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EUROPEAN CENTRAL BANK

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In 2010 all ECB publications feature a motif taken from the €500 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
IT	Italy	FI	Finland
CY	Cyprus	SE	Sweden
LV	Latvia	UK	United Kingdom
LT	Lithuania	JP	Japan
		US	United States

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council confirmed at its meeting on 2 December 2010 that the current key ECB interest rates are appropriate. It therefore decided to leave them unchanged. Taking into account all the new information and analyses which have become available since its meeting on 4 November 2010, the Governing Council continues to expect price developments to remain moderate over the policy-relevant medium-term horizon. Recent economic data are consistent with a positive underlying momentum of the recovery, while uncertainty is elevated. The monetary analysis confirms that inflationary pressures over the medium term remain contained. The Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations are firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The firm anchoring of inflation expectations is of the essence.

The Governing Council also decided on 2 December 2010 to continue conducting its main refinancing operations (MROs) and the special-term refinancing operations with a maturity of one maintenance period as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of the third maintenance period of 2011 on 12 April 2011. Furthermore, the Governing Council decided to conduct the three-month longer-term refinancing operations (LTROs) to be allotted on 26 January, 23 February and 30 March 2011 as fixed rate tender procedures with full allotment. The rates in these three-month operations will be fixed at the average rate of the MROs over the life of the respective LTRO.

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

With regard to the economic analysis, euro area real GDP grew by 0.4% on a quarterly basis in the third quarter of 2010, following exceptional growth of 1.0% in the second quarter. Recent statistical releases and survey-based evidence generally confirm that the positive underlying momentum of the economic recovery in the euro area remains in place. In line with previous expectations, this implies ongoing real GDP growth in the fourth quarter of this year. Euro area exports should further benefit from a continued recovery in the world economy. At the same time, private sector domestic demand should increasingly contribute to growth, supported by the accommodative monetary policy stance and the measures adopted to restore the functioning of the financial system. However, the recovery in activity is expected to be dampened by the process of balance sheet adjustment in various sectors.

This assessment is also reflected in the December 2010 Eurosystem staff macroeconomic projections for the euro area, according to which annual real GDP growth will range between 1.6% and 1.8% in 2010, between 0.7% and 2.1% in 2011 and between 0.6% and 2.8% in 2012. Compared with the September 2010 ECB staff macroeconomic projections, the range for 2010 has narrowed somewhat and shifted towards the upper end of September's range, while the range for 2011 is slightly narrower. The December 2010 Eurosystem staff projections are broadly in line with forecasts by international organisations.

In the Governing Council's assessment, the risks to this economic outlook are tilted to the downside, with uncertainty remaining elevated. On the one hand, global trade may continue to grow more rapidly than expected, thereby supporting euro area exports. At the same time, it is to be noted that the level of business confidence in the euro area remains relatively high. On the other hand, downside risks relate to the tensions in some segments of the financial markets and their potential spillover to the euro area real economy. Further downside risks relate to renewed increases in oil and other commodity prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

As regards price developments, euro area annual HICP inflation was 1.9% in November, according to Eurostat's flash estimate, unchanged from October. In the next few months HICP inflation rates will hover around current levels before moderating again in the course of next year. Overall, in the period ahead inflation rates should remain moderate. Inflation expectations over the medium to longer term continue to be firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

This assessment is also reflected in the December 2010 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation in a range between 1.5% and 1.7% for 2010, between 1.3% and 2.3% for 2011 and between 0.7% and 2.3% for 2012. Compared with the ECB staff projections published in September, the range for 2010 is unchanged, while the range for 2011 is marginally higher. Available forecasts from international organisations provide a broadly similar picture.

Risks to the outlook for price developments are broadly balanced. Upside risks relate, in particular, to developments in energy and non-energy commodity prices. Furthermore, increases in indirect taxes and administered prices may be greater than currently expected, owing to the need for fiscal consolidation in the coming years. At the same time, risks to domestic price and cost developments are still expected to be contained.

Turning to the monetary analysis, the annual growth rate of M3 remained broadly unchanged at 1.0% in October, after 1.1% in September 2010. The annual growth rate of loans to the private sector increased to 1.4% in October from 1.2% in the previous month. Broad money and loan growth hence remained low, supporting the assessment that the underlying pace of monetary expansion is moderate and that inflationary pressures over the medium term are contained.

The steepness of the yield curve has continued to lessen somewhat, implying a gradual softening of the dampening impact on M3 that was associated with shifts of funds from monetary assets to longer-term financial assets outside M3. The interest rate constellation also includes a further widening in the spread between interest rates paid on short-term time deposits and those paid on overnight deposits. As a result, annual M1 growth has continued to moderate, standing at 4.9% in October 2010, after 6.2% in September, while the annual growth rate of other short-term deposits continues to become less negative.

The annual growth rate of bank loans to the private sector continues to conceal positive growth in loans to households, with 2.9% in October after 2.8% in September, and still negative growth in loans to non-financial corporations, which stood at -0.6% in October, unchanged from September. When correcting for the impact of derecognition of loans from bank balance sheets, the growth in loans to non-financial corporations continued to strengthen, further confirming that a turning point was reached earlier in 2010.

Over the past few months, banks have generally stabilised the size of their balance sheets while expanding the provision of credit to the private sector. However, the challenge remains to expand the availability of such credit when demand picks up further. To address this challenge, where necessary, it is essential for banks to retain earnings, to turn to the market to strengthen further their capital bases or to take full advantage of government support measures for recapitalisation.

To sum up, the current key ECB interest rates remain appropriate. The Governing Council therefore decided to leave them unchanged.

Taking into account all the new information and analyses which have become available since its meeting on 4 November 2010, the Governing Council continues to expect price developments to remain moderate over the policy-relevant medium-term horizon. Recent economic data are consistent with a positive underlying momentum of the recovery, while uncertainty is elevated. A cross-check of the outcome of the economic analysis with that of the monetary analysis confirms that inflationary pressures over the medium term remain contained. The Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations are firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The firm anchoring of inflation expectations is of the essence.

Turning to fiscal policies, while budgetary developments for some euro area countries are more favourable than expected, concerns about unsustainable fiscal positions and their vulnerability to adverse market reactions remain very high for others and have had repercussions throughout the euro area. In this environment, there is a clear need for the responsible authorities to strengthen confidence in sound public finances, thereby reducing risk premia in interest rates and supporting sustainable growth over the medium term. At the same time, all euro area countries should pursue ambitious and credible multi-year consolidation strategies and implement fully the planned corrective measures, focusing on the expenditure side. In their 2011 budgets, countries need to specify the necessary fiscal adjustment measures in detail, while standing ready to correct any slippages from the fiscal objectives announced.

Substantial and far-reaching structural reforms should be rapidly implemented to enhance the prospects for higher sustainable growth. Major reforms are particularly necessary in those countries that have experienced a loss of competitiveness in the past or that are suffering from high fiscal and external deficits. The removal of labour market rigidities would further support the adjustment process of these economies. Increasing product market competition, particularly in the services sectors, would also facilitate the restructuring of the economy and encourage innovation and the adoption of new technologies. Such measures are crucial for enhancing productivity growth, one of the main drivers of long-term growth. All these structural reforms should be supported by an appropriate restructuring of the banking sector. Sound balance sheets, effective risk management and transparent, robust business models remain key to strengthening banks' resilience to shocks and to ensuring adequate access to finance, thereby laying the foundations for sustainable growth and financial stability.

Finally, the Governing Council welcomes the economic and financial adjustment programme which was agreed by the Irish government following the successful conclusion of the negotiations with the European Commission, in liaison with the ECB, and the International Monetary Fund. The programme contains the necessary elements to bring about a sustainable stabilisation of the Irish economy. It addresses in a decisive manner the economic and financial causes underlying current market concerns and will thereby contribute to restoring confidence and safeguarding financial stability in the euro area. The Governing Council welcomes the commitment of the Irish public authorities to take any further measures that may become appropriate to achieve the objectives of the programme.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

Global economic activity is continuing to recover, but the pace of the recovery remains uneven. At the same time it is slower than in the first six months of the year, as the impact from some supportive factors, such as the inventory cycle and fiscal stimuli, is fading. In advanced economies, the pace of growth has been more modest, while in emerging economies it remains robust, despite moderating recently. Notwithstanding the slight pick-up seen in the last few months, inflationary pressures continue to be rather subdued in advanced economies. This contrasts with some emerging economies where stronger inflationary pressures persist.

1.1 DEVELOPMENTS IN THE WORLD ECONOMY

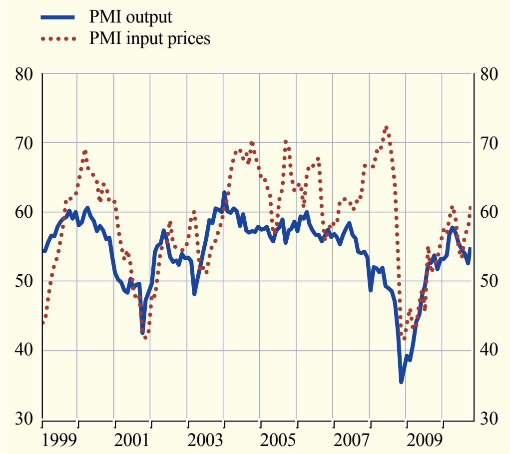
Global economic activity is continuing to recover, but the pace of the recovery remains uneven and has lost momentum compared with the first six months of the year, as the impact from some supportive factors, such as the inventory cycle and fiscal stimuli, is fading. In advanced economies, the need to repair balance sheets, weak labour market prospects and low levels of consumer confidence have contributed to dampening the recovery. By contrast, growth in emerging economies remains dynamic, although it has moderated in recent months.

The latest survey-based evidence confirms that the global economic recovery has continued at a more moderate pace in the second half of this year. The Purchasing Managers' Index (PMI) for global all-industry output declined steadily in the five months to October, when it increased to 54.8. This index remains above its long-term average, but below the average recorded for the first half of 2010 (see Chart 1).

In advanced economies, inflationary pressures remain rather subdued, despite inflation rates picking up slightly in recent months. In some emerging economies, however, stronger inflationary pressures persist. In the OECD countries, headline annual inflation increased by 1.9% in the year to October 2010, compared with 1.7% in the year to September (see Chart 2). Higher food and energy prices contributed to this increase. Annual inflation excluding food and energy stood at 1.1% in October, down slightly from 1.2% in September. As indicated by the global PMI input price index, purchase prices have increased in recent months, but remain below pre-crisis levels.

Chart 1 Global Purchasing Managers' Index (PMI)

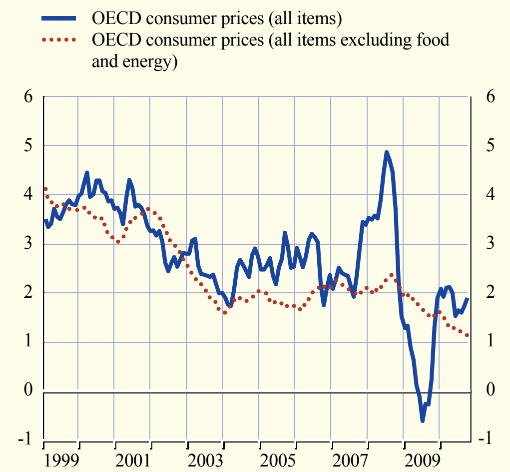
(monthly data; manufacturing and services; diffusion index)



Source: Markit.

Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

Having made a strong recovery between the third quarter of 2009 and the second quarter of 2010, global trade growth is also showing signs of moderation. The most recent data indicate that global trade grew by 0.9 % quarter on quarter in the third quarter of 2010, down from 3.2% in the second quarter.

UNITED STATES

In the United States, the pace of the economic recovery slowed down in the second quarter of 2010 and stabilised again in the third quarter. According to the second estimate by the Bureau of Economic Analysis, quarter-on-quarter real GDP growth stood at 0.6% in the third quarter (2.5% in annualised terms). GDP growth was supported by business investment and government spending, but at the same time dampened by a large negative contribution from net exports as a result of import growth far outpacing export growth. Recent data releases give somewhat mixed signals. While consumer spending is growing, industrial production growth has remained weak over the last few months. On balance, this points to a sustained, albeit modest, expansion of real GDP in the fourth quarter of 2010. Looking ahead, survey-based indicators suggest a gradual improvement in economic activity, but overall the recovery is expected to remain moderate in the medium term. Low levels of consumer confidence and the need for further household balance sheet adjustment may constrain the recovery in the period ahead, and the labour market is expected to improve only gradually. Meanwhile, the recovery of the housing market is being held back by excess supply and weak demand.

As regards price developments, annual CPI inflation has remained at a low level over the past few months, while core inflation has decelerated further. Annual headline inflation rose to 1.2% in October 2010, from 1.1% in September. As in the previous few months, the major driver of this increase was a rise in energy prices. Meanwhile, the annual rate of inflation excluding food and energy hit a record low of 0.6% in October, as monthly increases in shelter and medical costs were offset by declines in the costs of other items, including vehicles, apparel, recreation and tobacco.

On 3 November the US Federal Open Market Committee (FOMC) announced that it intends to purchase a further USD 600 billion of longer-term Treasury securities by the end of the second quarter of 2011 and that it will adjust the programme as needed to best foster maximum employment and price stability. At the same time the Committee decided to keep the target for the policy rate unchanged within a range of 0% to 0.25% and continued to anticipate that economic conditions were likely to warrant exceptionally low levels for the federal funds rate for an extended period.

JAPAN

In Japan, the latest data point to a further weakening in activity, despite GDP growth increasing in the third quarter on the back of temporary factors. According to the first preliminary estimate by Japan’s Cabinet Office, quarterly real GDP grew by 0.9% in the third quarter of 2010, up from 0.4% in the previous quarter. Activity in the third quarter was supported mainly by domestic demand, which added 1.0 percentage point to GDP growth. More precisely, private consumption was underpinned by temporary factors, such as government subsidies for the purchase of certain types of vehicle and greater demand for cigarettes ahead of the tax hike on tobacco that was introduced on 1 October. Furthermore, private residential investment rose by 1.3% supported by government measures, while the contribution to GDP from net exports was flat as a result of a slowdown in export growth. Economic activity is expected to be subdued in the fourth quarter of 2010 and early 2011. Private consumption is likely to weaken following of the withdrawal of government stimulus measures, while exports are expected to remain somewhat weak on the back of moderating foreign demand and the appreciation of the yen.

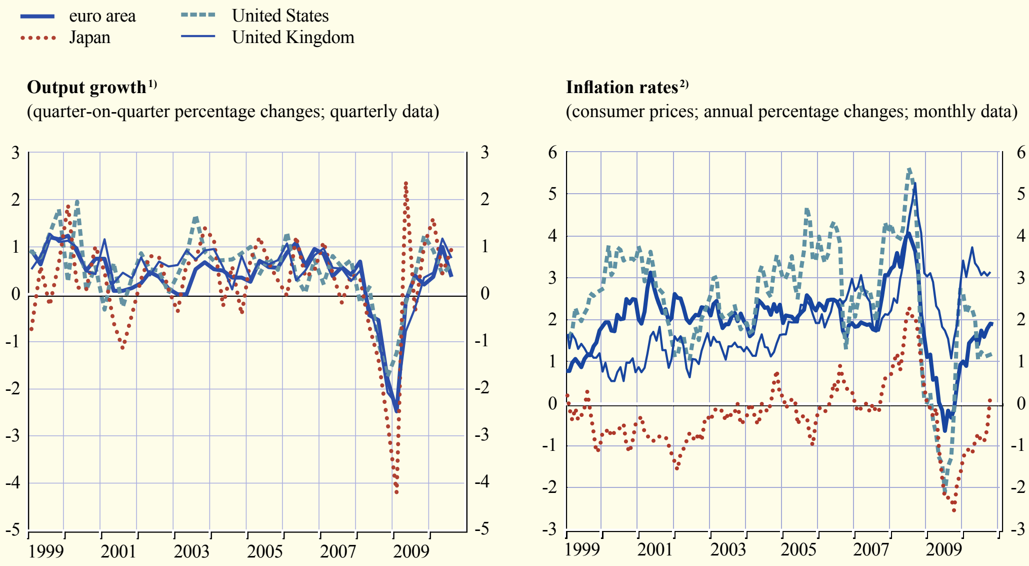
As regards price developments, consumer prices have been falling over the last several quarters on a year-on-year basis, owing to substantial slack in the economy. In October, however, annual CPI inflation stood at 0.2%, turning positive for the first time in almost two years. This increase was driven in part by a higher tax on cigarettes and higher food and energy prices. Excluding fresh food, annual CPI inflation was still negative at -0.6%, whereas excluding fresh food and energy, it decreased to -0.8 %. The increase in inflation is likely to stall in the coming months, however, owing to subdued domestic demand conditions and the recent appreciation of the yen.

At its meeting on 5 November 2010, the Bank of Japan decided to leave its target for the uncollateralised overnight rate unchanged at between 0.0% and 0.1%. The Bank of Japan also released further details of the asset purchase programme – announced on 5 October – with the aim of further enhancing monetary easing.

UNITED KINGDOM

In the United Kingdom, the economic recovery has continued in recent quarters. Quarter-on-quarter real GDP growth was 0.8% in the third quarter of 2010, after expanding by 1.2% in the second quarter (see Chart 3). Output growth over the quarter was broad based across main expenditure components. House prices declined quarter on quarter in the second and third quarters of 2010, against the background of subdued housing market activity. Looking ahead, inventory adjustments, monetary stimulus, external demand and the past depreciation of the pound sterling should support economic activity. However, domestic demand growth is expected to remain constrained by tight credit conditions, household balance sheet adjustment and substantial fiscal tightening.

Chart 3 Main developments in major industrialised economies



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

Annual CPI inflation increased markedly at the beginning of 2010, peaking at 3.7% in April, but it has moderated somewhat in recent months, to stand at 3.2% in October. Looking ahead, the lagged effects of the depreciation of the pound sterling and the increase in the rate of VAT in January 2011 are expected to exert upward pressure on consumer prices. In recent quarters the Bank of England's Monetary Policy Committee has maintained the official Bank Rate paid on commercial bank reserves at 0.5%. The Committee has also continued to vote for maintaining the stock of asset purchases financed by the issuance of central bank reserves at GBP 200 billion.

OTHER EUROPEAN COUNTRIES

On balance, the economic situation in the other non-euro area EU countries continued to improve in the second quarter of 2010. Nevertheless, inflation has been increasing in recent months. In the third quarter real GDP rose quarter on quarter by 2.1% in Sweden and by 0.7% in Denmark. In both countries, inflation has risen slightly in recent months, standing at 2.4% in Denmark and 1.6% in Sweden in October 2010.

Overall, the largest central and eastern European EU countries have continued to recover in recent quarters. The recovery continues to be supported by external demand and the rebuilding of inventories, although some differences across countries prevail. Domestic demand has remained rather subdued, owing to weak labour and credit market conditions, low capacity utilisation, as well as fiscal restraint in some countries (see also Box 1 on the economic recovery in the central and eastern European EU countries). Looking ahead, short-term indicators suggest a further improvement in the economic situation in all countries except Romania, where the preliminary estimate suggests negative growth for the third quarter of 2010. In recent months inflation has been increasing in the EU countries in central and eastern Europe. In October 2010 HICP inflation stood at 1.8% in the Czech Republic, 2.6% in Poland, 4.3% in Hungary and 7.9% in Romania. In most countries, the rise in inflation resulted from energy and food prices, partly reflecting a base effect from last year's strong declines. The relatively high level of inflation in Romania also reflects the impact of the VAT increase that was introduced in July 2010.

The economic situation has also stabilised in the smaller non-euro area EU countries, namely the Baltic States and Bulgaria. Inflation has also picked up in these countries from the very low, and for some time negative, inflation rates witnessed during the deep recession in 2009.

In Russia, the recovery in economic activity was interrupted in the third quarter of 2010 as a result of the adverse impact of the exceptional heat wave that engulfed the country. According to preliminary estimates, year-on-year real GDP growth moderated in the third quarter to 2.7%, down from 5.2% in the second quarter. However, owing to the temporary nature of this shock, growth is expected to pick up again by the end of the year, as also suggested by leading indicators. Inflation started to edge up, reaching 7.5% year on year in October. This increase was driven largely by food price hikes on the back of the severe heat wave. Looking further ahead, the pace of the recovery is likely to be shaped by commodity price developments and domestic credit growth.

Box 1

THE ECONOMIC RECOVERY IN THE CENTRAL AND EASTERN EUROPEAN EU COUNTRIES

Following the recession in 2008-09, the economies of the eight EU countries in central and eastern Europe outside the euro area (CEE) are recovering gradually, albeit with significant differences across countries.[1] The expansion in economic activity is currently being driven primarily by exports as domestic demand remains subdued. Those countries that accumulated relatively more substantial internal and external imbalances before the financial crisis suffered more severe contractions in output during the crisis, and most of them face a more sluggish economic recovery.

Recent recovery in economic activity

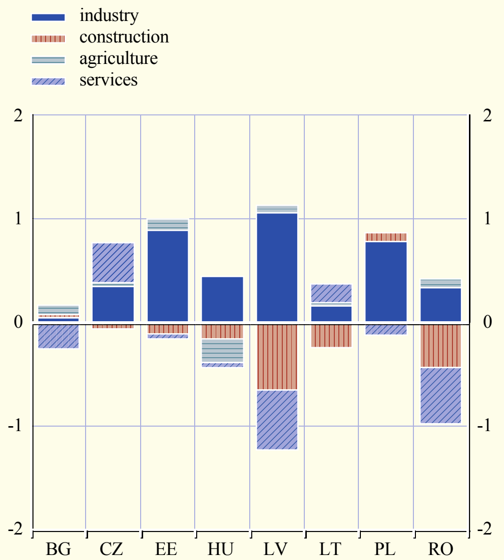
The CEE countries are now edging out of the deepest recession they have experienced since the transition to market-oriented economies, with almost all countries having recorded on average positive quarter-on-quarter GDP growth rates since the second half of 2009. However, the timing and strength of the economic recovery have been heterogeneous across countries. While the upward trend in Poland, the Czech Republic and Estonia started earlier and has been stronger, the recovery in Hungary, Latvia and Lithuania, and in particular in Bulgaria and Romania, did not start until the first half of 2010 and has remained weaker.

In terms of sectoral contributions, the recovery in most CEE countries has been driven by buoyant industrial activity (see Chart A). Conversely, muted construction activity has constrained the recovery in nearly all CEE countries over the past year. This is particularly the case in the Baltic States, where the construction sector expanded at an unsustainable rate during the previous boom period. However, the positive contributions to growth from the construction sector in several countries in the second quarter of 2010 suggest that the downward trend has bottomed out. Similarly, the services sector remained fairly weak at the beginning of the recovery, but, in many countries, it contributed to growth again in the first half of 2010.

The pick-up in economic activity in most countries has been driven mainly by inventories and foreign demand on the back of a rebound

Chart A Sectoral contributions to value added growth

(percentage changes; percentage points)

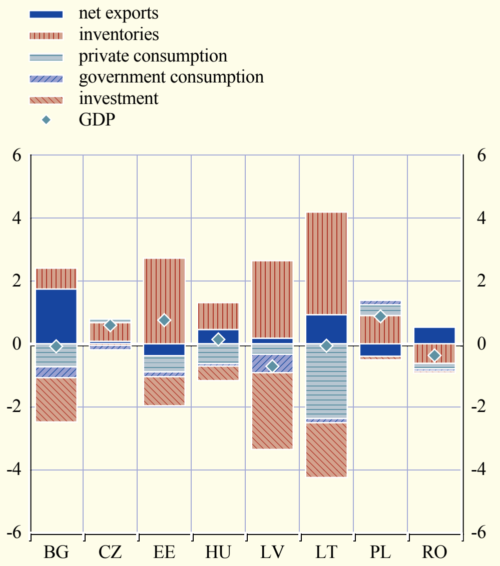


Source: Eurostat.
Notes: Average quarter-on-quarter growth rates over the period from the third quarter of 2009 to the second quarter of 2010. Data are working day and seasonally adjusted except for Romania (only seasonally adjusted).

1 For a more detailed analysis of economic developments in the CEE countries before and during the crisis, see the article entitled "The impact of the financial crisis on the central and eastern European countries", *Monthly Bulletin*, ECB, July 2010.

Chart B Contribution of expenditure to real GDP growth

(percentage changes; percentage points)



Source: Eurostat.
Notes: Average quarter-on-quarter growth rates over the period from the third quarter of 2009 to the second quarter of 2010. Data are working day and seasonally adjusted except for Romania (only seasonally adjusted).

in world trade since the second half of 2009 (see Chart B). By contrast, domestic demand has remained subdued in all countries except Poland. Private consumption has receded further in Bulgaria and Hungary, and especially in the Baltic States, where private consumption had risen considerably before the crisis and unemployment has reached high levels (around 18.5% in the second quarter of 2010). Likewise, investment has not yet started to recover since the end of the recession. In fact, it decreased further in all CEE countries in the first half of 2010. Government consumption has also made a negative contribution to economic growth in the region, reflecting already stretched public finances and fiscal consolidation efforts. Weighted average public deficits were around 6.7% of GDP in 2009 and are projected by the European Commission to remain broadly unchanged in 2010.

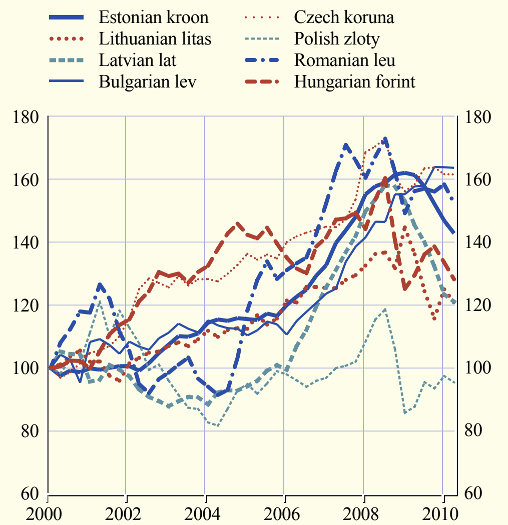
Macroeconomic imbalances, which had been built up in some CEE countries prior to the crisis, are gradually being reduced. This process is necessary, but is currently constraining domestic demand. Credit growth to the private sector in the region has fallen gradually from the unsustainably high levels it reached in 2007-08, bottoming out at single-digit growth rates during the first half of 2010. The Baltic States and Hungary have even experienced negative credit growth rates since the second half of 2009, reflecting a reduced level of private sector indebtedness. Although this is helping to repair households' balance sheets, it is hampering private consumption in the short term. In addition, the high ratio of non-performing loans in some countries (between 17.5% and 19.2% in Lithuania, Latvia and Romania in the first quarter of 2010) is limiting banks' scope for further lending.

Alongside the slowdown in credit growth, financial account balances have deteriorated further since the onset of the recovery, compared with the levels seen during the crisis, and considerably more compared with the previous boom period. Turning to the individual types of capital flow, portfolio inflows, which tend to be a relatively volatile form of capital inflow, became negative in a number of CEE countries during the crisis. More recently, however, this downward trend has reversed in some countries (e.g. Lithuania and Poland). By contrast, most of the CEE countries continued to attract foreign direct investment (FDI) or recorded only small outflows during the crisis and the ongoing recovery period. These FDI inflows are likely to play an important role in supporting sustainable economic growth, especially if they are directed to the tradable sector.

Prior to the crisis, imbalances emerged in many CEE countries, among other things, as a result of unsustainable increases in employee compensation, which significantly exceeded productivity gains. During the crisis, however, some of the countries reduced nominal wages, in particular the Baltic States, where they have dropped by 26% on average since the middle of 2008. Although

Chart C Real effective exchange rates based on unit labour costs

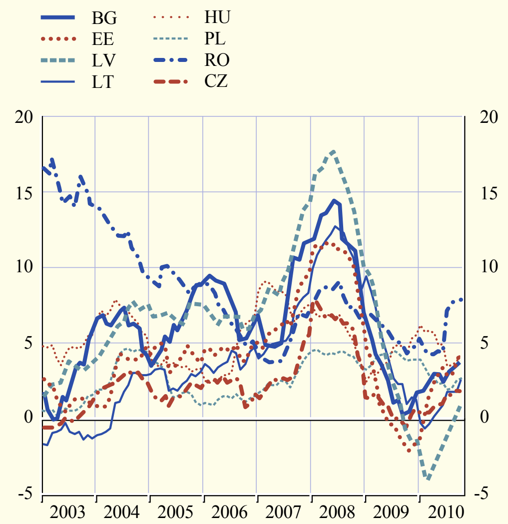
(Q1 2000 = 100)



Source: ECB calculations.

Chart D HICP inflation

(annual percentage changes; monthly data)



Source: Eurostat.

this drop in disposable income is an additional burden on households' ability to consume, the adjustments have helped these CEE countries to partly compensate for the earlier loss of price competitiveness vis-à-vis their main trading partners (see Chart C). The CEE countries with a flexible exchange rate regime (i.e. Hungary, the Czech Republic, Poland and Romania) enhanced their competitiveness mainly through a sizeable nominal depreciation of their currencies in 2008 and early 2009, although these developments were partly offset by appreciations at the end of 2009 and early 2010. Altogether, the rebound in foreign demand, greater competitiveness and subdued domestic demand have led to a sharp decline in current account deficits in the CEE countries. In the case of the Baltic States and Hungary, the deficits even turned into a surplus in the first half of 2010.

Following substantial disinflation (and partly deflation) during the crisis, HICP inflation in the CEE countries with a fixed exchange rate regime (i.e. the Baltic States and Bulgaria) has been rising again since spring 2010 (in Latvia only since September 2010). By contrast, the CEE countries with a flexible exchange rate regime did not experience such high inflation rates during the previous boom period and did not see an equally pronounced phase of disinflation during the crisis (see Chart D). During most of the recovery period to date, inflation rates in these countries have remained positive and below 5%. In Romania, however, inflation has increased further in recent months.

Outlook for economic activity

Looking ahead, economic sentiment surveys signal a further strengthening of the recovery in all CEE countries, albeit to a lesser extent in Bulgaria and Romania. Domestic demand is expected to make a stronger contribution to growth in 2011, although exports are likely to remain a driver of economic activity in the region. With both domestic and foreign demand expected to gain momentum again next year, projections for real GDP growth in 2011 stand at around 3.5% for the Baltic States and Poland, 2.3% for the Czech Republic, Hungary and Bulgaria, and 1.5% for Romania (see the table). Nevertheless, there are still risks to this outlook. Although the unemployment rate in all CEE countries (except Lithuania) has been decreasing gradually (or at least has stopped rising) since the beginning of 2010, the continued high level of unemployment is likely to dampen private consumption for a prolonged period. Similarly, should the deleveraging of the private sector continue, it will reduce growth in domestic demand. Moreover, additional uncertainties stem from the outlook for external demand as well as capital flows to the region.

GDP forecasts for 2011

(annual percentage changes)

	IMF	European Commission	Consensus Economics
BG	2.0	2.6	2.4
CZ	2.2	2.3	2.2
EE	3.5	4.4	3.8
HU	2.0	2.8	2.4
LV	3.3	3.3	2.9
LT	3.1	2.8	2.9
PL	3.7	3.9	3.8
RO	1.5	1.5	1.5

Sources: IMF World Economic Outlook (October 2010), European Commission autumn forecast (November 2010) and Consensus Economics Forecasts (November 2010).

EMERGING ASIA

National accounts data for the third quarter of 2010 indicate that GDP growth was somewhat slower than in the previous two quarters. Nevertheless, it has still maintained its robust momentum. While supportive fiscal and monetary policies have been gradually withdrawn and the contribution of net exports has declined relative to the first half of 2010, domestic private demand and gross fixed investment have taken over as the drivers of economic growth. Although the latest inflation data show elevated rates of inflation, stemming mainly from rising food and commodity prices, they are projected to be temporary in nature.

In China, real GDP increased by 9.6% year on year in the third quarter of 2010, compared with 10.3% in the second quarter. This development suggests that the economy has become resilient to the policy tightening introduced earlier this year. With external demand remaining strong and import demand weakening, the monthly trade surplus has reached pre-crisis levels in recent months. Inflationary pressures have continued to increase, with CPI inflation reaching 4.4% year on year in October, mainly on account of rising food prices. Moreover, property prices have picked up considerably in recent months, owing to increased demand against the background of ample liquidity, loose credit conditions and negative real interest rates on deposits. The People's Bank of China has shifted the focus of its policies from enhancing growth to addressing inflationary pressures, thereby raising the one-year benchmark lending and deposit rates by 25 basis points to 2.5% and 5.56% respectively, effective from 20 October. In the last few months the authorities have also introduced a wide range of administrative measures aimed at reducing the pressure on residential property and food prices. The People's Bank of China also raised the reserve requirements for commercial banks in order to withdraw excess domestic liquidity from the market.

In Korea, real GDP rose by 4.5% year on year in the third quarter of 2010, compared with 7.1% in the second quarter. This moderation was driven primarily by weaker exports. By contrast, private consumption and investment growth accelerated. While annual CPI inflation continued its upward trend, rising to 4.1% in October and thus moving outside the target band of 2% to 4%, the Bank of Korea increased its policy rate by 25 basis points to 2.50% on 16 November. In India, real

GDP at market prices rose by 10.6% year on year in the third quarter, compared with 10.3% in the previous quarter, thus pointing to sustained growth momentum. Fiscal stimulus measures have been withdrawn progressively, while investment has taken over as the main driver of growth. Wholesale price inflation has remained persistently high, reaching 8.6% in both September and October. Amid elevated levels of inflation and strong domestic economic activity, the Reserve Bank of India raised its main policy rates by 25 basis points to 6.25% (repo rate) and 5.25% (reverse repo rate) on 2 November.

The outlook for emerging Asia suggests a continued, sustainable economic expansion, albeit at a more moderate pace than in the first half of 2010. In the short to medium term the main upside risk to this outlook is related to the extent of the recovery in domestic demand. The main downside risks are linked to developments in advanced economies, which may have an adverse effect on global trade and private capital flows.

LATIN AMERICA

In Latin America, there are increasing signs that the pace of the economic recovery is moderating, albeit from elevated levels. At the same time inflationary pressures remain high, partly owing to the recent increases in food prices. Specifically, in Mexico, annual real GDP growth stood at 5.3% in the third quarter of 2010, having risen by 7.3% in the second quarter of 2010. Annual consumer price inflation averaged 3.7% in the third quarter, down from 4.0% in the second quarter. In Brazil, high frequency indicators suggest that economic activity remains buoyant. Industrial production expanded by almost 8% year on year in the third quarter of 2010, after 14.3% in the second quarter. At the same time inflationary pressures remain elevated, with headline inflation averaging 4.5% in the third quarter, compared with 5.0% in the previous quarter. In Argentina, industrial production rose at an average rate of 9.3% year on year in the third quarter, after 10% in the second quarter. Meanwhile, inflation remained high, with annual CPI inflation averaging 11.1% in the third quarter, up from 10.6% in the second quarter.

Overall, although the strength of the economic recovery is showing signs of weakening, growth is expected to remain robust in many Latin American countries. Supporting factors include high commodity prices, continued domestic stimuli and strong capital inflows. Nevertheless, the longer-term sustainability of the recovery continues to depend, to a significant extent, on the external environment.

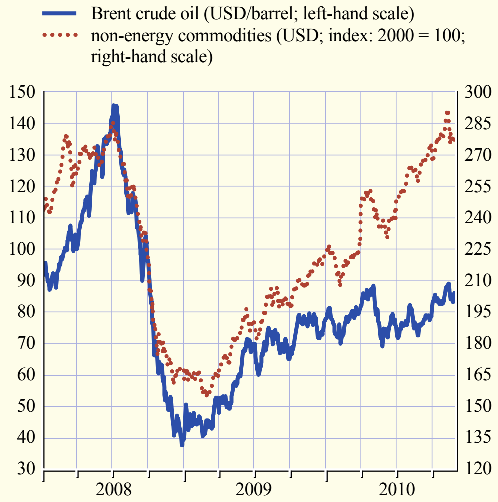
1.2 COMMODITY MARKETS

Oil prices have increased steadily over the past three months (see Chart 4). Brent crude oil stood at USD 86.6 per barrel on 1 December, which is about 11% higher than at the beginning of the year. Looking ahead, market participants are still expecting higher oil prices in the medium term, with futures contracts for December 2012 trading at USD 92 per barrel.

The increase in oil prices has taken place against the background of a tightening in the supply and demand balance. Demand is recovering gradually in both OECD and non-OECD economies, and the International Energy Agency has repeatedly revised upwards its oil demand forecasts for 2010 and 2011, mostly owing to assumptions that global economic growth will improve. The increase in demand has led to a substantial reduction in OECD inventories over the last few months, signalling that the market is indeed in a situation of under supply, despite a rise in output from non-OPEC producers and OPEC producing above quota. However, the high level of spare capacity is providing a buffer against supply bottlenecks.

The prices of non-energy commodities have also increased markedly over the last three months, fuelled by gains in the prices of both food and metals. Food prices rose considerably in September and early October, driven mainly by maize and sugar, owing to production estimates being revised downwards and adverse weather conditions. Furthermore, metal prices increased significantly in September, but stabilised somewhat thereafter, reflecting market concerns about the robustness of the global economic recovery. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was about 24% higher towards the end of November than at the beginning of the year.

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

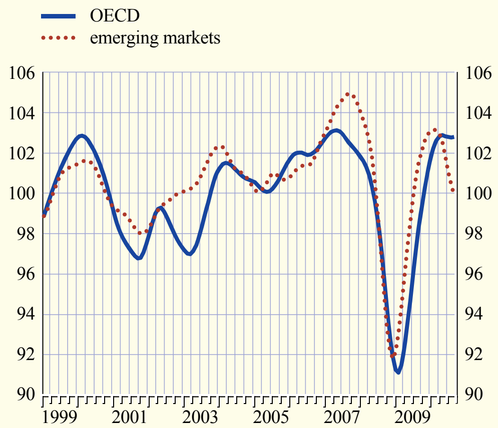
1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

The latest survey-based evidence confirms that the recovery of the global economy has progressed more slowly in the second half of this year. Moreover, the pace of the recovery and cyclical position remains uneven, both across and within regions. In September the OECD composite leading indicator (CLI) remained unchanged from the previous month (see Chart 5). While pointing to continued expansion in the OECD area, it masks differences across individual OECD countries. In emerging economies, the CLI continued to decrease and has now fallen below its long-term trend. The Ifo World Economic Climate Indicator also suggests that global growth developments weakened in the second half of 2010. Looking ahead, world growth prospects are expected to remain rather subdued at the beginning of 2011, but to start picking up again thereafter for the remainder of the year.

The risks to global activity are tilted to the downside, with uncertainty remaining elevated. On the upside, trade may continue to grow faster than expected. On the downside, concerns remain relating to the tensions in some segments of the financial markets, renewed increases in oil and other commodity prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

Chart 5 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Monetary data up to October 2010 continue to point to a recovery in the annual growth rates of both M3 and MFI loans to the private sector. However, for the time being this recovery remains characterised by low rates of growth and is in line with the assessment of moderate underlying monetary expansion and contained inflationary pressures over the medium term. Sectoral developments in loans to the private sector point to a gradual recovery in loans to non-financial corporations, albeit with annual growth rates remaining negative. The annual growth of loans to households has stabilised at moderately positive rates. The main assets held by euro area MFIs increased in the third quarter of 2010, reflecting a further increase in credit to the euro area private sector. The latest developments confirm that the overall size of the banking sector's balance sheet has been stabilising. Monetary data for October should be assessed with caution, as they are affected by large-scale transactions between the MFI balance sheet and a "bad bank" in an individual Member State (which is classified as part of the government sector).

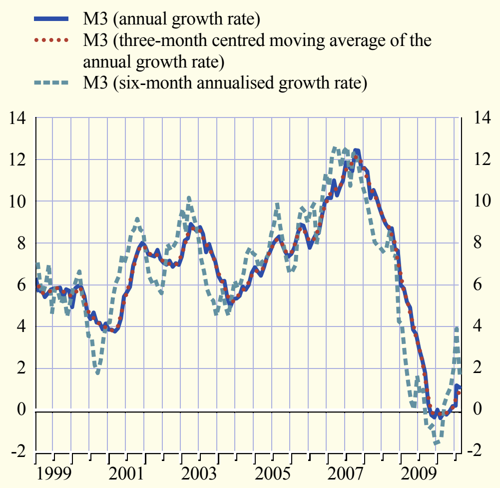
THE BROAD MONETARY AGGREGATE M3

The annual growth rate of the broad monetary aggregate M3 turned moderately positive in the third quarter of 2010, standing at 0.7%, having been marginally negative in the previous two quarters (see Chart 6). In October it stood at 1.0%, down slightly from September, but this decline was essentially due to the shifting of assets from the Hypo Real Estate Group to FMS Wertmanagement, a "bad bank" established by the German government. These arrangements significantly affected a number of components and counterparts of euro area M3. Excluding these effects, the annual growth rate of M3 would have increased marginally in October. Thus, the latest data do not challenge the previous assessment that euro area monetary dynamics are recovering, but this recovery remains characterised by low levels of growth. However, even when correcting for the effect of these particular transactions, month-on-month growth in M3 was slightly negative in September and October. Thus, some uncertainty remains regarding the strength of the recovery in monetary growth.

Weak monetary growth continues to reflect the downward impact of the yield curve. However, the large-scale reallocation of funds from instruments within M3 to financial assets outside M3 has diminished over the past few months, as the yield curve has flattened since the beginning of the year. Box 2, entitled "The impact of the yield curve on recent developments in monetary aggregates", provides further information in this regard. On the component side, the modest strengthening observed in annual M3 growth since the summer masks the fact that the annual growth rate of M1 has declined considerably further but remains significantly positive, while that of short-term deposits other than overnight deposits and marketable instruments (i.e. M3 minus M1) has become noticeably less negative. This narrowing reflects increasing remuneration differentials for the various categories of monetary asset.

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

On the counterpart side, the moderate strengthening observed in annual M3 growth in the third quarter and – looking beyond the statistical effect of the transactions with the bad bank – in October continued to be mirrored by a slight increase in the annual growth rate of loans to the private sector. At the sectoral level, the annual growth rate of loans to households showed further signs of having stabilised at moderately positive levels. By contrast, the annual growth rate of lending to non-financial corporations remained negative, although the latest developments continued to provide evidence of a gradual recovery.

The main assets held by euro area MFIs increased in the third quarter of 2010, reflecting a further increase in credit to the euro area private sector. The strong contraction recorded in October was primarily related to the transfer of assets to the bad bank and declines in certain interbank positions and should not be seen as pointing to renewed pressure to deleverage for bank balance sheets as a whole.

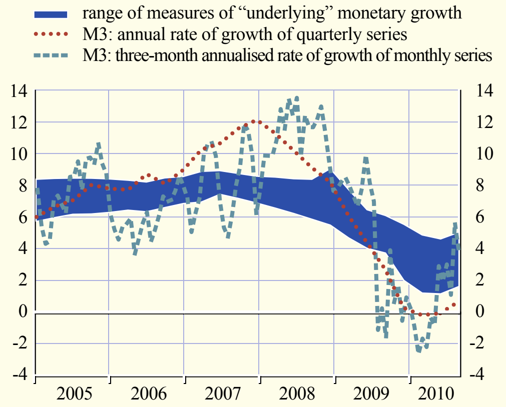
Box 2

THE IMPACT OF THE YIELD CURVE ON RECENT DEVELOPMENTS IN MONETARY AGGREGATES

Since mid-2010 the annual growth rate of M3 has strengthened somewhat. This follows a period of stagnation in monetary growth in the first half of 2010, after the sharp deceleration observed in late 2008 and throughout 2009. In order to assess the implications of this recent development for price stability over the medium term, it is essential to gauge the extent to which this strengthening is mirrored in the pace of underlying monetary expansion. Analysing underlying monetary expansion provides the relevant signal regarding risks to price stability over the medium term. The range of measures of underlying monetary expansion typically monitored indicates that the gap that has built up over the last year and a half between these measures and the lower headline rate of monetary growth has narrowed (see Chart A).[1] A broad-based monetary analysis conducted by the ECB points to the changing slope of the yield curve as the main factor driving this gap. This box presents the analysis that underpins the assessment of the role of the interest rate constellation, drawing on both qualitative and quantitative evidence. The model-based analysis used to address this question draws on the more comprehensive toolkit now available for the purposes of monetary analysis, which was presented in a recent ECB publication.[2]

Chart A M3 and underlying M3

(percentage changes)



Sources: ECB and ECB calculations.

1 These measures of underlying monetary growth are derived using some of the methods described in the box entitled "Underlying monetary dynamics: concept and quantitative illustration", *Monthly Bulletin*, ECB, Frankfurt am Main, May 2008. The empirical measures used are obviously imperfect proxies for the concept of underlying monetary expansion. In addition, it must be borne in mind that the signalling quality of different empirical measures may vary over time.
2 See Papademos, L.D. and Stark, J. (eds.), *Enhancing monetary analysis*, ECB, Frankfurt am Main, 2010.

Developments in the yield curve since late 2008

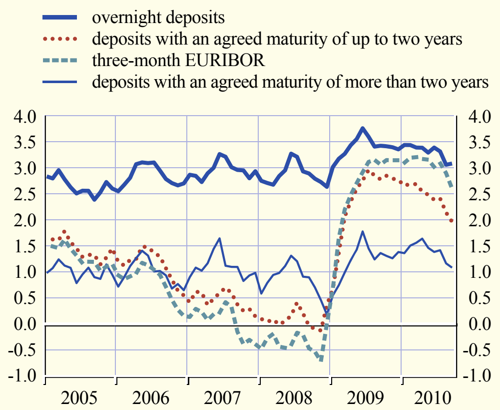
The decisive policy action undertaken in the aftermath of the collapse of Lehman Brothers in late 2008 led to a sharp decline in short-term interest rates and, as a result, an unprecedented steepening of the yield curve. The steepening observed in the slope of the yield curve – as measured, for instance, by the spread between the yield on ten-year euro area government bonds and the three-month EURIBOR – resulted in similar adjustments in differentials between interest rates on MFI deposits and government bond yields (see Chart B). In mid-2009 most of these differentials, which are a typical measure of the opportunity cost of holding MFI deposits, stabilised at elevated levels. Incidentally, developments in the differential relating to rates on MFI short-term time deposits (i.e. deposits with an agreed maturity of up to two years) were not fully in line with other differentials, as banks appeared to increase the value they attached to the reduced liquidity risk that securing funding through such deposits exposed them to.[3] All interest rate differentials have gradually declined since mid-2010, but they remain well above the levels prevailing prior to the collapse of Lehman Brothers.

Qualitative evidence of the impact of interest rate developments on portfolio allocation

The slope of the yield curve has an impact on M3 through the broad decision to invest funds in shorter-term monetary assets or longer-term non-monetary assets. One way of gauging this impact is to look at the share of M3 flows in total financial investment by euro area households and firms (see Chart C). Data suggest that until early 2010 the sharp adjustment seen in the relevant risks and returns led to financial investment being shifted towards non-monetary instruments. In particular, financial investment in non-MFI

Chart B Differentials between interest rates on MFI deposits and ten-year government bond yields

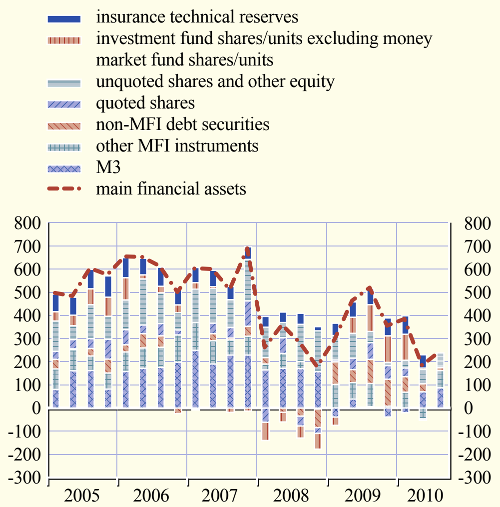
(percentage points)



Sources: ECB and ECB estimates.
Note: The ten-year government bond yield is the spot rate yield on all euro area government bonds.

Chart C Financial investment of the money-holding sector

(quarterly flows; EUR billions; adjusted for seasonal effects)



Sources: ECB and ECB estimates.
Notes: Excludes the financial investment of general government. Data from the integrated euro area accounts are available up to the second quarter of 2010, while MFI data include the third quarter of 2010. Data on investment fund shares/units for the third quarter of 2010 are estimates based on investment fund statistics. The bar with the grey and white pattern in the third quarter of 2010 denotes an estimate of financial investment in assets other than: (i) MFI instruments; and (ii) investment fund shares/units.

3 Besides the maturity features of these short-term time deposits, their attractiveness as a source of MFI funding may also result from the fact that they are collected from the non-financial private sector, which may be considered less likely to suddenly stop or reverse the supply of funding than the financial sector.

debt securities, investment fund shares and equity increased markedly during this period. At the same time, investment in longer-term MFI instruments also increased, suggesting that remuneration considerations had a larger role to play in the reorientation of financial investment than possible concerns regarding the riskiness of the MFI sector. In the period between late 2006 and late 2008, which preceded the sharp slowdown in annual M3 growth, short-term time deposits were better remunerated than longer-term deposits. This interest rate configuration was reversed sharply (by approximately 250 basis points) by the steepening of the yield curve in late 2008, rendering investment outside M3 substantially more attractive. In the last few quarters, the impact of interest rate developments has again been visible in money holdings, as the gradual flattening of the yield curve has reduced the incentive to shift funds out of M3 and has thus been accompanied by monetary instruments regaining a significant share of total financial investment flows.

Insights from model-based analyses assessing the role of the yield curve in shaping monetary developments

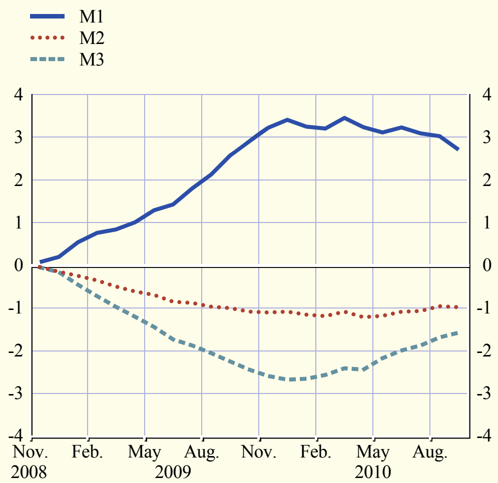
In order to confirm the robustness of these conclusions regarding the impact of the yield curve on monetary aggregates, it is useful to complement this analysis with more formal model-based approaches. Such approaches are necessary in order to properly take into account the fact that there are typically a multitude of factors (i.e. in addition to interest rates) that affect monetary developments at any given point in time.

One empirically driven approach that can be brought to bear on this question involves the use of a large-scale vector autoregression model estimated using Bayesian methods (i.e. a BVAR model).[4] This model captures the dynamic interaction between: a rich set of interest rates and yields; a broad array of business cycle indicators; and an extensive range of monetary variables from both sides of the MFI balance sheet. Thus, it represents a tool with which to study the effects of the yield curve on different monetary aggregates, taking due account of the macroeconomic environment. To gauge the size of these effects, counterfactual simulations are run, holding the interest rate constellation unchanged at the configuration prevailing in October 2008. The evolution of the main monetary aggregates is then compared with that implied by a model simulation in which interest rates follow their actual path.

The results confirm that the steepening of the yield curve exerted considerable downward pressure on M3 growth (see Chart D). Moreover, this impact is significant at conventional levels of confidence. At the same time, the changes observed in the interest rate configuration since early 2009 have also had a profound effect on the allocation of funds to instruments within M3, prompting a significant

Chart D Effect of the steepening of the yield curve based on a large-scale BVAR model

(percentage points)



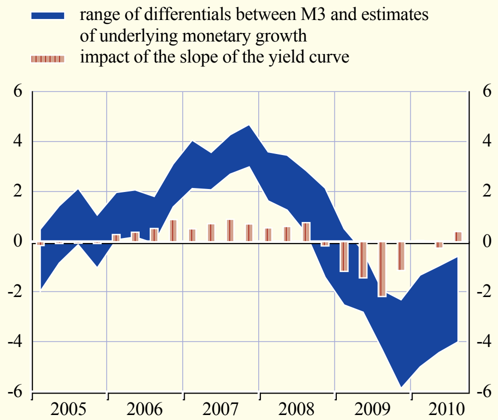
Sources: ECB and ECB calculations.
Note: This effect is based on the model described in Annex 1 to Chapter 4 of Papademos, L.D. and Stark, J. (eds.), op. cit.

4 This model is presented in Annex 1 to Chapter 4 of Papademos, L.D. and Stark, J. (eds.), op. cit.

reallocation of holdings of monetary assets, with shifts towards the most liquid instruments. This is confirmed by the model, which points to a large positive impact on M1 growth. A negative impact is also estimated for M2, although this is weaker than that estimated for M3 on account of the larger share of more liquid components in M2. The analysis based on the BVAR model points to the impact of the yield curve waning in 2010. While this is the case for all aggregates, it is more pronounced in the case of M3.

Chart E Impact of the yield curve on annual M3 growth on the basis of a structural model

(percentage points)



Sources: ECB and ECB calculations.
Note: This impact is derived on the basis of the model described in Chapter 5 of Papademos, L.D. and Stark, J. (eds.), op. cit.

The effects of the yield curve on M3 growth as identified using the BVAR model are broadly confirmed by an analysis based on a more theoretical (yet empirically consistent) approach, namely a dynamic stochastic general equilibrium (DSGE) model.[5] The incorporation in this model of financial frictions and a banking sector allows the formulation of structural interpretations of monetary developments. In particular, it permits the identification of the structural shocks that, according to the model, shape economic, monetary and financial developments at each point in time. The model suggests that in recent years the slope of the yield curve has been driven largely by the monetary policy response to the financial crisis. This, in turn, exerted a significant downward impact on the annual M3 growth observed during 2009 and, indeed, goes a long way towards explaining the switch from a positive gap between headline and underlying monetary expansion before the crisis to a negative one as of the last quarter of 2008 (see Chart E). Indeed, in 2009 the outcomes of the theoretically oriented DSGE model and the empirically driven BVAR model were also very similar in quantitative terms (with the impact derived from the BVAR model peaking at around 2.5 percentage points, while that derived from the DSGE model peaked at around 2 percentage points). In 2010 this downward impact has disappeared, with the contribution to M3 growth turning slightly positive in the third quarter of the year.

Conclusion

The ability to identify factors driving headline M3 growth and quantify their impact over time is instrumental in the assessment of underlying monetary expansion. The analysis presented here shows that the recent strengthening of annual M3 growth is, to a large extent, a result of the gradual waning of the downward impact of the yield curve and should not be expected to lead to a one-to-one strengthening in underlying monetary expansion. This notwithstanding, the moderate pace of underlying monetary expansion is currently still well above the low rate of headline M3 growth on account of the yield curve effect, signalling that medium-term risks to price stability are contained.

5 This model is presented in Chapter 5 of Papademos, L.D. and Stark, J. (eds.), op. cit.

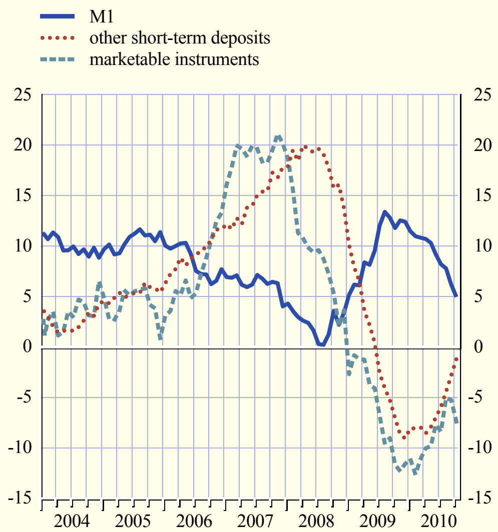
MAIN COMPONENTS OF M3

Subdued developments in the annual growth rate of M3 continue to conceal significant and divergent movements in the growth rates of its main components. The annual growth rate of M1 declined further, but remained positive, while those of short-term deposits other than overnight deposits (i.e. M2 minus M1) and marketable instruments (i.e. M3 minus M2; see Chart 7) increased in the third quarter of 2010, but remained negative. The trends in both M1 and short-term deposits other than overnight deposits continued in October, while the annual growth rate of marketable instruments became more negative (owing to the transactions with the German bad bank).

The annual growth rate of M1 declined to 7.9% in the third quarter, down from 10.3% in the previous quarter. It then declined further to stand at 4.9% in October (see Table 1), despite a modest monthly inflow for overnight deposits.

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 increased to -5.1% in the third quarter, up from -8.0% in the previous quarter, before strengthening further to stand

Table 1 Summary table of monetary variables

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

	Outstanding amount as a percentage of M3 1)	Annual growth rates 2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Sep.	2010 Oct.
M1	**49.5**	**12.3**	**11.3**	**10.3**	**7.9**	**6.2**	**4.9**
Currency in circulation	8.3	7.5	6.2	6.4	6.6	6.0	5.8
Overnight deposits	41.2	13.3	12.4	11.1	8.1	6.2	4.8
M2 – M1 (= other short-term deposits)	39.2	-7.6	-8.2	-8.0	-5.1	-2.8	-1.2
Deposits with an agreed maturity of up to two years	19.1	-22.0	-22.7	-21.5	-16.1	-12.1	-8.9
Deposits redeemable at notice of up to three months	20.1	15.8	13.3	10.3	8.3	7.9	7.3
M2	**88.7**	**2.2**	**1.7**	**1.4**	**1.8**	**2.0**	**2.1**
M3 – M2 (= marketable instruments)	11.3	-11.4	-11.7	-9.8	-6.7	-5.3	-7.4
M3	**100.0**	**0.3**	**-0.2**	**-0.1**	**0.7**	**1.1**	**1.0**
Credit to euro area residents		**3.0**	**1.9**	**1.8**	**1.9**	**2.1**	**3.0**
Credit to general government		14.2	9.9	9.2	7.8	7.3	12.0
Loans to general government		3.1	3.7	6.7	6.5	7.7	13.2
Credit to the private sector		0.9	0.3	0.2	0.6	0.9	1.0
Loans to the private sector		-0.6	-0.4	0.2	0.9	1.2	1.4
Loans to the private sector adjusted for sales and securitisation		0.3	-0.2	0.2	1.0	1.3	1.6
Longer-term financial liabilities (excluding capital and reserves)		**6.7**	**5.5**	**4.4**	**2.2**	**2.0**	**2.1**

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

at -1.2% in October. This continued to reflect divergent developments for individual sub-components, as the annual growth rate of short-term time deposits increased significantly further, albeit remaining negative, whereas the annual growth rate of short-term savings deposits continued to decline, albeit remaining robustly positive.

To a large extent, the persistent narrowing of the gap between the growth rates of M1 and short-term deposits other than overnight deposits reflects interest rate developments. Interest rates on short-term time and savings deposits have risen in recent months, while the interest rate on overnight deposits has remained stable. This steepening at the shorter end of the yield curve has encouraged a shift from overnight deposits into other, better remunerated deposits within M3.

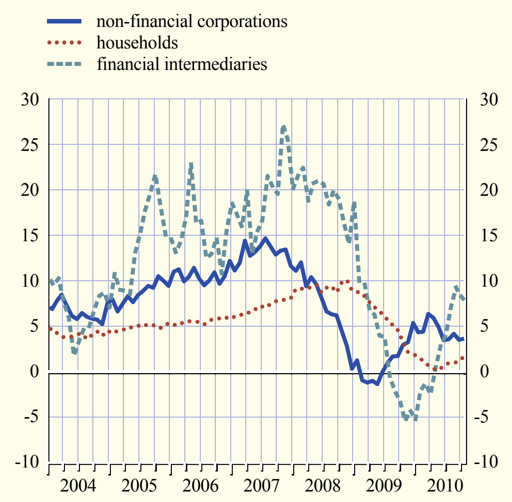
The annual growth rate of marketable instruments increased to -6.7% in the third quarter, up from -9.8% in the second quarter, before declining to stand at -7.4% in October. Excluding the effect of the transactions with the German bad bank, which primarily affected short-term debt securities, the annual growth rate of marketable instruments would have improved further in October relative to the third quarter. However, marketable instruments would still have registered a significant monthly outflow in October, as the monthly flows for repurchase agreements and money market fund shares/units were also negative.

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 – increased further to stand at 2.9% in October, up from 2.2% and 1.2% in the third and second quarters respectively. These developments were driven by non-monetary financial intermediaries other than pension funds and insurance corporations (OFIs) and households, whose contributions to the annual growth rate increased noticeably over this period (see Chart 8). By contrast, the contribution of non-financial corporations declined in the third quarter and was unchanged in October.

The significant increase observed recently in the contribution of households is a reflection not only of the sector's weight in terms of overall deposit holdings, but also of its somewhat delayed reaction to changes in the interest rate constellation. Households' increased contribution to M3 deposit growth reflects significant increases in annual flows, driven mainly by increased inflows for short-term savings deposits and less negative flows for short-term time deposits. The increased inflows for short-term savings deposits reflect increases in the remuneration of these deposits relative to overnight deposits. Developments in short-term time deposits reflect improvements in their remuneration relative to other deposit categories.

Chart 8 Short-term deposits and repurchase agreements

(annual percentage changes; not adjusted for seasonal or calendar effects)



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

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of total MFI credit to euro area residents increased markedly to stand at 3.0% in October 2010, up from 1.9% in the third quarter and 1.8% in the second quarter (see Table 1). The increase observed in October was driven entirely by a rise in the annual growth rate of MFI credit to general government, while that of credit to the private sector remained unchanged.

The sizeable increase observed in the annual growth rate of MFI credit to general government in October was driven largely by transactions with the German bad bank. It is thus likely to represent only a temporary interruption to the declines consistently observed in previous months, which were the result of a slowdown in the accumulation of government securities by the MFI sector as the yield curve flattened.

The annual growth rate of MFI credit to the private sector remained broadly unchanged in September and October, after increasing significantly in August. The annual growth rate of MFIs' holdings of private sector securities other than shares continued to decrease, still reflecting the weaker retained securitisation activity in recent months. By contrast, the annual growth rate of MFIs' holdings of shares and other equity increased in October, after declining in the third quarter.

The annual growth rate of MFI loans to the private sector – the largest component of credit to the private sector – continued its upward trend, increasing to 1.4% in October, up from 0.9% in the third quarter and 0.2% in the second quarter (see Table 1). This supports the view that the recovery observed since the turn of the year in private sector loan dynamics is proceeding, albeit at a gradual pace. The volume of loans derecognised from MFI balance sheets increased in October, but remained low. Thus, adjustment for securitisation continues to have only a marginal impact on the annual growth rate of MFI loans to the private sector, as has been the case since the beginning of 2010.

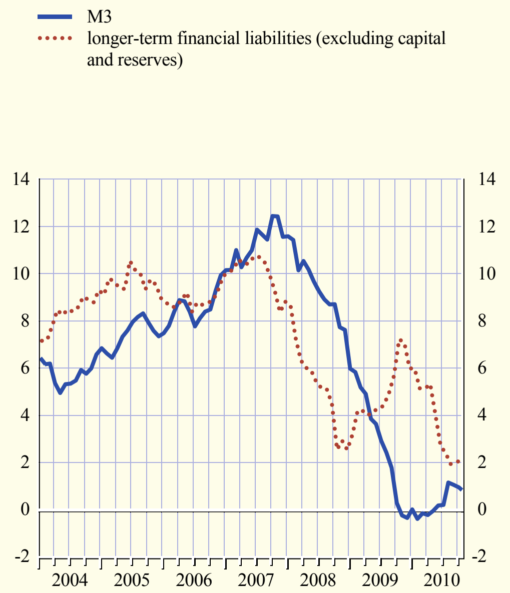
The increase observed in October in the annual growth rate of loans to the private sector reflected a slight increase in the annual growth rate of lending to households, which rose to 2.9%, while the annual growth rate of lending to non-financial corporations remained unchanged at -0.6%. At the same time, the annual growth rate of loans to OFIs rose further in October, despite a negative monthly flow.

The latest data confirm that the annual growth rate of loans to households has levelled off at close to 3% since June 2010. This is a reflection mainly of the broadly unchanged moderately positive rate of growth for lending for house purchase, but also of the fact that the annual growth rate of consumer credit remains negative.

The annual growth rate of loans to non-financial corporations has become steadily less negative since the second quarter of 2010, confirming that a gradual recovery is under way following a turning point earlier in the year. The third quarter saw the first positive quarterly flow of loans to non-financial corporations since early 2009, and this was broadly based across maturities. This increase in borrowing might be related to growth in corporate investment and spending needs in the context of improving business expectations and a pick-up in activity. October saw a sizeable monthly outflow – again, broadly based across maturities – and the annual growth rate did not increase further. However, this largely reflected the derecognition of loans relating to the bad bank scheme.

Chart 9 M3 and MFI longer-term financial liabilities

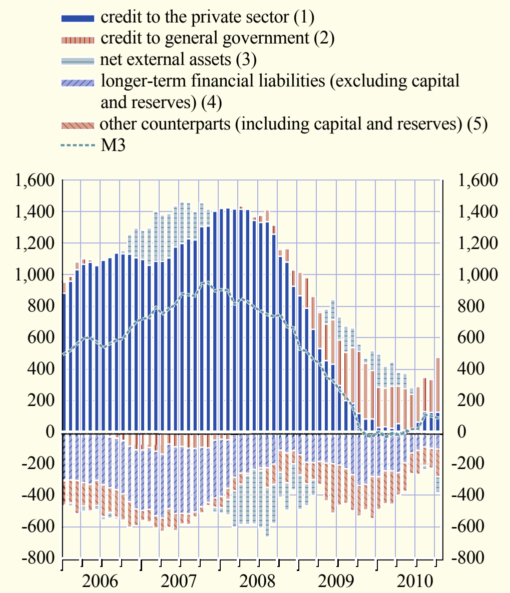
(annual percentage changes; adjusted for seasonal and calendar effects)



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.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) declined to 2.2% in the third quarter, down from 4.4% in the previous quarter, but increased slightly in September and October. This increase reflected inflows for long-term MFI debt securities held by the money-holding sector, following outflows in May and June owing to increased tensions in euro area sovereign debt markets. By contrast, the annual growth rate of longer-term deposits held by the money-holding sector declined further in October, reflecting a slowdown in shifts from M3 deposits to longer-term deposits as the yield curve flattened.

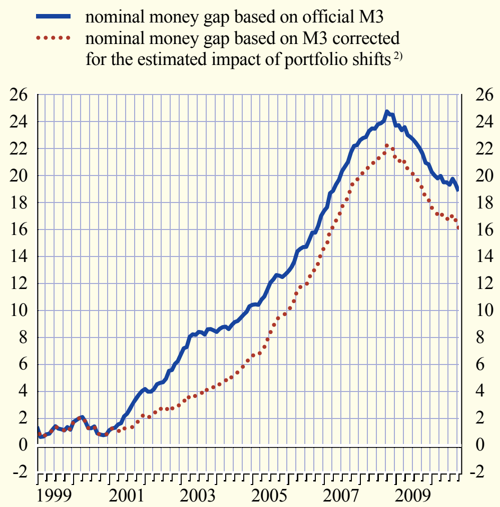
Finally, an average annual outflow of €11 billion was recorded for MFIs' net external assets in the third quarter of 2010, following strong inflows averaging €73 billion and €168 billion in the second and first quarters respectively (see Chart 10). The decrease observed in the annual inflows for the net external asset position between February and the third quarter reflected considerably less negative flows for gross external liabilities, which more than offset the significant decline in outflows for gross external assets. MFIs' net external assets declined strongly in October, but this was due primarily to transactions with the German bad bank, which resulted in an outflow for loans and securities to non-euro area residents.

GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

On the basis of developments in the nominal and real money gaps, the third quarter and October 2010 saw the amount of monetary liquidity in the euro area decrease slightly further from its elevated levels (see Charts 11 and 12). These kinds of liquidity measure need to be interpreted

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

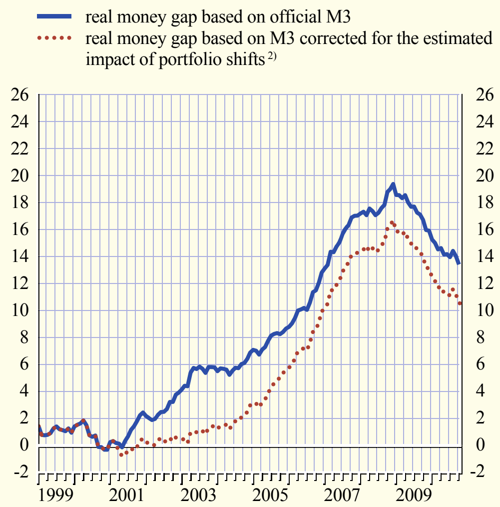
(as a percentage of the stock of M3; adjusted for seasonal and calendar effects; December 1998 = 0)



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.

with caution, as they rely on an assessment of equilibrium money holdings, which is always uncertain and especially so at present in the context of the financial crisis. Indeed, the differences between the various money gap measures may be taken as an indication of the considerable uncertainty surrounding the liquidity situation in the euro area at the current juncture. These caveats notwithstanding, the measures point to a clear accumulation of monetary liquidity over the past few years, and the period of subdued M3 growth observed since the end of 2008 is unlikely to have resulted in the full unwinding of this earlier accumulation.

The annual growth rates of M3 and loans to the private sector have gradually strengthened in recent months, but remain at relatively subdued levels from a historical perspective. The yield curve is having less of a dampening effect on M3 growth, and so headline monetary growth is more in line with the pace of underlying monetary expansion than it has been in previous quarters (although it remains well below it). Overall, the assessment that underlying monetary growth is moderate and medium-term inflationary pressures stemming from monetary developments remain contained still holds.

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

The annual growth rate of total financial investment by the non-financial sectors was unchanged in the second quarter of 2010. This conceals a decline in the annual growth rate of investment by the household sector, which was broadly offset by an increase in the annual growth rate of investment *by non-financial corporations. The annual inflow for investment fund shares/units decreased further in the third quarter – mostly owing to base effects, but also in line with some flattening of the yield curve. The annual growth rate of financial investment by insurance corporations and pension funds was broadly unchanged in the second quarter, reflecting the moderation of the money-holding sectors' investment in insurance technical reserves.*

NON-FINANCIAL SECTORS

In the second quarter of 2010 (the most recent quarter for which data are available) the annual growth rate of total financial investment by the non-financial sectors remained unchanged, standing at 2.6% for the third consecutive quarter and thereby remaining at its lowest level since the start of Stage Three of EMU (see Table 2). The contributions of investment in deposits and unquoted shares were broadly unchanged compared with the previous quarter. The contribution of investment in debt securities increased from a negative level, while those of shares and other equity, mutual fund shares and investment in insurance and pension products declined from positive levels.

The fact that the annual growth rate of total financial investment was unchanged in the second quarter of 2010 reflects the broadly unchanged contributions of the various non-financial sectors (see Chart 13). The contribution of the household sector declined slightly, having consistently increased over the previous four quarters, while that of non-financial corporations was marginally larger than in the previous quarter. The contribution of the general government sector remained slightly negative, with stronger investment in government deposit holdings and loans granted being largely offset by declines in the annual growth rates of investment in shares and other equity and debt securities. For more detailed information on developments in financial investment by the private sector, see Sections 2.6 and 2.7.

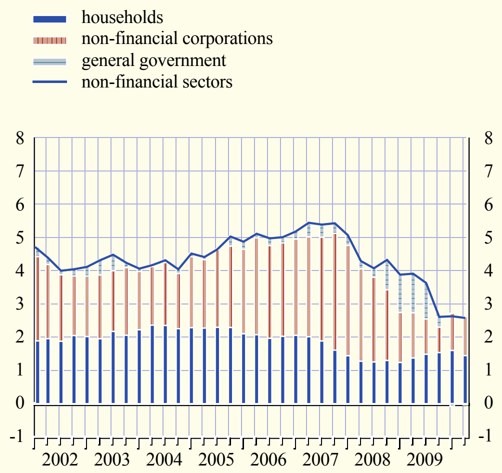
Table 2 Financial investment of the euro area non-financial sectors

	Outstanding amount as a percentage of financial assets [1]	Annual growth rates									
		2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2
Financial investment	**100**	**5.1**	**4.3**	**4.1**	**4.3**	**3.9**	**3.9**	**3.6**	**2.6**	**2.6**	**2.6**
Currency and deposits	23	6.6	5.5	5.8	7.0	7.3	6.9	6.0	3.6	2.1	2.1
Debt securities, excluding financial derivatives	6	4.3	3.5	3.7	5.8	5.1	2.3	-0.2	-3.8	-5.1	-2.4
of which: short-term	1	22.7	15.6	0.1	10.3	-12.4	-17.9	-20.1	-27.6	-22.2	-16.7
of which: long-term	5	1.5	1.6	4.4	5.0	8.3	5.8	3.1	0.3	-2.4	-0.4
Shares and other equity, excluding mutual fund shares	28	3.8	3.3	3.1	3.9	4.3	4.7	4.6	2.9	2.5	1.8
of which: quoted shares	6	4.1	4.6	4.7	3.2	4.3	4.1	5.9	6.7	7.2	3.2
of which: unquoted shares and other equity	22	3.7	2.8	2.5	4.2	4.3	4.9	4.2	1.9	1.5	1.5
Mutual fund shares	5	-4.4	-5.5	-5.4	-6.5	-5.5	-4.6	-2.3	1.0	0.7	-0.4
Insurance technical reserves	15	4.2	3.7	3.4	2.8	2.9	3.4	3.9	4.9	5.4	5.1
Other [2]	23	9.5	8.6	7.4	6.1	2.4	2.6	2.2	1.9	3.9	4.2
M3 [3]		**10.1**	**9.7**	**8.7**	**7.6**	**5.2**	**3.6**	**1.8**	**-0.3**	**-0.1**	**0.2**

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 institutions) with euro area MFIs and central government.

Chart 13 Financial investment of non-financial sectors

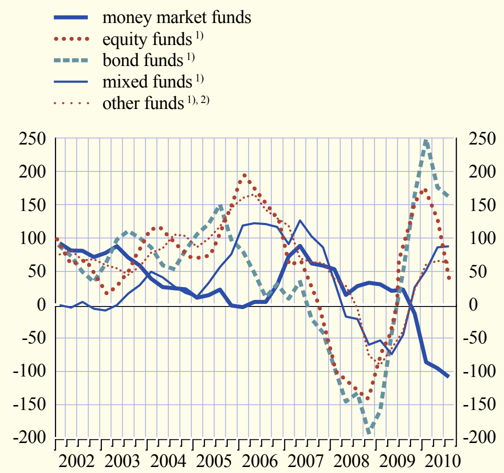
(annual percentage changes; contributions in percentage points)



Source: ECB.

Chart 14 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.

INSTITUTIONAL INVESTORS

The new harmonised investment fund statistics for the euro area indicate that the annual inflow for investment fund shares/units (excluding money market funds) declined to €348 billion in the third quarter of 2010, down from €461 billion in the previous quarter, with the annual growth rate declining to 7.1%, down from 10.2%. This decline in the annual inflow was a reflection mainly of a base effect (following a sizeable purchase of investment fund shares by Dutch pension funds in the third quarter of 2009[1]), but also of the flattening of the yield curve and heightened tensions in sovereign debt markets, which reduced the incentive to shift funds from safer and more liquid monetary assets into longer-term and riskier assets.

The breakdown by investment policy shows that the decline observed in the annual inflow for investment fund shares/units in the third quarter of 2010 is a reflection primarily of reduced annual inflows for equity funds and, to a lesser extent, bond funds (see Chart 14). Annual inflows for mixed funds and other funds remained broadly unchanged compared with the previous quarter. Following that latest decline, annual inflows for equity funds were smaller than those for mixed and other funds, while the annual inflow for bond funds remained larger. Money market funds again recorded large outflows in annual terms in the third quarter, reflecting the considerable opportunity cost of holding these instruments given the low level of short-term interest rates (against which these funds are benchmarked).

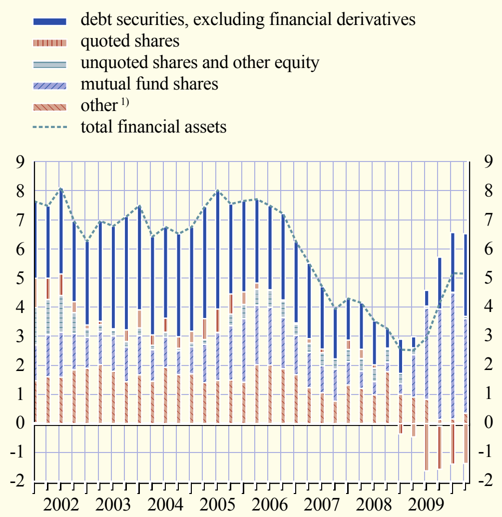
Quarter-on-quarter developments highlight the impact that the flattening of the yield curve and developments in sovereign debt markets have had on demand for investment fund shares/units. The quarterly inflow for investment fund shares/units (excluding money market funds) totalled

1 In July 2009 Dutch pension funds purchased investment fund shares with a value of more than €97 billion.

€70 billion in the third quarter of 2010 (on the basis of non-seasonally adjusted data), and while this represents a recovery following a weak €28 billion inflow in the previous quarter, this remains much lower than the levels observed in the first quarter of 2010 and the fourth quarter of 2009. This recovery was reflected across all categories except "other funds". However, it was driven largely by increased inflows for bond funds, as tensions in sovereign debt markets eased somewhat. Inflows for equity funds turned slightly positive in the third quarter, following a significant outflow in the previous quarter. Nevertheless, inflows remained weak, reflecting continued market uncertainty as regards the strength of the economic recovery. Mixed funds recorded larger inflows than in the previous quarter, while flows for other funds turned slightly negative.

Chart 15 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.

The annual growth rate of total financial investment by insurance corporations and pension funds was broadly unchanged at 5.1% in the second quarter (see Chart 15). This conceals a strong increase in the contribution of investment in debt securities, which was offset by a significant decline in the contribution of investment in mutual fund shares. This decline was a reflection primarily of the aforementioned base effect and, to a lesser extent, modest investment in this type of asset in the second quarter itself. The negative contribution of investment in quoted shares remained unchanged.

The broadly unchanged annual growth rate of total financial investment by insurance corporations and pension funds mirrored the moderation – visible on the liability side of their balance sheet – in the money-holding sector's investment in insurance technical reserves. In this respect, it is worth noting that the quarterly inflow seen in the second quarter of 2010 for insurance technical reserves was only around half the size of that seen in the previous quarter.

2.3 MONEY MARKET INTEREST RATES

Money market rates increased in the period from September to December 2010, while volatility remained high, especially in the secured market segment. Spreads between unsecured and secured rates were also volatile. These developments partly reflected renewed tensions in financial markets associated with concerns about the sustainability of public finances in some euro area countries, in spite of continued abundant liquidity conditions.

Despite the decline observed recently in overnight index swap rates, interest rates on unsecured deposits have increased across all maturities over the past three months. On 1 December 2010 the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.81%, 1.03%, 1.26% and 1.53% respectively – i.e. 19, 14, 12 and 12 basis points higher respectively than the levels observed on 1 September 2010. Overall, the spread between the twelve-month and one-month

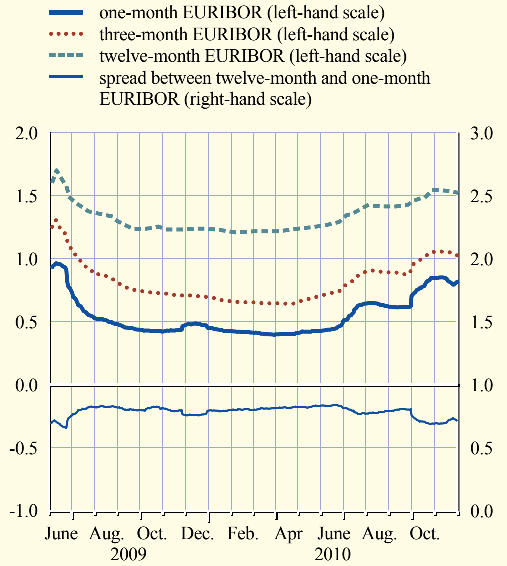
EURIBOR – an indicator of the slope of the money market yield curve – decreased by 5 basis points in that period, standing at 72 basis points on 1 December (see Chart 16).

Secured money market rates, such as the EUREPO or rates derived from the EONIA swap index (see Chart 17), have been experiencing some volatility since the beginning of May 2010. This period can be divided into three parts: overnight index swap rates generally increased up until the end of July, with this trend being reversed between July and September, before increasing again thereafter. They now stand at levels which are still low, but clearly above those prevailing in the last quarter of 2009 and the first quarter of 2010. The three-month overnight index swap rate stood at 0.70% on 1 December, around 21 basis points higher than on 1 September. As a result, the spread between this rate and the corresponding unsecured EURIBOR decreased from 39 basis points on 1 September to 33 basis points on 1 December. Overall, despite this decline, the spread remains relatively wide by comparison with the levels prevailing in the first quarter of 2010 (see Chart 17). Developments towards the end of the reporting period partly reflect recent tensions in connection with renewed concerns by financial market participants about the sustainability of public finances in some euro area countries, in spite of continued abundant liquidity conditions.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in December 2010 and March and June 2011 stood at 1.05%, 1.15% and 1.24% respectively on 1 December, representing increases of around 13, 19 and 23 basis points respectively by comparison with the levels observed on 1 September (see Chart 18). Implied volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts have increased over the past three months, reversing a downward trend that began in October 2009 (see Chart 19). Implied volatilities for longer-term money market interest rates have also increased over the past three months.

Chart 16 Money market interest rates

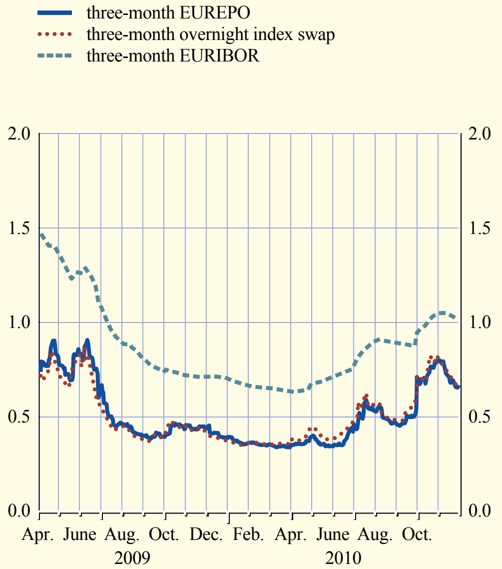
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Reuters.

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

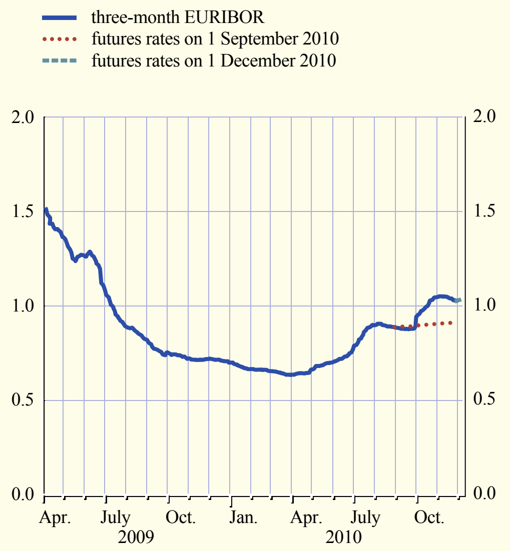
(percentages per annum; daily data)



Sources: ECB, Bloomberg and Reuters.

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

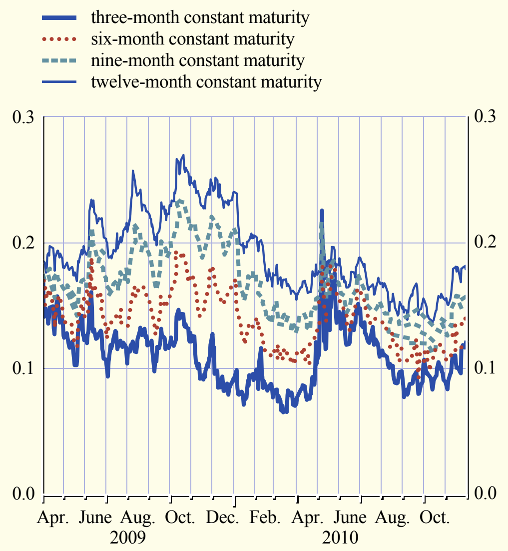
(percentages per annum; daily data)



Source: 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)



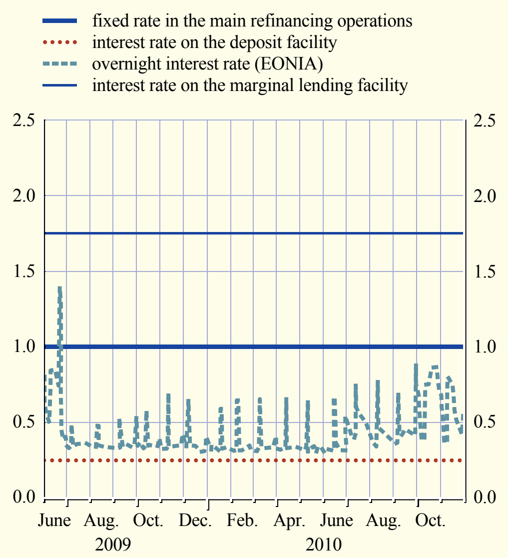
Sources: Reuters and ECB calculations.
Notes: This measure is calculated in two stages. First, implied volatilities derived from options on three-month EURIBOR futures are converted by expressing them in terms of logged prices instead of logged yields. Second, the resulting implied volatilities, which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

Looking at the overnight maturity, the EONIA has become more volatile. Since October 2010 the EONIA has begun the maintenance period at relatively high levels, before declining abruptly and falling well below 0.50%, and then spiking on the last day of the maintenance period owing to liquidity-absorbing operations. This pattern reflects the maturing of the second one-year longer-term refinancing operation on 30 September. On 1 December the EONIA stood at 0.468% (see Chart 20).

The review period saw the ECB continue to provide support to the money markets by means of liquidity-providing operations with maturities of one week, one maintenance period and three months. The Eurosystem's liquidity-providing operations were conducted as fixed rate tender procedures with full allotment. The ECB also conducted weekly one-week liquidity-absorbing operations with a variable rate tender procedure and a maximum bid rate

Chart 20 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Reuters.

of 1.00%. With those liquidity-absorbing operations, the ECB allotted an amount corresponding to the size of the purchases under the Securities Markets Programme, which totalled €67 billion on 1 December (see Box 3 below). Liquidity in the euro area remains abundant and is being absorbed by significant daily recourse to the deposit facility and the one-week fine-tuning operations sterilising the purchases under the Securities Markets Programme.

Box 3

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 11 AUGUST TO 9 NOVEMBER 2010

This box describes the ECB's liquidity management during the period covering the reserve maintenance periods ending on 7 September, 12 October and 9 November 2010. During this period all euro refinancing operations continued to be conducted by means of fixed rate tender procedures with full allotment. The gradual normalisation of monetary policy operations continued, with the first of the two remaining one-year longer-term refinancing operations (LTROs) maturing on 30 September. On 2 September the Governing Council of the ECB decided that all main refinancing operations (MROs), special-term refinancing operations with a maturity of one maintenance period and three-month LTROs would be carried out as fixed rate tender procedures with full allotment until at least the end of the maintenance period running from 8 December 2010 to 18 January 2011.

The Securities Markets Programme (SMP) announced on 10 May 2010 remained in operation, in conjunction with weekly liquidity-absorbing operations with a one-week maturity aimed at sterilising the additional liquidity provision stemming from the Securities Markets Programme.

Liquidity needs of the banking system

In the period under review, the banking system's aggregate daily liquidity needs – defined as the sum of autonomous factors, reserve requirements and excess reserves (i.e. current account holdings in excess of reserve requirements) – averaged €550.2 billion. This was €33.8 billion lower than the daily average recorded in the previous three maintenance periods.

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

(EUR billions; average level in each maintenance period)

Source: ECB.

This was due mainly to a decline of €34.2 billion in the average value of autonomous factors, which stood at €335.7 billion. The decline in autonomous factors was marginally offset by an increase of €0.5 billion in the average level of reserve requirements, which stood at €213.2 billion. Daily excess reserves averaged €1.3 billion, unchanged from the previous three maintenance periods (see Chart A).

Liquidity supply

In the period under review, total liquidity supplied by means of open market operations averaged €620.6 billion. Refinancing operations supplied an average of €558.1 billion, while the covered bond purchase programme (CBPP), for which purchases ended on 30 June 2010, supplied €61.0 billion and, together with the Securities Markets Programme, provided an average of €123.2 billion. An average of €66.7 billion was absorbed by means of fine-tuning operations during that period.

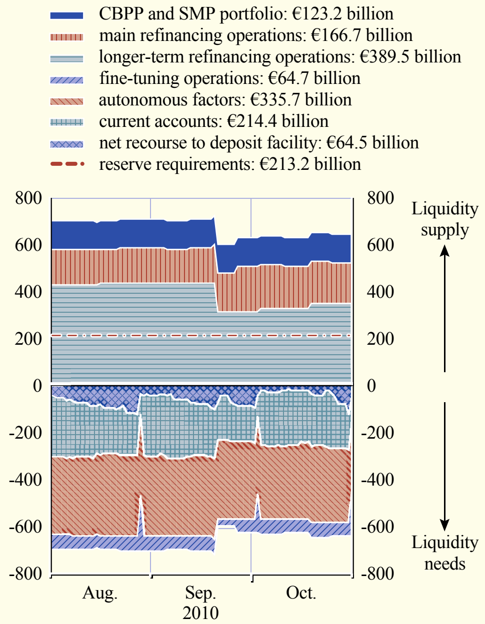
One-week main refinancing operations averaged €166.7 billion, while special-term refinancing operations with a maturity of one maintenance period averaged €42.7 billion. The total volume of outstanding three-month, six-month and one-year LTROs declined to stand at €298.1 billion on 9 November, down from €392.6 billion on 11 August. This decline was driven by LTROs maturing on 30 September and 28 October (see Chart B).

On 30 September a three-month LTRO, a six-month LTRO and a one-year LTRO all matured, with a total value of €224.7 billion. Of that, only €133.4 billion was rolled over in two new refinancing operations – with maturities of six days and three months – which were settled on that day. On 28 October a maturing three-month LTRO with a value of €23.2 billion was replaced by a three-month LTRO with a value of €42.5 billion.

On 1 October the value of settled purchases under the Securities Markets Programme stood at €63.3 billion, up from €60.3 billion on 6 August. No purchases were settled in the first three weeks of October, and the value of settled purchases then rose to stand at €64.0 billion on 5 November. In parallel, the weekly operations absorbing the liquidity provided by the Securities Markets Programme also increased, absorbing an average of €63.8 billion.

Chart B Liquidity needs of the banking system and liquidity supply

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



Source: ECB.

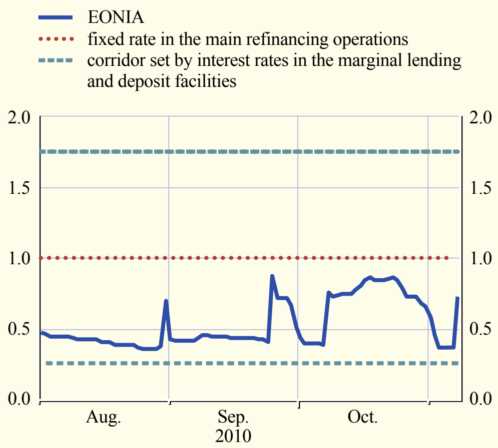
The liquidity absorbed by means of fine-tuning operations with an overnight maturity on the last day of each maintenance period averaged €148.4 billion, compared with an average of €255.4 billion in the previous three maintenance periods.

Use of standing facilities

The further decline in the liquidity supply following the maturing of the three LTROs on 30 September resulted in lower net recourse to the deposit facility.[1] While daily average[2] net recourse to the deposit facility stood at €83.1 billion in the maintenance period ending on 7 September, this fell to €41.1 billion in the maintenance period ending on 9 November.

Chart C The EONIA and the ECB interest rates

(daily interest rates in percentages)



Source: ECB.

Interest rates

The ECB's key interest rates have remained unchanged since 13 May 2009, with the rate on the main refinancing operations standing at 1.00%, the marginal lending rate standing at 1.75% and the deposit rate standing at 0.25%.

With outstanding liquidity remaining ample at the beginning of the period under review, the EONIA remained significantly below the main refinancing rate, averaging 0.43% in the maintenance period ending on 7 September and 0.48% in the following maintenance period. With the three LTROs maturing on 30 September and the liquidity supply declining accordingly, the EONIA began to increase strongly, moving towards the MRO rate. The EONIA averaged 0.71% in the maintenance period ending on 9 November.

1 Net recourse to the deposit facility is calculated as recourse to the deposit facility minus recourse to the marginal lending facility.
2 Average net recourse to the deposit facility includes weekends.

2.4 BOND MARKETS

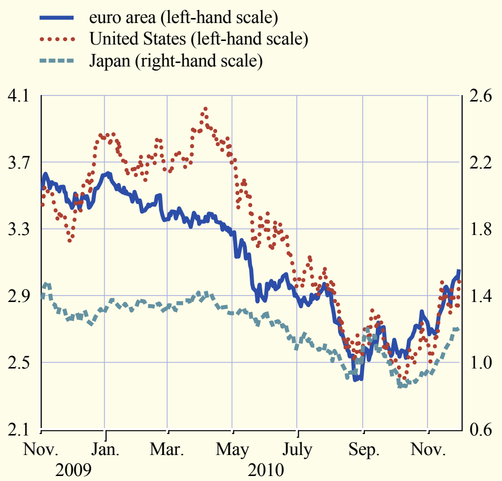
Compared with their levels at the end of August 2010, yields on AAA-rated euro area and US government long-term bonds increased by around 65 and 50 basis points respectively in the period to 1 December. In the euro area, long-term real yields also rose significantly, possibly reflecting the positive underlying momentum of the economic recovery. Financial market measures of long-term inflation expectations decreased moderately. At the same time, heightened tensions in euro area sovereign debt markets contributed to the rise in the spreads of some euro area sovereign issuers to new highs. Spreads on bonds issued by both non-financial and financial corporations did not change much, when viewed over the review period as a whole, but spreads on corporate debt issued by financial corporations increased discernibly in the course of November.

Since the end of August 2010 the level of ten-year AAA-rated euro area government bond yields has increased overall by around 65 basis points to stand at 3.1% on 1 December (see Chart 21). Long-term US government bond yields recorded a smaller increase of about 50 basis points, reaching 3.0% over the same period. Accordingly, the differential between ten-year nominal US and euro area government bond yields fell from 10 basis points to about -10 basis points. The ten-year Japanese government bond yield increased by 20 basis points to stand at 1.2% on 1 December.

Investor uncertainty regarding near-term bond market developments, as measured by option-implied volatility, rose both in the euro area and the United States. Particularly strong increases in this measure of bond market uncertainty have been observed since early November on both sides of the Atlantic.

Chart 21 Long-term government bond yields

(percentages per annum; daily data)



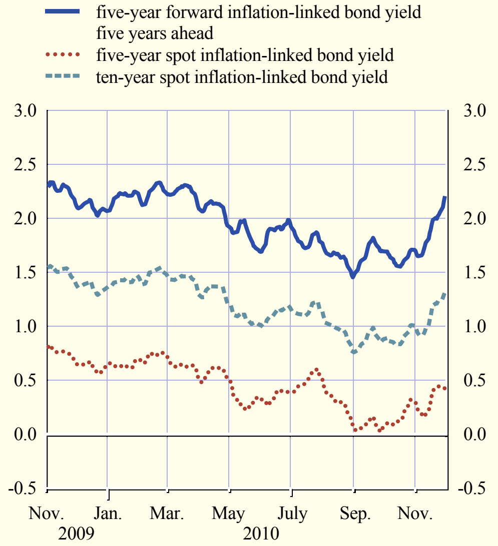
Sources: Bloomberg and Reuters.
Note: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity.

During the last three months, movements in long-term US government bond yields have been influenced by mixed, but overall positive, macroeconomic news. At the same time, market participants remained sceptical about the strength and sustainability of the US recovery. In addition, changing perceptions among investors regarding the timing, extent and nature of further quantitative easing measures probably contributed to increasing volatility in the US government bond market. The Federal Open Market Committee decided on 3 November to purchase an additional USD 600 billion of longer-term US Treasury securities in the period to the end of the second quarter of 2011. The initial market reaction to this announcement was muted as it had been broadly anticipated. As investors and market commentators remained uncertain regarding the effectiveness of the purchase programme, volatility in long-term US government bond yields increased further in November.

In the euro area, long-term yields on government bonds from AAA-rated sovereign issuers ranged around 2.4% at the end of August – a very low level by historical standards. During the last three months bond yields have displayed a clear upward trend, while intra-period fluctuations have been lower than those recorded for corresponding US government bond yields. Overall, the increase in long-term euro area government bond yields appears to reflect the positive underlying momentum of the economic recovery in the euro area. This interpretation is supported by the fact that euro area long-term real yields have also increased markedly, both at medium and long horizons. Like their nominal counterparts, long-term real yields ranged around historically low levels at the end of August, with five-year bonds recording yield levels of near zero. Since then they have increased by around 40 basis points to stand at 0.4% in early December. Real yields on ten-year bonds in the euro area increased by 65 basis points, thereby roughly matching the increase in the corresponding nominal rates, and ended the review period at a level of 1.4%. With this steepening of the real yield curve, five-year forward inflation-linked bond yields five years ahead increased from 1.4% in late August to stand at 2.3% in early December (see Chart 22).

Chart 22 Euro area zero coupon inflation-linked bond yields

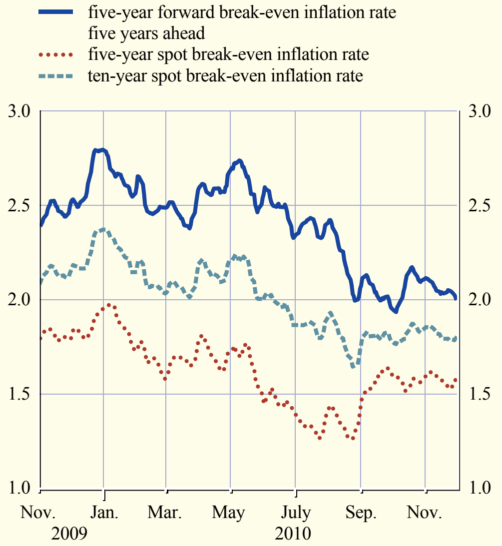
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Reuters and ECB calculations.

Chart 23 Euro area zero coupon break-even inflation rates

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



Sources: Reuters and ECB calculations.

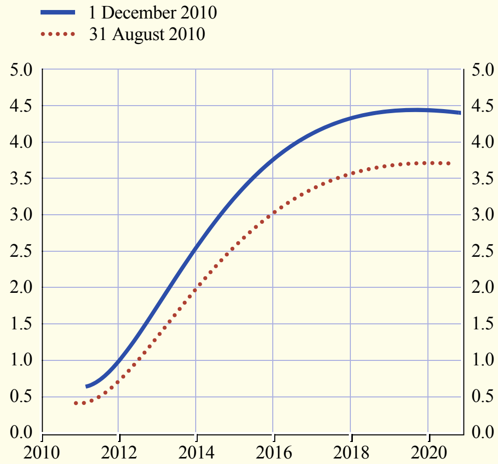
Compared with AAA-rated long-term sovereign debt, the yields on bonds from most lower-rated euro area sovereign issuers recorded much stronger increases and much higher intra-period volatility in the same period. Ten-year government bond yields for Ireland, Portugal and Spain rose by 305, 130 and 125 basis points respectively. The overall increases for Italy and Greece were considerably smaller, ranging around 70 and 50 basis points respectively. On 1 December current yield spreads over German bonds stood at 910 for Greece, 605 for Ireland, 400 for Portugal, 260 for Spain and 170 basis points for Italy. During the review period market commentators first focused on Greece, when doubts emerged regarding the fulfilment of its fiscal deficit targets. Since the end of October Ireland has attracted growing attention as investors have become increasingly concerned about the fiscal burden associated with the Irish government's support for its financial sector. On 28 November an agreement on financial assistance for Ireland was announced, but market sentiment deteriorated further. Irish sovereign bond spreads widened again, but subsequently showed a discernible decrease from 30 November to 1 December. Spreads for other euro area sovereign issuers displayed a similar pattern.

Compared with their end-August levels, ten-year spot break-even inflation rates (BEIR) increased slightly over the review period, while the corresponding five-year rate reflecting inflation expectations and related risk premia over the medium horizon increased more significantly, rising by about 20 basis points (see Chart 23). On 1 December five-year and ten-year spot break-even inflation rates stood at 1.6% and 1.8% respectively. This moderate flattening of the spot BEIR curve implied a moderate decrease in the five-year forward BEIR five years ahead of 10 basis points to 2.0%. On the same date the corresponding measure implied by inflation swaps stood slightly higher at 2.2%.

Compared with the end of August, investors' expectations regarding future euro area short-term interest rates and related risk premia have experienced an upward shift across all horizons, while the increases in instantaneous forward rates have been most pronounced at the longer end of the term structure (see Chart 24).

Chart 24 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.

Spreads on investment-grade corporate bonds issued by non-financial corporations remained relatively stable over the first two months of the review period, while they have shown some slight increases since early November. Thus, potentially adverse spillovers from recent tensions in sovereign debt markets to market financing conditions for non-financial corporations appear to have been contained overall. Spreads on bonds issued by financial corporations also showed little change when viewed over the whole review period. However, they showed discernible increases in November, which probably reflects investors' concerns regarding banks' exposures to sovereign debt holdings.

2.5 EQUITY MARKETS

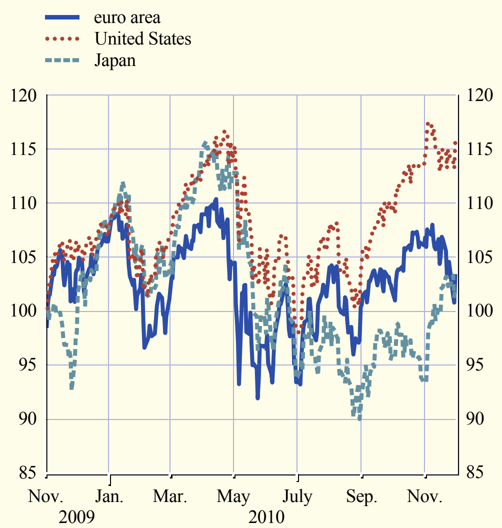
Overall, broad-based stock price indices in the euro area and the United States have increased over the last three months. In the euro area, this development was supported by robust actual and expected corporate earnings growth and overall positive macroeconomic news. At the same time, equity prices have probably been negatively affected by renewed tensions in euro area sovereign debt markets. Accordingly, euro area stock prices showed discernible decreases in November. The extent of these adverse effects has differed fairly widely across euro area countries and sectors, with the banking sector being the most affected. Stock market uncertainty in the euro area declined during most of the review period, but has increased significantly in recent weeks.

Stock prices in the euro area and the United States, as measured by the Dow Jones EURO STOXX index and the Standard & Poor's 500 index, increased by 6% and 15% respectively between the end of August and 1 December 2010 (see Chart 25). While broad-based stock price indices on both sides of the Atlantic showed an upward trend until early November, they have since shown discernible decreases, especially in the euro area. In contrast to the euro area and US equity markets, the Japanese Nikkei 225 index rose strongly during November and ended the review period with an overall increase of 13%.

Near-term stock market uncertainty in the euro area, as measured by option-implied volatility, declined in the first part of the review period, but then picked up discernibly at the end of November (see Chart 26). This was in contrast to the United States where stock market volatility remained contained.

Chart 25 Stock price indices

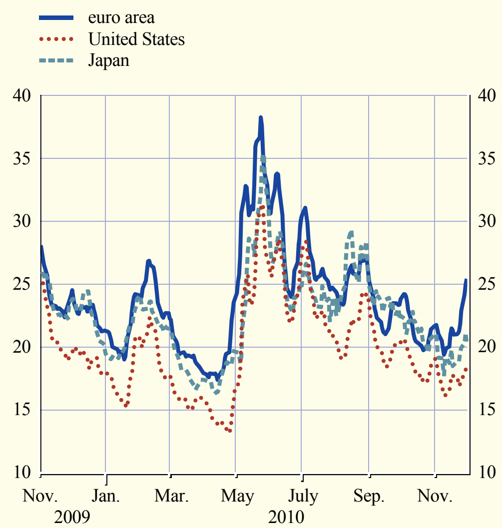
(index: 1 November 2009 = 100; daily data)



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

Chart 26 Implied stock market volatility

(percentages per annum; five-day moving average of daily data)



Source: Bloomberg.
Notes: The implied volatility series reflects the expected standard deviation of percentage changes in stock prices over a period of up to three months, as implied in the prices of options on stock price indices. The equity indices to which the implied volatilities refer are the Dow Jones EURO STOXX 50 for the euro area, the Standard & Poor's 500 for the United States and the Nikkei 225 for Japan.

In the United States, stock market developments in recent months have been driven by mixed, but overall positive, economic news, especially regarding listed corporations' announcements of third-quarter earnings results. At the same time, investor uncertainty about the sustainability of the US recovery and changing expectations about the extent, nature and effectiveness of quantitative easing measures by the Federal Reserve System may have weighed negatively on stock market valuations.

In the euro area, stock prices were supported by the positive momentum of the economic recovery and overall positive news regarding both confidence indicators and economic data releases. At the same time, increasing long-term interest rates are likely to have had a negative impact on equity prices. Moreover, since mid-October the intensification of strains in some euro area sovereign debt markets has adversely influenced sentiment and risk aversion on the part of market participants, including equity market investors. In particular, concerns about the exposure of euro area banks to sovereign debt holdings had a negative impact on bank stock prices. From their peak in the second half of October, euro area bank stock prices decreased, falling by 15% in the period to 1 December. Moreover, when viewed over the review period as a whole, financial sector stocks have recorded the largest losses (see Table 3). In stark contrast, stock prices of firms in the basic materials, consumer goods, industrial and technology sectors recorded increases of between 13% and 21%. This shows that while sovereign debt market tensions may have affected profit expectations for the financial sector and equity risk premia, stock market investors continued to

Table 3 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	10.1	7.1	15.6	7.0	22.1	4.0	14.3	4.5	7.1	8.3
Price changes *(end-of-period data)*											
Q3 2009	20.7	21.8	14.9	15.8	7.3	32.4	14.2	26.4	13.6	14.7	14.9
Q4 2009	2.1	15.3	3.3	9.0	6.8	-5.5	7.7	3.8	-3.9	2.0	0.3
Q1 2010	0.8	1.6	6.8	3.5	-1.7	-2.6	4.0	4.1	16.0	-4.5	-3.3
Q2 2010	-11.1	-8.3	-7.2	3.1	-13.4	-17.6	-7.5	-7.1	-17.3	-12.1	-18.3
Q3 2010	7.3	9.0	11.1	8.0	5.3	8.2	-0.2	5.6	3.2	12.8	4.9
October 2010	3.7	5.2	2.8	2.8	3.5	2.3	1.8	4.5	5.1	6.0	5.8
November 2010	-5.2	3.4	-3.9	1.5	-4.0	-14.4	-4.5	0.8	-3.2	-10.8	-7.3
31 Aug. 2010 - 1 Dec. 2010	6.3	21.5	7.0	17.5	4.3	-6.4	4.7	16.2	13.1	-2.5	0.7

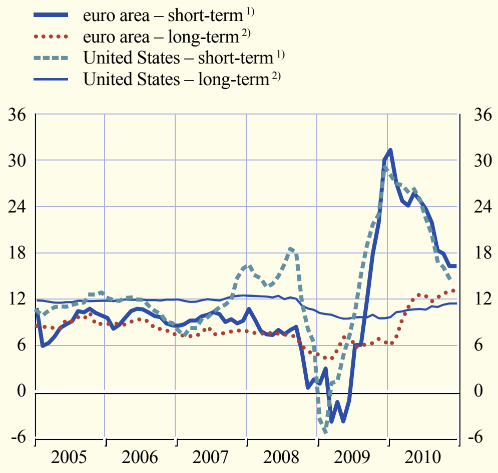
Sources: Thomson Financial Datastream and ECB calculations.

price in a fairly positive outlook for most corporate sectors. As well as differing across sectors, stock market developments increasingly diverged across euro area countries. This was particularly evident in the period from the end of October, when the decline in bank stock prices in Greece and Ireland was several times greater than the decline in France and Germany.

Stock prices in the euro area continued to be supported by robust earnings growth rates. In September, October and November actual year-on-year growth rates of earnings per share amounted to about 25% on average. Taking a sectoral view, earnings growth was positive across almost all industries. Looking ahead, short-term expectations regarding earnings growth rates for listed euro area corporations have fallen further from the peaks they reached at the beginning of 2010 (see Chart 27). However, in November they were still at robust levels of about 16%. Expectations regarding the growth of US earnings per share over the short horizon were only slightly lower than their euro area counterparts in November. Looking further ahead, analysts' earnings per share growth expectations for listed euro area corporations for the period three to five years from now have stabilised at around 13% over the last three months, which is slightly higher than the corresponding US figures.

Chart 27 Expected growth in corporate earnings per share in the United States and the euro area

(annual percentage changes; monthly data)



Sources: Thomson Financial Datastream 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

The real cost of financing for euro area non-financial corporations decreased in the third quarter of 2010, driven mainly by the declining cost of market-based financing. However, in October and November the decline in the real cost of market-based debt and the real cost of equity halted, owing to increasing government bond yields and widening spreads. With regard to financial flows, the annual growth of loans to non-financial corporations increased further in the third quarter, albeit remaining in negative territory, suggesting that a turning point in loan dynamics had been reached earlier in 2010. Recourse to market-based financing met the bulk of the external financing needs of euro area firms during the period under review. Debt securities issuance by non-financial corporations remained buoyant, but showed further signs of a moderation in the third quarter.

FINANCING CONDITIONS

The real cost of external financing for euro area non-financial corporations – as calculated by weighting the cost of different sources of financing on the basis of their outstanding amounts, corrected for valuation effects – decreased by around 10 basis points in the third quarter of 2010, and remained broadly unchanged at 3.61% in October 2010 (see Chart 28).

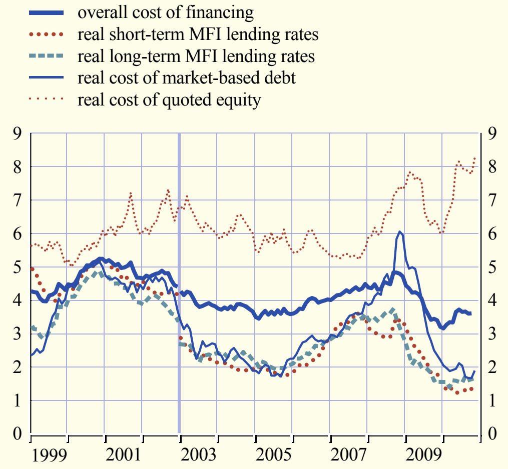
Developments in the overall cost of financing were driven by a decline in the real cost of market-based financing. In the four months to October the real cost of equity and the real cost of market-based debt decreased by 36 basis points and 44 basis points respectively, compared with their levels at the end of June 2010. The decline in the cost of equity issuance from a historically high level as well as the decline in the cost of market-based debt reflected abating market tensions witnessed during the second quarter of 2010. Developments in bank lending rates during the period under review point to the fading-out of the gradual pass-through to banks' retail customers of past declines in key ECB interest rates. Between June and October 2010 real short-term MFI interest rates increased by 9 basis points, while real long-term interest rates rose by 8 basis points.

Taking a longer-term perspective, in the four months to October 2010 the real cost of financing for non-financial corporations in the euro area remained close to the lowest levels recorded since 1999 for all sub-categories of financing, except for the real cost of equity which, by contrast, remained at historically high levels.

Between June and October 2010 nominal MFI interest rates on new loans to non-financial corporations increased for short-term loans and,

Chart 28 Real cost of the external financing of euro area non-financial corporations

(percentages per annum; monthly data)



Sources: ECB, Thomson Financial Datastream, 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 box 4 in the March 2005 issue of the Monthly Bulletin). 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 4 MFI interest rates on new loans to non-financial corporations

(percentages per annum; basis points)

	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Sep.	2010 Oct.	Change in basis points up to October 2010 [1] 2009 July	2010 July	2010 Sep.
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	4.25	4.06	3.98	3.70	3.80	3.82	-52	13	2
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	3.36	3.28	3.24	3.25	3.34	3.44	-12	17	10
with an initial rate fixation of over five years	4.16	3.96	4.00	3.80	3.78	3.80	-52	-15	2
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.06	2.19	1.99	2.17	2.26	2.34	-3	8	8
with an initial rate fixation of over five years	3.64	3.58	3.44	3.37	3.51	3.45	-45	26	-6
Memo items									
Three-month money market interest rate	0.77	0.71	0.64	0.73	0.88	1.00	2	15	12
Two-year government bond yield	1.28	1.39	1.40	1.84	1.85	1.62	23	-21	-23
Seven-year government bond yield	3.11	2.99	2.82	2.39	2.12	2.18	-107	-18	6

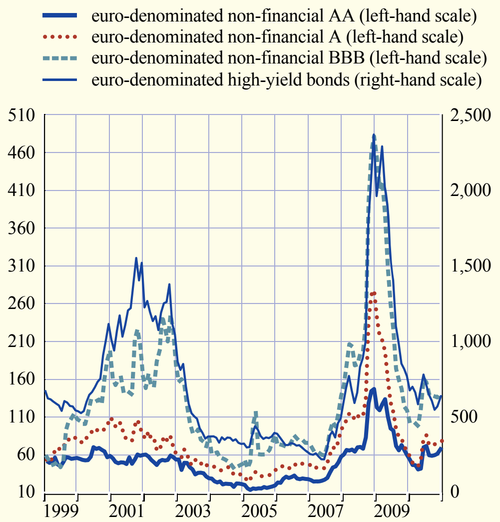
Source: ECB.
1) Figures may not add up due to rounding.

to a lesser extent, for loans with longer maturities (see Table 4). The downward trend observed in MFI interest rates since November 2008 seems to have moderated and the pass-through of past reductions in key ECB interest rates to bank lending rates is likely to be complete. Increasing rates on loans with short maturities may reflect the recent increases in money market rates which normally have an effect on banks' short-term funding costs. The latest bank lending survey for the euro area showed that in the third quarter of 2010 banks' access to market financing and their liquidity position had ameliorated somewhat, although these factors still contributed to a tightening of credit standards for loans to enterprises.

The narrowing of spreads between corporate and government bond yields, especially in the case of lower-rated bonds, facilitated the decrease in the real cost of market-based debt financing in the third quarter of 2010 and in October 2010 (see Chart 29). The decline in spreads was supported by the easing of financial market tensions. However, this positive trend halted in October and November, when developments in non-financial corporate bond yields mirrored those in government bond yields, thus leading to a rise in the real cost of market-based debt and the real cost of equity.

Chart 29 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



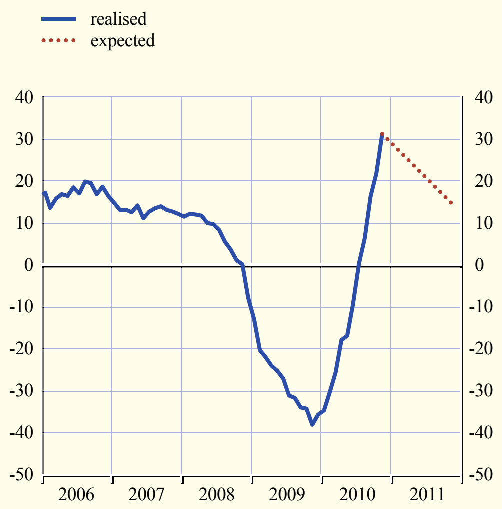
Sources: Thomson Financial Datastream and ECB calculations.
Note: Non-financial corporate bond spreads are calculated against AAA government bond yields.

FINANCIAL FLOWS

Most indicators of euro area non-financial corporate profitability point to a further improvement during the second quarter of 2010.

Chart 30 Earnings per share of listed non-financial corporations in the euro area

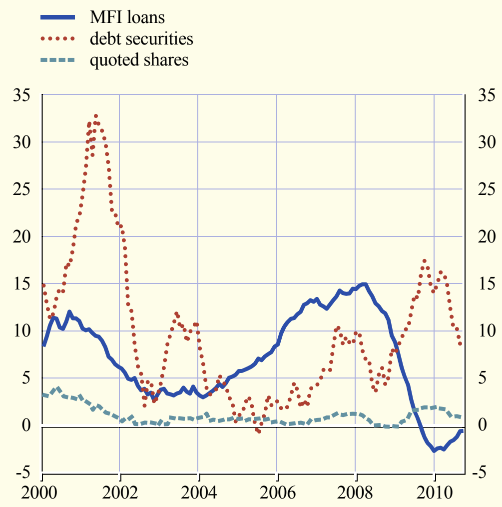
(annual percentage changes; monthly data)



Sources: Thomson Financial Datastream and ECB calculations.

Chart 31 External financing of non-financial corporations broken down by instrument

(annual percentage changes)



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

The annual growth rate of earnings per share for listed non-financial corporations in the euro area remained strongly positive in the third quarter of 2010 and reached 31.2% in October 2010 (see Chart 30). Looking ahead, market participants expect profits to improve over the coming year.

As regards external financing, the contraction in MFI loans to non-financial corporations became less pronounced in the third quarter of 2010, while the issuance of debt securities – although continuing to grow – lost some momentum (see Chart 31). In contrast, the annual rate of growth of quoted shares issued by non-financial corporations continued to decline. Debt securities issuance remained buoyant but continued to show signs of a moderation in the period from July to September. The annual growth rate of issuance of long-term debt securities declined towards the end of the quarter, but remained positive. Meanwhile, the annual growth rate of short-term debt securities issuance continued to be negative at the end of the quarter.

In the third quarter of 2010 the annual growth of bank loans to non-financial corporations became less negative at -0.6% (see Table 5). In October it remained unchanged at this level. The sharp contraction in short-term loans to non-financial corporations (with maturities of up to one year), which started in March 2009, abated for the third consecutive quarter, while the annual growth of loans with a maturity of over five years declined slightly to 2.7%. Empirical evidence suggests that loans to non-financial corporations typically tend to substantially lag the business cycle. Over recent months the slower contraction in the annual growth rate of loans to non-financial corporations suggests that a turning point was reached earlier in 2010. At the same time, the ongoing substitution into market-based financing and the greater availability of internal funds may have had a dampening effect on the revival of bank lending to non-financial corporations.

The results of the latest bank lending survey for the euro area suggest that the impact of demand-side factors – such as increased financing needs for inventories and working capital as well as fixed investments – on demand for loans by non-financial corporations strengthened in

Table 5 Financing of non-financial corporations

(percentage changes; end of quarter)

	Annual growth rates				
	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3
MFI loans	**-0.2**	**-2.2**	**-2.4**	**-1.7**	**-0.6**
Up to one year	-10.2	-13.2	-11.2	-9.9	-6.4
Over one and up to five years	2.0	-2.0	-4.2	-3.9	-2.0
Over five years	4.6	3.7	3.0	3.3	2.7
Debt securities issued	**16.1**	**14.7**	**16.2**	**12.3**	**8.6**
Short-term	-27.3	-40.7	-24.1	-15.9	-13.6
Long-term, *of which:* [1]	24.8	26.3	22.8	16.0	11.2
Fixed rate	32.8	34.1	27.2	19.2	13.9
Variable rate	-4.7	-4.0	0.0	-1.3	-1.7
Quoted shares issued	**1.8**	**1.8**	**1.8**	**1.0**	**0.9**
Memo items [2]					
Total financing	2.0	1.2	1.6	1.6	-
Loans to non-financial corporations	2.1	0.5	0.8	1.0	-
Insurance technical reserves [3]	0.8	0.9	1.1	1.2	-

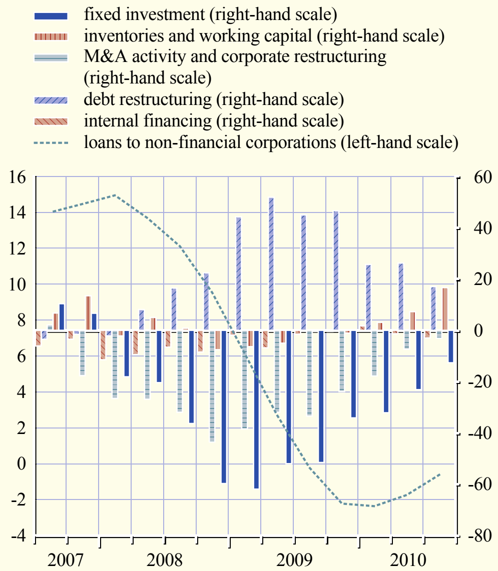
Sources: ECB, Eurostat and ECB calculations.
Notes: Data shown in this table (with the exception of the memo items) are reported in money and banking statistics and in securities issuance statistics. Small differences compared with data reported in financial accounts statistics may arise, mainly as a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

the third quarter of 2010 (see Chart 32). At the same time, the survey indicated a decline in the net tightening of credit standards for loans to enterprises on account of banks' improving access to funding and liquidity management, thereby reversing the increase that was recorded in the previous quarter amid heightened financial market tensions. While the normalisation of credit conditions seems to be continuing for the euro area as a whole, access to bank credit remains constrained in some countries. In some cases, the pick-up in loan demand may also exacerbate the potential impact of relatively tight credit standards on loan supply.

The usually negative financing gap (or net borrowing) by non-financial corporations – i.e. the difference between outlays for real investment and internally generated funds (gross savings) – was positive in the first half of 2010 on the basis of four-quarter moving sums. Chart 33 illustrates the breakdown of euro area firms' saving, financing and investment as reported in the euro area accounts, for which data are available up to the second quarter of 2010.

Chart 32 Loan growth and factors contributing to non-financial corporations' demand for loans

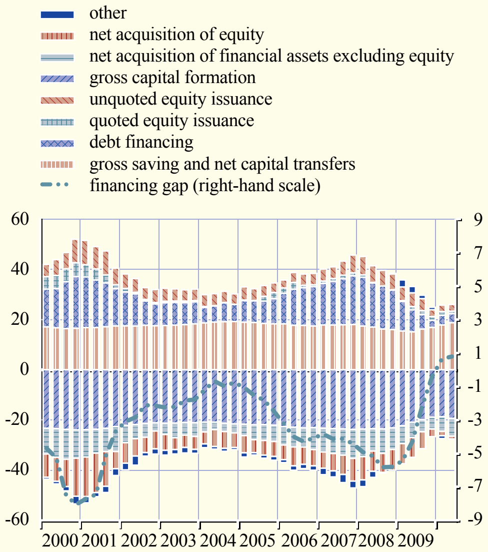
(annual percentage changes; net percentages)



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

Chart 33 Savings, financing and investment of non-financial corporations

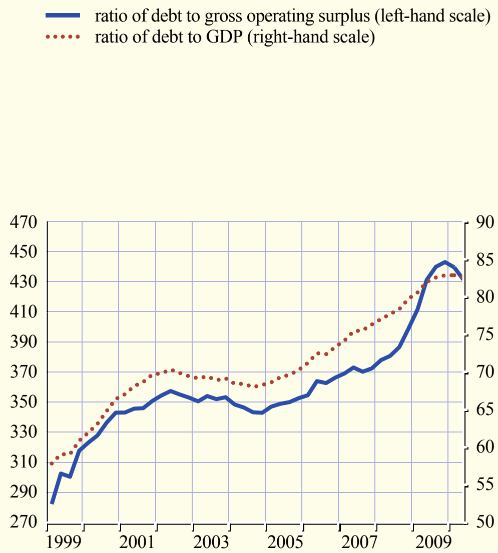
(four-quarter moving totals; percentages of gross value added)



Source: Euro area accounts.
Notes: Debt 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 34 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, debt securities issued and pension fund reserves.

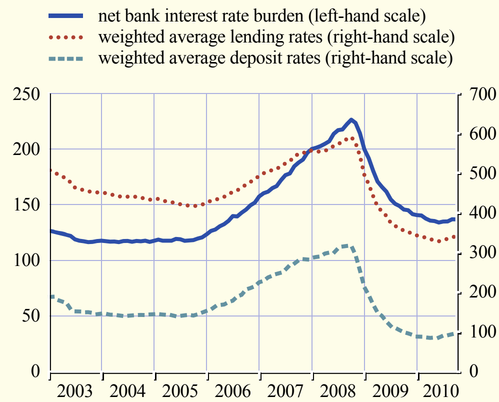
As shown in the chart, in the second quarter of 2010 corporate real investment (gross fixed capital formation) was of the same magnitude as increases in internal funds, while the growth of external financing has sharply diminished. At the same time, the net acquisition of financial assets including equity remained broadly stable.

FINANCIAL POSITION

In the second quarter of 2010 non-financial corporate indebtedness remained broadly unchanged at the high levels of 83% in terms of the ratio of debt to GDP, and 430% in terms of the ratio of debt to gross operating surplus (see Chart 34). Having declined slightly in 2009 and the first half of 2010, the interest burden of non-financial corporations remained broadly stable in the third quarter of 2010 and in October 2010 (see Chart 35).

Chart 35 Net bank interest rate burden of non-financial corporations

(basis points)



Source: ECB.
Note: The net bank interest rate burden is defined as the difference between weighted average lending rates and weighted average deposit rates for the non-financial corporate sector and is based on outstanding amounts.

Overall, the lower external financing flows and the increase in internal financing sources since the second half of 2009 suggest that firms have improved their financial position and have reduced balance sheet vulnerabilities, thus gaining financial flexibility in view of the cyclical upswing. The level of debt and the associated interest rate burden may still suggest further scope for balance sheet restructuring in conjunction with the recovery in cash flow.

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

In the third quarter of 2010 households' financing conditions were characterised by a slight increase in bank lending rates. For the first time in over two years, banks reported no further net tightening of credit standards on loans to households. The annual growth rate of MFI lending to households increased marginally in October compared with the third quarter, reflecting a significant increase in the monthly flow of loans for house purchase. Overall, the annual growth rate of loans to households has generally been stable at modest levels since June 2010. Households' debt-to-income ratio increased slightly, while their interest payment burden was broadly unchanged.

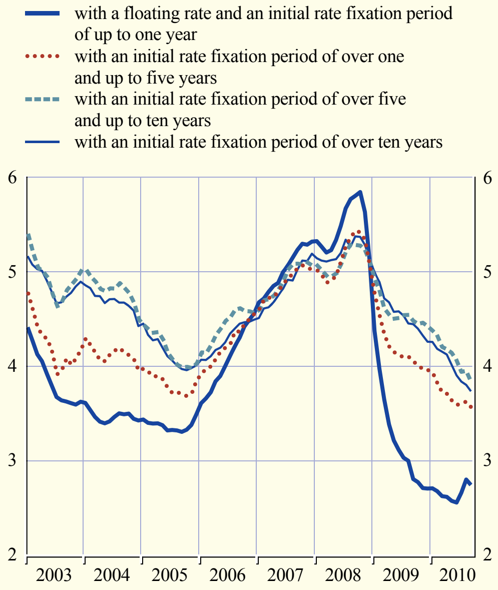
FINANCING CONDITIONS

The cost of financing for the euro area household sector exhibited a modest increase in the third quarter of 2010, having declined continuously since the third quarter of 2008. MFI interest rates on new loans to households rose across all categories from June to September, although the magnitude of the increases varied. MFI interest rates on new loans for consumer credit and other lending increased more significantly than those on new loans for house purchase. In the case of loans for house purchase, the increase was due to a rise in interest rates on loans with short initial rate fixation periods (i.e. loans with a floating rate and an initial rate fixation period of up to one year), as interest rates on loans with longer rate fixation periods declined further (see Chart 36). As a result, the substantial positive spread between these interest rates narrowed slightly, and the share of loans with short initial rate fixation periods in total new business volumes declined (although it remained large at approximately 35% in September). Recent developments in MFI interest rates on new loans for house purchase have reflected developments in comparable market rates, as the spreads between these interest rates have been stable.

After a significant decline in June, MFI interest rates on new loans to households for consumer credit recovered somewhat in July and remained stable in August and September. This largely reflected developments in interest rates on loans with short initial rate fixation periods, which fell sharply in June and recovered somewhat thereafter. Rates on loans with

Chart 36 MFI interest rates on loans to households for house purchase

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



Source: ECB.

longer initial rate fixation periods, which did not experience a sharp decline in June, increased only slightly during the third quarter. The spread between the interest rate on loans with rate fixation periods of up to one year and a comparable market interest rate increased modestly from June to September, but remained substantially below the level observed in May. An increase was also seen in the spread between the interest rate on loans with rate fixation periods of over five years and a comparable market interest rate.

The results of the October 2010 bank lending survey show that, for the first time in over two years, there was no further net tightening of credit standards on loans for households in the third quarter of 2010. As regards credit standards on loans for house purchase, banks reported reduced contributions to net tightening from the general economic outlook and factors related to banks' own funding costs and balance sheet constraints. In addition, housing market prospects did not contribute to any further net tightening of credit standards. At the same time, banks indicated that net demand for housing loans was positive in the third quarter of 2010, but much weaker than in the previous quarter, owing to a less positive contribution from housing market prospects and a more negative contribution from consumer confidence. Net demand for consumer credit and other lending decreased in the third quarter of the year, with banks indicating that this was driven mainly by a reduction in households' spending on durable goods.

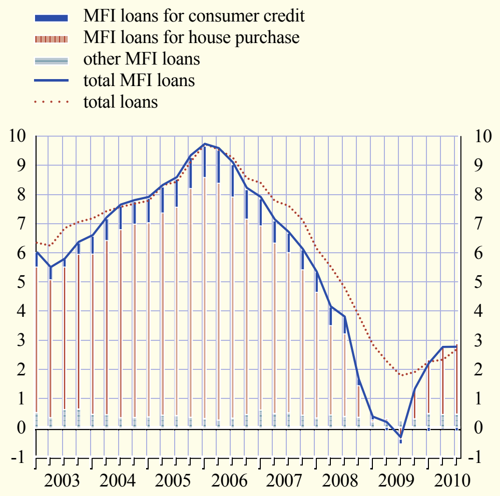
FINANCIAL FLOWS

The annual growth rate of total loans to households remained unchanged at 2.3% in the second quarter of 2010 (the most recent quarter for which data from the euro area accounts are available), having increased modestly in the previous two quarters. However, this conceals a significant decline in the annual growth rate of non-MFI loans to households, which fell to 0.3%, down from 2.7% in the previous quarter. Overall, the annual growth rate of non-MFI loans to households has declined by 14 percentage points over the past three quarters. This decline has been driven by MFIs repurchasing some previously securitised loans in late 2009 and early 2010, as well as subdued securitisation activity in the second quarter of 2010. Data on MFI loans and securitisation activity indicate that the annual growth rate of total loans to households increased to around 2.7% in the third quarter of 2010 (see Chart 37).

In October 2010 the annual growth rate of MFI loans to households increased marginally to stand at 2.9%, up from 2.8% in the third quarter and 2.5% in the second quarter. The latest developments point to a stabilisation in the dynamics of household borrowing. Securitisation activity has been marginally stronger in recent months, but continues to have little impact on the level of household loan growth. Recent developments in MFI loans to households appear muted in the context of the

Chart 37 Total loans granted to households

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



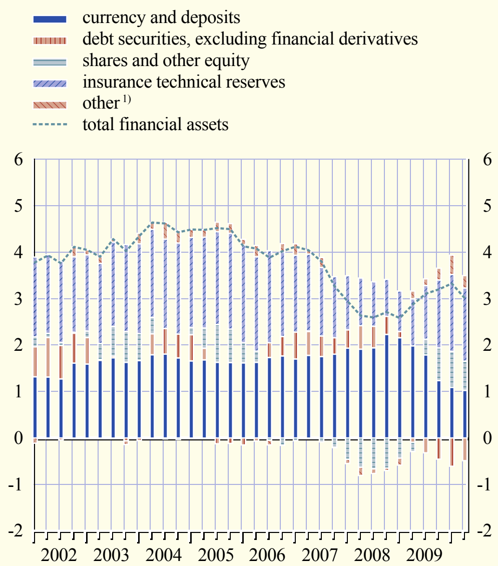
Source: ECB.
Notes: Total loans comprise loans to households from all institutional sectors, including the rest of the world. For the third quarter of 2010, total loans to households have been estimated on the basis of transactions reported in money and banking statistics. For information on differences between MFI loans and total loans in terms of the calculation of growth rates, see the relevant technical notes.

recent pick-up in house prices in some countries and the overall rise in consumer confidence. It is therefore likely that the record levels of household indebtedness and tight credit standards are dampening loan growth.

Within MFI loans to households, the annual growth rate of loans for house purchase increased to 3.6% in October, up from 3.4% in the third quarter. The increase in October reflected a significant positive monthly flow. By contrast, the annual growth rate of consumer credit weakened (declining to -0.8% in October, down from -0.6% in the third quarter). The fact that the weakening observed in recent months in consumer credit has been accompanied by increases in retail sales of non-food items suggests that households may be using liquid deposits rather than loans to finance purchases of consumer durables. Moreover, declining car sales – following the expiry of vehicle-scrapping schemes – may imply reduced demand for consumer credit.

Chart 38 Financial investment of households

(annual percentage changes; contributions in percentage points)



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

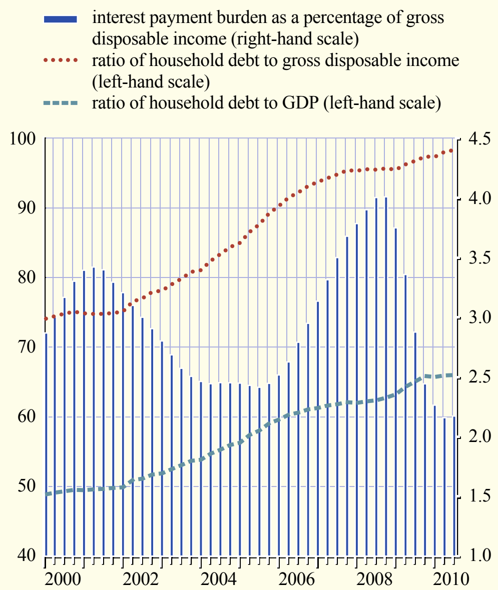
Turning to the asset side of the euro area household sector's balance sheet, the annual growth rate of total financial investment by households declined to 3.0% in the second quarter of 2010 (down from 3.3% in the first quarter), having increased continuously over the previous four quarters (see Chart 38). At the same time, the noticeable shifts observed in recent quarters towards longer-term and riskier assets subsided somewhat. Quarterly flows suggest a preference for currency and deposit holdings in the second quarter. This development is likely to have reflected some flattening of the yield curve, and possibly also increased uncertainty regarding the strength of the economic recovery amid heightened tensions in sovereign debt markets last spring. By contrast, quarterly inflows for insurance and pension products and shares and other equity declined significantly compared with the previous quarter. As a result, the contributions made by these instruments to annual growth in total financial investment decreased slightly in the second quarter of 2010, having increased consistently since end-2008. These developments notwithstanding, investment in insurance and pension products remained the largest contributor to total growth in financial investment. Households also stopped reducing their direct holdings of debt securities in the second quarter. Thus, the contribution of investment in this type of instrument became less negative compared with the previous quarter.

FINANCIAL POSITION

Households' debt-to-disposable income ratio is estimated to have increased slightly further to around 98.5% in the third quarter of 2010, continuing the slight upward drift observed in previous quarters (see Chart 39). This reflects the fact that growth in household borrowing has stabilised at moderately positive rates and, despite the economic recovery observed in recent quarters, the growth rate of disposable income remains subdued. Households' debt-to-GDP ratio is estimated to have remained broadly unchanged in the third quarter, reflecting the fact that overall economic activity has been displaying a stronger cyclical pick-up than household income. The household sector's interest payment burden is estimated to have remained broadly unchanged at 2.2% of disposable income in the third quarter, having declined consistently since end-2008. Until recently, the upward impact that increases in household indebtedness were having on the interest payment burden was more than offset by declining interest rates. However, the recent reversal in interest rates has dampened this effect, resulting in the stabilisation of the interest payment burden.

Chart 39 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.

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation stood at 1.9% in November 2010, unchanged from October. In the next few months HICP inflation rates will hover around current levels before moderating again in the course of next year. Overall, inflation rates should remain moderate in the period ahead. Inflation expectations over the medium to longer term continue to be firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term. This assessment is also reflected in the December 2010 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation in a range between 1.5% and 1.7% for 2010, between 1.3% and 2.3% for 2011 and between 0.7% and 2.3% for 2012. Risks to the outlook for price developments are broadly balanced.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, the euro area annual HICP inflation rate remained, in line with market expectations, unchanged at 1.9% in November 2010 compared with October (see Table 6). Taking a longer-term perspective, HICP inflation has steadily edged out of negative territory since the summer of 2009, to levels just below 2% in recent months. This rise in inflation was driven partly by upward base effects stemming from food and energy prices, but also by stronger dynamics in most components. Noteworthy developments in recent months include oil prices well above the previous year's levels and annual rates of change in non-energy commodity prices of more than 50%. These developments triggered a pick-up in pipeline pressures, which has in turn led to significant increases in industrial producer prices.

Looking at HICP developments in more detail, the annual rate of change in HICP energy prices stood at 8.5% in October, having hovered within the range of 6% to 9% since March 2010. These elevated energy inflation rates reflect upward base effects, as well as sharp rises in oil prices earlier in 2010. The highest inflation rates within the energy component were seen in items directly linked to oil prices, i.e. liquid fuels and personal transportation. Consumer gas prices have increased steadily from their trough at the end of 2009, as they typically follow a path similar to that of prices of liquid

Table 6 Price developments

(annual percentage changes, unless otherwise indicated)

	2008	2009	2010 June	2010 July	2010 Aug.	2010 Sep.	2010 Oct.	2010 Nov.
HICP and its components								
Overall index [1]	3.3	0.3	1.4	1.7	1.6	1.8	1.9	*1.9*
Energy	10.3	-8.1	6.2	8.1	6.1	7.7	8.5	.
Unprocessed food	3.5	0.2	0.9	1.9	2.4	2.5	2.4	.
Processed food	6.1	1.1	0.9	0.9	1.0	1.0	1.2	.
Non-energy industrial goods	0.8	0.6	0.4	0.5	0.4	0.6	0.7	.
Services	2.6	2.0	1.3	1.4	1.4	1.4	1.3	.
Other price indicators								
Industrial producer prices	6.1	-5.1	3.1	4.0	3.6	4.3	4.4	.
Oil prices (EUR per barrel)	65.9	44.6	62.2	58.9	59.9	59.8	60.2	63.1
Non-energy commodity prices	2.0	-18.5	51.1	56.8	51.5	58.7	50.9	51.5

Sources: Eurostat, ECB and ECB calculations based on Thomson Financial Datastream data.
Note: The non-energy commodity price index is weighted according to the structure of euro area imports in the period 2004-06.
1) HICP inflation in November 2010 refers to Eurostat's flash estimate.

fuels and personal transportation, only with a time-lag. The annual rate of change in electricity prices has also risen gradually since the start of this year. Looking forward, and taking into account crude oil prices of around €60 per barrel in recent months, as well as oil price futures, energy price inflation is expected to remain at an elevated level in late 2010 and early 2011, before declining in the remainder of next year, largely on account of predominantly downward base effects related to the strong oil price increases in early 2010 – notwithstanding some further potential upward lagged effects from oil and gas import prices on consumer energy prices.

Turning to HICP inflation, the annual growth rate of food prices (including alcohol and tobacco) recovered steadily from its historical low of -0.4% in October 2009 to 1.7% one year later. As regards the sub-components of the food price component, the annual rate of change in unprocessed food prices stood at around 2.4% in recent months, whereas the inflation rate of processed food, including items such as bread and cereals, dairy products and oil and fats, rose by 0.2 percentage point in October, to stand at 1.2%. An important factor that has shaped the profile of euro area HICP food prices in recent quarters is upward base effects related to the strong falls in food prices one year ago. At the same time adverse weather conditions have affected the prices of unprocessed foods (mainly fruit and vegetables), which have risen markedly since May this year. The prices of food commodities, such as wheat, maize, soybeans, sugar and coffee, have increased sharply in international markets since early 2009 and have reached record highs in euro terms in recent months. Supply disruptions, partly reflecting adverse weather conditions, as well as increasing demand from emerging markets – in line with rising incomes – have been among the drivers of the sharp rise in food commodity prices.

So far, there have been only limited signs of a pass-through of these increases in food commodity prices to euro area consumer prices. The annual rate of change in processed food prices excluding tobacco, which are the most likely to be affected by fluctuations in commodity prices, stood at just 0.3% in October, well below its average of 1.8% since 1999. One factor that points to a limited pass-through is the fact that the EU's internal market prices for food commodities do not fully reflect international price developments. A second limiting factor is that milk prices, which represent, together with cheese and eggs, almost one-fifth of all processed food items, remained subdued in 2010, in contrast to the sharp increases seen over 2007-08. Furthermore, the impact of a food commodity price shock is usually first visible in producer prices before it is transmitted to retailers and then to consumers. So far, there is only tentative evidence that the increases in food commodity prices have started to affect food producer prices, which reached an annual rate of growth of 2.1% in September, up from 0.3% in July. Despite this rise, pressures remain moderate compared with the spike recorded in 2007, suggesting that pipeline pressures stemming from higher food commodity prices continue to be relatively limited. Looking ahead, some pass-through of the recent increases in food commodity prices to consumer food prices is expected, but it is likely to be rather modest. As regards the annual rate of change in the prices of unprocessed food, this is expected to moderate gradually from the next quarter onwards, owing to the fading impact of adverse weather conditions on fruit and vegetables prices.

Excluding all food and energy items, which represent around 30% of the HICP basket, the annual rate of change in the HICP rose further in October to 1.1%, up from its trough of 0.8% in April this year. This measure of underlying inflation, which is determined predominantly by domestic factors, such as wages, profit mark-ups and indirect taxes, consists of two main items: non-energy industrial goods and services.

Non-energy industrial goods inflation increased in the second and third quarters of 2010, having declined to very low levels at the beginning of the year. The annual rate of change in non-energy industrial goods prices stood at 0.7% in October 2010, compared with the rates of 0.1% in the first quarter of this year. The rise in non-energy industrial goods inflation, the rate of which has approached the 1999-2008 average of 0.8%, reflected primarily increases in indirect taxes, the lagged pass-through of the depreciation of the euro's foreign exchange rate, as well as the indirect effects of commodity price hikes. Nonetheless, the price dynamics of this component have been constrained by low, albeit improving, demand and moderate wage growth.

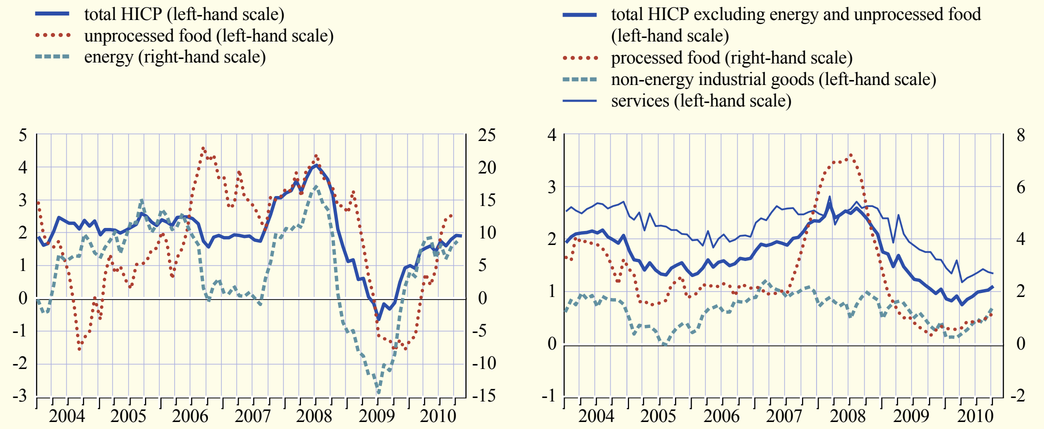
The increase in non-energy industrial goods inflation has mainly reflected higher contributions from the durable goods (cars, furniture, electronic appliances, etc.) and semi-durable goods (clothing materials, textiles, books, etc.) components since the beginning of 2010. The annual rate of change in durable goods prices rose from zero in July and August 2010 to slightly below 0.5% in September and October. This development was due largely to the annual rate of change in car prices, which turned positive in July 2010 for the first time since spring 2009. Car prices have continued to increase in annual terms, standing at 0.7% in October. The pick-up in car prices largely reflects a normalisation, following price declines seen last year aimed at supporting car sales. The increases in car prices in recent months have more than counterbalanced the ongoing price falls in some consumer electronics. The annual rate of change in semi-durable goods prices declined in the third quarter, when the prices of clothing were affected by seasonal discounts. In October, however, semi-durable goods inflation rose to 0.7%, reflecting base effects and increases in the prices of certain items, such as garments and footwear, games and toys as well as car spare parts. Non-durable goods (water supply, pharmaceutical products, newspapers, etc.) inflation has hovered around 1% over the course of the year, reflecting declining or stable annual rates of change in the prices of many items. In October the annual rate of change in this sub-component rose to 1.3%. The recent increases in the prices of some non-energy industrial goods may signal improving demand conditions.

Looking forward, leading indicators for non-energy industrial goods inflation, such as price developments in producer prices for consumer goods (excluding food and tobacco) and in import prices for consumer goods (again excluding food and tobacco), indicate, on the one hand, that domestic cost pressures have remained moderate and, on the other hand, that external price pressures have increased owing to higher industrial raw material prices, as well as exchange rate movements. Overall, these developments, combined with the prospect of a gradual improvement in domestic demand, suggest that non-energy industrial goods inflation are likely to remain around current levels in the months ahead.

The latest data on services price inflation confirm that the downward trend observed in the second half of 2008 and in 2009 has come to a halt. In 2010 the annual rate of change in services prices remained stable, hovering in the range of 1.3% to 1.4%, with the exception of some short-term volatility in March and April, which was related to a calendar effect on account of the timing of the Easter holiday. The average inflation rate of this HICP component so far in 2010 stands at 1.4%, which is clearly lower than the average rate of 2.2% since 1999, reflecting relatively weak demand and moderate wage growth. When considering the sub-components of services, the annual rates of change in the prices of recreation and personal services have increased in recent months from their record lows in April, standing at 1.3% in October. Among the drivers of these upward developments are improvements in consumer demand and confidence, which were at low levels. By contrast, the annual rate of change in the prices of transport services has decelerated in recent months to 1.9% in October, from 2.7% in July. With regard to inflation rates in the housing sub-component and most notably in rents, a further slight deceleration has been observed (down to 1.6%, from 1.7% in the

Chart 40 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

previous three months), indicating continued, but limited, downward effects from previous falls in house prices (see Box 4 on recent developments in house prices). The annual rate of change in the prices of communication services stood at -1.1% in October, slightly below the 2010 average of -0.8%, but above its average rate of -2.5% observed since 1999. In the months ahead services price inflation is expected to increase gradually on the back of improving consumer demand and labour market conditions. Further upward pressures may transpire as a result of increases in indirect taxation and administered prices in some euro area countries.

Box 4

RECENT HOUSING MARKET DEVELOPMENTS IN THE EURO AREA

Euro area residential property prices have exhibited pronounced cyclical dynamics over the past decade. Strong year-on-year price increases until 2006 have been followed by a steady slowdown in growth in recent years, culminating in a contraction in 2009 and slight increases in the first two quarters of 2010. With the release of the 2010 figures, the Eurosystem began compiling its residential property price indicator for the euro area at a quarterly frequency.[1, 2] This box uses

1 Quarterly data for Germany have been estimated by referring to adjusted early price information for apartments collected in seven big cities. For Italy, the Banca d'Italia's semi-annual residential property price indicator has been transformed into a quarterly indicator by referring to a related quarterly indicator variable. Owing to the high statistical uncertainty of these estimates, quarterly data are not published for the two above-mentioned countries, but only used as a contribution to the euro area aggregate. The quarterly euro area indicator, together with national data for the euro area countries, is available via the Statistical Data Warehouse on the ECB's website (http://www.ecb.europa.eu). More generally it should also be noted that there is a high degree of uncertainty surrounding the ECB's quarterly residential property price indicator, in particular with regard to coverage, quality adjustment and representativeness.

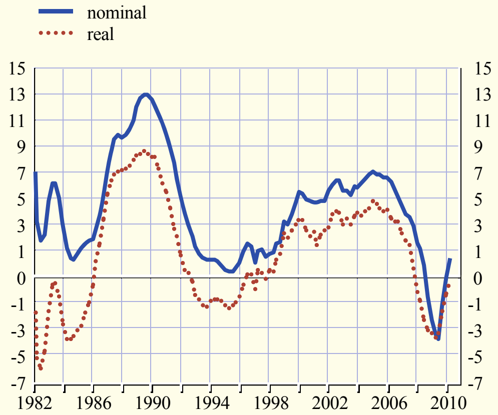
2 A recent Eurostat research paper provides an experimental house price index (http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/documents/Tab/Tab/METH-HPI_Research_paper_2010-12.pdf) for the euro area, which draws on data produced by the ongoing pilot project on owner-occupied housing and is supplemented by Eurosystem data. While developments in the house price index published by Eurostat are broadly similar to those of the Eurosystem's residential property price indicator, there are some differences in the short term. Given the high compilation and publication standards achieved for the Eurosystem's residential property price indicator, the ECB will continue to compile this indicator for the time being.

this new quarterly index to review the latest price developments and to examine selected housing supply and demand factors.[3]

According to the latest data, euro area house prices increased in the first and second quarters of 2010 by 0.3% and 1.8% year on year respectively (see Chart A). This compares with a yearly contraction of close to 3% recorded in 2009. Following strong price increases between 1999 and 2006, euro area house prices started to ease considerably between 2007 and 2008 and fell in 2009, reaching a trough in the third quarter of 2009. Since the beginning of 2010, residential property prices have gradually been increasing. However, this pattern masks divergent developments across the euro area countries (see the table), with some countries – Ireland, Greece, Spain, the Netherlands, Slovakia and Estonia –

Chart A Euro area residential property prices

(annual percentage changes; quarterly data)



Source: ECB calculations based on national data. The latest observation is for the second quarter of 2010.
Notes: Real residential property price growth is obtained by subtracting annual HICP inflation from nominal residential property price growth. See footnote 1 regarding the compilation of the nominal index.

Residential property prices (nominal) in the euro area

(annual percentage changes)

	Weight (percentage)	2008	2009	2009		2010	2009				2010		
				H1	H2	H1	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Belgium 1)	3.8	4.9	-0.4	-0.6	-0.1	4.9	0.9	-2.2	-1.4	1.2	3.8	6.0	5.6
Germany 2)	26.7	1.0	0.0	-	-	-	-	-	-	-	-	-	-
Ireland 2)	1.8	-9.1	-13.7	-11.3	-16.1	-17.9	-11.0	-11.6	-13.8	-18.5	-18.9	-17.0	-14.8
Greece 3)	2.6	1.7	-3.7	-2.9	-4.6	-3.3	-3.3	-2.5	-5.1	-4.0	-1.8	-4.7	-4.3
Spain 2)	11.7	-1.5	-6.7	-7.6	-5.7	-1.9	-7.6	-7.7	-7.0	-4.4	-2.9	-1.0	.
France 1)	21.6	1.2	-7.1	-8.1	-6.2	3.9	-6.9	-9.3	-7.9	-4.4	1.6	6.2	8.6
Italy 2)	16.9	2.6	-0.4	-0.2	-0.6	-0.3	-	-	-	-	-	-	-
Cyprus 2),4)	0.2	13.0	-6.0	.	.	.	-	-	-	-	-	-	-
Luxembourg 2)	0.4	.	.	.	.	.	-	-	-	-	-	-	-
Malta 2)	0.1	-2.7	-5.0	-7.9	-2.0	2.4	-9.9	-6.0	-2.5	-1.4	4.5	0.5	.
Netherlands 1)	6.3	2.9	-3.3	-1.5	-5.1	-3.2	-0.3	-2.8	-5.1	-5.0	-4.3	-1.9	-0.6
Austria 2),5)	3.1	1.2	3.6	4.6	2.6	5.5	4.3	4.9	3.4	1.9	5.7	5.3	5.0
Portugal 2)	1.8	3.9	0.4	1.5	-0.7	1.4	2.7	0.3	-0.8	-0.6	1.3	1.6	.
Slovenia 1)	0.4	3.1	-8.2	-8.4	-8.0	2.6	-7.1	-9.8	-10.9	-5.0	1.1	4.1	.
Slovakia 1)	0.7	22.1	-11.1	-8.9	-13.3	-6.0	-4.3	-13.4	-14.3	-12.3	-8.3	-3.7	-1.3
Finland 1)	1.9	0.6	-0.3	-4.5	4.1	10.9	-5.5	-3.6	0.4	7.9	11.4	10.3	7.8
Estonia 6)	-	-	-	-	-	-4.5	-	-	-	-	-8.2	-0.5	.
Euro area	100.0	1.3	-2.9	-3.1	-2.7	1.0	-2.6	-3.7	-3.9	-1.5	0.3	1.8	.

Sources: National sources and ECB calculations.
Notes: Weights are based on nominal GDP in 2009. Quarterly data for Germany and Italy are not reported owing to the high statistical uncertainty in the construction of the indices – see footnote 1.
1) Existing dwellings (houses and flats); whole country.
2) All dwellings (new and existing houses and flats); whole country.
3) All flats; whole country.
4) The property price index is estimated by the Central Bank of Cyprus using data on valuations of property received from several monetary financial institutions and other indicators relevant to the housing market.
5) Up to 2000, data for Vienna only.
6) Existing flats; whole country.

3 For a detailed analysis of indicators of housing supply and demand, see the article entitled "Assessing house price developments in the euro area", *Monthly Bulletin*, ECB, February 2006.

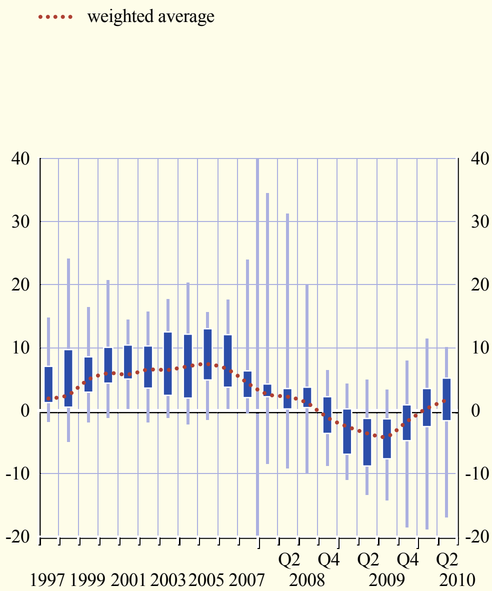
continuing to record declining house prices in the second quarter of 2010 (on a yearly basis). The largest annual house price increases in the second quarter of 2010 were seen in Belgium, France and Finland and appear to have been driven by developments in large residential areas (including the Brussels, Paris and Helsinki regions).

The above-mentioned geographical dispersion is confirmed when considering the minimum-to-maximum measure of dispersion of house price changes across the euro area countries, which has remained elevated since 2007 (see Chart B). Moreover, this suggests a somewhat more heterogeneous development of house prices during their initial moderating phase, characterised by temperate falls in some countries and steep declines or increases in others. At the same time, cross-country heterogeneity of house price developments appears to be persistent over time, as signalled by a fairly similar magnitude in the interquartile ranges (where 50% of the house price distribution is concentrated). An asset-pricing approach to assessing housing developments suggests that house prices are still relatively high compared with rents for the euro area aggregate as well as for several euro area countries, with the ratio of the euro area house price index to the rent component of the HICP index remaining somewhat elevated compared with its level a decade ago[4] (see Chart C). That said, the euro area index abated somewhat in the course of 2009, with signs of further stabilisation in the first half of 2010.

4 This is not, however, an overvaluation measure which would require a comparison with long-term averages of the house price-to-rent ratio.

Chart B Dispersion of residential property price growth rates in the euro area

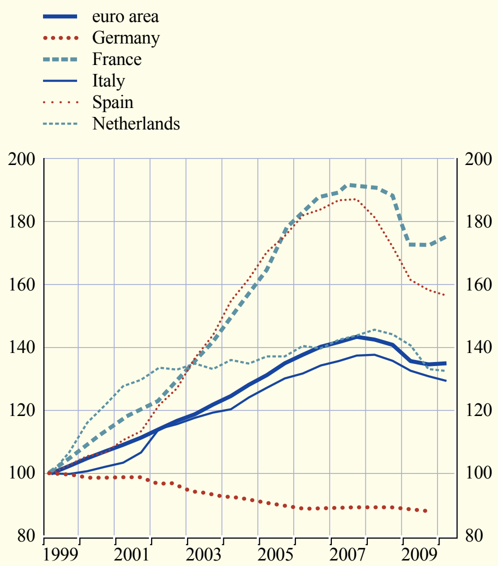
(annual percentage changes; maximum, minimum, interquartile range and weighted average; quarterly data)



Source: ECB calculations based on national data. The latest observation is for the second quarter of 2010.
Note: The interquartile range (represented by the blue bars) lies between the 25% and 75% mark of the distribution range.

Chart C House price/rental yield ratio in the euro area and selected euro area countries

(index: 1999 = 100; percentages; biannual data)



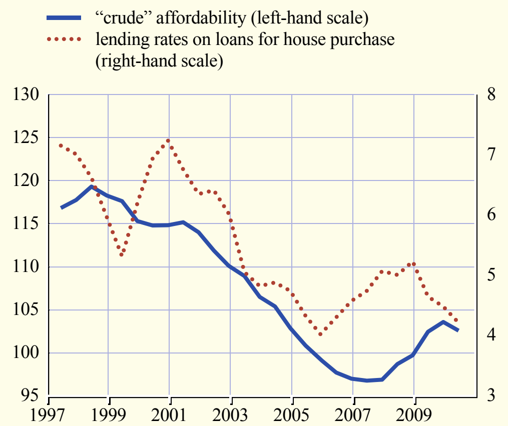
Sources: Eurostat and ECB calculations.

Recent trends in house prices have been characterised by a contracting housing supply and muted demand developments. Euro area housing demand conditions in the first half of 2010 generally continued to improve, as impediments to obtaining credit dissipated. More specifically, an often-cited basic measure of housing affordability, namely the ratio of household nominal disposable income to the nominal house price index ("crude" affordability), albeit declining slightly in the first half of 2010 (owing to positive house price inflation), has increased overall since the end of 2007 (see Chart D). More generally, housing affordability still remains, according to this crude measure, about 10% lower than it was in 1999. However, continued improvements in borrowing conditions, given the decrease in nominal interest rates on loans to households for house purchase, contributed to improved demand conditions in the first half of 2010. In addition, the latest ECB bank lending survey suggests that, for the first time in more than two years, there was no further net tightening of credit standards on loans to households for house purchase in the third quarter of 2010 (0% compared with 10% in the first and second quarters of 2010). Against this background, the annual growth rate of loans to households for house purchase in the euro area continued to steadily increase, from a trough of -0.6% in September 2009, up to 3.6% in October 2010. While this factor is indicative of improving housing market prospects, the annual growth rate of these loans is much more subdued than that seen in the peak of the latest house price cycle in mid-2006, when it stood over 12%.

On the supply side, the contraction in real housing investment continued to abate, reaching -4% year on year in the second quarter of 2010, compared with -12% in the first quarter of 2009 (see Chart E). Looking forward, available indicators for construction production in the euro area for the third quarter of 2010 point to weak prospects for residential investment and to a high degree of heterogeneity across euro area countries. However, building permits, which are often used as a leading indicator for housing investment a few months ahead, tentatively suggest improved prospects for residential investment.

Chart D "Crude" housing affordability and borrowing conditions

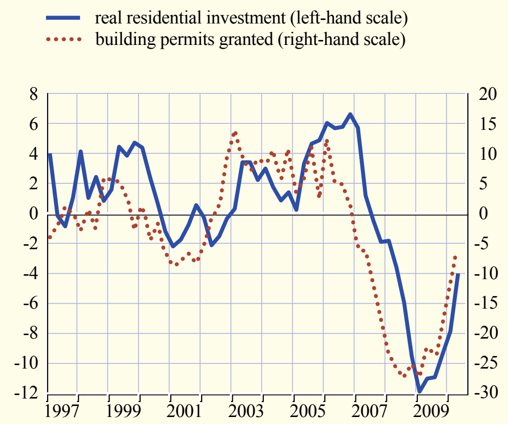
(index: 2005 = 100; percentages)



Sources: Eurostat and ECB calculations.
Notes: Euro area lending rates on loans for house purchase refer to a maturity of over five and up to ten years."Crude" housing affordability is defined as the ratio of nominal household disposable income to the nominal house price index.

Chart E Residential investment and building permits granted in the euro area

(annual percentage changes)



Sources: Eurostat and ECB calculations.

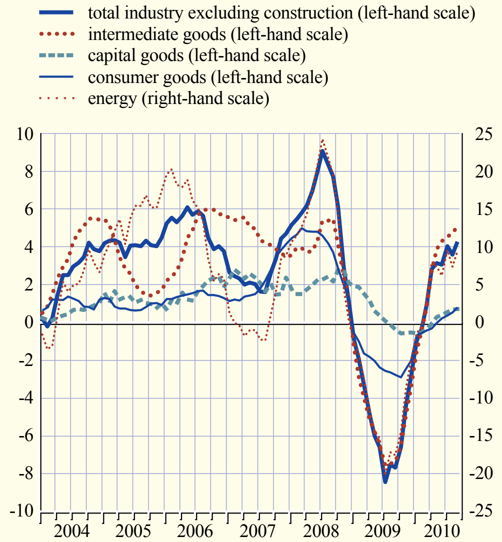
All in all, housing supply and demand developments suggest that the contraction in nominal euro area house prices witnessed in 2009 came to an end in the first two quarters of 2010. Still, housing activity and house price increases are expected to continue to exhibit more moderate dynamics compared with the pre-2009 developments in view of the continued need for adjustment in some euro area countries in order to correct for past excesses.

3.2 INDUSTRIAL PRODUCER PRICES

Supply chain pressures have increased steadily in the course of 2010. In the third quarter the annual rate of change in industrial producer prices (excluding construction) stabilised at around 4%, following a sharp rise from its trough in the summer of 2009. Available country data show a slight and broad-based increase in industrial producer price inflation in October. The overall index can be broken down into intermediate goods, capital goods, consumer goods and energy (see Chart 41). The upward trend in the overall index since the summer of 2009 was driven predominantly by the energy and intermediate goods components, reflecting a combination of upward base effects and an increase in oil and other raw material prices since then. Besides rises in the prices of food and agricultural commodities, substantial price increases were observed for industrial raw materials and metals, which, to some extent, reflect a recovery in global demand. In the third quarter of 2010 the annual rate of change in the energy and the intermediate goods components was about three times that of its average since 1991. Consumer goods prices have risen steadily since the autumn of 2009, as have capital goods prices since early this year. However, in the third quarter of 2010 the annual rates of change in both components stood below their historical averages. The gradual recovery in the prices of these two components partly reflects

Chart 41 Breakdown of industrial producer prices

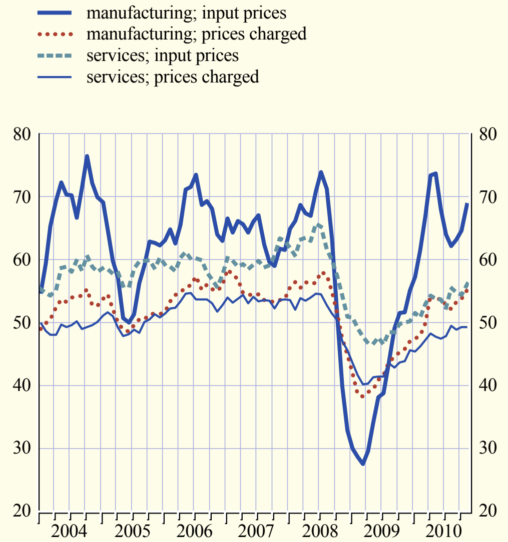
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 42 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.

higher demand for consumer and capital goods produced in the euro area. Within the consumer goods components, the annual rate of change in non-durable consumer goods prices only turned positive in June of this year, partly owing to the rise in food prices on the back of food commodity price increases. However, that of consumer goods, excluding food and tobacco, remained slightly negative in the third quarter of 2010.

Survey data on price pressures in the producer chain continued to indicate, for the first two months of the fourth quarter, upward price pressures, but to a larger extent in the manufacturing sector than in the services sector (see Chart 42). With regard to the Purchasing Managers' Index, the index for prices charged in the manufacturing sector rose in November to the highest level seen since the start of the economic recovery (well above the "no-change" mark of 50), thereby indicating that input cost increases arising from higher raw material and commodity prices could, to some extent, be passed through to customers. By contrast, the services selling price index remained stable, at a level only slightly below its historical average of 50, pointing to broadly stable prices. The fact that the index levels in the manufacturing and services sectors are higher for input prices than output prices suggests that firms are encountering some difficulties passing on the higher input prices.

3.3 LABOUR COST INDICATORS

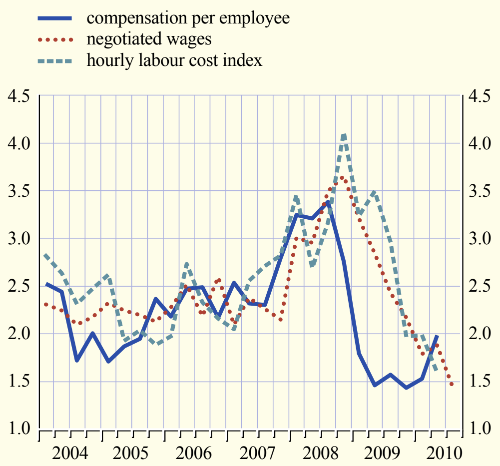
The declines in labour costs in the euro area appear to have broadly bottomed out in the first half of 2010 (see Chart 43 and Table 7), as euro area labour market conditions have stabilised over recent months.

Notwithstanding the overall bottoming-out of the declines in labour costs, negotiated wages – the only labour cost indicator currently available up to October 2010 – declined in the third quarter of 2010, to their lowest annual rate of change seen since the start of the series in 1991. The euro area indicator of negotiated wages slowed to 1.4%, 0.5 percentage point lower than in the second quarter. However, this indicator lags behind other labour cost indicators because the average length of contractual wage agreements is about 1.5 years. Looking forward, it is likely that the annual rate of growth in negotiated wages will increase, but only moderately. The anticipated slightly higher salary increases reflect expectations of a continued economic recovery and compensation for muted salary increases in the past years.

Labour cost developments in the second quarter were affected significantly by hours worked, with hours worked per employee rising markedly on the back of improved activity developments. The increase in hours worked per employee led to a decline in the hourly labour cost index (referring to the market economy only), as employees worked longer hours without it necessarily impacting their overall compensation in the context of various schemes, such as flexible time accounts and

Chart 43 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Table 7 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2008	2009	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3
Negotiated wages	3.3	2.7	2.4	2.2	1.8	1.9	1.4
Hourly labour cost index	3.4	2.9	2.9	2.0	1.9	1.6	.
Compensation per employee	3.1	1.6	1.6	1.4	1.5	2.0	.
Memo items:							
Labour productivity	-0.3	-2.3	-1.8	0.0	2.1	2.7	.
Unit labour costs	3.5	3.9	3.5	1.4	-0.5	-0.6	.

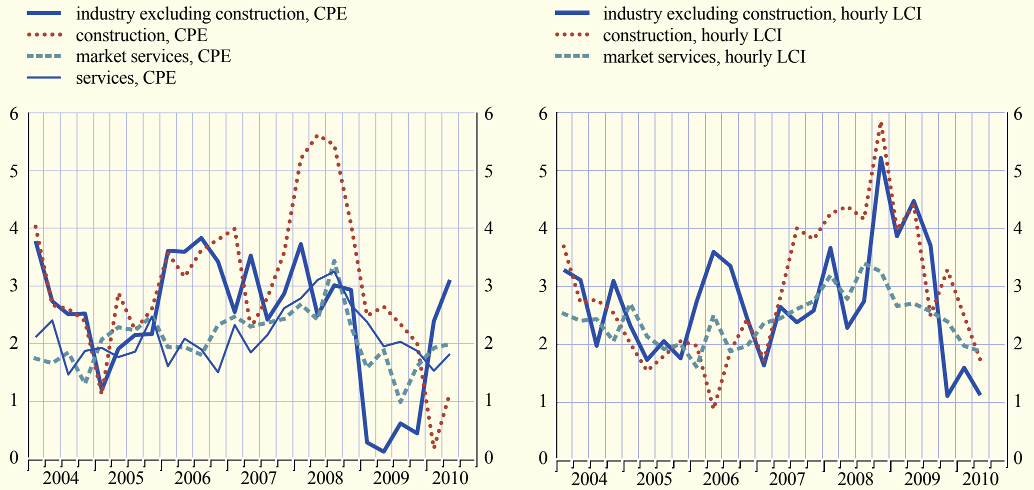
Sources: Eurostat, national data and ECB calculations.

government-subsidised short-time work schemes, particularly in industry. Against this background, annual hourly labour cost growth in the euro area decreased in the second quarter of 2010 to 1.6%, from 1.9% in the previous quarter, the lowest rate of growth observed since the start of the hourly labour costs series in 2001. At the same time, the annual growth rate of compensation per employee rose to 2.0% in the second quarter, from 1.5% in the first quarter. This stemmed from an increase in hours worked per employee and an increase in compensation per hour.

Turning to individual sectors, the contraction in hourly labour cost growth in the second quarter of 2010 was more pronounced in industry and construction than in services, whereas the increase in compensation per employee growth in the second quarter of 2010 was, to a large extent, driven by developments in the industrial sector. A common driving factor for these developments was a comparatively sharp increase in hours worked in the industrial sector in the context of the ongoing economic recovery.

Chart 44 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".

Measured on a per head basis, the annual growth rate of labour productivity increased further in the second quarter of 2010, standing at 2.6%. The ongoing improvement in euro area productivity reflects the lagged adjustment of employment to output growth developments. The growth rate of labour productivity exceeded the growth rate of compensation per employee for the second consecutive quarter. Consequently, the annual growth rate of unit labour costs was negative again in the second quarter (-0.6%). The ongoing decline in unit labour costs should be beneficial for firms' profit margins, which were severely hit by the recession in 2009.

Looking ahead, labour productivity is expected to grow further as employment recovers, but at a more modest pace. This, in combination with a still moderate but gradually increasing rate of growth in compensation per employee, should contribute to a moderate rebound in unit labour cost growth for euro area firms. Labour cost pressures are nevertheless likely to remain contained in the medium term in the light of gradual labour market improvements.

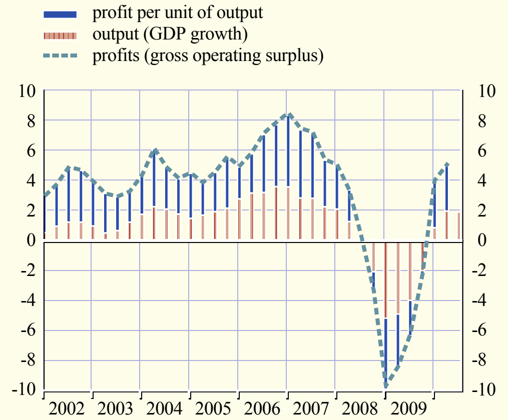
3.4 CORPORATE PROFIT DEVELOPMENTS

During the 2008-09 recession corporate profits contracted sharply owing to resilient labour costs and a decline in firms' productivity associated with a less pronounced adjustment in employment compared with past cyclical downturns. Having posted five quarters of continuous contraction since the end of 2008 (see Chart 45), corporate profits, in the first and second quarters of 2010, exhibited solid year-on-year growth of 4% and 5% respectively, thus continuing to recover from their trough. These increases were brought about by both an expansion in economic activity (volume) and higher unit profits (margin per unit of output), which benefited from falling unit labour cost growth.

Profitability improved markedly in industry in the first half of 2010, following the large falls recorded in 2009, with a year-on-year increase in profits in excess of 25% in the second quarter (see Chart 46). This is due to the fact that profits in this sector tend to follow a stronger cyclical pattern than that of the economy as a whole. However, despite this recent increase, the level of

Chart 45 Breakdown of euro area profit growth into output and profit per unit of output

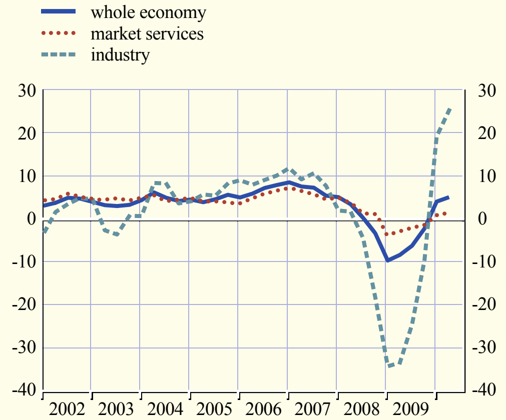
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Chart 46 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

profits in industry in the second quarter of 2010 was still fairly low and close to its mid-2005 level. Profits in market services also continued to increase year on year in the second quarter (by 1.3%), having contracted for four consecutive quarters in the course of 2009.

Looking ahead, improving demand conditions and the expected cyclical increase in productivity should continue to foster profits, in a broadly similar manner to that experienced in previous cyclical upswings. However, uncertainty remains elevated.

3.5 THE OUTLOOK FOR INFLATION

In the next few months, HICP inflation rates will hover around current levels before moderating again in the course of next year. Overall, in the period ahead inflation rates should remain moderate. Inflation expectations over the medium to longer term continue to be firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

This assessment is also reflected in the December 2010 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation in a range between 1.5% and 1.7% for 2010, between 1.3% and 2.3% for 2011 and between 0.7% and 2.3% for 2012 (see Section 6). Compared with the September 2010 ECB staff macroeconomic projections, the range for 2010 is unchanged, while the range for 2011 is marginally higher. Available forecasts from international organisations provide a broadly similar picture.

Risks to the outlook for price developments are broadly balanced. Upside risks relate, in particular, to developments in energy and non-energy commodity prices. Furthermore, increases in indirect taxes and administered prices may be greater than currently expected, owing to the need for fiscal consolidation in the coming years. At the same time, risks to domestic price and cost developments are still expected to be contained.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Economic activity in the euro area has been expanding since the middle of 2009. Following exceptionally strong growth in the second quarter, euro area real GDP grew by 0.4%, on a quarterly basis, in the third quarter of 2010. Recent data and survey evidence generally confirm the view that the underlying positive momentum of the recovery remains in place and point to ongoing GDP growth in the fourth quarter of this year. The ongoing recovery at the global level, and its impact on the demand for euro area exports, should continue to support the euro area economy. At the same time, the level of business confidence remains relatively high, and private sector domestic demand should increasingly contribute to growth, supported by the accommodative monetary policy stance and the measures adopted to restore the functioning of the financial system. However, the ongoing process of balance sheet adjustment in various sectors is expected to dampen the pace of the recovery.

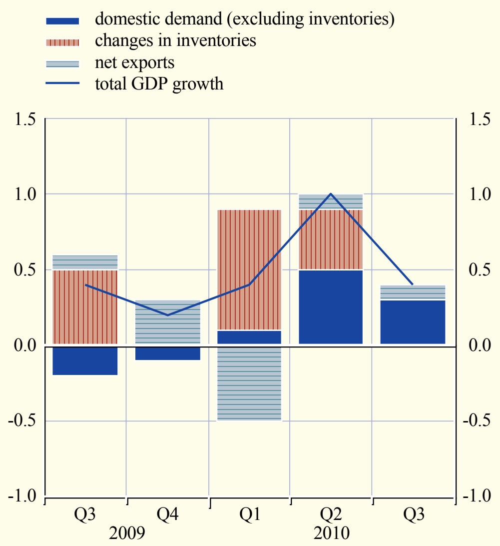
This assessment is also in line with the December 2010 Eurosystem staff macroeconomic projections for the euro area, according to which annual real GDP growth will range between 1.6% and 1.8% in 2010, between 0.7% and 2.1% in 2011, and between 0.6% and 2.8% in 2012. With uncertainty remaining elevated, the risks to the economic outlook are tilted to the downside.

4.1 REAL GDP AND DEMAND COMPONENTS

According to Eurostat's flash estimate, euro area real GDP grew by 0.4%, on a quarterly basis, in the third quarter of 2010, after 1.0% in the second quarter (see Chart 47). Domestic demand was the main contributor to this outcome, together with a small positive contribution from net exports, while the contribution from inventories was zero. Available indicators suggest that the underlying positive momentum of the recovery remains in place.

Chart 47 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

PRIVATE CONSUMPTION

While economic activity in the euro area started to recover in the second half of 2009, private consumption has remained subdued following the severe contractions recorded during the trough of the last economic downturn in late 2008 and early 2009. In the third quarter of 2010 private consumption increased by 0.3%, quarter-on-quarter, after 0.2% in the second quarter and 0.3% in the first quarter. As a result, consumption has regained about half of the loss incurred during the recession. Recent indicators point to a further increase in euro area consumer spending in the fourth quarter of 2010. Growth in consumption varied between countries in the third quarter of 2010, with robust positive growth rates in some countries and negative rates in others, partly related to VAT increases.

Labour market developments are the main factor behind subdued consumption growth since the start of the recovery through their impact on household income and precautionary savings. As labour markets have been stabilising since the beginning of 2010, nominal compensation of employees has also increased, which, in turn, has had a positive effect on consumption. The increase in nominal compensation of employees has, however, been offset by inflation, as measured by the private consumption deflator. Regarding the different components of household income, the contribution of the gross operating surplus and mixed income to household income was less negative in the first half of 2010 than before, while the impact of net social benefits and contributions on total income has been less positive (see the box entitled "Integrated euro area accounts for the second quarter of 2010" in the November 2010 issue of the Monthly Bulletin). Overall, after a sharp drop in 2009, nominal income started recovering in the first half of 2010, even though it is still in negative territory in real terms.

An additional factor behind subdued consumption growth was the strong decline in financial wealth in 2008 and 2009, which has had a protracted impact on savings and consumption into 2010. The contraction of house prices in 2009 also had an adverse effect on consumption developments through its effect on housing wealth. Both financial and housing wealth seem, however, to have increased in the first half of 2010 (see also the box entitled "Recent housing market developments in the euro area" in Section 3).

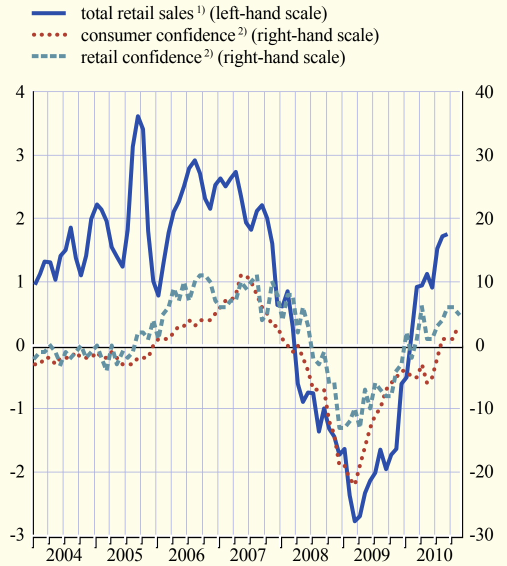
Further to these factors, the availability of consumer credit is an important indicator for consumer spending behaviour. The latest ECB bank lending survey suggests that there was no further net tightening of credit standards for consumer credit in the third quarter of 2010, and that banks expect a slight net easing of credit standards in the fourth quarter, after more than two years of continuous tightening (see also the box entitled "The results of the October 2010 bank lending survey for the euro area" in the November issue of the Monthly Bulletin).

Finally, uncertainty regarding the economic situation in general and employment prospects in particular has also led consumers to hold back their spending in recent quarters. This was visible in the European Commission survey indicator for consumer confidence, which declined strongly until the beginning of 2009 (see Chart 48), contributing to an increase in the savings ratio. However, consumer confidence has been rising since then, reaching levels around its long term average in the third quarter of 2010, which contributed to a decline in the savings ratio in the first and the second quarters of 2010. Consumer confidence remained unchanged in October and increased further in November. While this development should support consumer spending, the indicator of major purchases, which shows the highest correlation with euro area year-on-year consumption growth, remains at a low level despite an increase in November.

Regarding the most recent developments in hard data, retail sales increased by 0.5%, on a quarterly basis, in the third quarter of 2010, after an increase of 0.1% in the second quarter (see Chart 48). New passenger car registrations

Chart 48 Retail sales and confidence in the retail trade and household sectors

(monthly data)



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

declined by 0.2% in the third quarter of the year, and by 7.2%, month on month, in October. Taking both indicators together suggests that retail sales, including cars, increased by 0.4% in the third quarter of 2010, following a decline of 0.7% in the second quarter. However, the Purchasing Managers' Index (PMI) for retail sales points to somewhat lower growth rates in retail sales at the beginning of the fourth quarter.

INVESTMENT

Gross capital formation in the euro area contracted for eight consecutive quarters from the second quarter of 2008 to the first quarter of 2010. Since then, private investment has been increasing, with the growth rate being strong in the second quarter of 2010 and zero in the third. However, the strong outcome in the second quarter appears to have been markedly affected by temporary factors in some countries, in particular the postponement of construction investment in the first quarter due to adverse weather conditions, and the impact of fiscal incentive schemes which were discontinued in the third quarter.

The breakdown of investment in the third quarter of 2010 has not yet been published. Available information suggests that construction investment remained subdued, owing to housing market adjustments in a number of euro area countries. Construction production declined in the third quarter of 2010, by 3.2%, quarter on quarter, after positive growth in the second quarter, which was partly related to the aforementioned temporary effect. However, building permits tentatively suggest improved prospects for housing investment in the months ahead (see also the box entitled "Recent housing market developments in the euro area" in Section 3). The European Commission survey and the PMI suggest that activity in the construction sector is still subdued, although expectations for the coming quarters are more positive.

Regarding non-construction investment, which mainly consists of assets employed in the production of goods and services, low demand expectations, negative earnings growth and tight lending standards all had an adverse affect on investment during the economic downturn, bringing about very strong declines at the end of 2008 and the beginning of 2009. Since the middle of 2009 the contraction in non-construction investment has been much milder, driven by the strengthening in overall economic activity and less stringent financing conditions. However, continued restructuring of balance sheets in some sectors and low levels of capacity utilisation are likely to continue to have a dampening effect on investment. The quarter-on-quarter growth rate of the industrial production of capital goods, an indicator of future non-construction investment, was high in the third quarter, albeit lower than in the second quarter. Manufacturing confidence was high in the third quarter of 2010, and it continued to provide positive signals in October and November. Capacity utilisation increased further in October, compared with July, according to the European Commission's surveys, but remained at a low level. The number of respondents reporting supply-side constraints resulting from a lack of equipment or space and a shortage of labour increased. At the same time, insufficient demand continued to be a less important factor limiting production than in the last survey, while remaining at a relatively high level. Regarding lending conditions, according to the latest bank lending survey, the net percentage of banks reporting a tightening of credit standards on loans and credit lines to enterprises declined but remained positive in the third quarter of 2010 (see the box entitled "The results of the October 2010 bank lending survey for the euro area" in the November 2010 issue of the Monthly Bulletin). Overall, non-construction investment is expected to be subdued in the fourth quarter, owing to prospects for domestic demand growth remaining relatively weak, as well as to financing constraints, elevated uncertainty and the continuing high level of spare capacity.

The bi-annual European Commission investment survey of October/November also points to weak investment activity in the second half of 2010 and a more positive outlook for 2011, with positive expectations from investment goods producers, while investment is projected to remain broadly stable for consumer goods producers and decrease slightly for intermediate goods producers.

Summing up, aggregate investment is expected to be subdued in the fourth quarter and to grow moderately in 2011. While the real cost of financing is low, owing to the accommodative monetary policy stance, investment growth in the quarters ahead is expected to be dampened by the withdrawal of fiscal incentives, the ongoing process of balance sheet adjustments, and elevated uncertainty.

GOVERNMENT CONSUMPTION

Government consumption has supported economic activity during the economic downturn, as several government consumption expenditure items have been relatively unaffected by cyclical developments and, to a lesser extent, because euro area governments have adopted measures to sustain demand. In general, government consumption growth has been more moderate than in the recent past, but is currently still subject to considerable volatility. The impetus to domestic demand from government consumption is expected to be moderate in the near future, reflecting expected fiscal consolidation efforts in a number of euro area countries.

INVENTORIES

As the recession hit the euro area, firms responded by reducing inventories sharply. This development, which is cyclically normal, was reinforced by an increased focus on cash management on the back of increased credit constraints. As demand gradually recovered, the pace of inventory de-stocking has slowed, resulting in a positive or zero contribution to GDP growth since the third quarter of 2009. The accumulated contribution over these quarters, estimated at 1.5 percentage point, broadly corresponds to the accumulated negative contribution during the first half of 2009. These developments have more or less mirrored the sharp downturn in GDP growth, which is now being followed by a cyclical recovery.

In line with the recovery, alongside expectations of increasing demand, changes in inventories contributed considerably to quarterly GDP growth in the first quarter of 2010, by 0.8 percentage point, while the contributions in the second and third quarters were lower, at 0.2 percentage point and zero, respectively. Looking ahead, surveys, backed up by anecdotal evidence, suggest that inventories will be kept at relatively low levels, suggesting neutral contributions to euro area GDP growth in the quarters ahead. There is, however, some statistical uncertainty linked to the way inventories are estimated.

TRADE

Following a sharp contraction around the end of 2008 and the beginning of 2009, and a further, albeit more moderate, decline in the second quarter of 2009, both imports and exports have increased, on a quarterly basis, since the middle of 2009. This rebound has been broadly based across all major product categories. In particular, imports and exports of intermediate goods, which were the main driver of the previous decline in trade flows, showed remarkable increases.

Euro area external trade continued to grow in the third quarter of 2010, driven by the recovery in the global economy and the increase in economic activity in the euro area. However, the growth rate was not as strong as that observed in the first half of the year, which was in line with a moderation in world demand. Quarter-on-quarter growth in exports was stronger than that in imports in the third quarter of the year; as a consequence, net trade provided a positive contribution to GDP growth in the third quarter of 2010, of 0.1 percentage point, similar to the contribution in the second quarter.

Looking ahead, growth in the global economy – and in the emerging markets in particular – is expected to remain positive, albeit somewhat less buoyant than in the first half of the year. Given that the euro area recovery is expected to be moderate and less dynamic than the upturn in global economic activity, import growth may prove slightly more sluggish than export growth. As a consequence, net trade is likely to provide positive contributions to euro area GDP growth in the coming quarters.

4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

From a value added perspective, the euro area recovery was initially stronger in the industrial sector, while growth in the services sector remained subdued. However, the services sector gained momentum in 2010, contributing a similar amount to total value added growth to that of the industrial sector on a quarterly basis. Value added in the construction sector remained subdued, with some volatility due to temporary weather-related effects in the first and second quarters of 2010. Total value added increased by 0.3% in the third quarter of 2010, compared with a growth rate of 0.8% in the previous quarter. Notwithstanding the recent increases, more than half of the losses in value added from the recession persist, as value added has increased by only 2.3% since the trough in activity in the second quarter of 2009. Survey data suggest a further increase in value added in the fourth quarter of 2010.

Labour market conditions have stabilised in the euro area (see the labour market section below). After a strong deterioration in 2009, both employment growth and the unemployment rate have remained fairly stable since the beginning of the year.

SECTORAL OUTPUT

After five consecutive quarters of negative growth, value added in industry (excluding construction) started increasing in the third quarter of 2009 and grew by 0.1%, quarter on quarter, in the third quarter of 2010, after 2.0% in the previous quarter. Industrial production increased in all the main sectors, in particular the capital goods industry (see Chart 49). However, all industrial groupings showed lower growth rates in the third quarter of 2010 than in the previous quarter. Despite increasing continuously over the last five quarters, value added in industry (excluding construction) has recovered less than half of the output loss incurred during the recession. Capacity utilisation rates increased in October compared with July, according to the European Commission's survey. The reported increase in limits to production stemming from the supply side is a sign of an improvement in industrial activity in the summer, while insufficient demand, though declining from July to October, is still reported as being at a high level. The lower growth rate in the industrial sector in the third quarter of 2010 could be partly related to car production, which recovered rapidly up to mid-2010, reaching levels well above aggregate car sales. As a result, car production is expected to have been more subdued in the third quarter of 2010 (see also the box entitled "Developments in the euro area and global car industries").

Box 5

DEVELOPMENTS IN THE EURO AREA AND GLOBAL CAR INDUSTRIES

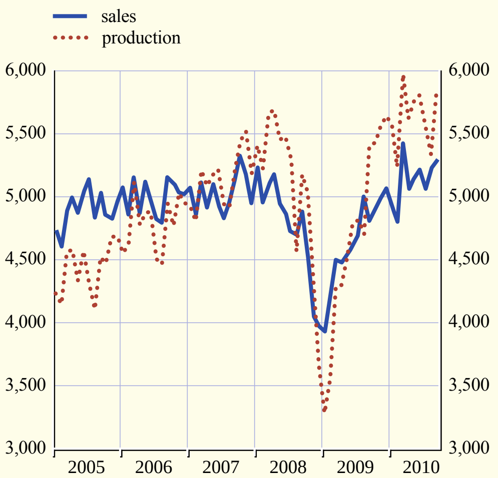
Although car purchases only constitute a small proportion of private consumption (around 5% in the euro area) the overall automotive sector – which includes supplying industries, dealerships, etc. – plays a much greater role in explaining overall value added. Thus, car sales and production have followed business cycle fluctuations as measured by aggregate demand reasonably closely in the past. Recently, however, this link between car purchases and growth has been distorted as a result of various fiscal incentive schemes geared towards car purchases which have been (or still are) in place in a number of countries both inside and outside the euro area. Against this background, this box reviews recent developments in the purchasing and production of vehicles in the euro area, as well as at the global level.

Car sales at the euro area and global level

In 2008 and 2009 the automotive industry, like many other sectors, was significantly affected by the global financial crisis. Indeed, global vehicle sales plunged almost 25% from their peak in April 2008 to their trough in January 2009 (see Chart A) as global financing conditions tightened, household net worth dropped, uncertainty soared and labour markets deteriorated. Although the United States was initially at the centre of this collapse, other countries, including those in the euro area, were also affected by the global downturn. In January 2009 sales in the euro area, as measured by new passenger car registrations, stood more than 25% below their most recent peak in April 2008 (see Chart B), i.e. in line with the global picture.[1]

Chart A Global vehicle sales and production

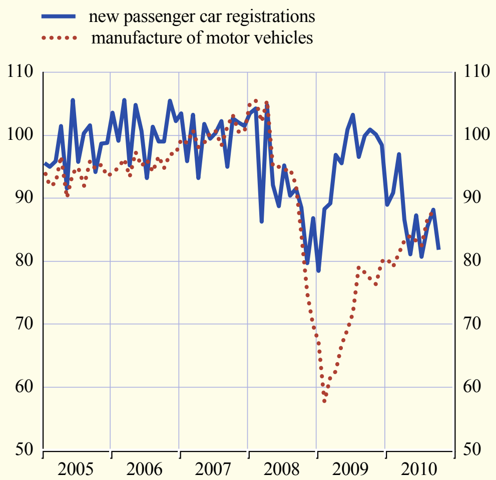
(thousands of units; monthly data)



Sources: Haver Analytics, CEIC and ECB calculations.
Note: The latest observations refer to September 2010.

Chart B New passenger car registrations and manufacture of motor vehicles in the euro area

(index: 2007 = 100; monthly data)



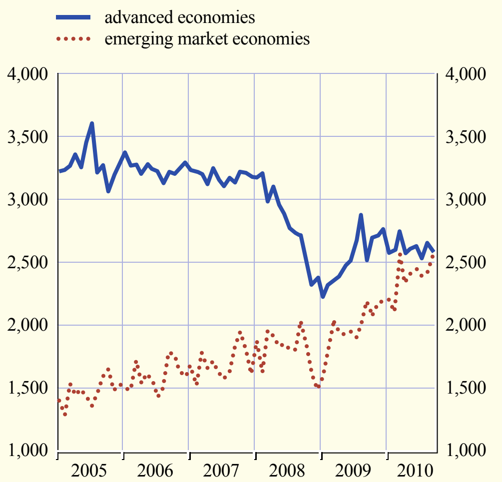
Sources: ACEA and Eurostat.
Note: The latest observation for new passenger car registrations refers to October 2010, while production refers to September 2010.

1 Sales of commercial vehicles, which are not elaborated upon further in this box, were even more affected by the global downturn.

This triggered major repercussions for global industrial production due to global supply chain linkages, as car production represents an important part of industrial production in many countries. In response, the car industry has been at the heart of widespread government support, through vehicle scrappage schemes and massive government bailouts in some countries. As a result of these support measures, sales recovered rapidly in the euro area and globally. A split between advanced and emerging markets shows the same picture (see Chart C). However, while car sales are already above pre-crisis levels in emerging market economies, they remain more subdued in advanced economies.[2]

Chart C Car sales in advanced and emerging market economies

(thousands of units; monthly data)



Sources: Haver Analytics, CEIC and ECB calculations.
Note: The latest observations refer to September 2010.

Production of motor vehicles at the euro area and global level

Some interesting insights are also to be found when comparing demand for cars with production.[3] Production responded with some delay to the downturn in demand in 2008 at the global level, as well as in the euro area. However, global supply was cut back and, by early 2009, the level of production was already much lower than a year earlier. Production growth remained below that of sales, suggesting that massive de-stocking took place during this period. In the euro area, the difference between production and passenger car registrations cannot be directly translated into inventory movements, as a large proportion of production in the euro area is geared towards exports. Nonetheless, this picture of de-stocking is confirmed by global developments and anecdotal evidence, as well as the fact that credit constraints during the downturn forced companies to reduce stocks in order to raise liquidity and maintain cash flow.

As a result of the support programmes and the associated rise in car sales, car production soon increased. Indeed, as shown in Chart A, although production fell sharply below actual sales in early 2009 (resulting in inventory depletion), it has since recovered rapidly, currently standing at levels well above aggregate car sales. In mid-2010 global car production was almost 10% higher than global car sales.[4] Similarly, production in the euro area has also shown a rapid increase since 2009, a development that is largely attributable to global demand, particularly from emerging markets.

2 For more information, see the European Automobile Manufacturers' Association (ACEA) website at http://www.acea.be/index.php and the box entitled "The effects of vehicle scrapping schemes across euro area countries" in the October 2009 issue of the Monthly Bulletin.
3 The production series for the euro area includes motor vehicles, trailers and semi-trailers, and is thus not fully comparable with new passenger car registrations.
4 This analysis is not possible for the euro area, as production is published in the form of an index.

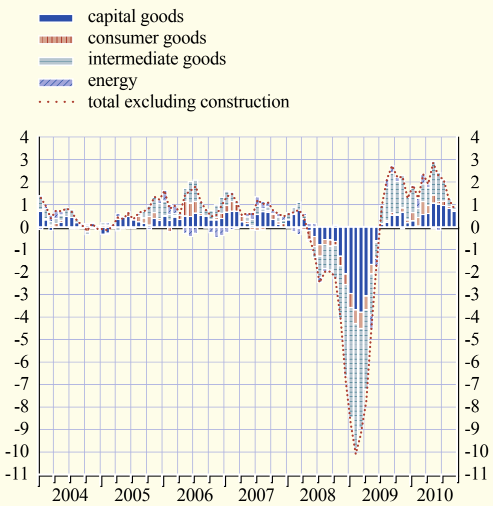
Short-term outlook

In the euro area, the pattern of rising car sales and contracting GDP that was observed for 2009 as a whole is likely to have reversed in 2010. While GDP is expected to continue to recover, car purchases have been declining, reflecting the withdrawal of the fiscal incentive schemes. Car registrations in the euro area are estimated to decline by some 10% in 2010 (using data up to October 2010), following a rise of over 3% in 2009. GDP, on the other hand, is expected to increase by between 1.6% and 1.8% (according to the latest Eurosystem staff sales) following a contraction of 4.1% in 2009. Looking ahead, recent developments in car sales, both in the euro area and in other advanced economies, tend to point to a stabilisation in the coming months, while car sales in emerging markets are expected to remain strong.

Looking ahead, industrial new orders received, which should subsequently appear in production, increased further in the third quarter of 2010, but at a lower growth rate than in the previous quarter. Moreover, business surveys suggest that growth in the industrial sector remained positive at the beginning of the fourth quarter of 2010 (see Chart 50). The PMI output index for the euro area manufacturing sector increased in October and November. It now stands close to the level observed in the third quarter, and is indicating positive growth rates. Confidence in the manufacturing sector increased further in October and November, according to the European Commission Business Survey.

Chart 49 Industrial production growth and contributions

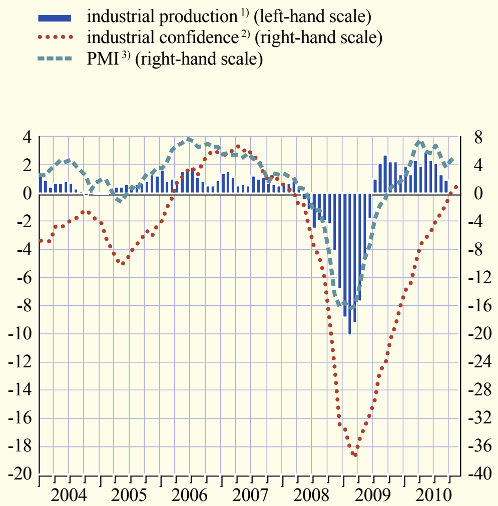
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 50 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
Notes: Survey data refer to manufacturing. From May 2010 onwards, European Commission business survey data refer to the NACE Rev. 2 classification.
1) Three-month-on-three-month percentage changes.
2) Percentage balances.
3) Purchasing Managers' Index; deviations from an index value of 50.

Activity in the construction sector decreased by 0.6% in the third quarter of 2010 and now stands more than 10% below the level observed before the recession started (i.e. in the first quarter of 2008). Looking through the volatility in the first two quarters of 2010, construction activity is still subdued overall, owing to housing market adjustments in a number of euro area countries after the declines in residential property prices. Regarding surveys, the European Commission survey and the PMI suggest that the construction sector may continue to remain weak beyond the third quarter, but improve from the very negative developments observed before.

Activity in the services sector is much less sensitive to cyclical developments than manufacturing and construction activity. Services sector value added posted an increase, of 0.5%, in the third quarter of 2010, slightly down from 0.6% in the second quarter of 2010. Value added in the services sector has thereby fully offset the decline observed during the recession. Available information on the main services sub-sectors shows that, following the sharp falls around the end of 2008 and the beginning of 2009, value added has grown in all three sub-sectors. Looking ahead, recently published survey data suggest that the services sector recorded further growth in the fourth quarter of 2010, with the PMI and the European Commission survey indicator for the services sectors both increasing in November compared with October.

LABOUR MARKET

After the resilience of euro area employment throughout the economic downturn, employment growth remains subdued in the current recovery, but indicators point to a clear stabilisation of labour markets. As a large part of the employment adjustment seen over the downturn took place through a reduction in hours worked per person employed rather than through large reductions in headcount employment in many countries, signs of improvement in labour markets also tend to be more visible in terms of hours worked, where modest increases have been seen since the start of the year. However, hours worked and persons employed remain well below the levels recorded at the beginning of the economic downturn. Overall, the decline in employment activity from peak to trough was greatest in industry (excluding construction) and in construction, while services employment fell by much less over the same period.

Labour market conditions have continued to stabilise over recent months. No new employment data have become available since the previous edition of the Monthly Bulletin, but the most recent releases show employment remaining unchanged, on a quarterly basis, in the first and second quarters of 2010. This development – whereby ongoing losses in industry and construction, though decreasing, were offset by modest growth in services sector employment – marks a notable improvement on the sharp declines observed in previous quarters (see Table 8). At the sectoral level, manufacturing employment (industry excluding construction) continued to fall, quarter on quarter, for the eighth consecutive quarter. However, the rate of decline decreased progressively from its peak at almost -2.0%, quarter on quarter, in the second quarter of 2009. Employment in construction also fell in the second quarter of 2010, but much less than in the first quarter, which was affected by unusually severe weather conditions. Looking through this short-term volatility, the rate of decline in employment in the construction sector has also decreased progressively since the peak in the first quarter of 2009. By contrast, services sector employment stopped declining in the fourth quarter of 2009, and grew in the first and second quarters of 2010. Renewed employment contractions in the trade and transport sub-sector were more than offset by continuing increases in other sub-sectors, with finance and business showing further employment growth in the second quarter.

Table 8 Employment growth

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

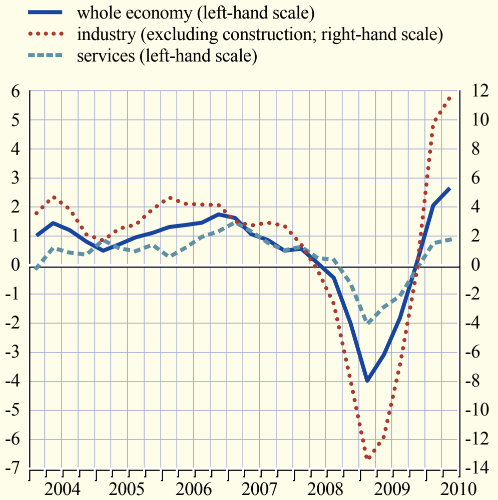
	Annual rates		Quarterly rates				
	2008	2009	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2
Whole economy	0.8	-1.9	-0.6	-0.5	-0.2	0.0	0.0
of which:							
Agriculture and fishing	-1.8	-2.5	-1.1	-1.0	0.5	0.2	-0.9
Industry	-0.7	-5.7	-1.8	-1.6	-1.0	-0.9	-0.4
Excluding construction	0.0	-5.3	-1.9	-1.7	-1.1	-0.8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

Sources: Eurostat and ECB calculations.
1) Also includes education, health and other services.

Data on total hours worked showed a stronger decline in 2009, with a peak decline in all sectors in the first quarter of 2009. Hours worked declined, quarter on quarter, during five consecutive quarters, before stabilising in the fourth quarter of 2009 and slightly increasing in the first two quarters of 2010. Developments across sectors show more protracted declines in the industrial sector than in the services sector. In the second quarter of 2010 all sub-sectors except agriculture and fishing contributed to the increase in hours worked, with the strongest growth rates being in industry (excluding construction), and in finance and business.

Chart 51 Labour productivity

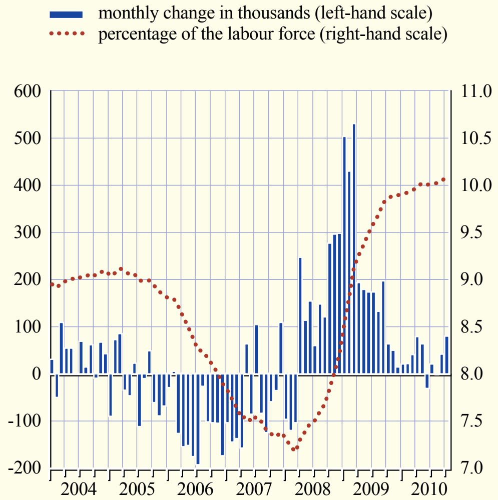
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 52 Unemployment

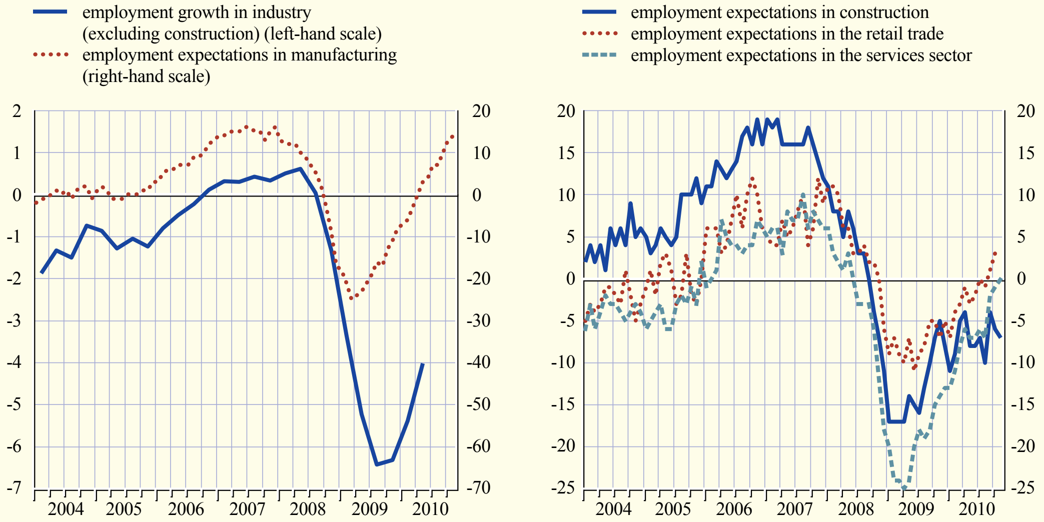
(monthly data; seasonally adjusted)



Source: Eurostat.

Chart 53 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)



Sources: Eurostat and European Commission Business and Consumer Surveys.
Notes: Percentage balances are mean-adjusted. From May 2010 onwards, European Commission business survey data refer to the NACE Rev. 2 classification.

The recovery in euro area output growth, combined with the reduction in employment, has brought about an increase in productivity since the second quarter of 2009. Strong GDP growth in the second quarter of 2010, combined with stable employment, was behind a year-on-year increase in productivity of 2.6%, up from its low level in the same quarter of 2009 (see Chart 51). Developments in hourly labour productivity have exhibited a similar pattern. In particular, hourly labour productivity recorded an increase of 1.8% in year-on-year terms in the second quarter of 2010. The lower rate of increase in hourly productivity, compared with that of productivity per employee, reflects the growth in hours worked per person in annual terms.

After strong increases from 7.2% in March 2008 to 9.9% in November 2009, the euro area unemployment rate has shown signs of stabilisation since then, remaining around 10.0% (10.1% in October). Recent labour market data also signal an overall stabilisation in the euro area labour market as a whole, although the unemployment rate remains high (see Chart 52) and developments differ across euro area countries (see the box entitled "Recent unemployment developments in the euro area"). Employment expectations have improved from their lows in almost all sectors, suggesting further stabilisation ahead (see Chart 53).

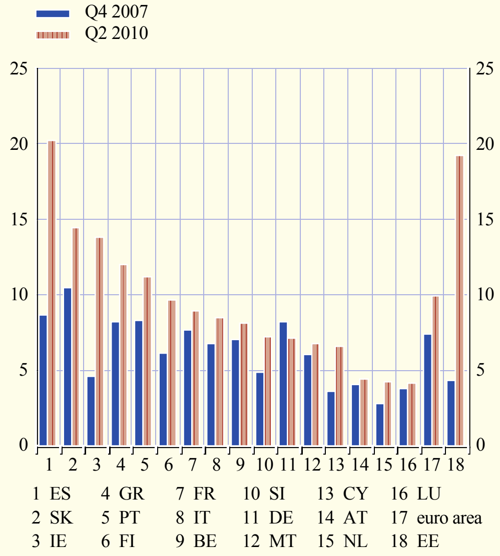
Box 6

RECENT UNEMPLOYMENT DEVELOPMENTS IN THE EURO AREA

This box discusses unemployment developments in the euro area and in selected euro area countries since 2008, based on information from the European Union Labour Force Survey (LFS). Chart A provides a snapshot of the unemployment rate in the euro area countries in the second quarter of 2010 (the latest quarterly data currently available from the LFS) and immediately before the start of the latest recession. From a level of 7.6% in the final quarter of 2007, the euro area unemployment rate rose to 10.0% in the second quarter of 2010 – the highest level recorded since the third quarter of 1998.

Chart A Unemployment rates in the euro area and euro area countries

(percentages of the labour force)



Source: European Union Labour Force Survey.
Note: The countries are ordered by the level of their unemployment rate in the second quarter of 2010 (Estonia is shown separately).

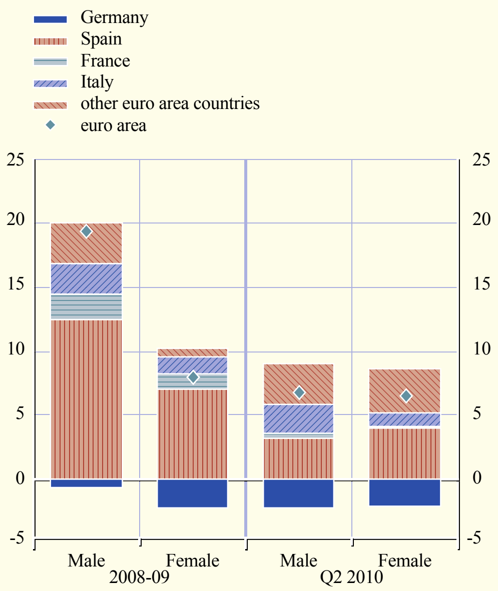
At the country level, Spain and Ireland saw the largest increases in the unemployment rate, mainly driven by the adjustment in the construction sector. These two countries rank among the euro area countries with the highest unemployment rates (20% and 14% respectively in the second quarter of 2010), together with Slovakia (14.4%), Greece (12%) and Portugal (11%). Within this group, a slightly higher labour force participation rate contributed to the increase in unemployment in Spain, Greece and Slovakia, while labour supply sharply decreased in Ireland (reflecting the severity of the decline in output) and, to a lesser extent, in Portugal.

At the same time, the unemployment rate rose only moderately in a large number of euro area countries. In particular, from the final quarter of 2007 to the second quarter of 2010 the unemployment rate increased by 2 percentage points in Italy (reaching 8.5%) and by 1 percentage point in France and Belgium (rising to 8.9% and 8.2% respectively). Several factors may explain the somewhat weaker impact of the crisis on unemployment in these countries, including the reduction in labour supply – partly reflecting an increase in discouraged workers – and a notable increase in part-time employment.

Conversely, Germany appears to be an exceptional case, since its unemployment rate has actually declined over the period under review. The more favourable evolution of unemployment in Germany – not only compared with other euro area countries but also compared with previous recessions – was mainly due to a reduction in the number of hours worked per person employed in response to the sharp fall in activity rather than a decline in employment as in previous downturns. This, in turn, was related to both government-sponsored short-time work measures ("Kurzarbeit") and a higher degree of flexibility in working arrangements (such as individual

Chart B Euro area unemployment growth by gender

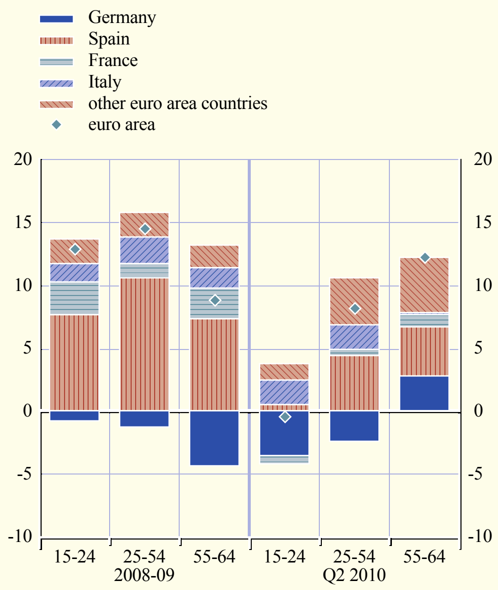
(annual percentage changes; percentage points)



Sources: Eurostat and ECB calculations.
Notes: The bars refer to the contribution of each country (in percentage points). The data for 2008-09 refer to the average annual percentage change over the two-year period.

Chart C Euro area unemployment growth by age band

(annual percentage changes; percentage points)



Sources: Eurostat and ECB calculations.
Notes: The bars refer to the contribution of each country (in percentage points). The data for 2008-09 refer to the average annual percentage change over the two-year period.

working time accounts). Moreover, relatively subdued wage growth, in conjunction with improved profitability, supported temporary labour hoarding, particularly in those sectors that had previously faced severe labour shortages. At the same time, participation has increased in Germany, mainly owing to women entering the labour market.

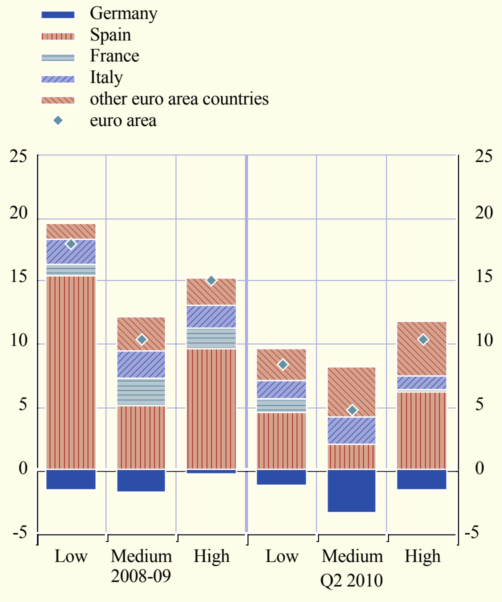
The 2008-09 recession had a relatively larger impact on unemployment in specific socio-economic groups (see Charts B, C and D).[1] The 14% average annual growth of aggregate unemployment masks the fact that male unemployment increased by over 19% in the euro area, compared with a growth rate of 8% recorded for female unemployment. In addition, over the same period the deterioration in the labour market mainly affected young people (youth unemployment rose by 13%) as well as those in the 25-54 age band (15%). Finally, job losses were greatest among the least skilled workers, who saw an 18% increase in unemployment. Within each group, the significant deterioration in the euro area labour market over the period 2008-09 was largely driven by developments in Spain, while other euro area countries (except Germany) also contributed to the increases, albeit to a lesser extent. The latest LFS data suggest that there was some improvement in the year to the second quarter of 2010, with slower growth in unemployment across all the above-mentioned groups.

Chart E shows that the duration of unemployment sharply increased in the euro area: the number of unemployed persons who have been without a job for a year or more increased by 30% in the year to the second quarter of 2010, compared with the 4% average growth recorded over

1 For a detailed discussion of the main factors explaining these developments, see the box entitled "The composition of the recent decline in employment in the euro area", *Monthly Bulletin*, ECB, September 2009.

Chart D Euro area unemployment growth by level of educational attainment

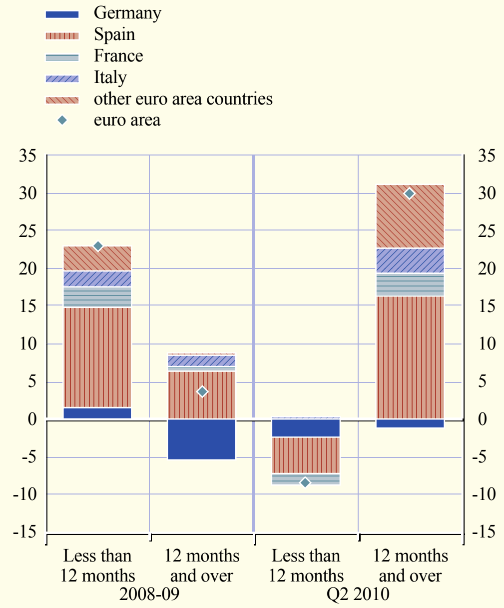
(annual percentage changes; percentage points)



Sources: Eurostat and ECB calculations.
Notes: The bars refer to the contribution of each country (in percentage points). The data for 2008-09 refer to the average annual percentage change over the two-year period.

Chart E Euro area unemployment growth by duration

(annual percentage changes; percentage points)



Sources: Eurostat and ECB calculations.
Notes: The bars refer to the contribution of each country (in percentage points). The data for 2008-09 refer to the average annual percentage change over the two-year period.

the period 2008-09. The rise in long-term unemployment is a cause of concern and requires an effective policy response in order to avoid a persistent increase in structural unemployment. Policies that promote wage moderation and reduce wage rigidities, together with active labour market policies that facilitate labour market transitions via improved matching efficiency, as well as reforms that strengthen the labour market attachment of the long-term unemployed, will reduce structural unemployment and decrease the risk of the erosion of human capital associated with long spells of unemployment.

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

Looking ahead, recent data releases and surveys generally confirm the assessment that the positive underlying momentum of the recovery in the euro area remains in place. The continued recovery of the world economy, and its impact on the demand for euro area exports, should continue to support the euro area economy. Private sector domestic demand should increasingly contribute to growth, supported by the accommodative monetary policy stance and the measures adopted to restore the functioning of the financial system. However, the ongoing process of balance sheet adjustment in various sectors is expected to dampen the pace of the recovery.

This assessment is also in line with the December 2010 ESCB staff macroeconomic projections for the euro area, according to which annual real GDP growth will range between 1.6% and 1.8% in 2010, between 0.7% and 2.1% in 2011, and between 0.6% and 2.8% in 2012. Compared with the September 2010 ECB staff macroeconomic projections, the range for real GDP growth this year has narrowed and shifted towards the upper end of September's range, while the range for 2011 is slightly narrower. With uncertainty remaining elevated, the risks to this economic outlook are tilted to the downside. On the one hand, global trade may continue to perform more strongly than expected, thereby supporting euro area exports. In addition, the level of business confidence in the euro area remains relatively high. On the other hand, downside risks relate to the tensions in some segments of the financial markets and their potential spillover to the euro area real economy. Further downside risks relate to renewed increases in oil and other commodity prices, and protectionist pressures, as well as the possibility of a disorderly correction of global imbalances.

5 FISCAL DEVELOPMENTS

According to the European Commission's autumn 2010 economic forecast, overall, public deficit ratios in the euro area are stabilising this year and are expected to decline in 2011 and 2012, while government debt ratios continue to increase. While some countries are recording more favourable budgetary developments than previously expected, for others concerns about the sustainability of fiscal positions and vulnerability to adverse market reactions remain very high. In this environment, there is a clear need for all countries to maintain and strengthen public confidence in governments' commitments to return to sound public finances, thereby reducing risk premia in interest rates and supporting sustainable growth over the medium term. All euro area countries must pursue ambitious and credible multi-year consolidation strategies and implement the planned corrective measures in full, focusing on the expenditure side. In their budgetary plans for 2011 and beyond, governments should specify the necessary fiscal adjustment measures in detail, while standing ready to correct any slippages from the announced fiscal objectives.

FISCAL DEVELOPMENTS IN 2010

The public finance outlook for the euro area indicates a stabilisation of budget balances in 2010, with, however, some heterogeneity among countries. According to the European Commission's autumn economic forecast, published on 29 November 2010, the euro area average general government deficit ratio in 2010 is projected to be unchanged from 2009 at 6.3% of GDP, thus marking an end in the substantial deterioration observed in 2008 and 2009 (see Table 9). The expected deficits are somewhat lower than projected in the Commission's spring 2010 forecast, both for the euro area as a whole and for most individual countries. In particular, the deficits expected in Germany, Luxembourg, Cyprus and Portugal were revised downwards by more than 1 percentage point of GDP, although from very high levels for the latter two countries and in the case of Portugal mainly due to a sizeable one-off measure. Higher deficits than in the spring forecast are expected in Ireland (as a result of exceptional capital transfers), Greece (mainly as a consequence of the statistical upward revision of the 2009 budget deficit and lower than expected revenue) and Slovakia (on account of lower than expected revenue). One euro area country, Luxembourg, is expected to record a deficit of below 3% of GDP this year.

According to the Commission forecast, the euro area average government debt-to-GDP ratio is projected to increase from 79.1% in 2009 to 84.1% in 2010, as a consequence mainly of high deficits and to a lesser extent of the support provided to the financial sector and Greece. In 12 out of 17 euro area countries, debt ratios are above the reference value of 60% of GDP; in Greece and Italy, government debt is well above 100% of GDP.

Table 9 Fiscal developments in the euro area

(as a percentage of GDP)

	2008	2009	2010	2011	2012
a. Total revenue	44.9	44.5	44.4	44.8	44.8
b. Total expenditure *of which:*	46.9	50.8	50.8	49.4	48.7
c. Interest expenditure	3.0	2.8	2.9	3.0	3.2
d. Primary expenditure (b-c)	43.9	47.9	47.9	46.4	45.5
Budget balance (a-b)	-2.0	-6.3	-6.3	-4.6	-3.9
Primary budget balance (a-d)	1.0	-3.4	-3.5	-1.6	-0.8
Cyclically adjusted budget balance	-2.6	-4.4	-4.9	-3.5	-3.2
Gross debt	69.7	79.1	84.1	86.5	87.8
Memo item: real GDP (annual percentage change)	0.4	-4.1	1.7	1.5	1.8

Sources: European Commission's autumn 2010 economic forecast and ECB calculations.
Notes: Figures may not add up due to rounding. Figures include Estonia in all years.

In Ireland, despite wide-ranging budgetary consolidation efforts adopted by the government to counteract the repercussions of the financial and economic crisis on its public finances, the combination of severe structural problems in the banking sector and a weak underlying fiscal position gave rise to acute debt sustainability concerns. Therefore, on 21 November 2010, the Irish government formally applied for external financial assistance (see Box 7). On 28 November, the Eurogroup and ECOFIN ministers agreed that this financial support was warranted to safeguard financial stability in the euro area and the EU as a whole. The joint EU-IMF adjustment programme builds on strong measures to overhaul the banking sector and on a four-year fiscal adjustment and structural reform plan which was published by the Irish authorities on 24 November and contains detailed measures to restore confidence in the sustainability of public finances in Ireland. The consolidation measures cumulatively amount to €15 billion over the period 2011-14, of which €6 billion will take effect in 2011, and comprise two-thirds expenditure measures and one-third revenue measures. The deadline for bringing the government deficit below 3% of GDP was extended by one year, to 2015.

As regards recent developments in Greece, on 23 November 2010 the Commission, the ECB and the IMF issued a joint statement on the Second Review Mission. The overall assessment was that the adjustment programme remained broadly on track (for a presentation of the programme, see the box entitled "The Greek economic and financial adjustment programme" in the May 2010 issue of the Monthly Bulletin). Given additional fiscal pressures due to the weaker than projected tax collection and data revisions for 2009, new measures have been agreed to broaden tax bases and eliminate wasteful spending, particularly in the areas of health spending, state enterprises and tax administration. With this additional effort, the government intends to meet the deficit target of 7.5% of GDP in 2011 and to reduce the deficit to below 3% of GDP by 2014. On 28 November, Eurogroup ministers agreed to rapidly examine the necessity of aligning the maturities of the financing for Greece with those for Ireland, thus extending the maturities of the existing arrangements.

FACTORS UNDERLYING BUDGETARY DEVELOPMENTS IN 2010

The stabilisation of the euro area average deficit ratio in 2010 coincides with the economic recovery, as can be seen in Chart 54a. According to the European Commission, for the first time since 2007, the change in the cyclical component of the deficit has contributed to a lower deficit in 2010 (see Chart 54b). This is offset by an estimated deterioration in the cyclically adjusted balance, which, however, is distorted by the large increase in the cyclically adjusted deficit for Ireland as a result of bank recapitalisation measures. Once corrected for these exceptional measures, the decline in the structural balance as measured by the Commission is limited. Moreover, estimates of structural budget balances should be interpreted with particular caution in view of the current high levels of uncertainty, in particular with regard to the assessment of trend output growth.

The gap between the growth rates of revenue and expenditure in nominal terms, which had already narrowed significantly in the first two quarters of 2010, is set to close by the end of 2010 (see Chart 55a). On the revenue side, the rebound in nominal revenue growth in 2010 reflects mainly revenue windfalls following the strong decline in 2009. On the expenditure side, the slowdown in nominal expenditure is explained by the phasing-out of fiscal stimulus measures implemented since end-2008 and new fiscal consolidation measures offsetting the still relatively strong structural growth in social payments, capital transfers and interest payments. The expenditure restraint is particularly pronounced in government investment and compensation of government employees, with cuts in employment as well as wage freezes or even wage cuts in several countries. In terms of ratios to GDP, both total government revenue and total government expenditure are expected to be broadly unchanged from 2009, at 44.4% of GDP and 50.8% of GDP respectively (see Chart 55b).

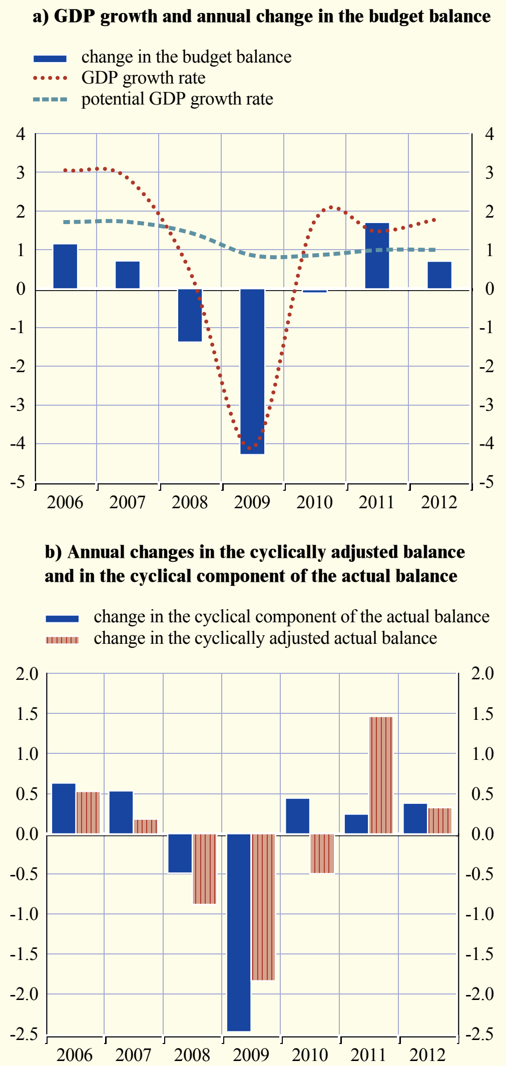
PROSPECTS FOR FISCAL POLICIES IN 2011 AND 2012

According to the European Commission, the euro area average deficit ratio is projected to decrease to 4.6% of GDP in 2011 and 3.9% of GDP in 2012 under the customary no-policy-change assumption. This represents a sizeable improvement compared with the spring 2010 forecast, which stems mainly from expenditure consolidation measures announced or set out in more detail since then, in particular in the 2011 budgets. With real GDP growth expected to be close to potential in 2011, the impact of the economic cycle is judged to be favourable but small and thus most of the decline in the euro area deficit ratio in 2011 is viewed as structural (see Chart 54). In 2012, the economic cycle and the cyclically corrected balance are expected to contribute almost equally to the decline in the deficit.

The euro area government revenue-to-GDP ratio is projected to increase slightly to 44.8% in 2011 and be unchanged in 2012, while the euro area government expenditure-to-GDP ratio is projected to decline gradually to 48.7% of GDP in 2012 (see Chart 55b). This in part reflects a further unwinding of fiscal stimulus measures, affecting in particular government investment, but even more so consolidation measures, in particular government wage and employment restraint. Accordingly, in 2011 and 2012 government revenue is expected to grow faster than government expenditure in the euro area (see Chart 55a).

Chart 54 Determinants of budgetary developments in the euro area

(percentage points of GDP; percentage changes)



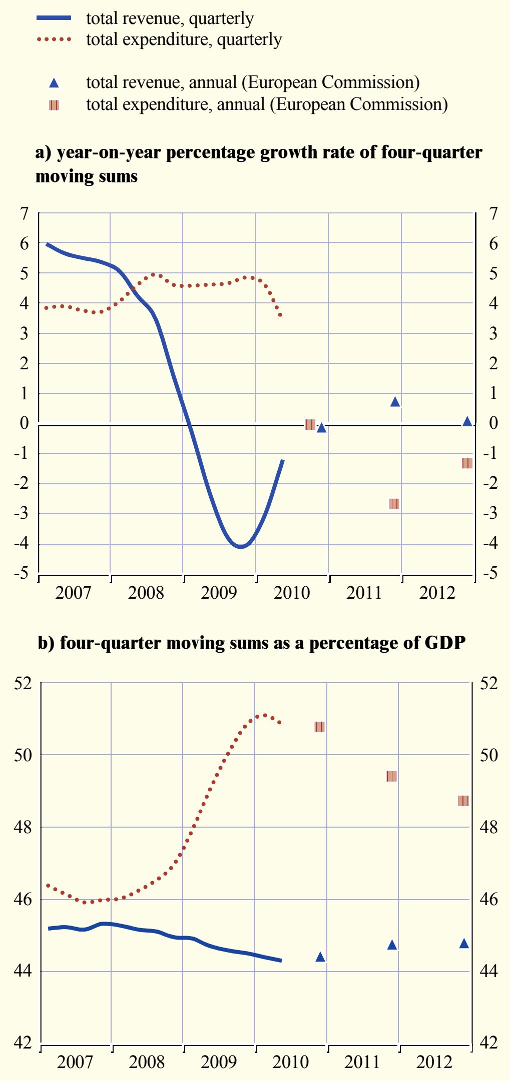
Sources: European Commission's autumn 2010 economic forecast and ECB calculations.
Note: Figures include Estonia in all years.

Five euro area countries, namely Germany, Estonia, Luxembourg, Malta and Finland, are expected to have government deficits at or below the reference value of 3% of GDP in 2011. In 2012, this is also expected to be the case in the Netherlands in addition to those countries, with the exception of Malta where the deficit is set to increase to above 3% of GDP.

According to the European Commission, government debt ratios are likely to continue to increase in all euro area countries in 2011 and in almost all euro area countries in 2012, with the exception of Germany and Italy. In 2012, the euro area average debt ratio is expected to amount to 87.8% of GDP, and four euro area countries, namely Belgium, Ireland, Greece and Italy, are projected to record debt ratios exceeding 100% of GDP.

All in all, the risks to the Commission projections appear to be broadly balanced. Favourable risks include the potential implementation of further consolidation measures in some countries to bring down high deficits, particularly in 2012, as well as a possible reversal of the significant revenue shortfalls, which amounted in 2008 and 2009 cumulatively to more than 1% of GDP. On the downside, three key risks predominate. First, the successful implementation of already announced consolidation measures cannot be taken for granted, as they may meet strong resistance. Second, there is a risk that higher than expected financing costs will place further upward pressure on government interest payments. Lastly, some countries face risks in the form of contingent liabilities stemming from support granted to financial institutions, and also the risk of losses from previous financial rescue operations.

Chart 55 Quarterly government finance statistics and projections for the euro area



Sources: ECB calculations based on Eurostat and national data, and European Commission's autumn 2010 economic forecast.
Note: The charts show the evolution of total revenue and total expenditure in terms of four-quarter moving sums for the period from the first quarter of 2007 to the second quarter of 2010, plus the annual projections for 2010 and 2011 from the European Commission's autumn 2010 economic forecast.

FISCAL POLICY CONSIDERATIONS

In light of the still precarious fiscal situation in a number of countries, the pace of fiscal consolidation should be sustained, or accelerated in those countries where the macroeconomic outlook has improved. For 2010, it appears that deficit outturns in almost all countries subject to an excessive deficit procedure (EDP) are broadly in line with – or better than – the projections underlying the ECOFIN Council recommendations, at least partly as a result of the more favourable macroeconomic context. For 2011 and beyond, the fiscal consolidation set out in 2011 budgets is an encouraging first step. However, the scale of the present fiscal challenges requires an ambitious multi-year consolidation effort in most countries. Not least given the strong increase in expenditure ratios during the crisis, a strong emphasis on structural expenditure cuts, including a systematic reassessment of the scope of the public sector and the quality of public finances, would appear warranted in many countries. A credible and comprehensive reform strategy also helps sustain market confidence, which could be particularly important in countries under continued financial market scrutiny.

The fiscal policy provisions of the Treaty and the Stability and Growth Pact are essential to guide policy-makers and underpin the trust of the public and financial markets in fiscal policies in EMU. Governments must strictly adhere to the deadlines and targets set in ECOFIN Council recommendations, implementing all the planned measures and being prepared to step in with additional measures to meet targets if necessary. In this regard, the measures that have been announced but not yet sufficiently specified should be presented in more detail. Moreover, countries with an improved macroeconomic environment should use the opportunity to correct excessive deficits in advance of the EDP deadlines. Looking ahead, countries should strive to move quickly towards their medium-term budgetary objectives, to be well-positioned to cope with budgetary deterioration in bad times.

In addition to restoring sound fiscal positions, strengthening the EU fiscal framework is necessary to ensure fiscal sustainability. In its final report to the European Council, the task force chaired by Herman Van Rompuy put forward proposals to strengthen the fiscal framework at the EU level which represent a step in the right direction. They contain a number of useful proposals to strengthen fiscal discipline, such as a greater focus on the government debt criterion, reinforced reputational, political and financial sanctions, reverse voting procedures, stronger domestic fiscal frameworks and a better quality of statistics. However, they fall short of what the ECB views as necessary to ensure the best possible functioning of the euro area. The recommendations of the task force are to be implemented in new regulations and in a new code of conduct. It is critical that these legal acts are drafted in a way that provides clear rules and inspires certainty of enforcement.

Overall, a strong political commitment to fiscal adjustments and structural reforms addressing macroeconomic imbalances and weaknesses in the banking sector and improving the long-term sustainability of public finances is essential, as it provides an anchor for expectations. In the current context of financial interventions in favour of euro area countries facing difficulties (see Box 7), it is essential that all countries regain and maintain strong fiscal positions to avoid any additional risks to financing conditions.

Box 7

RECENT DEVELOPMENTS IN EU FINANCIAL STABILITY ARRANGEMENTS

The financial crisis has led to the progressive reinforcement of the framework for provision of financial assistance to EU and euro area countries experiencing economic and financial difficulties. This box provides an overview of the EU financial stability arrangements and reports on the latest developments.

Non-euro area EU Member States suffering balance of payments difficulties can obtain assistance from the EU under the Medium-Term Financial Assistance (MTFA) facility. In the context of the financial crisis, the financing capacity of the MTFA facility was increased from €12 billion to €25 billion in December 2008 and to €50 billion in May 2009. A total of €14.6 billion has been committed to Latvia, Hungary and Romania under the MTFA since the start of the crisis. Prior to the crisis, no comparable facility existed for euro area countries, in view of the fact that belonging to a monetary union alters the balance of payments financing constraint.

In early 2010 a marked rise in Greek sovereign bond yields made it difficult for the Greek government to cover its short-term financing needs in the market, which threatened to endanger financial stability in the euro area. In response, on 2 May euro area countries agreed to activate, together with the IMF, a three-year financial support programme for Greece.[1] The programme consisted of €80 billion of bilateral loans from euro area countries and an IMF Stand-By Arrangement for up to €30 billion. Disbursement of the funds was made conditional on the Greek authorities implementing the economic and financial adjustment programme negotiated by the European Commission and the IMF, in liaison with the ECB.[2]

However, tensions continued to mount in euro area financial markets in the first week of May 2010. On 9 May EU Member States agreed to establish two financial stability arrangements to provide financial support to EU and euro area countries experiencing severe economic or financial disturbances.

First, the ECOFIN Council adopted a Regulation (No 407/2010) setting up the European Financial Stabilisation Mechanism (EFSM), which allows the European Commission to raise up to €60 billion on behalf of the EU for lending to Member States faced with exceptional circumstances beyond their control. No increase in the overall EU budget ceiling was required for this purpose. The functioning of the EFSM is to be reviewed every six months.

Second, the euro area countries, on an intergovernmental basis, established the European Financial Stability Facility (EFSF). The EFSF is set up as a limited liability company authorised to issue debt securities, guaranteed up to a total of €440 billion by euro area countries on a pro rata basis, to finance lending to euro area countries in financial difficulties. The debt securities to be issued by the EFSF are expected to be awarded the highest (AAA) rating by all three major rating agencies. The EFSF is a temporary facility for the period until June 2013.

Any loans from the EFSM and EFSF are subject to strong policy conditionality and made in the context of joint programmes with the IMF, which is expected to provide financing amounting to up to 50% of the EU/euro area contribution to each programme.

In response to renewed disturbances in financial markets, which threatened financial stability in the EU and euro area as a whole, Eurogroup and ECOFIN ministers unanimously decided on 28 November 2010 to grant financial assistance to Ireland, following a request by the Irish authorities on 21 November. The financial package will cover financing needs of up to €50 billion for the budget and €35 billion for the banking system, with the EFSM providing €22.5 billion, the EFSF €17.7 billion and the IMF €22.5 billion. The EU contribution will also include bilateral loans from Denmark, Sweden and the United Kingdom amounting to €4.8 billion; the financing ratio between the EU and the IMF will thus be 2:1. Half the banking support measures (€17.5 billion) will be financed by the Irish authorities. Financial assistance is provided on the basis of an adjustment programme negotiated by the European Commission and the IMF, in liaison with the ECB, which aims to strengthen and overhaul the Irish banking system, restore fiscal sustainability and introduce growth-enhancing structural reforms.

Also on 28 November 2010 euro area countries decided to put in place a permanent European Stability Mechanism (ESM) to safeguard financial stability in the euro area when the existing EFSF expires in June 2013. This follows the agreement by the EU Heads of State or Government on 28-29 October on the need to establish such a mechanism, which will complement the new framework of reinforced economic governance and substantially reduce the probability

1 Slovakia decided not to participate in the programme.
2 See Box 6, entitled "The Greek economic and financial adjustment programme", in the May 2010 issue of the Monthly Bulletin.

of crises arising in the future. The ESM will be based on the EFSF and will be capable of providing financial assistance packages to euro area countries under strict conditionality and with preferred creditor status, junior only to the IMF. Rules will be adapted to provide for a case-by-case participation of private sector creditors, fully consistent with IMF policies. Eurogroup ministers will take a unanimous decision on providing assistance on the basis of a rigorous debt sustainability analysis conducted at the outset by the European Commission and the IMF, in liaison with the ECB. For countries assessed to be solvent, the private sector would be encouraged to maintain exposures according to international rules and fully in line with IMF practices. In the unexpected event that a country would appear to be insolvent, it would be required to negotiate a comprehensive restructuring plan with its private creditors, in line with IMF practices, with a view to restoring debt sustainability. This process will be facilitated by the introduction of standardised and identical collective action clauses (CACs) in the terms and conditions of all new euro area government bonds starting in June 2013. The overall effectiveness of this framework will be evaluated in 2016 by the Commission, in liaison with the ECB. The President of the European Council, Herman van Rompuy, will present a proposal for a limited Treaty change reflecting this decision to the European Council in December of this year.

6 EUROSYSTEM STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

On the basis of the information available up to 19 November 2010, Eurosystem staff have prepared projections for macroeconomic developments in the euro area.[1] Benefiting from the ongoing economic recovery worldwide and increasing support from domestic demand, average annual real GDP growth is projected to be between 1.6% and 1.8% in 2010, between 0.7% and 2.1% in 2011 and between 0.6% and 2.8% in 2012. Average annual HICP inflation is projected to remain around current levels in the short term, mostly owing to commodity-related external price pressures. Thereafter, as imported inflation moderates, domestic price pressures are expected to increase somewhat, reflecting the gradual improvement in activity. The average rate of overall HICP inflation is expected to be between 1.5% and 1.7% in 2010, between 1.3% and 2.3% in 2011 and between 0.7% and 2.3% in 2012.

Box 8

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 11 November 2010.[1] 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 overall average level for these short-term interest rates of 0.8% for 2010, 1.4% for 2011 and 1.7% for 2012. The market expectations for euro area ten-year nominal government bond yields imply an average level of 3.5% in 2010, increasing to 4.0% in 2011 and 4.3% in 2012. The baseline projection takes into account the recent further normalisation of financing conditions and assumes that bank lending rate spreads vis-à-vis the above-mentioned interest rates will remain broadly stable overall. Credit supply conditions are assumed to ease gradually over the projection horizon. As regards commodities, on the basis of the path implied by futures markets in the two-week period ending on the cut-off date, oil prices per barrel are assumed to average USD 79.5 in 2010, USD 88.6 in 2011 and USD 90.7 in 2012. The prices of non-energy commodities in US dollars are assumed to rise by 40.6% in 2010, followed by increases of 19.2% in 2011 and 2.3% in 2012.

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the ten-working day period ending on the cut-off date. This implies a USD/EUR exchange rate of 1.34 in 2010 and 1.39 in 2011 and 2012, and an effective exchange rate of the euro that, on average, depreciates by 5.9% in 2010 before appreciating modestly by 0.8% in 2011.

Fiscal policy assumptions are based on individual euro area countries' national budget plans as available on 19 November 2010. They include all policy measures that have already been approved by national parliaments or that have been specified in detail by governments and are likely to pass the legislative process.

1 Oil and food price assumptions are based on futures prices up to the end of the projection horizon. For other commodities, prices are assumed to follow futures until the fourth quarter of 2011 and thereafter to develop in line with global economic activity.

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

THE INTERNATIONAL ENVIRONMENT

The global recovery is ongoing but decelerating temporarily, as the previously supportive contributions from inventories and the fiscal stimulus packages are coming to an end. Looking ahead, global economic growth is expected to strengthen gradually over the projection horizon, supported by progress in balance sheet repair and an improvement of financing conditions. Dynamic emerging markets remain the main driver of global economic growth over the projection horizon. At the same time, in major advanced economies labour markets are projected to remain weak, holding back growth. Overall, global growth is projected to remain relatively subdued compared with most previous post-recession recoveries. World real GDP outside the euro area is projected to increase by 5.3% in 2010, by 4.3% in 2011 and by 4.7% in 2012. Growth in the euro area's export markets is estimated to be 11.3% in 2010, 7.2% in 2011 and 7.2% in 2012.

REAL GDP GROWTH PROJECTIONS

Following strong growth in the second quarter of 2010, real GDP grew by 0.4% in the third quarter. Available information suggests net exports contributed to growth, while domestic demand also increased, albeit at more subdued rates than in the previous quarter. In the last quarter of 2010, growth is expected to remain weaker than during the first half of the year, as the supportive impact of fiscal stimuli, the inventory cycle and the rebound in trade is diminishing. Looking ahead, economic activity is projected to continue its recovery, led by exports, with domestic demand gradually gathering pace. This rebalancing of activity reflects the effects of accommodative monetary policy and the significant efforts made to restore the functioning of the financial system. However, in line with patterns observed following past banking crises, the economic recovery is projected to be muted. The need for balance sheet repair in various sectors is dampening the growth outlook for the euro area. In annual terms, real GDP growth is expected to be between 1.6% and 1.8% in 2010, between 0.7% and 2.1% in 2011 and between 0.6% and 2.8% in 2012.

In more detail, among the domestic components of GDP, private consumption growth is expected to rise modestly in 2010 and to firm gradually over the projection horizon. As employment developments continue to improve, related incomes are expected to increase. In addition, the household saving ratio is projected to decline as confidence improves in line with labour market developments and lower uncertainty. Reflecting the gradual improvement in economic activity and employment, the unemployment rate is expected first to stabilise, before declining in 2012.

Table 10 Macroeconomic projections for the euro area

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

	2009	2010	2011	2012
HICP	0.3	1.5 - 1.7	1.3 - 2.3	0.7 - 2.3
Real GDP	-4.1	1.6 - 1.8	0.7 - 2.1	0.6 - 2.8
Private consumption	-1.1	0.6 - 0.8	0.4 - 1.4	0.5 - 2.3
Government consumption	2.4	0.5 - 1.3	-0.8 - 0.6	-0.4 - 1.0
Gross fixed capital formation	-11.3	-1.4 - -0.6	-0.5 - 3.1	0.1 - 5.3
Exports (goods and services)	-13.1	9.9 - 11.7	3.7 - 8.7	2.5 - 8.7
Imports (goods and services)	-11.8	8.2 - 9.8	2.6 - 7.6	2.3 - 8.1

1) The projections for real GDP and its components refer to working day-adjusted data. The projections for imports and exports include intra-euro area trade.
2) Estonia is included in the euro area projections for 2011. The average annual percentage changes for 2011 are based on a euro area composition in 2010 that already includes Estonia.

Non-residential private investment is expected to continue to recover slowly as spare capacity gradually diminishes, demand prospects firm, financing constraints loosen and uncertainty recedes. Residential investment, while picking up slightly, is projected to remain subdued, still dampened by ongoing adjustments in housing markets in some countries. In line with the fiscal consolidation packages announced in several euro area countries, government investment in real terms is assumed to be weak over the projection horizon.

Following a strong rebound during the first three quarters of 2010, exports are expected to continue to grow, albeit at a somewhat slower pace, driven by foreign demand over the whole projection horizon and greater price competitiveness early on. The growth of imports is also expected to slow somewhat over the period 2011-12 from the high levels seen in 2010. Overall, net trade is projected to make a positive, but diminishing, contribution to GDP growth.

Largely reflecting the impact of the crisis, potential growth is expected to recover somewhat, albeit to moderate levels, over the projection horizon. This modest outlook results from a rise in structural unemployment, lower labour force participation rates and the weakness of investment. The magnitude of these effects, however, is very uncertain and projections of potential growth, and accordingly of the output gap, are surrounded by an even higher degree of uncertainty than usual. This notwithstanding, the estimated output gap is expected to narrow over the projection horizon.

PRICE AND COST PROJECTIONS

Owing mainly to oil and food price rises, overall HICP inflation is projected to stay close to 2% until early 2011. Thereafter, while imported inflation moderates, domestic price pressures are expected to increase somewhat, reflecting the gradual improvement in activity. The average rate of overall HICP inflation is expected to be between 1.5% and 1.7% in 2010, between 1.3% and 2.3% in 2011 and between 0.7% and 2.3% in 2012. The growth rate of the HICP excluding food and energy is projected to increase gradually over the entire projection horizon, reflecting the slowly increasing growth of unit labour costs in the context of improving labour market conditions.

In more detail, after a strong increase in 2010, driven by the rebound in commodity prices and the past depreciation of the euro, external price pressures are projected to diminish over the projection horizon. Turning to domestic pressures, growth in compensation per hour in the euro area is projected to be modest in 2010. Thereafter, in line with the improvement in the labour market, stronger increases are expected. This holds for both the public and private sectors, albeit to a lesser extent in the case of the public sector, reflecting fiscal consolidation and the fact that public sector wages tended to be slower to adjust to the economic downturn. Taking into account the strong cyclical recovery in labour productivity, the projected profile of wages implies a substantial decline in the growth of unit labour costs in 2010. Thereafter, once productivity gains have stabilised and wages rebound further, unit labour costs are expected to grow moderately. Profit margins are projected to continue to widen over the projection horizon, having fallen steeply during the recession. On the basis of measures already announced, indirect taxes are also assumed to make a small positive contribution to HICP inflation over the projection horizon.

COMPARISON WITH THE SEPTEMBER 2010 PROJECTIONS

With regard to real GDP growth, the projection range for 2010 has narrowed somewhat and shifted towards the upper end of the range published in the September 2010 issue of the Monthly Bulletin. The range for 2011 is slightly narrower compared with that published in September. With regard to HICP inflation, the projection range for 2010 is unchanged, while the range for 2011 is marginally higher than in the previous projection.

Table 11 Comparison with the September 2010 projections

(average annual percentage changes)

	2010	2011
Real GDP – September 2010	1.4 - 1.8	0.5 - 2.3
Real GDP – December 2010	1.6 - 1.8	0.7 - 2.1
HICP – September 2010	1.5 - 1.7	1.2 - 2.2
HICP – December 2010	1.5 - 1.7	1.3 - 2.3

Box 9

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 grow by between 1.6% and 1.7% in 2010, between 1.4% and 1.7% in 2011 and between 1.6% and 2.0% in 2012. All these forecasts fall within the ranges of the Eurosystem staff projections.

As regards inflation, the forecasts from other institutions anticipate average annual HICP inflation to be between 1.5% and 1.6% in 2010, between 1.3% and 1.8% in 2011 and between 1.2% and 1.7% in 2012. These forecasts for inflation are also in line with the ranges of the Eurosystem staff projections.

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

(average annual percentage changes)

	Date of release	GDP growth			HICP inflation		
		2010	2011	2012	2010	2011	2012
IMF	October 2010	1.7	1.5	1.8	1.6	1.5	1.5
Survey of Professional Forecasters	October 2010	1.6	1.5	1.7	1.5	1.5	1.6
Consensus Economics Forecasts	November 2010	1.6	1.4	1.6	1.5	1.6	1.5
OECD	November 2010	1.7	1.7	2.0	1.5	1.3	1.2
European Commission	November 2010	1.7	1.5	1.8	1.5	1.8	1.7
Eurosystem staff projections	December 2010	1.6 - 1.8	0.7 - 2.1	0.6 - 2.8	1.5 - 1.7	1.3 - 2.3	0.7 - 2.3

Sources: European Commission Economic Forecasts, Autumn 2010; IMF World Economic Outlook, October 2010; OECD Economic Outlook, November 2010; Consensus Economics Forecasts; 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.

7 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

7.1 EXCHANGE RATES

The depreciation of the nominal effective exchange rate of the euro during the first half of 2010 reversed in mid-June. The euro strengthened further in September and October, only to partially lose some of its gains in November.

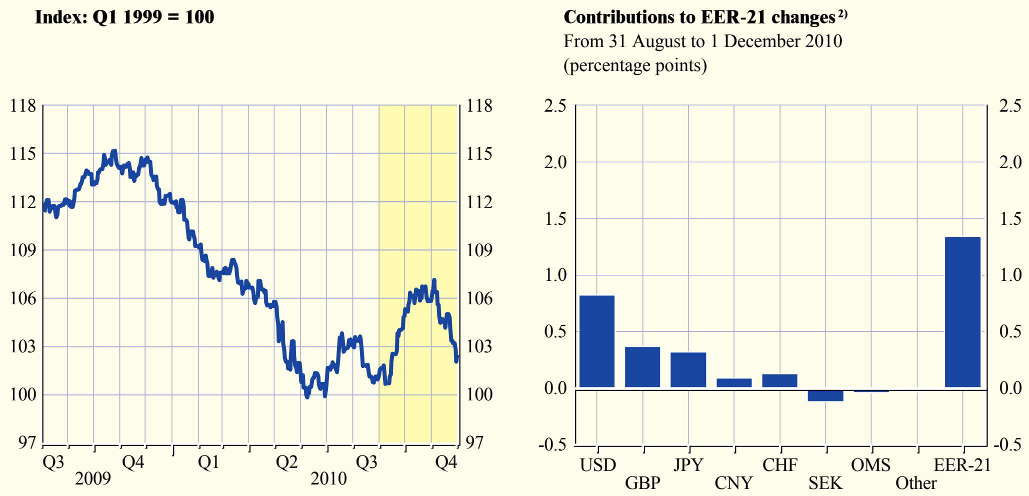
EFFECTIVE EXCHANGE RATE OF THE EURO

Following an appreciation over the course of 2009, the depreciation of the nominal effective exchange rate of the euro during the first half of 2010 reversed in mid-June. While the euro appreciated in September and October, it lost some of its gains in November (see Chart 56). On 1 December 2010 the nominal effective exchange rate of the euro – as measured against the currencies of 21 of the euro area's most important trading partners – was 1.3% higher than at the end of August, but still 8.2% below its average level for 2009. The overall appreciation of the euro over the past three months was broad based across all major currencies and driven mainly by developments in the USD/EUR exchange rate. The implied volatility of the bilateral exchange rates of the euro increased vis-à-vis the US dollar and the Japanese yen in the period under review, at both the short-term and long-term horizons.

With regard to indicators of the international price and cost competitiveness of the euro area, in October 2010 the real effective exchange rate of the euro based on consumer prices was around 5.7% lower than its average 2009 level (see Chart 57). As relative price developments during 2009 and 2010 have been fairly subdued, the evolution of the real effective exchange rate of the euro has followed relatively closely the nominal effective exchange rate.

Chart 56 Euro effective exchange rate (EER-21) and its decomposition[1)]

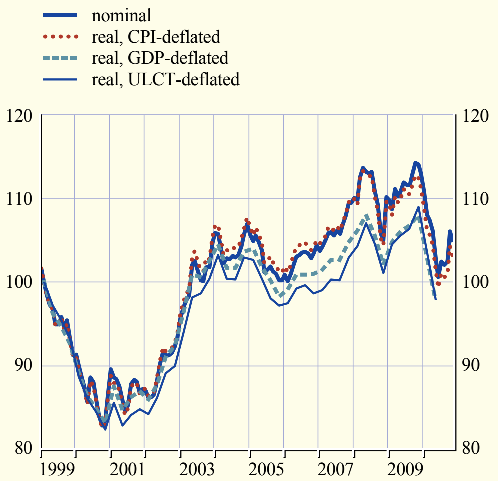
(daily data)



Source: ECB.
1) An upward movement of the index represents an appreciation of the euro against the currencies of 21 of the most important trading partners of the euro area (including all non-euro area EU Member States).
2) Contributions to EER-21 changes are displayed individually for the currencies of the six main trading partners of the euro area. The category "Other Member States" (OMS) refers to the aggregate contribution of the currencies of the non-euro area Member States (except the pound sterling and the Swedish krona). The category "Other" refers to the aggregate contribution of the remaining six trading partners of the euro area in the EER-21 index. Changes are calculated using the corresponding overall trade weights in the EER-21 index.

Chart 57 Euro nominal and real effective exchange rates (EER-21)[1]

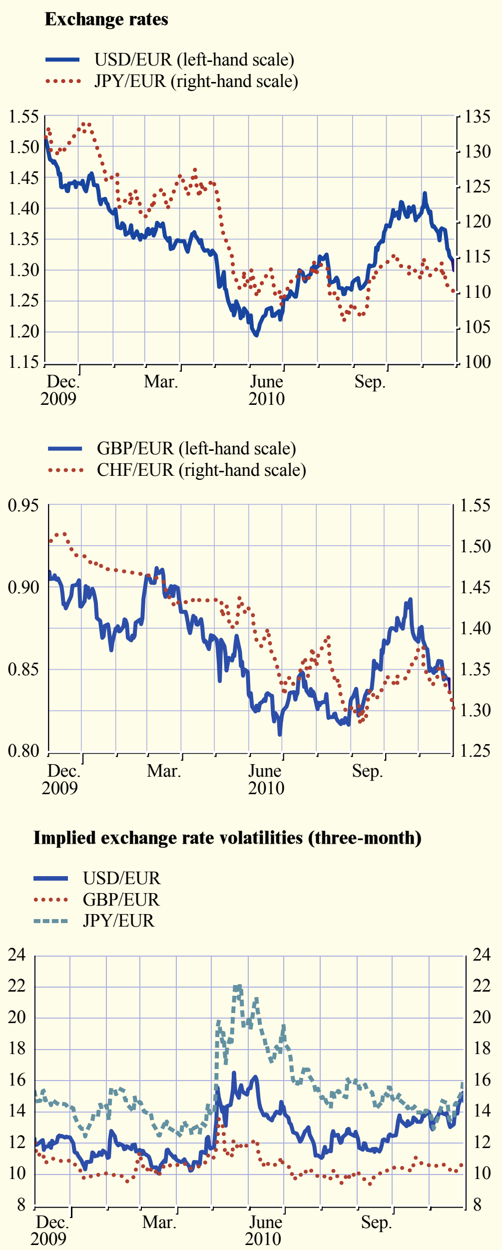
(monthly/quarterly data; index: Q1 1999 = 100)



Source: ECB.
1) An upward movement of the EER-21 indices represents an appreciation of the euro. The latest observations for monthly data are for November 2010. In the case of the GDP and ULCT-based real EER-21, the latest observation is for the second quarter of 2010 and is partly based on estimates.

Chart 58 Patterns in exchange rates and implied volatilities

(daily data)



Sources: Bloomberg and ECB.

US DOLLAR/EURO

Following a strong depreciation in the early part of 2010, the euro exchange rate witnessed a significant rebound against the US dollar from mid-June to the beginning of November. The appreciation of the USD/EUR exchange rate was mainly driven by evolving market expectations leading up to – and following – the decision of the FOMC regarding the implementation of additional quantitative easing. In recent weeks the euro has reversed some of its earlier gains, amid renewed risk aversion on the part of investors as financial tensions in some market segments increased in the euro area. Overall, in the three-month period to 1 December the euro strengthened against the US dollar by 3.4% compared with the end of August (see Chart 58), trading at USD 1.31 on 1 December, but remained around 5.9% below its average of 2009. Over the past three months the implied volatility of the USD/EUR exchange rate has risen (see Chart 58). The pick-up in volatility has materialised across the entire horizon of available options contracts (up to one year), suggesting that market participants expect market uncertainty to intensify over the medium term. This increase in implied volatility was likely driven by both the uncertainty surrounding US policy decisions, but also by market concerns about the outlook for public finances in some euro area countries.

JAPANESE YEN/EURO

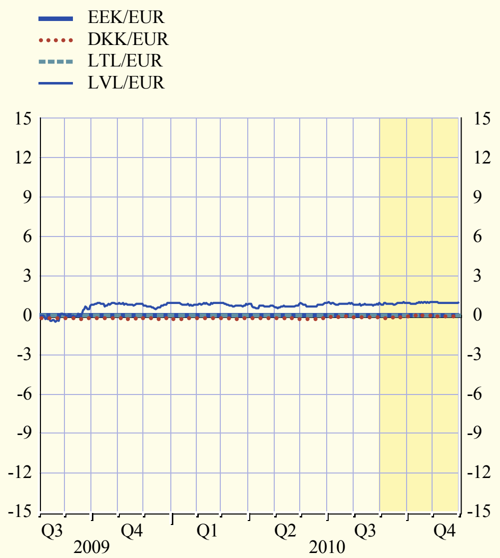
In the three-month period to 1 December, the euro appreciated vis-à-vis the Japanese yen, reversing the depreciating trend it had experienced since the beginning of 2010. The appreciation of the euro during this period may have been driven by expectations regarding quantitative easing measures. Even so, the recent increase in financial market tensions in the euro area has reversed some of the gains. On 1 December the euro stood at JPY 110.4, 3.1% stronger than at the end of August, but still 15.3% below its 2009 average. Over the same period, the implied volatility of the JPY/EUR exchange rate has increased slightly (see Chart 58).

EU MEMBER STATES' CURRENCIES

Over the past three months the currencies participating in ERM II have remained broadly stable against the euro, trading at, or close to, their respective central rates (see Chart 59). At the same time, the Latvian lats has remained on the weak side of the unilaterally set fluctuation band of ±1%.

Chart 59 Patterns in exchange rates in ERM II

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



Source: ECB.
Notes: A positive (negative) deviation from the central rate against the euro implies that the currency is on the weak (strong) side of the band. In the case of the Danish krone, the fluctuation band is ±2.25%; for all other currencies, the standard fluctuation band of ±15% applies.

As regards the currencies of the EU Member States not participating in ERM II, the euro has appreciated vis-à-vis the pound sterling (by 1.8%) over the past three months, trading at GBP 0.84 on 1 December. At the same time, the implied volatility of the GBP/EUR exchange rate increased slightly (see Chart 58). Over the same period the euro weakened against the Hungarian forint (2.5%), while it appreciated against the Czech koruna (0.5%) and the Polish zloty (0.2%).

OTHER CURRENCIES

The euro strengthened vis-à-vis the Swiss franc, rising by around 1.9% over the past three months, to stand at CHF 1.32 on 1 December. Over the same period the euro appreciated vis-à-vis the Chinese renminbi and the Hong Kong dollar, broadly in line with USD/EUR developments, and depreciated against the major commodity currencies, against the Canadian dollar (by 1.0%) and more strongly against the Australian dollar (by 4.8%).

7.2 BALANCE OF PAYMENTS

The growth in extra-euro area trade in goods moderated in the third quarter of 2010 compared with the first half of the year. In September the 12-month cumulated current account deficit of the euro area narrowed to €46.3 billion (around 0.5% of euro area GDP), compared with a deficit of €91.0 billion a year earlier. In the financial account, lower net inflows in portfolio investment led to a decrease in net inflows in combined direct and portfolio investment, which amounted to a cumulative €72.7 billion in the year to September.

TRADE AND THE CURRENT ACCOUNT

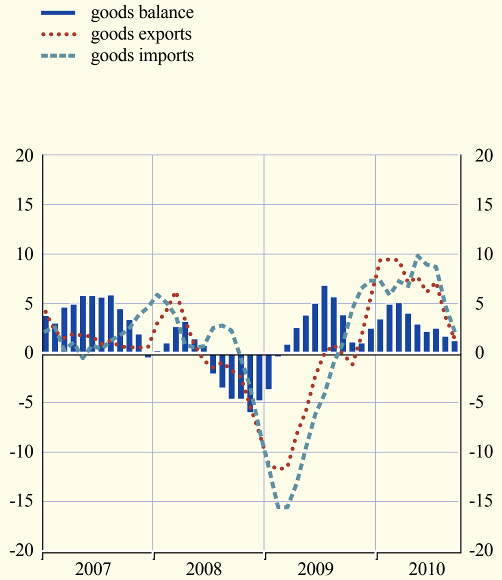
Having picked up strongly during the first half of 2010, extra-euro area trade in goods continued to expand in the third quarter, although the rate of growth slowed. According to balance of payments data, quarterly growth in extra-euro area export values of goods amounted to 1.4% in the third quarter, compared with 6.1% in the preceding quarter (see Chart 60 and Table 12). While export price increases remained contained compared with import price increases, which may have benefited euro area exporters, the global slowdown in economic activity and the fading-out of temporary factors – such as fiscal policy stimuli and the inventory cycle – contributed to the loss of momentum in export growth rates.

The geographical breakdown of extra-euro area exports of goods indicates a moderation in the quarter-on-quarter growth rates of exports to Asia and the United States, and an increase in growth rates of exports to OPEC countries and the United Kingdom, while export growth to other EU Member States was broadly stable (see Chart 61).

The rise in extra-euro area export values in the third quarter was mainly the result of an increase in export volumes, whereas export prices grew at a moderate pace. The breakdown of extra-euro area export volumes of goods in selected product categories indicates slower quarter-on-quarter growth rates of exports of capital goods and consumption goods compared with the growth rates observed in the previous quarter, while the growth rates of exports of intermediate goods stabilised.

Chart 60 Extra-euro area trade in goods

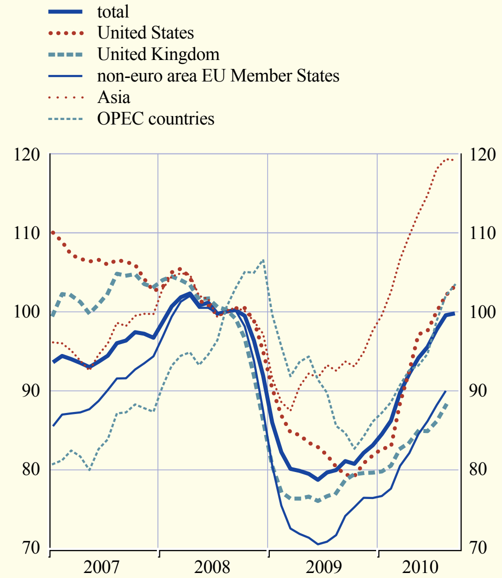
(three-month on three-month percentage changes; for the goods balance, EUR billions and three-month moving averages; monthly data; working day and seasonally adjusted)



Source: ECB.

Chart 61 Extra-euro area export values for selected trading partners

(indices: Q3 2008 = 100; seasonally adjusted; three-month moving averages)



Sources: Eurostat and ECB calculations.
Notes: The latest observations refer to September 2010, except for the non-euro area EU Member States and the United Kingdom (August 2010). The non-euro area EU Member States aggregate does not include Denmark, Sweden or the United Kingdom.

Table 12 Main items of the euro area balance of payments

(seasonally adjusted data, unless otherwise indicated)

			Three-month average				12-month cumulated figures	
	2010	2010	2009	2010			2009	2010
	Aug.	Sep.	Q4	Q1	Q2	Q3	Q3	Q3
	EUR billions							
Current account	-6.9	-13.1	-3.3	-0.6	-3.3	-8.3	-91.0	-46.3
Goods balance	0.2	1.8	2.5	5.1	2.2	1.3	15.0	33.4
Exports	131.0	130.2	111.2	121.7	129.2	131.0	1,320.5	1,479.1
Imports	130.8	128.4	108.7	116.6	126.9	129.7	1,305.5	1,445.7
Services balance	1.8	1.8	3.3	2.8	3.3	1.9	31.5	34.3
Exports	41.0	41.1	39.3	40.6	42.5	41.2	478.7	491.0
Imports	39.2	39.2	36.0	37.8	39.1	39.3	447.2	456.8
Income balance	-1.3	-5.5	-2.1	0.8	-0.4	-2.5	-40.4	-12.6
Current transfers balance	-7.6	-11.3	-7.0	-9.4	-8.4	-9.0	-97.1	-101.3
Financial account [1]	10.4	12.6	-4.0	7.4	15.5	9.3	64.6	84.5
Combined net direct and portfolio investment	0.5	7.0	14.1	-7.9	21.4	-3.4	207.1	72.7
Net direct investment	-11.1	-9.6	3.9	-13.4	-12.5	-7.1	-159.5	-87.4
Net portfolio investment	11.5	16.5	10.2	5.5	33.9	3.7	366.6	160.2
Equities	25.5	-10.6	-1.1	-12.0	3.9	7.2	36.7	-6.3
Debt instruments	-14.0	27.2	11.4	17.6	30.0	-3.5	329.9	166.4
Bonds and notes	-22.3	33.7	-1.6	8.0	31.0	-7.7	126.3	89.1
Money market instruments	8.3	-6.6	13.0	9.6	-1.0	4.2	203.6	77.4
Net other investment	7.6	7.7	-21.0	15.5	-8.4	13.3	-157.6	-1.7
	Percentage changes from previous period							
Goods and services								
Exports	-0.7	-0.4	4.8	7.8	5.7	0.3	-14.6	9.5
Imports	0.4	-1.4	5.6	6.7	7.6	1.8	-15.2	8.5
Goods								
Exports	-0.5	-0.6	5.8	9.4	6.1	1.4	-17.2	12.0
Imports	0.7	-1.8	7.3	7.2	8.9	2.2	-18.4	10.7
Services								
Exports	-1.4	0.1	2.2	3.3	4.5	-2.9	-6.6	2.6
Imports	-0.4	-0.1	0.7	4.9	3.5	0.4	-4.4	2.1

Source: ECB.
Note: Figures may not add up due to rounding.
1) Figures refer to balances (net flows). A positive (negative) sign indicates a net inflow (outflow). Not seasonally adjusted.

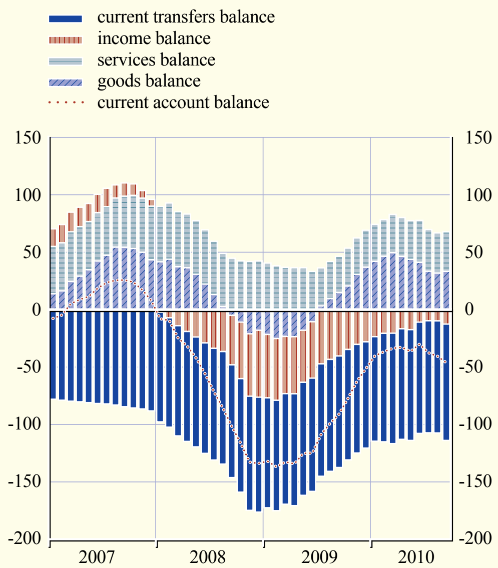
The growth in extra-euro area import values of goods also moderated in the third quarter of 2010 to stand at 2.2%, compared with 8.9% in the previous quarter (see Table 12). Extra-euro area imports were supported, to some extent, by domestic demand, as well as export-induced demand for imported inputs. The expansion in imports of goods is mainly attributable to import prices, which continued to increase, albeit at a slower pace. In turn, import prices were, in part, affected by commodity price developments. The slowdown in extra-euro area import growth rates appears to mirror the deceleration in the growth of euro area domestic demand. A deceleration in the quarterly growth in extra-euro area import values in the third quarter of 2010 was observed for imports from OPEC countries, Asia and non-euro area EU Member States, while euro area demand for imports from the United Kingdom stabilised.

With regard to trade in services, extra-euro area export values experienced a negative quarter-on-quarter growth rate in the third quarter of 2010. Export values of services contracted by 2.9%, compared with a rise of 4.5% recorded in the second quarter. Import values of services expanded by 0.4% on a quarterly basis, moderating by around three percentage points compared with the previous quarter (see Table 12).

Overall, with import growth being stronger than export growth, the trade surplus in goods and services declined in the third quarter of 2010, compared with the previous quarter. However, the 12-month cumulated trade surplus in goods and services increased. The expansion in the surplus in the goods and services balance over the last 12 months is attributed to the increase in demand from the euro area's main trading partners during the second half of 2009 and the first half of 2010. This improvement in the cumulated surplus in the goods and services balance, combined with a decline in the deficit in the income balance and a slight increase in the deficit in the current transfers balance, resulted in a lower current account deficit compared with a year earlier (see Chart 62). In the year to September the cumulated current account deficit recorded a significant decline, falling to €46.3 billion (around 0.5% of GDP), down from €91.0 billion a year earlier (see Table 12).

Chart 62 Main items of the current account

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



Source: ECB.

Looking ahead, extra-euro area exports of goods are expected to continue to grow in the near term, as suggested by available surveys and short-term indicators. The Purchasing Managers' Index (PMI) of new export orders in the euro area manufacturing sector, available until November 2010, decreased slightly compared with October, but remained well above the expansion/contraction threshold of 50. However, as the global economic activity has lost momentum compared with the first six months of the year, there may be some further moderation in the trade recovery.

FINANCIAL ACCOUNT

The financial account balance was broadly stable in the first three quarters of 2010. Flows in combined net direct and portfolio investment were, to some extent, counterbalanced by those in net other investment. However, the breakdown by investment category suggests that there were some changes in investors' behaviour during this period in response to financial market tensions. While net outflows in direct investment gradually declined, the changes in investors' behaviour were reflected primarily in the volatile evolution of portfolio and other investment balances (see Table 12).

As regards direct investment, the trend of net outflows that started in the first quarter of 2010 continued in the third quarter of the year, driven mainly by larger outward direct investment. However, there was some loss of momentum, as investment in equity capital remained weak. Moreover, as overall economic developments progressively stabilised, euro area companies reduced their flow of loans to foreign affiliates.

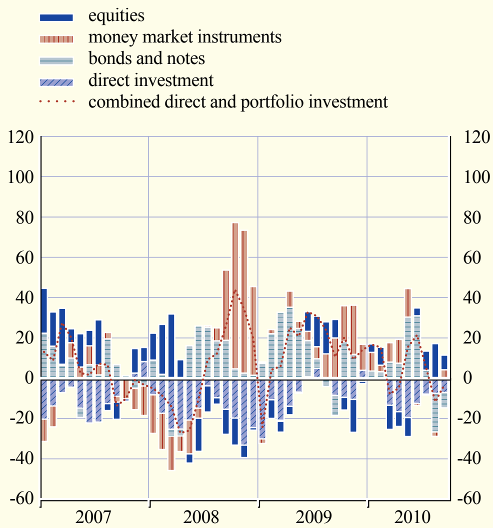
As regards portfolio investment, quarterly developments have been more volatile than those in direct investment. Net inflows in portfolio investment decreased strongly in the third quarter of 2010, while conversely they showed a strong increase in the second quarter of 2010. A breakdown by instrument shows that these strong movements where driven by debt instruments, which recorded a marked increase in net inflows in the second quarter and a subsequent shift to net outflows in the third quarter (see Chart 63 and Table 12). In contrast, portfolio flows in equities continued to be positive in the third quarter after shifting to net inflows in the second quarter. Finally, flows in other investment have also been volatile, exhibiting shifts from quarter to quarter.

Looking at developments in more detail, the shift from net outflows to net inflows in equity investment in the second quarter of 2010 masked a process of liquidation of foreign equity positions and repatriation of funds by euro area residents. These developments should be seen against the backdrop of increased financial market tensions, as well as falling and volatile stock market prices during the second quarter, which may have increased investors' home bias. By contrast, as financial tensions eased in the third quarter, the increase in net inflows in equity investment was due to investment by non-residents, driven possibly by more favourable earnings expectations for euro area firms. Meanwhile, the net inflows in investment of euro area debt instruments – most notably net purchases of general government bonds and notes by non-euro area residents – increased strongly in the second quarter. This development was consistent with a renewed increase in risk aversion on the part of investors in this period. In the third quarter, however, as financial tensions eased, investment in euro area debt instruments shifted to net outflows. This shift reflected some normalisation of investment in euro area bonds and notes by non-euro area residents, as well as increased investment in foreign bonds and notes by euro area residents.

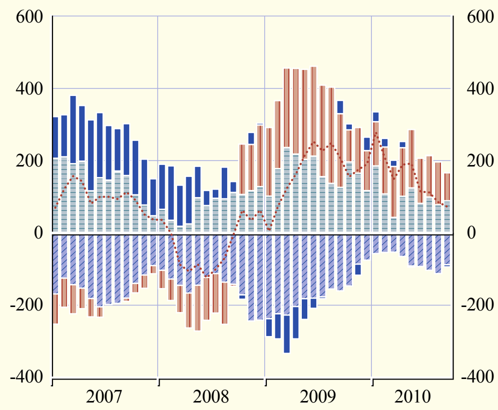
Turning to longer-term developments, net inflows in combined direct and portfolio investment declined markedly, falling to €72.7 billion in the 12-month period to September 2010, compared with €207.1 billion in the same period a year earlier. The main driver of the decrease was reduced net inflows in portfolio investment (see Table 12). The breakdown of portfolio investment by instrument indicates that this reduction was primarily the result of a sharp decrease in net inflows in debt instruments, intensified by a shift to net outflows in equities (see Chart 63 and Table 12).

Chart 63 Main items of the financial account

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



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



Source: ECB.

Overall, developments in cross-border financial transactions in the year to September 2010 continued to be strongly influenced by the normalisation of flows in debt instruments from the exceptionally high levels seen during the financial crisis, as well as by the strong rebound in equity investment by euro area residents and non-residents that started in the second half of 2009.

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
2008	2.4	9.6	9.7	-	9.5	19.4	4.64	3.69
2009	9.5	4.8	3.3	-	1.6	23.4	1.22	3.76
2009 Q4	12.3	2.2	0.3	-	-0.6	18.6	0.72	3.76
2010 Q1	11.3	1.7	-0.2	-	-0.4	8.4	0.66	3.46
Q2	10.3	1.4	-0.1	-	0.2	4.4	0.69	3.03
Q3	7.9	1.8	0.7	-	0.9	2.3	0.87	2.67
2010 June	9.2	1.4	0.2	0.1	0.4	2.3	0.73	3.03
July	8.2	1.5	0.2	0.5	0.7	1.9	0.85	3.01
Aug.	7.8	2.1	1.2	0.8	1.2	2.6	0.90	2.48
Sep.	6.2	2.0	1.1	1.1	1.2	2.3	0.88	2.67
Oct.	4.9	2.1	1.0	.	1.4	.	1.00	2.86
Nov.	.	.	.	.	.	.	1.04	3.11

2. Prices, output, demand and labour markets

	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
2008	3.3	6.1	3.4	0.4	-1.8	81.8	0.8	7.5
2009	0.3	-5.1	2.9	-4.1	-14.9	71.1	-1.9	9.4
2010 Q1	1.1	-0.1	1.9	0.8	4.7	73.9	-1.2	9.9
Q2	1.5	3.0	1.6	2.0	9.0	76.3	-0.7	10.0
Q3	1.7	4.0	.	1.9	6.9	77.4	.	10.0
2010 June	1.4	3.1	-	-	8.3	-	-	10.0
July	1.7	4.0	-	-	7.2	77.2	-	10.0
Aug.	1.6	3.6	-	-	8.4	-	-	10.0
Sep.	1.8	4.3	-	-	5.5	-	-	10.0
Oct.	1.9	.	-	-	.	77.6	-	10.1
Nov.	1.9	.	-	-	.	-	-	.

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 [5)] (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
2008	-124.2	-18.3	5.3	374.2	-17.7	118.2	110.5	110.1	1.4708
2009	-43.7	39.4	15.9	462.4	-16.2	116.4	111.7	110.6	1.3948
2009 Q4	12.7	19.9	14.1	462.4	-16.2	116.4	113.8	112.2	1.4779
2010 Q1	-19.3	2.7	-7.9	498.7	-14.7	120.4	108.7	106.9	1.3829
Q2	-21.3	3.9	21.4	583.3	-12.4	123.7	103.1	101.8	1.2708
Q3	-15.1	6.7	-3.4	552.2	.	.	102.3	100.9	1.2910
2010 June	1.1	3.9	-18.0	583.3	.	.	100.7	99.4	1.2209
July	4.9	7.6	-17.5	535.6	.	.	102.5	101.1	1.2770
Aug.	-10.3	-4.3	0.5	573.2	.	.	102.1	100.7	1.2894
Sep.	-9.7	3.4	7.0	552.2	.	.	102.5	100.9	1.3067
Oct.	.	.	.	555.6	.	.	106.1	104.3	1.3898
Nov.	.	.	.	.	.	.	104.8	103.0	1.3661

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

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	5 November 2010	12 November 2010	19 November 2010	26 November 2010
Gold and gold receivables	334,412	334,409	334,412	334,411
Claims on non-euro area residents in foreign currency	220,253	219,603	220,299	220,004
Claims on euro area residents in foreign currency	23,709	23,825	23,418	24,254
Claims on non-euro area residents in euro	19,040	19,351	19,708	19,859
Lending to euro area credit institutions in euro	528,871	515,799	515,548	523,184
Main refinancing operations	178,350	175,035	186,033	177,103
Longer-term refinancing operations	350,386	326,098	326,098	345,226
Fine-tuning reverse operations	0	12,552	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	131	2,112	3,415	852
Credits related to margin calls	4	2	2	3
Other claims on euro area credit institutions in euro	28,353	28,265	28,794	31,607
Securities of euro area residents in euro	438,665	440,691	444,025	446,511
Securities held for monetary policy purposes	125,028	126,101	126,773	128,121
Other securities	313,637	314,590	317,252	318,391
General government debt in euro	34,977	34,977	34,977	34,977
Other assets	258,073	262,059	267,207	281,153
Total assets	1,886,353	1,878,979	1,888,388	1,915,961

2. Liabilities

	5 November 2010	12 November 2010	19 November 2010	26 November 2010
Banknotes in circulation	816,309	814,499	812,762	814,043
Liabilities to euro area credit institutions in euro	335,262	329,321	316,159	316,710
Current accounts (covering the minimum reserve system)	190,008	245,061	222,228	196,884
Deposit facility	81,733	20,209	28,900	53,776
Fixed-term deposits	63,500	64,000	65,000	66,000
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	21	50	30	51
Other liabilities to euro area credit institutions in euro	3,001	3,911	4,023	5,020
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	87,085	84,532	107,963	118,727
Liabilities to non-euro area residents in euro	41,884	40,775	40,992	42,608
Liabilities to euro area residents in foreign currency	1,354	820	859	1,008
Liabilities to non-euro area residents in foreign currency	11,718	12,052	12,242	13,134
Counterpart of special drawing rights allocated by the IMF	53,665	53,665	53,665	53,665
Other liabilities	161,145	164,473	164,794	176,116
Revaluation accounts	296,740	296,740	296,740	296,740
Capital and reserves	78,191	78,191	78,189	78,189
Total liabilities	1,886,353	1,878,979	1,888,388	1,915,961

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

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				
2010 18 Aug.	155,227	109	155,227	1.00	-	-	-	7
25	150,315	112	150,315	1.00	-	-	-	7
1 Sep.	153,060	111	153,060	1.00	-	-	-	7
8	153,655	111	153,655	1.00	-	-	-	7
15	151,574	105	151,574	1.00	-	-	-	7
22	153,771	109	153,771	1.00	-	-	-	7
29	166,361	129	166,361	1.00	-	-	-	7
6 Oct.	197,049	148	197,049	1.00	-	-	-	7
13	185,984	145	185,984	1.00	-	-	-	7
20	184,030	151	184,030	1.00	-	-	-	7
27	183,439	190	183,439	1.00	-	-	-	7
3 Nov.	178,350	144	178,350	1.00	-	-	-	7
10	175,035	146	175,035	1.00	-	-	-	7
17	186,033	177	186,033	1.00	-	-	-	7
24	177,103	165	177,103	1.00	-	-	-	7
1 Dec.	179,694	163	179,694	1.00	-	-	-	7
				Longer-term refinancing operations				
2010 16 June	31,603	23	31,603	1.00	-	-	-	28
1 July	131,933	171	131,933	1.00	-	-	-	91
14	49,399	34	49,399	1.00	-	-	-	28
29	23,166	70	23,166	1.00	-	-	-	91
11 Aug.	39,148	36	39,148	1.00	-	-	-	28
26	19,083	49	19,083	1.00	-	-	-	91
8 Sep.	37,903	27	37,903	1.00	-	-	-	35
30	104,009	182	104,009	1.00	-	-	-	84
13 Oct.	52,236	34	52,236	1.00	-	-	-	28
28 [5)]	42,475	132	42,475	.	-	-	-	91
10 Nov.	63,618	44	63,618	1.00	-	-	-	28
25 [5)]	38,211	189	38,211	.	-	-	-	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
2010 22 Sep.	Collection of fixed-term deposits	90,407	59	61,500	-	-	1.00	0.36	0.34	7
29	Collection of fixed-term deposits	71,213	44	61,500	-	-	1.00	0.75	0.38	7
30	Reverse transaction	29,443	50	29,443	1.00	-	-	-	-	6
6 Oct.	Collection of fixed-term deposits	114,184	77	63,500	-	-	1.00	0.50	0.42	7
12	Collection of fixed-term deposits	110,844	143	108,993	-	-	1.00	0.80	0.76	1
13	Collection of fixed-term deposits	103,101	59	63,500	-	-	1.00	0.75	0.60	7
20	Collection of fixed-term deposits	103,927	67	63,500	-	-	1.00	0.75	0.66	7
27	Collection of fixed-term deposits	90,999	53	63,500	-	-	1.00	0.74	0.67	7
3 Nov.	Collection of fixed-term deposits	90,877	61	63,500	-	-	1.00	0.62	0.57	7
9	Collection of fixed-term deposits	148,480	147	148,378	-	-	1.00	0.80	0.78	1
10	Collection of fixed-term deposits	72,702	50	64,000	-	-	1.00	0.80	0.68	7
11	Reverse transaction	12,552	23	12,552	1.00	-	-	-	-	6
17	Collection of fixed-term deposits	80,760	61	65,000	-	-	1.00	0.73	0.63	7
24	Collection of fixed-term deposits	91,432	60	66,000	-	-	1.00	0.51	0.45	7
1 Dec.	Collection of fixed-term deposits	77,700	52	67,000	-	-	1.00	0.48	0.41	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. For split tender operations conducted before this month, see Table 2 in Section 1.3.
3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. 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) In the final one-year longer-term refinancing operation, which was settled on 17 December 2009, in the six-month longer-term refinancing operations settled on 1 April and 13 May 2010, and in the three-month longer-term refinancing operations settled on 28 October and 25 November 2010, the rate at which all bids were satisfied was indexed to the average minimum bid rate in the main refinancing operations over the life of the operation.

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at: [1]	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010 May	19,045.5	9,996.2	746.7	2,600.7	1,411.7	4,290.0
June	19,018.2	9,998.7	721.2	2,586.9	1,314.3	4,397.2
July	18,966.5	9,918.6	703.0	2,594.9	1,344.0	4,405.9
Aug.	19,138.1	10,019.3	707.4	2,618.7	1,366.2	4,426.5
Sep.	18,836.5	9,944.2	670.0	2,566.5	1,307.2	4,348.6

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2010 13 July	213.0	214.4	1.4	0.0	1.00
10 Aug.	214.3	215.7	1.4	0.0	1.00
7 Sep.	213.9	215.3	1.4	0.0	1.00
12 Oct.	211.9	213.1	1.2	0.0	1.00
9 Nov.	214.0	215.2	1.2	0.0	1.00
7 Dec.	211.8	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010 15 June	462.4	110.0	706.7	0.3	86.9	288.8	34.1	806.2	123.1	-98.4	212.5	1,307.5
13 July	500.9	167.5	573.2	0.3	140.2	230.4	54.4	813.0	126.5	-56.5	214.4	1,257.8
10 Aug.	543.4	185.4	432.2	0.1	121.4	96.7	67.5	819.3	95.2	-11.8	215.7	1,131.7
7 Sep.	543.2	153.1	435.0	0.6	121.8	83.7	66.9	816.0	86.8	-15.0	215.3	1,115.0
12 Oct.	531.3	164.5	392.6	0.7	128.3	68.8	64.8	814.1	96.4	-39.8	213.1	1,096.1
9 Nov.	511.3	183.0	340.0	0.8	124.5	41.9	68.8	813.5	92.1	-72.0	215.2	1,070.7

Source: ECB.

1) End of period.

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

3) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

2 MONEY, BANKING AND INVESTMENT FUNDS

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
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2008	2,982.9	1,803.0	20.6	0.6	1,781.8	362.3	319.5	3.3	39.4	-	14.4	484.7	8.6	309.9
2009	2,829.9	1,475.6	19.5	0.7	1,455.4	451.7	368.3	7.5	75.9	-	16.5	556.7	8.5	321.0
2010 Q2	3,390.3	1,822.1	18.8	0.9	1,802.4	535.8	425.7	9.7	100.4	-	15.8	670.0	8.6	338.1
Q3	3,024.2	1,459.0	18.5	0.9	1,439.6	550.3	439.5	9.6	101.2	-	16.7	645.7	8.7	343.8
2010 July	3,104.2	1,569.6	18.7	0.9	1,550.0	537.9	428.7	9.6	99.6	-	16.1	620.2	8.6	351.8
Aug.	3,101.4	1,529.1	18.7	0.9	1,509.5	544.8	434.2	9.7	100.9	-	16.6	664.0	8.7	338.2
Sep.	3,024.2	1,459.0	18.5	0.9	1,439.6	550.3	439.5	9.6	101.2	-	16.7	645.7	8.7	343.8
Oct. (p)	3,028.1	1,449.8	18.5	0.9	1,430.4	559.3	448.8	9.7	100.8	-	17.0	643.6	8.7	349.7
	MFIs excluding the Eurosystem													
2008	31,830.5	18,050.8	968.3	10,774.8	6,307.7	4,628.1	1,245.4	1,406.4	1,976.3	98.7	1,196.7	4,746.6	211.7	2,897.9
2009	31,144.9	17,702.3	1,001.5	10,783.3	5,917.5	5,060.7	1,483.2	1,497.2	2,080.3	85.1	1,235.1	4,251.7	220.7	2,589.2
2010 Q2	32,577.9	18,266.0	1,068.0	10,989.2	6,208.8	5,105.7	1,573.8	1,506.1	2,025.8	67.3	1,228.3	4,572.9	221.4	3,116.4
Q3	32,075.4	17,888.1	1,068.9	10,977.8	5,841.3	5,067.5	1,566.1	1,531.9	1,969.5	62.6	1,244.1	4,385.7	220.0	3,207.3
2010 July	32,077.3	18,051.6	1,056.8	10,973.5	6,021.3	5,090.1	1,572.4	1,526.3	1,991.3	64.7	1,229.6	4,428.6	219.6	2,993.1
Aug.	32,656.6	18,011.1	1,064.4	10,971.6	5,975.1	5,102.8	1,566.7	1,528.6	2,007.4	64.8	1,241.7	4,571.5	219.4	3,445.4
Sep.	32,075.4	17,888.1	1,068.9	10,977.8	5,841.3	5,067.5	1,566.1	1,531.9	1,969.5	62.6	1,244.1	4,385.7	220.0	3,207.3
Oct. (p)	31,855.5	17,814.3	1,147.2	10,951.3	5,715.8	5,093.5	1,649.1	1,505.4	1,939.0	61.4	1,251.1	4,332.7	220.5	3,081.9

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2008	2,982.9	784.7	1,247.2	68.8	16.6	1,161.7	-	0.1	273.8	378.3	298.9
2009	2,829.9	829.3	1,192.3	102.6	22.1	1,067.6	-	0.1	320.9	140.0	347.4
2010 Q2	3,390.3	835.4	1,631.0	137.2	21.4	1,472.4	-	0.1	413.5	142.5	367.9
Q3	3,024.2	837.0	1,293.8	89.2	10.6	1,194.0	-	0.0	403.6	131.3	358.5
2010 July	3,104.2	844.1	1,370.3	102.8	11.9	1,255.5	-	0.1	396.5	137.2	356.0
Aug.	3,101.4	837.5	1,344.7	97.0	8.6	1,239.1	-	0.1	424.6	135.9	358.7
Sep.	3,024.2	837.0	1,293.8	89.2	10.6	1,194.0	-	0.0	403.6	131.3	358.5
Oct. (p)	3,028.1	838.7	1,294.5	100.6	12.6	1,181.3	-	0.0	406.2	130.7	357.9
	MFIs excluding the Eurosystem										
2008	31,830.5	-	16,742.2	190.8	9,699.5	6,852.0	825.0	4,838.9	1,767.6	4,401.5	3,255.4
2009	31,144.9	-	16,470.9	144.1	10,044.8	6,282.0	732.6	4,908.5	1,921.2	4,097.3	3,014.3
2010 Q2	32,577.9	-	17,012.9	167.6	10,300.5	6,544.7	670.9	4,979.5	2,004.2	4,460.6	3,450.0
Q3	32,075.4	-	16,597.9	176.2	10,316.6	6,105.0	651.8	4,900.4	2,016.4	4,304.4	3,604.4
2010 July	32,077.3	-	16,763.2	179.5	10,280.5	6,303.2	659.5	4,927.8	2,008.9	4,350.0	3,368.0
Aug.	32,656.6	-	16,728.1	165.2	10,304.5	6,258.5	674.8	4,955.8	2,018.6	4,495.2	3,784.1
Sep.	32,075.4	-	16,597.9	176.2	10,316.6	6,105.0	651.8	4,900.4	2,016.4	4,304.4	3,604.4
Oct. (p)	31,855.5	-	16,544.7	243.1	10,323.2	5,978.5	636.0	4,857.7	2,029.1	4,327.5	3,460.4

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

2.2 Consolidated balance sheet of euro area MFIs [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
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2008	24,121.3	11,764.3	988.9	10,775.5	2,974.7	1,564.9	1,409.8	784.8	5,231.4	220.3	3,146.0
2009	23,861.6	11,804.9	1,020.9	10,784.0	3,356.2	1,851.5	1,504.6	812.1	4,808.4	229.2	2,850.8
2010 Q2	25,252.7	12,076.8	1,086.7	10,990.1	3,515.2	1,999.4	1,515.8	783.1	5,242.8	230.0	3,404.6
Q3	25,172.0	12,066.2	1,087.5	10,978.7	3,547.1	2,005.6	1,541.6	797.7	5,031.4	228.7	3,500.9
2010 July	24,943.6	12,049.9	1,075.5	10,974.4	3,537.0	2,001.1	1,535.9	785.0	5,048.8	228.2	3,294.7
Aug.	25,588.5	12,055.6	1,083.1	10,972.5	3,539.3	2,001.0	1,538.3	796.0	5,235.5	228.1	3,734.0
Sep.	25,172.0	12,066.2	1,087.5	10,978.7	3,547.1	2,005.6	1,541.6	797.7	5,031.4	228.7	3,500.9
Oct. (p)	25,122.3	12,118.0	1,165.7	10,952.3	3,613.0	2,097.9	1,515.1	804.0	4,976.3	229.2	3,382.0
	Transactions										
2008	1,694.1	598.2	12.8	585.4	499.5	90.0	409.5	-56.4	-73.8	-3.0	730.8
2009	-645.1	20.1	34.2	-14.1	365.1	269.8	95.3	12.6	-465.4	7.8	-586.0
2010 Q2	519.1	135.8	36.1	99.8	51.9	69.8	-17.9	-2.0	-55.8	2.7	386.4
Q3	179.1	45.1	1.3	43.8	21.6	-0.2	21.8	10.0	5.2	-1.4	98.7
2010 July	-145.1	-3.0	-11.0	7.9	14.6	-2.6	17.1	-3.2	-40.1	-1.8	-111.5
Aug.	534.9	-1.1	7.3	-8.4	-5.4	-7.6	2.1	12.7	91.9	-0.3	437.2
Sep.	-210.7	49.2	5.0	44.3	12.5	9.9	2.6	0.5	-46.6	0.7	-227.0
Oct. (p)	-23.8	59.2	78.2	-18.9	68.9	95.3	-26.4	4.1	-35.4	0.5	-121.1

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [2]	Debt securities issued [3]	Capital and reserves	External liabilities	Remaining liabilities	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2008	24,121.3	722.7	259.6	9,716.1	726.3	2,823.3	1,615.1	4,779.8	3,554.2	-75.8
2009	23,861.6	769.9	246.7	10,066.9	647.5	2,752.4	1,802.6	4,237.3	3,361.7	-23.3
2010 Q2	25,252.7	785.4	304.8	10,321.9	603.6	2,853.5	1,956.7	4,603.1	3,817.9	5.8
Q3	25,172.0	786.8	265.5	10,327.2	589.2	2,829.7	1,956.9	4,435.7	3,962.9	18.1
2010 July	24,943.6	793.9	282.2	10,292.4	594.7	2,837.0	1,944.7	4,487.2	3,724.0	-12.5
Aug.	25,588.5	787.9	262.1	10,313.1	610.1	2,847.6	1,980.9	4,631.1	4,142.8	13.0
Sep.	25,172.0	786.8	265.5	10,327.2	589.2	2,829.7	1,956.9	4,435.7	3,962.9	18.1
Oct. (p)	25,122.3	789.1	343.7	10,335.8	574.6	2,817.9	1,971.1	4,458.2	3,818.4	13.6
	Transactions									
2008	1,694.1	83.3	106.0	700.9	29.8	-32.7	138.5	91.7	595.4	-18.7
2009	-645.1	45.8	-4.4	289.4	-12.5	-56.5	143.2	-591.3	-502.9	44.1
2010 Q2	519.1	16.9	37.3	139.7	-28.8	-33.5	45.6	-45.6	357.0	30.3
Q3	179.1	1.3	-39.5	40.2	-14.6	20.0	19.9	25.0	125.7	1.0
2010 July	-145.1	8.4	-22.6	-16.2	-8.9	10.8	16.9	-9.6	-100.8	-23.0
Aug.	534.9	-6.0	-20.2	18.7	15.3	-4.6	5.7	87.6	410.4	28.0
Sep.	-210.7	-1.2	3.4	37.7	-20.9	13.8	-2.7	-53.0	-183.9	-4.0
Oct. (p)	-23.8	2.2	78.0	7.6	-14.6	-7.4	10.6	50.9	-143.6	-7.6

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

2.3 Monetary statistics [1]

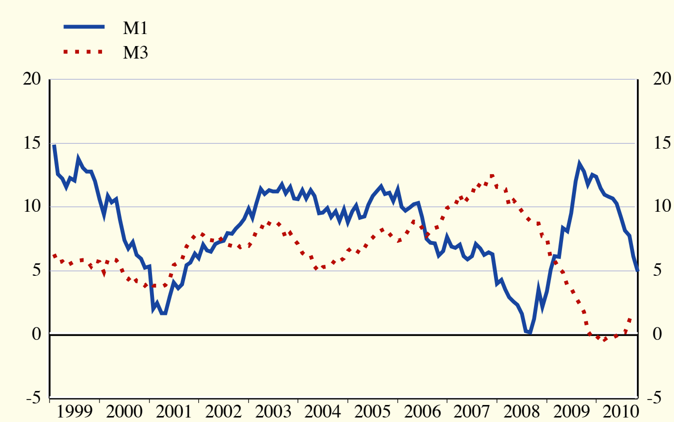
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents			Net external assets [3]
	M2			M3-M2						Loans	Memo item: Loans adjusted for sales and securitisation [4]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2008	3,980.6	4,040.7	8,021.4	1,371.5	9,392.9	-	6,281.8	2,575.5	12,969.6	10,779.9	-	431.9
2009	4,492.3	3,696.0	8,188.3	1,145.9	9,334.2	-	6,757.2	2,898.4	13,091.0	10,782.2	-	551.0
2010 Q2	4,659.4	3,641.9	8,301.3	1,128.6	9,429.9	-	7,142.4	3,062.4	13,250.8	10,962.7	-	645.6
Q3	4,684.7	3,696.3	8,381.0	1,119.9	9,500.9	-	7,146.1	3,100.5	13,327.4	10,967.0	-	600.8
2010 July	4,689.5	3,642.2	8,331.7	1,103.5	9,435.2	-	7,113.1	3,068.3	13,280.5	10,951.6	-	564.8
Aug.	4,736.0	3,672.4	8,408.4	1,115.1	9,523.4	-	7,183.7	3,095.4	13,364.7	11,007.4	-	608.3
Sep.	4,684.7	3,696.3	8,381.0	1,119.9	9,500.9	-	7,146.1	3,100.5	13,327.4	10,967.0	-	600.8
Oct. (p)	4,690.8	3,714.8	8,405.6	1,068.9	9,474.6	-	7,160.0	3,262.6	13,289.7	10,960.0	-	501.3
	Transactions											
2008	130.6	484.8	615.4	47.8	663.2	-	252.4	103.0	926.9	581.1	736.9	-166.4
2009	495.6	-368.3	127.3	-157.8	-30.5	-	421.3	308.1	84.4	-20.4	19.7	125.5
2010 Q2	75.3	-25.9	49.4	21.5	70.9	-	3.7	83.0	27.2	67.4	73.3	-16.0
Q3	35.4	66.8	102.1	-13.9	88.2	-	84.5	32.3	123.1	59.5	84.1	-20.6
2010 July	35.3	4.6	39.9	-27.4	12.5	-	32.6	2.0	45.2	12.6	27.5	-33.1
Aug.	44.6	31.3	75.9	11.1	87.0	-	24.2	19.3	79.0	49.3	54.2	5.0
Sep.	-44.5	30.9	-13.7	2.3	-11.3	-	27.7	11.0	-1.1	-2.3	2.4	7.6
Oct. (p)	7.7	19.4	27.2	-55.2	-28.1	-	15.4	164.9	-32.3	0.5	8.3	-108.2
	Growth rates											
2008	3.4	13.7	8.3	3.6	7.6	7.1	4.2	4.2	7.7	5.7	7.1	-166.4
2009	12.4	-9.1	1.6	-11.6	-0.3	-0.2	6.7	11.9	0.6	-0.2	0.2	125.5
2010 Q2	9.2	-7.0	1.4	-7.7	0.2	0.1	3.9	8.6	0.0	0.4	0.3	39.2
Q3	6.2	-2.8	2.0	-5.3	1.1	1.1	3.2	7.3	0.9	1.2	1.3	-4.3
2010 July	8.2	-5.9	1.5	-8.4	0.2	0.5	3.9	8.0	0.5	0.7	0.8	-0.3
Aug.	7.8	-4.4	2.1	-5.0	1.2	0.8	3.4	7.6	1.0	1.2	1.3	-25.5
Sep.	6.2	-2.8	2.0	-5.3	1.1	1.1	3.2	7.3	0.9	1.2	1.3	-4.3
Oct. (p)	4.9	-1.2	2.1	-7.4	1.0	.	3.4	12.0	1.0	1.4	1.6	-100.9

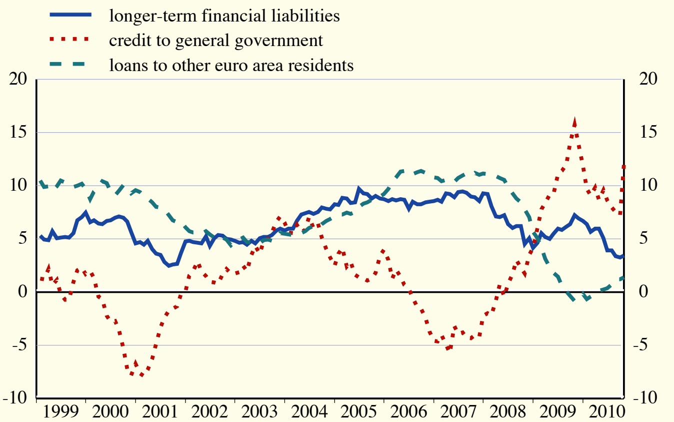
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

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

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

2.3 Monetary statistics [1]

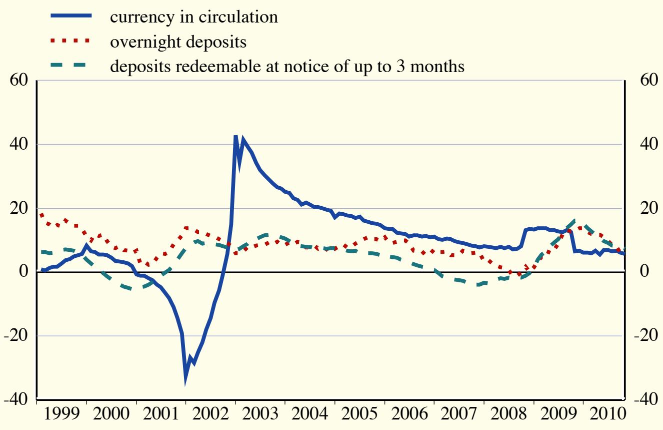
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2008	710.4	3,270.2	2,472.2	1,568.6	350.2	755.2	266.1	2,569.3	121.6	1,987.1	1,603.8
2009	755.1	3,737.2	1,890.6	1,805.4	340.2	673.8	131.9	2,632.9	131.9	2,203.0	1,789.4
2010 Q2	784.9	3,874.5	1,797.1	1,844.9	401.8	604.0	122.7	2,716.5	128.1	2,340.4	1,957.4
Q3	791.2	3,893.5	1,804.8	1,891.5	397.6	594.3	128.0	2,700.4	122.4	2,371.5	1,951.8
2010 July	782.2	3,907.3	1,784.5	1,857.7	390.2	585.8	127.5	2,694.1	126.1	2,347.8	1,945.0
Aug.	791.7	3,944.3	1,795.5	1,876.9	387.8	600.4	126.9	2,710.5	125.2	2,364.0	1,984.0
Sep.	791.2	3,893.5	1,804.8	1,891.5	397.6	594.3	128.0	2,700.4	122.4	2,371.5	1,951.8
Oct. (p)	790.4	3,900.4	1,811.0	1,903.8	382.4	579.8	106.7	2,708.4	119.7	2,363.4	1,968.5
					Transactions						
2008	83.6	47.0	464.3	20.5	47.0	32.9	-32.2	0.7	0.7	114.7	136.2
2009	43.4	452.2	-605.7	237.4	-10.1	-13.3	-134.3	77.7	8.9	193.4	141.3
2010 Q2	9.6	65.6	-42.5	16.6	60.0	-25.5	-13.0	-36.5	-1.9	-5.8	47.9
Q3	6.3	29.1	20.0	46.8	-3.9	-9.9	0.0	33.0	-2.4	39.9	14.0
2010 July	-2.8	38.1	-8.4	13.0	-11.5	-18.2	2.4	7.2	-0.9	9.8	16.5
Aug.	9.5	35.1	12.1	19.1	-2.5	14.5	-0.8	1.5	0.3	14.2	8.3
Sep.	-0.5	-44.1	16.2	14.7	10.1	-6.2	-1.6	24.4	-1.7	15.9	-10.8
Oct. (p)	-0.9	8.6	7.1	12.4	-19.3	-14.5	-21.4	12.5	-1.5	-8.6	13.1
					Growth rates						
2008	13.3	1.5	23.3	1.3	15.3	4.7	-10.7	0.0	0.5	6.1	9.3
2009	6.1	13.8	-24.3	15.1	-2.8	-1.9	-50.2	3.0	7.2	9.7	8.7
2010 Q2	6.9	9.6	-19.4	9.1	16.7	-13.6	-32.0	1.5	0.6	4.3	7.3
Q3	6.0	6.2	-12.1	7.9	21.3	-15.3	-16.2	1.4	-3.9	3.2	6.7
2010 July	6.6	8.5	-17.4	8.3	17.9	-16.6	-26.0	1.2	-1.2	4.0	8.2
Aug.	6.7	8.0	-15.0	8.2	24.0	-14.7	-19.5	0.4	-1.8	3.9	7.6
Sep.	6.0	6.2	-12.1	7.9	21.3	-15.3	-16.2	1.4	-3.9	3.2	6.7
Oct. (p)	5.8	4.8	-8.9	7.3	22.7	-16.9	-25.3	2.0	-5.9	2.8	7.1

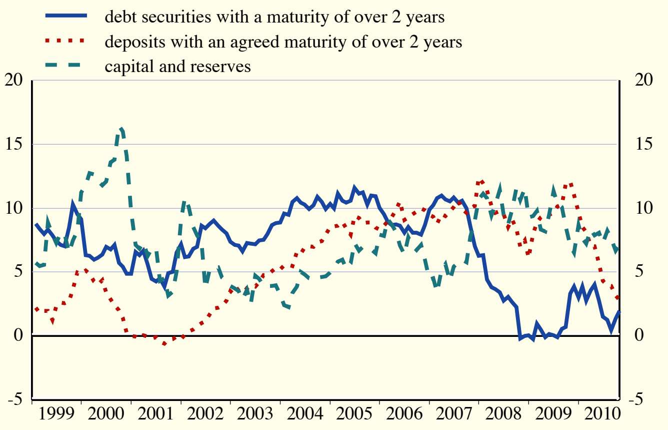
C3 Components of monetary aggregates [1]

(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.

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

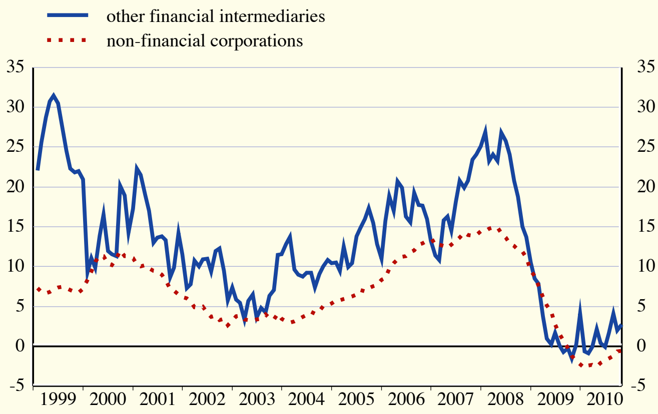
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Insurance corporations and pension funds	Other financial intermediaries [3)]	Non-financial corporations				Households [4)]			
	Total	Total	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10
				Outstanding amounts						
2008	104.9	971.7	4,821.3	1,381.1	960.9	2,479.3	4,882.0	632.4	3,483.0	766.6
2009	90.0	1,058.5	4,684.9	1,185.4	936.8	2,562.8	4,948.7	631.4	3,543.3	774.1
2010 Q2	86.2	1,096.5	4,691.8	1,138.7	921.7	2,631.4	5,088.2	644.4	3,631.9	811.9
Q3	92.5	1,065.7	4,700.2	1,136.1	924.6	2,639.5	5,108.5	639.3	3,653.2	816.0
2010 July	91.3	1,109.9	4,662.6	1,121.9	913.9	2,626.8	5,087.9	641.1	3,637.0	809.8
Aug.	96.0	1,121.1	4,683.4	1,129.1	915.9	2,638.4	5,106.8	642.7	3,650.0	814.2
Sep.	92.5	1,065.7	4,700.2	1,136.1	924.6	2,639.5	5,108.5	639.3	3,653.2	816.0
Oct. (p)	93.8	1,059.2	4,681.5	1,130.0	917.5	2,634.0	5,125.5	638.1	3,671.2	816.3
				Transactions						
2008	-3.7	86.9	418.3	86.8	119.6	211.8	79.6	10.4	52.2	16.9
2009	-13.5	35.9	-107.4	-181.2	-19.0	92.8	64.7	-1.2	51.3	14.6
2010 Q2	-0.4	34.1	-2.6	-28.3	2.2	23.6	36.3	0.4	31.9	3.9
Q3	6.5	11.4	18.6	5.2	2.7	10.8	22.9	-2.6	20.9	4.6
2010 July	5.2	18.9	-15.7	-11.7	-5.0	1.1	4.2	-2.2	7.1	-0.7
Aug.	4.6	15.0	16.7	5.8	1.7	9.2	13.0	1.4	7.8	3.8
Sep.	-3.3	-22.4	17.7	11.1	5.9	0.6	5.7	-1.8	6.0	1.5
Oct. (p)	1.3	-2.4	-13.0	-4.2	-5.4	-3.3	14.5	-0.7	14.6	0.6
				Growth rates						
2008	-3.5	10.0	9.5	6.8	13.9	9.4	1.7	1.7	1.5	2.3
2009	-13.0	3.6	-2.2	-13.1	-2.0	3.7	1.3	-0.2	1.5	1.9
2010 Q2	-12.7	-0.3	-1.7	-9.9	-4.0	3.3	2.8	-0.3	3.3	2.8
Q3	0.0	2.1	-0.6	-6.4	-2.0	2.7	2.8	-0.9	3.4	2.9
2010 July	-1.7	1.5	-1.5	-8.5	-4.0	2.8	2.8	-0.6	3.4	2.8
Aug.	6.4	4.0	-1.2	-8.2	-3.3	2.9	2.9	-0.5	3.4	3.1
Sep.	0.0	2.1	-0.6	-6.4	-2.0	2.7	2.8	-0.9	3.4	2.9
Oct. (p)	6.0	2.8	-0.6	-5.6	-2.0	2.3	2.9	-0.8	3.6	2.8

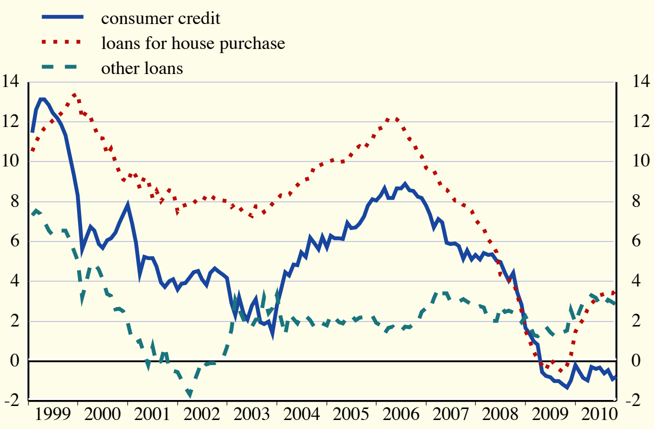
C5 Loans to other financial intermediaries and non-financial corporations [2)]

(annual growth rates; not seasonally adjusted)



C6 Loans to households [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) Including investment funds.
4) 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)

2. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries [3)]				Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2009	80.3	57.4	7.0	15.9	1,051.6	592.9	185.8	272.9	4,691.3	1,181.3	937.2	2,572.8
2010 Q2	90.4	68.9	5.7	15.8	1,107.0	590.3	216.9	299.9	4,700.1	1,150.8	921.6	2,627.7
Q3	93.6	73.4	5.8	14.5	1,078.8	585.7	201.2	291.9	4,690.0	1,133.4	922.4	2,634.2
2010 Aug.	96.2	75.2	5.0	16.0	1,098.8	585.1	213.0	300.7	4,671.0	1,120.7	914.4	2,635.9
Sep.	93.6	73.4	5.8	14.5	1,078.8	585.7	201.2	291.9	4,690.0	1,133.4	922.4	2,634.2
Oct. (p)	95.0	74.3	5.8	15.0	1,053.8	557.8	200.6	295.4	4,671.6	1,124.6	916.8	2,630.3
	Transactions											
2009	-11.9	-11.8	0.9	-0.9	39.3	24.5	7.5	7.4	-106.8	-181.1	-18.8	93.1
2010 Q2	4.3	4.6	-0.2	-0.1	37.0	25.8	7.4	3.8	9.2	-12.9	0.9	21.2
Q3	3.4	4.6	0.2	-1.4	14.0	5.6	2.4	6.0	0.3	-9.6	0.6	9.3
2010 Aug.	1.6	1.7	-0.4	0.3	-1.0	-3.2	-1.9	4.1	-13.8	-15.6	-2.2	3.9
Sep.	-2.4	-1.7	0.8	-1.6	13.0	10.3	4.9	-2.2	19.9	16.8	5.3	-2.2
Oct. (p)	1.4	0.9	0.0	0.6	-20.8	-24.5	0.3	3.4	-12.7	-7.1	-4.0	-1.7
	Growth rates											
2009	-13.0	-17.1	14.2	-4.7	4.1	4.3	4.4	3.1	-2.2	-13.2	-2.0	3.7
2010 Q2	-12.4	-13.9	-28.4	3.9	-0.1	-1.6	-2.8	5.3	-1.7	-9.9	-3.9	3.3
Q3	0.3	3.9	-25.2	-3.5	2.0	1.6	-1.1	4.9	-0.6	-6.4	-2.0	2.7
2010 Aug.	6.4	11.2	-35.6	6.5	4.1	5.6	-3.3	5.6	-1.2	-8.1	-3.3	2.9
Sep.	0.3	3.9	-25.2	-3.5	2.0	1.6	-1.1	4.9	-0.6	-6.4	-2.0	2.7
Oct. (p)	6.1	12.5	-27.6	-3.7	2.7	1.9	-0.1	5.8	-0.6	-5.6	-2.1	2.3

3. Loans to households [4)]

	Total	Consumer credit				Loans for house purchase				Other loans			
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2009	4,960.1	633.4	135.9	195.1	302.4	3,551.7	15.0	60.8	3,475.9	775.0	146.8	87.7	540.5
2010 Q2	5,091.6	647.7	146.9	192.2	308.6	3,626.8	14.1	56.4	3,556.4	817.1	151.5	86.6	578.9
Q3	5,115.3	641.2	142.9	188.4	310.0	3,657.4	14.7	58.8	3,583.9	816.7	146.4	87.0	583.3
2010 Aug.	5,105.6	643.2	144.5	191.1	307.7	3,649.8	14.7	57.3	3,577.7	812.6	144.7	86.5	581.4
Sep.	5,115.3	641.2	142.9	188.4	310.0	3,657.4	14.7	58.8	3,583.9	816.7	146.4	87.0	583.3
Oct. (p)	5,130.8	640.5	142.7	188.0	309.8	3,675.0	14.6	59.0	3,601.4	815.3	143.6	86.4	585.2
	Transactions												
2009	65.2	-1.2	-1.4	-4.3	4.6	51.6	-2.6	-8.2	62.4	14.7	-7.3	-0.8	22.8
2010 Q2	49.1	5.9	1.7	-0.6	4.8	32.6	-0.7	-2.4	35.7	10.5	-4.3	-2.1	17.0
Q3	26.2	-4.0	-3.4	-3.4	2.7	30.0	0.2	2.4	27.4	0.2	-4.9	-0.4	5.5
2010 Aug.	4.9	-1.7	0.4	-1.7	-0.4	4.7	0.2	0.2	4.4	1.9	-0.6	-0.3	2.9
Sep.	13.7	-0.4	-1.4	-2.3	3.3	10.3	-0.1	1.5	8.9	3.8	1.7	-0.2	2.3
Oct. (p)	13.1	-0.2	0.1	-0.4	0.2	14.3	-0.1	0.3	14.1	-1.1	-2.6	-0.4	1.9
	Growth rates												
2009	1.3	-0.2	-1.0	-2.2	1.5	1.5	-14.9	-12.0	1.8	1.9	-4.7	-0.9	4.4
2010 Q2	2.8	-0.3	-2.2	-2.1	1.7	3.3	-11.2	-11.6	3.7	2.8	-7.5	-2.6	6.7
Q3	2.8	-0.9	-2.7	-3.7	1.8	3.4	-7.0	-5.1	3.6	3.0	-7.4	-2.9	6.8
2010 Aug.	2.9	-0.5	-1.7	-2.2	1.2	3.4	-9.0	-10.3	3.8	3.1	-6.4	-2.6	6.6
Sep.	2.8	-0.9	-2.7	-3.7	1.8	3.4	-7.0	-5.1	3.6	3.0	-7.4	-2.9	6.8
Oct. (p)	2.9	-0.8	-1.8	-3.8	1.7	3.6	-6.9	-4.2	3.8	2.8	-7.4	-3.3	6.7

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) Including investment funds.
4) Including non-profit institutions serving households.

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

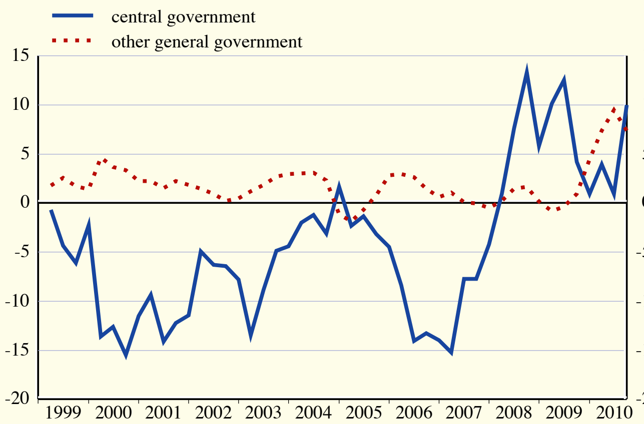
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

4. 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									
2007	954.4	213.2	217.3	494.5	29.4	3,295.5	2,341.6	953.8	59.6	894.2
2008	968.3	227.0	209.8	509.3	22.2	3,242.4	2,278.8	963.6	57.5	906.1
2009 Q4	1,001.5	229.1	209.8	528.8	33.8	2,821.7	1,914.9	906.8	46.1	860.7
2010 Q1	1,032.4	242.1	209.0	539.0	42.2	2,949.9	1,985.1	964.8	46.8	918.0
Q2	1,068.0	250.2	225.0	547.9	44.8	3,074.8	2,074.6	1,000.2	50.3	949.8
Q3 (p)	1,068.9	257.1	223.2	544.2	44.5	2,950.9	1,995.9	955.1	51.8	903.2
	Transactions									
2007	-7.9	-4.4	-13.0	5.9	3.6	540.1	381.3	158.9	0.3	158.7
2008	13.7	12.5	-8.1	16.5	-7.2	-59.8	-86.0	26.1	0.3	25.8
2009 Q4	10.2	-6.2	0.4	12.8	3.1	-3.8	11.4	-15.2	-1.4	-13.8
2010 Q1	30.4	12.6	-0.8	10.1	8.5	53.9	24.1	29.6	-0.6	30.2
Q2	36.9	9.4	15.9	9.0	2.6	-21.1	0.6	-22.7	-1.3	-21.4
Q3 (p)	1.5	7.7	-1.9	-3.8	-0.3	-10.6	-13.2	2.5	4.3	-1.8
	Growth rates									
2007	-1.2	-4.2	-5.6	1.3	13.8	18.6	18.5	18.8	0.5	20.2
2008	1.4	5.8	-3.7	3.3	-24.4	-1.5	-3.6	2.8	0.5	3.0
2009 Q4	3.6	0.9	0.1	4.2	51.9	-11.7	-15.1	-4.1	-3.0	-4.2
2010 Q1	6.6	4.0	1.8	5.8	101.2	-3.2	-5.4	1.7	-4.7	2.1
Q2	7.4	1.0	9.1	7.0	56.8	-1.4	-1.7	-1.4	-5.4	-1.2
Q3 (p)	8.0	10.0	6.5	5.4	45.1	0.9	1.3	-0.6	1.4	-0.7

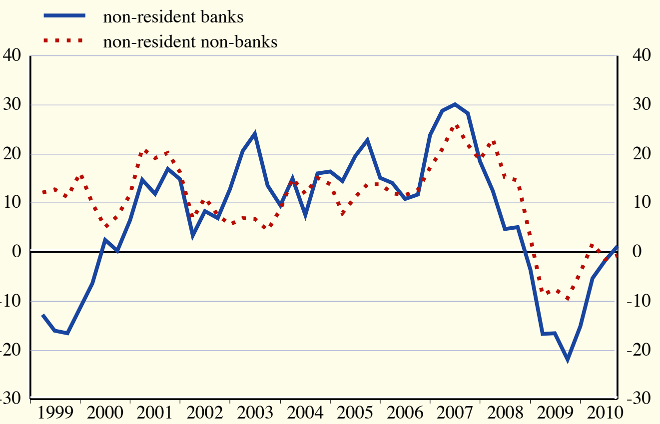
C7 Loans to government [2)]

(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)]

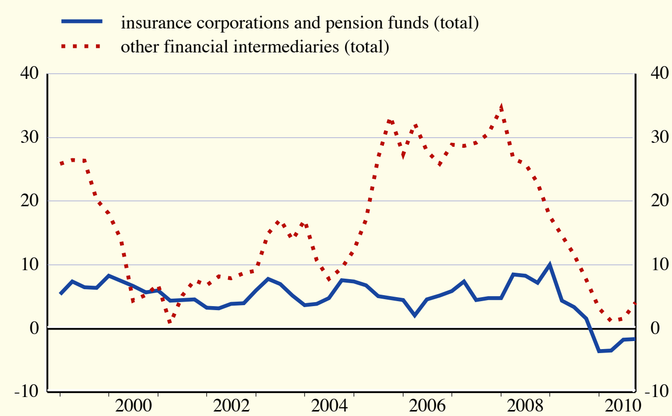
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2008	761.4	84.3	114.2	537.2	1.1	1.5	23.1	1,802.4	319.9	420.4	852.9	12.3	0.1	197.0
2009	738.6	84.1	86.9	543.8	2.2	1.4	20.2	1,872.5	313.1	335.1	957.5	15.9	0.0	250.9
2010 Q2	740.7	95.5	84.6	536.2	2.3	0.3	21.8	2,074.1	367.8	297.7	1,059.7	9.1	0.2	339.6
Q3	734.3	89.4	89.3	532.7	2.6	0.3	20.1	2,076.9	373.5	300.8	1,053.3	8.6	0.7	339.9
2010 July	739.0	94.8	87.6	535.4	2.4	0.3	18.5	2,052.9	360.8	304.3	1,058.0	9.0	0.3	320.6
Aug.	737.8	90.5	92.0	533.6	2.4	0.3	19.0	2,065.6	365.0	304.9	1,064.1	8.6	0.8	322.3
Sep.	734.3	89.4	89.3	532.7	2.6	0.3	20.1	2,076.9	373.5	300.8	1,053.3	8.6	0.7	339.9
Oct. (p)	729.2	89.8	85.4	529.7	2.6	0.3	21.4	2,060.5	367.5	319.9	1,046.0	8.9	0.7	317.5
	Transactions													
2008	69.2	12.4	42.8	12.2	-0.3	0.1	2.2	268.8	4.4	71.8	142.3	-0.3	-0.3	51.0
2009	-26.9	-1.0	-30.4	6.3	1.1	-0.1	-2.8	56.8	6.8	-93.6	85.8	3.7	0.0	54.0
2010 Q2	0.9	4.7	-0.2	-7.2	-0.2	2.2	1.5	72.3	33.9	-21.5	-0.7	-8.0	0.1	68.6
Q3	-5.6	-5.8	5.0	-6.7	0.3	3.3	-1.7	25.9	9.5	10.4	5.4	-0.5	0.5	0.6
2010 July	-1.1	-0.4	3.2	-1.8	0.1	1.1	-3.2	-14.7	-5.4	8.2	1.6	-0.1	0.0	-18.9
Aug.	-1.8	-4.5	4.1	-2.9	0.0	1.1	0.4	14.3	4.0	3.3	5.3	-0.4	0.5	1.6
Sep.	-2.8	-0.8	-2.3	-2.0	0.2	1.1	1.1	26.3	11.0	-1.1	-1.5	0.1	0.0	17.9
Oct. (p)	-4.9	0.4	-3.7	-4.0	0.0	1.1	1.3	-19.3	-5.2	19.5	-6.9	-0.2	0.0	-26.6
	Growth rates													
2008	10.0	17.3	59.9	2.3	-23.4	-	10.5	17.6	1.4	21.0	20.0	-2.4	-	34.6
2009	-3.5	-1.1	-26.4	1.2	96.8	-	-12.3	3.1	2.0	-22.0	10.0	30.0	-	27.4
2010 Q2	-1.7	7.0	-7.8	-3.2	33.3	-	14.3	1.6	6.8	-16.6	-1.5	-36.4	-	33.0
Q3	-1.7	2.8	2.9	-4.4	36.1	-	4.6	4.0	17.4	-13.3	-1.3	-41.2	-	34.1
2010 July	-1.7	5.7	-4.1	-3.5	30.0	-	9.6	3.3	14.6	-15.0	-1.4	-39.4	-	37.6
Aug.	-2.0	-0.6	4.2	-4.1	30.4	-	1.3	5.1	20.2	-15.2	-0.5	-41.9	-	42.8
Sep.	-1.7	2.8	2.9	-4.4	36.1	-	4.6	4.0	17.4	-13.3	-1.3	-41.2	-	34.1
Oct. (p)	-2.7	-3.4	-1.5	-4.6	32.0	-	16.7	4.2	14.2	-8.3	-0.9	-47.8	-	33.9

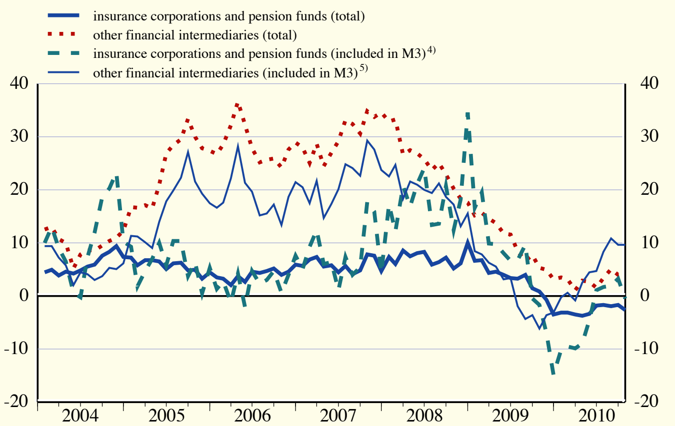
C9 Total deposits by sector [2)]

(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) Includes investment funds.
4) Covers deposits in columns 2, 3, 5 and 7.
5) Covers deposits in columns 9, 10, 12 and 14.

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

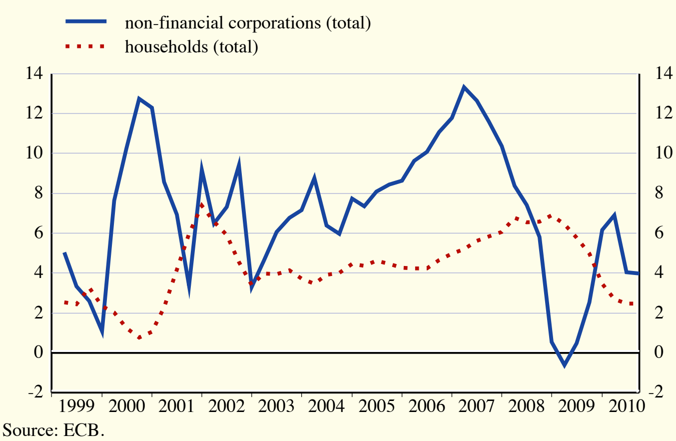
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2008	1,502.6	883.3	502.0	64.4	27.9	1.3	23.7	5,379.2	1,814.5	1,358.2	519.0	1,490.2	113.6	83.7
2009	1,603.1	1,001.1	434.5	80.7	68.7	1.7	16.3	5,601.8	2,157.0	996.5	607.1	1,680.2	123.7	37.3
2010 Q2	1,580.3	1,001.9	410.4	82.1	71.2	2.1	12.5	5,660.4	2,229.0	906.6	643.8	1,733.7	116.9	30.5
Q3	1,607.9	998.1	434.9	86.9	74.2	2.1	11.8	5,652.3	2,202.9	897.8	652.2	1,757.3	110.7	31.4
2010 July	1,578.5	989.4	419.3	83.9	72.2	2.1	11.6	5,675.4	2,239.0	900.3	646.9	1,742.9	114.7	31.6
Aug.	1,599.0	995.0	431.2	84.4	74.4	2.1	11.9	5,660.3	2,209.4	901.5	650.3	1,754.1	113.0	31.9
Sep.	1,607.9	998.1	434.9	86.9	74.2	2.1	11.8	5,652.3	2,202.9	897.8	652.2	1,757.3	110.7	31.4
Oct. (p)	1,620.4	998.5	447.5	86.9	74.2	2.0	11.3	5,673.7	2,218.2	898.8	655.9	1,760.6	109.4	30.9
	Transactions													
2008	8.0	-5.1	13.5	3.2	-3.4	-0.3	0.0	347.5	28.7	336.2	-43.8	28.1	1.7	-3.4
2009	93.0	114.3	-70.1	15.1	40.8	0.4	-7.4	187.8	320.6	-371.5	85.9	190.5	8.6	-46.3
2010 Q2	3.7	19.1	-17.1	-0.5	2.0	0.3	-0.1	49.1	62.9	-30.3	11.9	16.3	-6.0	-5.6
Q3	34.8	0.3	27.4	5.0	2.9	0.0	-0.7	-4.9	-24.7	-7.1	8.4	23.7	-6.2	0.9
2010 July	1.8	-10.4	10.3	1.9	1.0	0.0	-1.0	16.9	10.8	-5.3	3.1	9.3	-2.1	1.1
Aug.	18.8	4.7	11.3	0.4	2.2	0.0	0.3	-16.2	-30.1	0.7	3.4	11.1	-1.7	0.4
Sep.	14.2	6.0	5.8	2.7	-0.3	0.0	-0.1	-5.5	-5.5	-2.5	1.9	3.3	-2.3	-0.5
Oct. (p)	12.3	0.7	12.6	0.0	-0.6	0.0	-0.5	23.5	16.0	1.2	3.7	4.5	-1.3	-0.5
	Growth rates													
2008	0.5	-0.6	2.9	5.4	-11.0	-16.2	0.0	6.9	1.6	33.0	-7.8	1.9	1.5	-3.9
2009	6.2	12.9	-13.9	23.1	146.6	28.3	-31.2	3.5	17.5	-27.1	16.5	12.8	7.5	-55.4
2010 Q2	4.1	9.2	-11.2	14.5	50.5	42.9	-36.2	2.5	10.4	-24.5	20.1	8.3	-2.2	-40.1
Q3	4.0	5.1	-2.4	12.0	33.7	38.8	-32.3	2.5	7.0	-18.2	16.3	7.6	-9.7	-27.2
2010 July	4.1	8.4	-8.9	13.7	41.3	42.1	-37.1	2.6	10.0	-22.9	18.8	8.0	-4.9	-38.0
Aug.	4.5	7.1	-5.1	11.2	39.7	43.1	-28.0	2.5	8.3	-20.6	17.7	7.7	-6.9	-33.7
Sep.	4.0	5.1	-2.4	12.0	33.7	38.8	-32.3	2.5	7.0	-18.2	16.3	7.6	-9.7	-27.2
Oct. (p)	4.1	3.8	0.9	11.0	28.9	34.7	-25.3	2.7	6.1	-14.6	14.3	7.1	-12.6	-22.5

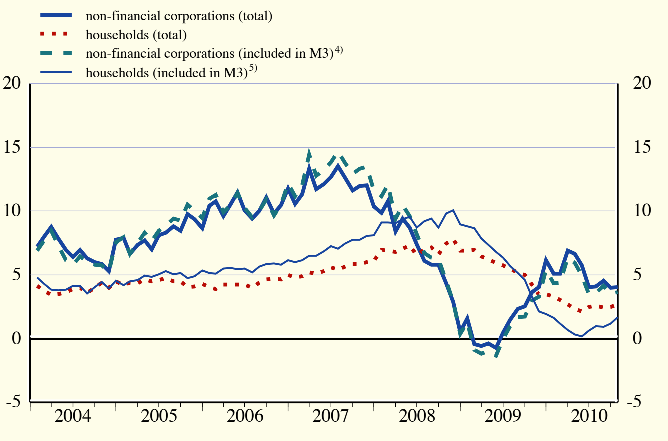
C11 Total deposits by sector [2)]

(annual growth rates)



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

(annual growth rates)



Source: ECB.

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

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

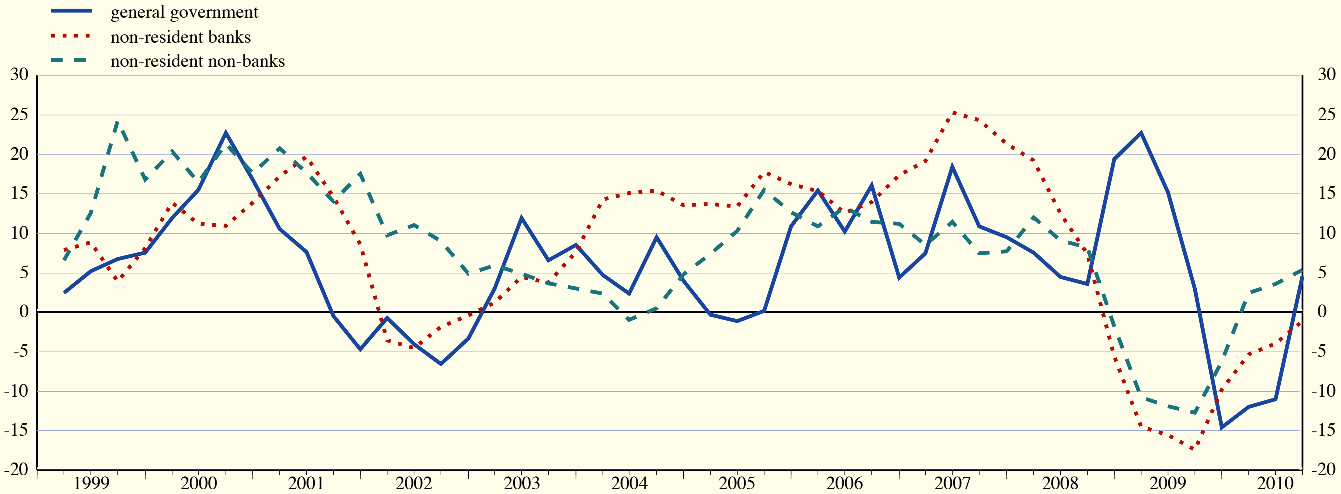
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2007	373.5	126.8	58.8	107.7	80.2	3,859.6	2,951.8	907.7	143.1	764.6
2008	444.7	190.8	52.1	116.1	85.8	3,713.2	2,816.1	897.1	65.6	831.5
2009 Q4	372.9	144.1	43.4	114.3	71.1	3,368.2	2,532.3	836.0	56.7	779.3
2010 Q1	397.6	166.2	50.4	108.4	72.6	3,543.2	2,638.6	904.7	66.8	837.9
Q2	412.7	167.6	54.5	113.8	76.8	3,699.6	2,696.7	1,003.0	46.7	956.2
Q3 (p)	421.5	176.2	58.7	112.0	74.5	3,576.6	2,599.7	976.9	47.7	929.2
	Transactions									
2008	72.7	63.4	-6.5	8.7	7.1	-183.3	-165.8	-17.5	-36.8	19.3
2009	-64.8	-38.1	-8.7	-2.5	-15.5	-331.5	-275.6	-55.8	-4.5	-51.3
2009 Q4	-30.1	-12.8	-7.7	-8.8	-0.9	-80.1	-55.9	-24.2	-2.7	-21.5
2010 Q1	24.6	22.1	7.0	-5.9	1.4	95.3	49.6	45.7	9.1	36.6
Q2	14.7	1.3	4.0	5.1	4.2	-9.9	-26.9	17.0	-2.3	19.3
Q3 (p)	9.3	8.5	4.3	-1.7	-1.8	14.5	5.3	8.9	3.0	5.9
	Growth rates									
2007	9.5	-2.4	29.9	10.6	16.9	17.9	21.3	7.7	15.8	6.3
2008	19.4	49.9	-11.0	8.1	8.8	-4.4	-5.6	-1.7	-25.6	2.7
2009 Q4	-14.6	-19.9	-16.7	-2.1	-18.0	-8.8	-9.8	-6.2	-7.0	-6.2
2010 Q1	-12.0	-17.2	-0.1	-5.4	-13.3	-3.5	-5.3	2.4	12.0	1.7
Q2	-11.0	-20.6	11.5	-4.7	-6.0	-2.0	-4.0	3.6	7.0	3.3
Q3 (p)	4.6	12.3	14.9	-9.2	4.1	0.7	-1.1	5.4	14.2	4.9

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.

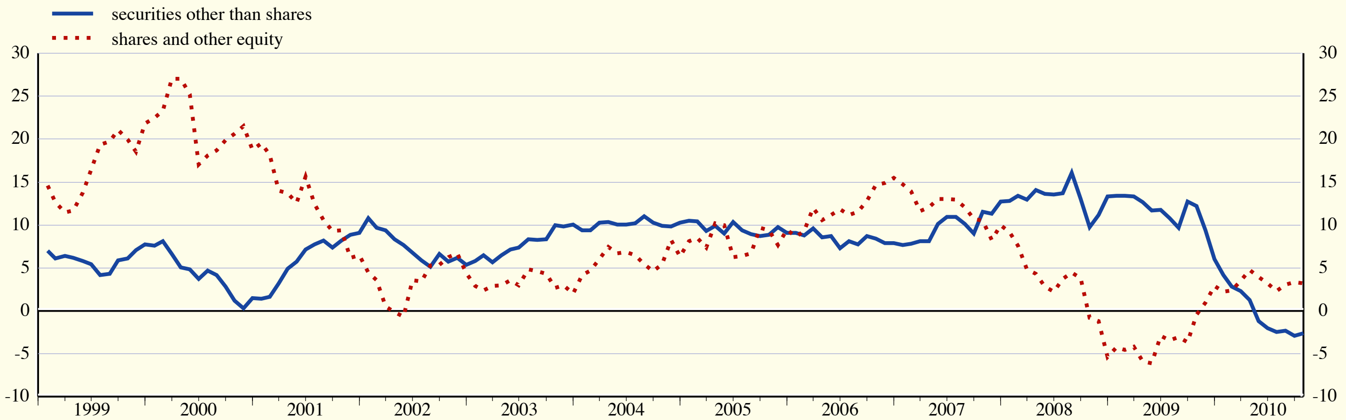
2.6 MFI holdings of securities: breakdown [1), 2)]

(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											
2008	5,854.5	1,884.0	92.3	1,226.1	19.3	1,355.3	51.2	1,226.5	1,472.8	421.8	775.0	276.1
2009	6,207.8	1,971.3	109.1	1,467.2	16.0	1,457.8	39.4	1,147.1	1,515.3	434.6	800.5	280.2
2010 Q2	6,305.3	1,908.5	117.2	1,555.3	18.5	1,477.6	28.5	1,199.7	1,523.4	456.1	772.2	295.1
Q3	6,208.5	1,864.0	105.5	1,548.4	17.7	1,501.7	30.2	1,141.0	1,534.7	458.3	785.8	290.6
2010 July	6,253.9	1,886.6	104.8	1,555.5	16.9	1,498.6	27.7	1,163.8	1,518.1	455.8	773.7	288.6
Aug.	6,299.8	1,890.3	117.1	1,549.3	17.5	1,502.0	26.6	1,197.0	1,529.7	457.3	784.4	288.0
Sep.	6,208.5	1,864.0	105.5	1,548.4	17.7	1,501.7	30.2	1,141.0	1,534.7	458.3	785.8	290.6
Oct. (p)	6,188.4	1,830.8	108.2	1,634.2	14.9	1,477.8	27.6	1,094.9	1,545.5	459.3	791.8	294.4
	Transactions											
2008	695.6	213.8	5.8	38.3	1.9	389.8	19.0	26.9	-85.2	22.4	-56.9	-50.8
2009	354.5	83.6	16.6	230.6	-3.2	103.3	-12.0	-64.4	43.2	29.1	11.8	2.3
2010 Q2	-95.9	-54.2	-6.9	18.6	-0.4	-4.5	-14.8	-33.8	15.9	10.7	-2.0	7.2
Q3	-35.9	-46.4	-0.6	-13.4	0.0	16.7	5.2	2.7	9.6	2.1	9.5	-2.0
2010 July	-14.0	-24.1	-6.5	-3.5	-0.9	16.9	0.3	3.7	-8.5	-1.8	-3.2	-3.6
Aug.	17.0	1.4	10.3	-11.8	-0.3	2.5	-0.4	15.4	14.6	3.7	12.1	-1.3
Sep.	-38.9	-23.7	-4.4	1.9	1.2	-2.7	5.2	-16.5	3.6	0.2	0.6	2.8
Oct. (p)	-6.4	-30.7	4.0	88.0	-2.6	-24.3	-2.1	-38.7	4.6	1.0	4.1	-0.4
	Growth rates											
2008	13.4	12.8	8.0	3.2	9.9	39.9	57.3	2.2	-5.3	5.3	-6.8	-15.4
2009	6.0	4.4	17.6	18.7	-16.0	7.6	-23.2	-5.3	2.9	7.0	1.5	0.8
2010 Q2	-2.0	-4.8	-2.6	6.8	-23.0	-1.0	-49.7	-6.8	3.2	8.1	-0.8	7.2
Q3	-2.9	-6.9	-2.5	3.5	-15.5	0.5	-39.5	-6.6	3.3	6.3	0.4	7.1
2010 July	-2.4	-6.8	-8.8	6.0	-22.0	0.4	-49.6	-5.8	2.3	6.0	-0.3	4.0
Aug.	-2.3	-6.6	1.2	5.2	-18.5	0.6	-49.6	-5.8	3.1	6.3	1.2	3.3
Sep.	-2.9	-6.9	-2.5	3.5	-15.5	0.5	-39.5	-6.6	3.3	6.3	0.4	7.1
Oct. (p)	-2.6	-7.4	1.1	8.4	-24.9	-1.0	-39.2	-8.9	3.2	6.1	0.6	6.4

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 Revaluation of selected MFI balance sheet items [1), 2)]

(EUR billions)

1. Write-offs/write-downs of loans to households [3)]

	Consumer credit				Lending for house purchase				Other lending			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
2007	-4.2	-1.2	-1.4	-1.6	-2.7	-0.2	-0.2	-2.3	-6.9	-0.8	-2.3	-3.7
2008	-4.6	-1.1	-1.5	-1.9	-2.7	0.0	-0.2	-2.5	-6.7	-1.2	-2.3	-3.2
2009	-7.5	-1.8	-2.3	-3.4	-4.0	-0.1	-0.2	-3.7	-7.4	-1.6	-1.3	-4.5
2010 Q1	-1.9	-1.1	-0.6	-0.2	-1.1	0.0	0.0	-1.1	-2.3	-0.5	-0.3	-1.4
Q2	-1.6	-0.4	-0.4	-0.8	-1.1	0.0	0.0	-1.0	-1.9	-0.3	-0.4	-1.3
Q3	-1.9	-0.5	-0.5	-0.9	-0.7	0.0	0.0	-0.7	-1.2	-0.1	-0.2	-0.8
2010 July	-0.4	-0.1	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.5	-0.1	-0.2	-0.3
Aug.	-0.3	-0.1	-0.1	-0.1	-0.2	0.0	0.0	-0.2	-0.4	0.0	0.0	-0.3
Sep.	-1.2	-0.3	-0.4	-0.6	-0.3	0.0	0.0	-0.3	-0.3	0.0	-0.1	-0.2
Oct. (p)	-0.4	-0.2	-0.1	-0.1	-0.7	0.0	0.0	-0.7	-0.7	-0.1	-0.1	-0.5

2. Write-offs/write-downs of loans to non-financial corporations and non-euro area residents

	Non-financial corporations				Non-euro area residents		
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year
	1	2	3	4	5	6	7
2007	-12.5	-2.1	-5.4	-4.9	-5.1	-3.4	-1.7
2008	-17.8	-4.1	-9.1	-4.6	-6.6	-3.4	-3.2
2009	-35.4	-12.7	-12.5	-10.2	-6.9	-2.6	-4.2
2010 Q1	-11.4	-7.1	-4.0	-0.3	-1.0	-0.4	-0.6
Q2	-17.8	-5.5	-6.4	-6.0	-0.9	-0.4	-0.5
Q3	-10.3	-4.0	-2.8	-3.6	-0.4	-0.3	-0.2
2010 July	-3.5	-2.1	-0.4	-1.0	-0.2	-0.3	0.1
Aug.	-2.7	-0.9	-0.9	-1.0	0.0	0.0	0.0
Sep.	-4.1	-1.1	-1.4	-1.6	-0.2	0.1	-0.3
Oct. (p)	-1.9	-0.4	-0.8	-0.6	-0.1	0.0	-0.2

3. Revaluation of securities held by MFIs

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
2007	-14.2	-3.3	0.1	-0.3	-0.2	-3.2	-0.6	-6.7	27.6	3.8	11.7	12.1
2008	-60.4	-12.0	0.0	4.5	0.0	-19.0	-2.2	-31.7	-63.6	-9.2	-46.2	-8.2
2009	4.4	8.2	0.2	-0.8	-0.1	-0.8	0.8	-3.0	1.0	-5.9	3.4	3.5
2010 Q1	14.3	3.2	0.3	4.5	0.1	2.4	0.1	3.7	0.5	-1.0	-0.2	1.7
Q2	-12.4	-2.4	0.4	-8.9	0.5	-4.3	0.0	2.3	-14.6	-3.3	-7.3	-4.0
Q3	19.5	4.0	-0.1	6.5	0.3	5.7	-1.3	4.4	2.0	0.1	4.4	-2.4
2010 July	12.3	2.1	0.2	3.8	0.0	4.1	0.1	2.1	3.3	1.6	4.7	-3.0
Aug.	9.8	2.3	-0.4	5.8	0.5	1.1	-1.4	2.0	-2.7	-2.2	-1.2	0.7
Sep.	-2.6	-0.4	0.1	-3.0	-0.1	0.5	0.0	0.2	1.5	0.7	0.9	-0.2
Oct. (p)	-3.2	-2.4	0.0	-2.1	0.0	0.4	0.0	1.0	1.1	-0.4	2.2	-0.7

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) Including non-profit institutions serving households.

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

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

1. Deposits

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	By euro area residents													
2007	6,083.9	92.0	8.0	4.8	0.4	1.2	1.0	9,063.4	95.8	4.2	2.2	0.4	0.1	0.5
2008	6,852.0	89.7	10.3	7.3	0.4	1.3	0.8	9,890.2	96.9	3.1	1.9	0.5	0.1	0.4
2009 Q4	6,282.0	92.9	7.1	4.4	0.3	1.2	0.7	10,188.9	97.0	3.0	1.9	0.2	0.1	0.4
2010 Q1	6,222.1	93.0	7.0	4.1	0.3	1.2	0.8	10,201.5	97.0	3.0	2.0	0.2	0.1	0.4
Q2	6,544.7	92.4	7.6	4.5	0.3	1.2	0.9	10,468.1	97.0	3.0	2.0	0.2	0.1	0.4
Q3 (p)	6,105.0	92.5	7.5	4.5	0.3	1.2	0.8	10,492.9	97.1	2.9	1.9	0.2	0.1	0.4
	By non-euro area residents													
2007	2,951.8	47.0	53.0	33.5	2.9	2.4	11.0	907.7	50.1	49.9	32.9	1.6	1.8	9.9
2008	2,816.1	48.3	51.7	33.4	2.8	2.6	10.2	897.1	54.9	45.1	28.7	1.4	1.9	9.4
2009 Q4	2,532.3	49.2	50.8	34.2	1.8	2.2	9.6	836.0	53.5	46.5	31.4	1.1	1.7	7.5
2010 Q1	2,638.6	50.1	49.9	32.9	2.2	2.2	9.4	904.7	54.9	45.1	31.9	1.1	1.3	6.1
Q2	2,696.7	52.9	47.1	30.8	2.1	1.6	9.5	1,003.0	55.2	44.8	31.7	1.1	1.4	6.5
Q3 (p)	2,599.7	51.4	48.6	32.4	2.3	1.6	9.2	976.9	57.0	43.0	30.5	1.2	1.3	5.8

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2007	4,925.0	81.5	18.5	9.2	1.7	1.8	3.4
2008	5,101.8	83.3	16.7	8.4	2.0	1.9	2.5
2009 Q4	5,168.3	83.3	16.7	8.8	1.6	1.9	2.5
2010 Q1	5,284.2	82.5	17.5	9.5	1.6	1.8	2.5
Q2	5,244.3	81.6	18.4	10.0	1.8	2.0	2.5
Q3 (p)	5,143.1	82.3	17.7	9.4	1.7	2.0	2.4

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

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

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

3. Loans

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	To euro area residents													
2007	5,792.5	-	-	-	-	-	-	11,102.4	96.2	3.8	1.8	0.2	1.0	0.6
2008	6,307.7	-	-	-	-	-	-	11,743.1	95.9	4.1	2.1	0.3	1.1	0.4
2009 Q4	5,917.5	-	-	-	-	-	-	11,784.8	96.2	3.8	1.9	0.2	1.0	0.4
2010 Q1	5,916.7	-	-	-	-	-	-	11,832.4	96.1	3.9	2.0	0.2	1.0	0.4
Q2	6,208.8	-	-	-	-	-	-	12,057.2	95.8	4.2	2.2	0.3	1.0	0.4
Q3 (p)	5,841.3	-	-	-	-	-	-	12,046.8	96.0	4.0	2.0	0.2	1.1	0.4
	To non-euro area residents													
2007	2,341.6	48.2	51.8	28.8	2.3	2.4	12.7	953.8	40.8	59.2	41.3	1.2	3.7	8.3
2008	2,278.8	45.8	54.2	31.8	3.0	2.6	11.3	963.6	40.4	59.6	42.0	1.4	4.3	7.5
2009 Q4	1,914.9	45.8	54.2	29.4	2.7	2.9	12.6	906.8	40.0	60.0	42.1	1.2	3.7	8.0
2010 Q1	1,985.1	46.6	53.4	29.8	2.6	3.0	11.2	964.8	40.2	59.8	42.5	1.3	3.4	7.5
Q2	2,074.6	46.5	53.5	29.8	2.8	3.0	12.0	1,000.2	39.2	60.8	43.3	1.4	3.4	7.7
Q3 (p)	1,995.9	45.9	54.1	29.6	3.3	3.0	12.0	955.1	40.5	59.5	41.7	1.4	3.6	7.3

4. Holdings of securities other than shares

	Issued by MFIs [3)]							Issued by non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Issued by euro area residents													
2007	1,739.8	95.2	4.8	2.4	0.3	0.3	1.5	2,209.3	97.7	2.3	1.4	0.2	0.1	0.5
2008	1,976.3	95.3	4.7	2.6	0.4	0.2	1.2	2,651.8	97.3	2.7	1.7	0.3	0.1	0.4
2009 Q4	2,080.3	94.8	5.2	3.1	0.2	0.3	1.4	2,980.4	98.1	1.9	1.2	0.2	0.1	0.3
2010 Q1	2,092.8	94.6	5.4	3.2	0.2	0.3	1.4	3,033.9	98.1	1.9	1.2	0.2	0.1	0.3
Q2	2,025.8	94.2	5.8	3.5	0.2	0.3	1.5	3,079.9	98.5	1.5	0.8	0.2	0.1	0.4
Q3 (p)	1,969.5	94.6	5.4	3.0	0.2	0.3	1.6	3,098.0	98.5	1.5	0.9	0.2	0.1	0.4
	Issued by non-euro area residents													
2007	582.0	53.9	46.1	27.3	0.7	0.4	14.4	651.6	35.8	64.2	39.3	4.5	0.8	12.6
2008	580.3	54.1	45.9	28.6	0.9	0.5	13.3	646.2	39.0	61.0	37.1	6.4	0.8	11.1
2009 Q4	546.6	55.8	44.2	26.3	0.4	0.5	14.8	600.5	34.9	65.1	38.5	4.2	0.9	15.2
2010 Q1	561.8	55.3	44.7	28.0	0.4	0.5	14.8	611.4	32.9	67.1	39.9	4.2	0.9	14.9
Q2	558.9	53.4	46.6	27.4	0.5	0.9	15.2	640.7	28.8	71.2	43.7	4.6	0.6	15.1
Q3 (p)	535.2	52.3	47.7	27.7	0.4	0.9	16.1	605.8	29.8	70.2	42.5	4.6	0.6	15.0

Source: ECB.

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

2.9 Aggregated balance sheet of euro area investment funds [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						
2010 Mar.	5,833.7	350.5	2,215.7	1,818.5	779.2	237.0	432.9
Apr.	5,901.4	367.1	2,235.3	1,823.8	793.4	238.8	442.9
May	5,863.2	378.7	2,265.0	1,751.4	785.5	240.0	442.7
June	5,844.3	384.9	2,271.0	1,718.8	791.3	242.4	435.9
July	5,904.2	381.3	2,287.8	1,757.7	796.4	243.4	437.6
Aug.	5,978.1	382.5	2,357.3	1,744.9	804.0	245.7	443.8
Sep. (p)	6,061.0	373.0	2,329.7	1,790.2	819.0	241.9	507.1
	Transactions						
2010 Q1	190.6	-3.7	69.2	34.9	31.1	21.1	38.1
Q2	8.4	26.6	5.4	-26.3	8.0	0.2	-5.5
Q3 (p)	129.4	-12.4	55.1	15.5	15.7	0.0	55.6

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2010 Mar.	5,833.7	114.3	5,331.7	4,242.8	590.1	1,088.9	387.8
Apr.	5,901.4	124.0	5,389.1	4,269.3	597.2	1,119.8	388.2
May	5,863.2	125.5	5,330.8	4,209.3	584.0	1,121.4	406.9
June	5,844.3	125.9	5,319.0	4,181.0	584.9	1,138.0	399.5
July	5,904.2	124.9	5,387.7	4,247.0	595.3	1,140.7	391.6
Aug.	5,978.1	124.0	5,455.4	4,286.9	601.5	1,168.5	398.7
Sep. (p)	6,061.0	122.3	5,488.3	4,319.6	623.6	1,168.7	450.3
	Transactions						
2010 Q1	190.6	5.2	141.6	92.7	26.0	48.9	43.9
Q2	8.4	10.2	28.0	5.2	0.3	22.8	-29.8
Q3 (p)	129.4	-5.4	70.1	48.6	21.1	21.5	64.7

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									
2010 Feb.	5,099.8	1,639.1	1,451.6	1,252.2	249.7	96.2	410.9	5,025.4	74.4	1,202.3
Mar.	5,331.7	1,700.2	1,565.9	1,281.2	257.6	100.4	426.5	5,251.9	79.8	1,175.1
Apr.	5,389.1	1,725.0	1,580.1	1,293.8	257.3	102.5	430.4	5,309.1	80.0	1,182.8
May	5,330.8	1,740.9	1,510.5	1,289.3	255.9	107.5	426.7	5,248.7	82.1	1,190.4
June	5,319.0	1,749.9	1,487.0	1,291.4	252.3	107.4	431.0	5,236.1	82.9	1,167.0
July	5,387.7	1,766.5	1,520.6	1,305.5	255.8	104.3	435.0	5,305.3	82.4	1,142.7
Aug.	5,455.4	1,820.8	1,509.3	1,329.6	256.3	104.8	434.6	5,372.9	82.4	1,179.8
Sep. (p)	5,488.3	1,806.4	1,551.2	1,337.9	255.7	99.7	437.5	5,404.2	84.2	1,136.9
	Transactions									
2010 Mar.	55.0	40.8	3.8	-4.8	2.7	3.7	8.8	52.0	3.0	-30.1
Apr.	31.5	14.2	2.5	11.0	1.5	0.0	2.3	31.2	0.2	-2.3
May	-12.2	-1.1	-16.3	2.6	-1.7	1.6	2.8	-13.9	1.7	-16.5
June	8.7	1.2	-4.9	4.1	1.0	0.2	7.0	8.1	0.6	-29.7
July	20.5	12.0	3.2	5.8	0.6	-0.5	-0.5	20.3	0.2	-5.6
Aug.	30.4	17.4	3.7	10.0	-0.1	-1.3	0.7	30.7	-0.3	27.9
Sep. (p)	19.2	12.2	-0.1	7.5	1.1	-1.2	-0.2	18.0	1.3	-17.8

Source: ECB.

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

2.10 Securities held by investment funds [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										
2009 Q4	2,084.4	1,410.0	385.7	684.4	187.7	5.6	146.6	674.4	199.6	259.4	16.2
2010 Q1	2,215.7	1,461.0	392.9	706.2	199.5	5.9	156.4	754.7	217.8	292.1	15.6
Q2	2,271.0	1,446.8	382.9	713.6	193.0	6.0	151.3	824.2	230.2	325.2	16.6
Q3 (p)	2,329.7	1,476.5	385.1	727.5	210.2	6.5	147.2	853.2	242.0	328.1	16.8
	Transactions										
2010 Q1	69.2	25.5	0.6	9.5	8.9	-0.1	6.5	43.7	11.0	17.6	-1.5
Q2	5.4	-26.5	-11.8	-5.4	-3.2	0.6	-6.7	32.0	7.0	13.4	-1.4
Q3 (p)	55.1	13.9	3.0	3.7	2.6	0.0	4.6	41.2	8.0	18.4	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										
2009 Q4	1,681.3	728.1	97.8	-	35.6	23.7	570.9	953.2	138.2	291.4	65.6
2010 Q1	1,818.5	750.8	95.1	-	36.3	28.3	590.9	1,067.7	148.6	329.9	75.8
Q2	1,718.8	672.1	74.3	-	34.6	24.0	539.1	1,046.7	141.6	315.1	79.0
Q3 (p)	1,790.2	712.8	79.7	-	127.9	24.3	480.8	1,077.4	153.6	312.9	67.1
	Transactions										
2010 Q1	34.9	11.1	0.1	-	0.0	1.8	9.2	23.8	0.5	4.9	0.9
Q2	-26.3	-20.8	-7.9	-	-0.3	-1.2	-11.4	-5.5	-1.5	-4.8	3.9
Q3 (p)	15.5	10.3	-0.7	-	11.5	0.4	-0.9	5.2	1.9	0.5	-7.5

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										
2009 Q4	715.4	612.8	74.4	-	538.4	-	-	102.6	15.9	23.3	0.3
2010 Q1	779.2	660.9	70.8	-	590.1	-	-	118.3	18.4	34.8	0.6
Q2	791.3	662.3	77.4	-	584.9	-	-	129.0	19.0	36.4	0.4
Q3 (p)	819.0	699.9	76.3	-	623.6	-	-	119.1	20.3	33.7	0.3
	Transactions										
2010 Q1	31.1	21.3	-4.7	-	26.0	-	-	9.8	1.3	9.9	0.2
Q2	8.0	5.7	5.5	-	0.3	-	-	2.3	0.9	-0.9	-0.2
Q3 (p)	15.7	20.9	-0.1	-	21.1	-	-	-5.3	0.9	-0.9	0.0

Source: ECB.

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

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

3 EURO AREA ACCOUNTS

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

Uses 2010 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						512
Trade balance [1]						-13
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,131	114	715	55	247	
Other taxes less subsidies on production	25	5	14	3	4	
Consumption of fixed capital	352	96	197	12	47	
Net operating surplus and mixed income [1]	560	285	239	36	0	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						5
Taxes less subsidies on production						
Property income	904	34	462	339	69	107
Interest	358	31	58	200	69	49
Other property income	545	2	404	139	0	58
Net national income [1]	1,929	1,674	-5	44	215	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	261	214	38	9	0	4
Social contributions	421	421				1
Social benefits other than social transfers in kind	452	2	17	33	401	1
Other current transfers	192	73	26	48	45	7
Net non-life insurance premiums	46	33	11	1	1	1
Non-life insurance claims	46			46		1
Other	100	40	16	1	44	5
Net disposable income [1]	1,906	1,508	-57	50	406	
Use of income account						
Net disposable income						
Final consumption expenditure	1,832	1,327			505	
Individual consumption expenditure	1,636	1,327			309	
Collective consumption expenditure	196				196	
Adjustment for the change in the net equity of households in pension fund reserves	16	0	1	15	0	0
Net saving/current external account [1]	74	196	-58	35	-99	25
Capital account						
Net saving/current external account						
Gross capital formation	451	144	239	11	57	
Gross fixed capital formation	459	142	249	11	57	
Changes in inventories and acquisitions less disposals of valuables	-8	2	-10	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-2	6	0	-4	0
Capital transfers	40	9	2	4	26	5
Capital taxes	7	5	0	1		0
Other capital transfers	33	4	1	2	26	5
Net lending (+)/net borrowing (-) (from capital account) [1]	-23	151	-89	36	-120	23
Statistical discrepancy	0	-44	44	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 2010 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						499
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,068	500	1,165	106	298	
Taxes less subsidies on products	228					
Gross domestic product (market prices)[2]	2,296					
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	560	285	239	36	0	
Compensation of employees	1,133	1,133				3
Taxes less subsidies on production	254				254	-1
Property income	886	290	218	347	30	125
Interest	343	53	33	249	8	64
Other property income	543	237	185	98	22	60
Net national income						
Secondary distribution of income account						
Net national income	1,929	1,674	-5	44	215	
Current taxes on income, wealth, etc.	264				264	1
Social contributions	421	1	18	49	353	1
Social benefits other than social transfers in kind	450	450				3
Other current transfers	168	92	11	47	19	30
Net non-life insurance premiums	46			46		1
Non-life insurance claims	45	36	8	1	0	1
Other	78	56	3	0	18	28
Net disposable income						
Use of income account						
Net disposable income	1,906	1,508	-57	50	406	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	16	16				0
Net saving/current external account						
Capital account						
Net saving/current external account	74	196	-58	35	-99	25
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	352	96	197	12	47	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	42	10	18	4	11	3
Capital taxes	7				7	0
Other capital transfers	36	10	18	4	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 2010 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		18,400	16,871	32,611	13,683	6,703	3,410	15,939
Monetary gold and special drawing rights (SDRs)				340				
Currency and deposits		6,436	1,812	9,493	1,943	854	661	3,806
Short-term debt securities		44	167	631	293	391	27	835
Long-term debt securities		1,366	211	6,376	2,267	2,138	351	3,367
Loans		72	3,177	12,759	3,542	455	452	1,808
of which: Long-term		55	1,767	9,863	2,605	328	364	.
Shares and other equity		4,351	7,568	2,067	5,409	2,399	1,303	5,488
Quoted shares		777	1,373	497	1,884	435	286	.
Unquoted shares and other equity		2,129	5,810	1,243	2,759	475	862	.
Mutual fund shares		1,445	385	327	766	1,489	154	.
Insurance technical reserves		5,639	146	2	0	211	3	184
Other accounts receivable and financial derivatives		491	3,791	943	229	254	615	451
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		151	90	736	121	49	119	105
Monetary gold and SDRs				0				0
Currency and deposits		69	14	615	73	4	60	-10
Short-term debt securities		-3	-10	-9	2	4	-1	-15
Long-term debt securities		3	6	-40	-45	33	9	83
Loans		-1	50	107	70	3	44	23
of which: Long-term		-1	6	98	2	1	30	.
Shares and other equity		8	20	-24	15	6	10	18
Quoted shares		3	1	-7	-3	-1	1	.
Unquoted shares and other equity		20	36	-3	7	0	3	.
Mutual fund shares		-15	-17	-13	11	7	5	.
Insurance technical reserves		59	-1	0	0	1	0	-1
Other accounts receivable and financial derivatives		16	11	87	6	-1	-3	6
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		-223	-103	401	124	-32	-24	218
Monetary gold and SDRs				68				
Currency and deposits		8	4	122	185	3	0	175
Short-term debt securities		2	15	8	20	3	0	-6
Long-term debt securities		-31	13	102	61	16	-5	87
Loans		0	14	200	-59	0	0	-4
of which: Long-term		0	3	137	-55	1	0	.
Shares and other equity		-184	-235	-86	-92	-59	-25	-46
Quoted shares		-70	-69	-50	-98	-25	-30	.
Unquoted shares and other equity		-85	-169	-47	2	-9	9	.
Mutual fund shares		-28	3	10	4	-25	-4	.
Insurance technical reserves		-19	0	0	0	4	0	4
Other accounts receivable and financial derivatives		1	86	-14	9	2	5	8
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		18,327	16,858	33,747	13,928	6,720	3,505	16,263
Monetary gold and SDRs				408				
Currency and deposits		6,512	1,830	10,230	2,201	861	721	3,971
Short-term debt securities		43	171	630	315	398	26	814
Long-term debt securities		1,339	230	6,438	2,282	2,187	354	3,537
Loans		71	3,240	13,066	3,553	459	496	1,828
of which: Long-term		55	1,776	10,098	2,552	329	394	.
Shares and other equity		4,175	7,353	1,956	5,332	2,345	1,288	5,460
Quoted shares		709	1,306	440	1,784	409	257	.
Unquoted shares and other equity		2,064	5,677	1,193	2,768	466	875	.
Mutual fund shares		1,402	370	323	781	1,470	156	.
Insurance technical reserves		5,678	146	2	0	216	3	188
Other accounts receivable and financial derivatives		509	3,888	1,016	244	255	617	465
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2010 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		6,636	25,689	31,750	13,598	6,764	8,440	14,400
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			29	22,169	23	0	225	2,559
Short-term debt securities			317	724	70	11	993	273
Long-term debt securities			548	4,631	2,590	45	5,388	2,873
Loans		5,912	8,435		3,116	244	1,399	3,157
of which: Long-term		5,558	5,891		1,709	83	1,198	.
Shares and other equity			12,498	2,887	7,582	515	6	5,091
Quoted shares			3,590	544	202	179	0	.
Unquoted shares and other equity		7	8,907	1,168	2,253	335	6	.
Mutual fund shares				1,175	5,127			.
Insurance technical reserves		34	336	64	1	5,750	1	
Other accounts payable and financial derivatives		683	3,526	1,274	215	199	428	448
Net financial worth [1]	-1,199	11,764	-8,818	861	85	-61	-5,030	
Financial account, transactions in liabilities								
Total transactions in liabilities		44	135	681	128	61	240	82
Monetary gold and SDRs								
Currency and deposits			0	790	3	0	8	24
Short-term debt securities			1	-26	-1	1	0	-7
Long-term debt securities			6	-81	-24	1	131	14
Loans		47	36		106	4	73	31
of which: Long-term		48	32		22	1	47	.
Shares and other equity			39	-45	43	1	0	14
Quoted shares			11	0	0	0	0	.
Unquoted shares and other equity		0	28	4	10	1	0	.
Mutual fund shares				-48	33			.
Insurance technical reserves		0	1	0	0	58	0	
Other accounts payable and financial derivatives		-3	51	44	1	-4	28	6
Changes in net financial worth due to transactions [1]	-23	107	-45	54	-6	-13	-120	23
Other changes account, liabilities								
Total other changes in liabilities		15	-583	376	111	-44	-19	437
Monetary gold and SDRs								
Currency and deposits			0	382	0	0	0	114
Short-term debt securities			6	17	5	0	0	13
Long-term debt securities			-6	35	133	-1	-42	123
Loans		12	-7		70	-1	3	75
of which: Long-term		1	1		48	0	3	.
Shares and other equity			-598	-92	-97	-36	0	95
Quoted shares			-285	-98	-23	-28	0	.
Unquoted shares and other equity		0	-313	-34	-14	-7	0	.
Mutual fund shares				40	-60			.
Insurance technical reserves		0	0	0	0	-11	0	
Other accounts payable and financial derivatives		3	22	34	-1	4	20	17
Other changes in net financial worth [1]	287	-238	480	24	14	12	-5	-219
Closing balance sheet, liabilities								
Total liabilities		6,694	25,241	32,807	13,836	6,782	8,661	14,920
Monetary gold and SDRs								
Currency and deposits			30	23,341	26	0	232	2,697
Short-term debt securities			324	715	74	12	994	279
Long-term debt securities			548	4,585	2,700	45	5,477	3,010
Loans		5,971	8,464		3,292	248	1,476	3,264
of which: Long-term		5,607	5,924		1,779	84	1,248	.
Shares and other equity			11,939	2,750	7,528	480	6	5,200
Quoted shares			3,316	446	179	150	0	.
Unquoted shares and other equity		7	8,623	1,137	2,249	329	6	.
Mutual fund shares				1,167	5,100			.
Insurance technical reserves		34	337	64	1	5,797	1	
Other accounts payable and financial derivatives		683	3,599	1,352	215	200	475	471
Net financial worth [1]	-934	11,633	-8,382	940	92	-62	-5,155	

Source: ECB.

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

Uses	2006	2007	2008	2008 Q3-2009 Q2	2008 Q4-2009 Q3	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,074	4,259	4,436	4,440	4,431	4,424	4,426	4,442
Other taxes less subsidies on production	128	136	133	124	118	113	108	101
Consumption of fixed capital	1,253	1,319	1,383	1,396	1,397	1,398	1,396	1,398
Net operating surplus and mixed income [1]	2,192	2,345	2,331	2,186	2,144	2,130	2,156	2,200
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,031	3,627	3,887	3,488	3,210	2,966	2,835	2,758
Interest	1,653	2,079	2,320	2,043	1,821	1,622	1,509	1,446
Other property income	1,378	1,548	1,567	1,444	1,389	1,343	1,326	1,312
Net national income [1]	7,328	7,727	7,797	7,600	7,540	7,518	7,552	7,633
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,029	1,113	1,123	1,068	1,038	1,013	1,012	1,019
Social contributions	1,541	1,598	1,667	1,673	1,675	1,676	1,681	1,688
Social benefits other than social transfers in kind	1,555	1,602	1,670	1,726	1,757	1,786	1,806	1,816
Other current transfers	723	753	787	785	782	783	789	792
Net non-life insurance premiums	180	184	188	186	184	182	182	182
Non-life insurance claims	180	184	189	187	184	182	182	182
Other	363	385	409	412	414	419	424	428
Net disposable income [1]	7,236	7,634	7,692	7,494	7,431	7,409	7,439	7,519
Use of income account								
Net disposable income								
Final consumption expenditure	6,645	6,911	7,168	7,169	7,163	7,179	7,209	7,252
Individual consumption expenditure	5,957	6,198	6,420	6,399	6,385	6,394	6,426	6,467
Collective consumption expenditure	688	712	748	769	778	784	784	785
Adjustment for the change in the net equity of households in pension fund reserves	64	65	71	68	67	66	65	64
Net saving [1]	592	723	524	325	268	231	229	267
Capital account								
Net saving								
Gross capital formation	1,880	2,027	2,038	1,867	1,786	1,714	1,696	1,728
Gross fixed capital formation	1,858	1,992	2,019	1,892	1,829	1,782	1,758	1,761
Changes in inventories and acquisitions less disposals of valuables	22	36	19	-25	-42	-68	-62	-34
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	0	-1	0	-1	-1	1	2	1
Capital transfers	170	151	150	167	175	184	191	184
Capital taxes	23	24	24	29	29	34	34	30
Other capital transfers	148	126	126	139	145	150	157	154
Net lending (+)/net borrowing (-) (from capital account) [1]	-20	31	-121	-137	-111	-78	-63	-55

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

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

(EUR billions; four-quarter cumulated flows)

Resources	2006	2007	2008	2008 Q3-2009 Q2	2008 Q4-2009 Q3	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2
Generation of income account								
Gross value added (basic prices)	7,647	8,060	8,283	8,145	8,091	8,065	8,087	8,141
Taxes less subsidies on products	915	960	946	911	900	893	893	905
Gross domestic product (market prices)2)	8,562	9,020	9,228	9,056	8,991	8,958	8,980	9,046
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	2,192	2,345	2,331	2,186	2,144	2,130	2,156	2,200
Compensation of employees	4,082	4,267	4,443	4,446	4,438	4,430	4,432	4,449
Taxes less subsidies on production	1,055	1,104	1,085	1,042	1,028	1,023	1,019	1,022
Property income	3,031	3,638	3,825	3,414	3,140	2,901	2,781	2,721
Interest	1,624	2,040	2,263	1,978	1,754	1,553	1,443	1,391
Other property income	1,407	1,598	1,562	1,436	1,386	1,348	1,338	1,329
Net national income								
Secondary distribution of income account								
Net national income	7,328	7,727	7,797	7,600	7,540	7,518	7,552	7,633
Current taxes on income, wealth, etc.	1,033	1,120	1,130	1,074	1,043	1,019	1,017	1,024
Social contributions	1,540	1,598	1,667	1,672	1,674	1,675	1,680	1,688
Social benefits other than social transfers in kind	1,547	1,593	1,662	1,718	1,750	1,778	1,799	1,808
Other current transfers	635	662	682	680	677	676	678	681
Net non-life insurance premiums	180	184	189	187	184	182	182	182
Non-life insurance claims	177	182	185	183	181	179	179	179
Other	278	296	308	311	312	316	316	320
Net disposable income								
Use of income account								
Net disposable income	7,236	7,634	7,692	7,494	7,431	7,409	7,439	7,519
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	64	65	71	68	67	66	65	64
Net saving								
Capital account								
Net saving	592	723	524	325	268	231	229	267
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,253	1,319	1,383	1,396	1,397	1,398	1,396	1,398
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	185	166	160	176	183	192	200	193
Capital taxes	23	24	24	29	29	34	34	30
Other capital transfers	162	141	136	147	154	158	166	163
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)

	2006	2007	2008	2008 Q3-2009 Q2	2008 Q4-2009 Q3	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2
Income, saving and changes in net worth								
Compensation of employees (+)	4,082	4,267	4,443	4,446	4,438	4,430	4,432	4,449
Gross operating surplus and mixed income (+)	1,420	1,493	1,539	1,514	1,498	1,489	1,491	1,498
Interest receivable (+)	264	310	347	305	273	245	228	219
Interest payable (-)	166	216	243	204	174	148	138	131
Other property income receivable (+)	749	808	820	776	754	740	731	723
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	794	852	891	877	871	860	857	857
Net social contributions (-)	1,537	1,594	1,663	1,668	1,670	1,671	1,676	1,683
Net social benefits (+)	1,541	1,587	1,656	1,712	1,743	1,772	1,792	1,802
Net current transfers receivable (+)	67	71	71	74	77	80	81	82
= Gross disposable income	5,617	5,865	6,069	6,069	6,059	6,066	6,075	6,090
Final consumption expenditure (-)	4,910	5,105	5,272	5,225	5,196	5,195	5,220	5,251
Changes in net worth in pension funds (+)	64	64	71	68	66	65	65	63
= Gross saving	771	825	869	912	929	937	920	903
Consumption of fixed capital (-)	346	368	385	388	388	388	386	386
Net capital transfers receivable (+)	19	12	1	9	14	12	10	9
Other changes in net worth (+)	2,615	1,490	-2,110	-2,173	-1,634	-253	909	970
= Changes in net worth	3,059	1,959	-1,625	-1,640	-1,080	308	1,453	1,496
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	609	645	639	596	573	556	546	546
Consumption of fixed capital (-)	346	368	385	388	388	388	386	386
Main items of financial investment (+)								
Short-term assets	321	428	453	261	145	-36	-103	-89
Currency and deposits	285	350	439	323	245	106	64	63
Money market fund shares	1	39	-10	-19	-22	-50	-86	-86
Debt securities [1]	35	38	24	-43	-78	-92	-81	-67
Long-term assets	298	133	42	208	362	531	585	555
Deposits	2	-35	-34	26	66	106	120	115
Debt securities	33	24	47	26	22	14	-23	-18
Shares and other equity	-27	-75	-108	-16	81	170	217	195
Quoted and unquoted shares and other equity	-5	-3	24	49	89	95	103	96
Mutual fund shares	-22	-72	-132	-65	-8	75	114	99
Life insurance and pension fund reserves	290	219	138	171	192	241	270	263
Main items of financing (-)								
Loans	412	372	215	130	103	111	131	136
of which: From euro area MFIs	350	283	82	10	-16	63	74	102
Other changes in assets (+)								
Non-financial assets	2,061	1,424	-626	-1,518	-1,638	-725	40	624
Financial assets	558	82	-1,505	-658	2	473	868	370
Shares and other equity	467	82	-1,275	-570	-129	251	504	126
Life insurance and pension fund reserves	60	9	-261	-114	53	180	271	177
Remaining net flows (+)	-30	-12	-29	-11	-32	8	33	12
= Changes in net worth	3,059	1,959	-1,625	-1,640	-1,080	308	1,453	1,496
Balance sheet								
Non-financial assets (+)	25,641	27,342	26,970	26,034	26,411	26,413	26,995	26,817
Financial assets (+)								
Short-term assets	4,814	5,269	5,806	5,863	5,799	5,762	5,717	5,760
Currency and deposits	4,463	4,852	5,323	5,426	5,394	5,462	5,434	5,498
Money market fund shares	255	293	324	315	313	244	233	214
Debt securities [1]	96	125	158	121	92	56	50	49
Long-term assets	11,871	12,058	10,500	10,689	11,241	11,510	11,768	11,634
Deposits	1,020	952	888	896	928	973	1,002	1,015
Debt securities	1,226	1,245	1,300	1,283	1,341	1,352	1,360	1,333
Shares and other equity	4,998	5,006	3,581	3,624	3,923	4,033	4,119	3,961
Quoted and unquoted shares and other equity	3,565	3,627	2,596	2,593	2,830	2,861	2,906	2,773
Mutual fund shares	1,433	1,379	986	1,031	1,093	1,172	1,212	1,188
Life insurance and pension fund reserves	4,627	4,855	4,732	4,885	5,050	5,152	5,287	5,325
Remaining net assets (+)	246	226	204	211	194	205	191	210
Liabilities (-)								
Loans	5,231	5,595	5,806	5,841	5,862	5,906	5,912	5,971
of which: From euro area MFIs	4,560	4,831	4,906	4,904	4,921	4,961	4,947	5,105
= Net worth	37,341	39,300	37,675	36,954	37,784	37,983	38,759	38,450

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)

	2006	2007	2008	2008 Q3-2009 Q2	2008 Q4-2009 Q3	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2
Income and saving								
Gross value added (basic prices) (+)	4,376	4,645	4,760	4,613	4,555	4,524	4,535	4,574
Compensation of employees (-)	2,588	2,716	2,836	2,820	2,803	2,788	2,785	2,794
Other taxes less subsidies on production (-)	74	80	77	70	65	62	57	50
= Gross operating surplus (+)	1,714	1,849	1,847	1,723	1,687	1,674	1,693	1,730
Consumption of fixed capital (-)	703	738	774	781	781	782	781	781
= Net operating surplus (+)	1,012	1,111	1,074	942	906	892	912	950
Property income receivable (+)	504	597	595	526	503	476	470	468
Interest receivable	172	204	216	186	166	150	139	134
Other property income receivable	332	393	378	341	337	326	331	334
Interest and rents payable (-)	287	354	404	359	323	291	269	257
= Net entrepreneurial income (+)	1,229	1,354	1,264	1,110	1,086	1,078	1,113	1,160
Distributed income (-)	927	988	1,024	975	934	912	898	892
Taxes on income and wealth payable (-)	190	212	197	161	139	125	125	132
Social contributions receivable (+)	75	64	66	68	68	69	70	70
Social benefits payable (-)	61	62	65	66	66	67	67	67
Other net transfers (-)	66	56	59	59	61	62	63	63
= Net saving	60	100	-14	-84	-45	-18	29	75
Investment, financing and saving								
Net acquisition of non-financial assets (+)	311	373	336	191	131	79	76	117
Gross fixed capital formation (+)	989	1,075	1,092	1,001	959	931	920	930
Consumption of fixed capital (-)	703	738	774	781	781	782	781	781
Net acquisition of other non-financial assets (+)	24	36	17	-29	-46	-70	-63	-33
Main items of financial investment (+)								
Short-term assets	157	168	65	34	81	108	106	44
Currency and deposits	146	154	15	8	36	87	98	58
Money market fund shares	2	-19	30	35	41	40	5	-21
Debt securities [1]	10	33	21	-10	4	-19	3	6
Long-term assets	504	782	731	605	438	236	233	330
Deposits	33	-4	35	62	39	23	5	14
Debt securities	-8	-27	-60	-2	-30	-16	-17	29
Shares and other equity	283	439	361	328	266	98	75	73
Other (mainly intercompany loans)	197	374	396	218	163	132	170	213
Remaining net assets (+)	76	126	-15	-117	-59	-45	49	-3
Main items of financing (-)								
Debt	685	900	748	405	263	127	173	164
of which: Loans from euro area MFIs	444	539	396	133	0	-111	-100	-86
of which: Debt securities	38	38	56	78	90	82	101	78
Shares and other equity	231	382	306	310	291	189	183	168
Quoted shares	32	54	8	58	73	67	66	46
Unquoted shares and other equity	198	328	299	252	217	122	118	122
Net capital transfers receivable (-)	72	68	74	77	78	79	77	78
= Net saving	60	100	-14	-84	-45	-18	29	75
Financial balance sheet								
Financial assets								
Short-term assets	1,674	1,826	1,905	1,921	1,970	2,010	1,988	1,982
Currency and deposits	1,367	1,507	1,537	1,549	1,577	1,631	1,601	1,611
Money market fund shares	183	159	185	215	222	206	198	181
Debt securities [1]	124	161	183	158	171	172	189	191
Long-term assets	10,119	11,117	9,522	9,670	10,343	10,583	10,945	10,842
Deposits	143	171	203	214	215	210	210	219
Debt securities	281	252	198	160	148	179	188	210
Shares and other equity	7,498	8,141	6,170	6,295	6,946	7,123	7,370	7,173
Other (mainly intercompany loans)	2,198	2,553	2,951	3,001	3,033	3,072	3,177	3,240
Remaining net assets	314	358	422	440	418	422	440	465
Liabilities								
Debt	7,895	8,692	9,457	9,523	9,521	9,532	9,636	9,673
of which: Loans from euro area MFIs	3,957	4,478	4,870	4,831	4,766	4,710	4,712	4,728
of which: Debt securities	675	680	738	772	816	816	865	872
Shares and other equity	13,173	14,367	10,775	10,853	11,926	12,253	12,498	11,939
Quoted shares	4,541	5,038	2,920	2,917	3,362	3,508	3,590	3,316
Unquoted shares and other equity	8,632	9,330	7,855	7,936	8,564	8,745	8,907	8,623

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

3.5 Insurance corporations and pension funds

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

	2006	2007	2008	2008 Q3-2009 Q2	2008 Q4-2009 Q3	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	63	66	113	54	47	31	17	29
Currency and deposits	11	6	57	12	-1	-33	-21	1
Money market fund shares	3	2	20	10	6	10	1	12
Debt securities [1]	49	57	36	31	42	55	37	16
Long-term assets	308	165	73	103	137	206	272	273
Deposits	62	47	-3	15	29	18	1	-5
Debt securities	116	48	6	-8	-9	51	85	157
Loans	1	-15	39	30	27	15	13	13
Quoted shares	2	-1	2	-28	-99	-88	-83	-84
Unquoted shares and other equity	32	21	28	15	5	-5	1	5
Mutual fund shares	95	65	1	79	185	215	255	186
Remaining net assets (+)	15	-3	27	13	9	5	26	12
Main items of financing (-)								
Debt securities	6	3	12	10	10	1	0	5
Loans	47	-5	29	20	12	-25	-17	-12
Shares and other equity	11	2	9	6	5	3	3	4
Insurance technical reserves	318	243	139	168	201	272	318	299
Net equity of households in life insurance and pension fund reserves	301	227	117	160	194	259	304	290
Prepayments of insurance premiums and reserves for outstanding claims	17	15	22	7	6	13	14	9
= Changes in net financial worth due to transactions	5	-14	24	-35	-35	-8	11	18
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	171	-2	-600	-274	-30	232	368	187
Other net assets	-50	-27	46	40	77	52	100	122
Other changes in liabilities (-)								
Shares and other equity	41	-32	-195	-123	-48	20	96	34
Insurance technical reserves	54	12	-260	-103	55	174	259	176
Net equity of households in life insurance and pension fund reserves	53	13	-257	-100	60	176	263	174
Prepayments of insurance premiums and reserves for outstanding claims	1	-1	-3	-3	-5	-2	-4	2
= Other changes in net financial worth	25	-9	-99	-8	41	90	114	100
Financial balance sheet								
Financial assets (+)								
Short-term assets	501	564	680	701	693	720	727	743
Currency and deposits	157	163	224	196	190	195	196	205
Money market fund shares	80	80	98	102	102	99	103	108
Debt securities [1]	264	320	358	403	401	426	428	430
Long-term assets	5,171	5,311	4,797	4,945	5,167	5,297	5,511	5,507
Deposits	598	646	641	661	663	659	658	656
Debt securities	1,863	1,886	1,904	1,902	1,976	2,008	2,102	2,154
Loans	410	394	434	445	446	448	455	459
Quoted shares	742	718	417	436	412	420	435	409
Unquoted shares and other equity	475	513	435	428	459	466	475	466
Mutual fund shares	1,083	1,154	968	1,073	1,210	1,295	1,386	1,362
Remaining net assets (+)	204	189	252	245	251	244	266	271
Liabilities (-)								
Debt securities	36	29	47	45	49	53	56	58
Loans	237	229	260	261	251	233	244	248
Shares and other equity	688	658	471	443	497	495	515	480
Insurance technical reserves	5,016	5,270	5,150	5,321	5,492	5,595	5,750	5,797
Net equity of households in life insurance and pension fund reserves	4,310	4,550	4,411	4,571	4,741	4,845	4,992	5,035
Prepayments of insurance premiums and reserves for outstanding claims	706	720	739	751	751	750	758	762
= Net financial wealth	-101	-123	-198	-179	-179	-116	-61	-62

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

FINANCIAL MARKETS

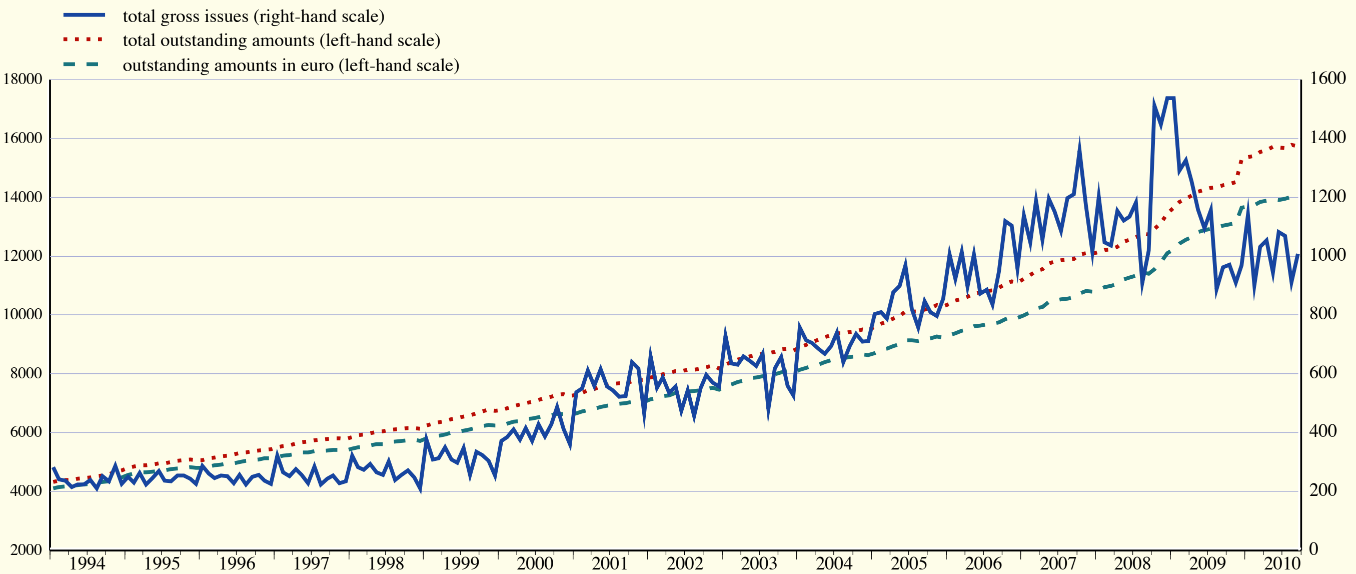
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
											Seasonally adjusted [2]	
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2009 Sep.	15,324.9	961.6	105.1	13,040.8	878.4	78.1	14,415.9	961.7	83.4	11.7	119.7	8.5
Oct.	15,324.8	949.4	0.1	13,069.5	899.8	28.8	14,449.2	969.9	36.1	10.7	14.0	7.5
Nov.	15,375.3	886.3	49.7	13,122.2	844.0	51.9	14,507.7	909.1	63.6	9.4	39.2	6.2
Dec.	15,899.8	938.3	-63.2	13,648.5	884.8	-61.4	15,278.3	969.4	-61.7	7.8	13.4	4.9
2010 Jan.	15,942.9	1,090.9	42.6	13,694.4	1,028.2	45.3	15,370.3	1,140.5	66.6	7.1	61.9	4.3
Feb.	15,980.5	860.0	37.8	13,733.6	811.1	39.5	15,418.1	900.3	33.5	5.9	-13.4	3.1
Mar.	16,125.4	1,027.7	143.9	13,836.6	923.5	101.9	15,532.7	1,031.2	108.6	5.5	93.7	2.6
Apr.	16,169.3	1,003.8	46.4	13,888.8	947.8	54.2	15,615.9	1,054.3	75.7	5.2	48.7	3.1
May	16,173.5	867.5	5.7	13,922.4	839.5	35.2	15,720.8	944.0	46.3	4.2	-18.5	2.3
June	16,163.0	1,049.4	12.6	13,902.6	983.9	3.4	15,704.0	1,081.3	-11.9	3.6	8.3	2.4
July	16,183.6	1,005.9	21.5	13,949.2	967.2	47.6	15,682.0	1,068.6	22.9	3.3	55.4	2.3
Aug.	16,250.1	844.8	66.8	14,013.0	804.6	64.2	15,790.2	911.6	80.7	3.6	142.1	4.3
Sep.	16,264.7	978.4	14.9	14,028.0	903.3	15.2	15,740.1	1,007.0	1.3	3.1	44.5	3.6
						Long-term						
2009 Sep.	13,694.6	224.4	71.8	11,556.9	197.9	74.1	12,759.8	223.4	75.3	11.2	100.0	9.6
Oct.	13,759.7	245.2	63.1	11,618.0	216.7	59.0	12,821.1	236.1	64.8	11.5	63.6	9.6
Nov.	13,843.4	200.8	81.7	11,697.5	180.1	77.5	12,898.0	195.3	81.9	10.7	53.8	8.3
Dec.	14,352.2	169.6	-35.4	12,216.2	154.0	-25.5	13,640.4	166.1	-34.2	8.9	-15.1	6.0
2010 Jan.	14,393.3	309.5	42.1	12,251.1	278.0	35.7	13,717.5	315.9	55.0	8.6	106.3	6.3
Feb.	14,449.6	212.1	56.8	12,314.1	193.6	63.4	13,790.8	211.6	59.6	7.5	10.9	4.8
Mar.	14,583.3	310.3	132.8	12,422.8	250.1	107.8	13,908.2	281.4	113.1	7.2	108.1	4.8
Apr.	14,630.0	246.7	47.8	12,470.3	223.3	48.2	13,984.3	255.2	67.6	7.1	53.7	4.6
May	14,638.2	154.4	8.7	12,500.4	148.4	30.5	14,088.5	181.6	48.5	5.9	-15.8	3.5
June	14,646.7	272.6	33.2	12,509.7	245.4	34.0	14,106.3	265.3	26.0	5.0	8.1	4.0
July	14,679.6	260.3	34.0	12,544.4	240.9	35.9	14,083.7	268.3	18.3	4.8	61.2	3.3
Aug.	14,712.9	140.4	34.1	12,577.7	127.0	34.0	14,151.4	152.3	42.1	4.7	103.2	4.7
Sep.	14,714.7	265.7	2.1	12,590.8	227.0	13.4	14,106.5	256.4	3.2	4.1	35.8	3.6

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

(EUR billions)



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

4.2 Securities other than shares issued by euro area residents, by sector of the issuer and instrument type
(EUR billions ; transactions during the month and end-of-period outstanding amounts; nominal values)

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [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						
2008	13,444	5,269	2,195	701	4,939	340	1,192	817	83	106	163	24
2009	15,278	5,376	3,215	805	5,508	374	1,126	734	62	86	221	22
2009 Q4	15,278	5,376	3,215	805	5,508	374	949	620	54	73	182	20
2010 Q1	15,533	5,468	3,177	843	5,654	389	1,024	642	61	74	227	20
Q2	15,704	5,456	3,212	848	5,770	418	1,027	661	61	80	198	26
Q3	15,740	5,423	3,212	847	5,821	437	996	631	74	67	198	27
2010 June	15,704	5,456	3,212	848	5,770	418	1,081	718	62	79	185	37
July	15,682	5,427	3,210	846	5,773	426	1,069	655	98	69	217	29
Aug.	15,790	5,461	3,246	848	5,807	429	912	610	66	61	154	21
Sep.	15,740	5,423	3,212	847	5,821	437	1,007	626	58	70	222	30
						Short-term						
2008	1,627	822	92	122	567	25	975	722	35	97	102	19
2009	1,638	733	88	72	724	21	876	635	19	69	137	15
2009 Q4	1,638	733	88	72	724	21	750	542	19	60	116	13
2010 Q1	1,625	747	78	76	706	17	754	536	27	61	120	10
Q2	1,598	734	89	73	681	21	793	570	31	67	110	16
Q3	1,634	740	93	72	692	37	770	546	28	58	118	20
2010 June	1,598	734	89	73	681	21	816	608	27	64	102	14
July	1,598	731	86	78	674	30	800	566	30	63	119	23
Aug.	1,639	757	94	75	681	31	759	548	32	57	107	16
Sep.	1,634	740	93	72	692	37	751	524	21	55	128	22
						Long-term [2]						
2008	11,816	4,448	2,103	579	4,371	315	217	95	48	8	61	4
2009	13,640	4,643	3,127	733	4,784	353	251	99	44	17	84	7
2009 Q4	13,640	4,643	3,127	733	4,784	353	199	79	35	13	66	7
2010 Q1	13,908	4,722	3,099	767	4,948	372	270	106	33	13	107	10
Q2	14,106	4,721	3,123	775	5,089	398	234	91	30	13	89	10
Q3	14,107	4,683	3,119	775	5,130	400	226	85	46	9	80	6
2010 June	14,106	4,721	3,123	775	5,089	398	265	111	34	15	83	22
July	14,084	4,696	3,125	769	5,098	396	268	89	68	6	98	6
Aug.	14,151	4,704	3,152	773	5,126	398	152	63	34	4	47	5
Sep.	14,107	4,683	3,119	775	5,130	400	256	102	37	16	94	8
						of which: Long-term fixed rate						
2008	7,710	2,305	760	440	3,955	250	120	49	9	7	53	3
2009	8,830	2,587	1,034	600	4,338	271	173	60	18	16	74	4
2009 Q4	8,830	2,587	1,034	600	4,338	271	132	46	10	12	59	5
2010 Q1	9,093	2,658	1,048	627	4,482	278	186	61	10	12	95	7
Q2	9,308	2,663	1,080	655	4,625	286	156	47	12	11	81	5
Q3	9,330	2,649	1,066	658	4,670	286	141	48	12	8	70	4
2010 June	9,308	2,663	1,080	655	4,625	286	172	58	16	13	76	9
July	9,272	2,640	1,074	651	4,624	283	153	45	14	6	85	3
Aug.	9,324	2,651	1,088	656	4,645	285	92	36	9	4	40	3
Sep.	9,330	2,649	1,066	658	4,670	286	177	62	13	13	84	5
						of which: Long-term variable rate						
2008	3,594	1,743	1,295	129	363	64	81	36	38	1	5	1
2009	4,372	1,769	2,025	123	374	81	62	28	25	1	6	2
2009 Q4	4,372	1,769	2,025	123	374	81	58	26	24	1	5	2
2010 Q1	4,361	1,775	1,981	130	382	93	70	38	20	1	7	3
Q2	4,341	1,770	1,968	110	383	110	65	37	16	1	5	6
Q3	4,344	1,755	1,983	108	386	112	72	29	33	1	6	3
2010 June	4,341	1,770	1,968	110	383	110	81	46	17	1	4	13
July	4,364	1,772	1,981	108	391	111	104	37	54	0	10	3
Aug.	4,379	1,771	1,995	108	394	111	48	20	23	0	3	2
Sep.	4,344	1,755	1,983	108	386	112	66	31	23	3	6	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

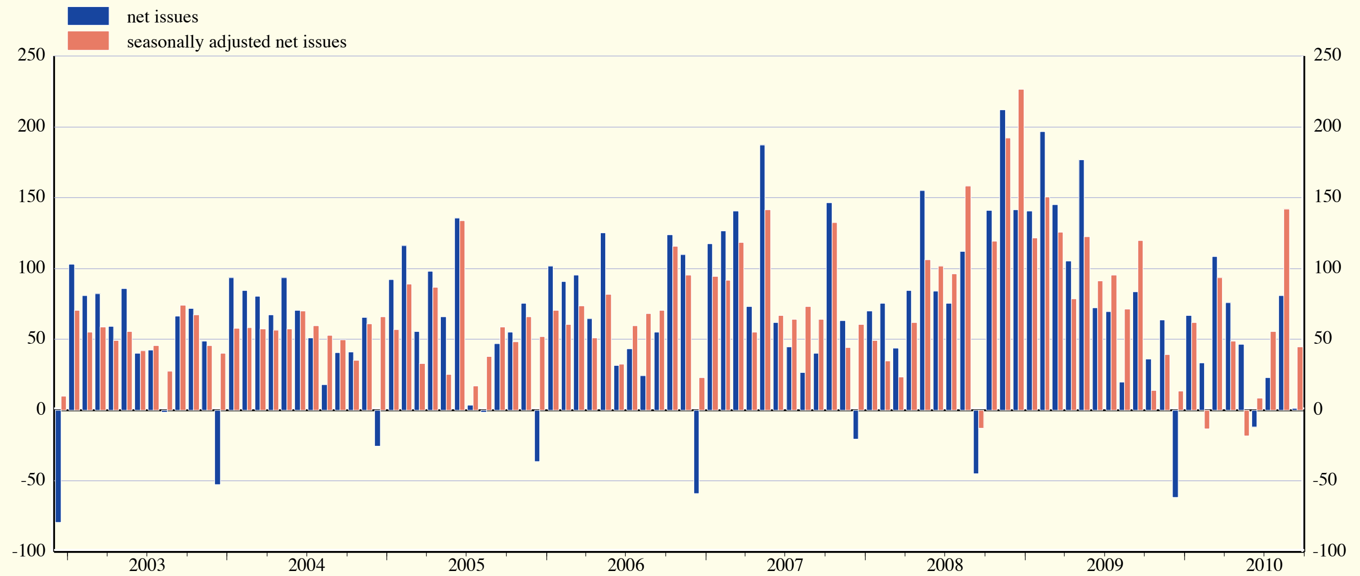
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2008	95.8	22.9	35.8	4.4	31.7	1.1	96.3	23.1	35.3	4.5	32.5	0.9
2009	87.2	10.3	19.3	8.6	46.2	2.8	86.9	10.2	18.9	8.3	46.7	2.9
2009 Q4	12.7	-21.6	13.1	4.1	11.9	5.2	22.2	-10.5	-13.7	6.9	36.8	2.7
2010 Q1	69.6	25.6	-16.8	11.3	46.4	3.1	47.4	7.4	0.9	10.1	24.6	4.5
Q2	36.7	-12.2	3.4	4.9	34.9	5.6	12.9	-14.6	-1.9	0.7	23.0	5.7
Q3	35.0	0.9	4.7	2.5	20.5	6.4	80.7	10.2	28.3	4.9	29.5	7.7
2010 June	-11.9	-31.0	-11.9	-5.8	23.0	13.8	8.3	-3.0	-14.4	-7.9	20.0	13.7
July	22.9	-7.3	9.9	3.5	8.6	8.2	55.4	-14.4	24.4	2.9	33.4	9.1
Aug.	80.7	21.8	27.9	-1.8	30.6	2.2	142.1	31.2	55.7	4.7	46.7	3.9
Sep.	1.3	-11.8	-23.8	5.9	22.3	8.7	44.5	13.9	4.9	7.2	8.3	10.2
	Long-term											
2008	65.3	15.9	32.7	2.8	13.4	0.5	64.8	16.1	32.1	2.8	13.3	0.5
2009	87.9	15.1	22.4	12.7	34.5	3.2	87.8	15.2	22.1	12.8	34.6	3.1
2009 Q4	37.5	-13.9	11.9	7.8	27.3	4.4	34.1	-1.9	-14.6	9.0	38.1	3.5
2010 Q1	75.9	22.3	-13.3	9.8	52.8	4.3	75.1	12.5	4.9	10.5	43.0	4.2
Q2	47.4	-7.1	0.0	6.0	43.9	4.6	15.3	-17.0	-4.9	2.0	30.8	4.4
Q3	21.2	-2.1	3.1	2.9	16.3	0.9	66.7	5.6	25.3	4.8	28.6	2.3
2010 June	26.0	-10.2	-12.0	3.7	30.0	14.5	8.1	-11.1	-15.4	-1.0	21.6	14.1
July	18.3	-6.4	13.0	-1.0	14.1	-1.3	61.2	-11.0	26.8	-0.3	45.9	-0.2
Aug.	42.1	-3.4	19.1	0.4	24.5	1.5	103.2	5.3	46.9	6.0	42.7	2.2
Sep.	3.2	3.6	-22.7	9.4	10.5	2.3	35.8	22.6	2.3	8.7	-2.7	5.0

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.

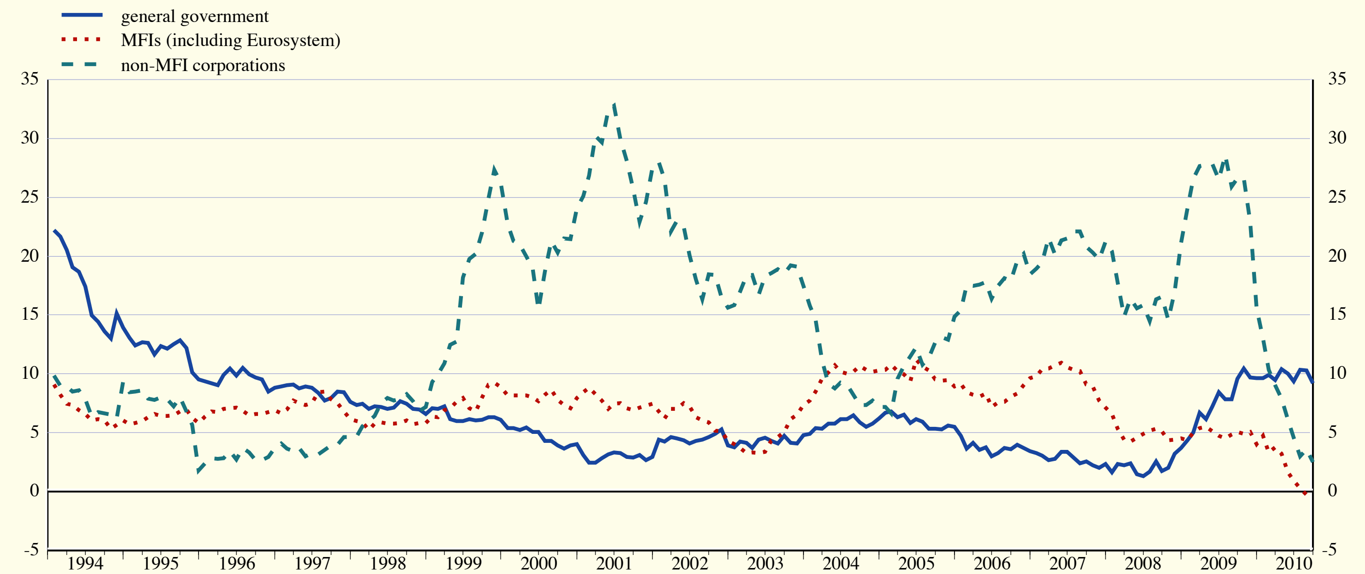
4.3 Growth rates of securities other than shares issued by euro area residents [1]

(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												
2009 Sep.	11.7	4.1	24.0	16.1	14.9	10.7	8.5	3.4	13.1	19.2	10.2	11.2
Oct.	10.7	3.0	23.4	17.4	13.5	10.5	7.5	0.6	10.8	19.3	11.6	9.4
Nov.	9.4	2.5	18.7	16.8	12.1	10.8	6.2	-0.5	8.0	18.0	10.6	9.5
Dec.	7.8	2.3	10.4	14.7	11.2	10.0	4.9	-0.1	2.8	16.8	9.3	10.9
2010 Jan.	7.1	2.4	9.3	14.0	10.1	9.4	4.3	0.6	0.6	12.4	8.8	8.6
Feb.	5.9	0.7	6.2	15.0	9.7	11.0	3.1	-1.3	-2.0	15.5	8.1	11.5
Mar.	5.5	1.5	4.5	16.2	8.5	11.8	2.6	-0.3	-3.4	13.2	6.9	12.3
Apr.	5.2	1.3	3.5	16.1	8.4	11.2	3.1	2.2	-3.2	13.3	5.3	12.9
May	4.2	-0.2	2.4	14.9	8.0	10.4	2.3	0.0	-3.0	12.1	5.4	11.3
June	3.6	-0.4	1.3	12.3	7.2	13.7	2.4	-0.8	-0.2	8.1	5.2	16.7
July	3.3	-0.9	0.3	10.2	7.4	15.2	2.3	-2.4	0.0	8.1	6.0	22.4
Aug.	3.6	-0.3	1.4	10.2	7.2	15.5	4.3	0.6	4.9	5.3	6.4	19.9
Sep.	3.1	-0.4	0.7	8.6	6.2	16.6	3.6	-0.5	5.0	4.0	5.6	21.1
Long-term												
2009 Sep.	11.2	5.1	27.6	24.8	9.6	9.4	9.6	6.3	14.9	28.5	7.8	11.8
Oct.	11.5	4.9	26.7	27.5	10.4	10.6	9.6	4.8	11.9	27.5	11.1	9.3
Nov.	10.7	5.0	21.5	28.4	9.6	11.0	8.3	4.0	8.8	25.1	10.3	7.9
Dec.	8.9	4.0	12.6	26.3	9.5	12.0	6.0	2.4	3.5	21.8	8.9	11.2
2010 Jan.	8.6	4.8	10.2	23.3	9.5	11.6	6.3	3.6	0.9	16.9	10.4	11.1
Feb.	7.5	3.3	7.1	22.6	9.7	12.4	4.8	0.3	-1.6	19.6	10.7	11.8
Mar.	7.2	3.8	5.5	22.8	9.2	12.8	4.8	1.4	-3.0	17.3	10.6	13.8
Apr.	7.1	3.2	4.4	21.7	10.4	11.0	4.6	1.7	-2.7	16.0	9.7	12.7
May	5.9	1.6	2.9	18.6	10.1	8.9	3.5	-0.8	-2.7	12.4	9.9	9.9
June	5.0	0.9	1.7	16.0	9.1	12.9	4.0	-0.6	0.0	10.5	9.4	14.7
July	4.8	0.2	0.5	12.9	10.2	12.1	3.3	-3.1	0.2	9.0	10.1	13.1
Aug.	4.7	-0.3	1.2	13.1	10.2	11.8	4.7	-1.0	4.1	6.9	9.7	11.8
Sep.	4.1	-0.1	0.4	11.2	8.9	12.3	3.6	-1.4	4.0	5.5	7.3	10.8

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

(annual percentage changes)



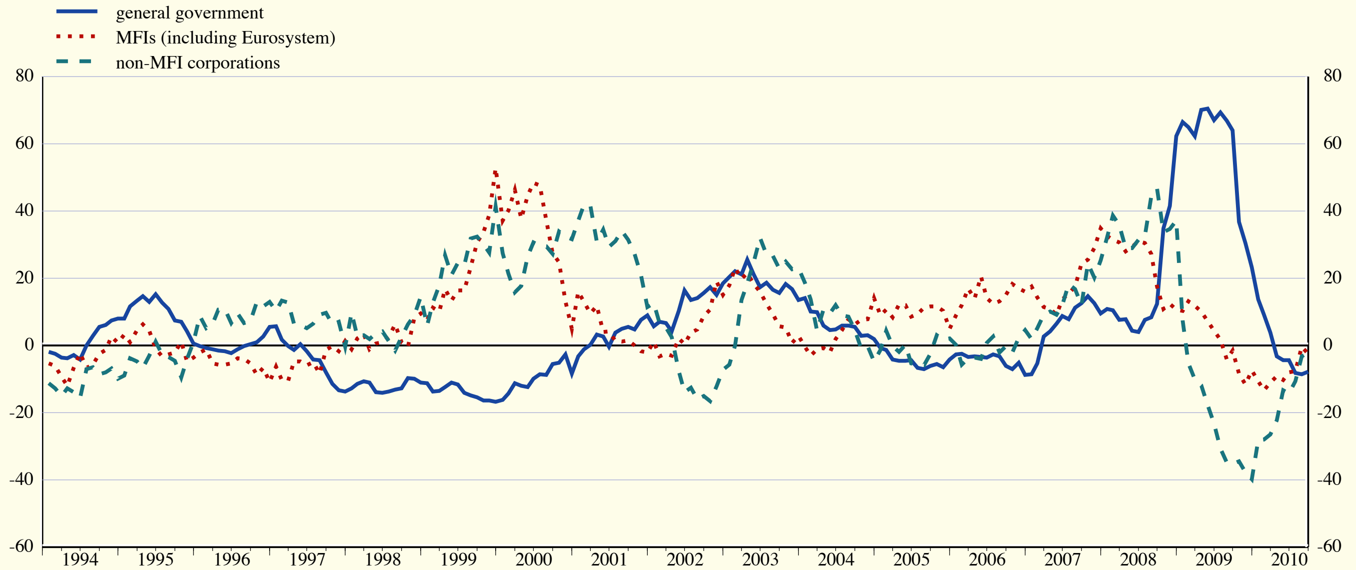
Source: ECB.

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											
2008	3.1	4.9	6.1	4.8	1.5	1.4	12.7	5.4	33.2	7.0	7.6	3.2
2009	9.5	7.1	18.1	25.1	8.1	4.3	12.0	1.8	35.7	-1.9	0.1	20.7
2009 Q4	12.2	9.1	20.8	35.4	10.3	6.8	7.4	-1.7	23.9	-4.0	2.0	26.4
2010 Q1	11.2	9.8	13.5	29.1	9.6	8.3	1.2	-3.8	5.9	-2.2	4.6	26.9
Q2	9.7	7.3	7.3	23.3	10.2	7.5	-1.0	-4.2	0.4	-0.4	5.5	23.4
Q3	7.6	3.1	3.4	16.3	10.1	7.2	-1.2	-3.6	-1.1	-1.9	4.8	28.5
2010 Apr.	10.7	8.9	8.1	25.8	10.7	8.0	-0.7	-4.4	1.0	-0.4	7.6	22.2
May	9.3	6.1	6.7	21.3	10.5	5.9	-1.4	-4.4	-0.4	-0.3	6.1	20.2
June	8.0	4.3	4.7	19.2	9.5	7.6	-1.5	-3.6	-1.1	-1.3	2.0	30.9
July	7.7	3.1	3.2	16.0	10.5	6.7	-1.4	-3.5	-1.7	-2.0	5.4	30.0
Aug.	7.5	2.6	3.6	16.5	10.3	7.1	-1.1	-3.9	-0.8	-2.1	6.6	27.0
Sep.	7.0	2.8	2.2	13.9	9.7	7.8	-1.0	-3.2	-0.7	-1.7	3.3	26.3
	In euro											
2008	3.0	4.8	6.7	3.2	1.7	1.3	14.2	6.5	34.9	7.2	8.0	2.0
2009	10.1	9.0	21.5	23.3	8.2	3.7	14.3	3.9	38.3	-2.4	-0.4	21.8
2009 Q4	12.8	11.4	23.1	34.6	10.4	6.3	9.0	-0.2	25.5	-4.8	0.7	27.0
2010 Q1	11.4	10.8	15.0	29.6	9.7	8.0	1.7	-3.4	6.5	-2.4	3.2	26.9
Q2	9.9	7.4	8.3	23.8	10.2	7.2	-1.0	-3.9	-0.1	-0.6	4.1	23.4
Q3	7.9	2.7	4.5	16.8	10.3	7.2	-1.0	-2.9	-1.5	-2.5	4.1	28.6
2010 Apr.	10.9	9.1	8.8	26.6	10.7	7.8	-0.5	-3.9	0.8	-0.3	6.2	22.1
May	9.4	6.0	7.5	21.7	10.5	5.4	-1.7	-4.5	-1.3	-0.3	4.7	20.0
June	8.3	4.5	5.9	19.2	9.6	7.3	-1.8	-3.0	-2.3	-2.6	0.7	31.2
July	8.1	2.7	4.1	16.6	10.7	6.8	-1.1	-2.8	-1.8	-2.6	4.4	30.3
Aug.	7.9	2.1	4.7	16.8	10.5	7.3	-0.8	-3.1	-1.1	-2.7	6.2	27.1
Sep.	7.4	2.0	3.5	14.7	9.9	7.9	-0.6	-2.4	-0.6	-1.8	2.9	26.1

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)

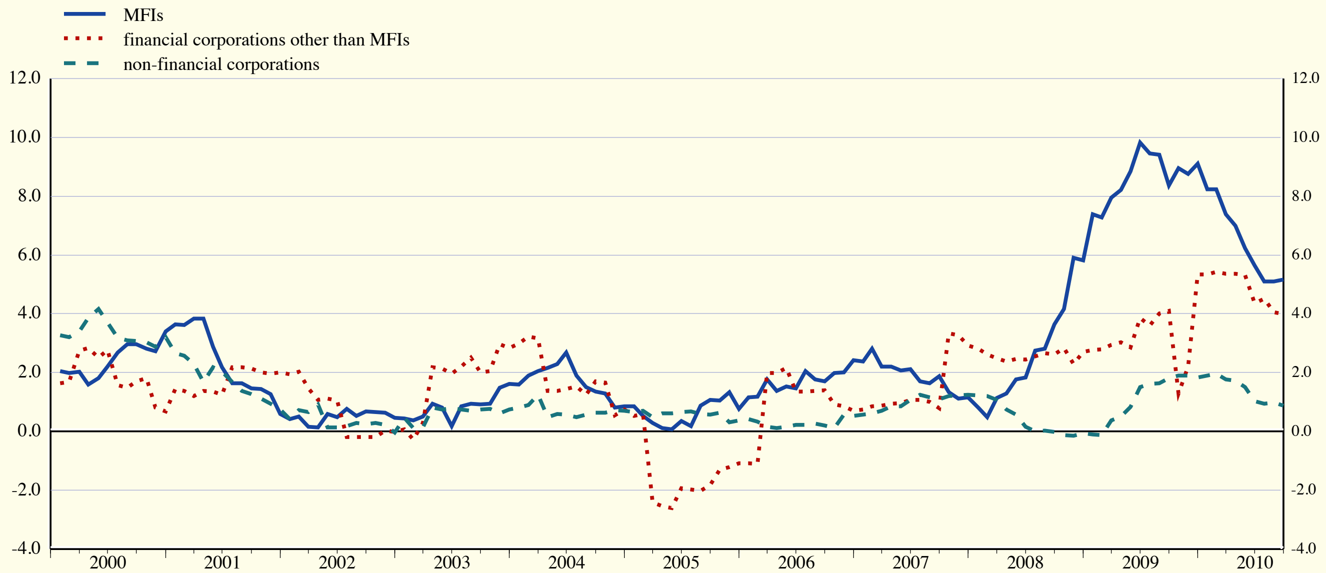
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2001 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2008 Sep.	4,448.1	104.7	0.7	613.3	3.6	382.3	2.6	3,452.5	0.0
Oct.	3,760.0	105.0	0.7	452.9	4.2	280.5	2.8	3,026.6	-0.1
Nov.	3,504.9	105.2	0.9	395.6	5.9	265.4	2.3	2,843.9	-0.1
Dec.	3,512.7	105.4	1.0	378.1	5.8	282.5	2.7	2,852.1	-0.1
2009 Jan.	3,315.7	105.6	1.1	343.7	7.4	259.0	2.8	2,712.9	-0.1
Feb.	2,943.5	105.6	1.1	275.9	7.3	206.3	2.8	2,461.3	-0.1
Mar.	3,027.4	106.1	1.5	315.5	7.9	223.9	2.9	2,488.0	0.4
Apr.	3,461.0	106.2	1.6	413.7	8.2	274.6	3.0	2,772.7	0.5
May	3,609.3	106.5	1.9	454.1	8.9	283.3	2.9	2,871.9	0.8
June	3,560.2	107.3	2.7	449.5	9.8	279.4	3.9	2,831.4	1.5
July	3,846.1	107.5	2.7	510.4	9.5	301.1	3.6	3,034.6	1.6
Aug.	4,044.3	107.5	2.7	573.3	9.4	321.7	4.0	3,149.3	1.6
Sep.	4,213.9	107.6	2.8	594.0	8.4	352.2	4.1	3,267.7	1.8
Oct.	4,068.7	107.8	2.7	569.0	8.9	326.7	1.3	3,173.0	1.9
Nov.	4,082.3	108.1	2.7	568.5	8.8	318.4	2.2	3,195.3	1.9
Dec.	4,414.2	108.5	3.0	570.9	9.1	349.4	5.3	3,493.9	1.8
2010 Jan.	4,246.4	108.7	2.9	521.3	8.2	339.2	5.3	3,385.9	1.9
Feb.	4,164.6	108.7	3.0	503.5	8.2	337.8	5.4	3,323.3	2.0
Mar.	4,477.9	109.0	2.8	548.1	7.4	363.8	5.4	3,566.0	1.8
Apr.	4,412.2	109.0	2.7	512.5	7.0	344.2	5.4	3,555.5	1.7
May	4,096.1	109.1	2.4	449.4	6.2	321.3	5.3	3,325.3	1.5
June	4,058.1	109.3	1.9	449.8	5.6	314.3	4.4	3,294.0	1.0
July	4,259.7	109.4	1.7	523.9	5.1	336.8	4.5	3,399.0	0.9
Aug.	4,124.3	109.4	1.7	483.2	5.1	313.1	4.1	3,327.9	1.0
Sep.	4,349.1	109.4	1.7	491.8	5.2	325.3	4.0	3,532.0	0.9

C19 Annual growth rates for quoted shares issued by euro area residents

(annual percentage changes)



Source: ECB.

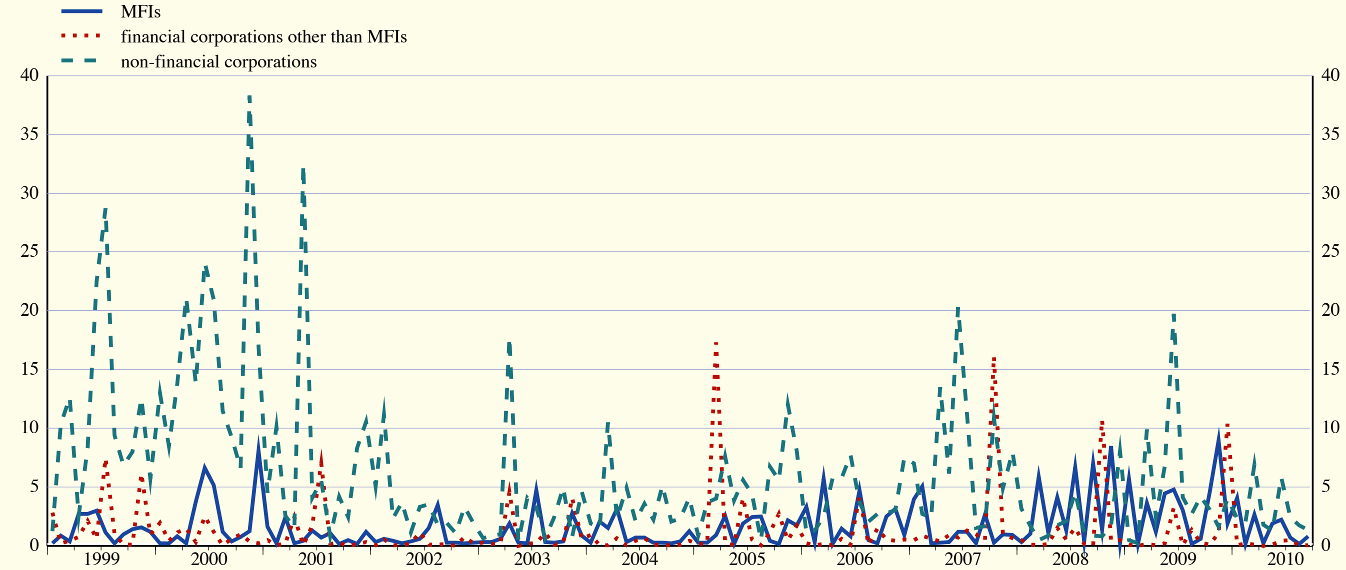
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2008 Sep.	7.8	2.9	5.0	7.0	0.0	7.0	0.0	0.1	-0.1	0.8	2.8	-2.0
Oct.	12.9	0.6	12.2	1.4	0.0	1.4	10.7	0.0	10.7	0.8	0.6	0.1
Nov.	10.6	2.9	7.7	8.4	0.5	8.0	0.5	2.1	-1.6	1.7	0.3	1.4
Dec.	8.5	2.6	6.0	0.0	0.0	0.0	0.5	0.0	0.4	8.0	2.5	5.5
2009 Jan.	6.3	0.5	5.8	5.7	0.0	5.7	0.1	0.0	0.0	0.5	0.4	0.1
Feb.	0.2	0.9	-0.7	0.0	0.0	0.0	0.0	0.1	-0.1	0.2	0.8	-0.6
Mar.	13.7	0.2	13.4	3.6	0.0	3.6	0.2	0.0	0.1	9.9	0.2	9.7
Apr.	3.7	0.3	3.4	1.2	0.0	1.2	0.1	0.0	0.0	2.4	0.3	2.1
May	11.4	0.3	11.1	4.4	0.0	4.4	0.2	0.0	0.1	6.8	0.3	6.5
June	27.8	2.0	25.8	4.8	0.0	4.8	3.3	0.3	3.0	19.7	1.8	18.0
July	7.2	0.2	7.0	3.0	0.0	3.0	0.0	0.0	0.0	4.1	0.2	4.0
Aug.	4.0	3.3	0.7	0.0	0.0	0.0	1.3	0.0	1.3	2.7	3.3	-0.6
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.2	4.2	0.2	3.9
Oct.	7.7	0.3	7.4	4.5	0.0	4.5	0.1	0.0	0.1	3.1	0.2	2.8
Nov.	11.6	0.2	11.4	9.0	0.0	9.0	1.0	0.0	1.0	1.6	0.2	1.4
Dec.	16.2	0.2	16.1	1.9	0.0	1.9	10.4	0.1	10.3	4.0	0.1	3.9
2010 Jan.	6.4	0.0	6.4	4.1	0.0	4.1	0.1	0.0	0.1	2.3	0.0	2.3
Feb.	2.2	0.3	1.9	0.0	0.0	0.0	0.2	0.0	0.2	2.0	0.3	1.7
Mar.	9.6	0.2	9.4	2.6	0.0	2.6	0.1	0.0	0.1	6.9	0.2	6.7
Apr.	1.8	0.4	1.5	0.1	0.0	0.0	0.0	0.0	0.0	1.8	0.3	1.5
May	3.2	0.8	2.4	1.9	0.0	1.9	0.1	0.0	0.1	1.3	0.8	0.4
June	8.4	0.4	8.0	2.2	0.0	2.2	0.4	0.0	0.4	5.8	0.4	5.4
July	3.6	0.8	2.7	0.7	0.0	0.7	0.5	0.0	0.4	2.4	0.8	1.6
Aug.	1.7	1.2	0.6	0.0	0.0	0.0	0.0	0.0	0.0	1.7	1.2	0.6
Sep.	2.2	0.2	2.0	0.8	0.0	0.8	0.0	0.0	0.0	1.4	0.2	1.2

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 [2]	With an agreed maturity of:			Redeemable at notice of: [2), 3)]		Overnight [2]	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2009 Nov.	0.46	1.67	2.23	2.56	1.52	2.76	0.48	0.70	2.11	2.92	0.58
Dec.	0.45	1.67	2.31	2.40	1.53	2.45	0.47	0.77	2.00	2.54	0.64
2010 Jan.	0.43	1.74	2.33	2.52	1.47	2.23	0.45	0.72	1.95	2.46	0.53
Feb.	0.42	1.75	2.24	2.36	1.45	2.11	0.44	0.73	2.11	2.39	0.53
Mar.	0.42	1.90	2.38	2.24	1.45	2.05	0.44	0.79	2.73	2.35	0.50
Apr.	0.41	2.02	2.64	2.14	1.42	2.01	0.43	0.78	2.78	2.30	0.58
May	0.40	2.04	2.73	2.24	1.40	1.98	0.43	0.77	2.78	2.26	0.52
June	0.43	2.16	2.25	2.47	1.41	1.96	0.43	0.89	1.85	2.29	0.66
July	0.43	2.31	2.59	2.36	1.40	1.93	0.45	1.06	2.11	2.22	0.74
Aug.	0.43	2.21	2.54	2.35	1.50	1.91	0.45	1.01	2.01	2.22	0.70
Sep.	0.43	2.25	2.76	2.28	1.55	1.85	0.46	1.11	2.18	2.81	0.71
Oct.	0.44	2.35	2.75	2.79	1.54	1.82	0.50	1.18	2.40	2.65	0.98

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

	Revolving loans and overdrafts, convenience and extended credit card debt [2]	Consumer credit				Lending for house purchase					Other lending by initial rate fixation		
		By initial rate fixation			Annual percentage rate of charge [4]	By initial rate fixation				Annual percentage rate of charge [4]			
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2009 Nov.	9.07	7.03	6.29	7.87	7.76	2.71	3.97	4.46	4.32	3.78	3.16	4.57	4.66
Dec.	8.99	6.43	6.26	7.56	7.43	2.71	3.96	4.42	4.26	3.81	3.08	4.40	4.35
2010 Jan.	8.94	6.83	6.42	8.04	7.86	2.71	3.94	4.38	4.26	3.79	3.12	4.45	4.46
Feb.	9.01	6.72	6.25	7.98	7.78	2.68	3.83	4.32	4.18	3.74	3.16	4.48	4.74
Mar.	8.82	6.35	6.21	7.94	7.59	2.63	3.72	4.21	4.15	3.66	3.05	4.61	4.55
Apr.	8.77	6.78	6.12	7.92	7.67	2.62	3.71	4.18	4.12	3.68	3.06	4.32	4.53
May	8.77	6.69	6.14	7.84	7.62	2.58	3.64	4.14	4.01	3.58	3.09	4.45	4.50
June	8.80	5.18	6.13	7.73	7.11	2.56	3.59	4.06	3.90	3.54	3.00	4.22	4.27
July	8.74	5.48	6.22	7.77	7.32	2.66	3.60	3.94	3.84	3.64	3.15	4.27	4.27
Aug.	8.72	5.38	6.25	7.85	7.35	2.84	3.63	3.95	3.80	3.76	3.34	4.52	4.14
Sep.	8.74	5.52	6.18	7.87	7.31	2.75	3.57	3.84	3.74	3.62	3.32	4.35	4.07
Oct.	8.67	5.31	6.01	7.72	7.14	2.76	3.58	3.78	3.68	3.61	3.36	4.42	4.18

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

	Revolving loans and overdrafts, convenience and extended credit card debt [2]	Other loans of up to EUR 1 million by initial rate fixation			Other loans of over EUR 1 million by initial rate fixation		
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7
2009 Nov.	4.11	3.34	4.49	4.10	2.22	2.74	3.80
Dec.	4.06	3.28	4.22	3.96	2.19	3.15	3.58
2010 Jan.	4.05	3.25	4.20	3.99	2.02	2.88	3.65
Feb.	4.03	3.25	4.22	4.05	1.94	2.90	3.61
Mar.	3.98	3.24	4.21	4.00	1.99	2.54	3.44
Apr.	3.98	3.19	4.17	3.90	2.00	2.72	3.45
May	3.97	3.25	4.12	3.86	1.96	2.84	3.41
June	3.70	3.25	4.11	3.80	2.17	2.87	3.37
July	3.69	3.27	4.27	3.95	2.26	2.85	3.19
Aug.	3.75	3.38	4.19	3.84	2.28	2.92	3.65
Sep.	3.80	3.34	4.13	3.78	2.26	2.72	3.51
Oct.	3.82	3.44	4.19	3.80	2.34	2.98	3.45

Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) For this instrument category, new business and outstanding amounts coincide. End of period. Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).
3) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector when all participating Member States are combined.
4) The annual percentage rate of charge covers the total cost of a loan. The total cost comprises both an interest rate component and a component incorporating other (related) charges, such as the cost of inquiries, administration, preparation of documents and guarantees.

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

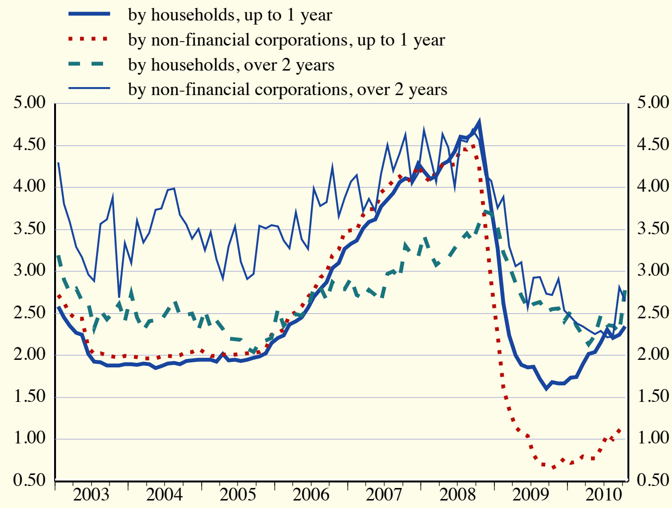
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2009 Nov.	0.46	2.50	2.95	1.52	2.76	0.48	1.62	3.37	1.28
Dec.	0.45	2.36	2.91	1.53	2.45	0.47	1.56	3.30	1.21
2010 Jan.	0.43	2.19	2.80	1.47	2.23	0.45	1.45	3.23	1.20
Feb.	0.42	2.14	2.84	1.45	2.11	0.44	1.42	3.31	1.20
Mar.	0.42	2.12	2.74	1.45	2.05	0.44	1.38	3.26	1.16
Apr.	0.41	2.12	2.74	1.42	2.01	0.43	1.37	3.24	1.16
May	0.40	2.12	2.71	1.40	1.98	0.43	1.42	3.22	1.14
June	0.43	2.13	2.72	1.41	1.96	0.43	1.46	3.12	1.24
July	0.43	2.15	2.72	1.40	1.93	0.45	1.54	3.15	1.24
Aug.	0.43	2.17	2.72	1.50	1.91	0.45	1.57	3.12	1.25
Sep.	0.43	2.20	2.74	1.55	1.85	0.46	1.62	3.07	1.26
Oct.	0.44	2.22	2.73	1.54	1.82	0.50	1.68	3.05	1.30

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2009 Nov.	4.01	4.15	4.12	7.56	6.65	5.51	3.53	3.35	3.57
Dec.	4.07	4.11	4.07	7.55	6.57	5.42	3.46	3.35	3.50
2010 Jan.	3.99	4.05	3.99	7.51	6.52	5.37	3.47	3.31	3.45
Feb.	4.03	4.11	4.03	7.49	6.61	5.43	3.45	3.33	3.43
Mar.	3.98	4.04	3.98	7.43	6.51	5.35	3.43	3.26	3.37
Apr.	3.89	4.01	3.92	7.38	6.50	5.29	3.42	3.21	3.33
May	3.87	3.97	3.89	7.40	6.45	5.29	3.40	3.20	3.31
June	3.79	3.96	3.84	7.61	6.48	5.21	3.29	3.22	3.30
July	3.73	3.93	3.82	7.70	6.50	5.19	3.34	3.25	3.33
Aug.	3.79	3.89	3.81	7.74	6.45	5.20	3.37	3.28	3.34
Sep.	3.83	3.88	3.83	7.83	6.46	5.21	3.42	3.29	3.38
Oct.	3.80	3.85	3.82	7.79	6.43	5.21	3.47	3.34	3.38

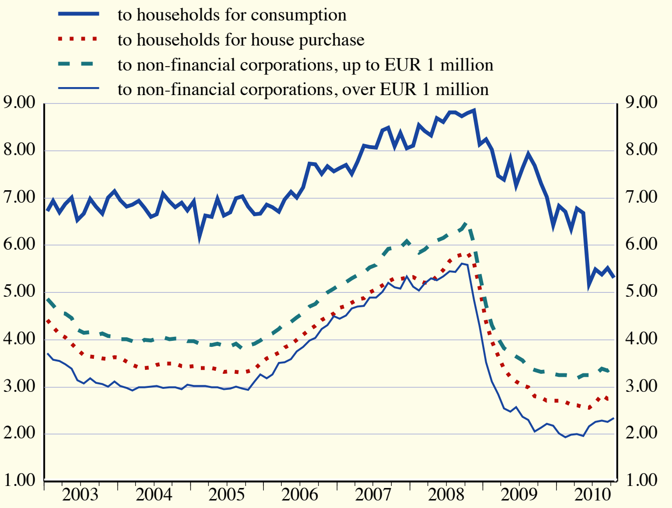
C21 New deposits with an agreed maturity

(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)



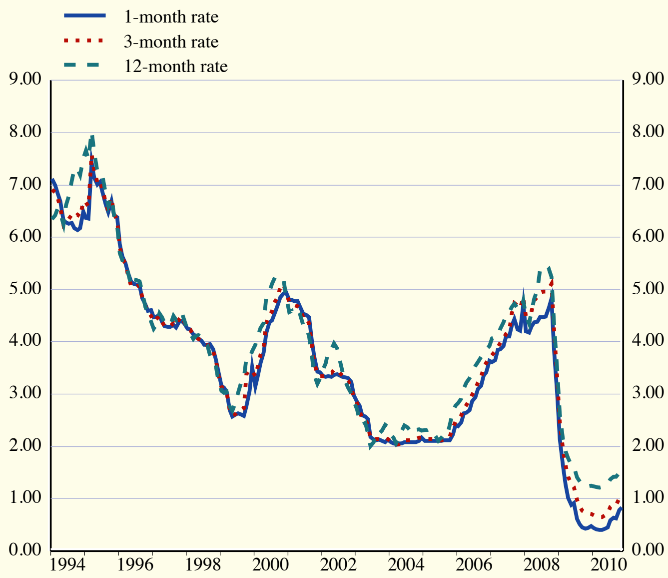
Source: ECB.

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

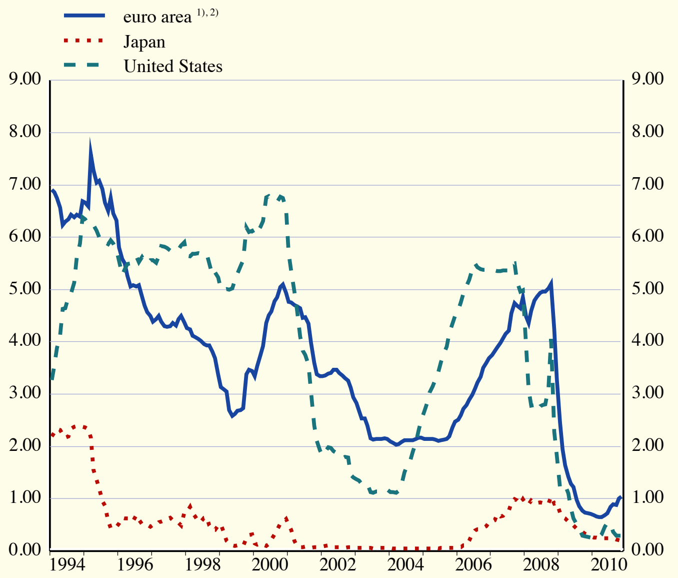
4.6 Money market interest rates
(percentages per annum; period averages)

	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
2007	3.87	4.08	4.28	4.35	4.45	5.30	0.79
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2009 Q3	0.36	0.53	0.87	1.13	1.34	0.41	0.40
Q4	0.36	0.45	0.72	1.00	1.24	0.27	0.31
2010 Q1	0.34	0.42	0.66	0.96	1.22	0.26	0.25
Q2	0.35	0.43	0.69	0.98	1.25	0.44	0.24
Q3	0.45	0.61	0.87	1.13	1.40	0.39	0.24
2009 Nov.	0.36	0.44	0.72	0.99	1.23	0.27	0.31
Dec.	0.35	0.48	0.71	1.00	1.24	0.25	0.28
2010 Jan.	0.34	0.44	0.68	0.98	1.23	0.25	0.26
Feb.	0.34	0.42	0.66	0.96	1.23	0.25	0.25
Mar.	0.35	0.41	0.64	0.95	1.22	0.27	0.25
Apr.	0.35	0.40	0.64	0.96	1.23	0.31	0.24
May	0.34	0.42	0.69	0.98	1.25	0.46	0.24
June	0.35	0.45	0.73	1.01	1.28	0.54	0.24
July	0.48	0.58	0.85	1.10	1.37	0.51	0.24
Aug.	0.43	0.64	0.90	1.15	1.42	0.36	0.24
Sep.	0.45	0.62	0.88	1.14	1.42	0.29	0.22
Oct.	0.70	0.78	1.00	1.22	1.50	0.29	0.20
Nov.	0.59	0.83	1.04	1.27	1.54	0.29	0.19

C23 Euro area money market rates [1), 2)]
(monthly averages; percentages per annum)



C24 3-month money market rates
(monthly averages; percentages per annum)



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

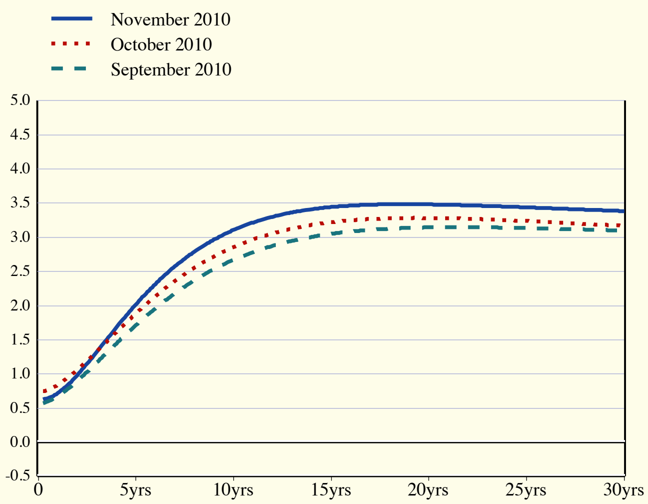
4.7 Euro area yield curves [1)]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2007	3.85	4.00	4.01	4.11	4.23	4.38	0.52	0.36	4.06	4.02	4.40	4.78
2008	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2009 Q3	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
Q4	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010 Q1	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02
Q2	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
Q3	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91
2009 Nov.	0.44	0.80	1.34	2.49	3.01	3.57	3.13	2.23	1.38	2.32	4.00	5.04
Dec.	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010 Jan.	0.28	0.71	1.25	2.48	3.06	3.66	3.38	2.42	1.28	2.25	4.15	5.23
Feb.	0.30	0.54	1.02	2.29	2.88	3.49	3.19	2.46	0.98	2.01	3.99	5.08
Mar.	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02
Apr.	0.32	0.60	1.01	2.18	2.78	3.40	3.07	2.39	1.00	1.85	3.89	4.94
May	0.21	0.28	0.57	1.75	2.39	3.00	2.78	2.43	0.47	1.28	3.58	4.46
June	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
July	0.45	0.59	0.87	1.88	2.44	3.01	2.56	2.14	0.82	1.51	3.45	4.43
Aug.	0.43	0.45	0.62	1.47	1.97	2.48	2.05	1.85	0.55	1.09	2.87	3.70
Sep.	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91
Oct.	0.75	0.84	1.06	1.89	2.36	2.86	2.11	1.80	1.02	1.57	3.21	4.09
Nov.	0.63	0.72	0.99	2.02	2.58	3.11	2.48	2.12	0.92	1.62	3.62	4.35

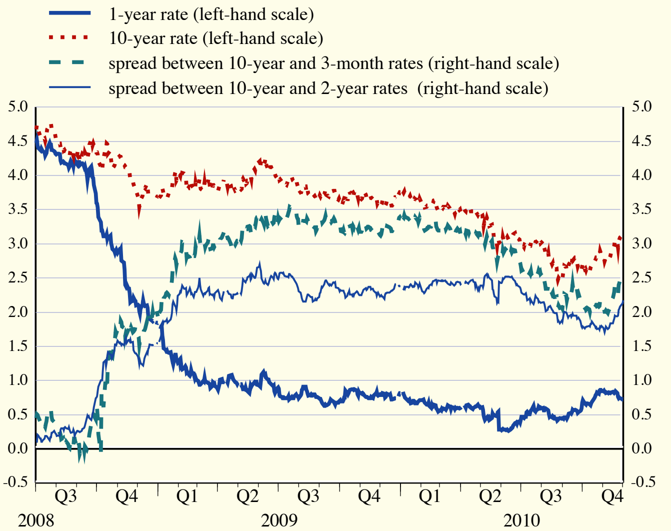
C25 Euro area spot yield curves

(percentages per annum; end of period)



C26 Euro area spot rates and spreads

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

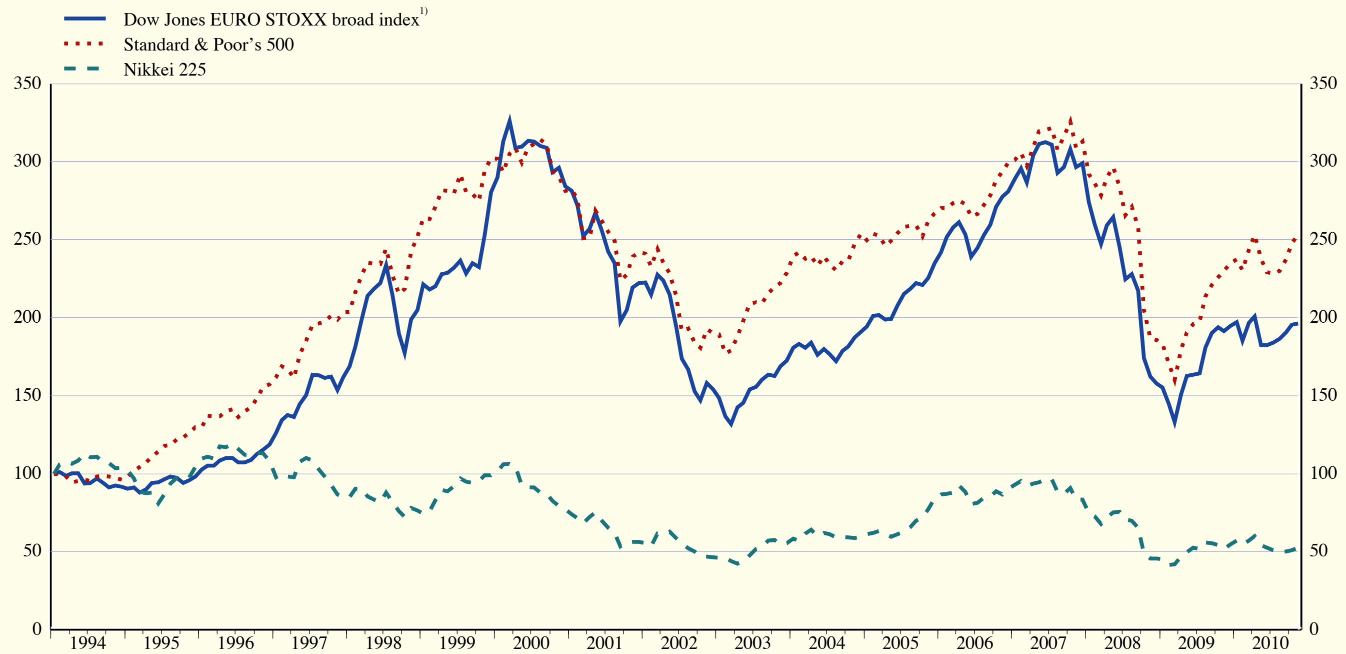


Sources: ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.

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

	Dow Jones EURO STOXX indices[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
2007	416.4	4,315.8	543.8	235.4	366.5	449.6	408.3	488.4	383.4	561.4	492.7	519.2	1,476.5	16,984.4
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2009 Q3	247.2	2,660.6	369.0	142.0	257.1	296.8	192.7	286.0	211.3	361.1	386.0	365.1	994.2	10,117.3
Q4	268.1	2,872.7	422.1	151.5	282.8	316.9	209.7	317.7	214.1	375.3	416.5	399.3	1,088.7	9,969.2
2010 Q1	268.0	2,849.0	445.0	159.3	294.9	320.0	195.5	326.7	229.9	372.4	398.8	426.3	1,123.6	10,511.2
Q2	261.1	2,735.7	446.3	163.7	312.9	305.0	178.8	334.3	229.1	349.6	372.2	412.0	1,134.6	10,345.9
Q3	259.5	2,715.9	445.8	165.2	323.0	294.5	181.6	327.0	210.7	325.9	387.6	391.4	1,096.2	9,356.0
2009 Nov.	265.4	2,843.8	415.4	149.5	280.0	315.3	208.7	313.6	209.9	369.8	414.5	391.5	1,088.1	9,641.0
Dec.	270.1	2,907.6	447.0	155.0	290.9	321.1	204.3	321.0	211.0	380.5	419.8	412.4	1,110.4	10,169.0
2010 Jan.	273.5	2,922.7	449.4	158.9	295.7	329.8	204.6	331.6	223.1	384.1	407.4	425.5	1,123.6	10,661.6
Feb.	257.0	2,727.5	427.9	154.3	285.3	309.8	183.9	312.3	222.7	360.9	386.8	415.0	1,089.2	10,175.1
Mar.	272.6	2,890.5	456.0	164.0	302.4	320.3	197.7	335.0	242.2	372.2	401.9	436.8	1,152.0	10,671.5
Apr.	278.6	2,937.3	470.9	171.7	313.8	328.6	199.7	349.0	248.8	378.9	396.7	430.0	1,197.3	11,139.8
May	252.7	2,642.1	431.4	159.6	305.2	295.4	170.8	324.8	221.9	341.7	360.0	401.0	1,125.1	10,104.0
June	253.2	2,641.7	438.1	160.4	319.5	292.7	167.5	330.0	218.3	330.5	361.6	406.1	1,083.4	9,786.1
July	255.1	2,669.5	435.0	160.8	320.8	289.3	178.0	324.2	212.3	320.3	369.7	389.2	1,079.8	9,456.8
Aug.	258.9	2,712.2	441.5	163.2	315.6	296.0	183.7	324.9	206.8	328.5	392.2	383.1	1,087.3	9,268.2
Sep.	264.6	2,766.1	460.9	171.6	332.4	298.4	183.0	331.9	212.9	329.0	400.9	401.8	1,122.1	9,346.7
Oct.	271.3	2,817.7	489.1	175.1	346.1	304.9	183.2	346.0	223.7	331.4	410.5	405.4	1,171.6	9,455.1
Nov.	272.2	2,809.6	509.9	176.3	359.9	307.4	174.4	358.5	222.9	335.0	403.0	405.0	1,198.9	9,797.2

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	Total excl. unprocessed food and energy	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
% of total 3)	100.0	100.0	83.1	58.0	42.0	100.0	11.9	7.3	29.3	9.6	42.0	89.0	11.0
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006	102.2	2.2	1.5	2.3	2.0	-	-	-	-	-	-	2.1	2.5
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.3
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.7
2009 Q3	108.0	-0.4	1.2	-1.9	1.8	0.2	0.3	-0.9	0.0	0.8	0.4	-0.6	1.2
Q4	108.6	0.4	1.0	-0.4	1.7	0.2	0.1	0.1	0.0	0.3	0.4	0.4	0.8
2010 Q1	108.6	1.1	0.9	0.9	1.5	0.5	0.0	0.8	0.1	3.0	0.3	1.2	0.4
Q2	110.0	1.5	0.8	1.7	1.2	0.6	0.3	0.7	0.2	3.9	0.3	1.5	1.4
Q3	109.9	1.7	1.0	1.9	1.4	0.4	0.5	0.7	0.2	0.0	0.5	1.7	2.1
2010 June	110.0	1.4	0.9	1.5	1.3	0.1	0.2	0.2	0.1	-0.4	0.1	1.4	1.4
July	109.7	1.7	1.0	2.0	1.4	0.2	0.1	0.5	0.1	0.0	0.2	1.7	2.0
Aug.	109.9	1.6	1.0	1.7	1.4	0.1	0.2	0.3	0.0	-0.1	0.2	1.5	2.1
Sep.	110.1	1.8	1.0	2.1	1.4	0.1	0.0	0.2	0.1	0.3	0.1	1.7	2.1
Oct.	110.5	1.9	1.1	2.3	1.3	0.2	0.2	-0.1	0.1	0.6	0.1	1.9	2.4
Nov. 4)	.	1.9	.	.	.	.	.	.	.	.	.	.	.

	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 3)	19.2	11.9	7.3	38.9	29.3	9.6	10.2	6.0	6.6	3.3	14.9	7.1
	14	15	16	17	18	19	20	21	22	23	24	25
2006	2.4	2.1	2.8	2.3	0.6	7.7	2.5	2.1	2.5	-3.3	2.3	2.3
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2009 Q3	-0.1	0.6	-1.2	-2.8	0.5	-11.9	2.0	1.8	2.5	-0.6	1.8	2.1
Q4	-0.2	0.5	-1.5	-0.5	0.3	-3.2	1.9	1.7	2.5	-0.6	1.4	2.2
2010 Q1	0.0	0.6	-0.8	1.3	0.1	4.8	1.9	1.6	2.5	-0.5	1.1	1.6
Q2	0.7	0.8	0.7	2.2	0.3	8.1	1.8	1.5	2.3	-0.9	0.8	1.5
Q3	1.5	0.9	2.3	2.2	0.5	7.3	1.7	1.3	2.5	-0.8	1.1	1.5
2010 May	0.7	0.9	0.4	2.5	0.3	9.2	1.8	1.5	2.2	-1.1	0.9	1.5
June	0.9	0.9	0.9	1.8	0.4	6.2	1.8	1.5	2.3	-1.1	1.0	1.5
July	1.3	0.9	1.9	2.4	0.5	8.1	1.7	1.3	2.7	-0.9	1.0	1.5
Aug.	1.5	1.0	2.4	1.8	0.4	6.1	1.7	1.3	2.5	-0.5	1.1	1.6
Sep.	1.6	1.0	2.5	2.3	0.6	7.7	1.7	1.3	2.4	-0.9	1.1	1.5
Oct.	1.7	1.2	2.4	2.6	0.7	8.5	1.6	1.3	1.9	-1.1	1.3	1.5

Sources: Eurostat and ECB calculations.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) These experimental statistics can only provide an approximate measure of price administration, since changes in administered prices cannot be fully isolated from other influences. Please refer to Eurostat's website (http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction) for a note explaining the methodology used in the compilation of this indicator.
3) Weighting used in 2010.
4) Estimate based on provisional national releases, which usually cover around 95% of the euro area, as well as on early information on energy prices.

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion[1]	Residential property prices[2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total[3]	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2006	105.1	5.1	3.5	2.7	4.6	1.6	1.4	1.4	1.4	13.5	4.7	6.6
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.4	2.1	1.2	4.2	4.6
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.9	1.3
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-2.9
2009 Q3	108.0	-7.9	-7.4	-4.2	-7.5	-0.1	-2.7	1.0	-3.2	-18.3	-1.7	-3.9
Q4	108.4	-4.7	-3.0	-3.1	-5.0	-0.6	-2.5	0.4	-2.8	-9.5	-0.3	-1.5
2010 Q1	109.6	-0.1	1.7	-0.5	-0.4	-0.5	-0.5	0.3	-0.7	0.3	0.2	0.3
Q2	111.4	3.0	3.8	1.6	3.6	0.2	0.0	0.6	-0.1	7.2	2.4	1.8
Q3	112.2	4.0	3.7	2.3	4.8	0.6	0.6	1.1	0.5	8.8	.	.
2010 Apr.	111.1	2.8	3.7	1.0	2.7	0.0	-0.3	0.4	-0.4	7.9	-	-
May	111.4	3.1	4.1	1.7	3.9	0.3	0.0	0.7	-0.2	7.4	-	-
June	111.8	3.1	3.6	1.9	4.3	0.4	0.2	0.8	0.1	6.2	-	-
July	112.1	4.0	3.8	2.1	4.5	0.6	0.4	1.0	0.3	9.6	-	-
Aug.	112.2	3.6	3.3	2.3	4.7	0.7	0.5	1.1	0.5	7.4	-	-
Sep.	112.5	4.3	4.0	2.6	5.1	0.7	0.8	1.2	0.7	9.4	-	-

3. Commodity prices and gross domestic product deflators[1]

	Oil prices[4] (EUR per barrel)	Non-energy commodity prices						GDP deflators								
		Import-weighted[5]			Use-weighted[6]			Total (s.a.; index: 2000 = 100)	Total	Domestic demand					Exports[7]	Imports[7]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2006	52.9	27.7	5.8	37.9	24.5	6.0	38.3	113.7	1.9	2.4	2.2	2.0	2.9	2.6	3.8
2007	52.8	7.8	14.3	5.5	5.3	9.3	2.9	116.4	2.4	2.3	2.3	1.7	2.7	1.6	1.3
2008	65.9	2.0	18.4	-4.4	-1.7	9.7	-8.6	118.8	2.0	2.6	2.7	2.5	2.3	2.5	3.8
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.4	-22.8	119.9	0.9	0.0	-0.2	2.1	-0.7	-3.2	-5.8
2009 Q2	43.8	-24.5	-11.1	-30.9	-22.5	-10.0	-31.4	119.8	1.0	-0.2	-0.4	1.7	-0.8	-3.9	-7.1
Q3	48.1	-18.5	-12.5	-21.4	-18.7	-15.1	-21.3	120.0	0.8	-0.7	-0.8	2.6	-1.6	-4.3	-8.1
Q4	51.2	3.1	5.7	1.8	2.4	-1.0	5.0	120.1	0.3	0.0	0.2	1.5	-0.8	-2.3	-3.4
2010 Q1	56.0	29.0	7.4	42.6	27.4	7.5	46.5	120.3	0.4	0.1	1.3	1.4	0.1	2.6	1.7
Q2	62.6	51.7	12.5	76.0	43.9	14.0	71.6	120.7	0.8	0.9	2.0	1.6	1.4	5.0	5.6
2010 June	62.2	51.1	17.7	71.6	44.2	21.0	65.0	-	-	-	-	-	-	-	-
July	58.9	56.8	26.0	74.2	50.1	32.0	65.1	-	-	-	-	-	-	-	-
Aug.	59.9	51.5	26.7	64.5	48.7	39.5	55.5	-	-	-	-	-	-	-	-
Sep.	59.8	58.7	36.8	69.7	57.4	52.2	61.1	-	-	-	-	-	-	-	-
Oct.	60.2	50.9	34.9	58.9	52.6	52.6	52.6	-	-	-	-	-	-	-	-
Nov.	63.1	51.5	34.6	60.3	49.7	45.0	53.1	-	-	-	-	-	-	-	-

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

1) Input prices for residential buildings.
2) Experimental data based on non-harmonised national sources (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).
3) In 2005.
4) Brent Blend (for one-month forward delivery).
5) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.
6) 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).
7) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

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

4. Unit labour costs, compensation per labour input and labour productivity
(seasonally adjusted)

	Total (index: 2000 = 100)	Total	By economic activity					
			Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8
			Unit labour costs [1]					
2008	115.5	3.5	0.8	5.3	4.2	2.5	3.2	2.6
2009	120.1	3.9	-1.6	9.5	1.6	5.2	0.9	2.8
2009 Q3	120.0	3.5	-2.5	8.1	1.0	4.0	0.3	3.6
Q4	119.9	1.4	-1.1	0.9	2.2	2.6	0.7	2.0
2010 Q1	119.8	-0.5	-0.5	-6.7	2.5	-0.1	1.1	1.3
Q2	119.5	-0.6	0.4	-7.6	2.1	-0.5	1.5	1.9
			Compensation per employee					
2008	121.5	3.2	3.6	3.0	5.1	2.6	2.7	3.3
2009	123.4	1.6	3.0	0.4	2.3	1.7	1.5	2.5
2009 Q3	123.8	1.6	2.7	0.6	2.3	0.7	1.5	3.2
Q4	124.2	1.4	2.8	0.4	2.0	1.5	1.8	2.1
2010 Q1	124.6	1.5	1.7	2.4	0.2	1.6	2.2	1.1
Q2	125.5	2.0	2.2	3.1	1.1	1.8	1.9	1.7
			Labour productivity per person employed [2]					
2008	105.2	-0.3	2.7	-2.1	0.9	0.1	-0.5	0.7
2009	102.8	-2.3	4.7	-8.4	0.7	-3.4	0.6	-0.2
2009 Q3	103.2	-1.8	5.4	-6.9	1.3	-3.2	1.2	-0.4
Q4	103.6	0.0	3.9	-0.5	-0.2	-1.1	1.1	0.1
2010 Q1	103.9	2.1	2.2	9.7	-2.2	1.7	1.1	-0.2
Q2	105.0	2.7	1.8	11.5	-0.9	2.4	0.4	-0.2
			Compensation per hour worked					
2008	123.8	3.1	2.4	3.6	4.5	2.7	2.4	3.0
2009	127.8	3.2	3.8	4.6	4.4	2.7	2.7	3.0
2009 Q3	128.1	3.3	3.6	4.8	4.3	1.9	2.8	3.5
Q4	128.3	2.3	3.4	1.7	4.3	2.0	2.6	2.4
2010 Q1	128.3	0.9	2.0	0.1	0.3	0.9	1.8	0.7
Q2	129.1	1.1	3.3	-0.7	0.9	1.2	1.6	1.5
			Hourly labour productivity [2]					
2008	108.0	-0.2	2.9	-1.6	0.5	0.4	-0.8	0.4
2009	107.1	-0.8	4.9	-4.8	2.3	-2.4	1.9	0.1
2009 Q3	107.4	-0.4	5.6	-3.3	2.8	-2.3	2.7	-0.2
Q4	107.6	0.7	4.3	0.6	1.1	-0.9	2.0	0.2
2010 Q1	107.8	1.4	4.0	7.3	-2.9	0.9	0.8	-0.7
Q2	108.6	1.8	3.2	7.6	-1.9	1.4	0.3	-0.5

5. Labour cost indices [3]

	Total (s.a.; 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 [5]	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2008	100.0	3.4	3.6	2.8	3.5	4.7	3.1	3.3
2009	102.9	2.9	2.7	3.4	3.3	3.5	2.6	2.7
2009 Q4	103.5	2.0	1.8	2.6	1.1	3.3	2.4	2.2
2010 Q1	104.0	1.9	1.8	2.2	1.6	2.5	2.0	1.8
Q2	104.4	1.6	1.5	2.0	1.1	1.7	1.9	1.9
Q3	.	.	.	.	.	.	.	1.4

Sources: Eurostat, ECB calculations based on Eurostat data (Table 4 in Section 5.1) and ECB calculations (column 8 in Table 5 in Section 5.1).
1) Compensation (at current prices) per employee divided by value added (volumes) per person employed.
2) Value added (volumes) per labour input (persons employed and hours worked).
3) Hourly labour cost indices for the whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
4) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).
5) In 2008.

5.2 Output and demand

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance[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; seasonally adjusted)								
2006	8,564.8	8,467.4	4,876.1	1,733.4	1,832.8	25.1	97.5	3,454.3	3,356.8
2007	9,021.8	8,887.8	5,074.9	1,803.2	1,969.5	40.2	134.0	3,734.2	3,600.2
2008	9,239.0	9,139.5	5,231.4	1,891.8	1,996.0	20.3	99.4	3,860.1	3,760.7
2009	8,952.0	8,833.9	5,166.4	1,978.7	1,757.9	-69.1	118.2	3,249.7	3,131.6
2009 Q3	2,241.3	2,206.6	1,289.5	499.1	434.6	-16.6	34.7	813.6	778.9
Q4	2,247.6	2,206.1	1,299.2	497.1	430.4	-20.6	41.4	837.5	796.1
2010 Q1	2,261.2	2,233.6	1,310.5	502.3	430.9	-10.2	27.6	875.0	847.4
Q2	2,292.3	2,268.9	1,323.8	505.2	442.9	-3.0	23.4	926.6	903.2
Q3	2,306.4	2,276.2	1,332.7	504.9	444.3	-5.6	30.2	952.0	921.9
	percentage of GDP								
2009	100.0	98.7	57.7	22.1	19.6	-0.8	1.3	-	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted[3])								
	quarter-on-quarter percentage changes								
2009 Q3	0.4	0.3	-0.2	0.5	-1.1	-	-	2.3	2.1
Q4	0.2	-0.1	0.3	-0.1	-1.2	-	-	2.0	1.3
2010 Q1	0.4	0.9	0.3	0.1	-0.3	-	-	2.6	4.3
Q2	1.0	0.9	0.2	0.1	1.7	-	-	4.3	4.2
Q3	0.4	0.3	0.3	0.4	0.0	-	-	1.9	1.7
	annual percentage changes								
2006	3.0	2.9	2.1	2.1	5.4	-	-	8.6	8.5
2007	2.8	2.6	1.7	2.3	4.7	-	-	6.3	5.8
2008	0.4	0.3	0.4	2.3	-0.7	-	-	1.0	0.7
2009	-4.1	-3.4	-1.1	2.3	-11.3	-	-	-13.2	-11.9
2009 Q3	-4.0	-3.3	-1.2	2.5	-12.0	-	-	-13.6	-12.3
Q4	-2.0	-2.8	-0.4	1.6	-9.6	-	-	-5.2	-7.1
2010 Q1	0.8	0.4	0.4	1.1	-4.9	-	-	5.8	4.9
Q2	2.0	2.0	0.6	0.6	-0.9	-	-	11.8	12.3
Q3	1.9	2.0	1.0	0.5	0.3	-	-	11.3	11.9
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2009 Q3	0.4	0.3	-0.1	0.1	-0.2	0.5	0.1	-	-
Q4	0.2	-0.1	0.2	0.0	-0.2	0.0	0.3	-	-
2010 Q1	0.4	0.9	0.1	0.0	0.0	0.8	-0.5	-	-
Q2	1.0	0.9	0.1	0.0	0.3	0.4	0.1	-	-
Q3	0.4	0.3	0.1	0.1	0.0	0.0	0.1	-	-
	contributions to annual percentage changes in GDP; percentage points								
2006	3.0	2.9	1.2	0.4	1.1	0.2	0.2	-	-
2007	2.8	2.6	1.0	0.5	1.0	0.2	0.3	-	-
2008	0.4	0.3	0.2	0.5	-0.1	-0.2	0.1	-	-
2009	-4.1	-3.4	-0.6	0.5	-2.4	-0.8	-0.7	-	-
2009 Q3	-4.0	-3.3	-0.7	0.5	-2.6	-0.6	-0.7	-	-
Q4	-2.0	-2.8	-0.2	0.3	-2.0	-0.8	0.7	-	-
2010 Q1	0.8	0.4	0.2	0.2	-1.0	1.0	0.4	-	-
Q2	2.0	2.0	0.3	0.1	-0.2	1.7	0.0	-	-
Q3	1.9	2.0	0.6	0.1	0.1	1.2	0.0	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

2. Value added by economic activity

	Gross value added (basic prices)							Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	
	1	2	3	4	5	6	7	8
	Current prices (EUR billions; seasonally adjusted)							
2006	7,650.4	140.2	1,562.0	479.2	1,599.6	2,138.7	1,730.8	914.4
2007	8,063.0	152.2	1,651.0	511.5	1,673.9	2,273.2	1,801.1	958.8
2008	8,294.0	147.1	1,649.3	528.4	1,730.8	2,355.4	1,883.0	945.0
2009	8,059.9	132.0	1,436.2	507.4	1,666.0	2,361.5	1,956.9	892.2
2009 Q3	2,018.7	32.2	361.7	125.9	416.7	591.0	491.2	222.6
Q4	2,022.2	32.7	363.6	124.2	416.5	593.1	492.2	225.3
2010 Q1	2,036.3	34.2	369.3	122.1	419.1	594.5	497.0	224.9
Q2	2,058.9	34.7	377.0	123.9	424.4	598.3	500.6	233.4
Q3	2,066.5	35.0	378.9	123.8	426.6	603.7	498.4	239.8
	percentage of value added							
2009	100.0	1.6	17.8	6.3	20.7	29.3	24.3	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [1])							
	quarter-on-quarter percentage changes							
2009 Q3	0.4	0.2	2.0	-1.8	0.2	0.1	0.2	0.6
Q4	0.1	-0.6	0.7	-1.7	0.0	0.1	0.3	1.0
2010 Q1	0.6	1.7	2.2	-1.7	0.2	0.5	0.4	-1.8
Q2	0.8	-0.6	2.0	0.8	0.8	0.7	0.2	2.5
Q3	0.3	-0.3	0.1	-0.6	0.6	0.6	0.3	0.6
	annual percentage changes							
2006	3.0	-0.2	3.7	2.8	2.9	4.1	1.5	3.2
2007	3.1	1.4	3.2	2.4	3.6	4.0	1.7	0.8
2008	0.7	0.9	-2.2	-1.2	1.3	1.7	1.9	-1.3
2009	-4.2	2.1	-13.3	-5.9	-5.0	-1.6	1.1	-2.9
2009 Q3	-4.1	2.3	-12.9	-6.0	-5.0	-1.5	1.0	-2.8
Q4	-2.3	1.6	-6.8	-5.8	-3.2	-0.8	1.2	-0.1
2010 Q1	0.9	0.8	3.8	-6.7	0.3	0.9	1.3	0.1
Q2	1.9	0.6	7.1	-4.3	1.3	1.4	1.1	2.3
Q3	1.9	0.1	5.1	-3.2	1.7	1.9	1.1	2.3
	contributions to quarter-on-quarter percentage changes in value added; percentage points							
2009 Q3	0.4	0.0	0.4	-0.1	0.0	0.0	0.0	-
Q4	0.1	0.0	0.1	-0.1	0.0	0.0	0.1	-
2010 Q1	0.6	0.0	0.4	-0.1	0.0	0.1	0.1	-
Q2	0.8	0.0	0.4	0.0	0.2	0.2	0.1	-
Q3	0.3	0.0	0.0	0.0	0.1	0.2	0.1	-
	contributions to annual percentage changes in value added; percentage points							
2006	3.0	0.0	0.7	0.2	0.6	1.1	0.3	-
2007	3.1	0.0	0.7	0.2	0.7	1.1	0.4	-
2008	0.7	0.0	-0.4	-0.1	0.3	0.5	0.4	-
2009	-4.2	0.0	-2.6	-0.4	-1.1	-0.4	0.2	-
2009 Q3	-4.1	0.0	-2.6	-0.4	-1.0	-0.4	0.2	-
Q4	-2.3	0.0	-1.3	-0.4	-0.7	-0.2	0.3	-
2010 Q1	0.9	0.0	0.7	-0.4	0.1	0.3	0.3	-
Q2	1.9	0.0	1.2	-0.3	0.3	0.4	0.3	-
Q3	1.9	0.0	0.9	-0.2	0.3	0.6	0.3	-

Sources: Eurostat and ECB calculations.

1) Annual data are not working day-adjusted.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total [1]	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2007	3.2	108.2	3.7	4.2	4.3	3.8	6.6	2.4	1.3	2.6	-0.9	1.3
2008	-2.5	106.3	-1.8	-1.9	-2.0	-3.5	-0.2	-2.1	-5.7	-1.5	0.3	-5.3
2009	-13.8	90.5	-14.9	-15.9	-16.0	-19.2	-20.8	-5.0	-17.4	-3.0	-5.3	-8.3
2009 Q4	-7.4	92.2	-7.4	-8.0	-8.1	-6.7	-13.8	-2.7	-10.1	-1.5	-3.6	-6.2
2010 Q1	1.8	94.4	4.7	4.9	4.9	8.0	2.6	3.2	0.0	3.6	3.1	-9.9
Q2	6.2	96.5	9.0	9.2	9.4	13.9	9.0	3.8	5.0	3.6	5.4	-3.7
Q3	3.7	97.4	6.9	7.4	7.6	9.2	9.5	3.3	3.7	3.2	1.9	-7.8
2010 Apr.	5.5	95.8	9.1	9.3	9.5	15.5	8.9	2.7	0.6	3.0	5.2	-6.6
May	6.0	97.0	9.8	9.7	9.8	14.5	9.2	4.2	6.7	3.8	7.5	-6.8
June	7.0	96.8	8.3	8.8	8.8	11.9	8.9	4.3	7.8	3.8	3.3	2.2
July	4.0	96.9	7.2	7.6	7.9	9.6	9.2	4.0	5.1	3.7	2.3	-7.6
Aug.	4.9	98.0	8.4	9.3	9.4	11.3	12.1	4.5	7.1	4.2	1.1	-8.2
Sep.	2.6	97.3	5.5	5.9	5.9	7.3	7.9	1.7	0.4	1.8	2.3	-7.7
	month-on-month percentage changes (s.a.)											
2010 Apr.	0.0	-	0.6	0.3	0.6	1.9	1.5	-1.3	-0.4	-1.3	-1.0	-0.1
May	0.8	-	1.2	0.7	0.4	0.7	1.6	0.9	2.8	0.7	2.3	-1.0
June	0.9	-	-0.1	-0.2	0.0	-0.5	0.4	0.2	-0.6	0.3	-1.7	2.0
July	-1.4	-	0.1	-0.4	0.1	-0.1	0.1	0.1	-0.6	0.2	0.3	-3.6
Aug.	0.8	-	1.1	1.1	1.0	1.5	3.1	0.0	1.6	-0.1	-0.2	-0.4
Sep.	-0.6	-	-0.7	-1.2	-0.6	-1.0	-1.0	-0.8	-2.7	-0.4	-0.4	-1.8

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

	Industrial new orders		Industrial turnover		Retail sales (excluding automotive fuel)							New passenger car registrations	
	Manufacturing [2] (current prices)		Manufacturing (current prices)		Current prices	Constant prices							
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Total (s.a.; thousands) [3]	Total
										Textiles, clothing, footwear	Household equipment		
% of total [1]	100.0	100.0	100.0	100.0	100.0	100.0	100.0	43.0	57.0	10.1	14.3		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007	119.8	8.6	114.9	6.5	2.6	104.3	1.8	0.0	3.1	4.1	3.1	968	-0.6
2008	113.0	-5.4	116.7	1.8	1.7	103.4	-0.8	-1.9	-0.1	-1.8	-1.9	896	-7.0
2009	87.5	-22.7	95.4	-18.5	-2.7	101.5	-1.8	-1.7	-2.0	-1.2	-3.9	926	3.2
2009 Q4	92.0	-2.7	97.5	-9.2	-1.5	101.8	-0.6	-0.5	-0.7	0.5	-1.0	966	20.7
2010 Q1	95.1	13.9	101.0	6.3	0.8	102.4	0.9	1.5	0.8	3.4	0.6	892	7.5
Q2	102.5	22.6	104.2	12.3	1.2	102.5	0.9	0.2	1.5	-0.3	2.8	822	-10.6
Q3	105.7	15.8	105.7	10.1	2.1	103.0	1.7	0.4	2.8	.	.	820	-16.6
2010 May	103.0	23.0	105.7	13.0	1.5	102.6	1.2	0.8	1.6	-1.4	4.0	784	-13.2
June	105.4	22.5	105.8	13.8	2.0	102.9	1.6	0.8	2.5	0.7	3.5	844	-8.8
July	103.7	12.2	104.8	7.5	2.1	102.9	1.6	2.2	1.5	4.6	0.8	780	-24.2
Aug.	109.0	24.6	107.3	14.8	2.1	103.2	1.9	-1.1	4.5	7.6	3.0	827	-10.6
Sep.	104.5	13.2	105.1	9.0	1.9	102.9	1.5	0.2	2.6	.	.	852	-12.0
Oct.	.	.	.	.	.	.	.	.	.	.	.	791	-22.2
	month-on-month percentage changes (s.a.)												
2010 June	-	2.3	-	0.1	0.2	-	0.2	-0.4	0.6	1.3	0.1	-	7.7
July	-	-1.7	-	-1.0	0.1	-	0.1	0.5	-0.2	2.2	-1.1	-	-7.5
Aug.	-	5.1	-	2.4	0.2	-	0.2	-0.9	1.1	0.5	1.2	-	5.9
Sep.	-	-4.1	-	-2.1	-0.3	-	-0.3	0.0	-0.6	.	.	-	3.1
Oct.	-	.	-	.	.	-	.	.	.	.	.	-	-7.2

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

1) In 2005.

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

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

5.2 Output and demand

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

5. Business[2] and Consumer Surveys

	Economic sentiment indicator[3] (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation[4] (%)	Total[5]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total[5]	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2006	107.3	2	0	6	13	83.2	-9	-3	-9	15	-9
2007	109.2	5	5	5	13	84.2	-5	-2	-4	5	-8
2008	93.5	-9	-15	11	-2	81.8	-18	-10	-25	24	-14
2009	80.8	-28	-56	14	-15	71.1	-25	-7	-26	56	-10
2009 Q3	84.1	-26	-58	12	-9	70.3	-21	-5	-20	51	-9
Q4	91.9	-19	-50	7	1	71.7	-17	-3	-11	48	-7
2010 Q1	96.6	-12	-41	2	7	73.9	-17	-4	-11	46	-7
Q2	99.4	-6	-28	0	9	76.3	-17	-6	-18	34	-9
Q3	102.2	-3	-19	0	10	77.4	-12	-6	-11	23	-8
2010 June	99.0	-6	-26	1	9	-	-17	-7	-20	32	-9
July	101.1	-4	-21	0	9	77.2	-14	-7	-14	27	-9
Aug.	102.3	-3	-18	0	10	-	-11	-5	-9	23	-8
Sep.	103.3	-2	-16	0	12	-	-11	-5	-11	20	-8
Oct.	103.8	0	-13	1	14	77.6	-11	-6	-10	22	-6
Nov.	105.3	1	-13	0	15	-	-9	-5	-7	20	-6

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total[5]	Order books	Employment expectations	Total[5]	Present business situation	Volume of stocks	Expected business situation	Total[5]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2006	1	-4	6	1	3	14	13	18	13	18	24
2007	0	-7	7	1	5	15	13	20	16	19	24
2008	-13	-20	-6	-7	-6	17	2	2	-5	4	7
2009	-31	-40	-22	-15	-21	11	-15	-16	-22	-16	-9
2009 Q3	-31	-41	-22	-14	-19	10	-13	-12	-18	-13	-5
Q4	-28	-40	-16	-12	-19	10	-7	-4	-8	-8	3
2010 Q1	-27	-37	-17	-7	-9	8	-2	0	-4	-2	7
Q2	-28	-40	-16	-4	-5	8	0	4	1	4	8
Q3	-28	-40	-16	-3	-4	7	3	7	5	8	8
2010 June	-30	-43	-17	-6	-7	7	-3	4	2	4	5
July	-29	-42	-16	-4	-6	7	1	7	5	9	6
Aug.	-29	-38	-19	-3	-5	7	1	7	6	8	8
Sep.	-26	-39	-13	-1	-3	6	6	8	5	8	10
Oct.	-25	-35	-15	-1	0	10	7	8	7	7	11
Nov.	-26	-37	-16	-2	-5	8	8	10	9	11	10

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

1) Difference between the percentages of respondents giving positive and negative replies.
2) From May 2010 onwards, data refer to the new version of the classification of economic activitites in the European Union ("NACE Revision 2").
3) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period 1990 to 2008.
4) Data are collected in January, April, July and October each year. The quarterly figures shown are averages of two successive surveys. Annual data are derived from quarterly averages.
5) The confidence indicators are calculated as simple averages of the components shown; the assessments of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.

5.3 Labour markets [1]
(annual percentage changes, unless otherwise indicated; seasonally adjusted)

1. Employment in terms of persons employed

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

2. Employment in terms of hours worked

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

3. Hours worked per person employed

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

Source: ECB calculations based on Eurostat data.
1) Data for employment are based on the ESA 95.
2) In 2009.

5.3 Labour markets

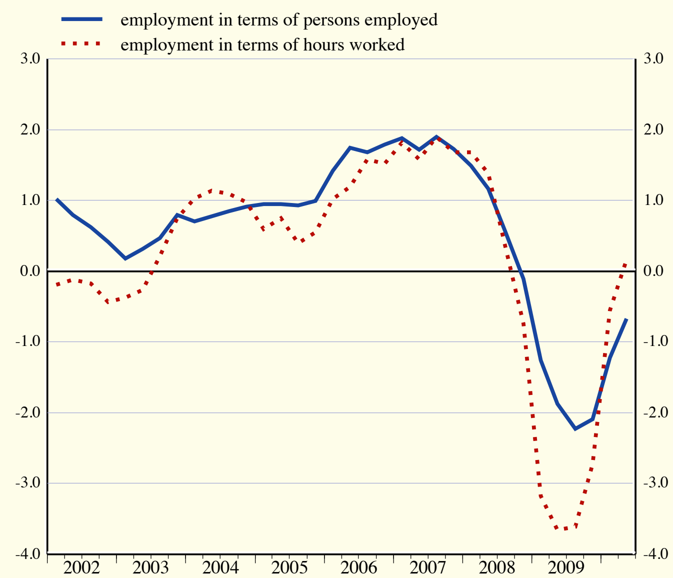
(seasonally adjusted, unless otherwise indicated)

4. Unemployment and job vacancies [1)]

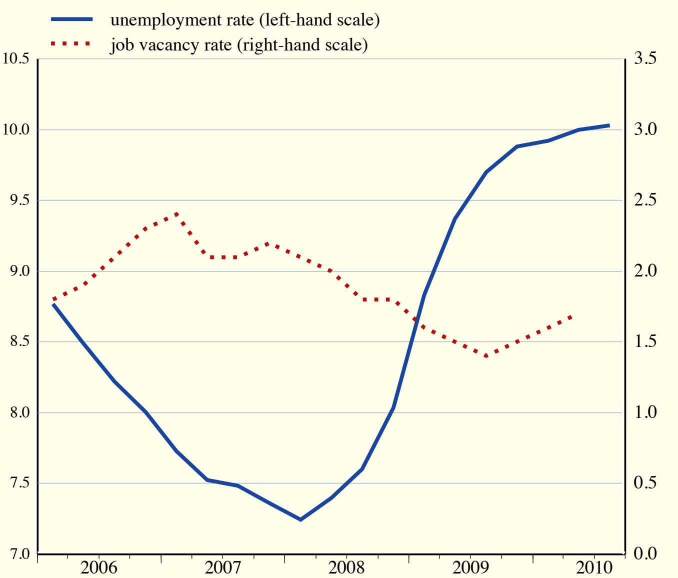
	Unemployment										Job vacancy rate [2)]
	Total		By age [3)]				By gender [4)]				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total [5)]	100.0		78.3		21.7		53.8		46.2		
	1	2	3	4	5	6	7	8	9	10	11
2006	12.902	8.4	10.071	7.4	2.831	16.5	6.399	7.5	6.503	9.5	2.0
2007	11.710	7.5	9.146	6.6	2.564	15.1	5.755	6.7	5.955	8.6	2.2
2008	11.905	7.6	9.269	6.6	2.636	15.5	6.001	6.9	5.904	8.4	1.9
2009	14.906	9.4	11.672	8.3	3.234	19.5	8.027	9.3	6.879	9.6	1.5
2009 Q3	15.305	9.7	11.990	8.5	3.316	20.1	8.278	9.6	7.028	9.8	1.4
Q4	15.583	9.9	12.303	8.7	3.280	20.1	8.473	9.8	7.110	10.0	1.5
2010 Q1	15.659	9.9	12.399	8.8	3.260	20.2	8.483	9.8	7.176	10.0	1.6
Q2	15.805	10.0	12.550	8.8	3.255	20.3	8.515	9.9	7.291	10.2	1.7
Q3	15.840	10.0	12.671	8.9	3.169	20.0	8.482	9.8	7.358	10.2	.
2010 May	15.837	10.0	12.565	8.8	3.272	20.3	8.519	9.9	7.318	10.2	-
June	15.806	10.0	12.595	8.9	3.211	20.1	8.505	9.9	7.301	10.2	-
July	15.827	10.0	12.653	8.9	3.174	20.0	8.464	9.8	7.363	10.3	-
Aug.	15.825	10.0	12.672	8.9	3.154	20.0	8.502	9.9	7.324	10.2	-
Sep.	15.867	10.0	12.687	8.9	3.180	20.1	8.480	9.8	7.387	10.3	-
Oct.	15.947	10.1	12.722	9.0	3.225	20.1	8.557	9.9	7.390	10.3	-

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.
5) In 2009.

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
2001	45.7	45.4	12.2	9.4	2.8	13.5	0.5	15.6	8.1	4.7	2.1	0.2	0.3	41.6
2002	45.1	44.8	11.8	9.2	2.5	13.5	0.4	15.6	8.1	4.6	2.1	0.3	0.3	41.1
2003	45.0	44.3	11.4	9.0	2.3	13.5	0.4	15.7	8.2	4.6	2.1	0.6	0.5	41.1
2004	44.5	44.0	11.3	8.7	2.5	13.5	0.3	15.5	8.1	4.5	2.1	0.5	0.4	40.7
2005	44.8	44.3	11.5	8.7	2.7	13.7	0.3	15.4	8.1	4.5	2.2	0.5	0.3	40.9
2006	45.3	45.0	12.1	8.9	3.0	13.8	0.3	15.3	8.0	4.5	2.1	0.3	0.3	41.4
2007	45.4	45.1	12.4	9.1	3.2	13.8	0.3	15.1	8.0	4.4	2.1	0.3	0.3	41.5
2008	45.0	44.8	12.2	9.3	2.8	13.3	0.3	15.3	8.0	4.5	2.1	0.2	0.3	41.1
2009	44.6	44.2	11.4	9.3	1.9	13.1	0.3	15.7	8.2	4.5	2.3	0.3	0.4	40.5

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure [3]
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions		Investment	Capital transfers	Paid by EU institutions	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001	47.5	43.6	10.3	4.8	3.8	24.7	21.7	1.9	0.5	3.9	2.5	1.4	0.0	43.7
2002	47.7	43.9	10.4	4.9	3.5	25.1	22.2	1.9	0.5	3.8	2.4	1.4	0.1	44.2
2003	48.1	44.1	10.5	5.0	3.3	25.4	22.5	1.9	0.5	3.9	2.5	1.4	0.1	44.8
2004	47.5	43.5	10.4	5.0	3.1	25.1	22.3	1.7	0.5	3.9	2.5	1.5	0.1	44.4
2005	47.3	43.4	10.4	5.1	3.0	25.0	22.3	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.9	10.2	5.0	2.9	24.8	22.0	1.7	0.5	3.8	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.0	5.0	3.0	24.3	21.6	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.0	43.2	10.1	5.1	3.0	24.9	22.0	1.6	0.4	3.8	2.6	1.3	0.0	44.0
2009	50.8	46.6	10.8	5.6	2.8	27.3	24.3	1.8	0.5	4.2	2.8	1.4	0.0	48.0

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
2001	-1.9	-1.7	-0.4	-0.1	0.3	1.9	19.8	10.3	4.8	4.9	1.8	2.1	8.2	11.7
2002	-2.6	-2.1	-0.5	-0.2	0.2	0.9	20.2	10.4	4.9	5.1	1.8	2.1	8.3	12.0
2003	-3.1	-2.4	-0.5	-0.2	0.0	0.2	20.5	10.5	5.0	5.2	1.9	2.1	8.3	12.2
2004	-3.0	-2.5	-0.4	-0.3	0.1	0.1	20.4	10.4	5.0	5.1	1.9	2.1	8.3	12.1
2005	-2.6	-2.2	-0.3	-0.2	0.2	0.4	20.4	10.4	5.1	5.1	1.9	2.2	8.2	12.3
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.2	5.0	5.2	1.9	2.1	8.1	12.2
2007	-0.7	-1.2	0.0	-0.1	0.5	2.3	20.0	10.0	5.0	5.2	1.9	2.1	7.9	12.1
2008	-2.0	-2.1	-0.2	-0.2	0.4	1.0	20.5	10.1	5.1	5.3	1.9	2.1	8.1	12.4
2009	-6.3	-5.1	-0.5	-0.3	-0.4	-3.4	22.2	10.8	5.6	5.8	2.0	2.3	8.8	13.4

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

	BE	DE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2006	0.2	-1.6	2.9	-5.7	2.0	-2.3	-3.4	-1.2	1.4	-2.7	0.5	-1.5	-4.1	-1.3	-3.2	4.0
2007	-0.3	0.3	0.0	-6.4	1.9	-2.7	-1.5	3.4	3.7	-2.3	0.2	-0.4	-2.8	0.0	-1.8	5.2
2008	-1.3	0.1	-7.3	-9.4	-4.2	-3.3	-2.7	0.9	3.0	-4.8	0.6	-0.5	-2.9	-1.8	-2.1	4.2
2009	-6.0	-3.0	-14.4	-15.4	-11.1	-7.5	-5.3	-6.0	-0.7	-3.8	-5.4	-3.5	-9.3	-5.8	-7.9	-2.5

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' deficit/surplus.
1) Data refer to the Euro 16. The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not consolidated.
2) The fiscal burden comprises taxes and social contributions.
3) Comprises total expenditure minus interest expenditure.
4) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
5) Includes proceeds from the sale of UMTS licences and settlements under swaps and forward rate agreements.

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

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2]				Other creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2000	69.2	2.7	13.2	3.7	49.6	43.9	22.1	12.3	9.5	25.3
2001	68.2	2.8	12.4	4.0	48.9	42.1	20.7	11.0	10.4	26.1
2002	67.9	2.7	11.8	4.6	48.9	40.6	19.5	10.5	10.6	27.3
2003	69.1	2.1	12.4	5.0	49.6	39.8	19.7	11.0	9.1	29.2
2004	69.5	2.2	12.0	5.0	50.3	38.4	18.6	10.7	9.0	31.1
2005	70.3	2.4	12.1	4.7	51.1	36.5	17.4	11.1	8.0	33.8
2006	68.4	2.4	11.7	4.1	50.2	34.6	17.5	9.3	7.8	33.8
2007	66.1	2.2	11.1	4.2	48.7	32.7	16.9	8.6	7.3	33.4
2008	69.8	2.3	11.3	6.7	49.5	32.7	17.4	7.8	7.5	37.1
2009	79.2	2.4	12.3	8.6	55.9	36.8	20.2	8.9	7.7	42.4

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
								Variable interest rate					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2000	69.2	58.1	5.8	4.8	0.4	6.5	62.7	6.2	13.4	27.8	28.0	67.4	1.8
2001	68.2	57.0	6.0	4.7	0.4	7.0	61.1	5.3	13.7	26.6	27.9	66.6	1.5
2002	67.9	56.6	6.2	4.7	0.4	7.6	60.3	5.2	15.5	25.3	27.2	66.7	1.3
2003	69.1	56.9	6.5	5.1	0.6	7.8	61.3	5.0	14.9	26.0	28.2	68.1	0.9
2004	69.5	57.3	6.6	5.1	0.4	7.8	61.6	4.6	14.8	26.2	28.5	68.6	0.9
2005	70.3	57.8	6.7	5.2	0.5	7.9	62.4	4.6	14.9	25.6	29.8	69.3	1.0
2006	68.4	56.1	6.5	5.3	0.5	7.4	61.0	4.4	14.4	24.1	29.9	67.9	0.6
2007	66.1	54.1	6.2	5.2	0.5	7.4	58.7	4.4	14.6	23.5	28.0	65.6	0.5
2008	69.8	57.5	6.6	5.2	0.4	10.2	59.6	4.5	17.8	23.3	28.6	68.9	0.9
2009	79.2	65.3	7.6	5.7	0.6	12.2	66.9	4.6	19.6	27.1	32.4	78.0	1.2

3. Euro area countries

	BE	DE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2006	88.1	67.6	24.8	106.1	39.6	63.7	106.6	64.6	6.7	63.4	47.4	62.1	63.9	26.7	30.5	39.7
2007	84.2	64.9	25.0	105.0	36.1	63.8	103.6	58.3	6.7	61.7	45.3	59.3	62.7	23.4	29.6	35.2
2008	89.6	66.3	44.3	110.3	39.8	67.5	106.3	48.3	13.6	63.1	58.2	62.5	65.3	22.5	27.8	34.1
2009	96.2	73.4	65.5	126.8	53.2	78.1	116.0	58.0	14.5	68.6	60.8	67.5	76.1	35.4	35.4	43.8

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' debt.
1) Data refer to the Euro 16. Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Data are partially estimated.
2) Holders resident in the country whose government has issued the debt.
3) Includes residents of euro area countries other than the country whose government has issued the debt.
4) Excludes debt held by general government in the country whose government has issued it.

6.3 Change in debt [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
2001	1.9	1.9	-0.1	0.1	0.2	-0.2	0.5	1.5	0.0	-0.5	-0.8	1.9
2002	2.1	2.7	-0.5	-0.1	0.0	-0.2	0.7	1.6	0.0	-0.5	-0.1	2.1
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.4	0.8	0.8	2.7
2004	3.1	3.2	-0.1	0.0	0.2	0.1	0.1	2.7	0.1	-0.3	0.1	3.0
2005	3.3	3.0	0.2	0.0	0.3	0.5	-0.1	2.6	-0.5	-0.6	0.8	3.8
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.4	1.5	-0.1	1.0	-1.2	1.7
2007	1.1	1.1	0.0	0.0	-0.1	0.0	0.3	1.0	-0.2	0.2	-0.3	1.3
2008	5.2	5.1	0.1	0.0	0.1	0.4	2.6	2.0	0.7	0.9	-0.5	4.5
2009	7.1	7.3	-0.2	0.0	0.1	0.6	1.6	4.8	3.0	2.2	0.8	4.1

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [7)]	Deficit-debt adjustment [8)]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [9)]
				Total	Currency and deposits	Loans	Securities [10)]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001	1.9	-1.9	0.0	-0.5	-0.6	0.1	0.1	-0.1	-0.3	0.1	-0.1	0.0	0.1	0.6
2002	2.1	-2.6	-0.5	0.1	0.1	0.0	0.0	-0.1	-0.4	0.1	-0.5	-0.1	-0.1	0.0
2003	3.1	-3.1	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.1	-3.0	0.2	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.6	0.7	0.6	0.3	0.1	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	-0.1
2006	1.6	-1.4	0.2	0.3	0.3	-0.1	0.3	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.2
2007	1.1	-0.7	0.5	0.6	0.2	0.0	0.3	0.1	-0.2	0.2	0.0	0.0	0.0	-0.2
2008	5.2	-2.0	3.2	3.0	0.8	0.7	0.7	0.8	-0.1	0.5	0.1	0.0	0.0	0.1
2009	7.1	-6.3	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	0.0	0.0	0.0

Source: ECB.
1) Data refer to the Euro 16 and are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [debt(t) - debt(t-1)] ÷ GDP(t).
2) The borrowing requirement is by definition equal to transactions in debt.
3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
4) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
5) Holders resident in the country whose government has issued the debt.
6) Includes residents of euro area countries other than the country whose government has issued the debt.
7) Including proceeds from sales of UMTS licences.
8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
9) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
10) Excluding financial derivatives.

6.4 Quarterly revenue, expenditure and deficit/surplus [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
2004 Q2	44.7	43.9	11.9	12.9	15.3	2.0	1.1	0.8	0.6	40.7
Q3	42.8	42.3	10.7	12.8	15.3	1.9	0.7	0.5	0.3	39.1
Q4	48.9	48.0	12.9	14.2	16.1	2.9	0.7	1.0	0.4	43.7
2005 Q1	42.0	41.5	10.0	13.0	15.2	1.7	0.6	0.5	0.3	38.5
Q2	44.3	43.7	11.5	13.2	15.1	2.0	1.1	0.6	0.3	40.1
Q3	43.5	42.8	11.1	13.0	15.2	1.9	0.7	0.7	0.3	39.6
Q4	49.0	48.2	13.3	14.2	16.1	2.9	0.8	0.7	0.3	43.9
2006 Q1	42.4	42.0	10.3	13.3	15.1	1.7	0.8	0.4	0.3	38.9
Q2	45.3	44.9	12.2	13.5	15.1	1.9	1.3	0.5	0.3	41.0
Q3	43.8	43.3	11.6	13.0	15.1	2.0	0.8	0.5	0.3	40.0
Q4	49.3	48.7	14.0	14.2	15.8	2.9	0.9	0.6	0.3	44.3
2007 Q1	42.1	41.8	10.2	13.5	14.7	1.7	0.9	0.4	0.3	38.7
Q2	45.5	45.1	12.7	13.5	15.0	1.8	1.4	0.4	0.3	41.4
Q3	43.6	43.2	12.2	12.8	14.8	1.9	0.8	0.5	0.3	40.0
Q4	49.6	49.1	14.4	14.1	15.7	3.0	0.9	0.6	0.3	44.5
2008 Q1	42.3	42.0	10.7	12.9	14.8	1.7	1.1	0.3	0.2	38.6
Q2	44.9	44.6	12.6	12.8	15.0	1.9	1.5	0.4	0.3	40.7
Q3	43.3	42.9	11.9	12.5	15.0	1.9	0.8	0.3	0.3	39.7
Q4	49.0	48.5	13.6	13.6	16.3	3.0	1.1	0.5	0.3	43.8
2009 Q1	42.0	41.9	10.2	12.5	15.4	1.8	1.1	0.2	0.2	38.4
Q2	44.4	43.8	11.5	12.6	15.5	2.0	1.4	0.6	0.5	40.1
Q3	42.7	42.3	11.0	12.3	15.5	2.0	0.7	0.3	0.3	39.1
Q4	48.7	48.0	12.7	13.7	16.4	3.2	0.9	0.7	0.5	43.3
2010 Q1	41.6	41.4	10.0	12.3	15.4	1.8	0.9	0.2	0.2	38.0
Q2	43.8	43.3	11.5	12.4	15.4	1.9	1.3	0.5	0.3	39.5

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
2004 Q2	46.6	43.2	10.3	4.8	3.3	24.7	21.4	1.3	3.4	2.3	1.1	-1.9	1.4
Q3	46.0	42.6	9.9	4.7	3.1	24.8	21.4	1.3	3.4	2.4	1.0	-3.2	-0.1
Q4	50.8	45.6	10.9	5.7	2.9	26.0	22.6	1.4	5.2	3.1	2.1	-1.9	1.0
2005 Q1	46.8	43.0	10.2	4.6	3.1	25.1	21.4	1.2	3.7	1.9	1.8	-4.8	-1.7
Q2	46.1	42.8	10.2	4.9	3.2	24.5	21.3	1.1	3.4	2.3	1.1	-1.9	1.3
Q3	45.7	42.3	9.9	4.8	3.0	24.6	21.3	1.2	3.4	2.5	1.0	-2.2	0.8
Q4	50.5	45.7	11.1	5.8	2.7	26.0	22.5	1.3	4.8	3.1	1.7	-1.5	1.2
2006 Q1	45.3	42.1	10.0	4.6	3.0	24.6	21.1	1.2	3.1	1.9	1.2	-2.9	0.0
Q2	45.5	42.2	10.2	4.9	3.1	24.0	21.0	1.1	3.2	2.3	0.9	-0.1	2.9
Q3	45.3	41.9	9.8	4.7	2.9	24.5	21.1	1.2	3.4	2.4	1.0	-1.5	1.4
Q4	50.3	45.0	10.7	5.8	2.7	25.8	22.2	1.4	5.3	3.2	2.2	-1.1	1.6
2007 Q1	44.2	41.1	9.8	4.5	2.9	23.9	20.4	1.2	3.2	2.0	1.2	-2.1	0.8
Q2	44.6	41.4	9.9	4.8	3.2	23.5	20.5	1.1	3.2	2.3	0.8	0.9	4.1
Q3	44.5	41.1	9.5	4.7	3.0	23.9	20.6	1.2	3.4	2.5	0.9	-0.9	2.1
Q4	50.3	45.2	10.6	5.8	2.8	26.0	22.2	1.5	5.1	3.4	1.7	-0.7	2.1
2008 Q1	44.6	41.5	9.7	4.6	3.0	24.1	20.5	1.2	3.2	2.0	1.2	-2.4	0.6
Q2	45.3	42.0	10.1	5.0	3.2	23.7	20.6	1.1	3.3	2.3	1.0	-0.4	2.8
Q3	45.6	42.0	9.7	4.8	3.1	24.4	21.2	1.2	3.5	2.5	1.0	-2.3	0.8
Q4	52.0	46.9	11.0	6.1	2.8	27.0	23.1	1.4	5.1	3.4	1.6	-3.0	-0.3
2009 Q1	48.5	45.0	10.6	5.3	2.9	26.3	22.4	1.3	3.4	2.2	1.2	-6.4	-3.6
Q2	50.1	46.1	10.9	5.5	3.2	26.6	23.1	1.3	4.0	2.7	1.2	-5.8	-2.6
Q3	49.4	45.5	10.4	5.3	2.8	27.1	23.4	1.4	3.9	2.7	1.1	-6.7	-3.9
Q4	54.9	49.6	11.5	6.4	2.5	29.2	24.9	1.5	5.4	3.5	1.9	-6.3	-3.7
2010 Q1	49.6	46.0	10.5	5.1	2.8	27.5	23.3	1.4	3.6	2.1	1.5	-8.1	-5.2
Q2	49.0	45.5	10.7	5.4	3.0	26.4	22.9	1.3	3.4	2.5	1.1	-5.2	-2.2

Sources: ECB calculations based on Eurostat and national data.

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

2) The fiscal burden comprises taxes and social contributions.

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

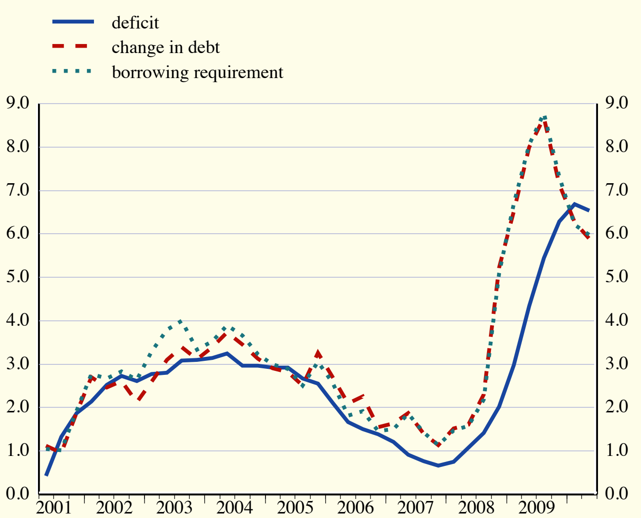
1. Euro area – Maastricht debt by financial instrument [1)]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2007 Q3	67.8	2.1	11.3	5.1	49.3
Q4	66.1	2.2	11.1	4.2	48.7
2008 Q1	67.1	2.1	11.4	5.0	48.6
Q2	67.5	2.1	11.5	4.9	49.0
Q3	67.7	2.1	11.4	5.5	48.7
Q4	69.8	2.3	11.3	6.7	49.5
2009 Q1	73.2	2.3	11.6	7.9	51.5
Q2	76.5	2.4	11.9	8.4	53.8
Q3	78.3	2.3	12.1	9.2	54.7
Q4	79.2	2.4	12.3	8.6	55.9
2010 Q1	81.0	2.4	12.5	8.4	57.6
Q2	82.4	2.4	13.2	8.0	58.8

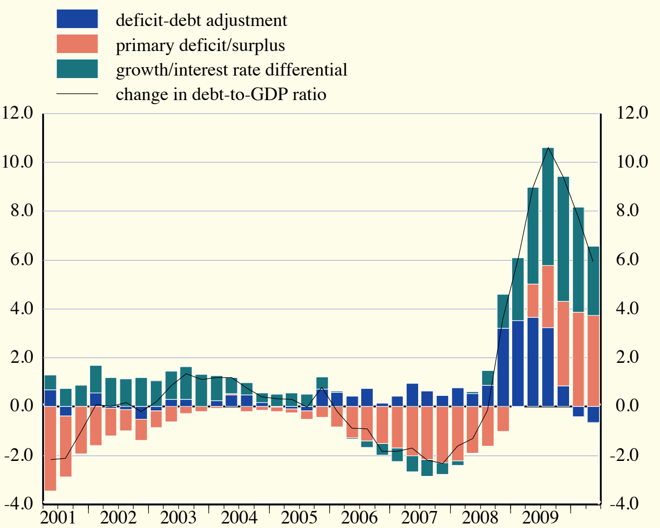
2. Euro area – deficit-debt adjustment

	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
2007 Q3	-0.6	-0.9	-1.5	-1.4	-2.0	0.1	0.4	0.2	0.1	-0.2	-0.6
Q4	-3.3	-0.7	-4.0	-2.8	-2.1	0.0	-0.6	-0.2	0.0	-1.1	-3.3
2008 Q1	6.4	-2.4	4.0	3.1	1.9	-0.1	0.9	0.3	0.0	0.9	6.4
Q2	4.0	-0.4	3.6	3.9	1.9	0.3	1.3	0.5	0.1	-0.3	3.9
Q3	2.3	-2.3	0.0	-0.8	-1.6	0.0	0.3	0.5	0.4	0.4	1.8
Q4	8.2	-3.0	5.1	5.8	0.8	2.5	0.5	1.9	0.0	-0.7	8.2
2009 Q1	11.9	-6.4	5.4	6.7	5.2	-0.1	0.9	0.7	-1.3	0.0	13.1
Q2	9.9	-5.8	4.1	3.1	2.3	-0.6	0.2	1.2	0.6	0.5	9.3
Q3	4.8	-6.7	-1.9	-2.9	-3.2	0.7	0.0	-0.4	0.2	0.8	4.6
Q4	2.3	-6.3	-4.0	-2.5	-2.7	-0.1	0.1	0.2	-0.3	-1.2	2.5
2010 Q1	8.3	-8.1	0.2	0.8	0.8	-0.1	-0.3	0.3	-0.3	-0.3	8.6
Q2	8.3	-5.2	3.1	4.4	2.3	1.9	-0.2	0.4	0.0	-1.3	8.3

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)



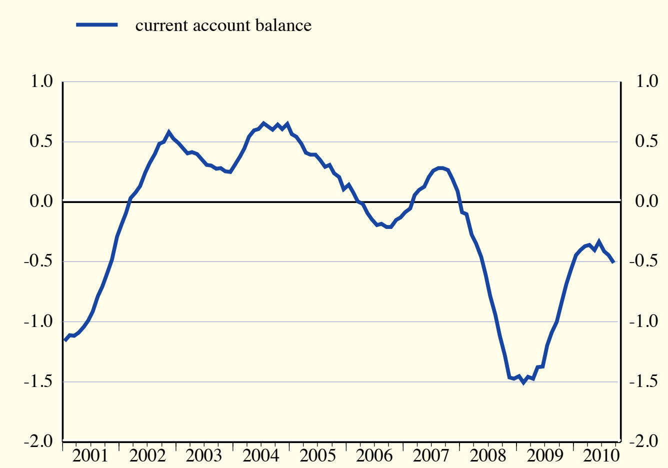
Sources: ECB calculations based on Eurostat and national data.
1) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.

EXTERNAL TRANSACTIONS AND POSITIONS

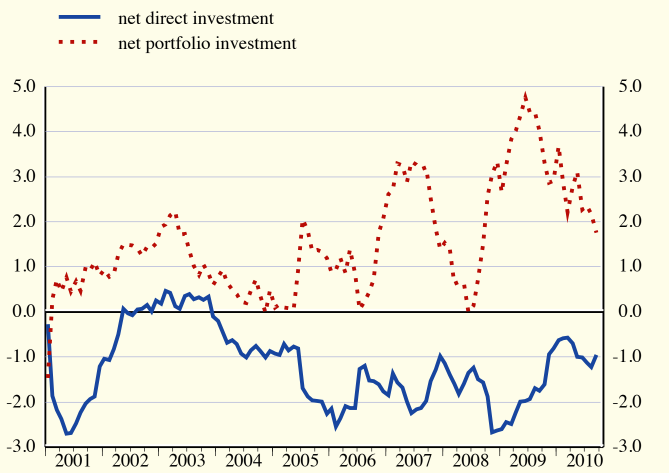
7.1 Summary balance of payments [1]
(EUR billions; net transactions)

	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
2007	10.7	45.6	46.9	6.3	-88.2	4.6	15.3	-2.6	-90.1	127.1	-66.9	32.3	-5.1	-12.6
2008	-133.9	-18.3	42.1	-58.3	-99.4	9.8	-124.2	116.8	-240.3	303.8	-75.0	131.7	-3.4	7.3
2009	-49.8	39.4	32.2	-28.7	-92.6	6.1	-43.7	31.0	-74.5	264.8	51.5	-215.4	4.6	12.6
2009 Q3	-0.4	13.9	11.9	-3.4	-22.7	1.2	0.8	-22.2	-25.7	57.3	2.0	-56.1	0.3	21.4
Q4	11.7	19.9	9.1	2.3	-19.6	1.0	12.7	-12.0	11.6	30.7	8.6	-62.9	0.0	-0.7
2010 Q1	-21.8	2.7	3.7	7.1	-35.3	2.5	-19.3	22.1	-40.3	16.6	3.9	46.5	-4.6	-2.8
Q2	-23.1	3.9	11.9	-18.1	-20.8	1.9	-21.3	46.5	-37.6	101.7	6.5	-25.1	1.0	-25.2
Q3	-16.4	6.7	9.8	-5.1	-27.8	1.3	-15.1	27.9	-21.2	11.1	3.0	39.8	-4.9	-12.8
2009 Sep.	-4.1	1.7	3.7	-2.0	-7.5	-0.1	-4.2	3.7	-34.0	53.6	3.2	-22.4	3.3	0.5
Oct.	0.5	8.4	3.1	2.1	-13.1	-0.3	0.3	4.4	7.3	6.7	1.7	-10.7	-0.7	-4.6
Nov.	-0.6	5.3	1.1	-0.9	-6.1	0.9	0.3	6.0	-4.8	-0.9	0.8	9.3	1.5	-6.3
Dec.	11.8	6.2	5.0	1.2	-0.5	0.4	12.2	-22.3	9.1	24.9	6.1	-61.6	-0.8	10.2
2010 Jan.	-13.6	-7.6	0.7	2.0	-8.6	1.5	-12.1	22.2	-5.0	26.9	3.9	-5.2	1.5	-10.1
Feb.	-7.2	4.3	1.2	3.6	-16.3	0.8	-6.4	-0.5	-3.3	-6.6	0.3	12.8	-3.6	6.9
Mar.	-1.0	6.0	1.8	1.5	-10.4	0.2	-0.8	0.4	-32.0	-3.6	-0.3	38.9	-2.5	0.4
Apr.	-6.4	1.1	2.9	-2.3	-8.2	-0.4	-6.8	16.5	-14.5	45.7	0.3	-15.0	-0.1	-9.7
May	-17.3	-1.2	3.9	-13.9	-6.1	1.8	-15.5	24.9	-12.1	63.0	-0.4	-25.5	-0.1	-9.3
June	0.6	3.9	5.0	-1.9	-6.5	0.4	1.1	5.1	-11.0	-7.0	6.5	15.4	1.1	-6.2
July	3.4	7.6	4.0	-0.7	-7.5	1.6	4.9	4.8	-0.6	-17.0	1.0	24.5	-3.1	-9.8
Aug.	-10.6	-4.3	2.7	0.3	-9.4	0.3	-10.3	10.4	-11.1	11.5	3.9	7.6	-1.6	-0.1
Sep.	-9.2	3.4	3.1	-4.8	-11.0	-0.5	-9.7	12.6	-9.6	16.5	-1.9	7.7	-0.2	-2.9
	12-month cumulated transactions													
2010 Sep.	-49.7	33.1	34.5	-13.7	-103.6	6.7	-43.0	84.5	-87.4	160.2	22.0	-1.7	-8.5	-41.5
	12-month cumulated transactions as a percentage of GDP													
2010 Sep.	-0.5	0.4	0.4	-0.2	-1.1	0.1	-0.5	0.9	-1.0	1.8	0.2	0.0	-0.1	-0.5

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)



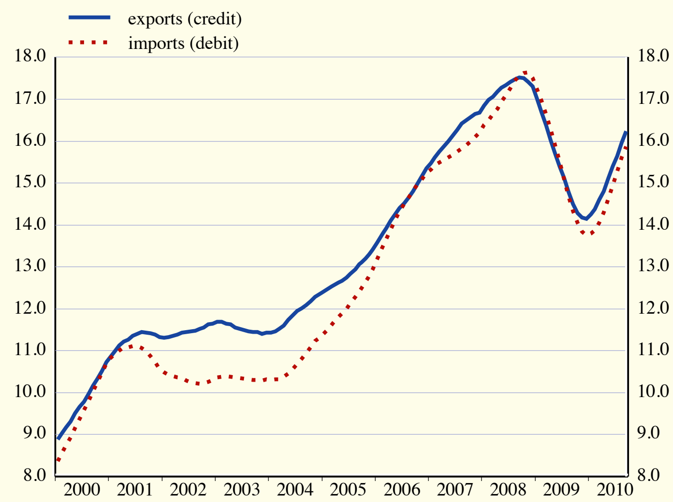
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

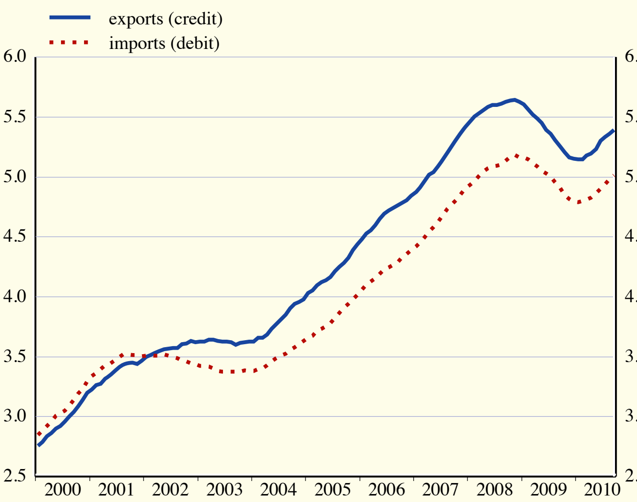
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remittances		Workers' remittances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2007	2,707.8	2,697.2	10.7	1,518.8	1,473.2	494.2	447.2	604.0	597.7	90.9	6.4	179.0	20.7	25.6	21.0
2008	2,728.6	2,862.5	-133.9	1,580.9	1,599.2	513.0	470.9	546.0	604.3	88.6	6.8	188.1	21.6	24.4	14.7
2009	2,259.1	2,308.9	-49.8	1,291.3	1,251.9	469.0	436.8	405.8	434.6	93.0	6.0	185.6	22.4	19.6	13.5
2009 Q3	555.2	555.6	-0.4	322.6	308.8	124.3	112.4	93.3	96.7	15.0	1.6	37.7	5.7	3.8	2.7
Q4	599.2	587.5	11.7	348.6	328.7	120.8	111.7	97.8	95.5	32.0	1.5	51.6	5.8	6.0	5.0
2010 Q1	580.0	601.8	-21.8	348.6	345.9	111.0	107.3	99.2	92.0	21.3	1.4	56.6	5.2	5.3	2.8
Q2	637.8	660.9	-23.1	386.4	382.5	127.2	115.3	106.8	124.8	17.4	1.6	38.3	5.3	5.1	3.2
Q3	645.6	662.0	-16.4	402.0	395.4	133.1	123.3	96.1	101.2	14.3	.	42.1	.	4.4	3.1
2010 July	223.2	219.8	3.4	140.0	132.4	45.7	41.7	32.7	33.4	4.8	.	12.3	.	2.4	0.9
Aug.	201.7	212.3	-10.6	122.6	126.8	43.8	41.1	30.6	30.3	4.8	.	14.1	.	1.1	0.9
Sep.	220.7	230.0	-9.2	139.5	136.1	43.6	40.5	32.9	37.6	4.7	.	15.7	.	0.8	1.3
	Seasonally adjusted														
2010 Q1	608.1	610.1	-1.9	365.0	349.7	121.9	113.4	102.5	100.2	18.7	.	46.8	.	.	.
Q2	636.8	646.6	-9.8	387.5	380.8	127.4	117.4	102.0	103.1	20.0	.	45.3	.	.	.
Q3	638.7	663.5	-24.8	392.9	389.1	123.7	117.9	100.4	107.9	21.7	.	48.7	.	.	.
2010 July	214.7	219.5	-4.8	131.6	129.9	41.6	39.4	34.2	35.0	7.2	.	15.2	.	.	.
Aug.	212.9	219.8	-6.9	131.0	130.8	41.0	39.2	33.2	34.5	7.7	.	15.3	.	.	.
Sep.	211.1	224.2	-13.1	130.2	128.4	41.1	39.2	32.9	38.4	6.9	.	18.2	.	.	.
	12-month cumulated transactions														
2010 Sep.	2,456.0	2,502.3	-46.3	1,479.1	1,445.7	491.0	456.8	400.0	412.6	85.8	.	187.2	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2010 Sep.	27.0	27.5	-0.5	16.2	15.9	5.4	5.0	4.4	4.5	0.9	.	2.1	.	.	.

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
2007	18.8	11.2	585.2	586.4	212.4	71.3	137.2	42.8	28.6	26.8	45.3	113.8	118.7	110.6	180.3	197.9
2008	19.1	11.8	526.9	592.5	155.5	12.6	127.1	27.0	30.7	25.9	43.2	120.5	125.0	123.7	172.5	195.2
2009	19.2	12.9	386.7	421.7	133.9	8.5	100.5	17.4	20.3	22.3	27.3	76.7	102.3	129.0	102.9	93.2
2009 Q2	4.7	2.9	102.7	133.4	36.1	-2.3	29.7	0.8	5.5	7.4	8.5	37.1	25.2	33.1	27.5	26.1
Q3	4.7	3.8	88.6	92.9	30.1	6.2	24.2	5.7	4.4	4.6	6.4	13.3	25.7	32.1	21.9	18.7
Q4	5.1	3.9	92.8	91.7	35.4	0.0	24.5	0.6	5.3	5.1	6.0	13.9	24.5	30.0	21.6	18.2
2010 Q1	4.9	2.2	94.3	89.8	39.0	-1.4	25.0	3.4	4.5	4.3	6.0	12.0	25.0	32.3	19.8	16.2
Q2	4.8	2.7	102.0	122.1	41.6	-5.7	28.6	-3.3	4.7	5.0	9.8	38.5	26.1	33.3	19.7	16.6

3. Geographical breakdown
(cumulated transactions)

2009 Q3 to 2010 Q2	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,372.2	814.3	45.8	72.0	393.2	245.2	58.2	41.4	31.1	101.1	33.1	49.0	76.3	176.2	317.6	732.1
Goods	1,406.2	458.6	28.2	46.1	193.6	190.5	0.2	23.2	16.7	82.9	24.6	31.4	54.9	88.9	164.2	460.7
Services	483.3	160.5	10.8	12.9	104.1	26.9	5.7	7.3	7.0	13.2	6.7	10.8	14.2	51.1	72.1	140.5
Income	397.1	133.7	6.1	11.8	83.9	24.4	7.6	10.4	6.6	4.8	1.7	6.5	6.8	28.8	76.4	121.3
Investment income	377.6	127.0	6.0	11.6	82.2	23.7	3.4	10.4	6.6	4.7	1.7	6.4	6.7	21.2	74.5	118.3
Current transfers	85.6	61.5	0.6	1.2	11.6	3.3	44.8	0.4	0.9	0.3	0.1	0.3	0.4	7.3	4.9	9.6
Capital account	20.3	17.0	0.0	0.0	0.9	0.3	15.7	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	2.3
	Debits															
Current account	2,405.8	762.3	40.3	67.3	334.2	222.8	97.7	-	25.6	-	-	85.8	-	160.3	314.6	-
Goods	1,365.9	389.3	26.3	40.4	147.0	175.6	0.0	22.1	10.8	170.0	20.1	44.9	94.4	75.9	119.4	418.9
Services	446.8	133.2	7.3	10.2	83.0	32.4	0.2	5.5	5.8	10.8	4.7	8.1	8.4	42.6	93.3	134.4
Income	409.0	128.5	6.0	15.6	91.2	10.5	5.3	-	7.2	-	-	32.4	-	35.2	95.6	-
Investment income	396.5	120.7	5.9	15.5	89.3	4.7	5.3	-	7.1	-	-	32.3	-	34.6	94.5	-
Current transfers	184.2	111.3	0.7	1.1	13.0	4.3	92.1	1.5	1.8	2.8	0.7	0.4	0.6	6.6	6.3	52.2
Capital account	13.7	2.4	0.1	0.1	0.9	0.2	1.0	0.2	0.1	0.1	0.1	0.1	0.1	0.5	1.2	9.0
	Net															
Current account	-33.6	52.1	5.5	4.7	59.0	22.4	-39.4	-	5.5	-	-	-36.8	-	15.9	2.9	-
Goods	40.3	69.3	1.9	5.7	46.6	15.0	0.2	1.1	5.8	-87.2	4.5	-13.5	-39.4	13.0	44.8	41.8
Services	36.5	27.2	3.5	2.7	21.1	-5.5	5.5	1.8	1.2	2.3	2.1	2.7	5.8	8.5	-21.2	6.1
Income	-12.0	5.2	0.2	-3.8	-7.3	14.0	2.2	-	-0.6	-	-	-25.9	-	-6.4	-19.2	-
Investment income	-18.8	6.3	0.2	-3.9	-7.1	18.9	-1.9	-	-0.5	-	-	-25.8	-	-13.3	-20.0	-
Current transfers	-98.5	-49.7	-0.1	0.1	-1.4	-1.0	-47.3	-1.1	-0.9	-2.6	-0.7	-0.1	-0.2	0.7	-1.5	-42.6
Capital account	6.6	14.6	-0.1	-0.1	0.0	0.1	14.7	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.8	-6.7

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2006	12,384.3	13,399.8	-1,015.5	144.7	156.5	-11.9	3,153.4	2,729.4	4,372.1	5,950.0	-20.8	4,553.8	4,720.4	325.8
2007	13,994.5	15,268.8	-1,274.3	155.2	169.3	-14.1	3,725.2	3,215.5	4,630.1	6,541.2	-28.9	5,321.0	5,512.2	347.2
2008	13,344.9	14,985.6	-1,640.7	144.3	162.1	-17.7	3,888.0	3,313.4	3,727.4	5,941.5	-29.8	5,385.1	5,730.6	374.2
2009	13,760.1	15,208.0	-1,447.8	153.6	169.8	-16.2	4,261.0	3,472.5	4,225.8	6,741.2	-45.4	4,856.4	4,994.2	462.4
2010 Q1	14,413.1	15,737.6	-1,324.6	160.4	175.2	-14.7	4,375.9	3,486.5	4,493.4	7,048.2	-39.0	5,084.1	5,202.9	498.7
Q2	14,932.8	16,055.1	-1,122.3	164.9	177.3	-12.4	4,525.2	3,520.8	4,614.0	7,138.5	-49.8	5,260.1	5,395.8	583.3
	Changes to outstanding amounts													
2006	1,545.8	1,845.7	-299.9	18.1	21.6	-3.5	362.6	285.1	484.6	892.2	0.6	692.3	668.4	5.7
2007	1,610.2	1,869.0	-258.8	17.9	20.7	-2.9	571.8	486.1	258.0	591.2	-8.2	767.2	791.8	21.4
2008	-649.6	-283.2	-366.4	-7.0	-3.1	-4.0	162.9	98.0	-902.7	-599.6	-0.9	64.1	218.5	27.0
2009	415.2	222.3	192.9	4.6	2.5	2.2	372.9	159.1	498.4	799.6	-15.6	-528.7	-736.4	88.2
2010 Q1	653.0	529.7	123.3	29.5	23.9	5.6	114.9	14.0	267.6	307.0	6.4	227.8	208.7	36.3
Q2	519.7	317.5	202.2	22.6	13.8	8.8	149.4	34.3	120.6	90.3	-10.8	176.0	192.9	84.7
	Transactions													
2006	1,728.6	1,719.1	9.4	20.2	20.1	0.1	417.6	257.4	519.8	708.5	0.6	789.3	753.2	1.3
2007	1,942.6	1,940.0	2.6	21.5	21.5	0.0	511.5	421.4	438.9	566.1	66.9	920.2	952.6	5.1
2008	407.8	524.7	-116.8	4.4	5.7	-1.3	333.7	93.4	-15.0	288.9	75.0	10.8	142.4	3.4
2009	-213.4	-182.3	-31.0	-2.4	-2.0	-0.3	288.3	213.8	78.6	343.4	-51.5	-524.2	-739.6	-4.6
2010 Q1	182.8	204.9	-22.1	8.3	9.3	-1.0	38.8	-1.5	61.0	77.6	-3.9	82.3	128.8	4.6
Q2	67.3	113.8	-46.5	2.9	4.9	-2.0	60.2	22.7	-16.3	85.4	-6.5	30.9	5.8	-1.0
Q3	93.9	121.8	-27.9	4.1	5.3	-1.2	28.2	7.0	59.2	70.3	-3.0	4.8	44.5	4.9
2010 May	106.1	131.0	-24.9	.	.	.	27.4	15.3	-19.2	43.8	0.4	97.5	71.9	0.1
June	-154.9	-149.8	-5.1	.	.	.	14.5	3.5	-5.9	-13.0	-6.5	-155.8	-140.3	-1.1
July	-13.5	-8.6	-4.8	.	.	.	8.4	7.9	21.3	4.4	-1.0	-45.3	-20.9	3.1
Aug.	115.3	125.7	-10.4	.	.	.	15.9	4.8	22.7	34.3	-3.9	79.1	86.6	1.6
Sep.	-7.9	4.8	-12.6	.	.	.	3.9	-5.7	15.1	31.7	1.9	-29.0	-21.3	0.2
	Other changes													
2006	-182.7	126.6	-309.3	-2.1	1.5	-3.6	-55.0	27.7	-35.2	183.7	0.0	-97.0	-84.8	4.4
2007	-332.4	-71.0	-261.4	-3.7	-0.8	-2.9	60.3	64.7	-180.9	25.1	-75.1	-153.0	-160.8	16.3
2008	-1,057.4	-807.8	-249.6	-11.4	-8.7	-2.7	-170.8	4.6	-887.8	-888.5	-75.8	53.3	76.0	23.7
2009	628.6	404.7	223.9	7.0	4.5	2.5	84.7	-54.7	419.8	456.2	35.9	-4.5	3.2	92.7
	Other changes due to exchange rate changes													
2006	-343.3	-228.5	-114.8	-4.0	-2.7	-1.3	-72.1	-4.2	-151.6	-101.1	.	-105.7	-123.2	-13.9
2007	-521.9	-339.5	-182.4	-5.8	-3.8	-2.0	-104.1	-17.1	-217.4	-146.9	.	-186.7	-175.5	-13.7
2008	-39.4	55.1	-94.5	-0.4	0.6	-1.0	-20.1	-9.6	6.8	47.4	.	-35.4	17.3	9.2
2009	-45.8	-49.7	3.9	-0.5	-0.6	0.0	-4.8	1.7	-28.4	-27.5	.	-10.1	-23.9	-2.5
	Other changes due to price changes													
2006	288.6	298.4	-9.8	3.4	3.5	-0.1	45.4	33.5	226.0	264.9	0.0	.	.	17.1
2007	78.7	113.4	-34.7	0.9	1.3	-0.4	45.2	5.8	77.3	107.6	-75.1	.	.	31.3
2008	-1,021.5	-1,018.4	-3.1	-11.0	-11.0	0.0	-154.5	-94.8	-812.8	-923.6	-75.8	.	.	21.5
2009	622.1	494.0	128.1	6.9	5.5	1.4	137.9	44.5	402.2	449.5	35.9	.	.	46.1
	Other changes due to other adjustments													
2006	-128.1	56.7	-184.7	-1.5	0.7	-2.2	-28.3	-1.6	-109.6	19.8	.	8.7	38.4	1.2
2007	110.8	155.1	-44.3	1.2	1.7	-0.5	119.2	76.0	-40.8	64.4	.	33.7	14.7	-1.3
2008	3.5	155.5	-152.0	0.0	1.7	-1.6	3.8	109.0	-81.8	-12.3	.	88.7	58.8	-7.1
2009	52.3	-39.6	91.9	0.6	-0.4	1.0	-48.5	-100.9	46.0	34.3	.	5.6	27.0	49.2
	Growth rates of outstanding amounts													
2006	16.1	14.8	-	.	.	.	15.0	10.5	13.6	13.7	.	20.5	18.7	0.3
2007	15.6	14.3	-	.	.	.	15.8	15.1	10.0	9.4	.	20.3	20.2	1.6
2008	2.9	3.4	-	.	.	.	9.1	2.9	-0.6	4.6	.	0.2	2.7	1.0
2009	-1.6	-1.2	-	.	.	.	7.4	6.6	2.0	5.8	.	-9.7	-12.8	-1.2
2010 Q1	1.1	1.1	-	.	.	.	5.7	5.5	4.6	6.2	.	-4.2	-7.0	1.3
Q2	2.2	2.2	-	.	.	.	5.2	3.6	3.4	5.3	.	-0.5	-2.3	0.7
Q3	2.8	3.1	.	.	.	.	4.1	2.6	3.2	4.4	.	1.7	1.6	1.6

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

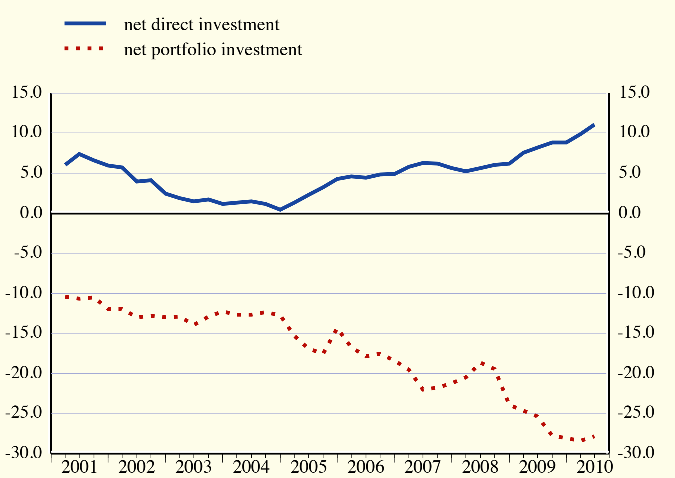
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		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)													
2008	3,888.0	3,015.7	213.1	2,802.6	872.3	13.0	859.4	3,313.4	2,354.7	64.5	2,290.1	958.8	18.3	940.4
2009	4,261.0	3,290.8	227.5	3,063.3	970.2	14.4	955.8	3,472.5	2,526.0	76.3	2,449.7	946.6	17.8	928.8
2010 Q1	4,375.9	3,380.3	243.3	3,137.0	995.6	15.1	980.5	3,486.5	2,611.7	80.4	2,531.2	874.8	17.8	857.1
Q2	4,525.2	3,477.8	255.2	3,222.6	1,047.5	16.5	1,031.0	3,520.8	2,629.5	80.3	2,549.2	891.3	16.1	875.2
	Transactions													
2007	511.5	388.8	18.9	369.8	122.8	-0.1	122.9	421.4	314.6	5.3	309.3	106.8	1.4	105.4
2008	333.7	214.3	20.4	193.9	119.4	-0.3	119.7	93.4	70.0	-1.2	71.2	23.4	1.6	21.8
2009	288.3	215.7	15.4	200.3	72.6	3.4	69.2	213.8	214.9	7.4	207.5	-1.1	-0.6	-0.5
2010 Q1	38.8	8.8	6.1	2.7	30.0	0.2	29.7	-1.5	60.7	1.5	59.2	-62.2	-0.2	-62.0
Q2	60.2	17.4	-0.7	18.0	42.9	0.5	42.4	22.7	11.7	2.2	9.5	11.0	-2.4	13.4
Q3	28.2	26.8	1.2	25.7	1.4	0.3	1.1	7.0	-1.8	1.5	-3.3	8.8	-0.3	9.1
2010 May	27.4	11.8	-1.5	13.4	15.5	0.2	15.3	15.3	3.4	0.8	2.6	11.9	-1.6	13.5
June	14.5	-1.9	0.1	-2.0	16.4	0.0	16.5	3.5	2.4	0.9	1.5	1.1	-2.2	3.3
July	8.4	7.8	0.3	7.5	0.6	0.2	0.4	7.9	6.8	1.0	5.7	1.1	-0.8	1.9
Aug.	15.9	20.7	0.5	20.2	-4.8	-0.1	-4.8	4.8	4.6	0.1	4.5	0.2	0.8	-0.6
Sep.	3.9	-1.7	0.4	-2.0	5.6	0.1	5.5	-5.7	-13.2	0.4	-13.6	7.6	-0.3	7.9
	Growth rates													
2008	9.1	7.3	9.1	7.2	15.9	-1.0	16.2	2.9	2.9	-1.7	3.1	2.9	9.2	2.8
2009	7.4	7.1	7.3	7.1	8.3	26.3	8.1	6.6	9.3	11.3	9.2	-0.1	-3.2	-0.1
2010 Q1	5.7	5.9	5.3	6.0	5.1	20.1	4.8	5.5	10.3	11.7	10.3	-6.7	-4.9	-6.8
Q2	5.2	3.9	1.9	4.1	9.3	19.0	9.1	3.6	7.3	12.6	7.2	-5.9	-19.3	-5.6
Q3	4.1	3.3	2.8	3.3	6.9	18.9	6.7	2.6	5.7	10.9	5.6	-5.5	-16.1	-5.3

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.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2008	3,727.4	1,128.6	68.4	3.0	1,060.1	27.1	2,164.2	965.0	20.0	1,199.2	18.4	434.6	358.0	61.6	76.6	1.3
2009	4,225.8	1,488.5	76.2	3.4	1,412.3	34.4	2,339.3	917.5	17.0	1,421.8	36.4	398.0	327.2	44.9	70.8	2.0
2010 Q1	4,493.4	1,641.9	90.7	3.6	1,551.2	39.1	2,439.3	934.8	17.3	1,504.5	36.4	412.3	342.0	41.0	70.3	0.6
Q2	4,614.0	1,648.2	80.4	3.5	1,567.8	43.6	2,538.5	931.2	16.9	1,607.3	45.9	427.3	336.4	43.6	90.9	0.3
	Transactions															
2007	438.9	62.5	26.7	0.0	35.7	8.2	293.2	148.0	4.9	145.2	3.3	83.3	63.4	26.3	19.8	0.8
2008	-15.0	-106.5	-36.0	0.6	-70.5	-0.2	81.2	40.9	3.2	40.3	2.6	10.3	35.1	15.1	-24.8	0.4
2009	78.6	45.5	-3.6	-0.2	49.1	1.5	24.7	-99.9	-3.4	124.7	17.6	8.4	11.7	-12.7	-3.3	1.0
2010 Q1	61.0	36.4	9.5	0.0	26.8	1.0	46.5	3.2	0.2	43.3	-1.6	-21.9	-19.1	-6.1	-2.8	-1.5
Q2	-16.3	-7.9	-5.9	-0.2	-2.0	2.7	-2.5	-36.4	-0.7	33.8	0.6	-5.9	-17.1	-2.6	11.2	-0.3
Q3	59.2	9.1	-0.9	0.0	10.0	.	4.0	-36.9	1.2	40.9	.	46.1	47.1	6.2	-1.0	.
2010 May	-19.2	-13.1	-2.0	0.0	-11.1	.	-6.9	-23.3	1.2	16.4	.	0.8	-5.2	2.8	6.0	.
June	-5.9	3.0	-2.6	0.0	5.6	.	0.0	-9.4	-2.7	9.4	.	-9.0	-7.8	-6.1	-1.2	.
July	21.3	-1.7	-4.0	0.0	2.3	.	-2.7	-14.1	-0.4	11.4	.	25.8	13.8	-3.6	12.0	.
Aug.	22.7	-0.1	-2.2	0.0	2.1	.	13.8	-1.5	0.8	15.3	.	9.0	24.2	4.9	-15.2	.
Sep.	15.1	10.9	5.3	0.0	5.6	.	-7.1	-21.4	0.7	14.3	.	11.3	9.1	4.9	2.3	.
	Growth rates															
2008	-0.6	-6.4	-27.8	24.6	-4.8	-0.4	3.6	4.2	20.3	3.1	15.7	2.8	12.0	41.9	-27.7	71.1
2009	2.0	3.3	-5.6	-7.2	3.8	5.4	1.0	-10.2	-17.1	10.2	95.3	1.4	2.6	-22.0	-4.5	73.1
2010 Q1	4.6	9.2	19.1	-7.0	8.7	7.0	4.4	-5.5	-5.1	12.0	-10.5	-9.3	-9.1	-32.1	-10.5	-67.0
Q2	3.4	8.3	11.3	-10.9	8.1	12.3	4.3	-6.1	-10.0	11.5	-8.6	-14.8	-17.5	-34.3	-2.2	-81.5
Q3	3.2	5.1	3.8	-12.1	5.2	.	2.9	-9.2	0.4	11.0	.	-1.8	-3.7	-4.6	8.3	.

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)											
2008	5,941.5	2,186.0	616.9	1,569.1	3,373.3	1,198.2	2,175.1	1,428.2	382.3	62.0	320.3	271.7
2009	6,741.2	2,752.2	686.6	2,065.6	3,461.6	1,132.1	2,329.5	1,478.0	527.3	67.8	459.5	425.0
2010 Q1	7,048.2	2,829.3	665.4	2,163.9	3,683.2	1,160.2	2,522.9	1,617.8	535.8	99.0	436.8	395.8
Q2	7,138.5	2,781.1	682.3	2,098.8	3,857.3	1,176.8	2,680.6	1,748.3	500.1	79.7	420.4	380.8
	Transactions											
2007	566.1	164.4	34.0	130.4	341.1	154.4	186.7	126.5	60.5	52.1	8.4	20.8
2008	288.9	-101.1	84.4	-185.6	209.2	7.3	202.0	185.6	180.7	-33.4	214.1	191.4
2009	343.4	82.7	3.6	79.0	141.8	6.0	135.8	98.0	119.0	-14.9	133.8	157.5
2010 Q1	77.6	0.3	-16.7	17.0	70.4	14.7	55.7	82.0	6.9	37.0	-30.1	-21.3
Q2	85.4	3.8	2.0	1.7	90.4	-7.0	97.4	103.6	-8.8	-9.4	0.6	-6.8
Q3	70.3	30.6	16.9	13.8	-19.1	9.3	-28.4	.	58.7	19.7	39.0	.
2010 May	43.8	-10.8	-9.6	-1.2	40.2	-8.7	48.9	.	14.3	0.7	13.7	.
June	-13.0	22.5	13.9	8.5	-0.7	-11.6	10.8	.	-34.7	-14.8	-19.9	.
July	4.4	4.9	5.3	-0.3	-37.2	-7.8	-29.5	.	36.7	13.9	22.8	.
Aug.	34.3	25.4	17.0	8.5	-8.5	13.0	-21.5	.	17.3	-4.6	21.9	.
Sep.	31.7	0.3	-5.4	5.6	26.7	4.1	22.6	.	4.7	10.5	-5.7	.
	Growth rates											
2008	4.6	-4.2	14.9	-8.6	7.0	0.7	11.0	16.8	75.6	-24.9	207.5	255.5
2009	5.8	3.6	0.6	4.7	4.2	0.5	6.2	6.9	31.2	-32.0	41.6	58.2
2010 Q1	6.2	6.1	-2.3	9.4	4.2	2.9	4.8	9.9	25.5	75.5	15.2	23.3
Q2	5.3	4.5	-2.1	7.0	5.1	1.9	6.5	12.4	13.5	73.0	4.6	9.1
Q3	4.4	2.5	-0.8	3.6	4.4	1.8	5.7	.	15.5	145.5	2.7	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2008	5,385.1	28.8	27.7	1.0	3,273.5	3,214.3	59.2	90.7	12.3	42.6	8.8	1,992.1	188.5	1,610.1	432.1
2009	4,856.4	29.7	29.4	0.3	2,837.3	2,806.8	30.5	109.0	8.4	63.6	11.3	1,880.4	192.0	1,504.1	398.5
2010 Q1	5,084.1	24.1	23.8	0.3	2,971.9	2,938.2	33.7	106.6	8.4	59.6	7.8	1,981.4	196.5	1,576.6	413.2
Q2	5,260.1	24.3	24.0	0.3	3,079.5	3,045.1	34.3	114.4	8.6	65.7	13.0	2,041.9	209.3	1,622.9	439.8
	Transactions														
2007	920.2	22.0	22.0	0.0	538.1	530.9	7.2	-7.8	-1.4	-7.4	-5.5	367.9	14.0	340.8	64.7
2008	10.8	-9.3	-9.3	0.0	-42.1	-58.7	16.6	-5.7	-1.1	-6.0	-4.8	67.9	0.2	62.1	-61.7
2009	-524.2	-0.3	-0.3	0.0	-421.6	-401.2	-20.5	10.9	-0.4	9.5	1.3	-113.2	-1.4	-115.6	-55.7
2010 Q1	82.3	-7.0	-7.0	0.0	55.7	52.6	3.2	-6.9	-0.1	-7.7	-3.7	40.5	1.7	26.5	1.3
Q2	30.9	-3.4	-3.4	0.0	2.4	-5.0	7.4	5.7	0.0	5.5	5.2	26.1	9.4	18.8	6.6
Q3	4.8	1.6	.	.	-17.0	.	.	5.0	.	.	-2.0	15.1	.	.	12.8
2010 May	97.5	-3.9	.	.	72.7	.	.	0.2	.	.	0.0	28.5	.	.	6.5
June	-155.8	-0.6	.	.	-140.3	.	.	0.4	.	.	0.2	-15.3	.	.	-13.5
July	-45.3	2.0	.	.	-51.0	.	.	6.3	.	.	-1.5	-2.7	.	.	-0.4
Aug.	79.1	-0.9	.	.	71.6	.	.	0.6	.	.	1.0	7.9	.	.	16.3
Sep.	-29.0	0.5	.	.	-37.6	.	.	-1.8	.	.	-1.5	9.9	.	.	-3.0
	Growth rates														
2008	0.2	-26.0	-26.7	5.0	-1.3	-1.8	23.5	-6.1	-8.9	-12.3	-35.2	3.7	0.1	4.2	-14.0
2009	-9.7	-1.8	-2.7	0.2	-12.8	-12.4	-36.9	11.4	-3.4	19.5	12.9	-5.7	-0.8	-7.3	-13.3
2010 Q1	-4.2	-2.5	-2.5	1.6	-4.0	-3.6	-27.8	-2.6	-3.8	-7.8	-62.2	-4.6	1.9	-6.9	-14.7
Q2	-0.5	-36.7	-37.0	-2.5	-1.0	-1.2	17.7	6.5	-3.9	10.4	-13.6	0.5	5.5	-0.6	-8.2
Q3	1.7	-13.2	.	.	1.2	.	.	9.6	.	.	5.1	2.4	.	.	-3.0

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)														
2008	5,730.6	497.5	497.2	0.3	3,756.8	3,702.9	53.9	62.0	0.0	58.0	4.0	1,414.3	177.8	1,058.0	178.5
2009	4,994.2	267.2	266.8	0.3	3,392.6	3,354.1	38.5	71.1	0.0	67.1	4.0	1,263.3	175.0	909.9	178.5
2010 Q1	5,202.9	267.1	266.4	0.8	3,578.2	3,534.8	43.4	77.5	0.0	72.9	4.6	1,280.1	177.4	911.3	191.4
Q2	5,395.8	275.6	274.9	0.7	3,718.2	3,669.2	49.0	86.3	0.0	81.1	5.1	1,315.7	186.8	946.9	182.0
	Transactions														
2007	952.6	90.4	90.4	0.0	621.3	616.6	4.6	-0.9	0.0	-2.0	1.1	241.8	10.0	232.9	-1.0
2008	142.4	282.3	282.2	0.1	-174.9	-186.1	11.2	9.4	0.0	10.8	-1.4	25.6	9.5	16.1	-0.1
2009	-739.6	-232.5	-232.6	0.2	-353.5	-342.1	-11.3	11.4	0.0	11.6	-0.1	-165.1	-2.3	-147.9	-14.9
2010 Q1	128.8	-5.3	-5.7	0.4	104.1	99.2	4.9	4.5	0.0	4.9	-0.4	25.5	-0.4	17.0	8.9
Q2	5.8	-0.3	-0.3	0.0	-12.8	-14.1	1.3	8.8	0.0	7.8	1.0	10.0	8.0	2.9	-0.9
Q3	44.5	-2.6	.	.	2.6	.	.	5.1	.	.	.	39.4	.	.	.
2010 May	71.9	9.7	.	.	40.1	.	.	6.9	.	.	.	15.3	.	.	.
June	-140.3	-12.1	.	.	-140.8	.	.	0.2	.	.	.	12.3	.	.	.
July	-20.9	-1.1	.	.	-32.7	.	.	1.0	.	.	.	11.9	.	.	.
Aug.	86.6	-2.3	.	.	73.0	.	.	0.7	.	.	.	15.2	.	.	.
Sep.	-21.3	0.8	.	.	-37.7	.	.	3.4	.	.	.	12.3	.	.	.
	Growth rates														
2008	2.7	132.9	133.0	20.8	-4.4	-4.7	17.9	18.1	-17.8	23.0	-24.7	1.9	5.6	1.6	-0.7
2009	-12.8	-46.5	-46.6	42.3	-9.4	-9.2	-20.3	18.3	-148.2	19.7	-3.9	-11.5	-1.3	-13.8	-7.9
2010 Q1	-7.0	-37.0	-37.1	81.0	-3.7	-3.6	-8.2	-3.7	-141.7	-4.4	11.8	-7.1	0.1	-9.2	-2.0
Q2	-2.3	-19.5	-19.6	106.2	-1.9	-2.1	20.1	11.8	-143.4	11.5	13.6	0.1	4.1	-0.1	-2.8
Q3	1.6	-7.6	.	.	0.3	.	.	17.7	.	.	.	6.5	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets

	Reserve assets														Memo items		
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange								Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allocations
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities				Financial derivatives				
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2007	347.2	201.0	353.688	4.6	3.6	138.0	7.2	22.0	108.5	0.4	87.8	20.3	0.3	0.0	44.3	-38.5	5.3
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.1	129.5	0.6	111.3	17.6	0.0	0.0	262.8	-245.7	5.5
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010 Q1	498.7	287.3	347.176	52.7	12.4	146.3	9.9	10.6	126.1	0.6	99.6	26.0	-0.3	0.0	28.8	-23.0	53.0
Q2	583.3	351.9	347.156	56.3	16.3	158.8	9.2	13.0	136.8	0.6	110.8	25.5	-0.2	0.0	32.7	-24.2	56.7
2010 Sep.	552.2	332.3	346.994	53.3	15.3	151.3	7.9	15.7	127.2	-	-	-	0.4	0.0	26.2	-22.6	53.7
Oct.	555.6	337.2	346.994	53.0	15.1	150.3	5.9	19.0	125.0	-	-	-	0.3	0.0	25.9	-23.7	53.4
	Transactions																
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-	-
2008	3.4	-2.7	-	-0.1	3.8	2.4	5.0	-15.7	11.8	0.1	15.8	-4.1	1.3	0.0	-	-	-
2009	-4.6	-2.0	-	0.5	3.4	-6.4	3.1	-1.2	-9.5	0.0	-14.1	4.6	1.2	0.0	-	-	-
2010 Q1	4.6	0.0	-	-0.2	1.8	3.1	-2.5	2.0	3.6	0.0	1.9	1.7	-0.1	0.0	-	-	-
Q2	-1.0	0.0	-	0.1	3.0	-4.0	-2.0	1.3	-3.2	0.0	0.0	-3.1	-0.1	0.0	-	-	-
Q3	4.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2006	0.3	-2.4	-	11.6	-49.0	7.7	-48.4	12.7	13.4	0.0	29.2	-15.3	-	-	-	-	-
2007	1.6	-1.7	-	7.3	-18.3	6.3	14.9	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.0	-1.3	-	-2.5	105.4	1.7	67.7	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2010 Q1	1.3	-0.5	-	-3.8	51.8	1.8	-14.0	148.1	-1.6	1.0	-5.3	15.7	-	-	-	-	-
Q2	0.7	-0.1	-	8.1	34.9	-0.7	-28.0	56.1	-1.7	-6.1	-3.6	8.2	-	-	-	-	-
Q3	1.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Gross external debt

	Total	By instrument						By sector (excluding direct investment)			
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2006	8,683.9	4,425.5	217.5	2,697.9	144.1	150.8	1,048.0	1,115.2	116.3	4,586.8	1,817.5
2007	9,997.1	5,150.5	242.0	2,997.1	172.3	189.4	1,245.8	1,238.2	215.4	5,222.1	2,075.7
2008	10,924.1	5,316.1	382.3	3,373.3	177.8	236.7	1,437.9	1,762.0	497.5	5,017.0	2,209.7
2009 Q4	10,422.5	4,597.9	527.3	3,461.6	175.0	221.3	1,439.3	1,974.1	267.2	4,592.6	2,149.3
2010 Q1	10,808.7	4,785.3	535.8	3,683.2	177.4	240.2	1,386.9	2,091.1	267.1	4,837.4	2,226.2
Q2	11,181.2	4,972.1	500.1	3,857.3	186.8	236.9	1,427.9	2,215.3	275.6	4,974.7	2,287.7
	Outstanding amounts as a percentage of GDP										
2006	101.4	51.7	2.5	31.5	1.7	1.8	12.2	13.0	1.4	53.6	21.2
2007	110.8	57.1	2.7	33.2	1.9	2.1	13.8	13.7	2.4	57.9	23.0
2008	118.2	57.5	4.1	36.5	1.9	2.6	15.6	19.1	5.4	54.3	23.9
2009 Q4	116.4	51.4	5.9	38.7	2.0	2.5	16.1	22.1	3.0	51.3	24.0
2010 Q1	120.4	53.3	6.0	41.0	2.0	2.7	15.4	23.3	3.0	53.9	24.8
Q2	123.7	55.0	5.5	42.7	2.1	2.6	15.8	24.5	3.0	55.0	25.3

Source: ECB.

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

9. Geographical breakdown

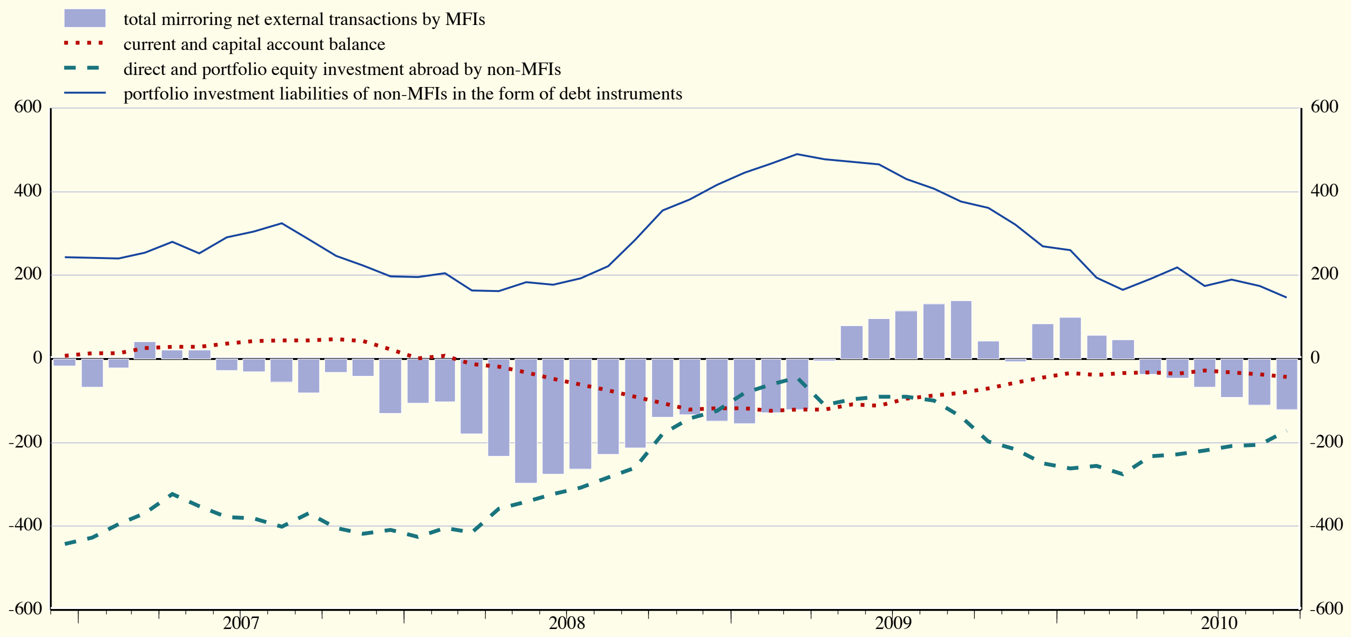
	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	Outstanding amounts (international investment position)														
Direct investment	788.4	120.6	2.5	-13.0	-125.4	256.8	-0.3	45.7	44.2	-28.9	129.8	-42.0	77.7	-0.3	441.6
Abroad	4,261.0	1,427.8	34.5	123.7	988.9	280.7	0.0	119.6	48.3	77.7	423.5	784.3	540.9	0.0	838.9
Equity/reinvested earnings	3,290.8	1,073.9	29.1	79.8	735.3	229.7	0.0	95.2	39.1	58.9	349.5	559.7	484.7	0.0	629.9
Other capital	970.2	353.9	5.3	43.9	253.6	51.0	0.0	24.4	9.1	18.8	74.1	224.6	56.2	0.0	209.1
In the euro area	3,472.5	1,307.2	32.0	136.7	1,114.3	23.9	0.3	73.9	4.1	106.6	293.7	826.3	463.2	0.4	397.3
Equity/reinvested earnings	2,526.0	1,073.2	22.6	120.9	922.4	7.1	0.3	60.9	1.1	85.5	200.9	613.2	245.2	0.2	245.8
Other capital	946.6	234.0	9.4	15.8	191.9	16.8	0.1	13.0	3.0	21.1	92.8	213.1	218.0	0.2	151.4
Portfolio investment assets	4,225.8	1,424.6	79.0	156.4	1,000.8	89.3	99.2	95.4	47.5	181.9	107.0	1,349.1	434.1	29.3	556.8
Equity	1,488.5	296.9	8.8	28.8	245.2	13.4	0.6	28.6	45.3	85.7	92.4	468.9	193.3	1.5	275.8
Debt instruments	2,737.3	1,127.7	70.2	127.6	755.5	75.9	98.5	66.8	2.2	96.2	14.6	880.1	240.8	27.8	281.1
Bonds and notes	2,339.3	979.0	62.9	108.0	635.5	74.2	98.4	63.3	1.5	38.1	10.6	739.5	225.5	27.2	254.7
Money market instruments	398.0	148.7	7.3	19.6	120.0	1.7	0.1	3.5	0.7	58.1	4.0	140.7	15.4	0.6	26.3
Other investment	-137.9	-104.4	50.0	11.4	-96.8	89.8	-159.0	0.2	-8.7	17.0	-118.6	-106.5	-3.8	14.1	172.8
Assets	4,856.4	2,247.1	108.6	84.7	1,847.0	190.5	16.3	26.8	31.5	95.0	238.7	687.1	599.3	61.3	869.6
General government	109.0	23.1	0.1	5.4	6.8	0.2	10.4	0.0	3.1	0.2	0.2	3.5	1.9	27.3	49.7
MFIs	2,867.0	1,540.4	90.9	50.5	1,240.1	156.3	2.6	15.2	9.3	64.4	125.5	352.9	329.8	20.4	409.3
Other sectors	1,880.4	683.6	17.5	28.8	600.1	34.0	3.3	11.5	19.1	30.4	113.1	330.8	267.6	13.6	410.6
Liabilities	4,994.2	2,351.5	58.6	73.3	1,943.8	100.7	175.2	26.5	40.3	78.0	357.2	793.6	603.1	47.1	696.8
General government	71.1	28.8	0.1	0.4	4.4	0.1	23.9	0.1	0.1	0.5	0.2	22.1	0.3	16.9	2.2
MFIs	3,659.8	1,746.1	47.2	39.7	1,486.2	76.5	96.6	19.4	19.1	45.6	270.3	500.1	498.5	27.6	533.1
Other sectors	1,263.3	576.5	11.2	33.2	453.2	24.1	54.8	7.1	21.2	32.0	86.7	271.3	104.3	2.6	161.6
2009 Q3 to 2010 Q2	Cumulated transactions														
Direct investment	92.0	3.0	0.4	-2.0	-9.5	14.1	0.0	3.3	4.6	-0.1	15.8	44.5	7.7	-0.2	13.4
Abroad	213.0	48.6	2.5	5.2	25.6	15.3	0.0	9.3	4.0	-1.4	29.9	54.5	14.3	0.0	53.9
Equity/reinvested earnings	125.4	28.1	1.5	3.7	10.0	12.9	0.0	9.4	0.4	-1.4	8.6	44.8	2.5	0.0	32.9
Other capital	87.6	20.4	1.0	1.5	15.5	2.4	0.0	-0.1	3.5	-0.1	21.2	9.7	11.8	0.0	21.0
In the euro area	121.1	45.5	2.1	7.2	35.1	1.2	0.0	6.1	-0.6	-1.3	14.1	10.0	6.6	0.2	40.5
Equity/reinvested earnings	176.8	34.7	1.4	11.9	25.2	-3.7	0.0	5.9	0.2	2.6	13.3	42.7	54.8	0.2	22.4
Other capital	-55.7	10.8	0.7	-4.7	10.0	4.9	0.0	0.1	-0.8	-3.9	0.7	-32.6	-48.2	0.0	18.1
Portfolio investment assets	135.4	49.0	8.7	15.5	-4.4	13.5	15.7	-4.3	6.4	-20.2	5.0	5.6	-7.2	-3.5	104.6
Equity	105.2	20.9	1.6	3.2	15.0	0.8	0.2	1.6	6.3	7.1	5.3	21.9	6.6	0.1	35.5
Debt instruments	30.2	28.1	7.2	12.3	-19.4	12.6	15.5	-5.9	0.0	-27.3	-0.3	-16.3	-13.8	-3.6	69.1
Bonds and notes	95.8	60.4	5.6	15.6	11.8	11.8	15.6	-2.9	-0.1	-11.7	0.8	-5.8	-4.3	-3.1	62.5
Money market instruments	-65.6	-32.3	1.5	-3.3	-31.2	0.8	-0.1	-2.9	0.2	-15.6	-1.1	-10.5	-9.5	-0.5	6.6
Other investment	97.6	-46.9	-11.3	-9.2	-4.4	-17.4	-4.5	3.4	14.7	-11.5	44.0	90.9	55.6	-11.3	-41.3
Assets	-23.2	-7.5	-5.2	2.3	0.9	-7.0	1.6	-1.5	6.0	-8.9	-30.6	-12.8	36.6	-3.2	-1.3
General government	6.8	5.6	-0.2	5.3	0.5	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.1	0.0	0.7	0.8
MFIs	-41.5	2.6	-7.2	-6.0	20.8	-5.8	0.7	-0.5	3.1	-10.8	-7.3	-14.7	2.8	-3.9	-12.7
Other sectors	11.5	-15.7	2.2	3.0	-20.5	-1.3	0.8	-1.0	3.0	2.0	-23.3	2.1	33.8	0.0	10.6
Liabilities	-120.8	39.4	6.1	11.4	5.3	10.4	6.1	-4.9	-8.7	2.7	-74.7	-103.6	-19.0	8.1	40.0
General government	9.1	5.8	0.1	0.0	3.9	0.0	1.9	0.1	0.0	-0.1	0.1	-2.2	0.0	5.4	-0.1
MFIs	-131.0	51.4	6.5	8.9	29.6	7.8	-1.4	-0.9	-10.2	1.7	-79.1	-108.4	-21.8	2.5	33.9
Other sectors	1.1	-17.9	-0.5	2.6	-28.2	2.6	5.7	-4.1	1.6	1.1	4.3	7.0	2.9	0.1	6.1

Source: ECB.

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

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2007	-130.1	22.3	-494.4	413.7	-36.6	-165.1	131.1	197.5	-360.3	240.8	-67.2	-11.9
2008	-148.2	-117.1	-314.1	92.7	70.4	-15.0	-185.8	416.7	-62.9	35.5	-74.9	6.3
2009	84.8	-43.7	-269.5	207.0	-49.1	-121.4	79.0	269.6	102.3	-153.6	51.5	12.6
2009 Q3	6.8	0.8	-66.7	39.0	-38.0	-30.5	62.2	38.4	19.1	-40.7	2.0	21.4
Q4	42.1	12.7	-46.7	56.9	-34.9	-35.6	38.8	13.0	28.1	2.0	8.6	-0.7
2010 Q1	-81.8	-19.3	-32.5	-2.8	-26.8	-40.5	17.0	25.6	-33.6	30.0	3.9	-2.8
Q2	-33.8	-21.3	-60.4	22.9	2.0	-45.0	1.7	98.0	-31.8	18.9	6.5	-25.2
Q3	-47.0	-15.1	-26.7	5.8	-10.0	-39.9	13.8	10.6	-20.1	44.5	3.0	-12.8
2009 Sep.	-6.1	-4.2	-40.7	1.9	-6.3	1.9	14.2	44.0	0.0	-20.5	3.2	0.5
Oct.	13.7	0.3	-15.3	23.5	-13.3	-6.8	-22.3	44.3	-26.6	32.9	1.7	-4.6
Nov.	-10.6	0.3	-14.9	12.3	-7.6	-15.0	0.9	10.0	4.5	4.3	0.8	-6.3
Dec.	39.0	12.2	-16.4	21.1	-14.1	-13.8	60.2	-41.3	50.1	-35.2	6.1	10.2
2010 Jan.	-28.3	-12.1	-6.4	3.4	-11.5	-11.1	-3.0	29.7	-9.1	-2.0	3.9	-10.1
Feb.	-11.9	-6.4	3.7	-7.3	-1.3	-5.2	17.9	-11.1	-13.9	4.5	0.3	6.9
Mar.	-41.6	-0.8	-29.8	1.2	-14.0	-24.2	2.2	6.9	-10.7	27.5	-0.3	0.4
Apr.	-44.4	-6.8	-17.3	1.9	-3.5	-14.4	-5.6	44.5	-18.0	-15.8	0.3	-9.7
May	5.7	-15.5	-28.7	16.1	11.1	-22.4	-1.2	62.6	-28.7	22.1	-0.4	-9.3
June	5.0	1.1	-14.4	4.9	-5.6	-8.2	8.5	-9.1	14.9	12.5	6.5	-6.2
July	-27.4	4.9	-7.9	7.6	-2.3	-23.3	-0.3	-6.7	-3.6	13.0	1.0	-9.8
Aug.	-3.8	-10.3	-15.4	3.9	-2.1	0.0	8.5	0.4	-8.4	15.9	3.9	-0.1
Sep.	-15.8	-9.7	-3.4	-5.7	-5.6	-16.6	5.6	16.8	-8.1	15.6	-1.9	-2.9
	12-month cumulated transactions											
2010 Sep.	-120.5	-43.0	-166.3	82.8	-69.8	-161.1	71.3	147.1	-57.5	95.4	22.0	-41.5

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



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

7.5 Trade in goods

1. Values and volumes by product group [1)]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2008	3.9	8.2	1,561.6	771.1	337.9	413.9	1,303.8	1,610.3	1,019.2	232.9	333.9	1,021.7	293.6
2009	-18.1	-22.1	1,276.8	627.1	264.1	354.9	1,062.5	1,259.6	727.7	193.6	315.4	838.3	175.1
2009 Q4	-9.3	-14.4	328.4	163.6	66.8	91.8	273.6	321.6	189.8	48.3	78.5	212.3	49.3
2010 Q1	12.9	9.5	354.7	176.2	68.9	98.7	292.6	350.8	209.7	52.3	81.8	232.5	53.1
Q2	22.3	27.2	377.6	188.4	75.7	103.6	315.7	381.7	231.9	56.0	84.9	251.6	59.3
Q3	22.6	26.1	394.4	.	.	.	328.1	393.7	.	.	.	260.7	.
2010 Apr.	17.1	19.9	122.1	61.3	23.6	33.6	100.9	122.0	74.0	17.5	27.3	79.8	19.2
May	22.9	29.7	124.3	61.5	25.1	34.2	104.1	127.1	77.1	18.2	28.5	83.3	20.3
June	26.6	32.0	131.2	65.6	27.0	35.8	110.7	132.6	80.9	20.3	29.1	88.5	19.8
July	17.3	25.6	130.7	65.0	26.1	35.7	109.1	130.8	79.3	20.1	28.9	86.8	20.3
Aug.	29.8	32.8	131.5	65.8	26.3	35.6	109.3	133.1	81.2	20.0	29.6	88.2	20.5
Sep.	22.2	21.0	132.2	.	.	.	109.7	129.8	.	.	.	85.6	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2008	1.4	0.1	143.4	136.8	154.2	147.0	142.3	126.9	119.2	140.4	144.5	133.3	108.1
2009	-16.6	-14.5	119.4	115.0	119.2	127.5	115.9	108.9	99.8	114.9	136.0	110.5	97.8
2009 Q3	-16.6	-15.8	119.8	115.7	117.5	128.7	116.9	107.0	96.7	115.2	135.7	109.6	95.4
Q4	-6.7	-7.7	123.2	120.1	121.3	132.5	120.2	111.1	102.4	117.3	138.7	114.6	95.7
2010 Q1	11.5	4.6	130.2	126.3	124.3	138.7	126.4	116.1	107.2	123.0	140.5	121.8	94.9
Q2	16.2	14.0	134.8	130.9	134.9	141.4	133.4	119.3	110.4	127.4	140.5	126.4	94.8
2010 Mar.	20.2	13.5	137.8	131.9	138.8	146.3	136.6	122.9	111.6	133.3	147.5	130.1	101.8
Apr.	12.2	8.2	132.3	129.4	127.2	139.9	129.5	116.3	107.8	121.2	137.1	122.0	92.6
May	17.1	16.0	133.4	128.3	134.2	140.1	132.0	119.6	110.0	125.4	143.4	126.6	96.8
June	19.2	17.9	138.9	135.1	143.3	144.2	138.7	122.0	113.6	135.6	141.0	130.7	94.9
July	10.5	10.4	137.8	133.5	139.7	141.5	135.6	119.2	110.4	132.2	138.6	127.0	97.3
Aug.	22.8	19.4	139.6	134.9	140.8	145.2	137.2	121.8	112.9	134.2	142.5	130.5	98.6

2. Prices [2)]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3)]							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total					Memo item: Manufac- turing	Total (index: 2005 = 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	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	104.1	1.9	1.7	-0.4	2.3	23.8	1.7	110.8	5.5	-0.4	-4.6	2.3	28.6	-0.2
2009	101.5	-2.6	-3.8	0.6	0.5	-23.7	-2.5	99.2	-10.4	-5.7	-1.3	0.3	-28.3	-4.0
2010 Q1	103.3	1.6	-0.1	-0.2	0.7	35.6	1.7	104.3	5.3	2.1	-2.4	-0.8	27.2	0.4
Q2	105.9	4.3	5.2	0.9	2.4	30.9	4.3	109.7	11.2	10.8	0.0	2.7	33.1	5.6
Q3	106.1	4.6	6.4	1.6	2.9	19.6	4.5	110.2	11.1	12.2	2.0	4.7	25.9	6.7
2010 May	105.9	4.5	5.5	0.9	2.6	30.3	4.4	109.6	11.6	11.3	0.2	3.0	33.2	6.0
June	106.5	4.6	6.4	1.5	3.1	20.9	4.5	110.7	11.1	12.8	1.6	4.4	25.5	7.0
July	106.1	4.6	6.4	1.4	2.9	23.2	4.5	110.1	11.8	12.4	2.0	4.1	29.2	6.7
Aug.	106.1	4.2	6.2	1.6	2.7	14.3	4.1	110.3	10.1	11.6	1.8	4.7	21.5	6.2
Sep.	106.2	4.9	6.6	1.9	2.9	21.7	4.8	110.2	11.5	12.6	2.1	5.3	27.1	7.1
Oct.	.	.	.	.	.	.	.	.	.	.	0.0	.	.	6.0

Source: Eurostat.

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

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

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

7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2008	1,561.6	35.1	53.9	220.4	233.7	78.5	86.7	42.7	186.5	309.5	65.7	33.7	100.1	68.2	146.2
2009	1,276.8	27.1	40.8	175.2	176.3	49.4	78.7	34.7	152.7	283.6	68.8	28.8	91.8	54.2	112.2
2009 Q2	311.2	6.6	9.8	42.9	42.4	12.3	19.1	8.4	38.5	70.2	17.0	7.1	22.8	12.5	25.9
Q3	320.5	6.7	10.4	44.4	44.5	12.0	19.6	9.3	36.9	71.7	17.8	7.2	22.7	14.4	27.9
Q4	328.4	6.6	10.7	44.9	45.9	12.4	19.8	9.3	38.0	74.7	18.8	7.3	23.0	14.3	28.8
2010 Q1	354.7	7.0	11.7	46.6	48.3	13.5	21.4	10.7	41.1	81.7	22.3	8.1	24.9	16.8	31.1
Q2	377.6	7.4	12.9	47.9	51.7	15.7	22.9	11.4	45.3	87.9	23.4	8.7	25.6	18.6	30.5
Q3	394.4	.	.	.	.	17.2	23.7	12.0	47.9	91.3	23.6	8.9	26.7	18.8	.
2010 Apr.	122.1	2.4	4.1	15.7	16.5	5.1	7.4	3.8	14.8	28.0	7.5	2.8	8.6	5.7	9.9
May	124.3	2.5	4.2	15.7	17.2	5.1	7.5	3.5	15.0	28.9	7.8	2.9	8.4	6.3	9.9
June	131.2	2.5	4.6	16.4	18.0	5.4	7.9	4.1	15.5	30.9	8.1	3.0	8.6	6.6	10.7
July	130.7	2.5	4.4	16.4	17.7	5.6	7.9	4.0	15.9	30.6	7.9	3.0	8.7	6.2	10.7
Aug.	131.5	2.5	4.3	16.8	18.3	5.9	7.9	3.8	16.0	29.9	7.7	3.0	9.0	6.3	10.8
Sep.	132.2	.	.	.	.	5.8	7.9	4.2	16.1	30.8	8.0	3.0	9.0	6.3	.
	Percentage share of total exports														
2009	100.0	2.1	3.2	13.7	13.8	3.9	6.2	2.7	12.0	22.2	5.4	2.3	7.2	4.2	8.8
	Imports (c.i.f.)														
2008	1,610.3	30.7	52.1	164.8	184.8	122.0	70.2	32.4	136.0	479.8	184.7	57.4	141.2	81.7	114.7
2009	1,259.6	26.9	37.5	126.9	161.7	81.6	65.2	26.2	115.5	376.7	157.9	43.8	93.9	59.4	87.9
2009 Q2	304.4	6.5	8.9	31.0	39.0	18.1	16.2	6.3	30.1	92.3	38.2	10.5	22.9	14.3	19.1
Q3	312.2	6.8	9.6	31.7	41.1	21.9	16.1	6.6	25.7	92.6	38.9	10.9	22.7	14.8	22.7
Q4	321.6	6.7	9.6	32.5	42.7	23.7	16.1	6.8	28.0	94.2	39.5	10.8	24.3	15.5	21.4
2010 Q1	350.8	6.6	10.3	35.1	45.1	24.5	17.1	7.4	29.3	109.7	45.9	11.7	26.8	16.5	22.5
Q2	381.7	6.8	11.7	36.5	48.8	27.2	19.5	7.5	32.6	123.8	51.9	12.8	29.4	18.1	19.7
Q3	393.7	.	.	.	.	26.5	19.1	7.5	31.2	128.0	56.7	13.0	29.1	19.6	.
2010 Apr.	122.0	2.1	3.6	11.7	15.5	8.7	5.9	2.5	10.1	39.4	16.0	4.2	10.0	5.8	6.6
May	127.1	2.3	3.8	12.2	16.5	9.7	6.9	2.5	10.1	40.8	17.0	4.2	9.6	6.0	6.7
June	132.6	2.4	4.2	12.5	16.8	8.8	6.7	2.6	12.4	43.7	18.9	4.5	9.8	6.3	6.5
July	130.8	2.3	4.1	12.6	16.5	9.1	6.5	2.4	10.3	42.6	18.6	4.4	9.5	6.5	8.4
Aug.	133.1	2.3	4.1	13.0	16.9	8.9	6.4	2.5	10.3	43.4	19.2	4.3	10.1	6.6	8.6
Sep.	129.8	.	.	.	.	8.5	6.2	2.5	10.6	42.1	18.9	4.3	9.5	6.6	.
	Percentage share of total imports														
2009	100.0	2.1	3.0	10.1	12.8	6.5	5.2	2.1	9.2	29.9	12.5	3.5	7.5	4.7	7.0
	Balance														
2008	-48.8	4.4	1.8	55.7	49.0	-43.6	16.5	10.4	50.6	-170.3	-119.1	-23.7	-41.0	-13.6	31.4
2009	17.2	0.2	3.3	48.2	14.6	-32.2	13.6	8.4	37.2	-93.1	-89.1	-15.0	-2.2	-5.2	24.3
2009 Q2	6.7	0.1	0.9	11.9	3.4	-5.9	3.0	2.1	8.4	-22.2	-21.3	-3.5	0.0	-1.8	6.8
Q3	8.3	-0.1	0.8	12.7	3.4	-9.8	3.5	2.7	11.2	-20.9	-21.1	-3.7	0.0	-0.4	5.2
Q4	6.9	-0.1	1.1	12.4	3.2	-11.3	3.6	2.5	10.0	-19.4	-20.7	-3.4	-1.4	-1.2	7.5
2010 Q1	3.9	0.4	1.3	11.5	3.3	-11.0	4.3	3.4	11.8	-28.0	-23.6	-3.6	-1.9	0.3	8.5
Q2	-4.1	0.6	1.2	11.4	2.9	-11.5	3.4	3.9	12.7	-35.9	-28.6	-4.1	-3.8	0.5	10.8
Q3	0.6	.	.	.	.	-9.3	4.6	4.5	16.7	-36.8	-33.1	-4.0	-2.4	-0.8	.
2010 Apr.	0.1	0.3	0.5	4.0	0.9	-3.6	1.6	1.3	4.6	-11.3	-8.5	-1.3	-1.4	-0.1	3.3
May	-2.8	0.2	0.3	3.5	0.7	-4.5	0.6	1.1	4.9	-11.9	-9.2	-1.3	-1.2	0.3	3.2
June	-1.4	0.1	0.4	3.9	1.3	-3.4	1.2	1.5	3.2	-12.7	-10.8	-1.5	-1.2	0.3	4.2
July	-0.1	0.3	0.3	3.8	1.2	-3.5	1.4	1.6	5.6	-12.0	-10.7	-1.4	-0.8	-0.2	2.3
Aug.	-1.7	0.2	0.2	3.9	1.4	-3.1	1.5	1.3	5.6	-13.5	-11.5	-1.3	-1.1	-0.3	2.2
Sep.	2.4	.	.	.	.	-2.7	1.6	1.6	5.5	-11.3	-10.9	-1.3	-0.5	-0.3	.

Source: Eurostat.

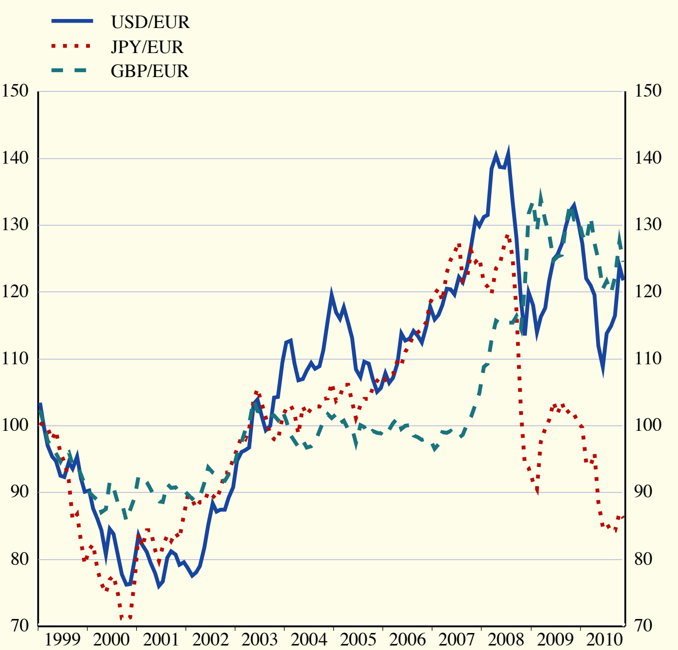
EXCHANGE RATES

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

	EER-21						EER-41	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2007	106.3	106.8	103.8	102.9	105.8	100.6	113.0	104.3
2008	110.5	110.1	105.8	105.5	112.5	104.3	118.0	107.2
2009	111.7	110.6	104.2	106.4	118.2	106.4	120.6	108.0
2009 Q3	112.1	110.9	104.4	106.7	118.4	106.3	121.0	108.2
Q4	113.8	112.2	105.6	108.0	119.3	109.0	122.5	109.0
2010 Q1	108.7	106.9	100.7	102.8	113.8	103.5	116.9	103.4
Q2	103.1	101.8	95.8	97.7	108.2	97.9	110.4	97.8
Q3	102.3	100.9	95.2	.	.	.	109.8	97.2
2009 Nov.	114.0	112.5	105.8	-	-	-	122.9	109.3
Dec.	113.0	111.2	104.5	-	-	-	121.7	108.0
2010 Jan.	110.8	108.9	102.4	-	-	-	119.1	105.5
Feb.	108.0	106.1	100.0	-	-	-	116.2	102.7
Mar.	107.4	105.7	99.5	-	-	-	115.2	102.0
Apr.	106.1	104.5	98.5	-	-	-	113.5	100.5
May	102.8	101.4	95.5	-	-	-	109.9	97.4
June	100.7	99.4	93.6	-	-	-	107.7	95.5
July	102.5	101.1	95.1	-	-	-	109.9	97.5
Aug.	102.1	100.7	94.8	-	-	-	109.5	97.0
Sep.	102.5	100.9	95.5	-	-	-	110.0	97.2
Oct.	106.1	104.3	99.0	-	-	-	113.8	100.4
Nov.	104.8	103.0	97.8	-	-	-	112.4	99.1
	Percentage change versus previous month							
2010 Nov.	-1.2	-1.3	-1.2	-	-	-	-1.2	-1.3
	Percentage change versus previous year							
2010 Nov.	-8.1	-8.4	-7.6	-	-	-	-8.5	-9.3

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.

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Danish krone	Swedish krona	Pound sterling	US dollar	Japanese yen	Swiss franc	South Korean won	Hong Kong dollar	Singapore dollar	Canadian dollar	Norwegian krone	Australian dollar
	1	2	3	4	5	6	7	8	9	10	11	12
2007	7.4506	9.2501	0.68434	1.3705	161.25	1.6427	1,272.99	10.6912	2.0636	1.4678	8.0165	1.6348
2008	7.4560	9.6152	0.79628	1.4708	152.45	1.5874	1,606.09	11.4541	2.0762	1.5594	8.2237	1.7416
2009	7.4462	10.6191	0.89094	1.3948	130.34	1.5100	1,772.90	10.8114	2.0241	1.5850	8.7278	1.7727
2010 Q1	7.4426	9.9464	0.88760	1.3829	125.48	1.4632	1,581.41	10.7364	1.9395	1.4383	8.1020	1.5293
Q2	7.4416	9.6313	0.85239	1.2708	117.15	1.4086	1,481.01	9.8857	1.7674	1.3054	7.9093	1.4403
Q3	7.4498	9.3804	0.83305	1.2910	110.68	1.3321	1,526.12	10.0324	1.7503	1.3416	7.9561	1.4289
2010 May	7.4413	9.6641	0.85714	1.2565	115.83	1.4181	1,465.81	9.7843	1.7503	1.3060	7.8907	1.4436
June	7.4409	9.5723	0.82771	1.2209	110.99	1.3767	1,483.22	9.5091	1.7081	1.2674	7.9062	1.4315
July	7.4522	9.4954	0.83566	1.2770	111.73	1.3460	1,538.85	9.9308	1.7588	1.3322	8.0201	1.4586
Aug.	7.4495	9.4216	0.82363	1.2894	110.04	1.3413	1,522.39	10.0193	1.7482	1.3411	7.9325	1.4337
Sep.	7.4476	9.2241	0.83987	1.3067	110.26	1.3089	1,517.10	10.1470	1.7439	1.3515	7.9156	1.3943
Oct.	7.4567	9.2794	0.87638	1.3898	113.67	1.3452	1,560.30	10.7835	1.8116	1.4152	8.1110	1.4164
Nov.	7.4547	9.3166	0.85510	1.3661	112.69	1.3442	1,544.16	10.5941	1.7739	1.3831	8.1463	1.3813
	Percentage change versus previous month											
2010 Nov.	0.0	0.4	-2.4	-1.7	-0.9	-0.1	-1.0	-1.8	-2.1	-2.3	0.4	-2.5
	Percentage change versus previous year											
2010 Nov.	0.2	-9.8	-4.9	-8.4	-15.3	-11.0	-11.0	-8.3	-14.3	-12.5	-3.2	-14.9

	Czech koruna	Estonian kroon	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	Bulgarian lev	New Romanian leu	Croatian kuna	New Turkish lira
	13	14	15	16	17	18	19	20	21	22
2007	27.766	15.6466	0.7001	3.4528	251.35	3.7837	1.9558	3.3353	7.3376	1.7865
2008	24.946	15.6466	0.7027	3.4528	251.51	3.5121	1.9558	3.6826	7.2239	1.9064
2009	26.435	15.6466	0.7057	3.4528	280.33	4.3276	1.9558	4.2399	7.3400	2.1631
2010 Q1	25.868	15.6466	0.7087	3.4528	268.52	3.9869	1.9558	4.1135	7.2849	2.0866
Q2	25.591	15.6466	0.7078	3.4528	274.85	4.0171	1.9558	4.1854	7.2477	1.9560
Q3	24.928	15.6466	0.7089	3.4528	282.44	4.0087	1.9558	4.2553	7.2532	1.9560
2010 May	25.663	15.6466	0.7075	3.4528	276.78	4.0567	1.9558	4.1767	7.2630	1.9459
June	25.780	15.6466	0.7082	3.4528	281.49	4.1055	1.9558	4.2434	7.2225	1.9274
July	25.328	15.6466	0.7090	3.4528	283.75	4.0814	1.9558	4.2608	7.2198	1.9669
Aug.	24.806	15.6466	0.7085	3.4528	281.45	3.9899	1.9558	4.2396	7.2525	1.9484
Sep.	24.651	15.6466	0.7091	3.4528	282.10	3.9548	1.9558	4.2655	7.2874	1.9528
Oct.	24.531	15.6466	0.7094	3.4528	274.01	3.9496	1.9558	4.2787	7.3277	1.9800
Nov.	24.633	15.6466	0.7094	3.4528	275.51	3.9520	1.9558	4.2940	7.3830	1.9717
	Percentage change versus previous month									
2010 Nov.	0.4	0.0	0.0	0.0	0.5	0.1	0.0	0.4	0.8	-0.4
	Percentage change versus previous year									
2010 Nov.	-4.6	0.0	0.1	0.0	1.7	-5.1	0.0	0.1	1.2	-11.4

	Brazilian real [1]	Chinese yuan renminbi	Icelandic krona [2]	Indian rupee [3]	Indonesian rupiah	Malaysian ringgit	Mexican peso [1]	New Zealand dollar	Philippine peso	Russian rouble	South African rand	Thai baht
	23	24	25	26	27	28	29	30	31	32	33	34
2007	2.6633	10.4178	87.63	56.4186	12,528.33	4.7076	14.9743	1.8627	63.026	35.0183	9.6596	44.214
2008	2.6737	10.2236	143.83	63.6143	14,165.16	4.8893	16.2911	2.0770	65.172	36.4207	12.0590	48.475
2009	2.7674	9.5277	-	67.3611	14,443.74	4.9079	18.7989	2.2121	66.338	44.1376	11.6737	47.804
2010 Q1	2.4917	9.4417	-	63.4796	12,809.32	4.6590	17.6555	1.9510	63.593	41.2697	10.3852	45.472
Q2	2.2762	8.6717	-	57.9879	11,581.24	4.1172	15.9583	1.8145	57.848	38.5027	9.5974	41.152
Q3	2.2589	8.7388	-	59.9818	11,612.07	4.0716	16.5210	1.7979	58.363	39.5260	9.4593	40.825
2010 May	2.2750	8.5794	-	57.6166	11,517.01	4.0874	15.9856	1.8010	57.315	38.2707	9.6117	40.714
June	2.2057	8.3245	-	56.8582	11,169.39	3.9853	15.5346	1.7667	56.594	38.1507	9.3398	39.635
July	2.2600	8.6538	-	59.8100	11,546.78	4.0924	16.3699	1.7925	59.072	39.1317	9.6351	41.273
Aug.	2.2691	8.7520	-	60.0584	11,573.26	4.0654	16.4571	1.8059	58.245	39.1898	9.4192	40.937
Sep.	2.2476	8.8104	-	60.0771	11,716.16	4.0570	16.7361	1.7955	57.772	40.2564	9.3236	40.264
Oct.	2.3378	9.2665	-	61.7399	12,407.16	4.3092	17.2845	1.8498	60.285	42.1471	9.6165	41.636
Nov.	2.3391	9.0895	-	61.4539	12,224.00	4.2588	16.8386	1.7703	59.485	42.3360	9.5320	40.826
	Percentage change versus previous month											
2010 Nov.	0.1	-1.9	-	-0.5	-1.5	-1.2	-2.6	-4.3	-1.3	0.4	-0.9	-1.9
	Percentage change versus previous year											
2010 Nov.	-9.3	-10.7	-	-11.5	-13.4	-15.8	-13.9	-13.4	-15.2	-2.0	-15.0	-17.7

Source: ECB.

1) For these currencies the ECB computes and publishes euro reference exchange rates as from 1 January 2008. Previous data are indicative.

2) The most recent rate for the Icelandic krona refers to 3 December 2008.

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

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

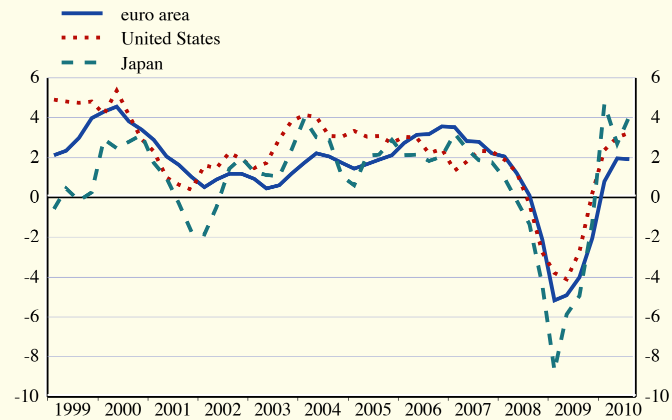
	Bulgaria	Czech Republic	Denmark	Estonia	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10	11
HICP											
2008	12.0	6.3	3.6	10.6	15.3	11.1	6.0	4.2	7.9	3.3	3.6
2009	2.5	0.6	1.1	0.2	3.3	4.2	4.0	4.0	5.6	1.9	2.2
2010 Q2	2.9	0.9	2.0	2.9	-2.3	0.5	5.2	2.5	4.3	1.8	3.4
Q3	3.3	1.6	2.3	3.1	-0.3	1.8	3.6	2.1	7.5	1.3	3.1
2010 Aug.	3.2	1.5	2.3	2.8	-0.4	1.8	3.6	1.9	7.6	1.1	3.1
Sep.	3.6	1.8	2.5	3.8	0.3	1.8	3.7	2.5	7.7	1.5	3.0
Oct.	3.6	1.8	2.4	4.5	0.9	2.6	4.3	2.6	7.9	1.6	3.1
General government deficit (-)/surplus (+) as a percentage of GDP											
2007	1.1	-0.7	4.8	2.5	-0.3	-1.0	-5.0	-1.9	-2.6	3.6	-2.7
2008	1.7	-2.7	3.4	-2.8	-4.2	-3.3	-3.7	-3.7	-5.7	2.2	-5.0
2009	-4.7	-5.8	-2.7	-1.7	-10.2	-9.2	-4.4	-7.2	-8.6	-0.9	-11.4
General government gross debt as a percentage of GDP											
2007	17.2	29.0	27.4	3.7	9.0	16.9	66.1	45.0	12.6	40.0	44.5
2008	13.7	30.0	34.2	4.6	19.7	15.6	72.3	47.1	13.4	38.2	52.1
2009	14.7	35.3	41.4	7.2	36.7	29.5	78.4	50.9	23.9	41.9	68.2
Long-term government bond yield as a percentage per annum; period average											
2010 May	6.13	4.10	2.93	-	10.13	5.15	7.07	5.72	7.27	2.73	3.60
June	6.21	4.26	2.70	-	10.12	5.15	7.60	5.87	7.10	2.61	3.14
July	6.05	3.97	2.72	-	10.00	5.15	7.39	5.84	7.18	2.70	2.97
Aug.	5.99	3.56	2.45	-	10.00	5.15	7.07	5.62	7.15	2.45	2.68
Sep.	5.90	3.34	2.40	-	9.97	5.15	7.04	5.49	7.14	2.53	2.84
Oct.	5.82	3.43	2.46	-	9.24	5.15	6.87	5.53	7.02	2.64	2.80
3-month interest rate as a percentage per annum; period average											
2010 May	4.19	1.27	1.25	1.67	2.26	1.47	6.23	3.85	6.38	0.60	0.70
June	4.18	1.24	1.15	1.47	2.09	1.64	5.43	3.86	6.60	0.70	0.73
July	4.09	1.23	1.13	1.40	1.74	1.70	6.17	3.84	6.92	0.87	0.74
Aug.	4.04	1.24	1.14	1.29	1.28	1.70	5.82	3.82	6.46	0.99	0.73
Sep.	3.94	1.22	1.15	1.16	1.19	1.65	6.41	3.82	6.48	1.16	0.73
Oct.	3.99	1.20	1.19	1.08	1.22	1.61	5.90	3.83	6.44	1.37	0.74
Real GDP											
2008	6.2	2.5	-1.1	-5.1	-4.2	2.9	0.8	5.1	7.3	-0.6	-0.1
2009	-4.9	-4.1	-5.2	-13.9	-18.0	-14.7	-6.7	1.7	-7.1	-5.3	-5.0
2010 Q1	-4.0	1.0	-0.9	-2.6	-5.1	-0.6	-1.1	3.1	-2.6	2.8	-0.3
Q2	0.5	2.4	3.0	3.1	-2.9	-0.3	0.5	3.8	-0.5	4.5	1.7
Q3	.	.	3.1	.	.	0.8	2.1	4.7	-2.5	6.8	2.8
Current and capital account balance as a percentage of GDP											
2008	-22.3	0.2	2.7	-8.7	-11.6	-11.3	-6.1	-3.7	-11.1	8.6	-1.3
2009	-8.6	0.1	3.5	7.3	11.0	7.6	0.7	-0.5	-3.7	7.4	-1.0
2010 Q1	-6.7	2.4	2.8	5.6	12.0	3.9	5.0	0.2	-6.7	7.8	-3.3
Q2	-4.2	-2.1	5.1	4.5	7.3	7.8	3.9	-0.5	-7.8	6.0	-1.6
Q3	.	.	6.2	.	.	-1.1	.	-3.3	-1.0	5.7	.
Gross external debt as a percentage of GDP											
2007	94.3	44.5	170.2	109.6	127.6	71.9	120.2	48.4	50.9	176.2	398.5
2008	104.7	50.0	177.8	118.2	129.2	71.3	157.9	57.0	56.0	204.4	441.4
2009 Q4	107.9	50.8	189.8	125.5	156.3	87.2	170.9	59.6	69.1	205.0	414.1
2010 Q1	106.2	49.0	201.5	123.6	162.4	91.1	176.0	57.8	71.7	206.2	432.0
Q2	106.5	52.4	202.0	123.9	164.9	89.7	189.8	60.6	77.0	209.3	419.9
Unit labour costs											
2008	12.5	5.1	6.7	16.3	22.0	10.4	4.3	7.5	22.9	3.1	2.3
2009	12.8	3.6	4.7	1.1	-7.0	-2.8	1.3	4.2	7.2	4.8	5.7
2010 Q1	7.7	-2.5	0.4	-10.3	-18.8	-10.8	1.1	4.9	-	-0.6	4.1
Q2	0.4	-0.8	-2.3	-9.3	-15.2	-10.0	-0.8	3.2	-	-1.8	0.4
Q3	.	.	-3.6	.	.	.	.	.	-	-2.8	.
Standardised unemployment rate as a percentage of labour force (s.a.)											
2008	5.6	4.4	3.3	5.6	7.5	5.9	7.8	7.2	5.8	6.2	5.7
2009	6.9	6.7	6.0	13.8	17.1	13.7	10.0	8.2	6.9	8.3	7.6
2010 Q2	10.0	7.3	7.4	18.5	19.4	18.2	11.3	9.6	7.1	8.6	7.8
Q3	10.0	7.0	7.2	16.2	.	18.4	10.9	9.5	.	8.3	.
2010 Aug.	10.0	6.9	7.1	-	.	18.4	10.9	9.5	.	8.2	7.7
Sep.	10.0	6.9	7.3	-	.	18.4	10.8	9.6	.	8.2	.
Oct.	9.9	6.9	.	-	.	.	10.9	9.7	.	8.1	.

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

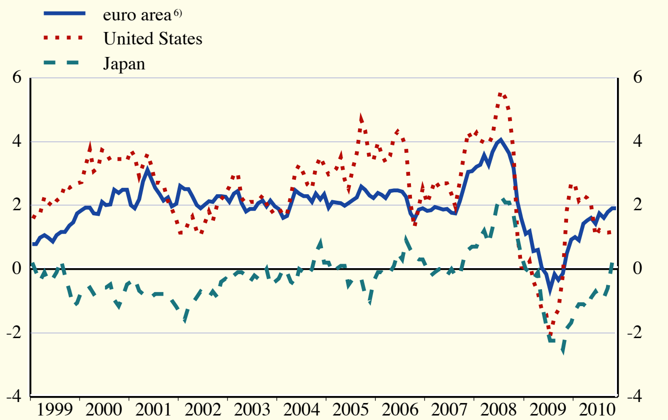
9.2 Economic and financial developments in the United States and Japan
(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money [2]	3-month interbank deposit rate [3]	10-year zero coupon government bond yield; [3] end of period	Exchange rate [4] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [5] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
	United States										
2006	3.2	2.9	2.7	2.7	4.6	5.3	5.20	5.26	1.2556	-2.2	47.8
2007	2.9	2.4	1.9	3.2	4.6	6.3	5.30	4.81	1.3705	-2.9	48.4
2008	3.8	2.2	0.0	-4.4	5.8	7.1	2.93	2.70	1.4708	-6.3	56.7
2009	-0.4	-1.6	-2.6	-10.9	9.3	7.9	0.69	4.17	1.3948	-11.3	68.6
2009 Q3	-1.6	-2.1	-2.7	-10.0	9.6	7.8	0.41	3.61	1.4303	-11.6	66.6
Q4	1.4	-3.4	0.2	-3.7	10.0	5.1	0.27	4.17	1.4779	-11.1	68.6
2010 Q1	2.4	-2.9	2.4	3.9	9.7	1.9	0.26	4.01	1.3829	-10.7	71.7
Q2	1.8	-2.7	3.0	8.8	9.7	1.6	0.44	3.13	1.2708	-11.2	73.3
Q3	1.2	-2.0	3.2	7.1	9.6	2.5	0.39	2.69	1.2910	.	.
2010 July	1.2	-	-	8.2	9.5	1.9	0.51	3.03	1.2770	-	-
Aug.	1.1	-	-	6.8	9.6	2.7	0.36	2.58	1.2894	-	-
Sep.	1.1	-	-	6.3	9.6	3.0	0.29	2.69	1.3067	-	-
Oct.	1.2	-	-	6.7	9.6	3.2	0.29	2.82	1.3898	-	-
Nov.	.	-	-	.	.	.	0.29	3.12	1.3661	-	-
	Japan										
2006	0.2	-0.5	2.0	4.5	4.1	1.0	0.30	1.85	146.02	-1.6	159.9
2007	0.1	-2.3	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.3
2008	1.4	1.7	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.1	162.2
2009	-1.4	0.4	-5.3	-21.9	5.1	2.7	0.47	1.42	130.34	.	.
2009 Q3	-2.2	0.8	-4.9	-19.4	5.4	2.8	0.40	1.45	133.82	.	.
Q4	-2.0	-3.6	-1.3	-4.2	5.2	3.3	0.31	1.42	132.69	.	.
2010 Q1	-1.2	-3.7	4.7	27.6	4.9	2.8	0.25	1.48	125.48	.	.
Q2	-0.9	-1.2	2.7	21.0	5.2	3.0	0.24	1.18	117.15	.	.
Q3	-0.8	.	4.1	13.6	5.1	2.8	0.24	1.03	110.68	.	.
2010 July	-0.9	-	-	14.3	5.2	2.7	0.24	1.13	111.73	-	-
Aug.	-0.9	-	-	15.1	5.1	2.8	0.24	1.06	110.04	-	-
Sep.	-0.6	-	-	11.6	5.0	2.8	0.22	1.03	110.26	-	-
Oct.	0.2	-	-	4.5	.	2.7	0.20	1.01	113.67	-	-
Nov.	.	-	-	.	.	.	0.19	1.27	112.69	-	-

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); Reuters (columns 7 and 8); ECB calculations (column 11).

1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
2) Period averages; M2 for the United States, M2+CDs for Japan.
3) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
4) For more information, see Section 8.2.
5) Gross consolidated general government debt (end of period).
6) Data refer to the changing composition of the euro area. For further information, see the General Notes.

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:

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

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:

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2006 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

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

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

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

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in g) by dividing the index for December 2002 by the index for December 2001.

Growth rates for intra-annual periods can be derived by adapting formula g). For example, the month-on-month growth rate a_t^M can be calculated as:

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

Finally, the three-month moving average (centred) for the annual growth rate of M3 is obtained as $(a_{t+1} + a_t + a_{t-1})/3$, where a_t is defined as in f) or g) above.

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

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

The annual growth rate in the four quarters ending in month t (i.e. a_t) can be calculated using formula g).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS [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.

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.

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 2001) generally differs from 100, reflecting the seasonality of that month.

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

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

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

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

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

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

As a base, the index is set equal to 100 in December 2001. The growth rate a_t for month t, corresponding to the change in the 12 months ending in month t, can be calculated using either of the following two formulae:

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

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

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

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

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

where I_t is the index of notional stocks as at month t. Likewise, for the year ending in month t, the average growth rate is calculated as:

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

The calculation formula used for Section 4.3 is also used for Section 4.4 and is likewise based on that used for the monetary aggregates. Section 4.4 is based on market values, and the calculations are based on financial transactions, which exclude reclassifications, revaluations and any other changes that do not arise from transactions. Exchange rate variations are not included, as all quoted shares covered are denominated in euro.

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [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 k) and l), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

$$\text{o)}\quad a_t = \left[\prod_{i=0}^{5}\left(1 + \frac{N^M_{t-i}}{L_{t-1-i}}\right) - 1\right] \times 100$$

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

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S78). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial

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).

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 (see footnote 2 on page S78). The raw data for goods, services and income are preadjusted to take a working day effect into account. The working day adjustment in goods and services is corrected for national public holidays. The seasonal adjustment of these items is carried out using these preadjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

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

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

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). 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 1 December 2010.

Unless otherwise indicated, all data series including observations for 2009 and beyond relate to the Euro 16 (the euro area including Slovakia) for the whole time series. For interest rates, monetary statistics and the HICP (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), statistical series refer to the changing composition of the euro area (see below for details). Where applicable, this is indicated in the tables by means of a footnote. In such cases, where underlying data are available, absolute and percentage changes for the respective year of entry into the euro area of Greece (2001), Slovenia (2007), Cyprus (2008), Malta (2008) and Slovakia (2009), calculated from bases covering the year prior to the year of entry, use a series in which the impact of these countries' joining the euro area is taken into account.

The statistical series referring to the changing composition of the euro area are based on the euro area composition at the time to which the statistics relate. Thus, data prior to 2001 refer to the Euro 11, i.e. the following 11 EU Member States: Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Data from 2001 to 2006 refer to the Euro 12, i.e. the Euro 11 plus Greece. Data for 2007 refer to the Euro 13, i.e. the Euro 12 plus Slovenia. Data for 2008 refer to the Euro 15, i.e. the Euro 13 plus Cyprus and Malta, and data as of 2009 refer to the Euro 16, i.e. the Euro 15 plus Slovakia.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data[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, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System

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).

of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND INVESTMENT FUNDS

Section 2.1 shows the aggregated balance sheet of the monetary financial institution sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under Community law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/ liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer.

Sections 2.2 to 2.6 include data on transactions, which are derived as differences in outstanding amounts adjusted for reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. Section 2.7 shows selected revaluations that are used in the derivation of transactions. Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes. Section 2.8 shows a quarterly currency breakdown of selected MFI balance sheet items.

Details of sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007). The publication "Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices that NCBs are recommended to follow. Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2].

In line with this Regulation, the balance sheet item "money market paper" has been merged with the item "debt securities" on both the assets and liabilities sides of the MFI balance sheet.

Section 2.9 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/ or non-financial assets. A complete list of euro area investment funds is published on the ECB's

2 OJ L 15, 20.01.2009, p.14.

website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.10 provides further details on the main types of asset held by euro area investment funds. This Section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Further information on these investment fund statistics can be found in the "Manual on investment fund statistics". Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8 concerning statistics on the assets and liabilities of investment funds.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[3].

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

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

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

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

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[4]. 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,[5] 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[6]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

4 OJ L 162, 5.6.1998, p. 1.
5 OJ L 393, 30.12.2006, p. 1.
6 OJ L 155, 15.6.2007, p. 3.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[7] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[8]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

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

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

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

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

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[9] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general

7 OJ L 69, 13.3.2003, p. 1.
8 OJ L 169, 8.7.2003, p. 37.
9 OJ L 172, 12.7.2000, p. 3.

government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[10]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[11] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[12]. 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.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which,

10 OJ L 179, 9.7.2002, p. 1.
11 OJ L 354, 30.11.2004, p. 34.
12 OJ L 159, 20.6.2007, p. 48.

with the exception of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

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

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

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

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-21 group of trading partners is composed of the 11 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-41 group comprises the EER-21 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see Box 5, entitled “International trade developments and revision of the effective exchange rates of the euro”, in the January 2010 issue of the Monthly Bulletin, the relevant methodological note and ECB Occasional Paper No 2 (“The effective exchange rates of the euro” by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB’s website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

11 JANUARY AND 8 FEBRUARY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.50%, 4.50% and 2.50% respectively.

8 MARCH 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 3.75%, starting from the operation to be settled on 14 March 2007. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 4.75% and 2.75%, both with effect from 14 March 2007.

12 APRIL AND 10 MAY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

6 JUNE 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4%, starting from the operation to be settled on 13 June 2007. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5% and 3% respectively, with effect from 13 June 2007.

5 JULY, 2 AUGUST, 6 SEPTEMBER, 4 OCTOBER, 8 NOVEMBER AND 6 DECEMBER 2007, AND 10 JANUARY, 7 FEBRUARY, 6 MARCH, 10 APRIL, 8 MAY AND 5 JUNE 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.00%, 5.00% and 3.00% respectively.

3 JULY 2008

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4.25%, starting from the operation to be settled on 9 July 2008. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5.25% and 3.25% respectively, with effect from 9 July 2008.

7 AUGUST, 4 SEPTEMBER AND 2 OCTOBER 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

8 OCTOBER 2008

The Governing Council of the ECB decides to decrease the minimum bid rate on the main refinancing operations by 50 basis points to 3.75%, starting from the operations to be settled on 15 October 2008. In addition, it decides to decrease by 50 basis points the interest rates on

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2006 can be found in the ECB's Annual Report for the respective years.

both the marginal lending facility and the deposit facility, to 4.75% and 2.75% respectively, with immediate effect. Moreover, the Governing Council decides that, as from the operation settled on 15 October, the weekly main refinancing operations will be carried out through a fixed-rate tender procedure with full allotment at the interest rate on the main refinancing operation. Furthermore, as of 9 October, the ECB will reduce the corridor of standing facilities from 200 basis points to 100 basis points around the interest rate on the main refinancing operation. The two measures will remain in place for as long as needed, and at least until the end of the first maintenance period of 2009, on 20 January.

15 OCTOBER 2008

The Governing Council of the ECB decides to further expand the collateral framework and enhance the provision of liquidity. To do so, the Governing Council decides: (i) to expand the list of assets eligible as collateral in Eurosystem credit operations, with this expansion remaining in force until the end of 2009, (ii) to enhance the provision of longer-term refinancing, with effect from 30 October 2008 and until the end of the first quarter of 2009, and (iii) to provide US dollar liquidity through foreign exchange swaps.

6 NOVEMBER 2008

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 3.25%, starting from the operations to be settled on 12 November 2008. In addition, it decides to decrease by 50 basis points the interest rates on both the marginal lending facility and the deposit facility, to 3.75% and 2.75% respectively, with effect from 12 November 2008.

4 DECEMBER 2008

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations of the Eurosystem by 75 basis points to 2.50%, starting from the operations to be settled on 10 December 2008. In addition, it decides to decrease by 75 basis points the interest rates on both the marginal lending and the deposit facility to 3.00% and 2.00% respectively, with effect from 10 December 2008.

18 DECEMBER 2008

The Governing Council of the ECB decides that the main refinancing operations will continue to be carried out through a fixed rate tender procedure with full allotment beyond the maintenance period ending on 20 January 2009. This measure will be in place for as long as needed, and at least until the last allotment of the third maintenance period in 2009 on 31 March. Moreover, as of 21 January 2009, the corridor of standing facility rates, which on 9 October 2008 was reduced to 100 basis points around the prevailing interest rate of the main refinancing operation, will be re-widened symmetrically to 200 basis points.

15 JANUARY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 2.00%, starting from the operations to be settled on 21 January 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 3.00% and 1.00% respectively, with effect from 21 January 2009, in line with the decision of 18 December 2008.

5 FEBRUARY 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.00%, 3.00% and 1.00% respectively.

5 MARCH 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 1.50%, starting from the operations to be settled on 11 March 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.50% and 0.50% respectively, with effect from 11 March 2009.

Moreover, the Governing Council decides to continue the fixed rate tender procedure with full allotment for all main refinancing operations, special-term refinancing operations and supplementary and regular longer-term refinancing operations for as long as needed, and in any case beyond the end of 2009. In addition, the Governing Council decides to continue with the current frequency and maturity profile of supplementary longer-term refinancing operations and special-term refinancing operations for as long as needed, and in any case beyond the end of 2009.

2 APRIL 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operations to be settled on 8 April 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.25% and 0.25% respectively, with effect from 8 April 2009.

7 MAY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 13 May 2009. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.75% with effect from 13 May 2009, and to leave the interest rate on the deposit facility unchanged at 0.25%. In addition, the Governing Council of the ECB decides to proceed with its enhanced credit support approach. In particular, it decides that the Eurosystem will conduct liquidity-providing longer-term refinancing operations with a maturity of one year as fixed rate tender procedure with full allotment. In addition, it decides in principle that the Eurosystem will purchase euro-denominated covered bonds issued in the euro area.

4 JUNE 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, the Governing Council of the ECB decides upon the technical modalities related to the purchase of euro-denominated covered bonds issued in the euro area decided on 7 May 2009.

2 JULY, 6 AUGUST, 3 SEPTEMBER, 8 OCTOBER AND 5 NOVEMBER 2009

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

3 DECEMBER 2009

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

14 JANUARY AND 4 FEBRUARY 2010

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

4 MARCH 2010

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

8 APRIL AND 6 MAY 2010

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

10 MAY 2010

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

10 JUNE 2010

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

8 JULY AND 5 AUGUST 2010

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

2 SEPTEMBER 2010

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

7 OCTOBER AND 4 NOVEMBER 2010

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

2 DECEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM

TARGET2[1] is instrumental in promoting the integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy. It also contributes to the integration of the euro area financial markets. More than 4,400 commercial banks, as well as 22 national central banks, use TARGET2 to initiate payments of their own or on their customers' behalf. Taking into account branches and subsidiaries, over 50,000 banks worldwide (and thus all the customers of these banks) can be addressed via TARGET2.

TARGET2 is used to make large-value and time-critical payments, including payments to facilitate settlements in other interbank funds transfer systems (e.g. Continuous Linked Settlement or EURO1), and to settle money market, foreign exchange and securities transactions. It is also used for smaller-value customer payments. TARGET2 provides intraday finality for transactions and allows the funds credited to a participant's account to become immediately available for other payments.

PAYMENT FLOWS IN TARGET2

In the third quarter of 2010, TARGET2 settled 21,565,535 transactions with a total value of €150,281 billion, which corresponds to a daily average of 326,751 transactions with a value of €2,277 billion. The highest level of TARGET2 traffic during this quarter was recorded on 30 September, when 475,913 payments were processed. This corresponds to the usual peak observed on the last business day of the quarter.

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 stability of TARGET2's market share confirms banks' strong interest in settlement in central bank money, particularly in times of market turbulence. The average proportion of interbank payments was 42% in terms of volume and 94% in terms of value. The average value of an interbank payment processed in the system was €15.7 million, while that of a customer payment was €0.7 million. 66% of the payments had a value of below €50,000, while 11% had a value of above €1 million. On average, there were 273 payments with a value of above €1 billion per day.

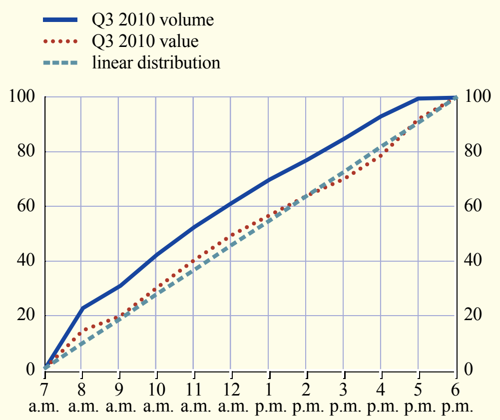
INTRADAY PATTERN OF VOLUMES AND VALUES

The chart shows the intraday distribution of TARGET2 traffic, i.e. the percentage of daily volumes and values processed at different times of the day, for the third quarter of 2010. In volume terms, the curve is well above the linear distribution, with 70% of the volume already exchanged by 1 p.m. CET and 99.6% one hour before the system closed. By 1 p.m. CET, 56% of the value exchanged in TARGET2 had already been settled, a figure that rose to 92% one hour before the system closed. In value terms, the curve is very close to the linear distribution. This indicates that turnover was evenly spread throughout the day and that liquidity circulated appropriately among participants, thereby ensuring the smooth settlement of TARGET2 transactions.

1 TARGET2 is the second generation of TARGET and was launched in 2007.

Intraday pattern

(percentages)



Source: ECB.

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the third quarter of 2010, TARGET2 achieved 100% overall availability. Incidents considered in the calculation of TARGET2's availability are those that completely prevent the processing of payments for ten minutes or more. As a result of the full availability of TARGET, on average all payments were processed in less than five minutes, thus fully meeting the expectations set for the system.

On two occasions, the opening of TARGET2 was extended for one hour (i.e. 8 July and 13 September). These extensions were linked to technical difficulties experienced by a critical ancillary system and by a proprietary home account system respectively.

Table 1 Payment instructions processed by TARGET2 and EURO1: volume of transactions

(number of payments)

	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3
TARGET2					
Total volume	22,078,092	23,484,185	21,701,047	22,532,655	21,565,535
Daily average	334,517	361,295	344,461	357,661	326,751
EURO1 (EBA)					
Total volume	14,650,126	15,154,195	14,200,046	14,971,067	14,755,175
Daily average	221,972	233,141	225,398	237,636	223,563

Table 2 Payment instructions processed by TARGET2 and EURO1: value of transactions

(EUR billions)

	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3
TARGET2					
Total value	132,263	137,942	138,751	153,299	150,281
Daily average	2,004	2,122	2,202	2,433	2,277
EURO1 (EBA)					
Total value	15,583	15,416	15,294	16,152	15,199
Daily average	236	237	243	256	230

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"Annual Report 2009", April 2010.

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"Convergence Report 2010", May 2010.

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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.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a generalised, persistent and self-reinforcing decline in a broad set of prices that results from a drop in aggregate demand and becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem which counterparties may use to make overnight deposits, remunerated at a pre-specified interest rate, at an NCB.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against two groups of trading partners: the EER-21 (comprising the 11 non-euro area EU Member States and 10 trading partners outside the EU) and the EER-41 (composed of the EER-21 and 20 additional countries). The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation. They comprise shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which a prime bank is willing to lend funds in euro to another prime bank, computed daily for interbank deposits with different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States that have already adopted the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is specified by the central bank and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied.

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry excluding construction on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payments imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Longer-term refinancing operations: credit operations with a maturity of more than one week that are executed by the Eurosystem in the form of reverse transactions. The regular monthly operations are conducted with a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to one year were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation: a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem which counterparties may use to receive overnight credit from an NCB at a pre-specified interest rate against eligible assets.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 over the medium term that is consistent with the maintenance of price stability. At present, the reference value for annual M3 growth is 4½%.

Reserve requirement: the minimum amount of reserves a credit institution is required to hold with the Eurosystem over a predefined maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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