



EUROPEAN CENTRAL BANK

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MONTHLY BULLETIN 03 | 2013

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MONTHLY BULLETIN  
MARCH

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## ABBREVIATIONS

### COUNTRIES

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

### OTHERS

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

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





## EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 7 March to keep the key ECB interest rates unchanged. HICP inflation rates have declined further, as anticipated, and fell below 2% in February. Over the policy-relevant horizon, inflationary pressures should remain contained. 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. Overall, this allows the monetary policy stance to remain accommodative. Available data continue to signal that economic weakness in the euro area has extended into the beginning of the year, while broadly confirming signs of stabilisation in a number of indicators, albeit at low levels. At the same time, necessary balance sheet adjustments in the public and private sectors will continue to weigh on economic activity. Later in 2013 economic activity should gradually recover, supported by a strengthening of global demand and the accommodative monetary policy stance. In order to support confidence, it is essential for governments to continue implementing structural reforms, to build further on the progress made in fiscal consolidation, and to proceed with financial sector restructuring.

With regard to the liquidity situation of banks, counterparties have so far repaid €224.8 billion of the €1,018.7 billion obtained in the two three-year longer-term refinancing operations (LTROs) settled in December 2011 and March 2012. In net terms, this implies that, of the increase in the outstanding volume of bank refinancing through the ECB's monetary policy operations of around €500 billion between mid-December 2011 and early March 2012, about €200 billion have now been repaid. These repayments reflect improvements in financial market confidence over the last few months and receding financial market fragmentation. The Governing Council is closely monitoring conditions in the money market and their potential impact on the stance of monetary policy and the functioning of the transmission of its monetary policy to the economy. The monetary policy stance will remain accommodative with the full allotment mode of liquidity provision.

Regarding the economic analysis, the GDP outcome for the fourth quarter of 2012 was weak, with Eurostat's second estimate indicating a contraction of 0.6% quarter on quarter. The decline was largely due to a fall in domestic demand but also reflected weak exports. As regards 2013, recent data and indicators suggest that economic activity should start stabilising in the first part of the year. A gradual recovery should commence in the second part, with export growth benefiting from a strengthening of global demand and domestic demand being supported by the accommodative monetary policy stance. Furthermore, the improvements in financial markets since July last year and the continued implementation of structural reforms should work their way through to the economy. At the same time, necessary balance sheet adjustments in the public and private sectors, and the associated tight credit conditions, will continue to weigh on economic activity.

This assessment is also reflected in the March 2013 ECB staff macroeconomic projections for the euro area, which foresee average annual real GDP growth in a range between -0.9% and -0.1% in 2013 and between 0.0% and 2.0% in 2014. Compared with the December 2012 Eurosystem staff macroeconomic projections, the ranges have been revised slightly downwards. The revision for 2013 mainly reflects a more negative carry-over effect from the outcome for real GDP in the fourth quarter of 2012, while the projected path of the recovery has remained broadly unchanged.

The Governing Council continues to see downside risks surrounding the economic outlook for the euro area. The risks relate to the possibility of weaker than expected domestic demand and exports and to slow or insufficient implementation of structural reforms in the euro area. These factors have the potential to dampen the improvement in confidence and thereby delay the recovery.

According to Eurostat's flash estimate, euro area annual HICP inflation was 1.8% in February 2013, down from 2.0% in January. The ongoing decline in annual inflation rates mainly reflects the energy and food components of the price index. Looking ahead, while the monthly pattern of headline inflation rates may be somewhat volatile, underlying price pressures should remain contained given the environment of weak economic activity in the euro area. Inflation expectations are well-anchored and in line with price stability over the medium term.

The March 2013 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 1.2% and 2.0% in 2013 and between 0.6% and 2.0% in 2014. In comparison with the December 2012 Eurosystem staff macroeconomic projections, the ranges are broadly unchanged.

In the Governing Council's assessment, risks to the outlook for price developments continue to be seen as broadly balanced over the medium term, with upside risks relating to stronger than expected increases in administered prices and indirect taxes, as well as higher oil prices, and downside risks stemming from weaker economic activity.

Turning to the monetary analysis, monetary figures for January 2013 support the Governing Council's assessment that the underlying pace of monetary expansion continues to be subdued. The annual growth rate of M3 remained broadly unchanged at 3.5% in January, after 3.4% in December 2012. The annual rate of growth of the narrow monetary aggregate, M1, increased to 6.7% from 6.3% in December 2012. The deposit base of MFIs in a number of stressed countries strengthened further in January.

The annual growth rate of loans (adjusted for loan sales and securitisation) to non-financial corporations stood at -1.5% in January, after -1.3% in December 2012. The annual growth in MFI loans to households moderated slightly to 0.5%, from 0.7% in December. To a large extent, subdued loan dynamics reflect the current stage of the business cycle, heightened credit risk and the ongoing adjustment of financial and non-financial sector balance sheets. At the same time, available information on the access to financing of non-financial corporates indicates tight credit conditions for small and medium-sized enterprises.

In order to ensure adequate transmission of monetary policy to the financing conditions in euro area countries, it is essential to continue reducing fragmentation of euro area credit markets and strengthening the resilience of banks where needed. Decisive steps for establishing an integrated financial framework will help to accomplish this objective. The future Single Supervisory Mechanism (SSM) is one of the main building blocks, together with a Single Resolution Mechanism (SRM). Both are crucial elements for moving 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.

While the accommodative monetary policy stance will continue to support the recovery in the euro area, it is essential that fiscal and structural policies strengthen the prospects for economic growth over the medium term. As regards fiscal policies, the European Commission's 2013 winter forecast reflects progress in reducing fiscal imbalances in the euro area. The euro area-wide general government deficit is expected to have declined from 4.2% of GDP in 2011 to 3.5% of GDP in 2012 and is projected to be reduced further to 2.8% of GDP this year. Governments should build on

this progress with a view to further restoring confidence in the sustainability of public finances. At the same time, fiscal consolidation must be part of a comprehensive structural reform agenda to improve the outlook for job creation, economic growth and debt sustainability. In the view of the Governing Council, it is of particular importance at this juncture to address the current high long-term and youth unemployment. To this end, further product and labour market reforms are needed to create new job opportunities by supporting a dynamic, flexible and competitive economic environment.





# ECONOMIC AND MONETARY DEVELOPMENTS

## I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

Despite the still muted, diverse and fragile character of the current global economic recovery, signs have emerged indicating a pick-up in the growth momentum. Continued improvements in survey indicators suggest that the world economy is gradually gaining some traction, although the recovery is likely to remain slow. In most major non-euro area advanced economies, there have been tentative signs of improvement, but a number of factors will continue to restrain the medium-term growth outlook. In emerging market economies, growth is rebounding following a slight moderation in the pace of activity in 2012. Accordingly, these economies are expected to provide a significant contribution to global growth going forward. Consistent with developments in global economic activity, world trade has also been showing signs of a gradual pick-up in momentum. With regard to consumer prices, recently inflation has been declining in advanced economies, while developments have been mixed in emerging markets.

### I.1 GLOBAL ECONOMIC ACTIVITY AND TRADE

Although the global recovery remains muted, diverse and fragile, there are signs of a pick-up in the growth momentum. Provisional estimates show that activity outside of the euro area grew by 0.9% quarter on quarter in the final three months of 2012, up slightly from the pace seen in the preceding two quarters, although there is continued divergence across countries (see Table 1). In advanced economies, growth stagnated in the United States, mostly owing to exceptional factors. Meanwhile, output contracted in the United Kingdom and Japan. In emerging market economies, following the slowdown in GDP growth in mid-2012, growth accelerated again towards the end of the year in India and Brazil, and remained steady in China. Economic activity in emerging markets continues to expand solidly compared with that in advanced economies, thereby making an important contribution to global economic growth.

Table 1 Real GDP growth in selected economies

	(percentage changes)								
	Annual growth rates					Quarterly growth rates			
	2011	2012	2012 Q2	2012 Q3	2012 Q4	2012 Q2	2012 Q3	2012 Q4	
Global (excluding the euro area) <sup>1)</sup>	4.0	3.8	3.8	3.5	3.5	0.8	0.8	0.9	
United States	1.8	2.2	2.1	2.6	1.6	0.3	0.8	0.0	
Japan	-0.5	1.9	3.9	0.4	0.1	-0.2	-1.0	-0.1	
United Kingdom	0.9	0.2	-0.2	0.2	0.3	-0.4	1.0	-0.3	
Denmark	1.1	-0.6	-1.4	0.0	-1.0	-1.0	0.8	-0.9	
Sweden	3.8	1.2	1.4	0.6	1.5	0.8	0.3	0.0	
Switzerland	1.9	1.0	0.4	1.3	1.2	-0.1	0.6	0.2	
Brazil	2.7	5.2	0.5	0.9	1.4	0.3	0.4	0.6	
China	9.3	7.8	7.6	7.4	7.9	2.0	2.1	2.0	
India <sup>2)</sup>	7.9	6.2	3.8	2.7	4.1	-	-	-	
Russia	4.3	5.2	4.0	2.9	-	0.4	0.8	-	
Turkey	8.5	0.7	3.0	1.6	-	1.7	0.2	-	
Poland	4.4	2.2	2.3	1.8	1.1	0.1	0.3	0.2	
Czech Republic <sup>3)</sup>	1.9	-1.1	-1.0	-1.3	-1.7	-0.4	-0.3	-0.2	
Hungary <sup>3)</sup>	1.6	-1.7	-1.3	-1.7	-2.8	-0.5	-0.4	-0.9	

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

1) Internal ECB estimate.

2) Official seasonally adjusted series not available.

3) Figures in italic refer to flash estimates.

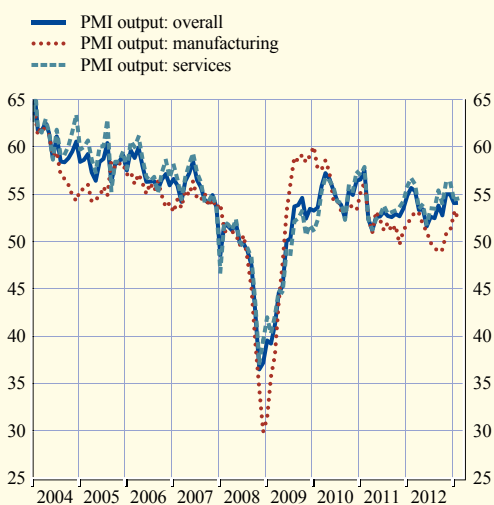
World trade picked up sharply in the final quarter of 2012. According to the CPB Netherlands Bureau for Economic Policy Analysis, world trade in goods increased by 0.9% in quarter-on-quarter terms, compared with lacklustre growth of 0.1% in the previous quarter. This recovery in trade was supported by continued buoyant growth in major emerging market regions. Although imports and exports continued to contract on a quarterly basis in advanced economies, there were tentative signs of improvement in month-on-month terms, most notably in the United States.

Looking forward, continued improvements in survey indicators suggest that the world economy is gradually gaining some traction. The latest global (excluding the euro area) Purchasing Managers' Index (PMI) for output held steady in February at 54.1. The unchanged composite PMI output index reflects an improvement in the services sector in February, which was offset by a slight deterioration in the manufacturing index, although the latter remained firmly in expansionary territory for the fourth consecutive month (see Chart 1). On the consumer side, survey data suggest that confidence has been improving to various degrees across countries, albeit from low levels. As regards global trade, following a stabilisation in recent months, survey indicators have begun to show tentative signs of improvement, although many indicators continue to fluctuate below their long-run averages, suggesting trade will remain subdued in the near term. The global (excluding the euro area) PMI for new export orders decreased slightly to 49.1 in February.

According to the March 2013 ECB staff macroeconomic projections (see Box 5), global growth is expected to gradually gain momentum, although with considerable dispersion in growth rates across countries, broadly confirming the global growth profile depicted in the December 2012 projections. In particular, improving financial market conditions and business sentiment are likely to support growth. Meanwhile, the OECD composite leading indicator, which is designed to anticipate turning points in economic activity relative to trend, continued to improve in December 2012, suggesting a firming-up of growth in the OECD area as a whole (see Chart 2). Further evidence of improving

**Chart 1 Global PMI (excluding the euro area)**

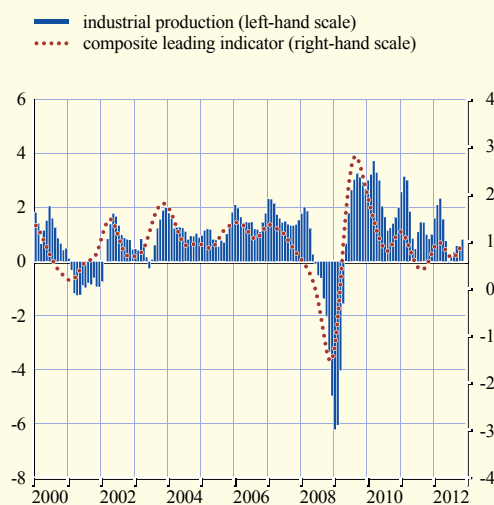
(seasonally adjusted monthly data)



Source: Markit.

**Chart 2 Composite leading indicator and industrial production**

(three month-on-three month percentage changes)



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

sentiment was seen in the Ifo World Economic Climate Indicator, which rose in the first quarter of 2013 after two successive quarterly declines. The improvement in the headline indicator was driven primarily by a significantly more positive assessment of the expectations component of the index.

Beyond the recent pick-up in global growth momentum, the medium-term outlook will continue to be constrained by a number of factors. Although the rebalancing of private sector indebtedness is progressing, debt levels of households in major advanced economies remain elevated. In several countries, short-term growth prospects also continue to be boosted by additional fiscal stimulus, which cannot be sustained indefinitely against the backdrop of high and rising government debt levels. The high level of unemployment in many countries is also expected to restrain growth.

The outlook for the global economy continues to be surrounded by considerable uncertainty and the balance of risks to the outlook for world activity and trade are still tilted to the downside. Risk factors include spillovers from slow or insufficient implementation of structural reforms in the euro area, as well as geopolitical issues and imbalances in major industrialised countries, which could have an impact on developments in global commodities and financial markets. These factors have the potential to dampen the improvement in confidence and thereby delay the recovery.

## 1.2 GLOBAL PRICE DEVELOPMENTS

In advanced economies, inflation has been declining in recent months, while in emerging markets the picture has been mixed. Accordingly, annual consumer price inflation in the OECD area was 1.7% in the year to January 2013, down from 1.9% recorded in December 2012 (see Table 2). Excluding food and energy, annual consumer price inflation remained unchanged

**Table 2 Price developments in selected economies**

(annual percentage changes)								
	2011	2012	2012 Aug.	2012 Sep.	2012 Oct.	2012 Nov.	2012 Dec.	2013 Jan.
OECD	2.9	2.2	2.1	2.2	2.2	1.9	1.9	1.7
United States	3.2	2.1	1.7	2.0	2.2	1.8	1.7	1.6
Japan	-0.3	0.0	-0.5	-0.3	-0.4	-0.2	-0.1	-0.3
United Kingdom	4.5	2.8	2.5	2.2	2.7	2.7	2.7	2.7
Denmark	2.7	2.4	2.6	2.5	2.3	2.2	1.9	1.0
Sweden	1.4	0.9	0.9	1.0	1.2	0.8	1.0	0.7
Switzerland	0.2	-0.7	-0.4	-0.5	-0.2	-0.3	-0.4	-0.3
Brazil	6.6	5.4	5.2	5.3	5.4	5.5	5.8	6.2
China	5.4	2.6	2.0	1.9	1.7	2.0	2.5	2.0
India <sup>1)</sup>	9.5	7.5	8.0	8.1	7.3	7.2	7.2	6.6
Russia	8.4	5.1	6.0	6.6	6.6	6.5	6.6	7.1
Turkey	6.5	8.9	8.9	9.2	7.8	6.4	6.2	7.3
Poland	3.9	3.7	3.8	3.8	3.4	2.7	2.2	1.6
Czech Republic	2.1	3.5	3.4	3.5	3.6	2.8	2.4	1.8
Hungary	3.9	5.7	6.0	6.4	6.0	5.3	5.1	2.8
Memo item:								
OECD core inflation <sup>2)</sup>	1.6	1.8	1.7	1.7	1.7	1.6	1.5	1.5

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

1) WPI inflation for India.

2) Excluding food and energy.

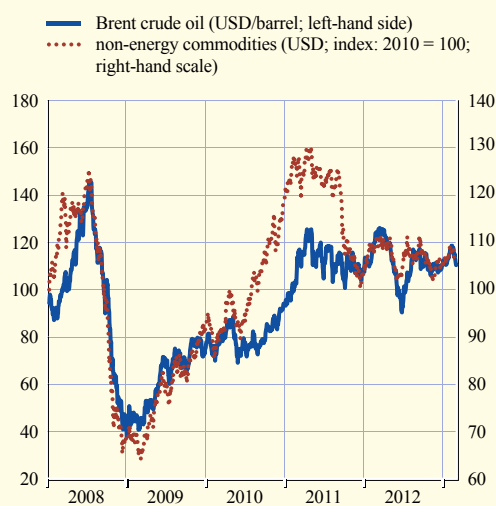
in January at 1.5% in the OECD area. The easing in overall inflationary pressure was broadly based across advanced economies. In emerging markets, inflation developments were more mixed, with consumer price inflation picking up further in Brazil, Russia and Turkey, while it fell back in China and India.

Turning to energy price developments, Brent crude oil prices increased at the end of January and early February 2013, reaching 119 USD per barrel on 14 February, before erasing earlier gains towards the end of the month. As a result, compared to the beginning of December 2012, Brent crude oil prices were stable at USD 111 per barrel on 6 March 2013. Prices are still about 10% lower compared with a year ago.

Following a strengthening in the fourth quarter of 2012, oil demand projections for 2013 were revised upwards. Global oil supply declined in January 2013 for the second consecutive month, while geopolitical tensions continued to persist. However, the latest IEA Oil Market Report paints a more reassuring outlook for non-OPEC supply, owing to robust estimated growth in North American output and a rapid recovery in North Sea fields. As a result, market participants expect lower oil prices over the medium term, with December 2014 futures prices trading at 100 USD per barrel.

Non-energy commodity prices, on aggregate, continued along a mild upward trend that began in mid-November, driven by increases in metal prices, which more than offset declines in food prices. The increase in metal prices was due to the surge in iron ore prices after a long period of decline in 2011-12. Compared with the beginning of December, non-ferrous metals decreased by 2%, while iron ore increased by 27%. By contrast, food prices declined further by 4% from the beginning of December on account of improving supply-side conditions. In aggregate terms, the non-energy commodity price index (in US dollar terms) was about 2% lower than its level one year ago.

**Chart 3 Main developments in commodity prices**



Sources: Bloomberg and HWWI.

### 1.3 DEVELOPMENTS IN SELECTED ECONOMIES

#### UNITED STATES

In the United States, GDP growth slowed down markedly in the fourth quarter as global uncertainty and tight government spending dampened economic activity. According to the second estimate by the Bureau of Economic Analysis, real GDP increased by an annualised 0.1% in the fourth quarter of 2012, down from 3.1% in the third quarter. This slowdown was mainly due to temporary factors. Government spending supported growth in the third quarter, but then fell abruptly in the fourth quarter, mainly owing to lower national defence spending, while private inventories also posted a sharp reversal. Imports declined more than exports, with net exports overall contributing positively to growth. Meanwhile, private domestic demand held up relatively well and gained momentum.

Fixed investment accelerated sharply in both the residential and non-residential sectors, and personal consumption expenditure growth also accelerated. These positive developments came amidst substantial uncertainty surrounding the health of the global economy and also despite the threat of fiscal tightening ahead of the fiscal cliff. There was a substantial improvement in real disposable personal income driven by strong dividend payments, which helped push up the saving rate to 4.6%.

Looking ahead, the economy is expected to continue to grow moderately this year, supported by a gradual upturn in private domestic demand and as the transitory factors which restrained growth in the fourth quarter gradually dissipate. Private domestic demand is supported by favourable financial conditions, which should help ease constraints on households as they continue to repair their balance sheets. For their part, businesses are enjoying healthy balance sheets and strong liquidity positions which, together with generally positive sentiment, should translate into more investment and employment. The labour market is expected to improve gradually. The housing market continues to improve and it is likely that activity will pick up in order to satisfy pent-up demand. However, the payroll tax increase, as agreed in the American Taxpayer Relief Act in January 2013, will have a negative impact on consumers' income and might dampen private consumption growth in 2013. Moreover, concerns remain on the fiscal front, as there was no political agreement to avert automatic spending cuts (the "sequester"), aimed at lowering the deficit, that took effect on 1 March 2013. This means that government spending will have to be reduced this year, consequently constraining growth.

In January 2013 annual CPI inflation declined to 1.6% from 1.7% in December 2012. This was the third month of declining annual inflation, which was mainly due to lower energy inflation turning negative in January, while food price growth also declined. Core inflation remained unchanged at 1.9% for the third consecutive month, held up by higher prices of medical care, shelter and transportation services.

On 30 January 2013 the Federal Open Market Committee (FOMC) decided to keep the target range for the federal funds rate at 0% to 0.25%, and anticipated that exceptionally low levels for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is not projected to be above 2.5%, and longer term inflation expectations continue to be well anchored. The FOMC decided to continue purchasing additional agency mortgage-backed securities at a pace of USD 40 billion per month and longer-term Treasury securities at a pace of USD 45 billion per month.

## JAPAN

In Japan, the economy contracted for a third consecutive quarter in the final three months of 2012, albeit at a more modest pace than in the two previous quarters. According to the first preliminary release of national accounts, real GDP decreased by a seasonally adjusted 0.1% quarter on quarter. In terms of the individual components, negative contributions from private non-residential investment, net exports and private inventories outweighed positive contributions from private consumption, private residential investment and public demand. Although private demand made a positive contribution to real GDP growth, it was dragged down by a sizeable slowdown in the consumption of durable goods, which resulted partly from the withdrawal of government subsidies to purchase environmentally-friendly cars. The seasonally adjusted trade deficit in January was still substantial, but had narrowed compared with that at the end of 2012 owing to an environment for global trade that was becoming gradually more positive. Recent economic data releases and forward-looking sentiment indicators are tentatively positive and hint towards a possible recovery in



growth in 2013. In January 2013 the Reuters Tankan Manufacturing Diffusion Index increased for the third consecutive month.

Looking ahead, additional fiscal stimulus as well as the depreciation of the yen are likely to support a gradual economic recovery in the near term, which will be further buoyed by the gradual improvement in external demand. Frontloaded domestic demand resulting from VAT hikes due to come into effect in 2014 might provide a further positive boost to economic growth in 2013.

Consumer prices continued to decline. Annual CPI inflation in January 2013 stood at -0.3%, compared with -0.1% in the previous month. The decrease was largely due to a change in the index weights used to calculate inflation. Meanwhile, annual core CPI inflation (excluding food, beverages and energy) fell by 0.1 percentage point to -0.7%. At its latest monetary policy meeting on 14 February 2013, 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, real GDP declined in the fourth quarter, as the earlier signs of a modest pick-up in the growth momentum dissipated. The recovery in economic activity is likely to progress very gradually over the course of the year. Domestic demand continues to be constrained by tight credit conditions, ongoing private and public sector balance sheet adjustment as well as weak household real income dynamics, while the contribution of exports to growth is likely to be limited. Despite the weak economic conditions, the labour market situation has continued to improve gradually, with the unemployment rate hovering at just below 8% since the summer and the employment rate increasing relatively rapidly over the past year. Credit growth remains weak, but some surveys have pointed to a recent improvement in credit conditions. Looking ahead, survey indicators for January and February suggest that growth in economic activity will remain modest in the short term.

Annual CPI inflation has been relatively stable in recent months following the sharp decline in the pace of inflation that began in autumn 2011. The headline inflation rate remained unchanged at 2.7% in January 2013 for the fourth consecutive month. Meanwhile, CPI inflation, excluding energy and unprocessed food, increased by 0.1 percentage point to 2.7% in January. Looking ahead, it is expected that inflationary pressures will be contained by existing spare capacity in labour and capital utilisation in the medium term, although upward pressures owing to rises in administered and regulated prices as well as sterling's recent depreciation will probably restrain somewhat the fall in inflation. At its meeting on 7 February 2013, the Bank of England's Monetary Policy Committee maintained the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion.

#### **OTHER EUROPEAN ECONOMIES**

In Sweden, in 2012 GDP continued to grow, albeit sluggishly, while GDP dynamics were more negative in Denmark. Economic activity accelerated in Switzerland in the second half of 2012, following a slight contraction in the second quarter. Looking ahead, GDP growth is likely to be moderate in Denmark, Sweden and Switzerland owing to weakness in both domestic and external demand. Turning to price developments, annual HICP inflation remained low in Sweden and eased in Denmark. Meanwhile, in Switzerland, inflation remained negative, largely owing to continuing lower import prices following the decision by the Swiss National Bank in September 2011 to set a minimum exchange rate against the euro.

In the largest central and eastern European (CEE) EU Member States, economic activity was mixed towards the end of 2012. According to preliminary data, in the fourth quarter of 2012 real GDP declined in the Czech Republic and Hungary, and increased in Romania. Looking forward, in an environment of subdued foreign and domestic demand, uncertainty and weak labour markets, economic activity is likely to remain weak, but to stabilise in 2013 and gradually rebound thereafter. Downside risks to activity in the CEE EU Member States are closely linked to negative spillover effects from the euro area. Annual HICP inflation eased in the Czech Republic, Hungary and Poland, but has increased in Romania. Generally, food and energy price inflation has eased and helped to curb inflationary pressures, while the base effects of previous indirect tax increases have also contributed to lower inflation in some countries.

In Turkey and Russia, economic activity continued to slow over the course of 2012, driven by declining domestic demand in Turkey, and primarily by a deceleration of external demand and investments in Russia. The slowdown in activity also had a dampening effect on inflation in Turkey, where the rate of consumer price increases slowed especially in the last months of 2012, aided by base effects and food price developments. In Russia, inflation accelerated in the second half of the year. In January 2013 inflation picked up sharply in both countries on the back of administrative price hikes. Looking ahead, leading indicators suggest that a gradual recovery of the economy is expected to take hold in Turkey. Meanwhile, in Russia, despite some support from high commodity prices, the slowdown in economic activity is expected to continue in the near term, as increasing inflation is having a negative impact on private consumption.

### EMERGING ASIA

Economic growth in emerging Asia held up well in the final quarter of 2012, driven by resilient domestic demand and a gradually improving global environment. Looking ahead, economic growth is anticipated to accelerate gradually on the back of an improving external environment and strengthening domestic demand.

In China, economic activity accelerated towards the end of 2012 as growth reached 7.9% year on year in the fourth quarter, up from 7.4% recorded in the previous three months. Growth was driven by consumption and investment, which contributed in roughly equal measure, while net exports made only a small, albeit positive, contribution. Overall, GDP growth in 2012 reached 7.8%. External trade accelerated in the last quarter of 2012, a trend which continued in January 2013. Trade flows with Asia and Africa rose most strongly, while trade with the euro area and Japan turned positive again in year-on-year terms in January, although seasonal effects linked to the Chinese New Year make it difficult to draw firm conclusions. The housing market rebounded further in the fourth quarter, and house prices reversed part of the fall they experienced in early 2012. Industrial production also accelerated.

Over the past few months annual consumer price inflation has declined, reaching 2% in January. However, since the last quarter of 2012 some input price indices have begun to signal rising price pressures. Producer price inflation remains negative, but increasingly less so. Although no changes have been made to benchmark interest rates and reserve requirements since July 2012, the People's Bank of China made further use of open market operations to steer liquidity conditions actively in the fourth quarter of 2012 and in January 2013.

Looking ahead, the Chinese economy is expected to continue to grow robustly in 2013. Over the past few months forward-looking indicators have moved into positive territory, suggesting that

the growth momentum at the end of 2012 is spilling over into 2013. High wage growth and an improving labour market should support consumption in the near term. A robust housing market, accommodative financial conditions and a gradually improving external environment should also support growth.

Turning to other key Asian countries, in India, GDP growth remained subdued in 2012, although it accelerated to 4.1% year on year in the fourth quarter from 2.7% in the third quarter, driven by higher private consumption and investment. Annual wholesale price inflation – the Reserve Bank of India’s preferred measure of inflation – moderated to 6.6% in January 2013, down from 7.5% in 2012. Given the growth-inflation dynamics, the Reserve Bank of India cut its key policy rate by 25 basis points to 7.75% in January 2013. In Korea, annual real GDP growth continued to grow at a steady pace, increasing by 1.5% in the fourth quarter of 2012. Consumption and export growth accelerated, offsetting the contraction in investment. Annual CPI inflation stayed below the Bank of Korea’s 2.5-3.5% target band, standing at 1.4% in February 2013. The Bank of Korea has maintained its policy rate at 2.75% since October 2012.

#### **MIDDLE EAST AND AFRICA**

In the third quarter of 2012 oil production was maintained at high levels, and government spending – supported by high oil prices – boosted output in the oil-exporting economies of the Middle East and Africa. In the same period, elsewhere in the region, growth slowed somewhat in year-on-year terms compared with the first half of 2012. Economic activity remained weak in those countries in which the political transition process has been marred by delays. Growth in the oil-exporting countries is expected to moderate in the near term on account of lower oil output, whereas continued robust growth is projected for the rest of the region.

#### **LATIN AMERICA**

Economic activity in Latin America strengthened towards the end of 2012, after experiencing a slowdown for most of the year. For 2012 as a whole, annual real GDP growth in the region is likely to have stayed near to 3%, down from 4.5% recorded in 2011, reflecting lower external demand and weaker domestic demand. Looking ahead, a gradual strengthening in the world economy and lagged effects of past policy easing measures in major countries, especially Brazil, are expected to support growth in Latin America.

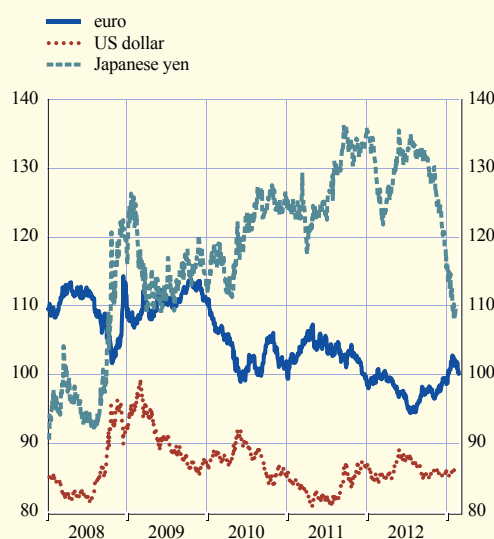
In Brazil, GDP growth rose by 0.6% in the fourth quarter of 2012, quarter on quarter, compared with 0.4% in the previous three months, led by domestic demand, especially private consumption, which expanded by 1.2%, the fastest quarterly growth in two years. Average annual growth slowed down noticeably to 0.9% in 2012, from 2.7% in 2011, on the back of a contraction in private investment and inventories, and weak export growth. This is considerably below the average growth rate recorded over the past decade. In Mexico, GDP accelerated in the last quarter of 2012, posting an increase of 0.8% quarter on quarter, up from 0.4% in the third quarter. On the supply side, growth was boosted by services and agriculture, whereas the industrial sector was a drag on growth. Real GDP growth expanded by 3.9% in 2012, which was the same rate as that recorded in 2011. In Argentina, economic activity slowed down sharply in 2012 after having expanded by 8.9% in 2011. This was due to a strong fall in private investment and exports, reflecting restrictive foreign exchange and trade controls.

## I.4 EXCHANGE RATES

Over the past three months, the euro appreciated in an environment of low volatility and marked strengthening of investor sentiment towards the euro area. Movements in exchange rates were largely related to changing market expectations about the economic outlook for the euro area relative to other major advanced economies, as well as developments in interest rate differentials. As a result, the euro appreciated throughout December and January, stabilising in February. On 6 March 2013 the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, stood 2.3% above its level at the beginning of December 2012 and 0.8% above its level one year ago (see Table 3 and Chart 4). The appreciation of the euro over the past three months was also reflected in a weakening of the nominal effective exchange rate of Japanese yen by about 10% between early December 2012 and late February 2013. Over the same period, the nominal effective exchange rate of the US dollar appreciated by around 1½%.

**Chart 4 Nominal effective exchange rates of the euro, the US dollar and the Japanese yen**

(daily data; index: Q1 1999 = 100)



Source: ECB.

Notes: The nominal effective exchange rate of the euro is calculated against the currencies of 20 of the most important trading partners of the euro area. The nominal effective exchange rates of the US dollar and the Japanese yen are calculated against the currencies of 40 of the most important trading partners of the United States and Japan.

In bilateral terms, over the past three months, the euro broadly appreciated against all major currencies. Between early December 2012 and 6 March 2013, the euro gained 0.4% against the

**Table 3 Euro exchange rate developments**

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

	Weight in the effective exchange rate of the euro (EER-20)	Change in the exchange rate of the euro as of 6 March 2013 with respect to	
		2 December 2012	7 March 2012
EER-20		2.3	0.8
Chinese renminbi	18.8	0.2	-2.2
US dollar	16.9	0.4	-0.6
Pound sterling	14.9	6.6	3.5
Japanese yen	7.2	13.5	15.0
Swiss franc	6.5	2.0	2.1
Polish zloty	6.2	1.1	-0.4
Czech koruna	5.0	1.2	2.8
Swedish krona	4.7	-4.0	-6.8
Korean won	3.9	0.5	-4.3
Hungarian forint	3.2	6.2	0.8
Danish krone	2.6	-0.1	0.3
Romanian leu	2.0	-3.5	0.0

Source: ECB.

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

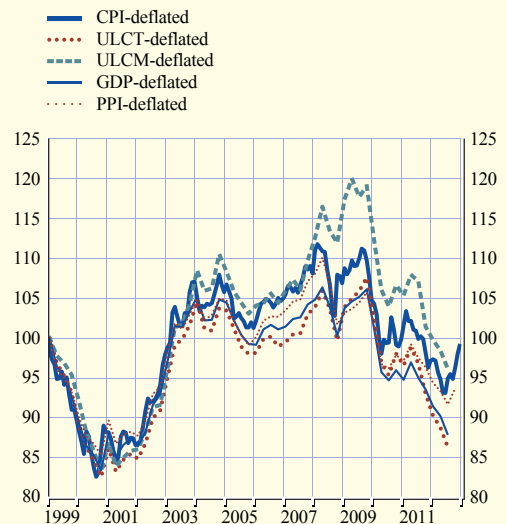
US dollar, 6.6% against the pound sterling and also strongly appreciated against the Japanese yen by 13.5%. During the same period the euro also appreciated against the currencies of most other Asian and European economies, as well as against the currencies of large commodity-exporting countries.

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

With regard to indicators of the international price and cost competitiveness of the euro area, in February 2013 the real effective exchange rate of the euro based on consumer prices was 2.2% above its level one year earlier (see Chart 5). This largely reflected the nominal appreciation of the euro since the second half of 2012.

**Chart 5 Real effective exchange rates of the euro**

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



Source: ECB.

Notes: The real effective exchange rates of the euro are calculated against the currencies of 20 of the most important trading partners of the euro area.

## 2 MONETARY AND FINANCIAL DEVELOPMENTS

### 2.1 MONEY AND MFI CREDIT

*Broad money growth strengthened slightly in the fourth quarter of 2012 and January 2013, albeit remaining subdued, while growth in loans to the non-financial private sector remained weak. Consequently, the gap between broad money growth and growth in loans to the non-financial private sector widened further. At the same time, financial fragmentation in the euro area declined further, supporting money growth through improved funding conditions for banks and inflows from non-resident investors, alongside rebalancing of deposits within the euro area. However, the improvements in financial markets and bank funding have not led to increases in the provision of loans to the non-financial private sector.*

The gradual strengthening of broad money growth observed in previous quarters was confirmed by developments in the fourth quarter of 2012 and January 2013, albeit with some volatility during that period. In January the annual growth rate of M3 stood at 3.5%, compared with 3.6% in the fourth quarter and 3.1% in the third quarter (see Chart 6 and Table 4).

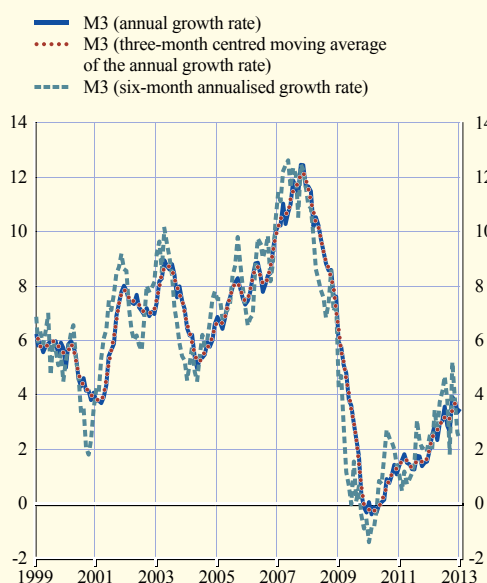
One driver of broad money growth continued to be the money-holding sector's preference for liquidity in an economic environment characterised by low interest rates and heightened – albeit declining – uncertainty. The announcement of Outright Monetary Transactions (OMTs), the establishment of the European Stability Mechanism (ESM) and other structural policy measures adopted in individual Member States reduced uncertainty and thereby dampened precautionary money balances, as well as having a positive impact on monetary developments in the fourth quarter by increasing investors' confidence in the euro area economy and affecting banks' net external asset position.

In particular, non-resident investors showed renewed interest in the euro area, particularly in stressed countries, investing funds inter alia through the purchase of euro area equity and debt securities. Deposits also flowed back to stressed countries, partly because non-resident investors reinvested funds in those countries, and partly because domestic investors in those stressed countries channelled their funds back into domestic bank deposits. The resulting rebalancing of funds within euro area MFIs helped to improve banks' funding situation, as evidenced by the reduction in excess central bank liquidity, and as confirmed by the evidence from the January 2013 bank lending survey. However, those improvements in banks' funding situation have not led to increased dynamism in the provision of loans to the non-financial private sector.

The decoupling of developments in broad money from those in credit to the private sector continued in the fourth quarter and January.

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.



**Table 4 Summary table of monetary variables**

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

	Outstanding amounts as a percentage of M3 <sup>1)</sup>	Annual growth rates					
		2012 Q1	2012 Q2	2012 Q3	2012 Q4	2012 Dec.	2013 Jan.
<b>M1</b>	<b>52.3</b>	<b>2.4</b>	<b>2.9</b>	<b>4.8</b>	<b>6.3</b>	<b>6.3</b>	<b>6.7</b>
Currency in circulation	8.8	6.1	5.5	5.3	3.0	2.5	1.4
Overnight deposits	43.5	1.7	2.4	4.6	7.0	7.1	7.8
M2-M1 (=other short-term deposits)	39.8	2.6	2.6	1.3	1.6	2.1	1.6
Deposits with an agreed maturity of up to two years	18.5	3.0	2.3	-1.1	-2.1	-2.0	-3.2
Deposits redeemable at notice of up to three months	21.3	2.1	2.9	3.7	5.0	5.9	6.2
<b>M2</b>	<b>92.2</b>	<b>2.5</b>	<b>2.8</b>	<b>3.2</b>	<b>4.2</b>	<b>4.4</b>	<b>4.4</b>
M3-M2 (=marketable instruments)	7.8	-0.1	2.6	1.6	-2.9	-7.5	-6.2
<b>M3</b>	<b>100.0</b>	<b>2.2</b>	<b>2.7</b>	<b>3.1</b>	<b>3.6</b>	<b>3.4</b>	<b>3.5</b>
<b>Credit to euro area residents</b>		<b>1.2</b>	<b>1.4</b>	<b>0.9</b>	<b>0.5</b>	<b>0.5</b>	<b>0.0</b>
Credit to general government		5.3	8.6	9.2	8.3	5.8	4.6
Loans to general government		-4.6	-1.7	1.5	1.9	-0.4	0.1
Credit to the private sector		0.3	-0.3	-1.0	-1.4	-0.8	-1.1
Loans to the private sector		0.7	-0.1	-0.6	-0.8	-0.7	-0.9
Loans to the private sector adjusted for sales and securitisation <sup>2)</sup>		1.1	0.4	-0.1	-0.4	-0.2	-0.4
<b>Longer-term financial liabilities (excluding capital and reserves)</b>		<b>0.4</b>	<b>-2.4</b>	<b>-4.4</b>	<b>-5.2</b>	<b>-5.1</b>	<b>-5.2</b>

Source: ECB.

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

2) Adjusted for the derecognition of loans from the MFI statistical balance sheet owing to their sale or securitisation.

The main counterparts of M3 growth were an improvement in MFIs' net external asset position and a further contraction in longer-term financial liabilities. The weakness of credit to the private sector reflected the dampening effect of the net redemption of loans to non-financial corporations and subdued lending to households.

Overall, monetary data for the period to January 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. All in all, therefore, monetary data for the period to January confirm that the underlying pace of monetary expansion remains subdued.

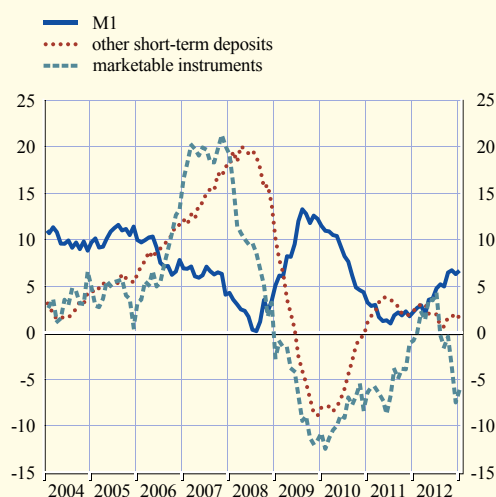
#### MAIN COMPONENTS OF M3

Developments in liquid monetary instruments contained in M1 remained the primary driver of the inflows observed for M3 in the fourth quarter of 2012 and January 2013 (see Chart 7).

The annual growth rate of M1 increased strongly to stand at 6.3% in the fourth quarter, up from 4.8% in the third quarter, before increasing further to stand at 6.7% in January (see Table 4). The sizeable inflows seen for M1 in the fourth

**Chart 7 Main components of M3**

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



Source: ECB.

quarter and January reflected a strong preference for liquid deposits on the part of households and non-financial corporations and could also be observed in a number of stressed countries. In the case of households, this partly mirrored the shifting of funds into overnight deposits from outside M3, with the opportunity cost of holding overnight deposits (as opposed to less liquid monetary instruments) remaining low, reflecting the flat yield curve. These developments differed from the flows observed in mid-2012, when liquidity buffers were increased – mainly by institutional investors – in response to heightened financial market uncertainty.

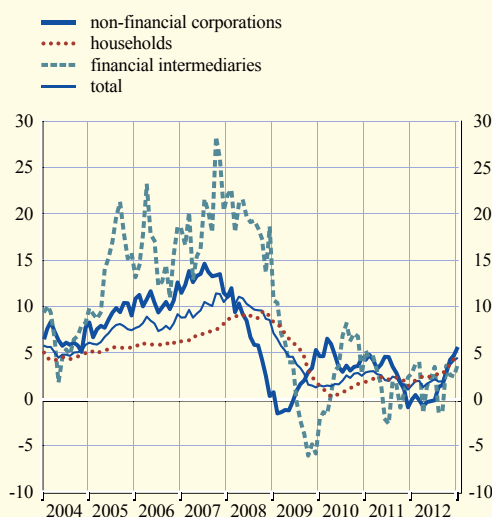
The annual growth rate of short-term deposits other than overnight deposits (i.e. M2 minus M1) increased to 1.6% in the fourth quarter, up from 1.3% in the third quarter (see Chart 7). Inflows were recorded both for short-term time deposits (i.e. deposits with an agreed maturity of up to two years) and for short-term savings deposits (i.e. deposits redeemable at notice of up to three months), a development that continued in January. Some stressed countries saw sizeable inflows for time deposits, pointing to improved confidence in the banking sectors of those countries. This helped to improve banks' funding situation and contributed to the decline in financial fragmentation.

The annual growth rate of marketable instruments (i.e. M3 minus M2) continued to decline, turning negative to stand at -2.9% in the fourth quarter and -6.2% in January, down from 1.6% in the third quarter (see Table 4). The fourth quarter saw sizeable reductions in the money-holding sector's holdings of both money market fund shares/units and short-term MFI 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 have not benefited from the temporary inflows seen in previous periods of financial market uncertainty on account of investors adjusting the composition of their portfolios. The very low interest rates are affecting the attractiveness of short-term 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 3.8% in the fourth quarter, up from 2.6% in the third quarter (see Chart 8). The inflow observed in the fourth quarter was the result of all sectors increasing their holdings of M3 deposits, with households making the largest contribution. Conditions in financial markets in the fourth quarter led to volatility in the money holdings of non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs), which include investment funds and securitisation vehicles. OFIs' money demand is strongly affected by

**Chart 8 Short-term deposits and repurchase agreements**

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



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

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. In addition, statistical effects relating to the establishment of the ESM affected OFIs' holdings of overnight deposits in the fourth quarter.

### MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents fell to 0.5% in the fourth quarter of 2012, down from 0.9% in the third quarter, before falling further to stand at 0.0% in January 2013 (see Table 4). These developments reflected declines in the annual growth rates of both credit to general government and credit to the private sector.

The annual growth rate of MFI credit to general government declined to 4.6% in January, down from 8.3% in the fourth quarter and 9.2% in the third quarter (see Table 4). This weakening was driven largely by base effects and an overall decline in purchases of government debt securities (albeit with some variation across countries), following the substantial purchases observed previously (especially in the first three quarters of 2012) as MFIs parked the substantial amounts of liquidity that they had obtained from the three-year longer-term refinancing operations (LTROs). Since September the amount of excess liquidity that has not already been invested or parked has fallen significantly and yields on sovereign bonds have declined substantially in several countries, which is associated with a reduction in purchases of government bonds. At the same time, purchases of government debt securities by non-residents have increased since September, following the announcement of OMTs.

The annual growth rate of MFI credit to the private sector stood at -1.1% in January, compared with -1.4% in the fourth quarter and -1.0% in the third quarter (see Table 4). The outflow observed for credit to the private sector in the fourth quarter was in spite of MFIs' strong purchases of private sector securities (mostly driven by transactions relating to the restructuring of the Spanish banking sector in December 2012), which were more than offset by the further net redemption of MFI loans to the private sector (adjusted for loan sales and securitisation). In January the decline in credit reflected the net redemption of both debt securities and MFI loans to the private sector.

The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) stood at -0.4% in January, unchanged from the fourth quarter and down from -0.1% in the third quarter, with broadly similar developments being observed for non-adjusted loans (see Table 4). From a sectoral perspective, the fourth quarter saw a further contraction in loans to non-financial corporations, while there was a limited increase in loans to households. In January these sectoral trends continued for loans to non-financial corporations and loans to households, while growth in loans to non-monetary financial intermediaries declined.

The annual growth rate of MFI loans to households (adjusted for loan sales and securitisation) declined to 0.5% in January, down from 0.8% in the fourth quarter and 1.0% in the third quarter, continuing the gradual declines observed since mid-2011. In terms of monthly flows, cross-country heterogeneity has continued in recent months, as signs of a gradual recovery in lending for house purchase in some countries have largely been offset by further contractions in this component in other countries (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 January, down from -1.4% in the fourth quarter and -0.5% in the

third quarter. That reflected the further declines seen in corporate borrowing in recent months. Those declines have been broadly based across maturities, with longer-term loans (i.e. those with an original maturity of over five years) declining more strongly than short-term loans (see Section 2.6 for more details).

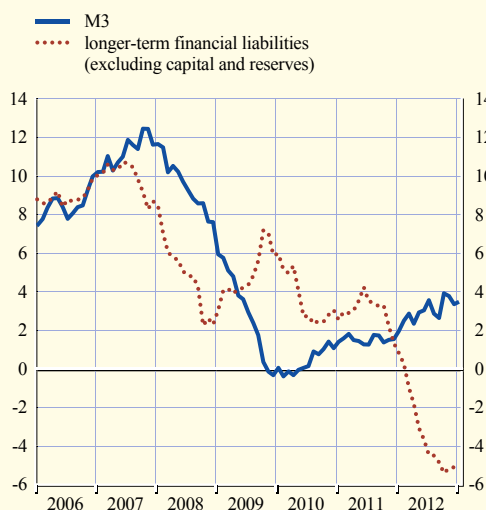
Overall, the improvements in banks' funding situation have not led to increases in the provision of loans to the non-financial private sector, which has declined further in recent months. Both demand and supply factors continue to have an impact in terms of the underlying causes of those subdued developments, albeit with significant cross-country heterogeneity. Factors hampering demand for bank loans include the weakness of economic activity in the fourth quarter, continued high levels of uncertainty and persistent financial market fragmentation (albeit such fragmentation has receded somewhat in recent months). Additional factors dragging down demand for loans are the continuing need to reduce household and corporate indebtedness in a number of countries and firms' use of alternative sources of finance. On the supply side, credit risk considerations are still leading MFIs to restrict loan supply through tight credit standards, as indicated by the latest bank lending survey. Conservative lending practices may also reflect adjustments made by banks with a view to fulfilling new regulatory requirements and, in many cases, a continued need to repair balance sheets. Furthermore, the declining role of non-monetary financial intermediaries in the provision of funding to the euro area economy may also affect loan growth. This decline can be seen in the reduced financial investment flows of this sector and its increased investment in securities issued by non-euro area residents, as well as the ongoing weakness of genuine securitisation activities (see Section 2.2 for more details).

Nonetheless, loan growth appears to be broadly in line with the current stage of the business cycle, taking into account the need to correct for past excesses and the fact that loans to households broadly move in line with economic activity, while loans to non-financial corporations typically respond with a lag. Unless special factors result in significant deviation from historical regularities, subdued growth in loans to both households and non-financial corporations can be expected in the next few months, given the projections for economic activity.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) stood at -5.2% in January, unchanged from the fourth quarter and down from -4.4% in the third quarter (see Chart 9). Another substantial quarterly outflow was recorded in the fourth quarter, contributing positively to monetary dynamics. Both long-term deposits and net issuance of long-term debt securities by euro area MFIs registered negative flows in the fourth quarter. The decline in long-term deposits was partly explained by the impact of the unwinding of earlier retained securitisation transactions, but probably also reflected the flattening observed in the yield curve since

Chart 9 M3 and MFI longer-term financial liabilities

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



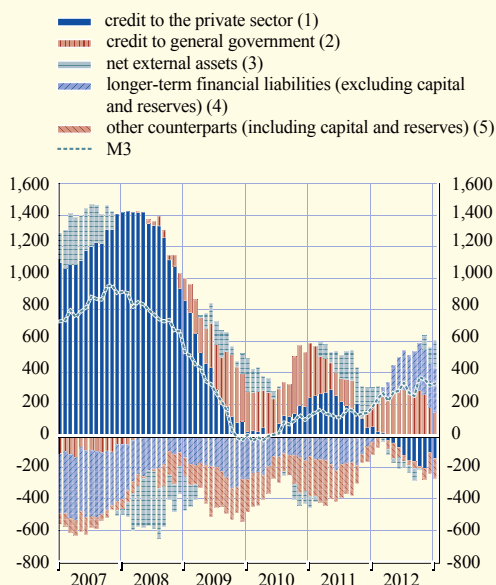
Source: ECB.

early 2012, which triggered further shifts from long-term deposits into M3 in the fourth quarter of 2012. Reduced net issuance of long-term debt securities suggests that banks have been able to satisfy their funding needs using liquidity obtained through the two three-year LTROs or by strengthening their deposit base, but probably also reflects reduced funding needs for some banks on account of their deleveraging.

Improved confidence in the euro area is mirrored on the counterpart side by a further improvement in MFIs' net external asset position. Indeed, 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 of assets issued by the money-holding sector – saw a further quarterly inflow in the fourth quarter, with a further sizeable inflow being recorded in January (see Chart 10). These were in addition to the large inflow observed in the third quarter of 2012, which followed a sizeable cumulative outflow between October 2011 and June 2012. Notably, investment in debt securities by non-euro area residents has increased markedly since July 2012 in the presence of more favourable bond market conditions, while investment in equity securities has tripled (see Box 1 for more details).

**Chart 10 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.

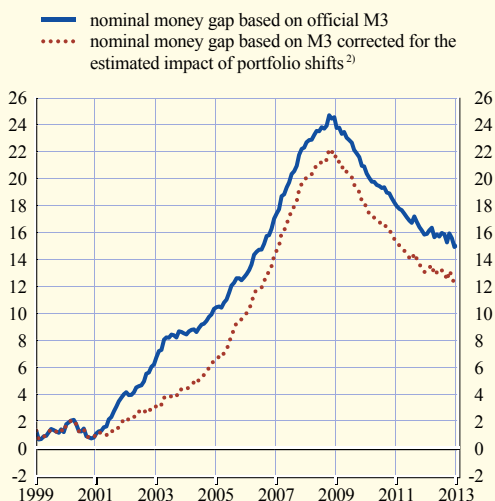
### GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

The flows observed for M3 between end-September and end-January resulted in slight declines in the accumulated monetary liquidity in the euro area (see Charts 11 and 12). Some indicators of monetary liquidity monitored by the ECB suggest that a significant amount of the ample liquidity that was accumulated prior to the crisis has now been reabsorbed. Looking ahead, some indicators may 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 subdued. M3 growth in the fourth quarter of 2012 and January 2013 was not driven by growth in credit to the private sector, being associated instead with shifts into M3 on account of the liquidity preferences of the money-holding sector. The weakness of credit to the private sector partly reflected the dampening effect of the ongoing correction of past excesses, which has necessitated further deleveraging in the financial and non-financial sectors of some countries. From a medium-term perspective, a key prerequisite for a sustained 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. Overall, on the basis of monetary indicators, risks to price stability remain balanced.

**Chart 11 Estimates of the nominal money gap<sup>1)</sup>**

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



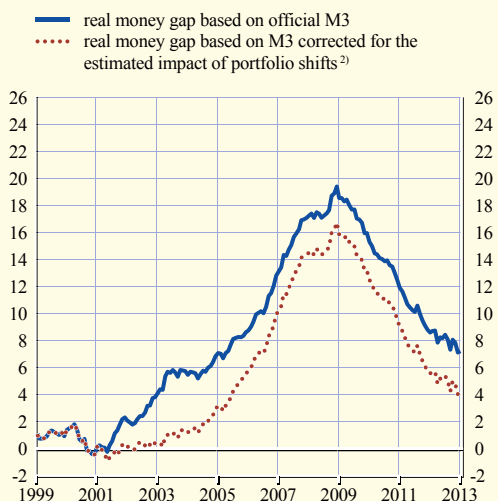
Source: ECB.

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 12 Estimates of the real money gap<sup>1)</sup>**

(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.

## Box 1

### RECENT DEVELOPMENTS IN THE FINANCIAL ACCOUNT OF THE EURO AREA BALANCE OF PAYMENTS

This box analyses developments in the financial account of the euro area balance of payments in 2012. Net inflows in the combined balance on direct and portfolio investment in the euro area decreased to €13.2 billion in 2012, from €119.2 billion a year earlier (see the table below). These inflows were more than offset by net outflows in other investment, which remained almost unchanged from 2011. After the short-lived resumption of net purchases of cross-border securities by both euro area and foreign investors in the first quarter of 2012, the second quarter saw net inflows in portfolio investment (on account of the liquidation of foreign securities) and concomitant net outflows in other investment, as financial market tensions in the euro area intensified again. In the second half of the year these tensions eased somewhat following the announcement of the Outright Monetary Transactions (OMTs) in September. As a result, euro area residents resumed their net purchases of cross-border securities, while non-residents increased their exposures to euro area securities.

The decrease in net inflows in the combined balance on direct and portfolio investment in the euro area in 2012 was supported by lower net inflows in portfolio investment, as euro area



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

(EUR billions; non-seasonally adjusted data)

	2012		Three-month cumulated figures				12-month cumulated figures	
	Nov.	Dec.	2012				2011 Dec.	2012 Dec.
			Mar.	June	Sep.	Dec.		
<b>Financial account<sup>1)</sup></b>	-22.7	-47.0	3.6	-20.4	-55.0	-81.6	-45.3	-153.5
Combined net direct and portfolio investment	30.3	-20.7	-74.5	77.9	-34.9	44.8	119.2	13.2
Net direct investment	13.7	-8.6	-3.5	-16.3	-25.7	-5.5	-154.8	-50.9
Net portfolio investment	16.5	-12.1	-71.0	94.2	-9.3	50.2	274.0	64.1
Equities	13.0	-10.1	18.6	24.9	14.2	24.7	170.7	82.4
Debt instruments	3.6	-2.0	-89.6	69.2	-23.4	25.5	103.3	-18.3
Bonds and notes	26.5	-3.0	-53.8	35.7	12.6	33.4	177.7	28.0
Money market instruments	-22.9	0.9	-35.8	33.5	-36.1	-7.9	-74.5	-46.3
Net other investment	-62.4	-28.9	86.9	-80.3	-19.4	-140.0	-149.5	-152.8
<b>Of which: money-holding sector<sup>2)</sup></b>								
Net direct investment	11.4	-5.9	-6.3	-19.9	-27.8	-3.8	-142.2	-57.8
Net portfolio investment	41.7	19.4	-43.7	51.6	-2.4	81.9	124.3	87.4
Equities	14.2	13.5	14.3	29.4	15.1	57.3	134.6	116.1
Debt instruments	27.5	5.9	-58.0	22.2	-17.5	24.6	-10.3	-28.7
Net other investment	-14.9	-11.3	6.0	-38.8	14.1	-41.0	51.9	-59.7

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.

investors again took up their purchases of foreign securities. The resumption of purchases of foreign securities concerned mainly euro area non-MFIs, which increased their exposures to both equity and debt securities, while euro area MFIs continued deleveraging in line with their balance sheet restructuring. Net outflows in other investment remained almost unchanged in comparison with 2011. While net outflows in other investment in 2011 had been driven mainly by euro area residents investing in foreign assets, those recorded in 2012 were determined by the disinvestment of non-residents from euro area MFIs' deposits and loans. The latter was reflected in a sharp decline in other investment liabilities of the euro area banking sector. However, these developments in portfolio and other investment masked considerable volatility in investment patterns throughout the year, following shifts in market sentiment.

In the first quarter of 2012 euro area investors (both MFIs and non-MFIs) resumed their purchases of foreign securities (especially debt instruments) after a period of heightened financial market tensions related to the intensification of the sovereign debt crisis. This resumption followed an announcement presenting policy measures aimed at addressing the crisis and calming financial markets. In the second quarter, however, the positive effects faded as uncertainty returned. Funding pressures emerged on account of the repatriation of funds foreign investors had in euro area MFIs, as reflected in the sharp decline in other investment liabilities. Consequently, euro area residents had to reduce their cross-border holdings of securities, but the announcement of OMTs in September managed to calm markets. Net flows in portfolio investment turned negative in the third quarter, as euro area investors increased their exposures to cross-border securities.

In the fourth quarter of 2012 financial market conditions improved further. Net inflows of €44.8 billion were recorded in the combined balance on direct and portfolio investment,

following net outflows of €34.9 billion in the third quarter, mainly on account of a substantial expansion of net purchases of euro area securities by foreign residents. The latter was driven by an increase in net acquisitions of euro area equity and debt securities, and was only partly offset by a rise in net purchases of cross-border equity securities by euro area investors. Net outflows in foreign direct investment declined, as compared with the third quarter, owing to euro area investors from the private non-MFI sector acquiring less equity capital and other capital issued by foreign companies. In the meantime, there was a reduction, albeit to a lesser extent, in net acquisitions of capital issued by euro area non-MFIs.

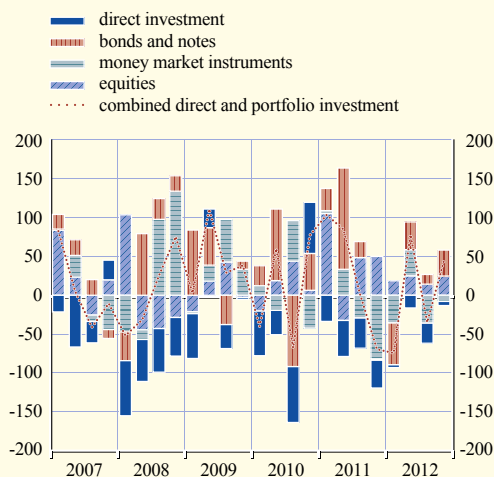
As in previous quarters of the same year, there were remarkable differences between portfolio

investment flows in the MFI and non-MFI sectors in the fourth quarter. In the MFI sector, euro area banks continued to reduce their exposures to foreign debt securities on account of balance sheet restructuring, but resumed their purchases of foreign equity securities. Non-residents of the euro area, however, continued to repatriate funds previously invested in both equity and debt securities issued by euro area MFIs. It should be noted, however, that the process of repatriation by euro area investors slowed down somewhat in the fourth quarter, against the background of a normalisation of financial market conditions. At the same time, euro area MFIs substantially reduced their exposures to cross-border deposits and loans amid a persistent reduction of their other investment liabilities. These two-way repatriation flows reached particularly high levels in December 2012.

With regard to the non-MFI sector, euro area investors increased their net acquisition of foreign equity securities and money market instruments in the fourth quarter, while their purchases of foreign bonds and notes edged down slightly. In the meantime, an increase in foreign investors' acquisition of the aforementioned instruments issued by euro area private non-MFI and general government sectors was even more pronounced, with amounts invested in euro area securities not seen since mid-2011. Together with the outflow of short-term deposits from euro area MFIs, these developments may imply an improvement in investors' confidence in the future prospects of the euro area, given that non-residents withdrew their funds from euro area MFIs and invested them in equity securities issued by euro area private non-MFI companies and in government bonds. All in all, net portfolio investment was positive in the fourth quarter, thus contributing 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, transactions involving the money-holding sector were an important determinant of the increase in MFIs' net external asset position in the fourth quarter of 2012.

### Main items in the financial account

(EUR billions; quarterly net flows)



Source: ECB.

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

The annual growth rate of financial investment by the non-financial sectors remained unchanged at 2.6% in the third quarter of 2012, reflecting the continued weakness of the economic environment and limited investment opportunities. The annual growth rate of financial investment by insurance corporations and pension funds also remained broadly unchanged. In contrast, investment funds saw a marked inflow in the fourth quarter of 2012, driven mainly by investment in bond funds, but also, to a lesser extent, investment in mixed funds and, after a prolonged period of outflows, equity funds.

### NON-FINANCIAL SECTORS

In the third quarter of 2012 (the most recent quarter for which data from the euro area accounts are available) the annual growth rate of total financial investment by the non-financial sectors remained unchanged at 2.6% (see Table 5). The developments observed in the third quarter resulted mainly from stronger growth in investment in currency and deposits, which compensated for weaker growth in investment in debt securities, shares and other equity.

A sectoral breakdown reveals that, in line with the trend observed in the second quarter, households and non-financial corporations reduced their financial investment further in the third quarter, while the general government sector increased its investment (which was partly associated with bank recapitalisation operations; see Chart 13). The slowdown in households' accumulation of financial assets largely reflected the continued stagnation in their nominal disposable income. Households reduced their holdings of debt securities and continued to shed mutual fund shares – a process that began in early 2010 and continued in the third quarter of 2012.

Table 5 Financial investment of the euro area non-financial sectors

	Outstanding amount as a percentage of financial assets <sup>1)</sup>	Annual growth rates									
		2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3
<b>Financial investment</b>	<b>100</b>	<b>2.6</b>	<b>2.7</b>	<b>3.6</b>	<b>3.3</b>	<b>3.5</b>	<b>3.3</b>	<b>2.6</b>	<b>3.0</b>	<b>2.6</b>	<b>2.6</b>
Currency and deposits	24	1.5	2.3	3.2	3.9	4.2	3.5	3.0	3.6	3.2	3.6
Debt securities, excluding financial derivatives	5	-2.5	-3.4	5.1	6.1	7.4	7.4	2.9	1.8	0.4	-1.0
of which: short-term	0	-25.0	-11.2	-8.4	-0.8	6.1	-1.2	19.8	15.9	22.7	23.5
of which: long-term	5	0.1	-2.6	6.3	6.7	7.5	8.1	1.6	0.6	-1.3	-2.8
Shares and other equity, excluding mutual fund shares	28	2.5	2.7	3.3	2.6	2.5	2.6	2.2	2.7	2.6	1.9
of which: quoted shares	6	3.1	2.3	3.0	1.1	1.2	2.8	2.1	2.6	2.6	1.0
of which: unquoted shares and other equity	22	2.3	2.8	3.4	3.0	2.8	2.6	2.3	2.8	2.6	2.1
Mutual fund shares	5	-2.2	-3.0	-3.7	-4.3	-3.6	-4.6	-5.0	-4.0	-2.7	-1.5
Insurance technical reserves	16	4.8	4.7	4.3	3.6	3.1	2.7	2.2	1.8	1.7	1.7
Other <sup>2)</sup>	22	4.9	5.1	5.3	4.8	5.0	5.2	4.6	5.4	4.6	4.9
<b>M3<sup>3)</sup></b>		<b>0.1</b>	<b>0.8</b>	<b>1.1</b>	<b>1.8</b>	<b>1.3</b>	<b>1.7</b>	<b>1.5</b>	<b>2.9</b>	<b>3.0</b>	<b>2.6</b>

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.

The decline observed in the annual growth rate of total financial investment by non-financial corporations in the third quarter reflected continued declines in gross operating surpluses and increased savings (i.e. retained earnings). The annual growth rate of financial investment by the general government sector rose further in the third quarter, mainly reflecting increased investment in loans, currency and deposit holdings, while investment in shares remained unchanged and investment in debt securities declined. More detailed information on developments in the financial flows and balance sheets of the non-financial private sector 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 third quarter of 2012” in the February 2013 issue of the Monthly Bulletin.

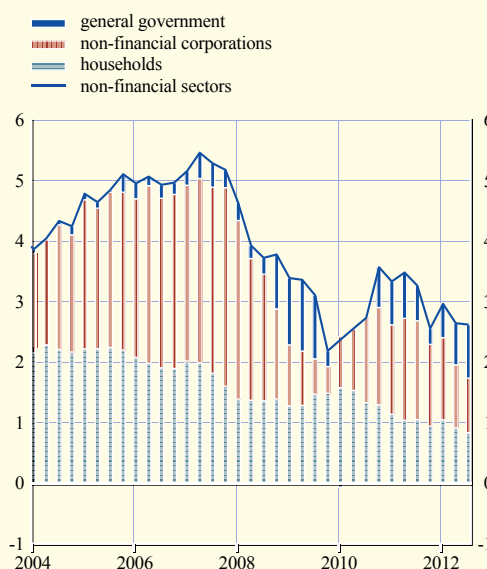
### INSTITUTIONAL INVESTORS

The annual growth rate of financial investment by insurance corporations and pension funds remained unchanged at 2.4% in the third quarter of 2012 (the most recent quarter for which data are available from the integrated euro area accounts; see Chart 14). Thus, that growth rate remains at its lowest level since 1999, partly reflecting the declines seen in households’ investment in insurance technical reserves since end-2007, as well as declines in currency and deposits held by insurance corporations and pension funds. The latter, which was last seen in the second quarter of 2011, may potentially signal a reduced need for cash buffers on the back of some easing of uncertainty in financial markets. Mutual fund shares and debt securities remained the most important contributors to total financial investment by insurance corporations and pension funds. However, while the contribution made by mutual funds declined slightly in the fourth quarter, that of financial investment in debt securities increased further.

The annual inflow for investment fund shares/units (excluding money market funds) increased markedly to stand at €341 billion

Chart 13 Financial investment of non-financial sectors

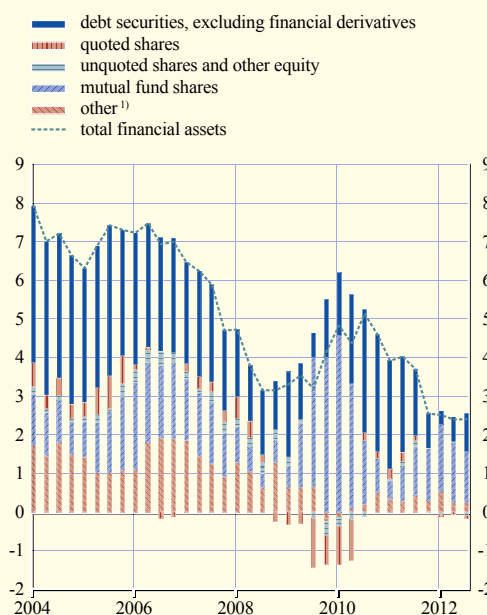
(annual percentage changes; contributions in percentage points)



Source: ECB.

Chart 14 Financial investment of insurance corporations and pension funds

(annual percentage changes; contributions in percentage points)



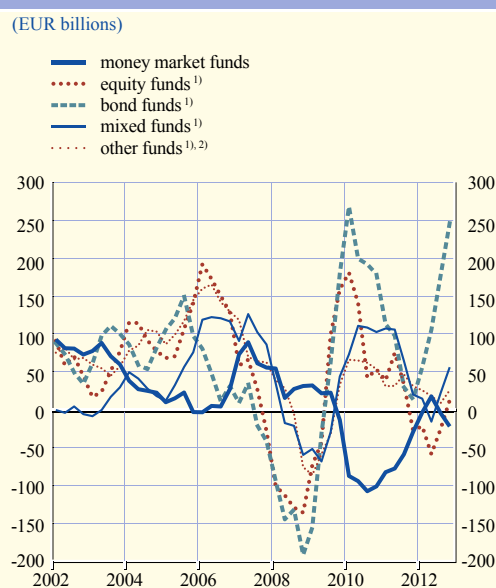
Source: ECB.

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

in the fourth quarter, up from €171 billion in the previous quarter. The annual growth rate increased to 4.3%, up from 2.8% in the third quarter. Annual inflows for bond funds were the largest contributor, while investment in mixed funds also picked up. Inflows were also observed for equity funds, after a prolonged period of outflows (see Chart 15). An outflow was again observed for money market funds, continuing to reflect the challenging business environment for those funds given the low level of interest rates.

Looking specifically at developments in the fourth quarter of 2012, a strong inflow of €160 billion was observed for investment fund shares/units (excluding money market funds), which may, to some extent, reflect seasonal patterns (as data are not seasonally adjusted). This inflow was due largely to inflows for bond funds, whose annual growth rate increased to 16.6% in that quarter. This development continues to reflect the easing observed in bond markets following the settlement of the Eurosystem's three-year longer-term refinancing operations and the announcement of Outright Monetary Transactions. At the same time, looking at the asset side of investment funds' balance sheets for the fourth quarter, bond funds appear to have invested marginally more in bonds issued by non-euro area residents than they did in bonds issued by euro area residents – a slight contrast with the developments observed in the previous quarter.

**Chart 15 Net annual flows into money market and investment funds**



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.

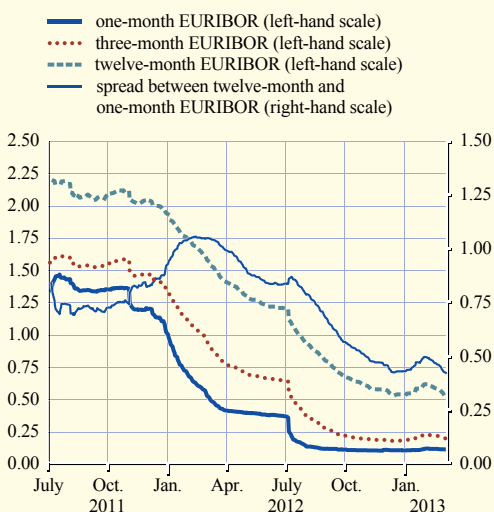
### 2.3 MONEY MARKET INTEREST RATES

*Money market interest rates displayed increased volatility between 5 December 2012 and 6 March 2013. Perceptions that reductions in key ECB interest rates had become less likely, combined with expectations regarding developments in liquidity conditions, triggered a temporary increase in money market interest rates in January. The EONIA declined marginally over the period under review, standing at low levels and reflecting the historically low key ECB interest rates, as well as the very large amounts of excess liquidity that remained in the overnight money market.*

Unsecured money market interest rates showed some volatility between 5 December 2012 and 6 March 2013. After remaining stable in December, they rose in January, before falling again in February, ultimately standing at levels comparable to those seen at the beginning of the review period. On 6 March the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.12%, 0.20%, 0.32% and 0.54% respectively. Thus, the rates on the two shortest maturities were unchanged and 1 basis point higher respectively when compared with the levels observed on 5 December, while the rates on the longer maturities were 2 and 3 basis points lower respectively.

Chart 16 Money market interest rates

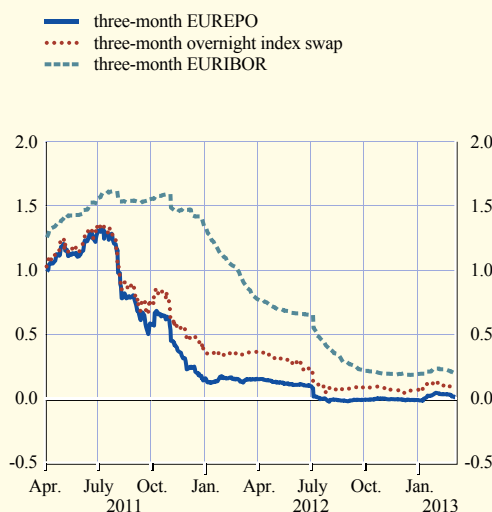
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

Chart 17 Three-month EUREPO, EURIBOR and overnight index swap

(percentages per annum; daily data)



Sources: ECB, Bloomberg and Thomson Reuters.

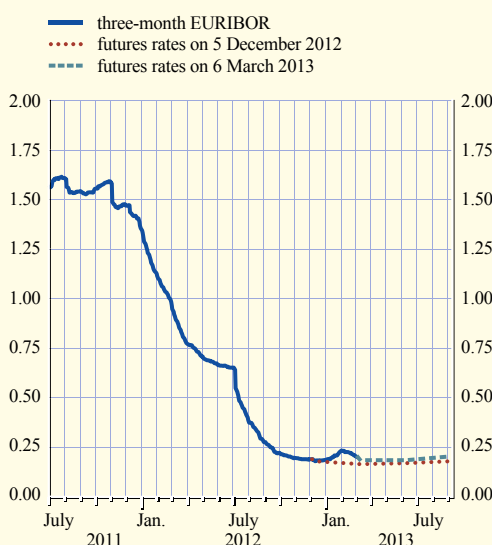
Accordingly, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased by 4 basis points over that period to stand at 42 basis points on 6 March (see Chart 16).

Secured money market interest rates followed a similar pattern, remaining stable in December, before increasing at the beginning of the year and then decreasing in February (see Chart 17). The interest rate on the three-month overnight index swap stood at 0.07% on 6 March, unchanged from the level observed on 5 December. As the corresponding unsecured EURIBOR increased by 1 basis point, the spread between the two rates increased by the same amount. The three-month EUREPO increased by 2 basis points in the period under review, standing at 0.01% on 6 March.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in March, June and September 2013 stood at 0.19%, 0.19% and 0.20% respectively on 6 March, all representing increases of 2 basis points in comparison with the levels observed on 5 December, partly reflecting the perception that reductions in key ECB interest rates had become less likely (see Chart 18). Implied

Chart 18 Three-month interest rates and futures rates in the euro area

(percentages per annum; daily data)

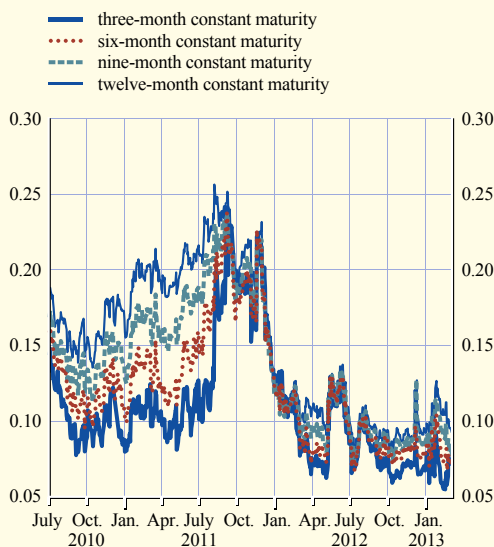


Source: Thomson Reuters.

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

**Chart 19 Implied volatilities with constant maturities derived from options on three-month EURIBOR futures**

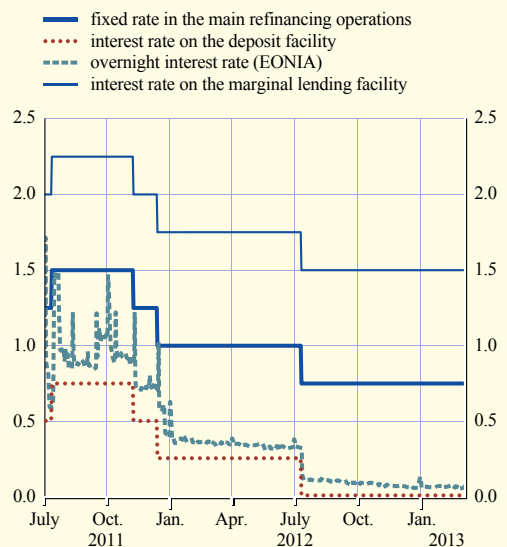
(percentages per annum; daily data)



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.

**Chart 20 ECB interest rates and the overnight interest rate**

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts increased relative to the levels observed on 5 December (see Chart 19).

Looking at the overnight maturity, the EONIA declined marginally further to stand at 7 basis points on average during the twelfth reserve maintenance period of 2012 and the first and second reserve maintenance periods of 2013, standing at 0.07% on 6 March. 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 (see Chart 20).

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 (see Box 2).

The ECB also conducted weekly one-week liquidity-absorbing operations with a variable rate tender procedure and a maximum bid rate of 0.75% in the twelfth reserve maintenance period of 2012 and the first and second reserve maintenance periods of 2013. In nearly all of these liquidity-absorbing operations, the ECB absorbed an amount equal to the value of the purchases made under the Securities Markets Programme (which totalled €205.5 billion on 6 March), the sole exception being the last operation of 2012, carried out on 28 December, in which the Eurosystem withdrew only €197.6 billion.



The review period continued to be characterised by very high levels of excess liquidity, albeit those levels declined somewhat owing to the voluntary early repayment of some of the liquidity obtained in the two three-year LTROs settled in December 2011 and March 2012. Counterparties have so far opted to repay €224.8 billion of the €1,018.7 billion obtained in the two LTROs. As a result, daily excess liquidity averaged €554 billion in the twelfth reserve maintenance period of 2012 and the first and second reserve maintenance periods of 2013, down from €683 billion in the previous three reserve maintenance periods. Daily recourse to the deposit facility averaged €197 billion, while current account holdings in excess of reserve requirements averaged €357 billion – down from averages of €264 billion and €419 billion respectively in the previous three reserve maintenance periods.

**Box 2****LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 14 NOVEMBER 2012 TO 12 FEBRUARY 2013**

This box describes the ECB's open market operations during the reserve maintenance periods ending on 11 December 2012, 15 January 2013 and 12 February 2013.

During the period under review, the main refinancing operations (MROs) continued to be conducted as fixed rate tender procedures with full allotment. The same procedure remained in use for 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 also 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.

In line with the decision of the Governing Council on 8 December 2011 to implement measures to support bank lending and liquidity in the euro area money market, banks participating in the three-year LTRO allotted on 21 December 2011 were offered the option of early repayment after one year, starting on 30 January 2013.

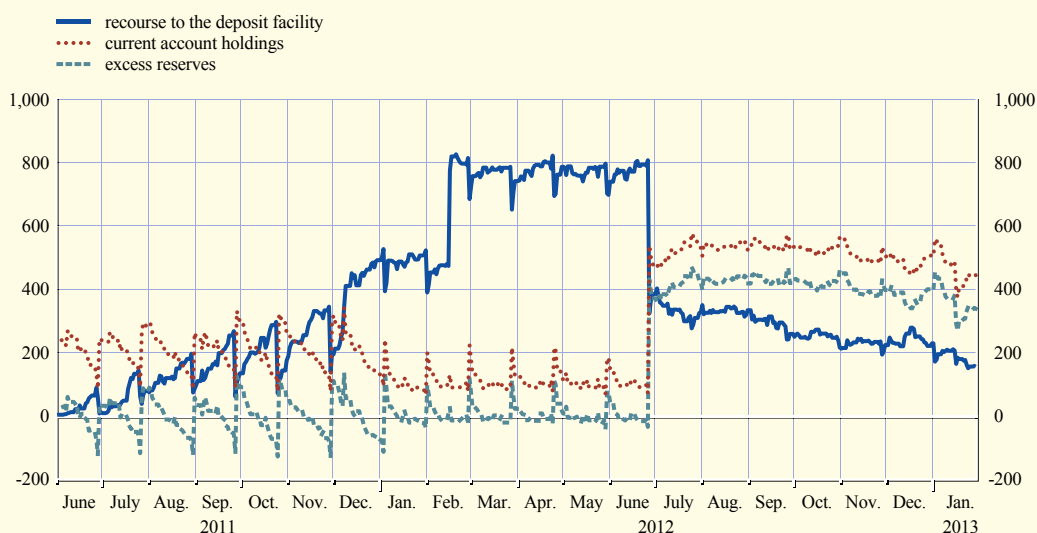
Finally, the Governing Council decided to keep the key ECB interest rates unchanged during the period under review.

**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 €575.7 billion. This was €54.8 billion higher than the daily average recorded in the previous three maintenance periods (i.e. the period from 8 August to 13 November 2012). Reserve requirements stood at €105.9 billion on average over the three maintenance periods under review, slightly lower than in the previous three maintenance periods (€106.8 billion). At the same time, autonomous factors increased by €55.7 billion to €469.7 billion on average. This was mainly due to higher government deposits

**Chart A Banks' current account holdings, excess reserves and recourse to the deposit facility**

(EUR billions; daily figures in each maintenance period)



Source: ECB.

held with central banks, combined with occasional declines in other autonomous factors, such as claims on euro area credit institutions denominated in euro.

Current account holdings in excess of reserve requirements averaged €382.5 billion during the period under consideration, a decrease of €45.8 billion compared with the previous review period. As in the previous period (from 8 August to 13 November 2012), such large current account holdings can be attributed to the reduction of the deposit facility rate to zero in July 2012, which reduced the incentive for banks to transfer their excess liquidity overnight to the deposit facility. During the three reserve maintenance periods under review, recourse to the deposit facility decreased considerably, by €76.4 billion to €219.7 billion (see also the section of this box entitled “Use of standing facilities”).

### Liquidity supply

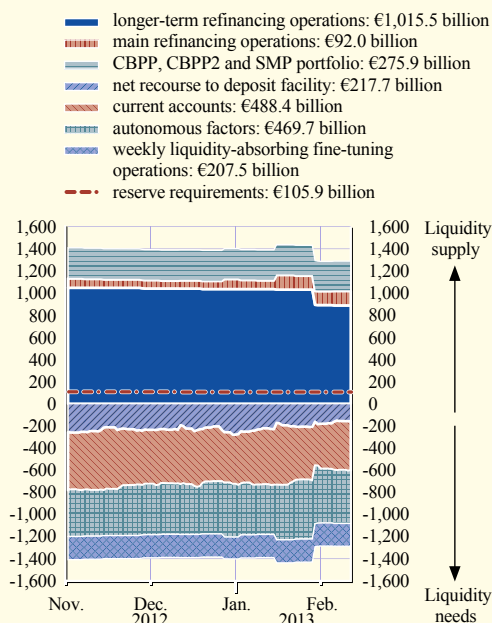
During the period under review, total net liquidity supplied by means of open market operations averaged €1,175.9 billion. This represents a significant decrease of €68.7 billion relative to the previous three maintenance periods. Tender operations<sup>1</sup> provided an average of €900 billion, €65.3 billion less than in the previous review period (see Chart B).

As regards the weekly MROs, during the reserve maintenance periods ending on 11 December 2012 and 15 January 2013, the daily average liquidity supplied was €76.3 billion. It increased substantially to €127.5 billion in the reserve maintenance period ending on 12 February 2013. The overall daily average liquidity supplied during the three maintenance periods under review was, therefore, €92.0 billion, compared with €110.4 billion in the previous three reserve maintenance periods. The special-term refinancing

<sup>1</sup> Tender operations include main refinancing operations, longer-term refinancing operations and fine-tuning operations (both liquidity-providing and liquidity-absorbing).

**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.

operations with a maturity of one maintenance period provided a daily average of €14.0 billion in the reserve maintenance periods under review, compared with €17.5 billion in the previous review period. The three-month LTROs provided €30.0 billion of liquidity on average, compared with €40.1 billion in the previous three maintenance periods.

Finally, the liquidity provided through the two three-year LTROs in the review period averaged €971.5 billion daily, compared with €1,000.3 billion in the previous three maintenance periods. This was mainly due to the fact that Eurosystem counterparties exercised the early repayment option of the first three-year LTRO, allotted on 21 December 2011. Banks voluntarily repaid €149.4 billion before the maturity date of this operation. This repayment significantly reduced the level of excess liquidity in the market during this period.

Together, the first and second covered bond purchase programmes (the CBPP and CBPP2) and the Securities Markets Programme (SMP) resulted in liquidity provision averaging €275.9 billion in the review period. The maturing amounts in these portfolios reached €3.4 billion.

Outstanding liquidity provided through the CBPP – which was completed in June 2010 – stood at €48.9 billion on 12 February 2013, marginally lower than at the end of the previous review period, on account of maturing amounts. On 12 February 2013, settled purchases under CBPP2 – which ended on 31 October 2012 – were €16.3 billion, while the net value of settled purchases under the SMP decreased by €2.0 billion to €205.4 billion, also on account of maturing amounts. Weekly fine-tuning operations were conducted in order to neutralise the liquidity-providing effect of the SMP in the market. In nearly all of those operations, the ECB fully absorbed the liquidity provided by the SMP, the sole exception being the last operation of 2012, carried out on 28 December, in which the Eurosystem withdrew only €197.6 billion.

### Use of standing facilities

Excess liquidity (defined as total liquidity provided via operations and the marginal lending facility, minus autonomous factors and reserve requirements) averaged €602.2 billion in the period under review (down from €724.8 billion in the previous review period). Recourse to the marginal lending facility remained very low, at €2.0 billion (up from €1.0 billion). Average recourse to the deposit facility decreased from €296.1 billion to €219.7 billion. Average net recourse<sup>2</sup> to the deposit facility amounted to €217.7 billion, a significant reduction of

<sup>2</sup> Net recourse to the deposit facility is calculated as recourse to the deposit facility minus recourse to the marginal lending facility over the review period, including weekends.

€77.3 billion compared with the previous review period, mainly due to the decline in recourse to the deposit facility.

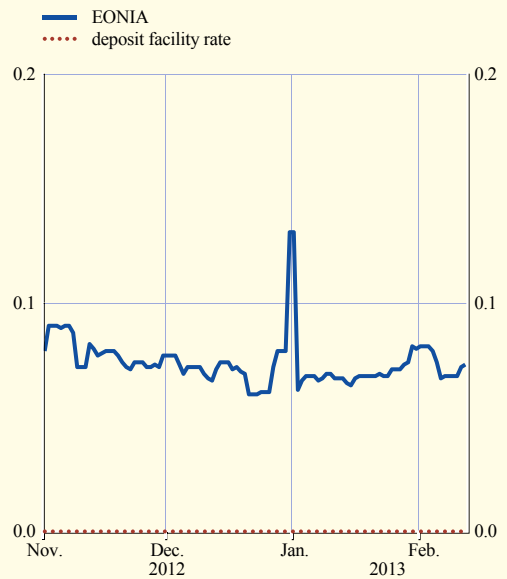
### Interest rates

During the period under review, the key ECB interest rates on the MROs, the marginal lending facility and the deposit facility remained unchanged at 0.75%, 1.50% and 0.00% respectively.

Notwithstanding the repayment of funds obtained in the first of the two three-year LTROs, excess liquidity remained ample in the period under review. As a consequence, the EONIA and other very short-term money market rates remained low. The EONIA averaged 0.072% in the period under review, i.e. 67.8 basis points below the main refinancing rate. The EONIA reached a historical low of 0.06% on 21 December 2012 (see Chart C).

**Chart C The EONIA and the deposit facility rate**

(daily interest rates in percentages)



Source: ECB.

## 2.4 BOND MARKETS

*Between the end of November and early March, yields on AAA-rated long-term government bonds in the euro area increased by around 6 basis points, to stand at around 1.8% on 6 March. In the United States, long-term government bond yields rose by around 32 basis points over the same period, standing at around 1.9% on 6 March. Market perceptions of risks in the euro area continued to ease, primarily on account of the further advances in the resolution of the sovereign debt crisis and the perception that tensions in the banking sector were easing, suggested by, among other things, the higher than expected repayments of the three-year longer-term refinancing operations (LTROs). These overall developments prevailed despite the emergence of domestic uncertainty in some euro area countries, notably towards the end of the review period, as well as the weak growth dynamics in the euro area, which continued to disappoint market expectations. In the United States, market sentiment was primarily driven by the evolution of the negotiations on the fiscal debt ceiling. Corporate bond markets also benefited from the overall positive market sentiment, as evidenced by declines in corporate bond spreads of BBB-rated issuers and high-yield bonds. Market-based indicators of long-term inflation expectations suggest that market participants' inflation expectations remain fully consistent with price stability.*

Between the end of November and 6 March, yields on AAA-rated long-term government bonds in the euro area increased by around 6 basis points, to stand at around 1.8% on 6 March (see Chart 21). In the United States, long-term government bond yields steadily increased by 32 basis points, to stand at around 1.9% in early March. Consequently, the AAA-rated ten-year government bond yields in the euro area stood lower than those in the United States, namely by 15 basis points.

In Japan, ten-year government bond yields remained broadly unchanged over the same period, standing at 0.7% on 6 March.

Market sentiment in euro area bond markets continued to improve primarily on account of the political advances made towards resolving the sovereign debt crisis and the previous announcements on Outright Monetary Transactions (OMTs) by the ECB Governing Council. The agreement on common banking supervision under the auspices of the ECB, the success of the Greek debt buyback operation in December, and the subsequent approval of aid disbursement for Greece also helped to boost market sentiment. In the same vein, the higher than expected early repayment of funds borrowed in the three-year LTROs conducted by the ECB at the beginning of 2012, strengthened perceptions that tensions in the banking sector were easing. The reduction of tail risks has contributed to the easing of premia on riskier assets and has reversed flight-to-safety flows towards top-rated assets.

These positive developments served to counter mixed economic news in the euro area over the review period. Growth dynamics in the euro area remained weak and continued to disappoint market expectations. Over the review period, euro area growth forecasts were revised downwards. Euro area GDP data for the fourth quarter of 2012 were weaker than anticipated by market participants, and some survey indicators for the euro area were equally disappointing.

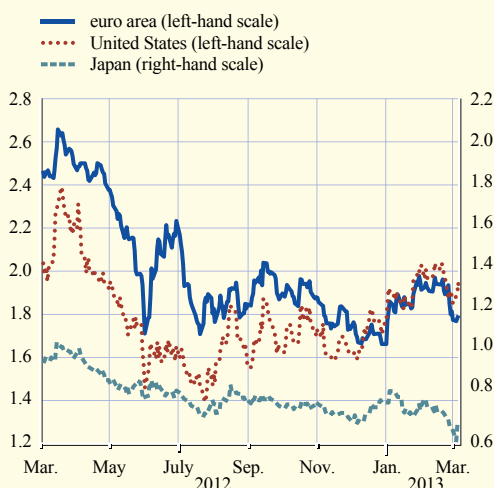
The continued improvements in euro area bond market conditions were also reflected in strong demand in regular auctions by the Italian and Spanish treasuries throughout the review period, and in the progress made by Portugal and Ireland towards fully regaining market access. However, although market conditions have improved, financial market tensions continue to prevail amid domestic uncertainty in some euro area countries and recent negative news related to some troubled banks in the euro area.

Market evolution in the United States has been linked to fears of the fiscal cliff, which initially produced a flight-to-safety process that was reverted once an agreement was reached. A similar pattern occurred at the beginning of 2013 in relation to the talks and subsequent temporary agreement on the fiscal debt ceiling. Economic data releases were generally mixed, with employment, housing and manufacturing figures positively received, while the figures for GDP growth released for the fourth quarter of 2012 were worse than expected.

Investors' uncertainty about near-term bond market developments in the euro area, as measured by option-implied volatility, has shown a steady increase since reaching a minimum level in November 2012 (see Chart 22). By contrast, implied volatility in the United States and in Japan has remained broadly unchanged. Overall, the levels of implied volatility at the end of the period under review were low relative to the levels that have been prevailing since the beginning of the crisis.

Chart 21 Long-term government bond yields

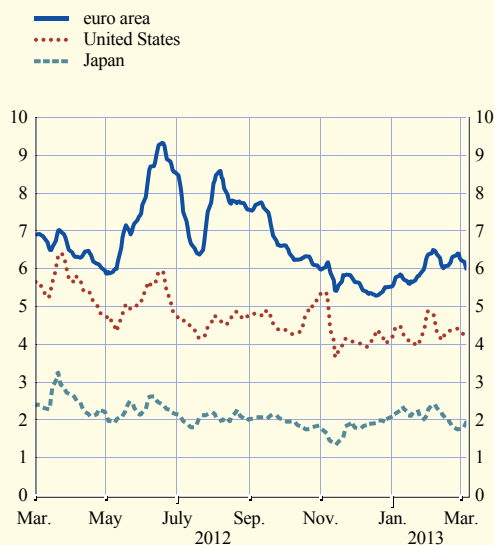
(percentages per annum; daily data)



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

**Chart 22 Implied government bond market volatility**

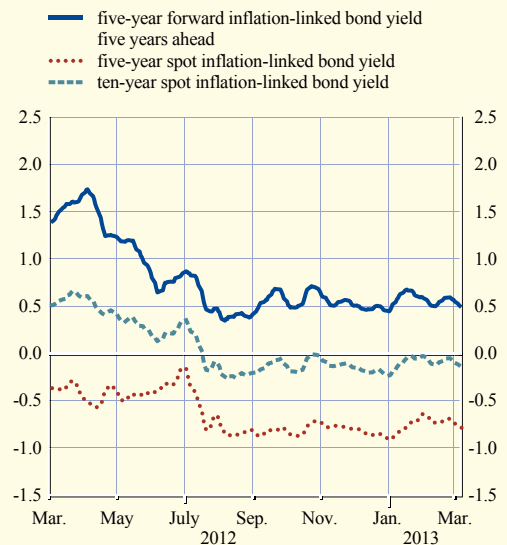
(percentages; daily data)



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

**Chart 23 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.

As overall market sentiment continued to improve, and in an environment of renewed investment flows to euro area countries under financial stress, credit default swaps as well as yields on bonds issued by most of the euro area sovereigns declined over the period under review. Spreads on ten-year sovereign bonds vis-à-vis German sovereign bonds have also declined across most euro area countries. However, the dispersion of sovereign yields across euro area countries remains large. Furthermore, conditions in some euro area sovereign debt markets are fragile and subject to domestic uncertainties. Greek, Portuguese and Irish sovereign yields declined by 513, 146 and 69 basis points respectively. The large decline in the Greek sovereign bond yield is mainly explained by the debt buyback operation conducted in December, at yield levels lower than those observed in the secondary market before that operation. By contrast, Italian sovereign bond yields increased by around 16 basis points over the review period. In other countries, yields remained broadly unchanged.

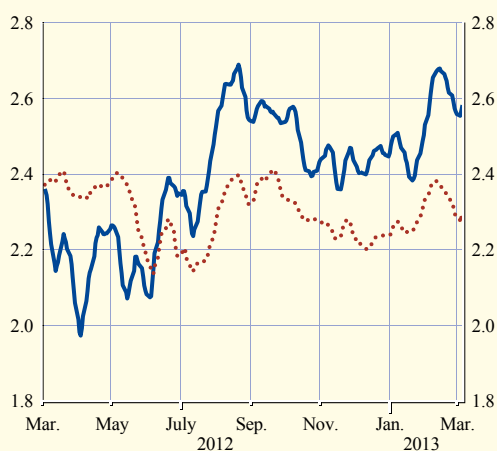
The yields on both ten-year and five-year inflation-linked euro area government bonds remained broadly unchanged from the end of November to 6 March, standing at around -0.1% and -0.8% respectively (see Chart 23). Market participants' gloomy perceptions of medium-term growth continued to weigh on real rates, especially for the short maturities. For the longer maturities, the implied forward real rates in the euro area (five-year forward five years ahead) remained broadly unchanged at 0.5%.

Given the stability of real yields, break-even inflation moved in line with movements in nominal AAA-rated bond yields. Accordingly, the implied forward break-even inflation rate in the

**Chart 24 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)

- five-year forward break-even inflation rate five years ahead
- ..... five-year forward inflation-linked swap rate five years ahead



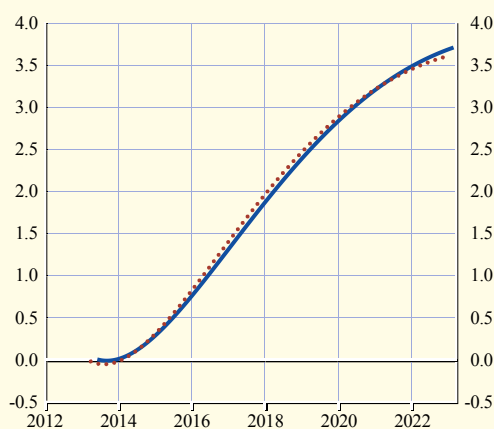
Sources: Thomson Reuters and ECB calculations.

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 25 Implied forward euro area overnight interest rates**

(percentages per annum; daily data)

- 6 March 2013
- ..... 30 November 2012



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.

euro area (five-year forward five years ahead) increased by 20 basis points over the review period to stand at around 2.6% on 6 March. Meanwhile, the inflation swap rate with the same time horizon increased by 9 basis points to stand at around 2.3% on 6 March (see Chart 24). Liquidity conditions in euro area inflation-linked bond markets are reported to have improved over the review period. This has been explained by the general improvement in euro area financial markets as well as by improved demand for inflation-linked bonds of some euro area countries under financial stress. According to financial market data, uncertainties surrounding the inflation outlook appear to have declined over the review period. In particular, the costs of insuring against inflation and deflation risks have declined, according to information derived from inflation caps and floors. Moreover, inflation risk premia priced into index-linked bonds remain low by historical standards. 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 term structure of the implied forward euro area overnight interest rates has remained broadly unchanged in the period under review, possibly signalling that market participants have not revised their expectations about future increases in overnight interest rates (see Chart 25).

In the period under review, 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. These declines were mainly driven by financial issuers, in which case the falls were especially large for BBB- and A-rated bonds (by 106 and 24 basis points, respectively). By contrast,



for non-financial issuers spreads remained broadly unchanged, although still below the spreads demanded for financial companies. 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 November and 6 March 2013, stock prices increased by around 6% in the euro area and 9% in the United States. In an economic environment of weak growth dynamics, stock price developments in the euro area continue to be driven primarily by the political advances made towards resolving the sovereign debt crisis. In the United States, stock price developments were primarily driven by the temporary agreement on the fiscal debt ceiling. Stock market uncertainty, as measured by implied volatility, remained low by historical standards, although domestic uncertainties in some euro area countries, notably towards the end of the period under review, triggered a slight increase in euro area stock market volatility.*

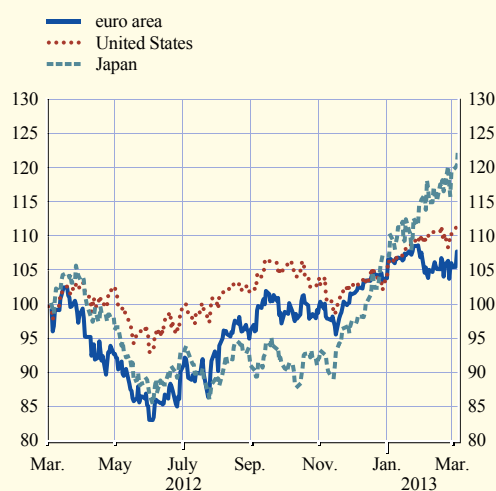
Between the end of November 2012 and 6 March 2013, the composite equity price index increased by around 6% in the euro area, while the comparable US index rose by 9% (see Chart 26). In the euro area, stock prices in both financial and non-financial sectors showed a similar evolution. By contrast, in the United States, stock prices in the financial sector (14%) outperformed those in the non-financial sector (8%). By comparison, the broad equity index in Japan rose by around 26% in the same period.

Global risk appetite remained strong for most of the review period. Earnings announcements have generally beaten market expectations, although some banks announced heavy losses that can be attributed in part to the ongoing consolidation process in the financial sectors of several euro area countries. Economic data releases in the euro area disappointed market expectations and confirmed prospects for weak growth dynamics. Euro area GDP data for the fourth quarter of 2012 was weaker than anticipated by market participants, and some survey indicators for the euro area likewise disappointed expectations.

In the United States, political agreements on the fiscal cliff and the debt ceiling had a positive influence on market sentiment, while economic data releases were mixed. Disappointing economic growth in the fourth quarter of 2012 was perceived as a pause, rather than a change of tendency, in the light of positive data releases in housing and labour markets. In Japan, stock

Chart 26 Stock price indices

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



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

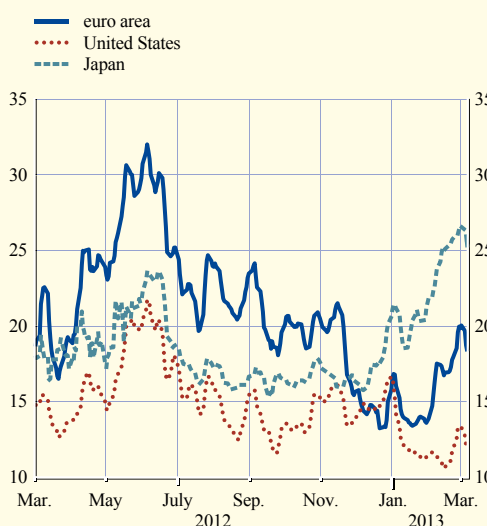
prices rose strongly amid market expectations of changes in economic and monetary policies after the December elections.

Stock market uncertainty in the euro area, as measured by implied volatility, increased in the period under review (up to 18% from 16% in end-November), primarily reflecting domestic uncertainties in some euro area countries. However, it remained low by historical standards. In the United States, implied volatility declined from 14% to 11% (see Chart 27).

Most of the sectoral sub-indices of the euro area equity markets recorded increases in the three months to 6 March, with the exception of the oil and gas, telecommunications and utilities sectors. Increases were higher for the consumer services and industry sectors, with stocks growing by around 10% (see Table 6). In contrast to the bond markets, in which financial companies outperformed non-financial ones, the share prices of financial companies only increased by 4%, mainly owing to disappointing earnings announcements. In the United States, changes in sectoral sub-indices were led by the financial and industry sectors, up 14% and 12% respectively, while the technology sector lagged behind with a moderate 3% increase.

Chart 27 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.

Table 6 Price changes in the Dow Jones EURO STOXX economic sector indices

(percentages of end-of-period prices)

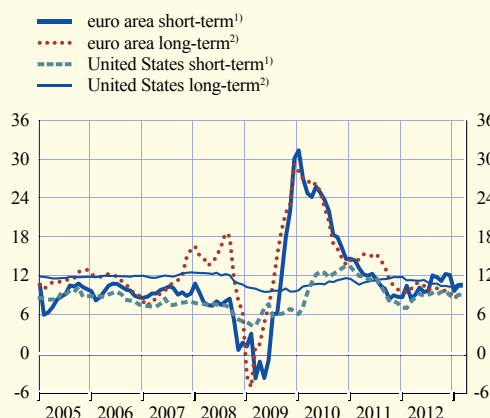
	EURO STOXX	Basic materials	Consumer services	Consumer goods	Oil and gas	Financial	Health- care	Industrial	Tech- nology	Tele- communi- cations	Utility
<b>Share of sector in market capitalisation</b> (end-of-period data)	100.0	10.7	7.2	18.1	6.9	20.9	6.2	15.3	5.0	4.0	5.7
<b>Price changes</b> (end-of-period data)											
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
Q4 2012	6.8	6.0	9.4	8.8	0.8	11.5	4.2	9.7	12.1	-8.1	-4.0
Jan. 2013	3.0	1.3	3.9	2.5	0.7	6.7	0.4	2.5	3.8	4.5	-2.3
Feb. 2013	-0.8	0.0	3.2	2.9	-3.7	-5.5	3.0	2.1	-0.3	-9.5	-2.4
30 Nov.12 – 06 Mar.13	6.1	6.5	10.9	8.8	-1.5	4.5	8.0	10.2	9.4	-1.9	-1.4

Sources: Thomson Reuters and ECB calculations.

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 of actual earnings, computed over the previous 12 months, continued to moderate over the period under review, from around -8% in November to around -4% in February. The financial sector still records a high negative earnings growth rate, although it has improved in the last three months (up to -20% from -25% in November). Meanwhile, for the non-financial companies the figure is positive, although small, for the first time in a year. For the next twelve months, market participants expect a recovery in earnings per share, although these projections are somewhat lower than previously reported in November, (at 10% in February 2013, down from 12% in November 2012), while expected long-term growth in earnings per share remains broadly unchanged at around 9% (see Chart 28).

**Chart 28 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).

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

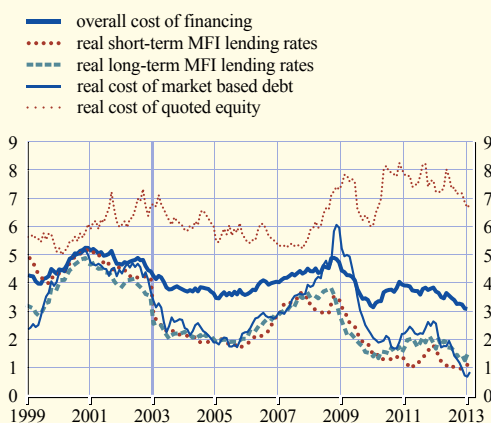
*Between October 2012 and January 2013, the real cost of financing for euro area non-financial corporations further decreased, mainly on account of a marked fall in the real cost of market financing. With regard to financial flows, the annual growth of bank lending to non-financial corporations declined further in the fourth quarter of 2012. Subdued loan dynamics continued to reflect weak demand, tight bank lending conditions in parts of the euro area as well as an acceleration in the ongoing process of substitution of bank loans by alternative financing sources, such as debt securities in the fourth 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 18 basis points between October 2012 and January 2013, to around 3.1% (see Chart 29). This decline was primarily driven by a substantial fall in the cost of market financing. Both the real cost of equity and real cost of market debt fell markedly by around 50 basis points over the period under review, to 6.7% and 0.7%, respectively. By contrast, real long-term lending rates to non-financial corporations remained unchanged between October and January, at 1.5%, and real short-term lending rates increased by 13 basis points, to 1.1%. More recent data indicate some reversal in the cost of market financing, with an increase in the real cost of market-based debt from January to February, of 16 basis points, to 0.8%, and of 11 basis points, to 6.8%, in the real cost of equity. Over a longer horizon, the real overall cost of financing for euro area non-financial corporations in January 2013 reached its lowest level since 1999, as did the real cost of market debt.

**Chart 29 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-financing 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).

In the period from October 2012 to January 2013, nominal MFI interest rates on new loans to non-financial corporations declined particularly for small loans (up to €1 million), while for large loans (over €1 million) the decline was confined to longer maturities. More specifically, for small loans both short-term and long-term interest rates decreased by 13 and 19 basis points, respectively. For large loans, rates for longer maturities recorded a decline of 9 basis points, while rates for short maturities remained broadly unchanged (see Table 7). Moreover, the lending rate spread between small and large loans slightly narrowed during the reference period for both short and long maturities suggesting a slight improvement in aggregate lending conditions for small and medium-sized enterprises (SMEs). At the same time, in the period under review, three-month money market rates slightly increased by 3 basis points and two-year and seven-year AAA-rated euro area government bond yields increased by 22 and 15 basis points, respectively (see the note to Table 7).

Viewed in annual terms, the decline in lending rates to non-financial corporations for the euro

**Table 7 MFI interest rates on new loans to non-financial corporations**

(percentages per annum; basis points)

							Change in basis points up to January 2013 <sup>1)</sup>		
	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Dec. 2012	Jan. 2013	Oct. 2011	Oct. 2012	Dec. 2012
<b>MFI interest rates on loans</b>									
Bank overdrafts to non-financial corporations	4.47	4.39	4.19	3.96	3.94	3.97	-49	1	3
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	4.44	4.20	4.08	3.87	3.79	3.80	-47	-13	1
with an initial rate fixation of over five years	4.17	4.21	4.00	3.64	3.40	3.39	-84	-19	-1
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	3.16	2.52	2.56	2.21	2.28	2.20	-85	-2	-8
with an initial rate fixation of over five years	3.74	3.46	3.28	3.01	2.90	2.95	-70	-9	5
<b>Memo items</b>									
Three-month money market interest rate	1.36	0.78	0.65	0.22	0.19	0.23	-136	3	4
Two-year government bond yield	0.41	0.39	0.27	0.07	-0.01	0.31	-50	22	32
Seven-year government bond yield	2.08	1.90	1.69	1.26	1.07	1.43	-74	15	36

Source: ECB.

1) Figures may not add up due to rounding.

Note: 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.

area in aggregate terms broadly reflects the lagged pass-through of cuts in key ECB interest rates since November 2011, together with the effects of the non-standard measures enacted or announced over this period. While this decline is closely linked to the reductions in banks' cost of funds and improvements in their access to funding, aggregate developments still mask a large degree of heterogeneity at the country level, reflecting to some extent continued impairments of the transmission of key ECB interest rates in parts of the euro area.

Spreads between the overall cost of market debt for non-financial corporations and government bond yields narrowed by 46 basis points between October 2012 and January 2013, driven by a decline in non-investment grade bond yields (see Chart 30). This reflected an overall improvement in financial market confidence during that period, along with an increasing search for yield and a generally rising risk appetite. At the same time, spreads on AA-rated and A-rated bonds widened by 29 and 32 basis points respectively and those on BBB-rated corporate bonds by a more moderate 13 basis points.

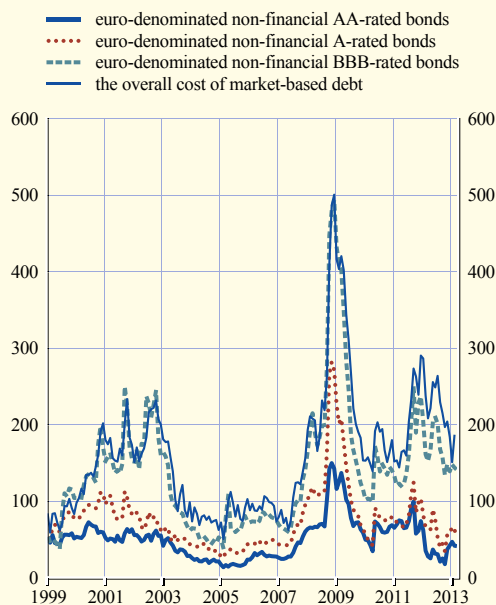
### FINANCIAL FLOWS

The profitability of euro area non-financial corporations displayed a gradual stabilisation between December 2012 and February 2013. The annual rate of change of earnings per share for listed non-financial corporations in the euro area further increased from -3.4% in December 2012 to 0.8% in February 2013. This underpins the stabilisation in the earnings per share developments since September 2012 (see Chart 31). Looking ahead, market participants expect a further clear improvement into positive territory over the coming months.

Turning to external financing, the annual rate of change of MFI loans granted to non-financial corporations declined further in January, to -2.5%, down from -1.8% in October 2012. On the demand side, this reflected the weak economic outlook and subdued business confidence, as well as the availability of internal funds and alternative

**Chart 30 Corporate bond spreads of non-financial corporations**

(basis points; monthly averages)



Sources: Thomson Reuters and ECB calculations.  
Notes: Bond spreads are calculated vis-à-vis AAA-rated government bond yields. The calculation of the overall cost of market-based debt is based on a Merrill Lynch index of the average yield of euro-denominated corporate bonds with investment grade ratings and a euro-currency high-yield index. The two indices are weighted by their outstanding amounts.

**Chart 31 Earnings per share of listed non-financial corporations in the euro area**

(annual percentage changes; monthly data)

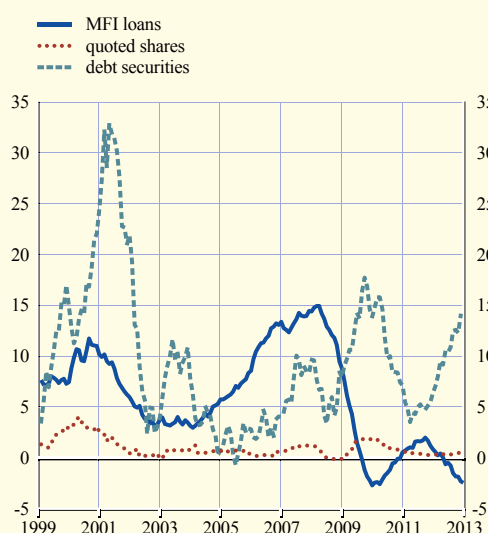


Sources: Thomson Reuters and ECB calculations.

external funding sources (such as debt securities). At the same time, bank lending conditions in countries under stress remained tight, weighing on the supply of credit to the real economy. In part, the further acceleration in the issuance of debt securities compensated for the decline in the rate of growth of MFI lending to non-financial corporations, indicating a substitution of bank funding with market funding in some market segments (see Chart 32). The annual growth rate of debt securities issued by non-financial corporations accelerated from 12.5% in September 2012 to 14.0% in December. This was mainly due to the buoyant issuance of long-term fixed rate debt securities by non-financial corporations, while the issuance of short-term debt securities increased somewhat at subdued levels. By contrast, the issuance of long-term debt securities financed at floating rates continued to slightly decline. Over the same period, the annual growth rate of issuance of quoted shares by non-financial corporations remained broadly unchanged.<sup>1</sup>

Chart 32 External bank and market-based financing of non-financial corporations

(annual percentage changes)



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

- 1 A broader picture of the sources and uses of funds (including unquoted equity and trade credit alongside bank and market-based financing) can be obtained from the euro area accounts, with data available until the third quarter of 2012. See the box entitled “Integrated euro area accounts for the third quarter of 2012”, *Monthly Bulletin*, ECB, February 2013.

Table 8 Financing of non-financial corporation

(percentage changes; end of quarter)

	Annual growth rates				
	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4
<b>MFI loans</b>	1.2	0.3	-0.6	-1.5	-2.3
Up to one year	2.0	-0.3	-1.6	-2.0	0.0
Over one and up to five years	-2.5	-3.1	-2.7	-4.1	-5.3
Over five years	2.1	1.6	0.5	-0.4	-2.3
<b>Debt securities issued</b>	5.5	8.0	10.5	12.5	14.0
Short-term	16.8	12.9	28.8	3.3	2.7
Long-term, of which: <sup>1)</sup>	4.4	7.5	8.7	13.5	15.1
Fixed rate	5.1	8.1	9.5	14.3	16.5
Variable rate	-1.2	-1.8	-1.7	1.2	-1.6
<b>Quoted shares issued</b>	0.4	0.3	0.3	0.4	0.6
<b>Memo items<sup>2)</sup></b>					
Total financing	2.1	2.2	1.7	1.3	-
Loans to non-financial corporations	2.1	1.8	1.3	1.0	-
Insurance technical reserves <sup>3)</sup>	1.4	1.4	1.3	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.



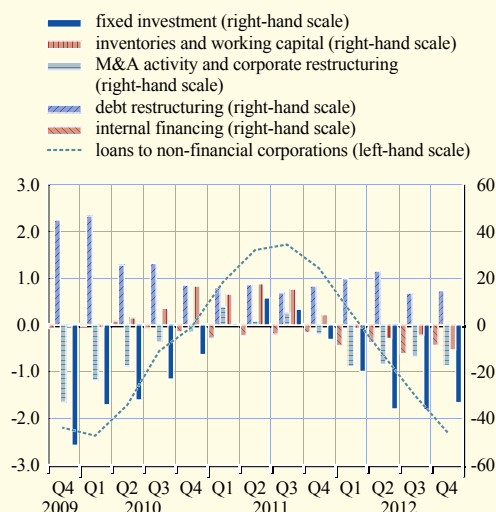
As regards developments in the fourth quarter of 2012, the annual growth rate of bank lending to non-financial corporations declined further to -2.3%, owing to a fall in the annual growth rate for medium and, to a larger extent, longer maturities (see Table 8). By contrast, the annual growth rate of short-term lending (with maturities of up to one year) turned marginally positive.

The results of the bank lending survey for the euro area for the fourth quarter of 2012 show a broadly unchanged decline in the net demand for loans to non-financial corporations relative to the third quarter of 2012 (see Chart 33). As in previous quarters, this fall was driven mainly by the decline in the need to finance fixed investment, according to reporting banks. Likewise, lower financing needs for mergers and acquisitions continued to weigh on loan demand, while those for inventories and working capital contributed less, on average, to the ongoing decline in loan demand. The decline in net demand for loans was somewhat more pronounced for large firms than for small and medium-sized companies. At the same time, the net tightening of credit standards for loans to non-financial corporations remained broadly stable in the fourth quarter of 2012. The tightening continued to be mainly driven by risk perceptions relating especially to deteriorating expectations regarding economic activity and industry-specific risks. By contrast, the impact of banks' cost of funds and balance sheet constraints remained contained, reflecting progress made in strengthening banks' capital positions and the improvement in financial market sentiment in the fourth quarter of 2012. Looking ahead to the first quarter of 2013, banks expect a slight increase in the net tightening of credit standards to enterprises.

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 that they generated – turned positive and reached a net lending position of 0.6% in the third quarter of 2012, from -0.2% in the previous quarter (see Chart 34). This was

**Chart 33 Loan growth and factors contributing to non-financial corporations' demand for loans**

(annual percentage changes; net percentages)

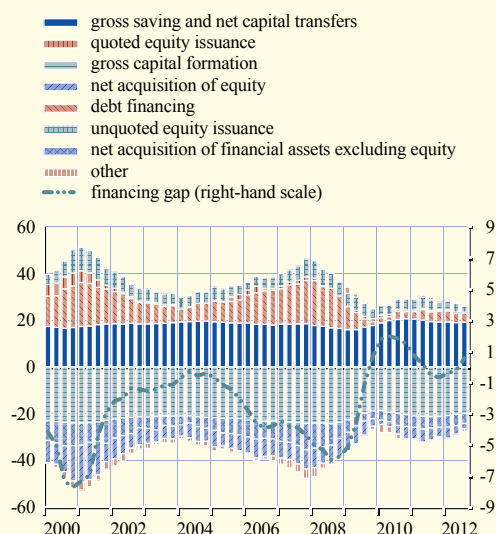


Source: ECB.

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 34 Savings, financing and investment of non-financial corporations**

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



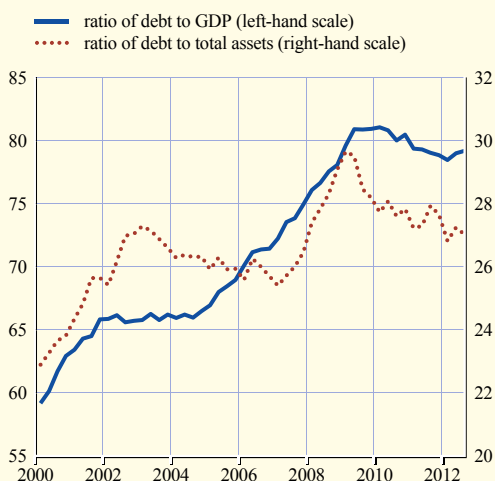
Source: Euro area accounts.

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.



**Chart 35 Debt ratios of non-financial corporations**

(percentages)

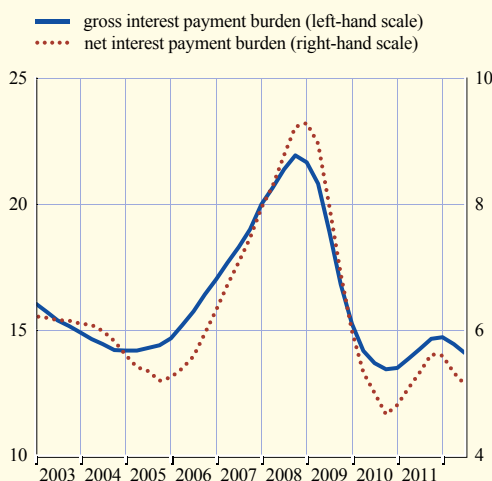


Sources: ECB, Eurostat and ECB calculations.

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 36 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.

caused by a decline in the non-financial corporations' net acquisition of equity and financial assets as well as slightly weaker capital formation. Overall, gross saving of non-financial corporations was broadly in line with its historical average since 2000.

## FINANCIAL POSITION

On the basis of integrated euro area account data, the indebtedness of the non-financial corporate sector remained broadly unchanged in the third quarter of 2012. The ratio of debt to GDP further stabilised at 79%, whereas the ratio of debt to gross operating surplus increased slightly to 405% in the third quarter, up from 402% in the second quarter (see Chart 35). The debt-to-total assets ratio remained broadly unchanged in the third quarter of 2012, at 27%, suggesting a further loss of momentum in the non-financial corporate sector's deleveraging process, which had started in 2009-10. This process has come to a halt since the second quarter of 2012, mainly driven by weaker economic activity. At the same time, the gross interest payment burden of non-financial corporations moderated somewhat in the third quarter of 2012, to 14.1% in relation to their gross operating surplus (see Chart 36).

## 2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

*In the fourth quarter of 2012 euro area households' financing conditions were characterised by mixed developments in bank lending rates, as well as considerable cross-country heterogeneity. The annual growth rate of MFI lending to households (adjusted for loan sales and securitisation) declined to 0.8% in the fourth quarter of 2012, before declining further to stand at 0.5% in January 2013. 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 further*

in the fourth quarter, as income stalled and debt increased slightly. At the same time, households' interest payment burden is estimated to have remained broadly unchanged.

## FINANCING CONDITIONS

The financing costs of the euro area household sector saw mixed developments in the fourth quarter of 2012 – broadly in line with the lagged pass-through of changes in market rates, but also reflecting the continued impairment of the transmission of key ECB interest rates in parts of the euro area. At the euro area level, the reductions seen in the interest rates charged on loans to households were not broadly based across loan categories, with cross-country heterogeneity remaining considerable.

In general, MFI interest rates on new consumer loans and new loans for house purchase saw mixed developments in the fourth quarter and January. Developments in spreads between retail and market rates were also mixed.

As regards new lending for house purchase, declines in interest rates were observed for shorter-term loans (i.e. loans with floating rates or an initial rate fixation period of up to one year) in the fourth quarter and January. In contrast, interest rates increased for all loans with longer initial rate fixation periods in the period to December, before declining again in January (see Chart 37). As a consequence, the share of loans with floating rates or short initial rate fixation periods in total new business volumes increased marginally.

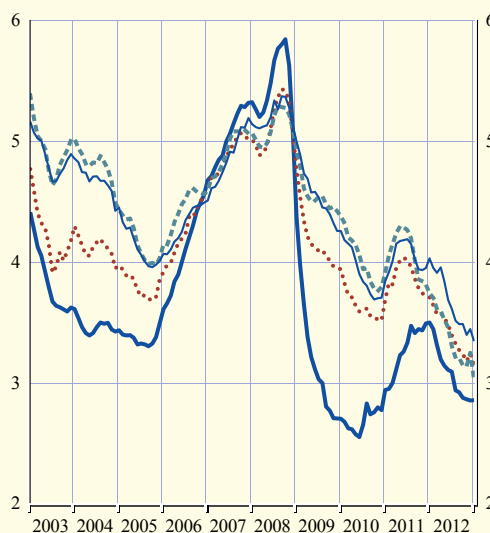
For new consumer loans, interest rates fell throughout the fourth quarter, irrespective of their initial rate fixation period. However, they then increased again in January. The declines observed in the fourth quarter were most pronounced for shorter-term loans (i.e. loans with floating rates or an initial rate fixation period of up to one year).

The results of the January 2013 bank lending survey suggest that the net tightening of credit standards and collateral requirements applied by euro area banks to loans to households for house purchase and consumer credit increased by more than expected in the fourth quarter. (For more details, see the box entitled “The results of the euro area bank lending survey for the fourth quarter of 2012” in the February 2013 issue of the Monthly Bulletin.) According to the bank lending survey, worsening expectations regarding the general economic outlook and housing market prospects contributed to this development. Banks' margins on average loans to households declined, while those on riskier loans increased; additionally, non-price terms and conditions tightened as regards collateral requirements and the maturities of loans.

**Chart 37 MFI interest rates on loans to households for house purchase**

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

- with a floating rate or an initial rate fixation period of up to one year
- with an initial rate fixation period of over one and up to five years
- - - - with an initial rate fixation period of over five and up to ten years
- with an initial rate fixation period of over ten years



Source: ECB.

## FINANCIAL FLOWS

Total lending to the euro area household sector weakened further in the third 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 0.4%, down from 0.7% in the previous quarter. Estimates for the fourth quarter of 2012 point to a continued moderation in the annual growth of total loans to households (see Chart 38). The annual growth rate of total MFI loans to households (not adjusted for loan sales or securitisation) declined again to stand at 0.2% in the third quarter, down from 0.4% in the previous quarter. Loan sales and securitisation activity – which frequently result in household loans being shifted between the MFI and OFI sectors – declined further in the third quarter, with the result that the annual growth rate of non-MFI loans to households declined to 2.7%, down from 3.7% in the previous quarter.

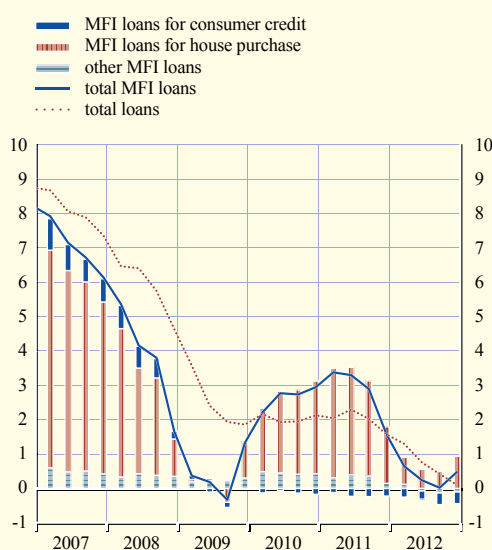
Turning to MFI data that are already available for the fourth quarter of 2012 and January 2013, the annual growth rate of lending to households, when corrected for loan sales and securitisation, stood at 0.8% in the fourth quarter, down slightly from 1.0% in the previous quarter, pointing to subdued developments in origination activity (see Section 2.1 for details). It then declined further to stand at 0.5% in January, continuing to mask significant cross-country heterogeneity.

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 1.4% in January 2013 (down from 1.8% in September 2012), 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, flows of loans for house purchase continued to account for the bulk of MFI lending to households. All other types of loan to households continued to contract. The annual growth rate of consumer credit declined to -3.1% in January (down from -2.8% in September), while that of other lending stabilised at -0.8% in January (unchanged from September).

As regards the underlying causes of the weak growth seen for MFI lending to households (besides the medium-term need to correct for past excesses in a number of euro area countries), the January 2013 bank lending survey reveals further contractions – albeit less pronounced – in net demand for both housing loans and consumer credit in the fourth quarter. According to the bank lending survey, the use of household savings as an alternative source of finance contributed more strongly to the net decline in demand for housing loans, while the deterioration in housing market prospects continued to weigh on demand for housing loans. Meanwhile, reduced spending on durable goods and a decline in consumer confidence

Chart 38 Total loans granted to households

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

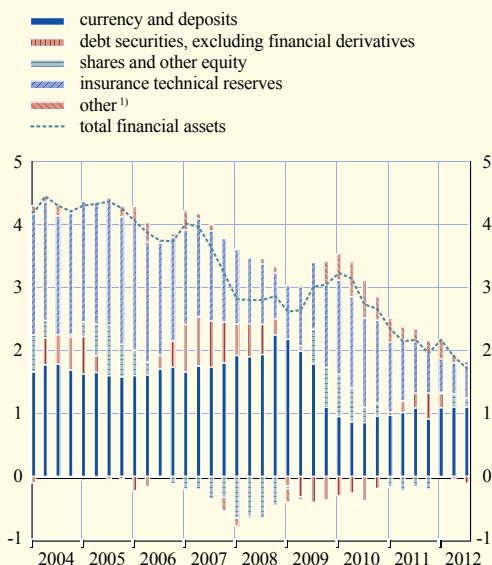


Source: ECB.

Notes: Total loans comprise loans to households from all institutional sectors, including the rest of the world. For the fourth 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.

**Chart 39 Financial investment of households**

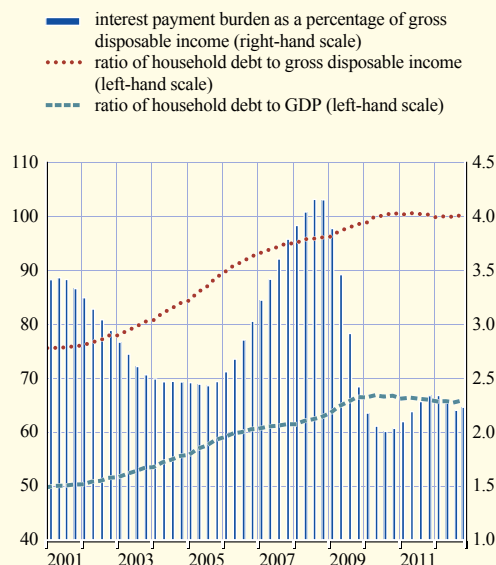
(annual percentage changes; contributions in percentage points)



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

**Chart 40 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.

continued to depress consumer credit. Looking ahead to the first quarter of 2013, banks expect net demand for housing loans to decline more strongly and expect net demand for consumer credit to decline at a pace similar to that reported in the fourth quarter.

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 1.7% in the third quarter (somewhat lower than in the previous quarter), thereby continuing the downward trend observed since mid-2010 (see Chart 39). As in the previous quarter, this was driven by a significant reduction in the contribution made by households' investment in debt securities. By contrast, the contribution made by investment in insurance technical reserves increased slightly, albeit from a very low level.

### FINANCIAL POSITION

The ratio of household debt to nominal gross disposable income was estimated at 100.4% in the fourth quarter of 2012 (see Chart 40) – up slightly from the previous quarter, but in line with the levels observed since mid-2010. This increase reflected slight 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 2.2% of disposable income in the fourth quarter of 2012 – a level observed since the third quarter of 2011. Households' debt-to-GDP ratio is estimated to have increased slightly, standing at 66.0% in the quarter under review.

### 3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 1.8% in February 2013, down from 2.0% in January. The ongoing decline in annual inflation rates mainly reflects the energy and food components of the price index. Looking ahead, while the monthly pattern of headline inflation rates may be somewhat volatile, underlying price pressures should remain contained given the environment of weak economic activity in the euro area. Inflation expectations are well-anchored and in line with price stability over the medium term.

The March 2013 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 1.2% and 2.0% for 2013 and between 0.6% and 2.0% in 2014. By comparison with the December 2012 Eurosystem staff macroeconomic projections, these ranges are broadly unchanged. Risks to the outlook for price developments continue to be seen as broadly balanced over the medium term.

#### 3.1 CONSUMER PRICES

Euro area annual HICP inflation was 2.5%, on average, in 2012. The pattern of euro area inflation in 2012 largely followed changes in the contribution of energy prices. In particular, the mid-year rebound in HICP inflation was caused principally by a strong increase in oil prices and thus energy prices. 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, 2.2% in November and December 2012 and 2.0% in January 2013. According to Eurostat's flash estimate, headline HICP inflation dropped further in February 2013 to 1.8%, owing mainly to a decrease in food price inflation, while the annual rate of change of the other main components remained broadly unchanged (see Table 9).

As regards the main components of the HICP, the dynamics of energy price inflation throughout 2012 were driven mainly by the fluctuations in oil prices. Owing to the combined impact of base effects and falling oil prices, energy price inflation declined to 6.1% in June 2012, from rates above 9% in the first few months of the year. The rebound in 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

**Table 9 Price developments**

(annual percentage changes, unless otherwise indicated)

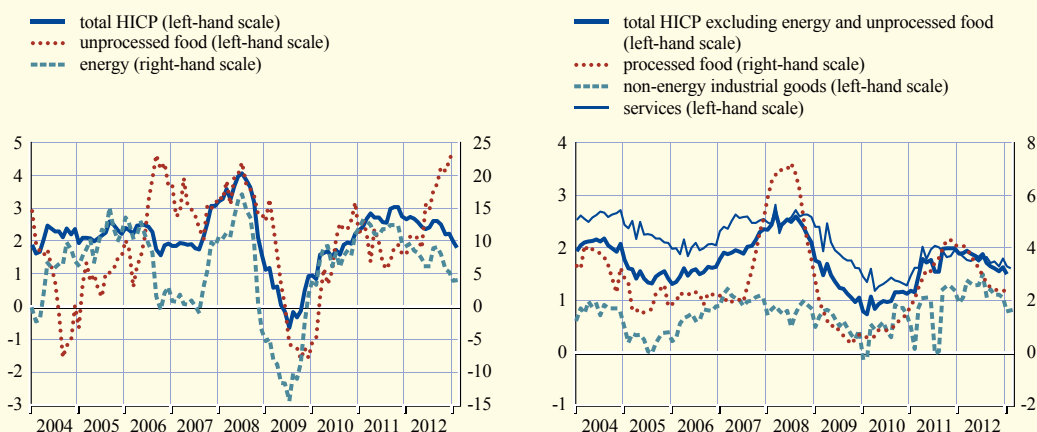
	2011	2012	2012 Sep.	2012 Oct.	2012 Nov.	2012 Dec.	2013 Jan.	2013 Feb.
<b>HICP and its components<sup>1)</sup></b>								
Overall index	2.7	2.5	2.6	2.5	2.2	2.2	2.0	1.8
Energy	11.9	7.6	9.1	8.0	5.7	5.2	3.9	4.0
Food	2.7	3.1	2.9	3.1	3.0	3.2	3.2	2.7
Unprocessed food	1.8	3.0	3.7	4.3	4.1	4.4	4.8	.
Processed food	3.3	3.1	2.5	2.4	2.4	2.4	2.3	.
Non-energy industrial goods	0.8	1.2	1.2	1.1	1.1	1.0	0.8	0.8
Services	1.8	1.8	1.7	1.7	1.6	1.8	1.6	1.6
<b>Other price indicators</b>								
Industrial producer prices	5.9	2.6	2.6	2.6	2.1	2.1	1.9	.
Oil prices (EUR per barrel)	79.7	86.6	87.9	85.6	84.8	82.8	84.2	86.7
Non-energy commodity prices	12.2	0.5	4.6	5.7	5.2	2.5	-3.7	-3.6

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

1) HICP inflation and its components (excluding unprocessed food and processed food) in February 2013 refer to Eurostat's flash estimates.

Chart 41 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

inflation fell to 8.0%, mostly due 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. Energy price inflation dropped further to 3.9% in January, from 5.2% in December, reflecting a strong downward base effect that more than compensated an increase in energy inflation on a monthly basis. The drop in annual inflation of the energy component followed lower annual rates of increase in the price of all items, in particular transport fuels, with the exception of that of electricity which increased. According to Eurostat's flash estimate, energy price inflation in February increased marginally to 4.0%.

Reflecting developments in international food commodity prices as well as local supply conditions, the annual rate of change in food prices remained around 3% throughout 2012. However, there was no concrete evidence that the sharp increases in commodity prices over the summer months had a more protracted influence. On balance, food prices had relatively little effect on the pattern of HICP inflation in 2012, as the impact of the upward movement in unprocessed food price inflation on the headline figure was offset by the effect of the downward movement in processed food price inflation on the aggregate index. Unprocessed food inflation increased further, from 4.4% in December to 4.8% in January – the highest rate since March 2002 – on account of a higher annual rate of increase in the price of fruit, vegetables and fish, whereas that of meat remained unchanged. This latest development suggests that the spike in prices for animal feed, as shown in producer prices data, which has been affecting meat prices over the past few months, is starting to fade away. Processed food price inflation declined marginally to 2.3% in January, after remaining unchanged at 2.4% for the previous three months. Eurostat's flash estimate for total food, which refers to processed and unprocessed food price inflation taken together, decreased to 2.7% in February, from 3.2% in January 2013.

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 2012. Average HICP inflation excluding food and energy was higher in 2012 than in 2011, in spite of weaker demand and lower wage growth. 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. According to ECB staff estimates based on Eurostat's flash estimate, HICP excluding food and energy stood at 1.4% in February, up from 1.3% in January.



Since the second quarter of 2010, non-energy industrial goods price inflation has been rising 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 first quarter of 2012, the annual rate of change in non-energy industrial goods prices bottomed out at 1.1% and subsequently rebounded, reaching 1.5% in July 2012, before declining again in the following month. It remained slightly above 1% thereafter. In January 2013 the annual rate of change in non-energy industrial goods diminished further to 0.8%, driven by substantially lower annual rates of increase in the prices of clothing and footwear, which reflected the winter sales. Non-energy industrial goods price inflation in February 2013 remained unchanged according to Eurostat's flash estimate.

Services price inflation has been relatively stable over recent months, with upward bouts from hikes in indirect taxes in a number of countries in the context of a general slowdown in both demand and, to a lesser extent, labour costs. After having increased notably in the first few months of 2011, services price inflation stabilised at around 1.9% in the last three quarters of 2011 and the first quarter of 2012. In April 2012, services price inflation declined to 1.7%, its lowest level since March 2011, and has hovered around that level ever since. Services price inflation diminished to 1.6% in January 2013, from 1.8% in December 2012, as a somewhat higher rate of inflation in recreation and personal services was more than compensated by small declines in the other sub-components. According to Eurostat's flash estimate, services price inflation remained unchanged in February 2013.

### 3.2 INDUSTRIAL PRODUCER PRICES

After a period of increasing industrial producer price inflation in late 2010 and in the first half of 2011, the annual rate of change in producer prices declined, reflecting mainly fluctuations in commodity prices (see Table 9 and Chart 42). In the course of 2012, pipeline pressures in the supply chain further receded. In July 2012 the producer price index (PPI) for industry excluding construction dipped at 1.7%, the lowest annual rate of change seen since turning into positive territory in the second quarter of 2010, before rising once again to 2.7% in August and September. This increase mainly reflected a hike in the energy component related to oil price increases. As oil prices in euro terms came down again, producer price inflation started to decrease again, as of October 2012. Industrial producer prices grew at 1.9% year on year in January 2013, down from 2.1% in December 2012. Excluding construction and energy, the annual rate of change in the producer price index for industry decreased to 1.4% in January 2013, from 1.6% in the previous month.

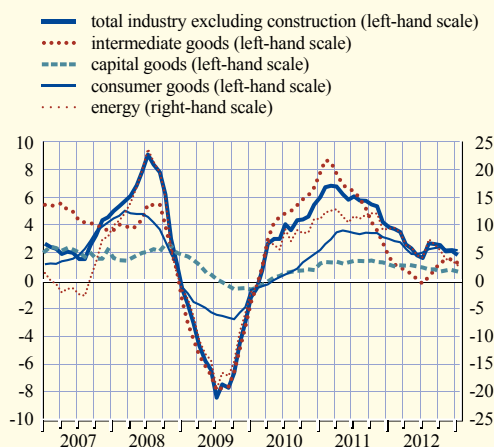
Focusing on the later stages of the production chain, the annual rate of change in the consumer food component of the producer price index went up to 3.9% in January, from 3.8% in the previous month. The latest data from the Purchasing Managers' Index (PMI) survey continue to show input cost increases remaining strong for food retailers, albeit at a declining rate and partially offset by declining profit margins. Earlier in the price chain, the annual rate of change in EU farm gate prices declined slightly to 10.1% in February, following 11.8% in January, signalling that the increases seen over recent months are starting to unwind. Moreover, international food commodity prices in euro terms declined for the sixth successive month in February.

The annual rate of change in the non-food consumer goods component declined by 0.2 percentage point to 0.3% in January, the lowest annual rate of increase for two years. The PMI retail survey indices, both for input prices and profit margins for non-food stores, also declined in February, dropping below their respective long-run averages. At the earlier stages of price formation, the annual rate of the PPI for the intermediate goods component eased to 1.3% in January, from 1.6% in December.



**Chart 42 Breakdown of industrial producer prices**

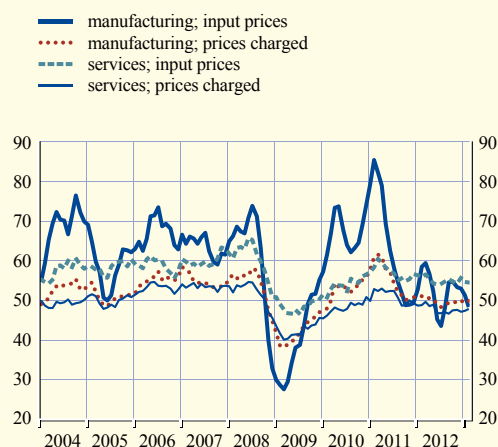
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

**Chart 43 Producer input and output price surveys**

(diffusion indices; monthly data)



Source: Markit.

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

Headline indices from both the PMI and the European Commission surveys indicate that companies' price expectations remained well below their historical averages in February. With regard to the PMI (see Chart 43), the input price index for the manufacturing sector decreased from 51.3 in January to 48.3 in February. At the same time, the output price index increased from 49.3 to 49.9, remaining below the threshold value of 50, signalling falling prices. Forward-looking European Commission survey data on selling price expectations for total industry decreased somewhat in February, owing to falling selling price expectations in all industries.

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

### 3.3 LABOUR COST INDICATORS

As evidenced by the latest releases of labour cost indicators, domestic cost pressures stemming from labour costs remained subdued in the first three quarters of 2012 (see Table 10 and Chart 44).

**Table 10 Labour cost indicators**

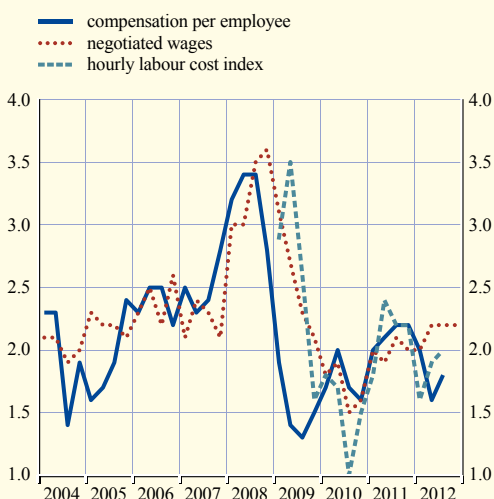
(annual percentage changes, unless otherwise indicated)

	2011	2012	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4
Negotiated wages	2.0	2.1	2.0	2.0	2.2	2.2	2.2
Hourly labour cost index	2.2	.	2.2	1.6	1.9	2.0	.
Compensation per employee	2.2	.	2.2	2.0	1.6	1.8	.
<i>Memo items:</i>							
Labour productivity	1.2	.	0.7	0.4	0.3	0.1	.
Unit labour costs	1.0	.	1.6	1.6	1.3	1.6	.

Sources: Eurostat, national data and ECB calculations.

Chart 44 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

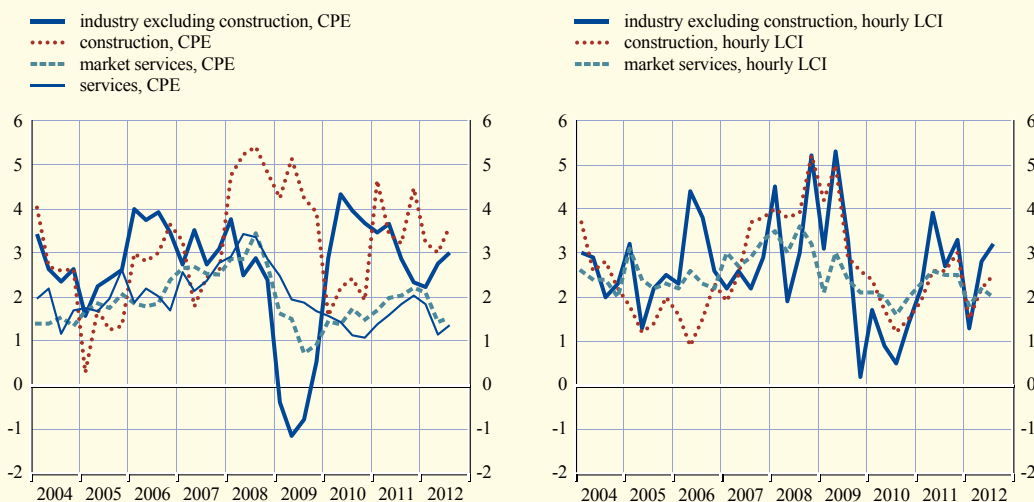
Wage data showed some signs of moderation compared with 2011, amid a weakening in economic activity and a rise in the slack in the labour market.

Annual labour productivity grew at a very low, but still positive, rate of 0.1% in the third quarter of 2012. The growth in compensation per employee accelerated to 1.8% in the same period, from 1.6% in the second quarter, but remained below the rate of 2.2% observed, on average, in 2011. Reflecting also an upward impact of lower productivity growth, unit labour cost growth increased to 1.6% in the third quarter of 2012, compared with 1.3% in the second quarter. The low productivity gains – in a context of modest economic growth – are expected to continue exerting upward pressure on unit labour costs in the near term.

The annual rate of growth of negotiated wages – the only labour cost indicator that is available for the whole of 2012 – remained unchanged at 2.2% in the fourth quarter. Average annual growth in 2012 was 2.1% year on year, up from 2.0% in 2011. The fact that actual wages, measured by compensation per employee, grew more moderately than negotiated wages suggests that some adjustment of wage costs at the euro area level is taking place via a negative wage drift (e.g. due to shorter working hours).

Chart 45 Sectoral labour cost developments

(annual percentage changes; quarterly data)

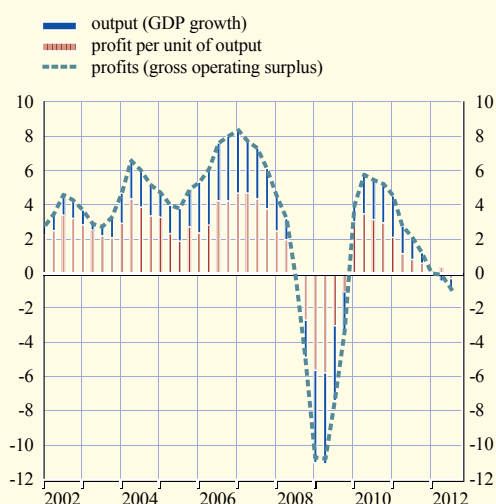


Sources: Eurostat and ECB calculations.

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

**Chart 46 Breakdown of euro area profit growth into output and profit per unit of output**

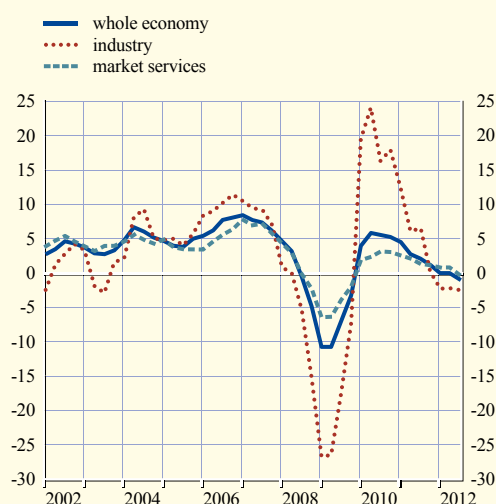
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

**Chart 47 Euro area profit developments by main branch of activity**

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.  
Latest observation: Q3 2012.

### 3.4 CORPORATE PROFIT DEVELOPMENTS

Reflecting the increase in unit labour costs and the adverse economic conditions, corporate profits (measured in terms of gross operating surplus) declined further by 0.9% year on year in the third quarter of 2012. This contraction was accounted for by the decline in the annual rate of change of GDP as well as a drop in unit profits (margin per unit of output), which entered negative territory for the first time since the last quarter of 2009 (see Chart 46). Overall, following the rebound since mid-2009, the level of profits remained broadly unchanged in 2011 and 2012. Box 3 reviews the role of profits in shaping domestic price pressures in the euro area in recent years.

With regard to the main economic sectors, corporate profits in the market services sector fell by 0.2%, year on year, in the third quarter of 2012, after having increased by 0.8% in the second quarter of 2012. In the industrial sector (excluding construction), profits dropped by 2.5%, following a decline of 2.3% in the previous two quarters. In the first quarter of 2012, the annual rate of change entered into negative territory for the first time since the fourth quarter of 2009 (see Chart 47). Quarter on quarter, corporate profit growth increased again in both sectors in the third quarter of 2012, after displaying negative growth rates in the three previous quarters.

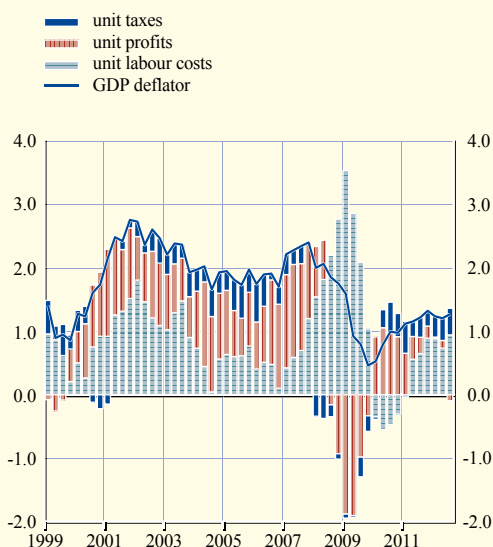
#### Box 3

#### THE ROLE OF PROFITS IN SHAPING DOMESTIC PRICE PRESSURES IN THE EURO AREA

One of the indicators for assessing domestic price pressures is the GDP deflator, which reflects the “price” of GDP per unit of output. Movements in the GDP deflator are driven

Chart A Euro area GDP deflator

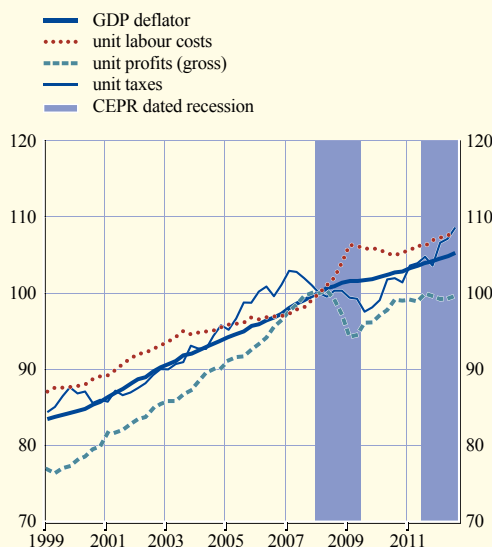
(annual percentage changes; percentage point contributions; quarterly data)



Sources: Eurostat and ECB calculations.  
Note: Taxes denote taxes less subsidies on production, profits denote gross operating surplus and mixed income.

Chart B GDP deflator and its components

(index: Q1 2008 = 100)



Sources: Eurostat and ECB calculations.  
Notes: Taxes denote taxes less subsidies on production, profits denote gross operating surplus and mixed income. For further information on CEPR dated recessions, see <http://www.cepr.org/data/dating/>.

by developments in labour costs, profits and net indirect taxes – measured per unit of output. Although the greatest focus is usually placed on developments in unit labour costs, the adjustment in unit profits is also very relevant for domestic price pressures. Against this backdrop, this box reviews the role that unit profits have played in shaping domestic price pressures in the euro area over the past decade, and, in particular, during and after the 2008-09 recession.

### The contribution of unit profits to domestic price pressures

Unit profits, as measured by gross operating surplus and mixed income, have contributed about one-third to the increase in the euro area GDP deflator over the period since 1999. This compares with a contribution of somewhat more than 50% from unit labour costs and around 12% from unit taxes. Chart A highlights that the contributions from unit profits have tended to buffer developments in unit labour costs. The buffer role of unit profits is clearly visible during a recession, as in the period 2008-09 when it helped to contain price pressures as productivity setbacks drove up unit labour costs.

Unit profits declined significantly during the 2008-09 recession, but recovered notably thereafter. However, they had only just about returned to their pre-recession levels by the third quarter of 2011 (see Chart B). This implies that the recovery of unit profits was more moderate than that of unit labour costs and unit taxes over the same period. From a longer-term perspective, the magnitude of the increase has been broadly similar for all components, as unit profits rose more strongly during the boom years prior to the recession.

### Gross versus net unit profits

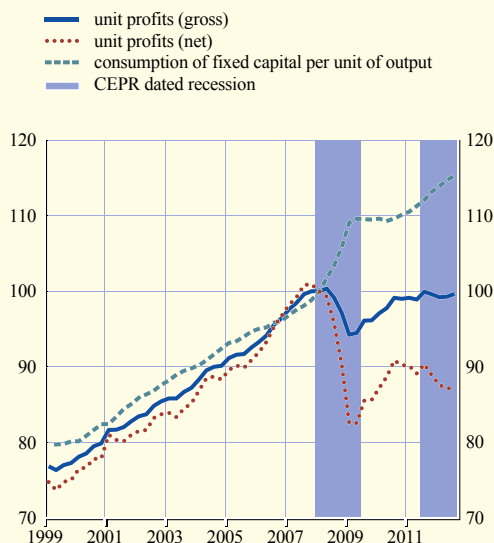
The measure of gross operating surplus and mixed income at the economy-wide level comprises many elements that may not immediately be associated with profits in a more narrow sense. Examples of such elements are net interest payments, rents and dividends, but also the provisions made for the depreciation and replacement of fixed capital.

Consumption of fixed capital, which, on average, accounted for about 45% of gross operating surplus in the decade prior to the 2008-09 recession, continued to rise during the recession years, resulting in an acceleration in consumption of fixed capital per unit of output (see Chart C). Taking this into account, the downward adjustment in net unit profits (i.e. net of capital consumption) during the 2008-09 recession was, hence, even stronger than that in gross unit profits. Net unit profits recouped only a small share of their losses in the period thereafter and started to drop again in the downturn that set in during 2011, thus deviating significantly and, thus far quite persistently, from any pre-recession benchmark.

Overall, the downward flexibility of unit profits in the euro area was pronounced during the 2008-09 recession, containing price pressures in the wake of rising unit labour costs. This is particularly evident when looking at gross operating surplus measured net of capital consumption.

Chart C Gross unit profits and its components

(index: Q1 2008 = 100)



Sources: Eurostat and ECB calculations.

Notes: Taxes denote taxes less subsidies on production, profits denote gross operating surplus and mixed income. For further information on CEPR dated recessions, see <http://www.cepr.org/data/dating/>.

### 3.5 THE OUTLOOK FOR INFLATION

Looking ahead, while the monthly pattern of headline inflation rates may be somewhat volatile, underlying price pressures should remain contained given the environment of weak economic activity in the euro area. Inflation expectations are well-anchored and in line with price stability over the medium term.

In more detail, the short-term inflation outlook continues to depend heavily on oil prices. As of October 2012, energy price 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 annual energy price 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 gradually.

Unprocessed food price inflation is expected to moderate in 2013, reflecting the unwinding of the pick-up seen in recent months, which was mainly related to adverse weather conditions. Processed

food inflation may also decrease in the coming months, reflecting some delayed pass-through from the decline in food commodity prices observed since autumn 2012, and an easing in international and European food commodity prices embedded in futures prices.

Available leading indicators for non-energy industrial goods price 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 price 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 price inflation.

The latest data on labour cost indicators suggest that domestic cost pressures may increase gradually in the next few months, reflecting partly a reversal of temporary wage-reducing measures taken in 2012. More fundamentally, the gradual pick-up in activity is expected to support wage growth in the euro area as a whole, with substantial divergences across countries. Corporate profit growth is expected to moderate even further in 2013, following a strong decline in 2012, absorbing – but only to a rather limited extent – the relatively strong increase in unit labour costs observed in 2012. In the medium term, lower unit labour cost growth and gradually improving economic conditions are expected to support a recovery in profit margins.

The March 2013 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 1.2% and 2.0% for 2013 and between 0.6% and 2.0% for 2014. By comparison with the December 2012 Eurosystem staff macroeconomic projections, these ranges are broadly unchanged.

Risks to the outlook for price developments continue to be seen as broadly balanced over the medium term, with upside risks relating to stronger than expected increases in administered prices and indirect taxes, as well as higher oil prices, and downside risks stemming from weaker economic activity.

## 4 OUTPUT, DEMAND AND THE LABOUR MARKET

The GDP outcome for the fourth quarter of 2012 was weak, with Eurostat's second estimate indicating a contraction of 0.6% quarter on quarter. The decline was largely due to a fall in domestic demand but also reflected weak exports. As regards 2013, recent data and indicators suggest that economic activity should start stabilising in the first part of the year. A gradual recovery should commence in the second part, with export growth benefiting from a strengthening of global demand and domestic demand being supported by the accommodative monetary policy stance. Furthermore, the improvements in financial markets since July last year and the continued implementation of structural reforms should work their way through to the economy. At the same time, necessary balance sheet adjustments in the public and private sectors, and the associated tight credit conditions, will continue to weigh on economic activity.

This assessment is also reflected in the March 2013 ECB staff macroeconomic projections for the euro area, which foresee average annual real GDP growth in a range between -0.9% and -0.1% in 2013 and between 0.0% and 2.0% in 2014. Compared with the December 2012 Eurosystem staff macroeconomic projections, the ranges have been revised slightly downwards. The risks surrounding the economic outlook for the euro area continue to be on the downside.

### 4.1 REAL GDP AND DEMAND COMPONENTS

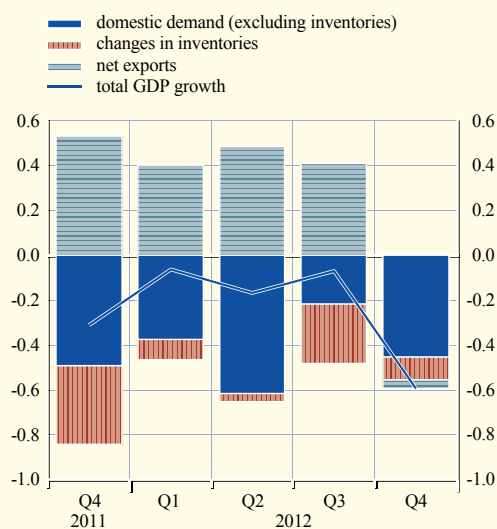
Real GDP contracted by 0.6% in the fourth quarter of 2012, following a quarterly decline of 0.1% in the previous quarter (see Chart 48). The weak outcome for the fourth quarter reflected negative developments in domestic demand and, albeit to a lesser extent, changes in inventories, while net trade made a neutral contribution as imports and exports contracted by similar rates. The decline in output in the fourth quarter was broadly in line with developments in short-term indicators, notably survey data. Output is estimated to have contracted by 0.6% in 2012 as a whole. Moreover, the weak outcome for the fourth quarter implies a negative carry-over effect on average annual growth in 2013 of around 0.5%. More precisely, the carry-over effect shows how much GDP would change in 2013 if all quarterly growth rates in that year were zero.

In recent quarters output in the euro area has been mainly influenced by weak domestic demand. Weak business and consumer sentiment, fiscal consolidation measures and ongoing deleveraging needs in some countries, alongside high oil prices and elevated uncertainty, have exerted downward pressure on private consumption as well as investment. Furthermore, consumer spending has been particularly affected by the impact on aggregate income of falling employment. The contribution of net trade to GDP growth has been positive overall, largely owing to weak import growth.

Forward-looking survey indicators suggest a gradual stabilisation in activity in the first half

Chart 48 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.



of 2013. A gradual recovery should commence in the second half of the year, with export growth benefiting from a strengthening of global demand and domestic demand being supported by the accommodative monetary policy stance.

### PRIVATE CONSUMPTION

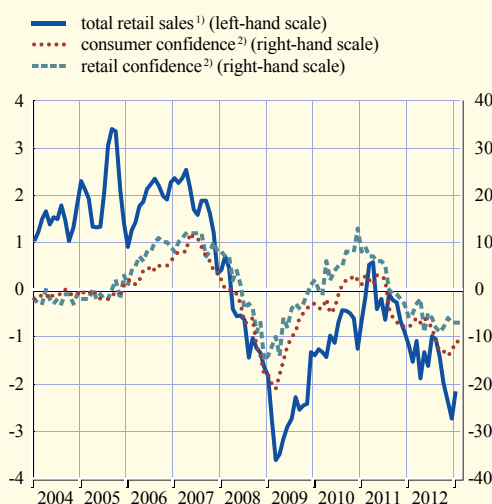
Private consumption contracted by 0.4% in the fourth quarter of 2012, continuing the negative dynamics seen in the four preceding quarters. The outcome for the fourth quarter reflects a sharp decline in consumption of retail goods and fewer car purchases. In contrast, it appears that consumption of services rose in the fourth quarter. Recent information from short-term indicators and surveys suggests that euro area consumer spending is likely to remain weak in the period ahead.

The persistent weakness in consumer spending over the last couple of years is to a large extent explained by developments in real disposable income, which has been eroded by elevated inflation on the back of rising commodity and energy prices. Negative employment growth has further reduced aggregate real household income. The latest data show that real disposable income, which has recorded negative annual rates of change for a protracted period, declined again in the third quarter of 2012. At the same time, the household saving ratio has fallen to record lows, as consumers probably sought to smooth the impact of the fall in their real income on their current level of consumption.

Regarding short-term dynamics in the first quarter of 2013, “hard” and “soft” data suggest, on balance, that consumer spending remained weak. Retail sales rose by 1.2% month on month in January to stand 0.7% above the average level recorded in the fourth quarter of 2012. Moreover, the Purchasing Managers’ Index (PMI) for retail sales stood at 45.2 on average in January and February, unchanged compared with the fourth quarter of 2012 and below the theoretical no-growth threshold of 50. At the beginning of 2013 the European Commission’s indicator on retail sector confidence stood at a similar level to that recorded in the fourth quarter of 2012, remaining below its long-term average. In addition, new passenger car registrations contracted by 9.6% month on month in January, following a rise of 4.5% in the previous month. The latest decline in car registrations, which was relatively large from a historical perspective, reflects, at least in part, the impact of fiscal measures on the timing of car purchases in some euro area countries (which conversely supported car purchases in late 2012). Purchases of cars and other expensive goods are likely to remain weak in the period ahead. The European Commission’s indicator on expected major purchases declined in February 2013, reaching a historically low level and pointing towards a continued lack of dynamism in the consumption of consumer durables. Finally, euro area consumer confidence rose somewhat further in February (see Chart 49). However, the latest improvements only partially compensated the decline recorded during the latter half of 2012 and, as a result, the index is still well below its long-term average.

Chart 49 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.

## INVESTMENT

The decline in gross fixed capital formation observed since the second quarter of 2011 accelerated again in the last quarter of 2012. Investment activity in 2012 as a whole was adversely affected by cyclical weakness, high uncertainty, restrictive credit supply and ongoing adjustment processes across sectors. Investment shrank by 1.1% quarter on quarter in the fourth quarter of 2012, after contracting by 0.8% in the third quarter.

The full breakdown of capital formation for the fourth quarter is not yet available, however, data from some euro area countries point to a protracted contraction in non-construction investment, which accounts for half of total investment. Short-term indicators for the euro area also suggest that non-construction investment shrank in line with muted overall economic developments, weak business confidence and prevailing high uncertainty. The production of capital goods decreased sharply in the fourth quarter, alongside a further decline in the capacity utilisation rate. While the PMI for the manufacturing sector posted an increase in quarterly terms, it remained well below its long-term average. Residential and non-residential construction investment is also likely to have weakened in the last quarter of 2012, as suggested by the weak construction production indicators and lack of confidence in the sector, in part as a result of continued adjustment in some euro area housing markets. Finally, government investment in the euro area is likely to have contracted in the fourth quarter, owing to ongoing fiscal consolidation in some euro area countries.

Regarding the first quarter of 2013, the few early indicators available point in general to a further contraction in non-construction capital formation in the euro area, although smaller than the decline observed at the end of 2012. Capacity utilisation increased slightly in the first quarter. In January and February the manufacturing PMI and its new orders component rose compared with the last quarter of 2012, but their current low levels appear consistent with weak investment activity, as also signalled by other survey data, such as the European Commission survey on order books. In addition, credit conditions in the euro area remain tight. Construction investment is also expected to decrease slightly in the first quarter, according to survey data.

Looking ahead, the fall in non-construction investment is expected to persist in the next few months, in line with subdued overall economic activity and prevailing high uncertainty. Construction investment is expected to stay weak throughout 2013.

## GOVERNMENT CONSUMPTION

Government consumption continued to decline slightly in the fourth quarter of 2012, following negative growth rates in the second and third quarters. The weakness in government consumption reflects fiscal consolidation efforts in a number of euro area countries.

Looking at the underlying trends in the individual components, compensation of government employees, which accounts for almost half of total government consumption, has made a negative contribution to government consumption growth in recent quarters. This is mainly a consequence of public sector wage moderation and cuts in government employment in a number of euro area countries. Intermediate government consumption expenditure (which comprises slightly less than a quarter of the total) has declined as a result of ongoing fiscal consolidation efforts, while growth in social transfers in kind, which likewise accounts for almost a quarter of government consumption, has been broadly unchanged. The latter reflects the fact that developments in social transfers in kind are usually rather stable, as they include items such as healthcare expenditure.

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

## INVENTORIES

As a result of a rapid decline in the pace of restocking since the summer of 2011, alongside a marked deterioration in the business outlook coupled with a tightening of financing conditions in some euro area countries, inventories made a substantial negative contribution of -0.7 percentage point to GDP growth in the second half of 2011 (see Box 4). After a pause in the first half of 2012 (when the pace of destocking was broadly unchanged), destocking accelerated again in the second half of the year, reflecting the slowdown in activity as well as uncertainty and resulting in negative contributions to growth of -0.3 percentage point and -0.1 percentage point in the third and fourth quarters respectively.

The continued and significant destocking observed at the end of 2012, in a context of fairly lean inventories across the supply chain, has reduced the scope for more pronounced destocking in the coming quarters. Contributions of inventories to growth are therefore likely to be close to zero (or slightly positive) in the near term, with some positive contributions later on, as changes in inventories return to their normal pattern. This would be consistent with the recent survey evidence for January and February 2013 from the PMI, as well as with evidence from the European Commission survey, which indicates that inventories in manufacturing (finished goods) and in the retail sector are assessed by firms to be fairly lean compared with their historical averages.

### Box 4

#### STOCKBUILDING DEVELOPMENTS SINCE 2008

Inventories are an important factor in business cycle fluctuations. They played a major role in the deep recession that followed the collapse of Lehman Brothers in 2008, but also in the subsequent recovery, and again during the latest contraction in economic activity. This box reviews the role that inventories have played during these periods and considers the implications for the economic situation and outlook in early 2013.

#### Inventories and the business cycle

Inventory adjustments are a means to achieve smooth production in the face of volatile demand, notably when there are adjustment costs. Therefore, inventories are expected to rise when demand weakens and vice versa. However, empirical macroeconomic evidence suggests that changes in inventories are pro-cyclical, and accentuate both economic downturns and subsequent recoveries. Indeed, at the beginning of a downturn, involuntary stockbuilding typically occurs, as demand falls faster than production can be adjusted. However, this is soon followed by deliberate destocking, as companies seek to reduce inventory levels and cut production accordingly, which depresses the economy further. Once the pace of destocking slows, inventories contribute positively to GDP growth, thereby supporting the overall economic recovery.

Conceptually, it is important to note that it is not the change in inventories that has an impact on GDP growth, but the extent to which the change in inventories becomes larger or smaller.

Put differently, the contribution of inventories to GDP growth depends on whether there is a pick-up or slowdown in the pace of destocking or restocking. Thus, a positive contribution by inventories to growth may arise from faster restocking, but also from slower destocking. Slower destocking often occurs during a recovery, just after the trough, when the pace of destocking is often the fastest.

In practical terms, inventory analysis at the macroeconomic level is challenging. There are substantial data issues, because changes in inventories are difficult to track and measure, and hard data on inventories are prone to revision. The analysis of inventories in the euro area is predominantly carried out on the basis of quarterly national accounts data as no monthly statistics are available.<sup>1</sup> National accounts data are usefully complemented by business surveys published by the European Commission and other sources.<sup>2</sup>

### The inventory cycle in the 2008-09 recession and the subsequent recovery

Following the bankruptcy of Lehman Brothers in 2008, amid very tight financing conditions an abrupt destocking movement was set in motion on the back of worsening prospects for demand. As shown in Chart A, in the second quarter of 2009 there was a reduction in inventory levels in

- 1 The advantage of national accounts data is that they provide, in principle, full coverage. However, caution is needed when interpreting changes in inventories on the basis of national accounts, because inventories are the least reliable component of the expenditure breakdown of GDP. Owing to the frequent lack of actual source data on inventories at a quarterly frequency, changes in inventories often play a prominent role in the balancing process of national accounts and thus contain a large residual component. Moreover, data on inventory developments are often substantially revised. See the box entitled “The reliability of estimates of euro area GDP growth and its components”, *Monthly Bulletin*, ECB, June 2006.
- 2 See for more details the box entitled “Stockbuilding – theoretical considerations and recent developments”, *Monthly Bulletin*, ECB, May 2012.

**Chart A Changes in inventories in the euro area according to national accounts data and the PMI**

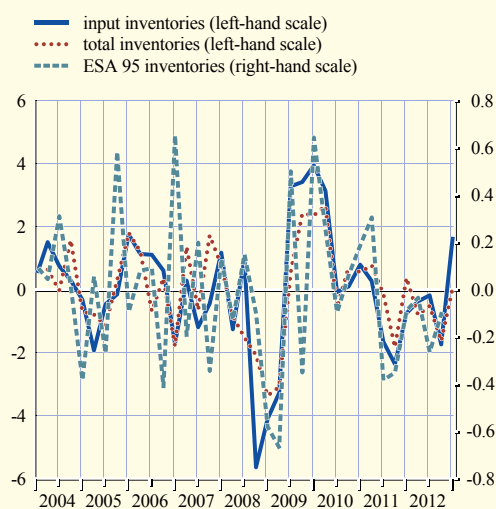
(diffusion indices; EUR billions)



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

**Chart B Contribution of inventories to GDP growth in the euro area according to national accounts data and the PMI**

(point changes in diffusion indices; percentage points of GDP)



Sources: Markit, Eurostat and ECB calculations.  
 Notes: National accounts data: contributions in chain-linked volumes. PMI: changes in indices (in percentage points).

## Euro area GDP growth rate and contribution by demand component

(percentage changes; percentage points)

	Q3 2008 - Q2 2009	Q2 2009 - Q2 2011	Q2 2011 - Q4 2012
<b>GDP</b>	<b>-4.7</b>	<b>3.9</b>	<b>-1.1</b>
Contribution of domestic demand	-2.9	1.1	-2.1
<i>of which:</i>			
<i>Private consumption</i>	-0.5	0.6	-0.9
<i>Government consumption</i>	0.4	0.2	-0.1
<i>Fixed capital investment</i>	-2.8	0.4	-1.1
Contribution of net trade	-0.6	1.2	2.2
Contribution of change in inventories	-1.4	1.5	-1.2

Source: Eurostat.

the euro area of €19 billion, or 0.8% of GDP, a sharp turnaround from the pace of stockbuilding in the first quarter of 2008 (0.7% of GDP, or an increase of €17 billion). Anecdotal evidence at that time suggested that there had been a general striving for cash, and that the saving of cash had been a key factor driving the destocking. Also, voluntary destocking of inputs by manufacturing firms and by retailers and wholesalers alike initially contributed to the involuntary stocking of finished goods by manufacturers, who were unable to cut production fast enough to prevent the ratio of finished goods inventories to sales from rising above desired levels.<sup>3</sup> This was in line with a typical pattern, whereby an “inventory shock” leads first to a change in the composition of inventories and then to a change in the level of overall inventories, when increasingly larger production reductions permit an increasingly faster pace of destocking.<sup>4</sup> Eventually, inventories accounted for more than a quarter of the overall decline in real GDP of 4.7% between the third quarter of 2008 and the second quarter of 2009, a significantly greater negative contribution than that of private consumption (see the table).

From mid-2009 improved demand expectations, more favourable financing conditions and perhaps excessively lean inventories led to a rapid easing in the pace of destocking, which eventually turned into restocking in early 2010 according to national accounts data (see Chart A). The slowdown in the pace of destocking alone lifted GDP significantly in the third quarter of 2009, contributing to an earlier and faster recovery than had been generally anticipated. In addition, from the third quarter of 2009 to the second quarter of 2011, a long sequence of mostly positive quarterly contributions of the changes in inventories to GDP growth amounted to a cumulated total of 1.5 percentage points, or about two-fifths of GDP growth over that period (as documented in the table).

**Inventory correction of 2011-12**

The restocking reported in the national accounts since the first quarter of 2010 peaked in the second quarter of 2011 at 0.9% of GDP (in value terms). This rather vigorous restocking was probably more a reflection of the stronger than anticipated recovery in activity at that time, rather than a deliberate attempt by firms to relax the tight inventory policies that had been put in place after the bankruptcy of Lehman Brothers. Indeed, surveys and anecdotal evidence pointed

<sup>3</sup> See the box entitled “Recent developments in stock building”, *Monthly Bulletin*, ECB, May 2009.

<sup>4</sup> The destocking that occurred after the collapse of Lehman brothers was also a worldwide phenomenon. It was seen in the United States, the United Kingdom, China and Japan, but also, spectacularly, in certain countries such as South Korea and Russia (where the inventory adjustment was the largest in the fourth quarter of 2008). This contributed to the very marked contraction in international trade in the fourth quarter of 2008 and the first quarter of 2009.

towards tightly managed inventories along the supply chain from 2010 to mid-2011, as firms continued to take a cautious approach to cash.

Nonetheless, when substantial flows of net additions to inventories in mid-2011 coincided with a marked deterioration in business perspectives, firms swiftly reassessed their inventory levels within a few months. According to European Commission business survey data (see Chart C), the assessment of inventory levels compared with normal was close to the historical average, after having been at historical lows for more than a year. In addition, as at the end of 2008, at the end of 2011 the Purchasing Managers' Index (PMI) surveys pointed to faster destocking (or less stocking) of inventories in input and retail than in finished goods inventories by manufacturers.

According to the national accounts data, this new situation led to a sharp slowdown in the pace of stocking, and even to a slight destocking in the fourth quarter of 2011.<sup>5</sup> This implied a strong negative contribution to growth of 0.7 percentage point in the second half of 2011, while GDP fell by only 0.2 percentage point over the same period. After the pace of destocking stabilised during the first half of 2012, it accelerated again somewhat in the second half of 2012. In the second half of 2012 GDP fell by 0.7 percentage point and the contribution of inventories to GDP growth was negative at -0.4 percentage point.

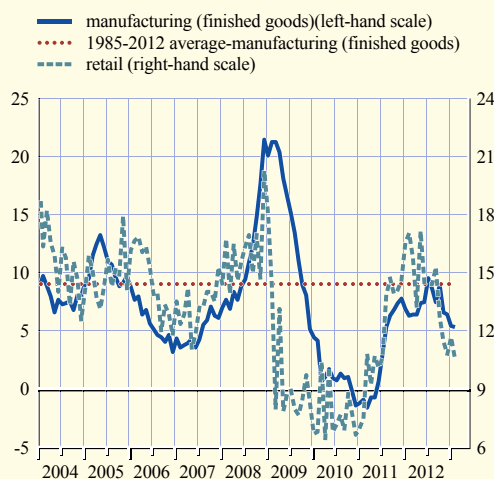
### Situation and outlook in early 2013

Against a background of fairly lean inventories in general across the supply chain, the current pace of destocking seems unlikely to continue. Therefore, in the foreseeable future inventories may make more positive contributions to growth, but this will also depend on other factors, such as a reduction in uncertainty. According to the most recent PMI surveys, destocking may already be slowing down somewhat. Similarly, the European Commission's business surveys suggest that inventories are currently considered to be significantly below their historical average in both manufacturing (finished goods) and retail.

<sup>5</sup> The fact that the decline in the pace of destocking indicated by the PMI survey since the second half of 2011 is slower than that indicated in the national accounts data reflects the imperfect measurement of inventories by both sources; in addition, revisions of national accounts figures may eventually reduce the gap that can currently be observed.

**Chart C Level of inventories in manufacturing (finished goods) and retail**

(balances of opinion; monthly data)



Source: European Commission.

Note: Survey respondents' assessment of the level of their inventories "compared with normal".

## EXTERNAL TRADE

Amid weak economic activity in the euro area and worldwide, euro area trade contracted in the fourth quarter of 2012. Imports and exports of goods and services both declined by 0.9%, quarter on quarter (see Chart 50). These developments resulted in a neutral net trade contribution to euro area real GDP growth. Euro area exports were supported by robust demand from the commodity-rich



OPEC economies and, to a lesser extent, from Asia. On the other hand, exports to the United States remained weak.

From a longer-term perspective, since mid-2010 external trade has 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 during most of this period. This trend has been broad based across the main product categories and particularly evident in the capital and consumption goods categories.

The short-term outlook for euro area trade remains subject to heightened uncertainty, which is captured by the available survey indicators. Export order-book levels reported by the European Commission rose slightly in February, but remained below their long-term average. At the same time, the PMI new export orders index has shown clearer signs of improvement over recent months, standing above the expansion/contraction threshold of 50 in February for the first time since June 2011. Overall, these indicators continue to point to a subdued short-term outlook for euro area exports. Notwithstanding, the gradual recovery in the global economy is expected to support exports in the coming months. The near-term outlook for imports is still dampened by the weak underlying growth momentum in the euro area, despite any positive price effects of the recent appreciation of the euro. This should result in a small positive net trade contribution to GDP growth at the beginning of 2013.

## 4.2 SECTORAL OUTPUT

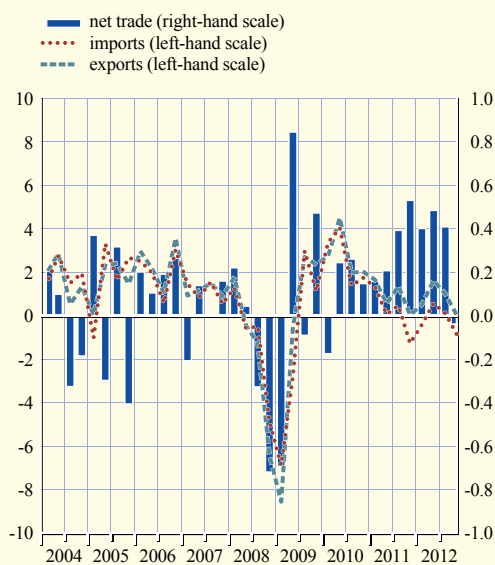
Looking at the production side of national accounts, total value added has continued to decline since the fourth quarter of 2011 and contracted by 0.5% in the fourth quarter of 2012, following declines of around 0.1% in the previous three quarters. The contraction in value added in the fourth quarter of last year was broadly based across sectors.

From a longer perspective, developments have been markedly different across sectors since the peak levels in 2007-08. In the fourth quarter of 2012 value added in the industrial sector (excluding construction) still stood some 8% below its end-2007 peak, whereas value added in the construction sector was 20% below its peak. By contrast, services value added was slightly above the peak it reached in early 2008.

Short-term indicators point to a further broad-based contraction in added value in the first quarter of 2013, albeit less sharp than the decline in the fourth quarter of 2012.

**Chart 50 Real imports, exports and net trade contribution to GDP growth**

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

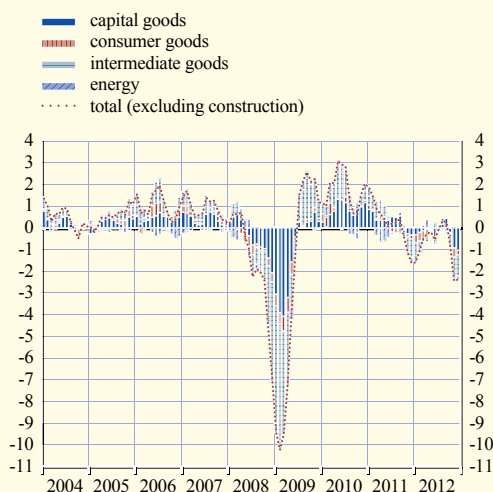


Sources: Eurostat and ECB.



**Chart 51 Industrial production growth and contributions**

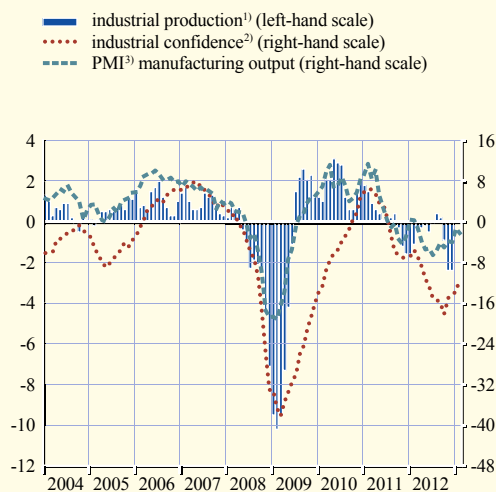
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

**Chart 52 Industrial production, industrial confidence and the PMI manufacturing output index**

(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.

## INDUSTRY EXCLUDING CONSTRUCTION

Value added in the industrial sector excluding construction declined by 1.7% quarter on quarter in the fourth quarter of 2012, following a small rise of 0.1% in the previous quarter. Production also decreased sharply in the fourth quarter, after a slight increase in the previous quarter (see Chart 51). This decline in production was the largest since the 2008-09 recession. Production in all the main industrial groupings fell in the fourth quarter of last year.

Looking ahead, short-term indicators suggest further weakness in activity in the industrial sector in the first quarter of 2013. Although the European Commission's industrial confidence indicator improved in the first two months of this year, compared with the previous quarter, it remained at a low level (see Chart 52). The PMI manufacturing output index also improved at the start of the year, compared with the fourth quarter of last year, but in the first two months of 2013 it remained below the theoretical no-growth threshold of 50. The February European Commission survey on firms' assessment of their order books and expected order book developments over the next three months likewise recorded an improvement, as did the Markit survey on new orders.

## CONSTRUCTION

In the fourth quarter of 2012 value added in the construction sector posted negative growth for the seventh quarter in a row. During this period value added has fallen by almost 6%. Short-term indicators point to persistently weak developments in the near term, confirming the weak momentum in the construction sector. Monthly data on construction production posted a month-on-month fall of 1.6% in December, which provided an unfavourable start to the first quarter of 2013 owing to

a negative carry-over effect. At the beginning of 2013 the PMI construction output index and the European Commission's business confidence indicator for the construction sector improved from low levels, but still signalled a contraction in activity. Similar improvements were also observed for forward-looking indicators such as surveys of new orders and firms' assessment of their order books.

## SERVICES

Services sector value added declined somewhat in quarter-on-quarter terms in the final quarter of 2012, having stagnated over the previous four quarters. Between the third quarter of 2009 and the fourth quarter of 2012 (i.e. the period following the end of the 2008 recession) average quarterly growth in services value added was considerably lower than that in industry excluding construction (averaging 0.2% and 0.8%, quarter on quarter, respectively). The latest data suggest that the recent decline was relatively more pronounced in market services, where value added contracted by 0.3%, quarter on quarter, in the final quarter of 2012, while value added in predominantly non-market services (which include public administration, education, healthcare and social work) recorded a small rise in quarter-on-quarter terms.

Looking ahead, surveys signal continued weakness in services sector activity in the first quarter of 2013, although the rate of decline is expected to slow somewhat. While the PMI services activity index remained below the theoretical benchmark of 50 for zero growth in the first two months of 2013, its level has improved since the final quarter of 2012. The European Commission's services confidence indicator also suggests a relative improvement in services activity in the first quarter of 2013.

## 4.3 LABOUR MARKET

Euro area labour market conditions have deteriorated further in recent quarters, on the back of the weakness in economic activity and ongoing labour market adjustments in several euro area countries. Forward-looking indicators, such as those based on surveys, do not signal any improvement in the period ahead.

Table 11 Employment growth

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

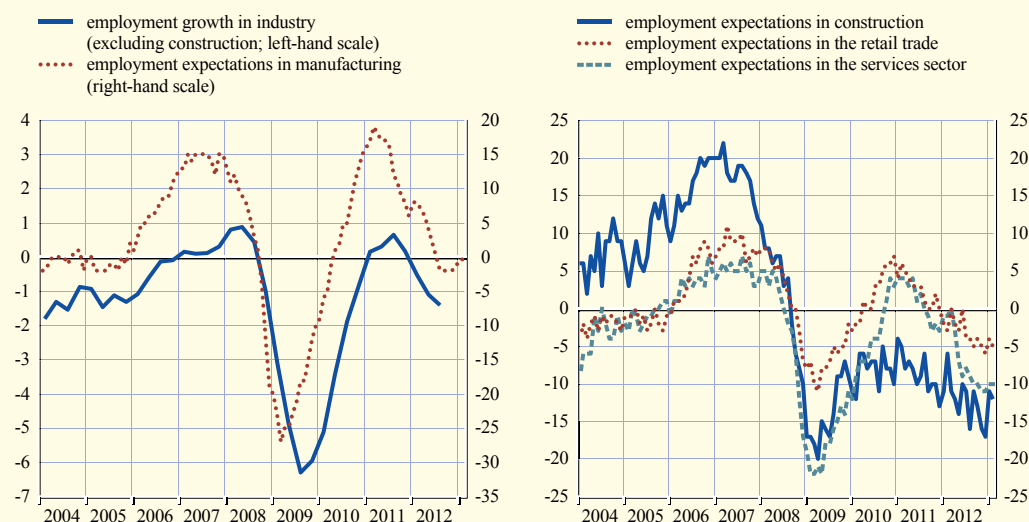
	Annual rates		Persons			Annual rates		Hours		
	2010	2011	Quarterly rates			2010	2011	Quarterly rates		
			2012 Q1	2012 Q2	2012 Q3			2012 Q1	2012 Q2	2012 Q3
Whole economy	-0.5	0.3	-0.3	0.0	-0.2	0.0	0.2	-0.3	-0.6	-0.2
<i>of which:</i>										
Agriculture and fishing	-1.1	-2.2	-0.2	0.8	-0.5	-0.9	-2.4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

Sources: Eurostat and ECB calculations.

1) Also includes household services, the arts and activities of extraterritorial organisations.

**Chart 53 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.

Total hours worked decreased by 0.2% in the third quarter of 2012, continuing the decline seen in the previous three quarters (see Table 11). At the sectoral level, hours worked decreased sharply in construction and industry (excluding construction), while services posted a slight increase in hours worked.

Headcount employment declined in the third quarter of 2012, having remained stable in the second quarter. Employment losses were concentrated in construction, real estate activities and financial and insurance activities, whereas only arts and entertainment services registered employment growth.

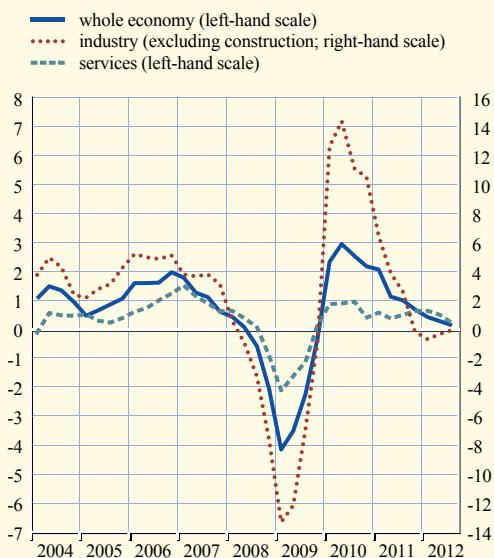
Surveys on employment suggest that job creation is likely to have deteriorated further in the fourth quarter of 2012 and at the beginning of 2013, mainly reflecting shrinking economic activity in the euro area. In particular, the euro area composite PMI for employment expectations (encompassing both manufacturing and services) remained below the no-growth threshold in the fourth quarter of 2012 as well as in the first two months of 2013. The European Commission's business surveys paint a similar picture (see Chart 53).

Annual growth in labour productivity per person employed, which has been declining for two years, slowed further to stand at 0.1% in the third quarter of 2012 (see Chart 54). Growth in productivity per hour worked also fell, albeit at a more moderate pace and from a higher level. Productivity growth is expected to have remained weak in the fourth quarter of 2012 and at the beginning of 2013, on the back of subdued economic activity.

The unemployment rate rose by 0.1 percentage point, to 11.9%, in January 2013, reaching the highest level recorded since the series began. The unemployment rate has increased by 2.0 percentage points since April 2011 when it began to rise (see Chart 55). The lack of employment creation, together with weak survey results, suggests a further rise in unemployment in the short term.

**Chart 54 Labour productivity per person employed**

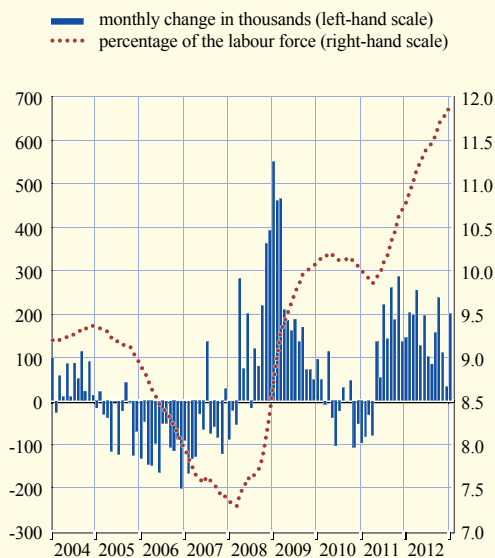
(annual percentage changes)



Sources: Eurostat and ECB calculations.

**Chart 55 Unemployment**

(monthly data; seasonally adjusted)



Source: Eurostat.

#### 4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

As regards 2013, recent data and indicators suggest that economic activity should start stabilising in the first part of the year. A gradual recovery should commence in the second part, with export growth benefiting from a strengthening of global demand and domestic demand being supported by the accommodative monetary policy stance. Furthermore, the improvements in financial markets since July last year and the continued implementation of structural reforms should work their way through to the economy. At the same time, necessary balance sheet adjustments in the public and private sectors, and the associated tight credit conditions, will continue to weigh on economic activity.

This assessment is also reflected in the March 2013 ECB staff macroeconomic projections for the euro area, which foresee average annual real GDP growth in a range between -0.9% and -0.1% in 2013 and between 0.0% and 2.0% in 2014. Compared with the December 2012 Eurosystem staff macroeconomic projections, the ranges have been revised slightly downwards. The revision for 2013 mainly reflects a more negative carry-over effect from the outcome for real GDP in the fourth quarter of 2012, while the projected path of the recovery has remained broadly unchanged (see also Box 5).

The risks surrounding the economic outlook for the euro area continue to be on the downside. They relate to the possibility of weaker than expected domestic demand and exports and to slow or insufficient implementation of structural reforms in the euro area. These factors have the potential to dampen the improvement in confidence and thereby delay the recovery.

### ECB STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

On the basis of the information available up to 22 February 2013, ECB staff have prepared projections for macroeconomic developments in the euro area.<sup>1</sup> Average annual real GDP growth is projected to range between -0.9% and -0.1% in 2013 and between 0.0% and 2.0% in 2014. Inflation is projected to be between 1.2% and 2.0% in 2013 and between 0.6% and 2.0% in 2014.

#### Technical assumptions about interest rates, exchange rates, commodity prices and fiscal policies

The technical assumptions about interest rates and both energy and non-energy commodity prices are based on market expectations, with a cut-off date of 14 February 2013.

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 0.3% for 2013 and 0.5% for 2014. The market expectations for euro area ten-year nominal government bond yields imply an average level of 3.2% for 2013 and 3.6% for 2014. Reflecting the path of forward market interest rates and the gradual pass-through of changes in market rates to lending rates, composite bank lending rates on loans to the euro area non-financial private sector are expected to bottom out in the first half of 2013 and to rise gradually thereafter. Credit supply conditions are expected still to weigh negatively, on average, on economic activity in the euro area in 2013 but to be more 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 114.1 in 2013 and USD 106.8 in 2014. The prices of non-energy commodities in US dollars<sup>2</sup> are assumed to increase by 1.2% in 2013 and by 2.3% in 2014.

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 of 14 February 2013. This implies an average exchange rate of USD per EUR of 1.35 for 2013 and 2014, which is up from USD 1.29 in 2012. The effective exchange rate of the euro is assumed to increase by 4.2% in 2013 and by 0.1% in 2014.

Fiscal policy assumptions are derived on the basis of measures that have already been approved by national parliaments or that have been defined in sufficient detail by governments and are

1 The ECB staff macroeconomic projections complement the Eurosystem staff macroeconomic projections that are produced jointly by experts from the ECB and from the euro area national central banks on a biannual basis. The techniques used are consistent with those of the Eurosystem staff projections as described 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.

2 Oil and food price assumptions are based on futures prices up to the end of the projection horizon. For other commodities, prices are assumed to follow futures until the first quarter of 2014 and thereafter to evolve in line with global economic activity.

likely to pass the legislative process. While substantial consolidation measures, including both tax increases and cuts in expenditure, have been implemented or are expected to be implemented in 2013, the assumptions for 2014 so far include only very limited fiscal consolidation measures.

### Projections for the international environment

World real GDP growth (excluding the euro area) is projected to pick up gradually over the projection horizon, rising slightly from 3.7% in 2012 to 3.8% in 2013 and further to 4.4% in 2014. The expectation of this gradual pick-up is backed up by PMI surveys (outside the euro area), which have risen towards their long-term averages in recent months, thereby signalling an improvement in business sentiment. In addition, global financial market conditions have improved further as evidenced by rising stock market prices, lower financial market volatility and the reduction of key financial market spreads. However, the medium-term outlook for the key advanced economies continues to be constrained. Notwithstanding the progress made in rebalancing private sector debt, the level of households' indebtedness remains elevated in the advanced economies, while the need for tighter fiscal policies should dampen growth prospects in the coming years. At the same time, growth in emerging economies is projected to remain robust. Broadly in line with the global growth outlook, euro area foreign demand is expected to grow by 3.5% in 2013 and 6.3% in 2014, after 3.2% in 2012.

### Real GDP growth projections

Euro area real GDP fell by 0.6% in the fourth quarter of 2012, following a decline of 0.1% in the third quarter and of 0.2% in the second quarter. Euro area domestic demand declined significantly in the fourth quarter of the year, with both private consumption and investment dropping. Exports also fell, reflecting the weakness of trade developments observed at the end of last year.

Looking ahead, real GDP growth is expected to stabilise during the first half of the year and to recover gradually from the second half of 2013 onwards. In 2013, a gradual pick-up in export growth – supported by more favourable external demand developments, only partly offset by losses in competitiveness due to the strengthening of the euro – is likely to provide a positive stimulus to growth. The recovery is also expected to be supported by a favourable impact on domestic private demand of the accommodative monetary policy stance, as well as by the favourable impact on real disposable income of a decline in inflation, which in turn is driven partly by the appreciation of the euro and partly by the assumed weakening of commodity prices. However, the weakness of domestic demand, stemming from still overall low levels of sentiment and from the remaining deleveraging and fiscal consolidation needs in some countries, is expected to persist, with domestic demand recovering only gradually over the projection horizon. Overall, the projected recovery remains subdued by historical standards, resulting in a negative output gap over the whole projection horizon. In annual terms, real GDP is expected to grow by between -0.9% and -0.1% in 2013 and between 0.0% and 2.0% in 2014.

Considering the demand components in more detail, extra-euro area export growth is projected to gain momentum during the course of 2013 and beyond. This outlook is supported by the gradual strengthening of euro area foreign demand, although it is projected to be partly moderated by losses in competitiveness on account of the strengthening of the euro. Business investment, after likely dropping in the last quarter of 2012, is projected to weaken somewhat further in the first

**Table A Macroeconomic projections for the euro area**(average annual percentage changes)<sup>1)</sup>

	2012	2013	2014
HICP	2.5	1.2 – 2.0	0.6 – 2.0
Real GDP	-0.5	-0.9 – -0.1	0.0 – 2.0
Private consumption	-1.2	-1.3 – -0.3	-0.3 – 1.5
Government consumption	0.0	-0.9 – -0.1	-0.4 – 1.2
Gross fixed capital formation	-4.0	-3.8 – -1.0	-0.9 – 3.5
Exports (goods and services)	2.9	-1.3 – 3.5	0.8 – 7.8
Imports (goods and services)	-0.7	-2.1 – 2.3	1.0 – 7.2

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.

half of 2013, owing to still relatively weak levels of sentiment, low capacity utilisation, fragile demand prospects and adverse credit supply conditions in some countries. Having reached historically very low levels, as a share of GDP, business investment is projected to pick up from the second half of 2013, supported by the gradual strengthening in domestic and external demand and by the very low level of interest rates. Residential investment is expected to decline further in the coming quarters as a result of weak growth in disposable income, still fragile and only tentatively recovering consumer sentiment and further adjustment needs in the housing markets in some countries. These adverse impacts are expected to more than offset the effect of 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 throughout the projection horizon due to the expected fiscal consolidation measures in several euro area countries.

Private consumption fell in the fourth quarter of 2012. This likely reflected a sharp decrease in real disposable income, only partly offset by a decline in the saving ratio as households tried to smooth consumption. Private consumption is expected to decline further in the first half of 2013 and to recover mildly during the second half of the year, broadly reflecting the pattern of real disposable income growth. In 2014, private consumption growth is projected to gain momentum owing to a pick-up in labour income as labour market conditions improve and as the adverse impact of fiscal consolidation measures recedes. However, a rise in the saving ratio – reflecting persistently high unemployment rates and the need to reduce household indebtedness – is expected to dampen the recovery of private consumption in 2014. Government consumption is projected to decline in 2013 due to fiscal consolidation efforts and to increase modestly in 2014.

Extra-euro area imports are projected to rebound from their recent weakness during the course of 2013 and beyond, reflecting the gradual recovery of total demand. With stronger growth in exports than in imports, net trade is expected to contribute positively to GDP growth over the projection horizon, although to a lesser extent than in 2012. The current account surplus is expected to increase over the projection horizon owing to an increasing trade surplus.

### Price and cost projections

The headline HICP inflation rate, which in February 2013 stood at 1.8% according to Eurostat's flash estimate, is expected to fall further in the course of 2013, following the projected strong decline in the annual rates of energy price inflation and, to a lesser extent, food price inflation, from the elevated levels reached in 2012. The projected drop in energy price inflation partly



reflects downward base effects from the expected fading away of the impact of past increases in oil prices, as well as their assumed gradual decline over the projection horizon. Similarly, the projected decline in food price inflation reflects downward base effects, as the impact of past increases fades away, and the assumption that international and European food commodity prices ease somewhat over the projection horizon. HICP inflation excluding food and energy is projected to ease marginally in 2013, reflecting the appreciation of the euro and subdued economic developments. This measure of inflation is projected to edge up only slightly in 2014, reflecting the modest recovery of activity. In annual average terms, HICP inflation is projected to decline from 2.5% in 2012 to between 1.2% and 2.0% in 2013 and further to between 0.6% and 2.0% in 2014.

In more detail, external price pressures have eased in recent months due to the appreciation of the euro. The annual growth rate of the import deflator is projected to fall in 2013, before stabilising slightly in 2014, as the downward impact of the stronger exchange rate of the euro is assumed to fade away. Turning to domestic price pressures, the annual growth rate of compensation per employee is expected to remain subdued in 2013 and 2014 on account of the weakness of the labour market situation. Taking into account the projected fall in consumer price inflation, real compensation per employee is projected to increase gradually over the projection horizon, following declines in 2011 and 2012. Unit labour cost growth is projected to remain relatively elevated in 2013, as productivity growth will be substantially weaker than wage growth. As productivity growth is expected to pick up in 2014, reflecting a faster recovery in activity than in employment, unit labour cost growth is expected to decline. The profit margin indicator, calculated as the ratio of the GDP deflator at basic prices to unit labour costs, is expected to fall somewhat further in 2013, following a stronger decline in 2012, compensating for the relatively strong increase in unit labour costs. Thereafter, lower unit labour cost growth and gradually improving economic conditions are expected to support a recovery in profit margins. As part of fiscal consolidation plans, increases in administered prices and indirect taxes are expected to make a relatively large contribution to HICP inflation in 2013 and in 2014, even if this consolidation is slightly smaller than in 2012.

### Comparison with the December 2012 staff projections

Compared with the Eurosystem staff macroeconomic projections published in the December 2012 issue of the Monthly Bulletin, the upper end of the range for real GDP growth in the euro area for 2013 has been revised downwards. This revision mostly reflects the weak outcome of real GDP in the fourth quarter of 2012, which implies a mechanically more negative carry-over effect into the average annual growth rate for 2013. However, the quarterly growth profile for 2013 is broadly unrevised. The range for average annual real GDP growth in 2014 has been revised slightly downwards. With regard to HICP inflation, the projection range for 2013 is somewhat narrower. For 2014, the upper end of the range is slightly lower than in the December 2012 projection, mainly reflecting the impact of the stronger exchange rate of the euro.

**Table B Comparison with the December 2012 projections**

(average annual percentage changes)

	2013	2014
Real GDP – December 2012	-0.9 – 0.3	0.2 – 2.2
Real GDP – March 2013	-0.9 – -0.1	0.0 – 2.0
HICP – December 2012	1.1 – 2.1	0.6 – 2.2
HICP – March 2013	1.2 – 2.0	0.6 – 2.0

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

(average annual percentage changes)

	Date of release	GDP growth		HICP inflation	
		2013	2014	2013	2014
OECD	November 2012	-0.1	1.3	1.6	1.2
European Commission	February 2013	-0.3	1.4	1.8	1.5
IMF	January 2013	-0.2	1.0	1.6	1.4
Survey of Professional Forecasters	February 2013	0.0	1.1	1.8	1.8
Consensus Economics Forecasts	February 2013	-0.2	1.0	1.8	1.7
Euro Zone Barometer	February 2013	-0.1	1.2	1.9	1.8
ECB staff projections	March 2013	-0.9 – -0.1	0.0 – 2.0	1.2 – 2.0	0.6 – 2.0

Sources: European Commission Economic Forecasts, Winter 2013; IMF World Economic Outlook Update, January 2013, for real GDP growth and World Economic Outlook, October 2012, for inflation; OECD Economic Outlook, November 2012; Consensus Economics Forecasts; MJEconomics; and the ECB's Survey of Professional Forecasters.

Notes: The ECB 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.

### Comparison with forecasts by other institutions

A number of forecasts for the euro area are available from both international organisations and private sector institutions (see Table C). However, these forecasts are not strictly comparable with one another or with the ECB 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.

According to the forecasts currently available from other organisations and institutions, euro area real GDP growth is expected to range between -0.3% and 0.0% in 2013, which is close to the upper end of the range of the ECB staff projections. For 2014, available forecasts lie between 1.0% and 1.4%, which is within the range of the ECB staff projections. As regards inflation, available forecasts suggest that the average annual HICP inflation rate will be in a range between 1.6% and 1.9% in 2013 and between 1.2% and 1.8% in 2014, both of which are within the ranges of the ECB staff projections.

## 5 FISCAL DEVELOPMENTS

According to the European Commission's first fully-fledged winter 2013 European Economic Forecast, fiscal consolidation is expected to continue. The euro area government deficit is expected to have declined to 3.5% of GDP in 2012, and is projected to decrease further in 2013 and 2014. At the same time, the debt-to-GDP ratio is projected to increase, although at a slowing pace, to reach 95.2% of GDP in 2014. Further fiscal adjustment remains necessary to reduce risks to fiscal sustainability and ensure confidence in the functioning of EMU. Countries subject to an excessive deficit procedure (EDP) need to ensure a correction of their excessive deficits in line with the provisions of the Stability and Growth Pact.

### FISCAL DEVELOPMENTS IN 2012 AND 2013

According to the European Commission's first fully-fledged winter 2013 European Economic Forecast, progress in reducing fiscal imbalances is expected to continue, albeit at a slightly slower pace compared with the Commission's autumn 2012 projections. The euro area general government deficit is expected to have declined from 4.2% of GDP in 2011 to 3.5% of GDP in 2012 (see Table 12 and Chart 56). This improvement in the deficit is due to a 0.9 percentage point rise in the revenue-to-GDP ratio to 46.3% of GDP in 2012 (particularly owing to higher income, wealth and indirect taxes), while the expenditure-to-GDP ratio increased marginally (see Chart 57). The euro area general government debt-to-GDP ratio is expected to have risen by 5 percentage points to 93.1% of GDP, stemming mainly from a positive stock-flow adjustment (reflecting financial support to euro area programme countries and government assistance to the financial sector) and from a widening of the interest-growth differential (the so-called snowball effect) owing to the adverse macroeconomic environment, while the debt-increasing contribution from the primary deficit is projected to be relatively limited. Compared with the autumn 2012 forecast, the rise in the debt ratio in 2012 is more pronounced, reflecting mainly a higher primary deficit.

Looking ahead, the fiscal deficit is projected to fall to 2.8% of GDP in 2013, and to decline marginally further to 2.7% of GDP in 2014 (see Table 12). The continued fiscal consolidation is expected to be driven by higher revenues (until 2013) and gradual cuts in discretionary spending (e.g. wages and salaries, public investment and intermediate consumption). Regarding the debt outlook, the general government debt-to-GDP ratio is expected to increase over the whole projection horizon, although at a slowing pace. The projected rise in the debt ratio is largely driven by the continued positive, although declining, impact of the interest-growth differential, reflecting mainly a sluggish recovery in GDP growth over the forecast horizon, and by a fading contribution from the

Table 12 Fiscal developments in the euro area

(as a percentage of GDP, general government)

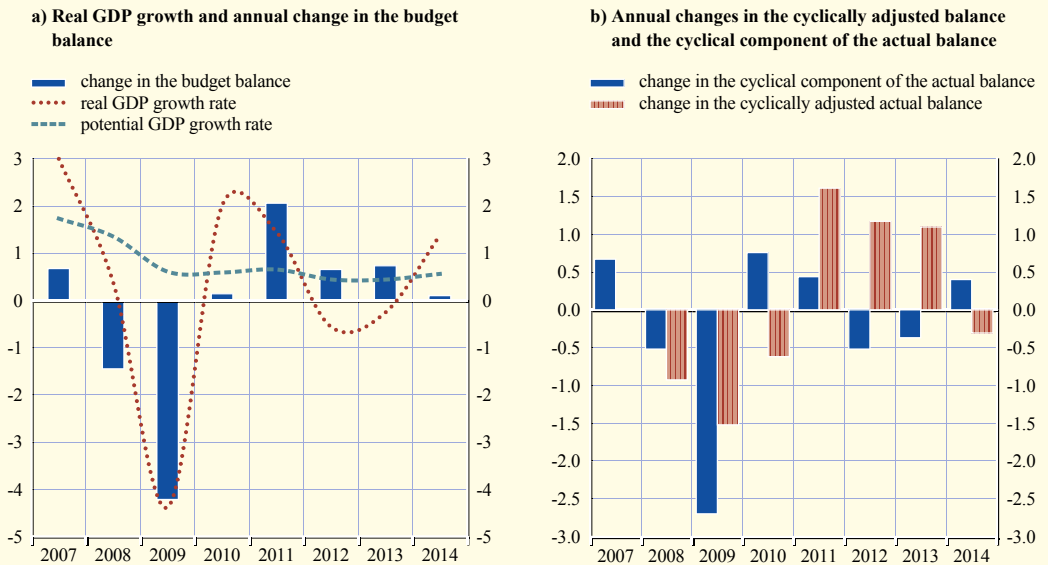
	2008	2009	2010	2011	2012	2013	2014
a. Total revenue	45.0	44.9	44.8	45.4	46.3	46.8	46.5
b. Total expenditure	47.1	51.2	51.0	49.5	49.8	49.5	49.2
<i>of which:</i>							
c. Interest expenditure	3.0	2.9	2.8	3.0	3.1	3.1	3.1
d. Primary expenditure (b-c)	44.1	48.4	48.1	46.5	46.7	46.5	46.2
Budget balance (a-b)	-2.1	-6.3	-6.2	-4.2	-3.5	-2.8	-2.7
Primary budget balance (a-d)	0.9	-3.5	-3.4	-1.1	-0.4	0.4	0.5
Cyclically adjusted budget balance	-3.0	-4.5	-5.1	-3.5	-2.4	-1.3	-1.6
Gross debt	70.2	80.0	85.6	88.1	93.1	95.1	95.2
Memo item: real GDP (percentage change)	0.4	-4.4	2.0	1.4	-0.6	-0.3	1.4

Sources: European Commission's winter 2013 European Economic Forecast and ECB calculations.

Note: Figures may not add up due to rounding.

**Chart 56 Determinants of budgetary developments in the euro area**

(as a percentage of GDP; percentage changes)



Sources: European Commission's winter 2013 European Economic Forecast and ECB calculations. Data refer to general government.

**Chart 57 Quarterly government finance statistics and projections for the euro area**



Sources: ECB calculations based on Eurostat and national data; European Commission's winter 2013 European Economic Forecast. Notes: Data refer to general government. 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 third quarter of 2012, plus the annual projections for 2012, 2013 and 2014 from the European Commission's winter 2013 European Economic Forecast.

stock-flow adjustment (assuming declining financial assistance to other euro area countries), which are only partly compensated by primary surpluses. Compared with the Commission's autumn 2012 forecast, the euro area general government debt-to-GDP ratio is expected to be higher in 2013 and 2014 (by 0.6 percentage point and 0.9 percentage point, respectively).

### BUDGETARY DEVELOPMENTS AND PLANS IN SELECTED COUNTRIES

At the euro area country level, considerable efforts have been made to reduce headline deficits with the aim of correcting the excessive deficits within the foreseen deadline, notwithstanding large differences across countries. According to the Commission's winter 2013 forecast, Italy is projected to have corrected its excessive deficit by the 2012 EDP deadline, while Cyprus, and possibly also Belgium, are likely to have missed their targets in 2012. Moreover, the Commission's forecast indicates that some euro area countries with EDP deadlines in 2013 and beyond would not correct their excessive deficits by the agreed deadline without making additional structural consolidation efforts.

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 preliminary national accounts data, the nominal budget balance of the general government reached a surplus of €2.2 billion (0.1% of GDP) in 2012. This was driven mainly by a reduction of the deficit in the government sector excluding social security and a slight increase in the surplus of the social security system. Based on this improvement of the general budget balance, Germany is likely to have reached its structural medium-term budgetary objective in 2012. For 2013, the central government's budget does not foresee any major new fiscal measures.

In France, the 2013 budget law, which contains fiscal consolidation measures mainly reliant on tax increases amounting to around 1.2% of GDP, was approved by Parliament on 20 December 2012. However, the proposed taxation of high income households (i.e. a 75% personal income tax) has in the meantime been challenged by the Constitutional Council. According to the Commission's 2013 winter forecast, the fiscal deficit in 2013 is projected to reach 3.7% of GDP, which implies that without additional measures the excessive deficit will not be corrected by the 2013 EDP deadline.

With regard to Italy, on 1 March 2013 the national statistical agency (ISTAT) released the first estimate of the general government deficit of 3% of GDP in 2012. If confirmed by Eurostat, this should lead to an abrogation of the EDP procedure in Italy initiated in 2009. At the same time, according to ISTAT, the debt ratio reached 127% of GDP in 2012. These estimates were broadly confirmed in the Commission's winter 2013 forecast.

In Spain, the government has announced that the 2012 general government deficit – excluding the impact of support to the banking sector – was 6.7% of GDP, down from 9.0% of GDP in 2011. This was above the target set in the latest EDP recommendation (6.3% of GDP), but slightly below the expectations of most external observers. Capital transfers to be recorded in view of government injections of capital into banks in the context of Spain's financial sector programme amount to 3.3% of GDP, bringing the overall general government deficit in 2012 to 10.0% of GDP. Centrally administered tax receipts in 2012 (on a cash basis) were in line with the forecast contained in the 2013 state budget.

In the Netherlands, the Commission's winter 2013 forecast projects a decline of the general government deficit from 4.1% of GDP in 2012 to 3.6% of GDP in 2013. The projected figures are slightly higher compared with the recently published projections by the Dutch Bureau for Economic Policy Analysis. Both projections include the nationalisation of SNS REAAL bank announced on 1 February 2013, which will increase the deficit by 0.6 percentage point, bringing it well above the 2013 EDP target.

In Belgium, the general government deficit is expected to exceed the 2012 EDP target if Eurostat decides that the bank recapitalisation of Dexia in December 2012 were to adversely affect the 2012 deficit (by 0.8% of GDP). The Commission's winter 2013 forecast projects a fiscal deficit of 3% of GDP in 2012 (as well as in 2013), which does not include the temporary impact of the bank recapitalisation.

In Greece, the 2012 general government primary balance in cash terms – excluding the impact of financial sector support – saw a surplus of €434 million (0.2% of GDP), while the overall deficit was €12.5 billion (6.4% of GDP), down from €20.5 billion (9.9% of GDP) in 2011. The improvement compared with 2011 was due to the impact of the consolidation measures adopted in the context of the second EU/IMF adjustment programme, which more than compensated for the adverse effects from worsened macroeconomic conditions. The general government cash deficit was also well below 2012 budgetary targets as the revenue shortfall was overcompensated by the underexecution of operational and investment expenditure. The underspending is explained by tight liquidity conditions owing to the postponement of the second disbursement to mid-December 2012 and the accumulation of payment arrears, especially in the healthcare sector. At the same time, national account data for the third quarter of 2012 released by Eurostat point to a deterioration of fiscal conditions compared with 2011, with a cumulated primary deficit of about 4.7% of GDP, up from a 2.8% GDP deficit in the same period in 2011. This deterioration, however, is due exclusively to the support – classified as capital transfer – given by the government to the banking system for the resolution of the ATE bank; were it not for this there would have been an improvement in the Greek fiscal position. Moreover, progress in enhancing efficiency of tax administration has remained very slow and several key performance indicators for end-December 2012 were missed by a large margin. With regard to tax policy, as part of the milestone for the disbursement of the January sub-tranche, the Greek Parliament approved amendments to the current legislation introducing the main policies underpinning the income tax reform. The reform is expected to result in a new, comprehensive tax income code, to be adopted by Parliament by the end of May 2013. Progress in public administration reforms has been slow and there were very significant delays in the preparation of the staffing plans for line ministers, which is a key component of the strategy to improve human resources management in the public sector. Finally, in the context of the milestone for the February sub-tranche disbursement, Parliament approved on 18 February the update of the Medium-Term Fiscal Strategy for 2013-2016, which takes into account the impact of the debt buyback initiative and introduces three-year spending ceilings by line ministries and the healthcare sector. The ceilings will be binding for the next two years.

In Portugal, excluding the impact of bank recapitalisation, authorities expect the deficit to be slightly below 5% of GDP in 2012, in line with the EU/IMF adjustment programme target. This estimate includes receipts from the sale of an airport concession for which the statistical treatment has not been yet decided. Should the statistical authorities classify the sale as a non-financial operation with no impact on the headline deficit, the deficit would be around 5.5% of GDP.

In Ireland, fiscal consolidation continues as planned. The 2012 fiscal deficit is expected to be well below target, helped by strong revenues in December. Early cash data from 2013 confirm the strong revenue trend, suggesting that Ireland is also on track to meet targets during the final year of the EU-IMF adjustment programme. The funding position has also improved with sales of financial sector assets (CoCos and Irish Life) and the recent liquidation of IBRC.

In Cyprus, fiscal cash data indicate a cash deficit of around 5% of GDP for 2012. According to the Commission's winter 2013 forecast, the general government deficit is expected to stand at 5.5% of GDP in 2012, which suggests that the 2012 EDP deadline was not met. Parliament recently approved a sizeable fiscal adjustment package over the period 2013-15, which includes cuts in public sector wages and social benefits as well as increases in VAT and excise taxes. In the meantime, negotiations with the European Commission, the ECB and the IMF on a memorandum of understanding are ongoing.

#### FISCAL POLICY CHALLENGES

Euro area countries have made considerable efforts to address their fiscal adjustment needs in recent years. However, further fiscal adjustment remains necessary to reduce risks to fiscal sustainability and to restore confidence in the functioning of EMU. The European Commission recently published its Fiscal Sustainability Report 2012, which provides an overall assessment of fiscal sustainability challenges on the basis of a wide range of indicators. It indicates that short-term risks for fiscal stress seem to have abated since the last report in 2009, while medium to long-term challenges for fiscal sustainability continue to remain high in euro area countries owing to, inter alia, the budgetary impact of rising ageing costs and the considerable structural efforts needed to reduce the still rising levels of public debt towards the benchmark of 60% of GDP. If not decisively addressed, these high levels of public debt can be expected to be detrimental to the countries' growth prospects, as has also been widely analysed in the respective literature (see Box 6).

To help restore confidence in fiscal sustainability, it is therefore essential that fiscal consolidation strategies in the euro area countries ensure a timely correction of excessive deficits in line with all commitments under the enhanced Stability and Growth Pact (SGP). There is no viable alternative to rigorous fiscal adjustment. Therefore, for those countries with large consolidation gaps, additional structural consolidation measures need to be implemented urgently that allow the nominal budget deficit to be reduced to below 3% of GDP in a sustainable manner. At the same time, the composition and quality of consolidation is important for its overall success and macroeconomic implications. In particular, fiscal measures should focus mainly on cutting unproductive government consumption (including entitlement reforms). Tax measures should focus on non-distortionary taxes in order to limit their detrimental implications for private investment activities and employment. While the SGP provides some leeway for countries that are subject to unexpected adverse economic events, any exceptional decision to grant an extension of EDP deadlines should be based on a cautious assessment and in line with the overarching objective of achieving fiscal sustainability.

Remarkable progress has recently been made in terms of strengthening the EU fiscal governance framework. In particular, the fiscal compact as part of an intergovernmental treaty entered into force on 1 January 2013 after it was ratified by 12 euro area countries. Thus, the fiscal compact's key elements, such as the balanced budget rule at national level with an automatic correction mechanism, will have to be transposed into national legislation by 1 January 2014 at the latest. Moreover, euro area countries have made progress in implementing the provision of the Directive on national fiscal frameworks, as part of the so-called "six-pack", although more needs to be done before reaching the



deadline of its full implementation at the end of 2013.<sup>1</sup> Furthermore, the three negotiating parties (i.e. the European Commission, the EU Presidency and the European Parliament) eventually came to an agreement on 20 February 2013 on the “two-pack” regulations, which are based on a proposal by the European Commission published in November 2011. One of the “two-pack” regulations foresees inter alia a timeline for draft budgets, according to which the European Commission can ask for a revised draft budget should the budgetary plans not be in line with SGP requirements, as well as enhanced monitoring requirements for countries in excessive deficit. With respect to the challenge of defining a roadmap towards deeper economic and monetary union, the European Council on 13 and 14 December 2012 made some progress, notably with respect to establishing a banking union. Looking further ahead, it is important to advance on this roadmap and to allow for a deeper sharing of sovereignty, in particular in the fiscal domain.

1 See also the article entitled “The importance and effectiveness of national fiscal frameworks in the EU”, *Monthly Bulletin*, ECB, Frankfurt am Main, February 2013.

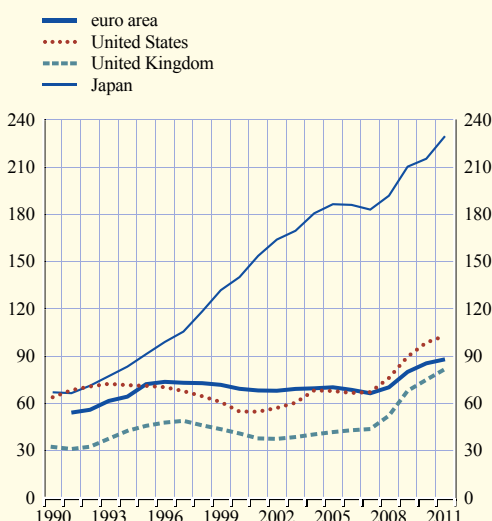
## Box 6

### GROWTH EFFECTS OF HIGH GOVERNMENT DEBT

Government indebtedness in advanced economies has risen to levels rarely seen during times of peace (see Chart A). At the same time, concerns over long-term growth in these economies have increased (see Chart B). Public debt-to-GDP ratios have soared following the financial and economic crisis and are likely to remain at elevated levels in the medium term. Furthermore, in view of sizeable implicit liabilities related to the cost of demographic ageing, markets have become increasingly concerned over long-term fiscal sustainability in advanced economies. One aggravating

Chart A Gross government debt

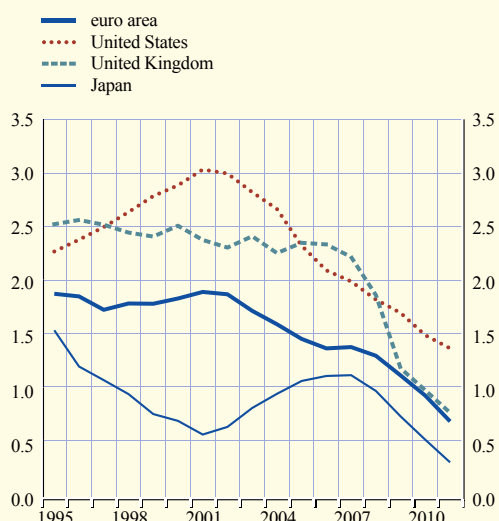
(as a percentage of GDP)



Source: IMF World Economic Outlook, October 2012.

Chart B Five-year average growth rate of potential output

(annual percentage changes)



Source: IMF World Economic Outlook, October 2012.

factor highlighted by recent empirical research is the adverse effect that high public debt may have on long-term growth, particularly once the debt ratio has crossed certain thresholds. This box reviews the growing literature analysing the impact of public debt on growth.

The theoretical literature is divided over whether public debt has a negative impact on the level or growth rate of GDP per capita.<sup>1</sup> The early literature<sup>2</sup> argued that the national debt would be a burden for future generations, which would reveal itself in the form of a reduced flow of income from a lower stock of private capital (as higher public indebtedness crowds out private investment). The “debt-overhang” hypothesis<sup>3</sup> predicts a negative impact of debt on economic growth, i.e. beyond a certain point the debt overhang will start to exert negative pressure on investors’ willingness to provide capital. Some endogenous growth models show that a positive impact of public debt on growth may be possible depending on the type of public goods financed out of debt, or up to certain limits when debt is used to finance productive public capital.<sup>4</sup>

Until recently, empirical research on the relationship between debt and growth had been scarce, but since the beginning of the crisis this topic has attracted growing attention. Several studies<sup>5</sup> find a negative relationship between government debt and (per capita) real GDP growth, especially beyond a certain threshold (see also Chart C for simple statistics related to real GDP growth rates for various public debt ranges over a very long time span (1790-2009), as presented in Reinhart and Rogoff, 2010).

Among these, research conducted across 12 euro area countries<sup>6</sup> finds evidence for a non-linear impact of the initial public debt ratio on subsequent per capita GDP growth over the period 1970-2008. Beyond a threshold of about 90-100% of GDP, public debt has, on average,

**Chart C Real GDP growth and central government debt, selected advanced economies, 1790-2009**

(as a percentage of GDP; annual percentage changes)



Sources: Reinhart and Rogoff (2010).

1 Exogenous growth models allow only for level, not long-term growth effects of changes in fiscal policy variables, while endogenous growth models predict effects on the growth rate, at least along the transition path to the steady state.

2 See Modigliani, F., “Long-Run Implications of Alternative Fiscal Policies and the Burden of the National Debt”, *Economic Journal*, No 71 (284), 1961, pp. 730-755.

3 The term “debt overhang” was coined by Krugman (1988) with regard to external debt and was extended to public debt in endogenous growth models. See Krugman, P., “Financing vs. Forgiving a Debt Overhang”, *NBER Working Paper*, No 2486, 1988.

4 See Aizenman, J., Kletzer, K. and Pinto B., “Economic Growth with Constraints on Tax Revenues and Public Debt: Implications for Fiscal Policy and Cross-Country Differences”, *NBER Working Paper*, No 12750, 2007; Aschauer, D.A., “Do States Optimize? Public Capital and Economic Growth”, *Annals of Regional Science*, No 34, 2000, pp. 343-363; and Kamps, C., “Is there a lack of public capital in the European Union?”, *EIB Papers*, 10/1, 2005, pp. 72-93.

5 See Reinhart, C.M. and Rogoff, K.S., “Growth in a Time of Debt”, *NBER Working Paper*, No 15639, 2010; Kumar, M. and Woo, J., “Public Debt and Growth”, *IMF Working Paper*, No 10/174, 2010; and Cecchetti, S.G., Mohanty, M.S. and Zampolli, F., “The Real Effects of Debt”, *BIS Working Papers*, No 352, 2011.

6 Checherita, C. and Rother P., “The impact of high and growing government debt on economic growth: an empirical investigation in the euro area”, *Working Paper Series*, No 1237, ECB, Frankfurt am Main, August 2010, published in the *European Economic Review*, No 56, 2012, pp. 1392-1405.

a negative effect on long-term growth. For a more recent period (1990-2010), across the same euro area countries, further research<sup>7</sup> on the topic provides evidence that public debt ratios up to around the Maastricht reference value do not seem to have a detrimental short-term impact on real GDP growth, whereas for high debt ratios (above 95% of GDP) – in line with previous results – additional debt is found to have, on average, a negative, statistically significant effect on short-term growth.

From a general policy perspective, this evidence reinforces the importance of reducing public debt to restore fiscal sustainability and, at the same time, to support longer-term economic growth prospects. The evidence also points to the degree of prudence built into the Maastricht debt reference value of 60% of GDP. EU member countries should aim at bringing debt ratios down to this or even below this level, in order to provide a sufficient safety margin in case of renewed crises. In the current economic environment, ambitious strategies for debt reduction are of the essence. If governments instead choose to postpone fiscal adjustment, this will undermine growth prospects and put an additional burden on fiscal sustainability.

<sup>7</sup> Baum, A., Checherita-Westphal, C. and Rother P., “Debt and growth: new evidence for the euro area”, *Working Paper Series*, No 1450, ECB, Frankfurt am Main, July 2012, published in the *Journal of International Money and Finance*, No 32, 2013, pp. 809-821.

# EURO AREA STATISTICS





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

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#### Conventions used in the tables

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





# EURO AREA OVERVIEW

## Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

### 1. Monetary developments and interest rates <sup>1)</sup>

	M1 <sup>2)</sup>	M2 <sup>2)</sup>	M3 <sup>2),3)</sup>	M3 <sup>2),3)</sup> 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government <sup>2)</sup>	Securities other than shares issued in euro by non-MFI corporations <sup>2)</sup>	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) <sup>4)</sup>
	1	2	3	4	5	6	7	8
2011	2.1	2.3	1.5	-	2.2	0.7	1.39	2.65
2012	4.1	3.2	2.9	-	-0.2	1.3	0.58	1.72
2012 Q1	2.4	2.5	2.2	-	0.7	0.2	1.04	2.60
Q2	2.9	2.8	2.7	-	-0.1	2.6	0.69	2.32
Q3	4.8	3.2	3.1	-	-0.6	1.0	0.36	1.94
Q4	6.3	4.2	3.6	-	-0.8	1.2	0.20	1.72
2012 Sep.	5.0	3.1	2.6	3.1	-0.9	1.1	0.25	1.94
Oct.	6.5	4.3	3.9	3.4	-0.8	0.5	0.21	1.95
Nov.	6.7	4.5	3.8	3.7	-0.8	0.8	0.19	1.80
Dec.	6.3	4.4	3.4	3.5	-0.7	4.0	0.19	1.72
2013 Jan.	6.7	4.4	3.5	.	-0.9	.	0.20	2.02
Feb.	.	.	.	.	.	.	0.22	1.88

### 2. Prices, output, demand and labour markets <sup>5)</sup>

	HICP <sup>1)</sup>	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2011	2.7	5.9	2.2	1.4	3.3	80.5	0.3	10.2
2012	2.5	2.6	.	-0.6	-2.4	78.3	.	11.4
2012 Q2	2.5	2.2	1.9	-0.5	-2.4	78.9	-0.7	11.3
Q3	2.5	2.3	2.0	-0.6	-2.3	77.5	-0.7	11.5
Q4	2.3	2.3	.	-0.9	-3.2	77.0	.	11.8
2012 Sep.	2.6	2.6	-	-	-2.8	-	-	11.6
Oct.	2.5	2.6	-	-	-3.4	76.9	-	11.7
Nov.	2.2	2.1	-	-	-4.0	-	-	11.8
Dec.	2.2	2.1	-	-	-2.3	-	-	11.8
2013 Jan.	2.0	1.9	-	-	.	77.2	-	11.9
Feb.	1.8	.	-	-	.	-	-	.

### 3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 <sup>6)</sup> (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
2011	23.9	9.2	119.2	667.1	-14.0	117.1	103.4	100.7	1.3920
2012	122.0	104.2	13.2	689.4	.	.	97.8	95.5	1.2848
2012 Q1	-2.6	6.3	-74.5	671.2	-10.7	117.5	99.5	96.9	1.3108
Q2	16.0	25.2	77.9	701.5	-12.9	124.8	98.2	95.9	1.2814
Q3	44.5	30.5	-34.9	733.8	-12.6	124.5	95.9	93.7	1.2502
Q4	64.1	42.2	44.8	689.4	.	.	97.8	95.6	1.2967
2012 Sep.	13.3	10.4	-34.5	733.8	-	-	97.2	95.0	1.2856
Oct.	13.4	12.5	35.3	715.8	-	-	97.8	95.5	1.2974
Nov.	22.5	16.7	30.3	718.2	-	-	97.2	94.9	1.2828
Dec.	28.2	13.0	-20.7	689.4	-	-	98.7	96.3	1.3119
2013 Jan.	.	.	.	675.3	-	-	100.4	98.1	1.3288
Feb.	.	.	.	.	-	-	101.6	99.3	1.3359

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

## I.1 Consolidated financial statement of the Eurosystem

(EUR millions)

### 1. Assets

	1 February 2013	8 February 2013	15 February 2013	22 February 2013	1 March 2013
<b>Gold and gold receivables</b>	438,687	438,688	438,688	438,690	438,690
<b>Claims on non-euro area residents in foreign currency</b>	255,050	253,271	254,040	253,120	252,891
<b>Claims on euro area residents in foreign currency</b>	28,703	28,191	28,537	28,071	30,765
<b>Claims on non-euro area residents in euro</b>	22,045	21,299	19,902	20,507	21,490
<b>Lending to euro area credit institutions in euro</b>	1,015,482	1,017,150	1,010,614	1,008,537	946,086
Main refinancing operations	124,149	129,308	128,680	132,172	131,116
Longer-term refinancing operations	891,327	887,843	880,153	876,363	814,484
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	7	0	1,781	1	486
Credits related to margin calls	0	0	0	0	0
<b>Other claims on euro area credit institutions in euro</b>	127,288	87,170	83,669	80,121	73,592
<b>Securities of euro area residents in euro</b>	575,967	576,795	607,057	607,492	608,024
Securities held for monetary policy purposes	270,869	270,617	270,511	269,878	269,558
Other securities	305,099	306,178	336,546	337,614	338,466
<b>General government debt in euro</b>	29,912	29,912	29,912	29,912	29,912
<b>Other assets</b>	276,561	315,095	283,306	282,375	279,169
<b>Total assets</b>	<b>2,769,695</b>	<b>2,767,571</b>	<b>2,755,725</b>	<b>2,748,823</b>	<b>2,680,619</b>

### 2. Liabilities

	1 February 2013	8 February 2013	15 February 2013	22 February 2013	1 March 2013
<b>Banknotes in circulation</b>	883,854	883,401	881,058	878,294	881,919
<b>Liabilities to euro area credit institutions in euro</b>	797,938	806,283	803,865	788,007	724,500
Current accounts (covering the minimum reserve system)	408,150	443,102	466,468	415,950	374,205
Deposit facility	180,957	157,198	131,885	166,437	144,710
Fixed-term deposits	208,500	205,500	205,500	205,500	205,500
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	331	483	12	119	85
<b>Other liabilities to euro area credit institutions in euro</b>	6,792	6,668	6,799	6,374	6,846
<b>Debt certificates issued</b>	0	0	0	0	0
<b>Liabilities to other euro area residents in euro</b>	107,581	104,011	103,015	118,875	115,427
<b>Liabilities to non-euro area residents in euro</b>	179,126	174,285	170,772	166,003	165,481
<b>Liabilities to euro area residents in foreign currency</b>	4,509	3,384	3,537	3,236	2,604
<b>Liabilities to non-euro area residents in foreign currency</b>	7,549	6,567	7,721	7,682	7,456
<b>Counterpart of special drawing rights allocated by the IMF</b>	54,952	54,952	54,952	54,952	54,952
<b>Other liabilities</b>	234,435	235,085	230,592	231,988	226,155
<b>Revaluation accounts</b>	407,378	407,378	407,378	407,378	407,378
<b>Capital and reserves</b>	85,581	85,557	86,035	86,035	87,900
<b>Total liabilities</b>	<b>2,769,695</b>	<b>2,767,571</b>	<b>2,755,725</b>	<b>2,748,823</b>	<b>2,680,619</b>

Source: ECB.

**1.2 Key ECB interest rates**

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

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

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

### 1.3 Eurosystem monetary policy operations allotted through tender procedures <sup>1), 2)</sup>

(EUR millions; interest rates in percentages per annum)

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

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate <sup>4)</sup>	Weighted average rate	
	1	2	3	4	5	6	7	8
<b>Main refinancing operations</b>								
2012 28 Nov.	74,591	79	74,591	0.75	-	-	-	7
5 Dec.	70,764	74	70,764	0.75	-	-	-	7
12	73,217	82	73,217	0.75	-	-	-	7
19	72,683	79	72,683	0.75	-	-	-	9
28	89,661	86	89,661	0.75	-	-	-	6
2013 3 Jan.	81,097	69	81,097	0.75	-	-	-	6
9	77,725	75	77,725	0.75	-	-	-	7
16	131,242	72	131,242	0.75	-	-	-	7
23	125,302	71	125,302	0.75	-	-	-	7
30	124,149	74	124,149	0.75	-	-	-	7
6 Feb.	129,308	73	129,308	0.75	-	-	-	7
13	128,680	73	128,680	0.75	-	-	-	7
20	132,172	75	132,172	0.75	-	-	-	7
27	131,116	79	131,116	0.75	-	-	-	7
6 Mar.	129,804	80	129,804	0.75	-	-	-	7
<b>Longer-term refinancing operations <sup>5)</sup></b>								
2012 12 Sep.	13,844	26	13,844	0.75	-	-	-	28
27	18,709	55	18,709	0.75	-	-	-	84
10 Oct.	12,629	27	12,629	0.75	-	-	-	35
1 Nov.	6,156	52	6,156	0.75	-	-	-	91
14	15,926	30	15,926	0.75	-	-	-	28
29	7,371	37	7,371	0.75	-	-	-	91
12 Dec.	15,296	26	15,296	0.75	-	-	-	35
20 <sup>6)</sup>	14,962	50	14,962	.	-	-	-	98
2013 16 Jan.	10,455	19	10,455	0.75	-	-	-	28
31 <sup>6)</sup>	3,713	46	3,713	.	-	-	-	84
13 Feb.	7,759	16	7,759	0.75	-	-	-	28
28 <sup>6)</sup>	8,328	36	8,328	.	-	-	-	91

#### 2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days		
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate <sup>4)</sup>		Weighted average rate	
		1	2	3	4	5	6	7	8	9	10
2012 28 Nov.	Collection of fixed-term deposits	400,817	60	208,500	-	-	0.75	0.01	0.01		7
5 Dec.	Collection of fixed-term deposits	415,855	53	208,500	-	-	0.75	0.01	0.01		7
12	Collection of fixed-term deposits	405,362	57	208,500	-	-	0.75	0.01	0.01		7
19	Collection of fixed-term deposits	354,791	52	208,500	-	-	0.75	0.01	0.01		9
28	Collection of fixed-term deposits	197,559	43	197,559	-	-	0.75	0.75	0.03		6
2013 3 Jan.	Collection of fixed-term deposits	324,054	61	208,500	-	-	0.75	0.01	0.01		6
9	Collection of fixed-term deposits	344,451	64	208,500	-	-	0.75	0.01	0.01		7
16	Collection of fixed-term deposits	356,291	61	208,500	-	-	0.75	0.01	0.01		7
23	Collection of fixed-term deposits	298,933	60	208,500	-	-	0.75	0.01	0.01		7
30	Collection of fixed-term deposits	284,235	66	208,500	-	-	0.75	0.20	0.04		7
6 Feb.	Collection of fixed-term deposits	335,198	91	205,500	-	-	0.75	0.10	0.04		7
13	Collection of fixed-term deposits	349,536	93	205,500	-	-	0.75	0.06	0.04		7
20	Collection of fixed-term deposits	349,191	90	205,500	-	-	0.75	0.04	0.03		7
27	Collection of fixed-term deposits	311,971	89	205,500	-	-	0.75	0.04	0.03		7
6 Mar.	Collection of fixed-term deposits	301,604	91	205,500	-	-	0.75	0.04	0.03		7

Source: ECB.

- The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
- With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations.
- On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October 2008, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. On 4 March 2010 the ECB decided to return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010 and settled on 29 April 2010.
- In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
- 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.
- 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 <sup>1)</sup>		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012	18,565.1	9,972.1	637.5	2,583.9	1,163.1	4,208.4
2012 Aug.	18,943.3	9,977.3	714.4	2,643.9	1,287.7	4,320.1
Sep.	18,893.9	9,992.3	690.9	2,632.8	1,300.1	4,277.9
Oct.	18,807.8	9,973.0	675.6	2,607.6	1,304.6	4,247.0
Nov.	18,752.3	9,923.7	667.7	2,603.1	1,315.7	4,242.1
Dec.	18,565.1	9,972.1	637.5	2,583.9	1,163.1	4,208.4

**2. Reserve maintenance**

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012	106.4	509.9	403.5	0.0	0.75
2012 9 Oct.	107.0	538.1	431.1	0.0	0.75
13 Nov.	106.4	529.2	422.7	0.0	0.75
11 Dec.	106.4	509.9	403.5	0.0	0.75
2013 15 Jan.	106.0	489.0	383.0	0.0	0.75
12 Feb.	105.4	466.3	360.8	0.0	0.75
12 Mar.	105.6	.	.	.	.

**3. Liquidity**

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money			
	Eurosystème's net assets in gold and foreign currency	Monetary policy operations of the Eurosystem				Deposit facility	Other liquidity-absorbing operations <sup>3)</sup>	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)					
1		Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>						2	3	4	5	6
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3			
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1			
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3			
2012	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0			
2012 11 Sep.	676.8	130.6	1,076.8	0.8	279.7	328.6	210.5	897.6	107.0	81.0	540.0	1,766.2			
9 Oct.	681.5	117.6	1,062.8	1.1	279.6	305.4	209.0	892.7	101.4	96.0	538.1	1,736.2			
13 Nov.	708.5	84.4	1,053.8	1.0	278.9	256.1	209.3	890.0	95.7	146.4	529.2	1,675.3			
11 Dec.	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0			
2013 15 Jan.	683.9	78.2	1,036.8	3.7	276.8	238.4	206.6	903.5	100.1	141.7	489.0	1,630.9			
12 Feb.	656.5	127.5	960.3	0.3	273.4	184.3	207.8	883.5	90.8	185.5	466.3	1,534.1			

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>



# MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

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

(EUR billions; outstanding amounts at end of period)

### 1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units <sup>2)</sup>	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets <sup>3)</sup>
		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
Eurosysteem														
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	5,288.4	3,351.2	16.9	1.0	3,333.3	723.1	568.3	10.5	144.2	-	23.4	799.9	8.4	382.4
2012 Q3	5,489.6	3,517.1	17.1	1.0	3,499.1	730.0	572.6	9.9	147.5	-	21.7	843.6	8.4	368.9
Q4	5,288.4	3,351.2	16.9	1.0	3,333.3	723.1	568.3	10.5	144.2	-	23.4	799.9	8.4	382.4
2012 Oct.	5,480.3	3,538.6	17.1	1.0	3,520.6	721.0	565.6	10.0	145.4	-	21.9	822.7	8.4	367.7
Nov.	5,402.2	3,448.3	17.1	1.0	3,430.3	722.3	568.1	10.3	143.9	-	22.1	829.5	8.4	371.6
Dec.	5,288.4	3,351.2	16.9	1.0	3,333.3	723.1	568.3	10.5	144.2	-	23.4	799.9	8.4	382.4
2013 Jan. <sup>(p)</sup>	4,931.2	3,015.3	16.9	1.0	2,997.4	719.9	567.9	11.3	140.8	-	23.6	784.4	8.2	379.7
MFIs excluding the Eurosysteem														
2011	33,540.3	18,483.3	1,159.6	11,162.9	6,160.7	4,765.3	1,395.9	1,517.5	1,852.0	50.2	1,211.8	4,253.5	232.3	4,544.0
2012	32,699.1	17,992.6	1,152.9	11,043.5	5,796.2	4,906.6	1,628.8	1,418.1	1,859.7	66.9	1,227.8	4,045.3	214.6	4,245.3
2012 Q3	33,919.0	18,455.6	1,163.0	11,186.8	6,105.8	4,885.6	1,619.3	1,376.6	1,889.6	60.9	1,221.3	4,201.7	222.4	4,871.4
Q4	32,699.1	17,992.6	1,152.9	11,043.5	5,796.2	4,906.6	1,628.8	1,418.1	1,859.7	66.9	1,227.8	4,045.3	214.6	4,245.3
2012 Oct.	33,329.3	18,380.9	1,177.6	11,167.1	6,036.1	4,878.9	1,636.6	1,373.9	1,868.5	63.7	1,219.1	4,190.2	223.1	4,373.5
Nov.	33,329.1	18,313.8	1,168.0	11,160.0	5,985.8	4,905.0	1,674.3	1,354.0	1,876.7	66.6	1,223.6	4,167.3	223.5	4,429.3
Dec.	32,699.1	17,992.6	1,152.9	11,043.5	5,796.2	4,906.6	1,628.8	1,418.1	1,859.7	66.9	1,227.8	4,045.3	214.6	4,245.3
2013 Jan. <sup>(p)</sup>	32,824.4	17,902.6	1,156.5	11,046.8	5,699.3	4,942.6	1,661.5	1,405.2	1,876.0	60.3	1,244.6	4,013.6	214.0	4,446.8

### 2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units <sup>4)</sup>	Debt securities issued <sup>5)</sup>	Capital and reserves	External liabilities	Remaining liabilities <sup>3)</sup>
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
Eurosysteem											
2011	4,700.3	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	284.3	412.1
2012	5,288.4	938.2	3,063.5	81.4	64.5	2,917.7	-	0.0	539.6	298.7	448.5
2012 Q3	5,489.6	917.8	3,257.7	91.9	21.2	3,144.6	-	0.0	575.2	303.8	435.1
Q4	5,288.4	938.2	3,063.5	81.4	64.5	2,917.7	-	0.0	539.6	298.7	448.5
2012 Oct.	5,480.3	916.8	3,278.5	84.0	64.1	3,130.4	-	0.0	559.1	291.2	434.8
Nov.	5,402.2	915.1	3,190.8	115.6	71.2	3,004.0	-	0.0	565.6	292.7	438.2
Dec.	5,288.4	938.2	3,063.5	81.4	64.5	2,917.7	-	0.0	539.6	298.7	448.5
2013 Jan. <sup>(p)</sup>	4,931.2	908.0	2,775.4	103.3	55.1	2,617.0	-	0.0	529.1	278.1	440.7
MFIs excluding the Eurosysteem											
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	32,699.1	-	17,202.8	171.7	10,870.3	6,160.9	522.9	4,854.9	2,348.7	3,498.5	4,271.3
2012 Q3	33,919.0	-	17,430.8	204.5	10,827.2	6,399.1	540.8	4,977.9	2,325.2	3,752.3	4,892.0
Q4	32,699.1	-	17,202.8	171.7	10,870.3	6,160.9	522.9	4,854.9	2,348.7	3,498.5	4,271.3
2012 Oct.	33,329.3	-	17,358.1	189.6	10,815.1	6,353.5	548.6	4,930.6	2,330.2	3,738.0	4,423.7
Nov.	33,329.1	-	17,378.0	197.5	10,837.1	6,343.4	549.8	4,906.6	2,330.3	3,655.8	4,508.5
Dec.	32,699.1	-	17,202.8	171.7	10,870.3	6,160.9	522.9	4,854.9	2,348.7	3,498.5	4,271.3
2013 Jan. <sup>(p)</sup>	32,824.4	-	17,091.1	183.6	10,868.4	6,039.1	518.8	4,827.3	2,354.6	3,491.5	4,541.0

Source: ECB.

- 1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 2) Amounts issued by euro area residents. Amounts issued by non-euro area residents are included in external assets.
- 3) 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 <sup>1)</sup>**

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

**1. Assets**

	Total 1	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 8	External assets 9	Fixed assets 10	Remaining assets <sup>2)</sup> 11
		Total 2	General government 3	Other euro area residents 4	Total 5	General government 6	Other euro area residents 7				
Outstanding amounts											
2011	26,717.5	12,341.5	1,177.6	11,163.9	3,480.3	1,952.8	1,527.6	739.7	5,032.8	240.4	4,882.8
2012	26,241.8	12,214.3	1,169.8	11,044.5	3,625.8	2,197.2	1,428.6	767.2	4,845.2	223.0	4,566.3
2012 Q3	27,160.7	12,367.9	1,180.1	11,187.8	3,578.4	2,191.9	1,386.5	749.2	5,045.3	230.8	5,189.1
Q4	26,241.8	12,214.3	1,169.8	11,044.5	3,625.8	2,197.2	1,428.6	767.2	4,845.2	223.0	4,566.3
2012 Oct.	26,629.7	12,362.8	1,194.7	11,168.1	3,586.1	2,202.2	1,383.9	747.8	5,012.9	231.5	4,688.7
Nov.	26,691.8	12,346.0	1,185.1	11,161.0	3,606.7	2,242.4	1,364.3	760.5	4,996.8	232.0	4,749.9
Dec.	26,241.8	12,214.3	1,169.8	11,044.5	3,625.8	2,197.2	1,428.6	767.2	4,845.2	223.0	4,566.3
2013 Jan. <sup>(p)</sup>	26,443.6	12,221.2	1,173.4	11,047.7	3,645.8	2,229.3	1,416.4	780.9	4,798.0	222.2	4,775.5
Transactions											
2011	992.9	60.3	-55.6	115.8	127.6	151.8	-24.2	-29.9	-37.3	7.8	864.2
2012	74.1	-40.0	-5.0	-35.0	107.3	182.8	-75.4	39.7	-151.1	-17.3	135.7
2012 Q3	-46.8	5.8	-7.6	13.4	-71.1	6.4	-77.5	16.5	-58.4	2.4	58.0
Q4	-416.0	-101.2	-10.0	-91.1	18.3	-22.1	40.4	16.1	-94.2	-7.4	-247.4
2012 Oct.	-128.5	1.2	14.7	-13.5	-2.7	1.2	-3.9	-3.8	8.6	0.7	-132.6
Nov.	76.1	-12.4	-9.6	-2.8	7.8	27.5	-19.7	12.5	-12.0	0.6	79.6
Dec.	-363.6	-90.0	-15.1	-74.8	13.2	-50.8	63.9	7.4	-90.8	-8.8	-194.4
2013 Jan. <sup>(p)</sup>	-94.4	28.2	3.8	24.4	18.3	29.4	-11.1	12.3	57.7	-0.8	-210.1

**2. Liabilities**

	Total 1	Currency in circulation 2	Deposits of central government 3	Deposits of other general government/ other euro area residents 4	Money market fund shares/ units <sup>3)</sup> 5	Debt securities issued <sup>4)</sup> 6	Capital and reserves 7	External liabilities 8	Remaining liabilities <sup>2)</sup> 9	Excess of inter-MFI liabilities over inter-MFI assets 10
2011	26,717.5	857.5	259.3	10,764.5	520.4	3,006.1	2,219.9	4,087.7	5,020.6	-18.5
2012	26,241.8	876.8	253.0	10,934.7	456.0	2,851.0	2,404.3	3,797.2	4,719.7	-50.9
2012 Q3	27,160.7	866.7	296.4	10,848.4	479.9	2,940.8	2,406.6	4,056.1	5,327.2	-61.2
Q4	26,241.8	876.8	253.0	10,934.7	456.0	2,851.0	2,404.3	3,797.2	4,719.7	-50.9
2012 Oct.	26,629.7	864.3	273.5	10,879.2	485.0	2,916.8	2,396.1	4,029.1	4,858.5	-72.8
Nov.	26,691.8	864.1	313.1	10,908.3	483.2	2,886.0	2,410.7	3,948.5	4,946.6	-68.7
Dec.	26,241.8	876.8	253.0	10,934.7	456.0	2,851.0	2,404.3	3,797.2	4,719.7	-50.9
2013 Jan. <sup>(p)</sup>	26,443.6	857.0	286.8	10,923.5	458.5	2,810.5	2,396.4	3,769.6	4,981.7	-40.6
Transactions										
2011	992.9	49.1	-0.8	168.0	-29.0	49.9	141.6	-200.0	860.7	-46.6
2012	74.1	19.4	-4.2	185.8	-20.1	-129.8	165.5	-253.5	134.9	-23.8
2012 Q3	-46.8	-1.1	-36.9	0.8	-17.0	-11.0	30.7	-84.4	82.9	-10.8
Q4	-416.0	10.1	-43.8	94.6	-22.1	-68.9	54.3	-215.5	-237.6	13.0
2012 Oct.	-128.5	-2.4	-22.8	32.5	5.6	-17.7	2.3	-13.3	-98.5	-14.1
Nov.	76.1	-0.2	39.6	29.6	-1.1	-26.8	5.9	-76.6	100.8	4.9
Dec.	-363.6	12.7	-60.6	32.5	-26.6	-24.4	46.1	-125.6	-240.0	22.2
2013 Jan. <sup>(p)</sup>	-94.4	-19.8	33.9	-2.2	7.4	-7.9	2.5	29.4	-152.7	15.0

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 <sup>1)</sup>

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

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

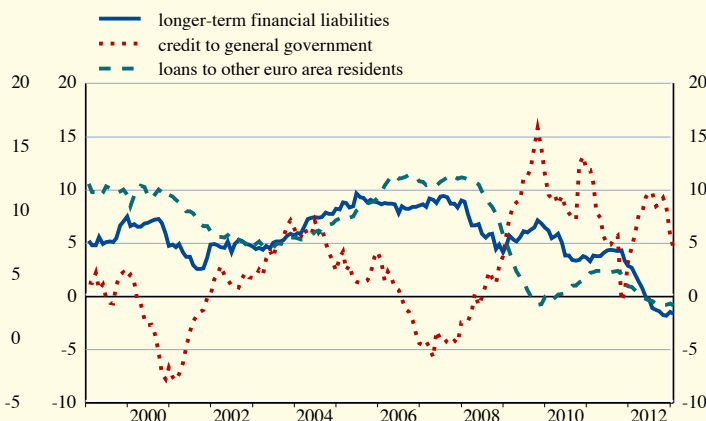
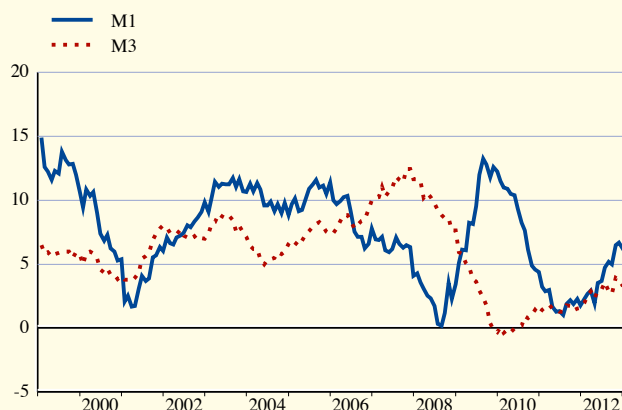
	M3				M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents <sup>3)</sup>			Net external assets <sup>4)</sup>	
	M2		M3-M2	Loans				Loans adjusted for sales and securitisation <sup>5)</sup>				
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2011	4,792.3	3,799.7	8,592.0	886.6	9,478.6	-	7,680.2	3,156.7	13,287.5	11,022.5	-	930.8
2012	5,089.0	3,880.9	8,969.9	772.1	9,742.0	-	7,571.1	3,397.2	13,057.8	10,863.2	-	1,032.8
2012 Q3	5,025.7	3,844.6	8,870.3	815.7	9,686.0	-	7,663.8	3,383.6	13,107.1	10,950.6	-	967.8
Q4	5,089.0	3,880.9	8,969.9	772.1	9,742.0	-	7,571.1	3,397.2	13,057.8	10,863.2	-	1,032.8
2012 Oct.	5,096.0	3,876.2	8,972.2	824.2	9,796.4	-	7,634.7	3,407.0	13,095.0	10,944.8	-	974.7
Nov.	5,118.2	3,871.5	8,989.7	795.9	9,785.6	-	7,626.2	3,432.8	13,043.8	10,928.2	-	1,047.9
Dec.	5,089.0	3,880.9	8,969.9	772.1	9,742.0	-	7,571.1	3,397.2	13,057.8	10,863.2	-	1,032.8
2013 Jan. <sup>(p)</sup>	5,113.3	3,890.0	9,003.2	765.7	9,768.9	-	7,545.9	3,405.1	13,023.5	10,835.0	-	1,026.3
Transactions												
2011	82.7	71.3	154.0	-10.2	143.9	-	210.9	94.8	50.2	104.1	130.6	162.6
2012	302.0	78.0	380.0	-62.6	317.5	-	-114.1	181.6	-108.1	-73.0	-18.1	101.4
2012 Q3	127.1	-37.4	89.7	-32.2	57.5	-	-5.8	42.8	-62.3	-14.7	-1.2	18.3
Q4	67.2	42.6	109.8	-42.8	66.9	-	-18.0	-13.7	-0.7	-35.2	-2.4	127.5
2012 Oct.	70.8	32.5	103.2	9.0	112.2	-	-9.5	14.3	-9.6	0.5	6.4	34.3
Nov.	22.4	-1.1	21.3	-27.6	-6.3	-	-16.6	13.2	-47.2	-12.4	-12.4	73.2
Dec.	-26.0	11.2	-14.8	-24.1	-38.9	-	8.2	-41.2	56.0	-23.3	3.6	20.0
2013 Jan. <sup>(p)</sup>	28.8	12.1	40.9	12.3	53.2	-	6.7	5.3	-13.5	-7.0	-10.9	41.4
Growth rates												
2011	1.8	1.9	1.8	-1.2	1.5	1.7	2.9	3.2	0.4	1.0	1.2	162.6
2012	6.3	2.1	4.4	-7.5	3.4	3.5	-1.5	5.8	-0.8	-0.7	-0.2	101.4
2012 Q3	5.0	0.6	3.1	-1.5	2.6	3.1	-1.4	8.7	-1.2	-0.9	-0.4	-77.3
Q4	6.3	2.1	4.4	-7.5	3.4	3.5	-1.5	5.8	-0.8	-0.7	-0.2	101.4
2012 Oct.	6.5	1.7	4.3	-0.4	3.9	3.4	-1.8	9.3	-1.5	-0.8	-0.5	-3.5
Nov.	6.7	1.7	4.5	-3.7	3.8	3.7	-1.8	8.4	-1.6	-0.8	-0.5	87.0
Dec.	6.3	2.1	4.4	-7.5	3.4	3.5	-1.5	5.8	-0.8	-0.7	-0.2	101.4
2013 Jan. <sup>(p)</sup>	6.7	1.6	4.4	-6.2	3.5	.	-1.6	4.6	-1.1	-0.9	-0.4	174.4

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

(annual growth rates; seasonally adjusted)

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

(annual growth rates; seasonally adjusted)



Source: ECB.

- 1) Data refer to the changing composition of the euro area. For further information, see the General Notes. Monthly and other shorter-term growth rates for selected items are available at: <http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>
- 2) Monetary liabilities of MFIs and central government (post office, treasury, etc.) vis-à-vis non-MFI euro area residents excluding central government. For definitions of M1, M2 and M3, see glossary.
- 3) 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 <sup>1)</sup>**

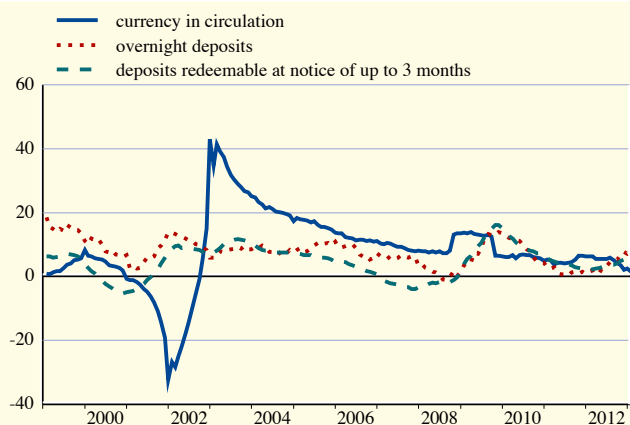
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

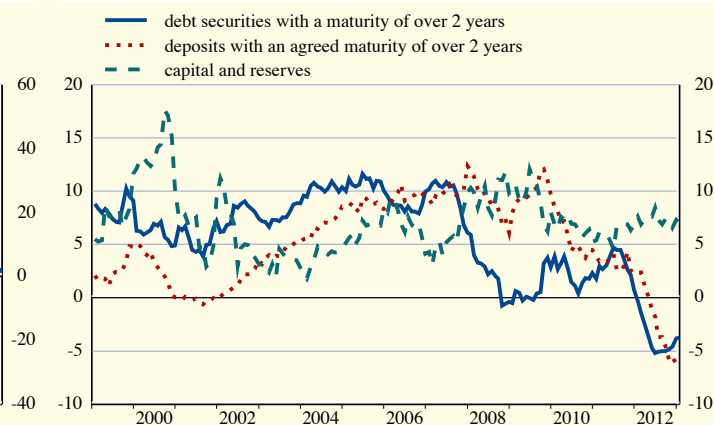
	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos <sup>2)</sup>	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable 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
<b>Outstanding amounts</b>											
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	864.3	4,224.7	1,804.0	2,076.9	123.3	468.8	180.0	2,691.0	106.1	2,390.5	2,383.5
2012 Q3	867.2	4,158.5	1,802.8	2,041.9	120.6	482.1	213.0	2,721.4	109.3	2,425.4	2,407.7
2012 Q4	864.3	4,224.7	1,804.0	2,076.9	123.3	468.8	180.0	2,691.0	106.1	2,390.5	2,383.5
2012 Oct.	869.9	4,226.1	1,812.0	2,064.3	125.6	490.8	207.8	2,706.7	108.0	2,421.1	2,399.0
2012 Nov.	862.5	4,255.6	1,797.0	2,074.5	126.6	483.5	185.8	2,704.5	108.0	2,411.0	2,402.7
2012 Dec.	864.3	4,224.7	1,804.0	2,076.9	123.3	468.8	180.0	2,691.0	106.1	2,390.5	2,383.5
2013 Jan. <sup>(p)</sup>	862.1	4,251.1	1,806.8	2,083.2	140.2	462.1	163.4	2,662.9	103.8	2,390.3	2,388.9
<b>Transactions</b>											
2011	49.4	33.3	34.7	36.6	-13.5	-29.8	33.1	18.8	-2.5	55.6	139.0
2012	21.3	280.7	-37.7	115.8	-16.6	-22.2	-23.8	-106.9	-11.6	-158.7	163.0
2012 Q3	6.2	121.0	-70.0	32.6	-0.6	-18.6	-13.0	4.6	-3.3	-43.7	36.6
2012 Q4	-2.9	70.1	9.8	32.8	1.6	-11.6	-32.9	-9.6	-4.6	-35.8	32.0
2012 Oct.	2.7	68.1	10.1	22.4	5.0	9.2	-5.3	-8.4	-1.3	-3.9	4.2
2012 Nov.	-7.3	29.7	-12.8	11.7	1.0	-6.7	-22.0	1.8	-1.3	-12.2	-5.0
2012 Dec.	1.8	-27.7	12.4	-1.3	-4.5	-14.1	-5.6	-3.0	-1.9	-19.8	32.8
2013 Jan. <sup>(p)</sup>	-2.2	31.0	5.7	6.4	18.5	-1.7	-4.5	-7.5	-2.3	0.8	15.7
<b>Growth rates</b>											
2011	6.2	0.9	1.9	1.9	-8.1	-5.2	24.0	0.7	-2.1	2.2	6.8
2012	2.5	7.1	-2.0	5.9	-12.0	-4.4	-12.1	-3.8	-10.0	-6.2	7.3
2012 Q3	4.2	5.1	-3.0	4.1	-23.3	-1.0	17.1	-5.0	-8.4	-4.5	7.4
2012 Q4	2.5	7.1	-2.0	5.9	-12.0	-4.4	-12.1	-3.8	-10.0	-6.2	7.3
2012 Oct.	3.5	7.1	-1.8	4.9	-22.1	1.9	13.8	-4.8	-9.2	-5.9	7.3
2012 Nov.	2.2	7.7	-2.0	5.2	-20.0	0.4	0.6	-4.6	-9.0	-5.6	6.6
2012 Dec.	2.5	7.1	-2.0	5.9	-12.0	-4.4	-12.1	-3.8	-10.0	-6.2	7.3
2013 Jan. <sup>(p)</sup>	1.4	7.8	-3.2	6.2	-8.7	-4.0	-10.0	-3.8	-11.2	-6.5	7.0

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

(annual growth rates; seasonally adjusted)


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

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

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

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

### 3. Loans as counterpart to M3

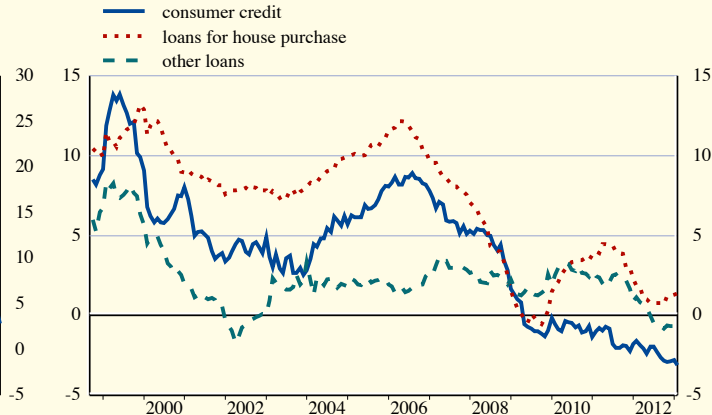
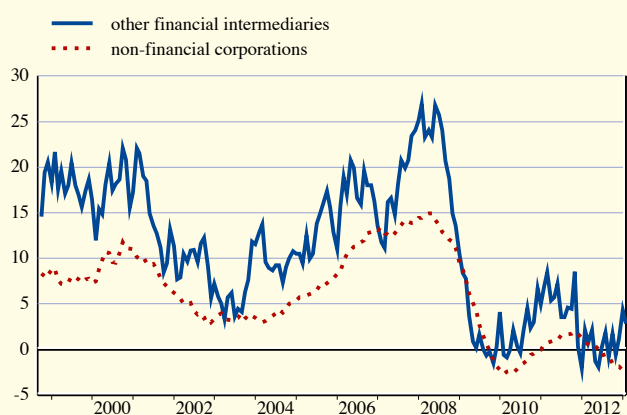
	Insurance corporations and pension funds		Non-financial corporations				Households <sup>3)</sup>					
	Total	Total	Total	Loans adjusted for sales and securitisation <sup>4)</sup>	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation <sup>4)</sup>	Consumer credit	Loans for house purchase	Other loans
<b>Outstanding amounts</b>												
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	89.0	985.0	4,545.8	-	1,133.7	794.8	2,617.3	5,243.3	-	602.0	3,824.8	816.5
2012 Q3	87.1	968.0	4,655.4	-	1,141.2	827.5	2,686.7	5,240.1	-	603.2	3,812.7	824.2
2012 Q4	89.0	985.0	4,545.8	-	1,133.7	794.8	2,617.3	5,243.3	-	602.0	3,824.8	816.5
2012 Oct.	90.9	969.0	4,642.2	-	1,141.4	823.5	2,677.3	5,242.7	-	601.6	3,814.9	826.2
2012 Nov.	88.1	959.9	4,631.7	-	1,140.6	816.1	2,675.1	5,248.5	-	599.4	3,822.3	826.8
2012 Dec.	89.0	985.0	4,545.8	-	1,133.7	794.8	2,617.3	5,243.3	-	602.0	3,824.8	816.5
2013 Jan. <sup>(p)</sup>	94.2	966.7	4,527.1	-	1,125.4	789.4	2,612.3	5,247.0	-	599.9	3,830.9	816.1
<b>Transactions</b>												
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	-1.9	9.8	-106.3	-59.9	0.9	-45.2	-61.9	25.4	34.1	-17.6	48.5	-5.5
2012 Q3	3.2	11.7	-25.1	-20.5	-7.4	-14.1	-3.6	-4.5	5.4	-8.8	5.4	-1.1
2012 Q4	2.0	21.6	-66.4	-33.9	0.5	-19.2	-47.7	7.5	7.9	-0.9	11.1	-2.7
2012 Oct.	3.8	2.2	-9.4	-8.0	2.2	-2.9	-8.7	3.9	8.3	-1.2	2.7	2.4
2012 Nov.	-2.9	-8.1	-7.6	-7.2	-2.7	-4.3	-0.6	6.1	5.7	-0.3	6.2	0.3
2012 Dec.	1.0	27.5	-49.3	-18.7	1.0	-11.9	-38.5	-2.5	-6.2	0.6	2.3	-5.4
2013 Jan. <sup>(p)</sup>	5.3	-11.8	-8.2	-8.4	-5.4	-3.1	0.3	7.9	3.3	-0.9	7.8	1.0
<b>Growth rates</b>												
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	-2.1	1.0	-2.3	-1.3	0.1	-5.3	-2.3	0.5	0.7	-2.8	1.3	-0.7
2012 Q3	-8.9	-2.0	-1.5	-1.2	-2.1	-4.1	-0.4	0.0	0.8	-2.9	0.7	-0.8
2012 Q4	-2.1	1.0	-2.3	-1.3	0.1	-5.3	-2.3	0.5	0.7	-2.8	1.3	-0.7
2012 Oct.	-2.3	-2.0	-1.8	-1.5	-2.2	-4.4	-0.9	0.4	0.8	-2.9	1.2	-0.6
2012 Nov.	-4.4	-1.5	-1.9	-1.5	-2.0	-4.5	-1.0	0.4	0.8	-2.9	1.2	-0.7
2012 Dec.	-2.1	1.0	-2.3	-1.3	0.1	-5.3	-2.3	0.5	0.7	-2.8	1.3	-0.7
2013 Jan. <sup>(p)</sup>	7.4	-1.0	-2.5	-1.5	-0.5	-5.0	-2.5	0.5	0.5	-3.1	1.4	-0.9

### C5 Loans to other financial intermediaries and non-financial corporations <sup>1)</sup>

(annual growth rates; not seasonally adjusted)

### C6 Loans to households <sup>1)</sup>

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

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

**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	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	
													Reverse repos to central counterparties
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>Outstanding amounts</b>													
2012	81.6	64.2	4.5	12.9	1,166.3	196.2	599.9	229.3	337.1	4,542.6	1,125.5	794.8	2,622.3
2012 Q3	89.8	71.9	5.7	12.3	1,199.1	221.7	629.2	226.4	343.5	4,652.8	1,140.7	828.3	2,683.8
2012 Q4	81.6	64.2	4.5	12.9	1,166.3	196.2	599.9	229.3	337.1	4,542.6	1,125.5	794.8	2,622.3
2012 Nov. Dec.	88.7	71.4	4.8	12.6	1,182.6	217.0	606.4	226.8	349.4	4,636.0	1,142.9	816.5	2,676.7
2013 Jan. <sup>(p)</sup>	81.6	64.2	4.5	12.9	1,166.3	196.2	599.9	229.3	337.1	4,542.6	1,125.5	794.8	2,622.3
2013 Jan. <sup>(p)</sup>	90.4	73.3	4.3	12.9	1,182.1	223.8	618.2	222.8	341.1	4,530.7	1,129.3	787.4	2,613.9
<b>Transactions</b>													
2012	-1.7	0.6	-1.8	-0.5	48.4	38.7	20.7	13.1	14.6	-107.3	0.3	-45.2	-62.5
2012 Q3	4.4	4.4	0.3	-0.2	49.8	44.6	45.7	2.6	1.5	-33.6	-17.7	-12.6	-3.3
2012 Q4	-8.2	-7.6	-1.2	0.6	-28.1	-25.5	-26.0	3.5	-5.7	-67.1	-7.3	-19.9	-39.8
2012 Nov. Dec.	-4.2	-3.7	-0.6	0.1	-8.4	-9.1	-17.1	1.2	7.5	1.2	3.3	-5.1	3.1
2013 Jan. <sup>(p)</sup>	-7.1	-7.1	-0.3	0.3	-13.9	-20.7	-5.0	2.9	-11.7	-56.9	-9.5	-12.3	-35.1
2013 Jan. <sup>(p)</sup>	8.9	9.1	-0.2	0.0	22.1	27.6	22.9	-5.8	5.0	-1.4	6.8	-5.1	-3.1
<b>Growth rates</b>													
2012	-2.0	0.9	-28.6	-3.5	4.3	24.7	3.5	6.1	4.5	-2.3	0.0	-5.3	-2.3
2012 Q3	-8.7	-8.9	6.2	-13.2	1.7	23.0	-1.6	7.3	4.5	-1.5	-2.1	-4.1	-0.4
2012 Q4	-2.0	0.9	-28.6	-3.5	4.3	24.7	3.5	6.1	4.5	-2.3	0.0	-5.3	-2.3
2012 Nov. Dec.	-4.4	-3.4	-9.9	-7.9	1.1	14.9	-3.7	4.5	8.4	-1.9	-2.0	-4.5	-0.9
2013 Jan. <sup>(p)</sup>	-2.0	0.9	-28.6	-3.5	4.3	24.7	3.5	6.1	4.5	-2.3	0.0	-5.3	-2.3
2013 Jan. <sup>(p)</sup>	7.1	12.6	-29.5	-3.3	2.9	24.2	2.9	-1.1	5.5	-2.5	-0.5	-5.0	-2.5

**2. Loans to households <sup>3)</sup>**

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Outstanding amounts</b>														
2012	5,253.0	604.2	136.3	175.2	292.7	3,831.1	14.3	56.6	3,760.2	817.7	419.4	139.9	80.7	597.1
2012 Q3	5,245.1	604.9	134.2	176.8	293.9	3,816.0	14.4	56.8	3,744.8	824.1	414.6	138.7	83.0	602.4
2012 Q4	5,253.0	604.2	136.3	175.2	292.7	3,831.1	14.3	56.6	3,760.2	817.7	419.4	139.9	80.7	597.1
2012 Nov. Dec.	5,252.6	599.8	132.7	175.9	291.2	3,822.4	14.3	57.1	3,751.0	830.4	415.9	144.8	82.3	603.4
2013 Jan. <sup>(p)</sup>	5,253.0	604.2	136.3	175.2	292.7	3,831.1	14.3	56.6	3,760.2	817.7	419.4	139.9	80.7	597.1
2013 Jan. <sup>(p)</sup>	5,243.5	597.6	132.9	174.4	290.4	3,830.9	14.4	56.4	3,760.1	814.9	417.1	139.4	79.6	596.0
<b>Transactions</b>														
2012	25.5	-17.6	-3.2	-6.1	-8.3	48.7	0.1	0.3	48.3	-5.5	-6.1	-1.2	-5.7	1.3
2012 Q3	-7.2	-10.1	-2.1	-2.9	-5.0	9.9	0.3	0.3	9.3	-7.0	-3.3	-6.2	-2.1	1.2
2012 Q4	12.2	-0.5	2.4	-1.5	-1.4	14.0	0.0	-0.2	14.3	-1.4	2.7	1.5	-1.7	-1.2
2012 Nov. Dec.	8.6	-1.7	-0.6	-0.9	-0.2	4.3	0.0	0.1	4.2	6.0	-1.3	6.4	-0.3	0.0
2013 Jan. <sup>(p)</sup>	3.0	2.3	3.7	-0.6	-0.8	8.5	0.1	-0.5	8.9	-7.7	3.8	-4.7	-1.2	-1.8
2013 Jan. <sup>(p)</sup>	-5.3	-5.4	-2.2	-1.5	-1.7	1.6	0.1	-0.1	1.6	-1.5	-1.8	-0.3	-1.1	-0.1
<b>Growth rates</b>														
2012	0.5	-2.8	-2.3	-3.3	-2.7	1.3	0.6	0.6	1.3	-0.7	-1.5	-0.8	-6.5	0.2
2012 Q3	0.0	-2.8	-2.6	-3.6	-2.5	0.7	2.4	1.8	0.7	-0.8	0.3	-5.1	-4.7	0.8
2012 Q4	0.5	-2.8	-2.3	-3.3	-2.7	1.3	0.6	0.6	1.3	-0.7	-1.5	-0.8	-6.5	0.2
2012 Nov. Dec.	0.4	-2.9	-2.8	-3.4	-2.6	1.2	2.9	1.4	1.2	-0.7	0.0	-2.9	-4.8	0.5
2013 Jan. <sup>(p)</sup>	0.5	-2.8	-2.3	-3.3	-2.7	1.3	0.6	0.6	1.3	-0.7	-1.5	-0.8	-6.5	0.2
2013 Jan. <sup>(p)</sup>	0.5	-3.1	-3.3	-3.6	-2.8	1.4	2.8	0.3	1.4	-0.9	-1.7	-1.4	-7.6	0.2

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

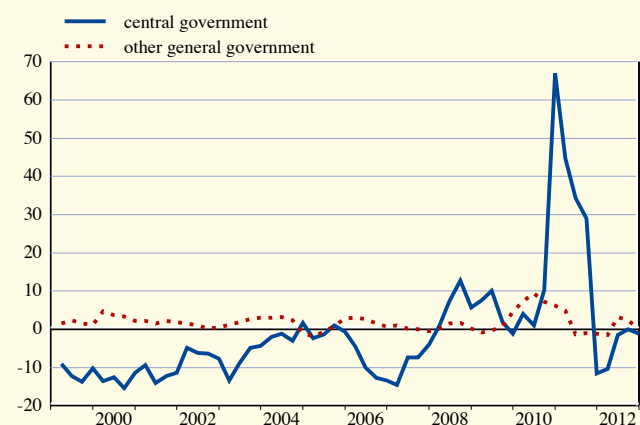
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks <sup>3)</sup>	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
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
2012 Q1	1,137.5	322.6	224.0	566.9	24.0	3,006.6	1,998.8	1,007.8	59.4	948.4
Q2	1,169.9	339.6	240.1	565.1	25.1	3,086.9	2,063.9	1,023.0	58.0	965.0
Q3	1,163.0	341.4	231.5	564.0	26.2	3,006.8	1,988.9	1,017.9	59.7	958.1
Q4 <sup>4)</sup>	1,152.9	341.8	221.6	565.3	24.1	2,867.2	1,909.8	959.1	60.9	898.2
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	-26.4	41.6	13.0	28.7
2012 Q1	-21.2	-25.9	-1.7	4.1	2.3	42.1	18.5	23.7	-2.2	25.9
Q2	34.9	19.5	16.1	-1.8	1.1	-14.3	-3.6	-10.8	-3.0	-7.7
Q3	-7.7	1.8	-9.3	-1.3	1.1	-54.5	-59.4	5.0	2.3	2.7
Q4 <sup>4)</sup>	-9.9	0.6	-9.9	1.3	-1.9	-101.9	-54.9	-45.2	2.1	-47.4
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	-1.2	4.4	26.7	3.2
2012 Q1	-4.2	-10.4	-2.8	1.9	-41.6	0.1	-0.3	0.8	7.1	0.5
Q2	1.8	-1.5	7.2	2.0	-6.7	-1.9	-1.6	-2.5	-8.5	-2.2
Q3	1.7	0.0	2.7	2.1	6.9	-5.6	-7.1	-2.6	-7.0	-2.3
Q4 <sup>4)</sup>	-0.3	-1.1	-2.2	0.4	12.3	-4.2	-4.9	-2.8	-1.4	-2.8

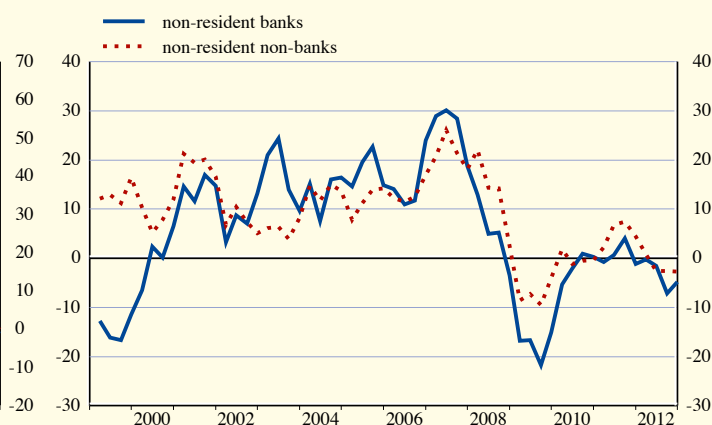
### C7 Loans to government <sup>2)</sup>

(annual growth rates; not seasonally adjusted)



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

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

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

**2.5 Deposits held with MFIs: breakdown <sup>1), 2)</sup>**

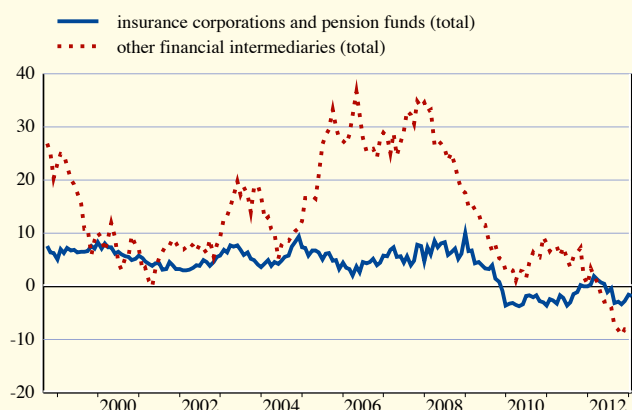
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

**1. Deposits by financial intermediaries**

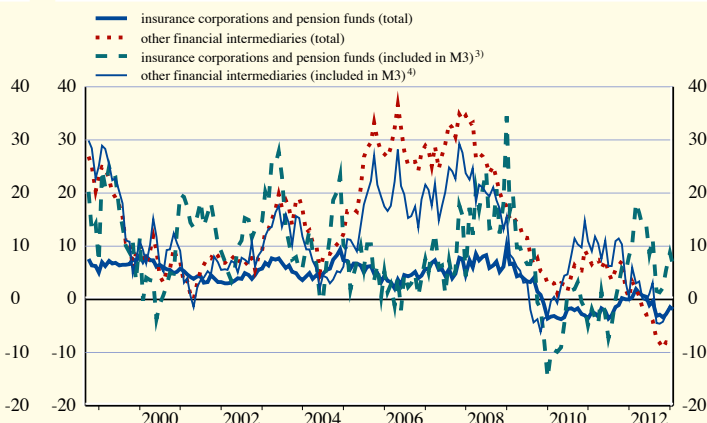
	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				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	With central counterparties 15	
<b>Outstanding amounts</b>															
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	691.5	107.1	81.4	483.8	6.4	0.2	12.6	2,013.2	410.0	236.6	1,018.3	13.6	0.3	334.4	256.7
2012 Q3	692.7	101.9	79.0	494.6	6.3	0.2	10.6	2,110.4	434.4	239.4	1,034.8	13.0	0.3	388.5	297.6
2012 Q4	691.5	107.1	81.4	483.8	6.4	0.2	12.6	2,013.2	410.0	236.6	1,018.3	13.6	0.3	334.4	256.7
2012 Oct.	693.2	107.0	79.5	489.6	6.4	0.2	10.5	2,076.6	420.3	247.3	1,027.3	12.8	0.3	368.6	283.7
2012 Nov.	684.9	103.4	76.6	485.7	6.2	0.2	12.8	2,077.4	423.1	237.0	1,029.4	13.0	0.4	374.7	292.8
2012 Dec.	691.5	107.1	81.4	483.8	6.4	0.2	12.6	2,013.2	410.0	236.6	1,018.3	13.6	0.3	334.4	256.7
2013 Jan. <sup>(p)</sup>	705.7	120.4	82.5	482.9	6.9	0.4	12.5	2,032.3	426.4	238.9	1,010.0	14.2	0.2	342.5	256.3
<b>Transactions</b>															
2011	0.2	11.7	4.2	-14.2	1.1	-0.1	-2.6	8.8	28.8	-29.2	5.6	3.9	0.1	-0.4	5.5
2012	-10.9	15.5	2.6	-27.6	2.0	0.0	-3.4	-179.4	23.2	-49.5	-168.3	-2.0	-0.2	17.4	14.6
2012 Q3	0.1	3.1	0.3	-5.0	0.5	0.0	1.3	-42.1	26.7	-15.1	-58.8	-1.5	-0.1	6.7	2.2
2012 Q4	-0.5	5.2	3.2	-10.7	-0.3	0.0	2.2	-91.8	-21.7	-1.4	-15.1	0.2	0.0	-53.9	-39.5
2012 Oct.	0.1	5.2	0.5	-5.0	0.1	0.0	-0.7	-32.9	-13.7	8.1	-7.2	-0.2	0.1	-19.9	-13.8
2012 Nov.	-6.8	-3.6	-2.6	-3.9	-0.2	0.0	3.6	1.0	2.8	-10.3	2.2	0.2	0.0	6.2	9.1
2012 Dec.	6.3	3.7	5.3	-1.8	-0.2	0.0	-0.7	-60.0	-10.7	0.8	-10.0	0.2	-0.1	-40.2	-34.7
2013 Jan. <sup>(p)</sup>	14.4	13.5	1.2	-0.9	0.5	0.2	-0.1	23.2	18.0	2.9	-6.7	0.7	-0.1	8.3	-1.2
<b>Growth rates</b>															
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	-1.5	16.9	3.4	-5.4	50.8	-	-24.9	-8.2	5.9	-17.3	-14.2	-14.0	-	4.3	4.8
2012 Q3	-2.9	15.7	-6.7	-4.5	63.7	-	-44.6	-8.1	12.9	-23.3	-11.5	9.5	-	-6.8	-7.5
2012 Q4	-1.5	16.9	3.4	-5.4	50.8	-	-24.9	-8.2	5.9	-17.3	-14.2	-14.0	-	4.3	4.8
2012 Oct.	-3.4	15.1	-6.4	-5.5	60.1	-	-43.0	-9.1	9.1	-17.7	-13.7	12.3	-	-7.3	-8.1
2012 Nov.	-2.7	17.2	-3.1	-5.8	47.1	-	-27.1	-8.1	6.5	-18.8	-12.8	-34.8	-	1.0	1.6
2012 Dec.	-1.5	16.9	3.4	-5.4	50.8	-	-24.9	-8.2	5.9	-17.3	-14.2	-14.0	-	4.3	4.8
2013 Jan. <sup>(p)</sup>	-1.7	11.0	0.9	-5.1	59.1	-	-15.8	-8.6	3.6	-13.6	-14.6	-4.8	-	0.8	0.4

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

(annual growth rates)


**C10 Total deposits and deposits included in M3 by sector <sup>2)</sup>**

(annual growth rates)



Source: ECB.

- 1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
- 2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 3) 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 <sup>1), 2)</sup>

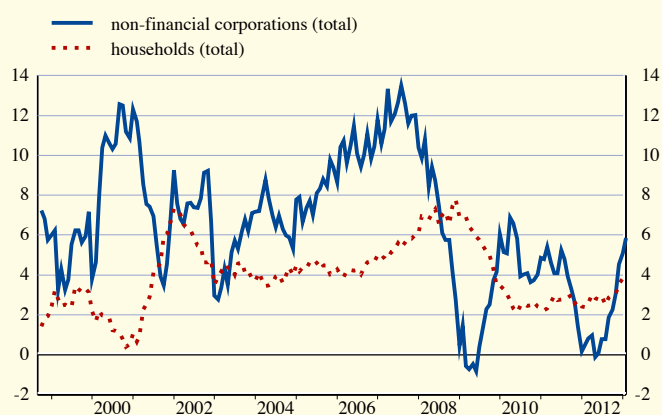
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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

	Non-financial corporations							Households <sup>3)</sup>						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Outstanding amounts</b>														
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	1,767.5	1,153.2	409.2	106.8	85.4	2.0	10.9	6,119.8	2,346.6	980.0	747.5	1,937.3	98.0	10.4
2012 Q3	1,701.1	1,094.5	403.8	104.9	84.0	1.7	12.2	6,015.6	2,296.0	973.7	741.7	1,891.8	99.6	12.7
2012 Q4	1,767.5	1,153.2	409.2	106.8	85.4	2.0	10.9	6,119.8	2,346.6	980.0	747.5	1,937.3	98.0	10.4
2012 Oct.	1,716.4	1,100.4	411.6	106.4	83.6	1.7	12.7	6,016.9	2,285.1	976.7	739.8	1,904.5	98.9	11.9
2012 Nov.	1,728.6	1,115.1	408.4	106.5	84.8	2.0	11.9	6,035.1	2,299.6	974.3	740.7	1,909.4	99.4	11.7
2012 Dec.	1,767.5	1,153.2	409.2	106.8	85.4	2.0	10.9	6,119.8	2,346.6	980.0	747.5	1,937.3	98.0	10.4
2013 Jan. <sup>4)</sup>	1,720.4	1,110.8	397.5	108.0	88.3	1.9	13.9	6,130.8	2,337.0	982.6	750.0	1,954.4	96.2	10.8
<b>Transactions</b>														
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	85.4	105.7	-38.6	12.9	9.5	0.0	-4.0	225.0	90.5	33.7	21.8	102.2	-11.0	-12.3
2012 Q3	25.7	31.4	-10.5	3.5	2.6	0.0	-1.2	15.9	8.3	-1.1	0.3	13.8	-3.8	-1.7
2012 Q4	69.5	59.4	8.5	2.0	-0.9	0.3	0.1	104.9	51.0	9.0	3.5	46.8	-3.0	-2.3
2012 Oct.	16.3	6.0	8.2	1.6	-0.5	0.0	1.0	1.6	-10.9	3.2	-1.9	12.7	-0.7	-0.7
2012 Nov.	12.8	14.9	-3.2	0.1	1.2	0.3	-0.5	18.0	14.6	-0.5	-1.2	6.3	-0.9	-0.2
2012 Dec.	40.4	38.6	3.5	0.4	-1.6	0.0	-0.4	85.3	47.3	6.4	6.6	27.8	-1.4	-1.3
2013 Jan. <sup>4)</sup>	-43.9	-40.3	-10.8	1.3	3.0	-0.1	3.1	12.3	-8.9	4.1	1.6	17.1	-1.9	0.4
<b>Growth rates</b>														
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	5.1	10.1	-8.6	13.4	13.0	-1.4	-24.6	3.8	4.0	3.6	3.0	5.6	-10.2	-54.2
2012 Q3	2.3	9.2	-13.7	12.2	4.7	0.4	-34.7	3.0	2.4	5.5	4.5	3.9	-8.5	-62.3
2012 Q4	5.1	10.1	-8.6	13.4	13.0	-1.4	-24.6	3.8	4.0	3.6	3.0	5.6	-10.2	-54.2
2012 Oct.	3.1	9.5	-12.0	13.1	6.7	-16.1	-33.2	3.1	2.2	5.3	3.9	4.6	-9.1	-63.1
2012 Nov.	4.5	10.6	-10.1	13.1	10.7	0.4	-35.8	3.6	3.4	4.3	3.6	5.2	-9.4	-62.1
2012 Dec.	5.1	10.1	-8.6	13.4	13.0	-1.4	-24.6	3.8	4.0	3.6	3.0	5.6	-10.2	-54.2
2013 Jan. <sup>4)</sup>	5.9	11.1	-9.2	13.7	15.3	-8.3	4.5	3.8	4.8	2.0	2.7	5.6	-11.3	-52.2

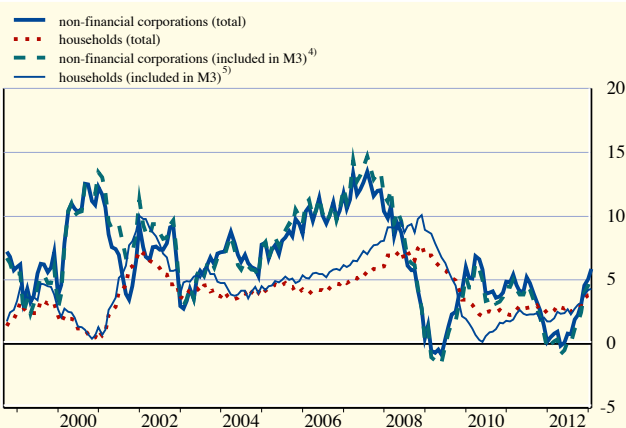
### C11 Total deposits by sector <sup>2)</sup>

(annual growth rates)



### C12 Total deposits and deposits included in M3 by sector <sup>2)</sup>

(annual growth rates)



Source: ECB.

- 1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
- 2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 3) 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 <sup>1), 2)</sup>**

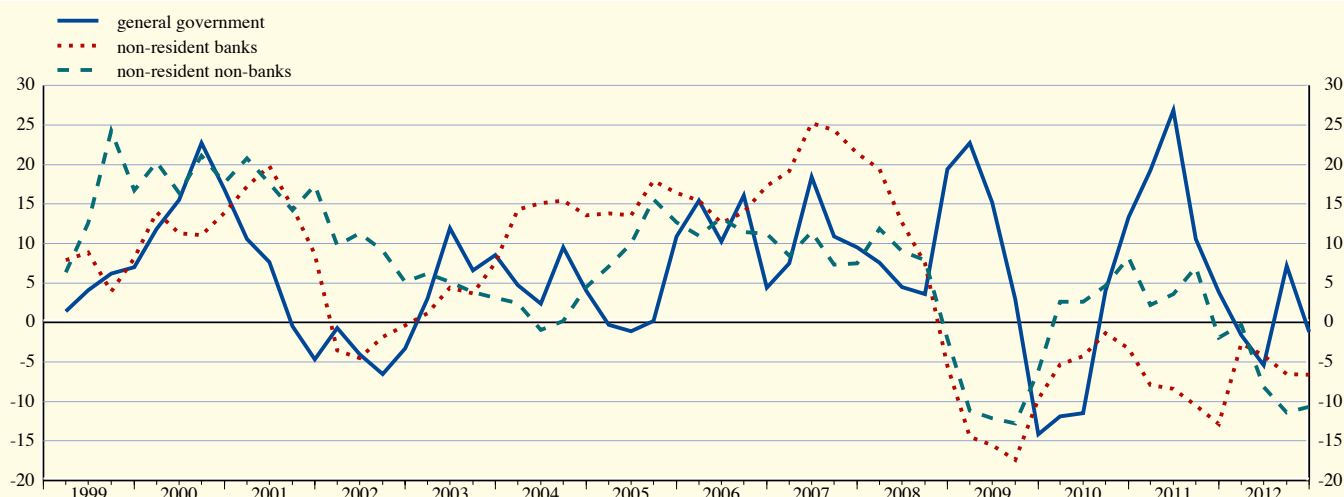
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

**3. Deposits by government and non-euro area residents**

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks <sup>3)</sup>	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
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	2,175.0	978.6	44.3	934.3
2012 Q1	466.7	192.5	65.0	113.4	95.9	3,314.2	2,331.4	982.8	54.7	928.1
Q2	507.1	190.9	98.4	112.3	105.5	3,243.7	2,290.4	953.3	41.6	911.7
Q3	512.0	204.5	93.1	111.3	103.1	3,131.2	2,176.6	954.5	42.8	911.8
Q4 <sup>(p)</sup>	449.9	171.7	62.8	111.4	104.0	2,891.3	2,009.0	876.9	38.8	838.1
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	-314.6	-20.3	-2.1	-18.2
2012 Q1	25.9	-2.9	16.5	1.3	10.9	193.5	180.6	12.9	11.0	1.8
Q2	25.0	0.8	18.9	-1.3	6.7	-133.6	-76.4	-57.2	-13.9	-43.3
Q3	4.8	13.7	-5.5	-0.9	-2.5	-93.1	-101.1	8.0	1.4	6.6
Q4 <sup>(p)</sup>	-62.6	-33.3	-30.2	0.1	0.9	-210.0	-146.8	-68.8	-3.6	-65.2
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	-1.9	-4.4	-1.8
2012 Q1	-1.6	-18.3	23.5	5.6	21.2	-1.9	-2.7	-0.3	29.7	-1.6
Q2	-5.5	-27.4	51.5	0.8	17.5	-5.3	-4.2	-8.2	-16.3	-7.8
Q3	7.1	-2.0	45.5	1.1	14.1	-7.9	-6.5	-11.4	-15.8	-11.2
Q4 <sup>(p)</sup>	-1.2	-11.2	10.3	-0.7	18.8	-7.6	-6.6	-10.7	-11.7	-10.7

**C13 Deposits by government and non-euro area residents <sup>2)</sup>**

(annual growth rates)



Source: ECB.

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

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

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

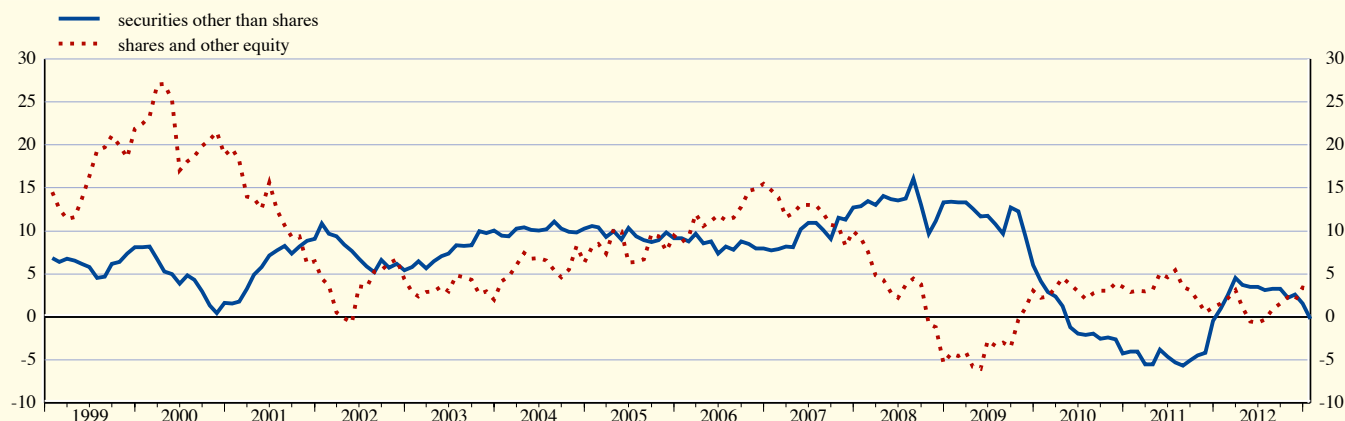
## 2.6 MFI holdings of securities: breakdown <sup>1), 2)</sup>

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

	Securities other than shares							Shares and other equity				
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2011	5,697.7	1,764.2	87.8	1,373.0	22.9	1,489.2	28.3	932.5	1,507.2	485.1	726.6	295.4
2012	5,779.9	1,757.0	102.7	1,596.1	32.8	1,394.4	23.7	873.3	1,528.6	475.6	752.3	300.8
2012 Q3	5,787.2	1,784.9	104.7	1,587.4	31.9	1,351.1	25.5	901.6	1,510.6	486.5	734.8	289.3
2012 Q4	5,779.9	1,757.0	102.7	1,596.1	32.8	1,394.4	23.7	873.3	1,528.6	475.6	752.3	300.8
2012 Oct.	5,757.4	1,765.0	103.5	1,605.2	31.4	1,345.0	28.9	878.5	1,511.1	485.9	733.2	292.0
2012 Nov.	5,785.1	1,768.3	108.5	1,641.0	33.3	1,330.4	23.5	880.2	1,512.1	477.9	745.7	288.4
2012 Dec.	5,779.9	1,757.0	102.7	1,596.1	32.8	1,394.4	23.7	873.3	1,528.6	475.6	752.3	300.8
2013 Jan. <sup>(p)</sup>	5,771.8	1,769.9	106.1	1,630.0	31.5	1,382.2	23.0	829.1	1,545.7	478.8	765.8	301.1
Transactions												
2011	-29.2	45.1	7.8	-2.6	5.5	-24.9	-0.1	-60.1	17.0	60.2	-31.5	-11.7
2012	87.9	-7.2	16.2	190.8	10.6	-72.6	-3.9	-46.1	51.2	6.5	39.0	5.6
2012 Q3	-60.6	13.1	7.0	14.2	-1.5	-78.5	0.3	-15.4	20.4	2.1	16.3	2.0
2012 Q4	-18.3	-30.6	-0.1	-12.0	1.7	41.7	-1.8	-17.1	18.9	-8.7	15.9	11.7
2012 Oct.	-33.6	-20.6	-0.7	11.0	-0.3	-6.9	3.0	-19.2	0.2	0.8	-3.9	3.3
2012 Nov.	18.4	1.9	5.2	26.7	2.0	-14.7	-5.3	2.6	-0.5	-9.1	12.5	-3.9
2012 Dec.	-3.1	-12.0	-4.7	-49.7	0.0	63.3	0.5	-0.6	19.2	-0.4	7.3	12.3
2013 Jan. <sup>(p)</sup>	13.0	-0.4	6.9	31.5	-0.1	-11.9	0.1	-13.1	13.5	1.0	12.2	0.3
Growth rates												
2011	-0.5	2.7	7.7	-0.2	33.7	-1.6	-0.8	-6.2	1.1	13.8	-4.1	-3.8
2012	1.5	-0.4	18.6	14.0	48.5	-4.9	-13.7	-4.9	3.4	1.3	5.4	1.9
2012 Q3	3.3	5.3	19.4	13.8	39.6	-5.5	1.4	-4.6	1.6	4.2	1.8	-3.3
2012 Q4	1.5	-0.4	18.6	14.0	48.5	-4.9	-13.7	-4.9	3.4	1.3	5.4	1.9
2012 Oct.	2.2	3.9	15.6	15.7	36.9	-8.5	10.6	-5.8	2.3	4.8	1.9	-1.0
2012 Nov.	2.6	3.8	19.1	17.2	51.4	-9.6	-13.0	-3.9	1.9	2.7	3.0	-2.0
2012 Dec.	1.5	-0.4	18.6	14.0	48.5	-4.9	-13.7	-4.9	3.4	1.3	5.4	1.9
2013 Jan. <sup>(p)</sup>	-0.2	-2.0	22.2	11.5	40.4	-6.5	-2.5	-7.7	3.2	-0.3	5.9	2.1

## CI4 MFI holdings of securities <sup>2)</sup>

(annual growth rates)



Source: ECB.

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

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

**2.7 Currency breakdown of selected MFI balance sheet items <sup>1), 2)</sup>**

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

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

	MFIs <sup>3)</sup>							Non-MFIs						
	All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies				All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies					
			Total	USD	JPY	CHF			GBP	Total	USD	JPY	CHF	GBP
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<b>Loans</b>														
<i>To euro area residents</i>														
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 Q3	6,105.8	-	-	-	-	-	12,349.8	96.3	3.7	1.8	0.2	1.0	0.4	
Q4 <sup>(p)</sup>	5,796.2	-	-	-	-	-	12,196.4	96.4	3.6	1.7	0.2	1.0	0.5	
<i>To non-euro area residents</i>														
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 Q3	1,988.9	47.2	52.8	31.3	2.6	3.2	10.0	1,017.9	39.2	60.8	38.9	2.5	2.9	9.4
Q4 <sup>(p)</sup>	1,909.8	47.3	52.7	31.8	1.9	3.5	10.2	959.1	40.3	59.7	38.2	2.0	2.9	9.7
<b>Holdings of securities other than shares</b>														
<i>Issued by euro area residents</i>														
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 Q3	1,889.6	94.5	5.5	2.7	0.1	0.3	2.0	2,995.9	98.1	1.9	1.1	0.1	0.1	0.5
Q4 <sup>(p)</sup>	1,859.7	94.5	5.5	2.7	0.1	0.3	2.0	3,046.9	98.1	1.9	1.2	0.1	0.1	0.4
<i>Issued by non-euro area residents</i>														
2010	545.9	49.9	50.1	27.6	0.3	0.5	16.8	506.2	33.3	66.7	40.4	3.9	0.9	13.6
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.4	32.2	67.8	39.4	5.8	0.7	13.7
2012 Q3	446.8	54.3	45.7	19.2	0.3	0.6	19.9	454.8	33.7	66.3	37.7	6.3	0.7	12.6
Q4 <sup>(p)</sup>	436.9	54.7	45.3	19.6	0.3	0.3	19.4	436.4	34.2	65.8	39.1	5.5	0.9	11.5
<b>Deposits</b>														
<i>By euro area residents</i>														
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 Q3	6,399.1	93.5	6.5	3.9	0.2	1.1	0.7	11,031.7	97.0	3.0	2.0	0.1	0.1	0.4
Q4 <sup>(p)</sup>	6,160.9	93.7	6.3	3.8	0.2	1.1	0.6	11,041.9	97.0	3.0	2.0	0.1	0.1	0.4
<i>By non-euro area residents</i>														
2010	2,487.5	52.0	48.0	31.8	2.2	1.8	8.7	997.1	58.8	41.2	29.3	1.2	1.4	5.1
2011	2,175.0	59.2	40.8	25.6	2.1	1.8	7.2	978.6	56.1	43.9	30.0	2.0	1.5	5.1
2012 Q3	2,176.6	59.8	40.2	25.5	2.1	1.1	7.3	954.5	53.8	46.2	30.1	2.1	1.3	5.8
Q4 <sup>(p)</sup>	2,009.0	58.3	41.7	27.9	1.6	1.0	7.3	876.9	52.3	47.7	31.3	1.9	1.1	6.3

**2. Debt securities issued by euro area MFIs**

	All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies			
			Total			
			USD	JPY	CHF	GBP
1	2	3	4	5	6	7
2010	5,083.2	81.6	18.4	9.7	1.8	2.5
2011	5,236.8	82.0	18.0	9.4	1.7	2.6
2012 Q3	5,197.5	82.0	18.0	9.5	1.6	2.5
Q4 <sup>(p)</sup>	5,073.9	81.8	18.2	9.6	1.6	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 <sup>1)</sup>

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

### 1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/money market fund shares)	Investment fund/money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
Outstanding amounts							
2012 June	6,707.3	480.6	2,730.7	1,816.3	880.4	244.1	555.2
July	6,947.7	488.2	2,823.1	1,891.0	915.5	247.0	582.9
Aug.	6,957.4	483.9	2,843.5	1,887.6	918.2	244.5	579.6
Sep.	7,034.0	501.9	2,855.0	1,919.3	925.4	243.8	588.7
Oct.	7,045.0	493.5	2,896.8	1,911.9	931.9	246.6	564.4
Nov.	7,139.5	494.0	2,938.5	1,936.6	944.8	246.5	579.1
Dec. <sup>(p)</sup>	7,170.5	472.6	2,966.2	1,985.5	961.9	244.2	540.1
Transactions							
2012 Q2	17.8	12.2	35.7	-13.9	-5.5	2.7	-13.4
Q3	129.6	28.8	62.5	0.3	16.0	1.8	20.1
Q4 <sup>(p)</sup>	37.0	-26.3	81.5	20.2	28.8	3.5	-70.6

### 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 June	6,707.3	134.0	6,070.9	4,493.1	664.4	1,577.8	502.4
July	6,947.7	137.2	6,278.5	4,632.3	699.5	1,646.2	532.0
Aug.	6,957.4	140.9	6,293.1	4,654.0	703.8	1,639.1	523.4
Sep.	7,034.0	150.7	6,348.7	4,668.1	717.5	1,680.6	534.7
Oct.	7,045.0	146.5	6,384.9	4,685.4	726.4	1,699.5	513.6
Nov.	7,139.5	150.1	6,465.5	4,742.6	739.6	1,723.0	523.9
Dec. <sup>(p)</sup>	7,170.5	143.5	6,557.9	4,808.2	757.9	1,749.6	469.2
Transactions							
2012 Q2	17.8	6.6	39.5	-1.0	-12.5	40.7	-28.3
Q3	129.6	19.7	84.0	31.8	29.5	52.2	25.9
Q4 <sup>(p)</sup>	37.0	-7.2	123.1	73.9	32.9	49.2	-78.9

### 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 May	6,025.2	2,160.8	1,540.3	1,478.8	311.3	138.1	395.8	5,938.5	86.6	999.9
June	6,070.9	2,173.3	1,570.9	1,479.4	311.4	138.3	397.6	5,989.8	81.1	969.5
July	6,278.5	2,249.7	1,630.8	1,529.9	317.6	140.7	409.8	6,197.0	81.5	964.5
Aug.	6,293.1	2,261.8	1,625.6	1,538.1	316.0	138.6	413.0	6,211.9	81.2	970.0
Sep.	6,348.7	2,274.3	1,654.9	1,551.5	315.9	139.7	412.5	6,266.3	82.4	942.3
Oct.	6,384.9	2,312.3	1,648.0	1,557.8	319.2	137.5	410.2	6,302.5	82.4	945.4
Nov.	6,465.5	2,351.3	1,668.4	1,573.3	320.4	136.3	415.9	6,382.8	82.8	945.6
Dec. <sup>(p)</sup>	6,557.9	2,373.0	1,707.2	1,598.8	318.0	141.0	419.8	6,477.7	80.1	911.1
Transactions										
2012 June	10.6	17.8	-3.5	-4.6	1.2	-0.1	-0.2	15.0	-4.4	-25.7
July	44.9	23.8	-2.4	17.2	2.7	-0.4	4.1	44.7	0.2	-14.9
Aug.	16.9	17.4	-2.8	2.7	0.7	-1.0	-0.1	17.0	-0.1	13.1
Sep.	22.2	12.3	5.0	5.9	1.0	-0.4	-1.6	22.0	0.2	-22.0
Oct.	39.6	30.9	2.0	5.8	2.2	-1.3	0.0	39.7	-0.1	6.3
Nov.	31.6	27.4	-1.2	4.5	0.4	-1.9	2.5	31.4	0.2	1.6
Dec. <sup>(p)</sup>	51.9	16.0	17.7	11.5	0.2	3.8	2.5	51.5	0.4	-29.5

Source: ECB.

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

**2.9 Securities held by investment funds <sup>1)</sup> broken down by issuer of securities**

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

**1. Securities other than shares**

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	EU Member States outside the euro area	United States	Japan	
	1	2	3	4	5	6	7	8	9	10	11
<b>Outstanding amounts</b>											
2012 Q1	2,674.1	1,502.8	424.6	678.8	209.0	5.7	184.5	1,171.2	313.1	453.4	15.5
Q2	2,730.7	1,507.9	414.7	694.9	207.9	5.1	185.3	1,222.8	315.5	467.6	17.8
Q3	2,855.0	1,568.3	416.5	711.7	231.9	6.1	202.1	1,286.7	322.6	494.0	18.3
Q4 <sup>(p)</sup>	2,966.2	1,622.7	418.0	744.8	240.7	7.8	211.2	1,343.5	331.9	510.9	16.1
<b>Transactions</b>											
2012 Q2	35.7	10.5	-9.4	16.7	0.8	-0.4	2.9	25.2	-5.9	-8.3	1.1
Q3	62.5	18.6	-7.4	-4.5	18.2	0.5	11.7	44.0	-0.8	28.2	-0.4
Q4 <sup>(p)</sup>	81.5	27.9	-3.6	21.0	2.9	1.2	6.5	53.7	8.8	16.8	-1.4

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	EU Member States outside the euro area	United States	Japan	
	1	2	3	4	5	6	7	8	9	10	11
<b>Outstanding amounts</b>											
2012 Q1	1,887.4	689.0	56.4	-	41.7	24.1	566.7	1,198.4	162.7	389.8	75.3
Q2	1,816.3	638.9	45.5	-	38.6	22.3	532.5	1,177.3	163.6	391.9	78.1
Q3	1,919.3	684.5	52.9	-	44.5	24.1	563.0	1,234.7	172.0	412.1	72.1
Q4 <sup>(p)</sup>	1,985.5	720.9	60.8	-	51.1	27.6	581.3	1,264.6	175.8	407.8	78.1
<b>Transactions</b>											
2012 Q2	-13.9	-9.4	-2.8	-	-1.4	0.2	-5.4	-4.3	0.2	-0.9	3.6
Q3	0.3	-3.4	0.5	-	3.8	-1.0	-6.7	3.7	-0.3	4.7	-4.0
Q4 <sup>(p)</sup>	20.2	-0.1	1.8	-	3.9	0.5	-6.3	20.3	0.7	6.1	4.6

**3. Investment fund/money market fund shares**

	Total	Euro area						Rest of the world			
		Total	MFIs <sup>2)</sup>	General government	Other financial intermediaries <sup>2)</sup>	Insurance corporations and pension funds	Non-financial corporations	EU Member States outside the euro area	United States	Japan	
	1	2	3	4	5	6	7	8	9	10	11
<b>Outstanding amounts</b>											
2012 Q1	889.3	753.2	69.0	-	684.1	-	-	136.1	25.2	41.2	0.6
Q2	880.4	744.0	79.5	-	664.4	-	-	136.5	24.9	43.0	0.6
Q3	925.4	792.6	75.1	-	717.5	-	-	132.8	27.4	40.0	0.6
Q4 <sup>(p)</sup>	961.9	830.3	72.4	-	757.9	-	-	131.6	28.7	40.2	0.6
<b>Transactions</b>											
2012 Q2	-5.5	-3.4	9.1	-	-12.5	-	-	-2.1	-0.2	0.4	0.0
Q3	16.0	22.7	-6.8	-	29.5	-	-	-6.7	1.0	-3.0	0.0
Q4 <sup>(p)</sup>	28.8	29.5	-3.3	-	32.9	-	-	-0.7	1.2	0.5	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 <sup>1)</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>Outstanding amounts</b>													
2011 Q4	2,283.6	328.1	1,533.6	1,218.7	581.2	154.6	23.4	4.8	132.0	225.9	89.5	37.0	69.5
2012 Q1	2,232.4	321.3	1,504.6	1,197.8	551.6	149.5	23.6	4.8	129.0	213.1	86.7	35.9	70.8
Q2	2,156.1	306.2	1,458.7	1,149.4	513.2	154.1	22.9	4.4	127.9	210.5	84.8	30.8	65.1
Q3	2,078.1	302.0	1,397.7	1,086.1	476.1	158.5	23.4	4.4	125.3	196.2	86.0	28.6	67.6
Q4	2,041.6	284.0	1,377.1	1,061.8	469.8	162.8	24.3	4.0	124.2	198.9	87.9	27.9	65.7
<b>Transactions</b>													
2011 Q4	72.2	2.8	67.2	62.7	-	7.4	0.8	-0.4	-3.3	0.0	1.5	-1.0	1.6
2012 Q1	-52.4	-6.5	-26.9	-19.1	-	-5.0	0.3	0.0	-3.1	-13.2	-1.8	-1.0	-3.0
Q2	-83.0	-14.8	-48.6	-51.0	-	5.0	-0.7	-0.4	-1.5	-3.0	-1.9	-5.3	-9.4
Q3	-80.6	-4.1	-61.3	-64.2	-	4.3	0.5	0.0	-2.0	-15.0	1.5	-2.2	0.5
Q4	-39.9	-17.8	-18.6	-22.4	-	4.1	1.1	-0.4	-1.0	0.7	2.4	-0.6	-6.1

### 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	
<b>Outstanding amounts</b>							
2011 Q4	2,283.6	154.9	1,876.6	66.4	1,810.2	35.5	216.6
2012 Q1	2,232.4	155.2	1,820.6	59.5	1,761.1	34.7	221.9
Q2	2,156.1	150.4	1,750.6	55.7	1,694.9	28.5	226.6
Q3	2,078.1	144.4	1,680.5	54.6	1,626.0	27.0	226.1
Q4	2,041.6	138.1	1,655.3	54.1	1,601.3	27.0	221.1
<b>Transactions</b>							
2011 Q4	72.2	18.6	63.6	3.8	59.8	-0.6	-9.5
2012 Q1	-52.4	1.2	-54.9	-7.6	-47.3	-0.9	2.2
Q2	-83.0	-5.1	-72.6	-3.8	-68.8	-5.8	0.4
Q3	-80.6	-5.7	-71.4	-1.4	-70.1	-0.9	2.6
Q4	-39.9	-5.4	-26.3	-0.4	-25.8	-0.1	-8.0

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

	Securitized loans originated by euro area MFIs						Securities other than shares						
	Total	Euro area borrowing sector <sup>2)</sup>					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	
<b>Outstanding amounts</b>													
2011 Q4	1,218.7	890.1	254.6	18.0	0.2	6.6	32.5	225.9	123.7	42.1	81.6	33.4	102.1
2012 Q1	1,197.8	879.5	245.6	18.2	0.2	6.4	32.2	213.1	117.8	41.4	76.4	32.9	95.3
Q2	1,149.4	833.0	244.6	18.7	0.2	6.3	33.1	210.5	117.7	42.6	75.2	31.7	92.8
Q3	1,086.1	787.5	231.8	17.1	0.2	5.5	31.4	196.2	110.7	38.6	72.2	29.9	85.5
Q4	1,061.8	770.3	228.6	17.4	0.2	5.4	28.9	198.9	113.7	39.7	74.1	30.8	85.1
<b>Transactions</b>													
2011 Q4	62.7	66.4	6.5	-0.8	-0.1	-3.0	-4.2	0.0	-0.6	-1.5	0.9	0.5	0.6
2012 Q1	-19.1	-10.4	-8.2	0.3	0.0	-0.2	0.6	-13.2	-6.0	-0.7	-5.3	-0.5	-7.2
Q2	-51.0	-48.5	-1.1	0.5	0.0	-0.1	0.3	-3.0	0.1	0.9	-0.7	-1.4	-3.1
Q3	-64.2	-47.0	-12.6	-1.0	0.0	-0.8	-1.8	-15.0	-7.1	-4.4	-2.7	-1.1	-7.9
Q4	-22.4	-17.8	-2.1	0.4	0.0	-0.1	-1.1	0.7	2.5	0.7	1.8	1.2	-1.8

Source: ECB.

- 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.
- Excludes securitisations of inter-MFI loans.

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

(EUR billions; outstanding amounts at end of period)

**1. Assets**

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

**2. Holdings of securities other than shares**

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

**3. Liabilities and net worth**

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

Source: ECB.





## EURO AREA ACCOUNTS

### 3.1 Integrated economic and financial accounts by institutional sector

(EUR billions)

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

Sources: ECB and Eurostat.

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

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

(EUR billions)

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

Sources: ECB and Eurostat.

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

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

(EUR billions)

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

Source: ECB.

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

(EUR billions)

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

Source: ECB.

## 3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

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

Sources: ECB and Eurostat.

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

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

(EUR billions; four-quarter cumulated flows)

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

Sources: ECB and Eurostat.

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

### 3.3 Households

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

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

Sources: ECB and Eurostat.

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



## 3.4 Non-financial corporations

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

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

Sources: ECB and Eurostat.

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

### 3.5 Insurance corporations and pension funds

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

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

Source: ECB.

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

## FINANCIAL MARKETS

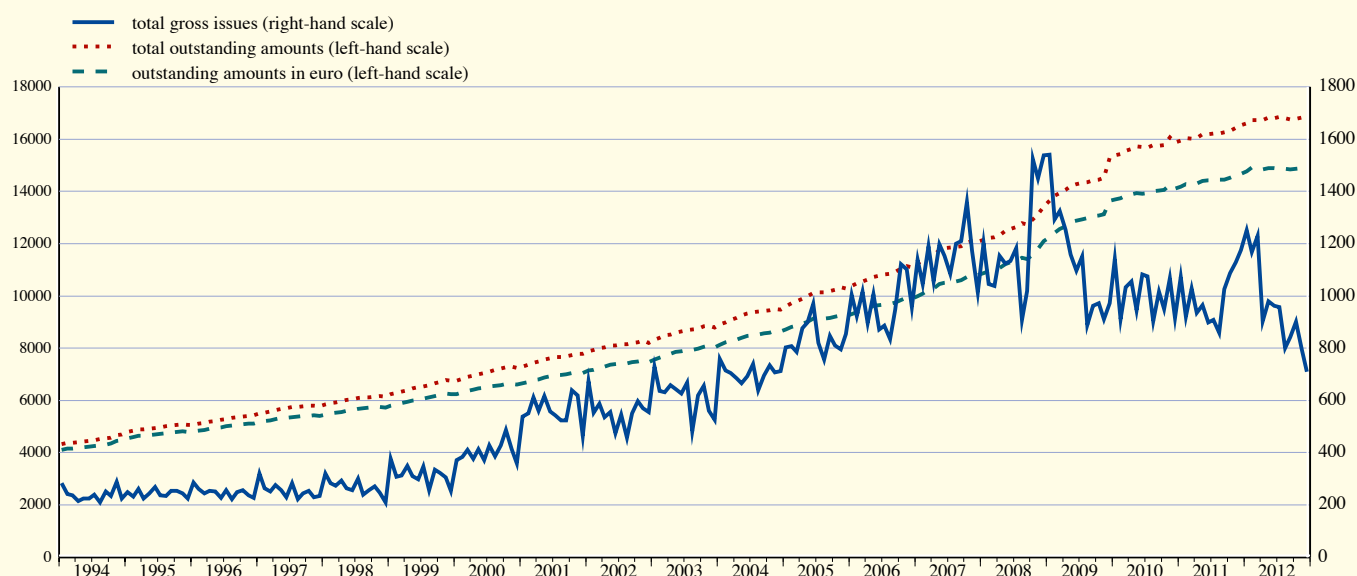
### 4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro <sup>1)</sup>			By euro area residents								
	Outstanding amounts	Gross issues	Net issues	In euro			In all currencies					
				Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted <sup>2)</sup>	
1	2	3	4	5	6	7	8	9	10	Net issues 11	6-month growth rates 12	
<b>Total</b>												
2011 Dec.	16,851.0	1,127.6	58.2	14,681.4	1,085.2	57.5	16,522.1	1,176.3	56.0	3.9	144.9	4.5
2012 Jan.	16,947.9	1,192.3	97.1	14,770.9	1,120.8	89.6	16,595.0	1,250.4	82.3	3.8	62.1	5.1
Feb.	17,133.9	1,137.0	186.5	14,914.8	1,050.0	144.4	16,737.5	1,168.2	161.0	4.2	96.6	5.7
Mar.	17,182.2	1,237.3	143.3	14,863.3	1,094.3	42.7	16,727.0	1,229.1	79.2	4.7	81.5	5.9
Apr.	17,136.2	839.1	-35.2	14,844.4	801.1	-8.4	16,727.5	904.6	-1.8	4.4	-8.3	5.0
May	17,177.6	919.0	42.7	14,885.7	866.6	42.6	16,830.6	980.1	59.6	4.0	-2.0	4.6
June	17,183.4	932.7	6.3	14,883.6	871.4	-1.4	16,799.2	961.4	-18.6	3.7	13.3	3.0
July	17,178.4	890.0	-4.7	14,874.9	832.8	-8.3	16,850.8	957.0	28.9	4.0	56.4	2.9
Aug.	17,159.8	752.1	-21.2	14,863.7	708.1	-13.7	16,797.1	800.1	-36.9	3.6	-6.5	1.6
Sep.	17,145.1	809.3	-5.5	14,844.0	757.4	-10.6	16,748.8	842.9	-24.1	3.4	32.2	1.0
Oct.	.	.	.	14,858.7	777.2	16.3	16,776.1	899.9	36.0	3.2	25.3	1.4
Nov.	.	.	.	14,890.3	679.7	29.4	16,824.3	794.6	49.4	2.9	-23.8	1.2
Dec.	.	.	.	14,829.0	627.5	-60.0	16,734.4	709.0	-74.5	2.1	15.5	1.2
<b>Long-term</b>												
2011 Dec.	15,376.5	238.2	47.1	13,302.6	228.9	61.6	14,923.2	246.5	63.4	4.0	107.8	4.2
2012 Jan.	15,461.9	347.9	85.8	13,365.5	303.7	63.4	14,967.5	332.7	52.1	3.8	69.4	4.9
Feb.	15,632.5	366.7	170.1	13,501.9	310.1	135.9	15,097.5	340.8	145.7	4.2	86.8	5.6
Mar.	15,667.8	388.6	130.8	13,459.3	280.9	52.1	15,080.6	331.5	75.6	4.6	76.0	6.0
Apr.	15,634.6	188.7	-22.5	13,437.5	175.0	-11.2	15,081.5	206.5	1.5	4.1	-8.2	4.9
May	15,685.0	233.0	50.4	13,487.2	208.6	49.4	15,189.3	244.3	68.2	4.0	15.3	4.7
June	15,719.3	278.5	35.1	13,524.9	246.2	38.7	15,198.0	261.9	20.4	3.8	13.6	3.4
July	15,699.4	264.8	-19.9	13,496.8	233.1	-28.0	15,218.6	271.7	0.2	3.9	38.4	3.0
Aug.	15,689.9	147.0	-11.5	13,488.9	126.8	-9.8	15,181.1	142.0	-22.4	3.8	19.4	2.1
Sep.	15,707.6	256.7	25.7	13,506.1	225.3	25.2	15,183.3	251.2	23.4	4.0	81.1	2.1
Oct.	.	.	.	13,537.2	212.3	31.4	15,222.6	249.1	46.3	3.8	43.5	2.8
Nov.	.	.	.	13,584.3	194.3	46.9	15,280.6	222.5	61.0	3.6	-7.4	2.5
Dec.	.	.	.	13,563.6	199.1	-18.8	15,237.9	218.9	-27.9	3.0	19.0	2.6

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

(EUR billions)



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

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

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

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

### 1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues <sup>1)</sup>					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
1	2	3	4	5	6	7	8	9	10	11	12	
	Total											
2011	16,522	5,525	3,283	873	6,217	624	1,000	609	98	62	191	39
2012	16,734	5,432	3,360	990	6,268	684	958	588	84	67	187	32
2012 Q1	16,727	5,627	3,316	905	6,209	670	1,216	765	108	71	223	49
Q2	16,799	5,589	3,290	938	6,285	697	949	584	80	71	183	30
Q3	16,749	5,559	3,223	970	6,299	698	867	538	63	63	177	26
Q4	16,734	5,432	3,360	990	6,268	684	801	463	85	64	164	25
2012 Sep.	16,749	5,559	3,223	970	6,299	698	843	480	65	71	199	28
Oct.	16,776	5,532	3,247	980	6,316	701	900	531	70	70	200	29
Nov.	16,824	5,514	3,262	984	6,368	696	795	459	56	58	194	28
Dec.	16,734	5,432	3,360	990	6,268	684	709	401	128	63	99	19
	Short-term											
2011	1,599	702	106	79	634	77	748	511	48	53	107	29
2012	1,497	601	140	81	610	64	702	489	37	52	104	21
2012 Q1	1,646	711	122	83	641	91	881	609	63	55	125	29
Q2	1,601	678	120	97	624	83	711	498	33	58	102	20
Q3	1,565	667	106	89	626	77	645	455	24	48	100	17
Q4	1,497	601	140	81	610	64	571	392	29	46	88	16
2012 Sep.	1,565	667	106	89	626	77	592	408	22	44	98	19
Oct.	1,553	652	106	87	627	81	651	452	27	51	100	20
Nov.	1,544	638	108	84	641	72	572	393	21	43	100	15
Dec.	1,497	601	140	81	610	64	490	332	39	44	63	12
	Long-term <sup>2)</sup>											
2011	14,923	4,822	3,177	794	5,583	547	252	98	51	9	84	10
2012	15,238	4,831	3,220	909	5,658	620	256	99	47	15	83	12
2012 Q1	15,081	4,916	3,194	822	5,568	580	335	156	45	16	99	20
Q2	15,198	4,912	3,170	841	5,661	614	238	86	48	13	81	10
Q3	15,183	4,891	3,117	881	5,673	622	222	82	38	16	77	8
Q4	15,238	4,831	3,220	909	5,658	620	230	71	56	18	77	9
2012 Sep.	15,183	4,891	3,117	881	5,673	622	251	72	44	26	100	9
Oct.	15,223	4,880	3,141	892	5,689	620	249	78	43	19	100	9
Nov.	15,281	4,876	3,154	900	5,727	623	222	66	35	15	94	13
Dec.	15,238	4,831	3,220	909	5,658	620	219	69	89	19	36	6
	<i>of which: Long-term fixed rate</i>											
2011	10,016	2,764	1,151	699	4,994	408	150	54	12	8	70	7
2012	10,574	2,837	1,332	813	5,149	444	164	54	18	15	71	7
2012 Q1	10,227	2,875	1,199	727	5,004	421	229	103	17	15	83	11
Q2	10,407	2,876	1,245	748	5,101	437	148	42	21	12	68	6
Q3	10,497	2,859	1,278	786	5,132	441	139	37	14	15	68	4
Q4	10,574	2,837	1,332	813	5,149	444	142	36	20	17	64	6
2012 Sep.	10,497	2,859	1,278	786	5,132	441	189	43	24	26	91	5
Oct.	10,532	2,853	1,312	798	5,129	441	170	46	25	19	74	5
Nov.	10,630	2,848	1,332	803	5,202	446	154	28	23	14	82	8
Dec.	10,574	2,837	1,332	813	5,149	444	103	33	13	17	35	4
	<i>of which: Long-term variable rate</i>											
2011	4,405	1,789	1,873	91	513	139	85	37	32	1	11	3
2012	4,233	1,740	1,788	93	437	175	79	38	26	1	8	5
2012 Q1	4,343	1,774	1,835	92	486	156	90	46	25	1	10	8
Q2	4,332	1,769	1,813	89	486	175	77	38	24	1	9	4
Q3	4,239	1,768	1,734	91	466	179	72	41	23	1	4	4
Q4	4,233	1,740	1,788	93	437	175	78	30	34	1	10	4
2012 Sep.	4,239	1,768	1,734	91	466	179	52	25	19	0	4	4
Oct.	4,243	1,764	1,728	91	483	177	69	27	16	0	22	4
Nov.	4,200	1,767	1,721	93	443	176	55	32	10	1	7	5
Dec.	4,233	1,740	1,788	93	437	175	111	31	75	2	1	2

Source: ECB.

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

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

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

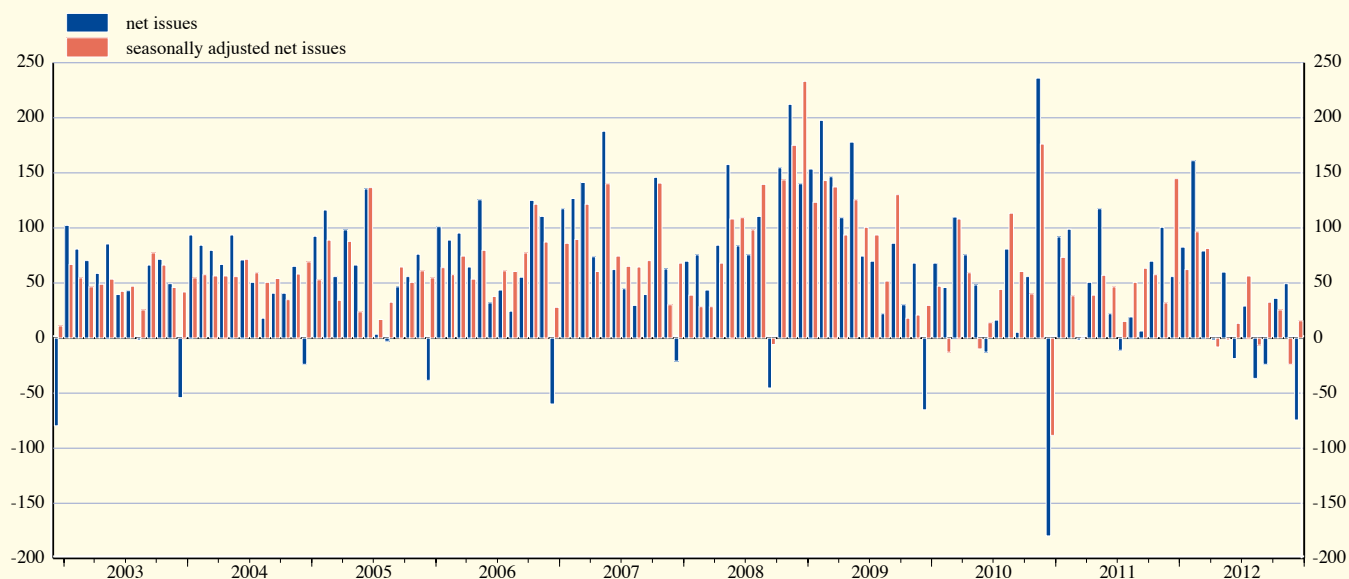
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

### 2. Net issues

	Non-seasonally adjusted <sup>1)</sup>						Seasonally adjusted <sup>1)</sup>					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
1	2	3	4	5	6	7	8	9	10	11	12	
	Total											
2011	51.6	22.6	-3.5	3.7	23.2	5.6	-	-	-	-	-	-
2012	28.4	-6.0	8.0	10.2	13.1	3.1	-	-	-	-	-	-
2012 Q1	107.5	38.0	12.1	11.8	29.6	15.9	80.1	16.5	22.2	9.4	15.7	16.3
Q2	13.0	-19.8	-5.8	10.2	27.8	0.7	1.0	-14.4	-8.5	7.8	13.4	2.7
Q3	-10.7	-4.7	-21.7	10.7	4.3	0.7	27.4	0.1	-7.7	11.9	20.7	2.3
Q4	3.6	-37.5	47.3	8.0	-9.5	-4.8	5.7	-26.5	26.5	11.8	2.0	-8.2
2012 Sep.	-24.1	-53.7	-11.8	18.1	25.5	-2.2	32.2	-38.4	18.6	18.5	35.6	-2.1
Oct.	36.0	-20.1	25.4	11.0	17.7	1.8	25.3	-4.9	6.5	10.0	19.7	-6.0
Nov.	49.4	-18.4	15.7	4.9	52.3	-5.2	-23.8	-21.8	-16.0	4.8	14.1	-4.9
Dec.	-74.5	-74.0	100.8	8.1	-98.6	-11.0	15.5	-52.8	89.1	20.7	-27.7	-13.8
	Long-term											
2011	47.4	11.9	-2.2	2.8	31.0	3.9	-	-	-	-	-	-
2012	37.0	2.6	5.2	10.0	15.1	4.2	-	-	-	-	-	-
2012 Q1	91.1	35.0	7.0	10.5	27.5	11.1	77.4	20.6	17.8	10.0	19.2	9.8
Q2	30.0	-7.7	-5.3	5.7	33.6	3.8	6.9	-13.3	-7.2	3.2	21.5	2.7
Q3	0.4	-1.9	-17.1	13.3	3.4	2.7	46.3	4.8	-5.3	15.0	26.3	5.5
Q4	26.4	-15.2	36.0	10.5	-4.2	-0.6	18.4	-1.6	15.8	11.9	-6.9	-0.9
2012 Sep.	23.4	-21.3	-4.4	25.0	21.2	3.0	81.1	-8.9	21.5	23.6	39.6	5.2
Oct.	46.3	-6.7	25.8	12.6	17.3	-2.7	43.5	5.2	8.6	12.4	20.7	-3.4
Nov.	61.0	-2.0	13.4	7.8	38.3	3.5	-7.4	6.7	-19.8	7.3	-4.5	3.0
Dec.	-27.9	-36.8	68.8	11.2	-68.4	-2.7	19.0	-16.8	58.7	16.1	-36.8	-2.2

### CI6 Net issues of securities other than shares: seasonally adjusted and non-seasonally adjusted

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



Source: ECB.

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

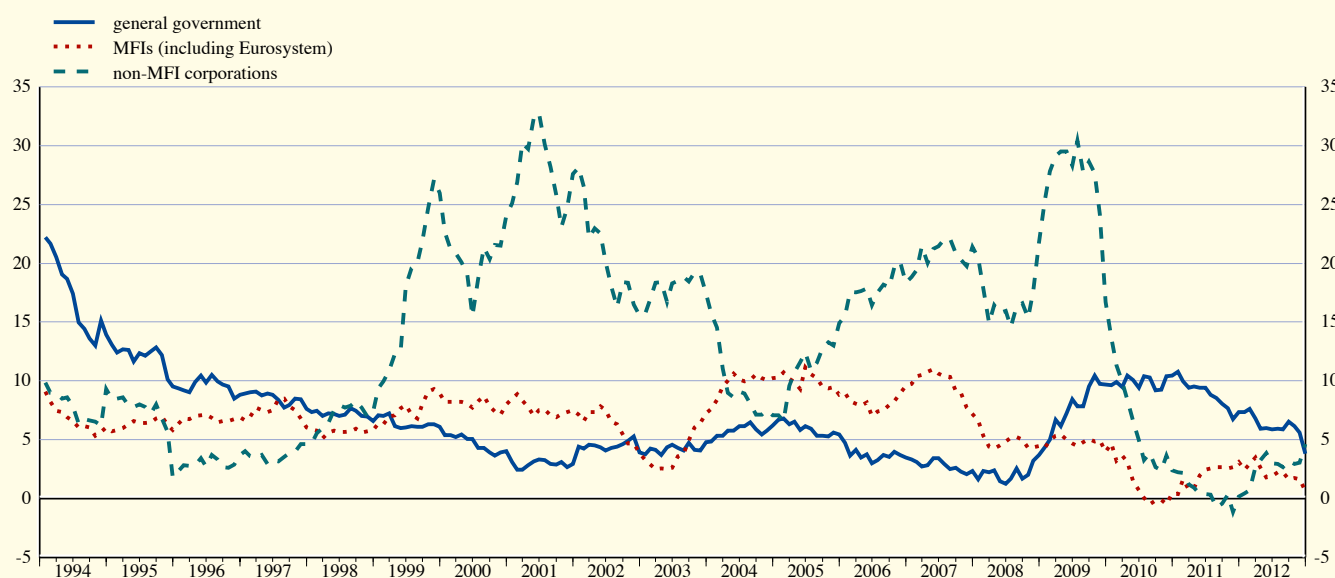
### 4.3 Growth rates of securities other than shares issued by euro area residents <sup>1)</sup>

(percentage changes)

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011 Dec.	3.9	5.2	-1.3	5.5	4.7	12.1	4.5	6.7	0.5	9.3	4.1	4.8
2012 Jan.	3.8	4.3	-1.3	6.4	4.8	15.4	5.1	6.8	0.9	9.5	4.5	14.3
Feb.	4.2	4.5	-0.7	7.1	4.8	19.8	5.7	7.0	2.8	9.5	4.6	16.2
Mar.	4.7	4.8	1.7	8.0	4.5	17.9	5.9	6.4	3.8	11.7	4.6	17.8
Apr.	4.4	4.1	2.5	9.5	3.7	15.7	5.0	4.7	4.4	11.8	3.5	18.5
May	4.0	2.9	3.1	9.2	3.8	12.6	4.6	2.3	6.2	11.4	4.0	14.1
June	3.7	3.4	1.5	10.5	3.5	11.7	3.0	0.2	2.6	12.0	2.8	19.2
July	4.0	4.1	1.2	10.4	3.4	14.8	2.9	1.7	1.4	11.3	2.3	15.4
Aug.	3.6	3.6	0.6	10.9	3.3	12.5	1.6	0.4	-1.6	12.3	2.1	9.0
Sep.	3.4	2.4	0.5	12.5	3.9	10.9	1.0	-1.5	-2.9	13.3	3.3	4.4
Oct.	3.2	2.0	0.2	12.6	3.8	10.8	1.4	-0.6	-3.9	13.4	4.2	3.6
Nov.	2.9	1.1	0.4	12.3	3.9	8.0	1.2	0.0	-5.1	13.2	3.8	2.3
Dec.	2.1	-1.3	2.9	14.0	2.5	6.1	1.2	-2.8	3.5	15.8	2.2	-5.0
	Long-term											
2011 Dec.	4.0	3.1	-0.8	4.4	7.2	9.4	4.2	3.0	1.2	7.4	6.4	7.2
2012 Jan.	3.8	2.4	-0.8	5.8	7.0	11.1	4.9	3.2	1.6	9.1	7.1	10.3
Feb.	4.2	2.9	-0.7	6.5	7.0	13.5	5.6	4.2	2.8	9.8	7.1	14.4
Mar.	4.6	3.5	1.5	7.5	6.3	12.7	6.0	4.3	3.5	13.5	6.9	15.2
Apr.	4.1	2.6	2.3	7.2	5.4	11.7	4.9	3.0	3.5	10.9	5.5	14.4
May	4.0	1.8	3.0	7.1	5.5	10.6	4.7	1.5	5.4	9.3	5.9	11.9
June	3.8	1.9	1.6	8.7	5.4	10.7	3.4	0.9	2.1	10.2	4.4	14.2
July	3.9	2.2	1.2	9.7	5.3	12.1	3.0	1.2	0.9	10.3	3.6	13.8
Aug.	3.8	2.2	0.6	10.6	5.3	11.5	2.1	0.3	-1.4	11.6	3.6	8.6
Sep.	4.0	1.6	0.6	13.5	6.0	11.8	2.1	-1.0	-2.3	13.6	5.2	8.5
Oct.	3.8	1.7	0.2	13.9	5.7	10.7	2.8	0.4	-3.0	16.9	5.9	7.0
Nov.	3.6	1.6	0.3	13.9	5.2	9.6	2.5	1.7	-4.6	18.6	4.6	7.3
Dec.	3.0	0.6	2.0	15.1	3.3	9.3	2.6	0.4	2.0	20.3	2.1	4.6

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

(annual percentage changes)



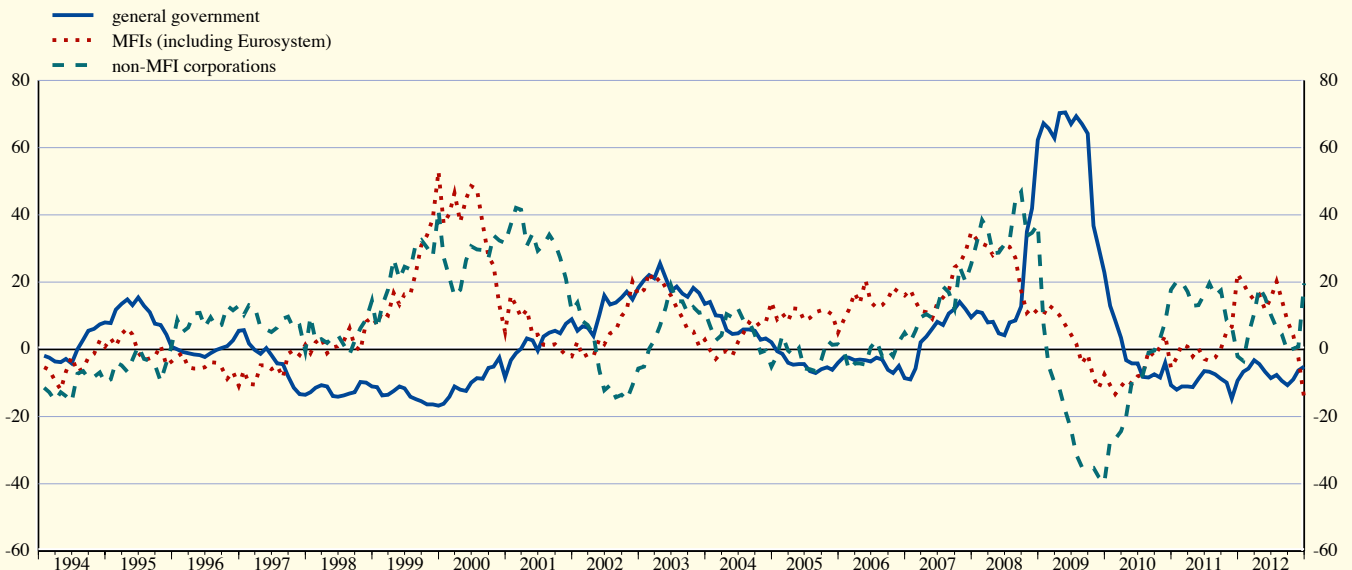
Source: ECB.

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

**4.3 Growth rates of securities other than shares issued by euro area residents <sup>1)</sup> (cont'd)**  
(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
13	14	15	16	17	18	19	20	21	22	23	24	
In all currencies combined												
2011	6.4	4.8	3.6	6.3	7.8	7.7	-0.7	-1.3	-5.6	-2.0	22.3	16.1
2012	5.4	4.4	2.3	10.3	5.8	7.3	-0.7	-0.1	-4.7	-0.7	6.6	23.3
2012 Q1	5.7	5.3	2.1	6.7	6.4	9.0	-0.1	0.6	-5.5	-1.0	15.3	21.5
Q2	5.2	4.9	1.9	8.1	5.6	6.7	0.5	-0.2	-2.4	-1.3	8.1	25.9
Q3	5.0	4.0	1.3	11.1	5.5	7.0	0.0	-0.1	-3.5	0.5	6.6	25.5
Q4	5.7	3.5	3.9	15.2	5.9	6.8	-3.0	-0.6	-7.2	-0.9	-2.4	20.2
2012 July	4.8	4.3	1.2	10.1	5.0	7.0	0.4	-0.3	-3.1	0.7	9.2	27.1
Aug.	5.1	4.1	1.0	11.2	5.6	6.9	-0.2	0.3	-4.0	0.9	5.3	25.0
Sep.	5.6	3.4	1.7	14.3	6.4	7.7	-1.2	-0.4	-4.9	1.2	1.6	24.0
Oct.	5.7	3.6	3.3	15.0	6.0	6.5	-2.3	-0.2	-7.5	-0.9	2.8	22.9
Nov.	6.0	3.6	4.9	15.1	6.2	6.8	-3.8	-0.2	-8.4	-1.6	-6.4	17.6
Dec.	5.2	3.3	5.2	16.5	4.6	6.7	-4.3	-2.6	-6.5	-1.6	-8.6	16.7
In euro												
2011	6.5	4.0	3.6	6.7	8.1	7.2	-0.3	0.2	-6.3	-3.0	22.2	15.3
2012	5.7	5.0	2.0	10.8	5.9	7.2	-0.4	2.3	-6.3	-1.4	6.3	22.9
2012 Q1	6.1	5.6	2.5	6.6	6.6	9.8	0.5	2.6	-6.1	-2.2	15.0	20.2
Q2	5.5	5.4	1.6	8.6	5.7	6.6	0.7	2.2	-4.2	-2.5	7.9	25.3
Q3	5.3	4.9	0.8	11.4	5.5	6.4	0.2	2.6	-5.8	0.4	6.3	25.5
Q4	5.8	3.9	3.3	16.5	5.9	6.3	-3.0	1.6	-9.2	-1.2	-2.9	20.5
2012 July	5.0	5.2	0.6	10.4	5.0	6.5	0.6	2.6	-5.5	0.8	8.8	27.1
Aug.	5.3	5.0	0.2	11.4	5.7	6.2	0.0	3.2	-6.4	1.0	5.0	24.8
Sep.	6.0	4.2	1.6	15.2	6.5	7.1	-1.0	2.1	-6.8	0.7	1.2	24.2
Oct.	5.9	4.1	3.0	16.0	6.0	6.0	-2.3	2.1	-9.8	-1.5	2.5	23.5
Nov.	6.1	3.8	4.0	16.7	6.3	6.3	-4.0	1.9	-10.4	-1.5	-7.2	17.6
Dec.	5.2	3.4	4.3	18.2	4.6	5.9	-4.1	-0.6	-7.6	-1.7	-9.2	16.9

**C18 Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined**  
(annual percentage changes)



Source: ECB.

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



#### 4.4 Quoted shares issued by euro area residents <sup>1)</sup>

(EUR billions, unless otherwise indicated; market values)

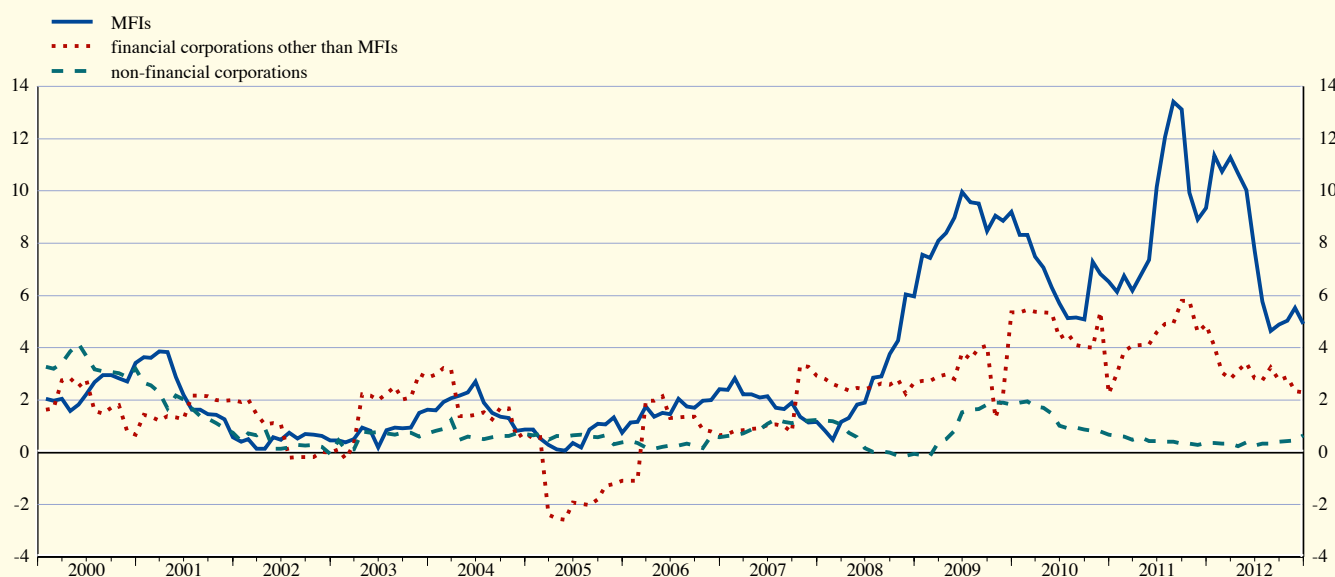
##### 1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 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 Dec.	4,579.9	104.4	1.4	458.1	6.5	334.0	2.3	3,787.7	0.7
2011 Jan.	4,743.8	104.6	1.4	513.9	6.1	365.9	3.0	3,864.0	0.6
Feb.	4,829.9	104.7	1.5	534.6	6.7	379.0	3.9	3,916.2	0.6
Mar.	4,751.8	104.8	1.4	491.3	6.2	363.3	4.1	3,897.2	0.5
Apr.	4,875.3	105.0	1.5	497.3	6.8	371.6	4.1	4,006.5	0.6
May	4,760.2	105.0	1.5	475.8	7.4	356.3	4.1	3,928.1	0.4
June	4,705.1	105.5	1.7	491.5	10.2	350.6	4.6	3,863.0	0.4
July	4,487.5	105.7	1.9	458.6	12.1	325.6	4.9	3,703.3	0.4
Aug.	3,959.8	105.9	2.1	382.9	13.4	281.7	4.9	3,295.2	0.4
Sep.	3,733.0	105.9	2.0	350.5	13.1	264.4	5.8	3,118.1	0.3
Oct.	4,026.1	105.9	1.7	360.5	9.9	288.0	5.8	3,377.6	0.3
Nov.	3,875.2	106.0	1.5	329.8	8.9	271.6	4.6	3,273.8	0.3
Dec.	3,887.8	106.1	1.6	339.3	9.3	270.8	4.9	3,277.7	0.4
2012 Jan.	4,100.7	106.3	1.7	375.5	11.4	298.1	4.0	3,427.1	0.4
Feb.	4,266.8	106.3	1.5	394.7	10.7	311.3	3.1	3,560.8	0.3
Mar.	4,250.8	106.4	1.5	373.1	11.3	311.1	2.8	3,566.6	0.3
Apr.	4,078.0	106.5	1.4	327.3	10.7	292.0	3.1	3,458.7	0.2
May	3,772.0	106.5	1.5	280.9	10.0	260.2	3.4	3,230.9	0.4
June	3,935.1	106.6	1.1	317.7	7.7	280.3	2.8	3,337.2	0.3
July	4,061.8	106.8	1.0	309.9	5.8	287.5	2.7	3,464.4	0.3
Aug.	4,184.9	106.8	0.9	349.7	4.6	304.7	3.3	3,530.6	0.3
Sep.	4,242.3	106.9	0.9	365.0	4.9	319.2	2.8	3,558.1	0.4
Oct.	4,319.2	107.0	1.0	383.6	5.0	329.9	2.9	3,605.7	0.4
Nov.	4,407.1	107.0	1.0	395.7	5.5	338.2	2.4	3,673.2	0.4
Dec.	4,507.3	107.3	1.1	402.4	4.9	352.8	2.3	3,752.1	0.6

#### 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

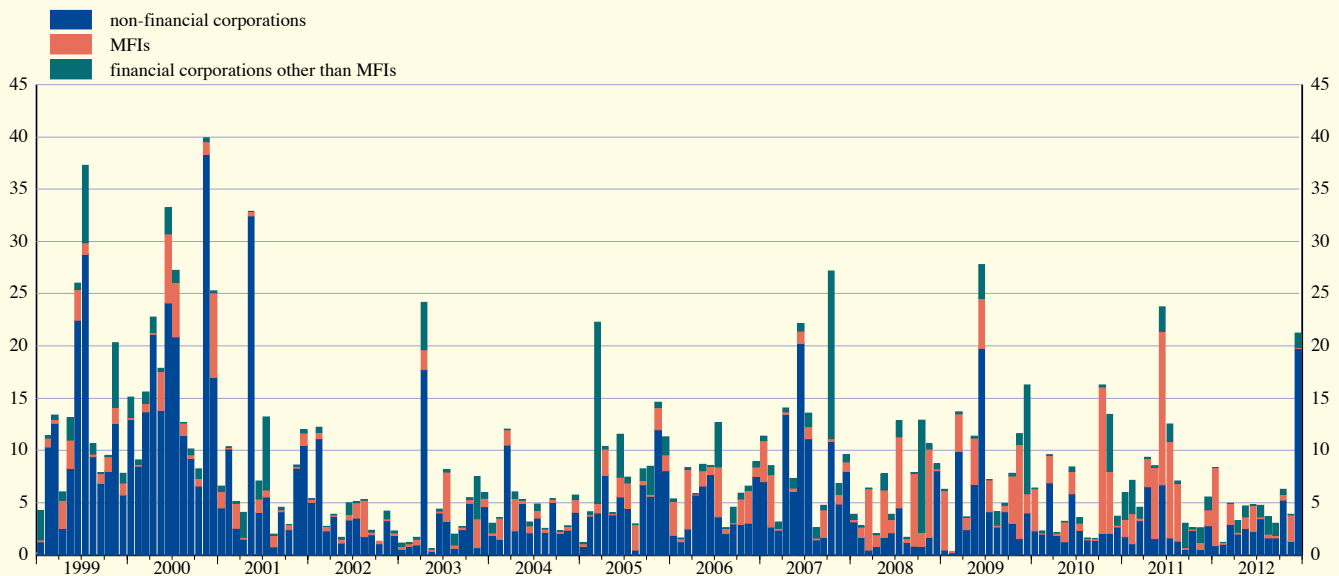
(EUR billions; market values)

##### 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 Dec.	3.7	3.5	0.2	0.2	0.0	0.2	0.9	0.3	0.5	2.7	3.2	-0.5
2011 Jan.	6.0	1.3	4.7	1.6	0.0	1.6	2.6	0.0	2.6	1.8	1.3	0.5
Feb.	7.1	0.2	6.9	2.9	0.0	2.9	3.2	0.0	3.2	1.1	0.2	0.8
Mar.	4.4	1.0	3.5	0.1	0.0	0.1	1.0	0.2	0.8	3.3	0.7	2.6
Apr.	9.3	0.6	8.8	2.7	0.0	2.7	0.1	0.0	0.1	6.5	0.6	5.9
May	8.6	8.8	-0.2	6.8	2.1	4.6	0.2	0.0	0.2	1.6	6.6	-5.0
June	23.7	1.3	22.5	14.7	0.0	14.7	2.3	0.3	2.0	6.7	1.0	5.7
July	12.5	0.7	11.8	9.3	0.0	9.3	1.6	0.0	1.6	1.6	0.7	0.9
Aug.	7.1	1.0	6.1	5.5	0.0	5.5	0.3	0.2	0.1	1.3	0.8	0.5
Sep.	2.9	2.9	0.0	0.0	0.9	-0.9	2.3	0.0	2.3	0.5	2.0	-1.4
Oct.	2.4	0.4	2.0	0.0	0.0	0.0	0.1	0.0	0.1	2.3	0.4	1.9
Nov.	2.6	1.5	1.1	0.7	0.0	0.7	1.4	0.0	1.4	0.6	1.5	-1.0
Dec.	5.5	1.0	4.5	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.0	1.8
2012 Jan.	8.4	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.6
Feb.	1.1	1.4	-0.3	0.0	0.0	0.0	0.0	0.2	-0.2	1.0	1.2	-0.1
Mar.	4.9	0.7	4.3	2.0	0.0	2.0	0.0	0.1	-0.1	2.9	0.6	2.3
Apr.	3.1	0.3	2.8	0.0	0.0	0.0	1.1	0.0	1.1	2.0	0.3	1.7
May	4.7	1.8	2.9	1.1	0.0	1.1	1.0	0.1	1.0	2.5	1.7	0.8
June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1
July	4.7	0.3	4.4	0.2	0.0	0.2	1.1	0.0	1.1	3.5	0.3	3.2
Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.9	0.5	2.3	0.1	0.0	0.1	1.2	0.1	1.0	1.7	0.4	1.3
Oct.	6.3	1.8	4.5	0.5	0.0	0.5	0.5	0.1	0.4	5.3	1.7	3.6
Nov.	3.9	2.0	1.9	2.5	0.0	2.5	0.1	0.1	0.0	1.3	1.9	-0.6
Dec.	21.1	11.4	9.7	0.0	0.5	-0.5	1.4	0.0	1.3	19.7	10.8	8.9

#### 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 <sup>1)</sup>

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

### 1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: <sup>2)</sup>		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2012 Feb.	0.52	2.90	3.38	3.16	1.81	1.96	0.59	1.26	2.96	3.01	1.05
Mar.	0.51	2.88	3.04	3.03	1.79	1.95	0.58	1.31	2.75	2.98	0.97
Apr.	0.49	2.82	2.93	2.84	1.76	1.95	0.55	1.16	2.70	3.07	1.28
May	0.48	2.65	2.70	2.68	1.74	1.91	0.54	1.07	2.31	2.75	0.93
June	0.47	2.72	2.73	2.63	1.73	1.88	0.52	1.11	2.32	2.69	0.98
July	0.45	2.80	2.89	2.61	1.70	1.85	0.47	1.14	2.01	2.53	1.26
Aug.	0.44	2.66	2.76	2.51	1.68	1.81	0.46	1.10	2.12	2.42	1.01
Sep.	0.42	2.80	2.83	2.42	1.65	1.77	0.46	1.13	2.37	2.53	1.41
Oct.	0.41	2.74	2.56	2.49	1.62	1.71	0.45	1.05	2.18	2.21	1.50
Nov.	0.40	2.73	2.46	2.35	1.61	1.65	0.43	1.04	2.03	2.21	1.12
Dec.	0.39	2.73	2.59	2.25	1.59	1.59	0.42	1.09	1.92	2.16	1.53
2013 Jan.	0.38	2.60	2.37	2.42	1.53	1.52	0.40	1.12	2.00	2.07	1.17

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

	Revolving loans and overdrafts	Extended credit card debt <sup>3)</sup>	Consumer credit				Lending for house purchase				Lending to sole proprietors and unincorporated partnerships			
			By initial rate fixation			APRC <sup>4)</sup>	By initial rate fixation			APRC <sup>4)</sup>	By initial rate fixation			
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years		Over 10 years	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2012 Feb.	8.41	17.05	5.70	6.59	8.09	7.63	3.45	3.64	3.70	3.95	3.92	3.86	4.71	4.04
Mar.	8.39	16.98	5.55	6.44	7.94	7.45	3.32	3.57	3.61	3.91	3.83	3.73	4.74	3.90
Apr.	8.26	17.10	5.43	6.31	7.95	7.35	3.20	3.58	3.59	3.96	3.79	3.65	4.68	3.89
May	8.26	17.10	5.65	6.39	7.95	7.48	3.14	3.54	3.53	3.84	3.72	3.80	4.74	3.83
June	8.25	17.06	5.61	6.28	7.73	7.27	3.11	3.48	3.46	3.69	3.66	3.61	4.73	3.71
July	8.15	17.01	5.76	6.26	7.82	7.37	3.09	3.40	3.31	3.62	3.58	3.64	4.45	3.49
Aug.	8.12	16.96	5.79	6.28	7.67	7.37	2.94	3.33	3.21	3.52	3.48	3.43	4.45	3.32
Sep.	8.14	16.96	5.78	6.18	7.62	7.25	2.92	3.27	3.21	3.49	3.45	3.23	4.48	3.31
Oct.	8.04	16.97	5.62	6.13	7.67	7.15	2.88	3.24	3.15	3.49	3.42	3.25	4.25	3.34
Nov.	7.96	16.95	5.62	6.09	7.67	7.13	2.87	3.18	3.14	3.40	3.35	3.33	4.23	3.23
Dec.	7.94	17.04	5.32	6.05	7.55	6.93	2.86	3.24	3.25	3.45	3.41	3.15	4.13	3.01
2013 Jan.	7.97	17.06	5.73	6.11	7.86	7.24	2.86	3.17	3.03	3.35	3.34	3.19	4.06	3.08

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2012 Feb.	4.58	4.86	5.25	4.74	5.02	4.65	4.41	2.50	3.76	3.36	3.89	3.77	3.64
Mar.	4.60	4.81	5.17	4.66	5.00	4.63	4.32	2.39	3.43	3.06	3.09	3.37	3.57
Apr.	4.46	4.96	5.09	4.61	4.85	4.57	4.39	2.39	3.52	3.43	3.40	3.51	3.59
May	4.42	4.82	5.11	4.60	4.84	4.49	4.20	2.37	3.75	3.41	3.48	3.60	3.51
June	4.39	4.81	5.03	4.58	4.76	4.41	4.16	2.44	3.20	3.44	3.03	3.34	3.22
July	4.29	4.86	5.17	4.58	4.56	4.13	4.12	2.23	3.31	3.62	3.13	3.19	3.50
Aug.	4.20	4.84	4.95	4.31	4.50	3.92	3.88	2.05	2.96	3.08	3.21	3.16	3.01
Sep.	4.18	4.69	4.75	4.26	4.45	3.88	3.93	2.15	2.57	2.92	2.73	2.95	3.06
Oct.	4.21	4.74	4.89	4.29	4.31	3.79	3.94	2.12	2.91	3.30	3.00	2.93	3.20
Nov.	4.17	4.65	4.82	4.16	4.31	3.79	3.78	2.11	2.68	3.76	3.26	2.90	2.91
Dec.	4.18	4.62	4.54	4.24	4.24	3.68	3.51	2.17	2.79	2.84	3.32	2.79	3.01
2013 Jan.	4.21	4.68	4.71	4.03	4.15	3.62	3.68	2.09	2.88	3.31	4.29	2.91	3.02

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 <sup>1)</sup>, \***  
(percentages per annum; outstanding amounts as at end of period, new business as period average, unless otherwise indicated)

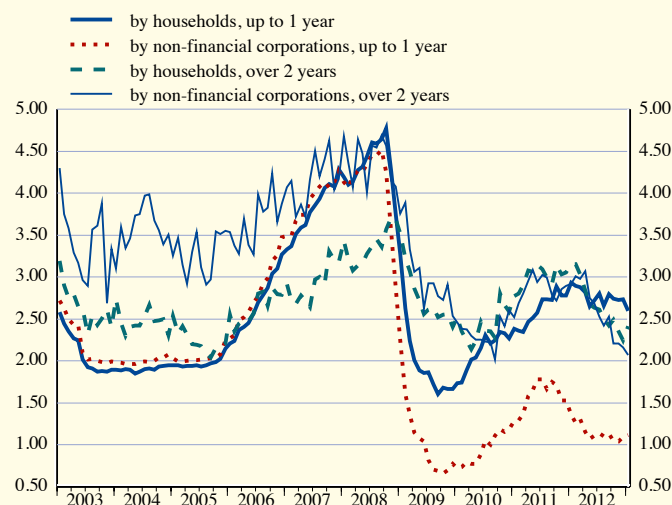
**4. Interest rates on deposits (outstanding amounts)**

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight <sup>2)</sup>	With an agreed maturity of:		Redeemable at notice of: <sup>2)3)</sup>		Overnight <sup>2)</sup>	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2012 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	0.47	1.89	3.04	2.47
Aug.	0.44	2.70	2.77	1.68	1.81	0.46	1.84	3.01	2.45
Sep.	0.42	2.69	2.79	1.65	1.77	0.46	1.82	3.02	2.61
Oct.	0.41	2.67	2.74	1.62	1.71	0.45	1.78	2.95	2.55
Nov.	0.40	2.66	2.75	1.61	1.65	0.43	1.79	2.96	2.54
Dec.	0.39	2.64	2.73	1.59	1.59	0.42	1.80	2.91	2.65
2013 Jan.	0.38	2.59	2.69	1.53	1.52	0.40	1.76	2.86	2.32

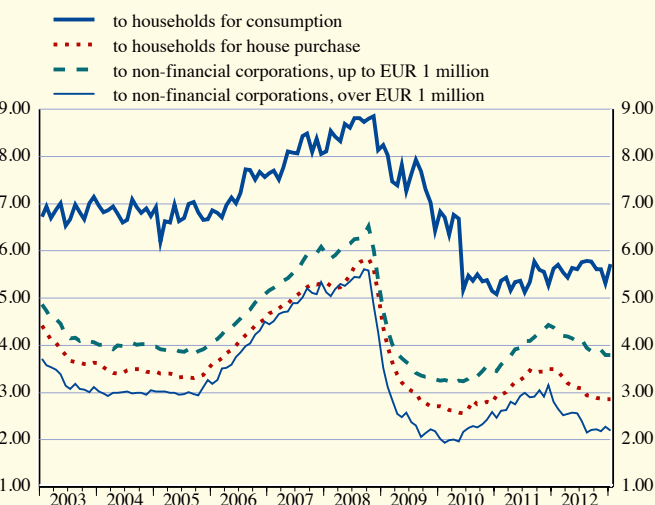
**5. Interest rates on loans (outstanding amounts)**

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2012 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.	3.74	3.51	3.67	7.77	6.23	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	4.97	3.76	3.29	3.26
Nov.	3.53	3.42	3.60	7.59	6.23	4.95	3.72	3.30	3.25
Dec.	3.49	3.39	3.56	7.75	6.18	4.92	3.71	3.28	3.22
2013 Jan.	3.46	3.35	3.55	7.75	6.21	4.90	3.75	3.29	3.21

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



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



Source: ECB.

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

## 4.6 Money market interest rates

(percentages per annum; period averages)

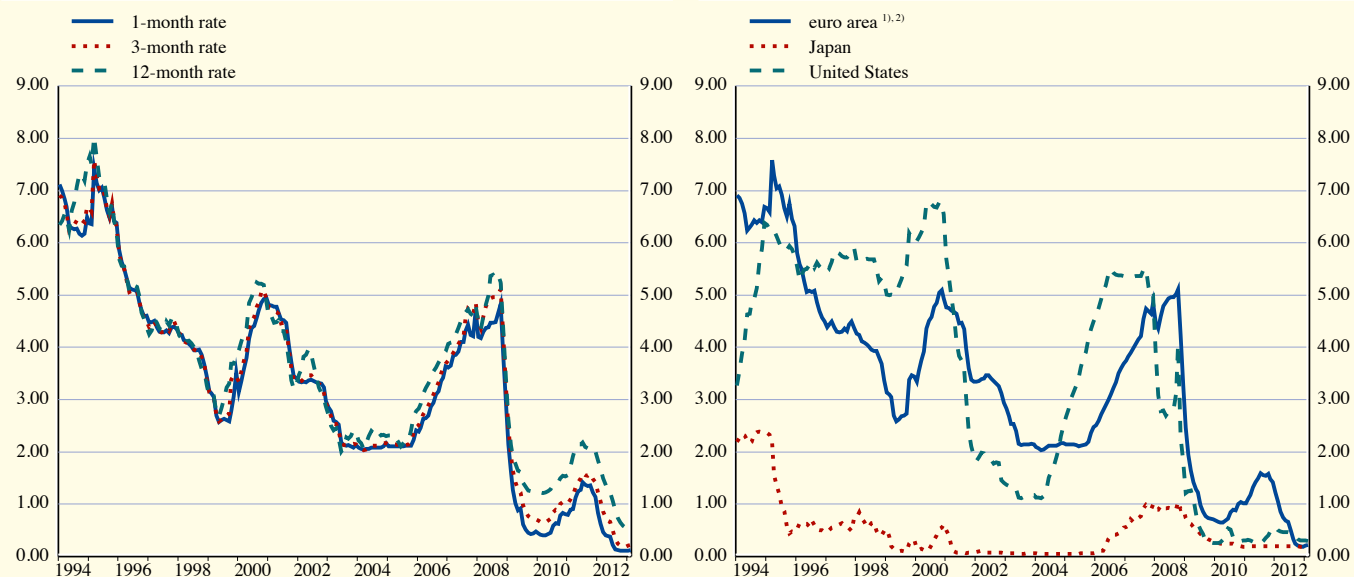
	Euro area <sup>1),2)</sup>					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.58	0.83	1.11	0.43	0.19
2011 Q4	0.79	1.24	1.50	1.72	2.05	0.48	0.20
2012 Q1	0.37	0.64	1.04	1.34	1.67	0.51	0.20
Q2	0.34	0.39	0.69	0.98	1.28	0.47	0.20
Q3	0.13	0.16	0.36	0.63	0.90	0.43	0.19
Q4	0.08	0.11	0.20	0.37	0.60	0.32	0.19
2012 Feb.	0.37	0.63	1.05	1.35	1.68	0.50	0.20
Mar.	0.36	0.47	0.86	1.16	1.50	0.47	0.20
Apr.	0.35	0.41	0.74	1.04	1.37	0.47	0.20
May	0.34	0.39	0.68	0.97	1.27	0.47	0.20
June	0.33	0.38	0.66	0.93	1.22	0.47	0.20
July	0.18	0.22	0.50	0.78	1.06	0.45	0.20
Aug.	0.11	0.13	0.33	0.61	0.88	0.43	0.19
Sep.	0.10	0.12	0.25	0.48	0.74	0.39	0.19
Oct.	0.09	0.11	0.21	0.41	0.65	0.33	0.19
Nov.	0.08	0.11	0.19	0.36	0.59	0.31	0.19
Dec.	0.07	0.11	0.19	0.32	0.55	0.31	0.18
2013 Jan.	0.07	0.11	0.20	0.34	0.58	0.30	0.17
Feb.	0.07	0.12	0.22	0.36	0.59	0.29	0.16

### C23 Euro area money market rates <sup>1), 2)</sup>

(monthly averages; percentages per annum)

### C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

- 1) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP. For further information, see the General Notes.
- 2) Data refer to the changing composition of the euro area. For further information, see the General Notes.

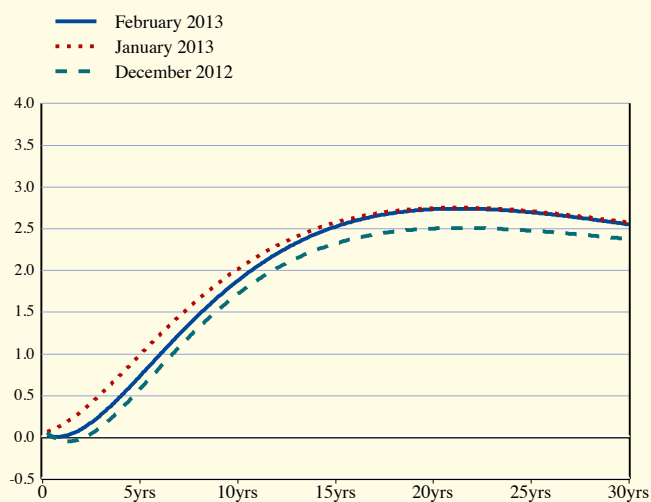
#### 4.7 Euro area yield curves <sup>1)</sup>

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2011 Q4	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Q1	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Q2	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
Q3	0.02	-0.01	0.07	0.76	1.29	1.94	1.94	1.87	0.00	0.36	2.10	3.75
Q4	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2012 Feb.	0.11	0.15	0.37	1.39	1.99	2.59	2.49	2.22	0.29	0.95	3.06	4.06
Mar.	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Apr.	0.03	0.10	0.32	1.26	1.84	2.47	2.44	2.15	0.26	0.85	2.84	4.10
May	0.07	0.05	0.17	0.89	1.36	1.89	1.82	1.72	0.10	0.52	2.17	3.23
June	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
July	0.00	-0.09	-0.02	0.71	1.25	1.87	1.87	1.89	-0.11	0.26	2.12	3.52
Aug.	0.03	-0.05	0.01	0.75	1.29	1.91	1.88	1.90	-0.08	0.30	2.17	3.55
Sep.	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
Oct.	0.01	-0.01	0.09	0.78	1.31	1.95	1.94	1.86	0.02	0.39	2.13	3.72
Nov.	0.04	-0.02	0.04	0.65	1.15	1.80	1.76	1.76	-0.03	0.27	1.91	3.60
Dec.	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013 Jan.	0.07	0.15	0.32	0.99	1.45	2.02	1.95	1.71	0.28	0.70	2.18	3.62
Feb.	0.03	0.01	0.10	0.74	1.24	1.88	1.86	1.78	0.05	0.38	1.99	3.72

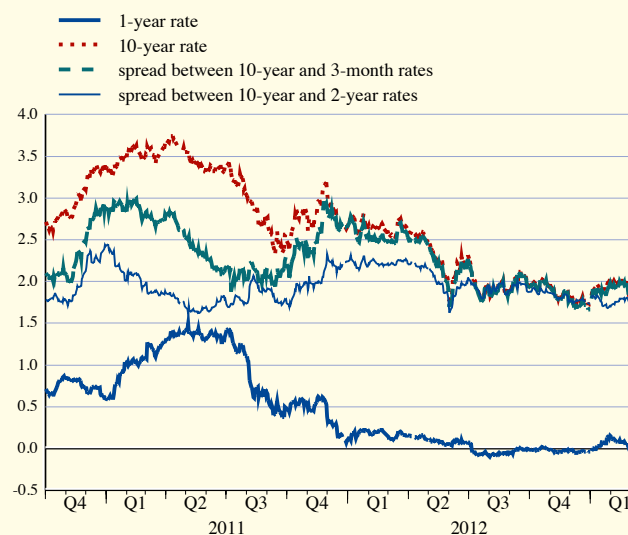
#### C25 Euro area spot yield curves <sup>2)</sup>

(percentages per annum; end of period)



#### C26 Euro area spot rates and spreads <sup>2)</sup>

(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.

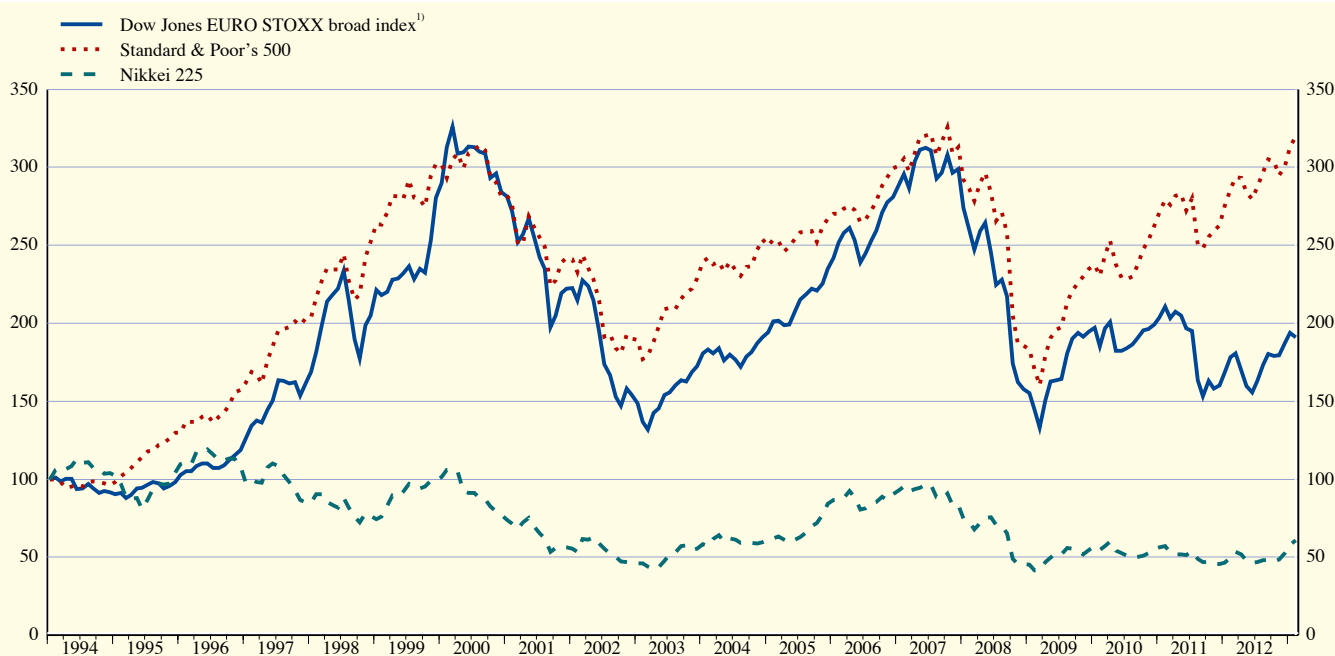
## 4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices <sup>1)</sup>												United States	Japan
	Benchmark		Main industry indices										Standard & Poor's 500	Nikkei 225
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2012	239.7	2,411.9	503.7	151.9	385.7	307.2	122.1	330.2	219.2	235.9	268.5	523.3	1,379.4	9,102.6
2011 Q4	222.4	2,277.8	427.1	142.1	327.1	295.5	117.2	296.6	201.8	256.5	320.3	432.4	1,225.7	8,580.6
2012 Q1	243.7	2,473.6	499.1	150.3	372.3	324.6	129.7	333.3	221.7	253.7	300.6	480.6	1,348.8	9,295.3
Q2	224.0	2,226.2	472.5	140.8	370.7	285.3	108.2	311.6	207.4	223.4	261.9	493.2	1,349.7	9,026.5
Q3	238.7	2,400.9	505.9	152.7	392.3	307.8	117.2	327.7	215.9	234.0	265.6	548.5	1,400.9	8,886.4
Q4	252.0	2,543.3	536.8	163.6	407.4	310.5	133.0	347.7	231.6	232.0	245.4	570.7	1,418.1	9,208.6
2012 Feb.	247.2	2,508.2	507.2	152.1	377.3	327.0	134.4	336.3	223.9	254.6	300.1	477.6	1,352.5	9,242.3
Mar.	250.7	2,532.2	512.9	152.0	388.0	329.5	134.6	344.6	234.3	257.7	296.7	490.5	1,389.2	9,962.3
Apr.	235.0	2,340.8	497.6	145.9	380.9	301.1	116.8	327.8	221.2	237.7	275.2	488.5	1,386.4	9,627.4
May	221.9	2,198.5	469.5	139.7	373.7	281.6	105.0	310.4	204.5	218.9	261.4	492.0	1,341.3	8,842.5
June	216.2	2,152.7	453.1	137.4	358.3	275.1	104.0	298.4	198.0	215.4	250.4	498.9	1,323.5	8,638.1
July	226.5	2,258.4	479.1	145.8	379.4	290.4	106.5	313.9	204.4	224.3	257.3	534.2	1,359.8	8,760.7
Aug.	240.5	2,424.5	509.4	154.6	399.7	313.0	116.8	330.3	220.8	231.8	265.7	552.5	1,403.4	8,949.9
Sep.	250.1	2,530.7	531.4	158.2	398.1	321.0	129.5	339.8	223.0	247.2	274.6	559.7	1,443.4	8,948.6
Oct.	248.7	2,503.5	528.4	159.1	398.3	311.7	130.2	340.2	219.9	241.9	255.9	567.6	1,437.8	8,827.4
Nov.	248.7	2,514.0	526.1	162.8	403.8	308.0	131.2	343.7	230.6	226.9	239.0	563.3	1,394.5	9,059.9
Dec.	259.7	2,625.6	559.5	170.0	422.7	312.0	138.5	361.5	246.8	225.8	240.2	583.1	1,422.3	9,814.4
2013 Jan.	269.1	2,715.3	568.4	176.4	434.1	319.7	148.6	373.9	255.3	228.5	251.7	588.6	1,480.4	10,750.9
Feb.	264.7	2,630.4	561.0	180.7	439.1	301.4	143.2	372.7	256.0	218.5	231.1	586.7	1,512.3	11,336.4

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

(January 1994 = 100; monthly averages)



Source: ECB.

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



# PRICES, OUTPUT, DEMAND AND LABOUR MARKETS



## 5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

### 1. Harmonised Index of Consumer Prices <sup>1)</sup>

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices <sup>2)</sup>	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
		Total excl. unprocessed food and energy											
% of total in 2012	100.0	100.0	81.7	57.7	42.3	100.0	12.0	7.3	27.4	11.0	42.3	87.9	12.3
	1	2	3	4	5	6	7	8	9	10	11	12	13
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.7
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.7
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.6
2012	115.6	2.5	1.8	3.0	1.8	-	-	-	-	-	-	2.3	3.8
2011 Q4	114.1	2.9	2.0	3.7	1.9	0.7	1.0	0.7	0.7	1.5	0.3	2.8	3.6
2012 Q1	114.3	2.7	1.9	3.3	1.8	0.9	0.7	0.7	0.3	4.1	0.5	2.6	3.5
Q2	115.9	2.5	1.8	3.0	1.8	0.5	0.6	0.8	0.3	1.0	0.5	2.3	3.5
Q3	115.7	2.5	1.7	3.1	1.8	0.5	0.4	1.1	0.1	1.2	0.5	2.3	4.0
Q4	116.7	2.3	1.6	2.7	1.7	0.4	0.7	1.5	0.3	-0.1	0.3	2.0	4.1
2012 Sep.	116.4	2.6	1.6	3.2	1.7	0.2	0.1	0.4	0.2	1.1	0.0	2.4	4.2
Oct.	116.7	2.5	1.6	3.0	1.7	0.1	0.4	0.7	0.1	-0.5	0.1	2.3	4.2
Nov.	116.5	2.2	1.5	2.6	1.6	-0.1	0.2	0.2	0.1	-1.4	0.0	1.9	4.1
Dec.	116.9	2.2	1.6	2.5	1.8	0.1	0.2	0.5	0.1	-0.5	0.3	2.0	4.1
2013 Jan. <sup>3)</sup>	115.7	2.0	1.5	2.2	1.6	0.2	0.2	0.2	0.0	1.3	0.1	1.8	3.1
Feb. <sup>3)</sup>	116.1	1.8	.	.	1.6	.	.	.	.	1.2	.	.	.

	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	19.4	12.0	7.3	38.3	27.4	11.0	10.3	6.0	7.2	3.1	14.7	7.1
	14	15	16	17	18	19	20	21	22	23	24	25
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2012	3.1	3.1	3.0	3.0	1.2	7.6	1.8	1.5	2.9	-3.2	2.2	2.0
2011 Q4	3.3	4.2	1.8	3.9	1.2	11.5	1.7	1.4	3.0	-1.8	2.1	2.1
2012 Q1	3.2	4.0	2.0	3.3	1.1	9.1	1.7	1.5	2.9	-2.7	2.1	2.4
Q2	3.0	3.5	2.3	2.9	1.3	7.2	1.7	1.4	2.7	-3.1	2.2	2.0
Q3	3.0	2.7	3.4	3.2	1.3	8.0	1.9	1.5	3.0	-3.1	2.2	1.9
Q4	3.1	2.4	4.3	2.5	1.1	6.3	1.8	1.5	3.1	-3.8	2.1	1.9
2012 Sep.	2.9	2.5	3.7	3.4	1.2	9.1	1.8	1.5	2.8	-3.3	2.2	1.8
Oct.	3.1	2.4	4.3	3.0	1.1	8.0	1.9	1.5	3.1	-3.5	2.0	2.1
Nov.	3.0	2.4	4.1	2.4	1.1	5.7	1.9	1.5	2.8	-4.1	2.1	1.8
Dec.	3.2	2.4	4.4	2.2	1.0	5.2	1.8	1.4	3.4	-3.8	2.3	1.7
2013 Jan. <sup>3)</sup>	3.2	2.3	4.8	1.7	0.8	3.9	1.8	1.5	3.3	-4.0	2.5	0.7
Feb. <sup>3)</sup>	2.7	.	.	.	0.8	4.0	.	.	.	.	.	.

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 <sup>1)</sup>	Residential property prices <sup>2)</sup>
	Total (index: 2010 = 100)	Total		Industry excluding construction and energy						Energy		
		Manu- facturing	Total	Intermediate goods	Capital goods	Consumer goods						
						Total	Durable	Non-durable				
% of total in 2010	100.0	100.0	75.4	68.1	27.5	18.7	21.9	2.2	19.7	31.9		
	1	2	3	4	5	6	7	8	9	10	11	12
2009	97.2	-5.0	-5.3	-2.8	-5.5	0.4	-2.0	1.2	-2.4	-11.3	0.4	-3.2
2010	100.0	2.8	3.5	1.7	3.7	0.3	0.4	0.8	0.4	5.9	2.0	1.0
2011	105.9	5.9	5.6	4.0	6.2	1.3	3.2	2.0	3.4	11.6	3.5	1.0
2012	108.7	2.6	2.1	1.4	0.9	0.9	2.4	1.7	2.5	6.3	.	.
2011 Q4	106.7	5.0	4.5	2.9	3.5	1.4	3.3	2.4	3.5	11.1	3.1	-0.3
2012 Q1	108.3	3.7	3.0	1.8	1.3	1.1	2.9	2.2	3.0	9.2	2.0	-0.9
Q2	108.4	2.2	1.7	1.1	0.4	1.1	2.0	1.9	2.1	5.7	1.8	-1.6
Q3	108.9	2.3	1.9	1.0	0.3	0.9	2.2	1.5	2.3	6.0	1.4	-2.6
Q4	109.2	2.3	2.0	1.6	1.4	0.7	2.3	1.1	2.5	4.3	.	.
2012 Aug.	109.1	2.7	2.2	1.1	0.3	0.8	2.3	1.6	2.3	7.5	-	-
Sep.	109.4	2.6	2.3	1.3	0.8	0.8	2.4	1.3	2.5	6.5	-	-
Oct.	109.4	2.6	2.4	1.6	1.3	0.7	2.4	1.3	2.6	5.5	-	-
Nov.	109.2	2.1	1.8	1.5	1.4	0.7	2.2	1.1	2.4	3.9	-	-
Dec.	108.9	2.1	1.7	1.6	1.6	0.8	2.3	1.0	2.4	3.6	-	-
2013 Jan.	109.6	1.9	1.2	1.4	1.3	0.7	2.2	0.9	2.4	2.8	-	-

### 3. Commodity prices and gross domestic product deflators

	Oil prices <sup>3)</sup> (EUR per barrel)	Non-energy commodity prices						Total (s.a.; index: 2005 = 100)	Total	GDP deflators				Exports <sup>6)</sup>	Imports <sup>6)</sup>
		Import-weighted <sup>4)</sup>			Use-weighted <sup>5)</sup>					Domestic demand					
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump- tion	Government consump- tion	Gross fixed capital formation		
% of total	100.0	35.0	65.0	100.0	45.0	55.0									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.4	-22.8	107.2	0.9	-0.1	-0.4	2.1	-0.3	-3.5	-6.3
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.1	0.8	1.5	1.7	0.7	0.8	3.1	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.4	1.2	2.0	2.5	0.8	2.0	3.6	5.7
2012	86.6	0.5	1.1	0.3	2.6	6.4	-0.3	110.7	1.2	1.6	2.1	0.6	1.2	1.6	2.4
2011 Q4	80.7	-2.5	3.6	-5.2	-1.7	4.3	-6.0	109.8	1.3	2.1	2.6	1.6	2.0	2.7	4.6
2012 Q1	90.1	-5.8	-7.6	-4.9	-4.8	-3.7	-5.6	110.2	1.2	1.8	2.4	1.2	1.6	1.9	3.2
Q2	84.6	-1.1	-3.4	0.1	1.1	4.1	-1.2	110.5	1.2	1.6	2.1	1.0	1.2	1.4	2.3
Q3	87.3	5.3	10.4	2.7	7.8	16.0	1.6	111.0	1.3	1.7	2.0	1.1	1.1	1.6	2.5
Q4	84.4	4.4	6.0	3.7	7.0	10.2	4.5	111.2	1.3	1.4	1.8	0.0	0.9	1.3	1.7
2012 Sep.	87.9	4.6	8.1	2.9	7.7	14.2	2.8	-	-	-	-	-	-	-	-
Oct.	85.6	5.7	8.1	4.6	7.9	11.7	4.9	-	-	-	-	-	-	-	-
Nov.	84.8	5.2	6.8	4.4	8.0	11.8	4.9	-	-	-	-	-	-	-	-
Dec.	82.8	2.5	3.1	2.2	5.1	7.1	3.5	-	-	-	-	-	-	-	-
2013 Jan.	84.2	-3.7	-3.4	-3.9	-1.6	0.2	-3.1	-	-	-	-	-	-	-	-
Feb.	86.7	-3.6	-3.4	-3.7	-2.4	-1.3	-3.2	-	-	-	-	-	-	-	-

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	Manufactu- ring, energy and utilities	Construction	Trade, transport, accommoda- tion and food services	Information and commu- nication	Finance and insurance	Real estate	Professional, business and support services	Public admi- nistration, education, health and social work	Arts, enter- tainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Unit labour costs<sup>1)</sup></b>												
2010	109.2	-0.9	4.1	-7.6	3.7	-0.9	-0.2	0.3	3.4	0.9	0.8	1.9
2011	110.3	1.0	-2.6	0.0	0.6	0.8	2.9	0.7	4.0	2.9	0.7	1.1
2011 Q4	111.2	1.6	-2.4	2.5	-1.6	1.7	3.7	-0.7	3.6	3.4	0.8	0.9
2012 Q1	111.5	1.6	-0.3	2.9	1.1	1.7	4.0	1.4	1.2	1.5	0.5	1.4
Q2	111.9	1.3	1.5	3.1	0.9	1.2	4.2	-0.3	0.3	1.3	-0.1	1.2
Q3	112.2	1.6	3.3	3.1	1.5	1.9	4.3	-0.3	-0.1	1.8	0.4	2.5
<b>Compensation per employee</b>												
2010	111.6	1.7	2.1	3.8	2.1	1.9	2.8	1.7	3.1	0.9	0.9	1.3
2011	114.1	2.2	1.8	3.0	3.9	1.8	2.4	1.0	2.4	2.8	1.4	1.4
2011 Q4	115.1	2.2	2.0	2.3	4.5	2.1	2.3	-0.1	1.7	3.4	1.9	2.0
2012 Q1	115.7	2.0	1.8	2.2	3.2	1.8	2.5	2.0	2.2	2.5	1.4	2.0
Q2	115.9	1.6	1.4	2.8	3.0	1.3	1.9	0.9	0.2	2.0	0.7	1.0
Q3	116.4	1.8	1.4	3.0	3.6	1.4	2.1	1.1	0.6	2.0	1.0	1.8
<b>Labour productivity per person employed<sup>2)</sup></b>												
2010	102.2	2.5	-1.9	12.3	-1.6	2.8	3.0	1.5	-0.2	0.0	0.1	-0.6
2011	103.4	1.2	4.5	3.0	3.3	1.0	-0.5	0.3	-1.6	-0.1	0.6	0.3
2011 Q4	103.5	0.7	4.5	-0.2	6.2	0.4	-1.4	0.6	-1.8	0.0	1.0	1.2
2012 Q1	103.7	0.4	2.0	-0.7	2.1	0.1	-1.5	0.6	1.1	1.0	0.9	0.5
Q2	103.6	0.3	-0.1	-0.3	2.1	0.1	-2.2	1.2	-0.1	0.7	0.8	-0.2
Q3	103.7	0.1	-1.8	-0.1	2.1	-0.4	-2.1	1.3	0.7	0.2	0.7	-0.7
<b>Compensation per hour worked</b>												
2010	113.6	1.2	0.9	1.1	2.5	1.6	2.2	1.2	2.3	0.1	0.8	1.3
2011	116.0	2.1	0.1	2.3	4.3	2.0	2.4	0.8	1.8	2.6	1.4	1.7
2011 Q4	117.2	2.4	-0.2	2.7	5.5	2.4	2.2	-0.2	2.8	3.1	1.7	2.5
2012 Q1	117.6	2.6	4.3	2.3	4.6	2.9	3.1	2.5	4.9	3.1	1.4	3.1
Q2	118.8	2.4	3.4	2.8	4.9	2.8	2.2	1.6	3.8	2.3	0.7	2.9
Q3	119.5	2.8	3.4	4.7	5.8	2.8	2.5	1.8	4.2	2.6	1.0	2.8
<b>Hourly labour productivity<sup>2)</sup></b>												
2010	104.2	2.0	-2.1	9.5	-1.5	2.5	2.4	1.0	-1.2	-0.6	0.0	-0.3
2011	105.5	1.3	4.6	2.4	3.5	1.3	-0.4	0.2	-2.2	-0.2	0.7	0.7
2011 Q4	105.9	0.9	4.1	0.1	6.8	0.8	-1.4	0.6	-1.3	-0.2	0.9	1.5
2012 Q1	106.2	1.1	2.6	-0.5	3.6	1.1	-0.9	1.1	3.1	1.6	0.9	1.5
Q2	106.6	1.1	0.4	-0.2	4.2	1.3	-1.9	1.8	1.5	1.2	0.8	1.8
Q3	106.8	1.0	-1.3	1.5	4.2	0.4	-2.1	1.8	2.5	0.8	0.6	0.6

**5. Labour cost indices<sup>3)</sup>**

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages <sup>4)</sup>
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2011	106.5	2.2	2.0	2.8	3.0	2.5	2.5	2.0
2012	.	.	.	.	.	.	.	2.1
2012 Q1	100.3	1.6	1.7	1.4	1.3	1.5	1.8	2.0
Q2	112.2	1.9	2.1	1.4	2.8	2.2	2.2	2.2
Q3	106.0	2.0	2.0	1.7	3.2	2.5	2.0	2.2
Q4	.	.	.	.	.	.	.	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 <sup>1)</sup>		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	Total	Exports <sup>1)</sup>	Imports <sup>1)</sup>
1	2	3	4	5	6	7	8	9	
	<i>Current prices (EUR billions)</i>								
2009	8,920.2	8,801.9	5,134.2	1,988.2	1,730.7	-51.2	118.3	3,285.4	3,167.1
2010	9,176.1	9,053.6	5,269.1	2,017.1	1,743.0	24.5	122.4	3,769.5	3,647.1
2011	9,421.2	9,285.3	5,407.2	2,031.0	1,805.1	42.0	135.9	4,150.1	4,014.2
2012	9,483.4	9,228.0	5,450.7	2,043.3	1,751.3	-17.3	255.4	4,325.8	4,070.4
2011 Q4	2,360.6	2,314.5	1,357.6	511.0	450.7	-4.8	46.0	1,050.1	1,004.1
2012 Q1	2,367.6	2,319.3	1,362.2	511.4	446.3	-0.5	48.2	1,064.4	1,016.1
Q2	2,370.6	2,309.3	1,359.5	512.0	438.5	-0.7	61.3	1,080.2	1,019.0
Q3	2,379.7	2,305.7	1,363.6	512.4	436.4	-6.8	74.0	1,097.3	1,023.3
Q4	2,368.8	2,296.2	1,365.4	510.2	432.6	-12.1	72.7	1,087.5	1,014.9
	<i>percentage of GDP</i>								
2012	100.0	97.3	57.5	21.5	18.5	-0.2	2.7	-	-
	<i>Chain-linked volumes (prices for the previous year)</i>								
	<i>quarter-on-quarter percentage changes</i>								
2011 Q4	-0.3	-0.9	-0.7	0.0	-0.5	-	-	0.0	-1.3
2012 Q1	-0.1	-0.5	-0.2	0.2	-1.4	-	-	0.5	-0.4
Q2	-0.2	-0.7	-0.5	-0.1	-1.7	-	-	1.6	0.6
Q3	-0.1	-0.5	-0.1	-0.1	-0.8	-	-	1.0	0.1
Q4	-0.6	-0.6	-0.4	-0.1	-1.1	-	-	-0.9	-0.9
	<i>annual percentage changes</i>								
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
2012	-0.6	-2.2	-1.3	0.0	-4.1	-	-	2.6	-1.0
2011 Q4	0.6	-0.7	-0.9	-0.3	0.8	-	-	3.6	0.6
2012 Q1	-0.1	-1.7	-1.1	0.1	-2.5	-	-	2.5	-1.1
Q2	-0.5	-2.3	-1.1	-0.1	-3.9	-	-	3.6	-0.7
Q3	-0.6	-2.5	-1.5	-0.1	-4.4	-	-	3.2	-1.0
Q4	-0.9	-2.2	-1.2	-0.2	-4.9	-	-	2.2	-0.6
	<i>contributions to quarter-on-quarter percentage changes in GDP; percentage points</i>								
2011 Q4	-0.3	-0.8	-0.4	0.0	-0.1	-0.4	0.5	-	-
2012 Q1	-0.1	-0.5	-0.1	0.0	-0.3	-0.1	0.4	-	-
Q2	-0.2	-0.7	-0.3	0.0	-0.3	0.0	0.5	-	-
Q3	-0.1	-0.5	0.0	0.0	-0.1	-0.3	0.4	-	-
Q4	-0.6	-0.6	-0.2	0.0	-0.2	-0.1	0.0	-	-
	<i>contributions to annual percentage changes in GDP; percentage points</i>								
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	-	-
2012	-0.6	-2.2	-0.7	0.0	-0.8	-0.6	1.6	-	-
2011 Q4	0.6	-0.7	-0.5	-0.1	0.1	-0.2	1.3	-	-
2012 Q1	-0.1	-1.6	-0.6	0.0	-0.5	-0.5	1.6	-	-
Q2	-0.5	-2.3	-0.6	0.0	-0.8	-0.9	1.8	-	-
Q3	-0.6	-2.5	-0.9	0.0	-0.8	-0.8	1.8	-	-
Q4	-0.9	-2.1	-0.7	0.0	-0.9	-0.5	1.3	-	-

Sources: Eurostat and ECB calculations.

- 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.
- 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	Manufac- turing, energy and utilities	Construction	Trade, transport, accommoda- tion and food services	Information and commu- nication	Finance and insurance	Real estate	Professional, business and support services	Public admi- nistration, education, health and social work	Arts, enter- tainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
<i>Current prices (EUR billions)</i>												
2009	8,026.4	124.0	1,462.3	532.0	1,538.7	363.1	421.5	902.5	804.4	1,582.6	295.1	893.9
2010	8,234.4	136.0	1,570.1	501.0	1,582.3	362.3	437.3	915.8	816.9	1,612.6	300.2	941.6
2011	8,447.2	143.3	1,639.5	506.6	1,634.1	360.1	433.8	946.8	843.5	1,633.8	305.7	974.0
2012	8,503.9	150.7	1,641.6	498.4	1,646.1	352.1	424.6	968.7	858.7	1,651.2	311.8	979.5
2011 Q4	2,118.9	35.9	407.8	127.1	411.5	89.6	108.1	239.0	213.0	409.6	77.3	241.7
2012 Q1	2,123.4	37.1	408.8	126.2	410.5	89.1	108.3	239.3	214.0	412.5	77.6	244.1
Q2	2,126.1	37.3	410.8	125.0	410.2	88.1	107.1	241.7	214.4	414.2	77.3	244.5
Q3	2,133.4	37.8	413.4	124.1	412.4	87.6	105.2	243.7	215.9	414.8	78.5	246.3
Q4	2,123.4	38.5	409.3	123.2	413.9	87.3	104.3	244.4	214.8	409.0	78.7	245.4
<i>percentage of value added</i>												
2012	100.0	1.8	19.3	5.9	19.4	4.1	5.0	11.4	10.1	19.4	3.7	-
<i>Chain-linked volumes (prices for the previous year)</i>												
<i>quarter-on-quarter percentage changes</i>												
2011 Q4	-0.3	0.0	-1.5	0.0	-0.3	0.1	-0.1	0.4	0.1	0.2	0.5	-0.7
2012 Q1	-0.1	-0.4	0.2	-1.3	-0.2	-0.3	0.1	0.3	0.2	-0.2	0.0	0.2
Q2	-0.1	-0.5	-0.1	-1.1	-0.4	-0.4	-0.2	0.4	0.0	0.4	-0.6	-0.6
Q3	0.0	-1.6	0.1	-0.9	-0.4	-0.1	-0.1	0.4	0.4	0.0	0.5	-0.3
Q4	-0.5	0.1	-1.7	-0.8	-0.4	0.2	-0.6	0.0	-0.8	0.1	-0.2	-1.2
<i>annual percentage changes</i>												
2009	-4.4	1.3	-13.2	-8.0	-4.5	1.7	0.5	0.5	-7.5	1.3	-0.4	-4.2
2010	2.1	-3.0	9.1	-5.4	2.2	1.6	0.7	-0.5	1.7	1.1	0.3	1.0
2011	1.6	2.2	3.3	-0.8	1.7	1.4	0.1	1.3	2.4	0.7	0.5	0.4
2012	-0.5	-1.6	-1.6	-3.6	-0.9	-0.4	-0.3	1.3	0.4	0.5	0.1	-1.5
2011 Q4	0.9	1.9	0.0	0.8	0.6	0.9	0.7	1.7	1.9	0.9	1.1	-1.6
2012 Q1	0.0	0.4	-1.2	-3.1	-0.2	0.2	0.1	1.6	1.3	0.8	0.9	-1.2
Q2	-0.3	-1.0	-1.4	-3.1	-0.7	-0.4	0.2	1.3	0.6	0.6	0.3	-1.8
Q3	-0.5	-2.5	-1.5	-3.3	-1.3	-0.7	-0.3	1.4	0.6	0.4	0.4	-1.5
Q4	-0.8	-2.4	-1.6	-4.1	-1.3	-0.5	-0.8	1.1	-0.2	0.3	-0.4	-1.9
<i>contributions to quarter-on-quarter percentage changes in value added; percentage points</i>												
2011 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	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	-0.5	0.0	-0.3	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	-
<i>contributions to annual percentage changes in value added; percentage points</i>												
2009	-4.4	0.0	-2.6	-0.5	-0.9	0.1	0.0	0.1	-0.8	0.2	0.0	-
2010	2.1	0.0	1.7	-0.4	0.4	0.1	0.0	-0.1	0.2	0.2	0.0	-
2011	1.6	0.0	0.6	0.0	0.3	0.1	0.0	0.1	0.2	0.1	0.0	-
2012	-0.5	0.0	-0.3	-0.2	-0.2	0.0	0.0	0.1	0.0	0.1	0.0	-
2011 Q4	0.9	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	0.2	0.1	0.2	0.0	-
Q2	-0.3	0.0	-0.3	-0.2	-0.1	0.0	0.0	0.1	0.1	0.1	0.0	-
Q3	-0.5	0.0	-0.3	-0.2	-0.2	0.0	0.0	0.2	0.1	0.1	0.0	-
Q4	-0.8	0.0	-0.3	-0.2	-0.2	0.0	0.0	0.1	0.0	0.1	0.0	-

Sources: Eurostat and ECB calculations.

## 5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

### 3. Industrial production

	Total		Industry excluding construction									Construction	
	% of total in 2010	Total (s.a.; index: 2010 = 100)	Total		Industry excluding construction and energy						Energy		12
			3	Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods			11		
								8	Durable	Non-durable			
1	2	3	4	5	6	7	8	9	10	11			
2010	100.0	79.4	79.4	68.3	67.7	26.7	23.2	17.8	2.3	15.5	11.7	20.6	
2011	4.0	100.0	7.2	7.6	7.7	9.8	9.0	2.9	2.8	2.9	4.0	-7.8	
2012	2.3	103.3	3.3	4.4	4.4	3.9	8.3	0.4	0.6	0.3	-4.9	-0.9	
	-3.0	100.8	-2.4	-2.6	-2.5	-4.1	-1.3	-2.8	-5.1	-2.5	-0.4	-5.4	
2012 Q1	-2.7	101.8	-1.8	-1.5	-1.6	-3.3	1.5	-3.1	-4.9	-2.8	-3.7	-6.7	
Q2	-3.1	101.2	-2.4	-2.8	-2.9	-4.1	-1.4	-3.1	-5.0	-2.8	1.8	-6.0	
Q3	-2.8	101.4	-2.3	-2.4	-2.3	-4.1	-1.2	-2.4	-5.1	-2.1	0.1	-4.6	
Q4	-3.4	99.0	-3.2	-3.7	-3.2	-4.9	-3.9	-2.6	-5.5	-2.2	0.8	-4.3	
2012 July	-3.5	101.6	-2.7	-2.6	-3.0	-4.1	-1.7	-3.3	-8.8	-2.4	0.2	-5.7	
Aug.	-1.4	102.5	-1.3	-1.3	-1.5	-3.5	0.0	-0.5	-2.7	-0.3	-0.2	-1.7	
Sep.	-3.1	100.2	-2.8	-3.0	-2.3	-4.6	-1.5	-3.2	-2.9	-3.3	0.2	-4.6	
Oct.	-3.3	99.2	-3.4	-3.6	-3.2	-4.4	-4.5	-2.8	-6.3	-2.3	1.2	-3.3	
Nov.	-4.2	98.6	-4.0	-4.4	-3.8	-5.6	-4.5	-3.2	-6.8	-2.7	-0.2	-4.6	
Dec.	-2.6	99.3	-2.3	-2.9	-2.7	-4.7	-2.5	-1.7	-2.8	-1.5	1.4	-4.5	
<i>month-on-month percentage changes (s.a.)</i>													
2012 July	0.3	-	0.4	0.8	0.7	0.0	2.1	-0.5	0.0	-0.6	-2.0	0.1	
Aug.	1.1	-	0.8	0.7	1.4	0.3	1.2	1.8	2.2	1.4	0.7	0.9	
Sep.	-2.2	-	-2.3	-2.6	-3.1	-2.1	-3.1	-2.6	-3.2	-2.7	0.2	-1.9	
Oct.	-0.9	-	-1.0	-1.0	-1.0	-0.6	-2.7	0.4	-3.6	1.2	-0.5	0.2	
Nov.	-0.4	-	-0.6	-0.6	-0.6	-1.0	0.4	-1.1	-0.7	-1.1	-1.2	-0.3	
Dec.	0.6	-	0.7	1.0	0.9	-0.2	1.3	1.9	1.9	1.8	-1.3	-1.6	

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

	Industrial new orders <sup>1)</sup>		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing <sup>2)</sup> (current prices)		Manufacturing (current prices)		Current prices	Constant prices							Total (s.a.; thousands) <sup>3)</sup>	
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2010 = 100)	Total	Total	Total (s.a.; index: 2010 = 100)	Total	Food, beverages, tobacco	Non-food		Fuel			
									Textiles, clothing, footwear	Household equipment				
% of total in 2010	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	102.8	17.7	100.0	10.3	0.2	100.0	-1.0	0.4	1.7	2.2	0.7	-2.9	843	-8.5
2011	111.6	8.6	109.0	9.0	1.7	99.8	-0.2	-1.0	0.7	-1.3	-0.1	-3.3	838	-1.1
2012	.	.	108.4	-0.6	0.3	98.1	-1.7	-1.3	-1.7	-2.2	-2.5	-5.0	743	-11.0
2012 Q1	108.2	-3.9	109.5	1.1	1.4	99.0	-1.1	-0.8	-0.7	-0.4	-1.6	-5.7	776	-11.4
Q2	.	.	108.3	-0.8	0.4	98.3	-1.6	-1.3	-1.6	-5.6	-2.0	-4.9	769	-6.8
Q3	.	.	109.0	-0.7	0.7	98.3	-1.4	-0.8	-1.4	-0.5	-2.0	-4.2	721	-12.7
Q4	.	.	106.9	-2.1	-1.1	96.7	-2.7	-2.0	-2.8	-2.6	-4.1	-5.1	708	-14.2
2012 Sep.	.	.	107.7	-1.2	0.3	97.4	-2.0	-1.2	-1.5	3.0	-2.3	-6.1	722	-12.2
Oct.	.	.	107.3	-1.0	-1.1	96.8	-3.2	-2.2	-2.9	-3.8	-5.2	-6.8	694	-15.1
Nov.	.	.	106.4	-2.9	-0.3	97.0	-2.0	-1.6	-2.2	-2.4	-3.2	-4.8	700	-15.1
Dec.	.	.	107.0	-2.2	-1.7	96.2	-3.0	-2.2	-3.3	-1.5	-3.8	-3.6	731	-12.1
2013 Jan.	.	.	.	.	-1.5	97.4	-1.3	-1.5	-3.1	.	.	-1.0	661	-14.3
<i>month-on-month percentage changes (s.a.)</i>														
2012 Sep.	-	-	-	-2.9	-1.4	-	-1.6	-0.3	-1.2	0.0	-1.7	-2.3	-	-2.2
Oct.	-	-	-	-0.4	-0.5	-	-0.6	-0.5	-0.6	-2.0	-1.5	-0.3	-	-3.9
Nov.	-	-	-	-0.8	0.1	-	0.2	-0.4	-0.1	0.4	0.5	1.0	-	0.9
Dec.	-	-	-	0.6	-0.9	-	-0.8	-0.6	-1.1	0.1	-1.4	0.2	-	4.5
2013 Jan.	-	-	-	.	0.9	-	1.2	0.8	2.0	.	.	-0.1	-	-9.6

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).

- 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.
- Includes manufacturing industries working mainly on the basis of orders, which represented 61.2% of total manufacturing in 2005.
- Annual and quarterly figures are averages of monthly figures in the period concerned.

## 5.2 Output and demand

(percentage balances, <sup>1)</sup> unless otherwise indicated; seasonally adjusted)

### 5. Business and Consumer Surveys

	Economic sentiment indicator <sup>2)</sup> (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation <sup>3)</sup> (%)	Total <sup>4)</sup>	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total <sup>4)</sup>	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2009	80.6	-28.7	-56.7	14.7	-14.7	70.8	-24.8	-7.0	-26.1	55.3	-10.7
2010	101.4	-4.7	-24.4	0.8	11.2	76.9	-14.2	-5.3	-12.3	31.2	-8.0
2011	102.0	0.2	-6.5	2.2	9.3	80.5	-14.5	-7.4	-18.1	23.2	-9.1
2012	90.5	-12.1	-24.9	7.0	-4.5	78.3	-22.3	-11.3	-27.6	38.4	-12.0
2011 Q4	94.5	-6.9	-14.2	6.9	0.5	79.9	-20.5	-9.6	-28.3	33.7	-10.6
2012 Q1	95.4	-6.4	-15.3	6.1	2.2	79.9	-19.9	-10.0	-24.1	34.4	-10.9
Q2	92.4	-10.9	-22.5	6.7	-3.5	78.9	-19.5	-10.3	-24.2	32.3	-10.9
Q3	87.4	-15.4	-29.1	8.2	-8.9	77.5	-23.8	-11.8	-30.4	40.7	-12.4
Q4	87.0	-15.8	-32.7	6.9	-7.8	77.0	-26.2	-13.0	-31.7	46.3	-13.7
2012 Sep.	86.1	-15.9	-30.3	7.1	-10.4	-	-25.7	-13.4	-32.6	43.0	-14.0
Oct.	85.7	-18.2	-34.9	8.6	-11.3	76.9	-25.5	-12.8	-31.8	44.2	-13.2
Nov.	87.2	-14.9	-31.9	6.2	-6.8	-	-26.7	-13.8	-31.8	46.9	-14.2
Dec.	88.0	-14.2	-31.4	6.0	-5.3	-	-26.3	-12.3	-31.5	47.7	-13.8
2013 Jan.	89.5	-13.8	-31.8	5.0	-4.7	77.2	-23.9	-11.7	-28.9	42.7	-12.4
Feb.	91.1	-11.2	-27.9	4.9	-0.8	-	-23.6	-11.2	-26.4	43.2	-13.7

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total <sup>4)</sup>	Order books	Employment expectations	Total <sup>4)</sup>	Present business situation	Volume of stocks	Expected business situation	Total <sup>4)</sup>	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2009	-33.1	-42.1	-24.1	-15.5	-21.4	9.8	-15.4	-16.6	-21.6	-18.7	-9.5
2010	-28.7	-39.4	-18.2	-4.1	-6.6	7.2	1.6	6.2	3.9	5.9	9.1
2011	-26.2	-33.9	-18.5	-5.4	-5.6	11.1	0.6	6.6	3.6	7.0	9.3
2012	-28.7	-35.1	-22.3	-15.2	-18.9	14.2	-12.6	-5.0	-10.2	-5.5	0.6
2011 Q4	-26.3	-31.6	-21.0	-11.1	-13.5	14.0	-5.6	-0.5	-4.7	-0.2	3.4
2012 Q1	-25.0	-30.7	-19.3	-13.7	-14.4	16.3	-10.5	1.4	-4.2	1.5	6.9
Q2	-27.2	-32.3	-22.1	-14.4	-18.2	14.8	-10.4	-3.1	-8.7	-2.3	1.8
Q3	-29.7	-36.9	-22.5	-16.8	-21.8	14.5	-14.1	-9.2	-13.9	-9.8	-3.9
Q4	-33.0	-40.5	-25.5	-16.0	-21.3	11.4	-15.4	-9.3	-13.9	-11.3	-2.6
2012 Sep.	-30.3	-39.5	-21.2	-18.4	-24.2	15.1	-15.9	-11.0	-15.7	-12.9	-4.5
Oct.	-31.6	-39.9	-23.4	-17.3	-21.5	12.5	-18.0	-9.9	-14.3	-12.8	-2.5
Nov.	-34.1	-41.9	-26.4	-14.8	-19.5	11.2	-13.8	-9.3	-13.6	-11.0	-3.3
Dec.	-33.3	-39.8	-26.8	-15.9	-23.0	10.5	-14.3	-8.6	-13.8	-10.1	-2.0
2013 Jan.	-28.5	-36.3	-20.8	-15.5	-23.0	11.4	-12.1	-7.7	-14.6	-8.1	-0.5
Feb.	-29.8	-37.7	-21.8	-16.0	-24.0	10.3	-13.6	-5.4	-10.6	-6.6	1.2

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

- 1) Difference between the percentages of respondents giving positive and negative replies.
- 2) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period since 1990.
- 3) Data are collected in January, April, July and October each year. The quarterly figures shown are averages of two successive surveys. Annual data are derived from quarterly averages.
- 4) The confidence indicators are calculated as simple averages of the components shown; the assessments of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.



## 5.3 Labour markets <sup>1)</sup>

(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
<b>Persons employed</b>													
<i>levels (thousands)</i>													
2011	147,047	125,952	21,095	5,057	23,221	9,941	36,123	4,040	4,097	1,312	18,080	34,397	10,780
<i>percentage of total persons employed</i>													
2011	100.0	85.7	14.3	3.4	15.8	6.8	24.6	2.7	2.8	0.9	12.3	23.4	7.3
<i>annual percentage changes</i>													
2009	-1.8	-1.8	-1.9	-2.1	-5.0	-6.4	-1.6	-0.6	0.4	-3.7	-2.6	1.2	1.1
2010	-0.5	-0.5	-0.6	-1.1	-2.8	-3.9	-0.7	-1.3	-0.7	-0.3	1.6	1.0	0.9
2011	0.3	0.5	-0.8	-2.2	0.3	-4.0	0.7	1.9	-0.2	3.0	2.5	0.1	0.2
2011 Q4	-0.1	0.1	-1.2	-2.5	0.2	-5.0	0.3	2.3	0.0	3.6	1.9	-0.1	-0.1
2012 Q1	-0.5	-0.4	-1.1	-1.6	-0.5	-5.1	-0.3	1.7	-0.5	0.6	0.2	-0.1	0.4
Q2	-0.7	-0.7	-0.9	-0.9	-1.1	-5.2	-0.8	1.8	-1.0	1.4	-0.1	-0.2	0.5
Q3	-0.7	-0.9	-0.1	-0.7	-1.4	-5.3	-0.8	1.5	-1.6	0.8	0.4	-0.3	1.1
<i>quarter-on-quarter percentage changes</i>													
2011 Q4	-0.2	-0.2	-0.3	-0.8	-0.3	-1.8	-0.3	0.6	0.1	2.5	0.3	-0.2	0.4
2012 Q1	-0.3	-0.4	0.4	-0.2	-0.4	-1.5	-0.3	0.7	-0.2	-1.4	-0.6	-0.1	0.6
Q2	0.0	0.0	-0.4	0.8	-0.5	-0.6	0.0	0.7	-0.7	1.0	0.6	0.1	-0.3
Q3	-0.2	-0.3	0.2	-0.5	-0.2	-1.5	-0.2	-0.5	-0.9	-1.3	0.1	0.0	0.3
<b>Hours worked</b>													
<i>levels (millions)</i>													
2011	232,729	187,453	45,275	10,433	36,926	17,612	60,736	6,501	6,488	2,042	27,722	49,069	15,199
<i>percentage of total hours worked</i>													
2011	100.0	80.5	19.5	4.5	15.9	7.6	26.1	2.8	2.8	0.9	11.9	21.1	6.5
<i>annual percentage changes</i>													
2009	-3.2	-3.6	-1.7	-2.0	-8.9	-7.3	-2.5	-1.1	-1.0	-3.9	-3.7	0.9	-0.2
2010	0.0	0.1	-0.4	-0.9	-0.3	-4.0	-0.3	-0.8	-0.2	0.7	2.3	1.1	0.6
2011	0.2	0.5	-1.1	-2.4	0.9	-4.1	0.3	1.9	-0.1	3.6	2.7	0.1	-0.1
2011 Q4	-0.3	0.0	-1.4	-2.1	-0.1	-5.6	-0.2	2.3	0.1	3.1	2.1	0.0	-0.4
2012 Q1	-1.2	-1.0	-1.9	-2.1	-0.8	-6.5	-1.3	1.1	-1.0	-1.4	-0.3	-0.1	-0.6
Q2	-1.5	-1.5	-1.6	-1.4	-1.2	-7.0	-2.0	1.5	-1.6	-0.3	-0.6	-0.2	-1.5
Q3	-1.6	-1.9	-0.6	-1.2	-2.9	-7.2	-1.6	1.4	-2.1	-1.1	-0.2	-0.3	-0.2
<i>quarter-on-quarter percentage changes</i>													
2011 Q4	-0.5	-0.5	-0.5	-0.1	-0.6	-2.8	-0.7	0.7	-0.2	0.9	0.4	-0.2	-0.1
2012 Q1	-0.3	-0.3	-0.7	-0.4	-0.1	-1.1	-0.7	0.7	-0.3	-1.5	-0.7	0.1	0.4
Q2	-0.6	-0.8	0.0	-0.4	-0.7	-2.0	-0.4	0.0	-1.3	0.2	0.0	-0.3	-1.9
Q3	-0.2	-0.4	0.6	-0.5	-1.5	-1.6	0.2	0.0	-0.3	-0.7	0.1	0.1	1.4
<b>Hours worked per person employed</b>													
<i>levels (thousands)</i>													
2011	1,583	1,488	2,146	2,063	1,590	1,772	1,681	1,609	1,584	1,556	1,533	1,427	1,410
<i>annual percentage changes</i>													
2009	-1.4	-1.8	0.2	0.1	-4.1	-0.9	-0.9	-0.5	-1.4	-0.2	-1.1	-0.3	-1.3
2010	0.5	0.6	0.2	0.2	2.6	-0.1	0.4	0.5	0.5	1.0	0.6	0.1	-0.3
2011	-0.1	0.0	-0.3	-0.2	0.6	-0.2	-0.3	0.0	0.1	0.6	0.1	0.0	-0.4
2011 Q4	-0.2	-0.1	-0.2	0.4	-0.3	-0.6	-0.4	0.0	0.1	-0.5	0.2	0.2	-0.3
2012 Q1	-0.7	-0.6	-0.8	-0.5	-0.2	-1.5	-1.0	-0.6	-0.5	-1.9	-0.6	0.0	-1.0
Q2	-0.8	-0.8	-0.8	-0.5	-0.1	-2.0	-1.2	-0.3	-0.6	-1.6	-0.6	0.0	-2.0
Q3	-0.9	-1.0	-0.5	-0.5	-1.5	-2.1	-0.8	0.0	-0.4	-1.8	-0.6	0.0	-1.2
<i>quarter-on-quarter percentage changes</i>													
2011 Q4	2.6	3.0	1.0	-2.6	3.7	0.1	2.3	3.2	2.9	0.6	5.6	3.2	1.5
2012 Q1	0.7	1.0	-1.7	-2.5	1.1	-0.1	0.1	2.0	1.8	1.1	-0.2	2.3	0.1
Q2	-2.8	-3.7	1.3	4.7	-3.4	-0.9	-2.1	-5.1	-4.4	-2.9	-4.0	-4.5	-2.6
Q3	-1.3	-1.2	-1.4	-0.2	-3.0	-1.0	-1.2	0.2	-0.4	0.2	-2.0	-0.9	0.5

Source: ECB calculations based on Eurostat data.

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

## 5.3 Labour markets

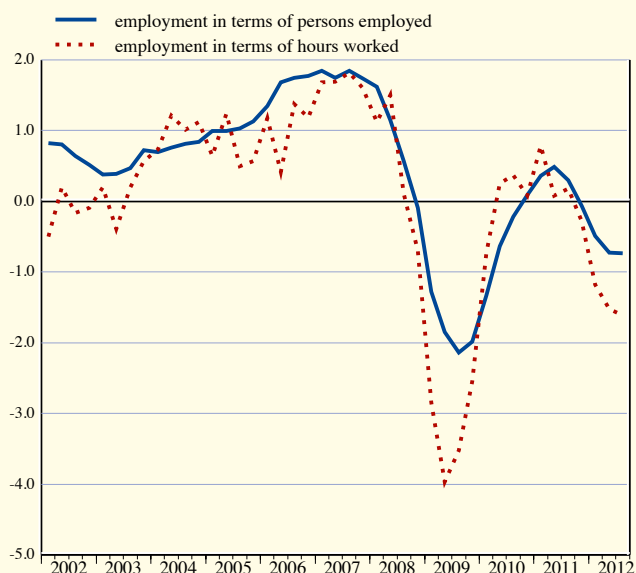
(seasonally adjusted, unless otherwise indicated)

### 2. Unemployment and job vacancies<sup>1)</sup>

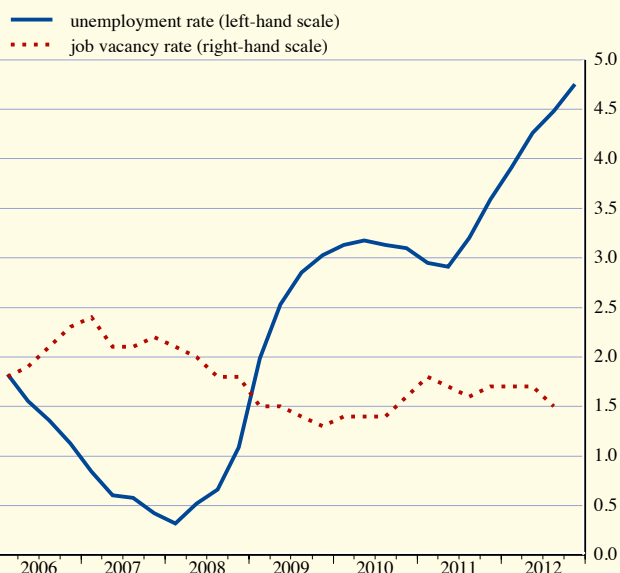
	Unemployment										Job vacancy rate <sup>2)</sup>
	Total		By age <sup>3)</sup>				By gender <sup>4)</sup>				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	
% of total in 2010	100.0	79.4		20.6		54.0		46.0		% of total posts	
	1	2	3	4	5	6	7	8	9	10	11
2009	15.060	9.6	11.768	8.4	3.292	20.3	8.148	9.4	6.913	9.8	1.4
2010	15.932	10.1	12.654	8.9	3.277	20.9	8.598	10.0	7.334	10.3	1.5
2011	16.036	10.2	12.829	9.0	3.207	20.8	8.550	9.9	7.486	10.5	1.7
2012	18.052	11.4	14.564	10.1	3.488	23.1	9.691	11.2	8.361	11.5	.
2011 Q4	16.757	10.6	13.461	9.4	3.295	21.5	8.967	10.4	7.790	10.8	1.7
2012 Q1	17.290	10.9	13.910	9.7	3.380	22.2	9.250	10.7	8.040	11.2	1.7
Q2	17.897	11.3	14.447	10.0	3.450	22.8	9.630	11.1	8.268	11.4	1.7
Q3	18.283	11.5	14.770	10.2	3.513	23.4	9.826	11.3	8.457	11.7	1.5
Q4	18.738	11.8	15.130	10.5	3.608	23.9	10.058	11.6	8.680	11.9	.
2012 Aug.	18.259	11.5	14.761	10.2	3.497	23.3	9.812	11.3	8.447	11.6	-
Sep.	18.416	11.6	14.869	10.3	3.547	23.6	9.909	11.4	8.507	11.7	-
Oct.	18.653	11.7	15.055	10.4	3.598	23.8	10.014	11.6	8.639	11.9	-
Nov.	18.764	11.8	15.147	10.5	3.617	24.0	10.066	11.6	8.698	11.9	-
Dec.	18.797	11.8	15.188	10.5	3.609	24.0	10.094	11.7	8.703	12.0	-
2013 Jan.	18.998	11.9	15.355	10.6	3.642	24.2	10.210	11.8	8.788	12.1	-

### C28 Employment - persons employed and hours worked

(annual percentage changes)



### C29 Unemployment and job vacancy<sup>2)</sup> 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 <sup>1)</sup> (as a percentage of GDP)

#### 1. Euro area – revenue

	Total		Current revenue									Capital revenue		Memo item: Fiscal burden <sup>2)</sup>
	1	2	Direct taxes		Indirect taxes	Social contributions		Sales	Capital taxes	13	14			
			Households	Corporations		Received by EU institutions	Employers					Employees		
	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 <sup>3)</sup>		
	1	2	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments		Subsidies	Paid by EU institutions	Investment	Capital transfers		Paid by EU institutions	14
							7	8							
	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 <sup>4)</sup>							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
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	0.6	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 (+) <sup>5)</sup>

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

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

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

6.2 Debt <sup>1)</sup>

(as a percentage of GDP)

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

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

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

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

## 3. Euro area countries

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

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

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

## 6.3 Change in debt <sup>1)</sup>

(as a percentage of GDP)

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

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

### 2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment <sup>7)</sup>											Other <sup>8)</sup>
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	
				Total	Currency and deposits	Loans	Securities <sup>9)</sup>	Shares and other equity	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.  $[\text{debt}(t) - \text{debt}(t-1)] \div \text{GDP}(t)$ . Intergovernmental lending in the context of the financial crisis is consolidated.
- 2) The borrowing requirement is by definition equal to transactions in debt.
- 3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
- 4) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
- 5) Holders resident in the country whose government has issued the debt.
- 6) Includes residents of euro area countries other than the country whose government has issued the debt.
- 7) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
- 8) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
- 9) Excluding financial derivatives.

**6.4 Quarterly revenue, expenditure and deficit/surplus <sup>1)</sup>**  
(as a percentage of GDP)

**1. Euro area – quarterly revenue**

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

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

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

Sources: ECB calculations based on Eurostat and national data.

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

## 6.5 Quarterly debt and change in debt <sup>1)</sup>

(as a percentage of GDP)

### 1. Euro area – Maastricht debt by financial instrument

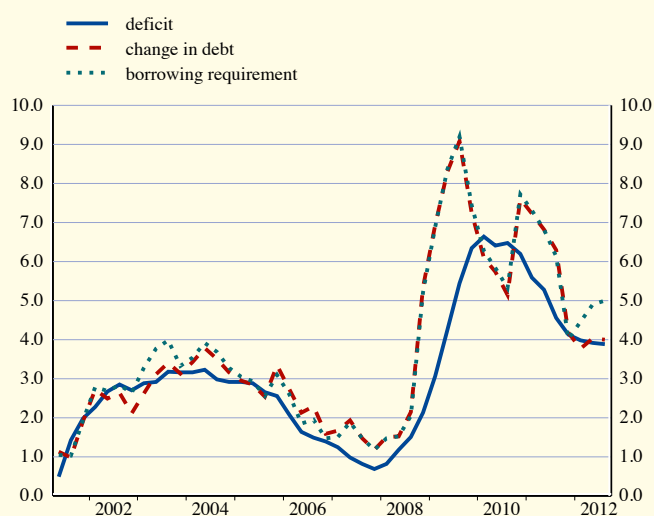
	Total 1	Financial instruments			
		Currency and deposits 2	Loans 3	Short-term securities 4	Long-term securities 5
2009 Q4	80.0	2.5	12.7	8.3	56.5
2010 Q1	81.6	2.4	12.9	8.2	58.2
Q2	82.9	2.4	13.5	7.8	59.2
Q3	83.0	2.4	13.4	7.9	59.2
Q4	85.4	2.4	15.4	7.3	60.2
2011 Q1	86.2	2.4	15.2	7.4	61.2
Q2	87.1	2.4	15.0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

### 2. Euro area – deficit-debt adjustment

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

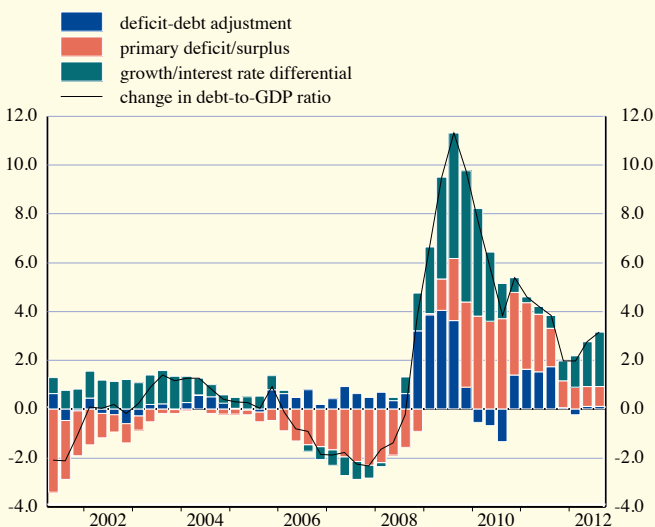
### C30 Deficit, borrowing requirement and change in debt

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



### C31 Maastricht debt

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



Sources: ECB calculations based on Eurostat and national data.

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



# EXTERNAL TRANSACTIONS AND POSITIONS

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

(EUR billions; net transactions)

	Current account					Capital account	Net lending/borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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
2012	110.8	104.2	89.6	28.2	-111.2	11.2	122.0	-153.5	-50.9	64.1	0.0	-152.8	-13.9	31.5
2011 Q4	36.6	15.8	18.7	22.2	-20.0	6.1	42.7	-42.2	-35.7	-34.0	-10.9	45.1	-6.7	-0.5
2012 Q1	-4.6	6.3	15.3	13.0	-39.2	2.0	-2.6	3.6	-3.5	-71.0	-6.7	86.9	-2.1	-1.0
Q2	14.9	25.2	25.4	-10.2	-25.5	1.1	16.0	-20.4	-16.3	94.2	-9.1	-80.3	-9.0	4.4
Q3	41.0	30.5	26.8	13.2	-29.5	3.5	44.5	-55.0	-25.7	-9.3	-0.6	-19.4	-0.1	10.5
Q4	59.5	42.2	22.1	12.3	-17.0	4.6	64.1	-81.6	-5.5	50.2	16.4	-140.0	-2.8	17.5
2011 Dec.	23.4	9.0	7.9	9.1	-2.6	1.7	25.1	-21.6	10.9	-51.8	-5.1	29.7	-5.4	-3.4
2012 Jan.	-11.7	-7.6	3.2	2.4	-9.7	0.3	-11.3	19.2	0.3	-39.4	-6.2	65.6	-1.1	-7.9
Feb.	-3.5	3.2	5.0	5.7	-17.4	1.8	-1.8	6.5	5.7	12.1	4.4	-14.1	-1.6	-4.7
Mar.	10.6	10.7	7.1	4.9	-12.1	-0.1	10.5	-22.1	-9.4	-43.7	-4.9	35.4	0.7	11.6
Apr.	2.3	5.3	6.8	-0.6	-9.2	0.2	2.5	-3.8	-3.5	3.2	0.8	-1.3	-3.0	1.3
May	-4.8	6.2	8.6	-11.1	-8.5	1.3	-3.5	1.9	8.2	25.6	-7.0	-23.4	-1.5	1.6
June	17.4	13.7	10.0	1.5	-7.8	-0.4	17.0	-18.5	-21.0	65.4	-2.8	-55.6	-4.5	1.5
July	20.8	14.5	9.3	4.9	-7.8	0.5	21.3	-21.0	-5.8	9.2	-2.3	-22.6	0.5	-0.3
Aug.	8.5	5.6	8.5	4.9	-10.6	1.5	9.9	-9.2	14.7	-18.6	3.5	-7.3	-1.6	-0.7
Sep.	11.8	10.4	9.0	3.4	-11.1	1.5	13.3	-24.8	-34.6	0.1	-1.8	10.5	1.0	11.5
Oct.	11.6	12.5	6.9	2.0	-9.8	1.8	13.4	-12.0	-10.6	45.8	4.0	-48.7	-2.4	-1.5
Nov.	20.8	16.7	5.7	4.5	-6.0	1.6	22.5	-22.7	13.7	16.5	10.5	-62.4	-1.0	0.2
Dec.	27.0	13.0	9.4	5.8	-1.2	1.2	28.2	-47.0	-8.6	-12.1	1.9	-28.9	0.7	18.8
<i>12-month cumulated transactions</i>														
2012 Dec.	110.8	104.2	89.6	28.2	-111.2	11.2	122.0	-153.5	-50.9	64.1	0.0	-152.8	-13.9	31.5
<i>12-month cumulated transactions as a percentage of GDP</i>														
2012 Dec.	1.2	1.1	0.9	0.3	-1.2	0.1	1.3	-1.6	-0.5	0.7	0.0	-1.6	-0.1	0.3

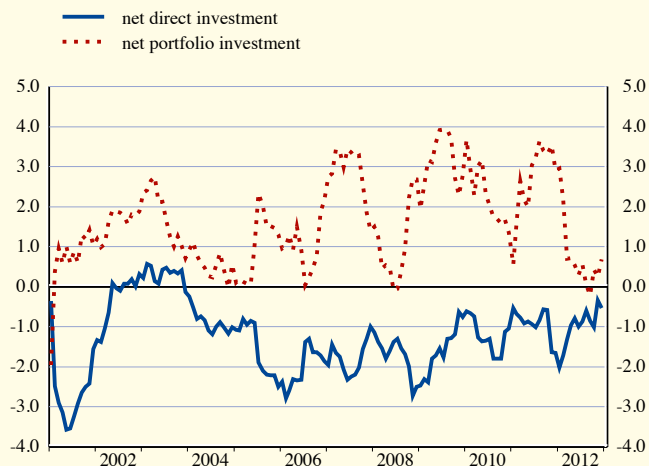
### C32 Euro area b.o.p.: current account

(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

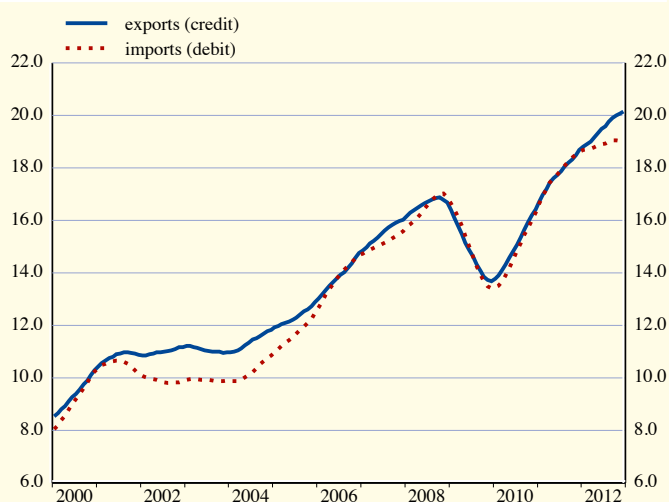
(EUR billions; transactions)

### 1. Summary current and capital accounts

	Current account												Capital account		
	Total			Goods		Services		Income		Current transfers			Credit	Debit	
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit				
											Workers' remittances	Workers' remittances			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
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
2012	3,128.2	3,017.4	110.8	1,912.2	1,807.9	615.2	525.6	506.5	478.2	94.4	.	205.6	.	25.5	14.3
2011 Q4	785.2	748.6	36.6	463.6	447.8	151.6	133.0	137.6	115.5	32.4	1.6	52.4	7.0	11.3	5.2
2012 Q1	751.3	755.9	-4.6	464.0	457.7	137.1	121.9	124.3	111.3	25.8	1.5	65.0	6.3	4.8	2.8
Q2	788.0	773.1	14.9	479.0	453.8	154.7	129.3	133.5	143.6	20.9	1.6	46.3	6.6	5.2	4.1
Q3	786.2	745.2	41.0	479.1	448.5	164.6	137.8	125.7	112.5	16.8	1.8	46.3	6.6	6.4	2.9
Q4	802.7	743.2	59.5	490.1	447.9	158.7	136.6	123.0	110.8	30.9	.	47.9	.	9.1	4.4
2012 Oct.	270.9	259.3	11.6	173.6	161.1	52.9	46.0	38.2	36.2	6.2	-	15.9	-	3.2	1.4
Nov.	263.6	242.8	20.8	168.0	151.3	50.2	44.5	36.8	32.4	8.6	-	14.7	-	2.7	1.1
Dec.	268.2	241.1	27.0	148.5	135.4	55.6	46.2	48.0	42.2	16.1	-	17.3	-	3.1	2.0
	<i>Seasonally adjusted</i>														
2012 Q2	787.0	760.4	26.6	480.3	455.3	154.8	132.1	127.8	121.0	24.2	-	52.0	-	-	-
Q3	793.2	762.9	30.2	483.9	458.2	155.5	133.3	129.6	119.7	24.1	-	51.8	-	-	-
Q4	780.2	742.5	37.7	481.9	444.9	155.5	133.0	119.9	116.5	22.9	-	48.0	-	-	-
2012 Oct.	258.1	250.1	8.0	158.8	148.7	51.2	43.8	40.7	41.0	7.4	-	16.6	-	-	-
Nov.	259.1	243.2	15.9	160.6	147.6	52.0	44.7	39.0	35.9	7.5	-	15.0	-	-	-
Dec.	263.0	249.2	13.9	162.4	148.7	52.4	44.5	40.3	39.6	7.9	-	16.3	-	-	-
	<i>12-month cumulated transactions</i>														
2012 Dec.	3,130.0	3,013.9	116.1	1,913.2	1,805.8	614.7	525.4	506.6	478.4	95.5	-	204.3	-	-	-
	<i>12-month cumulated transactions as a percentage of GDP</i>														
2012 Dec.	33.0	31.8	1.2	20.2	19.0	6.5	5.5	5.3	5.0	1.0	-	2.2	-	-	-

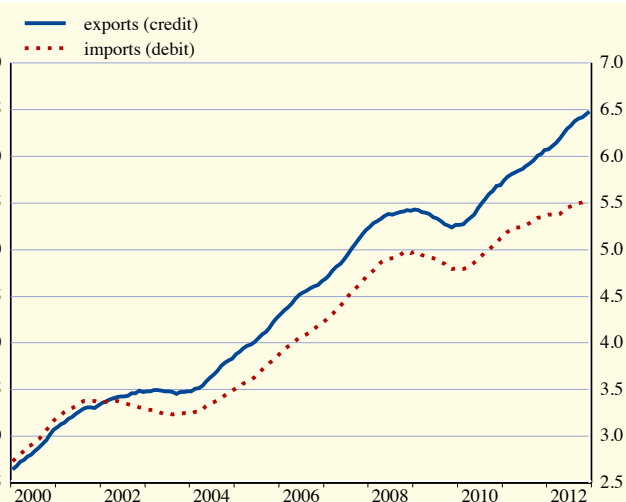
### C34 Euro area b.o.p.: goods

(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			Reinv. earnings	Reinv. earnings	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit		
			1	2											3	4
2009	22.5	12.0	411.8	413.3	163.6	25.9	100.4	12.4	23.7	24.8	24.5	77.2	100.9	121.5	99.1	89.4
2010	25.1	11.9	472.9	445.7	242.0	51.4	150.2	41.5	22.2	22.6	28.6	83.9	102.2	124.6	77.8	64.3
2011	26.7	12.4	501.7	473.0	252.7	42.0	154.2	56.8	24.7	22.6	35.1	95.6	102.6	133.3	86.7	67.4
2011 Q3	6.6	3.7	121.8	112.3	58.5	1.5	38.1	19.8	6.5	5.4	8.8	18.5	25.9	33.5	22.1	16.8
Q4	6.9	3.2	130.7	112.3	68.0	13.9	37.4	1.9	7.2	7.1	7.0	16.4	25.4	34.3	23.1	17.2
2012 Q1	6.8	2.3	117.5	109.0	56.6	25.0	36.4	18.4	5.9	5.4	8.8	16.9	24.3	33.6	21.9	16.7
Q2	7.1	3.3	126.4	140.3	58.0	0.2	43.9	9.1	6.8	6.2	15.5	45.2	24.6	29.6	21.5	15.4
Q3	7.0	3.9	118.6	108.6	55.7	15.5	36.9	15.0	7.9	5.9	9.9	21.3	24.6	30.6	20.5	13.9

### 3. Geographical breakdown

(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzerland	United States	Other
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions									
2011 Q4 to 2012 Q3	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Credits																
<b>Current account</b>	3,110.7	991.0	53.8	91.8	473.8	309.1	62.5	62.8	48.6	158.3	40.4	70.2	118.5	244.2	421.4	955.4
Goods	1,885.6	582.3	34.6	57.7	245.8	244.1	0.2	32.8	22.5	121.8	30.1	43.9	88.5	132.5	225.8	605.4
Services	608.1	184.1	12.1	16.7	115.0	33.7	6.6	10.2	10.5	21.6	7.2	14.5	19.9	60.2	93.3	186.6
Income	521.1	161.6	6.2	15.3	102.1	28.4	9.5	19.4	14.7	14.4	2.9	10.8	9.6	42.9	95.5	149.4
Investment income	493.2	154.0	5.5	15.1	100.5	27.7	5.2	19.4	14.6	14.3	2.8	10.8	9.5	28.3	93.6	145.8
Current transfers	95.9	63.1	0.8	2.1	10.9	3.0	46.3	0.4	0.8	0.7	0.3	0.9	0.5	8.6	6.8	13.9
<b>Capital account</b>	27.8	23.0	0.0	0.0	0.8	0.5	21.6	0.0	0.0	0.0	0.0	0.0	0.1	0.9	0.3	3.4
Debits																
<b>Current account</b>	3,022.8	959.7	49.7	91.6	427.3	279.4	111.7	39.6	31.8	-	34.5	104.0	151.7	209.2	398.9	-
Goods	1,807.8	504.3	30.2	50.9	197.5	225.6	0.0	30.2	15.0	205.9	25.7	50.0	136.1	105.9	152.2	582.6
Services	522.0	153.4	9.2	14.1	90.8	39.1	0.3	5.9	7.3	15.1	6.7	10.3	10.5	45.2	107.8	159.6
Income	483.0	175.3	9.3	24.8	126.7	9.6	4.9	2.1	7.6	-	1.1	43.0	4.4	48.6	132.7	-
Investment income	470.3	168.8	9.2	24.7	125.0	5.0	4.9	2.0	7.4	-	0.8	42.8	4.2	48.1	131.5	-
Current transfers	210.0	126.7	1.0	1.8	12.3	5.1	106.5	1.4	1.9	4.4	0.9	0.7	0.7	9.5	6.3	57.5
<b>Capital account</b>	15.1	2.0	0.3	0.1	1.1	0.4	0.2	0.2	0.1	0.3	0.2	0.0	0.1	0.4	4.2	7.6
Net																
<b>Current account</b>	88.0	31.3	4.0	0.2	46.5	29.7	-49.2	23.2	16.7	-	5.9	-33.8	-33.2	35.0	22.4	-
Goods	77.8	78.1	4.4	6.8	48.3	18.5	0.2	2.6	7.6	-84.2	4.3	-6.1	-47.6	26.6	73.7	22.8
Services	86.2	30.6	2.9	2.6	24.2	-5.4	6.3	4.2	3.2	6.4	0.5	4.2	9.4	15.0	-14.5	27.0
Income	38.1	-13.8	-3.1	-9.5	-24.6	18.8	4.6	17.3	7.1	-	1.7	-32.2	5.2	-5.7	-37.2	-
Investment income	23.0	-14.8	-3.7	-9.6	-24.5	22.7	0.3	17.4	7.2	-	2.0	-32.1	5.3	-19.8	-37.9	-
Current transfers	-114.1	-63.6	-0.2	0.3	-1.4	-2.1	-60.2	-1.0	-1.1	-3.7	-0.7	0.2	-0.2	-0.9	0.5	-43.6
<b>Capital account</b>	12.6	20.9	-0.2	0.0	-0.3	0.1	21.4	-0.1	0.0	-0.3	-0.2	0.0	0.1	0.5	-3.9	-4.3

Source: ECB.

## 7.3 Financial account

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

### 1. Summary financial account

	Total <sup>1)</sup>			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Outstanding amounts (international investment position)</b>														
2009	13,739.1	15,225.6	-1,486.4	154.0	170.7	-16.7	4,412.8	3,532.5	4,340.9	6,863.8	-1.3	4,527.2	4,829.3	459.6
2010	15,216.8	16,479.1	-1,262.3	165.8	179.6	-13.8	4,946.7	3,908.6	4,907.3	7,470.9	-32.6	4,807.6	5,099.5	587.8
2011	15,843.5	17,158.4	-1,314.9	168.2	182.1	-14.0	5,564.7	4,392.0	4,762.6	7,636.5	-24.3	4,877.2	5,129.9	663.4
2012 Q1	16,165.3	17,177.2	-1,012.0	170.9	181.7	-10.7	5,626.2	4,144.7	5,044.6	7,808.3	-24.1	4,847.3	5,224.3	671.2
Q2	16,483.1	17,702.0	-1,218.9	174.1	187.0	-12.9	5,834.8	4,593.2	5,042.8	7,842.6	-28.9	4,932.9	5,266.2	701.5
Q3	16,668.5	17,863.3	-1,194.9	175.9	188.5	-12.6	5,879.6	4,646.8	5,194.0	8,049.7	-20.5	4,881.5	5,166.8	733.8
<b>Changes to outstanding amounts</b>														
2008	-757.8	-428.8	-329.0	-8.2	-4.6	-3.6	189.2	38.2	-803.9	-571.2	28.4	-198.5	104.2	27.0
2009	504.2	387.6	116.6	5.7	4.3	1.3	497.0	272.5	513.7	896.9	-0.9	-591.0	-781.8	85.4
2010	1,477.7	1,253.5	224.2	16.1	13.7	2.4	533.9	376.1	566.4	607.1	-31.2	280.4	270.2	128.2
2011	626.7	679.3	-52.6	6.7	7.2	-0.6	618.0	483.3	-144.7	165.6	8.3	69.6	30.4	75.6
2012 Q2	317.8	524.7	-207.0	13.4	22.1	-8.7	208.6	448.5	-1.8	34.3	-4.9	85.6	42.0	30.3
Q3	185.4	161.4	24.0	7.9	6.8	1.0	44.8	53.6	151.2	207.1	8.5	-51.4	-99.4	32.3
<b>Transactions</b>														
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 Q2	76.3	55.9	20.4	3.2	2.4	0.9	65.7	49.4	-58.9	35.3	9.1	51.5	-28.8	9.0
Q3	84.8	29.8	55.0	3.6	1.3	2.3	61.3	35.6	41.3	32.1	0.6	-18.5	-37.9	0.1
Q4	-36.9	-118.6	81.6	-1.5	-4.9	3.4	10.2	4.7	82.0	132.3	-16.4	-115.5	-255.5	2.8
2012 Aug.	4.7	-4.5	9.2	-	-	-	24.8	39.4	22.5	3.9	-3.5	-40.6	-47.9	1.6
Sep.	18.3	-6.6	24.8	-	-	-	22.8	-11.8	27.1	27.2	1.8	-32.4	-22.0	-1.0
Oct.	43.7	31.7	12.0	-	-	-	20.7	10.1	-0.2	45.6	-4.0	24.7	-24.0	2.4
Nov.	12.5	-10.2	22.7	-	-	-	-6.1	7.7	36.7	53.2	-10.5	-8.7	-71.1	1.0
Dec.	-93.0	-140.1	47.0	-	-	-	-4.5	-13.1	45.6	33.4	-1.9	-131.5	-160.4	-0.7
<b>Other changes</b>														
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
<b>Other changes due to exchange rate changes</b>														
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
<b>Other changes due to price changes</b>														
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
<b>Other changes due to other adjustments</b>														
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
<b>Growth rates of outstanding amounts</b>														
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 Q2	2.9	2.3	-	.	.	.	6.7	6.3	-1.1	-0.3	.	2.4	3.2	2.1
Q3	2.4	1.6	-	.	.	.	6.1	6.0	1.2	0.5	.	-0.8	-0.3	2.7
Q4	2.7	1.6	-	.	.	.	3.8	3.8	3.9	3.3	.	0.1	-2.9	2.1

Source: ECB.

1) Net financial derivatives are included in assets.

**7.3 Financial account**

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

**2. Direct investment**

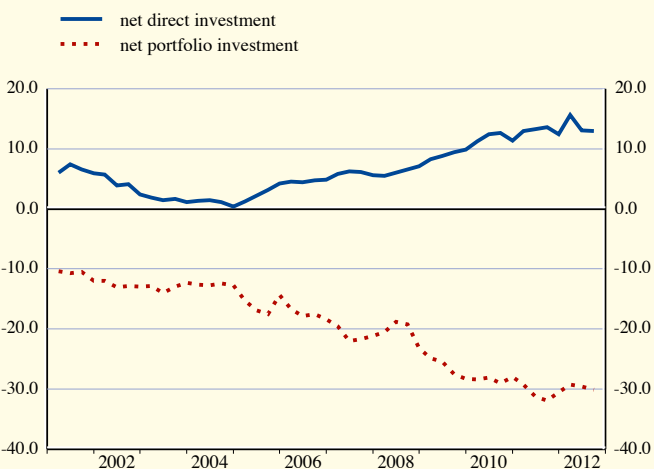
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<b>Outstanding amounts (international investment position)</b>														
2010	4,946.7	3,825.3	275.3	3,550.0	1,121.4	17.0	1,104.4	3,908.6	2,940.6	90.4	2,850.3	968.0	14.7	953.2
2011	5,564.7	4,230.1	287.6	3,942.5	1,334.6	13.5	1,321.0	4,392.0	3,337.2	92.6	3,244.6	1,054.7	11.2	1,043.5
2012 Q2	5,834.8	4,433.5	285.6	4,147.9	1,401.4	13.0	1,388.3	4,593.2	3,385.8	95.1	3,290.8	1,207.4	10.3	1,197.1
Q3	5,879.6	4,467.4	292.3	4,175.1	1,412.2	13.0	1,399.2	4,646.8	3,407.6	97.8	3,309.8	1,239.2	11.9	1,227.4
<b>Transactions</b>														
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 Q2	65.7	50.6	-1.7	52.4	15.0	-1.0	16.1	49.4	43.9	0.7	43.2	5.5	0.1	5.3
Q3	61.3	42.6	0.8	41.8	18.7	0.1	18.6	35.6	31.0	1.4	29.6	4.6	1.7	2.9
Q4	10.2	12.5	-0.4	12.9	-2.3	0.2	-2.5	4.7	18.2	-0.8	19.0	-13.5	-1.1	-12.4
2012 Aug.	24.8	18.6	0.9	17.7	6.2	0.1	6.1	39.4	39.0	0.2	38.9	0.4	-0.2	0.6
Sep.	22.8	5.0	-2.4	7.5	17.7	0.0	17.7	-11.8	-16.9	0.4	-17.3	5.0	1.7	3.3
Oct.	20.7	21.5	0.7	20.8	-0.8	0.1	-0.9	10.1	9.2	0.6	8.6	1.0	-1.0	2.0
Nov.	-6.1	-2.3	-2.0	-0.3	-3.8	0.1	-3.9	7.7	6.8	0.3	6.5	0.8	0.2	0.6
Dec.	-4.5	-6.7	0.9	-7.5	2.2	-0.1	2.3	-13.1	2.2	-1.7	3.9	-15.3	-0.3	-15.0
<b>Growth rates</b>														
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 Q2	6.7	7.6	-0.7	8.3	3.5	-7.7	3.6	6.3	8.1	5.3	8.2	-0.5	-6.2	-0.4
Q3	6.1	7.1	-1.7	7.8	2.8	4.6	2.7	6.0	6.9	5.6	7.0	2.5	15.8	2.3
Q4	3.8	4.1	-1.3	4.5	3.0	1.7	3.0	3.8	4.7	3.7	4.8	0.8	1.3	0.8

**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									
	1	2	MFIs		Non-MFIs		Bonds and notes			Money market instruments			15	16		
			3	4	5	6	7	MFIs		10	11	12			MFIs	
								8	9						13	14
Euro-system		General government		Euro-system		General government										
Outstanding amounts (international investment position)																
2010	4,907.3	1,907.7	81.2	3.6	1,826.5	47.6	2,579.3	807.6	15.6	1,771.7	74.5	420.3	316.3	41.7	104.0	0.2
2011	4,762.6	1,703.4	62.5	3.1	1,640.8	39.6	2,592.9	725.7	16.0	1,867.2	94.2	466.3	300.6	57.5	165.7	0.5
2012 Q2	5,042.8	1,805.6	60.0	2.8	1,745.6	39.5	2,740.7	683.7	15.4	2,056.9	102.2	496.5	320.5	52.3	176.0	0.6
Q3	5,194.0	1,879.1	60.3	2.8	1,818.8	41.4	2,821.6	676.5	15.2	2,145.0	103.3	493.3	317.7	55.5	175.6	0.4
Transactions																
2009	96.0	51.0	-0.8	0.0	51.8	2.5	38.4	-93.6	-3.8	132.0	17.5	6.7	12.3	-12.9	-5.6	0.9
2010	135.9	77.5	4.1	-0.2	73.3	1.7	104.5	-126.2	-0.8	230.8	51.5	-46.1	-64.9	-11.7	18.8	-1.9
2011	-51.9	-71.0	-15.7	-0.2	-55.2	-7.3	-11.5	-55.0	0.3	43.5	-3.0	30.6	24.3	10.5	6.4	0.2
2012 Q2	-58.9	-25.9	-7.5	0.0	-18.4	0.0	-7.1	-28.5	-0.3	21.4	-3.4	-25.9	-22.0	-1.8	-3.9	0.2
Q3	41.3	5.6	0.0	0.0	5.6	0.8	35.3	-9.2	-0.4	44.5	-0.1	0.4	-3.3	2.8	3.7	-0.2
Q4	82.0	45.9	10.3	0.0	35.6	.	25.3	-5.9	2.4	31.2	.	10.9	-2.9	3.3	13.8	.
2012 Aug.	22.5	1.6	1.6	0.0	0.1	.	19.0	1.2	-0.1	17.8	.	1.9	2.0	4.0	-0.1	.
Sep.	27.1	8.5	-0.7	0.0	9.2	.	11.0	0.9	-0.3	10.1	.	7.6	4.3	2.7	3.3	.
Oct.	-0.2	6.5	3.3	0.0	3.2	.	1.5	-9.0	-1.7	10.5	.	-8.3	-14.2	-2.2	5.9	.
Nov.	36.7	-0.1	-1.6	0.0	1.5	.	17.6	1.7	3.6	15.8	.	19.3	9.7	4.8	9.6	.
Dec.	45.6	39.5	8.6	0.0	30.9	.	6.2	1.3	0.5	4.8	.	-0.2	1.5	0.7	-1.6	.
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 Q2	-1.1	-5.5	-28.7	-6.2	-4.4	-11.3	0.3	-9.9	-15.2	4.4	-5.7	9.0	6.8	-2.9	12.5	34.3
Q3	1.2	-2.2	-18.1	-5.9	-1.5	-4.7	2.2	-9.2	-17.0	6.7	-5.9	9.3	7.3	-5.0	11.4	-21.6
Q4	3.9	2.6	11.0	2.8	2.3	.	4.2	-7.2	6.3	8.5	.	6.6	-0.2	-0.5	19.8	.

### 4. Portfolio investment liabilities

	Total		Equity				Debt instruments								
	1	2	MFIs		Non-MFIs		Bonds and notes			Money market instruments			11	12	
			3	4	5	MFIs		8	9	10	Non-MFIs				
						6	7					General government			
Euro-system		General government													
Outstanding amounts (international investment position)															
2010	7,470.9	3,175.5	665.8	2,509.7	3,841.4	1,189.9	2,651.5	1,648.3	454.0	69.5	384.6	347.4			
2011	7,636.5	3,050.8	556.9	2,493.8	4,142.3	1,273.5	2,868.7	1,772.1	443.5	87.2	356.2	316.5			
2012 Q2	7,842.6	3,221.9	544.7	2,677.2	4,151.2	1,227.0	2,924.2	1,826.7	469.4	93.2	376.2	323.0			
Q3	8,049.7	3,374.7	548.2	2,826.4	4,242.4	1,233.6	3,008.8	1,902.7	432.6	73.9	358.6	315.0			
Transactions															
2009	343.4	87.6	15.5	72.0	143.0	-10.0	153.0	109.4	112.8	-11.1	123.9	145.5			
2010	260.1	125.9	-13.8	139.7	177.8	61.8	116.0	187.2	-43.6	14.7	-58.4	-37.7			
2011	222.1	99.7	20.4	79.3	166.2	80.1	86.1	87.2	-43.8	2.7	-46.5	-34.7			
2012 Q2	35.3	-1.0	-11.9	10.9	28.6	-16.6	45.2	43.2	7.7	13.1	-5.4	-16.7			
Q3	32.1	19.8	-0.9	20.7	47.9	-1.4	49.3	51.1	-35.7	-17.1	-18.6	-7.3			
Q4	132.3	70.6	-22.3	92.9	58.7	-3.4	62.1	.	3.0	-4.6	7.6	.			
2012 Aug.	3.9	6.6	8.6	-2.0	29.9	5.7	24.3	.	-32.6	-14.4	-18.3	.			
Sep.	27.2	20.9	-2.2	23.2	29.5	-0.5	30.0	.	-23.2	-6.1	-17.1	.			
Oct.	45.6	28.4	-4.4	32.8	11.4	1.4	10.0	.	5.8	8.2	-2.4	.			
Nov.	53.2	12.8	-2.9	15.7	44.1	0.7	43.4	.	-3.6	-13.1	9.5	.			
Dec.	33.4	29.4	-15.0	44.4	3.2	-5.4	8.6	.	0.8	0.3	0.5	.			
Growth rates															
2010	3.7	4.4	-2.1	6.4	4.9	5.4	4.7	12.4	-8.7	17.9	-13.1	-9.5			
2011	3.0	3.2	3.2	3.1	4.5	7.1	3.3	5.4	-8.4	6.7	-11.4	-10.2			
2012 Q2	-0.3	1.4	2.2	1.0	0.2	-3.4	1.8	1.6	-14.1	-15.6	-14.2	-16.8			
Q3	0.5	2.3	3.9	1.7	1.3	-4.9	4.0	5.7	-15.7	-2.0	-19.0	-23.2			
Q4	3.3	4.0	-4.9	5.8	3.4	-3.0	6.2	.	-3.4	-7.3	-3.0	.			

Source: ECB.

**7.3 Financial account**

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

**5. Other investment assets**

	Total		Eurosysteem			MFIs (excluding Eurosystem)			General government			Other sectors			
	1	2	Loans/ currency and deposits 3	Other assets 4	Total 5	Loans/ currency and deposits 6	Other assets 7	Trade credits 8	Loans/currency and deposits 9	Currency and deposits 10	11	12	Trade credits 13	Loans/currency and deposits 14	Currency and deposits 15
<b>Outstanding amounts (international investment position)</b>															
2010	4,807.6	32.9	32.2	0.7	2,972.0	2,932.7	39.4	161.9	7.6	115.4	19.8	1,640.7	213.3	1,279.5	441.6
2011	4,877.2	35.7	35.4	0.3	3,067.6	3,006.6	61.0	162.8	6.7	116.4	30.2	1,611.1	228.4	1,215.1	507.8
2012 Q2	4,932.9	35.0	34.7	0.3	3,145.7	3,074.1	71.5	160.5	6.6	111.0	30.0	1,591.7	278.1	1,131.8	492.1
Q3	4,881.5	37.3	37.0	0.3	3,080.7	3,000.9	79.8	150.3	5.1	103.1	25.1	1,613.2	273.3	1,143.4	504.7
<b>Transactions</b>															
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 Q2	51.5	-2.4	-2.4	0.0	1.3	-13.3	14.6	6.6	0.0	6.3	5.4	46.1	2.2	47.0	16.1
Q3	-18.5	6.2	6.2	0.0	-40.8	-47.1	6.3	-9.2	-1.5	-7.6	-4.9	25.3	-2.7	13.3	9.6
Q4	-115.5	5.7	.	.	-111.4	.	.	16.9	.	.	3.7	-26.7	.	.	-4.0
2012 Aug.	-40.6	-0.3	.	.	-30.1	.	.	-1.8	.	.	-1.1	-8.4	.	.	-11.7
Sep.	-32.4	1.4	.	.	-30.7	.	.	-7.0	.	.	-5.6	3.8	.	.	4.0
Oct.	24.7	4.8	.	.	10.2	.	.	8.4	.	.	-1.0	1.3	.	.	7.7
Nov.	-8.7	-2.1	.	.	-19.1	.	.	6.6	.	.	4.2	5.9	.	.	3.0
Dec.	-131.5	3.1	.	.	-102.5	.	.	1.8	.	.	0.5	-33.9	.	.	-14.7
<b>Growth rates</b>															
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 Q2	2.4	-27.0	-27.3	40.1	-1.1	-2.0	48.0	5.0	-3.9	7.7	64.2	9.9	9.1	9.8	11.7
Q3	-0.8	-8.1	-8.2	-1.0	-5.0	-5.6	26.9	3.0	-24.4	6.3	47.0	7.3	6.6	7.7	9.1
Q4	0.1	31.1	.	.	-3.8	.	.	2.5	.	.	-4.9	7.0	.	.	11.5

**6. Other investment liabilities**

	Total		Eurosysteem			MFIs (excluding Eurosystem)			General government			Other sectors			
	1	2	Loans/ currency and deposits 3	Other liabilities 4	Total 5	Loans/ currency and deposits 6	Other liabilities 7	Total 8	Trade credits 9	Loans 10	Other liabilities 11	Total 12	Trade credits 13	Loans 14	Other liabilities 15
<b>Outstanding amounts (international investment position)</b>															
2010	5,099.5	269.1	266.1	3.0	3,491.0	3,445.0	46.0	148.0	0.0	141.8	6.2	1,191.5	202.7	842.1	146.7
2011	5,129.9	408.9	406.1	2.8	3,208.3	3,140.6	67.6	223.9	0.1	217.1	6.8	1,288.8	224.0	871.7	193.2
2012 Q2	5,266.2	413.4	411.8	1.6	3,316.8	3,237.6	79.2	238.4	0.1	231.7	6.7	1,297.5	238.5	849.0	210.0
Q3	5,166.8	432.0	430.8	1.3	3,206.5	3,125.0	81.5	231.7	0.1	225.0	6.6	1,296.6	234.5	843.6	218.5
<b>Transactions</b>															
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 Q2	-28.8	73.4	74.7	-1.3	-116.0	-130.2	14.2	7.3	0.0	6.9	0.5	6.5	0.0	12.8	-6.3
Q3	-37.9	21.0	21.3	-0.3	-89.1	-93.2	4.1	-4.4	0.0	-4.4	0.0	34.6	0.4	19.0	15.1
Q4	-255.5	-0.2	.	.	-204.5	.	.	-5.4	.	.	.	-45.5	.	.	.
2012 Aug.	-47.9	-1.4	.	.	-42.2	.	.	-1.7	.	.	.	-2.5	.	.	.
Sep.	-22.0	-6.3	.	.	-21.9	.	.	-3.9	.	.	.	10.0	.	.	.
Oct.	-24.0	-12.4	.	.	-6.6	.	.	3.1	.	.	.	-8.2	.	.	.
Nov.	-71.1	1.9	.	.	-70.6	.	.	3.3	.	.	.	-5.6	.	.	.
Dec.	-160.4	10.3	.	.	-127.3	.	.	-11.8	.	.	.	-31.6	.	.	.
<b>Growth rates</b>															
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 Q2	3.2	42.5	43.3	.	-4.0	-5.2	74.8	25.3	.	25.6	15.9	10.6	6.6	11.4	10.1
Q3	-0.3	35.2	36.0	.	-7.3	-8.1	37.7	9.2	.	9.0	16.5	8.2	3.6	9.4	5.6
Q4	-2.9	5.7	.	.	-6.9	.	.	2.2	.	.	.	3.8	.	.	.

Source: ECB.

## 7.3 Financial account

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

### 7. Reserve assets <sup>1)</sup>

	Reserve assets													Memo items			
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange							Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allocations	
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities			Financial derivatives					
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes						Money market instruments
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Outstanding amounts (international investment position)																	
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.0	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011	667.1	422.1	346.846	54.0	30.2	160.9	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012 Q1	671.2	431.7	346.847	52.5	30.9	155.8	4.5	7.6	143.5	0.7	129.6	13.2	0.1	0.3	55.2	-42.7	54.7
Q2	701.5	440.3	346.825	54.3	33.4	173.0	5.1	8.6	159.7	0.6	137.4	21.7	-0.4	0.4	51.5	-41.9	56.9
Q3	733.8	476.4	346.827	53.8	34.2	168.9	5.4	8.2	155.2	0.2	136.1	18.9	0.2	0.5	39.9	-39.5	56.2
2012 Dec.	689.4	437.2	346.693	52.8	31.9	166.8	6.1	8.8	151.3	0.2	130.9	20.2	0.6	0.6	32.8	-35.0	55.0
2013 Jan.	675.3	425.9	346.694	51.5	31.5	165.7	5.9	11.0	147.9	0.2	127.0	20.7	0.9	0.6	28.1	-36.0	53.7
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 Q2	9.0	0.0	-	-0.3	1.3	7.8	0.8	0.7	6.3	-0.1	-0.3	6.7	0.0	0.2	-	-	-
Q3	0.1	0.0	-	0.0	1.1	-1.1	0.7	-0.2	-1.7	-0.3	1.2	-2.6	0.0	0.1	-	-	-
Q4	2.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 Q2	2.1	0.0	-	-1.4	34.2	3.7	10.9	-40.6	7.6	-20.6	8.8	-7.9	-	-	-	-	-
Q3	2.7	0.0	-	-1.7	25.4	7.6	20.3	-25.3	9.7	-53.5	6.9	41.2	-	-	-	-	-
Q4	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

### 8. Gross external debt

	Total	By instrument						By sector (excluding direct investment)			
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosysteem	MFIs (excluding Eurosystem)	Other sectors
Outstanding amounts (international investment position)											
2009	10,332.9	4,467.5	525.7	3,523.2	176.9	184.9	1,454.8	1,966.1	251.9	4,579.8	2,080.3
2010	10,850.0	4,694.9	454.0	3,841.4	202.7	201.9	1,455.1	2,143.7	269.1	4,750.4	2,231.8
2011	11,029.9	4,635.5	443.5	4,142.3	224.0	270.4	1,314.3	2,312.6	408.9	4,569.0	2,425.2
2012 Q1	11,097.9	4,711.3	458.4	4,110.8	233.7	279.2	1,304.5	2,356.9	334.2	4,676.6	2,425.6
Q2	11,808.0	4,730.1	469.4	4,151.2	238.6	297.5	1,921.2	2,388.1	413.4	4,637.1	2,448.2
Q3	11,797.9	4,624.4	432.6	4,242.4	234.5	307.9	1,956.0	2,449.4	432.0	4,514.1	2,446.3
Outstanding amounts as a percentage of GDP											
2009	115.9	50.1	5.9	39.5	2.0	2.1	16.3	22.0	2.8	51.4	23.3
2010	118.3	51.2	5.0	41.9	2.2	2.2	15.9	23.4	2.9	51.8	24.3
2011	117.1	49.2	4.7	44.0	2.4	2.9	14.0	24.6	4.3	48.5	25.8
2012 Q1	117.5	49.9	4.9	43.5	2.5	3.0	13.8	25.0	3.5	49.5	25.7
Q2	124.8	50.0	5.0	43.9	2.5	3.1	20.3	25.2	4.4	49.0	25.9
Q3	124.5	48.8	4.6	44.8	2.5	3.2	20.6	25.8	4.6	47.6	25.8

Source: ECB.

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

### 7.3 Financial account

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

#### 9. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
	1	Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions	8	9	10	11	12	13	14	15
<b>2011</b>	Outstanding amounts (international investment position)														
<b>Direct investment</b>	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
<b>Portfolio investment assets</b>	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
<b>Other investment</b>	-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
<b>2011 Q4 to 2012 Q3</b>	Cumulated transactions														
<b>Direct investment</b>	81.2	72.4	-0.7	0.2	62.1	10.8	0.0	11.0	7.6	-2.6	-24.9	-80.5	24.9	0.0	73.2
Abroad	325.6	120.2	1.2	3.8	101.9	13.2	0.0	18.3	11.5	-1.7	-9.1	43.6	39.2	0.0	103.7
Equity/reinvested earnings	287.6	108.6	1.0	2.3	91.2	14.1	0.0	17.1	9.0	-3.2	-8.7	45.3	35.0	0.0	84.5
Other capital	38.0	11.6	0.3	1.5	10.7	-0.9	0.0	1.2	2.5	1.5	-0.3	-1.8	4.2	0.0	19.2
In the euro area	244.4	47.8	1.9	3.6	39.8	2.4	0.0	7.3	3.9	0.9	15.9	124.0	14.2	0.0	30.5
Equity/reinvested earnings	221.9	47.4	1.5	3.9	36.8	5.2	0.0	11.6	1.6	3.0	-4.0	135.8	-0.2	0.0	26.8
Other capital	22.5	0.4	0.4	-0.2	3.0	-2.8	0.0	-4.3	2.3	-2.1	19.9	-11.7	14.4	0.0	3.7
<b>Portfolio investment assets</b>	62.3	10.1	4.7	24.9	-44.7	2.1	23.1	5.4	1.2	-10.7	-3.1	19.6	-37.6	-3.0	80.5
Equity	-36.5	4.0	1.4	2.4	-0.2	0.4	0.0	4.9	0.6	-6.8	-0.3	-26.0	-19.6	0.0	6.7
Debt instruments	98.9	6.0	3.3	22.4	-44.5	1.8	23.1	0.5	0.6	-3.8	-2.8	45.6	-18.0	-3.0	73.8
Bonds and notes	59.2	-16.2	3.6	14.6	-60.1	2.9	22.8	-0.1	0.0	-3.0	0.0	32.8	-15.4	-3.4	64.7
Money market instruments	39.7	22.3	-0.3	7.8	15.6	-1.1	0.2	0.6	0.6	-0.8	-2.8	12.8	-2.6	0.5	9.1
<b>Other investment</b>	-32.3	74.2	-13.0	-36.6	151.7	-24.1	-3.9	6.5	-22.3	-12.8	-27.6	36.4	-19.8	-12.1	-54.9
Assets	-45.5	-5.0	-2.1	2.1	9.2	-15.1	0.9	0.8	4.0	-1.3	1.6	-11.2	-56.4	-3.0	25.0
General government	3.7	12.2	-0.2	-0.1	12.6	-0.1	0.0	0.1	0.0	-1.1	0.0	-2.9	-0.9	0.2	-3.7
MFIs	-163.8	-35.9	-4.3	0.2	-15.2	-17.5	0.9	0.1	5.3	-1.3	-2.9	-47.2	-58.6	-3.2	-20.2
Other sectors	114.6	18.6	2.3	1.9	11.9	2.5	0.0	0.6	-1.3	1.0	4.6	38.9	3.1	0.1	49.0
Liabilities	-13.2	-79.2	10.8	38.7	-142.5	9.0	4.8	-5.8	26.3	11.5	29.2	-47.6	-36.6	9.1	79.9
General government	19.6	-5.6	0.2	0.1	-18.5	0.0	12.6	0.0	0.0	0.0	-0.5	-3.8	-0.2	26.8	2.9
MFIs	-136.6	-109.5	14.6	37.6	-160.9	10.7	-11.6	-6.6	24.4	9.1	30.2	-65.0	-45.0	-17.8	43.6
Other sectors	103.8	35.9	-4.0	1.0	36.9	-1.7	3.8	0.8	1.9	2.3	-0.5	21.2	8.6	0.0	33.5

Source: ECB.



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

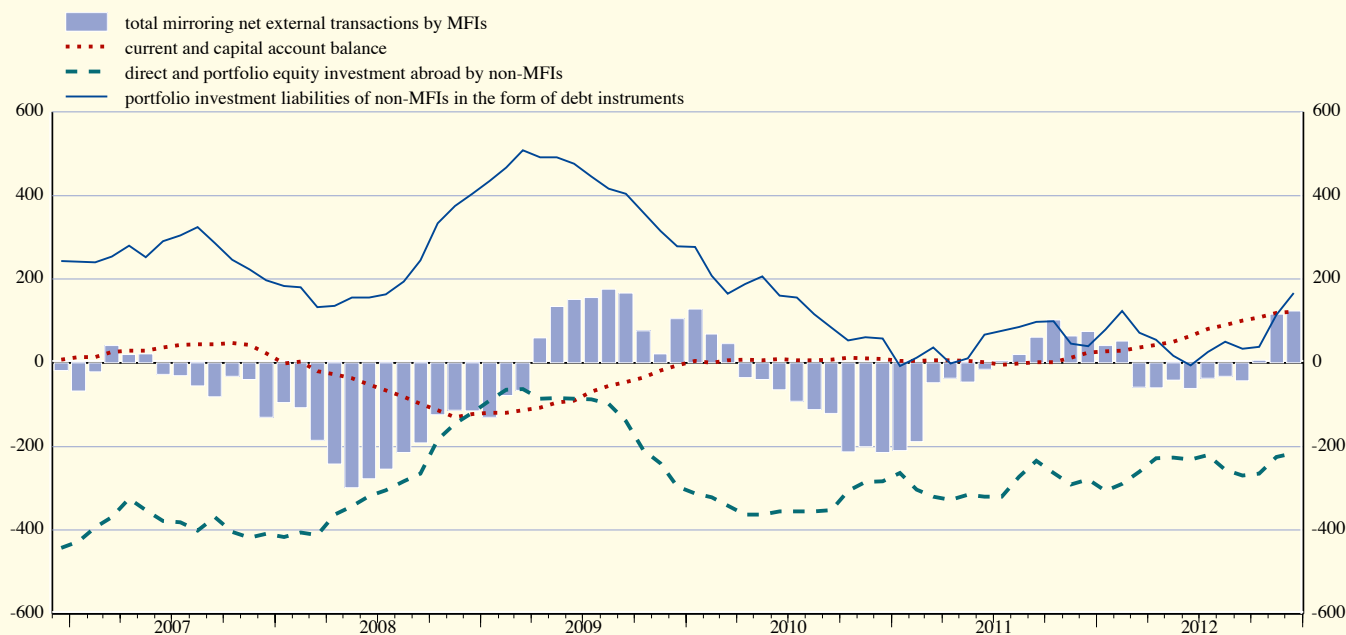
(EUR billions; transactions)

### B.o.p. items mirroring net transactions by MFIs

	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
			1	2	3	4	5	6	7	8		
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
2012	123.4	121.7	-216.0	158.3	-39.9	-196.1	156.0	167.4	-114.9	55.1	0.0	31.8
2011 Q4	-31.3	42.7	-124.2	86.0	28.1	4.9	-17.5	-63.7	6.4	17.4	-10.9	-0.5
2012 Q1	-54.3	-2.6	-76.9	70.7	-17.2	-85.4	31.5	27.3	-56.0	62.0	-6.7	-1.0
Q2	4.2	16.0	-68.4	48.5	18.4	-17.5	10.9	39.7	-52.6	13.8	-9.1	4.4
Q3	38.3	44.5	-60.3	32.5	-5.6	-48.2	20.7	30.7	-16.1	30.2	-0.6	10.5
Q4	135.2	63.8	-10.3	6.6	-35.6	-45.0	92.9	69.6	9.9	-50.9	16.4	17.8
2011 Dec.	44.1	25.1	-38.9	48.5	5.7	-2.5	19.2	-44.1	34.7	4.7	-5.1	-3.4
2012 Jan.	-49.8	-11.3	-33.3	35.7	-2.0	-23.2	-6.1	1.5	-21.4	24.4	-6.2	-7.9
Feb.	13.7	-1.8	-21.0	21.9	-5.6	-35.6	0.2	52.3	-18.7	22.3	4.4	-4.7
Mar.	-18.2	10.5	-22.6	13.1	-9.6	-26.6	37.4	-26.4	-15.9	15.2	-4.9	11.6
Apr.	-28.6	2.5	-27.2	22.4	-2.5	-8.8	-3.8	-12.1	2.8	-4.2	0.8	1.3
May	18.7	-3.5	-14.6	21.6	8.4	-8.9	-1.2	32.2	-32.6	22.8	-7.0	1.6
June	14.1	17.0	-26.6	4.5	12.5	0.2	15.9	19.5	-22.8	-4.7	-2.8	1.5
July	11.2	21.3	-11.4	7.1	3.7	-17.1	-0.4	11.8	-29.5	28.3	-2.3	-0.3
Aug.	20.5	9.9	-23.8	39.4	-0.1	-17.7	-2.0	6.0	10.2	-4.3	3.5	-0.7
Sep.	6.5	13.3	-25.2	-14.0	-9.2	-13.5	23.2	12.9	3.2	6.2	-1.8	11.5
Oct.	12.6	13.4	-19.8	10.5	-3.2	-16.4	32.8	7.6	-9.7	-5.1	4.0	-1.5
Nov.	71.4	22.3	4.2	7.2	-1.5	-25.4	15.7	52.9	-12.5	-2.4	10.5	0.4
Dec.	51.2	28.1	5.3	-11.1	-30.9	-3.2	44.4	9.1	32.1	-43.4	1.9	18.9
<i>12-month cumulated transactions</i>												
2012 Dec.	123.4	121.7	-216.0	158.3	-39.9	-196.1	156.0	167.4	-114.9	55.1	0.0	31.8

## C38 Main b.o.p. items mirroring developments in MFI net external transactions <sup>1)</sup>

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

## 7.5 Trade in goods

### 1. Values and volumes by product group <sup>1)</sup>

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)				Imports (c.i.f.)						
	Exports	Imports	Total			Memo item: Manufacturing	Total			Memo items:			
			Intermediate	Capital	Consumption		Intermediate	Capital	Consumption	Manufacturing	Oil		
	1	2	3	4	5	6	7	8	9	10	11	12	13
Values (EUR billions; annual percentage changes for columns 1 and 2)													
2011	13.2	13.2	1,745.1	879.2	353.2	474.7	1,427.3	1,759.0	1,126.5	240.1	367.5	1,105.9	321.7
2012	7.4	1.8	1,869.6	.	.	.	1,522.0	1,787.1	.	.	.	1,089.1	.
2012 Q1	8.6	4.1	463.8	233.1	94.7	126.5	376.3	454.4	292.7	61.2	92.1	275.0	90.0
Q2	8.1	1.5	467.0	230.4	96.7	129.0	382.0	448.1	287.2	62.0	91.0	275.7	89.1
Q3	7.4	0.7	473.1	232.5	96.5	131.9	385.7	448.5	284.5	61.5	92.8	274.1	90.7
Q4	5.5	0.8	465.7	.	.	.	378.0	436.1	.	.	.	264.3	.
2012 July	11.2	3.3	155.1	76.1	31.7	43.7	127.0	148.8	93.4	21.0	30.9	92.3	29.2
Aug.	10.3	2.8	160.2	79.2	32.3	44.6	133.0	152.2	97.1	20.8	31.2	91.9	31.9
Sep.	1.1	-3.9	157.8	77.2	32.5	43.5	125.8	147.5	94.1	19.7	30.7	89.8	29.5
Oct.	14.3	7.8	155.6	77.3	31.3	42.9	126.0	148.5	95.5	19.9	31.1	89.9	31.7
Nov.	5.3	0.0	156.5	77.2	32.6	43.0	127.9	146.0	94.0	19.0	30.1	88.1	30.2
Dec.	-3.1	-5.9	153.6	.	.	.	124.1	141.7	.	.	.	86.2	.
Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)													
2010	14.9	10.7	137.1	132.9	138.6	144.4	133.9	121.4	113.7	132.3	143.7	128.1	104.9
2011	7.7	3.0	148.6	143.6	153.0	155.9	145.5	125.0	118.1	136.4	144.6	134.0	101.9
2011 Q4	3.5	-2.5	150.6	144.6	155.4	158.7	147.3	122.7	115.9	134.7	142.5	130.9	104.8
2012 Q1	4.5	-1.5	153.1	148.0	160.2	159.6	149.8	123.3	116.9	132.4	139.4	129.8	101.5
Q2	3.7	-3.1	153.3	145.9	161.7	162.1	151.2	121.7	114.8	133.5	138.0	129.8	102.1
Q3	2.6	-5.2	153.6	146.2	158.9	162.7	150.9	120.2	113.3	129.7	135.7	126.3	105.7
2012 June	7.4	-0.6	155.8	148.2	162.4	163.9	151.2	122.3	116.2	137.0	137.4	128.5	109.7
July	6.7	-1.0	151.9	144.5	156.6	162.4	149.2	122.0	114.7	132.7	136.4	128.1	110.4
Aug.	5.0	-3.8	155.5	148.6	159.2	164.8	155.6	121.3	114.7	132.0	135.7	126.4	108.8
Sep.	-3.4	-10.4	153.6	145.6	160.9	161.0	148.0	117.3	110.5	124.5	135.1	124.3	97.8
Oct.	10.6	2.7	152.3	146.0	157.3	159.6	149.0	120.1	113.6	129.8	139.2	126.2	108.5
Nov.	1.7	-3.2	153.4	146.0	163.3	160.9	151.0	119.2	114.0	122.4	134.1	123.1	105.8

### 2. Prices <sup>2)</sup>

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) <sup>3)</sup>							Industrial import prices (c.i.f.)						
	Total (index: 2010 = 100)	Total				Memo item: Manufac- turing	Total (index: 2010 = 100)	Total				Memo item: Manufac- turing		
		Intermediate goods	Capital goods	Consumer goods	Energy			Intermediate goods	Capital goods	Consumer goods	Energy			
% of total	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	104.5	4.5	5.8	1.3	1.7	23.4	4.1	108.0	8.0	5.6	-0.8	3.6	25.5	4.0
2012	107.6	3.0	1.3	2.2	2.3	9.9	2.8	111.3	3.0	1.0	1.3	2.8	7.7	1.9
2012 Q2	107.5	3.0	1.5	2.5	2.5	8.3	2.8	111.2	3.1	1.5	1.9	3.1	6.7	2.0
Q3	108.2	3.3	0.7	2.5	2.6	11.3	3.1	111.9	3.5	1.2	2.4	3.8	7.5	2.5
Q4	107.6	2.0	0.7	1.5	2.1	3.9	2.0	110.5	1.3	0.9	0.4	2.2	2.2	1.3
2012 Aug.	108.8	4.1	0.8	2.7	2.7	15.7	3.9	112.7	4.7	1.5	2.6	4.5	11.1	3.0
Sep.	108.3	3.0	0.7	2.1	2.5	11.6	2.9	111.7	2.8	0.5	1.7	2.8	6.6	2.0
Oct.	107.9	2.6	0.8	1.8	2.3	8.2	2.6	110.9	2.0	1.2	0.9	2.5	4.3	1.8
Nov.	107.8	2.2	0.8	1.7	2.2	3.7	2.1	110.7	1.4	0.9	0.6	2.4	2.0	1.4
Dec.	107.1	1.2	0.6	1.1	1.8	0.0	1.3	109.9	0.4	0.6	-0.2	1.7	0.3	0.7
2013 Jan.	107.1	0.2	-0.2	0.1	.	-2.2	0.0	109.8	-0.8	-0.2	-1.3	0.7	-2.4	-0.7

Source: Eurostat.

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

## 7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

### 3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzerland	Turkey	United States	Asia		Africa	Latin America	Other countries	
		Denmark	Sweden	United Kingdom	Other EU countries					China	Japan				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Exports (f.o.b.)</b>															
2011	1,745.1	32.9	60.4	213.4	241.4	79.7	109.2	56.7	200.5	406.3	115.5	39.4	112.1	84.6	147.9
2012	1,869.6	.	.	.	.	90.4	116.5	59.4	223.6	440.2	120.5	44.7	126.1	97.3	.
2011 Q3	435.4	8.4	15.6	53.7	61.2	20.5	28.8	13.6	49.1	101.6	28.7	10.1	28.2	21.5	33.2
Q4	446.9	8.2	14.4	54.2	60.3	21.0	28.3	13.5	52.2	106.2	30.6	10.5	28.7	22.4	37.6
2012 Q1	463.8	8.4	15.1	56.5	61.3	22.2	29.4	14.8	55.7	109.4	31.3	10.6	31.0	23.7	36.3
Q2	467.0	8.6	14.8	57.2	61.1	22.7	29.2	14.6	55.9	109.1	30.3	11.3	31.3	24.3	38.3
Q3	473.1	8.5	14.9	57.9	61.6	22.8	29.2	14.8	58.3	110.3	29.8	11.5	31.3	24.5	39.0
Q4	465.7	.	.	.	.	22.7	28.7	15.1	53.7	111.3	29.1	11.2	32.6	24.7	.
2012 July	155.1	2.8	4.9	18.7	20.3	7.6	9.5	4.8	19.1	35.9	9.9	3.9	10.3	7.9	13.3
Aug.	160.2	2.8	5.2	20.2	21.2	7.7	10.1	5.2	20.0	37.7	10.1	3.9	10.4	8.6	11.1
Sep.	157.8	2.8	4.8	18.9	20.1	7.5	9.6	4.9	19.3	36.8	9.8	3.8	10.6	8.1	14.6
Oct.	155.6	2.8	4.8	19.6	20.8	7.5	9.6	4.9	18.0	36.1	9.8	3.8	10.8	8.2	12.3
Nov.	156.5	2.9	4.9	19.2	20.3	7.7	10.0	5.3	18.1	37.7	9.9	3.8	10.6	8.2	11.7
Dec.	153.6	.	.	.	.	7.4	9.1	4.9	17.6	37.5	9.5	3.6	11.2	8.3	.
<i>Percentage share of total exports</i>															
2012	100.0	.	.	.	.	4.8	6.2	3.2	12.0	23.5	6.4	2.4	6.7	5.2	.
<b>Imports (c.i.f.)</b>															
2011	1,759.0	29.8	53.2	166.8	226.7	138.0	81.7	35.0	140.8	552.3	218.6	52.6	128.9	91.1	114.6
2012	1,787.1	.	.	.	.	143.3	81.0	33.7	150.1	537.8	213.4	48.4	157.3	92.3	.
2011 Q3	441.8	7.4	13.6	42.3	57.2	33.1	22.2	8.6	34.8	140.5	55.0	13.3	31.2	23.5	27.5
Q4	437.1	7.5	12.7	42.2	57.3	35.1	20.3	8.5	35.8	135.1	52.7	12.9	31.8	23.7	27.1
2012 Q1	454.4	7.2	13.2	42.6	57.4	37.9	20.0	8.4	37.8	137.4	53.3	12.5	38.8	23.7	29.9
Q2	448.1	7.3	13.1	41.1	56.9	35.1	19.8	8.3	37.7	137.8	55.8	12.6	38.2	23.0	29.8
Q3	448.5	7.2	13.6	42.7	58.0	33.8	21.3	8.4	39.1	132.8	53.5	12.1	40.1	23.2	28.3
Q4	436.1	.	.	.	.	36.5	19.8	8.5	35.5	129.8	50.9	11.2	40.2	22.4	.
2012 July	148.8	2.4	4.6	14.4	18.9	10.4	7.1	2.8	13.2	44.4	18.6	4.1	12.7	7.8	10.3
Aug.	152.2	2.4	4.7	14.2	19.9	11.7	7.7	2.8	13.2	45.0	17.9	4.1	14.0	8.0	8.6
Sep.	147.5	2.4	4.4	14.1	19.2	11.7	6.6	2.8	12.7	43.3	17.0	4.0	13.4	7.4	9.5
Oct.	148.5	2.4	4.5	13.8	19.7	12.5	6.7	3.0	12.4	43.9	16.8	3.8	13.4	7.5	8.6
Nov.	146.0	2.5	4.2	13.8	19.3	11.9	6.9	2.8	11.7	42.9	16.7	3.8	13.4	7.5	9.2
Dec.	141.7	.	.	.	.	12.0	6.2	2.8	11.3	43.0	17.3	3.6	13.5	7.4	.
<i>Percentage share of total imports</i>															
2012	100.0	.	.	.	.	8.0	4.5	1.9	8.4	30.1	11.9	2.7	8.8	5.2	.
<b>Balance</b>															
2011	-13.9	3.0	7.2	46.6	14.7	-58.3	27.5	21.7	59.7	-146.0	-103.1	-13.2	-16.9	-6.5	33.4
2012	82.4	.	.	.	.	-52.9	35.5	25.7	73.6	-97.6	-92.9	-3.7	-31.2	5.0	.
2011 Q3	-6.4	1.0	2.0	11.4	4.1	-12.6	6.6	5.0	14.3	-38.9	-26.3	-3.2	-3.0	-2.0	5.7
Q4	9.8	0.7	1.6	11.9	3.0	-14.1	8.0	5.0	16.4	-28.9	-22.0	-2.4	-3.1	-1.3	10.5
2012 Q1	9.4	1.2	1.9	13.9	4.0	-15.7	9.4	6.3	18.0	-28.0	-21.9	-2.0	-7.8	0.0	6.4
Q2	18.9	1.3	1.7	16.0	4.2	-12.4	9.4	6.3	18.2	-28.7	-25.4	-1.2	-6.9	1.3	8.5
Q3	24.6	1.2	1.2	15.2	3.6	-10.9	7.9	6.5	19.3	-22.5	-23.7	-0.6	-8.8	1.3	10.6
Q4	29.6	.	.	.	.	-13.8	8.9	6.6	18.2	-18.5	-21.8	0.1	-7.6	2.4	.
2012 July	6.3	0.5	0.4	4.4	1.4	-2.7	2.4	2.0	5.9	-8.5	-8.7	-0.2	-2.4	0.1	3.0
Aug.	8.0	0.4	0.4	6.0	1.3	-4.0	2.4	2.4	6.8	-7.3	-7.8	-0.2	-3.5	0.6	2.5
Sep.	10.2	0.3	0.4	4.8	0.9	-4.2	3.0	2.1	6.6	-6.6	-7.3	-0.2	-2.9	0.6	5.1
Oct.	7.1	0.4	0.3	5.8	1.1	-5.0	2.9	2.0	5.6	-7.8	-7.1	0.1	-2.6	0.7	3.7
Nov.	10.5	0.4	0.7	5.4	1.1	-4.2	3.1	2.5	6.4	-5.2	-6.8	0.0	-2.8	0.7	2.5
Dec.	12.0	.	.	.	.	-4.6	2.9	2.1	6.2	-5.5	-7.8	0.0	-2.2	0.9	.

Source: Eurostat.

## EXCHANGE RATES

### 8.1 Effective exchange rates <sup>1)</sup>

(period averages; index: 1999 Q1=100)

	EER-20						EER-40		
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI	
	1	2	3	4	5	6	7	8	
2010	103.6	101.6	98.1	96.9	107.2	98.2	111.4	98.1	
2011	103.4	100.7	97.6	95.1	105.5	96.3	112.1	97.6	
2012	97.8	95.5	93.3	.	.	.	107.0	92.9	
2011 Q4	102.1	99.4	96.3	93.5	101.4	93.0	111.6	97.0	
2012 Q1	99.5	96.9	94.4	91.4	99.8	90.3	108.3	94.1	
Q2	98.2	95.9	93.3	90.2	98.4	88.7	107.4	93.2	
Q3	95.9	93.7	91.7	87.8	96.1	86.3	105.1	91.3	
Q4	97.8	95.6	93.7	.	.	.	107.4	92.9	
2012 Feb.	99.6	97.2	94.6	-	-	-	108.4	94.1	
Mar.	99.8	97.3	94.9	-	-	-	108.6	94.3	
Apr.	99.5	97.2	94.5	-	-	-	108.4	94.2	
May	98.0	95.7	93.2	-	-	-	107.2	93.1	
June	97.2	94.8	92.3	-	-	-	106.6	92.4	
July	95.3	93.2	90.9	-	-	-	104.4	90.7	
Aug.	95.2	93.1	91.1	-	-	-	104.3	90.7	
Sep.	97.2	95.0	93.1	-	-	-	106.6	92.5	
Oct.	97.8	95.5	93.6	-	-	-	107.2	92.9	
Nov.	97.2	94.9	93.0	-	-	-	106.7	92.3	
Dec.	98.7	96.3	94.5	-	-	-	108.2	93.6	
2013 Jan.	100.4	98.1	95.9	-	-	-	109.8	94.9	
Feb.	101.6	99.3	96.9	-	-	-	111.1	95.9	
	<i>Percentage change versus previous month</i>								
2013 Feb.	1.3	1.3	1.1	-	-	-	1.1	1.1	
	<i>Percentage change versus previous year</i>								
2013 Feb.	2.0	2.2	2.4	-	-	-	2.5	1.9	

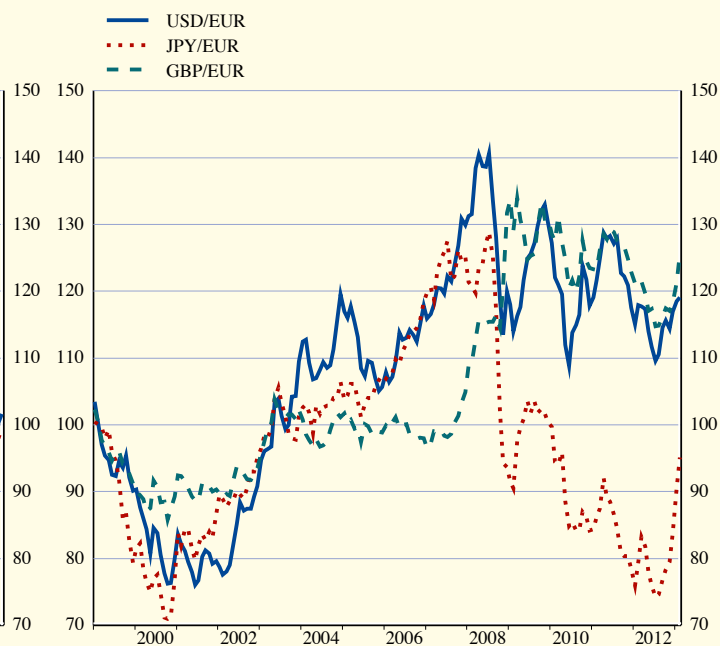
### C39 Effective exchange rates

(monthly averages; index: 1999 Q1=100)



### C40 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



Source: ECB.

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

## 8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2011	1.9558	24.590	7.4506	0.7063	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	7.4390	2.3378
2012	1.9558	25.149	7.4437	0.6973	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	7.5217	2.3135
2012 Q2	1.9558	25.269	7.4349	0.6981	3.4528	293.98	4.2595	4.4293	8.9133	0.80998	7.5280	2.3157
Q3	1.9558	25.082	7.4457	0.6963	3.4528	283.05	4.1366	4.5255	8.4354	0.79153	7.4732	2.2560
Q4	1.9558	25.167	7.4590	0.6963	3.4528	283.25	4.1123	4.5288	8.6230	0.80740	7.5290	2.3272
2012 Aug.	1.9558	25.021	7.4454	0.6963	3.4528	278.93	4.0934	4.5176	8.2805	0.78884	7.4853	2.2291
Sep.	1.9558	24.752	7.4539	0.6962	3.4528	284.22	4.1345	4.5022	8.4929	0.79821	7.4291	2.3177
Oct.	1.9558	24.939	7.4582	0.6962	3.4528	282.09	4.1071	4.5624	8.6145	0.80665	7.5140	2.3384
Nov.	1.9558	25.365	7.4587	0.6962	3.4528	282.26	4.1321	4.5273	8.6076	0.80389	7.5410	2.3010
Dec.	1.9558	25.214	7.4604	0.6965	3.4528	285.79	4.0956	4.4899	8.6512	0.81237	7.5334	2.3439
2013 Jan.	1.9558	25.563	7.4614	0.6978	3.4528	294.01	4.1424	4.3835	8.6217	0.83271	7.5746	2.3543
Feb.	1.9558	25.475	7.4598	0.6999	3.4528	292.73	4.1700	4.3839	8.5083	0.86250	7.5868	2.3738
	<i>Percentage change versus previous month</i>											
2013 Feb.	0.0	-0.3	0.0	0.3	0.0	-0.4	0.7	0.0	-1.3	3.6	0.2	0.8
	<i>Percentage change versus previous year</i>											
2013 Feb.	0.0	1.7	0.3	0.1	0.0	0.7	-0.3	0.7	-3.5	3.1	0.1	2.0
	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee <sup>1)</sup>	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit		
	13	14	15	16	17	18	19	20	21	22		
2010	1.4423	2.3314	1.3651	8.9712	10.2994	60.5878	12,041.70	4.9457	116.24	4.2668		
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558		
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73	4.9536	102.49	3.9672		
2012 Q2	1.2699	2.5167	1.2949	8.1072	9.9460	69.3757	11,932.86	4.9021	102.59	3.9918		
Q3	1.2035	2.5359	1.2447	7.9410	9.6962	68.9706	11,876.24	4.9818	98.30	3.9029		
Q4	1.2484	2.6671	1.2850	8.1036	10.0506	70.2047	12,473.53	4.9853	105.12	3.9632		
2012 Aug.	1.1841	2.5170	1.2315	7.8864	9.6177	68.8632	11,777.55	4.9779	97.58	3.8643		
Sep.	1.2372	2.6066	1.2583	8.1273	9.9686	70.0452	12,287.93	5.0717	100.49	3.9599		
Oct.	1.2596	2.6333	1.2801	8.1390	10.0574	68.8589	12,457.30	4.9976	102.47	3.9649		
Nov.	1.2331	2.6512	1.2787	7.9998	9.9423	70.3250	12,343.83	4.9970	103.94	3.9230		
Dec.	1.2527	2.7264	1.2984	8.1809	10.1679	71.6946	12,643.37	4.9570	109.71	4.0075		
2013 Jan.	1.2658	2.6993	1.3189	8.2698	10.3027	72.0716	12,837.99	4.9706	118.34	4.0413		
Feb.	1.2951	2.6354	1.3477	8.3282	10.3608	71.9342	12,933.75	4.9359	124.40	4.1403		
	<i>Percentage change versus previous month</i>											
2013 Feb.	2.3	-2.4	2.2	0.7	0.6	-0.2	0.7	-0.7	5.1	2.5		
	<i>Percentage change versus previous year</i>											
2013 Feb.	5.1	16.0	2.2	0.0	1.0	10.6	8.6	-0.2	19.9	3.6		
	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar	
	23	24	25	26	27	28	29	30	31	32	33	
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257	
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920	
2012	16.9029	1.5867	7.4751	54.246	39.9262	1.6055	10.5511	1,447.69	1.2053	39.928	1.2848	
2012 Q2	17.3620	1.6241	7.5582	54.813	39.8768	1.6200	10.4214	1,477.96	1.2015	40.101	1.2814	
Q3	16.4690	1.5462	7.3910	52.377	39.9755	1.5594	10.3385	1,416.52	1.2035	39.207	1.2502	
Q4	16.7805	1.5751	7.3664	53.387	40.3064	1.5855	11.2766	1,414.42	1.2080	39.778	1.2967	
2012 Aug.	16.3600	1.5306	7.3239	52.173	39.6334	1.5480	10.2585	1,403.93	1.2011	38.974	1.2400	
Sep.	16.6413	1.5721	7.3945	53.629	40.4006	1.5837	10.6512	1,444.65	1.2089	39.842	1.2856	
Oct.	16.7207	1.5817	7.4076	53.691	40.3558	1.5879	11.2215	1,435.37	1.2098	39.811	1.2974	
Nov.	16.7689	1.5660	7.3371	52.716	40.2505	1.5695	11.2986	1,395.13	1.2052	39.391	1.2828	
Dec.	16.8664	1.5777	7.3503	53.796	40.3114	1.6009	11.3179	1,411.41	1.2091	40.187	1.3119	
2013 Jan.	16.8760	1.5877	7.3821	54.105	40.1847	1.6326	11.6957	1,417.69	1.2288	39.924	1.3288	
Feb.	16.9872	1.5929	7.4232	54.355	40.3342	1.6546	11.8796	1,452.82	1.2298	39.839	1.3559	
	<i>Percentage change versus previous month</i>											
2013 Feb.	0.7	0.3	0.6	0.5	0.4	1.3	1.6	2.5	0.1	-0.2	0.5	
	<i>Percentage change versus previous year</i>											
2013 Feb.	0.4	0.5	-1.7	-3.7	2.3	-0.2	17.3	-2.2	1.9	-1.9	1.0	

Source: ECB.

1) For this currency the ECB computes and publishes euro reference exchange rates as from 1 January 2009. Previous data are indicative.



## 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
<b>HICP</b>										
2011	3.4	2.1	2.7	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2012	2.4	3.5	2.4	2.3	3.2	5.7	3.7	3.4	0.9	2.8
2012 Q3	3.0	3.4	2.4	1.9	3.2	6.0	3.9	4.2	0.9	2.4
Q4	2.8	2.9	2.1	1.6	3.0	5.5	2.8	4.7	1.0	2.7
2012 Nov.	2.7	2.8	2.2	1.5	2.8	5.3	2.7	4.4	0.8	2.7
Dec.	2.8	2.4	1.9	1.6	2.9	5.1	2.2	4.6	1.0	2.7
2013 Jan.	2.6	1.8	1.0	0.6	2.7	2.8	1.6	5.1	0.7	2.7
<b>General government deficit (-)/surplus (+) as a percentage of GDP</b>										
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
<b>General government gross debt as a percentage of GDP</b>										
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
<b>Long-term government bond yield as a percentage per annum; period average</b>										
2012 Aug.	4.28	2.38	1.15	4.45	4.84	7.36	4.88	6.84	1.44	1.49
Sep.	3.80	2.41	1.31	3.92	4.53	7.28	4.85	6.54	1.51	1.53
Oct.	3.39	2.24	1.29	3.52	4.32	6.94	4.57	6.85	1.54	1.54
Nov.	3.22	1.92	1.11	3.32	4.11	6.87	4.18	6.84	1.46	1.55
Dec.	3.44	2.12	1.07	3.24	4.00	6.44	3.88	6.65	1.51	1.60
2013 Jan.	3.27	1.96	1.61	3.21	3.97	6.23	3.91	5.90	1.80	1.82
<b>3-month interest rate as a percentage per annum; period average</b>										
2012 Aug.	1.69	1.00	0.31	0.61	0.93	7.77	5.11	5.51	2.02	0.71
Sep.	1.60	0.87	0.32	0.58	0.81	-	4.95	5.47	1.69	0.65
Oct.	1.56	0.71	0.33	0.52	0.76	6.84	4.82	5.46	1.51	0.54
Nov.	1.45	0.54	0.30	0.54	0.73	-	4.62	5.64	1.46	0.52
Dec.	1.39	0.50	0.28	0.53	0.70	-	4.26	5.79	1.37	0.52
2013 Jan.	1.27	0.50	0.30	0.50	0.53	5.80	4.03	.	1.21	0.51
<b>Real GDP</b>										
2011	1.7	1.9	1.1	5.5	5.9	1.6	4.3	2.5	3.7	0.9
2012	.	.	-0.6	.	3.6	.	2.0	0.2	0.8	0.2
2012 Q2	0.5	-1.0	-1.4	4.8	3.1	-1.4	2.3	1.3	1.4	-0.2
Q3	0.5	-1.3	0.0	5.2	3.4	-1.6	1.8	-0.3	0.6	0.2
Q4	.	.	-1.0	.	3.0	.	1.1	0.1	1.5	0.3
<b>Current and capital account balance as a percentage of GDP</b>										
2010	-0.7	-3.0	5.9	4.9	2.7	2.8	-3.3	-4.2	6.5	-3.1
2011	1.6	-2.5	5.9	0.0	-1.3	3.3	-2.9	-4.0	6.3	-1.2
2012 Q2	-2.9	-2.1	6.7	-1.1	7.3	4.1	0.1	-4.3	6.0	-4.1
Q3	10.0	-4.6	7.2	4.8	3.0	5.2	-0.9	-3.5	8.3	-3.8
Q4	.	.	5.8	.	3.2	.	-0.7	.	4.6	.
<b>Gross external debt as a percentage of GDP</b>										
2010	102.7	56.2	190.4	164.8	83.2	144.8	66.4	75.8	190.5	413.1
2011	93.1	57.9	183.1	145.0	77.8	147.2	71.9	73.7	195.3	425.0
2012 Q1	93.8	58.9	187.1	144.5	80.9	138.1	70.3	74.9	196.0	423.3
Q2	94.8	60.1	191.8	144.1	78.0	134.6	71.9	75.2	200.5	416.1
Q3	95.0	59.0	187.6	139.4	79.1	128.2	70.8	74.7	199.4	415.4
<b>Unit labour costs</b>										
2011	1.1	1.1	0.1	5.2	-0.1	1.8	0.7	1.9	-0.6	1.6
2012	.	.	1.8	.	.	.	.	.	2.6	.
2012 Q2	0.7	3.3	2.2	-1.8	4.1	6.5	0.6	4.2	2.7	4.0
Q3	3.2	2.5	1.2	-2.6	1.5	5.6	1.5	-0.8	3.0	2.4
Q4	.	.	2.8	.	.	.	.	.	3.5	.
<b>Standardised unemployment rate as a percentage of labour force (s.a.)</b>										
2011	11.3	6.7	7.6	16.3	15.3	11.0	9.7	7.4	7.8	8.0
2012	12.2	7.0	7.5	14.9	13.3	.	10.1	7.0	8.0	.
2012 Q3	12.3	7.0	7.4	14.4	13.0	10.7	10.2	7.0	8.0	7.8
Q4	12.3	7.2	7.4	14.4	13.2	11.0	10.4	6.7	8.1	.
2012 Nov.	12.4	7.5	7.4	14.4	13.2	10.9	10.4	6.7	8.4	7.7
Dec.	12.3	7.1	7.4	14.4	13.3	11.1	10.4	6.7	8.0	.
2013 Jan.	12.4	7.0	7.4	.	13.3	.	10.6	6.6	8.0	.

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

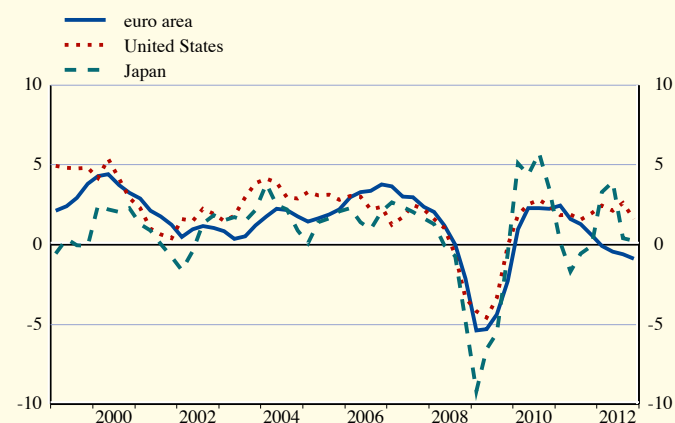
## 9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs <sup>1)</sup>	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force <sup>2)</sup> (s.a.)	Broad money <sup>3)</sup>	3-month interbank deposit rate <sup>4)</sup>	10-year zero coupon government bond yield; <sup>4)</sup> end of period	Exchange rate <sup>5)</sup> as national currency per euro	Government deficit (-)/ surplus (+) as a % of GDP	Government debt <sup>6)</sup> as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
2009	-0.4	-1.4	-3.1	-13.8	9.3	8.0	0.69	4.17	1.3948	-11.9	73.3
2010	1.6	-1.1	2.4	6.3	9.6	2.5	0.34	3.57	1.3257	-11.4	82.1
2011	3.2	1.9	1.8	4.8	8.9	7.3	0.34	2.10	1.3920	-10.2	86.0
2012	2.1	0.7	2.2	4.5	8.1	8.5	0.43	1.88	1.2848	.	.
2011 Q4	3.3	1.4	2.0	4.5	8.7	9.7	0.48	2.10	1.3482	-9.9	86.0
2012 Q1	2.8	0.2	2.4	5.3	8.3	10.1	0.51	2.38	1.3108	-8.7	87.7
Q2	1.9	0.5	2.1	5.5	8.2	9.6	0.47	1.83	1.2814	-8.8	88.2
Q3	1.7	0.0	2.6	4.0	8.0	7.0	0.43	1.77	1.2502	-8.6	88.7
Q4	1.9	2.0	1.6	3.3	7.8	7.5	0.32	1.88	1.2967	.	.
2012 Oct.	2.2	-	-	2.3	7.9	7.3	0.33	1.79	1.2974	-	-
Nov.	1.8	-	-	4.0	7.8	7.2	0.31	1.72	1.2828	-	-
Dec.	1.7	-	-	3.5	7.8	7.9	0.31	1.88	1.3119	-	-
2013 Jan.	1.6	-	-	2.1	7.9	7.5	0.30	2.14	1.3288	-	-
Feb.	.	-	-	.	.	.	0.29	2.05	1.3359	-	-
Japan											
2009	-1.3	0.3	-5.5	-21.9	5.1	2.7	0.47	1.42	130.34	-8.8	180.1
2010	-0.7	-4.8	4.7	16.6	5.1	2.8	0.23	1.18	116.24	-8.3	188.3
2011	-0.3	0.8	-0.5	-2.5	4.6	2.7	0.19	1.00	110.96	-8.9	204.4
2012	0.0	.	1.9	-0.3	4.3	2.5	0.19	0.84	102.49	.	.
2011 Q4	-0.3	-	-0.1	-1.7	4.5	3.0	0.20	1.00	104.22	.	.
2012 Q1	0.3	-	3.3	4.7	4.5	3.0	0.20	1.05	103.99	.	.
Q2	0.1	-	3.9	5.3	4.4	2.3	0.20	0.84	102.59	.	.
Q3	-0.4	-	0.4	-4.6	4.2	2.4	0.19	0.78	98.30	.	.
Q4	-0.2	-	0.2	-5.9	4.2	2.3	0.19	0.84	105.12	.	.
2012 Oct.	-0.4	-	-	-4.5	4.2	2.3	0.19	0.78	102.47	-	-
Nov.	-0.2	-	-	-5.5	4.1	2.1	0.19	0.74	103.94	-	-
Dec.	-0.1	-	-	-7.9	4.2	2.6	0.18	0.84	109.71	-	-
2013 Jan.	-0.3	-	-	-5.1	.	2.7	0.17	0.80	118.34	-	-
Feb.	.	-	-	.	.	.	0.16	0.74	124.40	-	-

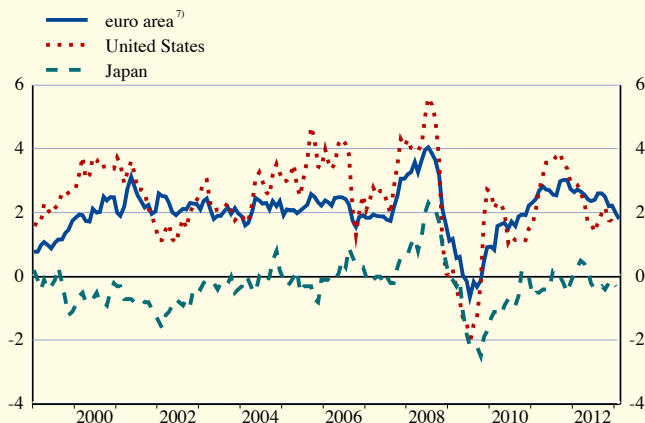
### C41 Real gross domestic product

(annual percentage changes; quarterly data)



### C42 Consumer price indices

(annual percentage changes; monthly data)



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

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



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## TECHNICAL NOTES

### EURO AREA OVERVIEW

#### CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

### 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  $D_1 + D_2 + \dots + D_i = D$ , the applicable annualised rate ( $R_{LTRO}$ ) is calculated as:

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

### 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:

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

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 2010 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website ([www.ecb.europa.eu](http://www.ecb.europa.eu)) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

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

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

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

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:

$$i) \quad a_t^M = \left( \frac{I_t}{I_{t-1}} - 1 \right) \times 100$$

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:

$$j) \quad I_t = I_{t-3} \times \left( 1 + \frac{F_t^Q}{L_{t-3}} \right)$$

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<sup>1</sup>

The approach used is based on multiplicative decomposition using X-12-ARIMA.<sup>2</sup> The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.<sup>3</sup> The resulting estimates of seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

## SECTIONS 3.1 TO 3.5

### EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

1 For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Monetary and financial statistics” sub-section of the “Statistics” section of the ECB’s website ([www.ecb.europa.eu](http://www.ecb.europa.eu)).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), “New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program”, *Journal of Business and Economic Statistics*, 16, 2, pp.127-152, or “X-12-ARIMA Reference Manual”, Time Series Staff, Bureau of the Census, Washington, D.C.

For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), “Programs TRAMO and SEATS: Instructions for the User”, Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2010) generally differs from 100, reflecting the seasonality of that month.

## CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1, 3.2 and 3.3 are computed as follows.

The trade balance equals euro area imports minus exports vis-à-vis the rest of the world for goods and services.

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension fund reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, the current external account is compiled as the trade balance plus all net income (resources minus uses).

Net lending/net borrowing is computed from the capital account as net saving plus net capital transfers (resources minus uses) minus gross capital formation (uses) minus acquisitions less disposals of non-produced non-financial assets (uses) plus consumption of fixed capital (resources). It can also be calculated in the financial account as total transactions in financial assets minus total transactions in liabilities (also known as changes in net financial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between the balancing items computed from the capital account and the financial account.

Changes in net financial worth (wealth) due to transactions are computed as total transactions in financial assets minus total transactions in liabilities, whereas other changes in net financial worth (wealth) are calculated as (total) other changes in financial assets minus (total) other changes in liabilities.

Net financial worth (wealth) is calculated as total financial assets minus total liabilities, whereas changes in net financial worth (wealth) are equal to the sum of changes in net financial worth (wealth) due to transactions (lending/net borrowing from the financial account) and other changes in net financial worth (wealth).

Changes in net worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth) and other changes in non-financial assets.

The net worth (wealth) of households is calculated as the sum of the non-financial assets and net financial worth (wealth) of households.

## SECTIONS 4.3 AND 4.4

### CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They can be calculated from transactions or from the index of notional stocks. If  $N_t^M$  represents the transactions (net issues) in month  $t$  and  $L_t$  the level outstanding at the end of month  $t$ , the index  $I_t$  of notional stocks in month  $t$  is defined as:

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

As a base, the index is set equal to 100 in December 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:

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

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

The method used to calculate the growth rates for securities other than shares is the same as that used for the monetary aggregates, the only difference being that an “N” is used instead of an “F”. This is to show that the method used to obtain “net issues” for securities issues statistics differs from that used to calculate equivalent “transactions” for the monetary aggregates.

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

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

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:

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

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 <sup>4</sup>

The approach used is based on multiplicative decomposition using X-12-ARIMA. The seasonal adjustment of total securities issues is carried out indirectly by means of a linear combination of sector and maturity component breakdowns.

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae l) and m), the growth rate  $a_t$  for month  $t$ , corresponding to the change in the six months ending in month  $t$ , can be calculated using either of the following two formulae:

$$p) \quad a_t = \left[ \prod_{i=0}^5 \left( 1 + \frac{N_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

$$q) \quad a_t = \left( \frac{I_t}{I_{t-6}} - 1 \right) \times 100$$

#### TABLE 1 IN SECTION 5.1

#### SEASONAL ADJUSTMENT OF THE HICP <sup>4</sup>

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page 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

<sup>4</sup> For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Monetary and financial statistics” sub-section of the “Statistics” section of the ECB’s website ([www.ecb.europa.eu](http://www.ecb.europa.eu)).

pre-adjusted in order to take into account significant working day effects. The working day adjustment for goods and services takes account of national public holidays. The seasonal adjustment of these items is carried out using these pre-adjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

### SECTION 7.3

#### CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter  $t$  is calculated on the basis of quarterly transactions ( $F_t$ ) and positions ( $L_t$ ) as follows:

$$r) \quad a_t = \left( \prod_{i=t-3}^t \left( 1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

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](http://www.ecb.europa.eu)). This allows user-friendly access to data via the ECB’s Statistical Data Warehouse (<http://sdw.ecb.europa.eu>), which includes search and download facilities. Further services available in the “Data services” sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: [statistics@ecb.europa.eu](mailto:statistics@ecb.europa.eu).

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB’s first meeting of the month. For this issue, the cut-off date was 6 March 2013.

Unless otherwise indicated, all data series including observations for 2011 relate to the “Euro 17” (i.e. the euro area including Estonia) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Estonia joined in 2011, bringing the number of euro area countries to 17. From October 2012, the euro area statistics also include the European Stability Mechanism, an international organisation resident in the euro area for statistical purposes.

### EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 17 (i.e. aggregating the data of all 17 countries currently in the euro area) for all years, despite the fact that the euro area has only had this composition since 1 January 2011. Unless otherwise indicated, the ECB’s Monthly Bulletin provides statistical series for the current composition.

### EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as monetary aggregates and their counterparts, annual rates of change are compiled from chain-linked indices, with joining countries’ series linked to the euro area series in the December index. Thus, if a country joins the euro area in January of a given year, annual rates

of change relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. Percentage changes are calculated on the basis of a chain-linked index, taking account of the changing composition of the euro area. Absolute changes for monetary aggregates and their counterparts (transactions) refer to the composition of the euro area at the time to which the statistics relate.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data<sup>1</sup> are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group “Other EU Member States” comprises Bulgaria, the Czech Republic, Denmark, 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.

<sup>1</sup> Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB’s website (<http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html>) and in the SDW (<http://sdw.ecb.europa.eu/browse.do?node=2018811>).

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

## **MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS**

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

Section 2.1 shows the aggregated balance sheet of the MFI sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under EU law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item “net external assets”.

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32<sup>2</sup>. 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<sup>3</sup> concerning statistics on the assets and liabilities of investment

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

<sup>3</sup> OJ L 211, 11.08.2007, p. 8.

funds. Further information on these investment fund statistics can be found in the “Manual on investment fund statistics” (ECB, May 2009).

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC’s balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30<sup>4</sup> as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

## EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction,

4 OJ L 15, 20.01.2009, p. 1.

the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the “non-financial accounts” of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households’ income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations’ income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

## FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. “Short-term” means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as “long-term”.



Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.



Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model<sup>5</sup>. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: <http://www.ecb.europa.eu/stats/money/yc/html/index.en.html>. Daily data can also be downloaded.

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

## PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

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

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

<sup>5</sup> Svensson, L.E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", CEPR Discussion Papers, No 1051. Centre for Economic Policy Research, London, 1994.

includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics<sup>6</sup>. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains<sup>7</sup>, has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007<sup>8</sup>. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or “use”, taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index<sup>9</sup> and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003<sup>10</sup>. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers’ social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95<sup>11</sup> quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010<sup>12</sup> introducing NACE Revision 2,

6 OJ L 162, 5.6.1998, p. 1.

7 OJ L 393, 30.12.2006, p. 1.

8 OJ L 155, 15.6.2007, p. 3.

9 OJ L 69, 13.3.2003, p. 1.

10 OJ L 169, 8.7.2003, p. 37.

11 OJ L 310, 30.11.1996, p. 1.

12 OJ L 210, 11.8.2010, p. 1.

the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

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

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

## GOVERNMENT FINANCE

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

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000<sup>13</sup> amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general 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

<sup>13</sup> OJ L 172, 12.7.2000, p. 3.

non-financial accounts for general government<sup>14</sup>. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

## EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)<sup>15</sup> and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)<sup>16</sup>. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled “European Union balance of payments/international investment position statistical methods” (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB’s website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics ([www.cmfb.org](http://www.cmfb.org)). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force’s recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB’s website.

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)<sup>17</sup> was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF’s Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area’s b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata. The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly

14 OJ L 179, 9.7.2002, p. 1.

15 OJ L 354, 30.11.2004, p. 34.

16 OJ L 159, 20.6.2007, p. 48.

17 OJ L 65, 3.3.2012, p. 1.

b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions and international organisations (which, with the exception of the ECB and the European Stability Mechanism, are considered to be outside the euro area for statistical purposes, regardless of their physical location) as well as offshore centres. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled “Euro area balance of payments and international investment position vis-à-vis main counterparts” in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into “loans” and “currency and deposits” is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem’s international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem’s weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem’s international

reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

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

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

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

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are



available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

## EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 134 ("Revisiting the effective exchange rates of the euro" by Martin Schmitz, Maarten De Clercq, Michael Fidora, Bernadette Lauro and Cristina Pinheiro, June 2012), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

## DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

## ANNEXES

# CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSISTEM<sup>1</sup>



### 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.

<sup>1</sup> The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2009 can be found in the ECB's Annual Report for the respective years.



## **2 SEPTEMBER 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 18 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

## **7 OCTOBER AND 4 NOVEMBER 2010**

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

## **2 DECEMBER 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

## **13 JANUARY AND 3 FEBRUARY 2011**

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

## **3 MARCH 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

## **7 APRIL 2011**

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

**5 MAY 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively.

**9 JUNE 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 October 2011, notably to continue its fixed rate tender procedures with full allotment.

**7 JULY 2011**

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.50%, starting from the operation to be settled on 13 July 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.25% and 0.75% respectively, both with effect from 13 July 2011.

**4 AUGUST 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on several measures to address renewed tensions in some financial markets. In particular, it decides that the Eurosystem will conduct a liquidity-providing supplementary longer-term refinancing operation with a maturity of approximately six months as a fixed rate tender procedure with full allotment. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 17 January 2012, notably to continue its fixed rate tender procedures with full allotment.

**8 SEPTEMBER 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively.

**6 OCTOBER 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on the details of its refinancing operations from October 2011 to 10 July 2012, notably to conduct two longer-term refinancing operations – one



with a maturity of approximately 12 months in October 2011, and another with a maturity of approximately 13 months in December 2011 – and to continue to apply fixed rate tender procedures with full allotment in all of its refinancing operations. In addition, the Governing Council decides to launch a new covered bond purchase programme in November 2011.

### **3 NOVEMBER 2011**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 9 November 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 9 November 2011.

### **8 DECEMBER 2011**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 14 December 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.75% and 0.25% respectively, both with effect from 14 December 2011. It also decides to adopt further non-standard measures, notably: (i) to conduct two longer-term refinancing operations with a maturity of approximately three years; (ii) to increase the availability of collateral; (iii) to reduce the reserve ratio to 1%; and (iv) to discontinue, for the time being, the fine-tuning operations carried out on the last day of each maintenance period.

### **12 JANUARY 2012**

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

### **9 FEBRUARY 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

### **8 MARCH, 4 APRIL AND 3 MAY 2012**

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

**6 JUNE 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

**5 JULY 2012**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

**2 AUGUST 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

**6 SEPTEMBER 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.

**4 OCTOBER AND 8 NOVEMBER 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

**6 DECEMBER 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 9 July 2013, notably to continue its fixed rate tender procedures with full allotment.

**10 JANUARY, 7 FEBRUARY AND 7 MARCH 2013**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.



## THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM

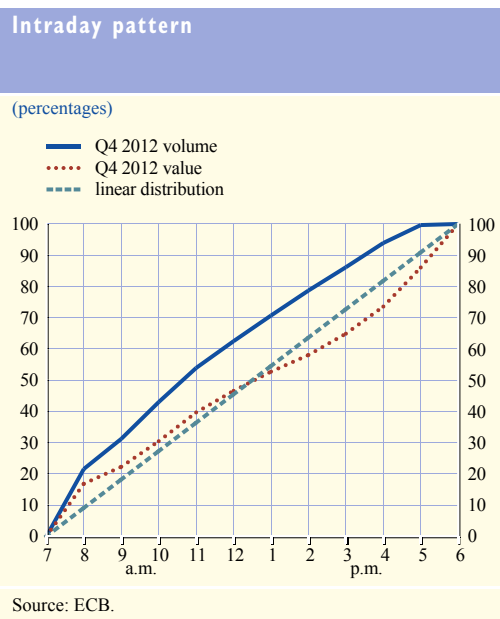
TARGET2<sup>1</sup> is instrumental in promoting an integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy. It also contributes to the integration of the euro area financial markets. More than 4,400 commercial banks, as well as 23 national central banks, use TARGET2 to initiate payments of their own or payments conducted 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 settlement 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 be available immediately for other payments.

### PAYMENT FLOWS IN TARGET2

In the fourth quarter of 2012 TARGET2 settled 23,167,441 transactions, with a total value of €139,527 billion. This corresponds to a daily average of 361,991 transactions, with an average daily value of €2,180 billion. The highest level of TARGET2 traffic in this quarter was recorded on 21 December, when 529,618 payments were processed. With a market share of 58% in terms of volume and 91% 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. Interbank payments accounted for 39% of total payments in terms of volume and 93% in terms of value. The average value of an interbank payment processed in the system was €14.4 million, while that of a customer payment was €0.7 million. 69% 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 259 payments per day with a value of more than €1 billion. All of 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 fourth quarter of 2012. In volume terms, the curve is well above the linear distribution, with 71% of the volume exchanged by 1 p.m. CET and 99.7% exchanged by one hour before the system closes. In value terms, the curve is close to the linear distribution until the middle of the day, with around 53% of the value exchanged by 1 p.m. CET. The curve then moves beneath the linear distribution, an indication that higher-value payments are settled towards the end of the TARGET2 business day. These payments correspond to use of the deposit facility, the extent of which was significant over the period under review.



<sup>1</sup> TARGET2 is the second generation of TARGET and was launched in 2007.

## TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the fourth quarter of 2012 TARGET2 achieved 100% 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. CET. 99.96% of all payments were processed in less than five minutes; thus, the expectations set for the system were met in full.

**Table 1 Payment instructions processed by TARGET2 and EURO1: volume of transactions**

(number of payments)					
	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4
<b>TARGET2</b>					
Total volume	22,935,865	22,636,610	22,565,695	22,301,632	23,167,441
Daily average	358,373	359,311	363,963	343,102	361,991
<b>EURO1 (EBA Clearing)</b>					
Total volume	16,637,217	16,757,278	16,900,076	16,269,790	16,667,334
Daily average	259,957	257,804	272,582	250,304	260,427

**Table 2 Payment instructions processed by TARGET2 and EURO1: value of transactions**

(EUR billions)					
	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4
<b>TARGET2</b>					
Total value	169,681	177,680	170,300	146,625	139,527
Daily average	2,651	2,820	2,747	2,256	2,180
<b>EURO1 (EBA Clearing)</b>					
Total value	16,322	17,215	16,099	15,289	12,988
Daily average	247	269	248	247	203



## **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](mailto: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](http://www.ecb.europa.eu/home/glossary/html/index.en.html)).

**Autonomous liquidity factors:** liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

**Balance of payments (b.o.p.):** a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

**Bank lending survey (BLS):** a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

**Borrowing requirement (general government):** net incurrence of debt by the general government.

**Break-even inflation rate:** the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

**Capital account:** a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

**Capital accounts:** part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

**Central parity (or central rate):** the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

**Compensation per employee or per hour worked:** the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

**Consolidated balance sheet of the MFI sector:** a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

**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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