producer goods that are more exposed to movements in the prices of food commodities, such as grain mill and animal feed products, have risen particularly sharply. Producer prices of processed food rose at an annual rate of 1.0% in August, up from 0.3% in July, indicating that the increases in food commodity prices have started to affect food prices at the producer level.

Compared with August, survey indicators in September also revealed the persistence of some upward price pressures, to a somewhat larger extent in the manufacturing sector and to a lesser extent in the

**Chart 22 Breakdown of industrial producer prices**

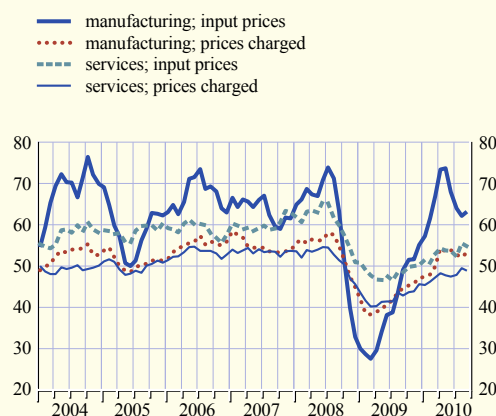
(annual percentage changes; monthly data)



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.

services sector (see Chart 23). With regard to the Purchasing Managers' Index, in the manufacturing sector, the input price index and the index for prices charged rose in September. In the services sector, the input price index remained unchanged in the same month, but the selling price index declined. The latter also remained somewhat below the 50 mark, indicating that, on average, there has still been no increase in prices charged in the services sector. Overall, the survey indicators continued to suggest that euro area firms are having difficulty passing on higher input prices.

### 3.3 LABOUR COST INDICATORS

The annual rate of growth in euro area negotiated wages increased marginally to 1.9% in the second quarter of 2010 (see Table 5 and Chart 24), but remained close to its record low of 1.8% since the start of the series in 1991. These low growth rates reflect ongoing weak pressure stemming from labour costs. The available information suggests that the relatively subdued growth in negotiated wages observed in the first half of 2010 continued at the start of the third quarter, in line with earlier weak labour market conditions.

**Table 5 Labour cost indicators**

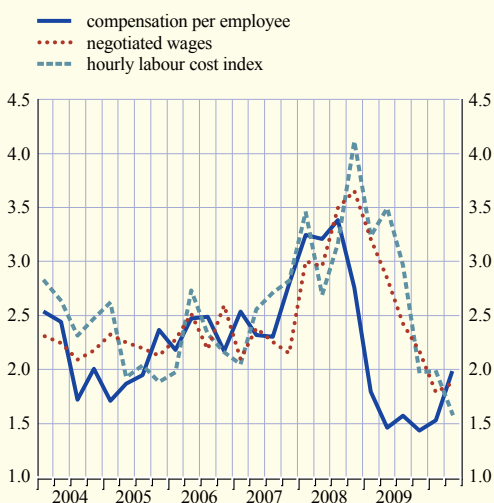
(annual percentage changes, unless otherwise indicated)

	2008	2009	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2
Negotiated wages	3.3	2.7	2.8	2.4	2.2	1.8	1.9
Hourly labour cost index	3.4	2.9	3.5	2.9	2.0	1.9	1.6
Compensation per employee	3.1	1.6	1.5	1.6	1.4	1.5	2.0
<i>Memo items:</i>							
Labour productivity	-0.3	-2.3	-3.1	-1.8	0.1	2.1	2.6
Unit labour costs	3.5	3.9	4.7	3.5	1.4	-0.5	-0.6

Sources: Eurostat, national data and ECB calculations.

Chart 24 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

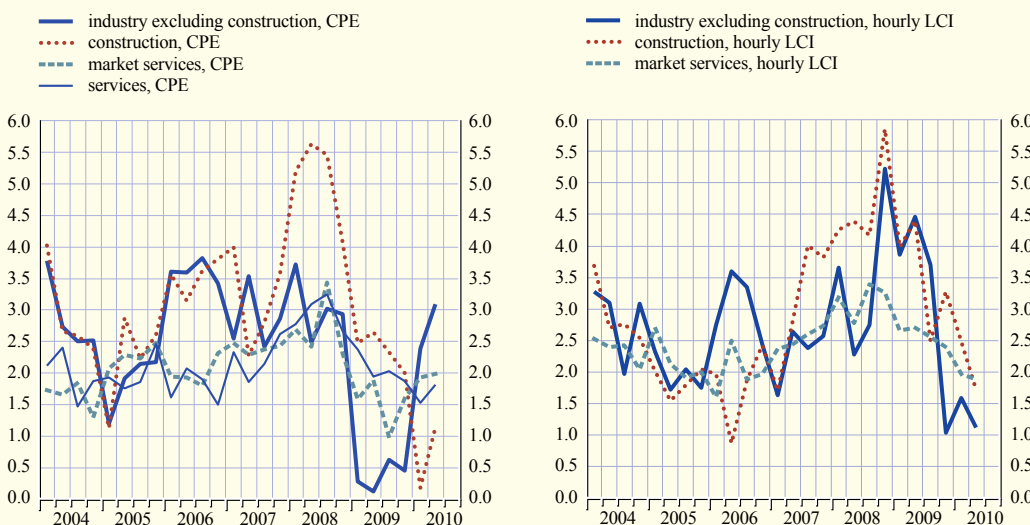
Annual hourly labour cost growth in the euro area decreased to 1.6% in the second quarter of 2010, from 1.9% in the first quarter. This is the lowest rate of growth observed since the start of the hourly labour costs series in 2001. The decline, which was observed across all sectors, can be partly explained by the fading-out of some short-time working arrangements. It was most pronounced in the construction sector, where the annual growth rate decreased by 0.8 percentage point to 1.7% (see the right-hand panel of Chart 25).

The annual growth rate of compensation per employee rose to 2.0% in the second quarter of 2010, from 1.5% in the first quarter. This was due to a 0.9% increase in hours worked per employee and a 1.1% increase in compensation per hour. Measured on a per head basis, the annual growth rate of labour productivity increased further in the second quarter of 2010 and exceeded that of compensation per

employee. These developments resulted in a negative annual growth in unit labour costs of 0.6%, similar to the previous quarter. The overall picture confirms subdued labour costs in the first half of 2010 and at the start of the third quarter.

Chart 25 Sectoral labour cost developments

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Notes: CPE stands for "compensation per employee" and LCI stands for "labour cost index".



### 3.4 THE OUTLOOK FOR INFLATION

In the next few months the annual HICP inflation rate will hover around current levels, before moderating again in the course of next year. Overall, in 2011 inflation rates should remain moderate, benefiting from low domestic price pressures. Inflation expectations over the medium to longer term continue to be 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 the outlook for price developments are slightly tilted to the upside. They relate, in particular, to the evolution of energy and non-oil commodity prices. Furthermore, increases in indirect taxation and administered prices may be greater than currently expected, owing to the need for fiscal consolidation in the coming years. At the same time, risks to domestic price and cost developments are contained.

## 4 OUTPUT, DEMAND AND THE LABOUR MARKET

Economic activity has been expanding since the middle of 2009. Euro area real GDP grew strongly on a quarterly basis, by 1.0%, in the second quarter of 2010. Latest data and surveys confirm expectations of a moderation in economic growth in the second half of the year. Nevertheless, the positive underlying momentum of the recovery remains in place.

Looking ahead, euro area real GDP growth is expected to be supported by the ongoing recovery at the global level, with a continued positive effect on the demand for euro area exports, as well as by the accommodative monetary policy stance and measures adopted to restore the functioning of the financial system. Meanwhile, the process of balance sheet adjustment in various sectors is expected to dampen the pace of the recovery. The risks to the economic outlook are viewed as slightly tilted to the downside, with uncertainty still prevailing.

### 4.1 REAL GDP AND DEMAND COMPONENTS

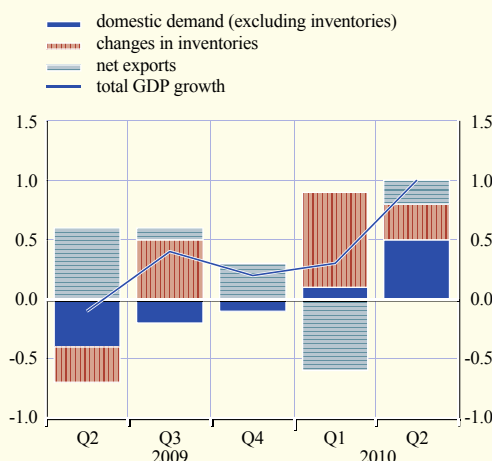
The euro area economy has been expanding since the middle of 2009, following five consecutive quarters of decline in GDP. According to Eurostat's second estimate, euro area real GDP rose by 1.0%, quarter on quarter, in the second quarter of 2010, compared with an increase of 0.3% in the previous quarter (see Chart 26). Available indicators suggest a moderation in GDP growth in the third quarter of 2010.

In the second quarter of 2010 domestic demand contributed strongly to real GDP growth. This reflected the positive growth rates of public and private consumption, as well as investment. The contributions from changes in inventories and net trade were also positive, albeit smaller. With regard to trade flows, both imports and exports increased strongly.

Turning to the components of domestic demand, private consumption increased by 0.2%, quarter on quarter, in the second quarter of 2010, the same growth rate as in both preceding quarters. The outcome for the second quarter of 2010 partly includes temporary effects stemming from advance purchases ahead of a VAT increase in one Member State in the third quarter of 2010, which might have an adverse effect on consumption growth later. Regarding available indicators for the third quarter, retail sales up to August, along with survey data for the third quarter, suggest that the quarterly growth rate of retail sales in the third quarter of 2010 could be positive, but below the growth rate observed in the second quarter, partly owing to the aforementioned VAT rate increase (see Chart 27). Consumer confidence increased strongly in the third quarter of 2010, after marginal changes in the previous two quarters, and stood at a level close to its long-term average in September. According to the European Commission's consumer survey, expected major purchases declined in the third quarter. Overall, recent information suggests that private consumption continued to grow in the third quarter of 2010, albeit at moderate rates and with differences across countries, due partly to fiscal measures.

Chart 26 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

Gross fixed capital formation increased strongly, by 1.5%, quarter on quarter, in the second quarter of 2010, after a decline of 0.3% in the previous quarter. The breakdown of investment for the second quarter of 2010 shows that both construction and non-construction investment increased strongly, with growth in non-construction investment somewhat stronger.

Investment in the third quarter is expected to be less buoyant than in the previous quarter, as one-off factors were also at play. In addition to the adverse weather-related negative effect on construction investment in the first quarter of 2010, which was offset in the second quarter, some government investment incentives were discontinued in the third quarter, which should have an impact on non-construction investment. As regards available indicators of investment in the euro area for the third quarter of 2010, construction production fell in July and now stands considerably below the level observed in the second quarter. Survey indicators for the third quarter of 2010 also point to subdued developments in the construction sector.

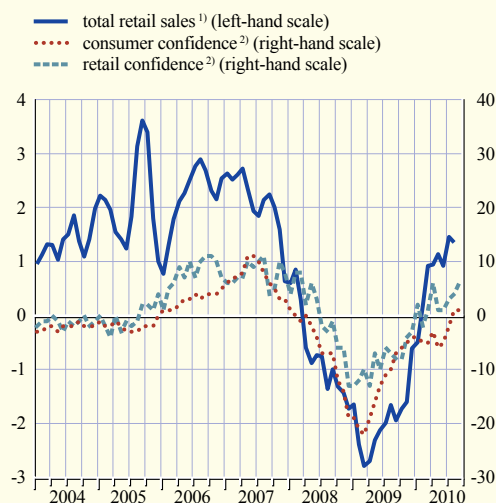
In terms of non-construction investment, industrial production of capital goods – an indicator of future investment – rose further in July, and is now almost 1% above the level observed in the second quarter. Survey indicators on industrial confidence also point to positive growth rates in non-construction investment. Overall, recent indicators suggest a continuation of positive growth in investment, albeit at more moderate rates than those observed in the second quarter, on account of temporary effects, and with still subdued activity in the construction sector. Box 4 looks in detail at recent developments in the capacity utilisation rate in the euro area, which remained below its long-term average, despite a marked increase in recent quarters.

As regards trade flows, both import and export growth strengthened further in the second quarter of 2010, growing by 4.0% and 4.3% respectively, quarter on quarter. Recent data and surveys on global activity and euro area trade suggest that euro area trade growth will slow in the second half of 2010.

Inventories made a positive contribution, of 0.3 percentage point, to quarter-on-quarter GDP growth in the second quarter of 2010, after a stronger contribution in the first quarter. The current level of inventories suggests that a small amount of restocking has recently occurred, following the destocking during the recession. Looking ahead, both surveys and anecdotal evidence indicate that the contribution of inventories to euro area GDP growth will be slightly negative in the remainder of 2010. There is, however, some statistical uncertainty surrounding the way inventories are estimated.

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

(monthly data)



Sources: European Commission Business and Consumer Surveys and Eurostat.  
Notes: From May 2010 onwards, EC business survey data refer to the NACE Rev. 2 classification.  
1) Annual percentage changes; three-month moving averages; working day-adjusted. Excludes fuel.  
2) Percentage balances; seasonally and mean-adjusted.

## Box 4

## THE RECOVERY OF PRODUCTION CAPACITY UTILISATION IN THE EURO AREA

There has been a strong rebound in euro area industrial production since the steep fall that occurred from mid-2008 to the beginning of 2009. In mid-2010 the capacity utilisation rate, though increasing, remained below its long-term average. However, there have been various production capacity utilisation developments across industrial groupings and euro area countries, while anecdotal evidence points to selected cases of increasing capacity constraints. Against this background, this box takes a closer look at recent capacity utilisation developments and the factors which are limiting production.

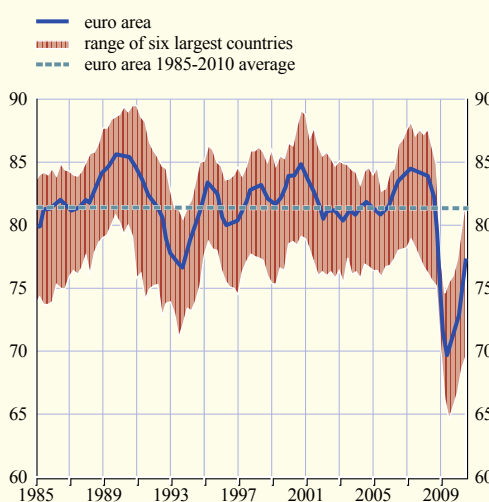
Chart A plots capacity utilisation at the euro area level and its range for the six largest euro area countries. The manufacturing capacity utilisation rate in the euro area was 77% in July 2010, 8 percentage points higher than its trough one year earlier (and a recovery of around half of the peak-to-trough fall). Despite this pronounced rebound, the capacity utilisation rate remains below its long-term average of 81%. It is important to keep in mind that this rate is a euro area average, which masks not only differences across euro area countries – as illustrated by the shaded range in Chart A – but also across industrial groupings, companies and factories. For example, among the euro area countries for which data are available, Belgium, Germany, Malta and Austria all reported manufacturing utilisation rates above or fairly close to their historical averages, after recovering around two-thirds of the peak-to-trough fall in the utilisation rate. In contrast, the capacity utilisation rates in Spain and Italy have so far recovered only around one-third of their peak-to-trough fall.

Looking at developments in the main industrial groupings, the strongest rebound in the utilisation rate has been in the intermediate goods industry. By April 2010 it had recovered around half of the peak-to-trough fall (a rise of 9 percentage points, following a fall of 18 percentage points).<sup>1</sup> The utilisation rate in the capital goods industry has also shown a strong increase (of 7 percentage points), following a marked fall (of 20 percentage points), whereas it rose in the consumer goods industry by a more modest 3 percentage points, after a more limited fall (of 7 percentage points). Chart B goes into more detail by plotting the maximum peak-to-trough loss and the recovery up to April 2010 by industrial grouping. It shows large differences between them. The capacity utilisation rates in the apparel, leather, chemicals, plastics and rubber, electrical, and communication equipment groupings have shown the largest recovery

<sup>1</sup> Detailed information by industrial grouping is available up to April 2010.

Chart A Manufacturing capacity utilisation rate

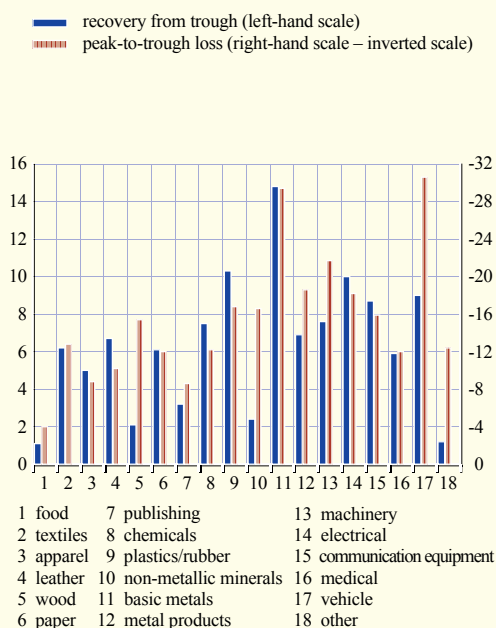
(percentages)



Sources: European Commission and ECB calculations.  
Note: The latest observations are for the third quarter of 2010 (July).

**Chart B Peak-to-trough loss and recovery in capacity utilisation rates by industrial grouping**

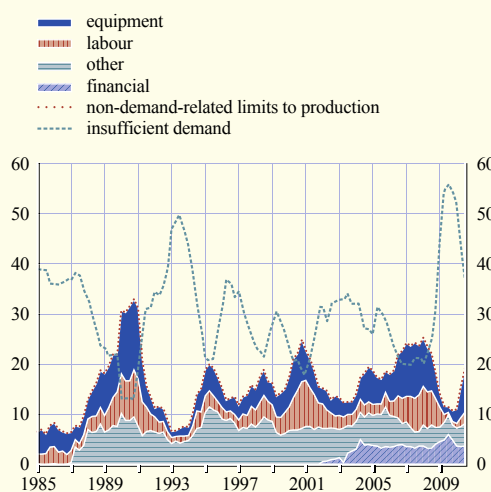
(percentage points)



Sources: European Commission and ECB calculations.  
Note: The latest observations are for the second quarter of 2010 (April).

**Chart C Production constraints in euro area manufacturing**

(percentages)



Sources: European Commission and ECB calculations.  
Note: The latest observations are for the third quarter of 2010 (July). Financial constraints were not included in the survey prior to 2001.

(as a proportion of the peak-to-trough loss), whereas the capacity utilisation rates in, for example, the wood and non-metallic minerals groupings have recovered only very modestly.

To further analyse the relatively large variations in capacity utilisation rates – and bearing in mind that these rates are, by design, an “average” concept – it may be useful to look at other indicators which are also reported in business surveys, such as the number of companies that report limits to production and the origin of these limits (see Chart C). Given the rebound in sales, the proportion of manufacturers who report limits to production owing to insufficient demand has fallen sharply in recent quarters, to 37%, from the very high peak of 55% reached in mid-2009. Despite this abrupt fall, the percentage was still high in July 2010, remaining higher than at any time since the peak following the 1993 recession. At the same time, the proportion of respondents who report constraints on production due to factors other than insufficient demand has increased particularly sharply, to 19%, which is already above its long-term average of 15%. This strong increase in non-demand-related limits to production is mostly attributable to equipment shortages, whereas there have been fewer reports of labour shortages or financial constraints limiting production.

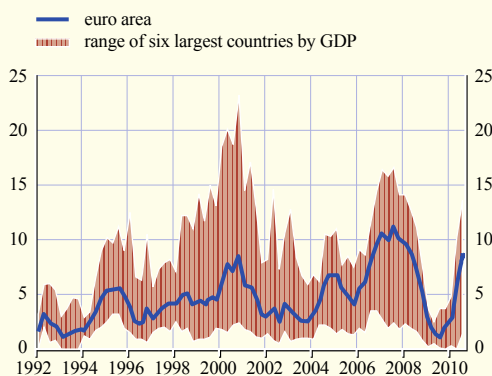
Chart D shows that equipment shortages are signalled by 9% of respondents, which is well above the historical average of 5%, and close to the previous peak levels of 2007 (11%) and 2000/2001 (8%). Here, too, there is some variation across countries and industrial groupings. In Germany, Malta, the Netherlands, Austria and Finland in particular, equipment constraints have been reported as being well above the historical average. Looking at industrial groupings,

electrical equipment, medical machinery, and vehicles tended to report a large number of cases of equipment shortages in April 2010.

Looking ahead, mounting evidence of limits to production due to equipment shortages can be expected to lead to an increase in investment if the companies concerned believe this situation will continue.<sup>2</sup> Such a rise is also to be expected, given the low base level of investment and the improved liquidity situation of non-financial corporations, which has also been reflected in their net lending position for three consecutive quarters.<sup>3</sup> Thus, there are increasingly signs of the production situation in the manufacturing sector in the euro area getting closer to being back to normal.

**Chart D Equipment shortages cited as a production constraint in manufacturing**

(percentages)



Sources: European Commission and ECB calculations.  
Note: The latest observations are for the third quarter of 2010 (July).

<sup>2</sup> For a closer look at investment and capacity utilisation, see Box 5, entitled “Business investment, capacity utilisation and demand”, in the April 2010 issue of the Monthly Bulletin.

<sup>3</sup> See Box 5, entitled “Integrated euro area accounts for the first quarter of 2010”, in the August 2010 issue of the Monthly Bulletin.

## 4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

According to Eurostat’s first estimate, real value added grew by 0.8%, quarter on quarter, in the second quarter of 2010. The growth rate was fuelled by accelerated activity in the industrial and services sectors, which both contributed 0.4 percentage point to the quarterly rate of change in value added.

In the industrial sector (excluding construction), value added grew robustly, by 2.2% on a quarterly basis, after 2.0% in the first quarter. Services value added increased by 0.6% in the second quarter of 2010, up from 0.3% in the previous quarter. Value added in the construction sector increased in the second quarter of 2010, by 0.4%, the first increase since the first quarter of 2008. This increase was mainly due to the reversal of the decline in the first quarter, which stemmed from the adverse weather that affected many euro area countries in the winter months.

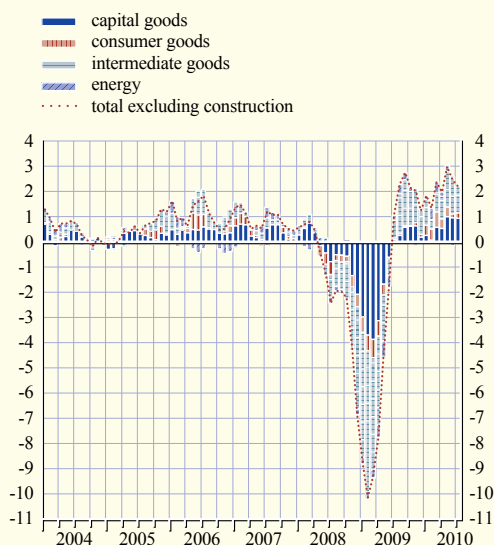
As regards developments in the third quarter of 2010, industrial production (excluding construction) increased slightly in July, and now stands 0.4% above the level observed in the second quarter. Industrial new orders declined in July, after the strong growth observed in the second quarter (see Chart 28), but remain above the level of the second quarter. These indicators suggest ongoing growth in the industrial sector, albeit at lower rates than in the second quarter. Meanwhile, activity in the construction sector still seems to be subdued. Construction production declined strongly in July, and survey indicators point to weak developments in the construction sector.

Survey information shows that economic activity continued to expand in the third quarter of 2010. The Purchasing Managers’ Index (PMI) for the manufacturing and services sectors declined in the third quarter, compared with the previous quarter, but remained above 55, indicating that activity was increasing, although at a somewhat slower pace than in the previous quarter (see Chart 29). Other business surveys, such as the European Commission’s business surveys, confirm indications provided by the PMI that activity grew in the third quarter.



**Chart 28 Industrial production growth and contributions**

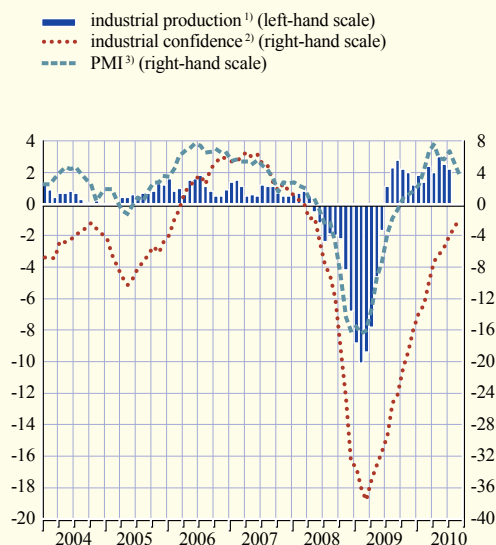
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

**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.  
Notes: Survey data refer to manufacturing. From May 2010 onwards, EC business survey data refer to the NACE Rev. 2 classification.  
1) Three-month-on-three-month percentage changes.  
2) Percentage balances.  
3) Purchasing Managers' Index; deviations from an index value of 50.

## LABOUR MARKET

Recent information suggests ongoing stabilisation in the euro area labour market. According to Eurostat's second national account release, euro area employment per person was stable, on a quarterly basis, in the first and second quarters of 2010. This is an improvement, compared with the sharp

**Table 6 Employment growth**

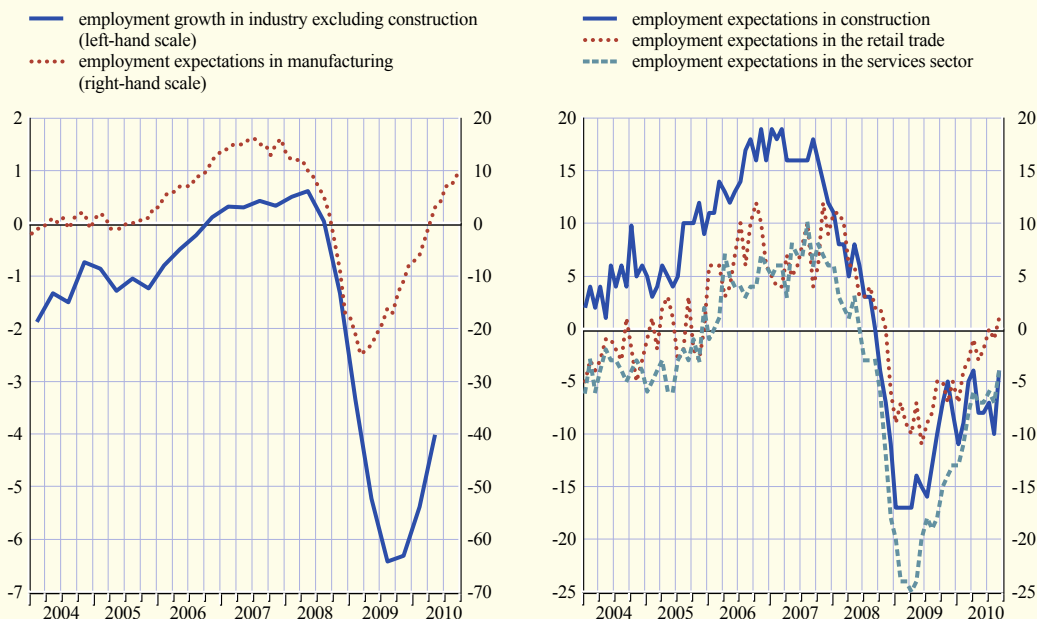
(percentage changes compared with the previous period; seasonally adjusted)

	Annual rates		Quarterly rates				
	2008	2009	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2
Whole economy	0.8	-1.9	-0.6	-0.5	-0.2	0.0	0.0
<i>of which:</i>							
Agriculture and fishing	-1.8	-2.5	-1.1	-1.0	0.5	0.2	-0.9
Industry	-0.7	-5.7	-1.8	-1.6	-1.0	-0.9	-0.4
Excluding construction	0.0	-5.3	-1.9	-1.7	-1.1	-0.8	-0.5
Construction	-2.1	-6.5	-1.6	-1.4	-0.5	-1.2	-0.4
Services	1.4	-0.5	-0.1	-0.1	0.0	0.3	0.2
Trade and transport	1.2	-1.7	-0.5	-0.4	-0.4	0.0	-0.2
Finance and business	2.1	-2.1	-0.6	-0.4	0.2	0.5	0.7
Public administration <sup>1)</sup>	1.2	1.4	0.4	0.2	0.3	0.5	0.2

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.  
Notes: Percentage balances are mean-adjusted. From May 2010 onwards, EC business survey data refer to the NACE Rev. 2 classification.

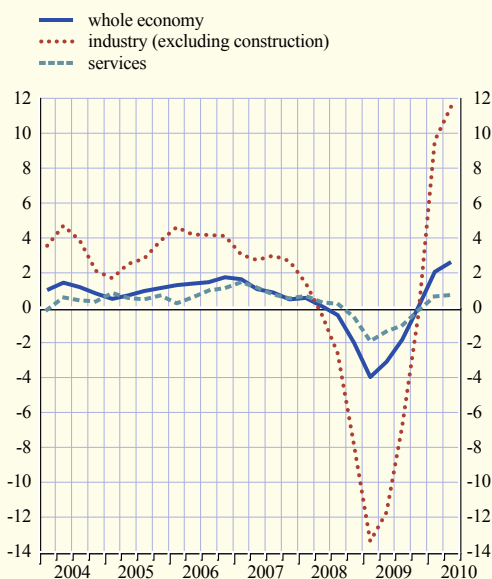
contraction in employment observed in 2009. Hours worked, which declined sharply during the downturn, increased in the second quarter of 2010 at the same rate as in the first quarter.

At a sectoral level, headcount employment increased in the two services sub-sectors, namely finance and business, and public administration, while it declined in all other sectors, with the strongest declines being seen in agriculture and fishing, and in industry (see Table 6 and Chart 30). However, hours worked recovered in all sectors except agriculture and fishing. This is in line with the fact that a large part of the decline in total hours worked in 2009 took place via reductions in individual work time accounts rather than via headcount employment, with the result that the recovery is having a more positive effect in terms of hours worked.

Together with the recovery in euro area output growth, the job losses seen in recent quarters have contributed to an inflection in the decline

Chart 31 Labour productivity

(annual percentage changes)



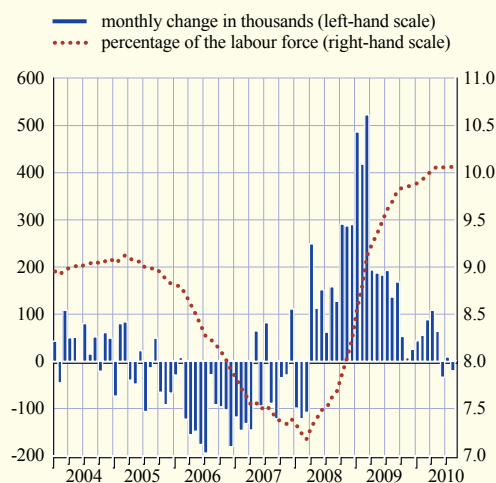
Sources: Eurostat and ECB calculations.

in productivity in annual terms. In year-on-year terms, aggregate euro area productivity growth (measured as output per employee) increased to 2.6% in the second quarter of 2010, up from 2.1% in the previous quarter (see Chart 31). Developments in productivity per hour worked have exhibited a similar pattern, rising a further 1.8% year on year in the second quarter of 2010.

The euro area unemployment rate remained unchanged in August, at 10.1%, for the fourth consecutive month, after a slight upward revision for the previous months (see Chart 32). Looking ahead, survey indicators have improved from their low levels, suggesting further stabilisation in euro area unemployment in the months ahead. The new euro area vacancy rate series also suggests a pick-up in labour demand to some extent, with the rate rising slightly in the past four consecutive quarters (see Box 5).

**Chart 32 Unemployment**

(monthly data; seasonally adjusted)



Source: Eurostat.

**Box 5**

**THE EURO AREA JOB VACANCY RATE: A NEW STATISTICAL SERIES**

A new series of harmonised quarterly job vacancy statistics for the euro area has been made available by Eurostat, with a first publication in mid-June 2010.<sup>1</sup> These data complement existing statistics and shed more light on labour market developments, particularly on the demand side. This box presents the euro area vacancy rate series and a first analysis of the data, and stresses its particular relevance at the current juncture.

The euro area series is to be published around 75 days after the reference quarter. These data are required by a 2008 European Regulation,<sup>2</sup> which defines a job vacancy as a paid post that is newly created, unoccupied or about to become vacant. In addition, the employer should be taking or prepared to take active steps to find a suitable candidate for the post and must intend to fill it either immediately or in the near future.<sup>3</sup> The vacancy rate is calculated as the ratio between the number of job vacancies and the sum of the number of job vacancies and occupied posts. The data on job vacancies and occupied posts are generally obtained from business surveys. In a few countries, administrative data and the labour force survey are used to compile the series or to improve the sectoral breakdown.<sup>4</sup>

1 See also table 5.3.4 in the “Euro area statistics” section of the Monthly Bulletin. The data are also available online in the ECB Statistical Data Warehouse (SDW).  
 2 Regulation (EC) No 453/2008 of the European Parliament and of the Council of 23 April 2008 on quarterly statistics on Community job vacancies (OJ L 145, 4.6.2008, p. 234).  
 3 A post open to internal candidates only is not considered a job vacancy.  
 4 Administrative sources are used by Belgium, Luxembourg and Slovenia. In the Netherlands, they are used only for the estimation of occupied posts.

The official estimate of the euro area job vacancy rate provided by Eurostat is available from the first quarter of 2009. Eurostat also provides a euro area series back to 2006 based on national estimates existing before the entry into force of the EU Regulation. Nevertheless, the national availability of data is still deficient and particularly insufficient to compile a euro area breakdown by economic activity. As a consequence, caution is warranted in interpreting short-term developments in these data.

Chart A presents the new aggregate euro area series, alongside the euro area unemployment rate. In line with cyclical developments, the two rates tend to be negatively correlated. After a clear tightening of euro area labour markets over the course of 2006 (during which the euro area vacancy rate rose from 1.8% at the start of the series in the first quarter of 2006 to 2.4% by the first quarter of 2007), vacancy rates declined markedly following the onset of the financial crisis. After a trough of 1.4% in the third quarter of 2009, the euro area vacancy rate has risen slightly in each quarter, to 1.7% in the second quarter of 2010.

### Lagging and leading properties of the euro area vacancy rate

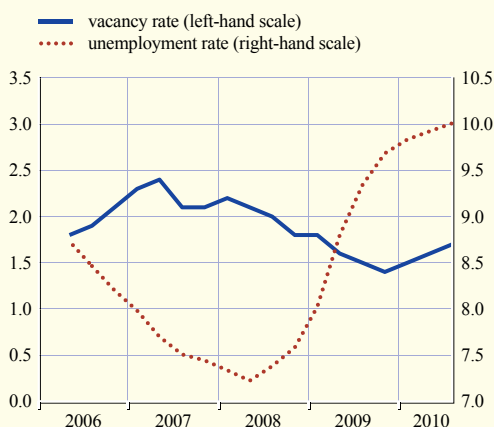
There are a number of reasons why a timely assessment of vacancy developments is useful for economic analysis. Notably, vacancies may offer some leading indicator properties for employment and wage developments. A simple dynamic correlation analysis suggests that changes in the euro area vacancy rate tend to lead changes in the growth of employment and the unemployment rate by between one and two quarters. At the same time, the rate appears to move more contemporaneously, or even slightly lag, changes in real GDP (see Chart B).

### The unemployment-vacancy relationship: a euro area Beveridge curve

The vacancy rate is also useful for structural analysis. The Beveridge curve depicts the relationship between unemployment and

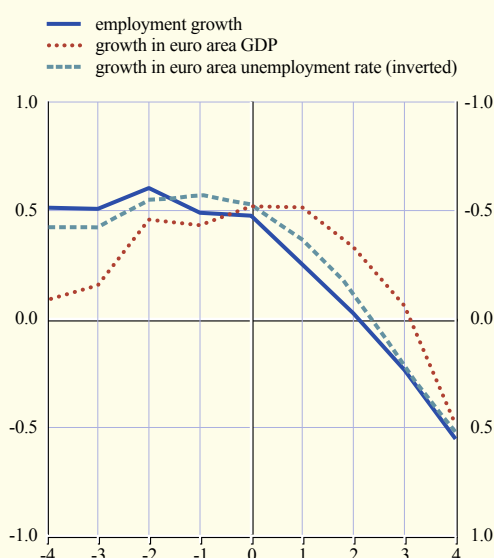
Chart A Euro area job vacancy rate and unemployment rate

(as a percentage of total posts and of labour force)



Sources: Eurostat and ECB calculations.  
Note: Total posts refer to the combined number of job vacancies and occupied positions.

Chart B Correlations between quarter-on-quarter growth in the euro area vacancy rate and growth in selected variables



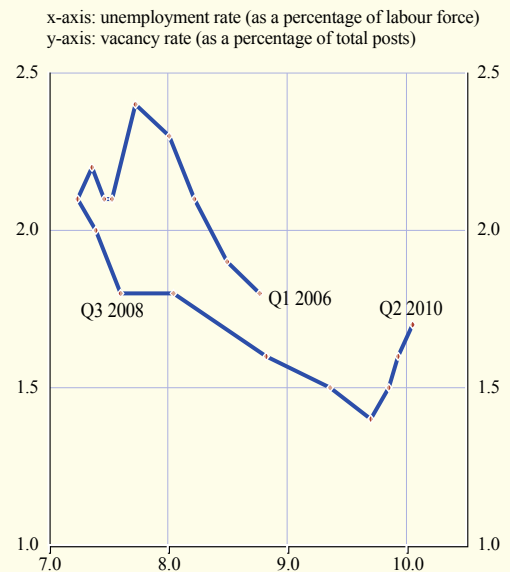
Sources: Eurostat and ECB calculations.  
Note: The x-axis refers to quarters, while the y-axis refers to quarterly lead (-) / lag (+) correlations based on vacancy data for the period from Q1 2006 to Q2 2010.

vacancy rates over time (see Chart C). Typically, over the course of a business cycle, the Beveridge curve exhibits an anti-clockwise pattern, tracing the evolution of the economy from expansionary phases (leading to lower unemployment and higher vacancies) to contractions in activity (with higher unemployment and lower vacancies). Shifts in the Beveridge curve over time are of particular interest, since they are suggestive of structural changes in the unemployment-vacancy relationship.<sup>5</sup> Shifts closer to the origin can be interpreted as suggesting greater efficiency in the allocation (“matching”) of unemployed workers to vacancies.

As shown in Chart C, the euro area Beveridge curve had been moving closer to the unemployment-vacancy origin until 2008, which could have been interpreted as labour markets exhibiting a tendency towards greater matching efficiency – possibly as a result of the structural labour market reforms introduced earlier in the decade.<sup>6</sup> More recently, however, the marked outward movements notable since the second half of 2009 suggest some stalling of that process. Caution is however warranted in drawing too firm conclusions regarding structural developments on the basis of so few observations, particularly at such an early stage in the recovery phase.

The high sectoral concentration of employment losses seen during the recent recession raises important questions regarding the speed at which redundant workers are likely to be (re)absorbed in the recovery phase. In a number of sectors – for instance, construction as well as certain manufacturing industries – some of the recent downsizing observed is likely to become permanent. At the same time, the recovery is likely to create additional opportunities for employment in growth sectors. Labour market policies will need to ensure that sufficient flexibility exists to allow the necessary sectoral reallocation of labour to take place. Without overcoming these challenges, euro area structural unemployment may increase further, despite rising vacancy rates.

Chart C The euro area Beveridge curve



Sources: Eurostat and ECB calculations.  
Note: Total posts refer to the combined number of job vacancies and occupied positions.

5 See also the box entitled “The unemployment-vacancy relationship in the euro area” in the December 2002 issue of the Monthly Bulletin.

6 See, for instance, the article entitled “Labour market adjustments to the recession in the euro area” in the July 2010 issue of the Monthly Bulletin, as well as R. Duval and J. Elmeskov, “The effects of EMU on structural reforms in labour and product markets”, *Working Paper Series*, No 596, ECB, March 2006.

### 4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

Looking ahead, euro area real GDP growth is expected to moderate in the second half of this year. Nevertheless, the positive underlying momentum of the recovery in the euro area remains in place. Activity is supported by the ongoing recovery at the global level, with a positive effect on euro area exports, as well as by the accommodative monetary policy stance and measures adopted to restore the functioning of the financial system. However, the process of balance sheet adjustment in various sectors is expected to dampen the pace of the recovery.

The risks to the economic outlook are seen as slightly tilted to the downside, with uncertainty still prevailing. On the upside, global trade may recover more rapidly than projected. On the downside, concerns remain with respect to renewed tensions in financial markets, renewed increases in oil and other commodity prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.



## 5 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

### 5.1 EXCHANGE RATES

*In the three-month period to 6 October the euro appreciated by 5.5% in nominal terms, reversing the previous downward trend seen since the end of 2009. The appreciation was broadly based across all major currencies.*

#### EFFECTIVE EXCHANGE RATE OF THE EURO

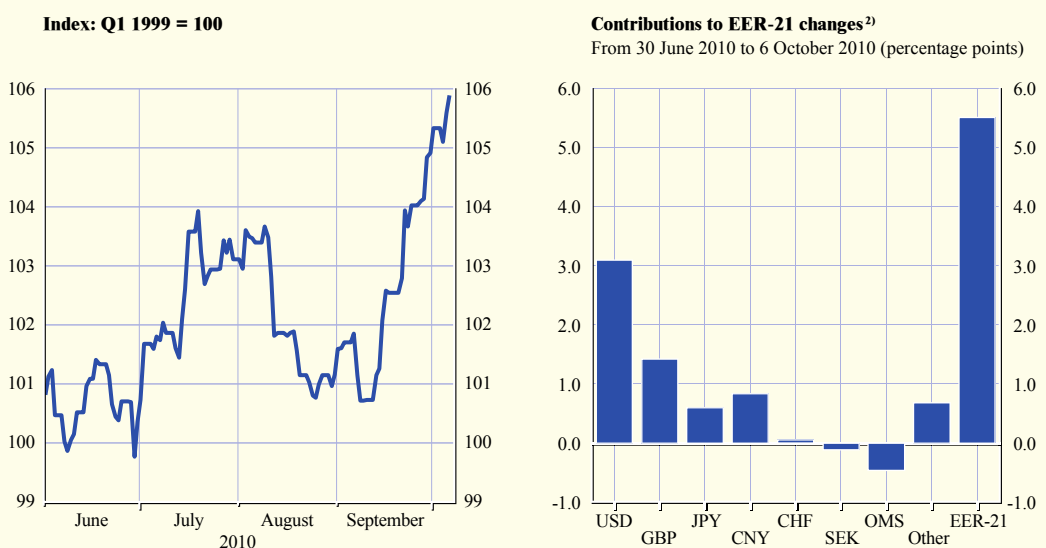
On 6 October 2010 the nominal effective exchange rate of the euro – as measured against the currencies of 21 of the euro area’s most important trading partners – was 5.5% higher than at the end of June 2010 but 5.2% below its average level in 2009 (see Chart 33). The appreciation of the euro was broad-based and accompanied by a decrease in the implied volatility of the bilateral exchange rates of the euro vis-à-vis other major currencies.

#### US DOLLAR/EURO

In the three-month period to 6 October 2010 the euro strengthened against the US dollar. On 6 October the euro traded at USD 1.39, 12.9% higher than at the end of June and around 0.6% below its 2009 average. This strong appreciation of the euro against the US dollar was mainly driven by the relative short-term developments in the euro area and the US economies as well as policy-driven expectations in the United States. Over the same three-month period the implied volatility of the USD/EUR exchange rate showed a slight decline at both the short-term and long-term horizons (see Chart 34).

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

(daily data)



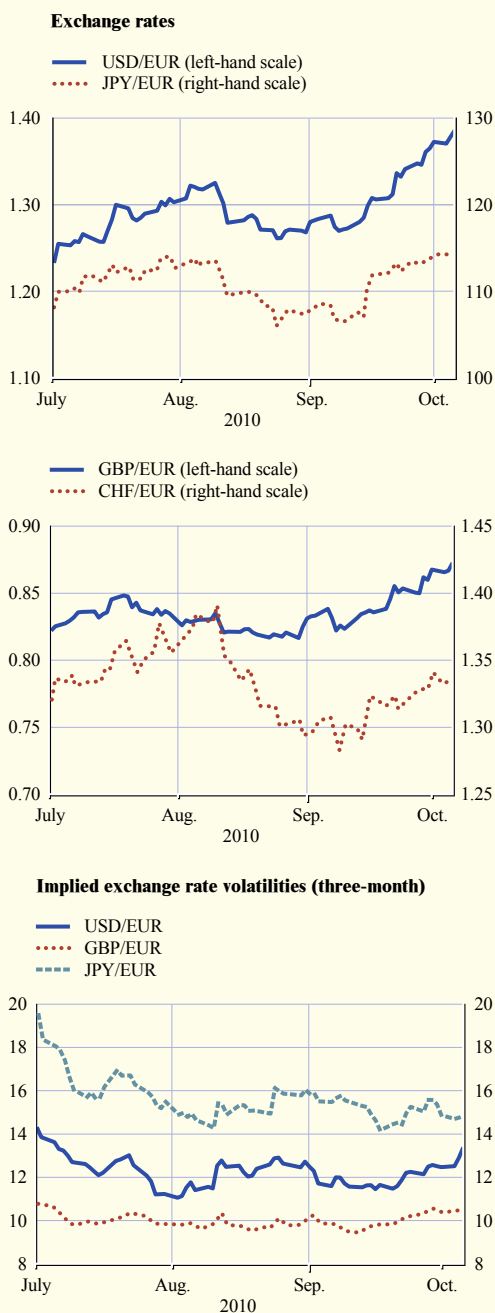
Source: ECB.

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 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**

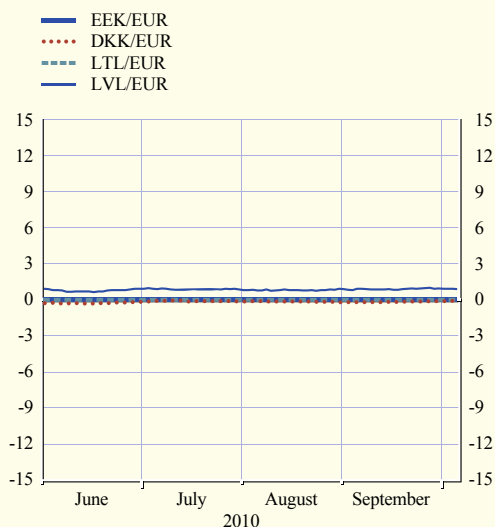
(daily data)



Sources: Bloomberg and ECB.

**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  $\pm 15\%$  applies.

### YEN/EURO

Over the three months to the beginning of October the euro appreciated also vis-à-vis the Japanese yen. On 6 October it stood at JPY 115, 5.7% stronger than at the end of June, but still 11.8% below its 2009 average. Over the same three-month period the implied volatility of the JPY/EUR exchange rate decreased at both the short-term and long-term horizons (see Chart 34).

### EU MEMBER STATES' CURRENCIES

Over the three-month period to 6 October 2010 the currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates (see Chart 35). At the same time, the Latvian lats remained on the weak side of the unilaterally set fluctuation band of  $\pm 1\%$ .

With regard to the currencies of the EU Member States not participating in ERM II, the euro appreciated by 6.8% vis-à-vis the pound sterling over the three-month period to 6 October, trading

on 6 October at GBP 0.87. Over the same period the euro weakened by 4.5% against the Czech koruna, by 5.5% against the Hungarian forint and by 4.8% against the Polish zloty.

### OTHER CURRENCIES

The euro appreciated slightly vis-à-vis the Swiss franc over the three months to the beginning of October. On 6 October the euro stood at CHF 1.34, which was 0.6% higher than at the end of June. Over the same period the euro appreciated vis-à-vis the Chinese renminbi and the Hong Kong dollar, broadly in line with USD/EUR developments.

## 5.2 BALANCE OF PAYMENTS

*Extra-euro area trade in goods continued to expand in July 2010, but at a slower pace than at the beginning of the year. In July the 12-month cumulated current account deficit of the euro area narrowed substantially, to €49.8 billion (around 0.6% of euro area GDP). In the financial account, net inflows in combined direct and portfolio investment fell further, to a cumulative €170.3 billion in the year to July.*

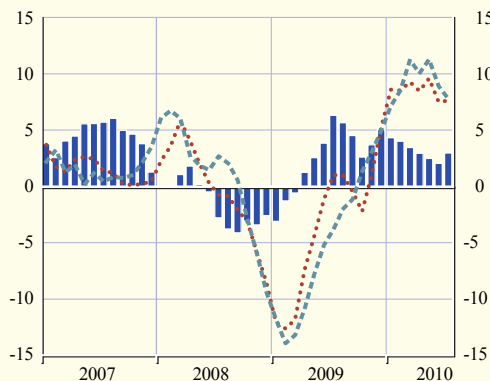
### TRADE AND THE CURRENT ACCOUNT

Extra-euro area trade in goods continued to expand in July 2010, even though the rate of expansion decelerated compared with the growth rates witnessed in early 2010. According to balance of payments data, extra-euro area export values of goods increased by 7.6% in the three-month period to July 2010, compared with an increase of 8.5% in the three-month period to April 2010 (see Chart 36 and Table 7).

Chart 36 Extra-euro area trade in goods

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

- goods balance
- ..... goods exports
- goods imports

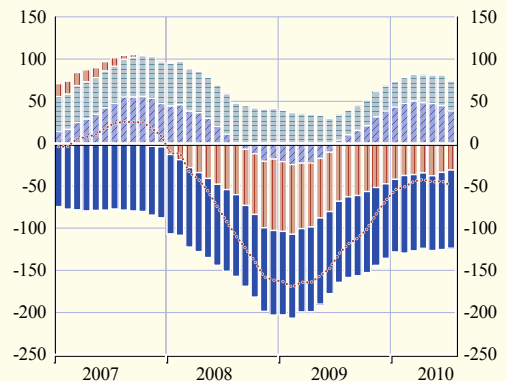


Source: ECB.

Chart 37 Main items of the current account

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

- current transfers balance
- ..... income balance
- services balance
- goods balance
- ..... current account balance



Source: ECB.

The moderation in global economic growth and the gradual fading of temporary factors, such as fiscal policy stimuli and the inventory cycle, are likely to have played a role in the deceleration of trade growth over the past months (see also Box 2, entitled “Trends in world trade following the financial crisis”). However, euro area exports still benefit from the ongoing growth in foreign demand from the euro area’s main trading partners, as well as gains in price competitiveness due to the euro depreciation until June. Data for export volumes and export deflators from Eurostat suggest that the increase in export values was being driven by changes in export volumes over recent months, even though export prices have risen since the beginning of the year.

Similarly to exports, growth in extra-euro area import values of goods decelerated as well, to 7.8% in the three-month period to July 2010. Extra-euro area import values continued to be supported by robust domestic demand. Moreover, higher exports may have resulted in increased import demand, given the high reliance of exports on imported inputs. Overall, the growth in extra-euro area import values can mainly be attributed to rising import price inflation, owing to the exchange rate depreciation of the euro up to June and increasing commodity prices.

Extra-euro area trade growth in services remained lower than that in goods in the three-month period up to July 2010. Export values of services grew at a rate of 2.7%, around one percentage

**Table 7 Main items of the euro area balance of payments**

(seasonally adjusted data; unless otherwise indicated)

			Three-month moving average figures ending				12-month cumulated figures ending	
	2010 June	2010 July	2009 Oct.	2010 Jan.	2010 Apr.	2010 July	2009 July	2010 July
<i>EUR billions</i>								
<b>Current account</b>	<b>-3.8</b>	<b>-3.8</b>	<b>-5.8</b>	<b>-1.2</b>	<b>-4.7</b>	<b>-5.0</b>	<b>-130.4</b>	<b>-49.8</b>
Goods balance	2.5	3.4	2.6	4.3	2.9	3.0	4.2	38.5
Exports	134.1	132.6	105.0	114.0	123.6	133.0	1,376.8	1,426.5
Imports	131.6	129.2	102.4	109.6	120.6	130.0	1,372.5	1,388.0
Services balance	2.6	2.2	2.7	3.1	3.3	2.7	29.6	35.6
Exports	41.1	41.6	38.3	39.7	40.3	41.4	491.5	479.0
Imports	38.5	39.3	35.7	36.5	36.9	38.6	461.9	443.4
Income balance	-1.2	-1.4	-3.4	-2.5	-1.8	-2.9	-68.4	-31.3
Current transfers balance	7.8	-8.0	-7.7	-6.2	-9.2	-7.8	-95.9	-92.5
<b>Financial account<sup>1)</sup></b>	<b>-1.3</b>	<b>-10.5</b>	<b>2.6</b>	<b>8.3</b>	<b>0.3</b>	<b>1.5</b>	<b>109.2</b>	<b>38.2</b>
Combined net direct and portfolio investment	-1.0	-25.7	27.9	27.8	-7.4	8.4	243.2	170.3
Net direct investment	-7.9	-1.9	-9.0	4.8	-18.5	-7.4	-161.7	-90.4
Net portfolio investment	6.9	-23.8	36.9	23.0	11.1	15.8	404.8	260.7
Equities	19.8	2.4	-3.3	2.4	-3.5	14.0	-4.2	28.6
Debt instruments	-12.8	-26.3	40.3	20.6	14.6	1.9	409.0	232.1
Bonds and notes	4.6	-15.3	19.4	8.6	2.5	9.9	120.4	121.6
Money market instruments	-17.4	-10.9	20.8	12.0	12.1	-8.0	288.6	110.6
Net other investment	-2.2	18.7	-23.3	-23.6	10.3	-23.3	-163.9	-126.3
<i>Percentage changes from previous period</i>								
<b>Goods and services</b>								
Exports	0.9	-0.6	-1.7	7.2	6.7	6.4	-11.0	2.0
Imports	1.6	-0.9	0.3	5.9	7.8	7.0	-10.1	-0.2
<b>Goods</b>								
Exports	1.4	-1.1	-2.2	8.6	8.5	7.6	-13.1	3.6
Imports	1.8	-1.8	1.3	7.1	10.0	7.8	-12.8	1.1
<b>Services</b>								
Exports	-0.6	1.0	-0.2	3.5	1.5	2.7	-4.3	-2.5
Imports	1.0	2.2	-2.6	2.4	1.1	4.6	-0.8	-4.0

Source: ECB.

Note: Figures may not add up due to rounding.

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

point above the rate in the previous three-month period. Import values of services expanded at a rate of 4.6%, on a three-month-on-three-month basis, an increase of around three percentage points compared with the previous three-month period (see Table 7).

In the year to July the 12-month cumulated current account deficit narrowed significantly to €49.8 billion (around 0.6% of euro area GDP), compared with €130.4 billion over the same period a year earlier (see Chart 37 and Table 7). Despite the fact that exports grew slower than imports in the three-month period to July, the trade surplus in goods and services improved further compared with the trade surplus a year earlier (see Table 7). This improvement in the trade surplus, combined with lower deficits in the income and current transfers balances, contributed to the narrowing in the current account deficit.

Looking ahead, extra-euro area exports of goods are expected to continue growing in the near term, as suggested by available survey data and short-term indicators. However, as global activity is likely to moderate, the trade recovery may experience a further loss of momentum. Although the Purchasing Managers' Index (PMI) of new export orders in the euro area manufacturing sector, available until September 2010, remains well above the expansion/contraction threshold of 50, it has been declining in recent months, mirroring the developments in the global PMI for new orders (see also Section 1).

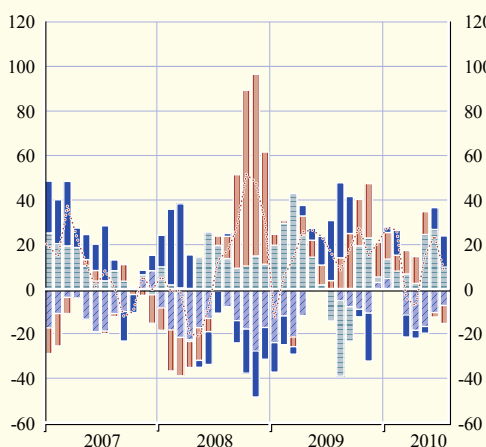
### FINANCIAL ACCOUNT

In the three-month period to July 2010 combined direct and portfolio investment recorded average monthly net inflows of €8.4 billion, compared with net outflows of €7.4 billion in the previous three-month period (see Chart 38 and Table 7). This shift was the result of both lower net outflows in direct investment and higher net inflows in portfolio investment.

Chart 38 Main items of the financial account

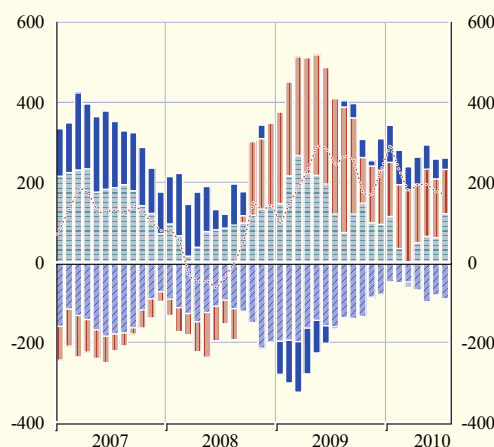
(EUR billions; net flows; three-month moving averages; monthly data)

■ equities  
 ■ money market instruments  
 ■ bonds and notes  
 ■ direct investment  
 ●●● combined direct and portfolio investment



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

■ equities  
 ■ money market instruments  
 ■ bonds and notes  
 ■ direct investment  
 ●●● combined direct and portfolio investment



Source: ECB.

In the three-month period to July the decrease in net outflows in direct investment reflects a moderation in outward investment mostly in the form of inter-company loans by euro area residents to their foreign affiliates. As regards developments in net inflows in portfolio investment, these are being driven by counteracting developments in the equity and debt markets. On the one hand, there has been a shift from net outflows to net inflows of equity investment, mainly due to a reduction of foreign assets held by euro area residents and the repatriation of funds. This development may reflect increased uncertainty of euro area resident investors about the economic outlook outside the euro area. On the other hand, developments in the debt market show that investment in euro area bonds and notes by non-euro area residents decreased markedly in July. This may, however, indicate a normalisation of investment in euro area bonds and notes by non-residents, after strong increases in response to financial market tensions in previous months.

Turning to longer-term developments, net inflows in combined direct and portfolio investment decreased to €170.3 billion in the 12-month period to July 2010, compared with €243.2 billion in the same period a year earlier, driven by reduced net inflows in portfolio investment (see Table 7). The instrument breakdown of portfolio investment indicates that this decrease in net inflows was primarily due to further declines in net debt inflows and, in particular, lower investment in euro area money market instruments by non-residents.







## ARTICLE

# THE ECB'S RESPONSE TO THE FINANCIAL CRISIS

*The recent global financial crisis and the subsequent economic downturn have called for unprecedented policy responses by both fiscal and monetary authorities worldwide. From the onset of the financial tensions in the middle of 2007, the ECB has reacted swiftly and decisively to deteriorating economic and financial circumstances with the aim of maintaining price stability over the medium term. In addition to reducing interest rates to levels not seen in the countries of the euro area in recent decades, the Eurosystem implemented a number of non-standard monetary policy measures during the period of acute financial market tensions, namely “enhanced credit support” and the Securities Markets Programme. These exceptional and bold measures have helped to sustain financial intermediation in the euro area and have been instrumental in maintaining the availability of credit for households and companies, while remaining fully consistent with the ECB’s primary mandate of ensuring price stability in the euro area over the medium term. Given their temporary nature, some of the non-standard monetary policy measures taken by the ECB in response to the crisis have already been discontinued, whereas others will be gradually phased out in line with the normalisation of financial and economic conditions. This article explains in detail how the ECB has responded to the various phases of the financial market tensions within its medium-term oriented monetary policy strategy and describes the results of its policy actions.*

## I INTRODUCTION

Central banks and governments worldwide have responded decisively to the challenges posed by the global financial crisis since it began in the summer of 2007. Bold, timely and unprecedented actions were required to maintain liquid markets, reduce systemic risk and, ultimately, restore stability in financial markets. Owing to the global nature of the crisis, fiscal and monetary authorities around the world had to address similar challenges, while, at the same time, they had to ensure that their responses were tailored to the specific features of their individual financial systems and economies.

When the first signs of the financial market tensions emerged in the middle of 2007, the ECB acted quickly to frontload liquidity provision to financial institutions in an attempt to offset disruptions in the interbank market. In the months that followed, swap lines between major central banks were established, primarily to address the mounting pressures in US dollar short-term funding markets. After the default of the investment bank Lehman Brothers in the United States in September 2008, concerns about the solvency of financial institutions worldwide eventually pushed the global financial system to the brink of collapse. In order to stop the malfunctioning of markets and limit the risk

of spillover to the real economy, and, ultimately, to ensure price stability, monetary authorities around the globe reduced their key policy interest rates to historically low levels and embarked on a series of non-standard policy measures. In parallel, fiscal authorities adopted a set of measures, such as recapitalisation schemes or government guarantees, which were designed to avert the insolvency of systemically important financial institutions or to address the funding problems of liquidity-constrained solvent banks.<sup>1</sup>

This article discusses in detail how the Eurosystem has responded to the acute financial market tensions since the middle of 2007.<sup>2</sup> It illustrates how events have unfolded and reviews the main measures adopted and implemented by the ECB and the NCBs of those EU Member States that have adopted the euro. The article explains the economic and strategic rationale behind the measures taken and, as far as possible, assesses how effective they have been in containing the consequences of the crisis, and, in particular, in preserving the orderly transmission of monetary policy. The article also shows how the ECB’s actions since

- 1 For an overview of the euro area’s fiscal policy measures during the crisis, see van Riet, A. (ed.), “Euro area fiscal policies and the crisis”, *Occasional Paper Series*, No 109, ECB, April 2010.
- 2 The cut-off date for data used in this article is 7 September 2010.

the onset of the financial crisis have been bold, but firmly anchored within the medium-term framework of its monetary policy strategy. To put the ECB's response to the crisis into perspective, Section 2 illustrates how monetary policy works under normal circumstances. Section 3 describes in some detail the measures implemented by the Eurosystem. In so doing, the article distinguishes between four distinct phases: i) the period of financial turmoil; ii) the intensification of the financial crisis; iii) the period of temporary improvements in financial market conditions; and iv) the sovereign debt crisis. Finally, Section 4 concludes.

key policy interest rate of the central bank affect rates relevant for households and firms, including rates on bank lending and deposits, and, hence, consumption, saving and investment decisions. In turn, these decisions influence aggregate demand and, ultimately, price-setting behaviour and the formation of inflation expectations. In the euro area, this channel, usually referred to as the interest rate channel, has been found to have the most leverage on the economy.<sup>3</sup> Other channels through which monetary policy can affect prices and real activity include the exchange rate channel and the asset price channel.

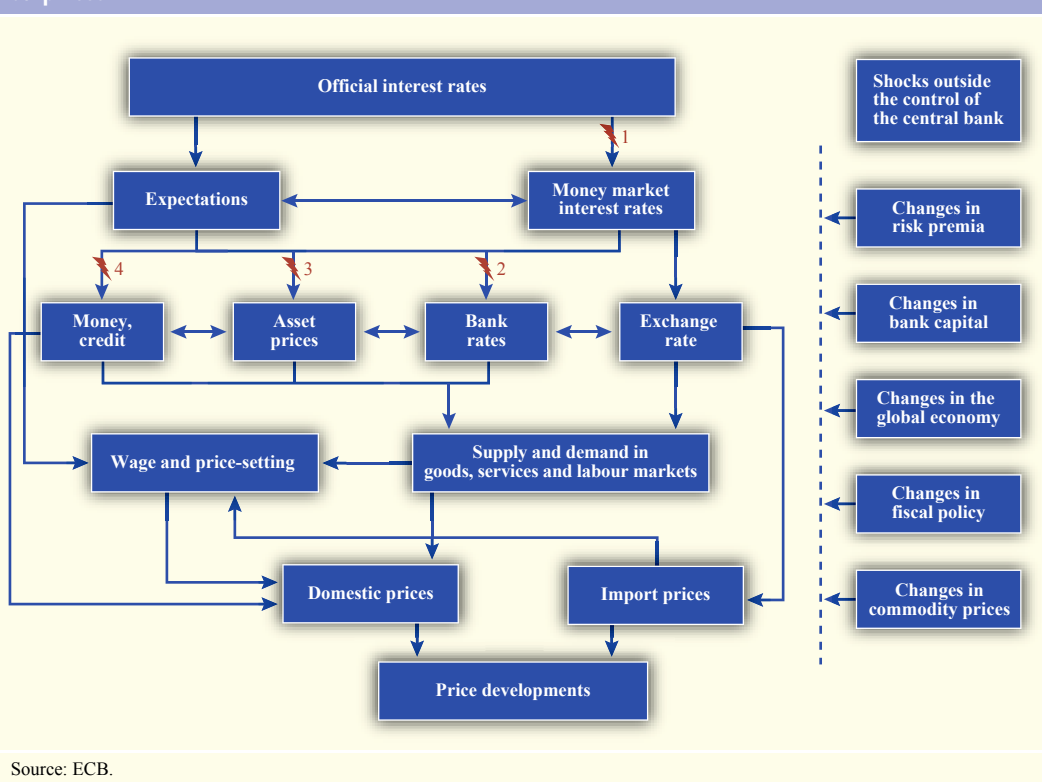
## 2 THE TRANSMISSION OF MONETARY POLICY IN NORMAL TIMES

In general, the functioning of the money market plays a critical role in the operation of the interest rate channel. Retail interest rates, such

Monetary policy affects prices and the economy more broadly through several channels (see Chart 1). To put it simply, changes in the

<sup>3</sup> See the article entitled "Recent findings on monetary policy transmission in the euro area", *Monthly Bulletin*, ECB, October 2002; and the article entitled "Monetary policy transmission in the euro area", *Monthly Bulletin*, ECB, July 2000.

Chart 1 Stylised illustration of the transmission mechanism from official interest rates to prices



Source: ECB.

as rates on loans to or deposits from households and companies, are usually linked to banks' refinancing conditions, which, in turn, are linked to money market interest rates. In normal times, the ECB influences money market interest rates by setting its key interest rates and by managing the liquidity situation in the euro area money market. More precisely, it provides a given amount of funds to banks through the refinancing operations that are executed through competitive tenders. The minimum bid rates for these tenders are determined by the Governing Council on the basis of its economic and monetary analysis and constitute the main indication of its monetary policy stance.

Once the ECB has set its key interest rates, it implements its monetary policy by allotting the amount of liquidity needed by the banking sector to meet the demand resulting from so-called autonomous factors and to fulfil the reserve requirements.<sup>4</sup> By enabling banks to comply with the reserve requirements on average over a maintenance period of around one month, the minimum reserve system ensures that the overnight money market rate mirrors the official interest rate. In this way, the effects of the ECB's

interest rate decisions are transmitted to financial markets and, with lags, to the real economy. The ECB normally keeps a strict dividing line between the monetary policy decisions and the implementation of that policy through monetary policy operations. This "separation principle" prevents the specification and conduct of refinancing operations from being interpreted as signals of future changes in the monetary policy stance. This procedure has proved to be a reliable way of ensuring that the monetary policy stance of the Governing Council is reflected appropriately in market interest rates and that credit markets function smoothly. The stable and predictable relationship between money market rates and the ECB's main refinancing rate that prevailed until the middle of 2007 underlines the effectiveness of the Eurosystem's operational framework in implementing the monetary policy stance as determined by the Governing Council (see Chart 2).

4 Autonomous factors are defined as the sum of banknotes in circulation plus government deposits minus net foreign assets plus other factors. Minimum reserves are defined as the balances the ECB requires credit institutions to hold on accounts with the NCBs.

Chart 2 Spread between the three-month EURIBOR and the overnight indexed swap rate

(basis points)



Sources: Bloomberg and ECB.

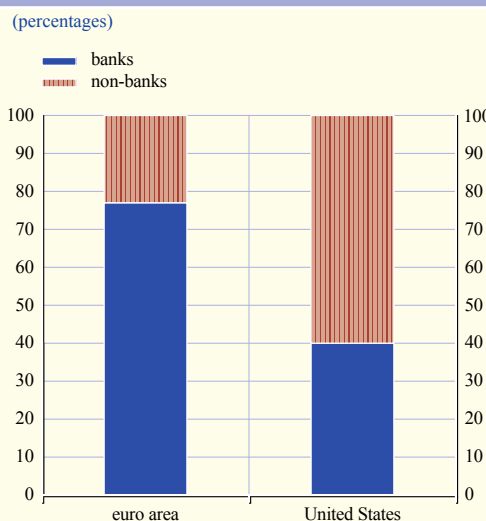
Note: The swap rate is the fixed rate that banks are willing to pay in exchange for receiving the average overnight rate for the duration of the swap agreement. It reflects the same negligible credit and liquidity risk premia as the overnight rate. The swap rate is therefore relatively immune to changes in liquidity or credit risk.

The smooth transmission of the Governing Council's monetary policy intentions to money market rates depends critically on the behaviour of banks and on their willingness to entertain smooth exchanges of liquidity in the interbank market. Typically, taking into account the reserve requirements imposed by the ECB, banks with surplus liquidity at the end of a trading day lend money to other financial institutions in need of funds. However, in an environment in which banks lack mutual confidence, the link between policy rates and money market rates could become weaker or even break (labelled as "1" in Chart 1). When the supply of interbank credit becomes scarce as a result of mistrust among market participants, the cost of interbank credit, i.e. the first step in the transmission process, rises above the level that would be consistent with the ECB's desired monetary policy stance.

The ECB has been faced with such a situation since the outbreak of the financial turmoil in the middle of 2007 (see Chart 2). In such a situation, standard monetary policy measures, i.e. changes in the key interest rates, could prove insufficient in ensuring the effective transmission of the monetary policy stance to banks and, subsequently, the real economy. In this regard, dysfunctional money markets can weaken the capacity of monetary policy to influence the outlook for price stability through interest rate adjustments alone. In order to keep the transmission mechanism fully operational in such exceptional circumstances and ensure the maintenance of price stability over the medium term, the ECB introduced non-standard policy measures.

By stabilising the very short-term costs of liquidity for banks in line with its policy intentions, the ECB also influences, both indirectly and to varying degrees, the whole spectrum of money market instruments at different maturities as well as retail interest rates in credit and deposit markets. Retail rates play an important role in the transmission of monetary policy, since borrowing and lending in the euro area still take place predominantly through the intermediation of the banking sector, contrary to

**Chart 3 Sources of finance for non-financial corporations in the period 2004-08**



Sources: ECB and the Board of Governors of the Federal Reserve System.

some major economies where securities markets play a much larger role in the funding of the real sector. Over the period 2004-08 bank financing constituted around three-quarters of total external financing by non-financial corporations in the euro area and less than half in the United States (see Chart 3).

The rates at which banks remunerate deposits and issue loans to the private sector depend on a number of factors, such as the interplay of supply and demand for credit and deposits, the structure of the financial sector and banks' overall funding conditions (labelled as "2" in Chart 1). The latter element has become increasingly important in the transmission of monetary policy over time. Financial innovations and, in particular, the advent of securitisation made banks become gradually more reliant on financial market funding, thereby increasing their vulnerability to changes in the financing conditions in interbank markets. In a nutshell, such financial innovations enabled institutions and investors to raise funds in the money market by selling short-term asset-backed securities. The proceeds of these operations were usually invested in long-term assets. Similarly, interbank

lending was backed increasingly by securitised collateral, with collateralised interbank lending in the form of repurchase agreements doubling in Europe during the period 2002-07, to reach €6.4 trillion outstanding in 2007 (or around 71% of euro area GDP).<sup>5</sup>

The trend towards financial market funding, and with it the emergence of a plurality of new instruments and players, has led to other segments of the financial market playing a more prominent role in the transmission process. Banks' funding costs, and, hence, retail interest rates, have become more sensitive to developments in the market for structured finance products, the covered bond market and the market for secured interbank lending (part of the asset price channel,<sup>6</sup> labelled as "3" in Chart 1). For example, covered bonds have not only grown in importance as a source of direct funding for many financial institutions in Europe, but have also come to be used increasingly as collateral in money market transactions.<sup>7</sup> In a similar vein, with the rapid increase in secured interbank lending, the impact on money markets of developments in government bond markets has grown substantially. While government bonds have traditionally been an important element in the transmission process because they serve as a benchmark, or floor, for the pricing of other financial contracts and fixed income securities, they have also emerged as a prime source of collateral in interbank lending over the past few years. As a result, excessive or abrupt changes in the value or availability of these securities can imply a sharp deterioration in banks' funding conditions, with adverse effects on both the supply of bank loans to the real economy and their prices.

In turn, the growing recourse to non-deposit sources of funding has rendered other, non-price, transmission channels, such as adjustments in the volume of credit and loans in response to a change in the official interest rate, less important. Bank lending tends to contract after a tightening in monetary policy because an increase in the policy rate is usually followed by a reduction in the availability of bank deposits

as deposit holders shift their investments from deposits towards assets offering a higher return. Unless banks can compensate for the decline in deposits via other sources of funding, the downward adjustment acts as a constraint on the asset side of banks' balance sheets, ultimately inducing a contraction in bank loans. This effect on banks' capacity to issue new loans is usually known as the bank lending channel (labelled as "4" in Chart 1).

The proper functioning of the money market and the market for longer-term securities is therefore central to the transmission of the ECB's policy rates. Section 3 describes the measures that the Eurosystem implemented during the financial crisis in order to avert a situation in which tensions in these markets would impair the orderly transmission of its monetary policy stance.

### 3 THE ECB'S RESPONSE IN THE VARIOUS STAGES OF THE CRISIS

This section illustrates in detail the way that the ECB has responded to the various phases of the financial crisis, covering the period from August 2007 to early September 2010.<sup>8</sup> The focus is on developments that triggered a response from the Eurosystem, rather than on the underlying imbalances that caused these developments. The effectiveness of the measures taken is also discussed. The article distinguishes between four different phases: i) the period of financial turmoil; ii) the intensification of the financial crisis; iii) the period of temporary improvements in financial market conditions; and iv) the sovereign debt crisis.

5 See the International Capital Market Association, *European repo market survey*, various issues.

6 The asset price channel also operates by affecting the balance sheets of households and non-financial corporations, which in turn induces changes in consumption and investment behaviour.

7 Covered bonds are long-term debt securities issued by banks to refinance loans to the public and private sectors, often in connection with real estate transactions, and are a main financing source for banks in some countries.

8 See also Trichet, J.-C., "State of the Union: The Financial Crisis and the ECB's Response between 2007 and 2009", *Journal of Common Market Studies*, Vol. 48, 2010, pp. 7-19; and the article entitled "The implementation of monetary policy since August 2007", *Monthly Bulletin*, ECB, July 2009.



## THE PERIOD OF FINANCIAL TURMOIL

On 9 August 2007 severe tensions emerged in interbank markets worldwide, including in the euro area (see Chart 2). Risk premia soared on interbank loans with various maturities and market activity declined rapidly. The tensions reflected primarily a lack of confidence among market participants and uncertainty about the financial health and liquidity of counterparties.

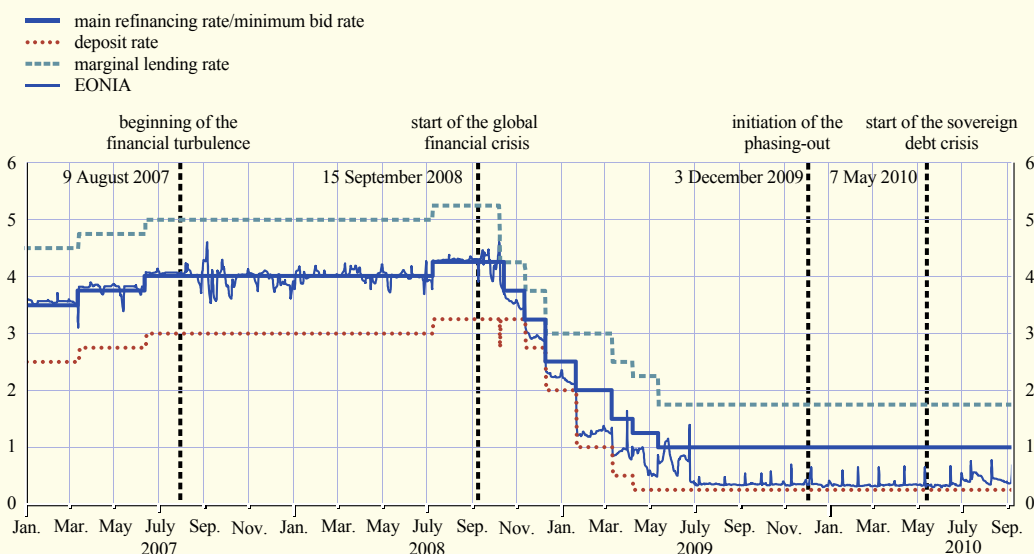
These tensions threatened to impair the orderly functioning of the euro money market (labelled as “1” in Chart 1) and even lead to a gridlock of the payment system. The ECB reacted immediately, and, on that same day, allowed euro area banks to draw the full amount of liquidity they needed, on an overnight basis, against collateral at the prevailing main refinancing rate. In total, banks drew €95 billion of liquidity, giving an indication of the severity of the shock. In the months that followed, the ECB conducted supplementary refinancing operations with maturities of three and six months. The reduced uncertainty and longer

liquidity planning horizon afforded by the longer maturities aimed at encouraging banks to continue providing credit to the economy. At the same time, the amounts allotted in shorter-term refinancing operations were reduced.

The ECB also adapted the intra-maintenance period pattern of the supply of liquidity to allow banks to “front load” reserves in the first half of the maintenance period then reverse this in the second half. As a result, the overall amount of liquidity provided by the Eurosystem over a full maintenance period remained unchanged, but the average maturity of its liquidity-providing operations increased and more liquidity was provided earlier in the maintenance period. Fine-tuning operations were also carried out to ensure that very short-term money market rates remained close to the ECB’s main refinancing rate (see Chart 4). Moreover, in view of the tensions in the foreign exchange market and on the basis of a swap agreement with the Federal Reserve System, the ECB also began to provide US dollar liquidity against euro-denominated collateral. Towards the end of 2007 the ECB

Chart 4 Key ECB interest rates and the EONIA

(percentages per annum)



Sources: Bloomberg and ECB.

Note: The EONIA (euro overnight index average) is an effective overnight rate computed as a weighted average of all overnight unsecured lending transactions in the interbank market initiated within the euro area by contributing panel banks.

also adopted special tender procedures to counter the major funding concerns of banks over the year-end period.

The additional liquidity-providing operations that the ECB undertook during this period of financial turmoil were facilitated by the Eurosystem's broad and flexible operational framework, which includes a long list of both collateral and counterparties eligible for Eurosystem refinancing operations. This feature meant that all additional measures during the early phase of turmoil could be implemented without changes to existing procedures or the key interest rates. The important signalling role of the policy rate in the formation of inflation expectations could therefore be preserved. This was particularly important in the context of rising inflationary pressures stemming from a series of adverse supply-side shocks that hit the euro area economy in the course of 2007 and 2008. Specifically, in order to prevent broadly based second-round effects from materialising at that time and to counteract the increase in upside risks to price stability in the medium term as a result of these shocks, the ECB decided in July 2008 to raise its key interest rate by 25 basis points to 4.25% (see Chart 4). This move underlined the ECB's commitment to its primary objective of maintaining price stability.

### INTENSIFICATION OF THE FINANCIAL CRISIS

Following the collapse of the US financial institution Lehman Brothers on 15 September 2008, the period of financial turmoil turned into a global financial crisis. Growing uncertainty about the financial health of major banks worldwide led to a collapse in activity in a large number of financial markets. The virtual breakdown of the money market caused short-term interest rate spreads to increase to abnormally high levels, both inside (see Chart 2) and outside the euro area. During this period of great uncertainty banks built up large liquidity buffers, while shedding risks off their balance sheets and tightening loan conditions. The crisis also began to spread to the real sector, with a rapid and synchronised

deterioration in economic conditions in most major economies and a free fall in global trade.

The ECB reacted swiftly and decisively to these developments by lowering its key interest rates and by implementing a set of non-standard measures. The policy interest rate was reduced by 50 basis points on 8 October 2008 in a concerted and historic move with other major central banks, namely the Bank of Canada, the Bank of England, the Federal Reserve System, Sveriges Riksbank and the Swiss National Bank.<sup>9</sup> This decision took into account the substantial decline in inflationary pressures in a context in which the intensification of the financial crisis had weakened the economic outlook and significantly diminished upside risks to price stability over the medium term. In the months that followed interest rates were cut further, with the result that, overall, the ECB lowered the interest rate on its main refinancing operations between October 2008 and May 2009 (i.e. in just seven months) by 325 basis points to 1.00% (see Chart 4), a level not seen in euro area countries in recent decades.

Meanwhile, the severe constraints on the functioning of the financial system in general, and the money market in particular, threatened to impair the normal monetary policy transmission process, in particular channels 2 to 4 as identified in Chart 1. When securities markets virtually dried up and risk premia rose to exceptionally high levels, there was a risk that banks would quickly reduce the availability of loans and pass the resulting increase in their funding costs on to households and companies in the form of higher credit rates, thereby blurring the signals of the ECB's monetary policy stance. If the ECB had not addressed the persistent funding problems of financial institutions, it would have risked changes in policy interest rates being significantly less effective than during normal times.

<sup>9</sup> The Bank of Japan expressed its strong support of the concerted reduction in policy interest rates.

To ensure that the monetary policy stance was reflected in actual money and credit market conditions, and to preserve credit flows to the euro area economy above and beyond what could be achieved by reducing interest rates, the Governing Council adopted a number of non-standard measures in October 2008, which were subsequently referred to as “enhanced credit support”.<sup>10</sup> Consequently, the strict separation between the formulation and implementation of monetary policy as enshrined in the “separation principle” was temporarily loosened. The non-standard measures focused specifically on banks in the euro area and comprised the following elements:

- First, the Eurosystem applied a “fixed rate full allotment” tender procedure in all refinancing operations, ensuring the provision of unlimited central bank liquidity to eligible euro area financial institutions at the main refinancing rate and against adequate collateral. Contrary to normal practice, financial institutions were allotted the full amount of liquidity that they sought at the prevailing interest rate. This measure was designed to support the short-term funding needs of banks, with a view to maintaining and enhancing the availability of credit to households and companies at accessible rates. In this way, part of the impairment in the monetary policy transmission mechanism could be remedied.
- Second, the list of assets accepted as eligible collateral for refinancing operations was extended to further ease access to Eurosystem operations in an attempt to reduce asset-side constraints on banks’ balance sheets. At the same time, the list of counterparties eligible for fine-tuning operations was extended, implying an increase from around 140 to around 2,000 eligible counterparties.
- Third, the ECB announced its intention to implement additional longer-term refinancing operations with a maturity of up to six months. In May 2009 it also announced that such operations would be conducted with a maturity of one year. The aim of these operations was

to improve banks’ liquidity position, further reduce money market spreads and contribute to keeping term money market interest rates at a low level. The longer maturities enabled banks to attenuate the mismatch between the investment side and the funding side of their balance sheet.

In addition to these measures, the Eurosystem continued to provide liquidity in foreign currencies, most notably in US dollars. This measure supported banks that faced a massive shortfall in US dollar funding in the aftermath of the events that took place in the middle of September 2008. The ECB also made agreements with Danmarks Nationalbank, the Magyar Nemzeti Bank and Narodowy Bank Polski to improve the provision of euro liquidity to the banking sectors of the respective countries.

Finally, in May 2009 the ECB announced a €60 billion programme to purchase euro-denominated covered bonds issued in the euro area over the period until June 2010. The aim of the programme was to revive the market, which had virtually dried up, in terms of liquidity, issuance and spreads.

The enhanced credit support had a strong impact on market prices, banks’ liquidity management and the Eurosystem’s balance sheet. First, the very high level of demand for liquidity in the “fixed rate full allotment” tender procedure, in particular in the longer-term refinancing operations, exerted significant downward pressure on short-term money market rates (see Chart 4), with a corresponding decline in nominal yields at somewhat longer maturities. Real interest rates at longer maturities also fell substantially, and even turned negative for some time, reflecting the fact that, amid higher market volatility, inflation expectations remained well anchored at levels consistent with price stability (see Chart 5). In turn, the very low levels of nominal and real interest rates promoted the stabilisation of financial markets

<sup>10</sup> See Trichet, J.-C., *op. cit.*

Chart 5 Zero coupon break-even inflation rates in the euro area

(annual percentage changes)



during this period of extraordinary turbulence, and were instrumental in countering the fall in real economic activity.

Second, while the “fixed rate full allotment” tender procedure and the refinancing operations with longer maturities were critical in meeting the demand for liquidity on the part of euro area banks, as markets virtually ceased to allocate liquidity, the unlimited supply of central bank funds meant that the ECB played a greater role as an intermediary between euro area financial institutions. This can be seen by the much larger amounts of liquidity taken up in refinancing operations and the increased use of the ECB’s deposit facility after the start of the global financial crisis (see Chart 6). As a result, money market activity declined substantially and the size of the Eurosystem’s balance sheet increased significantly.

In particular, after having expanded considerably in October 2008, the Eurosystem’s balance sheet increased further in June 2009 when the Eurosystem was confronted with an extraordinarily high level of demand (€442 billion) in its first one-year longer-term refinancing operation (LTRO).<sup>11</sup> This relatively large increase in the Eurosystem’s balance sheet

also reflected the fact that many more counterparties were taking part in refinancing operations and their numbers were increasing. Prior to the crisis around 360 financial institutions participated on average in each main refinancing operation.<sup>12</sup> Subsequently, in view of the limited access to interbank and securities markets, the number rose to more than 800 in the midst of the crisis. The broad list of counterparties eligible for Eurosystem refinancing operations was particularly helpful in containing concerns among market participants about a possible liquidity shortage during this acute phase of the crisis.

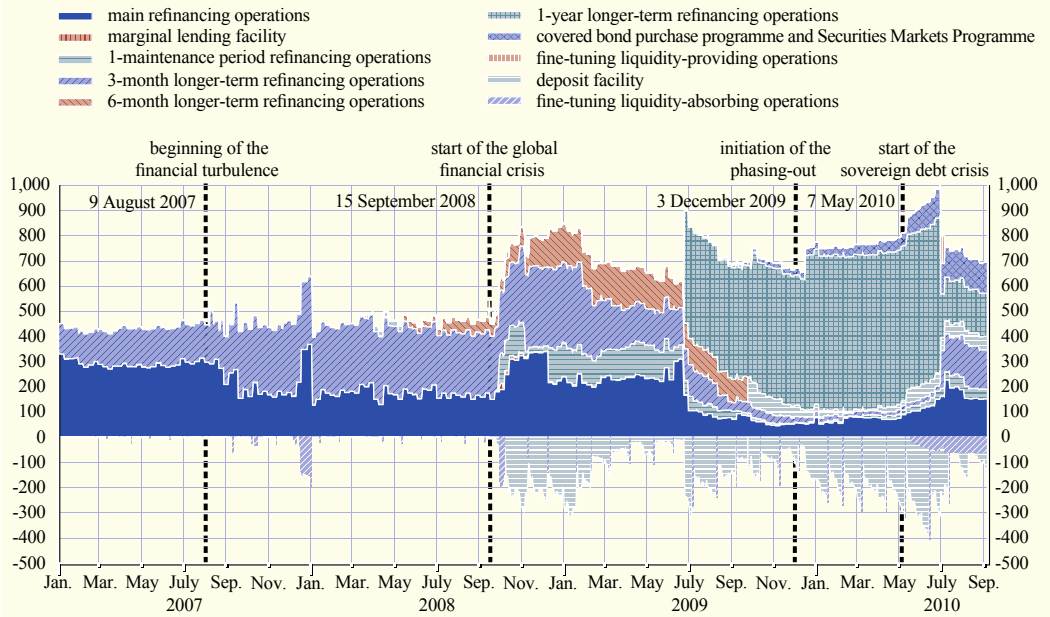
As a result of the decline in money market activity and the adoption of the “fixed rate full allotment” tender procedure in Eurosystem operations, banks demanded more liquidity than they needed to finance their daily transactions. Chart 7 shows how the increasing recourse to Eurosystem operations after the implementation of the changes to the operational framework in

<sup>11</sup> See also the article entitled “Recent developments in the balance sheets of the Eurosystem, the Federal Reserve System and the Bank of Japan”, *Monthly Bulletin*, ECB, October 2009.

<sup>12</sup> This figure corresponds to the average number of counterparties participating in the ECB’s main refinancing operations in the period from January 2005 to July 2007.

**Chart 6 Provision and absorption of liquidity by the Eurosystem**

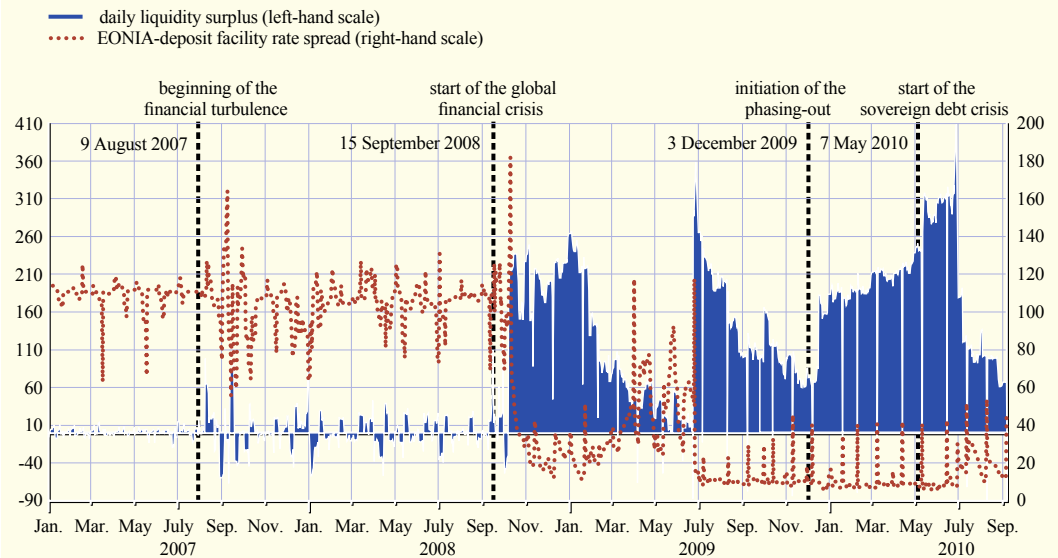
(EUR billions)



Source: ECB.

**Chart 7 Daily liquidity surplus and the spread between the EONIA and the deposit facility rate**

(EUR billions; basis points)



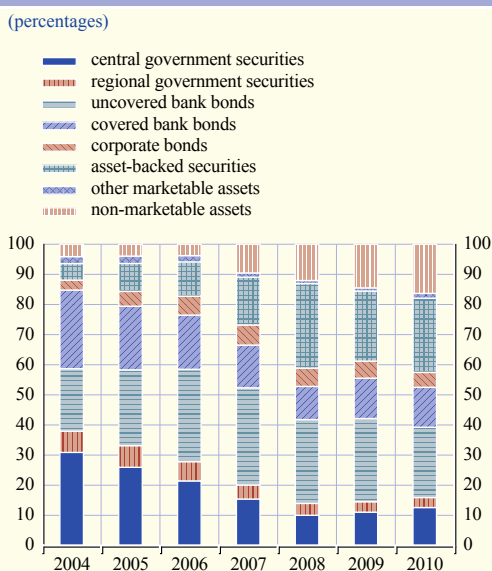
Source: ECB.

Note: The daily liquidity surplus is defined as total open market operations minus the sum of reserve requirements and autonomous factors (i.e. the sum of banknotes in circulation plus government deposits minus net foreign assets plus other factors).

October 2008 led to an abrupt rise in the liquidity surplus held by euro area banks. Banks did not use this additional liquidity for interbank lending, but deposited it back in the ECB's deposit facility, leading to a close convergence of the overnight interest rate in the money market (the EONIA) and the rate on the deposit facility.

Third, the list of eligible collateral accepted in Eurosystem refinancing operations was expanded, which allowed banks to use a larger share of their assets to obtain central bank liquidity. In contrast to many other central banks, the ECB had already accepted private securities as collateral prior to the crisis. This policy was strengthened during the crisis because in periods of stress private repurchase transactions can become highly sensitive to the degree of liquidity of the collateral. The ability to refinance illiquid assets through the central bank acts as an effective remedy to liquidity shortages emerging from a sudden halt in interbank lending. This applies, for instance, to asset-backed securities, for which the market collapsed after the Lehman Brothers default. The share of these assets in total assets deposited for use in Eurosystem refinancing operations increased

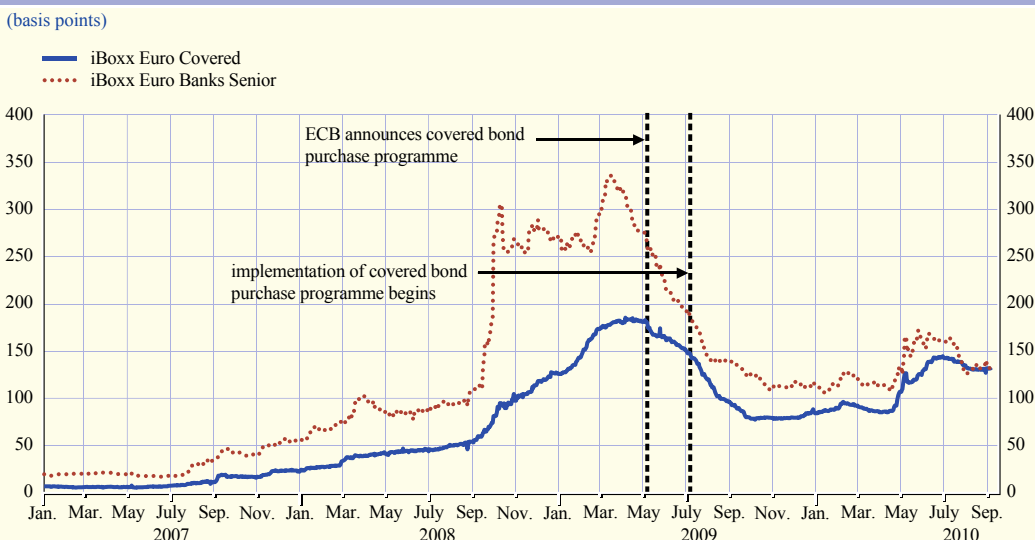
Chart 8 Assets deposited for use as collateral in Eurosystem credit operations



Source: ECB.  
Notes: The figures refer to averages over the period. For 2010, the data refer to the first and second quarters.

substantially over the crisis period, while the share of government securities declined progressively until 2008 before rising slightly again in 2009 and 2010 (see Chart 8).

Chart 9 iBoxx spreads against swaps



Source: Markit.



Finally, the inception of the covered bond purchase programme (CBPP) on 6 July 2009 contributed to the revitalisation of the covered bond market and a decline in covered bond spreads, although they remained elevated compared with their levels in the period prior to the start of the crisis (see Chart 9). By 30 June 2010, when the programme was completed, 422 different bonds had been purchased, 27% of which in the primary market and 73% in the secondary market, for a total nominal amount of €60 billion.<sup>13</sup> Some national markets saw a significant increase in the number of issuers and outstanding amounts, and thus a deepening and broadening of their covered bond markets. The Eurosystem mainly purchased covered bonds with maturities of three to seven years and intends to hold the bonds until maturity.

#### TEMPORARY IMPROVEMENTS IN FINANCIAL MARKET CONDITIONS

In the course of 2009 financial markets increasingly showed signs of stabilisation.

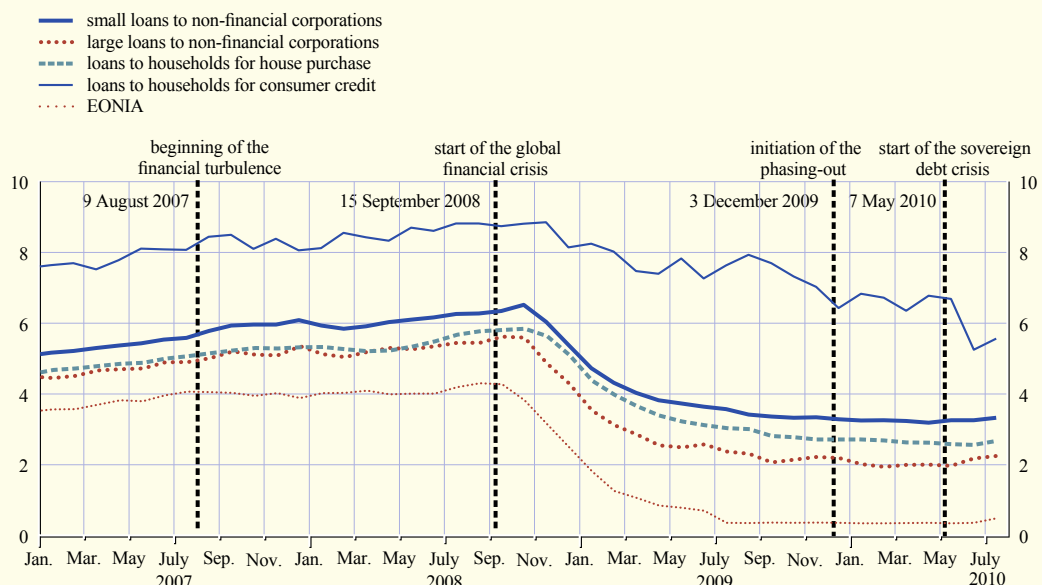
Money market spreads gradually declined (see Chart 2), while stock and bond markets revitalised. Bank lending rates also fell broadly in line with market rates, providing evidence that the implementation of the ECB's non-standard measures was effective in preserving the normal functioning of the monetary policy transmission mechanism (see Chart 10).

At the same time, the exceptional policy measures were successful in supporting the supply of credit to the real economy by alleviating funding pressures in the banking sector. The growth of loans to households picked up at the same time as economic activity rebounded. The growth of loans to non-financial corporations, which in July 2010 was still in negative territory, lagged this development in line with historical patterns. This sectoral difference may be explained by a pick-up in household demand for loans when house prices and interest rates decrease

<sup>13</sup> See also the box entitled "Covered bond market developments and the covered bond purchase programme", *Monthly Bulletin*, ECB, August 2010.

Chart 10 Money market rate and short-term bank lending rates

(percentages per annum)



Sources: ECB and Reuters.

Notes: Small loans refer to loans with an issuance volume of less than €1 million, whereas large loans are loans over €1 million.

Chart 11 Loans to the private sector

(annual percentage changes; 3-month annualised growth rate)



Source: ECB.

and expectations of a recovery strengthen. Corporations, by contrast, usually prefer to use their internal funds first for financing before turning to bank financing.<sup>14</sup>

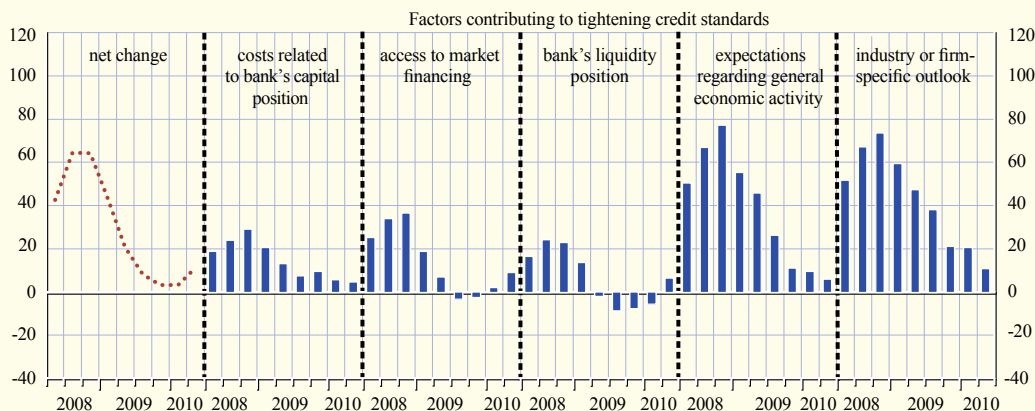
The supportive role of the ECB's enhanced credit support is also reflected in the results of the bank lending survey for the euro area. Chart 12 shows the net percentage of banks reporting a tightening of credit standards on loans to enterprises. Among various factors that could contribute to a tightening or loosening of credit standards, i.e. costs related to banks' capital position, access to market financing, banks' liquidity position, expectations regarding general economic activity, and the industry or firm-specific outlook, the latter two factors contributed most strongly to the initial tightening of standards. At the same time, the factors on which central banks can exercise most influence, i.e. the liquidity position of banks and their access to market funding, appear to have played only a minor role in the tightening of credit standards and have actually contributed to an easing of these standards in the second half of 2009 and the first quarter of 2010. Fears of a credit crunch, as sometimes voiced by external observers, have not materialised.

Given the improvements observed in financial markets in the course of 2009, the Governing Council of the ECB announced in December 2009 that those non-standard measures that were no longer needed would begin to be gradually phased out, in order to avoid the distortions associated with maintaining non-standard measures for too long or keeping interest rates at very low levels for a protracted period of time. For example, an overly accommodative monetary policy stance, supported by both standard and non-standard policy measures, could fuel excessive risk-taking by banks and households and limit incentives for the consolidation of public finances. Over a longer period of time, these effects can have adverse consequences for economic growth, the sustainability of asset price developments and, ultimately, the outlook for price stability. For these reasons, the Governing Council made it clear that the non-standard policy measures would be phased out once the underlying rationale had ceased to apply and the situation had normalised. The phasing-out has been facilitated by the

<sup>14</sup> As well as these demand factors, supply considerations may also play a role: banks may be more willing to lend to households, as loans for house purchases are collateralised and can be easily funded through the issuance of covered bonds.

**Chart 12 Changes in credit standards applied to the approval of loans or credit lines to enterprises**

(net percentages of banks reporting tightening standards)



Source: Bank lending survey for the euro area.

Notes: The data refer to the period from the second quarter of 2008 to the second quarter of 2010. The net percentage is the difference between the sum of the percentages of banks reporting "tightened considerably" and "tightened somewhat" and the sum of the percentages reporting "eased somewhat" and "eased considerably". The net percentages for the survey questions related to the factors are defined as the difference between the percentage of banks reporting that a given factor contributed to a tightening and those reporting that it contributed to an easing.

fact that most operations carried out in the context of the non-standard measures have been conducted as repurchase transactions (and swap transactions in the case of foreign exchange operations), which can easily be terminated by not renewing them upon maturity.

More concretely, the Eurosystem decided in December 2009 that the LTRO in that month would be the last one with a twelve-month maturity, that only one more six-month LTRO would be conducted (in March 2010), and that the supplementary three-month LTROs would be discontinued. Moreover, in March 2010 it was decided to return to a variable rate tender procedure in the three-month LTROs. Finally, in coordination with other central banks, the ECB terminated the provision of non-euro funding. At the same time, other elements of the ECB's enhanced credit support were continued.

#### THE SOVEREIGN DEBT CRISIS

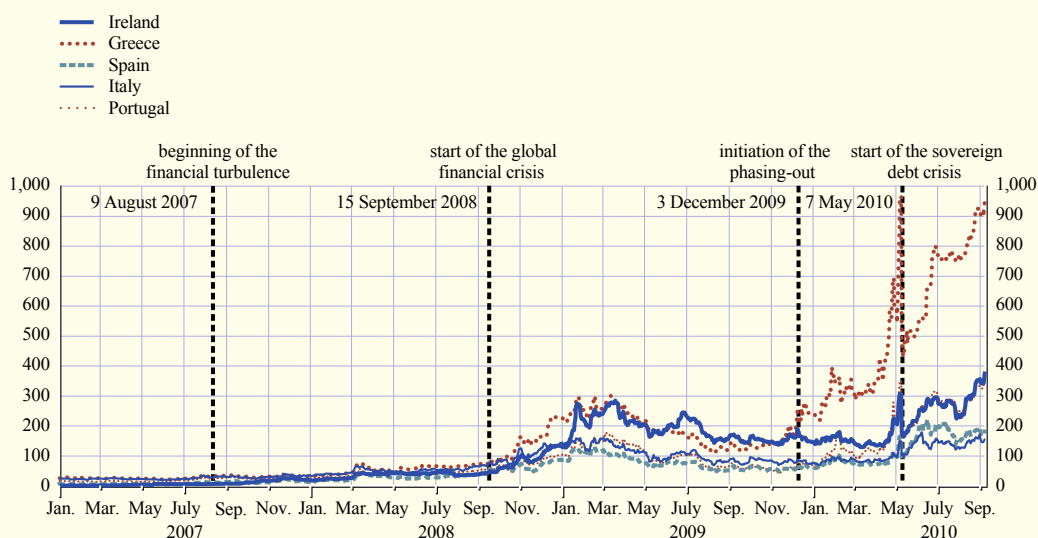
In early 2010 tensions re-emerged in some segments of the financial markets, in particular in the euro area government bond markets.

Spreads between ten-year government bonds of some euro area countries relative to German bonds started to increase (see Chart 13), mainly as a result of increasing market concerns about the sustainability of public finances in view of rising government deficits and debt. These concerns were such that some secondary markets dried up. The widening of spreads accelerated in April and early May 2010. On 6 and 7 May government bond spreads in the euro area reached record highs, leading euro area governments on 9 and 10 May 2010 to announce a comprehensive package of measures, including the European Financial Stability Facility.

On 10 May the ECB announced the launch of the Securities Markets Programme. This is the third element in the ECB's response to the crisis, the other two being the series of interest rate reductions and the enhanced credit support measures. Under the programme, Eurosystem interventions can be carried out in the euro area public and private debt securities markets to ensure depth and liquidity in dysfunctional market segments and to restore the proper functioning of the monetary policy transmission

**Chart 13 Ten-year government bond spreads for selected euro area countries vis-à-vis the German Bund**

(basis points)



Source: Bloomberg.

mechanism.<sup>15</sup> In line with the provisions of the Treaty on the Functioning of the European Union, Eurosystem purchases of government bonds are strictly limited to secondary markets. To ensure that liquidity conditions will not be affected, all purchases are fully sterilised by conducting liquidity-absorbing operations (see Chart 6).<sup>16</sup>

In addition, the ECB reintroduced some of the non-standard measures that had been withdrawn earlier, in order to avoid spillovers from domestic sovereign bond markets to other financial markets. In particular, the Eurosystem reintroduced the fixed rate tender procedure with full allotment in the regular three-month LTROs for the period starting at the end of May and a new six-month refinancing operation with full allotment was conducted. The temporary liquidity swap lines with the Federal Reserve System were also resumed.

Following the announcements by euro area governments and by the ECB on 9 and 10 May 2010, tensions in financial markets initially abated, before spreads started widening again in a number of countries (see Chart 13).

## 4 CONCLUSIONS

The financial market tensions that started in August 2007 have called for exceptional actions on the part of policy-makers worldwide. Central banks, in particular, have faced unprecedented challenges. The ECB, for its part, has demonstrated its capacity to react swiftly, flexibly and decisively to these developments. During the initial period of turmoil the ECB was quick to adjust the provision of liquidity to the banking sector. Moreover, it did not hesitate to reduce interest rates to historically low levels and to implement a broad set of non-standard measures after the intensification of the crisis in the autumn of 2008, fully in line with its primary mandate of maintaining price stability

<sup>15</sup> See Section 2 of this article for a description of the role of sovereign bond markets in the monetary policy transmission process.

<sup>16</sup> In the sterilisation operation of 29 June 2010 the ECB received bids for €31.8 billion in one-week deposits – less than the €55 billion corresponding to the amount of purchases under the Securities Markets Programme that was settled by Friday, 25 June 2010. The exceptional underbidding took place amid heightened financial market volatility and was due to special factors, in particular the maturing of the one-year refinancing operation on 1 July when €442 billion needed to be repaid.

over the medium term in the euro area. The purpose of these non-standard measures was to support the transmission mechanism of monetary policy in a context of dysfunctional markets.

Overall, the ECB's response helped to sustain financial intermediation in the euro area by safeguarding the refinancing of solvent banks and restoring confidence among financial market participants. In turn, this success in preserving the viability of the banking system and important segments of the financial markets has been instrumental in maintaining the availability of credit for households and companies at accessible rates and, ultimately, in maintaining price stability.

Looking ahead, the ECB will continue to closely monitor economic and financial developments. The non-standard monetary policy measures that were taken by the ECB in response to acute financial market tensions, and that are temporary in nature, will be gradually phased out in line with improvements in financial markets and economic activity.

# 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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#### 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	19.5	4.64	3.69
2009	9.5	4.8	3.3	-	1.6	23.6	1.22	3.76
2009 Q4	12.3	2.2	0.3	-	-0.6	18.9	0.72	3.76
2010 Q1	11.3	1.7	-0.2	-	-0.4	8.8	0.66	3.46
Q2	10.3	1.4	-0.1	-	0.2	4.8	0.69	3.03
Q3	.	.	.	-	.	.	0.87	2.67
2010 Apr.	10.7	1.3	-0.2	-0.1	0.2	5.5	0.64	3.40
May	10.3	1.5	0.0	0.0	0.2	4.2	0.69	3.00
June	9.1	1.4	0.2	0.1	0.3	2.9	0.73	3.03
July	8.1	1.5	0.2	0.5	0.8	2.2	0.85	3.01
Aug.	7.7	2.0	1.1	.	1.2	.	0.90	2.48
Sep.	.	.	.	.	.	.	0.88	2.67

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

	HICP <sup>1)</sup>	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2008	3.3	6.1	3.4	0.5	-1.8	81.8	0.8	7.5
2009	0.3	-5.1	2.9	-4.1	-14.9	71.1	-1.9	9.4
2010 Q1	1.1	-0.1	1.9	0.8	4.7	73.9	-1.2	9.9
Q2	1.5	3.0	1.6	1.9	9.2	76.5	-0.7	10.1
Q3	.	.	.	.	.	.	.	.
2010 Apr.	1.5	2.8	-	-	9.4	75.5	-	10.0
May	1.6	3.1	-	-	9.9	-	-	10.1
June	1.4	3.1	-	-	8.4	-	-	10.1
July	1.7	4.0	-	-	7.3	77.4	-	10.1
Aug.	1.6	3.6	-	-	.	-	-	10.1
Sep.	1.8	.	-	-	.	-	-	.

### 3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-21 <sup>5)</sup> (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
2008	-144.0	-19.1	145.4	374.2	-17.7	118.4	110.5	110.1	1.4708
2009	-49.7	40.7	229.8	462.4	-15.5	116.0	111.7	110.6	1.3948
2009 Q4	8.0	20.5	62.9	462.4	-15.5	116.0	113.8	112.2	1.4779
2010 Q1	-22.9	2.8	-12.6	498.7	-14.9	120.1	108.7	106.9	1.3829
Q2	-21.9	8.9	71.9	583.3	.	.	103.1	101.8	1.2708
Q3	.	.	.	.	.	.	102.3	100.9	1.2910
2010 Apr.	-7.7	2.9	20.9	521.6	.	.	106.1	104.5	1.3406
May	-16.0	0.4	52.1	569.7	.	.	102.8	101.4	1.2565
June	1.8	5.5	-1.0	583.3	.	.	100.7	99.4	1.2209
July	5.1	8.0	-25.7	535.6	.	.	102.5	101.1	1.2770
Aug.	.	.	.	573.2	.	.	102.1	100.6	1.2894
Sep.	.	.	.	.	.	.	102.5	101.0	1.3067

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

## I.1 Consolidated financial statement of the Eurosystem

(EUR millions)

### 1. Assets

	10 September 2010	17 September 2010	24 September 2010	1 October 2010
<b>Gold and gold receivables</b>	351,970	351,948	351,948	334,411
<b>Claims on non-euro area residents in foreign currency</b>	236,725	236,452	236,264	219,630
<b>Claims on euro area residents in foreign currency</b>	28,160	28,234	27,698	24,921
<b>Claims on non-euro area residents in euro</b>	17,810	17,489	17,321	17,649
<b>Lending to euro area credit institutions in euro</b>	592,199	589,092	592,503	514,117
Main refinancing operations	153,655	151,574	153,771	166,361
Longer-term refinancing operations	437,465	437,465	437,465	316,744
Fine-tuning reverse operations	0	0	0	29,443
Structural reverse operations	0	0	0	0
Marginal lending facility	1,025	0	1,200	1,559
Credits related to margin calls	55	52	67	9
<b>Other claims on euro area credit institutions in euro</b>	30,713	30,016	27,580	26,252
<b>Securities of euro area residents in euro</b>	426,296	428,341	429,284	431,319
Securities held for monetary policy purposes	122,353	122,676	122,773	124,308
Other securities	303,943	305,665	306,511	307,011
<b>General government debt in euro</b>	35,041	35,041	35,042	34,975
<b>Other assets</b>	254,339	253,868	253,715	262,611
<b>Total assets</b>	1,973,255	1,970,482	1,971,356	1,865,885

### 2. Liabilities

	10 September 2010	17 September 2010	24 September 2010	1 October 2010
<b>Banknotes in circulation</b>	815,951	814,211	812,017	814,844
<b>Liabilities to euro area credit institutions in euro</b>	371,536	374,964	366,699	301,299
Current accounts (covering the minimum reserve system)	261,403	252,295	221,025	190,274
Deposit facility	49,071	61,594	84,118	49,471
Fixed-term deposits	61,000	61,000	61,500	61,500
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	62	75	55	54
<b>Other liabilities to euro area credit institutions in euro</b>	1,720	1,644	1,462	1,345
<b>Debt certificates issued</b>	0	0	0	0
<b>Liabilities to other euro area residents in euro</b>	99,761	96,494	111,463	104,923
<b>Liabilities to non-euro area residents in euro</b>	39,724	40,102	40,404	41,908
<b>Liabilities to euro area residents in foreign currency</b>	971	1,000	2,140	1,067
<b>Liabilities to non-euro area residents in foreign currency</b>	16,118	15,386	13,833	13,065
<b>Counterpart of special drawing rights allocated by the IMF</b>	56,711	56,711	56,711	53,665
<b>Other liabilities</b>	163,753	162,961	159,618	158,838
<b>Revaluation accounts</b>	328,818	328,818	328,818	296,740
<b>Capital and reserves</b>	78,191	78,191	78,191	78,191
<b>Total liabilities</b>	1,973,255	1,970,482	1,971,356	1,865,885

Source: ECB.

**1.2 Key ECB interest rates**

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

With effect from: <sup>b)</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)</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>4)</sup>	Weighted average rate	
	1	2	3	4	5	6	7	8
Main refinancing operations								
2010 9 June	122,039	96	122,039	1.00	-	-	-	7
16	126,672	101	126,672	1.00	-	-	-	7
23	151,511	114	151,511	1.00	-	-	-	7
30	162,912	157	162,912	1.00	-	-	-	7
7 July	229,070	151	229,070	1.00	-	-	-	7
14	195,661	147	195,661	1.00	-	-	-	7
21	201,286	163	201,286	1.00	-	-	-	7
28	189,986	151	189,986	1.00	-	-	-	7
4 Aug.	154,844	125	154,844	1.00	-	-	-	7
11	153,747	111	153,747	1.00	-	-	-	7
18	155,227	109	155,227	1.00	-	-	-	7
25	150,315	112	150,315	1.00	-	-	-	7
1 Sep.	153,060	111	153,060	1.00	-	-	-	7
8	153,655	111	153,655	1.00	-	-	-	7
15	151,574	105	151,574	1.00	-	-	-	7
22	153,771	109	153,771	1.00	-	-	-	7
29	166,361	129	166,361	1.00	-	-	-	7
6 Oct.	197,049	148	197,049	1.00	-	-	-	7
Longer-term refinancing operations								
2010 29 Apr. <sup>3)</sup>	4,846	24	4,846	-	1.00	1.00	1.15	91
12 May	20,480	18	20,480	1.00	-	-	-	35
13 <sup>5)</sup>	35,668	56	35,668	-	-	-	-	182
27	12,163	35	12,163	1.00	-	-	-	91
16 June	31,603	23	31,603	1.00	-	-	-	28
1 July	131,933	171	131,933	1.00	-	-	-	91
14	49,399	34	49,399	1.00	-	-	-	28
29	23,166	70	23,166	1.00	-	-	-	91
11 Aug.	39,148	36	39,148	1.00	-	-	-	28
26	19,083	49	19,083	1.00	-	-	-	91
8 Sep.	37,903	27	37,903	1.00	-	-	-	35
30	104,009	182	104,009	1.00	-	-	-	84

#### 2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (... ) days		
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate <sup>4)</sup>		Weighted average rate	
		1	2	3	4	5	6	7	8	9	10
2010 21 July	Collection of fixed-term deposits	97,169	88	60,000	-	-	1.00	0.64	0.56	7	
28	Collection of fixed-term deposits	88,550	86	60,500	-	-	1.00	0.60	0.55	7	
4 Aug.	Collection of fixed-term deposits	115,689	93	60,500	-	-	1.00	0.50	0.45	7	
10	Collection of fixed-term deposits	201,834	171	201,834	-	-	1.00	0.80	0.77	1	
11	Collection of fixed-term deposits	123,502	94	60,500	-	-	1.00	0.47	0.43	7	
18	Collection of fixed-term deposits	128,995	89	60,500	-	-	1.00	0.40	0.39	7	
25	Collection of fixed-term deposits	108,403	82	60,500	-	-	1.00	0.37	0.35	7	
1 Sep.	Collection of fixed-term deposits	117,388	71	61,000	-	-	1.00	0.35	0.33	7	
7	Collection of fixed-term deposits	175,426	168	175,426	-	-	1.00	0.80	0.77	1	
8	Collection of fixed-term deposits	104,495	64	61,000	-	-	1.00	0.39	0.33	7	
15	Collection of fixed-term deposits	98,647	60	61,000	-	-	1.00	0.37	0.34	7	
22	Collection of fixed-term deposits	90,407	59	61,500	-	-	1.00	0.36	0.34	7	
29	Collection of fixed-term deposits	71,213	44	61,500	-	-	1.00	0.75	0.38	7	
30	Reverse transaction	29,443	50	29,443	1.00	-	-	-	-	6	
6 Oct.	Collection of fixed-term deposits	114,184	77	63,500	-	-	1.00	0.50	0.42	7	

Source: ECB.

- The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
- 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.
- On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October 2008, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. On 4 March 2010 the ECB decided to return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010 and settled on 29 April 2010.
- In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
- In the final one-year longer-term refinancing operation, which was settled on 17 December 2009, as well as in the six-month longer-term refinancing operations settled on 1 April and 13 May 2010, 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 the 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
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010 Mar.	18,587.9	9,807.3	782.8	2,506.7	1,283.5	4,207.6
Apr.	18,861.5	9,912.0	764.4	2,584.6	1,345.7	4,254.8
May	19,045.5	9,996.2	746.7	2,600.7	1,411.7	4,290.0
June	19,021.1	9,998.7	721.2	2,589.0	1,315.0	4,397.2
July	18,966.5	9,918.6	703.0	2,594.9	1,344.0	4,405.9

**2. Reserve maintenance**

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2010 11 May	211.2	212.4	1.2	0.0	1.00
15 June	211.3	212.5	1.3	0.0	1.00
13 July	213.0	214.4	1.4	0.0	1.00
10 Aug.	214.3	215.7	1.4	0.0	1.00
7 Sep.	213.9	215.3	1.4	0.0	1.00
12 Oct.	211.9	.	.	.	.

**3. Liquidity**

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
	Monetary policy operations of the Eurosystem					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>				Deposit facility	Other liquidity-absorbing operations <sup>3)</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
2010 13 Apr.	439.8	77.7	650.5	0.4	43.6	200.7	8.4	792.9	113.6	-116.1	212.5	1,206.1
11 May	457.0	76.7	666.4	0.9	49.4	218.2	11.4	796.6	112.1	-100.3	212.4	1,227.2
15 June	462.4	110.0	706.7	0.3	86.9	288.8	34.1	806.2	123.1	-98.4	212.5	1,307.5
13 July	500.9	167.5	573.2	0.3	140.2	230.4	54.4	813.0	126.5	-56.5	214.4	1,257.8
10 Aug.	543.4	185.4	432.2	0.1	121.4	96.7	67.5	819.3	95.2	-11.8	215.7	1,131.7
7 Sep.	543.2	153.1	435.0	0.6	121.8	83.7	66.9	816.0	86.8	-15.0	215.3	1,115.0

Source: ECB.

1) End of period.

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

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

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





## MONEY, BANKING AND 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														
2008	2,982.9	1,803.0	20.6	0.6	1,781.8	362.3	319.5	3.3	39.4	-	14.4	484.7	8.6	309.9
2009	2,829.9	1,475.6	19.5	0.7	1,455.4	451.7	368.3	7.5	75.9	-	16.5	556.7	8.5	321.0
2010 Q1	2,880.9	1,476.1	19.6	0.7	1,455.9	474.8	378.5	8.4	87.8	-	16.6	583.3	8.4	321.7
Q2	3,390.3	1,822.1	18.8	0.9	1,802.4	526.7	416.5	9.7	100.5	-	15.8	670.4	8.6	346.7
2010 Apr.	2,946.5	1,511.9	19.0	0.7	1,492.3	478.9	377.6	8.8	92.5	-	16.4	610.1	8.4	320.8
May	3,259.3	1,732.5	19.0	0.7	1,712.9	516.5	408.6	9.2	98.7	-	15.9	665.6	8.5	320.3
June	3,390.3	1,822.1	18.8	0.9	1,802.4	526.7	416.5	9.7	100.5	-	15.8	670.4	8.6	346.7
July	3,104.2	1,569.6	18.7	0.9	1,550.0	537.9	428.6	9.6	99.7	-	16.1	620.4	8.6	351.6
Aug. <sup>(p)</sup>	3,101.2	1,529.1	18.7	0.9	1,509.5	544.8	434.1	9.7	101.0	-	16.6	664.1	8.7	337.9
MFIs excluding the Eurosystem														
2008	31,830.5	18,050.8	968.3	10,774.8	6,307.7	4,628.1	1,245.4	1,406.4	1,976.3	98.7	1,196.7	4,746.6	211.7	2,897.9
2009	31,144.9	17,702.9	1,002.1	10,783.3	5,917.5	5,060.1	1,482.6	1,497.2	2,080.3	85.1	1,235.1	4,251.7	220.7	2,589.2
2010 Q1	31,561.6	17,749.7	1,033.0	10,800.0	5,916.7	5,126.1	1,550.1	1,483.1	2,092.8	77.7	1,228.3	4,414.2	218.2	2,747.5
Q2	32,566.6	18,258.0	1,068.1	10,979.4	6,210.5	5,102.0	1,568.7	1,502.2	2,031.1	67.3	1,227.8	4,573.7	221.4	3,116.4
2010 Apr.	31,982.9	17,905.6	1,037.0	10,821.8	6,046.7	5,129.6	1,560.2	1,490.5	2,078.9	76.7	1,271.2	4,511.3	218.1	2,870.3
May	32,705.9	18,182.0	1,051.2	10,864.0	6,266.7	5,078.9	1,551.6	1,469.5	2,057.9	74.6	1,255.3	4,681.9	218.8	3,214.4
June	32,566.6	18,258.0	1,068.1	10,979.4	6,210.5	5,102.0	1,568.7	1,502.2	2,031.1	67.3	1,227.8	4,573.7	221.4	3,116.4
July	32,077.2	18,048.0	1,056.8	10,970.0	6,021.1	5,090.0	1,566.2	1,526.8	1,997.0	64.7	1,229.2	4,430.7	219.6	2,995.0
Aug. <sup>(p)</sup>	32,677.4	18,009.6	1,064.4	10,968.1	5,977.2	5,104.4	1,560.0	1,531.9	2,012.4	64.8	1,241.4	4,576.1	219.4	3,461.8

#### 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											
2008	2,982.9	784.7	1,240.7	68.8	16.6	1,155.2	-	0.1	273.8	378.3	305.4
2009	2,829.9	829.3	1,185.1	102.6	22.1	1,060.5	-	0.1	320.9	140.0	354.5
2010 Q1	2,880.9	819.9	1,221.8	101.2	21.0	1,099.6	-	0.1	353.0	135.1	350.9
Q2	3,390.3	835.4	1,623.2	137.2	21.4	1,464.6	-	0.1	413.5	142.5	375.7
2010 Apr.	2,946.5	821.1	1,263.6	87.8	21.4	1,154.4	-	0.1	369.2	140.7	351.9
May	3,259.3	828.4	1,510.9	128.8	22.7	1,359.5	-	0.1	407.0	155.3	357.6
June	3,390.3	835.4	1,623.2	137.2	21.4	1,464.6	-	0.1	413.5	142.5	375.7
July	3,104.2	844.1	1,361.9	102.8	11.9	1,247.2	-	0.1	396.5	137.2	364.3
Aug. <sup>(p)</sup>	3,101.2	837.5	1,335.3	97.0	8.6	1,229.8	-	0.1	424.6	136.0	367.8
MFIs excluding the Eurosystem											
2008	31,830.5	-	16,742.2	190.8	9,699.5	6,852.0	825.0	4,838.9	1,767.6	4,401.5	3,255.4
2009	31,144.9	-	16,469.9	144.1	10,044.0	6,281.8	732.6	4,909.6	1,921.2	4,097.3	3,014.3
2010 Q1	31,561.6	-	16,422.5	166.2	10,034.4	6,221.8	706.1	5,009.5	1,930.2	4,288.0	3,205.3
Q2	32,566.6	-	17,003.1	168.1	10,290.4	6,544.6	670.9	4,980.4	2,004.1	4,460.7	3,447.4
2010 Apr.	31,982.9	-	16,598.3	159.6	10,123.3	6,315.4	710.9	5,015.6	1,934.0	4,407.9	3,316.3
May	32,705.9	-	16,872.0	155.5	10,147.6	6,569.0	704.9	5,025.8	1,941.2	4,547.5	3,614.5
June	32,566.6	-	17,003.1	168.1	10,290.4	6,544.6	670.9	4,980.4	2,004.1	4,460.7	3,447.4
July	32,077.2	-	16,755.5	179.5	10,272.3	6,303.8	659.5	4,928.9	2,007.6	4,349.5	3,376.2
Aug. <sup>(p)</sup>	32,677.4	-	16,722.5	165.3	10,294.5	6,262.7	674.8	4,958.6	2,020.2	4,495.4	3,806.0

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
Outstanding amounts											
2008	24,121.4	11,764.3	988.9	10,775.5	2,974.7	1,564.9	1,409.8	784.8	5,231.4	220.3	3,146.0
2009	23,861.4	11,805.6	1,021.6	10,784.0	3,355.5	1,850.8	1,504.6	811.9	4,808.4	229.2	2,850.8
2010 Q1	24,308.8	11,853.3	1,052.6	10,800.7	3,420.2	1,928.6	1,491.6	793.5	4,997.5	226.6	3,017.8
Q2	25,234.1	12,067.1	1,086.8	10,980.3	3,497.2	1,985.3	1,511.9	782.5	5,244.1	230.0	3,413.2
2010 Apr.	24,631.5	11,878.5	1,056.0	10,822.5	3,437.1	1,937.8	1,499.3	825.3	5,121.4	226.5	3,142.6
May	25,234.4	11,934.9	1,070.2	10,864.7	3,438.8	1,960.2	1,478.6	800.7	5,347.5	227.3	3,485.2
June	25,234.1	12,067.1	1,086.8	10,980.3	3,497.2	1,985.3	1,511.9	782.5	5,244.1	230.0	3,413.2
July	24,937.8	12,046.5	1,075.5	10,970.9	3,531.2	1,994.8	1,536.4	784.5	5,051.1	228.2	3,296.4
Aug. <sup>(p)</sup>	25,602.0	12,052.1	1,083.1	10,969.0	3,535.8	1,994.1	1,541.6	795.8	5,240.2	228.1	3,750.1
Transactions											
2008	1,694.0	598.0	12.8	585.2	499.5	90.0	409.5	-56.4	-73.8	-3.0	730.8
2009	-645.3	20.7	34.9	-14.1	364.4	269.1	95.3	12.3	-465.4	7.8	-586.0
2010 Q1	268.0	31.0	30.5	0.5	55.5	73.9	-18.5	-13.2	50.9	-2.7	146.5
Q2	516.0	131.3	35.4	95.8	42.7	56.5	-13.8	-2.0	-54.8	2.7	396.1
2010 Apr.	283.2	33.5	3.1	30.4	18.7	11.5	7.2	35.4	71.5	0.1	124.0
May	391.9	36.5	13.8	22.7	-0.3	20.8	-21.1	-20.6	30.7	0.7	344.8
June	-159.1	61.2	18.5	42.7	24.3	24.2	0.1	-16.8	-157.1	2.0	-72.7
July	-134.9	3.3	-11.0	14.2	26.8	5.3	21.5	-3.1	-41.8	-1.8	-118.3
Aug. <sup>(p)</sup>	552.3	-5.9	7.2	-13.1	-1.2	-5.4	4.3	12.7	95.6	-0.3	451.4

### 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
Outstanding amounts										
2008	24,121.4	722.7	259.6	9,716.1	726.0	2,823.3	1,615.1	4,779.8	3,560.8	-82.3
2009	23,861.4	769.9	246.7	10,066.1	647.2	2,753.5	1,802.3	4,237.3	3,368.8	-30.7
2010 Q1	24,308.8	768.6	267.4	10,055.4	628.3	2,829.0	1,831.9	4,423.1	3,556.2	-51.1
Q2	25,234.1	785.5	305.3	10,311.8	603.4	2,849.0	1,956.4	4,603.2	3,823.1	-3.8
2010 Apr.	24,631.5	772.6	247.5	10,144.7	634.0	2,844.2	1,840.8	4,548.5	3,668.1	-69.2
May	25,234.4	779.0	284.2	10,170.2	630.0	2,869.3	1,877.6	4,702.8	3,972.1	-51.1
June	25,234.1	785.5	305.3	10,311.8	603.4	2,849.0	1,956.4	4,603.2	3,823.1	-3.8
July	24,937.8	793.9	282.2	10,284.2	594.5	2,832.3	1,943.2	4,486.8	3,740.5	-20.1
Aug. <sup>(p)</sup>	25,602.0	787.9	262.3	10,303.1	609.7	2,845.3	1,982.6	4,631.3	4,173.7	5.8
Transactions										
2008	1,694.0	83.3	106.0	700.8	29.7	-32.8	138.5	91.6	601.8	-25.1
2009	-645.3	45.8	-4.4	288.6	-12.3	-55.4	142.7	-591.3	-502.3	43.3
2010 Q1	268.0	-1.3	20.7	-32.7	-20.1	49.9	0.6	77.1	188.0	-14.2
Q2	516.0	16.9	37.8	135.1	-29.0	-34.2	47.0	-45.1	355.4	31.8
2010 Apr.	283.2	4.0	-20.0	85.2	1.6	7.9	0.3	96.3	119.8	-12.2
May	391.9	6.4	36.8	5.8	-4.0	-15.6	14.2	3.9	322.4	22.0
June	-159.1	6.5	21.0	44.0	-26.6	-26.5	32.4	-145.3	-86.8	22.1
July	-134.9	8.4	-23.1	-14.4	-8.9	11.0	13.0	-10.4	-89.3	-21.3
Aug. <sup>(p)</sup>	552.3	-6.0	-20.1	11.7	15.2	-4.4	12.5	88.6	423.3	31.5

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>

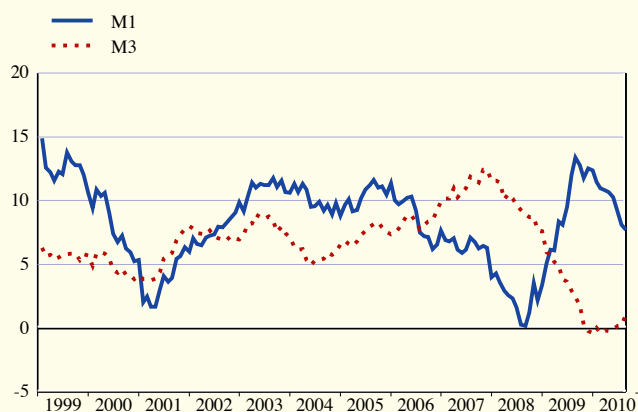
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

### 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												
2008	3,980.6	4,040.7	8,021.4	1,371.5	9,392.9	-	6,281.8	2,575.5	12,969.6	10,779.9	-	431.9
2009	4,492.3	3,696.0	8,188.3	1,145.9	9,334.2	-	6,757.2	2,898.3	13,090.8	10,782.2	-	551.0
2010 Q1	4,567.5	3,661.2	8,228.7	1,101.3	9,330.0	-	6,900.4	2,980.3	13,100.4	10,805.8	-	586.0
Q2	4,660.2	3,639.4	8,299.6	1,128.1	9,427.6	-	7,129.9	3,048.4	13,236.6	10,952.9	-	646.7
2010 May	4,646.3	3,637.5	8,283.8	1,103.4	9,387.2	-	7,013.3	3,023.4	13,105.6	10,862.0	-	686.5
June	4,660.2	3,639.4	8,299.6	1,128.1	9,427.6	-	7,129.9	3,048.4	13,236.6	10,952.9	-	646.7
July	4,689.1	3,641.5	8,330.6	1,103.5	9,434.1	-	7,099.9	3,062.1	13,277.1	10,948.2	-	567.5
Aug. <sup>(p)</sup>	4,736.9	3,671.3	8,408.1	1,114.1	9,522.2	-	7,174.5	3,088.5	13,364.2	11,003.9	-	612.8
Transactions												
2008	130.6	484.8	615.3	47.8	663.1	-	252.3	103.0	926.7	580.9	736.7	-166.3
2009	495.6	-368.3	127.3	-157.6	-30.3	-	421.2	308.1	84.1	-20.4	19.9	125.6
2010 Q1	71.3	-45.3	26.0	-45.0	-19.0	-	79.8	77.6	-6.9	7.4	-2.3	5.6
Q2	73.6	-25.9	47.7	22.0	69.7	-	1.0	69.2	27.4	63.5	70.8	-15.5
2010 May	-9.5	5.7	-3.8	-17.0	-20.8	-	-3.8	39.5	-16.9	18.1	18.8	41.4
June	2.9	6.6	9.5	24.9	34.4	-	-26.7	26.1	26.8	18.2	23.5	-47.8
July	34.2	6.4	40.6	-26.8	13.8	-	29.5	9.7	56.0	18.8	33.6	-34.0
Aug. <sup>(p)</sup>	44.9	27.3	72.2	9.3	81.4	-	29.9	21.3	76.4	44.5	47.7	7.8
Growth rates												
2008	3.4	13.7	8.3	3.6	7.6	7.1	4.2	4.2	7.7	5.7	7.1	-166.3
2009	12.4	-9.1	1.6	-11.6	-0.3	-0.2	6.7	11.9	0.6	-0.2	0.2	125.6
2010 Q1	10.8	-8.0	1.6	-11.1	-0.1	-0.2	6.0	9.9	0.2	-0.2	-0.1	153.0
Q2	9.1	-7.0	1.4	-7.6	0.2	0.1	3.9	8.1	0.0	0.3	0.3	39.7
2010 May	10.3	-7.9	1.5	-9.8	0.0	0.0	5.1	9.4	0.1	0.2	0.2	94.8
June	9.1	-7.0	1.4	-7.6	0.2	0.1	3.9	8.1	0.0	0.3	0.3	39.7
July	8.1	-5.9	1.5	-8.3	0.2	0.5	3.8	7.7	0.6	0.8	0.8	-0.6
Aug. <sup>(p)</sup>	7.7	-4.5	2.0	-5.1	1.1	.	3.4	7.4	1.0	1.2	1.3	-23.0

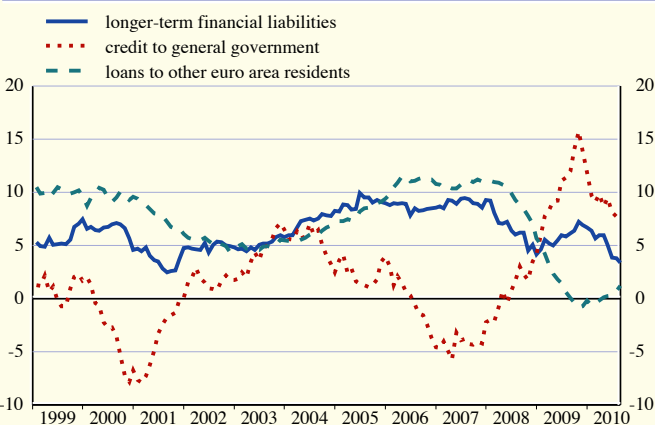
### C1 Monetary aggregates <sup>1)</sup>

(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>

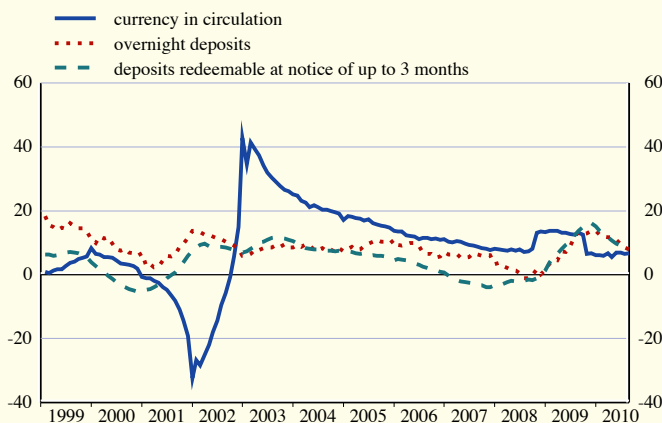
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

#### 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											
2008	710.4	3,270.2	2,472.2	1,568.6	350.2	755.2	266.1	2,569.3	121.6	1,987.1	1,603.8
2009	755.1	3,737.2	1,890.6	1,805.4	340.2	673.8	131.9	2,634.0	131.9	2,202.2	1,789.2
2010 Q1	775.3	3,792.2	1,824.6	1,836.6	341.6	625.5	134.2	2,696.5	132.2	2,241.5	1,830.1
2010 Q2	785.0	3,875.2	1,798.4	1,841.0	401.9	604.1	122.1	2,712.5	128.0	2,332.3	1,957.2
2010 May	780.2	3,866.1	1,791.7	1,845.8	358.2	616.2	129.0	2,734.6	129.0	2,254.1	1,895.6
2010 June	785.0	3,875.2	1,798.4	1,841.0	401.9	604.1	122.1	2,712.5	128.0	2,332.3	1,957.2
2010 July	782.2	3,906.9	1,787.6	1,853.9	390.2	585.9	127.4	2,689.5	125.9	2,340.8	1,943.6
2010 Aug. <sup>(p)</sup>	791.7	3,945.2	1,798.2	1,873.0	388.0	600.3	125.8	2,709.3	125.1	2,354.5	1,985.7
Transactions											
2008	83.6	46.9	464.2	20.5	47.0	32.9	-32.1	0.6	0.7	114.7	136.2
2009	43.4	452.2	-605.7	237.4	-10.1	-13.2	-134.3	78.8	8.9	192.6	140.9
2010 Q1	20.2	51.1	-75.5	30.2	1.3	-49.5	3.2	35.6	0.3	31.9	12.0
2010 Q2	9.6	64.0	-42.5	16.6	60.0	-25.4	-12.5	-37.6	-1.9	-8.7	49.2
2010 May	11.1	-20.6	4.4	1.3	-1.2	-8.3	-7.6	-18.0	0.0	-9.4	23.7
2010 June	4.8	-1.9	-1.4	8.0	43.6	-12.1	-6.7	-28.5	-1.0	-12.4	15.3
2010 July	-2.8	36.9	-6.6	13.0	-11.5	-18.2	2.9	6.8	-0.9	11.0	12.6
2010 Aug. <sup>(p)</sup>	9.5	35.4	8.2	19.0	-2.3	14.4	-2.9	3.7	0.2	10.8	15.2
Growth rates											
2008	13.3	1.5	23.3	1.3	15.3	4.7	-10.7	0.0	0.5	6.1	9.3
2009	6.1	13.8	-24.3	15.1	-2.8	-1.8	-50.2	3.1	7.2	9.7	8.6
2010 Q1	6.8	11.7	-21.9	11.8	0.9	-11.8	-29.6	3.6	5.5	7.0	8.3
2010 Q2	6.9	9.6	-19.4	9.1	16.7	-13.5	-31.5	1.5	0.6	4.1	7.3
2010 May	6.8	11.0	-21.1	9.7	9.8	-12.4	-33.4	2.8	2.3	5.6	8.1
2010 June	6.9	9.6	-19.4	9.1	16.7	-13.5	-31.5	1.5	0.6	4.1	7.3
2010 July	6.6	8.4	-17.4	8.3	17.9	-16.6	-25.1	1.2	-1.2	3.8	8.1
2010 Aug. <sup>(p)</sup>	6.7	7.9	-15.1	8.2	24.1	-14.7	-19.9	0.5	-1.9	3.6	7.9

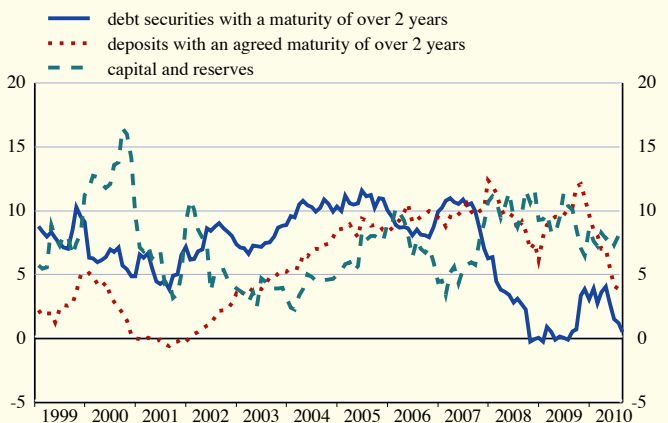
#### C3 Components of monetary aggregates <sup>1)</sup>

(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

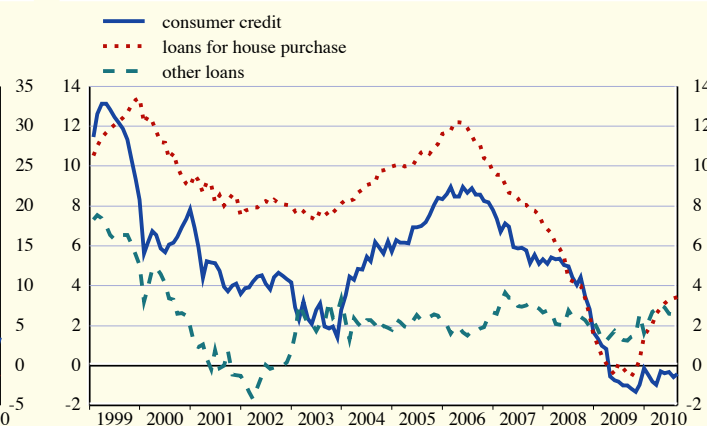
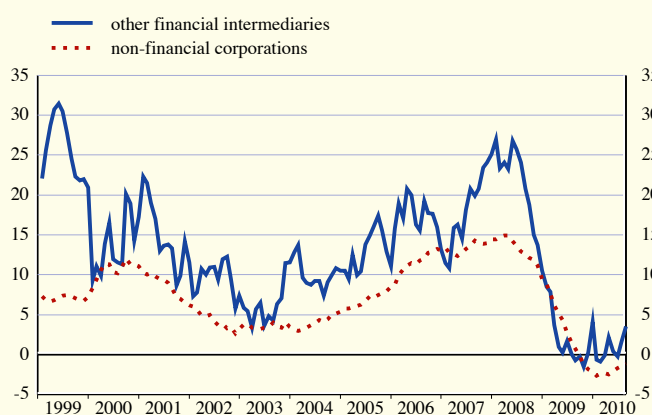
	Insurance corporations and pension funds	Other financial intermediaries <sup>3)</sup>	Non-financial corporations			Households <sup>4)</sup>				
	Total	Total	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2008	104.9	971.7	4,821.3	1,381.1	960.9	2,479.3	4,882.0	632.4	3,483.0	766.6
2009	90.0	1,058.6	4,684.9	1,185.4	936.8	2,562.7	4,948.7	631.7	3,543.3	773.8
2010 Q1	87.4	1,047.5	4,683.5	1,169.4	926.2	2,588.0	4,987.5	623.8	3,581.8	781.9
2010 Q2	85.4	1,090.6	4,689.5	1,134.4	924.9	2,630.1	5,087.4	644.2	3,631.0	812.3
2010 May	90.2	1,069.6	4,688.3	1,163.9	920.7	2,603.7	5,014.0	624.5	3,605.5	784.0
2010 June	85.4	1,090.6	4,689.5	1,134.4	924.9	2,630.1	5,087.4	644.2	3,631.0	812.3
2010 July	91.9	1,104.2	4,664.7	1,121.3	917.1	2,626.3	5,087.4	641.0	3,636.2	810.2
2010 Aug. <sup>(p)</sup>	94.4	1,115.9	4,686.3	1,128.3	920.4	2,637.6	5,107.4	642.6	3,649.8	815.0
Transactions										
2008	-3.7	86.9	418.2	86.8	119.6	211.8	79.5	10.4	52.2	16.9
2009	-13.5	35.9	-105.5	-180.8	-18.1	93.5	62.7	-0.9	51.3	12.4
2010 Q1	-2.8	-32.2	2.3	-10.5	-8.2	21.0	40.0	-4.0	36.3	7.7
2010 Q2	-1.2	32.7	-4.2	-28.6	2.0	22.3	36.1	0.4	31.7	4.1
2010 May	-0.5	-8.4	17.8	9.8	-1.7	9.8	9.3	-1.3	9.0	1.5
2010 June	-3.8	21.9	-10.7	-22.1	5.1	6.3	10.8	1.7	10.0	-0.8
2010 July	6.6	19.1	-11.4	-8.3	-5.1	1.9	4.5	-2.1	7.3	-0.7
2010 Aug. <sup>(p)</sup>	2.4	10.6	17.4	5.8	2.9	8.7	14.1	1.6	8.3	4.2
Growth rates										
2008	-3.5	10.0	9.5	6.7	13.9	9.4	1.7	1.7	1.5	2.2
2009	-13.0	3.6	-2.2	-13.1	-1.9	3.8	1.3	-0.1	1.5	1.6
2010 Q1	-11.4	0.1	-2.3	-11.2	-4.1	3.0	2.2	-1.0	2.6	2.8
2010 Q2	-13.5	-0.5	-1.7	-9.9	-3.9	3.3	2.7	-0.3	3.3	2.6
2010 May	-7.8	0.5	-2.1	-10.3	-4.7	3.2	2.6	-0.4	3.1	2.9
2010 June	-13.5	-0.5	-1.7	-9.9	-3.9	3.3	2.7	-0.3	3.3	2.6
2010 July	-1.0	1.4	-1.4	-8.2	-3.9	2.8	2.7	-0.6	3.4	2.6
2010 Aug. <sup>(p)</sup>	4.6	3.5	-1.1	-7.9	-3.1	2.9	2.9	-0.4	3.5	2.9

### 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
<b>Outstanding amounts</b>												
2009	80.3	57.4	7.0	15.9	1,051.6	592.9	185.8	272.9	4,691.3	1,181.3	937.2	2,572.8
2010 Q1	87.0	65.2	5.9	15.9	1,055.1	594.0	184.6	276.6	4,680.1	1,166.1	927.4	2,586.6
2010 Q2	89.6	68.1	5.7	15.8	1,101.2	585.7	215.8	299.6	4,697.8	1,146.5	924.8	2,626.4
2010 June	89.6	68.1	5.7	15.8	1,101.2	585.7	215.8	299.6	4,697.8	1,146.5	924.8	2,626.4
2010 July	95.2	74.1	5.4	15.7	1,097.8	581.0	214.6	302.2	4,682.7	1,134.2	919.5	2,629.0
2010 Aug. <sup>(p)</sup>	94.6	73.6	5.0	16.0	1,093.5	581.2	212.2	300.2	4,673.9	1,120.0	918.8	2,635.0
<b>Transactions</b>												
2009	-11.9	-11.8	0.9	-0.9	39.4	24.5	7.5	7.4	-104.8	-180.7	-17.9	93.8
2010 Q1	6.5	7.7	-1.2	0.0	-17.6	-14.9	-5.8	3.1	-7.5	-9.6	-7.5	9.6
2010 Q2	3.4	3.8	-0.2	-0.1	35.6	25.5	6.5	3.6	7.5	-13.2	0.7	20.0
2010 June	-3.2	-2.7	-0.1	-0.5	19.8	10.4	7.3	2.2	-1.2	-6.6	3.0	2.4
2010 July	5.7	6.1	-0.3	-0.1	2.1	-1.5	-0.4	4.0	-1.5	-7.3	-2.5	8.4
2010 Aug. <sup>(p)</sup>	-0.7	-0.6	-0.4	0.3	-5.4	-2.7	-2.8	0.1	-13.1	-15.5	-1.1	3.5
<b>Growth rates</b>												
2009	-13.0	-17.1	14.2	-4.7	4.1	4.3	4.4	3.1	-2.2	-13.1	-1.9	3.8
2010 Q1	-11.3	-12.7	-12.0	-3.2	0.0	-0.7	-5.6	5.4	-2.3	-11.2	-4.1	3.0
2010 Q2	-13.2	-14.9	-28.4	3.9	-0.2	-1.6	-3.2	5.2	-1.7	-9.9	-3.9	3.3
2010 June	-13.2	-14.9	-28.4	3.9	-0.2	-1.6	-3.2	5.2	-1.7	-9.9	-3.9	3.3
2010 July	-1.0	0.8	-30.1	4.8	1.6	2.0	-4.5	4.8	-1.5	-8.3	-3.9	2.8
2010 Aug. <sup>(p)</sup>	4.6	8.8	-35.4	6.4	3.6	5.6	-4.1	4.1	-1.1	-7.9	-3.1	2.9

**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
<b>Outstanding amounts</b>													
2009	4,960.1	633.7	136.0	195.1	302.6	3,551.7	15.0	60.8	3,475.9	774.7	146.7	87.7	540.4
2010 Q1	4,977.9	621.6	129.7	191.7	300.2	3,576.1	14.7	59.0	3,502.4	780.2	147.3	86.1	546.8
2010 Q2	5,090.9	647.5	146.8	192.1	308.6	3,626.0	14.1	56.4	3,555.5	817.4	151.8	86.7	578.9
2010 June	5,090.9	647.5	146.8	192.1	308.6	3,626.0	14.1	56.4	3,555.5	817.4	151.8	86.7	578.9
2010 July	5,094.3	644.6	144.1	192.6	308.0	3,639.1	14.1	57.1	3,567.8	810.6	145.4	86.8	578.4
2010 Aug. <sup>(p)</sup>	5,106.1	643.1	144.4	190.9	307.8	3,649.6	14.9	57.4	3,577.3	813.4	145.3	86.5	581.6
<b>Transactions</b>													
2009	63.2	-0.9	-1.3	-4.3	4.7	51.6	-2.6	-8.2	62.4	12.4	-7.8	-1.7	22.0
2010 Q1	19.0	-8.3	-5.3	-2.3	-0.7	22.2	-0.2	-1.6	24.0	5.2	0.0	-0.9	6.0
2010 Q2	48.9	5.9	1.6	-0.6	4.8	32.3	-0.7	-2.4	35.4	10.6	-4.1	-2.1	16.8
2010 June	27.1	7.1	1.7	1.4	3.9	13.7	-0.9	-2.0	16.6	6.3	-2.6	-1.6	10.6
2010 July	7.9	-1.8	-2.3	0.7	-0.2	15.2	0.1	0.7	14.3	-5.4	-6.0	0.1	0.4
2010 Aug. <sup>(p)</sup>	6.0	-1.5	0.4	-1.7	-0.2	5.2	0.3	0.2	4.7	2.3	-0.3	-0.3	3.0
<b>Growth rates</b>													
2009	1.3	-0.1	-0.9	-2.2	1.6	1.5	-14.9	-12.0	1.8	1.6	-5.0	-1.9	4.2
2010 Q1	2.2	-1.0	-2.9	-2.3	0.8	2.6	-11.4	-9.9	2.9	2.8	-2.4	-1.2	5.0
2010 Q2	2.7	-0.3	-2.2	-2.1	1.7	3.3	-11.1	-11.6	3.6	2.6	-7.6	-3.6	6.6
2010 June	2.7	-0.3	-2.2	-2.1	1.7	3.3	-11.1	-11.6	3.6	2.6	-7.6	-3.6	6.6
2010 July	2.7	-0.6	-2.5	-2.1	1.3	3.4	-10.5	-10.6	3.7	2.6	-7.0	-3.8	6.3
2010 Aug. <sup>(p)</sup>	2.9	-0.4	-1.6	-2.2	1.3	3.4	-8.1	-10.2	3.8	2.9	-6.3	-3.6	6.5

Source: ECB.

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

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

3) Including investment funds.

4) Including non-profit institutions serving households.

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

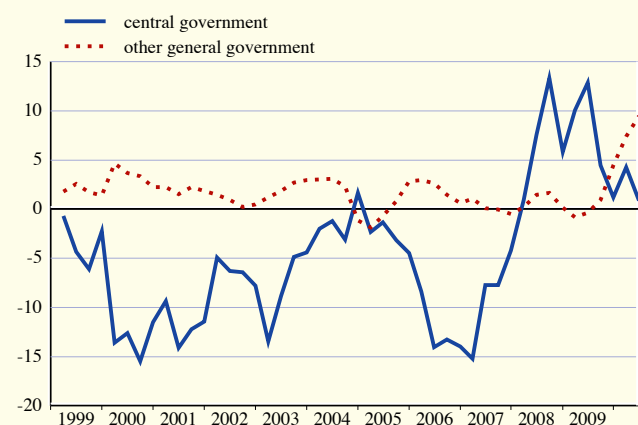
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

### 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										
2007	954.4	213.2	217.3	494.5	29.4	3,295.5	2,341.6	953.8	59.6	894.2
2008	968.3	227.0	209.8	509.3	22.2	3,242.4	2,278.8	963.6	57.5	906.1
2009 Q3	994.5	235.8	209.4	518.6	30.7	2,803.2	1,891.3	911.9	47.5	864.3
Q4	1,002.1	229.8	209.8	528.8	33.8	2,821.7	1,914.9	906.8	46.1	860.6
2010 Q1	1,033.0	242.8	209.0	539.0	42.2	2,949.9	1,985.2	964.7	46.8	918.0
Q2 <sup>3)</sup>	1,068.1	250.1	225.0	547.9	44.8	3,075.3	2,074.8	1,000.5	50.8	949.7
Transactions										
2007	-7.9	-4.4	-13.0	5.9	3.6	540.1	381.3	158.9	0.3	158.7
2008	13.7	12.5	-8.1	16.5	-7.2	-59.8	-86.0	26.1	0.3	25.8
2009 Q3	-4.2	-13.3	3.2	3.9	2.1	-75.0	-69.9	-5.1	0.8	-5.8
Q4	10.2	-6.2	0.4	12.8	3.1	-3.8	11.4	-15.2	-1.4	-13.8
2010 Q1	30.4	12.6	-0.8	10.1	8.5	53.9	24.1	29.6	-0.6	30.2
Q2 <sup>3)</sup>	36.2	9.1	15.9	8.8	2.6	-19.7	2.1	-21.8	-0.8	-21.0
Growth rates										
2007	-1.0	-4.2	-5.6	1.3	13.8	18.6	18.5	18.8	0.5	20.2
2008	1.4	5.8	-3.7	3.3	-24.4	-1.8	-3.6	2.8	0.5	3.0
2009 Q3	1.7	4.5	-0.2	4.4	-32.3	-18.2	-21.9	-9.4	-1.3	-9.9
Q4	3.7	1.2	0.1	4.2	51.9	-11.8	-15.1	-4.1	-3.0	-4.2
2010 Q1	6.6	4.2	1.8	5.8	101.2	-3.2	-5.4	1.7	-4.7	2.1
Q2 <sup>3)</sup>	7.3	0.9	9.1	7.0	56.8	-1.5	-1.6	-1.3	-4.4	-1.1

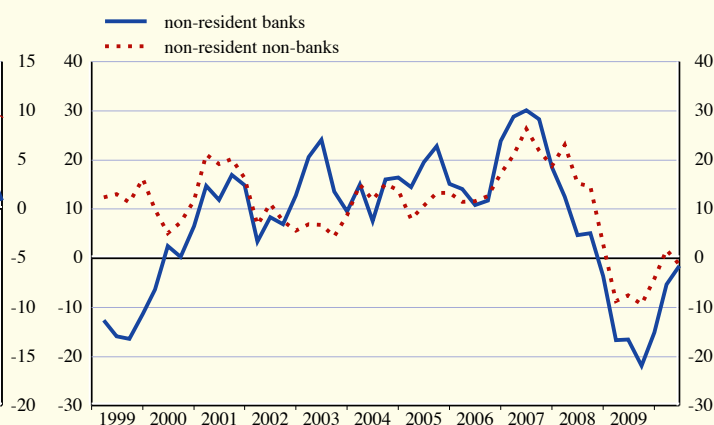
### C7 Loans to government <sup>2)</sup>

(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>

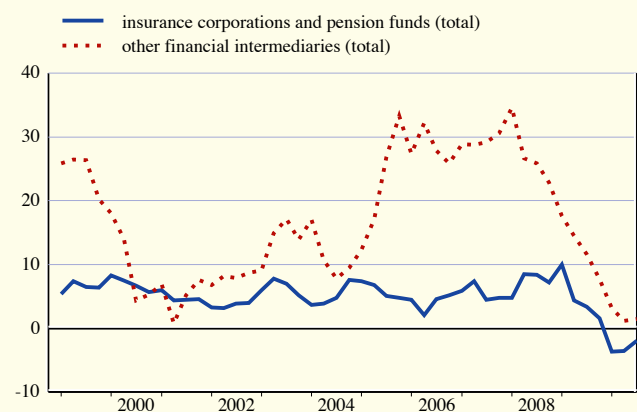
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

### 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														
2008	761.4	84.3	114.2	537.2	1.1	1.5	23.1	1,802.4	319.9	420.4	852.9	12.3	0.1	197.0
2009	737.8	84.1	86.9	543.0	2.2	1.4	20.2	1,872.5	313.1	335.1	957.5	15.9	0.0	250.9
2010 Q1	735.2	87.0	84.8	539.3	2.5	1.4	20.2	1,886.6	329.0	311.9	957.8	17.1	0.1	270.7
Q2	739.0	94.6	84.6	535.4	2.3	0.3	21.8	2,062.5	367.5	293.8	1,052.3	9.0	0.2	339.6
2010 May	732.2	91.2	87.3	536.0	2.4	0.3	15.0	1,953.5	369.1	299.7	967.3	12.4	0.2	304.8
June	739.0	94.6	84.6	535.4	2.3	0.3	21.8	2,062.5	367.5	293.8	1,052.3	9.0	0.2	339.6
July	737.0	93.7	87.5	534.6	2.4	0.3	18.5	2,041.8	360.1	300.2	1,051.9	8.9	0.3	320.5
Aug. <sup>4)</sup>	736.4	89.7	92.3	532.8	2.4	0.3	19.0	2,052.0	364.2	300.9	1,055.5	8.5	0.8	322.3
Transactions														
2008	69.2	12.4	42.7	12.2	-0.3	0.1	2.2	268.8	4.4	71.8	142.3	-0.3	-0.3	51.0
2009	-27.7	-1.0	-30.4	5.5	1.1	-0.1	-2.8	56.7	6.8	-93.6	85.8	3.7	0.0	54.0
2010 Q1	-3.9	2.7	-3.2	-3.7	0.3	0.0	0.0	-2.7	13.7	-30.1	-7.1	1.0	0.1	19.7
Q2	0.0	3.8	-0.1	-7.2	-0.2	2.2	1.5	69.3	33.8	-21.6	-3.6	-8.0	0.1	68.6
2010 May	-4.1	2.6	2.3	-6.6	-0.1	1.1	-3.3	-4.9	-0.6	-3.8	-3.8	-6.0	0.1	9.2
June	5.2	-0.1	-2.2	-0.3	-0.1	1.1	6.8	14.2	-2.9	-6.2	-8.2	-3.3	0.0	34.7
July	-0.9	-0.3	3.2	-1.8	0.1	1.1	-3.2	-14.1	-5.8	7.8	2.9	-0.1	0.0	-19.0
Aug. <sup>4)</sup>	-1.2	-4.2	4.5	-3.0	0.0	1.1	0.4	6.5	2.9	-0.1	1.8	-0.4	0.5	1.7
Growth rates														
2008	10.0	17.3	59.9	2.3	-23.4	-	10.5	17.6	1.4	21.0	20.0	-2.5	-	34.6
2009	-3.6	-1.1	-26.4	1.0	96.8	-	-12.3	3.1	2.0	-22.0	10.0	30.0	-	27.4
2010 Q1	-3.6	-4.7	-16.5	-1.1	53.8	-	-5.6	1.1	2.8	-15.2	3.1	18.1	-	15.3
Q2	-2.0	6.0	-7.8	-3.3	33.3	-	14.3	1.4	6.8	-16.6	-1.8	-36.5	-	33.0
2010 May	-3.4	8.4	-12.6	-3.2	28.7	-	-23.8	2.7	16.8	-20.0	0.9	-17.1	-	27.3
June	-2.0	6.0	-7.8	-3.3	33.3	-	14.3	1.4	6.8	-16.6	-1.8	-36.5	-	33.0
July	-1.9	4.9	-4.2	-3.7	30.1	-	9.6	3.2	14.5	-15.1	-1.6	-39.4	-	37.6
Aug. <sup>4)</sup>	-2.1	-1.0	4.6	-4.3	30.5	-	1.2	4.5	19.7	-16.2	-1.0	-42.0	-	42.8

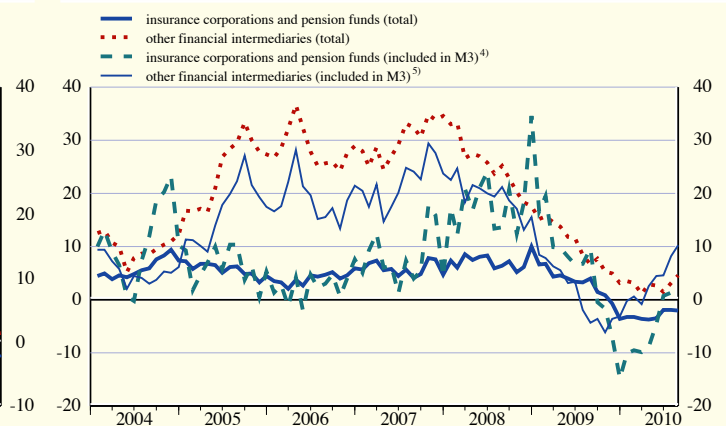
### C9 Total deposits by sector <sup>2)</sup>

(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>

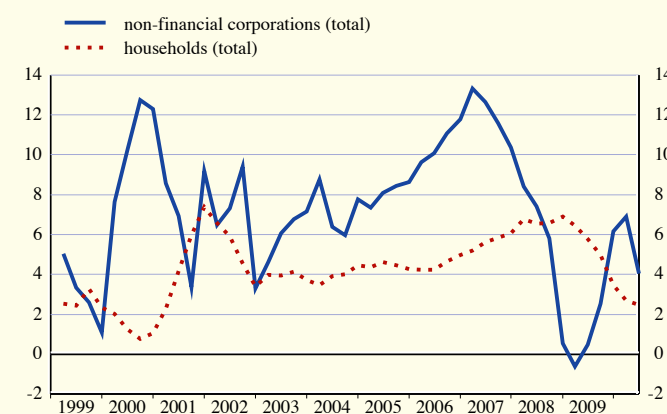
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

### 2. Deposits by non-financial corporations and households

	Non-financial corporations							Households <sup>3)</sup>																
	Total		With an agreed maturity of:		Redeemable at notice of:		Repos	Total		With an agreed maturity of:		Redeemable at notice of:		Repos										
	1	2	Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		3	4	5	6	7	8		9	Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	10	11	12	13	14
Outstanding amounts																								
2008	1,502.6	883.3	502.0	64.4	27.9	1.3	23.7	5,379.2	1,814.5	1,358.2	519.0	1,490.2	113.6	83.7										
2009	1,603.1	1,001.1	434.5	80.7	68.7	1.7	16.3	5,601.8	2,157.0	996.5	607.1	1,680.2	123.7	37.3										
2010 Q1	1,576.1	982.1	424.2	82.6	72.9	1.8	12.6	5,605.1	2,159.1	932.6	633.3	1,722.3	121.7	36.1										
Q2	1,583.9	1,000.8	415.2	82.2	71.2	2.1	12.5	5,660.4	2,232.5	907.0	643.7	1,730.1	116.7	30.5										
2010 May	1,595.9	1,003.9	415.3	88.1	74.1	1.8	12.7	5,629.5	2,192.4	910.0	642.6	1,734.2	118.1	32.3										
June	1,583.9	1,000.8	415.2	82.2	71.2	2.1	12.5	5,660.4	2,232.5	907.0	643.7	1,730.1	116.7	30.5										
July	1,583.2	987.2	426.1	83.9	72.2	2.1	11.7	5,675.5	2,242.7	900.7	646.7	1,739.3	114.6	31.5										
Aug. <sup>4)</sup>	1,601.7	991.6	437.1	84.6	74.3	2.1	11.9	5,662.6	2,215.1	902.2	650.1	1,750.3	112.8	32.1										
Transactions																								
2008	8.0	-5.1	13.5	3.2	-3.4	-0.3	0.0	347.5	28.7	336.2	-43.8	28.1	1.7	-3.4										
2009	93.0	114.3	-70.1	15.1	40.8	0.4	-7.4	187.8	320.6	-371.5	85.9	190.5	8.6	-46.3										
2010 Q1	-28.6	-20.5	-10.8	2.1	4.2	0.1	-3.7	1.1	2.1	-65.0	26.0	41.2	-2.0	-1.2										
Q2	3.3	18.8	-17.0	-0.6	1.9	0.3	-0.1	49.1	62.9	-30.3	11.9	16.3	-6.0	-5.6										
2010 May	1.0	5.8	-5.2	1.4	-0.9	0.0	-0.1	6.5	7.2	-7.5	4.9	5.3	-1.7	-1.6										
June	-10.0	-0.2	-5.2	-5.7	0.9	0.3	-0.2	27.8	30.8	-6.2	2.7	4.8	-2.5	-1.8										
July	2.9	-11.5	12.4	1.8	1.0	0.0	-0.8	17.0	11.0	-5.3	3.1	9.3	-2.1	1.0										
Aug. <sup>4)</sup>	16.8	3.5	10.3	0.6	2.2	0.0	0.2	-14.0	-28.1	0.9	3.4	11.0	-1.7	0.6										
Growth rates																								
2008	0.5	-0.6	2.9	5.4	-11.0	-16.2	0.0	6.9	1.6	33.0	-7.8	1.9	1.5	-3.9										
2009	6.2	12.9	-13.9	23.1	146.6	28.3	-31.2	3.5	17.5	-27.1	16.5	12.8	7.5	-55.4										
2010 Q1	6.9	12.7	-10.6	17.2	89.7	37.2	-29.8	2.7	13.6	-27.6	20.6	10.0	5.3	-41.2										
Q2	4.0	9.1	-11.2	14.4	50.4	42.9	-36.2	2.5	10.4	-24.5	20.1	8.3	-2.2	-40.1										
2010 May	5.8	12.2	-12.2	21.7	56.8	30.4	-37.8	2.1	10.3	-25.7	20.6	8.7	0.7	-40.4										
June	4.0	9.1	-11.2	14.4	50.4	42.9	-36.2	2.5	10.4	-24.5	20.1	8.3	-2.2	-40.1										
July	4.2	8.3	-8.4	13.5	41.3	42.4	-36.5	2.6	10.0	-22.9	18.8	8.0	-4.9	-38.1										
Aug. <sup>4)</sup>	4.5	6.8	-4.9	11.3	39.6	44.0	-27.8	2.5	8.5	-20.6	17.7	7.7	-6.9	-33.4										

### 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.

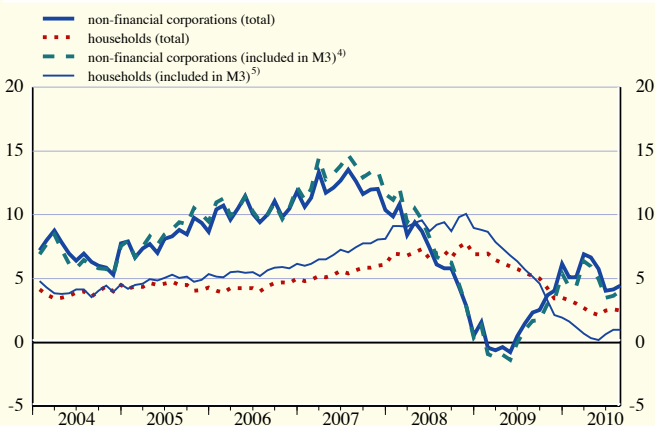
3) Including non-profit institutions serving households.

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>

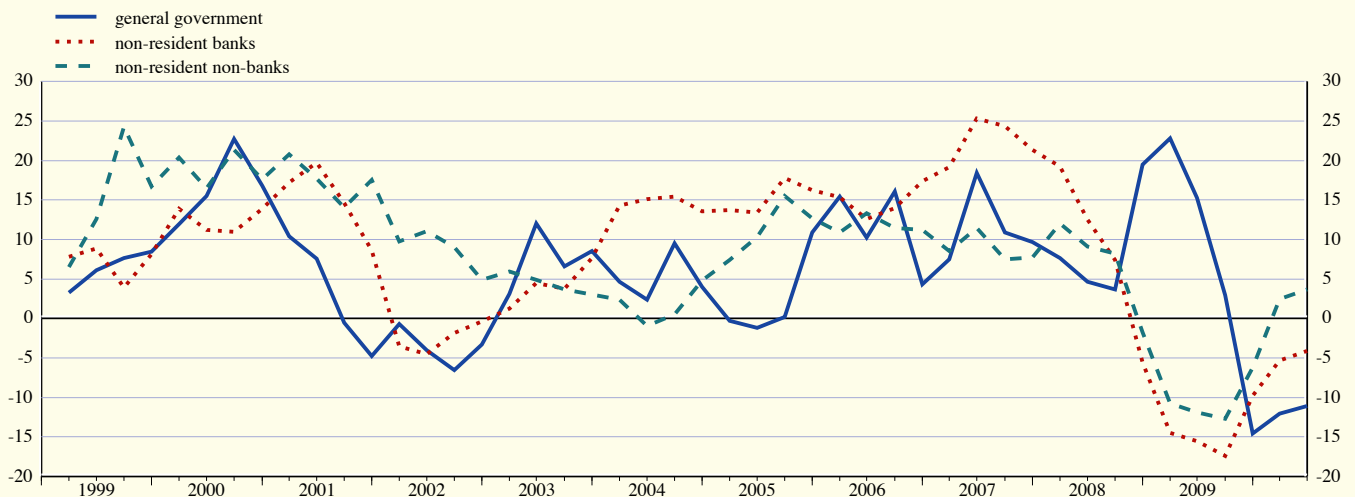
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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										
2007	373.5	126.8	58.8	107.7	80.2	3,859.6	2,951.8	907.7	143.1	764.6
2008	444.7	190.8	52.1	116.1	85.8	3,713.2	2,816.1	897.1	65.6	831.5
2009 Q3	402.8	156.8	51.0	123.2	71.7	3,419.9	2,561.8	858.1	63.3	794.8
Q4	372.9	144.1	43.4	114.3	71.1	3,368.2	2,532.3	835.9	56.7	779.2
2010 Q1	397.6	166.2	50.4	108.4	72.6	3,543.2	2,638.6	904.6	66.8	837.9
Q2 <sup>(p)</sup>	412.7	168.1	54.5	113.9	76.8	3,699.6	2,695.8	1,003.8	66.6	937.1
Transactions										
2008	72.7	63.4	-6.5	8.7	7.1	-183.3	-165.8	-17.5	-36.8	19.3
2009	-64.8	-38.1	-8.7	-2.5	-15.5	-331.5	-275.6	-55.9	-4.5	-51.3
2009 Q3	-62.1	-58.8	2.3	4.1	-9.6	-80.2	-73.2	-7.0	-0.2	-6.8
Q4	-30.1	-12.8	-7.7	-8.8	-0.9	-80.1	-55.9	-24.2	-2.7	-21.5
2010 Q1	24.6	22.1	7.0	-5.9	1.4	95.3	49.6	45.7	9.1	36.6
Q2 <sup>(p)</sup>	14.6	1.8	4.0	5.2	4.2	-12.2	-29.8	17.6	-2.4	20.0
Growth rates										
2007	9.6	-2.4	29.9	10.6	16.9	17.9	21.3	7.7	15.8	6.3
2008	19.4	50.0	-11.0	8.1	8.8	-4.6	-5.6	-1.7	-25.6	2.7
2009 Q3	3.0	18.7	-16.6	8.2	-15.4	-16.3	-17.4	-12.7	-27.1	-10.3
Q4	-14.6	-20.0	-16.7	-2.1	-18.0	-8.9	-9.8	-6.3	-7.0	-6.2
2010 Q1	-12.0	-17.4	-0.1	-5.4	-13.3	-3.5	-5.3	2.4	12.0	1.7
Q2 <sup>(p)</sup>	-11.1	-20.6	11.6	-4.6	-6.0	-2.2	-4.1	3.7	6.8	3.4

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.

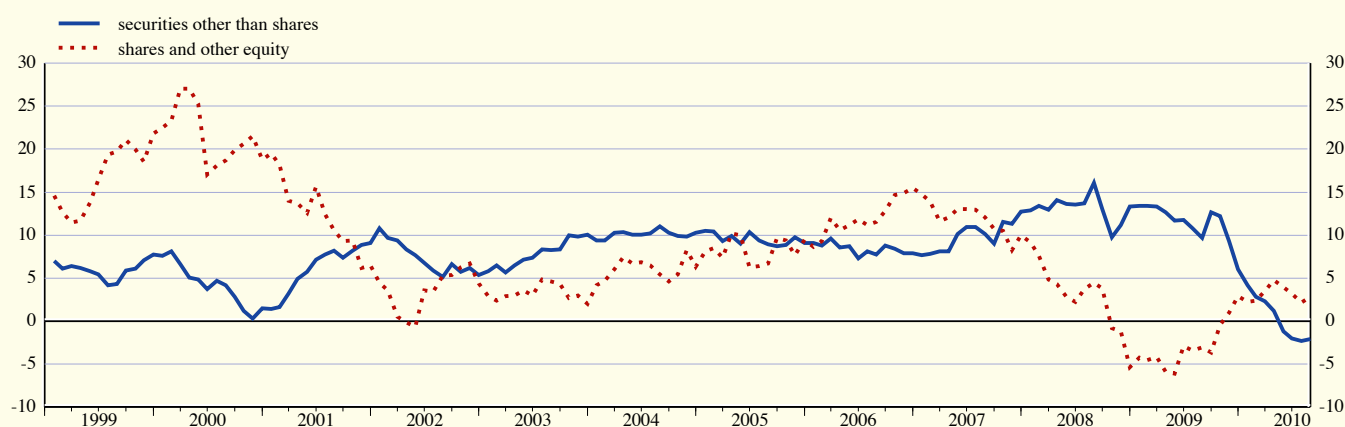
## 2.6 MFI holdings of securities: breakdown <sup>1), 2)</sup>

(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>												
2008	5,854.5	1,884.0	92.3	1,226.1	19.3	1,355.3	51.2	1,226.5	1,472.8	421.8	775.0	276.1
2009	6,207.1	1,971.3	109.1	1,466.5	16.0	1,457.8	39.4	1,147.1	1,515.3	434.8	800.3	280.2
2010 Q1	6,299.3	1,979.1	113.7	1,533.4	16.7	1,443.2	40.0	1,173.2	1,516.2	446.4	781.8	288.0
Q2	6,301.9	1,913.9	117.2	1,550.2	18.5	1,473.7	28.6	1,199.9	1,523.0	456.3	771.6	295.2
2010 May	6,270.0	1,942.3	115.6	1,533.8	17.8	1,441.1	28.4	1,191.0	1,543.6	465.6	789.7	288.3
June	6,301.9	1,913.9	117.2	1,550.2	18.5	1,473.7	28.6	1,199.9	1,523.0	456.3	771.6	295.2
July	6,256.4	1,892.3	104.7	1,549.3	16.9	1,499.0	27.7	1,166.4	1,517.5	456.0	773.2	288.3
Aug. <sup>(p)</sup>	6,304.6	1,895.2	117.2	1,542.6	17.4	1,505.2	26.7	1,200.3	1,529.1	457.3	784.1	287.7
<b>Transactions</b>												
2008	695.6	213.8	5.8	38.3	1.9	389.8	19.0	26.9	-85.2	22.4	-56.9	-50.8
2009	353.8	83.6	16.6	229.9	-3.2	103.3	-12.0	-64.4	43.2	29.4	11.6	2.3
2010 Q1	46.5	6.4	-0.4	65.1	-0.3	-17.3	-2.1	-4.9	9.9	13.1	-13.2	10.0
Q2	-95.9	-54.3	-6.9	14.4	-0.4	-0.4	-14.8	-33.5	16.3	11.1	-2.0	7.2
2010 May	-80.9	-20.7	-5.1	-9.9	-0.6	-7.1	-14.3	-23.2	-10.8	9.4	-20.6	0.3
June	-12.3	-21.4	-0.4	13.4	0.3	-0.2	-0.2	-3.8	-22.1	-10.9	-16.8	5.6
July	-8.1	-23.7	-6.5	-4.7	-0.9	21.3	0.3	6.0	-11.1	-1.4	-3.1	-6.7
Aug. <sup>(p)</sup>	23.0	3.4	9.6	-10.0	-0.1	6.0	-1.8	15.9	13.3	2.3	12.1	-1.1
<b>Growth rates</b>												
2008	13.4	12.8	8.0	3.2	9.9	39.9	57.3	2.2	-5.3	5.3	-6.8	-15.4
2009	6.0	4.4	17.5	18.6	-16.0	7.6	-23.2	-5.3	2.9	7.0	1.5	0.8
2010 Q1	2.3	-0.4	7.7	12.0	-19.1	3.1	-23.2	-4.1	3.5	7.4	0.6	5.9
Q2	-2.0	-4.8	-2.6	6.6	-23.0	-0.7	-49.6	-6.8	3.2	8.2	-0.8	7.2
2010 May	-1.2	-4.8	-1.9	8.9	-19.8	0.4	-49.0	-6.2	4.0	9.9	0.1	5.9
June	-2.0	-4.8	-2.6	6.6	-23.0	-0.7	-49.6	-6.8	3.2	8.2	-0.8	7.2
July	-2.3	-6.8	-8.8	5.6	-22.0	1.0	-49.7	-5.6	2.2	6.3	-0.3	2.8
Aug. <sup>(p)</sup>	-2.1	-6.5	0.6	4.9	-17.4	1.5	-52.2	-5.5	2.8	6.2	1.2	2.2

## 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	-7.5	-1.8	-2.3	-3.4	-4.0	-0.1	-0.2	-3.7	-7.4	-1.6	-1.3	-4.5
2009 Q4	-2.5	-0.8	-0.8	-0.9	-1.1	0.0	-0.1	-1.0	-2.3	-0.4	-0.6	-1.3
2010 Q1	-1.9	-1.1	-0.6	-0.2	-1.1	0.0	0.0	-1.1	-2.3	-0.5	-0.3	-1.4
2010 Q2	-1.6	-0.4	-0.4	-0.8	-1.1	0.0	0.0	-1.0	-1.9	-0.3	-0.4	-1.3
2010 Apr.	-0.3	0.0	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.4	-0.1	-0.1	-0.3
May	-0.4	-0.1	-0.1	-0.2	-0.4	0.0	0.0	-0.4	-0.5	-0.1	-0.1	-0.3
June	-0.9	-0.3	-0.2	-0.4	-0.4	0.0	0.0	-0.4	-0.9	-0.1	-0.2	-0.6
July	-0.4	-0.1	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.5	-0.1	-0.2	-0.3
Aug. <sup>(p)</sup>	-0.3	-0.1	-0.1	-0.1	-0.2	0.0	0.0	-0.2	-0.4	0.0	0.0	-0.3

**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	-5.1	-3.4	-1.7
2008	-17.8	-4.1	-9.1	-4.6	-6.6	-3.4	-3.2
2009	-35.4	-12.7	-12.5	-10.2	-6.9	-2.6	-4.2
2009 Q4	-15.2	-5.3	-6.3	-3.7	-2.1	-0.5	-1.6
2010 Q1	-11.4	-7.1	-4.0	-0.3	-1.0	-0.4	-0.6
2010 Q2	-17.8	-5.5	-6.4	-6.0	-0.9	-0.4	-0.5
2010 Apr.	-6.5	-1.2	-2.4	-2.9	-0.1	-0.1	-0.1
May	-5.2	-2.2	-1.6	-1.4	-0.5	-0.1	-0.3
June	-6.0	-2.1	-2.3	-1.6	-0.3	-0.2	-0.1
July	-3.5	-2.1	-0.4	-1.0	-0.2	-0.3	0.1
Aug. <sup>(p)</sup>	-2.7	-0.9	-0.9	-1.0	0.0	0.0	0.0

**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	-0.3	-0.2	-3.2	-0.6	-6.7	27.6	3.8	11.7	12.1
2008	-60.4	-12.0	0.0	4.5	0.0	-19.0	-2.2	-31.7	-63.6	-9.2	-46.2	-8.2
2009	4.4	8.2	0.2	-0.8	-0.1	-0.8	0.8	-3.0	1.0	-5.9	3.4	3.5
2009 Q4	1.1	1.2	0.1	-1.5	-0.1	0.2	-0.1	1.2	-0.4	-1.7	0.6	0.8
2010 Q1	14.3	3.2	0.3	4.5	0.1	2.4	0.1	3.7	0.5	-1.0	-0.2	1.7
2010 Q2	-12.4	-2.5	0.4	-8.9	0.5	-4.3	0.0	2.3	-15.0	-3.7	-7.3	-4.0
2010 Apr.	-4.8	-2.0	0.0	-4.2	0.2	-0.2	0.0	1.3	-4.6	-1.6	-3.4	0.4
May	-1.0	-1.2	0.3	0.1	0.3	-1.9	0.0	1.4	-6.4	-1.2	-3.6	-1.6
June	-6.6	0.8	0.1	-4.8	0.0	-2.3	0.0	-0.4	-4.1	-0.9	-0.4	-2.8
July	12.3	2.1	0.2	3.8	0.0	4.1	0.1	2.1	5.7	1.2	4.7	-0.2
Aug. <sup>(p)</sup>	8.7	1.6	0.3	3.8	0.1	0.5	0.1	2.2	-1.8	-1.0	-1.3	0.5

Source: ECB.

- 1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
- 2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 3) 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													
2007	6,083.9	92.0	8.0	4.8	0.4	1.2	1.0	9,063.4	95.8	4.2	2.2	0.4	0.1	0.5
2008	6,852.0	89.7	10.3	7.3	0.4	1.3	0.8	9,890.2	96.9	3.1	1.9	0.5	0.1	0.4
2009 Q3	6,281.9	92.4	7.6	4.8	0.4	1.1	0.8	10,070.3	97.0	3.0	1.9	0.3	0.1	0.4
Q4	6,281.8	92.9	7.1	4.4	0.3	1.2	0.7	10,188.1	97.0	3.0	1.9	0.2	0.1	0.4
2010 Q1	6,221.8	93.0	7.0	4.1	0.3	1.2	0.8	10,200.7	97.0	3.0	2.0	0.2	0.1	0.4
Q2 <sup>4)</sup>	6,544.6	92.4	7.6	4.5	0.3	1.2	0.9	10,458.5	96.9	3.1	2.0	0.2	0.1	0.4
	By non-euro area residents													
2007	2,951.8	47.0	53.0	33.5	2.9	2.4	11.0	907.7	50.1	49.9	32.9	1.6	1.8	9.9
2008	2,816.1	48.3	51.7	33.4	2.8	2.6	10.2	897.1	54.9	45.1	28.7	1.4	1.9	9.4
2009 Q3	2,561.8	49.1	50.9	34.3	1.5	2.5	9.5	858.1	54.1	45.9	30.6	1.5	1.6	7.7
Q4	2,532.3	49.2	50.8	34.2	1.8	2.2	9.6	835.9	53.5	46.5	31.4	1.1	1.7	7.5
2010 Q1	2,638.6	50.1	49.9	32.9	2.2	2.2	9.4	904.6	54.9	45.1	31.9	1.1	1.3	6.1
Q2 <sup>4)</sup>	2,695.8	53.1	46.9	30.8	2.1	1.6	9.4	1,003.8	51.4	48.6	31.7	1.1	1.4	6.5

### 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	
2007	4,925.0	81.5	18.5	9.2	1.7	1.8	3.4
2008	5,101.8	83.3	16.7	8.4	2.0	1.9	2.5
2009 Q3	5,192.9	84.0	16.0	8.2	1.8	1.9	2.3
Q4	5,169.4	83.3	16.7	8.8	1.6	1.9	2.5
2010 Q1	5,285.2	82.5	17.5	9.5	1.6	1.8	2.5
Q2 <sup>4)</sup>	5,245.4	81.6	18.4	10.0	1.8	2.0	2.5

Source: ECB.

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

## 2.8 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														
2007	5,792.5	-	-	-	-	-	11,102.4	96.2	3.8	1.8	0.2	1.0	0.6	
2008	6,307.7	-	-	-	-	-	11,743.1	95.9	4.1	2.1	0.3	1.1	0.4	
2009 Q3	5,907.4	-	-	-	-	-	11,765.7	96.2	3.8	1.9	0.2	1.0	0.4	
Q4	5,917.5	-	-	-	-	-	11,785.5	96.2	3.8	1.9	0.2	1.0	0.4	
2010 Q1	5,916.7	-	-	-	-	-	11,833.0	96.1	3.9	2.0	0.2	1.0	0.4	
Q2 <sup>(p)</sup>	6,210.5	-	-	-	-	-	12,047.5	95.8	4.2	2.2	0.3	1.0	0.4	
To non-euro area residents														
2007	2,341.6	48.2	51.8	28.8	2.3	2.4	12.7	953.8	40.8	59.2	41.3	1.2	3.7	8.3
2008	2,278.8	45.8	54.2	31.8	3.0	2.6	11.3	963.6	40.4	59.6	42.0	1.4	4.3	7.5
2009 Q3	1,891.3	45.5	54.5	29.9	2.7	3.1	12.6	911.9	40.3	59.7	41.9	1.5	3.8	7.6
Q4	1,914.9	45.8	54.2	29.4	2.7	2.9	12.6	906.8	40.0	60.0	42.1	1.2	3.7	8.0
2010 Q1	1,985.2	46.6	53.4	29.8	2.6	3.0	11.2	964.7	40.2	59.8	42.5	1.3	3.4	7.5
Q2 <sup>(p)</sup>	2,074.8	46.5	53.5	29.8	2.8	3.1	12.0	1,000.5	39.2	60.8	43.3	1.4	3.4	7.7

### 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														
2007	1,739.8	95.2	4.8	2.4	0.3	0.3	1.5	2,209.3	97.7	2.3	1.4	0.2	0.1	0.5
2008	1,976.3	95.3	4.7	2.6	0.4	0.2	1.2	2,651.8	97.3	2.7	1.7	0.3	0.1	0.4
2009 Q3	2,117.3	95.1	4.9	2.9	0.2	0.3	1.3	2,997.1	97.9	2.1	1.4	0.2	0.1	0.4
Q4	2,080.3	94.8	5.2	3.1	0.2	0.3	1.4	2,979.7	98.1	1.9	1.2	0.2	0.1	0.3
2010 Q1	2,092.8	94.6	5.4	3.2	0.2	0.3	1.4	3,033.3	98.1	1.9	1.2	0.2	0.1	0.3
Q2 <sup>(p)</sup>	2,031.1	94.2	5.8	3.5	0.2	0.3	1.5	3,070.9	98.5	1.5	0.8	0.2	0.1	0.4
Issued by non-euro area residents														
2007	582.0	53.9	46.1	27.3	0.7	0.4	14.4	651.6	35.8	64.2	39.3	4.5	0.8	12.6
2008	580.3	54.1	45.9	28.6	0.9	0.5	13.3	646.2	39.0	61.0	37.1	6.4	0.8	11.1
2009 Q3	562.3	56.3	43.7	25.3	0.6	0.5	14.7	617.9	34.8	65.2	39.3	4.2	0.9	15.2
Q4	546.6	55.8	44.2	26.3	0.4	0.5	14.8	600.5	34.9	65.1	38.5	4.2	0.9	15.2
2010 Q1	561.8	55.3	44.7	28.0	0.4	0.5	14.8	611.4	32.9	67.1	39.9	4.2	0.9	14.9
Q2 <sup>(p)</sup>	559.2	53.4	46.6	27.4	0.5	0.9	15.2	640.7	28.8	71.2	43.7	4.6	0.6	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							
2010 Jan.	5,484.3	354.7	2,124.9	1,654.8	728.9	217.9	403.3
Feb.	5,577.5	358.1	2,154.0	1,683.2	743.8	220.2	418.2
Mar.	5,833.7	350.5	2,215.7	1,818.5	779.2	237.0	432.9
Apr.	5,900.0	366.8	2,234.9	1,822.3	793.8	238.6	443.5
May	5,861.6	378.1	2,265.4	1,749.0	785.6	239.7	443.8
June	5,840.1	384.1	2,268.4	1,717.0	791.7	242.1	436.7
July <sup>(p)</sup>	5,884.5	376.7	2,281.7	1,750.0	790.9	243.4	441.8
Transactions							
2009 Q4	112.4	-11.9	66.5	38.4	13.9	6.8	-1.4
2010 Q1	190.6	-3.7	69.1	34.9	31.1	21.1	38.1
Q2	3.2	25.9	4.0	-32.1	9.4	0.6	-4.5

### 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							
2010 Jan.	5,484.3	107.4	5,028.1	4,044.1	543.2	984.0	348.9
Feb.	5,577.5	111.7	5,099.8	4,087.3	553.1	1,012.5	366.1
Mar.	5,833.7	114.3	5,331.7	4,240.1	590.1	1,091.5	387.7
Apr.	5,900.0	123.9	5,387.8	4,265.5	597.4	1,122.3	388.2
May	5,861.6	125.4	5,329.2	4,205.1	583.7	1,124.0	407.0
June	5,840.1	125.9	5,314.6	4,191.6	584.7	1,122.9	399.7
July <sup>(p)</sup>	5,884.5	126.0	5,362.0	4,237.0	590.9	1,124.9	396.6
Transactions							
2009 Q4	112.4	0.2	108.0	79.8	16.9	28.2	4.2
2010 Q1	190.6	5.2	141.6	92.8	26.0	48.8	43.9
Q2	3.2	10.2	22.6	15.9	0.7	6.7	-29.6

### 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 Dec.	4,993.8	1,575.9	1,453.7	1,232.3	243.7	86.0	402.2	4,921.7	72.1	1,201.9
2010 Jan.	5,028.1	1,613.9	1,425.7	1,240.6	246.0	94.2	407.8	4,955.7	72.3	1,215.8
Feb.	5,099.8	1,639.1	1,451.6	1,252.2	249.7	96.2	410.9	5,025.4	74.4	1,202.3
Mar.	5,331.7	1,700.2	1,565.8	1,281.2	257.6	100.4	426.5	5,251.9	79.8	1,175.1
Apr.	5,387.8	1,724.9	1,579.1	1,294.1	257.3	102.3	430.0	5,308.4	79.4	1,182.8
May	5,329.2	1,741.0	1,509.5	1,289.5	255.9	107.2	426.1	5,247.7	81.5	1,190.4
June	5,314.6	1,749.7	1,485.8	1,291.9	252.3	107.1	427.8	5,232.3	82.3	1,167.1
July <sup>(p)</sup>	5,362.0	1,761.1	1,516.1	1,299.5	253.3	101.0	431.0	5,279.9	82.0	1,142.8
Transactions										
2010 Jan.	63.6	22.6	11.8	12.1	6.8	7.2	3.2	62.2	1.4	3.0
Feb.	22.9	11.0	3.9	3.7	2.4	0.3	1.5	21.4	1.6	-16.7
Mar.	55.0	40.8	3.8	-4.8	2.7	3.7	8.8	52.0	3.0	-30.1
Apr.	31.1	14.2	1.5	12.4	1.4	-0.2	1.7	31.4	-0.3	-2.3
May	-12.6	-1.2	-16.4	2.5	-1.7	1.6	2.6	-14.3	1.7	-16.5
June	4.2	1.3	-4.7	4.4	1.0	0.3	1.7	3.6	0.6	-29.6
July <sup>(p)</sup>	20.8	10.1	3.7	6.4	1.1	-0.8	0.4	20.5	0.2	-5.5

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>											
2009 Q3	1,997.5	1,376.5	381.9	665.9	186.5	5.0	137.3	621.0	179.2	239.0	22.4
2009 Q4	2,084.4	1,410.0	385.7	684.4	187.7	5.6	146.6	674.4	199.6	259.4	16.2
2010 Q1	2,215.7	1,461.0	392.9	706.2	199.5	5.9	156.4	754.7	217.8	292.1	15.6
2010 Q2 <sup>(p)</sup>	2,268.4	1,446.7	382.6	713.7	192.9	6.0	151.6	821.7	228.8	325.3	16.6
<b>Transactions</b>											
2009 Q4	66.5	28.7	1.3	20.7	-0.1	0.4	6.4	37.8	16.6	14.2	-6.2
2010 Q1	69.1	25.5	0.6	9.5	8.9	-0.1	6.5	43.7	11.0	17.6	-1.5
2010 Q2 <sup>(p)</sup>	4.0	-25.5	-12.0	-5.2	-4.0	0.6	-4.9	29.5	5.3	13.2	-1.4

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	EU Member States outside the euro area	United States	Japan	
	1	2	3	4	5	6	7	8	9	10	11
<b>Outstanding amounts</b>											
2009 Q3	1,555.4	704.4	99.0	-	35.7	24.7	544.9	851.0	126.2	263.7	62.9
2009 Q4	1,681.3	728.2	97.8	-	35.6	23.7	571.0	953.1	138.1	291.4	65.6
2010 Q1	1,818.5	750.9	95.1	-	36.3	28.3	591.0	1,067.6	148.5	329.9	75.8
2010 Q2 <sup>(p)</sup>	1,717.0	671.5	74.3	-	34.2	24.0	538.7	1,045.5	141.5	315.1	79.1
<b>Transactions</b>											
2009 Q4	38.4	1.9	2.7	-	0.4	-0.7	-0.6	36.5	3.7	8.9	2.7
2010 Q1	34.9	11.1	0.1	-	0.0	1.8	9.2	23.8	0.5	4.9	0.9
2010 Q2 <sup>(p)</sup>	-32.1	-25.1	-7.9	-	-0.6	-1.2	-15.4	-7.0	-1.8	-5.2	3.9

**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>											
2009 Q3	683.9	586.6	78.0	-	508.7	-	-	97.2	14.5	22.1	0.3
2009 Q4	715.4	612.8	74.4	-	538.4	-	-	102.6	15.9	23.3	0.3
2010 Q1	779.2	660.9	70.8	-	590.1	-	-	118.3	18.4	34.8	0.6
2010 Q2 <sup>(p)</sup>	791.7	662.0	77.3	-	584.7	-	-	129.7	19.0	36.8	0.5
<b>Transactions</b>											
2009 Q4	13.9	11.9	-5.0	-	16.9	-	-	2.0	0.8	-0.5	0.0
2010 Q1	31.1	21.3	-4.7	-	26.0	-	-	9.8	1.3	9.9	0.2
2010 Q2 <sup>(p)</sup>	9.4	6.0	5.3	-	0.7	-	-	3.4	0.9	-0.4	-0.1

Source: ECB.

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

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



## 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>2010 Q1</b>						
<b>External account</b>						
Exports of goods and services						462
<i>Trade balance</i> <sup>1)</sup>						-4
<b>Generation of income account</b>						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,049	106	659	53	232	
Other taxes less subsidies on production	18	3	7	3	4	
Consumption of fixed capital	353	97	197	12	47	
<i>Net operating surplus and mixed income</i> <sup>1)</sup>	557	280	237	40	1	
<b>Allocation of primary income account</b>						
Net operating surplus and mixed income						5
Compensation of employees						
Taxes less subsidies on production						
Property income	623	36	234	291	62	86
Interest	364	34	63	205	62	48
Other property income	260	2	172	85	0	38
<i>Net national income</i> <sup>1)</sup>	1,843	1,521	79	42	201	
<b>Secondary distribution of income account</b>						
Net national income						
Current taxes on income, wealth, etc.	221	198	19	4	0	2
Social contributions	404	404				1
Social benefits other than social transfers in kind	444	1	16	33	394	1
Other current transfers	199	71	27	46	55	8
Net non-life insurance premiums	45	32	11	1	1	2
Non-life insurance claims	45			45		1
Other	110	38	16	1	55	6
<i>Net disposable income</i> <sup>1)</sup>	1,807	1,380	44	51	330	
<b>Use of income account</b>						
Net disposable income						
Final consumption expenditure	1,774	1,295			479	
Individual consumption expenditure	1,588	1,295			292	
Collective consumption expenditure	186				186	
Adjustment for the change in the net equity of households in pension fund reserves	14	0	0	13	0	0
<i>Net saving/current external account</i> <sup>1)</sup>	32	99	44	38	-148	38
<b>Capital account</b>						
Net saving/current external account						
Gross capital formation	424	130	237	10	47	
Gross fixed capital formation	408	128	223	10	47	
Changes in inventories and acquisitions less disposals of valuables	16	2	14	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-2	1	0	1	0
Capital transfers	40	8	-1	1	32	5
Capital taxes	5	5	0	0	0	0
Other capital transfers	35	3	-1	1	32	5
<i>Net lending (+)/net borrowing (-) (from capital account)</i> <sup>1)</sup>	-36	74	20	49	-178	36
Statistical discrepancy	0	4	-4	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
<b>2010 Q1</b>						
<b>External account</b>						
Imports of goods and services						457
<i>Trade balance</i>						
<b>Generation of income account</b>						
Gross value added (basic prices)	1,977	486	1,101	107	283	
Taxes less subsidies on products	225					
Gross domestic product (market prices) <sup>2)</sup>	2,202					
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	557	280	237	40	1	
Compensation of employees	1,052	1,052				2
Taxes less subsidies on production	242				242	1
Property income	616	226	76	293	21	94
Interest	348	54	33	255	7	64
Other property income	268	172	43	39	14	30
<i>Net national income</i>						
<b>Secondary distribution of income account</b>						
Net national income	1,843	1,521	79	42	201	
Current taxes on income, wealth, etc.	222				222	1
Social contributions	404	1	16	47	339	1
Social benefits other than social transfers in kind	442	442				3
Other current transfers	164	90	11	46	17	43
Net non-life insurance premiums	45			45		1
Non-life insurance claims	44	35	8	1	0	2
Other	76	55	3	0	17	40
<i>Net disposable income</i>						
<b>Use of income account</b>						
Net disposable income	1,807	1,380	44	51	330	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	14	14				0
<i>Net saving/current external account</i>						
<b>Capital account</b>						
Net saving/current external account	32	99	44	38	-148	38
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	353	97	197	12	47	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	43	14	16	10	3	2
Capital taxes	5				5	0
Other capital transfers	37	14	16	10	-2	2
<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
2010 Q1								
<b>Opening balance sheet, financial assets</b>								
Total financial assets		18,162	15,953	32,354	13,019	6,469	3,420	15,248
Monetary gold and special drawing rights (SDRs)				317				
Currency and deposits		6,425	1,828	9,429	1,979	852	653	3,635
Short-term debt securities		45	141	611	292	386	35	834
Long-term debt securities		1,375	217	6,302	2,122	2,075	350	3,226
Loans		74	2,885	12,687	3,200	422	452	1,766
<i>of which: Long-term</i>		57	1,633	9,820	2,324	317	367	.
Shares and other equity		4,265	7,333	2,063	5,174	2,272	1,286	5,211
Quoted shares		737	1,262	504	1,798	423	284	.
Unquoted shares and other equity		2,117	5,693	1,224	2,695	481	855	.
Mutual fund shares		1,410	379	335	681	1,368	147	.
Insurance technical reserves		5,476	145	2	0	199	4	181
Other accounts receivable and financial derivatives		503	3,403	945	253	263	640	395
<i>Net financial worth</i>								
<b>Financial account, transactions in financial assets</b>								
Total transactions in financial assets		105	100	155	154	124	-13	242
Monetary gold and SDRs				0				0
Currency and deposits		-4	-31	3	-20	-3	7	89
Short-term debt securities		-7	9	17	-4	1	-9	2
Long-term debt securities		-9	12	57	69	76	-5	80
Loans		-2	76	27	84	7	-3	-15
<i>of which: Long-term</i>		-2	31	27	38	6	-1	.
Shares and other equity		28	25	-11	24	31	10	70
Quoted shares		11	16	8	17	-2	0	.
Unquoted shares and other equity		14	13	-16	-22	2	6	.
Mutual fund shares		3	-4	-3	29	30	3	.
Insurance technical reserves		88	2	0	0	7	0	4
Other accounts receivable and financial derivatives		11	6	62	1	6	-14	11
<i>Changes in net financial worth due to transactions</i>								
<b>Other changes account, financial assets</b>								
Total other changes in financial assets		108	263	180	236	102	14	376
Monetary gold and SDRs				23				
Currency and deposits		4	4	54	29	2	0	84
Short-term debt securities		2	5	3	11	1	1	3
Long-term debt securities		-4	3	30	35	19	4	96
Loans		0	26	45	3	0	0	12
<i>of which: Long-term</i>		0	16	15	6	0	-5	.
Shares and other equity		52	211	23	156	75	9	176
Quoted shares		29	34	11	89	15	8	.
Unquoted shares and other equity		4	160	9	59	6	-3	.
Mutual fund shares		19	17	3	7	54	3	.
Insurance technical reserves		58	0	0	0	4	0	-1
Other accounts receivable and financial derivatives		-3	13	0	2	2	1	6
<i>Other changes in net financial worth</i>								
<b>Closing balance sheet, financial assets</b>								
Total financial assets		18,375	16,315	32,690	13,408	6,695	3,421	15,866
Monetary gold and SDRs				340				
Currency and deposits		6,426	1,801	9,486	1,987	852	660	3,808
Short-term debt securities		40	155	631	299	388	27	839
Long-term debt securities		1,361	232	6,389	2,227	2,169	350	3,402
Loans		72	2,988	12,759	3,286	428	449	1,763
<i>of which: Long-term</i>		55	1,679	9,862	2,369	323	360	.
Shares and other equity		4,344	7,569	2,075	5,353	2,378	1,304	5,457
Quoted shares		777	1,312	523	1,903	436	292	.
Unquoted shares and other equity		2,135	5,866	1,218	2,733	490	858	.
Mutual fund shares		1,432	392	335	717	1,452	154	.
Insurance technical reserves		5,622	147	2	0	209	4	184
Other accounts receivable and financial derivatives		510	3,422	1,008	256	270	627	412
<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	MFI's	Other financial intermediaries	Insurance corporations and pension funds	General government	Rest of the world
<b>2010 Q1</b>								
<b>Opening balance sheet, liabilities</b>								
Total liabilities		6,571	24,744	31,590	12,908	6,557	8,206	13,731
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			29	22,013	24	0	234	2,500
Short-term debt securities			303	688	69	10	1,008	267
Long-term debt securities			524	4,561	2,604	41	5,167	2,769
Loans		5,891	8,206		2,894	245	1,352	2,897
<i>of which: Long-term</i>		5,532	5,789		1,586	97	1,167	.
Shares and other equity			12,242	2,917	7,122	492	6	4,817
Quoted shares			3,399	573	192	172	0	.
Unquoted shares and other equity		7	8,844	1,143	2,174	319	6	.
Mutual fund shares				1,201	4,755			.
Insurance technical reserves		34	332	66	1	5,574	1	
Other accounts payable and financial derivatives		639	3,108	1,345	195	196	440	481
<i>Net financial worth<sup>1)</sup></i>	-1,200	11,591	-8,791	765	110	-89	-4,786	
<b>Financial account, transactions in liabilities</b>								
Total transactions in liabilities		28	84	144	124	116	165	206
Monetary gold and SDRs								
Currency and deposits			0	41	0	0	-11	13
Short-term debt securities			8	28	0	1	-15	-13
Long-term debt securities			28	46	-18	0	179	47
Loans		14	22		5	12	19	103
<i>of which: Long-term</i>		20	18		-12	1	3	.
Shares and other equity			51	-41	126	1	0	41
Quoted shares			10	6	0	0	0	.
Unquoted shares and other equity		0	40	-3	-5	1	0	.
Mutual fund shares				-44	130			.
Insurance technical reserves		0	1	-2	0	101	0	
Other accounts payable and financial derivatives		14	-25	72	12	0	-6	15
<i>Changes in net financial worth due to transactions<sup>1)</sup></i>	-36	77	16	12	29	8	-178	36
<b>Other changes account, liabilities</b>								
Total other changes in liabilities		-1	253	130	320	77	46	431
Monetary gold and SDRs								
Currency and deposits			0	112	0	0	0	65
Short-term debt securities			6	8	1	0	1	8
Long-term debt securities			8	37	32	1	43	64
Loans		-9	10		30	0	1	55
<i>of which: Long-term</i>		-8	6		11	0	1	.
Shares and other equity			188	21	247	20	0	225
Quoted shares			81	-27	14	7	0	.
Unquoted shares and other equity		0	107	31	39	13	0	.
Mutual fund shares				17	193			.
Insurance technical reserves		0	0	0	0	61	0	
Other accounts payable and financial derivatives		8	40	-48	11	-4	2	13
<i>Other changes in net financial worth<sup>1)</sup></i>	78	109	10	50	-84	25	-32	-55
<b>Closing balance sheet, liabilities</b>								
Total liabilities		6,598	25,080	31,863	13,352	6,750	8,417	14,368
Monetary gold and SDRs								
Currency and deposits			29	22,166	23	0	223	2,578
Short-term debt securities			317	724	71	11	993	262
Long-term debt securities			559	4,644	2,618	42	5,388	2,880
Loans		5,896	8,238		2,928	257	1,371	3,055
<i>of which: Long-term</i>		5,544	5,813		1,586	97	1,172	.
Shares and other equity			12,482	2,898	7,494	512	6	5,084
Quoted shares			3,490	552	207	179	0	.
Unquoted shares and other equity		7	8,991	1,171	2,208	333	6	.
Mutual fund shares				1,175	5,079			.
Insurance technical reserves		34	332	64	1	5,736	1	
Other accounts payable and financial derivatives		661	3,122	1,368	218	192	435	509
<i>Net financial worth<sup>1)</sup></i>	-1,158	11,777	-8,765	826	55	-56	-4,996	

Source: ECB.

### 3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2006	2007	2008	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3	2009 Q1- 2009 Q4	2009 Q2- 2010 Q1
<b>Generation of income account</b>								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,071	4,256	4,433	4,438	4,434	4,425	4,416	4,417
Other taxes less subsidies on production	129	136	133	130	123	117	111	107
Consumption of fixed capital	1,252	1,319	1,382	1,392	1,398	1,402	1,405	1,408
<i>Net operating surplus and mixed income</i> <sup>1)</sup>	2,186	2,335	2,345	2,279	2,199	2,155	2,139	2,159
<b>Allocation of primary income account</b>								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,021	3,592	3,879	3,747	3,486	3,209	2,965	2,850
Interest	1,649	2,067	2,323	2,223	2,058	1,839	1,642	1,539
Other property income	1,372	1,525	1,556	1,524	1,428	1,370	1,323	1,312
<i>Net national income</i> <sup>1)</sup>	7,327	7,715	7,796	7,708	7,612	7,548	7,531	7,555
<b>Secondary distribution of income account</b>								
Net national income								
Current taxes on income, wealth, etc.	1,028	1,112	1,123	1,106	1,068	1,038	1,012	1,011
Social contributions	1,541	1,595	1,661	1,668	1,667	1,669	1,670	1,672
Social benefits other than social transfers in kind	1,554	1,600	1,667	1,692	1,723	1,755	1,784	1,804
Other current transfers	723	753	786	782	778	772	772	777
Net non-life insurance premiums	180	184	188	186	183	180	177	178
Non-life insurance claims	180	184	189	187	184	180	177	178
Other	363	385	409	410	411	412	418	422
<i>Net disposable income</i> <sup>1)</sup>	7,235	7,620	7,690	7,603	7,507	7,441	7,422	7,441
<b>Use of income account</b>								
Net disposable income								
Final consumption expenditure	6,635	6,899	7,162	7,168	7,160	7,151	7,167	7,196
Individual consumption expenditure	5,948	6,186	6,411	6,403	6,386	6,368	6,376	6,405
Collective consumption expenditure	687	713	751	765	774	783	791	791
Adjustment for the change in the net equity of households in pension fund reserves	63	60	65	65	63	61	60	59
<i>Net saving</i> <sup>1)</sup>	600	721	528	435	347	289	255	245
<b>Capital account</b>								
Net saving								
Gross capital formation	1,879	2,022	2,057	1,989	1,890	1,809	1,735	1,716
Gross fixed capital formation	1,856	1,991	2,022	1,970	1,898	1,837	1,792	1,767
Changes in inventories and acquisitions less disposals of valuables	23	30	35	19	-8	-27	-57	-51
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	0	-1	1	1	1	0	1	1
Capital transfers	170	152	161	159	171	174	182	187
Capital taxes	23	24	24	24	29	29	34	34
Other capital transfers	147	128	137	136	143	145	148	153
<i>Net lending (+)/net borrowing (-) (from capital account)</i> <sup>1)</sup>	-12	34	-137	-155	-139	-110	-67	-54

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	2006	2007	2008	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3	2009 Q1- 2009 Q4	2009 Q2- 2010 Q1
<b>Generation of income account</b>								
Gross value added (basic prices)	7,637	8,046	8,293	8,239	8,153	8,098	8,070	8,091
Taxes less subsidies on products	915	960	946	930	913	901	895	894
Gross domestic product (market prices) <sup>2)</sup>	8,552	9,006	9,239	9,168	9,066	8,999	8,965	8,986
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	2,186	2,335	2,345	2,279	2,199	2,155	2,139	2,159
Compensation of employees	4,078	4,264	4,441	4,446	4,443	4,433	4,423	4,425
Taxes less subsidies on production	1,055	1,104	1,086	1,066	1,043	1,028	1,022	1,018
Property income	3,029	3,604	3,803	3,664	3,414	3,142	2,911	2,803
Interest	1,619	2,028	2,260	2,157	1,990	1,768	1,571	1,472
Other property income	1,410	1,576	1,543	1,507	1,424	1,373	1,340	1,331
<i>Net national income</i>								
<b>Secondary distribution of income account</b>								
Net national income	7,327	7,715	7,796	7,708	7,612	7,548	7,531	7,555
Current taxes on income, wealth, etc.	1,033	1,119	1,132	1,114	1,075	1,044	1,018	1,016
Social contributions	1,540	1,594	1,660	1,667	1,666	1,668	1,669	1,672
Social benefits other than social transfers in kind	1,546	1,591	1,659	1,684	1,716	1,747	1,777	1,797
Other current transfers	635	660	681	678	674	668	666	666
Net non-life insurance premiums	180	184	189	187	184	180	177	178
Non-life insurance claims	177	181	185	183	180	177	174	174
Other	277	294	307	309	310	310	315	314
<i>Net disposable income</i>								
<b>Use of income account</b>								
Net disposable income	7,235	7,620	7,690	7,603	7,507	7,441	7,422	7,441
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	64	61	65	65	63	61	60	59
<i>Net saving</i>								
<b>Capital account</b>								
Net saving	600	721	528	435	347	289	255	245
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,252	1,319	1,382	1,392	1,398	1,402	1,405	1,408
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	184	166	171	167	179	183	191	197
Capital taxes	23	24	24	24	29	29	34	34
Other capital transfers	162	142	147	144	151	154	157	163
<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)

	2006	2007	2008	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3	2009 Q1- 2009 Q4	2009 Q2- 2010 Q1
<b>Income, saving and changes in net worth</b>								
Compensation of employees (+)	4,078	4,264	4,441	4,446	4,443	4,433	4,423	4,425
Gross operating surplus and mixed income (+)	1,416	1,498	1,548	1,538	1,523	1,510	1,503	1,504
Interest receivable (+)	264	309	343	329	305	273	246	231
Interest payable (-)	166	213	239	224	200	173	150	141
Other property income receivable (+)	748	793	799	790	763	743	734	725
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	794	852	893	890	877	870	859	856
Net social contributions (-)	1,537	1,590	1,656	1,663	1,663	1,664	1,665	1,668
Net social benefits (+)	1,540	1,585	1,654	1,678	1,710	1,741	1,771	1,791
Net current transfers receivable (+)	67	70	70	72	75	79	82	82
<b>= Gross disposable income</b>	<b>5,607</b>	<b>5,854</b>	<b>6,058</b>	<b>6,067</b>	<b>6,068</b>	<b>6,062</b>	<b>6,075</b>	<b>6,083</b>
Final consumption expenditure (-)	4,901	5,094	5,269	5,248	5,220	5,190	5,189	5,210
Changes in net worth in pension funds (+)	63	60	65	65	63	61	60	59
<b>= Gross saving</b>	<b>769</b>	<b>819</b>	<b>854</b>	<b>884</b>	<b>911</b>	<b>933</b>	<b>945</b>	<b>933</b>
Consumption of fixed capital (-)	346	367	385	387	388	389	389	389
Net capital transfers receivable (+)	19	12	13	13	14	15	10	8
Other changes in net worth <sup>1)</sup> (+)	524	71	-1,534	-1,207	-651	22	486	870
<b>= Changes in net worth <sup>1)</sup></b>	<b>967</b>	<b>534</b>	<b>-1,053</b>	<b>-698</b>	<b>-115</b>	<b>581</b>	<b>1,052</b>	<b>1,422</b>
<b>Investment, financing and changes in net worth</b>								
Net acquisition of non-financial assets (+)	606	642	639	620	594	571	553	543
Consumption of fixed capital (-)	346	367	385	387	388	389	389	389
Main items of financial investment (+)								
Short-term assets	327	440	437	366	264	153	-23	-97
Currency and deposits	284	350	437	397	335	257	121	65
Money market fund shares	7	58	-17	-12	-28	-30	-62	-89
Debt securities <sup>2)</sup>	36	33	18	-19	-43	-73	-83	-73
Long-term assets	306	142	40	80	190	343	496	575
Deposits	1	-32	-35	-13	15	57	95	121
Debt securities	34	52	41	23	14	9	-9	-24
Shares and other equity	-27	-101	-95	-65	-4	87	167	203
Quoted and unquoted shares and other equity	-4	-3	30	36	51	89	78	91
Mutual fund shares	-23	-98	-125	-101	-55	-2	89	111
Life insurance and pension fund reserves	298	222	128	135	164	191	243	275
Main items of financing (-)								
Loans	402	358	210	154	126	97	96	120
<i>of which: From euro area MFIs</i>	355	284	83	20	11	-16	63	74
Other changes in financial assets (+)								
Shares and other equity	464	45	-1,268	-970	-575	-106	271	532
Life insurance and pension fund reserves	47	25	-251	-200	-97	59	156	255
Remaining net flows (+)	-36	-35	-55	-53	24	46	84	124
<b>= Changes in net worth <sup>1)</sup></b>	<b>967</b>	<b>534</b>	<b>-1,053</b>	<b>-698</b>	<b>-115</b>	<b>581</b>	<b>1,052</b>	<b>1,422</b>
<b>Financial balance sheet</b>								
Financial assets (+)								
Short-term assets	4,838	5,309	5,825	5,887	5,892	5,829	5,798	5,757
Currency and deposits	4,454	4,843	5,312	5,374	5,430	5,398	5,466	5,439
Money market fund shares	291	347	371	390	354	349	276	268
Debt securities <sup>2)</sup>	93	118	141	123	107	82	56	51
Long-term assets	11,850	12,026	10,461	10,212	10,652	11,207	11,447	11,690
Deposits	1,015	954	886	864	883	914	960	987
Debt securities	1,247	1,292	1,321	1,292	1,313	1,372	1,363	1,351
Shares and other equity	4,974	4,920	3,517	3,309	3,573	3,875	3,988	4,076
Quoted and unquoted shares and other equity	3,581	3,607	2,588	2,417	2,595	2,830	2,855	2,912
Mutual fund shares	1,393	1,313	929	892	977	1,044	1,134	1,164
Life insurance and pension fund reserves	4,612	4,860	4,737	4,747	4,883	5,046	5,136	5,276
Remaining net assets (+)	243	228	234	223	248	238	237	225
Liabilities (-)								
Loans	5,248	5,597	5,803	5,796	5,832	5,852	5,891	5,896
<i>of which: From euro area MFIs</i>	4,553	4,825	4,901	4,879	4,899	4,916	4,955	4,942
<b>= Net financial wealth</b>	<b>11,683</b>	<b>11,966</b>	<b>10,717</b>	<b>10,526</b>	<b>10,960</b>	<b>11,422</b>	<b>11,591</b>	<b>11,777</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)

	2006	2007	2008	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3	2009 Q1- 2009 Q4	2009 Q2- 2010 Q1
<b>Income and saving</b>								
Gross value added (basic prices) (+)	4,373	4,629	4,759	4,697	4,611	4,550	4,515	4,524
Compensation of employees (-)	2,585	2,713	2,832	2,828	2,816	2,798	2,782	2,779
Other taxes less subsidies on production (-)	75	80	77	75	69	64	60	55
<b>= Gross operating surplus (+)</b>	<b>1,713</b>	<b>1,836</b>	<b>1,849</b>	<b>1,794</b>	<b>1,725</b>	<b>1,688</b>	<b>1,673</b>	<b>1,690</b>
Consumption of fixed capital (-)	702	738	773	779	782	785	787	789
<b>= Net operating surplus (+)</b>	<b>1,011</b>	<b>1,098</b>	<b>1,076</b>	<b>1,015</b>	<b>943</b>	<b>903</b>	<b>885</b>	<b>901</b>
Property income receivable (+)	507	587	590	565	530	503	478	469
Interest receivable	170	202	219	207	190	169	152	142
Other property income receivable	337	386	371	358	340	334	327	327
Interest and rents payable (-)	285	349	403	388	360	324	292	276
<b>= Net entrepreneurial income (+)</b>	<b>1,233</b>	<b>1,336</b>	<b>1,263</b>	<b>1,193</b>	<b>1,112</b>	<b>1,082</b>	<b>1,072</b>	<b>1,095</b>
Distributed income (-)	928	990	1,022	1,006	963	926	900	886
Taxes on income and wealth payable (-)	190	212	194	181	159	138	125	126
Social contributions receivable (+)	75	64	66	65	65	65	65	66
Social benefits payable (-)	61	62	63	63	64	64	64	64
Other net transfers (-)	65	56	58	58	58	60	61	62
<b>= Net saving</b>	<b>64</b>	<b>80</b>	<b>-9</b>	<b>-51</b>	<b>-67</b>	<b>-41</b>	<b>-14</b>	<b>22</b>
<b>Investment, financing and saving</b>								
Net acquisition of non-financial assets (+)	313	370	357	299	216	155	97	90
Gross fixed capital formation (+)	991	1,077	1,096	1,060	1,008	968	941	930
Consumption of fixed capital (-)	702	738	773	779	782	785	787	789
Net acquisition of other non-financial assets (+)	25	30	34	18	-9	-28	-56	-51
Main items of financial investment (+)								
Short-term assets	169	170	62	3	38	84	110	99
Currency and deposits	146	154	16	-6	10	38	90	97
Money market fund shares	10	-15	28	27	38	46	40	9
Debt securities <sup>1)</sup>	12	30	19	-19	-10	1	-20	-7
Long-term assets	511	759	659	662	529	343	131	143
Deposits	29	-12	28	40	48	29	17	5
Debt securities	14	-22	-71	5	21	0	12	14
Shares and other equity	263	451	348	358	332	253	98	65
Other (mainly intercompany loans)	204	341	355	258	128	61	4	58
Remaining net assets (+)	104	128	29	-115	-92	-45	-46	22
Main items of financing (-)								
Debt	740	864	731	534	360	188	5	48
of which: Loans from euro area MFIs	458	544	393	252	98	-36	-153	-114
of which: Debt securities	40	37	59	65	78	89	78	98
Shares and other equity	220	413	306	284	316	306	217	201
Quoted shares	38	70	3	13	47	58	60	60
Unquoted shares and other equity	181	343	304	271	269	248	158	140
Net capital transfers receivable (-)	72	69	76	78	77	79	81	80
<b>= Net saving</b>	<b>64</b>	<b>80</b>	<b>-9</b>	<b>-51</b>	<b>-67</b>	<b>-41</b>	<b>-14</b>	<b>22</b>
<b>Financial balance sheet</b>								
Financial assets								
Short-term assets	1,704	1,855	1,916	1,903	1,935	1,981	2,025	2,001
Currency and deposits	1,367	1,508	1,539	1,512	1,553	1,581	1,636	1,605
Money market fund shares	209	189	213	237	243	248	233	226
Debt securities <sup>1)</sup>	128	159	163	154	140	152	157	169
Long-term assets	10,149	11,088	9,397	9,113	9,482	10,103	10,379	10,745
Deposits	150	169	193	199	193	193	192	196
Debt securities	281	258	191	192	168	160	201	217
Shares and other equity	7,508	8,135	6,127	5,814	6,243	6,880	7,101	7,343
Other (mainly intercompany loans)	2,210	2,526	2,886	2,907	2,878	2,871	2,885	2,988
Remaining net assets	354	391	445	434	457	442	470	477
Liabilities								
Debt	7,884	8,646	9,376	9,393	9,410	9,388	9,365	9,447
of which: Loans from euro area MFIs	3,983	4,508	4,897	4,860	4,826	4,760	4,701	4,699
of which: Debt securities	686	686	744	750	781	823	827	877
Shares and other equity	13,188	14,378	10,769	10,108	10,831	11,934	12,242	12,482
Quoted shares	4,511	4,997	2,840	2,484	2,828	3,267	3,399	3,490
Unquoted shares and other equity	8,677	9,381	7,928	7,624	8,003	8,667	8,844	8,991

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)

	2006	2007	2008	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3	2009 Q1- 2009 Q4	2009 Q2- 2010 Q1
<b>Financial account, financial transactions</b>								
<b>Main items of financial investment (+)</b>								
Short-term assets	68	76	117	67	51	40	17	0
Currency and deposits	11	6	57	19	12	-1	-33	-21
Money market fund shares	7	7	19	17	11	6	8	-9
Debt securities <sup>1)</sup>	50	63	41	31	29	35	42	31
Long-term assets	290	163	67	69	93	126	206	276
Deposits	67	50	1	14	13	20	16	0
Debt securities	112	46	17	45	0	11	70	95
Loans	-1	-15	22	1	11	9	6	10
Quoted shares	-3	-1	-14	-20	-24	-100	-87	-81
Unquoted shares and other equity	30	21	30	23	15	4	-7	0
Mutual fund shares	84	62	10	7	78	182	208	253
Remaining net assets (+)	10	-8	27	14	36	34	35	46
<b>Main items of financing (-)</b>								
Debt securities	6	3	12	14	10	10	1	0
Loans	44	-5	27	3	15	9	-24	-14
Shares and other equity	9	1	3	6	5	6	5	4
Insurance technical reserves	312	247	143	143	171	198	272	319
Net equity of households in life insurance and pension fund reserves	305	243	125	133	165	194	260	304
Prepayments of insurance premiums and reserves for outstanding claims	7	4	17	10	7	4	13	15
<b>= Changes in net financial worth due to transactions</b>	-3	-15	25	-15	-21	-24	3	14
<b>Other changes account</b>								
<b>Other changes in financial assets (+)</b>								
Shares and other equity	180	18	-566	-431	-265	-31	209	354
Other net assets	-42	-41	43	24	45	78	65	104
<b>Other changes in liabilities (-)</b>								
Shares and other equity	41	-33	-180	-189	-124	-53	16	97
Insurance technical reserves	51	22	-243	-200	-95	64	159	263
Net equity of households in life insurance and pension fund reserves	48	24	-243	-193	-91	65	162	260
Prepayments of insurance premiums and reserves for outstanding claims	3	-1	0	-6	-4	-1	-3	3
<b>= Other changes in net financial worth</b>	46	-13	-100	-18	-2	35	99	99
<b>Financial balance sheet</b>								
<b>Financial assets (+)</b>								
Short-term assets	516	586	708	727	723	711	733	730
Currency and deposits	157	163	224	213	196	190	195	196
Money market fund shares	92	97	114	127	118	116	112	108
Debt securities <sup>1)</sup>	267	326	370	387	410	405	426	426
Long-term assets	5,115	5,255	4,785	4,744	4,914	5,138	5,275	5,485
Deposits	591	641	644	658	661	664	658	656
Debt securities	1,853	1,854	1,897	1,932	1,913	1,986	2,035	2,131
Loans	408	394	416	419	422	422	422	428
Quoted shares	722	717	420	376	438	414	423	436
Unquoted shares and other equity	490	529	452	434	443	473	481	490
Mutual fund shares	1,052	1,121	956	924	1,037	1,178	1,256	1,344
Remaining net assets (+)	214	197	246	247	261	268	265	287
<b>Liabilities (-)</b>								
Debt securities	36	29	46	46	45	49	50	52
Loans	244	235	270	275	273	263	245	257
Shares and other equity	679	648	471	412	438	492	492	512
Insurance technical reserves	4,973	5,243	5,143	5,154	5,301	5,473	5,574	5,736
Net equity of households in life insurance and pension fund reserves	4,263	4,530	4,413	4,424	4,567	4,736	4,835	4,988
Prepayments of insurance premiums and reserves for outstanding claims	710	713	730	731	734	737	740	748
<b>= Net financial wealth</b>	-88	-117	-191	-169	-159	-161	-89	-56

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

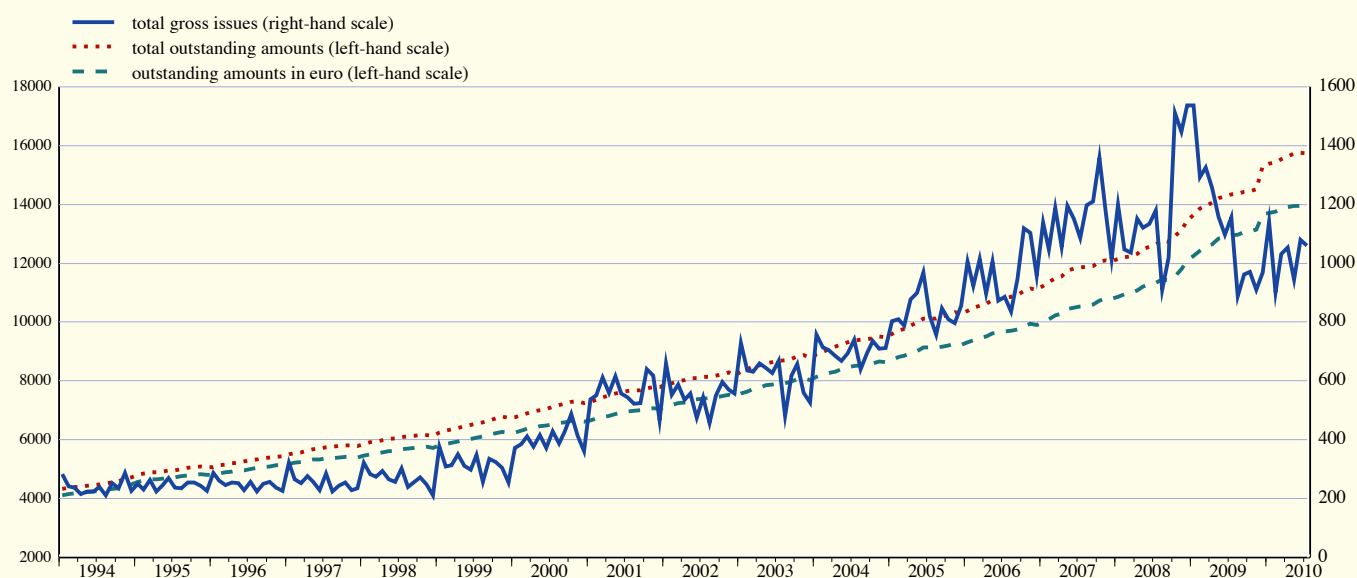
### 4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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			Annual growth rates	Seasonally adjusted <sup>2)</sup>	
				Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues		Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Total</b>												
2009 July	15,185.4	1,131.8	31.7	12,945.5	1,077.1	55.8	14,341.9	1,155.3	70.0	11.5	95.9	10.0
Aug.	15,233.5	881.0	47.0	12,974.8	825.2	28.2	14,359.5	888.1	20.5	10.7	72.0	8.7
Sep.	15,338.9	962.0	106.2	13,053.3	878.9	79.3	14,428.4	962.1	84.6	11.7	121.1	8.6
Oct.	15,339.5	949.8	0.7	13,082.6	900.2	29.5	14,462.3	970.4	36.7	10.8	14.4	7.5
Nov.	15,390.6	886.7	50.4	13,135.9	844.4	52.5	14,521.5	909.5	64.3	9.5	39.9	6.3
Dec.	15,918.4	936.7	-60.0	13,665.5	883.1	-58.2	15,295.3	967.8	-58.5	7.9	16.6	5.0
2010 Jan.	15,962.0	1,091.0	43.2	13,711.7	1,028.3	45.7	15,387.6	1,140.5	66.9	7.2	62.2	4.4
Feb.	15,999.8	859.9	38.0	13,751.2	810.9	39.7	15,435.9	900.4	33.9	5.9	-12.7	3.2
Mar.	16,144.7	1,027.7	144.0	13,854.2	923.5	102.0	15,550.5	1,031.2	108.8	5.6	93.8	2.7
Apr.	16,193.9	1,003.6	51.5	13,911.4	947.6	59.2	15,639.1	1,054.0	81.0	5.3	53.9	3.2
May	16,199.2	867.3	7.0	13,946.2	839.3	36.3	15,745.2	943.8	47.4	4.3	-17.5	2.4
June	16,218.3	1,049.4	19.2	13,954.9	983.2	9.1	15,756.9	1,080.5	-6.2	3.7	14.1	2.5
July	.	.	.	13,995.7	959.0	41.4	15,729.7	1,060.8	18.6	3.4	51.4	2.4
<b>Long-term</b>												
2009 July	13,571.5	270.0	27.7	11,445.0	248.6	34.2	12,662.9	273.5	45.1	10.6	81.2	10.8
Aug.	13,630.3	132.2	58.5	11,488.7	109.6	43.5	12,703.9	122.5	47.3	10.3	100.9	10.2
Sep.	13,703.0	224.4	72.3	11,563.7	197.9	74.6	12,766.6	223.4	75.9	11.2	100.6	9.6
Oct.	13,768.2	245.2	63.1	11,624.8	216.7	59.0	12,828.0	236.1	64.8	11.5	63.6	9.6
Nov.	13,851.8	200.8	81.7	11,704.3	180.1	77.5	12,904.8	195.2	81.9	10.7	53.8	8.4
Dec.	14,362.4	169.5	-33.7	12,224.8	154.0	-23.8	13,649.1	166.0	-32.5	8.9	-13.5	6.1
2010 Jan.	14,403.6	309.5	42.2	12,259.6	278.0	35.7	13,725.9	315.8	54.9	8.6	106.3	6.3
Feb.	14,460.0	212.1	56.8	12,322.6	193.6	63.4	13,799.5	211.7	59.9	7.5	11.2	4.8
Mar.	14,593.1	310.3	132.4	12,430.8	250.1	107.4	13,916.5	281.4	112.7	7.2	107.7	4.8
Apr.	14,645.2	246.7	53.1	12,483.6	223.3	53.4	13,998.2	255.1	73.1	7.1	59.2	4.7
May	14,655.1	154.2	10.3	12,515.3	148.2	32.1	14,104.0	181.4	50.1	6.0	-14.3	3.6
June	14,693.2	273.3	39.9	12,553.3	245.3	39.9	14,150.4	265.0	31.8	5.1	13.8	4.2
July	.	.	.	12,583.1	234.7	30.7	14,123.5	262.4	15.0	4.9	57.9	3.4

### 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>b)</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>												
2008	13,450	5,271	2,200	700	4,939	340	1,191	817	83	106	163	24
2009	15,295	5,378	3,231	804	5,508	374	1,126	734	63	86	221	22
2009 Q3	14,428	5,431	2,398	788	5,453	358	1,002	645	48	86	212	12
Q4	15,295	5,378	3,231	804	5,508	374	949	620	53	73	182	20
2010 Q1	15,551	5,470	3,194	842	5,654	389	1,024	642	61	74	227	20
Q2	15,757	5,460	3,240	869	5,770	418	1,026	661	61	80	198	26
2010 Apr.	15,639	5,493	3,210	857	5,684	395	1,054	665	63	85	219	23
May	15,745	5,480	3,244	871	5,746	404	944	600	59	75	191	18
June	15,757	5,460	3,240	869	5,770	418	1,080	718	61	79	185	37
July	15,730	5,431	3,233	867	5,773	426	1,061	654	91	71	217	29
<b>Short-term</b>												
2008	1,627	822	92	122	567	25	975	722	34	97	102	19
2009	1,646	733	97	72	724	21	876	635	19	69	137	15
2009 Q3	1,662	751	57	83	752	19	795	562	15	72	139	8
Q4	1,646	733	97	72	724	21	750	542	19	60	116	13
2010 Q1	1,634	747	87	76	706	17	754	536	27	61	120	10
Q2	1,607	734	98	73	681	21	792	570	31	67	110	16
2010 Apr.	1,641	754	91	79	698	20	799	562	31	69	121	16
May	1,641	752	98	82	688	21	762	540	34	67	106	17
June	1,607	734	98	73	681	21	815	608	27	64	102	14
July	1,606	731	94	77	674	30	798	564	30	63	119	23
<b>Long-term<sup>2)</sup></b>												
2008	11,823	4,449	2,108	578	4,371	315	216	95	48	8	61	4
2009	13,649	4,645	3,135	732	4,784	353	251	99	44	17	84	7
2009 Q3	12,767	4,681	2,341	704	4,701	340	206	83	33	14	72	4
Q4	13,649	4,645	3,135	732	4,784	353	199	79	35	13	66	7
2010 Q1	13,916	4,724	3,107	766	4,948	372	270	106	33	13	107	10
Q2	14,150	4,725	3,143	796	5,089	398	234	91	30	13	89	10
2010 Apr.	13,998	4,739	3,119	778	4,987	376	255	103	32	16	98	7
May	14,104	4,728	3,146	789	5,058	383	181	61	25	9	85	2
June	14,150	4,725	3,143	796	5,089	398	265	111	34	15	83	22
July	14,123	4,700	3,139	790	5,098	396	262	90	61	8	98	6
<i>of which: Long-term fixed rate</i>												
2008	7,711	2,306	760	440	3,955	250	120	49	9	7	53	3
2009	8,831	2,588	1,035	599	4,338	271	173	60	18	16	74	4
2009 Q3	8,482	2,507	894	569	4,251	260	140	49	14	14	61	3
Q4	8,831	2,588	1,035	599	4,338	271	132	46	10	12	59	5
2010 Q1	9,094	2,659	1,049	626	4,482	278	186	61	10	12	95	7
Q2	9,313	2,665	1,081	656	4,625	286	156	47	12	11	81	5
2010 Apr.	9,177	2,677	1,057	638	4,524	280	181	62	14	15	87	4
May	9,264	2,671	1,075	646	4,589	282	115	22	6	6	80	1
June	9,313	2,665	1,081	656	4,625	286	171	58	16	13	76	9
July	9,277	2,643	1,074	653	4,624	283	153	46	12	7	85	3
<i>of which: Long-term variable rate</i>												
2008	3,599	1,744	1,300	128	363	64	81	36	38	1	5	1
2009	4,380	1,770	2,033	123	374	81	62	28	25	1	6	2
2009 Q3	3,727	1,745	1,406	125	372	79	48	21	18	1	7	1
Q4	4,380	1,770	2,033	123	374	81	58	26	24	1	5	2
2010 Q1	4,368	1,775	1,988	130	382	93	70	38	20	1	7	3
Q2	4,380	1,771	1,987	129	383	110	65	37	16	1	5	6
2010 Apr.	4,373	1,771	1,990	129	388	94	60	33	16	1	7	3
May	4,381	1,765	1,997	129	391	99	52	33	15	1	3	1
June	4,380	1,771	1,987	129	383	110	81	46	16	1	4	13
July	4,401	1,774	1,998	127	391	111	99	37	48	1	10	3

Source: ECB.

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

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

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

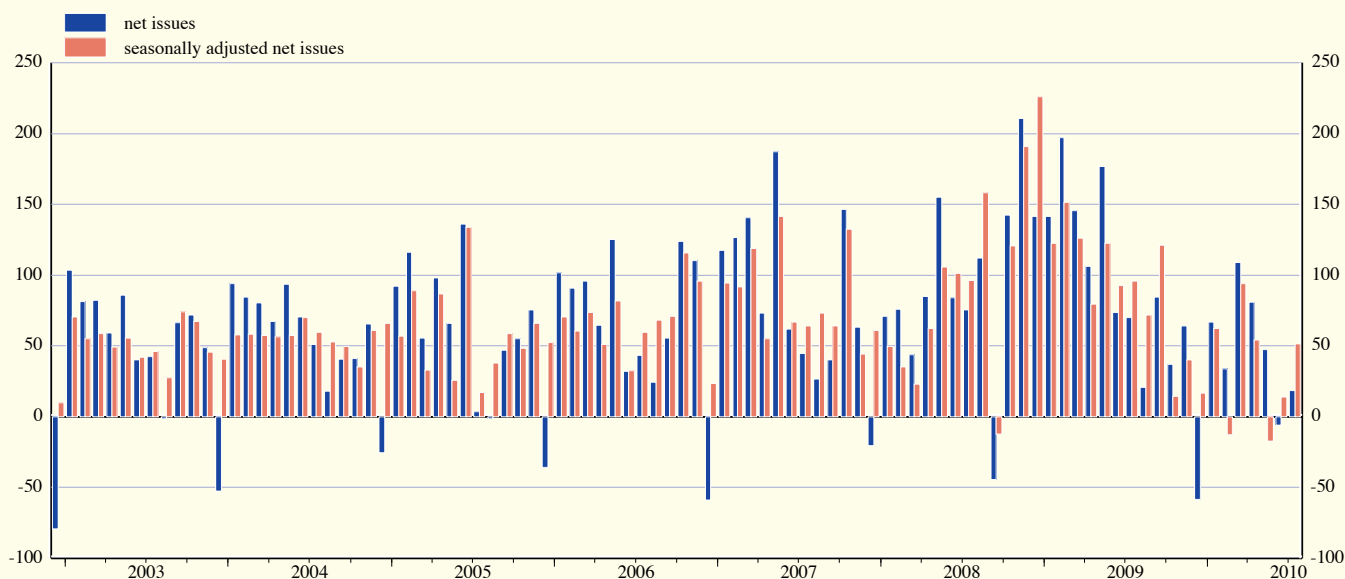
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

## 2. Net issues

	Non-seasonally adjusted <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											
2008	96.0	22.9	36.1	4.3	31.7	1.1	96.4	23.1	35.5	4.4	32.5	0.9
2009	88.2	10.3	20.3	8.5	46.2	2.8	87.9	10.2	19.9	8.3	46.7	2.9
2009 Q3	58.4	0.8	8.9	11.1	35.3	2.3	96.3	9.7	26.5	13.4	43.3	3.4
Q4	14.2	-21.6	14.6	4.1	11.9	5.2	23.6	-10.5	-12.3	6.9	36.8	2.7
2010 Q1	69.9	25.6	-16.5	11.2	46.4	3.1	47.7	7.4	1.2	10.1	24.6	4.5
Q2	40.7	-11.5	6.6	5.1	34.9	5.6	16.8	-13.9	1.1	0.9	23.0	5.7
2010 Apr.	81.0	20.9	12.2	13.3	28.7	5.9	53.9	8.5	11.3	9.0	20.1	5.1
May	47.4	-25.3	15.2	7.4	52.9	-2.7	-17.5	-48.2	2.3	1.2	29.0	-1.8
June	-6.2	-29.9	-7.7	-5.3	23.0	13.8	14.1	-2.0	-10.2	-7.5	20.0	13.7
July	18.6	-7.3	5.3	3.8	8.6	8.2	51.4	-14.3	20.0	3.2	33.4	9.1
	Long-term											
2008	65.4	15.9	32.9	2.7	13.4	0.5	64.9	16.1	32.3	2.7	13.3	0.5
2009	88.1	15.1	22.7	12.7	34.5	3.2	88.0	15.2	22.3	12.7	34.6	3.1
2009 Q3	56.1	12.7	12.3	12.3	17.4	1.4	94.2	20.0	29.1	14.0	28.5	2.6
Q4	38.1	-13.9	12.4	7.8	27.3	4.4	34.6	-1.9	-14.1	9.1	38.1	3.5
2010 Q1	75.8	22.3	-13.3	9.8	52.8	4.3	75.1	12.5	4.9	10.5	43.0	4.2
Q2	51.7	-6.4	3.4	6.2	43.9	4.6	19.6	-16.3	-1.6	2.2	30.8	4.4
2010 Apr.	73.1	12.6	8.5	11.0	37.4	3.6	59.2	3.4	8.5	8.9	35.6	2.8
May	50.1	-22.8	9.3	3.7	64.3	-4.4	-14.3	-42.4	-2.1	-1.4	35.3	-3.7
June	31.8	-9.0	-7.6	4.0	30.0	14.5	13.8	-10.0	-11.1	-0.7	21.6	14.1
July	15.0	-6.4	8.5	0.2	14.1	-1.3	57.9	-11.0	22.4	0.8	45.9	-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.

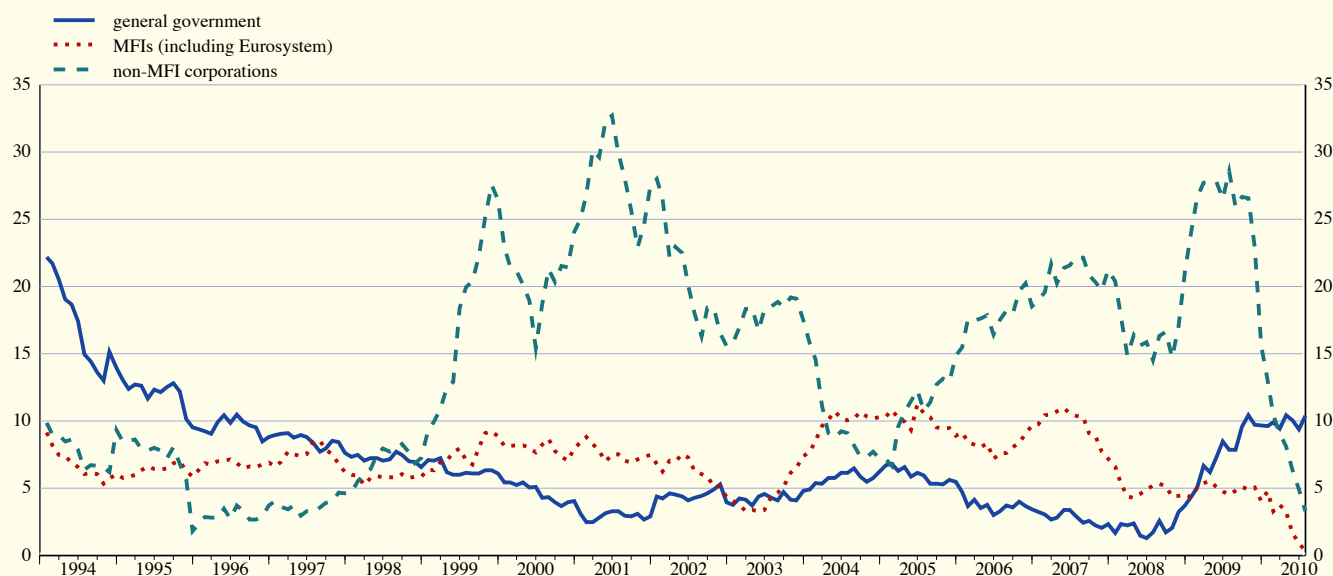
### 4.3 Growth rates of securities other than shares issued by euro area residents <sup>1)</sup>

(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												
2009 July	11.5	4.2	28.1	13.6	13.5	9.5	10.0	4.3	19.1	15.2	11.5	10.1
Aug.	10.7	3.5	24.2	13.2	13.4	9.1	8.7	2.8	15.5	14.2	11.2	10.7
Sep.	11.7	4.1	24.4	15.8	14.9	10.7	8.6	3.4	13.6	19.0	10.2	11.2
Oct.	10.8	3.0	23.8	17.2	13.5	10.5	7.5	0.6	11.2	19.1	11.6	9.4
Nov.	9.5	2.5	19.1	16.7	12.1	10.8	6.3	-0.5	8.4	18.1	10.6	9.5
Dec.	7.9	2.3	10.9	14.6	11.2	10.0	5.0	-0.1	3.4	16.9	9.3	10.9
2010 Jan.	7.2	2.4	9.8	13.9	10.1	9.4	4.4	0.6	1.1	12.4	8.8	8.6
Feb.	5.9	0.7	6.6	14.9	9.7	11.0	3.2	-1.3	-1.6	15.5	8.1	11.5
Mar.	5.6	1.5	5.0	16.1	8.5	11.8	2.7	-0.3	-3.0	13.3	6.9	12.3
Apr.	5.3	1.3	4.1	16.1	8.4	11.2	3.2	2.2	-2.6	13.4	5.3	12.9
May	4.3	-0.2	2.9	15.0	8.0	10.4	2.4	0.1	-2.4	12.2	5.4	11.3
June	3.7	-0.4	1.9	12.5	7.2	13.7	2.5	-0.7	0.5	8.3	5.2	16.7
July	3.4	-0.8	0.7	10.4	7.4	15.2	2.4	-2.3	0.3	8.4	6.0	22.4
Long-term												
2009 July	10.6	4.5	31.0	22.5	7.8	8.1	10.8	5.9	20.3	29.7	8.7	12.1
Aug.	10.3	4.8	27.5	22.1	7.8	8.1	10.2	6.4	16.7	25.4	8.8	13.2
Sep.	11.2	5.1	27.8	24.5	9.6	9.4	9.6	6.3	15.0	28.2	7.8	11.8
Oct.	11.5	4.9	26.7	27.2	10.4	10.6	9.6	4.7	12.0	27.3	11.1	9.3
Nov.	10.7	5.0	21.5	28.3	9.6	11.0	8.4	4.0	8.8	25.2	10.3	7.9
Dec.	8.9	4.0	12.7	26.3	9.5	12.0	6.1	2.4	3.6	21.9	8.9	11.2
2010 Jan.	8.6	4.8	10.3	23.1	9.5	11.6	6.3	3.6	1.1	16.9	10.4	11.1
Feb.	7.5	3.3	7.3	22.5	9.7	12.4	4.8	0.3	-1.5	19.6	10.7	11.8
Mar.	7.2	3.8	5.6	22.7	9.2	12.8	4.8	1.4	-2.9	17.3	10.6	13.8
Apr.	7.1	3.2	4.7	21.6	10.4	11.0	4.7	1.7	-2.2	16.1	9.7	12.7
May	6.0	1.6	3.2	18.7	10.1	8.9	3.6	-0.7	-2.3	12.5	9.9	9.9
June	5.1	0.9	2.1	16.2	9.1	12.9	4.2	-0.5	0.7	10.7	9.4	14.7
July	4.9	0.3	0.8	13.2	10.2	12.1	3.4	-3.0	0.6	9.5	10.1	13.1

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

(annual percentage changes)



Source: ECB.

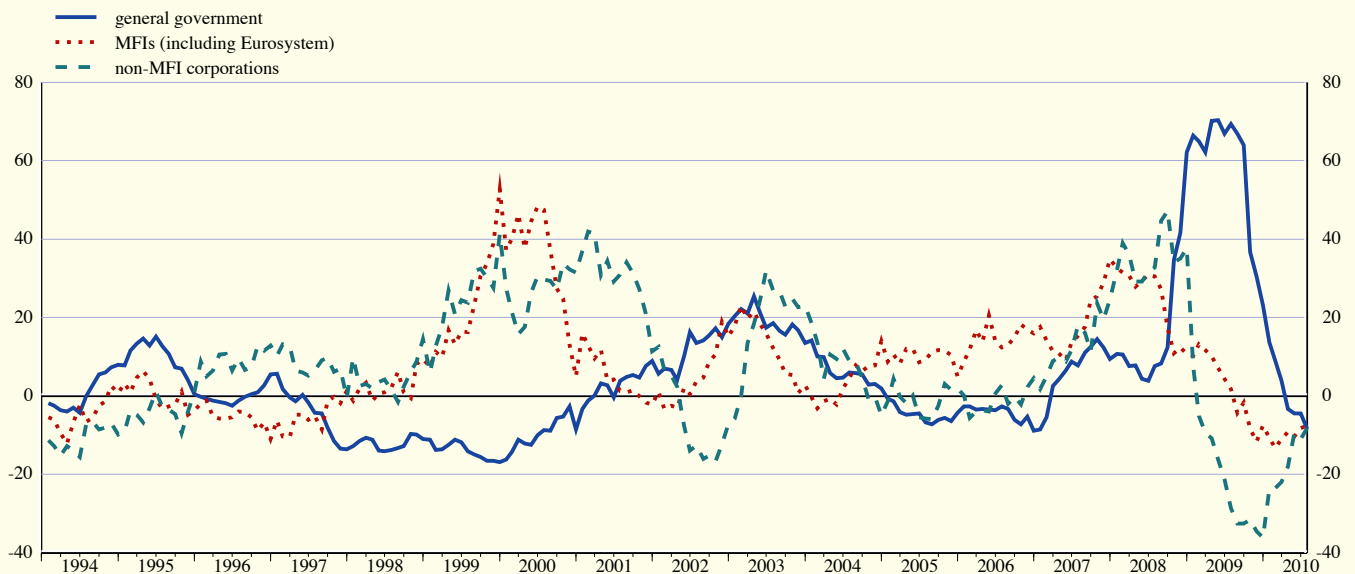
1) For details of the calculation of the growth rates, see the Technical Notes. The six-month growth rates have been annualised.



**4.3 Growth rates of securities other than shares issued by euro area residents <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												
2008	3.1	4.9	6.1	4.8	1.5	1.4	12.7	5.4	33.3	7.0	7.6	3.2
2009	9.5	7.1	18.2	24.7	8.1	4.3	12.0	1.8	35.8	-2.0	0.1	20.7
2009 Q3	10.5	7.3	21.0	29.0	9.0	4.0	11.3	0.9	35.3	-3.3	-1.6	25.2
Q4	12.2	9.1	20.9	35.1	10.3	6.8	7.4	-1.7	23.9	-4.0	2.0	26.4
2010 Q1	11.2	9.8	13.7	29.0	9.6	8.3	1.3	-3.8	6.0	-2.1	4.6	26.9
Q2	9.7	7.3	7.4	23.4	10.2	7.5	-0.8	-4.2	0.8	-0.4	5.5	23.4
2010 Feb.	10.8	9.0	11.4	27.4	10.0	8.5	0.4	-4.4	4.6	-1.4	3.2	27.3
Mar.	10.5	9.3	10.0	27.0	9.4	9.7	-0.2	-3.8	2.4	0.0	3.5	24.6
Apr.	10.7	8.9	8.2	25.7	10.7	8.0	-0.6	-4.4	1.4	-0.3	7.6	22.2
May	9.3	6.1	6.7	21.4	10.5	5.9	-1.2	-4.4	0.0	-0.3	6.1	20.2
June	8.0	4.4	4.8	19.3	9.5	7.6	-1.2	-3.6	-0.5	-1.2	2.0	30.9
July	7.7	3.2	3.0	16.3	10.5	6.7	-1.1	-3.4	-1.2	-1.3	5.4	30.0
In euro												
2008	3.0	4.8	6.7	3.1	1.7	1.3	14.3	6.6	35.0	7.2	8.0	2.0
2009	10.1	9.0	21.6	22.9	8.2	3.7	14.4	3.9	38.4	-2.5	-0.4	21.8
2009 Q3	11.2	9.4	24.4	27.5	9.2	3.4	13.6	2.8	37.9	-3.9	-2.4	27.5
Q4	12.8	11.4	23.2	34.2	10.4	6.3	9.0	-0.2	25.5	-4.8	0.7	27.0
2010 Q1	11.4	10.8	15.1	29.4	9.7	8.0	1.7	-3.4	6.6	-2.4	3.2	26.9
Q2	9.9	7.4	8.3	23.8	10.2	7.2	-0.8	-3.8	0.3	-0.5	4.1	23.4
2010 Feb.	11.2	10.0	12.6	27.9	10.1	8.2	0.7	-4.2	5.0	-1.5	1.8	27.2
Mar.	10.7	9.9	11.4	27.6	9.4	9.6	0.2	-3.4	2.8	0.3	2.1	24.7
Apr.	10.8	9.1	8.8	26.4	10.7	7.8	-0.3	-3.9	1.2	-0.3	6.2	22.1
May	9.5	6.0	7.6	21.7	10.5	5.4	-1.5	-4.4	-0.8	-0.3	4.7	20.0
June	8.3	4.5	5.9	19.4	9.6	7.3	-1.5	-3.0	-1.6	-2.3	0.7	31.2
July	8.1	2.7	3.9	16.9	10.7	6.8	-0.8	-2.8	-1.3	-1.8	4.4	30.3

**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)

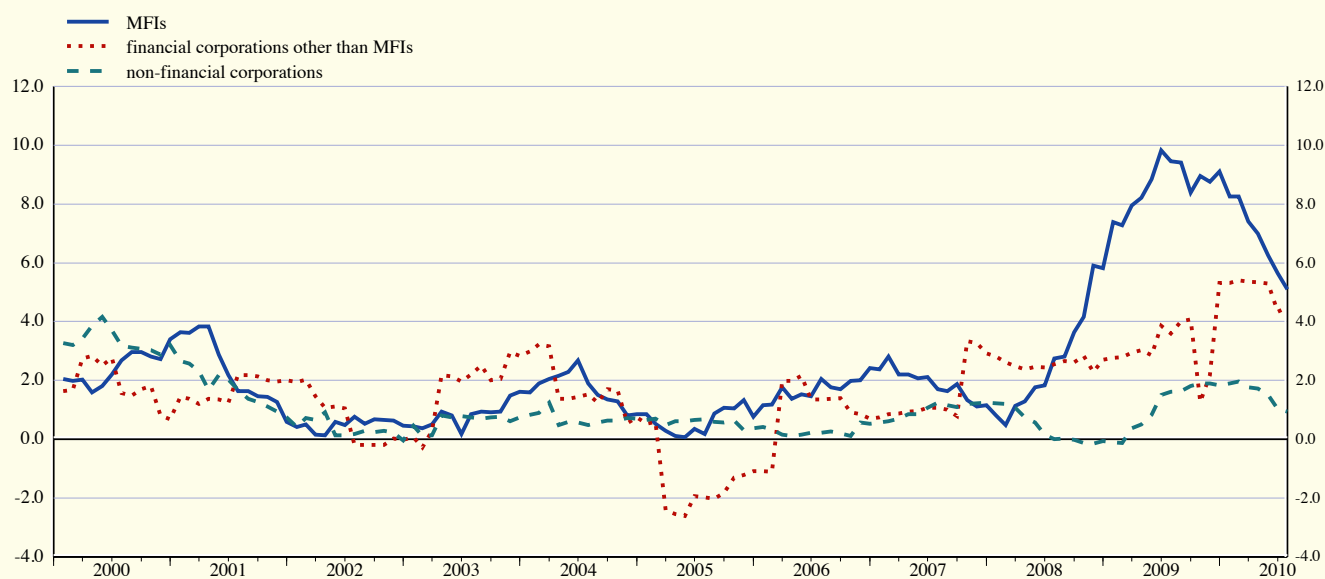
##### 1. Outstanding amounts and annual growth rates

(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
2008 July	4,991.5	104.7	0.6	692.8	2.7	428.2	2.5	3,870.5	0.0
Aug.	5,017.9	104.6	0.7	666.7	2.8	438.4	2.7	3,912.7	0.0
Sep.	4,448.1	104.7	0.7	613.3	3.6	382.3	2.6	3,452.5	0.0
Oct.	3,760.0	105.0	0.7	452.9	4.2	280.5	2.8	3,026.6	-0.1
Nov.	3,504.9	105.2	0.9	395.6	5.9	265.4	2.3	2,843.9	-0.1
Dec.	3,512.7	105.4	1.0	378.1	5.8	282.5	2.7	2,852.1	-0.1
2009 Jan.	3,315.7	105.6	1.1	343.7	7.4	259.0	2.8	2,712.9	-0.1
Feb.	2,943.5	105.6	1.1	275.9	7.3	206.3	2.8	2,461.3	-0.1
Mar.	3,027.4	106.1	1.5	315.5	7.9	223.9	2.9	2,488.0	0.4
Apr.	3,461.0	106.2	1.6	413.7	8.2	274.6	3.0	2,772.7	0.5
May	3,609.3	106.5	1.9	454.1	8.9	283.3	2.9	2,871.9	0.8
June	3,560.2	107.3	2.7	449.5	9.8	279.4	3.9	2,831.4	1.5
July	3,846.1	107.5	2.7	510.4	9.5	301.1	3.6	3,034.6	1.6
Aug.	4,044.3	107.5	2.7	573.3	9.4	321.7	4.0	3,149.3	1.6
Sep.	4,213.9	107.6	2.8	594.0	8.4	351.6	4.1	3,268.3	1.8
Oct.	4,068.7	107.8	2.7	569.0	9.0	326.2	1.3	3,173.6	1.9
Nov.	4,082.3	108.1	2.7	568.5	8.8	317.9	2.2	3,195.9	1.9
Dec.	4,428.9	108.5	3.0	572.1	9.1	348.8	5.3	3,508.0	1.8
2010 Jan.	4,261.5	108.7	2.9	522.5	8.3	338.7	5.3	3,400.3	1.9
Feb.	4,179.3	108.7	3.0	503.6	8.2	337.2	5.4	3,338.4	2.0
Mar.	4,492.7	109.0	2.8	548.3	7.4	363.3	5.4	3,581.1	1.8
Apr.	4,427.9	109.0	2.7	512.7	7.0	343.8	5.3	3,571.5	1.7
May	4,110.2	109.1	2.4	449.6	6.3	320.9	5.3	3,339.7	1.5
June	4,072.6	109.3	1.9	449.9	5.7	313.8	4.3	3,308.9	1.0
July	4,269.3	109.4	1.8	524.0	5.1	331.7	4.5	3,413.7	0.9

##### 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>

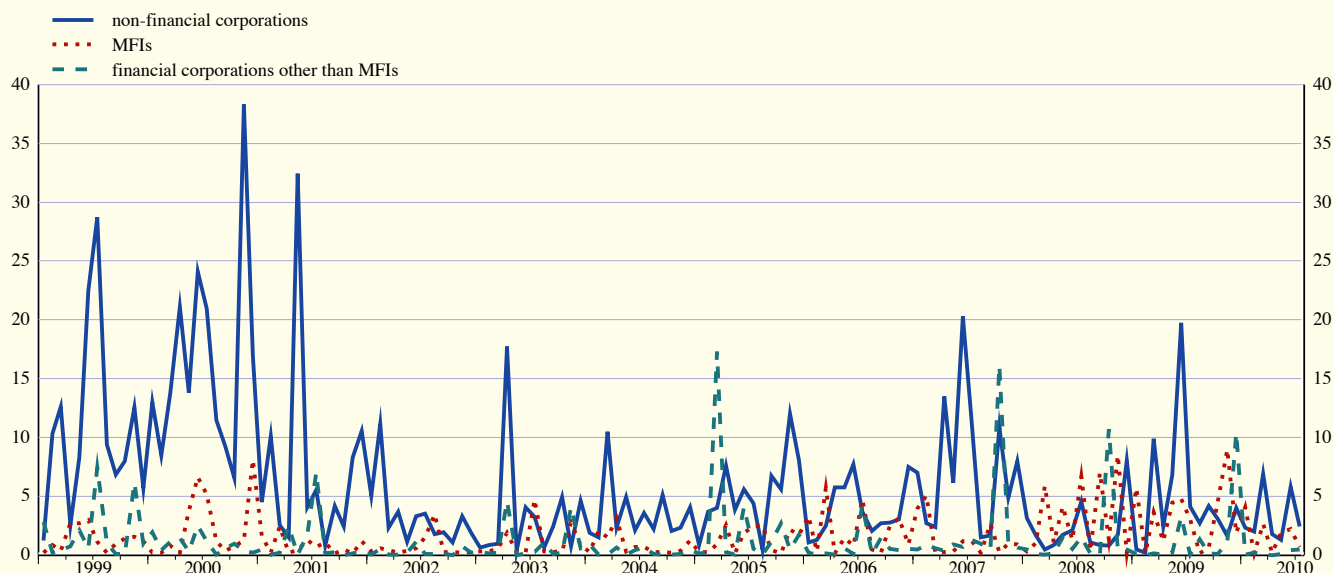
(EUR billions; market values)

### 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
2008 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.	1.6	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.	12.9	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.	8.5	2.6	6.0	0.0	0.0	0.0	0.5	0.0	0.4	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.	13.7	0.2	13.4	3.6	0.0	3.6	0.2	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	11.4	0.3	11.1	4.4	0.0	4.4	0.2	0.0	0.1	6.8	0.3	6.5
June	27.8	2.0	25.8	4.8	0.0	4.8	3.3	0.3	3.0	19.7	1.8	18.0
July	7.2	0.2	7.0	3.0	0.0	3.0	0.0	0.0	0.0	4.1	0.2	4.0
Aug.	4.0	3.3	0.7	0.0	0.0	0.0	1.3	0.0	1.3	2.7	3.3	-0.6
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.1	4.2	0.2	3.9
Oct.	7.7	0.3	7.4	4.5	0.0	4.5	0.1	0.0	0.1	3.1	0.2	2.8
Nov.	11.6	0.2	11.4	9.0	0.0	9.0	1.0	0.0	1.0	1.6	0.2	1.4
Dec.	16.2	0.2	16.1	1.9	0.0	1.9	10.4	0.1	10.3	4.0	0.1	3.9
2010 Jan.	6.4	0.0	6.4	4.1	0.0	4.1	0.1	0.0	0.1	2.3	0.0	2.3
Feb.	2.2	0.3	1.9	0.0	0.0	0.0	0.2	0.0	0.2	2.0	0.3	1.7
Mar.	9.6	0.2	9.4	2.6	0.0	2.6	0.1	0.0	0.1	6.9	0.2	6.7
Apr.	1.8	0.4	1.5	0.1	0.0	0.0	0.0	0.0	0.0	1.8	0.3	1.5
May	3.2	0.8	2.4	1.9	0.0	1.9	0.1	0.0	0.1	1.3	0.8	0.4
June	8.4	0.4	8.0	2.2	0.0	2.2	0.4	0.0	0.4	5.8	0.4	5.4
July	3.6	0.6	3.0	0.7	0.0	0.7	0.5	0.0	0.4	2.4	0.5	1.9

#### 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 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	2.31	2.40	1.53	2.45	0.47	0.77	2.00	2.53	0.64
2010 Jan.	0.43	1.74	2.33	2.52	1.47	2.23	0.45	0.72	1.95	2.46	0.53
Feb.	0.42	1.75	2.24	2.36	1.45	2.11	0.44	0.73	2.11	2.39	0.53
Mar.	0.42	1.90	2.38	2.24	1.45	2.05	0.44	0.79	2.73	2.34	0.50
Apr.	0.41	2.02	2.64	2.14	1.42	2.01	0.43	0.78	2.78	2.30	0.58
May	0.40	2.04	2.73	2.24	1.40	1.98	0.43	0.77	2.78	2.26	0.52
June	0.43	2.15	2.25	2.47	1.41	1.96	0.43	0.89	1.85	2.29	0.66
July	0.43	2.31	2.59	2.36	1.39	1.93	0.45	1.04	2.09	2.24	0.74
Aug.	0.43	2.20	2.54	2.35	1.49	1.91	0.45	0.98	2.00	2.18	0.70

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

	Revolving loans and overdrafts, convenience and extended credit card debt <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>	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		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years				
	1	2	3	4	5	6	7	8	9	10	11	12	13
2009 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.	8.99	6.42	6.26	7.56	7.43	2.71	3.96	4.42	4.26	3.81	3.08	4.40	4.35
2010 Jan.	8.94	6.83	6.42	8.04	7.86	2.71	3.94	4.38	4.26	3.79	3.12	4.45	4.46
Feb.	9.01	6.72	6.25	7.98	7.78	2.68	3.83	4.32	4.18	3.74	3.16	4.48	4.74
Mar.	8.82	6.35	6.21	7.94	7.59	2.63	3.72	4.21	4.15	3.66	3.05	4.61	4.55
Apr.	8.77	6.77	6.12	7.92	7.66	2.62	3.71	4.18	4.12	3.68	3.06	4.32	4.53
May	8.77	6.69	6.14	7.84	7.62	2.58	3.64	4.14	4.01	3.58	3.09	4.45	4.50
June	8.79	5.26	6.13	7.73	7.13	2.56	3.59	4.06	3.90	3.55	3.04	4.22	4.27
July	8.76	5.57	6.22	7.77	7.35	2.66	3.60	3.94	3.84	3.64	3.15	4.27	4.28
Aug.	8.68	5.29	6.25	7.84	7.36	2.81	3.63	3.95	3.81	3.75	3.38	4.49	4.11

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

	Revolving loans and overdrafts, convenience and extended credit card debt <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
2009 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	3.28	4.22	3.96	2.19	3.15	3.58
2010 Jan.	4.05	3.25	4.20	3.99	2.02	2.88	3.65
Feb.	4.03	3.25	4.22	4.05	1.94	2.90	3.61
Mar.	3.98	3.24	4.21	4.00	1.99	2.54	3.44
Apr.	3.98	3.19	4.17	3.90	2.00	2.72	3.45
May	3.97	3.25	4.12	3.86	1.96	2.83	3.41
June	3.76	3.25	4.11	3.80	2.18	2.90	3.37
July	3.71	3.30	4.27	3.95	2.26	2.84	3.19
Aug.	3.76	3.38	4.18	3.84	2.29	2.91	3.65

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

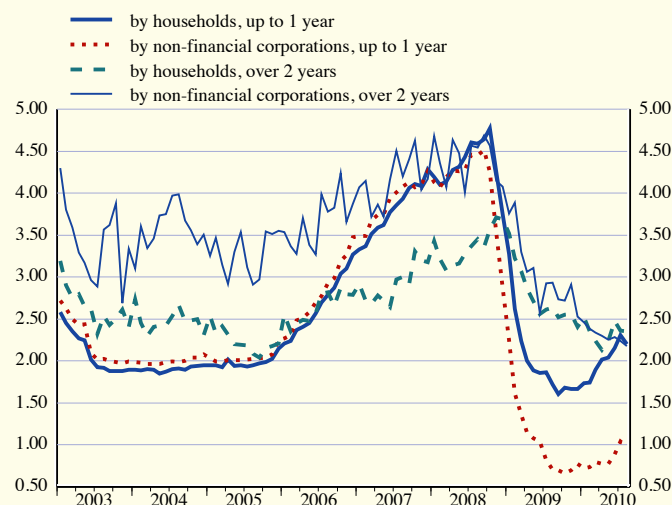
**4. Interest rates on deposits (outstanding amounts)**

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight <sup>2)</sup>	With an agreed maturity of:		Redeemable at notice of: <sup>2)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 Sep.	0.49	2.82	3.01	1.60	3.12	0.52	1.80	3.39	1.45
Oct.	0.46	2.63	2.96	1.55	2.97	0.49	1.70	3.34	1.35
Nov.	0.46	2.50	2.95	1.52	2.76	0.48	1.62	3.37	1.28
Dec.	0.45	2.36	2.91	1.53	2.45	0.47	1.56	3.30	1.21
2010 Jan.	0.43	2.19	2.80	1.47	2.23	0.45	1.45	3.23	1.20
Feb.	0.42	2.14	2.84	1.45	2.11	0.44	1.42	3.31	1.20
Mar.	0.42	2.12	2.74	1.45	2.05	0.44	1.38	3.26	1.16
Apr.	0.41	2.12	2.74	1.42	2.01	0.43	1.37	3.24	1.16
May	0.40	2.12	2.71	1.40	1.98	0.43	1.42	3.22	1.14
June	0.43	2.13	2.72	1.41	1.96	0.43	1.46	3.12	1.24
July	0.43	2.15	2.72	1.39	1.93	0.45	1.54	3.16	1.23
Aug.	0.43	2.17	2.72	1.49	1.91	0.45	1.56	3.12	1.25

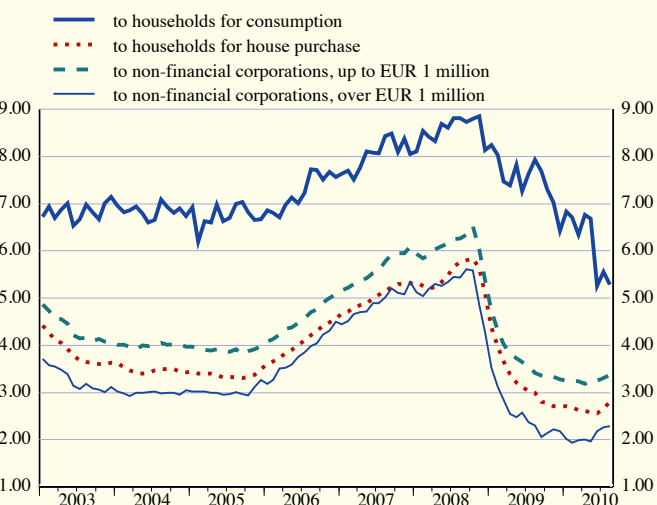
**5. Interest rates on loans (outstanding amounts)**

	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 Sep.	4.18	4.26	4.25	7.80	6.71	5.63	3.62	3.43	3.68
Oct.	4.05	4.19	4.18	7.69	6.66	5.53	3.56	3.37	3.60
Nov.	4.01	4.15	4.12	7.56	6.65	5.51	3.53	3.36	3.57
Dec.	4.07	4.11	4.07	7.55	6.57	5.42	3.46	3.35	3.50
2010 Jan.	3.99	4.05	3.99	7.51	6.52	5.37	3.47	3.31	3.45
Feb.	4.03	4.11	4.03	7.49	6.61	5.43	3.45	3.33	3.43
Mar.	3.98	4.04	3.98	7.43	6.51	5.35	3.43	3.26	3.37
Apr.	3.89	4.01	3.92	7.38	6.50	5.29	3.42	3.21	3.33
May	3.87	3.97	3.89	7.40	6.45	5.29	3.41	3.20	3.31
June	3.79	3.96	3.84	7.62	6.48	5.20	3.28	3.21	3.30
July	3.74	3.93	3.82	7.70	6.50	5.19	3.34	3.25	3.33
Aug.	3.81	3.89	3.81	7.74	6.45	5.17	3.37	3.28	3.34

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



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



Source: ECB.

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

## 4.6 Money market interest rates

(percentages per annum; period averages)

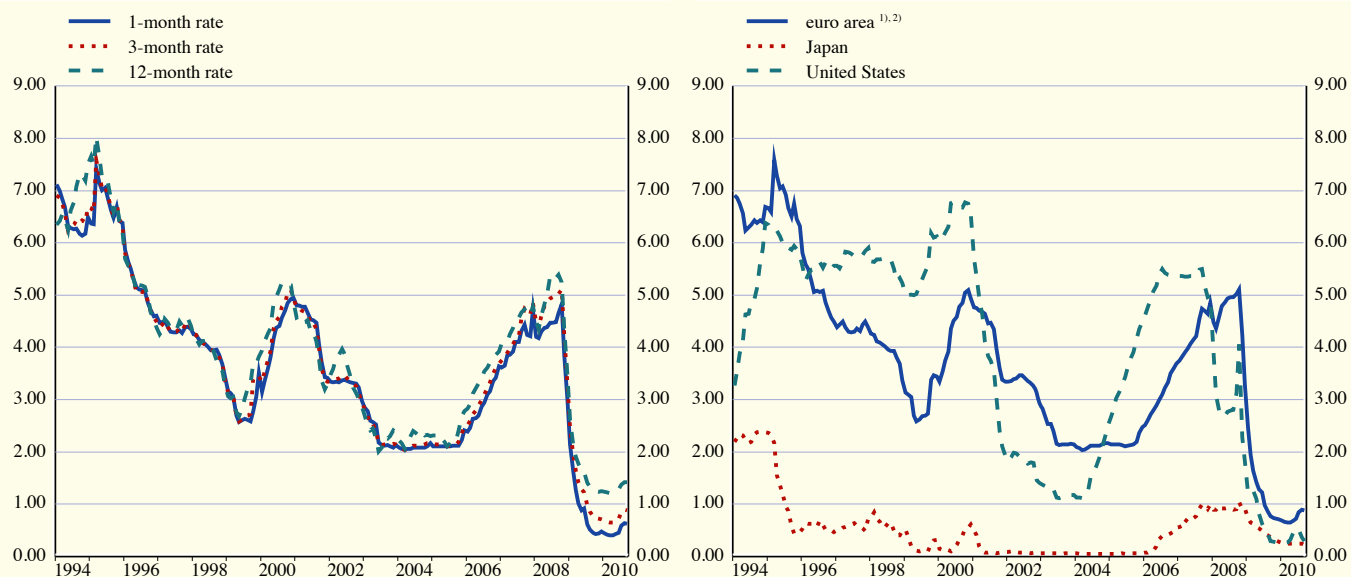
	Euro area <sup>1),2)</sup>					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2007	3.87	4.08	4.28	4.35	4.45	5.30	0.79
2008	3.87	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
2009 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
2010 Q1	0.34	0.42	0.66	0.96	1.22	0.26	0.25
Q2	0.35	0.43	0.69	0.98	1.25	0.44	0.24
Q3	0.45	0.61	0.87	1.13	1.40	0.39	0.24
2009 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
Feb.	0.34	0.42	0.66	0.96	1.23	0.25	0.25
Mar.	0.35	0.41	0.64	0.95	1.22	0.27	0.25
Apr.	0.35	0.40	0.64	0.96	1.23	0.31	0.24
May	0.34	0.42	0.69	0.98	1.25	0.46	0.24
June	0.35	0.45	0.73	1.01	1.28	0.54	0.24
July	0.48	0.58	0.85	1.10	1.37	0.51	0.24
Aug.	0.43	0.64	0.90	1.15	1.42	0.36	0.24
Sep.	0.45	0.62	0.88	1.14	1.42	0.29	0.22

### 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.

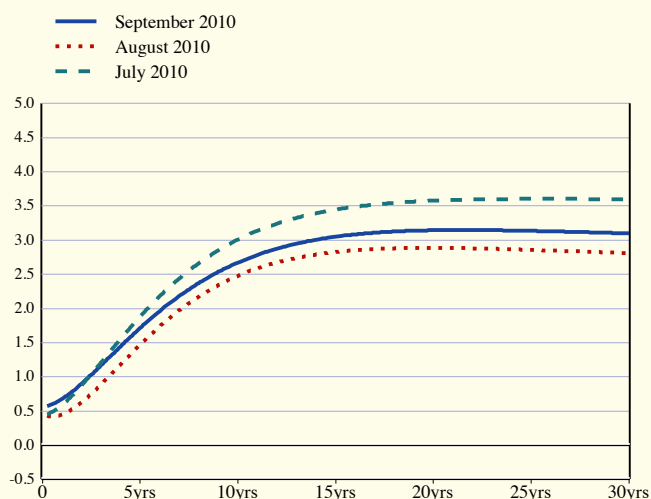
**4.7 Euro area yield curves <sup>1)</sup>**

(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
2009 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
2010 Q1	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02
Q2	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
Q3	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91
2009 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
Feb.	0.30	0.54	1.02	2.29	2.88	3.49	3.19	2.46	0.98	2.01	3.99	5.08
Mar.	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02
Apr.	0.32	0.60	1.01	2.18	2.78	3.40	3.07	2.39	1.00	1.85	3.89	4.94
May	0.21	0.28	0.57	1.75	2.39	3.00	2.78	2.43	0.47	1.28	3.58	4.46
June	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
July	0.45	0.59	0.87	1.88	2.44	3.01	2.56	2.14	0.82	1.51	3.45	4.43
Aug.	0.43	0.45	0.62	1.47	1.97	2.48	2.05	1.85	0.55	1.09	2.87	3.70
Sep.	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91

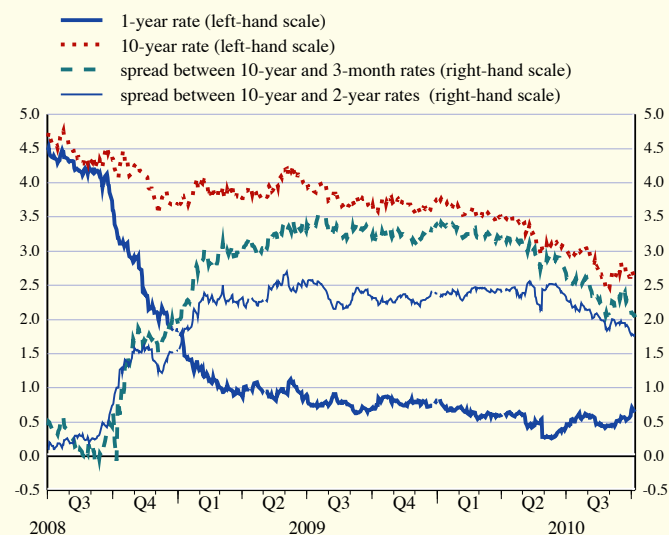
**C25 Euro area spot yield curves**

(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.

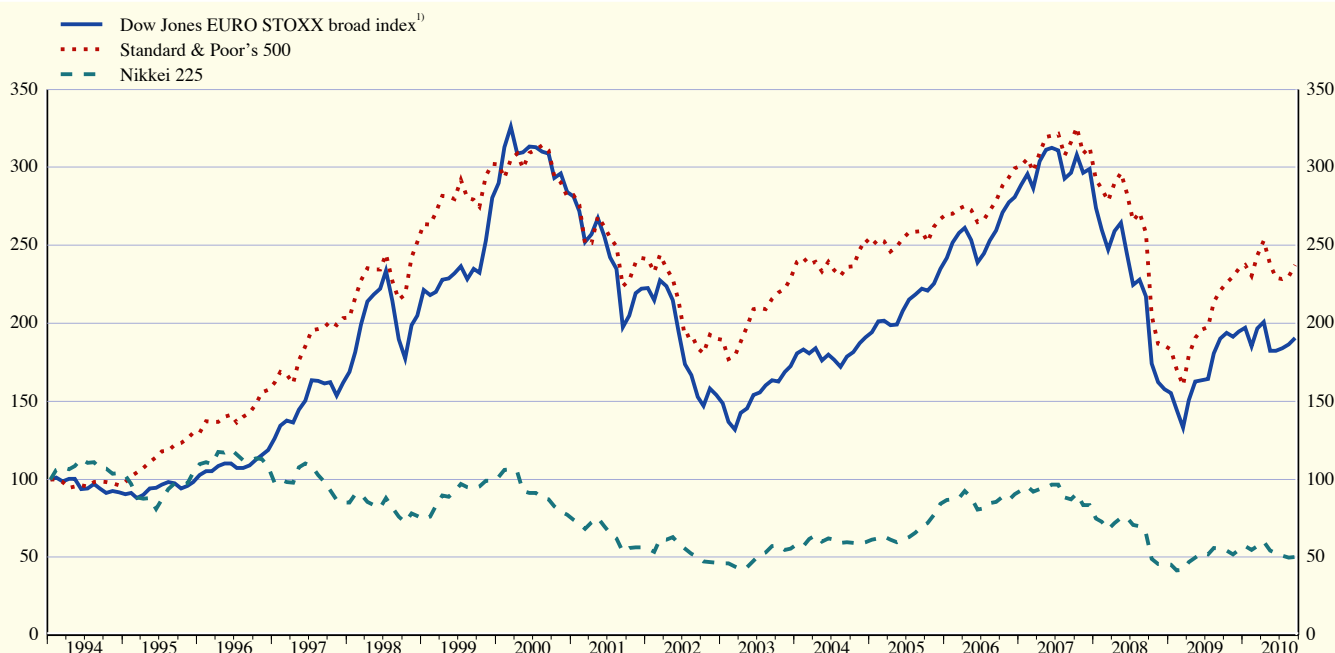
## 4.8 Stock market indices

(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
2009 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
2010 Q1	268.0	2,849.0	445.0	159.3	294.9	320.0	195.5	326.7	229.9	372.4	398.8	426.3	1,123.6	10,511.2
Q2	261.1	2,735.7	446.3	163.7	312.9	305.0	178.8	334.3	229.1	349.6	372.2	412.0	1,134.6	10,345.9
Q3	259.5	2,715.9	445.8	165.2	323.0	294.5	181.6	327.0	210.7	325.9	387.6	391.4	1,096.2	9,356.0
2009 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
Feb.	257.0	2,727.5	427.9	154.3	285.3	309.8	183.9	312.3	222.7	360.9	386.8	415.0	1,089.2	10,175.1
Mar.	272.6	2,890.5	456.0	164.0	302.4	320.3	197.7	335.0	242.2	372.2	401.9	436.8	1,152.0	10,671.5
Apr.	278.6	2,937.3	470.9	171.7	313.8	328.6	199.7	349.0	248.8	378.9	396.7	430.0	1,197.3	11,139.8
May	252.7	2,642.1	431.4	159.6	305.2	295.4	170.8	324.8	221.9	341.7	360.0	401.0	1,125.1	10,104.0
June	253.2	2,641.7	438.1	160.4	319.5	292.7	167.5	330.0	218.3	330.5	361.6	406.1	1,083.4	9,786.1
July	255.1	2,669.5	435.0	160.8	320.8	289.3	178.0	324.2	212.3	320.3	369.7	389.2	1,079.8	9,456.8
Aug.	258.9	2,712.2	441.5	163.2	315.6	296.0	183.7	324.9	206.8	328.5	392.2	383.1	1,087.3	9,268.2
Sep.	264.6	2,766.1	460.9	171.6	332.4	298.4	183.0	331.9	212.9	329.0	400.9	401.8	1,122.1	9,346.7

## 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	83.1	58.0	42.0	100.0	11.9	7.3	29.3	9.6	42.0	88.9	11.1
	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	2.5
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.3
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.7
2009 Q2	108.3	0.2	1.5	-1.2	2.2	0.3	0.1	-0.8	0.1	0.7	0.5	0.0	1.8
Q3	108.0	-0.4	1.2	-1.9	1.8	0.2	0.3	-0.9	0.0	0.8	0.4	-0.6	1.2
Q4	108.6	0.4	1.0	-0.4	1.7	0.2	0.1	0.1	0.1	0.3	0.4	0.4	0.8
2010 Q1	108.6	1.1	0.9	0.9	1.5	0.5	0.0	0.8	0.0	3.0	0.3	1.2	0.4
Q2	110.0	1.5	0.8	1.7	1.2	0.6	0.3	0.7	0.2	3.9	0.3	1.5	1.3
2010 Apr.	109.9	1.5	0.8	1.8	1.2	0.2	0.1	0.5	0.1	2.0	-0.1	1.6	1.2
May	110.0	1.6	0.9	1.9	1.3	0.1	0.2	-0.6	0.1	0.6	0.1	1.6	1.4
June	110.0	1.4	0.9	1.5	1.3	0.1	0.2	0.2	0.1	-0.4	0.1	1.4	1.4
July	109.7	1.7	1.0	2.0	1.4	0.2	0.1	0.5	0.1	0.0	0.2	1.7	2.0
Aug.	109.9	1.6	1.0	1.7	1.4	0.1	0.2	0.3	-0.1	-0.1	0.2	1.5	2.1
Sep. <sup>4)</sup>	.	1.8	.	.	.	.	.	.	.	.	.	.	.

	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						
% of total <sup>3)</sup>	19.2	11.9	7.3	38.9	29.3	9.6	10.2	6.0	6.6	3.3	14.9	7.1
	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
2009 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
2010 Q1	0.0	0.6	-0.8	1.3	0.1	4.8	1.9	1.6	2.5	-0.5	1.1	1.6
Q2	0.7	0.8	0.7	2.2	0.3	8.1	1.8	1.5	2.3	-0.9	0.8	1.5
2010 Mar.	0.3	0.5	-0.1	1.8	0.1	7.2	1.9	1.6	2.7	-0.3	1.4	1.5
Apr.	0.7	0.6	0.7	2.3	0.2	9.1	1.9	1.5	2.4	-0.6	0.4	1.4
May	0.7	0.9	0.4	2.5	0.3	9.2	1.8	1.5	2.2	-1.1	0.9	1.5
June	0.9	0.9	0.9	1.8	0.4	6.2	1.8	1.5	2.3	-1.1	1.0	1.5
July	1.3	0.9	1.9	2.4	0.5	8.1	1.7	1.3	2.7	-0.9	1.0	1.5
Aug.	1.5	1.0	2.4	1.8	0.4	6.1	1.7	1.3	2.5	-0.5	1.1	1.6

Sources: Eurostat and ECB calculations.

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

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

3) Weighting used in 2010.

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	Intermedi- ate 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	2.7	4.6	1.6	1.4	1.4	1.4	13.5	4.7	6.6
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.4	2.1	1.2	4.2	4.5
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.9	1.5
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-3.1
2009 Q2	108.2	-5.8	-6.8	-3.0	-5.8	0.7	-2.1	1.5	-2.6	-13.8	-0.2	-3.1 <sup>4)</sup>
Q3	108.0	-7.9	-7.4	-4.2	-7.5	-0.1	-2.7	1.0	-3.2	-18.3	-1.7	-
Q4	108.4	-4.7	-3.0	-3.1	-5.0	-0.6	-2.5	0.4	-2.8	-9.5	-0.3	-3.0 <sup>4)</sup>
2010 Q1	109.6	-0.1	1.7	-0.5	-0.4	-0.5	-0.5	0.3	-0.7	0.3	0.2	-
Q2	111.5	3.0	3.8	1.6	3.6	0.2	0.0	0.6	-0.1	7.2	2.4	-
2010 Mar.	110.0	0.9	2.7	0.1	0.8	-0.3	-0.4	0.3	-0.6	3.1	-	-
Apr.	111.1	2.8	3.7	1.0	2.7	0.0	-0.3	0.4	-0.4	7.9	-	-
May	111.4	3.1	4.1	1.7	3.9	0.3	0.0	0.7	-0.2	7.4	-	-
June	111.8	3.1	3.6	1.9	4.3	0.4	0.2	0.8	0.1	6.2	-	-
July	112.1	4.0	3.7	2.1	4.5	0.6	0.4	1.0	0.3	9.7	-	-
Aug.	112.1	3.6	3.2	2.2	4.7	0.5	0.5	1.1	0.4	7.5	-	-

### 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	27.7	5.8	37.9	24.5	6.0	38.2	113.7	1.9	2.4	2.2	2.0	2.9	2.6	3.8	
2007	52.8	7.8	14.3	5.5	5.3	9.4	2.9	116.4	2.4	2.3	2.3	1.7	2.7	1.6	1.3	
2008	65.9	1.9	18.4	-4.5	-1.7	9.7	-8.6	118.8	2.0	2.6	2.7	2.5	2.3	2.5	3.8	
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.5	-22.8	119.9	0.9	0.0	-0.2	2.1	-0.7	-3.2	-5.8	
2009 Q2	43.8	-24.5	-11.2	-30.9	-22.6	-10.0	-31.4	119.8	1.0	-0.2	-0.4	1.7	-0.8	-3.9	-7.1	
Q3	48.1	-18.5	-12.6	-21.4	-18.7	-15.2	-21.3	120.0	0.8	-0.7	-0.8	2.6	-1.6	-4.3	-8.1	
Q4	51.2	3.1	5.7	1.8	2.4	-1.1	5.0	120.1	0.3	0.0	0.2	1.5	-0.8	-2.3	-3.4	
2010 Q1	56.0	28.9	7.4	42.6	27.4	7.4	46.5	120.3	0.4	0.1	1.3	1.4	0.1	2.6	1.7	
Q2	62.6	51.7	12.5	76.0	43.9	14.0	71.6	120.7	0.8	0.9	2.0	1.6	1.4	5.0	5.6	
2010 Apr.	64.0	52.0	8.2	78.8	43.9	9.0	76.2	-	-	-	-	-	-	-	-	
May	61.6	52.1	11.5	77.8	43.6	12.0	73.8	-	-	-	-	-	-	-	-	
June	62.2	51.1	17.7	71.6	44.2	21.0	65.0	-	-	-	-	-	-	-	-	
July	58.9	56.8	26.0	74.1	50.1	32.0	65.1	-	-	-	-	-	-	-	-	
Aug.	59.9	51.5	26.8	64.5	48.7	39.5	55.5	-	-	-	-	-	-	-	-	
Sep.	59.8	58.7	36.7	69.7	57.5	52.4	61.1	-	-	-	-	-	-	-	-	

Sources: Eurostat, ECB calculations based on Eurostat data (column 7 in Table 2 in Section 5.1 and columns 8-15 in Table 3 in Section 5.1), ECB calculations based on Thomson 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 labour input and labour productivity

(seasonally adjusted)

	Total (index: 2000 = 100)	Total	By economic activity					Public administration, education, health and other services
			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>								
2008	115.5	3.5	1.0	5.3	4.3	2.5	3.2	2.6
2009	120.1	3.9	-1.8	9.4	1.6	5.3	0.9	2.8
2009 Q3	120.0	3.5	-2.6	7.9	1.0	4.1	0.3	3.6
Q4	119.9	1.4	-1.8	0.8	2.2	2.7	0.7	2.0
2010 Q1	119.8	-0.5	-1.2	-6.5	2.1	-0.2	1.1	1.2
Q2	119.6	-0.6	-0.5	-7.5	2.2	-0.4	1.6	1.7
Compensation per employee								
2008	121.5	3.2	3.6	3.0	5.1	2.6	2.7	3.3
2009	123.4	1.6	3.0	0.4	2.3	1.7	1.5	2.5
2009 Q3	123.8	1.6	2.7	0.6	2.3	0.7	1.5	3.2
Q4	124.2	1.4	2.8	0.4	2.0	1.5	1.8	2.1
2010 Q1	124.6	1.5	1.7	2.4	0.2	1.6	2.2	1.1
Q2	125.5	2.0	2.2	3.1	1.1	1.8	1.9	1.7
Labour productivity per person employed <sup>2)</sup>								
2008	105.2	-0.3	2.5	-2.1	0.8	0.1	-0.4	0.7
2009	102.8	-2.3	4.8	-8.3	0.7	-3.4	0.6	-0.3
2009 Q3	103.2	-1.8	5.5	-6.8	1.4	-3.3	1.2	-0.5
Q4	103.6	0.1	4.6	-0.4	-0.2	-1.2	1.1	0.1
2010 Q1	103.9	2.1	2.9	9.6	-1.9	1.8	1.1	-0.1
Q2	104.9	2.6	2.7	11.5	-1.1	2.2	0.3	0.0
Compensation per hour worked								
2008	123.8	3.1	2.4	3.6	4.5	2.7	2.4	3.0
2009	127.8	3.2	3.8	4.6	4.4	2.7	2.7	3.0
2009 Q3	128.1	3.3	3.6	4.8	4.3	1.9	2.8	3.5
Q4	128.3	2.3	3.4	1.7	4.3	2.0	2.6	2.4
2010 Q1	128.3	0.9	2.0	0.1	0.3	0.9	1.8	0.7
Q2	129.1	1.1	3.3	-0.7	0.9	1.2	1.6	1.5
Hourly labour productivity <sup>2)</sup>								
2008	108.0	-0.2	2.7	-1.6	0.4	0.4	-0.8	0.4
2009	107.1	-0.8	5.0	-4.7	2.4	-2.5	1.9	0.0
2009 Q3	107.4	-0.4	5.7	-3.2	2.8	-2.4	2.7	-0.3
Q4	107.6	0.7	5.0	0.7	1.2	-0.9	2.0	0.2
2010 Q1	107.7	1.4	4.7	7.1	-2.6	0.9	0.7	-0.7
Q2	108.6	1.8	4.1	7.6	-2.0	1.3	0.2	-0.2

### 5. Labour cost indices<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
2008	100.0	3.4	3.6	2.8	3.5	4.7	3.1	3.3
2009	102.9	2.9	2.7	3.4	3.3	3.5	2.6	2.7
2009 Q3	103.2	2.9	2.8	3.0	3.7	2.4	2.5	2.4
Q4	103.5	2.0	1.8	2.6	1.1	3.3	2.4	2.2
2010 Q1	104.0	1.9	1.8	2.2	1.6	2.5	2.0	1.8
Q2	104.4	1.6	1.5	2.0	1.1	1.7	1.9	1.9

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

- 1) Compensation (at current prices) per employee divided by value added (volumes) per person employed.
- 2) Value added (volumes) per labour input (persons employed and hours worked).
- 3) Hourly labour cost indices for the whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
- 4) Experimental data (see <http://www.ecb.europa.eu/stats/intro/html/experiment.en.html> for further details).
- 5) 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>									
2006	8,564.8	8,467.3	4,876.0	1,733.4	1,832.8	25.1	97.5	3,454.3	3,356.8
2007	9,021.8	8,887.7	5,074.9	1,803.2	1,969.5	40.1	134.0	3,734.2	3,600.2
2008	9,239.2	9,145.7	5,234.4	1,892.9	1,994.8	23.5	93.5	3,860.1	3,766.6
2009	8,952.3	8,836.3	5,168.8	1,979.0	1,758.1	-69.5	116.0	3,249.3	3,133.3
2009 Q2	2,229.2	2,200.6	1,289.3	493.2	440.3	-22.2	28.7	790.0	761.4
Q3	2,242.0	2,207.8	1,290.8	499.1	434.8	-17.0	34.2	814.0	779.7
Q4	2,247.8	2,206.7	1,299.6	497.2	430.5	-20.6	41.1	837.6	796.5
2010 Q1	2,259.9	2,233.3	1,309.3	502.4	430.6	-9.0	26.6	874.8	848.2
Q2	2,289.6	2,264.8	1,322.2	506.8	441.2	-5.4	24.9	926.0	901.2
<i>percentage of GDP</i>									
2009	100.0	98.7	57.7	22.1	19.6	-0.8	1.3	-	-
<i>Chain-linked volumes (prices for the previous year; seasonally adjusted <sup>3)</sup>)</i>									
<i>quarter-on-quarter percentage changes</i>									
2009 Q2	-0.1	-0.7	0.0	0.6	-2.3	-	-	-1.3	-2.8
Q3	0.4	0.3	-0.1	0.5	-1.1	-	-	2.4	2.2
Q4	0.2	-0.1	0.2	-0.1	-1.2	-	-	2.0	1.2
2010 Q1	0.3	0.9	0.2	0.2	-0.3	-	-	2.5	4.2
Q2	1.0	0.8	0.2	0.5	1.5	-	-	4.3	4.0
<i>annual percentage changes</i>									
2006	3.0	2.9	2.1	2.1	5.4	-	-	8.6	8.5
2007	2.8	2.6	1.7	2.3	4.7	-	-	6.3	5.8
2008	0.5	0.4	0.4	2.3	-0.8	-	-	1.0	0.8
2009	-4.1	-3.4	-1.1	2.3	-11.3	-	-	-13.2	-11.9
2009 Q2	-4.9	-3.8	-1.1	2.5	-12.2	-	-	-16.6	-14.4
Q3	-4.0	-3.3	-1.2	2.5	-11.9	-	-	-13.7	-12.3
Q4	-2.0	-2.8	-0.4	1.7	-9.6	-	-	-5.2	-7.0
2010 Q1	0.8	0.5	0.3	1.2	-4.9	-	-	5.6	4.8
Q2	1.9	2.0	0.5	1.1	-1.2	-	-	11.6	12.1
<i>contributions to quarter-on-quarter percentage changes in GDP; percentage points</i>									
2009 Q2	-0.1	-0.7	0.0	0.1	-0.5	-0.3	0.6	-	-
Q3	0.4	0.3	0.0	0.1	-0.2	0.5	0.1	-	-
Q4	0.2	-0.1	0.1	0.0	-0.2	0.0	0.3	-	-
2010 Q1	0.3	0.9	0.1	0.0	-0.1	0.8	-0.6	-	-
Q2	1.0	0.8	0.1	0.1	0.3	0.3	0.2	-	-
<i>contributions to annual percentage changes in GDP; percentage points</i>									
2006	3.0	2.9	1.2	0.4	1.1	0.2	0.2	-	-
2007	2.8	2.6	1.0	0.5	1.0	0.2	0.3	-	-
2008	0.5	0.4	0.3	0.5	-0.2	-0.2	0.1	-	-
2009	-4.1	-3.4	-0.6	0.5	-2.4	-0.8	-0.7	-	-
2009 Q2	-4.9	-3.8	-0.6	0.5	-2.6	-1.0	-1.2	-	-
Q3	-4.0	-3.3	-0.7	0.5	-2.6	-0.6	-0.7	-	-
Q4	-2.0	-2.8	-0.2	0.4	-2.0	-0.8	0.7	-	-
2010 Q1	0.8	0.5	0.2	0.3	-1.0	1.0	0.3	-	-
Q2	1.9	1.9	0.3	0.2	-0.2	1.6	0.0	-	-

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>								
2006	7,650.4	140.2	1,562.0	479.2	1,599.6	2,138.7	1,730.8	914.4
2007	8,063.0	151.9	1,651.3	511.4	1,674.2	2,273.0	1,801.1	958.8
2008	8,294.2	146.4	1,649.9	527.5	1,731.6	2,355.9	1,882.8	945.0
2009	8,060.1	131.2	1,436.2	507.1	1,666.0	2,363.1	1,956.6	892.2
2009 Q2	2,008.8	32.8	353.6	127.5	416.3	590.0	488.5	220.5
Q3	2,019.5	32.0	362.1	125.9	416.7	591.7	491.1	222.5
Q4	2,022.4	32.2	363.8	124.1	416.6	593.4	492.2	225.4
2010 Q1	2,036.4	33.4	369.4	121.9	419.8	595.3	496.7	223.5
Q2	2,058.0	33.2	378.5	123.5	423.3	598.5	501.1	231.6
<i>percentage of value added</i>								
2009	100.0	1.6	17.8	6.3	20.7	29.3	24.3	-
<i>Chain-linked volumes (prices for the previous year; seasonally adjusted <sup>1)</sup>)</i>								
<i>quarter-on-quarter percentage changes</i>								
2009 Q2	-0.2	-0.3	-1.0	-1.8	-0.2	0.2	0.5	0.2
Q3	0.4	0.2	2.2	-1.8	0.2	0.1	0.2	0.6
Q4	0.1	-0.1	0.6	-1.7	0.1	0.1	0.3	1.0
2010 Q1	0.6	1.7	2.0	-1.4	0.3	0.5	0.4	-1.9
Q2	0.8	-0.3	2.2	0.4	0.6	0.6	0.4	2.4
<i>annual percentage changes</i>								
2006	3.0	-0.2	3.6	2.9	2.9	4.1	1.5	3.2
2007	3.1	1.2	3.2	2.4	3.6	4.0	1.7	0.8
2008	0.7	0.7	-2.1	-1.3	1.3	1.7	1.9	-1.3
2009	-4.2	2.2	-13.2	-5.8	-5.1	-1.6	1.1	-2.9
2009 Q2	-5.0	1.9	-16.3	-5.5	-5.7	-1.8	1.2	-3.7
Q3	-4.1	2.5	-12.8	-6.0	-5.1	-1.5	1.0	-2.7
Q4	-2.2	2.3	-6.7	-5.8	-3.3	-0.8	1.1	-0.1
2010 Q1	0.9	1.5	3.7	-6.5	0.4	0.8	1.3	-0.1
Q2	1.9	1.5	7.0	-4.4	1.2	1.3	1.3	2.1
<i>contributions to quarter-on-quarter percentage changes in value added; percentage points</i>								
2009 Q2	-0.2	0.0	-0.2	-0.1	0.0	0.0	0.1	-
Q3	0.4	0.0	0.4	-0.1	0.0	0.0	0.0	-
Q4	0.1	0.0	0.1	-0.1	0.0	0.0	0.1	-
2010 Q1	0.6	0.0	0.4	-0.1	0.1	0.1	0.1	-
Q2	0.8	0.0	0.4	0.0	0.1	0.2	0.1	-
<i>contributions to annual percentage changes in value added; percentage points</i>								
2006	3.0	0.0	0.7	0.2	0.6	1.1	0.3	-
2007	3.1	0.0	0.7	0.2	0.8	1.1	0.4	-
2008	0.7	0.0	-0.4	-0.1	0.3	0.5	0.4	-
2009	-4.2	0.0	-2.6	-0.4	-1.1	-0.4	0.2	-
2009 Q2	-5.0	0.0	-3.3	-0.4	-1.2	-0.5	0.3	-
Q3	-4.1	0.0	-2.5	-0.4	-1.1	-0.4	0.2	-
Q4	-2.2	0.0	-1.3	-0.4	-0.7	-0.2	0.3	-
2010 Q1	0.9	0.0	0.7	-0.4	0.1	0.2	0.3	-
Q2	1.9	0.0	1.2	-0.3	0.2	0.4	0.3	-

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	Intermedi- ate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
1	2	3	4	5	6	7	8	9	10	11	12	
2007	3.2	108.2	3.7	4.2	4.3	3.8	6.6	2.4	1.3	2.5	-0.9	1.4
2008	-2.5	106.3	-1.8	-1.9	-2.0	-3.4	-0.2	-2.1	-5.7	-1.5	0.3	-5.3
2009	-13.8	90.4	-14.9	-16.0	-16.1	-19.2	-20.9	-5.1	-17.6	-3.1	-5.5	-8.2
2009 Q3	-13.8	91.0	-14.5	-15.3	-15.6	-18.3	-21.0	-4.4	-18.5	-2.3	-5.7	-9.1
Q4	-7.4	92.1	-7.5	-8.1	-8.2	-6.7	-14.0	-2.7	-10.2	-1.5	-3.8	-6.0
2010 Q1	1.9	94.3	4.7	5.0	4.9	8.1	2.7	3.2	0.1	3.7	3.0	-9.8
Q2	6.4	96.6	9.2	9.4	9.5	14.2	9.0	3.8	4.8	3.7	5.4	-3.5
2010 Feb.	0.7	93.5	4.2	4.5	4.5	7.2	3.1	2.2	1.0	2.4	2.5	-14.2
Mar.	5.0	95.2	7.7	8.0	7.7	11.9	4.8	5.8	1.5	6.5	5.8	-5.3
Apr.	5.8	95.9	9.4	9.6	9.8	15.8	9.0	2.7	0.3	3.0	5.2	-6.4
May	6.2	97.0	9.9	9.8	10.0	14.8	9.1	4.4	6.2	4.0	7.6	-6.7
June	7.1	96.9	8.4	8.9	8.8	12.0	8.8	4.4	7.8	3.9	3.4	2.4
July	4.3	97.0	7.3	7.8	7.9	9.4	9.6	4.0	5.7	3.7	2.0	-6.6
<i>month-on-month percentage changes (s.a.)</i>												
2010 Feb.	-1.2	-	-0.7	0.5	0.8	0.5	-1.2	-0.1	-0.5	0.0	-0.2	-6.4
Mar.	2.5	-	1.8	1.6	1.6	2.4	1.9	1.6	0.4	1.7	-1.7	6.5
Apr.	0.2	-	0.8	0.5	0.9	2.0	1.6	-1.2	-0.3	-1.2	-0.9	0.1
May	0.8	-	1.1	0.6	0.3	0.8	1.4	1.0	3.0	0.7	2.3	-0.8
June	0.9	-	-0.1	-0.2	-0.1	-0.5	0.4	0.2	-0.5	0.2	-1.7	2.0
July	-1.3	-	0.1	-0.4	0.0	-0.2	0.2	0.1	-0.3	0.1	0.0	-2.9

### 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	
2007	119.8	8.6	115.0	6.5	2.6	104.3	1.8	0.0	3.1	4.1	3.1	968	-0.6
2008	113.1	-5.3	116.8	1.9	1.7	103.4	-0.8	-1.9	-0.1	-1.8	-1.9	896	-7.0
2009	87.6	-22.7	95.5	-18.4	-2.7	101.5	-1.8	-1.6	-2.0	-1.3	-3.8	926	3.2
2009 Q3	90.9	-21.3	95.9	-18.8	-3.4	101.4	-1.9	-1.5	-2.4	-2.8	-3.1	966	10.1
Q4	92.1	-2.8	97.5	-9.2	-1.5	101.8	-0.6	-0.5	-0.7	0.4	-1.0	967	20.7
2010 Q1	95.0	13.7	101.0	6.3	0.8	102.3	0.9	1.4	0.8	3.4	0.7	892	7.5
Q2	102.5	22.5	104.4	12.3	1.2	102.4	0.9	0.2	1.5	-0.4	2.7	820	-10.6
2010 Mar.	99.2	20.5	103.5	11.1	2.7	102.8	2.3	2.8	2.2	5.5	3.2	938	10.3
Apr.	98.9	21.9	101.2	9.8	0.2	101.9	-0.1	-0.9	0.5	-0.3	0.9	837	-10.0
May	103.1	23.1	105.9	13.0	1.5	102.6	1.3	0.8	1.7	-1.4	3.9	782	-13.1
June	105.6	22.6	106.1	13.9	2.0	102.8	1.6	0.8	2.4	0.5	3.4	841	-8.8
July	103.2	11.3	105.3	7.9	2.0	102.8	1.5	1.8	1.5	4.5	0.7	777	-24.3
Aug.	.	.	.	.	1.5	102.7	0.9	-1.1	2.5	.	.	821	-10.6
<i>month-on-month percentage changes (s.a.)</i>													
2010 Apr.	-	-0.3	-	-2.2	-0.9	-	-0.9	-1.0	-0.6	-2.5	-0.8	-	-10.8
May	-	4.2	-	4.6	0.7	-	0.7	0.8	0.5	-0.6	1.2	-	-6.5
June	-	2.4	-	0.2	0.2	-	0.2	-0.3	0.5	1.1	0.1	-	7.6
July	-	-2.3	-	-0.7	0.0	-	0.0	0.3	-0.2	2.1	-1.1	-	-7.7
Aug.	-	.	-	.	-0.1	-	-0.1	-0.7	0.3	.	.	-	5.7

Sources: Eurostat, except columns 12 and 13 in Table 4 in Section 5.2 (which comprise ECB calculations based on data from the European Automobile Manufacturers' Association).

1) 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<sup>2)</sup> and Consumer Surveys

	Economic sentiment indicator <sup>3)</sup> (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation <sup>4)</sup> (%)	Total <sup>5)</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>5)</sup>	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2006	107.3	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
2009 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
2010 Q1	96.6	-12	-41	2	7	73.9	-17	-4	-11	46	-7
Q2	99.3	-6	-28	0	9	76.5	-17	-6	-18	34	-9
Q3	102.2	-3	-19	0	10	.	-12	-6	-11	23	-8
2010 Apr.	100.6	-7	-32	-1	9	75.5	-15	-5	-12	36	-8
May	98.4	-6	-28	1	10	-	-18	-7	-21	34	-10
June	98.9	-6	-26	1	9	-	-17	-7	-20	32	-9
July	101.1	-4	-21	0	9	77.4	-14	-7	-14	27	-9
Aug.	102.3	-3	-18	0	10	-	-11	-5	-9	23	-8
Sep.	103.2	-2	-16	0	12	-	-11	-5	-11	20	-8
	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total <sup>5)</sup>	Order books	Employment expectations	Total <sup>5)</sup>	Present business situation	Volume of stocks	Expected business situation	Total <sup>5)</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
2009 Q3	-31	-41	-22	-14	-19	10	-13	-12	-18	-13	-5
Q4	-28	-40	-16	-12	-19	10	-7	-4	-8	-8	3
2010 Q1	-27	-37	-17	-7	-9	8	-2	0	-4	-2	7
Q2	-28	-40	-16	-4	-5	8	0	4	1	4	8
Q3	-28	-40	-16	-3	-4	7	3	7	5	8	8
2010 Apr.	-25	-37	-13	-1	-1	8	4	6	0	5	11
May	-28	-40	-17	-6	-7	10	-1	4	-1	4	8
June	-30	-43	-17	-6	-7	7	-3	4	2	4	5
July	-29	-42	-16	-4	-6	7	1	7	5	9	6
Aug.	-29	-38	-19	-3	-5	7	1	7	6	8	8
Sep.	-26	-39	-13	-1	-3	6	6	8	5	8	10

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

- 1) Difference between the percentages of respondents giving positive and negative replies.
- 2) From May 2010 onwards, data refer to the new version of the classification of economic activities in the European Union ("NACE Revision 2").
- 3) 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.
- 4) 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.
- 5) 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; seasonally adjusted)

### 1. Employment in terms of persons employed

	Whole economy		By employment status		By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total <sup>2)</sup>	100.0	100.0	85.4	14.6	3.8	17.1	7.5	25.5	16.1	30.0
	1	2	3	4	5	6	7	8	9	10
2007	146.831	1.8	2.0	0.6	-1.7	0.3	3.6	1.9	4.3	1.3
2008	147.963	0.8	1.0	-0.4	-1.8	0.0	-2.1	1.2	2.1	1.2
2009	145.209	-1.9	-1.8	-2.2	-2.5	-5.3	-6.5	-1.7	-2.1	1.4
2009 Q3	144.713	-2.2	-2.2	-2.4	-2.9	-6.4	-7.2	-1.9	-2.7	1.4
Q4	144.437	-2.1	-2.1	-2.0	-2.2	-6.3	-5.6	-2.1	-1.9	1.1
2010 Q1	144.464	-1.2	-1.3	-0.5	-1.4	-5.4	-4.6	-1.3	-0.2	1.5
Q2	144.454	-0.7	-0.7	-0.8	-1.1	-4.0	-3.4	-1.0	1.0	1.2
	<i>quarter-on-quarter percentage changes</i>									
2009 Q3	-0.723	-0.5	-0.5	-0.5	-1.0	-1.7	-1.4	-0.4	-0.4	0.2
Q4	-0.277	-0.2	-0.2	0.0	0.5	-1.1	-0.5	-0.4	0.2	0.3
2010 Q1	0.027	0.0	-0.1	0.5	0.2	-0.8	-1.2	0.0	0.5	0.5
Q2	-0.010	0.0	0.1	-0.8	-0.9	-0.5	-0.4	-0.2	0.7	0.2

### 2. Employment in terms of hours worked

	Whole economy		By employment status		By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total <sup>2)</sup>	100.0	100.0	80.5	19.5	5.0	17.1	8.5	26.9	15.7	26.9
	1	2	3	4	5	6	7	8	9	10
2007	237,119.5	1.7	2.0	0.6	-2.5	0.6	3.6	1.9	4.4	1.0
2008	238,675.1	0.7	1.0	-0.7	-1.9	-0.5	-1.8	0.9	2.5	1.4
2009	230,808.0	-3.3	-3.4	-2.9	-2.6	-8.9	-8.0	-2.7	-3.4	1.1
2009 Q3	57,542.1	-3.6	-3.8	-2.9	-3.1	-9.9	-8.6	-2.7	-4.1	1.2
Q4	57,555.3	-2.7	-2.9	-2.0	-2.6	-7.3	-6.9	-2.4	-2.7	0.9
2010 Q1	57,685.1	-0.6	-0.7	0.0	-3.1	-3.2	-3.9	-0.5	0.1	2.0
Q2	57,794.6	0.2	0.2	-0.1	-2.5	-0.5	-2.5	-0.1	1.1	1.5
	<i>quarter-on-quarter percentage changes</i>									
2009 Q3	-161.4	-0.3	-0.2	-0.6	-1.2	-0.6	-1.3	-0.4	-0.2	0.4
Q4	13.2	0.0	0.0	0.2	-0.1	-0.4	-0.8	0.0	0.5	0.3
2010 Q1	129.9	0.2	0.2	0.4	-1.1	0.0	-0.6	0.1	0.5	0.8
Q2	109.5	0.2	0.3	-0.1	-0.1	0.5	0.1	0.1	0.4	0.1

### 3. Hours worked per person employed

	Whole economy		By employment status		By economic activity					
	Total (thousands)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8	9	10
2007	1.615	-0.1	0.0	0.0	-0.8	0.3	0.0	0.0	0.1	-0.2
2008	1.613	-0.1	0.0	-0.3	-0.2	-0.5	0.4	-0.3	0.3	0.2
2009	1.589	-1.5	-1.6	-0.7	-0.2	-3.8	-1.6	-1.0	-1.3	-0.3
2009 Q3	0.398	-1.4	-1.6	-0.5	-0.2	-3.7	-1.4	-0.9	-1.4	-0.2
Q4	0.398	-0.6	-0.8	0.1	-0.3	-1.1	-1.4	-0.2	-0.8	-0.1
2010 Q1	0.399	0.7	0.7	0.5	-1.7	2.3	0.7	0.8	0.3	0.5
Q2	0.400	0.8	0.9	0.7	-1.4	3.6	1.0	0.9	0.1	0.3

Source: ECB calculations based on Eurostat data.

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

2) In 2009.



## 5.3 Labour markets

(seasonally adjusted, unless otherwise indicated)

4. Unemployment and job vacancies <sup>1)</sup>

	Unemployment										Job vacancy rate <sup>2)</sup>	
	Total		By age <sup>3)</sup>				By gender <sup>4)</sup>					% of total posts
	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>5)</sup>	1	2	3	4	5	6	7	8	9	10	11	
	100.0		78.3		21.7		53.8		46.2			
2006	12.906	8.4	10.074	7.4	2.832	16.5	6.400	7.5	6.506	9.5	2.0	
2007	11.707	7.5	9.142	6.6	2.565	15.1	5.750	6.7	5.957	8.6	2.2	
2008	11.915	7.6	9.277	6.6	2.638	15.5	6.010	6.9	5.905	8.4	1.9	
2009	14.888	9.4	11.656	8.3	3.232	19.5	8.010	9.3	6.878	9.6	1.5	
2009 Q2	14.787	9.4	11.547	8.2	3.239	19.4	7.959	9.2	6.827	9.6	1.5	
Q3	15.311	9.7	11.999	8.5	3.311	20.1	8.270	9.6	7.041	9.8	1.4	
Q4	15.534	9.9	12.254	8.7	3.279	20.1	8.440	9.8	7.093	9.9	1.5	
2010 Q1	15.664	9.9	12.401	8.8	3.263	20.2	8.493	9.9	7.171	10.0	1.6	
Q2	15.881	10.1	12.636	8.9	3.245	20.3	8.553	9.9	7.328	10.2	1.7	
2010 Mar.	15.741	10.0	12.486	8.8	3.255	20.2	8.508	9.9	7.233	10.1	-	
Apr.	15.849	10.0	12.568	8.9	3.281	20.4	8.563	9.9	7.286	10.2	-	
May	15.913	10.1	12.651	8.9	3.262	20.3	8.557	9.9	7.356	10.3	-	
June	15.880	10.1	12.689	8.9	3.191	20.1	8.538	9.9	7.342	10.2	-	
July	15.889	10.1	12.742	9.0	3.146	20.0	8.490	9.9	7.398	10.3	-	
Aug.	15.869	10.1	12.765	9.0	3.104	19.8	8.504	9.9	7.365	10.3	-	

Source: Eurostat.

1) Data for unemployment refer to persons and follow ILO recommendations.

2) Industry, construction and services (excluding households as employers and extra-territorial organisations and bodies); non-seasonally adjusted.

3) Adult: 25 years of age and over; youth: below 25 years of age; rates are expressed as a percentage of the labour force for the relevant age group.

4) Rates are expressed as a percentage of the labour force for the relevant gender.

5) In 2009.



# 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	12	13			
			Households	Corporations		Employers	Employees							
	3	4	5	6	7	8	9	10	11	14				
2001	45.7	45.4	12.2	9.4	2.8	13.5	0.5	15.6	8.1	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	8.1	4.6	2.1	0.3	0.3	41.1
2003	45.0	44.3	11.4	9.0	2.3	13.5	0.4	15.7	8.2	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	8.1	4.5	2.1	0.5	0.4	40.7
2005	44.8	44.3	11.5	8.7	2.7	13.7	0.3	15.4	8.1	4.5	2.2	0.4	0.3	40.9
2006	45.3	45.0	12.1	8.9	3.0	13.9	0.3	15.3	8.0	4.5	2.1	0.3	0.3	41.5
2007	45.4	45.1	12.4	9.1	3.2	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	2.8	13.3	0.3	15.3	8.0	4.5	2.1	0.2	0.3	41.0
2009	44.5	44.2	11.3	9.2	2.0	13.1	0.3	15.7	8.2	4.5	2.2	0.3	0.4	40.5

### 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	Paid by EU institutions	Investment	Capital transfers		Paid by EU institutions
							7	8						
	3	4	5	6	7	8	9	10	11	12	13	14		
2001	47.5	43.6	10.3	4.8	3.8	24.7	21.7	1.9	0.5	3.9	2.5	1.4	0.0	43.7
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	0.1	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	43.5	10.4	5.0	3.1	25.1	22.3	1.7	0.5	3.9	2.5	1.5	0.1	44.4
2005	47.3	43.4	10.4	5.1	3.0	25.0	22.3	1.7	0.5	3.9	2.5	1.4	0.0	44.3
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	46.0	42.3	10.0	5.0	3.0	24.3	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	3.8	2.5	1.3	0.0	43.9
2009	50.7	46.5	10.8	5.6	2.8	27.3	24.2	1.8	0.5	4.2	2.8	1.4	0.0	47.9

### 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
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	1.9	2.1	8.3	12.2
2004	-3.0	-2.5	-0.4	-0.3	0.1	0.1	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	5.1	5.1	1.9	2.2	8.2	12.3
2006	-1.3	-1.5	-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	-1.1	0.0	-0.1	0.5	2.3	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
2009	-6.2	-5.0	-0.5	-0.3	-0.4	-3.4	22.1	10.8	5.6	5.8	2.0	2.2	8.8	13.2

### 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
2006	0.3	-1.6	3.0	-3.6	2.0	-2.3	-3.3	-1.2	1.4	-2.6	0.5	-1.5	-3.9	-1.3	-3.5	4.0
2007	-0.2	0.2	0.1	-5.1	1.9	-2.7	-1.5	3.4	3.6	-2.2	0.2	-0.4	-2.6	0.0	-1.9	5.2
2008	-1.2	0.0	-7.3	-7.7	-4.1	-3.3	-2.7	0.9	2.9	-4.5	0.7	-0.4	-2.8	-1.7	-2.3	4.2
2009	-6.0	-3.3	-14.3	-13.6	-11.2	-7.5	-5.3	-6.1	-0.7	-3.8	-5.3	-3.4	-9.4	-5.5	-6.8	-2.2

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	
2000	69.2	2.7	13.2	3.7	49.6	43.8	22.1	12.3	9.5	25.4
2001	68.2	2.8	12.4	4.0	48.9	42.0	20.6	11.0	10.4	26.2
2002	67.9	2.7	11.8	4.6	48.9	40.5	19.4	10.6	10.5	27.4
2003	69.0	2.1	12.4	5.0	49.6	39.7	19.6	11.0	9.1	29.3
2004	69.4	2.2	12.0	5.0	50.3	38.2	18.5	10.7	9.0	31.2
2005	70.0	2.4	11.8	4.7	51.1	36.3	17.2	11.1	7.9	33.8
2006	68.2	2.4	11.5	4.1	50.2	34.4	17.4	9.3	7.7	33.8
2007	65.9	2.2	10.8	4.2	48.7	32.6	16.7	8.5	7.3	33.4
2008	69.3	2.3	11.0	6.7	49.4	32.4	16.6	7.9	7.8	37.0
2009	78.7	2.4	11.9	8.6	55.8	36.6	19.6	8.7	8.2	42.2

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
2000	69.2	58.1	5.8	4.8	0.4	6.5	62.7	6.2	13.4	27.8	28.0	67.4	1.8
2001	68.2	57.0	6.0	4.7	0.4	7.0	61.1	5.3	13.7	26.6	27.9	66.6	1.5
2002	67.9	56.6	6.2	4.7	0.4	7.6	60.3	5.2	15.5	25.3	27.2	66.7	1.3
2003	69.0	56.9	6.5	5.1	0.6	7.8	61.2	5.0	14.9	26.0	28.2	68.1	0.9
2004	69.4	57.3	6.6	5.1	0.4	7.8	61.6	4.6	14.8	26.2	28.4	68.6	0.9
2005	70.0	57.6	6.7	5.2	0.5	7.9	62.1	4.6	14.8	25.5	29.6	69.0	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	67.6	0.6
2007	65.9	53.9	6.2	5.2	0.5	7.4	58.5	4.3	14.6	23.5	27.8	65.4	0.5
2008	69.3	57.1	6.6	5.2	0.4	10.2	59.2	4.4	17.7	23.3	28.3	68.6	0.8
2009	78.7	64.9	7.5	5.6	0.6	12.2	66.5	4.5	19.8	26.7	32.2	78.0	0.8

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
2006	88.1	67.6	24.9	97.8	39.6	63.7	106.5	64.6	6.5	63.7	47.4	62.2	64.7	26.7	30.5	39.7
2007	84.2	65.0	25.0	95.7	36.2	63.8	103.5	58.3	6.7	61.9	45.5	59.5	63.6	23.4	29.3	35.2
2008	89.8	66.0	43.9	99.2	39.7	67.5	106.1	48.4	13.7	63.7	58.2	62.6	66.3	22.6	27.7	34.2
2009	96.7	73.2	64.0	115.1	53.2	77.6	115.8	56.2	14.5	69.1	60.9	66.5	76.8	35.9	35.7	44.0

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>	MFI's	Other financial corporations	
	1	2	3	4	5	6	7	8	9	10	11	12
2001	1.9	1.9	-0.1	0.1	0.2	-0.2	0.5	1.5	0.0	-0.5	-0.8	1.9
2002	2.1	2.7	-0.5	0.0	0.0	-0.2	0.7	1.6	0.0	-0.5	-0.1	2.1
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.4	0.8	0.8	2.7
2004	3.1	3.2	-0.1	0.0	0.2	0.1	0.1	2.7	0.1	-0.3	0.1	3.1
2005	3.1	3.0	0.0	0.0	0.3	0.3	-0.1	2.6	-0.6	-0.7	0.8	3.6
2006	1.5	1.4	0.1	0.0	0.2	0.2	-0.4	1.5	-0.1	1.0	-1.2	1.6
2007	1.1	1.1	0.0	0.0	-0.1	-0.1	0.3	1.0	-0.2	0.2	-0.3	1.2
2008	5.2	5.1	0.1	0.0	0.1	0.4	2.6	2.0	0.7	0.4	-0.4	4.5
2009	7.1	7.3	-0.2	0.0	0.1	0.6	1.6	4.8	3.1	2.5	0.5	4.0

#### 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
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	0.1	0.6
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	0.0	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	0.2	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	0.4	0.6	0.2	0.0	0.2	0.1	-0.2	0.2	0.0	0.0	0.0	-0.1
2008	5.2	-2.0	3.3	3.1	0.8	0.7	0.8	0.8	0.0	0.6	0.1	0.0	0.0	0.1
2009	7.1	-6.2	0.9	1.0	0.4	0.0	0.2	0.4	-0.2	0.5	-0.2	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	
2004 Q1	41.3	40.9	9.5	12.9	15.3	1.7	0.6	0.4	0.3	38.0
2004 Q2	44.7	43.9	11.9	12.9	15.3	2.0	1.1	0.8	0.6	40.7
2004 Q3	42.8	42.3	10.7	12.8	15.3	1.9	0.7	0.5	0.3	39.1
2004 Q4	48.9	48.0	12.9	14.2	16.1	2.9	0.7	1.0	0.4	43.7
2005 Q1	42.0	41.5	10.0	13.0	15.2	1.7	0.6	0.5	0.3	38.5
2005 Q2	44.3	43.6	11.5	13.2	15.1	2.0	1.1	0.6	0.3	40.1
2005 Q3	43.5	42.8	11.1	13.0	15.2	1.9	0.7	0.7	0.3	39.7
2005 Q4	49.0	48.2	13.3	14.2	16.1	2.9	0.8	0.7	0.3	43.9
2006 Q1	42.4	42.0	10.3	13.4	15.1	1.6	0.8	0.4	0.3	39.0
2006 Q2	45.3	44.9	12.2	13.5	15.1	1.9	1.3	0.5	0.3	41.1
2006 Q3	43.8	43.3	11.6	13.0	15.1	2.0	0.8	0.5	0.3	40.0
2006 Q4	49.3	48.7	14.0	14.2	15.8	2.9	0.9	0.6	0.3	44.4
2007 Q1	42.1	41.7	10.2	13.5	14.8	1.7	0.8	0.4	0.3	38.8
2007 Q2	45.6	45.2	12.7	13.5	15.0	1.8	1.5	0.4	0.3	41.4
2007 Q3	43.7	43.3	12.2	12.8	14.8	1.9	0.8	0.5	0.3	40.1
2007 Q4	49.6	49.1	14.4	14.1	15.7	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	38.6
2008 Q2	44.9	44.5	12.6	12.8	15.0	1.9	1.5	0.4	0.3	40.7
2008 Q3	43.2	42.9	11.9	12.4	15.0	1.9	0.8	0.3	0.3	39.7
2008 Q4	48.8	48.3	13.6	13.6	16.2	3.0	1.0	0.5	0.3	43.7
2009 Q1	41.9	41.8	10.3	12.5	15.4	1.8	1.0	0.2	0.2	38.4
2009 Q2	44.4	43.8	11.5	12.6	15.5	2.0	1.5	0.6	0.5	40.1
2009 Q3	42.6	42.2	10.9	12.3	15.5	2.0	0.8	0.3	0.3	39.0
2009 Q4	48.5	47.9	12.7	13.7	16.4	3.2	1.0	0.7	0.5	43.2
2010 Q1	41.4	41.3	10.0	12.3	15.3	1.8	0.9	0.2	0.2	38.0

**2. Euro area – quarterly expenditure and deficit/surplus**

	Total		Current expenditure						Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
	1	2	Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social benefits	Subsidies	Investment	Capital transfers		
2004 Q1	46.3	42.9	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	3.2	24.7	21.4	1.3	3.4	2.3	1.1	-1.9	1.4
2004 Q3	46.0	42.6	9.9	4.7	3.1	24.9	21.5	1.3	3.4	2.4	1.0	-3.2	-0.1
2004 Q4	50.8	45.6	11.0	5.7	2.9	26.0	22.6	1.4	5.2	3.1	2.1	-1.9	1.0
2005 Q1	46.7	43.0	10.2	4.6	3.1	25.1	21.3	1.2	3.7	1.9	1.8	-4.8	-1.7
2005 Q2	46.1	42.8	10.2	4.9	3.2	24.5	21.3	1.1	3.4	2.3	1.1	-1.9	1.3
2005 Q3	45.7	42.3	9.9	4.8	3.0	24.6	21.3	1.2	3.4	2.5	1.0	-2.2	0.8
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	1.2
2006 Q1	45.3	42.1	10.0	4.6	3.0	24.6	21.1	1.2	3.1	1.9	1.2	-2.9	0.1
2006 Q2	45.4	42.2	10.2	4.9	3.1	24.0	21.0	1.1	3.2	2.3	0.9	-0.1	3.0
2006 Q3	45.3	41.9	9.8	4.7	2.9	24.5	21.1	1.2	3.4	2.4	1.0	-1.5	1.4
2006 Q4	50.3	45.0	10.7	5.7	2.7	25.9	22.2	1.4	5.3	3.2	2.2	-1.0	1.7
2007 Q1	44.3	41.1	9.8	4.5	2.9	23.9	20.5	1.2	3.2	2.0	1.2	-2.2	0.8
2007 Q2	44.6	41.4	9.9	4.8	3.2	23.5	20.5	1.1	3.2	2.3	0.9	1.0	4.2
2007 Q3	44.5	41.1	9.5	4.7	2.9	23.9	20.6	1.2	3.4	2.5	0.9	-0.8	2.1
2007 Q4	50.3	45.2	10.6	5.8	2.8	26.0	22.2	1.5	5.1	3.4	1.7	-0.7	2.1
2008 Q1	44.6	41.4	9.7	4.6	3.0	24.1	20.5	1.2	3.2	2.0	1.2	-2.4	0.6
2008 Q2	45.2	41.9	10.1	4.9	3.2	23.7	20.6	1.1	3.3	2.3	1.0	-0.3	2.9
2008 Q3	45.4	41.9	9.6	4.8	3.1	24.4	21.2	1.2	3.5	2.5	1.0	-2.2	0.9
2008 Q4	51.8	46.8	11.0	6.1	2.8	26.9	23.0	1.4	5.0	3.4	1.6	-3.0	-0.2
2009 Q1	48.4	44.9	10.5	5.3	2.9	26.3	22.4	1.3	3.4	2.2	1.2	-6.4	-3.6
2009 Q2	50.1	46.1	10.9	5.5	3.2	26.6	23.1	1.3	4.0	2.7	1.3	-5.7	-2.6
2009 Q3	49.2	45.3	10.3	5.2	2.7	27.0	23.4	1.4	3.8	2.6	1.1	-6.6	-3.9
2009 Q4	54.7	49.4	11.4	6.3	2.5	29.1	24.8	1.6	5.4	3.4	1.9	-6.2	-3.7
2010 Q1	49.5	45.9	10.5	5.2	2.8	27.4	23.3	1.4	3.6	2.1	1.5	-8.0	-5.2

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>

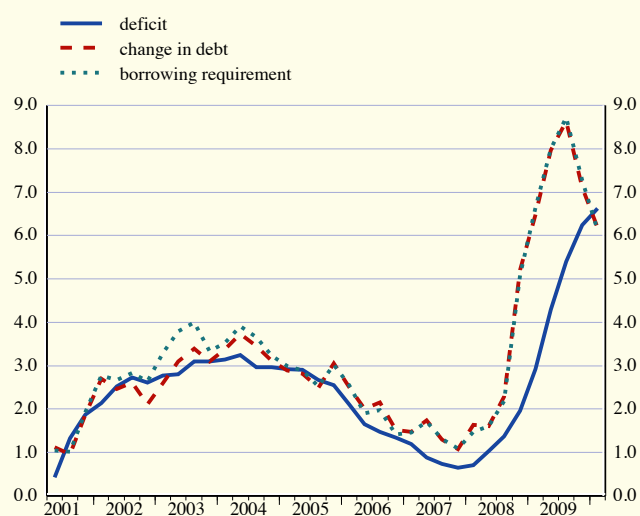
	Total 1	Financial instruments			
		Currency and deposits 2	Loans 3	Short-term securities 4	Long-term securities 5
2007 Q2	68.6	2.2	11.2	5.1	50.2
Q3	67.6	2.1	11.1	5.1	49.3
Q4	65.9	2.2	10.8	4.2	48.7
2008 Q1	67.0	2.1	11.2	5.0	48.7
Q2	67.3	2.1	11.2	4.9	49.0
Q3	67.4	2.1	11.1	5.5	48.6
Q4	69.3	2.3	11.0	6.7	49.4
2009 Q1	72.8	2.3	11.3	7.9	51.4
Q2	76.1	2.3	11.6	8.4	53.7
Q3	77.9	2.3	11.8	9.2	54.6
Q4	78.7	2.4	11.9	8.6	55.8
2010 Q1	80.5	2.4	12.2	8.4	57.6

### 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
2007 Q2	4.2	1.0	5.2	4.9	4.1	0.0	0.5	0.3	0.6	-0.3	3.5
Q3	-0.6	-0.8	-1.4	-1.4	-2.1	0.0	0.4	0.2	0.1	-0.1	-0.6
Q4	-3.6	-0.7	-4.2	-2.9	-2.1	0.0	-0.6	-0.2	-0.1	-1.2	-3.4
2008 Q1	6.7	-2.4	4.3	3.4	2.0	0.0	1.1	0.3	0.1	0.9	6.6
Q2	4.0	-0.3	3.7	3.9	1.8	0.3	1.3	0.4	0.0	-0.2	3.9
Q3	2.2	-2.2	0.0	-0.9	-1.6	0.0	0.2	0.5	0.5	0.4	1.8
Q4	7.9	-3.0	5.0	5.8	0.8	2.6	0.5	1.9	-0.1	-0.8	8.0
2009 Q1	12.1	-6.4	5.6	6.5	5.1	-0.1	0.8	0.7	-1.1	0.2	13.2
Q2	9.9	-5.7	4.2	3.3	2.5	-0.6	0.1	1.2	0.6	0.3	9.3
Q3	4.7	-6.6	-1.9	-2.9	-3.1	0.7	-0.1	-0.4	0.2	0.8	4.5
Q4	2.1	-6.2	-4.1	-2.6	-2.7	0.0	0.0	0.1	-0.3	-1.1	2.4
2010 Q1	8.3	-8.0	0.2	0.7	0.7	0.0	-0.4	0.4	-0.1	-0.4	8.4

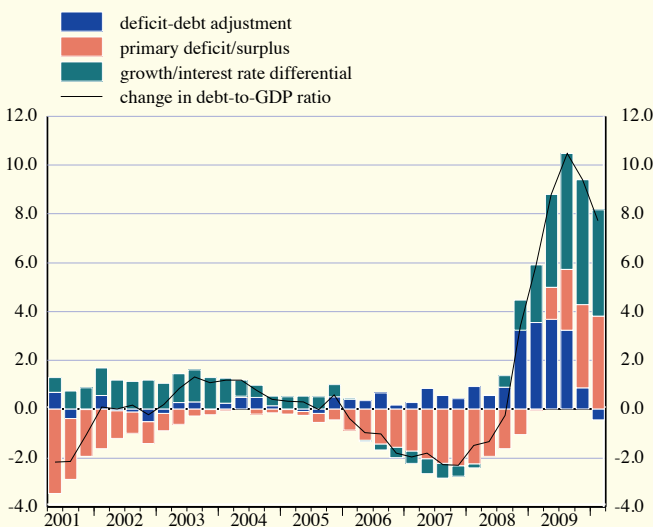
### C28 Deficit, borrowing requirement and change in debt

(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

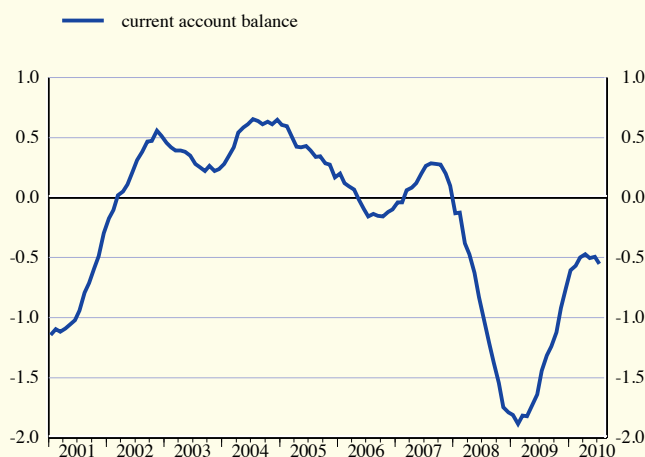
### 7.1 Summary balance of payments <sup>1)</sup>

(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
2007	13.5	48.0	49.6	2.9	-87.0	5.0	18.5	-10.7	-73.7	151.5	-63.7	-19.6	-5.1	-7.8
2008	-153.8	-19.1	41.4	-76.6	-99.5	9.8	-144.0	163.2	-198.7	344.1	-62.5	83.7	-3.4	-19.2
2009	-55.9	40.7	29.9	-38.2	-88.2	6.2	-49.7	43.0	-78.9	308.7	42.1	-233.3	4.5	6.8
2009 Q2	-22.0	14.0	6.9	-25.5	-17.3	2.2	-19.8	10.9	0.3	70.8	22.9	-81.7	-1.4	8.9
Q3	-3.6	13.8	12.2	-6.7	-22.8	1.4	-2.2	-12.6	-23.7	78.2	-4.5	-62.9	0.3	14.8
Q4	6.8	20.5	9.1	-3.1	-19.7	1.2	8.0	-6.2	9.0	53.9	7.9	-76.9	-0.1	-1.8
2010 Q1	-25.4	2.8	3.3	3.3	-34.8	2.6	-22.9	24.4	-34.9	22.4	1.8	39.8	-4.6	-1.6
Q2	-23.6	8.9	11.3	-26.1	-17.7	1.8	-21.9	23.6	-31.7	103.6	-1.5	-47.9	1.0	-1.8
2009 July	8.1	14.1	3.9	-3.0	-6.9	0.9	9.0	-19.4	7.2	-26.5	6.4	-2.9	-3.7	10.4
Aug.	-6.1	-1.9	4.1	0.0	-8.3	0.5	-5.5	-10.8	1.7	25.7	-9.8	-29.2	0.8	16.3
Sep.	-5.6	1.5	4.1	-3.7	-7.5	0.0	-5.6	17.6	-32.6	78.9	-1.1	-30.8	3.3	-11.9
Oct.	-1.3	8.7	2.9	0.2	-13.2	-0.3	-1.6	1.1	3.8	6.2	1.6	-9.8	-0.6	0.5
Nov.	-2.4	5.5	1.2	-3.1	-6.0	1.0	-1.4	3.4	-3.5	-7.3	-0.1	13.0	1.4	-2.0
Dec.	10.6	6.4	4.9	-0.2	-0.6	0.5	11.0	-10.6	8.8	55.1	6.4	-80.1	-0.8	-0.4
2010 Jan.	-14.4	-7.7	0.8	0.9	-8.5	1.6	-12.8	32.0	9.2	21.4	3.6	-3.6	1.5	-19.2
Feb.	-8.7	4.2	1.2	1.9	-16.1	0.8	-7.9	-8.4	-17.6	2.4	-0.7	11.3	-3.7	16.3
Mar.	-2.2	6.2	1.3	0.4	-10.2	0.1	-2.1	0.8	-26.5	-1.4	-1.0	32.1	-2.5	1.3
Apr.	-7.5	2.9	3.2	-5.8	-7.7	-0.2	-7.7	8.6	-11.4	32.3	0.3	-12.5	0.0	-1.0
May	-17.9	0.4	3.9	-16.9	-5.4	2.0	-16.0	16.3	-12.4	64.4	-2.5	-33.1	-0.1	-0.3
June	1.8	5.5	4.2	-3.4	-4.6	0.0	1.8	-1.3	-7.9	6.9	0.7	-2.2	1.2	-0.5
July	3.7	8.0	3.8	-0.7	-7.5	1.5	5.1	-10.5	-1.9	-23.8	-0.4	18.7	-3.1	5.3
<i>12-month cumulated transactions</i>														
2010 July	-50.2	39.9	35.7	-30.2	-95.5	7.5	-42.7	38.2	-90.4	260.7	-3.0	-126.3	-2.8	4.5
<i>12-month cumulated transactions as a percentage of GDP</i>														
2010 July	-0.6	0.4	0.4	-0.3	-1.1	0.1	-0.5	0.4	-1.0	2.9	0.0	-1.4	0.0	0.1

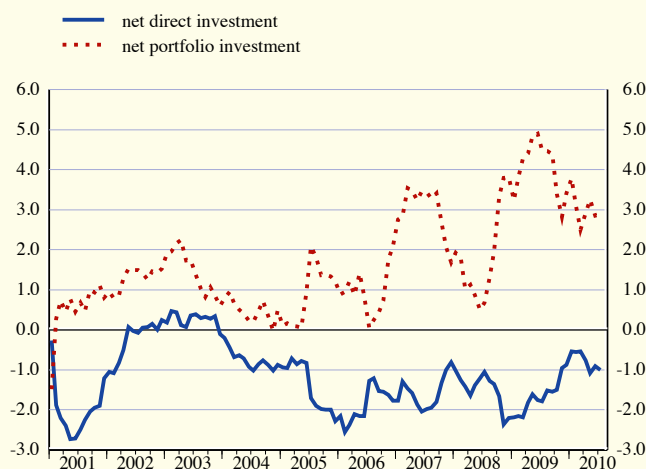
### C30 Euro area b.o.p.: current account

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



### C31 Euro area b.o.p.: direct and portfolio investment

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



Source: ECB.

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

## 7.2 Current and capital accounts

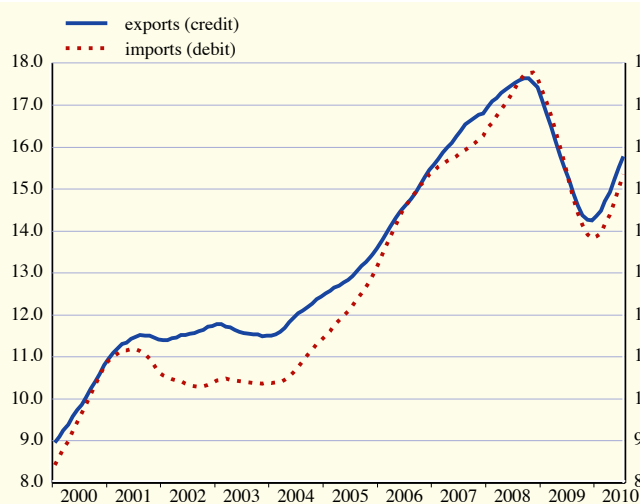
(EUR billions; transactions)

### 1. Summary current and capital accounts

	Current account											Capital account			
	Total			Goods		Services		Income		Current transfers			Credit	Debit	
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit				
											Workers' remittances	Workers' remittances			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
2007	2,702.7	2,689.2	13.5	1,518.0	1,470.1	494.9	445.3	598.7	595.8	91.0	6.4	178.1	20.7	25.7	20.7
2008	2,732.5	2,886.3	-153.8	1,580.4	1,599.5	517.6	476.2	546.1	622.6	88.5	6.7	188.0	21.4	24.2	14.5
2009	2,269.9	2,325.8	-55.9	1,291.2	1,250.5	469.8	439.9	416.0	454.2	92.9	6.1	181.1	21.6	19.0	12.8
2009 Q2	559.5	581.4	-22.0	312.5	298.5	114.8	107.9	111.2	136.7	21.0	1.6	38.3	5.4	4.9	2.8
Q3	556.0	559.6	-3.6	322.5	308.7	124.0	111.9	95.1	101.8	14.3	1.6	37.2	5.5	3.9	2.4
Q4	597.3	590.4	6.8	348.8	328.2	120.6	111.5	96.2	99.2	31.7	1.5	51.4	5.7	6.0	4.9
2010 Q1	579.0	604.4	-25.4	348.7	346.0	110.1	106.8	99.1	95.7	21.0	1.4	55.8	5.0	5.1	2.5
Q2	623.1	646.7	-23.6	387.9	379.0	121.6	110.3	96.5	122.6	17.1	.	34.7	.	4.2	2.5
2010 May	203.7	221.6	-17.9	124.6	124.1	40.0	36.2	31.5	48.4	7.6	.	13.0	.	2.7	0.8
June	224.0	222.2	1.8	140.4	134.9	43.4	39.1	34.8	38.3	5.4	.	9.9	.	0.8	0.8
July	223.0	219.3	3.7	139.3	131.3	45.7	41.9	33.2	33.9	4.8	.	12.3	.	2.3	0.9
	Seasonally adjusted														
2009 Q4	568.6	575.7	-7.1	332.7	317.6	117.3	108.5	92.1	101.8	26.5	.	47.8	.	.	.
2010 Q1	606.5	616.0	-9.6	363.6	353.2	120.7	111.5	102.5	104.7	19.7	.	46.6	.	.	.
Q2	626.2	643.0	-16.8	390.8	384.7	122.8	112.9	94.0	104.2	18.6	.	41.2	.	.	.
2010 May	212.8	220.2	-7.4	132.2	129.3	41.4	38.1	31.0	37.0	8.2	.	15.8	.	.	.
June	213.2	217.0	-3.8	134.1	131.6	41.1	38.5	32.9	34.1	5.1	.	12.9	.	.	.
July	216.3	220.1	-3.8	132.6	129.2	41.6	39.3	35.2	36.6	6.8	.	14.9	.	.	.
	12-month cumulated transactions														
2010 July	2,380.4	2,430.2	-49.8	1,426.5	1,388.0	479.0	443.4	388.3	419.7	86.5	.	179.1	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2010 July	26.3	26.9	-0.6	15.8	15.4	5.3	4.9	4.3	4.6	1.0	.	2.0	.	.	.

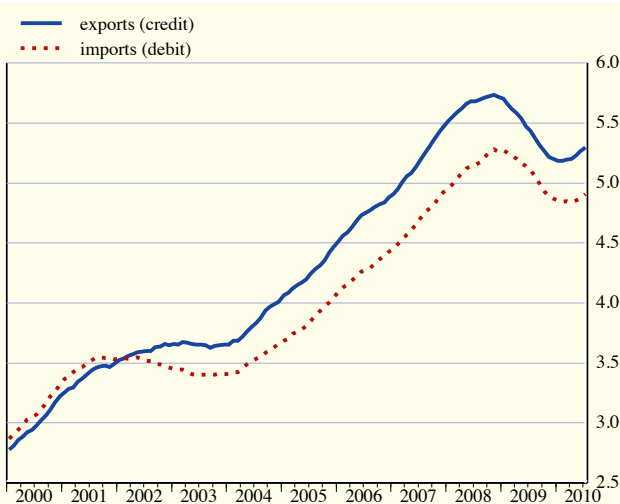
### C32 Euro area b.o.p.: goods

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



### C33 Euro area b.o.p.: services

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



Source: ECB.



## 7.2 Current and capital accounts

(EUR billions)

### 2. Income account

(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity			Debt			Equity		Debt		Credit	Debit
	Credit	Debit			Reinv. earnings	Reinv. earnings	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit		
			1	2											3	4
2007	18.8	10.3	579.9	585.5	208.7	70.9	137.7	44.2	26.6	25.2	45.3	113.7	118.8	111.1	180.5	197.8
2008	18.9	10.4	527.1	612.2	154.4	17.9	147.0	50.0	29.9	24.8	43.0	119.0	125.2	125.3	174.5	196.1
2009	19.0	11.6	397.0	442.7	129.1	21.9	104.8	31.9	20.3	20.7	30.9	79.6	108.6	139.8	108.2	97.8
2009 Q1	4.7	2.1	108.8	114.4	34.1	7.8	26.7	15.2	5.2	5.1	6.9	13.3	29.4	37.5	33.3	31.9
Q2	4.6	2.6	106.6	134.2	33.1	1.5	25.6	4.3	5.6	5.9	10.6	38.8	27.5	36.6	29.8	27.2
Q3	4.6	3.5	90.5	98.4	29.0	7.5	25.1	8.5	4.1	4.7	7.1	13.9	27.4	34.8	22.9	19.9
Q4	5.1	3.5	91.1	95.8	32.9	5.0	27.4	3.8	5.4	5.0	6.3	13.7	24.3	30.9	22.2	18.8
2010 Q1	4.9	2.1	94.2	93.6	37.8	2.8	28.2	12.3	4.5	4.3	5.8	12.0	25.0	31.7	21.0	17.3

### 3. Geographical breakdown

(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzerland	United States	Other
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions									
2009 Q2 to 2010 Q1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
<b>Credits</b>																
<b>Current account</b>	2,291.7	802.5	45.1	67.5	391.9	237.5	60.4	36.6	30.8	93.5	31.3	46.8	71.4	168.5	307.6	702.8
Goods	1,332.5	440.0	27.4	42.9	188.3	181.2	0.2	20.2	15.8	76.0	23.3	29.7	51.3	84.7	156.6	434.9
Services	469.6	157.6	10.9	12.5	101.8	26.8	5.5	7.1	6.5	12.8	6.3	10.4	13.0	50.0	70.6	135.2
Income	401.6	140.6	6.2	10.8	89.9	26.2	7.6	8.9	7.6	4.5	1.6	6.5	6.7	26.7	75.7	122.9
Investment income	382.4	133.8	6.1	10.7	88.2	25.5	3.4	8.9	7.5	4.4	1.5	6.5	6.7	19.3	73.8	119.9
Current transfers	88.1	64.3	0.7	1.2	11.9	3.3	47.2	0.4	0.8	0.2	0.0	0.2	0.3	7.1	4.8	9.9
<b>Capital account</b>	19.9	16.1	0.0	0.0	0.8	0.3	14.8	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	2.9
<b>Debits</b>																
<b>Current account</b>	2,335.8	751.3	39.7	66.9	332.5	212.8	99.4	-	24.3	-	-	84.4	-	157.3	315.6	-
Goods	1,281.4	369.8	25.7	37.8	140.5	165.8	0.0	20.5	10.3	157.7	18.8	42.1	85.1	71.7	117.0	388.5
Services	438.1	132.6	7.0	10.3	83.2	31.9	0.2	5.5	5.5	10.1	4.4	7.8	7.8	42.0	92.3	130.1
Income	433.5	136.8	6.2	17.7	96.4	10.9	5.7	-	6.9	-	-	34.2	-	37.3	99.7	-
Investment income	421.9	129.3	6.1	17.6	94.8	5.2	5.7	-	6.8	-	-	34.1	-	36.7	98.8	-
Current transfers	182.7	112.1	0.8	1.1	12.5	4.2	93.5	1.4	1.8	2.9	0.7	0.4	0.5	6.2	6.7	50.0
<b>Capital account</b>	12.6	2.4	0.1	0.1	1.0	0.2	1.0	0.2	0.1	0.1	0.1	0.1	0.1	0.5	1.3	7.8
<b>Net</b>																
<b>Current account</b>	-44.1	51.1	5.4	0.6	59.4	24.7	-39.0	-	6.4	-	-	-37.6	-	11.2	-8.0	-
Goods	51.1	70.2	1.6	5.1	47.8	15.4	0.2	-0.3	5.5	-81.6	4.5	-12.4	-33.8	13.0	39.6	46.3
Services	31.4	24.9	3.9	2.2	18.7	-5.0	5.2	1.7	1.1	2.7	1.9	2.6	5.3	7.9	-21.7	5.1
Income	-32.0	3.8	0.0	-6.9	-6.5	15.3	1.9	-	0.7	-	-	-27.6	-	-10.6	-24.0	-
Investment income	-39.6	4.5	0.0	-6.9	-6.5	20.3	-2.3	-	0.8	-	-	-27.6	-	-17.4	-25.1	-
Current transfers	-94.6	-47.8	-0.1	0.1	-0.6	-0.9	-46.3	-1.1	-0.9	-2.7	-0.6	-0.2	-0.2	0.9	-1.9	-40.1
<b>Capital account</b>	7.3	13.7	-0.1	-0.1	-0.1	0.1	13.8	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.8	-4.9

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>														
2006	12,384.3	13,399.8	-1,015.5	144.7	156.5	-11.9	3,153.4	2,729.4	4,372.1	5,950.0	-20.8	4,553.8	4,720.4	325.8
2007	13,908.5	15,155.8	-1,247.3	154.2	168.1	-13.8	3,572.8	3,130.7	4,631.6	6,556.5	-26.0	5,382.9	5,468.6	347.2
2008	13,315.2	14,949.2	-1,634.0	144.0	161.7	-17.7	3,744.4	3,217.0	3,763.9	6,078.6	-36.2	5,468.8	5,653.6	374.2
2009 Q3	13,381.5	14,979.0	-1,597.5	148.9	166.6	-17.8	4,042.1	3,345.1	4,059.8	6,626.7	-60.1	4,908.9	5,007.2	430.8
2009 Q4	13,717.2	15,105.7	-1,388.5	153.2	168.7	-15.5	4,174.6	3,423.8	4,196.6	6,761.8	-45.6	4,929.1	4,920.1	462.4
2010 Q1	14,365.3	15,701.3	-1,336.0	159.9	174.8	-14.9	4,318.6	3,469.4	4,453.4	7,102.0	-37.4	5,132.1	5,129.9	498.7
<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	1,545.8	1,845.7	-299.9	18.1	21.6	-3.5	362.6	285.1	484.6	892.2	0.6	692.3	668.4	5.7
2007	1,524.2	1,756.0	-231.9	16.9	19.5	-2.6	419.4	401.3	259.5	606.5	-5.2	829.1	748.1	21.4
2008	-593.3	-206.6	-386.6	-6.4	-2.2	-4.2	171.7	86.3	-867.7	-478.0	-10.2	85.9	185.1	27.0
2009 Q4	335.7	126.7	209.0	14.5	5.5	9.0	132.6	78.7	136.8	135.1	14.5	20.3	-87.1	31.5
2010 Q1	648.2	595.6	52.6	29.3	26.9	2.4	144.0	45.6	256.8	340.2	8.2	202.9	209.8	36.3
<b>Transactions</b>														
2006	1,728.6	1,719.1	9.4	20.2	20.1	0.1	417.6	257.4	519.8	708.5	0.6	789.3	753.2	1.3
2007	1,946.6	1,935.9	10.7	21.6	21.5	0.1	476.5	402.9	438.5	589.9	63.7	962.8	943.1	5.1
2008	464.8	628.0	-163.2	5.0	6.8	-1.8	323.8	125.1	-10.2	333.9	62.5	85.3	169.0	3.4
2009	-170.6	-121.7	-48.9	-1.9	-1.4	-0.5	289.8	210.9	68.2	391.8	-42.1	-482.1	-724.3	-4.5
2009 Q4	41.1	34.9	6.2	1.8	1.5	0.3	38.3	47.3	32.0	85.9	-7.9	-21.4	-98.3	0.1
2010 Q1	192.5	216.9	-24.4	8.7	9.8	-1.1	40.4	5.5	64.9	87.3	-1.8	84.4	124.2	4.6
2010 Q2	76.1	99.7	-23.6	3.3	4.3	-1.0	38.8	7.1	-6.6	97.0	1.5	43.4	-4.5	-1.0
2010 Mar.	50.6	51.4	-0.8	.	.	.	30.6	4.1	25.2	23.9	1.0	-8.7	23.4	2.5
Apr.	128.9	137.5	-8.6	.	.	.	15.7	4.3	17.3	49.6	-0.3	96.2	83.7	0.0
May	96.9	113.2	-16.3	.	.	.	13.9	1.6	-12.3	52.1	2.5	92.7	59.5	0.1
June	-149.7	-151.0	1.3	.	.	.	9.2	1.3	-11.6	-4.6	-0.7	-145.4	-147.7	-1.2
July	-4.3	-14.7	10.5	.	.	.	9.2	7.3	21.9	-2.0	0.4	-38.8	-20.0	3.1
<b>Other changes</b>														
2005	851.4	749.6	101.7	10.4	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	-422.5	-179.9	-242.5	-4.7	-2.0	-2.7	-57.1	-1.5	-179.0	16.6	-69.0	-133.6	-195.0	16.3
2008	-1,058.0	-834.6	-223.4	-11.4	-9.0	-2.4	-152.1	-38.8	-857.5	-811.8	-72.7	0.6	16.1	23.6
<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	-228.5	-114.8	-4.0	-2.7	-1.3	-72.1	-4.2	-151.6	-101.1	.	-105.7	-123.2	-13.9
2007	-531.1	-291.5	-239.6	-5.9	-3.2	-2.7	-113.3	-5.9	-219.2	-106.0	.	-185.0	-179.6	-13.7
2008	-40.3	59.3	-99.6	-0.4	0.6	-1.1	-17.3	-0.2	1.8	42.0	.	-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	-11.0	-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	-128.1	56.7	-184.7	-1.5	0.7	-2.2	-28.3	-1.6	-109.6	19.8	.	8.7	38.4	1.2
2007	30.7	-16.9	47.6	0.3	-0.2	0.5	5.0	-13.6	-33.0	12.4	.	59.5	-15.7	-0.8
2008	-20.9	191.6	-212.5	-0.2	2.1	-2.3	18.0	87.4	-56.9	102.2	.	25.4	2.0	-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	14.3	-	.	.	.	15.1	14.7	10.0	9.8	.	21.2	20.0	1.6
2008	3.3	4.2	-	.	.	.	9.2	4.0	-0.5	5.3	.	1.6	3.2	1.0
2009 Q4	-1.3	-0.8	-	.	.	.	7.7	6.6	1.7	6.3	.	-9.0	-12.7	-1.2
2010 Q1	1.9	1.5	-	.	.	.	5.8	5.5	5.3	6.4	.	-3.0	-6.5	1.3
2010 Q2	2.6	2.2	-	.	.	.	4.4	3.0	3.4	5.7	.	0.6	-2.5	0.7

Source: ECB.

1) Net financial derivatives are included in assets.

**7.3 Financial account**

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

**2. Direct investment**

	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<b>Outstanding amounts (international investment position)</b>														
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 Q4	4,174.6	3,251.5	252.3	2,999.2	923.1	14.6	908.5	3,423.8	2,550.2	77.9	2,472.3	873.6	14.7	858.9
2010 Q1	4,318.6	3,362.2	264.9	3,097.3	956.4	15.3	941.1	3,469.4	2,640.3	80.0	2,560.2	829.1	14.9	814.2
<b>Transactions</b>														
2008	323.8	195.1	-4.8	199.9	128.7	-0.2	128.9	125.1	93.0	-1.3	94.3	32.1	1.6	30.4
2009	289.8	214.6	23.2	191.4	75.2	3.4	71.9	210.9	207.7	7.9	199.8	3.2	-0.7	3.9
2009 Q4	38.3	52.0	0.0	52.0	-13.7	1.7	-15.4	47.3	56.3	2.8	53.5	-9.0	-0.1	-9.0
2010 Q1	40.4	8.4	6.2	2.2	32.0	0.2	31.7	5.5	67.5	1.4	66.1	-62.1	-0.2	-61.9
2010 Q2	38.8	3.6	-0.2	3.9	35.2	0.5	34.7	7.1	8.8	2.0	6.8	-1.7	0.4	-2.1
2010 Mar.	30.6	13.8	1.6	12.2	16.8	0.0	16.8	4.1	11.2	0.2	11.0	-7.1	-2.1	-5.0
Apr.	15.7	1.3	0.8	0.5	14.4	0.3	14.1	4.3	5.3	0.4	4.9	-1.0	1.5	-2.5
May	13.9	3.3	-1.4	4.7	10.6	0.2	10.3	1.6	1.7	0.8	0.9	-0.2	1.0	-1.2
June	9.2	-1.0	0.3	-1.3	10.2	0.0	10.2	1.3	1.9	0.8	1.0	-0.6	-2.2	1.6
July	9.2	7.1	0.4	6.8	2.0	0.2	1.8	7.3	5.9	1.0	4.9	1.4	-0.8	2.2
<b>Growth rates</b>														
2007	15.1	14.4	8.3	15.0	18.5	-55.0	18.7	14.7	14.6	8.8	14.7	15.3	6.3	15.4
2008	9.2	6.8	-2.0	7.6	18.9	-2.0	19.1	4.0	3.9	-1.8	4.1	4.5	9.9	4.4
2009 Q4	7.7	7.2	9.9	7.0	9.4	36.9	9.1	6.6	8.7	11.0	8.6	0.4	-4.5	0.5
2010 Q1	5.8	5.6	4.6	5.7	6.8	27.2	6.5	5.5	9.7	11.5	9.7	-6.3	-6.8	-6.3
2010 Q2	4.4	3.2	1.7	3.4	8.7	25.2	8.5	3.0	6.8	12.0	6.6	-8.0	-5.5	-8.0

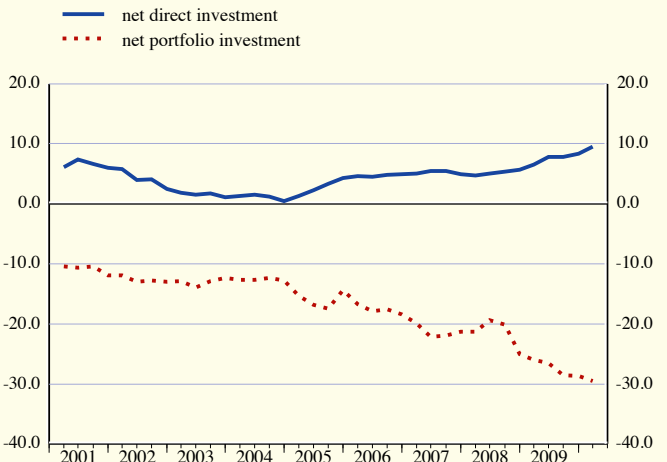
**C34 Euro area international investment position**

(outstanding amounts at end of period; as a percentage of GDP)



**C35 Euro area direct and portfolio investment position**

(outstanding amounts at end of period; as a percentage of GDP)



Source: ECB.

## 7.3 Financial account

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

### 3. Portfolio investment assets

	Total		Equity				Debt instruments												
	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 Q4	4,196.6	1,474.4	79.2	3.4	1,395.2	34.4	2,327.7	916.7	17.0	1,411.0	38.3	394.5	329.3	44.9	65.2	2.0			
2010 Q1	4,453.4	1,635.6	90.2	3.6	1,545.3	39.1	2,431.9	939.0	17.3	1,492.9	35.7	385.9	316.7	41.0	69.2	0.6			
Transactions																			
2007	438.5	64.7	26.7	0.0	38.0	8.2	290.5	148.0	4.9	142.4	3.3	83.3	63.3	26.3	20.0	0.8			
2008	-10.2	-103.9	-38.4	0.6	-65.6	-0.2	96.7	44.1	3.2	52.6	2.6	-3.0	26.8	15.1	-29.8	0.4			
2009	68.2	45.1	-2.9	-0.2	48.0	1.6	24.3	-101.5	-3.5	125.8	17.2	-1.2	3.1	-12.7	-4.3	1.0			
2009 Q4	32.0	34.3	-0.5	-0.2	34.9	0.4	20.1	-12.2	-0.5	32.3	-1.5	-22.4	-20.3	1.3	-2.1	0.8			
2010 Q1	64.9	34.5	9.2	0.0	25.3	1.0	51.7	3.7	0.2	48.0	-1.8	-21.4	-20.2	-6.1	-1.1	-1.5			
Q2	-6.6	-6.1	0.4	-0.2	-6.6	.	8.1	-18.1	0.8	26.2	.	-8.6	-16.2	-5.4	7.6	.			
2010 Mar.	25.2	18.4	6.5	0.0	11.8	.	33.5	5.0	0.1	28.5	.	-26.6	-22.6	-7.4	-4.0	.			
Apr.	17.3	6.4	2.7	-0.2	3.7	.	14.3	5.3	0.6	9.0	.	-3.4	-6.9	0.7	3.4	.			
May	-12.3	-15.6	-0.9	0.0	-14.7	.	-1.1	-14.5	1.0	13.4	.	4.3	-0.4	7.8	4.7	.			
June	-11.6	3.0	-1.4	0.0	4.4	.	-5.1	-8.9	-0.8	3.8	.	-9.5	-8.9	-13.9	-0.6	.			
July	21.9	-2.1	-4.0	0.0	2.0	.	-24.6	-36.3	-0.4	11.7	.	48.5	36.0	-3.6	12.5	.			
Growth rates																			
2007	10.0	3.3	22.3	-0.5	2.0	21.3	13.9	16.6	38.9	11.9	23.2	23.9	23.7	272.7	29.4	277.4			
2008	-0.5	-6.2	-30.0	24.6	-4.5	-0.5	4.3	4.6	20.4	4.1	15.6	-0.6	9.1	41.9	-32.3	71.6			
2009 Q4	1.7	3.3	-4.5	-7.2	3.7	5.8	1.0	-10.3	-17.7	10.3	93.2	-0.9	0.1	-22.0	-5.9	73.2			
2010 Q1	5.3	9.3	16.5	-7.0	8.9	7.4	5.9	-5.2	-5.6	14.6	93.7	-11.1	-11.4	-32.1	-9.8	-67.0			
Q2	3.4	7.9	17.4	-10.7	7.4	.	4.7	-3.6	-1.7	10.5	.	-16.9	-18.6	-39.1	-9.5	.			

### 4. Portfolio investment liabilities

	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	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 Q4	6,761.8	2,692.9	689.3	2,003.6	3,510.1	1,150.0	2,360.1	1,519.3	558.8	86.9	471.8	418.5							
2010 Q1	7,102.0	2,813.9	663.2	2,150.7	3,733.5	1,189.5	2,544.0	1,656.9	554.6	113.4	441.1	389.4							
Transactions																			
2008	333.9	-107.1	94.8	-201.9	236.3	26.3	210.0	196.7	204.7	-20.1	224.8	194.6							
2009	376.9	123.7	9.3	114.4	119.1	-16.3	135.4	127.8	134.1	1.2	132.9	156.4							
2009 Q4	85.9	34.2	-4.2	38.4	27.3	5.4	22.0	11.1	24.4	18.2	6.2	4.4							
2010 Q1	87.3	4.9	-21.5	26.4	72.2	13.6	58.6	84.4	10.2	35.5	-25.3	-18.2							
Q2	97.0	23.0	3.7	19.3	88.6	-4.2	92.8	.	-14.6	-6.4	-8.2	.							
2010 Mar.	23.9	-0.1	-3.3	3.2	31.1	0.2	30.9	.	-7.1	13.1	-20.2	.							
Apr.	49.6	-3.9	1.0	-4.9	49.7	17.9	31.8	.	3.8	5.7	-2.0	.							
May	52.1	4.1	-9.9	14.0	39.4	-7.5	46.8	.	8.6	1.6	7.0	.							
June	-4.6	22.8	12.6	10.2	-0.5	-14.6	14.1	.	-26.9	-13.7	-13.2	.							
July	-2.0	0.4	4.9	-4.6	-39.9	-7.2	-32.7	.	37.6	13.9	23.6	.							
Growth rates																			
2007	9.8	5.5	4.4	5.8	13.3	15.5	12.1	13.9	29.6	55.3	10.1	32.0							
2008	5.3	-4.7	16.2	-9.8	7.8	2.3	11.1	17.6	81.5	-13.3	215.6	271.7							
2009 Q4	6.3	5.6	1.4	7.3	3.4	-1.3	6.1	9.4	30.2	7.7	39.3	58.0							
2010 Q1	6.4	6.6	-1.7	9.7	3.4	0.8	4.7	10.0	29.7	89.1	20.5	29.3							
Q2	5.7	5.1	-1.5	7.5	4.7	0.5	6.8	.	14.8	90.0	3.8	.							

Source: ECB.

### 7.3 Financial account

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

#### 5. Other investment assets

	Total	Eurosysteem			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
Outstanding amounts (international investment position)															
2007	5,382.9	36.9	35.6	1.4	3,354.4	3,283.2	71.2	107.8	12.7	48.8	13.7	1,883.7	196.2	1,520.0	473.1
2008	5,468.8	28.8	27.7	1.0	3,280.7	3,221.6	59.1	101.0	12.1	40.9	7.2	2,058.3	186.1	1,647.7	461.7
2009 Q4	4,929.1	29.7	29.4	0.3	2,842.3	2,811.7	30.6	123.8	8.4	62.2	10.0	1,933.3	184.9	1,514.8	409.3
2010 Q1	5,132.1	24.1	23.8	0.3	2,966.9	2,933.1	33.8	122.2	8.4	58.3	6.5	2,018.9	187.0	1,584.5	425.4
Transactions															
2007	962.8	22.0	22.0	0.0	546.7	539.5	7.2	-7.8	-1.4	-7.4	-5.5	401.9	14.1	344.9	54.9
2008	85.3	-9.4	-9.4	0.0	-48.4	-64.8	16.5	-7.0	-1.1	-7.2	-6.0	150.0	2.8	88.3	-41.1
2009	-491.0	-2.4	-2.4	0.0	-417.4	-396.9	-20.5	9.6	-0.3	8.0	1.1	-80.9	3.0	-86.6	-21.3
2009 Q4	-21.4	5.5	5.5	0.0	-7.3	-5.2	-2.1	6.7	0.0	6.3	1.1	-26.2	0.5	-28.3	-20.3
2010 Q1	84.4	-7.0	-7.0	0.0	55.7	52.6	3.2	-7.3	-0.1	-8.0	-3.7	43.0	-1.0	31.4	-0.8
2010 Q2	43.4	-3.2	.	.	2.9	.	.	5.9	.	.	5.7	37.8	.	.	8.9
2010 Mar.	-8.7	-0.2	.	.	-22.1	.	.	-2.2	.	.	-1.6	15.8	.	.	-4.1
Apr.	96.2	1.2	.	.	70.7	.	.	4.9	.	.	4.9	19.4	.	.	5.7
May	92.7	-3.9	.	.	74.4	.	.	0.5	.	.	0.6	21.6	.	.	12.1
June	-145.4	-0.5	.	.	-142.2	.	.	0.4	.	.	0.2	-3.1	.	.	-8.9
July	-38.8	2.0	.	.	-51.6	.	.	-1.7	.	.	-1.5	12.5	.	.	-0.9
Growth rates															
2007	21.2	157.3	173.7	-1.7	18.6	18.8	11.3	-6.5	-9.8	-12.6	-28.6	27.2	7.5	29.6	13.9
2008	1.6	-26.2	-26.9	5.0	-1.4	-2.0	23.4	-6.5	-8.9	-14.7	-43.8	8.0	1.4	5.9	-8.9
2009 Q4	-9.0	-10.6	-11.7	0.2	-12.7	-12.3	-36.8	9.0	-2.4	16.5	16.2	-3.9	1.5	-5.5	-3.7
2010 Q1	-3.0	-4.7	-4.8	1.6	-4.0	-3.6	-27.8	-3.7	-3.5	-11.1	-67.2	-1.2	2.8	-3.0	-3.2
2010 Q2	0.6	-37.6	.	.	-1.1	.	.	4.4	.	.	-12.3	3.7	.	.	1.8

#### 6. Other investment liabilities

	Total	Eurosysteem			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
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 Q4	4,920.1	251.9	251.6	0.3	3,398.0	3,359.7	38.3	55.1	0.0	51.1	4.0	1,215.1	175.1	927.0	113.0
2010 Q1	5,129.9	252.1	251.4	0.8	3,578.1	3,534.8	43.2	60.7	0.0	56.5	4.1	1,239.1	174.2	938.4	126.5
Transactions															
2007	943.1	89.6	89.6	0.0	625.1	620.4	4.6	-1.0	0.0	-2.0	1.0	229.5	10.0	220.5	-1.1
2008	169.0	280.7	280.6	0.1	-178.9	-190.0	11.1	9.4	0.0	10.8	-1.4	57.8	10.9	47.3	-0.4
2009	-724.3	-228.2	-233.0	4.7	-357.1	-345.8	-11.3	-6.9	0.0	-6.8	-0.1	-132.1	0.9	-110.6	-22.4
2009 Q4	-98.3	-13.3	-13.1	-0.2	-84.0	-84.7	0.8	-3.9	0.0	-4.6	0.7	2.9	1.1	7.1	-5.3
2010 Q1	124.2	-5.3	-5.7	0.4	100.6	95.7	4.9	5.8	0.0	6.1	-0.3	23.0	-1.9	15.9	9.0
2010 Q2	-4.5	-0.5	.	.	-19.2	.	.	8.3	.	.	.	6.9	.	.	.
2010 Mar.	23.4	-1.7	.	.	-2.0	.	.	-0.2	.	.	.	27.3	.	.	.
Apr.	83.7	2.0	.	.	90.4	.	.	1.0	.	.	.	-9.7	.	.	.
May	59.5	9.6	.	.	38.4	.	.	7.0	.	.	.	4.6	.	.	.
June	-147.7	-12.0	.	.	-148.0	.	.	0.3	.	.	.	12.0	.	.	.
July	-20.0	-1.1	.	.	-32.6	.	.	1.0	.	.	.	12.6	.	.	.
Growth rates															
2007	20.0	68.1	68.2	-6.9	18.0	18.2	9.2	-1.8	27.4	-4.0	20.7	20.9	6.8	26.4	0.5
2008	3.2	141.3	141.4	20.8	-4.5	-4.9	17.8	18.1	-20.1	23.0	-25.1	4.5	6.8	4.6	-0.9
2009 Q4	-12.7	-47.1	-48.1	644.2	-9.5	-9.3	-20.3	-11.0	-148.2	-11.6	-3.9	-9.6	0.3	-10.3	-18.1
2010 Q1	-6.5	-37.6	-38.4	114.0	-3.9	-3.8	-8.0	0.4	-141.7	-0.4	14.5	-4.5	2.2	-5.4	-7.9
2010 Q2	-2.5	-20.1	.	.	-2.3	.	.	18.8	.	.	.	0.2	.	.	.

Source: ECB.

## 7.3 Financial account

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

### 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	
Outstanding amounts (international investment position)																	
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	374.2	217.0	349.207	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 Q3	430.8	236.1	347.217	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 Q4	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010 Q1	498.7	287.3	347.176	52.7	12.4	146.3	9.9	10.6	126.1	0.6	99.6	26.0	-0.3	0.0	28.8	-23.0	53.0
2010 July	535.6	311.4	347.018	54.5	15.8	154.0	6.1	17.1	130.7	-	-	-	0.1	0.0	29.8	-25.4	54.9
Aug.	573.2	341.0	347.017	55.6	15.8	160.9	6.2	19.0	135.9	-	-	-	-0.2	0.0	28.7	-26.1	56.0
Transactions																	
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-	-
2008	3.4	-2.7	-	-0.1	3.8	2.4	5.0	-15.7	11.8	0.1	15.8	-4.1	1.3	0.0	-	-	-
2009	-4.5	-2.0	-	0.5	3.4	-6.3	3.3	-1.2	-9.5	0.0	-14.1	4.6	1.2	0.0	-	-	-
2009 Q4	0.1	0.0	-	0.7	-1.4	0.8	-0.9	0.5	1.1	0.0	1.5	-0.4	0.1	0.0	-	-	-
2010 Q1	4.6	0.0	-	-0.2	1.8	3.1	-2.5	2.0	3.6	0.0	1.9	1.7	-0.1	0.0	-	-	-
Q2	-1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Growth rates																	
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	1.0	-1.3	-	-2.6	105.3	1.7	67.7	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009 Q4	-1.2	-0.9	-	-2.6	44.6	-4.3	43.1	-22.6	-7.3	1.0	-12.8	25.6	-	-	-	-	-
2010 Q1	1.3	-0.5	-	-3.8	51.2	1.9	-12.8	147.7	-1.6	1.0	-5.3	15.7	-	-	-	-	-
Q2	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

### 8. Gross external debt

	Total	By instrument					By sector (excluding direct investment)				
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts (international investment position)											
2006	8,683.9	4,425.5	217.5	2,697.9	144.1	150.8	1,048.0	1,115.2	116.3	4,586.8	1,817.5
2007	9,972.8	5,130.6	243.0	3,041.1	157.0	181.0	1,220.2	1,246.8	201.7	5,220.1	2,084.0
2008	10,941.3	5,307.6	443.3	3,466.5	170.2	175.8	1,377.8	1,692.0	482.3	5,124.4	2,264.7
2009 Q3	10,461.0	4,677.0	546.8	3,502.3	179.4	150.8	1,404.6	1,934.4	264.3	4,691.5	2,166.1
Q4	10,388.7	4,589.4	558.8	3,510.1	175.1	155.7	1,399.7	1,992.9	251.9	4,635.0	2,109.2
2010 Q1	10,781.6	4,781.1	554.6	3,733.5	174.3	174.6	1,363.7	2,106.9	252.1	4,881.0	2,177.9
Outstanding amounts as a percentage of GDP											
2006	101.4	51.7	2.5	31.5	1.7	1.8	12.2	13.0	1.4	53.6	21.2
2007	110.5	56.9	2.7	33.7	1.7	2.0	13.5	13.8	2.2	57.9	23.1
2008	118.4	57.4	4.8	37.5	1.8	1.9	14.9	18.3	5.2	55.5	24.5
2009 Q3	116.3	52.0	6.1	39.0	2.0	1.7	15.6	21.5	2.9	52.2	24.1
Q4	116.0	51.3	6.2	39.2	2.0	1.7	15.6	22.3	2.8	51.8	23.6
2010 Q1	120.1	53.2	6.2	41.6	1.9	1.9	15.2	23.5	2.8	54.4	24.3

Source: ECB.

### 7.3 Financial account

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

#### 9. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
	1	Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions	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>	-184.8	-91.1	51.1	28.0	-110.4	108.8	-168.6	-6.2	-16.0	-10.2	-131.2	-286.3	-0.4	1.8	354.8
Assets	5,468.8	2,419.7	100.9	83.3	2,020.2	201.8	13.4	25.7	34.0	109.4	276.5	852.5	638.2	58.7	1,054.0
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	2,058.3	673.5	16.4	24.6	597.5	33.3	1.8	8.9	17.7	30.3	111.9	430.2	269.2	0.5	516.2
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	699.2
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>2009 Q2 to 2010 Q1</b>	Cumulated transactions														
<b>Direct investment</b>	49.3	1.8	1.7	-7.3	3.2	4.2	0.0	0.6	2.1	1.9	13.7	-28.8	44.3	-0.2	14.0
Abroad	227.8	37.3	2.8	5.8	29.9	-1.2	0.0	8.5	2.4	2.0	34.8	56.4	42.3	0.0	44.2
Equity/reinvested earnings	168.8	30.4	1.6	5.6	22.8	0.3	0.0	9.4	-0.7	2.4	13.5	51.8	32.8	0.0	29.1
Other capital	59.0	6.9	1.2	0.2	7.1	-1.5	0.0	-1.0	3.0	-0.5	21.3	4.6	9.5	0.0	15.1
In the euro area	178.5	35.4	1.0	13.1	26.7	-5.4	0.0	7.9	0.3	0.1	21.1	85.2	-2.0	0.2	30.3
Equity/reinvested earnings	233.8	56.3	1.1	19.5	40.0	-4.3	0.0	7.6	0.3	2.3	11.8	87.2	51.1	0.2	16.9
Other capital	-55.2	-20.9	-0.1	-6.4	-13.3	-1.1	0.0	0.3	0.0	-2.2	9.3	-1.9	-53.2	0.0	13.4
<b>Portfolio investment assets</b>	203.7	102.9	12.2	28.1	28.0	13.2	21.4	5.5	8.4	-15.7	5.1	26.2	-33.9	-0.2	105.3
Equity	117.9	24.9	1.1	3.1	20.1	0.7	0.0	2.8	8.9	13.6	5.8	21.7	-7.4	0.0	47.7
Debt instruments	85.7	78.0	11.2	25.0	7.9	12.5	21.4	2.7	-0.5	-29.4	-0.7	4.5	-26.4	-0.2	57.6
Bonds and notes	131.3	98.9	7.9	27.5	34.7	11.1	17.7	1.8	-0.6	-17.8	0.9	8.8	-16.3	-0.3	56.0
Money market instruments	-45.6	-20.9	3.2	-2.5	-26.8	1.4	3.7	0.9	0.2	-11.5	-1.6	-4.3	-10.1	0.1	1.6
<b>Other investment</b>	181.8	-65.9	0.6	-6.1	-40.9	-22.7	3.2	6.2	24.7	-5.2	55.0	150.7	79.6	-0.5	-62.7
Assets	-175.2	-38.9	9.2	0.6	-42.1	-8.5	2.0	-0.4	5.1	-10.2	-34.4	-83.2	25.4	1.6	-40.1
General government	-4.2	-5.8	-0.3	5.0	-10.7	0.0	0.1	0.0	-0.1	0.0	-0.1	0.0	-0.1	1.1	0.8
MFIs	-126.3	-33.4	8.5	-7.0	-27.3	-8.6	1.0	-0.7	2.4	-8.0	-10.8	-39.4	14.1	0.4	-50.9
Other sectors	-44.8	0.3	1.0	2.5	-4.2	0.1	1.0	0.3	2.7	-2.2	-23.6	-43.8	11.5	0.0	10.0
Liabilities	-357.0	27.1	8.6	6.7	-1.2	14.1	-1.1	-6.6	-19.6	-5.0	-89.4	-233.9	-54.2	2.1	22.6
General government	0.2	1.1	0.0	0.0	0.7	0.0	0.4	0.1	0.0	-0.1	0.0	0.2	0.0	-1.2	0.1
MFIs	-295.6	57.4	9.5	5.2	39.5	9.6	-6.4	-4.2	-19.3	-7.3	-93.3	-172.0	-58.6	3.4	-1.7
Other sectors	-61.6	-31.4	-0.9	1.5	-41.4	4.6	4.9	-2.4	-0.3	2.4	3.8	-62.1	4.4	-0.1	24.2

Source: ECB.

## 7.4 Monetary presentation of the balance of payments <sup>1)</sup>

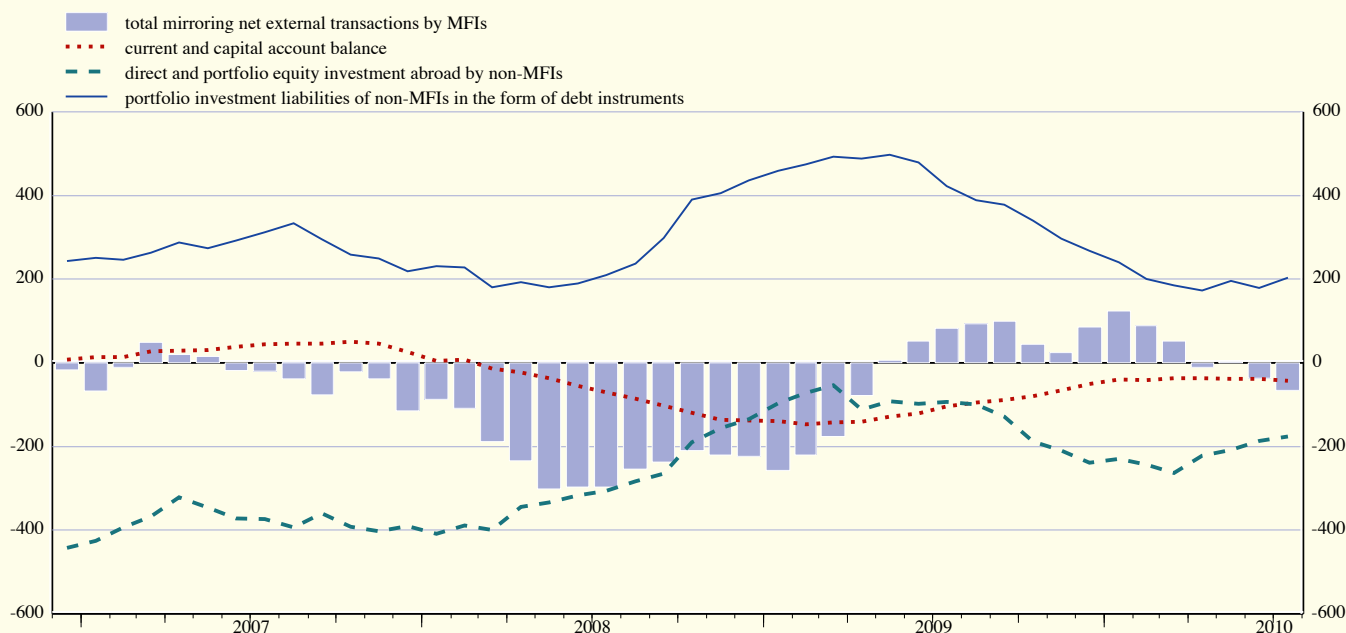
(EUR billions; transactions)

### 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			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
1	2	3	4	5	6	7	8	9	10	11	12	
2007	-114.3	25.6	-459.4	395.0	-38.8	-162.6	144.5	218.4	-394.3	228.5	-64.0	-7.4
2008	-224.1	-137.0	-329.3	124.5	65.5	-22.4	-202.2	435.4	-143.8	67.7	-62.4	-20.2
2009	85.0	-49.7	-263.2	203.7	-48.0	-121.5	114.4	268.3	71.3	-139.0	42.1	6.8
2009 Q2	77.9	-19.8	-79.7	85.7	-9.7	-73.1	46.3	90.2	64.5	-58.3	22.9	8.9
Q3	3.5	-2.2	-63.3	36.9	-35.9	-23.2	77.7	33.4	0.7	-30.9	-4.5	14.8
Q4	42.0	8.0	-36.6	44.6	-34.9	-30.2	38.4	28.1	19.5	-1.0	7.9	-1.8
2010 Q1	-71.7	-22.9	-34.0	4.2	-25.3	-46.9	26.4	33.3	-35.7	28.8	1.8	-1.6
Q2	-10.7	-21.9	-38.6	4.7	6.6	-33.8	19.3	84.6	-43.7	15.2	-1.5	-1.8
2009 July	0.6	9.0	-10.8	18.9	-16.5	-21.2	35.3	-33.5	2.2	0.3	6.4	10.4
Aug.	20.4	-5.5	-13.9	17.1	-12.1	-22.1	48.3	5.1	9.4	-12.2	-9.8	16.3
Sep.	-17.5	-5.6	-38.6	0.9	-7.3	20.1	-5.9	61.8	-10.9	-18.9	-1.1	-11.9
Oct.	14.6	-1.6	-18.9	23.8	-13.1	-9.8	-21.2	46.4	-28.0	35.0	1.6	0.5
Nov.	-7.9	-1.4	-11.9	10.6	-14.7	-18.3	6.7	10.8	2.6	9.6	-0.1	-2.0
Dec.	35.3	11.0	-5.9	10.2	-7.1	-2.0	53.0	-29.1	44.9	-45.7	6.4	-0.4
2010 Jan.	-29.5	-12.8	6.9	4.3	-11.6	-12.0	-7.4	30.0	-8.2	-3.2	3.6	-19.2
Feb.	-8.4	-7.9	-11.9	-6.0	-1.9	-10.5	30.6	-7.4	-13.9	4.9	-0.7	16.3
Mar.	-33.7	-2.1	-29.0	6.0	-11.8	-24.4	3.2	10.7	-13.6	27.1	-1.0	1.3
Apr.	-44.8	-7.7	-14.6	2.3	-3.7	-12.4	-4.9	29.8	-24.3	-8.7	0.3	-1.0
May	19.8	-16.0	-15.0	-0.2	14.7	-18.1	14.0	53.8	-22.1	11.6	-2.5	-0.3
June	14.3	1.8	-8.9	2.6	-4.4	-3.2	10.2	0.9	2.8	12.3	0.7	-0.5
July	-28.4	5.1	-8.6	7.1	-2.0	-24.2	-4.6	-9.1	-10.8	13.6	-0.4	5.3
<i>12-month cumulated transactions</i>												
2010 July	-65.9	-42.7	-170.3	78.5	-75.1	-137.1	122.0	203.9	-72.2	25.5	-3.0	4.5

### C36 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)													
2008	3.9	8.2	1,561.5	771.0	337.9	414.0	1,303.9	1,610.3	1,019.2	232.8	333.9	1,021.3	293.6
2009	-18.2	-22.1	1,274.5	625.5	261.6	353.2	1,060.2	1,259.3	725.8	191.9	314.4	838.7	174.5
2009 Q3	-19.6	-25.7	318.1	156.9	64.2	88.6	265.4	312.9	179.4	47.3	79.1	206.7	47.5
Q4	-8.6	-14.5	330.3	163.5	67.2	92.7	275.4	321.0	189.5	47.2	78.4	211.6	49.3
2010 Q1	12.9	9.6	354.5	175.9	68.8	98.7	292.6	350.5	209.3	51.9	81.8	232.1	53.1
Q2	22.8	27.1	377.3	188.1	75.6	103.4	315.4	381.1	231.7	56.3	84.5	252.2	59.2
2010 Feb.	9.8	6.3	116.2	57.8	22.6	32.3	94.6	113.7	68.2	16.4	26.4	74.7	16.1
Mar.	22.9	20.8	125.7	61.6	25.7	35.0	105.7	125.4	74.1	19.0	28.5	82.6	19.6
Apr.	17.7	20.2	122.1	61.4	23.7	33.5	100.8	121.9	73.9	17.8	27.3	80.6	19.2
May	23.5	29.5	124.3	61.5	25.0	34.1	103.8	126.9	77.1	18.4	28.4	83.5	20.3
June	27.1	31.4	130.9	65.3	26.9	35.7	110.7	132.3	80.7	20.1	28.9	88.1	19.7
July	17.5	24.4	130.2	.	.	.	108.2	130.4	.	.	.	86.6	.
Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)													
2008	1.4	0.1	143.4	136.7	154.2	147.0	142.3	126.9	119.3	140.4	144.5	133.3	108.1
2009	-16.8	-14.5	119.1	114.8	117.9	126.8	115.5	108.9	99.7	114.0	135.5	110.5	97.2
2009 Q3	-17.5	-15.9	118.8	115.3	115.5	126.7	115.7	107.1	96.4	113.9	136.2	109.7	95.3
Q4	-6.0	-7.8	123.8	120.0	121.8	133.6	120.8	110.9	102.2	115.1	138.4	114.2	95.5
2010 Q1	11.6	4.2	130.1	126.2	124.2	138.6	126.3	115.8	106.6	122.5	140.5	121.6	94.8
Q2	17.0	14.2	135.1	131.1	134.3	140.9	133.4	119.3	110.1	128.3	140.4	127.3	94.5
2010 Jan.	3.7	-3.0	124.8	122.2	111.6	134.3	120.0	111.6	104.3	118.5	137.5	117.9	95.0
Feb.	9.2	1.8	127.9	124.5	122.3	135.3	122.3	113.1	104.5	116.5	137.0	118.0	87.7
Mar.	20.6	13.7	137.8	131.8	138.6	146.4	136.6	122.6	111.0	132.5	147.0	129.0	101.8
Apr.	12.8	8.0	132.3	129.4	127.1	139.3	129.3	115.9	107.2	123.1	136.8	123.0	92.5
May	17.9	16.2	133.9	128.8	133.4	139.6	132.0	119.7	109.9	127.1	143.0	127.6	96.6
June	20.1	18.4	139.0	135.0	142.4	143.9	139.0	122.3	113.3	134.8	141.3	131.3	94.5

### 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	103.9	1.6	1.5	-0.4	2.4	24.8	1.5	110.8	5.5	-0.4	-4.6	2.3	28.6	-0.2
2009	101.2	-2.5	-4.1	0.6	0.6	-26.2	-2.5	99.2	-10.4	-5.7	-1.3	0.3	-28.3	-4.0
2009 Q4	101.1	-2.0	-5.2	-1.1	-0.5	7.8	-1.9	100.0	-4.4	-5.3	-3.2	-2.6	-3.8	-3.9
2010 Q1	102.7	1.3	-0.3	-0.2	0.7	38.8	1.4	104.2	5.3	2.1	-2.5	-0.8	27.2	0.4
Q2	105.4	4.1	5.1	0.8	2.5	34.9	4.1	109.7	11.1	10.8	0.0	2.7	33.0	5.6
2010 Mar.	103.5	2.4	1.2	0.3	1.1	45.2	2.4	106.0	7.4	4.4	-2.2	-0.2	31.9	1.9
Apr.	104.6	3.5	3.6	0.2	1.6	48.5	3.6	108.7	10.7	8.3	-1.7	0.7	41.7	3.9
May	105.5	4.3	5.4	0.8	2.7	34.9	4.2	109.6	11.6	11.3	0.2	3.0	33.3	6.0
June	106.1	4.5	6.4	1.4	3.2	23.7	4.4	110.6	11.1	12.8	1.5	4.3	25.2	6.9
July	105.7	4.5	6.5	1.4	3.0	25.1	4.4	109.8	11.4	12.4	2.1	4.0	29.2	6.7
Aug.	105.7	4.1	6.1	1.6	2.8	15.4	4.0	110.1	9.8	12.1	1.4	4.8	21.9	6.3

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>															
2008	1,561.5	35.1	53.9	220.4	233.6	78.5	86.7	42.7	186.5	309.5	65.7	33.7	100.2	68.2	146.1
2009	1,274.5	27.4	41.1	174.3	177.2	49.3	78.4	34.3	151.9	282.1	68.0	28.7	91.4	53.9	113.2
2009 Q1	316.5	7.3	10.0	42.6	43.9	12.6	20.2	7.7	39.3	66.8	15.2	7.2	23.3	13.1	29.8
Q2	309.7	6.6	9.8	42.5	42.7	12.1	19.0	8.3	38.2	69.4	16.7	7.0	22.6	12.4	26.1
Q3	318.1	6.9	10.5	44.4	44.7	12.0	19.2	9.0	36.3	70.7	17.4	7.2	22.4	14.1	27.8
Q4	330.3	6.7	10.8	44.8	45.9	12.5	20.0	9.3	38.1	75.2	18.6	7.4	23.1	14.4	29.5
2010 Q1	354.5	7.0	11.7	46.6	48.3	13.4	21.4	10.7	41.0	81.8	22.2	8.1	24.9	16.8	30.9
Q2	377.3	7.4	12.9	47.8	51.7	15.5	22.9	11.4	45.3	88.1	23.4	8.7	25.5	18.7	30.2
2010 Feb.	116.2	2.3	3.8	14.8	15.8	4.2	6.9	3.5	12.9	26.8	7.4	2.7	8.4	5.8	10.9
Mar.	125.7	2.4	4.1	16.4	16.9	5.1	7.5	3.8	15.3	29.2	7.9	2.8	8.6	6.2	10.2
Apr.	122.1	2.4	4.1	15.7	16.6	5.1	7.4	3.8	14.7	28.1	7.5	2.8	8.6	5.8	9.7
May	124.3	2.5	4.2	15.7	17.2	5.2	7.5	3.6	15.0	28.9	7.8	2.9	8.4	6.3	9.8
June	130.9	2.5	4.6	16.4	17.8	5.3	7.9	4.1	15.5	31.0	8.2	3.0	8.5	6.6	10.7
July	130.2	.	.	.	.	5.4	7.9	4.0	15.7	30.5	7.9	2.9	8.6	6.2	.
<i>Percentage share of total exports</i>															
2009	100.0	2.2	3.2	13.7	13.9	3.9	6.2	2.7	11.9	22.1	5.3	2.3	7.2	4.2	8.9
<b>Imports (c.i.f.)</b>															
2008	1,610.3	30.7	52.1	164.8	184.9	122.0	70.0	32.4	136.0	479.9	184.7	57.4	141.2	81.7	114.7
2009	1,259.3	26.5	37.7	126.9	162.2	81.3	64.9	26.2	116.0	376.3	158.6	42.9	93.6	59.2	88.4
2009 Q1	321.0	6.9	9.6	31.8	39.1	17.7	16.7	6.6	31.9	97.3	41.4	11.5	23.8	14.7	25.0
Q2	304.4	6.4	8.9	30.8	39.2	18.1	16.1	6.3	30.2	92.2	38.4	10.3	22.8	14.2	19.1
Q3	312.9	6.8	9.6	31.8	41.0	21.8	16.1	6.6	25.7	92.8	39.1	10.7	22.7	14.8	23.0
Q4	321.0	6.4	9.6	32.4	42.9	23.7	16.1	6.8	28.1	93.9	39.7	10.5	24.3	15.5	21.3
2010 Q1	350.5	6.6	10.4	35.0	45.2	24.5	17.1	7.4	29.2	109.5	45.9	11.6	26.7	16.5	22.6
Q2	381.1	6.8	11.7	36.4	48.7	27.2	19.3	7.5	32.5	123.6	51.8	12.9	29.4	18.1	19.9
2010 Feb.	113.7	2.1	3.3	11.5	15.0	7.3	5.7	2.3	9.5	34.4	14.4	3.6	8.8	5.4	8.5
Mar.	125.4	2.3	3.8	12.0	15.6	9.0	5.8	2.6	10.0	41.0	18.0	4.3	9.7	5.9	7.8
Apr.	121.9	2.1	3.7	11.7	15.4	8.7	5.9	2.5	10.1	39.3	16.0	4.2	10.0	5.8	6.8
May	126.9	2.3	3.8	12.2	16.5	9.7	6.7	2.4	10.0	40.7	16.9	4.2	9.6	6.0	6.8
June	132.3	2.3	4.2	12.5	16.8	8.8	6.7	2.6	12.4	43.6	18.9	4.5	9.8	6.3	6.3
July	130.4	.	.	.	.	9.1	6.6	2.4	10.2	42.3	18.5	4.4	9.4	6.3	.
<i>Percentage share of total imports</i>															
2009	100.0	2.1	3.0	10.1	12.9	6.5	5.2	2.1	9.2	29.9	12.6	3.4	7.4	4.7	7.0
<b>Balance</b>															
2008	-48.8	4.4	1.8	55.7	48.8	-43.5	16.8	10.4	50.6	-170.4	-119.1	-23.6	-41.0	-13.6	31.4
2009	15.3	0.9	3.4	47.4	15.0	-32.0	13.5	8.0	35.9	-94.2	-90.6	-14.2	-2.2	-5.3	24.8
2009 Q1	-4.5	0.4	0.4	10.8	4.7	-5.1	3.5	1.1	7.3	-30.5	-26.1	-4.3	-0.5	-1.7	4.8
Q2	5.3	0.2	0.9	11.7	3.5	-5.9	2.9	2.0	8.0	-22.8	-21.7	-3.3	-0.3	-1.8	7.0
Q3	5.2	0.0	0.8	12.6	3.8	-9.8	3.1	2.4	10.6	-22.1	-21.7	-3.5	-0.3	-0.7	4.8
Q4	9.3	0.3	1.2	12.3	3.0	-11.3	4.0	2.5	10.0	-18.7	-21.1	-3.1	-1.2	-1.0	8.2
2010 Q1	4.0	0.4	1.3	11.6	3.1	-11.1	4.4	3.4	11.8	-27.8	-23.7	-3.6	-1.8	0.3	8.3
Q2	-3.8	0.6	1.2	11.4	3.0	-11.7	3.5	3.9	12.8	-35.6	-28.4	-4.2	-3.9	0.6	10.3
2010 Feb.	2.5	0.2	0.5	3.4	0.8	-3.1	1.2	1.2	3.4	-7.5	-7.0	-0.9	-0.5	0.4	2.5
Mar.	0.3	0.1	0.3	4.4	1.3	-3.9	1.6	1.2	5.3	-11.8	-10.1	-1.5	-1.1	0.3	2.4
Apr.	0.2	0.3	0.5	4.0	1.2	-3.6	1.6	1.3	4.7	-11.2	-8.5	-1.4	-1.4	-0.1	2.9
May	-2.6	0.2	0.4	3.5	0.6	-4.5	0.8	1.1	5.0	-11.8	-9.1	-1.3	-1.2	0.3	3.0
June	-1.4	0.2	0.4	3.9	1.1	-3.5	1.2	1.5	3.1	-12.6	-10.7	-1.5	-1.3	0.4	4.4
July	-0.2	.	.	.	.	-3.7	1.3	1.6	5.5	-11.8	-10.6	-1.5	-0.8	-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	103.7	102.9	105.8	100.6	113.0	104.3	
2008	110.5	110.1	105.6	105.5	112.5	104.3	118.0	107.2	
2009	111.7	110.6	104.1	106.4	118.2	106.4	120.6	108.0	
2009 Q3	112.1	110.9	104.4	106.7	118.4	106.3	121.0	108.2	
Q4	113.8	112.2	105.5	108.0	119.3	109.0	122.5	109.0	
2010 Q1	108.7	106.9	100.6	102.8	113.8	103.5	116.9	103.4	
Q2	103.1	101.8	95.8	97.7	108.2	97.9	110.4	97.8	
Q3	102.3	100.9	95.1	.	.	.	109.8	97.3	
2009 Sep.	112.9	111.6	105.1	-	-	-	122.0	108.9	
Oct.	114.3	112.8	106.4	-	-	-	123.0	109.6	
Nov.	114.0	112.5	105.7	-	-	-	122.9	109.3	
Dec.	113.0	111.2	104.4	-	-	-	121.7	108.0	
2010 Jan.	110.8	108.9	102.4	-	-	-	119.1	105.5	
Feb.	108.0	106.1	100.0	-	-	-	116.2	102.7	
Mar.	107.4	105.7	99.4	-	-	-	115.2	102.0	
Apr.	106.1	104.5	98.5	-	-	-	113.5	100.5	
May	102.8	101.4	95.4	-	-	-	109.9	97.4	
June	100.7	99.4	93.6	-	-	-	107.7	95.6	
July	102.5	101.1	95.2	-	-	-	109.9	97.5	
Aug.	102.1	100.6	94.9	-	-	-	109.5	97.0	
Sep.	102.5	101.0	95.3	-	-	-	110.0	97.3	
	<i>Percentage change versus previous month</i>								
2010 Sep.	0.4	0.3	0.4	-	-	-	0.4	0.3	
	<i>Percentage change versus previous year</i>								
2010 Sep.	-9.3	-9.5	-9.3	-	-	-	-9.8	-10.6	

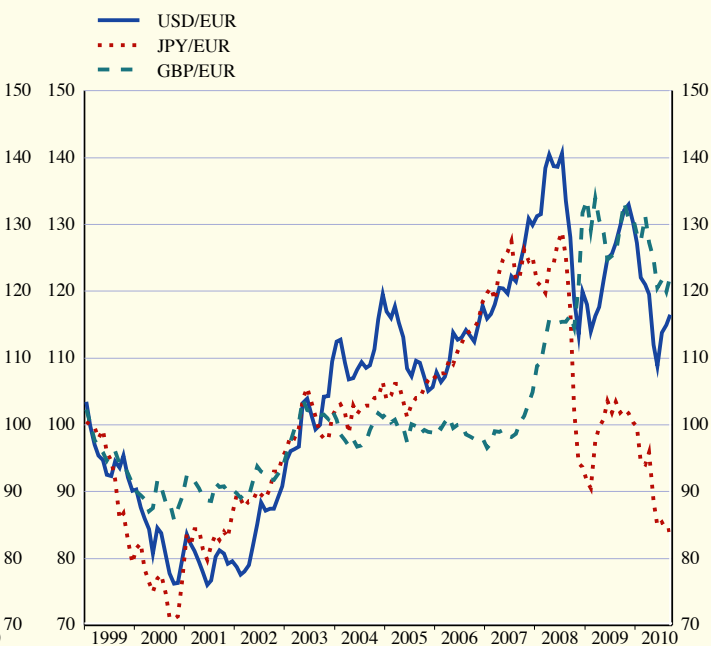
### C37 Effective exchange rates

(monthly averages; index: 1999 Q1=100)



### C38 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 krone	Swedish krona	Pound sterling	US dollar	Japanese yen	Swiss franc	South Korean won	Hong Kong dollar	Singapore dollar	Canadian dollar	Norwegian krone	Australian dollar
	1	2	3	4	5	6	7	8	9	10	11	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
2010 Q1	7.4426	9.9464	0.88760	1.3829	125.48	1.4632	1.581.41	10.7364	1.9395	1.4383	8.1020	1.5293
Q2	7.4416	9.6313	0.85239	1.2708	117.15	1.4086	1.481.01	9.8857	1.7674	1.3054	7.9093	1.4403
Q3	7.4498	9.3804	0.83305	1.2910	110.68	1.3321	1.526.12	10.0324	1.7503	1.3416	7.9561	1.4289
2010 Mar.	7.4416	9.7277	0.90160	1.3569	123.03	1.4482	1.542.59	10.5313	1.8990	1.3889	8.0369	1.4882
Apr.	7.4428	9.6617	0.87456	1.3406	125.33	1.4337	1.494.53	10.4065	1.8505	1.3467	7.9323	1.4463
May	7.4413	9.6641	0.85714	1.2565	115.83	1.4181	1.465.81	9.7843	1.7503	1.3060	7.8907	1.4436
June	7.4409	9.5723	0.82771	1.2209	110.99	1.3767	1.483.22	9.5091	1.7081	1.2674	7.9062	1.4315
July	7.4522	9.4954	0.83566	1.2770	111.73	1.3460	1.538.85	9.9308	1.7588	1.3322	8.0201	1.4586
Aug.	7.4495	9.4216	0.82363	1.2894	110.04	1.3413	1.522.39	10.0193	1.7482	1.3411	7.9325	1.4337
Sep.	7.4476	9.2241	0.83987	1.3067	110.26	1.3089	1.517.10	10.1470	1.7439	1.3515	7.9156	1.3943
<i>Percentage change versus previous month</i>												
2010 Sep.	0.0	-2.1	2.0	1.3	0.2	-2.4	-0.3	1.3	-0.2	0.8	-0.2	-2.7
<i>Percentage change versus previous year</i>												
2010 Sep.	0.1	-9.5	-5.8	-10.3	-17.2	-13.6	-14.2	-10.1	-15.8	-14.2	-7.9	-17.5
	Czech koruna	Estonian kroon	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	Bulgarian lev	New Roma- nian leu	Croatian kuna	New Turkish lira		
	13	14	15	16	17	18	19	20	21	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		
2010 Q1	25.868	15.6466	0.7087	3.4528	268.52	3.9869	1.9558	4.1135	7.2849	2.0866		
Q2	25.591	15.6466	0.7078	3.4528	274.85	4.0171	1.9558	4.1854	7.2477	1.9560		
Q3	24.928	15.6466	0.7089	3.4528	282.44	4.0087	1.9558	4.2553	7.2532	1.9560		
2010 Mar.	25.541	15.6466	0.7083	3.4528	265.40	3.8906	1.9558	4.0866	7.2616	2.0821		
Apr.	25.308	15.6466	0.7076	3.4528	265.53	3.8782	1.9558	4.1306	7.2594	1.9983		
May	25.663	15.6466	0.7075	3.4528	276.78	4.0567	1.9558	4.1767	7.2630	1.9459		
June	25.780	15.6466	0.7082	3.4528	281.49	4.1055	1.9558	4.2434	7.2225	1.9274		
July	25.328	15.6466	0.7090	3.4528	283.75	4.0814	1.9558	4.2608	7.2198	1.9669		
Aug.	24.806	15.6466	0.7085	3.4528	281.45	3.9899	1.9558	4.2396	7.2525	1.9484		
Sep.	24.651	15.6466	0.7091	3.4528	282.10	3.9548	1.9558	4.2655	7.2874	1.9528		
<i>Percentage change versus previous month</i>												
2010 Sep.	-0.6	0.0	0.1	0.0	0.2	-0.9	0.0	0.6	0.5	0.2		
<i>Percentage change versus previous year</i>												
2010 Sep.	-2.7	0.0	0.7	0.0	3.8	-4.9	0.0	0.6	-0.3	-10.1		
	Brazilian real <sup>1)</sup>	Chinese yuan renminbi	Icelandic krona <sup>2)</sup>	Indian rupee <sup>3)</sup>	Indonesian rupiah	Malaysian ringgit	Mexican peso <sup>1)</sup>	New Zealand dollar	Philippine peso	Russian rouble	South African rand	Thai baht
	23	24	25	26	27	28	29	30	31	32	33	34
2007	2.6633	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
2010 Q1	2.4917	9.4417	-	63.4796	12,809.32	4.6590	17.6555	1.9510	63.593	41.2697	10.3852	45.472
Q2	2.2762	8.6717	-	57.9879	11,581.24	4.1172	15.9583	1.8145	57.848	38.5027	9.5974	41.152
Q3	2.2589	8.7388	-	59.9818	11,612.07	4.0716	16.5210	1.7979	58.363	39.5260	9.4593	40.825
2010 Mar.	2.4233	9.2623	-	61.7352	12,434.53	4.5083	17.0587	1.9301	61.999	40.1219	10.0589	44.111
Apr.	2.3550	9.1505	-	59.6203	12,101.70	4.2935	16.3957	1.8814	59.788	39.1335	9.8658	43.279
May	2.2750	8.5794	-	57.6166	11,517.01	4.0874	15.9856	1.8010	57.315	38.2707	9.6117	40.714
June	2.2057	8.3245	-	56.8582	11,169.39	3.9853	15.5346	1.7667	56.594	38.1507	9.3398	39.635
July	2.2600	8.6538	-	59.8100	11,546.78	4.0924	16.3699	1.7925	59.072	39.1317	9.6351	41.273
Aug.	2.2691	8.7520	-	60.0584	11,573.26	4.0654	16.4571	1.8059	58.245	39.1898	9.4192	40.937
Sep.	2.2476	8.8104	-	60.0771	11,716.16	4.0570	16.7361	1.7955	57.772	40.2564	9.3236	40.264
<i>Percentage change versus previous month</i>												
2010 Sep.	-0.9	0.7	-	0.0	1.2	-0.2	1.7	-0.6	-0.8	2.7	-1.0	-1.6
<i>Percentage change versus previous year</i>												
2010 Sep.	-15.3	-11.4	-	-14.7	-18.3	-20.2	-14.3	-13.2	-17.4	-10.1	-14.8	-18.2

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
<b>HICP</b>											
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
2010 Q1	1.9	0.4	1.9	0.0	-3.9	-0.4	5.8	3.4	4.6	2.7	3.3
Q2	2.9	0.9	2.0	2.9	-2.3	0.5	5.2	2.5	4.3	1.8	3.4
2010 June	2.5	1.0	1.7	3.4	-1.6	0.9	5.0	2.4	4.3	1.6	3.2
July	3.2	1.6	2.1	2.8	-0.7	1.7	3.6	1.9	7.1	1.4	3.1
Aug.	3.2	1.5	2.3	2.8	-0.4	1.8	3.6	1.9	7.6	1.1	3.1
<b>General government deficit (-)/surplus (+) as a percentage of GDP</b>											
2007	0.1	-0.7	4.8	2.6	-0.3	-1.0	-5.0	-1.9	-2.5	3.8	-2.8
2008	1.8	-2.7	3.4	-2.7	-4.1	-3.3	-3.8	-3.7	-5.4	2.5	-4.9
2009	-3.9	-5.9	-2.7	-1.7	-9.0	-8.9	-4.0	-7.1	-8.3	-0.5	-11.5
<b>General government gross debt as a percentage of GDP</b>											
2007	18.2	29.0	27.4	3.8	9.0	16.9	65.9	45.0	12.6	40.8	44.7
2008	14.1	30.0	34.2	4.6	19.5	15.6	72.9	47.2	13.3	38.3	52.0
2009	14.8	35.4	41.6	7.2	36.1	29.3	78.3	51.0	23.7	42.3	68.1
<b>Long-term government bond yield as a percentage per annum; period average</b>											
2010 Mar.	5.82	4.02	3.40	-	10.54	5.15	7.16	5.72	7.11	3.20	3.98
Apr.	5.94	3.84	3.34	-	10.13	5.15	6.57	5.57	6.97	3.14	3.96
May	6.13	4.10	2.93	-	10.13	5.15	7.07	5.72	7.27	2.73	3.60
June	6.21	4.26	2.70	-	10.12	5.15	7.60	5.87	7.10	2.61	3.14
July	6.05	3.97	2.72	-	10.00	5.15	7.39	5.84	7.18	2.70	2.97
Aug.	5.99	3.56	2.45	-	10.00	5.15	7.07	5.62	7.15	2.45	2.68
<b>3-month interest rate as a percentage per annum; period average</b>											
2010 Mar.	4.21	1.43	1.37	1.86	2.33	1.87	6.65	4.13	6.01	0.49	0.65
Apr.	4.21	1.42	1.28	1.79	2.14	1.57	6.14	3.69	4.99	0.52	0.66
May	4.19	1.27	1.25	1.67	2.26	1.47	6.23	3.85	6.38	0.60	0.70
June	4.18	1.24	1.15	1.47	2.09	1.64	5.43	3.86	6.60	0.70	0.73
July	4.09	1.23	1.13	1.40	1.74	1.70	6.17	3.84	6.92	0.87	0.74
Aug.	4.04	1.24	1.14	1.29	1.28	1.70	5.82	3.82	6.46	0.99	0.73
<b>Real GDP</b>											
2008	6.2	2.5	-0.9	-5.1	-4.2	2.9	0.6	5.1	7.3	-0.4	-0.1
2009	-4.9	-4.1	-4.7	-13.9	-18.0	-14.7	-6.3	1.8	-7.1	-5.1	-5.0
2009 Q4	-5.8	-3.2	-2.9	-8.8	-16.8	-12.9	-4.7	2.9	-6.5	-1.5	-3.0
2010 Q1	-4.0	1.0	-0.4	-2.6	-5.1	-2.9	-1.2	3.1	-2.6	2.8	-0.3
Q2	0.5	2.4	3.8	3.1	-2.9	0.6	0.1	3.8	-0.5	4.5	1.7
<b>Current and capital account balance as a percentage of GDP</b>											
2008	-22.3	0.2	2.0	-8.7	-11.6	-11.3	-6.1	-3.9	-11.1	8.6	-1.3
2009	-8.6	0.1	3.9	7.3	11.0	7.6	0.7	0.0	-4.0	7.4	-0.9
2009 Q4	-8.9	0.9	5.0	9.8	13.0	15.2	-1.5	-1.2	-3.9	5.4	0.6
2010 Q1	-6.7	2.4	2.6	5.6	12.0	3.9	5.0	0.2	-6.7	7.8	-2.9
Q2	-4.2	-2.1	5.6	4.5	7.3	7.6	3.9	-0.5	-7.8	6.0	-4.4
<b>Gross external debt as a percentage of GDP</b>											
2007	94.3	44.5	170.3	109.6	127.6	71.9	115.1	48.4	50.9	176.2	398.5
2008	104.7	50.0	178.4	118.3	129.2	71.4	155.0	56.5	56.0	203.8	441.4
2009 Q3	104.1	46.7	190.8	123.2	147.9	82.8	170.0	60.2	66.7	203.2	421.8
Q4	107.6	50.8	189.6	125.5	156.6	87.0	164.4	59.6	69.0	203.8	415.1
2010 Q1	106.2	49.0	200.3	123.4	161.8	90.9	169.8	58.4	71.7	205.6	429.2
<b>Unit labour costs</b>											
2008	16.2	5.1	6.5	16.3	22.0	10.4	4.5	6.8	23.3	2.6	2.3
2009	10.4	3.6	4.5	1.1	-7.1	-2.8	0.9	2.3	6.9	4.7	5.7
2009 Q4	3.4	2.2	-1.7	-9.0	-20.2	-12.4	-4.3	-3.5	-	-0.1	4.7
2010 Q1	7.0	-2.5	0.1	-10.3	-19.8	-10.7	1.1	-	-	-0.9	4.1
Q2	.	-0.8	-3.9	-9.3	-15.9	-4.2	-0.7	-	-	.	0.4
<b>Standardised unemployment rate as a percentage of labour force (s.a.)</b>											
2008	5.6	4.4	3.3	5.6	7.5	5.9	7.8	7.2	5.8	6.2	5.7
2009	6.9	6.7	6.0	13.8	17.1	13.7	10.0	8.2	6.9	8.3	7.6
2010 Q1	9.3	7.8	7.2	19.0	20.0	17.2	11.3	9.7	7.3	8.7	7.9
Q2	10.0	7.3	7.4	18.6	19.5	18.2	11.3	9.6	7.1	8.6	7.8
2010 June	10.1	7.1	7.3	-	19.5	18.2	11.3	9.5	7.1	8.1	7.8
July	10.1	7.0	7.0	-	.	.	11.1	9.4	.	8.5	.
Aug.	10.1	7.0	6.9	-	.	.	10.9	9.4	.	8.2	.

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

## 9.2 In the United States and Japan

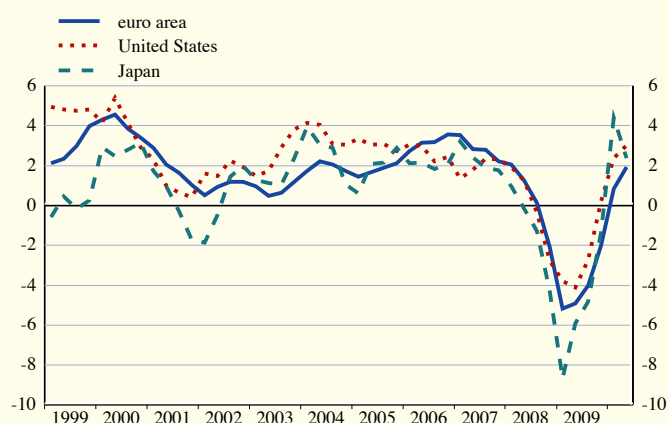
(annual percentage changes, unless otherwise indicated)

### 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	2.9	2.7	2.7	4.6	5.3	5.20	5.26	1.2556	-2.2	47.8
2007	2.9	2.4	1.9	3.2	4.6	6.3	5.30	4.81	1.3705	-2.9	48.4
2008	3.8	2.2	0.0	-4.4	5.8	7.1	2.93	2.70	1.4708	-6.3	56.7
2009	-0.4	-1.6	-2.6	-10.9	9.3	7.8	0.69	4.17	1.3948	-11.3	68.6
2009 Q3	-1.6	-2.1	-2.7	-10.0	9.6	7.8	0.41	3.61	1.4303	-11.6	66.6
Q4	1.4	-3.4	0.2	-3.7	10.0	5.1	0.27	4.17	1.4779	-11.1	68.6
2010 Q1	2.4	-2.9	2.4	3.9	9.7	1.9	0.26	4.01	1.3829	-10.7	71.7
Q2	1.8	-2.8	3.0	8.5	9.7	1.7	0.44	3.13	1.2708	-11.2	73.3
Q3	.	.	.	.	.	.	0.39	2.69	1.2910	.	.
2010 May	2.0	-	-	9.3	9.7	1.7	0.46	3.52	1.2565	-	-
June	1.1	-	-	9.0	9.5	1.8	0.54	3.13	1.2209	-	-
July	1.2	-	-	7.8	9.5	2.0	0.51	3.03	1.2770	-	-
Aug.	1.1	-	-	6.5	9.6	2.8	0.36	2.58	1.2894	-	-
Sep.	.	-	-	.	.	.	0.29	2.69	1.3067	-	-
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	-0.9	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.3
2008	1.4	2.4	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.1	162.2
2009	-1.4	0.6	-5.2	-21.9	5.1	2.7	0.47	1.42	130.34	.	.
2009 Q3	-2.2	1.0	-4.8	-19.4	5.4	2.8	0.40	1.45	133.82	.	.
Q4	-2.0	-3.4	-1.4	-4.2	5.2	3.3	0.31	1.42	132.69	.	.
2010 Q1	-1.2	-3.7	4.4	27.6	4.9	2.8	0.25	1.48	125.48	.	.
Q2	-0.9	.	2.4	21.0	5.2	3.0	0.24	1.18	117.15	.	.
Q3	.	.	.	.	.	.	0.24	1.03	110.68	.	.
2010 May	-0.9	-	-	20.4	5.2	3.1	0.24	1.37	115.83	-	-
June	-0.7	-	-	17.3	5.3	2.9	0.24	1.18	110.99	-	-
July	-0.9	-	-	14.3	5.2	2.7	0.24	1.13	111.73	-	-
Aug.	-0.9	-	-	15.4	.	2.8	0.24	1.06	110.04	-	-
Sep.	.	-	-	.	.	.	0.22	1.03	110.26	-	-

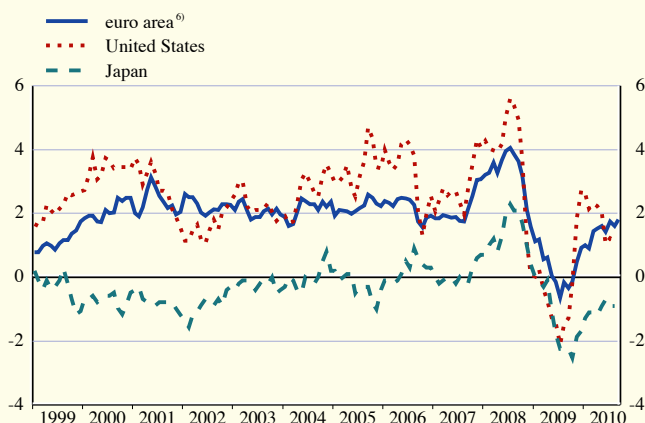
### C39 Real gross domestic product

(annual percentage changes; quarterly data)



### C40 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.

<sup>1</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)).

<sup>2</sup> 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.

<sup>3</sup> 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 I 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 Governing Council of the ECB’s first meeting of the month. For this issue, the cut-off date was 6 October 2010.

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), statistical series refer to the changing composition of the euro area (see below for details). 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.

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 various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32<sup>2</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 area investment funds is published on the ECB's

<sup>2</sup> OJ L 15, 20.01.2009, p.14.

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 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>3</sup>.

3 Svensson, L. E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", Centre for Economic Policy Research, Discussion Paper No 1051, 1994.

Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: <http://www.ecb.europa.eu/stats/money/yc/html/index.en.html>. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

#### PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table 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>4</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>5</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>6</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 OJ L 162, 5.6.1998, p. 1.

5 OJ L 393, 30.12.2006, p. 1.

6 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>7</sup> and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003<sup>8</sup>. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Tables 1, 2 and 3 in Section 5.3) are derived from the ESA 95 quarterly national accounts.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars. 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 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

## GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000<sup>9</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

7 OJ L 69, 13.3.2003, p. 1.

8 OJ L 169, 8.7.2003, p. 37.

9 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>10</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>11</sup> and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)<sup>12</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 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which,

<sup>10</sup> OJ L 179, 9.7.2002, p. 1.

<sup>11</sup> OJ L 354, 30.11.2004, p. 34.

<sup>12</sup> 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.

The euro area’s gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the



transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the “Statistics” section of the ECB’s website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It

reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

## EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro’s bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-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 EUROSYSTEM<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 AND 5 NOVEMBER 2009**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

**3 DECEMBER 2009**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 13 April 2010.

#### **14 JANUARY AND 4 FEBRUARY 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

#### **4 MARCH 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010.

#### **8 APRIL AND 6 MAY 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

#### **10 MAY 2010**

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations in May and June 2010.

#### **10 JUNE 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

#### **8 JULY AND 5 AUGUST 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

#### **2 SEPTEMBER 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

#### **7 OCTOBER 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

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- “Annual Report 2008”, April 2009.
- “Annual Report 2009”, April 2010.

### CONVERGENCE REPORT

- “Convergence Report 2010”, May 2010.

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“ECB statistics: a brief overview”, April 2010.



## 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, 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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