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EUROPEAN CENTRAL BANK

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MONTHLY BULLETIN 12|2012

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01|2012

02|2012

03|2012

04|2012

05|2012

06|2012

07|2012

08|2012

09|2012

10|2012

11|2012

12|2012

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In 2012 all ECB publications feature a motif taken from the €50 banknote.


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CONTENTS

ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 6 December to keep the key ECB interest rates unchanged. Owing to high energy prices and increases in indirect taxes in some euro area countries, HICP inflation rates have been elevated for some time. More recently they have declined, as anticipated, and are expected to fall below 2% in 2013. Over the policy-relevant horizon, inflation rates should remain in line with price stability. The underlying pace of monetary expansion continues to be subdued. Inflation expectations for the euro area remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. The economic weakness in the euro area is expected to extend into next year. In particular, necessary balance sheet adjustments in financial and non-financial sectors and persistent uncertainty will continue to weigh on economic activity. Later in 2013 economic activity should gradually recover, as global demand strengthens and the ECB's accommodative monetary policy stance and significantly improved financial market confidence work their way through to the economy. In order to sustain confidence, it is essential for governments to reduce further both fiscal and structural imbalances and to proceed with financial sector restructuring.

The Governing Council also decided to continue conducting the Eurosystem's main refinancing operations (MROs) as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of the sixth maintenance period of 2013 on 9 July 2013. This procedure will also remain in use for the Eurosystem's special-term refinancing operations with a maturity of one maintenance period, which will continue to be conducted for as long as needed, and at least until the end of the second quarter of 2013. The fixed rate in these special-term refinancing operations will be the same as the MRO rate prevailing at the time. The rates in the three-month longer-term refinancing operations, to be allotted until June 2013, will be fixed at the average rate of the MROs over the life of the respective longer-term refinancing operation.

As regards the economic analysis, following a contraction of 0.2%, quarter on quarter, in the second quarter of 2012, euro area real GDP declined by 0.1% in the third quarter. Available statistics and survey indicators continue to signal further weakness in activity in the last quarter of the year, although more recently some indicators have stabilised at low levels and financial market confidence has improved further. Over the shorter term, weak activity is expected to extend into next year, reflecting the adverse impact on domestic expenditure of weak consumer and investor sentiment and subdued foreign demand. A gradual recovery should start later in 2013 as the ECB's accommodative monetary policy stance and significant improvement in financial market confidence work their way through to private domestic expenditure, and a strengthening of foreign demand should support export growth.

This assessment is reflected in the December 2012 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP growth in a range between -0.6% and -0.4% for 2012, between -0.9% and 0.3% for 2013 and between 0.2% and 2.2% for 2014. Compared with the September 2012 ECB staff macroeconomic projections, the ranges for 2012 and 2013 have been revised downwards.

The Governing Council continues to see downside risks to the economic outlook for the euro area. These are mainly related to uncertainties about the resolution of sovereign debt and governance issues in the euro area, geopolitical issues and fiscal policy decisions in the United States possibly dampening sentiment for longer than currently assumed and delaying further the recovery of private investment, employment and consumption.

According to Eurostat's flash estimate, euro area annual HICP inflation fell to 2.2% in November 2012, down from 2.5% in October and from 2.6% in the two previous months. On the basis of current futures prices for oil, inflation rates are expected to decline further to below 2% next year. Over the policy-relevant horizon, in an environment of weak economic activity in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain moderate.

This assessment is also reflected in the December 2012 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation of 2.5% for 2012, between 1.1% and 2.1% for 2013 and between 0.6% and 2.2% for 2014. Compared with the September 2012 ECB staff macroeconomic projections, the projection range for 2013 has been revised downwards.

In the Governing Council's assessment, risks to the outlook for price developments are seen as broadly balanced, with downside risks stemming from weaker economic activity and upside risks relating to higher administered prices and indirect taxes, as well as higher oil prices.

Turning to the monetary analysis, the underlying pace of monetary expansion continues to be subdued, taking into account developments over several months. Most recently, the annual growth rate of M3 increased to 3.9% in October, from 2.6% in September, while M1 growth accelerated to 6.4% from 5.0% over the same period. These developments are partly due to a specific transaction leading to an increase in overnight deposits belonging to the non-monetary financial sector. At the same time, deposits from households and non-financial corporations also rose in October. Overall, more observations are needed to distinguish between shorter-term volatility and more lasting factors.

Unlike in the case of monetary developments, there has been little change in credit growth. The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) remained at -0.4% in October, unchanged from September. But this development reflects further net redemptions in loans to non-financial corporations, which led to an annual rate of decline in these loans of -1.5%, down from -1.2% in September. The annual growth in MFI lending to households remained unchanged at 0.8% in October. To a large extent, subdued loan dynamics reflect the weak outlook for GDP, heightened risk aversion and the ongoing adjustment in the balance sheets of households and enterprises, all of which weigh on credit demand. Furthermore, in a number of euro area countries, capital constraints, risk perception and the segmentation of financial markets restrict credit supply.

In order to ensure an adequate transmission of monetary policy to the financing conditions in euro area countries, it is essential to continue strengthening the resilience of banks where needed. The soundness of banks' balance sheets will be a key factor in facilitating both an appropriate provision of credit to the economy and the normalisation of all funding channels. Decisive steps for establishing an integrated financial framework will help to accomplish this objective. A Single Supervisory Mechanism (SSM) is one of the main building blocks. It is a crucial move towards re-integrating the banking system.

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

Further economic policy measures and progress in the reform of European governance should help to support financial market sentiment and improve the outlook for economic growth. In this context, the Governing Council looks forward to the roadmap towards genuine Economic and Monetary Union to be decided at the European Council meeting on 13-14 December 2012. Initiatives to accelerate structural reforms that help restore competitiveness are particularly important to revive the growth potential of euro area countries and to increase employment. More generally, all euro area countries must ensure that their product and labour markets possess the adjustment capacity required for their smooth and effective functioning within a monetary union. Finally, continued fiscal consolidation is expected to restore sound fiscal positions, in line with the commitments under the Stability and Growth Pact and the 2012 European Semester recommendations. Significant progress has already been made in reducing domestic and external imbalances and in improving competitiveness. Continued policy actions on the European, structural and fiscal reform fronts should be mutually reinforcing and send a strong signal to markets.

ECONOMIC AND MONETARY DEVELOPMENTS

I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The world economy continues to grow at a slow pace. The global recovery lost momentum over the course of 2012 as confidence deteriorated. World trade weakened further as the slowdown in advanced economies spilled over into emerging markets. The latest survey data suggest that subdued global growth dynamics are set to continue, as sentiment has shown signs of stabilisation at low levels in the fourth quarter. Thereafter, global economic activity is expected to strengthen only gradually, with growth in the emerging economies expected to be more solid than in the advanced economies. Headline global inflation has been increasing in recent months, after having declined earlier in 2012, largely driven by energy price developments.

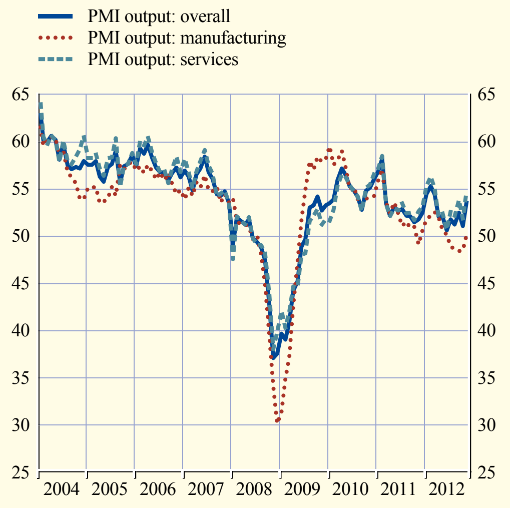
1.1 DEVELOPMENTS IN THE WORLD ECONOMY

The world economy continues to grow at a slow pace, with activity remaining muted compared with more promising growth rates at the turn of the year. In the OECD area, quarterly real GDP growth increased by 0.2% in the third quarter of 2012, the same rate as in the previous quarter, and below the 0.4% increase recorded in the first three months of this year. As the year progressed, spillovers from the crisis in Europe weighed negatively on activity and confidence and the global recovery slowed. Labour market conditions, heightened uncertainty and ongoing balance sheet repair will continue to restrain the pace of growth, particularly in a number of advanced economies. Meanwhile, GDP growth in emerging economies has decelerated, in part due to past policy tightening, but also due to higher uncertainty and lower confidence. The gradual global recovery is expected to continue, although with considerable dispersion in growth rates across countries, with economic activity in the emerging markets expected to expand solidly by comparison with advanced economies, thereby providing a larger contribution to global economic growth.

According to the latest survey data, subdued global growth dynamics are set to continue, as sentiment stabilised at low levels in the fourth quarter. The Purchasing Managers' Index (PMI) for global

Chart 1 Global PMI output

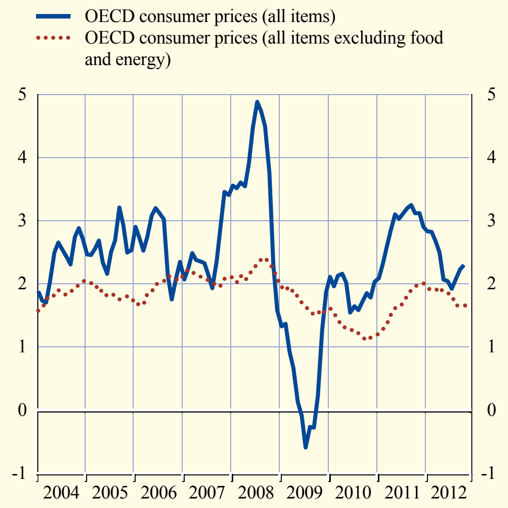
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

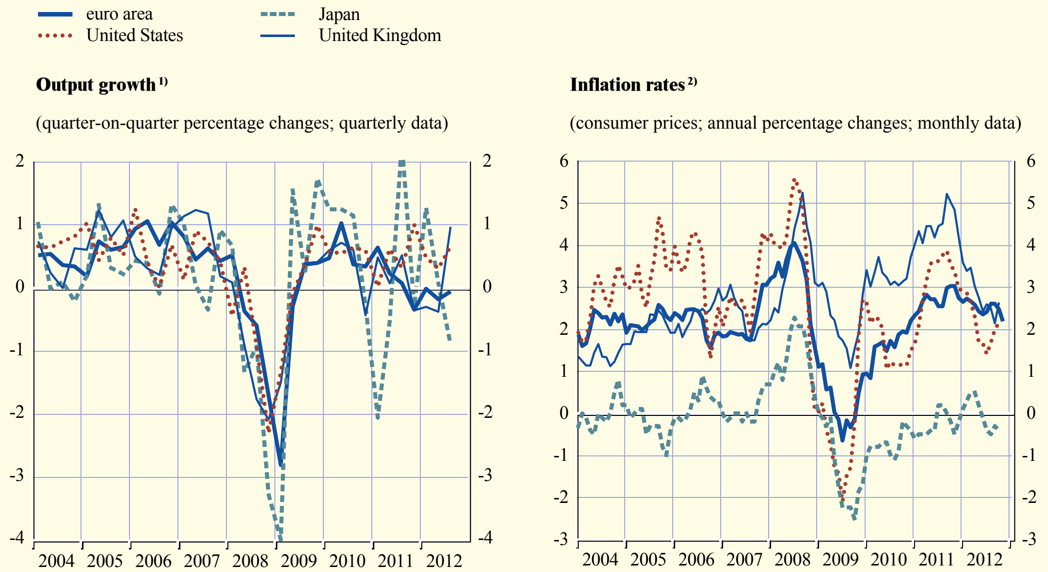
Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

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.

all-industry output increased to 53.7 in November, from 51.0 in October. The improvement in business conditions was driven by the services sector, which has now signalled expansion for 40 successive months and rose to an eight-month high in November. Meanwhile, the manufacturing PMI indicated a contraction in the sector for the sixth straight month, as weak domestic market conditions and declining international trade negatively affected manufacturers. The more forward-looking PMI for overall new orders has shown some signs of stabilisation, standing at 52.2 in November, although the rate of expansion remains modest and suggests subdued growth momentum in the near term.

The slowdown in world trade that began in 2010 intensified over the course of 2012 and developments in world trade deteriorated sharply in the third quarter of this year. According to data from the CPB Netherlands Bureau of Economic Policy Analysis, world trade in goods declined by 0.2% compared with the previous quarter, after an increase of 0.5% in the second quarter. Over the past year, world import growth has slowed much more sharply than overall activity. High uncertainty, particularly in Europe, and subdued confidence appear to have dampened demand for durable and investment goods, which has affected global trade flows (see also Box 1). Short-term survey indicators continue to point towards a weak trade environment, with the global PMI for new manufacturing export orders now having remained below the expansion-contraction threshold for eight consecutive months.

Global inflation has been increasing steadily on an annual basis since August, after having declined earlier in 2012. This pattern in headline inflation is largely explained by underlying developments in energy prices. Annual inflation in the OECD area was 2.3% in October, up from 2.2% in the year to September. Excluding food and energy, the annual rate of inflation increased slightly to 1.7% in October. In several emerging markets, annual rates of inflation also increased, with the exception of China.

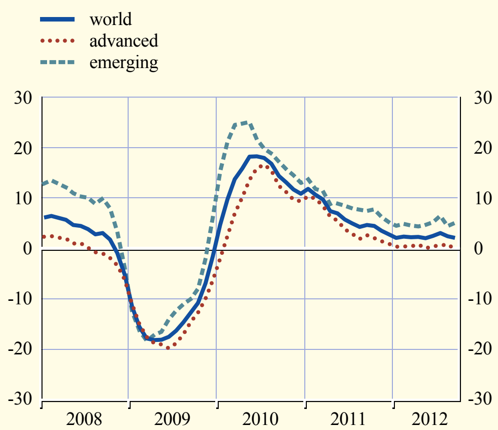
Box 1

GLOBAL TRADE: RECENT DEVELOPMENTS AND SHORT-TERM OUTLOOK

Over the last two years, there has been a widespread deceleration of world trade growth. In year-on-year terms, world import growth slowed in both advanced and emerging market economies, which, in turn, resulted in weak euro area foreign demand growth that declined to 0.5% quarter on quarter in the second quarter of 2012 (see Chart A). This box assesses the factors underlying the recent slowdown in trade and examines the implications of these for the short-term outlook for global trade. Overall, the downturn in trade had a broad geographic base and was driven, in part, by both a lack of investment demand and weak inventory developments. With short-term trade indicators stabilising at levels near to three-year lows, amid a widespread and persistent loss of trade growth momentum, the near-term outlook for trade is weak.

Chart A World merchandise imports

(year-on-year percentage changes (three-month moving average); seasonally and working day adjusted)



Source: Central Planning Bureau (CPB, Netherlands).
Note: The latest observation is for September 2012.

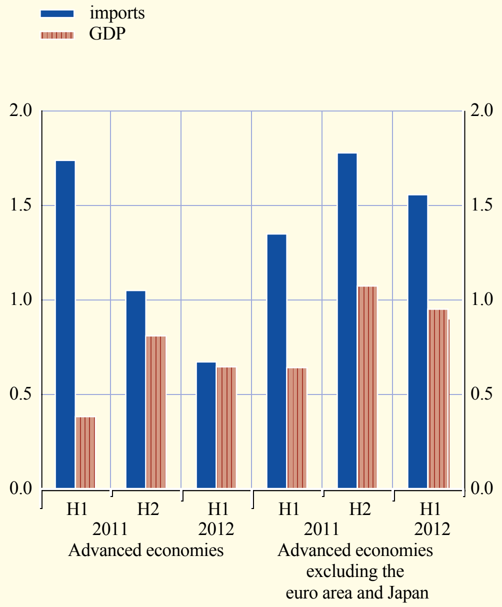
Factors behind the recent relative weakness in trade

In recent quarters, world trade growth has not only declined in absolute terms, but has also been weak relative to global economic activity. Before the global financial crisis, the average ratio of global import growth to GDP growth was 1.8 (as measured over the period 1982-2007). During the first six months of 2012, this ratio fell to 1.0, with the decline in trade growth relative to GDP growth being particularly pronounced in advanced economies since mid-2011. In the euro area, the deceleration in import growth was significantly stronger than the decline in GDP growth over this period. Therefore, these euro area dynamics had a greater negative impact on aggregate imports in advanced economies than on aggregate GDP, thereby partially accounting for the decline in trade relative to growth. Excluding the euro area and Japan (where GDP and trade were affected by the natural disaster in 2011), import growth no longer appears weak relative to economic activity in advanced economies (see Chart B). In emerging economies, the relative weakening of trade was also pronounced, though geographically more widespread, with somewhat stronger effects in central and eastern Europe.

The extent to which trade dynamics track economic activity depends, in part, on which demand components account for changes in GDP growth. In a number of advanced economies, growth decelerated due to declines in the growth contribution of demand components with relatively high import content, namely inventories and fixed investment, which leads to larger declines in import growth relative to GDP growth. This factor explains the subdued trade growth momentum in advanced economies, particularly the euro area, where investment growth turned negative from the second half of 2011, thereby inducing imports to fall. The decline in investment growth can be linked, in part, to the deterioration of business confidence, amid an intensification of euro

Chart B Import and GDP growth in advanced economies

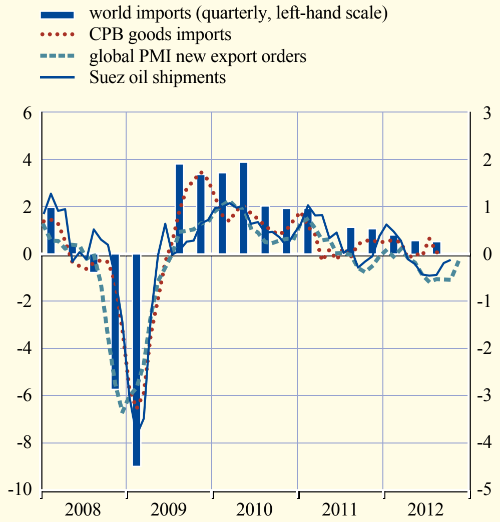
(six-month on six-month percentage changes)



Sources: Eurostat, Haver Analytics and ECB calculations.

Chart C Short-term trade indicators and global trade

(percentage changes)



Sources: CPB, J.P. Morgan, Haver Analytics, IMF and ECB calculations.
Notes: The PMI is expressed in deviations from the neutral threshold of 50. All monthly indicators have been normalised to unit variance and are plotted against the right-hand axis.

area financial tensions and rising economic uncertainty. As for emerging markets, inventories also appear to play a role in the moderation of trade growth; however, the dynamics are more diverse across regions and sectors.

The outlook for global trade

Looking ahead, recent data suggest that global trade will remain weak in the near term. Key short-term indicators of global trade are close to three-year lows, as can be seen for example with the global PMI for new export orders, which (despite the very recent pick-up) fell to values below 47 in July and August – levels last seen in mid-2009. Other indicators, such as data on oil shipments through the Suez Canal and monthly global trade in goods, show similar historically low readings (see Chart C). Overall, these indicators point to weak trade dynamics across different sectors and regions in the second half of 2012. At the same time, there have been signs in recent months of a stabilisation in global trade growth, suggesting that the third quarter may have been the trough.

UNITED STATES

In the United States, real GDP growth accelerated in the third quarter of 2012. According to the second estimate by the Bureau of Economic Analysis, real GDP increased at an annualised rate of 2.7% in the third quarter of 2012, up from 1.3% in the second quarter. In the second estimate, real GDP growth in the third quarter was revised up by 0.7 percentage point, owing to stronger than previously estimated contributions from inventory investment and net exports. Compared with the second quarter, the increase in growth was mainly led by positive contributions from personal consumption expenditure, which contributed 1.0 percentage point to real GDP growth, and by an upturn in government spending and inventory investment, adding 0.7 and 0.8 percentage point to GDP growth, respectively. Economic activity in the third quarter also benefited from the acceleration in residential private investment and a small positive contribution of net exports. On the other hand, non-residential private investment subtracted 0.2 percentage point from real GDP growth, more than previously estimated. Real disposable personal income growth was modest, leading to a drop in the personal saving rate to 3.6%, from 3.8% in the second quarter.

Looking ahead, the recovery is expected to continue its moderate course, supported by a gradual upturn in domestic demand as the constraints from balance sheet repair slowly ease. In the near term, the considerable uncertainty related to political gridlock over the debt ceiling debate and the fiscal tightening scheduled to take effect in early 2013 is likely to dampen growth, while the turnaround in the housing market is expected to support the economic recovery. House prices may have bottomed out in the course of 2012 while home sales and residential construction remain on an upward trend. This, together with the gradual improvement in the labour market, is likely to continue to support consumer confidence, which has been recovering in recent months.

In October, annual CPI inflation increased to 2.2%, from 2.0% in September, mainly reflecting a year-on-year increase of 4.0% in energy prices. In particular, gasoline prices expanded by 9.1%, year on year, whereas electricity and natural gas prices posted declines in October. Annual food price inflation accelerated for the first time in 2012, to 1.7%, from 1.6% in September. Excluding food and energy, annual CPI inflation was stable at 2.0%. Looking ahead, annual inflation is expected to remain above 2% in the near term, as a result of higher food and energy prices. On the other hand, considerable slack in product and labour markets is expected to continue to limit upward price pressures.

On 24 October 2012, the Federal Open Market Committee (FOMC) stated that economic activity had continued to expand at a moderate pace, while recognising that employment growth had been slow and the unemployment rate had remained elevated. The FOMC stated that it would continue to purchase additional agency mortgage-backed securities at a pace of USD 40 billion per month, as announced in September. It also announced that it would continue with its programme to extend the average maturity of its holdings of securities until the end of the year, as well as with its existing policy of reinvesting principal payments from its holding of agency debt and agency mortgage-backed securities. The FOMC also decided to keep the target range for the federal funds rate at 0% to 0.25% and anticipated that exceptionally low levels for the federal funds rate were likely to be warranted until at least mid-2015.

JAPAN

In Japan, the first preliminary release showed that real GDP contracted by 0.9%, quarter on quarter, in the third quarter of 2012, having increased by 0.3% in the previous quarter. Major drags on the economy originated from a sharp drop in exports, as well as a decline in private business investment and private consumption. The weakness of exports, together with an increase in imports, was also reflected in the current account, which turned to a deficit in September for the first time since the beginning of the series in 1985. For the fourth quarter, the latest indicators point to a continued weakness in activity, with the exception of industrial production. In October, industrial production expanded by 1.8%, month on month, largely on account of increases in a few sectors such as electronic parts and devices. The trade deficit in October improved slightly to JPY 624 billion in seasonally adjusted terms, as real exports and imports declined by 2.9% and 9.8%, month on month, respectively. The PMI manufacturing index decreased in November to a 19-month low of 46.5. The Reuters Tankan manufacturing diffusion index further declined to -19 in November. Looking ahead, growth is expected to pick up gradually in line with a recovery in global demand.

Annual CPI inflation decreased to -0.4% in October, whereas annual CPI inflation excluding food, beverages and energy increased to -0.5%, after -0.6% in the previous month. Inflation is likely to stay slightly below or around 0% in the near term. At its latest policy meeting, the Bank of Japan decided to maintain its target for the uncollateralised overnight call rate at around 0% to 0.1%.

UNITED KINGDOM

In the United Kingdom, according to the second estimate, real GDP growth increased by 1.0%, quarter on quarter, in the third quarter of 2012, driven mainly by gains in private consumption and exports. The overall increase was largely driven by temporary factors, such as volatile working day effects and, to a lesser extent, the London Olympics, and the underlying growth momentum remains weak. Recent monthly indicators, such as retail sales and business and consumer surveys have mostly been disappointing. However, the labour market situation improved slightly, with the unemployment rate dropping by 0.1 percentage point to 7.8% in the three months to September 2012. Looking ahead, the economic recovery is likely to gather pace only very gradually, as domestic demand is expected to be constrained by tight credit conditions, ongoing household balance sheet adjustment, substantial fiscal tightening, and subdued foreign demand.

Annual CPI inflation increased to 2.7% in October, from 2.2% in September, while CPI inflation excluding energy and unprocessed food increased to 2.8%, from 2.2%. The acceleration in inflation was mainly due to higher university tuition fees. The sharp decline in the pace of inflation seen over the last year appears to have come to an end, although weak wage growth, the existence of spare capacity, and the sluggish recovery in economic activity should contribute to a dampening of inflationary pressures in the medium term. At its meeting on 8 November, the Bank of England's Monetary Policy Committee maintained the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion.

OTHER EU COUNTRIES

In the other non-euro area EU countries, growth has been relatively weak recently, and the recovery in economic activity is expected to be sluggish. However, there are significant differences in the economic outlook across the region, with some countries experiencing a recession and others solid growth.

In Sweden and Denmark, GDP growth dynamics have been diverse recently, but growth is expected to be relatively subdued in both countries in the near term. In Denmark, real GDP declined by 0.4%, quarter on quarter, in the second quarter of 2012, while in Sweden, real GDP increased by 0.7% in the second quarter, and by 0.5% in the third quarter. In both countries, exports have contributed positively to growth in recent quarters, but this contribution is expected to fade in the short term. In October 2012, HICP inflation stood at 2.3% in Denmark and 1.2% in Sweden.

In the largest central and eastern European (CEE) countries, GDP growth has been weak recently, though cross-country differences have remained large. In the third quarter of 2012, real GDP declined in the Czech Republic by 0.3%, quarter on quarter, in Hungary by 0.2%, and in Romania by 0.5%, while real GDP increased in Poland by 0.4%. Overall, weak foreign and domestic demand, weak labour markets and ongoing fiscal consolidation are weighing on activity, and the recovery is likely to be gradual.

On average, inflation has remained high in the largest CEE countries. In October, annual HICP inflation eased in Poland to 3.4%, stayed relatively stable in the Czech Republic at 3.6%, and accelerated in Hungary and Romania to 6.0% and 5.0%, respectively. Generally, inflationary pressures have been strengthened by recent increases in food prices, indirect taxes and administered prices, while weak cyclical positions continue to dampen inflation in most of the largest CEE countries.

In the smaller CEE countries, the economic recovery continued, but the outlook is still fragile, especially in labour markets. Real GDP growth accelerated in the third quarter of 2012 in Latvia and Lithuania to 1.7% and 1.3%, quarter on quarter, respectively, and remained slightly positive in Bulgaria at 0.1%. Survey-based indicators have remained relatively steady in recent months, and unemployment has stayed persistently high in all three countries. Inflation continued to decline in Latvia, reaching 1.6% in October, but accelerated in Bulgaria and Lithuania, to 3.0% and 3.2% in October, respectively.

OTHER EUROPEAN COUNTRIES

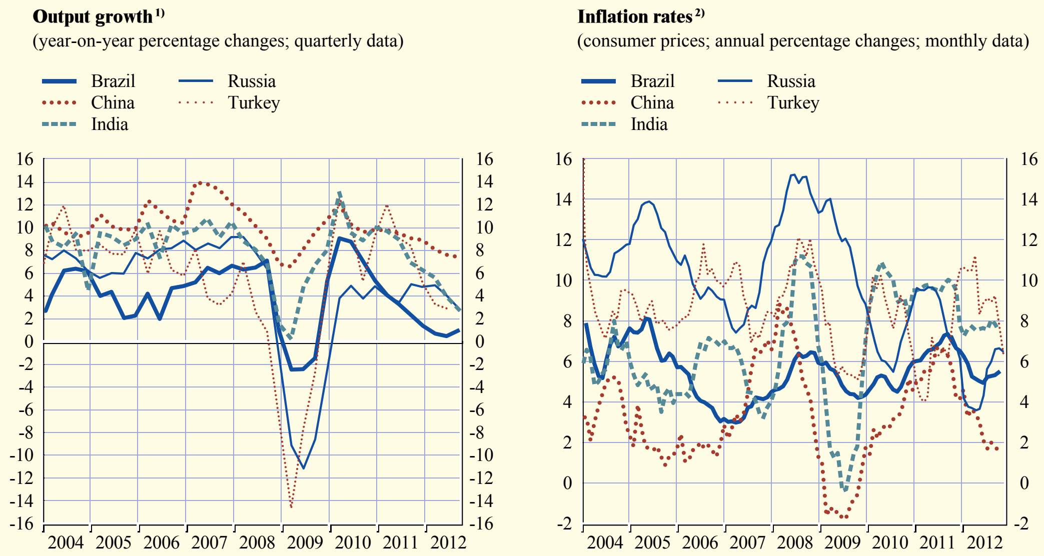
In Turkey, the economy continued to slow down in the second quarter of 2012, with real GDP growth recording 2.9%, year on year. This follows growth rates of 5.0% and 3.3% in the previous two quarters. The contribution of net exports to growth remained positive and increased further, testifying the continued rebalancing of the economy. Inflation fell to 6.4%, year on year, in November 2012, from 9.2% and 7.8% in September and October, largely owing to base effects and moderating food price increases. Since September, the Central Bank of the Republic of Turkey has cut the overnight lending rate (the top of the corridor) in three steps by 250 basis points to 9.0% as of 20 November 2012. Therefore, the interest rate corridor became narrower, with a width of 400 basis points. Looking ahead, a gradual recovery of the economy is expected, contingent upon positive developments in the external environment.

In Russia, according to the flash estimate, annual real GDP growth slowed down markedly to 2.9% in the third quarter of 2012, after averaging 4.5% in the first half of the year. In the second quarter, growth continued to be driven by domestic demand, with a negative contribution from net exports. Industrial production growth moderated substantially in October, recording growth of 1.8% year on year. Consumer price inflation accelerated further on the back of administrative price hikes in the middle of the year and a rise in food price inflation, stabilising around 6.5% in the period from September to November 2012. The Bank of Russia raised all rates by 25 basis points as of 14 September 2012. Looking ahead, high commodity prices are supporting the economy, but as increasing inflation is hurting private consumption, the slowdown in GDP growth is expected to continue in the near term.

EMERGING ASIA

In emerging Asia, economic activity remained subdued in the third quarter of 2012, although growth momentum is improving in some countries. Export growth moderated, mainly reflecting sluggish demand from Europe and Japan. Nonetheless, domestic demand in many countries, particularly China and Indonesia, remained resilient, partly offsetting the adverse impact from global headwinds. Annual inflation rates decelerated further in the third quarter owing to weak economic activity and the stabilisation of global commodity prices. In light of decreasing inflationary pressures and downside risks to the economic outlook, some central banks in the region took policy easing measures.

Chart 4 Main developments in major emerging economies



Sources: Instituto Brasileiro de Geografia e Estatistica, National Bureau of Statistics of China, Indian Ministry of Commerce and Industry, Central Statistical Organization, Federal State Statistics Service and Turkish Statistical Institute.
1) Seasonally adjusted data for Brazil and China. Non-seasonally adjusted data for India, Russia and Turkey. Latest observations: second quarter of 2012 for Turkey; third quarter of 2012 for Brazil, China, India and Russia.
2) WPI inflation for India. Latest observations: October 2012 for Brazil, China, India; November 2012 for Russia and Turkey.

In China, an increasing number of indicators confirm that the growth momentum is turning upwards. Although real GDP growth decelerated slightly to 7.4%, year on year, in the third quarter of 2012, down from 7.6% in the second quarter, this masks a solid rise on a seasonally adjusted basis as the economy grew 2.2% from the second quarter, the strongest performance in a year. According to ECB estimates, growth in the third quarter was mainly supported by domestic demand, with consumption and capital formation contributing in roughly equal measure, while the contribution of net exports was slightly positive. The trade performance improved overall, although country-specific developments showed large divergences. Export growth reached 4.5%, year on year, in the third quarter and accelerated to 11.5% in October. Whereas exports to the United States and Asia increased, exports towards the euro area declined by 17.1% in the third quarter, although this moderated to a decline of 10.6% in October. Industrial production growth has accelerated since August and manufacturing PMIs have risen above the neutral level of 50, suggesting that industrial activity will strengthen going forward. The housing market has been improving, with sales volumes rising again in year-on-year terms since the summer, while house prices have been increasing on a monthly basis since June. Annual CPI inflation has come down further, reaching 1.7% in October, while PPI inflation has remained negative since March this year. The current account surplus rose to USD 70.6 billion in the third quarter, driven by an improving trade balance. The modest depreciation of the Chinese renminbi against the US dollar between May and July has been fully reversed. In real effective terms, the exchange rate declined marginally in the third quarter. Total foreign exchange reserves rose by USD 45 billion during the third quarter to reach USD 3.29 trillion at the end of September.

In India, real GDP growth decelerated over seven successive quarters from 10.0%, year on year, in the fourth quarter of 2010, to 2.8% in the third quarter of 2012 owing to the weak external environment and lagged effects of monetary tightening. Consumption growth decelerated slightly to 3.7% and net exports deteriorated further on account of a moderation in export growth to 4.3%, down from 10.1% in the second quarter. In contrast, investment growth accelerated to 4.1% from 0.7% in the second quarter. Annual wholesale price inflation – the Reserve Bank of India's preferred measure of inflation – decreased to 7.5% in October, down from 7.8% in September. Nonetheless, upside risks remain owing to underlying wage pressures and supply-side bottlenecks. The Reserve Bank of India has held its key policy rate at 8% since April 2012.

In Korea, GDP growth decelerated to 1.6%, year on year, in the third quarter of 2012, down from 2.3% in the second quarter, mainly driven by investment. In particular, facilities investment contracted further by 6.0% following the 3.5% fall in the second quarter. This is the slowest quarterly growth momentum since the fourth quarter of 2009. Annual CPI inflation fell below the target range (2-4%), standing at 1.6%, year on year, in November 2012. The Bank of Korea cut its policy rate by 25 basis points to 2.75% in October.

Within the group of the ASEAN-5 countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand), Indonesia's economy continued to grow strongly by 6.2%, year on year, in the third quarter of 2012 on account of resilient investment and private consumption. GDP growth in Malaysia decelerated slightly to 5.2%, year on year, in the third quarter, from 5.6% in the second quarter, driven by a contraction of exports. Unfavourable external conditions also impacted economic activity in Singapore and Thailand. GDP growth in Singapore and Thailand decelerated to 0.3% and 3.0%, respectively, in the third quarter.

Looking ahead, emerging Asia's economic growth is projected to rebound gradually on the back of resilient domestic demand, policy stimulus and an improving external environment.

MIDDLE EAST AND AFRICA

Despite falling OECD demand in recent months, oil demand from non-OECD countries has continued to increase and support growth in the oil-exporting countries in the Middle East and Africa. In addition, expansionary monetary and fiscal policies, as well as high private sector confidence, have contributed to the resilience of most of these economies amid weak global economic conditions. Consumer price inflation has continued to decline in most countries through the third quarter of 2012.

Although Saudi Arabia lowered oil production slightly in the third quarter of this year, the country's oil output has remained high by historical standards. Moreover, a large budget surplus and a low inflation rate have allowed the government to maintain its expansionary fiscal stance. Consumer prices increased by 3.3%, year on year, in the third quarter, compared with an average of 4.6% for the second quarter of 2012.

Economic performance across the oil importers in the region has varied. Declining import demand from Europe and the civil conflict in Syria have reduced growth in the countries with significant exposure to Europe, whereas in the rest of the region activity has remained relatively resilient. The average inflation rate in most oil-importing countries declined in the third quarter of 2012, compared with the previous quarter.

Looking ahead, GDP growth in many oil-exporting countries is expected to decline somewhat on account of slowing oil production. A moderate recovery is expected in the rest of the region as the international environment improves and growth in most Arab countries in transition gradually picks up.

LATIN AMERICA

Growth momentum in Latin America decelerated in the first half of 2012. This slowdown was the result of lower external demand and weakness in domestic demand. As regards prices, after having eased in the first half of the year on the back of lower commodity and food prices and a moderation in growth, inflation picked up again in the third quarter due to higher food and agricultural prices.

In Brazil, real GDP growth increased in the third quarter of 2012, to 0.6%, quarter on quarter, up from 0.2% in the second quarter. The increase in GDP was driven by positive developments in net exports and private consumption, which were partially offset by a fall in gross fixed capital formation. After inflation had eased in the first half of 2012, mainly reflecting lower commodity prices and a moderation in growth, price pressures increased again primarily as a result of the rise in agricultural prices. Consumer price inflation posted a year-on-year growth rate of 5.2% in the third quarter of 2012, compared with 5.0% in the second quarter. The Banco Central do Brasil cut interest rates by a further 25 basis points, to 7.25% in October.

In Mexico, real GDP growth continued to decelerate further in the third quarter of 2012, to 0.5%, quarter on quarter, compared with 0.8% in the previous quarter. The deceleration in growth was largely led by the slowdown in services and by a contraction in the agriculture sector. Strong food price increases have put upward pressure on inflation, with consumer price inflation rising to 4.6% in the third quarter, from 3.9% in the second quarter. Despite some moderation in economic growth, strong economic fundamentals are expected to continue to support the Mexican economy going forward.

In Argentina, real GDP contracted by 0.8% in the second quarter of 2012, due to a sharp drop in investment and exports, reflecting a stronger negative impact of import restrictions implemented last year. Both survey and hard data available for the third quarter showed that economic activity was likely to have picked up, although underlying weakness in the economy still persists. Annual inflation remained unchanged in the third quarter at 10%.

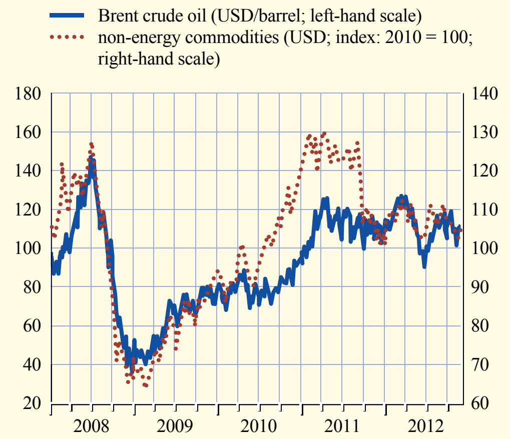
Looking ahead, growth in Latin America is projected to accelerate, supported by a gradual improvement in the global outlook as well as the impact of recent policy easing measures in some countries.

1.2 COMMODITY MARKETS

Oil prices have been trading in a range of USD 106-116 per barrel since early October, after recovering during the third quarter of 2012 from lows reached in June 2012. Brent crude oil prices stood at USD 110 per barrel on 5 December, which is 2% higher than at the beginning of the year, but 13% below this year's peak reached in March. Looking ahead, market participants expect somewhat lower oil prices over the medium term, with futures contracts for December 2013 trading at USD 104 per barrel.

The oil price fluctuations observed since October reflect a combination of demand and supply side factors. On the demand side, the International Energy Agency (IEA) has repeatedly adjusted downwards its expectations on oil demand growth on the back of the weakening global economy. At the same time, the demand-driven declines in oil prices have been more than offset by continued and renewed geopolitical tensions in the Middle East and by the tightness in oil supply. Indeed, losses in OPEC production, particularly owing to falling supplies of oil from Iran, have not been fully compensated for by increases in other member countries. More recently, however, global oil supply has increased, as non-OPEC oil production recovered following the completion of maintenance works in the North Sea and due to higher US production, which has offset the losses in OPEC production. In the medium term, the IEA expects oil production to grow further, particularly because of higher production capacity in North America and Iraq. Although high uncertainty concerning potential supply losses remains, this should help to increase OPEC's level of spare capacity.

Chart 5 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Prices of non-energy commodities decreased in October and November, eliminating the increases observed in the third quarter of 2012. Agricultural commodity prices continued their declines, driven by more favourable supply conditions, thereby offsetting most of the increases in June and July owing to the droughts in the United States. Metal prices have posted overall a slight decline since the beginning of October, amid some volatility caused by increased uncertainty about global growth. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) stood 0.7% higher at the end of November than at the beginning of the year.

1.3 EXCHANGE RATES

EFFECTIVE EXCHANGE RATE OF THE EURO

Since early September 2012 the euro has broadly appreciated against most major currencies. On 5 December 2012 the exchange rate of the euro – expressed in nominal effective terms,

Table 1 Euro exchange rate developments[1)]

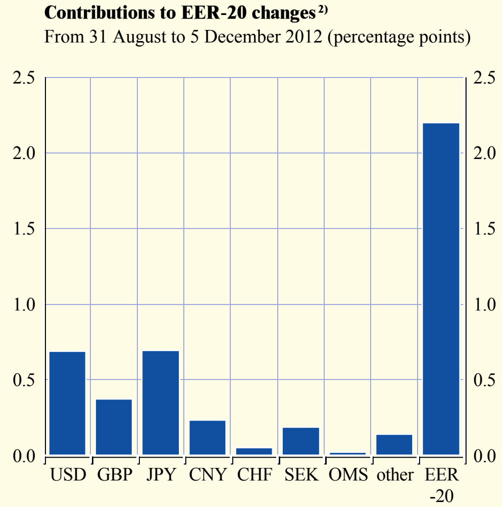
(daily data; units of national currency per euro; percentage changes)

			Appreciation (+)/ depreciation (-) of the euro as at 5 December 2012		
		Level on	*since:*		*compared with:*
	Weight in EER-20	5 December 2012	31 August 2012	2 January 2012	average for 2011
Chinese renminbi	18.8	8.140	1.7	-0.2	-9.5
US dollar	16.9	1.307	3.6	1.0	-6.1
Pound sterling	14.9	0.812	2.1	-2.8	-6.5
Japanese yen	7.2	107.3	8.4	7.8	-3.3
Swiss franc	6.5	1.213	1.0	-0.2	-1.6
Polish zloty	6.2	4.120	-1.4	-7.9	0.0
Czech koruna	5.0	25.22	1.5	-1.1	2.6
Swedish krona	4.7	8.651	3.8	-3.1	-4.2
Korean won	3.9	1,414	-1.1	-5.4	-8.3
Hungarian forint	3.2	282.6	-0.4	-10.1	1.2
NEER[2)]		98.4	2.2	-1.1	-4.9

Source: ECB.
1) Bilateral exchange rates in descending order based on the corresponding currencies' trade weights in the EER-20 index.
2) Euro nominal effective exchange rate against the currencies of 20 of the most important trading partners of the euro area (EER-20).

Chart 6 Euro effective exchange rate (EER-20) and its decomposition[1]

(daily data)



Source: ECB.
1) An upward movement of the index represents an appreciation of the euro against the currencies of 20 of the most important trading partners of the euro area (including all non-euro area EU Member States).
2) Contributions to EER-20 changes are displayed individually for the currencies of the six main trading partners of the euro area. The category "other Member States" (OMS) refers to the aggregate contribution of the currencies of the non-euro area Member States (except the pound sterling and the Swedish krona). The category "other" refers to the aggregate contribution of the remaining six trading partners of the euro area in the EER-20 index. Changes are calculated using the corresponding overall trade weights in the EER-20 index.

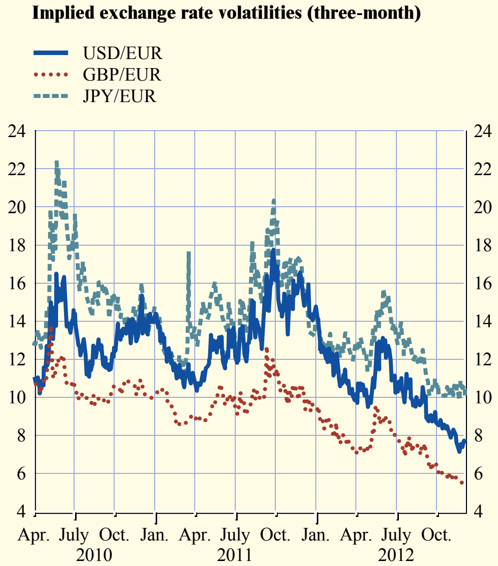
as measured against the currencies of 20 of the euro area's most important trading partners – stood 2.2% above its level at the end of August, and 4.9% below its average level in 2011 (see Table 1 and Chart 6).

Movements in the euro exchange rate over the past three months continued to be largely related to changing market sentiment regarding the fiscal and economic prospects for some euro area countries, as well as developments in expected yield differentials between the euro area and other advanced economies. At the same time, market volatility – as measured on the basis of the implied volatility of foreign exchange option prices – continued to remain below historical averages (see Chart 7).

With regard to indicators of the international price and cost competitiveness of the euro area, in November 2012 the real effective exchange rate of the euro based on consumer prices (as measured against the currencies of 20 of

Chart 7 Patterns in exchange rates and implied volatilities

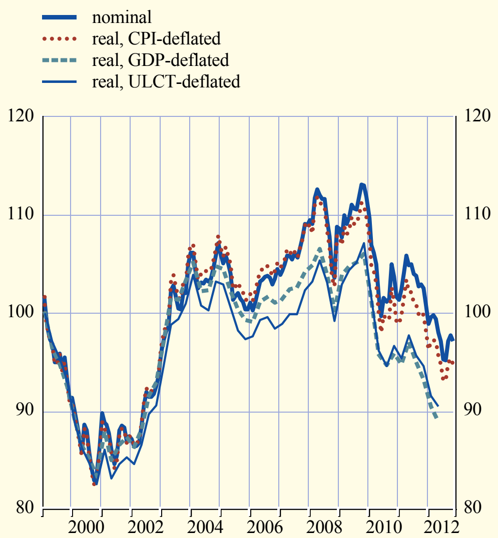
(daily data)



Source: Bloomberg.

Chart 8 Euro nominal and real effective exchange rates (EER-20)[1]

(monthly/quarterly data; index: Q1 1999 = 100)



Source: ECB.
1) An upward movement of the EER-20 indices represents an appreciation of the euro. The latest observations for monthly data are for November 2012.
In the case of the GDP and ULCT-based real EER-20, the latest observation is for the second quarter of 2012 and is partly based on estimates.

the euro area's most important trading partners) was 5.8% below its average level for 2011 (see Chart 8). This mostly reflected the nominal depreciation of the euro since 2011.

BILATERAL EXCHANGE RATES

Since early September 2012, the euro has appreciated against the US dollar. From 31 August to 5 December 2012, the euro strengthened by 3.6% vis-à-vis the US dollar, but remained 6.1% below its 2011 average (see Chart 6 and Table 1). As mentioned earlier, the main factor driving the USD/EUR exchange rate was market uncertainty and movements in yield differentials between the two economies. Over the period under review, the euro also appreciated against the Japanese yen. On 5 December 2012 the euro traded 8.4% above the level recorded at the end of August, but it remained 3.3% below the average level of 2011.

As regards other currencies, the exchange rate of the euro against the pound sterling has appreciated by 2.1% since the end of August and, on 5 December, it stood 6.5% below the average level of 2011 (see Table 1). Over the period under review, the euro also appreciated against most other European currencies, depreciating only slightly against the Polish zloty amid the general improvement in financial market conditions sentiment across the continent. Since the end of August, the euro has also appreciated against the currencies of most commodity exporters and large Asian countries.

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

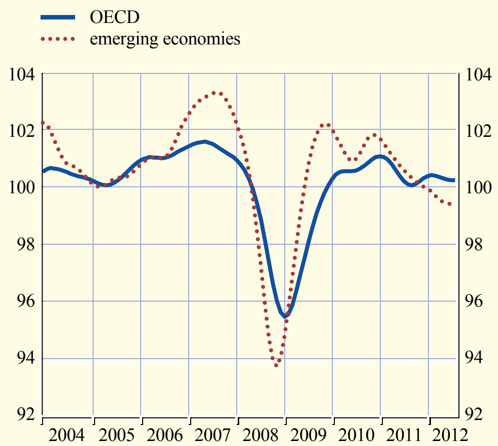
1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Looking ahead, economic activity is expected to strengthen only gradually, supported by improving financial conditions, amid an environment of accommodative monetary policies. In September, the OECD's composite leading indicator, designed to anticipate turning points in economic activity relative to trend, continues to signal weak growth prospects in the OECD area as a whole and in the major non-member economies, but signs of stabilisation are emerging in Canada, China and the United States. In addition, results from the Ifo World Economic Climate Indicator also suggest a subdued growth outlook for the global economy, with the headline index declining in the final quarter of 2012 for the second consecutive quarter. The decline was due to both a less favourable assessment of the current situation and downwardly revised expectations for the next six months.

The outlook for the external environment of the euro area remains subject to persistent uncertainty, with risks to activity tilted to the downside. The main downside risks relate to uncertainties about the resolution of sovereign debt and governance issues in the euro area, the impending fiscal tightening and debt ceiling extension in the United States. Further global risks relate to geopolitical tensions in Iran and the associated risk of a disruption to oil supply and consequently higher oil prices, which would dampen activity. Geopolitical risks have also increased in East Asia where tension between Japan and China could negatively affect global trade. Finally, in the medium term, ongoing fiscal imbalances in several key economies pose further downside risks to global growth. On the upside, further easing in financial market tensions could lead to stronger recoveries in advanced economies.

Chart 9 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

2 MONETARY AND FINANCIAL DEVELOPMENTS

The divergence observed since early 2012 in the annual growth rates of money and credit increased in the third quarter and October. An exceptionally strong inflow was recorded for M3 in October, while credit to the private sector continued to contract. The strong inflow for M3 has to be seen in the context of considerable volatility in the money holdings of non-monetary financial intermediaries and also reflected, in part, the payment of two capital tranches to the European Stability Mechanism (ESM) by euro area governments. The demanding (but somewhat improved) financial market conditions continued to limit banks' longer-term funding through both the unwinding of earlier securitisation and the net redemption of longer-term bonds. Looking beyond the high levels of volatility in monthly developments, recent data do not point to a pick-up in underlying monetary dynamics.

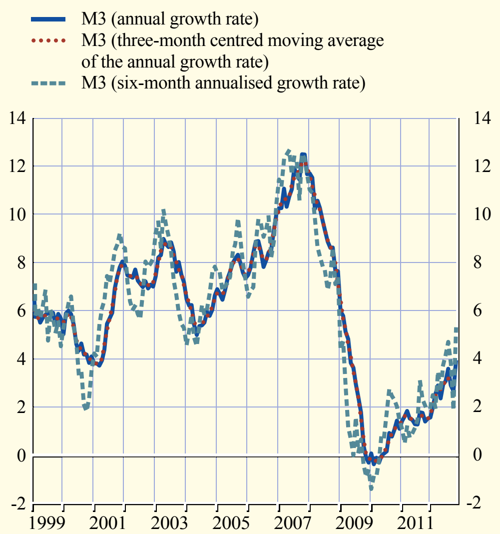
2.1 MONEY AND MFI CREDIT

The gradual increase in broad money growth observed in previous quarters was confirmed by developments in both the third quarter and October 2012, albeit with strong volatility throughout that period. In October the annual growth rate of M3 increased to 3.9%, up from 3.1% in the third quarter and 2.7% in the second quarter (see Chart 10 and Table 2). The considerable volatility of monthly developments reflected changes in both the risk assessments of economic agents and the portfolio choices of institutional investors.

The main driver of broad money growth was the money-holding sector's preference for liquidity in an economic environment characterised by low interest rates and considerable uncertainty, particularly during July. While the reduction in policy and money market rates in the third quarter was broadly passed through to bank lending rates, the opportunity cost of holding monetary instruments (as opposed to longer-term assets) nonetheless declined somewhat, albeit remaining relatively high by historical standards. The reduction in opportunity costs reflected efforts by banks to retain and attract deposits included in M3 by offering attractive levels of remuneration. The high levels of uncertainty in financial markets in the first month of the third quarter prompted institutional investors in particular to liquidate other investments and hoard liquid deposits while they decided how to readjust their portfolios. The easing of tensions in financial markets following the announcement of the Outright Monetary Transactions (OMTs) implied that those high levels of uncertainty became less of a factor in demand for broad money. All in all, these countervailing forces have resulted in considerable volatility in monthly monetary developments in recent months.

Chart 10 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

The decoupling of developments in broad money from those in credit to the private sector continued in the third quarter and October. The main counterparts of M3 growth were a further strengthening of credit to general government and a contraction in longer-term financial liabilities. The weakness of credit to the private

Table 2 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3 [1]	Annual growth rates					
		2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Sep.	2012 Oct.
M1	**52.0**	**2.0**	**2.4**	**2.9**	**4.8**	**5.0**	**6.4**
Currency in circulation	8.9	6.2	6.1	5.5	5.3	4.3	3.5
Overnight deposits	43.1	1.2	1.7	2.4	4.6	5.1	7.0
M2-M1 (=other short-term deposits)	39.6	2.1	2.6	2.6	1.3	0.6	1.7
Deposits with an agreed maturity of up to two years	18.5	1.6	3.0	2.3	-1.1	-3.0	-1.8
Deposits redeemable at notice of up to three months	21.1	2.5	2.1	2.9	3.7	4.1	4.9
M2	**91.6**	**2.1**	**2.5**	**2.8**	**3.2**	**3.1**	**4.3**
M3-M2 (=marketable instruments)	8.4	-3.6	-0.1	2.6	1.6	-1.5	0.0
M3	**100.0**	**1.5**	**2.2**	**2.7**	**3.1**	**2.6**	**3.9**
Credit to euro area residents		**1.1**	**1.2**	**1.3**	**0.8**	**0.5**	**0.5**
Credit to general government		1.4	5.2	8.4	8.8	8.2	8.8
Loans to general government		-2.1	-4.6	-1.7	1.5	1.6	2.9
Credit to the private sector		1.1	0.3	-0.3	-1.0	-1.2	-1.4
Loans to the private sector		1.8	0.7	-0.1	-0.5	-0.9	-0.7
Loans to the private sector adjusted for sales and securitisation [2]		2.0	1.1	0.4	-0.1	-0.4	-0.4
Longer-term financial liabilities (excluding capital and reserves)		**2.6**	**0.4**	**-2.4**	**-4.4**	**-4.8**	**-5.4**

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

sector reflected the dampening effect of the net redemption of loans to non-financial corporations and lacklustre lending to households. Moreover, MFIs' holdings of debt securities issued by the private sector declined strongly as previous securitisation transactions were unwound. Such unwinding could also be seen in the contraction of longer-term time deposits held by financial vehicle corporations, which contributed to the contraction in longer-term financial liabilities.

The main assets held by euro area MFIs (excluding the Eurosystem) contracted in the third quarter, before increasing marginally in October. The contraction was driven mainly by a reduction in interbank lending, as well as a scaling-down of external assets. Banks' reliance on Eurosystem lending also declined (see also Box 2, entitled "Banks' funding conditions and the financing of non-financial private sectors in the euro area").

Overall, monetary data for the period to October point to a continued – albeit gradual – increase in the annual growth rate of broad money. At the same time, MFI lending to the private sector remains weak, with lending to non-financial corporations contracting. It is unlikely that the current sources of money creation can support a further sustained increase in broad money growth. All in all, therefore, monetary data for the period to October confirm that the underlying pace of monetary expansion remains subdued.

Box 2

BANKS' FUNDING CONDITIONS AND THE FINANCING OF NON-FINANCIAL PRIVATE SECTORS IN THE EURO AREA

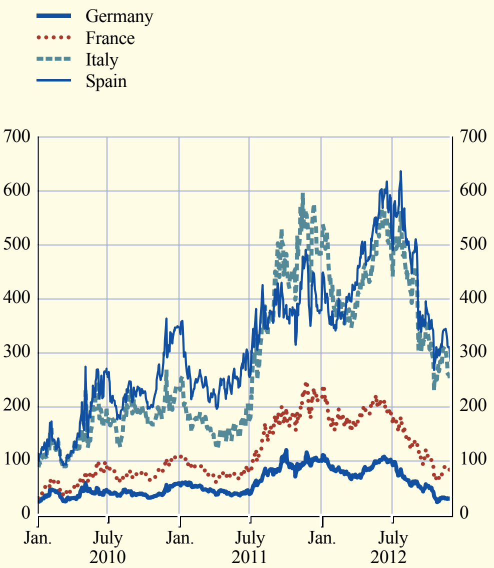
Funding conditions in the euro area have improved since mid-2012. This reflects improving market sentiment and declining risk aversion. More specifically, the cost of insuring sovereign debt against default has declined since the summer of 2012 across euro area countries (see Chart A). Likewise, both hard data and the results of the October 2012 bank lending survey show that euro area banks' funding costs have declined and their access to funding has improved in recent months. These favourable developments may be a sign of the support provided by the announcement of the Outright Monetary Transactions (OMTs) and the non-standard liquidity measures implemented by the Eurosystem. In parallel, the financing costs of non-financial private sectors have also moderated, while bank lending remains weak.

Banks' funding conditions

Funding costs for euro area banks have declined since the summer of 2012 (see Chart B). This has been driven mainly by declining yields on banks' bonds owing to a recovery in market confidence. In addition, spreads between unsecured and secured borrowing costs in the money market have declined significantly across all maturities in the second half of 2012. At the same time, the cost of

Chart A Five-year sovereign credit default swaps in selected countries

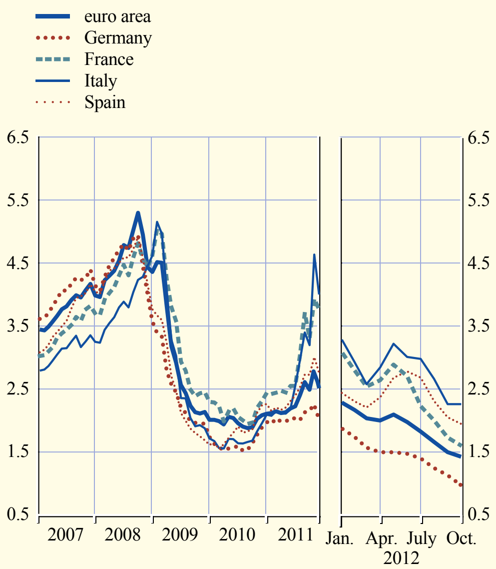
(basis points; daily data)



Source: Thomson Reuters.
Note: Last observations are for 29 November 2012.

Chart B Composite cost of bank funding in the euro area and selected countries

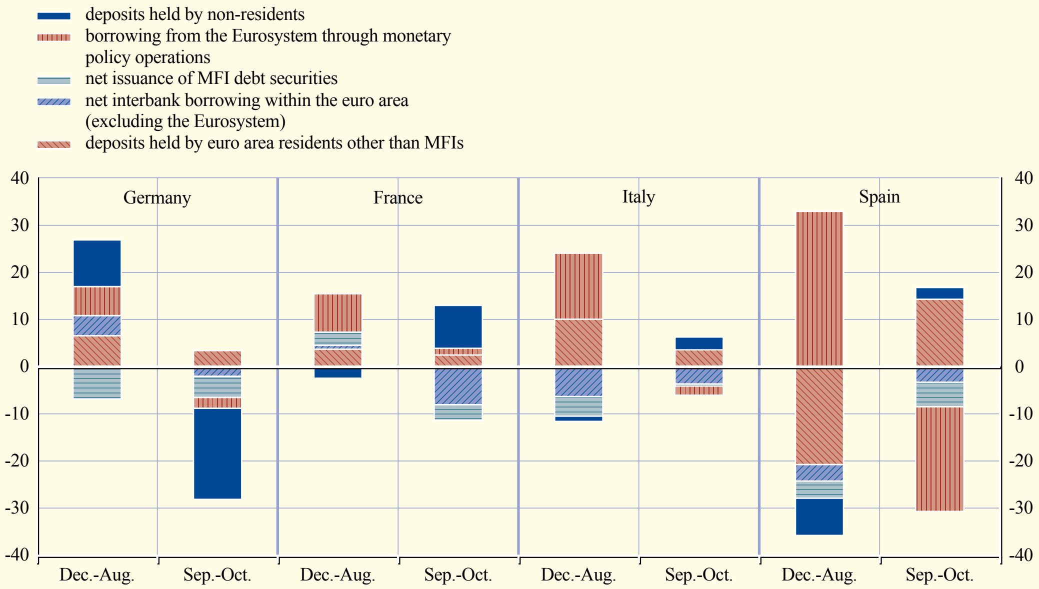
(percentages per annum)



Sources: ECB, Merrill Lynch Global Index and ECB calculations.
Notes: Deposit rates (for both retail and institutional investors) and cost of market-based debt financing, weighted using outstanding amounts taken from BSI statistics. An extreme value relating to the collapse of Lehman Brothers in September 2008 has been smoothed out. Last observations are for October 2012.

Chart C Main liabilities of MFIs resident in selected countries

(EUR billions; not adjusted for seasonal effects)



Sources: Deutsche Bundesbank, Banque de France, Banca d'Italia, Banco de España and ECB calculations based on BSI statistics.
Notes: MFI reporting sector excluding the Eurosystem. Data refer to the average monthly flows observed between December 2011 and August 2012 and September and October 2012 respectively.

deposit funding has stabilised at the euro area level, reflecting a sluggish pass-through of previous cuts in key ECB interest rates in the context of banks' efforts to attract stable funding.

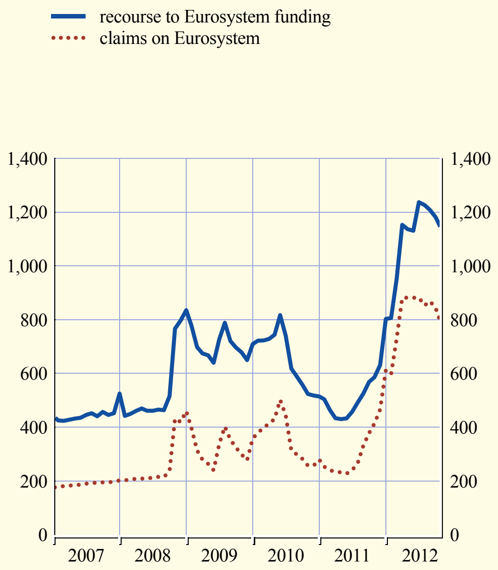
The improvement in banks' funding situation is also reflected in positive flows for domestic and non-resident deposits in France, Italy and Spain (see Chart C). Meanwhile, German banks have seen a decline in deposits held by non-residents, suggesting some moderate rebalancing of portfolios by international investors. Consequently, German banks reduced their claims on the Eurosystem in September and October, while banks in other countries (especially Spain) have reduced their borrowing from the Eurosystem. The results of the October 2012 bank lending survey also show that banks' access to retail funding improved in the third quarter of 2012.[1] Overall, these developments suggest that the degree of financial fragmentation in the euro area may be declining. That can also be seen in the stabilisation of TARGET2 balances since mid-2012.

In autumn 2012 net issuance of long-term debt securities by banks resident in the euro area was significantly less negative than it had been in previous months. This is in line with the results of the bank lending survey, which indicate that banks' access to funding via securities markets improved in the third quarter of 2012. At the same time, interbank trading volumes remain low and concentrated in the shortest maturities. The low levels of activity in bank bond and money markets could be interpreted as a sign of persistent stress in these markets. However, they could also reflect a reduced need to resort to market-based funding given the high levels of central bank liquidity following the Eurosystem's two three-year longer-term refinancing operations (LTROs) in late 2011 and early 2012. Indeed, despite the recent reduction in banks' reliance

1 For more detailed analysis of the results of the October 2012 bank lending survey, see *The euro area bank lending survey: 3rd quarter of 2012*, ECB, October 2012.

Chart D Recourse to the Eurosystem by euro area credit institutions

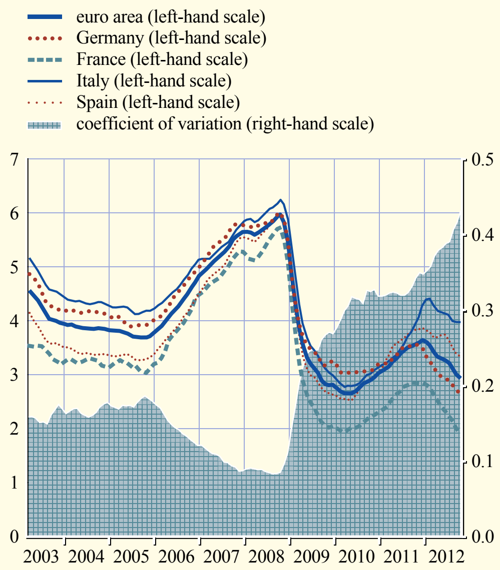
(monthly outstanding amounts; EUR billions)



Sources: ECB and ECB calculations.
Notes: "Recourse to Eurosystem funding" refers to central bank monetary policy refinancing operations. "Claims on Eurosystem" includes bank funds held in the deposit facility and current accounts. Last observations are for November 2012.

Chart E Indicator of the cost of short-term borrowing for non-financial corporations in the euro area

(percentages per annum; three-month moving average; March 2003 to October 2012)



Sources: ECB and ECB calculations.
Notes: The indicator is calculated using interest rates on loans with a maturity of up to one year, floating rates on loans with a maturity of more than one year and interest rates on overdrafts, which are aggregated on the basis of outstanding amounts. A variable's coefficient of variation is the ratio of its standard deviation to its mean. Here, it is calculated for all euro area countries where data are available and reflects the changing composition of the euro area.

on central bank lending, the amount of liquidity provided to euro area credit institutions by the Eurosystem remains substantial (see Chart D).

Financing conditions for non-financial private sectors

The cost of short-term bank lending to euro area non-financial corporations has declined since early 2012, mainly reflecting the pass-through of reductions in key ECB interest rates and market interest rates (see Chart E). A similar development can be observed in the dynamics of rates on bank lending to households for house purchase. This pass-through has been substantially facilitated by the implementation of the two three-year LTROs and other non-standard measures. Still, borrowing costs continue to vary greatly across euro area countries, reflecting differences in banks' funding conditions and country-specific economic developments affecting the creditworthiness of borrowers.[2]

MFI lending flows to non-financial private sectors have declined in the euro area since mid-2011 (see Chart F). This moderation has been broadly based across euro area countries, with the notable exception of Germany (where loan developments have remained moderate throughout that period). In Spain, loan flows have become increasingly negative. In Italy, loan flows were significantly positive in 2010-11, but have turned negative in 2012. In France, loan flows

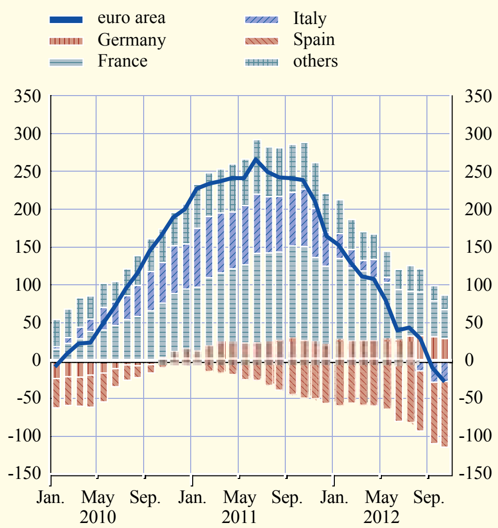
2 For more detailed analysis, see the box entitled "Cross-country heterogeneity in MFI interest rates on loans to non-financial corporations in the euro area", *Monthly Bulletin*, ECB, November 2012.

remain clearly positive, but have moderated markedly since mid-2011. The differing loan developments in the various euro area countries mainly reflect differences between those countries in terms of their respective economic and housing market outlooks, risk aversion levels and government support schemes, as well as the balance sheets of their non-financial private sectors and banking sectors.

Overall, the impact of the sovereign debt crisis on euro area banks' funding conditions has eased in recent months, allowing a number of banks to reduce their reliance on the Eurosystem. The Eurosystem's non-standard measures have helped to alleviate banks' funding pressures and have prevented disorderly deleveraging by banks and non-financial private sectors. This notwithstanding, in a number of countries yields on bank bonds remain elevated and the net issuance of debt securities by banks is still negative. Lending to non-financial private sectors also remains weak. Addressing the balance sheet adjustments that need to be made by governments, credit institutions, households and non-financial corporations in a number of countries is a precondition for the full normalisation of banks' funding conditions and a sustained recovery in lending volumes.

Chart F MFI loans to non-financial private sectors in the euro area and selected countries

(12-month cumulative monthly flows; EUR billions; not adjusted for seasonal effects)



Source: ECB.
Notes: Adjusted for loan sales and securitisation. Last observations are for October 2012.

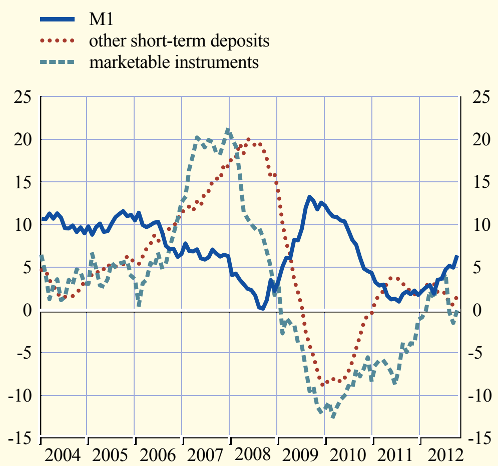
MAIN COMPONENTS OF M3

The inflow observed for M3 in the third quarter of 2012 was again driven by developments in the liquid monetary instruments contained in M1 (see Chart 11). This pattern continued to be observed in October. In the presence of very low short-term interest rates and (particularly in July) heightened financial market uncertainty, a switch to liquid monetary instruments is less likely to signal imminent spending decisions and, ultimately, transmission to economic activity and prices. At the same time, such a shift in the maturity structure of banks' balance sheets can generate liquidity pressures and amplify maturity mismatches for banks.

The annual growth rate of M1 increased strongly to stand at 4.8% in the third quarter, up from 2.9% in the second quarter, before increasing further to stand at 6.4% in October (see Table 2).

Chart 11 Main components of M3

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



Source: ECB.

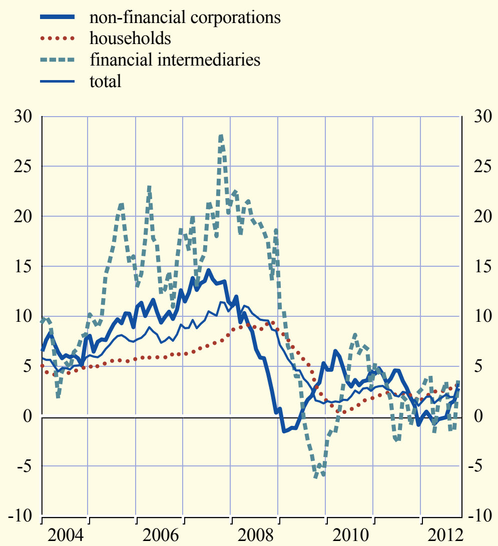
The sizeable inflows seen for M1 in the third quarter reflected a strong preference for very liquid deposits, particularly in July and August. This preference for liquid deposits in the presence of very low policy and money market rates points to the money-holding sector establishing liquidity buffers in response to financial market uncertainty, possibly as an intermediate step in the portfolio reallocation process. At the same time, the remuneration of overnight deposits showed very little sensitivity to the decline in short-term interest rates, whereas the remuneration of other M3 instruments mirrored that decline. As a result, the opportunity cost of holding overnight deposits (as opposed to less liquid monetary instruments) remained low. The easing of financial market tensions in September triggered some reallocation of portfolios, particularly by institutional investors, with shifts away from overnight deposits and into non-monetary instruments. In October the payment by euro area central governments (considered a money-neutral sector) of the first and second tranches of the capital of the ESM (which is classified as a non-monetary financial intermediary other than an insurance corporation or pension fund (OFI) for statistical purposes, and is thus part of the money-holding sector) led to an exceptionally large inflow for overnight deposits. When this exceptional transaction is adjusted for, the flow into overnight deposits remains sizeable, but is clearly much smaller than those observed at the beginning of the third quarter, when considerable financial market tensions were observed.

The annual growth rate of short-term deposits other than overnight deposits (i.e. M2 minus M1) declined to 1.3% in the third quarter, down from 2.6% in the second quarter (see Chart 12). That reflected sizeable outflows for short-term time deposits (i.e. deposits with an agreed maturity of up to two years), which were only partly offset by inflows for short-term savings deposits (i.e. deposits redeemable at notice of up to three months). Outflows for short-term time deposits were observed across all sectors, but were largest in the case of OFIs, which seem to have shifted funds out of this instrument and into overnight deposits. A modest recovery was recorded in October, as households in particular increased somewhat their holdings of short-term time deposits.

The annual growth rate of marketable instruments (i.e. M3 minus M2) continued to decline, falling to 1.6% in the third quarter and 0% in October, down from 2.6% in the second quarter. The third quarter saw sizeable reductions in the money-holding sector's holdings of both money market fund shares/units and short-term debt securities (i.e. debt securities with an original maturity of up to two years), while a small inflow was recorded overall in the case of repurchase agreements. In the presence of very low short-term interest rates, money market funds have found it increasingly difficult to generate significant positive returns for investors and did not benefit from the temporary inflows seen in previous periods of financial market uncertainty on account of investors adjusting the composition of their portfolios. In this instance, in addition to overnight deposits, institutional investors would seem, instead, to have used repurchase agreements to temporarily park liquidity. The very low interest rates are also affecting the attractiveness of short-term

Chart 12 Short-term deposits and repurchase agreements

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



Source: ECB.
Note: MFI sector excluding the Eurosystem.

debt securities. However, the weak dynamics of that instrument are also likely to have a structural dimension, as at least some banks are adjusting their funding structures, relying less on market-based sources and more on deposits.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest monetary aggregate for which reliable information is available at a sectoral level – rose to 2.6% in the third quarter, up from 2.1% in the second quarter. The inflow observed in the third quarter was the result of all sectors bar insurance corporations and pension funds increasing their holdings of M3 deposits, with households making the largest contribution. Conditions in financial markets led to volatility in the money holdings of OFIs in the third quarter. OFIs' money demand is strongly affected by conditions in financial markets and shifts in relative yields across a broad range of financial assets. Given the volatility of these determinants, OFIs' money holdings can be erratic at times, so their short-term dynamics should not be over-interpreted. At the same time, the agility of these investors endows their money holdings with early indicator properties as regards incipient trends in portfolio allocation – trends that will only materialise with a lag in the money holdings of other (less responsive) sectors, such as households. In the third quarter, OFIs' money-holding behaviour initially boosted M3, but that was fully reversed by the end of the quarter as financial market tensions subsided and institutional investors began reallocating the funds that they had moved to liquidity buffers.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents fell to 0.8% in the third quarter of 2012, down from 1.3% in the second quarter, before declining further to stand at 0.5% in October (see Table 2). This continued to mask divergent developments in the annual growth rates of credit to general government and credit to the private sector.

The annual growth rate of MFI credit to general government stood at 8.8% in both the third quarter and October, up from 8.4% in the second quarter. That strengthening mainly reflected purchases of government debt securities, the volume of which was similar to the previous quarter. The stabilisation in euro area sovereign bond markets following the announcement of the OMTs is likely to have been supportive of MFIs' sovereign bond holdings. At the same time, loans to general government declined in the course of the quarter, mainly reflecting country-specific developments.

The annual growth rate of MFI credit to the private sector stood at -1.4% in October, down from -1.0% in the third quarter and -0.3% in the second quarter. In the third quarter, the substantial outflow observed for credit to the private sector was accounted for by strong sales of private sector securities by MFIs, mainly reflecting the unwinding of securitisation activities and the redemption of MFI loans to the private sector (adjusted for sales and securitisation). In October, the decline in credit mainly reflected substantial sales of shares and other equity, as well as some net redemption of debt securities, as earlier securitisation activities were unwound further.

The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) stood at -0.4% in October, down from -0.1% in the third quarter and 0.4% in the second quarter, with a broadly similar decline observed for non-adjusted loans (see Table 2). From a sectoral perspective, the third quarter saw a substantial decline in the annual growth rate of loans to non-financial corporations, while the moderation in loans to households was more limited. By contrast, loans to non-monetary financial intermediaries increased. A sectoral breakdown of loan developments in October shows that inflows continued to be observed for loans to the financial private sectors and that lending to households also increased.

The annual growth rate of MFI loans to households (adjusted for loan sales and securitisation) declined to 0.8% in October, down from 1.0% in the third quarter and 1.4% in the second quarter, thereby continuing the trend observed since mid-2011. That further weakening mainly reflected the deterioration of economic and housing market prospects, as well as the need to deleverage following past excesses in a number of euro area countries. Lending for house purchase remained the main driver of MFI loans to households (see Section 2.7 for more details).

The annual growth rate of MFI loans to non-financial corporations (adjusted for loan sales and securitisation) stood at -1.5% in October, down from -0.5% in the third quarter and 0.3% in the second quarter. That reflected a strong decline in corporate borrowing between August and October. That reduction was broadly based across maturities, with short-term loans (i.e. those with a maturity of up to one year) declining more strongly than longer-term loans (see Section 2.6 for more details).

Overall, lending to non-financial private sectors slowed further, with both demand and supply factors continuing to have an impact on developments. The slowdown in economic momentum, a weaker outlook for housing markets in a number of euro area countries, lenders' increased risk perception and persistently high levels of uncertainty – all reflected in indicators of business and consumer confidence – are weighing on demand for loans. Moreover, in some countries, internal and other external funding sources (particularly debt securities issuance) offer favourable financing opportunities, dampening demand for bank loans. In other countries, elevated sectoral debt levels necessitate deleveraging, which is likely to weigh on the provision of loans in years to come.

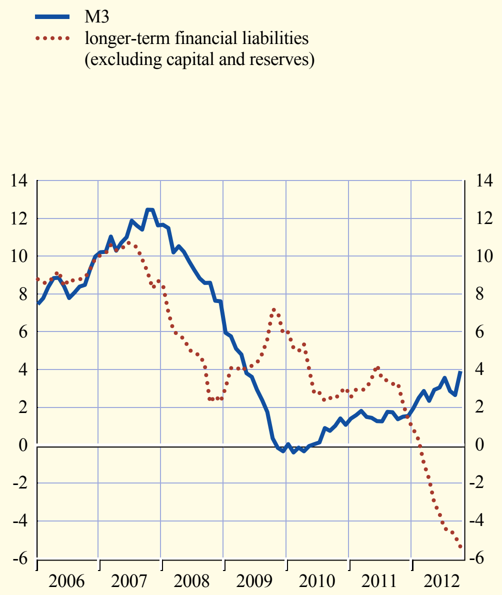
In countries under stress, capital and market-based funding constraints continue to limit the supply of bank credit to the economy. Indeed, banks' capital positions continue to contribute significantly to the tightening of credit standards. Although this contribution has moderated in recent quarters, the fact that it remains the largest of the purely supply-side variables indicates banks' ongoing need for balance sheet adjustments. Despite signs of improvement since September, the fragmentation of financial markets is discouraging credit growth. At the same time, the two three-year longer-term refinancing operations (LTROs) and the announcement of the OMTs have alleviated funding pressures on the banking system, thereby preventing abrupt and disorderly deleveraging. Looking ahead, given the projections for economic activity, continued moderate growth in household loans and further weakening of growth in loans to non-financial corporations would be in line with historical regularities for these two sectors – with loans to households moving in line with economic activity and loans to non-financial corporations responding with a lag.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) stood at -5.4% in October, down from -4.4% in the third quarter and -2.4% in the second quarter (see Chart 13). Another substantial quarterly outflow was recorded in the third quarter, contributing positively to monetary dynamics. To a large extent, that outflow resulted from a further sizeable contraction, on a consolidated basis, in holdings of longer-term MFI debt securities, as MFIs redeemed past issuance with the aid of liquidity obtained in the three-year LTROs. Longer-term deposits also declined, as previous securitisation operations in which the loans had not been derecognised from banks' balance sheets were unwound.

In the third quarter of 2012 the net external asset position of euro area MFIs – which captures the capital flows of the money-holding sector where these are routed via MFIs, as well as the transfer

Chart 13 M3 and MFI longer-term financial liabilities

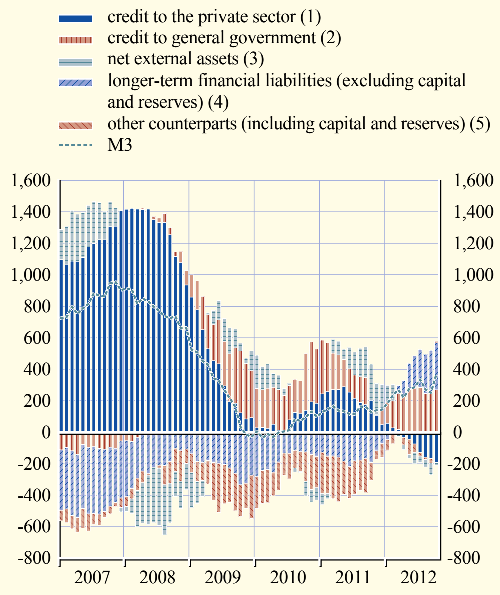
(annual percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Chart 14 Counterparts of M3

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



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

of assets issued by the money-holding sector – posted a quarterly inflow, with a further modest inflow observed in October (see Chart 14). This points to a partial reversal of the outflows observed in late 2011 and early 2012. The recent increase in MFIs' net external asset position has been driven by an increase in deposits by non-residents, pointing to renewed confidence in the euro area banking system. In October there were positive developments in the form of a return to sizeable purchases of short-term MFI debt securities by non-residents. For further details, see Box 3, entitled "Developments in the financial account of the euro area balance of payments until September 2012".

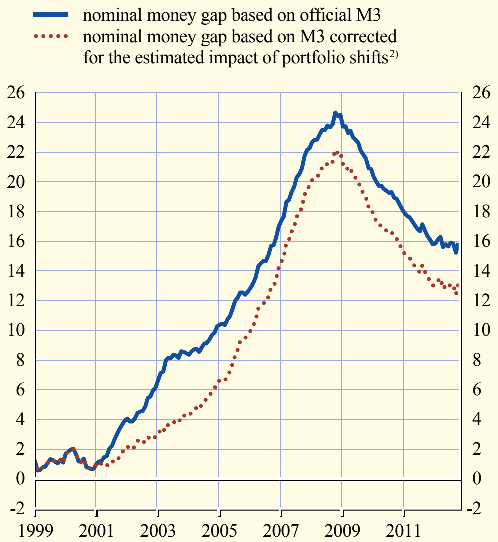
GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

The flows observed for M3 between end-June and October resulted in the accumulated monetary liquidity in the euro area remaining broadly unchanged (see Charts 15 and 16). Some indicators of monetary liquidity monitored by the ECB suggest that a significant percentage of the ample liquidity that accumulated prior to the crisis has now been reabsorbed. Looking ahead, those indicators may now move closer to levels suggestive of balanced liquidity conditions in the economy. Nevertheless, it should be recalled that these indicators of liquidity need to be interpreted with caution, as they rely on the assessment of equilibrium money holdings, which is surrounded by considerable uncertainty.

Overall, underlying money and credit growth remain weak. As in the first half of the year, M3 growth in the third quarter and October did not stem from growth in credit to the private

Chart 15 Estimates of the nominal money gap[1)]

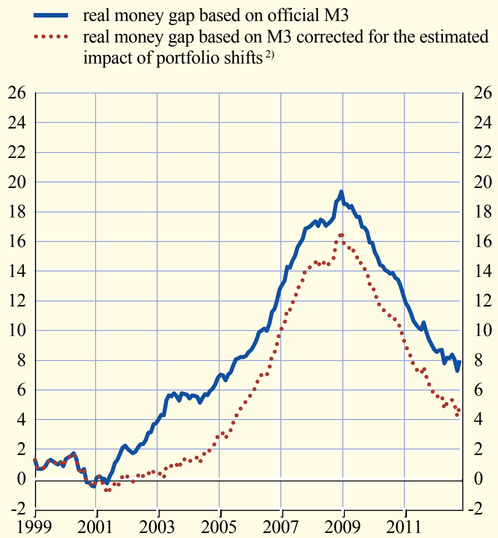
(as a percentage of the stock of M3; adjusted for seasonal and calendar effects; December 1998 = 0)



Source: ECB.
1) The nominal money gap is defined as the difference between the actual level of M3 and the level of M3 that would have resulted from constant M3 growth at its reference value of 4½% since December 1998 (taken as the base period).
2) Estimates of the magnitude of portfolio shifts into M3 are constructed using the general approach discussed in Section 4 of the article entitled "Monetary analysis in real time", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2004.

Chart 16 Estimates of the real money gap[1)]

(as a percentage of the stock of real M3; adjusted for seasonal and calendar effects; December 1998 = 0)



Source: ECB.
1) The real money gap is defined as the difference between the actual level of M3 deflated by the HICP and the deflated level of M3 that would have resulted from constant nominal M3 growth at its reference value of 4½% and HICP inflation in line with the ECB's definition of price stability, taking December 1998 as the base period.
2) Estimates of the magnitude of portfolio shifts into M3 are constructed using the general approach discussed in Section 4 of the article entitled "Monetary analysis in real time", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2004.

sector, potentially still reflecting, in part, the necessary correction of past excesses. At the same time, deleveraging needs remain considerable in some countries and sectors. As a result, the moderate price pressures recorded by the usual indicators are accompanied by still balanced but increasingly dispersed risks. In any case, a prerequisite for a recovery in lending to the private sector is the restoration of banks' risk-taking capacity and the return of private sector demand for bank credit.

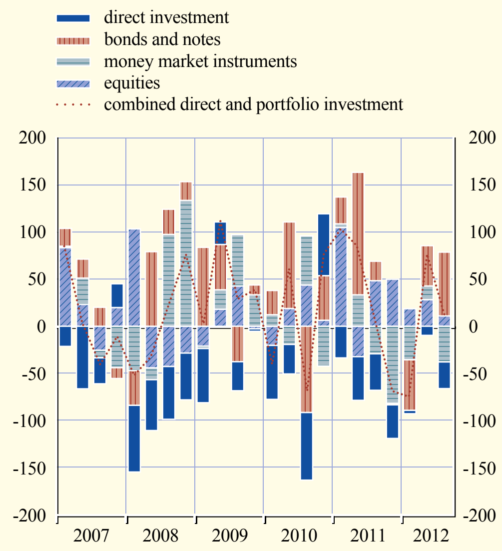
Box 3

DEVELOPMENTS IN THE FINANCIAL ACCOUNT OF THE EURO AREA BALANCE OF PAYMENTS UNTIL SEPTEMBER 2012

This box analyses recent developments in the financial account of the euro area balance of payments until the third quarter of 2012. In the 12-month period to September the combined balance on direct and portfolio investment in the euro area recorded net outflows of €55.8 billion, compared with net inflows of €265.9 billion a year earlier. These were to some extent offset by net inflows of €19.0 billion in other investment (see the table below). Sizeable net outflows in other investment and concomitant net inflows in portfolio investment (on account of the repatriation of funds invested in foreign securities) were recorded in the second quarter of this year as financial market tensions in the euro area intensified. These tensions have recently eased somewhat following the ECB's announcement of the Outright Monetary Transactions (OMTs). As a result, euro area residents resumed their net purchases of cross-border securities in the third quarter, while non-residents increased their exposure to euro area securities.

Main items in the financial account

(EUR billions; quarterly net flows)



Source: ECB.

The shift in the combined direct and portfolio investment balance to net outflows over the 12-month period to September 2012 was mainly due to lower net inflows in portfolio investment as foreign investors substantially reduced their purchases of equity securities issued by non-MFIs, disinvested from bonds and notes issued by euro area MFIs and liquidated money market instruments issued by the general government sector. Furthermore, there were outflows from MFIs' other investment liabilities, implying that they had difficulty in rolling over deposits and loans that were maturing. These developments exerted additional funding pressure on euro

Main items in the financial account of the euro area balance of payments

(EUR billions; non-seasonally adjusted data)

			Three-month cumulated figures				12-month cumulated figures	
	2012		2011	2012			2011	2012
	Aug.	Sep.	Dec.	Mar.	June	Sep.	Sep.	Sep.
Financial account [1]	-9.7	-7.1	-42.2	3.6	-24.3	-24.1	-10.1	-87.1
Combined net direct and portfolio investment	-2.2	-3.6	-69.7	-74.5	76.0	12.4	265.9	-55.8
Net direct investment	-12.1	-8.9	-35.7	-3.5	-9.7	-28.2	-53.3	-77.1
Net portfolio investment	9.9	5.3	-34.0	-71.0	85.7	40.6	319.2	21.3
Equities	15.1	0.3	49.8	18.6	28.3	10.9	127.2	107.6
Debt instruments	-5.2	5.0	-83.7	-89.6	57.4	29.7	192.0	-86.3
Bonds and notes	28.1	36.1	-1.5	-53.8	42.9	67.8	226.7	55.4
Money market instruments	-33.3	-31.1	-82.3	-35.8	14.5	-38.1	-34.7	-141.7
Net other investment	-5.7	-1.8	45.1	86.9	-81.7	-31.3	-284.3	19.0
Of which: money-holding sector [2]								
Net direct investment	-11.0	-9.8	-38.2	-6.3	-13.2	-27.5	-34.0	-85.2
Net portfolio investment	7.0	20.3	-48.2	-43.7	41.0	34.0	70.0	-16.9
Equities	7.2	1.1	10.6	14.3	32.4	9.6	139.4	66.8
Debt instruments	-0.2	19.2	-58.8	-58.0	8.7	24.5	-69.4	-83.7
Net other investment	2.2	-3.9	23.8	6.0	-36.8	-1.0	1.9	-7.9

Source: ECB.
Note: Figures may not add up, owing to rounding.
1) Figures refer to balances (net flows). A positive/negative sign indicates a net inflow/outflow.
2) General government and other sectors of the balance of payments.

area MFIs. The reduction in net inflows in portfolio investment and disinvestment from euro area MFIs' deposits and loans was largely offset by euro area resident banks repatriating foreign assets. This was reflected in a substantial shift from net purchases to net sales of short-term assets in other investment, which resulted in small net inflows in other investment, compared with net outflows in the previous period.

There were marked changes in the pattern of financial flows in the third quarter, compared with the second quarter. Specifically, while net inflows of portfolio investment in the second quarter were mainly driven by euro area investors reducing their exposure to foreign securities, euro area residents resumed their net purchases of cross-border securities in the third quarter. As a result, net inflows of portfolio investment edged down despite an increase in net purchases of euro area securities by foreign investors. This return to the pattern of portfolio investment flows that prevailed prior to the outbreak of the sovereign debt crisis has occurred at a time of improving financial market confidence. Net outflows of foreign direct investment increased from the second quarter of the year onwards, owing to non-residents acquiring less equity capital and other capital issued by euro area non-financial corporations. In the meantime, there was only a marginal reduction in net acquisitions of foreign equity by euro area investors.

It should be noted that there were remarkable differences between portfolio investment flows in the MFI and non-MFI sectors. As regards the MFI sector, net inflows of portfolio investment were recorded for the second quarter in a row, owing to the ongoing process of liquidating foreign securities, which had briefly been reversed in the first quarter of 2012. Euro area MFIs continued to reduce their exposure to foreign securities amid persistent net outflows of other investment from euro area financial institutions. However, they reduced their holdings of bonds and notes to a much lesser extent in the third quarter than in the second quarter and eventually stopped decreasing their holdings of other portfolio investment instruments. Thus there was still pressure on euro area banks to liquidate foreign assets in order to mobilise funds, but this pressure eased somewhat.

In the meantime, euro area non-MFIs resumed their net purchases of foreign equity securities and money market instruments, as well as increasing their purchases of foreign bonds and notes. Likewise, foreign investors' acquisition of securities (mainly bonds and notes) issued by euro area non-MFIs increased significantly. Net portfolio investment remained in positive territory in the third quarter, thus contributing positively to the liquidity available in the euro area. This was partly reflected in the evolution of the broad monetary aggregate M3. As can be seen from the monetary presentation of the balance of payments, these transactions involving the money-holding sector were an important determinant of the increase in MFIs' net external asset position in the third quarter of 2012.

2.2 FINANCIAL INVESTMENT OF THE NON-FINANCIAL SECTORS AND INSTITUTIONAL INVESTORS

The annual growth rate of financial investment by the non-financial sectors declined in the second quarter of 2012, reflecting the general weakening of the economic environment and reduced income opportunities. The decline in the annual growth rate of financial investment by insurance corporations and pension funds reflected the negative trend observed for households' investment in insurance technical reserves. Investment funds saw a marked inflow in the third quarter of 2012, which was driven almost entirely by investment in bond funds on account of the easing of tensions in those markets – developments triggered in part by the ECB's announcement of the Outright Monetary Transactions (OMTs).

Table 3 Financial investment of the euro area non-financial sectors

	Outstanding amount as a percentage of financial assets 1)	Annual growth rates									
		2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2
Financial investment	**100**	**2.3**	**2.6**	**2.8**	**3.6**	**3.4**	**3.6**	**3.3**	**2.6**	**2.9**	**2.6**
Currency and deposits	25	1.8	1.5	2.3	3.2	3.9	4.2	3.5	3.0	3.6	3.1
Debt securities, excluding financial derivatives	5	-2.8	-2.7	-3.5	5.1	6.2	7.1	7.5	2.8	1.4	0.5
of which: short-term	0	-27.1	-24.4	-10.8	-7.8	-0.5	6.2	-0.7	20.3	16.0	20.3
of which: long-term	5	0.6	-0.1	-2.7	6.3	6.8	7.2	8.3	1.4	0.2	-1.0
Shares and other equity, excluding mutual fund shares	27	2.5	2.4	2.6	3.3	2.6	2.5	2.7	2.3	2.8	2.8
of which: quoted shares	5	4.6	3.2	2.2	3.1	1.1	1.3	2.8	1.9	2.6	2.3
of which: unquoted shares and other equity	22	2.0	2.2	2.7	3.4	3.0	2.9	2.7	2.4	2.9	3.0
Mutual fund shares	5	-0.2	-2.1	-2.9	-3.5	-4.4	-3.7	-4.7	-5.2	-3.9	-2.7
Insurance technical reserves	16	5.0	4.8	4.7	4.3	3.6	3.1	2.7	2.1	1.8	1.7
Other 2)	22	3.0	5.0	5.4	5.6	5.2	5.4	5.4	4.8	5.4	4.4
M3 3)		**-0.1**	**0.1**	**0.8**	**1.1**	**1.8**	**1.3**	**1.7**	**1.5**	**2.9**	**3.0**

Source: ECB.
1) As at the end of the last quarter available. Figures may not add up due to rounding.
2) Other financial assets comprise loans and other accounts receivable, which in turn include trade credit granted by non-financial corporations.
3) End of quarter. The monetary aggregate M3 includes monetary instruments held by euro area non-MFIs (i.e. the non-financial sectors and non-monetary financial intermediaries) with euro area MFIs and central government.

NON-FINANCIAL SECTORS

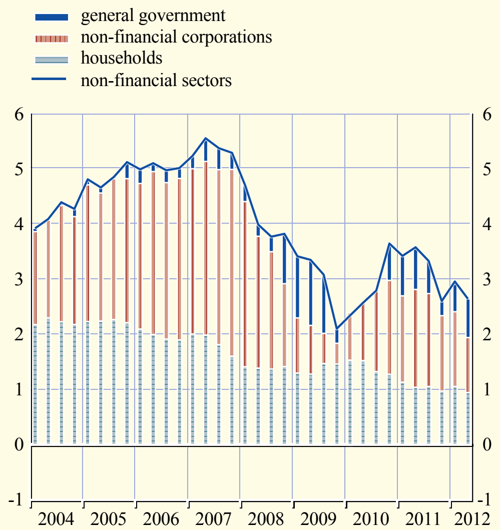
In the second quarter of 2012 (the most recent quarter for which data are available) the annual growth rate of total financial investment by the non-financial sectors declined to 2.6% (down from 2.9% in the first quarter; see Table 3). The developments observed in the second quarter resulted mainly from weaker growth in both (i) investment in currency and deposits and (ii) investment in other financial assets (which comprise loans and other accounts receivable, including trade credit granted by non-financial corporations).

A sectoral breakdown reveals that households and non-financial corporations reduced their financial investment in the second quarter, while the general government sector increased its investment (see Chart 17). The slowdown in households' accumulation of financial assets largely reflected a decline in nominal disposable income. Households reduced their holdings of debt securities and continued to shed mutual fund shares – a process that began in early 2011 and appears, on the basis of investment fund statistics, to have continued in the third quarter of this year (particularly for equity funds).

The annual growth rate of financial investment by the general government sector rose further in the second quarter, mainly reflecting increased investment in debt securities, loans and shares, while investment in currency and deposit

Chart 17 Financial investment of non-financial sectors

(annual percentage changes; contributions in percentage points)



Source: ECB.

holdings declined. The decline observed in the annual growth rate of total financial investment by non-financial corporations in the second quarter of 2012 reflected continued declines in gross operating surpluses and may also be due, in part, to increased recourse to internal sources of funding in some Member States. More detailed information on developments in the financial flows and balance sheets of the non-financial private sectors is provided in Sections 2.6 and 2.7. Information can also be found – for all institutional sectors – in the box entitled "Integrated euro area accounts for the second quarter of 2012" in the November 2012 issue of the Monthly Bulletin.

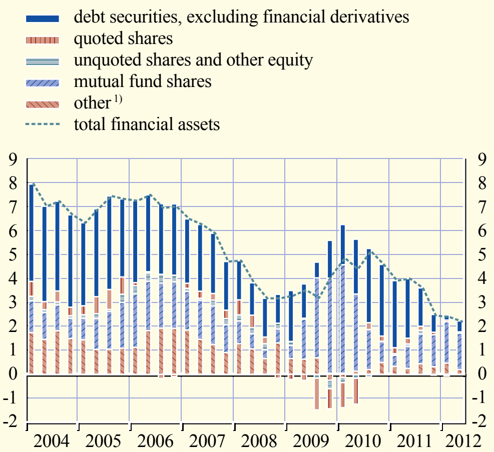
INSTITUTIONAL INVESTORS

The annual growth rate of financial investment by insurance corporations and pension funds declined to 2.2% in the second quarter of 2012 (see Chart 18). That was the lowest rate of growth since 1999 and reflected the declines seen in households' investment in insurance technical reserves since end-2007. Although mutual fund shares remained the most important contributor to total financial investment by insurance corporations and pension funds, the size of that contribution declined, as did those of most other instruments. By contrast, the contribution made by financial investment in debt securities increased on the back of a markedly higher annual growth rate in the second quarter. This may reflect the fact that insurance corporations and pension funds have shifted liquidity buffers accumulated in the previous quarter into fixed income instruments with higher yields.

The annual inflow for investment fund shares/units (excluding money market funds) increased markedly to stand at €171 billion in the third quarter of 2012, up from €47 billion in the previous quarter. The annual growth rate increased to 2.8%, up from 0.7% in the second quarter. Annual inflows for bond funds were the largest contributor, but investment in mixed funds also picked up, while outflows continued to be observed for equity funds (see Chart 19). An outflow was also

Chart 18 Financial investment of insurance corporations and pension funds

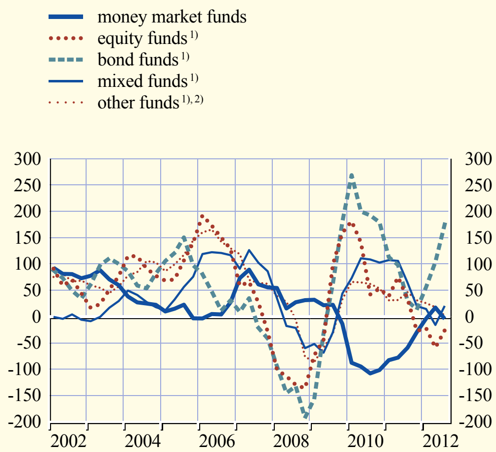
(annual percentage changes; contributions in percentage points)



Source: ECB.
1) Includes loans, deposits, insurance technical reserves and other accounts receivable.

Chart 19 Net annual flows into money market and investment funds

(EUR billions)



Sources: ECB and EFAMA.
1) Prior to the first quarter of 2009, estimates of quarterly flows are derived from non-harmonised ECB investment fund statistics, ECB calculations based on national data provided by EFAMA, and ECB estimates.
2) Includes real estate funds, hedge funds and funds not classified elsewhere.

observed for money market funds, reflecting the challenging business environment for those funds given the low level of interest rates.

Looking specifically at developments in the third quarter of 2012, an inflow of €75 billion was observed for investment fund shares/units (excluding money market funds) on the basis of non-seasonally adjusted data. The inflow recorded for that instrument in the first three quarters of 2012 more than offset the outflows recorded in 2011. The inflows seen for bond funds in the third quarter were much larger than those recorded for other types of fund, and the annual growth rate of bond funds increased to 8.7% in that quarter. That partly reflected the easing observed in bond markets following the settling of the Eurosystem's three-year longer-term refinancing operations on 22 December 2011 and 1 March 2012. In addition, the ECB's announcement of the OMTs contributed to some easing of financial market tensions in the euro area, particularly in government bond markets. These events may have encouraged institutional investors to unwind liquidity buffers, potentially to the benefit of riskier assets.

2.3 MONEY MARKET INTEREST RATES

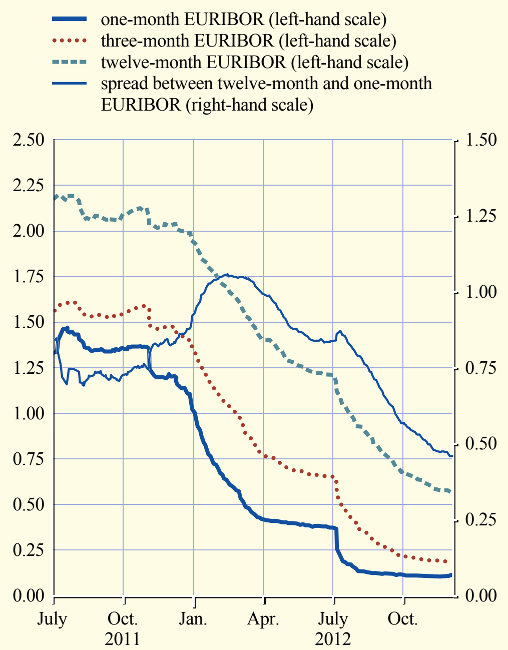
Money market interest rates generally declined between 5 September and 5 December 2012. The EONIA declined marginally, remaining at low levels and reflecting the historically low levels of key ECB interest rates, as well as the significant excess liquidity in the overnight money market. Volatility in money market interest rates remained broadly unchanged.

Unsecured money market interest rates decreased between 5 September and 5 December 2012. On 5 December the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.11%, 0.19%, 0.34% and 0.57% respectively – i.e. 1, 8, 18 and 21 basis points lower than the levels observed on 5 September. Accordingly, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased by 20 basis points over that period to stand at 46 basis points on 5 December (see Chart 20).

Secured money market interest rates have stabilised at very low levels since the beginning of the year (see Chart 21). The interest rate on the three-month overnight index swap stood at 0.07% on 5 December, 1 basis point lower than on 5 September. As the corresponding unsecured EURIBOR decreased more markedly, the spread between these two rates decreased from 19 basis points on 5 September to 13 basis points on 5 December. The three-month EUREPO remained unchanged at -0.01% in the period under review.

Chart 20 Money market interest rates

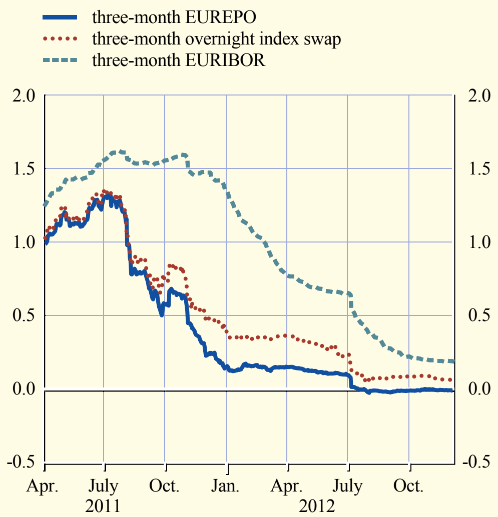
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

Chart 21 Three-month EUREPO, EURIBOR and overnight index swap

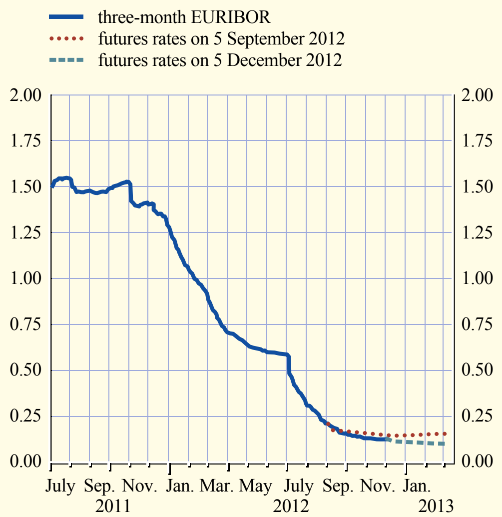
(percentages per annum; daily data)



Sources: ECB, Bloomberg and Thomson Reuters.

Chart 22 Three-month interest rates and futures rates in the euro area

(percentages per annum; daily data)



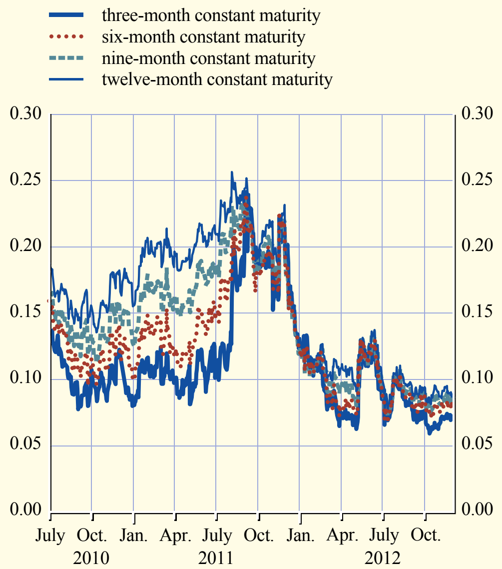
Source: Thomson Reuters.
Note: Three-month futures contracts for delivery at the end of the current and next three quarters as quoted on Liffe.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in December 2012 and March and June 2013 stood at 0.18%, 0.17% and 0.17% respectively on 5 December, representing decreases of 3, 5 and 7 basis points in comparison with the levels observed on 5 September, partly reflecting expectations of reductions in key ECB interest rates (see Chart 22). Implied volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts remained broadly unchanged in comparison with the levels observed on 5 September (see Chart 23).

Looking at the overnight maturity, the EONIA declined marginally further to stand at 9 basis points on average during the ninth, tenth and eleventh reserve maintenance periods of the year, standing at 0.069% on 5 December. Accordingly, the negative spread between the EONIA and the main refinancing rate increased marginally further during the review period, reflecting very large amounts of excess liquidity in overnight money markets.

Chart 23 Implied volatilities with constant maturities derived from options on three-month EURIBOR futures

(percentages per annum; daily data)



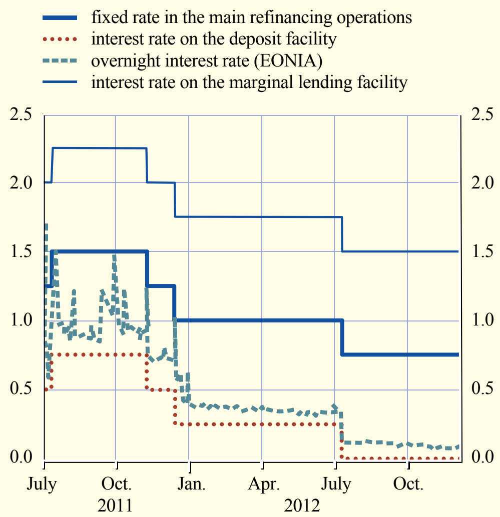
Sources: Thomson Reuters and ECB calculations.
Notes: This measure is calculated in two stages. First, implied volatilities derived from options on three-month EURIBOR futures are converted by expressing them in terms of logged prices instead of logged yields. Second, the resulting implied volatilities, which have a constant maturity date, are transformed into data with a constant time to maturity.

The review period saw the ECB continue to provide liquidity through refinancing operations with maturities of one week, one maintenance period and three months. All of these operations were conducted as fixed rate tender procedures with full allotment.

The ECB also conducted weekly one-week liquidity-absorbing operations with a variable rate tender procedure and maximum bid rates of 0.75% in the ninth, tenth and eleventh maintenance periods of the year. With these liquidity-absorbing operations, the ECB absorbed an amount equal to the value of the purchases made under the Securities Markets Programme, which stood at €208.5 billion on 5 December.

Chart 24 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

The review period was characterised by very high levels of excess liquidity, with average daily recourse to the deposit facility over the three reserve maintenance periods in question (i.e. the ninth, tenth and eleventh maintenance periods of 2012) standing at €265 billion, while excess reserves increased to €423 billion. By comparison, in the three previous maintenance periods, average daily recourse to the deposit facility totalled €479 billion, while excess reserves averaged €291 billion. The decline in recourse to the deposit facility mainly reflects the shifting of base money from the deposit facility to current accounts (in excess of reserve requirements) owing to the reduction of the deposit rate to 0.00% with effect from 11 July 2012.

Box 4

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 8 AUGUST TO 13 NOVEMBER 2012

This box describes the ECB's open market operations during the reserve maintenance periods ending on 11 September, 9 October and 13 November 2012.

During the period under review, the main refinancing operations (MROs) were conducted as fixed rate tender procedures with full allotment. The same procedure remained in use for conducting the Eurosystem's special-term refinancing operations with a maturity of one maintenance period. The fixed rate in these operations was the same as the MRO rate prevailing at the time.

In addition, the three-month longer-term refinancing operations (LTROs) allotted in the period under review were conducted as fixed rate tender procedures with full allotment. The rates in these operations were fixed at the average of the rates in the MROs over the life of the respective LTRO.

Finally, the key ECB interest rates remained unchanged.

Liquidity needs of the banking system

During the period under review, the banking system's aggregate daily liquidity needs – defined as the sum of autonomous factors and reserve requirements – averaged €520.9 billion. This was €24.7 billion higher than the daily average recorded in the previous three maintenance periods (i.e. the period from 9 May to 7 August 2012). Reserve requirements stood at €106.8 billion on average over the three maintenance periods under review, unchanged compared with the previous three maintenance periods. At the same time, autonomous factors increased by €24.8 billion to €414.1 billion on average.

Current account holdings in excess of reserve requirements averaged €428.3 billion during the period under consideration (see Chart A). Such large current account holdings were attributable to the reduction of the deposit facility rate to zero in July 2012, which, in principle, made banks indifferent as to whether they transferred their excess liquidity overnight to the deposit facility or left it unremunerated on their current accounts as excess reserves. In the previous period under review, current account holdings in excess of reserve requirements averaged €4.4 billion during the first two maintenance periods and €403 billion in the third maintenance period.

Liquidity supply

During the period under review, total net liquidity supplied by means of open market operations averaged €1,244.7 billion. This represents a decrease of €16.1 billion relative to the previous three maintenance periods. Tender operations[1] provided an average of €965.4 billion, €14.5 billion less than in the previous review period (see Chart B).

The average amount of liquidity supplied through one-week main refinancing operations

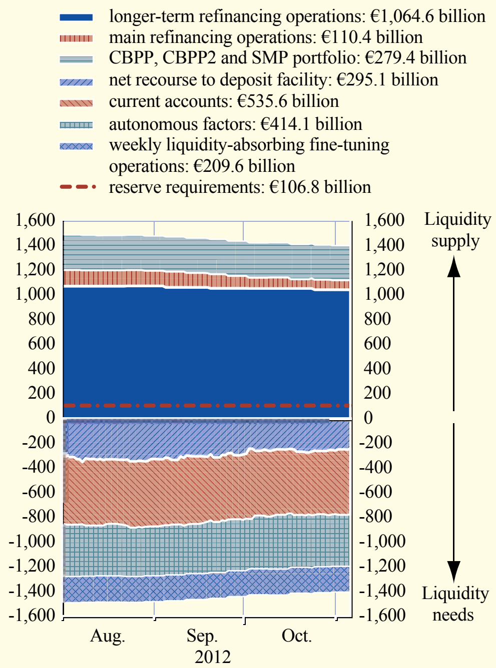
Chart A Banks' current account holdings in excess of reserve requirements

(EUR billions; average level in each maintenance period)

Source: ECB.

Chart B Liquidity needs of the banking system and liquidity supply

(EUR billions; daily averages for the review period are shown next to each item)



Source: ECB.

1 Tender operations include main refinancing operations, longer-term refinancing operations and fine-tuning operations, the latter of which can be either liquidity-providing or liquidity-absorbing.

decreased by €6.4 billion relative to the previous period. The average amount of liquidity provided by longer-term refinancing operations decreased by €10.4 billion, while the average amount of liquidity absorbed by the weekly fine-tuning operations decreased by €2.2 billion mainly owing to maturing amounts in the Securities Markets Programme (SMP) portfolio.

Together, the first and second covered bond purchase programmes (the CBPP and CBPP2) and the SMP resulted in liquidity that averaged €279.4 billion during the review period. This was again slightly lower than the average for the previous three maintenance periods.

Outstanding liquidity provided through the CBPP – which was completed in June 2010 – stood at €53.2 billion on 13 November 2012, marginally lower compared with the previous review period, on account of maturing amounts. On 13 November 2012, settled purchases under CBPP2 – which ended on 31 October 2012 – reached €16.4 billion, while the net value of settled purchases under the SMP stood at €208.5 billion, compared with €211.3 billion on 8 August 2012, on account of maturing amounts. The weekly fine-tuning operations absorbed all the liquidity provided by the SMP.

Use of standing facilities

The volume of excess liquidity (defined as total liquidity provided via operations and the marginal lending facility, minus autonomous factors and reserve requirements) averaged €724.8 billion in the period under review (down from €766.2 billion in the previous review period). Recourse to the marginal lending facility decreased from an average of €1.4 billion in the previous three maintenance periods to an average of €1.0 billion. The average recourse to the deposit facility decreased from an average of €639.1 billion to €296.1 billion, owing to the reduction of the deposit facility rate to zero. In net terms, the average recourse[2] to the deposit facility amounted to €295.1 billion.

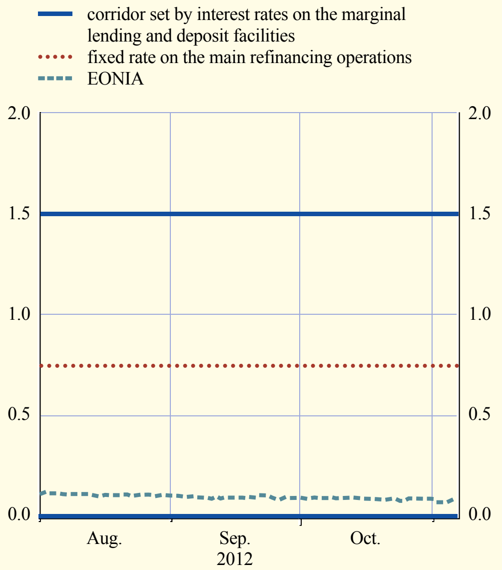
Interest rates

The key ECB interest rates on the main refinancing operations, the marginal lending facility and the deposit facility remained unchanged at 0.75%, 1.50% and 0.00% respectively during the period under review.

As liquidity remained ample in the period under review, the EONIA and other very short-term money market rates remained low. In the period under review, the EONIA averaged 0.10%, i.e. 65 basis points below the main refinancing rate (see Chart C).

Chart C The EONIA and ECB interest rates

(daily interest rates in percentages)



Source: ECB.

2 Net recourse to the deposit facility is calculated as recourse to the deposit facility minus recourse to the marginal lending facility over the period, including weekends.

2.4 BOND MARKETS

Between the end of August and 5 December, yields on AAA-rated government bonds declined slightly, while long-term government bond yields remained broadly stable in the United States. During that period, the market perceptions of risks in the euro area continued to ease, as a result of the announcements on the Outright Monetary Transactions (OMTs) as well as other positive news, such as the advances in the design of the banking union and in the restructuring of the Spanish banking sector as well as the agreement on the Greek debt. Further declines were recorded in the spreads of both sovereign and financial corporate bonds relative to AAA-rated bonds. The declines in spreads were steeper for those issuers with a lower rating. Moreover, declines were observed in liquidity premia and implied volatility. At the same time, market-based indicators of long-term inflation expectations suggest that market participants' inflation expectations remain fully consistent with price stability.

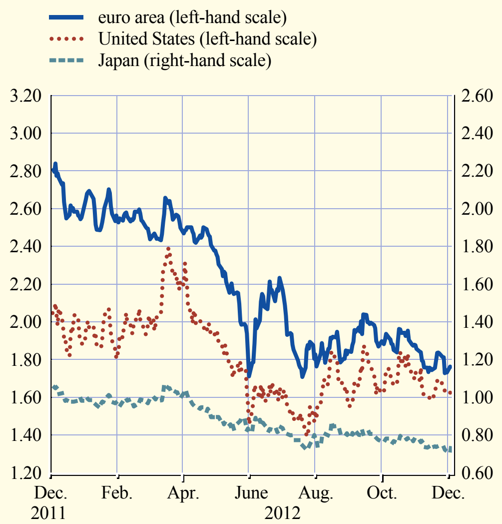
Between the end of August and 5 December, yields on AAA-rated government bonds declined slightly. AAA-rated long-term euro area government bond yields peaked at 2% in mid-September, before declining to 1.7% at the end of the period under review, 14 basis points lower than three months ago (see Chart 25). In the United States, long-term government bond yields increased by 4 basis points, to stand just below 1.6% on 5 December. Consequently, the nominal interest rate differential between ten-year government bond yields in the euro area and those in the United States narrowed by 18 basis points over the period. In Japan, ten-year government bond yields declined by 8 basis points over the same period, standing at 0.7% on 5 December.

The low yields on AAA-rated bonds are in line with expectations of weak economic activity, as illustrated by downward revisions of growth forecasts by both the IMF and the OECD in October and November respectively. Furthermore, for the United States, the risks of an imminent "fiscal cliff" cast a shadow over the economic recovery, in spite of some recent positive news on the housing market.

For bonds with lower credit ratings, developments have been driven by favourable market views about the ECB's announcement of the modalities for undertaking OMTs. This announcement appears, in particular, to have contributed to a further reduction in the perceived tail risk for the euro area, and may also explain why the impact of credit rating downgrades on Spain (two notches to BBB- by Standard & Poor's on 10 October) and France (one notch to Aa1 by Moody's on 19 November) were muted. The period under review also saw advances in the design of the banking union and in the restructuring, resolution and

Chart 25 Long-term government bond yields

(percentages per annum; daily data)



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

recapitalisation of the Spanish banking sector, in line with the Memorandum of Understanding agreed after the Government had requested external financial assistance. In the case of the Greek debt, the next disbursement by the European Financial Stability Facility (EFSF) has been cleared, and the Eurogroup has established a clear commitment to help the Greek government to reduce the debt level to below 110 per cent of GDP in 2022. This commitment includes debt buybacks, a reduction in interest rates and maturity extensions for the Greek Loan Facility, as well as the return by national governments of resources analogous to profits related to the Securities Markets Programme (SMP), at their own discretion and without any implication for the pay-out of profits from NCBs, all of them conditional on Greece's full implementation of the agreed reform measures. All these measures have helped to improve sentiment towards a positive solution of the debt crisis. In the United States, the Federal Reserve, in an effort to lower long-term interest rates, started purchasing additional agency mortgage-backed securities in 13 September and continued to extend the maturity of Treasury holdings.

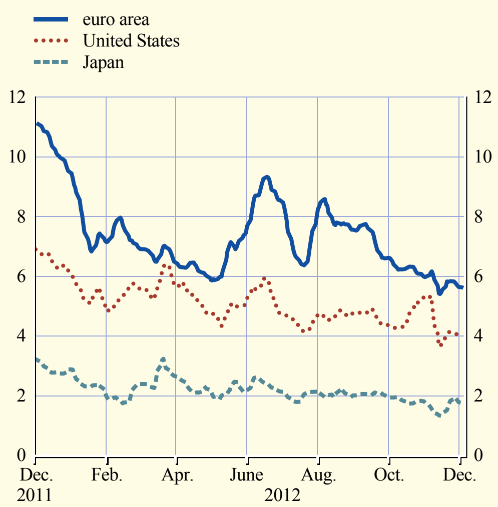
Investors' uncertainty about near-term bond market developments for the euro area, as measured by option-implied volatility, continued on the steadily declining path that started in early August (see Chart 26). The levels of implied volatility at the end of the period under review have not been observed since May 2011, although they are still above those prevailing before the beginning of the crisis and above those observed in the United States or Japan. Nevertheless, the decline in the United States and in Japan has been smaller than the one observed in the euro area, so the gap between them has narrowed considerably. The drop in the liquidity premia on German and French government bonds relative to those of their respective agency bonds is another sign of the improved bond market sentiment in the euro area.

As a consequence of the positive developments in some of the countries whose bonds have been under stronger pressure in the sovereign debt crisis, as well as the reduced volatility in the bond markets, there was a general reduction in both sovereign credit default swaps as well as bond yields for those countries more severely affected by the crisis. Interest rates for Greece declined by more than 800 basis points between the end of August and 5 December. There were also steep drops in the other countries under financial assistance programmes (184 basis points for Portugal and 147 basis points for Ireland) as well as Italy and Spain (141 and 148 basis points respectively). Only German and Finnish bonds saw slight increases in yields, further compressing the spreads on ten-year sovereign bonds vis-à-vis German sovereign bonds in the period under review, although they remain well above the spreads observed before the sovereign bond crisis.

The yields on inflation-linked euro area government bonds remained broadly

Chart 26 Implied government bond market volatility

(percentages; daily data)



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

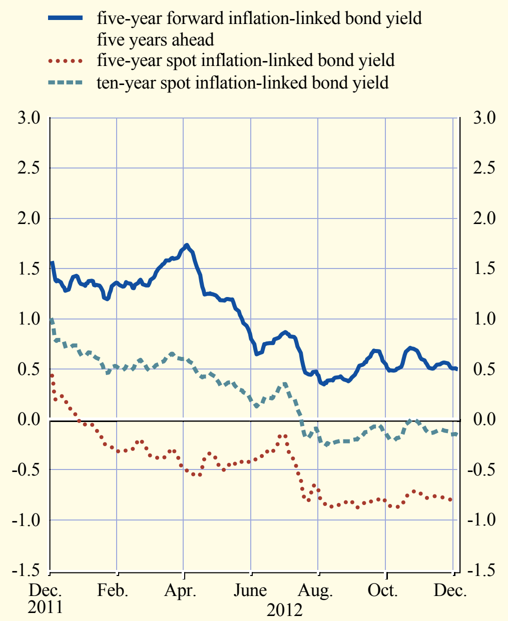
unchanged from the end of August to 5 December, with modest increases of 2 and 5 basis points for the five and ten-year maturities, implying negative real rates of -0.8% and -0.1% respectively (see Chart 27). Perspectives of continued weak economic activity dragged real rates into negative values, especially for the short maturities. For the long maturities, the implied forward real rates in the euro area (five-year forward five years ahead) increased by 8 basis points to a positive real rate close to 0.5%.

Given the slight decline in the yields on AAA-nominal bonds and the increase in those on inflation-linked bonds, the bond markets signalled a moderate decrease in break-even inflation. The implied forward break-even inflation rate in the euro area (five-year forward five years ahead) went down 14 basis points to stand below 2.4%. Meanwhile, the inflation swap rate with the same time horizon also fell by 10 basis points to a level close to 2.2% at the end of the period under review (see Chart 28). Overall, when also taking specific market factors into account, market-based indicators suggest that inflation expectations remain firmly anchored in line with price stability.

The shape of the implied forward euro area overnight interest rates flattened slightly in the period under review, possibly signalling that market participants expect overnight interest rates to remain at low levels for longer than forecast in August (see Chart 29).

Chart 27 Euro area zero coupon inflation-linked bond yields

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



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

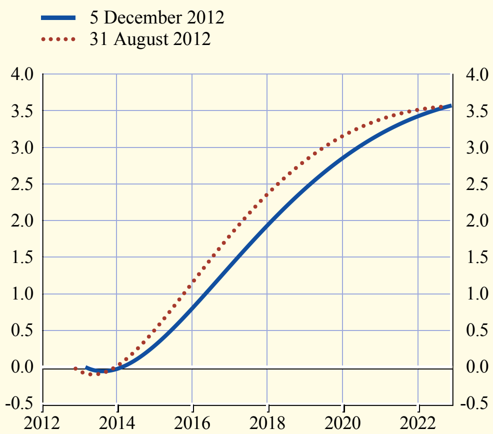
Chart 28 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

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

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

Chart 29 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

Between the end of August and 5 December 2012, spreads on investment-grade corporate bonds in the euro area (relative to the Merrill Lynch EMU AAA-rated government bond index) continued decreasing across all rating classes. Declines can be interpreted as a reduction of the risk premia, since spread reductions were more pronounced for lower-rated issuers. Moreover, interest rate falls were steeper for financial corporations, which have borne significantly higher spreads than non-financial corporations since the beginning of the crisis. For instance, spreads of BBB-rated bonds fell by 184 basis points for financial issuers and by 24 basis points for non-financial corporations. There were also significant reductions in spreads for A-rated financial issuers (38 basis points), while spreads for non-financial issuers with similar ratings increased marginally. Overall, recent developments in corporate bond yields suggest an improvement in market-based financing conditions for firms, especially in the financial sector.

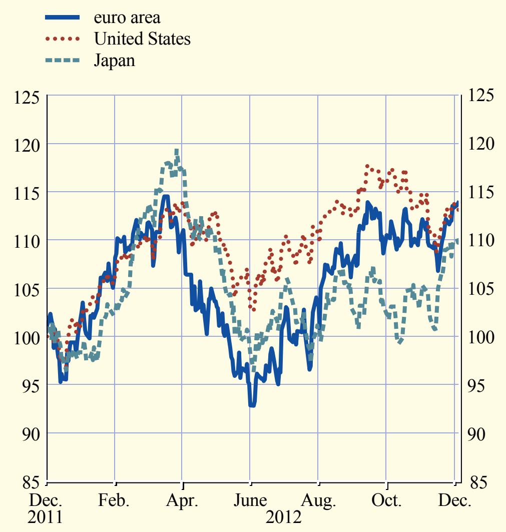
2.5 EQUITY MARKETS

Between the end of August and 5 December 2012, stock prices increased by around 6% in the euro area, while they remained broadly unchanged in the United States. Stock prices in both economic areas rose strongly in September, following the ECB's announcement of the modalities for undertaking Outright Monetary Transactions (OMTs) and the announcement of further monetary stimulus in the United States. In the euro area, initiatives to strengthen financial stability through a banking union, advances in the restructuring of the Spanish banking sector and an agreement on Greece's bailout programme further contributed to positive market sentiment. In the United States, the looming "fiscal cliff" weighed negatively on stock prices, particularly in the two months to early December. In both economic areas, stock prices in the financial sector outperformed those in the non-financial sector over the period under review. Stock market uncertainty, as measured by implied volatility, declined in both the euro area and the United States.

Between the end of August and 5 December 2012, the composite equity price index increased by around 6% in the euro area, while the comparable US index remained broadly unchanged (see Chart 30). In the euro area, stock prices in the financial sector rose more sharply (by 13%) than those in the non-financial sector (by 5%). In the United States, stock prices in the financial sector also outperformed those in the non-financial sector. Whereas the former increased by around 4%, the latter decreased slightly. By comparison, broad equity indices in the United Kingdom and Japan rose by around 3% and 7% respectively in the three months to early December. The developments in the equity indices in the euro area and the United States took place in an environment marked by reduced risk perception, as signalled by the decline in volatility implied in equity index options (see Chart 31).

Chart 30 Stock price indices

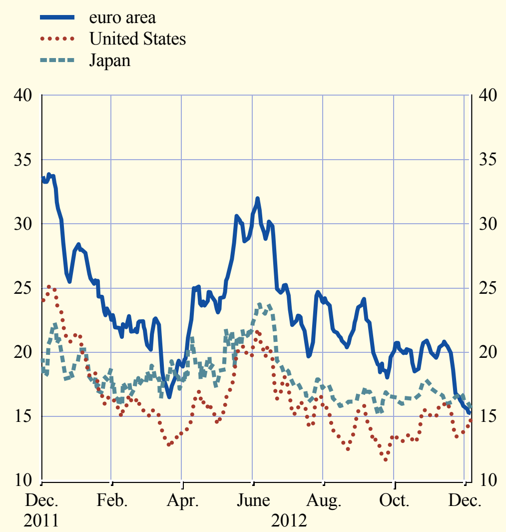
(index: 1 December 2011 = 100; daily data)



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

Chart 31 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.

Early in the period under review, stock prices rose strongly in both economic areas, following the ECB's announcement of the modalities for undertaking OMTs and the German court ruling on the European Stability Mechanism (ESM) at the beginning of September. In addition, equity prices received support from the announcement of further monetary stimulus in the United States. The stock price rallies came to a halt in late September, reflecting mixed signals about the global economy. In the United States, housing markets showed signs of improvement and the economy kept growing in the third quarter of 2012. In the euro area, real GDP declined in the same period and economic indicators pointed to a subdued outlook. Moreover, concerns about the resolution of the looming "fiscal cliff" in the United States weighed negatively on stock prices in the United States later in the period.

In the euro area, equity prices continued to increase from October to early December, albeit at a slower pace than in the first half of September. The positive market sentiment in the euro area mainly reflected steps towards the resolution of the euro area debt crisis, such as political initiatives to strengthen financial stability through a banking union, advances in the restructuring of the Spanish banking sector and an agreement on Greece's bailout programme. The downgrades of Spain (by Standard & Poor's in October) and France (by Moody's in November) had only a limited impact on the euro area stock markets, as they had been broadly expected by market participants.

Stock market uncertainty, as measured by implied volatility, tended to decrease in the period under review. In the euro area, it fell by 9 percentage points, from 24% to 15%, while in the United States, it declined only slightly, from 16% to 15%. The significant decrease in implied volatility observed

Table 4 Price changes in the Dow Jones EURO STOXX economic sector indices

(percentages of end-of-period prices)

	EURO STOXX	Basic materials	Consumer services	Consumer goods	Oil and gas	Financial	Health-care	Industrial	Tech-nology	Tele-communi-cations	Utility
Share of sector in market capitalisation *(end-of-period data)*	100.0	10.8	6.9	17.6	7.4	21.3	6.2	14.8	4.9	4.2	6.0
Price changes *(end-of-period data)*											
Q3 2011	-23.1	-28.9	-17.4	-20.0	-19.1	-30.9	-9.2	-27.4	-15.9	-14.4	-18.5
Q4 2011	5.1	13.1	5.6	9.1	18.6	-1.8	11.3	6.5	1.9	-3.6	-4.3
Q1 2012	9.5	14.2	5.2	15.3	1.4	11.3	5.5	12.7	21.6	-5.0	1.3
Q2 2012	-8.4	-8.3	-5.3	-4.6	-9.3	-13.7	5.0	-8.5	-16.1	-10.6	-8.2
Q3 2012	7.9	13.2	8.3	5.7	7.7	12.0	7.4	6.5	10.8	-1.0	2.1
Oct. 2012	1.6	-1.9	3.0	1.7	1.0	4.9	0.5	2.7	1.6	-6.1	0.8
Nov. 2012	2.7	4.6	3.9	5.2	0.2	3.5	1.1	3.0	8.1	-2.7	-7.0
31 Aug.12 – 05 Dec.12	6.1	7.6	7.9	5.6	-0.8	13.2	5.4	7.3	10.5	-9.5	-3.9

Sources: Thomson Reuters and ECB calculations.

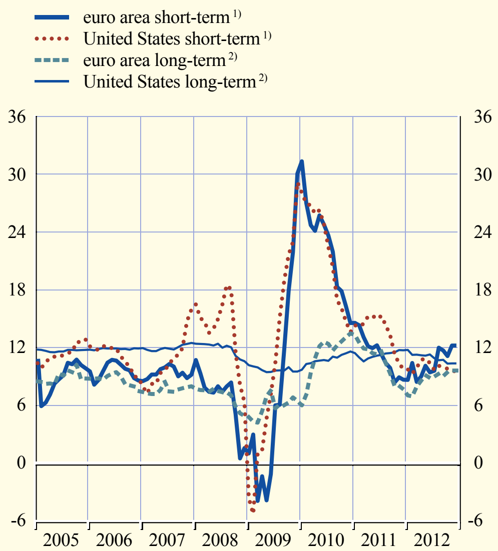
in the euro area stock market should be seen in the light of the above-mentioned steps towards the resolution of the euro area debt crisis and the resulting increase in stock prices. While implied volatility continues to be slightly lower in the United States than in the euro area, both currency areas currently see volatility levels that are low by historical standards.

The sectoral sub-indices of the euro area equity markets recorded increases in the three months to 5 December, with the exception of the oil and gas, telecommunications and utilities sectors. Relative to the euro area composite index, which rose by 6% over the period under review, increases were particularly sharp in the financial and technology sectors, whose stocks grew by around 13% and 11%, respectively. Gains in financial share prices appeared to be supported by the ECB's announcement of the modalities for undertaking OMTs, political initiatives to strengthen financial stability through a banking union and advances in the restructuring of the Spanish banking sector. In the United States, where the composite index remained broadly unchanged over the period under review, the changes in sectoral sub-indices were relatively muted, ranging from -3% to 3%. The only exception was the technology sector, whose equity prices declined by more than 8%.

For the (financial and non-financial) euro area corporations that are included in the Dow Jones EURO STOXX index, data on corporate earnings show that the negative rate of growth

Chart 32 Expected growth in corporate earnings per share in the United States and the euro area

(percentages per annum; monthly data)



Sources: Thomson Reuters and ECB calculations.
Notes: Expected earnings growth of corporations on the Dow Jones EURO STOXX index for the euro area and on the Standard & Poor's 500 index for the United States.
1) "Short-term" refers to analysts' earnings expectations 12 months ahead (annual growth rates).
2) "Long-term" refers to analysts' earnings expectations three to five years ahead (annual growth rates).

of actual earnings, computed over the previous 12 months, eased off somewhat over the period under review, from around -12% in September to around -8% in November. Especially the financial, telecommunications and technology sectors continued to record declining earnings, while companies in the industrial and consumer goods sectors reported positive earnings growth over the period under review. Overall, the growth in earnings per share projected by market participants for the period twelve months ahead remained stable, at around 12%, while expected long-term growth in earnings per share increased slightly, from around 9% in September to around 10% in November (see Chart 32).

2.6 FINANCIAL FLOWS AND THE FINANCIAL POSITION OF NON-FINANCIAL CORPORATIONS

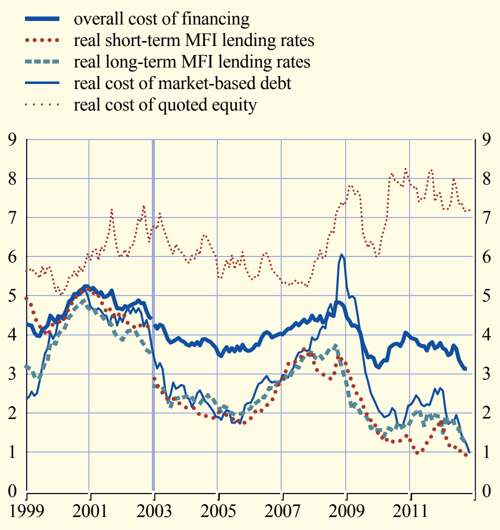
Between July and October 2012, the real cost of financing for euro area non-financial corporations decreased, reflecting a broad-based decline across all sub-categories, especially in the cost of market-based debt. With regard to financial flows, the annual growth of bank lending to non-financial corporations declined further in the third quarter of 2012. The subdued loan dynamics were driven by weak demand, tight bank lending conditions and the substitution of bank loans by alternative financing sources, such as debt securities, which increased further in the third quarter of 2012.

FINANCING CONDITIONS

The real cost of external financing for euro area non-financial corporations – as calculated by weighting the costs of different sources of financing on the basis of their outstanding amounts, corrected for valuation effects – further decreased by 23 basis points between July and October 2012, to around 3.1% (see Chart 33). This development in the overall real cost of financing was broadly based across all sub-categories and was particularly pronounced for the cost of market-based debt, which declined by 56 basis points over the period under review. Real long-term lending rates to non-financial corporations declined by 28 basis points between July and October, to 1.3%, and real short-term lending rates decreased by 18 basis points, to 0.9%. The real cost of issuing equity also declined somewhat, by 16 basis points, to 7.2%. More recent data indicate a further decline in the real cost of market-based debt in November, of about 20 basis points, to 1.0%, while the real cost of equity remained unchanged. Taking a longer-term perspective, the real overall cost of financing for euro area non-financial corporations in November 2012 remained at low levels by historical standards. This applies to all sources of financing shown in Chart 33, with the exception of the real cost of equity.

Chart 33 Real cost of the external financing of euro area non-financial corporations

(percentages per annum; monthly data)



Sources: ECB, Thomson Reuters, Merrill Lynch and Consensus Economics Forecasts.
Notes: The real cost of external financing of non-financial corporations is calculated as a weighted average of the cost of bank lending, the cost of debt securities and the cost of equity, based on their respective amounts outstanding and deflated by inflation expectations (see the box entitled "A measure of the real cost of the external financing of euro area non-financial corporations", *Monthly Bulletin*, ECB, March 2005). The introduction of the harmonised MFI lending rates at the beginning of 2003 led to a break in the statistical series. 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).

Table 5 MFI interest rates on new loans to non-financial corporations

(percentages per annum; basis points)

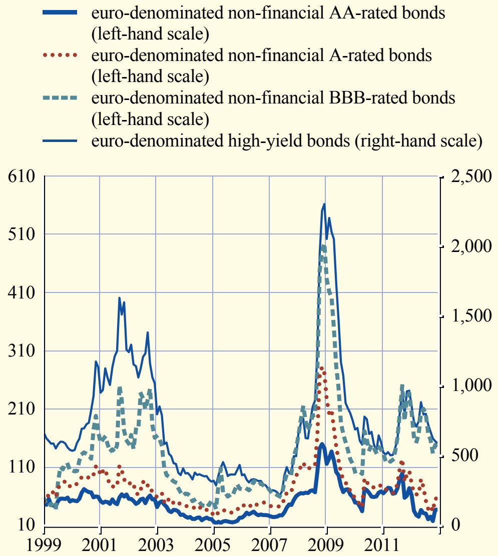
	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Sep. 2012	Oct. 2012	Change in basis points up to October 2012 [1] July 2011	July 2012	Sep. 2012
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	4.40	4.47	4.39	4.19	3.96	3.96	-31	-11	0
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	4.18	4.44	4.20	4.08	3.87	3.93	-16	-19	6
with an initial rate fixation of over five years	4.19	4.17	4.21	4.00	3.64	3.58	-87	-30	-6
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.91	3.16	2.52	2.56	2.21	2.22	-77	-18	1
with an initial rate fixation of over five years	3.68	3.74	3.46	3.28	3.01	3.04	-67	-29	3
Memo items									
Three-month money market interest rate	1.55	1.36	0.78	0.65	0.22	0.20	-141	-19	-2
Two-year government bond yield	0.74	0.41	0.39	0.27	0.07	0.09	-123	11	2
Seven-year government bond yield	1.96	2.08	1.90	1.69	1.26	1.28	-122	6	2

Source: ECB.
Notes: Government bond yields refer to the euro area bond yields based on the ECB's data on AAA-rated bonds (based on Fitch ratings), which currently include bonds from Austria, Finland, France, Germany and the Netherlands.
1) Figures may not add up due to rounding.

In the period from July to October 2012, nominal MFI interest rates on new loans to non-financial corporations declined for all loan sizes and maturities (see Table 5). More specifically, short-term interest rates for large loans (over €1 million) decreased by 18 basis points, and those on small loans (up to €1 million) fell by 19 basis points. MFIs' long-term lending rates decreased somewhat more than short-term lending rates, by 29 basis points on large loans and by 30 basis points on small loans. The overall decline in lending rates to non-financial corporations reflects the pass-through of past cuts in key ECB interest rates and the effectiveness of the ECB's non-standard measures in addressing bank funding constraints, although heterogeneity remained high at the country level. In the period under review, three-month money market rates decreased by 19 basis points, and seven-year government bond yields increased by 6 basis points for the euro area as a whole (see the note to Table 5). Moreover, the spread between large and small loans remained broadly stable overall in the third quarter of 2012, in the case of both short and long maturities.

Chart 34 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



Sources: Thomson Reuters and ECB calculations.
Note: Bond spreads are calculated vis-à-vis AAA-rated government bond yields.

Spreads between non-financial corporate bond yields and government bond yields narrowed between July and November 2012 for intermediate and high-yield bonds, while they increased slightly for higher-rated corporate bonds (see Chart 34). This reflected an overall improvement in financial market confidence during that period. Spreads on high-yield and BBB-rated corporate bonds narrowed by around 200 and 50 basis points respectively over the period under review. Those on AA-rated and A-rated bonds increased by 6 and 4 basis points respectively. The decline in spreads was particularly sharp in August, after the ECB's announcement of additional non-standard measures (i.e. OMTs).

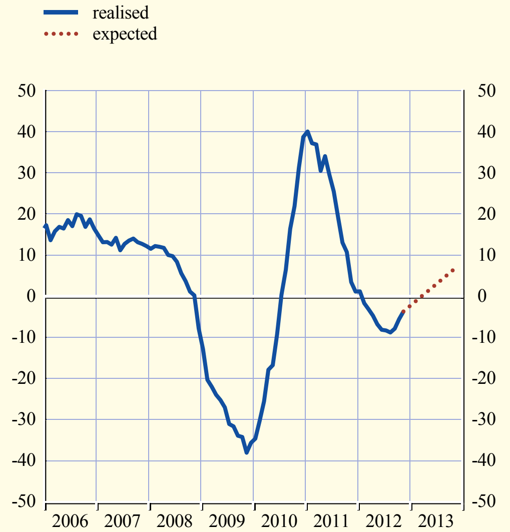
FINANCIAL FLOWS

The profitability of euro area non-financial corporations continued to decline between September and November 2012, but at a slower pace. The annual rate of change of earnings per share for listed non-financial corporations in the euro area increased from -7.9% in September to -3.7% in November 2012. These dynamics mark a turning point in earnings per share developments, following the fall in earnings per share growth since mid-2011 (see Chart 35). Looking ahead, market participants expect a further improvement over the coming months.

With regard to external financing, the annual rate of change of MFI loans granted to non-financial corporations declined further in October, to -1.8%. On the one hand, the weak economic outlook and subdued business confidence weighed on the demand for bank loans, which was also dampened by the availability of internal funds and alternative external funding sources (such as debt securities). On the other hand, tight bank lending conditions in countries under stress continued to hamper the supply of credit to the real economy. To some extent, the increase in the issuance of debt securities compensated for the decline in the rate of growth of MFI lending to non-financial corporations over the same period, pointing to substitution from bank to market funding (see Chart 36). The annual growth rate of debt securities issued by non-financial corporations accelerated from 10.7% in August 2012 to 12.3% in September. This was mainly due to strong issuance of long-term fixed rate debt securities by non-financial corporations, while the issuance of short-term debt securities and of

Chart 35 Earnings per share of listed non-financial corporations in the euro area

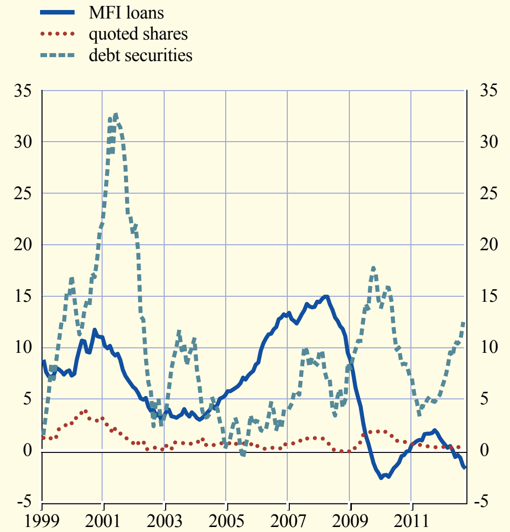
(annual percentage changes; monthly data)



Sources: Thomson Reuters and ECB calculations.

Chart 36 External bank and market-based financing of non-financial corporations

(annual percentage changes)



Source: ECB.
Note: Quoted shares are euro-denominated.

Table 6 Financing of non-financial corporations

(percentage changes; end of quarter)

	Annual growth rates				
	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3
MFI loans	1.7	1.2	0.3	-0.6	-1.5
Up to one year	4.0	2.0	-0.3	-1.6	-2.0
Over one and up to five years	-3.0	-2.5	-3.1	-2.7	-4.1
Over five years	2.3	2.1	1.6	0.5	-0.4
Debt securities issued	4.8	5.4	8.0	10.5	12.3
Short-term	18.8	16.8	12.9	28.8	1.4
Long-term, *of which:* 1)	3.4	4.4	7.5	8.7	13.5
Fixed rate	4.3	5.0	8.1	9.5	14.3
Variable rate	-3.9	-1.2	-1.7	-1.6	1.3
Quoted shares issued	0.3	0.4	0.3	0.3	0.4
Memo items 2)					
Total financing	2.6	2.1	2.2	1.7	-
Loans to non-financial corporations	2.2	2.3	1.9	1.1	-
Insurance technical reserves 3)	1.0	1.4	1.4	1.3	-

Sources: ECB, Eurostat and ECB calculations.
Notes: Data shown in this table (with the exception of the memo items) are reported in money and banking statistics and in securities issuance statistics. Small differences compared with data reported in financial accounts statistics may arise, mainly as result of differences in valuation methods.
1) The sum of fixed rate and variable rate data may not add up to total long-term debt securities data because zero-coupon long-term debt securities, which include valuation effects, are not shown.
2) Data are reported from quarterly European sector accounts. Total financing of non-financial corporations includes loans, debt securities issued, shares and other equity issued, insurance technical reserves, other accounts payable and financial derivatives.
3) Includes pension fund reserves.

long-term debt securities financed at floating rates was subdued. Over the same period, the annual growth rate of issuance of quoted shares by non-financial corporations remained broadly unchanged at a low level.[1]

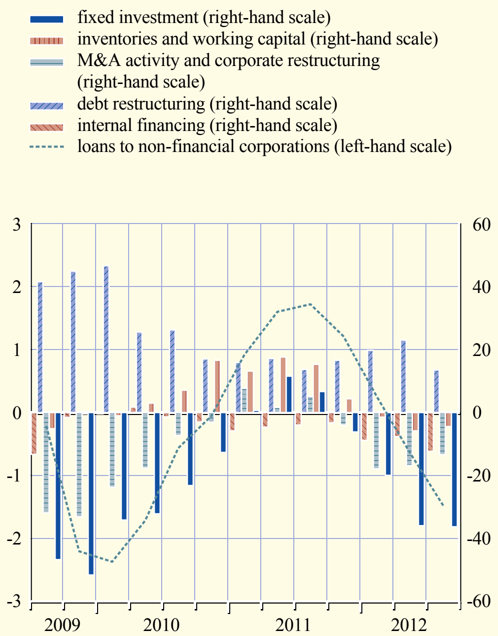
The annual growth rate of bank lending to non-financial corporations declined further to -1.5% in the third quarter of 2012, reflecting a decline in the annual growth rate across all maturities (see Table 6). While the annual rate of short-term lending (with maturities of up to one year) and medium-term lending (with maturities of over one year and up to five years) remained negative in the third quarter, the annual growth rate of long-term lending (with maturities of over five years) turned negative for the first time since the start of the series in 1998.

The results of the bank lending survey for the euro area for the third quarter of 2012 show a more pronounced decline in the net demand for loans to non-financial corporations than in the second quarter of 2012 (see Chart 37). As in previous quarters, the decline in the need to finance fixed investment was the most important factor contributing to negative net demand for loans by enterprises. At the same time, the further decline of net demand was driven primarily by lower financing needs for mergers and acquisitions and for inventories and working capital. The use of other external sources of finance, such as debt securities or equity, also contributed to the more pronounced net decline in demand for loans. According to the banks surveyed, the decline in net demand for loans was similar for small and medium-sized companies and for large firms. At the same time, the net tightening of credit standards for loans to non-financial corporations increased

1 A broader picture of sources and uses of funds (including, inter alia, unquoted equity and trade credit alongside bank and market-based financing) can be obtained from the euro area accounts, with data available until the second quarter of 2012. See the box entitled "Integrated euro area accounts for the second quarter of 2012", *Monthly Bulletin*, ECB, November 2012.

Chart 37 Loan growth and factors contributing to non-financial corporations' demand for loans

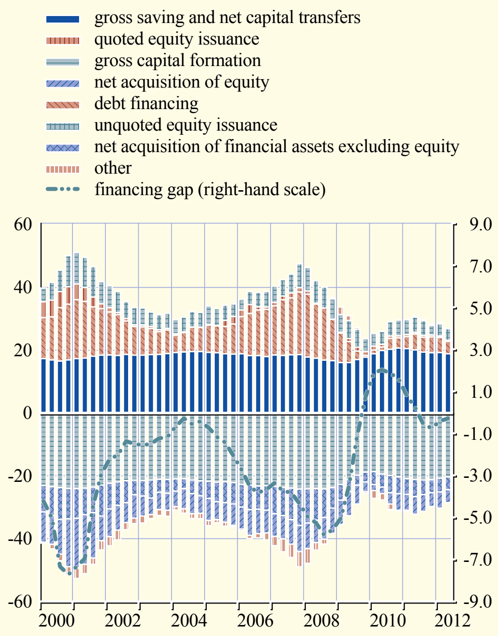
(annual percentage changes; net percentages)



Source: ECB.
Notes: The net percentages refer to the difference between the percentage of banks reporting that the given factor contributed to an increase in demand and the percentage reporting that it contributed to a decrease.

Chart 38 Savings, financing and investment of non-financial corporations

(four-quarter moving sum; percentages of gross value added)



Source: Euro area accounts.
Notes: "Debt financing" includes loans, debt securities and pension fund reserves. "Other" includes financial derivatives, other accounts payable/receivable netted out and adjustments. Inter-company loans are netted out. The financing gap is the net lending/net borrowing position, which is broadly the difference between gross saving and gross capital formation.

in the third quarter of 2012. The increase was mainly driven by risk perceptions relating especially to worsened expectations regarding economic activity and industry-specific risks. By contrast, the impact of banks' cost of funds and balance sheet constraints moderated, reflecting progress made in strengthening banks' capital positions and the improvement in financial market sentiment in the third quarter of 2012. Looking ahead to the fourth quarter of 2012, banks expect a somewhat lower degree of net tightening in credit standards to enterprises, and a considerably smaller decline in net demand for corporate loans.

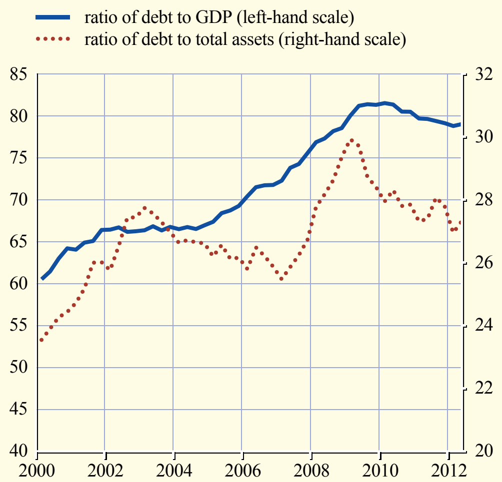
The financing gap of (or net borrowing by) non-financial corporations – i.e. the difference between their internal funds (gross saving) and their gross capital formation, in relation to the gross value added generated by non-financial corporations – remained broadly unchanged in the second quarter of 2012, at -0.3% (see Chart 38). The financing gap remained rather subdued by historical standards, after a period when non-financial corporations had even displayed a net lending position in the wake of the financial crisis, mainly reflecting weak capital formation of non-financial corporations, while gross saving of non-financial corporations was broadly in line with its historical average since 2000.

FINANCIAL POSITION

The indebtedness of the non-financial corporate sector remained broadly unchanged in the second quarter of 2012. The ratio of debt to GDP stabilised at 79%, whereas the ratio of debt to gross

Chart 39 Debt ratios of non-financial corporations

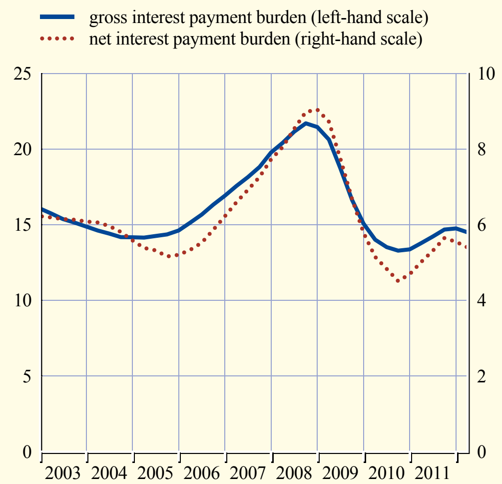
(percentages)



Sources: ECB, Eurostat and ECB calculations.
Notes: Debt is reported on the basis of the quarterly European sector accounts. It includes loans (excluding inter-company loans), debt securities issued and pension fund reserves.

Chart 40 Interest payment burden of non-financial corporations

(4-quarter moving sum; percentage of gross operating surplus)



Source: ECB.
Note: The net interest payment burden is defined as the difference between interest payments and interest receipts of non-financial corporations, in relation to their gross operating surplus.

operating surplus increased slightly to 402% (from 398% in the first quarter) in the second quarter (see Chart 39). The debt-to-total assets ratio remained broadly unchanged in the second quarter of 2012, at 27%. The deleveraging process in the non-financial corporate sector, which started in 2009-10, seems to have lost some momentum since the middle of last year and came to a halt in the second quarter of 2012, mainly driven by weaker activity and asset prices affecting the denominator of the debt-to-assets ratio. The gross interest payment burden of non-financial corporations moderated somewhat in the third quarter of 2012, to 14.5% in relation to their gross operating surplus (see Chart 40). The fall from the peak in the first quarter of 2009 (21.5%) was related to both a decline in the level of interest rates and a gradual reduction in the indebtedness ratios of non-financial corporations.

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

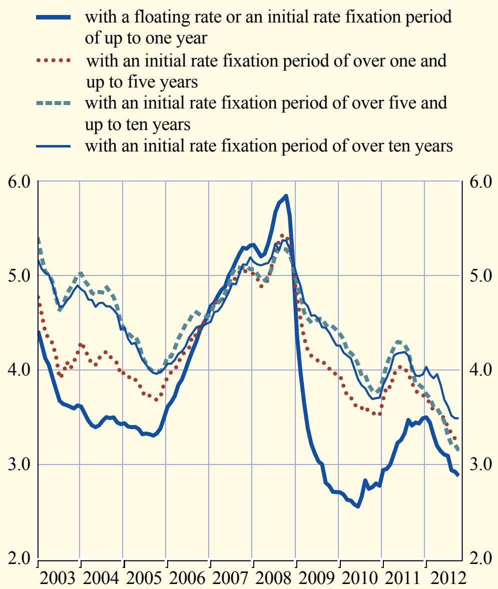
In the third quarter and October 2012 euro area households' financing conditions were characterised by further gradual declines in bank lending rates. This reflected the pass-through of the reduction in key ECB interest rates, as well as the easing of fragmentation in euro area financial markets following the ECB's announcement of the Outright Monetary Transactions (OMTs). Nevertheless, there remained considerable cross-country heterogeneity in the financing conditions of households. The annual growth rate of MFI lending to households (adjusted for loan sales and securitisation) declined to 1.0% in the third quarter, before declining further to stand at 0.8% in October. Thus, the latest data continue to point to subdued developments in household borrowing, partly reflecting the need for households to reduce debt in a number of countries. The ratio of household debt to gross disposable income is estimated to have increased slightly in the third quarter, while households' interest payment burden is estimated to have remained broadly unchanged.

FINANCING CONDITIONS

The financing costs of the euro area household sector declined further in the course of the third quarter and October 2012. This continued to reflect the pass-through of declines in key ECB interest rates. At the euro area level, the reductions seen in the interest rates charged on loans to households were broadly based across loan categories. At the country level, however, heterogeneity remained considerable.

Chart 41 MFI interest rates on loans to households for house purchase

(percentages per annum; excluding charges; rates on new business)



Source: ECB.

In general, MFI interest rates on new loans for house purchase and new consumer loans fell over the period under review. Spreads between retail and market rates declined in the period from August to October, after peaking in July.

As regards new loans for house purchase, declines in interest rates were observed for all types of initial rate fixation period in the third quarter and October, the most pronounced being for very long-term loans (i.e. loans with an initial rate fixation period of over ten years; see Chart 41). Declines in interest rates on loans with other initial rate fixation periods were all similar in size. Despite the decline in interest rates on mortgage loans with long (i.e. over five and up to ten years) and very long (i.e. over ten years) initial rate fixation periods, households did not reduce their exposure to future interest rate changes. That is evident from the fact that the share of loans with floating rates or short initial rate fixation periods in total new business volumes remained almost unchanged at around 30% in the third quarter.

For new consumer loans, interest rates on loans with an initial rate fixation period of up to one year increased marginally, while those on loans with longer rate fixation periods declined. Interest rates on all other lending to households declined, irrespective of the initial rate fixation period.

The results of the October 2012 bank lending survey suggest that the net tightening of the credit standards applied by euro area banks to loans to households for house purchase remained stable in the third quarter of 2012, while the net tightening declined slightly in the case of consumer loans and other lending. (For more details, see the box entitled "The results of the euro area bank lending survey for the third quarter of 2012" in the November issue of the Monthly Bulletin.) Improvements in banks' funding situation linked to the easing of fragmentation in financial markets contributed to this development. Banks' margins on average and riskier loans to households declined somewhat in the third quarter, having increased in previous quarters. At the same time, households' demand for loans was reported to have declined further, both for lending for house purchase and for consumer loans.

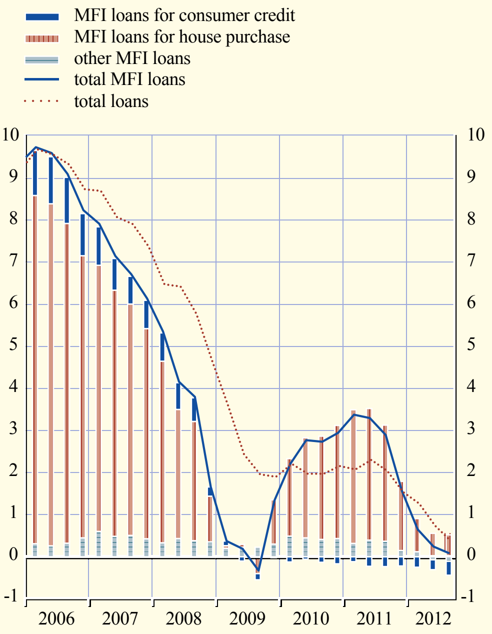
FINANCIAL FLOWS

Total lending to the euro area household sector remained weak in the second quarter of 2012 (the most recent quarter for which data from the euro area accounts are available) on account of subdued MFI lending. As a result, the annual growth rate of total loans to households declined to 0.7%, down from 1.3% in the previous quarter. Estimates for the third quarter of 2012 point to a further moderation in the annual growth of total loans to households (see Chart 42). The annual growth rate of total MFI loans to households (not adjusted for loan sales or securitisation) declined substantially to stand at 0.4% in the second quarter, down from 1.2% in the previous quarter. The annual growth rate of non-MFI loans to households declined to 3.6%, down from 4.8% in the previous quarter.

Looking at MFI data that are already available, growth in lending to households declined further in both the third quarter and October 2012. When the impact of loan sales and securitisation is adjusted for, the annual growth rate of MFI loans to households stood at 1.0% in the third quarter, down from 1.4% in the second quarter, before declining further to stand at 0.8% in October (see Section 2.1 for details). This masks significant cross-country heterogeneity, which was driven not only by differing degrees of indebtedness, resulting in varying deleveraging needs, but also by differences in banks' ability and willingness to lend.

Chart 42 Total loans granted to households

(annual percentage changes; contributions in percentage points; end of quarter)



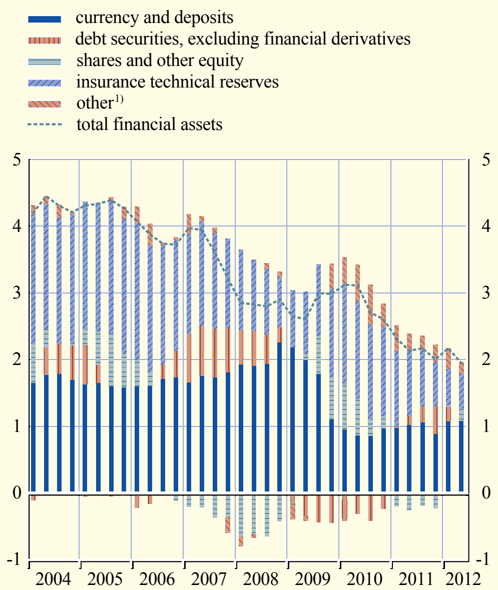
Source: ECB.
Notes: Total loans comprise loans to households from all institutional sectors, including the rest of the world. For the third quarter of 2012, total loans to households have been estimated on the basis of transactions reported in money and banking statistics. For information on differences between MFI loans and total loans in terms of the calculation of growth rates, see the relevant technical notes.

Looking at loans broken down by purpose, the annual growth rate of MFI lending for house purchase (adjusted for loan sales and securitisation) declined to 1.7% in October (down from 1.9% in June), thereby continuing the downward trend observed since mid-2011. This reflected the further subdued (adjusted) monthly flows observed for mortgage loans in recent months. Nevertheless, loan flows for house purchase continued to account for the bulk of MFI lending to households. Indeed, all other types of loan to households continued to contract, with their annual growth rates becoming increasingly negative. The annual growth rate of other lending stood at -0.6% in October (down from -0.5% in June), while that of consumer credit stood at -2.8% (down from -2.0% in June).

Looking at the underlying causes of the weak growth seen for MFI lending to households, the October 2012 bank lending survey reveals a further net decline in demand for housing loans and consumer credit in the third quarter. The net decline in demand for housing loans appears to have been driven mainly by the ongoing deterioration in housing market prospects and consumer confidence, while reduced spending on durable goods and a decline in consumer confidence depressed consumer credit. In addition, the use of household savings as an alternative source of finance contributed somewhat more strongly to the net decline in demand for housing loans. Looking ahead, banks expect net demand for both types of credit to decline further, albeit at a slower pace.

Chart 43 Financial investment of households

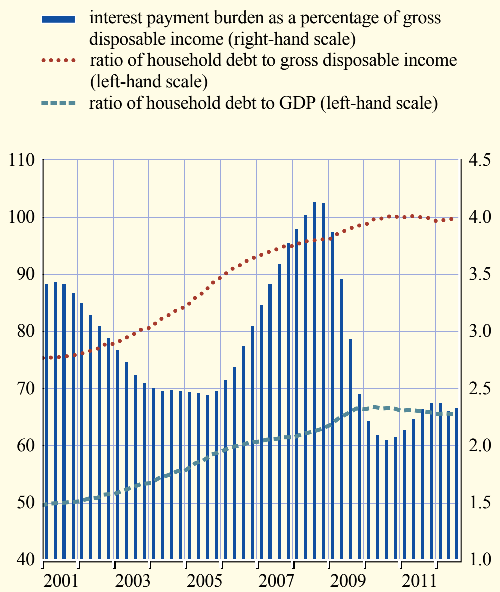
(annual percentage changes; contributions in percentage points)



Sources: ECB and Eurostat.
1) Includes loans and other accounts receivable.

Chart 44 Household debt and interest payments

(percentages)



Sources: ECB and Eurostat.
Notes: Household debt comprises total loans to households from all institutional sectors, including the rest of the world. Interest payments do not include the full financing costs paid by households, as they exclude the fees for financial services. Data for the last quarter shown have been partly estimated.

Turning to the asset side of the euro area household sector's balance sheet, the annual growth rate of total financial investment by households stood at 2.0% in the second quarter of 2012 (somewhat lower than the 2.2% observed in the previous quarter), thereby continuing the downward trend observed since mid-2010 (see Chart 43). This was driven mainly by a reduction in the contribution made by investment in debt securities. By contrast, the contribution made by investment in shares and other equity increased.

FINANCIAL POSITION

The ratio of household debt to nominal gross disposable income was estimated at 99.7% in the third quarter of 2012 (see Chart 44), up slightly from the previous quarter, but broadly comparable to the levels seen since mid-2010. This increase reflected growth in total household debt, combined with stagnating disposable income. The household sector's interest payment burden is estimated to have remained broadly unchanged at 2.3% of disposable income in the third quarter of 2012 – a level observed since the third quarter of 2011. Households' debt-to-GDP ratio is estimated to have declined slightly, standing at 65.5% in the quarter under review.

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation fell to 2.2% in November 2012, down from 2.5% in October and from 2.6% in the two previous months. On the basis of current futures prices for oil, inflation rates are expected to decline further to below 2% next year. Over the policy-relevant horizon, in an environment of weak economic activity in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain moderate. This assessment is also reflected in the December 2012 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation of 2.5% for 2012, between 1.1% and 2.1% for 2013 and between 0.6% and 2.2% for 2014. Compared with the September 2012 ECB staff macroeconomic projections, the projection range for 2013 has been revised downwards. Risks to the outlook for price developments are seen as broadly balanced.

3.1 CONSUMER PRICES

Since the end of 2010 the annual inflation rate has been somewhat elevated, driven mainly by the strong growth in energy prices, as well as by pronounced increases in indirect taxes and administered prices in some euro area countries. After declining in the second quarter of 2012, overall HICP inflation edged up somewhat to 2.6% in August and remained unchanged in September, before decreasing again to 2.5% in October. According to Eurostat's flash estimate, headline HICP inflation dropped further in November to 2.2%, mainly owing to a sharp decrease in energy price inflation (see Table 7).

The dynamics of the annual rate of change of energy prices have been driven by the interaction of recent movements in oil prices, influenced by the diminishing strength of the global economy amid uncertainties surrounding the risks to supply owing to the political situation in the Middle East, and the base effects derived from past increases. Owing to the combined impact of base effects and falling oil prices, energy price inflation continued to decline until June 2012, reaching 6.1% from rates above 9% in the first months of 2012. The rebound of oil prices and a lower exchange rate of the euro vis-à-vis the US dollar during the summer months brought about higher oil prices in euro terms which, in turn, again pushed energy price inflation up until September, when it stood at 9.1%. In October energy price inflation fell to 8.0%, mostly owing to a lower annual rate of increase in the prices of fuels and lubricants for personal transportation and electricity as well as on account of a downward base effect. In turn, the decline in fuel price inflation has reflected the decline in crude

Table 7 Price developments

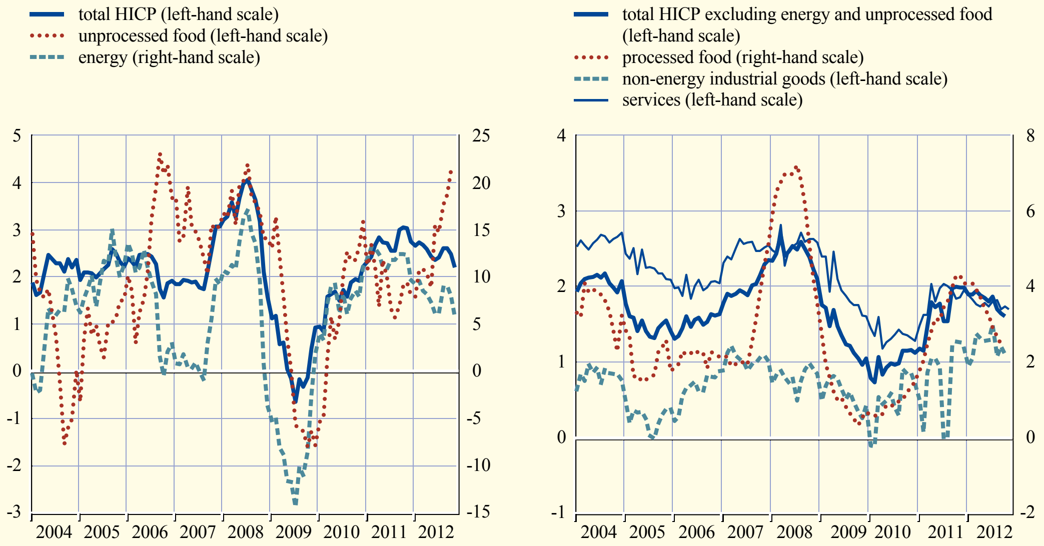
(annual percentage changes, unless otherwise indicated)

	2010	2011	2012 June	2012 July	2012 Aug.	2012 Sep.	2012 Oct.	2012 Nov.
HICP and its components [1]								
Overall index	1.6	2.7	2.4	2.4	2.6	2.6	2.5	*2.2*
Energy	7.4	11.9	6.1	6.1	8.9	9.1	8.0	*5.8*
Food	1.1	2.7	3.2	2.9	3.0	2.9	3.1	*3.0*
Unprocessed food	1.3	1.8	3.1	2.9	3.5	3.7	4.3	.
Processed food	0.9	3.3	3.2	2.9	2.7	2.5	2.4	.
Non-energy industrial goods	0.5	0.8	1.3	1.5	1.1	1.2	1.1	*1.1*
Services	1.4	1.8	1.7	1.8	1.8	1.7	1.7	*1.7*
Other price indicators								
Industrial producer prices	2.9	5.9	1.8	1.6	2.7	2.7	2.6	.
Oil prices (EUR per barrel)	60.7	79.7	76.4	83.4	90.5	87.9	85.6	84.8
Non-energy commodity prices	44.6	12.2	0.8	4.7	6.5	4.6	5.7	5.2

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation and its components (excluding unprocessed food and processed food) in November 2012 refer to Eurostat's flash estimates.

Chart 45 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

oil prices in euro since September 2012. In addition, the crack spread between crude oil and refined petrol (gasoline) prices has dropped substantially from the elevated levels observed earlier in 2012.[1] According to Eurostat's flash estimate, energy price inflation in November dropped further to 5.8%.

The annual rate of change in the food component of the HICP rose steadily in the course of 2011. Since the beginning of 2012 food price inflation has remained high, hovering around 3%, but without clear evidence of a more protracted impact from sharp commodity price increases which occurred over the summer. The broadly unchanged rate masks different developments in the two sub-components. Unprocessed food price inflation has followed an upward trend since the beginning of the year and reached 4.3% in October 2012, its highest level since June 2008. This was accounted for by increasing annual rates of change in the prices of fruit and vegetables, which are likely to reflect mainly temporary weather-related influences, but also in meat prices. By contrast, processed food price inflation declined steadily from rates above 4% in the first few months of 2012 to 2.4% in October after food commodity prices eased earlier in the year. Meanwhile, the earlier increases in international food commodity prices appear to have been largely reversed and had only a partial impact on EU farm gate prices. The pass-through to consumer prices is therefore expected to be limited. According to Eurostat's flash estimate, the annual rate of change in the food component decreased marginally to 3.0% in November from 3.1% in October.

Excluding food and energy items, which represent around 30% of the HICP basket, annual HICP inflation has hovered around 1.5% since the beginning of the year. HICP inflation excluding food and energy is determined predominantly by domestic factors, such as wages, profit mark-ups and indirect taxes. It consists of two main components, namely non-energy industrial goods and services. During the last one and a half years, annual rates of change in these two components have been boosted by value added tax (VAT) increases in several euro area countries.

1 For a more detailed discussion of these spreads, see the box entitled "Recent developments in consumer prices for oil products", *Monthly Bulletin*, ECB, October 2012.

Since the second quarter of 2010 non-energy industrial goods inflation has risen slightly, owing to the pass-through of the previous exchange rate depreciation and commodity price increases as well as the impact of hikes in indirect taxes. In the last quarter of 2011 non-energy industrial goods inflation stood at around 1.2%, following a period of high volatility earlier in the year that was triggered by a new regulation on the treatment of seasonal products in the HICP. In the first quarter of 2012 the annual rate of change in non-energy industrial goods prices bottomed out at 1.1% and subsequently rebounded. In July it rose to 1.5%, then declined the following month, remaining slightly above 1% thereafter. In November Eurostat's flash estimate for non-energy industrial goods inflation was 1.1%. Developments in this component have largely reflected volatility in the annual rate of change in the price of garments and footwear associated with the impact of sales periods, as well as increases in indirect taxation.

Services inflation has been relatively stable in recent months, with upward bouts from hikes in indirect taxes in a number of countries and against the background of a general slowdown in both demand and, to a lesser extent, labour costs. Following weaker developments in 2010, services price inflation rose notably in the first few months of 2011. From April of that year, it stabilised around 1.9% and remained at that level for the rest of 2011 and the first quarter of 2012. In April 2012 services inflation declined to 1.7%, its lowest level since March 2011, and has hovered around this level ever since. According to Eurostat's flash estimate it stood at 1.7% in November 2012.

3.2 INDUSTRIAL PRODUCER PRICES

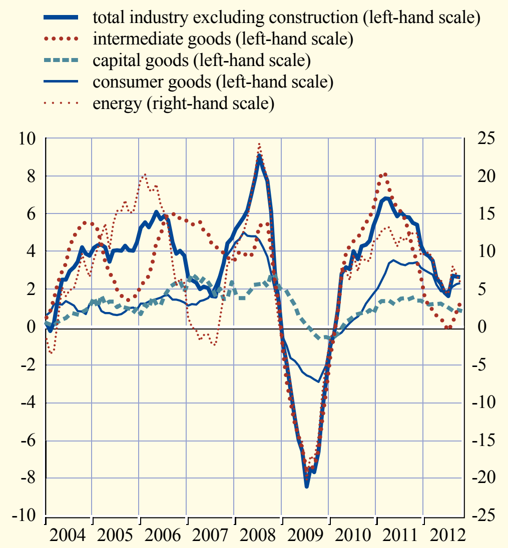
After having increased in late 2010 and in the first half of 2011, the annual rate of change in producer prices declined, mainly reflecting fluctuations in commodity prices (see Table 7 and Chart 46). In the first half of 2012 pipeline pressures in the supply chain receded further. In July 2012 producer price inflation for industry excluding construction dipped at 1.6%, its lowest level since turning into positive territory in the second quarter of 2010, before rising again to 2.7% in August and September. The increase mainly reflected a hike in the energy component related to the recent oil price increases. As oil prices in euro terms came down again, producer price inflation in October decreased to 2.6%. Although the summer spike in international food commodity prices has been largely reversed, its lagged effects continue to feed through the food production chain. Excluding construction and energy, producer price inflation for industry was 1.5% in October, compared with 1.3% in September.

Focusing on the later stages of the production chain, the annual rate of change in the consumer food component of the producer price index remained unchanged at 3.6% in October. Recent developments reflect short-term upward pressures from both international food commodity prices and EU farm gate prices. Any further increase is expected to be relatively limited and short-lived. The annual rate of change in the non-food consumer goods component increased slightly to 0.8% in October from 0.7% in September. The downward trend in non-food consumer goods prices since the start of the year, together with moderate developments in prices for imported raw materials and intermediate goods, suggest that pipeline pressures in the non-energy industrial goods component of the HICP are likely to remain subdued.

Turning to the results of surveys on industrial producer prices, both the Purchasing Managers' Index (PMI) survey and European Commission surveys indicate that companies' price expectations decreased again in November, remaining well below their historical averages (see Chart 47). The survey data suggest that the downward pressure on both input and output

Chart 46 Breakdown of industrial producer prices

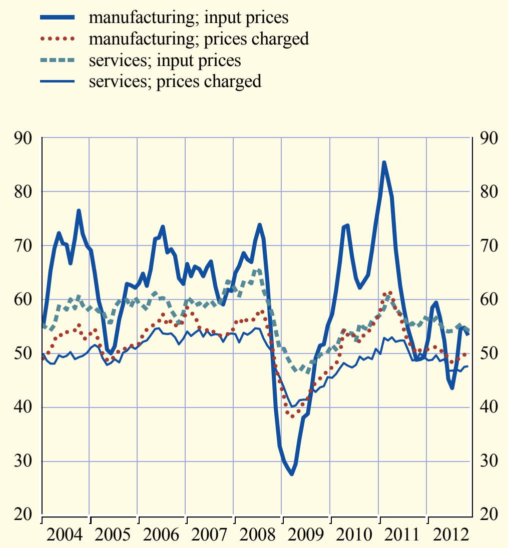
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 47 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.

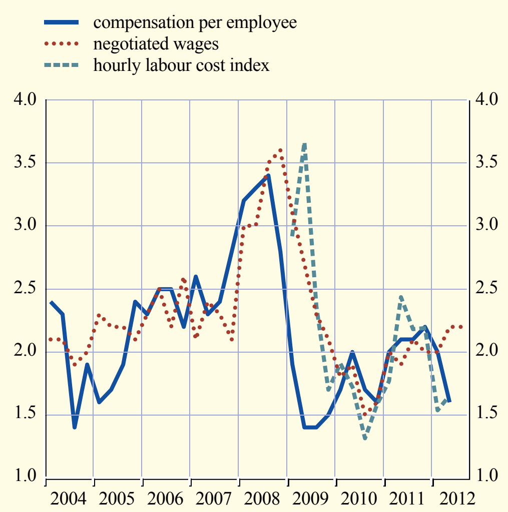
prices in industry continued in November. With regard to the PMI, the input price index for the manufacturing sector decreased from 54.7 in October to 53.3 in November, while the output price index also declined over the same period, from 49.7 to 49.5, remaining below the threshold value of 50. Forward-looking European Commission survey data on selling price expectations for total industry remained stable overall in November, as selling price expectations in consumer and capital goods industries fell, while those of intermediate goods industries increased.

3.3 LABOUR COST INDICATORS

Overall, the latest releases of labour cost indicators show further signs of moderation in wage pressures in the second quarter of 2012 (see Table 8 and Chart 48), which was probably the result of a weakening in economic activity and rising slack in the labour market. This development should be seen against the high level of wage pressures observed in the first half of 2011, at a time of improving labour market conditions following the latest cyclical upswing.

Chart 48 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Table 8 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2010	2011	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3
Negotiated wages	1.7	2.0	2.1	2.0	2.0	2.2	2.2
Hourly labour cost index	1.6	2.1	2.2	2.2	1.5	1.6	.
Compensation per employee	1.7	2.2	2.1	2.2	2.0	1.6	.
Memo items:							
Labour productivity	2.5	1.2	1.0	0.7	0.4	0.2	.
Unit labour costs	-0.8	1.0	1.1	1.5	1.6	1.4	.

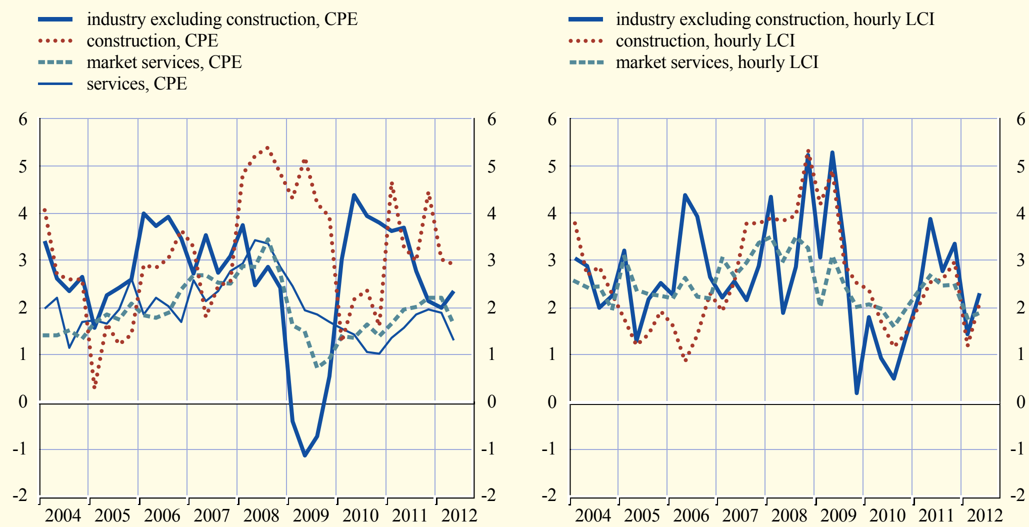
Sources: Eurostat, national data and ECB calculations.

The annual growth in compensation per employee further declined to 1.6% in the second quarter of 2012 from rates of above 2% in the second half of 2011. This moderation by and large absorbed the upward impact of lower productivity growth on unit labour cost growth. Year-on-year unit labour cost growth stood at 1.4% in the second quarter of this year, compared with 1.6% in the first quarter. The low productivity growth – in a context of modest economic growth – is expected to continue exerting upward pressure on unit labour cost growth in the near term.

The annual rate of growth of negotiated wages – the only indicator that is available for the third quarter of 2012 – remained unchanged in that quarter compared with the previous one. The fact that actual wages, measured by compensation per employee, grew in the second quarter more moderately than negotiated wages suggests that some adjustment of wage costs at the euro area level is taking place via negative wage drift.

Chart 49 Sectoral labour cost developments

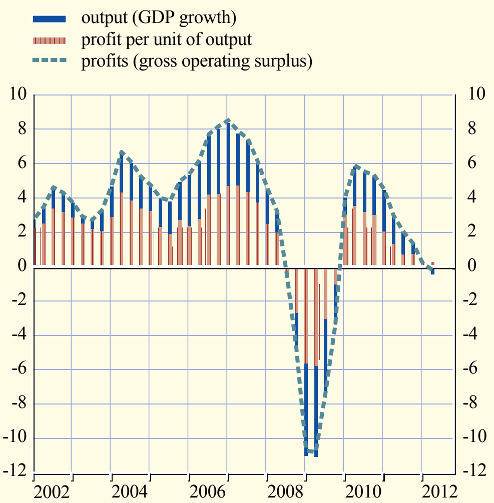
(annual percentage changes; quarterly data)



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

Chart 50 Breakdown of euro area profit growth into output and profit per unit of output

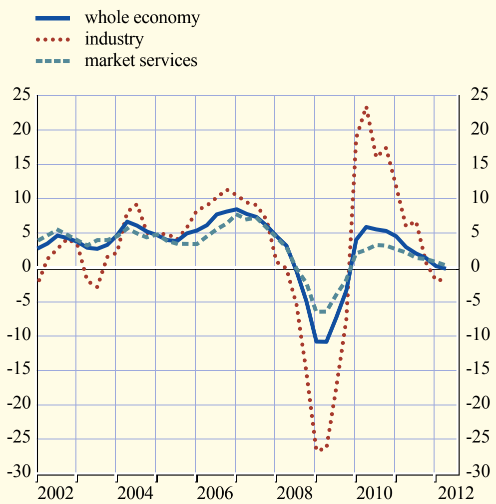
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Chart 51 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

3.4 CORPORATE PROFIT DEVELOPMENTS

Corporate profits (measured in terms of gross operating surplus) declined by 0.2% year on year in the second quarter of 2012, the first drop in the annual rate of profits since the last quarter of 2009. This contraction was accounted for by the decline in the annual rate of change of GDP, whereas growth in unit profits (margin per unit of output) moderated further over 2011 to remain slightly positive in the second quarter of 2012 (see Chart 50). Overall, following the rebound from mid-2009 onwards, the level of profits was broadly flat over 2011.

With regard to the main economic sectors, year-on-year corporate profit growth in the market services sector was 0.5% in the second quarter of 2012, down from 0.8% in the first quarter. In the industrial sector (excluding construction), profits fell by 2.1% after a decline of 1.7% in the previous quarter, when the annual rate of change entered negative territory for the first time since the fourth quarter of 2009 (see Chart 51). Quarter on quarter, corporate profit growth decreased again in the second quarter of 2012 in the market services sector and increased slightly in the industrial sector, after displaying negative growth rates in the two previous quarters.

3.5 THE OUTLOOK FOR INFLATION

Euro area annual HICP inflation was 2.2% in November 2012, according to Eurostat's flash estimate, compared with 2.5% in October and 2.6% in the previous two months. On the basis of current futures prices for oil, inflation rates are expected to decline further to below 2% next year. Over the policy-relevant horizon, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain moderate.

In more detail, the short-term inflation outlook continues to depend heavily on oil prices. As of October, energy inflation rates have started to decline again on the back of lower crude oil prices in dollar terms and the strengthening of the euro exchange rate, as well as a fall in refining spreads. The decline in energy inflation is expected to be more pronounced in 2013, owing to downward base effects and the assumption that oil prices as currently embedded in futures prices will weaken moderately.

Unprocessed food price inflation is expected to moderate, reflecting the unwinding of the pick-up seen in recent months, which was mainly related to adverse weather conditions. On the contrary, processed food price inflation may increase somewhat in the coming months, reflecting some delayed pass-through from the spike in international food commodity prices during the summer of 2012 which, according to futures prices for food commodities, is expected to be temporary.

Available leading indicators for non-energy industrial goods inflation, such as developments in producer prices for consumer goods (excluding food and tobacco) and in import prices, suggest that there will be no significant easing in non-energy industrial goods inflation over the next few months. In particular, downward pressure stemming from the slowdown in output and demand may be offset by the upward pressure stemming from hikes in indirect taxes.

Similarly, services price inflation is projected to remain broadly stable at its current level over the coming months, reflecting weak growth in domestic demand and largely contained wage pressures. Recent VAT increases in some euro area countries might lead to a renewed pick-up in services inflation.

The latest data on labour cost indicators suggest that domestic cost pressures have stabilised. In the medium term, labour cost pressures are likely to remain contained, given the rather flat outlook for growth and the continued slack in the labour market. Corporate profit growth is expected to moderate even further, in line with the outlook for economic activity and weak productivity developments.

The December 2012 Eurosystem staff macroeconomic projections for the euro area foresee annual HICP inflation of 2.5% for 2012, of between 1.1% and 2.1% for 2013 and of between 0.6% and 2.2% for 2014. Compared with the September 2012 ECB staff macroeconomic projections, the projection range for 2013 has been revised downwards. Risks to the outlook for price developments are seen as broadly balanced, with downside risks stemming from weaker economic activity and upside risks relating to higher administered prices and indirect taxes, as well as higher oil prices.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

After having contracted by 0.2%, quarter on quarter, in the second quarter of 2012, euro area real GDP declined by 0.1% in the third quarter. Available statistics and survey indicators continue to signal persistently weak economic activity in the last quarter of the year, although some indicators have stabilised at low levels more recently and financial market confidence has improved further. Over the shorter term, weak activity is expected to extend into next year, reflecting the adverse impact of weak consumer and investor sentiment and subdued foreign demand on domestic expenditure. A gradual recovery should start later in 2013, as the accommodative monetary policy stance and a significant improvement in financial market confidence work their way through to private domestic expenditure, and strengthening foreign demand should also support export growth. This assessment is reflected in the December 2012 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP growth in a range between -0.6% and -0.4% for 2012, between -0.9% and 0.3% for 2013 and between 0.2% and 2.2% for 2014. Compared with the September 2012 ECB staff macroeconomic projections, the ranges for 2012 and 2013 have been revised downwards. Downside risks to the economic outlook for the euro area remain.

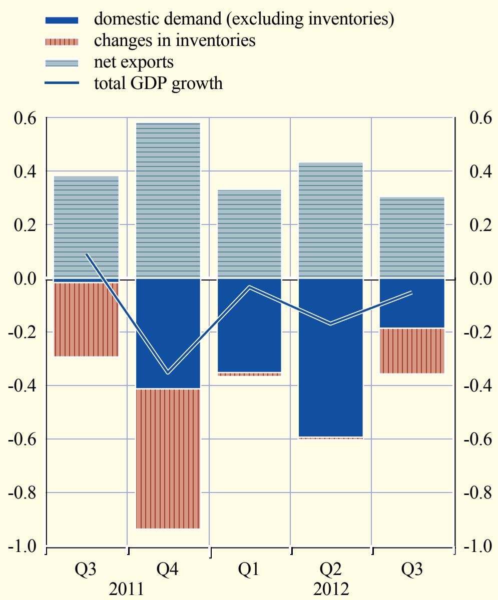
4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP declined by 0.1% in the third quarter of 2012, following a contraction of 0.2% in the previous quarter (see Chart 52). This reflected negative developments in domestic demand and changes in inventories, while net trade again made a positive contribution on the back of weak import growth. The decline in output in the third quarter was in line with developments in short-term indicators, notably survey data.

In recent quarters, private consumption has remained subdued, reflecting subdued developments in real disposable income stemming from a drop in employment, high commodity prices and a tightening in the fiscal stance. Weak business confidence, low and falling capacity utilisation and worsening demand prospects, as well as adverse credit supply conditions in some countries, continued to dampen private investment. Survey results point to further weakness in economic activity in the last quarter of 2012.

Chart 52 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

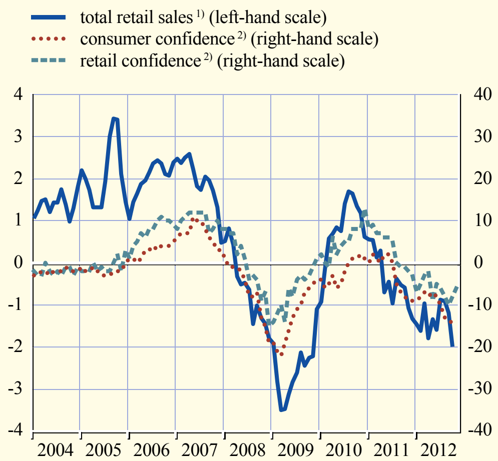
PRIVATE CONSUMPTION

Private consumption displayed flat growth in the third quarter of 2012, after three consecutive quarters of decline. The outcome for the third quarter of 2012 appears to reflect higher consumption of services, which was offset by negative developments with respect to car purchases. Meanwhile, consumption of retail goods made a neutral contribution to consumption growth. Recent information from short-term indicators and surveys suggests that euro area consumer spending will remain weak in the period ahead.

The weakness of consumer spending over the last two years has been driven mainly by developments in real disposable income, which has been eroded by elevated inflation on the back of rising commodity and energy prices. More recently negative employment growth has reduced aggregate real household income further. The latest data show that the annual rate of change in real disposable income, which has been negative for a protracted period, declined markedly, by 2.1% in the second quarter of 2012. In an effort to mitigate the effect of this decline on consumption, households dipped into their savings. As a result, their saving ratio fell to the lowest level recorded since the start of the series.

Chart 53 Retail sales and confidence in the retail trade and household sectors

(monthly data)



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

Regarding short-term dynamics in the fourth quarter of 2012, both "hard" and "soft" data suggest that consumer spending will remain weak. Retail sales declined by 1.2%, month on month, in October, to stand 1.6% below the average level recorded in the third quarter of 2012. Moreover, the Purchasing Managers' Index (PMI) for retail sales declined from 46.0 in the third quarter to an average of 45.5 during the first two months of the fourth quarter, thus falling further below the theoretical no-growth threshold of 50. By contrast, the European Commission indicator on retail sector confidence improved somewhat in November, compared with its average for the third quarter, albeit remaining below its long-term average. New passenger car registrations contracted by 4.9% month on month in October, following a smaller decline in the previous month. The latest volatile developments in car registrations, which are by no means unusual from a historical perspective, reflect, at least in part, the impact of fiscal measures on the timing of car purchases in some countries. Purchases of cars and other more expensive goods are likely to remain weak in the period ahead. For instance, the European Commission's indicator on expected major purchases declined further between October and November 2012, thus remaining at a historically low level and pointing towards a continued lack of dynamism in the consumption of consumer durables. Finally, euro area consumer confidence, which has been declining since mid-2011, shrank further in November, reaching a level not seen since early 2009 (see Chart 53). As in 2007-08 when consumer confidence declined, continuing the trend that started in 2007, the main driver of the deterioration has been concerns about future unemployment.

INVESTMENT

The decline in gross fixed capital formation observed since the second quarter of 2011 has continued, albeit at a slower pace. Investment shrank by 0.7%, quarter on quarter, in the third quarter of 2012, after contracting by 1.8% in the second quarter.

Available data from some euro area countries point to a further decrease in non-construction investment – which accounts for half of total investment – in the third quarter. Short-term indicators also suggest that non-construction investment continued to contract, in line with subdued overall economic developments, declining business confidence and prevailing high uncertainty. While the production of capital goods increased on average in the third quarter, it contracted in September, and the PMI for the manufacturing sector fell further in quarterly terms, alongside a further decrease in the capacity utilisation rate in the third quarter. Residential and non-residential construction investment is also likely to have contracted in the third quarter of 2012, as a result of tight financing conditions and continued adjustment in many euro area housing markets. The latter is reflected in weak construction production and declining confidence in the sector. Finally, ongoing fiscal consolidation in some euro area countries is likely to have resulted in a further contraction in government investment in the euro area as a whole.

The few early indicators available for the fourth quarter of 2012 generally suggest that non-construction capital formation in the euro area has continued to contract. Credit conditions remain tight and hinder productive capital formation. In October and November the manufacturing PMI and its new orders component improved slightly, compared with the third quarter, but the levels remain consistent with further weakening in investment activity. Construction investment is also expected to continue to decrease slightly in the fourth quarter, based on survey data.

Looking ahead, both non-construction and construction investment are expected to continue to contract in early 2013 in a context of subdued overall economic activity and persistent uncertainty. According to the European Commission's bi-annual investment questionnaire, euro area managers plan to reduce industrial investment by 1% in 2013, compared with 2012.

GOVERNMENT CONSUMPTION

In recent quarters, growth in government consumption has decreased in response to fiscal consolidation efforts in a number of countries. Real government consumption decreased slightly in both the second and the third quarter of 2012.

Looking at individual components in the third quarter, the quarterly growth rate of compensation of government employees, which accounts for almost half of total government consumption, continued to decline, mainly as a consequence of public wage moderation and cuts in government employment in a number of euro area countries. Growth in intermediate government consumption expenditure (which comprises slightly less than a quarter of the total) was dampened by ongoing consolidation efforts, thus making only a small contribution to growth in total nominal government consumption. Social transfers in kind, which likewise account for almost a quarter of government consumption, increased at a somewhat slower pace. However, developments in social transfers in kind are usually rather stable, as they include items which have somewhat autonomous dynamics, such as healthcare expenditure.

Looking ahead, the contribution of government consumption to domestic demand is projected to remain limited in the coming quarters, as a result of necessary further fiscal consolidation efforts in a number of euro area countries.

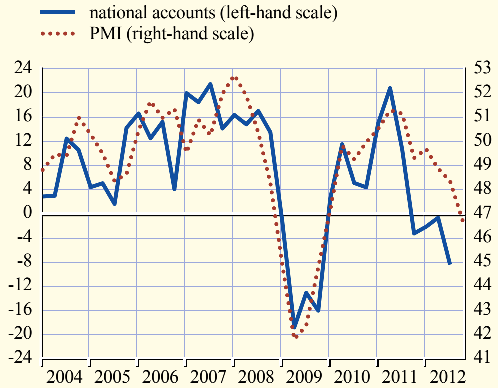
INVENTORIES

In the second half of 2011, inventories made significant negative contributions to GDP growth. After having contributed little or nothing in the first half of 2012, inventories made again a negative contribution to growth in the third quarter of 2012. As the pace of inventories accumulation may have already largely adjusted to the economic slowdown, however, the contributions of inventories to growth are expected to be close to zero (or slightly negative) in the next few quarters.

The substantial net additions to inventories that had been observed in mid-2011 (amounting to 0.9% of GDP in the second quarter of that year) were partly voluntary, as firms took steps to rebuild their inventory levels after having depleted them excessively in the wake of the 2008-09 recession, and partly involuntarily, owing to a marked deterioration in the business outlook and a tightening of financing conditions in some countries in the summer of 2011. In this context, firms reviewed their inventory targets within just a few months. Inventory levels of finished goods in manufacturing and in the retail sector, which were regarded as lean in early 2011 according to the European Commission's business surveys, were considered by the autumn of that year to have returned to close to their historical norms, where they have remained. PMI surveys also started to point to accelerated destocking (or slower stocking) from mid-2011 onwards, a trend that has continued, except for a brief interruption in the spring of 2012. As a result of these developments, inventories made significant negative contributions to growth of 0.3 and 0.5 percentage point in the third and fourth quarters of 2011 respectively, and a further 0.2 percentage point, cumulated, over the first three quarters of 2012 (See Chart 54).

Chart 54 Changes in euro area inventories

(EUR billion; diffusion indices)



Sources: Markit, Eurostat and ECB calculations.
Notes: National accounts: change in inventories in value terms. PMI: average of input and finished goods inventories in manufacturing and of retail inventories.

With significant destocking by mid-2012 (at around €8 billion per quarter or 0.4% of GDP), contributions of inventories to growth may be close to zero or slightly negative in the near term. A slight negative contribution would be consistent with recent survey evidence from the PMIs of October and November, which signal an increase in the pace of destocking. However, fairly lean inventory levels across the supply chain have probably reduced the scope for a more pronounced destocking at the current juncture, although anecdotal evidence suggests that excess inventories exist in some sectors (e.g. the automotive and construction sectors).

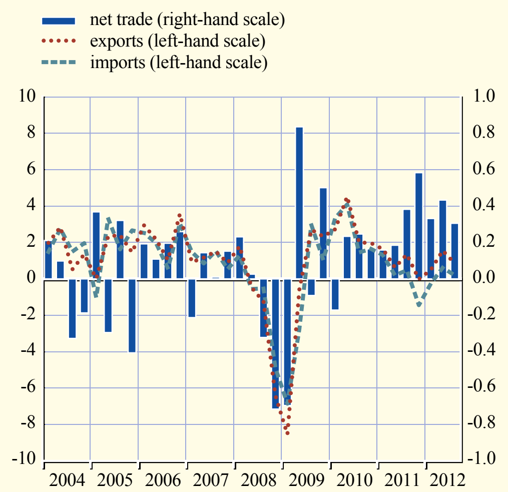
EXTERNAL TRADE

Amid a slowdown in economic activity in the euro area and worldwide, euro area trade moderated in the third quarter of 2012. Exports and imports of goods and services increased by 0.9% and 0.2%, quarter on quarter, respectively (see Chart 55). These developments resulted in a positive net trade contribution of 0.3 percentage point to euro area real GDP growth. Euro area exports were supported by robust demand from the United States and by a slight strengthening in the previously weak demand from non-euro area EU Member States, while exports to Asia remained weak.

From a longer-term perspective, since mid-2010 external trade has consistently and significantly supported euro area real GDP growth, as exports have outpaced imports. This primarily reflects the negative growth differential between the euro area and its main trading partners, as well as the real effective depreciation of the euro exchange rate over this period. As a result, euro area imports as a share of GDP have fallen somewhat behind exports as a share of GDP, while previously both moved rather closely together. In particular, the weakness in investment, which has a high import intensity of production, and, to a lesser extent, private consumption of goods, explain the subdued import growth seen since the recession in 2008 and 2009. At the same time, robust euro area foreign demand in the period to the end of 2011 provided some support for import growth, because a sizeable share of imports is used for the production of exports. This support, however, only partly

Chart 55 Real imports, exports and net trade contribution to GDP growth

(quarter-on-quarter percentage changes; percentage points)



Sources: Eurostat and ECB.

compensated for the downward pressure on import growth stemming from weak euro area domestic demand. Over the medium term, as euro area investment and private consumption recovers, euro area import growth is expected to regain strength and net trade is likely to support euro area real GDP to a lesser extent than observed over the last two years.

The short-term outlook for euro area trade remains subject to heightened uncertainty. Sentiment regarding the prospects for exports appears to be stabilising somewhat, with survey indicators – such as the export order book levels reported by the European Commission and the PMI on new export orders – improving marginally in November 2012. Nevertheless, the low level of these indicators continues to point to a rather subdued short-term outlook for euro area exports. This notwithstanding, a modest recovery in the global economy is expected to support exports in the coming months. The near-term outlook for imports continues to be dampened by the weak underlying growth momentum in the euro area. This should lead to a slightly positive net trade contribution to GDP growth towards the end of 2012 and at the beginning of 2013.

4.2 SECTORAL OUTPUT

Looking at the production side of national accounts, total value added fell for the fourth consecutive quarter, declining by 0.1% in the third quarter of 2012. Developments have been markedly different across sectors since the end of the recession. In the third quarter of 2012, value added in the industrial sector (excluding construction) still stood almost 7% below its pre-recession peak. By contrast, services value added was close to its pre-recession peak. Value added in the construction sector continued to decline, standing almost 19% below pre-recession levels in the second quarter of 2012. Short-term indicators point to a further decrease in the fourth quarter of 2012.

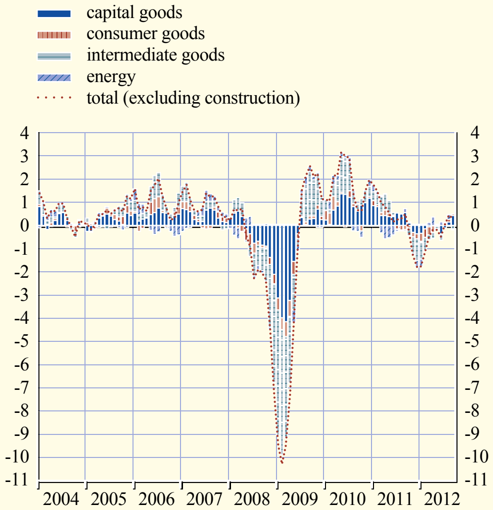
INDUSTRY EXCLUDING CONSTRUCTION

Value added in the industrial sector excluding construction declined by 0.3%, quarter on quarter, in the third quarter of 2012, compared with flat growth in the second quarter. By contrast, production increased in the third quarter, following a decline in the previous quarter (see Chart 56). This increase in production was driven by developments in the capital goods sector and, albeit to a lesser extent, the consumer goods sector. The European Commission's survey data nonetheless indicate that a weakening in demand continued to have a negative impact on production in the three-month period to October.

Looking ahead, short-term indicators suggest weak activity in the industrial sector in the fourth quarter of 2012. Although the European Commission's industrial confidence indicator increased between October and November, it remains at the same level that was recorded for the third quarter

Chart 56 Industrial production growth and contributions

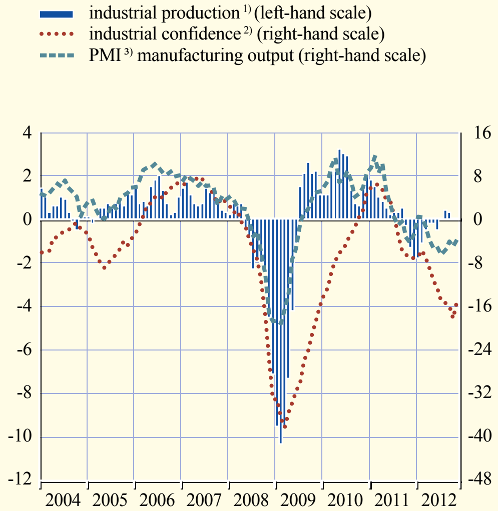
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 57 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



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

(see Chart 57). The PMI manufacturing output index is also consistent with sluggish developments in the last quarter of the year, as it is still below the theoretical no-growth threshold of 50. Similar negative developments were recorded in the Markit survey on the assessment of firms' overall order books, which is available to November 2012.

CONSTRUCTION

In the third quarter of 2012, value added in the construction sector posted negative growth for the sixth quarter in a row. During this period the level of value added has fallen by more than 4%. Available forward-looking short-term indicators point to continued weak developments in the near term, confirming the subdued trend in the construction industry. Monthly data on construction production show a month-on-month fall of 1.4% in September, which provides an unfavourable start to the fourth quarter. Moreover, the PMI construction output index continued to stand at a level well below 50 in October, thus signalling a contraction in activity. At the same time, the European Commission's business confidence indicator for the construction sector declined in the first two months of the fourth quarter, to reach its lowest level since its trough in the spring of 2009. Finally, the number of building permits granted in the euro area, which stands significantly below its long-term average, fell in the three-month period to July 2012, to a level almost 1% below its level one year ago.

SERVICES

Services sector value added stagnated in quarter-on-quarter terms in both the second and the third quarter of 2012. Between the third quarter of 2009 and the third quarter of 2012 (i.e. the period following the end of the recession), average quarterly growth in services was considerably lower than that in industry excluding construction. The latest data suggest a relative improvement in market services, where value added was stable in the third quarter, after having contracted in the first two quarters of the year, while non-market services (including public administration, education, health care and social work) declined by 0.2%, quarter on quarter.

Looking ahead, surveys signal a further contraction in services sector activity in the final quarter of 2012. The average level of the PMI services activity index for the first two months of the fourth quarter of 2012 was even further below the theoretical benchmark of 50 for zero growth than in the third quarter. The European Commission's indicator on business confidence in services paints a picture similar to that of the PMI.

4.3 LABOUR MARKET

Euro area labour market conditions have deteriorated further in recent quarters, on the back of the depressed level of economic activity. Employment has contracted further and the unemployment rate has increased to historically high levels, reflecting ongoing labour market adjustments in several euro area countries. Forward-looking indicators, such as those based on surveys, have deteriorated further in recent months. Box 5 compares labour market developments since 2008 with those during previous cycles and systemic financial crises in OECD countries.

Total hours worked decreased by 0.3% in the second quarter of 2012, continuing the decline seen in the two previous quarters. At the sectoral level, hours worked decreased sharply in construction, whereas the falls in industry (excluding construction) and services were less pronounced.

Headcount employment remained stable in the second quarter of 2012, after having declined for three consecutive quarters. Employment declined in industry, whereas it increased slightly in services, particularly in real estate activities and professional services (see Table 9).

Table 9 Employment growth

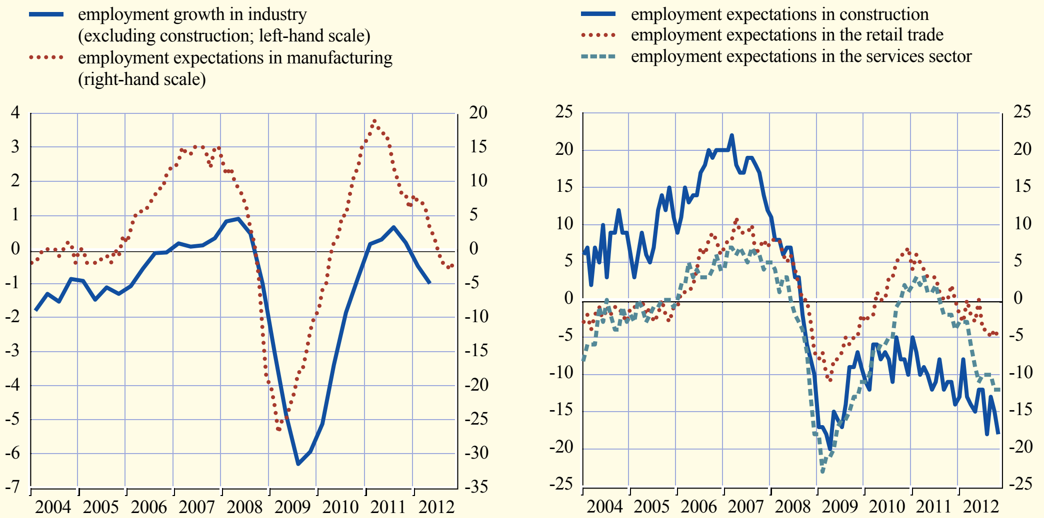
(percentage changes compared with the previous period; seasonally adjusted)

	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2010	2011	2011 Q4	2012 Q1	2012 Q2	2010	2011	2011 Q4	2012 Q1	2012 Q2
Whole economy										
of which:	-0.5	0.3	-0.3	-0.3	0.0	0.0	0.2	-0.4	-0.1	-0.3
Agriculture and fishing	-1.1	-2.2	-0.9	0.0	0.5	-0.5	-2.1	-0.3	-0.3	-0.2
Industry	-3.2	-1.0	-0.8	-0.7	-0.5	-1.5	-0.8	-1.1	-0.1	-1.1
Excluding construction	-2.8	0.3	-0.3	-0.4	-0.5	-0.3	0.9	-0.4	0.2	-0.6
Construction	-3.9	-3.9	-1.8	-1.5	-0.6	-3.9	-4.1	-2.7	-0.5	-2.2
Services	0.3	0.8	-0.1	-0.2	0.2	0.6	0.7	-0.1	-0.1	-0.1
Trade and transport	-0.7	0.6	-0.4	-0.3	0.2	-0.3	0.3	-0.7	-0.4	0.1
Information and communication	-1.3	1.8	0.6	0.7	0.6	-0.7	1.8	0.6	0.8	0.3
Finance and insurance	-0.8	-0.2	0.0	0.0	-0.9	-0.3	-0.1	-0.2	-0.2	-1.5
Real estate activities	-0.4	3.0	2.4	-1.2	0.7	0.6	3.5	1.0	-1.4	1.1
Professional services	1.7	2.6	0.3	-0.6	0.7	2.4	2.7	0.4	-0.6	0.2
Public administration	1.0	0.1	-0.2	-0.1	0.1	1.1	0.1	0.1	0.3	-0.2
Other services [1]	0.9	0.2	0.2	0.6	-0.4	0.6	-0.1	0.0	0.7	-1.1

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

Chart 58 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)

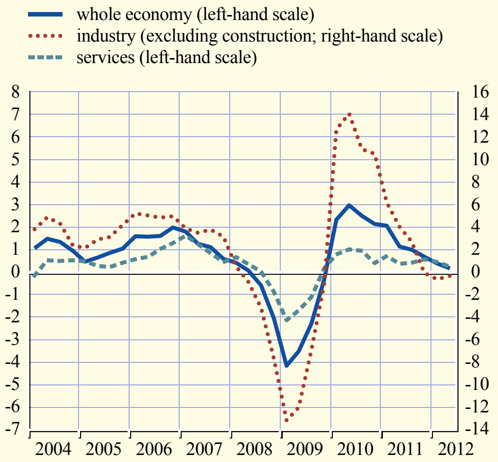


Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Percentage balances are mean-adjusted.

Surveys on employment suggest that job creation is likely to have deteriorated in the third quarter and at the beginning of the fourth quarter of 2012, mainly reflecting depressed economic activity in the euro area. In particular, the euro area composite PMI for employment expectations (encompassing both manufacturing and services) remained below the no-growth threshold in the third quarter of 2012, as well as in the first two months of the fourth quarter. The European Commission's business surveys record similar expectations (see Chart 58).

Chart 59 Labour productivity per person employed

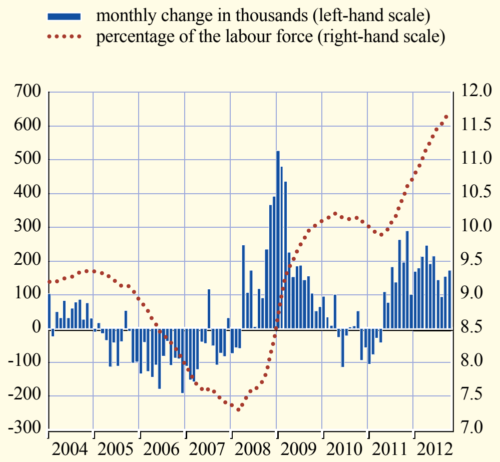
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 60 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

Annual growth in labour productivity per person employed, which has been declining for two years, slowed further to stand at 0.2%, in the second quarter of 2012. A similar slowdown is seen in productivity per hour worked (see Chart 59). Productivity growth is expected to have remained weak in the third and fourth quarters of 2012, on the back of subdued economic activity.

The unemployment rate continued to increase and stood at 11.7% in October 2012. With this latest increase, the unemployment rate has risen by 1.8 percentage points since April 2011 when it began to move upwards (see Chart 60). The lack of employment creation, accompanied by weak survey results, suggests a further rise in unemployment in the short term.

Box 5

RECENT EURO AREA LABOUR MARKET DEVELOPMENTS IN A HISTORICAL CONTEXT

The financial crisis and the subsequent recession have had a severe negative impact on the euro area labour market and prospects remain subdued. This box compares labour market developments since 2008 with those in previous cycles and during other systemic financial crises in OECD countries. It shows that labour market adjustments since 2008 have been slower than in normal cycles but less adverse than in past recessions associated with financial crises. However, the renewed economic downturn and the weak outlook raise concerns about labour market developments in the near term.

Labour market developments in the euro area

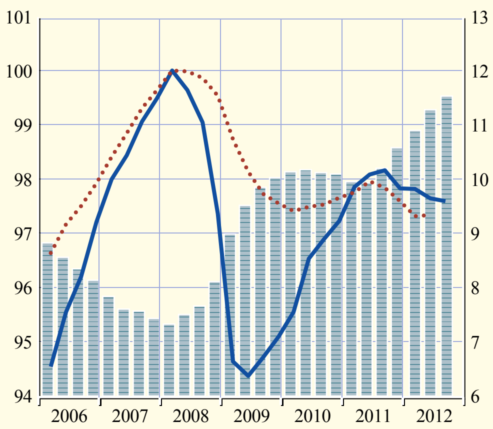
The financial crisis and the subsequent recession have had a severe negative impact on economic developments in the euro area. Activity has been affected quite severely, with a sharp contraction in real GDP, which is consistent with evidence on previous systemic financial crises.[1] Financial crises tend to be associated with harsher and more prolonged adjustment processes. This is partly because these episodes are often preceded by economic booms involving the build-up of large imbalances. Restoring public and private balance sheets often requires sharp adjustments which take time to complete, especially if they are inhibited by nominal rigidities and institutional frameworks.

In the early phases of the current crisis the employment adjustment was relatively muted, notably owing to a sharp adjustment in hours worked and the implied labour hoarding. However, since the start of the crisis in 2008 total employment has been reduced by more than 4 million persons and unemployment has soared above 11.5% in the euro area (see Chart A). These developments in the euro area as a whole mask the fact that labour market adjustments have varied substantially across countries.[2]

1 See Reinhart, C.M. and Rogoff, K.S., *This Time Is Different: Eight Centuries of Financial Folly*, Princeton University Press, Princeton, 2009.
2 See also the ECB's 2012 Structural Issues Report entitled "Euro area labour markets and the crisis".

Chart A GDP, employment and the unemployment rate in the euro area

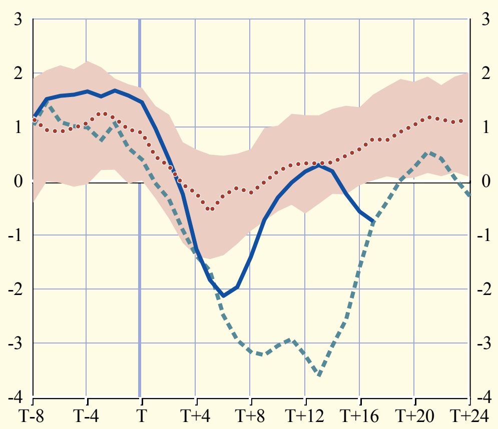
(index: Q1 2008 = 100; percentages of the labour force)



Sources: Eurostat and ECB staff calculations.

Chart B Employment

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB staff calculations.
Notes: T represents the peak GDP level prior to recessions and the data cover a period from eight quarters prior to a peak (T-8) to 24 quarters after it (T+24). The cycle range for recessions in OECD countries is derived as the upper quartile less the lower quartile of developments during all recessions in OECD countries since 1970. The "average" cycle line shows the average development during all recessions in OECD countries not categorised as systemic crises. The systemic crises line is the average development during the previous five severe financial crises since 1970, which occurred in Spain, Finland, Sweden, Norway and Japan.

The current labour market adjustment compared with past systemic crises [3]

While euro area employment has fared worse in the period since 2008 than on average in previous cycles, it has not contracted as much as in previous systemic crises in OECD economies. In previous cycles employment rebounded on average around three years after the preceding peak in GDP, compared with an average rebound period of five years during systemic crises (see Chart B). The relatively better performance of employment in the current financial crisis may reflect various policy measures enacted at an early stage in the crisis to support employment.[4] However, owing to the weak recovery, and the subsequent deterioration as a result of the euro area sovereign debt crisis, employment has recently declined again.

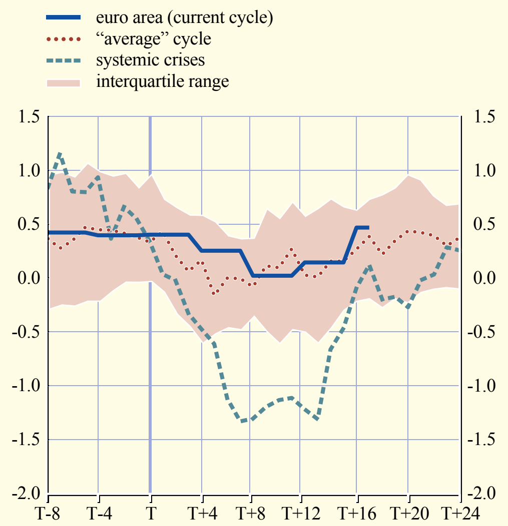
Labour force participation has remained relatively resilient and in line with the levels observed during "average" cycles, while experience of past systemic crises typically suggests more significant falls in participation (see Chart C). In particular, participation rates for females and older workers

3 Prior to the current financial crisis, there had been five systemic banking crises in advanced economies: Spain in the late 1970s, Norway in the late 1980s, Finland and Sweden in the early 1990s, and Japan during the 1990s. For the definition of systemic crises, see Laeven, L. and Valencia, F., "Systemic Banking Crises: A New Database", *Working Paper Series*, No 08/224, IMF, 2008. See also "What happens during recessions, crunches and busts?", *Working Paper Series*, No 08/274, IMF, 2008, and the IMF's World Economic Outlook, April 2009.

4 See also the article entitled "Labour market adjustments to the recession in the euro area", *Monthly Bulletin*, ECB, July 2010.

Chart C Labour force participation

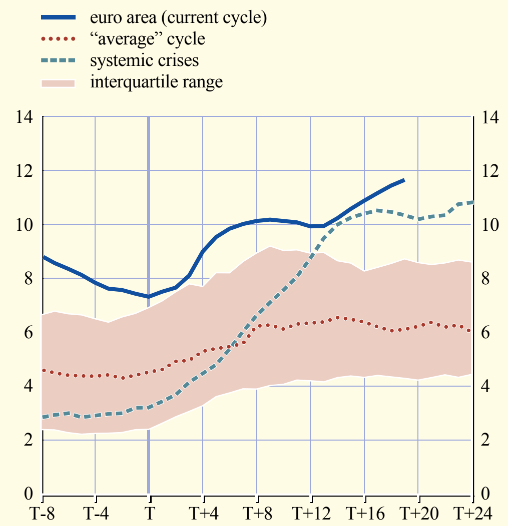
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB staff calculations.
Note: See the notes to Chart B.

Chart D Unemployment rate

(percentages of the labour force)



Sources: Eurostat and ECB staff calculations.
Note: See the notes to Chart B.

have evolved more favourably than in past crises, offsetting negative effects on the participation of prime age workers and, in particular, young workers. These developments probably in part reflect past reforms to increase the integration of women in the labour market, as well as "added worker" effects resulting from an increase in the financial needs of households in the aftermath of the financial crisis. Finally, past pension reforms are likely to have supported participation by older workers, as they increased statutory retirement ages and made early retirement less attractive.[5]

Moreover, the euro area unemployment rate has increased sharply, rising from around 8% in 2008 to close to 12% in recent months. While a large increase is typical in a financial crisis, Chart D shows that the rise in unemployment has thus far remained lower than in past systemic crises, reflecting the relatively less adverse employment trends. Nevertheless, as the euro area unemployment rate was very high prior to the crisis, it remains above the level seen in past crisis episodes. Experience of past crises suggests that the unemployment rate will remain considerably above pre-crisis levels for some time (see Chart D).

This box focuses on labour market developments in the euro area as a whole. However, the adjustment has varied considerably across euro area countries, reflecting differences in labour market flexibility and institutional arrangements, as well as the extent of progress made on structural reforms. Looking ahead, the renewed economic downturn raises concerns about future labour market developments, which will also depend crucially on the extent to which institutional frameworks support flexible adjustments in wages and employment. Overall, further reforms to improve labour market flexibility would help to reduce the risk that the recent increases in unemployment could lead to higher structural unemployment.

5 The ECB's 2012 Structural Issues Report, entitled "Euro area labour markets and the crisis", finds that this change in the composition of employment can explain part of the limited wage adjustment observed in the aftermath of the crisis.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Available statistics and survey indicators continue to signal further weakness in activity in the last quarter of the year, although more recently, some indicators have stabilised at low levels and financial market confidence has improved further. Over the shorter term, weak activity is expected to extend into next year, reflecting the adverse impact on domestic expenditure of weak consumer and investor sentiment and subdued foreign demand. A gradual recovery should start later in 2013 as the accommodative monetary policy stance and significant improvement in financial market confidence work their way through to private domestic expenditure, and a strengthening of foreign demand should support export growth.

This assessment is reflected in the December 2012 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP growth in a range between -0.6% and -0.4% for 2012, between -0.9% and 0.3% for 2013 and between 0.2% and 2.2% for 2014. Compared with the September 2012 ECB staff macroeconomic projections, the ranges for 2012 and 2013 have been revised downwards.

Downside risks to the economic outlook for the euro area remain. These are mainly related to uncertainties about the resolution of sovereign debt and governance issues in the euro area, geopolitical issues and fiscal policy decisions in the United States possibly dampening sentiment for longer than currently assumed and further delaying the recovery of private investment, employment and consumption.

5 FISCAL DEVELOPMENTS

According to the European Commission's 2012 autumn economic forecast, notable progress is being made in reducing budgetary imbalances in the euro area. This is indicated by the fact that the euro area general government deficit is expected to have declined markedly, from 4.1% of GDP in 2011 to 3.3% of GDP in 2012. Further improvement is expected in 2013 and – to a more limited extent – 2014. At the same time, the euro area general government debt ratio is projected to have risen above 90% of GDP in 2012 and to stand at 94.3% of GDP in 2014. Further fiscal adjustment will be needed to eliminate excessive deficits in some countries and, more generally, to bring down general government debt ratios towards the reference value, in strict compliance with all commitments under the strengthened governance framework.

FISCAL DEVELOPMENTS IN 2012

According to the European Commission's 2012 autumn economic forecast, notable progress is being made in reducing budgetary imbalances in the euro area. The euro area-wide general government budget deficit is projected to have declined from 4.1% of GDP in 2011 to 3.3% of GDP in 2012 (see Table 10 and Chart 61). This decline in the budget deficit is fully explained by the 0.8 percentage point rise in the general government revenue-to-GDP ratio to 46.2% of GDP, while the expenditure-to-GDP ratio is expected to have remained unchanged at 49.5% of GDP (see Table 10 and Chart 62). The euro area general government debt-to-GDP ratio is projected to have risen by 4.8 percentage points to 92.9% in 2012. This increase reflects a positive stock-flow adjustment and the so-called snowball effect (the debt-increasing effect of a positive nominal interest-growth differential), whereas the positive contribution from the primary deficit is expected to have been very small.

The deficit is expected to continue to fall, with the euro area-wide general government deficit-to-GDP ratio forecast to decline to 2.6% of GDP in 2013 and marginally further to 2.5% of GDP in 2014. This projection is in turn driven by an expected increase in the revenue ratio to 46.6% of GDP and decline in the expenditure ratio to 49.1% of GDP by the end of 2014. At the same time, the rise in the euro area general government debt-to-GDP ratio is projected to slow in 2013, as indicated by an expected 1.6 percentage point increase to 94.5% of GDP in 2013, and to reverse in 2014, benefiting from the debt-reducing impact of a gradual rise in primary surpluses.

Table 10 Fiscal developments in the euro area

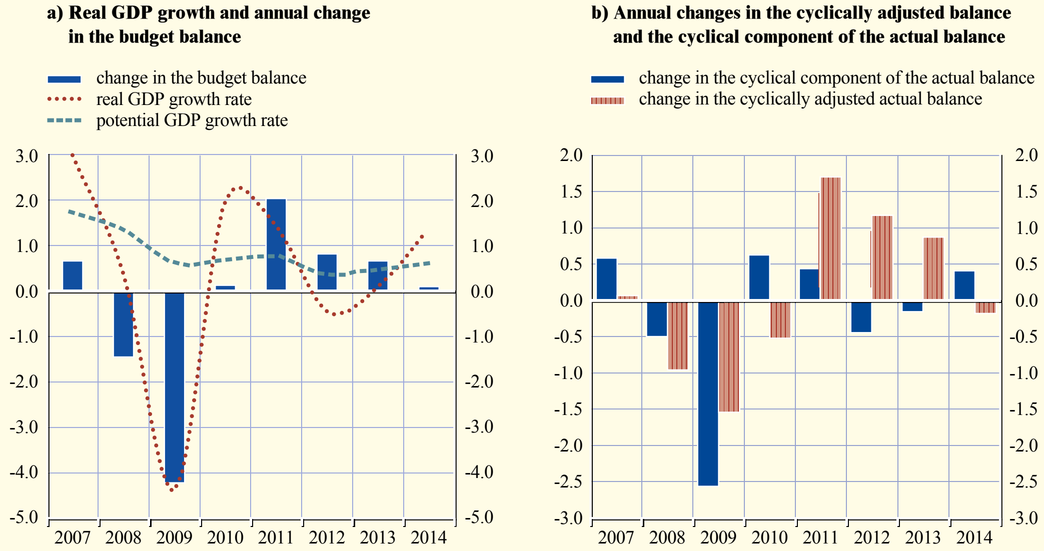
(as a percentage of GDP, general government)

	2008	2009	2010	2011	2012	2013	2014
a. Total revenue	45.0	44.9	44.8	45.4	46.2	46.8	46.6
b. Total expenditure	47.1	51.2	51.0	49.5	49.5	49.4	49.1
of which:							
c. Interest expenditure	3.0	2.9	2.8	3.0	3.1	3.2	3.3
d. Primary expenditure (b-c)	44.1	48.4	48.1	46.5	46.4	46.2	45.8
Budget balance (a-b)	-2.1	-6.3	-6.2	-4.1	-3.3	-2.6	-2.5
Primary budget balance (a-d)	0.9	-3.5	-3.4	-1.1	-0.2	0.6	0.8
Cyclically adjusted budget balance	-3.0	-4.6	-5.1	-3.4	-2.2	-1.3	-1.6
Gross debt	70.2	80.0	85.6	88.1	92.9	94.5	94.3
Memo item: real GDP (percentage change)	0.4	-4.4	2.0	1.4	-0.4	0.1	1.4

Sources: European Commission's autumn 2012 economic forecast and ECB calculations.
Note: Owing to rounding, figures may not add up.

Chart 61 Determinants of budgetary developments in the euro area

(as a percentage of GDP; percentage changes)



Sources: European Commission's autumn 2012 economic forecast and ECB calculations. Data refer to general government.

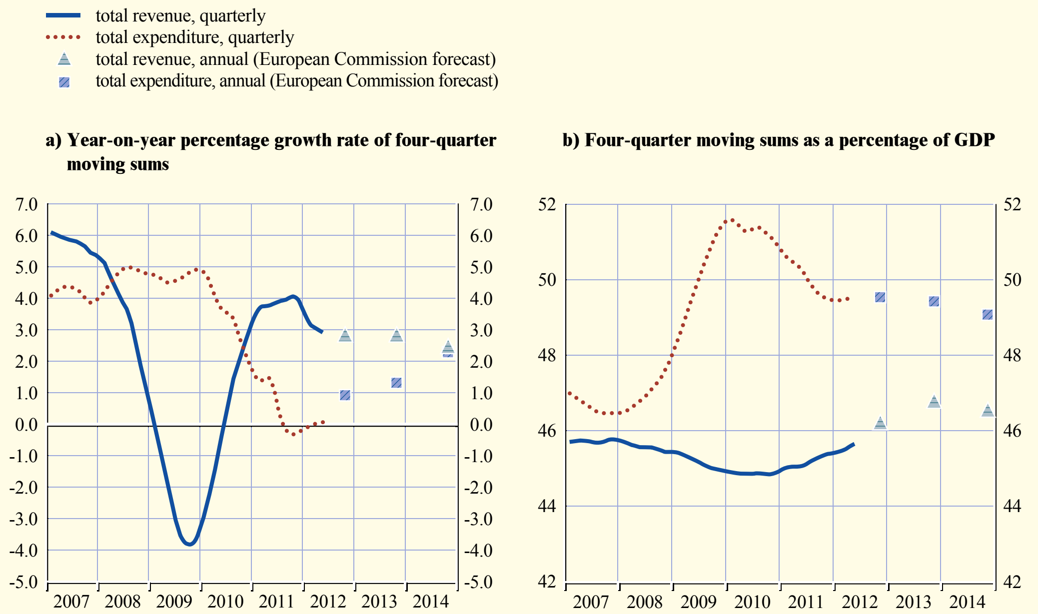
BUDGETARY DEVELOPMENTS AND PLANS IN SELECTED COUNTRIES

The overall progress made in reducing budgetary imbalances in the euro area is also testified by the correction of excessive deficits. On 4 December the Ecofin Council abrogated Malta's excessive deficit procedure (EDP), after abrogating that of Germany in June.[1] Moreover, according to the European Commission's 2012 autumn economic forecast, Italy is projected to correct its excessive deficit by the 2012 EDP deadline, with the Netherlands and Austria correcting their deficits by the 2013 deadline and Portugal correcting its deficit by the 2014 deadline. At the same time, despite fiscal consolidation and amid weak and – in some cases – negative growth (see also Chart 61), difficulties persist in achieving nominal budget targets and a timely and sustainable correction of excessive deficits by the agreed deadlines in a number of countries. In this respect, the European Commission's 2012 autumn economic forecast points to risks affecting the correction of excessive deficits in Belgium and Cyprus by the 2012 EDP deadline. Risks affecting the correction of excessive deficits by the 2013 deadline are also forecast to remain in France, Slovenia and, to a lesser extent, Slovakia. Finally, under current policies, Spain is forecast to post a deficit above the reference value of 3% of GDP at its 2014 EDP deadline.

Against the background of unexpected negative shocks in terms of growth developments and the associated difficulties for complying with EDP deadlines, the Ecofin Council granted Spain[2] and Portugal[3] a one-year extension to their EDP deadline to 2014 on 10 July and 9 October respectively.

1 All euro area countries apart from Germany, Estonia, Luxembourg, Malta and Finland are currently subject to an Ecofin Council decision on the existence of an excessive deficit.
2 For details, see the Council recommendation with a view to bringing an end to the situation of an excessive government deficit in Spain, available on the European Commission's website at http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/30_edps/126-07_council/2012-07-10_es_126-7_council_en.pdf.
3 For details, see the Council recommendation with a view to bringing an end to the situation of an excessive government deficit in Portugal, available on the European Commission's website at http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/30_edps/126-07_council/2012-10-09_pt_126-7_council_en.pdf.

Chart 62 Quarterly government finance statistics and projections for the euro area



Sources: Data refer to general government. ECB calculations based on Eurostat and national data, as well as the European Commission's autumn 2012 economic forecast.
Note: The charts show the evolution of total revenue and total expenditure in terms of four-quarter moving sums for the period from the first quarter of 2007 to the second quarter of 2012, plus the annual projections for 2012, 2013 and 2014 from the European Commission's autumn 2012 economic forecast.

On 13 November the Eurogroup endorsed a request by the Greek authorities to grant Greece a two-year extension (to 2016) to reach the primary balance target of 4.5% of GDP set under the second adjustment programme. The Ecofin Council approved a two-year extension to Greece's EDP deadline on 4 December.

A brief review of recent budgetary developments in the largest euro area countries, the EU/IMF programme countries and Cyprus is provided below.

In Germany, according to cash data, direct tax revenues in particular have continued to grow more strongly than expected in recent months. Germany may therefore be close to achieving a balanced budget in nominal terms as early as 2012. On 23 November the German parliament approved the 2013 budget, which does not contain any major new fiscal measures affecting the fiscal outlook.

In France, the 2013 draft budget law is currently being discussed in parliament. The government plans to reduce the general government deficit from the currently estimated level of 4.5% of GDP in 2012 to 3% of GDP in 2013 in order to comply with the EDP deadline. Fiscal consolidation is mainly reliant on tax increases amounting to around 1.2% of GDP. On 6 November 2012 the French government announced several measures to support the competitiveness of the French economy. The key underlying measure is a permanent tax credit for businesses, amounting to 1% of annual GDP and spread over three years (2014-2016). The fiscal impact of this measure is expected to be neutral, as the lower revenues from the tax credit will be financed via an increase in VAT rates (as of January 2014), changes in environmental taxation and lower public spending.

In Italy, on 9 October the government adopted the so-called stability law – which is meant to be almost budget-neutral – for the period 2013-2015. Amendments have been, and may continue to be, made to the law during the current parliamentary process. The 2 percentage point increase in both the intermediate (10%) and standard (21%) VAT rates that was previously envisaged will not be implemented. Only the upper rate will rise, by just one percentage point, to 22% as of July 2013. The stability law also foresees additional tax deductions for households, as well as spending cuts, including in the areas of local administration and health care.

In Spain, during the first nine months of the year – and excluding the impact of bank recapitalisations – general government net borrowing was only modestly lower than over the same period in 2011. Government spending other than on interest and social benefits has been falling sharply, but the impact of this on net borrowing has until now been largely offset by declining tax revenue and higher spending on debt interest and social benefits. Government borrowing is expected to fall much more sharply in the final quarter. This is when the bulk of central government tax changes, the health and education reforms adopted in April and the suspension of government employees' Christmas bonuses all have the greatest impact on government accounts. As far as 2013 is concerned, the draft central government and social security budget was presented to the Spanish parliament at the end of September. It includes new tax measures (limits on capital allowances, taxation of lottery winnings, and new taxes on biofuels and natural gas) which aim to bring in revenues amounting to around 0.5% of GDP, as well as ministerial spending cuts amounting to around 0.4% of GDP. The draft budget also postponed a planned 1 percentage point cut in the main social contribution rate, the cost of which would have come to around 0.25% of GDP. Most regional governments have now presented budget proposals for 2013. These so far point to spending cuts in the order of 4% on aggregate, but also lower revenues than initially budgeted for this year.

In Greece, general government revenues up to October 2012 were well below programme targets, partly on account of the recession being deeper than expected, but also delays in the implementation of the reform process. At the same time, the government maintained spending at well below budget levels, which is largely explained by a relatively low utilisation rate of the investment budget and, to a lesser extent, reflects the accumulation of arrears. In the course of November the parliament approved the 2013 budget and the medium-term fiscal strategy for 2013-2016, which specifies the details of the fiscal package needed to achieve the fiscal targets over 2013-2014. The package includes measures amounting to around 7.3% of GDP and is predominantly frontloaded, as well as mostly being expenditure-based. About two-thirds of the spending measures affect pensions and the wage bill, the two components of the budget that – more than any others – contributed to the build-up of imbalances ahead of the 2009 fiscal crisis. By the end of the year, the Greek government is also planning to adopt comprehensive income tax reforms aimed at broadening the tax base and revising the tax rate structure. Parliament also passed a series of reforms on revenue administration and budgetary controls that, together with the rationalisation of public administration, will strengthen fiscal institutions and fiscal discipline going forward. On November 27 the Eurogroup and the IMF agreed on a new debt target for Greece (124% of GDP by 2020), paving the way for the disbursement of the next financing tranche under the EU/IMF programme. The agreement comprises a set of measures, which include Greek debt buy-backs, a return of Securities Market Programme (SMP) profits to Greece, a reduction in interest rates for the Greek Loan Facility (GLF), an extension of GLF and European Financial Stability Facility (EFSF) maturities, and the deferral of EFSF interest rate payments.

In Portugal, the fiscal consolidation path has been adjusted following the fifth quarterly review under the EU/IMF financial programme. The deficit targets have been revised upwards to 5% of GDP in

2012 and 4.5% of GDP in 2013 to reach 2.5% of GDP in 2014. The sixth quarterly review concluded on 19 November that the EU/IMF financial programme for Portugal is broadly on track. The Portuguese parliament approved the 2013 budget on 27 November. It includes additional consolidation measures amounting to around 3% of GDP, the bulk of which come from the revenue side.

In Ireland, the medium-term fiscal adjustment plans remain unchanged and the 2012 budgetary target is expected to be comfortably met. The recently updated medium-term fiscal statement spells out further adjustment plans from 2013 onwards, confirming that a third of these consolidation measures will be taken on the revenue side and the remainder on the expenditure side. The 2013 budget was presented on 5 December and contains measures which are broadly in line with the medium-term plans. Additionally, the large healthcare spending overrun in 2012 is planned to be completely reversed through new savings in this sector.

In Cyprus, monthly cash data for the first ten months point to tax revenue and the collection of social security contributions being significantly weaker than expected. In November a European Commission/ECB/IMF mission held discussions with the Cypriot authorities on the policy building blocks of a macroeconomic adjustment programme. Progress was made towards agreement on key policies to strengthen public finances, restore the health of the financial system and strengthen competitiveness so as to pave the way for the economy to return to sustained growth and financial stability.

FISCAL POLICY CHALLENGES

The fiscal policy response to the sovereign debt crisis has so far been comprehensive in many respects. This includes the size of fiscal consolidation, with large structural adjustment notably taking place in euro area countries subject to an EU/IMF financial programme. It has also included progress being made in strengthening the EU governance framework, as well as ongoing discussions on how to complete economic and monetary union by moving ahead with financial, fiscal, economic and political integration.

Notwithstanding this progress, important near-term challenges remain. Above all, further efforts are needed to restore long-term debt sustainability. It is therefore essential that the impetus provided to reducing budgetary imbalances is maintained. While there may be a temporary deterioration in growth resulting from fiscal consolidation, well-designed fiscal adjustment leads to a permanent improvement in the structural balance and thus has a favourable impact on the path of the debt-to-GDP ratio (see Box 6). Consequently, postponing the necessary budgetary adjustment is not a credible alternative to a timely correction of fiscal imbalances.

Fiscal strategies should therefore strictly comply with all commitments under the Stability and Growth Pact and notably the EDPs. Countries facing difficulties in reaching their EDP deadlines should amend their 2013 budgets to step up structural efforts that allow the nominal budget deficit to be reduced to below the 3% of GDP reference value in a sustainable manner by the agreed deadlines. Indeed, compliance with the agreed nominal budget targets provides an important anchor of expectations regarding the path towards sustainable public finances. At the same time, the Stability and Growth Pact provides leeway for countries that are subject to an unexpectedly protracted period of low growth. This notwithstanding, any decision to grant an extension to the EDP deadline must be led by the overarching objective of achieving fiscal sustainability without delay.

It is essential that investor confidence in fiscal sustainability is not only anchored over the short to medium term, but also over the long term. Such clarity of vision would improve the foundations of sustainable economic growth in Europe and the euro area. In this regard and following an interim report delivered in October, the President of the European Council, in collaboration with the presidents of the European Commission, the Eurogroup and the ECB, will present a roadmap towards deeper economic and monetary union to the European Council on 13 and 14 December. At the core of a deeper union is further sharing of fiscal sovereignty, which will give the euro area the power to prevent and correct unsustainable policies effectively in every euro area country.

Box 6

THE ROLE OF FISCAL MULTIPLIERS IN THE CURRENT CONSOLIDATION DEBATE

Since the start of the sovereign debt crisis, several EU Member States have adopted a series of extensive consolidation measures to restore fiscal sustainability and to preserve sovereign creditworthiness. At the same time, forecasts for economic activity have been repeatedly revised downwards for some countries. Some argue that the growth shortfalls can mainly be attributed to larger than standard short-term fiscal multipliers (i.e. the impact of discretionary fiscal policy measures on output). An extreme view is that multipliers may currently be so large that fiscal consolidation would be self-defeating, at least in the shorter run.

This debate has been further stimulated by the IMF's October 2012 "World Economic Outlook (WEO)" report[1] suggesting that the short-term fiscal multipliers used to generate growth forecasts for the crisis years 2010-11 were systematically underestimated (with the actual multiplier possibly standing at 1.7 instead of the assumed value of 0.5 in the IMF's projections). On the other hand, the European Commission (EC), in its autumn 2012 economic forecast report,[2] cautions against using past forecast errors as indirect evidence of the true size of the fiscal consolidation multiplier.[3] Focusing solely on the euro area, the EC shows that the correlation between growth forecast errors and changes in the fiscal stance breaks down when also considering increases in sovereign bond yields. Accounting for this factor, the evidence is consistent with short-term multipliers of below 1, which has so far been considered standard in the empirical literature.

The EC report also refers to simulation results across various institutions' structural models to address the question of whether short-term multipliers are larger during crises compared to normal times. Based on its QUEST model, the EC finds that during normal times, the short-term multiplier of a balanced-composition, permanent consolidation shock for the EU aggregate is around 0.4. It can rise to 0.5-0.7 during crisis times, for example, in an environment of global fiscal retrenchment and with nominal interest rates being constrained by the zero lower bound.

This box complements the debate and argues that the focus on short-term multipliers is too narrow. While the short-term effects of consolidation need to be taken into account, what is most important is the contribution of consolidation to long-term fiscal sustainability. Excessive focus on the short term could lead to a repeat of past policy errors, with debt ratios failing to stabilise quickly enough and adjustment processes being more protracted and difficult than necessary.

1 See the link at http://www.imf.org/external/pubs/ft/weo/2012/02/pdf/text.pdf
2 See Box 1.5 entitled "Forecast errors and multiplier uncertainty" in the European Commission's *European Economy,* No 7/2012.
3 Moreover, past forecast errors are also associated with other factors, such as higher than expected oil prices and the amount of consolidation measures embedded in the baseline fiscal forecast.

Fiscal multipliers based on the ECB's New Area-Wide Model

In the following section, the ECB's New Area-Wide Model is used to examine, by means of model-based simulations, the size of the short and long-run effects of fiscal consolidation on real GDP under alternative assumptions.[4] These simulations are not intended to give an exact quantitative account of actual fiscal consolidation measures that have been, or that are likely to be implemented in individual euro area countries, but to identify key factors that matter for their effects in the short and long run. In doing so, the simulations consider the euro area as a whole.

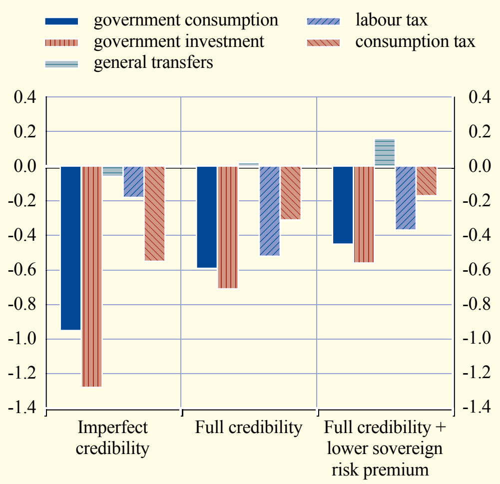
Short-term fiscal multipliers

Chart A presents the short-term GDP multipliers for several expenditure and revenue-based fiscal instruments. The simulated consolidation scenarios refer to a permanent change in the respective fiscal instrument, so as to achieve a gradual reduction of the government debt-to-GDP ratio from 90% to 60% in line with the Treaty reference value.[5] The graph shows that fiscal consolidation has, in general, a negative effect on GDP in the short run, with the size of short-term multipliers varying quite substantially across the different fiscal instruments. The negative effect is most pronounced in the case of imperfect credibility, for example, if markets initially disbelieve the government's commitment to fully implement the announced consolidation measures. Yet, even in this case, negative multipliers larger than 1 are the exception, confined to cuts in productive expenditure (government investment). In addition, several aspects may serve to reduce the short-term multipliers.

First, short-run multipliers are much smaller in the case of full credibility, for example, if markets are convinced that the announced consolidation measures will be fully implemented and lasting (see the second scenario in Chart A). Full credibility creates budgetary room after ten years, which in the simulations is assumed to be used to reduce the labour tax rate. Markets' anticipation of future tax cuts results in favourable supply-side effects, including an increase in labour supply even in the short run, which in turn mitigates the negative short-term impact of consolidation.

Second, short-run multipliers tend to be smaller if the medium-term reduction in the government debt-to-GDP ratio is associated with a decline in the sovereign risk premium (see the third scenario in Chart 1). This scenario

Chart A Short-run GDP multipliers



Note: NAWM-based simulations. The short-run multipliers correspond to the average real GDP effects over the first two years of the fiscal consolidation.

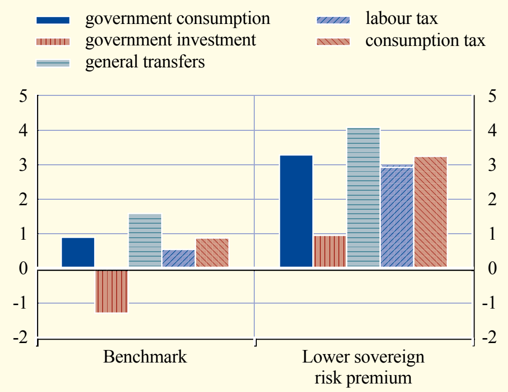
4 The analysis is based on an extended version of the NAWM described in G. Coenen, P. McAdam and R. Straub's, "Tax reform and labour-market performance in the euro area: a simulation-based analysis using the New Area-Wide Model", *Journal of Economic Dynamics and Control*, No 32(8), pp. 2543-2583, 2008.

5 The permanent fiscal shock amounts to 1% of the initial steady state GDP. The budgetary room created by the consolidation is used exclusively to reduce government debt within the first ten years. Thereafter, labour income taxes are allowed to adjust in response to deviations of the government deficit from its long-run target (which is in line with a 60% debt-to-GDP ratio).

assumes a reduction in the risk premium of 30 basis points, broadly in line with earlier findings in the literature.[6] This lowers the debt servicing costs of the government and reduces the financing costs of the private sector, thereby stimulating private investment.

Third, short-run multipliers depend on the composition of consolidation. Tax increases and reductions in transfers are found to be associated with smaller short-run multipliers than cuts in either government consumption or government investment (the latter associated with the largest decline in real GDP).

Chart B Long-run GDP multipliers



Note: NAWM-based simulations. The long-run multipliers refer to the percentage deviation of the new steady state real GDP level that is realised when the transitionary effects from the adjustment processes have unwound relative to the initial steady state GDP level. In the conducted simulations, these adjustment processes take more than ten years.

The size of the short-run multiplier is also sensitive to structural features of the economy, such as the share of liquidity or credit-constrained households. A higher share of constrained households, all other things being equal, results in slightly larger multipliers. The reason is that these households are less able to smooth out consumption over time and therefore react to consolidation, thereby affecting their current disposable income with larger cutbacks in their consumption than households that are able to borrow or dissave.

Long-term fiscal multipliers

Over the longer run, fiscal consolidation has sizeable benefits, not only in terms of fiscal sustainability but also when measured in terms of GDP (see Chart B). The size of the long-run multiplier is independent of the degree of credibility. In the benchmark simulations with a constant risk premium, consolidation is associated with positive effects on real GDP in the long run for all fiscal instruments (except for government investment), reflecting the reduction in the labour tax rate in response to the materialising budgetary room. The non-productive components of government spending, that is to say consumption and transfers, exhibit larger positive effects on real GDP than the tax instruments. These results are in line with the available empirical evidence which points to a higher degree of success for expenditure-based fiscal consolidations.[7]

If, in addition, it is assumed that the fiscal consolidation efforts lead to a decline in the sovereign risk premium, the long-run benefits of consolidation become considerably larger than in the benchmark simulations. The reduction in government financing costs, due to lower long-run nominal interest rates, improves the budgetary situation of the public sector, thereby increasing the room for reductions in the labour tax rate. At the same time, lower financing costs in the private sector result in a higher economy-wide capital stock.

6 See, for example, T. Laubach, "New evidence on the interest rate effects of budget deficits and debt", *Journal of the European Economic Association*, No 7(4), pp. 1-28, 2009.

7 See Alesina, A., C. Favero and F. Giavazzi (2012), "The output effect of fiscal consolidations", *NBER Working Papers*, No 18336; Alesina A. and S. Ardagna (2012), "The design of fiscal adjustments", *NBER Working Papers*, No 18423.

Qualifications on the effects of fiscal consolidation

Given the current debate, while the size of the short-run fiscal multipliers is important, it provides only a narrow view on fiscal sustainability, as well as on fiscal analysis and surveillance. In the light of the discussion above, a number of qualifications should be considered when assessing the fiscal multiplier and the effects of fiscal consolidation:

(i) The size of the fiscal multiplier can be reduced by enhancing the credibility of the consolidation and accompanying measures

As shown above, if fiscal consolidation can be credibly communicated as part of a necessary adjustment process that would allow, for example, the future tax burden to be lowered, this would immediately boost consumers' and investors' confidence. Confidence can be further enhanced when fiscal consolidation is accompanied by structural reforms that have positive supply-side effects over the longer run.

(ii) Other factors that weigh on the short-run growth outlook

Risks to the macroeconomic outlook may arise from uncertainties surrounding not only the size of fiscal multipliers, but also the amount of fiscal consolidation embedded in the forecast baseline, and thus the possible additional consolidation. Moreover, with regard to the policy impact, the recent decline in confidence and ensuing economic deterioration, in particular, cannot be solely attributed to the impact of fiscal consolidation and, thus, be taken as evidence for higher fiscal multipliers, as some analyses have recently suggested. There have been many other factors at work (e.g. oil price and exchange rate developments) and disentangling their sometimes complex interaction – including in the present analysis – is a daunting task.

(iii) There are favourable long-run effects of fiscal consolidation on growth

While fiscal consolidation may adversely affect growth in the short term, the medium to long-term effects are favourable and more than compensate any short-term shortfall. Moreover, governments would be ill-advised to bias consolidation against spending measures because – even though they may have a larger negative, short-term impact than revenue measures – they tend to be most beneficial in terms of medium to long-term growth prospects. Overall, also given the very large size of the public sector in many countries, the bulk of fiscal adjustment should be borne on the expenditure side, while avoiding cuts in productive government spending. Moreover, the additional budgetary room created by the consolidation efforts may be geared in the medium term towards lowering the taxes that are most harmful to growth (e.g. labour taxes).

Conclusions

The current debate appears to be too narrowly focused on the size of the short-term fiscal multiplier. Well-designed consolidation leads to a permanent improvement in the structural balance, while the deterioration in growth, if any, is only temporary. Fiscal consolidation has a favourable impact on the path of the debt-to-GDP ratio, which, at present, is more important than ever to restore trust in fiscal sustainability in the euro area and beyond.

6 EUROSYSTEM STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

On the basis of the information available up to 23 November 2012, Eurosystem staff have prepared projections for macroeconomic developments in the euro area.[1] Following a slight decline in activity in the third quarter of 2012, real GDP is projected to fall somewhat further in the near term. This short-term outlook reflects weak external demand and the combined adverse impact on domestic demand of weak sentiment related to tensions in the euro area financial markets, fiscal consolidation, high commodity prices and private sector deleveraging. Assuming that financial market tensions do not intensify further, real GDP is projected to recover modestly during 2013, supported by a favourable impact on exports of a recovery in external demand and improved cost competitiveness, the favourable effect on domestic private demand of the accommodative stance of monetary policy and the positive impact on real disposable income of a decline in inflation, mainly due to lower food and commodity prices. Average annual real GDP growth is projected to be between -0.6% and -0.4% in 2012, between -0.9% and 0.3% in 2013 and between 0.2% and 2.2% in 2014.

Euro area HICP inflation is projected to decline over the projection horizon. The average rate of overall HICP inflation is projected to be around 2.5% in 2012, between 1.1% and 2.1% in 2013 and between 0.6% and 2.2% in 2014. This decrease is expected to be driven by a deceleration in the food and energy components, on the back of declining commodity prices. HICP inflation excluding food and energy is expected to remain broadly stable over the projection horizon.

1 The Eurosystem staff macroeconomic projections are produced jointly by experts from the ECB and the euro area NCBs. They are a biannual input into the Governing Council's assessment of economic developments and the risks to price stability. More information on the procedures and techniques used is given in "A guide to Eurosystem staff macroeconomic projection exercises", ECB, June 2001, which is available on the ECB's website. To reflect the uncertainty surrounding the projections, ranges are used to present the results for each variable. The ranges are based on the differences between actual outcomes and previous projections carried out over a number of years. The width of the ranges is twice the average absolute value of these differences. The method used, involving a correction for exceptional events, is documented in "New procedure for constructing Eurosystem and ECB staff projection ranges", ECB, December 2009, also available on the ECB's website.

Box 7

TECHNICAL ASSUMPTIONS ABOUT INTEREST RATES, EXCHANGE RATES, COMMODITY PRICES AND FISCAL POLICIES

The technical assumptions about interest rates and commodity prices are based on market expectations, with a cut-off date of 15 November 2012. The assumption about short-term interest rates is of a purely technical nature. Short-term rates are measured by the three-month EURIBOR, with market expectations derived from futures rates. The methodology gives an average level for these short-term interest rates of 0.6% for 2012, 0.2% for 2013 and 0.3% for 2014. The market expectations for euro area ten-year nominal government bond yields imply an average level of 3.8% in 2012, 3.6% in 2013 and 4.0% in 2014. Reflecting the path of forward market interest rates and the gradual pass-through of changes in market rates to lending rates, both short-term and long-term bank lending rates are expected to bottom out in 2013 and to rise gradually thereafter. Credit supply conditions are expected to weigh negatively on economic activity in the euro area in 2012 and 2013 and to be relatively neutral in 2014. As regards commodity prices, on the basis of the path implied by futures markets in the two-week period ending on the cut-off date, the price of a barrel of Brent crude oil is assumed to average USD 111.7 in 2012, USD 105.0 in 2013 and USD 100.5 in 2014. The prices of non-energy commodities in US dollars are assumed to fall by 7.5% in 2012 and by 1.5% in 2013, before increasing by 3.3% in 2014.[1]

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the two-week period ending on the cut-off date. This implies an exchange rate of USD per EUR of 1.28 throughout the projection horizon. On average, the effective exchange rate of the euro is assumed to depreciate by 5.5% in 2012 and by 0.9% in 2013.

Fiscal policy assumptions are based on individual euro area countries' national budget plans that were available on 23 November 2012. They include all policy measures that have already been approved by national parliaments or that have been specified in detail by governments and are likely to pass the legislative process.

1 Oil and food price assumptions are based on futures prices up to the end of the projection horizon. The prices of other non-energy hard commodities are assumed to follow futures until the fourth quarter of 2013 and thereafter to evolve in line with global economic activity.

THE INTERNATIONAL ENVIRONMENT

World real GDP growth (excluding the euro area) is projected to pick up gradually, rising from 3.7% in 2012 to 3.8% in 2013 and to 4.5% in 2014. Following a dip in the growth momentum in the second quarter of 2012, recent GDP data in some regions point to a modest pick-up in global economic activity towards the end of the year. Over the medium term, the pace of growth in the world economy is expected to be dampened by limited sectoral rebalancing in the advanced economies and the need to repair further both public and private sector balance sheets in these economies. Despite progress in some areas, particularly in the US housing market, debt levels remain elevated in a number of major advanced economies. In emerging markets, growth has moderated following weaker external demand and the effects of past policy tightening. A loosening of monetary policy in recent months, coupled with fiscal stimulus measures in some countries and improved financial conditions, is expected to support a gradual recovery in growth in the emerging economies. World trade is assumed to be weak in the short term and to pick up gradually over the course of next year. In terms of annual growth rates, euro area foreign demand is estimated to grow by 3.4% in 2012, by 3.7% in 2013 and by 6.8% in 2014.

REAL GDP GROWTH PROJECTIONS

Euro area real GDP fell by 0.1% in the third quarter of 2012, having declined by 0.2% in the previous quarter and stagnated in the first quarter. Domestic demand declined during the first three quarters of 2012. Private consumption was depressed, reflecting the weakness in real disposable income. Moreover, fragile consumer sentiment, in the context of tensions in the euro area financial markets and rising unemployment, appears to have prevented more intense consumption smoothing. Low and falling capacity utilisation, worsening demand prospects, heightened uncertainty and adverse credit supply conditions in some countries have depressed business investment. Net exports contributed positively to growth in the first three quarters of 2012, albeit mostly due to the weakness of import growth. Owing to the continued adverse impact of these factors, real GDP is expected to fall further in the near term.

Looking further ahead, assuming that the financial market tensions do not intensify further, euro area real GDP is expected to stabilise in the first half of next year and recover gradually thereafter. In 2013, a gradual pick-up in export growth, supported by external demand developments and improved competitiveness, is likely to provide a positive contribution to real GDP growth, as imports will remain subdued in the context of weak overall demand. The recovery is also expected to be supported by a favourable impact on domestic private demand of the accommodative monetary policy stance and by the favourable impact on real disposable income of a decline in inflation driven by lower food and commodity prices. However, the adverse impact on domestic demand of heightened uncertainty, fiscal consolidation and remaining deleveraging needs in some countries is expected to diminish only gradually over the projection horizon. Overall, the projected recovery is expected to remain subdued by historical standards. In annual average terms, euro area real GDP is expected to grow by between -0.6% and -0.4% in 2012, between -0.9% and 0.3% in 2013 and between 0.2% and 2.2% in 2014.

In more detail, extra-euro area export growth is projected to be weak during the second half of 2012 and to strengthen thereafter, reflecting the gradual strengthening of external demand. After a recent pick-up, euro area export market shares are projected to decline somewhat in 2013 and 2014, resuming their long-term downward trend. Intra-euro area exports are projected to grow far more slowly than extra-euro area exports, owing to the relative weakness of domestic demand within the euro area.

Euro area non-residential private investment is expected to decline strongly in the near term, owing to heightened uncertainty, weak business sentiment, low capacity utilisation, poor demand prospects and adverse credit supply conditions in some countries. It is projected to pick up later in the projection horizon, supported by a strengthening in domestic and external demand, the very low level of interest rates and improving profit mark-ups. Ongoing balance sheet restructuring, uncertainty in view of tensions in the euro area financial markets and adverse financial conditions in some euro area countries are likely to continue to dampen the projected recovery of business investment over the projection horizon. Residential investment is expected to decline throughout the projection horizon, owing to weak disposable income growth, fragile consumer sentiment and, possibly, further adjustments in the housing markets in some countries. These adverse impacts are expected to more than offset the relative attractiveness of housing investment in some other countries, where residential investment is supported by historically low mortgage rates. Government investment is expected to decline up to the end of 2014, driven by fiscal consolidation packages in several euro area countries.

Private consumption is projected to decline further in the near term. This reflects a sharp decrease in real disposable income, only partly offset by a temporary steep decline in the saving ratio as households try to smooth consumption. The weakness in real disposable income reflects a steep fall in employment and a rise in consumer prices beyond that of nominal compensation per employee,

Table 11 Macroeconomic projections for the euro area

(average annual percentage changes)[1]

	2011	2012	2013	2014
HICP[2]	2.7	2.5 – 2.5	1.1 – 2.1	0.6 – 2.2
Real GDP	1.5	-0.6 – -0.4	-0.9 – 0.3	0.2 – 2.2
Private consumption	0.1	-1.2 – -1.0	-1.1 – -0.1	-0.4 – 1.4
Government consumption	-0.2	-0.6 – 0.2	-1.2 – 0.0	-0.4 – 1.2
Gross fixed capital formation	1.6	-4.2 – -3.4	-4.2 – -1.0	-1.0 – 3.6
Exports (goods and services)	6.5	2.1 – 3.7	-0.4 – 5.0	2.0 – 8.6
Imports (goods and services)	4.3	-1.1 – 0.3	-1.7 – 3.7	1.7 – 7.7

1) The projections for real GDP and its components refer to working day-adjusted data. The projections for imports and exports include intra-euro area trade.
2) The reported zero range for 2012 is due to rounding.

fiscal consolidation measures in some euro area countries and weak non-labour income. Private consumption is expected to stabilise during the course of 2013, reflecting a moderate recovery of real disposable income, as the adverse impacts of fiscal consolidation and cuts in employment gradually fade and a decline in commodity price pressures benefits real incomes. In 2014, private consumption growth will recover moderately, owing to a pick-up in labour income as labour market conditions improve. However, a gradual rise in the saving ratio starting in early 2013 – reflecting the weak labour market situation and an unwinding of households' former consumption smoothing behaviour – is expected to dampen the recovery of private consumption. Government consumption is projected to decline in 2012 and 2013, owing to fiscal consolidation efforts, and to increase modestly in 2014.

Extra-euro area imports are expected to have weakened in the second half of this year and to rebound in the course of 2013, albeit still constrained by weak total demand. Reflecting a stronger growth in exports accompanied by weak import developments, net trade is expected to contribute positively to GDP growth over the projection horizon.

Weak activity developments in the last few years are expected to have adversely affected potential growth, although the exact magnitude of the impact remains highly uncertain. It is likely that the continued weakness in employment and investment will further weigh on potential output growth. Given the weak outlook for real GDP growth, the negative output gap is projected to widen in 2012 and 2013, before narrowing somewhat in 2014.

PRICE AND COST PROJECTIONS

Overall HICP inflation is projected to decline from an average rate of around 2.5% in 2012 to between 1.1% and 2.1% in 2013 and between 0.6% and 2.2% in 2014. The fall in inflation in 2013 primarily reflects the projected strong decline in energy price inflation and, to a lesser extent, food price inflation. The drop in energy price inflation is mostly due to the expected fading away of the impact of past increases in oil prices and an assumed gradual decline in oil prices over the projection horizon. Similarly, the decline in food price inflation reflects the assumption that international and European food commodity prices ease somewhat over the projection horizon, while the impact of their recent increases fades away. By contrast, HICP inflation excluding food and energy is projected to remain broadly stable. The apparent absence of cyclical behaviour of this inflation measure reflects diverse developments in the underlying factors. In 2012 and 2013, increases in indirect taxes and administered prices are expected to exert upward pressures on underlying inflation, offsetting downward pressures stemming from weak domestic demand. In 2014, the impact of tax increases is assumed to be small – partly reflecting the fact that little information for that year is currently available – while a gradually closing output gap, owing to a pick-up in activity, should restrain to a lesser extent price increases.

External price pressures have strengthened somewhat in recent months, on the back of increases in oil and food commodity prices. As commodity prices are assumed to decline over the projection horizon, the average annual rate of change of the import deflator is projected to decline strongly in 2013 and again in 2014. Turning to domestic price pressures, the annual growth rate in compensation per employee is expected to be broadly stable in 2013 and 2014. Unit labour cost growth is projected to pick up this year and remain high in 2013, as wages increase more than productivity, while in 2014 it is expected to drop due to a cyclical rise in productivity. Profit margins are expected to fall in 2012 and again in 2013, buffering the stronger increases in unit labour costs in an environment of weak demand. Thereafter, falling unit labour costs and improving economic conditions are expected to support a recovery in profit margins.

COMPARISON WITH THE SEPTEMBER 2012 PROJECTIONS

Compared with the ECB staff macroeconomic projections published in the September 2012 issue of the Monthly Bulletin, the upper end of the range of the real GDP growth projection for 2012 has been revised downwards to reflect a weaker short-term outlook. The range of the real GDP growth projection for 2013 has also shifted downwards, reflecting the impact on domestic demand of additional fiscal consolidation efforts in some euro area countries and the adverse impact on export growth of lower foreign demand. In addition, the projection entails a more adverse assessment of the impact of heightened uncertainty related to tensions in the euro area financial markets on domestic demand and, in particular, on fixed capital formation. With regard to HICP inflation, there is a narrowing of the projection range for 2012 and a downward revision for 2013. This reflects the past appreciation of the euro and lower oil prices in US dollars.

Table 12 Comparison with the September 2012 projections

(average annual percentage changes)

	2012	2013
Real GDP – September 2012	-0.6 – -0.2	-0.4 – 1.4
Real GDP – December 2012	-0.6 – -0.4	-0.9 – 0.3
HICP – September 2012	2.4 – 2.6	1.3 – 2.5
HICP – December 2012	2.5 – 2.5	1.1 – 2.1

Box 8

FORECASTS BY OTHER INSTITUTIONS

A number of forecasts for the euro area are available from both international organisations and private sector institutions. However, these forecasts are not strictly comparable with one another or with the Eurosystem staff macroeconomic projections, as they were finalised at different points in time. Additionally, they use different (partly unspecified) methods to derive assumptions for fiscal, financial and external variables, including oil and other commodity prices. Finally, there are differences in working day adjustment methods across different forecasts (see the table below).

Comparison of forecasts for euro area real GDP growth and HICP inflation

(average annual percentage changes)

		GDP growth			HICP inflation		
	Date of release	2012	2013	2014	2012	2013	2014
IMF	October 2012	-0.4	0.2	1.2	2.3	1.6	1.4
Survey of Professional Forecasters	November 2012	-0.5	0.3	1.3	2.5	1.9	1.9
Consensus Economics Forecasts	November 2012	-0.5	0.0	1.2	2.5	1.9	1.7
Euro Zone Barometer	November 2012	-0.5	0.1	1.3	2.5	1.9	1.9
OECD	November 2012	-0.4	-0.1	1.3	2.4	1.6	1.2
European Commission	November 2012	-0.4	0.1	1.4	2.5	1.8	1.6
Eurosystem staff projections	December 2012	-0.6 – -0.4	-0.9 – 0.3	0.2 – 2.2	2.5 – 2.5	1.1 – 2.1	0.6 – 2.2

Sources: European Commission Economic Forecasts, Autumn 2012; IMF World Economic Outlook, October 2012; OECD Economic Outlook, November 2012; Consensus Economics Forecasts; MJEconomics; and the ECB's Survey of Professional Forecasters.
Notes: The Eurosystem staff macroeconomic projections and the OECD forecasts both report working day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working day-adjusted or non-working day-adjusted data.

In the forecasts currently available from other institutions, euro area real GDP is expected to decline by between 0.4% and 0.5% in 2012, which is within the range of the Eurosystem staff projections. In 2013, real GDP growth is projected to be between -0.1% and +0.3%, which is within the upper half of the range of the Eurosystem staff projections. For 2014, real GDP is projected to increase by between 1.2% and 1.4%, which is within the range of the Eurosystem staff projections.

As regards inflation, the forecasts from other institutions point to an average annual HICP inflation of between 2.3% and 2.5% in 2012, which is somewhat below the Eurosystem staff projections. In 2013 and 2014, HICP inflation is expected to average between 1.6% and 1.9% and between 1.2% and 1.9% respectively, which, for both years, is within the Eurosystem staff projection ranges.

EURO AREA STATISTICS

CONTENTS[1]

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area
(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1)]

	M1 [2)]	M2 [2)]	M3 [2), 3)]	M3 [2), 3)] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2)]	Securities other than shares issued in euro by non-MFI corporations [2)]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4)]
	1	2	3	4	5	6	7	8
2010	8.5	1.7	0.3	-	0.5	4.2	0.81	3.36
2011	2.1	2.3	1.5	-	2.2	0.8	1.39	2.65
2011 Q4	2.0	2.1	1.5	-	1.8	-0.4	1.50	2.65
2012 Q1	2.4	2.5	2.2	-	0.7	0.3	1.04	2.60
Q2	2.9	2.8	2.7	-	-0.1	2.6	0.69	2.32
Q3	4.8	3.2	3.1	-	-0.5	1.0	0.36	1.94
2012 June	3.7	3.0	3.0	3.2	-0.4	2.1	0.66	2.32
July	4.7	3.5	3.6	3.2	-0.4	1.0	0.50	1.87
Aug.	5.2	3.2	2.9	3.0	-0.6	0.4	0.33	1.91
Sep.	5.0	3.1	2.6	3.1	-0.9	1.2	0.25	1.94
Oct.	6.4	4.3	3.9	.	-0.7	.	0.21	1.95
Nov.	.	.	.	.	.	.	0.19	1.80

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

	HICP [1)]	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2010	1.6	2.9	1.6	2.0	7.3	76.8	-0.5	10.1
2011	2.7	5.9	2.1	1.4	3.4	80.4	0.3	10.2
2012 Q1	2.7	3.7	1.5	-0.1	-1.8	79.8	-0.5	10.9
Q2	2.5	2.2	1.6	-0.5	-2.4	78.8	-0.6	11.3
Q3	2.5	2.3	.	-0.6	-2.2	77.4	.	11.5
2012 June	2.4	1.8	-	-	-2.0	-	-	11.4
July	2.4	1.6	-	-	-2.7	77.9	-	11.5
Aug.	2.6	2.7	-	-	-1.3	-	-	11.5
Sep.	2.6	2.7	-	-	-2.3	-	-	11.6
Oct.	2.5	2.6	-	-	.	76.8	-	11.7
Nov.	2.2	.	-	-	.	-	-	.

3. External statistics
(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [6)] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2010	10.9	18.2	29.1	591.2	-13.8	118.3	103.6	101.6	1.3257
2011	23.9	9.2	119.2	667.1	-14.0	117.1	103.4	100.7	1.3920
2011 Q4	42.7	15.8	-69.7	667.1	-14.0	117.1	102.1	99.4	1.3482
2012 Q1	-2.6	6.3	-74.5	671.2	-10.7	117.5	99.5	96.9	1.3108
Q2	17.3	25.7	76.0	701.5	-8.8	118.8	98.2	95.9	1.2814
Q3	29.1	21.3	12.4	733.8	.	.	95.9	93.7	1.2502
2012 June	17.7	14.3	42.6	701.5	.	.	97.2	94.9	1.2526
July	14.5	11.1	18.2	724.8	.	.	95.3	93.2	1.2288
Aug.	9.7	4.1	-2.2	716.1	.	.	95.2	93.1	1.2400
Sep.	4.9	6.1	-3.6	733.8	.	.	97.2	94.9	1.2856
Oct.	.	.	.	715.8	.	.	97.8	95.4	1.2974
Nov.	.	.	.	.	.	.	97.2	94.8	1.2828

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

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	2 November 2012	9 November 2012	16 November 2012	23 November 2012	30 November 2012
Gold and gold receivables	479,108	479,108	479,109	479,110	479,112
Claims on non-euro area residents in foreign currency	258,358	256,877	258,970	258,875	259,533
Claims on euro area residents in foreign currency	37,275	37,323	37,191	36,024	36,751
Claims on non-euro area residents in euro	16,560	15,299	15,801	16,799	16,642
Lending to euro area credit institutions in euro	1,131,744	1,127,854	1,124,344	1,125,212	1,117,398
Main refinancing operations	83,730	79,474	75,214	75,428	74,590
Longer-term refinancing operations	1,047,496	1,047,496	1,047,294	1,047,294	1,040,803
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	514	881	1,822	2,433	1,907
Credits related to margin calls	4	2	14	58	97
Other claims on euro area credit institutions in euro	232,223	233,297	235,483	229,450	233,676
Securities of euro area residents in euro	590,204	589,416	587,118	586,209	586,086
Securities held for monetary policy purposes	278,268	278,165	277,960	277,255	277,063
Other securities	311,936	311,251	309,158	308,954	309,023
General government debt in euro	30,010	30,011	30,011	30,011	30,011
Other assets	265,211	269,687	273,278	273,590	274,086
Total assets	3,040,693	3,038,871	3,041,305	3,035,280	3,033,294

2. Liabilities

	2 November 2012	9 November 2012	16 November 2012	23 November 2012	30 November 2012
Banknotes in circulation	893,220	890,310	888,282	885,780	889,742
Liabilities to euro area credit institutions in euro	987,986	993,972	984,633	950,848	937,748
Current accounts (covering the minimum reserve system)	515,396	533,997	558,511	506,889	489,894
Deposit facility	261,368	248,510	215,900	233,558	237,813
Fixed-term deposits	209,500	208,500	208,500	208,500	208,500
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	1,723	2,965	1,722	1,901	1,541
Other liabilities to euro area credit institutions in euro	6,064	6,833	6,793	6,252	7,113
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	151,782	139,559	148,236	178,776	180,182
Liabilities to non-euro area residents in euro	164,878	170,183	172,713	174,349	176,816
Liabilities to euro area residents in foreign currency	4,122	2,124	5,167	2,580	4,534
Liabilities to non-euro area residents in foreign currency	5,523	6,917	5,785	7,185	6,525
Counterpart of special drawing rights allocated by the IMF	56,243	56,243	56,243	56,243	56,243
Other liabilities	232,499	234,355	235,078	234,892	236,014
Revaluation accounts	452,824	452,824	452,824	452,824	452,824
Capital and reserves	85,551	85,551	85,552	85,552	85,552
Total liabilities	3,040,693	3,038,871	3,041,305	3,035,280	3,033,294

Source: ECB.

1.2 Key ECB interest rates

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

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

Source: ECB.

1) From 1 January 1999 to 9 March 2004, the date refers to the deposit and marginal lending facilities. For main refinancing operations, changes in the rate are effective from the first operation following the date indicated. The change on 18 September 2001 was effective on that same day. From 10 March 2004 onwards, the date refers both to the deposit and marginal lending facilities and to the main refinancing operations (with changes effective from the first main refinancing operation following the Governing Council decision), unless otherwise indicated.
2) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new monetary regime by market participants.
3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.
4) As of 9 October 2008 the ECB reduced the standing facilities corridor from 200 basis points to 100 basis points around the interest rate on the main refinancing operations. The standing facilities corridor was restored to 200 basis points as of 21 January 2009.
5) On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. This change overrode the previous decision (made on the same day) to cut by 50 basis points the minimum bid rate on the main refinancing operations conducted as variable rate tenders.

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

(EUR millions; interest rates in percentages per annum)

1. Main and longer-term refinancing operations 3)

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate 4)	Weighted average rate	
	1	2	3	4	5	6	7	8
				Main refinancing operations				
2012 29 Aug.	131,484	92	131,484	0.75	-	-	-	7
5 Sep.	126,334	84	126,334	0.75	-	-	-	7
12	130,342	80	130,342	0.75	-	-	-	7
19	119,838	84	119,838	0.75	-	-	-	7
26	117,383	85	117,383	0.75	-	-	-	7
3 Oct.	102,886	84	102,886	0.75	-	-	-	7
10	89,783	86	89,783	0.75	-	-	-	7
17	91,813	96	91,813	0.75	-	-	-	7
24	77,293	93	77,293	0.75	-	-	-	7
31	83,730	87	83,730	0.75	-	-	-	7
7 Nov.	79,474	81	79,474	0.75	-	-	-	7
14	75,214	84	75,214	0.75	-	-	-	7
21	75,428	85	75,428	0.75	-	-	-	7
28	74,591	79	74,591	0.75	-	-	-	7
5 Dec.	70,764	74	70,764	0.75	-	-	-	7
				Longer-term refinancing operations 5)				
2012 13 June	18,905	21	18,905	1.00	-	-	-	28
28	26,295	50	26,295	0.79	-	-	-	91
11 July	24,398	27	24,398	0.75	-	-	-	28
26	8,450	36	8,450	0.75	-	-	-	98
8 Aug.	25,180	28	25,180	0.75	-	-	-	35
30 6)	9,746	36	9,746	0.75	-	-	-	91
12 Sep.	13,844	26	13,844	0.75	-	-	-	28
27 6)	18,709	55	18,709	.	-	-	-	84
10 Oct.	12,629	27	12,629	0.75	-	-	-	35
1 Nov. 6)	6,156	52	6,156	.	-	-	-	91
14	15,926	30	15,926	0.75	-	-	-	28
29 6)	7,371	37	7,371	.	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate 4)	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2012 29 Aug.	Collection of fixed-term deposits	452,904	56	209,000	-	-	0.75	0.01	0.01	7
5 Sep.	Collection of fixed-term deposits	460,886	57	209,000	-	-	0.75	0.01	0.01	7
12	Collection of fixed-term deposits	433,177	58	209,000	-	-	0.75	0.01	0.01	7
19	Collection of fixed-term deposits	468,232	59	209,000	-	-	0.75	0.01	0.01	7
26	Collection of fixed-term deposits	385,607	49	209,000	-	-	0.75	0.01	0.01	7
3 Oct.	Collection of fixed-term deposits	420,868	56	209,000	-	-	0.75	0.01	0.01	7
10	Collection of fixed-term deposits	444,984	55	209,500	-	-	0.75	0.01	0.01	7
17	Collection of fixed-term deposits	418,992	60	209,500	-	-	0.75	0.01	0.01	7
24	Collection of fixed-term deposits	425,726	60	209,500	-	-	0.75	0.01	0.01	7
31	Collection of fixed-term deposits	404,051	56	209,500	-	-	0.75	0.01	0.01	7
7 Nov.	Collection of fixed-term deposits	459,619	62	208,500	-	-	0.75	0.01	0.01	7
14	Collection of fixed-term deposits	464,144	63	208,500	-	-	0.75	0.01	0.01	7
21	Collection of fixed-term deposits	450,602	63	208,500	-	-	0.75	0.01	0.01	7
28	Collection of fixed-term deposits	400,817	60	208,500	-	-	0.75	0.01	0.01	7
5 Dec.	Collection of fixed-term deposits	415,855	53	208,500	-	-	0.75	0.01	0.01	7

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012 May	19,253.6	10,031.6	716.1	2,736.6	1,406.7	4,362.6
June	19,077.1	10,059.8	701.3	2,708.9	1,284.8	4,322.3
July	19,077.4	10,025.9	724.6	2,655.6	1,332.9	4,338.4
Aug.	18,943.3	9,977.3	714.4	2,643.9	1,287.7	4,320.1
Sep.	18,893.9	9,992.3	690.9	2,632.8	1,300.1	4,277.9

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012 10 July	106.9	111.5	4.6	0.0	1.00
7 Aug.	107.0	510.2	403.2	0.0	0.75
11 Sep.	107.1	540.0	432.9	0.0	0.75
9 Oct.	107.0	538.1	431.1	0.0	0.75
13 Nov.	106.4	529.2	422.7	0.0	0.75
11 Dec.	106.4	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012 12 June	656.8	58.1	1,071.0	1.6	281.1	770.8	212.8	880.8	117.8	-24.2	110.8	1,762.3
10 July	666.7	160.7	1,074.9	1.8	280.7	770.6	210.9	892.5	138.8	60.6	111.5	1,774.6
7 Aug.	678.9	146.0	1,079.9	0.8	281.0	343.1	211.5	897.7	130.7	93.5	510.2	1,751.0
11 Sep.	676.8	130.6	1,076.8	0.8	279.7	328.6	210.5	897.6	107.0	81.0	540.0	1,766.2
9 Oct.	681.5	117.6	1,062.8	1.1	279.6	305.4	209.0	892.7	101.4	96.0	538.1	1,736.2
13 Nov.	708.5	84.4	1,053.8	1.0	278.9	256.1	209.3	890.0	95.7	146.4	529.2	1,675.3

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

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2010	3,212.4	1,566.8	18.6	0.9	1,547.3	573.6	425.4	9.4	138.7	-	18.6	684.1	8.0	361.4
2011	4,700.3	2,780.5	18.0	1.0	2,761.5	717.2	556.9	10.1	150.2	-	20.3	779.2	8.1	395.0
2012 Q2	5,572.8	3,656.6	17.0	1.0	3,638.7	729.6	569.7	10.1	149.7	-	20.9	793.6	8.2	363.9
Q3	5,489.6	3,517.1	17.1	1.0	3,499.1	730.0	572.5	10.0	147.5	-	21.7	843.6	8.4	368.9
2012 July	5,606.4	3,654.7	16.9	1.0	3,636.8	730.0	569.5	10.4	150.1	-	21.0	828.0	8.3	364.3
Aug.	5,628.1	3,674.8	16.9	1.0	3,656.9	731.1	571.5	10.6	148.9	-	21.6	822.6	8.3	369.6
Sep.	5,489.6	3,517.1	17.1	1.0	3,499.1	730.0	572.5	10.0	147.5	-	21.7	843.6	8.4	368.9
Oct. (p)	5,480.9	3,538.6	17.1	1.0	3,520.6	721.0	565.6	10.1	145.3	-	21.9	822.7	8.4	368.3
	MFIs excluding the Eurosystem													
2010	32,206.8	17,762.3	1,217.9	11,027.1	5,517.3	4,948.9	1,524.2	1,538.3	1,886.4	59.9	1,233.1	4,321.2	223.5	3,657.9
2011	33,540.3	18,483.3	1,159.6	11,162.9	6,160.7	4,765.3	1,395.9	1,517.4	1,852.0	50.2	1,211.8	4,253.6	232.3	4,544.0
2012 Q2	34,184.3	18,673.7	1,169.9	11,191.0	6,312.8	4,907.3	1,588.6	1,453.5	1,865.2	64.1	1,203.9	4,293.2	220.7	4,821.6
Q3	33,915.9	18,455.6	1,163.0	11,186.8	6,105.8	4,884.0	1,619.3	1,376.6	1,888.1	60.9	1,221.4	4,203.0	222.4	4,868.6
2012 July	34,457.3	18,640.4	1,169.5	11,217.0	6,253.9	4,872.9	1,574.8	1,406.4	1,891.7	61.9	1,209.8	4,352.6	221.1	5,098.5
Aug.	34,162.1	18,480.5	1,160.0	11,163.4	6,157.1	4,880.1	1,575.6	1,390.6	1,913.8	63.8	1,210.9	4,278.8	221.8	5,026.2
Sep.	33,915.9	18,455.6	1,163.0	11,186.8	6,105.8	4,884.0	1,619.3	1,376.6	1,888.1	60.9	1,221.4	4,203.0	222.4	4,868.6
Oct. (p)	33,964.4	18,391.5	1,177.7	11,167.1	6,046.7	4,877.5	1,636.3	1,374.3	1,866.9	63.7	1,219.0	4,189.6	223.2	4,999.9

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2010	3,212.4	863.7	1,394.8	68.0	8.7	1,318.1	-	0.0	428.5	153.8	371.7
2011	4,700.3	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	285.3	411.1
2012 Q2	5,572.8	918.9	3,425.9	142.4	11.3	3,272.2	-	0.0	521.7	284.9	421.4
Q3	5,489.6	917.8	3,257.7	91.9	21.2	3,144.6	-	0.0	575.2	304.8	434.1
2012 July	5,606.4	923.1	3,389.6	112.0	27.9	3,249.7	-	0.0	550.9	318.0	424.6
Aug.	5,628.1	921.8	3,414.7	80.2	24.1	3,310.5	-	0.0	550.8	311.3	429.4
Sep.	5,489.6	917.8	3,257.7	91.9	21.2	3,144.6	-	0.0	575.2	304.8	434.1
Oct. (p)	5,480.9	916.8	3,275.6	84.0	61.2	3,130.4	-	0.0	559.1	295.1	434.4
	MFIs excluding the Eurosystem										
2010	32,206.8	-	16,514.4	196.2	10,543.5	5,774.7	612.3	4,848.0	2,045.5	4,214.0	3,972.5
2011	33,540.3	-	17,318.5	195.5	10,752.3	6,370.7	570.6	5,008.2	2,231.1	3,803.4	4,608.5
2012 Q2	34,184.3	-	17,654.4	191.9	10,840.1	6,622.3	560.9	4,993.7	2,284.9	3,880.6	4,809.8
Q3	33,915.9	-	17,432.6	206.4	10,827.2	6,399.1	540.8	4,976.4	2,325.3	3,749.2	4,891.6
2012 July	34,457.3	-	17,565.4	190.5	10,792.5	6,582.3	557.4	5,041.9	2,298.7	3,890.7	5,103.2
Aug.	34,162.1	-	17,419.4	184.8	10,774.2	6,460.4	564.2	5,031.8	2,306.3	3,811.3	5,029.0
Sep.	33,915.9	-	17,432.6	206.4	10,827.2	6,399.1	540.8	4,976.4	2,325.3	3,749.2	4,891.6
Oct. (p)	33,964.4	-	17,360.6	189.6	10,815.0	6,356.0	548.8	4,929.0	2,330.3	3,745.6	5,050.1

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

2.2 Consolidated balance sheet of euro area MFIs 1)

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets 2)
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010	25,763.4	12,264.5	1,236.5	11,028.0	3,497.4	1,949.7	1,547.7	800.6	5,005.3	231.5	3,964.1
2011	26,717.5	12,341.5	1,177.6	11,163.9	3,480.3	1,952.8	1,527.6	739.7	5,032.8	240.4	4,882.8
2012 Q2	27,182.0	12,378.8	1,186.8	11,191.9	3,622.0	2,158.3	1,463.7	731.3	5,086.8	228.9	5,134.4
Q3	27,159.2	12,367.9	1,180.1	11,187.8	3,578.3	2,191.8	1,386.5	749.2	5,046.5	230.8	5,186.3
2012 July	27,522.0	12,404.4	1,186.4	11,218.0	3,561.1	2,144.3	1,416.8	735.5	5,180.6	229.4	5,410.9
Aug.	27,303.5	12,341.3	1,177.0	11,164.3	3,548.4	2,147.1	1,401.3	738.1	5,101.5	230.1	5,344.2
Sep.	27,159.2	12,367.9	1,180.1	11,187.8	3,578.3	2,191.8	1,386.5	749.2	5,046.5	230.8	5,186.3
Oct. (p)	27,254.9	12,362.8	1,194.8	11,168.1	3,586.3	2,201.9	1,384.4	746.2	5,012.3	231.6	5,315.7
	Transactions										
2010	565.5	407.8	203.3	204.5	139.3	140.4	-1.0	5.7	-120.7	2.4	130.8
2011	989.8	60.3	-55.6	115.8	125.0	149.3	-24.3	-29.9	-37.7	7.8	864.2
2012 Q2	411.0	54.5	33.9	20.6	-1.1	41.5	-42.6	-11.8	-71.0	-0.1	440.6
Q3	-51.1	10.6	-7.6	18.2	-82.3	2.3	-84.6	16.7	-54.9	2.4	56.3
2012 July	247.5	27.6	-0.6	28.2	-71.4	-17.3	-54.1	5.5	7.4	0.5	277.9
Aug.	-166.4	-55.5	-9.3	-46.2	-24.8	-9.4	-15.4	0.0	-24.2	1.2	-63.2
Sep.	-132.1	38.5	2.3	36.2	13.9	29.0	-15.1	11.3	-38.1	0.8	-158.5
Oct. (p)	130.6	0.6	14.8	-14.2	-3.0	-0.8	-2.2	-3.7	6.7	0.9	129.2

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units 3)	Debt securities issued 4)	Capital and reserves	External liabilities	Remaining liabilities 2)	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	25,763.4	808.6	264.2	10,552.2	552.4	2,823.0	2,022.9	4,367.8	4,344.2	28.2
2011	26,717.5	857.5	259.3	10,764.5	520.4	3,006.1	2,219.9	4,088.8	5,019.6	-18.5
2012 Q2	27,182.0	867.7	334.4	10,851.5	496.8	2,978.8	2,313.1	4,165.6	5,231.2	-57.1
Q3	27,159.2	866.7	298.3	10,848.4	479.9	2,940.8	2,406.6	4,054.1	5,325.7	-61.2
2012 July	27,522.0	871.3	302.5	10,820.5	495.5	3,000.0	2,354.3	4,208.7	5,527.8	-58.7
Aug.	27,303.5	870.2	265.0	10,798.3	500.3	2,969.1	2,362.7	4,122.7	5,458.4	-43.2
Sep.	27,159.2	866.7	298.3	10,848.4	479.9	2,940.8	2,406.6	4,054.1	5,325.7	-61.2
Oct. (p)	27,254.9	864.2	273.5	10,876.2	485.1	2,916.7	2,394.7	4,040.6	5,484.5	-80.8
	Transactions									
2010	565.5	38.6	11.8	328.6	-98.5	39.3	99.4	-42.2	155.9	32.6
2011	989.8	49.1	-0.8	168.0	-29.0	50.4	138.1	-199.8	860.4	-46.6
2012 Q2	411.0	22.8	8.2	31.0	-0.8	-48.8	54.1	-75.1	437.1	-17.3
Q3	-51.1	-0.9	-36.0	-0.1	-17.0	-10.7	23.7	-84.1	82.8	-8.9
2012 July	247.5	3.7	-31.8	-36.3	-1.3	8.6	12.4	-3.3	297.1	-1.6
Aug.	-166.4	-1.1	-37.7	-15.8	4.7	-10.7	0.5	-45.7	-74.7	14.0
Sep.	-132.1	-3.5	33.5	52.0	-20.4	-8.5	10.8	-35.1	-139.6	-21.3
Oct. (p)	130.6	-2.4	-24.7	29.5	5.3	-17.9	-0.6	0.2	161.7	-20.5

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

2.3 Monetary statistics [1]

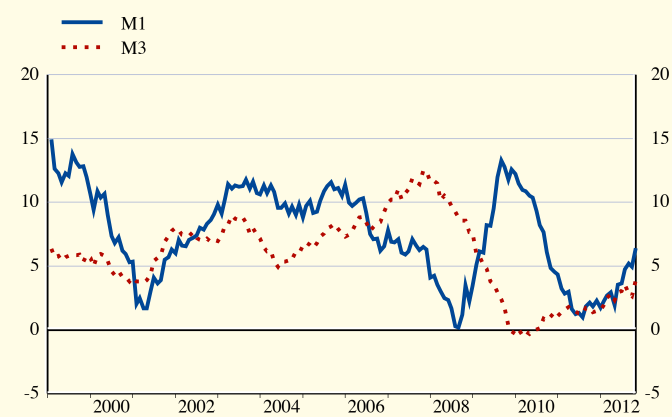
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents [3]			Net external assets [4]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [5]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
						Outstanding amounts						
2010	4,703.2	3,707.2	8,410.4	870.3	9,280.6	-	7,292.8	3,212.9	13,244.3	10,898.3	-	623.4
2011	4,792.3	3,799.7	8,592.0	886.6	9,478.5	-	7,680.2	3,156.7	13,287.5	11,022.5	-	929.8
2012 Q2	4,905.6	3,878.5	8,784.1	859.4	9,643.5	-	7,622.0	3,312.6	13,185.1	10,982.8	-	907.6
Q3	5,025.7	3,844.6	8,870.3	815.7	9,686.0	-	7,663.7	3,383.5	13,107.2	10,950.6	-	971.1
2012 July	4,969.0	3,876.0	8,844.9	867.1	9,712.1	-	7,636.7	3,324.3	13,144.6	10,984.7	-	971.4
Aug.	5,048.2	3,833.0	8,881.2	842.7	9,723.9	-	7,637.3	3,335.8	13,129.6	10,976.4	-	967.4
Sep.	5,025.7	3,844.6	8,870.3	815.7	9,686.0	-	7,663.7	3,383.5	13,107.2	10,950.6	-	971.1
Oct. (p)	5,093.0	3,875.7	8,968.6	827.6	9,796.2	-	7,633.6	3,406.7	13,097.0	10,947.9	-	962.6
						Transactions						
2010	196.0	-14.1	181.8	-82.5	99.3	-	250.7	344.0	185.2	181.5	237.6	-77.8
2011	82.7	71.3	154.0	-10.0	144.0	-	207.8	92.3	50.1	104.1	130.6	162.0
2012 Q2	39.4	1.0	40.4	-8.7	31.7	-	-68.4	46.0	-71.4	-16.9	-18.0	-27.8
Q3	127.4	-38.4	89.0	-32.0	56.9	-	-12.5	38.7	-64.3	-9.8	-1.1	21.5
2012 July	61.7	-4.2	57.6	7.9	65.5	-	-28.6	8.1	-44.4	4.0	9.7	23.7
Aug.	84.8	-44.9	40.0	-15.2	24.7	-	9.6	-0.6	-10.0	-0.7	1.0	10.7
Sep.	-19.2	10.6	-8.5	-24.7	-33.3	-	6.4	31.1	-9.9	-13.1	-11.8	-13.0
Oct. (p)	67.8	31.9	99.7	12.0	111.7	-	-12.4	12.4	-5.4	2.8	7.5	18.8
						Growth rates						
2010	4.4	-0.4	2.2	-8.3	1.1	1.3	3.6	11.9	1.4	1.7	2.2	-77.8
2011	1.8	1.9	1.8	-1.1	1.5	1.7	2.8	3.1	0.4	1.0	1.2	162.0
2012 Q2	3.7	2.2	3.0	3.5	3.0	3.2	-0.4	9.5	-0.6	-0.4	0.1	-71.0
Q3	5.0	0.6	3.1	-1.5	2.6	3.1	-1.6	8.2	-1.2	-0.9	-0.4	-74.4
2012 July	4.7	2.0	3.5	4.3	3.6	3.2	-1.3	9.4	-1.0	-0.4	0.1	-40.6
Aug.	5.2	0.7	3.2	-0.3	2.9	3.0	-1.5	8.1	-1.2	-0.6	-0.2	-47.6
Sep.	5.0	0.6	3.1	-1.5	2.6	3.1	-1.6	8.2	-1.2	-0.9	-0.4	-74.4
Oct. (p)	6.4	1.7	4.3	0.0	3.9	.	-2.0	8.8	-1.4	-0.7	-0.4	-15.9

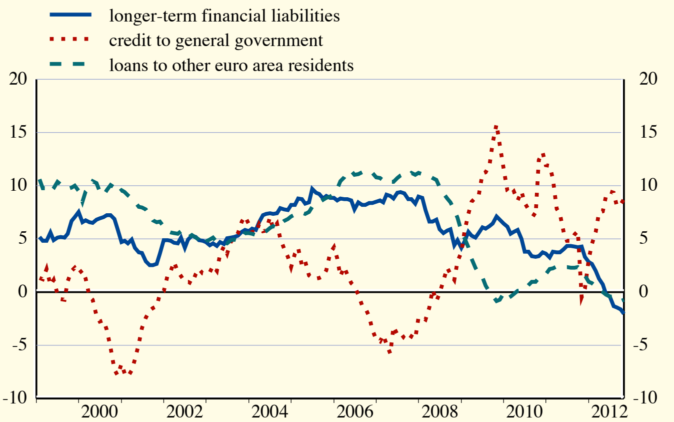
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

3) Excludes reverse repos to central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.

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

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

2.3 Monetary statistics [1]

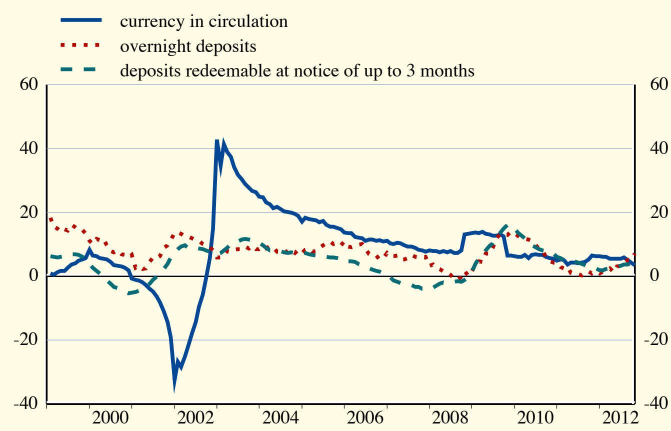
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos [2]	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2010	794.0	3,909.2	1,794.6	1,912.6	178.4	568.7	123.2	2,718.9	118.9	2,448.2	2,006.8
2011	843.2	3,949.1	1,841.2	1,958.4	144.5	535.5	206.6	2,820.6	115.4	2,542.8	2,201.4
2012 Q2	861.0	4,044.6	1,871.0	2,007.5	126.9	500.6	231.9	2,737.9	112.6	2,463.3	2,308.2
Q3	867.2	4,158.5	1,802.8	2,041.9	120.6	482.1	213.0	2,721.5	109.3	2,425.4	2,407.6
2012 July	866.2	4,102.7	1,856.9	2,019.1	138.7	494.9	233.5	2,753.3	111.6	2,417.6	2,354.2
Aug.	868.2	4,180.0	1,803.4	2,029.6	132.9	490.6	219.2	2,738.4	110.5	2,424.9	2,363.6
Sep.	867.2	4,158.5	1,802.8	2,041.9	120.6	482.1	213.0	2,721.5	109.3	2,425.4	2,407.6
Oct. (p)	869.8	4,223.1	1,813.0	2,062.7	128.7	491.0	207.9	2,706.5	108.0	2,421.5	2,397.6
					Transactions						
2010	36.5	159.5	-125.9	111.7	37.7	-101.6	-18.7	59.7	-7.4	102.3	96.0
2011	49.4	33.3	34.7	36.6	-13.5	-29.7	33.2	19.2	-2.5	55.6	135.5
2012 Q2	13.1	26.2	-30.5	31.5	-6.1	4.0	-6.6	-49.6	-0.6	-62.4	44.2
Q3	6.3	121.1	-71.0	32.6	-0.6	-18.6	-12.8	4.8	-3.3	-43.7	29.7
2012 July	5.4	56.4	-15.8	11.7	11.6	-5.6	2.0	2.4	-1.0	-47.1	17.1
Aug.	1.9	82.9	-53.5	8.6	-0.1	-4.5	-10.7	1.6	-1.1	7.6	1.6
Sep.	-1.0	-18.2	-1.7	12.3	-12.1	-8.5	-4.2	0.8	-1.2	-4.2	11.0
Oct. (p)	2.7	65.1	11.1	20.8	8.2	8.9	-5.1	-8.8	-1.3	-3.6	1.3
					Growth rates						
2010	4.8	4.3	-6.6	6.2	14.9	-15.2	-13.7	2.3	-5.7	4.5	5.2
2011	6.2	0.9	1.9	1.9	-8.1	-5.1	24.1	0.7	-2.1	2.2	6.7
2012 Q2	5.5	3.3	1.0	3.3	-14.8	3.4	17.6	-5.2	-5.8	-1.8	7.9
Q3	4.3	5.1	-3.0	4.1	-23.3	-1.0	17.3	-5.0	-8.4	-4.5	6.5
2012 July	5.9	4.5	0.2	3.6	-15.2	4.6	19.5	-5.0	-6.8	-3.7	6.6
Aug.	5.2	5.2	-2.5	3.7	-21.9	1.2	16.2	-5.0	-7.8	-3.7	6.1
Sep.	4.3	5.1	-3.0	4.1	-23.3	-1.0	17.3	-5.0	-8.4	-4.5	6.5
Oct. (p)	3.5	7.0	-1.8	4.9	-20.2	1.8	14.1	-4.8	-9.1	-5.9	6.3

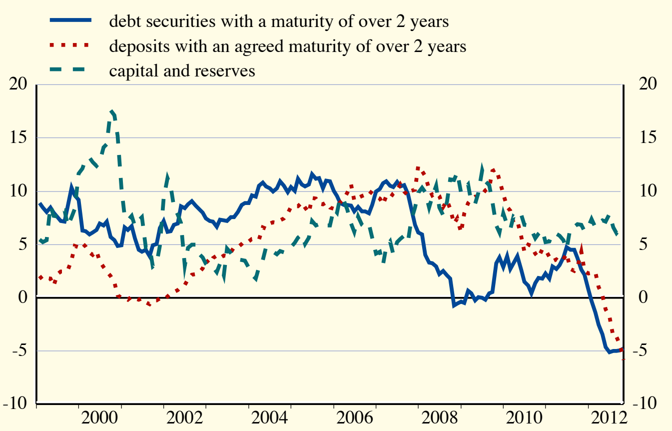
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

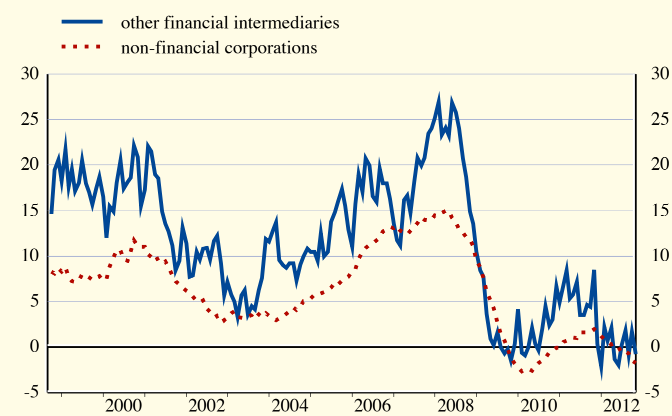
2) Excludes repurchase agreements with central counterpaties as of June 2010; transactions and growth rates are adjusted for this effect.

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

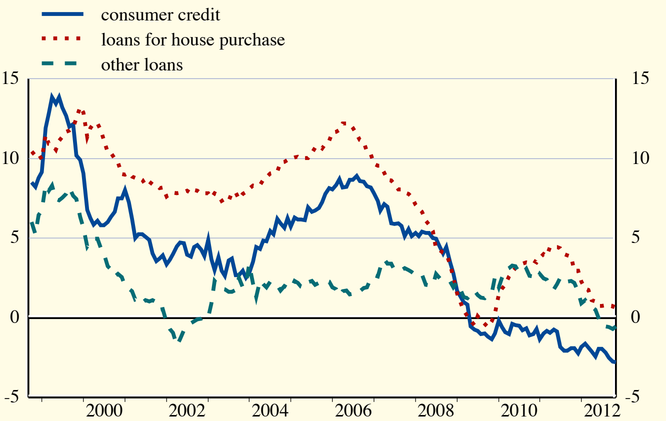
3. Loans as counterpart to M3

	Insurance corporations and pension funds	Other financial inter-mediaries [2]	Non-financial corporations					Households [3]				
	Total	Total	Total	Loans adjusted for sales and securitisation [4]	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation [4]	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2010	93.8	976.4	4,669.6	-	1,128.6	899.0	2,641.9	5,158.6	-	638.5	3,701.1	819.0
2011	91.1	975.5	4,722.7	-	1,148.2	859.6	2,715.0	5,233.2	-	626.3	3,778.3	828.6
2012 Q2	83.9	955.4	4,694.8	-	1,154.2	844.7	2,696.0	5,248.7	-	614.0	3,809.0	825.7
Q3	87.1	968.0	4,655.1	-	1,141.2	827.5	2,686.4	5,240.4	-	603.2	3,812.7	824.5
2012 July	83.2	960.5	4,701.2	-	1,168.2	841.3	2,691.7	5,239.8	-	609.1	3,804.9	825.8
Aug.	86.5	960.0	4,686.1	-	1,161.7	834.8	2,689.6	5,243.8	-	606.8	3,810.3	826.7
Sep.	87.1	968.0	4,655.1	-	1,141.2	827.5	2,686.4	5,240.4	-	603.2	3,812.7	824.5
Oct. (p)	90.9	970.9	4,643.3	-	1,142.7	823.4	2,677.2	5,242.8	-	601.3	3,814.9	826.6
Transactions												
2010	6.4	30.4	-2.3	44.6	-37.5	-26.5	61.7	146.9	155.5	-8.6	133.8	21.7
2011	1.3	-35.7	57.9	63.7	23.4	-22.2	56.7	80.6	101.3	-11.5	84.8	7.3
2012 Q2	-4.2	-16.0	-5.8	0.3	14.2	-3.4	-16.6	9.1	1.8	-5.1	17.0	-2.7
Q3	3.2	11.8	-23.2	-20.5	-6.6	-13.8	-2.7	-1.7	5.4	-8.1	6.5	-0.1
2012 July	-0.7	2.5	8.2	7.4	15.9	-3.0	-4.8	-5.9	0.9	-4.0	-2.4	0.4
Aug.	3.2	-0.8	-7.3	-6.5	-4.2	-5.0	1.9	4.1	5.0	-1.9	5.4	0.6
Sep.	0.7	10.1	-24.1	-21.4	-18.4	-5.8	0.2	0.2	-0.4	-2.2	3.4	-1.1
Oct. (p)	3.8	3.4	-8.3	-7.3	3.2	-3.1	-8.4	4.0	7.5	-1.1	2.7	2.4
Growth rates												
2010	7.3	3.4	0.0	1.0	-3.2	-2.8	2.4	2.9	3.0	-1.3	3.8	2.8
2011	1.5	-3.6	1.2	1.4	2.1	-2.5	2.1	1.6	2.0	-1.8	2.3	0.9
2012 Q2	-5.9	-2.1	-0.6	-0.3	-1.6	-2.7	0.5	0.2	1.1	-2.0	0.8	-0.5
Q3	-8.9	-2.0	-1.5	-1.2	-2.0	-4.1	-0.4	0.1	0.8	-2.7	0.7	-0.7
2012 July	-8.6	-2.9	-0.4	-0.2	0.2	-2.7	0.1	0.2	1.0	-2.1	0.8	-0.5
Aug.	-11.3	-3.5	-0.7	-0.4	-0.1	-3.3	-0.1	0.2	0.9	-2.5	0.8	-0.6
Sep.	-8.9	-2.0	-1.5	-1.2	-2.0	-4.1	-0.4	0.1	0.8	-2.7	0.7	-0.7
Oct. (p)	-2.4	-1.9	-1.8	-1.5	-2.0	-4.4	-0.8	0.5	0.8	-2.8	1.3	-0.5

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



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



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

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

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

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Total: Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
Outstanding amounts													
2011	83.4	63.7	6.3	13.4	1,116.4	155.6	579.0	214.7	322.6	4,720.4	1,140.4	859.5	2,720.5
2012 Q2	85.3	67.5	5.4	12.4	1,148.5	177.1	582.6	223.3	342.6	4,700.7	1,164.0	844.0	2,692.7
Q3	89.8	71.9	5.7	12.3	1,199.1	221.7	629.2	226.4	343.5	4,652.5	1,140.7	828.2	2,683.5
2012 Aug.	88.7	70.9	5.3	12.5	1,160.4	199.3	589.3	225.1	346.1	4,671.2	1,148.2	833.2	2,689.7
Sep.	89.8	71.9	5.7	12.3	1,199.1	221.7	629.2	226.4	343.5	4,652.5	1,140.7	828.2	2,683.5
Oct. (p)	92.9	75.0	5.4	12.5	1,190.8	223.0	623.1	225.3	342.4	4,638.8	1,139.0	824.6	2,675.2
Transactions													
2011	1.8	2.8	1.0	-2.0	-23.7	12.8	-20.7	-9.1	6.1	56.6	22.5	-22.2	56.3
2012 Q2	-0.9	-0.1	0.0	-0.8	-5.6	-9.6	-11.9	-0.5	6.9	0.6	23.5	-5.0	-17.9
Q3	4.4	4.4	0.3	-0.2	49.8	44.6	45.7	2.6	1.5	-31.7	-16.9	-12.4	-2.4
2012 Aug.	3.5	3.2	0.3	0.0	-19.5	-10.3	-25.3	1.8	4.1	-27.1	-19.1	-6.4	-1.7
Sep.	1.1	0.9	0.4	-0.2	40.9	22.4	41.0	1.6	-1.7	-11.8	-5.5	-3.4	-2.9
Oct. (p)	3.1	3.1	-0.3	0.2	-7.7	1.3	-5.8	-0.9	-1.1	-10.2	0.0	-2.7	-7.5
Growth rates													
2011	1.9	3.9	19.6	-13.3	-2.1	8.9	-3.4	-4.3	2.0	1.2	2.0	-2.5	2.1
2012 Q2	-6.0	-5.4	2.1	-11.6	0.2	14.4	-4.6	6.4	5.1	-0.6	-1.6	-2.7	0.5
Q3	-8.7	-8.9	6.2	-13.2	1.7	23.0	-1.6	7.3	4.5	-1.5	-2.0	-4.1	-0.4
2012 Aug.	-11.0	-11.6	0.0	-11.9	-0.8	12.8	-6.4	6.5	5.2	-0.7	-0.2	-3.3	-0.1
Sep.	-8.7	-8.9	6.2	-13.2	1.7	23.0	-1.6	7.3	4.5	-1.5	-2.0	-4.1	-0.4
Oct. (p)	-2.4	-1.5	1.5	-9.1	-0.8	3.9	-5.3	7.0	3.3	-1.8	-2.0	-4.4	-0.8

2. Loans to households [3)]

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Total: Sole proprietors	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts														
2011	5,242.8	628.5	140.9	183.8	303.7	3,784.4	14.5	56.7	3,713.3	829.9	419.7	142.8	87.5	599.6
2012 Q2	5,256.4	617.0	137.7	179.8	299.5	3,807.9	14.2	56.6	3,737.0	831.6	417.4	144.8	85.4	601.3
Q3	5,245.4	604.9	134.2	176.8	293.9	3,816.0	14.4	56.8	3,744.8	824.5	414.6	138.7	83.0	602.7
2012 Aug.	5,243.0	607.3	134.7	178.1	294.5	3,810.4	14.4	57.0	3,739.0	825.3	416.0	138.6	83.7	603.0
Sep.	5,245.4	604.9	134.2	176.8	293.9	3,816.0	14.4	56.8	3,744.8	824.5	414.6	138.7	83.0	602.7
Oct. (p)	5,244.6	603.2	133.3	176.8	293.1	3,816.9	14.3	57.0	3,745.6	824.5	416.1	138.3	82.8	603.4
Transactions														
2011	81.0	-11.6	-3.7	-6.3	-1.6	85.2	-0.3	2.7	82.7	7.4	8.8	-6.4	-2.5	16.3
2012 Q2	26.5	0.6	1.0	0.4	-0.9	20.6	0.2	0.1	20.3	5.3	-2.9	4.2	-0.8	1.9
Q3	-4.4	-9.4	-1.9	-2.9	-4.6	11.0	0.3	0.3	10.4	-6.0	-2.3	-5.9	-1.9	1.8
2012 Aug.	-3.1	-3.7	-1.7	-1.0	-1.0	1.1	0.0	0.0	1.1	-0.5	-0.7	-1.5	-0.3	1.3
Sep.	6.0	-0.9	0.3	-1.0	-0.3	6.7	0.2	-0.2	6.7	0.2	-1.1	0.3	-0.6	0.5
Oct. (p)	0.7	-1.0	-0.7	0.0	-0.3	1.4	-0.1	0.2	1.3	0.3	-0.5	-0.3	-0.1	0.7
Growth rates														
2011	1.6	-1.8	-2.5	-3.3	-0.5	2.3	-1.8	5.0	2.3	0.9	2.1	-4.3	-2.9	2.8
2012 Q2	0.2	-2.0	-2.7	-2.4	-1.3	0.8	-0.7	3.3	0.7	-0.5	0.8	-4.7	-3.2	1.0
Q3	0.1	-2.7	-2.3	-3.6	-2.4	0.7	2.4	1.8	0.7	-0.7	0.6	-4.9	-4.5	0.9
2012 Aug.	0.2	-2.5	-3.7	-2.5	-2.0	0.8	-0.4	2.4	0.8	-0.6	0.8	-4.2	-4.0	0.8
Sep.	0.1	-2.7	-2.3	-3.6	-2.4	0.7	2.4	1.8	0.7	-0.7	0.6	-4.9	-4.5	0.9
Oct. (p)	0.5	-2.8	-2.9	-3.1	-2.6	1.3	2.6	1.8	1.2	-0.5	0.8	-4.1	-4.2	0.9

Source: ECB.

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

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

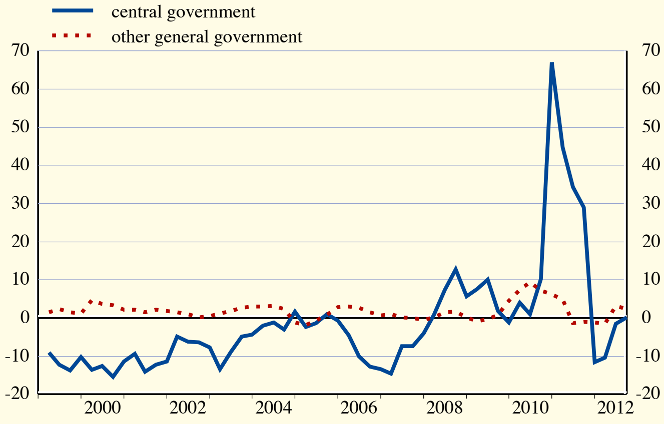
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

3. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	1,217.9	397.5	225.2	549.1	46.1	2,963.2	2,010.9	952.3	49.5	902.8
2011	1,159.6	348.9	221.7	567.4	21.7	3,021.4	2,022.5	998.9	62.4	936.4
2011 Q4	1,159.6	348.9	221.7	567.4	21.7	3,021.4	2,022.5	998.9	62.4	936.4
2012 Q1	1,137.5	322.6	224.0	566.9	24.0	3,006.6	1,998.8	1,007.8	59.4	948.4
Q2	1,169.9	339.6	240.1	565.1	25.1	3,084.9	2,061.9	1,023.0	58.0	964.9
Q3 (p)	1,163.0	341.9	231.5	563.4	26.2	3,006.8	1,988.9	1,018.2	59.7	958.4
	Transactions									
2010	204.2	156.3	14.9	21.1	11.9	-0.4	4.3	-5.0	0.5	-5.5
2011	-54.9	-45.9	-0.4	14.6	-23.3	15.4	-26.3	41.7	13.0	28.8
2011 Q4	13.3	4.7	1.2	10.3	-2.9	-151.9	-108.2	-43.8	-1.4	-42.3
2012 Q1	-21.2	-25.9	-1.7	4.1	2.3	42.1	18.5	23.7	-2.2	25.9
Q2	34.9	19.5	16.1	-1.8	1.1	-16.3	-5.5	-10.8	-3.0	-7.8
Q3 (p)	-7.7	2.3	-9.3	-1.8	1.1	-52.5	-57.5	5.3	2.3	3.0
	Growth rates									
2010	20.3	67.1	7.1	4.0	35.1	0.3	0.3	-0.4	0.6	-0.5
2011	-4.5	-11.6	-0.2	2.7	-51.6	0.6	-1.1	4.4	26.7	3.2
2011 Q4	-4.5	-11.6	-0.2	2.7	-51.6	0.6	-1.1	4.4	26.7	3.2
2012 Q1	-4.2	-10.4	-2.8	1.9	-41.6	0.1	-0.3	0.8	7.1	0.5
Q2	1.8	-1.5	7.2	2.0	-6.7	-2.0	-1.7	-2.5	-8.5	-2.2
Q3 (p)	1.7	0.2	2.7	2.0	6.7	-5.6	-7.1	-2.6	-7.0	-2.3

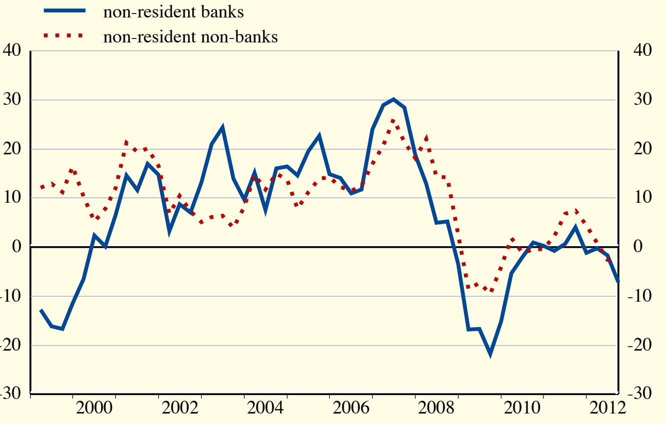
C7 Loans to government [2)]

(annual growth rates; not seasonally adjusted)



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

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

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

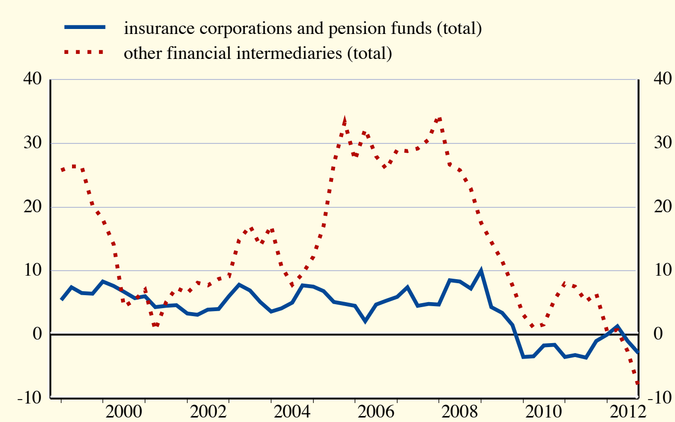
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

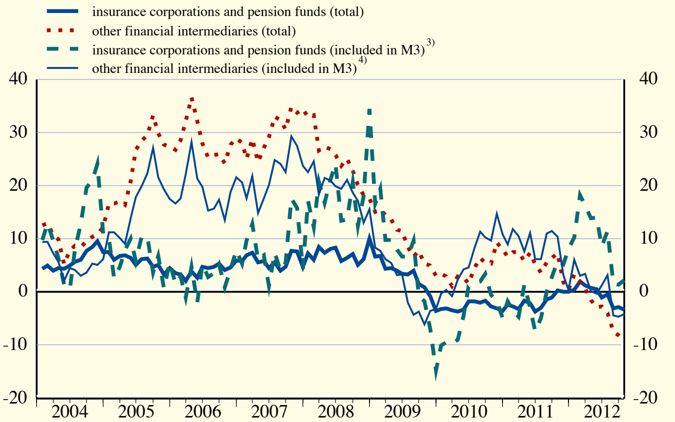
1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2010	716.9	84.6	79.3	528.3	2.6	0.3	21.9	2,185.3	358.5	305.7	1,149.6	10.7	0.5	360.3	255.0
2011	704.0	92.1	79.9	512.4	4.0	0.2	15.5	2,220.7	390.0	284.9	1,190.7	14.7	0.5	339.9	260.0
2012 Q2	692.6	99.0	78.8	499.5	5.8	0.2	9.3	2,149.6	408.1	253.5	1,086.1	13.6	0.3	388.0	295.8
Q3	692.7	101.9	79.0	494.6	6.3	0.2	10.6	2,110.0	434.4	239.4	1,034.8	12.6	0.3	388.5	297.6
2012 July	701.1	106.3	81.4	497.5	6.1	0.2	9.7	2,102.6	419.4	246.0	1,033.7	12.2	0.2	391.1	295.6
Aug.	691.3	99.8	78.6	496.3	6.2	0.2	10.1	2,079.3	417.0	238.8	1,033.8	12.7	0.3	376.7	287.0
Sep.	692.7	101.9	79.0	494.6	6.3	0.2	10.6	2,110.0	434.4	239.4	1,034.8	12.6	0.3	388.5	297.6
Oct. (p)	693.3	107.1	79.5	489.7	6.4	0.2	10.4	2,077.1	420.7	247.3	1,027.5	12.8	0.3	368.5	280.5
	Transactions														
2010	-26.5	-3.3	-8.4	-23.2	0.2	6.6	1.6	154.9	45.1	-40.7	53.9	-8.1	0.4	104.2	-
2011	0.2	11.7	4.2	-14.2	1.1	-0.1	-2.6	9.0	28.8	-29.2	5.6	3.9	0.1	-0.3	5.5
2012 Q2	-18.5	0.8	-7.5	-4.8	1.3	0.0	-8.3	-38.6	-13.0	-14.0	-53.9	-1.7	0.0	44.0	36.4
Q3	0.1	3.1	0.3	-5.0	0.5	0.0	1.3	-43.3	26.7	-16.1	-58.8	-1.6	-0.1	6.7	2.2
2012 July	8.3	7.2	2.5	-2.1	0.3	0.0	0.4	-52.2	10.1	-8.2	-55.4	-1.4	-0.1	2.8	-0.5
Aug.	-9.6	-6.3	-2.7	-1.1	0.1	0.0	0.4	-20.6	-1.9	-6.9	0.3	-0.1	0.1	-12.1	-12.0
Sep.	1.4	2.2	0.4	-1.8	0.0	0.0	0.5	29.6	18.5	-1.1	-3.7	-0.1	0.0	16.0	14.6
Oct. (p)	0.2	5.2	0.5	-4.9	0.1	0.0	-0.7	-31.9	-13.4	8.2	-7.1	0.2	0.1	-19.9	-17.1
	Growth rates														
2010	-3.6	-3.4	-9.6	-4.2	9.6	-	7.8	8.0	14.4	-12.1	5.0	-48.6	-	41.1	-
2011	0.0	14.4	5.6	-2.7	43.3	-	-13.1	0.4	8.1	-9.3	0.4	36.0	-	-0.2	2.1
2012 Q2	-1.0	16.5	9.5	-4.2	70.3	-	-48.1	-2.7	8.8	-16.0	-6.3	9.9	-	7.3	7.4
Q3	-2.9	15.7	-6.7	-4.5	63.7	-	-44.6	-8.1	12.9	-23.3	-11.5	5.9	-	-6.7	-7.5
2012 July	-0.4	27.8	8.1	-4.5	56.0	-	-52.8	-3.9	14.9	-19.7	-10.3	6.4	-	10.5	10.5
Aug.	-3.0	14.3	-3.4	-4.7	60.3	-	-48.5	-7.5	11.0	-23.1	-10.3	3.7	-	-4.6	-5.0
Sep.	-2.9	15.7	-6.7	-4.5	63.7	-	-44.6	-8.1	12.9	-23.3	-11.5	5.9	-	-6.7	-7.5
Oct. (p)	-3.4	15.1	-6.4	-5.5	60.0	-	-43.1	-9.1	9.2	-17.7	-13.7	12.2	-	-7.2	-9.2

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



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



Source: ECB.

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

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

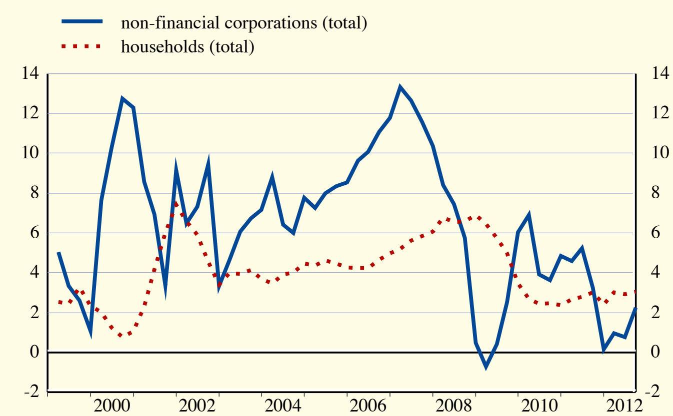
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2010	1,671.7	1,037.4	455.5	87.2	75.8	1.5	14.2	5,739.1	2,244.5	901.0	665.0	1,788.5	110.3	29.8
2011	1,687.3	1,050.6	448.4	97.7	72.3	2.0	16.3	5,894.0	2,255.7	948.3	723.7	1,837.0	106.7	22.7
2012 Q2	1,681.0	1,068.8	413.4	103.2	80.5	1.7	13.4	6,000.7	2,288.5	975.2	741.4	1,878.0	103.4	14.3
Q3	1,700.8	1,094.5	403.8	104.9	83.7	1.7	12.2	6,016.3	2,296.0	973.7	741.7	1,892.6	99.6	12.7
2012 July	1,674.7	1,065.6	409.6	104.7	79.9	1.6	13.3	5,999.8	2,280.1	975.7	742.3	1,885.1	102.6	14.1
Aug.	1,691.1	1,082.1	407.8	104.9	81.8	1.6	12.8	6,005.1	2,282.0	972.7	743.6	1,892.5	101.2	13.3
Sep.	1,700.8	1,094.5	403.8	104.9	83.7	1.7	12.2	6,016.3	2,296.0	973.7	741.7	1,892.6	99.6	12.7
Oct. (p)	1,716.0	1,100.1	411.7	106.5	83.5	1.7	12.5	6,016.7	2,285.2	977.7	739.8	1,903.0	98.9	12.1
	Transactions													
2010	77.5	40.2	22.9	9.0	7.7	-0.2	-2.1	132.7	81.9	-99.0	58.7	113.3	-14.6	-7.5
2011	2.9	8.9	-7.7	8.7	-7.3	0.4	-0.2	139.0	7.4	42.5	55.3	43.5	-2.6	-7.0
2012 Q2	9.7	35.8	-32.6	3.1	4.3	-0.4	-0.5	52.0	63.1	-21.4	4.4	13.2	-1.6	-5.6
Q3	25.7	31.4	-10.5	3.5	2.5	0.0	-1.1	16.3	8.4	-1.1	0.3	14.1	-3.8	-1.7
2012 July	-5.1	-3.0	-4.4	3.1	-0.4	-0.2	-0.2	-1.9	-8.9	0.0	0.9	7.1	-0.8	-0.3
Aug.	18.8	20.4	-2.5	0.3	1.0	0.0	-0.4	6.2	2.9	-2.6	1.3	6.9	-1.4	-0.8
Sep.	12.0	14.0	-3.6	0.0	1.9	0.1	-0.5	12.1	14.4	1.4	-1.9	0.2	-1.5	-0.6
Oct. (p)	16.5	5.7	8.2	1.7	-0.1	0.0	1.0	0.6	-10.7	4.1	-1.9	10.4	-0.7	-0.6
	Growth rates													
2010	4.8	4.0	5.2	11.2	11.2	-10.1	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.7	-20.2
2011	0.2	0.9	-1.7	9.9	-9.3	28.9	-3.4	2.4	0.3	4.7	8.3	2.4	-2.4	-23.6
2012 Q2	0.8	4.7	-9.3	10.6	-0.2	-18.5	-16.7	2.9	1.2	7.4	5.7	3.4	-5.4	-57.2
Q3	2.2	9.2	-13.6	12.2	4.2	0.4	-34.4	3.0	2.4	5.5	4.5	3.9	-8.5	-62.3
2012 July	0.8	5.4	-10.7	13.2	0.4	-25.2	-30.0	2.5	0.6	6.4	5.3	3.6	-6.3	-60.1
Aug.	1.9	7.8	-11.7	13.9	0.5	-12.0	-35.2	2.9	1.9	5.6	5.2	3.7	-7.5	-62.2
Sep.	2.2	9.2	-13.6	12.2	4.2	0.4	-34.4	3.0	2.4	5.5	4.5	3.9	-8.5	-62.3
Oct. (p)	3.0	9.5	-12.0	13.2	6.7	-15.8	-32.9	3.1	2.2	5.4	3.9	4.5	-9.1	-62.5

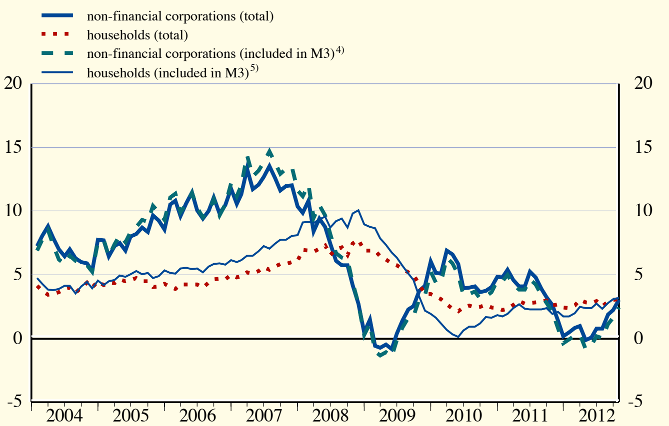
C11 Total deposits by sector [2)]

(annual growth rates)



C12 Total deposits and deposits included in M3 by sector [2)]

(annual growth rates)



Source: ECB.

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

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

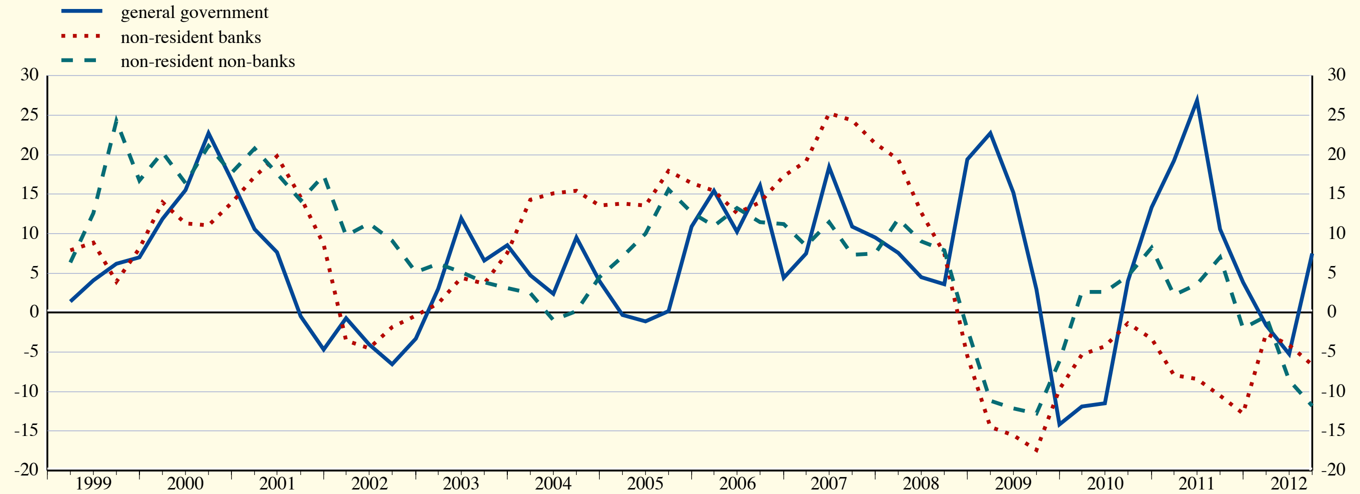
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	426.7	196.2	47.7	108.7	74.1	3,484.7	2,487.5	997.1	45.9	951.2
2011	441.8	195.5	48.6	112.6	85.2	3,153.6	2,175.4	978.1	44.3	933.8
2011 Q4	441.8	195.5	48.6	112.6	85.2	3,153.6	2,175.4	978.1	44.3	933.8
2012 Q1	466.7	192.5	65.0	113.4	95.9	3,312.5	2,331.9	980.6	54.7	926.0
Q2	508.2	191.9	98.4	112.3	105.5	3,240.3	2,291.0	949.4	39.5	909.8
Q3 (p)	513.9	206.4	93.1	111.3	103.1	3,128.1	2,174.1	950.0	40.6	909.4
	Transactions									
2010	50.0	47.4	4.3	-5.0	2.9	-15.1	-85.9	70.8	7.5	63.3
2011	16.9	3.3	0.6	2.3	10.6	-334.9	-314.2	-20.7	-2.1	-18.6
2011 Q4	-22.5	-15.9	-5.9	2.1	-2.7	-235.7	-152.1	-83.6	-6.2	-77.3
2012 Q1	25.9	-2.9	16.5	1.3	10.9	191.8	180.7	11.1	10.9	0.1
Q2	26.0	1.8	18.9	-1.3	6.7	-135.2	-76.3	-58.9	-15.9	-43.0
Q3 (p)	5.7	14.5	-5.5	-0.9	-2.5	-92.7	-104.2	7.4	1.3	6.1
	Growth rates									
2010	13.3	32.2	9.9	-4.4	4.1	-0.1	-3.3	8.2	12.7	7.8
2011	3.9	1.3	1.3	2.1	14.3	-9.8	-12.8	-2.0	-4.3	-1.9
2011 Q4	3.9	1.3	1.3	2.1	14.3	-9.8	-12.8	-2.0	-4.3	-1.9
2012 Q1	-1.6	-18.3	23.5	5.6	21.2	-2.0	-2.7	-0.5	29.6	-1.8
Q2	-5.3	-27.0	51.5	0.8	17.5	-5.4	-4.1	-8.6	-20.4	-8.0
Q3 (p)	7.5	-1.1	45.5	1.1	14.1	-8.0	-6.6	-11.8	-20.0	-11.4

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

(annual growth rates)



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

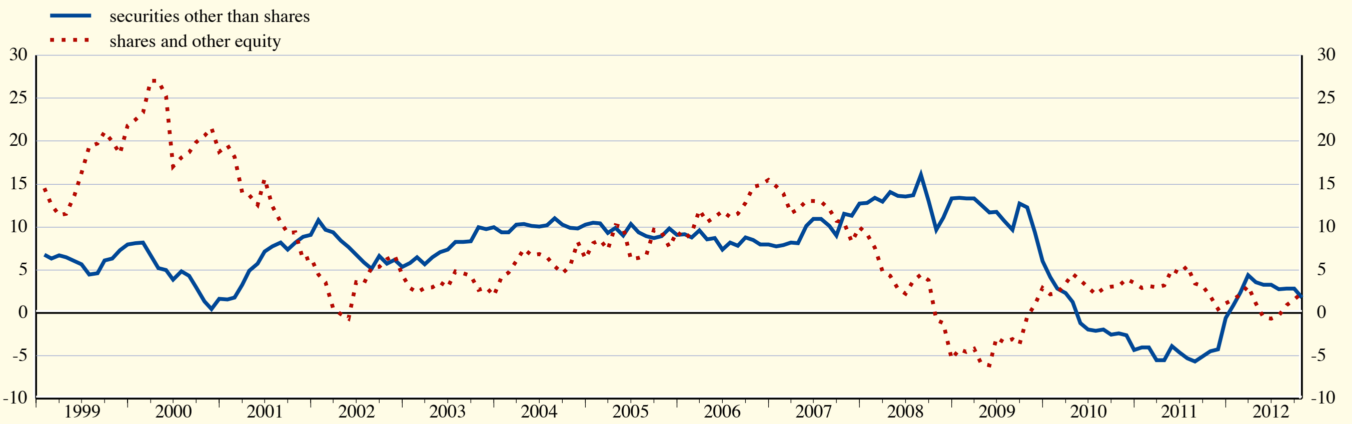
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2010	6,001.0	1,779.0	107.4	1,507.8	16.4	1,510.1	28.3	1,052.1	1,535.8	445.1	788.0	302.7
2011	5,697.7	1,764.2	87.8	1,373.0	22.9	1,489.1	28.3	932.5	1,507.2	485.1	726.6	295.4
2012 Q2	5,826.4	1,766.7	98.5	1,554.6	33.9	1,428.1	25.5	919.2	1,489.2	486.2	717.7	285.4
Q3	5,786.8	1,783.4	104.7	1,587.4	31.9	1,351.0	25.5	902.8	1,510.7	486.5	734.8	289.3
2012 July	5,790.5	1,790.9	100.9	1,538.4	36.4	1,380.8	25.6	917.5	1,498.8	488.0	721.8	289.0
Aug.	5,787.7	1,808.0	105.9	1,543.0	32.6	1,365.5	25.2	907.6	1,502.2	487.1	723.8	291.3
Sep.	5,786.8	1,783.4	104.7	1,587.4	31.9	1,351.0	25.5	902.8	1,510.7	486.5	734.8	289.3
Oct. (p)	5,756.2	1,763.7	103.3	1,605.0	31.3	1,345.6	28.7	878.7	1,510.8	487.4	731.6	291.8
	Transactions											
2010	-269.3	-166.5	-6.8	42.7	-2.0	11.6	-14.8	-133.6	53.4	28.1	5.2	20.2
2011	-32.8	44.6	7.8	-5.1	5.5	-24.9	-0.1	-60.6	17.0	60.2	-31.5	-11.7
2012 Q2	-94.1	-50.8	-3.3	46.0	-0.3	-41.7	-0.5	-43.5	-19.6	0.4	-12.1	-7.9
Q3	-73.0	10.8	7.0	10.0	-1.5	-85.0	0.3	-14.6	20.6	2.2	16.4	2.0
2012 July	-65.5	22.2	0.0	-19.5	1.5	-53.8	-0.5	-15.4	10.0	1.6	5.4	3.0
Aug.	-3.7	13.3	6.5	-3.8	-3.0	-15.7	0.0	-1.1	2.0	-0.7	-0.2	2.8
Sep.	-3.8	-24.8	0.6	33.3	0.0	-15.4	0.8	1.9	8.6	1.3	11.1	-3.8
Oct. (p)	-34.9	-20.2	-0.9	9.2	-0.4	-5.7	3.4	-20.3	0.2	1.0	-3.8	3.0
	Growth rates											
2010	-4.3	-8.5	-5.4	2.9	-10.8	0.8	-35.4	-11.3	3.5	6.4	0.6	7.2
2011	-0.6	2.6	7.7	-0.4	33.7	-1.6	-0.8	-6.2	1.1	13.8	-4.1	-3.8
2012 Q2	3.3	6.8	11.9	8.6	47.4	-0.5	-4.8	-6.4	-0.7	7.5	-3.4	-6.3
Q3	2.8	5.1	19.4	12.8	39.7	-5.9	1.3	-4.7	1.6	4.2	1.8	-3.3
2012 July	2.7	8.9	12.5	8.3	59.3	-4.6	-4.2	-6.8	-0.3	6.4	-2.4	-5.6
Aug.	2.8	7.5	24.4	9.5	24.9	-5.2	-13.8	-4.9	0.9	5.8	-1.3	-1.8
Sep.	2.8	5.1	19.4	12.8	39.7	-5.9	1.3	-4.7	1.6	4.2	1.8	-3.3
Oct. (p)	1.8	3.7	15.3	14.5	36.4	-8.9	12.3	-6.0	2.3	4.9	2.0	-1.1

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.

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

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
To euro area residents														
2010	5,517.3	-	-	-	-	-	-	12,245.0	96.0	4.0	2.1	0.2	1.1	0.4
2011	6,160.7	-	-	-	-	-	-	12,322.6	96.2	3.8	1.9	0.3	1.1	0.4
2012 Q2	6,312.8	-	-	-	-	-	-	12,360.8	96.2	3.8	1.9	0.3	1.0	0.4
Q3 (p)	6,105.8	-	-	-	-	-	-	12,349.8	96.3	3.7	1.8	0.2	1.0	0.4
To non-euro area residents														
2010	2,010.9	44.9	55.1	30.7	2.9	3.2	11.6	952.3	39.9	60.1	42.8	1.4	3.7	6.7
2011	2,022.5	44.5	55.5	35.6	2.5	2.7	9.3	998.9	38.2	61.8	41.2	2.6	3.3	7.8
2012 Q2	2,061.9	46.4	53.6	33.0	2.2	2.9	9.6	1,023.0	38.9	61.1	39.8	2.4	3.0	9.2
Q3 (p)	1,988.9	47.2	52.8	31.3	2.6	3.2	10.0	1,018.2	39.2	60.8	38.9	2.5	2.9	9.4
Holdings of securities other than shares														
Issued by euro area residents														
2010	1,886.4	94.3	5.7	3.3	0.1	0.3	1.7	3,062.5	98.5	1.5	0.8	0.1	0.1	0.4
2011	1,852.0	95.3	4.7	2.5	0.1	0.3	1.5	2,913.3	98.2	1.8	1.0	0.2	0.1	0.4
2012 Q2	1,865.2	94.7	5.3	2.6	0.1	0.4	1.8	3,042.1	98.0	2.0	1.2	0.1	0.1	0.4
Q3 (p)	1,888.1	94.5	5.5	2.7	0.1	0.3	2.0	2,995.9	98.1	1.9	1.1	0.1	0.1	0.5
Issued by non-euro area residents														
2010	545.9	49.9	50.1	27.6	0.3	0.5	16.8	506.2	33.3	66.7	40.4	3.9	0.9	13.6
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.3	67.7	39.3	5.8	0.7	13.7
2012 Q2	455.3	56.5	43.5	19.0	0.3	0.3	18.7	463.8	34.1	65.9	38.8	5.9	0.8	12.5
Q3 (p)	448.1	54.2	45.8	19.4	0.3	0.6	19.9	454.7	33.8	66.2	37.7	6.3	0.7	12.6
Deposits														
By euro area residents														
2010	5,774.7	92.9	7.1	4.1	0.3	1.3	0.8	10,739.7	97.1	2.9	1.9	0.2	0.1	0.4
2011	6,370.7	92.1	7.9	5.1	0.2	1.2	0.7	10,947.8	97.0	3.0	2.0	0.1	0.1	0.4
2012 Q2	6,622.3	93.6	6.4	3.9	0.2	1.1	0.7	11,032.1	97.0	3.0	2.0	0.1	0.1	0.4
Q3 (p)	6,399.1	93.5	6.5	3.9	0.2	1.1	0.7	11,033.6	97.0	3.0	2.0	0.1	0.1	0.4
By non-euro area residents														
2010	2,487.5	52.0	48.0	31.8	2.2	1.8	8.7	997.1	58.8	41.2	29.3	1.2	1.4	5.1
2011	2,175.4	59.2	40.8	25.6	2.1	1.8	7.2	978.1	56.0	44.0	30.0	2.0	1.5	5.1
2012 Q2	2,291.0	61.0	39.0	25.4	1.8	1.2	6.7	949.4	54.4	45.6	30.1	1.9	1.2	5.8
Q3 (p)	2,174.1	59.8	40.2	25.6	2.1	1.1	7.3	950.0	53.6	46.4	30.2	2.1	1.3	5.8

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total				
				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2010	5,083.2	81.6	18.4	9.7	1.8	2.1	2.5
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012 Q2	5,225.4	81.8	18.2	9.5	1.7	2.0	2.5
Q3 (p)	5,196.0	82.0	18.0	9.5	1.6	1.9	2.5

Source: ECB.

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

2.8 Aggregated balance sheet of euro area investment funds [1]
(EUR billions; outstanding amounts at end of period; transactions during period)

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 Mar.	6,680.5	442.5	2,674.1	1,887.4	889.3	241.1	546.2
Apr.	6,680.4	447.7	2,693.9	1,861.0	887.7	242.1	548.0
May	6,678.5	475.0	2,733.4	1,775.0	880.1	242.5	572.5
June	6,705.5	480.6	2,729.1	1,816.2	880.4	244.1	555.2
July	6,937.7	484.3	2,821.2	1,890.1	915.1	245.6	581.4
Aug.	6,947.2	480.0	2,841.6	1,886.7	917.7	243.1	578.0
Sep. (p)	7,022.2	497.8	2,853.0	1,918.3	923.6	242.3	587.2
	Transactions						
2012 Q1	150.7	16.8	72.9	4.8	11.5	4.3	40.4
Q2	16.2	12.2	34.1	-13.9	-5.5	2.7	-13.4
Q3 (p)	120.7	25.1	62.4	-0.5	14.9	0.4	18.4

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 Mar.	6,680.5	127.5	6,066.8	4,559.8	684.1	1,507.0	486.2
Apr.	6,680.4	129.8	6,063.7	4,539.8	677.3	1,523.1	486.9
May	6,678.5	137.8	6,023.6	4,466.2	664.9	1,556.1	517.1
June	6,705.5	134.0	6,069.2	4,492.4	664.9	1,576.8	502.4
July	6,937.7	137.1	6,269.2	4,623.3	698.9	1,645.9	531.4
Aug.	6,947.2	140.8	6,283.7	4,645.0	703.3	1,638.7	522.7
Sep. (p)	7,022.2	150.3	6,338.1	4,658.8	715.3	1,679.3	533.9
	Transactions						
2012 Q1	150.7	9.4	94.5	58.4	30.9	36.1	46.8
Q2	16.2	6.6	37.9	-1.3	-12.0	39.4	-28.3
Q3 (p)	120.7	19.8	75.4	23.3	28.0	52.2	25.4

3. Investment fund shares issued broken down by investment policy and type of fund

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2012 Feb.	6,016.7	2,056.7	1,637.8	1,486.8	304.9	129.7	400.8	5,931.0	85.7	935.4
Mar.	6,066.8	2,087.3	1,640.8	1,497.5	307.7	134.0	399.4	5,980.9	85.9	956.8
Apr.	6,063.7	2,109.5	1,616.7	1,494.3	309.7	135.6	397.9	5,977.2	86.5	972.3
May	6,023.6	2,159.2	1,540.3	1,478.8	311.3	138.1	395.8	5,937.0	86.6	999.9
June	6,069.2	2,171.6	1,570.9	1,479.4	311.4	138.3	397.6	5,988.1	81.1	969.5
July	6,269.2	2,247.7	1,630.8	1,529.7	315.1	140.8	405.2	6,187.8	81.4	964.5
Aug.	6,283.7	2,259.8	1,625.5	1,537.9	313.6	138.6	408.4	6,202.5	81.2	970.0
Sep. (p)	6,338.1	2,272.3	1,654.5	1,550.3	313.5	139.7	407.8	6,255.7	82.4	942.3
	Transactions									
2012 Mar.	41.2	29.3	5.7	4.7	1.7	1.1	-1.2	40.4	0.7	18.5
Apr.	10.5	14.8	-8.8	2.0	1.5	0.7	0.2	9.9	0.5	9.3
May	17.0	26.3	-5.4	-4.2	0.1	-1.1	1.2	17.1	-0.2	12.0
June	10.5	17.7	-3.5	-4.6	1.2	-0.1	-0.2	14.9	-4.4	-25.7
July	37.5	23.7	-2.5	17.0	0.2	-0.5	-0.5	37.4	0.1	-14.9
Aug.	16.8	17.3	-2.8	2.7	0.8	-1.1	0.0	16.9	-0.1	13.1
Sep. (p)	21.1	12.4	4.7	4.9	1.1	-0.3	-1.6	20.9	0.2	-22.0

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q4	2,505.2	1,424.4	390.5	675.2	186.2	4.5	167.8	1,080.8	271.3	436.0	20.5
2012 Q1	2,674.1	1,502.8	424.6	678.8	209.0	5.7	184.5	1,171.2	313.1	453.4	15.5
Q2	2,729.1	1,507.1	414.6	694.4	207.8	5.1	185.2	1,222.0	315.5	467.1	17.8
Q3 (p)	2,853.0	1,567.1	416.3	711.1	231.6	6.1	202.0	1,285.8	322.6	493.5	18.3
	Transactions										
2012 Q1	72.9	13.7	10.4	-21.1	14.8	0.5	9.1	59.2	20.5	15.7	-4.3
Q2	34.1	9.7	-9.5	16.3	0.6	-0.5	2.8	24.4	-5.9	-8.7	1.1
Q3 (p)	62.4	18.4	-7.4	-4.6	18.0	0.5	11.8	44.1	-0.7	28.2	-0.4

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q4	1,734.6	636.3	47.6	-	39.0	21.4	528.3	1,098.2	154.5	358.1	71.8
2012 Q1	1,887.4	689.0	56.4	-	41.7	24.1	566.7	1,198.4	162.7	389.8	75.3
Q2	1,816.2	638.9	45.5	-	38.6	22.3	532.5	1,177.3	163.6	391.9	78.1
Q3 (p)	1,918.3	684.0	52.9	-	43.9	24.6	562.7	1,234.2	172.0	411.6	72.1
	Transactions										
2012 Q1	4.8	-3.9	4.1	-	0.9	-1.2	-7.8	8.7	-2.1	-0.2	-1.6
Q2	-13.9	-9.4	-2.8	-	-1.4	0.2	-5.4	-4.2	0.1	-0.9	3.6
Q3 (p)	-0.5	-3.7	0.8	-	3.2	-0.5	-7.1	3.2	-0.2	4.2	-4.0

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q4	839.4	708.0	94.7	-	613.4	-	-	131.4	20.9	40.5	0.6
2012 Q1	889.3	753.2	69.0	-	684.1	-	-	136.1	25.2	41.2	0.6
Q2	880.4	744.0	79.0	-	664.9	-	-	136.5	24.9	43.0	0.6
Q3 (p)	923.6	790.2	74.9	-	715.3	-	-	133.4	27.3	40.0	0.6
	Transactions										
2012 Q1	11.5	11.5	-19.4	-	30.9	-	-	0.0	2.2	-0.5	-0.1
Q2	-5.5	-3.4	8.6	-	-12.0	-	-	-2.1	-0.2	0.4	0.0
Q3 (p)	14.9	21.0	-7.0	-	28.0	-	-	-6.1	1.0	-2.9	0.0

Source: ECB.

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

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

2.10 Aggregated balance sheet of euro area financial vehicle corporations

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

1. Assets

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

2. Liabilities

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

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

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

Source: ECB.

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

2) Excludes securitisations of inter-MFI loans.

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

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2009 Q3	6,511.0	782.4	432.0	2,432.8	788.5	1,362.4	93.6	248.4	221.9	149.0
Q4	6,645.3	786.3	431.8	2,475.9	804.1	1,443.7	92.3	253.6	209.4	148.2
2010 Q1	6,878.4	783.3	438.0	2,599.4	812.1	1,523.4	91.4	259.6	227.6	143.7
Q2	6,897.6	784.5	441.5	2,629.7	790.0	1,510.3	88.0	265.0	243.1	145.5
Q3	7,071.0	782.9	449.8	2,718.5	806.6	1,550.6	84.3	266.7	266.1	145.4
Q4	7,005.0	771.6	453.8	2,657.7	834.8	1,582.9	71.9	266.7	218.3	147.3
2011 Q1	7,090.9	771.8	454.9	2,709.8	841.6	1,595.1	72.4	274.7	221.2	149.3
Q2	7,104.6	774.6	462.4	2,720.5	841.0	1,595.7	78.0	265.8	218.5	148.1
Q3	7,101.7	791.7	461.9	2,741.8	793.4	1,544.0	89.4	265.5	266.0	147.9
Q4	7,099.2	783.3	468.7	2,699.4	804.8	1,570.2	94.2	263.3	265.3	150.0
2012 Q1	7,350.6	794.1	467.3	2,810.0	814.9	1,679.3	97.2	264.4	272.1	151.2
Q2	7,393.0	782.6	467.9	2,837.4	807.2	1,680.0	102.1	268.0	295.2	152.7

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2009 Q3	2,432.8	2,028.4	542.3	1,092.5	228.6	15.2	137.7	404.4
Q4	2,475.9	2,066.4	534.7	1,123.0	239.3	16.7	140.0	409.5
2010 Q1	2,599.4	2,177.5	565.1	1,199.3	233.8	15.9	147.4	421.9
Q2	2,629.7	2,203.6	567.6	1,208.4	242.6	15.9	151.5	426.0
Q3	2,718.5	2,285.6	584.9	1,262.0	252.0	18.4	154.0	433.0
Q4	2,657.7	2,228.7	580.9	1,230.6	230.4	17.1	156.2	429.0
2011 Q1	2,709.8	2,287.5	602.4	1,266.8	233.7	16.9	154.2	422.3
Q2	2,720.5	2,297.3	607.0	1,269.6	233.4	16.5	157.9	423.1
Q3	2,741.8	2,312.1	617.6	1,278.8	225.6	16.6	161.2	429.7
Q4	2,699.4	2,265.3	614.1	1,231.8	223.6	16.2	165.9	434.2
2012 Q1	2,810.0	2,348.8	639.5	1,272.1	228.5	16.7	179.8	461.1
Q2	2,837.4	2,353.2	644.9	1,259.0	233.8	16.6	186.9	484.2

3. Liabilities and net worth

	Liabilities									Net worth
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves				Other accounts receivable/ payable and financial derivatives	
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2009 Q3	6,343.9	250.8	36.1	444.8	5,415.5	2,972.5	1,644.9	798.1	196.6	167.2
Q4	6,446.3	233.0	39.4	442.1	5,533.2	3,040.9	1,692.8	799.5	198.6	199.0
2010 Q1	6,645.0	249.8	39.5	456.7	5,708.7	3,126.8	1,753.4	828.5	190.3	233.5
Q2	6,723.9	252.0	40.8	428.4	5,808.7	3,157.0	1,821.9	829.8	194.0	173.7
Q3	6,882.3	276.8	39.7	437.2	5,948.1	3,220.8	1,902.3	825.1	180.4	188.7
Q4	6,836.8	252.4	42.5	444.8	5,928.8	3,257.9	1,846.4	824.5	168.4	168.2
2011 Q1	6,887.2	265.1	40.5	462.4	5,943.4	3,285.6	1,817.5	840.3	175.8	203.7
Q2	6,910.1	265.4	43.1	451.7	5,973.4	3,309.1	1,830.5	833.8	176.6	194.5
Q3	7,016.6	273.0	42.2	406.9	6,104.3	3,290.6	1,981.8	831.9	190.2	85.1
Q4	7,032.2	266.8	42.2	405.3	6,132.0	3,299.4	2,006.2	826.4	185.9	66.9
2012 Q1	7,192.9	274.4	44.5	437.8	6,247.5	3,334.8	2,067.4	845.2	188.7	157.7
Q2	7,248.7	282.6	43.6	421.3	6,299.2	3,340.4	2,108.7	850.1	202.0	144.3

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2012 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						621
Trade balance [1]						-45
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,179	117	753	58	251	
Other taxes less subsidies on production	39	8	24	3	4	
Consumption of fixed capital	376	101	213	11	51	
Net operating surplus and mixed income [1]	532	269	229	34	0	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						7
Taxes less subsidies on production						
Property income	956	35	489	357	75	132
Interest	374	33	63	204	75	53
Other property income	582	2	427	153	0	79
Net national income [1]	1,979	1,706	-22	62	233	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	293	231	49	13	0	4
Social contributions	440	440				1
Social benefits other than social transfers in kind	466	1	18	34	413	1
Other current transfers	193	69	26	49	49	11
Net non-life insurance premiums	46	34	11	1	1	2
Non-life insurance claims	47			47		1
Other	99	35	15	1	48	8
Net disposable income [1]	1,957	1,517	-80	64	456	
Use of income account						
Net disposable income						
Final consumption expenditure	1,870	1,364			506	
Individual consumption expenditure	1,680	1,364			316	
Collective consumption expenditure	191				191	
Adjustment for the change in the net equity of households in pension fund reserves	16	0	1	15	0	0
Net saving/current external account [1]	86	168	-81	49	-50	-15
Capital account						
Net saving/current external account						
Gross capital formation	447	143	244	11	50	
Gross fixed capital formation	457	144	253	11	50	
Changes in inventories and acquisitions less disposals of valuables	-11	-1	-10	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	2	-1	2	0	1	-2
Capital transfers	41	8	0	5	27	5
Capital taxes	8	6	0	2		0
Other capital transfers	32	3	0	3	27	5
Net lending (+)/net borrowing (-) (from capital account) [1]	16	129	-98	53	-68	-16
Statistical discrepancy	0	-18	18	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
2012 Q2						
External account						
Imports of goods and services						577
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,125	495	1,219	107	305	
Taxes less subsidies on products	236					
Gross domestic product (market prices)[2]	2,362					
Compensation of employees						
Other taxes less subsidies on production						
Consumption of fixed capital						
Net operating surplus and mixed income						
Allocation of primary income account						
Net operating surplus and mixed income	532	269	229	34	0	
Compensation of employees	1,182	1,182				4
Taxes less subsidies on production	275				275	0
Property income	946	290	239	385	31	142
Interest	367	59	40	260	9	59
Other property income	578	231	199	125	22	83
Net national income						
Secondary distribution of income account						
Net national income	1,979	1,706	-22	62	233	
Current taxes on income, wealth, etc.	296				296	0
Social contributions	440	1	19	50	369	1
Social benefits other than social transfers in kind	464	464				3
Other current transfers	170	86	15	48	21	34
Net non-life insurance premiums	47			47		2
Non-life insurance claims	45	36	9	1	0	2
Other	77	51	6	0	20	30
Net disposable income						
Use of income account						
Net disposable income	1,957	1,517	-80	64	456	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	16	16				0
Net saving/current external account						
Capital account						
Net saving/current external account	86	168	-81	49	-50	-15
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	376	101	213	11	51	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	43	9	17	8	9	3
Capital taxes	8				8	0
Other capital transfers	35	9	17	8	0	3
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

Assets 2012 Q2	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		19,093	16,747	35,442	15,634	7,021	3,980	17,699
Monetary gold and special drawing rights (SDRs)				484				
Currency and deposits		6,837	2,023	11,827	2,281	819	796	3,658
Short-term debt securities		60	97	587	440	65	31	655
Long-term debt securities		1,340	279	6,429	2,598	2,748	433	3,963
Loans		47	3,022	13,363	3,706	474	585	1,923
of which: Long-term		30	1,794	10,429	2,509	353	515	.
Shares and other equity		4,180	7,571	1,788	6,358	2,547	1,356	6,712
Quoted shares		713	1,371	347	2,057	535	213	.
Unquoted shares and other equity		2,109	5,825	1,138	3,280	297	979	.
Mutual fund shares		1,358	376	303	1,021	1,715	164	.
Insurance technical reserves		6,024	168	3	0	229	4	253
Other accounts receivable and financial derivatives		605	3,586	959	251	138	776	536
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		114	47	242	75	22	206	48
Monetary gold and SDRs				0				0
Currency and deposits		74	4	273	-12	-16	40	-64
Short-term debt securities		-3	-3	-9	-15	2	4	-28
Long-term debt securities		-19	4	-95	38	20	3	51
Loans		-1	41	44	78	-1	69	30
of which: Long-term		-1	29	8	66	-1	38	.
Shares and other equity		29	30	-10	4	14	26	50
Quoted shares		9	1	1	-32	-1	1	.
Unquoted shares and other equity		15	28	4	30	2	21	.
Mutual fund shares		4	1	-15	5	14	4	.
Insurance technical reserves		25	0	0	0	4	0	3
Other accounts receivable and financial derivatives		9	-29	39	-18	-1	64	5
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		-192	-212	144	-6	-2	12	85
Monetary gold and SDRs				11				
Currency and deposits		4	5	91	-18	0	15	72
Short-term debt securities		-2	-1	5	5	0	0	2
Long-term debt securities		-44	-3	56	34	0	0	0
Loans		-1	22	31	23	1	-1	10
of which: Long-term		0	6	-1	24	1	-1	.
Shares and other equity		-148	-244	-54	-53	-3	-10	-27
Quoted shares		-39	-94	-27	-52	-12	-19	.
Unquoted shares and other equity		-82	-142	-26	2	19	12	.
Mutual fund shares		-28	-8	-1	-3	-10	-2	.
Insurance technical reserves		5	2	0	0	0	0	0
Other accounts receivable and financial derivatives		-6	6	3	2	1	7	28
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		19,015	16,581	35,828	15,703	7,041	4,198	17,832
Monetary gold and SDRs				495				
Currency and deposits		6,916	2,031	12,191	2,251	803	851	3,666
Short-term debt securities		56	93	583	431	67	35	629
Long-term debt securities		1,276	281	6,391	2,670	2,768	436	4,015
Loans		46	3,085	13,439	3,807	474	653	1,962
of which: Long-term		29	1,829	10,436	2,600	354	552	.
Shares and other equity		4,061	7,357	1,724	6,308	2,559	1,373	6,736
Quoted shares		684	1,278	321	1,972	522	195	.
Unquoted shares and other equity		2,043	5,710	1,116	3,313	318	1,012	.
Mutual fund shares		1,334	369	288	1,023	1,719	167	.
Insurance technical reserves		6,053	170	3	0	233	4	255
Other accounts receivable and financial derivatives		608	3,564	1,002	235	137	846	569
Net financial worth								

Source: ECB.

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

Liabilities 2012 Q2	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, liabilities								
Total liabilities		6,774	25,936	34,473	15,395	7,144	9,768	15,642
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			31	25,274	31	0	259	2,647
Short-term debt securities			87	721	82	1	737	306
Long-term debt securities			846	4,688	2,882	47	6,264	3,065
Loans		6,194	8,439		3,310	300	1,907	2,970
of which: Long-term		5,843	6,117		1,742	118	1,587	.
Shares and other equity		7	12,580	2,536	8,903	424	4	6,059
Quoted shares			3,569	370	216	113	0	.
Unquoted shares and other equity		7	9,012	1,209	2,759	310	4	.
Mutual fund shares				957	5,927			.
Insurance technical reserves		36	346	67	1	6,231	1	
Other accounts payable and financial derivatives		537	3,608	1,187	186	141	597	595
Net financial worth [1]	-1,573	12,319	-9,189	970	239	-123	-5,789	
Financial account, transactions in liabilities								
Total transactions in liabilities		3	126	232	31	23	274	64
Monetary gold and SDRs								
Currency and deposits			0	278	0	0	8	12
Short-term debt securities			11	-37	2	0	-22	-6
Long-term debt securities			15	-75	-35	-1	120	-22
Loans		17	30		35	6	144	31
of which: Long-term		10	4		10	1	128	.
Shares and other equity		0	50	4	67	1	0	22
Quoted shares			5	8	2	0	0	.
Unquoted shares and other equity		0	46	0	30	1	0	.
Mutual fund shares				-4	34			.
Insurance technical reserves		0	1	1	0	29	0	
Other accounts payable and financial derivatives		-14	20	61	-38	-12	24	27
Changes in net financial worth due to transactions [1]	16	110	-80	10	44	-1	-68	-16
Other changes account, liabilities								
Total other changes in liabilities		3	-400	46	-19	-8	-42	236
Monetary gold and SDRs								
Currency and deposits			0	93	0	0	0	77
Short-term debt securities			0	7	-1	0	-3	6
Long-term debt securities			4	42	-36	0	-36	68
Loans		-1	3		19	0	1	63
of which: Long-term		-1	-4		2	0	1	.
Shares and other equity		0	-453	-43	-37	-17	0	11
Quoted shares			-238	-63	-22	-11	0	.
Unquoted shares and other equity		0	-215	3	24	-6	0	.
Mutual fund shares				17	-39			.
Insurance technical reserves		0	0	0	0	6	0	
Other accounts payable and financial derivatives		4	46	-54	35	3	-4	11
Other changes in net financial worth [1]	162	-195	188	97	12	5	54	-151
Closing balance sheet, liabilities								
Total liabilities		6,781	25,662	34,751	15,407	7,160	10,000	15,942
Monetary gold and SDRs								
Currency and deposits			30	25,645	32	0	267	2,736
Short-term debt securities			98	691	83	2	713	307
Long-term debt securities			864	4,655	2,811	47	6,348	3,111
Loans		6,210	8,472		3,364	306	2,051	3,063
of which: Long-term		5,853	6,117		1,755	119	1,716	.
Shares and other equity		8	12,178	2,497	8,933	408	4	6,092
Quoted shares			3,336	315	197	102	0	.
Unquoted shares and other equity		8	8,842	1,212	2,814	305	4	.
Mutual fund shares				969	5,923			.
Insurance technical reserves		36	346	68	1	6,266	1	
Other accounts payable and financial derivatives		528	3,673	1,194	184	132	617	633
Net financial worth [1]	-1,396	12,234	-9,081	1,077	295	-119	-5,802	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2008	2009	2010	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1	2011 Q3-2012 Q2
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,466	4,451	4,507	4,566	4,595	4,620	4,638	4,649
Other taxes less subsidies on production	94	86	84	89	93	96	101	109
Consumption of fixed capital	1,361	1,387	1,418	1,441	1,454	1,466	1,476	1,486
Net operating surplus and mixed income [1]	2,358	2,099	2,213	2,252	2,259	2,254	2,251	2,231
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,939	2,970	2,820	2,927	2,984	2,995	3,020	3,004
Interest	2,379	1,600	1,384	1,456	1,506	1,549	1,569	1,553
Other property income	1,560	1,370	1,436	1,471	1,478	1,446	1,450	1,452
Net national income [1]	7,802	7,546	7,766	7,881	7,909	7,947	7,980	7,983
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,145	1,029	1,055	1,085	1,103	1,112	1,124	1,137
Social contributions	1,672	1,676	1,703	1,725	1,739	1,753	1,761	1,770
Social benefits other than social transfers in kind	1,657	1,774	1,818	1,831	1,839	1,848	1,858	1,868
Other current transfers	772	772	775	780	781	781	786	789
Net non-life insurance premiums	188	180	181	182	183	183	184	184
Non-life insurance claims	189	181	181	182	183	184	184	185
Other	395	411	413	416	414	414	417	419
Net disposable income [1]	7,700	7,438	7,656	7,771	7,802	7,838	7,868	7,868
Use of income account								
Net disposable income								
Final consumption expenditure	7,141	7,155	7,323	7,414	7,453	7,477	7,507	7,518
Individual consumption expenditure	6,405	6,385	6,548	6,639	6,677	6,700	6,729	6,740
Collective consumption expenditure	737	770	775	775	775	777	778	778
Adjustment for the change in the net equity of households in pension fund reserves	70	61	56	56	58	58	59	61
Net saving [1]	559	283	333	357	349	361	361	350
Capital account								
Net saving								
Gross capital formation	2,071	1,703	1,786	1,853	1,869	1,869	1,850	1,815
Gross fixed capital formation	2,009	1,750	1,763	1,806	1,820	1,830	1,829	1,816
Changes in inventories and acquisitions less disposals of valuables	62	-47	22	47	50	40	22	-1
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	1	1	1	0	1	3
Capital transfers	152	183	224	206	172	173	166	173
Capital taxes	24	34	25	26	27	31	29	31
Other capital transfers	128	149	198	180	145	142	136	142
Net lending (+)/net borrowing (-) (from capital account) [1]	-144	-26	-25	-46	-58	-32	-3	30

Sources: ECB and Eurostat.
1) For details of the calculation of the balancing items, see the Technical Notes.

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

(EUR billions; four-quarter cumulated flows)

Resources	2008	2009	2010	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1	2011 Q3-2012 Q2
Generation of income account								
Gross value added (basic prices)	8,280	8,023	8,222	8,348	8,400	8,436	8,466	8,475
Taxes less subsidies on products	946	894	942	966	971	975	977	974
Gross domestic product (market prices)[2]	9,226	8,917	9,164	9,314	9,371	9,410	9,443	9,449
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
Net operating surplus and mixed income								
Allocation of primary income account								
Net operating surplus and mixed income	2,358	2,099	2,213	2,252	2,259	2,254	2,251	2,231
Compensation of employees	4,473	4,461	4,520	4,579	4,608	4,633	4,651	4,662
Taxes less subsidies on production	1,047	998	1,039	1,067	1,077	1,081	1,088	1,093
Property income	3,862	2,958	2,814	2,910	2,950	2,973	3,010	3,001
Interest	2,323	1,555	1,341	1,417	1,466	1,508	1,529	1,518
Other property income	1,539	1,402	1,473	1,493	1,483	1,465	1,481	1,483
Net national income								
Secondary distribution of income account								
Net national income	7,802	7,546	7,766	7,881	7,909	7,947	7,980	7,983
Current taxes on income, wealth, etc.	1,154	1,034	1,059	1,091	1,109	1,118	1,129	1,141
Social contributions	1,670	1,675	1,702	1,724	1,738	1,752	1,759	1,768
Social benefits other than social transfers in kind	1,649	1,767	1,811	1,824	1,833	1,842	1,852	1,862
Other current transfers	671	668	668	672	674	674	675	678
Net non-life insurance premiums	189	181	181	182	183	184	184	185
Non-life insurance claims	184	177	178	179	180	180	180	180
Other	298	309	309	311	311	310	311	312
Net disposable income								
Use of income account								
Net disposable income	7,700	7,438	7,656	7,771	7,802	7,838	7,868	7,868
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	70	61	56	56	58	58	59	61
Net saving								
Capital account								
Net saving	559	283	333	357	349	361	361	350
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,361	1,387	1,418	1,441	1,454	1,466	1,476	1,486
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	161	192	234	216	181	184	176	185
Capital taxes	24	34	25	26	27	31	29	31
Other capital transfers	137	158	209	189	154	153	147	154
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2008	2009	2010	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1	2011 Q3-2012 Q2
Income, saving and changes in net worth								
Compensation of employees (+)	4,473	4,461	4,520	4,579	4,608	4,633	4,651	4,662
Gross operating surplus and mixed income (+)	1,523	1,438	1,442	1,464	1,472	1,479	1,483	1,481
Interest receivable (+)	348	237	207	222	230	237	241	240
Interest payable (-)	249	148	127	137	144	148	148	144
Other property income receivable (+)	785	726	728	740	750	748	756	751
Other property income payable (-)	10	10	10	10	9	10	10	10
Current taxes on income and wealth (-)	872	842	848	865	877	882	893	906
Net social contributions (-)	1,667	1,672	1,698	1,720	1,734	1,748	1,756	1,765
Net social benefits (+)	1,644	1,762	1,806	1,819	1,828	1,837	1,847	1,857
Net current transfers receivable (+)	70	74	74	72	72	71	71	72
= Gross disposable income	6,045	6,027	6,094	6,163	6,195	6,219	6,242	6,240
Final consumption expenditure (-)	5,242	5,167	5,306	5,389	5,425	5,446	5,469	5,478
Changes in net worth in pension funds (+)	69	60	55	56	57	58	59	60
= Gross saving	872	920	843	829	827	830	832	822
Consumption of fixed capital (-)	375	379	386	392	394	397	400	401
Net capital transfers receivable (+)	0	10	14	13	12	9	8	8
Other changes in net worth (+)	-1,761	-886	776	597	-93	-613	-688	-1,030
= Changes in net worth	-1,265	-336	1,247	1,047	351	-171	-248	-601
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	646	551	556	566	571	575	574	568
Consumption of fixed capital (-)	375	379	386	392	394	397	400	401
Main items of financial investment (+)								
Short-term assets	449	8	39	113	127	125	146	160
Currency and deposits	437	121	118	135	146	118	155	168
Money market fund shares	-3	-40	-59	-34	-23	-21	-22	-20
Debt securities [1]	15	-73	-20	12	4	28	13	12
Long-term assets	61	443	367	229	235	202	202	173
Deposits	-25	71	57	52	52	50	48	37
Debt securities	26	-5	-23	13	40	50	28	-14
Shares and other equity	-73	151	96	-13	-12	-21	27	56
Quoted and unquoted shares and other equity	75	122	94	19	31	35	63	82
Mutual fund shares	-148	29	2	-32	-42	-56	-36	-26
Life insurance and pension fund reserves	133	226	237	177	155	122	99	94
Main items of financing (-)								
Loans	258	110	128	139	123	94	77	46
of which: From euro area MFIs	83	65	147	168	148	81	34	13
Other changes in assets (+)								
Non-financial assets	-404	-1,201	681	352	330	-249	-524	-748
Financial assets	-1,435	309	141	251	-442	-408	-228	-326
Shares and other equity	-1,169	107	49	215	-369	-383	-325	-386
Life insurance and pension fund reserves	-239	195	122	70	-20	20	98	103
Remaining net flows (+)	52	43	-22	67	49	76	59	18
= Changes in net worth	-1,265	-336	1,247	1,047	351	-171	-248	-601
Balance sheet								
Non-financial assets (+)	28,257	27,228	28,078	28,174	28,467	28,006	27,768	27,593
Financial assets (+)								
Short-term assets	5,779	5,776	5,819	5,890	5,889	5,958	5,970	6,025
Currency and deposits	5,321	5,475	5,597	5,647	5,656	5,728	5,754	5,823
Money market fund shares	320	246	189	194	191	172	156	146
Debt securities [1]	138	55	33	48	42	58	60	56
Long-term assets	10,768	11,576	12,075	12,141	11,697	11,876	12,157	12,021
Deposits	911	961	1,020	1,049	1,062	1,074	1,084	1,092
Debt securities	1,331	1,374	1,313	1,336	1,303	1,326	1,340	1,276
Shares and other equity	3,829	4,121	4,264	4,216	3,781	3,855	4,024	3,915
Quoted and unquoted shares and other equity	2,873	2,979	3,037	3,029	2,695	2,742	2,822	2,727
Mutual fund shares	957	1,142	1,227	1,187	1,085	1,113	1,202	1,188
Life insurance and pension fund reserves	4,698	5,119	5,478	5,541	5,551	5,621	5,709	5,738
Remaining net assets (+)	292	307	338	397	420	396	386	398
Liabilities (-)								
Loans	5,807	5,933	6,109	6,173	6,194	6,207	6,194	6,210
of which: From euro area MFIs	4,914	4,968	5,213	5,304	5,313	5,281	5,269	5,294
= Net worth	39,289	38,953	40,200	40,428	40,279	40,030	40,087	39,827

Sources: ECB and Eurostat.

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

3.4 Non-financial corporations

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

	2008	2009	2010	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1	2011 Q3-2012 Q2
Income and saving								
Gross value added (basic prices) (+)	4,759	4,520	4,678	4,773	4,811	4,833	4,851	4,856
Compensation of employees (-)	2,841	2,787	2,824	2,875	2,900	2,924	2,938	2,949
Other taxes less subsidies on production (-)	46	41	35	38	41	42	44	49
= Gross operating surplus (+)	1,872	1,692	1,820	1,860	1,870	1,867	1,869	1,858
Consumption of fixed capital (-)	765	782	798	813	821	828	834	840
= Net operating surplus (+)	1,107	910	1,021	1,047	1,049	1,039	1,034	1,019
Property income receivable (+)	629	529	558	563	556	556	562	564
Interest receivable	238	169	160	163	167	169	172	169
Other property income receivable	391	360	398	400	389	387	390	395
Interest and rents payable (-)	422	294	256	272	282	290	292	286
= Net entrepreneurial income (+)	1,315	1,145	1,324	1,338	1,323	1,305	1,305	1,296
Distributed income (-)	1,004	927	942	971	983	972	972	984
Taxes on income and wealth payable (-)	236	152	168	178	183	188	188	189
Social contributions receivable (+)	68	71	69	71	72	73	74	74
Social benefits payable (-)	66	68	69	69	69	70	70	70
Other net transfers (-)	48	47	44	45	45	47	48	48
= Net saving	29	22	169	146	115	102	101	79
Investment, financing and saving								
Net acquisition of non-financial assets (+)	368	70	161	201	208	206	187	159
Gross fixed capital formation (+)	1,075	902	936	972	985	995	995	993
Consumption of fixed capital (-)	765	782	798	813	821	828	834	840
Net acquisition of other non-financial assets (+)	58	-50	23	42	44	39	26	6
Main items of financial investment (+)								
Short-term assets	61	95	43	48	4	-32	-8	-3
Currency and deposits	14	88	68	70	46	0	9	8
Money market fund shares	33	39	-23	-24	-40	-43	-35	-29
Debt securities [1]	14	-32	-2	2	-1	12	18	18
Long-term assets	635	184	460	483	476	441	465	400
Deposits	41	-1	20	47	61	74	52	37
Debt securities	-31	18	15	16	5	-11	-21	-9
Shares and other equity	351	99	269	293	297	251	283	229
Other (mainly intercompany loans)	273	68	156	126	114	126	150	143
Remaining net assets (+)	-22	24	-9	-17	-27	-24	-31	-23
Main items of financing (-)								
Debt	625	25	153	242	227	245	235	192
of which: Loans from euro area MFIs	391	-107	-19	83	86	65	-4	-45
of which: Debt securities	45	91	61	35	43	49	73	90
Shares and other equity	311	241	263	257	251	176	209	195
Quoted shares	5	53	31	27	28	27	19	15
Unquoted shares and other equity	306	188	233	230	224	150	190	179
Net capital transfers receivable (-)	74	82	68	68	69	69	67	68
= Net saving	29	22	169	146	115	102	101	79
Financial balance sheet								
Financial assets								
Short-term assets	1,849	1,933	1,966	1,925	1,918	1,942	1,918	1,923
Currency and deposits	1,538	1,633	1,695	1,676	1,682	1,706	1,679	1,695
Money market fund shares	192	214	192	173	159	147	141	135
Debt securities [1]	118	86	79	76	78	89	97	93
Long-term assets	9,392	10,237	10,791	11,034	10,368	10,570	11,075	10,925
Deposits	251	240	252	272	305	317	343	337
Debt securities	214	230	253	259	255	256	279	281
Shares and other equity	6,304	7,099	7,442	7,587	6,836	7,005	7,430	7,222
Other (mainly intercompany loans)	2,622	2,668	2,844	2,916	2,971	2,993	3,022	3,085
Remaining net assets	242	229	94	116	96	118	177	90
Liabilities								
Debt	9,290	9,299	9,515	9,641	9,690	9,700	9,717	9,781
of which: Loans from euro area MFIs	4,862	4,707	4,683	4,754	4,766	4,717	4,686	4,690
of which: Debt securities	694	815	876	851	877	883	933	962
Shares and other equity	11,086	12,358	12,945	13,214	11,748	11,977	12,580	12,178
Quoted shares	2,926	3,487	3,799	3,877	3,125	3,281	3,569	3,336
Unquoted shares and other equity	8,160	8,871	9,146	9,337	8,622	8,696	9,012	8,842

Sources: ECB and Eurostat.

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

3.5 Insurance corporations and pension funds
(EUR billions; four-quarter cumulated flows; outstanding amounts at end of period)

	2008	2009	2010	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1	2011 Q3-2012 Q2
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	69	-47	-16	-29	7	49	89	78
Currency and deposits	57	-33	-10	-15	5	14	29	15
Money market fund shares	12	0	-17	-19	-8	11	47	48
Debt securities [1]	1	-14	10	5	10	23	12	14
Long-term assets	130	291	290	289	237	125	76	70
Deposits	7	14	-6	8	10	8	-1	-4
Debt securities	74	105	179	159	98	27	2	17
Loans	21	8	30	20	16	7	5	-1
Quoted shares	-10	-49	14	16	11	7	5	3
Unquoted shares and other equity	15	-21	1	6	10	-3	-5	-2
Mutual fund shares	25	234	73	80	91	79	71	56
Remaining net assets (+)	10	16	14	-43	-41	-42	-52	-17
Main items of financing (-)								
Debt securities	5	5	0	2	3	3	5	1
Loans	32	-2	9	13	13	5	7	11
Shares and other equity	8	5	7	3	3	2	2	4
Insurance technical reserves	121	247	273	188	150	116	96	102
Net equity of households in life insurance and pension fund reserves	120	239	252	174	139	114	98	94
Prepayments of insurance premiums and reserves for outstanding claims	2	8	20	14	11	2	-2	8
= Changes in net financial worth due to transactions	43	5	0	11	34	6	2	12
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	-550	201	114	79	-92	-111	-21	-16
Other net assets	38	40	-12	-69	-85	14	132	113
Other changes in liabilities (-)								
Shares and other equity	-171	11	-7	14	-42	-46	-31	-35
Insurance technical reserves	-254	172	136	71	-10	24	103	107
Net equity of households in life insurance and pension fund reserves	-244	198	126	73	-11	25	101	108
Prepayments of insurance premiums and reserves for outstanding claims	-10	-27	10	-2	1	-1	2	-1
= Other changes in net financial worth	-86	59	-27	-75	-124	-75	39	26
Financial balance sheet								
Financial assets (+)								
Short-term assets	374	324	312	311	343	348	381	372
Currency and deposits	224	195	190	181	199	193	208	195
Money market fund shares	98	90	74	77	83	84	107	110
Debt securities [1]	52	39	49	53	61	72	65	67
Long-term assets	5,091	5,663	6,052	6,159	6,061	6,035	6,273	6,299
Deposits	599	612	604	619	618	609	611	608
Debt securities	2,276	2,458	2,624	2,676	2,679	2,623	2,748	2,768
Loans	432	435	466	473	471	473	474	474
Quoted shares	489	511	552	556	507	518	535	522
Unquoted shares and other equity	321	306	300	300	298	295	297	318
Mutual fund shares	974	1,339	1,505	1,536	1,488	1,517	1,608	1,609
Remaining net assets (+)	232	207	229	208	237	241	226	238
Liabilities (-)								
Debt securities	35	42	45	45	46	46	48	48
Loans	281	272	287	294	302	290	300	306
Shares and other equity	419	435	436	439	391	392	424	408
Insurance technical reserves	5,158	5,577	5,985	6,057	6,062	6,125	6,231	6,266
Net equity of households in life insurance and pension fund reserves	4,361	4,798	5,177	5,237	5,243	5,316	5,407	5,439
Prepayments of insurance premiums and reserves for outstanding claims	797	778	809	820	819	810	823	826
= Net financial wealth	-196	-133	-160	-157	-160	-229	-123	-119

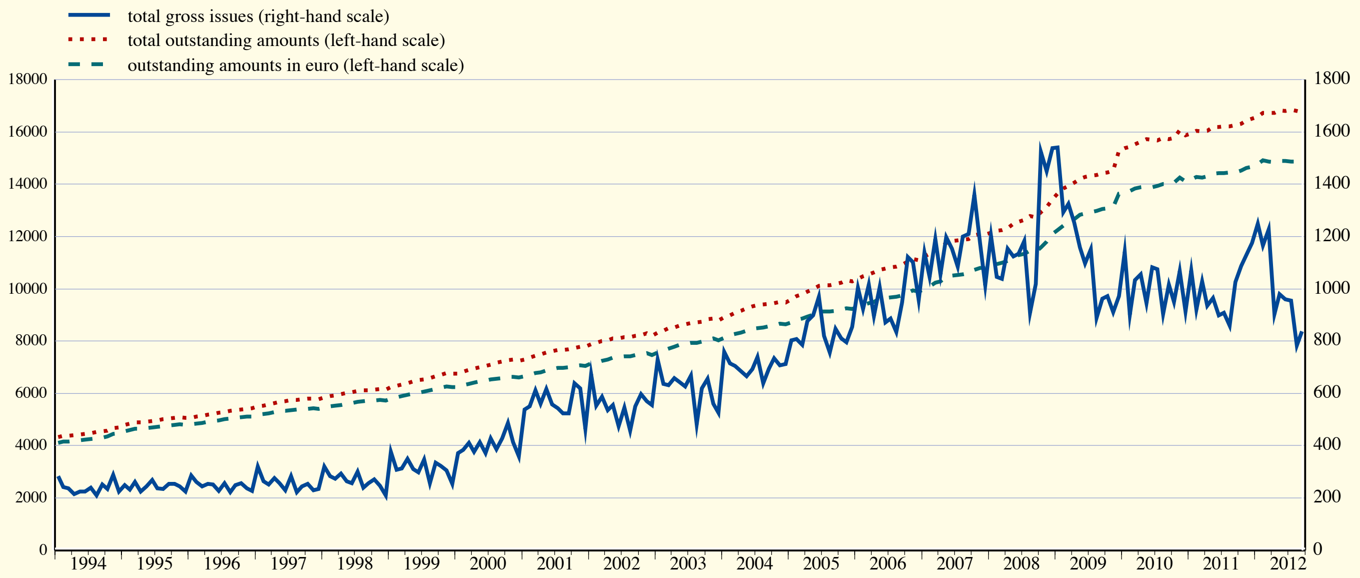
Source: ECB.
1) Securities issued by MFIs with a maturity of less than two years and securities issued by other sectors with a maturity of less than one year.

4 FINANCIAL MARKETS

4.1 Securities other than shares by original maturity, residency of the issuer and currency
(EUR billions and period growth rates; seasonally adjusted; transactions during the month and end-of-period outstanding amounts; nominal values)

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2] Net issues	Seasonally adjusted [2] 6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
Total												
2011 Sep.	16,650.6	1,002.3	31.3	14,450.1	926.4	5.1	16,262.2	1,026.9	6.9	3.2	63.8	3.4
Oct.	16,701.7	1,034.8	51.9	14,528.8	993.2	79.4	16,306.1	1,086.9	69.9	3.3	57.6	3.7
Nov.	16,787.8	1,064.5	85.5	14,622.2	1,017.3	92.6	16,436.1	1,128.5	100.8	2.4	31.9	3.3
Dec.	16,846.0	1,127.6	58.2	14,679.7	1,085.2	57.5	16,520.4	1,176.3	56.0	3.9	144.9	4.6
2012 Jan.	16,941.6	1,190.3	97.5	14,767.8	1,118.8	90.1	16,591.6	1,248.4	82.7	3.8	62.6	5.1
Feb.	17,127.3	1,134.8	186.2	14,911.4	1,047.9	144.2	16,733.8	1,166.0	160.7	4.2	96.2	5.7
Mar.	17,176.3	1,235.6	144.0	14,860.6	1,092.7	43.5	16,724.0	1,227.5	79.9	4.7	82.3	5.9
Apr.	17,129.7	837.6	-35.8	14,841.1	799.7	-8.9	16,723.9	903.1	-2.4	4.4	-8.9	5.1
May	17,170.9	916.6	42.7	14,883.3	865.2	43.5	16,828.0	978.8	60.6	4.0	-1.0	4.6
June	17,178.8	931.6	8.3	14,883.3	870.4	0.6	16,798.7	960.4	-16.4	3.7	15.5	3.0
July	17,112.6	888.8	-5.7	14,873.8	830.8	-9.0	16,849.7	955.1	28.3	4.0	55.8	2.9
Aug.	17,089.0	737.4	-26.8	14,858.8	694.0	-17.5	16,790.8	782.5	-42.1	3.6	-11.6	1.6
Sep.	17,081.9	805.8	2.0	14,846.7	753.2	-3.1	16,750.1	836.4	-16.6	3.5	39.7	1.1
Long-term												
2011 Sep.	15,178.6	229.2	-9.5	13,076.5	189.8	-13.2	14,668.8	214.0	-5.9	3.9	51.3	3.3
Oct.	15,252.3	278.5	75.7	13,156.2	251.1	81.6	14,715.2	268.3	70.1	3.9	66.7	3.4
Nov.	15,323.5	212.0	70.9	13,238.3	192.8	81.6	14,832.7	213.4	92.0	3.2	25.6	3.4
Dec.	15,371.6	238.2	47.1	13,300.9	228.9	61.6	14,921.6	246.5	63.4	4.0	107.8	4.3
2012 Jan.	15,454.9	347.6	85.6	13,361.7	303.4	63.2	14,963.5	332.4	51.9	3.9	69.1	4.9
Feb.	15,625.6	366.7	170.3	13,498.2	310.2	136.1	15,093.5	340.8	145.7	4.2	86.8	5.6
Mar.	15,661.3	388.6	131.2	13,455.9	280.9	52.5	15,076.9	331.5	75.9	4.6	76.3	6.0
Apr.	15,628.0	188.8	-22.5	13,434.2	175.1	-11.2	15,077.8	206.6	1.5	4.2	-8.2	4.9
May	15,677.7	232.0	49.8	13,484.0	208.6	49.7	15,185.9	244.4	68.6	4.0	15.7	4.7
June	15,714.8	278.7	38.0	13,524.6	246.3	41.6	15,197.7	262.1	23.3	3.8	16.6	3.5
July	15,637.1	264.2	-20.1	13,496.5	232.3	-27.9	15,218.4	270.9	0.4	3.9	38.6	3.0
Aug.	15,623.2	143.8	-16.3	13,485.5	124.7	-13.0	15,177.1	139.9	-26.2	3.8	15.5	2.1
Sep.	15,648.4	257.0	33.0	13,510.3	225.5	32.6	15,186.7	251.2	30.6	4.1	88.4	2.2

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



Sources: ECB and BIS (for issues by non-euro area residents).
1) Total euro-denominated securities other than shares issued by euro area residents and non-euro area residents.
2) For details of the calculation of the growth rates, see the Technical Notes. The six-month growth rates have been annualised.

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues 1)					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2010	15,868	5,243	3,282	854	5,936	554	1,007	625	80	69	206	29
2011	16,520	5,527	3,281	872	6,217	624	1,000	609	98	62	191	39
2011 Q4	16,520	5,527	3,281	872	6,217	624	1,131	714	138	70	172	36
2012 Q1	16,724	5,629	3,314	902	6,209	670	1,214	765	107	70	223	49
Q2	16,799	5,592	3,291	934	6,285	697	947	584	79	71	183	30
Q3	16,750	5,562	3,227	964	6,299	698	858	532	61	63	177	26
2012 June	16,799	5,592	3,291	934	6,285	697	960	610	75	69	171	35
July	16,850	5,642	3,283	946	6,272	706	955	600	71	65	192	27
Aug.	16,791	5,633	3,234	947	6,275	702	782	521	47	53	140	21
Sep.	16,750	5,562	3,227	964	6,299	698	836	475	64	70	199	28
						Short-term						
2010	1,544	572	120	69	728	54	759	534	34	57	115	19
2011	1,599	702	106	79	634	77	748	511	48	53	107	29
2011 Q4	1,599	702	106	79	634	77	888	629	76	60	94	28
2012 Q1	1,647	711	122	83	641	91	879	609	61	55	125	29
Q2	1,601	678	120	97	624	83	710	498	31	58	102	20
Q3	1,563	667	106	87	626	77	637	449	23	47	100	17
2012 June	1,601	678	120	97	624	83	698	499	31	48	99	20
July	1,631	703	115	96	631	87	684	486	26	53	102	17
Aug.	1,614	702	113	94	622	82	643	459	23	45	101	15
Sep.	1,563	667	106	87	626	77	585	403	21	44	98	19
						Long-term 2)						
2010	14,324	4,671	3,162	784	5,207	499	248	91	46	12	90	9
2011	14,922	4,824	3,175	793	5,583	547	252	98	51	9	84	10
2011 Q4	14,922	4,824	3,175	793	5,583	547	243	85	62	10	78	8
2012 Q1	15,077	4,918	3,192	819	5,568	580	335	156	45	16	99	20
Q2	15,198	4,914	3,171	838	5,661	614	238	86	48	13	81	10
Q3	15,187	4,894	3,121	877	5,673	622	221	83	37	16	77	8
2012 June	15,198	4,914	3,171	838	5,661	614	262	111	44	20	72	15
July	15,218	4,939	3,168	850	5,642	619	271	114	45	12	90	10
Aug.	15,177	4,931	3,121	853	5,653	620	140	62	24	8	40	6
Sep.	15,187	4,894	3,121	877	5,673	622	251	72	43	26	100	9
						of which: Long-term fixed rate						
2010	9,474	2,629	1,098	673	4,697	377	156	50	13	10	77	6
2011	10,019	2,768	1,150	699	4,994	408	150	54	12	8	70	7
2011 Q4	10,019	2,768	1,150	699	4,994	408	122	41	7	9	61	5
2012 Q1	10,227	2,879	1,198	724	5,004	421	229	103	17	15	83	11
Q2	10,408	2,880	1,244	745	5,101	437	148	42	21	12	68	6
Q3	10,498	2,863	1,279	783	5,132	441	139	37	14	15	68	4
2012 June	10,408	2,880	1,244	745	5,101	437	149	45	16	19	60	9
July	10,420	2,889	1,265	756	5,073	437	150	42	14	11	79	4
Aug.	10,444	2,884	1,261	758	5,102	439	77	25	6	8	34	4
Sep.	10,498	2,863	1,279	783	5,132	441	189	43	24	26	91	5
						of which: Long-term variable rate						
2010	4,379	1,762	1,959	106	432	121	78	34	29	1	10	4
2011	4,400	1,787	1,871	90	513	139	84	37	32	1	11	3
2011 Q4	4,400	1,787	1,871	90	513	139	107	37	51	1	15	3
2012 Q1	4,339	1,772	1,834	91	486	156	90	46	25	1	10	8
Q2	4,332	1,767	1,815	89	486	175	77	38	25	1	9	4
Q3	4,240	1,766	1,738	90	466	179	71	40	21	1	4	4
2012 June	4,332	1,767	1,815	89	486	175	102	60	26	1	9	6
July	4,334	1,780	1,791	90	492	180	109	65	29	1	8	6
Aug.	4,286	1,780	1,754	91	483	179	53	32	17	0	2	2
Sep.	4,240	1,766	1,738	90	466	179	51	25	19	0	4	4

Source: ECB.

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

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

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

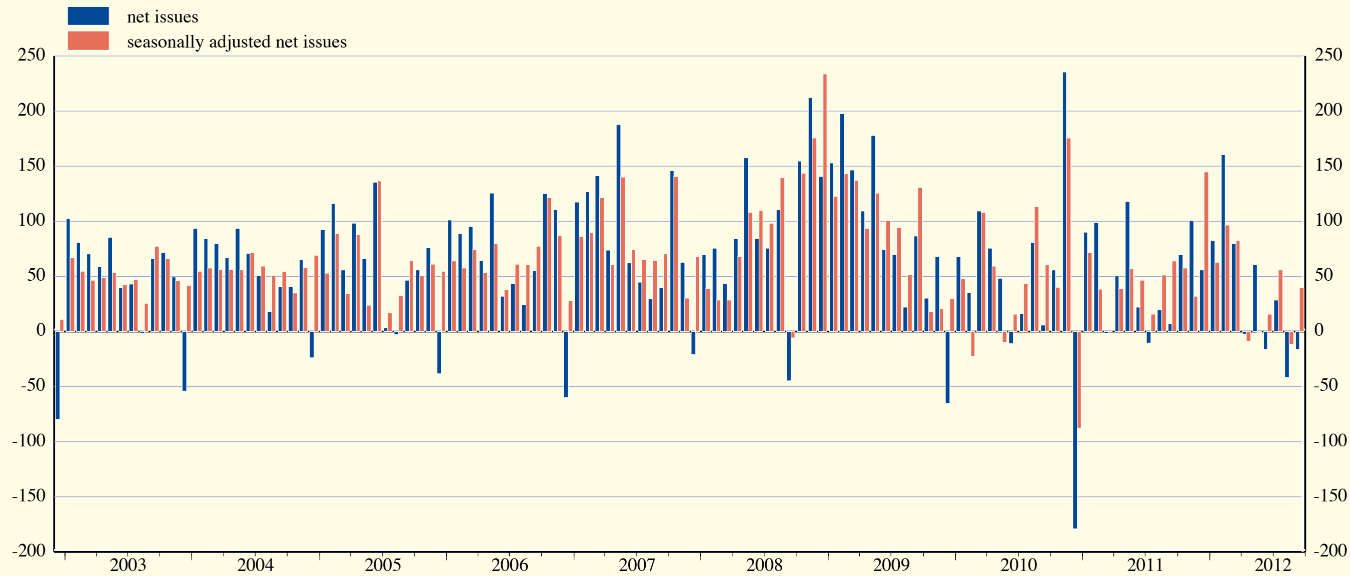
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010	45.1	-1.3	4.2	5.0	31.8	5.3	-	-	-	-	-	-
2011	51.6	22.6	-3.5	3.7	23.2	5.6	-	-	-	-	-	-
2011 Q4	75.6	29.7	20.2	3.3	17.6	4.9	78.2	40.8	-2.0	6.8	31.3	1.2
2012 Q1	107.8	38.0	12.5	11.7	29.6	15.9	80.4	16.5	22.6	9.4	15.7	16.3
Q2	13.9	-19.8	-5.0	10.2	27.8	0.7	1.9	-14.4	-7.6	7.8	13.4	2.7
Q3	-10.1	-4.5	-20.8	10.1	4.3	0.7	28.0	0.4	-6.8	11.3	20.7	2.3
2012 June	-16.4	-4.0	-56.0	2.9	31.9	8.7	15.5	26.1	-52.5	9.1	21.2	11.7
July	28.3	38.6	-11.8	8.6	-14.4	7.2	55.8	40.2	-12.1	4.8	15.5	7.4
Aug.	-42.1	1.0	-45.6	3.6	1.8	-2.8	-11.6	-1.3	-33.8	10.7	11.1	1.6
Sep.	-16.6	-53.0	-5.1	18.1	25.5	-2.1	39.7	-37.7	25.4	18.4	35.6	-2.1
	Long-term											
2010	53.4	1.8	1.5	5.3	41.3	3.5	-	-	-	-	-	-
2011	47.5	12.0	-2.2	2.8	31.0	3.9	-	-	-	-	-	-
2011 Q4	75.2	0.7	21.6	5.5	43.8	3.6	66.7	13.7	0.2	6.8	42.7	3.3
2012 Q1	91.2	35.0	7.2	10.4	27.5	11.1	77.4	20.6	18.0	9.9	19.2	9.8
Q2	31.2	-7.6	-4.2	5.7	33.6	3.8	8.0	-13.2	-6.1	3.2	21.5	2.8
Q3	1.6	-1.6	-16.1	13.3	3.4	2.7	47.5	5.1	-4.3	15.0	26.3	5.5
2012 June	23.3	16.2	-48.1	9.6	38.0	7.7	16.6	15.9	-45.0	9.1	31.1	5.5
July	0.4	15.0	-6.7	9.1	-21.0	4.0	38.6	15.4	-10.2	9.4	15.3	8.6
Aug.	-26.2	0.8	-43.8	5.8	9.9	1.1	15.5	7.9	-30.9	12.0	23.9	2.7
Sep.	30.6	-20.6	2.1	24.9	21.2	3.0	88.4	-8.1	28.1	23.6	39.6	5.2

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

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

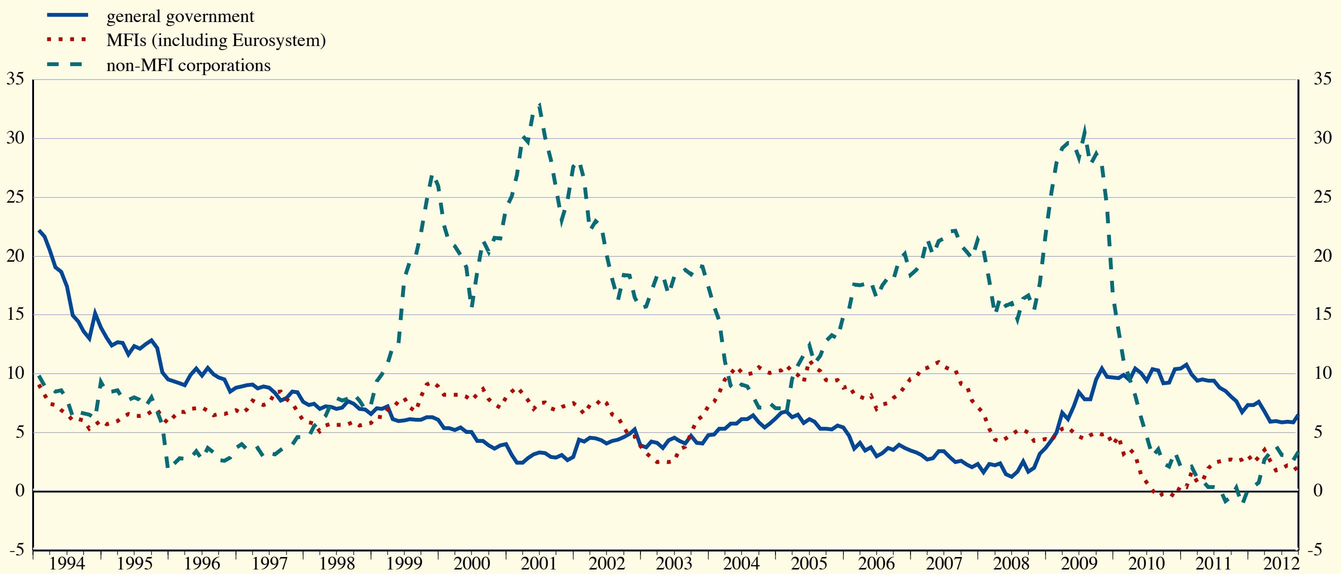


Source: ECB.
1) Monthly data on net issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.

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

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2011 Sep.	3.2	2.3	-0.8	4.8	5.0	14.2	3.4	3.0	-0.2	4.5	4.4	17.7
Oct.	3.3	2.9	-0.4	4.7	4.6	12.9	3.7	3.5	0.7	7.2	4.1	13.2
Nov.	2.4	3.1	-2.3	5.1	3.0	13.6	3.3	3.6	0.2	6.8	3.6	11.2
Dec.	3.9	5.2	-1.3	5.4	4.7	12.1	4.6	6.7	0.6	9.3	4.1	4.8
2012 Jan.	3.8	4.3	-1.2	6.3	4.8	15.4	5.1	6.8	1.0	9.5	4.5	14.3
Feb.	4.2	4.5	-0.6	7.0	4.8	19.8	5.7	6.9	2.8	9.4	4.6	16.2
Mar.	4.7	4.8	1.8	8.0	4.5	17.9	5.9	6.4	3.8	11.6	4.6	17.8
Apr.	4.4	4.1	2.6	9.5	3.7	15.7	5.1	4.7	4.4	11.7	3.5	18.5
May	4.0	2.9	3.2	9.2	3.8	12.6	4.6	2.3	6.3	11.4	4.0	14.1
June	3.7	3.4	1.6	10.5	3.5	11.7	3.0	0.2	2.8	12.0	2.8	19.2
July	4.0	4.1	1.3	10.4	3.4	14.8	2.9	1.7	1.6	11.3	2.3	15.4
Aug.	3.6	3.6	0.6	10.7	3.3	12.5	1.6	0.5	-1.6	12.0	2.1	9.0
Sep.	3.5	2.4	0.6	12.3	3.9	10.9	1.1	-1.5	-2.6	13.0	3.3	4.4
						Long-term						
2011 Sep.	3.9	2.7	-1.4	3.4	7.9	9.4	3.3	2.7	-0.5	1.8	5.6	10.3
Oct.	3.9	2.6	-0.5	3.5	7.6	8.7	3.4	2.1	1.2	3.4	5.3	9.1
Nov.	3.2	2.7	-2.4	4.0	6.4	10.0	3.4	2.1	0.8	5.0	5.2	9.2
Dec.	4.0	3.1	-0.8	4.4	7.2	9.4	4.3	3.0	1.3	7.4	6.4	7.2
2012 Jan.	3.9	2.4	-0.8	5.7	7.0	11.1	4.9	3.2	1.6	9.0	7.1	10.3
Feb.	4.2	2.9	-0.6	6.4	7.0	13.5	5.6	4.2	2.8	9.8	7.1	14.4
Mar.	4.6	3.5	1.5	7.5	6.3	12.7	6.0	4.3	3.5	13.4	6.9	15.2
Apr.	4.2	2.6	2.4	7.2	5.4	11.7	4.9	3.0	3.5	10.8	5.5	14.4
May	4.0	1.8	3.1	7.1	5.5	10.6	4.7	1.5	5.5	9.2	5.9	11.9
June	3.8	1.9	1.7	8.7	5.4	10.7	3.5	0.9	2.3	10.1	4.4	14.2
July	3.9	2.2	1.4	9.7	5.3	12.1	3.0	1.2	1.2	10.4	3.6	13.9
Aug.	3.8	2.2	0.7	10.6	5.3	11.5	2.1	0.3	-1.4	11.6	3.6	8.6
Sep.	4.1	1.6	0.8	13.5	6.0	11.8	2.2	-1.0	-1.9	13.7	5.2	8.5

C17 Annual growth rates of long-term debt securities, by sector of the issuer, in all currencies combined
(annual percentage changes)



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

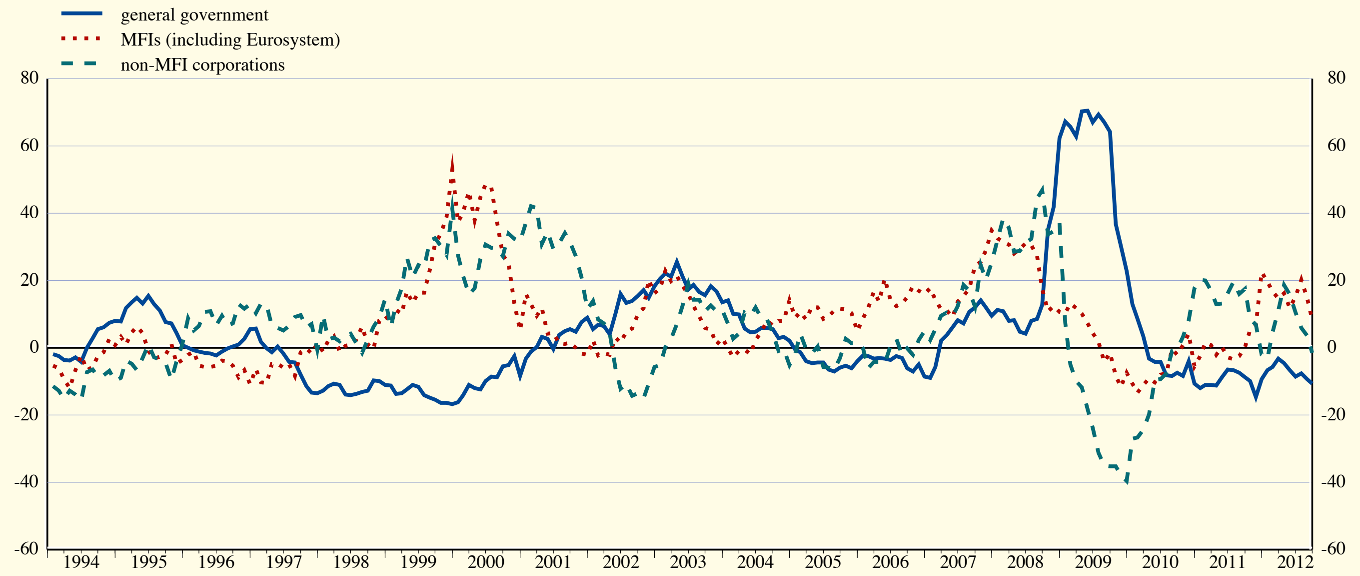
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2010	8.8	5.7	6.4	19.7	9.9	8.8	-0.7	-3.9	0.6	-2.0	6.4	27.5
2011	6.4	4.9	3.4	6.3	7.8	7.7	-0.7	-1.3	-5.6	-2.0	22.3	16.1
2011 Q4	5.5	5.4	2.6	4.5	6.1	8.1	-1.0	-0.2	-7.2	-2.6	21.0	13.9
2012 Q1	5.7	5.4	2.1	6.6	6.4	9.0	-0.1	0.5	-5.4	-0.9	15.3	21.5
Q2	5.2	5.1	1.9	8.1	5.6	6.7	0.4	-0.4	-2.3	-1.3	8.1	25.9
Q3	5.1	4.2	1.3	11.1	5.5	7.0	0.0	-0.3	-3.3	0.5	6.6	25.5
2012 Apr.	5.4	5.4	2.0	7.9	5.6	7.3	-0.2	-0.1	-3.6	-1.0	6.4	25.9
May	5.1	4.6	1.9	7.6	5.7	5.7	0.9	-1.2	-0.5	-1.2	7.6	26.0
June	4.8	4.2	1.5	9.5	5.2	6.1	0.6	-0.7	-1.9	-1.6	9.0	24.9
July	4.9	4.4	1.2	10.1	5.0	7.1	0.5	-0.4	-2.8	0.8	9.2	27.1
Aug.	5.1	4.2	1.0	11.2	5.6	6.9	-0.3	0.1	-4.0	1.0	5.3	25.0
Sep.	5.6	3.5	1.8	14.3	6.4	7.7	-1.2	-0.5	-4.5	1.3	1.6	24.0
	In euro											
2010	9.0	5.5	7.4	20.1	10.0	8.3	-0.4	-3.3	0.3	-2.5	5.9	26.2
2011	6.5	4.1	3.6	6.6	8.1	7.2	-0.2	0.1	-6.2	-3.0	22.2	15.3
2011 Q4	5.7	5.2	2.6	4.7	6.4	8.6	-0.7	1.3	-8.0	-3.7	20.8	12.3
2012 Q1	6.1	5.7	2.5	6.5	6.6	9.8	0.5	2.4	-6.0	-2.2	15.0	20.2
Q2	5.5	5.6	1.6	8.5	5.8	6.6	0.7	2.0	-4.1	-2.5	7.9	25.3
Q3	5.3	5.1	0.8	11.4	5.5	6.4	0.2	2.4	-5.6	0.5	6.3	25.5
2012 Apr.	5.6	5.8	1.9	8.2	5.8	7.0	0.0	2.1	-5.4	-2.7	6.2	25.4
May	5.3	5.2	1.2	8.2	5.8	5.3	1.1	1.3	-2.3	-2.5	7.4	24.8
June	5.1	5.0	1.4	9.8	5.3	5.7	1.0	2.1	-3.9	-2.0	8.9	25.1
July	5.1	5.3	0.6	10.4	5.0	6.5	0.7	2.4	-5.3	0.9	8.8	27.1
Aug.	5.4	5.2	0.2	11.3	5.7	6.3	-0.1	3.0	-6.4	1.1	5.0	24.8
Sep.	6.0	4.3	1.6	15.2	6.5	7.1	-1.0	1.9	-6.4	0.7	1.2	24.2

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

(annual percentage changes)



Source: ECB.

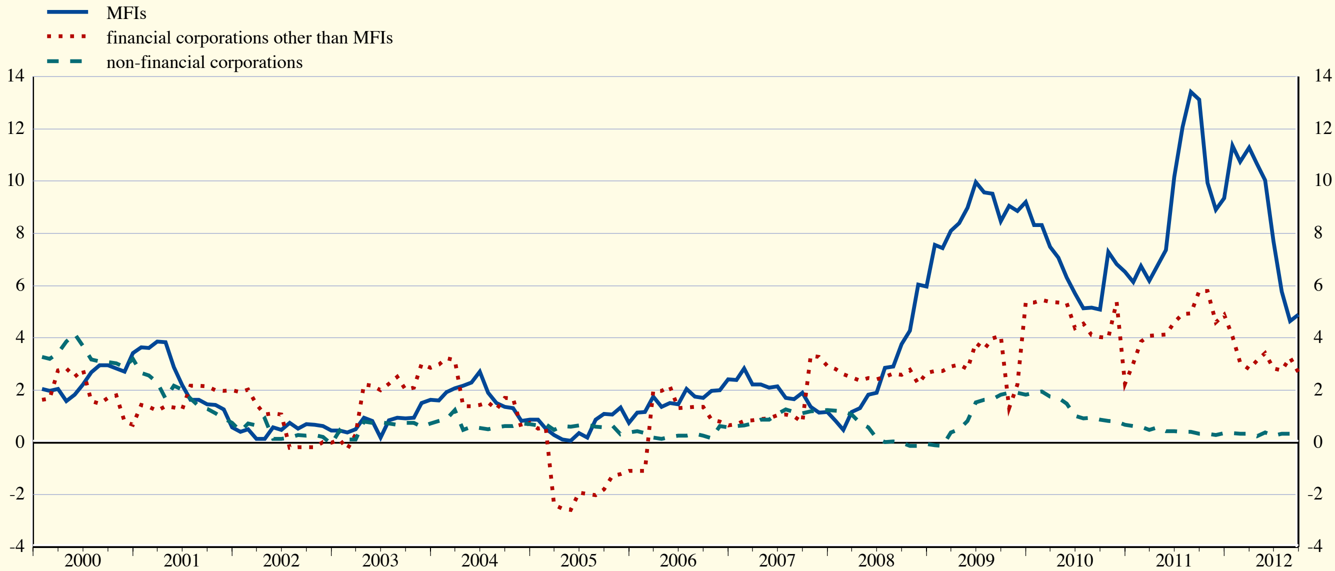
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

4.4 Quoted shares issued by euro area residents [1]
(EUR billions, unless otherwise indicated; market values)

1. Outstanding amounts and annual growth rates
(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2010 Sep.	4,340.6	103.8	1.7	486.7	5.1	326.7	4.0	3,527.2	0.9
Oct.	4,514.9	104.2	1.8	514.0	7.3	333.6	4.0	3,667.2	0.8
Nov.	4,397.4	104.4	1.8	437.5	6.8	316.6	5.4	3,643.3	0.8
Dec.	4,579.9	104.4	1.4	458.1	6.5	334.0	2.3	3,787.7	0.7
2011 Jan.	4,743.8	104.6	1.4	513.9	6.1	365.9	3.0	3,864.0	0.6
Feb.	4,829.9	104.7	1.5	534.6	6.7	379.0	3.9	3,916.2	0.6
Mar.	4,751.8	104.8	1.4	491.3	6.2	363.3	4.1	3,897.2	0.5
Apr.	4,875.3	105.0	1.5	497.3	6.8	371.6	4.1	4,006.5	0.6
May	4,760.2	105.0	1.5	475.8	7.4	356.3	4.1	3,928.1	0.4
June	4,705.1	105.5	1.7	491.5	10.2	350.6	4.6	3,863.0	0.4
July	4,487.5	105.7	1.9	458.6	12.1	325.6	4.9	3,703.3	0.4
Aug.	3,959.8	105.9	2.1	382.9	13.4	281.7	4.9	3,295.2	0.4
Sep.	3,733.0	105.9	2.0	350.5	13.1	264.4	5.8	3,118.1	0.3
Oct.	4,026.1	105.9	1.7	360.5	9.9	288.0	5.8	3,377.6	0.3
Nov.	3,875.2	106.0	1.5	329.8	8.9	271.6	4.6	3,273.8	0.3
Dec.	3,887.8	106.1	1.6	339.3	9.3	270.8	4.9	3,277.7	0.4
2012 Jan.	4,100.7	106.3	1.7	375.5	11.4	298.1	4.0	3,427.1	0.4
Feb.	4,266.8	106.3	1.5	394.7	10.7	311.3	3.1	3,560.8	0.3
Mar.	4,250.8	106.4	1.5	373.1	11.3	311.1	2.8	3,566.6	0.3
Apr.	4,078.0	106.5	1.4	327.3	10.7	292.0	3.1	3,458.7	0.2
May	3,772.0	106.5	1.5	280.9	10.0	260.2	3.4	3,230.9	0.4
June	3,935.1	106.6	1.1	317.7	7.7	280.3	2.8	3,337.2	0.3
July	4,061.8	106.8	1.0	309.9	5.8	287.5	2.7	3,464.4	0.3
Aug.	4,184.9	106.8	0.9	349.7	4.6	304.7	3.3	3,530.6	0.3
Sep.	4,242.0	106.9	0.9	365.0	4.9	318.9	2.7	3,558.1	0.4

C19 Annual growth rates for quoted shares issued by euro area residents
(annual percentage changes)



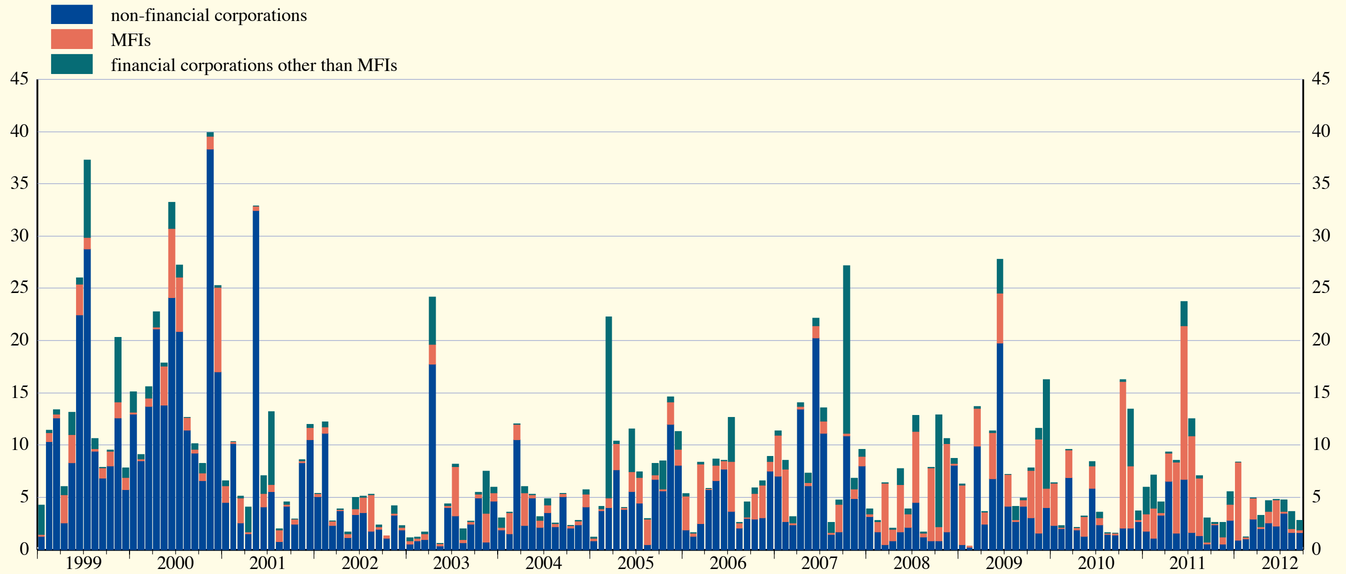
Source: ECB.
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2010 Sep.	1.6	0.2	1.4	0.2	0.0	0.2	0.0	0.0	0.0	1.4	0.2	1.2
Oct.	16.3	0.2	16.0	14.0	0.0	14.0	0.2	0.1	0.1	2.0	0.2	1.9
Nov.	13.5	1.5	12.0	5.9	0.0	5.9	5.5	0.1	5.4	2.1	1.4	0.7
Dec.	3.7	3.5	0.2	0.2	0.0	0.2	0.9	0.3	0.5	2.7	3.2	-0.5
2011 Jan.	6.0	1.3	4.7	1.6	0.0	1.6	2.6	0.0	2.6	1.8	1.3	0.5
Feb.	7.1	0.2	6.9	2.9	0.0	2.9	3.2	0.0	3.2	1.1	0.2	0.8
Mar.	4.4	1.0	3.5	0.1	0.0	0.1	1.0	0.2	0.8	3.3	0.7	2.6
Apr.	9.3	0.6	8.8	2.7	0.0	2.7	0.1	0.0	0.1	6.5	0.6	5.9
May	8.6	8.8	-0.2	6.8	2.1	4.6	0.2	0.0	0.2	1.6	6.6	-5.0
June	23.7	1.3	22.5	14.7	0.0	14.7	2.3	0.3	2.0	6.7	1.0	5.7
July	12.5	0.7	11.8	9.3	0.0	9.3	1.6	0.0	1.6	1.6	0.7	0.9
Aug.	7.1	1.0	6.1	5.5	0.0	5.5	0.3	0.2	0.1	1.3	0.8	0.5
Sep.	2.9	2.9	0.0	0.0	0.9	-0.9	2.3	0.0	2.3	0.5	2.0	-1.4
Oct.	2.4	0.4	2.0	0.0	0.0	0.0	0.1	0.0	0.1	2.3	0.4	1.9
Nov.	2.6	1.5	1.1	0.7	0.0	0.7	1.4	0.0	1.4	0.6	1.5	-1.0
Dec.	5.5	1.0	4.5	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.0	1.8
2012 Jan.	8.4	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.6
Feb.	1.1	1.4	-0.3	0.0	0.0	0.0	0.0	0.2	-0.2	1.0	1.2	-0.1
Mar.	4.9	0.7	4.3	2.0	0.0	2.0	0.0	0.1	-0.1	2.9	0.6	2.3
Apr.	3.1	0.3	2.8	0.0	0.0	0.0	1.1	0.0	1.1	2.0	0.3	1.7
May	4.7	1.8	2.9	1.1	0.0	1.1	1.0	0.1	1.0	2.5	1.7	0.8
June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1
July	4.7	0.3	4.4	0.2	0.0	0.2	1.1	0.0	1.1	3.5	0.3	3.2
Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.7	0.5	2.1	0.1	0.0	0.1	0.9	0.1	0.8	1.7	0.4	1.3

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2011 Nov.	0.55	2.78	3.08	3.03	1.78	1.96	0.66	1.53	2.61	2.85	1.62
Dec.	0.54	2.78	3.20	3.06	1.79	1.97	0.65	1.53	2.76	2.90	1.38
2012 Jan.	0.53	2.94	3.49	3.15	1.81	1.96	0.61	1.34	2.95	2.92	1.23
Feb.	0.52	2.90	3.38	3.16	1.81	1.96	0.59	1.26	2.96	3.01	1.05
Mar.	0.51	2.88	3.04	3.03	1.79	1.95	0.58	1.31	2.75	2.98	0.97
Apr.	0.49	2.82	2.92	2.84	1.76	1.95	0.55	1.16	2.70	3.07	1.28
May	0.48	2.65	2.70	2.68	1.74	1.91	0.54	1.07	2.31	2.75	0.93
June	0.47	2.72	2.73	2.63	1.73	1.88	0.52	1.11	2.32	2.69	0.98
July	0.45	2.80	2.89	2.61	1.70	1.85	0.48	1.14	2.01	2.53	1.26
Aug.	0.44	2.66	2.76	2.51	1.68	1.81	0.46	1.10	2.12	2.42	1.01
Sep.	0.42	2.80	2.83	2.42	1.65	1.77	0.46	1.13	2.37	2.53	1.41
Oct.	0.41	2.75	2.56	2.49	1.62	1.71	0.45	1.05	2.18	2.21	1.50

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

	Revolving loans and overdrafts	Extended credit card debt [3]	Consumer credit				Lending for house purchase					Lending to sole proprietors and unincorporated partnerships		
			By initial rate fixation			APRC [4]	By initial rate fixation				APRC [4]	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011 Nov.	8.41	17.11	5.56	6.47	7.78	7.39	3.43	3.74	3.84	3.94	3.96	4.22	4.93	4.02
Dec.	8.37	17.08	5.27	6.44	7.64	7.16	3.49	3.74	3.81	3.95	4.02	4.13	4.84	3.92
2012 Jan.	8.46	17.06	5.62	6.58	8.08	7.57	3.50	3.71	3.75	4.03	4.03	3.88	4.76	3.93
Feb.	8.41	17.05	5.70	6.58	8.09	7.63	3.44	3.64	3.70	3.95	3.92	3.86	4.71	4.04
Mar.	8.39	16.98	5.55	6.44	7.94	7.45	3.31	3.57	3.61	3.91	3.83	3.73	4.74	3.90
Apr.	8.26	17.10	5.43	6.31	7.95	7.35	3.20	3.58	3.59	3.96	3.79	3.65	4.68	3.89
May	8.26	17.10	5.65	6.39	7.95	7.48	3.14	3.54	3.53	3.84	3.72	3.80	4.74	3.83
June	8.25	17.06	5.61	6.27	7.73	7.27	3.11	3.48	3.46	3.69	3.66	3.61	4.73	3.71
July	8.15	17.01	5.76	6.26	7.82	7.37	3.09	3.40	3.31	3.62	3.58	3.64	4.45	3.49
Aug.	8.12	16.96	5.79	6.27	7.67	7.37	2.94	3.33	3.21	3.52	3.48	3.43	4.45	3.32
Sep.	8.14	16.96	5.77	6.18	7.62	7.24	2.92	3.27	3.21	3.49	3.45	3.23	4.48	3.31
Oct.	8.04	16.95	5.62	6.12	7.67	7.13	2.88	3.24	3.15	3.49	3.42	3.24	4.25	3.34

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2011 Nov.	4.61	4.77	5.26	4.98	5.10	4.65	4.26	2.80	3.65	3.42	3.92	3.60	3.71
Dec.	4.66	4.89	5.15	4.98	5.05	4.59	4.27	3.04	3.74	3.11	3.95	3.73	3.75
2012 Jan.	4.63	4.93	5.35	4.78	5.04	4.40	4.33	2.66	3.70	3.06	3.45	2.70	3.80
Feb.	4.58	4.86	5.25	4.74	5.02	4.65	4.41	2.50	3.76	3.36	3.89	3.77	3.64
Mar.	4.60	4.81	5.17	4.66	5.00	4.63	4.32	2.39	3.43	3.06	3.09	3.37	3.57
Apr.	4.46	4.96	5.09	4.61	4.85	4.57	4.39	2.39	3.52	3.43	3.40	3.51	3.59
May	4.42	4.82	5.11	4.60	4.84	4.49	4.20	2.37	3.75	3.41	3.48	3.60	3.51
June	4.39	4.81	5.03	4.58	4.76	4.41	4.16	2.44	3.20	3.44	3.03	3.34	3.22
July	4.29	4.86	5.17	4.58	4.56	4.13	4.12	2.23	3.31	3.62	3.13	3.19	3.50
Aug.	4.20	4.84	4.95	4.31	4.50	3.92	3.88	2.05	2.96	3.08	3.21	3.16	3.01
Sep.	4.18	4.69	4.75	4.26	4.45	3.88	3.93	2.15	2.57	2.92	2.73	2.95	3.06
Oct.	4.21	4.75	4.89	4.29	4.31	3.79	3.94	2.12	2.91	3.28	3.00	2.93	3.22

Source: ECB.

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

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

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

4. Interest rates on deposits (outstanding amounts)

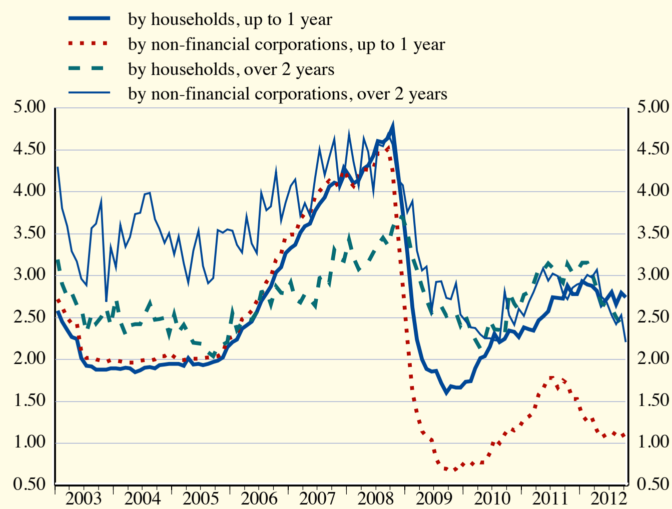
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2)]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2011 Nov.	0.55	2.70	2.80	1.78	1.96	0.66	2.18	3.16	2.24
Dec.	0.54	2.73	2.78	1.79	1.97	0.65	2.18	3.13	2.37
2012 Jan.	0.53	2.76	2.78	1.81	1.96	0.61	2.14	3.16	2.46
Feb.	0.52	2.79	2.80	1.81	1.96	0.59	2.13	3.20	2.62
Mar.	0.51	2.81	2.81	1.79	1.95	0.58	2.05	3.13	2.58
Apr.	0.49	2.78	2.82	1.76	1.95	0.55	2.00	3.09	2.57
May	0.48	2.76	2.80	1.74	1.91	0.54	1.96	3.06	2.39
June	0.47	2.73	2.82	1.73	1.88	0.52	1.93	3.08	2.48
July	0.45	2.72	2.78	1.70	1.85	0.48	1.89	3.04	2.47
Aug.	0.44	2.70	2.77	1.68	1.81	0.46	1.84	3.01	2.45
Sep.	0.42	2.69	2.79	1.65	1.77	0.46	1.82	3.02	2.61
Oct.	0.41	2.67	2.74	1.62	1.71	0.45	1.78	2.95	2.55

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2011 Nov.	4.12	3.77	3.91	8.09	6.44	5.34	4.20	3.89	3.75
Dec.	4.12	3.74	3.89	8.11	6.43	5.31	4.26	3.87	3.72
2012 Jan.	4.06	3.71	3.87	8.14	6.40	5.29	4.24	3.82	3.68
Feb.	4.04	3.69	3.86	8.09	6.39	5.27	4.18	3.78	3.67
Mar.	4.03	3.68	3.85	8.07	6.37	5.25	4.15	3.66	3.60
Apr.	3.93	3.64	3.80	7.97	6.31	5.20	4.05	3.61	3.54
May	3.88	3.62	3.77	7.95	6.29	5.16	3.99	3.58	3.50
June	3.86	3.60	3.76	7.83	6.30	5.14	3.96	3.53	3.46
July	3.78	3.54	3.72	7.78	6.26	5.08	3.89	3.47	3.40
Aug.	3.73	3.51	3.67	7.77	6.22	5.05	3.81	3.41	3.36
Sep.	3.72	3.51	3.66	7.80	6.30	5.03	3.78	3.40	3.34
Oct.	3.65	3.45	3.61	7.76	6.25	4.95	3.76	3.29	3.26

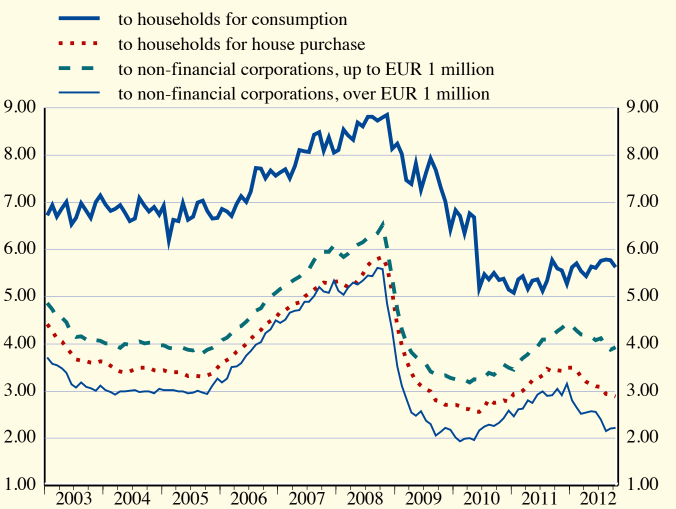
C21 New deposits with an agreed maturity

(percentages per annum excluding charges; period averages)



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

(percentages per annum excluding charges; period averages)



Source: ECB.

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

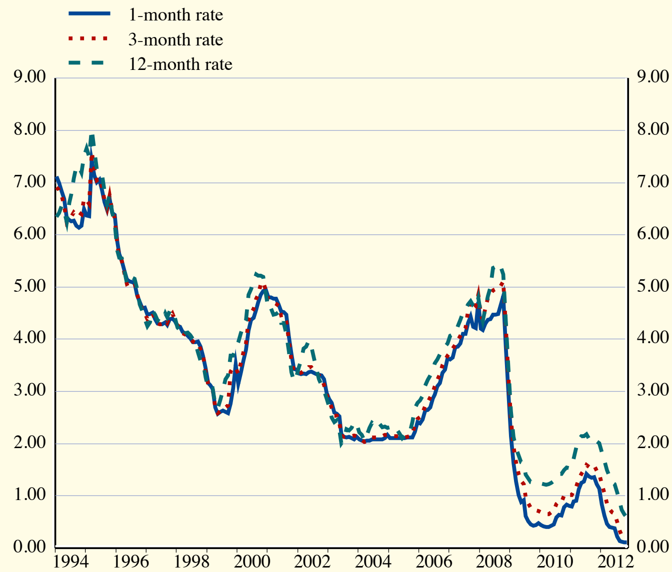
4.6 Money market interest rates

(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2011 Q3	0.97	1.38	1.56	1.77	2.11	0.30	0.19
Q4	0.79	1.24	1.50	1.72	2.05	0.48	0.20
2012 Q1	0.37	0.64	1.04	1.34	1.67	0.51	0.20
Q2	0.34	0.39	0.69	0.98	1.28	0.47	0.20
Q3	0.13	0.16	0.36	0.63	0.90	0.43	0.19
2011 Nov.	0.79	1.23	1.48	1.71	2.04	0.48	0.20
Dec.	0.63	1.14	1.43	1.67	2.00	0.56	0.20
2012 Jan.	0.38	0.84	1.22	1.50	1.84	0.57	0.20
Feb.	0.37	0.63	1.05	1.35	1.68	0.50	0.20
Mar.	0.36	0.47	0.86	1.16	1.50	0.47	0.20
Apr.	0.35	0.41	0.74	1.04	1.37	0.47	0.20
May	0.34	0.39	0.68	0.97	1.27	0.47	0.20
June	0.33	0.38	0.66	0.93	1.22	0.47	0.20
July	0.18	0.22	0.50	0.78	1.06	0.45	0.20
Aug.	0.11	0.13	0.33	0.61	0.88	0.43	0.19
Sep.	0.10	0.12	0.25	0.48	0.74	0.39	0.19
Oct.	0.09	0.11	0.21	0.41	0.65	0.33	0.19
Nov.	0.08	0.11	0.19	0.36	0.59	0.31	0.19

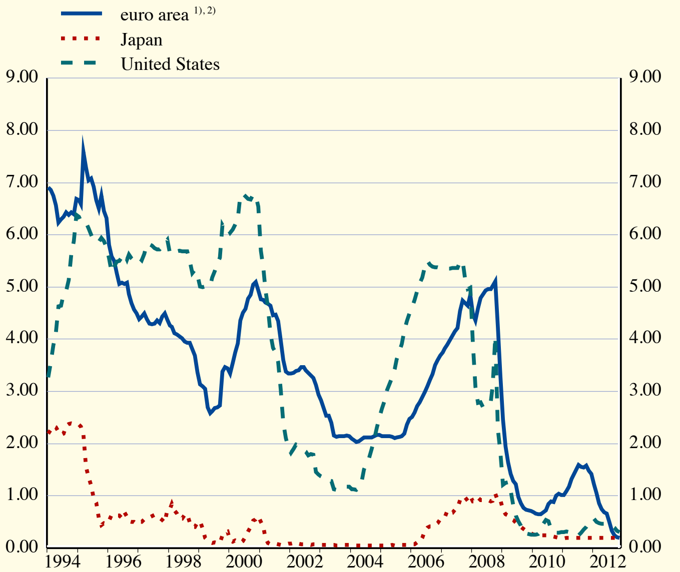
C23 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

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

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

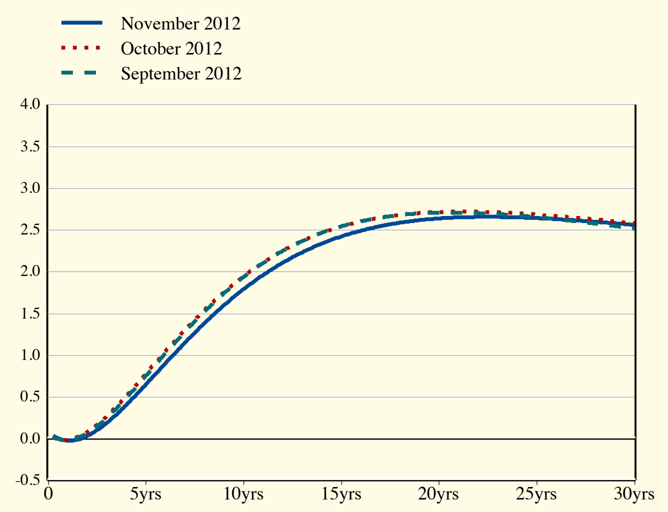
4.7 Euro area yield curves [1]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2011 Q4	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Q1	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Q2	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
Q3	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
2011 Nov.	0.20	0.38	0.74	1.92	2.51	3.07	2.87	2.33	0.69	1.53	3.64	4.41
Dec.	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Jan.	0.11	0.21	0.45	1.44	2.03	2.67	2.55	2.22	0.39	1.03	3.07	4.26
Feb.	0.11	0.15	0.37	1.39	1.99	2.59	2.49	2.22	0.29	0.95	3.06	4.06
Mar.	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Apr.	0.03	0.10	0.32	1.26	1.84	2.47	2.44	2.15	0.26	0.85	2.84	4.10
May	0.07	0.05	0.17	0.89	1.36	1.89	1.82	1.72	0.10	0.52	2.17	3.23
June	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
July	0.00	-0.09	-0.02	0.71	1.25	1.87	1.87	1.89	-0.11	0.26	2.12	3.52
Aug.	0.03	-0.05	0.01	0.75	1.29	1.91	1.88	1.90	-0.08	0.30	2.17	3.55
Sep.	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
Oct.	0.01	-0.01	0.09	0.78	1.31	1.95	1.94	1.86	0.02	0.39	2.13	3.72
Nov.	0.04	-0.02	0.04	0.65	1.15	1.80	1.76	1.76	-0.03	0.27	1.91	3.60

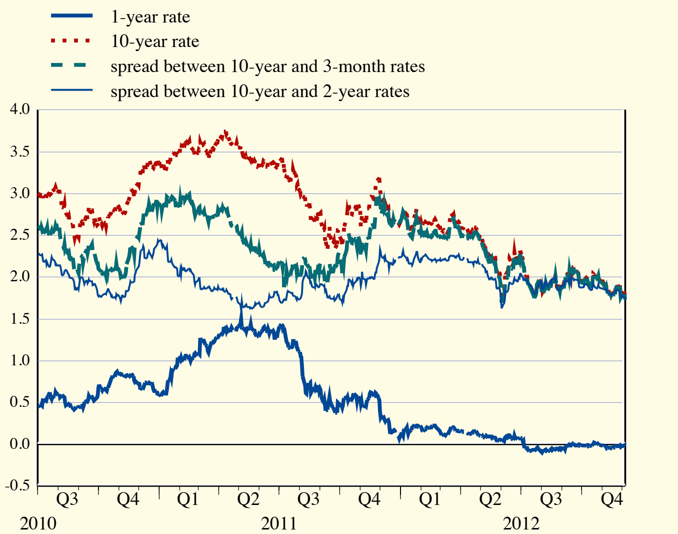
C25 Euro area spot yield curves [2]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2]

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

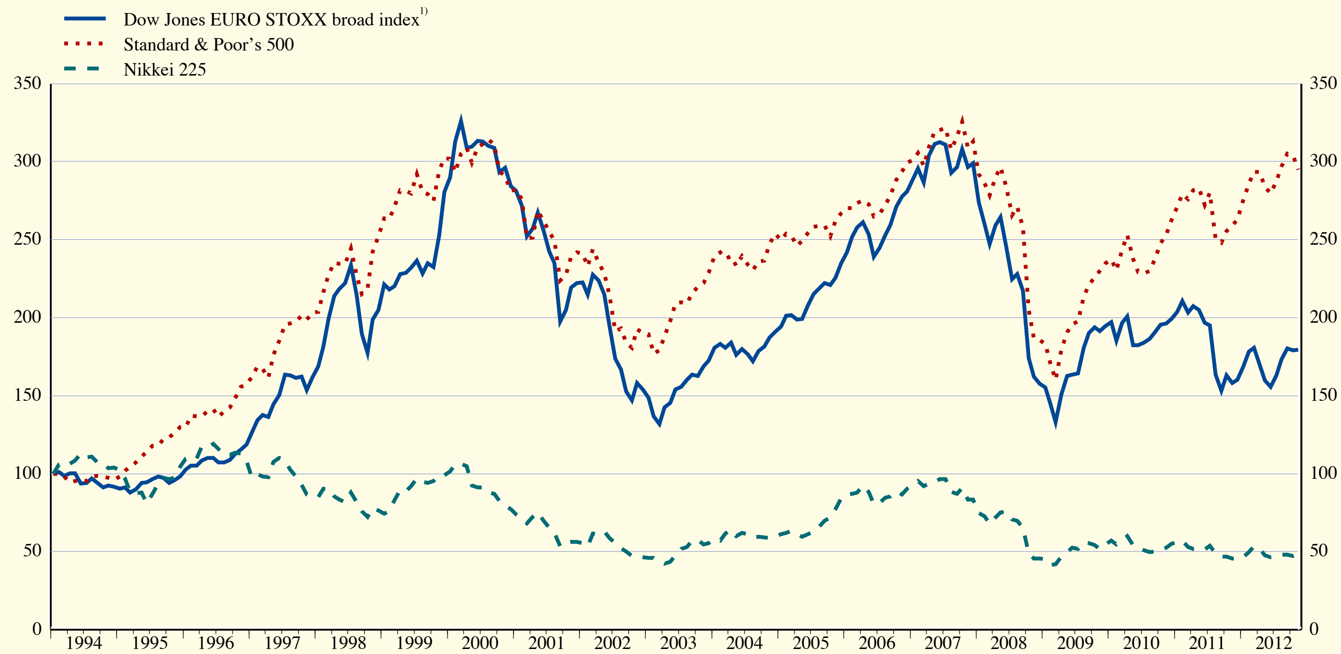


Sources: ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Data cover AAA-rated euro area central government bonds.

4.8 Stock market indices
(index levels in points; period averages)

	Dow Jones EURO STOXX indices[1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2011 Q3	236.0	2,381.6	463.7	146.0	341.5	282.0	133.8	323.0	199.8	270.2	333.0	435.0	1,225.3	9,246.3
Q4	222.4	2,277.8	427.1	142.1	327.1	295.5	117.2	296.6	201.8	256.5	320.3	432.4	1,225.7	8,580.6
2012 Q1	243.7	2,473.6	499.1	150.3	372.3	324.6	129.7	333.3	221.7	253.7	300.6	480.6	1,348.8	9,295.3
Q2	224.0	2,226.2	472.5	140.8	370.7	285.3	108.2	311.6	207.4	223.4	261.9	493.2	1,349.7	9,026.5
Q3	238.7	2,400.9	505.9	152.7	392.3	307.8	117.2	327.7	215.9	234.0	265.6	548.5	1,400.9	8,886.4
2011 Nov.	219.2	2,239.6	423.6	141.5	325.9	293.5	112.8	292.2	205.7	250.6	316.6	423.3	1,226.4	8,506.1
Dec.	222.2	2,283.3	433.2	142.4	329.9	302.9	115.9	295.5	196.6	249.3	310.3	448.4	1,243.3	8,506.0
2012 Jan.	233.4	2,382.1	477.6	146.9	351.8	317.3	120.4	319.2	206.9	248.8	305.0	473.6	1,300.6	8,616.7
Feb.	247.2	2,508.2	507.2	152.1	377.3	327.0	134.4	336.3	223.9	254.6	300.1	477.6	1,352.5	9,242.3
Mar.	250.7	2,532.2	512.9	152.0	388.0	329.5	134.6	344.6	234.3	257.7	296.7	490.5	1,389.2	9,962.3
Apr.	235.0	2,340.8	497.6	145.9	380.9	301.1	116.8	327.8	221.2	237.7	275.2	488.5	1,386.4	9,627.4
May	221.9	2,198.5	469.5	139.7	373.7	281.6	105.0	310.4	204.5	218.9	261.4	492.0	1,341.3	8,842.5
June	216.2	2,152.7	453.1	137.4	358.3	275.1	104.0	298.4	198.0	215.4	250.4	498.9	1,323.5	8,638.1
July	226.5	2,258.4	479.1	145.8	379.4	290.4	106.5	313.9	204.4	224.3	257.3	534.2	1,359.8	8,760.7
Aug.	240.5	2,424.5	509.4	154.6	399.7	313.0	116.8	330.3	220.8	231.8	265.7	552.5	1,403.4	8,949.9
Sep.	250.1	2,530.7	531.4	158.2	398.1	321.0	129.5	339.8	223.0	247.2	274.6	559.7	1,443.4	8,948.6
Oct.	248.7	2,503.5	528.4	159.1	398.3	311.7	130.2	340.2	219.9	241.9	255.9	567.6	1,437.8	8,827.4
Nov.	248.7	2,514.0	526.1	162.8	403.8	308.0	131.2	343.7	230.6	226.9	239.0	563.3	1,394.5	9,059.9

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2]	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
			Total excl. unprocessed food and energy										
% of total in 2012	100.0	100.0	81.8	58.5	41.5	100.0	11.9	7.2	28.5	11.0	41.5	88.2	11.8
	1	2	3	4	5	6	7	8	9	10	11	12	13
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.8
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.5
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5
2011 Q3	112.9	2.7	1.7	3.2	2.0	0.3	1.1	0.0	-0.1	0.4	0.5	2.6	3.5
Q4	114.1	2.9	2.0	3.7	1.9	0.7	1.1	0.7	0.7	1.5	0.3	2.9	3.5
2012 Q1	114.3	2.7	1.9	3.3	1.8	0.8	0.7	0.7	0.2	4.1	0.5	2.6	3.4
Q2	115.9	2.5	1.8	3.0	1.7	0.6	0.6	0.8	0.4	1.0	0.5	2.3	3.4
Q3	115.7	2.5	1.7	3.1	1.8	0.5	0.3	1.1	0.0	1.2	0.5	2.4	3.9
2012 June	115.8	2.4	1.8	2.8	1.7	0.0	0.1	1.0	0.1	-1.7	0.2	2.2	3.4
July	115.1	2.4	1.9	2.8	1.8	0.2	0.1	-0.1	-0.1	0.9	0.2	2.2	3.8
Aug.	115.6	2.6	1.7	3.2	1.8	0.4	0.1	0.6	0.0	2.4	0.2	2.4	3.9
Sep.	116.4	2.6	1.6	3.2	1.7	0.2	0.2	0.4	0.2	1.1	0.0	2.4	4.1
Oct.	116.7	2.5	1.6	3.0	1.7	0.1	0.5	0.7	0.1	-0.5	0.1	2.3	3.9
Nov. [3]	116.5	2.2	.	.	1.7	.	.	.	.	-1.4	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2012	19.1	11.9	7.2	39.5	28.5	11.0	10.1	6.0	6.5	3.1	14.5	7.3
	14	15	16	17	18	19	20	21	22	23	24	25
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2011 Q3	2.8	3.7	1.3	3.4	0.4	12.0	1.8	1.5	3.3	-1.8	2.3	2.1
Q4	3.3	4.2	1.8	3.9	1.2	11.5	1.7	1.4	3.0	-1.8	2.2	2.1
2012 Q1	3.2	4.0	2.0	3.3	1.1	9.1	1.7	1.5	2.9	-2.7	2.1	2.4
Q2	3.0	3.5	2.3	2.9	1.3	7.2	1.7	1.4	2.7	-3.1	2.2	2.0
Q3	3.0	2.7	3.4	3.2	1.3	8.0	1.9	1.5	3.0	-3.1	2.2	1.9
2012 June	3.2	3.2	3.1	2.6	1.3	6.1	1.7	1.4	3.0	-2.8	2.1	2.0
July	2.9	2.9	2.9	2.8	1.5	6.1	1.9	1.6	2.9	-3.1	2.3	1.9
Aug.	3.0	2.7	3.5	3.3	1.1	8.9	1.9	1.6	3.3	-3.1	2.2	1.9
Sep.	2.9	2.5	3.7	3.4	1.2	9.1	1.8	1.5	2.8	-3.3	2.2	1.8
Oct.	3.1	2.4	4.3	3.0	1.1	8.0	1.9	1.5	3.1	-3.5	2.0	2.1
Nov. [3]	3.0	.	.	.	1.1	5.8	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

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

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construction 1)	Residential property prices 2)
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.9	1.9
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-3.2
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	1.9	1.0
2011	118.3	5.9	5.5	3.8	5.9	1.4	3.1	2.1	3.3	11.9	3.3	1.0
2011 Q3	118.9	5.9	5.5	3.8	5.6	1.5	3.3	2.2	3.5	11.8	3.2	1.1
Q4	119.3	5.1	4.5	2.9	3.4	1.5	3.3	2.5	3.4	11.4	2.8	-0.3
2012 Q1	121.0	3.7	3.0	1.7	1.2	1.2	2.9	2.3	3.0	9.5	1.8	-0.8
Q2	121.1	2.2	1.6	1.1	0.4	1.2	2.0	1.9	2.0	5.8	1.6	-1.5
Q3	121.6	2.3	1.9	1.0	0.3	0.9	2.1	1.6	2.2	6.4	1.1	.
2012 May	121.1	2.3	1.8	1.1	0.5	1.2	1.9	1.9	1.9	6.2	-	-
June	120.5	1.8	1.1	0.9	0.1	1.1	1.9	1.9	1.9	4.7	-	-
July	120.8	1.6	1.1	0.8	-0.2	1.0	1.9	1.8	2.0	4.4	-	-
Aug.	121.9	2.7	2.2	1.0	0.2	0.9	2.1	1.7	2.2	8.0	-	-
Sep.	122.2	2.7	2.3	1.3	0.8	0.9	2.3	1.3	2.4	6.9	-	-
Oct.	122.3	2.6	2.3	1.5	1.3	0.9	2.3	1.3	2.5	5.9	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices 3) (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted 4)			Use-weighted 5)			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports 6)	Imports 6)
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consumption	Government consumption	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	65.9	2.0	18.4	-4.4	-1.7	9.7	-8.6	106.2	1.9	2.6	2.6	2.7	2.3	2.4	3.9
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.4	-22.8	107.2	0.9	-0.1	-0.4	2.1	-0.3	-3.5	-6.3
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.1	0.8	1.5	1.7	0.7	0.9	3.1	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.4	1.2	2.0	2.5	0.8	2.1	3.6	5.7
2011 Q3	79.3	3.8	16.7	-1.6	4.9	11.6	0.3	109.6	1.2	2.0	2.4	0.9	2.1	3.0	5.0
Q4	80.7	-2.5	3.6	-5.2	-1.7	4.3	-6.0	109.9	1.3	2.1	2.5	1.1	2.0	2.7	4.6
2012 Q1	90.1	-5.8	-7.6	-4.9	-4.8	-3.7	-5.6	110.2	1.3	1.7	2.4	1.1	1.7	1.9	3.1
Q2	84.6	-1.1	-3.4	0.1	1.1	4.1	-1.2	110.5	1.2	1.6	2.1	0.8	1.3	1.4	2.2
Q3	87.3	5.3	10.4	2.7	7.8	16.0	1.6	111.0	1.3	1.5	2.0	1.2	1.0	1.5	2.2
2012 June	76.4	0.8	-2.1	2.3	3.4	6.7	0.9	-	-	-	-	-	-	-	-
July	83.4	4.7	11.6	1.3	7.1	17.4	-0.5	-	-	-	-	-	-	-	-
Aug.	90.5	6.5	11.6	3.9	8.6	16.3	2.6	-	-	-	-	-	-	-	-
Sep.	87.9	4.6	8.1	2.9	7.7	14.2	2.8	-	-	-	-	-	-	-	-
Oct.	85.6	5.7	8.1	4.6	8.0	11.7	4.9	-	-	-	-	-	-	-	-
Nov.	84.8	5.2	6.9	4.4	8.0	11.8	4.9	-	-	-	-	-	-	-	-

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

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

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

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

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
					Unit labour costs [1]							
2010	109.2	-0.8	4.1	-7.5	3.5	-1.0	0.0	0.3	3.2	0.8	0.8	1.8
2011	110.3	1.0	-2.5	0.0	0.6	0.8	3.0	0.6	4.1	2.9	0.7	1.1
2011 Q3	110.3	1.1	-3.8	0.1	-0.2	1.6	3.2	-0.2	3.2	2.7	1.0	1.0
Q4	111.1	1.5	-2.5	2.2	-1.5	1.6	3.8	-0.8	4.2	3.3	0.6	1.1
2012 Q1	111.5	1.6	-1.7	2.7	0.5	1.8	4.3	1.7	2.1	2.0	0.6	1.6
Q2	112.0	1.4	-0.6	2.7	0.1	1.4	4.0	1.1	1.2	2.2	0.0	1.6
					Compensation per employee							
2010	111.6	1.7	2.1	3.8	1.9	1.8	2.8	1.8	3.1	0.8	0.9	1.2
2011	114.1	2.2	1.7	3.0	3.9	1.8	2.4	1.0	2.4	2.8	1.3	1.3
2011 Q3	114.3	2.1	1.7	2.8	3.0	1.9	2.4	1.3	3.1	2.8	1.7	1.3
Q4	115.0	2.2	1.6	2.1	4.4	2.1	2.3	-0.1	1.8	3.3	1.7	2.1
2012 Q1	115.7	2.0	1.5	2.0	3.0	2.0	2.6	1.9	2.5	2.6	1.4	2.1
Q2	115.9	1.6	1.0	2.4	2.9	1.6	1.6	1.4	0.5	2.0	0.8	1.7
					Labour productivity per person employed [2]							
2010	102.2	2.5	-2.0	12.2	-1.6	2.9	2.9	1.5	-0.1	0.0	0.1	-0.6
2011	103.4	1.2	4.4	3.0	3.3	1.0	-0.6	0.4	-1.6	-0.1	0.7	0.3
2011 Q3	103.6	1.0	5.8	2.7	3.2	0.3	-0.8	1.4	-0.1	0.1	0.7	0.3
Q4	103.5	0.7	4.2	-0.1	6.0	0.5	-1.4	0.7	-2.3	0.0	1.0	1.0
2012 Q1	103.7	0.4	3.3	-0.6	2.5	0.2	-1.7	0.1	0.4	0.5	0.8	0.5
Q2	103.5	0.2	1.6	-0.3	2.8	0.2	-2.3	0.4	-0.6	-0.2	0.8	0.1
					Compensation per hour worked							
2010	113.6	1.1	0.4	1.1	2.2	1.6	2.1	1.3	2.2	-0.1	0.8	1.3
2011	115.9	2.0	-0.2	2.3	4.2	2.0	2.4	0.9	2.0	2.5	1.4	1.7
2011 Q3	116.0	2.2	0.3	2.5	3.6	1.9	2.3	1.0	1.9	2.6	2.0	1.9
Q4	116.9	2.1	-0.2	2.3	5.4	2.1	2.0	-0.6	2.5	2.9	1.4	2.1
2012 Q1	117.3	2.2	4.4	1.7	4.1	2.2	3.0	2.5	5.3	3.1	1.1	2.4
Q2	118.0	1.8	1.8	2.0	4.3	2.2	1.5	2.2	2.6	2.1	0.3	1.7
					Hourly labour productivity [2]							
2010	104.1	2.0	-2.5	9.4	-1.5	2.5	2.2	1.1	-1.1	-0.7	0.0	-0.2
2011	105.4	1.2	4.3	2.4	3.5	1.4	-0.6	0.3	-2.2	-0.2	0.7	0.7
2011 Q3	105.6	1.1	6.7	2.6	3.4	0.4	-1.0	1.3	-1.3	0.0	0.9	0.6
Q4	105.6	0.7	4.0	0.1	6.5	0.6	-1.5	0.4	-1.9	-0.3	0.8	0.9
2012 Q1	105.7	0.7	4.6	-0.9	3.6	0.6	-1.4	0.6	1.9	0.9	0.4	0.7
Q2	105.9	0.3	2.0	-0.8	4.3	0.4	-2.4	1.1	-0.1	0.2	0.4	0.4

5. Labour cost indices [3]

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2010	104.3	1.6	1.4	2.2	1.2	1.7	1.9	1.7
2011	106.5	2.1	2.0	2.7	3.0	2.5	2.5	2.0
2011 Q4	113.0	2.2	2.1	2.6	3.3	3.0	2.5	2.0
2012 Q1	100.3	1.5	1.5	1.4	1.4	1.2	1.8	2.0
Q2	112.0	1.6	1.7	1.2	2.3	2.1	1.9	2.2
Q3	.	.	.	.	.	.	.	2.2

Sources: Eurostat, ECB calculations based on Eurostat data (Table 4 in Section 5.1) and ECB calculations (column 8 in Table 5 in Section 5.1).
1) Compensation (at current prices) per employee divided by labour productivity per person employed.
2) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).
3) Hourly labour cost indices for the whole economy, excluding agriculture, forestry and fishing. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
4) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2008	9,241.5	9,155.9	5,206.4	1,899.1	1,989.2	61.3	85.6	3,884.9	3,799.2
2009	8,922.2	8,803.9	5,134.2	1,988.2	1,730.6	-49.1	118.3	3,285.4	3,167.1
2010	9,176.1	9,052.7	5,269.0	2,017.1	1,743.3	23.5	123.4	3,769.0	3,645.6
2011	9,420.9	9,283.9	5,406.9	2,030.8	1,805.3	40.9	137.0	4,149.4	4,012.4
2011 Q3	2,363.5	2,326.5	1,356.2	507.9	451.7	10.7	37.1	1,046.9	1,009.8
Q4	2,360.9	2,313.7	1,357.8	508.6	450.6	-3.2	47.2	1,049.8	1,002.6
2012 Q1	2,368.6	2,319.7	1,362.3	512.0	447.5	-2.1	48.9	1,063.9	1,015.0
Q2	2,370.7	2,309.9	1,360.3	510.9	439.4	-0.7	60.8	1,079.2	1,018.4
Q3	2,379.0	2,307.7	1,365.4	513.6	437.1	-8.4	71.3	1,093.9	1,022.6
	percentage of GDP								
2011	100.0	98.5	57.4	21.6	19.2	0.4	1.5	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2011 Q3	0.1	-0.3	0.2	-0.3	-0.3	-	-	1.3	0.5
Q4	-0.4	-1.0	-0.5	0.0	-0.6	-	-	0.0	-1.4
2012 Q1	0.0	-0.4	-0.3	0.1	-1.2	-	-	0.5	-0.3
Q2	-0.2	-0.6	-0.4	-0.1	-1.8	-	-	1.6	0.6
Q3	-0.1	-0.4	0.0	-0.2	-0.7	-	-	0.9	0.2
	annual percentage changes								
2008	0.4	0.3	0.4	2.3	-1.4	-	-	1.1	0.9
2009	-4.4	-3.8	-1.0	2.6	-12.7	-	-	-12.4	-11.1
2010	2.0	1.3	0.9	0.7	-0.1	-	-	11.2	9.6
2011	1.4	0.5	0.1	-0.1	1.5	-	-	6.3	4.2
2011 Q3	1.3	0.4	0.2	-0.4	0.7	-	-	5.7	3.7
Q4	0.6	-0.7	-0.8	-0.3	0.8	-	-	3.6	0.5
2012 Q1	-0.1	-1.6	-1.0	-0.1	-2.3	-	-	2.5	-1.0
Q2	-0.5	-2.2	-1.0	-0.2	-3.8	-	-	3.4	-0.6
Q3	-0.6	-2.3	-1.3	-0.1	-4.2	-	-	2.9	-0.9
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2011 Q3	0.1	-0.3	0.1	-0.1	-0.1	-0.3	0.4	-	-
Q4	-0.4	-0.9	-0.3	0.0	-0.1	-0.5	0.6	-	-
2012 Q1	0.0	-0.4	-0.2	0.0	-0.2	0.0	0.3	-	-
Q2	-0.2	-0.6	-0.2	0.0	-0.3	0.0	0.4	-	-
Q3	-0.1	-0.4	0.0	0.0	-0.1	-0.2	0.3	-	-
	contributions to annual percentage changes in GDP; percentage points								
2008	0.4	0.3	0.3	0.5	-0.3	-0.1	0.1	-	-
2009	-4.4	-3.7	-0.6	0.5	-2.7	-0.9	-0.7	-	-
2010	2.0	1.3	0.5	0.2	0.0	0.6	0.7	-	-
2011	1.4	0.5	0.1	0.0	0.3	0.2	0.9	-	-
2011 Q3	1.3	0.4	0.1	-0.1	0.1	0.3	0.9	-	-
Q4	0.6	-0.7	-0.5	-0.1	0.2	-0.3	1.3	-	-
2012 Q1	-0.1	-1.6	-0.6	0.0	-0.4	-0.5	1.5	-	-
Q2	-0.5	-2.2	-0.6	-0.1	-0.7	-0.8	1.8	-	-
Q3	-0.6	-2.3	-0.7	0.0	-0.8	-0.7	1.7	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand
(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2008	8,296.0	141.5	1,643.9	562.5	1,590.0	367.0	392.3	930.7	857.3	1,520.8	290.0	945.6
2009	8,028.3	123.9	1,461.7	531.6	1,537.4	369.8	421.4	901.9	803.8	1,581.7	295.0	893.9
2010	8,234.4	135.8	1,567.1	501.2	1,581.8	369.8	436.4	915.2	816.1	1,611.1	299.9	941.8
2011	8,447.0	143.0	1,635.5	506.8	1,633.3	370.7	432.7	945.5	842.3	1,631.6	305.3	973.9
2011 Q3	2,118.8	35.5	411.0	126.3	410.3	92.9	108.4	237.7	211.4	408.8	76.5	244.7
Q4	2,118.9	35.9	406.6	127.1	411.2	92.4	108.1	238.7	212.6	409.1	77.2	242.0
2012 Q1	2,124.7	37.1	407.7	126.3	410.9	91.9	108.6	239.0	213.4	412.1	77.7	243.9
Q2	2,125.9	37.2	409.3	125.5	410.5	90.8	107.4	240.5	213.5	413.7	77.6	244.8
Q3	2,131.1	37.4	410.5	125.0	413.4	90.0	106.3	241.3	214.8	413.9	78.5	248.0
	percentage of value added											
2011	100.0	1.7	19.4	6.0	19.3	4.4	5.1	11.2	10.0	19.3	3.6	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2011 Q3	0.2	0.8	0.1	-0.6	0.1	0.4	0.4	0.1	0.1	0.2	0.7	-0.4
Q4	-0.3	-0.5	-1.6	-0.1	-0.3	0.3	-0.4	0.3	0.1	0.2	0.4	-0.9
2012 Q1	-0.1	0.9	0.2	-0.9	-0.1	-0.8	-0.2	0.2	0.0	-0.1	0.2	0.2
Q2	-0.1	-0.5	0.0	-1.0	-0.3	-0.4	-0.5	0.2	-0.2	0.4	-0.6	-0.7
Q3	-0.1	-1.2	-0.3	-0.7	0.1	0.1	0.0	-0.1	0.2	-0.2	0.2	0.6
	annual percentage changes											
2008	0.6	2.2	-2.3	-1.1	0.7	3.3	1.7	1.2	1.5	2.0	1.7	-1.3
2009	-4.4	0.9	-13.1	-8.0	-4.5	1.5	0.5	0.5	-7.6	1.3	-0.3	-4.2
2010	2.1	-3.0	9.0	-5.4	2.2	1.5	0.7	-0.5	1.7	1.1	0.3	1.0
2011	1.6	2.1	3.3	-0.8	1.7	1.2	0.2	1.3	2.4	0.8	0.5	0.4
2011 Q3	1.5	3.8	3.4	-1.2	1.2	1.3	1.3	1.2	2.1	0.8	0.7	-0.4
Q4	0.8	1.7	0.1	0.6	0.7	0.9	0.6	1.4	1.9	0.9	0.9	-1.5
2012 Q1	0.0	2.0	-1.1	-2.7	0.0	0.0	-0.3	1.2	0.8	0.7	0.9	-0.7
Q2	-0.3	0.7	-1.3	-2.7	-0.4	-0.5	-0.6	0.8	0.1	0.6	0.7	-1.8
Q3	-0.6	-1.3	-1.7	-2.8	-0.5	-0.8	-1.1	0.5	0.1	0.3	0.2	-0.8
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2011 Q3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	-0.3	0.0	-0.3	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
2012 Q1	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q2	-0.1	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.1	0.0	-
Q3	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2008	0.6	0.0	-0.4	-0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.1	-
2009	-4.4	0.0	-2.6	-0.5	-0.9	0.1	0.0	0.1	-0.8	0.2	0.0	-
2010	2.1	0.0	1.6	-0.4	0.4	0.1	0.0	-0.1	0.2	0.2	0.0	-
2011	1.6	0.0	0.6	0.0	0.3	0.1	0.0	0.1	0.2	0.1	0.0	-
2011 Q3	1.5	0.1	0.6	-0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.0	-
Q4	0.8	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.2	0.2	0.0	-
2012 Q1	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.1	0.1	0.1	0.0	-
Q2	-0.3	0.0	-0.3	-0.2	-0.1	0.0	0.0	0.1	0.0	0.1	0.0	-
Q3	-0.6	0.0	-0.3	-0.2	-0.1	0.0	-0.1	0.1	0.0	0.1	0.0	-

Sources: Eurostat and ECB calculations.

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2005	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2009	-13.7	90.5	-14.9	-15.9	-16.1	-19.2	-20.9	-5.0	-17.4	-3.0	-5.4	-8.0
2010	4.1	97.1	7.3	7.7	7.7	10.0	9.2	3.0	2.7	3.1	3.8	-8.0
2011	2.4	100.4	3.4	4.5	4.6	4.1	8.6	0.5	0.6	0.5	-4.4	-0.9
2011 Q4	0.0	99.4	-0.3	0.9	0.9	-0.4	3.7	-0.7	-3.0	-0.4	-7.6	2.1
2012 Q1	-2.6	98.9	-1.8	-1.5	-1.4	-3.1	1.7	-3.0	-5.1	-2.7	-3.5	-6.6
Q2	-3.1	98.4	-2.4	-2.8	-2.8	-3.9	-1.1	-3.0	-5.3	-2.7	1.1	-5.7
Q3	-3.1	98.7	-2.2	-2.2	-1.9	-3.8	-0.8	-2.0	-4.5	-1.7	-0.3	-4.8
2012 Apr.	-3.3	98.0	-2.6	-3.3	-3.3	-4.4	-1.0	-4.3	-7.1	-3.9	2.6	-5.9
May	-3.8	98.8	-2.6	-2.7	-2.9	-3.7	-1.7	-2.6	-6.3	-2.1	-0.6	-7.8
June	-2.3	98.4	-2.0	-2.3	-2.0	-3.6	-0.6	-2.2	-2.3	-2.2	1.4	-2.5
July	-3.6	98.9	-2.7	-2.7	-3.0	-3.9	-1.6	-3.5	-9.2	-2.6	0.6	-5.9
Aug.	-1.4	99.8	-1.3	-1.3	-1.4	-3.6	0.1	-0.2	-2.2	0.0	0.2	-1.4
Sep.	-2.1	97.4	-2.3	-2.4	-1.3	-4.0	-0.8	-2.2	-1.2	-2.3	-1.6	-2.6
	month-on-month percentage changes (s.a.)											
2012 Apr.	-0.9	-	-1.0	-1.8	-1.9	-1.0	-2.8	-1.3	-1.1	-1.9	5.2	-3.2
May	0.1	-	0.9	1.1	0.9	0.4	1.2	1.3	0.6	2.0	-1.3	0.3
June	-0.2	-	-0.4	-0.6	-0.7	-0.4	-1.1	-0.4	0.5	-0.7	1.2	-0.3
July	0.3	-	0.5	0.9	0.7	0.2	2.0	-0.4	-0.1	-0.4	-0.6	0.3
Aug.	1.2	-	0.9	0.9	1.6	0.2	1.3	2.1	3.0	1.8	0.7	0.6
Sep.	-2.4	-	-2.5	-2.6	-2.9	-2.0	-3.0	-2.7	-4.3	-2.8	-1.8	-1.4

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

	Industrial new orders [1]		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing [2] (current prices)		Manufacturing (current prices)		Current prices	Constant prices								
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Fuel	Total (s.a.; thousands) [3]	Total
										Textiles, clothing, footwear	Household equipment			
% of total in 2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	38.4	51.0	9.0	12.8	10.6		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	87.4	-22.8	95.6	-18.3	-4.3	100.5	-2.4	-1.7	-2.4	-1.9	-4.2	-5.7	924	3.3
2010	102.8	17.7	105.2	10.1	2.1	101.5	0.9	0.5	1.8	2.2	1.1	-2.8	843	-8.5
2011	111.6	8.6	114.7	8.9	1.6	100.9	-0.6	-1.0	0.1	-1.3	0.0	-3.6	838	-1.1
2011 Q4	108.6	-0.6	114.6	4.0	1.0	100.2	-1.3	-1.7	-0.9	-4.1	-0.4	-4.0	830	-1.7
2012 Q1	108.2	-3.9	115.1	1.1	1.3	100.4	-1.0	-0.9	-0.4	-0.6	-2.0	-5.5	774	-11.4
Q2	.	.	113.9	-0.8	0.2	99.6	-1.6	-1.5	-1.3	-5.6	-1.8	-4.7	770	-6.8
Q3	.	.	114.8	-0.5	0.6	99.7	-1.2	-1.0	-0.8	-0.7	-2.0	-4.4	721	-12.6
2012 June	.	.	113.3	-0.4	1.0	99.9	-0.7	-1.1	-0.5	-2.7	-1.5	-2.8	777	-6.0
July	.	.	114.1	-1.8	0.3	100.0	-1.3	-1.2	-0.9	-3.0	-2.0	-2.7	698	-15.3
Aug.	.	.	116.8	1.0	1.3	99.8	-0.7	-0.4	-0.8	-1.4	-2.0	-4.4	738	-9.8
Sep.	.	.	113.3	-0.5	0.4	99.2	-1.6	-1.3	-0.9	2.8	-2.1	-6.1	727	-12.0
Oct.	.	.	.	.	-1.8	98.1	-3.6	-2.9	-3.5	.	.	-3.6	691	-15.3
	month-on-month percentage changes (s.a.)													
2012 June	-	.	-	-1.0	0.2	-	0.2	0.0	0.0	-0.4	0.5	2.0	-	0.8
July	-	.	-	0.7	0.0	-	0.1	-0.3	0.3	0.3	-0.5	-0.6	-	-10.2
Aug.	-	.	-	2.3	0.3	-	-0.2	0.2	0.0	-0.4	0.4	-1.2	-	5.7
Sep.	-	.	-	-3.0	-0.4	-	-0.6	0.0	-1.1	0.3	-1.1	-2.0	-	-1.4
Oct.	-	.	-	.	-1.1	-	-1.2	-0.8	-1.4	.	.	-0.1	-	-4.9

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

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

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

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

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator [2] (long-term average = 100)	Manufacturing industry: Industrial confidence indicator: Total [4]	Order books	Stocks of finished products	Production expectations	Capacity utilisation [3] (%)	Consumer confidence indicator: Total [4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
	1	2	3	4	5	6	7	8	9	10	11
2008	93.5	-8.4	-13.4	10.8	-1.0	82.0	-18.4	-10.1	-25.4	23.9	-14.1
2009	80.2	-28.7	-56.7	14.8	-14.7	70.8	-24.8	-7.0	-26.1	55.3	-10.7
2010	100.5	-4.7	-24.6	0.8	11.1	76.8	-14.2	-5.3	-12.3	31.2	-8.1
2011	101.0	0.1	-6.9	2.3	9.3	80.4	-14.5	-7.5	-18.2	23.3	-9.2
2011 Q3	98.4	-2.8	-9.0	4.5	5.2	80.1	-15.9	-7.4	-21.8	24.1	-10.1
Q4	93.6	-7.0	-14.6	7.0	0.6	79.8	-20.6	-9.7	-28.4	33.8	-10.8
2012 Q1	94.1	-6.6	-15.8	6.2	2.1	79.8	-20.0	-10.1	-24.2	34.7	-11.2
Q2	91.1	-11.1	-22.9	6.8	-3.5	78.8	-19.7	-10.4	-24.4	32.6	-11.2
Q3	86.4	-15.5	-29.4	8.2	-8.8	77.4	-24.0	-11.9	-30.5	40.9	-12.7
2012 June	89.9	-12.8	-25.8	7.1	-5.5	-	-19.8	-10.0	-25.6	33.4	-10.2
July	87.9	-15.1	-28.3	9.2	-7.6	77.9	-21.5	-10.3	-27.9	36.5	-11.2
Aug.	86.1	-15.4	-29.4	8.3	-8.6	-	-24.6	-11.8	-31.0	43.0	-12.7
Sep.	85.2	-15.9	-30.5	7.0	-10.2	-	-25.9	-13.6	-32.7	43.1	-14.3
Oct.	84.3	-18.3	-35.1	8.6	-11.2	76.8	-25.7	-12.9	-31.9	44.4	-13.5
Nov.	85.7	-15.1	-32.2	6.3	-6.7	-	-26.9	-14.0	-31.9	47.1	-14.6

	Construction confidence indicator: Total [4]	Order books	Employment expectations	Retail trade confidence indicator: Total [4]	Present business situation	Volume of stocks	Expected business situation	Services confidence indicator: Total [4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2008	-14.2	-20.7	-7.7	-10.0	-11.0	15.8	-3.3	0.4	-3.8	0.5	4.7
2009	-33.1	-42.1	-24.1	-15.5	-21.4	9.8	-15.4	-15.8	-20.8	-18.2	-8.5
2010	-28.8	-39.3	-18.4	-4.1	-6.6	7.2	1.6	4.5	1.9	3.5	8.0
2011	-27.4	-34.9	-20.0	-5.5	-5.8	11.1	0.5	5.4	2.2	5.4	8.6
2011 Q3	-27.7	-35.0	-20.4	-7.5	-7.3	12.8	-2.3	3.5	0.3	3.7	6.5
Q4	-27.4	-32.5	-22.3	-11.1	-13.6	14.0	-5.7	-1.6	-6.4	-1.7	3.3
2012 Q1	-26.5	-31.7	-21.2	-13.8	-14.7	16.2	-10.6	-0.6	-6.6	-0.4	5.1
Q2	-28.6	-33.4	-23.7	-14.5	-18.5	14.7	-10.5	-5.0	-11.0	-4.8	0.9
Q3	-31.1	-38.3	-23.9	-16.9	-22.1	14.5	-14.2	-10.4	-15.8	-11.5	-4.0
2012 June	-28.1	-34.3	-21.8	-14.4	-19.2	14.2	-9.8	-7.4	-13.9	-7.6	-0.7
July	-28.5	-35.1	-21.8	-15.0	-18.9	14.2	-11.9	-8.5	-13.7	-9.1	-2.8
Aug.	-33.1	-38.7	-27.5	-17.2	-22.8	14.2	-14.7	-10.8	-16.6	-11.5	-4.4
Sep.	-31.7	-41.0	-22.5	-18.5	-24.6	15.0	-15.9	-11.9	-17.0	-13.9	-4.8
Oct.	-32.9	-41.3	-24.6	-17.4	-21.8	12.3	-18.1	-12.1	-17.2	-15.4	-3.8
Nov.	-35.5	-43.2	-27.8	-14.9	-19.7	11.3	-13.8	-11.9	-15.9	-14.3	-5.7

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

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

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

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

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

5.3 Labour markets [1]

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

		By employment status		By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
levels (thousands)													
2011	147,051	126,003	21,048	5,060	23,221	9,947	36,099	4,039	4,093	1,313	18,092	34,407	10,779
percentage of total persons employed													
2011	100.0	85.7	14.3	3.4	15.8	6.8	24.5	2.7	2.8	0.9	12.3	23.4	7.3
annual percentage changes													
2009	-1.8	-1.8	-1.9	-2.2	-5.0	-6.4	-1.6	-0.7	0.4	-3.6	-2.6	1.2	1.1
2010	-0.5	-0.5	-0.7	-1.1	-2.8	-3.9	-0.7	-1.3	-0.8	-0.4	1.7	1.0	0.9
2011	0.3	0.5	-0.9	-2.2	0.3	-3.9	0.6	1.8	-0.2	3.0	2.6	0.1	0.2
2011 Q3	0.3	0.6	-1.1	-1.9	0.7	-4.3	0.9	2.1	-0.2	1.4	2.0	0.1	0.4
Q4	-0.1	0.1	-1.2	-2.4	0.2	-5.0	0.2	2.3	0.0	3.8	1.9	-0.1	-0.1
2012 Q1	-0.5	-0.3	-1.1	-1.2	-0.5	-5.1	-0.2	1.7	-0.5	0.8	0.3	-0.1	0.4
Q2	-0.6	-0.6	-0.9	-0.8	-1.0	-5.3	-0.6	1.8	-1.0	1.4	0.2	-0.2	0.6
quarter-on-quarter percentage changes													
2011 Q3	-0.1	-0.1	-0.5	-0.5	0.1	-1.5	-0.1	-0.1	-0.1	-0.5	-0.1	0.0	0.2
Q4	-0.3	-0.2	-0.3	-0.9	-0.3	-1.8	-0.4	0.6	0.0	2.4	0.3	-0.2	0.2
2012 Q1	-0.3	-0.4	0.4	0.0	-0.4	-1.5	-0.3	0.7	0.0	-1.2	-0.6	-0.1	0.6
Q2	0.0	0.1	-0.5	0.5	-0.5	-0.6	0.2	0.6	-0.9	0.7	0.7	0.1	-0.4
Hours worked													
levels (millions)													
2011	232,845	187,593	45,252	10,502	36,933	17,639	60,710	6,504	6,480	2,042	27,742	49,096	15,198
percentage of total hours worked													
2011	100.0	80.6	19.4	4.5	15.9	7.6	26.1	2.8	2.8	0.9	11.9	21.1	6.5
annual percentage changes													
2009	-3.2	-3.6	-1.7	-2.0	-9.0	-7.3	-2.5	-1.1	-1.0	-3.8	-3.7	0.9	-0.3
2010	0.0	0.1	-0.4	-0.5	-0.3	-3.9	-0.3	-0.7	-0.3	0.6	2.4	1.1	0.6
2011	0.2	0.5	-1.1	-2.1	0.9	-4.1	0.3	1.8	-0.1	3.5	2.7	0.1	-0.1
2011 Q3	0.2	0.5	-1.1	-2.7	0.8	-4.5	0.9	2.3	0.0	2.6	2.1	-0.1	0.1
Q4	-0.1	0.2	-1.3	-2.2	0.0	-5.5	0.1	2.4	0.2	3.3	2.2	0.1	0.0
2012 Q1	-0.7	-0.6	-1.4	-2.4	-0.2	-6.0	-0.7	1.5	-0.9	-0.7	-0.1	0.2	0.1
Q2	-0.8	-0.8	-0.9	-1.2	-0.5	-6.7	-0.8	1.9	-1.7	0.9	-0.1	0.3	0.3
quarter-on-quarter percentage changes													
2011 Q3	0.0	0.0	-0.2	-0.5	0.3	-1.5	0.1	0.2	0.2	0.2	-0.1	0.0	0.7
Q4	-0.4	-0.4	-0.3	-0.3	-0.4	-2.7	-0.7	0.6	-0.2	1.0	0.4	0.1	0.0
2012 Q1	-0.1	-0.1	-0.1	-0.3	0.2	-0.5	-0.4	0.8	-0.2	-1.4	-0.6	0.3	0.7
Q2	-0.3	-0.4	-0.2	-0.2	-0.6	-2.2	0.1	0.3	-1.5	1.1	0.2	-0.2	-1.1
Hours worked per person employed													
levels (thousands)													
2011	1,583	1,489	2,150	2,075	1,591	1,773	1,682	1,610	1,583	1,555	1,533	1,427	1,410
annual percentage changes													
2009	-1.4	-1.8	0.2	0.1	-4.1	-0.9	-0.9	-0.5	-1.4	-0.1	-1.1	-0.3	-1.3
2010	0.6	0.6	0.3	0.5	2.6	0.0	0.4	0.6	0.5	1.0	0.7	0.1	-0.3
2011	-0.1	0.0	-0.2	0.1	0.6	-0.2	-0.3	0.0	0.1	0.5	0.1	0.0	-0.4
2011 Q3	-0.1	-0.1	0.0	-0.8	0.1	-0.2	-0.1	0.3	0.2	1.2	0.1	-0.2	-0.2
Q4	-0.1	0.0	-0.1	0.2	-0.2	-0.5	-0.1	0.1	0.2	-0.4	0.3	0.3	0.1
2012 Q1	-0.3	-0.2	-0.3	-1.3	0.3	-1.0	-0.4	-0.3	-0.4	-1.5	-0.4	0.4	-0.3
Q2	-0.2	-0.2	0.0	-0.4	0.5	-1.4	-0.2	0.2	-0.8	-0.5	-0.3	0.4	-0.3
quarter-on-quarter percentage changes													
2011 Q3	-1.2	-0.9	-1.7	-0.2	-1.6	-1.1	-1.5	0.2	-0.7	1.1	-1.9	-0.9	-0.4
Q4	2.8	3.1	1.3	-2.1	3.8	0.1	2.6	3.0	3.5	0.2	5.6	3.2	1.8
2012 Q1	1.0	1.2	-1.0	-2.2	1.3	0.2	0.6	1.8	2.3	1.1	-0.1	2.6	0.7
Q2	-2.8	-3.6	1.1	4.4	-3.2	-0.9	-2.1	-4.9	-5.4	-2.3	-4.0	-4.6	-1.9

Source: ECB calculations based on Eurostat data.

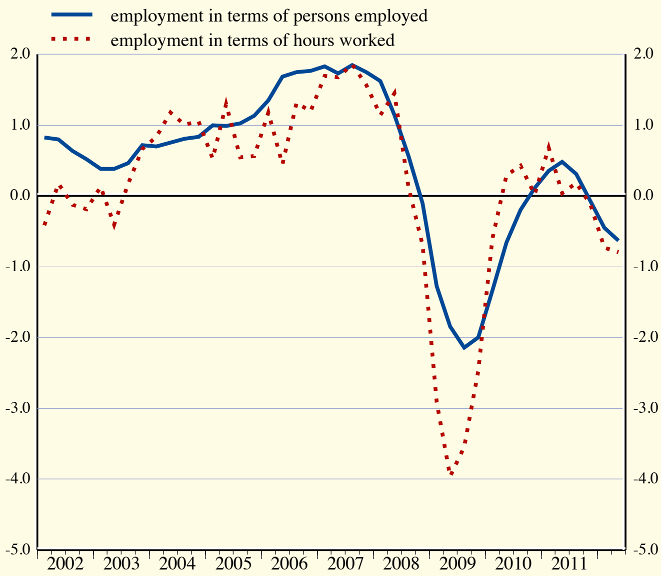
1) Data for employment are based on the ESA 95.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

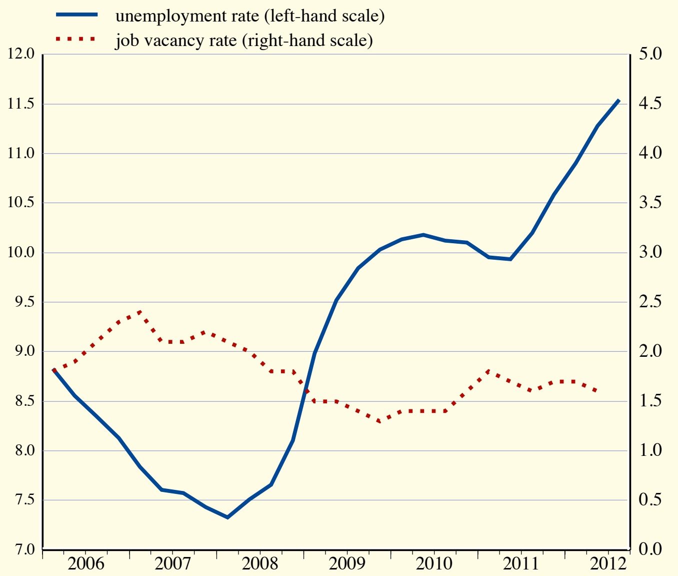
2. Unemployment and job vacancies 1)

	Unemployment										Job vacancy rate 2)
	Total		By age 3)				By gender 4)				
			Adult		Youth		Male		Female		
	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.4		20.6		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2008	11.972	7.6	9.293	6.6	2.679	16.0	6.045	7.0	5.927	8.5	1.9
2009	15.058	9.6	11.767	8.4	3.291	20.3	8.148	9.4	6.909	9.8	1.4
2010	15.933	10.1	12.655	8.9	3.278	20.9	8.601	10.0	7.332	10.3	1.5
2011	16.044	10.2	12.833	9.0	3.211	20.9	8.556	9.9	7.488	10.5	1.7
2011 Q3	16.111	10.2	12.888	9.0	3.222	20.9	8.583	9.9	7.528	10.5	1.6
Q4	16.756	10.6	13.458	9.4	3.298	21.5	8.965	10.4	7.790	10.8	1.7
2012 Q1	17.280	10.9	13.915	9.7	3.366	22.2	9.237	10.7	8.044	11.2	1.7
Q2	17.929	11.3	14.490	10.1	3.439	22.7	9.636	11.1	8.292	11.5	1.6
Q3	18.395	11.5	14.874	10.3	3.521	23.4	9.883	11.4	8.512	11.7	.
2012 May	17.921	11.3	14.478	10.1	3.443	22.7	9.636	11.1	8.284	11.4	-
June	18.136	11.4	14.682	10.2	3.455	22.9	9.748	11.2	8.388	11.6	-
July	18.280	11.5	14.785	10.3	3.495	23.2	9.796	11.3	8.485	11.7	-
Aug.	18.375	11.5	14.868	10.3	3.508	23.3	9.865	11.4	8.510	11.7	-
Sep.	18.530	11.6	14.969	10.4	3.560	23.6	9.988	11.5	8.542	11.7	-
Oct.	18.703	11.7	15.094	10.4	3.609	23.9	10.081	11.6	8.622	11.8	-

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



C29 Unemployment and job vacancy 2) rates



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

6 GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area − revenue

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

2. Euro area − expenditure

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

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

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

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

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

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

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

6.2 Debt 1)

(as a percentage of GDP)

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors 2)				Other creditors 3)
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2002	68.0	2.7	11.9	4.6	48.9	40.8	19.6	10.8	10.5	27.2
2003	69.2	2.1	12.5	5.1	49.6	40.1	19.8	11.3	9.1	29.1
2004	69.6	2.2	12.1	4.8	50.5	38.7	18.9	11.1	8.7	30.9
2005	70.5	2.4	12.3	4.5	51.3	36.7	18.2	11.2	7.3	33.8
2006	68.7	2.5	11.9	4.0	50.3	34.6	18.4	9.2	7.0	34.1
2007	66.4	2.2	11.3	3.9	48.9	32.6	17.0	8.5	7.1	33.8
2008	70.2	2.3	11.6	6.5	49.8	33.3	17.8	7.9	7.6	36.9
2009	80.0	2.5	12.7	8.3	56.5	37.3	20.6	9.2	7.4	42.7
2010	85.4	2.4	15.4	7.3	60.2	40.4	22.7	10.5	7.2	45.0
2011	87.3	2.4	15.5	7.4	62.1	42.7	23.9	10.9	7.8	44.7

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

	Total	Issued by: 4)				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
								Variable interest rate					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2002	68.0	56.3	6.2	4.7	0.8	7.6	60.4	5.3	15.5	25.3	27.2	66.9	1.1
2003	69.2	56.7	6.5	5.0	1.0	7.8	61.4	5.1	14.9	26.0	28.3	68.3	0.9
2004	69.6	56.6	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.6	1.0
2005	70.5	57.2	6.7	5.2	1.4	7.8	62.8	4.6	14.8	25.8	29.9	69.4	1.1
2006	68.7	55.4	6.5	5.3	1.4	7.3	61.4	4.4	14.3	24.2	30.1	67.9	0.7
2007	66.4	53.5	6.3	5.3	1.4	7.1	59.2	4.3	14.5	23.6	28.2	65.8	0.5
2008	70.2	56.9	6.7	5.3	1.3	10.0	60.2	5.0	17.7	23.5	29.1	69.3	0.9
2009	80.0	64.8	7.7	5.8	1.7	12.1	67.9	5.0	19.5	27.3	33.2	78.9	1.1
2010	85.4	69.2	8.3	5.9	1.9	13.0	72.4	5.2	21.2	29.3	34.9	84.2	1.1
2011	87.3	70.7	8.5	5.9	2.2	12.6	74.7	6.2	20.9	30.4	36.1	85.7	1.6

3. Euro area countries

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

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

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

6.3 Change in debt [1]
(as a percentage of GDP)

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

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement [2]	Valuation effects [3]	Other changes in volume [4]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5]	MFIs	Other financial corporations	Other creditors [6]
	1	2	3	4	5	6	7	8	9	10	11	12
2003	3.1	3.3	-0.2	0.0	-0.6	1.0	0.6	2.1	0.5	0.8	0.8	2.7
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	-0.1	0.3	3.0
2005	3.3	3.1	0.3	0.0	0.3	0.6	-0.1	2.6	-0.6	0.0	0.5	4.0
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.5	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.3	-0.4	-0.3	1.5
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.5	1.1	-0.4	3.9
2009	7.2	7.4	-0.2	0.0	0.1	0.7	1.6	4.9	2.8	2.2	1.0	4.5
2010	7.6	7.7	-0.1	0.0	0.0	3.1	-0.7	5.2	4.2	2.7	1.5	3.4
2011	4.2	4.0	0.2	0.0	0.0	0.4	0.2	3.5	3.3	1.8	0.7	0.9

2. Euro area – deficit-debt adjustment

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

Source: ECB.

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

6.4 Quarterly revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2006 Q2	45.6	45.1	12.5	13.1	15.1	2.2	1.4	0.5	0.3	41.0
Q3	43.6	43.1	11.8	12.4	15.1	2.3	0.8	0.5	0.3	39.5
Q4	49.1	48.5	14.4	14.1	15.8	2.5	0.9	0.6	0.3	44.5
2007 Q1	42.2	41.8	10.4	12.8	14.8	2.1	0.9	0.4	0.3	38.3
Q2	45.8	45.4	13.1	13.0	15.0	2.2	1.4	0.4	0.3	41.3
Q3	43.6	43.1	12.3	12.3	14.7	2.3	0.7	0.5	0.3	39.6
Q4	49.3	48.8	14.8	13.8	15.7	2.6	1.0	0.6	0.3	44.6
2008 Q1	42.3	42.0	10.8	12.3	14.8	2.1	1.1	0.3	0.2	38.2
Q2	45.2	44.9	12.9	12.4	15.1	2.2	1.5	0.4	0.3	40.6
Q3	43.4	43.1	12.2	12.0	15.0	2.3	0.8	0.4	0.3	39.5
Q4	49.0	48.4	13.9	13.4	16.4	2.7	1.1	0.5	0.3	44.0
2009 Q1	42.4	42.3	10.4	12.0	15.6	2.3	1.1	0.1	0.2	38.3
Q2	45.3	44.7	11.8	12.5	15.7	2.4	1.4	0.6	0.5	40.5
Q3	42.9	42.6	11.0	12.0	15.5	2.5	0.7	0.3	0.3	38.8
Q4	48.8	47.9	13.0	13.6	16.4	2.8	1.0	0.8	0.5	43.5
2010 Q1	42.1	41.9	10.1	12.1	15.5	2.3	0.9	0.2	0.3	38.0
Q2	45.0	44.5	11.8	12.6	15.4	2.5	1.3	0.4	0.3	40.2
Q3	43.1	42.7	10.9	12.5	15.2	2.5	0.7	0.3	0.3	38.9
Q4	48.7	47.9	13.2	13.5	16.4	2.9	1.0	0.7	0.3	43.3
2011 Q1	42.8	42.6	10.6	12.4	15.3	2.4	1.0	0.3	0.3	38.6
Q2	45.2	44.8	12.0	12.6	15.4	2.5	1.5	0.3	0.3	40.3
Q3	43.8	43.5	11.4	12.5	15.3	2.6	0.8	0.3	0.3	39.6
Q4	49.4	48.4	13.3	13.4	16.7	2.9	1.0	1.0	0.4	43.9
2012 Q1	43.1	42.9	10.9	12.5	15.3	2.4	1.0	0.1	0.2	38.9
Q2	46.1	45.7	12.5	12.8	15.6	2.5	1.3	0.4	0.4	41.3

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006 Q2	45.7	42.3	10.4	4.7	3.1	24.1	21.1	1.1	3.4	2.5	1.0	-0.1	3.0
Q3	45.4	41.8	9.8	4.8	2.9	24.3	20.9	1.2	3.6	2.6	1.0	-1.8	1.2
Q4	49.6	44.7	10.8	6.1	2.7	25.0	21.3	1.3	4.9	2.7	2.2	-0.4	2.3
2007 Q1	44.8	41.3	9.9	4.3	2.9	24.1	20.7	1.1	3.5	2.3	1.2	-2.6	0.3
Q2	44.9	41.5	10.1	4.6	3.2	23.6	20.6	1.1	3.4	2.5	0.9	0.9	4.1
Q3	44.7	41.1	9.6	4.8	2.9	23.8	20.5	1.1	3.6	2.6	0.9	-1.1	1.8
Q4	49.3	44.8	10.8	6.1	2.8	25.0	21.2	1.5	4.5	2.8	1.7	0.0	2.9
2008 Q1	45.3	41.8	9.9	4.4	3.1	24.4	20.8	1.2	3.6	2.3	1.2	-3.1	0.0
Q2	45.9	42.3	10.3	4.8	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.6	2.7
Q3	45.8	42.2	9.8	5.0	3.0	24.3	21.2	1.1	3.7	2.7	1.0	-2.4	0.6
Q4	51.4	46.8	11.2	6.5	2.8	26.2	22.2	1.4	4.6	2.9	1.7	-2.4	0.4
2009 Q1	49.3	45.5	10.7	4.9	2.9	27.0	22.9	1.3	3.8	2.6	1.2	-7.0	-4.0
Q2	50.6	46.4	11.1	5.4	3.0	26.9	23.3	1.3	4.2	2.8	1.3	-5.3	-2.3
Q3	50.2	46.1	10.5	5.6	2.9	27.1	23.5	1.3	4.1	2.8	1.1	-7.3	-4.4
Q4	54.6	49.7	11.8	6.9	2.6	28.4	24.0	1.5	4.9	3.0	1.9	-5.9	-3.3
2010 Q1	50.3	46.4	10.8	4.9	2.8	27.9	23.6	1.4	3.9	2.3	1.5	-8.2	-5.4
Q2	49.4	45.9	11.0	5.3	3.0	26.7	23.2	1.3	3.5	2.5	1.1	-4.5	-1.5
Q3	50.5	45.3	10.2	5.5	2.8	26.8	23.1	1.3	5.2	2.6	2.6	-7.5	-4.7
Q4	53.5	48.7	11.4	6.8	2.8	27.7	23.6	1.5	4.7	2.7	2.0	-4.8	-2.0
2011 Q1	48.5	45.4	10.5	4.8	3.0	27.2	23.1	1.3	3.1	2.1	0.9	-5.7	-2.7
Q2	48.4	45.2	10.6	5.1	3.2	26.2	22.9	1.2	3.2	2.3	0.9	-3.3	-0.1
Q3	48.3	44.9	10.1	5.4	3.0	26.4	23.0	1.2	3.5	2.3	1.1	-4.5	-1.5
Q4	52.6	48.7	11.3	6.7	3.0	27.7	23.6	1.5	3.9	2.5	1.7	-3.2	-0.2
2012 Q1	48.3	45.7	10.3	4.7	3.2	27.4	23.3	1.2	2.6	1.9	0.7	-5.2	-2.0
Q2	48.9	45.7	10.6	5.2	3.2	26.7	23.3	1.2	3.3	2.1	1.1	-2.9	0.3

Sources: ECB calculations based on Eurostat and national data.

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

2) The fiscal burden comprises taxes and social contributions.

6.5 Quarterly debt and change in debt [1]
(as a percentage of GDP)

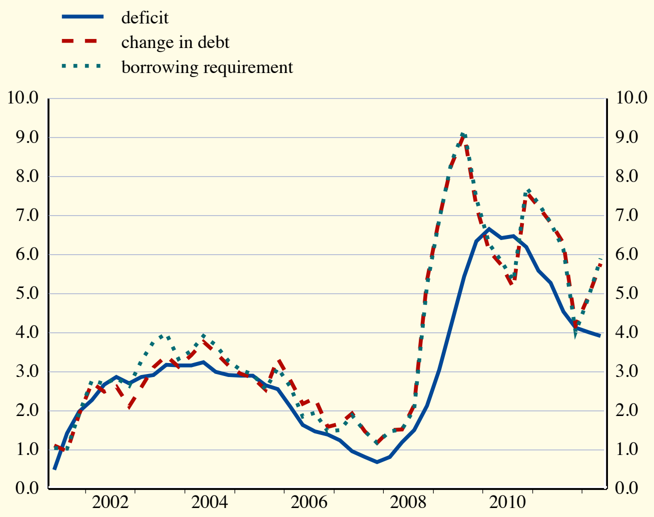
1. Euro area − Maastricht debt by financial instrument

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2009 Q3	79.1	2.4	12.5	9.0	55.3
Q4	80.0	2.5	12.7	8.3	56.5
2010 Q1	81.6	2.4	12.9	8.2	58.2
Q2	82.9	2.4	13.5	7.8	59.2
Q3	82.9	2.4	13.4	7.9	59.2
Q4	85.4	2.4	15.4	7.3	60.2
2011 Q1	86.2	2.4	15.2	7.4	61.2
Q2	87.1	2.4	15.0	7.5	62.2
Q3	86.8	2.4	15.2	7.8	61.4
Q4	87.3	2.4	15.5	7.4	62.1
2012 Q1	89.4	2.5	17.0	7.6	62.3
Q2	91.6	2.5	18.4	7.3	63.4

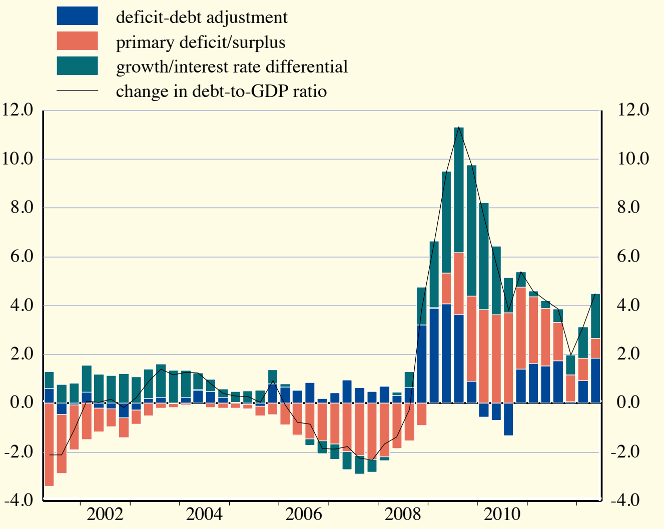
2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2009 Q3	5.0	-7.3	-2.2	-2.8	-3.1	0.6	-0.1	-0.2	0.2	0.4	4.8
Q4	2.2	-5.9	-3.7	-2.7	-2.9	-0.1	0.1	0.2	-0.2	-0.8	2.4
2010 Q1	8.1	-8.2	-0.1	0.7	0.8	-0.1	-0.3	0.3	-0.4	-0.5	8.5
Q2	7.7	-4.5	3.2	3.3	2.0	1.1	-0.2	0.4	-0.1	0.0	7.8
Q3	2.8	-7.5	-4.7	-2.9	-2.3	-0.6	0.0	0.0	0.0	-1.8	2.8
Q4	11.7	-4.8	6.9	5.7	-0.3	1.6	4.7	-0.3	0.0	1.2	11.7
2011 Q1	6.6	-5.7	1.0	0.8	2.0	-0.7	-0.3	-0.1	-0.2	0.4	6.8
Q2	6.0	-3.3	2.8	2.6	2.8	0.6	-0.4	-0.5	0.2	0.0	5.8
Q3	0.7	-4.5	-3.7	-3.7	-3.7	-0.4	0.1	0.3	0.6	-0.7	0.1
Q4	3.4	-3.2	0.2	-0.5	-0.3	-0.2	-0.1	0.1	0.1	0.7	3.3
2012 Q1	9.7	-5.2	4.5	5.2	4.0	1.5	-0.3	0.1	-0.8	0.0	10.4
Q2	9.3	-2.9	6.4	5.3	1.5	2.4	0.3	1.1	-0.5	1.7	9.8

C30 Deficit, borrowing requirement and change in debt
(four-quarter moving sum as a percentage of GDP)



C31 Maastricht debt
(annual change in the debt-to-GDP ratio and underlying factors)



Sources: ECB calculations based on Eurostat and national data.
1) Intergovernmental lending in the context of the financial crisis is consolidated.

EXTERNAL TRANSACTIONS AND POSITIONS

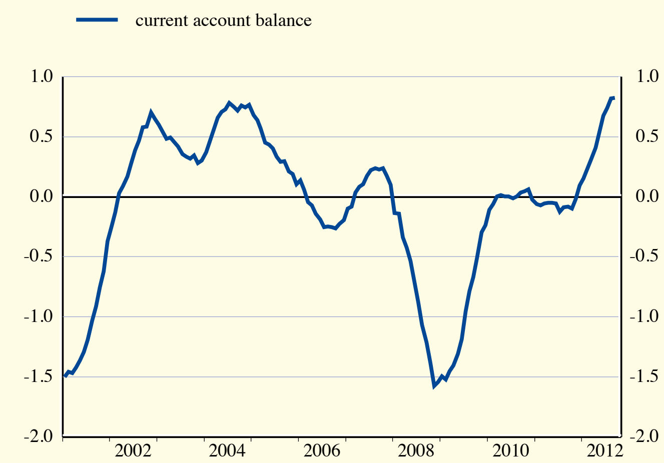
7.1 Summary balance of payments [1]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	-13.3	30.7	44.9	9.0	-97.8	8.3	-5.0	15.1	-67.0	247.3	19.0	-188.7	4.6	-10.1
2010	3.1	18.2	54.3	40.4	-109.8	7.8	10.9	5.5	-95.0	124.1	17.8	-30.8	-10.5	-16.4
2011	12.5	9.2	67.2	43.0	-106.9	11.5	23.9	-45.3	-154.8	274.0	-4.9	-149.5	-10.2	21.4
2011 Q3	6.5	3.6	21.0	12.4	-30.4	2.0	8.5	-11.1	-38.9	39.6	-10.7	-4.8	3.7	2.6
Q4	36.6	15.8	18.7	22.2	-20.0	6.1	42.7	-42.2	-35.7	-34.0	-10.9	45.1	-6.7	-0.5
2012 Q1	-4.6	6.3	15.3	13.0	-39.2	2.0	-2.6	3.6	-3.5	-71.0	-6.7	86.9	-2.1	-1.0
Q2	16.5	25.7	24.7	-8.8	-25.1	0.8	17.3	-24.3	-9.7	85.7	-9.6	-81.7	-9.0	7.0
Q3	26.1	21.3	24.8	9.5	-29.5	2.9	29.1	-24.1	-28.2	40.6	-5.2	-31.3	-0.1	-4.9
2011 Sep.	2.3	3.3	7.6	2.0	-10.6	-0.1	2.3	2.4	-9.5	24.8	-5.9	-8.5	1.6	-4.7
Oct.	4.0	0.9	5.8	7.1	-9.9	1.8	5.8	1.2	3.9	-15.2	-2.0	15.6	-1.1	-7.0
Nov.	9.3	5.9	5.0	5.9	-7.5	2.6	11.9	-21.8	-50.5	33.0	-3.8	-0.3	-0.2	10.0
Dec.	23.4	9.0	7.9	9.1	-2.6	1.7	25.1	-21.6	10.9	-51.8	-5.1	29.7	-5.4	-3.4
2012 Jan.	-11.7	-7.6	3.2	2.4	-9.7	0.3	-11.3	19.2	0.3	-39.4	-6.2	65.6	-1.1	-7.9
Feb.	-3.5	3.2	5.0	5.7	-17.4	1.8	-1.8	6.5	5.7	12.1	4.4	-14.1	-1.6	-4.7
Mar.	10.6	10.7	7.1	4.9	-12.1	-0.1	10.5	-22.1	-9.4	-43.7	-4.9	35.4	0.7	11.6
Apr.	2.9	5.3	6.6	0.0	-9.1	0.1	2.9	-4.1	-0.8	0.1	0.4	-1.0	-3.0	1.2
May	-4.6	6.1	8.3	-10.7	-8.3	1.3	-3.4	1.2	10.1	23.9	-7.2	-24.2	-1.5	2.2
June	18.2	14.3	9.8	1.9	-7.7	-0.5	17.7	-21.3	-19.1	61.6	-2.9	-56.5	-4.5	3.6
July	14.3	11.1	8.1	2.4	-7.4	0.2	14.5	-7.3	-7.2	25.4	-2.3	-23.7	0.5	-7.2
Aug.	8.4	4.1	8.5	6.4	-10.7	1.3	9.7	-9.7	-12.1	9.9	-0.2	-5.7	-1.6	0.0
Sep.	3.5	6.1	8.2	0.6	-11.4	1.4	4.9	-7.1	-8.9	5.3	-2.6	-1.8	1.0	2.2
	12-month cumulated transactions													
2012 Sep.	74.6	69.1	83.5	35.8	-113.8	11.8	86.4	-87.1	-77.1	21.3	-32.4	19.0	-17.9	0.6
	12-month cumulated transactions as a percentage of GDP													
2012 Sep.	0.8	0.7	0.9	0.4	-1.2	0.1	0.9	-0.9	-0.8	0.2	-0.3	0.2	-0.2	0.0

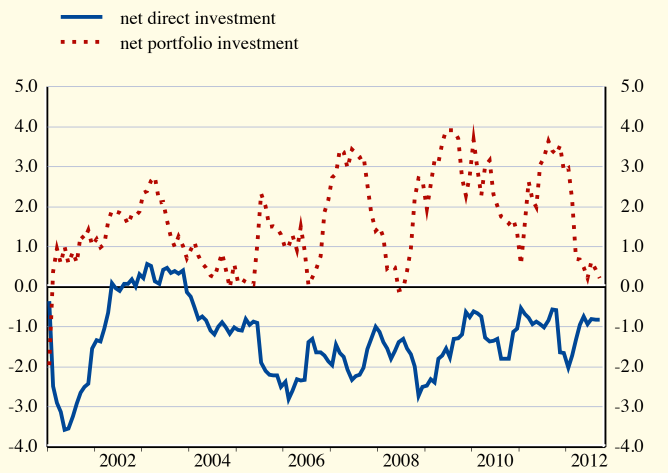
C32 Euro area b.o.p.: current account

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



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

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



Source: ECB.

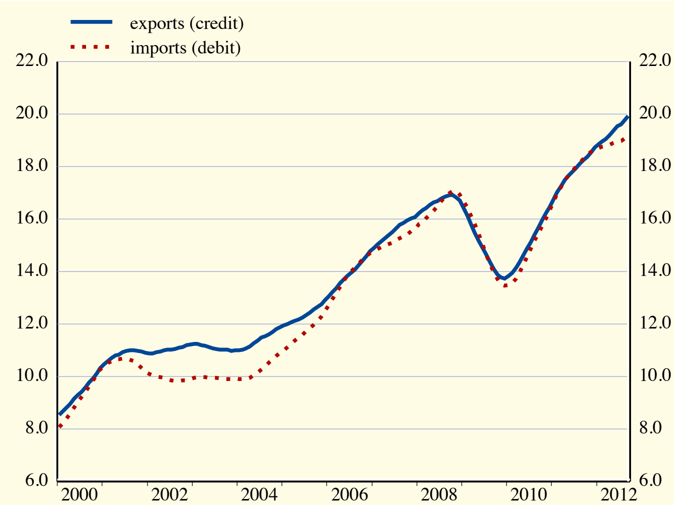
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

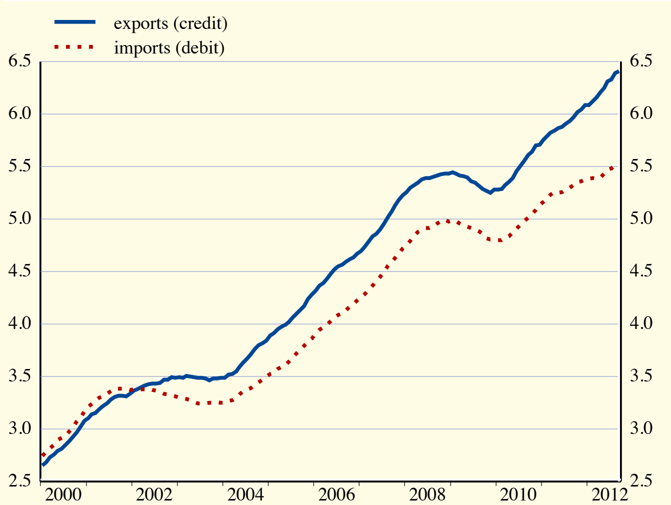
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	2,330.1	2,343.4	-13.3	1,302.6	1,272.0	499.9	455.0	434.3	425.3	93.3	6.4	191.1	27.2	19.5	11.2
2010	2,693.5	2,690.4	3.1	1,566.8	1,548.6	541.7	487.4	498.0	457.6	87.0	6.3	196.8	27.1	20.3	12.5
2011	2,975.0	2,962.5	12.5	1,775.5	1,766.2	576.6	509.4	528.4	485.4	94.5	6.6	201.4	27.8	25.0	13.5
2011 Q3	744.5	738.0	6.5	445.1	441.5	154.1	133.1	128.4	116.0	17.0	1.8	47.4	7.0	5.0	3.0
Q4	785.2	748.6	36.6	463.6	447.8	151.6	133.0	137.6	115.5	32.4	1.6	52.4	7.0	11.3	5.2
2012 Q1	751.3	755.9	-4.6	464.0	457.7	137.1	121.9	124.3	111.3	25.8	1.5	65.0	6.3	4.8	2.8
Q2	789.5	773.1	16.5	478.5	452.9	154.8	130.1	135.1	143.8	21.1	1.6	46.3	6.6	5.0	4.2
Q3	783.3	757.2	26.1	478.5	457.2	163.5	138.7	124.5	115.0	16.8	.	46.3	.	6.2	3.2
2012 July	265.8	251.5	14.3	163.5	152.4	55.1	47.0	41.1	38.7	6.0	.	13.4	.	1.0	0.8
Aug.	257.4	249.1	8.4	155.4	151.2	55.7	47.2	40.9	34.5	5.4	.	16.1	.	2.8	1.5
Sep.	260.1	256.6	3.5	159.6	153.5	52.7	44.5	42.5	41.9	5.4	.	16.8	.	2.3	0.9
	Seasonally adjusted														
2012 Q1	769.7	748.1	21.6	467.2	447.4	148.8	127.0	129.3	121.1	24.4	.	52.5	.	.	.
Q2	788.5	760.4	28.1	479.8	454.4	154.8	132.9	129.3	121.2	24.5	.	51.9	.	.	.
Q3	790.5	775.2	15.3	483.5	467.1	154.5	134.1	128.4	122.3	24.1	.	51.7	.	.	.
2012 July	255.7	252.1	3.6	154.9	151.4	50.1	44.2	42.4	39.8	8.3	.	16.6	.	.	.
Aug.	268.6	257.7	10.9	164.5	156.0	53.1	45.0	43.0	39.4	8.0	.	17.2	.	.	.
Sep.	266.2	265.4	0.8	164.1	159.6	51.3	44.9	43.1	43.0	7.8	.	17.9	.	.	.
	12-month cumulated transactions														
2012 Sep.	3,112.4	3,034.5	77.8	1,887.0	1,816.0	606.8	523.6	521.3	487.0	97.2	.	207.9	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2012 Sep.	32.9	32.1	0.8	19.9	19.2	6.4	5.5	5.5	5.1	1.0	.	2.2	.	.	.

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



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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2009	22.5	12.0	411.8	413.3	163.6	25.9	100.4	12.4	23.7	24.8	24.5	77.2	100.9	121.5	99.1	89.4
2010	25.1	11.9	472.9	445.7	242.0	51.4	150.2	41.5	22.2	22.6	28.6	83.9	102.2	124.6	77.8	64.3
2011	26.7	12.4	501.7	473.0	252.7	42.0	154.2	56.8	24.7	22.6	35.1	95.6	102.6	133.3	86.7	67.4
2011 Q2	6.6	3.3	130.9	142.9	67.2	12.7	41.7	11.5	5.3	5.3	12.0	46.5	25.7	32.6	20.7	16.8
Q3	6.6	3.7	121.8	112.3	58.5	1.5	38.1	19.8	6.5	5.4	8.8	18.5	25.9	33.5	22.1	16.8
Q4	6.9	3.2	130.7	112.3	68.0	13.9	37.4	1.9	7.2	7.1	7.0	16.4	25.4	34.3	23.1	17.2
2012 Q1	6.8	2.3	117.5	109.0	56.6	25.0	36.4	18.4	5.9	5.4	8.8	16.9	24.3	33.6	21.9	16.7
Q2	6.9	3.4	128.2	140.4	60.1	1.9	44.1	8.5	6.4	5.9	15.5	45.1	24.6	30.1	21.5	15.3

3. Geographical breakdown
(cumulated transactions)

2011 Q3 to 2012 Q2	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	3,070.6	985.4	53.8	92.2	468.0	308.8	62.5	61.9	48.9	157.1	40.5	69.0	114.5	242.6	407.0	943.7
Goods	1,851.2	577.9	34.5	58.4	240.9	243.9	0.2	32.2	21.9	120.9	30.2	42.6	86.0	131.5	216.4	591.6
Services	597.6	182.4	11.9	16.6	114.0	33.3	6.6	9.8	10.2	20.6	7.1	14.5	19.1	60.6	91.3	181.9
Income	525.4	161.7	6.5	15.2	101.9	28.7	9.4	19.4	16.1	14.9	2.9	10.9	8.9	41.6	92.3	156.8
Investment income	498.2	154.5	5.8	15.0	100.4	28.2	5.1	19.4	15.9	14.8	2.9	10.9	8.9	27.4	90.5	153.1
Current transfers	96.3	63.4	0.9	2.0	11.2	3.0	46.4	0.4	0.7	0.7	0.3	0.9	0.5	8.9	7.0	13.5
Capital account	26.1	21.5	0.0	0.0	0.8	0.3	20.3	0.0	0.0	0.0	0.0	0.0	0.1	0.7	0.3	3.4
	Debits															
Current account	3,015.5	956.4	50.0	91.8	423.3	279.0	112.2	40.7	31.7	-	35.9	105.8	151.1	206.9	397.2	-
Goods	1,799.9	500.5	30.6	51.0	193.4	225.5	0.0	31.1	15.0	208.1	26.7	50.9	135.9	104.4	148.1	579.2
Services	518.0	151.2	9.0	13.8	89.2	38.8	0.3	6.1	7.2	14.9	7.1	10.1	10.3	45.2	108.1	158.0
Income	486.6	177.3	9.4	25.2	128.2	9.6	4.9	2.1	7.5	-	1.2	44.2	4.2	48.1	134.7	-
Investment income	474.0	170.9	9.3	25.1	126.6	5.1	4.9	2.0	7.3	-	0.9	44.0	4.1	47.5	133.6	-
Current transfers	211.0	127.4	1.1	1.8	12.5	5.1	107.0	1.4	1.9	4.3	0.9	0.7	0.7	9.2	6.3	58.2
Capital account	15.3	2.0	0.3	0.1	1.1	0.4	0.2	0.2	0.1	0.3	0.2	0.1	0.0	0.4	4.1	7.9
	Net															
Current account	55.0	29.0	3.7	0.4	44.7	29.8	-49.6	21.2	17.2	-	4.6	-36.8	-36.6	35.7	9.8	-
Goods	51.4	77.4	3.9	7.4	47.5	18.4	0.2	1.2	6.8	-87.2	3.5	-8.3	-49.8	27.1	68.4	12.4
Services	79.6	31.3	2.9	2.8	24.8	-5.5	6.3	3.8	3.0	5.7	0.0	4.5	8.8	15.4	-16.8	23.9
Income	38.8	-15.7	-2.8	-10.0	-26.4	19.0	4.5	17.3	8.6	-	1.7	-33.3	4.7	-6.5	-42.5	-
Investment income	24.2	-16.5	-3.5	-10.1	-26.2	23.1	0.2	17.4	8.6	-	2.0	-33.1	4.8	-20.1	-43.1	-
Current transfers	-114.7	-63.9	-0.2	0.3	-1.3	-2.1	-60.6	-1.1	-1.2	-3.6	-0.7	0.2	-0.2	-0.3	0.7	-44.7
Capital account	10.9	19.5	-0.3	0.0	-0.2	-0.1	20.1	-0.2	0.0	-0.3	-0.2	0.0	0.1	0.4	-3.8	-4.6

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2008	13,235.0	14,838.0	-1,603.0	143.2	160.6	-17.3	3,915.8	3,260.1	3,827.2	5,966.9	-0.5	5,118.2	5,611.1	374.2
2009	13,739.1	15,225.6	-1,486.4	154.0	170.6	-16.7	4,412.8	3,532.5	4,340.9	6,863.8	-1.3	4,527.2	4,829.3	459.6
2010	15,216.8	16,479.1	-1,262.3	165.8	179.6	-13.8	4,946.7	3,908.6	4,907.3	7,470.9	-32.6	4,807.6	5,099.5	587.8
2011 Q4	15,843.5	17,158.4	-1,314.9	168.2	182.1	-14.0	5,564.7	4,392.0	4,762.6	7,636.5	-24.3	4,877.2	5,129.9	663.4
2012 Q1	16,165.3	17,177.2	-1,012.0	170.9	181.6	-10.7	5,626.2	4,144.7	5,044.6	7,808.3	-24.1	4,847.3	5,224.3	671.2
Q2	16,483.4	17,319.4	-836.0	174.2	183.0	-8.8	5,723.5	4,224.5	5,044.6	7,818.0	-19.8	5,033.6	5,276.8	701.5
	Changes to outstanding amounts													
2008	-757.8	-428.8	-329.0	-8.2	-4.6	-3.6	189.2	38.2	-803.9	-571.2	28.4	-198.5	104.2	27.0
2009	504.2	387.6	116.6	5.7	4.3	1.3	497.0	272.5	513.7	896.9	-0.9	-591.0	-781.8	85.4
2010	1,477.7	1,253.5	224.2	16.1	13.7	2.4	533.9	376.1	566.4	607.1	-31.2	280.4	270.2	128.2
2011	626.7	679.3	-52.6	6.7	7.2	-0.6	618.0	483.3	-144.7	165.6	8.3	69.6	30.4	75.6
2012 Q1	321.8	18.9	302.9	13.8	0.8	13.0	61.6	-247.3	282.0	171.8	0.2	-29.9	94.3	7.8
Q2	318.1	142.2	176.0	13.4	6.0	7.4	97.3	79.8	0.0	9.8	4.3	186.3	52.6	30.3
	Transactions													
2008	421.0	540.3	-119.3	4.6	5.8	-1.3	338.3	107.4	4.7	252.7	84.6	-10.0	180.1	3.4
2009	-89.7	-74.6	-15.1	-1.0	-0.8	-0.2	352.9	285.9	96.0	343.4	-19.0	-515.0	-703.8	-4.6
2010	652.9	658.4	-5.5	7.1	7.2	-0.1	356.7	261.7	135.9	260.1	-17.8	167.5	136.7	10.5
2011	535.3	490.0	45.3	5.7	5.2	0.5	408.0	253.1	-51.9	222.1	4.9	164.2	14.7	10.2
2012 Q1	300.6	304.2	-3.6	12.9	13.1	-0.2	75.6	72.1	125.6	54.6	6.7	90.6	177.5	2.1
Q2	73.4	49.1	24.3	3.1	2.1	1.0	62.1	52.4	-60.0	25.7	9.6	52.7	-29.0	9.0
Q3	60.6	36.5	24.1	.	.	.	52.9	24.7	30.9	71.5	5.2	-28.4	-59.7	0.1
2012 May	110.1	111.3	-1.2	.	.	.	13.0	23.1	-2.5	21.3	7.2	91.0	66.8	1.5
June	-50.3	-71.7	21.3	.	.	.	22.6	3.5	-38.5	23.1	2.9	-41.8	-98.3	4.5
July	34.7	27.4	7.3	.	.	.	6.5	-0.6	-13.7	11.7	2.3	40.0	16.3	-0.5
Aug.	0.6	-9.1	9.7	.	.	.	26.5	14.3	19.5	29.5	0.2	-47.1	-52.9	1.6
Sep.	25.2	18.1	7.1	.	.	.	19.9	11.0	25.0	30.3	2.6	-21.3	-23.1	-1.0
	Other changes													
2008	-1,172.8	-967.6	-205.2	-12.7	-10.5	-2.2	-149.2	-69.3	-808.6	-823.0	-56.2	-182.5	-75.2	23.7
2009	583.3	456.2	127.1	6.5	5.1	1.4	144.1	-13.4	417.6	547.6	18.2	-86.6	-78.1	90.0
2010	824.8	595.1	229.7	9.0	6.5	2.5	177.2	114.4	430.5	347.1	-13.4	112.9	133.6	117.7
2011	91.4	189.4	-97.9	1.0	2.0	-1.0	210.0	230.2	-92.8	-56.5	3.4	-94.6	15.7	65.4
	Other changes due to exchange rate changes													
2008	-49.8	28.2	-77.9	-0.5	0.3	-0.8	-25.0	-33.8	6.6	41.9	.	-40.7	20.1	9.3
2009	-49.2	-56.0	6.8	-0.6	-0.6	0.1	-5.3	5.6	-29.8	-34.4	.	-11.5	-27.2	-2.7
2010	535.4	323.1	212.3	5.8	3.5	2.3	166.0	59.5	180.0	103.1	.	176.3	160.6	13.0
2011	134.4	164.2	-29.8	1.4	1.7	-0.3	16.9	11.6	41.5	63.0	.	68.3	89.7	7.7
	Other changes due to price changes													
2008	-1,002.7	-975.6	-27.1	-10.8	-10.6	-0.3	-159.2	-60.7	-809.5	-915.0	-56.0	.	.	22.0
2009	634.8	493.1	141.7	7.1	5.5	1.6	147.4	29.4	423.5	463.8	18.2	.	.	45.8
2010	327.4	156.5	170.9	3.6	1.7	1.9	52.6	2.4	186.1	154.1	-13.3	.	.	102.0
2011	84.1	-252.7	336.8	0.9	-2.7	3.6	-20.3	0.0	39.9	-252.7	3.7	.	.	60.7
	Other changes due to other adjustments													
2008	-118.7	-26.2	-92.5	-1.3	-0.3	-1.0	36.7	27.3	-6.0	42.3	.	-141.8	-95.9	-7.7
2009	-2.3	19.1	-21.4	0.0	0.2	-0.2	2.0	-48.3	24.0	118.3	.	-75.1	-50.8	46.9
2010	-37.9	115.4	-153.3	-0.4	1.3	-1.7	-41.5	52.5	64.3	89.9	.	-63.5	-27.0	2.7
2011	-126.8	277.9	-404.7	-1.3	2.9	-4.3	213.4	218.6	-174.2	133.2	.	-162.9	-74.0	-3.0
	Growth rates of outstanding amounts													
2008	3.0	3.5	-	.	.	.	9.2	3.3	-0.2	4.0	.	-0.2	3.3	1.0
2009	-0.7	-0.5	-	.	.	.	8.9	8.8	2.4	5.6	.	-10.0	-12.5	-1.3
2010	4.6	4.2	-	.	.	.	7.8	7.2	3.0	3.7	.	3.7	2.8	2.0
2011	3.6	3.0	-	.	.	.	8.3	6.7	-1.2	3.0	.	3.5	0.3	1.6
2012 Q1	3.7	3.2	-	.	.	.	6.8	5.6	1.0	1.6	.	3.5	4.0	-0.1
Q2	2.9	2.2	-	.	.	.	6.6	6.4	-1.1	-0.5	.	2.4	3.2	2.1
Q3	2.2	1.6	.	.	.	.	5.9	5.8	1.0	0.9	.	-1.0	-0.7	2.7

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

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

2. Direct investment

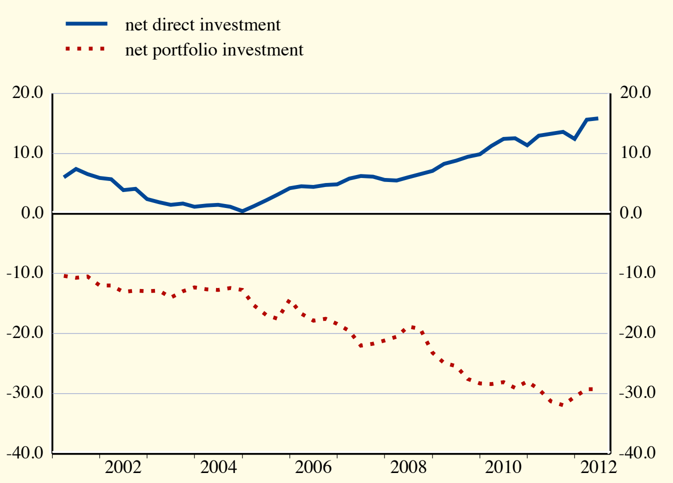
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2010	4,946.7	3,825.3	275.3	3,550.0	1,121.4	17.0	1,104.4	3,908.6	2,940.6	90.4	2,850.3	968.0	14.7	953.2
2011	5,564.7	4,230.1	287.6	3,942.5	1,334.6	13.5	1,321.0	4,392.0	3,337.2	92.6	3,244.6	1,054.7	11.2	1,043.5
2012 Q1	5,626.2	4,297.5	283.5	4,014.0	1,328.8	13.7	1,315.0	4,144.7	3,376.5	92.2	3,284.3	768.2	9.9	758.3
Q2	5,723.5	4,363.8	286.2	4,077.6	1,359.8	13.2	1,346.6	4,224.5	3,435.5	95.4	3,340.0	789.1	10.2	778.9
	Transactions													
2009	352.9	268.2	24.6	243.6	84.7	2.6	82.1	285.9	275.1	5.4	269.7	10.8	-0.6	11.4
2010	356.7	225.9	16.3	209.5	130.9	1.6	129.3	261.7	284.1	6.4	277.7	-22.4	-7.7	-14.7
2011	408.0	352.1	18.4	333.7	55.8	-3.5	59.3	253.1	283.3	3.2	280.1	-30.2	-0.9	-29.3
2012 Q1	75.6	67.1	-2.4	69.5	8.4	1.0	7.4	72.1	63.9	2.0	61.8	8.2	-0.6	8.9
Q2	62.1	50.6	-2.4	53.0	11.5	-0.4	11.8	52.4	46.0	0.6	45.4	6.4	0.1	6.3
Q3	52.9	41.0	4.2	36.8	11.9	-0.1	12.0	24.7	35.8	1.2	34.7	-11.2	2.2	-13.4
2012 May	13.0	13.6	-0.3	13.9	-0.6	-0.2	-0.4	23.1	23.0	0.3	22.7	0.2	0.1	0.0
June	22.6	25.6	-0.9	26.5	-3.0	-0.4	-2.6	3.5	8.8	0.4	8.5	-5.3	-0.5	-4.8
July	6.5	14.7	2.1	12.6	-8.2	-0.1	-8.1	-0.6	12.0	0.7	11.3	-12.6	0.9	-13.6
Aug.	26.5	22.3	1.5	20.8	4.2	0.0	4.2	14.3	15.7	0.1	15.6	-1.3	0.2	-1.6
Sep.	19.9	4.1	0.6	3.5	15.8	0.0	15.9	11.0	8.2	0.4	7.8	2.8	1.0	1.8
	Growth rates													
2010	7.8	6.3	6.8	6.2	13.2	10.6	13.3	7.2	10.6	8.0	10.7	-2.4	-37.9	-1.6
2011	8.3	9.3	6.8	9.5	5.0	-21.5	5.4	6.7	9.7	3.5	9.9	-3.9	-7.9	-3.8
2012 Q1	6.8	7.7	3.4	8.0	3.9	-15.5	4.2	5.6	8.1	6.1	8.2	-3.5	-17.0	-3.3
Q2	6.6	7.6	-1.0	8.3	3.2	-2.9	3.3	6.4	8.2	5.1	8.3	-0.3	-6.2	-0.3
Q3	5.9	7.1	-0.8	7.7	2.0	8.5	2.0	5.8	7.1	5.2	7.2	0.7	21.0	0.4

C36 Euro area international investment position

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

C37 Euro area direct and portfolio investment position

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



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2010	4,907.3	1,907.7	81.2	3.6	1,826.5	47.6	2,579.3	807.6	15.6	1,771.7	74.5	420.3	316.3	41.7	104.0	0.2
2011	4,762.6	1,703.4	62.5	3.1	1,640.8	39.6	2,592.9	725.7	16.0	1,867.2	94.2	466.3	300.6	57.5	165.7	0.5
2012 Q1	5,044.6	1,844.0	68.6	3.3	1,775.4	39.2	2,688.8	709.3	15.6	1,979.5	97.7	511.8	331.3	48.5	180.5	0.3
Q2	5,044.6	1,813.2	62.6	2.8	1,750.6	39.5	2,735.7	683.3	15.3	2,052.4	99.7	495.7	319.9	52.3	175.8	0.6
	Transactions															
2009	96.0	51.0	-0.8	0.0	51.8	2.5	38.4	-93.6	-3.8	132.0	17.5	6.7	12.3	-12.9	-5.6	0.9
2010	135.9	77.5	4.1	-0.2	73.3	1.7	104.5	-126.2	-0.8	230.8	51.5	-46.1	-64.9	-11.7	18.8	-1.9
2011	-51.9	-71.0	-15.7	-0.2	-55.2	-7.3	-11.5	-55.0	0.3	43.5	-3.0	30.6	24.3	10.5	6.4	0.2
2012 Q1	125.6	21.2	4.0	0.0	17.2	-1.8	59.0	-7.9	-0.6	66.9	-0.6	45.4	27.0	-4.2	18.5	-0.1
Q2	-60.0	-26.1	-7.4	0.0	-18.6	0.0	-7.3	-28.8	-0.3	21.6	-2.8	-26.6	-22.6	-1.8	-4.0	0.2
Q3	30.9	7.3	1.2	0.0	6.2	.	19.5	-13.0	3.9	32.5	.	4.0	0.7	-1.3	3.3	.
2012 May	-2.5	-10.2	-1.7	0.0	-8.5	.	8.0	-2.0	0.0	9.9	.	-0.3	0.8	1.9	-1.1	.
June	-38.5	-17.4	-4.9	0.0	-12.5	.	-3.4	-7.7	-0.2	4.3	.	-17.7	-13.4	-6.8	-4.3	.
July	-13.7	-3.6	-0.3	0.0	-3.3	.	-1.6	-13.4	1.2	11.8	.	-8.5	-8.1	-5.1	-0.5	.
Aug.	19.5	2.0	1.9	0.0	0.1	.	14.9	0.3	1.8	14.6	.	2.6	2.9	2.2	-0.3	.
Sep.	25.0	8.9	-0.4	0.0	9.3	.	6.2	0.1	0.9	6.1	.	9.9	5.9	1.5	4.0	.
	Growth rates															
2010	3.0	4.9	5.6	-5.1	4.8	4.8	4.2	-13.6	-4.9	14.8	124.1	-10.3	-17.9	-25.4	22.4	-91.7
2011	-1.2	-4.1	-20.3	-6.0	-3.4	-15.9	-0.5	-7.0	2.2	2.5	-3.1	7.4	8.0	26.6	6.1	120.7
2012 Q1	1.0	-2.7	-16.1	-5.1	-2.0	-16.2	1.6	-6.6	-11.2	5.2	-3.6	11.9	11.2	12.9	13.5	-64.1
Q2	-1.1	-5.5	-28.7	-6.2	-4.4	-11.4	0.3	-9.9	-15.2	4.4	-5.1	8.8	6.6	-2.9	12.5	34.3
Q3	1.0	-2.1	-16.5	-5.9	-1.5	.	1.6	-9.7	7.0	6.1	.	9.9	8.5	-12.1	11.1	.

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2010	7,470.9	3,175.5	665.8	2,509.7	3,841.4	1,189.9	2,651.5	1,648.3	454.0	69.5	384.6	347.4
2011	7,636.5	3,050.8	556.9	2,493.8	4,142.3	1,273.5	2,868.7	1,772.1	443.5	87.2	356.2	316.5
2012 Q1	7,808.3	3,239.1	554.2	2,684.9	4,110.8	1,224.7	2,886.1	1,794.9	458.4	86.8	371.6	331.7
Q2	7,818.0	3,202.2	546.7	2,655.5	4,166.3	1,235.4	2,930.9	1,823.7	449.5	92.5	357.0	304.2
	Transactions											
2009	343.4	87.6	15.5	72.0	143.0	-10.0	153.0	109.4	112.8	-11.1	123.9	145.5
2010	260.1	125.9	-13.8	139.7	177.8	61.8	116.0	187.2	-43.6	14.7	-58.4	-37.7
2011	222.1	99.7	20.4	79.3	166.2	80.1	86.1	87.2	-43.8	2.7	-46.5	-34.7
2012 Q1	54.6	39.8	8.3	31.5	5.2	-17.0	22.2	15.3	9.6	4.4	5.2	6.3
Q2	25.7	2.2	-11.5	13.7	35.6	-12.1	47.7	38.7	-12.1	9.3	-21.4	-32.1
Q3	71.5	18.2	2.5	15.7	87.3	13.0	74.3	.	-34.1	-20.1	-14.0	.
2012 May	21.3	4.9	5.9	-1.0	18.7	-17.6	36.3	.	-2.3	4.3	-6.6	.
June	23.1	7.5	-12.6	20.1	30.0	-6.3	36.3	.	-14.4	9.7	-24.1	.
July	11.7	-8.2	-6.1	-2.0	2.0	0.8	1.2	.	17.9	2.2	15.6	.
Aug.	29.5	17.1	9.9	7.3	43.0	12.9	30.1	.	-30.7	-14.7	-16.0	.
Sep.	30.3	9.3	-1.2	10.5	42.2	-0.7	42.9	.	-21.2	-7.6	-13.7	.
	Growth rates											
2010	3.7	4.4	-2.1	6.4	4.9	5.4	4.7	12.4	-8.7	17.9	-13.1	-9.5
2011	3.0	3.2	3.2	3.1	4.5	7.1	3.3	5.4	-8.4	6.7	-11.4	-10.2
2012 Q1	1.6	1.4	3.9	0.6	3.7	2.1	4.4	4.3	-11.6	-15.7	-10.9	-12.1
Q2	-0.5	1.5	2.3	1.1	0.4	-3.1	1.9	1.3	-17.8	-18.8	-17.9	-20.9
Q3	0.9	2.4	4.6	1.6	2.4	-3.4	5.0	.	-19.3	-9.6	-21.7	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2010	4,807.6	32.9	32.2	0.7	2,972.0	2,932.7	39.4	161.9	7.6	115.4	19.8	1,640.7	213.3	1,279.5	441.6
2011	4,877.2	35.7	35.4	0.3	3,067.6	3,006.6	61.0	162.8	6.7	116.4	30.2	1,611.1	228.4	1,215.1	507.8
2012 Q1	4,847.3	36.7	36.4	0.3	3,046.9	2,991.0	55.9	152.2	6.6	104.2	24.6	1,611.5	265.9	1,166.5	460.8
Q2	5,033.6	35.0	34.7	0.3	3,144.6	3,073.1	71.5	160.2	6.6	111.1	30.0	1,693.8	275.9	1,234.3	483.9
	Transactions														
2009	-515.0	-0.1	-0.1	0.0	-420.4	-399.9	-20.5	11.8	-0.4	10.4	0.2	-106.3	7.4	-108.5	-20.2
2010	167.5	-2.9	-2.8	0.0	9.7	0.9	8.8	41.7	-0.3	41.3	4.9	119.0	8.7	86.5	52.4
2011	164.2	-2.7	-2.8	0.1	49.7	20.3	29.4	1.2	-0.2	0.7	10.3	116.0	8.1	82.6	49.3
2012 Q1	90.6	1.2	1.2	0.0	33.4	38.3	-4.9	-10.3	-0.2	-10.0	-5.7	66.2	15.4	32.6	33.0
Q2	52.7	-2.4	-2.4	0.0	1.1	-13.4	14.5	6.4	0.0	6.3	5.4	47.5	5.3	45.3	17.9
Q3	-28.4	6.3	.	.	-46.1	.	.	-8.1	.	.	-5.4	19.4	.	.	23.3
2012 May	91.0	0.6	.	.	56.5	.	.	5.0	.	.	3.8	28.9	.	.	15.9
June	-41.8	-4.7	.	.	-59.5	.	.	0.7	.	.	1.0	21.8	.	.	3.1
July	40.0	5.1	.	.	20.0	.	.	-0.1	.	.	1.6	15.0	.	.	13.7
Aug.	-47.1	-0.2	.	.	-29.9	.	.	-1.5	.	.	-1.2	-15.5	.	.	-3.4
Sep.	-21.3	1.5	.	.	-36.1	.	.	-6.5	.	.	-5.8	19.9	.	.	13.0
	Growth rates														
2010	3.7	-12.7	-12.5	-9.9	0.4	0.1	23.4	34.0	-3.1	54.0	32.8	7.7	4.2	7.2	12.7
2011	3.5	-5.4	-5.5	40.4	1.8	0.8	75.3	0.9	-3.2	1.0	51.5	7.3	3.8	6.7	11.4
2012 Q1	3.5	-11.8	-12.1	43.2	0.8	0.2	33.8	0.2	-4.0	0.5	56.2	9.4	7.9	8.6	15.9
Q2	2.4	-27.0	-27.3	40.1	-1.1	-2.0	47.9	4.9	-3.9	7.7	64.1	10.0	10.3	9.7	12.1
Q3	-1.0	-7.8	.	.	-5.2	.	.	3.7	.	.	44.4	7.0	.	.	12.5

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2010	5,099.5	269.1	266.1	3.0	3,491.0	3,445.0	46.0	148.0	0.0	141.8	6.2	1,191.5	202.7	842.1	146.7
2011	5,129.9	408.9	406.1	2.8	3,208.3	3,140.6	67.6	223.9	0.1	217.1	6.8	1,288.8	224.0	871.7	193.2
2012 Q1	5,224.3	334.2	331.3	2.9	3,365.1	3,301.7	63.5	230.3	0.1	223.9	6.3	1,294.6	233.7	854.4	206.6
Q2	5,276.8	415.0	413.4	1.6	3,316.1	3,236.9	79.2	238.0	0.1	231.8	6.1	1,307.8	234.7	848.9	224.1
	Transactions														
2009	-703.8	-233.0	-233.2	0.2	-352.8	-341.6	-11.2	17.2	0.0	17.2	0.0	-135.2	0.3	-118.9	-16.6
2010	136.7	8.9	6.3	2.6	-9.3	-15.2	5.9	65.6	0.0	65.1	0.5	71.4	15.9	29.3	26.2
2011	14.7	134.6	134.8	-0.2	-288.9	-327.6	38.7	74.1	0.0	74.0	0.0	94.9	10.4	65.7	18.8
2012 Q1	177.5	-71.5	-71.7	0.1	187.1	190.5	-3.5	7.3	0.0	7.3	0.0	54.6	7.4	22.2	25.1
Q2	-29.0	73.7	74.9	-1.3	-119.9	-133.1	13.2	6.8	0.0	6.9	-0.1	10.4	0.8	15.8	-6.2
Q3	-59.7	23.6	.	.	-93.6	.	.	-5.5	.	.	.	15.9	.	.	.
2012 May	66.8	40.0	.	.	3.6	.	.	2.9	.	.	.	20.3	.	.	.
June	-98.3	32.6	.	.	-124.8	.	.	-2.2	.	.	.	-3.9	.	.	.
July	16.3	27.7	.	.	-27.1	.	.	1.4	.	.	.	14.3	.	.	.
Aug.	-52.9	0.7	.	.	-38.8	.	.	-2.5	.	.	.	-12.2	.	.	.
Sep.	-23.1	-4.8	.	.	-27.8	.	.	-4.5	.	.	.	13.9	.	.	.
	Growth rates														
2010	2.8	3.5	2.4	.	-0.2	-0.4	15.5	79.9	.	84.9	5.8	6.2	8.8	3.4	17.8
2011	0.3	50.6	51.2	.	-8.3	-9.6	89.7	50.4	.	52.6	0.2	8.1	5.2	7.9	12.9
2012 Q1	4.0	20.0	19.1	.	-1.1	-1.9	45.9	30.5	.	30.9	16.6	10.8	7.0	10.9	12.8
Q2	3.2	42.6	43.4	.	-4.2	-5.3	72.5	25.0	.	25.6	6.0	10.9	6.9	11.8	10.2
Q3	-0.7	36.1	.	.	-7.5	.	.	8.5	.	.	.	7.0	.	.	.

Source: ECB.

7. Reserve assets [1)]

	Reserve assets: Total	Monetary gold: In EUR billions	Monetary gold: In fine troy ounces (millions)	SDR holdings	Reserve position in the IMF	Foreign exchange: Total	Currency and deposits: With monetary authorities and the BIS	Currency and deposits: With banks	Securities: Total	Securities: Equity	Securities: Bonds and notes	Securities: Money market instruments	Financial derivatives	Other claims	Memo items: Other foreign currency assets	Memo items: Pre-determined short-term net drains on foreign currency	Memo items: SDR allo-cations
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.1	129.5	0.6	111.3	17.6	0.0	0.0	262.8	-245.7	5.5
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.0	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011 Q4	667.1	422.1	346.846	54.0	30.2	160.9	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012 Q1	671.2	431.7	346.847	52.5	30.9	155.8	4.5	7.6	143.5	0.7	129.6	13.2	0.1	0.3	55.2	-42.7	54.7
Q2	701.5	440.3	346.825	54.3	33.4	173.0	5.1	8.6	159.7	0.6	137.4	21.7	-0.4	0.4	51.5	-41.9	56.9
2012 Sep.	733.8	476.4	346.827	53.8	34.2	168.9	5.4	8.2	155.2	-	-	-	0.2	0.5	39.9	-39.5	56.2
Oct.	715.8	458.7	346.693	53.9	33.6	169.0	6.8	8.8	153.1	-	-	-	0.3	0.6	37.5	-39.0	55.9
	Transactions																
2009	-4.6	-2.0	-	0.5	3.4	-6.5	3.1	-1.2	-9.6	0.0	-14.2	4.6	1.2	0.0	-	-	-
2010	10.5	0.0	-	-0.1	4.9	5.6	-5.4	6.6	4.3	0.0	10.6	-6.3	0.0	0.0	-	-	-
2011	10.2	0.1	-	-1.6	12.9	-1.2	-2.3	-8.3	9.3	0.1	15.9	-6.8	0.0	0.0	-	-	-
2012 Q1	2.1	0.0	-	-0.3	1.3	0.7	-0.1	-0.3	0.9	-0.1	-1.1	2.1	0.2	0.3	-	-	-
Q2	9.0	0.0	-	-0.3	1.3	7.8	0.8	0.7	6.3	-0.1	-0.3	6.7	0.0	0.2	-	-	-
Q3	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2008	1.0	-1.3	-	-2.5	105.5	1.7	67.8	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009	-1.3	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010	2.0	0.0	-	-0.1	46.7	3.7	-43.3	75.9	3.6	-5.2	10.3	-24.5	-	-	-	-	-
2011	1.6	0.0	-	-3.0	82.3	-1.2	-30.0	-52.6	6.9	27.4	14.3	-45.2	-	-	-	-	-
2012 Q1	-0.1	0.0	-	-1.2	34.5	-4.7	-13.7	-61.7	3.7	-7.7	9.4	-38.2	-	-	-	-	-
Q2	2.1	0.0	-	-1.4	34.2	3.7	10.9	-40.6	7.6	-20.6	8.8	-7.9	-	-	-	-	-
Q3	2.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Gross external debt

	Total	By instrument: Loans, currency and deposits	By instrument: Money market instruments	By instrument: Bonds and notes	By instrument: Trade credits	By instrument: Other debt liabilities	By instrument: Direct investment: inter-company lending	By sector (excluding direct investment): General government	By sector: Eurosystem	By sector: MFIs (excluding Eurosystem)	By sector: Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2008	10,795.4	5,215.1	399.2	3,375.1	184.1	211.9	1,409.9	1,738.9	482.7	5,006.5	2,157.3
2009	10,332.9	4,467.5	525.7	3,523.2	176.9	184.9	1,454.8	1,966.1	251.9	4,579.8	2,080.3
2010	10,850.0	4,694.9	454.0	3,841.4	202.7	201.9	1,455.1	2,143.7	269.1	4,750.4	2,231.8
2011 Q4	11,029.9	4,635.5	443.5	4,142.3	224.0	270.4	1,314.3	2,312.6	408.9	4,569.0	2,425.2
2012 Q1	11,097.9	4,711.3	458.4	4,110.8	233.7	279.2	1,304.5	2,356.9	334.2	4,676.6	2,425.6
Q2	11,242.5	4,731.0	449.5	4,166.3	234.8	311.0	1,349.9	2,365.9	415.0	4,644.0	2,467.8
	Outstanding amounts as a percentage of GDP										
2008	116.9	56.5	4.3	36.5	2.0	2.3	15.3	18.8	5.2	54.2	23.4
2009	115.8	50.1	5.9	39.5	2.0	2.1	16.3	22.0	2.8	51.3	23.3
2010	118.3	51.2	5.0	41.9	2.2	2.2	15.9	23.4	2.9	51.8	24.3
2011 Q4	117.1	49.2	4.7	44.0	2.4	2.9	14.0	24.6	4.3	48.5	25.8
2012 Q1	117.5	49.9	4.9	43.5	2.5	3.0	13.8	25.0	3.5	49.5	25.7
Q2	118.8	50.0	4.8	44.0	2.5	3.3	14.3	25.0	4.4	49.1	26.1

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

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

9. Geographical breakdown

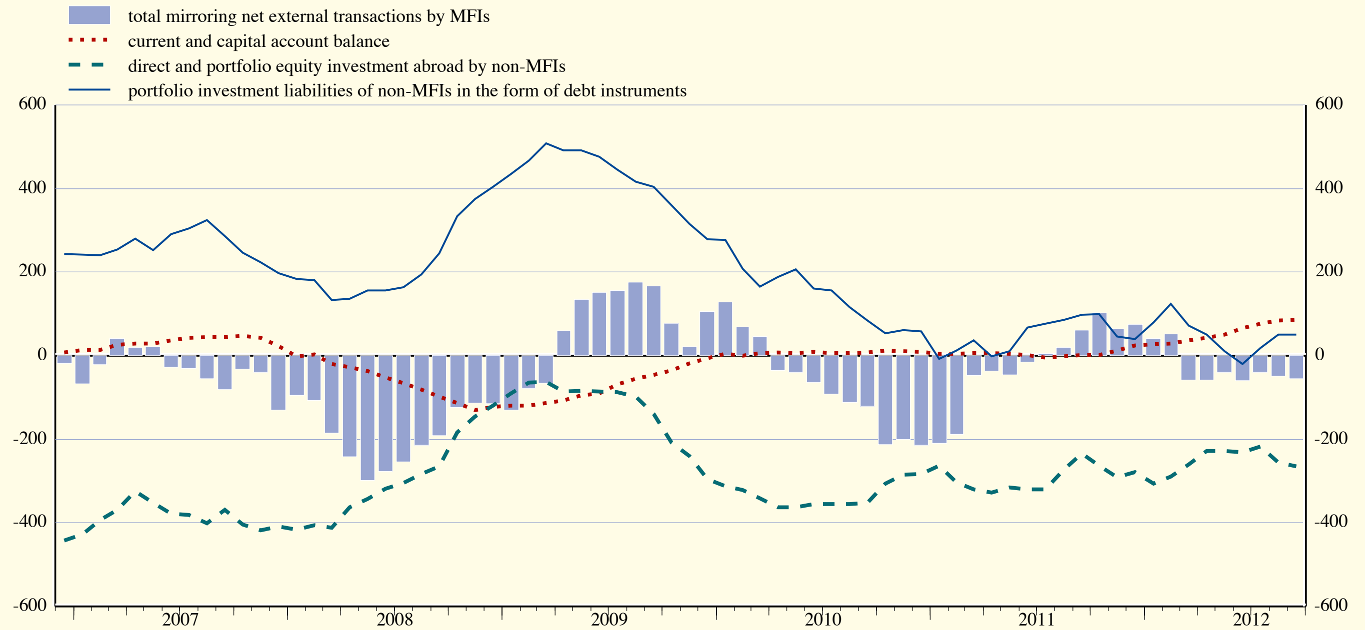
	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2011	Outstanding amounts (international investment position)														
Direct investment	1,172.7	260.7	-10.6	-13.0	11.4	274.1	-1.3	84.4	73.2	-22.1	125.2	40.0	-146.5	-0.3	758.2
Abroad	5,564.7	1,541.1	28.7	142.2	1,049.2	321.1	0.0	183.8	85.1	74.5	526.0	1,082.9	487.1	0.0	1,584.3
Equity/reinvested earnings	4,230.1	1,128.4	23.9	78.5	776.0	249.9	0.0	146.2	68.4	53.7	394.6	743.1	402.2	0.0	1,293.5
Other capital	1,334.6	412.8	4.7	63.7	273.2	71.1	0.0	37.5	16.6	20.8	131.4	339.8	84.9	0.0	290.7
In the euro area	4,392.0	1,280.4	39.2	155.2	1,037.8	47.0	1.3	99.4	11.9	96.6	400.8	1,042.9	633.5	0.4	826.0
Equity/reinvested earnings	3,337.2	1,052.4	26.1	142.6	855.5	27.0	1.2	83.4	6.3	76.9	236.0	789.1	370.2	0.1	722.7
Other capital	1,054.7	228.0	13.2	12.6	182.2	20.0	0.0	16.0	5.6	19.7	164.8	253.8	263.3	0.3	103.3
Portfolio investment assets	4,762.6	1,536.9	84.5	199.5	1,005.5	99.4	148.0	100.7	52.5	208.0	124.3	1,557.1	384.9	35.2	763.0
Equity	1,703.4	341.8	10.9	41.6	275.9	13.2	0.1	39.1	48.7	90.4	102.0	553.1	215.8	1.4	311.0
Debt instruments	3,059.2	1,195.1	73.6	157.9	729.6	86.2	147.9	61.6	3.9	117.6	22.2	1,004.0	169.1	33.8	452.0
Bonds and notes	2,592.9	1,050.8	68.5	124.8	629.5	83.8	144.2	56.8	2.7	46.3	15.4	828.0	155.1	32.7	405.1
Money market instruments	466.3	144.3	5.1	33.0	100.1	2.4	3.7	4.8	1.2	71.3	6.9	175.9	13.9	1.0	46.9
Other investment	-252.8	-287.0	45.5	-30.0	-154.0	72.1	-220.6	-10.1	-13.5	10.9	-75.1	63.8	82.8	-71.6	47.1
Assets	4,877.2	2,159.9	92.3	91.0	1,777.6	182.7	16.3	26.8	46.1	99.5	257.4	763.5	589.1	36.7	898.2
General government	162.8	63.9	1.5	4.1	44.3	1.3	12.7	1.8	3.2	2.3	1.0	8.5	2.4	30.4	49.3
MFIs	3,103.3	1,497.4	71.9	49.7	1,225.7	147.2	2.9	14.7	20.9	80.2	130.1	473.3	439.6	5.7	441.4
Other sectors	1,611.1	598.7	19.0	37.2	507.7	34.2	0.7	10.2	22.0	17.0	126.3	281.6	147.1	0.6	407.5
Liabilities	5,129.9	2,446.9	46.8	121.0	1,931.6	110.6	236.9	36.8	59.6	88.6	332.5	699.7	506.3	108.3	851.1
General government	223.9	118.2	0.1	0.4	53.5	0.1	64.1	0.1	0.1	0.1	1.2	33.2	1.4	66.6	3.1
MFIs	3,617.1	1,757.9	36.4	84.8	1,436.3	85.5	115.0	24.8	30.8	61.4	256.7	416.0	414.0	38.8	616.7
Other sectors	1,288.8	570.8	10.3	35.8	441.8	25.0	57.8	11.9	28.8	27.0	74.6	250.4	91.0	3.0	231.4
2011 Q3 to 2012 Q2	Cumulated transactions														
Direct investment	87.8	87.4	-0.1	0.2	68.3	19.0	0.0	19.8	10.9	-5.1	-24.8	-67.0	-10.1	0.0	76.7
Abroad	342.7	138.7	2.4	3.8	111.3	21.2	0.0	19.9	14.5	-1.4	1.9	48.6	12.5	0.0	108.0
Equity/reinvested earnings	303.2	123.8	2.3	0.5	105.9	15.1	0.0	21.9	9.0	-3.1	8.6	46.2	13.7	0.0	83.0
Other capital	39.5	14.9	0.0	3.3	5.4	6.1	0.0	-2.0	5.5	1.8	-6.7	2.3	-1.2	0.0	24.9
In the euro area	254.9	51.3	2.5	3.6	43.0	2.2	0.0	0.1	3.6	3.7	26.6	115.5	22.6	0.0	31.3
Equity/reinvested earnings	255.3	51.7	1.1	3.8	41.9	4.9	0.0	10.5	1.4	4.7	7.1	114.2	31.9	0.0	33.9
Other capital	-0.5	-0.3	1.5	-0.2	1.1	-2.7	0.0	-10.3	2.2	-1.0	19.5	1.3	-9.3	0.0	-2.6
Portfolio investment assets	-53.6	5.5	4.5	18.3	-40.7	-1.0	24.5	-3.0	-0.9	-14.8	-1.9	-25.8	-39.7	-0.5	27.6
Equity	-99.2	-11.3	1.6	0.8	-12.8	-1.2	0.2	2.3	-1.7	-8.4	-1.9	-52.0	-18.2	0.0	-8.0
Debt instruments	45.6	16.8	2.8	17.5	-28.0	0.1	24.3	-5.3	0.8	-6.4	0.0	26.2	-21.5	-0.5	35.6
Bonds and notes	8.1	-10.4	5.1	8.1	-46.7	1.3	21.8	-3.7	0.3	-6.1	1.0	14.0	-20.3	-1.1	34.5
Money market instruments	37.6	27.3	-2.3	9.4	18.7	-1.1	2.5	-1.6	0.5	-0.3	-1.0	12.2	-1.2	0.6	1.1
Other investment	-45.5	-92.2	5.8	-35.7	-22.3	-16.3	-23.7	1.6	-24.0	2.4	-59.3	130.6	51.9	-16.0	-40.5
Assets	114.3	10.6	7.8	-6.6	19.0	-12.5	3.0	1.1	12.3	-1.1	11.6	22.3	32.4	-4.2	29.2
General government	7.2	14.4	-0.1	-1.5	15.3	0.6	0.1	0.0	0.0	-0.6	0.0	-3.5	-0.5	0.2	-2.7
MFIs	-49.8	-54.0	6.6	-7.6	-38.7	-17.1	2.8	-0.9	12.1	-5.1	0.3	-3.9	21.6	-4.5	-15.4
Other sectors	156.9	50.2	1.2	2.6	42.3	4.0	0.1	1.9	0.3	4.6	11.4	29.8	11.3	0.2	47.3
Liabilities	159.8	102.9	1.9	29.2	41.3	3.8	26.7	-0.5	36.3	-3.5	70.9	-108.3	-19.5	11.8	69.7
General government	47.0	18.1	0.1	0.1	-1.5	0.0	19.4	0.0	0.0	0.0	-0.1	-6.1	-0.2	33.4	1.9
MFIs	-18.6	13.0	4.2	29.1	-26.8	4.4	2.1	-1.0	33.8	-6.2	74.7	-125.9	-29.6	-21.3	44.0
Other sectors	131.4	71.8	-2.4	0.0	69.6	-0.6	5.2	0.5	2.5	2.8	-3.7	23.6	10.4	-0.3	23.8

Source: ECB.

7.4 Monetary presentation of the balance of payments [1]
(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2009	105.7	-5.5	-325.6	280.9	-51.8	-126.4	72.1	278.0	94.5	-117.7	19.0	-11.8
2010	-213.7	9.6	-338.5	262.6	-73.2	-249.5	139.8	57.7	-159.9	136.9	17.7	-17.0
2011	74.4	23.9	-393.1	250.9	55.2	-49.9	79.3	39.6	-117.2	169.0	-4.9	21.4
2011 Q3	20.2	8.5	-79.7	42.6	45.7	-3.8	3.1	-9.3	-60.6	81.8	-10.7	2.6
Q4	-31.3	42.7	-124.2	86.0	28.1	4.9	-17.5	-63.7	6.4	17.4	-10.9	-0.5
2012 Q1	-54.3	-2.6	-76.9	70.7	-17.2	-85.4	31.5	27.3	-56.0	62.0	-6.7	-1.0
Q2	5.8	17.3	-64.9	51.7	18.6	-17.6	13.7	26.2	-54.0	17.2	-9.6	7.0
Q3	24.5	15.9	-48.8	21.3	-6.2	-35.8	2.0	60.3	-11.4	10.4	-4.8	21.7
2011 Sep.	18.1	2.3	-27.8	19.2	11.3	12.3	-14.3	28.8	-30.0	26.9	-5.9	-4.7
Oct.	-36.5	5.8	-31.9	35.7	4.8	8.4	-38.1	3.2	-33.0	17.6	-2.0	-7.0
Nov.	-38.9	11.9	-53.4	1.7	17.6	-1.1	1.4	-22.8	4.7	-5.0	-3.8	10.0
Dec.	44.1	25.1	-38.9	48.5	5.7	-2.5	19.2	-44.1	34.7	4.7	-5.1	-3.4
2012 Jan.	-49.8	-11.3	-33.3	35.7	-2.0	-23.2	-6.1	1.5	-21.4	24.4	-6.2	-7.9
Feb.	13.7	-1.8	-21.0	21.9	-5.6	-35.6	0.2	52.3	-18.7	22.3	4.4	-4.7
Mar.	-18.2	10.5	-22.6	13.1	-9.6	-26.6	37.4	-26.4	-15.9	15.2	-4.9	11.6
Apr.	-27.1	2.9	-27.4	25.3	-2.3	-8.8	-5.4	-15.6	2.4	0.1	0.4	1.2
May	18.5	-3.4	-13.5	22.7	8.5	-8.8	-1.0	29.7	-33.9	23.2	-7.2	2.2
June	14.4	17.7	-23.9	3.6	12.5	0.0	20.1	12.2	-22.4	-6.1	-2.9	3.6
July	5.8	14.5	-4.5	-2.3	3.3	-11.4	-2.0	16.9	-15.0	15.7	-2.3	-7.2
Aug.	7.7	9.6	-25.0	14.0	-0.1	-14.4	7.3	14.2	17.0	-14.7	-0.2	0.1
Sep.	11.0	4.8	-19.4	9.5	-9.3	-10.1	10.5	29.3	-13.4	9.4	-2.6	2.3
	12-month cumulated transactions											
2012 Sep.	-55.3	86.2	-314.8	229.6	23.4	-133.9	43.4	50.2	-114.9	107.0	-32.4	0.9

C38 Main b.o.p. items mirroring developments in MFI net external transactions [1]
(EUR billions; 12-month cumulated transactions)



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

7.5 Trade in goods

1. Values and volumes by product group [1]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2010	20.0	22.5	1,533.0	765.3	311.7	421.0	1,268.7	1,550.7	948.5	230.0	349.1	1,019.8	250.2
2011	13.2	12.8	1,744.1	878.2	352.7	474.2	1,426.5	1,754.0	1,123.1	239.1	366.4	1,102.3	320.5
2011 Q4	8.6	5.1	446.0	222.9	90.7	121.9	364.5	435.2	279.1	59.6	91.4	270.2	84.1
2012 Q1	8.5	4.0	463.2	232.7	94.6	126.2	376.4	452.3	290.5	61.2	91.8	274.5	88.6
Q2	8.1	1.2	466.8	230.1	96.4	129.2	382.0	445.8	284.9	61.9	90.8	274.9	88.5
Q3	7.4	0.1	473.7	232.5	96.2	132.5	386.0	446.4	281.3	61.2	92.8	272.6	.
2012 Apr.	6.0	-0.1	153.8	76.1	32.0	42.8	124.5	148.8	96.2	19.7	29.9	90.4	29.3
May	6.1	0.6	154.7	76.1	31.9	42.8	129.5	148.0	93.9	20.6	30.3	92.4	29.4
June	12.3	3.2	158.3	77.9	32.5	43.5	127.9	149.0	94.8	21.6	30.6	92.1	29.8
July	11.0	2.8	155.1	75.8	31.5	43.7	127.6	147.9	92.5	20.8	30.8	92.3	29.2
Aug.	10.1	1.9	160.2	79.1	31.7	44.7	132.2	151.3	96.0	20.7	31.0	91.5	31.5
Sep.	1.4	-4.0	158.5	77.6	33.0	44.1	126.2	147.2	92.8	19.7	31.0	88.8	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2010	14.9	10.7	137.1	132.9	138.6	144.4	133.9	121.4	113.7	132.3	143.7	128.2	104.8
2011	7.7	2.8	148.6	143.4	152.8	155.7	145.4	124.7	117.8	135.9	144.1	133.6	101.5
2011 Q3	5.7	3.0	148.2	143.1	152.6	155.3	146.5	125.3	118.5	137.7	143.2	134.4	104.7
Q4	3.5	-2.8	150.3	144.4	154.9	157.9	147.2	122.1	115.5	134.2	141.5	130.5	104.1
2012 Q1	4.4	-1.7	152.8	147.7	160.0	159.1	149.7	122.6	115.9	132.3	138.7	129.5	100.0
Q2	3.6	-3.5	153.3	145.7	161.3	162.2	151.1	120.9	113.9	133.0	137.3	129.3	101.3
2012 Mar.	0.8	-4.3	154.2	148.4	158.1	160.8	150.8	122.2	115.6	132.9	138.0	128.7	98.1
Apr.	1.9	-4.9	152.1	144.6	163.1	161.4	148.6	120.6	113.9	128.2	137.1	128.6	95.4
May	1.5	-4.6	152.1	144.4	159.2	161.1	153.4	120.7	112.7	134.3	137.8	131.4	99.4
June	7.4	-1.0	155.7	148.0	161.7	164.1	151.4	121.5	115.2	136.6	137.0	128.1	109.0
July	6.5	-1.6	151.8	144.0	156.3	162.5	150.0	121.2	113.5	131.7	135.9	128.1	110.2
Aug.	4.8	-4.6	155.5	148.3	156.7	164.8	154.6	120.7	113.6	130.7	134.7	125.8	107.7

2. Prices [2]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3]							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total					Memo item: Manufacturing	Total (index: 2005 = 100)	Total					Memo item: Manufacturing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	106.2	4.1	4.8	1.4	2.2	26.4	4.1	109.0	9.8	9.8	1.5	2.9	26.1	5.8
2011	110.5	4.0	5.8	1.4	2.2	23.3	4.0	118.8	8.9	4.7	-0.4	3.8	26.1	3.9
2012 Q1	112.9	3.0	1.7	2.0	2.5	17.5	3.0	123.0	4.7	-1.3	1.1	2.2	14.8	1.4
Q2	113.2	2.6	1.0	2.5	2.6	8.4	2.5	122.5	3.1	0.1	1.9	3.3	6.1	1.8
Q3	113.9	2.8	0.6	2.5	2.7	12.3	2.8	123.2	3.6	0.4	2.6	3.8	7.1	2.6
2012 Apr.	113.4	2.8	1.2	2.4	2.5	12.1	2.7	123.7	3.2	-1.0	1.0	2.7	8.1	1.1
May	113.3	2.6	1.0	2.5	2.7	8.8	2.5	122.7	3.6	0.5	2.1	3.2	7.3	2.2
June	113.0	2.4	0.8	2.7	2.7	4.1	2.4	121.0	2.7	0.7	2.6	3.9	2.7	2.2
July	113.5	2.5	0.4	2.8	2.7	7.0	2.5	122.5	3.0	0.4	3.2	4.4	4.2	2.6
Aug.	114.3	3.4	0.7	2.7	2.9	17.0	3.4	124.3	5.0	0.5	2.8	4.5	11.3	3.1
Sep.	113.9	2.6	0.7	2.1	2.6	13.0	2.5	122.9	2.8	0.3	1.9	2.6	5.9	2.1

Source: Eurostat.

1) Product groups as classified in the Broad Economic Categories. Unlike the product groups shown in Table 2, intermediate and consumption product groups include agricultural and energy products.

2) Product groups as classified in the Main Industrial Groupings. Unlike the product groups shown in Table 1, intermediate and consumer goods do not include energy products, and agricultural goods are not covered. Manufacturing has a different composition compared with the data shown in columns 7 and 12 of Table 1. Data shown are price indices which follow the pure price change for a basket of products and are not simple ratios of the value and volume data shown in Table 1, which are affected by changes in the composition and quality of traded goods. These indices differ from the GDP deflators for imports and exports (shown in Table 3 in Section 5.1), mainly because those deflators include all goods and services and cover cross-border trade within the euro area.

3) Industrial producer export prices refer to direct transactions between domestic producers and non-domestic customers. Contrary to the data shown for values and volumes in Table 1, exports from wholesalers and re-exports are not covered.

7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2010	1,533.0	30.2	52.6	194.8	208.3	63.0	92.8	47.4	180.6	356.5	94.8	34.6	104.0	73.4	129.4
2011	1,744.1	32.9	60.4	213.2	241.6	79.7	109.1	56.7	200.5	406.3	115.5	39.4	112.1	84.5	147.0
2011 Q2	432.0	8.2	15.5	52.5	60.8	19.7	26.1	14.3	49.1	98.6	27.4	9.5	27.3	20.7	39.3
Q3	435.8	8.3	15.7	53.6	61.3	20.6	28.9	13.6	49.3	101.6	28.9	10.1	28.2	21.5	33.2
Q4	446.0	8.3	14.3	54.1	60.2	20.9	28.2	13.6	52.0	106.2	30.5	10.5	28.7	22.2	37.3
2012 Q1	463.2	8.4	15.1	56.4	61.2	22.1	29.5	14.7	55.7	109.6	31.3	10.6	31.0	23.0	36.6
Q2	466.8	8.6	14.9	57.2	61.0	22.8	29.2	14.6	55.9	109.1	30.4	11.4	31.3	23.7	38.5
Q3	473.7	.	.	.	.	23.0	29.3	14.8	58.5	110.2	29.9	11.6	31.7	23.9	.
2012 Apr.	153.8	2.8	4.9	19.0	19.8	7.5	9.6	4.8	17.4	35.2	9.8	3.6	10.5	7.6	14.7
May	154.7	2.9	5.0	19.6	20.9	7.6	10.0	4.9	19.6	36.6	10.1	3.8	10.6	8.2	8.8
June	158.3	2.9	5.0	18.6	20.3	7.7	9.5	4.8	18.9	37.4	10.5	3.9	10.2	7.8	14.9
July	155.1	2.9	4.9	18.7	20.3	7.7	9.5	4.7	19.1	35.9	9.9	3.9	10.3	7.6	13.3
Aug.	160.2	2.9	5.2	20.2	21.2	7.8	10.1	5.2	20.0	37.6	10.1	3.9	10.4	8.4	11.2
Sep.	158.5	.	.	.	.	7.6	9.6	4.9	19.4	36.7	9.8	3.8	11.0	7.8	.
	Percentage share of total exports														
2011	100.0	1.9	3.5	12.2	13.9	4.6	6.3	3.3	11.5	23.3	6.6	2.3	6.4	4.8	8.4
	Imports (c.i.f.)														
2010	1,550.7	27.4	47.3	147.7	195.4	112.2	72.7	30.7	129.8	494.9	208.6	51.4	118.8	75.2	98.4
2011	1,754.0	29.8	53.2	166.5	226.7	138.0	80.4	34.9	140.2	551.0	218.1	52.5	128.5	90.9	113.9
2011 Q2	439.7	7.5	13.5	41.1	56.6	34.2	19.4	8.8	34.5	139.9	55.6	12.6	30.8	22.2	31.1
Q3	441.7	7.3	13.7	42.3	57.2	33.0	22.0	8.5	34.7	140.1	55.0	13.3	31.2	23.4	28.2
Q4	435.2	7.6	12.7	42.0	57.3	35.1	19.9	8.5	35.5	134.7	52.4	12.9	31.6	23.4	26.8
2012 Q1	452.3	7.2	13.1	42.6	57.3	37.8	20.0	8.5	37.7	136.2	53.4	12.5	38.7	22.4	30.7
Q2	445.8	7.3	13.1	41.2	56.9	34.5	19.7	8.3	37.6	136.4	55.8	12.4	38.1	21.7	30.9
Q3	446.4	.	.	.	.	33.0	21.5	8.3	38.9	131.3	53.8	12.0	39.6	21.4	.
2012 Apr.	148.8	2.4	4.3	13.9	18.9	12.1	6.1	2.8	12.2	44.4	18.2	3.9	12.9	7.1	11.7
May	148.0	2.4	4.6	14.3	19.1	11.9	6.8	2.8	12.6	45.3	19.1	4.4	13.2	7.6	7.3
June	149.0	2.5	4.2	12.9	19.0	10.5	6.8	2.7	12.7	46.8	18.6	4.1	12.0	6.9	12.0
July	147.9	2.4	4.6	14.4	18.9	10.1	7.1	2.8	13.2	44.0	18.6	4.1	12.6	7.3	10.7
Aug.	151.3	2.4	4.7	14.2	19.9	11.5	7.7	2.8	13.1	44.3	17.9	4.0	13.7	7.3	9.5
Sep.	147.2	.	.	.	.	11.3	6.6	2.7	12.7	43.0	17.3	3.9	13.3	6.8	.
	Percentage share of total imports														
2011	100.0	1.7	3.0	9.5	12.9	7.9	4.6	2.0	8.0	31.4	12.4	3.0	7.3	5.2	6.5
	Balance														
2010	-17.7	2.7	5.3	47.0	12.9	-49.1	20.0	16.8	50.7	-138.4	-113.8	-16.8	-14.8	-1.8	31.0
2011	-9.9	3.1	7.2	46.7	15.0	-58.2	28.7	21.7	60.3	-144.7	-102.7	-13.1	-16.4	-6.3	33.1
2011 Q2	-7.7	0.7	2.0	11.3	4.2	-14.5	6.7	5.5	14.6	-41.3	-28.2	-3.1	-3.6	-1.4	8.2
Q3	-5.9	1.0	1.9	11.3	4.1	-12.4	6.9	5.0	14.6	-38.4	-26.1	-3.2	-3.1	-1.9	5.1
Q4	10.9	0.7	1.7	12.1	2.9	-14.2	8.4	5.1	16.5	-28.5	-21.9	-2.4	-2.9	-1.2	10.5
2012 Q1	10.9	1.2	2.0	13.8	3.9	-15.6	9.4	6.2	18.0	-26.6	-22.1	-1.9	-7.7	0.6	5.9
Q2	21.0	1.3	1.9	16.0	4.1	-11.8	9.4	6.3	18.3	-27.3	-25.5	-1.0	-6.8	2.0	7.5
Q3	27.3	.	.	.	.	-10.0	7.8	6.5	19.6	-21.1	-24.0	-0.4	-7.8	2.5	.
2012 Apr.	5.0	0.4	0.6	5.1	1.0	-4.6	3.4	2.0	5.2	-9.2	-8.4	-0.3	-2.4	0.5	3.0
May	6.7	0.4	0.4	5.2	1.8	-4.3	3.2	2.1	7.0	-8.7	-9.0	-0.6	-2.6	0.5	1.6
June	9.3	0.4	0.8	5.7	1.4	-2.8	2.7	2.1	6.1	-9.3	-8.0	-0.1	-1.7	0.9	3.0
July	7.1	0.5	0.4	4.3	1.4	-2.5	2.4	1.9	6.0	-8.1	-8.7	-0.1	-2.2	0.4	2.6
Aug.	8.9	0.4	0.5	6.0	1.3	-3.8	2.4	2.4	6.9	-6.7	-7.8	-0.1	-3.3	1.1	1.7
Sep.	11.3	.	.	.	.	-3.8	3.0	2.1	6.7	-6.3	-7.5	-0.2	-2.2	1.1	.

Source: Eurostat.

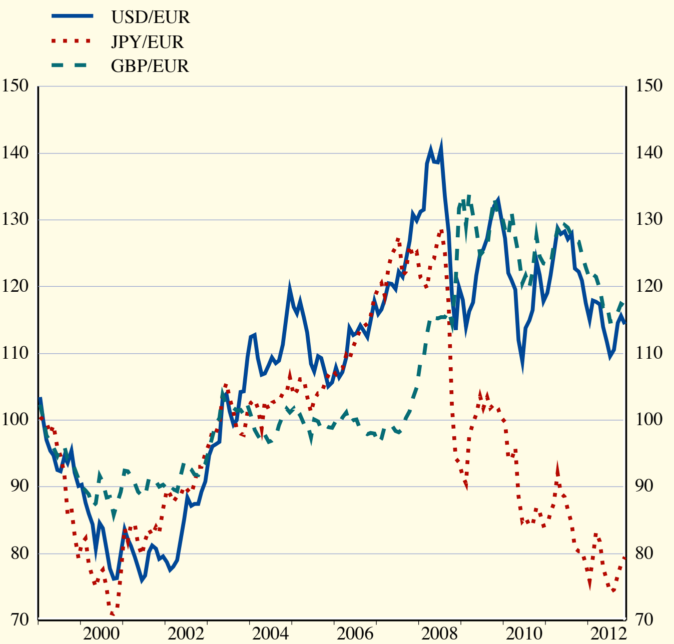
8 EXCHANGE RATES

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

	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2009	110.6	109.2	104.3	105.0	118.5	105.0	119.7	106.8
2010	103.6	101.6	98.1	96.9	107.4	97.3	111.4	98.1
2011	103.4	100.7	97.6	95.1	106.7	95.9	112.1	97.6
2011 Q3	103.5	100.7	97.6	95.1	107.3	95.8	112.5	97.8
Q4	102.1	99.4	96.4	93.3	106.0	94.7	111.6	97.0
2012 Q1	99.5	96.9	94.4	90.5	103.4	91.7	108.3	94.1
Q2	98.2	95.9	93.4	89.0	102.3	90.5	107.4	93.3
Q3	95.9	93.7	91.8	.	.	.	105.1	91.3
2011 Nov.	102.6	99.9	96.8	-	-	-	112.1	97.3
Dec.	100.8	98.1	95.2	-	-	-	110.3	95.7
2012 Jan.	98.9	96.3	93.7	-	-	-	108.0	93.7
Feb.	99.6	97.2	94.7	-	-	-	108.4	94.1
Mar.	99.8	97.3	94.9	-	-	-	108.6	94.3
Apr.	99.5	97.2	94.5	-	-	-	108.4	94.2
May	98.0	95.7	93.2	-	-	-	107.2	93.1
June	97.2	94.9	92.3	-	-	-	106.6	92.5
July	95.3	93.2	91.0	-	-	-	104.4	90.7
Aug.	95.2	93.1	91.2	-	-	-	104.3	90.7
Sep.	97.2	94.9	93.2	-	-	-	106.6	92.4
Oct.	97.8	95.4	94.0	-	-	-	107.2	92.8
Nov.	97.2	94.8	93.7	-	-	-	106.7	92.2
	Percentage change versus previous month							
2012 Nov.	-0.6	-0.6	-0.4	-	-	-	-0.5	-0.6
	Percentage change versus previous year							
2012 Nov.	-5.2	-5.0	-3.3	-	-	-	-4.8	-5.2

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

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



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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2009	1.9558	26.435	7.4462	0.7057	3.4528	280.33	4.3276	4.2399	10.6191	0.89094	7.3400	2.1631
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2011	1.9558	24.590	7.4506	0.7063	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	7.4390	2.3378
2012 Q1	1.9558	25.084	7.4350	0.6985	3.4528	296.85	4.2329	4.3533	8.8529	0.83448	7.5568	2.3556
Q2	1.9558	25.269	7.4349	0.6981	3.4528	293.98	4.2595	4.4293	8.9133	0.80998	7.5280	2.3157
Q3	1.9558	25.082	7.4457	0.6963	3.4528	283.05	4.1366	4.5255	8.4354	0.79153	7.4732	2.2560
2012 May	1.9558	25.313	7.4335	0.6981	3.4528	293.67	4.2937	4.4412	8.9924	0.80371	7.5383	2.3149
June	1.9558	25.640	7.4325	0.6969	3.4528	293.57	4.2973	4.4626	8.8743	0.80579	7.5434	2.2837
July	1.9558	25.447	7.4384	0.6963	3.4528	286.28	4.1837	4.5549	8.5451	0.78827	7.5006	2.2281
Aug.	1.9558	25.021	7.4454	0.6963	3.4528	278.93	4.0934	4.5176	8.2805	0.78884	7.4853	2.2291
Sep.	1.9558	24.752	7.4539	0.6962	3.4528	284.22	4.1345	4.5022	8.4929	0.79821	7.4291	2.3177
Oct.	1.9558	24.939	7.4582	0.6962	3.4528	282.09	4.1071	4.5624	8.6145	0.80665	7.5140	2.3384
Nov.	1.9558	25.365	7.4587	0.6962	3.4528	282.26	4.1321	4.5273	8.6076	0.80389	7.5410	2.3010
	Percentage change versus previous month											
2012 Nov.	0.0	1.7	0.0	0.0	0.0	0.1	0.6	-0.8	-0.1	-0.3	0.4	-1.6
	Percentage change versus previous year											
2012 Nov.	0.0	-0.4	0.2	-0.8	0.0	-8.7	-6.8	3.9	-5.8	-6.2	0.6	-6.3

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee [1]	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22
2009	1.7727	2.7674	1.5850	9.5277	10.8114	67.3611	14,443.74	5.4668	130.34	4.9079
2010	1.4423	2.3314	1.3651	8.9712	10.2994	60.5878	12,041.70	4.9457	116.24	4.2668
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558
2012 Q1	1.2425	2.3169	1.3128	8.2692	10.1725	65.8991	11,901.67	4.9431	103.99	4.0121
Q2	1.2699	2.5167	1.2949	8.1072	9.9460	69.3757	11,932.86	4.9021	102.59	3.9918
Q3	1.2035	2.5359	1.2447	7.9410	9.6962	68.9706	11,876.24	4.9818	98.30	3.9029
2012 May	1.2825	2.5357	1.2916	8.0806	9.9291	69.6407	11,913.51	4.8974	101.97	3.9688
June	1.2550	2.5658	1.2874	7.9676	9.7192	70.1673	11,830.22	4.8763	99.26	3.9836
July	1.1931	2.4914	1.2461	7.8288	9.5308	68.1061	11,605.16	4.9042	97.07	3.8914
Aug.	1.1841	2.5170	1.2315	7.8864	9.6177	68.8632	11,777.55	4.9779	97.58	3.8643
Sep.	1.2372	2.6066	1.2583	8.1273	9.9686	70.0452	12,287.93	5.0717	100.49	3.9599
Oct.	1.2596	2.6333	1.2801	8.1390	10.0574	68.8589	12,457.30	4.9976	102.47	3.9649
Nov.	1.2331	2.6512	1.2787	7.9998	9.9423	70.3250	12,343.83	4.9970	103.94	3.9230
	Percentage change versus previous month									
2012 Nov.	-2.1	0.7	-0.1	-1.7	-1.1	2.1	-0.9	0.0	1.4	-1.1
	Percentage change versus previous year									
2012 Nov.	-8.1	9.5	-8.0	-7.1	-5.8	2.2	1.1	-1.1	-1.0	-8.2

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	23	24	25	26	27	28	29	30	31	32	33
2009	18.7989	2.2121	8.7278	66.338	44.1376	2.0241	11.6737	1,772.90	1.5100	47.804	1.3948
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2012 Q1	17.0195	1.6030	7.5868	56.421	39.5496	1.6573	10.1730	1,482.75	1.2080	40.630	1.3108
Q2	17.3620	1.6241	7.5582	54.813	39.8768	1.6200	10.4214	1,477.96	1.2015	40.101	1.2814
Q3	16.4690	1.5462	7.3910	52.377	39.9755	1.5594	10.3385	1,416.52	1.2035	39.207	1.2502
2012 May	17.4237	1.6538	7.5655	54.908	39.5585	1.6152	10.4412	1,481.36	1.2012	40.077	1.2789
June	17.4529	1.6062	7.5401	53.510	41.1766	1.6016	10.5050	1,458.61	1.2011	39.640	1.2526
July	16.4263	1.5390	7.4579	51.452	39.9467	1.5494	10.1379	1,404.11	1.2011	38.873	1.2288
Aug.	16.3600	1.5306	7.3239	52.173	39.6334	1.5480	10.2585	1,403.93	1.2011	38.974	1.2400
Sep.	16.6413	1.5721	7.3945	53.629	40.4006	1.5837	10.6512	1,444.65	1.2089	39.842	1.2856
Oct.	16.7207	1.5817	7.4076	53.691	40.3558	1.5879	11.2215	1,435.37	1.2098	39.811	1.2974
Nov.	16.7689	1.5660	7.3371	52.716	40.2505	1.5695	11.2986	1,395.13	1.2052	39.391	1.2828
	Percentage change versus previous month										
2012 Nov.	0.3	-1.0	-1.0	-1.8	-0.3	-1.2	0.7	-2.8	-0.4	-1.1	-1.1
	Percentage change versus previous year										
2012 Nov.	-9.7	-10.9	-5.8	-10.3	-3.7	-10.2	2.2	-9.3	-2.1	-6.1	-5.4

Source: ECB.

1) 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 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2010	3.0	1.2	2.2	-1.2	1.2	4.7	2.7	6.1	1.9	3.3
2011	3.4	2.1	2.7	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2012 Q2	1.8	3.8	2.2	2.4	2.8	5.5	4.0	2.1	0.9	2.7
Q3	3.0	3.4	2.4	1.9	3.2	6.0	3.9	4.2	0.9	2.4
2012 Aug.	3.1	3.4	2.6	1.9	3.4	6.0	3.8	4.0	0.9	2.5
Sep.	3.4	3.5	2.5	1.9	3.3	6.4	3.8	5.4	1.0	2.2
Oct.	3.0	3.6	2.3	1.6	3.2	6.0	3.4	5.0	1.2	2.7
	General government deficit (-)/surplus (+) as a percentage of GDP									
2009	-4.3	-5.8	-2.7	-9.8	-9.4	-4.6	-7.4	-9.0	-0.7	-11.5
2010	-3.1	-4.8	-2.5	-8.1	-7.2	-4.4	-7.9	-6.8	0.3	-10.2
2011	-2.0	-3.3	-1.8	-3.4	-5.5	4.3	-5.0	-5.5	0.4	-7.8
	General government gross debt as a percentage of GDP									
2009	14.6	34.2	40.6	36.7	29.3	79.8	50.9	23.6	42.6	67.8
2010	16.2	37.8	42.9	44.5	37.9	81.8	54.8	30.5	39.5	79.4
2011	16.3	40.8	46.6	42.2	38.5	81.4	56.4	33.4	38.4	85.0
	Long-term government bond yield as a percentage per annum; period average									
2012 May	5.11	3.31	1.37	5.15	5.30	8.33	5.41	6.50	1.51	1.78
June	5.07	3.11	1.26	5.07	4.96	8.30	5.24	6.68	1.45	1.60
July	4.87	2.60	1.10	4.67	4.82	7.56	4.99	6.52	1.33	1.47
Aug.	4.28	2.38	1.15	4.45	4.84	7.36	4.88	6.84	1.44	1.49
Sep.	3.80	2.41	1.31	3.92	4.53	7.28	4.85	6.54	1.51	1.53
Oct.	3.39	2.24	1.29	3.52	4.32	6.94	4.57	6.85	1.54	1.54
	3-month interest rate as a percentage per annum; period average									
2012 May	2.59	1.24	0.90	0.94	1.24	8.22	5.05	4.69	2.14	1.00
June	2.45	1.21	0.62	0.90	1.20	-	5.12	5.10	2.14	0.95
July	2.14	1.06	0.41	0.75	1.11	8.00	5.13	5.11	2.10	0.82
Aug.	1.69	1.00	0.31	0.61	0.93	7.77	5.11	5.51	2.02	0.71
Sep.	1.60	0.87	0.32	0.58	0.81	-	4.95	5.47	1.69	0.65
Oct.	1.56	0.71	0.33	0.52	0.76	6.84	4.82	5.46	1.51	0.54
	Real GDP									
2010	0.4	2.7	1.6	-0.9	1.5	1.3	3.9	-1.7	6.6	1.8
2011	1.7	1.7	1.1	5.5	5.9	1.6	4.3	2.5	3.7	0.9
2012 Q1	0.5	-0.5	0.2	5.5	4.2	-1.2	3.5	1.1	1.3	-0.1
Q2	0.5	-1.0	-1.1	4.6	3.2	-1.1	2.3	1.6	1.3	-0.5
Q3	.	.	-0.6	.	3.3	.	1.9	.	0.7	-0.1
	Current and capital account balance as a percentage of GDP									
2010	-0.7	-3.0	5.9	4.9	2.7	2.8	-3.3	-4.2	6.5	-3.1
2011	1.6	-2.5	5.9	-0.2	-1.3	3.3	-2.9	-3.9	6.3	-1.7
2012 Q1	-6.6	2.6	2.7	-3.0	-9.7	1.5	-3.6	-0.2	7.7	-3.9
Q2	-2.6	-0.7	8.2	-1.1	7.4	4.1	0.1	-4.7	6.0	-5.1
Q3	.	.	6.5	.	2.9	.	0.1	.	8.2	.
	Gross external debt as a percentage of GDP									
2010	102.7	56.5	190.4	164.8	83.2	144.1	66.4	75.8	190.9	413.1
2011	93.1	58.4	183.1	145.0	77.8	146.2	71.9	73.7	194.0	424.8
2011 Q4	93.1	58.4	183.1	145.0	77.8	146.2	71.9	73.7	194.0	424.8
2012 Q1	93.8	59.4	186.9	144.5	80.9	136.0	70.3	74.9	192.5	423.0
Q2	93.8	60.7	191.5	144.1	77.9	132.1	71.8	75.1	198.4	415.1
	Unit labour costs									
2010	5.6	-0.7	-1.2	-10.4	-6.9	-3.2	1.3	7.9	-2.4	1.2
2011	1.1	1.0	0.1	3.0	-0.1	3.8	0.5	1.7	-0.5	1.5
2012 Q1	1.9	4.2	1.1	-0.6	3.8	4.7	1.1	4.6	1.6	4.4
Q2	0.7	3.6	2.9	0.3	4.3	4.3	1.1	4.2	2.4	4.9
Q3	.	.	1.4	.	.	.	.	.	3.0	4.3
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2010	10.3	7.3	7.5	19.8	18.0	11.2	9.6	7.3	8.4	7.8
2011	11.3	6.7	7.6	16.3	15.3	11.0	9.6	7.4	7.5	8.0
2012 Q2	12.2	6.8	7.9	15.7	13.1	10.9	10.0	7.2	7.6	7.9
Q3	12.5	7.0	7.5	14.2	12.6	10.7	10.2	7.0	7.7	.
2012 Aug.	12.5	7.0	7.4	14.2	12.6	10.7	10.3	7.0	7.8	7.8
Sep.	12.5	7.1	7.4	14.2	12.5	10.8	10.3	7.0	7.8	.
Oct.	12.6	7.3	7.7	.	12.4	.	10.4	6.9	7.7	.

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

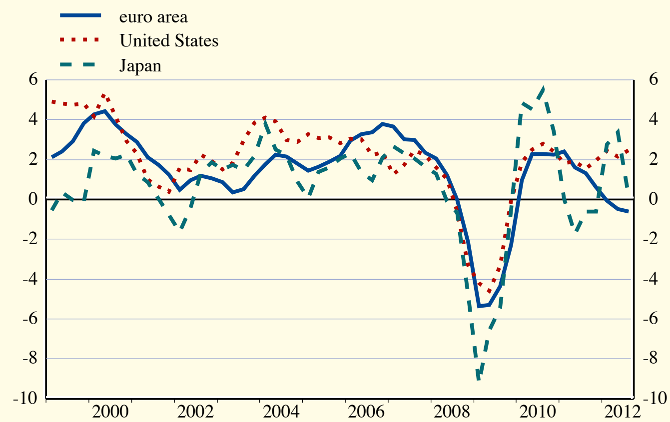
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2008	3.8	2.8	-0.3	-4.8	5.8	6.8	2.93	2.70	1.4708	-6.6	61.0
2009	-0.4	-1.4	-3.1	-13.8	9.3	8.0	0.69	4.17	1.3948	-11.9	73.3
2010	1.6	-1.1	2.4	6.3	9.6	2.5	0.34	3.57	1.3257	-11.4	81.9
2011	3.2	1.9	1.8	4.8	9.0	7.3	0.34	2.10	1.3920	-10.2	85.9
2011 Q3	3.8	1.9	1.6	3.9	9.1	9.2	0.30	2.18	1.4127	-10.2	84.4
Q4	3.3	1.4	2.0	4.5	8.7	9.7	0.48	2.10	1.3482	-9.9	85.9
2012 Q1	2.8	0.2	2.4	5.3	8.3	10.2	0.51	2.38	1.3108	-8.7	87.6
Q2	1.9	1.0	2.1	5.5	8.2	9.6	0.47	1.83	1.2814	-8.6	87.9
Q3	1.7	1.1	2.5	4.0	8.1	7.0	0.43	1.77	1.2502	.	.
2012 July	1.4	-	-	4.8	8.3	8.0	0.45	1.63	1.2288	-	-
Aug.	1.7	-	-	3.7	8.1	6.2	0.43	1.72	1.2400	-	-
Sep.	2.0	-	-	3.4	7.8	6.8	0.39	1.77	1.2856	-	-
Oct.	2.2	-	-	2.1	7.9	7.3	0.33	1.79	1.2974	-	-
Nov.	.	-	-	.	.	.	0.31	1.72	1.2828	-	-
					Japan						
2008	1.4	1.3	-1.1	-3.4	4.0	2.1	0.93	1.21	152.45	-1.9	162.9
2009	-1.3	2.9	-5.5	-21.9	5.1	2.7	0.47	1.42	130.34	-8.8	180.0
2010	-0.7	-2.8	4.6	16.6	5.1	2.8	0.23	1.18	116.24	-8.4	188.4
2011	-0.3	.	-0.7	-2.5	4.6	2.7	0.19	1.00	110.96	.	.
2011 Q3	0.1	0.6	-0.6	-1.0	4.4	2.8	0.19	1.04	109.77	.	.
Q4	-0.3	.	-0.6	-1.7	4.5	3.0	0.20	1.00	104.22	.	.
2012 Q1	0.3	.	2.7	4.7	4.5	3.0	0.20	1.05	103.99	.	.
Q2	0.1	.	3.4	5.3	4.4	2.3	0.20	0.84	102.59	.	.
Q3	-0.4	.	0.2	-4.6	4.2	2.4	0.19	0.78	98.30	.	.
2012 July	-0.4	-	-	-0.8	4.3	2.3	0.20	0.78	97.07	-	-
Aug.	-0.4	-	-	-4.6	4.2	2.4	0.19	0.81	97.58	-	-
Sep.	-0.3	-	-	-8.1	4.2	2.4	0.19	0.78	100.49	-	-
Oct.	-0.4	-	-	-4.3	.	2.3	0.19	0.78	102.47	-	-
Nov.	.	-	-	.	.	.	0.19	0.74	103.94	-	-

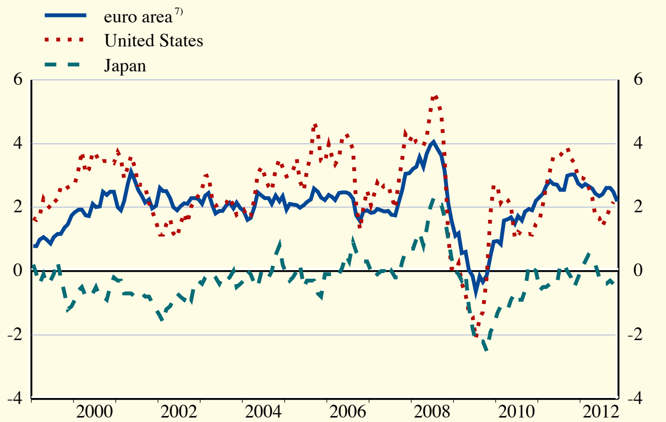
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

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

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

The average growth rate for the quarter ending in month t is calculated as:

$$a) \quad \left(\frac{0.5I_t + \sum_{i=1}^{2} I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^{2} I_{t-i-12} + 0.5I_{t-15}} - 1 \right) \times 100$$

where I_t is the index of adjusted outstanding amounts as at month t (see also below). Likewise, for the year ending in month t, the average growth rate is calculated as:

$$b) \quad \left(\frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1 \right) \times 100$$

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

The interest rate on an indexed longer-term refinancing operation (LTRO) is equal to the average of the minimum bid rates on the main refinancing operations (MROs) over the life of that LTRO. According to this definition, if an LTRO is outstanding for D number of days and the minimum bid rates prevailing in MROs are $R_{1,\,MRO}$ (over D_1 days), $R_{2,\,MRO}$ (over D_2 days), etc., until $R_{i,\,MRO}$ (over D_i days), where $D_1+D_2+\ldots+D_i=D$, the applicable annualised rate (R_{LTRO}) is calculated as:

$$c) \quad R_{LTRO} = \frac{D_1 R_{1,MRO} + D_2 R_{2,MRO} + \ldots + D_i R_{i,MRO}}{D}$$

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

Monthly transactions are calculated from monthly differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

If L_t represents the outstanding amount at the end of month t, C_t^M the reclassification adjustment in month t, E_t^M the exchange rate adjustment and V_t^M the other revaluation adjustments, the transactions F_t^M in month t are defined as:

$$d) \quad F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

Similarly, the quarterly transactions F_t^Q for the quarter ending in month t are defined as:

$$e) \quad F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

where L_{t-3} is the amount outstanding at the end of month t-3 (the end of the previous quarter) and, for example, C_t^Q is the reclassification adjustment in the quarter ending in month t.

For those quarterly series for which monthly observations are now available (see below), the quarterly transactions can be derived as the sum of the three monthly transactions in the quarter.

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

Growth rates can be calculated from transactions or from the index of adjusted outstanding amounts. If F_t^M and L_t are defined as above, the index I_t of adjusted outstanding amounts in month t is defined as:

$$f) \quad I_t = I_{t-1} \times \left(1 + \frac{F_t^M}{L_{t-1}} \right)$$

The base of the index (for the non-seasonally adjusted series) is currently set as December 2008 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

The annual growth rate a_t for month t – i.e. the change in the 12 months ending in month t – can be calculated using either of the following two formulae:

$$\text{g)} \quad a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{F_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

$$\text{h)} \quad a_t = \left(\frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

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 h) by dividing the index for December 2002 by the index for December 2001.

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

$$\text{i)} \quad a_t^M = \left(\frac{I_t}{I_{t-1}} - 1 \right) \times 100$$

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 g) or h) above.

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

$$\text{j)} \quad I_t = I_{t-3} \times \left(1 + \frac{F_t^Q}{L_{t-3}} \right)$$

The annual growth rate in the four quarters ending in month t (i.e. a_t) can be calculated using formula h).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS [1]

The approach used is based on multiplicative decomposition using X-12-ARIMA.[2] The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.[3] The resulting estimates of seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

1 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program", Journal of Business and Economic Statistics, 16, 2, pp.127-152, or "X-12-ARIMA Reference Manual", Time Series Staff, Bureau of the Census, Washington, D.C.
For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2008) generally differs from 100, reflecting the seasonality of that month.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1, 3.2 and 3.3 are computed as follows.

The trade balance equals euro area imports minus exports vis-à-vis the rest of the world for goods and services.

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension fund reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, the current external account is compiled as the trade balance plus all net income (resources minus uses).

Net lending/net borrowing is computed from the capital account as net saving plus net capital transfers (resources minus uses) minus gross capital formation (uses) minus acquisitions less disposals of non-produced non-financial assets (uses) plus consumption of fixed capital (resources). It can also be calculated in the financial account as total transactions in financial assets minus total transactions in liabilities (also known as changes in net financial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between the balancing items computed from the capital account and the financial account.

Changes in net financial worth (wealth) due to transactions are computed as total transactions in financial assets minus total transactions in liabilities, whereas other changes in net financial worth (wealth) are calculated as (total) other changes in financial assets minus (total) other changes in liabilities.

Net financial worth (wealth) is calculated as total financial assets minus total liabilities, whereas changes in net financial worth (wealth) are equal to the sum of changes in net financial worth (wealth) due to transactions (lending/net borrowing from the financial account) and other changes in net financial worth (wealth).

Changes in net worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth) and other changes in non-financial assets.

The net worth (wealth) of households is calculated as the sum of the non-financial assets and net financial worth (wealth) of households.

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They can be calculated from transactions or from the index of notional stocks. If N_t^M represents the transactions (net issues) in month t and L_t the level outstanding at the end of month t, the index I_t of notional stocks in month t is defined as:

$$\text{k)} \quad I_t = I_{t-1} \times \left(1 + \frac{N_t}{L_{t-1}}\right)$$

As a base, the index is set equal to 100 in December 2008. The growth rate a_t for month t, corresponding to the change in the 12 months ending in month t, can be calculated using either of the following two formulae:

$$\text{l)} \quad a_t = \left[\prod_{i=0}^{11}\left(1 + N_{t-i}^M / L_{t-1-i}\right) - 1\right] \times 100$$

$$\text{m)} \quad a_t = \left(I_t / I_{t-12} - 1\right) \times 100$$

The method used to calculate the growth rates for securities other than shares is the same as that used for the monetary aggregates, the only difference being that an "N" is used instead of an "F". This is to show that the method used to obtain "net issues" for securities issues statistics differs from that used to calculate equivalent "transactions" for the monetary aggregates.

The average growth rate for the quarter ending in month t is calculated as:

$$\text{n)} \quad \left(\frac{0.5I_t + \sum_{i=1}^{2} I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^{2} I_{t-i-12} + 0.5I_{t-15}} - 1\right) \times 100$$

where I_t is the index of notional stocks as at month t. Likewise, for the year ending in month t, the average growth rate is calculated as:

$$\text{o)} \quad \left(\frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1\right) \times 100$$

The calculation formula used for Section 4.3 is also used for Section 4.4 and is likewise based on that used for the monetary aggregates. Section 4.4 is based on market values, and the calculations are based on financial transactions, which exclude reclassifications, revaluations and any other changes that do not arise from transactions. Exchange rate variations are not included, as all quoted shares covered are denominated in euro.

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA. The seasonal adjustment of total securities issues is carried out indirectly by means of a linear combination of sector and maturity component breakdowns.

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally

4 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae l) and m), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

$$\text{p)} \quad a_t = \left[\prod_{i=0}^{5}\left(1 + N_{t-i}^{M} / L_{t-1-i}\right) - 1\right] \times 100$$

$$\text{q)} \quad a_t = \left(I_t / I_{t-6} - 1 \right) \times 100$$

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S80). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are pre-adjusted in order to take into account significant working day effects. The working day adjustment for goods and services takes account of national public holidays. The seasonal adjustment of these items is carried out using these pre-adjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

$$\text{r)} \quad a_t = \left(\prod_{i=t-3}^{t} \left(1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the "Data services" sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 5 December 2012.

Unless otherwise indicated, all data series including observations for 2011 relate to the "Euro 17" (i.e. the euro area including Estonia) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Estonia joined in 2011, bringing the number of euro area countries to 17. From October 2012, the Euro area statistics also include the European Stability Mechanism, an international organisation resident in the euro area for statistical purposes.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 17 (i.e. aggregating the data of all 17 countries currently in the euro area) for all years, despite the fact that the euro area has only had this composition since 1 January 2011. Unless otherwise indicated, the ECB's Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as monetary aggregates and their counterparts, annual rates of change are compiled from chain-linked indices, with joining countries' series linked to the euro area series in the December index. Thus, if a country joins the euro area in January of a given year, annual rates of change relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. Percentage changes are calculated on the basis of a chain-linked index, taking account of the changing composition of the euro area. Absolute changes for monetary aggregates and their counterparts (transactions) refer to the composition of the euro area at the time to which the statistics relate.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data [1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

Section 2.1 shows the aggregated balance sheet of the MFI sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under EU law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/ liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2]. Detailed sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8[3] concerning statistics on the assets and liabilities of investment funds. Further information on these investment fund statistics can be found in the "Manual on investment fund statistics" (ECB, May 2009).

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC's balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30[4] as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.
4 OJ L 15, 20.01.2009, p. 1.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the “non-financial accounts” of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households’ income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations’ income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

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

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

registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics [6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains [7], has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007 [8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index [9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003 [10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in

6 OJ L 162, 5.6.1998, p. 1.
7 OJ L 393, 30.12.2006, p. 1.
8 OJ L 155, 15.6.2007, p. 3.
9 OJ L 69, 13.3.2003, p. 1.
10 OJ L 169, 8.7.2003, p. 37.

Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

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

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

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

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[13] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents non-seasonally adjusted quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[14]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the

11 OJ L 310, 30.11.1996, p. 1.
12 OJ L 210, 11.8.2010, p. 1.
13 OJ L 172, 12.7.2000, p. 3.
14 OJ L 179, 9.7.2002, p. 1.

Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[15] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[16]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23)[17] was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area's b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, with the exception

15 OJ L 354, 30.11.2004, p. 34.
16 OJ L 159, 20.6.2007, p. 48.
17 OJ L 65, 3.3.2012, p. 1.

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. By definition, the assets included in the Eurosystem's international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

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

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

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

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

14 JANUARY AND 4 FEBRUARY 2010

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

4 MARCH 2010

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

8 APRIL AND 6 MAY 2010

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

10 MAY 2010

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

10 JUNE 2010

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

8 JULY AND 5 AUGUST 2010

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

2 SEPTEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 18 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

7 OCTOBER AND 4 NOVEMBER 2010

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

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2009 can be found in the ECB's Annual Report for the respective years.

2 DECEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

13 JANUARY AND 3 FEBRUARY 2011

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

3 MARCH 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

7 APRIL 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

5 MAY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively.

9 JUNE 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 October 2011, notably to continue its fixed rate tender procedures with full allotment.

7 JULY 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.50%, starting from the operation to be settled on 13 July 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.25% and 0.75% respectively, both with effect from 13 July 2011.

4 AUGUST 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on several measures to address renewed tensions in some financial markets. In particular, it decides that the Eurosystem will conduct a liquidity-providing supplementary longer-term refinancing operation with a maturity of approximately six months as a fixed rate tender procedure with full allotment. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 17 January 2012, notably to continue its fixed rate tender procedures with full allotment.

8 SEPTEMBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively.

6 OCTOBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on the details of its refinancing operations from October 2011 to 10 July 2012, notably to conduct two longer-term refinancing operations – one with a maturity of approximately 12 months in October 2011, and another with a maturity of approximately 13 months in December 2011 – and to continue to apply fixed rate tender procedures with full allotment in all of its refinancing operations. In addition, the Governing Council decides to launch a new covered bond purchase programme in November 2011.

3 NOVEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 9 November 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 9 November 2011.

8 DECEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 14 December 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.75% and 0.25% respectively, both with effect from 14 December 2011. It also decides to adopt further non-standard measures, notably: (i) to conduct two longer-term refinancing operations with a maturity of approximately three years; (ii) to increase the availability of collateral; (iii) to reduce the reserve ratio to 1%; and (iv) to discontinue, for the time being, the fine-tuning operations carried out on the last day of each maintenance period.

12 JANUARY 2012

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

9 FEBRUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

8 MARCH, 4 APRIL AND 3 MAY 2012

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

6 JUNE 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

5 JULY 2012

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

2 AUGUST 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

6 SEPTEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.

4 OCTOBER AND 8 NOVEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

6 DECEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 9 July 2013, notably to continue its fixed rate tender procedures with full allotment.

THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM

TARGET2[1] is instrumental in promoting the integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy. It also contributes to the integration of the euro area financial markets. More than 4,400 commercial banks, as well as 23 national central banks, use TARGET2 to initiate payments of their own or on their customers' behalf. Taking into account branches and subsidiaries, almost 60,000 banks worldwide (and thus all the customers of these banks) can be addressed via TARGET2. TARGET2 is used to make large-value and time-critical payments, including payments to facilitate settlements in other interbank funds transfer systems (e.g. Continuous Linked Settlement or EURO1), and to settle money market, foreign exchange and securities transactions. It is also used for smaller-value customer payments. TARGET2 provides intraday finality for transactions and allows the funds credited to a participant's account to become immediately available for other payments.

PAYMENT FLOWS IN TARGET2

In the third quarter of 2012, TARGET2 settled 22,301,632 transactions with a total value of €146,625 billion, which corresponds to a daily average of 343,102 transactions with a value of €2,256 billion. The highest level of TARGET2 traffic in this quarter was recorded on 28 September, when 505,119 payments were processed. With a market share of 58% in terms of volume and 92% in terms of value, TARGET2 maintained its dominant position in the market for large-value payments in euro. The size of TARGET2's market share confirms banks' strong interest in settlement in central bank money, particularly in times of market turbulence. The average proportion of interbank payments was 40% in terms of volume and 94% in terms of value. The average value of an interbank payment processed in the system was €15.5 million, while that of a customer payment was €0.7 million. 68% of the payments had a value of less than €50,000, while 11% had a value of more than €1 million. On average, there were 265 payments with a value of more than €1 billion each per day. All these figures are similar to those recorded for the previous quarter.

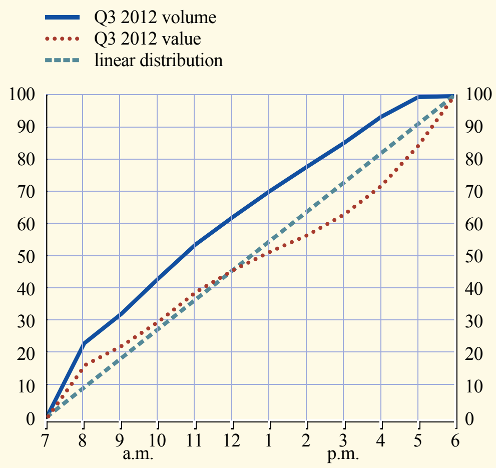
INTRADAY PATTERN OF VOLUMES AND VALUES

The chart shows the intraday distribution of TARGET2 traffic, i.e. the average percentage of daily volumes and values processed at different times of the day, for the third quarter of 2012. In volume terms, the curve is well above the linear distribution, with 70% of the volume already exchanged by 1 p.m. CET and 99.7% by one hour before the close of the system. In value terms, the curve is close to the linear distribution until the middle of the day, with near to 51% of the value exchanged. After this the curve moves under the linear distribution, an indication that payments of a higher value were settled towards the closing time of TARGET2. These payments correspond to the use of the deposit facility, the extent of which was significant over the period under review.

1 TARGET2 is the second generation of TARGET and was launched in 2007.

Intraday pattern

(percentages)



Source: ECB.

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the third quarter of 2012, TARGET2 achieved 100% overall availability. Incidents considered in the calculation of TARGET2's availability are those that completely prevent the processing of payments for ten minutes or more on TARGET2 business days between 7 a.m. and 6.45 p.m. As a result all payments were processed in less than five minutes; thus the expectations set for the system were fully met.

Table 1 Payment instructions processed by TARGET2 and EURO1: volume of transactions

(number of payments)

	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3
TARGET2					
Total volume	22,362,663	22,935,865	22,636,610	22,565,695	22,301,632
Daily average	338,828	358,373	359,311	363,963	343,102
EURO1 (EBA CLEARING)					
Total volume	15,482,902	16,637,217	16,757,278	16,900,076	16,269,790
Daily average	234,589	259,957	257,804	272,582	250,304

Table 2 Payment instructions processed by TARGET2 and EURO1: value of transactions

(EUR billions)

	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3
TARGET2					
Total value	154,829	169,681	177,680	170,300	146,625
Daily average	2,346	2,651	2,820	2,747	2,256
EURO1 (EBA CLEARING)					
Total value	16,322	17,215	16,099	15,289	13,531
Daily average	247	269	248	247	208

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

STATUTORY PUBLICATIONS

– Annual Report
– Convergence Report
– Monthly Bulletin

RESEARCH PAPERS

– Legal Working Paper Series
– Occasional Paper Series
– Research Bulletin
– Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

– Enhancing monetary analysis
– Financial integration in Europe
– Financial Stability Review
– Statistics Pocket Book
– The European Central Bank: history, role and functions
– The international role of the euro
– The implementation of monetary policy in the euro area ("General Documentation")
– The monetary policy of the ECB
– The payment system

The ECB also publishes brochures and information materials on a variety of topics, such as the euro banknotes and coins, as well as seminar and conference proceedings.

For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB's forerunner from 1994 to 1998, please visit the ECB's website at http://www.ecb.europa.eu/pub/. Language codes indicate the languages in which each publication is available.

Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting info@ecb.europa.eu

GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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