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EUROPEAN CENTRAL BANK

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In 2013 all ECB publications feature a motif taken from the €5 banknote.

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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
HR	Croatia	FI	Finland
IT	Italy	SE	Sweden
CY	Cyprus	UK	United Kingdom
LV	Latvia	JP	Japan
LT	Lithuania	US	United States

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 5 December to keep the key ECB interest rates unchanged. Incoming information and analysis have confirmed the Governing Council's assessment and monetary policy decisions of last month. Underlying price pressures in the euro area are expected to remain subdued over the medium term. In keeping with this picture, monetary and credit dynamics remain subdued. At the same time, inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%. Such a constellation suggests that the euro area may experience a prolonged period of low inflation, to be followed by a gradual upward movement towards inflation rates below, but close to, 2% later on. The monetary policy stance will remain accommodative for as long as necessary, and will thereby continue to assist the gradual economic recovery in the euro area. In this context, the Governing Council confirmed its forward guidance that it continues to expect the key ECB interest rates to remain at present or lower levels for an extended period of time. This expectation continues to be based on an overall subdued outlook for inflation extending into the medium term, given the broad-based weakness of the economy and subdued monetary dynamics. With regard to money market conditions and their potential impact on the monetary policy stance, the Governing Council is monitoring developments closely and is ready to consider all available instruments.

With regard to the economic analysis, following a rise of 0.3% in the second quarter of 2013, real GDP in the euro area increased by 0.1%, quarter on quarter, in the third quarter. Developments in survey-based confidence indicators up to November are consistent with a positive growth rate also in the fourth quarter of the year. Looking ahead to 2014 and 2015, output is expected to recover at a slow pace, in particular owing to some improvement in domestic demand supported by the accommodative monetary policy stance. Euro area economic activity should, in addition, benefit from a gradual strengthening of demand for exports. Furthermore, the overall improvements in financial markets seen since last year appear to be working their way through to the real economy, as should the progress made in fiscal consolidation. In addition, real incomes have benefited recently from lower energy price inflation. At the same time, unemployment in the euro area remains high, and the necessary balance sheet adjustments in the public and the private sector will continue to weigh on economic activity.

This assessment is also reflected in the December 2013 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP declining by 0.4% in 2013 before increasing by 1.1% in 2014 and 1.5% in 2015. Compared with the September 2013 ECB staff macroeconomic projections, the projection for real GDP growth for 2013 has remained unchanged and it has been revised upwards by 0.1 percentage point for 2014.

The risks surrounding the economic outlook for the euro area are assessed to be on the downside. Developments in global money and financial market conditions and related uncertainties may have the potential to negatively affect economic conditions. Other downside risks include higher commodity prices, weaker than expected domestic demand and export growth, and slow or insufficient implementation of structural reforms in euro area countries.

According to Eurostat's flash estimate, euro area annual HICP inflation increased in November 2013 to 0.9%, from 0.7% in October. The increase was broadly as expected and reflected, in particular, an upward base effect in energy prices and higher services price inflation. On the basis of prevailing futures prices for energy, annual inflation rates are expected to remain at around current levels in the coming months. Over the medium term, underlying price pressures in the euro area are expected to remain subdued. At the same time, inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%.

Broadly in line with this assessment, the December 2013 Eurosystem staff macroeconomic projections for the euro area foresee annual HICP inflation at 1.4% in 2013, at 1.1% in 2014 and at 1.3% in 2015. In comparison with the September 2013 ECB staff macroeconomic projections, the projection for inflation for 2013 has been revised downwards by 0.1 percentage point and for 2014 it has been revised downwards by 0.2 percentage point.

The risks to the outlook for price developments are seen to be broadly balanced over the medium term. Upside risks relate to higher commodity prices and stronger than expected increases in administered prices and indirect taxes, while downside risks stem from weaker than expected economic activity.

The Governing Council has decided to publish more details on the staff macroeconomic projections as of December 2013.

Turning to the monetary analysis, data for October confirm the assessment of subdued underlying growth in broad money (M3) and credit. Annual growth in M3 moderated to 1.4% in October, from 2.0% in September. This moderation was partly related to a base effect. Annual growth in M1 remained strong at 6.6%, reflecting a preference for liquidity, although it was below the peak of 8.7% observed in April. Net capital inflows into the euro area continued to be the main factor supporting annual M3 growth, while the annual rate of change of loans to the private sector remained weak. The annual growth rate of loans to households (adjusted for loan sales and securitisation) stood at 0.3% in October, broadly unchanged since the beginning of the year. The annual rate of change of loans to non-financial corporations (adjusted for loan sales and securitisation) was -2.9% in October, following -2.8% in September and -2.9% in August. Overall, weak loan dynamics for non-financial corporations continue to reflect their lagged relationship with the business cycle, credit risk and the ongoing adjustment of financial and non-financial sector balance sheets.

Since the summer of 2012 substantial progress has been made in improving the funding situation of banks. In order to ensure an adequate transmission of monetary policy to the financing conditions in euro area countries, it is essential that the fragmentation of euro area credit markets declines further and that the resilience of banks is strengthened where needed. The ECB's comprehensive assessment before it adopts its supervisory role under the single supervisory mechanism will further support this confidence-building process. It will enhance the quality of information available on the condition of banks and result in the identification and implementation of necessary corrective actions. Further decisive steps to establish a banking union will help to restore confidence in the financial system.

To sum up, the economic analysis indicates that the euro area may experience a prolonged period of low inflation, to be followed by a gradual upward movement towards inflation rates below, but close to, 2% later on. A cross-check with the signals from the monetary analysis confirms this picture.

As regards fiscal policies, the Governing Council welcomes the European Commission's assessment of the 2014 draft budgetary plans which were submitted in October for the first time under the "two-pack" regulations. This new surveillance exercise needs to be fully effective. In order to put high public debt ratios on a downward path, governments should not unravel their efforts to reduce deficits and sustain fiscal adjustment over the medium term. In particular, consolidation measures should be growth-friendly and have a medium-term perspective, so as both to improve public services and minimise the distortionary effects of taxation. At the same time, there is a need to push ahead with product and labour market reforms, in order to improve competitiveness, raise potential growth, generate employment opportunities and foster the adaptability of the euro area economies.

This issue of the Monthly Bulletin contains one article, entitled "December 2013 Eurosystem staff macroeconomic projections for the euro area".

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The global economic recovery remains subdued and diverse across economic regions, with growth dynamics gradually shifting in favour of advanced economies. The latest survey indicators point to further expansion of global business activity, supported, inter alia, by the stabilisation of global financial conditions. In the medium term prospects are expected to improve in advanced economies, but remain muted in emerging markets relative to historical trends. A number of cyclical and structural factors continue to weigh on global growth, while overall risks to the outlook for economic activity remain tilted to the downside. Meanwhile, world trade is gradually strengthening, but rates of growth remain much lower than before the global financial crisis. Consumer price inflation has slowed in most advanced and emerging economies since July, on the back of lower energy and food prices. Looking ahead, inflationary pressures are expected to remain contained in the light of continued abundant spare capacity at the global level.

1.1 GLOBAL ECONOMIC ACTIVITY AND TRADE

The global recovery is proceeding, but remains subdued and diverse across regions. Over the past few months there have been signs that the recovery is gradually strengthening in advanced economies. In the United States, the automatic spending cuts that took effect in March have curbed growth this year, but private demand has been relatively resilient, as the gradual improvement in household balance sheets has supported housing investment and private consumption. In Japan, despite the dip in growth in the third quarter, underlying activity has remained robust, supported by expansionary fiscal and monetary policies. There has also been a sharp pick-up in activity in the United Kingdom since the beginning of the year. By contrast, activity in most emerging economies has been more subdued, although the growth momentum appears to be recovering somewhat in China. In some of the larger emerging market economies, weaker domestic demand has weighed on the growth momentum, while supply-side impediments appear to be restraining activity. Commodity-exporting countries have been affected by relatively subdued global demand

Table 1 Real GDP growth in selected economies

(percentage changes)

	Annual growth rates					Quarterly growth rates		
	2011	2012	2013 Q1	2013 Q2	2013 Q3	2013 Q1	2013 Q2	2013 Q3
G20[1)]	3.8	2.8	2.2	2.6	2.9	0.5	0.8	1.1
G20 excluding euro area[1)]	4.3	3.7	2.9	3.2	3.7	0.7	0.9	1.3
United States	1.8	2.8	1.3	1.6	1.8	0.3	0.6	0.9
Japan	-0.6	1.9	0.1	1.2	2.6	1.1	0.9	0.5
United Kingdom	1.1	0.1	0.2	1.3	1.5	0.4	0.7	0.8
Denmark	1.1	-0.4	-0.7	0.5	0.5	0.0	0.6	0.4
Sweden	3.0	1.3	1.6	0.6	0.3	0.5	-0.1	0.1
Switzerland	1.8	1.0	1.5	2.1	1.9	0.6	0.5	0.5
Brazil	2.7	1.0	1.8	3.3	2.2	0.0	1.8	-0.5
China	9.3	7.7	7.7	7.5	7.8	1.5	1.9	2.2
India	7.7	3.8	3.0	2.4	5.6	0.1	-0.5	3.9
Russia[2)]	4.3	3.4	1.6	1.2	1.2	-0.2	-0.3	-
Turkey	8.8	2.2	2.9	4.4	-	1.5	2.1	-
Poland	4.5	2.0	0.8	1.2	1.7	0.3	0.5	0.6
Czech Republic	1.8	-0.9	-2.4	-1.5	-1.3	-1.4	0.5	-0.1
Hungary	1.6	-1.7	-0.3	0.5	1.6	0.9	0.4	0.9

Sources: National data, BIS, Eurostat, OECD and ECB calculations.
1) The figure for Q3 2013 is an estimate based on the latest available data.
2) The Q3 2013 seasonally adjusted figure for Russia is not available.

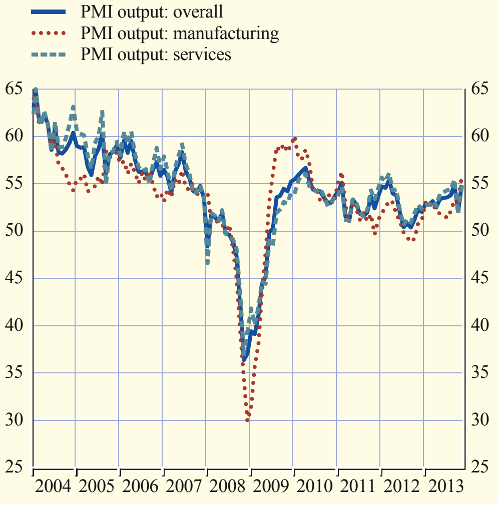
for commodities. Tighter global financial conditions in the middle of the year also played a role in dampening growth in some emerging market economies. Following signals that the US Federal Open Market Committee (FOMC) may begin tapering asset purchases, capital flow reversals affected prospects for some countries, particularly those with weak fundamentals. More recently, global financial conditions broadly stabilised in the wake of the FOMC's decision in September to delay tapering, although they remain tight in a number of countries.

Overall, the latest data are consistent with a moderate pick-up in the global growth momentum in the second half of 2013. Provisional estimates for GDP in the third quarter suggest that economic activity in the G20 excluding the euro area grew by 1.3% quarter on quarter, which was significantly higher than in the previous quarter, although with continued divergence across countries (see Table 1). Among the advanced economies, quarterly economic growth accelerated in the United States and the United Kingdom in the third quarter of 2013, mostly owing to a positive contribution from inventories in both countries. In Japan, activity slowed as exports softened, but overall activity remained robust. In emerging market economies, activity in the third quarter rebounded somewhat in China, mostly owing to robust investment as a result of a small fiscal stimulus and rapid credit expansion, while momentum has moderated in most other large emerging countries, in particular Brazil and India.

Improved economic sentiment also points towards brighter prospects for growth for the global economy in the fourth quarter. Survey indicators have risen, underpinned by resilient growth dynamics in advanced economies. In particular, the global Purchasing Managers' Index (PMI) for all-industry output sustained momentum in November, driven by strong growth in both the services and the manufacturing sectors (see Chart 1). The OECD composite leading indicator,

Chart 1 Global PMI (excluding the euro area)

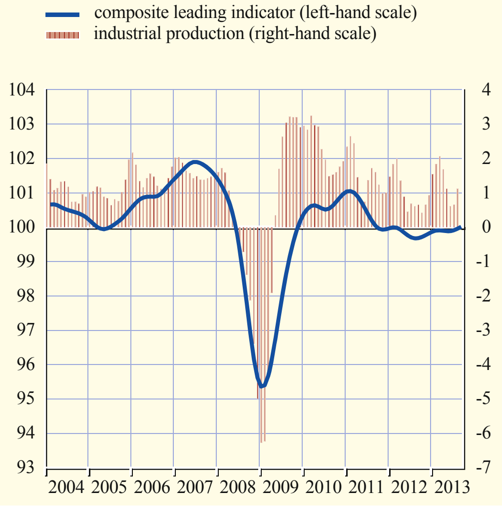
(seasonally adjusted monthly data)



Source: Markit.

Chart 2 Composite leading indicator and industrial production

(left-hand scale: normalised index average=100; right-hand scale: three month-on-three month percentage changes)



Sources: OECD and ECB calculations.
Notes: The composite leading indicator refers to the OECD countries plus Brazil, China, India, Indonesia, Russia and South Africa. The horizontal line at 100 represents the trend of economic activity. Industrial production refers to the same sample excluding Indonesia.

which is designed to anticipate turning points in economic activity relative to the trend, signalled enhanced growth dynamics in most major OECD countries, but more muted and diverse growth momentum in the rest of the world (see Chart 2). The Ifo World Climate Indicator also showed greater optimism amongst respondents regarding the outlook in both advanced and emerging market economies.

Following a prolonged period of subdued growth in world trade, latest indicators provide tentative signs of a modest recovery. According to the CPB Netherlands Bureau for Economic Policy Analysis, world imports of goods grew by 1.3% quarter on quarter in the third quarter, following growth of 0.2% in the previous quarter. In addition, the global PMI for new manufacturing export orders increased sharply in November for a second consecutive month. Yet, with subdued prospects for trade-intensive demand components in advanced economies, it is anticipated that global trade will gain traction only gradually as global and regional economic activity pick up, with growth rates remaining below those observed prior to the financial crisis.

Looking ahead, according to the December 2013 Eurosystem staff macroeconomic projections (see article), the global recovery is expected to gather strength, albeit slowly, as some cyclical and structural factors continue to restrain the medium-term outlook. Overall, the global growth profile has remained broadly unchanged compared to September's 2013 projections. In advanced economies, weak labour markets, ongoing private sector deleveraging and fiscal consolidation are expected to hold back domestic demand, albeit to a lesser extent than in the past, as the influence of these factors gradually abates. In emerging market economies, growth is expected to remain moderate, against the backdrop of supply-side impediments, including infrastructure bottlenecks and capacity constraints, although the recent stabilisation of financial market conditions should provide overall support to the economic recovery in the short term.

The global outlook continues to be surrounded by sizeable uncertainty and the balance of risks remains tilted to the downside. Developments in global money and financial market conditions as well as related uncertainties may have the potential to negatively affect economic conditions. Other downside risks include higher commodity prices and weaker than expected global demand.

1.2 GLOBAL PRICE DEVELOPMENTS

The slowdown in global inflation that has been observed since 2011 has continued in recent months, although it has masked mixed developments across countries. In the OECD area, annual consumer price inflation slowed further to 1.3% in October 2013, on the back of lower inflation in the United States, Canada and the United Kingdom, which was only partly offset by higher inflation in Japan. Excluding food and energy, annual consumer price inflation in the OECD area remained stable at 1.5% in October compared to the average rate in the first three quarters. In non-OECD emerging economies, developments have been more diverse, with October's headline inflation increasing in China, India and Russia, but weakening in Brazil.

The moderation in global inflation reflects a number of factors, including weak demand and economic activity, as reflected in the still ample global spare capacity. Meanwhile, currency depreciation since the second quarter of 2013 has increased inflationary pressures in some emerging market economies.

Table 2 Price developments in selected economies

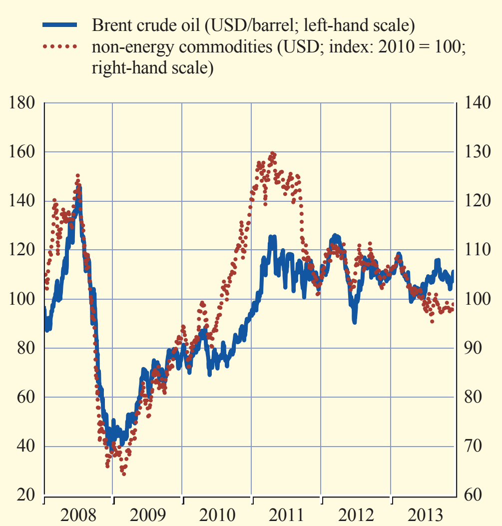
(annual percentage changes)

	2011	2012	2013 May	2013 June	2013 July	2013 Aug.	2013 Sep.	2013 Oct.
OECD	2.9	2.3	1.5	1.8	2.0	1.7	1.5	1.3
United States	3.2	2.1	1.4	1.8	2.0	1.5	1.2	1.0
Japan	-0.3	0.0	-0.3	0.2	0.7	0.9	1.1	1.1
United Kingdom	4.5	2.8	2.7	2.9	2.8	2.7	2.7	2.2
Denmark	2.7	2.4	0.6	0.6	0.4	0.1	0.2	0.3
Sweden	1.4	0.9	0.3	0.5	0.8	0.8	0.5	0.2
Switzerland	0.2	-0.7	-0.5	-0.1	0.0	0.0	-0.1	-0.3
Brazil	6.6	5.4	6.5	6.7	6.3	6.1	5.9	5.8
China	5.4	2.6	2.1	2.7	2.7	2.6	3.1	3.2
India [1]	9.5	7.5	4.6	5.2	5.9	7.0	6.5	7.0
Russia	8.4	5.1	7.4	6.9	6.5	6.5	6.1	6.2
Turkey	6.5	8.9	6.5	8.3	8.9	8.2	7.9	7.7
Poland	3.9	3.7	0.5	0.2	0.9	0.9	0.9	0.7
Czech Republic	2.1	3.5	1.2	1.6	1.4	1.2	1.0	0.8
Hungary	3.9	5.7	1.8	2.0	1.7	1.6	1.6	1.1
Memo item:								
OECD core inflation [2]	1.7	1.8	1.5	1.5	1.5	1.6	1.6	1.5

Sources: OECD, national data, BIS, Eurostat and ECB calculations.
1) Wholesale price index inflation for India.
2) Excluding food and energy.

Muted commodity price dynamics have been another important driving force behind global inflation developments and have also led to strong negative base effects on inflation. Brent crude oil prices have been relatively stable around USD 110 per barrel over the last couple of months, following a short-lived surge to USD 116 per barrel at the end of August 2013. In early December Brent crude oil prices stood at around USD 112 per barrel, which is similar to their level one year ago. Looking at fundamentals, global supply and demand conditions suggest a relatively well-supplied oil market. Global oil demand is expected to remain unchanged in the fourth quarter compared to the previous quarter, according to the International Energy Agency. At the same time, non-OPEC supply – mainly US shale oil – is expected to continue to rise. However, much of the US oil supply remains concentrated in North America, thus contributing to a rise in oil inventories in the region and putting downward pressure on the US crude oil price benchmark (the WTI). By contrast, Brent oil prices have been supported by ongoing severe supply disruptions in several OPEC countries, in particular Iraq and Libya. The recent agreement with Iran concerning its nuclear programme has generated some optimism regarding an increase in future oil supply. However, key sanctions currently curbing Iranian oil exports have not been lifted and therefore the impact of the agreement on global supply-demand conditions is likely to

Chart 3 Main developments in commodity prices



Sources: Bloomberg and HWWI.

remain limited in the near term. Oil market participants expect slightly lower oil prices over the medium term, with December 2015 Brent futures contracts trading at USD 101 per barrel.

Non-energy commodity prices, on aggregate, have been stable in recent months. This consolidates the stabilisation path observed since July 2013, notwithstanding some volatility during the summer months. While cereal prices – on account of accommodative supply-side conditions – continued to decline in recent months, the prices of many other commodities have moved sideways. In aggregate terms, the non-energy commodity price index (denominated in USD) is currently 5% lower compared with a year ago.

Overall, given that there will continue to be ample spare capacity in major advanced economies, global inflation and inflationary pressures are expected to remain rather subdued. At the same time, inflation expectations remain well anchored, particularly in advanced economies.

1.3 DEVELOPMENTS IN SELECTED ECONOMIES

UNITED STATES

In the United States, economic growth was rather robust in the second and third quarters of 2013, despite the fiscal drag from higher tax rates and government spending cuts under the "sequester" enacted earlier in the year. Growth has been supported by continued improvements in the housing and labour markets, as well as favourable financial conditions reflecting continued accommodative monetary policy and positive wealth effects from rising equity and house prices. According to the second estimate by the Bureau of Economic Analysis, real GDP increased at an annualised quarterly rate of 3.6% (0.9% quarter on quarter) in the third quarter, up from 2.5% (0.6% quarter on quarter) in the second quarter. Growth was sustained by gains in personal consumption expenditure, private fixed investment and exports, although these gains were slower than in the previous quarter. The change in inventories added a sizeable contribution of 1.7 percentage point to annualised growth, accounting for most of the gain on the previous quarter. Public spending increased slightly, as reduced expenditure at the federal level was more than offset by higher expenditure at the state and local levels. The contribution of net exports to GDP growth was slightly positive, reflecting a more pronounced slowdown in import growth than that in export growth.

The temporary government shutdown and political brinkmanship surrounding the extension of the debt limit in October, together with the associated rise in uncertainty and fall in consumer confidence could weigh on economic momentum in the final quarter of 2013. Measures of consumer confidence have declined since the start of the quarter and small business sentiment has fallen to its lowest level since March. At the same time, a solid rise in non-farm payrolls by 204,000 in October pointed to a resilient labour market, with limited adverse effects from the government shutdown. Data on retail sales and manufacturing activity have also been encouraging. Since the start of the fourth quarter both measures exceeded their average levels in the previous quarter. Looking ahead, the US economic recovery is projected to accelerate gradually as the drag on growth from fiscal policy and household balance sheet repair gradually eases. Moreover, improving housing and labour markets are expected to sustain domestic demand. Nevertheless, political uncertainty regarding fiscal policy remains a lingering risk to the growth outlook, as the recent public debt limit and government funding deadlines have been postponed to early 2014.

Annual CPI inflation declined further by 0.2 percentage point to 1.0% in October, largely reflecting a downward trend in energy price inflation, which moved further into negative territory to -4.8% in October. At 1.3% in October, food price inflation continued on its subdued path of recent months. Excluding food and energy, inflation stood at 1.7%, the same as its average over the past six months, but 0.4 percentage point below its average for 2012. Looking ahead, considerable slack in the economy, as well as subdued wage and input cost dynamics, suggest that inflation will remain contained.

On 30 October 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 still exceptionally low levels will be appropriate for at least as long as: (i) the unemployment rate remains above 6.5%; (ii) inflation between one and two years ahead is not projected to be above 2.5%; and (iii) longer-term inflation expectations continue to be well anchored. The Committee reaffirmed its stance from the September meeting and decided to wait for more evidence that progress in economic activity and labour market conditions would be sustained before adjusting the pace of its asset purchases from the current rate of USD 40 billion per month for agency mortgage-backed securities and from USD 45 billion per month for longer-term Treasury securities.

JAPAN

In Japan economic activity continued to expand at a robust pace, buttressed by monetary and fiscal policy action. Government announcements since the start of the year aiming to kick-start the economy through large monetary and fiscal stimulus and structural reforms have boosted confidence, while stock prices have increased sharply, with the NIKKEI stock market higher by over 60% on average in November 2013 compared with one year ago. The yen has depreciated by around 20% in nominal effective terms over the same period, which has provided some support for exports. Consequently, there was a sharp rise in growth in the first half of the year. Activity slowed in the third quarter, according to the Cabinet Office's first preliminary estimate, with GDP growing by 0.5% quarter on quarter. This slowdown mostly reflected a sharp fall in exports. Although in October consumer confidence fell and industrial production increased by just 0.5%, economic activity is still expected to pick up slightly in the fourth quarter. Looking ahead, economic activity is expected to strengthen in the first quarter of 2014, supported by a frontloading of private consumption in anticipation of the increase in consumption tax scheduled for April 2014.

Stronger economic activity and the weakening of the yen have contributed to a rise in inflation since the start of the year. Annual consumer price inflation remained unchanged at 1.1% in October, although annual CPI inflation excluding energy increased to 0.9% in October from 0.7% in September. Looking ahead, the planned consumption tax increase in April will provide a temporary boost to inflation, bringing it more into line with the Bank of Japan's target inflation rate of 2% based on the CPI, as part of its Quantitative and Qualitative Monetary Easing.

At its November Monetary Policy meeting, the Bank of Japan kept its target for the monetary base unchanged.

UNITED KINGDOM

The United Kingdom has experienced robust growth in recent quarters. According to the second estimate, real GDP increased by 0.8% quarter on quarter in the third quarter of 2013, owing mainly to household consumption and a positive contribution from inventories. The strength of the main survey indicators in October and November suggests that robust growth will continue in the fourth quarter. In the medium term, however, the pace of growth is likely to moderate somewhat. The relatively weak household real income dynamics and the ongoing need for private and public sector balance sheet adjustment will continue to constrain domestic demand for some time, while prospects for export growth remain subdued. The labour market situation has continued to improve gradually, with employment growth picking up in recent months. The unemployment rate fell by 0.1 percentage point to 7.6% in the three months to September. Buoyed by recent policy measures, both activity and price indicators for the housing market have picked up further, and credit growth has shown signs of recovering.

Annual CPI inflation moderated in October 2013 after being high in the third quarter. In October the headline inflation rate declined by 0.5 percentage point from September to 2.2%, owing mainly to lower energy price and education services inflation. Looking ahead, it is expected that the recent moderation of inflationary pressures will be sustained, as inflation continues to be dampened by existing spare capacity in labour and capital utilisation. However, if there were less slack in the economy than currently estimated, this could put some upward pressure on inflation. At its meeting on 5 December 2013 the Bank of England's Monetary Policy Committee kept the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion.

OTHER EUROPEAN ECONOMIES

In Sweden and Denmark, the recovery in economic activity has been relatively modest since the second half of 2012. In the third quarter of 2013 real GDP increased by 0.4% quarter on quarter in Denmark and by 0.1% quarter on quarter in Sweden, driven mainly by domestic demand. Growth in real GDP in Switzerland remained robust in the third quarter of 2013, at 0.5% quarter on quarter, mainly on the back of a strong increase in exports, following an extended period of relative stagnation. Looking ahead, real GDP growth is likely to gain strength in Denmark and Sweden and to maintain its momentum in Switzerland. Turning to price developments, having been at above 2% in Denmark and around 1% in Sweden in 2012, annual HICP inflation has fallen to below 0.5% in Denmark and Sweden in recent months. This slowdown has been driven by lower commodities price inflation, as well as more subdued domestic price pressures. Meanwhile, in Switzerland, annual consumer price inflation registered a decline of 0.3% in October 2013, largely owing to lower energy prices and, more generally, to persistently lower import prices.

In the largest central and eastern European (CEE) EU Member States, economic activity has been constrained by weakness in domestic demand, as well as by subdued export market growth over the past few years. More recently, the recovery in economic activity has gradually picked up, but with heterogeneous cross-country dynamics. According to preliminary data, in the third quarter of 2013 real GDP increased at a relatively robust pace in Hungary, Poland and Romania, but declined in the Czech Republic. Looking ahead, economic activity is likely to strengthen from next year onwards. The recovery dynamics are expected to remain heterogeneous across countries, with exports driving growth in some economies and domestic demand, supported, for example, by more positive real income growth and improved confidence, contributing to growth in other countries. After the rapid increase in 2012, annual HICP inflation has, on average, continued to decline markedly in the largest CEE countries over the past few months. Inflation has been dampened by low food and energy price inflation, dissipating base effects from previous increases (or, more recently, cuts) in indirect taxes and administered prices, as well as subdued domestic demand pressures. The subdued GDP growth and inflation outlook has prompted some CEE central banks to cut monetary policy rates to low levels.

In Turkey, annual real GDP growth slowed to 2.2% in 2012. In the first half of 2013 growth rebounded briskly as monetary and fiscal stimulus was restored. After increasing by 1.5% quarter on quarter in the first quarter of 2013, real GDP rose a further 2.1% quarter on quarter in the second quarter, supported by strong domestic demand and inventory accumulation. For the second half of

2013 indicators point towards some softening of economic activity compared with the robust pace of expansion in the first half of the year. Annual CPI inflation has accelerated substantially since May and remains above the central bank's target, reflecting an expansionary monetary and fiscal stance, as well as the pass-through from the depreciation of the lira.

In Russia, growth continued to slow. Following an increase in output of 3.4% in 2012, GDP contracted on a quarterly basis in both the first and the second quarter of 2013, as a consequence of subdued external demand, weak investment and fiscal restraint. In the third quarter growth seems to have remained sluggish, but is expected to pick up slightly towards the end of 2013. Inflation has followed a downward trajectory as a result of lower rises in food and administered prices, but has stayed above the central bank's target.

EMERGING ASIA

In China, following the slowdown at the beginning of 2013, economic growth in the third quarter rose to 7.8% year on year, mainly as a result of efforts by the government to stabilise growth via small stimulus measures. Strong credit expansion since the beginning of the year has supported activity, while the housing market has remained buoyant, with sales and prices continuing to rise. Despite the recent improvement in the growth momentum, inflationary pressures have remained relatively contained. Annual consumer price inflation increased to 3.2% in October, largely owing to higher food prices, but producer price inflation remained in negative territory. Looking ahead, latest survey indicators and activity data are consistent with continued robust economic momentum in the fourth quarter. Although trade growth remained weak, industrial production, fixed-asset investment and retail sales all experienced strong growth in October. Turning to longer-term prospects, in November the Third Plenum of the 18th Central Committee of the Chinese Communist Party announced a comprehensive reform agenda aimed at putting growth on a more sustainable and less resource-intensive path. The reforms aim to focus the role of the government on effective regulation and the preservation of macroeconomic stability. Market forces and the non-public sector will be allowed to play a more important role in the economy, thereby increasing the scope for higher productivity growth. Box 1 analyses the drivers of economic activity in China over the past decade and discusses the prospects for growth.

Box 1

FACTORS UNDERLYING CHINA'S GROWTH PERFORMANCE AND PROSPECTS

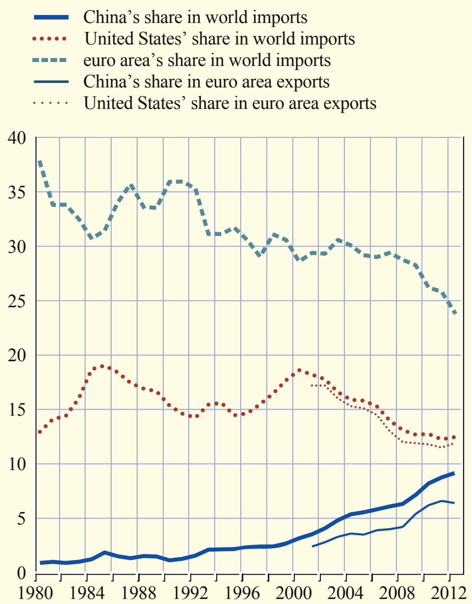
China's economic expansion over the past three decades has been remarkable by historical standards. The rate of growth in real GDP averaged around 10% over the last decade, peaking at over 14% in 2007. Although there has been some loss of momentum since then, with real GDP growth standing at close to 8% in 2012, China's economy continued to expand at more than twice the pace of the global economy. By 2012 China's share of global GDP (valued in terms of purchasing power parity) had risen to 14.7%. During its transition towards a market economy, the role of China in world trade has also increased remarkably. The share of Chinese imports in global imports has increased from levels of below 1% in the early 1980s to around 9.2% by 2012, whereas the share of both US and euro area imports embarked on a declining path (Chart A).

Over this period China has attracted a larger volume of imports from nearly all of its trading partners, in particular from neighbouring economies. China's demand for imports has also become increasingly significant for the euro area, with the share of exports to China in total euro area exports increasing from 2.4% in 2001 to 6.4% in 2012.

Given China's prominent role in the global economy, the question of whether it will be able to sustain a similarly robust pace of growth in the future has important implications for world economic activity. In the past China has relied heavily on rapid capital accumulation and rural-urban labour reallocation to drive growth. Looking ahead, it is widely expected that China will shift gradually to a more balanced economic growth model.[1] Against this background, this box analyses from a supply-side perspective the drivers of China's robust performance over the past decade, explains what lies behind the slowdown in activity since 2007 and discusses the prospects for growth.

Chart A Developments in the shares of China, the euro area and the United States in global trade

(percentages per annum)



Sources: Eurostat, IMF and ECB calculations.
Note: World import shares are based on the value of imports of goods and services; euro area export shares are based on the value of exports of goods from the euro area to non-euro area countries.

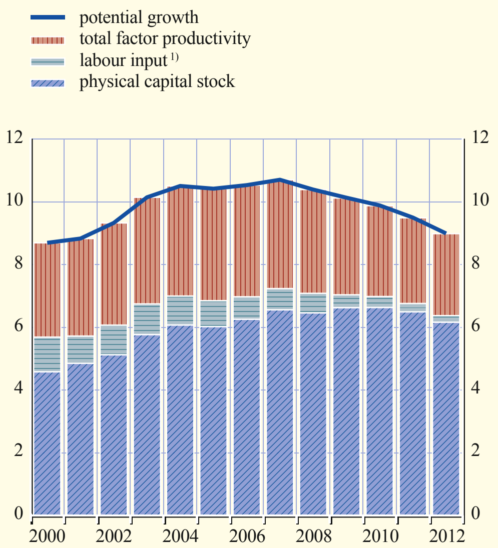
Estimates of potential growth in China

Potential output measures the level of activity that may be achieved in the economy in the medium to long term. One means of understanding the potential performance of an economy is to employ a production function approach, whereby potential output is determined based on the trend level of the factors of production – physical capital and labour – and total factor productivity (TFP), which captures the overall efficiency of the use of the factors of production.[2] However, potential growth is an unobservable variable, making such estimations subject to significant uncertainties.[3] Chart B uses a growth accounting framework to show the estimated contributions of the factors of production to potential output growth based on a Cobb-Douglas production function. The estimates suggest that potential growth averaged around 10% over the past decade. Capital accumulation contributed on average more than half to potential growth during the period 2000-12, reflecting the very high rates of investment in China. TFP gains contributed on average nearly one-third of potential growth, while labour force developments supported growth to a more limited extent. Moreover, the contribution of the labour force declined slowly over that period, in line with the slowdown in the growth of the working age population.

1 See the box entitled "China – short-term prospects and medium-term policy intentions", *Monthly Bulletin*, ECB, September 2013.
2 See the article entitled "Potential output, economic slack and the link to nominal developments since the start of the crisis", *Monthly Bulletin*, ECB, November 2013.
3 By applying de-trending techniques to obtain the potential level of the factor inputs, the production function approach inherits all the well-known weaknesses of the filtering method employed. In China's case, estimates could also be hampered by the availability and quality of the data.

Chart B Potential growth accounting

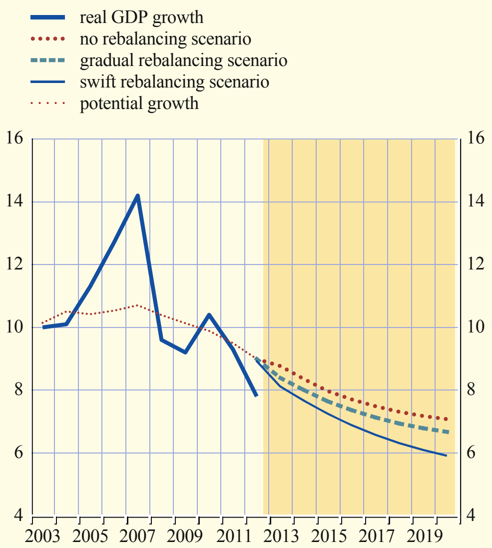
(annual percentage changes; contributions in percentage points)



Source: ECB estimations.
1) Quality adjusted labour by taking into account the average years of schooling and decreasing returns to education.

Chart C Outlook for potential growth

(annual percentage changes)



Sources: Haver Analytics, ECB estimations.
Note: The yellow area refers to the illustrative scenarios for potential growth, as explained in the text.

The analysis indicates that both cyclical conditions and a fall in potential growth have been behind the slowdown in growth in China since 2007. The cyclical factors have reflected weaker global demand and also the moderation in fiscal support following the large fiscal stimulus in 2009. Potential growth has also fallen, to reach around 9% in 2012, reflecting weaker growth in the trend component of TFP, as well as a gradual moderation in the contribution of labour input. In the past two years, the contribution of capital accumulation has also moderated slightly. However, with investment remaining very high as a share of GDP, the economy remained heavily reliant on capital accumulation as a source of growth.

Outlook for potential growth

There is a general consensus among forecasters that China's economic growth will slow in the coming years (see the table). According to the OECD's projections, China's potential growth is estimated to have slowed from around 10% between 2000 and 2012 to 8.5% on average between 2013 and 2015 and is expected to slow further to 7.3% between 2016 and 2020. Over a longer horizon, the World Bank has estimated that average growth in GDP might decline to around 6.4% between 2013 and 2030.[4] Over the same period, the IMF projects that China's growth could slow even more sharply, to around 6%.[5]

Given the prominent role of physical capital in contributing to economic growth in recent years, expectations about the future prospects for investment are of great import for the assessment

4 See World Bank Development Research Center of the State Council, the People's Republic of China, "China 2030: Building a modern, harmonious, and creative society", 2013.
5 See IMF Country Report, "People's Republic of China 2013 Article IV Consultation", No 13/211, July 2013.

Projections for long-term growth in China and illustrative scenarios for rebalancing demand

(average annual percentage changes)

	2000-2012	2013-2015	2016-2020	2026-2030
OECD[1)]	10	8.5	7.3	
World Bank[2)]	-	8.6*	7.0	5.0
Illustrative scenarios				
No rebalancing scenario		8.4	7.3	
Gradual rebalancing scenario		8.0	7.0	
Swift rebalancing scenario		7.7	6.4	

Sources: OECD, World Bank, ECB estimations, Haver Analytics.
Notes: 1) potential growth rate; 2) projected growth pattern assuming steady reforms and no major shock.
* The figure refers to the average between 2011 and 2015.

of China's potential growth prospects. To illustrate that point, Chart C shows three alternative scenarios for potential growth incorporating different assumptions about future investment flows. The "no rebalancing" scenario assumes that, in real terms, the investment-to-GDP ratio will stay unchanged at its 2012 level. Consistent with the Chinese government's aim to shift the economy gradually onto a growth path that relies less on capital expenditure and more on private consumption, two other scenarios are considered. In a "gradual rebalancing" scenario, the investment-to-GDP ratio will decline from 47% in 2012 to 45% in 2015 and to 43% by 2020. The "swift rebalancing" scenario assumes that the investment-to-GDP ratio will decline to 38% by 2020. The assumptions for other inputs are the same in all three scenarios. Potential employment is assumed to decline in line with the United Nations projections of a reduction in the population of working age. TFP growth is assumed to remain at levels similar to those in 2012. This relatively low pace of TFP gains compared with the average recorded in the previous decade is consistent with the view that gains in TFP may gradually become more limited as China converges towards higher income levels.

In all three scenarios, China is expected to undergo a gradual moderation in potential growth mainly on account of lower contributions from physical capital (see the table). The strongest outlook for growth is generated in the "no rebalancing" scenario, which projects that potential growth will be above 8% between 2013 and 2015, before slowing down gradually to 7.1% in 2020. Even in this scenario, despite maintaining a high ratio of investment to output, the contribution of capital accumulation is smaller than in the past decade, when investment grew on average considerably quicker than output. In the "gradual rebalancing" scenario, potential growth is expected to follow a downward trend from around 8% in 2013-2015 to 6.7% in 2020. Finally, the "swift rebalancing" scenario entails a more rapid decline in investment, with potential growth falling to 6% by 2020.

Conclusion

The development strategy of relying heavily on investment flows and rapid productivity gains has been successful in promoting strong growth in previous decades. As a result, China has become increasingly important in the global economy. In the coming years potential growth is likely to follow a downward path, owing to a decline in the population of working age and a gradual rebalancing of demand away from capital expenditure towards household spending. However, China's growth is likely to remain well above the average pace of global expansion and the prominence of China in the global economy is therefore likely to increase further.

Developments across other major Asian economies have been mixed. Economic activity in India has picked up, while inflationary pressures have increased. Annual GDP growth rebounded to 5.6% in the third quarter of 2013 from 2.4% in the second quarter, driven by strong export growth. However, this is still below the average pace of growth during the previous decade. Annual wholesale price inflation – the Reserve Bank of India's preferred measure of inflation – increased to 7% in October 2013. The Reserve Bank of India hiked its key policy rate in both September and October on account of increasing inflation pressures, mainly stemming from lagged effects of the sharp depreciation of the rupee between May and August 2013. In Korea, following a period of subdued growth in 2012, activity has gradually recovered in the course of 2013. Annual real GDP growth rose to 3.3% in the third quarter, driven largely by domestic demand, with private consumption accelerating and investment continuing to grow robustly.

MIDDLE EAST AND AFRICA

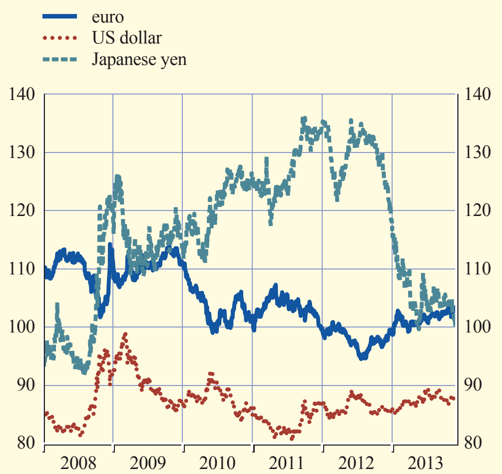
The economies of oil-exporting countries in the region continued to expand robustly, albeit at a somewhat slower rate. The slowdown was due mainly to a fall in oil supply, triggered by temporary disruptions in Iraq and Libya. Economic developments in the oil-importing countries in the region were mixed, with political instability weighing heavily on economic progress in some countries. Elsewhere in the region, growth was maintained at comparatively high levels, in part, by fiscal stimulus.

LATIN AMERICA

In Latin America, the recovery is proceeding, although it remains rather subdued as structural bottlenecks are constraining economic growth in major countries amid a more challenging international environment, higher volatility in financial markets and lower commodity prices. In Brazil, amid high inflationary pressures, the central bank has tightened monetary policy since April 2013, increasing the policy rate by a further 50 basis points in November. Together with weaker business and consumer confidence, this has contributed to real GDP declining by 0.5% quarter on quarter in the third quarter of 2013 after a sharp increase of 1.8% in the previous quarter. In Mexico, real GDP growth rebounded somewhat in the third quarter of 2013, to 0.8% quarter on quarter supported by the easing of monetary and fiscal policy, along with the ongoing implementation of structural reforms and improved economic conditions in the United States feeding into higher external demand. By contrast, economic indicators suggest that activity in Argentina has been weakening in the third quarter following strong growth recorded in the second quarter.

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

(daily data; index: Q1 1999 = 100)



Source: ECB.
The nominal effective exchange rate of the euro is calculated against the currencies of 21 of the most important trading partners of the euro area.

1.4 EXCHANGE RATES

From early September 2013 to 4 December 2013, the euro appreciated overall against the currencies of most of the euro area's main trading partners. During that period, movements in exchange rates were largely related to developments in interest rate expectations, policy uncertainties outside the euro area, as

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-21)	Change in the exchange rate of the euro as at 4 December 2013 with respect to	
		2 September 2013	4 December 2012
EER-21		1.6	4.9
Chinese renminbi	18.6	2.4	1.6
US dollar	16.8	2.9	3.8
Pound sterling	14.8	-2.1	2.2
Japanese yen	7.1	6.3	29.9
Swiss franc	6.4	-0.4	1.1
Polish zloty	6.1	-1.3	1.7
Czech koruna	5.0	6.9	8.8
Swedish krona	4.7	1.3	2.5
Korean won	3.9	-0.5	1.7
Hungarian forint	3.2	0.8	7.1
Danish krone	2.6	0.0	0.0
Romanian leu	2.0	1.1	-1.4
Croatian kuna	0.6	1.1	1.5

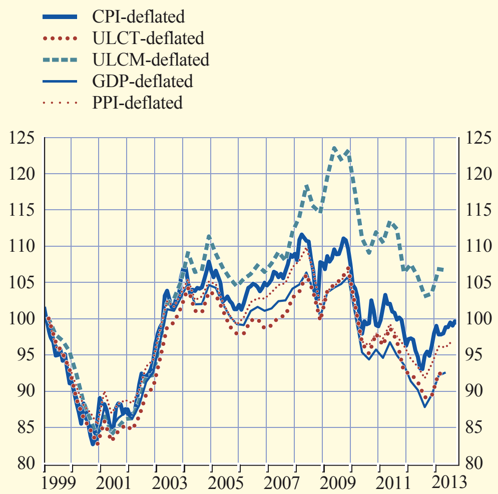
Source: ECB.
Note: The nominal effective exchange rate is calculated against the currencies of 21 of the most important trading partners of the euro area.

well as adjustments in market expectations about the economic outlook for the euro area relative to other major economies. The euro appreciated steadily from early September onwards, before weakening between the end of October and early November. Thereafter, it appreciated again until early December. On 4 December 2013 the nominal effective exchange rate of the euro, as measured against the currencies of 21 of the euro area's most important trading partners, stood at 1.6% above its level at the beginning of September and at 4.9% above the level one year earlier (see Chart 4 and Table 3).

In bilateral terms, over the past three months the euro has strengthened against the US dollar (by 2.9%) and the Japanese yen (by 6.3%), but has depreciated against the pound sterling (by 2.1%). The euro also strengthened vis-à-vis currencies of commodity-exporting countries, while its development against currencies of emerging economies in Asia was mixed over the review period. As far as currencies of other EU Member States were concerned, the exchange rate of the euro has strengthened vis-à-vis the Czech koruna (by 6.9%), following foreign exchange interventions by the Czech National Bank, and, to a lesser extent, the Swedish krona (by 1.3%), the Croatian kuna (by 1.1%), the Romanian leu (by 1.1%) and the Hungarian forint (by 0.8%). Meanwhile, the single currency has depreciated against the Polish zloty (by 1.3%). The currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates.

Chart 5 Real effective exchange rates of the euro

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



Source: ECB.
The real effective exchange rates of the euro is calculated against the currencies of 21 of the most important trading partners of the euro area.

With regard to indicators of the international price and cost competitiveness of the euro area, in November 2013 the real effective exchange rate of the euro based on consumer prices was 4.7% above its level one year earlier (see Chart 5). This largely reflected the nominal appreciation of the euro since then, which was only partly offset by a lower rate of consumer price inflation in the euro area compared with its main trading partners.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Annual growth in broad money moderated further in the third quarter and October 2013, reflecting genuinely weak money creation in the euro area. Meanwhile, the provision of credit to the non-financial private sector continued to contract, albeit the pace of that contraction levelled off. The main counterpart supporting money remains the continued inflows of capital in the euro area, which are visible in the further increases in MFIs' net external asset position. These capital inflows, which have been observed in both stressed and non-stressed countries, have also contributed to a further easing of financial fragmentation and allowed non-financial corporations to continue increasing their cash buffers. Overall, money and credit growth remain subdued.

The annual growth rate of M3 declined to 1.4% in October 2013, down from 2.2% in the third quarter and 2.8% in the second quarter (see Chart 6 and Table 4). This was mainly due to a base effect, with a non-negligible monthly inflow being recorded in October. The main contributor to overall M3 growth continued to be strong growth in M1.

The most recent developments in M3 continue to reflect the impact of the low levels of remuneration for monetary assets. In such an environment, money holders prefer to hold very liquid instruments – such as overnight deposits – rather than longer-term monetary assets, while at the same time diversifying away from other short-term deposits and marketable instruments towards better remunerated (but riskier and less liquid) instruments outside M3, such as investment funds. These factors have been reflected in robust annual M1 growth on account of a preference for liquidity and continued declines in the growth rates of less liquid components of M3 owing to risk/return considerations.

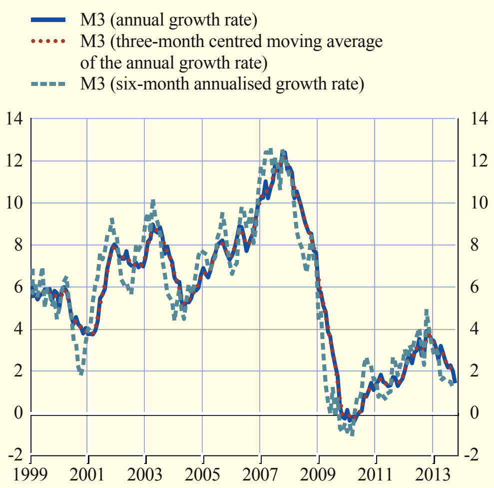
The provision of loans to the non-financial private sector continued to decline in the third quarter and October, albeit the pace of that contraction levelled off. That decline reflected the net redemption of loans to non-financial corporations, as well as subdued lending to households on account of continued weak demand, the need to deleverage following past excesses and – for some euro area countries – supply-side constraints. At the same time, October's bank lending survey showed a pick-up in demand for loans to households in the third quarter of 2013.

Further increases in MFIs' net external asset position were the main counterparts supporting M3 growth – particularly overnight deposits held by non-financial corporations. In addition, MFIs' longer-term financial liabilities continued to see outflows in the third quarter and October.

Taken together, monetary developments for the period to October 2013 confirm the subdued nature of underlying money growth. That subdued growth stems, in particular, from weak MFI lending to the private sector.

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 [1]	Annual growth rates					
		2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Sep.	2013 Oct.
M1	**54.6**	**6.2**	**6.8**	**8.1**	**7.0**	**6.7**	**6.6**
Currency in circulation	9.1	3.0	1.7	2.7	2.6	3.1	3.7
Overnight deposits	45.5	6.9	7.9	9.3	7.9	7.4	7.2
M2-M1 (=other short-term deposits)	38.7	1.6	1.2	0.2	0.3	0.1	-1.2
Deposits with an agreed maturity of up to two years	17.1	-1.8	-3.8	-5.8	-5.0	-4.9	-6.6
Deposits redeemable at notice of up to three months	21.5	4.8	6.0	5.8	5.0	4.5	3.5
M2	**93.3**	**4.2**	**4.3**	**4.6**	**4.1**	**3.8**	**3.2**
M3-M2 (=marketable instruments)	6.7	-2.3	-8.5	-15.0	-17.1	-17.6	-17.9
M3	**100.0**	**3.6**	**3.2**	**2.8**	**2.2**	**2.0**	**1.4**
Credit to euro area residents		**0.5**	**0.0**	**-0.1**	**-0.5**	**-0.8**	**-1.0**
Credit to general government		8.3	4.3	3.3	2.0	0.7	0.8
Loans to general government		1.9	-0.8	-2.6	-6.0	-6.4	-6.5
Credit to the private sector		-1.3	-1.0	-1.0	-1.2	-1.2	-1.4
Loans to the private sector		-0.8	-0.8	-1.1	-1.9	-2.0	-2.1
Loans to the private sector adjusted for sales and securitisation [2]		-0.4	-0.4	-0.6	-1.4	-1.6	-1.7
Longer-term financial liabilities (excluding capital and reserves)		**-5.1**	**-5.1**	**-4.6**	**-4.2**	**-4.3**	**-3.5**

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.

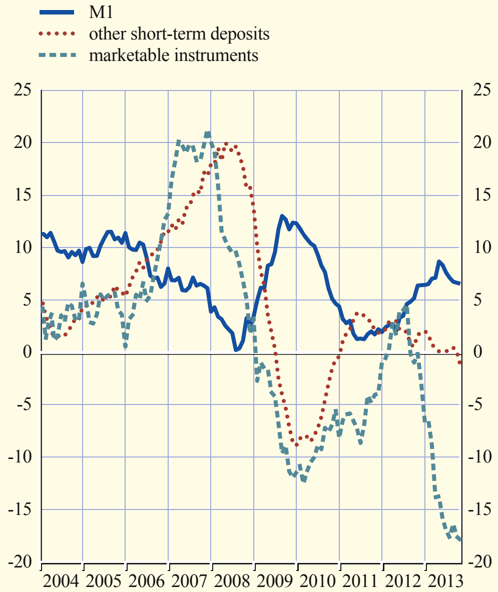
MAIN COMPONENTS OF M3

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

The annual growth rate of M1 declined slightly to stand at 7.0% in the third quarter and 6.6% in October, down from 8.1% in the second quarter (see Table 4). The deceleration in the third quarter occurred despite continued strong inflows for overnight deposits, which were larger than in the previous quarter. The further slight deceleration observed in October was due to a one-off special effect. By contrast, the annual growth rate of overnight deposits held by non-financial corporations continued to rise, standing at 8.2% in October. That strong growth partly reflects the euro area current account surplus and international investors' interest in euro area assets. The strong deposit holdings of non-financial corporations across the euro area should help to finance investment at the beginning of the recovery.

Chart 7 Main components of M3

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



Source: ECB.

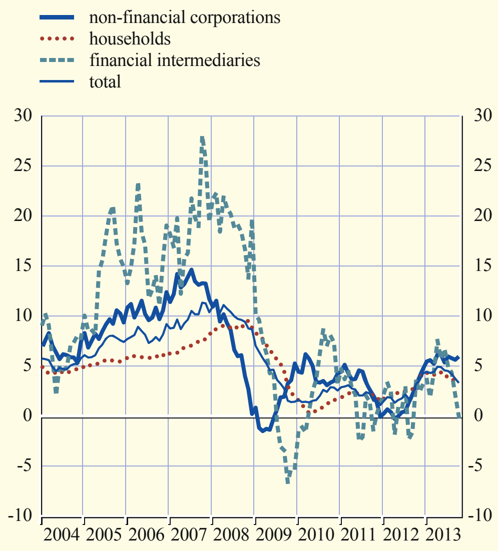
The annual growth rate of short-term deposits other than overnight deposits (i.e. M2 minus M1) was broadly unchanged at 0.3% in the third quarter, having stood at 0.2% in the second quarter, before turning negative to stand at -1.2% in October (see Chart 7). Sizeable outflows were recorded for short-term time deposits (i.e. deposits with an agreed maturity of up to two years) in the third quarter, while inflows for short-term savings deposits (i.e. deposits redeemable at notice of up to three months) remained weak. Both short-term time deposits and short-term savings deposits registered outflows in October.

The annual growth rate of marketable instruments (i.e. M3 minus M2) declined further to stand at -17.1% in the third quarter, down from -15.0% in the second quarter, before reaching -17.9% in October. The third quarter saw a sizeable reduction in the money-holding sector's holdings of short-term MFI debt securities (i.e. debt securities with an original maturity of up to two years), the annual growth rate of which fell to -36.2% in the third quarter and -35.9% in October, down from -33.1% in the second quarter. Strong declines were also recorded for money market fund shares/units and, to a lesser extent, repurchase agreements. The annual growth rate of money market fund shares/units stood at -10.9% in the third quarter and -12.5% in October, down from -9.5% in the second quarter, while the annual growth rate of repurchase agreements stood at -10.0% in the third quarter and -9.8% in October, down from -7.1% in the second quarter. The continued outflows for money market funds continue to be related to remuneration considerations and the reallocation of funds to other types of investment (see Section 2.2 for details). 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. Those very low interest rates are also affecting the attractiveness of short-term MFI debt securities. At the same time, regulatory incentives encouraging deposit-based (as opposed to market-based) funding for banks are also contributing to the weak issuance of MFI debt securities (at all maturities) and money market fund shares/units.

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 – declined to 4.0% in the third quarter, down from 4.6% in the second quarter, and stood at 2.9% in October (see Chart 8). As in the past, households continued to make the largest contribution to that growth rate. The robust annual growth of M3 deposits held by non-financial corporations probably reflects their preference for keeping a large percentage of their earnings in liquid assets and is likely to be a major counterpart of the strong capital inflows from outside the euro area.

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.

Looking at the geographical dispersion of M3 deposit flows, the strengthening of the deposit base seen in stressed countries in recent months seems to have lost steam, with growth rates stabilising in line with the moderation observed for the euro area as a whole. In addition, strong net inflows of capital from outside the euro area have been seen in both stressed and non-stressed countries alike, contributing to a further easing of financial fragmentation in the euro area. Overall, foreign investors' interest in the euro area has increased in recent months.

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 third quarter of 2013, down from -0.1% in the second quarter, before falling even further to stand at -1.0% in October (see Table 4). This reflected, in particular, further contractions in credit to the private sector and further declines in the annual growth rate of credit to general government. However, the annual growth rate of loans to the non-financial private sector stabilised at a negative level in the third quarter and October.

MFI credit to general government continued to have a positive impact on money growth, albeit its annual growth rate fell to 0.8% in October, down from 2.0% in the third quarter and 3.3% in the second quarter. The weakening observed in the third quarter was driven largely by a decline in loans to general government, while the annual growth rate of MFIs' purchases of government debt securities remained positive. At the same time, banks in a number of stressed countries have been able to sell domestic government bonds despite strong issuance activity on the part of those governments, given the renewed interest shown by international investors.

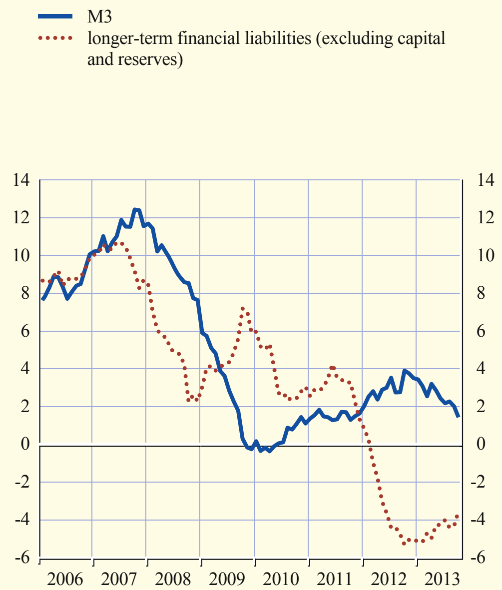
The annual growth rate of MFI credit to the private sector stood at -1.4% in October, down from -1.2% in the third quarter and -1.0% in the second quarter. That masked divergent trends in the various sub-components. Having moved into positive territory in July 2013, the annual growth rate of securities other than shares continued to increase (standing at 1.1% in October, largely unchanged from the 1.0% observed in the third quarter and up from -3.8% in the second quarter). That of shares and other equity remained strong, standing at 5.8% in the third quarter and 4.3% in October, but was down from 8.1% in the second quarter. That moderation reflects international investors' renewed interest in these assets. In contrast, the annual growth rate of loans to the private sector continued to decline, decreasing from -1.1% in the second quarter to -1.9 in the third quarter and -2.1% in October – reflecting, in particular, the net redemption of MFI loans to non-financial corporations (albeit such net redemption was considerably weaker than that observed in the first half of the year).

The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) declined to -1.7% in October, down from -0.6% and -1.4% in the second and third quarters respectively (see Table 4). From a sectoral perspective, loans to households recorded limited positive growth in the third quarter, which was offset by negative growth for loans to non-financial corporations (adjusted for loan sales and securitisation) and loans to non-monetary financial intermediaries. Those sectoral trends continued in October. The annual growth rate of MFI loans to households (adjusted for loan sales and securitisation) remained stable around the levels observed at the beginning of the year. It stood at 0.3% in October, broadly unchanged from the levels recorded in the second and third quarters (see Section 2.7 for more details).

The annual growth rate of MFI loans to non-financial corporations (adjusted for loan sales and securitisation) has stabilised at negative levels in recent months and stood at -2.9% in October, almost unchanged from the -2.8% seen in the third quarter, but lower than the -1.8% recorded in the second quarter.

Chart 9 M3 and MFI longer-term financial liabilities

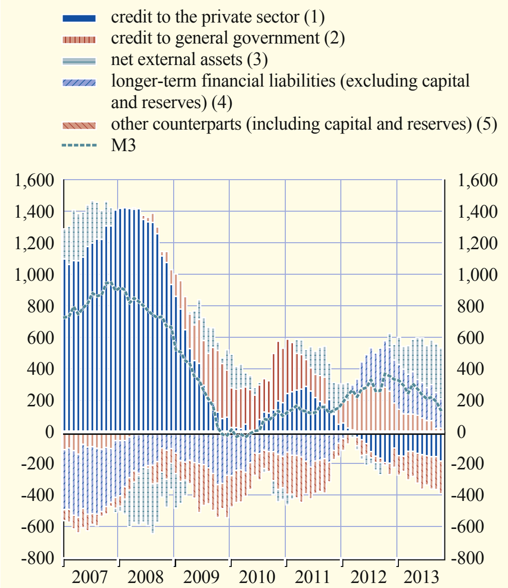
(annual percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

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.

Overall, credit to the non-financial private sector has declined further in recent months. The weakness of bank lending appears mainly to reflect cyclical and structural demand factors. Constraints on supply appear to have receded in the third quarter, but remain present in a number of countries. In general, such loans tend to follow the business cycle with a lag. Moreover, the high (albeit receding) levels of uncertainty and the fragmentation of financial markets are weighing on loan demand. The need to reduce household and corporate indebtedness in a number of countries is probably also dampening demand for bank credit. Finally, firms have increasingly replaced bank credit with alternative sources of funding: internally generated resources (partly related to capital inflows) and, in some cases, direct access to capital markets. Supply-side factors continue to weigh on growth in loans to households and non-financial corporations, especially in stressed countries, but these seem to have receded somewhat recently. The results of October's bank lending survey for the euro area suggest that banks' access to funding – both retail and wholesale – improved in net terms in the third quarter of 2013. The net percentage of banks reporting a tightening of credit standards stood at 5%, down slightly from the previous quarter. Banks expect that demand for household loans will pick up in the fourth quarter of 2013.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) stood at -3.5% in October, compared with -4.2% in the third quarter (see Chart 9). Further substantial outflows were recorded in both the third quarter and October, as the net redemption of longer-term debt securities issued by euro area MFIs continued. Inflows for longer-term deposits were negligible during that period. The continued decline in MFIs' longer-term financial liabilities reflects their reduced funding needs, as MFIs' balance sheets are shrinking and replacement with deposit-based funding is being encouraged under the current regulatory regime. This notwithstanding, households in some stressed countries have continued to shift funds into longer-term deposits, probably reflecting the impact that regulatory incentives have had on the remuneration of deposits.

Improved confidence in the euro area has continued to be reflected on the counterpart side in capital inflows – as seen in increases in MFIs' net external asset position. 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 an inflow in October, having also registered a quarterly inflow in the third quarter (see Chart 10). These continued the series of large inflows observed since October 2012, with a total of €322 billion being accumulated over that period, surpassing even the peak observed in early 2007 (see also Box 2).

Box 2

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 up to the third quarter of 2013. In the 12-month period to September 2013 the combined balance on direct and portfolio investment in the euro area recorded net inflows of €17.4 billion, compared with net outflows of €29.5 billion a year earlier (see the table). After the announcement of Outright Monetary Transactions (OMTs) in September 2012, financial market conditions improved and foreign investors substantially increased their exposure to euro area equity and debt securities. These inflows were more than offset by net outflows of €299.4 billion in other investment. The latter contributed to the increase in euro area MFIs' net external assets, against the background of a surplus in the current account of the euro area.

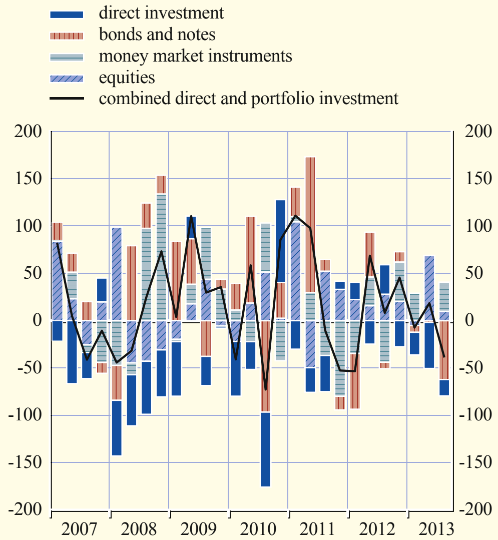
The shift from net outflows to net inflows in the combined balance on direct and portfolio investment in the euro area over the 12-month period to September 2013 mirrors similar developments in portfolio investment. Conversely, direct investment turned from net inflows to net outflows over the same period. Since the announcement of OMTs, foreign investors have considerably increased their purchases of equity and debt securities issued by euro area non-MFIs. At the same time, euro area investors have increased their acquisition of foreign securities, albeit to a lesser extent. The latter increase was driven by the purchase of foreign equity securities by both euro area MFIs and non-MFIs. Purchases of foreign debt securities remained largely unchanged compared with the previous 12-month period, with euro area non-MFIs slightly reducing their purchases of foreign debt instruments and euro area MFIs reducing their net sales of these instruments. Net outflows in other investment primarily reflected a substantial withdrawal of deposits and loans from euro area MFIs by non-residents and, to a lesser extent, a reduction in euro area MFIs' holdings of foreign deposits and loans. In the 12-month period to September 2013, the increase in the net external asset position of euro area MFIs had a positive impact on euro area liquidity and 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, the increase in MFIs' net external asset position over this period mainly arose from transactions by the non-MFI sector related to the current account surplus of the euro area, as well as from net inflows in portfolio investment.

In the third quarter of 2013 net outflows of €38.9 billion were recorded in the combined balance on direct and portfolio investment, compared with net inflows of €18.4 billion in the second quarter (see the chart). The shift in portfolio investment from net inflows in the second quarter to net outflows in the third quarter was partly offset by lower net outflows of direct investment. Within portfolio investment, domestic investors expanded their purchases of foreign equity and debt securities in the third quarter, whereas foreign investors bought smaller amounts of euro area equity securities than in the second quarter and slightly reduced their holdings of euro area debt instruments.

Euro area MFIs continued to scale down their holdings of foreign debt securities – albeit only marginally – in the third quarter of 2013, but remained net purchasers of foreign equity securities. For the first time since the second quarter of 2012 non-euro area residents were net buyers of equity securities issued by euro area MFIs. At the same time, foreign investors also increased their holdings of debt instruments issued by euro area MFIs, which became net sellers of foreign other investment assets,

Main items in the financial account

(EUR billions; quarterly net flows)



Source: ECB.

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

(EUR billions; non-seasonally adjusted data)

	Three-month cumulated figures						12-month cumulated figures					
	2013						2012			2013		
	June			September			September			September		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance
Financial account [1]			-56.3			-61.7			-76.0			-243.3
Combined direct and portfolio investment	-84.1	102.5	18.4	-106.1	67.2	-38.9	-445.1	415.7	-29.5	-545.7	563.2	17.4
Direct investment	-63.1	14.4	-48.7	-48.8	31.5	-17.3	-389.8	422.3	32.5	-281.4	163.8	-117.6
Portfolio investment	-21.0	88.1	67.1	-57.3	35.8	-21.6	-55.4	-6.6	-62.0	-264.3	399.3	135.0
Equities	-12.7	81.5	68.8	-31.8	41.8	9.9	38.6	60.8	99.4	-167.7	261.4	93.7
Debt instruments	-8.3	6.6	-1.7	-25.5	-6.0	-31.5	-93.9	-67.4	-161.4	-96.6	137.9	41.3
Bonds and notes	-9.2	7.4	-1.8	-19.6	-42.8	-62.3	-57.3	24.3	-33.0	-102.9	42.8	-60.1
Money market instruments	0.9	-0.7	0.1	-5.9	36.7	30.8	-36.7	-91.7	-128.4	6.4	95.1	101.5
Other investment	55.2	-131.1	-75.9	78.3	-107.7	-29.4	33.4	-29.0	4.4	208.8	-508.2	-299.4
Of which: MFIs												
Direct investment	-1.9	1.2	-0.6	-1.9	1.2	-0.7	1.6	10.8	12.4	-3.8	7.1	3.3
Portfolio investment	8.7	-29.0	-20.3	-9.7	9.0	-0.7	67.8	-64.3	3.4	1.3	-17.8	-16.4
Equities	-3.8	-17.0	-20.8	-10.1	7.1	-3.0	14.7	20.8	35.5	-37.6	-28.7	-66.4
Debt instruments	12.5	-12.0	0.5	0.4	1.9	2.3	53.1	-85.1	-32.1	39.0	11.0	49.9
Other investment	-1.4	-115.0	-116.4	70.1	-112.0	-41.9	170.2	-134.0	36.2	172.9	-475.2	-302.3

Source: ECB.
Note: Figures may not add up, owing to rounding.
1) A positive (negative) sign indicates inflows (outflows).

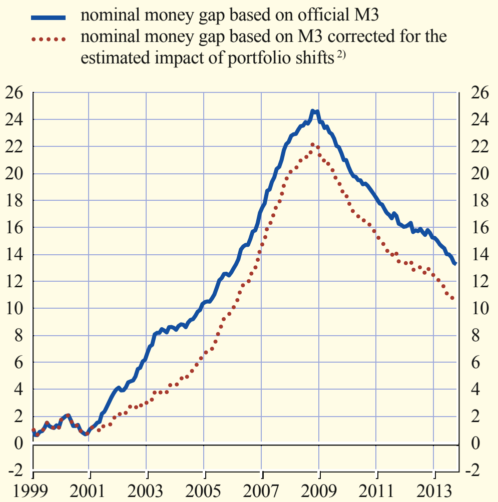
following two quarters of net purchases. Euro area non-MFIs increased their net purchases of foreign equity securities, as well as those of bonds and notes, while becoming net sellers of foreign money market instruments. Despite rising net purchases of money market instruments, foreign investors' net acquisition of domestic securities issued by euro area non-MFIs declined compared with the previous quarter owing to lower net investment in equity securities and net outflows from bonds and notes. Even though there were net outflows of portfolio investment in the euro area non-MFI sector, net external assets of euro area MFIs continued to increase in the third quarter of 2013, reflecting transactions of the money-holding sector associated with the current account surplus of the euro area.

GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

The monetary developments observed for M3 between end-December 2012 and end-October 2013 resulted in further declines in the monetary liquidity accumulated in the euro area prior to the crisis (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, and these indicators may now move closer to levels suggestive of balanced liquidity conditions in the economy. Nevertheless, it should be recalled that these indicators need to be interpreted with caution, as they rely on the assessment of equilibrium money holdings, which is surrounded by considerable uncertainty.

Chart 11 Estimates of the nominal money gap [1)]

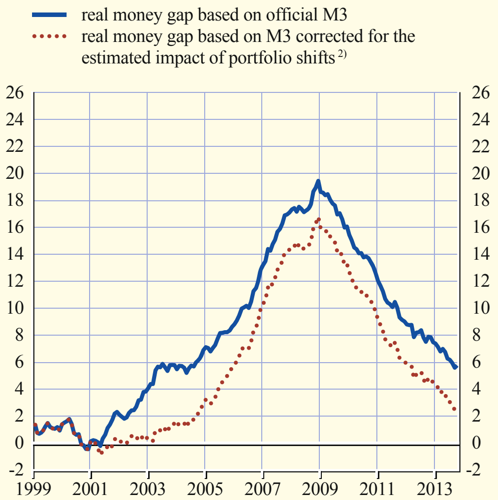
(as a percentage of the stock of M3; adjusted for seasonal and calendar effects; December 1998 = 0)



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

Chart 12 Estimates of the real money gap [1)]

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



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

Overall, underlying money and credit growth remained subdued in the third quarter and October. M3 growth moderated further on account of genuinely weak money creation. Weak growth in credit to the private sector continued to reflect cyclical and structural demand factors and, to a lesser extent, supply-side factors. 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. The main counterpart supporting money remains the continued inflows of capital in the euro area. These capital inflows, which have been seen in both stressed and non-stressed countries alike, have also contributed to a further easing of financial fragmentation and allowed non-financial corporations to continue increasing their cash buffers. At the same time, the current subdued dynamics of M3 stem from the low levels of remuneration for monetary assets, which are encouraging money holders to diversify their portfolios and move towards instruments with higher yields outside M3.

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

The annual growth rate of financial investment by the non-financial sectors declined to 1.9% in the second quarter of 2013, reflecting the continued weakness of the economic environment and reduced income opportunities. The annual growth rate of financial investment by insurance corporations and pension funds stood at 3.0% in that quarter. Meanwhile, investment funds recorded a further inflow in the third quarter, unchanged from the previous quarter, with particularly strong inflows for equity and mixed funds in an environment characterised by a search for yield and reduced risk aversion.

NON-FINANCIAL SECTORS

In the second quarter of 2013 (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 declined to 1.9%, down from 2.3% in the first quarter (see Table 5). The modest increase observed in the accumulation of currency and deposits was more than offset by declines in the annual growth rates of all other financial instruments (with the exception of investment in insurance technical reserves, the annual growth rate of which was unchanged from the previous quarter).

A sectoral breakdown reveals that households' accumulation of financial assets weakened further in the second quarter, continuing the trend observed since late 2010. The annual growth rate of financial investment by the general government sector also decreased for the second consecutive quarter. Since mid-2010 developments in financial investment by general government have been significantly affected by the transfer of assets to "bad bank" schemes and the recapitalisation of various national banking systems (see Chart 13). The fact that growth in the stock of financial assets held by households remained modest in the second quarter mirrored weak developments in income and efforts to reduce indebtedness in some countries. Meanwhile, households continued to reduce their holdings of debt securities. The further increase in households' investment in mutual fund shares and the decline in their accumulation of M3 deposits in the second quarter of the year points to a continuation of households' search for yield in the context of poorly remunerated monetary assets.

Non-financial corporations also reduced their accumulation of financial assets in the second quarter of 2013. This mainly reflected reduced investment in unquoted shares and other equity in the context of a slowdown in retained earnings and further weak growth in external financing.

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

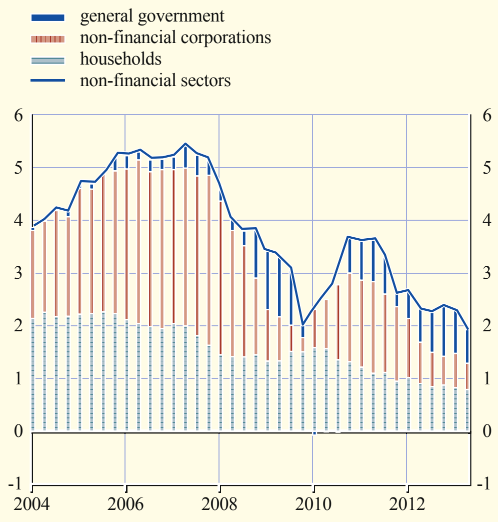
	Outstanding amount as a percentage of financial assets[1]	Annual growth rates									
		2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
Financial investment	**100**	**3.6**	**3.6**	**3.3**	**2.6**	**2.7**	**2.3**	**2.3**	**2.4**	**2.3**	**1.9**
Currency and deposits	24	3.7	3.9	3.5	3.1	4.1	3.5	3.7	3.6	2.7	3.0
Debt securities, excluding financial derivatives	5	6.8	7.2	8.1	3.2	2.1	1.6	0.4	-4.9	-7.5	-8.4
of which: short-term	0	0.5	7.6	1.9	21.4	18.5	21.4	21.5	-4.4	-19.5	-27.7
of which: long-term	5	7.3	7.2	8.6	1.8	0.8	0.1	-1.2	-5.0	-6.4	-6.7
Shares and other equity, excluding mutual fund shares	29	2.7	2.9	2.6	2.7	2.9	2.6	2.3	1.9	2.1	1.4
of which: quoted shares	5	1.0	0.7	2.5	1.9	2.5	3.0	0.6	0.7	0.7	1.5
of which: unquoted shares and other equity	24	3.2	3.4	2.6	2.9	3.0	2.5	2.6	2.2	2.4	1.4
Mutual fund shares	5	-4.6	-3.2	-4.9	-5.3	-4.2	-3.4	-1.7	0.5	2.6	2.2
Insurance technical reserves	16	3.7	3.1	2.6	2.0	1.8	1.8	1.9	2.3	2.6	2.6
Other[2]	21	5.9	5.3	5.2	4.1	3.1	2.5	2.3	4.0	4.3	3.4
M3[3]		1.8	1.3	1.7	1.6	2.8	3.0	2.8	3.5	2.5	2.4

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.

By contrast, non-financial corporations' accumulation of currency and deposits continued to increase. 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 second quarter of 2013" in the November 2013 issue of the Monthly Bulletin.

Chart 13 Financial investment of non-financial sectors

(annual percentage changes; contributions in percentage points)



Source: ECB.

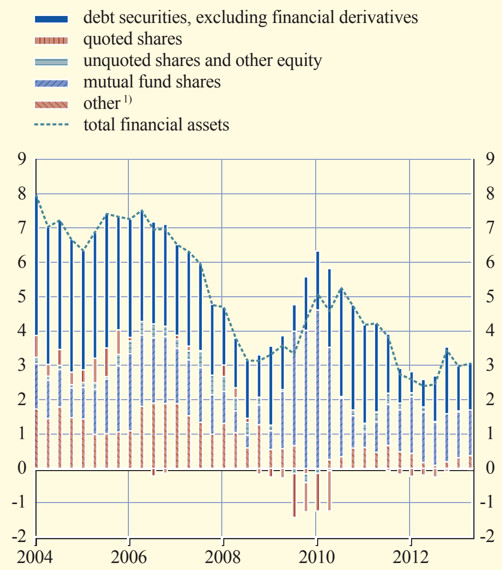
INSTITUTIONAL INVESTORS

The annual growth rate of financial investment by insurance corporations and pension funds stood at 3.0% in the second quarter of 2013 (the most recent quarter for which data are available from the integrated euro area accounts), broadly unchanged from the previous quarter (see Chart 14). Looking at the main contributors to total financial investment by insurance corporations and pension funds, the annual growth rate of investment in debt securities increased somewhat, while the accumulation of mutual fund shares was unchanged from the previous quarter.

For investment funds, data are already available for the third quarter of 2013. Issuance of shares/units by euro area investment funds other than money market funds resulted in a quarterly inflow of €97 billion in that quarter, unchanged from the second quarter.

Chart 14 Financial investment of insurance corporations and pension funds

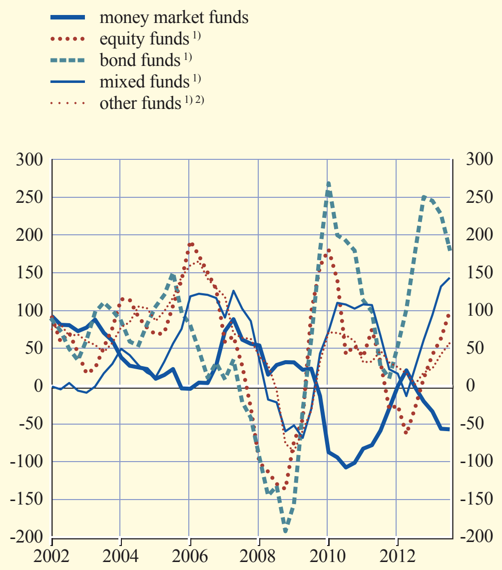
(annual percentage changes; contributions in percentage points)



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

Chart 15 Net annual flows into money market and investment funds

(EUR billions)



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

That further positive flow in the third quarter points to a continued search for yield in the context of the normalisation of portfolio investment and low interest rates. Adopting a longer-term perspective, the net annual inflows for this type of investment remained large, standing at €480 billion in the third quarter (equivalent to an annual growth rate of 7.4%). When broken down by type of investment, issuance by bond funds continued to grow most strongly in annual terms, with an accumulated net annual inflow of €181 billion, whereas issuance by mixed and equity funds resulted in net annual inflows of €143 billion and €99 billion respectively (see Chart 15). Transactions in the third quarter reveal a somewhat stronger preference for funds that have all or part of their investments in equity, with equity and mixed funds registering significant quarterly inflows of a similar magnitude (€36 billion and €38 billion respectively) and bond funds registering much smaller inflows (€8 billion, compared with €41 billion in the second quarter).

By contrast with the robust inflows observed for investment fund shares/units in the third quarter, money market fund shares/units continued to see net sales by investors, totalling €57 billion, in the context of low interest rates and poor returns on this type of investment.

2.3 MONEY MARKET INTEREST RATES

Money market interest rates were broadly stable between September and mid-November 2013. However, as of mid-November the EONIA increased in the context of higher demand for precautionary liquidity buffers as year-end approached and levels of excess liquidity declined.

The decision on 7 November 2013 to reduce the rate on the ECB's main refinancing operations exerted some downward pressure on the level and volatility of term money market interest rates (e.g. EURIBOR futures).

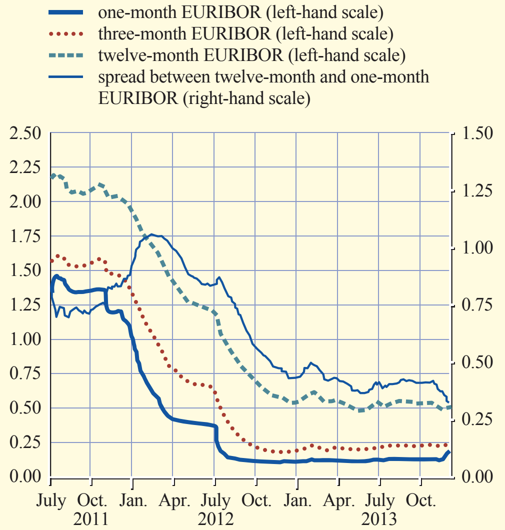
At shorter maturities, money market interest rates remained broadly stable overall between 4 September and 4 December 2013. However, as of mid-November some upward pressure was triggered by the need to establish precautionary liquidity buffers as year-end approached and levels of excess liquidity declined. At longer maturities, money market interest rates declined following the Governing Council's decision in November to (i) cut the rate on the main refinancing operations to 0.25%, (ii) confirm the forward guidance provided in July 2013, and (iii) continue conducting its main refinancing operations as fixed rate tender procedures with full allotment until at least 7 July 2015.

On 4 December the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.18%, 0.24%, 0.33% and 0.50% respectively – i.e. 5 and 1 basis points higher than the levels observed on 4 September for the one-month and three-month rates, and 1 and 5 basis points lower for the six-month and twelve-month rates. Accordingly, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased by 10 basis points over that period to stand at 32 basis points on 4 December (see Chart 16).

The interest rate on the three-month overnight index swap stood at 0.13% on 4 December, 3 basis points higher than on 4 September. As the corresponding EURIBOR increased by 1 basis point, the spread between the two decreased by 2 basis points. The three-month secured EUREPO stood at 0.10% on 4 December, 5 basis points higher than on 4 September (see Chart 17).

Chart 16 Money market interest rates

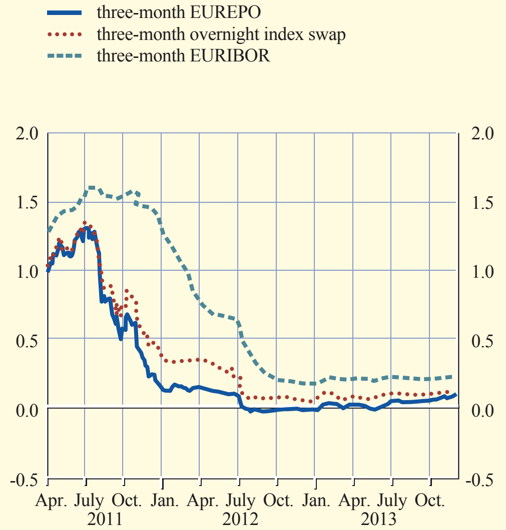
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

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

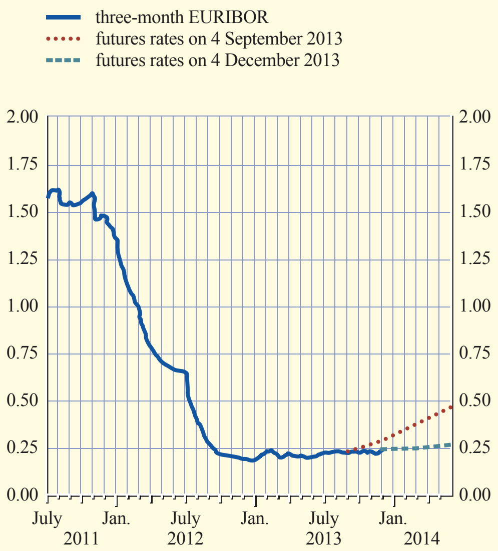
(percentages per annum; daily data)



Sources: ECB, Bloomberg and Thomson Reuters.

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

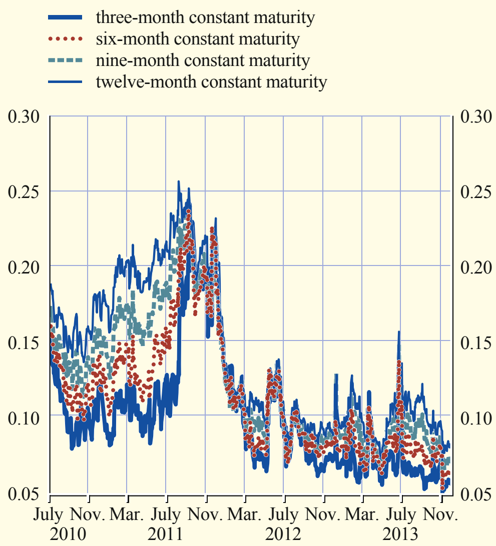
(percentages per annum; daily data)



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)



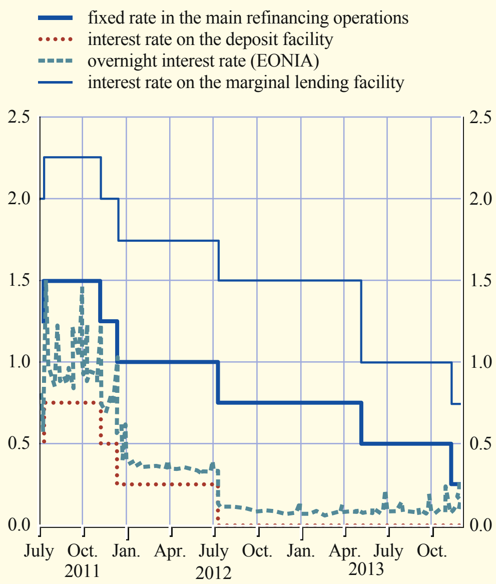
Sources: Thomson Reuters and ECB calculations.
Notes: This measure is calculated in two stages. First, implied volatilities derived from options on three-month EURIBOR futures are converted by expressing them in terms of logged prices instead of logged yields. Second, the resulting implied volatilities,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

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in December 2013 and March, June and September 2014 stood at 0.24%, 0.25%, 0.27% and 0.29% respectively on 4 December. By comparison with the levels observed on 4 September, those interest rates decreased by 5, 13, 20 and 27 basis points respectively (see Chart 18). Implied volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts also decreased relative to the levels recorded on 4 September (see Chart 19).

Looking at the overnight maturity, the EONIA remained broadly stable between 4 September and mid-November, standing between 0.07% and 0.10%. As of mid-November increased demand for precautionary liquidity buffers triggered some upward pressure as year-end approached and levels of excess liquidity declined. Accordingly, the negative spread between the EONIA and the main refinancing

Chart 20 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

rate decreased by 25 basis points following the Governing Council's decision on 7 November to cut the main refinancing rate to 0.25% and leave the deposit rate unchanged at 0%. On 4 December the EONIA stood at 0.13% (see Chart 20), implying a further reduction in the negative spread between the EONIA and the main refinancing rate.

The ECB continued 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 also Box 3).

Box 3

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 7 AUGUST 2013 TO 12 NOVEMBER 2013

This box describes the ECB's monetary policy operations during the reserve maintenance periods ending on 10 September 2013, 8 October 2013 and 12 November 2013 – i.e. the eighth, ninth and tenth maintenance periods of the year.

During the review period 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 special-term refinancing operations with a maturity of one maintenance period. The fixed rate was the same as the MRO rate prevailing at the time.

Furthermore, the three-month longer-term refinancing operations (LTROs) allotted in the review period were also conducted as fixed rate tender procedures with full allotment. The interest rate in each of these LTROs was fixed at the average of the MRO rates over the respective LTRO's lifetime. The key ECB interest rates remained unchanged throughout the review period, with the reduction in the MRO rate decided upon by the Governing Council of the ECB on 7 November only becoming effective at the beginning of the eleventh maintenance period of the year.

Liquidity needs

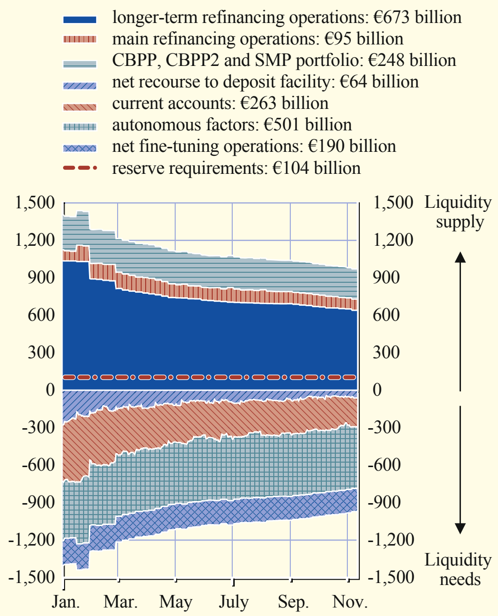
During the review period, the aggregate daily liquidity needs of the banking system, defined as the sum of autonomous factors and reserve requirements, averaged €604.7 billion. This was €5.1 billion lower than the daily average in the previous review period (from 8 May to 6 August 2013). Reserve requirements decreased from an average of €105.0 billion in the previous review period to an average of €104.2 billion in the period currently under review. Autonomous factors contributed more to the lowering of liquidity needs, dropping on average from €504.9 billion to €500.5 billion.

Looking into individual contributions to the decrease in average autonomous factors, two components account for the bulk of this change. Government deposits were the main driver of the reduction in the banking system's liquidity needs, as they dropped by €16.1 billion compared with the previous review period to stand on average at €74.1 billion. Changes in this component have a significant impact on the volatility of autonomous factors, but normally have a lesser effect on their average level. In the review period, this component fluctuated by as much as €53.2 billion. Some NCBs continued to exhibit regular fluctuation patterns, with the most significant variations coming from the Banca d'Italia. Such fluctuations usually reflect monthly tax collection activities (between the 19th and 23rd day of each month) and the payment of salaries, pensions and social benefits (around the 1st day of each month).[1]

The effect of these changes was partially offset by an increase in banknotes in circulation, from €909.8 billion on average in the previous review period to €919.8 billion on average in this review period, although the pace of this increase (+€10 billion) was slower than that observed between the preceding two review periods (+€16 billion). This decrease in pace can be partially explained by the seasonal demand for banknotes over the summer period due to tourism activities.

Chart A Liquidity needs of the banking system and liquidity supply in 2013

(EUR billions; daily data)



Source: ECB.

Daily current account holdings in excess of reserve requirements averaged €158.0 billion during the period under review, down from €181.6 billion in the previous review period. In more detail, the decline is in line with the steady downward trend in excess reserves recorded since early 2013: average excess reserves declined from €169.6 billion in the eighth maintenance period to €164.7 billion and €141.1 billion in the ninth and tenth maintenance periods respectively. This drop, as well as the drop in the average net usage of the deposit facility (see Chart B), is largely linked to the ongoing repayments of the three-year LTROs and to an overall reduction in outstanding liquidity, as described in the following subsection.

Liquidity supply

The average amount of liquidity provided through open market operations continued to decline, from €879.4 billion during the previous review period to €826.2 billion. Tender operations[2] provided an average of €578.2 billion, marking a decline of €43.8 billion. The liquidity provided through the weekly MROs stood on average at €94.7 billion, constituting a fall of €10.3 billion compared with the previous review period, which resulted from a steady decline in the amounts allotted each week.

During the review period, LTROs with a duration of three months and special-term refinancing operations with a duration of one maintenance period contributed a daily average of €21.8 billion to the liquidity supply. This constituted a decline, in continuation of the trend seen since the beginning of the year, when these refinancing operations together contributed on average

1 For further details, see the article entitled "The Eurosystem's experience with forecasting autonomous factors and excess reserves", *Monthly Bulletin*, ECB, January 2008.
2 Tender operations include main refinancing operations, longer-term refinancing operations and fine-tuning operations (both liquidity-providing and liquidity-absorbing).

€43.8 billion daily. The three-year LTROs provided on average €651.5 billion daily during the review period. Counterparties repaid €54.7 billion in the course of the period, with the total of the weekly repayments standing at €8.5 billion in the eighth maintenance period and notably increasing in the ninth and tenth maintenance periods, standing at €20.1 billion and €26.1 billion respectively.

The combined outstanding amount of securities held for monetary policy purposes – i.e. those acquired through the first and second covered bond purchase programmes (the CBPP and CBPP2) and through the Securities Markets Programme (SMP) – stood on average at €248 billion, marking a decrease of €9.3 billion.

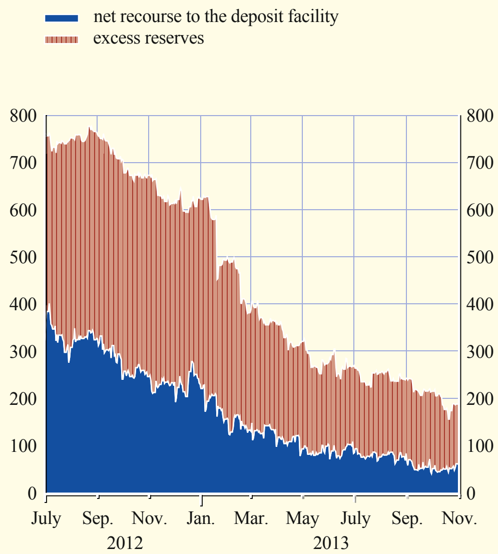
The outstanding amount of securities purchased under the CBPP, which was completed in June 2010, stood at €42.0 billion at the end of the review period, €2.1 billion lower than in the previous review period, on account of maturing securities. Outstanding amounts under CBPP2, which ended on 31 October 2012, totalled €15.5 billion, while €0.3 billion of securities matured. The outstanding value of the SMP decreased by €8.5 billion during the review period, reflecting maturing securities in the portfolio, and resulting in an outstanding amount of €184.1 billion at the end of the review period. The weekly liquidity-absorbing fine-tuning operations successfully neutralised the liquidity injected through the SMP.

Excess liquidity

Excess liquidity continued to decline, standing on average at €221.5 billion in the period under review, compared with €269.5 billion in the previous review period. At the same time, it remained volatile within the review period, ranging between €263.4 billion (20 August) and €157.2 billion (30 and 31 October). As described above, the main drivers were fluctuations in

Chart B Evolution of excess liquidity and the distribution between excess reserves and the standing facilities since 11 July 2012

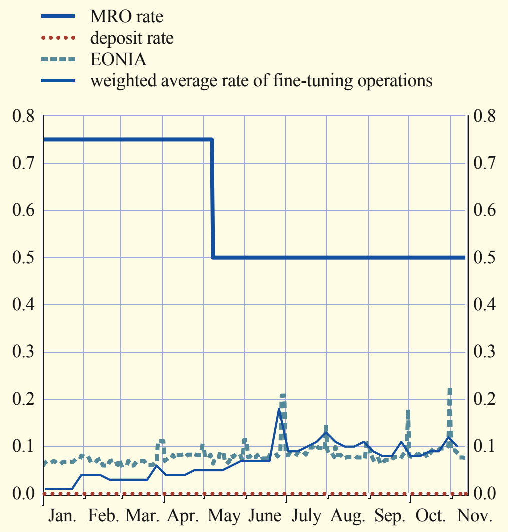
(EUR billions; daily data)



Source: ECB.

Chart C Selected ECB interest rates, EONIA and the weighted average rate of fine-tuning operations in 2013

(percentages; daily data)



Source: ECB.

government deposits, the observed increase in banknotes in circulation and a decrease in the outstanding liquidity provided through open market operations. Since the rate on the deposit facility was 0% and thus equal to the remuneration of excess reserve holdings, counterparties could be expected to be indifferent regarding the disposition of their excess liquidity. In the three maintenance periods under review, the pattern was fairly stable, with about 29% of excess liquidity held in the deposit facility and 71% held in the form of excess reserves (see Chart B).

Interest rate developments

During the review period, the ECB interest rates on the marginal lending facility, the MROs and the deposit facility remained unchanged, at 1.00%, 0.50% and 0% respectively. In light of declining but still ample liquidity conditions during the review period, the EONIA remained close to the deposit rate, averaging 0.085%, marginally down from 0.086% in the three preceding maintenance periods. In the maintenance period ending on 12 November 2013, the EONIA averaged 0.092%, as the average level of excess liquidity over that maintenance period was the lowest since the settlement of the first three-year LTRO. The rates in the weekly liquidity-absorbing fine-tuning operations also reached higher levels, with the weighted average allotment rate ranging between 0.08% and 0.12% during the review period (see Chart C).

The ECB also conducted weekly one-week liquidity-absorbing operations with a variable rate tender procedure and a maximum bid rate of 0.50% in the ninth and tenth reserve maintenance periods of 2013 and a maximum bid rate of 0.25% in the eleventh reserve maintenance period of the year. In all but one of these operations, the ECB absorbed an amount equal to the outstanding value of the purchases made under the Securities Markets Programme (which totalled €184 billion on 4 December). In the context of precautionary demand for liquidity, the Eurosystem withdrew €157.8 billion in the operation that was settled on 27 November 2013.

The review period was characterised by further declines in excess liquidity. The declines observed in average levels of excess liquidity during the ninth, tenth and eleventh maintenance periods were due mainly to the voluntary early repayment of some of the liquidity obtained in the two three-year longer-term refinancing operations (LTROs) and reduced demand in other refinancing operations. However, daily fluctuations in excess liquidity during the maintenance periods were again driven mainly by autonomous factors – particularly fluctuations in government deposits. As a result, excess liquidity averaged €196.6 billion in the ninth, tenth and eleventh maintenance periods of 2013, down from €255.4 billion in the previous three reserve maintenance periods. On 4 December excess liquidity stood at €155 billion. Daily recourse to the deposit facility averaged €53.1 billion, while current account holdings in excess of reserve requirements averaged €143.5 billion. Thus far, counterparties have voluntarily repaid €395.9 billion of the €1,018.7 billion obtained in the two three-year LTROs.

2.4 BOND MARKETS

Between the end of August and 4 December, yields on AAA-rated long-term government bonds in the euro area declined by around 10 basis points to 2%, while yields on long-term government bonds in the United States remained broadly unchanged. During that period, bond market developments on both sides of the Atlantic were mainly influenced by news from the United States; in particular, the uncertainty as to whether the Federal Reserve System would slow the pace of its monthly asset *purchases in the run-up to the Federal Open Market Committee (FOMC) decision on 18 September and the uncertainty surrounding the debt ceiling discussions in October. While long-term government bond yields in both regions showed somewhat similar developments over September and October, they tended to diverge in November, when US government bond yields edged up while their euro area counterparts levelled off. Uncertainty about future bond market developments, as measured by implied volatility, abated further in both the euro area and the United States. Intra-euro area sovereign bond yield spreads continued to narrow for most countries. Financial indicators of long-term inflation expectations in the euro area remained broadly unchanged and are fully consistent with price stability.*

Between the end of August and 4 December, yields on AAA-rated long-term government bonds in the euro area declined from 2.1% to 2%, having peaked at 2.2% in early September (see Chart 21). Long-term bond yields in the United States followed the same downward path until the end of October, before increasing in November to stand at 2.8% on 4 December. Consequently, the differential between ten-year government bond yields in the euro area and those in the United States increased by around 15 basis points over the period. In Japan, ten-year government bond yields declined by 10 basis points over the same period, standing at 0.6% on 4 December.

Over the review period, euro area AAA-rated long-term government bond yields were influenced by developments in the United States and somewhat mixed macroeconomic announcements in the euro area. In September yields declined significantly amid increased market expectations of a delay to the tapering of quantitative easing (QE), as was subsequently confirmed by the Federal Reserve's decision of 18 September. Conversely, AAA-rated long-term euro area government bond yields increased slightly in the first half of October, reflecting the uncertainty surrounding the negotiations about the ceiling on US federal debt (see below). Macroeconomic data releases in the euro area were generally positive at the start of the review period but became mixed in some countries at the end, in particular GDP data for the third quarter of 2013. After the decision of the ECB's Governing Council on 7 November to cut its main refinancing operations rate by 25 basis points, AAA-rated long-term euro area government bond yields dipped by around 5 basis points, before hovering around 1.9% for the rest of the review period.

Chart 21 Long-term government bond yields

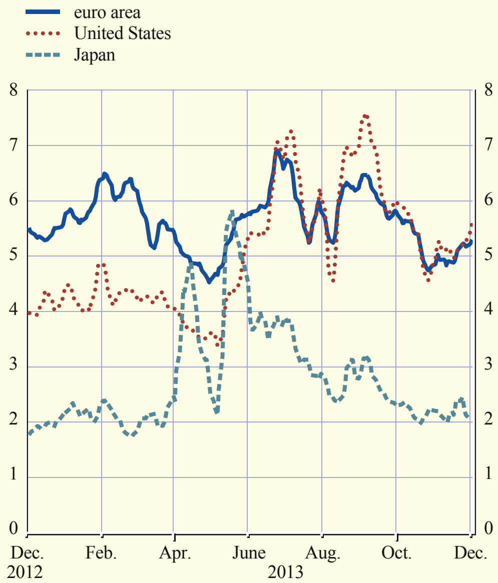
(percentages per annum; daily data)

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, Germany and the Netherlands.

The same US-specific factors that affected euro area yields also influenced US long-term yields and, unsurprisingly, resulted in larger bond market moves. In September US bond yields declined, particularly in response to weaker than expected labour market data and the Federal Reserve System's decision to maintain the pace of its monthly asset purchases. In the first half of October market attention focused on the uncertainty surrounding the US federal budget, which put upward pressure on US long-term bond yields. Yields subsequently declined when the US Congress agreed to raise the debt ceiling, but increased again in November. In that month US long-term bond yields exhibited somewhat higher volatility, reflecting the contradictory effects of stronger than expected US employment data, which renewed expectations that QE tapering would start sooner rather than later, and statements by some FOMC members indicating that no time frame had been set for the tapering-off of the Federal Reserve's asset purchases.

Chart 22 Implied government bond market volatility

(percentages per annum; five-day moving averages of 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.

Investor uncertainty about near-term bond market developments, as measured by the implied volatility extracted from options on bond prices, declined substantially over the review period. But the fall was not uniform over the period, with fluctuations mainly reflecting changing market expectations about the timing of the Federal Reserve's QE tapering and debt ceiling discussions. The levels of implied volatility at the end of the period under review were close to the levels observed before discussions about possible QE tapering began in May 2013, although still above those prevailing before the crisis. By 4 December, implied volatility stood at similar levels in both the euro area and in the United States (see Chart 22).

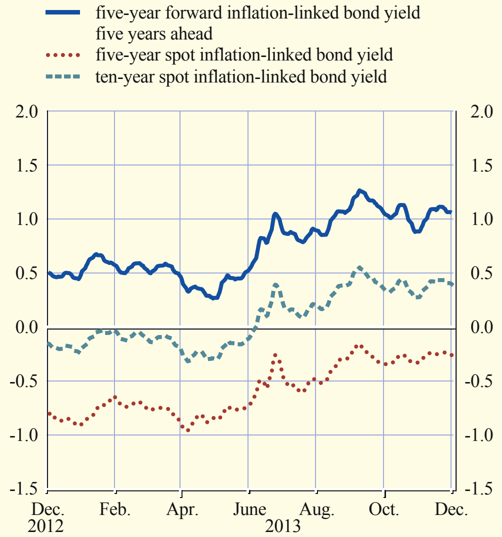
Over the review period, both long-term bond yields in individual euro area countries and their spreads vis-à-vis overnight indexed swap (OIS) rates declined in most euro area countries. The compression of spreads was stronger for the countries most affected by the sovereign crisis. These countries continued to benefit most from the improved economic outlook and positive revisions to the credit rating outlook.

Nominal yields on long-term euro area government bonds can be broken down into real yields and financial market expectations of inflation. Real yields[1] on five-year and ten-year inflation-linked euro area government bonds remained broadly unchanged over the review period (see Chart 23). Whereas real yields at both maturities declined in September and October, they increased in November, against the background of broadly positive economic data releases, in particular in Germany, back to the levels seen at the start of the review period. As a

1 The real yield on inflation-linked euro area government bonds is calculated as the GDP-weighted average yield on French and German inflation-linked government bonds. For more details, see the box entitled "Estimating real yields and break-even inflation rates following the recent intensification of the sovereign debt crisis", *Monthly Bulletin,* ECB, December 2011.

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.
Note: Real rates have been computed as a GDP-weighted average of separate real rates for France and Germany.

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)

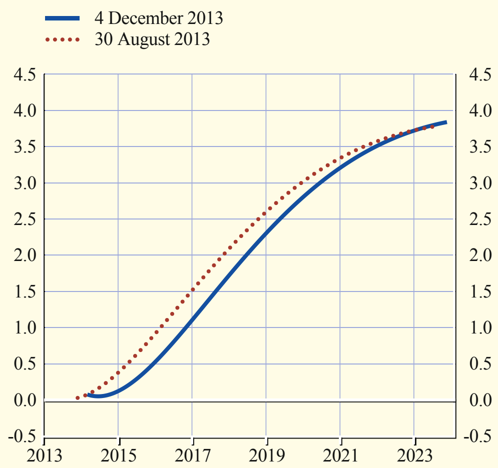
Sources: Thomson Reuters and ECB calculations.
Note: Break-even inflation rates have been computed as a GDP-weighted average of separately estimated break-even rates for France and Germany.

consequence, implied forward real interest rates for longer maturities in the euro area (five-year forward five years ahead) remained broadly unchanged at around 1.1% on 4 December.

As a result of these developments in nominal and real yields, financial market indicators of long-term inflation expectations in the euro area declined marginally over the review period, while they declined significantly at short-term horizons following the HICP flash estimate release at the end of October. The five-year break-even inflation rates implied by inflation-linked bonds declined by 20 basis points, to around 1.1%, while the ten-year horizon break-even rate declined by 10 basis points to 1.7%. Accordingly, the five-year forward break-even inflation rate five years ahead remained broadly unchanged at around 2.4% at the end of the review period (see Chart 24). Similarly, the long-term forward inflation swap rate remained broadly unchanged at 2.2% over the period under review. Overall, after taking into account both the inflation risk and liquidity

Chart 25 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

premia incorporated in break-even inflation rates, market-based indicators suggest that inflation expectations remain fully consistent with price stability.[2]

The term structure of implied forward overnight interest rates in the euro area shifted downwards across all maturities in the period under review. It declined by around 10 to 30 basis points for maturities up to 2020. This suggests that expectations about the future path of short-term interest rates and related risk premia declined over the review period.

In the period under review, the spreads of investment-grade euro-area corporate bonds issued by non-financial corporations remained broadly unchanged while those of bonds issued by financial corporations declined moderately (relative to the Merrill Lynch EMU AAA-rated government bond index). In relative terms, spreads of bonds with BBB-ratings issued by financial corporations declined most.

2.5 EQUITY MARKETS

Between the end of August and 4 December 2013, stock prices rose by around 9% in the euro area and 10% in the United States. In September stock markets on both sides of the Atlantic were supported by positive economic data releases and market expectations of a likely delay in the Federal Reserve System's tapering-off of quantitative easing (QE). Stock price rises were, however, partly reversed in October owing to the US debt ceiling deadlock in the context of the partial government shutdown, before the rise in prices resumed after an agreement on the debt ceiling was reached. Euro area stock markets were supported somewhat by stronger than expected macroeconomic announcements at the beginning of the review period, while macroeconomic announcements in November were mixed. Stock market uncertainty in the euro area, as measured by implied volatility, declined over the review period.

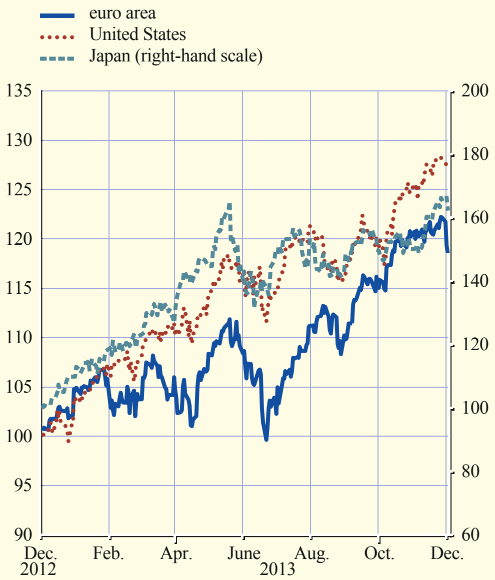
Between the end of August and 4 December, the composite equity price index increased by around 9% in the euro area, while the comparable US index rose by 10% (see Chart 26). In the euro area, stock prices in the financial and non-financial sectors increased by 14% and 8% respectively. At the same time in the United States, stock prices in both the financial and non-financial sectors increased by 10%. The broad equity index in Japan increased by around 15% in the three months to early December.

Euro area equity prices increased sharply in the first three weeks of September amid growing market expectations that the pace of asset purchases by the Federal Reserve System would be sustained, which was confirmed by the Federal Open Market Committee (FOMC) at its meeting on 18 September. During that period stock prices were also supported by the prospects of a diplomatic solution to the conflict in Syria. From the end of September to mid-October, however, euro area equity prices moved sideways in the context of higher uncertainty stemming from the budget negotiations in the United States and the temporary government shutdown. After the US debt ceiling deal was reached in mid-October, the composite euro area equity index resumed its upward path until the end of October. In November stocks price increases were more limited owing to weaker than expected data releases in some euro area countries.

2 For a more thorough analysis of the anchoring of long-term inflation expectations, see the article entitled "Assessing the anchoring of longer-term inflation expectations", *Monthly Bulletin,* ECB, July 2012.

Chart 26 Stock price indices

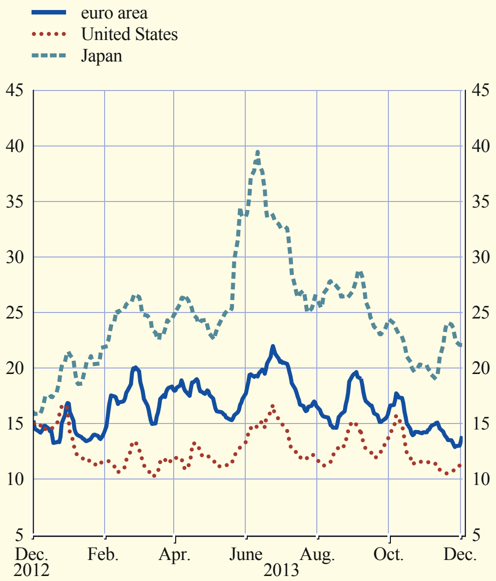
(index: 1 December 2012 = 100; daily data)



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.

Chart 27 Implied stock market volatility

(percentages per annum; five-day moving averages 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.

In the United States, equity prices broadly followed the same pattern, but exhibited higher volatility. The composite index reached an all-time high at the end of the review period. In September weaker than expected labour market data releases were compensated for by growing expectations that the Federal Reserve might delay tapering-off its asset purchases in the near future. This led to an increase in the major US indices in the early part of the review period until the FOMC's decision on 18 September to keep up the same pace of asset purchases. Over the remaining part of the review period, mixed data releases, in particular labour market data and confidence indicators, continued to influence expectations of the timing of the Federal Reserve's tapering-off of its asset purchases, thereby dampening stock prices. On the other hand, prices were supported by FOMC members' communications that the Federal Reserve would not start tapering immediately and would wait for firm evidence of a sustainable improvement in the state of the labour market.

Stock market uncertainty in the euro area, as measured by implied volatility, declined in the review period (to 14%, from 20% at the end of August). In the United States, developments in stock market implied volatility broadly mirrored, although at a lower level, the developments seen in the euro area and reached around 12% at the end of the review period (see Chart 27). In September uncertainty declined in both currency areas in the context of weaker than expected US labour market data releases, which triggered market expectations of a further delay in the start of QE tapering. However, uncertainty increased temporarily thereafter on the back of US debt ceiling discussions and the subsequent deal. Overall, uncertainty declined in both the euro area and the United States,

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
Share of sector in market capitalisation (end-of-period data)											
	100.0	10.2	7.0	17.0	6.3	22.8	5.6	15.5	5.5	4.4	5.7
Price changes (end-of-period data)											
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
Q1 2013	2.0	1.1	10.1	7.9	-3.7	-5.1	10.9	4.9	3.9	-3.1	-4.4
Q2 2013	-1.1	-2.0	-1.3	-2.2	-4.2	1.9	-0.7	-2.2	1.0	-1.9	-1.4
Q3 2013	11.3	6.8	9.6	8.9	12.0	16.7	-3.7	14.5	13.3	19.1	11.1
Oct. 2013	5.3	3.9	5.6	2.0	5.3	9.4	4.3	4.1	3.0	9.5	5.3
Nov. 2013	1.1	4.2	0.7	0.7	-2.7	1.3	1.0	1.6	3.4	-2.5	1.2
30 Aug.13 – 04 Dec.13	9.5	9.8	9.3	5.2	0.0	14.1	4.0	9.9	13.2	15.8	12.4

Sources: Thomson Reuters and ECB calculations.

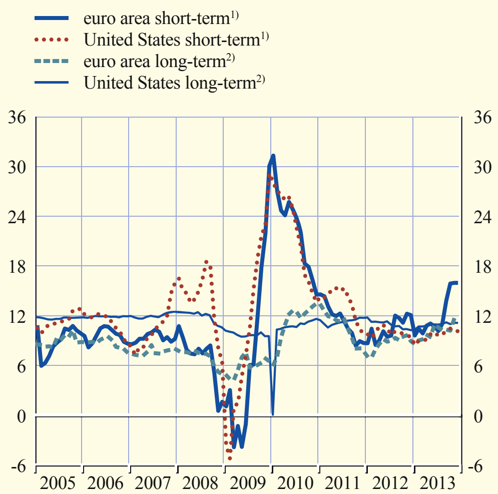
reaching levels close to the lowest seen in 2013 by the end of the review period. Implied volatility in Japan contracted in September and October, before increasing moderately in November.

In the euro area, the improvement in stock prices was broadly spread across all sectors except oil and gas. With gains of almost 14%, financial stock prices outperformed the overall index as the banking sector may have benefited from the progress toward the establishment of a single supervisory mechanism (SSM), in particular the adoption of the SSM Regulation by the European Council on 15 October. The best-performing sector was telecommunications. In the United States, the largest sectoral price increases were recorded in the consumer services sector, while the banking sector underperformed the overall index.

Data on the corporate earnings of the financial and non-financial euro area corporations included in the Dow Jones EURO STOXX index show that the size of the decline in actual earnings, computed over the previous 12 months, increased slightly over the review period, from around -3% in August to around -5% in November. For the next 12 months, market participants expect a recovery in companies' earnings per share (growth of 16%), a substantial increase compared with August 2013, while they forecast long-term (five-year) growth in earnings per share to be around 11% per annum (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 July and October 2013, the real cost of financing for non-financial corporations in the euro area fell by 6 basis points. This reflects a decline in the cost of equity and in the cost of market debt while the real cost of bank lending increased. With regard to financial flows, the annual rate of change of bank lending to non-financial corporations continued to contract in the third quarter of 2013. The decline in loans primarily reflects weak economic activity in a context of tight bank lending conditions in parts of the euro area. The annual growth rate of corporate debt security issuance, though remaining strong, reached its lowest level since June 2012.

FINANCING CONDITIONS

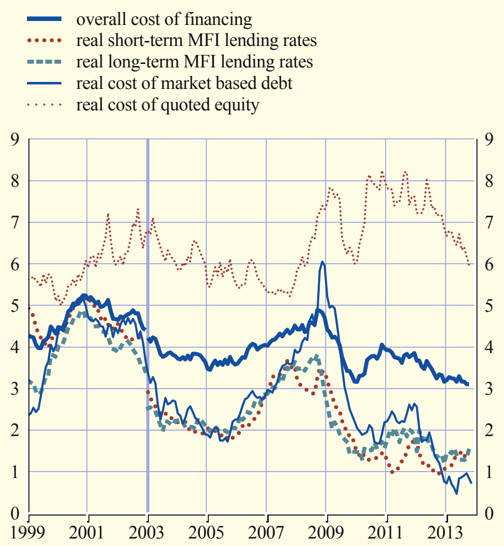
The real cost of external financing for non-financial corporations in the euro area – as calculated by weighting the costs of different sources of financing on the basis of their outstanding amounts, corrected for valuation effects – declined by 6 basis points to 3.1% between July and October 2013 (see Chart 29). This improvement was due to declines in the cost of equity and in the cost of market debt. The real cost of equity and market-based debt fell by 36 and 2 basis points over the period, to 6.0% and 0.8% respectively. By contrast, the real cost of short and long-term bank loans to non-financial corporations increased by 4 and 27 basis points respectively between July and October 2013, to 1.6% and 1.5%. More recent data indicate that the cost of market financing has continued to fall. From a historical perspective, in October 2013 the real overall cost of financing for euro area non-financial corporations stood at the lowest level recorded since 1999.

In the period from July to October 2013, MFIs' nominal interest rates on new loans to non-financial corporations increased for both small loans (up to €1 million) and large loans (over €1 million) (see Table 7). The still elevated borrowers' risk and weak economic conditions may explain the banks' reluctance to reduce lending rates. At the same time, the evolution of lending rates for the euro area as a whole masks a significant degree of heterogeneity at the country level. Moreover, during the period under review, the spread between lending rates on small loans and those on large loans increased for short maturities and decreased for long maturities.

On average from July to October 2013, three-month money market rates remained unchanged, whereas two-year government bond yields and seven-year AAA-rated euro area government bond yields decreased by 4 and 5 basis points respectively (see the note to Table 7).

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-financial corporations", *Monthly Bulletin,* ECB, March 2005). The introduction of the harmonised MFI lending rates at the beginning of 2003 led to a break in the statistical series. Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

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

(percentages per annum; basis points)

							Change in basis points up to October 2013 [1)]		
	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Sep. 2013	Oct. 13	July 2012	July 2013	Sep. 2013
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	3.96	3.94	3.93	3.86	3.86	3.85	-22	4	-1
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	3.87	3.79	3.75	3.73	3.76	3.87	-25	1	11
with an initial rate fixation of over five years	3.64	3.41	3.49	3.29	3.26	3.32	-56	5	6
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.21	2.28	2.12	2.16	2.15	2.23	-17	0	8
with an initial rate fixation of over five years	3.01	2.90	2.85	2.93	3.06	3.31	-2	25	25
Memo items									
Three-month money market interest rate	0.22	0.19	0.21	0.22	0.23	0.23	-16	0	0
Two-year government bond yield	0.07	-0.01	0.07	0.30	0.22	0.15	17	-3	-7
Seven-year government bond yield	1.26	1.07	1.10	1.51	1.42	1.29	7	-5	-13

Source: ECB.
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.
1) Figures may not add up due to rounding.

In October the spread between the three-month EURIBOR and short-term interest rates on large loans rebounded to the level of 200 basis points reached in July 2013. The spread between long-term lending rates for large loans and the yields on AAA-rated seven-year government increased from 172 basis points in July to 199 basis points in October 2013.

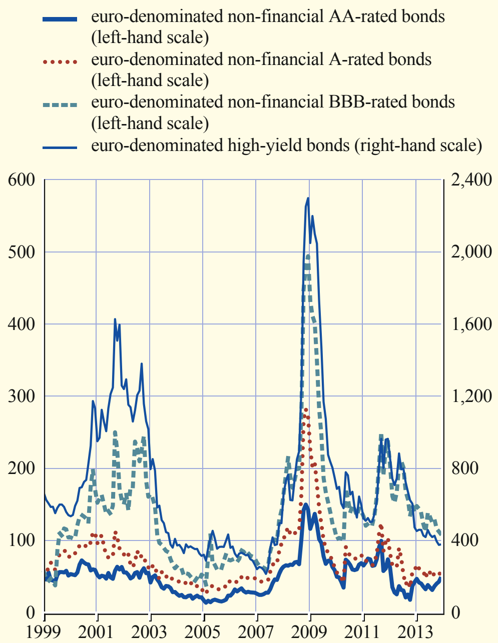
Spreads between non-financial corporations' overall cost of market debt and seven-year government bond yields narrowed by 2 basis points between July and October 2013, reflecting the reduction of the overall cost of market debt. At the same time, the spreads on BBB-rated corporate bonds decreased by 17 basis points (see Chart 30).

FINANCIAL FLOWS

Against a backdrop of subdued economic activity, the profitability of euro area non-financial corporations – as measured by the growth rate of earnings per share – continued to fall in the third quarter of 2013 and especially in October and November 2013, when the growth rates fell to -6.0% and -7.3%, respectively

Chart 30 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



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

(see Chart 31). Looking ahead, based on indicators from market providers, market participants expect a gradual improvement, with a move into positive territory at the beginning of next year.

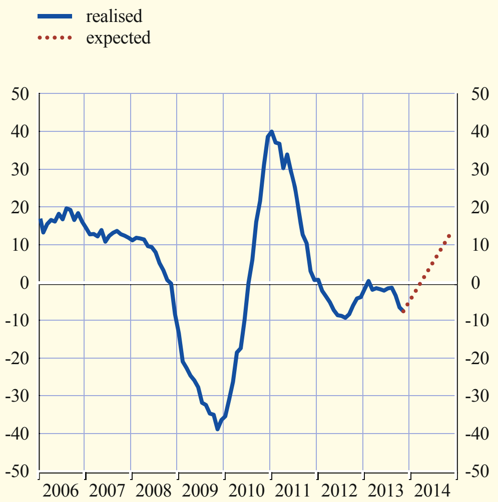
The annual rate of change of external financing of firms remained below zero for a fourth consecutive month pointing to continuing deleveraging. MFI loans granted to non-financial corporations continued to contract, to -3.5% in the third quarter of 2013 compared with -3.2% in the second quarter of 2013. On the demand side, this reflected weak economic activity and subdued business confidence as well as the availability of alternative sources of internal and external funding (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.

For the euro area as a whole, the relatively high issuance of debt securities compensated for the decline in MFI loans to non-financial corporations, thereby suggesting some substitution of bank funding with market funding (see Chart 32). However, the country and sectoral composition of issuance activity shows that the greater recourse to market financing remained limited in stressed countries. Moreover, while remaining at an elevated level, notably owing to favourable price conditions, the annual growth of debt securities issuance by non-financial corporations has declined somewhat since the beginning of 2013, falling to 9.5% in September 2013. The slowdown in debt security issuance was mainly due to a slowdown in the issuance of long-term fixed rate debt securities by non-financial corporations, which was partly compensated by a significant recovery in the issuance of short-term debt securities, which reached 0.1% after a fall of -8.4% in the previous quarter. Over the same period, the annual growth rate of issuance of quoted shares by non-financial corporations fell to 0.3%.

In the second quarter of 2013, the decline in the annual growth rate of bank lending to non-financial corporations resulted from a decline in the annual growth rate of loans extended with

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

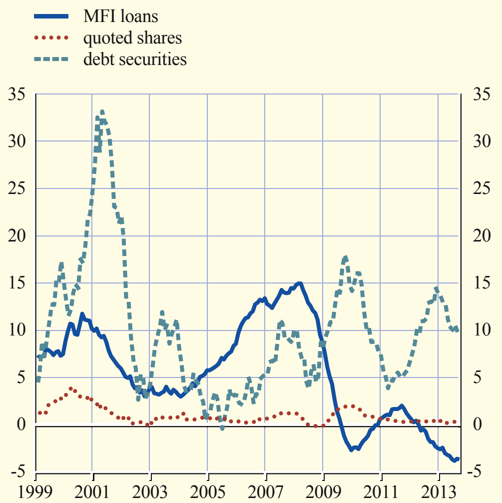
(annual percentage changes; monthly data)



Sources: Thomson Reuters and ECB calculations.

Chart 32 External financing of non-financial corporations broken down by instrument

(annual percentage changes)



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

Table 8 Financing of non-financial corporations

(percentage changes; end of quarter)

	Annual growth rates				
	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3
MFI loans	-1.5	-2.3	-2.4	-3.3	-3.5
Up to one year	-1.7	0.5	1.7	-1.8	-3.0
Over one and up to five years	-4.7	-6.0	-6.3	-6.2	-5.6
Over five years	-0.4	-2.3	-2.9	-3.0	-3.1
Debt securities issued	12.6	14.1	12.6	10.0	9.5
Short-term	3.3	2.8	8.7	-8.4	0.1
Long-term, *of which:* [1]	13.7	15.2	13.0	12.1	10.4
Fixed rate	14.5	16.7	14.5	13.2	10.8
Variable rate	1.1	-1.9	-0.8	4.6	8.9
Quoted shares issued	0.4	0.5	0.1	0.4	0.3
Memo items [2]					
Total financing	1.2	1.0	1.0	0.6	-
Loans to non-financial corporations	0.8	-0.1	-0.2	-0.7	-
Insurance technical reserves [3]	1.5	1.3	1.3	1.2	-

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 payble and financial derivatives.
3) Includes pension fund reserves.

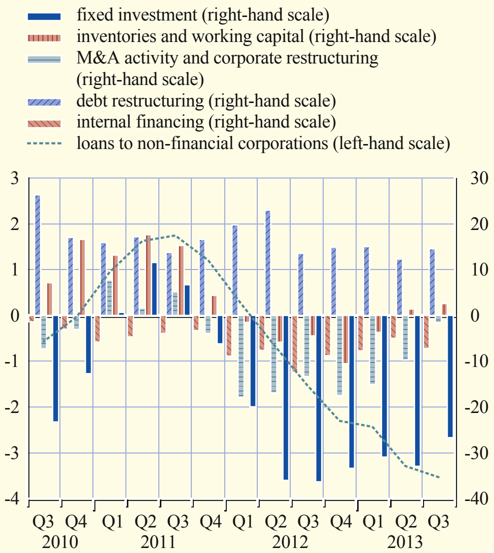
a maturity of less than one year – from -1.8% in the second quarter of 2013 to -3.0% in the third quarter of 2013 – and from a further decline in the annual growth rates of loans with longer-term maturities. The pace of decline mitigated somewhat for medium-term maturities (see Table 8).

The results of the bank lending survey for the euro area for the third quarter of 2013 reveal a broadly unchanged decline in net demand for loans to non-financial corporations in comparison with the second quarter of 2013 (see Chart 33). However, the factor contribution analysis suggests that the need to finance fixed investment and mergers and acquisitions as well as internal financing continued to weigh negatively on loan demand, while the need to fund debt restructuring, inventories and working capital contributed positively to loan demand.

At the same time, the net tightening of credit standards for loans to non-financial corporations decreased slightly in the third quarter of 2013.

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

(annual percentage changes; net percentages)



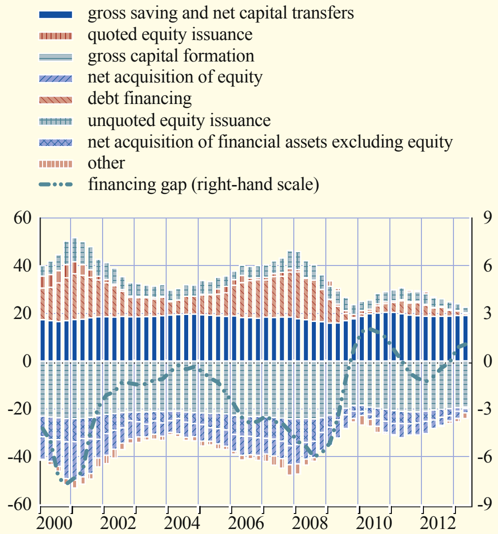
Source: ECB.
Notes: The net percentages refer to the difference between the percentage of banks reporting that the given factor contributed to an increase in demand and the percentage reporting that it contributed to a decrease. The variables on the right-hand scale are in net-percentages.

For the first time since the third quarter of 2009, euro area banks reported that their cost of funds and balance sheet constraints contributed on average to a slight net easing of credit standards for loans to enterprises. Borrowers' risk and macroeconomic uncertainty remained the main factors motivating lending policies, though their impact on the net tightening of credit standards has decreased further in the third quarter of 2013 compared with the previous quarter. For the fourth quarter of 2013, banks expect a decrease in the net tightening of credit standards for loans 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 – remained in positive territory and increased from 0.9% in the fourth quarter of 2012 to 1.1% in the second quarter of 2013 (see Chart 34). This increase mainly reflected a decline in net acquisitions of equity and financial assets and an increase in the unquoted equity issuance.

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

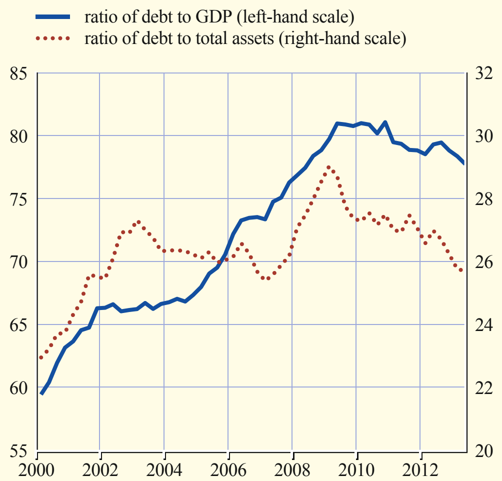
(four-quarter moving sum; percentages of gross value added)



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

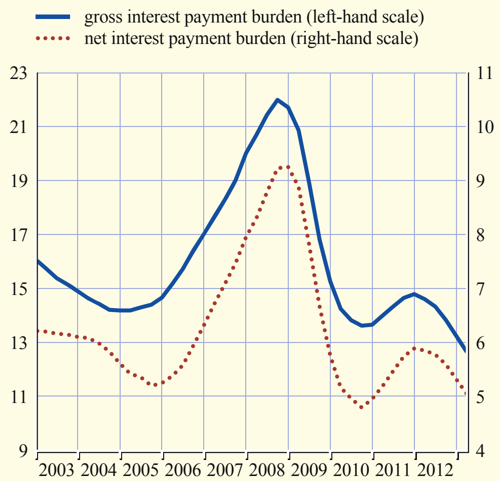
(percentages)



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.

FINANCIAL POSITION

According to euro area integrated accounts data, the indebtedness of the non-financial corporate sector declined slightly in the second quarter of 2013. The ratio of debt to GDP decreased further from 78.4% in the first quarter of 2013 to 77.7% in the second quarter of 2013, and the debt-to-total assets ratio declined slightly from 25.8% to 25.7%. Although the changes are relatively limited, when compared with the peaks recorded, they have occurred despite the weakness of economic activity. At the same time, the gross interest burden of non-financial corporations continued to moderate somewhat in the second quarter of 2013, to 12.6% in relation to their gross operating surplus, from 13.2% in the first quarter of 2013 (see Chart 36).

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

In the third quarter of 2013 euro area households' financing conditions were characterised by broadly stable bank lending rates, amid persistently strong heterogeneity across countries and instruments. The annual growth rate of MFI lending to euro area households (adjusted for loan sales and securitisation) has stabilised at marginally positive levels since the beginning of the year, standing at 0.3% in October 2013. The latest data continue to point to subdued developments in household borrowing, mainly reflecting weak housing markets, uncertain economic prospects, high unemployment and, from a medium-term perspective, the necessary correction of past excesses in terms of the accumulation of debt (especially in certain euro area countries). At the same time, monthly flows of MFI loans to households were somewhat larger in the third quarter than they had been in the first half of the year. Moreover, the October 2013 bank lending survey indicates that banks expect demand for housing loans to pick up further in the fourth quarter. The ratio of household debt to gross disposable income is estimated to have remained stable in the third quarter at a level in line with those observed since mid-2010. Households' interest payment burden is also estimated to have remained broadly unchanged in that quarter.

FINANCING CONDITIONS

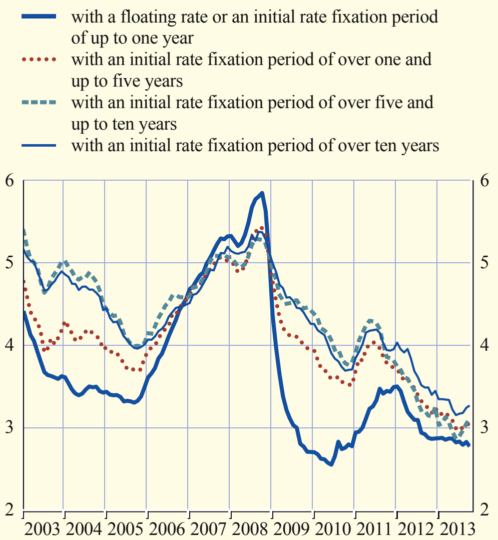
Overall, the financing costs of euro area households remained broadly unchanged in the third quarter of 2013. Looking at the individual components, only interest rates on medium and long-term lending for house purchase and those on short-term consumer loans saw minor increases. At the euro area level, developments in the MFI interest rates charged on loans to households continued to vary depending on the type and maturity of the loan, with cross-country heterogeneity also remaining considerable.

As regards new lending for house purchase, interest rates on short-term loans (i.e. loans with floating rates or an initial rate fixation period of up to one year) were broadly unchanged from the levels observed in the second quarter of 2013. By contrast, for medium and longer-term loans (i.e. loans with initial rate fixation periods of between one and five years, between five and ten years, and over ten years), interest rates picked up slightly, but remained low from a historical perspective (see Chart 37). In October interest rates for all maturities were broadly unchanged from September.

As regards new consumer loans, the third quarter of 2013 saw slight increases in interest rates on shorter-term loans, while interest rates on medium and longer-term loans (which are the most frequently used instruments) remained broadly unchanged. In October interest rates on shorter-term loans decreased slightly, while those on other maturities were unchanged from September.

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

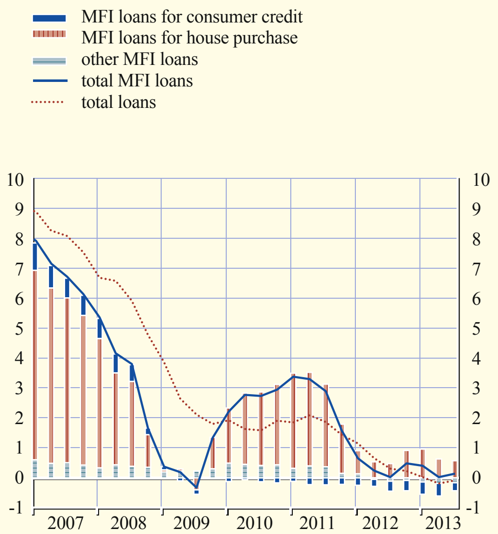
(percentages per annum; excluding charges; rates on new business)



Source: ECB.

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 third quarter of 2013, 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.

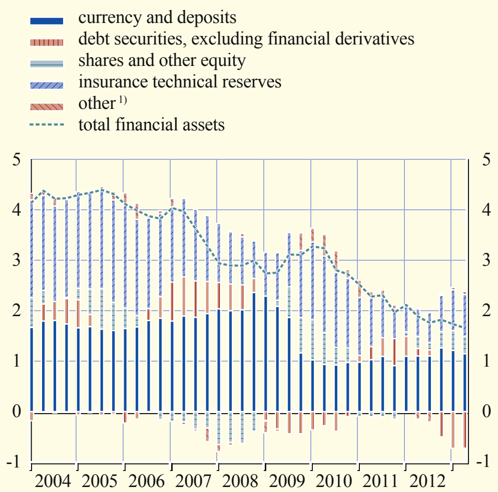
The results of the October 2013 bank lending survey suggest that the net tightening of credit standards applied to loans to households for house purchase decreased further in the third quarter. Meanwhile, credit standards on loans for consumer credit also saw marginal net tightening. As regards loans for house purchase, the marginal tightening stemming from the cost of banks' funds and balance sheet constraints was offset by a reduction in tightening pressures relating to the economic outlook and housing market prospects. For consumer loans, pressures stemming from the cost of funds and balance sheet constraints remained broadly unchanged in the third quarter, while banks' risk perception contributed less to net tightening and competitive pressures contributed to net easing. Most price and non-price terms and conditions applied to housing loans were tightened less, or even eased, while those applied to consumer loans remained unchanged. For more details, see the box entitled "The results of the euro area bank lending survey for the third quarter of 2013" in the November 2013 issue of the Monthly Bulletin.

FINANCIAL FLOWS

Growth in overall lending to households has been subdued since mid-2012. Total lending to the euro area household sector weakened further in the second quarter of 2013 (the most recent quarter for which data from the euro area accounts are available) on account of a moderation in MFI lending. As a result, total loans to households declined by 0.2% year on year in the second quarter, after remaining unchanged in the previous quarter. Estimates for the third quarter of 2013 point to a further decline in total loans to households, albeit a slightly smaller one (see Chart 38). The negative growth in the second quarter was driven mainly by loans from non-MFIs, the annual growth rate of which remained negative in the second quarter (at -1.4%), albeit less so than in the first quarter

Chart 39 Financial investment of households

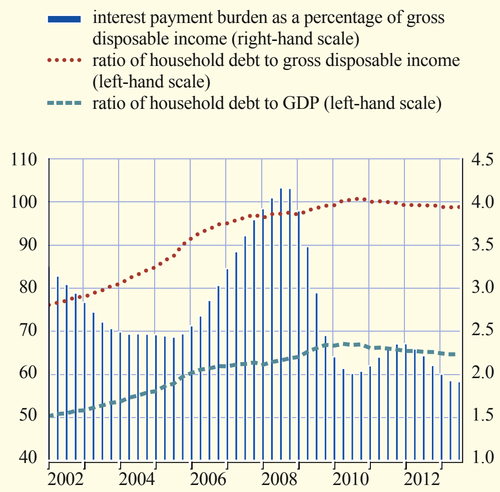
(annual percentage changes; contributions in percentage points)



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.

(when it had stood at -2.1%) on account of increased loan sales and securitisation activity – which frequently results in household loans being shifted between MFIs and non-monetary financial intermediaries other than insurance corporations and pension funds (i.e. the OFI sector).

Turning to MFI data that are already available for the third quarter and October 2013, growth in loans to euro area households has stabilised at marginally positive levels since the beginning of the year. More specifically, the annual growth rate of lending to households (adjusted for loan sales and securitisation) stood at 0.3% in both the third quarter and October, broadly unchanged from the beginning of the year, which confirms that origination activity remains broadly stable at a subdued level (see Section 2.1 for details).

When loans are broken down by purpose, the annual growth rate of MFI lending for house purchase (adjusted for loan sales and securitisation) stood at 1.2% in October, unchanged from June and in line with the broad stabilisation observed since the spring. Flows of loans for house purchase continued to account for the bulk of MFI lending to households, while other types of loan to households continued to contract. The annual growth rate of consumer credit declined further to stand at -3.1% in October, down from -2.6% in July, continuing the negative trend observed since April 2009. Similarly, the annual growth rate of other lending, which includes lending to unincorporated businesses, remained in negative territory (where it has been since June 2012), standing at -1.4% in October, down from -0.8% in July.

The weak growth of MFI lending to households mainly reflects the continued weakness of housing markets, uncertain economic prospects and high levels of unemployment. However, from a medium-term perspective, it also reflects the necessary correction of past excesses in terms of the accumulation of debt (especially in certain euro area countries), which continue to weigh on loan demand. At the same time, the October 2013 bank lending survey shows that banks reported a net increase in demand for loans for house purchase in the third quarter of 2013 (the first since the fourth quarter of 2010), reflecting gradual improvements in housing market prospects. A marginally positive development was also reported for consumer credit, driven mainly by spending on durable goods. Looking ahead, banks expect further net increases in demand for both housing and consumer loans.

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 of 2013 (slightly lower than in the previous quarter; see Chart 39). This stemmed from reductions in the contributions made by households' investment in currency and deposits and shares and other equity. By contrast, the contribution made by investment in insurance technical reserves increased slightly further, while that of investment in debt securities remained unchanged at negative levels. Overall, the prolonged slowdown observed since mid-2010 for households' accumulation of financial assets reflects weak income developments, a dissaving process and, especially in some countries, deleveraging pressures.

FINANCIAL POSITION

Household indebtedness has stabilised at a high level in the euro area. More specifically, the ratio of household debt to nominal gross disposable income was stable at 98.8% in the third quarter of 2013 (see Chart 40), close to the levels observed since mid-2010. Similarly, the household sector's interest payment burden is estimated to have remained broadly unchanged at 1.9% of disposable income in the third quarter of 2013, after gradually declining between early 2012 and early 2013. Households' debt-to-GDP ratio is estimated to have stood at 64.7% in the third quarter, broadly unchanged from the previous quarter.

Box 4

SECTORAL CONTRIBUTIONS TO REBALANCING WITHIN THE EURO AREA

Drawing on the sectoral accounts, this box analyses the ongoing current account rebalancing within the euro area. It updates a similar analysis presented in February 2012.[1] The sectoral accounts are aggregated for two groups of euro area countries, clustering those that ran current account surpluses over a five-year period up to the onset of the financial crisis in 2007 and those that ran current account deficits. The "external surplus group" comprises Belgium, Germany, Luxembourg, the Netherlands, Austria and Finland and the "external deficit group" is made up of Ireland, Estonia, Greece, Spain, France, Italy, Cyprus, Malta, Portugal, Slovakia and Slovenia. This grouping makes it simpler to derive and present some common stylised facts.[2]

Starting from the basic national account identity, in which the current account is the balance between total economy saving and investment, the box shows that the current account rebalancing

1 See the box entitled "A sectoral account perspective of imbalances in the euro area", *Monthly Bulletin*, ECB, February 2012.

2 Like any grouping criteria, it has obvious limitations, but these do not affect the main thrust of this exercise. For instance, the groups are rather heterogeneous, comprising countries that ran large external deficits (or surpluses) at the peak of the cycle, as well as countries that had current account positions closer to balance. Countries within a group may also differ considerably with respect to other indicators, such as their fiscal position or the presence of specific boom-bust market cycles, etc. Most notably, the composition of the group is closely tied to the reference period and would change over time. Germany, for instance, would have been in the "external deficit group" for a similar exercise conducted in the early 2000s, while Italy and France would have been in the "external surplus group" at that time. This shows that corrections and reversals of imbalances within Monetary Union occur over time.

within the euro area since 2008 has been driven by investment compression, with little progress on the savings side. In particular, in the external deficit group relative to the external surplus group, corporate saving remained depressed and business margins, which had been weak or declining up to 2008, have continued falling. The convergence in unit labour costs (ULC) has been limited despite substantial progress in programme countries.

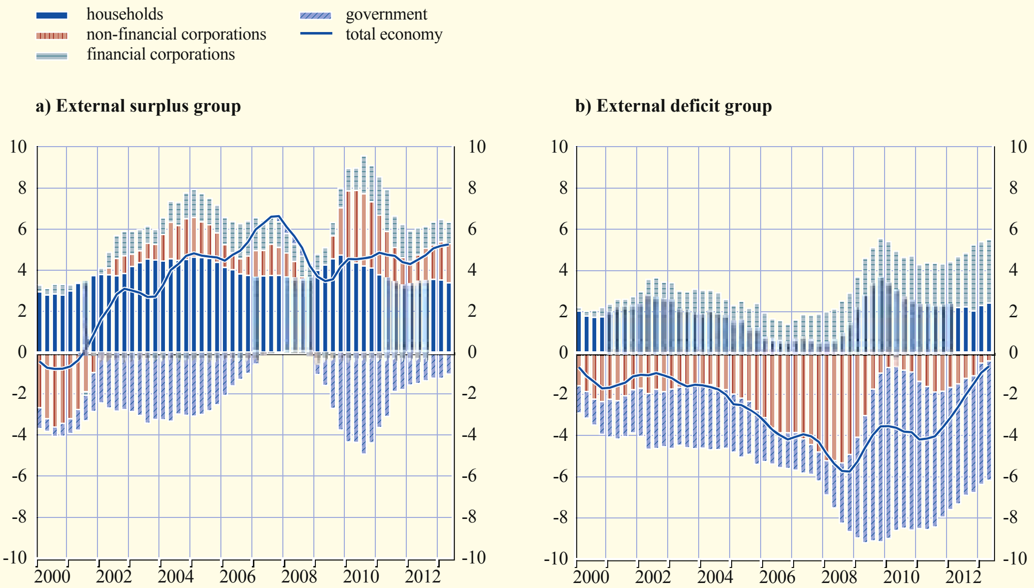
Development in net lending/net borrowing

Chart A shows, for each group, the evolution over time of the net lending/net borrowing of the economy as a whole (essentially the current account), according to the traditional sectoral breakdown (households, non-financial corporations (NFCs), government and financial corporations).[3] In the external surplus group (Chart A(a)) current account positions deteriorated between 2007 and 2009, but improved thereafter, especially from 2011. The improvement can be mainly attributed to developments of the NFC balance (which remained in an atypical financial surplus throughout almost the whole 2002-2013 period) and to the correction of the government sector deficits.

A correction in the current account balances of external deficit countries (Chart A(b)) began in 2009, with an acceleration from 2011 onwards.[4] After the Lehman Brothers insolvency, NFCs saw an abrupt reduction of their net borrowing in 2009 (reversing the strong increase up to 2008)

Chart A Net lending/net borrowing by sector

(four-quarter sums; percentages of GDP)



Sources: Eurostat and ECB.
Note: The net lending/net borrowing shown in the charts has been adjusted to exclude "acquisitions less disposals of non-financial non-produced assets" (in order to avoid the distortions caused by the large proceeds from the sale of UMTS mobile phone licences in 2000).

3 The net lending/net borrowing or financial surplus/deficit of a sector is the balance of its capital account. It measures the excess of saving and net capital transfers received over capital investments (net lending), or vice versa (net borrowing); it expresses the difference between the revenue and expenditure of each sector; and it is the balance of the financial accounts of the sector which measures the difference between transactions in financial assets and transactions in liabilities.
4 Within the external deficit group, only France saw a deterioration of its current account after the 2008 crisis.

and a stabilisation thereafter at a reduced level. Household surpluses recovered sharply from their lows in 2008 and remained relatively stable from 2010 onwards. As regards the government sector, the limited reduction in deficit observed recently in the external deficit countries partly reflects the impact of large bank recapitalisations undertaken by some governments (for a total of €61 billion, equivalent to 1.4% of GDP, in the year to the second quarter of 2013), which in turn explains the increasing net lending position of financial corporations.

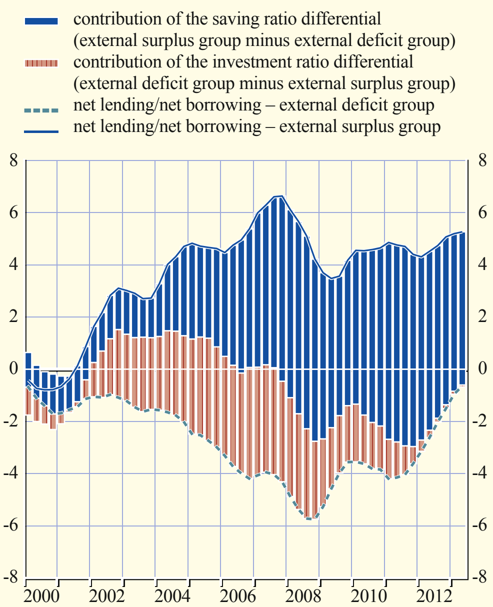
Saving and investment breakdown of the current account differential

Chart B shows the developments in the current account (net lending/net borrowing) of each group and the contribution to the current account differential of the saving ratio differential and the investment ratio differential (between the two groups).[5] The reduction in the current account differential since its peak in the second quarter of 2008 is essentially due to the elimination of the investment differential and only marginally (over the last two years) to a reduction in the saving differential. The saving differential as a percentage of GDP peaked in the third quarter of 2011 (see Chart C); it is currently about 8 percentage points – a differential similar to that observed in 2007, while it was close to zero (i.e. saving ratios were nearly identical) in the early 2000s. The NFC saving gap between surplus and deficit countries contributed the most to the increase in the total saving gap in the years 2004-2008, and, hence, to the widening current account differentials. It narrowed somewhat between 2008 and 2009. Thereafter, the contribution of the NFC saving differential to the total economy saving differential remained broadly stable at around 4% of GDP. By contrast, a large gap in government saving emerged from 2008.

The persistence of the total economy saving differential can be affected by the different cyclical positions of the two groups and thus partly reflects more depressed activity in the deficit countries, to the extent that lower GDP reduces business profits. However, while a GDP recovery would generally boost business profits, it would not necessarily reduce the total economy saving gap. This would critically depend, from the demand side, on the driving forces of the recovery, and from the supply side, on developments in competitiveness. In the case of a domestic demand-driven economic recovery (increased consumption or investment), the expected increase in business and government saving might not be enough to compensate for the likely deterioration of the current account associated with higher

Chart B Net lending/net borrowing in external surplus and deficit groups, and differentials in saving and investment ratios between the two groups

(four-quarter sums; percentages of GDP)

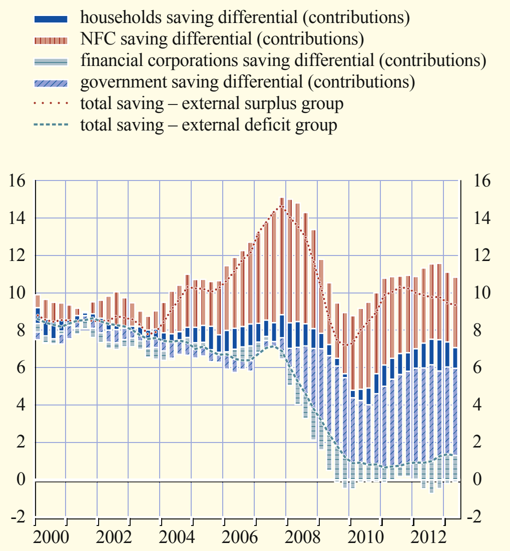


Sources: Eurostat and ECB.
Note: The saving ratio differential includes net capital transfers. An investment ratio that is higher in the external surplus group is shown as a bar below the lower line.

5 Given that the current account balance is equal to the excess of national savings over investment (capital formation), the current account to GDP ratio differential is equal to the difference between the saving ratio differential and the investment ratio differential.

Chart C Savings ratios in external surplus and deficit groups, and sectoral saving ratios differentials between the two groups

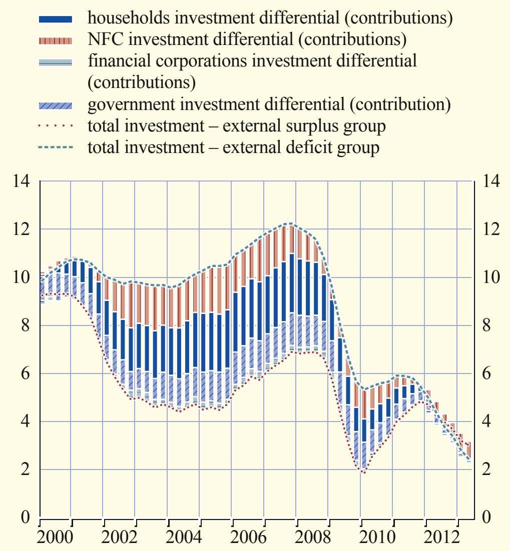
(four-quarter sums; percentages of GDP)



Sources: Eurostat and ECB.
Note: Negative sectoral differentials for government, households and financial corporations (i.e. higher saving ratios in the external deficit group) are shown as bars below the lower line.

Chart D Investment ratios in external surplus and deficit groups, and sectoral investment ratios differentials between the two groups

(four-quarter sums; percentages of GDP)



Sources: Eurostat and ECB.
Note: Negative sectoral differentials (i.e. higher investment ratios in the external surplus group) lead to bars below the lower line. When "total investment – external deficit group" becomes the lowest line, the sign of the contributions by sector is inverted.

investment or lower household savings. By contrast, an export-driven recovery will not only increase business saving, but may even boost saving in other sectors and further improve the current account. As discussed below, developments in nominal wages have a crucial influence on competitiveness, profitability, corporate savings and current account balances.

Chart D shows that, after a rapid fall of the investment ratio in the external surplus countries in the period 2001-2002, the positive investment gap between the external deficit group and the external surplus group remained elevated in the run-up to the crisis. The investment differential tended to be fairly equally distributed across sectors, being positive in government, corporate and household sectors alike. After 2008, the investment gap narrowed in all three sectors, virtually disappearing for households and government (government investment net of consumption of fixed capital fell in external deficit countries from a peak of 1.4% of GDP in 2007 to -0.1% in the second quarter of 2013). The positive gap in corporate investment until 2008, which did not seem primarily driven by profitability differentials (see below), afterwards turned negative, with a higher net investment ratio in the external surplus group than in the external deficit group, by 0.7 percentage points at the end of the period.

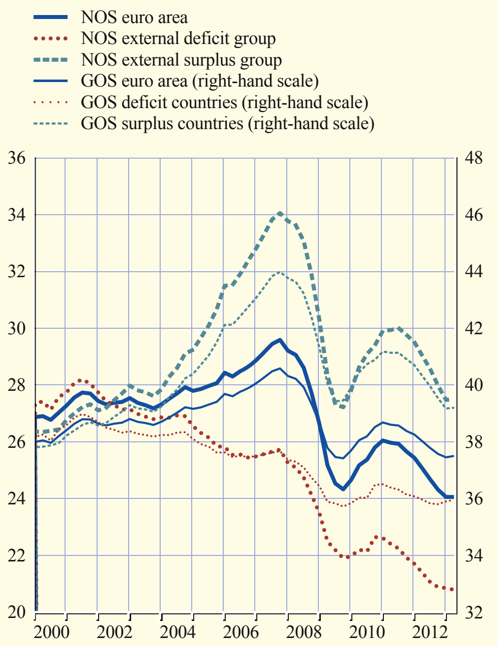
Corporate margins

The increase in the NFC saving differential between the two groups in the run-up to the crisis originated from an increase in the business margins differential and thus in the profitability differential (Chart E). This differential in margins, measured by the ratio between the net operating surplus (NOS) and value added, which did not exist at the start of Monetary Union, increased gradually to peak at 8.5 percentage points in 2008. It declined to about 5 percentage points in the second half of 2009 and has since increased again to around 7 percentage points. Business margins in the external deficit group are thus still depressed relative to those in the external surplus group, which may impede a stronger pick-up in investment.[6]

Besides the net operating surplus to value added ratio, Chart E also shows the gross operating surplus to value added, a measure which is often used to track business margins. The gross operating surplus (GOS) behaves broadly similarly to the net operating surplus in the surplus countries, but less so in deficit countries. In the latter group, the net operating surplus ratio has fallen by 3 percentage points more than the gross operating surplus ratio since 2007. The net operating surplus ratio is currently significantly below its 2009 trough (by more than 1 percentage point), while the gross operating surplus ratio is at the same level.

Chart E Business margins: ratio of the operating surplus to value added of NFCs

(four-quarter averages; percentages)



Sources: Eurostat and ECB.
Note: NOS is the net operating surplus, GOS is the gross operating surplus.

Overall, when using the gross operating surplus, the reduction observed in the business margins gap between the two groups is less marked than it is when using the net surplus measure, the latter showing a weaker profit picture for deficit countries. This reflects the role of amortisation, which should be deducted when analysing profitability.[7] As a fixed cost, amortisation tends to move steadily across the business cycle, making net operating surplus more pro-cyclical than gross operating surplus.

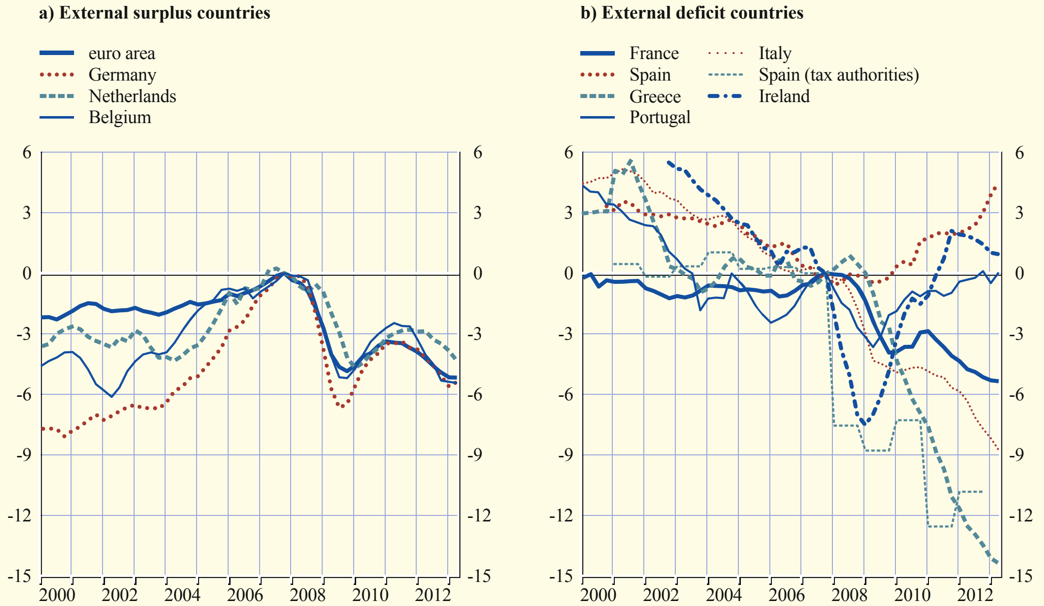
Chart F shows the net operating surplus ratio of NFCs across selected countries (ratios rebased to their 2007 values). Margins exhibit no clear trend in surplus countries, showing a strong increase up to 2008 and a fall thereafter (Chart F(a)). By contrast, profit margins in France, Italy and Greece were weak or progressively weakening up to 2008. This weakening accelerated after 2008, bringing margins down to their current low levels in these countries. In the case of Greece, the pronounced fall in net operating surplus ratio stands in sharp contrast to an increase in gross operating surplus ratio, as the impact of the fixed cost of capital is particularly pronounced amid strongly contracting activity and increasing consumption of fixed capital. By contrast, in some other stressed countries, national accounts data show resilient margins, which are currently back to

6 It is difficult to disentangle the cyclical dynamics of the decline in average business margins, which may either reflect volume effects (in the presence of fixed costs) or price effects (mark-up, i.e. profits over marginal costs).

7 Although amortisation/depreciation is an accounting entry, it does not cover freely available resources and approximately corresponds to associated repayments streams to the lender (for investment financed by borrowing). In other words, amortisation provides a measure of the replacement investment needed to preserve the capital stock. While the gross operating surplus probably provides a better measure of cash flows, the net operating surplus provides a better measure of return on assets. See also the box entitled "The role of profits in shaping domestic price pressures in the euro area", *Monthly Bulletin*, ECB, March 2013.

Chart F Business margins (rebased to 2007) – selected countries

(percentage points)



Sources: Eurostat, Spanish tax authorities and ECB.
Note: Business margins are defined as the net operating surplus to value added ratio, which is shown in deviation from its 2007 value.

pre-crisis levels (Portugal, Ireland) or even significantly above them (Spain). Overall it seems that the picture of declining margins in the external deficit group is mostly driven by developments in France, Italy and Greece, and also in Spain when looking at alternative source data[8] (Chart F(b)).

Labour costs

Differences in profitability between the two groups are associated with differences in the amount of compensation of employees paid by businesses. Chart G shows (for the whole economy) the dynamics of the wage bills in the two groups, and the contributions to the wage bill differential of real GDP and ULC differentials. After reaching a maximum gap between the two groups of nearly 30 percentage points in 2008, the wage bills have tended to converge. However, up to now this convergence has been less driven by price convergence (i.e. ULC) than by volume (output) dynamics. Despite substantial ULC adjustment in programme countries, the limited ULC convergence between the two groups is mainly explained by the lack of adjustment in Italy and France (Chart H).

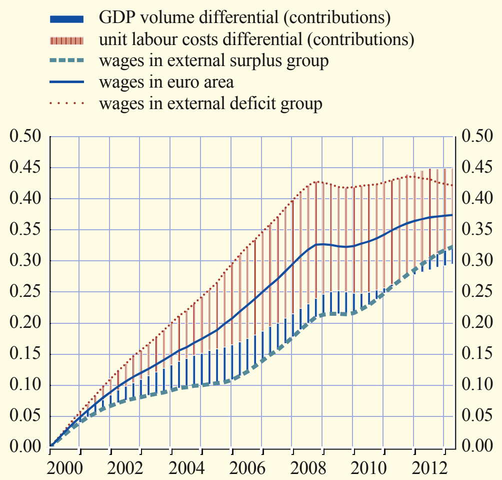
Conclusion

Overall, this box shows that the significant correction in the current account differentials (between external surplus and external deficit countries) observed since 2009 has been mainly

8 Alternative information based on the Spanish tax authorities' public database shows a significant fall in the gross operating surplus of corporates during the years 2007-2012, notwithstanding the known conceptual differences in the definition of operating surplus between the national accounts and business accounting.

Chart G Wage bill (in deficit and surplus groups) and contributions from ULC and GDP volumes to the wage bill differential

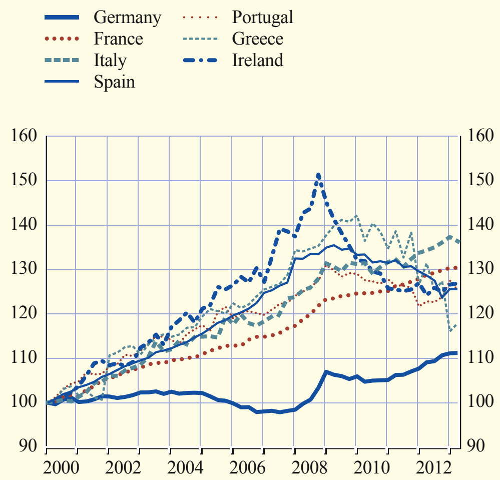
(index: March 2000 = 0)



Sources: Eurostat and ECB.
Note: Index shown for the total economy and presented in logarithm (to ensure additivity of contributions).

Chart H Unit labour costs for selected countries

(index: 100=Q1 2000)



Sources: Eurostat and ECB.
Note: Index shown for the total economy.

driven by investment differential compression rather than by the closure of the saving differential, which remains large. Notably the NFC saving differential between surplus and deficit countries has hardly diminished. The limited adjustment observed until now in the NFC saving differential reflects persistently weaker profitability (measured by net operating surplus over value added) in the deficit group vis-à-vis the surplus group, associated with limited labour cost adjustment.

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation increased in November 2013 to 0.9%, from 0.7% in October. The increase was broadly as expected and reflected, in particular, an upward base effect in energy prices and higher services price inflation. On the basis of prevailing futures prices for energy, annual inflation rates are expected to remain at around current levels in the coming months. Over the medium term, underlying price pressures in the euro area are expected to remain subdued. At the same time, inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%.

This assessment is also reflected in the December 2013 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation at 1.4% in 2013, at 1.1% in 2014 and at 1.3% in 2015. In comparison with the September 2013 ECB staff macroeconomic projections, the projection for inflation for 2013 has been revised downwards by 0.1 percentage point and for 2014 it has been revised downwards by 0.2 percentage point. The risks to the outlook for price developments are seen to be broadly balanced over the medium term.

3.1 CONSUMER PRICES

Euro area annual HICP inflation has decreased markedly in the course of 2013, at a slightly faster pace than expected (see Table 9 and Chart 41). This is attributable primarily to the sharp decline in energy price inflation from the elevated levels seen in 2011 and 2012. In recent months food price inflation has also fallen quite rapidly from the high levels recorded earlier in the year and played a role in further reducing overall inflation. Inflation developments over the last few months have been driven by temporary factors such as the waning effects of fiscal consolidation measures implemented a year earlier in many euro area countries. More recently the stagnation of oil and non-oil commodity prices at a high level in euro terms have also contributed to the decline in HICP inflation. Excluding the volatile components food and energy, HICP inflation has also moderated in an environment of weak economic activity.

Table 9 Price developments

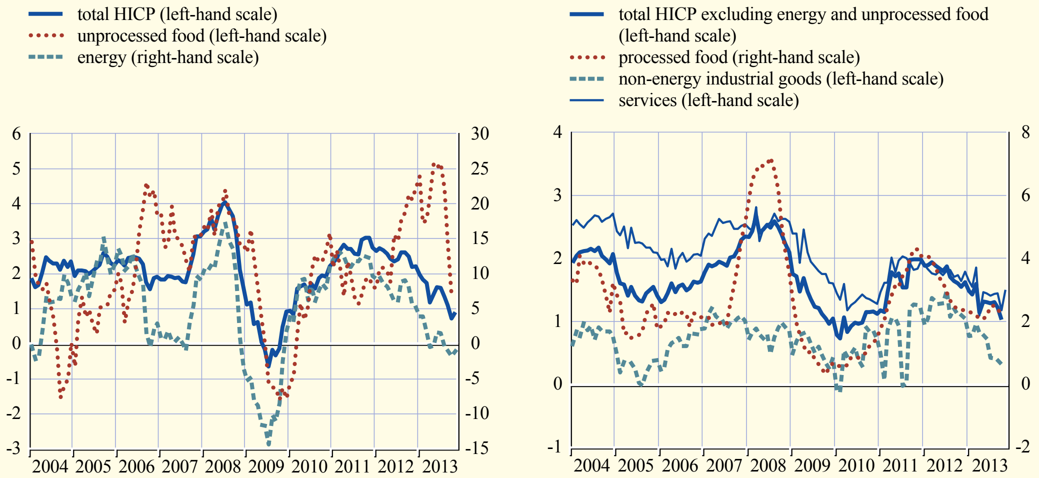
(annual percentage changes, unless otherwise indicated)

	2011	2012	2013 June	2013 July	2013 Aug.	2013 Sep.	2013 Oct.	2013 Nov.
HICP and its components [1]								
Overall index	2.7	2.5	1.6	1.6	1.3	1.1	0.7	*0.9*
Energy	11.9	7.6	1.6	1.6	-0.3	-0.9	-1.7	*-1.1*
Food	2.7	3.1	3.2	3.5	3.2	2.6	1.9	*1.6*
Unprocessed food	1.8	3.0	5.0	5.1	4.4	2.9	1.4	.
Processed food	3.3	3.1	2.1	2.5	2.5	2.4	2.2	.
Non-energy industrial goods	0.8	1.2	0.7	0.4	0.4	0.4	0.3	*0.3*
Services	1.8	1.8	1.4	1.4	1.4	1.4	1.2	*1.5*
Other price indicators								
Industrial producer prices	5.7	2.8	0.1	0.0	-0.9	-0.9	-1.4	.
Oil prices (EUR per barrel)	79.7	86.6	78.3	81.9	82.6	83.0	80.0	80.0
Non-energy commodity prices	12.2	0.5	-7.4	-12.2	-12.9	-12.9	-12.2	-11.7

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

Chart 41 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

According to Eurostat's flash estimate, headline HICP inflation increased from 0.7% in October to 0.9% in November, reflecting an increase in the annual rate of change in the energy and services components, which was mostly related to technical factors (see Table 9). The increase in the annual rate of change in the energy component was due to an upward base effect, while that in the services component reflected changes in HICP price collection practices in Germany.

With regard to the main components of the HICP, energy price inflation has fallen substantially in the course of 2013, reflecting a combination of falling oil prices in US dollar terms and an appreciation of the euro. In recent months the squeeze on refining margins has contributed to the overall downward trend, which has nevertheless exhibited some volatility, owing to oil price developments as well as positive and negative base effects. In October 2012 the annual rate of change in the energy component started to fall gradually, turning negative in April and May 2013, when energy prices dropped by 0.4% and 0.2% year on year respectively. In June 2013 a strong base effect pushed it up again to 1.6%, where it remained in July, before turning negative again in August. In September and October energy price inflation dropped by 0.9% and 1.7% respectively. Looking at the main energy items, in October – the last month for which a detailed breakdown is available – the annual rate of change in the prices of car fuels and other liquid fuels decreased substantially, while electricity prices recorded higher annual rates of increase compared with September. Eurostat's flash estimate points to a drop of 1.1% in energy price inflation in November 2013, up from -1.7% in October, owing mainly to a positive base effect.

Annual food price inflation, after remaining at a high level of around 3% throughout the first eight months of 2013, declined markedly in September and October, as the earlier upward impact of adverse weather conditions on fruit and vegetable prices started to unwind. In September it fell to 2.6% and in October down further to 1.9%. The main driving force behind these developments was the unprocessed food component, which increased at an annual rate of around 5% in the first half of the year and was thus the fastest-growing main component of the overall HICP. In May and July 2013 unprocessed food price inflation reached 5.1%, its highest level in more than a decade. As of August, it started to fall rapidly, reaching 1.4% in October. By contrast, processed food price inflation declined gradually from autumn 2011, reaching 2.1% in April 2013. It then remained at this level in May and June, before peaking at 2.5% in July and August, mostly reflecting a sharp rise in the annual rate of change in tobacco prices. In October it fell again to 2.2%, the same level as in the first half of the year. The total food component, which covers both processed and unprocessed food prices, decreased further to 1.6% in November, according to Eurostat's flash estimate.

HICP inflation excluding the volatile components food and energy has also eased during 2013, albeit to a much lesser extent than headline inflation. While HICP inflation excluding these items was 1.5% on average in 2012, it has fallen to rates close to 1.0% in recent months. Box 5 analyses whether HICP exclusion-based sub-indices can be considered as measures of underlying or core inflation. The analysis covers the period 1999-2013 and assesses the performance of various HICP sub-indices against a number of criteria for an unbiased measure of underlying inflation. It concludes that none of the sub-indices included in the study can be considered a satisfactory measure of underlying or core inflation, as they do not provide an adequate indication of the medium-term price developments relevant for monetary policy. At the same time, monitoring HICP sub-indices – as they are less volatile – provides additional information on the driving forces behind underlying dynamics of headline inflation developments.

The remaining main components of the HICP basket after excluding food and energy items, i.e. non-energy industrial goods and services, have lately recorded lower than expected annual rates of change, reflecting overall subdued demand conditions. Non-energy industrial goods price inflation, after exhibiting some volatility at the beginning of 2013, has hovered at a rather low level since July, standing at 0.3% in October. This pattern can be attributed to the very low, and occasionally even negative, annual rates of increase in the prices of garments and footwear, owing to the impact of the winter and summer sales periods. More generally, weak demand conditions have continued to dampen prices of non-energy industrial goods, especially durable goods, such as cars. In November non-energy industrial goods inflation remained unchanged at 0.3%, according to Eurostat's flash estimate.

The annual rate of change in the services component, which is the largest component of the HICP, has been broadly unchanged throughout most of 2013. After a period of volatility in March and April resulting from the timing of Easter, services price inflation stabilised at 1.4% from June to September. It then fell to 1.2% in October as a result of declines in the annual rate of change in the prices of communication, transport and other services, as well as of recreational and personal services. According to Eurostat's flash estimate, services price inflation increased to 1.5% in November, owing mainly to the aforementioned changes in HICP price collection practices in Germany, the impact of which should be reversed in December.

Box 5

ARE SUB-INDICES OF THE HICP MEASURES OF UNDERLYING INFLATION?

While the definition of price stability in the ECB's monetary policy strategy refers to annual headline HICP inflation, the Monthly Bulletin regularly also contains comments on sub-indices of the HICP, notably the HICP excluding energy, HICP excluding energy and food, and HICP excluding energy, food and changes in indirect tax rates. These components can sometimes help to explain the drivers of overall price developments. The question is whether the rates of change in the sub-indices can be referred to as measures of underlying inflation. This box outlines the typical criteria for an underlying inflation measure and assesses the sub-indices of the HICP against those criteria.

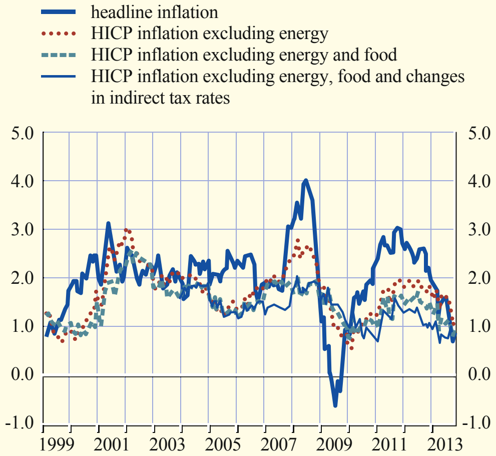
The concept of underlying inflation

Underlying or core inflation is a concept with no widely accepted definition.[1] In practice, it has been put forward that a measure of underlying inflation should separate the transitory from the more persistent components of inflation, since the latter are less noisy indicators of current and future inflation developments. This general requirement has been translated into a number of criteria, which relate to the ability to track inflation trends or to forecast headline inflation.[2]

Different underlying inflation measures have been proposed, including some based on the permanent exclusion of certain items from the overall consumer price index. It has been observed that some measures often violate key underlying inflation criteria and that no single measure is the best according to all the criteria. Against this background, a popular practice has been to refer to different inflation measures to obtain a comprehensive picture of price developments.[3]

Headline HICP and sub-indices

(annual percentage changes, monthly data)



Sources: Eurostat and ECB calculations.
Note: The HICP excluding changes in indirect tax rates is based on the measure of HICP at constant tax rates.

Assessing HICP sub-indices against criteria for underlying inflation

The ability to track the headline inflation trend is the key criterion for a measure of underlying inflation. In this respect, the unbiasedness, coincidence, volatility and overall precision of the sub-indices may be taken into consideration.

Unbiasedness can be assessed by comparing long-term averages (see Table A).[4] Here the main finding is that, for the euro area, the

1 For a discussion on the usefulness of an underlying inflation measure see, for example, Wynne, M.A., "Core Inflation: A Review of Some Conceptual Issues", *Federal Reserve Bank of St. Louis Review*, May/June 2008.

2 For a discussion of evaluation criteria see, for example, Armour, J., "An Evaluation of Core Inflation Measures", *Working Papers*, No 10, Bank of Canada, 2006; Clark, T.E., "Comparing Measures of Core Inflation", *Economic Review*, Federal Reserve Bank of Kansas City, second quarter 2001; and Rich, R. and Steindel, C., "A Comparison of Measures of Core Inflation," *Economic Policy Review*, Federal Reserve Bank of New York, December 2007.

3 See, for instance, the box entitled "Recent developments in selected measures of underlying inflation for the euro area", *Monthly Bulletin*, ECB, June 2009.

4 The evaluation is performed for quarterly data. However, the conclusions remain the same for data at monthly frequency. The comparisons for the mean and volatility are performed on annualised quarterly growth rates of seasonally adjusted data. The results are broadly similar to those obtained for annual growth rates, although the higher persistence in annual compared with quarterly growth rates alters some of the test results. The HICP inflation excluding energy, food and changes in indirect tax rates is compiled by the ECB based on HICP at constant tax rates for non-energy industrial goods and for services. These series are compiled under the assumption of an immediate and full pass-through of indirect tax rate changes and thus the estimated impact of these changes represents the upper bound of the actual impact. It should be noted that the exclusion of the impact of changes in indirect tax rates is conceptually different from the exclusion of energy and food items (for more information, see the box entitled "New statistical series measuring the impact of indirect taxes on HICP inflation", *Monthly Bulletin*, ECB, November 2009). For reasons of data availability, the properties for the HICP inflation excluding energy, food and changes in indirect tax rates are evaluated only over the period 2004-13.

Table A Volatility of HICP sub-index inflation rates and their ability to track the headline inflation trend

	Trend tracking		Volatility			
	Average inflation rate	RMSE for trend in headline inflation	Standard deviation	Coefficient of variation	Mean absolute change	Volatility around own trend
1999 to Q3 2013						
Headline HICP	*2.1*	*1.2*	*1.2*	*0.6*	*1.1*	*1.2*
HICP excluding energy	1.7*	0.7	0.7***	0.4	0.4	0.5
HICP excluding energy and food	1.5***	0.7	0.5***	0.3	0.4	0.4
2004 to Q3 2013						
Headline HICP	*2.1*	*1.3*	*1.3*	*0.6*	*1.1*	*1.4*
HICP excluding energy	1.7	0.7	0.6***	0.3	0.4	0.5
HICP excluding energy and food	1.5**	0.7	0.4***	0.3	0.4	0.3
HICP excluding energy, food and changes in indirect tax rates	1.3***	0.8	0.5***	0.4	0.5	0.4

Sources: Eurostat and ECB calculations.
Notes: All statistics are computed for annualised quarterly growth rates of consumer prices (seasonally adjusted). Stars denote a significant difference in the average and the variance compared with the corresponding figures for headline inflation, with 3, 2 and 1 star(s) denoting the 1%, 5% and 10% levels respectively. The trends are estimated as three-year centred moving averages (similar results are obtained when the Baxter and King filter is used). The root mean square error (RMSE) is the square root of the average squared difference between the trend in the headline rate and either the headline rate itself or a sub-index measure. The coefficient of variation is the standard deviation divided by the mean. "Volatility around own trend" refers to the standard deviation of the difference between the annualised quarterly growth rate and the centred moving average. The mean absolute change is the average of the absolute value of the first difference of inflation.

average headline inflation rate is significantly higher than the average inflation rates from the sub-indices (i.e. the latter have a downward bias). The primary reason for this is that the period from 1999 to the third quarter of 2013 has featured a number of large commodity price shocks that had a greater impact on developments in headline inflation than on the rates of change in the sub-indices (see the chart). For example, the average oil price in 2012 was more than 500% higher than the average oil price in 1999, which led to a disproportionally large contribution of the energy component to overall inflation. The bias is further increased when other components such as food and the impact of changes in indirect tax rates are excluded.

Coincidence is analysed by means of correlations at various leads and lags. The highest correlation for the rates of change in sub-indices (shown in bold in Table B) is found to occur with lagged headline inflation. This implies that headline inflation tends to lead inflation as measured by the sub-indices, rather than vice versa, which is likely to be related to differences in the speed of transmission of commodity price shocks to various components of the HICP. For

Table B Correlation between the headline inflation rate at leads and lags and sub-index inflation from 1999 to the third quarter of 2013

	-4Q	-3Q	-2Q	-1Q	0	1Q	2Q	3Q	4Q
Headline HICP	*-0.1*	*0.2*	*0.5*	*0.8*	*1.0*	*0.8*	*0.5*	*0.1*	*-0.3*
HICP excluding energy	-0.2	-0.1	0.2	0.4	0.6	**0.7**	0.7	0.5	0.3
HICP excluding energy and food	-0.1	0.0	0.1	0.2	0.4	0.5	**0.5**	0.5	0.4
HICP excluding energy, food and changes in indirect tax rates	-0.5	-0.4	-0.2	0.0	0.3	0.4	**0.4**	0.4	0.3

Sources: Eurostat and ECB calculations.
Notes: Correlations are computed for annual growth rates of consumer prices. Q stands for quarter, with -1Q (1Q) meaning that the correlation is calculated under the assumption that headline inflation is lagging (leading) the sub-index measures by one quarter. The highest values in each row are shown in bold. For the HICP excluding energy, food and changes in indirect tax rates, correlations are computed over the period from 2004 to the third quarter of 2013. The last row is therefore not comparable with the first three.

example, oil price shocks first hit energy prices, but over time they also affect input prices for industrial goods or wages and thereby also services prices. The measure of inflation excluding the food component and that also excluding the impact of changes in indirect tax rates tend to lag the headline rate more than the measure excluding only the energy component.

Looking at volatility, Table A shows that standard deviations are significantly lower for the rates of change in the sub-indices than for the headline HICP inflation. A similar picture is given by the coefficient of variation that scales the standard deviation by the mean of the series. Two further metrics, the mean absolute change and the volatility around trend, indicate even larger differences in terms of lower volatility for the rates of change in the sub-indices. HICP inflation excluding energy and food has the lowest volatility. Excluding in addition the impact of changes in indirect tax rates tends to increase the volatility of the series, which is most likely an artefact of the assumption made in the HICP compilations that such changes see an immediate and full pass-through.

Overall precision can be assessed by means of the root mean squared error (RMSE) for the trend in headline inflation (see Table A). The RMSE is lower for the rates of change in the sub-indices than for the headline rate, suggesting that the inflation rates given by the sub-indices are more precise real-time indicators of the trend in headline inflation than the headline rate itself. The fact that the rates of change in the sub-indices "miss" the average of the headline inflation rate and lag somewhat is more than offset by their lower volatility around the inflation trend. By contrast, despite obviously having the same long-term average, the headline inflation rate is a poor indicator of its trend because it is so volatile. Consequently, the sub-indices seem to contain some real-time information on the current trend in headline inflation.

Finally, the criterion of good forecasting performance can be assessed on the basis of what deviations between headline and sub-index measures of inflation imply for future inflation developments, in particular, whether sub-index inflation rates are likely to "converge" towards the headline rate (no predictive power) or vice versa (predictive power). The results in Table C suggest that the rates of change in the sub-indices have predictive power for developments in headline inflation, especially for longer horizons. They are based on the following regressions:

$$\pi_{t+h} - \pi_t = \alpha + \beta(\pi^s_t - \pi_t) + \varepsilon_{t+h} \tag{1}$$

Table C Predictive regressions for headline and sub-index inflation, between 1999 and the third quarter of 2013

	Deviation predicts headline inflation						Deviation predicts sub-index inflation					
	1 year			2 years			1 year			2 years		
	R^2	Intercept	Slope	R^2	Intercept	Slope	R^2	Intercept	Slope	R^2	Intercept	Slope
HICP excluding energy	0.2	0.3	0.8**	0.2	0.3	0.9**	0.1	-0.1	0.4*	0.1	0.0	0.4
HICP excluding energy and food	0.4	0.5***	1.0***	0.4	0.5**	1.0***	0.2	-0.1*	0.3**	0.0	-0.1	0.2
HICP excluding energy, food and changes in indirect tax rates	0.4	0.7**	1.1***	0.6	0.8***	1.3***	0.1	-0.2**	0.1**	0.0	-0.1	0.0

Sources: Eurostat and ECB calculations.
Notes: "Intercept" and "slope" refer to, respectively, α and β from regressions (1) and (2) above. Stars denote significant difference from 0, with 3, 2 and 1 star(s) denoting the 1%, 5% and 10% levels respectively. "1 year" and "2 years" refer to the forecast horizons denoted by "h" in regressions (1) and (2). The left-hand panel shows the results for regression (1) and the right-hand panel the results for regression (2). "Deviation" refers to the difference between headline inflation and the sub-index inflation. For the HICP excluding energy, food and changes in indirect tax rates, the statistics are computed over the period from 2004 to the third quarter of 2013. The last row is therefore not comparable with the first two.

and

$$\pi^s_{t+h} - \pi^s_t = \alpha^s + \beta^s(\pi_t - \pi^s_t) + \varepsilon^s_{t+h} \qquad (2)$$

where π_t refers to annual headline inflation while π^s_t is the annual rate of change in a sub-index. In the case that $\alpha=0$ and $\beta=1$ in the first equation, a deviation of headline from sub-index inflation implies a correction in the future headline rate of the same magnitude. Considering forecast horizons of one and two years, the coefficients and in-sample fit are larger in the first regression than in the second, indicating that headline inflation moves towards the sub-index inflation rather than otherwise. Exclusion of the energy and food components appears to result in a stronger predictive power than with the exclusion of energy only. This runs to some extent counter to the results on correlation. It can, however, be rationalised by the fact that this framework focuses more on relationships at longer horizons, abstracting from the effects that might arise as a result of different speeds in the transmission of commodity price shocks.

Conclusion

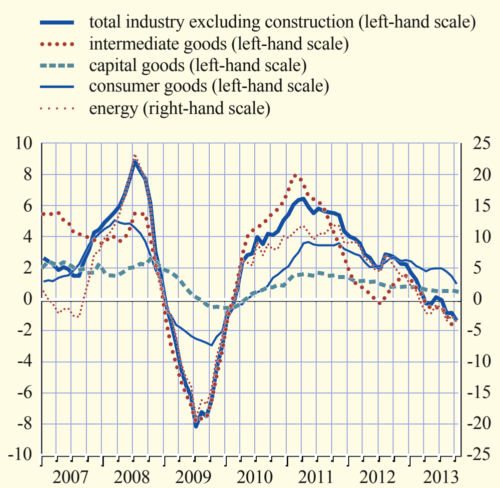
None of the sub-indices of the HICP satisfies the criteria for an unbiased underlying inflation measure. Over the period 1999-2013 these measures are downward biased (significantly lower on average) and lag headline inflation developments. Bias and lag mostly reflect the strong increase in real commodity prices from 1999 and their delayed pass-through to the non-energy and non-food components of the HICP. At the same time, the sub-index inflation rates are less volatile and do seem to contain information on the current trend in headline inflation and on its future developments. The sub-indices should thus be seen as providing additional information on the driving forces and underlying dynamics of headline inflation developments. However, they are not official ECB measures of underlying or core inflation, as they do not provide an adequate description of the medium-term price developments relevant for monetary policy.

3.2 INDUSTRIAL PRODUCER PRICES

In the course of 2013 pipeline pressures in the supply chain have receded further (see Table 9 and Chart 42). On average, industrial producer price inflation fell to 0.2% in the first three quarters of the year, down from 2.9% on average in 2012. In April 2013 it entered into negative territory, but edged back into positive territory in June, to stand at 0.2%. After stagnating at 0.0% in July, it then turned negative again in August and September. Producer price inflation excluding construction stood at -1.4% in October, down from -0.9% in September. Excluding construction and energy, the annual rate of change in industrial producer prices has also eased, although to a lesser extent than that in the overall PPI. In September it turned negative for the first time since February 2010 and remained in negative territory, at -0.3%, in October.

Chart 42 Breakdown of industrial producer prices

(annual percentage changes; monthly data)

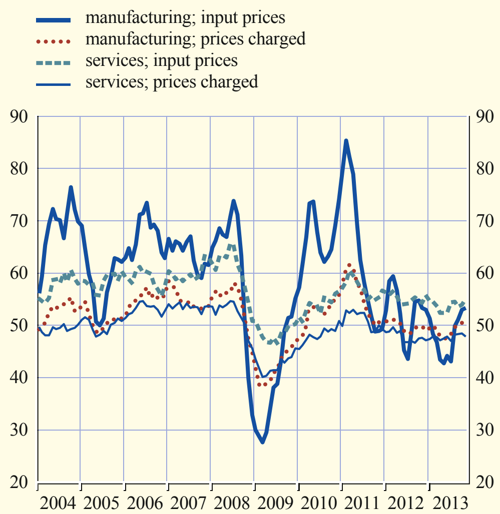


Sources: Eurostat and ECB calculations.

Pipeline pressures on consumer prices for non-energy industrial goods have more or less stabilised at a subdued level at the later stages of the price chain. In October the annual rate of change in the non-food consumer goods component of the PPI decreased marginally to 0.2%, continuing on the mild downward trend that had started at the beginning of the year. Nevertheless, the Retail Purchasing Managers' Index (PMI) of input prices for non-food stores remained stable (on a three-month moving average basis), at a level close to its historical average, standing at 57.4 in November, having followed an upward trend for the previous six months. The PMI survey of profit margins in non-food stores found that they had eased slightly, remaining close to their long-term average. At the earlier stages of the price chain, the annual rates of change in the intermediate goods component of the PPI, in commodity prices and in oil crude prices in euro all declined further in October.

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.

Pipeline pressures on consumer food prices are falling at both the later and earlier stages of the price chain, although from somewhat higher levels than in the case of non-energy industrial goods. The annual rate of change in the food component of the PPI declined again in October 2013 to 1.3%, following 2.1% in September and rates close to 4% at the start of the year. The PMI survey shows a small increase in the input price index for food retailers in November, while the index for profit margins remained unchanged. Earlier in the price chain, the annual rate of increase in EU farm gate prices dropped to -2.4% in October, down from rates above 11% in the second quarter of the year. Moreover, in November international food commodity prices in euro terms recorded a small up-tick, increasing by 0.8% compared with the previous month, but nevertheless remaining deep in negative territory, at -18.5% in annual terms.

The latest information from both the PMI and European Commission surveys up to November confirms that pipeline pressures on consumer prices for non-energy industrial goods remain subdued and that those on consumer prices for processed food are moderating. With regard to the headline PMI, the input price index for the manufacturing sector increased from 53.0 in October to 53.4 in November and the output price index rose from 50.5 to 51.1 over the same period (see Chart 43). Both indices increased to just above the threshold value of 50, but remained below their long-term averages. Forward-looking European Commission survey data on selling price expectations for total industry remained unchanged in November.

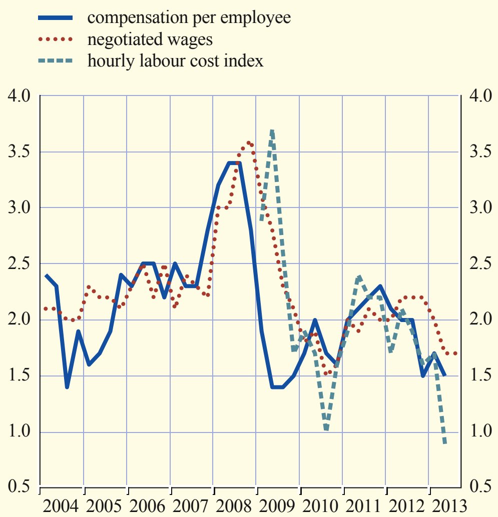
3.3 LABOUR COST INDICATORS

As evidenced by the latest releases of labour cost indicators, domestic price pressures stemming from labour costs remained subdued in the first half of 2013 (see Table 10 and Chart 44).

Having shown some signs of moderation throughout 2012 compared with 2011, nominal and real wages at the euro area level picked up moderately in the first quarter of 2013, before slowing again in the second quarter. The deceleration was more significant in the public sector than in the private sector. The relatively smooth pattern of wage growth at the euro area level conceals substantial divergence in wage developments across countries. While nominal wages grew at robust rates in countries with relatively resilient labour markets, nominal wages and unit labour costs grew only slightly, or even declined, in countries undergoing fiscal consolidation and experiencing persistently high levels of unemployment.

Chart 44 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

At the euro area level, compensation per employee grew at 1.5% year on year in the second quarter of 2013, after increasing by 1.7% in the previous quarter. Annual unit labour cost growth declined from 1.9% in the first quarter of 2013 to 1.1% in second quarter, as compensation per employee grew at a slower pace than productivity. Euro area negotiated wages, the only labour cost indicator that is available for the third quarter of 2013, grew by 1.7% year on year, unchanged from the second quarter. This development reflects the continued weak state of labour markets.

In the second quarter of 2013 the annual rate of change in hourly labour costs slowed considerably to 0.9%, down from 1.7% in the first quarter, owing to the marked increase in hours worked. This drop in hourly wage growth was observed in the non-business economy, which mainly reflects changes in the government sector, as well as in the business economy. Within the business economy, annual hourly labour cost growth fell sharply in the industrial sector, somewhat less in the services sector, and only marginally in the construction sector (see Chart 45). Overall, wages and salaries grew at a much faster rate than the non-wage component of euro area hourly labour costs, exhibiting a similar pattern to that observed in the previous quarter.

Table 10 Labour cost indicators

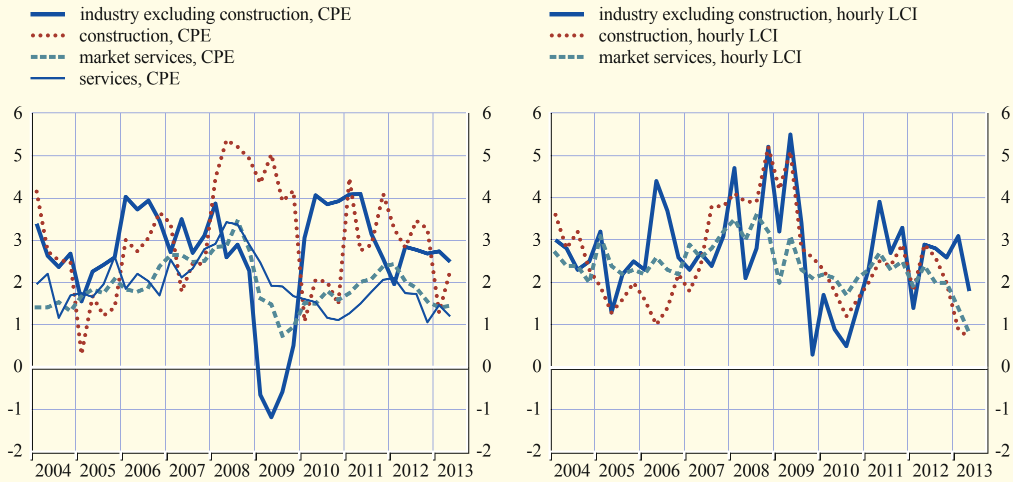
(annual percentage changes, unless otherwise indicated)

	2011	2012	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3
Negotiated wages	2.0	2.2	2.2	2.2	2.0	1.7	1.7
Hourly labour cost index	2.2	1.8	1.9	1.6	1.7	0.9	.
Compensation per employee	2.1	1.7	2.0	1.5	1.7	1.5	.
Memo items:							
Labour productivity	1.3	0.0	-0.1	-0.3	-0.2	0.4	.
Unit labour costs	0.8	1.7	2.1	1.8	1.9	1.1	.

Sources: Eurostat, national data and ECB calculations.

Chart 45 Sectoral labour cost developments

(annual percentage changes; quarterly data)



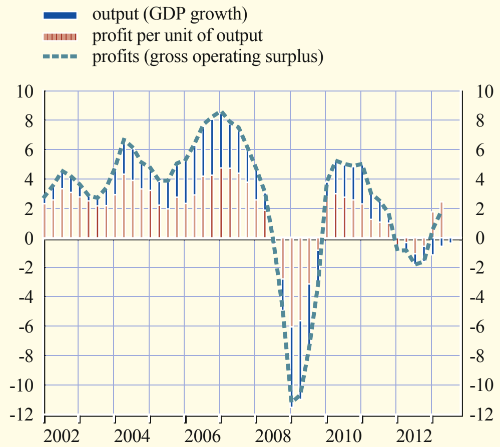
Sources: Eurostat and ECB calculations.
Note: CPE stands for compensation per employee and LCI stands for labour cost index.

3.4 CORPORATE PROFIT DEVELOPMENTS

Reflecting the increase in unit labour costs and the adverse economic conditions, growth in corporate profits (measured in terms of gross operating surplus) dropped substantially in 2012. After moderate improvements in previous quarters, profit levels went up more significantly in the second quarter of 2013, increasing by 1.9% year on year. This rise in corporate profit growth is attributable to a rise in unit profits (margin per unit of output), which was only partly offset by a small decrease in the annual rate of change in GDP (see Chart 46).

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

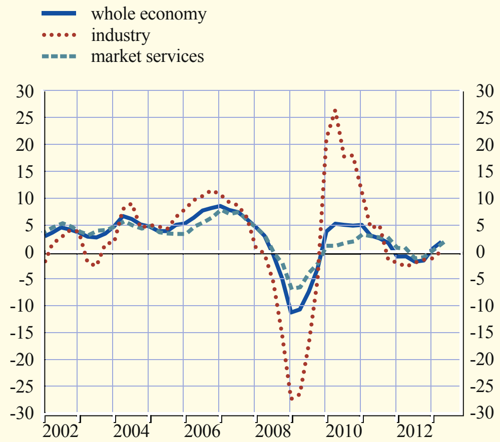
(annual percentage changes; quarterly data)



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.

With regard to the main economic sectors, year-on-year corporate profit growth in the market services sector was weak in 2012, having followed an upward trend from mid-2009. In the first quarter of 2013 profit levels recovered, subsequently increasing to 2.0% in the second quarter. By contrast, in the industrial sector (excluding construction), year-on-year corporate profit growth remained more or less unchanged up to the second quarter of the year, when it stood at 0.6%, thereby moving into positive territory for the first time in six quarters (see Chart 47).

3.5 THE OUTLOOK FOR INFLATION

On the basis of prevailing futures prices for energy, annual inflation rates are expected to remain at around current levels in the coming months. Over the medium term, underlying price pressures in the euro area are expected to remain subdued. At the same time, inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the aim of maintaining inflation rates below, but close to, 2%.

In more detail, the short-term inflation outlook continues to depend on the contribution of the energy component. It is assumed that energy price inflation will also remain subdued in 2014, owing to the assumption that oil prices, as currently embedded in futures prices, will weaken further. The monthly pattern of energy price inflation will become more volatile, owing mainly to positive and negative base effects. The contribution of the energy component to overall HICP inflation is expected to be significantly below its historical average in 2014, leading to a low headline inflation rate.

Annual unprocessed food price inflation is expected to decline further until mid-2014, largely as a result of downward base effects, as the weather-related upward shock in 2012 that caused disruptions in the supply of fruit and vegetables continues to subside. Given that the base effects will become positive by mid-2014, it is most likely that unprocessed food price inflation will increase in the second half of the year and stabilise at levels significantly below those seen in 2013.

Processed food price inflation is expected to decrease moderately in the coming months, mainly reflecting the decline in EU farm gate prices observed since May 2013. At the beginning of 2014 the slowdown in processed food price inflation may be contained, owing to hikes in excise duties on tobacco products in some countries. In the second half of the year, however, past increases in indirect taxes will drop out of the annual comparison, thus dampening processed food price inflation further.

Non-energy industrial goods price inflation is expected to remain subdued in the near term, reflecting weak consumer demand, overall moderate wage developments and downward pressure on import prices for non-energy industrial goods as a result of past exchange rate developments. In 2014 improved economic activity and increases in value added tax (VAT) rates in some euro area countries may trigger a rise in non-energy industrial goods prices.

Services price inflation is anticipated to pick up at the beginning of 2014 and increase even further in the second half of the year. In addition to the VAT increases in some euro area countries, the expected rise in services price inflation in 2014 may also be attributable to higher wage increases and rising housing rents in some countries, as well as to an improvement in economic activity.

The latest data on labour cost indicators suggest that domestic pressures on prices stemming from labour costs may increase only gradually, reflecting, among other things, the ongoing pick-up in economic activity. The relatively smooth pattern of wage growth at the euro area level conceals some divergence in developments across countries. In euro area countries with relatively resilient labour markets, wage growth is expected to accelerate, while in countries undergoing further fiscal consolidation and experiencing persistently high levels of unemployment, it is expected to remain subdued. Unit labour cost growth is most likely to moderate in 2013 and 2014, driven by the expected cyclical pick-up in productivity growth that reflects the lagged response of employment to a pick-up in economic activity.

Following a sharp decline in 2012 corporate profit growth is expected to stabilise in 2013, owing to the gradual, albeit modest, improvement in activity in the course of the year. In the medium term the gradual improvement in economic conditions is expected to support a modest recovery in profit margins.

The December 2013 Eurosystem staff macroeconomic projections for the euro area foresee annual HICP inflation at 1.4% in 2013, at 1.1% in 2014 and at 1.3% in 2015. By comparison with the September 2013 ECB staff macroeconomic projections, the projection for inflation for 2013 has been revised downwards by 0.1 percentage point and for 2014 it has been revised downwards by 0.2 percentage point (see the article entitled "December 2013 Eurosystem staff macroeconomic projections for the euro area").

The risks to the outlook for price developments are seen to be broadly balanced over the medium term. Upside risks relate to higher commodity prices and stronger than expected increases in administered prices and indirect taxes, while downside risks stem from weaker than expected economic activity.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Following a rise of 0.3% in the second quarter of 2013, real GDP in the euro area increased by 0.1%, quarter on quarter, in the third quarter. Developments in survey-based confidence indicators up to November are consistent with a positive growth rate also in the fourth quarter of the year. Looking ahead to 2014 and 2015, output is expected to recover at a slow pace, in particular owing to some improvement in domestic demand supported by the accommodative monetary policy stance. Euro area economic activity should, in addition, benefit from a gradual strengthening of demand for exports. Furthermore, the overall improvements in financial markets seen since last year appear to be working their way through to the real economy, as should the progress made in fiscal consolidation. In addition, real incomes have benefited recently from lower energy price inflation. At the same time, unemployment in the euro area remains high, and the necessary balance sheet adjustments in the public and the private sector will continue to weigh on economic activity.

This assessment is also reflected in the December 2013 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP declining by 0.4% in 2013 before increasing by 1.1% in 2014 and 1.5% in 2015. Compared with the September 2013 ECB staff macroeconomic projections, the projection for real GDP growth for 2013 has remained unchanged and it has been revised upwards by 0.1 percentage point for 2014. The risks surrounding the economic outlook for the euro area are assessed to be on the downside.

4.1 REAL GDP AND DEMAND COMPONENTS

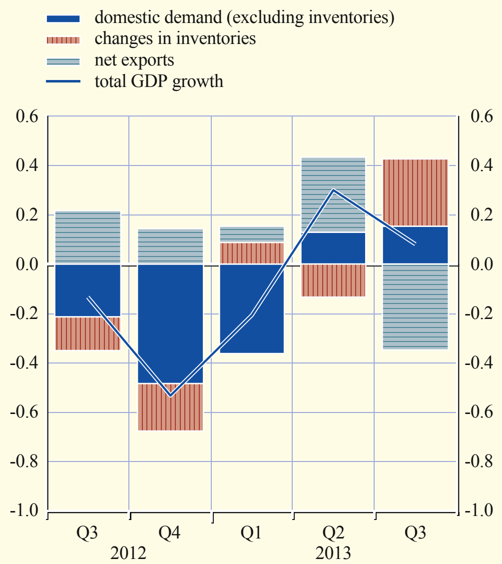
Real GDP increased by 0.1% quarter on quarter in the third quarter of 2013, following a rise of 0.3% in the previous quarter (see Chart 48). This outcome reflected positive contributions to growth from domestic demand and changes in inventories, while net exports made a negative contribution.

The latest GDP developments bring to an end the extended period of negative output growth in the euro area, which can be explained mainly by developments in domestic demand. Investment has been affected by the prevailing high level of uncertainty, weak demand and profitability prospects and, in some countries, tight credit conditions, fiscal retrenchment and the ongoing deleveraging process. Consumer spending has, in addition, been affected by the impact of falling employment and high inflation on households' real income.

Recent survey data are consistent with continued positive growth in the fourth quarter of 2013. Later on the growth momentum is expected to increase somewhat, but the recovery will remain slow. A gradual recovery in domestic demand is expected to be the main factor behind the pick-up in activity, reflecting the accommodative monetary policy stance, improving confidence and lower uncertainty. Moreover, less restrictive fiscal policies and a drop in commodity price

Chart 48 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

inflation should support real disposable incomes. Activity will be increasingly supported by the favourable impact on euro area exports of a gradual strengthening of external demand.

PRIVATE CONSUMPTION

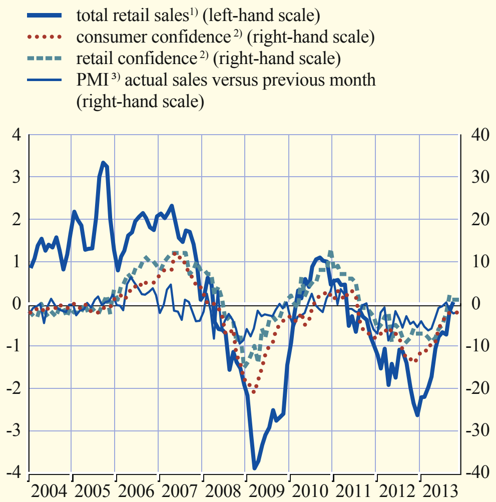
Private consumption increased by 0.1% in the third quarter of 2013, recording positive growth for the second quarter in a row. The increase in the third quarter reflects a rise in the consumption of retail goods, which was partly offset by a decline in the consumption of services. It appears that car purchases made a neutral contribution to consumption growth. Recent developments in short-term indicators and surveys point, on balance, towards subdued growth in household spending in the period ahead.

The subdued developments in consumer spending over the last two years have largely mirrored developments in real disposable income, which has been adversely affected by rising commodity prices and fiscal consolidation measures. Falling employment has exerted additional downward pressure on aggregate real household income. More recently, however, private consumption has benefited from lower commodity price increases and a moderation in fiscal drag. As a result, real income has recently fallen less markedly than in previous quarters, declining by 1.1% year on year in the second quarter of 2013, compared with a sharp fall of 2.3% in the last quarter of 2012. At the same time, households' savings contracted somewhat in the second quarter of 2013, consequently, the saving ratio fell further from an already low level.

Regarding short-term dynamics in the fourth quarter of 2013, hard and soft data suggest, on balance, continued muted developments in consumer spending. Retail sales rose by 0.2% month on month in October to stand 0.5% below the average recorded in the third quarter. Moreover, the Purchasing Managers' Index (PMI) for retail sales stood at 47.9 on average in October and November, representing a deterioration compared with the third quarter of 2013. In the first two months of the fourth quarter the European Commission's indicator on retail sector confidence remained, on average, well above the level recorded in the third quarter as well as slightly above its long-term average. In addition, new passenger car registrations rose by 2.4% month on month in October, thus providing a positive start for the fourth quarter. However, purchases of cars and other expensive goods are likely to stay weak in the period ahead. In October and November the European Commission's indicator on expected major purchases was close to the levels recorded in the second and third quarters of 2013, thus remaining at a depressed level consistent with subdued consumption of durable goods. Finally, euro area consumer confidence declined in November, following 11 months of consecutive improvements (see Chart 49).

Chart 49 Retail sales, confidence and the PMI in the retail trade and household sectors

(monthly data)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
1) Annual percentage changes; three-month moving averages; working day-adjusted; including fuel.
2) Percentage balances; seasonally and mean-adjusted.
3) Purchasing Managers' Index; deviations from an index value of 50.

However, this decline was mainly brought about by developments in a few national indices, while consumer sentiment improved in the vast majority of euro area countries. The euro area consumer confidence index still stands somewhat below its historical average level.

INVESTMENT

For a second consecutive quarter gross fixed capital formation continued to grow, increasing by 0.4% in the third quarter, following the contraction observed from early 2011 to the first quarter of 2013. The weak investment developments observed over the past two years are related to a combination of weak demand and profits, high uncertainty and financing constraints.

The full breakdown of capital formation for the third quarter of 2013 is not yet available. However, available data from the largest euro area countries on non-construction investment, which accounts for half of total investment, point to a continued muted recovery in the third quarter. Short-term indicators for the euro area as a whole also confirm the picture of a muted recovery in non-construction investment, as the production of capital goods was broadly flat while business sentiment remained at a level associated with expansion and the capacity utilisation rate increased in the third quarter. Survey data such as the PMI index for the manufacturing sector and the European Commission's confidence indicators for manufacturing and for the capital goods sectors improved in the third quarter and stood in September at or above their long-term average levels. Residential and non-residential construction investment is also likely to have stabilised in the third quarter of 2013, as the construction production index only increased marginally and demand remained low.

Regarding the fourth quarter of 2013, the few early indicators available point overall to some continued modest growth in non-construction capital formation in the euro area. Capacity utilisation edged up in the fourth quarter, the October and November values of the manufacturing PMI and its new orders component increased further, and survey data from the European Commission on firms' assessment of order books and their production expectations, available up to November, also improved. Regarding construction investment, survey data suggest that it is likely to remain virtually unchanged in the fourth quarter.

Looking further ahead, non-construction investment is expected to continue recording weak growth in early 2014, amid low confidence and weak loan growth, inter alia associated with ongoing deleveraging in banks and firms in a number of euro area countries. According to the European Commission's investment survey, real industrial investment is expected to grow by 3% in 2014, owing to more favourable demand and financial conditions. Construction investment is expected to be weak in late 2013 and in early 2014, owing to the continuing adjustment in many euro area housing markets and the prevailing low confidence and demand in the sector.

GOVERNMENT CONSUMPTION

Government consumption increased in real terms in the third quarter of 2013, largely as a result of the slower pace of fiscal consolidation in a number of euro area countries in the course of 2013. Looking at the underlying trends in the individual components, the increase seemed to be driven mainly by a recovery in the growth rate of compensation of public employees, which accounts for almost half of total government consumption. Growth in social transfers in kind, which account for almost a quarter of government consumption, was broadly unchanged from the previous quarter, in line with empirical regularities. This is due to the fact that this component includes items which tend to grow at a comparatively stable rate over time, such as healthcare expenditure. In contrast, intermediate consumption expenditure, which comprises slightly less than a quarter of total government consumption expenditure, continued to decrease, as a result of the ongoing fiscal consolidation process. Looking ahead, the contribution of government consumption to domestic demand is projected to remain limited in the coming quarters, as there is still a need for significant fiscal consolidation in a number of countries (see Section 5).

INVENTORIES

In the third quarter of 2013 changes in inventories made a positive contribution of 0.3 percentage point to quarterly GDP growth, after a broadly neutral cumulated contribution in the first two quarters, as the modest pace of restocking observed in the first two quarters accelerated somewhat. Overall, these developments bring to an end the sequence of almost uninterrupted negative contributions of inventories to growth observed between mid-2011 and end-2012, which amounted to a cumulated -1.0 percentage point – almost the same size as the cumulated fall in GDP during that period. Accordingly, the strong pace of restocking observed in the first half of 2011 (0.9% of GDP in value terms) turned into moderate destocking in the last quarter of 2012 (-0.1% of GDP) and a new restocking phase seems to have begun in the third quarter of 2013 (0.1%).

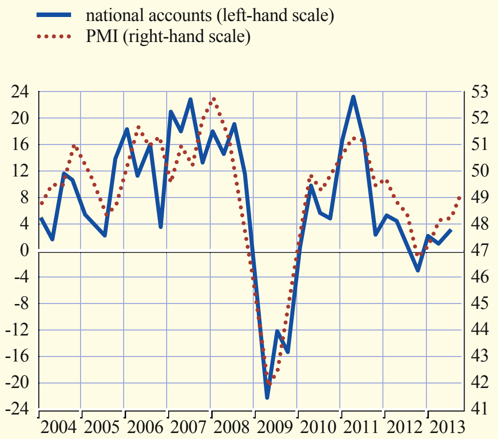
Recent survey evidence from the PMI for October and November 2013 also confirms the persistent trend of gradually slower destocking observed since the end of 2012 (see Chart 50). This trend is likely to continue in the fourth quarter of 2013, to a greater extent in input and finished goods in manufacturing than in goods held by retailers. Furthermore, recent European Commission surveys indicate that inventories in the retail sector and, to a lesser extent, in manufacturing (finished goods) are assessed by firms to be rather lean compared with historical averages. This assessment is more prevalent than reported in previous surveys. This suggests that inventories may therefore make a small positive (or possibly neutral) contribution to growth in the near term.

EXTERNAL TRADE

After returning to strong growth in the second quarter of 2013 the growth of euro area exports of goods and services slowed to 0.2% quarter on quarter in the third quarter (see Chart 51).

Chart 50 Changes in euro area inventories

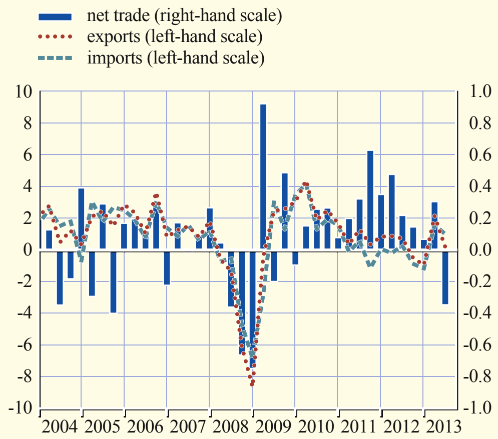
(EUR billions; diffusion indices)



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

Chart 51 Real imports, exports and net trade contribution to GDP growth

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



Sources: Eurostat and ECB.

This moderation reflects primarily weak foreign demand and, to a lesser extent, the impact of the appreciation of the euro in nominal effective terms. Weak demand from advanced economies outside the euro area, notably the United States, appears to have contributed to low euro area exports in the third quarter, whereas demand from emerging economies, especially China, maintained momentum. Exports to European countries outside the euro area remained positive and strengthened in the third quarter.

Euro area imports increased on a quarterly basis, rising by 1.0% in the third quarter of 2013, following a strong rebound in the previous quarter. The increase in imports is broadly in line with the gradual recovery in domestic demand after three years of declining growth and then negative growth as several euro area countries reduced their high current account deficits. As imports outpaced exports, the contribution of net trade to GDP growth turned negative for the first time since early 2010, falling by 0.3 percentage point in the third quarter of 2013. This reflects the narrowing of the demand growth gap between the euro area and its main trading partners and, to a lesser extent, the appreciation of the euro in nominal effective terms since mid-2012.

Available survey indicators suggest that euro area exports will continue to expand in the near term. The PMI for new export orders improved markedly in the third quarter and stood above the expansion threshold of 50. In November it stood at 54.0, which was the highest level recorded for more than two years. The European Commission's indicator on export order books has shown a steady improvement since April and stood in November at its highest level since early 2012. Both indicators stand at levels consistent with moderate export growth in the near term, a picture which is also supported by the upswing in external demand. Euro area imports are also likely to increase in the near term, albeit at a subdued pace, broadly in line with a gradual recovery in domestic demand.

4.2 SECTORAL OUTPUT

Looking at the production side of national accounts, total value added increased by 0.1% quarter on quarter in the third quarter of 2013, following an increase of 0.3% in the second quarter. The latest increase is the second consecutive rise in total value added, following six quarters of contraction, and is attributable to developments in the services sector. Short-term indicators point to further growth in the fourth quarter of 2013, close to the modest growth rates seen in the second and third quarters of the year.

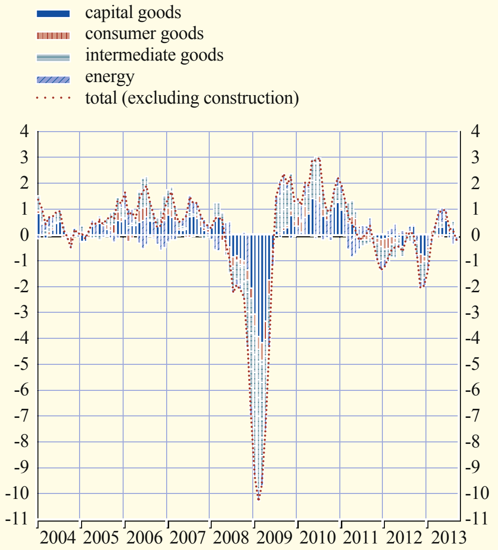
Taking a longer-term perspective, developments have been markedly different across sectors since the peak levels seen in 2007-08. In the third quarter of 2013 value added in the industrial sector (excluding construction) still stood 7% below its end-2007 peak and value added in the construction sector was 24% below its peak, whereas services value added has been slightly above its 2008 pre-crisis peak since early 2011.

INDUSTRY EXCLUDING CONSTRUCTION

Value added in the industrial sector excluding construction was stable in the third quarter of 2013, following a rise of 0.5% in the previous quarter. Production decreased slightly in the third quarter, after an increase of 1.0% in the previous quarter (see Chart 52). This slight quarterly decline in production was mostly driven by lower energy production and, to a lesser extent, by negative contributions from capital and consumer goods. At the same time, the European Commission's survey data indicate that in the three-month period to October demand improved further, albeit from a low level.

Chart 52 Industrial production growth and contributions

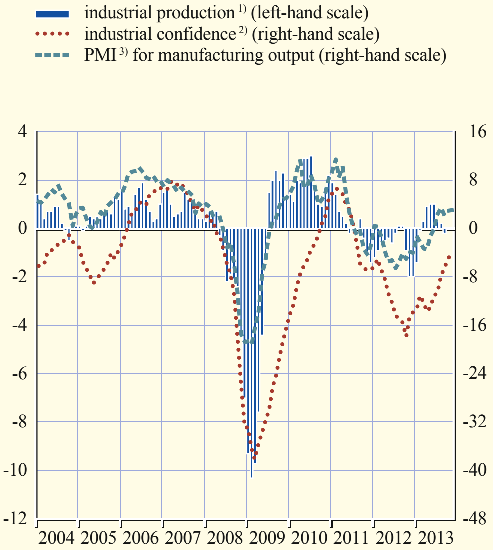
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 53 Industrial production, industrial confidence and the PMI for manufacturing output

(monthly data; seasonally adjusted)



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

Looking ahead, short-term indicators suggest a modest expansion in activity in the industrial sector during the fourth quarter of 2013. The ECB indicator on industrial new orders excluding heavy transport equipment, which is less influenced by large scale orders than the indicator on total new orders, rose by 1.4% quarter on quarter in the third quarter, compared with a rise of 0.7% in the previous quarter. Firms' expectations over the next three months regarding their order books improved further in the three-month period to October according to European Commission survey data. In October and November the PMI indices for manufacturing output and new orders were close to the levels recorded in the third quarter and thus remained clearly above the theoretical no-growth threshold of 50 (see Chart 53). Moreover, the European Commission's industrial confidence indicator improved further in October and November.

CONSTRUCTION

Value added in construction also remained stable in the third quarter of 2013, following nine quarters of decline. Construction production improved in the third quarter of 2013, growing at a slightly faster rate than in the second quarter. This is despite the fact that the second quarter had benefited from a rebound in construction activity after adverse weather conditions had impeded all building and civil engineering activities in some euro area countries in the first quarter of the year.

Looking ahead, short-term indicators confirm the weak momentum in the construction sector. Monthly data on construction production registered a 1.3% month-on-month decrease in September, thereby providing a bad start for the fourth quarter owing to the negative carry-over effect. Survey results provide a somewhat less pessimistic picture for developments in the fourth quarter. For instance, the European Commission's construction confidence indicator stood on average in October and November slightly above the average level recorded in the third quarter. Similarly, at the beginning of the fourth quarter the PMI indices for construction output and new orders improved marginally compared with the third quarter, albeit remaining below 50 and thereby indicating negative growth.

SERVICES

After rebounding to positive growth of 0.3% quarter on quarter in the second quarter of 2013, services sector value added grew somewhat more slowly in the third quarter, increasing by 0.2%. The latest data suggest that the recent increase in services sector activity was broadly based across both market and non-market services (which include public administration, education, healthcare and social work). Value added in non-market services grew by 0.2% quarter on quarter in the third quarter of 2013, following a similar growth rate in the previous quarter. Value added in market services rose by slightly less, increasing by 0.1% quarter on quarter in the third quarter, after 0.3% in the previous quarter. At the sub-sectoral level, value added developments in market services were somewhat mixed, with information and communication services contracting strongly, while finance and insurance services rebounded to record positive quarter-on-quarter value added growth in the third quarter.

Looking ahead, surveys point to continued positive, albeit modest, growth in services towards the end of the year. On the basis of the data available for the first two months of the fourth quarter, the PMI services activity index rose above its third quarter average level, posting a level above the theoretical benchmark of 50 for zero growth for the second consecutive quarter. Similarly, the European Commission's services confidence indicator also suggests a marked improvement compared with the third quarter of 2013.

4.3 LABOUR MARKET

Euro area labour market data have recently shown the first signs of an improvement, although labour dynamics continue to differ substantially across countries. Employment developments typically lag behind economic activity, and forward-looking indicators, such as those based on surveys, foresee a stabilisation in euro area employment in the coming quarters. Box 6 shows that employment in non-market services in the euro area has been significantly affected by the crisis, but the adjustment has been smaller and, on balance, later than in the remainder of the economy.

The number of persons employed decreased by 0.1% quarter on quarter in the second quarter of 2013, following a decline of 0.4% in the previous quarter (see Table 11). At the sectoral level, the further decline in employment in the second quarter was mainly due to developments in the construction and manufacturing sectors. By contrast, the agriculture sector exhibited positive employment growth on account of temporary factors related to the weather, while employment in the services sector remained stable overall (although with differences across sub-sectors).

Total hours worked increased by 0.6% quarter on quarter in the second quarter of 2013, after a decline of 0.9% in the first three months of the year. This may in part reflect a rebound from the previous quarter which was affected by weather-related factors, but may also signal an improvement in the labour market, where a normalisation of hours worked usually comes before additional recruitment. Although survey results are still subdued they nevertheless foresee an overall improvement in employment in the second half of the year, compared with the second quarter (see Chart 54).

Table 11 Employment growth

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

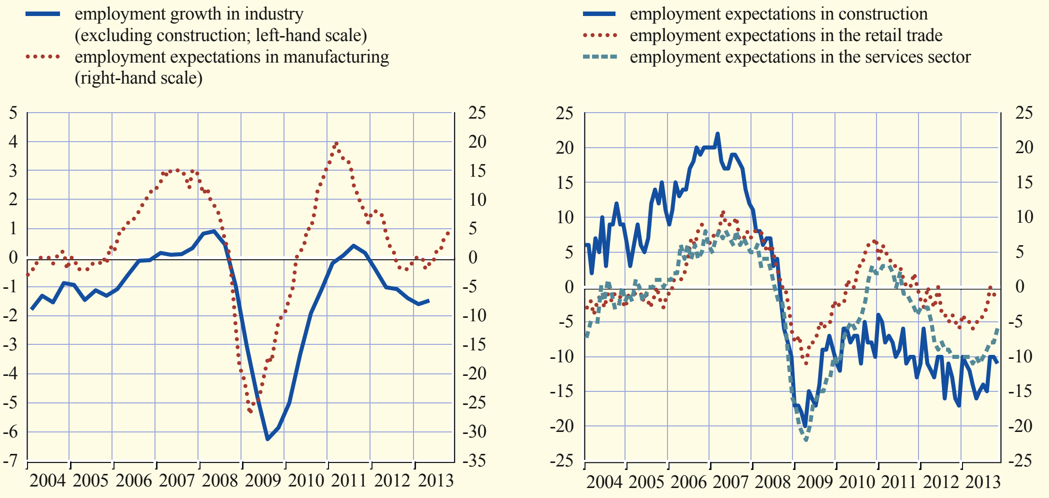
	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2011	2012	2012 Q4	2013 Q1	2013 Q2	2011	2012	2012 Q4	2013 Q1	2013 Q2
Whole economy	0.3	-0.7	-0.3	-0.4	-0.1	0.3	-1.5	-0.7	-0.9	0.6
of which:										
Agriculture and fishing	-1.9	-1.9	-0.8	-1.6	1.5	-3.1	-2.9	-0.7	-0.4	0.7
Industry	-1.1	-2.1	-0.9	-0.8	-0.6	-0.8	-3.4	-1.1	-1.5	0.9
Excluding construction	0.1	-1.0	-0.6	-0.5	-0.3	0.8	-2.1	-0.8	-1.1	1.3
Construction	-3.8	-4.7	-1.6	-1.7	-1.2	-3.9	-6.1	-1.9	-2.4	0.0
Services	0.8	-0.2	-0.1	-0.3	0.0	0.8	-0.8	-0.6	-0.7	0.6
Trade and transport	0.7	-0.8	-0.4	-0.3	-0.1	0.5	-1.7	-1.1	-0.7	0.6
Information and communication	1.3	1.2	0.7	-0.2	0.2	1.4	0.5	-0.1	-0.2	0.8
Finance and insurance	-0.4	-0.4	-0.1	-0.2	-0.3	-0.3	-0.9	-0.7	-0.5	0.3
Real estate activities	0.5	-0.3	-0.6	-0.7	0.4	1.2	-1.1	-1.5	-0.9	1.2
Professional services	2.5	0.7	-0.3	-0.6	0.3	2.8	0.3	-0.7	-0.9	0.7
Public administration	0.3	-0.3	0.1	-0.1	0.0	0.5	-0.6	0.2	-0.6	0.5
Other services [1]	0.1	0.7	-0.2	0.0	-0.1	0.1	-0.1	-0.8	-0.5	0.1

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

Labour productivity per person employed increased by 0.4% in annual terms in the second quarter of 2013, after a 0.2% decline in the first quarter (see Chart 55). Meanwhile, productivity per hour worked rose at a slower rate, in line with the sharp rise in total hours worked. Productivity growth is expected to have remained low in the third quarter of 2013, on the back of subdued economic activity, before rising slightly in the fourth quarter.

Chart 54 Employment growth and employment expectations

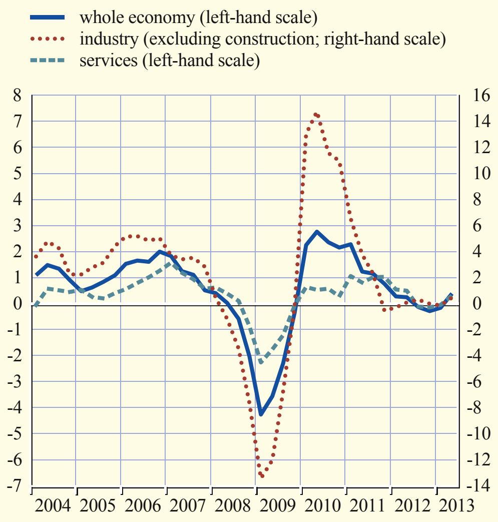
(annual percentage changes; percentage balances; seasonally adjusted)



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

Chart 55 Labour productivity per person employed

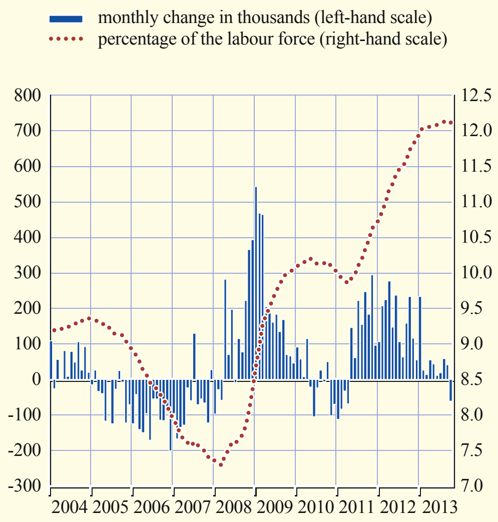
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 56 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

In line with the fall in employment, the unemployment rate has steadily risen, reaching 12.2% in September – an all-time high since the series started in 1995. However, more recent data show that the unemployment rate edged down to 12.1% in October (see Chart 56). While the unemployment rate among persons older than 25 appears to be levelling off, youth unemployment is still on the rise. The annual change in the total unemployment rate has been declining since mid-2012, indicating that the rate of deterioration is diminishing and that a stabilisation is taking place. Looking ahead, the unemployment rate is expected to gradually decline, albeit at a very slow pace.

Box 6

THE EFFECT OF THE CRISIS ON EMPLOYMENT AND WAGES IN NON-MARKET SERVICES

Consolidation efforts to bring public finances in euro area countries onto a sustainable path have also had an impact on public sector wage bills in recent years. In the period ahead these consolidation measures may imply some containment in terms of overall employment growth in the expected recovery of output in the euro area. Against this background, this box reviews the adjustment of employment and wages since the start of the financial crisis in 2008 in non-market services, defined here as public administration and defence, compulsory social security, education, human health and social work activities.[1] In the euro area as a whole, these activities account for almost a quarter of total employment, but the degree to which they are publicly or privately provided differs across countries. General government more narrowly accounts for about two-thirds of employment in non-market services in the euro area.

1 This corresponds to the sum of sectors O to Q of the NACE Revision 2 breakdown. Quarterly national accounts data used in this box are only available for the sum of these sectors.

Employment adjustment in non-market services

During the first three years of the crisis in 2008-10, employment in non-market services in the euro area continued to increase. In fact, it has only displayed signs of downward adjustment in the past two years (see Chart A). By contrast, in the remainder of the economy, employment started to fall around the time that the recession began in the first half of 2008.

A more muted adjustment of employment in non-market services is a stylised fact of the business cycle and reflects the provision of essential services in areas such as law enforcement, education and health, independently of fluctuations in general economic activity. The intensification of the crisis in the autumn of 2008 prompted most EU Member States to adopt stimulus measures, partly in the context of the European Economic Recovery Plan. Consequently, the delay in the adjustment in employment in non-market services compared with the remainder of the economy may also partly be the result of government decisions to carry out fiscal expansion in this period.

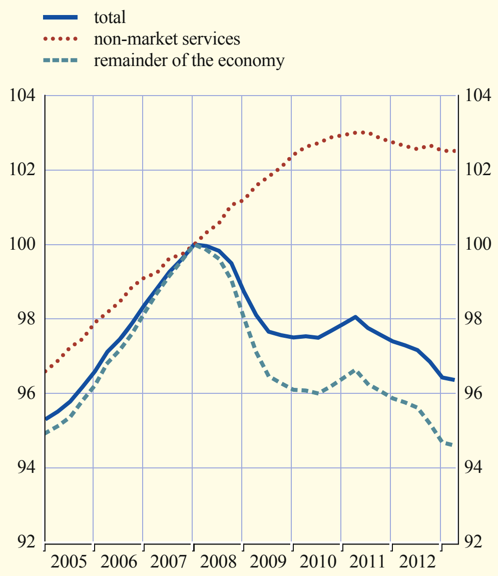
The more muted adjustment of employment in non-market services relative to employment in the remainder of the economy in the crisis period is a pervasive feature across euro area countries (see Chart B). With the exception of some countries under market stress, such as Greece, Spain, Italy and Portugal, employment in non-market services was characterised by positive average annual growth in most euro area countries in the period from mid-2008 to mid-2013. This was also the case in some countries where employment in the remainder of the economy posted a sharp average decline, such as in Ireland and Slovenia.

Wage adjustment in non-market services

Wage bills can be managed in adjustment periods via changes in both employment and

Chart A Evolution of employment in the euro area

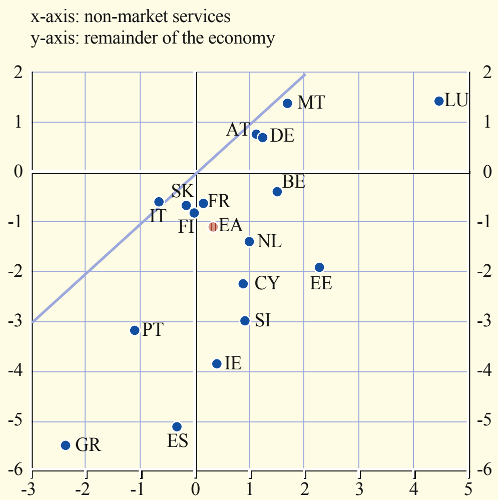
(index: Q1 2008=100; working day and seasonally adjusted data)



Sources: Eurostat and ECB calculations.
Note: Employment in the remainder of the economy is defined as total employment minus employment in non-market services.

Chart B Employment adjustment in euro area countries

(annual average percentage changes from Q2 2008 to Q2 2013; seasonally adjusted data)



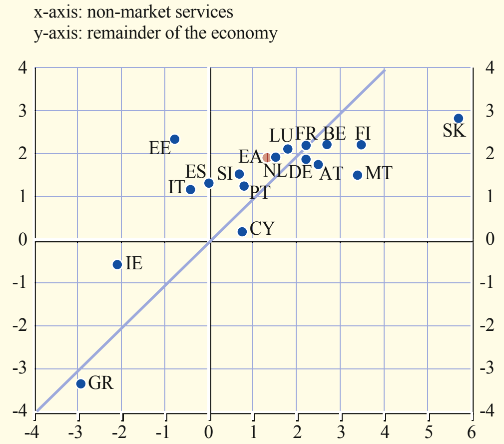
Sources: Eurostat and ECB calculations.
Notes: 1) Employment in the remainder of the economy is defined as total employment minus employment in non-market services.
2) Data for Malta only cover the period to the first quarter of 2013.
3) The solid blue line characterises equal growth in non-market services and the remainder of the economy.

compensation per employee.[2] For most countries under market stress, average downward wage adjustments in the period since 2008 have been sharper in non-market services than in the remainder of the economy, while in non-stressed countries, the adjustment has been less disparate (see Chart C).[3] In a number of cases, the relatively sharper downward adjustment in wages in non-market services has taken various forms, including cuts in fringe benefits, cuts in overtime pay and the abolition of thirteenth and fourteenth month salaries.

To assess the degree of wage adjustment in non-market services, the job profiles of employees and the incidence of employment adjustment across groups of employees need to be taken into account. Since the start of the crisis the employment structure in non-market services has shifted further in the direction of high-skilled workers. Positions for low-skilled and medium-skilled employees have declined, while high-skilled employees have been recruited throughout the entire crisis period (see Chart D). This development affirms the more secular tendency of a relative decline in demand for

Chart C Wage adjustment in euro area countries

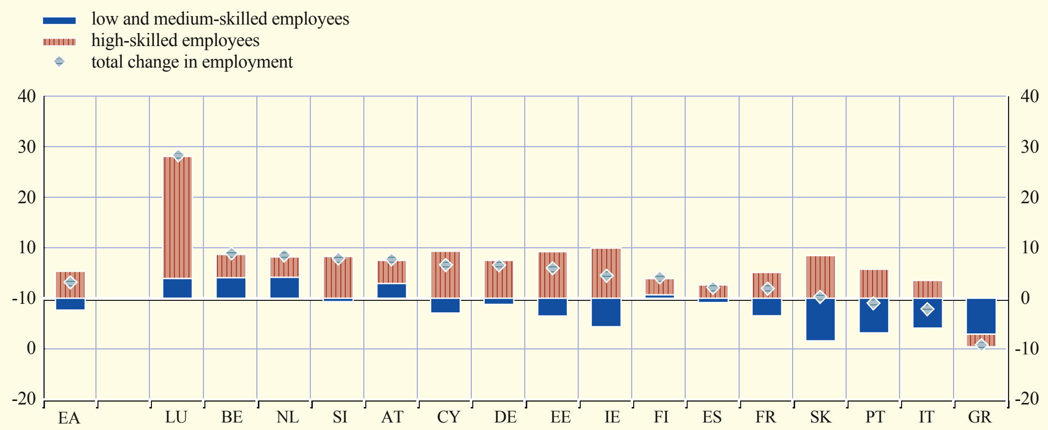
(annual average percentage changes from Q2 2008 to Q2 2013; seasonally adjusted data)



Sources: Eurostat and ECB calculations.
Notes: 1) Wages in the remainder of the economy are defined as total wages minus wages in non-market services.
2)Wages are represented by compensation per employee.
3) Data for Malta only cover the period to the first quarter of 2013.
4) The solid blue line characterises equal growth in non-market services and the remainder of the economy.

Chart D Employment in non-market services and contributions by skill level (Q4 2007-Q4 2012)

(percentage changes; percentage points)



Sources: EU Labour Force Survey data, Eurostat and ECB calculations.
Notes: For 2007, employment in non-market services comprises sectors L to N of the NACE Revision 1 breakdown. In order to account for the fact that data are not seasonally adjusted, the crisis period is defined as the fourth quarter of 2007 to the fourth quarter of 2012. Malta is not represented on account of data unavailability before 2008.

2 Total compensation in non-market services in the euro area grew by 8.7% between the second quarter of 2008 and the second quarter of 2013, of which 1.7% was due to growth in the number of employees.
3 The same conclusions hold when the analysis is conducted based on wages per hour.

low and medium-skilled workers. The reasons for this are likely to include increased requirements with regard to knowledge-intensive workplaces and possibly also the privatisation or outsourcing of activities that are typically associated with lower-skilled jobs. An exception to this picture is Greece, where the downward adjustment of employment in non-market services has also affected the high-skilled categories. Conversely, non-market services in Belgium, the Netherlands and Austria have registered a more balanced increase in high, low and medium-skilled employees. The changing skill composition of employment in non-market services may have had an upward impact on average wage developments owing to the higher compensation of high-skilled employees. In other words, the shifts in the skill composition of employment could, to some extent, have masked the underlying adjustment of wages in non-market services over recent years.

Concluding remarks

In summary, euro area employment in non-market services has been significantly affected by the crisis, but the adjustment has been much smaller and, on balance, started later than in the remainder of the economy. In contrast, in the case of compensation per employee, the adjustment in non-market services relative to the remainder of the economy has, on balance, been stronger, particularly in countries under market stress.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Developments in survey-based confidence indicators up to November are consistent with a positive growth rate in the fourth quarter of the year. Looking ahead to 2014 and 2015, output is expected to recover at a slow pace, in particular owing to some improvement in domestic demand supported by the accommodative monetary policy stance. Euro area economic activity should, in addition, benefit from a gradual strengthening of demand for exports. Furthermore, the overall improvements in financial markets seen since last year appear to be working their way through to the real economy, as should the progress made in fiscal consolidation. In addition, real incomes have benefited recently from lower energy price inflation. At the same time, unemployment in the euro area remains high, and the necessary balance sheet adjustments in the public and the private sector will continue to weigh on economic activity.

This assessment is also reflected in the December 2013 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP declining by 0.4% in 2013 before increasing by 1.1% in 2014 and 1.5% in 2015. Compared with the September 2013 ECB staff macroeconomic projections, the projection for real GDP growth for 2013 has remained unchanged and it has been revised upwards by 0.1 percentage point for 2014 (see the article on the December 2013 Eurosystem staff macroeconomic projections for the euro area in this issue of the Monthly Bulletin).

The risks surrounding the economic outlook for the euro area are assessed to be on the downside. Developments in global money and financial market conditions and related uncertainties may have the potential to negatively affect economic conditions. Other downside risks include higher commodity prices, weaker than expected domestic demand and export growth, and slow or insufficient implementation of structural reforms in euro area countries.

5 FISCAL DEVELOPMENTS

According to the European Commission's autumn 2013 economic forecast, fiscal consolidation in the euro area has continued. The general government deficit is expected to have declined from 3.7% of GDP in 2012 to 3.1% of GDP in 2013. Meanwhile, the euro area general government debt ratio is projected to peak at around 96% of GDP in 2014, before declining for the first time since the outbreak of the financial crisis. The draft budgetary plans, which euro area member countries submitted for the first time in accordance with the new "two-pack" regulations in mid-October 2013, point to a significant slowdown in consolidation efforts. According to the European Commission, the aggregate structural effort implied by the plans would amount to only ¼% of GDP in 2014. In mid-November, the Commission invited several euro area member countries to adopt additional measures before the finalisation of their 2014 budgets in order to ensure compliance with the EU fiscal rules. Additional measures should be designed in a growth-friendly way, focusing on cuts in unproductive government spending while protecting public investment and, wherever possible, avoiding further tax increases.

FISCAL DEVELOPMENTS IN 2013

According to the European Commission's autumn 2013 economic forecast, fiscal consolidation in the euro area has continued. The euro area-wide general government budget deficit is projected to have declined from 3.7% of GDP in 2012 to 3.1% of GDP in 2013 (see Table 12 and Chart 57). This decline can be explained, in large part, by an increase in the general government revenue-to-GDP ratio by 0.5 percentage point to 46.7% of GDP, while the expenditure-to-GDP ratio is expected to have remained broadly unchanged at 49.9% of GDP.

The euro area general government debt-to-GDP ratio is projected to have risen by around 3 percentage points to 95.7% in 2013. This increase reflects a debt-increasing stock-flow adjustment and the so-called snowball effect (i.e. the debt-increasing effect of a positive nominal interest-growth differential), while the debt-increasing contribution from the primary deficit is expected to have been very small.

Looking ahead, the euro area-wide general government deficit ratio is forecast to decline to 2.5% of GDP in 2014 and marginally further to 2.4% of GDP in 2015. The expected reduction in the deficit over these two years can be attributed mainly to a projected drop in the expenditure ratio to 48.8% of GDP in 2015, driven by a decline in primary expenditure, which will more than compensate for the slight decline in the revenue ratio to 46.5% of GDP in 2015 (see Table 12 and Chart 58).

Table 12 Fiscal developments in the euro area

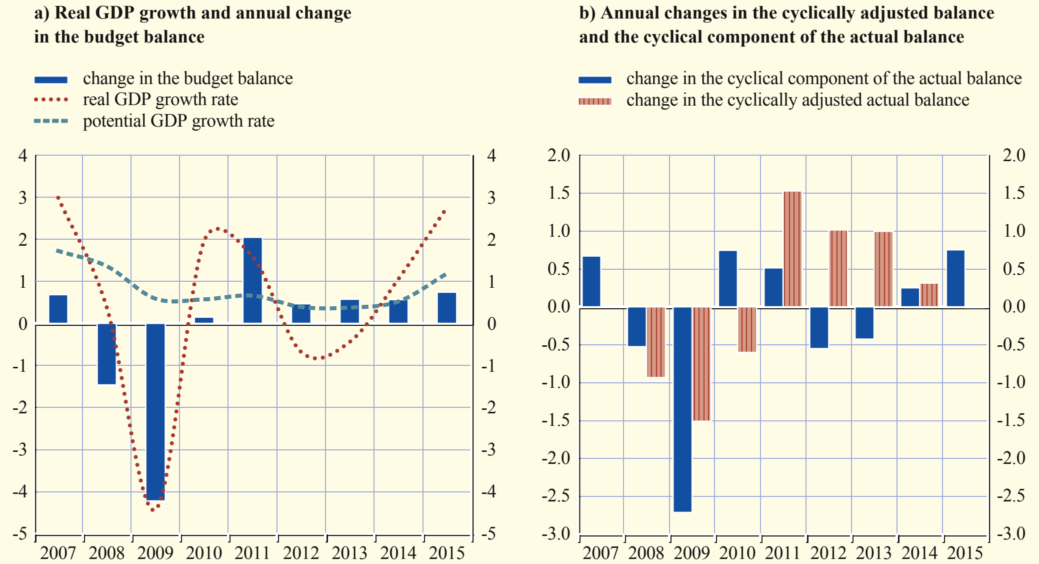
(percentages of GDP)

	2011	2012	2013	2014	2015
a. Total revenue	45.3	46.3	46.7	46.8	46.5
b. Total expenditure	49.5	50.0	49.9	49.3	48.8
of which:					
c. Interest expenditure	3.0	3.1	3.0	3.0	3.1
d. Primary expenditure (b-c)	46.5	46.9	46.8	46.3	45.8
Budget balance (a-b)	-4.2	-3.7	-3.1	-2.5	-2.4
Primary budget balance (a-d)	-1.1	-0.6	-0.1	0.5	0.7
Cyclically adjusted budget balance	-3.6	-2.6	-1.6	-1.3	-1.6
Structural budget balance	-3.6	-2.1	-1.5	-1.3	-1.5
Gross debt	88.0	92.7	95.7	96.1	95.5
Memo item: real GDP (percentage change)	1.6	-0.7	-0.4	1.1	2.8

Sources: European Commission's autumn 2013 economic forecast and ECB calculations.
Notes: Figures may not add up due to rounding. Euro area aggregates excluding Latvia.

Chart 57 Determinants of budgetary developments in the euro area

(as a percentage of GDP; percentage changes)



Sources: European Commission autumn 2013 economic forecast and ECB calculations.
Note: Data refer to general government.

Chart 58 Quarterly government finance statistics and projections for the euro area

Sources: ECB calculations based on Eurostat, national data and the European Commission's autumn 2013 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 second quarter of 2013, plus the annual projections for 2013, 2014 and 2015 from the European Commission's autumn 2013 economic forecast.

Besides expenditure-cutting measures, the expected decline in primary expenditure also partly reflects the fading of financial sector support in a number of countries. The euro area general government debt ratio is projected to peak at around 96% of GDP in 2014 and to decline thereafter for the first time since the outbreak of the financial crisis, mainly as a result of the debt-reducing impact of a gradual rise in primary surpluses.

BUDGETARY DEVELOPMENTS AND PLANS IN SELECTED COUNTRIES

In the course of 2013, several euro area countries have further improved their fiscal positions compared with 2012, in line with the European Commission's autumn 2013 economic forecast. However, cross-country differences continue to be substantial. While some countries are projected to have exceeded their fiscal targets in 2013, others are expected to show consolidation gaps and are at risk of not meeting the EDP deadlines. In the context of the 2014 draft budgetary plans, which is a newly created monitoring exercise for the 13 non-programme euro area countries as part of the "two-pack" regulations, the Commission has identified risks of non-compliance with the Stability and Growth Pact (SGP) for several countries (see Box 7).

Box 7

FISCAL CONSOLIDATION IN THE EURO AREA: PAST PROGRESS AND PLANS FOR 2014

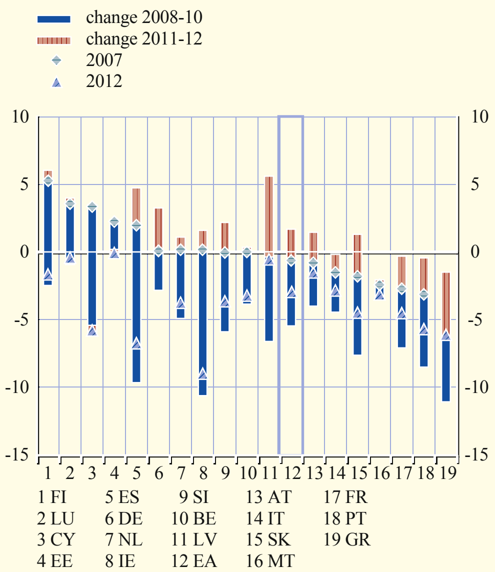
This box takes stock of the progress made in fiscal consolidation in the euro area and the further needs for consolidation. The financial crisis has resulted in a very strong deterioration in government deficit and debt ratios in euro area countries. The consolidation strategy adopted in 2010 is now starting to bear fruit, with the euro area government deficit having more than halved from its peak level and the aggregate euro area debt ratio expected to stabilise in 2014. This improvement, however, masks important heterogeneity across euro area countries. Many countries still have a long way to go before reaching sound fiscal positions. In line with the "two-pack" regulations, in October 2013, Member States submitted their draft budgetary plans to the European Commission for the first time. In its assessment, the Commission found only two draft budgetary plans (Germany and Estonia) to be in full compliance with EU fiscal rules. Five draft budgetary plans (Spain, Italy, Luxembourg, Malta and Finland) were found to be at risk of non-compliance with the rules in the absence of additional measures. On 22 November 2013, the Eurogroup endorsed the Commission's assessment and invited Member States to take the Commission's concerns into account before finalising their 2014 budgets. Looking ahead, it is essential that fiscal consolidation efforts continue to ensure a return to sound fiscal positions as soon as possible.

The legacy of the crisis

The financial crisis that took hold in mid-2008, and the contraction in economic activity that followed, led to a very strong deterioration in the fiscal position of the euro area and its member countries. Since the end of 2008, emergency measures have been implemented in the majority of euro area countries to provide financial support to banks in difficulty and to preserve euro area-wide financial stability. At the same time, and in order to limit the negative fallout of the crisis on economic activity, a coordinated budgetary stimulus was adopted in the context of the European Economic Recovery Plan (EERP). The EERP called for Member States to adopt, consistent with their room for fiscal manoeuvre, temporary and targeted fiscal stimulus measures in the course of 2009-10.

Chart A Developments in the deficit-to-GDP ratios (2007-13)

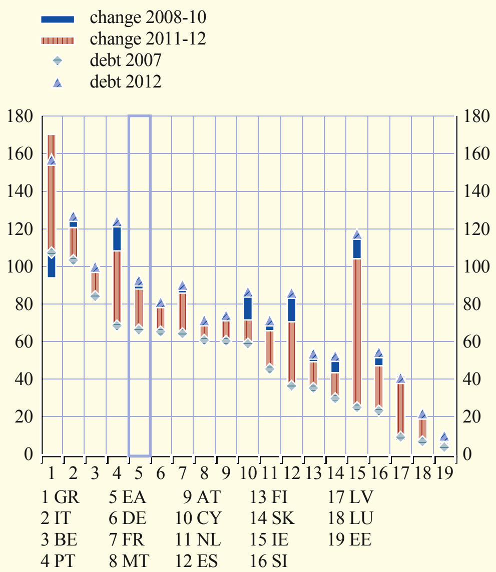
(as a percentage of GDP; percentage points)



Sources: AMECO data and ECB calculations.
Notes: Data are net of the budgetary impact of financial support to the banking sector, as reported by Eurostat. The countries are ranked according to the budget balance in 2007.

Chart B Developments in the debt-to-GDP ratios (2007-13)

(as a percentage of GDP; percentage points)



Sources: AMECO data and ECB calculations.
Note: The countries are ranked according to the debt-to-GDP ratio in 2007.

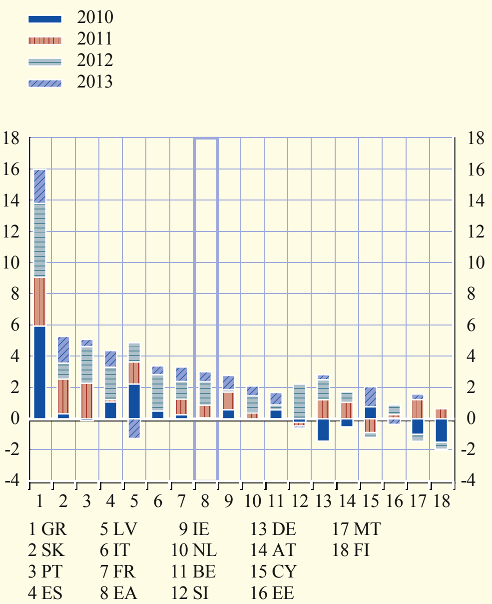
These policy actions, combined with the working of automatic stabilisers, caused budget deficits and debt-to-GDP ratios across the euro area to rise to unprecedented levels, well above the reference criteria laid down in the Stability and Growth Pact (SGP) (see Charts A and B). As a result, by end-2009, an excessive deficit procedure (EDP) had been launched in 13 euro area countries. Over the period 2008-09, the euro area aggregate nominal budget balance deteriorated by 5.7 percentage points of GDP, while the structural budget balance deteriorated by 2.5 percentage points of GDP.

Progress in fiscal consolidation over the period 2010-13

In October 2009, the ECOFIN Council agreed on the principles for a coordinated exit from the fiscal stimulus adopted earlier. It was agreed that the specificities of country circumstances should be taken into account when defining the pace of adjustment, but that fiscal consolidation in all euro area countries should start by 2011 at the latest; countries with sustainability concerns would need to start consolidating earlier. It was recommended that the planned pace of fiscal consolidation be ambitious and well beyond the benchmark of 0.5% of GDP per annum in structural terms in most Member States. Following these principles and the provisions of the SGP, which, under special circumstances, allow for the correction of excessive deficits in a medium-term framework rather than in the year following their identification, the EDP recommendations, issued in the course of 2009, granted relatively long deadlines for the correction of the excessive deficit, ranging initially from two to four years. The annual average structural effort required to correct the fiscal imbalances ranged from above 0.5 percentage point of GDP to more than 2 percentage points of GDP for countries with significant sustainability concerns.

Chart C Change in the structural budget balance (2010-13)

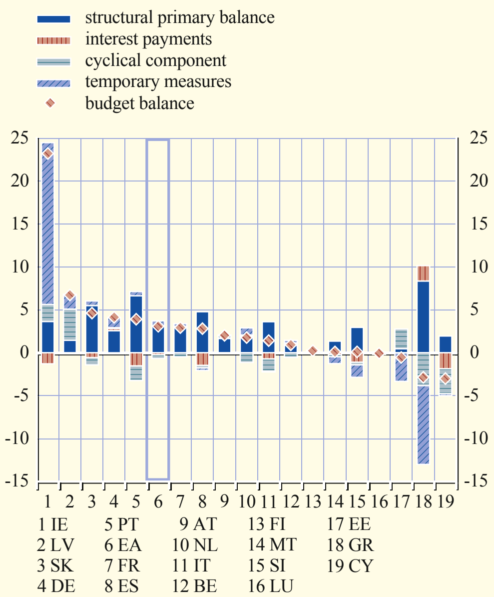
(percentage points of GDP)



Sources: Ameco data and the European Commission's autumn 2013 economic forecast.
Note: The countries are ranked on the basis of the cumulative change in the structural budget balance.

Chart D Decomposition of changes in budget balance (2011-13)

(percentage points of GDP)



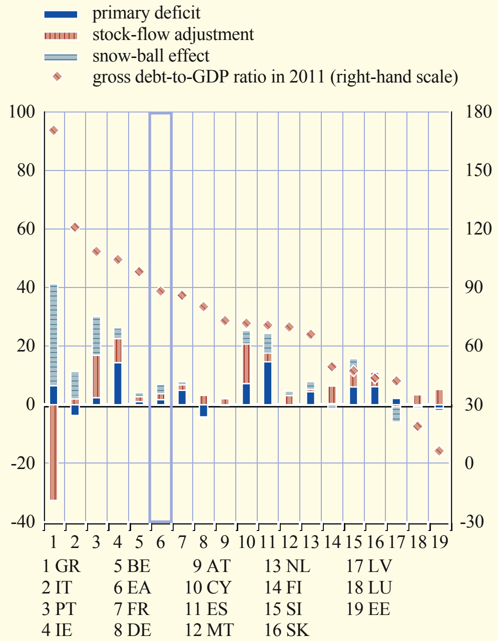
Sources: AMECO data, the European Commission's autumn 2013 economic forecast and ECB calculations.
Note: Data include the effect of financial support to the banking sector.

In 2010, the euro area sovereign debt crisis exposed weaknesses in the EU economic governance framework. In response, the so-called "six-pack" regulations were introduced in December 2011. In addition, several countries notably stepped up their consolidation efforts in an attempt to regain financial market confidence. This marked the beginning of a period of protracted fiscal consolidation, especially for countries under a joint EU/IMF financial assistance programme and those experiencing significant tensions in financial markets. As a result, in several countries consolidation efforts (measured by the change in the structural budget balance) turned out to be much larger than assumed when the 2009 EDP recommendations were issued (see Chart C).

Over the period 2010-13, the consolidation efforts succeeded in reversing the trend of rising budget deficits in most countries. As a consequence, the euro area budget deficit has been gradually declining from its peak of 6.4% of GDP in 2009 and is expected to reach 3.1% of GDP this year. However, budget deficits remain above the pre-crisis values in many countries. Indeed, headline budget balances improved by less than initially envisaged, owing to: (i) adverse cyclical developments and one-off factors related to the budgetary impact of the financial support to the banking sector (see Chart D) and; (ii) in some cases, less ambitious consolidation efforts than initially planned. As a consequence, many countries missed their EDP deadlines and deadline extensions were granted in the course of 2012 and 2013, in some cases by two years, i.e. beyond the one-year horizon which should apply, as a rule, under the SGP. Likewise, debt-to-GDP ratios remained well above the pre-crisis levels and continued to rise, owing predominantly to a large positive differential between the interest rate on outstanding debt and the growth rate of the economy as well as financial support granted to the banking sector (see Chart E).[1]

Chart E Decomposition of changes in debt-to-GDP ratios (2011-13)

(as a percentage of GDP; percentage points)



Sources: AMECO data, the European Commission's autumn 2013 economic forecast and ECB calculations.

Budgetary plans for 2014

According to the European Commission's autumn 2013 economic forecast, in 2014 the euro area budget deficit is projected to fall below the reference value (2.5% of GDP). This continued reduction in budgetary imbalances is broadly consistent with the 2014 draft budgetary plans, which euro area countries that are not subject to a financial assistance programme submitted for the first time in October 2013 under the new "two-pack" regulations. Most of the 13 euro area countries that submitted these plans expect to reduce their budget deficits further in 2014. However, when compared with budgetary plans for 2014, as outlined in the 2013 stability programmes of spring this year, the vast majority of governments expect either broadly unchanged or worse than initially foreseen fiscal positions. At the same time, as indicated by the European Commission's autumn 2013 economic forecast, the structural effort in 2014 is expected to fall short of commitments under the SGP in many countries (see the table). As a result, for the countries participating in this surveillance exercise, the structural effort is projected to amount to about ¼% of GDP in 2014, which is significantly lower than the structural adjustment benchmark of 0.5% of GDP under the SGP. On the one hand, this lower structural effort pertains to a lack of progress towards countries' medium-term budgetary objectives under the preventive arm of the SGP. On the other, it relates to insufficient structural efforts under its corrective arm, the EDP. In this respect, it should be noted that the required structural efforts were already lowered markedly in June 2013, when several countries' EDP recommendations were revised to grant deadline extensions.

The European Commission's opinions on the draft budgetary plans, which were released on 15 November, indeed highlight the fact that structural efforts are, in the absence of additional measures, at risk of falling short of commitments under the SGP in 2014 in many euro area countries. While the Commission did not identify any cases for which a draft budgetary plan was particularly seriously non-compliant with the rules of the SGP – which would have allowed it to request a revised plan according to Regulation (EC) No 473/2013 – it has assessed that only Germany's and Estonia's budgetary plans are fully compliant with the SGP's rules. At the same time, it finds that

1 The financial support provided to banks in difficulty contributed to the deterioration in the fiscal positions of many countries, including Ireland, where the deficit-increasing effect of such support amounted to about 20 percentage points of GDP in 2010. Part of this support has now been recovered through the payment of fees/interest. For a comprehensive overview of the budgetary impact of financial sector support since 2008, see the box entitled "The fiscal implications of financial sector support", *Monthly Bulletin*, ECB, June 2013.

2014 draft budgetary plans

Commission opinion on compliance of 2014 draft budgetary plans with the SGP	Budget balance (as a percentage of GDP)		General government debt (as a percentage of GDP)		Actual structural effort (European Commission's autumn 2013 economic forecast)	Structural effort commitment under SGP (in percentage points)
	2013 stability programme	2014 draft budgetary plan	2013 stability programme	2014 draft budgetary plan		
"Compliant"						
Germany *(preventive arm)*	0.0	0.0	77.5	77.0	0.0	*0.0 (at MTO)*
Estonia *(preventive arm)*	0.0	-0.4	9.9	10.0	0.5	*0.5 benchmark*
"Compliant but without any margin for possible slippage"						
France *(2015 EDP deadline)*	-2.9	-3.6	94.3	95.1	0.7	*0.8*
Netherlands *(2014 EDP deadline)*	-3.0	-3.3	75.0	76.1	0.4	*0.7*
Slovenia *(2015 EDP deadline)*	-2.6	-6.7	63.2	65.5	0.7	*0.5*
"Broadly compliant"						
Belgium *(2013 EDP deadline)*	-2.0	-2.1	99.0	100.2	0.4	*0.5 (debt benchmark)*
Austria *(2013 EDP deadline)*	-1.5	-1.5	73.0	74.0	0.1	*0.5 benchmark*
Slovakia *(2013 EDP deadline)*	-2.6	-2.8	56.3	54.1	-0.8	*0.5 benchmark*
"Risk of non-compliance"						
Spain *(2016 EDP deadline)*	-5.5	-5.8	96.2	98.9	-0.1	*0.8*
Italy *(Transition period: debt benchmark)*	-1.8	-2.5	129.0	132.7	0.1	*0.7 (debt benchmark)*
Luxembourg *(preventive arm)*	-0.6	-	25.9	-	-0.6	*0.5 benchmark*
Malta *(EDP deadline 2014)*	-2.1	-2.1	74.2	73.2	-0.1	*0.7*
Finland *(preventive arm)*	-1.3	-1.9	57.3	60.7	-0.2	*0.5 benchmark*

Sources: European Commission, Eurostat, 2013 stability programmes and 2014 draft budgetary plans.
Notes: The countries mentioned in the table include euro area countries that are not subject to a financial assistance programme. They are ordered according to the grouping used in the European Commission's opinions to assess compliance of the 2014 draft budgetary plans with the SGP's rules. The structural effort commitment relates to the benchmark of 0.5% of GDP for countries under the preventive arm of the SGP; for countries under the corrective arm, it relates to the structural effort commitments as outlined in the Council recommendations. Italy's structural efforts need to be compliant with the debt benchmark in the transitional period; the same would apply to Belgium and Austria in the event of a timely abrogation of the EDP. Luxembourg did not submit a detailed draft budgetary plan for 2014.

the draft budgetary plans for five countries pose risks of non-compliance with the rules of the SGP under the preventive arm (Italy, Luxembourg and Finland) and the corrective arm (Spain and Malta) (see the table for an overview).[2] On 22 November, the Eurogroup concurred with the Commission's opinions and analysis and agreed to take the Commission's concerns into account in countries' budgetary processes.[3] The Eurogroup invited those Member States whose plans were at risk of non-compliance with the SGP "to take measures as appropriate within their national budgetary processes or in parallel to that, to address the risks identified by the Commission and to ensure full compliance of the 2014 budget with the SGP rules". In order to be fully effective in fostering sound budgetary positions, it is, therefore, essential that this new surveillance exercise be followed up in a structured manner. In this respect, it should be noted that the "two-pack" regulations assign new powers to the Commission, in particular the possibility to issue an autonomous recommendation, in line with Article 11(2) of the "two-pack" Regulation (EC) No 473/2013, in cases of a risk of non-compliance with the deadline to correct the excessive deficit.

Overall, fiscal developments since the onset of the crisis have been rather heterogeneous across countries, reflecting the initial situation of public finances, the existence of macroeconomic imbalances, the solidity of the domestic financial sector and different degrees of resilience of the

2 In the case of Luxembourg, this relates notably to the absence of a detailed budgetary plan, as a new government had not been formed at the time the plan was submitted.
3 See the Eurogroup Statement of 22 November 2013 at http://www.eurozone.europa.eu/newsroom/news/2013/11/eurogroup-statement

domestic economy to external shocks. Looking ahead, the reduction of very high debt-to-GDP ratios, which weigh on economic growth, remains imperative.[4] This requires ambitious medium-term budgetary plans that combine the reduction of excessive fiscal imbalances with ambitious structural reforms.

4 See the box entitled "Growth effects of high government debt", *Monthly Bulletin*, ECB, March 2013.

In November 2013, the European Commission also assessed whether the six euro area countries for which the EDP deadlines were recently revised (i.e. Belgium, Spain, France, Malta, the Netherlands and Slovenia) had taken effective action to correct the excessive deficits by the agreed deadline. Based on a three-staged process for assessing effective action – i.e. nominal headline targets, corrected/uncorrected improvement of the structural balance, bottom-up approach – the European Commission determined that all countries had indeed taken effective action in 2013 to end the excessive deficit within the recommended deadline. However, based on the European Commission's autumn 2013 economic forecast, several countries are expected to miss their nominal targets by the recommended deadline if additional consolidation measures are not adopted.

A brief review of recent budgetary developments and the budgetary plans to meet the fiscal targets in the largest euro area countries and the EU/IMF programme countries is provided below.

Germany is expected to have reached a balanced budget in 2013. In the recent review of draft budgetary plans by the European Commission, Germany is expected to fully comply with the requirements of the SGP in both 2013 and 2014. However, as the budget for 2014 is currently based on a no-policy-change scenario, the fiscal outlook will have to be reassessed once the new government has taken office and submitted an updated budgetary plan.

In France, the general government deficit for 2013 is expected to reach 4.1% of GDP, 0.4 percentage point higher than the target set out in the April 2013 stability programme update and 0.2 percentage point higher than the target under the revised EDP recommendation issued in June. Moreover, the structural improvement falls short when compared with the requirements (0.9% of GDP instead of 1.3% of GDP). Nevertheless, the European Commission considers that France has taken effective action because, in its view, the shortfalls can be explained by unexpected revenue shortfalls. However, the Commission assessment also notes that the yield of discretionary revenue measures may have been overestimated and that it would reassess the situation on the basis of final 2013 outcomes. The draft budgetary plan for 2014 is aimed at meeting the EDP deficit target of 3.6% of GDP. The expenditure-based measures in the budget law are intended to create savings of around 0.7% of GDP. The savings would stem from public wage moderation, a reduction in investment, postponement of pension indexation, the family branch reform and a reduction in health expenditure. Nevertheless, the nominal target for 2014 is expected to be missed according to the European Commission's forecasts (-3.8% of GDP instead of -3.6%). Fiscal slippages in 2014 would put the 2015 deadline for correcting the excessive deficit and the reversal of the upward trend in the government debt-to-GDP ratio, which will exceed 93% in 2013, at risk.

In Italy, the 2013 deficit-to-GDP ratio is expected to stand at 3%, against the 2.9% target set in the 2013 stability programme update. The deviation is mainly on account of a worsening of macroeconomic conditions, although additional consolidation measures amounting to 0.1% of GDP were adopted in October 2013 to ensure that the deficit ratio does not exceed the 3% of GDP reference value. The draft budgetary plan for 2014 foresees a deficit-to-GDP ratio for 2014 of 2.5%

(compared with a 1.8% target set in the 2013 stability programme update). On the revenue side, the main measures include new rules on the deductibility of banks' losses and provisions and the reduction of the tax wedge on labour incomes of medium to low-income earners. On the expenditure side, the draft budget includes measures on account of higher government consumption and investment, lower transfers to local and regional governments and a lower indexation of pensions. In the Commission's assessment, the structural effort planned in the 2014 draft budgetary plan (0.1% of GDP) falls short of the effort required to both achieve the medium-term objective of a balanced structural budget in 2014 and ensure sufficient progress towards compliance with the debt criterion during the transition period. According to the Commission, additional consolidation measures in the order of 0.4% of GDP would be needed to ensure compliance with the preventive arm of the SGP. In the meantime, the government has presented the spending review plan, which aims at total spending cuts of €23.2 billion (around 1.4% of GDP) over the period 2015-17. On 27 November the government decided to abolish the second instalment of the property tax on primary residences. The revenue loss is estimated to be about €2.1billion (around 0.1% of GDP) and the government has stated that this is to be compensated by temporary higher direct taxes on banks and insurance companies.

In Spain, up until end-September 2013, net borrowing of the central government, regional government and social security sub-sectors (excluding support to the banking sector) amounted to 4.8% of annual GDP, fractionally higher than over the same period in 2012. Achieving the deficit target for 2013 (6.5% of GDP excluding bank support) depends on a very strict execution of central and regional government budgets, a better than budgeted outturn for local governments (as was the case in 2012) and a continued improvement in the underlying evolution of receipts in the final months of the year. The fiscal consolidation path for 2014 set out in the draft budgetary plan is broadly the same as the one contained in the 2013 stability programme update. The draft budgetary plan targets a reduction in general government net borrowing from 6.5% in 2013 to 5.8% in 2014, in line with the May 2013 EDP recommendation. However, the Commission, in its opinion on the draft budgetary plan, viewed the macroeconomic assumptions as optimistic and considered the structural fiscal effort to be insufficient to ensure compliance with the EDP targets. The Commission has therefore invited the Spanish authorities to adopt additional measures in the order of ¼% of GDP.

In Greece, fiscal data up to end-October 2013 indicate that the government is on track to reach a primary surplus according to the EU/IMF programme definition. This would imply a stronger improvement compared with the 2013 programme target of a balanced primary budget. While in the course of 2013, non-discretionary spending, in particular on pensions, turned out to be higher than budgeted, the impact of the slippages has been overcompensated by several factors. These include one-off income from the financial sector, corrective actions in the healthcare sector, the positive impact of the extraordinarily strong tourism season and the under-execution of discretionary expenditure, most notably investment spending. On 21 November the government submitted to Parliament a draft budget aiming at a primary surplus of 1.6% of GDP in 2014. The IMF and the Commission, together with the ECB, are currently assessing this draft budget.

In Portugal, the main outcome of the combined eighth and ninth quarterly reviews, concluded in early October, was that the EU/IMF programme remains broadly on track. Budget execution has been supported by solid tax revenue performance, while non-tax revenues and expenditure are expected to have underperformed, especially in the last quarter of 2013. The authorities have addressed these deviations by reducing the available funds for ministers and by implementing an extraordinary settlement scheme for tax and social security contributions in November and December. Overall, the 2013 deficit target (of 5.5% of GDP, excluding financial sector support) appears achievable provided the agreed measures are strictly implemented and budget execution remains under tight control. The 2014 budget law was approved by Parliament at the end of November and foresees consolidation measures of more than 2% of GDP, mainly on the expenditure side. The savings include measures along the following lines: (i) a lowering of the State wage bill through a reduction in the workforce and a reform of working conditions (supplements, wages); (ii) changes to the public pension systems based on equity principles and income progressivity (in particular by reducing the current differences between the civil servants' system and the general system and by increasing the statutory retirement age); and (iii) targeted expenditure cuts across line ministries and programmes. These measures, if fully implemented, are expected to ensure compliance with the 2014 deficit target of 4% of GDP. In the event that some of the measures are deemed unconstitutional, the government would need to reformulate the budget in order to meet the deficit target.

In Ireland, the EU/IMF programme remains on track and is expected to be successfully completed at the end of the year. The Irish authorities have decided not to apply for a precautionary credit line after the current programme ends. Thereafter, Ireland will be subject to post-programme surveillance in line with the EU/IMF procedures. The government has undertaken to pursue its reform and consolidation efforts beyond the programme period to address remaining challenges, in particular to ensure a timely correction of the excessive deficit by 2015. The general government deficit is expected to meet the target of 7.5% of GDP in 2013. The government presented a budget that is aimed at reaching a deficit of 4.8% of GDP in 2014, slightly more ambitious than the EDP ceiling of 5.1% of GDP. On the revenue side, the measures include, inter alia, higher excise duties, a levy on financial institutions and increases in the pension fund levy and the tax on interest earned on savings; on the expenditure side, the budget foresees a broader range of healthcare and social protection savings.

In Cyprus, EU/IMF staff teams completed the second review mission of Cyprus' economic programme on 7 November. The programme remains on track and all fiscal targets for 2013 have been met. The government is set to overperform against its primary balance target of -2.3% of GDP in 2013 (excluding the one-off transfers to pension funds in the Cyprus Popular Bank), reflecting prudent budget execution and a less severe deterioration of economic activity than originally anticipated. Given the outturns to date, the 2014 fiscal deficit is expected to be about 1 percentage point of GDP lower than originally anticipated. In addition to consolidation measures agreed under programme conditionality, the 2014 budget foresees additional measures worth around 0.3% of GDP that bring forward part of the consolidation initially foreseen for later years. These measures include further cuts to public sector allowances, broadening the income tax base for certain previously exempt pension schemes and lottery gains, the introduction of pension contributions for temporary workers, police and army personnel and the targeting of social pensions.

FISCAL POLICY CHALLENGES

Despite the overall progress made in terms of fiscal consolidation, it is indispensable that the euro area countries further advance along their consolidation path in order to bring the elevated debt levels down towards the 60%-to-GDP threshold. Indeed, there is no reason for complacency, as several euro area countries still have fiscal deficits and debt levels that are considered to be excessive. Progress towards a timely correction of the excessive deficits is at risk in a number of countries, as also confirmed by the European Commission's autumn 2013 economic forecast, although the EDP targets were softened in June 2013. Countries are therefore well advised to undertake actions to remove the risks surrounding the budgetary outlook.

The focus of fiscal consolidation strategies should be on a growth-friendly composition of adjustment. So far, fiscal adjustment has relied to a disproportionally large extent on the revenue side and has been implemented through measures such as potentially distorting tax rate increases and cuts in productive expenditure. Looking ahead, some progress, albeit modest, towards lower primary expenditure is expected for 2014 and 2015. The composition of consolidation strategies must be tailored more towards addressing countries' specific fiscal and structural imbalances. This would imply a better quality of the expenditure structure, for example by supporting efficient growth-enhancing public investment while cutting distortive spending items, thus enabling countries to further increase competitiveness and long-term growth.

To effectively ensure sound fiscal policies and the credibility of the reinforced SGP, it is crucial that the fiscal rules are strictly applied and implemented at national and EU levels. One milestone of the fiscal governance reform is the fiscal compact, which entered into force on 1 January 2013 as part of the Treaty on Stability, Coordination and Governance (TSCG).[1] The deadline for implementing the fiscal compact into national law is one year at the latest after ratification of the TSCG, i.e. by 1 January 2014 for most countries. The concrete transposition of the fiscal compact into national law seems to differ widely across countries, with a few countries not having yet concluded the transposition process. In early 2014, the Commission will make a final assessment as to whether the transposition is in line with requirements. In addition to the fiscal compact, euro area countries are requested to fully implement the Directive on national fiscal frameworks by the end of 2013.[2] The Commission will assess in early 2014 whether countries have improved their national fiscal frameworks in line with requirements.

1 See also the article entitled "A fiscal compact for a stronger Economic and Monetary Union", *Monthly Bulletin*, ECB, May 2012.
2 See also the article entitled "The importance and effectiveness of national fiscal frameworks in the EU", *Monthly Bulletin*, ECB, February 2013.

ARTICLE

DECEMBER 2013 EUROSYSTEM STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA[1]

Real GDP is projected to gain some traction from the fourth quarter of the year onwards, shifting into a slightly higher gear at the end of 2014. A gradual recovery in domestic and external demand is expected to be the driving factor behind the projected sustained increase in activity. Domestic demand will benefit from a reduction in uncertainty, an accommodative monetary policy stance – further strengthened by the recent cut in the policy rate and by forward guidance – a lower fiscal drag, and a drop in commodity prices supporting real disposable incomes. It will also benefit over time from fading credit supply constraints. In addition, activity will be supported over the projection horizon by the favourable impact on exports of a gradual strengthening of external demand. However, despite some progress in rebalancing, which has improved the conditions for growth in stressed countries, the medium-term outlook will be dampened by the need for further adjustment of private and public sector balance sheets and high unemployment. Real GDP is projected to decline by 0.4% in 2013, increasing by 1.1% in 2014 and 1.5% in 2015. A significant amount of slack in the economy is expected to persist until the end of the horizon.

Euro area HICP inflation is projected to be 1.4% in 2013, 1.1% in 2014 and 1.3% in 2015. This moderate price outlook is expected to be partly driven by the downward impact on energy price inflation from declining oil price futures, the past appreciation of the euro and persistent slack in the economy. Food price inflation is also expected to decline substantially, reflecting past declines in international food prices and the assumed modest increase over the projection horizon. HICP inflation excluding energy and food is projected to increase only slightly from 1.1% in 2013 to 1.3% in 2014 and 1.4% in 2015, reflecting subdued domestic cost pressures in the context of the moderate recovery in activity.

Compared with the macroeconomic projections published in the September 2013 issue of the Monthly Bulletin, the projection for real GDP growth has been left unchanged for 2013 and has been revised upwards by 0.1 percentage point for 2014. The projection for headline HICP inflation has been revised downwards by 0.1 percentage point in 2013 and by 0.2 percentage point in 2014.

THE INTERNATIONAL ENVIRONMENT

World real GDP growth (excluding the euro area) is projected to pick up gradually over the projection horizon, rising from 3.3% in 2013 to 3.9% in 2014 and 4.1% in 2015. Growth has gained some momentum in advanced economies in the course of 2013. By contrast, growth in emerging markets has softened owing to weaker domestic demand and limited leeway for further supportive domestic policies. In the short term, global sentiment indicators point to an improvement in business conditions, which is consistent with an ongoing pick-up in global activity. Financing conditions have stabilised recently, following the decision of the Federal Open Market Committee to delay the tapering of asset purchases, and this should overall support the world economic recovery. However, the pace of the recovery is expected to remain gradual. Private sector rebalancing, which is progressing but is still incomplete, and fiscal consolidation are expected to weigh on growth in advanced economies, although to a lesser extent than in the past. The upturn in emerging markets is expected to be muted, as structural factors, including infrastructure bottlenecks and capacity constraints, are likely to restrain growth.

1 On the basis of information available up to 22 November 2013, Eurosystem staff have prepared projections for macroeconomic developments in the euro area. The Eurosystem staff macroeconomic projections are produced jointly by experts from the ECB and the euro area NCBs. They are a biannual input into the Governing Council's assessment of economic developments and the risks to price stability. More information on the procedures and techniques used is given in *A guide to Eurosystem staff macroeconomic projection exercises*, ECB, June 2001, which is available on the ECB's website.

Table 1 The international environment

(annual percentage changes)

	December 2013				Revisions since September 2013		
	2012	2013	2014	2015	2012	2013	2014
World (excluding euro area) real GDP	3.8	3.3	3.9	4.1	0.0	-0.1	-0.1
World (excluding euro area) trade 1)	4.5	3.9	5.6	6.4	0.2	-0.3	-0.1
Euro area foreign demand 2)	4.0	3.0	5.0	5.7	0.3	0.1	-0.1

1) Calculated as a weighted average of imports.
2) Calculated as a weighted average of imports of euro area trade partners.

Global trade has picked up since the start of 2013, in line with the slight rebound in economic activity. However, available indicators point to relatively weak developments in the short run. Looking ahead, world trade growth is expected to strengthen gradually over the projection horizon, but to remain below its pre-crisis rates. Global trade (excluding the euro area) is projected to increase by 3.9% in 2013, 5.6% in 2014 and 6.4% in 2015. With demand from the euro area's main trading partners growing at a slower pace than that from the rest of the world, euro area foreign demand is expected to be somewhat weaker than global trade, growing by 3.0% in 2013, and then accelerating to 5.0% in 2014 and to 5.7% in 2015.

Compared with the macroeconomic projections published in the September 2013 issue of the Monthly Bulletin, the global growth outlook has been revised marginally downwards, as small upward revisions in growth in advanced economies have been offset by downward revisions in activity in emerging economies. The outlook for euro area foreign demand has remained broadly unchanged throughout the projection horizon.

Box 1

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

The technical assumptions about interest rates and commodity prices are based on market expectations, with a cut-off date of 14 November 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 0.2% for 2013, 0.3% for 2014 and 0.5% for 2015. The market expectations for euro area ten-year nominal government bond yields imply an average level of 2.9% in 2013, 3.1% in 2014 and 3.6% in 2015.[1] 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 late 2013 and at the start of 2014, gradually rising thereafter. 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 fall from USD 112.0 in 2012

1 The assumption for euro area ten-year nominal government bond yields is based on the weighted average of countries' ten-year benchmark bond yields, weighted by annual GDP figures and extended by the forward path derived from the ECB's euro area all-bonds ten-year par yield, with the initial discrepancy between the two series kept constant over the projection horizon. The spreads between country-specific government bond yields and the corresponding euro area average are assumed to be constant over the projection horizon.

Technical assumptions

	December 2013				Revisions since September 2013[1),2)]	
	2012	2013	2014	2015	2013	2014
Three-month EURIBOR (as a percentage, p.a.)	0.6	0.2	0.3	0.5	0.0	-0.2
Ten-year government bond yields (as a percentage, p.a.)	3.8	2.9	3.1	3.6	-0.1	-0.4
Oil price (in USD/barrel)	112.0	108.2	103.9	99.2	0.4	1.1
Non-energy commodity prices, in USD (annual percentage change)	-7.2	-5.4	-2.6	3.7	0.0	-2.5
USD/EUR exchange rate	1.29	1.33	1.34	1.34	0.5	1.2
Euro nominal effective exchange rate (annual percentage change)	-5.3	3.7	0.8	0.0	0.1	0.1

1) Revisions are expressed as percentages for levels, differences for growth rates, and percentage points for interest rates and bond yields.
2) Revisions are calculated from unrounded figures.

to USD 108.2 in 2013, USD 103.9 in 2014 and USD 99.2 in 2015. The prices of non-energy commodities in US dollars are assumed to fall by 5.4% in 2013 and by 2.6% in 2014 before increasing by 3.7% in 2015.[2]

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the two-week period ending on the cut-off date. This implies an exchange rate of USD per EUR of 1.33 in 2013 and 1.34 in 2014 and 2015, which is 4.6% higher than in 2012. The effective exchange rate of the euro is assumed to appreciate by 3.7% in 2013 and by 0.8% in 2014 and to remain unchanged in 2015.

The fiscal policy assumptions are based on individual euro area countries' national budget plans that were available on 22 November 2013. They include all policy measures that have already been approved by national parliaments or that have been specified in sufficient detail by governments and are likely to pass the legislative process.

Compared with the macroeconomic projections published in the September 2013 issue of the Monthly Bulletin, the changes in the technical assumptions are relatively small. They include higher US dollar-denominated oil prices, a small appreciation of the exchange rate of the euro and lower interest rates in the euro area.

2 Oil and food commodity price assumptions are based on futures prices up to the end of the projection horizon. The prices of other non-energy hard commodities are assumed to follow futures until the fourth quarter of 2014 and thereafter to evolve in line with global economic activity. EU farm gate prices (in euro), which are used for forecasting food consumer prices, are projected on the basis of an econometric model that takes into account developments in international food commodity prices.

REAL GDP GROWTH PROJECTIONS

Real GDP rose by 0.1% in the third quarter of 2013, following a 0.3% increase in the second quarter (see the chart). Recent survey data point to a moderate strengthening of activity in the fourth quarter of 2013. In the course of 2014 and 2015, the growth momentum is projected to increase somewhat. A gradual recovery in domestic demand is expected to be the main factor behind the pick-up in activity over the projection horizon. Domestic demand will benefit from improving confidence in an environment of declining uncertainty, the accommodative monetary policy stance – further strengthened by the recent cut in the policy rate and by forward guidance – a less restrictive fiscal policy stance, and a drop in commodity price inflation that should support real disposable incomes. Domestic demand is also expected to benefit over time from fading credit supply constraints. In addition, activity will be increasingly supported over the projection horizon by the favourable impact of a gradual strengthening of external demand on exports. However, despite some progress in rebalancing in some stressed euro area countries, which has improved the conditions for export-led growth, the remaining need to adjust private and public sector balance sheets and high unemployment are expected to continue to weigh on the growth outlook over the projection horizon.

Overall, the recovery is projected to remain subdued by historical standards, and euro area real GDP is expected to reach its pre-crisis level (i.e. that of the first quarter of 2008) only by the end of 2015. In annual average terms, real GDP is expected to decline by 0.4% in 2013, largely reflecting a negative carry-over effect stemming from the pattern of activity in 2012, before increasing by 1.1% in 2014 and 1.5% in 2015. This growth pattern reflects a steadily rising contribution from domestic demand combined with an increasing stimulus from exports.

Looking at the growth components in more detail, extra-euro area exports are projected to recover in the fourth quarter of 2013 and to gain momentum in the course of 2014 and 2015, reflecting the strengthening of euro area foreign demand. Intra-euro area exports are projected to grow more slowly than extra-euro area exports, owing to the relative weakness of domestic demand within the euro area.

Business investment is projected to increase in the fourth quarter of 2013, before gaining some momentum in the course of 2014. Over the projection horizon, business investment growth is expected to be supported by a number of factors: the projected gradual strengthening in domestic and external demand; the very low level of interest rates; reduced uncertainty; the need to modernise the capital stock after several years of subdued investment; the reduction of adverse credit supply effects; and some strengthening of profit mark-ups as activity recovers. However, the combined adverse impact of low levels of capacity utilisation, the need for further corporate balance sheet restructuring, adverse financing conditions and a relatively high level of uncertainty in some euro area countries and sectors is assessed to continue to weigh on the outlook. Residential investment is expected to increase modestly in the near term before gaining traction from mid-2014 onwards. Its momentum is expected to remain subdued, however, owing to further adjustment needs in the housing markets of some countries, weak growth in real disposable income, and overall expectations of further house price falls in some countries. Moreover, the relative attractiveness of housing investment in some countries, supported by historically low mortgage rates and rising house prices, can have only a gradual impact, as the construction sector in these countries is already near capacity limits. Government investment is expected to remain weak throughout the projection horizon, owing to the planned fiscal consolidation measures in several euro area countries.

Employment in terms of persons is projected to broadly stagnate over the next quarters, before modestly increasing from mid-2014 onwards. The recovery in employment is expected to be subdued on account of the muted pick-up in activity and of the usual lagged response of employment to output fluctuations, the latter reflecting an increase in hours worked per person before a rise in headcount. However, the output growth threshold for the creation of jobs may have declined in some stressed countries thanks to the impact of labour market reforms. The labour force is expected to stagnate in 2013 and increase modestly thereafter, as certain segments of the population gradually return to the labour market. This should help to dampen wage growth and contribute to potential growth. The unemployment rate is expected to decline modestly over the projection horizon. Labour productivity (measured as output per person employed) picked up during the course of 2013 and

Table 2 Macroeconomic projections for the euro area

(annual percentage changes)[1),2)]

	December 2013				Revisions since September 2013		
	2012	2013	2014	2015	2012	2013	2014
Real GDP[3)]	-0.6	-0.4	1.1	1.5	-0.1	0.0	0.1
		[-0.5 – -0.3]	[0.4 – 1.8]	[0.4 – 2.6]			
Private consumption	-1.4	-0.6	0.7	1.2	0.0	0.0	0.0
Government consumption	-0.6	0.1	0.3	0.4	-0.1	0.2	-0.3
Gross fixed capital formation	-3.9	-3.0	1.6	2.8	0.1	0.6	-0.1
Exports[4)]	2.7	1.1	3.7	4.8	0.0	0.2	0.0
Imports[4)]	-0.8	-0.1	3.5	4.7	0.1	0.4	-0.3
Employment	-0.6	-0.8	0.2	0.4	0.0	0.2	0.2
Unemployment rate (percentage of labour force)	11.4	12.1	12.0	11.8	0.0	-0.1	-0.2
HICP	2.5	1.4	1.1	1.3	0.0	-0.1	-0.2
		[1.4 – 1.4]	[0.6 – 1.6]	[0.5 – 2.1]			
HICP excluding energy	1.9	1.5	1.3	1.5	0.0	-0.1	-0.2
HICP excluding energy and food	1.5	1.1	1.3	1.4	0.0	0.0	-0.1
HICP excluding energy, food and changes in indirect taxes[5)]	1.3	1.0	1.1	1.4	0.0	0.0	-0.1
Unit labour costs	1.8	1.4	0.9	1.0	0.1	0.1	0.1
Compensation per employee	1.8	1.8	1.8	2.1	0.1	0.0	0.0
Labour productivity	0.0	0.4	0.9	1.1	0.0	-0.1	-0.1
General government budget balance (percentage of GDP)	-3.7	-3.2	-2.6	-2.4	0.0	0.0	0.2
Structural budget balance (percentage of GDP)[6)]	-3.1	-2.5	-2.2	-2.1	0.1	0.0	0.1
General government gross debt (percentage of GDP)	90.6	93.2	93.6	93.1	0.2	0.2	-0.2
Current account balance (percentage of GDP)	1.4	2.0	2.2	2.6	0.0	-0.6	-0.7

1) Latvia is included in the projections for 2014 and 2015. The average annual percentage changes for 2014 are based on a euro area composition in 2013 that already includes Latvia.
2) The ranges shown around the projections 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 for calculating the ranges, 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.
3) Working day-adjusted data.
4) Including intra-euro area trade.
5) The sub-index is based on estimates of actual impacts of indirect taxes. This may differ from Eurostat data, which assume a full and immediate pass-through of tax impacts to the HICP.
6) Calculated as the government balance net of transitory effects of the economic cycle and temporary measures taken by governments. The calculation follows the ESCB approach to cyclically adjusted budget balances (see Bouthevillain, C. et al., "Cyclically adjusted budget balances: an alternative approach", *Working Paper Series,* No 77, ECB, September 2001) and the ESCB definition of temporary measures (see Kremer, J. et al., "A disaggregated framework for the analysis of structural developments in public finances", *Working Paper Series,* No 579, ECB, January 2007).

is projected to gain traction over the remainder of the projection horizon, reflecting the expected acceleration in economic activity and the lagged response of employment.

Private consumption is expected to edge up in late 2013, supported by a declining saving ratio in the context of a decline in real disposable income. Private consumption is expected to gain more momentum from early 2014, as real disposable income growth accelerates owing to gradually improving labour market conditions and low inflation developments, despite a slight rise in the saving ratio. Government consumption is projected to increase moderately over the projection horizon.

Extra-euro area imports are projected to accelerate moderately over the projection horizon, albeit remaining constrained by the subdued overall demand. Net trade is expected to contribute only marginally to real GDP growth over the projection horizon. The current account surplus is expected to increase over the projection horizon, reaching 2.6% of GDP in 2015.

Compared with the macroeconomic projections published in the September 2013 issue of the Monthly Bulletin, the projection for real GDP growth is unchanged for 2013 and has been revised upwards by 0.1 percentage point for 2014, largely reflecting a more positive carry-over effect related to a small upward revision of the outlook at the end of 2013.

PRICE AND COST PROJECTIONS

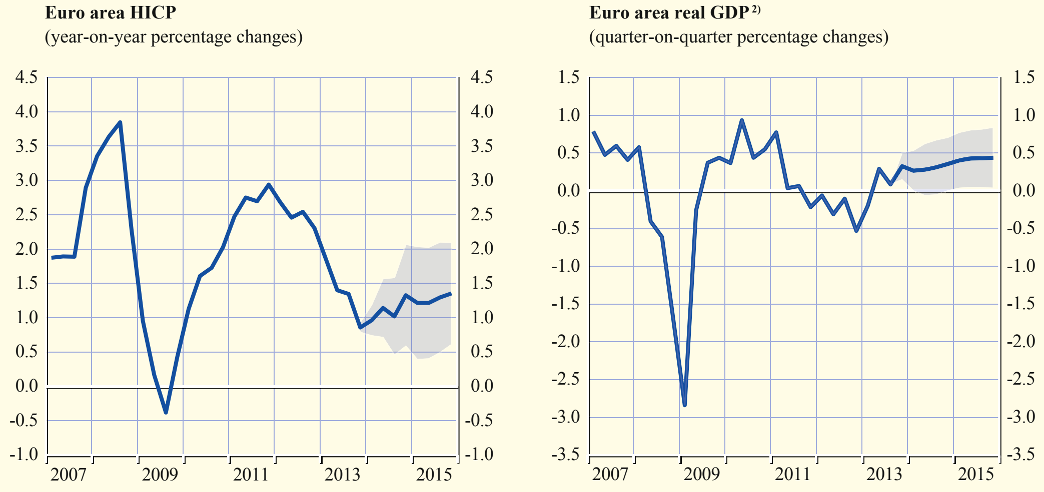
Overall HICP inflation stood at 0.9% in November 2013, down from 2.5% in 2012. The decline in inflation over the course of 2013 reflects, to a large extent, weaker contributions from energy and food prices as well as a subdued trend in services prices and in non-energy industrial goods prices (see Section 3 of this issue of the Monthly Bulletin).

Looking ahead, HICP inflation is expected to remain at low levels, rising slightly in late 2014 and picking up further in 2015, as activity gradually recovers. The annual inflation rate is projected to be 1.4% in 2013, 1.1% in 2014 and 1.3% in 2015.

The moderate outlook for inflation reflects the downward impact from energy prices due to declining oil price futures, the past appreciation of the euro and persistent slack in the economy. In more detail, energy prices are expected to decline further in 2014 and 2015, reflecting the assumed path of oil prices. The contribution of the energy component to overall HICP inflation is therefore expected to be negligible in 2014 and slightly negative in 2015, which is significantly below historical averages. Food price inflation is expected to decline over the first three quarters of 2014, owing to downward base effects and to the expected decline in international and European food commodity prices, before picking up somewhat in 2015 as food commodity prices are assumed to increase again (see the chart). HICP inflation excluding energy and food is expected to increase

Macroeconomic projections [1)]

(quarterly data)



1) The ranges shown around the central projections 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 for calculating the ranges, 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) Working day-adjusted data.

moderately during the course of 2014 and to reach an annual rate of 1.4% in 2015. As the upward impact of past indirect tax hikes is assumed to diminish in 2014 and 2015, inflation as measured by the HICP excluding energy, food and changes in indirect taxes is projected to pick up somewhat more strongly over the projection horizon (see also Box 5 in this issue of the Monthly Bulletin).

External price pressures eased during the first three quarters of 2013, owing to sluggish global demand, the appreciation of the effective exchange rate of the euro and declines in oil and non-oil commodity prices. The import deflator is thus estimated to have declined in year-on-year terms over this period. While it will continue to fall in the following quarters as a result of these factors, the import deflator is expected to increase slightly from mid-2014 onwards, as the downward impact of the previous appreciation of the euro fades away, as non-energy commodity prices increase and as import demand gains momentum, allowing for stronger mark-ups.

Turning to domestic price pressures, the annual growth rate of compensation per employee is expected to remain unchanged at 1.8% in 2013 and in 2014, before increasing to 2.1% in 2015. Unit labour cost growth is projected to decelerate from 1.8% in 2012 to 1.4% in 2013 and to 0.9% in 2014, owing to the cyclical increase in productivity growth, reflecting the lagged response of employment to a pick-up in activity, combined with a broadly unchanged growth rate of compensation per employee. In 2015 a slightly stronger pick-up in the growth rate of compensation per employee than in the growth rate of labour productivity is expected to lead to a small rebound in unit labour cost growth.

Following a strong decline in 2012, the profit margin indicator (as measured by the difference between the GDP deflator at factor cost and unit labour cost growth) is expected to stabilise in 2013, thanks to the gradual, albeit modest, improvement in activity in the course of this year. Thereafter, gradually improving economic conditions are expected to support a modest recovery in profit margins.

Increases in administered prices and indirect taxes that are included in fiscal consolidation plans are expected to make significant upward contributions to HICP inflation in 2013 and 2014. In 2015 such contributions are expected to be less strong in the baseline of this projection. This is, however, partly due to a lack of detailed information on fiscal measures for that year.

Compared with the macroeconomic projections published in the September 2013 issue of the Monthly Bulletin, the projection for headline HICP inflation has been revised downwards by 0.1 percentage point in 2013, reflecting recent lower than expected outturns. The inflation projection for 2014 has been revised downwards by 0.2 percentage point, also reflecting lower commodity prices.

FISCAL OUTLOOK

On the basis of the assumptions outlined in Box 1 above, the general government deficit for the euro area is projected to decrease from 3.7% of GDP in 2012 to 3.2% in 2013 and to decline further to 2.6% in 2014 and 2.4% in 2015. The projected lower deficit for 2013 reflects fiscal consolidation efforts in many euro area countries and a partial unwinding of government assistance to the financial sector. In 2014 and 2015 the projected fall in the general government deficit is driven by a favourable contribution of the cyclical component and a continued improvement in the structural component. The latter, however, is projected to improve at a slower pace than in 2013 and is essentially driven by continued moderate growth in government expenditure.

As a result, the structural budget balance, i.e. the cyclically adjusted balance net of all temporary measures, is projected to improve perceptibly in 2013 and to a lesser extent in the remainder of the horizon. The euro area general government gross debt-to-GDP ratio is projected to peak at 93.6% in 2014, declining thereafter to 93.1% in 2015.

Box 2

FISCAL SENSITIVITY ANALYSIS

Sensitivity analyses are generally conducted in order to quantify risks to the projection baseline stemming from alternative paths of certain underlying assumptions. This box presents the results if additional fiscal consolidation were to be implemented in order to reach fiscal targets.

As mentioned in Box 1, the fiscal policy assumptions include all policy measures that have already been approved by national parliaments or that have been specified in sufficient detail by governments and are likely to pass the legislative process. For most countries, the measures included in the baseline projection fall short of the fiscal consolidation requirements under either the corrective or the preventive arm of the Stability and Growth Pact. The commitment to comply with these requirements is broadly reflected in the fiscal targets outlined by governments in their 2013 stability programme updates, in EU-IMF programme documents and, to some extent, in the recent 2014 draft budgetary plans. However, the underlying measures to achieve these targets are often either missing or not sufficiently well specified, and they are thus not taken into account in the baseline projection, especially for 2015, which in most countries is not covered by the current budget exercises. It is therefore not only necessary but also likely that additional fiscal consolidation measures, as compared with those embedded in the baseline, will be adopted by governments by 2015. The impact of such additional consolidation measures on real GDP growth and HICP inflation can be gauged by means of a fiscal sensitivity analysis. Conducting such a sensitivity analysis is important in order to assess the risks surrounding the baseline projection.

Assumptions underlying the fiscal sensitivity analysis

The fiscal sensitivity analysis takes as a starting point the "fiscal gap" between governments' budgetary targets and the baseline budget projections. Country-specific conditions and information in terms of both size and composition are used to gauge the likely additional fiscal consolidation. In particular, country-specific information aims to capture uncertainties surrounding fiscal targets, the likelihood of additional fiscal consolidation measures and the associated macroeconomic feedback effects.

On the basis of this approach, the additional consolidation for the euro area is assessed to be broadly zero in 2013 and about 0.2% of GDP in 2014, while a larger amount of additional measures is assessed to be likely in 2015 (about 0.6% of GDP, bringing the cumulative amount of additional consolidation to around 0.8% of GDP by end-2015). As regards the composition of fiscal measures, the sensitivity analysis seeks to incorporate country and time-specific profiles of the most likely additional consolidation efforts. In this exercise, at the euro area aggregate level, fiscal consolidation is assessed to be tilted somewhat to the expenditure side of the budget, but it also includes increases in indirect and direct taxes and social security contributions.

The estimated macroeconomic impact of additional fiscal consolidation on real GDP growth and HICP inflation in the euro area

Assumptions (% of GDP)	2013	2014	2015
Government budget targets 1)	-3.1	-2.4	-1.6
Baseline fiscal projections	-3.2	-2.6	-2.4
Additional fiscal consolidation (cumulative) 2)	0.0	0.2	0.8
Effects of additional fiscal consolidation (percentage points) 3)			
Real GDP growth	0.0	-0.1	-0.3
HICP inflation	0.0	0.0	0.2

1) Nominal targets as included in the latest EU-IMF programme documents for the relevant countries; latest excessive deficit procedure recommendations for countries under an excessive deficit procedure; 2014 draft budgetary plans and 2013 stability programme updates for countries not under an excessive deficit procedure.
2) Sensitivity analysis based on assessments by Eurosystem staff.
3) Deviations from the baseline in percentage points for real GDP growth and HICP inflation (both on an annual basis). The macroeconomic impact is simulated using the ECB's New Area-Wide Model.

Macroeconomic impact from additional fiscal consolidation

The simulation results of the impact from the fiscal sensitivity analysis on real GDP growth and HICP inflation for the euro area using the ECB's New Area-Wide Model [1] are summarised in the table above.

The macroeconomic impact from the additional fiscal consolidation is limited in 2013 and 2014. In 2015 the impact on real GDP growth is estimated at about -0.3 percentage point, while the impact on HICP inflation is estimated at around 0.2 percentage point. The analysis therefore points to some downside risks to the baseline projection for real GDP growth especially in 2015, since not all of the intended fiscal consolidation measures are yet included in the baseline. At the same time, there are also upside risks to inflation, as part of the additional consolidation is assessed to originate from increases in indirect taxes.

It should be stressed that this fiscal sensitivity analysis focuses only on the potential short-term effects of likely additional fiscal consolidation. While even well-designed fiscal consolidation measures often have negative short-term effects on real GDP growth, there are positive longer-term effects on activity that are not evident in the horizon of this analysis.[2]

Finally, the results of this analysis should not be interpreted as calling into question the need for additional fiscal consolidation efforts over the projection horizon. Indeed, further consolidation efforts are necessary to restore sound public finances in the euro area. Without such consolidation, there is a risk that the pricing of sovereign debt could be adversely affected. Furthermore, effects on confidence may be negative, hindering the economic recovery.

1 For a description of the New Area-Wide Model, see Christoffel K., Coenen G. and Warne A., "The New Area-Wide Model of the euro area: a micro-founded open-economy model for forecasting and policy analysis", *Working Paper Series*, No 944, ECB, 2008.
2 For a more detailed analysis of the macroeconomic effects of fiscal consolidation, see the box entitled "The role of fiscal multipliers in the current consolidation debate", *Monthly Bulletin*, ECB, December 2012.

Box 3

FORECASTS BY OTHER INSTITUTIONS

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

In the forecasts currently available from other institutions, euro area real GDP is expected to decline by 0.4% in 2013, which is identical to the Eurosystem staff projection. Real GDP growth is projected to gradually increase to between 0.9% and 1.1% in 2014 and to between 1.3% and 1.7% in 2015, similar to the path entailed in the Eurosystem staff projections.

As regards inflation, the forecasts from other institutions point to average annual HICP inflation of between 1.4% and 1.5% in 2013, which is close to the Eurosystem staff projection. HICP inflation is expected to average between 1.2% and 1.5% in 2014 and between 1.2% and 1.6% in 2015 in the other available projections.

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

(annual percentage changes)

	Date of release	GDP growth			HICP inflation		
		2013	2014	2015	2013	2014	2015
Eurosystem staff projections	December 2013	-0.4	1.1	1.5	1.4	1.1	1.3
		[-0.5 – -0.3]	[0.4 – 1.8]	[0.4 – 2.6]	[1.4 – 1.4]	[0.6 – 1.6]	[0.5 – 2.1]
European Commission	November 2013	-0.4	1.1	1.7	1.5	1.5	1.4
OECD	November 2013	-0.4	1.0	1.6	1.4	1.2	1.2
Euro Zone Barometer	November 2013	-0.4	1.1	1.5	1.5	1.4	1.6
Consensus Economics Forecasts	November 2013	-0.4	0.9	1.3	1.4	1.3	1.6
Survey of Professional Forecasters	November 2013	-0.4	1.0	1.5	1.4	1.5	1.6
IMF	October 2013	-0.4	1.0	1.4	1.5	1.5	1.4

Sources: European Commission Economic Forecasts, Autumn 2013; IMF World Economic Outlook, October 2013; OECD Economic Outlook, November 2013; Consensus Economics Forecasts; MJEconomics; and the ECB's Survey of Professional Forecasters.
Notes: The Eurosystem staff macroeconomic projections and the OECD forecasts both report working day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working day-adjusted or non-working day-adjusted data.

EURO AREA STATISTICS

CONTENTS[1]

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

Conventions used in the tables

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

EURO AREA OVERVIEW

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

1. Monetary developments and interest rates [1]

	M1 [2]	M2 [2]	M3 [2], [3]	M3 [2], [3] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2]	Securities other than shares issued in euro by non-MFI corporations [2]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4]
	1	2	3	4	5	6	7	8
2011	2.1	2.3	1.5	-	2.2	0.6	1.39	2.65
2012	4.0	3.1	2.9	-	-0.2	1.2	0.58	1.72
2012 Q4	6.2	4.2	3.6	-	-0.8	0.8	0.20	1.72
2013 Q1	6.8	4.3	3.2	-	-0.8	1.5	0.21	1.76
Q2	8.1	4.6	2.8	-	-1.1	0.2	0.21	2.14
Q3	7.0	4.1	2.2	-	-1.9	2.2	0.22	2.05
2013 June	7.6	4.3	2.4	2.5	-1.6	0.7	0.21	2.14
July	7.1	4.1	2.2	2.3	-1.9	2.0	0.22	1.95
Aug.	6.8	4.0	2.3	2.2	-2.1	2.7	0.23	2.17
Sep.	6.7	3.8	2.0	1.9	-2.0	3.1	0.22	2.05
Oct.	6.6	3.2	1.4	.	-2.1	.	0.23	1.95
Nov.	.	.	.	.	.	.	0.22	1.99

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

	HICP [1]	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2011	2.7	5.7	2.2	1.6	3.2	80.6	0.3	10.1
2012	2.5	2.8	1.8	-0.7	-2.4	78.6	-0.7	11.4
2013 Q1	1.9	1.2	1.7	-1.2	-2.3	77.5	-1.0	12.0
Q2	1.4	-0.1	0.9	-0.6	-0.7	77.9	-1.0	12.1
Q3	1.3	-0.6	.	-0.4	-0.6	78.4	.	12.1
2013 June	1.6	0.1	-	-	-0.1	-	-	12.1
July	1.6	0.0	-	-	-1.8	78.3	-	12.1
Aug.	1.3	-0.9	-	-	-1.1	-	-	12.1
Sep.	1.1	-0.9	-	-	1.1	-	-	12.2
Oct.	0.7	-1.4	-	-	.	78.4	-	12.1
Nov.	0.9	.	-	-	.	-	-	.

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

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-21 [6] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2011	19.2	2.3	145.3	667.1	-15.4	126.7	103.4	100.6	1.3920
2012	131.2	94.9	68.8	689.4	-13.3	127.5	97.9	95.5	1.2848
2012 Q4	68.2	35.0	45.4	689.4	-13.3	127.5	97.9	95.5	1.2967
2013 Q1	26.4	30.7	-7.5	687.8	-12.4	129.1	100.8	98.2	1.3206
Q2	58.1	52.1	18.4	564.3	-13.8	126.8	100.9	98.2	1.3062
Q3	56.8	41.6	-38.9	586.8	.	.	101.9	99.1	1.3242
2013 June	30.1	18.5	7.9	564.3	-	-	101.6	98.8	1.3189
July	28.4	19.7	-44.4	588.7	-	-	101.5	98.8	1.3080
Aug.	13.8	8.3	17.4	613.0	-	-	102.2	99.5	1.3310
Sep.	14.6	13.7	-11.9	586.8	-	-	102.0	99.1	1.3348
Oct.	.	.	.	579.6	-	-	102.9	99.7	1.3635
Nov.	.	.	.	.	-	-	102.7	99.4	1.3493

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.

1 MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	1 November 2013	8 November 2013	15 November 2013	22 November 2013	29 November 2013
Gold and gold receivables	343,919	343,920	343,920	343,920	343,920
Claims on non-euro area residents in foreign currency	244,795	243,869	244,216	244,948	244,327
Claims on euro area residents in foreign currency	22,175	22,370	22,467	22,805	23,363
Claims on non-euro area residents in euro	21,467	18,709	19,111	19,381	19,342
Lending to euro area credit institutions in euro	740,153	729,686	721,884	717,615	719,033
Main refinancing operations	89,319	89,524	87,744	86,881	97,210
Longer-term refinancing operations	650,810	640,159	634,139	630,553	621,749
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	24	2	0	181	74
Credits related to margin calls	1	1	1	1	1
Other claims on euro area credit institutions in euro	80,406	83,212	83,992	81,441	77,195
Securities of euro area residents in euro	593,354	593,175	592,233	592,272	592,189
Securities held for monetary policy purposes	241,614	241,554	241,554	241,456	241,421
Other securities	351,740	351,621	350,679	350,816	350,768
General government debt in euro	28,328	28,328	28,328	28,328	28,328
Other assets	239,794	242,163	242,867	242,891	243,259
Total assets	2,314,393	2,305,431	2,299,017	2,293,601	2,290,956

2. Liabilities

	1 November 2013	8 November 2013	15 November 2013	22 November 2013	29 November 2013
Banknotes in circulation	924,528	923,581	922,566	920,986	927,496
Liabilities to euro area credit institutions in euro	467,102	477,246	459,760	446,103	429,609
Current accounts (covering the minimum reserve system)	226,935	230,569	231,888	217,957	215,501
Deposit facility	52,127	62,442	43,861	44,039	56,147
Fixed-term deposits	188,000	184,000	184,000	184,000	157,764
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	39	234	11	108	196
Other liabilities to euro area credit institutions in euro	5,692	5,538	5,328	5,393	5,141
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	110,342	89,084	106,442	117,054	133,880
Liabilities to non-euro area residents in euro	123,510	129,496	122,724	122,692	114,348
Liabilities to euro area residents in foreign currency	1,241	1,332	1,327	2,208	2,282
Liabilities to non-euro area residents in foreign currency	4,999	4,542	4,929	5,191	5,110
Counterpart of special drawing rights allocated by the IMF	53,565	53,565	53,565	53,565	53,565
Other liabilities	228,460	226,091	227,421	225,455	224,571
Revaluation accounts	304,534	304,534	304,534	304,534	304,534
Capital and reserves	90,420	90,420	90,420	90,420	90,420
Total liabilities	2,314,393	2,305,431	2,299,017	2,293,601	2,290,956

Source: ECB.

1.2 Key ECB interest rates

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

With effect from: [1]	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
			Fixed rate	Minimum bid rate			
	Level	Change	Level	Level	Change	Level	Change
	1	2	3	4	5	6	7
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 [2]	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 [3]	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25
31 Aug.	3.25	-0.25	-	4.25	-0.25	5.25	-0.25
18 Sep.	2.75	-0.50	-	3.75	-0.50	4.75	-0.50
9 Nov.	2.25	-0.50	-	3.25	-0.50	4.25	-0.50
2002 6 Dec.	1.75	-0.50	-	2.75	-0.50	3.75	-0.50
2003 7 Mar.	1.50	-0.25	-	2.50	-0.25	3.50	-0.25
6 June	1.00	-0.50	-	2.00	-0.50	3.00	-0.50
2005 6 Dec.	1.25	0.25	-	2.25	0.25	3.25	0.25
2006 8 Mar.	1.50	0.25	-	2.50	0.25	3.50	0.25
15 June	1.75	0.25	-	2.75	0.25	3.75	0.25
9 Aug.	2.00	0.25	-	3.00	0.25	4.00	0.25
11 Oct.	2.25	0.25	-	3.25	0.25	4.25	0.25
13 Dec.	2.50	0.25	-	3.50	0.25	4.50	0.25
2007 14 Mar.	2.75	0.25	-	3.75	0.25	4.75	0.25
13 June	3.00	0.25	-	4.00	0.25	5.00	0.25
2008 9 July	3.25	0.25	-	4.25	0.25	5.25	0.25
8 Oct.	2.75	-0.50	-	-	-	4.75	-0.50
9 [4]	3.25	0.50	-	-	-	4.25	-0.50
15 [5]	3.25	...	3.75	-	-0.50	4.25	...
12 Nov.	2.75	-0.50	3.25	-	-0.50	3.75	-0.50
10 Dec.	2.00	-0.75	2.50	-	-0.75	3.00	-0.75
2009 21 Jan.	1.00	-1.00	2.00	-	-0.50	3.00	...
11 Mar.	0.50	-0.50	1.50	-	-0.50	2.50	-0.50
8 Apr.	0.25	-0.25	1.25	-	-0.25	2.25	-0.25
13 May	0.25	...	1.00	-	-0.25	1.75	-0.50
2011 13 Apr.	0.50	0.25	1.25	-	0.25	2.00	0.25
13 July	0.75	0.25	1.50	-	0.25	2.25	0.25
9 Nov.	0.50	-0.25	1.25	-	-0.25	2.00	-0.25
14 Dec.	0.25	-0.25	1.00	-	-0.25	1.75	-0.25
2012 11 July	0.00	-0.25	0.75	-	-0.25	1.50	-0.25
2013 8 May	0.00	...	0.50	-	-0.25	1.00	-0.50
13 Nov.	0.00	...	0.25	-	-0.25	0.75	-0.25

Source: ECB.

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

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

(EUR millions; interest rates in percentages per annum)

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

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8
				Main refinancing operations				
2013 28 Aug.	97,126	63	97,126	0.50	-	-	-	7
4 Sep.	95,621	66	95,621	0.50	-	-	-	7
11	97,170	70	97,170	0.50	-	-	-	7
18	96,249	79	96,249	0.50	-	-	-	7
25	97,027	74	97,027	0.50	-	-	-	7
2 Oct.	94,466	73	94,466	0.50	-	-	-	7
9	93,366	68	93,366	0.50	-	-	-	7
16	91,234	70	91,234	0.50	-	-	-	7
23	90,605	67	90,605	0.50	-	-	-	7
30	89,319	66	89,319	0.50	-	-	-	7
6 Nov.	89,524	64	89,524	0.50	-	-	-	7
13	87,744	67	87,744	0.25	-	-	-	7
20	86,881	71	86,881	0.25	-	-	-	7
27	97,210	78	97,210	0.25	-	-	-	7
4 Dec.	94,625	78	94,625	0.25	-	-	-	7
				Longer-term refinancing operations [5)]				
2013 12 June	3,591	20	3,591	0.50	-	-	-	28
27	9,477	50	9,477	0.50	-	-	-	91
10 July	3,536	21	3,536	0.50	-	-	-	28
1 Aug.	2,683	43	2,683	0.50	-	-	-	91
7	3,910	24	3,910	0.50	-	-	-	35
29	6,823	38	6,823	0.46	-	-	-	91
11 Sep.	3,430	23	3,430	0.50	-	-	-	28
26 [6)]	8,607	51	8,607	.	-	-	-	84
9 Oct.	3,447	21	3,447	0.50	-	-	-	35
31 [6)]	1,930	43	1,930	.	-	-	-	91
13 Nov.	3,194	21	3,194	0.25	-	-	-	28
28 [6)]	5,926	47	5,926	.	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2013 28 Aug.	Collection of fixed-term deposits	287,539	123	190,500	-	-	0.50	0.13	0.11	7
4 Sep.	Collection of fixed-term deposits	314,840	133	190,500	-	-	0.50	0.10	0.09	7
11	Collection of fixed-term deposits	297,762	128	190,500	-	-	0.50	0.09	0.08	7
18	Collection of fixed-term deposits	272,916	122	190,500	-	-	0.50	0.09	0.08	7
25	Collection of fixed-term deposits	248,472	116	190,500	-	-	0.50	0.19	0.11	7
2 Oct.	Collection of fixed-term deposits	265,066	117	187,500	-	-	0.50	0.09	0.08	7
9	Collection of fixed-term deposits	251,347	117	188,000	-	-	0.50	0.09	0.08	7
16	Collection of fixed-term deposits	219,440	117	188,000	-	-	0.50	0.15	0.09	7
23	Collection of fixed-term deposits	240,212	132	188,000	-	-	0.50	0.12	0.09	7
30	Collection of fixed-term deposits	215,802	119	188,000	-	-	0.50	0.18	0.12	7
6 Nov.	Collection of fixed-term deposits	257,518	131	184,000	-	-	0.50	0.13	0.10	7
13	Collection of fixed-term deposits	254,702	126	184,000	-	-	0.25	0.10	0.09	7
20	Collection of fixed-term deposits	218,118	122	184,000	-	-	0.25	0.11	0.09	7
27	Collection of fixed-term deposits	157,764	108	157,764	-	-	0.25	0.25	0.16	7
4 Dec.	Collection of fixed-term deposits	190,189	130	184,000	-	-	0.25	0.25	0.14	7

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
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	18,564.7	9,971.7	637.5	2,583.9	1,163.1	4,208.4
2013 May	18,639.0	9,884.9	610.0	2,571.8	1,496.7	4,075.6
June	18,577.4	9,948.3	593.5	2,531.5	1,426.0	4,078.1
July	18,343.3	9,826.4	596.3	2,515.3	1,422.1	3,983.3
Aug.	18,252.7	9,835.6	587.7	2,494.7	1,353.8	3,981.0
Sep.	18,133.7	9,806.2	572.8	2,483.8	1,301.4	3,969.5

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
2013 9 July	105.1	286.5	181.4	0.0	0.50
6 Aug.	104.5	269.6	165.1	0.0	0.50
10 Sep.	104.9	274.5	169.6	0.0	0.50
8 Oct.	103.8	268.4	164.7	0.0	0.50
12 Nov.	103.8	244.9	141.1	0.0	0.50
10 Dec.	103.3	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0
2013 11 June	656.0	104.7	728.4	0.5	259.9	90.5	199.4	904.1	83.1	172.3	300.3	1,294.9
9 July	615.9	108.8	708.0	1.3	256.4	92.1	195.0	909.3	92.5	115.1	286.5	1,287.9
6 Aug.	532.3	104.5	698.6	0.2	255.0	82.6	195.5	917.6	97.1	28.2	269.6	1,269.8
10 Sep.	531.8	97.5	692.3	0.4	251.1	79.2	191.7	920.4	72.6	34.7	274.5	1,274.2
8 Oct.	538.2	96.2	674.6	0.2	248.2	58.9	189.8	918.3	80.1	41.9	268.4	1,245.6
12 Nov.	550.9	90.8	652.4	0.1	244.6	52.1	187.2	920.4	70.9	63.4	244.9	1,217.4

Source: ECB.

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

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents					Holdings of securities other than shares issued by euro area residents				Money market fund shares/units [2]	Holdings of shares/other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2011	4,700.4	2,780.5	18.0	1.0	2,761.5	717.2	557.0	10.1	150.1	-	20.3	779.2	8.1	395.0
2012	5,287.6	3,351.2	16.9	1.0	3,333.3	723.1	568.4	10.5	144.2	-	23.4	799.9	8.3	381.8
2013 Q2	4,399.4	2,572.6	15.1	1.2	2,556.3	741.7	588.9	25.3	127.4	-	23.6	665.0	8.3	388.4
Q3	4,303.2	2,455.0	15.1	1.2	2,438.7	727.9	576.7	26.5	124.7	-	24.6	690.7	8.3	396.8
2013 July	4,364.2	2,508.6	15.0	1.2	2,492.4	737.8	586.7	25.9	125.2	-	23.9	693.9	8.3	391.6
Aug.	4,353.7	2,485.8	15.0	1.2	2,469.5	730.1	579.4	25.9	124.8	-	24.0	711.3	8.3	394.2
Sep.	4,303.2	2,455.0	15.1	1.2	2,438.7	727.9	576.7	26.5	124.7	-	24.6	690.7	8.3	396.8
Oct. (p)	4,228.5	2,399.5	15.1	1.2	2,383.3	724.6	575.7	25.7	123.3	-	25.2	671.7	8.4	399.0
	MFIs excluding the Eurosystem													
2011	33,533.5	18,476.5	1,159.6	11,163.1	6,153.8	4,765.1	1,395.9	1,517.3	1,852.0	50.2	1,212.0	4,253.5	232.3	4,543.9
2012	32,697.6	17,992.9	1,153.4	11,042.6	5,796.9	4,901.6	1,627.0	1,423.3	1,851.3	66.8	1,227.8	4,044.0	214.6	4,249.9
2013 Q2	32,009.2	17,529.1	1,101.8	10,978.7	5,448.6	4,959.6	1,785.2	1,407.3	1,767.1	50.9	1,246.4	4,003.4	209.5	4,010.4
Q3	31,385.2	17,303.4	1,090.4	10,781.1	5,431.9	4,841.3	1,744.7	1,392.8	1,703.8	58.9	1,232.9	3,894.1	210.4	3,844.2
2013 July	31,695.8	17,418.7	1,105.2	10,897.7	5,415.7	4,916.0	1,753.1	1,405.8	1,757.1	52.2	1,249.2	3,942.2	210.1	3,907.5
Aug.	31,536.9	17,384.6	1,090.2	10,768.4	5,526.0	4,893.2	1,755.3	1,401.8	1,736.1	58.1	1,223.4	3,949.8	210.1	3,817.7
Sep.	31,385.2	17,303.4	1,090.4	10,781.1	5,431.9	4,841.3	1,744.7	1,392.8	1,703.8	58.9	1,232.9	3,894.1	210.4	3,844.2
Oct. (p)	31,354.5	17,192.5	1,103.0	10,737.5	5,352.0	4,825.2	1,763.9	1,374.6	1,686.7	55.8	1,234.5	3,950.4	209.0	3,887.1

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2011	4,700.4	913.6	2,609.0	63.8	12.1	2,533.1	-	0.0	481.3	284.3	412.2
2012	5,287.6	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	536.1	298.7	452.4
2013 Q2	4,399.4	936.8	2,350.7	107.9	45.7	2,197.1	-	0.0	421.4	241.3	449.3
Q3	4,303.2	944.6	2,225.0	82.0	49.2	2,093.8	-	0.0	444.8	225.4	463.5
2013 July	4,364.2	944.3	2,281.6	114.7	50.6	2,116.3	-	0.0	449.5	232.9	455.8
Aug.	4,353.7	945.3	2,250.3	81.3	46.3	2,122.7	-	0.0	469.1	229.4	459.5
Sep.	4,303.2	944.6	2,225.0	82.0	49.2	2,093.8	-	0.0	444.8	225.4	463.5
Oct. (p)	4,228.5	950.4	2,153.1	79.7	69.2	2,004.2	-	0.0	444.4	213.5	467.1
	MFIs excluding the Eurosystem										
2011	33,533.5	-	17,312.0	195.5	10,752.1	6,364.4	570.6	5,008.2	2,229.1	3,805.2	4,608.3
2012	32,697.6	-	17,201.8	170.8	10,869.2	6,161.9	534.7	4,848.9	2,343.9	3,491.0	4,277.2
2013 Q2	32,009.2	-	17,074.6	236.7	11,085.1	5,752.8	486.9	4,590.6	2,391.8	3,407.5	4,057.8
Q3	31,385.2	-	16,854.3	190.9	10,929.7	5,733.8	476.8	4,470.5	2,392.7	3,271.7	3,919.2
2013 July	31,695.8	-	16,947.4	203.8	11,006.4	5,737.3	487.0	4,538.1	2,405.1	3,363.3	3,954.9
Aug.	31,536.9	-	16,949.0	181.5	10,950.5	5,817.0	502.5	4,506.4	2,388.8	3,339.6	3,850.6
Sep.	31,385.2	-	16,854.3	190.9	10,929.7	5,733.8	476.8	4,470.5	2,392.7	3,271.7	3,919.2
Oct. (p)	31,354.5	-	16,766.5	165.5	10,918.8	5,682.2	474.6	4,447.5	2,398.9	3,296.8	3,970.3

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

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2]
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011	26,718.7	12,341.7	1,177.6	11,164.1	3,480.2	1,952.8	1,527.4	741.0	5,032.7	240.4	4,882.7
2012	26,247.1	12,213.8	1,170.3	11,043.5	3,629.2	2,195.4	1,433.8	767.0	4,843.9	222.9	4,570.3
2013 Q2	25,930.0	12,096.7	1,116.9	10,979.9	3,806.8	2,374.1	1,432.6	792.5	4,668.3	217.7	4,347.9
Q3	25,415.0	11,887.8	1,105.5	10,782.3	3,740.7	2,321.4	1,419.3	792.6	4,584.7	218.7	4,190.4
2013 July	25,678.5	12,019.2	1,120.3	10,898.9	3,771.5	2,339.8	1,431.8	785.7	4,636.1	218.4	4,247.7
Aug.	25,459.2	11,874.8	1,105.2	10,769.6	3,762.5	2,334.8	1,427.7	781.6	4,661.1	218.4	4,160.7
Sep.	25,415.0	11,887.8	1,105.5	10,782.3	3,740.7	2,321.4	1,419.3	792.6	4,584.7	218.7	4,190.4
Oct. (p)	25,462.9	11,856.8	1,118.1	10,738.6	3,739.8	2,339.5	1,400.3	793.1	4,622.1	217.4	4,233.7
	Transactions										
2011	993.2	60.3	-55.6	115.9	127.8	151.9	-24.1	-29.9	-37.2	7.8	864.3
2012	85.4	-37.2	-4.7	-32.5	113.1	183.6	-70.5	38.6	-153.5	-14.1	138.6
2013 Q2	-440.4	-69.9	-23.6	-46.3	79.7	79.7	0.0	9.1	2.5	-0.3	-463.9
Q3	-436.0	-97.4	-12.6	-84.8	-71.4	-58.5	-12.9	-8.4	-79.2	1.1	-180.7
2013 July	-255.0	-70.4	2.3	-72.7	-40.0	-39.6	-0.4	-12.0	-31.7	0.6	-101.4
Aug.	-159.7	-47.0	-15.0	-32.0	-6.2	-2.7	-3.5	-2.5	-15.6	0.1	-88.4
Sep.	-21.3	20.0	0.2	19.9	-25.2	-16.2	-9.0	6.1	-31.8	0.4	9.1
Oct. (p)	61.8	-23.1	12.5	-35.6	-15.1	4.6	-19.6	-5.6	64.6	-1.2	42.2

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities [2]	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011	26,718.7	857.5	259.3	10,764.3	520.4	3,006.2	2,219.1	4,089.5	5,020.5	-17.9
2012	26,247.1	876.8	252.1	10,933.6	467.9	2,853.4	2,395.9	3,789.7	4,729.7	-52.0
2013 Q2	25,930.0	885.9	344.6	11,130.9	435.9	2,696.1	2,335.8	3,648.8	4,507.1	-55.0
Q3	25,415.0	894.0	272.9	10,978.8	417.9	2,642.0	2,372.6	3,497.1	4,382.7	-43.1
2013 July	25,678.5	892.8	318.5	11,057.0	434.8	2,655.8	2,367.2	3,596.2	4,410.8	-54.5
Aug.	25,459.2	894.2	262.8	10,996.8	444.4	2,645.5	2,392.2	3,569.1	4,310.1	-55.9
Sep.	25,415.0	894.0	272.9	10,978.8	417.9	2,642.0	2,372.6	3,497.1	4,382.7	-43.1
Oct. (p)	25,462.9	897.9	245.2	10,988.1	418.8	2,637.5	2,376.6	3,510.3	4,437.3	-48.9
	Transactions									
2011	993.2	49.1	-0.8	168.1	-29.0	50.0	141.4	-199.9	860.6	-46.1
2012	85.4	19.5	-5.1	187.0	-18.2	-124.8	155.4	-254.1	148.0	-22.4
2013 Q2	-440.4	18.4	42.2	85.7	-23.4	-66.7	49.4	-104.7	-437.7	-3.6
Q3	-436.0	8.1	-71.7	-63.2	-18.1	-42.0	6.7	-129.6	-151.2	25.0
2013 July	-255.0	6.9	-26.1	-69.9	-1.1	-33.7	-2.0	-26.0	-103.7	0.7
Aug.	-159.7	1.4	-55.7	21.2	9.5	-12.5	10.6	-49.8	-98.8	14.4
Sep.	-21.3	-0.2	10.1	-14.6	-26.4	4.3	-1.9	-53.8	51.3	9.9
Oct. (p)	61.8	3.9	-28.0	12.8	1.0	3.2	-7.9	32.8	49.2	-5.2

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

2.3 Monetary statistics [1]

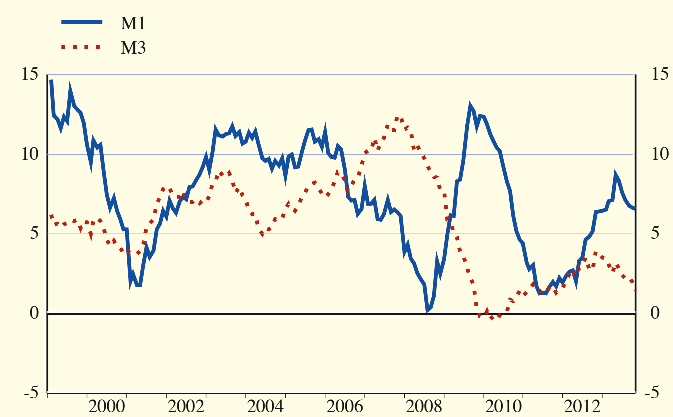
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3: M2: M1	M3: M2: M2-M1	M3: M2	M3: M3-M2	M3	M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents [3]	Credit to other euro area residents: Loans	Credit to other euro area residents: Loans adjusted for sales and securitisation [5]	Net external assets [4]
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2011	4,807.0	3,800.6	8,607.6	891.7	9,499.2	-	7,678.0	3,164.7	13,286.3	11,018.1	-	927.7
2012	5,110.0	3,882.3	8,992.4	790.1	9,782.5	-	7,568.4	3,406.0	13,059.4	10,858.2	-	1,037.5
2013 Q2	5,264.3	3,873.9	9,138.2	686.5	9,824.6	-	7,385.8	3,451.5	12,935.8	10,707.4	-	1,006.0
Q3	5,345.8	3,852.5	9,198.4	664.8	9,863.2	-	7,365.9	3,437.3	12,865.8	10,630.7	-	1,080.3
2013 July	5,300.7	3,870.7	9,171.4	683.1	9,854.5	-	7,382.0	3,449.9	12,888.2	10,659.2	-	1,039.1
Aug.	5,338.8	3,856.0	9,194.8	685.7	9,880.5	-	7,393.7	3,452.4	12,878.9	10,649.9	-	1,079.8
Sep.	5,345.8	3,852.5	9,198.4	664.8	9,863.2	-	7,365.9	3,437.3	12,865.8	10,630.7	-	1,080.3
Oct. (p)	5,397.9	3,820.9	9,218.9	663.2	9,882.1	-	7,392.3	3,463.4	12,829.0	10,608.4	-	1,113.5
Transactions												
2011	91.4	69.5	161.0	-8.1	152.8	-	211.9	95.8	49.6	104.0	130.7	162.5
2012	310.3	78.1	388.4	-55.4	332.9	-	-117.0	184.9	-101.7	-70.0	-16.0	99.2
2013 Q2	66.4	-7.4	58.9	-33.9	25.0	-	-32.9	23.2	-75.7	-94.2	-86.3	77.9
Q3	84.8	-20.4	64.5	-28.9	35.6	-	-36.8	-21.1	-72.4	-70.9	-64.4	56.6
2013 July	38.0	-1.8	36.2	-4.3	31.9	-	-28.7	-7.9	-44.2	-40.0	-32.1	7.0
Aug.	37.1	-16.3	20.8	-5.2	15.6	-	-3.8	4.7	-16.7	-18.9	-16.4	22.7
Sep.	9.7	-2.3	7.5	-19.4	-11.9	-	-4.2	-18.0	-11.5	-12.1	-15.9	26.9
Oct. (p)	53.9	-30.5	23.4	-1.4	22.0	-	22.8	12.3	-35.5	-14.3	-14.5	40.8
Growth rates												
2011	1.9	1.9	1.9	-0.9	1.6	1.7	2.9	3.2	0.4	1.0	1.2	162.5
2012	6.5	2.1	4.5	-6.5	3.5	3.6	-1.5	5.9	-0.8	-0.6	-0.1	99.2
2013 Q2	7.6	0.1	4.3	-17.0	2.4	2.5	-1.0	2.7	-1.1	-1.6	-1.0	282.5
Q3	6.7	0.1	3.8	-17.6	2.0	1.9	-1.3	0.7	-1.2	-2.0	-1.6	309.4
2013 July	7.1	0.2	4.1	-17.7	2.2	2.3	-1.0	2.2	-1.2	-1.9	-1.4	266.2
Aug.	6.8	0.4	4.0	-16.4	2.3	2.2	-1.2	2.2	-1.2	-2.1	-1.5	279.7
Sep.	6.7	0.1	3.8	-17.6	2.0	1.9	-1.3	0.7	-1.2	-2.0	-1.6	309.4
Oct. (p)	6.6	-1.2	3.2	-17.9	1.4	.	-0.9	0.8	-1.4	-2.1	-1.7	321.7

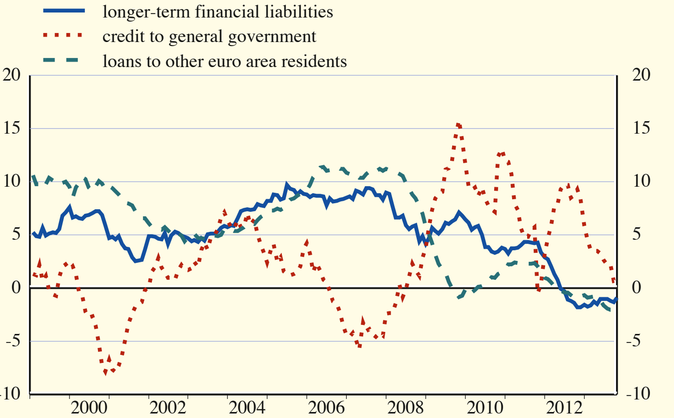
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Monetary liabilities of MFIs and central government (post office, treasury, etc.) vis-à-vis non-MFI euro area residents excluding central government. For definitions of M1, M2 and M3, see glossary.
3) Excludes reverse repos to central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.
4) Values in the section "growth rates" are sums of the transactions during the 12 months ending in the period indicated.
5) Adjustment for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

2.3 Monetary statistics [1)]

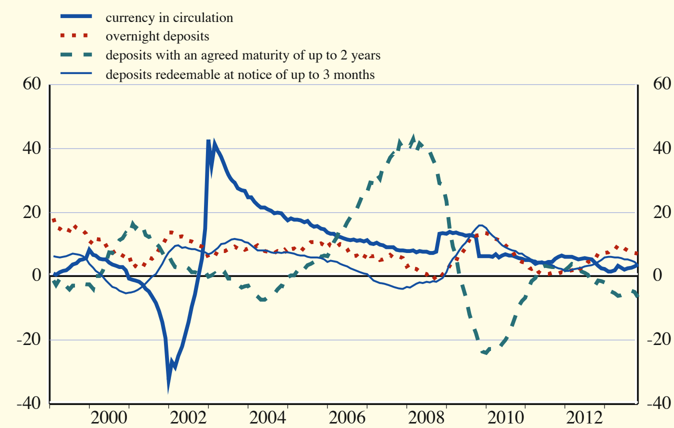
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos [2)]	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
						Outstanding amounts					
2011	843.9	3,963.1	1,838.6	1,961.9	146.2	537.8	207.7	2,812.9	115.3	2,544.2	2,205.7
2012	863.9	4,246.1	1,801.8	2,080.6	123.7	483.3	183.2	2,685.0	106.1	2,395.2	2,382.1
2013 Q2	880.8	4,383.5	1,751.5	2,122.4	117.7	438.6	130.2	2,562.8	96.6	2,401.5	2,324.9
Q3	893.7	4,452.1	1,719.6	2,132.9	110.4	421.7	132.7	2,505.5	93.6	2,393.1	2,373.7
2013 July	885.2	4,415.5	1,742.4	2,128.3	120.6	435.7	126.8	2,525.8	95.6	2,398.6	2,362.1
Aug.	890.8	4,448.0	1,727.5	2,128.4	123.0	434.5	128.3	2,515.1	95.4	2,393.8	2,389.3
Sep.	893.7	4,452.1	1,719.6	2,132.9	110.4	421.7	132.7	2,505.5	93.6	2,393.1	2,373.7
Oct. (p)	898.1	4,499.9	1,692.2	2,128.7	118.2	422.8	122.2	2,516.6	92.7	2,400.5	2,382.6
						Transactions					
2011	48.9	42.6	35.8	33.8	-16.8	-29.6	38.2	17.5	-2.5	56.0	140.8
2012	20.2	290.1	-36.5	114.6	-17.0	-20.0	-18.4	-105.8	-10.2	-156.1	155.1
2013 Q2	11.6	54.7	-27.7	20.3	-4.4	-18.7	-10.8	-54.2	-4.3	-8.0	33.7
Q3	12.9	71.9	-32.0	11.7	-15.4	-16.8	3.3	-46.0	-3.0	-6.5	18.7
2013 July	4.4	33.6	-8.3	6.5	3.0	-2.7	-4.6	-29.3	-1.0	-2.2	3.8
Aug.	5.6	31.5	-16.8	0.5	-5.9	-1.4	2.1	-13.5	-0.1	-3.0	12.8
Sep.	2.9	6.8	-6.9	4.7	-12.5	-12.7	5.8	-3.2	-1.8	-1.3	2.1
Oct. (p)	4.3	49.6	-26.4	-4.1	7.9	1.2	-10.5	18.8	-0.9	7.9	-3.1
						Growth rates					
2011	6.1	1.1	2.0	1.8	-9.8	-5.1	29.2	0.7	-2.1	2.3	6.9
2012	2.4	7.3	-2.0	5.8	-11.8	-3.9	-9.6	-3.8	-8.8	-6.1	6.9
2013 Q2	2.1	8.8	-5.6	5.4	-9.3	-11.2	-35.6	-4.8	-14.8	-3.2	6.5
Q3	3.1	7.4	-4.9	4.5	-17.9	-11.9	-30.9	-6.5	-14.9	-1.5	5.5
2013 July	2.5	8.1	-5.4	5.3	-6.6	-11.1	-39.5	-6.0	-14.9	-1.2	5.7
Aug.	2.7	7.6	-4.5	4.8	-9.8	-10.1	-35.4	-6.5	-14.2	-1.6	6.0
Sep.	3.1	7.4	-4.9	4.5	-17.9	-11.9	-30.9	-6.5	-14.9	-1.5	5.5
Oct. (p)	3.7	7.2	-6.6	3.5	-9.8	-12.6	-35.9	-5.4	-14.8	-0.9	5.1

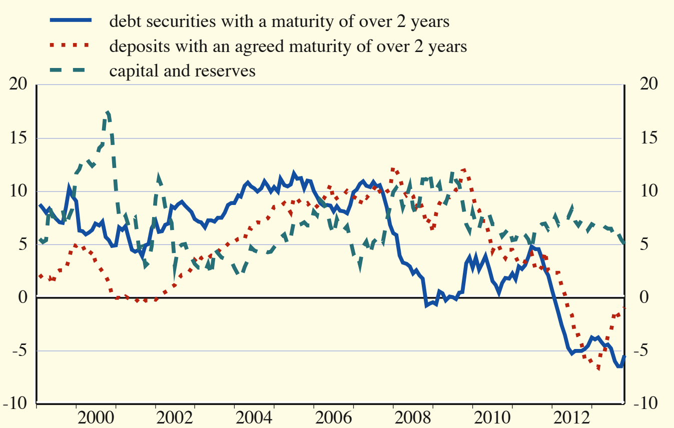
C3 Components of monetary aggregates [1)]

(annual growth rates; seasonally adjusted)



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

(annual growth rates; seasonally adjusted)



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

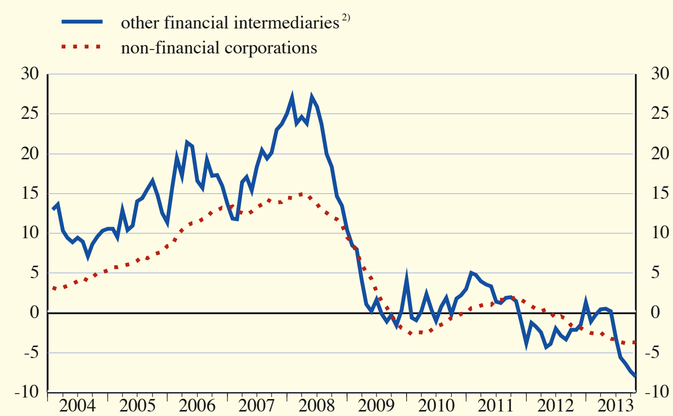
2.3 Monetary statistics [1]

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

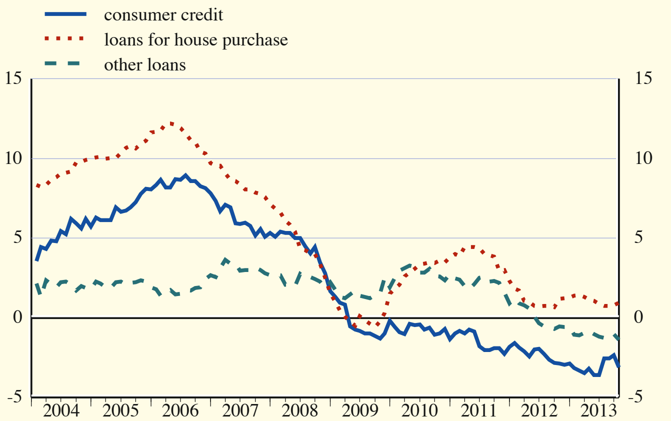
3. Loans as counterpart to M3

	Insurance corporations and pension funds	Other financial inter-mediaries [2]	Non-financial corporations					Households [3]				
	Total	Total	Total	Loans adjusted for sales and securitisation [4]	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation [4]	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10	11	12
						Outstanding amounts						
2011	91.1	965.3	4,729.6	-	1,147.7	860.6	2,721.2	5,232.1	-	625.9	3,777.2	828.9
2012	89.0	977.2	4,549.5	-	1,132.5	795.8	2,621.2	5,242.5	-	601.8	3,824.3	816.5
2013 Q2	94.3	932.2	4,443.3	-	1,107.9	770.0	2,565.4	5,237.6	-	587.2	3,842.0	808.4
Q3	95.4	904.7	4,394.6	-	1,083.4	762.3	2,548.9	5,236.0	-	582.1	3,845.5	808.3
2013 July	96.1	908.0	4,424.7	-	1,094.6	771.6	2,558.4	5,230.5	-	588.2	3,835.5	806.8
Aug.	96.4	910.8	4,411.2	-	1,086.7	770.4	2,554.1	5,231.6	-	586.4	3,839.4	805.8
Sep.	95.4	904.7	4,394.6	-	1,083.4	762.3	2,548.9	5,236.0	-	582.1	3,845.5	808.3
Oct. (p)	97.2	898.3	4,378.3	-	1,071.6	762.3	2,544.4	5,234.6	-	575.4	3,853.0	806.2
						Transactions						
2011	1.3	-37.5	58.6	64.5	24.0	-22.9	57.4	81.6	102.3	-11.6	85.8	7.4
2012	-2.0	13.0	-106.7	-61.1	6.9	-51.3	-62.3	25.6	34.3	-17.8	48.3	-4.9
2013 Q2	1.2	-36.9	-50.1	-50.5	-24.1	-6.5	-19.4	-8.4	0.0	-5.0	0.4	-3.8
Q3	1.4	-38.6	-36.6	-38.8	-17.0	-8.2	-11.3	2.8	10.6	-0.6	3.6	-0.1
2013 July	1.8	-22.6	-13.4	-15.4	-8.9	0.1	-4.6	-5.7	3.9	1.6	-6.4	-1.0
Aug.	0.7	-9.3	-13.0	-12.5	-7.8	-1.4	-3.8	2.7	4.0	-1.5	3.9	0.3
Sep.	-1.1	-6.7	-10.1	-10.9	-0.3	-6.9	-3.0	5.9	2.6	-0.7	6.1	0.5
Oct. (p)	1.9	-5.1	-12.1	-14.0	-9.7	0.6	-3.1	1.1	2.7	-5.9	8.4	-1.4
						Growth rates						
2011	1.6	-3.8	1.3	1.4	2.1	-2.6	2.2	1.6	2.0	-1.8	2.3	0.9
2012	-2.2	1.3	-2.3	-1.3	0.6	-6.0	-2.3	0.5	0.7	-2.9	1.3	-0.6
2013 Q2	11.8	-3.1	-3.3	-2.4	-1.9	-6.2	-3.0	0.0	0.3	-3.6	0.9	-1.2
Q3	9.9	-7.3	-3.6	-2.8	-3.1	-5.6	-3.2	0.1	0.3	-2.3	0.8	-1.0
2013 July	14.8	-5.6	-3.7	-2.8	-3.7	-5.8	-3.0	0.1	0.3	-2.6	0.8	-1.2
Aug.	12.7	-6.3	-3.8	-2.9	-4.4	-5.3	-3.1	0.1	0.3	-2.5	0.7	-1.2
Sep.	9.9	-7.3	-3.6	-2.8	-3.1	-5.6	-3.2	0.1	0.3	-2.3	0.8	-1.0
Oct. (p)	8.3	-7.9	-3.7	-2.9	-4.2	-5.2	-3.0	0.1	0.3	-3.1	0.9	-1.4

C5 Loans to other financial intermediaries and non-financial corporations [1]
(annual growth rates; seasonally adjusted)



C6 Loans to households [1]
(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

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

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2012	81.6	64.2	4.5	12.9	1,169.6	196.2	599.6	229.5	340.5	4,538.8	1,124.1	794.7	2,620.0
2013 Q2	95.2	79.2	3.8	12.2	1,188.4	252.7	628.3	218.8	341.2	4,451.7	1,118.2	770.8	2,562.7
Q3	98.5	82.1	3.5	12.9	1,050.6	137.7	504.3	215.9	330.4	4,394.2	1,080.6	763.9	2,549.7
2013 Aug.	100.2	84.1	3.6	12.5	1,036.8	132.0	489.6	215.1	332.1	4,402.0	1,073.8	771.2	2,557.0
Sep.	98.5	82.1	3.5	12.9	1,050.6	137.7	504.3	215.9	330.4	4,394.2	1,080.6	763.9	2,549.7
Oct. (p)	100.4	83.3	3.7	13.5	1,025.6	129.5	480.8	215.9	328.9	4,376.3	1,066.0	764.2	2,546.0
	Transactions												
2012	-1.7	0.6	-1.8	-0.5	51.9	38.7	21.1	13.1	17.7	-107.9	6.2	-51.4	-62.7
2013 Q2	3.6	3.6	-0.1	0.1	-16.0	17.8	-1.1	-2.9	-12.0	-40.5	-16.2	-5.0	-19.3
Q3	3.7	3.2	-0.3	0.7	-42.0	-8.0	-32.1	2.8	-12.7	-45.4	-30.0	-7.4	-7.9
2013 Aug.	2.7	2.5	-0.1	0.2	0.3	16.0	3.6	1.4	-4.6	-32.4	-26.0	-2.3	-4.1
Sep.	-1.6	-2.0	0.0	0.4	13.1	5.7	14.0	0.5	-1.4	-1.5	9.8	-6.1	-5.2
Oct. (p)	1.9	1.2	0.2	0.6	-23.6	-8.2	-22.9	0.3	-1.0	-13.7	-12.5	1.0	-2.2
	Growth rates												
2012	-2.0	0.9	-28.6	-3.5	4.6	24.7	3.6	6.1	5.5	-2.3	0.5	-6.0	-2.3
2013 Q2	11.4	17.3	-29.6	-2.2	3.9	42.7	8.8	-0.7	-1.5	-3.3	-1.9	-6.2	-3.0
Q3	10.0	14.6	-37.6	5.2	-4.0	12.4	-4.1	-0.5	-5.5	-3.6	-3.1	-5.6	-3.2
2013 Aug.	13.3	18.9	-32.1	0.2	-1.8	19.9	-0.3	-0.1	-5.6	-3.8	-4.4	-5.3	-3.1
Sep.	10.0	14.6	-37.6	5.2	-4.0	12.4	-4.1	-0.5	-5.5	-3.6	-3.1	-5.6	-3.2
Oct. (p)	8.4	11.3	-31.6	7.8	-5.6	3.7	-7.7	-0.2	-5.4	-3.7	-4.2	-5.2	-3.0

2. Loans to households [3)]

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Sole proprietors	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2012	5,252.5	604.3	136.4	175.2	292.7	3,830.9	14.4	56.6	3,760.0	817.3	419.4	139.8	80.7	596.9
2013 Q2	5,243.4	589.5	130.9	171.3	287.3	3,840.4	13.7	55.7	3,771.1	813.5	414.1	144.7	78.4	590.3
Q3	5,237.8	583.0	130.4	170.4	282.3	3,847.1	12.6	55.8	3,778.7	807.7	413.6	138.4	77.6	591.7
2013 Aug.	5,229.4	586.2	128.9	170.9	286.4	3,838.9	12.6	56.0	3,770.3	804.3	410.7	136.6	78.5	589.2
Sep.	5,237.8	583.0	130.4	170.4	282.3	3,847.1	12.6	55.8	3,778.7	807.7	413.6	138.4	77.6	591.7
Oct. (p)	5,235.2	576.5	127.0	168.6	280.9	3,854.1	12.8	55.8	3,785.5	804.5	412.0	136.6	77.4	590.5
	Transactions													
2012	25.0	-17.8	-3.2	-6.2	-8.4	47.8	0.2	0.2	47.4	-4.9	-5.7	-0.4	-6.9	2.3
2013 Q2	6.6	-0.1	1.5	-1.0	-0.6	3.3	0.2	-0.3	3.4	3.4	-2.1	3.7	0.1	-0.3
Q3	-1.2	-2.1	0.0	-1.0	-1.1	6.8	-1.1	0.1	7.8	-5.9	-1.5	-6.0	-0.7	0.9
2013 Aug.	-2.5	-3.1	-1.2	-0.9	-1.1	0.4	-0.1	-0.1	0.6	0.2	-1.1	-0.9	-0.1	1.2
Sep.	9.9	0.4	1.8	-0.5	-1.0	8.1	0.0	-0.2	8.4	1.4	2.0	1.8	-0.9	0.4
Oct. (p)	-0.2	-5.6	-3.1	-1.7	-0.8	7.8	0.2	0.1	7.6	-2.4	-1.6	-1.5	-0.1	-0.8
	Growth rates													
2012	0.5	-2.8	-2.2	-3.4	-2.8	1.3	1.3	0.3	1.3	-0.6	-1.4	-0.3	-7.8	0.4
2013 Q2	0.0	-3.6	-2.4	-5.0	-3.3	0.9	-0.1	-2.1	0.9	-1.2	-1.6	-1.1	-7.3	-0.3
Q3	0.1	-2.3	-0.8	-3.9	-2.1	0.8	-10.1	-2.4	0.9	-1.0	-1.2	-1.1	-5.6	-0.4
2013 Aug.	0.1	-2.5	-1.9	-4.2	-1.8	0.7	-8.8	-2.3	0.8	-1.2	-2.0	-2.2	-5.3	-0.4
Sep.	0.1	-2.3	-0.8	-3.9	-2.1	0.8	-10.1	-2.4	0.9	-1.0	-1.2	-1.1	-5.6	-0.4
Oct. (p)	0.1	-3.1	-2.8	-4.9	-2.2	0.9	-8.3	-2.6	1.0	-1.4	-1.6	-2.1	-5.5	-0.6

Source: ECB.

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

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

3) Including non-profit institutions serving households.

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

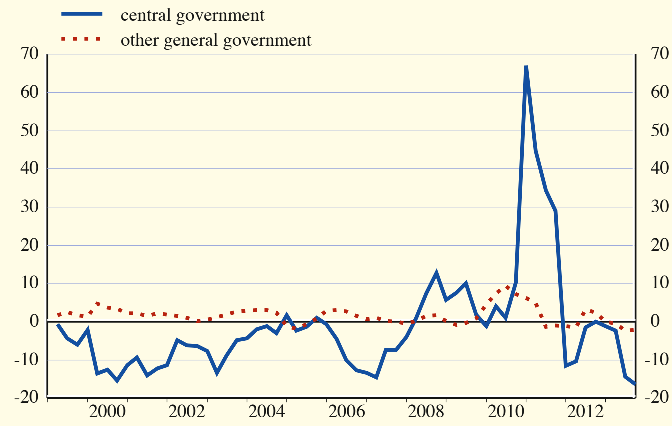
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

3. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011	1,159.6	348.9	221.7	567.4	21.7	3,021.6	2,022.7	998.9	62.4	936.4
2012	1,153.4	341.8	221.6	565.9	24.1	2,866.5	1,905.2	961.3	60.7	900.6
2012 Q4	1,153.4	341.8	221.6	565.9	24.1	2,866.5	1,905.2	961.3	60.7	900.6
2013 Q1	1,124.3	312.4	217.0	568.8	26.0	2,890.2	1,888.6	1,001.6	60.0	941.6
Q2	1,101.8	290.3	218.1	565.3	28.0	2,877.1	1,892.9	984.2	58.0	926.1
Q3 (p)	1,090.4	285.1	213.8	560.0	31.6	2,764.7	1,805.5	958.0	59.3	898.7
	Transactions									
2011	-54.9	-45.9	-0.3	14.6	-23.3	15.6	-26.2	41.6	12.9	28.7
2012	-3.6	-4.1	-4.9	2.9	2.4	-130.7	-102.4	-28.3	-1.0	-27.3
2012 Q4	-9.5	0.6	-9.9	1.9	-2.1	-103.7	-57.5	-46.2	1.9	-48.1
2013 Q1	-29.5	-29.5	-4.5	2.5	1.9	11.6	-26.2	37.8	-1.0	38.9
Q2	-22.1	-21.8	1.1	-3.5	2.0	18.8	25.3	-6.5	-1.3	-5.2
Q3 (p)	-12.5	-5.1	-4.5	-6.5	3.5	-92.8	-78.7	-15.3	1.9	-17.2
	Growth rates									
2011	-4.5	-11.6	-0.2	2.7	-51.6	0.6	-1.1	4.4	26.7	3.2
2012	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-5.0	-2.9	-1.8	-2.9
2012 Q4	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-5.0	-2.9	-1.8	-2.9
2013 Q1	-1.1	-2.4	-3.5	0.2	8.3	-5.2	-7.2	-1.4	0.1	-1.5
Q2	-5.9	-14.4	-9.5	-0.1	11.6	-4.2	-5.8	-0.9	3.2	-1.2
Q3 (p)	-6.3	-16.3	-7.7	-1.0	20.1	-5.6	-7.0	-3.0	2.5	-3.3

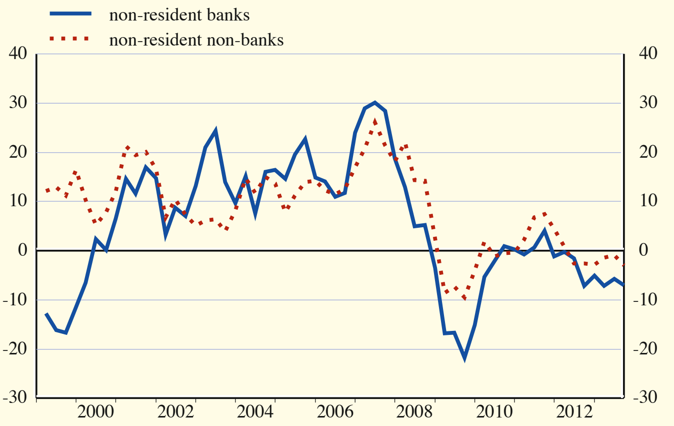
C7 Loans to government [2)]

(annual growth rates; not seasonally adjusted)



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

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

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

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

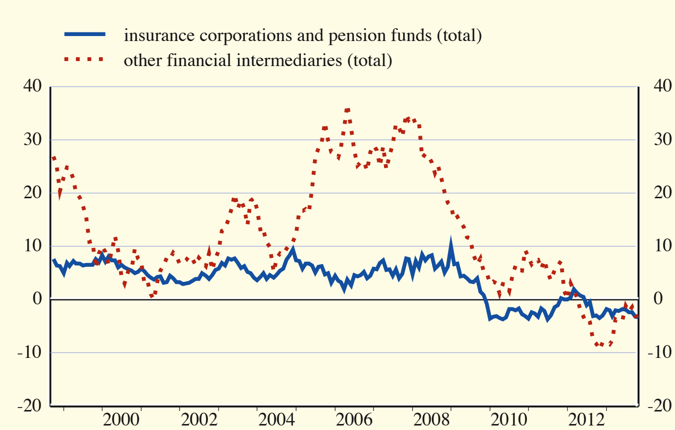
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: Up to 3 months	Redeemable at notice of: Over 3 months	Repos	Total	Overnight	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: Up to 3 months	Redeemable at notice of: Over 3 months	Repos	Repos: With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2011	703.8	91.9	79.9	512.4	4.0	0.2	15.5	2,221.0	390.0	284.9	1,190.7	14.7	0.5	340.2	260.0
2012	691.4	106.5	81.4	484.4	6.4	0.2	12.5	2,016.3	410.8	236.6	1,020.7	13.6	0.3	334.4	256.7
2013 Q2	678.8	104.2	78.0	479.4	7.9	0.3	9.0	2,123.7	455.5	230.7	994.0	16.9	0.2	426.3	343.4
Q3	669.6	106.5	74.6	470.7	8.2	0.1	9.5	1,960.5	443.2	235.4	969.7	17.2	0.3	294.7	212.3
2013 July	683.5	109.0	80.4	475.0	8.3	0.3	10.6	2,049.8	435.5	232.5	986.8	17.5	0.2	377.2	287.5
Aug.	675.2	104.0	80.6	472.9	8.4	0.4	8.9	1,966.4	436.1	235.6	978.0	16.8	0.3	299.5	206.9
Sep.	669.6	106.5	74.6	470.7	8.2	0.1	9.5	1,960.5	443.2	235.4	969.7	17.2	0.3	294.7	212.3
Oct. (p)	668.9	105.6	77.4	467.9	7.9	0.1	9.9	1,928.3	436.9	225.5	964.3	17.3	0.4	283.9	199.3
	Transactions														
2011	0.0	11.5	4.2	-14.2	1.1	-0.1	-2.6	2.4	28.8	-29.1	5.7	-2.6	0.1	-0.4	5.5
2012	-12.5	15.2	2.6	-27.6	2.0	0.0	-4.7	-176.6	24.1	-49.5	-166.0	-2.0	-0.3	17.2	13.3
2013 Q2	-17.9	-9.3	-5.4	-0.7	0.0	0.0	-2.5	15.1	14.3	-6.9	-21.3	1.8	0.0	27.2	29.4
Q3	-9.1	2.4	-3.7	-9.2	0.9	-0.2	0.6	-80.1	-11.8	4.8	-24.4	0.2	0.1	-49.1	-40.2
2013 July	4.9	4.9	2.4	-4.3	0.3	0.0	1.6	-72.0	-19.2	1.9	-6.4	0.6	0.0	-49.0	-55.9
Aug.	-8.9	-5.0	-0.2	-2.6	0.5	0.1	-1.7	-1.8	0.2	2.9	-9.1	-0.7	0.1	4.7	10.2
Sep.	-5.2	2.6	-5.9	-2.3	0.0	-0.2	0.7	-6.2	7.2	0.0	-8.9	0.2	0.0	-4.7	5.4
Oct. (p)	-0.5	-0.8	2.8	-2.6	-0.2	0.0	0.4	-30.6	-5.7	-9.4	-4.9	0.1	0.1	-10.8	-13.0
	Growth rates														
2011	0.0	14.1	5.6	-2.7	43.3	-	-13.1	0.2	8.1	-9.3	0.4	-10.0	-	-0.2	2.1
2012	-1.8	16.5	3.4	-5.4	50.8	-	-32.1	-8.0	6.2	-17.4	-14.0	-14.0	-	4.3	4.2
2013 Q2	-1.9	6.6	-0.2	-4.2	27.9	-	-8.2	-1.2	12.1	-8.9	-9.0	12.4	-	11.5	16.3
Q3	-3.2	5.6	-5.2	-5.0	31.7	-	-13.3	-3.1	2.5	-1.0	-6.3	27.1	-	-3.3	2.7
2013 July	-2.4	3.9	-0.3	-4.6	27.3	-	5.3	-2.2	4.8	-5.5	-4.7	29.0	-	-2.0	-2.5
Aug.	-2.3	5.3	2.9	-4.9	32.2	-	-15.5	-1.4	5.3	-1.5	-5.9	24.6	-	2.4	5.2
Sep.	-3.2	5.6	-5.2	-5.0	31.7	-	-13.3	-3.1	2.5	-1.0	-6.3	27.1	-	-3.3	2.7
Oct. (p)	-3.3	-0.3	-2.3	-4.6	26.2	-	-3.0	-3.1	4.5	-8.2	-6.2	30.2	-	-1.9	1.1

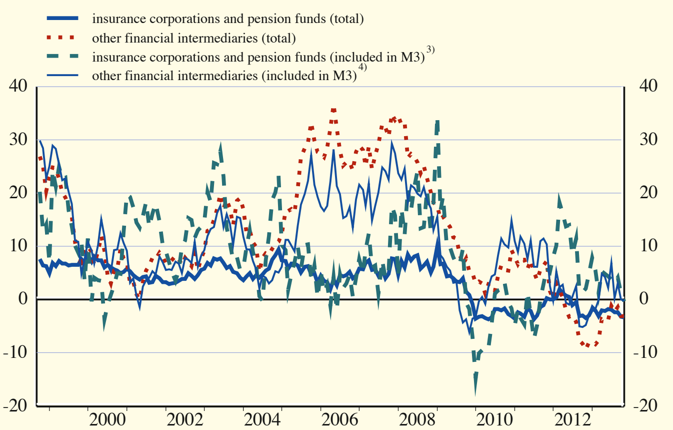
C9 Total deposits by sector [2)]

(annual growth rates)



C10 Total deposits and deposits included in M3 by sector [2)]

(annual growth rates)



Source: ECB.

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

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

3) Covers deposits in columns 2, 3, 5 and 7.

4) Covers deposits in columns 9, 10, 12 and 14.

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

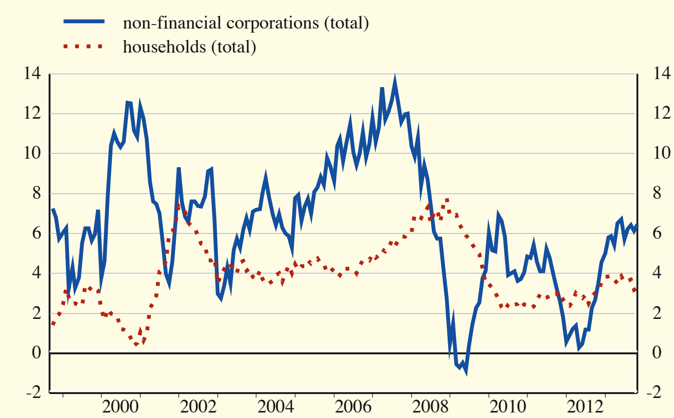
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3]						
	Total	Overnight	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: Up to 3 months	Redeemable at notice of: Over 3 months	Repos	Total	Overnight	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: Up to 3 months	Redeemable at notice of: Over 3 months	Repos
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
							Outstanding amounts							
2011	1,686.9	1,054.3	444.3	97.7	72.3	2.0	16.3	5,894.0	2,255.7	948.1	723.7	1,837.1	106.7	22.7
2012	1,764.1	1,150.8	408.3	106.8	85.4	2.0	10.9	6,119.1	2,346.4	979.1	747.8	1,937.3	98.0	10.4
2013 Q2	1,762.3	1,151.8	389.6	116.2	92.4	1.7	10.6	6,210.0	2,446.4	929.0	770.4	1,970.0	88.2	6.1
Q3	1,792.3	1,174.7	392.2	118.9	95.0	1.8	9.7	6,202.8	2,460.2	902.5	783.6	1,965.2	84.9	6.3
2013 July	1,763.7	1,148.4	392.6	117.3	93.3	1.9	10.3	6,211.1	2,450.4	920.7	775.0	1,971.0	87.1	6.9
Aug.	1,787.1	1,165.8	395.6	117.2	94.7	1.8	12.1	6,221.0	2,463.3	914.6	778.3	1,971.4	86.7	6.6
Sep.	1,792.3	1,174.7	392.2	118.9	95.0	1.8	9.7	6,202.8	2,460.2	902.5	783.6	1,965.2	84.9	6.3
Oct. (p)	1,813.9	1,182.0	402.4	120.3	94.8	1.8	12.6	6,209.9	2,478.9	891.1	791.0	1,958.6	84.5	5.7
							Transactions							
2011	9.5	10.0	-4.6	8.8	-5.0	0.4	-0.2	139.0	7.4	42.4	55.3	43.6	-2.6	-7.0
2012	84.2	101.6	-35.5	12.9	9.5	0.0	-4.3	224.8	90.4	33.7	21.8	100.7	-9.6	-12.3
2013 Q2	15.8	29.7	-19.9	5.7	0.8	0.0	-0.5	46.0	69.9	-35.6	12.3	6.6	-4.9	-2.2
Q3	33.8	25.2	2.4	3.8	3.2	0.1	-0.8	-6.0	14.1	-26.5	14.0	-4.6	-3.3	0.2
2013 July	2.9	-2.8	3.2	1.1	1.4	0.2	-0.2	1.8	4.2	-7.8	4.5	1.2	-1.1	0.8
Aug.	23.2	16.9	2.3	1.0	1.4	-0.1	1.8	9.8	12.7	-6.7	4.1	0.3	-0.3	-0.3
Sep.	7.7	11.1	-3.0	1.7	0.4	0.0	-2.3	-17.6	-2.8	-11.9	5.4	-6.2	-1.8	-0.3
Oct. (p)	23.3	8.1	11.1	1.3	-0.2	0.1	2.9	7.1	19.0	-11.7	7.4	-6.5	-0.5	-0.6
							Growth rates							
2011	0.6	1.0	-1.0	10.0	-6.5	28.9	-3.4	2.4	0.3	4.7	8.3	2.4	-2.4	-23.6
2012	5.0	9.6	-8.0	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.5	-8.9	-54.2
2013 Q2	5.7	8.9	-5.1	15.0	10.8	-4.2	-12.8	3.6	7.0	-3.8	3.1	4.9	-15.4	-57.7
Q3	6.1	8.1	-2.0	14.9	11.0	2.0	-12.2	3.2	7.2	-6.4	4.9	3.9	-15.8	-50.3
2013 July	6.2	8.9	-3.3	12.7	13.1	22.1	-13.3	3.6	7.6	-4.6	3.6	4.6	-15.9	-51.0
Aug.	6.4	8.4	-2.1	13.3	13.2	10.3	4.6	3.7	8.0	-5.1	4.0	4.2	-15.2	-50.3
Sep.	6.1	8.1	-2.0	14.9	11.0	2.0	-12.2	3.2	7.2	-6.4	4.9	3.9	-15.8	-50.3
Oct. (p)	6.5	8.2	-1.3	14.5	11.5	4.8	5.5	3.3	8.5	-8.1	6.2	2.9	-15.7	-52.0

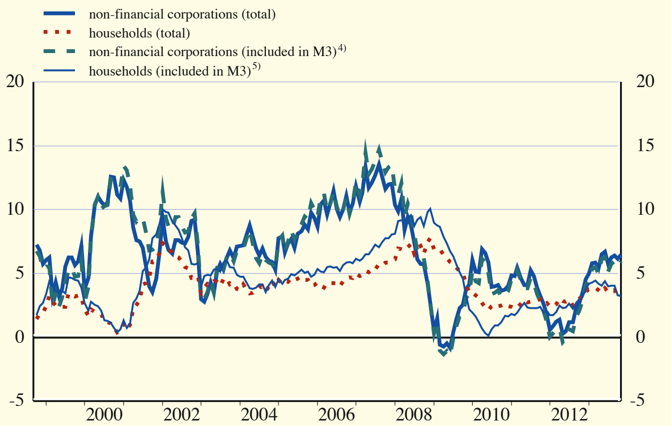
C11 Total deposits by sector [2]

(annual growth rates)



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

(annual growth rates)



Source: ECB.

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

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

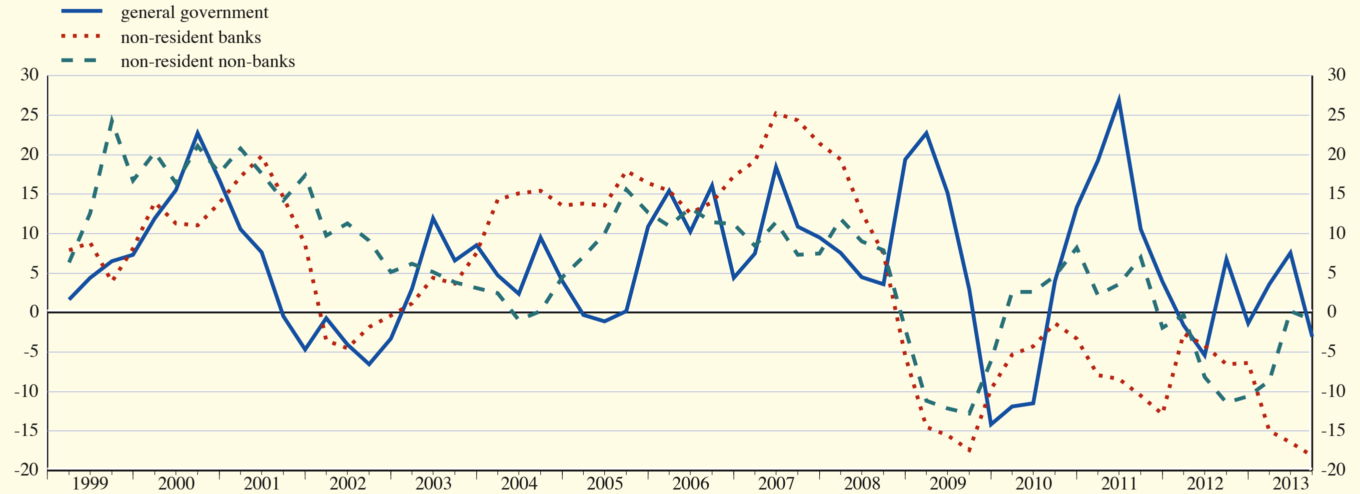
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011	442.0	195.5	48.6	112.6	85.4	3,153.6	2,175.0	978.6	44.3	934.3
2012	449.1	170.8	62.8	111.7	103.8	2,891.9	2,013.8	878.1	38.7	839.3
2012 Q4	449.1	170.8	62.8	111.7	103.8	2,891.9	2,013.8	878.1	38.7	839.3
2013 Q1	500.5	208.9	67.2	111.8	112.5	2,901.6	1,986.8	914.8	36.5	878.2
Q2	547.1	236.7	70.9	115.4	124.2	2,803.6	1,871.1	932.5	34.3	898.2
Q3 (p)	495.4	190.9	70.7	113.7	120.0	2,662.7	1,743.6	925.5	43.0	882.5
	Transactions									
2011	17.1	3.3	0.6	2.3	10.8	-334.9	-314.6	-20.3	-2.1	-18.2
2012	-7.9	-22.6	-0.3	-0.4	15.5	-242.6	-138.6	-104.0	-5.1	-98.9
2012 Q4	-61.5	-32.3	-30.2	0.4	0.6	-209.3	-141.7	-67.6	-3.4	-64.2
2013 Q1	50.3	38.2	4.1	0.1	7.9	-2.1	-32.9	30.8	-2.0	32.8
Q2	46.7	27.7	3.8	3.6	11.7	-68.4	-98.2	29.8	-1.8	31.5
Q3 (p)	-51.1	-45.8	-0.1	-1.6	-3.5	-127.8	-119.0	-2.3	9.0	-11.4
	Growth rates									
2011	3.9	1.3	1.3	2.1	14.6	-9.8	-12.8	-1.9	-4.4	-1.8
2012	-1.4	-11.7	10.3	-0.4	18.2	-7.6	-6.4	-10.6	-11.9	-10.5
2012 Q4	-1.4	-11.7	10.3	-0.4	18.2	-7.6	-6.4	-10.6	-11.9	-10.5
2013 Q1	3.6	9.7	-12.3	-1.5	12.8	-13.0	-15.0	-8.7	-33.1	-7.2
Q2	7.5	23.7	-28.2	2.9	16.5	-11.6	-16.4	0.1	-14.7	0.8
Q3 (p)	-3.0	-6.0	-24.1	2.2	16.1	-13.2	-18.1	-0.9	4.9	-1.2

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

(annual growth rates)



Source: ECB.

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

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

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

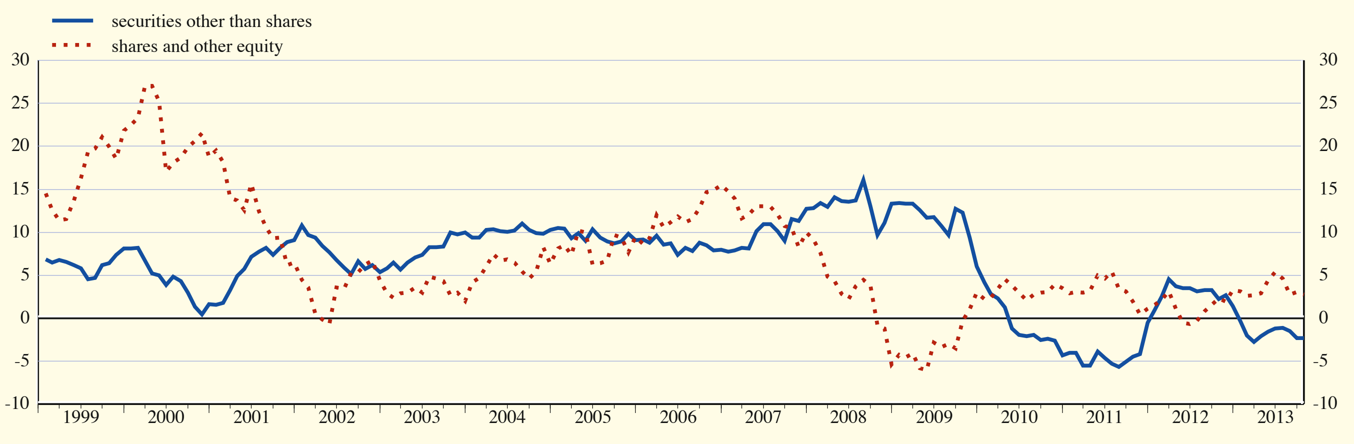
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2011	5,697.6	1,764.2	87.8	1,373.0	22.9	1,489.0	28.3	932.5	1,507.4	484.0	728.0	295.4
2012	5,774.4	1,748.4	102.9	1,594.2	32.8	1,399.6	23.6	872.8	1,528.5	475.7	752.1	300.7
2013 Q2	5,774.5	1,650.0	117.1	1,755.9	29.3	1,380.6	26.7	814.9	1,554.7	468.9	777.5	308.4
Q3	5,648.4	1,601.6	102.2	1,714.9	29.8	1,364.0	28.8	807.1	1,552.7	456.3	776.6	319.8
2013 July	5,720.0	1,639.7	117.4	1,724.4	28.7	1,378.4	27.4	803.9	1,560.3	478.9	770.2	311.1
Aug.	5,698.3	1,625.6	110.5	1,723.9	31.4	1,374.3	27.5	805.1	1,533.3	457.2	766.1	310.0
Sep.	5,648.4	1,601.6	102.2	1,714.9	29.8	1,364.0	28.8	807.1	1,552.7	456.3	776.6	319.8
Oct. (p)	5,625.8	1,586.1	100.7	1,734.9	29.0	1,346.4	28.2	800.6	1,556.2	458.1	776.4	321.7
	Transactions											
2011	-29.2	45.1	7.8	-2.6	5.5	-24.8	-0.1	-60.1	17.0	60.2	-31.5	-11.7
2012	82.5	-17.8	15.9	191.7	10.5	-67.5	-3.9	-46.2	49.9	6.6	38.0	5.3
2013 Q2	7.8	-48.6	-5.2	83.4	-1.7	-0.8	0.0	-19.3	19.7	9.9	9.2	0.6
Q3	-126.5	-50.2	-14.4	-45.9	0.9	-16.3	2.3	-2.9	-13.4	-14.1	-8.7	9.4
2013 July	-51.8	-11.2	2.3	-35.8	-0.2	-2.1	1.1	-6.0	-0.8	9.1	-12.0	2.0
Aug.	-23.2	-14.0	-8.0	1.6	2.5	-3.3	-0.2	-1.7	-25.6	-22.3	-2.6	-0.7
Sep.	-51.5	-25.0	-8.7	-11.7	-1.4	-10.9	1.3	4.8	13.0	-1.0	5.9	8.1
Oct. (p)	-29.5	-16.9	-0.5	9.9	-0.5	-18.4	-0.4	-2.7	-3.4	2.4	-5.8	0.1
	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	-1.0	18.1	14.1	47.7	-4.6	-14.2	-4.9	3.3	1.3	5.2	1.8
2013 Q2	-1.2	-7.6	19.7	10.4	-8.8	-3.5	7.7	-7.2	5.4	-1.3	8.1	9.7
Q3	-2.3	-11.0	-2.1	6.5	-1.9	0.9	15.5	-6.0	3.0	-4.7	4.5	12.3
2013 July	-1.1	-9.4	22.0	9.4	-13.3	-0.4	14.4	-6.3	4.6	0.3	5.7	9.3
Aug.	-1.5	-10.8	6.8	9.6	2.6	0.5	13.7	-6.4	2.7	-4.2	5.3	8.0
Sep.	-2.3	-11.0	-2.1	6.5	-1.9	0.9	15.5	-6.0	3.0	-4.7	4.5	12.3
Oct. (p)	-2.3	-11.0	-1.9	6.3	-2.5	0.0	0.2	-4.3	2.8	-4.4	4.3	11.1

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.

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

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

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

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
To euro area residents														
2011	6,153.8	-	-	-	-	-	-	12,322.7	96.2	3.8	1.9	0.3	1.1	0.4
2012	5,796.9	-	-	-	-	-	-	12,196.0	96.4	3.6	1.7	0.2	0.9	0.5
2013 Q2	5,448.6	-	-	-	-	-	-	12,080.5	96.5	3.5	1.8	0.2	0.9	0.4
Q3 (p)	5,431.9	-	-	-	-	-	-	11,871.5	96.6	3.4	1.7	0.1	0.9	0.4
To non-euro area residents														
2011	2,022.7	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	1,905.2	47.3	52.7	31.9	1.9	3.5	10.1	961.3	40.1	59.9	38.2	2.0	2.9	9.9
2013 Q2	1,892.9	44.2	55.8	35.8	2.1	2.8	9.4	984.2	39.6	60.4	39.4	2.7	2.6	9.1
Q3 (p)	1,805.5	41.7	58.3	36.6	2.4	3.6	9.8	958.0	40.3	59.7	38.7	2.6	2.6	9.0
Holdings of securities other than shares														
Issued by euro area residents														
2011	1,852.0	95.3	4.7	2.5	0.1	0.3	1.5	2,913.1	98.2	1.8	1.0	0.2	0.1	0.4
2012	1,851.3	94.4	5.6	2.7	0.1	0.4	2.0	3,050.3	98.1	1.9	1.2	0.1	0.1	0.4
2013 Q2	1,767.1	93.4	6.6	2.9	0.1	0.3	2.9	3,192.5	98.2	1.8	1.0	0.1	0.1	0.5
Q3 (p)	1,703.8	94.0	6.0	2.8	0.1	0.3	2.1	3,137.5	98.1	1.9	1.0	0.1	0.1	0.4
Issued by non-euro area residents														
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.2	67.8	39.4	5.8	0.7	13.7
2012	434.0	54.9	45.1	19.8	0.3	0.3	19.1	438.8	34.1	65.9	39.1	5.4	0.9	11.8
2013 Q2	407.8	55.1	44.9	20.9	0.2	0.2	17.1	407.2	34.7	65.3	40.5	4.8	0.9	10.4
Q3 (p)	419.8	52.6	47.4	21.3	0.2	0.2	15.3	387.3	36.6	63.4	37.6	4.3	0.9	9.4
Deposits														
By euro area residents														
2011	6,364.4	92.1	7.9	5.1	0.2	1.2	0.7	10,947.6	97.0	3.0	2.0	0.1	0.1	0.4
2012	6,161.9	93.8	6.2	3.9	0.2	1.0	0.6	11,039.9	97.0	3.0	2.0	0.1	0.1	0.4
2013 Q2	5,752.8	93.1	6.9	4.4	0.2	1.0	0.6	11,321.8	97.0	3.0	2.1	0.1	0.1	0.4
Q3 (p)	5,733.8	93.1	6.9	4.4	0.2	1.1	0.7	11,120.5	96.8	3.2	2.1	0.1	0.1	0.4
By non-euro area residents														
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	2,013.8	58.3	41.7	27.7	1.6	1.0	7.3	878.1	52.3	47.7	31.4	1.9	1.2	6.3
2013 Q2	1,871.1	56.7	43.3	29.1	1.3	0.9	7.1	932.5	50.4	49.6	33.3	2.5	1.0	6.4
Q3 (p)	1,743.6	54.1	45.9	30.9	1.6	1.3	7.6	925.5	51.2	48.8	32.2	2.2	1.3	6.3

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total				
				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012	5,068.0	81.8	18.2	9.6	1.6	1.9	2.5
2013 Q2	4,825.2	81.0	19.0	10.9	1.2	1.8	2.6
Q3 (p)	4,710.1	80.7	19.3	11.0	1.2	1.8	2.7

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2013 Mar.	7,606.9	503.6	3,069.6	2,142.1	1,026.1	247.9	617.7
Apr.	7,764.8	520.4	3,134.7	2,159.8	1,042.3	248.7	659.0
May	7,825.1	519.2	3,130.8	2,191.8	1,049.8	248.2	685.4
June	7,592.4	524.1	3,045.5	2,095.0	1,018.5	249.0	660.4
July	7,706.9	527.2	3,067.1	2,168.6	1,042.8	250.6	650.5
Aug.	7,656.0	525.1	3,057.4	2,139.4	1,040.4	251.0	642.6
Sep. (p)	7,768.0	507.6	3,099.3	2,224.1	1,064.7	251.1	621.2
	Transactions						
2013 Q1	228.2	25.2	82.1	34.2	32.3	1.6	52.9
Q2	152.7	31.8	55.7	19.2	2.3	1.2	42.6
Q3 (p)	53.5	-10.9	56.3	23.1	32.8	2.0	-49.8

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						
2013 Mar.	7,606.9	158.1	6,890.0	5,000.7	814.2	1,889.3	558.8
Apr.	7,764.8	166.2	7,005.3	5,088.6	828.2	1,916.8	593.3
May	7,825.1	169.2	7,035.6	5,101.4	831.6	1,934.2	620.4
June	7,592.4	164.2	6,819.0	4,996.1	793.4	1,822.9	609.2
July	7,706.9	163.4	6,945.9	5,100.5	818.3	1,845.4	597.5
Aug.	7,656.0	169.7	6,890.4	5,076.5	814.7	1,813.9	595.9
Sep. (p)	7,768.0	167.1	7,036.8	5,179.0	839.0	1,857.8	564.1
	Transactions						
2013 Q1	228.2	9.4	160.6	96.4	31.2	64.2	58.2
Q2	152.7	9.3	97.4	98.1	-7.6	-0.7	46.0
Q3 (p)	53.5	3.5	97.3	98.1	32.5	-0.9	-47.2

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									
2013 Feb.	6,743.4	2,406.9	1,792.0	1,645.7	325.5	143.7	429.7	6,657.8	85.6	903.0
Mar.	6,890.0	2,447.1	1,840.7	1,685.5	327.6	150.3	438.9	6,804.0	86.1	912.1
Apr.	7,005.3	2,505.6	1,855.6	1,717.8	330.0	151.7	444.6	6,918.9	86.5	901.7
May	7,035.6	2,498.9	1,875.3	1,724.4	331.0	154.0	452.0	6,947.1	88.5	900.1
June	6,819.0	2,416.6	1,783.0	1,683.8	331.1	153.6	450.9	6,731.4	87.6	856.2
July	6,945.9	2,430.7	1,847.5	1,721.9	333.6	151.9	460.3	6,858.2	87.8	851.1
Aug.	6,890.4	2,407.2	1,819.9	1,715.4	332.7	154.2	461.0	6,802.6	87.8	869.6
Sep. (p)	7,036.8	2,425.2	1,906.9	1,743.0	334.4	157.2	470.1	6,947.2	89.6	846.2
	Transactions									
2013 Mar.	53.1	18.6	6.6	19.8	0.7	2.8	4.5	52.5	0.6	1.3
Apr.	70.2	41.3	7.7	16.7	0.9	-0.7	4.2	70.1	0.2	-0.8
May	45.5	24.7	6.0	7.0	2.9	0.9	3.9	43.7	1.8	-0.7
June	-18.3	-24.5	-11.5	8.2	2.4	1.3	5.9	-18.6	0.3	-42.1
July	57.4	18.1	16.8	18.0	2.5	-0.2	2.2	57.1	0.3	0.7
Aug.	3.0	-4.8	-0.5	6.0	0.4	1.2	0.5	3.0	0.0	14.5
Sep. (p)	36.9	-5.1	19.9	14.4	0.8	3.6	3.4	35.4	1.4	-22.2

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012 Q4	2,968.2	1,623.6	416.1	747.1	241.6	7.7	211.0	1,344.6	332.2	510.2	16.2
2013 Q1	3,069.6	1,632.9	407.4	752.7	245.2	8.2	219.3	1,436.6	332.6	563.4	16.0
Q2	3,045.5	1,649.4	404.2	770.9	247.9	8.4	218.0	1,396.1	324.9	551.1	15.2
Q3 (p)	3,099.3	1,686.0	393.6	798.3	257.7	9.1	227.3	1,413.3	343.8	549.7	14.9
	Transactions										
2013 Q1	82.1	18.9	-9.9	7.9	7.5	0.5	12.9	63.2	-1.0	32.8	-0.4
Q2	55.7	28.8	-0.4	24.5	4.0	0.1	0.7	26.9	2.4	12.7	0.2
Q3 (p)	56.3	27.7	-11.9	22.0	8.8	0.5	8.3	28.7	20.8	2.5	-0.3

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012 Q4	1,986.0	721.7	60.8	-	50.9	27.6	582.3	1,264.3	175.6	407.8	78.1
2013 Q1	2,142.1	738.8	56.4	-	49.9	27.0	605.6	1,403.2	187.7	479.0	95.0
Q2	2,095.0	738.5	58.9	-	52.4	28.1	599.0	1,356.6	181.7	482.2	109.5
Q3 (p)	2,224.1	813.3	72.6	-	56.3	30.4	654.0	1,410.8	197.2	502.7	112.4
	Transactions										
2013 Q1	34.2	-4.4	-0.5	-	-1.7	-1.2	-0.9	38.5	3.7	16.8	5.8
Q2	19.2	1.8	1.3	-	-0.2	0.2	0.6	17.4	0.7	6.3	13.8
Q3 (p)	23.1	8.9	1.2	-	0.3	0.6	6.8	14.3	3.0	11.9	0.4

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012 Q4	962.8	829.6	72.1	-	757.5	-	-	133.2	28.9	41.4	0.6
2013 Q1	1,026.1	888.7	74.5	-	814.2	-	-	137.4	32.5	43.5	0.6
Q2	1,018.5	880.2	86.8	-	793.4	-	-	138.3	31.4	46.0	0.6
Q3 (p)	1,064.7	925.1	86.1	-	839.0	-	-	139.6	33.9	46.3	0.5
	Transactions										
2013 Q1	32.3	33.2	2.0	-	31.2	-	-	-0.9	2.1	0.9	0.0
Q2	2.3	4.2	11.8	-	-7.6	-	-	-1.9	-0.8	-0.1	0.0
Q3 (p)	32.8	31.1	-1.4	-	32.5	-	-	1.7	1.5	1.4	0.0

Source: ECB.
1) Other than money market funds. For further details, see the General Notes.
2) Investment fund shares (other than money market fund shares) are issued by other financial intermediaries. Money market fund shares are issued by MFIs.

2.10 Aggregated balance sheet of euro area financial vehicle corporations

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

1. Assets

	Total	Deposits and loan claims	Securitised loans							Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area					Originated outside euro area				
				MFIs		Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government					
					Remaining on the MFI balance sheet [1]								
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2012 Q3	2,091.7	303.6	1,407.5	1,092.5	476.1	159.5	23.9	4.4	127.3	193.1	85.8	36.0	65.8
Q4	2,057.2	285.8	1,388.2	1,070.4	469.8	164.3	24.7	4.0	124.9	195.6	87.9	35.7	63.9
2013 Q1	2,027.2	291.9	1,357.0	1,040.5	462.7	164.1	24.7	4.0	123.7	193.7	86.6	35.8	62.1
Q2	1,994.0	276.5	1,339.5	1,032.8	456.5	162.0	23.0	3.6	118.0	194.1	88.6	33.9	61.4
Q3	1,954.6	269.0	1,318.7	1,023.3	449.7	157.5	18.8	3.5	115.6	180.8	87.5	34.3	64.3
	Transactions												
2012 Q3	-81.1	-3.6	-61.5	-63.7	-	4.5	0.5	0.0	-2.7	-14.5	0.8	-1.6	-0.7
Q4	-37.5	-17.5	-17.7	-21.2	-	4.6	1.1	-0.4	-1.8	1.3	2.3	0.3	-6.3
2013 Q1	-29.1	6.2	-30.5	-28.9	-	-0.3	0.2	0.0	-1.5	0.4	-1.2	0.0	-4.0
Q2	-33.2	-15.1	-17.2	-7.8	-	-2.0	-1.6	-0.4	-5.5	1.0	2.6	-1.9	-2.6
Q3	-40.7	-6.9	-20.3	-9.2	-	-4.6	-4.1	0.0	-2.5	-13.8	-0.8	0.5	0.5

2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 Q3	2,091.7	145.9	1,688.6	51.3	1,637.3	31.0	226.2
Q4	2,057.2	140.4	1,664.1	52.1	1,612.1	30.6	222.0
2013 Q1	2,027.2	141.5	1,627.7	54.2	1,573.5	30.7	227.3
Q2	1,994.0	129.1	1,611.4	53.7	1,557.7	29.0	224.6
Q3	1,954.6	124.2	1,576.3	53.7	1,522.6	28.2	225.9
	Transactions						
2012 Q3	-81.1	-5.5	-70.7	-2.5	-68.2	-1.4	-3.6
Q4	-37.5	-5.2	-24.0	-0.1	-23.9	-0.5	-7.8
2013 Q1	-29.1	1.9	-34.1	2.1	-36.2	-0.4	3.5
Q2	-33.2	-12.2	-15.7	-0.5	-15.2	-1.6	-3.7
Q3	-40.7	-4.1	-35.8	0.0	-35.8	-0.9	0.0

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector [2]					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
												Financial vehicle corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2012 Q3	1,092.5	788.3	237.1	17.1	0.2	5.5	31.8	193.1	111.1	34.6	76.5	29.5	82.0
Q4	1,070.4	771.0	233.7	17.5	0.2	5.4	31.5	195.6	114.4	34.1	80.4	31.3	81.2
2013 Q1	1,040.5	751.3	229.6	15.0	0.2	5.4	29.0	193.7	112.8	32.9	79.9	31.8	80.9
Q2	1,032.8	759.3	224.2	15.1	0.2	5.1	29.1	194.1	115.3	34.8	80.5	31.9	78.8
Q3	1,023.3	758.0	213.8	15.2	0.2	5.5	30.6	180.8	109.9	30.6	79.4	30.5	70.8
	Transactions												
2012 Q3	-63.7	-47.0	-12.3	-1.0	0.0	-0.8	-1.6	-14.5	-6.8	-4.3	-2.5	-0.9	-7.7
Q4	-21.2	-17.7	-2.5	0.5	0.0	-0.1	0.3	1.3	4.2	0.0	4.2	1.9	-2.9
2013 Q1	-28.9	-20.8	-4.2	-2.3	0.0	0.0	-0.7	0.4	-0.7	-1.1	0.5	-0.5	1.1
Q2	-7.8	7.8	-5.2	0.2	0.0	-0.3	-0.1	1.0	2.9	2.1	0.8	0.0	-1.8
Q3	-9.2	-1.5	-9.4	0.2	0.0	0.5	1.1	-13.8	-5.6	-4.4	-1.2	-1.3	-8.2

Source: ECB.

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

2) Excludes securitisations of inter-MFI loans.

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

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2010 Q3	7,062.3	780.2	447.8	2,736.0	792.7	1,555.8	86.3	253.1	263.8	146.5
Q4	7,036.3	768.3	453.3	2,674.7	825.9	1,612.1	76.9	253.8	222.2	149.1
2011 Q1	7,139.8	769.6	456.4	2,735.9	843.8	1,621.7	76.6	261.7	223.5	150.4
Q2	7,155.4	772.7	463.9	2,747.2	842.6	1,623.9	79.8	254.1	222.2	148.9
Q3	7,154.4	789.7	462.9	2,772.6	788.2	1,581.1	87.6	255.4	268.7	148.4
Q4	7,164.5	782.5	472.6	2,731.4	793.8	1,616.0	91.3	253.4	273.6	150.0
2012 Q1	7,452.4	794.5	469.8	2,877.0	807.2	1,710.4	102.3	258.0	283.1	150.0
Q2	7,481.9	783.7	469.5	2,890.5	802.5	1,712.9	106.4	261.3	304.4	150.8
Q3	7,696.4	783.6	478.8	3,007.4	821.9	1,787.1	108.5	263.1	295.0	151.0
Q4	7,781.9	787.0	477.9	3,053.6	819.2	1,825.7	109.7	261.9	293.8	153.3
2013 Q1	7,917.5	792.7	479.8	3,091.4	836.0	1,901.1	114.3	264.8	283.1	154.1
Q2 (p)	7,858.8	769.0	482.4	3,078.1	837.4	1,890.6	101.1	264.0	281.0	155.3

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
2010 Q3	2,736.0	2,309.6	601.8	1,280.4	255.3	18.6	153.6	426.4
Q4	2,674.7	2,250.9	599.4	1,243.5	234.3	17.6	156.1	423.8
2011 Q1	2,735.9	2,318.7	625.2	1,286.3	236.2	17.2	153.7	417.1
Q2	2,747.2	2,330.0	630.6	1,289.7	235.4	16.8	157.5	417.2
Q3	2,772.6	2,353.0	637.0	1,312.4	227.7	16.9	159.0	419.5
Q4	2,731.4	2,307.7	635.5	1,267.4	224.0	16.5	164.3	423.8
2012 Q1	2,877.0	2,427.3	670.4	1,325.1	236.0	17.1	178.7	449.6
Q2	2,890.5	2,423.5	675.7	1,309.5	238.4	17.0	183.0	467.0
Q3	3,007.4	2,515.1	707.8	1,348.8	246.0	17.4	195.1	492.3
Q4	3,053.6	2,549.6	693.3	1,387.0	251.7	18.1	199.5	503.9
2013 Q1	3,091.4	2,596.6	727.9	1,388.5	255.0	17.5	207.7	494.8
Q2 (p)	3,078.1	2,588.5	699.6	1,406.9	257.0	17.9	207.1	489.6

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
2010 Q3	6,877.4	276.1	39.2	441.4	5,941.9	3,223.4	1,908.5	809.9	178.9	185.0
Q4	6,871.7	250.3	40.3	451.7	5,960.8	3,260.7	1,889.6	810.4	168.6	164.6
2011 Q1	6,920.7	263.1	39.9	466.1	5,976.3	3,287.7	1,859.9	829.1	175.3	219.1
Q2	6,944.2	262.9	42.4	454.8	6,007.9	3,309.9	1,872.0	826.4	176.2	211.2
Q3	7,052.1	270.0	41.6	410.1	6,140.7	3,293.1	2,023.9	824.2	189.5	102.4
Q4	7,071.5	263.8	41.3	408.8	6,169.8	3,305.8	2,047.1	817.3	187.8	93.0
2012 Q1	7,229.8	272.2	44.4	439.1	6,283.3	3,343.3	2,103.0	836.9	190.8	222.6
Q2	7,300.8	281.3	43.3	421.2	6,350.1	3,345.4	2,169.4	835.2	205.0	181.1
Q3	7,374.7	292.8	44.9	452.8	6,388.7	3,391.9	2,163.4	833.4	195.5	321.8
Q4	7,474.0	267.1	48.8	482.7	6,455.2	3,427.2	2,201.8	826.2	220.1	307.9
2013 Q1	7,560.1	276.4	48.9	494.2	6,526.7	3,463.9	2,215.8	847.0	213.9	357.4
Q2 (p)	7,599.2	276.2	45.1	502.3	6,551.1	3,468.2	2,237.5	845.4	224.5	259.7

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2013 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						643
Trade balance [1]						-73
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,186	117	761	58	251	
Other taxes less subsidies on production	40	9	24	4	4	
Consumption of fixed capital	382	101	217	11	51	
Net operating surplus and mixed income [1]	540	278	227	34	0	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						7
Taxes less subsidies on production						
Property income	892	31	462	324	76	126
Interest	328	29	53	170	76	45
Other property income	564	2	408	154	0	81
Net national income [1]	2,011	1,717	-5	60	240	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	313	243	56	13	0	5
Social contributions	447	447				1
Social benefits other than social transfers in kind	476	1	17	36	421	1
Other current transfers	197	68	26	49	53	11
Net non-life insurance premiums	46	34	10	1	1	2
Non-life insurance claims	47			47		1
Other	103	34	16	1	52	8
Net disposable income [1]	1,987	1,519	-72	61	479	
Use of income account						
Net disposable income						
Final consumption expenditure	1,883	1,367			516	
Individual consumption expenditure	1,690	1,367			322	
Collective consumption expenditure	194				194	
Adjustment for the change in the net equity of households in pension fund reserves	15	0	1	14	0	0
Net saving/current external account [1]	104	167	-73	47	-36	-51
Capital account						
Net saving/current external account						
Gross capital formation	435	138	240	9	48	
Gross fixed capital formation	440	139	244	8	48	
Changes in inventories and acquisitions less disposals of valuables	-5	-1	-4	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-1	1	0	1	0
Capital transfers	49	9	1	5	33	5
Capital taxes	9	6	0	3		0
Other capital transfers	40	3	1	3	33	5
Net lending (+)/net borrowing (-) (from capital account) [1]	54	130	-82	60	-55	-54
Statistical discrepancy	0	-35	35	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 2013 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						570
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,148	505	1,230	107	306	
Taxes less subsidies on products	243					
Gross domestic product (market prices)[2)]	2,391					
Compensation of employees						
Other taxes less subsidies on production						
Consumption of fixed capital						
Net operating surplus and mixed income						
Allocation of primary income account						
Net operating surplus and mixed income	540	278	227	34	0	
Compensation of employees	1,190	1,190				3
Taxes less subsidies on production	282				282	1
Property income	892	280	229	350	34	126
Interest	322	52	34	227	9	52
Other property income	571	228	195	123	25	74
Net national income						
Secondary distribution of income account						
Net national income	2,011	1,717	-5	60	240	
Current taxes on income, wealth, etc.	317				317	1
Social contributions	446	1	18	50	376	2
Social benefits other than social transfers in kind	474	474				3
Other current transfers	170	87	14	48	21	37
Net non-life insurance premiums	47			47		1
Non-life insurance claims	46	36	9	1	0	2
Other	78	52	6	0	20	33
Net disposable income						
Use of income account						
Net disposable income	1,987	1,519	-72	61	479	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	15	15				0
Net saving/current external account						
Capital account						
Net saving/current external account	104	167	-73	47	-36	-51
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	382	101	217	11	51	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	51	8	16	15	12	3
Capital taxes	9				9	0
Other capital transfers	43	8	16	15	4	3
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

Sources: ECB and Eurostat.

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

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

Assets 2013 Q2	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		19,906	17,579	34,093	17,536	7,585	4,418	18,434
Monetary gold and special drawing rights (SDRs)				485				
Currency and deposits		7,082	2,034	10,398	2,403	813	771	3,315
Short-term debt securities		41	67	558	416	67	37	660
Long-term debt securities		1,226	245	6,645	3,037	3,029	436	4,229
Loans		84	3,077	13,225	4,280	489	828	2,476
of which: Long-term		63	1,884	10,273	3,076	363	730	.
Shares and other equity		4,615	8,326	1,885	7,001	2,786	1,543	6,897
Quoted shares		786	1,137	390	2,317	412	207	.
Unquoted shares and other equity		2,411	6,812	1,199	3,522	434	1,155	.
Mutual fund shares		1,418	377	295	1,162	1,940	180	.
Insurance technical reserves		6,338	184	3	0	244	4	259
Other accounts receivable and financial derivatives		521	3,647	895	398	157	799	599
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		95	-37	-414	190	25	117	-25
Monetary gold and SDRs				0				0
Currency and deposits		60	4	-284	-1	-16	80	-92
Short-term debt securities		-5	-6	-49	23	-11	-5	3
Long-term debt securities		-15	-5	69	34	35	6	6
Loans		0	-10	-77	73	-2	57	43
of which: Long-term		1	-2	-47	41	1	44	.
Shares and other equity		25	-19	-6	35	11	-5	44
Quoted shares		9	11	0	12	-4	15	.
Unquoted shares and other equity		-1	-15	14	27	3	-21	.
Mutual fund shares		16	-15	-20	-5	13	1	.
Insurance technical reserves		31	-1	0	0	1	0	2
Other accounts receivable and financial derivatives		0	1	-66	27	7	-17	-31
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		-93	-158	-293	-221	-74	-27	-159
Monetary gold and SDRs				-118				
Currency and deposits		-2	-2	-48	19	0	0	-31
Short-term debt securities		0	0	-2	2	0	0	-9
Long-term debt securities		0	0	-84	-60	-35	-3	-41
Loans		0	-7	-31	-39	0	0	-19
of which: Long-term		0	-3	-29	-37	0	0	.
Shares and other equity		-58	-132	-16	-129	-37	-24	-72
Quoted shares		-20	-22	-11	-77	0	6	.
Unquoted shares and other equity		-24	-107	-3	-45	-3	-28	.
Mutual fund shares		-14	-3	-2	-7	-33	-2	.
Insurance technical reserves		-34	-1	0	0	-2	0	0
Other accounts receivable and financial derivatives		0	-17	5	-13	0	0	12
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		19,908	17,385	33,387	17,505	7,536	4,508	18,250
Monetary gold and SDRs				367				
Currency and deposits		7,140	2,036	10,066	2,421	797	851	3,192
Short-term debt securities		35	60	507	441	56	32	655
Long-term debt securities		1,211	240	6,630	3,011	3,029	439	4,194
Loans		84	3,060	13,117	4,315	486	886	2,500
of which: Long-term		63	1,880	10,196	3,081	364	773	.
Shares and other equity		4,582	8,175	1,862	6,906	2,761	1,514	6,868
Quoted shares		776	1,126	378	2,251	408	228	.
Unquoted shares and other equity		2,386	6,690	1,210	3,504	433	1,106	.
Mutual fund shares		1,420	359	273	1,150	1,919	179	.
Insurance technical reserves		6,336	183	3	0	243	4	261
Other accounts receivable and financial derivatives		521	3,631	834	412	164	782	580
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2013 Q2	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, liabilities								
Total liabilities		6,854	27,169	32,916	17,117	7,574	10,722	16,716
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			33	23,837	33	0	271	2,643
Short-term debt securities			92	632	147	3	691	281
Long-term debt securities			979	4,591	3,088	53	6,863	3,273
Loans		6,160	8,388		4,000	303	2,247	3,361
of which: Long-term		5,816	6,122		2,275	110	1,959	.
Shares and other equity		8	13,785	2,621	9,661	489	4	6,484
Quoted shares			3,891	379	247	136	0	.
Unquoted shares and other equity		8	9,894	1,330	2,673	352	4	.
Mutual fund shares				912	6,741			.
Insurance technical reserves		36	350	64	1	6,580	1	
Other accounts payable and financial derivatives		650	3,542	1,171	187	146	646	674
Net financial worth [1]	-1,233	13,053	-9,589	1,177	419	11	-6,304	
Financial account, transactions in liabilities								
Total transactions in liabilities		0	10	-459	178	24	172	29
Monetary gold and SDRs								
Currency and deposits			0	-246	0	0	6	-11
Short-term debt securities			-1	-26	-3	0	-15	-7
Long-term debt securities			14	-98	47	-2	151	16
Loans		3	-18		54	-1	33	15
of which: Long-term		-2	1		35	-1	41	.
Shares and other equity		0	34	-37	67	0	0	20
Quoted shares			15	38	0	0	0	.
Unquoted shares and other equity		0	19	-31	-20	0	0	.
Mutual fund shares				-44	87			.
Insurance technical reserves		0	1	2	0	32	0	
Other accounts payable and financial derivatives		-3	-20	-55	13	-4	-4	-5
Changes in net financial worth due to transactions [1]	54	96	-47	46	12	1	-55	-54
Other changes account, liabilities								
Total other changes in liabilities		-9	-224	-186	-172	-10	-36	-270
Monetary gold and SDRs								
Currency and deposits			0	-62	2	0	0	-3
Short-term debt securities			0	-4	-2	0	0	-3
Long-term debt securities			-17	-50	-8	-1	-43	-103
Loans		-6	-23		-17	0	-1	-48
of which: Long-term		-7	-17		-16	0	-1	.
Shares and other equity		0	-159	-74	-128	7	0	-115
Quoted shares			-52	-9	13	4	0	.
Unquoted shares and other equity		0	-107	-52	22	3	0	.
Mutual fund shares				-12	-164			.
Insurance technical reserves		0	0	0	0	-37	0	
Other accounts payable and financial derivatives		-4	-24	4	-19	20	8	2
Other changes in net financial worth [1]	-229	-84	66	-107	-49	-64	9	111
Closing balance sheet, liabilities								
Total liabilities		6,844	26,955	32,270	17,122	7,587	10,858	16,474
Monetary gold and SDRs								
Currency and deposits			33	23,529	35	0	276	2,629
Short-term debt securities			92	602	142	2	676	272
Long-term debt securities			976	4,443	3,127	50	6,971	3,187
Loans		6,157	8,347		4,036	302	2,280	3,327
of which: Long-term		5,807	6,105		2,294	109	1,999	.
Shares and other equity		8	13,659	2,510	9,600	497	4	6,389
Quoted shares			3,854	408	261	140	0	.
Unquoted shares and other equity		8	9,806	1,247	2,675	355	4	.
Mutual fund shares				856	6,665			.
Insurance technical reserves		36	351	66	1	6,575	1	
Other accounts payable and financial derivatives		643	3,497	1,120	182	162	649	671
Net financial worth [1]	-1,408	13,064	-9,570	1,116	383	-51	-6,350	

Source: ECB.

3.2 Euro area non-financial accounts
(EUR billions; four-quarter cumulated flows)

Uses	2009	2010	2011	2011 Q3-2012 Q2	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,448	4,509	4,621	4,651	4,665	4,671	4,677	4,683
Other taxes less subsidies on production	85	81	95	111	116	124	124	125
Consumption of fixed capital	1,387	1,417	1,458	1,478	1,487	1,496	1,504	1,512
Net operating surplus and mixed income [1]	2,098	2,198	2,257	2,232	2,211	2,190	2,177	2,183
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,970	2,813	3,015	2,990	2,951	2,878	2,824	2,778
Interest	1,594	1,382	1,540	1,536	1,505	1,454	1,402	1,358
Other property income	1,375	1,430	1,475	1,454	1,445	1,424	1,423	1,420
Net national income [1]	7,540	7,759	7,978	8,008	8,015	8,030	8,027	8,039
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,029	1,057	1,115	1,141	1,154	1,172	1,177	1,194
Social contributions	1,677	1,703	1,751	1,770	1,776	1,787	1,794	1,801
Social benefits other than social transfers in kind	1,769	1,814	1,840	1,861	1,873	1,883	1,895	1,906
Other current transfers	770	773	779	787	789	787	790	794
Net non-life insurance premiums	179	179	181	183	184	184	183	184
Non-life insurance claims	181	181	183	186	186	186	186	186
Other	410	413	415	418	418	418	421	425
Net disposable income [1]	7,432	7,649	7,870	7,897	7,904	7,920	7,914	7,923
Use of income account								
Net disposable income								
Final consumption expenditure	7,152	7,315	7,476	7,511	7,516	7,520	7,520	7,534
Individual consumption expenditure	6,383	6,542	6,700	6,734	6,740	6,746	6,744	6,756
Collective consumption expenditure	769	773	776	776	777	774	776	778
Adjustment for the change in the net equity of households in pension fund reserves	61	56	58	60	58	58	57	58
Net saving [1]	280	334	394	386	387	401	394	389
Capital account								
Net saving								
Gross capital formation	1,702	1,778	1,871	1,824	1,794	1,776	1,743	1,727
Gross fixed capital formation	1,752	1,760	1,816	1,799	1,784	1,768	1,738	1,724
Changes in inventories and acquisitions less disposals of valuables	-50	18	55	24	10	9	4	3
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	0	10	10	9	3	1
Capital transfers	183	221	174	176	182	193	200	210
Capital taxes	34	25	31	29	29	26	26	29
Other capital transfers	149	196	142	147	153	168	174	181
Net lending (+)/net borrowing (-) (from capital account) [1]	-27	-19	-12	38	79	122	164	186

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	2009	2010	2011	2011 Q3-2012 Q2	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2
Generation of income account								
Gross value added (basic prices)	8,018	8,206	8,431	8,471	8,478	8,481	8,482	8,503
Taxes less subsidies on products	894	942	973	974	974	977	972	977
Gross domestic product (market prices)[2]	8,913	9,148	9,405	9,445	9,452	9,458	9,454	9,480
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
Net operating surplus and mixed income								
Allocation of primary income account								
Net operating surplus and mixed income	2,098	2,198	2,257	2,232	2,211	2,190	2,177	2,183
Compensation of employees	4,458	4,520	4,633	4,664	4,678	4,684	4,691	4,697
Taxes less subsidies on production	996	1,037	1,079	1,094	1,100	1,112	1,108	1,113
Property income	2,957	2,816	3,024	3,009	2,977	2,921	2,875	2,823
Interest	1,554	1,333	1,486	1,489	1,465	1,422	1,373	1,329
Other property income	1,403	1,483	1,538	1,520	1,512	1,499	1,502	1,494
Net national income								
Secondary distribution of income account								
Net national income	7,540	7,759	7,978	8,008	8,015	8,030	8,027	8,039
Current taxes on income, wealth, etc.	1,034	1,060	1,121	1,146	1,160	1,178	1,182	1,200
Social contributions	1,675	1,703	1,752	1,769	1,775	1,784	1,792	1,798
Social benefits other than social transfers in kind	1,762	1,807	1,834	1,855	1,867	1,877	1,889	1,900
Other current transfers	665	665	672	677	680	681	681	681
Net non-life insurance premiums	181	181	183	186	186	186	186	186
Non-life insurance claims	177	175	176	178	179	178	178	179
Other	308	309	313	313	315	316	317	317
Net disposable income								
Use of income account								
Net disposable income	7,432	7,649	7,870	7,897	7,904	7,920	7,914	7,923
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61	56	58	60	58	58	57	58
Net saving								
Capital account								
Net saving	280	334	394	386	387	401	394	389
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,387	1,417	1,458	1,478	1,487	1,496	1,504	1,512
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	192	230	180	184	191	205	212	222
Capital taxes	34	25	31	29	29	26	26	29
Other capital transfers	158	205	149	155	162	179	185	193
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2009	2010	2011	2011 Q3-2012 Q2	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2
Income, saving and changes in net worth								
Compensation of employees (+)	4,458	4,520	4,633	4,664	4,678	4,684	4,691	4,697
Gross operating surplus and mixed income (+)	1,439	1,448	1,490	1,494	1,495	1,496	1,499	1,504
Interest receivable (+)	233	201	227	230	228	222	216	212
Interest payable (-)	148	124	146	143	138	131	125	120
Other property income receivable (+)	729	721	749	754	748	744	737	732
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	843	850	884	907	920	934	941	951
Net social contributions (-)	1,672	1,698	1,746	1,765	1,772	1,782	1,789	1,796
Net social benefits (+)	1,757	1,802	1,829	1,850	1,862	1,872	1,883	1,895
Net current transfers receivable (+)	72	71	71	70	69	71	73	74
= Gross disposable income	6,016	6,081	6,212	6,235	6,239	6,232	6,234	6,237
Final consumption expenditure (-)	5,157	5,291	5,440	5,467	5,469	5,474	5,469	5,476
Changes in net worth in pension funds (+)	60	56	58	59	57	57	57	57
= Gross saving	920	845	830	827	828	815	822	818
Consumption of fixed capital (-)	379	386	393	397	399	401	402	403
Net capital transfers receivable (+)	9	13	2	2	0	1	0	0
Other changes in net worth (+)	-364	536	-235	-576	-469	-147	-603	-446
= Changes in net worth	185	1,008	204	-144	-40	269	-184	-32
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	555	558	572	566	561	555	548	543
Consumption of fixed capital (-)	379	386	393	397	399	401	402	403
Main items of financial investment (+)								
Short-term assets	2	40	124	161	172	191	172	166
Currency and deposits	121	118	117	164	175	224	225	215
Money market fund shares	-45	-59	-23	-19	-28	-31	-39	-30
Debt securities [1]	-75	-19	29	17	25	-2	-15	-18
Long-term assets	478	420	236	225	189	142	143	133
Deposits	82	59	55	45	30	13	7	4
Debt securities	-1	2	71	12	-2	-91	-125	-119
Shares and other equity	167	112	-5	65	54	92	114	96
Quoted and unquoted shares and other equity	119	104	44	95	62	55	42	18
Mutual fund shares	48	8	-50	-30	-8	37	72	78
Life insurance and pension fund reserves	230	248	115	103	107	129	147	152
Main items of financing (-)								
Loans	106	114	88	40	19	14	1	-12
of which: From euro area MFIs	64	146	81	13	1	25	21	0
Other changes in assets (+)								
Non-financial assets	-628	442	134	-389	-1,024	-791	-1,089	-984
Financial assets	197	140	-410	-235	504	592	420	481
Shares and other equity	83	49	-323	-281	315	353	295	349
Life insurance and pension fund reserves	191	120	15	91	181	179	159	120
Remaining net flows (+)	67	-93	29	-34	-22	-6	26	21
= Changes in net worth	185	1,008	204	-144	-40	269	-184	-32
Balance sheet								
Non-financial assets (+)	29,686	30,300	30,612	30,436	30,153	29,975	29,514	29,591
Financial assets (+)								
Short-term assets	5,766	5,808	5,946	6,023	6,032	6,117	6,132	6,173
Currency and deposits	5,474	5,596	5,727	5,821	5,837	5,948	5,979	6,029
Money market fund shares	242	184	166	148	136	121	112	109
Debt securities [1]	50	28	53	54	58	49	41	35
Long-term assets	11,576	12,114	11,937	12,189	12,437	12,690	12,852	12,811
Deposits	985	1,043	1,082	1,104	1,100	1,097	1,102	1,111
Debt securities	1,390	1,342	1,329	1,323	1,318	1,300	1,226	1,211
Shares and other equity	4,080	4,240	3,906	4,018	4,180	4,365	4,503	4,473
Quoted and unquoted shares and other equity	2,954	3,036	2,813	2,868	2,979	3,118	3,197	3,162
Mutual fund shares	1,126	1,204	1,093	1,150	1,200	1,247	1,306	1,311
Life insurance and pension fund reserves	5,121	5,489	5,619	5,745	5,840	5,927	6,021	6,017
Remaining net assets (+)	277	264	254	232	257	225	228	237
Liabilities (-)								
Loans	5,961	6,136	6,195	6,193	6,183	6,185	6,160	6,157
of which: From euro area MFIs	4,998	5,242	5,281	5,294	5,283	5,290	5,279	5,280
= Net worth	41,343	42,350	42,554	42,686	42,696	42,823	42,567	42,655

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)

	2009	2010	2011	2011 Q3-2012 Q2	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2
Income and saving								
Gross value added (basic prices) (+)	4,518	4,657	4,820	4,845	4,848	4,848	4,843	4,856
Compensation of employees (-)	2,787	2,831	2,929	2,957	2,968	2,976	2,979	2,983
Other taxes less subsidies on production (-)	40	32	41	46	48	50	50	52
= Gross operating surplus (+)	1,690	1,794	1,850	1,842	1,832	1,821	1,814	1,821
Consumption of fixed capital (-)	782	798	825	838	844	849	855	860
= Net operating surplus (+)	909	996	1,025	1,004	988	972	960	961
Property income receivable (+)	534	559	569	568	572	562	560	548
Interest receivable	171	158	165	161	157	150	144	138
Other property income receivable	362	400	404	407	416	412	417	410
Interest and rents payable (-)	297	258	287	286	280	270	259	250
= Net entrepreneurial income (+)	1,146	1,296	1,307	1,286	1,281	1,264	1,261	1,260
Distributed income (-)	932	930	981	979	973	956	948	944
Taxes on income and wealth payable (-)	151	169	192	196	196	201	198	203
Social contributions receivable (+)	71	69	73	74	74	74	74	74
Social benefits payable (-)	68	69	70	70	70	70	70	70
Other net transfers (-)	48	45	48	48	49	49	48	49
= Net saving	17	152	90	67	67	62	71	68
Investment, financing and saving								
Net acquisition of non-financial assets (+)	65	147	209	179	152	132	99	85
Gross fixed capital formation (+)	898	927	981	980	973	966	946	939
Consumption of fixed capital (-)	782	798	825	838	844	849	855	860
Net acquisition of other non-financial assets (+)	-52	19	53	36	23	16	7	6
Main items of financial investment (+)								
Short-term assets	95	35	-27	2	27	61	48	44
Currency and deposits	88	67	7	16	39	77	85	89
Money market fund shares	39	-32	-46	-29	-17	-9	-8	-17
Debt securities [1]	-31	0	12	15	6	-6	-29	-28
Long-term assets	146	422	481	363	297	183	168	69
Deposits	0	20	69	55	13	9	-20	-15
Debt securities	22	8	-23	-14	-11	-4	-2	-7
Shares and other equity	100	247	287	198	179	112	155	106
Other (mainly intercompany loans)	24	147	148	124	117	66	34	-16
Remaining net assets (+)	64	16	-22	-32	6	42	65	111
Main items of financing (-)								
Debt	25	172	261	169	178	117	90	34
of which: Loans from euro area MFIs	-109	-18	85	-41	-87	-134	-122	-150
of which: Debt securities	90	66	49	93	109	119	105	92
Shares and other equity	243	230	224	211	170	170	143	133
Quoted shares	59	31	27	15	16	26	11	21
Unquoted shares and other equity	184	199	197	196	154	143	132	112
Net capital transfers receivable (-)	82	64	67	64	65	65	70	69
= Net saving	17	152	90	67	67	62	71	68
Financial balance sheet								
Financial assets								
Short-term assets	1,932	1,957	1,932	1,919	1,931	1,989	1,955	1,946
Currency and deposits	1,632	1,695	1,706	1,697	1,717	1,780	1,764	1,774
Money market fund shares	213	182	134	131	128	128	125	111
Debt securities [1]	86	81	92	90	86	81	67	60
Long-term assets	10,274	10,759	10,763	11,069	11,385	11,523	11,793	11,626
Deposits	185	196	235	282	278	284	270	261
Debt securities	226	242	229	233	248	244	245	240
Shares and other equity	7,140	7,451	7,253	7,451	7,732	7,905	8,201	8,064
Other (mainly intercompany loans)	2,723	2,869	3,046	3,103	3,126	3,090	3,077	3,060
Remaining net assets	371	242	301	238	262	258	322	349
Liabilities								
Debt	9,291	9,592	9,744	9,862	9,908	9,843	9,809	9,766
of which: Loans from euro area MFIs	4,729	4,702	4,717	4,689	4,631	4,503	4,477	4,439
of which: Debt securities	814	882	886	971	1,028	1,051	1,071	1,068
Shares and other equity	12,460	13,007	12,313	12,482	12,951	13,372	13,785	13,659
Quoted shares	3,503	3,799	3,281	3,331	3,550	3,747	3,891	3,854
Unquoted shares and other equity	8,957	9,208	9,032	9,151	9,401	9,625	9,894	9,806

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)

	2009	2010	2011	2011 Q3-2012 Q2	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	-42	-6	54	72	51	43	19	-19
Currency and deposits	-33	-9	14	15	3	16	12	8
Money market fund shares	5	-8	16	44	36	32	10	-12
Debt securities [1]	-14	11	24	13	12	-5	-2	-14
Long-term assets	293	287	134	93	111	184	176	212
Deposits	15	-4	9	-6	-16	-17	-19	-16
Debt securities	104	183	44	42	79	137	95	113
Loans	8	32	12	3	15	8	13	12
Quoted shares	-50	-1	-12	-14	-17	-5	2	-2
Unquoted shares and other equity	-15	11	13	11	1	-1	-1	-1
Mutual fund shares	230	68	67	57	49	63	86	106
Remaining net assets (+)	18	8	-36	-7	-5	-41	-22	-24
Main items of financing (-)								
Debt securities	5	1	3	1	3	7	6	4
Loans	-4	7	11	7	9	-15	0	-7
Shares and other equity	5	7	4	4	3	1	2	2
Insurance technical reserves	246	280	115	112	125	149	167	171
Net equity of households in life insurance and pension fund reserves	240	261	110	104	116	136	155	160
Prepayments of insurance premiums and reserves for outstanding claims	6	19	5	9	8	13	12	11
= Changes in net financial worth due to transactions	16	-4	18	34	17	45	-2	0
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	200	117	-105	-10	218	197	148	134
Other net assets	34	0	22	117	160	231	128	81
Other changes in liabilities (-)								
Shares and other equity	13	-1	-47	-38	39	70	52	79
Insurance technical reserves	169	136	16	99	190	188	163	122
Net equity of households in life insurance and pension fund reserves	197	125	19	94	187	186	161	120
Prepayments of insurance premiums and reserves for outstanding claims	-28	11	-3	5	2	2	2	1
= Other changes in net financial worth	52	-19	-52	45	149	170	61	14
Financial balance sheet								
Financial assets (+)								
Short-term assets	331	329	371	388	400	406	411	364
Currency and deposits	195	190	193	195	200	209	219	201
Money market fund shares	95	88	102	124	123	125	126	107
Debt securities [1]	41	51	76	70	77	72	67	56
Long-term assets	5,651	6,041	6,045	6,324	6,543	6,637	6,772	6,765
Deposits	613	607	611	608	604	594	594	596
Debt securities	2,467	2,638	2,660	2,827	2,939	2,998	3,029	3,029
Loans	434	467	479	477	487	488	489	486
Quoted shares	397	421	375	373	388	403	412	408
Unquoted shares and other equity	414	417	422	439	440	432	434	433
Mutual fund shares	1,327	1,492	1,498	1,601	1,684	1,723	1,815	1,813
Remaining net assets (+)	227	250	271	277	273	260	255	245
Liabilities (-)								
Debt securities	42	43	46	48	50	55	56	52
Loans	284	296	304	309	319	288	303	302
Shares and other equity	441	447	404	416	446	475	489	497
Insurance technical reserves	5,582	5,998	6,130	6,282	6,380	6,466	6,580	6,575
Net equity of households in life insurance and pension fund reserves	4,798	5,184	5,314	5,446	5,546	5,636	5,732	5,726
Prepayments of insurance premiums and reserves for outstanding claims	784	814	816	836	834	830	847	848
= Net financial wealth	-140	-164	-197	-66	21	19	11	-51

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

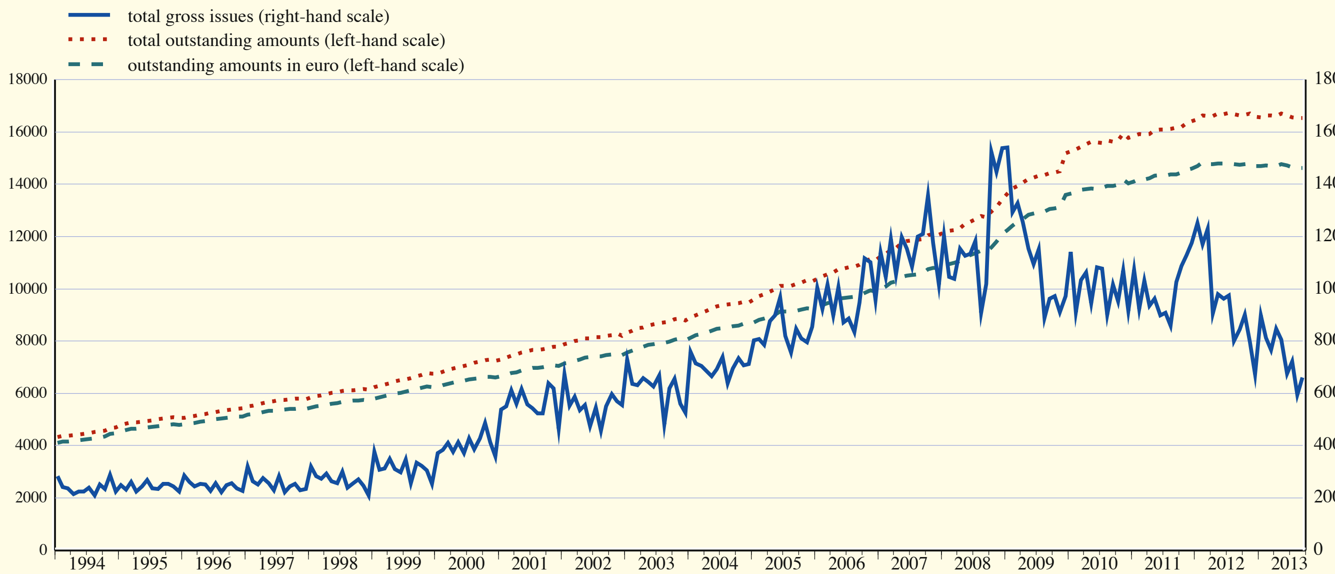
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2]	
											Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2012 Sep.	17,053.1	810.6	-8.1	14,753.4	758.7	-12.0	16,629.1	845.2	-25.7	3.4	21.5	0.7
Oct.	17,050.5	817.7	-1.1	14,760.7	778.6	9.0	16,649.5	901.7	29.1	3.1	13.7	1.0
Nov.	17,081.1	720.1	27.3	14,791.1	680.5	27.0	16,696.2	795.4	47.0	2.7	-17.3	1.0
Dec.	16,998.6	631.6	-116.7	14,705.5	591.9	-119.7	16,579.5	673.7	-136.7	1.6	-34.2	0.2
2013 Jan.	16,992.9	816.6	-5.2	14,705.2	768.4	0.2	16,559.1	898.3	9.5	1.1	-13.3	-0.4
Feb.	17,002.3	706.4	-5.2	14,724.0	666.1	3.9	16,630.7	812.1	38.7	0.4	-20.8	-0.6
Mar.	16,931.9	683.8	-68.0	14,699.7	634.8	-21.7	16,628.3	767.0	-17.5	-0.2	-14.0	-1.0
Apr.	16,925.4	756.9	-6.7	14,687.3	708.3	-12.6	16,607.2	846.4	-5.8	-0.2	-11.6	-1.3
May	16,996.4	710.8	72.1	14,764.2	665.4	78.1	16,700.1	804.4	97.1	0.0	17.9	-0.9
June	16,933.9	601.4	-62.0	14,712.9	558.9	-50.8	16,633.4	675.9	-60.9	-0.2	-22.5	-0.8
July	16,873.0	636.9	-60.7	14,646.4	588.2	-65.8	16,548.5	722.7	-73.0	-0.8	-50.4	-1.2
Aug.	16,850.7	515.3	-22.5	14,622.4	481.7	-24.2	16,535.3	593.7	-16.6	-0.7	18.8	-0.7
Sep.	16,866.6	603.0	16.4	14,620.3	552.6	-1.7	16,526.1	662.0	-2.1	-0.5	44.3	0.0
	Long-term											
2012 Sep.	15,620.4	256.8	23.0	13,420.3	225.4	23.7	15,068.7	252.2	21.5	4.0	64.2	1.8
Oct.	15,647.3	237.0	27.2	13,443.6	212.3	23.6	15,100.6	249.5	38.9	3.8	29.0	2.3
Nov.	15,700.7	219.1	52.7	13,489.3	194.3	45.0	15,157.0	222.5	59.0	3.5	1.8	2.4
Dec.	15,658.7	197.3	-64.0	13,445.2	173.3	-66.0	15,088.5	193.3	-77.6	2.5	-21.6	1.6
2013 Jan.	15,657.6	257.2	-0.7	13,445.3	227.0	0.4	15,058.4	259.8	-3.1	2.2	5.8	1.3
Feb.	15,659.9	229.9	-7.4	13,453.2	204.5	-2.0	15,108.1	244.5	23.6	1.3	-32.7	0.6
Mar.	15,602.2	246.6	-54.9	13,450.6	216.4	0.2	15,123.5	249.9	3.2	0.9	8.7	-0.1
Apr.	15,599.4	247.5	-3.0	13,436.7	217.0	-14.0	15,108.2	248.7	-1.7	0.8	-8.5	-0.6
May	15,668.9	254.1	70.6	13,512.4	222.9	76.9	15,194.7	260.4	90.9	1.0	23.0	-0.3
June	15,648.1	208.0	-20.2	13,505.9	181.4	-5.9	15,173.2	201.1	-16.6	0.7	-9.4	-0.2
July	15,582.1	204.3	-66.0	13,427.3	172.8	-78.3	15,075.8	194.8	-87.2	0.2	-47.7	-0.9
Aug.	15,577.4	117.0	-4.8	13,419.1	97.4	-8.4	15,075.6	112.5	-5.2	0.3	37.7	0.1
Sep.	15,602.1	222.4	25.1	13,432.6	189.5	13.9	15,088.5	214.2	21.5	0.3	62.3	0.8

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2011	16,413	5,516	3,173	882	6,217	625	1,001	609	99	62	191	39
2012	16,579	5,399	3,227	1,001	6,268	684	958	589	82	67	187	32
2012 Q4	16,579	5,399	3,227	1,001	6,268	684	790	463	74	64	164	25
2013 Q1	16,628	5,260	3,224	1,030	6,425	690	826	439	81	61	212	32
Q2	16,633	5,121	3,238	1,037	6,559	678	776	408	65	67	202	34
Q3	16,526	5,002	3,238	1,065	6,550	671	659	350	51	62	171	25
2013 June	16,633	5,121	3,238	1,037	6,559	678	676	351	57	69	175	25
July	16,549	5,067	3,243	1,043	6,527	669	723	392	59	67	178	27
Aug.	16,535	5,043	3,232	1,053	6,532	675	594	343	41	45	144	20
Sep.	16,526	5,002	3,238	1,065	6,550	671	662	315	54	73	191	29
						Short-term						
2011	1,595	702	103	79	634	77	748	511	48	53	107	29
2012	1,491	601	137	81	608	64	703	490	37	52	104	21
2012 Q4	1,491	601	137	81	608	64	569	392	27	46	88	16
2013 Q1	1,505	582	140	90	624	68	574	361	31	47	112	23
Q2	1,460	558	135	88	624	54	539	337	26	51	102	23
Q3	1,438	539	133	89	630	47	486	294	25	45	104	18
2013 June	1,460	558	135	88	624	54	475	285	25	52	95	18
July	1,473	563	136	91	633	50	528	331	23	48	106	20
Aug.	1,460	553	135	90	629	52	481	301	27	35	104	15
Sep.	1,438	539	133	89	630	47	448	250	24	52	104	18
						Long-term [2]						
2011	14,818	4,814	3,071	803	5,583	548	253	98	51	9	84	10
2012	15,088	4,798	3,090	920	5,660	621	254	99	45	16	83	12
2012 Q4	15,088	4,798	3,090	920	5,660	621	222	70	47	18	77	9
2013 Q1	15,124	4,678	3,084	939	5,801	621	251	78	50	14	100	9
Q2	15,173	4,564	3,103	948	5,934	624	237	70	40	16	101	10
Q3	15,088	4,464	3,105	976	5,920	624	174	56	26	17	67	8
2013 June	15,173	4,564	3,103	948	5,934	624	201	66	32	17	80	7
July	15,076	4,504	3,107	952	5,893	619	195	61	36	19	72	7
Aug.	15,076	4,490	3,097	963	5,903	623	112	42	14	10	40	6
Sep.	15,088	4,464	3,105	976	5,920	624	214	65	30	21	88	11
						of which: Long-term fixed rate						
2011	9,978	2,755	1,115	706	4,994	408	150	54	12	8	70	7
2012	10,518	2,809	1,292	822	5,151	444	165	54	18	15	71	7
2012 Q4	10,518	2,809	1,292	822	5,151	444	142	35	21	17	64	6
2013 Q1	10,654	2,763	1,344	839	5,257	450	165	41	25	12	80	7
Q2	10,766	2,716	1,388	847	5,360	455	155	34	21	13	79	8
Q3	10,756	2,668	1,414	870	5,350	454	123	32	14	14	58	5
2013 June	10,766	2,716	1,388	847	5,360	455	140	33	19	14	68	5
July	10,703	2,679	1,399	849	5,325	451	132	29	17	16	65	5
Aug.	10,723	2,678	1,403	858	5,332	453	77	23	7	8	36	3
Sep.	10,756	2,668	1,414	870	5,350	454	161	43	18	18	74	8
						of which: Long-term variable rate						
2011	4,341	1,789	1,806	94	513	139	85	37	32	1	11	3
2012	4,144	1,735	1,703	94	437	175	77	38	24	1	8	5
2012 Q4	4,144	1,735	1,703	94	437	175	70	30	25	1	10	4
2013 Q1	4,024	1,662	1,642	96	453	170	69	30	22	1	13	3
Q2	3,972	1,608	1,614	98	483	169	68	31	16	2	17	2
Q3	3,917	1,582	1,588	103	475	169	40	20	11	3	4	2
2013 June	3,972	1,608	1,614	98	483	169	48	28	11	3	6	2
July	3,940	1,596	1,606	100	471	168	52	28	16	4	3	2
Aug.	3,927	1,593	1,592	101	471	169	27	15	5	2	1	3
Sep.	3,917	1,582	1,588	103	475	169	42	18	11	3	8	3

Source: ECB.
1) Monthly data on gross issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.
2) The residual difference between total long-term debt securities and fixed and variable rate long-term debt securities consists of zero coupon bonds and revaluation effects.

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

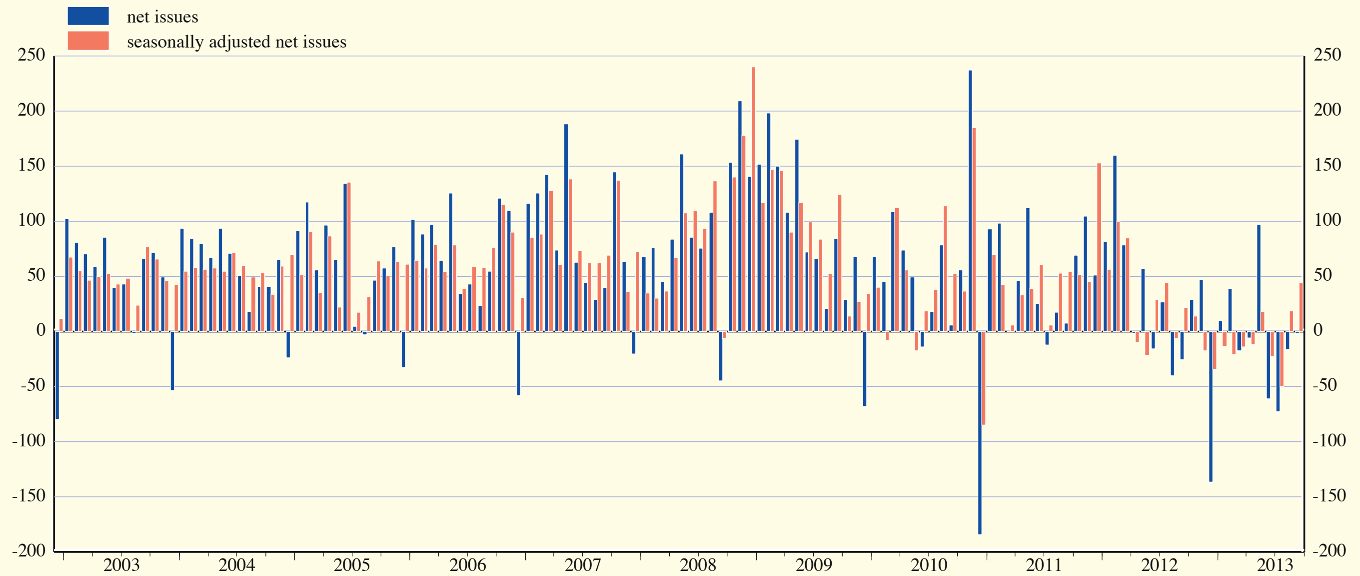
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations: Financial corporations other than MFIs	Non-MFI corporations: Non-financial corporations	General government: Central government	General government: Other general government	Total	MFIs (including Eurosystem)	Non-MFI corporations: Financial corporations other than MFIs	Non-MFI corporations: Non-financial corporations	General government: Central government	General government: Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2011	51.0	22.1	-3.6	3.8	23.2	5.6	-	-	-	-	-	-
2012	21.6	-8.1	3.1	10.4	13.1	3.1	-	-	-	-	-	-
2012 Q4	-20.2	-40.4	26.6	8.0	-9.5	-4.9	-12.6	-28.6	6.3	11.1	4.7	-6.2
2013 Q1	10.3	-46.2	-6.1	9.2	51.9	1.5	-16.0	-60.9	1.5	6.8	35.9	0.7
Q2	10.1	-41.0	5.6	3.5	45.4	-3.3	-5.4	-39.9	4.9	2.3	30.4	-3.0
Q3	-30.6	-36.8	0.6	10.2	-2.4	-2.1	4.2	-35.6	14.7	10.7	15.1	-0.6
2013 June	-60.9	-49.4	-28.5	-3.8	27.2	-6.5	-22.5	-27.9	-6.8	2.9	16.5	-7.2
July	-73.0	-48.6	6.4	8.5	-31.3	-8.1	-50.4	-57.1	8.2	5.6	0.2	-7.2
Aug.	-16.6	-24.7	-11.5	8.8	5.4	5.2	18.8	-29.4	7.0	14.4	18.3	8.6
Sep.	-2.1	-37.2	6.8	13.2	18.5	-3.5	44.3	-20.4	29.0	12.2	26.9	-3.3
						Long-term						
2011	46.8	11.4	-2.3	2.8	31.0	3.9	-	-	-	-	-	-
2012	31.4	0.5	1.2	10.2	15.3	4.2	-	-	-	-	-	-
2012 Q4	6.8	-18.0	19.0	10.5	-4.1	-0.7	3.1	-7.7	1.0	11.3	-1.5	-0.1
2013 Q1	7.9	-39.3	-5.7	6.2	46.7	0.0	-6.1	-46.9	1.5	5.9	34.9	-1.5
Q2	24.2	-33.3	7.0	4.1	45.1	1.4	1.7	-39.3	7.1	3.1	31.0	-0.2
Q3	-23.6	-30.7	1.3	10.1	-4.4	0.1	17.4	-27.6	12.2	10.6	19.7	2.5
2013 June	-16.6	-33.2	-18.0	6.1	28.2	0.3	-9.4	-33.0	0.8	5.8	19.6	-2.7
July	-87.2	-54.6	6.1	5.9	-40.4	-4.2	-47.7	-58.2	4.2	6.3	0.2	-0.3
Aug.	-5.2	-16.8	-11.2	9.4	9.8	3.6	37.7	-13.7	7.5	14.5	24.0	5.4
Sep.	21.5	-20.9	9.1	14.8	17.6	0.9	62.3	-10.9	24.8	11.2	34.8	2.3

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

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



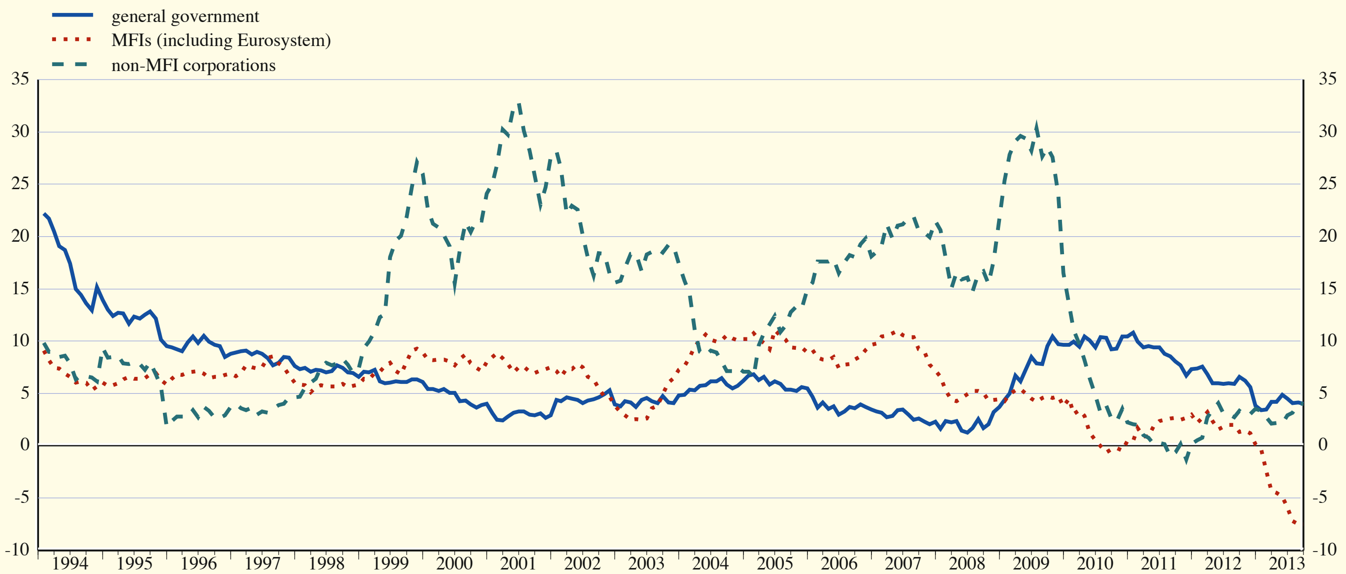
Source: ECB.

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

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

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
Total												
2012 Sep.	3.4	2.1	0.5	12.6	3.9	10.9	0.7	-2.6	-2.7	13.8	3.3	3.2
Oct.	3.1	1.7	0.0	12.8	3.8	10.8	1.0	-1.7	-3.7	13.6	3.7	3.4
Nov.	2.7	0.7	0.2	12.5	3.9	8.0	1.0	-1.0	-4.3	13.3	3.7	2.0
Dec.	1.6	-1.8	1.2	14.1	2.5	6.1	0.2	-3.7	-0.3	14.8	2.4	-3.8
2013 Jan.	1.1	-2.3	1.0	13.5	2.2	4.6	-0.4	-5.8	0.2	14.3	2.4	-4.0
Feb.	0.4	-4.4	0.9	13.2	2.6	0.3	-0.6	-8.4	2.8	13.7	3.3	-6.1
Mar.	-0.2	-6.1	-0.6	12.6	3.6	-0.8	-1.0	-9.5	1.5	11.3	3.9	-4.7
Apr.	-0.2	-6.2	-0.7	12.4	3.5	0.4	-1.3	-10.6	2.3	10.9	3.5	-2.7
May	0.0	-6.5	-0.4	10.8	4.5	-0.4	-0.9	-11.5	3.4	8.5	5.3	-2.9
June	-0.2	-7.3	0.5	10.0	4.4	-2.6	-0.8	-10.8	1.2	5.5	6.4	-2.1
July	-0.8	-8.8	1.0	9.7	4.1	-4.7	-1.2	-11.6	1.8	5.5	5.9	-5.6
Aug.	-0.7	-9.2	2.0	10.2	4.2	-3.6	-0.7	-10.0	1.2	7.1	5.1	-1.4
Sep.	-0.5	-9.0	2.6	9.5	4.1	-3.8	0.0	-8.5	3.7	7.7	4.3	-3.2
Long-term												
2012 Sep.	4.0	1.3	0.6	13.7	6.0	11.8	1.8	-1.9	-2.2	13.9	5.1	7.6
Oct.	3.8	1.4	0.0	14.1	5.7	10.7	2.3	-0.5	-3.1	16.7	5.4	6.8
Nov.	3.5	1.2	0.1	14.1	5.2	9.5	2.4	0.7	-3.9	17.9	4.6	7.0
Dec.	2.5	0.1	0.5	15.2	3.3	9.2	1.6	-1.1	-1.0	18.7	2.6	4.9
2013 Jan.	2.2	-0.3	0.3	14.8	2.9	8.6	1.3	-2.2	-0.4	18.0	2.5	3.8
Feb.	1.3	-2.4	-0.3	14.0	3.3	4.5	0.6	-4.9	0.5	15.8	3.2	1.0
Mar.	0.9	-4.3	-0.9	13.0	4.3	2.9	-0.1	-6.6	0.5	11.9	3.6	-1.6
Apr.	0.8	-4.5	-1.0	13.9	4.3	3.2	-0.6	-8.3	1.1	11.0	3.3	-0.1
May	1.0	-4.9	-0.7	12.7	5.1	2.9	-0.3	-10.0	2.5	7.8	5.5	-1.0
June	0.7	-5.9	0.3	12.1	4.8	1.6	-0.2	-10.5	1.7	5.9	7.1	-1.7
July	0.2	-7.2	0.8	11.6	4.5	0.3	-0.9	-12.0	2.0	5.7	6.5	-3.1
Aug.	0.3	-7.5	1.7	12.0	4.5	0.7	0.1	-10.1	3.0	8.3	5.8	0.3
Sep.	0.3	-7.5	2.2	10.4	4.4	0.3	0.8	-8.4	3.8	9.0	5.3	2.2

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



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

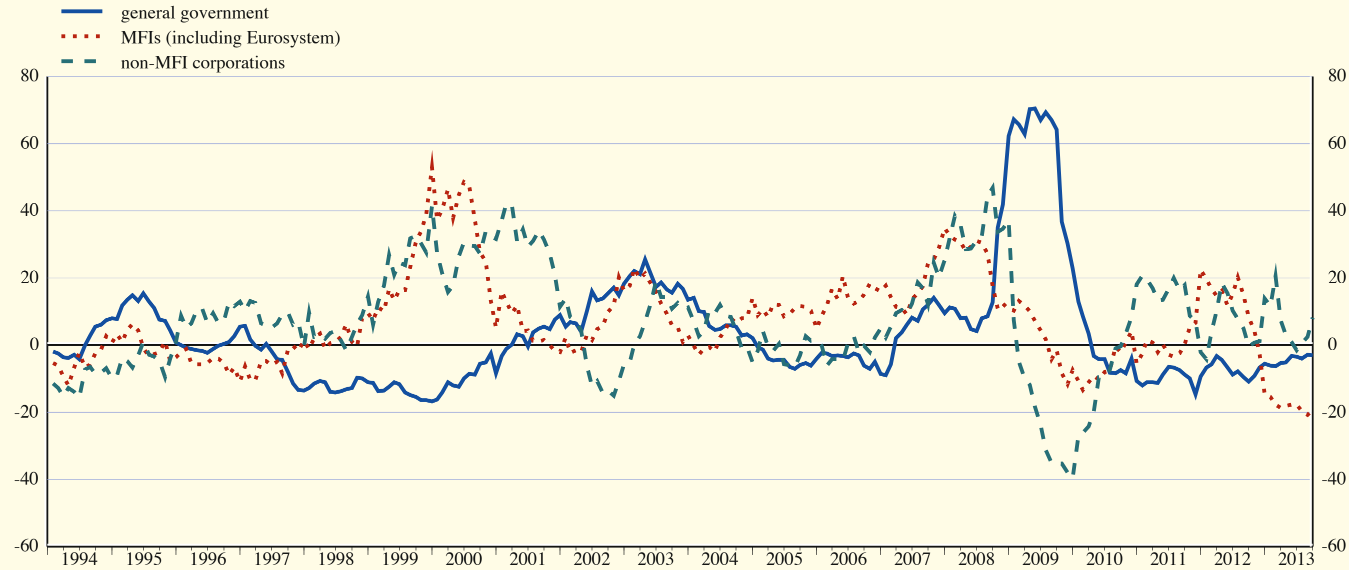
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2011	6.4	4.8	3.5	6.4	7.8	7.7	-0.9	-1.3	-6.1	-2.0	22.3	16.1
2012	5.3	4.1	2.3	10.5	5.9	7.3	-0.8	-0.2	-4.9	-0.8	6.6	23.3
2012 Q4	5.6	2.9	3.9	15.5	5.9	6.8	-3.3	-0.7	-8.1	-1.1	-2.4	20.3
2013 Q1	4.4	0.4	6.5	15.7	4.3	6.0	-6.7	-4.1	-10.6	-1.2	-7.6	7.8
Q2	3.7	-3.3	7.8	14.5	5.1	4.5	-7.7	-6.7	-11.3	1.4	-1.8	-0.8
Q3	3.1	-4.9	8.5	12.5	4.8	3.4	-8.1	-9.6	-9.3	6.2	-1.9	-5.4
2013 Apr.	3.8	-3.1	8.1	15.4	4.9	4.6	-7.6	-6.3	-11.0	0.8	-3.9	0.5
May	3.7	-3.5	7.3	14.3	5.2	5.0	-7.5	-6.4	-12.0	1.6	1.3	-1.6
June	3.5	-4.0	8.3	13.2	5.1	3.9	-8.0	-8.5	-10.7	4.6	-0.6	-3.5
July	3.2	-5.1	8.4	12.8	5.0	3.5	-8.6	-9.6	-9.7	5.0	-4.2	-6.7
Aug.	3.0	-5.1	8.8	12.7	4.6	3.3	-8.1	-10.0	-8.9	7.0	-2.2	-5.0
Sep.	2.7	-5.0	8.0	10.8	4.3	2.9	-7.2	-9.9	-8.0	8.9	2.0	-5.2
	In euro											
2011	6.5	4.0	3.6	6.7	8.1	7.3	-0.4	0.1	-6.7	-3.0	22.2	15.3
2012	5.6	4.6	2.0	10.8	6.0	7.2	-0.5	2.1	-6.6	-1.9	6.3	22.9
2012 Q4	5.7	3.3	3.3	16.4	6.0	6.3	-3.3	1.5	-10.1	-1.7	-2.9	20.5
2013 Q1	4.2	0.1	4.8	17.6	4.4	5.3	-7.0	-2.8	-12.2	-1.2	-8.4	7.9
Q2	3.5	-4.0	5.3	16.4	5.0	4.4	-7.9	-5.9	-12.6	2.9	-2.4	-1.4
Q3	2.9	-5.9	5.9	14.0	4.8	3.8	-8.4	-9.7	-10.1	7.7	-2.3	-5.8
2013 Apr.	3.7	-3.5	5.9	17.4	4.8	4.6	-7.7	-5.2	-12.4	2.8	-4.6	-0.3
May	3.5	-4.2	4.9	15.9	5.2	4.9	-7.7	-5.8	-13.1	3.1	0.8	-1.9
June	3.2	-4.9	5.3	15.1	5.1	3.9	-8.4	-8.2	-12.0	5.5	-1.0	-4.1
July	3.0	-6.1	5.9	14.6	5.1	4.1	-8.9	-9.7	-10.2	6.5	-4.5	-7.2
Aug.	2.8	-6.1	6.4	14.0	4.7	3.9	-8.5	-10.2	-9.7	8.4	-2.7	-5.4
Sep.	2.3	-6.3	5.6	12.0	4.4	2.8	-7.6	-10.2	-8.7	10.6	1.7	-5.5

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

(annual percentage changes)



Source: ECB.

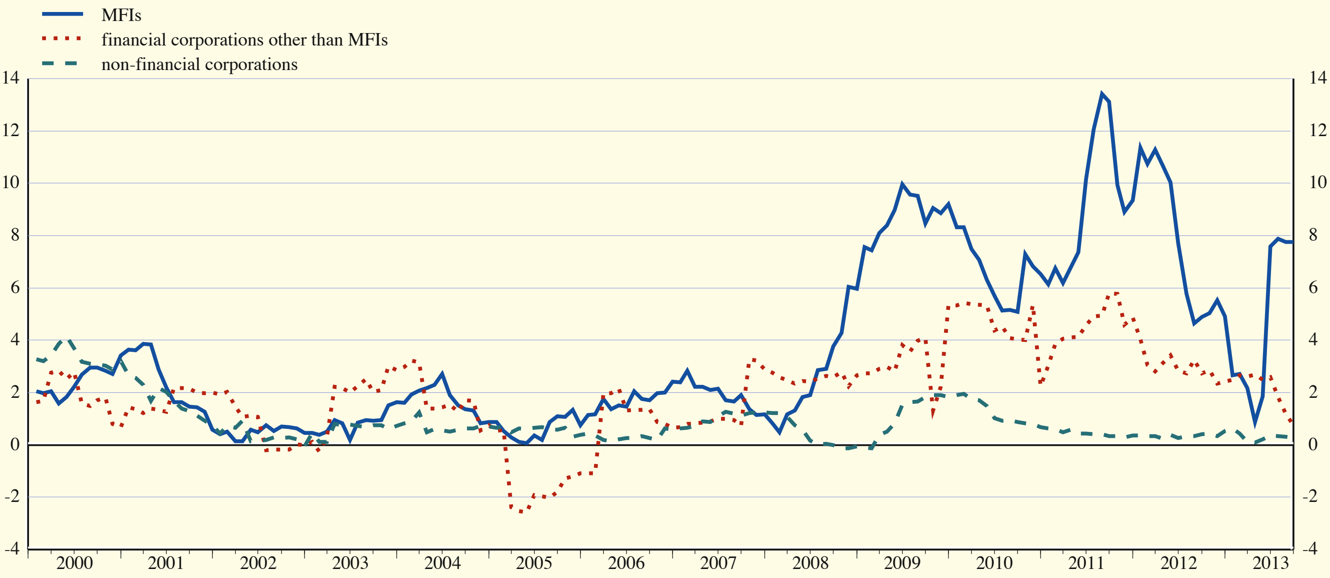
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

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

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

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2011 Sep.	3,725.1	105.9	2.0	350.5	13.1	264.5	5.8	3,110.1	0.3
Oct.	4,017.6	105.9	1.7	360.5	9.9	288.1	5.8	3,369.0	0.3
Nov.	3,866.8	106.0	1.5	329.8	8.9	271.6	4.6	3,265.3	0.3
Dec.	3,878.6	106.1	1.6	339.3	9.3	270.8	4.9	3,268.5	0.4
2012 Jan.	4,091.7	106.3	1.7	375.5	11.4	298.1	4.0	3,418.2	0.4
Feb.	4,257.8	106.3	1.5	394.7	10.7	311.3	3.1	3,551.9	0.3
Mar.	4,241.7	106.4	1.5	373.1	11.3	311.1	2.8	3,557.5	0.3
Apr.	4,067.5	106.5	1.4	327.3	10.7	292.0	3.1	3,448.2	0.2
May	3,761.8	106.5	1.5	280.9	10.0	265.1	3.4	3,215.8	0.4
June	3,924.4	106.6	1.1	317.6	7.7	284.7	2.8	3,322.1	0.3
July	4,050.4	106.8	1.0	309.9	5.8	291.8	2.7	3,448.7	0.3
Aug.	4,175.1	106.8	0.9	349.7	4.6	309.1	3.2	3,516.4	0.3
Sep.	4,231.4	106.9	0.9	365.0	4.9	323.6	2.7	3,542.9	0.4
Oct.	4,308.1	107.0	1.0	383.6	5.0	333.4	2.9	3,591.1	0.4
Nov.	4,396.1	106.9	0.9	395.7	5.5	342.0	2.3	3,658.4	0.3
Dec.	4,500.1	107.2	1.0	402.4	4.9	357.0	2.4	3,740.7	0.5
2013 Jan.	4,655.0	107.3	0.9	441.6	2.7	370.3	2.5	3,843.1	0.6
Feb.	4,639.6	107.1	0.8	416.1	2.7	364.2	2.7	3,859.4	0.4
Mar.	4,641.6	106.9	0.5	380.4	2.2	368.7	2.6	3,892.6	0.1
Apr.	4,744.5	106.8	0.3	410.8	0.9	394.6	2.7	3,939.1	0.1
May	4,865.4	107.1	0.5	443.0	1.9	407.6	2.5	4,014.8	0.2
June	4,665.5	107.9	1.2	418.8	7.6	394.2	2.6	3,852.4	0.4
July	4,904.4	108.0	1.1	451.6	7.9	417.9	1.8	4,034.9	0.3
Aug.	4,888.4	107.9	1.1	461.9	7.8	415.3	1.2	4,011.2	0.3
Sep.	5,129.8	107.9	1.0	492.2	7.8	426.8	0.7	4,210.8	0.3

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



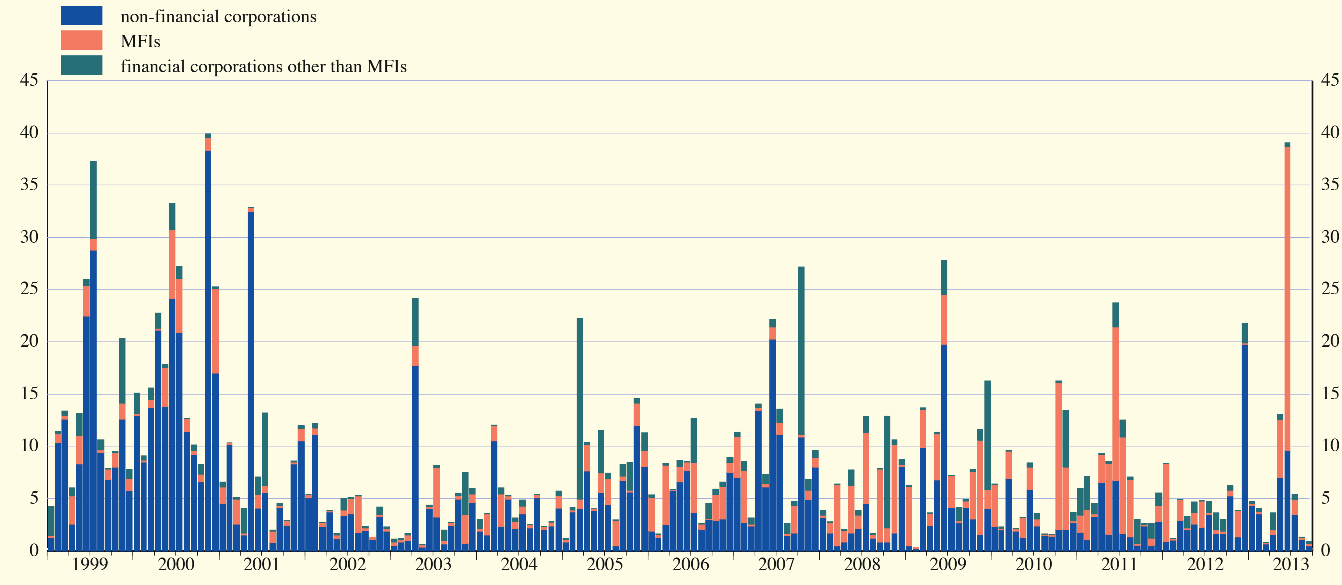
Source: ECB.
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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
2011 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	1.1	4.4	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.1	1.7
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	5.9	-2.0	2.5	0.0	2.5	0.1	0.1	0.0	1.3	5.8	-4.5
Dec.	21.6	11.4	10.2	0.0	0.5	-0.5	1.8	0.0	1.8	19.7	10.8	8.9
2013 Jan.	4.6	0.3	4.3	0.0	0.0	0.0	0.2	0.1	0.1	4.3	0.2	4.1
Feb.	4.1	11.4	-7.3	0.3	0.0	0.3	0.3	0.0	0.3	3.5	11.4	-7.8
Mar.	0.7	10.6	-9.9	0.0	0.1	-0.1	0.0	0.3	-0.3	0.6	10.1	-9.4
Apr.	3.6	5.9	-2.3	0.4	5.2	-4.8	1.7	0.0	1.6	1.6	0.7	0.9
May	13.1	1.8	11.3	5.5	0.0	5.5	0.6	0.0	0.5	7.0	1.8	5.2
June	39.0	1.7	37.3	29.2	0.0	29.1	0.3	0.1	0.3	9.6	1.7	7.9
July	5.4	3.2	2.2	1.4	0.0	1.4	0.6	1.9	-1.4	3.5	1.2	2.2
Aug.	1.1	2.3	-1.2	0.0	0.0	0.0	0.0	0.5	-0.5	1.1	1.8	-0.7
Sep.	0.7	1.7	-0.9	0.1	0.0	0.1	0.1	0.6	-0.4	0.5	1.1	-0.6

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2012 Nov.	0.40	2.73	2.46	2.35	1.61	1.65	0.43	1.03	2.03	2.21	1.12
Dec.	0.39	2.73	2.59	2.25	1.59	1.59	0.42	1.08	1.92	2.16	1.53
2013 Jan.	0.37	2.61	2.37	2.42	1.53	1.53	0.39	1.09	2.00	2.16	1.17
Feb.	0.36	2.44	2.23	2.29	1.39	1.47	0.40	1.05	1.99	2.08	0.63
Mar.	0.36	2.29	2.17	2.28	1.37	1.43	0.40	0.93	1.85	1.99	1.00
Apr.	0.34	2.33	2.10	2.25	1.36	1.36	0.38	0.96	1.70	1.90	0.68
May	0.33	2.04	2.06	2.25	1.31	1.30	0.38	0.83	1.86	1.98	0.48
June	0.32	1.88	1.88	2.12	1.30	1.27	0.38	0.83	1.65	1.77	0.72
July	0.31	1.88	1.90	2.08	1.28	1.23	0.36	0.82	1.63	1.78	0.88
Aug.	0.30	1.81	1.87	2.05	1.15	1.22	0.37	0.70	1.57	1.85	0.51
Sep.	0.30	1.71	1.86	2.06	1.15	1.17	0.35	0.81	1.68	1.87	0.56
Oct.	0.29	1.72	1.83	2.07	1.13	1.14	0.34	0.78	1.65	2.28	0.28

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

	Revolving loans and overdrafts	Extended credit card debt [3]	Consumer credit				Lending for house purchase					Lending to sole proprietors and unincorporated partnerships		
			By initial rate fixation			APRC [4]	By initial rate fixation				APRC [4]	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2012 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	16.93	5.36	6.05	7.55	6.94	2.87	3.25	3.25	3.45	3.41	3.15	4.12	3.01
2013 Jan.	7.97	17.06	5.77	6.11	7.88	7.27	2.87	3.17	3.03	3.35	3.34	3.19	4.06	3.08
Feb.	7.97	17.04	5.89	6.03	7.83	7.25	2.88	3.17	3.05	3.35	3.35	3.16	4.07	3.21
Mar.	7.95	17.06	5.86	5.98	7.75	7.15	2.86	3.19	3.13	3.34	3.38	3.16	4.16	3.17
Apr.	7.93	17.08	5.74	5.92	7.75	7.06	2.87	3.13	3.06	3.34	3.38	3.26	3.97	3.11
May	7.91	17.08	6.00	6.09	7.71	7.20	2.87	3.09	2.95	3.22	3.32	3.32	4.11	3.14
June	7.84	17.03	5.85	6.02	7.56	7.07	2.82	2.99	2.87	3.16	3.25	3.10	4.08	3.01
July	7.75	16.96	5.63	6.12	7.63	7.13	2.84	2.97	2.90	3.17	3.28	3.19	3.75	3.18
Aug.	7.74	17.01	5.62	6.15	7.64	7.15	2.80	3.01	2.97	3.18	3.31	3.00	4.06	3.15
Sep.	7.77	16.99	5.80	6.07	7.62	7.20	2.83	3.05	3.05	3.25	3.35	3.04	3.99	3.16
Oct.	7.67	16.98	5.70	6.04	7.63	7.13	2.77	3.04	3.12	3.27	3.35	3.10	3.95	3.26

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 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.	4.19	4.62	4.55	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	4.70	4.03	4.16	3.62	3.68	2.09	2.88	3.32	4.29	2.92	3.02
Feb.	4.20	4.70	4.69	4.05	4.25	3.70	3.66	2.02	2.85	3.13	4.42	2.93	3.14
Mar.	4.17	4.56	4.71	4.11	4.25	3.75	3.61	2.00	2.91	3.07	4.06	2.85	2.85
Apr.	4.16	4.78	4.73	4.16	4.07	3.62	3.58	2.14	2.77	3.21	4.16	3.00	2.94
May	4.11	4.76	4.76	4.12	4.12	3.61	3.48	2.10	2.71	3.21	3.52	2.68	2.79
June	4.12	4.54	4.60	4.40	4.34	3.56	3.41	2.05	2.60	3.01	2.96	2.71	3.12
July	4.09	4.65	4.82	4.34	4.09	3.48	3.45	2.13	2.72	2.72	2.82	2.98	3.17
Aug.	4.09	4.50	4.81	4.41	4.06	3.41	3.39	2.03	2.56	2.82	3.00	2.88	3.10
Sep.	4.12	4.53	4.67	4.39	4.16	3.41	3.42	2.08	2.54	2.86	2.78	2.89	3.28
Oct.	4.15	4.60	4.84	4.39	4.14	3.51	3.50	2.16	2.67	3.09	2.86	3.28	3.35

Source: ECB.

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

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

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

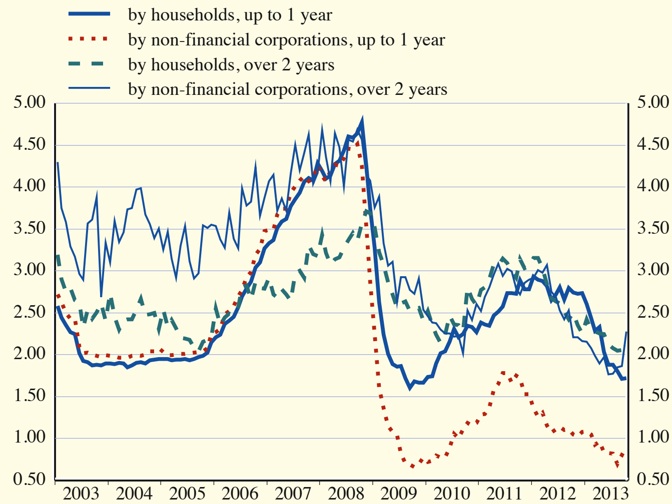
4. Interest rates on deposits (outstanding amounts)

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight 2)	With an agreed maturity of:		Redeemable at notice of: 2),3)		Overnight 2)	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2012 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.	0.37	2.58	2.71	1.53	1.53	0.39	1.75	2.88	2.32
Feb.	0.36	2.58	2.75	1.39	1.47	0.40	1.72	2.93	1.99
Mar.	0.36	2.53	2.70	1.37	1.43	0.40	1.65	2.89	2.18
Apr.	0.34	2.47	2.70	1.36	1.36	0.38	1.60	2.83	1.99
May	0.33	2.41	2.67	1.31	1.30	0.38	1.57	2.79	1.62
June	0.32	2.36	2.67	1.30	1.27	0.38	1.51	2.80	1.72
July	0.31	2.28	2.64	1.28	1.23	0.36	1.46	2.77	1.66
Aug.	0.30	2.22	2.63	1.15	1.22	0.37	1.44	2.82	1.50
Sep.	0.30	2.16	2.63	1.15	1.17	0.35	1.41	2.85	1.66
Oct.	0.29	2.09	2.60	1.13	1.14	0.34	1.35	2.83	1.35

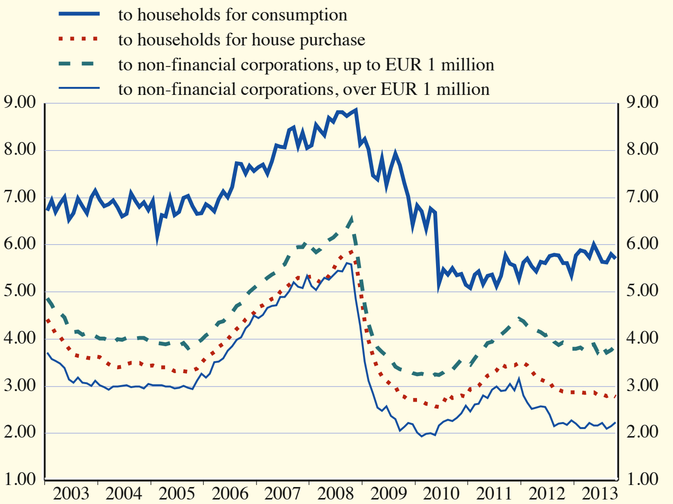
5. Interest rates on loans (outstanding amounts)

	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 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	3.36	3.52	7.76	6.21	4.89	3.73	3.26	3.17
Feb.	3.45	3.35	3.51	7.77	6.24	4.91	3.72	3.26	3.19
Mar.	3.50	3.36	3.49	7.79	6.21	4.89	3.68	3.25	3.16
Apr.	3.49	3.33	3.49	7.74	6.19	4.88	3.67	3.25	3.15
May	3.47	3.30	3.46	7.65	6.14	4.86	3.65	3.24	3.13
June	3.50	3.29	3.43	7.62	6.18	4.87	3.62	3.24	3.14
July	3.51	3.24	3.40	7.59	6.18	4.84	3.62	3.26	3.14
Aug.	3.52	3.22	3.37	7.58	6.16	4.82	3.63	3.26	3.12
Sep.	3.55	3.22	3.37	7.64	6.16	4.82	3.65	3.24	3.13
Oct.	3.50	3.20	3.35	7.61	6.10	4.80	3.62	3.27	3.12

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



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



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

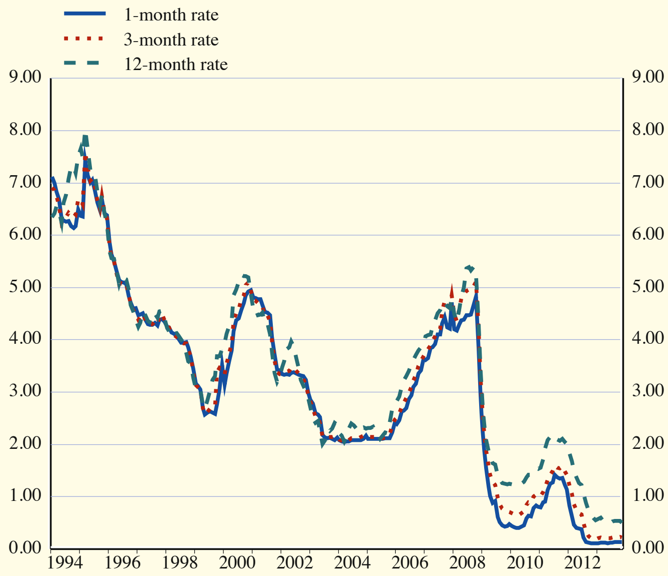
4.6 Money market interest rates

(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.58	0.83	1.11	0.43	0.19
2012 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
2013 Q1	0.07	0.12	0.21	0.34	0.57	0.29	0.16
Q2	0.08	0.12	0.21	0.31	0.51	0.28	0.16
Q3	0.09	0.13	0.22	0.34	0.54	0.26	0.15
2012 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
Mar.	0.07	0.12	0.21	0.33	0.54	0.28	0.16
Apr.	0.08	0.12	0.21	0.32	0.53	0.28	0.16
May	0.08	0.11	0.20	0.30	0.48	0.27	0.16
June	0.09	0.12	0.21	0.32	0.51	0.27	0.15
July	0.09	0.13	0.22	0.34	0.53	0.27	0.16
Aug.	0.08	0.13	0.23	0.34	0.54	0.26	0.15
Sep.	0.08	0.13	0.22	0.34	0.54	0.25	0.15
Oct.	0.09	0.13	0.23	0.34	0.54	0.24	0.15
Nov.	0.10	0.13	0.22	0.33	0.51	0.24	0.14

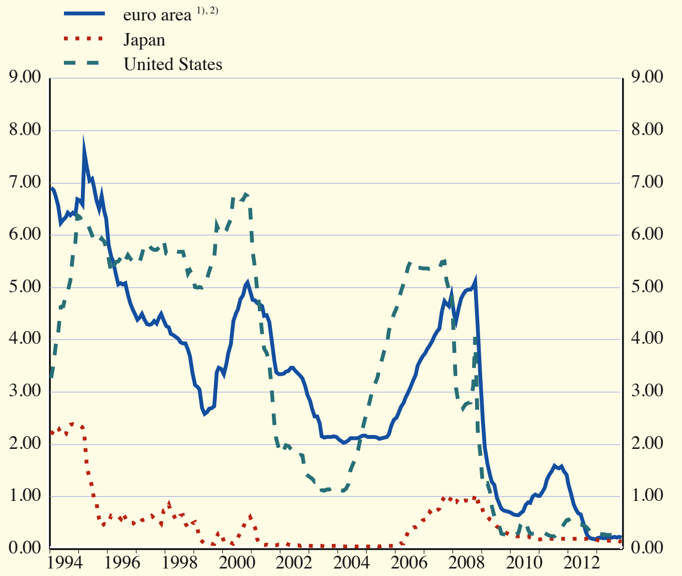
C23 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

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

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

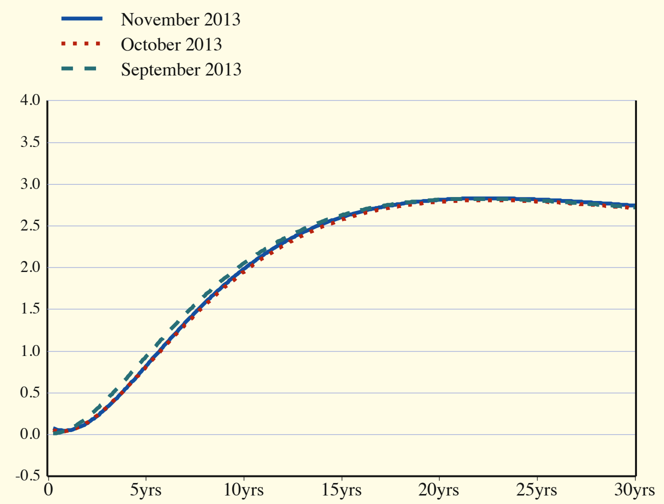
4.7 Euro area yield curves [1]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2012 Q3	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
Q4	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013 Q1	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Q2	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
Q3	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
2012 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
Mar.	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Apr.	0.03	-0.01	0.04	0.54	0.96	1.55	1.52	1.51	-0.01	0.23	1.58	3.28
May	0.02	0.03	0.13	0.75	1.22	1.84	1.82	1.71	0.08	0.41	1.95	3.62
June	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
July	0.01	0.04	0.18	0.88	1.36	1.95	1.95	1.77	0.14	0.54	2.14	3.59
Aug.	0.02	0.09	0.27	1.06	1.58	2.17	2.16	1.90	0.23	0.71	2.43	3.78
Sep.	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Oct.	0.05	0.05	0.15	0.82	1.32	1.95	1.90	1.80	0.09	0.45	2.10	3.74
Nov.	0.08	0.05	0.14	0.82	1.34	1.99	1.91	1.84	0.08	0.43	2.14	3.79

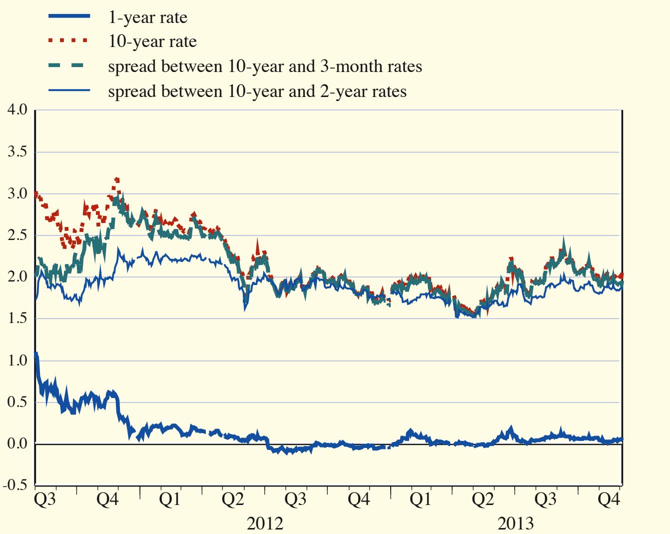
C25 Euro area spot yield curves [2]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2]

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

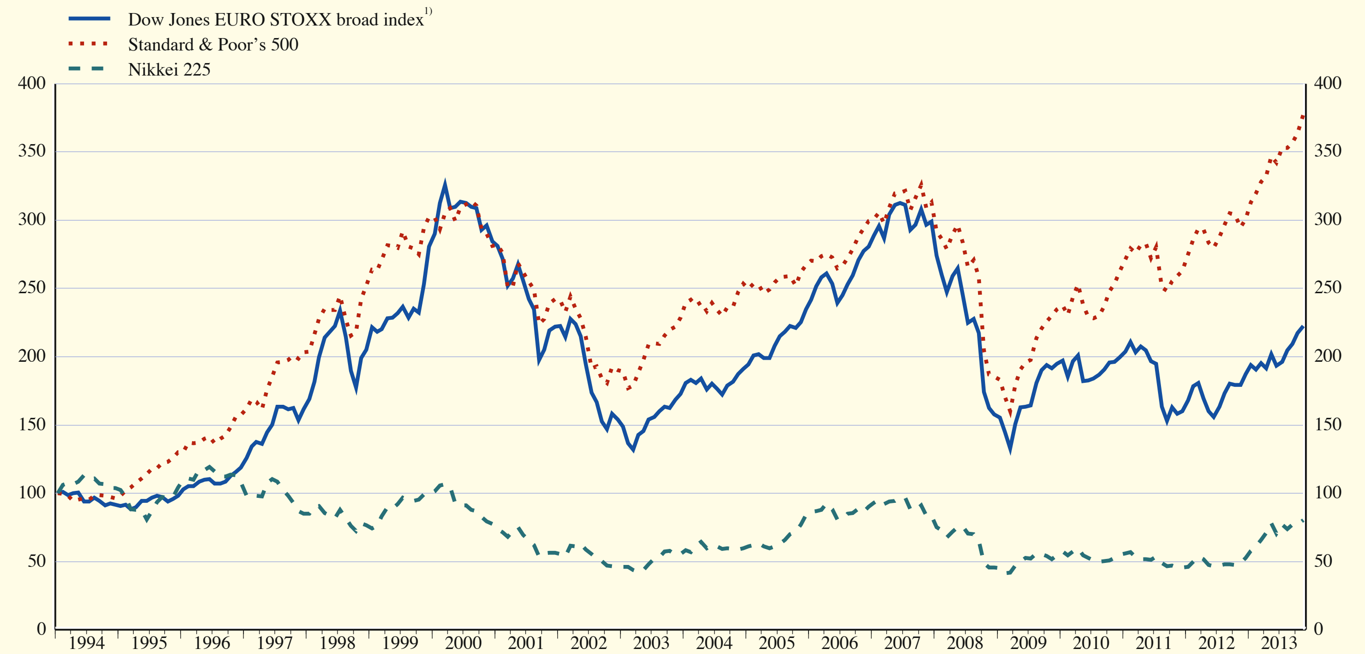


Sources: ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Data cover AAA-rated euro area central government bonds.

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

	Dow Jones EURO STOXX indices[1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2012	239.7	2,411.9	503.7	151.9	385.7	307.2	122.1	330.2	219.2	235.9	268.5	523.3	1,379.4	9,102.6
2012 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
2013 Q1	268.2	2,676.6	568.7	181.2	443.1	309.8	144.1	378.1	257.2	222.9	241.3	600.1	1,514.0	11,457.6
Q2	271.8	2,696.1	574.6	188.6	458.8	303.7	141.5	383.0	259.3	226.1	239.3	653.6	1,609.5	13,629.3
Q3	282.1	2,782.3	581.1	197.7	477.6	312.1	150.4	406.2	277.3	224.0	245.3	631.3	1,674.9	14,127.7
2012 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
Mar.	270.8	2,680.2	576.6	187.2	457.1	307.4	140.1	388.2	260.6	221.0	240.2	626.1	1,550.8	12,244.0
Apr.	265.9	2,636.3	560.9	187.0	449.8	299.6	136.0	374.1	250.5	225.2	238.6	650.8	1,570.7	13,224.1
May	280.2	2,785.8	590.1	192.5	472.0	315.0	147.5	392.7	267.1	232.0	248.7	668.7	1,639.8	14,532.4
June	268.3	2,655.8	571.1	185.9	453.0	294.9	140.4	381.3	259.5	220.4	229.2	639.2	1,618.8	13,106.6
July	272.4	2,686.5	569.6	193.1	465.9	298.7	142.0	389.5	268.1	215.1	231.5	642.5	1,668.7	14,317.5
Aug.	284.2	2,803.8	581.8	198.2	482.8	314.9	153.2	407.0	276.1	223.8	245.6	636.8	1,670.1	13,726.7
Sep.	290.6	2,864.6	592.8	202.3	485.0	323.9	156.8	423.6	288.6	234.1	260.0	613.1	1,687.2	14,372.1
Oct.	301.4	2,988.9	602.2	210.0	487.3	329.2	168.4	436.3	293.4	249.6	290.6	616.5	1,720.0	14,329.0
Nov.	308.7	3,056.0	630.5	214.1	498.7	330.9	171.1	448.8	306.1	253.7	289.1	646.6	1,783.5	14,931.7

C27 Dow Jones EURO STOXX broad index, Standard & Poor's 500 and Nikkei 225
(January 1994 = 100; monthly averages)



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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1)]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2)]	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
			Total excl. unprocessed food and energy										
% of total in 2012	100.0	100.0	81.7	57.7	42.3	100.0	12.0	7.3	27.4	11.0	42.3	87.7	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
2012 Q3	115.7	2.5	1.7	3.1	1.8	0.5	0.3	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	1.8	0.3	-0.1	0.3	2.0	4.1
2013 Q1	116.4	1.9	1.5	2.0	1.7	0.4	0.6	0.5	0.1	1.0	0.4	1.7	3.1
Q2	117.5	1.4	1.3	1.5	1.3	0.1	0.5	1.4	0.1	-1.8	0.2	1.3	2.2
Q3	117.3	1.3	1.3	1.3	1.4	0.5	0.7	0.5	0.0	1.0	0.6	1.3	1.7
2013 June	117.6	1.6	1.3	1.7	1.4	0.2	0.2	0.8	0.0	0.1	0.2	1.5	2.1
July	117.0	1.6	1.3	1.7	1.4	0.2	0.4	-0.1	-0.1	0.8	0.2	1.6	1.7
Aug.	117.1	1.3	1.3	1.2	1.4	0.1	0.2	0.1	0.0	0.5	0.1	1.3	1.9
Sep.	117.7	1.1	1.2	0.9	1.4	0.0	0.1	-1.0	0.0	0.5	0.0	1.0	1.6
Oct.	117.6	0.7	1.0	0.4	1.2	-0.2	0.1	-0.6	0.0	-1.2	-0.1	0.6	1.3
Nov. [3)]	117.5	0.9	.	.	1.5	.	.	.	.	-0.8	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		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
2012 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
2013 Q1	2.9	2.3	3.9	1.5	0.8	3.2	1.8	1.5	3.1	-4.6	2.8	0.7
Q2	3.1	2.1	4.8	0.6	0.8	0.3	1.6	1.3	2.5	-4.5	2.0	0.9
Q3	3.1	2.5	4.2	0.3	0.4	0.1	1.8	1.7	2.3	-4.0	2.2	0.8
2013 June	3.2	2.1	5.0	1.0	0.7	1.6	1.6	1.3	2.4	-4.6	2.4	0.9
July	3.5	2.5	5.1	0.8	0.4	1.6	1.8	1.7	2.3	-4.0	2.1	0.8
Aug.	3.2	2.5	4.4	0.2	0.4	-0.3	1.8	1.8	2.3	-4.3	2.2	0.8
Sep.	2.6	2.4	2.9	0.0	0.4	-0.9	1.7	1.5	2.4	-3.6	2.2	0.9
Oct.	1.9	2.2	1.4	-0.3	0.3	-1.7	1.7	1.4	2.0	-4.0	1.9	0.4
Nov. [3)]	1.6	.	.	.	0.3	-1.1	.	.	.	.	.	.

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.

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion[1]	Residential property prices[2]
	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	97.4	-4.8	-5.1	-2.8	-5.4	0.4	-2.1	1.2	-2.5	-10.9	0.3	-3.2
2010	100.0	2.7	3.3	1.7	3.6	0.3	0.4	0.7	0.4	5.5	2.0	1.0
2011	105.7	5.7	5.3	3.8	5.9	1.5	3.3	1.9	3.4	10.7	3.3	1.1
2012	108.6	2.8	2.0	1.4	0.8	1.0	2.5	1.6	2.6	6.1	1.6	-1.7
2012 Q3	109.0	2.5	1.8	1.1	0.2	0.9	2.4	1.5	2.5	5.9	1.4	-2.6
Q4	109.2	2.4	1.9	1.6	1.3	0.8	2.5	1.2	2.7	4.1	1.3	-2.3
2013 Q1	109.3	1.2	0.8	1.2	0.8	0.8	2.2	0.8	2.4	0.9	0.8	-2.8
Q2	108.2	-0.1	-0.1	0.5	-0.5	0.6	1.9	0.8	2.1	-1.8	0.4	-2.4
Q3	108.3	-0.6	-0.3	0.2	-1.1	0.5	1.7	0.6	1.9	-2.5	.	.
2013 May	108.1	-0.3	-0.2	0.5	-0.6	0.6	1.9	0.8	2.1	-2.2	-	-
June	108.1	0.1	0.3	0.6	-0.5	0.5	2.0	0.7	2.2	-1.0	-	-
July	108.3	0.0	0.3	0.5	-0.5	0.5	2.0	0.6	2.2	-1.4	-	-
Aug.	108.3	-0.9	-0.5	0.3	-1.0	0.5	1.8	0.5	1.9	-3.4	-	-
Sep.	108.4	-0.9	-0.8	-0.1	-1.6	0.6	1.5	0.6	1.6	-2.7	-	-
Oct.	107.9	-1.4	-1.1	-0.3	-1.8	0.5	1.0	0.5	1.1	-3.6	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices[3] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted[4]			Use-weighted[5]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports[6]	Imports[6]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private 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	1.0	-0.1	-0.4	2.1	-0.3	-3.4	-6.3
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.1	0.8	1.5	1.6	0.8	0.8	3.0	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.4	1.2	2.0	2.4	0.8	1.5	3.6	5.8
2012	86.6	0.5	1.1	0.3	2.6	6.4	-0.3	110.8	1.3	1.6	2.1	1.1	1.1	1.6	2.3
2012 Q3	87.3	5.3	10.4	2.7	7.8	16.0	1.6	111.0	1.3	1.6	2.0	1.4	1.0	1.7	2.3
Q4	84.4	4.4	6.0	3.7	7.0	10.2	4.5	111.3	1.4	1.5	1.8	0.5	0.9	1.4	1.6
2013 Q1	85.0	-3.0	-2.4	-3.3	-1.6	0.0	-2.8	111.9	1.5	1.3	1.3	1.6	0.4	0.2	-0.3
Q2	79.0	-5.2	-4.1	-5.8	-4.3	-2.1	-6.2	112.3	1.5	1.1	1.1	0.9	0.1	-0.1	-1.2
Q3	82.5	-12.7	-18.7	-9.4	-12.0	-14.4	-10.0	112.4	1.3	1.0	1.2	0.9	0.1	-0.8	-1.6
2013 June	78.3	-7.4	-5.8	-8.2	-6.9	-4.8	-8.6	-	-	-	-	-	-	-	-
July	81.9	-12.2	-16.7	-9.8	-11.8	-13.4	-10.3	-	-	-	-	-	-	-	-
Aug.	82.6	-12.9	-20.6	-8.7	-12.2	-15.9	-8.9	-	-	-	-	-	-	-	-
Sep.	83.0	-12.9	-18.8	-9.7	-12.1	-13.7	-10.7	-	-	-	-	-	-	-	-
Oct.	80.0	-12.2	-17.3	-9.6	-10.9	-12.0	-9.9	-	-	-	-	-	-	-	-
Nov.	80.0	-11.7	-16.6	-9.2	-11.3	-12.9	-9.9	-	-	-	-	-	-	-	-

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

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

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

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

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
	Unit labour costs [1]											
2011	110.5	0.8	0.2	0.6	1.3	0.7	0.3	-0.4	0.9	3.1	0.2	1.5
2012	112.4	1.7	4.3	2.6	2.6	1.7	3.5	1.2	0.6	2.5	0.7	2.1
2012 Q3	112.8	2.1	5.6	2.5	2.2	2.1	3.4	0.8	0.8	3.1	1.3	2.5
Q4	113.3	1.8	5.8	2.7	3.6	2.2	5.3	-0.5	-0.8	2.5	-0.2	2.7
2013 Q1	114.0	1.9	2.2	2.9	1.0	2.4	3.6	-0.3	-1.2	2.0	0.9	2.2
Q2	113.8	1.1	1.6	2.0	0.5	1.6	3.2	0.8	-1.1	1.0	0.2	1.8
	Compensation per employee											
2011	114.3	2.1	2.5	3.4	3.5	1.6	2.9	1.5	2.5	3.0	1.1	1.7
2012	116.2	1.7	1.2	2.5	3.2	1.7	2.5	1.0	1.5	2.5	1.1	1.5
2012 Q3	116.7	2.0	0.8	2.8	3.5	1.9	2.5	0.7	1.2	2.5	1.5	1.2
Q4	116.9	1.5	1.1	2.7	3.3	1.4	2.2	1.2	1.0	2.0	0.3	1.2
2013 Q1	117.9	1.7	2.3	2.7	1.3	1.2	1.3	1.7	0.9	2.1	1.5	1.1
Q2	118.1	1.5	1.8	2.5	2.3	1.2	1.0	1.1	2.0	2.3	0.8	1.3
	Labour productivity per person employed [2]											
2011	103.4	1.3	2.4	2.8	2.2	0.9	2.6	2.0	1.6	-0.1	0.8	0.2
2012	103.3	0.0	-2.9	-0.1	0.5	0.1	-0.9	-0.2	1.0	0.1	0.4	-0.6
2012 Q3	103.4	-0.1	-4.5	0.3	1.2	-0.2	-0.8	-0.1	0.3	-0.5	0.3	-1.4
Q4	103.2	-0.3	-4.4	0.0	-0.3	-0.7	-3.0	1.7	1.7	-0.5	0.4	-1.5
2013 Q1	103.4	-0.2	0.1	-0.1	0.3	-1.2	-2.2	2.0	2.2	0.0	0.6	-1.1
Q2	103.8	0.4	0.2	0.4	1.8	-0.4	-2.1	0.4	3.2	1.2	0.6	-0.5
	Compensation per hour worked											
2011	116.0	2.0	2.0	2.6	4.1	1.8	2.7	1.2	1.8	2.6	0.9	1.7
2012	119.0	2.6	3.3	3.6	5.0	2.5	3.2	1.5	1.8	2.7	1.4	2.5
2012 Q3	119.4	2.8	2.3	4.1	5.4	2.6	3.0	1.2	1.3	2.6	1.9	2.0
Q4	119.9	2.2	3.2	3.7	4.7	2.3	2.7	1.9	1.5	2.5	0.2	2.2
2013 Q1	121.4	2.9	3.6	4.5	3.9	2.5	1.9	2.8	2.4	2.7	2.1	2.3
Q2	120.9	1.4	2.0	1.3	1.7	1.4	0.7	1.5	2.5	2.3	0.5	2.0
	Hourly labour productivity [2]											
2011	105.5	1.3	3.6	2.2	2.4	1.2	2.4	1.8	0.9	-0.3	0.7	0.3
2012	106.3	0.8	-1.9	1.0	2.0	0.9	-0.2	0.3	1.8	0.4	0.7	0.2
2012 Q3	106.3	0.6	-4.0	1.6	2.9	0.3	-0.5	0.3	0.8	-0.4	0.7	-0.6
Q4	106.5	0.6	-3.6	1.1	0.9	0.3	-2.1	2.5	2.9	0.2	0.5	-0.5
2013 Q1	107.2	1.0	0.0	1.6	2.9	-0.3	-1.5	3.1	3.7	0.9	1.2	0.4
Q2	106.8	0.2	-0.4	-0.5	1.1	-0.5	-2.4	0.4	3.5	1.2	0.3	0.1

5. Labour cost indices [3]

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2011	106.6	2.2	2.0	2.9	3.1	2.5	2.5	2.0
2012	108.6	1.8	1.9	1.6	2.4	2.3	2.1	2.2
2012 Q4	114.9	1.6	1.6	1.4	2.6	2.0	2.0	2.2
2013 Q1	102.4	1.7	1.8	1.4	3.1	0.9	1.4	2.0
Q2	113.7	0.9	1.1	0.1	1.8	0.7	0.8	1.7
Q3	.	.	.	.	.	.	.	1.7

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

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2009	8,921.5	8,804.3	5,135.4	1,988.5	1,731.1	-50.8	117.2	3,288.8	3,171.6
2010	9,167.6	9,046.5	5,271.3	2,016.4	1,737.8	20.9	121.1	3,784.3	3,663.2
2011	9,424.1	9,294.3	5,414.7	2,029.6	1,792.5	57.5	129.8	4,174.9	4,045.1
2012	9,483.5	9,235.8	5,449.5	2,040.3	1,738.8	7.2	247.8	4,348.2	4,100.4
2012 Q3	2,374.8	2,306.6	1,361.8	510.8	433.5	0.5	68.1	1,098.0	1,029.9
Q4	2,370.0	2,297.8	1,361.7	510.0	429.1	-3.1	72.2	1,092.3	1,020.1
2013 Q1	2,377.8	2,301.9	1,364.1	515.9	420.0	1.9	75.9	1,079.3	1,003.4
Q2	2,393.0	2,305.2	1,367.7	516.2	420.4	0.9	87.8	1,098.8	1,011.0
Q3	2,397.1	2,316.9	1,372.8	518.1	423.0	2.9	80.3	1,098.0	1,017.7
	percentage of GDP								
2012	100.0	97.4	57.5	21.5	18.3	0.1	2.6	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2012 Q3	-0.1	-0.4	-0.1	-0.2	-0.6	-	-	0.7	0.3
Q4	-0.5	-0.7	-0.5	0.0	-1.2	-	-	-0.5	-0.9
2013 Q1	-0.2	-0.3	-0.1	0.3	-1.9	-	-	-1.0	-1.2
Q2	0.3	0.0	0.1	0.0	0.2	-	-	2.1	1.6
Q3	0.1	0.4	0.1	0.2	0.4	-	-	0.2	1.0
	annual percentage changes								
2009	-4.4	-3.7	-1.0	2.6	-12.8	-	-	-12.4	-10.9
2010	2.0	1.2	1.0	0.6	-0.4	-	-	11.6	10.0
2011	1.6	0.7	0.3	-0.1	1.6	-	-	6.5	4.5
2012	-0.7	-2.2	-1.4	-0.5	-4.1	-	-	2.5	-1.0
2012 Q3	-0.7	-2.5	-1.6	-0.6	-4.2	-	-	2.8	-1.1
Q4	-1.0	-2.3	-1.5	-0.7	-4.8	-	-	1.9	-0.8
2013 Q1	-1.2	-2.1	-1.2	-0.1	-5.6	-	-	0.1	-2.0
Q2	-0.6	-1.3	-0.6	0.2	-3.5	-	-	1.3	-0.3
Q3	-0.4	-0.5	-0.4	0.6	-2.5	-	-	0.8	0.5
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2012 Q3	-0.1	-0.3	-0.1	0.0	-0.1	-0.1	0.2	-	-
Q4	-0.5	-0.7	-0.3	0.0	-0.2	-0.2	0.1	-	-
2013 Q1	-0.2	-0.3	-0.1	0.1	-0.4	0.1	0.1	-	-
Q2	0.3	0.0	0.1	0.0	0.0	-0.1	0.3	-	-
Q3	0.1	0.4	0.0	0.0	0.1	0.3	-0.3	-	-
	contributions to annual percentage changes in GDP; percentage points								
2009	-4.4	-3.7	-0.5	0.5	-2.7	-1.0	-0.7	-	-
2010	2.0	1.2	0.6	0.1	-0.1	0.6	0.7	-	-
2011	1.6	0.7	0.2	0.0	0.3	0.3	0.9	-	-
2012	-0.7	-2.2	-0.8	-0.1	-0.8	-0.5	1.5	-	-
2012 Q3	-0.7	-2.4	-0.9	-0.1	-0.8	-0.6	1.7	-	-
Q4	-1.0	-2.2	-0.8	-0.2	-0.9	-0.3	1.2	-	-
2013 Q1	-1.2	-2.1	-0.7	0.0	-1.0	-0.3	0.9	-	-
Q2	-0.6	-1.3	-0.3	0.0	-0.6	-0.4	0.7	-	-
Q3	-0.4	-0.5	-0.2	0.1	-0.5	0.0	0.2	-	-

Sources: Eurostat and ECB calculations.

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

2) Including acquisitions less disposals of valuables.

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2009	8,028.1	124.0	1,464.6	530.2	1,532.5	369.9	421.2	902.8	806.2	1,581.8	294.8	893.3
2010	8,226.0	136.3	1,578.8	498.3	1,547.7	370.1	438.2	917.6	826.3	1,612.6	300.2	941.6
2011	8,451.6	141.1	1,639.8	501.0	1,589.1	373.7	439.5	963.9	858.4	1,637.5	307.6	972.5
2012	8,506.2	143.4	1,639.9	490.5	1,601.3	369.1	433.2	980.4	876.3	1,658.9	313.2	977.3
2012 Q3	2,130.3	35.9	412.3	122.2	400.5	92.3	107.2	245.6	219.9	415.8	78.6	244.5
Q4	2,126.9	36.5	409.1	120.9	401.7	91.1	107.5	247.5	220.0	413.8	78.9	243.1
2013 Q1	2,133.8	35.7	409.7	119.8	401.4	90.0	109.1	248.2	220.7	420.2	79.1	244.0
Q2	2,144.2	35.9	412.9	119.2	403.6	89.5	109.9	249.9	223.3	420.6	79.4	248.8
Q3	2,150.4	34.9	413.2	119.6	406.4	88.8	109.3	252.1	224.4	421.4	80.4	246.7
	percentage of value added											
2012	100.0	1.7	19.3	5.8	18.8	4.3	5.1	11.5	10.3	19.5	3.7	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2012 Q3	-0.1	-1.4	0.0	-1.1	-0.6	0.1	0.0	0.3	0.3	0.0	0.1	-0.3
Q4	-0.5	0.0	-1.6	-1.7	-0.9	-1.1	1.0	0.4	-0.3	0.4	0.2	-1.0
2013 Q1	-0.2	0.3	0.0	-1.3	-0.4	-0.6	-0.9	-0.1	0.6	-0.1	-0.4	-0.3
Q2	0.3	-0.3	0.5	-0.4	0.5	-0.1	-0.9	0.4	0.9	0.2	-0.1	0.5
Q3	0.1	-0.3	0.0	0.0	0.2	-0.8	0.5	0.2	0.2	0.2	0.1	-0.1
	annual percentage changes											
2009	-4.5	1.2	-12.9	-8.0	-5.1	2.8	0.4	0.4	-7.9	1.5	-0.6	-4.2
2010	2.0	-3.0	9.5	-5.7	0.7	1.8	0.2	-0.2	2.3	1.3	0.4	1.4
2011	1.8	0.4	3.0	-1.6	1.7	3.9	1.5	2.1	2.4	1.1	0.3	0.1
2012	-0.5	-4.8	-1.1	-4.2	-0.8	0.3	-0.6	0.6	0.7	0.1	0.1	-1.9
2012 Q3	-0.6	-6.3	-0.8	-3.8	-1.1	0.2	-0.7	0.5	0.8	-0.2	0.1	-1.8
Q4	-0.9	-6.4	-1.4	-5.3	-1.7	-1.4	0.9	0.7	0.0	0.2	-0.2	-2.0
2013 Q1	-1.0	-3.0	-1.7	-5.3	-2.3	-1.7	0.8	0.7	0.3	0.4	-0.6	-2.6
Q2	-0.5	-1.5	-1.0	-4.5	-1.4	-1.7	-0.8	1.0	1.5	0.5	-0.2	-1.0
Q3	-0.3	-0.4	-1.1	-3.5	-0.6	-2.6	-0.3	0.9	1.4	0.6	-0.2	-0.8
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2012 Q3	-0.1	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	-0.1	-0.2	0.0	0.1	0.0	0.0	0.1	0.0	-
2013 Q1	-0.2	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.1	0.0	0.0	-
Q2	0.3	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	-
Q3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2009	-4.5	0.0	-2.6	-0.5	-1.0	0.1	0.0	0.0	-0.8	0.3	0.0	-
2010	2.0	0.0	1.7	-0.4	0.1	0.1	0.0	0.0	0.2	0.3	0.0	-
2011	1.8	0.0	0.6	-0.1	0.3	0.2	0.1	0.2	0.2	0.2	0.0	-
2012	-0.5	-0.1	-0.2	-0.3	-0.1	0.0	0.0	0.1	0.1	0.0	0.0	-
2012 Q3	-0.6	-0.1	-0.2	-0.2	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	-
Q4	-0.9	-0.1	-0.3	-0.3	-0.3	-0.1	0.0	0.1	0.0	0.0	0.0	-
2013 Q1	-1.0	-0.1	-0.3	-0.3	-0.4	-0.1	0.0	0.1	0.0	0.1	0.0	-
Q2	-0.5	0.0	-0.2	-0.3	-0.3	-0.1	0.0	0.1	0.2	0.1	0.0	-
Q3	-0.3	0.0	-0.2	-0.2	-0.1	-0.1	0.0	0.1	0.1	0.1	0.0	-

Sources: Eurostat and ECB calculations.

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; 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	79.4	79.4	68.3	67.7	26.7	23.2	17.8	2.3	15.5	11.7	20.6
	1	2	3	4	5	6	7	8	9	10	11	12
2010	4.1	100.0	7.3	7.7	7.8	10.0	9.0	2.8	2.7	2.9	3.9	-7.6
2011	2.0	103.2	3.2	4.5	4.6	3.8	8.3	0.8	0.6	0.9	-4.7	-2.3
2012	-3.0	100.8	-2.4	-2.6	-2.8	-4.4	-1.1	-2.4	-4.5	-2.1	-0.2	-5.5
2012 Q4	-3.4	99.2	-3.1	-3.4	-3.7	-5.0	-3.3	-2.0	-5.0	-1.6	-0.3	-4.3
2013 Q1	-2.9	99.5	-2.3	-2.7	-2.9	-3.7	-3.4	-0.9	-4.6	-0.5	0.2	-6.1
Q2	-1.4	100.4	-0.7	-0.6	-0.7	-1.8	0.2	-0.3	-3.9	0.2	-0.9	-4.0
Q3	-1.1	100.2	-0.6	-0.5	-0.4	-0.3	-0.8	-0.3	-3.1	0.1	-1.8	-1.7
2013 May	-1.9	100.1	-1.6	-1.6	-1.8	-2.4	-2.0	-0.7	-6.1	0.2	-0.4	-3.9
June	-0.6	100.7	-0.1	0.2	0.1	-0.9	1.6	-0.4	-1.8	-0.3	-1.7	-2.1
July	-1.6	99.7	-1.8	-1.9	-1.8	-1.3	-2.8	-0.9	-4.1	-0.4	-1.6	-1.8
Aug.	-1.0	100.7	-1.1	-1.1	-0.8	-0.5	-0.4	-1.9	-4.3	-1.6	-3.3	-1.3
Sep.	0.7	100.2	1.1	1.2	1.3	0.9	0.8	1.6	-1.3	2.2	-0.5	-0.2
	month-on-month percentage changes (s.a.)											
2013 May	-0.4	-	-0.3	-0.4	-0.3	0.5	-1.7	0.3	-2.3	0.6	0.2	0.7
June	0.7	-	0.6	0.9	1.0	0.5	2.1	0.2	4.0	-0.6	-1.3	1.5
July	-0.6	-	-1.0	-1.1	-1.1	-0.5	-1.8	-0.6	-1.4	-0.2	-0.6	0.7
Aug.	1.0	-	1.0	1.1	1.6	0.9	1.9	0.4	-0.1	0.5	-0.6	0.3
Sep.	-0.7	-	-0.5	-0.7	-1.1	-0.8	-1.0	-0.2	-2.6	-0.2	1.3	-1.3

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

	Indicator on industrial new orders [1]		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing		Manufacturing (current prices)		Current prices	Constant prices								
	Total (s.a.; index: 2010 = 100)	Total	Total (s.a.; index: 2010 = 100)	Total	Total	Total (s.a.; index: 2010 = 100)	Total	Food, beverages, tobacco	Non-food			Fuel	Total (s.a.; thousands) [2]	Total
										Textiles, clothing, footwear	Household equipment			
% of total in 2010	100.0	100.0	100.0	100.0	100.0	100.0	100.0	40.1	51.1	9.4	11.9	8.8		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	100.0	17.7	100.0	10.1	2.1	100.0	0.6	0.4	1.3	2.2	0.1	-3.0	843	-8.5
2011	108.6	8.6	109.2	9.1	1.8	99.7	-0.3	-1.0	0.5	1.4	-0.2	-3.3	838	-1.1
2012	104.5	-3.7	108.7	-0.5	0.5	98.0	-1.7	-1.2	-1.7	-4.1	-2.6	-5.2	743	-11.0
2012 Q4	103.2	-2.4	107.2	-1.7	-0.8	96.8	-2.6	-2.0	-2.8	-4.6	-4.3	-5.8	709	-14.1
2013 Q1	102.5	-2.6	106.9	-2.7	-1.3	97.1	-2.0	-1.6	-2.1	-3.5	-4.6	-3.7	688	-11.3
Q2	103.4	-1.6	106.7	-2.0	-0.3	97.3	-0.8	-1.7	0.1	2.2	-3.0	-0.8	709	-7.2
Q3	105.4	0.7	107.4	-1.1	0.1	97.7	-0.2	-0.6	0.2	1.9	-2.7	-0.1	705	-2.0
2013 June	104.2	0.0	106.9	-1.1	-0.7	97.1	-1.3	-1.8	-0.5	2.8	-3.8	-2.3	712	-7.2
July	103.6	-1.2	106.5	-1.9	0.1	97.5	-0.7	0.1	-1.0	1.2	-3.8	-1.4	703	-0.1
Aug.	105.1	-0.4	108.3	-1.9	0.0	98.1	-0.1	-0.6	0.3	3.7	-2.9	-0.3	708	-4.1
Sep.	107.5	3.7	107.4	0.4	0.1	97.5	0.3	-1.3	1.3	1.1	-1.4	1.5	706	-2.5
Oct.	.	.	.	.	-0.4	97.3	-0.1	-0.1	-0.6	.	.	1.7	723	4.2
	month-on-month percentage changes (s.a.)													
2013 June	-	0.8	-	0.4	-0.7	-	-0.8	-0.6	-0.8	1.2	-1.1	0.6	-	1.1
July	-	-0.6	-	-0.4	0.4	-	0.4	1.1	0.4	-0.1	0.2	-0.1	-	-1.3
Aug.	-	1.4	-	1.7	0.5	-	0.6	-0.1	0.5	1.2	0.2	-0.1	-	0.7
Sep.	-	2.3	-	-0.9	-0.6	-	-0.6	-0.9	-0.1	-1.3	0.4	-0.3	-	-0.3
Oct.	-	.	-	.	-0.3	-	-0.2	0.7	-0.8	.	.	-1.1	-	2.4

Sources: Eurostat, except columns 1 and 2 in Table 4 (which show ECB experimental statistics based on national data) and columns 13 and 14 in Table 4 (which show ECB calculations based on data from the European Automobile Manufacturers' Association).

1) For further details, see de Bondt, G.J., Dieden, H.C., Muzikarova, S. and Vincze, I., "Introducing the ECB indicator on euro area industrial new orders", *Occasional Paper Series*, No 149, ECB, Frankfurt am Main, June 2013.

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

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator[2] (long-term average = 100)	Manufacturing industry: Industrial confidence indicator				Capacity utilisation[3] (%)	Consumer confidence indicator				
		Total[4]	Order books	Stocks of finished products	Production expectations		Total[4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
	1	2	3	4	5	6	7	8	9	10	11
2009	80.7	-28.7	-56.6	14.8	-14.9	71.0	-24.8	-7.0	-26.1	55.3	-10.7
2010	101.1	-4.5	-24.2	1.0	11.6	77.1	-14.2	-5.3	-12.3	31.2	-8.0
2011	101.8	0.2	-6.4	2.3	9.4	80.6	-14.5	-7.4	-18.1	23.2	-9.1
2012	90.4	-11.7	-24.3	6.8	-4.0	78.6	-22.3	-11.2	-27.6	38.4	-12.0
2012 Q3	87.4	-14.9	-28.6	8.1	-8.1	77.7	-23.8	-11.8	-30.4	40.7	-12.4
Q4	86.8	-15.4	-32.0	6.8	-7.4	77.4	-26.2	-12.9	-31.7	46.3	-13.7
2013 Q1	90.1	-12.2	-29.6	5.4	-1.6	77.5	-23.7	-11.4	-27.3	42.6	-13.3
Q2	89.8	-12.6	-30.9	6.1	-0.9	77.9	-20.9	-10.2	-24.9	35.9	-12.8
Q3	94.9	-8.3	-24.9	4.5	4.4	78.4	-16.0	-8.0	-16.8	29.8	-9.3
2013 June	91.3	-11.2	-28.4	5.9	0.7	-	-18.8	-9.5	-21.5	33.3	-11.0
July	92.5	-10.6	-27.8	5.5	1.5	78.3	-17.4	-8.9	-20.9	30.4	-9.4
Aug.	95.3	-7.8	-23.8	4.4	4.6	-	-15.6	-8.0	-15.8	30.4	-8.2
Sep.	96.9	-6.6	-23.2	3.7	7.0	-	-14.9	-7.2	-13.6	28.6	-10.3
Oct.	97.7	-5.0	-21.2	3.3	9.4	78.4	-14.5	-7.2	-11.7	29.3	-9.6
Nov.	98.5	-3.9	-17.9	3.5	9.8	-	-15.4	-6.1	-13.5	31.4	-10.6

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total[4]	Order books	Employment expectations	Total[4]	Present business situation	Volume of stocks	Expected business situation	Total[4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2009	-33.1	-42.1	-24.1	-15.5	-21.4	9.8	-15.4	-16.1	-21.2	-18.0	-9.3
2010	-28.7	-39.4	-18.2	-4.1	-6.6	7.2	1.6	4.0	1.5	3.1	7.3
2011	-26.2	-33.9	-18.5	-5.4	-5.6	11.1	0.6	5.3	2.2	5.3	8.3
2012	-28.4	-34.9	-22.0	-15.2	-18.9	14.2	-12.6	-6.9	-11.9	-7.8	-1.1
2012 Q3	-29.4	-36.6	-22.2	-16.8	-21.8	14.5	-14.1	-10.6	-15.8	-11.7	-4.2
Q4	-32.7	-40.2	-25.2	-16.0	-21.3	11.4	-15.4	-11.1	-15.4	-13.0	-5.0
2013 Q1	-29.1	-37.0	-21.2	-16.2	-24.4	10.7	-13.6	-7.8	-12.7	-9.0	-1.8
Q2	-31.9	-38.8	-24.9	-16.6	-24.7	11.1	-13.9	-10.0	-14.6	-13.4	-2.0
Q3	-31.5	-40.1	-22.9	-10.5	-16.7	8.6	-6.1	-5.4	-8.2	-8.7	0.8
2013 June	-31.5	-38.0	-25.1	-14.6	-21.9	10.2	-11.6	-9.6	-14.7	-12.5	-1.5
July	-32.6	-41.3	-23.8	-14.0	-21.1	10.3	-10.4	-7.8	-11.6	-10.4	-1.3
Aug.	-33.2	-41.9	-24.6	-10.6	-17.8	8.3	-5.6	-5.2	-7.6	-8.4	0.5
Sep.	-28.8	-37.2	-20.3	-6.9	-11.3	7.1	-2.3	-3.2	-5.5	-7.3	3.1
Oct.	-29.7	-39.5	-20.0	-7.8	-11.4	5.5	-6.5	-3.7	-6.7	-7.0	2.6
Nov.	-30.6	-39.8	-21.4	-7.7	-11.2	7.7	-4.1	-0.8	-4.0	-2.7	4.5

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

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

5.3 Labour markets [1]

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

	By employment status			By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
							Persons employed						
							levels (thousands)						
2012	146,203	124,966	21,238	4,979	22,962	9,484	35,933	4,045	4,060	1,282	18,262	34,378	10,820
							percentage of total persons employed						
2012	100.0	85.5	14.5	3.4	15.7	6.5	24.6	2.8	2.8	0.9	12.5	23.5	7.4
							annual percentage changes						
2010	-0.5	-0.5	-0.4	-1.0	-2.9	-3.9	-0.5	-1.7	-1.0	0.1	2.0	1.0	0.6
2011	0.3	0.3	-0.2	-1.9	0.1	-3.8	0.7	1.3	-0.4	0.5	2.5	0.3	0.1
2012	-0.7	-0.7	-0.1	-1.9	-1.0	-4.7	-0.8	1.2	-0.4	-0.3	0.7	-0.3	0.7
2012 Q3	-0.6	-0.8	0.5	-1.8	-1.1	-5.0	-0.9	1.1	-0.5	0.2	1.3	-0.4	1.5
Q4	-0.7	-0.9	-0.1	-2.1	-1.4	-5.0	-1.0	1.6	-0.8	-1.1	0.5	-0.2	1.4
2013 Q1	-1.0	-1.0	-1.0	-3.1	-1.6	-5.6	-1.1	0.6	-1.2	-1.5	0.3	-0.2	0.5
Q2	-1.0	-1.0	-0.6	-1.7	-1.5	-6.2	-1.0	0.4	-1.2	-2.1	0.3	-0.1	0.3
							quarter-on-quarter percentage changes						
2012 Q3	-0.1	-0.1	-0.2	-0.8	-0.1	-1.9	-0.2	-0.3	-0.7	-1.2	0.8	-0.1	0.6
Q4	-0.3	-0.4	-0.1	-0.8	-0.6	-1.6	-0.4	0.7	-0.1	-0.6	-0.3	0.1	-0.2
2013 Q1	-0.4	-0.5	-0.3	-1.6	-0.5	-1.7	-0.3	-0.2	-0.2	-0.7	-0.6	-0.1	0.0
Q2	-0.1	-0.1	0.0	1.5	-0.3	-1.2	-0.1	0.2	-0.3	0.4	0.3	0.0	-0.1
							Hours worked						
							levels (millions)						
2012	229,533	184,662	44,871	9,926	36,041	16,501	59,723	6,478	6,391	1,969	28,417	48,898	15,190
							percentage of total hours worked						
2012	100.0	80.5	19.5	4.3	15.7	7.2	26.0	2.8	2.8	0.9	12.4	21.3	6.6
							annual percentage changes						
2010	0.0	0.1	-0.5	-1.2	-0.4	-4.0	-0.3	-0.9	-0.6	1.2	2.7	0.9	0.3
2011	0.3	0.5	-0.7	-3.1	0.8	-3.9	0.5	1.4	-0.3	1.2	2.8	0.5	0.1
2012	-1.5	-1.5	-1.3	-2.9	-2.1	-6.1	-1.7	0.5	-0.9	-1.1	0.3	-0.6	-0.1
2012 Q3	-1.3	-1.6	-0.3	-2.4	-2.4	-6.5	-1.4	0.8	-1.0	-0.3	1.2	-0.8	0.7
Q4	-1.6	-1.6	-1.6	-2.9	-2.5	-6.2	-2.0	0.7	-1.6	-2.1	-0.1	-0.2	0.4
2013 Q1	-2.2	-2.2	-2.0	-3.0	-3.3	-8.0	-2.0	-0.2	-2.3	-2.9	-0.6	-0.8	-1.1
Q2	-0.7	-0.9	-0.3	-1.1	-0.5	-5.5	-0.9	0.7	-1.2	-2.5	0.3	0.2	-0.3
							quarter-on-quarter percentage changes						
2012 Q3	0.2	0.0	0.8	-0.7	0.1	-1.3	0.3	0.2	-0.3	-1.3	1.2	0.1	1.0
Q4	-0.7	-0.6	-1.2	-0.7	-0.8	-1.9	-1.1	-0.1	-0.7	-1.5	-0.7	0.2	-0.8
2013 Q1	-0.9	-0.9	-0.8	-0.4	-1.1	-2.4	-0.7	-0.2	-0.5	-0.9	-0.9	-0.6	-0.5
Q2	0.6	0.6	1.0	0.7	1.3	0.0	0.6	0.8	0.3	1.2	0.7	0.5	0.1
							Hours worked per person employed						
							levels (thousands)						
2012	1,570	1,478	2,113	1,994	1,570	1,740	1,662	1,602	1,574	1,536	1,556	1,422	1,404
							annual percentage changes						
2010	0.5	0.6	0.0	-0.2	2.5	-0.1	0.2	0.8	0.5	1.1	0.7	0.0	-0.3
2011	0.0	0.2	-0.5	-1.2	0.7	-0.2	-0.2	0.2	0.2	0.8	0.2	0.2	0.0
2012	-0.8	-0.8	-1.2	-1.0	-1.1	-1.5	-0.8	-0.8	-0.5	-0.8	-0.3	-0.3	-0.8
2012 Q3	-0.7	-0.8	-0.8	-0.6	-1.3	-1.6	-0.5	-0.3	-0.4	-0.5	-0.1	-0.4	-0.7
Q4	-0.8	-0.7	-1.5	-0.8	-1.1	-1.3	-1.0	-0.9	-0.8	-1.1	-0.6	-0.1	-1.0
2013 Q1	-1.2	-1.2	-1.1	0.1	-1.7	-2.5	-0.9	-0.7	-1.1	-1.4	-0.9	-0.6	-1.6
Q2	0.2	0.2	0.4	0.6	1.0	0.7	0.1	0.3	0.0	-0.4	0.0	0.3	-0.6
							quarter-on-quarter percentage changes						
2012 Q3	0.3	0.1	1.1	0.1	0.2	0.5	0.5	0.5	0.4	-0.1	0.4	0.2	0.3
Q4	-0.4	-0.2	-1.2	0.1	-0.2	-0.3	-0.8	-0.8	-0.6	-0.9	-0.4	0.1	-0.6
2013 Q1	-0.4	-0.4	-0.5	1.2	-0.7	-0.7	-0.4	0.0	-0.3	-0.2	-0.3	-0.5	-0.5
Q2	0.7	0.6	1.0	-0.8	1.6	1.2	0.8	0.6	0.5	0.8	0.4	0.5	0.1

Source: ECB calculations based on Eurostat data.

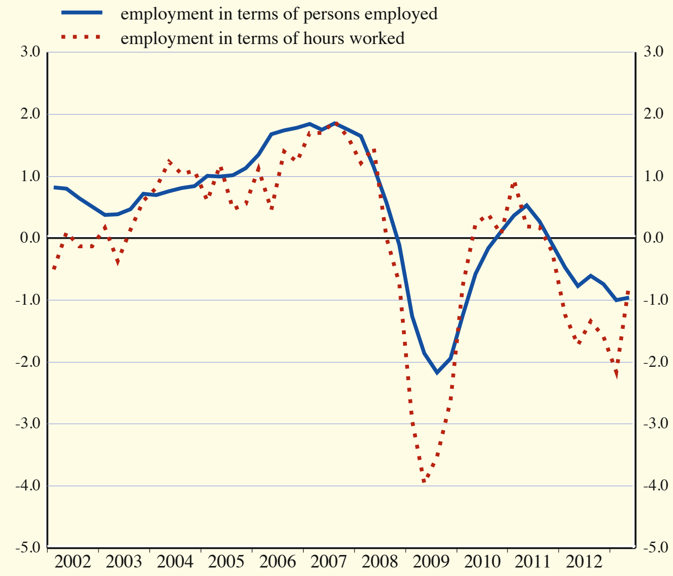
1) Data for employment are based on the ESA 95.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

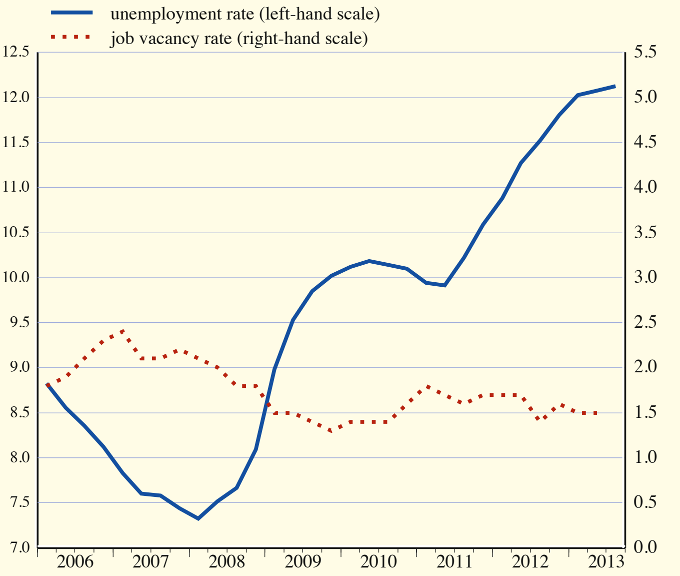
2. Unemployment and job vacancies [1)]

	Unemployment										Job vacancy rate [2)]
	Total		By age [3)]				By gender [4)]				
			Adult		Youth		Male		Female		
	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.5		20.5		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2009	15.052	9.6	11.766	8.4	3.286	20.3	8.145	9.4	6.907	9.8	1.4
2010	15.932	10.1	12.655	8.9	3.278	20.9	8.604	10.0	7.329	10.3	1.5
2011	16.034	10.2	12.829	9.0	3.205	20.9	8.540	9.9	7.494	10.5	1.7
2012	18.062	11.4	14.582	10.1	3.481	23.1	9.693	11.2	8.370	11.6	1.6
2012 Q3	18.322	11.5	14.803	10.3	3.519	23.4	9.829	11.4	8.493	11.7	1.4
Q4	18.779	11.8	15.209	10.6	3.572	23.8	10.060	11.6	8.719	12.0	1.6
2013 Q1	19.111	12.0	15.529	10.8	3.582	24.0	10.265	11.9	8.846	12.2	1.5
Q2	19.217	12.1	15.676	10.9	3.541	23.9	10.316	11.9	8.902	12.2	1.5
Q3	19.312	12.1	15.770	10.9	3.542	24.1	10.416	12.1	8.896	12.2	.
2013 May	19.228	12.1	15.698	10.9	3.530	23.8	10.319	12.0	8.910	12.2	-
June	19.240	12.1	15.700	10.9	3.540	24.0	10.352	12.0	8.888	12.2	-
July	19.259	12.1	15.728	10.9	3.531	24.0	10.383	12.0	8.876	12.2	-
Aug.	19.318	12.1	15.784	10.9	3.534	24.1	10.426	12.1	8.892	12.2	-
Sep.	19.359	12.2	15.797	10.9	3.562	24.3	10.438	12.1	8.921	12.2	-
Oct.	19.298	12.1	15.721	10.9	3.577	24.4	10.403	12.0	8.895	12.2	-

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



C29 Unemployment and job vacancy [2)] rates



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

6 GOVERNMENT FINANCE

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

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2)]
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	40.8
2006	45.3	45.0	12.3	8.7	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	4.5	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	44.6	11.6	8.9	2.5	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.5
2011	45.4	45.0	11.9	9.1	2.7	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.9
2012	46.2	46.0	12.4	9.6	2.7	13.3	0.3	15.9	8.3	4.7	2.6	0.2	0.3	41.8

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure [3)]
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies			Investment	Capital transfers	Paid by EU institutions	
									Paid by EU institutions					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	1.7	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	43.0
2008	47.2	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	27.3	24.2	1.8	0.4	4.4	2.6	1.9	0.0	48.2
2011	49.5	46.0	10.6	5.5	3.0	26.8	23.9	1.7	0.4	3.5	2.3	1.2	0.0	46.5
2012	49.9	46.2	10.5	5.5	3.1	27.1	24.3	1.6	0.4	3.7	2.1	1.6	0.1	46.8

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

	Deficit (-)/surplus (+)					Primary deficit (-)/ surplus (+)	Government consumption [4)]							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	20.5	10.5	5.0	5.2	1.9	2.3	8.0	12.5
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.3	1.9	2.3	7.9	12.5
2007	-0.7	-1.2	0.0	0.0	0.6	2.3	20.1	10.1	5.0	5.2	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.6	10.3	5.2	5.4	1.9	2.3	8.0	12.7
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.4	11.1	5.7	5.9	2.1	2.5	8.6	13.8
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.1	10.9	5.7	5.9	2.1	2.6	8.4	13.6
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	13.4
2012	-3.7	-3.4	-0.3	0.0	0.0	-0.6	21.6	10.5	5.5	5.9	2.1	2.6	8.2	13.4

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2009	-5.6	-3.1	-2.0	-13.7	-15.7	-11.1	-7.5	-5.5	-6.1	-0.7	-3.7	-5.6	-4.1	-10.2	-6.3	-8.0	-2.5
2010	-3.7	-4.2	0.2	-30.6	-10.7	-9.6	-7.1	-4.5	-5.3	-0.8	-3.5	-5.1	-4.5	-9.8	-5.9	-7.7	-2.5
2011	-3.7	-0.8	1.1	-13.1	-9.5	-9.6	-5.3	-3.8	-6.3	0.1	-2.8	-4.3	-2.5	-4.3	-6.3	-5.1	-0.7
2012	-4.0	0.1	-0.2	-8.2	-9.0	-10.6	-4.8	-3.0	-6.4	-0.6	-3.3	-4.1	-2.5	-6.4	-3.8	-4.5	-1.8

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

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

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

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2] Total	MFIs	Other financial corporations	Other sectors	Other creditors [3]
	1	2	3	4	5	6	7	8	9	10
2003	69.2	2.1	12.5	5.1	49.6	40.2	20.5	11.3	8.4	29.1
2004	69.7	2.2	12.2	4.8	50.5	38.7	19.7	11.2	7.9	30.9
2005	70.5	2.4	12.3	4.5	51.3	37.0	19.0	11.3	6.8	33.5
2006	68.7	2.5	11.9	4.0	50.3	34.9	19.1	9.3	6.5	33.7
2007	66.4	2.2	11.3	3.9	48.9	32.7	17.8	8.6	6.3	33.6
2008	70.2	2.3	11.6	6.5	49.8	33.2	18.4	7.9	6.9	37.0
2009	80.0	2.5	12.7	8.3	56.5	37.4	21.4	9.2	6.8	42.6
2010	85.4	2.4	15.4	7.3	60.3	40.5	24.4	10.6	5.6	44.9
2011	87.3	2.4	15.4	7.4	62.1	42.7	24.5	11.4	6.8	44.6
2012	90.6	2.6	17.3	6.8	64.0	45.6	26.5	12.6	6.5	45.1

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
	1	2	3	4	5	6	7	8	9	10	11	12	13
2003	69.2	56.7	6.5	5.1	1.0	7.9	61.4	5.0	14.9	26.1	28.3	68.4	0.9
2004	69.7	56.7	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.7	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	4.3	14.3	24.2	30.1	68.0	0.7
2007	66.4	53.5	6.3	5.3	1.4	7.1	59.2	4.2	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	4.9	17.7	23.5	29.1	69.2	1.0
2009	80.0	64.8	7.7	5.8	1.7	12.0	68.0	5.0	19.5	27.3	33.2	78.8	1.2
2010	85.4	69.3	8.4	5.9	1.9	13.0	72.4	5.1	21.2	29.3	34.9	84.2	1.2
2011	87.3	70.7	8.5	5.9	2.2	12.6	74.7	6.1	20.8	30.4	36.1	85.6	1.7
2012	90.6	73.6	8.8	6.0	2.3	11.7	78.9	7.3	20.0	32.2	38.4	88.7	2.0

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
2009	95.7	74.5	7.1	64.4	129.7	54.0	79.2	116.4	58.5	15.5	66.5	60.8	69.2	83.7	35.2	35.6	43.5
2010	95.7	82.5	6.7	91.2	148.3	61.7	82.4	119.3	61.3	19.5	66.8	63.4	72.3	94.0	38.7	41.0	48.7
2011	98.0	80.0	6.1	104.1	170.3	70.5	85.8	120.7	71.5	18.7	69.5	65.7	72.8	108.2	47.1	43.4	49.2
2012	99.8	81.0	9.8	117.4	156.9	86.0	90.2	127.0	86.6	21.7	71.3	71.3	74.0	124.1	54.4	52.4	53.6

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

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

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

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement [2]	Valuation effects [3]	Other changes in volume [4]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5]	MFIs	Other financial corporations	Other creditors [6]
	1	2	3	4	5	6	7	8	9	10	11	12
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	0.0	0.3	3.0
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	0.0	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	-0.4	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.3	1.0	-0.5	4.1
2009	7.3	7.5	-0.2	0.0	0.1	0.7	1.6	4.9	3.0	2.3	1.0	4.3
2010	7.6	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.1	3.6	1.6	3.4
2011	4.2	4.0	0.1	0.0	0.0	0.4	0.2	3.5	3.3	0.8	1.1	0.9
2012	3.9	5.3	-1.4	0.0	0.2	2.0	-0.5	2.2	3.1	2.1	1.2	0.7

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment [7]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [8]
				Total	Currency and deposits	Loans	Securities [9]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	3.2	-2.9	0.3	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	0.2	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	3.1	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.3	-6.4	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	1.0	0.2	0.0	0.2	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.0	-0.3	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.1	0.0	0.0	0.2
2012	3.9	-3.7	0.2	1.3	0.2	0.5	0.0	0.6	-0.2	0.3	-1.4	0.0	0.0	0.3

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

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

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2007 Q2	45.8	45.3	13.1	12.9	15.0	2.2	1.4	0.4	0.3	41.2
Q3	43.7	43.2	12.3	12.4	14.8	2.2	0.7	0.5	0.3	39.7
Q4	49.2	48.6	14.7	13.8	15.7	2.5	1.0	0.6	0.3	44.5
2008 Q1	42.4	42.1	10.9	12.3	14.8	2.2	1.1	0.3	0.2	38.3
Q2	45.3	44.9	12.9	12.3	15.1	2.3	1.5	0.4	0.3	40.6
Q3	43.4	43.0	12.1	12.1	15.0	2.3	0.8	0.4	0.3	39.5
Q4	48.7	48.2	13.9	13.4	16.4	2.6	1.1	0.5	0.3	43.8
2009 Q1	42.5	42.4	10.5	12.0	15.6	2.4	1.1	0.1	0.2	38.3
Q2	45.3	44.8	11.9	12.5	15.7	2.5	1.4	0.6	0.5	40.5
Q3	42.9	42.5	10.9	12.0	15.5	2.5	0.7	0.3	0.3	38.8
Q4	48.6	47.8	12.9	13.6	16.4	2.7	1.0	0.8	0.5	43.5
2010 Q1	42.5	42.3	10.2	12.3	15.5	2.4	0.9	0.2	0.3	38.3
Q2	45.2	44.8	11.9	12.7	15.4	2.6	1.3	0.5	0.3	40.3
Q3	43.1	42.8	10.9	12.5	15.3	2.5	0.7	0.3	0.3	39.0
Q4	48.3	47.6	13.1	13.2	16.4	2.9	1.0	0.7	0.3	43.1
2011 Q1	43.1	42.9	10.7	12.6	15.3	2.5	1.0	0.3	0.3	38.9
Q2	45.3	45.0	12.1	12.7	15.4	2.5	1.5	0.3	0.3	40.4
Q3	43.7	43.4	11.4	12.5	15.3	2.5	0.8	0.3	0.3	39.6
Q4	49.0	48.0	13.4	13.2	16.7	2.8	1.0	1.1	0.4	43.6
2012 Q1	43.7	43.4	11.0	12.8	15.4	2.5	1.0	0.3	0.2	39.4
Q2	46.3	45.9	12.6	12.8	15.6	2.6	1.4	0.3	0.3	41.4
Q3	44.7	44.3	11.9	12.7	15.5	2.6	0.8	0.4	0.3	40.4
Q4	50.2	49.5	14.1	13.6	17.0	2.9	1.0	0.7	0.3	44.9
2013 Q1	44.0	43.8	11.2	12.6	15.7	2.5	1.0	0.2	0.3	39.7
Q2	47.3	46.8	13.2	12.9	15.7	2.6	1.4	0.5	0.4	42.3

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007 Q2	45.0	41.6	10.0	4.8	3.2	23.6	20.6	1.1	3.4	2.5	0.9	0.8	4.0
Q3	44.6	41.0	9.6	4.8	2.9	23.8	20.6	1.2	3.6	2.6	0.9	-0.9	1.9
Q4	49.3	44.7	10.8	5.9	2.9	25.1	21.2	1.5	4.5	2.8	1.7	-0.1	2.9
2008 Q1	45.4	41.8	9.9	4.5	3.0	24.4	20.8	1.2	3.6	2.3	1.2	-3.0	0.0
Q2	46.0	42.4	10.2	5.0	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.7	2.6
Q3	45.7	42.0	9.8	5.0	3.0	24.4	21.2	1.2	3.7	2.7	1.0	-2.3	0.6
Q4	51.3	46.7	11.2	6.3	2.9	26.3	22.3	1.4	4.6	2.9	1.6	-2.6	0.3
2009 Q1	49.3	45.5	10.7	5.1	2.8	26.9	22.9	1.3	3.8	2.6	1.2	-6.8	-4.0
Q2	50.7	46.5	11.1	5.5	3.0	26.9	23.3	1.3	4.2	2.8	1.3	-5.4	-2.3
Q3	50.0	46.0	10.5	5.5	2.8	27.1	23.5	1.3	4.1	2.9	1.1	-7.2	-4.4
Q4	54.7	49.8	11.8	6.7	2.8	28.5	24.0	1.5	4.9	3.0	1.8	-6.1	-3.3
2010 Q1	50.5	46.5	10.8	5.1	2.7	27.9	23.6	1.4	3.9	2.4	1.6	-8.0	-5.3
Q2	49.6	46.1	11.0	5.5	3.0	26.7	23.2	1.3	3.5	2.5	1.1	-4.4	-1.4
Q3	50.5	45.2	10.3	5.4	2.7	26.9	23.2	1.3	5.2	2.6	2.7	-7.4	-4.7
Q4	53.5	48.8	11.5	6.7	2.9	27.8	23.7	1.5	4.7	2.7	2.0	-5.1	-2.2
2011 Q1	48.5	45.4	10.4	4.9	2.9	27.1	23.1	1.3	3.1	2.2	1.0	-5.4	-2.5
Q2	48.6	45.3	10.6	5.3	3.2	26.2	22.8	1.2	3.3	2.3	0.9	-3.2	0.0
Q3	48.0	44.5	10.0	5.2	2.9	26.4	22.9	1.2	3.5	2.3	1.1	-4.3	-1.4
Q4	52.8	48.7	11.2	6.6	3.2	27.7	23.7	1.5	4.0	2.5	1.8	-3.7	-0.5
2012 Q1	48.1	45.4	10.3	4.9	3.0	27.3	23.3	1.2	2.7	1.9	0.8	-4.4	-1.5
Q2	49.1	45.8	10.6	5.3	3.3	26.7	23.2	1.2	3.3	2.1	1.2	-2.9	0.5
Q3	48.4	44.9	10.0	5.3	2.9	26.7	23.3	1.2	3.6	2.2	1.3	-3.7	-0.8
Q4	53.9	48.9	11.0	6.5	3.2	28.1	24.1	1.4	5.1	2.3	2.8	-3.8	-0.6
2013 Q1	48.9	46.2	10.4	4.9	2.8	28.0	23.8	1.2	2.7	1.8	1.1	-4.9	-2.1
Q2	49.6	46.1	10.5	5.3	3.2	27.2	23.6	1.2	3.4	2.0	1.4	-2.3	0.9

Sources: ECB calculations based on Eurostat and national data.

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

2) The fiscal burden comprises taxes and social contributions.

6.5 Quarterly debt and change in debt [1)]

(as a percentage of GDP)

1. Euro area − Maastricht debt by financial instrument

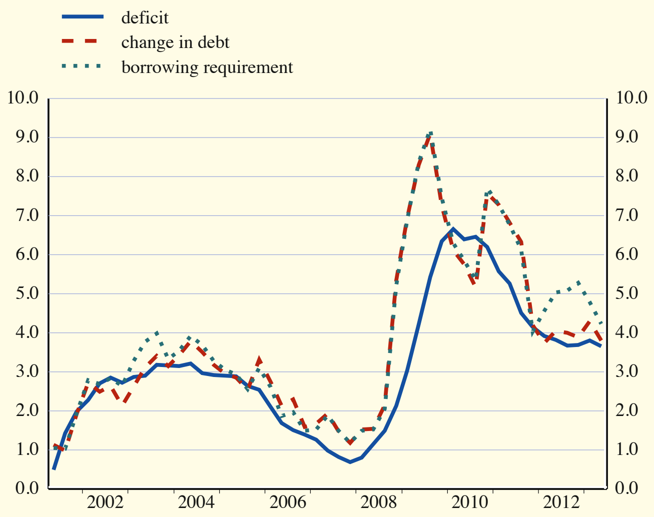
	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2010 Q3	83.0	2.4	13.4	7.9	59.3
Q4	85.4	2.4	15.4	7.3	60.3
2011 Q1	86.3	2.4	15.2	7.4	61.2
Q2	87.2	2.4	14.9	7.5	62.3
Q3	86.8	2.4	15.1	7.8	61.4
Q4	87.3	2.4	15.4	7.4	62.1
2012 Q1	88.2	2.5	15.8	7.6	62.4
Q2	89.9	2.5	16.7	7.3	63.4
Q3	90.0	2.5	16.5	7.2	63.7
Q4	90.6	2.6	17.3	6.8	64.0
2013 Q1	92.3	2.6	16.9	7.1	65.8
Q2	93.4	2.5	16.9	6.9	67.1

2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2010 Q3	2.8	-7.4	-4.6	-2.9	-2.3	-0.6	0.0	0.1	0.0	-1.7	2.8
Q4	11.6	-5.1	6.5	5.7	-0.4	1.7	4.4	0.0	0.0	0.8	11.6
2011 Q1	6.9	-5.4	1.5	0.7	2.1	-0.8	-0.6	-0.1	0.2	0.6	6.7
Q2	5.9	-3.2	2.7	2.5	2.8	0.5	-0.3	-0.5	0.1	0.0	5.8
Q3	0.9	-4.3	-3.4	-3.7	-3.6	-0.5	0.2	0.2	0.5	-0.2	0.4
Q4	3.2	-3.7	-0.5	-0.6	-0.3	-0.2	-0.1	0.1	-0.2	0.2	3.4
2012 Q1	5.0	-4.4	0.5	3.5	4.2	-0.1	-0.6	0.0	-3.8	0.8	8.7
Q2	7.1	-2.9	4.3	4.0	1.6	1.0	0.6	0.7	-0.5	0.9	7.7
Q3	0.7	-3.7	-3.0	-2.0	-2.1	0.5	-0.6	0.1	0.1	-1.0	0.6
Q4	2.8	-3.8	-1.0	-0.3	-2.7	0.5	0.4	1.5	-1.3	0.7	4.1
2013 Q1	6.6	-4.9	1.8	1.8	1.4	0.1	-0.2	0.5	-0.1	0.0	6.7
Q2	5.2	-2.3	2.9	3.7	3.1	0.8	0.0	-0.2	-0.3	-0.5	5.5

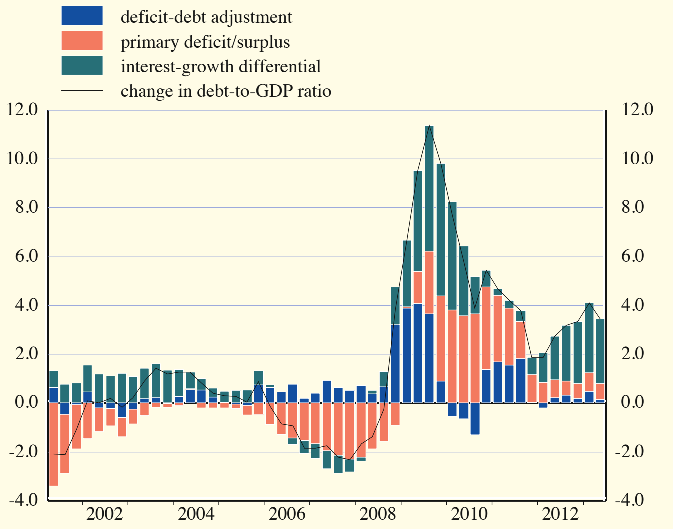
C30 Deficit, borrowing requirement and change in debt

(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.

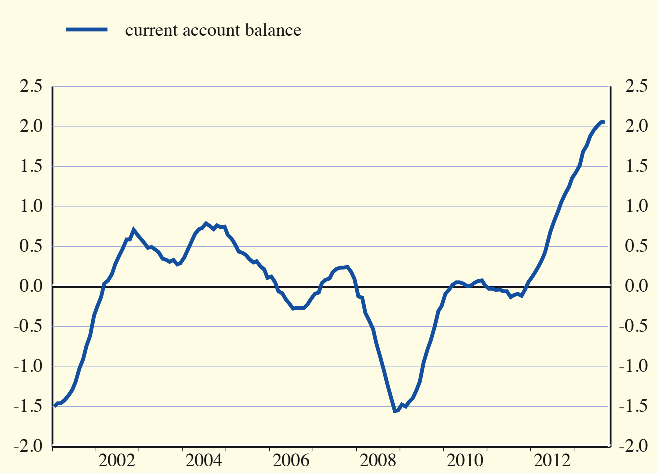
EXTERNAL TRANSACTIONS AND POSITIONS

7

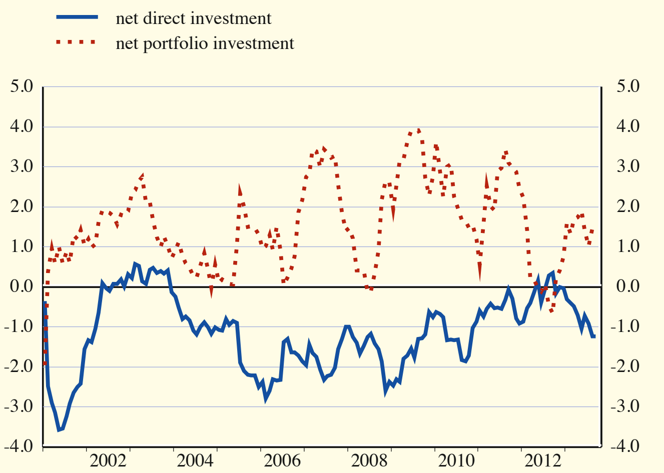
7.1 Summary balance of payments [1]
(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	5.3	15.6	60.4	38.0	-108.7	5.5	10.8	6.0	-79.0	109.2	10.3	-24.0	-10.5	-16.8
2011	8.2	2.3	72.7	39.4	-106.3	11.0	19.2	-44.2	-85.8	231.1	-5.3	-173.9	-10.3	25.0
2012	126.2	94.9	88.7	49.3	-106.8	5.0	131.2	-140.9	-3.6	72.3	3.4	-199.2	-13.9	9.8
2012 Q3	43.5	29.8	25.5	17.4	-29.3	3.8	47.2	-39.7	30.9	-22.7	-2.9	-45.0	-0.1	-7.5
Q4	61.9	35.0	22.1	18.7	-14.0	6.3	68.2	-100.2	-27.6	72.9	25.4	-168.1	-2.8	32.0
2013 Q1	24.6	30.7	17.5	18.5	-42.1	1.8	26.4	-25.1	-24.0	16.5	8.4	-26.0	0.0	-1.2
Q2	52.8	52.1	28.6	3.8	-31.7	5.3	58.1	-56.3	-48.7	67.1	2.4	-75.9	-1.1	-1.8
Q3	52.6	41.6	28.9	13.8	-31.7	4.2	56.8	-61.7	-17.3	-21.6	9.5	-29.4	-2.9	4.9
2012 Sep.	12.3	9.9	8.5	4.7	-10.9	1.6	13.9	-19.6	-6.9	0.1	-3.9	-9.9	1.0	5.8
Oct.	13.7	10.5	7.0	5.0	-8.8	2.3	16.0	-27.1	-50.5	59.8	9.8	-43.5	-2.6	11.1
Nov.	20.9	13.4	5.6	6.7	-4.8	2.2	23.1	-34.5	19.2	17.4	6.2	-76.3	-1.0	11.4
Dec.	27.3	11.1	9.6	7.0	-0.4	1.7	29.1	-38.5	3.8	-4.3	9.5	-48.3	0.8	9.5
2013 Jan.	-6.8	-2.7	4.5	4.7	-13.3	0.1	-6.7	4.7	-10.9	26.9	4.6	-11.1	-4.8	2.0
Feb.	9.0	11.2	5.9	7.7	-15.9	1.1	10.1	-11.1	2.2	-13.9	2.7	-4.6	2.6	0.9
Mar.	22.4	22.2	7.1	6.1	-13.0	0.5	22.9	-18.8	-15.3	3.6	1.1	-10.4	2.3	-4.2
Apr.	13.9	16.4	7.9	0.6	-11.1	1.8	15.7	-18.4	-12.2	-0.2	-5.6	-0.5	0.0	2.8
May	9.9	17.2	8.5	-5.8	-10.0	2.5	12.4	-11.9	-15.9	38.7	-7.3	-26.9	-0.6	-0.5
June	29.1	18.5	12.2	9.0	-10.6	1.0	30.1	-26.0	-20.7	28.6	15.3	-48.6	-0.6	-4.1
July	26.1	19.7	11.4	4.5	-9.5	2.3	28.4	-29.6	-2.9	-41.5	-0.7	15.1	0.3	1.2
Aug.	12.4	8.3	8.0	7.6	-11.4	1.4	13.8	-13.9	-7.2	24.5	7.0	-36.3	-2.0	0.1
Sep.	14.0	13.7	9.5	1.7	-10.9	0.5	14.6	-18.1	-7.3	-4.6	3.2	-8.2	-1.2	3.5
	12-month cumulated transactions													
2013 Sep.	191.9	159.4	97.2	54.8	-119.5	17.6	209.5	-243.3	-117.6	135.0	45.6	-299.4	-6.9	33.8
	12-month cumulated transactions as a percentage of GDP													
2013 Sep.	2.0	1.7	1.0	0.6	-1.3	0.2	2.2	-2.6	-1.2	1.4	0.5	-3.1	-0.1	0.4

C32 Euro area b.o.p.: current account
(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



C33 Euro area b.o.p.: direct and portfolio investment
(12-month cumulated transactions as a percentage of GDP)



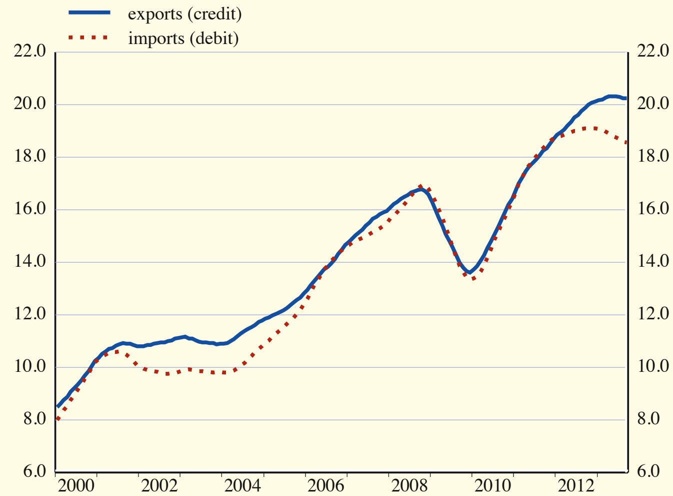
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

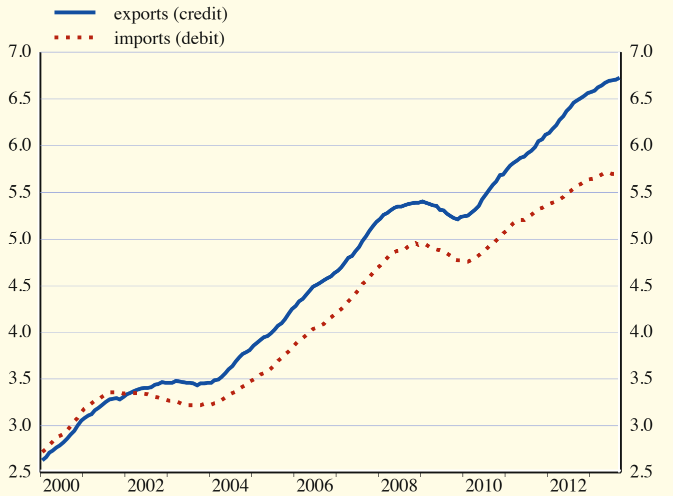
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	2,706.4	2,701.1	5.3	1,576.1	1,560.5	544.4	484.0	497.8	459.7	88.2	6.3	197.0	26.3	20.2	14.7
2011	3,018.1	3,009.9	8.2	1,789.1	1,786.7	584.3	511.6	549.9	510.5	94.8	6.5	201.1	27.2	25.2	14.2
2012	3,179.0	3,052.7	126.2	1,919.5	1,824.6	626.6	537.9	535.5	486.1	97.3	6.8	204.1	26.0	28.8	23.8
2012 Q3	796.2	752.7	43.5	480.7	450.9	166.9	141.3	131.4	114.0	17.2	1.9	46.4	6.6	6.9	3.2
Q4	816.5	754.6	61.9	489.5	454.5	161.8	139.7	131.9	113.1	33.3	1.7	47.3	6.7	10.7	4.5
2013 Q1	765.2	740.6	24.6	470.6	439.9	144.9	127.3	122.0	103.5	27.8	1.6	69.9	5.9	5.9	4.2
Q2	808.9	756.1	52.8	489.7	437.6	164.1	135.5	135.2	131.4	19.8	1.9	51.5	6.2	7.6	2.2
Q3	793.1	740.5	52.6	479.0	437.4	171.1	142.2	124.2	110.4	18.8	.	50.6	.	6.3	2.0
2013 July	276.9	250.7	26.1	168.1	148.4	58.5	47.1	42.5	38.0	7.8	-	17.3	-	3.1	0.8
Aug.	248.3	235.9	12.4	147.7	139.4	55.0	47.0	40.6	33.0	5.0	-	16.4	-	2.1	0.7
Sep.	268.0	253.9	14.0	163.3	149.6	57.6	48.1	41.1	39.4	6.0	-	16.9	-	1.1	0.6
	Seasonally adjusted														
2013 Q1	793.9	743.5	50.4	483.4	442.6	158.2	134.3	127.0	112.3	25.3	-	54.4	-	-	-
Q2	801.4	743.2	58.2	486.0	437.5	163.2	138.0	127.8	113.4	24.4	-	54.2	-	-	-
Q3	792.6	745.4	47.2	478.2	438.7	161.6	136.5	127.1	115.6	25.7	-	54.6	-	-	-
2013 July	260.0	244.5	15.5	155.2	144.1	53.0	43.7	42.8	38.5	9.1	-	18.2	-	-	-
Aug.	264.9	247.0	17.9	160.5	145.7	53.6	45.4	42.7	37.9	8.2	-	17.9	-	-	-
Sep.	267.7	254.0	13.7	162.6	148.9	55.0	47.4	41.7	39.1	8.4	-	18.5	-	-	-
	12-month cumulated transactions														
2013 Sep.	3,186.5	2,990.0	196.5	1,931.3	1,770.3	642.0	545.1	512.9	459.2	100.3	-	215.4	-	-	-
	12-month cumulated transactions as a percentage of GDP														
2013 Sep.	33.4	31.3	2.1	20.2	18.6	6.7	5.7	5.4	4.8	1.1	-	2.3	-	-	-

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



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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2010	25.1	12.4	472.7	447.4	247.2	47.2	153.6	46.0	23.4	24.3	28.8	83.8	95.7	120.9	77.6	64.7
2011	27.2	12.8	522.7	497.7	271.9	38.1	171.6	58.4	40.3	35.0	36.2	98.5	97.3	124.3	77.1	68.2
2012	28.8	13.2	506.7	472.9	251.5	49.7	155.4	16.2	44.4	38.2	43.0	104.0	99.2	117.1	68.6	58.2
2012 Q2	7.1	3.5	137.0	139.7	67.6	2.3	41.2	4.0	10.9	9.2	16.1	46.0	24.8	28.5	17.5	14.8
Q3	7.1	3.9	124.3	110.1	61.1	17.4	37.7	12.4	11.3	9.0	10.0	20.4	25.2	29.2	16.7	13.8
Q4	7.5	3.3	124.3	109.8	64.0	6.2	37.5	-15.0	11.5	10.4	8.0	20.3	24.8	27.9	16.1	13.7
2013 Q1	7.1	2.5	114.9	101.0	57.4	24.1	34.3	15.4	9.9	7.9	7.5	17.5	24.6	28.6	15.4	12.6
Q2	7.3	3.3	127.9	128.1	63.1	3.3	34.6	3.0	10.0	7.5	14.5	45.2	25.1	28.3	15.2	12.5

3. Geographical breakdown
(cumulated transactions)

2012 Q3 to 2013 Q2	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries [1]	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	3,186.7	1,002.6	54.7	96.6	476.0	312.8	62.6	64.9	46.1	152.5	39.6	69.3	126.2	251.0	426.1	1,008.5
Goods	1,930.5	596.2	35.4	57.6	257.5	245.6	0.2	33.7	23.8	116.9	29.3	44.1	90.1	133.6	225.9	636.8
Services	637.7	194.1	12.5	19.1	119.8	36.0	6.7	10.8	10.7	22.6	7.7	15.0	21.0	61.0	96.3	198.5
Income	520.5	149.0	5.8	17.7	87.2	28.0	10.1	19.9	10.9	12.3	2.4	9.4	14.5	46.9	97.8	157.5
Investment income	491.4	141.3	5.0	17.6	85.7	27.2	5.8	19.9	10.8	12.2	2.4	9.3	14.4	31.7	96.3	153.0
Current transfers	98.1	63.3	1.0	2.2	11.4	3.2	45.6	0.4	0.8	0.7	0.2	0.8	0.6	9.5	6.0	15.6
Capital account	31.2	27.2	0.0	0.0	1.9	0.6	24.7	0.1	0.0	0.0	0.0	0.1	0.1	0.9	0.4	2.3
	Debits															
Current account	3,003.9	949.0	53.6	92.0	409.3	281.1	113.0	41.6	28.9	-	35.4	93.0	155.5	211.4	395.3	-
Goods	1,782.9	506.8	30.0	51.1	199.5	226.2	0.0	27.6	13.8	197.5	26.6	44.9	137.8	106.5	149.4	572.1
Services	543.9	157.1	9.1	15.2	92.5	40.0	0.3	5.4	7.2	15.5	7.0	9.7	11.2	49.4	110.2	171.0
Income	462.1	156.2	13.3	23.9	104.9	9.5	4.6	7.3	5.8	-	0.9	37.8	5.5	45.8	129.5	-
Investment income	449.0	149.3	13.2	23.8	103.4	4.3	4.6	7.2	5.6	-	0.7	37.6	5.4	45.4	128.5	-
Current transfers	215.1	128.9	1.2	1.8	12.4	5.4	108.1	1.3	2.0	3.6	1.0	0.7	1.0	9.7	6.2	60.7
Capital account	14.0	4.0	0.1	0.1	3.2	0.5	0.2	0.2	0.1	0.4	0.2	0.1	0.1	0.7	1.3	7.1
	Net															
Current account	182.8	53.5	1.1	4.6	66.6	31.7	-50.4	23.3	17.3	-	4.2	-23.8	-29.3	39.6	30.8	-
Goods	147.6	89.4	5.4	6.5	58.0	19.4	0.2	6.1	9.9	-80.5	2.8	-0.8	-47.7	27.1	76.5	64.8
Services	93.8	37.0	3.4	3.8	27.4	-4.0	6.4	5.4	3.4	7.1	0.7	5.3	9.8	11.5	-13.9	27.4
Income	58.4	-7.3	-7.4	-6.2	-17.6	18.5	5.5	12.7	5.1	-	1.5	-28.4	9.0	1.1	-31.7	-
Investment income	42.4	-8.1	-8.1	-6.2	-17.8	22.9	1.2	12.7	5.2	-	1.6	-28.2	9.0	-13.7	-32.2	-
Current transfers	-117.0	-65.6	-0.3	0.4	-1.1	-2.2	-62.5	-0.8	-1.2	-2.9	-0.8	0.1	-0.4	-0.1	-0.2	-45.1
Capital account	17.1	23.2	0.0	0.0	-1.3	0.1	24.5	-0.2	0.0	-0.4	-0.2	0.0	0.1	0.3	-0.9	-4.8

Source: ECB.
1) Excluding Croatia.

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2009	13,739.1	15,225.6	-1,486.4	154.0	170.7	-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	15,183.9	16,474.3	-1,290.4	165.6	179.7	-14.1	4,930.6	3,891.9	4,898.7	7,471.2	-31.1	4,794.5	5,111.2	591.2
2011	15,892.7	17,348.1	-1,455.4	168.6	184.1	-15.4	5,633.2	4,339.5	4,750.9	7,721.5	-29.7	4,871.2	5,287.0	667.1
2012 Q4	16,636.5	17,899.5	-1,262.9	175.4	188.7	-13.3	5,881.3	4,444.6	5,265.0	8,375.5	-17.6	4,818.4	5,079.3	689.4
2013 Q1	17,085.0	18,258.0	-1,173.0	180.3	192.6	-12.4	5,957.5	4,501.4	5,535.1	8,621.7	-28.0	4,932.6	5,134.9	687.8
Q2	16,734.8	18,048.1	-1,313.3	176.1	189.9	-13.8	5,959.8	4,536.8	5,365.8	8,539.8	-25.3	4,870.2	4,971.5	564.3
	Changes to outstanding amounts													
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	1,444.8	1,248.7	196.0	15.8	13.6	2.1	517.7	359.3	557.8	607.4	-29.8	267.3	282.0	131.6
2011	708.8	873.8	-165.0	7.5	9.3	-1.8	702.6	447.6	-147.8	250.3	1.4	76.7	175.8	75.9
2012	743.9	551.4	192.5	7.8	5.8	2.0	248.1	105.1	514.1	654.0	12.2	-52.8	-207.7	22.3
2013 Q1	448.5	358.5	89.9	19.3	15.4	3.9	76.2	56.8	270.1	246.2	-10.5	114.1	55.5	-1.5
Q2	-350.2	-209.9	-140.2	-14.6	-8.8	-5.9	2.3	35.3	-169.3	-81.9	2.8	-62.4	-163.4	-123.5
	Transactions													
2009	-89.4	-74.4	-15.0	-1.0	-0.8	-0.2	352.9	285.9	96.0	342.8	-19.0	-514.7	-703.1	-4.6
2010	646.5	652.6	-6.0	7.1	7.1	-0.1	352.6	273.6	130.9	240.1	-10.3	162.8	138.9	10.5
2011	670.3	626.2	44.2	7.1	6.6	0.5	524.0	438.2	-53.2	177.9	5.3	183.9	10.0	10.3
2012	522.0	381.0	140.9	5.5	4.0	1.5	329.9	326.3	186.4	258.7	-3.4	-4.8	-204.0	13.9
2013 Q1	202.4	177.3	25.1	8.7	7.6	1.1	56.7	32.7	104.5	121.0	-8.4	49.6	23.5	0.0
Q2	27.7	-28.6	56.3	1.2	-1.2	2.4	63.1	14.4	21.0	88.1	-2.4	-55.2	-131.1	1.1
Q3	21.2	-40.4	61.7	0.9	-1.7	2.6	48.8	31.5	57.3	35.8	-9.5	-78.3	-107.7	2.9
2013 May	-14.0	-25.9	11.9	-	-	-	9.5	-6.4	19.9	58.6	7.3	-51.3	-78.2	0.6
June	-102.3	-128.3	26.0	-	-	-	30.0	9.3	-42.5	-13.9	-15.3	-75.1	-123.7	0.6
July	0.4	-29.2	29.6	-	-	-	9.3	6.4	26.7	-14.8	0.7	-36.0	-20.8	-0.3
Aug.	11.9	-2.0	13.9	-	-	-	23.0	15.8	-6.0	18.5	-7.0	-0.1	-36.4	2.0
Sep.	8.9	-9.2	18.1	-	-	-	16.5	9.2	36.6	32.0	-3.2	-42.2	-50.4	1.2
	Other changes													
2009	593.6	462.0	131.6	6.7	5.2	1.5	144.1	-13.4	417.6	554.1	18.2	-76.3	-78.7	90.0
2010	798.2	596.2	202.1	8.7	6.5	2.2	165.2	85.8	426.9	367.3	-19.4	104.5	143.1	121.1
2011	38.4	247.6	-209.2	0.4	2.6	-2.2	178.6	9.4	-94.6	72.5	-3.9	-107.2	165.8	65.6
2012	221.9	170.4	51.5	2.3	1.8	0.5	-81.7	-221.2	327.7	395.3	15.6	-48.0	-3.7	8.4
	Other changes due to exchange rate changes													
2009	-49.3	-56.1	6.8	-0.6	-0.6	0.1	-5.3	5.6	-29.8	-34.5	.	-11.6	-27.2	-2.7
2010	477.4	325.0	152.4	5.2	3.5	1.7	143.4	35.0	160.0	128.5	.	160.9	161.5	13.1
2011	214.2	176.7	37.5	2.3	1.9	0.4	70.7	18.4	72.8	67.1	.	63.1	91.3	7.6
2012	-86.6	-91.4	4.8	-0.9	-1.0	0.1	-22.0	-5.6	-41.3	-37.5	.	-16.7	-48.3	-6.6
	Other changes due to price changes													
2009	634.8	492.7	142.1	7.1	5.5	1.6	147.4	29.4	423.5	463.4	18.2	.	.	45.8
2010	300.8	148.4	152.5	3.3	1.6	1.7	33.2	-0.8	185.5	149.2	-19.4	.	.	101.6
2011	-116.3	-249.1	132.8	-1.2	-2.6	1.4	-38.1	7.1	-133.7	-256.2	-3.9	.	.	59.4
2012	266.0	588.2	-322.2	2.8	6.2	-3.4	38.8	-6.4	194.7	594.6	15.6	.	.	16.9
	Other changes due to other adjustments													
2009	8.4	25.5	-17.1	0.1	0.3	-0.2	2.0	-48.3	24.0	124.6	.	-64.4	-50.8	46.9
2010	20.0	122.8	-102.7	0.2	1.3	-1.1	-11.4	51.6	81.4	89.6	.	-56.4	-18.4	6.4
2011	-59.4	320.0	-379.4	-0.6	3.4	-4.0	146.0	-16.0	-33.8	261.5	.	-170.3	74.5	-1.4
2012	42.5	-326.4	368.9	0.4	-3.4	3.9	-98.6	-209.2	174.3	-161.8	.	-31.3	44.6	-1.9
	Growth rates of outstanding amounts													
2009	-0.7	-0.5	-	.	.	.	8.9	8.8	2.4	5.6	.	-10.1	-12.5	-1.3
2010	4.6	4.2	-	.	.	.	7.7	7.5	2.9	3.4	.	3.6	2.8	2.0
2011	4.5	3.8	-	.	.	.	10.7	11.2	-1.2	2.4	.	4.0	0.2	1.6
2012	3.3	2.2	-	.	.	.	5.9	7.6	3.8	3.3	.	-0.1	-3.8	2.0
2013 Q1	2.5	1.3	-	.	.	.	5.5	6.1	3.3	4.1	.	-1.2	-6.7	1.7
Q2	2.1	0.7	-	.	.	.	4.9	4.9	4.8	4.7	.	-3.1	-8.7	0.6
Q3	1.8	0.3	.	.	.	.	4.9	3.7	5.1	4.9	.	-4.1	-9.4	1.1

Source: ECB.

1) Net financial derivatives are included in assets.

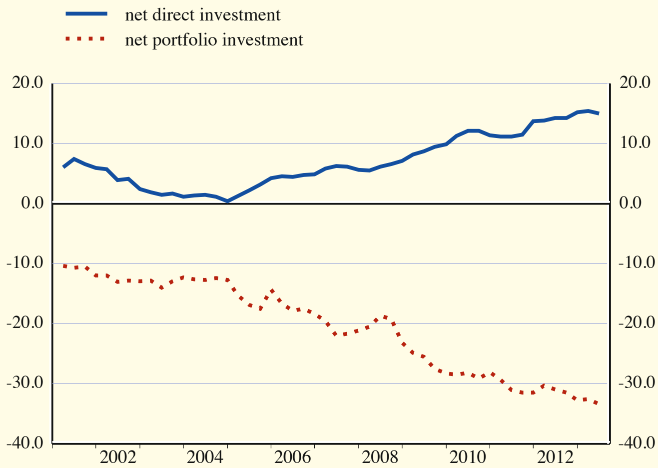
7.3 Financial account
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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
	Oustanding amounts (international investment position)													
2011	5,633.2	4,229.4	283.2	3,946.2	1,403.7	13.3	1,390.5	4,339.5	3,089.1	99.9	2,989.1	1,250.5	11.3	1,239.2
2012	5,881.3	4,374.3	290.2	4,084.1	1,507.0	12.0	1,495.0	4,444.6	3,124.5	106.6	3,017.8	1,320.2	11.3	1,308.9
2013 Q1	5,957.5	4,424.3	287.0	4,137.3	1,533.2	13.2	1,520.0	4,501.4	3,186.0	109.2	3,076.8	1,315.5	12.3	1,303.2
Q2	5,959.8	4,402.8	280.0	4,122.8	1,557.0	12.3	1,544.7	4,536.8	3,185.7	108.1	3,077.6	1,351.1	12.3	1,338.8
	Transactions													
2010	352.6	233.1	23.5	209.6	119.5	1.1	118.4	273.6	293.4	11.0	282.4	-19.8	-5.8	-14.0
2011	524.0	444.1	25.8	418.3	80.0	-3.2	83.1	438.2	400.6	10.1	390.5	37.6	0.6	37.0
2012	329.9	190.0	-1.7	191.7	139.9	-0.3	140.2	326.3	246.2	8.2	238.0	80.1	0.1	80.1
2013 Q1	56.7	44.3	-0.9	45.2	12.5	1.1	11.4	32.7	56.9	3.3	53.5	-24.1	0.7	-24.8
Q2	63.1	4.8	2.6	2.2	58.4	-0.8	59.1	14.4	-29.5	1.0	-30.5	43.9	0.2	43.7
Q3	48.8	34.5	1.8	32.6	14.3	0.1	14.3	31.5	31.1	1.5	29.6	0.3	-0.3	0.7
2013 May	9.5	0.6	0.2	0.4	8.8	-0.9	9.7	-6.4	-10.9	-0.2	-10.7	4.5	0.1	4.4
June	30.0	-1.7	0.3	-2.1	31.7	0.7	31.0	9.3	-16.6	0.6	-17.2	25.9	-1.3	27.2
July	9.3	3.5	-0.2	3.8	5.8	-0.3	6.0	6.4	14.3	0.7	13.6	-7.9	-0.2	-7.7
Aug.	23.0	11.6	0.7	10.9	11.4	0.2	11.2	15.8	6.6	0.5	6.1	9.2	0.0	9.2
Sep.	16.5	19.4	1.4	18.0	-2.8	0.2	-3.0	9.2	10.2	0.4	9.9	-1.0	-0.1	-0.9
	Growth rates													
2011	10.7	11.6	9.6	11.8	7.4	-19.9	7.8	11.2	13.7	10.7	13.8	3.9	0.9	3.9
2012	5.9	4.5	-0.6	4.9	10.0	-2.5	10.2	7.6	8.1	8.3	8.1	6.4	0.4	6.5
2013 Q1	5.5	4.2	-0.4	4.6	9.3	3.1	9.4	6.1	7.7	8.6	7.7	2.4	19.0	2.3
Q2	4.9	3.0	0.9	3.2	10.7	5.2	10.7	4.9	6.1	7.7	6.0	2.0	19.7	1.9
Q3	4.9	3.0	1.2	3.1	10.4	4.2	10.5	3.7	5.4	6.7	5.4	-0.3	0.4	-0.3

C36 Euro area international investment position
(outstanding amounts at end of period; as a percentage of GDP)

C37 Euro area direct and portfolio investment position
(outstanding amounts at end of period; as a percentage of GDP)



Source: ECB.

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2011	4,750.9	1,693.8	59.3	2.6	1,634.5	39.4	2,587.2	721.2	16.1	1,866.1	96.0	469.8	302.5	58.8	167.4	0.5
2012	5,265.0	1,947.3	70.2	2.8	1,877.2	42.5	2,852.0	673.5	15.6	2,178.4	97.3	465.7	287.9	53.8	177.8	1.4
2013 Q1	5,535.1	2,145.1	87.7	3.1	2,057.4	48.9	2,915.7	654.8	16.6	2,260.9	98.1	474.3	290.1	51.1	184.2	0.5
Q2	5,365.8	2,066.6	92.7	3.1	1,973.9	47.6	2,828.9	632.0	15.8	2,196.9	94.6	470.4	281.9	61.9	188.5	0.2
	Transactions															
2010	130.9	75.2	-2.4	-0.7	77.6	1.9	100.4	-125.9	-0.6	226.3	51.5	-44.7	-64.0	-10.6	19.4	-1.9
2011	-53.2	-66.0	-10.7	-0.2	-55.4	-7.3	-21.4	-60.7	0.2	39.3	-2.8	34.2	25.9	10.4	8.3	0.2
2012	186.4	57.6	3.0	0.1	54.6	0.2	126.5	-38.8	-0.9	165.3	-8.5	2.3	-18.0	2.3	20.3	0.1
2013 Q1	104.5	62.7	13.8	0.1	48.9	3.4	34.4	-17.1	1.1	51.5	0.7	7.4	4.8	0.6	2.6	-0.2
Q2	21.0	12.7	3.8	0.0	8.9	0.8	9.2	-6.7	-0.6	15.9	-1.6	-0.9	-5.8	14.7	4.9	-0.3
Q3	57.3	31.8	10.1	0.0	21.7	.	19.6	-9.8	3.5	29.4	.	5.9	9.4	-5.2	-3.5	.
2013 May	19.9	10.4	5.1	0.0	5.4	-	10.4	1.1	0.0	9.4	-	-0.9	-0.3	1.4	-0.6	-
June	-42.5	-17.0	-1.6	0.0	-15.3	-	-19.0	-6.2	-0.1	-12.8	-	-6.5	-6.6	3.6	0.1	-
July	26.7	11.3	2.3	0.0	9.0	-	14.3	-2.7	0.4	16.9	-	1.1	3.0	0.4	-1.9	-
Aug.	-6.0	-5.4	0.0	0.0	-5.4	-	-2.9	-6.5	0.5	3.7	-	2.2	4.8	-2.6	-2.5	-
Sep.	36.6	25.9	7.8	0.0	18.1	-	8.2	-0.6	2.6	8.8	-	2.5	1.6	-3.0	0.9	-
	Growth rates															
2011	-1.2	-3.9	-15.2	-7.2	-3.4	-15.9	-0.8	-7.7	1.3	2.2	-2.9	8.3	8.5	25.5	8.0	120.3
2012	3.8	3.1	5.0	3.0	3.1	0.1	4.8	-5.5	-5.7	8.6	-8.3	0.5	-5.5	3.7	12.3	29.8
2013 Q1	3.3	5.3	20.9	5.9	4.7	14.3	3.8	-6.8	4.8	7.5	-6.2	-6.9	-12.1	13.0	3.3	56.2
Q2	4.8	7.5	47.4	5.2	6.2	15.5	4.3	-3.9	3.3	6.9	-4.5	-2.3	-7.8	50.9	7.8	-67.0
Q3	5.1	8.8	63.5	5.8	7.1	.	3.7	-4.0	30.1	6.1	.	-1.2	-3.8	31.2	3.5	.

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2011	7,721.5	3,048.8	558.3	2,490.5	4,228.3	1,254.4	2,973.9	1,748.7	444.4	86.8	357.6	313.1
2012	8,375.5	3,475.4	537.3	2,938.1	4,438.9	1,192.2	3,246.8	1,962.7	461.2	87.9	373.3	298.1
2013 Q1	8,621.7	3,622.4	520.1	3,102.3	4,498.1	1,192.0	3,306.0	2,008.3	501.2	104.3	396.9	321.1
Q2	8,539.8	3,609.9	493.0	3,116.8	4,436.4	1,153.1	3,283.2	2,006.7	493.6	111.8	381.8	306.3
	Transactions											
2010	240.1	125.4	-16.9	142.3	161.1	50.2	110.9	187.5	-46.4	12.3	-58.7	-38.2
2011	177.9	73.8	18.4	55.4	151.7	75.7	76.0	80.6	-47.6	2.0	-49.6	-37.7
2012	258.7	144.1	-18.1	162.2	119.3	-55.5	174.7	160.8	-4.7	5.4	-10.0	-30.3
2013 Q1	121.0	57.4	-8.2	65.6	27.3	-4.2	31.5	43.9	36.3	18.5	17.8	24.3
Q2	88.1	81.5	-17.0	98.4	7.4	-12.4	19.8	20.3	-0.7	0.4	-1.1	-1.5
Q3	35.8	41.8	7.1	34.7	-42.8	-22.3	-20.4	.	36.7	24.2	12.5	.
2013 May	58.6	47.8	-0.3	48.1	14.3	-0.3	14.6	-	-3.5	-6.8	3.3	-
June	-13.9	17.3	-16.3	33.5	-33.3	-12.2	-21.1	-	2.1	7.9	-5.8	-
July	-14.8	8.4	2.5	5.9	-39.3	-20.6	-18.7	-	16.1	2.4	13.7	-
Aug.	18.5	27.1	7.9	19.2	-13.0	-9.5	-3.5	-	4.4	8.7	-4.3	-
Sep.	32.0	6.2	-3.4	9.6	9.5	7.8	1.8	-	16.2	13.1	3.1	-
	Growth rates											
2011	2.4	2.3	2.9	2.0	4.1	6.7	3.0	5.0	-9.2	8.2	-12.2	-11.1
2012	3.3	4.5	-3.3	6.1	2.8	-4.5	5.8	9.2	-0.9	6.1	-2.6	-9.2
2013 Q1	4.1	4.8	-6.4	7.1	3.5	-2.2	5.8	9.3	4.4	22.0	0.4	-3.6
Q2	4.7	7.5	-7.3	10.4	2.6	-2.0	4.4	7.4	3.1	12.6	0.8	-0.3
Q3	4.9	7.7	-5.3	10.1	1.0	-3.4	2.6	.	21.8	62.3	12.4	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2011	4,871.2	35.5	35.2	0.3	3,069.1	3,007.5	61.6	162.7	6.8	116.4	30.2	1,604.0	247.7	1,161.4	491.3
2012	4,818.4	40.1	39.9	0.3	2,923.8	2,853.6	70.2	167.9	5.3	121.4	29.2	1,686.6	253.9	1,236.8	524.7
2013 Q1	4,932.6	33.1	32.8	0.3	2,954.5	2,884.7	69.8	155.0	5.2	108.0	24.2	1,790.0	249.7	1,277.7	558.0
Q2	4,870.2	17.9	17.6	0.3	2,938.7	2,871.6	67.1	150.6	5.1	103.9	23.9	1,763.0	250.7	1,241.6	556.6
	Transactions														
2010	162.8	-2.9	-2.8	0.0	10.1	1.3	8.9	41.5	-0.2	41.1	4.9	114.1	8.6	81.6	50.6
2011	183.9	-2.7	-2.8	0.1	50.5	20.7	29.9	4.4	-0.3	4.2	10.3	131.7	8.5	99.0	38.1
2012	-4.8	5.2	5.2	0.0	-122.4	-130.5	8.1	4.7	-1.5	6.4	-1.0	107.7	8.4	74.5	37.7
2013 Q1	49.6	-6.8	-6.8	0.0	11.9	12.7	-0.8	-10.7	-0.3	-11.0	-5.1	55.1	2.4	40.1	55.8
Q2	-55.2	-10.9	-10.9	0.0	12.3	14.5	-2.2	-4.7	0.0	-4.4	-0.2	-51.8	1.1	-56.1	-24.2
Q3	-78.3	6.2	.	.	-76.2	.	.	-2.1	.	.	-1.5	-6.1	.	.	12.7
2013 May	-51.3	-5.0	-	-	-7.1	-	-	-3.9	-	-	-1.4	-35.3	-	-	-24.4
June	-75.1	-2.8	-	-	-39.9	-	-	-2.2	-	-	-0.7	-30.2	-	-	-15.5
July	-36.0	3.4	-	-	-34.1	-	-	-5.2	-	-	-2.7	-0.1	-	-	0.4
Aug.	-0.1	-2.3	-	-	8.8	-	-	2.6	-	-	0.9	-9.1	-	-	7.9
Sep.	-42.2	5.1	-	-	-50.9	-	-	0.5	-	-	0.3	3.1	-	-	4.4
	Growth rates														
2011	4.0	-5.4	-5.5	40.4	1.8	0.8	76.8	3.0	-3.3	4.2	51.5	8.3	3.9	8.1	9.0
2012	-0.1	13.1	13.2	-0.6	-3.9	-4.3	13.7	3.1	-22.2	5.9	-3.3	6.8	3.4	6.5	7.8
2013 Q1	-1.2	-9.1	-9.1	-3.2	-4.6	-5.1	22.6	3.5	-24.3	5.3	-1.7	4.8	-2.4	5.8	9.8
Q2	-3.1	-22.3	-22.5	0.1	-4.2	-4.2	-5.9	-3.7	-25.0	-4.7	-20.3	-0.7	-1.9	-2.9	2.9
Q3	-4.1	-13.4	.	.	-5.5	.	.	0.7	.	.	-10.7	-2.0	.	.	4.3

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2011	5,287.0	412.7	409.9	2.8	3,212.3	3,145.5	66.8	224.1	0.1	217.2	6.8	1,438.0	226.3	1,027.2	184.5
2012	5,079.3	428.9	428.0	0.9	2,963.8	2,881.1	82.7	227.5	0.1	219.9	7.4	1,459.2	228.8	994.0	236.4
2013 Q1	5,134.9	398.6	397.8	0.9	2,976.9	2,893.6	83.3	224.3	0.1	218.3	5.9	1,535.0	231.6	1,034.8	268.7
Q2	4,971.5	373.3	371.9	1.4	2,851.2	2,787.9	63.3	222.4	0.1	216.3	5.9	1,524.6	228.6	1,025.8	270.2
	Transactions														
2010	138.9	9.4	6.8	2.6	-8.7	-14.6	5.9	64.9	0.0	64.3	0.5	73.2	16.0	31.1	26.2
2011	10.0	135.1	135.3	-0.2	-289.1	-327.8	38.7	74.1	0.0	74.1	0.0	90.0	10.5	63.5	16.0
2012	-204.0	19.0	20.9	-1.8	-234.6	-251.7	17.2	3.7	0.0	2.7	1.0	7.8	7.4	-14.3	14.7
2013 Q1	23.5	-32.2	-32.2	0.0	-0.4	0.2	-0.7	-0.8	0.0	0.4	-1.2	57.0	2.5	31.4	23.1
Q2	-131.1	-21.4	-21.9	0.5	-93.6	-75.8	-17.8	-1.0	0.0	-1.2	0.2	-15.1	-1.5	1.3	-15.0
Q3	-107.7	-11.0	.	.	-100.9	.	.	4.6	.	.	.	-0.3	.	.	.
2013 May	-78.2	-11.3	-	-	-62.8	-	-	-1.6	-	-	-	-2.6	-	-	-
June	-123.7	-9.1	-	-	-81.5	-	-	3.0	-	-	-	-36.0	-	-	-
July	-20.8	-5.2	-	-	-24.6	-	-	0.9	-	-	-	8.0	-	-	-
Aug.	-36.4	-2.2	-	-	-26.5	-	-	0.7	-	-	-	-8.3	-	-	-
Sep.	-50.4	-3.6	-	-	-49.9	-	-	3.0	-	-	-	0.0	-	-	-
	Growth rates														
2011	0.2	50.4	51.0	.	-8.3	-9.6	90.9	50.4	.	52.7	-0.6	7.6	5.2	7.4	11.0
2012	-3.8	4.8	5.3	.	-7.3	-8.0	25.8	1.7	.	1.2	16.0	0.5	3.3	-1.5	8.5
2013 Q1	-6.7	18.6	19.3	.	-12.5	-13.3	29.0	-2.0	.	-2.0	-3.0	0.2	1.0	-1.6	7.1
Q2	-8.7	-8.1	-8.0	.	-12.1	-12.0	-15.8	-5.3	.	-5.3	-7.1	-1.9	0.2	-2.4	-1.7
Q3	-9.4	-15.1	.	.	-12.9	.	.	-1.3	.	.	.	-2.0	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets [1]

	Reserve assets: Total	Reserve assets: Monetary gold: In EUR billions	Reserve assets: Monetary gold: In fine troy ounces (millions)	Reserve assets: SDR holdings	Reserve assets: Reserve position in the IMF	Reserve assets: Foreign exchange: Total	Reserve assets: Foreign exchange: Currency and deposits: With monetary authorities and the BIS	Reserve assets: Foreign exchange: Currency and deposits: With banks	Reserve assets: Foreign exchange: Securities: Total	Reserve assets: Foreign exchange: Securities: Equity	Reserve assets: Foreign exchange: Securities: Bonds and notes	Reserve assets: Foreign exchange: Securities: Money market instruments	Reserve assets: Foreign exchange: Financial derivatives	Reserve assets: Other claims	Memo items: Other foreign currency assets	Memo items: Pre-determined short-term net drains on foreign currency	Memo items: SDR allo-cations
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
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	667.0	422.1	346.846	54.0	30.2	160.8	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012 Q4	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 Q1	687.8	432.7	346.696	52.5	32.4	169.6	5.3	10.0	154.4	0.2	132.6	21.6	-0.1	0.6	31.2	-35.8	55.1
Q2	564.3	315.9	346.672	51.3	31.5	164.7	5.3	7.8	151.6	0.2	133.8	17.6	0.0	0.8	27.3	-31.0	54.2
2013 Sep.	586.8	340.5	346.674	50.5	30.5	164.3	5.2	9.2	149.7	0.2	134.0	15.5	0.2	0.9	21.5	-29.4	53.6
Oct.	579.6	336.4	346.566	50.6	29.5	162.2	5.0	9.0	148.1	0.2	135.4	12.5	0.1	0.9	22.2	-29.0	53.1
	Transactions																
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	10.3	0.0	-	-1.6	13.0	-1.2	-2.3	-8.3	9.3	0.1	15.9	-6.8	0.1	0.0	-	-	-
2012	13.9	0.0	-	-0.3	3.4	10.2	0.6	1.2	8.0	-0.4	-0.7	9.1	0.4	0.7	-	-	-
2013 Q1	0.0	0.0	-	-0.5	0.3	0.2	-1.1	0.8	0.9	0.0	-0.8	1.7	-0.5	0.0	-	-	-
Q2	1.1	0.0	-	-0.3	-0.3	1.5	0.1	-1.8	3.5	0.0	6.3	-2.8	-0.2	0.2	-	-	-
Q3	2.9	.	-	.	.	.	.	.	.	.	.	.	.	.	-	-	-
	Growth rates																
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	83.3	-1.3	-30.0	-52.7	6.8	27.4	14.2	-45.3	-	-	-	-	-
2012	2.0	0.0	-	-0.5	11.0	6.5	12.2	15.2	5.6	-53.5	-0.6	82.5	-	-	-	-	-
2013 Q1	1.7	0.0	-	-0.9	7.4	6.1	-6.6	30.5	5.5	-50.1	-0.3	67.7	-	-	-	-	-
Q2	0.6	0.0	-	-0.9	2.4	1.9	-19.1	-1.6	3.4	-41.8	4.7	-4.5	-	-	-	-	-
Q3	1.1	.	-	.	.	.	.	.	.	.	.	.	-	-	-	-	-

8. Gross external debt

	Total	By instrument: Loans, currency and deposits	By instrument: Money market instruments	By instrument: Bonds and notes	By instrument: Trade credits	By instrument: Other debt liabilities	By instrument: Direct investment: inter-company lending	By sector (excluding direct investment): General government	By sector (excluding direct investment): Eurosystem	By sector (excluding direct investment): MFIs (excluding Eurosystem)	By sector (excluding direct investment): Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2009	10,341.7	4,469.0	525.7	3,523.2	176.9	184.9	1,462.1	1,966.1	253.4	4,579.8	2,080.3
2010	10,910.7	4,708.7	453.3	3,824.0	202.5	200.0	1,522.2	2,140.9	271.0	4,743.7	2,232.9
2011	11,929.7	4,799.8	444.4	4,228.3	226.4	260.9	1,970.0	2,285.9	412.7	4,553.5	2,707.8
2012 Q4	12,091.6	4,522.9	461.2	4,438.9	229.0	327.5	2,112.2	2,488.3	428.9	4,243.9	2,818.4
2013 Q1	12,254.2	4,544.4	501.2	4,498.1	231.7	358.7	2,119.9	2,553.8	398.6	4,273.2	2,908.6
Q2	12,063.1	4,401.9	493.6	4,436.4	228.7	340.8	2,161.6	2,535.4	373.3	4,116.1	2,876.7
	Outstanding amounts as a percentage of GDP										
2009	116.0	50.1	5.9	39.5	2.0	2.1	16.4	22.0	2.8	51.3	23.3
2010	119.1	51.4	4.9	41.7	2.2	2.2	16.6	23.4	3.0	51.8	24.4
2011	126.7	51.0	4.7	44.9	2.4	2.8	20.9	24.3	4.4	48.3	28.7
2012 Q4	127.5	47.7	4.9	46.8	2.4	3.5	22.3	26.2	4.5	44.7	29.7
2013 Q1	129.1	47.9	5.3	47.4	2.4	3.8	22.3	26.9	4.2	45.0	30.6
Q2	126.8	46.3	5.2	46.6	2.4	3.6	22.7	26.6	3.9	43.3	30.2

Source: ECB.

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

7.3 Financial account

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

9. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries [1]	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2012	Outstanding amounts (international investment position)														
Direct investment	1,436.7	421.2	-16.2	19.6	135.0	284.0	-1.2	103.4	79.0	-22.3	161.0	176.1	-223.4	-0.2	741.7
Abroad	5,881.3	1,689.6	29.4	171.7	1,156.7	331.7	0.1	211.4	99.6	79.2	597.2	1,322.6	585.4	0.1	1,296.3
Equity/reinvested earnings	4,374.3	1,250.6	22.8	103.9	867.4	256.4	0.0	165.3	81.3	57.1	451.3	929.8	486.6	0.1	952.2
Other capital	1,507.0	439.0	6.5	67.8	289.4	75.2	0.1	46.1	18.3	22.1	145.9	392.7	98.8	0.0	344.2
In the euro area	4,444.6	1,268.4	45.6	152.2	1,021.7	47.7	1.3	108.0	20.6	101.5	436.1	1,146.4	808.7	0.3	554.6
Equity/reinvested earnings	3,124.5	1,017.0	36.8	136.2	810.0	32.7	1.3	86.9	7.8	88.1	262.7	856.5	425.6	0.0	379.7
Other capital	1,320.2	251.4	8.7	16.0	211.8	14.9	0.0	21.1	12.7	13.4	173.4	289.9	383.1	0.2	174.9
Portfolio investment assets	5,265.0	1,678.1	99.7	227.9	1,044.3	120.0	186.3	102.1	61.2	215.1	131.4	1,637.4	433.2	33.1	973.4
Equity	1,947.3	391.2	17.2	48.9	310.4	14.4	0.1	39.6	57.2	105.7	117.1	621.1	237.0	0.9	377.6
Debt instruments	3,317.7	1,286.9	82.4	178.9	733.8	105.6	186.1	62.4	4.0	109.5	14.3	1,016.3	196.2	32.2	595.8
Bonds and notes	2,852.0	1,135.7	75.8	148.5	621.7	104.7	185.0	58.1	2.6	36.8	11.2	855.2	184.4	31.6	536.3
Money market instruments	465.7	151.3	6.6	30.4	112.1	0.9	1.2	4.3	1.3	72.7	3.0	161.1	11.8	0.6	59.5
Other investment	-260.9	-240.7	10.7	-26.1	-47.1	45.0	-223.1	1.7	-15.7	5.1	-32.8	54.5	51.3	-77.1	-7.3
Assets	4,818.4	2,188.4	77.4	85.7	1,840.4	165.6	19.3	27.9	48.9	81.9	268.0	676.7	537.3	36.6	952.8
General government	167.9	65.6	1.0	4.6	43.4	1.8	14.9	1.8	3.1	0.9	1.5	11.0	3.3	30.6	50.2
MFIs	2,963.9	1,530.7	58.4	49.8	1,292.0	128.2	2.2	16.4	24.3	65.9	146.8	394.7	392.6	5.2	387.4
Other sectors	1,686.6	592.0	18.0	31.2	505.0	35.6	2.2	9.7	21.5	15.1	119.8	270.9	141.4	0.8	515.2
Liabilities	5,079.3	2,429.0	66.8	111.7	1,887.5	120.6	242.4	26.2	64.6	76.8	300.8	622.1	485.9	113.7	960.0
General government	227.5	107.1	0.3	0.9	26.3	0.2	79.4	0.1	0.0	0.1	1.1	29.6	1.2	83.1	5.1
MFIs	3,392.7	1,644.5	56.3	86.6	1,306.0	92.9	102.7	17.0	38.2	50.7	239.2	338.5	387.9	28.1	648.5
Other sectors	1,459.2	677.4	10.1	24.2	555.1	27.6	60.3	9.1	26.4	26.0	60.6	254.0	96.8	2.5	306.5
2012 Q3 to 2013 Q2	Cumulated transactions														
Direct investment	69.3	60.5	-11.6	-33.5	96.7	8.9	0.0	-12.6	7.5	1.2	11.2	-21.9	-29.3	0.0	52.7
Abroad	284.9	95.3	0.7	2.8	79.3	12.6	0.0	1.3	9.4	1.1	21.3	46.3	-8.3	0.0	118.6
Equity/reinvested earnings	130.3	82.3	0.7	8.2	68.3	5.1	0.0	-4.5	8.9	1.4	-5.1	30.5	-18.7	0.0	35.4
Other capital	154.6	13.1	0.0	-5.4	11.0	7.5	0.0	5.8	0.5	-0.3	26.3	15.7	10.4	0.0	83.2
In the euro area	215.6	34.9	12.2	36.3	-17.4	3.7	0.0	13.9	1.9	-0.1	10.0	68.2	21.1	0.0	65.9
Equity/reinvested earnings	188.1	27.4	12.6	22.9	-10.1	2.0	0.0	11.4	1.3	4.0	9.7	51.3	47.3	0.0	35.8
Other capital	27.5	7.5	-0.4	13.4	-7.3	1.7	0.0	2.5	0.6	-4.2	0.3	16.9	-26.2	0.0	30.0
Portfolio investment assets	247.6	-10.1	5.2	11.2	-45.9	9.4	10.0	6.7	5.8	37.6	0.9	65.7	4.0	-0.8	137.8
Equity	141.4	35.0	0.9	3.4	30.8	-0.1	0.0	2.8	5.0	21.4	2.7	45.9	1.3	0.0	27.3
Debt instruments	106.2	-45.1	4.4	7.8	-76.7	9.4	10.0	3.9	0.7	16.2	-1.8	19.8	2.7	-0.8	110.5
Bonds and notes	117.6	-15.2	1.4	8.3	-45.6	8.2	12.4	2.4	0.4	-8.2	-1.2	26.4	-0.6	-1.3	114.8
Money market instruments	-11.5	-29.9	2.9	-0.5	-31.1	1.2	-2.4	1.5	0.3	24.4	-0.6	-6.6	3.3	0.5	-4.3
Other investment	315.0	179.5	-25.5	1.6	225.7	-17.4	-4.8	11.0	31.5	8.7	64.1	13.9	4.9	-21.4	23.0
Assets	-158.4	-147.6	-20.0	-0.4	-110.4	-15.5	-1.3	7.3	0.1	4.4	-0.6	-5.1	-32.9	0.3	15.7
General government	-6.0	-6.3	1.5	0.2	-7.9	-0.9	0.8	0.2	-0.1	-1.1	0.3	0.0	0.2	0.1	0.5
MFIs	-137.9	-135.0	-22.9	2.3	-95.1	-17.1	-2.3	2.9	1.9	8.4	1.2	-6.0	0.9	0.1	-12.4
Other sectors	-14.4	-6.3	1.4	-2.9	-7.5	2.6	0.2	4.2	-1.7	-2.9	-2.1	0.9	-34.0	0.0	27.6
Liabilities	-473.4	-327.1	5.4	-1.9	-336.1	1.9	3.5	-3.7	-31.4	-4.2	-64.7	-18.9	-37.8	21.7	-7.3
General government	-12.6	-18.5	0.1	0.3	-24.6	0.1	5.7	0.0	0.0	0.0	0.0	-6.3	-0.2	12.8	-0.5
MFIs	-432.3	-269.9	3.6	-1.3	-265.2	-0.7	-6.3	-6.2	-31.5	-4.1	-66.4	-17.7	-36.5	8.3	-8.3
Other sectors	-28.5	-38.7	1.8	-0.9	-46.4	2.5	4.2	2.5	0.1	-0.1	1.7	5.0	-1.1	0.5	1.5

Source: ECB.
1) Excluding Croatia.

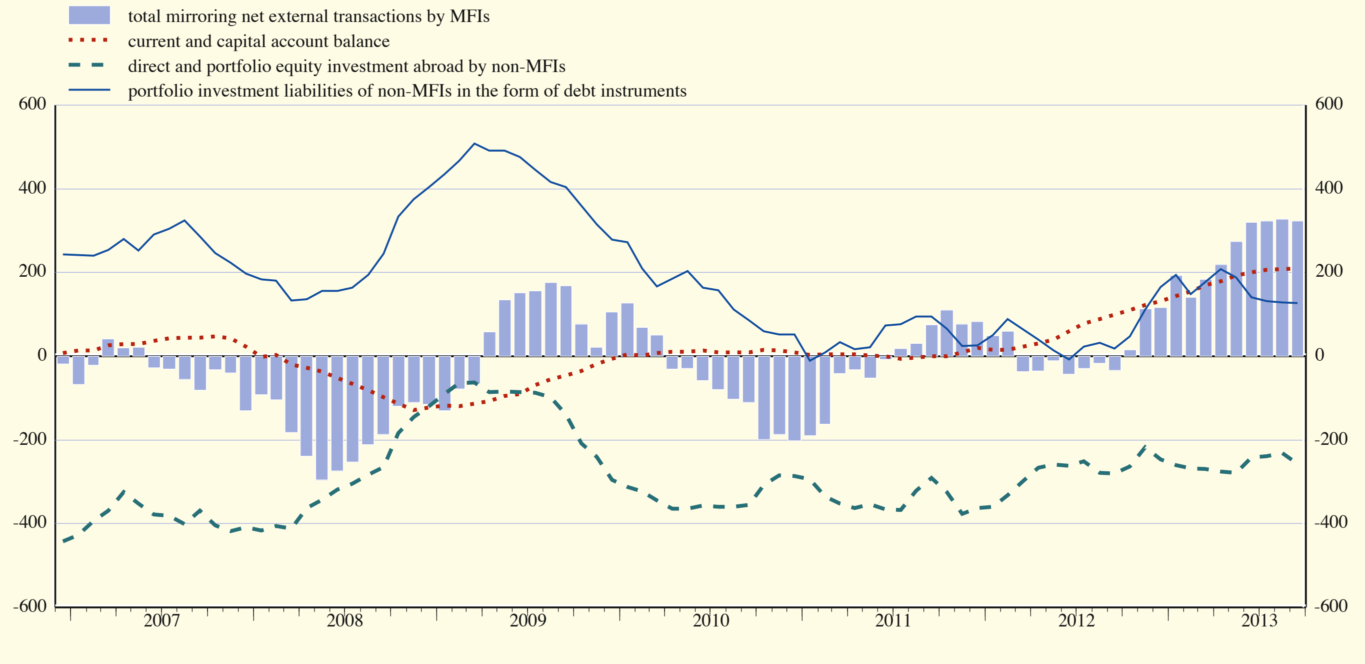
7.4 Monetary presentation of the balance of payments [1]

(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2010	-202.5	9.4	-327.7	268.0	-77.4	-245.6	142.4	52.3	-154.8	138.0	10.3	-17.4
2011	82.5	19.2	-501.4	427.5	55.4	-47.6	55.4	26.4	-136.1	164.1	-5.3	25.0
2012	116.3	131.2	-331.9	318.1	-54.6	-185.6	162.2	164.7	-112.4	11.5	3.4	9.8
2012 Q3	43.2	47.2	-50.9	79.1	-5.6	-48.2	37.7	5.2	-7.2	-3.8	-2.9	-7.5
Q4	108.3	68.2	-112.9	84.6	-50.5	-34.8	91.4	66.9	15.5	-77.4	25.4	32.0
2013 Q1	29.3	26.4	-56.6	28.7	-48.9	-54.1	65.6	49.3	-44.5	56.2	8.4	-1.2
Q2	138.4	58.1	-61.3	13.2	-8.9	-20.8	98.4	18.7	56.5	-16.1	2.4	-1.8
Q3	46.2	56.8	-46.9	30.3	-21.7	-25.9	34.7	-7.9	8.2	4.3	9.5	4.9
2012 Sep.	6.8	13.9	-0.6	-11.4	-9.1	-13.7	29.2	6.7	-9.1	-1.0	-3.9	5.8
Oct.	9.0	16.0	-61.1	12.8	-8.5	-12.2	39.3	6.8	5.3	-10.3	9.8	11.1
Nov.	64.5	23.1	-28.0	43.7	-7.8	-21.2	21.8	37.9	-15.7	-6.9	6.2	11.4
Dec.	34.9	29.1	-23.8	28.1	-34.2	-1.3	30.3	22.2	25.9	-60.2	9.5	9.5
2013 Jan.	39.1	-6.7	-23.7	11.3	-16.9	-19.5	38.1	14.6	-1.2	36.5	4.6	2.0
Feb.	-32.6	10.1	-14.4	15.5	-17.3	-28.2	10.3	4.2	-27.6	11.1	2.7	0.9
Mar.	22.9	22.9	-18.5	2.0	-14.8	-6.5	17.2	30.6	-15.7	8.6	1.1	-4.2
Apr.	7.0	15.7	-22.2	9.5	-18.8	-24.8	16.8	27.7	-15.0	21.0	-5.6	2.8
May	75.1	12.4	-10.1	-6.3	-5.4	-8.8	48.1	17.9	39.2	-4.1	-7.3	-0.5
June	56.3	30.1	-29.0	9.9	15.3	12.8	33.5	-26.9	32.4	-33.0	15.3	-4.1
July	16.1	28.4	-9.8	5.9	-9.0	-15.0	5.9	-5.0	5.3	8.9	-0.7	1.2
Aug.	28.6	13.8	-22.1	15.4	5.4	-1.1	19.2	-7.8	6.5	-7.7	7.0	0.1
Sep.	1.5	14.6	-15.0	9.0	-18.1	-9.7	9.6	4.9	-3.6	3.0	3.2	3.5
	12-month cumulated transactions											
2013 Sep.	322.3	209.5	-277.6	156.7	-130.1	-135.5	290.1	127.0	35.8	-33.0	45.6	33.8

C38 Main b.o.p. items mirroring developments in MFI net external transactions [1]

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

7.5 Trade in goods

1. Values and volumes by product group [1)]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
	Exports	Imports	Total				Memo item:	Total				Memo items:	
				Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2011	13.0	13.3	1,748.1	879.6	353.7	474.5	1,426.9	1,761.4	1,127.9	240.5	367.1	1,104.8	324.3
2012	7.7	1.9	1,881.2	933.2	386.1	517.1	1,524.3	1,791.6	1,148.9	246.6	369.4	1,092.0	360.4
2012 Q4	5.9	1.2	469.3	231.8	96.7	128.8	379.3	440.0	280.6	59.7	92.0	268.8	90.1
2013 Q1	0.9	-5.2	474.5	234.0	96.1	133.4	384.1	436.5	275.7	59.6	90.6	268.8	86.9
Q2	1.5	-3.2	473.7	228.4	96.7	132.2	385.1	432.9	271.6	58.7	90.8	267.2	85.1
Q3	-0.2	-2.4	471.7	.	.	.	381.9	434.4	.	.	.	267.4	.
2013 Apr.	8.6	1.5	159.4	76.9	33.1	44.3	127.3	144.5	91.1	19.8	30.1	88.1	28.8
May	-0.5	-5.5	156.1	75.5	31.6	43.4	130.2	142.9	89.5	19.3	30.1	90.6	28.3
June	-3.1	-5.4	158.2	75.9	32.0	44.5	127.7	145.5	91.0	19.6	30.6	88.6	27.9
July	2.9	0.7	156.3	75.5	31.5	44.0	127.5	145.5	91.4	19.5	30.6	89.8	29.6
Aug.	-6.1	-7.5	156.9	76.0	30.9	44.6	127.5	144.6	90.4	20.2	30.5	88.8	28.7
Sep.	2.5	-0.4	158.5	.	.	.	126.9	144.2	.	.	.	88.8	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2011	7.6	3.2	108.2	107.6	111.1	107.8	108.8	103.0	103.7	103.1	100.7	104.8	98.0
2012	3.7	-3.0	112.1	110.4	117.0	112.0	112.6	99.6	100.8	99.4	96.2	99.7	99.0
2012 Q3	3.2	-5.5	112.7	110.4	116.4	113.5	113.5	98.7	99.7	98.2	94.8	98.4	99.6
Q4	2.6	-2.2	111.5	109.5	117.1	110.8	111.7	98.1	99.1	96.6	95.3	97.9	100.1
2013 Q1	0.3	-4.2	113.5	111.2	116.4	116.2	114.1	98.2	98.4	95.8	94.7	98.7	97.5
Q2	1.5	-1.1	113.2	109.1	115.9	114.4	113.7	98.8	99.7	93.2	94.4	97.8	101.3
2013 Mar.	-0.8	-8.5	115.9	113.7	120.1	118.0	117.4	96.6	96.9	92.5	94.5	99.7	94.2
Apr.	8.3	3.1	114.1	109.8	119.2	115.5	112.7	98.0	99.3	92.9	93.3	95.9	101.3
May	-0.1	-3.0	112.1	108.5	113.7	112.7	115.6	98.3	99.0	92.9	94.4	100.1	102.4
June	-3.0	-3.3	113.3	109.0	114.7	115.1	112.9	100.1	100.8	93.9	95.5	97.4	100.2
July	4.3	3.4	112.8	109.4	113.4	115.0	113.7	100.3	101.3	93.7	95.9	99.0	105.9
Aug.	-3.9	-3.0	113.3	109.9	111.8	115.8	113.7	99.0	98.7	98.9	95.2	98.6	98.4

2. Prices [2)]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3)]							Industrial import prices (c.i.f.)						
	Total (index: 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	100.0	100.0	30.1	42.0	18.5	9.4	96.4	100.0	100.0	29.0	25.4	23.3	22.4	80.4
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	103.7	3.7	5.4	1.1	1.6	22.4	3.5	107.3	7.3	4.1	-1.4	3.6	25.5	2.9
2012	106.1	2.3	0.9	1.8	2.3	9.5	2.3	110.6	3.1	0.1	1.5	2.8	7.2	2.0
2013 Q1	105.8	0.0	-0.5	0.3	1.4	-5.3	0.0	109.3	-1.5	-0.8	-1.1	1.0	-4.0	-0.6
Q2	105.2	-0.8	-1.6	0.1	1.1	-8.8	-0.7	107.7	-2.6	-2.1	-1.5	0.5	-6.0	-1.4
Q3	105.1	-1.4	-1.8	-0.5	0.7	-9.4	-1.3	107.4	-3.5	-3.1	-2.8	-1.0	-5.7	-2.6
2013 Apr.	105.5	-0.8	-1.2	0.5	1.3	-12.9	-0.7	108.2	-3.0	-1.5	-0.7	1.2	-9.0	-1.0
May	105.3	-0.8	-1.8	0.1	1.1	-9.3	-0.7	107.6	-2.8	-2.0	-1.6	0.7	-6.6	-1.4
June	104.8	-0.8	-1.8	-0.4	0.7	-3.6	-0.7	107.1	-2.1	-2.7	-2.1	-0.4	-2.0	-1.8
July	105.2	-1.0	-1.6	-0.6	0.8	-5.6	-0.9	107.3	-3.1	-3.2	-3.1	-0.9	-3.9	-2.5
Aug.	105.1	-1.7	-1.8	-0.7	0.6	-11.1	-1.5	107.4	-4.1	-3.3	-3.0	-1.3	-7.4	-2.9
Sep.	105.0	-1.5	-2.1	-0.3	0.8	-11.3	-1.4	107.4	-3.3	-2.8	-2.4	-0.6	-5.8	-2.4

Source: Eurostat.

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

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

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

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2011	1,748.1	32.9	60.5	213.5	250.5	79.9	109.2	56.8	200.6	405.6	115.6	39.4	112.3	84.6	141.8
2012	1,881.2	33.8	59.0	230.4	252.4	90.1	116.6	59.4	224.1	439.8	120.8	44.7	126.3	97.4	151.8
2012 Q2	468.9	8.5	14.9	57.3	63.1	22.7	29.3	14.5	56.2	109.2	30.5	11.4	31.4	24.4	37.4
Q3	476.2	8.4	14.8	58.3	63.4	22.9	29.2	15.1	58.3	110.5	29.8	11.6	31.2	24.6	39.6
Q4	469.3	8.5	14.3	58.2	62.6	22.5	28.7	15.2	54.0	111.4	29.2	11.2	32.5	24.8	36.7
2013 Q1	474.5	8.6	14.5	58.5	64.0	23.1	28.2	15.6	55.5	111.2	29.6	11.0	34.3	25.0	36.1
Q2	473.7	8.6	14.6	59.0	63.3	22.5	27.4	15.5	55.0	110.1	29.9	10.7	33.1	24.6	40.1
Q3	471.7	.	.	.	.	21.4	27.7	14.7	55.1	109.9	31.3	11.1	31.9	24.8	.
2013 Apr.	159.4	2.8	4.8	18.9	20.7	7.5	9.2	5.1	18.4	36.7	10.1	3.5	11.0	8.0	16.1
May	156.1	2.9	5.0	20.1	21.3	7.7	9.3	5.3	18.8	37.4	10.0	3.6	11.1	8.6	8.8
June	158.2	2.9	4.7	20.0	21.3	7.3	8.9	5.1	17.7	36.0	9.9	3.6	11.0	8.0	15.2
July	156.3	2.9	5.2	20.0	21.5	7.4	9.5	4.9	17.8	36.4	10.2	3.6	10.9	8.4	11.4
Aug.	156.9	2.9	5.0	19.6	21.6	7.0	9.2	4.9	18.7	37.0	10.8	3.8	10.6	8.2	12.2
Sep.	158.5	.	.	.	.	7.0	9.0	5.0	18.6	36.5	10.3	3.8	10.4	8.2	.
	Percentage share of total exports														
2012	100.0	1.8	3.1	12.2	13.4	4.8	6.2	3.2	11.9	23.4	6.4	2.4	6.7	5.2	8.1
	Imports (c.i.f.)														
2011	1,761.4	29.9	53.2	166.8	231.7	138.8	81.6	35.0	140.8	553.5	218.5	52.6	129.2	91.2	109.8
2012	1,791.6	28.8	52.7	167.2	233.1	143.5	80.9	33.9	151.0	540.3	214.0	49.0	157.2	92.9	110.0
2012 Q2	449.7	7.3	13.1	41.2	57.9	35.1	19.7	8.4	38.0	137.6	56.0	12.6	38.4	23.1	29.9
Q3	448.8	7.2	13.5	42.2	58.5	33.9	21.1	8.4	39.2	133.3	53.5	12.1	39.3	23.3	29.0
Q4	440.0	7.1	12.8	41.5	58.4	36.7	20.0	8.6	35.9	131.0	51.2	11.4	39.8	22.6	25.4
2013 Q1	436.5	7.7	13.3	42.0	59.0	38.7	20.2	8.8	35.5	127.4	51.7	10.7	38.6	21.2	24.1
Q2	432.9	7.6	13.4	40.9	58.5	34.2	20.5	8.7	37.3	127.2	50.8	10.7	36.2	20.2	28.2
Q3	434.4	.	.	.	.	35.9	20.8	8.9	37.5	127.2	50.6	10.4	33.8	20.1	.
2013 Apr.	144.5	2.4	4.4	13.1	19.2	12.2	6.3	2.9	12.2	42.5	16.5	3.6	12.6	6.5	10.1
May	142.9	2.5	4.5	14.1	19.5	11.5	7.1	2.9	12.7	43.4	17.8	3.7	11.7	6.9	6.1
June	145.5	2.7	4.5	13.6	19.7	10.5	7.0	2.9	12.4	41.3	16.5	3.5	12.0	6.8	12.0
July	145.5	2.6	4.8	13.7	19.9	11.7	7.0	3.0	12.6	42.6	16.9	3.4	11.9	6.9	9.0
Aug.	144.6	2.7	4.5	13.9	19.9	12.5	7.1	2.9	12.3	42.6	16.9	3.6	11.2	6.5	8.4
Sep.	144.2	.	.	.	.	11.8	6.7	3.0	12.6	42.0	16.8	3.5	10.6	6.7	.
	Percentage share of total imports														
2012	100.0	1.6	2.9	9.3	13.0	8.0	4.5	1.9	8.4	30.2	11.9	2.7	8.8	5.2	6.1
	Balance														
2011	-13.3	3.0	7.3	46.6	18.9	-58.8	27.6	21.7	59.8	-147.9	-102.9	-13.2	-16.9	-6.5	32.0
2012	89.6	5.0	6.4	63.3	19.3	-53.4	35.6	25.5	73.1	-100.5	-93.2	-4.3	-30.9	4.5	41.7
2012 Q2	19.1	1.3	1.8	16.1	5.2	-12.4	9.5	6.1	18.2	-28.4	-25.6	-1.2	-7.0	1.3	7.5
Q3	27.4	1.2	1.3	16.0	4.9	-10.9	8.1	6.6	19.1	-22.7	-23.7	-0.6	-8.1	1.3	10.6
Q4	29.3	1.4	1.5	16.7	4.1	-14.3	8.7	6.6	18.1	-19.6	-22.0	-0.2	-7.4	2.2	11.3
2013 Q1	38.0	0.9	1.2	16.5	4.9	-15.6	8.0	6.8	20.1	-16.2	-22.1	0.4	-4.2	3.8	11.9
Q2	40.8	1.0	1.1	18.1	4.9	-11.8	7.0	6.8	17.6	-17.1	-20.9	0.0	-3.1	4.4	11.9
Q3	37.4	.	.	.	.	-14.5	6.9	5.8	17.6	-17.3	-19.4	0.7	-1.8	4.7	.
2013 Apr.	14.9	0.4	0.4	5.8	1.5	-4.7	2.9	2.2	6.2	-5.8	-6.4	-0.1	-1.6	1.5	6.1
May	13.2	0.4	0.5	5.9	1.8	-3.8	2.2	2.4	6.1	-6.1	-7.8	0.0	-0.6	1.7	2.6
June	12.7	0.2	0.3	6.3	1.6	-3.3	1.8	2.2	5.3	-5.3	-6.7	0.1	-1.0	1.3	3.2
July	10.8	0.3	0.4	6.3	1.6	-4.3	2.6	1.9	5.2	-6.2	-6.7	0.2	-1.0	1.5	2.4
Aug.	12.3	0.2	0.4	5.7	1.7	-5.5	2.1	1.9	6.4	-5.6	-6.2	0.2	-0.6	1.8	3.8
Sep.	14.3	.	.	.	.	-4.7	2.3	1.9	6.0	-5.5	-6.4	0.3	-0.2	1.5	.

Source: Eurostat.

EXCHANGE RATES

8

8.1 Effective exchange rates [1]

(period averages; index: 1999 Q1=100)

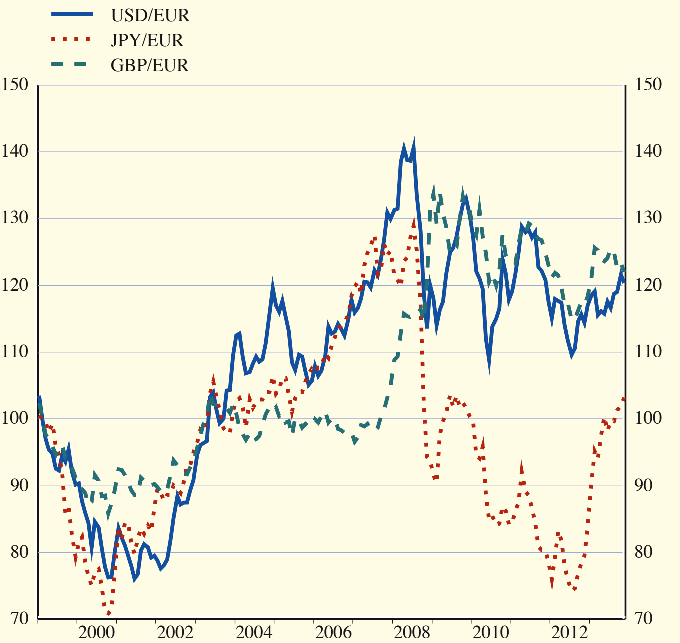
	EER-21						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM [2]	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2010	103.6	101.5	98.2	96.5	112.3	97.9	111.5	98.1
2011	103.4	100.6	97.6	95.0	110.7	96.2	112.2	97.6
2012	97.9	95.5	93.3	89.7	105.0	90.5	107.1	92.8
2012 Q3	95.9	93.7	91.8	87.8	103.1	89.1	105.0	91.2
Q4	97.9	95.5	93.7	89.5	103.5	89.3	107.4	92.9
2013 Q1	100.8	98.2	96.2	92.1	106.8	92.5	110.2	95.0
Q2	100.9	98.2	96.1	92.6	106.7	92.0	110.6	95.0
Q3	101.9	99.1	97.0	.	.	.	112.9	96.8
2012 Nov.	97.3	94.9	93.1	-	-	-	106.7	92.3
Dec.	98.7	96.2	94.4	-	-	-	108.3	93.5
2013 Jan.	100.4	98.0	96.0	-	-	-	109.9	94.8
Feb.	101.7	99.0	97.0	-	-	-	111.2	95.7
Mar.	100.2	97.8	95.5	-	-	-	109.5	94.4
Apr.	100.5	97.8	95.8	-	-	-	109.8	94.3
May	100.6	98.0	95.8	-	-	-	110.0	94.5
June	101.6	98.8	96.7	-	-	-	112.0	96.1
July	101.5	98.8	96.6	-	-	-	112.0	96.1
Aug.	102.2	99.5	97.2	-	-	-	113.4	97.3
Sep.	102.0	99.1	97.1	-	-	-	113.3	96.9
Oct.	102.9	99.7	98.1	-	-	-	114.2	97.3
Nov.	102.7	99.4	98.0	-	-	-	114.2	97.1
	Percentage change versus previous month							
2013 Nov.	-0.2	-0.3	-0.2	-	-	-	0.0	-0.2
	Percentage change versus previous year							
2013 Nov.	5.5	4.7	5.2	-	-	-	7.0	5.3

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.

2) ULCM-deflated series are available only for the EER-20 trading partner group.

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Croatian kuna	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2010	1.9558	25.284	7.4473	7.2891	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	1.9965
2011	1.9558	24.590	7.4506	7.4390	0.7063	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	2.3378
2012	1.9558	25.149	7.4437	7.5217	0.6973	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	2.3135
2013 Q1	1.9558	25.565	7.4589	7.5838	0.6996	3.4528	296.50	4.1558	4.3865	8.4965	0.85111	2.3577
Q2	1.9558	25.831	7.4555	7.5566	0.7009	3.4528	295.53	4.1982	4.3958	8.5652	0.85056	2.4037
Q3	1.9558	25.853	7.4580	7.5459	0.7025	3.4528	297.96	4.2477	4.4410	8.6798	0.85453	2.6092
2013 May	1.9558	25.888	7.4536	7.5684	0.7002	3.4528	292.38	4.1799	4.3360	8.5725	0.84914	2.3739
June	1.9558	25.759	7.4576	7.4901	0.7019	3.4528	295.70	4.2839	4.4803	8.6836	0.85191	2.5028
July	1.9558	25.944	7.4579	7.5061	0.7024	3.4528	294.90	4.2745	4.4244	8.6609	0.86192	2.5274
Aug.	1.9558	25.818	7.4580	7.5372	0.7027	3.4528	299.46	4.2299	4.4371	8.7034	0.85904	2.6125
Sep.	1.9558	25.789	7.4579	7.5985	0.7026	3.4528	299.75	4.2371	4.4633	8.6758	0.84171	2.6952
Oct.	1.9558	25.662	7.4592	7.6193	0.7028	3.4528	294.76	4.1902	4.4444	8.7479	0.84720	2.7095
Nov.	1.9558	26.927	7.4587	7.6326	0.7028	3.4528	297.68	4.1887	4.4452	8.8802	0.83780	2.7316
	Percentage change versus previous month											
2013 Nov.	0.0	4.9	0.0	0.2	0.0	0.0	1.0	0.0	0.0	1.5	-1.1	0.8
	Percentage change versus previous year											
2013 Nov.	0.0	6.2	0.0	1.2	0.9	0.0	5.5	1.4	-1.8	3.2	4.2	18.7

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee [1]	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22
2010	1.4423	2.3314	1.3651	8.9712	10.2994	60.5878	12,041.70	4.9457	116.24	4.2668
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73	4.9536	102.49	3.9672
2013 Q1	1.2714	2.6368	1.3313	8.2209	10.2428	71.5390	12,789.08	4.8969	121.80	4.0699
Q2	1.3203	2.6994	1.3368	8.0376	10.1383	73.0046	12,784.60	4.7407	129.07	4.0088
Q3	1.4465	3.0304	1.3760	8.1111	10.2696	82.3565	14,115.14	4.7459	131.02	4.2904
2013 May	1.3133	2.6414	1.3257	7.9715	10.0766	71.4760	12,673.13	4.7223	131.13	3.9200
June	1.3978	2.8613	1.3596	8.0905	10.2349	77.0284	13,033.31	4.7865	128.40	4.1488
July	1.4279	2.9438	1.3619	8.0234	10.1455	78.1762	13,189.17	4.7153	130.39	4.1746
Aug.	1.4742	3.1170	1.3853	8.1477	10.3223	83.9480	14,168.72	4.7610	130.34	4.3631
Sep.	1.4379	3.0345	1.3817	8.1690	10.3504	85.2678	15,073.16	4.7636	132.41	4.3410
Oct.	1.4328	2.9860	1.4128	8.3226	10.5724	84.0071	15,109.54	4.8232	133.32	4.3283
Nov.	1.4473	3.0959	1.4145	8.2221	10.4604	84.4990	15,575.06	4.7711	134.97	4.3176
	Percentage change versus previous month									
2013 Nov.	1.0	3.7	0.1	-1.2	-1.1	0.6	3.1	-1.1	1.2	-0.2
	Percentage change versus previous year									
2013 Nov.	17.4	16.8	10.6	2.8	5.2	20.2	26.2	-4.5	29.9	10.1

	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
2013 Q1	16.7042	1.5823	7.4290	53.769	40.1518	1.6345	11.8264	1,433.09	1.2284	39.361	1.3206
Q2	16.2956	1.5920	7.6114	54.620	41.3464	1.6311	12.3996	1,467.08	1.2315	39.031	1.3062
Q3	17.1005	1.6612	7.9303	57.813	43.4394	1.6795	13.2329	1,469.03	1.2348	41.675	1.3242
2013 May	15.9776	1.5774	7.5589	53.693	40.6842	1.6219	12.1798	1,444.56	1.2418	38.667	1.2982
June	17.0716	1.6682	7.7394	56.658	42.6490	1.6613	13.2088	1,498.33	1.2322	40.664	1.3189
July	16.6893	1.6590	7.8837	56.698	42.8590	1.6595	12.9674	1,473.35	1.2366	40.714	1.3080
Aug.	17.1996	1.6829	7.9386	58.471	43.9748	1.6941	13.4190	1,485.93	1.2338	42.072	1.3310
Sep.	17.4471	1.6406	7.9725	58.346	43.5144	1.6860	13.3287	1,446.60	1.2338	42.312	1.3348
Oct.	17.7413	1.6351	8.1208	58.809	43.7440	1.6956	13.5283	1,454.73	1.2316	42.549	1.3635
Nov.	17.6340	1.6327	8.2055	58.811	44.1581	1.6833	13.7626	1,434.06	1.2316	42.695	1.3493
	Percentage change versus previous month										
2013 Nov.	-0.6	-0.1	1.0	0.0	0.9	-0.7	1.7	-1.4	0.0	0.3	-1.0
	Percentage change versus previous year										
2013 Nov.	5.2	4.3	11.8	11.6	9.7	7.3	21.8	2.8	2.2	8.4	5.2

Source: ECB.

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

9 DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Croatia	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10	11
	HICP										
2011	3.4	2.1	2.7	2.2	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2012	2.4	3.5	2.4	3.4	2.3	3.2	5.7	3.7	3.4	0.9	2.8
2013 Q2	1.1	1.5	0.5	2.3	-0.1	1.4	1.9	0.5	4.4	0.3	2.7
Q3	-0.7	1.2	0.2	2.2	0.0	0.5	1.6	0.9	2.4	0.7	2.7
2013 Aug.	-0.7	1.2	0.1	2.4	-0.1	0.5	1.6	0.9	2.6	0.8	2.7
Sep.	-1.3	1.0	0.2	1.7	-0.4	0.5	1.6	0.9	1.1	0.5	2.7
Oct.	-1.1	0.8	0.3	0.8	0.0	0.5	1.1	0.7	1.2	0.2	2.2
	General government deficit (-)/surplus (+) as a percentage of GDP										
2010	-3.1	-4.7	-2.5	-6.4	-8.1	-7.2	-4.3	-7.9	-6.8	0.3	-10.1
2011	-2.0	-3.2	-1.8	-7.8	-3.6	-5.5	4.3	-5.0	-5.6	0.2	-7.7
2012	-0.8	-4.4	-4.1	-5.0	-1.3	-3.2	-2.0	-3.9	-3.0	-0.2	-6.1
	General government gross debt as a percentage of GDP										
2010	16.2	38.4	42.7	44.9	44.4	37.8	82.2	54.9	30.5	39.4	78.4
2011	16.3	41.4	46.4	51.6	41.9	38.3	82.1	56.2	34.7	38.6	84.3
2012	18.5	46.2	45.4	55.5	40.6	40.5	79.8	55.6	37.9	38.2	88.7
	Long-term government bond yield as a percentage per annum; period average										
2013 May	3.36	1.67	1.45	4.38	3.10	3.54	5.08	3.28	5.23	1.79	1.62
June	3.40	2.14	1.72	4.63	3.17	3.54	6.02	3.95	5.43	2.05	1.96
July	3.46	2.23	1.77	4.91	3.25	3.54	5.78	3.97	5.26	2.16	2.09
Aug.	3.51	2.40	1.94	5.04	3.25	3.65	6.31	4.30	5.04	2.34	2.29
Sep.	3.64	2.42	2.10	4.92	3.45	3.89	6.16	4.49	5.27	2.60	2.44
Oct.	3.71	2.33	1.93	4.99	3.78	4.01	5.58	4.28	5.22	2.44	2.26
	3-month interest rate as a percentage per annum; period average										
2013 May	1.21	0.46	0.24	1.14	0.41	0.74	4.71	2.86	3.83	1.20	0.51
June	1.20	0.46	0.26	1.71	0.39	0.73	4.48	2.69	4.20	1.22	0.51
July	1.18	0.46	0.27	2.22	0.33	0.55	4.36	2.70	4.27	1.20	0.51
Aug.	1.09	0.46	0.27	1.91	0.29	0.41	3.92	2.70	3.66	1.20	0.51
Sep.	1.05	0.45	0.27	1.90	0.27	0.40	-	2.69	3.40	1.21	0.52
Oct.	1.03	0.45	0.27	1.72	0.27	0.40	3.60	2.67	2.86	1.21	0.52
	Real GDP										
2011	1.8	1.8	1.1	0.0	5.3	6.0	1.6	4.5	2.3	2.9	1.1
2012	0.8	-1.0	-0.4	-2.0	5.0	3.7	-1.7	1.9	0.4	0.9	0.1
2013 Q1	0.4	-2.4	-0.7	-1.0	6.7	3.8	-0.3	0.8	2.3	1.6	0.2
Q2	0.2	-1.5	0.5	-0.8	4.6	3.8	0.5	1.2	1.6	0.6	1.3
Q3	0.7	-1.3	0.5	.	.	2.3	1.6	1.7	4.1	0.3	1.5
	Current and capital account balance as a percentage of GDP										
2011	1.4	-2.3	6.3	-0.8	0.0	-1.2	2.8	-3.0	-3.9	5.9	-1.1
2012	0.1	-1.1	6.0	0.2	0.5	2.0	3.6	-1.5	-3.0	5.9	-3.6
2013 Q1	-4.7	1.6	3.1	-14.2	0.3	-2.5	5.9	-1.6	2.1	6.7	-5.7
Q2	6.0	-0.5	8.3	-2.2	3.0	9.2	6.1	3.9	3.0	6.1	-2.7
Q3	12.8	1.3	8.5	.	.	2.1	7.8	0.0	0.7	5.9	.
	Gross external debt as a percentage of GDP										
2011	94.3	59.6	183.4	102.9	145.0	77.4	149.3	72.3	77.2	200.0	419.6
2012	94.9	60.2	181.9	101.6	136.4	75.4	128.9	71.1	75.2	191.2	383.1
2013 Q1	93.8	61.8	182.3	101.9	138.8	74.0	133.2	72.7	74.8	195.1	389.1
Q2	92.9	62.8	174.2	104.4	137.8	70.0	127.6	74.0	73.3	197.8	384.2
Q3	.	.	.	.	.	.	.	.	.	197.6	.
	Unit labour costs										
2011	2.5	0.5	0.0	0.7	2.2	0.7	2.3	1.1	0.6	0.1	1.4
2012	-0.5	3.3	1.5	1.2	3.3	1.9	2.7	0.8	7.0	2.9	3.0
2013 Q1	12.9	0.7	1.7	3.5	0.2	0.4	9.7	2.9	1.2	2.1	0.4
Q2	13.0	0.9	1.3	1.2	3.7	3.3	9.8	.	2.5	0.5	2.0
Q3	8.3	1.8	0.9	.	.	.	8.7	.	.	1.7	2.5
	Standardised unemployment rate as a percentage of labour force (s.a.)										
2011	11.3	6.7	7.6	13.5	16.3	15.4	11.0	9.6	7.4	7.8	8.0
2012	12.3	7.0	7.5	15.9	14.9	13.4	10.9	10.1	7.0	8.0	7.9
2013 Q2	12.9	7.0	6.8	16.9	11.6	11.9	10.4	10.5	7.4	8.0	7.7
Q3	13.1	6.9	7.1	17.0	11.9	11.5	10.1	10.3	7.3	7.9	.
2013 Aug.	13.1	6.9	7.1	17.0	11.9	11.6	10.1	10.2	7.3	8.0	7.5
Sep.	13.1	6.9	6.8	17.2	11.9	11.4	10.1	10.2	7.3	8.0	.
Oct.	13.2	6.8	6.7	17.6	.	11.1	.	10.2	7.3	7.9	.

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

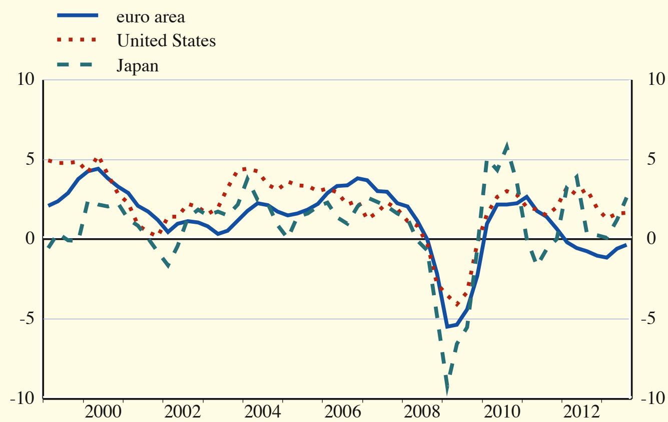
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Government deficit (-)/ surplus (+) as a % of GDP	Government debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
2009	-0.4	-2.0	-2.8	-13.6	9.3	8.0	0.69	4.17	1.3948	-12.8	70.8
2010	1.6	-1.2	2.5	6.6	9.6	2.5	0.34	3.57	1.3257	-12.2	79.2
2011	3.2	2.0	1.8	3.6	8.9	7.3	0.34	2.10	1.3920	-10.7	83.1
2012	2.1	1.1	2.8	4.2	8.1	8.6	0.43	1.88	1.2848	-9.3	86.5
2012 Q3	1.7	-0.4	3.1	3.9	8.0	7.1	0.43	1.77	1.2502	-9.3	85.4
Q4	1.9	4.3	2.0	3.3	7.8	7.6	0.32	1.88	1.2967	-9.0	86.5
2013 Q1	1.7	1.7	1.3	2.5	7.7	7.3	0.29	2.09	1.3206	-7.2	88.0
Q2	1.4	1.6	1.6	2.1	7.6	7.0	0.28	2.82	1.3062	-5.7	87.2
Q3	1.6	1.9	1.6	2.3	7.3	6.6	0.26	2.91	1.3242	.	.
2013 July	2.0	-	-	1.4	7.4	6.9	0.27	2.91	1.3080	-	-
Aug.	1.5	-	-	2.9	7.3	6.7	0.26	3.11	1.3310	-	-
Sep.	1.2	-	-	2.7	7.2	6.4	0.25	2.91	1.3348	-	-
Oct.	1.0	-	-	3.6	7.3	6.8	0.24	2.84	1.3635	-	-
Nov.	.	-	-	.	.	.	0.24	2.99	1.3493	-	-
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	15.6	5.1	2.8	0.23	1.18	116.24	-8.3	188.3
2011	-0.3	0.8	-0.6	-2.8	4.6	2.7	0.19	1.00	110.96	-8.9	204.4
2012	0.0	-2.3	1.9	0.6	4.4	2.5	0.19	0.84	102.49	.	.
2012 Q3	-0.4	-0.9	0.4	-3.9	4.3	2.4	0.19	0.78	98.30	.	.
Q4	-0.2	-1.0	0.2	-6.0	4.2	2.3	0.19	0.84	105.12	.	.
2013 Q1	-0.6	-0.3	0.1	-7.8	4.2	2.9	0.16	0.70	121.80	.	.
Q2	-0.3	-0.6	1.2	-3.1	4.0	3.5	0.16	1.02	129.07	.	.
Q3	0.9	.	2.6	2.2	4.0	3.8	0.15	0.88	131.02	.	.
2013 July	0.7	-	-	1.9	3.8	3.7	0.16	1.01	130.39	-	-
Aug.	0.9	-	-	-0.4	4.1	3.8	0.15	0.93	130.34	-	-
Sep.	1.1	-	-	5.1	4.0	3.9	0.15	0.88	132.41	-	-
Oct.	1.1	-	-	4.8	.	4.1	0.15	0.76	133.32	-	-
Nov.	.	-	-	.	.	.	0.14	0.79	134.97	-	-

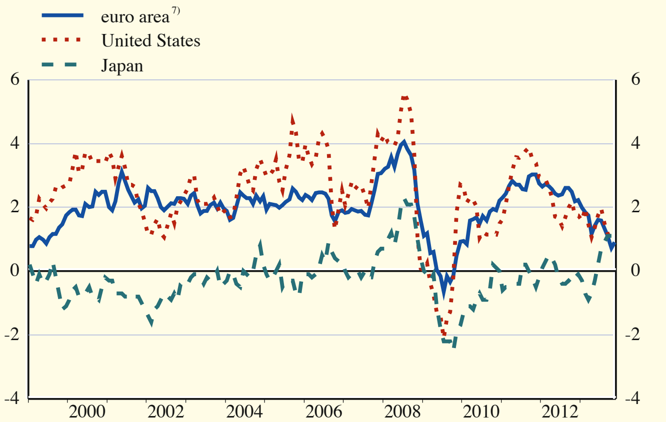
C41 Real gross domestic product

(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.

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

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

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2010 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

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

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

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

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in h) by dividing the index for December 2002 by the index for December 2001.

Growth rates for intra-annual periods can be derived by adapting formula h). For example, the month-on-month growth rate a_t^M can be calculated as:

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

Finally, the three-month moving average (centred) for the annual growth rate of M3 is obtained as $(a_{t+1} + a_t + a_{t-1})/3$, where a_t is defined as in g) or h) above.

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

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

The annual growth rate in the four quarters ending in month t (i.e. a_t) can be calculated using formula h).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

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

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

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

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

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

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), “New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program”, Journal of Business and Economic Statistics, 16, 2, pp.127-152, or“X-12-ARIMA Reference Manual”, Time Series Staff, Bureau of the Census, Washington, D.C.
For internal purposes, the model-based approach 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) $$I_t = I_{t-1} \times \left(1 + \frac{N_t}{L_{t-1}}\right)$$

As a base, the index is set equal to 100 in December 2008. The growth rate a_t for month t, corresponding to the change in the 12 months ending in month t, can be calculated using either of the following two formulae:

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

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

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

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

The calculation formula used for Section 4.3 is also used for Section 4.4 and is likewise based on that used for the monetary aggregates. Section 4.4 is based on market values, and the calculations are based on financial transactions, which exclude reclassifications, revaluations and any other changes that do not arise from transactions. Exchange rate variations are not included, as all quoted shares covered are denominated in euro.

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

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

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

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

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

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

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S81). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are

4 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

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

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

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

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

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the "Data services" sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 4 December 2013.

Unless otherwise indicated, all data series relate to the group of 17 countries that are members of the euro area (the Euro 17) 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 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 statistics based on the balance sheet of the MFI sector ("monetary statistics"), rates of change are compiled from chain-linked indices, with the new composition introduced by the linking factor at the point of enlargement. Thus, if a country joins the euro area in January of a given year, the factors contributing to the chain-linked indices 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. For further details on monetary statistics, refer to the "Manual on MFI balance sheet statistics", available in the "Statistics" section of the ECB's website.

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

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

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

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Croatia, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

Section 2.1 shows the aggregated balance sheet of the MFI sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under EU law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2]. Detailed sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8[3] concerning statistics on the assets and liabilities of investment funds. Further information on these investment fund statistics can be found in the "Manual on investment fund statistics" (ECB, May 2009).

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC's balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30[4] as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

4 OJ L 15, 20.01.2009, p. 1.

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 17 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

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

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data, which are compiled by the ECB, and experimental HICP-based indices of administered prices.

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

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

concerning short-term statistics[6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains[7], has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

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.

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.

Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

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

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[13] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents non-seasonally adjusted quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[14]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments

13 OJ L 172, 12.7.2000, p. 3.
14 OJ L 179, 9.7.2002, p. 1.

Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[15] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[16]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled “European Union balance of payments/international investment position statistical methods” (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB’s website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force’s recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB’s website.

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23)[17] was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF’s Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area’s b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata. The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions 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

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.

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-21 group of trading partners is composed of the 11 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-20 group excludes Croatia. The EER-40 group comprises the EER-21 plus the following countries: Algeria, Argentina, Brazil, Chile, 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 (CPIs), producer price indices (PPIs), gross domestic product deflators and unit labour costs, both for the manufacturing sector (ULCM) and for the total economy (ULCT). ULCM-deflated EERs are available only for the EER-20.

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. However, data shown in this table on current and capital accounts and gross external debt follow the respective national concept and do not include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

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.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2010 can be found in the ECB's Annual Report for the respective years.

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, 7 MARCH AND 4 APRIL 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.

2 MAY 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.50%, starting from the operation to be settled on 8 May 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.00%, with effect from 8 May 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 8 July 2014, notably to continue its fixed rate tender procedures with full allotment.

6 JUNE, 4 JULY, 1 AUGUST, 5 SEPTEMBER AND 2 OCTOBER 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 0.50%, 1.00% and 0.00% respectively.

7 NOVEMBER 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.25%, starting from the operation to be settled on 13 November 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 25 basis points to 0.75%, with effect from 13 November 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 7 July 2015, notably to continue its fixed rate tender procedures with full allotment.

5 DECEMBER 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 0.25%, 0.75% and 0.00% respectively.

THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM

TARGET2[1] 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. TARGET2 is accessible to a large number of participants. Almost 1,000 credit institutions in Europe use TARGET2 to make payments on their own behalf, on behalf of other (indirect) participants or on their customers' behalf. Taking into account branches and subsidiaries, almost 60,000 banks worldwide (and thus all the customers of these banks) can be reached 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 third quarter of 2013 TARGET2 settled 22,827,447 transactions, with a total value of €121,184 billion. This corresponds to a daily average of 345,870 transactions, with an average daily value of €1,836 billion. The highest level of TARGET2 traffic in this quarter was recorded on 30 September, when 549,792 payments were processed. With a market share of 59% 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. Interbank payments accounted for 35% of total payments in terms of volume and 91% in terms of value. The average value of an interbank payment processed in the system was €13.7 million, while that of a customer payment was €0.8 million. 68% of the payments had a value of less than €50,000, while 12% had a value of more than €1 million. On average, there were 216 payments per day with a value of more than €1 billion. All of these figures are similar to those recorded for the previous quarter.

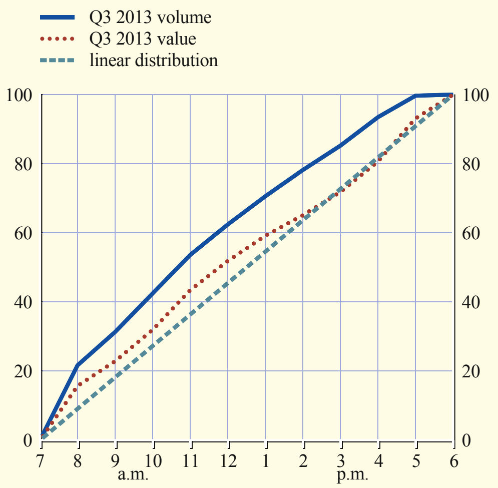
INTRADAY PATTERN OF VOLUMES AND VALUES

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 third quarter of 2013. 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 60% of the value exchanged by 1 p.m. CET. The curve then moves slightly beneath the linear distribution, an indication that higher-value payments are settled towards the end of the TARGET2 business day.

1 TARGET2 is the second generation of TARGET and was launched in 2007.

Chart 1 Intraday pattern

(percentages)



Source: ECB.

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the third quarter of 2013 TARGET2 achieved 100% availability. On 26 September the closing of TARGET2 was delayed for 2 hours. This delay was linked to technical difficulties in the processing of ancillary system files. However, the incident did not result in complete technical unavailability since other traffic continued to settle normally. The only 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. All payments that are required to settle normally for the agreed service levels[2] to be met 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)

	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3
TARGET2					
Total volume	22,301,632	23,167,441	22,321,754	23,600,140	22,827,447
Daily average	343,102	361,991	360,028	374,605	345,870
EURO1 (EBA Clearing)					
Total volume	16,269,790	16,667,334	15,800,866	16,614,190	15,919,832
Daily average	250,304	260,427	254,853	263,717	241,210

Note: In January 2013, in order to improve the quality of TARGET2 data, a new methodology was implemented for data collection and reporting. The change resulted in a decrease in the value-based indicators. This should be considered when comparing data from before and after the implementation date.

Table 2 Payment instructions processed by TARGET2 and EURO1: value of transactions

(EUR billions)

	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3
TARGET2					
Total value	146,625	139,527	122,916	125,266	121,184
Daily average	2,256	2,180	1,983	1,988	1,836
EURO1 (EBA Clearing)					
Total value	15,289	12,988	12,794	12,514	11,676
Daily average	247	203	206	199	177

Note: See note to Table 1.

2 Payments stemming from ancillary system interface settlement procedures are among those excluded from the performance measurement. More details on the performance-based indicators can be found via this link: http://www.ecb.europa.eu/paym/t2/professional/indicators/html/index.en.html

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

STATUTORY PUBLICATIONS

– Annual Report
– Convergence Report
– Monthly Bulletin

RESEARCH PAPERS

– Legal Working Paper Series
– Occasional Paper Series
– Research Bulletin
– Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

– Enhancing monetary analysis
– Financial integration in Europe
– Financial Stability Review
– Statistics Pocket Book
– The European Central Bank: history, role and functions
– The international role of the euro
– The implementation of monetary policy in the euro area (“General Documentation”)
– The monetary policy of the ECB
– The payment system

The ECB also publishes brochures and information materials on a variety of topics, such as the euro banknotes and coins, as well as seminar and conference proceedings.

For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB’s forerunner from 1994 to 1998, please visit the ECB’s website at http://www.ecb.europa.eu/pub/. Language codes indicate the languages in which each publication is available.

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GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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