



EUROPEAN CENTRAL BANK

EUROSYSTEM

MONTHLY BULLETIN
MARCH

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02 | 2014

03 | 2014

04 | 2014

05 | 2014

06 | 2014

07 | 2014

08 | 2014

09 | 2014

10 | 2014

11 | 2014

12 | 2014



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In 2014 all ECB publications feature a motif taken from the €20 banknote.

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Address

Kaiserstrasse 29
60311 Frankfurt am Main
Germany

Postal address

Postfach 16 03 19
60066 Frankfurt am Main
Germany

Telephone

+49 69 1344 0

Website

<http://www.ecb.europa.eu>

Fax

+49 69 1344 6000

This Bulletin was produced under the responsibility of the Executive Board of the ECB. Translations are prepared and published by the national central banks.

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The cut-off date for the statistics included in this issue was 5 March 2014.

ISSN 1561-0136 (print)

ISSN 1725-2822 (online)

EU catalogue number QB-AG-14-003-EN-C (print)

EU catalogue number QB-AG-14-003-EN-N (online)



CONTENTS

EDITORIAL	5
ECONOMIC AND MONETARY DEVELOPMENTS	9
1 The external environment of the euro area	9
Box 1 Repercussions of the recent financial market tensions in emerging market economies	11
2 Monetary and financial developments	22
Box 2 Recent developments in the financial account of the euro area balance of payments	27
Box 3 Liquidity conditions and monetary policy operations in the period from 13 November 2013 to 11 February 2014	35
Box 4 Debt of non-financial corporations: consolidated and non-consolidated measures	50
3 Prices and costs	57
Box 5 Impact of services and non-energy industrial goods prices on the recent decline in HICP inflation	59
4 Output, demand and the labour market	68
5 Fiscal developments	77
Box 6 Key challenges for the surveillance of economic and fiscal policies under the 2014 European Semester	82
ARTICLE	
March 2014 ECB staff macroeconomic projections for the euro area	87
EURO AREA STATISTICS	SI
ANNEXES	
Chronology of monetary policy measures of the Eurosystem	I
The TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) system	V
Publications produced by the European Central Bank	VII
Glossary	IX

ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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



EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 6 March to keep the key ECB interest rates unchanged. Incoming information confirms that the moderate recovery of the euro area economy is proceeding in line with the Governing Council's previous assessment. At the same time, the latest ECB staff macroeconomic projections, now covering the period up to the end of 2016, support earlier expectations of a prolonged period of low inflation, to be followed by a gradual upward movement in HICP inflation rates towards levels closer to 2%. In keeping with this picture, monetary and credit dynamics remain subdued. Inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%.

Regarding the medium-term outlook for prices and growth, the information and analysis now available fully confirm the Governing Council's decision to maintain an accommodative monetary policy stance for as long as necessary. This will assist the gradual economic recovery in the euro area. The Governing Council firmly reiterates its forward guidance. It continues to expect the key ECB interest rates to remain at present or lower levels for an extended period of time. This expectation is based on an overall subdued outlook for inflation extending into the medium term, given the broad-based weakness of the economy, the high degree of unutilised capacity and subdued money and credit creation.

The Governing Council is monitoring developments on money markets closely and is ready to consider all instruments available to it. Overall, the Governing Council remains firmly determined to maintain the high degree of monetary accommodation and to take further decisive action if required.

Regarding the economic analysis, real GDP in the euro area rose by 0.3%, quarter on quarter, in the last quarter of 2013, thereby increasing for three consecutive quarters. Developments in survey-based confidence indicators up to February are consistent with continued moderate growth also in the first quarter of this year. Looking ahead, the ongoing recovery is expected to proceed, albeit at a slow pace. In particular, some further improvement in domestic demand should materialise, supported by the accommodative monetary policy stance, improving financing conditions and the progress made in fiscal consolidation and structural reform. In addition, real incomes are supported by lower energy prices. Economic activity is also expected to benefit from a gradual strengthening of demand for euro area exports. At the same time, although unemployment in the euro area is stabilising, it remains high, and the necessary balance sheet adjustments in the public and private sectors will continue to weigh on the pace of the economic recovery.

This assessment is also broadly reflected in the March 2014 ECB staff macroeconomic projections for the euro area, which foresee annual real GDP increasing by 1.2% in 2014, 1.5% in 2015 and 1.8% in 2016. Compared with the December 2013 Eurosystem staff macroeconomic projections, the projection for real GDP growth for 2014 has been revised slightly upwards.

The risks surrounding the economic outlook for the euro area continue to be on the downside. Developments in global financial markets and in emerging market economies, as well as geopolitical risks, may have the potential to affect economic conditions negatively. Other downside risks include weaker than expected domestic demand and export growth and insufficient implementation of structural reforms in euro area countries.

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.8% in February 2014, unchanged from the (upwardly revised) outcome for January. While energy prices fell more

strongly in February than in the previous month, increases in industrial goods and services prices were higher than in January. On the basis of current information and prevailing futures prices for energy, annual HICP inflation rates are expected to remain at around current levels in the coming months. Thereafter, inflation rates should gradually increase and reach levels closer to 2%, in line with inflation expectations for the euro area over the medium to long term.

This assessment is also broadly reflected in the March 2014 ECB staff macroeconomic projections for the euro area, which foresee annual HICP inflation at 1.0% in 2014, 1.3% in 2015 and 1.5% in 2016. In the last quarter of 2016, annual HICP inflation is projected to be 1.7%. In comparison with the December 2013 Eurosystem staff macroeconomic projections, the projection for inflation for 2014 has been revised slightly downwards. In view of the first publication of a three-year projection horizon in the March 2014 ECB staff macroeconomic projections, it should be stressed that the projections are conditional on a number of technical assumptions, including unchanged exchange rates and declining oil prices, and that the uncertainty surrounding the projections increases with the length of the projection horizon.

Regarding the Governing Council's risk assessment, both upside and downside risks to the outlook for price developments are seen as limited and are considered to be broadly balanced over the medium term.

Turning to the monetary analysis, data for January 2014 confirm the assessment of subdued underlying growth in broad money (M3) and credit. Annual growth in M3 increased to 1.2% in January, from 1.0% in December. The monthly inflow to M3 in January was substantial, compensating for the strong outflow in December. The increase in M3 growth reflected a stronger annual growth rate of M1, which rose to 6.2% from 5.7% in December. As in previous months, the main factor supporting annual M3 growth was an increase in the MFI net external asset position, which continued to reflect the increased interest of international investors in euro area assets. The annual rate of change of loans to the private sector continued to contract. The annual rate of change of loans to non-financial corporations (adjusted for loan sales and securitisation) was -2.9% in January, unchanged from December. Weak loan dynamics for non-financial corporations continue to reflect their lagged relationship with the business cycle, credit risk and the ongoing adjustment of financial and non-financial sector balance sheets. The annual growth rate of loans to households (adjusted for loan sales and securitisation) stood at 0.2% in January 2014, broadly unchanged since the beginning of 2013.

Since the summer of 2012 substantial progress has been made in improving the funding situation of banks. In order to ensure an adequate transmission of monetary policy to the financing conditions in euro area countries, it is essential that the fragmentation of euro area credit markets declines further and that the resilience of banks is strengthened where needed. This is the objective of the ongoing comprehensive assessment by the ECB, while a timely implementation of additional steps to establish a banking union will further help to restore confidence in the financial system.

To sum up, the economic analysis confirms the Governing Council's expectation of a prolonged period of low inflation, to be followed by a gradual upward movement towards levels of inflation closer to 2%. A cross-check with the signals from the monetary analysis confirms the picture of subdued underlying price pressures in the euro area over the medium term.

As regards fiscal policies, the ECB staff macroeconomic projections indicate continued progress in reducing fiscal imbalances in the euro area. The aggregate euro area general government deficit is

expected to have declined to 3.2% of GDP in 2013 and is projected to be reduced further to 2.7% of GDP this year. General government debt is projected to peak at 93.5% of GDP in 2014, before declining slightly in 2015. Looking ahead, euro area countries should not unravel past consolidation efforts and should put high government debt ratios on a downward trajectory over the medium term. Fiscal strategies should be in line with the Stability and Growth Pact and should ensure a growth-friendly composition of consolidation which combines improving the quality and efficiency of public services with minimising distortionary effects of taxation. National authorities should also continue with the decisive implementation of structural reforms in all euro area countries. These reforms should aim, in particular, to make it easier to do business and to boost employment, thus enhancing the euro area's growth potential and reducing unemployment in the euro area countries. To this end, the Governing Council welcomes the European Commission's communication of 5 March on the prevention and correction of macroeconomic imbalances and on the Excessive Deficit Procedure. Looking ahead, it is key that the macroeconomic surveillance framework in the euro area, which was significantly strengthened in the wake of the sovereign debt crisis, is implemented fully and in a consistent manner.

This issue of the Monthly Bulletin contains one article, entitled "March 2014 ECB staff macroeconomic projections for the euro area".

I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

Global economic activity is expanding, albeit at a moderate pace, which partly mirrors changes in growth dynamics across regions. While growth is picking up in most advanced economies, providing increasing impetus to the global recovery, momentum has slowed in major emerging market economies. More specifically, improvements in private sector balance sheets and accommodative policies continue to support economic activity in advanced economies, while structural hurdles and tightened financial conditions, combined with limited room for policy manoeuvre, have resulted in a slowdown in emerging market economies. Meanwhile, global sentiment has remained relatively robust since the beginning of 2014, pointing to an ongoing expansion of trade and the world economy. Although the recent financial market turmoil in some emerging market economies has somewhat increased uncertainty, thus far tensions remained geographically confined, meaning that there have been only limited global repercussions. Global inflation declined in the last quarter of 2013 and remained contained at the start of the year on the back of ample spare capacity and lower energy prices.

I.1 GLOBAL ECONOMIC ACTIVITY AND TRADE

Global economic activity is expanding at a gradual pace, to some extent reflecting changes in growth dynamics across regions. Overall, cyclical and structural factors in conjunction with country-specific policy and financial market reactions largely explain the divergent growth patterns worldwide. In particular, while growth momentum is picking up steadily in most advanced economies supported by improved private sector balance sheets and accommodative policies, it has slowed in emerging market economies, owing to persistent structural impediments, policy uncertainties and volatile financial conditions, notably affecting countries with domestic vulnerabilities. Provisional estimates for the fourth quarter of 2013 suggest that GDP growth in the G20 excluding the euro area stood at 0.9% quarter on quarter, significantly lower than in the previous quarter, although with continued divergence across countries (see Table 1). In the United States, real GDP growth remained robust in the fourth quarter of 2013 supported by strong private consumption, non-residential investment and exports. Although recent indicators suggest some moderation in the

Table 1 Real GDP growth in selected economies

	Annual growth rates					Quarterly growth rates		
	2012	2013	2013 Q2	2013 Q3	2013 Q4	2013 Q2	2013 Q3	2013 Q4
G20 ¹⁾	2.9	2.7	2.6	3.1	3.4	0.8	1.2	0.8
G20 excluding euro area ¹⁾	3.6	3.4	3.2	3.8	4.0	0.9	1.5	0.9
United States	2.8	1.9	1.6	2.0	2.5	0.6	1.0	0.6
Japan	1.4	1.6	1.3	2.4	2.7	1.0	0.3	0.3
United Kingdom	0.3	1.9	2.0	1.9	2.8	0.8	0.8	0.7
Denmark	-0.4	0.4	0.8	1.0	0.6	1.0	0.4	-0.5
Sweden	1.3	1.5	0.7	0.7	3.1	0.0	0.5	1.7
Switzerland	1.0	2.0	2.3	2.1	1.9	0.6	0.5	0.2
Brazil	1.0	2.3	3.3	2.2	1.9	1.8	-0.5	0.7
China	7.7	7.7	7.5	7.8	7.7	1.8	2.2	1.8
India	4.8	3.9	2.4	5.6	4.6	-0.2	5.8	0.1
Russia	3.4	-	1.2	1.2	-	-0.1	0.2	-
Turkey	2.2	-	4.5	4.4	-	2.0	0.9	-
Poland	2.0	1.5	1.3	1.8	2.2	0.6	0.7	0.6
Czech Republic	-0.9	-	-1.7	-1.2	-	0.3	0.2	-
Hungary	-1.7	1.2	0.6	1.7	2.7	0.3	0.8	0.5

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

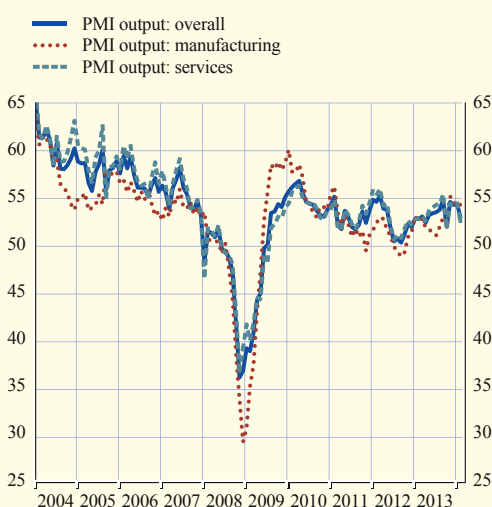
1) Q4 2013 and annual figure for 2013 are estimates based on the latest available data.

first quarter of 2014, reflecting the strong build-up of inventories in previous quarters and adverse weather conditions, this is expected to be temporary. In Japan, the rapid expansion in the first half of 2013 was followed by slower growth in the second half, mainly owing to weak exports and subdued corporate investment. However, a rebound is expected in the first quarter of 2014, supported by stronger private consumption in anticipation of the consumption tax increase. The UK economy has posted strong growth in recent quarters, and high-frequency indicators are signalling robust activity in the short term. By contrast, a range of indicators in China and other emerging market economies suggest that the growth momentum will slow in early 2014, despite unexpected positive growth in some Asian economies at the end of last year.

The recent financial market turmoil in some emerging market economies has led to increased uncertainty about the global outlook, but tensions have mainly been confined to countries with weak fundamentals and domestic imbalances (see Box 1). The repercussions on the global economy have been limited so far, and receding as of late. In the short term global sentiment indicators suggest robust business conditions overall at the beginning of 2014, with activity expected to continue on its gradual recovery path. Although the global composite output PMI excluding the euro area declined in February as a result of significant decreases in the indices for the United States and Japan, it still points to continued global expansion in the first quarter of 2014 when combined with the strong reading in January (see Chart 1). Similarly, the OECD composite leading indicator in December 2013 continued to signal growth improvements in most major OECD countries, notably the United States, the United Kingdom and Japan, but subdued prospects in emerging market economies, with growth around trend in China, Brazil and Russia and below trend in India (see Chart 2). The Ifo World Climate Indicator also signalled brighter prospects for advanced economies, but a slight scaling back of economic expectations for emerging market economies.

Chart 1 Global PMI (excluding the euro area)

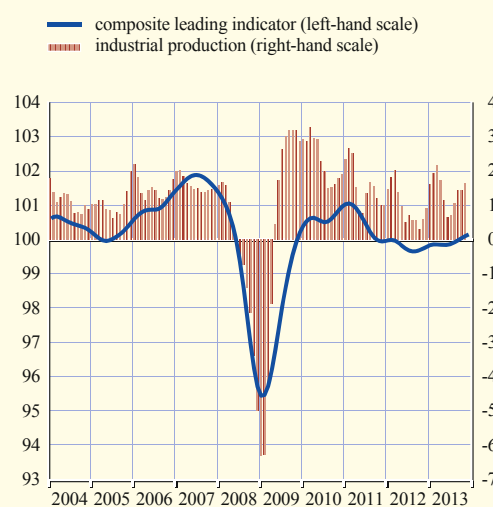
(seasonally adjusted monthly data)



Source: Markit.

Chart 2 Composite leading indicator and industrial production

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



Sources: OECD and ECB calculations.

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

In line with global economic expansion, world trade growth picked up in 2013 after a prolonged period of muted developments. According to the CPB Netherlands Bureau for Economic Policy Analysis, the growth momentum of goods imports was sustained in the fourth quarter of 2013, increasing by 1.2% quarter on quarter in the fourth quarter of 2013 compared with 1.3% in the previous quarter, resulting in an increase in annual world trade growth to 2.8% in 2013, from 1.9% in 2012. In February 2014 the global PMI for new manufacturing export orders increased slightly, signalling a continued and moderate recovery in global trade activity.

Looking ahead, according to the March 2014 ECB staff macroeconomic projections (see article), it is projected that the global recovery will continue to gain strength, albeit only gradually, as some impediments continue to restrain, although to a lesser extent, the medium-term outlook. Overall, the global growth profile has remained broadly unchanged in the short term, but has been revised slightly downwards in the medium term compared with the December 2013 projections. In advanced economies, waning private sector deleveraging and fiscal consolidation should bolster confidence and support domestic demand. Higher external demand in advanced economies should support exports in emerging market economies, partly offsetting the adverse impact of structural hurdles and reform inertia on potential growth.

The balance of risks to the global outlook remains tilted to the downside. Developments in global financial markets and in emerging market economies, as well as geopolitical risks, may have the potential to affect economic conditions negatively. Other downside risks include higher commodity prices and weaker than expected global demand.

Box I**REPERCUSSIONS OF THE RECENT FINANCIAL MARKET TENSIONS IN EMERGING MARKET ECONOMIES**

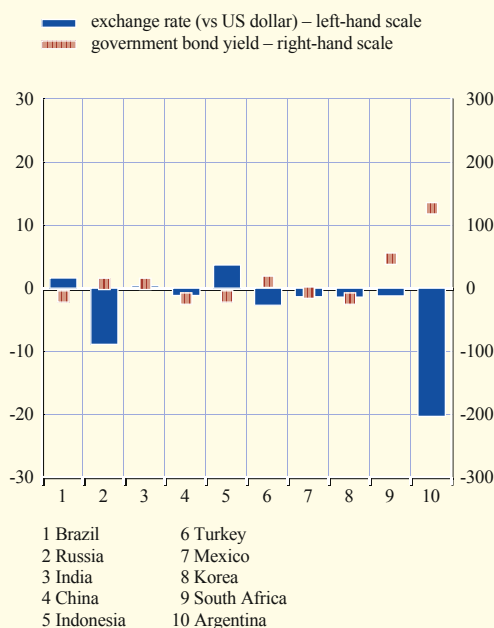
Financial market tensions in emerging market economies (EMEs) have increased again in early 2014, heightening concerns about the risks to the economic prospects of EMEs and the wider global recovery. Compared with last year's episodes, the recent turmoil has been less intense and has not been as widespread, with only a small subset of countries affected (see Chart A). From a longer-term perspective, the turmoil is likely to reinforce the broader trend of slowing growth observed in EMEs over the past four years, which partly reflects a structural slowdown in some of the larger EMEs. This box examines the broader economic developments in EMEs and the possible repercussions of the recent financial market tensions.

The role of structural and cyclical factors in the growth slowdown in emerging market economies

Aggregate GDP growth for EMEs has slowed sharply over recent years, from 7.6% in 2010 to 4.7% in 2012. This is well below the growth performance in the years prior to the financial crisis, when aggregate emerging market growth averaged around 6% between 2000 and 2007 (see Chart B). This slowdown has been observed across most emerging market economies and has exceeded that witnessed in advanced economies.

Chart A Recent government bond yield and currency developments in selected emerging market economies

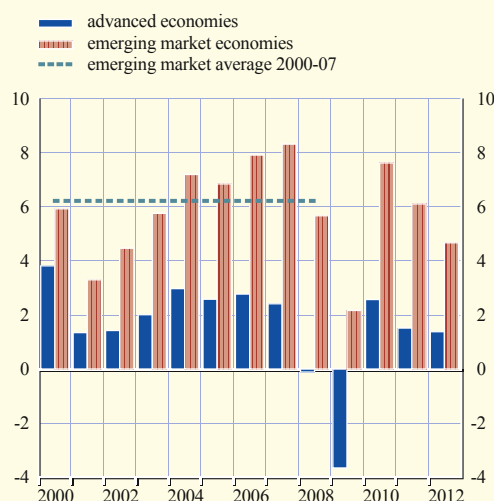
(basis points; percentage changes)



Sources: Haver, Bloomberg and ECB staff calculations.
Notes: Change between 1 January and 26 February 2014.
For Argentina, the EMBI sovereign spread was considered.

Chart B Real GDP growth

(annual percentage changes)



Source: ECB staff calculations.
Notes: Advanced economies are the euro area, Australia, Canada, Denmark, Iceland, Japan, New Zealand, Norway, Sweden, Switzerland, the United Kingdom and the United States. The group of emerging economies consists of around 150 countries.

One component of the recent deceleration has been a moderation in potential growth. Most analysts now foresee moderate growth in the coming years – long-term forecasts (five years ahead) by Consensus Economics have been revised downwards for many of the larger EMEs. Growth in China has declined particularly strongly since 2012, as limits to its growth model – characterised by strong reliance on capital accumulation and migration of labour from rural to urban manufacturing sectors – are becoming apparent.¹ In the coming years potential growth in China is likely to follow a downward path, owing to a decline in the working age population and a gradual rebalancing of demand away from capital expenditure towards household spending. In many EMEs, inadequate physical infrastructure and a poor business climate, combined – in some countries – with waning momentum in structural reforms, have also contributed to a decline in growth potential.

However, the bulk of the slowdown is attributable to cyclical factors. EMEs have suffered from weak demand in advanced economies, which account for half of EMEs' exports on average. Many have also been affected by the moderation in China's growth. Related to this, lower demand for commodities has meant that commodity-exporting countries are no longer benefiting from sharply increasing prices.

¹ See the box entitled "Factors underlying China's growth performance and prospects", *Monthly Bulletin*, ECB, December 2013.

At the same time, for much of the period since 2010, EMEs have benefited from a number of offsetting factors, most notably loose global and domestic financial conditions. Monetary accommodation in advanced economies has lowered global interest rates and boosted capital flows towards EMEs. Domestic policies, such as expansionary fiscal policy measures, have also tended to reinforce growth in the immediate aftermath of the global financial crisis. With low real interest rates prevailing in many EMEs during this period, financial conditions in these economies have been rather loose and credit has grown very rapidly in some countries.

Rising external and domestic fragilities in some emerging market economies

The factors that helped to sustain growth following the global downturn in 2008-09 have also led to rising imbalances in some

EMEs, most notably deteriorating current account balances (South Africa, Indonesia, India and Turkey), persistent fiscal deficits (Argentina and India) and overextended financial sectors following periods of very high credit growth (Brazil, Indonesia and Turkey).

Since May 2013 financial markets appear to have paid more attention to such fragilities. Most countries with large current account deficits have been affected by financial market tensions (see Chart C). The currencies of these countries have depreciated by up to 25% in effective terms, on average, since May 2013. Other factors such as domestic and political uncertainty (e.g. in Argentina and Turkey) also appear to have contributed to increasing market concerns about the outlook.

Risks and repercussions

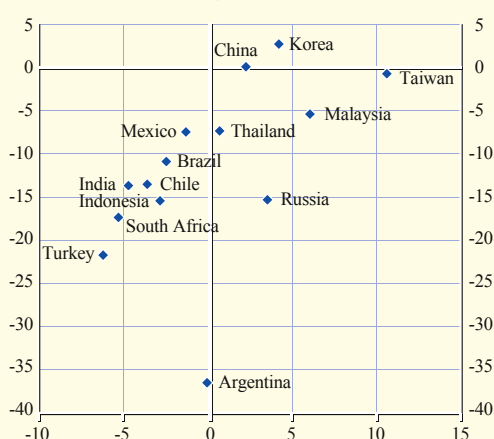
The global implications of ongoing tensions are likely to be limited, as long as the turmoil does not intensify and remains confined to a small number of countries. To date, the limited contagion observed across emerging market currencies suggests that the recent sell-off in financial markets has been driven mostly by idiosyncratic country issues.

At the same time, there is a risk that the slowdown in growth in EMEs observed in recent years might be a reflection of deeper and more structural problems across a wider set of EMEs. Accordingly, against the backdrop of the recent increased fragilities in some EMEs, there remains a tail risk that localised problems could spread, triggering a more generalised capital flight from EMEs. In such a tail risk scenario, an ensuing broader emerging market slowdown could act as a drag on global growth.

Chart C Exchange rate developments and current account balances in selected emerging market economies

(percentage of GDP; percentage changes)

x-axis: current account balance in 2012
y-axis: effective exchange rate from May 2013 to March 2014



Sources: Haver and ECB staff calculations.

Note: Exchange rates are measured using the nominal effective exchange rates vis-à-vis a group of 39 trading partners.

Table 2 Price developments in selected economies

(annual percentage changes)

	2012	2013	2013 Sep.	2013 Oct.	2013 Nov.	2013 Dec.	2014 Jan.	2014 Feb.
OECD	2.3	1.6	1.5	1.3	1.5	1.6	1.7	-
United States	2.1	1.5	1.2	1.0	1.2	1.5	1.6	-
Japan	0.0	0.4	1.1	1.1	1.5	1.6	1.4	-
United Kingdom	2.8	2.6	2.7	2.2	2.1	2.0	1.9	-
Denmark	2.4	0.5	0.2	0.3	0.3	0.4	0.8	-
Sweden	0.9	0.4	0.5	0.2	0.3	0.4	0.2	-
Switzerland	-0.7	-0.2	-0.1	-0.3	0.1	0.1	0.1	-
Brazil	5.4	6.2	5.9	5.8	5.8	5.9	5.6	-
China	2.6	2.6	3.1	3.2	3.0	2.5	2.5	-
India ¹⁾	7.5	6.3	7.0	7.2	7.5	6.2	5.0	-
Russia	5.1	6.8	6.1	6.2	6.5	6.5	6.0	6.2
Turkey	8.9	7.5	7.9	7.7	7.3	7.4	7.8	7.9
Poland	3.7	0.8	0.9	0.7	0.5	0.6	0.6	-
Czech Republic	3.5	1.4	1.0	0.8	1.0	1.5	0.3	-
Hungary	5.7	1.7	1.6	1.1	0.4	0.6	0.8	-
Memo item: OECD core inflation ²⁾	1.8	1.6	1.6	1.5	1.6	1.6	1.6	-

Sources: OECD, national data, BIS, Eurostat and ECB calculations.

1) WPI inflation for India.

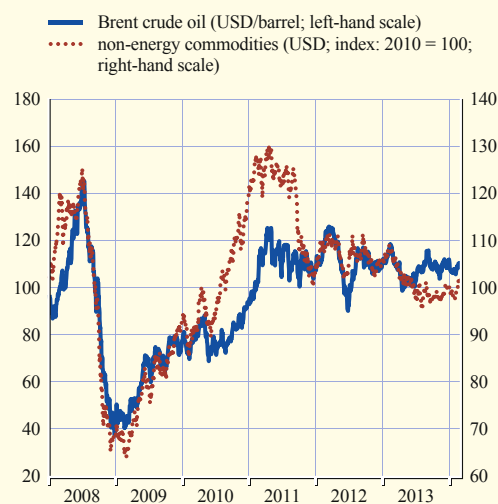
2) Excluding food and energy.

1.2 GLOBAL PRICE DEVELOPMENTS

The slowdown in global inflation observed since 2011 continued in 2013, mainly on the back of weaker commodity price contributions and sizeable spare capacity. Annual headline consumer price inflation in the OECD area picked up slightly in the last few months of 2013 and at the beginning of 2014 to reach 1.7% in January, as the negative base effects of lower energy prices started to wane (see Table 2). Excluding food and energy, annual inflation in OECD countries has remained stable, standing at 1.6% in January. In non-OECD emerging market economies, inflation declined in the majority of the countries in January, while it remained unchanged in China. Looking ahead, global inflation is expected to remain contained, particularly in advanced economies, in an environment of relatively stable commodity prices, sizeable spare capacity and anchored inflation expectations.

The outlook for global inflation is strongly influenced by commodity price developments and, more importantly, by energy prices. Brent crude oil prices have been relatively stable around USD 105-111 per barrel over the last couple of months (see Chart 3). Brent crude oil prices stood at USD 109 per barrel on 5 March 2014, which is 1% lower than their level one year ago. Looking at fundamentals,

Chart 3 Main developments in commodity prices



Sources: Bloomberg and HWWI.

global supply and demand conditions suggest a relatively well-supplied oil market. According to the International Energy Agency, global demand for oil is expected to decrease in the first quarter of 2014 compared with the previous quarter. At the same time, non-OPEC supply is expected to continue to rise in the first quarter of the year, primarily owing to strong growth in US shale oil supply. Looking forward oil market participants expect lower oil prices over the medium term, with December 2015 Brent futures contracts trading at USD 99 per barrel.

Non-energy commodity prices, on aggregate, have been relatively stable in recent months. This consolidates the stabilisation path observed since mid-2013, notwithstanding some volatility during the summer months. In aggregate terms, the non-energy commodity price index (denominated in US dollars) is currently 4% lower than one year ago.

1.3 DEVELOPMENTS IN SELECTED ECONOMIES

UNITED STATES

In the United States, real GDP growth remained robust in the fourth quarter of 2013. According to the second estimate by the Bureau of Economic Analysis, real GDP increased at an annualised rate of 2.4% (0.6% quarter on quarter), down from 4.1% (1.0% quarter on quarter) in the previous quarter. Growth was supported by stronger gains in personal consumption expenditure, non-residential investment and exports compared with the previous quarter, while inventory building continued to contribute to growth for the fourth consecutive quarter. Residential investment and public spending both declined, the latter on account of a decrease in federal as well as state and local government expenditure.

Most recent indicators were weaker than expected, suggesting that economic growth may be slowing down temporarily in the first quarter of 2014. Available high-frequency data for January, including retail sales, industrial production and housing activity were subdued overall. Adverse weather conditions are likely to be the main explanation for the recent weakness, as this winter has been one of the coldest and snowiest on record, and a rebound in growth is expected once weather conditions improve. Overall, growth in economic activity is expected to accelerate this year, supported by a further strengthening of private domestic demand on the basis of continued accommodative financial conditions and improving confidence, and by a diminishing fiscal drag. Risks related to fiscal policy have receded recently, helped by the extension of the US debt limit until March 2015. As regards the labour market, the unemployment rate declined further to 6.6% in January. Meanwhile, other indicators point to a less positive picture in the labour market, with long-term unemployment and the number of part-time workers who would prefer to be working full-time remaining elevated, while the pace of job creation continued to be relatively weak in January 2014.

Annual CPI inflation picked up by 0.1 percentage point to 1.6% in January 2014, mostly reflecting an acceleration in annual energy inflation. Annual CPI inflation excluding food and energy was 1.6%, slightly less than the rate of 1.7% recorded over the past four months. Annual inflation, as measured by the personal consumption expenditure deflator, has been standing at lower levels, close to 1%, in recent months, partly owing to a different weighting of components compared with the CPI. Looking ahead, the recovery in economic activity should lead to a reduction in economic slack over time, which is expected to be reflected in a gradual and modest increase in inflation.

In the context of generally improving economic prospects, at its meeting on 29 January 2014 the Federal Open Market Committee (FOMC) announced a reduction in the monthly pace of its asset purchases by a further USD 10 billion to USD 65 billion, starting from February. The reduction is divided equally between purchases of mortgage-backed securities (from USD 35 billion to USD 30 billion) and longer-term Treasury securities (from USD 40 billion to USD 35 billion). The FOMC did not change its forward guidance communication compared with the December statement, stating that “it likely will be appropriate to maintain the current target range for the federal funds rate well past the time that the unemployment rate declines below 6-1/2 percent, especially if projected inflation continues to run below the Committee’s 2 percent longer-run goal.”

JAPAN

Economic growth lost some momentum in the second half of 2013, following the very strong expansion earlier in the year. According to the Cabinet Office’s first preliminary estimate, real GDP expanded by 0.3% during the fourth quarter of 2013, which was the same rate as in the previous quarter. Domestic demand was relatively resilient and contributed 0.8 percentage point to GDP growth in the fourth quarter. By contrast, net exports subtracted 0.5 percentage point from GDP growth in the fourth quarter, reflecting stagnant exports and a surge in imports. Notwithstanding a sharp depreciation of the yen in 2013, export growth was subdued in 2013. A temporary boost in economic activity is expected in the first quarter of 2014, with spending brought forward ahead of the consumption tax increase scheduled for April. Latest sentiment indicators and hard data are consistent with this expected pick-up in activity. The manufacturing PMI registered 56.5 in January, little changed from its December reading, and industrial production increased by 4.0% month on month in January.

Inflation data for January show some signs of a loss of momentum. Year-on-year CPI inflation slowed to 1.4% in January, from 1.6% in December, while year-on-year CPI inflation excluding food, beverages and energy was unchanged at 0.7% in January. Temporary factors account for a substantial part of the recent pick-up in inflation, which is likely to be further boosted by the increase in consumption tax scheduled for April. Although inflation expectations have risen significantly over the past year, they are still below the Bank of Japan’s 2% inflation target, while there has been limited evidence of a broad-based increase in domestic prices. The outcome of the wage round in spring 2014 will therefore be crucial for the inflation outlook.

At its monetary policy meeting on 18 February 2014, the Bank of Japan left its target for the monetary base unchanged. In addition, the decision was taken to double in size and extend by one year the Growth-Supporting Funding Facility and the Stimulating Bank Lending Facility, which had both been due to expire prior to the February meeting. This follows the poor take-up of these funds since their launch.

UNITED KINGDOM

The United Kingdom has experienced robust economic growth in recent quarters. In the fourth quarter of 2013 real GDP increased by 0.7% (quarter on quarter), driven mainly by investment and exports. Some of the main business survey indicators have declined slightly in recent months, but the relatively high level of these indicators suggests that growth remained strong at the beginning of the first quarter of 2014. Consumer confidence has also improved, and there are signs of a recovery in credit growth. In the medium term, however, the pace of growth is likely to slow somewhat. The relatively weak household real income dynamics in the face of weak productivity growth, as well as the ongoing need for private and public sector balance sheet adjustment will continue to constrain domestic demand for some time, while prospects for export growth remain subdued.

Annual CPI inflation slowed slightly further in January 2014. It declined by 0.1 percentage point compared with December, to 1.9%. Looking ahead, it is expected that inflationary pressures will remain moderate as inflation continues to be dampened by spare capacity in the economy and the lagged effects of recent currency appreciation.

At its meeting on 6 February 2014 the Bank of England's Monetary Policy Committee decided to keep the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion. On 12 February the Monetary Policy Committee announced some changes to its forward guidance framework by anchoring it to a range of factors related to, for example, spare capacity in the labour markets.

OTHER EUROPEAN ECONOMIES

In Sweden, the recovery in economic activity gathered pace towards the end of 2013, while it slowed down markedly in Denmark. In the fourth quarter of 2013 real GDP increased by 1.7% quarter on quarter in Sweden and declined by 0.5% quarter on quarter in Denmark. These dynamics were driven mainly by domestic demand in both countries. Growth in real GDP in Switzerland in the fourth quarter of 2013 expanded by 0.2% quarter on quarter, supported by an increase in consumption and gross fixed investment, while net exports weighed on growth. Looking ahead, real GDP growth is likely to gain strength in Sweden and Switzerland and to maintain its momentum in Denmark. Turning to price developments, inflationary pressures have continued to moderate and annual HICP inflation has fallen to below 1% in Denmark and close to 0% in Sweden in recent months. This slowdown has been driven by lower energy price inflation, as well as more subdued domestic price pressures. Meanwhile, in Switzerland, annual consumer price inflation turned positive in late 2013 and early 2014.

In the largest central and eastern European (CEE) EU Member States, the recovery in economic activity has continued, supported by strong exports, although the pace of domestic demand has also picked up. According to preliminary data, real GDP, driven partly by one-off factors, increased strongly in the Czech Republic and Romania, while also continuing to grow at a solid pace in Hungary and Poland in the fourth quarter of 2013. Looking ahead, economic activity is likely to continue to strengthen in 2014, with an increasing role for domestic demand, in particular investment, which is likely to be supported by the absorption of available EU funds. Exports should also contribute to growth. Annual HICP inflation has continued to decline markedly in the largest CEE countries over the past few months. Inflation has been dampened by low food and energy price inflation, dissipating base effects from previous increases (or, more recently, cuts in indirect taxes and administered prices), as well as subdued domestic cost pressures. Owing to the subdued inflation outlook, monetary policy has remained accommodative in the largest CEE countries.

In Turkey, real GDP growth, which was very strong in the first half of 2013, declined to 0.9% quarter on quarter in the third quarter, reflecting fading effects from a public investment surge at the beginning of 2013, some inventory destocking, and a moderation in government and private consumption, as well as a deteriorating financing environment. In the fourth quarter of 2013 and in early 2014 domestic demand is expected to have been dampened by tighter monetary policy, regulatory measures to discourage retail lending, heightened political tension and elevated uncertainty arising from financial market and exchange rate volatility, whereas the incipient recovery in the EU is expected to support exports. Although the economy slowed down somewhat during the last quarter of 2013, annual CPI inflation remains firmly above the central bank's target on the back of the pass-through from the lira's depreciation and rising inflation expectations.

In Russia, real GDP in the third quarter of 2013 rebounded slightly from the weak levels of activity observed earlier in 2013, but remained subdued, growing by 0.2% quarter on quarter, as investment rose at a sluggish pace and a strong increase in private consumption was largely offset by higher imports. It is anticipated that foreign demand, together with some pick-up in private investment, will have bolstered output at the start of 2014. In the fourth quarter of 2013 inflation hovered slightly above the central bank's target band, but dropped below its upper boundary in January, mainly as a result of benign food price developments.

EMERGING ASIA

In China, real GDP growth is declining, albeit remaining robust, dipping to 7.7% year on year in the fourth quarter of 2013, as slightly stronger domestic demand failed to offset a weaker contribution from net exports. Real GDP growth came in at 7.7% for 2013 as a whole, unchanged from 2012. The current account surplus declined to 2.1% of GDP.

Overall, high-frequency indicators in early 2014 pointed to a gradual weakening in the growth momentum, confirming that the slowdown in growth in the last quarter of 2013 was continuing. PMI indicators softened in January and February, but non-manufacturing indicators rose. Money and credit aggregates for January continued to decelerate, as authorities try to gradually lower the economy's reliance on credit growth. Data for January and February must be interpreted cautiously, owing to the fluctuating date of the Chinese New Year, which in 2014 fell on 31 January. In addition, owing to the New Year, a number of activity indicators, such as fixed-asset investment and industrial production, are not published in February.

Inflationary pressures were subdued in January, with annual CPI inflation remaining stable, while PPI inflation declined slightly and remained negative. Money market rates at short maturities declined during February, possibly reflecting the widening of banks' access to the liquidity facilities of the People's Bank of China as well as a higher level of liquidity through open-market operations over the Chinese New Year period. In order to avoid the episodes of volatility in money market rates seen in 2013, the China Banking Regulatory Commission strengthened liquidity rules at the end of February 2014. In early March, the Chinese government set a growth target of 7.5% for 2014, which was the same as for last year. The inflation target is also unchanged at 3.5%. Small shifts in other targets confirm the government's intentions to rebalance the economy, albeit gradually.

In 2013 real GDP growth in other major emerging Asian economies remained below long-term averages. A range of indicators suggest continued subdued growth momentum during the first half of 2014, although both India and Indonesia – two countries affected by volatility in financial markets during 2013 – escaped the worst of the financial turmoil in early 2014, possibly reflecting to some degree the improvements in their external imbalances.

In India, real GDP growth remains subdued. Having rebounded in the third quarter of 2013, real GDP growth moderated to 4.6% year on year in the fourth quarter of 2013 on account of weaker growth in investment and exports. Wholesale price inflation remained high in the latter half of 2013, partly reflecting increased inflationary pressures from a weaker rupee. Although inflation fell in January to 5.0% owing to lower food prices, it remained above the implicit central bank target range (4.0-4.5% in the short term). In January 2014 the Reserve Bank of India increased its key policy rate, while the Indian rupee remained relatively stable in spite of high financial market volatility in some emerging market economies. In Indonesia, following three quarters of relatively subdued growth, activity rebounded in the fourth quarter of 2013, primarily owing to strong export performance, which also helped to narrow the current account deficit to below 2% of GDP. Despite increases in interest rates

by 175 basis points in 2013, CPI inflation remained significantly above the bank inflation target range of 3.5-5.5%, standing at 7.8% in February 2014. In Korea, following very weak growth in 2012, activity gradually strengthened during 2013. In year-on-year terms, real GDP growth rose to 3.9% in the fourth quarter of 2013, reflecting higher export growth. Inflation remained at just over 1.0% in February 2014, but was still below the Bank of Korea's 2-4% target range.

MIDDLE EAST AND AFRICA

In the second half of 2013 economic activity in oil-exporting economies remained robust. Despite supply disruptions in some countries, growth continued to be supported by stable oil prices, strong government spending and increased activity in the non-oil private sector. Economic growth remained weak in Arab countries in transition, notwithstanding some signs of improved political stability. In Sub-Saharan Africa, robust economic growth has been sustained in spite of headwinds from weaker non-oil commodity prices and volatile exchange rates. In South Africa and Nigeria, which are the largest economies in the Sub-Saharan region, the latest indicators point to improved economic activity. Looking ahead, activity in the region is expected to pick up somewhat this year, reflecting the gradual recovery in advanced economies and in domestic demand.

LATIN AMERICA

Growth in Latin America remains subdued, with activity in some major economies facing supply-side constraints amid limited room for policy manoeuvre, less supportive external demand and tighter external financial conditions. After picking up moderately in early 2013, economic growth in the region lost momentum in the second half of the year as domestic supply constraints weighed more strongly on growth. Annual real GDP growth is likely to have declined to 2.7% in 2013, from 3% recorded in the previous year. Looking ahead, growth is expected to pick up slightly, supported by stronger external demand, although structural bottlenecks will continue to act as a drag on growth in major countries amid a more challenging international financial environment.

In Brazil, quarterly GDP growth turned into positive territory at 0.7% in the last quarter of 2013, compared with -0.5% in the previous three months. The recovery was driven mainly by net exports and to a lesser extent by investment, whereas private consumption slowed. Despite subdued activity, persistent inflationary pressures prompted the central bank to continue its monetary tightening cycle initiated in April 2013, increasing the policy rate by a further 25 basis points in February 2014, to 10.75%. In Mexico, in the fourth quarter of 2013 real GDP growth fell to 0.2% quarter on quarter from 0.9% in the previous quarter. On the supply side, the weaker growth reflected a deterioration in both the industry and services sectors, which was only partially offset by slightly stronger agricultural output. In Argentina, mounting domestic imbalances pushed GDP growth into contraction territory in the second half of 2013, following the strong growth recorded in the first half of the year.

1.4 EXCHANGE RATES

From early December 2013 to 5 March 2014, the euro appreciated overall against the currencies of most of the euro area's main trading partners. Movements in exchange rates during this period were largely related to developments in expectations about future monetary policy, as well as to adjustments in market expectations regarding the economic outlook for the euro area relative to other major economies. On 5 March 2014 the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, stood at 0.9%

Table 3 Euro exchange rate developments

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

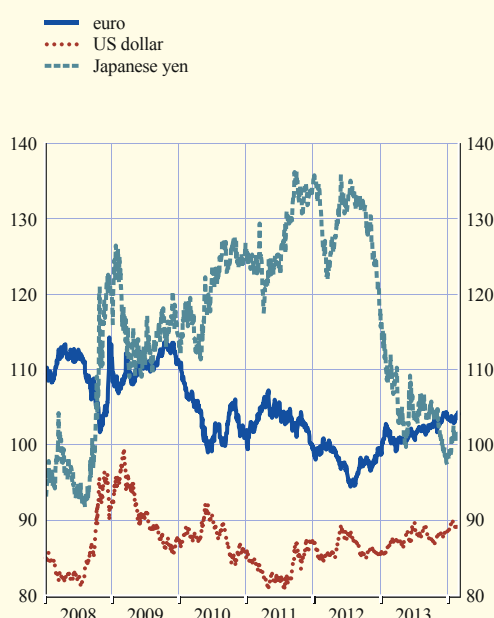
	Weight in the effective exchange rate of the euro (EER-20)	Change in the exchange rate of the euro as at 5 March 2014 with respect to	
		2 December 2013	5 March 2013
EER-20		0.9	3.7
Chinese renminbi	18.7	2.0	3.8
US dollar	16.8	1.4	5.4
Pound sterling	14.8	-0.5	-4.4
Japanese yen	7.2	1.1	15.9
Swiss franc	6.4	-1.1	-0.7
Polish zloty	6.2	-0.3	1.2
Czech koruna	5.0	-0.2	6.7
Swedish krona	4.7	-0.4	6.2
Korean won	3.9	2.7	3.7
Hungarian forint	3.2	2.4	3.6
Danish krone	2.6	0.0	0.1
Romanian leu	2.0	1.7	3.4
Croatian kuna	0.6	0.3	0.8

Source: ECB.

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

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

(daily data; index: Q1 1999 = 100)

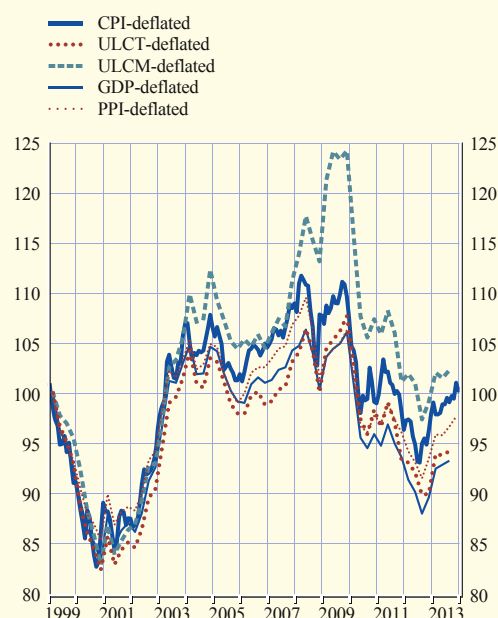


Source: ECB.

The nominal effective exchange rate of the euro is calculated against the currencies of 20 of the most important trading partners of the euro area. The nominal effective exchange rates of the US dollar and the Japanese yen are calculated against the currencies of 39 of the most important trading partners of the United States and Japan.

Chart 5 Real effective exchange rates of the euro

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



Source: ECB.

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

above its level at the beginning of December and at 3.7% above the level one year earlier (see Chart 4 and Table 3).

In bilateral terms, over the past three months the euro has strengthened against the US dollar (by 1.4%) and the Japanese yen (by 1.1%), but has depreciated against the pound sterling (by 0.5%). Increasing volatility in emerging market currencies during this period has notably affected the Argentine peso and, to a lesser extent, the Turkish lira, the Russian rouble and the South African rand, which all weakened considerably vis-à-vis the euro. Currencies of emerging economies in Asia and of commodity-exporting countries also depreciated against the euro, but showed more resilience overall. As far as the currencies of non-euro area EU Member States are concerned, the euro appreciated against the Hungarian forint (by 2.4%), the Romanian leu (by 1.7%) and the Croatian kuna (by 0.3%). By contrast, it depreciated slightly against the Czech koruna (by 0.2%), the Polish zloty (by 0.3%) and the Swedish krona (by 0.4%). The Lithuanian litas and the Danish krone, which are participating in ERM II, remained broadly stable against the euro, trading at, or close to, their respective central rates.

With regard to indicators of the international price and cost competitiveness of the euro area, in February 2014 the real effective exchange rate of the euro based on consumer prices was 1.4% above its level one year earlier (see Chart 5). This largely reflected the nominal appreciation of the euro since then, which was only partly offset by a lower rate of consumer price inflation in the euro area compared with its main trading partners.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Information available for the fourth quarter of 2013 and January 2014 confirms the underlying weakness of money and credit growth, which is being driven by subdued demand dynamics and the deleveraging needs of the financial sector. Annual growth in broad money moderated further at the end of the fourth quarter, before stabilising in January. The slow pace of the euro area banking sector's money creation continued to weigh on M3 growth in the fourth quarter and January. By contrast, capital inflows in the euro area provided some support for M3 growth. M3 developments continued to reflect a reduced preference for monetary liquidity in the euro area, with money-holders searching for yield in non-monetary assets. Credit to the non-financial private sector contracted further, with subdued growth in loans to households and net redemption of loans to non-financial corporations. Sizeable capital inflows and a surplus in the euro area current account contributed to further increases in MFIs' net external asset position. Moreover, at the turn of the year certain MFI balance sheet positions seemed to be affected by the short-term strategies adopted by banks ahead of the ECB's comprehensive assessment of their balance sheets.

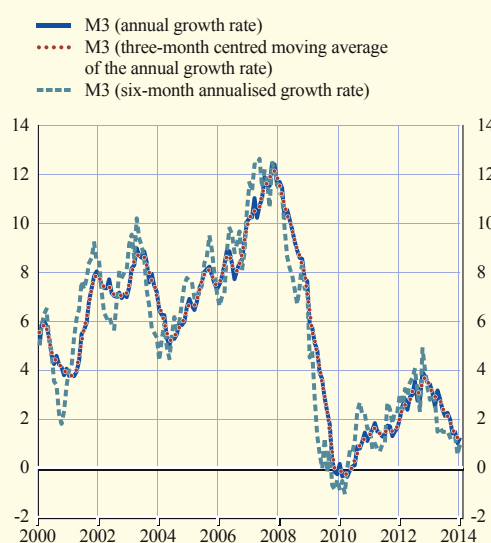
Annual M3 growth moderated further at the end of the fourth quarter of 2013, before stabilising in early 2014. The annual growth rate of M3 stood at 1.2% in January, down from 1.5% in the fourth quarter and 2.2% in the third quarter (see Chart 6 and Table 4). Developments in the broad monetary aggregate M3 continued to reflect portfolio shifts into M1 (which remained the primary contributor to overall M3 growth).

The most recent developments in M3 reflect money-holders' weaker preference for monetary liquidity, which is being driven by a search for yield. On the one hand, money-holders prefer to hold highly liquid overnight deposits, rather than other short-term deposits and marketable instruments (which has been reflected in robust annual growth in M1). On the other hand, risk-return considerations have led investors to shift some of their assets into better remunerated and less liquid instruments outside M3, such as investment funds.

Loans to the non-financial private sector contracted further in the fourth quarter and January, albeit the pace of that decline slowed. The net redemption of loans to non-financial corporations and the subdued lending to households reflected a combination of factors, such as continued weak economic conditions, the need to deleverage following past excesses and constraints on credit in some euro area countries. The results of the January 2014 bank lending survey confirmed signs of stabilisation in the credit conditions of firms and households, while demand for loans to the non-financial private sector remains weak at present. At the same time, loans to general government contracted further in the fourth quarter and January.

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Table 4 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3 ¹⁾	Annual growth rates					
		2013 Q1	2013 Q2	2013 Q3	2013 Q4	2013 Dec.	2014 Jan.
M1	55.1	6.7	8.1	6.9	6.4	5.7	6.2
Currency in circulation	9.2	1.7	2.7	2.6	4.1	5.3	5.8
Overnight deposits	45.9	7.8	9.2	7.9	6.9	5.8	6.3
M2-M1 (=other short-term deposits)	38.3	1.2	0.2	0.2	-1.2	-1.7	-2.6
Deposits with an agreed maturity of up to two years	16.9	-3.8	-5.8	-5.0	-6.3	-6.1	-7.3
Deposits redeemable at notice of up to three months	21.4	6.0	5.8	5.0	3.3	2.1	1.5
M2	93.4	4.3	4.6	4.0	3.1	2.5	2.4
M3-M2 (=marketable instruments)	6.6	-8.5	-14.9	-17.2	-17.1	-16.2	-12.8
M3	100.0	3.2	2.8	2.2	1.5	1.0	1.2
Credit to euro area residents		0.0	-0.2	-0.5	-1.2	-2.0	-1.7
Credit to general government		4.3	3.3	2.0	0.1	-0.7	0.2
Loans to general government		-0.8	-2.6	-6.0	-6.7	-6.3	-4.9
Credit to the private sector		-1.0	-1.0	-1.2	-1.6	-2.4	-2.2
Loans to the private sector		-0.8	-1.1	-1.9	-2.2	-2.3	-2.2
Loans to the private sector adjusted for sales and securitisation ²⁾		-0.4	-0.6	-1.4	-1.8	-2.0	-2.0
Longer-term financial liabilities (excluding capital and reserves)		-5.1	-4.6	-4.2	-3.6	-3.3	-3.4

Source: ECB.

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

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

Further increases in MFIs' net external asset position continued to support M3 growth. At the same time, MFIs' longer-term financial liabilities continued to see outflows in the fourth quarter and January. From a more general perspective, euro area MFIs' downsizing accelerated ahead of the ECB's comprehensive assessment of banks' balance sheets, bringing the overall reduction in MFIs' total assets over the past 12 months to more than €2.0 trillion. At the same time, data for January showed some reversal of the developments seen in previous months, suggesting that banks adjusted some of their balance sheet positions only temporarily.

Taken together, monetary developments for the period to January 2014 confirm that monetary growth in the euro area remains weak. That stems, in particular, from declines in MFI lending to the private sector in an environment characterised by low interest rates and slow growth.

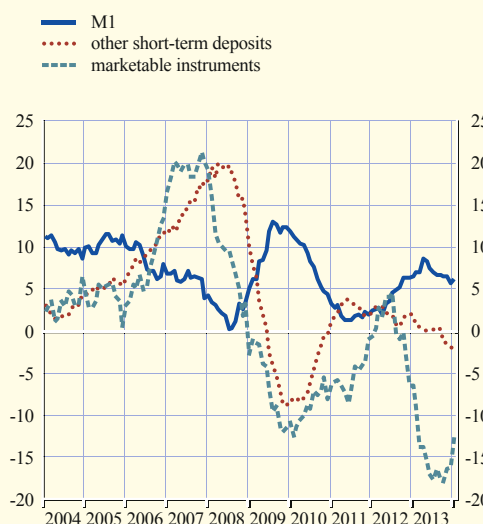
MAIN COMPONENTS OF M3

The further decline in the annual growth rate of M3 reflects the negative contribution made by short-term deposits other than overnight deposits (i.e. M2 minus M1). At the same time, developments in liquid monetary instruments contained in M1 remained the primary driver of the inflows observed for M3 in the fourth quarter and January (see Chart 7). Marketable instruments (i.e. M3 minus M2) continued to register strong outflows.

As regards the main components of M3, the annual growth rate of M1 moderated somewhat, standing at 6.4% in the fourth quarter and 6.2% in January, down from 6.9% in the third quarter (see Table 4). The deceleration in the fourth quarter reflected reduced inflows for overnight deposits, which were somewhat smaller than they had been in previous quarters.

Chart 7 Main components of M3

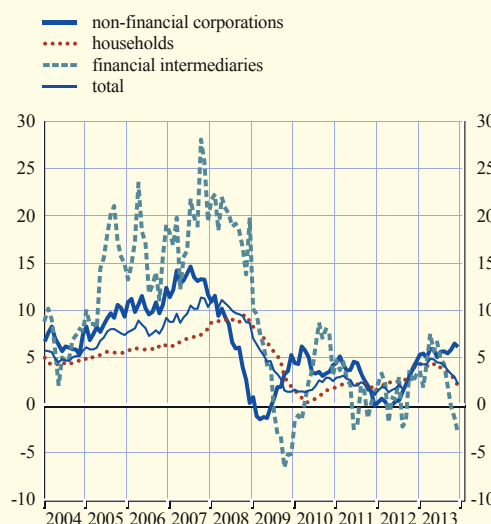
(annual percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Chart 8 Short-term deposits and repurchase agreements

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



Source: ECB.

Note: MFI sector excluding the Eurosystem.

The annual growth rate of M3 deposits – which comprise all short-term deposits and repurchase agreements – declined to 3.1% in the fourth quarter, down from 4.0% in the third quarter, before falling further to stand at 1.9% in January (see Chart 8). Households continued to make the largest contribution to that growth rate. The annual growth rate of overnight deposits held by non-financial corporations remained strong, standing at 8.3% in the fourth quarter and 7.7% in January. The robust annual growth of M3 deposits held by non-financial corporations probably reflects their preference for keeping a large percentage of their earnings in liquid assets and is likely to be a major counterpart of the strong capital inflows seen in the euro area. When looking at the geographical dispersion of M3 deposit flows, the strengthening of the deposit base seen in stressed countries in recent months seems to have lost steam, with growth rates stabilising in line with the moderation observed for the euro area as a whole.

The annual growth rate of short-term deposits other than overnight deposits fell to -1.2% in the fourth quarter and -2.6% in January, down from 0.2% in the third quarter. Sizeable outflows were recorded for short-term time deposits (i.e. deposits with an agreed maturity of up to two years) in the fourth quarter (which was reflected in an annual growth rate of -6.3%), while the annual growth rate of short-term savings deposits (i.e. deposits redeemable at notice of up to three months) also declined, standing at 3.3% in the fourth quarter. Both short-term time deposits and short-term savings deposits registered further outflows in January. Developments for these types of investment are being driven mainly by their limited returns relative to other investment instruments. While returns on bond portfolios declined somewhat in 2013, returns on equities were very strong (see Sections 2.4 and 2.5).

The annual growth rate of marketable instruments stood at -17.1% in the fourth quarter, broadly unchanged from the third quarter, but then recovered somewhat to stand at -12.8% in January. The fourth quarter saw a sizeable reduction in the money-holding sector's holdings of short-term MFI

debt securities (i.e. securities with an original maturity of up to two years), with their annual growth rate stabilising at very low levels (-33.7% in the fourth quarter and -33.9% in January, compared with -36.1% in the third quarter). Strong declines were also recorded for money market fund shares/units and repurchase agreements. The annual growth rate of money market fund shares/units stood at -12.1% in the fourth quarter and -6.4% in January, compared with -10.9% in the third quarter. The annual growth rate of repurchase agreements stood at -11.2% in the fourth quarter and -9.1% in January, compared with -10.2% in the third quarter. Investors' search for yield probably explains the continued outflows seen for money market funds. Investors continue to reallocate their funds to other types of investment with better remuneration prospects, as the very low interest rates are affecting the attractiveness of marketable instruments contained within M3. By comparison, since late 2012 the rates of return on investment funds have been persistently positive and relatively high (see Section 2.2 for details). In parallel, it has become increasingly difficult for money market funds to generate significant positive returns for investors. Moreover, regulatory incentives encouraging deposit-based (as opposed to market-based) funding for banks have also contributed to the weak issuance of MFI debt securities (at all maturities) and money market fund shares/units.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, MFIs' net external asset position has increased strongly further. The sizeable capital inflows that have been observed in recent quarters are the result of improved confidence in the euro area and a more cautious attitude towards emerging market economies on the part of investors. At the same time, the annual growth rate of MFI credit to euro area residents has continued to decline.

The annual growth rate of MFI credit to the private sector fell further to stand at -1.6% in the fourth quarter and -2.2% in January, down from -1.2% in the third quarter. This was partly related to sales of private sector securities (both debt securities and equity) by MFIs towards the end of 2013. Thus, the annual growth rate of securities other than shares decreased to -4.0% in January, down from 1.0% in the third quarter and 0.5% in the fourth quarter. In addition, the positive annual growth rate of shares and other equity is on a downward trajectory. It stood at 0.9% in January and 3.4% in the fourth quarter, down from 5.8% in the third quarter. The annual growth rate of loans to the private sector stood at -2.2% in both the fourth quarter and January, down from -1.9% in the third quarter.

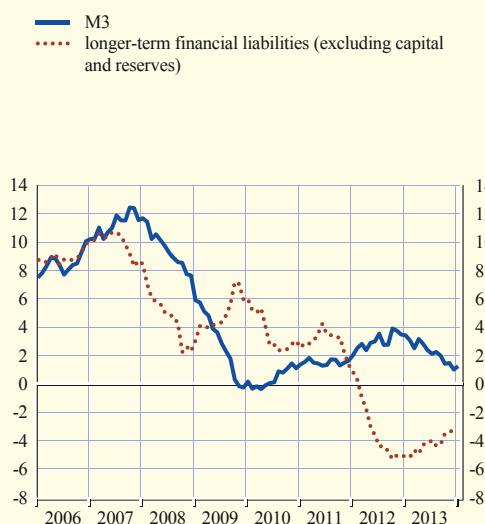
When adjusted for loan sales and securitisation, the annual growth rate of loans to the private sector declined to -2.0% in January, down from -1.8% in the fourth quarter and -1.4% in the third (see Table 4). From a sectoral perspective, loans to households recorded subdued positive growth in the fourth quarter, which was offset by negative growth for loans to non-financial corporations and loans to non-monetary financial intermediaries. These sectoral trends continued in January.

The annual growth rate of MFI loans to households (adjusted for loan sales and securitisation) has remained stable recently. It stood at 0.2% in January, broadly in line with the rates observed since the second quarter of 2013 (see Section 2.7 for more details). The annual growth rate of MFI loans to non-financial corporations (adjusted for loan sales and securitisation) stood at -2.9% in January, also broadly unchanged from the rates observed in the third and fourth quarters.

From a more general perspective, the weakness of bank lending continues to reflect both supply and demand factors. Credit supply conditions remain tight in a number of countries. Moreover, the fragmentation of financial markets and the elevated borrowing costs experienced by the non-financial sectors of some countries continue to weigh on spending and capital expenditure. Excessive indebtedness in the private sector may also be dampening demand for bank credit in a

Chart 9 M3 and MFI longer-term financial liabilities

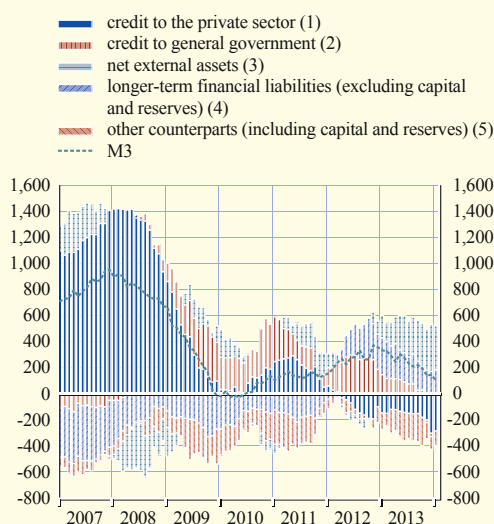
(annual percentage changes; adjusted for seasonal and calendar effects)



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.

number of countries. Furthermore, firms have increasingly replaced bank credit with alternative sources of funding (such as internal funds and, for larger non-financial corporations, direct access to capital markets). In the January 2014 bank lending survey, the net percentage of banks reporting a tightening of credit standards continued its gradual decline, standing at 2%, while banks expected increased demand for all categories of loan in the first quarter of 2014.

MFI credit to general government had only a small impact on money growth in 2013, with its annual growth rate declining to 0.1% in the fourth quarter, down from 2.0% in the third quarter. It then increased slightly to stand at 0.2% in January. The weakening observed in the fourth quarter was driven largely by net sales of securities, while the annual growth rate remained positive. MFIs in a number of countries offloaded government bonds in the fourth quarter, ahead of the ECB's comprehensive assessment of banks' balance sheets.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) increased to -3.6% in the fourth quarter and -3.4% in January, compared with -4.2% in the third quarter (see Chart 9). The contraction observed for MFIs' longer-term financial liabilities continues to reflect their reduced funding needs in the context of deleveraging and the shift to deposit-based funding that is being encouraged under the current regulatory regime. This notwithstanding, households in some countries have continued to shift funds into longer-term deposits.

Net external assets increased by €19 billion in January, albeit that monthly flow was smaller than the monthly average for the fourth quarter. In the 12 months to January the net external asset

position of the euro area MFI sector increased by €340 billion. A quarterly inflow of €155 billion (the largest of 2013) was observed in the fourth quarter, up from €62 billion in the third quarter (see Chart 10). The net external asset position of euro area MFIs captures the capital flows of the money-holding sector where they are routed via MFIs, as well as transfers of assets issued by the money-holding sector (see Box 2).

Box 2

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

This box analyses developments in the financial account of the euro area balance of payments in 2013. Aggregate euro area net financial outflows increased in 2013 compared with 2012, reflecting a decline in net inflows in the combined balance on direct and portfolio investment and a strong increase in net other investment outflows (see the table below). Following on from the ECB Governing Council's announcement regarding Outright Monetary Transactions (OMTs) in September 2012, financial market conditions continued to improve in 2013 and foreign investors substantially increased their exposure to euro area equity and debt securities throughout the year. However, these portfolio investment inflows were more than offset by net outflows of €281 billion for other investment. These outflows contributed to an increase in euro area MFIs' net external assets against the background of an increase in the euro area current account surplus.

The decline in the combined direct and portfolio investment balance in the euro area over 2013 reflected an increase in net outflows of direct investment. This more than offset the increase in net inflows of portfolio investment. Since the announcement on OMTs, foreign investors have substantially increased their purchases of equity and debt securities issued by

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

(EUR billions; non-seasonally adjusted data)

	Three-month cumulated figures 2013						12-month cumulated figures					
	September			December			2012 December			2013 December		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance
Financial account¹⁾			-58.3			-104.3			-140.9			-246.5
Combined direct and portfolio investment												
Direct investment	-95.2	71.3	-23.9	-80.9	126.2	45.3	-516.2	585.0	68.8	-421.1	446.6	25.5
Portfolio investment	-31.8	4.0	-27.8	-47.8	38.5	-9.4	-329.9	326.3	-3.6	-198.3	81.6	-116.7
Equities	-63.4	67.3	3.9	-33.1	87.8	54.7	-186.4	258.7	72.3	-222.7	365.0	142.2
Debt instruments	-42.9	45.4	2.5	-17.0	60.4	43.4	-57.6	144.1	86.5	-136.5	247.1	110.6
Bonds and notes	-20.5	21.9	1.4	-16.1	27.3	11.3	-128.8	114.6	-14.2	-86.3	117.9	31.6
Money market instruments	-18.3	-17.1	-35.4	-7.0	80.0	72.9	-126.5	119.3	-7.2	-68.6	95.4	26.8
Other investment	-2.2	39.0	36.8	-9.0	-52.6	-61.6	-2.3	-4.7	-7.0	-17.7	22.5	4.8
	108.9	-146.0	-37.1	-0.3	-149.1	-149.5	4.8	-204.0	-199.2	117.1	-398.3	-281.2
<i>Of which: MFIs</i>												
Direct investment	-2.6	1.7	-0.9	-4.1	3.1	-1.0	2.0	8.3	10.2	-8.7	10.0	1.3
Portfolio investment	-11.6	13.1	1.5	-8.9	-10.2	-19.1	53.9	-68.2	-14.3	-13.2	-32.6	-45.7
Equities	-16.4	11.5	-4.9	-7.4	-1.5	-8.9	-3.0	-18.1	-21.1	-41.3	-16.4	-57.7
Debt instruments	4.8	1.6	6.4	-1.6	-8.7	-10.3	56.9	-50.1	6.8	28.2	-16.2	12.0
Other investment	65.7	-117.8	-52.1	26.5	-144.7	-118.2	117.2	-215.5	-98.4	86.0	-410.4	-324.3

Source: ECB.

Note: Figures may not add up owing to rounding.

1) A positive (negative) sign indicates inflows (outflows).

euro area non-MFIs. At times during the second and fourth quarters of 2013, net purchases of equity instruments by foreign investors were rather high, which may have been related to investor uncertainty over the tapering-off of quantitative easing by the United States. Euro area investors also increased their acquisition of foreign securities, albeit to a lesser extent, driven by purchases of foreign equity securities by both euro area MFIs and non-MFIs. This more than offset the moderate decline in purchases of foreign debt securities compared with the previous 12-month period, with euro area non-MFIs slightly reducing their purchases of foreign debt instruments and euro area MFIs reducing their net sales of foreign debt instruments.

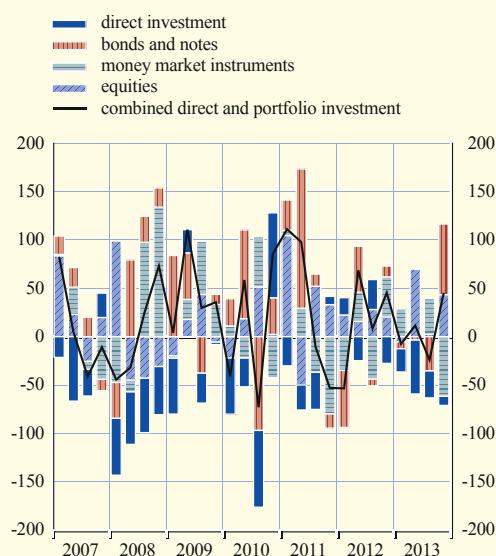
Net outflows of other investment primarily reflected the fact that non-residents continued to reduce their exposure to deposits and loans (particularly at short-term maturity) from euro area MFIs. This was partly offset by a reduction in the foreign deposits and loans of euro area non-MFIs. There was a substantial shift in the maturity structure of foreign other investment assets held by euro area MFIs over the course of 2013 as holdings of long-term assets were reduced. At the same time, euro area MFIs switched from being net sellers of short-term other investment assets in 2012 to net buyers of these assets in 2013. In the 12 months to December 2013 the increase in the net external asset position of euro area MFIs had a positive impact on euro area liquidity and was partly reflected in the evolution of the broad monetary aggregate M3. As can be seen from the monetary presentation of the balance of payments, the increase in MFIs' net external asset position over this period was mainly a result of transactions by the non-MFI sector related to the current account surplus of the euro area, as well as of net inflows of portfolio investment.

As regards the fourth quarter of 2013, while net outflows of other investment continued, net inflows of €45 billion were recorded in the combined balance on direct and portfolio investment, compared with net outflows of €24 billion in the third quarter of 2013 (see the chart below). There was an increase in net inflows of portfolio investment in the fourth quarter compared with the third, and a decline in net outflows of direct investment. Within portfolio investment, domestic investors reduced their purchases of foreign equity and debt securities in the fourth quarter, whereas foreign investors bought more euro area equity securities and debt instruments than in the third quarter.

In the fourth quarter of 2013 the net purchases of foreign bonds and notes by the euro area non-MFI sector, while lower than in the previous quarter, were partly offset by euro area MFIs reducing their exposure to foreign bonds and notes. Both the MFI and non-MFI sectors in the euro area remained net purchasers of foreign equity securities in the fourth quarter of 2013, but less so than in the previous quarter. Euro area MFIs were net sellers of foreign other investment assets in the fourth quarter of 2013, albeit to a lesser extent than in the third. Non-euro area residents

Main items in the financial account

(EUR billions; quarterly net flows)



Source: ECB.

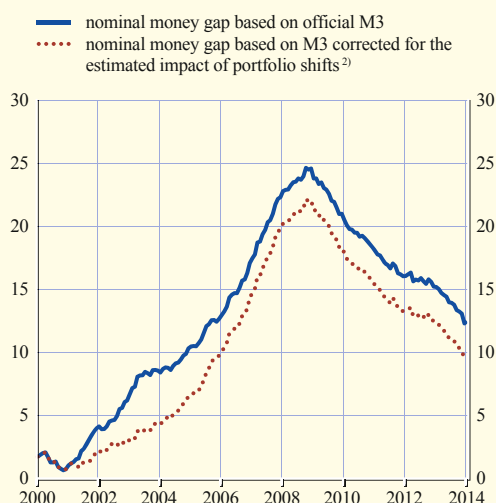
remained net purchasers of euro area non-MFI equity assets, whereas net purchases of domestic MFI equity assets by foreign investors were slightly negative. At the same time, foreign investors also made net acquisitions of euro area bonds and notes, but reduced their exposure to euro area money market instruments issued by MFIs. Foreign investors acquired more domestic bonds and notes issued by euro area non-MFIs in net terms than in the previous quarter. Euro area non-MFIs remained net sellers of foreign money market instruments in the fourth quarter of 2013, while foreign investors became net sellers of domestic money market instruments. As a result, net money market outflows were recorded in the fourth quarter. However, there were net inflows of combined direct and portfolio investment as net money market outflows were outweighed by net inflows in the case of equities and of bonds and notes, while net direct investment outflows declined. Net inflows of portfolio investment in the euro area non-MFI sector and the transactions of the money-holding sector associated with the current account surplus of the euro area had a positive impact on the net external assets of euro area MFIs, which continued to increase in the fourth quarter of 2013.

GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

The developments observed for M3 in the third and fourth quarters of 2013 and January 2014 resulted in further declines in the monetary liquidity accumulated in the euro area prior to the financial crisis (see Charts 11 and 12). Some indicators of monetary liquidity monitored by the ECB suggest that a significant amount of the excess liquidity that was accumulated prior to the

Chart 11 Estimates of the nominal money gap¹⁾

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



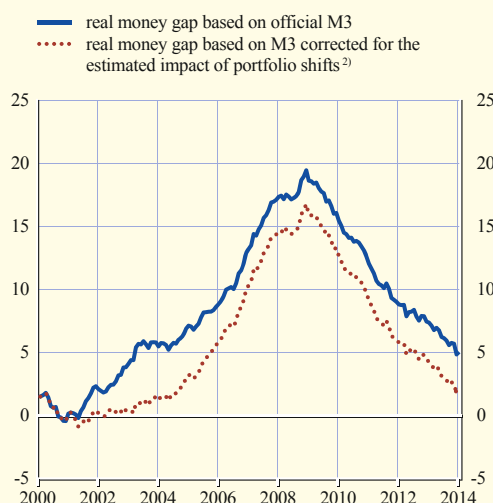
Source: ECB.

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 gap¹⁾

(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.

crisis has now been dissipated. These indicators suggest that liquidity conditions in the euro area economy are now more balanced than they have been in the past. However, such indicators need to be interpreted with caution, since the assessment of equilibrium money holdings is surrounded by considerable uncertainty.

Overall, underlying money and credit growth remained weak in the fourth quarter of 2013 and January 2014. M3 growth moderated further on account of the weak credit dynamics in the euro area and a reduced preference for monetary liquidity. Subdued growth in credit to the private sector continued mainly to reflect cyclical and structural demand factors – and, to a lesser extent, tight supply conditions in some countries. The downsizing of MFIs’ asset holdings accelerated ahead of the ECB’s comprehensive assessment, while the continued inflows of capital in the euro area remained the main counterpart supporting monetary growth.

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

The annual growth rate of financial investment by the non-financial sectors declined marginally to 1.9% in the third quarter of 2013, continuing a downward trend observed since the beginning of 2011 on account of weak economic conditions and subdued developments in disposable income. The annual growth rate of financial investment by insurance corporations and pension funds remained unchanged at 3.1% in the same quarter. In parallel, inflows to investment funds in the fourth quarter were higher than in the third quarter. Inflows to equity and mixed funds remained significant in an environment characterised by both a search for yield and robust risk appetite.

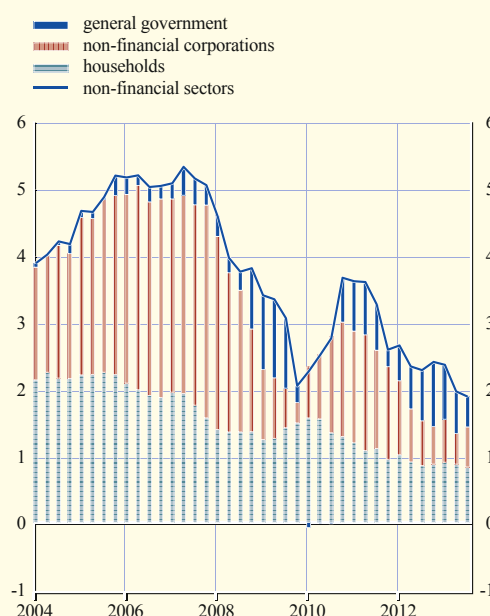
NON-FINANCIAL SECTORS

In the third quarter of 2013 (the most recent quarter for which integrated euro area accounts data are available), the annual growth rate of total financial investment by the non-financial sectors declined marginally to 1.9%, from 2.0% in the second quarter (see Table 5). This represented a continuation of the downward trend observed since the beginning of 2011 on account of weak economic conditions and subdued developments in disposable income. The breakdown by financial instrument shows that the growth rate of currency and deposits, as well as of debt securities and mutual fund shares, declined in the third quarter of 2013 and was only partially offset by investment in shares and other equity (excluding mutual fund shares) and in insurance technical reserves.

The breakdown by sector (see Chart 13) reveals that households’ accumulation of financial assets slowed down slightly in the third quarter, as a result of a combination of continuing deleveraging and weak disposable income

Chart 13 Financial investment of non-financial sectors

(annual percentage changes; contributions in percentage points)



Source: ECB.

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

	Outstanding amount as a percentage of financial assets ¹⁾	Annual growth rates									
		2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3
Financial investment	100	3.6	3.3	2.6	2.7	2.3	2.3	2.4	2.4	2.0	1.9
Currency and deposits	24	4.0	3.5	3.1	4.1	3.5	3.7	3.6	2.7	3.1	2.9
Debt securities, excluding financial derivatives	5	6.9	7.8	3.0	2.0	1.5	0.3	-4.4	-7.0	-7.9	-8.1
of which: short-term	0	6.8	1.7	20.4	17.6	20.3	20.4	-3.5	-18.2	-25.5	-30.0
of which: long-term	5	6.9	8.4	1.7	0.8	0.1	-1.2	-4.4	-5.9	-6.3	-6.1
Shares and other equity, excluding mutual fund shares	30	2.9	2.6	2.8	3.0	2.7	2.4	2.0	2.3	1.6	1.7
of which: quoted shares	5	0.8	2.6	1.9	2.5	3.0	0.7	0.4	0.7	1.3	0.9
of which: unquoted shares and other equity	25	3.4	2.6	3.0	3.1	2.7	2.7	2.3	2.6	1.6	1.9
Mutual fund shares	5	-3.1	-4.8	-5.3	-4.1	-3.3	-1.7	0.1	2.7	2.4	2.3
Insurance technical reserves	16	3.1	2.6	2.0	1.8	1.8	1.9	2.3	2.6	2.7	2.8
Other ²⁾	21	5.1	5.1	3.9	2.9	2.4	2.2	3.9	4.3	3.1	2.8
M3 ³⁾		1.3	1.7	1.6	2.8	3.0	2.8	3.5	2.5	2.4	2.0

Source: ECB.

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

2) Other financial assets comprise loans and other accounts receivable, which in turn include trade credit granted by non-financial corporations.

3) End of quarter. The monetary aggregate M3 includes monetary instruments held by euro area non-MFIs (i.e. the non-financial sectors and non-monetary financial intermediaries) with euro area MFIs and central government.

growth. In the third quarter of 2013, households continued to sell debt securities at a double-digit annual rate, while increasing their acquisition of mutual fund shares. Coupled with the decline in the annual growth rate of M3 deposits, this is suggestive of a reshuffling of portfolios from low-return investment towards riskier assets. The annual growth rate of financial investment by the general government sector also decreased further in the third quarter. Such developments reflect a slower accumulation of currency and deposits, but also a lower growth of investment in loans and shares. Finally, the annual growth rate of financial investment by non-financial corporations increased in the third quarter of 2013, to 1.4% (from 1.1% in the previous quarter). This development was driven mainly by currency and deposits, as well as by investment in unquoted shares and other equity.

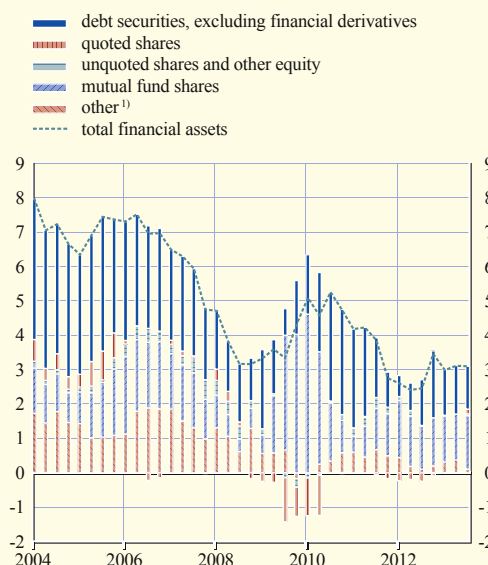
More detailed information on developments in the financial flows and balance sheets of the non-financial private sector is provided in Sections 2.6 and 2.7. Information can also be found – for all institutional sectors – in the box entitled “Integrated euro area accounts for the third quarter of 2013” in the February 2014 issue of the Monthly Bulletin.

INSTITUTIONAL INVESTORS

The annual growth rate of financial investment by insurance corporations and pension funds stood at 3.1% in the third quarter of 2013 (the most recent quarter for which integrated euro area accounts data are available), unchanged from the previous quarter (see Chart 14). The breakdown by financial instrument shows that the contribution of currency and deposits to the annual growth of overall financial investment became more negative in the third quarter of 2013, while the contribution of debt securities and loans remained positive, although it declined. These developments were compensated for by an increase in the growth rate of investment in quoted shares and mutual fund shares.

Chart 14 Financial investment of insurance corporations and pension funds

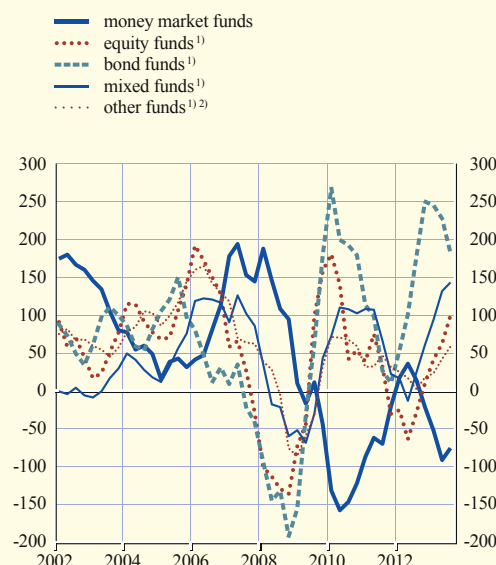
(annual percentage changes; contributions in percentage points)



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

Chart 15 Net annual flows into money market and investment funds

(EUR billions)



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

Investment fund data, which are already available for the fourth quarter of 2013, reveal an inflow of €107 billion into euro area investment funds other than money market funds. This inflow was €6 billion higher than that in the previous quarter. On an annual basis, the net inflow was €466 billion. The breakdown of transactions in the fourth quarter by type of investment asset confirmed that inflows into equity and mixed funds continue to represent the bulk of new investment flows (€72 billion, after €76 billion in the third quarter of 2013). By comparison, inflows into bond funds remained relatively muted (at €15 billion, up from €9 billion in the third quarter of 2013). Viewed in annual terms, inflows into mixed and equity funds continued to increase, reaching €149 billion and €124 billion respectively. Conversely, inflows into bond funds declined, year on year, to €121 billion, from €182 billion in the third quarter 2013 (see Chart 15).

Where money market funds are concerned, low interest rates and the scarce opportunities for high returns offered by this type of investment led to a continuation of the net selling trend that had started in the last quarter of 2009. In the fourth quarter of 2013, net sales by investors totalled €23 billion, thus bringing the total amount of outflows in 2013 as a whole to about €80 billion.

2.3 MONEY MARKET INTEREST RATES

Overnight money market interest rates were somewhat volatile over the period under review. The EONIA increased in December, spiking to stand at 0.45% at the end of the year, before declining in early January. It then increased again, exceeding the ECB's main refinancing rate

on four days in mid-January, before declining to stand at 0.16% on 5 March. However, these developments did not translate into increases in the level or volatility of longer-term money market interest rates.

Money market interest rates for maturities longer than overnight were broadly stable overall between 4 December 2013 and 5 March 2014, both for shorter and longer maturities. On 5 March the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.22%, 0.29%, 0.38% and 0.55% respectively – i.e. around 4 to 5 basis points higher than the levels observed on 4 December. The spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – remained broadly stable, standing at 34 basis points on 5 March (see Chart 16).

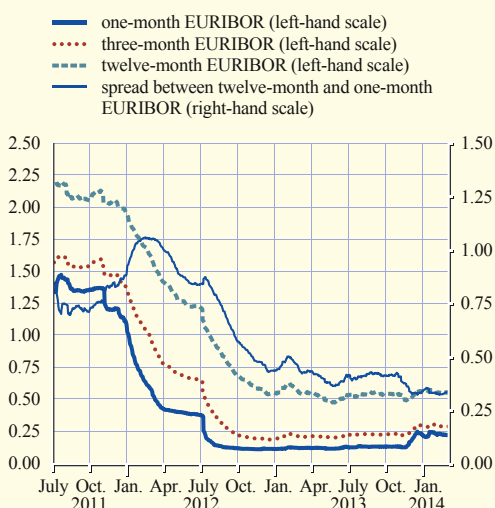
The interest rate on the three-month overnight index swap stood at 0.12% on 5 March, broadly unchanged from 4 December. As the corresponding EURIBOR increased by 5 basis points, the spread between the two increased marginally as well. The three-month secured EUREPO stood at 0.13% on 5 March, 3 basis points higher than on 4 December (see Chart 17).

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in March, June, September and December 2014 stood at 0.27%, 0.25%, 0.25% and 0.27% respectively on 5 March – 2 basis points higher and 2, 4 and 5 basis points lower respectively relative to the levels observed on 4 December (see Chart 18). Implied volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts remained broadly stable over the review period (see Chart 19).

Looking at the overnight maturity, the EONIA increased during December, spiking to stand at 0.45% at the end of the year. This was mainly related to increased demand for precautionary

Chart 16 Money market interest rates

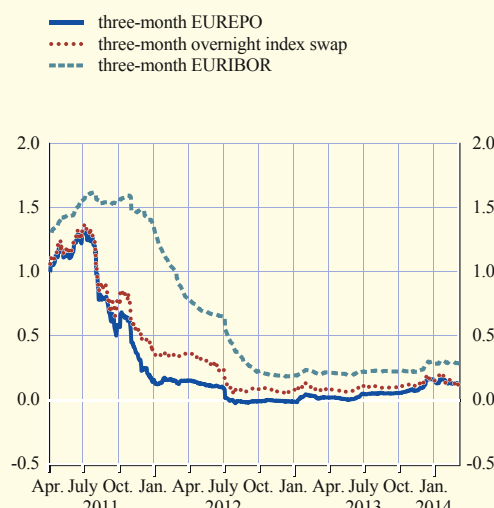
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

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

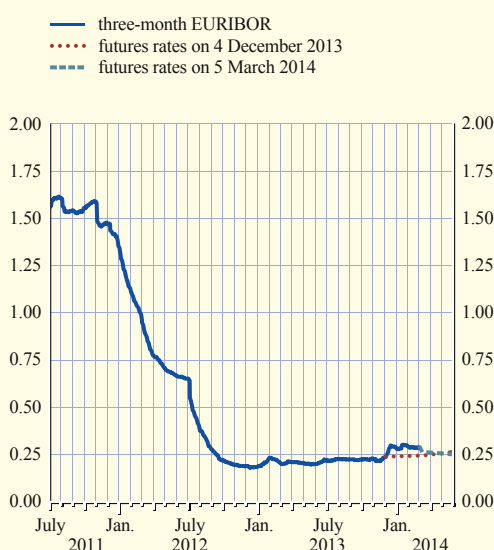
(percentages per annum; daily data)



Sources: ECB, Bloomberg and Thomson Reuters.

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

(percentages per annum; daily data)

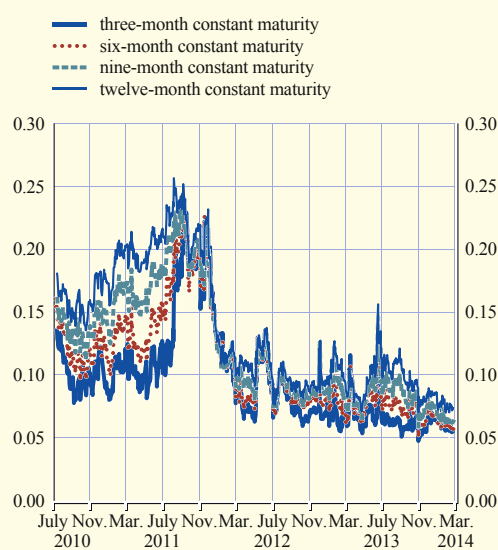


Source: Thomson Reuters.

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

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

(percentages per annum; daily data)



Sources: Thomson Reuters and ECB calculations.

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

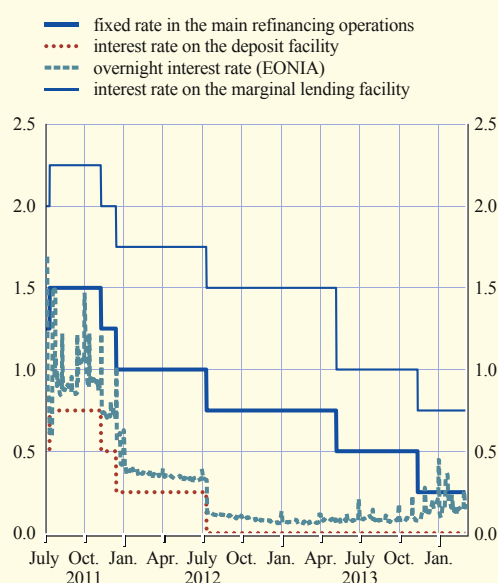
liquidity buffers, which triggered some upward pressure as year-end approached and levels of excess liquidity declined. After initially declining at the beginning of the year, the EONIA increased again, exceeding the ECB's main refinancing rate on four days in mid-January. It then fell back, standing at 0.16% on 5 March (see Chart 20).

The ECB continued to provide liquidity through refinancing operations with maturities of one week, one maintenance period and three months. All of these operations were conducted as fixed rate tender procedures with full allotment (see also Box 3).

The ECB also conducted weekly one-week liquidity-absorbing operations with a variable rate tender procedure and a maximum bid rate of 0.25% in the twelfth reserve maintenance period of 2013 and the first and second maintenance periods of 2014. In eight of these operations, the ECB absorbed an amount equal

Chart 20 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

to the outstanding value of the purchases made under the Securities Markets Programme. However, in three operations during the twelfth maintenance period of 2013 and two operations during the first maintenance period of 2014, the ECB absorbed less than that outstanding value, against the background of higher demand for precautionary liquidity buffers as year-end approached and levels of excess liquidity declined. During the second maintenance period of 2014, the ECB again absorbed all of the €175.5 billion that was outstanding under the Securities Markets Programme.

The review period was characterised by further declines in excess liquidity. The declines observed in average levels of excess liquidity during the twelfth maintenance period of 2013 and the first two maintenance periods of 2014 were due mainly to the voluntary early repayment of some of the liquidity obtained in the two three-year longer-term refinancing operations (LTROs). As a result, excess liquidity averaged €168.8 billion in the three maintenance periods in question, down from €193.8 billion in the previous three maintenance periods. On 5 March excess liquidity stood at €118.7 billion. Daily recourse to the deposit facility averaged €46.1 billion, while current account holdings in excess of reserve requirements averaged €122.9 billion and recourse to the marginal lending facility averaged €0.3 billion. Thus far, counterparties have voluntarily repaid €462.7 billion of the €1,018.7 billion obtained in the two three-year LTROs.

Box 3**LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 13 NOVEMBER 2013 TO 11 FEBRUARY 2014**

This box describes the ECB's monetary policy operations during the reserve maintenance periods ending on 10 December 2013, 14 January 2014 and 11 February 2014, i.e. the eleventh and twelfth maintenance periods of 2013 and the first maintenance period of 2014.

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

Furthermore, the three-month longer-term refinancing operations (LTROs) allotted in the review period were also conducted as fixed rate tender procedures with full allotment. The interest rate in each of these operations was fixed at the average of the MRO rates over the respective LTRO's lifetime. The reduction in the MRO and marginal lending facility rates, by 25 basis points to 0.25% and 0.75% respectively, decided upon by the Governing Council of the ECB on 7 November 2013, became effective on 13 November 2013, i.e. at the beginning of the eleventh maintenance period of the year. The interest rate applicable to the deposit facility was left unchanged throughout the review period at 0%.

Liquidity needs

During the review period, the aggregate daily liquidity needs of the banking system, defined as the sum of autonomous factors and reserve requirements, averaged €605.2 billion, €0.5 billion higher than the daily average in the previous review period (from 7 August to

12 November 2013). Reserve requirements decreased from an average of €104.2 billion in the previous review period to an average of €103.4 billion in the period currently under review (see Chart A). Autonomous factors increased slightly from an average of €500.5 billion to an average of €501.8 billion in the period currently under review.

Looking at individual contributions to the change in average autonomous factors, banknotes in circulation increased, on average, by €16.4 billion from an average of €919.8 billion in the previous review period to an average of €936.2 billion in the period currently under review. Such an increase largely reflects a seasonal pattern in the demand for banknotes peaking during the Christmas period.

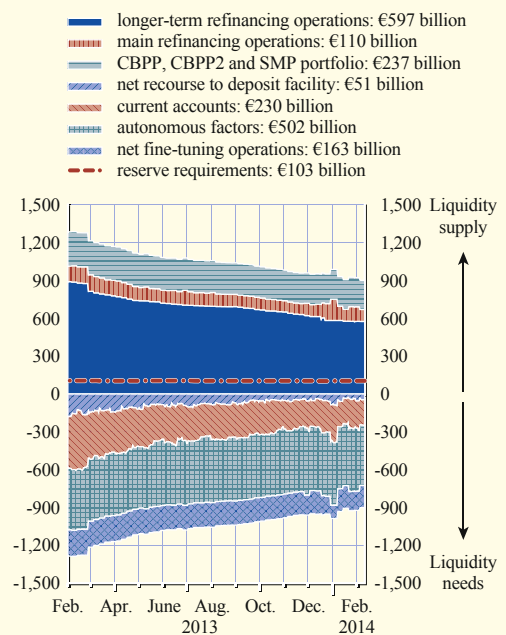
Banknotes in circulation peaked in the twelfth maintenance period at an average of €947.9 billion, before dropping to an average of €931.8 billion in the first maintenance period of 2014. The liquidity-absorbing effect resulting from higher banknotes in circulation was partially offset by an increase of €13.5 billion in net assets denominated in euro. Net assets denominated in euro increased to an average of €447 billion in the period currently under review, from €433.5 billion in the previous review period. Such an increase in net assets denominated in euro reflects, among other things, lower deposits denominated in euro held with the Eurosystem by foreign central banks and has a liquidity-providing effect. Government deposits remained, on average, unchanged during the review period, dropping by €0.2 billion from an average of €74.1 billion to €73.9 billion. This component also continued to exhibit significant volatility, as it fluctuated by as much as €56.2 billion in the period under review. Changes in this component have a significant impact on the volatility of autonomous factors exhibiting a regular fluctuation pattern within a maintenance period linked to tax collection activities and payment of salaries, pensions and social benefits. Normally, however, they have a lesser effect on the average trend level of autonomous factors.

Daily current account holdings in excess of reserve requirements averaged €126.3 billion during the period under review, a reduction of €31.7 billion compared with the previous review period. This decline is in line with the downward trend in excess reserves recorded since early 2013. Daily current account holdings in excess of reserve requirements continued to decline, from €141.1 billion in the tenth maintenance period of 2013 to €112.4 billion in the first maintenance period of 2014.

However, a temporary increase of current account holdings was observed in the twelfth maintenance period, during which daily current account holdings in excess of reserve

Chart A Liquidity needs of the banking system and liquidity supply

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



Source: ECB.

requirements increased from €117 billion in the eleventh maintenance period to €144.8 billion, as banks increased demand for liquidity buffers for precautionary purposes to absorb temporary end-of-year-related money market tensions.

Liquidity supply

The average amount of liquidity provided through open market operations continued to decline, from €826.2 billion during the previous review period to €782.1 billion. Tender operations¹ provided an average of €545.2 billion of liquidity, marking a decline of €33 billion compared with the previous review period. The liquidity provided through the weekly MROs stood, on average, at €110.4 billion, €15.7 billion higher than in the previous review period. The amounts allotted weekly fluctuated in a range between a low of €86.9 billion on 19 November 2013 and €168.7 billion on 30 December 2013, as banks adjusted their demand according to the developments in liquidity and money market conditions.

During the review period, LTROs with a duration of three months and of one maintenance period contributed, on average, €31.5 billion to the liquidity supply, €9.7 billion higher than in the previous period. However, the average recourse to these operations remains significantly lower than at the beginning of 2013, when these LTROs together contributed, on average, €43.8 billion. The three-year LTROs provided on average €565.9 billion, as counterparties repaid €82.7 billion during the review period. The size of weekly repayments increased in the eleventh and twelfth maintenance periods, totalling €24.5 billion and €50.4 billion respectively, as some banks accelerated repayments ahead of year-end for various regulatory and communication reasons, including the balance sheet snapshot taken for the ECB's comprehensive assessment at the end of 2013. Weekly repayments dropped, however, in the first maintenance period of 2014 to a total of €7.7 billion.

The combined outstanding amount of securities held for monetary policy purposes – comprising the first and second covered bond purchase programmes (CBPP and CBPP2) and the Securities Markets Programme (SMP) – stood on average at €236.9 billion, a decrease of €11.1 billion.

The outstanding amount of securities purchased under the CBPP, which was completed in June 2010, stood at €39.7 billion at the end of the review period, €2.2 billion lower than in the previous review period, on account of maturing securities. Outstanding amounts under the CBPP2, which ended on 31 October 2012, stood at €15 billion at the end of the review period, €0.5 billion lower than in the previous review period, also on account of maturing securities. The outstanding value of the SMP decreased by €8.4 billion during the review period, reflecting redemptions in the portfolio. The outstanding amount at the end of the review period was €175.7 billion. The weekly liquidity-absorbing fine-tuning operations sterilised the liquidity injected through the SMP; although, on six occasions during the review period, the bids received were lower than the intended amount of absorption. These episodes reflected temporary developments in the money market when, particularly towards the end of the month, money market rates temporarily spiked above the maximum bid rates on these fine-tuning operations. Chart A summarises the developments of the liquidity needs of the banking system and the liquidity supply.

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

Excess liquidity

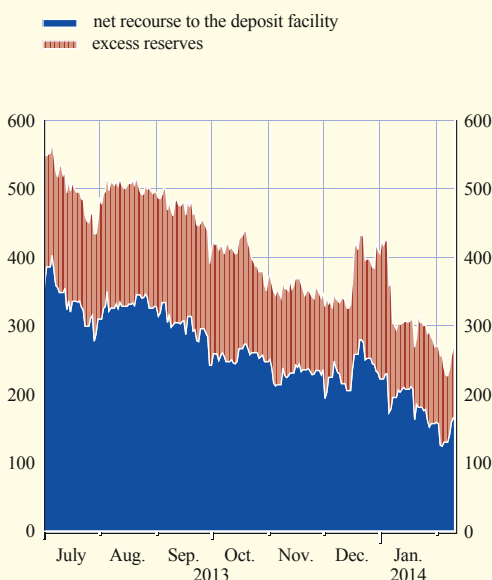
Excess liquidity continued to decline, averaging at €176.9 billion in the period under review, compared with €221.5 billion in the previous review period. At the same time, it remained volatile, fluctuating within the review period between €283.5 billion (3 January 2014) and €125.3 billion (21 January 2014). As described above, the main drivers were fluctuations in government deposits, the increase in banknotes in circulation, the decrease in the outstanding liquidity provided through the three-year LTROs and fluctuations in the amounts allotted through tender operations. Since the rate on the deposit facility is 0%, and thereby equal to the remuneration of excess reserve holdings, counterparties are expected to be largely indifferent regarding the disposition of their excess liquidity. For the three maintenance periods under review, the pattern has been fairly stable, with about 29% of excess liquidity held in the deposit facility and 71% held in the form of excess reserves in the first two maintenance periods under review (see Chart B). The corresponding figures for the third maintenance period are 27% and 73% respectively.

Interest rate developments

During the review period, the ECB rates on the marginal lending facility, the MROs and the deposit facility remained unchanged at 0.75%, 0.25% and 0%, respectively. In light of declining excess liquidity, both the level and the volatility of the EONIA increased compared with the previous period under review. The EONIA averaged 16.9 basis points, compared with 8.5 basis points in the previous three maintenance periods. Within the period under review, the EONIA fluctuated in a range between 7 and 44.6 basis points. The average EONIA in the eleventh

Chart B Evolution of excess liquidity and the distribution between excess reserves and standing facilities since 11 July 2013

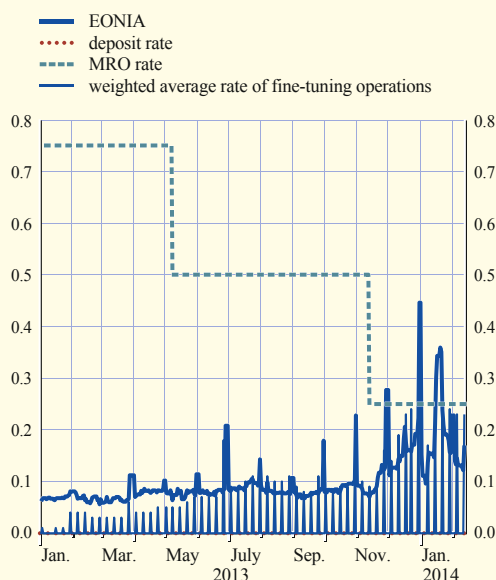
(EUR billions; daily data)



Source: ECB.

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

(percentages; daily data)



Source: ECB.

maintenance period was 12.7 basis points. It increased to 17.2 basis points in the twelfth maintenance period of 2013 and to 20.8 basis points in the first maintenance period of 2014. The rates in the weekly liquidity-absorbing fine-tuning operations also reached higher levels, with the weighted average allotment rate ranging between 9 and 24 basis points at different points within the review period (see Chart C).

2.4 BOND MARKETS

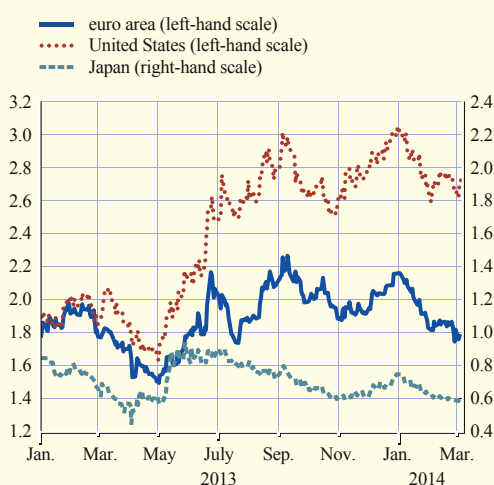
Between the end of November 2013 and 5 March 2014, yields on AAA-rated long-term government bonds declined in both the euro area and the United States, namely by around 13 and 4 basis points respectively, to 1.8% and 2.7%. During that period, bond market developments on both sides of the Atlantic were influenced mainly by the Federal Open Market Committee's decision to reduce asset purchases, as well as by mixed economic data releases, turbulence in several emerging markets and geopolitical tensions. Uncertainty about future bond market developments, as measured by implied volatility, declined overall in both the euro area and the United States, despite some temporary increases in connection with the tensions in emerging markets. Intra-euro area sovereign bond yield spreads declined for most countries. Financial indicators of long-term inflation expectations in the euro area, although declining slightly, remain fully consistent with price stability.

Between the end of November 2013 and 5 March 2014, yields on AAA-rated long-term government bonds in the euro area declined from 1.9% to 1.8% (see Chart 21). Overall, the yields on long-term government bonds in the United States fell from 2.8% to 2.7% over the same period. Accordingly, the nominal interest rate differential between ten-year government bond yields in the euro area and those in the United States increased slightly. In Japan, ten-year government bond yields have been broadly stable since the end of November 2013, standing at 0.6% on 5 March 2014.

Over the review period, the yields on AAA-rated long-term euro area government bond yields were influenced mainly by the decision taken by the Federal Open Market Committee (FOMC) on the gradual tapering of the Federal Reserve System's asset purchases, as well as by releases of mixed economic data in the euro area, turbulence in several emerging markets that started towards mid-January and abated in the first half of February, and geopolitical tensions towards the end of the period. In December 2013, euro area yields increased, mainly reflecting the market's reaction to strong economic data for the United States and the FOMC's decision of 18 December to reduce asset purchases. Throughout January 2014, AAA-rated long-term

Chart 21 Long-term government bond yields

(percentages per annum; daily data)



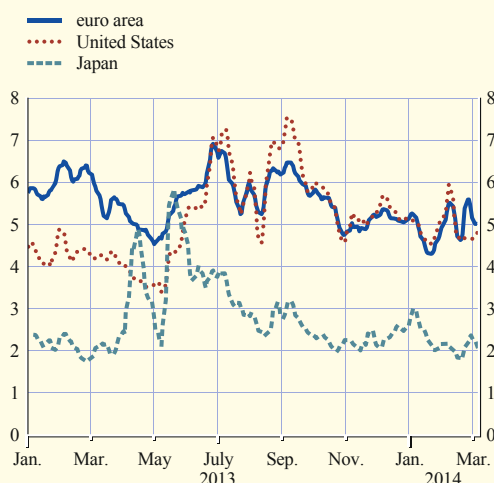
Sources: EuroMTS, ECB, Bloomberg and Thomson Reuters.
Notes: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity. The euro area bond yield is based on the ECB's data on AAA-rated bonds, which currently include bonds from Austria, Finland, Germany and the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

euro area government bond yields declined in reflection of the turbulence in emerging markets. After recovering in February, they declined again amid geopolitical tensions in early March. Macroeconomic data releases in the euro area were generally mixed, with inflation figures, in particular, surprising market participants somewhat further on the downside.

In the United States, long-term bond yields increased by almost 30 basis points in December 2013, reflecting strong economic data and the FOMC's decision to reduce asset purchases. In January 2014, US long-term bond yields declined by more than 40 basis points, on account of safe-haven flows in connection with the turbulence in emerging markets. Once such turbulence abated, yields on US long-term bonds recovered somewhat and remained broadly stable in the second part of February and early March. Macroeconomic data releases in the United States were generally mixed, with employment figures, in particular, turning out to be lower than expected.

Chart 22 Implied government bond market volatility

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



Source: Bloomberg.

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

Investors' uncertainty about near-term bond market developments, as measured by the implied volatility extracted from options on bond prices, declined, all in all, during the period under review. In December 2013, implied bond market volatility decreased somewhat, before increasing in connection with the tensions in emerging markets in January. After the tensions had abated, implied bond market volatility declined in both the euro area and the United States. Since mid-2013, implied bond market volatility levels in the euro area have been comparable to those seen in the United States (see Chart 22).

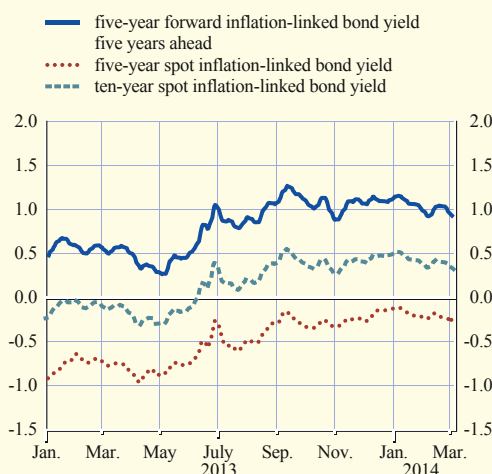
Over the review period, long-term government bond yields fell in individual euro area countries. Moreover, sovereign bond spreads vis-à-vis overnight indexed swap (OIS) rates declined or remained broadly stable in most euro area countries. In particular, the compression of spreads was observed for most of the countries affected by the sovereign debt crisis. These countries continued to benefit most from the generally decreasing risk aversion of international investors and from a favourable revision of their credit rating outlook.

Nominal yields on long-term euro area government bonds can be broken down into real yields and financial market expectations of inflation. Real yields¹ on five-year and ten-year inflation-linked euro area government bonds remained broadly stable overall, broadly mirroring the aforementioned development of nominal bond yields (see Chart 23). Implied forward real interest rates for longer maturities in the euro area (five-year forward five years ahead) declined slightly, namely by 13 basis points, to stand at around 0.9% on 5 March.

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

Chart 23 Euro area zero coupon inflation-linked bond yields

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



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

Chart 24 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

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



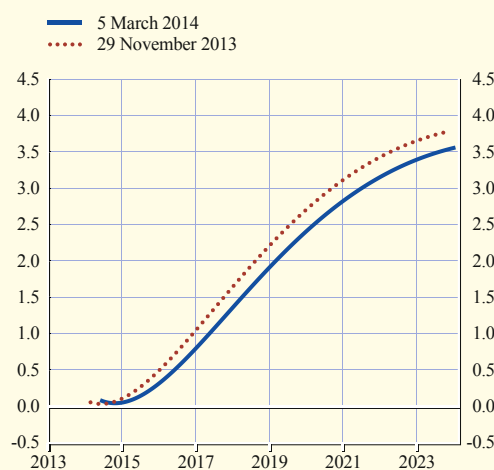
Sources: Thomson Reuters and ECB calculations.
Note: Break-even inflation rates have been computed as a GDP-weighted average of separately estimated break-even rates for France and Germany.

As a result of these developments in nominal and real yields, financial market indicators of long-term inflation expectations in the euro area decreased somewhat over the period under review. Five-year break-even inflation rates implied by inflation-linked bonds declined by 3 basis points, to around 1.0%, while the break-even inflation rate over a ten-year horizon fell by 5 basis points, to 1.6%. Accordingly, the five-year forward break-even inflation rate five years ahead decreased by 7 basis points, to stand at around 2.2% at the end of the period under consideration (see Chart 24). Similarly, the long-term forward inflation swap rate declined by 4 basis points over the same period, to around 2.1%. Overall, after taking into account both the inflation risk and liquidity premia incorporated in break-even inflation rates, market-based indicators suggest that inflation expectations remain fully consistent with price stability.²

The term structure of implied forward overnight interest rates in the euro area shifted downwards for medium to long-term maturities in the period

Chart 25 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



Sources: ECB, EuroMTS (underlying data) and Fitch Ratings (ratings).

Notes: The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects market expectations of future levels for short-term interest rates. The method used to calculate these implied forward yield curves is outlined in the “Euro area yield curve” section of the ECB’s website. The data used in the estimate are AAA-rated euro area government bond yields.

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

under review. In particular, it declined by around 10-20 basis points for horizons as from 2016. This suggests that expectations of future short-term interest rates and related risk premia declined over the review period.

In the period under review, the spreads of investment-grade euro-area corporate bonds issued by non-financial and financial corporations remained broadly stable, although those of the lower rating classes declined somewhat (spreads relative to the Merrill Lynch EMU AAA-rated government bond index). Overall, corporate bond spreads have reached levels close to those observed before the financial crisis.

2.5 EQUITY MARKETS

Between the end of November 2013 and 5 March 2014, stock prices rose by around 3% in the euro area and by around 4% in the United States. Stock market developments on both sides of the Atlantic were influenced mainly by the turbulence in several emerging market economies. In addition, geopolitical tensions at the end of the review period weighed on euro area stock markets. Aside from these episodes, the general continuation of the trend of broadly rising equity prices observed in recent months reflects investors' decreasing risk aversion and a favourable economic outlook. Stock market uncertainty in the euro area, as measured by implied volatility, increased slightly over the review period.

Between the end of November 2013 and 5 March 2014, the composite equity price index (broad-based Dow Jones EURO STOXX) increased by around 3% in the euro area, while the comparable US index (Standard & Poor's 500) rose by around 4% (see Chart 26). In the euro area, stock prices of corporations in the financial and non-financial sectors increased by 8% and 2% respectively. At the same time, stock prices in the financial and non-financial sectors in the United States increased by 3% and 5% respectively. The broad equity index in Japan (Nikkei 225) decreased by around 5% during the period under review.

Developments in euro area and US equity prices over the period under review were influenced, in particular, by possible early profit-taking ahead of the end of the year and by the turbulence in several emerging market economies that started towards mid-January and abated in the first half of February, as well as by geopolitical tensions in early March. Euro area equity prices declined in early December, which possibly reflected early profit-taking ahead of the year-end, as well as uncertainty about the federal budget agreement in the

Chart 26 Stock price indices

(index: 1 January 2013 = 100; daily data)



Source: Thomson Reuters.

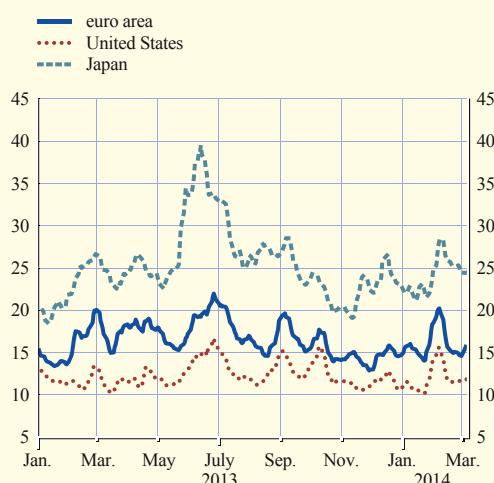
Note: The indices used are the Dow Jones EURO STOXX broad index for the euro area, the Standard & Poor's 500 index for the United States and the Nikkei 225 index for Japan.

United States, and about the timing and extent of the reversal of the US Federal Reserve System's monetary policy accommodation. After the meeting of the Federal Open Market Committee on 18 December, euro area stock prices rose. In January, they fell sharply on the back of the turmoil in several emerging markets, but recovered once the turbulence abated. In early March, geopolitical tensions weighed markedly on euro area equity markets.

In the United States, equity prices moved broadly in a similar pattern, but were more volatile. The composite equity price index reached an all-time high in early March. The overall continuation of a broad-based upward trend in both euro area and US equity prices reflects investors' generally decreasing risk aversion and a favourable medium-term economic outlook. These factors, in particular the decrease in investors' risk aversion, are also reflected in developments in other market segments, for example, in corporate bond markets.

Chart 27 Implied stock market volatility

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



Source: Bloomberg.

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

Stock market uncertainty in the euro area, as measured by implied volatility, overall increased somewhat, standing at around 16% on 5 March. It rose on account of the turbulence in several emerging market economies in January, but declined once that turbulence abated. In early March, it increased again amid geopolitical tensions. In the United States, developments in implied stock market volatility were similar to those in the euro area (see Chart 27). Apart from the recent peak in implied volatility, stock market uncertainty has generally been low in recent months, comparable to levels observed before the financial crisis. This is also in line with investors'

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

(percentages of end-of-period prices)

	EURO STOXX	Basic materials	Consumer services	Consumer goods	Oil and gas	Financial	Health- care	Industrial	Tech- nology	Tele- communi- cations	Utility
Share of sector in market capitalisation (end-of-period data)											
	100.0	9.9	7.1	16.7	6.4	23.7	5.2	15.5	5.2	4.4	6.0
Price changes (end-of-period data)											
Q4 2012	6.5	5.8	8.9	8.4	0.7	11.2	3.5	9.5	12.1	-8.3	-4.3
Q1 2013	2.3	1.3	10.6	8.2	-3.6	-4.8	11.6	5.1	3.9	-2.8	-4.1
Q2 2013	-1.1	-2.0	-1.3	-2.2	-4.2	1.9	-0.7	-2.2	1.0	-1.9	-1.4
Q3 2013	11.3	6.8	9.6	8.9	12.0	16.7	-3.7	14.5	13.3	19.1	11.1
Q4 2013	7.3	9.5	7.1	3.4	0.9	12.5	6.0	7.5	7.2	6.8	4.3
Dec. 2013	2.3	4.0	2.4	3.8	4.9	-0.2	3.8	2.4	5.5	-0.4	-0.5
Jan. 2014	-4.7	-4.8	-4.1	-5.1	-7.2	-4.8	-3.0	-4.3	-4.1	-0.1	-7.0
29 Nov. 2013 – 5 Mar. 2014	3.0	0.8	2.8	1.6	0.9	6.8	-0.8	2.9	-0.8	0.9	6.9

Sources: Thomson Reuters and ECB calculations.

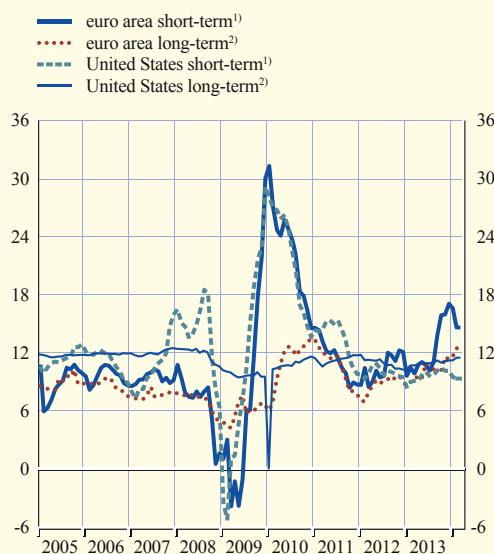
generally decreasing risk aversion and an improvement in economic prospects. Implied stock market volatility in Japan increased slightly, remaining somewhat elevated in comparison with previous years.

At the sectoral level in the euro area, stocks in the utility and financial sectors recorded the highest gains in prices, while those of the technology sector lagged most in terms of performance. In the United States, the highest sectoral price increases were recorded in the healthcare sector, while the most marked declines were observed in the telecommunications sector.

Data on the corporate earnings of the financial and non-financial euro area corporations included in the Dow Jones EURO STOXX index show that the magnitude of the decline in actual earnings, computed over the previous 12 months, ranged from around -5% in November 2013 to around -4.5% in February 2014. For the next 12 months, market participants expect companies' earnings per share to grow by 14%, while they forecast long-term (five-year) growth in earnings per share to be around 13% per annum (see Chart 28).

Chart 28 Expected growth in corporate earnings per share in the United States and the euro area

(percentages per annum; monthly data)



Sources: Thomson Reuters and ECB calculations.

Notes: Expected earnings growth of corporations on the Dow Jones EURO STOXX index for the euro area and on the Standard & Poor's 500 index for the United States.

1) "Short-term" refers to analysts' earnings expectations 12 months ahead (annual growth rates).

2) "Long-term" refers to analysts' earnings expectations three to five years ahead (annual growth rates).

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

Between October 2013 and January 2014, the real cost of financing for non-financial corporations in the euro area rose marginally. This reflected an increase in real cost of equity and short-term bank loans that was partially compensated for by a decline in real cost of market debt and long-term loans. With regard to financial flows, bank lending to non-financial corporations continued to contract in the fourth quarter of 2013 and in January 2014, but the pace of decline moderated in comparison with that in the third quarter of 2013. Subdued developments in economic activity during the fourth quarter of 2013 contributed to dampening the demand for loans. On the supply side, persistent deleveraging pressures on euro area banks continued to act as a drag on banks' ability to extend credit. Recent survey evidence, however, suggests that banks are easing their credit standards. In the last quarter of 2013, non-financial corporations in the euro area were quite successful in tapping both the corporate debt market and the stock market.

FINANCING CONDITIONS

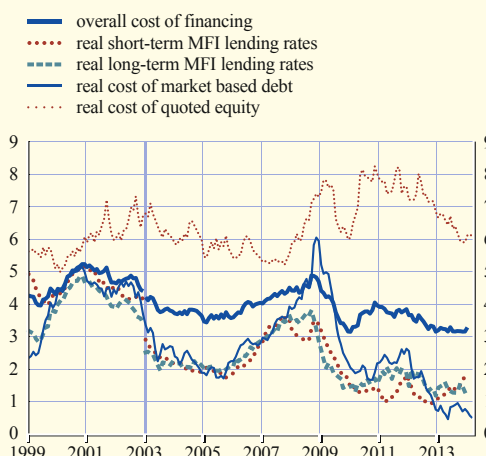
In January 2014 the real cost of external financing for non-financial corporations in the euro area – as calculated by weighting the costs of different types of financing on the basis of the respective amounts outstanding, corrected for valuation effects – increased to 3.3%, slightly up from the figure of 3.2% recorded in October 2013 (see Chart 29). Compared with October 2013, developments in the overall index reflected an increase of 13 basis points in the real cost of equity,

while the real cost of market debt declined by 14 basis points. Over the same period, the real bank lending rate on short-term loans to non-financial corporations increased by 33 basis points, while that on long-term loans declined by 13 basis points. Preliminary data available for February 2014 suggest that the real cost of equity has remained stable and close to the lowest levels recorded since the first half of 2008, while the real cost of market-based debt has continued to decline and has remained at historically lowest levels since January 1999.

In the period from October 2013 to January 2014, MFIs' nominal interest rates on new loans to non-financial corporations remained virtually unchanged in the case of small loans (amounts of up to €1 million). Over the same period, there was no change in nominal interest rates on large new loans (amounts in excess of €1 million) with shorter periods of initial rate fixation, while nominal interest rates on large loans with longer periods of initial rate fixation declined significantly, namely by 26 basis points (see Table 7). Between October 2013 and January 2014, the spreads between lending rates

Chart 29 Real cost of the external financing of euro area non-financial corporations

(percentages per annum; monthly data)



Sources: ECB, Thomson Reuters, Merrill Lynch and Consensus Economics Forecasts.

Notes: The real cost of external financing of non-financial corporations is calculated as a weighted average of the cost of bank lending, the cost of debt securities and the cost of equity, based on their respective amounts outstanding and deflated by inflation expectations (see Box 4 in 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 7 MFI interest rates on new loans to non-financial corporations

(percentages per annum; basis points)

							Change in basis points up to January 2014 ¹⁾		
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Dec. 2013	Jan. 2014	Oct. 2012	Oct. 2013	Dec. 2013
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	3.94	3.94	3.89	3.86	3.79	3.85	-12	0	6
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	3.79	3.75	3.73	3.76	3.79	3.85	-8	-1	6
with an initial rate fixation of over five years	3.41	3.49	3.29	3.26	3.27	3.28	-30	-4	1
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.28	2.12	2.17	2.15	2.29	2.25	3	0	-4
with an initial rate fixation of over five years	2.90	2.85	2.93	3.06	2.96	3.06	2	-26	10
Memo items									
Three-month money market interest rate	0.19	0.21	0.22	0.23	0.29	0.30	10	7	1
Two-year government bond yield	-0.01	0.07	0.30	0.22	0.25	0.11	2	-4	-14
Seven-year government bond yield	1.07	1.10	1.51	1.42	1.58	1.25	-3	-4	-33

Source: ECB.

Note: Government bond yields refer to the euro area bond yields based on the ECB's data on AAA-rated bonds (based on Fitch ratings), which currently include bonds from Austria, Finland, France, Germany and the Netherlands.

1) Figures may not add up due to rounding.

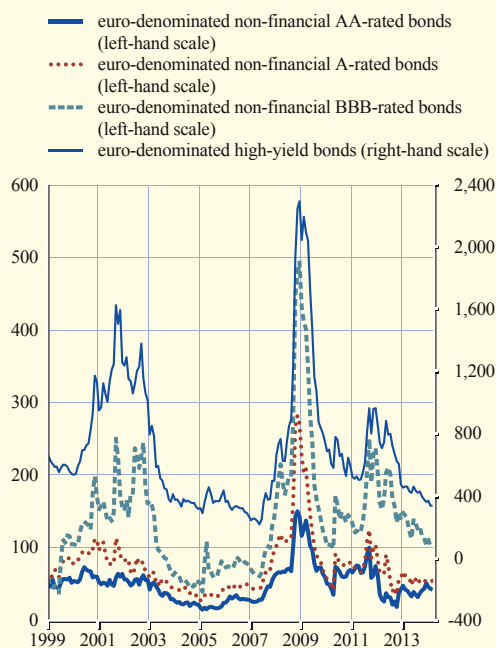
on small and large loans remained stable at 16 basis points for loans with shorter periods of initial rate fixation and increased marginally, by 2 basis points, for loans with an initial period of rate fixation of more than five years.

In general, from October 2013 to January 2014, perceptions of high credit risk on borrowers continued to put upward pressure on banks' lending margins. However, receding sovereign tensions, especially in stressed countries, had a dampening impact on banks' interest rates. In fact, bank lending rate spreads vis-à-vis market interest rates have declined, especially in the case of large long-term loans. In January 2014, the spread between the interest rates on large loans with a short maturity and the three-month EURIBOR stood at 195 basis points, which was slightly lower than the level recorded in October 2013. The spread between long-term lending rates for large loans and the yield on AAA-rated seven-year government bonds declined from 203 basis points in October 2013 to 182 basis points in January 2014.

From October 2013 to January 2014, the spreads between non-financial corporations' cost of market debt and AAA-rated government bond yields declined for both BBB-rated bonds and bonds with even lower ratings ("high yields"). In particular, the spreads of high-yield non-financial corporate bonds declined by 28 basis points, while the reduction of the spreads on BBB-rated corporate bonds was far more limited, amounting to 5 basis points (see Chart 30).

Chart 30 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



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

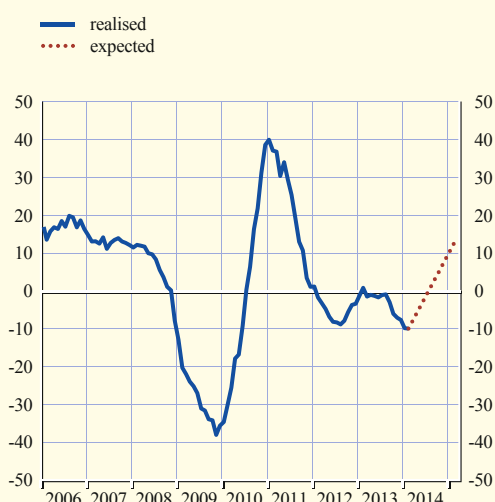
FINANCIAL FLOWS

From October 2013 to February 2014, subdued developments in economic activity and inflation, in combination with buoyant share issuance activity on the part of non-financial corporations, contributed to a decline in the earnings per share of euro area non-financial corporations. Specifically, the annual rate of change in the earnings per share of listed euro area companies was -11% in February 2014, down from -6.0% in October 2013 (see Chart 31). Looking ahead, based on indicators from market providers, market participants expect a gradual improvement in the first half of 2014, with a move into positive territory by the third quarter of this year.

The external financing of firms continued to contract during the last quarter of 2013, reflecting the generally weak growth of corporate investment and various factors that affect the supply of financing. Where MFI loans are concerned, the annual rate of contraction in lending to non-financial corporations moderated in recent months and stood at -2.9% in January 2014, down from -3.6% September (see Table 6). This was partly due to persistent deleveraging pressures on MFIs, as well as to the ability of firms to tap other sources of external financing. In particular, the annual growth of corporate debt securities issuance remained elevated in the last quarter of 2013, standing at 8.5%, although it declined from 9.9% in the previous quarter. Furthermore, in the last

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

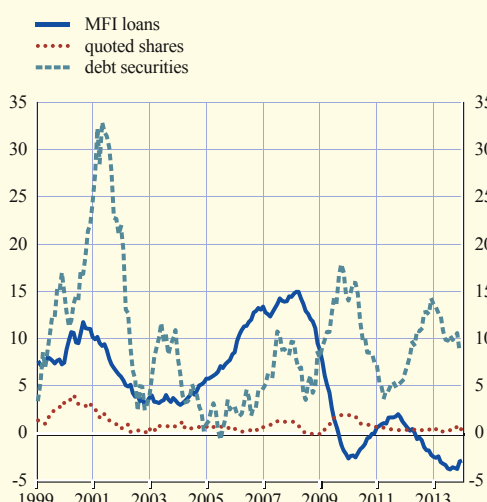
(annual percentage changes; monthly data)



Sources: Thomson Reuters and ECB calculations.

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

(annual percentage changes)

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

quarter of 2013, the annual growth rate of quoted shares issued by non-financial corporations increased to 0.7%, from 0.3% in the third quarter of the same year (see Chart 32).

Traditionally, the market for corporate debt in the euro area has been concentrated on mainly large firms with high ratings in relatively few countries. At the same time, it should be noted that securities issuance data for the last quarter of 2013 suggest that firms in some stressed countries enjoyed easier access to market-based debt financing. Viewed from a longer-term perspective, issuance of debt securities by non-financial corporations since 2007 has been skewed towards instruments with longer maturities. In December 2013, the maturity breakdown of the amounts outstanding of debt securities issued by non-financial corporations showed that the share of instruments with a long-term maturity stood at 93% (up from 84% in 2007).

In the fourth quarter of 2013, MFI loans with an interest rate fixation period of between one and five years remained the main contributor to the decline in the annual growth rate of all bank lending to non-financial corporations. The rate of decline increased in the case of short-term loans, while that for loans with an interest rate fixation period of more than five years decreased. In January 2014, the contraction accelerated further for short-term loans, while it moderated for loans with an interest rate fixation period of between one and five years (see Table 8).

The euro area bank lending survey for the fourth quarter of 2013 showed a lesser decline in non-financial corporations' net demand for loans in comparison with the third quarter of 2013 (see Chart 33). The analysis of the various factors contributing to the decline in loan demand revealed that in the fourth quarter of 2013, non-financial corporations continued to take up bank loans mainly for debt-restructuring purposes and to finance working capital. Fixed investment remained a negative net contributor to non-financial corporations' demand of loans.

Table 8 Financing of non-financial corporations

(percentage changes; end of quarter)

	Annual growth rates				
	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
MFI loans	-2.3	-2.5	-3.4	-3.6	-3.0
Up to one year	0.5	1.5	-2.1	-3.2	-4.0
Over one and up to five years	-6.0	-6.3	-6.2	-5.6	-5.7
Over five years	-2.3	-2.9	-3.0	-3.2	-1.7
Debt securities issued	14.2	12.7	9.9	9.9	8.5
Short-term	2.3	7.9	-9.3	0.6	-8.5
Long-term, of which: ¹⁾	15.4	13.2	12.1	10.8	10.1
Fixed rate	16.7	14.6	13.1	10.9	9.8
Variable rate	-1.4	-0.2	5.0	11.2	12.3
Quoted shares issued	0.5	0.1	0.4	0.3	0.7
Memo items ²⁾					
Total financing	1.0	1.1	0.7	0.8	-
Loans to non-financial corporations	0.0	0.0	-0.6	-1.0	-
Insurance technical reserves ³⁾	1.3	1.2	1.2	1.1	-

Sources: ECB, Eurostat and ECB calculations.

Notes: Data shown in this table (with the exception of the memo items) are reported in money and banking statistics and in securities issuance statistics. Small differences compared with data reported in financial accounts statistics may arise, mainly as result of differences in valuation methods.

1) The sum of fixed rate and variable rate data may not add up to total long-term debt securities data because zero-coupon long-term debt securities, which include valuation effects, are not shown.

2) Data are reported from quarterly European sector accounts. Total financing of non-financial corporations includes loans, debt securities issued, shares and other equity issued, insurance technical reserves, other accounts payable and financial derivatives.

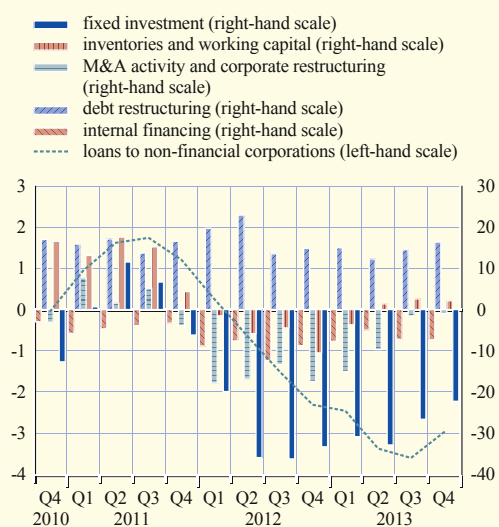
3) Includes pension fund reserves.

At the same time, the bank lending survey showed that the gradual reduction of the net tightening of credit standards for loans to non-financial corporations continued in the last quarter of 2013. Lower borrowers' credit risk and an improved economic outlook, as well as factors related to banks' liquidity and access to market funding, all contributed to the relaxation of banks' credit standards. For the first quarter of 2014, banks expect a further decrease in the net tightening of credit standards for loans to enterprises.

The financing gap of (or net borrowing by) non-financial corporations – i.e. the difference between their internal funds (gross saving) and their gross capital formation, in relation to the gross value added that they generate – increased to 0.8% in the third quarter of 2013, from 0.7% in the previous quarter (see Chart 34). This was the consequence of slightly weaker gross fixed capital formation, with gross saving and net capital transfers remaining unchanged from the previous quarter. On the financial side,

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

(annual percentage changes; net percentages)

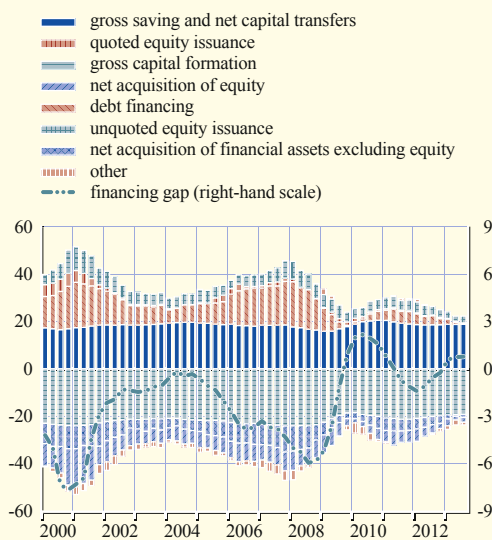


Source: ECB.

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

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

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



Source: Euro area accounts.

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

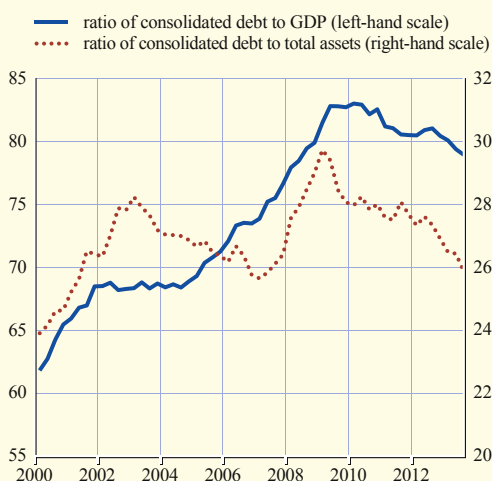
higher net acquisitions of equity and financial assets (excluding equity) were offset by lower investment in "other" assets.

FINANCIAL POSITION

According to euro area integrated accounts data, the indebtedness of the non-financial corporate sector declined slightly in the third quarter of 2013. The ratio of debt to GDP decreased further, from 79.3% in the second quarter of 2013 to 78.9% in the third quarter, and the debt-to-total assets ratio declined slightly, from 26.4% to 25.9% (see Chart 35) (see also Box 4 on the measurement of corporate debt). Such marginal declines from the peaks recorded for both ratios must be evaluated in the light of the subdued economic environment. The debt sustainability of non-financial corporations continued to improve in the third quarter of 2013, when the gross interest burden – in relation to the gross operating surplus – declined to 12.1%, from 12.7% in the second quarter of 2013 (see Chart 36). This level is 10 percentage points lower than the peak recorded in the last quarter of 2008.

Chart 35 Debt ratios of non-financial corporations

(percentages)

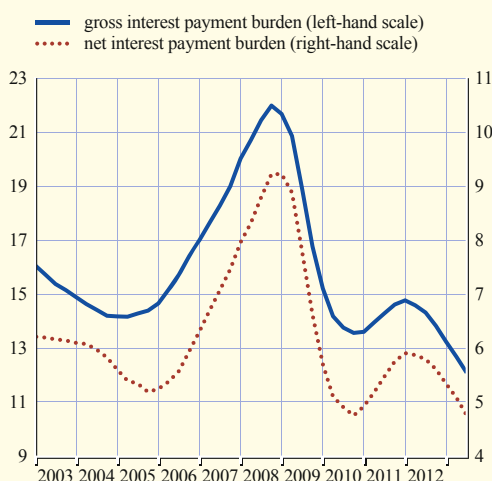


Sources: ECB, Eurostat and ECB calculations.

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

Chart 36 Interest payment burden of non-financial corporations

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



Source: ECB.

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

Box 4

DEBT OF NON-FINANCIAL CORPORATIONS: CONSOLIDATED AND NON-CONSOLIDATED MEASURES

The level of debt in the corporate sector relative to GDP increased significantly in the run-up to the financial crisis, before beginning to stabilise during the early years of the crisis, and it has been diminishing modestly since 2012 (see Chart A). However, the aggregate euro area debt figures for non-financial corporations (NFCs) mask substantial differences in the debt ratios across countries and firms. The indebtedness of NFCs can influence investment activity owing to its effect on firms' debt servicing burden. Moreover, the level of debt may impact on NFCs' access to external financing as it can affect the credit standards set by banks. The debt level also affects NFCs' capacity to withstand shocks, and this can have spillover effects on other parts of the euro area economy.¹

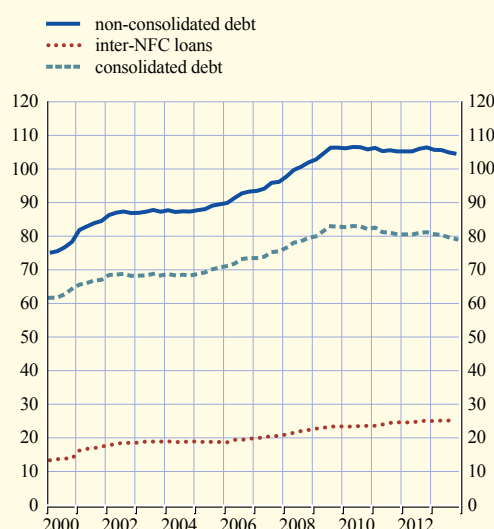
NFC debt can be analysed using either consolidated or non-consolidated data. Consolidated data comprise only debt financing provided by other sectors, whereas non-consolidated data include also intra-sectoral positions (e.g. inter-company loans). In the light of the recent availability of consolidated (in addition to non-consolidated) data on NFC debt in the quarterly euro area accounts, this box compares the two approaches to debt measurement, both from a conceptual point of view and as regards their policy implications.

Usage of different debt definitions

The first decision to be made when measuring NFC debt concerns which of the instruments from among the various components of NFCs' total financial liabilities are to be included in the calculation. In ECB publications the measurement of NFC debt takes into account loans, debt securities and pension reserves.² This means that trade credit, for instance, is not included.³ Once the instruments have been selected, a decision must be made as regards the consolidation method: unlike consolidated data, non-consolidated data on NFC debt includes financing flows

Chart A Debt of NFCs in the euro area

(as a percentage of nominal GDP; four-quarter sums)



Sources: Eurostat and ECB.

1 See also the Task Force of the Monetary Policy Committee of the European System of Central Banks (2013), "Corporate finance and economic activity in the euro area: Structural Issues Report 2013, *Occasional Paper Series*, No 151, ECB, August 2013.

2 See, for example, the ECB quarterly statistical press release entitled "Euro area economic and financial developments by institutional sector" available on the ECB's website at <http://www.ecb.europa.eu/press/pr/stats/fii/html/index.en.html>. Pension reserve liabilities arise from the direct pension commitments of employers, i.e. if they are not outsourced to an autonomous pension fund. The macroeconomic imbalance procedure definition of private debt excludes this category.

3 The exclusion of trade credit from existing debt definitions reflects data quality issues in a number of countries. With the implementation of the new European System of Accounts 2010 and as a result of the new ECB Guideline on financial accounts ((ECB/2013/24), OJ L 2, 7.1.2014, p. 34), trade credit will become a mandatory separate statistical item from end-2014.

and positions arising within the NFC sector, e.g. loans extended by companies to other companies resident in the same country.⁴ There is evidence of loans, in significant amounts, being extended between resident corporations belonging to the same enterprise group. But in addition, loans between corporations belonging to different groups (i.e. without a significant capital link) may be granted for a number of reasons, such as to support a supplier, or for pure investment purposes.⁵ With a few exceptions,⁶ the ECB, the European Systemic Risk Board (ESRB) and the European Commission in its implementation of the macroeconomic imbalance procedure (MIP) have until recently relied on non-consolidated debt measures. The European Commission switched to the consolidated debt concept in its “Alert Mechanism Report 2014” under the MIP, exploiting the newly available consolidated data for all EU countries on an annual basis. Furthermore, the recent availability of consolidated NFC debt data, in addition to non-consolidated debt data on a quarterly basis for the euro area and for almost all Member States, means that analyses can benefit from both measurement concepts.

Conceptual considerations

From a conceptual point of view, the choice between consolidated and non-consolidated debt measurement is not clear-cut, and can serve different analytical purposes. Consolidated debt measures the amount of funds received by a sector from all other (both resident and non-resident) sectors. As such, this approach provides an overview of the inter-sectoral flow of funds.

For assessing debt sustainability, as well as the refinancing or credit risk of NFCs, the debt positions occurring between NFCs should also be taken into account, thus supporting the use of non-consolidated debt measures in such analyses. However, sector account concepts do not allow any distinction to be made between debt within one company group and debt between NFCs belonging to different groups. The two are very different in nature and pose different issues as regards, for instance, debt sustainability. Intra-group lending can be very significant, with large cross-country heterogeneity. Thus, it should ideally be analysed separately from debt owed to unrelated NFC creditors.

On the other hand, an argument in support of non-consolidated debt measurement is that derived indicators, such as the leverage ratio, show debt in relation to total equity or assets, which are available only on a non-consolidated basis. Acknowledging the relative merits of the two concepts, in its implementation of the MIP, the European Commission, for example, continues to use non-consolidated measures of debt as an additional indicator. Similarly, the ECB, in a recent analysis of corporate indebtedness, used both non-consolidated and consolidated data.⁷

Cross-country data, comparability and statistical issues

Non-consolidated data are, in principle, more comparable across economies, because for national accounts statistical purposes the consolidation of inter-NFC debt only refers to the consolidation of debt between NFCs resident in the same country. Therefore, the comparability of consolidated data can be affected by different shares of domestic inter-NFC financing across countries.

4 In this box the term “consolidated” follows the European System of Accounts definition referring to consolidation at NFC sectoral level. In accounting, “consolidated” statements are usually defined by reference to a company group.

5 However, these latter cases seem to be relatively minor compared to the evidence of significant intra-group lending.

6 Some proxies for consolidated debt measures have been used especially when comparing the euro area economy with that of the United States.

7 See the article entitled “Deleveraging patterns in the euro area corporate sector”, *Monthly Bulletin*, ECB, February 2014.

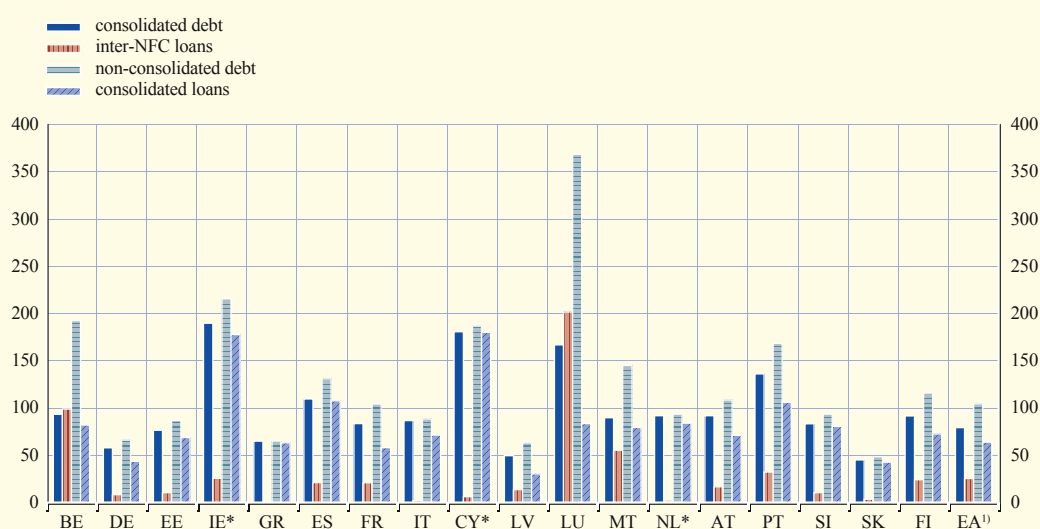
(In principle, the latter can be assumed to be generally lower for small and integrated economies⁸). Non-consolidated data may therefore be preferable when comparing debt levels across euro area countries or the aggregate euro area debt level with that of individual countries.

According to the available data, however, the share of domestic inter-NFC lending (as measured by the inter-NFC debt-to-GDP ratio) is highest for some of the smaller countries. The highest inter-NFC financing ratios are recorded in Belgium, Luxemburg and Malta, a phenomenon probably related to particular structural features in these countries,⁹ while larger countries report relatively low ratios (see Chart B). Moreover, non-consolidated debt figures show a higher cross-country variance than consolidated debt figures, due to the high variability of inter-NFC loans across countries. Some of this cross-country variation is likely to reflect statistical measurement issues, in particular the two points described below.

1) Different concepts of statistical units: the level of granularity applied in the statistical definition of an NFC in relation to the enterprise group affects the debt measurement results. The more individual enterprises are identified within enterprise groups, the higher the number of NFCs that are recorded separately and the higher the potential intra-enterprise group financing and the non-consolidated NFC debt. Conversely, countries using higher levels of aggregations of NFCs as statistical building blocks record significantly lower levels of inter-NFC debt. Work has started on improving the comparability of country practices in this respect.

Chart B Measures of NFC debt and inter-NFC debt

(as a percentage of nominal GDP; four-quarter sums)



Sources: Eurostat and ECB.

Notes: 1) For the euro area, consolidated debt and inter-NFC loans are not comparable with country data. Latvia is not included in the euro area aggregate as the data refer to Q3 2013.

*For Ireland, Cyprus and the Netherlands inter-NFC loans are based on annual financial accounts for 2012 and consolidated debt is calculated as non-consolidated debt minus annual inter-NFC loans.

8 In the euro area accounts aggregates the euro area is treated as a single economy and inter-NFC loans include all loans between NFCs resident in any euro area Member State.

9 Structural features such as the attractiveness of these countries for multinational groups relate inter alia to favourable tax treatments.

2) Different coverage of inter-NFC loans: most countries do not have complete coverage of NFC balance sheets in their statistical sources and the necessary estimation of missing data may affect the quality of estimates for inter-NFC debt.

Conclusions

Overall, given the relative merits and shortcomings of each debt concept, the monitoring of both is advisable. The quarterly euro area accounts and the financial accounts are generally presented on a non-consolidated basis. Consolidated debt measures can, however, be derived for NFCs by subtracting inter-company loans from non-consolidated debt measures.¹⁰ Data based on both debt measurements are published by the ECB at a quarterly frequency. Further improvement of the data and comparability is expected with the ongoing review of the euro area accounts in the context of the implementation of the revised statistical standard, the European System of Accounts 2010.

10 Debt securities cannot yet be consolidated as inter-NFC holdings data are not yet available; they are in any case much less important than inter-NFC loans. Based on annual financial accounts, inter-NFC debt securities holdings are estimated to account for less than 0.5% of GDP in almost all euro area countries.

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

In the fourth quarter of 2013 and January 2014 euro area households' financing conditions were characterised by marginally declining bank lending rates, amid continued strong heterogeneity across countries and instruments. MFI lending to households again increased only marginally in the fourth quarter and January. The persistently subdued developments in household borrowing are the result of a combination of factors, including the sluggish dynamics of households' disposable income, high levels of unemployment, the weakness of housing markets and uncertainty about economic prospects. Moreover, the need to correct for past excesses in terms of the accumulation of debt (especially in certain euro area countries) is continuing to exert downward pressure on households' demand for new loans. However, the euro area bank lending survey for the fourth quarter of 2013 indicates that banks expect a strong net increase in demand for housing loans in the first quarter of 2014. The ratio of household debt to gross disposable income is estimated to have remained broadly unchanged at a high level in the fourth quarter, after declining slightly in the previous quarter. Households' interest payment burden is also estimated to have remained broadly unchanged in that quarter.

FINANCING CONDITIONS

Overall, the financing costs of euro area households declined slightly in the fourth quarter of 2013 relative to the previous quarter. Looking at the individual components, interest rates on loans for house purchase remained broadly unchanged, as lower short-term rates compensated for marginal increases in long-term rates. Interest rates on loans for consumer credit declined. At the euro area level, developments in the MFI interest rates charged on loans to households continued to vary depending on the type and maturity of the loan, with cross-country heterogeneity also remaining strong.

As regards new lending for house purchase, interest rates on both short-term loans (i.e. loans with floating rates or an initial rate fixation period of up to one year) and medium-term loans (i.e. loans with an initial rate fixation period of between one and five years) declined marginally, falling 4 basis points relative to the levels recorded in the third quarter. By contrast, for longer maturities

(i.e. loans with initial rate fixation periods of between five and ten years and over ten years), interest rates increased slightly, albeit remaining at historically low levels (see Chart 37). In January 2014 interest rates on new loans for house purchase remained broadly stable relative to the levels recorded in December.

As for new consumer loans, interest rates on shorter-term loans remained broadly stable in the fourth quarter, while interest rates on both medium and longer-term loans (which are the most frequently used instruments) declined slightly, with the declines being most pronounced for loans with an initial rate fixation period of more than five years. In January interest rates on consumer loans increased for loans with both short and – most noticeably – long initial rate fixation periods relative to the levels recorded in December. Interest rates on medium-term loans declined slightly relative to December.

The euro area bank lending survey for the fourth quarter of 2013 suggests that the net tightening of credit standards applied to loans to households for house purchase decreased further in the fourth quarter. Meanwhile, the net tightening of credit standards on loans for consumer credit remained broadly unchanged. In fact, the net percentage of banks that tightened credit standards on loans for house purchase became slightly negative, indicating net easing of credit standards. Price and non-price terms and conditions applied to housing loans and consumer loans were tightened less, or even eased – albeit to a lesser extent in the case of consumer loans. For more details, see the box entitled “The results of the euro area bank lending survey for the fourth quarter of 2013” in the February 2014 issue of the Monthly Bulletin.

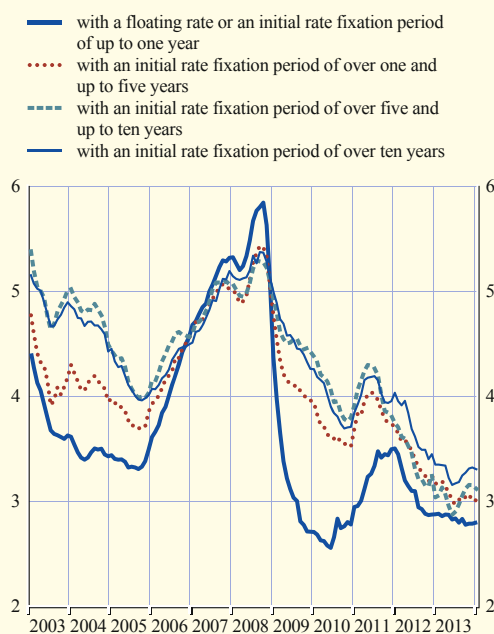
FINANCIAL FLOWS

In the third quarter of 2013 (the most recent quarter for which data from the euro area accounts are available) lending to households remained sluggish, as it had been in the previous four quarters. The annual growth rate of total lending to the euro area household sector stabilised in the third quarter, thanks to a slight increase in MFI lending (which grew at an annual rate of 0.1%, compared with 0.0% in the previous quarter), which was offset by a further decline in non-MFI loans (which grew at an annual rate of -0.9%, up from -1.3% in the previous quarter). Non-MFI loans normally capture loan sales and securitisation activity, which result in household loans being shifted between MFIs and non-monetary financial intermediaries other than insurance corporations and pension funds (i.e. the OFI sector). Estimates for the fourth quarter of 2013 point to a slight contraction in total lending to households (see Chart 38).

The annual growth rate of MFI loans to households (adjusted for loan sales and securitisation) has remained broadly unchanged in recent months at slightly positive levels, in line with the figures observed since spring 2013. More specifically, the annual growth rate of lending to households stood

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

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



Source: ECB.

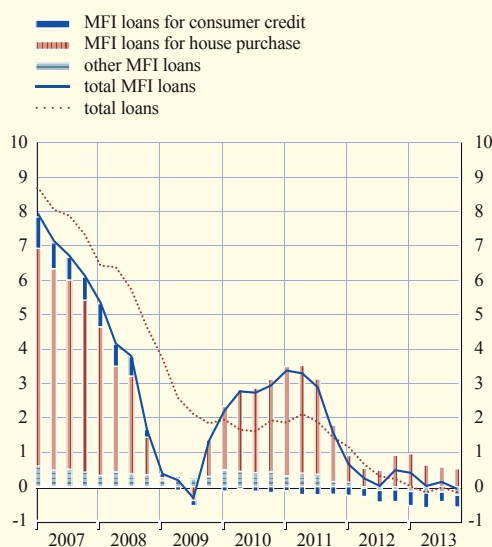
at 0.2% in January 2014. These developments mask the fact that the quarterly flow of loans to households was marginally negative in the fourth quarter of 2013, primarily reflecting monthly net redemptions in December. Overall, this confirms that banks' loan origination activity remains weak (see Section 2.1 for details). When loans are broken down by purpose, the annual growth rate of MFI lending for house purchase (adjusted for loan sales and securitisation) was 1.2% in January, unchanged from September. The quarterly inflow for loans for house purchase increased marginally in the fourth quarter, in spite of the net redemptions observed in December. The annual growth rate of consumer credit declined further to stand at -3.0% in January, down from -2.3% in September, continuing the negative trend observed since April 2009. Similarly, the annual growth rate of other lending, which includes lending to unincorporated businesses, remained in negative territory (where it has been since June 2012), standing at -1.5% in January, down from -1.0% in September.

The weak growth of MFI lending to households mainly reflects households' subdued income prospects, which are compounded by the weakness of housing markets and, more generally, uncertainty about economic prospects. However, from a medium-term perspective, it also reflects the necessary correction of past excesses in terms of the accumulation of debt (especially in certain euro area countries), which is continuing to weigh on loan demand. The euro area bank lending survey for the fourth quarter of 2013 shows that banks reported a small decline in net demand for loans for house purchase in that quarter. Net demand for consumer credit was broadly unchanged from the previous quarter. Looking ahead, banks expect a strong increase in net demand for housing loans in the first quarter of 2014.

Turning to the asset side of the euro area household sector's balance sheet, the annual growth rate of total financial investment by households stood at 1.7% in the third quarter of 2013 (slightly lower than in the previous quarter; see Chart 39). This stemmed from reductions in the contributions made by investment in currency and deposits and shares and other equity. Furthermore, the annual growth rate of investment in debt securities fell further to stand at around -10%. By contrast, the contribution made by investment in insurance technical reserves increased slightly. Overall, structural factors such as the need for further deleveraging and cyclical developments linked to the weakness of the business cycle (which hamper disposable income growth and force households to dissave) account for the prolonged slowdown seen in households' accumulation of financial assets since mid-2010.

Chart 38 Total loans granted to households

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

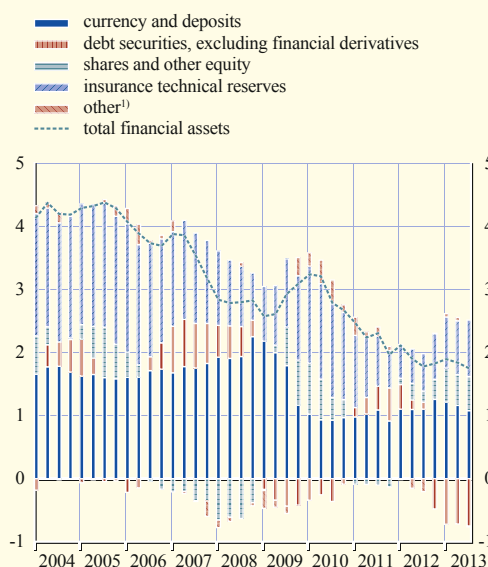


Source: ECB.

Notes: Total loans comprise loans to households from all institutional sectors, including the rest of the world. For the fourth quarter of 2013, total loans to households have been estimated on the basis of transactions reported in money and banking statistics. For information on differences between MFI loans and total loans in terms of the calculation of growth rates, see the relevant technical notes.

Chart 39 Financial investment of households

(annual percentage changes; contributions in percentage points)

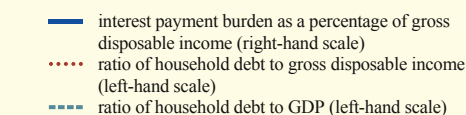


Sources: ECB and Eurostat.

1) Includes loans and other accounts receivable.

Chart 40 Household debt and interest payments

(percentages)



Sources: ECB and Eurostat.

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

FINANCIAL POSITION

Household indebtedness remains at a high level in the euro area. More specifically, the ratio of household debt to nominal gross disposable income declined marginally to stand at 98.5% in the third quarter of 2013, down from 98.8% in the second quarter. The ratio of household debt to GDP also declined slightly, standing at 64.5% in the third quarter, down from 64.7% in the previous quarter. Estimates for the fourth quarter of 2013 indicate that household indebtedness was broadly unchanged (see Chart 40), having returned to the level recorded at the end of 2009. Similarly, the household sector's interest payment burden is estimated to have stood at 1.8% of disposable income in the fourth quarter of 2013, continuing the gradual decline observed since the end of 2011.

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.8% in February 2014, unchanged from the (upwardly revised) outcome for January. While energy prices fell more strongly, in annual terms, in February than in the previous month, increases in industrial goods and services prices were higher than in January. On the basis of current information and prevailing futures prices for energy, annual HICP inflation rates are expected to remain at around current levels in the coming months. Thereafter, inflation rates should gradually increase and reach levels closer to 2%, in line with inflation expectations for the euro area over the medium to long term. Meanwhile, inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the aim of maintaining inflation rates below, but close to, 2%.

The March 2014 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation at 1.0% in 2014, 1.3% in 2015 and 1.5% in 2016. In the last quarter of 2016, annual HICP inflation is projected to be 1.7%. In view of the first publication of a three-year projection horizon in the March 2014 ECB staff macroeconomic projections, it should be stressed that the projections are conditional on a number of technical assumptions, including unchanged exchange rates and declining oil prices, and that the uncertainty surrounding the projections increases with the length of the projection horizon. Both upside and downside risks to the outlook for price developments are seen as limited and are considered to be broadly balanced over the medium term.

3.1 CONSUMER PRICES

Euro area HICP inflation has remained at levels just below 1% since October 2013, having declined from annual growth rates of around 1.5% in mid-2013. According to Eurostat's flash estimate for February 2014, inflation has remained unchanged at 0.8% since December last year.

The lower HICP inflation figures compared with mid-2013 are mainly related to negative rates of change in energy prices and a substantial fall in unprocessed food price inflation (see Chart 41). Apart from the lower contributions of these typically more volatile components, disinflationary

Table 9 Price developments

(annual percentage changes, unless otherwise indicated)

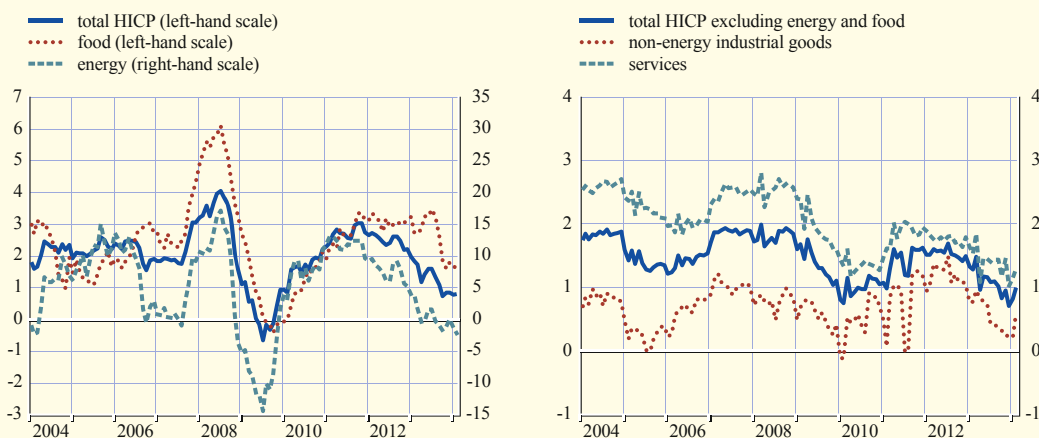
	2012	2013	2013 Sep.	2013 Oct.	2013 Nov.	2013 Dec.	2014 Jan.	2014 Feb.
HICP and its components¹⁾								
Overall index	2.5	1.4	1.1	0.7	0.9	0.8	0.8	0.8
Energy	7.6	0.6	-0.9	-1.7	-1.1	0.0	-1.2	-2.2
Food	3.1	2.7	2.6	1.9	1.6	1.8	1.7	1.5
Unprocessed food	3.0	3.5	2.9	1.4	0.9	1.5	1.3	.
Processed food	3.1	2.2	2.4	2.2	2.0	2.0	2.0	.
Non-energy industrial goods	1.2	0.6	0.4	0.3	0.2	0.3	0.2	0.6
Services	1.8	1.4	1.4	1.2	1.4	1.0	1.2	1.3
Other price indicators								
Industrial producer prices	2.8	-0.2	-0.9	-1.3	-1.2	-0.8	-1.4	.
Oil prices (EUR per barrel)	86.6	81.7	83.0	80.0	80.0	80.8	78.8	79.4
Non-energy commodity prices	0.5	-8.2	-12.9	-12.2	-11.7	-11.4	-9.3	-7.8

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

1) HICP inflation and its components (excluding unprocessed food and processed food) in February 2014 refer to Eurostat's flash estimates.

Chart 4I Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

price pressures have also been visible in HICP inflation excluding energy and food, reflecting lagged responses to the past weakness of the euro area economy but also a lower than expected upward impact from increases in indirect taxation.

Looking at the latest data, Eurostat's flash estimate of unchanged headline HICP inflation of 0.8% in February 2014 masks declines in the growth rates of the volatile HICP components and a rise in services and non-energy industrial goods, which make up HICP inflation excluding food and energy (see Table 9).

With regard to the main components of the HICP, the predominantly negative annual growth rates for energy prices since the summer months of 2013 has reflected largely lower oil prices, in euro terms. In particular, the declines in the first two months of 2014, to -1.2% in January and -2.2% in February, mainly reflect base effects, with an estimated cumulative downward impact of around 0.2 percentage point on annual HICP inflation. Looking at the main energy items, in January 2014 – the last month for which a detailed breakdown is available – the declining annual rates of change are due to, in particular, larger declines, on an annual basis, in prices of car fuels, other liquid fuels and gas, as well as a substantially lower annual rate of increase in electricity prices.

The substantial decline in food price inflation, from more than 3% in mid-2013 to 1.5% in February 2014, was mainly driven by a marked slowdown in unprocessed food price inflation, from around 5%, as the earlier upward impact of adverse weather conditions on fruit and vegetable prices unwound. In January 2014, the annual rate of change in the fruit and vegetable items stood at 0.6% and 2.2%, respectively, well below the elevated annual growth rates of around 10% that prevailed during the summer months of 2013.

Processed food price inflation eased at a slower pace, from 2.5% in the summer months of 2013 to 2.0% in the period from November 2013 to January 2014. The main items to have contributed to the lower price increases were the bread and cereals item and the oils and fats item. Eurostat's flash estimate for the total food component of 1.5% in February 2014, down from 1.7% in January, points to further declines in the unprocessed and processed food components.

HICP inflation, excluding the volatile components food and energy has moderated less than headline inflation, from annual rates of 1.2% in mid-2013 to 0.7% in December. Since then, it has picked up somewhat, with Eurostat's flash estimate for February 2014 standing at 1.0%. The long-time average of this measure over the period since the introduction of the euro in 1999 is 1.5%.

Both of the main components of the HICP basket excluding food and energy items, i.e. non-energy industrial goods and services prices, have lately recorded relatively low inflation rates. Box 5 shows that global factors, as well as subdued demand, have contributed to these lower underlying inflationary pressures. Global factors, such as commodity price shocks, have had a relatively larger downward impact on non-energy industrial goods price inflation, whereas the cyclical weakness of the euro area economy, and in particular in the stressed countries, has had a relatively larger downward impact on services price inflation.

Box 5

IMPACT OF SERVICES AND NON-ENERGY INDUSTRIAL GOODS PRICES ON THE RECENT DECLINE IN HICP INFLATION

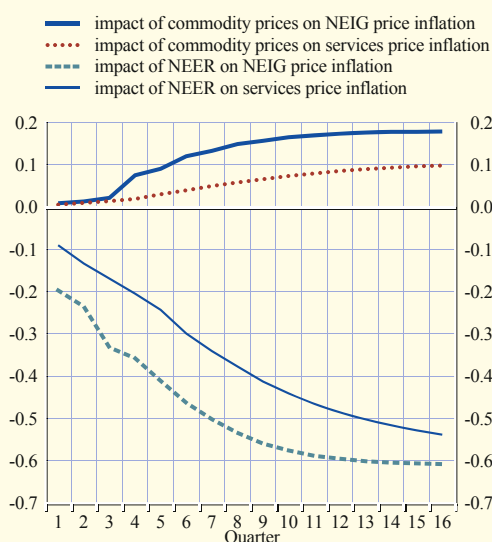
Over the past two years, HICP inflation excluding energy and food has declined from around 1.5% to an historically low level of 0.7% in December 2013, before rebounding somewhat in early 2014. This reflects declines in both the non-energy industrial goods and services price components of HICP inflation.¹ These two components tend to be affected to different extents by global and domestic factors. This box examines recent developments in services and non-energy industrial goods price inflation from different angles in order to better understand the recent decline in underlying inflation.

Global factors impacted more strongly on non-energy industrial goods inflation

Global factors tend to have a stronger impact on non-energy industrial goods price inflation than on services price inflation. A number of items in non-energy industrial goods, such as computers and some electrical appliances, are either imported or are produced domestically with a high import content. The slowing pace of inflation in emerging economies combined

Chart A Impact of a 10% increase in the euro nominal effective exchange rate (NEER) or commodity prices on non-energy industrial goods (NEIG) and services price inflation

(deviation from baseline in percentage points, x-axis quarters after shock)



Source: ECB calculations.

Note: The estimation results are based on a method outlined in Landau, B. and Skudelny, F., "Pass-through of external shocks along the pricing chain: a panel estimation approach for the euro area", *Working Paper Series*, No 1104, ECB, November 2009. Commodity prices are from the HWWI and comprise energy, food and industrial raw materials.

¹ For a discussion of factors explaining the typically different magnitudes in services price inflation and non-energy industrial goods price inflation, see the box entitled "Why is services inflation higher than goods inflation in the euro area?", *Monthly Bulletin*, ECB, January 2009.

with the appreciation of the euro since mid-2012 have thus exerted a dampening effect on non-energy industrial goods price inflation in the euro area by means of more moderate import price developments. By contrast, services prices tend to reflect a relatively greater impact from production costs in the domestic economy, notably labour costs.

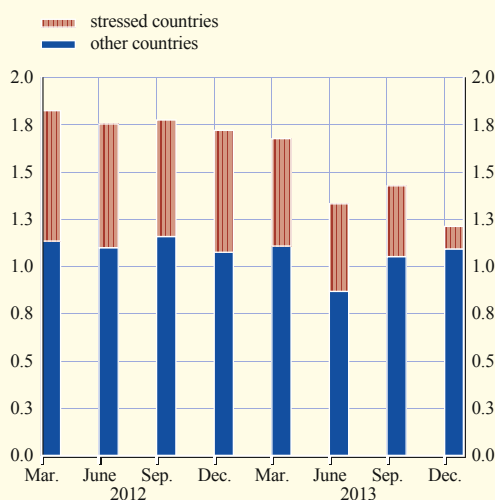
The different exposure to global factors can be captured by the respective responsiveness of non-energy industrial goods and services inflation to commodity and exchange rate shocks. Model-based analyses suggest, first, that a 10% increase in the euro nominal effective exchange rate or in commodity prices has a larger impact on non-energy industrial goods price inflation than on services price inflation (see Chart A). Second, the impact of a 10% appreciation of the nominal effective exchange rate has, in absolute terms, a larger impact on both non-energy industrial goods price inflation and services price inflation than a 10% increase in commodity prices.

Domestic demand factors more evident in services price inflation in stressed countries

Services include many items such as health care, education and recreation, which are produced domestically, and the prices of which largely reflect labour costs. In addition, some items, such as restaurants and hotels, tend to have a high demand elasticity and prices may, therefore, be very responsive to changes in the real disposable income of households. One way to gauge the role of domestic cost and demand factors in recent inflation developments is to compare services and non-energy industrial goods price inflation across euro area countries over the past two years. Countries under market stress have seen stronger downward adjustments to wages and labour costs and sharper falls in income and demand than other countries in the euro area. Depending on the degree of competition, the magnitude and lag with which the adjustment to labour costs and the fall in income affect services price inflation may differ across countries.

Chart B Service price inflation and contribution from stressed and other countries

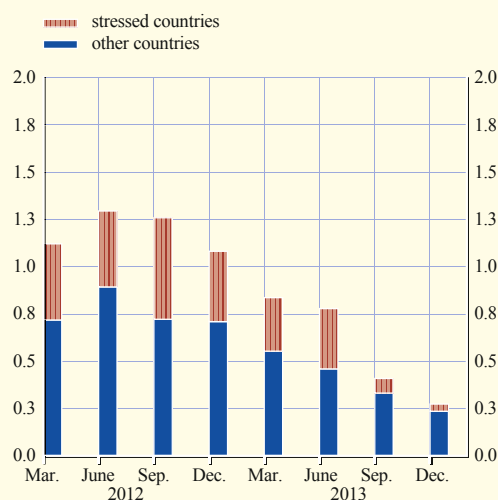
(quarterly data, annual percentage changes and contributions)



Sources: Eurostat and ECB calculations.
Note: Stressed country group includes: Ireland, Greece, Spain, Italy, Cyprus, Portugal and Slovenia.

Chart C Non-energy industrial goods price inflation and contribution from stressed and other countries

(quarterly data, annual percentage changes and contributions)



Sources: Eurostat and ECB calculations.
Note: Stressed country group includes: Ireland, Greece, Spain, Italy, Cyprus, Portugal and Slovenia.

The decline in euro area services price inflation over the past two years has been largely due to a marked decline in the contribution from the group of countries that have been under market stress (this group includes Ireland, Greece, Spain, Italy, Cyprus, Portugal and Slovenia). The contribution from other countries has remained broadly unchanged (see Chart B). By contrast, the drop in euro area non-energy industrial goods price inflation has been relatively broadly based across euro area countries (see Chart C), confirming that global factors have had a significant downward impact on inflation across countries.

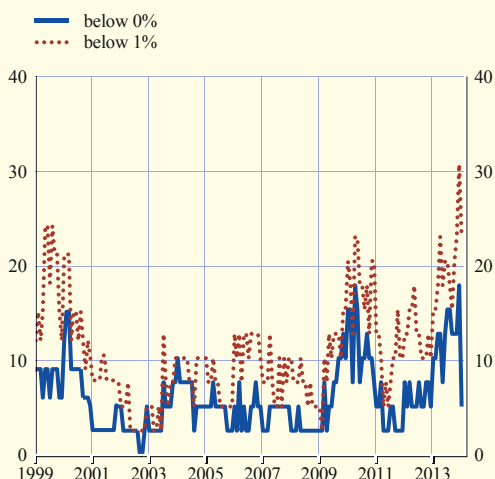
Shares of items with annual rate of change below zero per cent are not unusually high

In order to accurately assess the relative declines and the low levels of inflation for non-energy industrial goods and services prices, it is useful to examine the extent to which these developments are broadly based or related to a limited number of items only. In principle, a broad-based decline and low level of inflation may have a greater capacity to adversely affect long-term inflation expectations and thus reinforce disinflationary pressures.

The shares of items with annual rates of change below certain thresholds, such as 1.0% or 0%, suggest that the weaknesses in services and non-energy industrial goods price inflation have become more broadly based over the past two years. At the same time, the shares are not unusually high when compared with peaks in earlier periods. For services, the shares of items with negative growth rates and with growth rates of below 1.0% increased in 2013, partly reflecting some ad hoc factors, such as the elimination of certain medical fees in Germany, which contributed to lower prices, on an annual basis, for medical and dental services. Both the shares of items with either negative annual growth rates or annual growth rates of below 1% declined between December 2013 and January 2014, to stand at 5% and 23% respectively. The latest shares are either close to or lower than those seen during the peak in 2010 (see Chart D).

Chart D Shares of HICP services items with annual rate of change below 1% and 0%

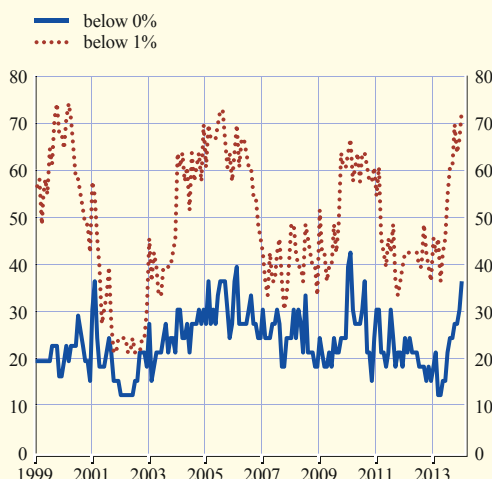
(percentages)



Sources: Eurostat and ECB calculations.

Chart E Shares of HICP non-energy industrial goods items with annual rate of change below 1% and 0%

(percentages)



Sources: Eurostat and ECB calculations.

In the case of non-energy industrial goods prices, the shares of items with annual price changes in negative territory or below 1.0% increased in 2013 and also in January 2014, to stand at 36% and 73% respectively. These magnitudes have also been observed in earlier disinflationary periods (see Chart E). Furthermore, those items to have recently experienced falling prices have, either occasionally or regularly, also witnessed falling prices in the past.

To conclude, both global supply and domestic demand factors have contributed to the decline in HICP inflation excluding energy and food over the past two years. Global factors, such as lower commodity prices, appear to have had a relatively larger downward impact on non-energy industrial goods price inflation, whereas the cyclical weakness of the euro area economy has had a relatively larger impact in terms of the lower services price inflation. The decline in euro area services price inflation mainly stemmed from lower contributions from stressed countries, whereas the decline in non-energy industrial goods price inflation has been broadly based across euro area countries. Finally, the movement towards lower underlying inflation has been broadly based across sub-items, but the shares of items with negative annual growth rates are not high compared to earlier disinflationary periods. Looking ahead, according to the March 2014 ECB staff macroeconomic projections, average underlying HICP inflation – namely services and non-energy goods prices inflation taken together – is expected to remain unchanged at 1.1% in 2014, before increasing to 1.4% in 2015 and 1.7% in 2016.

The annual rate of non-energy industrial goods price inflation declined from 0.7% in mid-2013 to 0.2% in January 2014, mainly driven by prices for durable goods, but it picked up again to stand at 0.6% in February 2014, according to Eurostat's flash estimate.

The annual rate of change in the services component, which is the largest component of the HICP, decreased from 1.5% in the summer months of 2013 to 1.0% in December. However, part of the decline in services price inflation in December was related to country-specific statistical factors, such as the impact of changes in the HICP price collection practices in Germany. In January 2014, services price inflation was 1.2%, and according to Eurostat's flash estimate, it edged up further to 1.3% in February.

The lower underlying inflation compared to the summer of 2013 also reflects a lower impact from indirect tax measures. First, in a number of Member States, the measures implemented over the past years relating to fiscal consolidation needs have dropped out from the annual rate calculation. Second, in some countries, the pass-through of recent indirect tax increases, in an environment of weak demand, has been lower than expected.

3.2 INDUSTRIAL PRODUCER PRICES

Pipeline pressures in the pricing chain receded further in the latter part of 2013 and early 2014 (see Table 9 and Chart 42). The moderation of inflationary pressures at the producer level reflects weak demand and economic activity, as well as contained energy and non-energy commodity price developments. Producer prices may also have come under pressure due to the effects of the appreciation of the euro and euro area producers' efforts to maintain their market shares. In this respect, producer price inflation in manufacturing for sales in markets outside the euro area has recently moderated more than that for sales in domestic markets.

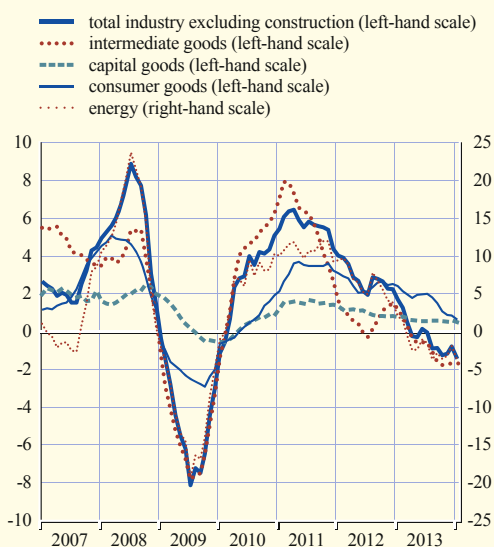
On average, headline industrial producer price inflation (excluding construction) has recorded negative annual growth rates since July 2013 and stood at -1.4% in January 2014. The decline compared with December 2013 was essentially due to the energy component. Excluding both construction and energy, the annual rate of change in industrial producer prices was -0.4% in January, broadly unchanged from that in previous months.

Producer price data suggest that pipeline pressures for non-energy industrial goods inflation in the HICP have remained relatively stable at subdued levels when looking at the later stages of the price chain. The PPI for non-food consumer goods industries followed a steady downward trend in 2012 and early 2013, but has stabilised at low, but slightly positive, annual growth rates since April last year. Recent survey data also suggest subdued but stable pipeline pressures. The Purchasing Managers Index (PMI) retail survey index of input prices for non-food stores hovered (on a three-month moving average basis) around its historical average between October 2013 and February 2014. At the earlier price stages, pipeline price pressures have also remained broadly stable at subdued levels, with the annual rates of change of the PPI in intermediate goods industries and the annual rates of change in raw material commodity prices continuing to oscillate in relatively narrow bands in negative territory.

Pipeline pressures for HICP food inflation continued to decline both at the earlier and later stages of the price chain. Annual producer price inflation for food stood at 0.6% in January 2014, and has gradually declined, following rates of around 3% in mid-2013. Survey-based data from the PMI for input prices and margins of food retailers rebounded somewhat in February but remained below the values observed in late 2013. Earlier in the price chain, the annual rates of change in EU farm gate prices and international food commodity prices in euro terms increased in early 2014 (up to January and February respectively) but remained clearly negative.

Chart 42 Breakdown of industrial producer prices

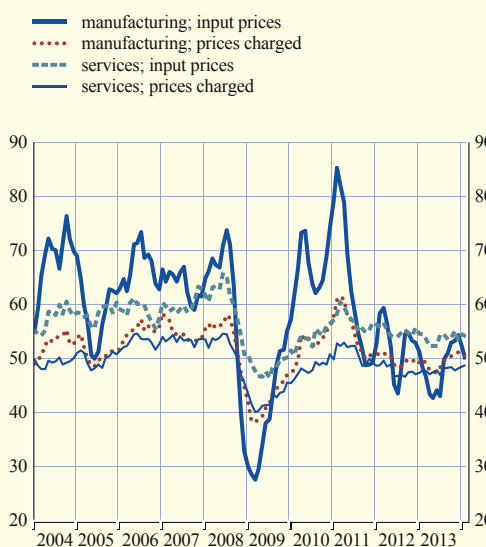
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 43 Producer input and output price surveys

(diffusion indices; monthly data)



Source: Markit.

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

Table 10 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2012	2013	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
Negotiated wages	2.2	1.8	2.2	1.9	1.7	1.7	1.7
Hourly labour cost index	1.9		1.6	1.9	1.1	1.0	.
Compensation per employee	1.8		1.5	1.7	1.6	1.6	
<i>Memo items:</i>							
Labour productivity	0.0	.	-0.3	-0.2	0.4	0.6	.
Unit labour costs	1.9		1.8	1.8	1.2	1.0	

Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the Euro 18.

More generally, the latest information from both the PMI and the European Commission surveys up to February confirm subdued price pressures at the producer level (see Chart 43). Moderate decreases in the PMI input and selling price indices were recorded for the manufacturing sector compared to January. For the services sector, the two sub-indices remained broadly unchanged in February. All sub-indices remained close to the 50 mark and below or at their long-run averages. European Commission survey data on selling price expectations for total industry fell in February and have remained well below their long-term average since 1999.

3.3 LABOUR COST INDICATORS

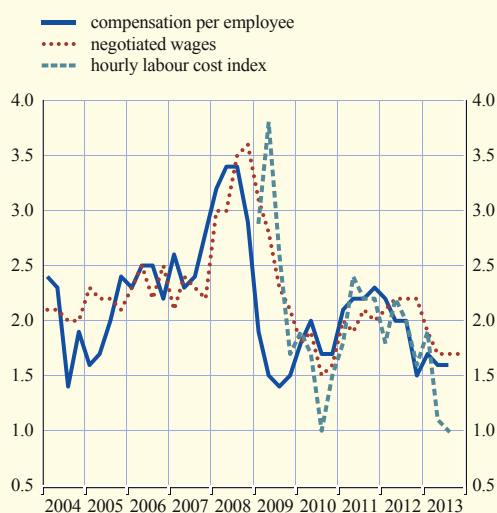
As evidenced by the latest releases of labour cost indicators, pressures on prices stemming from domestic labour markets remained subdued in 2013 (see Table 10 and Chart 44). As a result of the uneven economic recovery in the euro area, labour costs grew at more robust rates in countries with relatively resilient labour markets, and grew only slightly or even declined in countries undergoing economic adjustment and experiencing persistently high levels of unemployment.

At the aggregate euro area level, compensation per employee grew at 1.6%, year on year, in the third quarter of 2013, broadly unchanged from the rates of growth in previous quarters. At the same time, owing to a gradual improvement in productivity growth, annual unit labour cost growth declined further to 1% in the third quarter, from 1.2% and 1.8% in the second and first quarters respectively.

The annual growth rate of total hourly labour costs declined further to 1.0% in the third quarter, from 1.1% in the second quarter and 1.9% in the first quarter. The slowdown in hourly labour cost growth reflects a decline in

Chart 44 Selected labour cost indicators

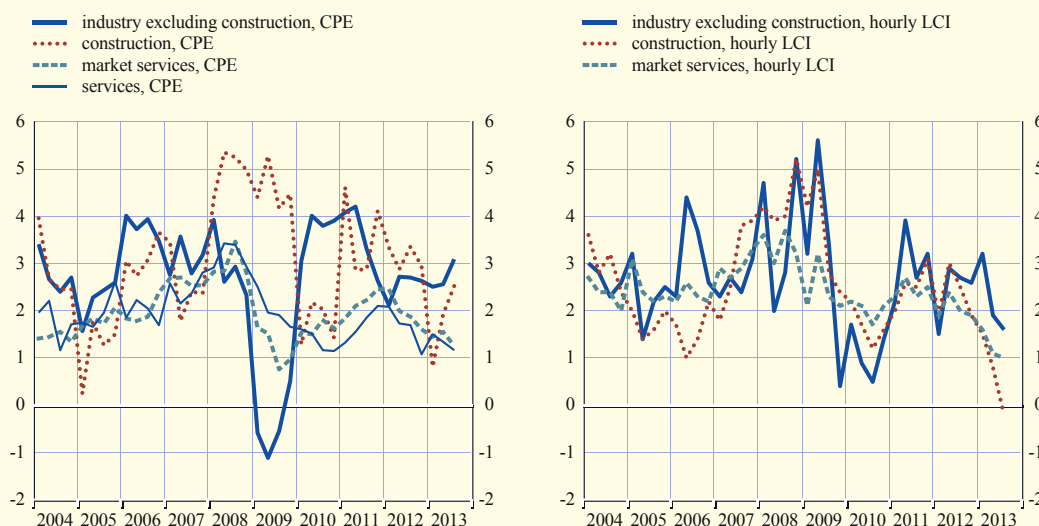
(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the Euro 18.

Chart 45 Sectoral labour cost developments

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Notes: Data refer to the Euro 18. CPE stands for compensation per employee and LCI stands for labour cost index.

hourly labour cost growth in the business economy, which was partly offset by an increase in the predominantly non-business sector. Within the business economy, annual hourly labour cost growth fell most of all in the construction sector and somewhat less in the market services and industrial sectors (see Chart 45).

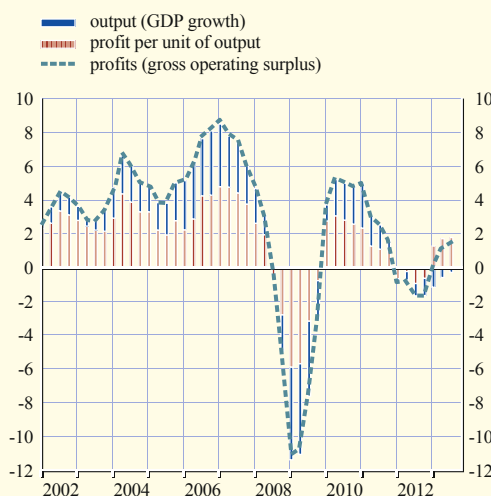
Euro area negotiated wages, the only labour cost indicator that is available for the fourth quarter of 2013, grew by 1.7%, year on year, unchanged from the previous two quarters. In 2013 as a whole, the growth rate of negotiated wages declined by 0.4 percentage point compared with the previous year, reflecting the continued weak state of labour markets in many euro area countries.

3.4 CORPORATE PROFIT DEVELOPMENTS

Growth in corporate profits (measured in terms of gross operating surplus) picked up in the first three quarters of 2013 (see Chart 46). The strengthening to 1.7% in the third quarter of 2013, from 0.1% in the first quarter, reflects both a less negative annual GDP growth rate as well as an increase in the growth rate of unit profits (i.e. profits per unit of output).

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

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Note: Data refer to the Euro 18.

Across the main economic sectors, the recent strengthening in profits was driven by developments in the market services sector (see Chart 47). In this sector, year-on-year growth in profits rose from 0.2% in the first quarter of 2013 to 2.4% in the third quarter and the level of profits has almost returned to the peak recorded at the beginning of 2008. In the industrial sector, the signs of a recovery in profits are less clear cut. In year-on-year terms, profit growth turned positive in this sector in the second quarter of 2013, following six quarters of negative rates, but fell back into negative territory in the third quarter. The level of profits in this sector is still far below its 2008 level.

3.5 THE OUTLOOK FOR INFLATION

On the basis of current information and prevailing futures prices for energy commodities, annual HICP inflation rates are expected to remain at around current levels in the coming months. Thereafter, inflation rates should gradually increase and reach levels closer to 2%, in line with inflation expectations for the euro area over the medium to long term.

As regards the short-term outlook for the main components, the annual rate of change in energy prices is projected to remain subdued, mainly reflecting the decline in oil prices embedded in futures markets. The pattern for energy price inflation will also be characterised by some volatility associated with positive and negative base effects.¹

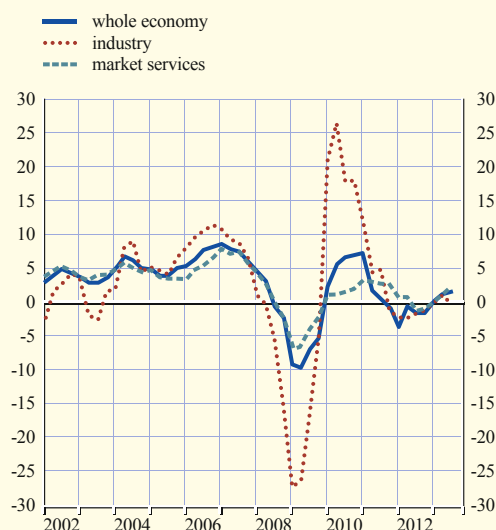
The near-term projection for unprocessed food inflation is characterised by the further unwinding of the weather-related shock in 2013 to fruit and vegetable prices. Thus, the annual growth rates are expected to further decline until the summer of 2014, before picking up later in the year.

Annual processed food price inflation is projected to gradually moderate further until mid-2014 and then stabilise in the second half of the year. This moderation mainly reflects the pass-through of the decline in EU farm gate prices observed since May 2013, which was partly offset at the beginning of 2014 by new increases in excise duties on tobacco products in some countries.

Non-energy industrial goods price inflation is projected to rise gradually in the first half of 2014, before stabilising. Notwithstanding this gradual increase in the first half of 2014, it is expected to remain at rates below the long-run average, reflecting still relatively weak consumer demand, as well as the dampening impact from prices of imported goods (associated with the past appreciation of the euro and low global inflation).

Chart 47 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18.

¹ See the box entitled "Base effects from the volatile components of the HICP and their impact on HICP inflation in 2014", *Monthly Bulletin*, ECB, February 2014.

Annual services price inflation is projected to hover around current levels until the summer months, with some volatility in March and April due to the base effect associated with the early timing of Easter in 2013. Services price inflation is then expected to rise somewhat in the latter part of 2014, partly reflecting base effects associated with the downward movements at the end of 2013, but also the moderate improvement in economic activity and somewhat higher wage increases in some countries.

Over the medium term, underlying price pressures in the euro area are expected to remain subdued. The March 2014 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation at 1.0% in 2014, 1.3% in 2015 and 1.5% in 2016. In the last quarter of 2016, annual HICP inflation is projected to be 1.7%. By comparison with the December 2013 Eurosystem staff macroeconomic projections, the projection for inflation for 2014 has been revised slightly downwards. In view of the first publication of a three-year projection horizon in the March 2014 ECB staff macroeconomic projections, it should be stressed that the projections are conditional on a number of technical assumptions, including unchanged exchange rates and declining oil prices, and that the uncertainty surrounding the projections increases with the length of the projection horizon (see the article entitled “March 2014 ECB staff macroeconomic projections”).

Inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the aim of maintaining inflation rates below, but close to, 2%. Both upside and downside risks to the outlook for price developments are seen as limited and are considered to be broadly balanced over the medium term.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Real GDP in the euro area rose by 0.3%, quarter on quarter, in the last quarter of 2013, thereby increasing for three consecutive quarters. Developments in survey-based confidence indicators up to February are consistent with continued moderate growth also in the first quarter of this year. Looking ahead, the ongoing recovery is expected to proceed, albeit at a slow pace. In particular, some further improvement in domestic demand should materialise, supported by the accommodative monetary policy stance, improving financing conditions and the progress made in fiscal consolidation and structural reform. In addition, real incomes are supported by lower energy prices. Economic activity is also expected to benefit from a gradual strengthening of demand for euro area exports. At the same time, although unemployment in the euro area is stabilising, it remains high, and the necessary balance sheet adjustments in the public and private sectors will continue to weigh on the pace of the economic recovery.

The March 2014 ECB staff macroeconomic projections for the euro area foresee annual real GDP increasing by 1.2% in 2014, 1.5% in 2015 and 1.8% in 2016. Compared with the December 2013 Eurosystem staff macroeconomic projections, the projection for real GDP growth for 2014 has been revised slightly upwards. The risks surrounding the economic outlook for the euro area continue to be on the downside.

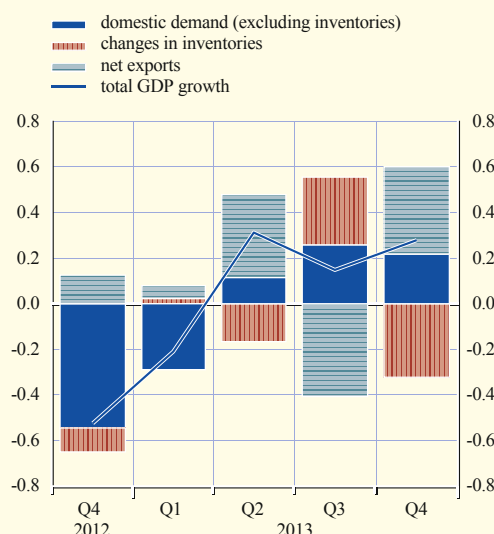
4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP increased further by 0.3%, quarter on quarter, in the last quarter of 2013, following positive growth in the two previous quarters (see Chart 48). These developments are in contrast to the extended period of negative growth observed between the fourth quarter of 2011 and the first quarter of 2013. The ongoing recovery, which largely reflects a turnaround in the domestic demand cycle, has been bolstered by rising business and consumer confidence as well as diminishing uncertainty. Moreover, the euro area recovery has broadened from both an expenditure and production perspective.

The outcome in the fourth quarter of 2013 reflected a continued positive contribution to growth from domestic demand, which stemmed from particularly strong investment developments. At the same time, net exports turned positive again, largely on the back of weak import growth. These developments were partly offset by a negative contribution to growth from changes in inventories. Recent survey data are consistent with a continuation of positive growth in the first quarter of 2014, perhaps supported also by the unusually mild winter weather in some countries. Growth is expected to remain moderate in the course of 2014 before edging up somewhat in 2015 (see the article entitled “March 2014 ECB staff macroeconomic projections for the euro area” in this issue of the Monthly Bulletin).

Chart 48 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18.

PRIVATE CONSUMPTION

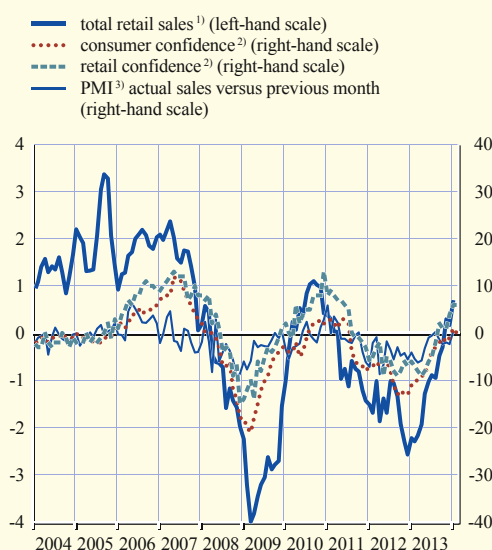
Private consumption increased by 0.1% in the fourth quarter of 2013, recording positive growth for the third quarter in a row. This expansion reflects a rise in the consumption of services and car purchases, which was partly offset by a decline in the consumption of retail goods. Recent developments in short-term indicators and surveys point, on balance, towards continued modest growth in household spending in the period ahead.

The recent strengthening in private consumption dynamics has largely mirrored developments in real disposable income. Aggregate income, which for an extended period has been dampened by shrinking employment, is increasingly benefiting from more stable labour markets and a moderation in the fiscal drag. In addition, real incomes are being supported by low inflation. In the third quarter of 2013, real disposable income stood only slightly below its level one year earlier. This represents a clear improvement compared with the end of 2012 and the beginning of 2013, when income declined by around 2% on an annual basis. At the same time, the household savings ratio remained unchanged, at a low level, between the second and third quarters of 2013.

Regarding short-term dynamics in the first quarter of 2014, hard and soft data suggest, on balance, a slight further improvement in consumer spending. Retail sales rebounded by 1.6%, month on month, in January, to stand 1.0% above the average recorded in the fourth quarter of 2013. Moreover, the Purchasing Managers' Index (PMI) for retail sales rose in January 2014 to a level consistent with growth, its highest reading since April 2011. This represents a clear improvement vis-à-vis the fourth quarter of 2013. Over the first two months of 2014, the European Commission's indicator on retail sector confidence was, on average, well above the level recorded in the fourth quarter of last year and above its long-term average. However, new passenger car registrations fell by 9.0%, month on month, in January, signalling a negative start to the first quarter. This sharp decline and the relatively robust fourth quarter were both the result of the implementation of tax increases in some countries at the beginning of the year. Purchases of cars and other expensive goods are likely to stay weak in the period ahead. In January and February, the European Commission's indicator on expected major purchases was close to its level in the fourth quarter of 2013, lingering in a depressed state consistent with a subdued consumption of durable goods. Lastly, according to the European Commission, euro area consumer confidence declined between January and February. However, the index, which has been on an upward trend since the beginning of 2013, is still above its average level recorded in the fourth quarter, which suggests further modest improvements in consumer spending (see Chart 49). Currently the index is hovering close to its historical average.

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

(monthly data)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.

1) Annual percentage changes; three-month moving averages; working day-adjusted; including fuel.

2) Percentage balances; seasonally and mean-adjusted.

3) Purchasing Managers' Index; deviations from an index value of 50.

INVESTMENT

Gross fixed capital formation continued its recovery, with a quarter-on-quarter growth rate of 1.1% in the fourth quarter 2013, following a rise of 0.6% in the previous quarter. This indicates an end to the substantial decline in investment observed over the past two years, related to a combination of weak demand and profits, high uncertainty and financing constraints. Nevertheless, the level remains almost 20% lower than in the first quarter of 2008.

The breakdown of capital formation for the fourth quarter of 2013 is not yet available. However, short-term indicators for the euro area suggest some growth in non-construction investment, which accounts for half of total investment, as the production of capital goods picked up and the capacity utilisation rate increased somewhat. Moreover, survey data, such as the PMI index for the manufacturing sector and the European Commission's confidence indicator for the capital goods sector, improved overall. In addition, data available for the largest euro area countries on non-construction investment point to a continued recovery. After a positive third quarter, residential and non-residential construction investment is likely to have remained weak, as demand remained low in the sector. As a result, the construction production index decreased, quarter on quarter, in the fourth quarter.

Regarding the first quarter of 2014, the few early indicators available point, overall, to some additional modest growth in non-construction capital formation in the euro area. The February values of the manufacturing PMI and its new orders component rose further, and survey data from the European Commission on firms' assessment of order books and their production expectations, available up to February, also showed an improvement. Moreover, the euro area bank lending survey for the fourth quarter of 2013 points to less tight financing conditions in relation to lending for investment purposes. This is broadly in line with the pattern of recoveries following past financial crises.

Non-construction investment is expected to pick up gradually in 2014, still held back by confidence – which has not yet fully recovered – and weak loan growth, inter alia associated with ongoing deleveraging in banks and firms in a number of euro area countries. Construction investment is expected to remain very subdued in early 2014, owing to the protracted adjustment in some euro area housing markets, the prevailing low confidence and the lack of demand in the sector. Survey data for construction investment suggest that it is likely to decline slightly in the first quarter of 2014, as the January values of the PMI indicators for construction output and, in particular, new orders are below 50 and have diminished with respect to their fourth-quarter values.

GOVERNMENT CONSUMPTION

Changes in government consumption turned negative in real terms in the fourth quarter of 2013. Looking at the underlying trends in the individual components, the decline appears to be driven mainly by a sharp contraction in intermediate consumption expenditure, which comprises slightly less than a quarter of total government consumption expenditure, as part of the unfolding process of fiscal consolidation. By contrast, compensation of public employees, which accounts for almost half of total government consumption, expanded, albeit at a slightly slower pace. Moreover, social transfers in kind, which encompass items such as healthcare expenditure, continued to grow at a stable rate. Looking ahead, the contribution of government consumption to domestic demand is projected to remain limited in the quarters ahead, as there is still a need for further fiscal consolidation in a number of countries (see Section 5).

INVENTORIES

In the fourth quarter of 2013, changes in inventories made a negative contribution of -0.3 percentage point to quarterly GDP growth, following a positive contribution of the same size in the third quarter. Bearing in mind the uncertain nature of first estimates for this national accounts series, these somewhat contrasted developments in inventories during the second half of 2013 also partly mirror similarly differentiated developments in net trade. Indeed, a fairly strong (negative) correlation between these two aggregates is a stylised fact, which broadly reflects the mechanical impact on inventories of export and import flows that occurs when goods cross borders. Thus, the acceleration and deceleration of these trade flows from one quarter to the next results in net trade contributions to quarterly growth that are partly offset by movements in inventories.

Overall, the latest developments bring to an end the sequence of almost uninterrupted negative (and thus recessionary) contributions of inventories to growth observed between mid-2011 and end-2012, which amounted to a cumulated -1.0 percentage point – almost the same size as the cumulated fall in GDP during that period. In 2013 the contributions of inventories to growth were more volatile, but only slightly negative when cumulated over the year. Thus, a neutral or modest contribution of inventories to growth is rather likely in 2014 against the backdrop of the ongoing economic recovery, as supported by survey results (see Chart 50).

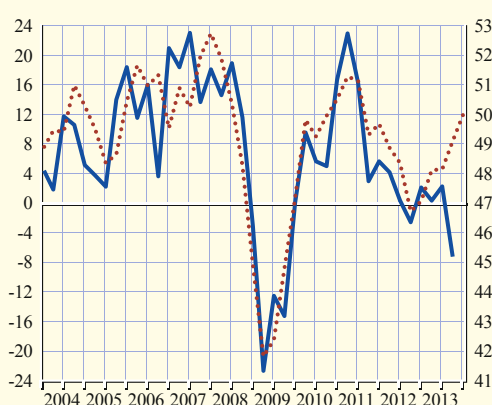
EXTERNAL TRADE

Euro area exports of goods and services rebounded in the fourth quarter of 2013, rising by 1.2%, quarter on quarter (see Chart 51). This increase followed the temporary weakness in the third quarter, which was primarily a consequence of weak foreign demand and, to a lesser extent, of the appreciation of the euro in nominal effective terms. While exports to the United States, Japan, China and Latin America were particularly subdued, exports to the other Asian economies and to European countries outside the euro area continued to strengthen.

Chart 50 Changes in euro area inventories

(EUR billion; diffusion indices)

— national accounts (left-hand scale)
..... PMI (right-hand scale)

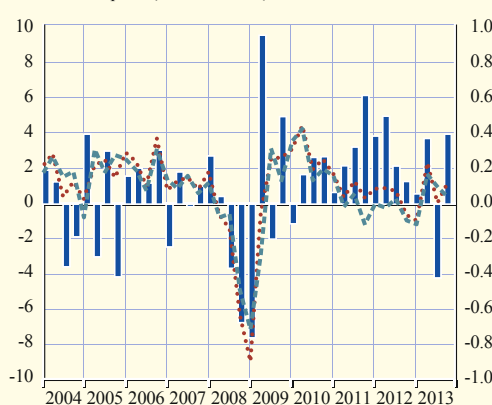


Sources: Markit, Eurostat and ECB calculations.
Notes: Data refer to the Euro 18. National accounts: change in inventories in value terms. PMI: average of input and finished goods inventories in manufacturing and of retail inventories.

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

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

— net trade (right-hand scale)
..... exports (left-hand scale)
- - - imports (left-hand scale)



Sources: Eurostat and ECB.
Note: Data refer to the Euro 18.

Euro area imports displayed a small quarterly increase of 0.4% in the fourth quarter of 2013, following a strong rebound in the previous two quarters which mirrored the gradual improvement in domestic demand in the euro area. Imports have been weak across most trading partners, particularly from European countries outside the euro area. As import growth was weaker than export growth, the contribution of net trade to GDP growth turned positive in the fourth quarter (to 0.4 percentage point).

Available survey indicators point to an improvement in euro area exports in the near term. The PMI for new export orders improved markedly in the fourth quarter, well above the expansion threshold of 50, and continued to expand further in the first two months of 2014. In February it stood at 54.5, somewhat below the figure for January, which was the highest since mid-2011. The European Commission's indicator on export order books has shown a steady improvement since April 2013 and, in February 2014, stood at its highest level since early 2012. Both indicators stand at levels consistent with moderate export growth in the short term, which is also supported by the general upswing in external demand. Euro area imports are also likely to further increase in the short term, albeit at a subdued pace, broadly in line with a gradual recovery in domestic demand.

4.2 SECTORAL OUTPUT

Looking at the production side of national accounts, total value added increased further in the fourth quarter of 2013, up by 0.4% quarter on quarter. The latest increase is the third consecutive rise in total value added, following six quarters of contraction, and was broad-based across sectors. Services value added has been slightly above its 2008 pre-crisis peak since early 2011, whereas value added in the industrial sector, particularly the construction sector, has remained below pre-crisis peaks. Short-term indicators point to a further rise in total value added in the first quarter of 2014, close to the positive growth rates seen since the second quarter of last year.

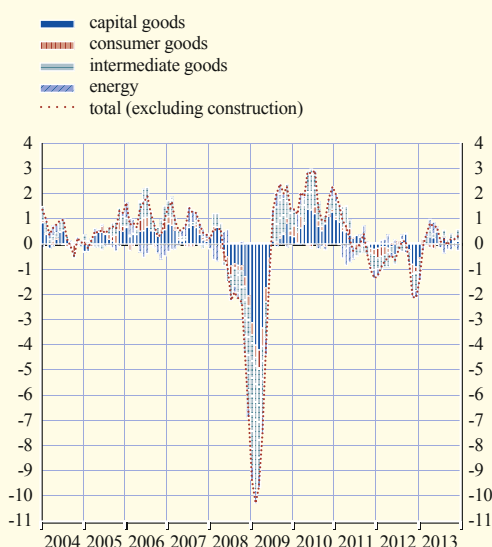
INDUSTRY EXCLUDING CONSTRUCTION

Value added in the industrial sector excluding construction expanded by 0.6% in the fourth quarter of 2013, quarter on quarter, following a smaller increase in the previous quarter. However, production rose only moderately, having been flat (quarter on quarter) in the previous quarter (see Chart 52). This quarterly rise in production was driven by capital goods, non-durable consumer goods and, especially, intermediate goods, which continued to be the largest contributor to the sector's gap vis-à-vis pre-crisis production levels. The latest developments in the industrial sector have occurred alongside improved demand conditions, as indicated by the European Commission's business surveys.

Looking ahead, short-term indicators overall signal a moderate expansion in activity in the industrial sector during the first quarter of 2014. In the fourth quarter of 2013, the ECB indicator on industrial new orders excluding heavy transport equipment, which is less influenced by large-scale orders than are total new orders, increased less than in the previous quarter (0.2%, quarter on quarter). However, European Commission survey data indicate that the expected orders book for the next three months has improved further in the three-month period to February. Moreover, in January and February of this year, the PMI indices for manufacturing output and new orders rose above the levels recorded in the fourth quarter to further exceed the theoretical no-growth threshold of 50 (see Chart 53). In addition, the European Commission's industrial confidence indicator was, in January and February, broadly stable, at levels close to its average for the last quarter of last year.

Chart 52 Industrial production growth and contributions

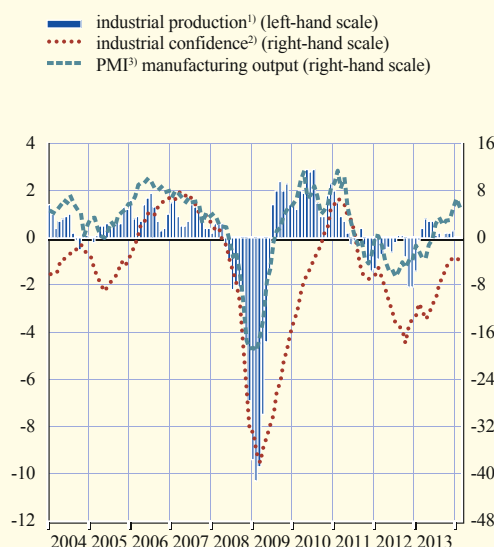
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18. Data shown are calculated as three-month moving averages against the corresponding average three months earlier.

Chart 53 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.

Notes: Data refer to the Euro 18. Survey data refer to manufacturing.

1) Three-month-on-three-month percentage changes.

2) Percentage balances.

3) Purchasing Managers' Index; deviations from an index value of 50.

CONSTRUCTION

Following a small rise in the third quarter of 2013, value added in construction displayed a robust increase of 0.5% in the fourth quarter, quarter on quarter. This contrasts with developments in construction production, which declined by 1.0%, quarter on quarter, in the last quarter of the year. Looking ahead, short-term indicators generally point to overall weak developments during the first quarter of 2014. Although construction production rose by 0.9% month on month in January, providing a good starting point for the quarter, more timely survey data are in line with muted developments associated with low confidence and the ongoing deleveraging process in certain euro area countries. For instance, the European Commission's construction confidence indicator stood in January and February slightly below the average level recorded in the fourth quarter of 2013. Similarly, the Commission's survey on new orders in construction has also dropped, indicating that future developments in construction are likely to remain subdued. Other surveys paint a similar picture: the PMI indices for construction output and new orders stood in January below their average levels in the third and fourth quarters of last year. Moreover, both of these indicators recorded levels below 50, indicating negative growth.

SERVICES

Services value added grew further in the fourth quarter, by 0.3%, which is slightly higher than in the previous quarter. The recent expansion in services sector activity was broadly based across market and non-market services (which include public administration, education, healthcare and social work). At the sub-sectoral level, value added developments in market services were positive in

the fourth quarter, with the exception of value added for information and communication services, which remained stable compared with the third quarter.

Looking ahead, surveys point to further positive, albeit modest, growth in services at the start of this year. On the basis of the data available for the first two months of the first quarter, the PMI services business activity index rose slightly above its fourth-quarter average level. Similarly, the European Commission's services confidence indicator also improved on its average level for the fourth quarter of 2013. Confidence was comparatively high for employment activities and computer programming, consultancy and related activities.

4.3 LABOUR MARKET

Euro area labour market data show clear signs of stabilisation, in line with the modest recovery in economic activity that has taken hold since the spring of 2013. Labour markets typically follow economic activity with some lag as firms primarily increase capacity utilisation and hours worked before they start hiring again. Despite the overall stabilisation in the euro area, labour market dynamics continue to differ substantially across countries and age groups.

The number of persons employed in the euro area was stable for the second quarter in a row in the third quarter of 2013 (see Table 11), albeit with marked cross-country differences. In the main economic sectors, only services showed positive growth in the third quarter, while industry (excluding construction), agriculture and construction all posted negative quarter-on-quarter employment changes.

Table 11 Employment growth

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

	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2011	2012	2013 Q1	2013 Q2	2013 Q3	2011	2012	2013 Q1	2013 Q2	2013 Q3
Whole economy	0.2	-0.6	-0.5	-0.1	0.0	0.2	-1.4	-1.0	0.7	0.1
<i>of which:</i>										
Agriculture and fishing	-2.1	-2.0	-1.4	1.9	-0.4	-3.1	-2.9	-0.5	0.8	-0.4
Industry	-1.1	-2.1	-0.8	-0.6	-0.3	-0.8	-3.3	-1.6	1.1	-0.2
Excluding construction	0.0	-1.0	-0.5	-0.4	-0.3	0.7	-2.0	-1.2	1.4	-0.1
Construction	-3.8	-4.6	-1.6	-1.1	-0.3	-3.9	-6.1	-2.4	0.6	-0.5
Services	0.7	-0.1	-0.3	0.0	0.1	0.8	-0.7	-0.8	0.5	0.2
Trade and transport	0.6	-0.8	-0.4	0.0	0.0	0.3	-1.6	-0.8	0.7	0.3
Information and communication	1.2	1.2	-0.2	0.1	-0.1	1.4	0.6	0.0	0.3	-0.4
Finance and insurance	-0.4	-0.4	-0.1	-0.1	-0.1	-0.2	-0.8	-0.2	0.3	0.1
Real estate activities	0.3	-0.6	-0.7	0.5	0.4	0.9	-1.4	-0.1	1.0	-0.3
Professional services	2.5	0.7	-0.6	0.5	0.4	2.7	0.4	-1.0	0.8	0.3
Public administration	0.3	-0.3	-0.2	-0.2	0.1	0.5	-0.5	-0.9	0.4	0.1
Other services ¹⁾	0.1	0.7	0.0	-0.1	0.1	0.0	-0.1	-0.5	-0.1	0.4

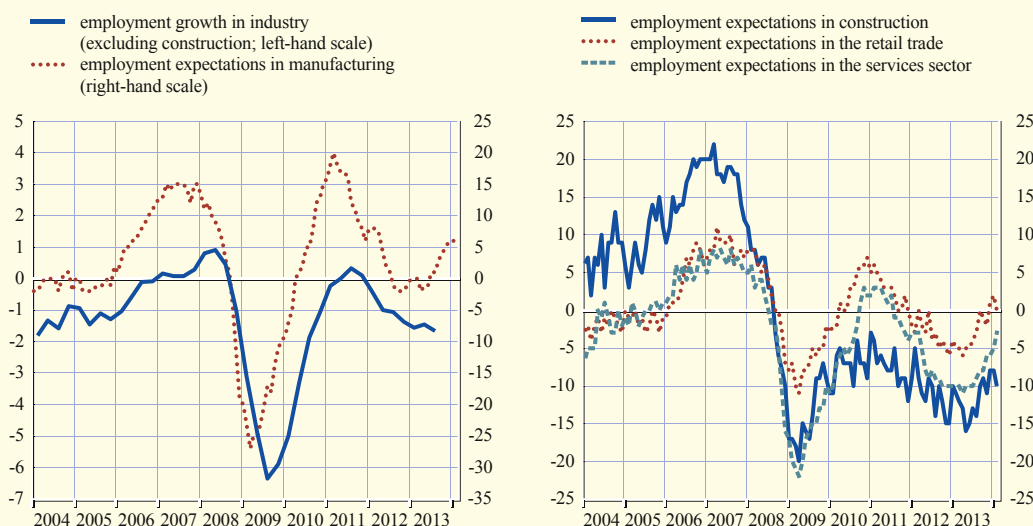
Sources: Eurostat and ECB calculations.

Note: Data refer to the Euro 18.

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

Chart 54 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)



Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Data refer to the Euro 18. Percentage balances are mean-adjusted.

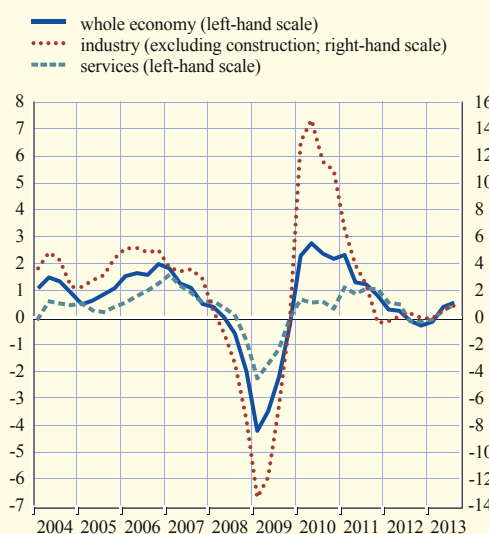
Total hours worked increased by 0.1%, quarter on quarter, in the third quarter of 2013, following an increase of 0.7% in the second quarter of the year. However, second-quarter developments are likely to have reflected some rebound following a contraction owing to cold weather conditions in parts of the euro area in the first quarter of 2013. This notwithstanding, developments in the number of hours worked over the second and third quarters of the year may also reflect some cyclical improvements in labour market conditions, as a normalisation of hours worked typically precedes re-hiring activity.

Although survey results are still at low levels, they nevertheless foresee an overall improvement in employment in the last quarter of 2013 and at the beginning of 2014 (see Chart 54), thereby suggesting that employment may have improved further around the turn of the year. Forward-looking indicators also point to a slight improvement in labour market conditions. This is particularly the case for manufacturing, survey results for which indicate positive employment growth ahead.

Labour productivity per person employed expanded by 0.5% in annual terms in the third quarter of 2013, following a 0.4% increase in the second quarter (see Chart 55). Productivity per hour worked rose at a similar rate, in

Chart 55 Labour productivity per person employed

(annual percentage changes)



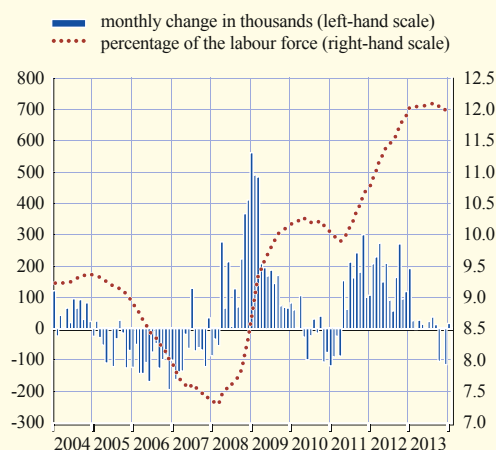
Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18.

line with the slight increase in total hours worked. Productivity growth is expected to have picked up again slightly in the last quarter of 2013 on the back of the ongoing recovery, alongside the typically delayed response of employment growth to economic activity.

In line with developments in employment, the unemployment rate in the euro area appears to have peaked (see Chart 56). It declined by 0.1 percentage point, to 12.0%, in October 2013, its first monthly drop since April 2011. Between October 2013 and January 2014, the rate remained stable, despite an overall decline in the number of unemployed. One encouraging sign is that this decline and stabilisation has been relatively broad-based across age groups. Nevertheless, in January 2014 the overall unemployment rate continued to stand more than 2 percentage points above its trough of April 2011. For 2013 as a whole, the unemployment rate averaged 12.1%, compared with an average of 11.4% in 2012. Looking ahead, the unemployment rate is expected to gradually decline further, albeit at a slow pace.

Chart 56 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Developments in survey-based confidence indicators up to February are consistent with continued moderate growth also in the first quarter of this year. Looking ahead, the ongoing recovery is expected to proceed, albeit at a slow pace. In particular, some further improvement in domestic demand should materialise, supported by the accommodative monetary policy stance, improving financing conditions and the progress made in fiscal consolidation and structural reform. In addition, real incomes are supported by lower energy prices. Economic activity is also expected to benefit from a gradual strengthening of demand for euro area exports. At the same time, although unemployment in the euro area is stabilising, it remains high, and the necessary balance sheet adjustments in the public and private sectors will continue to weigh on the pace of the economic recovery.

The March 2014 ECB staff macroeconomic projections for the euro area foresee annual real GDP increasing by 1.2% in 2014, 1.5% in 2015 and 1.8% in 2016. Compared with the December 2013 Eurosystem staff macroeconomic projections, the projection for real GDP growth for 2014 has been revised slightly upwards (see the article entitled “March 2014 ECB staff macroeconomic projections for the euro area” in this issue of the Monthly Bulletin).

The risks surrounding the economic outlook for the euro area continue to be on the downside. Developments in global financial markets and in emerging market economies, as well as geopolitical risks, may have the potential to affect economic conditions negatively. Other downside risks include weaker than expected domestic demand and export growth and insufficient implementation of structural reforms in euro area countries.

5 FISCAL DEVELOPMENTS

According to the European Commission's European Economic Forecast for winter 2014, budgetary imbalances in the euro area are continuing to decline. The aggregate general government deficit for the euro area is estimated to have declined from 3.7% of GDP in 2012 to 3.1% of GDP in 2013. It is forecast to decrease further, to 2.6% of GDP, in 2014. The aggregate general government debt ratio for the euro area is projected to peak at almost 96% of GDP in 2014, before declining in 2015 for the first time since the outbreak of the economic and financial crisis. Despite the substantial progress achieved in fiscal consolidation over the past few years, further adjustment efforts are required to ensure sustainable public finances in the euro area. The task of putting high – and, in several countries, still rising – government debt ratios on a downward trajectory must therefore remain a priority. To reap the benefits of the strengthened EU fiscal governance framework, it is important that countries strictly comply with the fiscal rules and fully implement the provisions of the fiscal compact by the agreed deadlines.

FISCAL DEVELOPMENTS IN 2013 AND 2014

According to the European Commission's winter 2014 economic forecast, fiscal consolidation in the euro area is continuing. The aggregate general government budget deficit for the euro area is estimated to have declined from 3.7% of GDP in 2012 to 3.1% of GDP in 2013 (see Table 12 and Chart 57). This decline is due to an increase in the general government revenue-to-GDP ratio, which is estimated to have increased by 0.6 percentage point to stand at 46.8% of GDP in 2013, while the expenditure-to-GDP ratio is estimated to have remained unchanged at 49.9% of GDP.

The aggregate general government debt-to-GDP ratio for the euro area is estimated to have increased by around 3 percentage points to 95.5% in 2013. This rise reflects in particular the so-called snowball effect (i.e. an increase in debt owing to a positive nominal interest rate-growth differential) and an upward impact on debt stemming from stock-flow adjustments, while the contribution from the primary deficit is estimated to have been marginal.

Turning to fiscal developments in 2014, the Commission's winter 2014 forecast foresees a further decrease in the aggregate general government deficit ratio for the euro area, which is projected to decline to 2.6% of GDP in 2014 and to fall slightly further, to 2.5% of GDP, in 2015. This is in line with the ECB staff macroeconomic projections of fiscal developments in 2014 and 2015.¹

Table 12 Fiscal developments in the euro area

(percentages of GDP)

	2008	2009	2010	2011	2012	2013	2014	2015
a. Total revenue	45.0	44.9	44.8	45.3	46.2	46.8	46.8	46.5
b. Total expenditure	47.1	51.2	51.0	49.5	49.9	49.9	49.4	49.0
of which:								
c. Interest expenditure	3.0	2.9	2.8	3.0	3.1	3.0	3.0	3.1
d. Primary expenditure (b-c)	44.1	48.4	48.2	46.4	46.8	46.9	46.4	46.0
Budget balance (a-b)	-2.1	-6.4	-6.2	-4.2	-3.7	-3.1	-2.6	-2.5
Primary budget balance (a-d)	0.9	-3.5	-3.4	-1.1	-0.6	-0.1	0.5	0.6
Cyclically adjusted budget balance	-3.0	-4.5	-5.1	-3.6	-2.6	-1.6	-1.3	-1.8
Gross debt	70.1	79.9	85.6	87.9	92.6	95.5	95.9	95.4
Memo item: real GDP (percentage changes)	0.4	-4.5	1.9	1.6	-0.7	-0.4	1.1	1.7

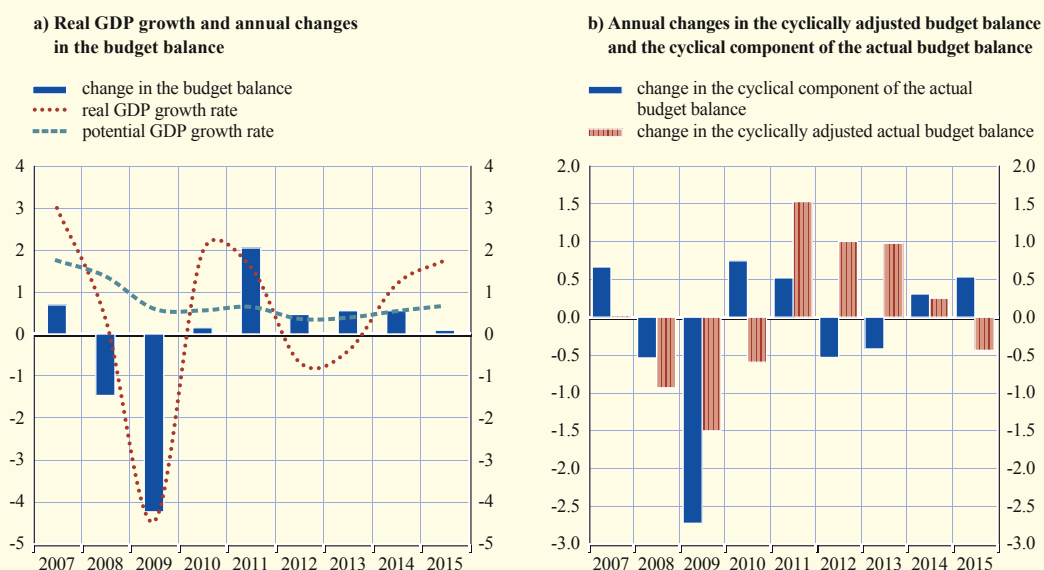
Sources: Eurostat, European Commission's winter 2014 forecast and ECB calculations.

Notes: The data refer to the aggregate general government sector of the euro area. The figures for 2013 to 2015 are forecasts. Owing to rounding, figures may not add up.

1 See the article entitled "March 2014 ECB staff macroeconomic projections for the euro area", *Monthly Bulletin*, ECB, March 2014.

Chart 57 Determinants of budgetary developments in the euro area

(percentages of GDP; percentage changes)

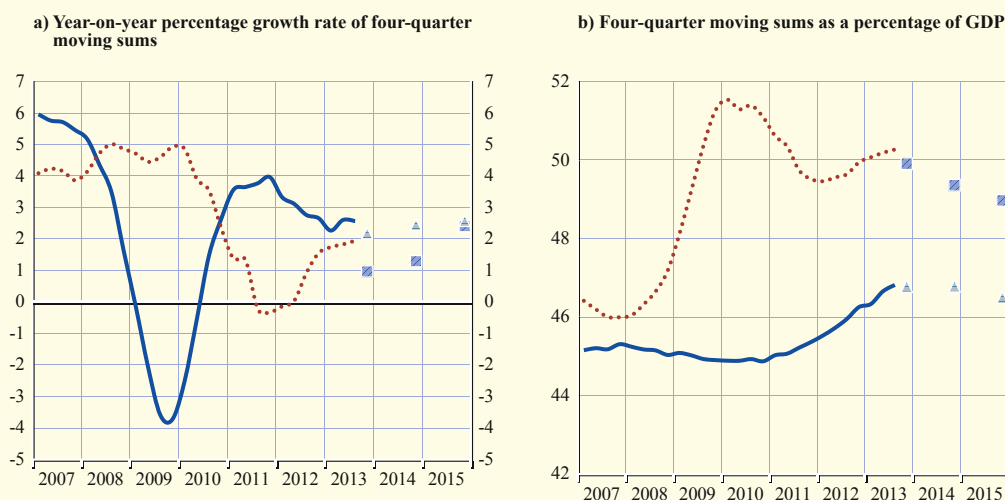


Sources: Eurostat, European Commission's winter 2014 forecast and ECB calculations.

Note: The data refer to the aggregate general government sector of the euro area for the period from the first quarter of 2007 to the third quarter of 2013, plus the annual projections for 2013, 2014 and 2015 from the European Commission's winter 2014 forecast.

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

Legend:
 ■ total revenue (quarterly data)
 total expenditure (quarterly data)
 ▲ total revenue (annual data – European Commission's forecast)
 ■ total expenditure (annual data – European Commission's forecast)



Sources: ECB calculations based on Eurostat data, national data and the European Commission's winter 2014 forecast.

Notes: The data refer to the aggregate general government sector of the euro area. The chart panels show the evolution of total revenue and total expenditure in terms of four-quarter moving sums for the period from the first quarter of 2007 to the third quarter of 2013, plus the annual projections for 2013, 2014 and 2015 from the European Commission's winter 2014 forecast.

The expected reduction in the deficit in 2014-15 derives from a gradual reduction in the expenditure ratio, which is projected by the Commission to fall to 49.0% of GDP in 2015, driven by a decline in primary expenditure, whereas the revenue ratio is expected to slightly decrease to 46.5% of GDP in 2015 (see Table 12 and Chart 58). In addition to expenditure-cutting measures, the expected decline in primary expenditure also partly reflects the fading of financial sector support in a number of countries.

The aggregate general government debt ratio for the euro area is projected by the Commission to peak at almost 96% of GDP in 2014 and to decline thereafter, as also foreseen in the ECB staff macroeconomic projections, for the first time since the outbreak of the crisis.² This is mainly the result of the downward impact on debt of a gradual improvement in the primary budget balance. The primary budget is projected to record a surplus of 0.5% of GDP in 2014 and to improve slightly further, to 0.6% of GDP, in 2015.

BUDGETARY DEVELOPMENTS AND PLANS IN SELECTED COUNTRIES

Over the past few years euro area countries have made substantial progress towards correcting budgetary imbalances. Of the 16 euro area countries that were made subject to an excessive deficit procedure (EDP) during the crisis, four countries have since exited from their EDPs (i.e. Germany, Italy, Latvia and Finland). According to the Commission's winter 2014 forecast, Belgium and Austria are expected to have corrected their excessive deficits by the 2013 deadline in a sustainable manner. By contrast, in Slovakia, the deficit is expected to rise above the reference value again in 2014, jeopardising the target of a sustainable correction of the excessive deficit by the 2013 EDP deadline. The final general government balance figures for 2013 will be released by Eurostat in April. Moreover, according to the Commission's winter 2014 forecast, in the absence of additional consolidation measures, there is a risk that a number of countries with EDP deadlines in 2014 and 2015 will not achieve a timely and sustainable correction of their excessive deficits. In the case of the Netherlands, the excessive deficit is not expected to be corrected by the 2014 deadline, according to the Commission's winter 2014 forecast which was published on 25 February 2014, while more recently (on 4 March 2014) the Netherlands Bureau for Economic Policy Analysis projected the deficit to fall below the 3% threshold in 2014. On 5 March 2014 the Commission made use of its new powers under the "two-pack" regulations, by issuing autonomous recommendations for France and Slovenia to draw their attention to the risk of non-compliance with the EDP deadline and request additional consolidation measures (see Box 6).³

A brief review of recent budgetary developments and budgetary plans to meet the fiscal targets in the largest euro area countries and those that are under or have recently concluded an EU-IMF adjustment programme is provided below.

Germany achieved a balanced budget in 2013, according to the latest data release of the Statistisches Bundesamt. The outlook for 2014 and beyond will depend largely on the new government's revisions to the 2014 budget and the mid-term fiscal plan, which are expected to be announced in mid-March. Regarding the pension system, the government has already abolished the planned reduction of contribution rates – originally foreseen for 2014 – to finance additional pension

2 The level of the debt ratio is higher in the European Commission forecasts than in the ECB staff macroeconomic projections. While the former publishes debt data on a non-consolidated basis, the ECB projections correct the euro area aggregate for intergovernmental loans, in line with the practice followed by Eurostat.

3 See the recommendations by the European Commission for France (http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/30_edps/other_documents/2014-03-05_fr_commission_recommendation_en.pdf) and Slovenia (http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/30_edps/other_documents/2014-03-05_si_commission_recommendation_en.pdf), published on 5 March 2014.

payments which will, in particular, benefit mothers, and to facilitate early retirement for those who have paid pension contributions for at least 45 years.

In France, the general government deficit is estimated to have been 4.2% of GDP in 2013, according to the Commission's winter 2014 forecast, compared with the revised EDP deficit target of 3.9% of GDP. The deficit is projected to fall slightly, to 4.0% of GDP in 2014, compared with the target of 3.6% of GDP, despite expected savings of around 0.7% of GDP (stemming from public sector wage moderation, a reduction in investment, the postponement of pension indexation, the reform of family benefits in the social security system and a reduction in healthcare expenditure). It is expected to fall slightly further, to 3.9% of GDP, in 2015. As a result, the 2015 deadline for correcting the excessive deficit situation is at risk and the government debt-to-GDP ratio is projected to remain on an upward path until the end of the projection horizon in 2015. On 14 January 2014 the government announced the "Responsibility Pact", which entails, on the revenue side, the abolition of employers' social security contributions to financial benefits for families (€30 billion), and confirmed its plans to achieve the medium-term objective of a balanced budget in structural terms by 2016 and to cut government spending by more than €50 billion in 2015-17. The Pact's overall impact on public finances, however, is still unknown. Looking ahead, it is important that consolidation efforts are stepped up – as recently recommended by the Commission – to ensure a timely correction of the excessive deficit and sufficient progress towards the medium-term objective.

In Italy, the general government deficit remained at 3.0% of GDP in 2013, according to the latest data release of the Italian statistical agency, ISTAT, unchanged from the previous year and slightly above the target of 2.9% of GDP set in the 2013 Stability Programme update. According to the Commission's winter 2014 forecast, the deficit-to-GDP ratio is projected to decline to 2.6% in 2014 and to 2.2% in 2015. In November 2013 the Commission recommended that additional consolidation measures be adopted to ensure compliance with the Stability and Growth Pact (i.e. to achieve the medium-term objective of a balanced structural budget in 2014 and ensure sufficient progress towards compliance with the debt criterion during the transition period). To date, however, no tangible progress has been made with regard to the Commission's recommendation. Looking ahead, it is important that the necessary steps are taken to ensure fulfilment of the requirements under the preventive arm of the Stability and Growth Pact, particularly with regard to putting the debt-to-GDP ratio on a downward path, as also recently highlighted by the European Commission in the context of its in-depth review for Italy.

In Spain, the general government deficit-to-GDP ratio is estimated to have been 7.2% in 2013 (6.7% excluding support to banks), according to the Commission's winter 2014 forecast, thus somewhat above the government target (6.5%, excluding support to banks). Looking ahead, the Commission forecasts a deficit-to-GDP ratio of 5.8% in 2014, which is in line with the EDP target, and 6.5% in 2015, i.e. above the EDP target of 4.2%. The structural adjustment is expected to be significantly less than recommended, whereas current forecasts for output growth and the output gap are more favourable than those that the EDP recommendation was based on. Further measures to raise revenue and/or reforms to deliver spending cuts are necessary to deliver the fiscal consolidation path foreseen for 2014-16 and to reverse the upward trend in the general government debt-to-GDP ratio, which stood at 94% at the end of 2013.

In Greece, the latest data suggest that the primary balance target for 2013 set in the EU-IMF adjustment programme has been met by a sizeable margin. The large primary deficit-to-GDP ratio of 8.8% estimated by the European Commission in its winter 2014 forecast masks this as it

also reflects the one-off costs of bank recapitalisation (11% of GDP) and other factors, which are excluded from the programme definition of the primary balance. The surpassing of the 2013 fiscal target is largely attributable to the fact that primary expenditure was lower than planned. In the period ahead the adjustment programme provides for an increase in the primary surplus-to-GDP ratio, with targets of 1.5% in 2014, 3.0% in 2015 and 4.5% in 2016.

In Portugal, the 2013 cash deficit was considerably lower than the target, in part on account of a better than expected macroeconomic performance, and the authorities estimate that the deficit target set in the EU-IMF adjustment programme (5.5% of GDP, excluding banking sector support) was met. According to the Commission's winter 2014 forecast, which projects a deficit of 2.5% of GDP in 2015, Portugal is broadly on track to meet its 2015 EDP deadline. In December 2013 one of the measures planned for 2014 was ruled unconstitutional by the Constitutional Court. However, the authorities have swiftly replaced it with measures having an equivalent effect.

In Ireland, based on the 2013 cash data for the central government, the fiscal deficit is expected to have been lower than the EDP deficit target of 7.5% of GDP in 2013, on account of strong expenditure controls and the fulfilment of revenue plans. According to the Commission's winter 2014 forecast, the deficit-to-GDP ratio is projected to decline from 7.2% of GDP in 2013 to 4.8% of GDP in 2014 and the debt-to-GDP ratio is projected to fall from its peak of 122.3% in 2013 to 120.3% in 2014. The EU-IMF adjustment programme was successfully completed. The country returned to the bond markets with a successful government bond auction in early January 2014, which enabled Ireland to achieve almost half of its planned bond issuance for 2014.

In Cyprus, fiscal targets for 2013 were met by a considerable margin, owing to both continued prudent budget execution and a less severe recession than anticipated. According to the Commission's winter 2014 forecast, the fiscal deficit is expected to have been 5.5% of GDP in 2013, compared with the figure of 7.8% of GDP that was projected at the time of the second review of Cyprus' EU-IMF adjustment programme in December 2013. The third review of Cyprus' adjustment programme was completed on 11 February 2014. In its winter 2014 forecast, the European Commission expects the fiscal deficit to be 5.8% of GDP in 2014, compared with the figure of 7.1% of GDP that was projected at the time of the second review of Cyprus' adjustment programme. To achieve this high level of performance, the budget must be implemented prudently. As agreed at the start of the programme, an additional adjustment will be necessary in later years to attain the long-run objective of a sustained primary surplus of 4% of GDP, which is necessary to place public debt on a sustainable downward path.

FISCAL POLICY CHALLENGES

Although substantial progress has been made in fiscal consolidation, further adjustment efforts are needed to ensure sustainable public finances in the euro area. The task of putting high debt ratios on a clear downward trajectory must therefore remain a priority.

With the improved outlook for growth, there is a risk that complacency might set in. According to the Commission's winter 2014 forecast, the structural fiscal adjustment in the euro area is expected to slow to 0.1 percentage point in 2014, i.e. well below the 0.5% of GDP minimum requirement under the Stability and Growth Pact. For a timely and effective follow-up to the Commission's review of the draft budgetary plans of the euro area countries, which detected risks of non-compliance with the Stability and Growth Pact, the Commission's use of its new powers under the enhanced EU fiscal governance framework is welcomed (see Box 6).

Countries' fiscal consolidation strategies should aim at improving the quality and efficiency of public expenditure, underpinned by structural fiscal reforms targeting unproductive government spending, while minimising distortionary effects of taxation. In addition to bringing some long-term benefits for public finances, these improvements can be expected to further limit the potentially adverse impact on growth of fiscal consolidation.

Substantial progress has been made in recent years in strengthening the EU fiscal governance framework. One milestone of the framework is the fiscal compact, which entered into force on 1 January 2013 as part of the Treaty on Stability, Coordination and Governance (TSCG). The main goal of the fiscal compact is to strengthen national fiscal discipline and foster national ownership of the EU fiscal governance framework. In particular, contracting parties are obliged to transpose into their national legislation the commitment to achieve a balanced budget in structural terms and to introduce an automatic correction mechanism for potential deviations. The deadline for implementing the fiscal compact was set at one year after the entry into force of the TSCG, i.e. 1 January 2014.⁴ To fully reap the benefits of the strengthened framework, it is therefore important that countries fully comply with the requirements and implement the new provisions. While most countries have met the deadline, there seem to be large cross-country differences regarding the transposition of the fiscal compact into national legislation. Indeed, a few countries have not yet implemented the necessary legal instruments. Against this background, the European Commission is expected to assess "in due time" whether countries have implemented the fiscal compact.⁵ If the Commission finds cases of non-compliance, countries are expected to swiftly undertake steps to adjust their legislation accordingly. The success of the fiscal compact and thus the credibility of the strengthened governance framework will crucially depend on whether countries fully meet their commitments.

4 For euro area countries that had not ratified the TSCG by 1 January 2013, the deadline for implementing the fiscal compact is set at one year after the TSCG was ratified by them.

5 See Article 8 of the TSCG.

Box 6

KEY CHALLENGES FOR THE SURVEILLANCE OF ECONOMIC AND FISCAL POLICIES UNDER THE 2014 EUROPEAN SEMESTER

The build-up of vulnerabilities in euro area countries before and during the economic and financial crisis was partly due to insufficient compliance with the agreed rules underpinning EMU as laid down in the Stability and Growth Pact (SGP) and the insufficient effectiveness of overall EU economic policy coordination. In addition, EMU lacked a tool to address the emergence of macroeconomic imbalances. In response, the EU economic and fiscal governance framework has been enhanced, notably by the "six-pack" legislation, which entered into force in December 2011, and the "two-pack" regulations, which entered into force in May 2013.¹ EU economic policy recommendations and country-specific surveillance now take place throughout the year under the "European Semester", covering both fiscal and economic policies. These reforms are aimed at ensuring that countries correct past fiscal and macroeconomic imbalances and deliver the reforms needed to prevent future crises. In the light of experience

1 See the box entitled "Stronger EU economic governance framework comes into force", *Monthly Bulletin*, ECB, December 2011 and the box entitled "The "two-pack" regulations to strengthen economic governance in the euro area", *Monthly Bulletin*, ECB, April 2013.

with the implementation of the enhanced governance framework over the past few years, this box presents the key challenges for the 2014 European Semester.

The 2014 European Semester

The 2014 European Semester opened with the publication of the European Commission's Annual Growth Survey in November 2013, which gives broad policy guidance on priority action to be taken at EU and national levels, the Alert Mechanism Report, which screens Member States for economic imbalances, and the review of draft budgetary plans for 2014. The 2014 Annual Growth Survey rightly stressed that substantial structural reforms, especially those supporting growth in the short to medium term, are still necessary in EU and euro area countries. With respect to fiscal policies, it emphasised the urgent need to continue fiscal consolidation, designed in a growth-friendly manner, in order to reduce continuously high – and often still rising – debt ratios. Policy advice tailored to each country is issued by the Commission later in the year in the form of country-specific recommendations (CSRs).

Need for stricter implementation of country-specific recommendations

CSRs issued to euro area countries are particularly important to ensure that national policies do not pose a risk to the smooth functioning of EMU. Against this background, compliance with these CSRs needs to be closely monitored. Looking at the last two European Semester exercises, the Commission assessment indicates that compliance with CSRs in 2012 and 2013 has been limited overall, i.e. necessary reforms have not been sufficiently implemented.² To ensure a higher degree of implementation in the future, it would be advisable to make the CSRs more time-bound, in particular for pressing issues, adding implementation timelines within the year. In addition, the current monitoring of compliance with CSRs could be strengthened to keep track of the implementation of necessary reforms throughout the economic cycle.

Economic surveillance needs to ensure that remaining excessive imbalances are detected and corrected

A dedicated macroeconomic surveillance process was implemented at the EU level in 2011 with the macroeconomic imbalance procedure (MIP), which facilitates the EU-wide detection, prevention and correction of macroeconomic imbalances. While overall imbalances have begun to adjust throughout euro area countries, the remaining level of imbalances leaves several countries substantially vulnerable to adverse shocks that could potentially lead to disorderly corrections. Such disorderly corrections undermine the smooth functioning of EMU. Therefore the excessive imbalance procedure (EIP) – the corrective arm of the MIP – should be applied in all cases where imbalances are deemed excessive. Indeed, in the case of euro area countries, the EIP offers the highest degree of traction for countries experiencing excessive imbalances as it foresees the implementation of a corrective action plan by the country concerned that can be enforced through financial sanctions. Proper application of this tool would allow closer surveillance and help to ensure that intended policy action is fully implemented. So far, however, the EIP has not been applied, although imbalances were found to be excessive in some countries.³

² See the 2012 and 2013 European Commission Staff Working Papers accompanying the CSRs.

³ See the box entitled “The 2013 Macroeconomic Imbalance Procedure”, *Monthly Bulletin*, ECB, May 2013.

As regards the 2014 MIP, the European Commission on 5 March 2014 published the in-depth reviews (IDRs) for all 17 EU countries⁴ selected. The assessment on the nature of imbalances was published alongside the country-specific IDRs, concluding, inter alia, that imbalances are excessive in Croatia, Italy and Slovenia. Nevertheless, the decision on the appropriate procedural follow-up, and most importantly whether to initiate the EIP for those countries, will only be taken in June 2014 together with the release of the 2014 CSRs.

Countries formerly covered by an EU-IMF financial assistance programme are subject to post-programme surveillance (PPS). PPS is a complement to the regular EU economic country surveillance, designed to ensure that Member States exiting financial assistance programmes maintain financial stability and fiscal sustainability. The PPS monitoring includes biannual missions to Member States to assess their economic, fiscal and financial situation and whether further measures are needed. For countries under PPS, the EU Council may, acting on a proposal by the Commission, recommend the adoption of corrective measures. Furthermore, the European Parliament and the national parliament of the country concerned may be involved in an exchange of views on the PPS.

Progress towards sound fiscal positions needs to be sustained over the medium term in line with the Stability and Growth Pact

Over the last five years euro area countries have made significant progress towards correcting the budgetary imbalances built up before and during the crisis. However, sizeable further structural adjustment is still required to ensure that countries meet their medium-term budgetary objectives, which ensure sound fiscal positions in the medium term. Moreover, while the euro area's general government debt-to-GDP ratio is expected by the European Commission to stabilise in 2014 and to decline in 2015, government debt ratios are forecast to continue rising until the end of the forecast horizon (2015) in eight out of 18 euro area countries. In its fiscal policy guidance to Member States issued in February 2014 under the 2014 European Semester, the EU Council therefore stressed that “it is crucial for all Member States to stay on course with the agreed growth-friendly, differentiated fiscal consolidation strategy in order to ensure the sustainability of public finances”.

Despite the remaining, often substantial consolidation requirements, the 2014 draft budgetary plans of euro area non-programme countries, released by the European Commission on 15 November 2013, showed a structural improvement of only 0.23% of GDP in 2014 for the euro area as a whole – markedly below the 0.5% of GDP benchmark foreseen under the SGP.⁵ Accordingly, the opinions of the Commission delivered at the time of the assessment of the plans highlighted that structural efforts were, in the absence of additional measures, at risk of falling short of commitments under the SGP in 2014 in many euro area countries, in particular Spain, Italy, Luxembourg, Malta and Finland. In Spain, Italy and Malta, the structural balance will, according to the European Commission's European Economic Forecast for winter 2014, improve somewhat more than expected in autumn 2013, while still falling short of the requirements under the SGP in all three Member States. But in seven countries (Belgium, Germany, Estonia, France, Luxembourg, the Netherlands and Slovenia), the structural balance in 2014 is projected

4 The list of countries comprises Belgium, Bulgaria, Denmark, Germany, Spain, France, Croatia, Italy, Luxembourg, Hungary, Malta, the Netherlands, Slovenia, Finland, Sweden and the United Kingdom. Ireland has been added to this list following the end of the EU-IMF financial assistance programme.

5 See also the box entitled “Fiscal consolidation in the euro area: past progress and plans for 2014”, *Monthly Bulletin*, ECB, December 2013.

Structural efforts in response to the European Commission's opinions on 2014 draft budgetary plans

(percentages of GDP; percentage points)

European Commission opinion on compliance of 2014 draft budgetary plans with SGP (SGP commitment)	Budget balance		Structural effort		Structural effort commitment under the SGP
	2014 EDP target (if applicable)	winter 2014 forecast	autumn 2013 forecast	winter 2014 forecast	
Compliant					
Germany (preventive arm)		0.0	0.0	-0.1	(at MTO) ¹⁾
Estonia (preventive arm)		-0.4	0.5	0.4	0.5 benchmark
"Compliant but without any margin for possible slippage"					
France (2015 EDP deadline)	-3.6	-4.0	0.7	0.5	0.8
Netherlands (2014 EDP deadline)	-2.8	-3.2	0.4	0.0	0.7
Slovenia (2015 EDP deadline)	-3.3	-3.9 ²⁾	0.7	0.3	0.5
"Broadly compliant"					
Belgium (2013 EDP deadline)		-2.6	0.4	0.1	0.5 (debt benchmark)
Austria (2013 EDP deadline)		-2.1	0.1	0.1	0.5 benchmark
Slovakia (2013 EDP deadline)		-3.3	-0.8	-0.2	0.5 benchmark
"Risk of non-compliance"					
Spain (2016 EDP deadline)	-5.8	-5.8	-0.1	0.1	0.8
Italy (transition period: debt benchmark)		-2.6	0.1	0.2	0.66
Luxembourg (preventive arm)		-0.5	-0.6	-0.7	(at MTO) ¹⁾
Malta (2014 EDP deadline)	-2.7	-2.7	-0.1	0.2	0.7
Finland (preventive arm)		-2.5	-0.2	-0.2	0.5 benchmark
Memo item: euro area			0.23	0.13	0.5

Sources: European Commission's winter 2014 forecast and national draft budgetary plans for 2014.

1) No target has been set as the country has achieved its medium-term budgetary objective (MTO).

2) -3.2% of GDP excluding bank recapitalisation.

to improve less or deteriorate more than expected in autumn, and only in Austria and Finland is the adjustment likely to be as expected. As a result, the overall improvement in the structural balance in 2014 is expected to decline further and to equal only 0.13% of GDP – just a quarter of the 0.5% of GDP benchmark foreseen under the SGP. Against this background, the Commission used its new powers under the two-pack regulations to issue autonomous recommendations to France and Slovenia on 5 March 2014 in line with Article 11(2) of Regulation (EU) No 473/2013. These countries must make efforts to ensure full compliance with the EU Council recommendations issued under the EDP. To this end, they are expected to detail the necessary measures in a dedicated section of their forthcoming 2014 Stability Programme updates. If these measures are deemed insufficient, the EDPs may be stepped up.

The priority in 2014 will be first and foremost the effective and credible implementation of the existing surveillance procedures. As regards fiscal policies, it is crucial that compliance with both nominal deficit targets and structural efforts required under the EDP recommendations is ensured. Furthermore, fiscal rules need to be applied in a symmetrical manner, meaning that fiscal discipline is also fully enforced in improving economic times, so that countries build up sufficient fiscal buffers before the return of worse times.⁶ Moreover, for the future, it is important to ensure that EDP deadline extensions are granted only for one year, in line with the existing Regulation.⁷

6 See also the box entitled "Implementation of the excessive deficit procedure under the reinforced Stability and Growth Pact in euro area Member States", *Monthly Bulletin*, ECB, September 2013.

7 Article 3(5) of Regulation (EU) No 1467/97, as amended, foresees the possibility of deadline extensions by "one year as a rule".

At the same time, 2014 represents a window of opportunity for the improvement of the governance framework, with a review of the implementation of the six-pack legislation to be carried out by the Commission by the end of the year. This occasion could be used to clarify further the application and enhance the consistency of the various steps of the MIP and SGP procedures.

Conclusion

While the instruments of the economic governance framework have been strengthened over recent years, their potential has not been fully exploited so far. Against this backdrop, the main policy priorities for the 2014 European Semester remain the implementation of structural reforms and the adjustment of macroeconomic imbalances, as well as the reduction of high debt ratios through continued fiscal consolidation, designed in a growth-friendly and sustainable manner. This requires an effective and credible application of the existing surveillance tools, including the excessive imbalance procedure, once imbalances are defined as excessive in a country, and a strict, consistent and symmetrical application of the SGP framework.

ARTICLE

MARCH 2014 ECB STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA¹



Real GDP growth is projected to remain moderate in 2014, gaining pace from 2015. A gradual recovery in domestic and external demand is expected to be the driving factor behind the projected increase in activity. External demand will benefit from the global recovery gradually gaining strength. Domestic demand is expected to benefit from improving confidence in an environment of declining uncertainty, the very accommodative monetary policy stance and falls in oil prices that should support real disposable incomes. Domestic demand should also benefit from a less restrictive fiscal policy stance in the coming years and from gradually improving credit supply conditions. At the same time, the adverse impact on the growth outlook, stemming from the need for further adjustment of private sector balance sheets and from high unemployment, is expected to diminish gradually over the projection horizon. Real GDP is projected to increase by 1.2% in 2014, 1.5% in 2015 and 1.8% in 2016.

The gradual strengthening in demand and an ongoing decline in excess capacity in the context of firmly anchored inflation expectations are expected to lead to an increase in HICP inflation over the projection horizon. Euro area HICP inflation is projected to be 1.0% in 2014, 1.3% in 2015 and 1.5% in 2016. This moderate inflation outlook is expected to be mainly due to the declining path of oil price futures and the existing slack in the economy. Given rising, but still moderate, domestic cost pressures, against the background of the expected gradual recovery in economic activity, HICP inflation excluding energy and food is projected to increase from 1.1% in 2014 to 1.7% in 2016.

Compared with the macroeconomic projections published in the December 2013 issue of the Monthly Bulletin, the real GDP growth projection for 2014 has been revised marginally upwards. The projection for headline HICP inflation has been revised downwards by 0.1 percentage point for 2014, reflecting the latest data, while it remains unchanged for 2015.

The article summarises the macroeconomic projections for the euro area not only for the period 2014 and 2015 but also, for the first time, for the year 2016. Projections for a period over such a long horizon, however, are subject to very high uncertainty.² This needs to be borne in mind when interpreting the macroeconomic projections.

THE INTERNATIONAL ENVIRONMENT

World real GDP growth (excluding the euro area) is projected to pick up gradually over the projection horizon, rising from 3.4% in 2013 to 4.1% in 2016. While growth gained some momentum in advanced economies in the second half of 2013, growth in emerging markets softened, owing to weak domestic demand, limited leeway for further supportive domestic policies and tensions in financial markets. In the short term, global sentiment indicators suggest favourable business conditions, which is consistent with a progressive strengthening in global activity. While financial tensions in some emerging market economies occurred recently, overall global financial market conditions have remained broadly stable following the US Federal Open Market Committee's decision to start the tapering of asset purchases, in contrast with the turmoil in mid-2013, when the Federal Reserve System announced the possibility of tapering asset purchases for the first time. The global recovery is projected to continue gaining strength gradually. In advanced economies,

1 ECB staff macroeconomic projections are an input to the Governing Council's assessment of economic developments and the risks to price stability. 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. The cut-off date for including the latest information in this exercise was 20 February 2014.

2 See the article entitled "An assessment of Eurosystem staff macroeconomic projections" in the May 2013 issue of the Monthly Bulletin.

Table I The international environment

(annual percentage changes)

	March 2014				Revisions since December 2013		
	2013	2014	2015	2016	2013	2014	2015
World (excluding euro area) real GDP	3.4	3.9	4.0	4.1	0.1	0.0	-0.1
Global (excluding euro area) trade ¹⁾	3.8	5.1	6.2	6.2	-0.2	-0.5	-0.2
Euro area foreign demand ²⁾	3.0	4.5	5.6	5.8	0.0	-0.5	-0.1

1) Calculated as a weighted average of imports.

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

diminishing private sector deleveraging and less fiscal consolidation should bolster confidence and support domestic demand, although labour markets are expected to improve only slowly. Stronger growth in advanced economies should support emerging market economies.

Global trade has picked up recently, in line with the slight rebound in economic activity. The latest data point to an improvement in the short term. Looking ahead, world trade is expected to strengthen gradually, with its elasticity to activity at the end of the projection horizon remaining below that recorded before the global crisis. Global trade growth (excluding the euro area) is projected to pick up from 3.8% in 2013 to 6.2% in 2016. With demand from the euro area's main trading partners growing at a slower pace than that from the rest of the world, euro area foreign demand growth is projected to be somewhat weaker.

Compared with the macroeconomic projections published in the December 2013 issue of the Monthly Bulletin, the global growth outlook has been hardly revised. The outlook for euro area foreign demand has been revised downwards for 2014 but remains broadly unchanged for 2015. The revisions for 2014 reflect an adverse carry-over effect from lower than previously projected trade developments in the second half of 2013, which are expected to continue in the short term.

Box I**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 12 February 2014. The assumption about short-term interest rates is of a purely technical nature. Short-term rates are measured by the three-month EURIBOR, with market expectations derived from futures rates. The methodology gives an average level for these short-term interest rates of 0.3% for 2014, 0.4% for 2015 and 0.8% for 2016. The market expectations for euro area ten-year nominal government bond yields imply an average level of 2.8% in 2014, 3.2% in 2015 and 3.6% in 2016.¹ Reflecting the path of forward market interest rates and the gradual pass-through of changes in market rates to lending rates, composite bank lending rates on loans to the euro area non-financial private sector are expected to bottom out at around the beginning of 2014 and to rise gradually thereafter. As regards commodity prices,

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

Technical assumptions

	March 2014				Revisions since December 2013 ¹⁾		
	2013	2014	2015	2016	2013	2014	2015
Three-month EURIBOR (percentage per annum)	0.2	0.3	0.4	0.8	0.0	0.0	-0.1
Ten-year government bond yields (percentage per annum)	2.9	2.8	3.2	3.6	0.0	-0.3	-0.3
Oil price (in USD/barrel)	108.8	105.8	101.1	96.9	0.6	1.8	1.9
Non-energy commodity prices, in USD (annual percentage change)	-5.2	-2.5	3.1	4.8	0.2	0.1	-0.7
USD/EUR exchange rate	1.33	1.36	1.36	1.36	0.2	0.9	0.8
Euro nominal effective exchange rate (annual percentage change)	3.8	1.6	0.0	0.0	0.1	0.8	0.0

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

on the basis of the path implied by futures markets in the two-week period ending on the cut-off date, the price of a barrel of Brent crude oil is assumed to fall from USD 108.8 in 2013 to USD 96.9 in 2016. The prices of non-energy commodities in US dollars are assumed to fall in 2014, before increasing in 2015 and 2016.²

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the two-week period ending on the cut-off date of 12 February 2014. This implies an exchange rate of USD per EUR of 1.36 between 2014 and 2016, which is 2.1% higher than in 2013. On average, the effective exchange rate of the euro is assumed to be 1.6% stronger than in 2013.

The fiscal policy assumptions are based on individual euro area countries' national budget plans that were available as of 20 February 2014. They include all policy measures that have already been approved by national parliaments or that have been specified in sufficient detail by governments and are likely to pass the legislative process.

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

2 Oil and food commodity price assumptions are based on futures prices up to the end of the projection horizon. The prices of other non-energy hard commodities are assumed to follow futures until the first quarter of 2015 and thereafter to evolve in line with global economic activity. EU farm gate prices (in euro), which are used for forecasting food consumer prices, are projected on the basis of an econometric model that takes into account developments in international food commodity prices.

REAL GDP GROWTH PROJECTIONS

Real GDP continued to recover moderately in the fourth quarter of 2013, rising by 0.3% from the previous quarter, following growth rates of 0.3% and 0.1% in the second and third quarters, respectively, of 2013 (see the chart). Recent survey data appear to have stabilised above their long-term average levels, pointing to a further increase in activity in the first quarter of 2014. The very mild winter weather in some countries is likely to have been supportive of activity in the first quarter. The underlying growth momentum is projected to remain moderate during the course of 2014, before increasing somewhat thereafter. The main factors behind the pick-up in activity over the projection horizon are expected to be a gradual recovery in domestic demand

on the back of improving confidence in an environment of declining uncertainty, the very accommodative monetary policy stance and lower oil prices (supporting real disposable incomes). Domestic demand is also expected to benefit from a less restrictive fiscal policy stance in the coming years and from gradually improving credit supply conditions. In addition, overall activity will be increasingly supported over the projection horizon by the favourable impact of a gradual strengthening of external demand on exports, albeit initially partly mitigated by the impact of the past appreciation of the effective exchange rate of the euro. The adverse impact on the growth outlook, stemming from the need for further adjustment of private and public sector balance sheets, from high unemployment and from the still somewhat elevated uncertainty, is expected to diminish gradually over the projection horizon.

Overall, the recovery is projected to remain subdued by historical standards and euro area real GDP is expected to exceed its pre-crisis level (that of the first quarter of 2008) only from the end of 2015 onwards. In annual average terms, real GDP is expected to increase by 1.2% in 2014, 1.5% in 2015 and 1.8% in 2016. This growth pattern reflects a steadily rising contribution from domestic demand combined with a small positive contribution from net exports. As growth is expected to exceed potential, the amount of slack gradually declines over the horizon.

Looking at the components of growth in more detail, extra-euro area exports are projected to gain momentum in the course of 2014 and 2015, reflecting the strengthening of euro area foreign demand and the gradual fading away of the adverse impact of the past appreciation of the euro. Euro area export market shares are projected to decline somewhat over the projection horizon, reflecting the impact of recent losses in competitiveness. Intra-euro area exports are projected to grow more slowly than extra-euro area exports, owing to the relative weakness of domestic demand within the euro area.

Business investment is projected to pick up gradually, albeit at too moderate a pace to return to pre-crisis levels. A number of factors are expected to support business investment: the projected gradual strengthening in domestic and external demand, the very low level of interest rates, reduced uncertainty, the need to modernise the capital stock after several years of subdued investment, the disappearance of adverse credit supply effects and some strengthening of profit mark-ups as activity recovers. However, the combined adverse impact of ample spare capacity, the need for further corporate balance sheet restructuring, adverse financing conditions in some areas, and a relatively high level of uncertainty in some countries is assessed to fade only gradually over the projection horizon.

Residential investment is expected to increase modestly in the first half of 2014 and to gain only marginal traction over the remainder of the projection horizon. Further adjustment needs in the housing markets of some countries and weak growth in real disposable income continue to weigh on the outlook. Moreover, the relative attractiveness of housing investment in other countries, supported by historically low mortgage rates, can only gradually come into play, as the construction sector in these countries is already near capacity limits. Government investment is expected to remain relatively weak throughout the projection horizon, owing to planned fiscal consolidation measures in several euro area countries.

Employment in terms of persons is projected to increase slightly during 2014, before gathering pace thereafter. The muted recovery in employment reflects the subdued pick-up in activity, the usual lagged response of employment to output fluctuations, an increase in the number of hours worked per head, further cuts in the public sector headcount and the heightened uncertainty in some

countries that weighs on hiring plans in the private sector. These factors are likely to outweigh the positive impact of labour market reforms, which have increased flexibility and lowered the output growth threshold for the creation of jobs in some stressed countries. The labour force is expected to increase moderately over the projection horizon, as certain segments of the population gradually return to the labour market. The unemployment rate is expected to decline modestly over the projection horizon but to remain above 11% in 2016. Labour productivity (measured as output per person employed) is projected to edge up over the projection horizon, reflecting the expected acceleration in economic activity and the lagged response of employment.

Private consumption is expected to gain some momentum in the course of 2014 and beyond, as growth in real disposable income picks up owing to stronger labour income, a gradual improvement in labour market conditions, a slower pace of fiscal consolidation and low inflation developments,

Table 2 Macroeconomic projections for the euro area ¹⁾

(annual percentage changes)							
	March 2014				Revisions since December 2013 ²⁾		
	2013	2014	2015	2016	2013	2014	2015
Real GDP ³⁾	-0.4	1.2 [0.8 - 1.6] ⁴⁾	1.5 [0.4 - 2.6] ⁴⁾	1.8 [0.7 - 2.9] ⁴⁾	0.0	0.1	-0.1
Private consumption	-0.6	0.7	1.2	1.4	0.0	0.0	0.0
Government consumption	0.2	0.4	0.4	0.7	0.1	0.1	0.0
Gross fixed capital formation	-2.9	2.1	2.7	3.7	0.1	0.5	-0.1
Exports ⁵⁾	1.1	3.6	4.7	5.1	0.1	-0.1	-0.2
Imports ⁵⁾	0.0	3.5	4.7	5.2	0.1	0.0	0.0
Employment	-0.8	0.2	0.5	0.7	0.0	0.0	0.1
Unemployment rate (percentage of labour force)	12.1	11.9	11.7	11.4	0.0	-0.1	-0.1
HICP	1.4	1.0 [0.7 - 1.3] ⁴⁾	1.3 [0.6 - 2.0] ⁴⁾	1.5 [0.7 - 2.3] ⁴⁾	0.0	-0.1	0.0
HICP excluding energy	1.4	1.2	1.5	1.7	0.0	-0.1	0.0
HICP excluding energy and food	1.1	1.1	1.4	1.7	0.0	-0.2	0.0
HICP excluding energy, food and changes in indirect taxes ⁶⁾	1.0	1.0	1.4	1.7	0.0	-0.1	0.0
Unit labour costs	1.2	0.8	1.0	1.2	-0.2	-0.2	0.0
Compensation per employee	1.7	1.7	2.0	2.3	-0.1	-0.1	-0.1
Labour productivity	0.4	0.9	1.0	1.1	0.1	0.1	-0.1
General government budget balance (percentage of GDP)	-3.2	-2.7	-2.5	-2.1	0.0	-0.1	-0.1
Structural budget balance (percentage of GDP) ⁷⁾	-2.5	-2.2	-2.2	-2.0	0.0	0.0	-0.1
General government gross debt (percentage of GDP)	92.9	93.5	93.2	92.2	-0.3	-0.1	0.2
Current account balance (percentage of GDP)	2.2	2.4	2.6	2.7	0.2	0.2	0.0

1) The data refer to the euro area including Latvia, except for the HICP data for 2013. The average annual percentage change in the HICP for 2014 is based on a euro area composition in 2013 that already includes Latvia.

2) Revisions are calculated from unrounded figures.

3) Working day-adjusted data.

4) The ranges shown around the projections are based on the differences between actual outcomes and previous projections carried out over a number of years. The width of the ranges is twice the average absolute value of these differences. The method used for calculating the ranges, involving a correction for exceptional events, is documented in *New procedure for constructing Eurosystem and ECB staff projection ranges*, ECB, December 2009, available on the ECB's website.

5) Including intra-euro area trade.

6) The sub-index is based on estimates of actual impacts of indirect taxes. This may differ from Eurostat data, which assume a full and immediate pass-through of tax impacts to the HICP.

7) Calculated as the government balance net of transitory effects of the economic cycle and temporary measures taken by governments. The calculation follows the ESCB approach to cyclically adjusted budget balances (see Bouthévilain, C. et al., "Cyclically adjusted budget balances: an alternative approach", *Working Paper Series*, No 77, ECB, September 2001) and the ESCB definition of temporary measures (see Kremer, J. et al., "A disaggregated framework for the analysis of structural developments in public finances", *Working Paper Series*, No 579, ECB, January 2006). The projection of the structural balance is not derived from an aggregate measure of the output gap. Under the ESCB methodology, cyclical components are calculated separately for different revenue and spending items. For a discussion, also with reference to the Commission's methodology, see the box entitled "Cyclical adjustment of the government budget balance" in the March 2012 issue of the Monthly Bulletin.

moderated only partially by a slight rise in the saving ratio. Government consumption is projected to increase moderately over the projection horizon.

The pace of growth in extra-euro area imports is projected to accelerate moderately over the projection horizon, partly owing to the impact of the past appreciation of the euro. However, it should remain contained by the subdued growth of total demand. Net trade is expected to contribute positively but moderately to real GDP growth over the projection horizon and the current account surplus is expected to increase, reaching 2.7% of GDP in 2016.

Compared with the macroeconomic projections published in the December 2013 issue of the Monthly Bulletin, the real GDP growth projection for 2014 has been revised marginally upwards.

PRICE AND COST PROJECTIONS

According to the flash estimate by Eurostat, overall HICP inflation stood at 0.8% in February 2014, unchanged from the last quarter of 2013. The subdued current rate of inflation reflects a combination of declining energy prices and moderate increases in food prices, as well as a subdued trend in services prices and non-energy industrial goods prices (see Section 3 and the box entitled “Impact of services and non-energy industrial goods prices on the recent decline in HICP inflation” in this issue of the Monthly Bulletin).

Looking ahead, HICP inflation is expected to remain at low levels in the near term, before rising from late 2014 onwards, as activity gradually recovers. The annual inflation rate is projected to be 1.0% in 2014, 1.3% in 2015 and 1.5% in 2016. At the end of 2016, it is expected to be 1.7%.

This moderate inflation outlook is expected to be mainly due to the declining path of oil price futures and the existing slack in the economy. The gradual strengthening in demand and the ongoing decline of excess capacity in the context of firmly anchored inflation expectations is expected to allow for some increase in profit margins and rising unit labour costs in large parts of the euro area. In addition, gradually diminishing adjustment needs for costs and prices in stressed countries should also contribute to an increase in HICP inflation over the projection horizon.

In more detail, energy prices are expected to decline somewhat over the projection horizon, reflecting the assumed path for oil prices. This exerts a downward impact on HICP inflation. The contribution of energy prices to overall annual HICP inflation is expected to be almost negligible over the projection horizon, which compares with a contribution of 0.5 percentage point on average since 1999.

Food price inflation is expected to continue to moderate in the first three quarters of 2014, owing to the past decline in food commodity prices (in euro) and to downward base effects. It is projected to pick up over the remainder of the projection horizon, in line with the assumed increase in food commodity prices over this period. The upward contribution from food prices to overall HICP inflation is projected to be 0.3 percentage point on average over the projection horizon, slightly lower than its average contribution since 1999 (0.5 percentage point).

HICP inflation excluding energy and food is projected to increase gradually in the course of 2014, averaging 1.1% in the year as a whole, and to rise to 1.4% in 2015 and 1.7% in 2016. These developments are expected to be driven by the projected gradual pick-up in economic activity. The average contribution from this component to overall HICP inflation over the projection horizon is projected to be about 1.0 percentage point, which is also slightly lower than its average contribution since 1999 (1.1 percentage points).

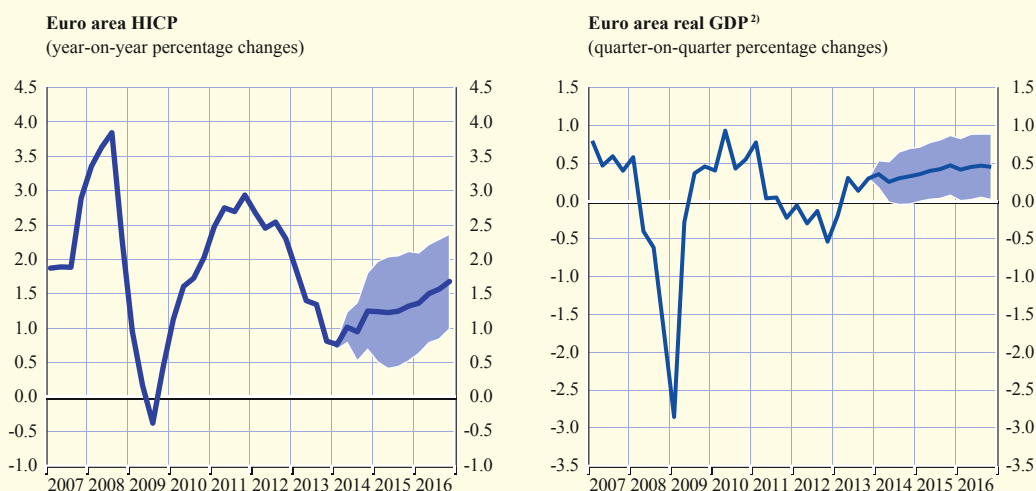
Increases in indirect taxes that are included in fiscal consolidation plans are expected to make a significant upward contribution, of around 0.2 percentage point, to HICP inflation in 2014. The magnitude of this contribution is comparable with that recorded in 2013. In 2015 and 2016, such contributions are projected to be negligible, as there is a lack of detailed information on fiscal measures for those years. Inflation as measured by the HICP excluding energy, food and changes in indirect taxes is therefore projected to pick up somewhat more strongly than the index including taxes.

External price pressures eased in the course of 2013, owing to sluggish global demand, the appreciation of the effective exchange rate of the euro and declines in oil and non-oil commodity prices. These factors led to a decline in the import deflator over the year. Looking ahead, however, given the projected strengthening in global demand over the projection horizon, the expected increase in non-energy commodity prices and the fading effects of the past appreciation of the euro, the import deflator is expected to increase in 2014 and over the remainder of the projection horizon. It is projected to reach annual rates of change around 1.1% in 2016, close to its long-term average growth rate.

Turning to domestic price pressures, given ongoing weak but slowly improving euro area labour market conditions, the annual growth rate of compensation per employee is projected to remain broadly unchanged in 2014, before gaining more momentum in 2015 and 2016. Unit labour cost growth is expected to decline in 2014, reflecting the cyclical pick-up in productivity growth, given the lagged response of employment in an economic recovery and the broadly unchanged growth rate of compensation per employee over the year. As the recovery gains momentum in 2015 and 2016 and labour markets improve gradually, the somewhat stronger growth in compensation per employee than in productivity is expected to lead to a small increase in unit labour cost growth.

Macroeconomic projections¹⁾

(quarterly data)



1) The ranges shown around the central projections are based on the differences between actual outcomes and previous projections carried out over a number of years. The width of the ranges is twice the average absolute value of these differences. The method used for calculating the ranges, involving a correction for exceptional events, is documented in *New procedure for constructing Eurosystem and ECB staff projection ranges*, ECB, December 2009, available on the ECB's website.

2) Working day-adjusted data.

Growth in the profit margin indicator (as measured by the difference between the GDP deflator at factor cost and unit labour cost growth) is expected to strengthen in 2014 and to rise slightly further over the projection horizon, supported by the expected improvement in economic conditions.

Compared with the macroeconomic projections published in the December 2013 issue of the Monthly Bulletin, the projection for headline HICP inflation has been revised downwards by 0.1 percentage point for 2014, while it remains unchanged for 2015.

FISCAL OUTLOOK

On the basis of the assumptions outlined in Box 1, the general government deficit-to-GDP ratio for the euro area is projected to decrease from 3.2% in 2013 to 2.7% in 2014 and to fall further to 2.1% in 2016. The projected lower deficit for 2014 reflects fiscal consolidation efforts in a number of euro area countries and the unwinding of government assistance to the financial sector. In 2015-16, the projected gradual decline in the government deficit is expected to be mainly driven by a favourable contribution from the cyclical component as excess capacity narrows, and, to a lesser extent, by a continued improvement in the structural component, since the latter is projected to improve at a slower pace than in recent years. As a result, the structural budget balance, i.e. the cyclically adjusted balance net of all temporary measures, is projected to improve perceptibly in 2014 and to a lesser extent over the remainder of the projection horizon. The euro area general government gross debt-to-GDP ratio is projected to peak at 93.5% in 2014, declining thereafter to 92.2% in 2016.

Box 2

SENSITIVITY ANALYSIS

Projections rely heavily on technical assumptions regarding the evolution of certain key variables. Given that some of these variables can have a large impact on the projections of the euro area, the sensitivity of the latter with respect to alternative paths of these underlying assumptions can help in analysing risks around the projections. This box discusses the uncertainty around three key underlying assumptions and the sensitivity of the projections with respect to these assumptions.¹

1) An alternative oil price path

The assumptions for oil prices in the current ECB staff projections are taken from market expectations as measured by oil futures prices in the two-week period ending on the cut-off date. At present, they imply steadily falling oil prices over the projection horizon. However, uncertainty remains regarding this profile. There is uncertainty over the evolution of both demand and supply developments.

On the demand side, there could be a negative impact of a growth slowdown in emerging market economies on global commodity prices. On the other hand, higher oil prices might emerge in the case of a stronger recovery, globally and most notably in the United States. At the same

¹ All simulations have been conducted under the assumption of no policy change and no change to any other variable concerning the technical assumptions and the international environment of the euro area.

time, on the supply side, the effect of the rise in shale oil production over the projection horizon is assessed to be limited for two reasons. First, most of the shale oil effects appear to have already been priced in and, second, even considerable changes in the scale of the US production may have only a small effect on international prices due to a possible offsetting reaction of oil production in Saudi Arabia. At the same time, upside pressures to oil prices from the supply side could be associated with unexpected geopolitical events.

Overall, in the context of a global recovery, a higher oil price than assumed in the baseline appears to be plausible. Therefore, an upward adjustment of the oil price futures path on the basis of US capacity utilisation in manufacturing is considered in this sensitivity analysis.² The alternative path assumes oil prices to be 2%, 8% and 14% above the futures prices in the years 2014, 2015 and 2016, respectively. Based on ECB staff macroeconomic models, the higher oil price would cause HICP inflation to be 0.2 percentage point above the baseline projection in 2015 and 2016. At the same time, higher oil prices would also dampen real GDP growth, which would be 0.1 percentage point lower in 2016.

2) A lower exchange rate of the euro

The euro nominal effective exchange rate as measured against the euro area's 20 major trading partners has strengthened in recent months and currently stands 3% above its long-run historical average since 1999. This strengthening has been largely attributed by market participants to the ongoing retrenchment of global investors from emerging market assets (with part of the capital flowing into the euro area), the correction of the currencies of large commodity-exporting countries and the persistent weakness of the Japanese yen.

The baseline projection assumes unchanged bilateral exchange rates over the projection horizon at the average levels prevailing in the two-week period ending on the cut-off date of 12 February 2014. Against this background and for illustrative purposes, a stylised alternative exchange rate path is constructed, assuming that the euro will depreciate in nominal effective terms by 3% from the second quarter of 2014 onwards. The results of this assumed depreciation point to around 0.1-0.2 percentage point higher real GDP growth and HICP inflation in each year over the projection horizon.

3) Additional fiscal consolidation

As stated in Box 1, the fiscal policy assumptions include all policy measures that have already been approved by national parliaments or that have been specified in sufficient detail by governments and are likely to pass the legislative process. For most countries, the measures included in the baseline projection fall short of the fiscal consolidation requirements under the corrective and preventive arms of the Stability and Growth Pact. The commitment to comply with these requirements is broadly reflected in the fiscal targets outlined by governments in their 2014 budget laws or draft budgetary plans, in EU-IMF programme documents and, to some extent, in the 2013 stability programmes (to be updated in April 2014). However, the underlying measures to achieve these targets are often either missing or not sufficiently well specified. Accordingly, they are not taken into account in the baseline projection, especially over the period 2015-16,

2 For a detailed description of the model which was used to derive this upward adjustment, see Pagano, P. and Pisani, M., "Risk-adjusted forecasts of oil prices", *The B.E. Journal of Macroeconomics*, Vol. 9, Issue 1, Art. 24, 2009.

which in most countries is not covered by the current budget exercises. It is therefore not only necessary but also likely that additional fiscal consolidation measures, as compared with those embedded in the baseline, will be adopted by most governments by 2016.

Assumptions underlying the fiscal sensitivity analysis

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

On the basis of this approach, the additional consolidation for the euro area is assessed to be about 0.1% of GDP in 2014, while further additional measures are assessed to be likely in 2015 (about 0.6% of GDP) and somewhat fewer in 2016 (about 0.3% of GDP), bringing the cumulative amount of additional consolidation to around 1.0% of GDP by the end of 2016. As regards the composition of fiscal measures, the sensitivity analysis seeks to incorporate country and time-specific profiles of the most likely additional consolidation efforts. In this exercise, at the euro area aggregate level, fiscal consolidation is assessed to be tilted to the expenditure side of the budget, but it also includes increases in indirect and direct taxes and social security contributions.

Macroeconomic impact from additional fiscal consolidation

The simulation results of the impact from the fiscal sensitivity analysis on real GDP growth and HICP inflation for the euro area using the ECB’s NAWM³ are summarised in the table below.

The macroeconomic impact from the additional fiscal consolidation is limited in 2014, estimated at about -0.4 percentage point in 2015 and again limited in 2016. The impact on HICP inflation is estimated at around 0.1 percentage point.

3 For a description of the New Area-Wide Model, see Christoffel, K., Coenen, G. and Warne, A., “The New Area-Wide Model of the euro area: a micro-founded open-economy model for forecasting and policy analysis”, *Working Paper Series*, No 944, ECB, October 2008.

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

(percentage of GDP)

	2014	2015	2016
Government budget targets ¹⁾	-2.4	-1.6	-0.8
Baseline fiscal projections	-2.7	-2.5	-2.1
Additional fiscal consolidation (cumulative) ²⁾	0.1	0.7	1.0
Effects of additional fiscal consolidation (percentage points) ³⁾			
Real GDP growth	-0.1	-0.4	-0.1
HICP inflation	0.0	0.1	0.1

1) Nominal targets, as included in the latest EU-IMF programme documents for the relevant countries; latest excessive deficit procedure recommendations for countries under an excessive deficit procedure; 2014 budget laws and draft budgetary plans and 2013 stability programme updates for countries not under an excessive deficit procedure.

2) Sensitivity analysis based on assessments by Eurosystem staff.

3) Deviations from the baseline in percentage points for real GDP growth and HICP inflation (both on an annual basis). The macroeconomic impact is simulated using the ECB’s New Area-Wide Model.

The current analysis therefore points to some downside risks to the baseline projection for real GDP growth, especially in 2015, since not all of the intended fiscal consolidation measures have been included in the baseline. At the same time, there are also upside risks to inflation, as part of the additional consolidation is assessed to originate from increases in indirect taxes.

It should be stressed that this fiscal sensitivity analysis focuses only on the potential short-term effects of likely additional fiscal consolidation. While even well-designed fiscal consolidation measures often have negative short-term effects on real GDP growth, there are positive longer-term effects on activity that are not evident over the horizon of this analysis.⁴ Finally, the results of this analysis should not be interpreted as calling into question the need for additional fiscal consolidation efforts over the projection horizon. Indeed, further consolidation efforts are necessary to restore sound public finances in the euro area. Without such consolidation, there is a risk that the pricing of sovereign debt could be adversely affected. Furthermore, effects on confidence may be negative, hindering the economic recovery.

4 For a more detailed analysis of the macroeconomic effects of fiscal consolidation, see the box entitled “The role of fiscal multipliers in the current consolidation debate”, *Monthly Bulletin*, ECB, December 2012.

Box 3

FORECASTS BY OTHER INSTITUTIONS

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

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

(annual percentage changes)

	Date of release	GDP growth			HICP inflation		
		2014	2015	2016	2014	2015	2016
ECB staff projections	March 2014	1.2 [0.8 – 1.6]	1.5 [0.4 – 2.6]	1.8 [0.7-2.9]	1.0 [0.7-1.3]	1.3 [0.6 – 2.0]	1.5 [0.7 – 2.3]
European Commission	February 2014	1.2	1.8	-	1.0	1.3	-
OECD	November 2013	1.0	1.6	-	1.2	1.2	-
Euro Zone Barometer	February 2014	1.1	1.5	1.5	1.0	1.3	1.8
Consensus Economics Forecasts	February 2014	1.0	1.4	1.5	1.0	1.4	1.8
Survey of Professional Forecasters	February 2014	1.0	1.5	1.7	1.1	1.4	1.7
IMF	January 2014	1.0	1.4	1.5	1.5	1.4	1.5

Sources: European Commission’s European Economic Forecast, Winter 2014; IMF World Economic Outlook, Update January 2014 (GDP); IMF World Economic Outlook, October 2013; OECD Economic Outlook, November 2013; Consensus Economics Forecasts; MJEconomics; and the ECB’s Survey of Professional Forecasters.

Notes: The ECB staff macroeconomic projections and the OECD forecasts both report working day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working day-adjusted or non-working day-adjusted data.

In the forecasts currently available from other institutions, euro area real GDP growth in 2014 and 2015 is projected to be similar to the path in the ECB staff projections. Projections for real GDP growth in 2016 are within the range of the ECB staff projections. As regards inflation, the forecasts from most other institutions point to average annual HICP inflation in 2014 and 2015 close to the ECB staff projection. HICP inflation in 2016 is expected to average between 1.5% and 1.8% in the other available projections, which is within the range of the ECB staff projections.

EURO AREA STATISTICS



CONTENTS¹

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

S5

I MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem

S6

1.2 Key ECB interest rates

S7

1.3 Eurosystem monetary policy operations allotted through tender procedures

S8

1.4 Minimum reserve and liquidity statistics

S9

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs

S10

2.2 Consolidated balance sheet of euro area MFIs

S11

2.3 Monetary statistics

S12

2.4 MFI loans: breakdown

S15

2.5 Deposits held with MFIs: breakdown

S17

2.6 MFI holdings of securities: breakdown

S20

2.7 Currency breakdown of selected MFI balance sheet items

S21

2.8 Aggregated balance sheet of euro area investment funds

S22

2.9 Securities held by investment funds broken down by issuer of securities

S23

2.10 Aggregated balance sheet of euro area financial vehicle corporations

S24

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

S25

3 EURO AREA ACCOUNTS

3.1 Integrated economic and financial accounts by institutional sector

S26

3.2 Euro area non-financial accounts

S30

3.3 Households

S32

3.4 Non-financial corporations

S33

3.5 Insurance corporations and pension funds

S34

4 FINANCIAL MARKETS

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

S35

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

S36

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

S38

4.4 Quoted shares issued by euro area residents

S40

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

S42

4.6 Money market interest rates

S44

4.7 Euro area yield curves

S45

4.8 Stock market indices

S46

5 PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

S47

5.2 Output and demand

S50

5.3 Labour markets

S54

6 GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus

S56

6.2 Debt

S57

6.3 Change in debt

S58

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.

6.4	Quarterly revenue, expenditure and deficit/surplus	\$59
6.5	Quarterly debt and change in debt	\$60
7	EXTERNAL TRANSACTIONS AND POSITIONS	
7.1	Summary balance of payments	\$61
7.2	Current and capital accounts	\$62
7.3	Financial account	\$64
7.4	Monetary presentation of the balance of payments	\$70
7.5	Trade in goods	\$71
8	EXCHANGE RATES	
8.1	Effective exchange rates	\$73
8.2	Bilateral exchange rates	\$74
9	DEVELOPMENTS OUTSIDE THE EURO AREA	
9.1	Economic and financial developments other EU Member States	\$75
9.2	Economic and financial developments in the United States and Japan	\$76
	LIST OF CHARTS	\$77
	TECHNICAL NOTES	\$79
	GENERAL NOTES	\$87

ENLARGEMENT OF THE EURO AREA ON 1 JANUARY 2014 TO INCLUDE LATVIA

In January 2014 Latvia joined the euro area, bringing the number of euro area countries to 18.

Unless otherwise indicated, all data series including observations for 2014 relate to the “Euro 18” (i.e. the euro area including Latvia) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

Detailed information on the current and past compositions of the euro area can be found in the General Notes.

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
2012	4.0	3.1	2.9	-	-0.2	1.2	0.58	1.72
2013	7.0	4.0	2.4	-	-1.5	1.4	0.22	2.24
2013 Q1	6.7	4.3	3.2	-	-0.8	1.5	0.21	1.76
Q2	8.1	4.6	2.8	-	-1.1	0.1	0.21	2.14
Q3	6.9	4.0	2.2	-	-1.9	1.9	0.22	2.05
Q4	6.4	3.1	1.5	-	-2.2	2.1	0.24	2.24
2013 Sep.	6.6	3.8	2.0	1.9	-2.1	2.7	0.22	2.05
Oct.	6.5	3.2	1.4	1.6	-2.1	2.4	0.23	1.95
Nov.	6.5	3.0	1.5	1.3	-2.3	2.6	0.22	1.99
Dec.	5.7	2.5	1.0	1.2	-2.3	-0.3	0.27	2.24
2014 Jan.	6.2	2.4	1.2	.	-2.2	.	0.29	1.89
Feb.	.	.	.	.	.	.	0.29	1.88

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

	HICP ¹⁾	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2012	2.5	2.8	1.9	-0.7	-2.5	78.6	-0.6	11.4
2013	1.4	-0.2	.	-0.4	-0.8	78.3	.	12.1
2013 Q2	1.4	-0.1	1.1	-0.6	-1.0	77.9	-1.0	12.1
Q3	1.3	-0.6	1.0	-0.3	-1.1	78.4	-0.8	12.1
Q4	0.8	-1.1	.	0.5	1.3	79.2	.	12.0
2013 Sep.	1.1	-0.9	-	-	0.2	-	-	12.1
Oct.	0.7	-1.3	-	-	0.5	78.4	-	12.0
Nov.	0.9	-1.2	-	-	2.8	-	-	12.0
Dec.	0.8	-0.8	-	-	0.5	-	-	12.0
2014 Jan.	0.8	-1.4	-	-	.	80.0	-	12.0
Feb.	0.8	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 ⁶⁾ (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2012	131.2	94.9	68.8	689.4	-13.3	127.5	97.9	95.6	1.2848
2013	234.8	173.4	25.5	542.4	.	.	101.7	99.0	1.3281
2013 Q1	26.4	30.7	-7.5	687.8	-12.4	129.1	100.7	98.3	1.3206
Q2	61.6	51.3	11.5	564.3	-13.8	128.3	100.8	98.3	1.3062
Q3	53.4	39.5	-23.9	586.8	-13.4	125.4	101.9	99.2	1.3242
Q4	93.4	52.0	45.3	542.4	.	.	103.1	100.1	1.3610
2013 Sep.	15.2	13.5	-16.2	586.8	-	-	102.0	99.1	1.3348
Oct.	28.9	19.2	0.4	579.6	-	-	102.8	99.7	1.3635
Nov.	28.9	18.9	47.6	561.5	-	-	102.6	99.5	1.3493
Dec.	35.6	13.9	-2.7	542.4	-	-	103.9	101.0	1.3704
2014 Jan.	.	.	.	571.0	-	-	103.4	100.3	1.3610
Feb.	.	.	.	.	-	-	103.6	100.5	1.3659

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

Note: For more information on the data, see the relevant tables later in this section.

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

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

3) M3 and its components exclude holdings by non-euro area residents of money market fund shares/units and debt securities with a maturity of up to two years.

4) Based on AAA-rated euro area central government bond yield curves. For further information, see Section 4.7.

5) Data refer to the Euro 18, unless otherwise indicated.

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



MONETARY POLICY STATISTICS

I.1 Consolidated financial statement of the Eurosystem

(EUR millions)

1. Assets

	31 January 2014	7 February 2014	14 February 2014	21 February 2014	28 February 2014
Gold and gold receivables	303,157	303,157	303,158	303,158	303,158
Claims on non-euro area residents in foreign currency	244,245	244,197	244,467	244,140	243,828
Claims on euro area residents in foreign currency	23,744	22,803	23,146	22,952	24,130
Claims on non-euro area residents in euro	20,159	19,160	19,132	18,789	19,005
Lending to euro area credit institutions in euro	691,934	671,271	666,608	665,226	664,508
Main refinancing operations	115,635	95,146	93,282	92,868	94,036
Longer-term refinancing operations	576,044	575,576	573,189	572,169	569,694
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	255	548	135	187	776
Credits related to margin calls	1	1	2	2	2
Other claims on euro area credit institutions in euro	72,873	70,472	74,729	76,991	74,105
Securities of euro area residents in euro	587,407	586,245	587,199	585,842	586,379
Securities held for monetary policy purposes	231,315	230,603	229,931	229,354	229,302
Other securities	356,092	355,641	357,269	356,488	357,077
General government debt in euro	28,287	28,237	28,237	28,237	28,237
Other assets	245,255	244,795	243,423	239,513	237,729
Total assets	2,217,061	2,190,338	2,190,099	2,184,848	2,181,079

2. Liabilities

	31 January 2014	7 February 2014	14 February 2014	21 February 2014	28 February 2014
Banknotes in circulation	932,458	932,643	931,240	929,060	933,847
Liabilities to euro area credit institutions in euro	423,124	423,168	429,579	403,779	392,487
Current accounts (covering the minimum reserve system)	215,690	200,444	223,735	196,262	187,393
Deposit facility	56,064	47,221	29,891	32,014	29,371
Fixed-term deposits	151,206	175,500	175,500	175,500	175,500
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	164	3	453	3	223
Other liabilities to euro area credit institutions in euro	3,134	4,107	5,243	5,111	5,179
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	116,066	94,110	86,446	116,808	126,112
Liabilities to non-euro area residents in euro	106,130	101,874	99,368	94,021	93,494
Liabilities to euro area residents in foreign currency	2,924	990	1,357	1,000	2,782
Liabilities to non-euro area residents in foreign currency	5,085	6,405	7,183	6,446	4,939
Counterpart of special drawing rights allocated by the IMF	52,717	52,717	52,717	52,717	52,717
Other liabilities	221,974	220,856	223,510	220,896	214,249
Revaluation accounts	262,876	262,876	262,876	262,876	262,876
Capital and reserves	90,573	90,591	90,580	92,134	92,395
Total liabilities	2,217,061	2,190,338	2,190,099	2,184,848	2,181,079

Source: ECB.

1.2 Key ECB interest rates

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

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

Source: ECB.

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

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

(EUR millions; interest rates in percentages per annum)

1. Main and longer-term refinancing operations ³⁾

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate ⁴⁾	Weighted average rate	
	1	2	3	4	5	6	7	8
Main refinancing operations								
2013 27 Nov.	97,210	78	97,210	0.25	-	-	-	7
4 Dec.	94,625	78	94,625	0.25	-	-	-	7
11	98,495	80	98,495	0.25	-	-	-	7
18	118,911	102	118,911	0.25	-	-	-	5
23	133,585	117	133,585	0.25	-	-	-	7
30	168,662	181	168,662	0.25	-	-	-	9
2014 8 Jan.	112,458	92	112,458	0.25	-	-	-	7
15	94,737	87	94,737	0.25	-	-	-	7
22	116,281	212	116,281	0.25	-	-	-	7
29	115,635	168	115,635	0.25	-	-	-	7
5 Feb.	95,146	116	95,146	0.25	-	-	-	7
12	93,282	111	93,282	0.25	-	-	-	7
19	92,868	107	92,868	0.25	-	-	-	7
26	94,036	112	94,036	0.25	-	-	-	7
5 Mar.	87,047	96	87,047	0.25	-	-	-	7
Longer-term refinancing operations ⁵⁾								
2013 11 Sep.	3,430	23	3,430	0.50	-	-	-	28
26	8,607	51	8,607	0.39	-	-	-	84
9 Oct.	3,447	21	3,447	0.50	-	-	-	35
31	1,930	43	1,930	0.29	-	-	-	91
13 Nov.	3,194	21	3,194	0.25	-	-	-	28
28	5,926	47	5,926	0.25	-	-	-	91
11 Dec.	10,143	31	10,143	0.25	-	-	-	35
19 ⁶⁾	20,914	76	20,914	.	-	-	-	98
2014 15 Jan.	7,092	28	7,092	0.25	-	-	-	28
30 ⁶⁾	4,955	69	4,955	.	-	-	-	92
12 Feb.	6,480	30	6,480	0.25	-	-	-	28
27 ⁶⁾	6,297	63	6,297	.	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days	
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate ⁴⁾	Weighted average rate		
		1	2	3	4	5	6	7	8	9	10
2013	27 Nov.	Collection of fixed-term deposits	157,764	108	157,764	-	-	0.25	0.25	0.16	7
	4 Dec.	Collection of fixed-term deposits	190,189	130	184,000	-	-	0.25	0.25	0.14	7
	11	Collection of fixed-term deposits	186,728	126	184,000	-	-	0.25	0.25	0.19	7
	18	Collection of fixed-term deposits	152,251	109	152,251	-	-	0.25	0.25	0.23	5
	23	Collection of fixed-term deposits	139,920	103	139,920	-	-	0.25	0.25	0.24	7
	30	Collection of fixed-term deposits	104,842	89	104,842	-	-	0.25	0.25	0.24	9
2014	8 Jan.	Collection of fixed-term deposits	185,795	132	179,000	-	-	0.25	0.25	0.17	7
	15	Collection of fixed-term deposits	180,027	137	179,000	-	-	0.25	0.25	0.21	7
	22	Collection of fixed-term deposits	152,067	126	152,067	-	-	0.25	0.25	0.23	7
	29	Collection of fixed-term deposits	151,206	130	151,206	-	-	0.25	0.25	0.24	7
	5 Feb.	Collection of fixed-term deposits	211,022	158	175,500	-	-	0.25	0.25	0.23	7
	12	Collection of fixed-term deposits	195,924	157	175,500	-	-	0.25	0.25	0.23	7
	19	Collection of fixed-term deposits	216,070	164	175,500	-	-	0.25	0.24	0.23	7
	26	Collection of fixed-term deposits	195,520	159	175,500	-	-	0.25	0.24	0.23	7
	5 Mar.	Collection of fixed-term deposits	219,131	165	175,500	-	-	0.25	0.23	0.22	7

Source: ECB.

1) The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.

2) With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations.

3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October 2008, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. On 4 March 2010 the ECB decided to return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010 and settled on 29 April 2010.

4) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.

5) For the operations settled on 22 December 2011 and 1 March 2012, after one year counterparties have the option to repay any part of the liquidity that they have been allotted in these operations, on any day that coincides with the settlement day of a main refinancing operation.

6) In this longer-term refinancing operation, the rate at which all bids are satisfied is indexed to the average minimum bid rate in the main refinancing operations over the life of the operation. The interest rates displayed for these indexed longer-term refinancing operations have been rounded to two decimal places. For the precise calculation method, please refer to the Technical Notes.

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied ¹⁾		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012	18,564.7	9,971.7	637.5	2,583.9	1,163.1	4,208.4
2013	17,848.6	9,811.7	518.8	2,448.5	1,152.6	3,917.1
2013 Aug.	18,252.7	9,835.6	587.7	2,494.7	1,353.8	3,981.0
Sep.	18,133.7	9,806.2	572.8	2,483.8	1,301.4	3,969.5
Oct. ²⁾	18,148.7	9,823.0	562.9	2,481.1	1,323.0	3,958.8
Nov. ²⁾	18,160.4	9,856.1	552.0	2,479.2	1,305.5	3,967.6
Dec. ²⁾	17,848.6	9,811.7	518.8	2,448.5	1,152.6	3,917.1

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
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012	106.4	509.9	403.5	0.0	0.75
2013	103.3	220.2	116.9	0.0	0.25
2013 8 Oct.	103.8	268.4	164.7	0.0	0.50
12 Nov.	103.8	244.9	141.1	0.0	0.50
10 Dec.	103.3	220.2	116.9	0.0	0.25
2014 14 Jan. ³⁾	103.4	248.1	144.8	0.0	0.25
11 Feb.	103.6	216.0	112.4	0.0	0.25
11 Mar.	102.8	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
	Monetary policy operations of the Eurosystem							Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations ⁴⁾	Deposit facility	Other liquidity-absorbing operations ⁵⁾					
	1	2	3	4	5	6	7	8	9	10	11	12
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0
2013	550.8	91.6	625.3	0.1	241.5	48.3	177.4	925.9	80.2	57.2	220.2	1,194.4
2013 10 Sep.	531.8	97.5	692.3	0.4	251.1	79.2	191.7	920.4	72.6	34.7	274.5	1,274.2
8 Oct.	538.2	96.2	674.6	0.2	248.2	58.9	189.8	918.3	80.1	41.9	268.4	1,245.6
12 Nov.	550.9	90.8	652.4	0.1	244.6	52.1	187.2	920.4	70.9	63.4	244.9	1,217.4
10 Dec.	550.8	91.6	625.3	0.1	241.5	48.3	177.4	925.9	80.2	57.2	220.2	1,194.4
2014 14 Jan.	532.7	129.3	592.1	0.3	236.8	60.1	149.3	947.9	61.2	24.7	248.1	1,256.0
11 Feb.	510.3	105.4	576.4	0.3	232.5	42.1	164.4	931.8	83.4	-12.9	216.0	1,190.0

Source: ECB.

- 1) A coefficient of 1% is applied as of the maintenance period beginning on 18 January 2012. A coefficient of 2% is applied to all previous maintenance periods.
- 2) Includes the reserve bases of credit institutions in Latvia. On a transitional basis, credit institutions located in the euro area may decide to deduct from their own reserve bases any liabilities vis-à-vis credit institutions located in Latvia. Starting from the reserve base as at end-January 2014, the standard treatment applies (see Decision ECB/2013/41 of the ECB of 22 October 2013 on transitional provisions for the application of minimum reserves by the ECB following the introduction of the euro in Latvia).
- 3) Owing to the adoption of the euro by Latvia on 1 January 2014, the reserve requirement is an average - weighted by the number of calendar days - of the reserve requirements for the then 17 countries of the euro area for the period 11-31 December 2013 and the reserve requirements for the 18 countries now in the euro area for the period 1-14 January 2014.
- 4) Includes liquidity provided under the Eurosystem's covered bond purchase programmes and the Eurosystem's Securities Markets Programme.
- 5) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: <http://www.ecb.europa.eu/mopo/liq/html/index.en.html>



MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs 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
Eurosysteem														
2012	5,287.6	3,351.2	16.9	1.0	3,333.3	723.1	568.4	10.5	144.2	-	23.4	799.9	8.3	381.8
2013	4,072.7	2,282.5	15.0	1.2	2,266.3	715.3	567.6	24.9	122.8	-	25.0	632.5	8.5	408.9
2013 Q3	4,303.2	2,455.0	15.1	1.2	2,438.7	727.9	576.7	26.5	124.7	-	24.6	690.7	8.3	396.8
Q4	4,072.7	2,282.5	15.0	1.2	2,266.3	715.3	567.6	24.9	122.8	-	25.0	632.5	8.5	408.9
2013 Oct.	4,228.5	2,399.5	15.1	1.2	2,383.3	724.6	575.7	25.7	123.3	-	25.2	671.7	8.4	399.0
Nov.	4,147.9	2,338.7	15.1	1.2	2,322.4	723.2	573.8	25.8	123.5	-	25.0	649.9	8.4	402.7
Dec.	4,072.7	2,282.5	15.0	1.2	2,266.3	715.3	567.6	24.9	122.8	-	25.0	632.5	8.5	408.9
2014 Jan. ^(p)	4,022.9	2,197.1	15.0	1.2	2,181.0	718.1	568.6	26.6	122.9	-	25.6	663.1	8.3	410.7
MFIs excluding the Eurosysteem														
2012	32,694.6	17,988.2	1,153.4	11,039.5	5,795.4	4,901.6	1,627.0	1,423.3	1,851.3	66.8	1,227.8	4,045.7	214.6	4,249.9
2013	30,443.8	16,982.7	1,082.3	10,650.0	5,250.5	4,672.2	1,694.3	1,335.2	1,642.7	58.1	1,232.8	3,856.1	210.8	3,431.1
2013 Q3	31,385.0	17,299.4	1,090.4	10,778.3	5,430.6	4,842.4	1,744.7	1,393.9	1,703.8	58.9	1,232.8	3,896.9	210.4	3,844.3
Q4	30,443.8	16,982.7	1,082.3	10,650.0	5,250.5	4,672.2	1,694.3	1,335.2	1,642.7	58.1	1,232.8	3,856.1	210.8	3,431.1
2013 Oct.	31,354.6	17,187.3	1,103.0	10,729.2	5,355.2	4,826.5	1,765.1	1,374.4	1,687.0	55.8	1,234.3	3,953.7	209.0	3,888.1
Nov.	31,335.8	17,173.1	1,084.4	10,722.9	5,365.8	4,815.4	1,762.0	1,371.8	1,681.7	56.8	1,239.1	3,966.7	209.7	3,875.0
Dec.	30,443.8	16,982.7	1,082.3	10,650.0	5,250.5	4,672.2	1,694.3	1,335.2	1,642.7	58.1	1,232.8	3,856.1	210.8	3,431.1
2014 Jan. ^(p)	30,900.0	17,067.1	1,103.7	10,656.0	5,307.4	4,759.6	1,751.3	1,341.5	1,666.8	60.4	1,240.3	4,020.0	209.3	3,543.3

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
Eurosysteem											
2012	5,287.6	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	536.1	298.7	452.4
2013	4,072.7	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	409.3	202.2	474.6
2013 Q3	4,303.2	944.6	2,225.0	82.0	49.2	2,093.8	-	0.0	444.8	225.4	463.5
Q4	4,072.7	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	409.3	202.2	474.6
2013 Oct.	4,228.5	950.4	2,153.1	79.7	69.2	2,004.2	-	0.0	444.4	213.5	467.1
Nov.	4,147.9	953.5	2,093.0	88.2	58.9	1,945.9	-	0.0	426.9	203.6	470.9
Dec.	4,072.7	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	409.3	202.2	474.6
2014 Jan. ^(p)	4,022.9	958.6	1,953.4	87.5	41.2	1,824.7	-	0.0	436.2	194.0	480.8
MFIs excluding the Eurosysteem											
2012	32,694.6	-	17,195.5	169.7	10,866.8	6,159.1	534.7	4,848.9	2,343.9	3,494.3	4,277.3
2013	30,443.8	-	16,647.5	152.2	10,934.2	5,561.0	462.8	4,352.7	2,398.3	3,106.3	3,476.2
2013 Q3	31,385.0	-	16,850.9	190.9	10,928.6	5,731.5	476.8	4,471.5	2,391.2	3,275.0	3,919.6
Q4	30,443.8	-	16,647.5	152.2	10,934.2	5,561.0	462.8	4,352.7	2,398.3	3,106.3	3,476.2
2013 Oct.	31,354.6	-	16,765.5	165.5	10,907.3	5,692.6	474.9	4,448.5	2,398.4	3,298.0	3,969.4
Nov.	31,335.8	-	16,803.0	175.4	10,940.0	5,687.6	474.8	4,436.6	2,399.1	3,270.4	3,952.0
Dec.	30,443.8	-	16,647.5	152.2	10,934.2	5,561.0	462.8	4,352.7	2,398.3	3,106.3	3,476.2
2014 Jan. ^(p)	30,900.0	-	16,710.7	148.6	10,924.2	5,637.9	489.2	4,373.7	2,424.5	3,277.1	3,624.8

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 ²⁾
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2012	26,245.6	12,210.7	1,170.3	11,040.4	3,629.2	2,195.4	1,433.8	767.0	4,845.6	222.9	4,570.3
2013	24,649.4	11,748.4	1,097.3	10,651.1	3,622.0	2,261.9	1,360.1	792.4	4,488.6	219.2	3,778.8
2013 Q3	25,416.3	11,885.0	1,105.5	10,779.5	3,741.9	2,321.4	1,420.4	792.7	4,587.5	218.7	4,190.5
Q4	24,649.4	11,748.4	1,097.3	10,651.1	3,622.0	2,261.9	1,360.1	792.4	4,488.6	219.2	3,778.8
2013 Oct.	25,460.1	11,848.5	1,118.1	10,730.4	3,740.9	2,340.7	1,400.1	793.3	4,625.4	217.4	4,234.7
Nov.	25,414.5	11,823.5	1,099.5	10,724.1	3,733.4	2,335.8	1,397.6	795.2	4,616.6	218.1	4,227.6
Dec.	24,649.4	11,748.4	1,097.3	10,651.1	3,622.0	2,261.9	1,360.1	792.4	4,488.6	219.2	3,778.8
2014 Jan. ^(p)	25,063.6	11,775.9	1,118.7	10,657.2	3,688.0	2,319.9	1,368.1	795.4	4,683.1	217.5	3,903.6
Transactions											
2012	87.1	-38.0	-4.7	-33.4	113.1	183.6	-70.5	38.6	-151.1	-14.1	138.6
2013	-1,615.6	-274.6	-73.8	-200.9	-27.8	46.0	-73.8	14.1	-79.4	-1.9	-1,246.0
2013 Q3	-429.2	-95.9	-12.5	-83.4	-70.6	-58.6	-12.0	-8.3	-75.4	1.1	-180.0
Q4	-669.8	-98.0	-8.1	-89.8	-136.9	-75.1	-61.8	-5.1	-14.0	0.7	-416.5
2013 Oct.	64.5	-22.3	12.4	-34.7	-15.1	5.8	-20.9	-5.6	65.4	-1.2	43.2
Nov.	-30.3	-18.2	-18.6	0.4	-10.9	-7.8	-3.0	1.3	5.5	0.7	-8.8
Dec.	-703.9	-57.4	-1.9	-55.5	-111.0	-73.1	-37.9	-0.8	-85.0	1.2	-451.0
2014 Jan. ^(p)	305.5	6.8	20.3	-13.6	45.5	44.4	1.2	7.0	129.9	-1.8	118.1

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/other euro area residents	Money market fund shares/units ³⁾	Debt securities issued ⁴⁾	Capital and reserves	External liabilities	Remaining liabilities ²⁾	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2012	26,245.6	876.8	251.0	10,931.2	467.9	2,853.4	2,395.9	3,793.0	4,729.7	-53.3
2013	24,649.4	921.2	214.5	10,974.4	404.7	2,587.1	2,342.1	3,308.4	3,950.8	-53.8
2013 Q3	25,416.3	894.0	272.9	10,977.7	417.9	2,643.0	2,371.3	3,500.4	4,383.2	-44.1
Q4	24,649.4	921.2	214.5	10,974.4	404.7	2,587.1	2,342.1	3,308.4	3,950.8	-53.8
2013 Oct.	25,460.1	898.0	245.2	10,976.6	419.1	2,638.2	2,376.7	3,511.5	4,436.4	-41.6
Nov.	25,414.5	903.4	263.6	10,998.9	417.9	2,631.4	2,357.1	3,474.0	4,422.9	-54.7
Dec.	24,649.4	921.2	214.5	10,974.4	404.7	2,587.1	2,342.1	3,308.4	3,950.8	-53.8
2014 Jan. ^(p)	25,063.6	908.2	236.1	10,965.4	428.8	2,584.1	2,390.1	3,471.1	4,105.5	-25.7
Transactions										
2012	87.1	19.5	-5.1	184.6	-18.2	-124.8	155.4	-251.9	151.2	-23.7
2013	-1,615.6	44.4	-37.3	160.5	-46.6	-198.7	80.2	-441.6	-1,191.8	15.4
2013 Q3	-429.2	8.1	-70.6	-60.8	-18.1	-40.6	5.7	-131.5	-150.7	29.4
Q4	-669.8	27.2	-59.2	22.5	-12.7	-25.6	0.6	-179.2	-430.7	-12.6
2013 Oct.	64.5	3.9	-28.0	13.9	1.3	2.8	-7.0	31.4	47.8	-1.7
Nov.	-30.3	5.4	18.4	28.1	-1.1	-6.3	-1.8	-46.0	-11.2	-15.7
Dec.	-703.9	17.8	-49.6	-19.5	-12.9	-22.1	9.4	-164.6	-467.3	4.8
2014 Jan. ^(p)	305.5	-13.6	20.4	-29.5	24.0	-13.2	19.9	120.1	147.9	29.6

Source: ECB.

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

2.3 Monetary statistics ¹⁾

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

1. Monetary aggregates ²⁾ and counterparts

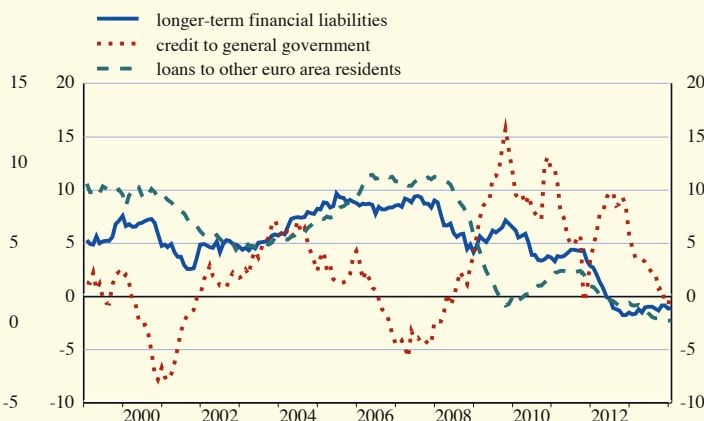
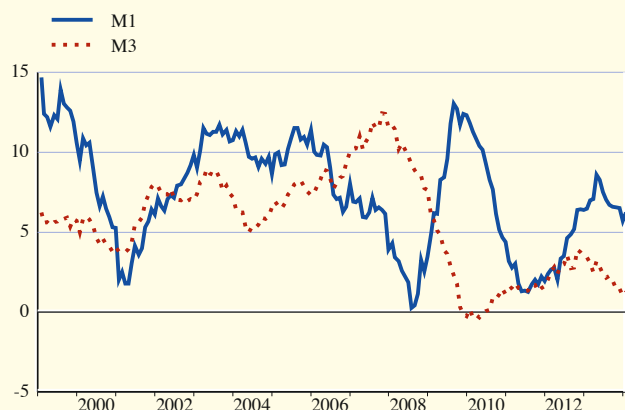
	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents ³⁾			Net external assets ⁴⁾
	M2		M3-M2							Loans	Loans adjusted for sales and securitisation ⁵⁾	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2012	5,107.6	3,882.3	8,990.0	790.1	9,780.1	-	7,568.4	3,406.0	13,056.3	10,855.1	-	1,035.8
2013	5,390.4	3,812.1	9,202.5	624.9	9,827.4	-	7,305.6	3,402.1	12,694.9	10,541.3	-	1,162.7
2013 Q3	5,344.7	3,852.4	9,197.1	664.6	9,861.6	-	7,365.8	3,437.4	12,864.2	10,628.0	-	1,079.8
Q4	5,390.4	3,812.1	9,202.5	624.9	9,827.4	-	7,305.6	3,402.1	12,694.9	10,541.3	-	1,162.7
2013 Oct.	5,397.6	3,820.6	9,218.1	662.8	9,880.9	-	7,394.3	3,464.5	12,827.1	10,606.4	-	1,115.5
Nov.	5,424.4	3,816.3	9,240.7	658.1	9,898.8	-	7,359.9	3,429.2	12,765.1	10,575.2	-	1,140.3
Dec.	5,390.4	3,812.1	9,202.5	624.9	9,827.4	-	7,305.6	3,402.1	12,694.9	10,541.3	-	1,162.7
2014 Jan. ^(p)	5,454.8	3,793.1	9,247.9	650.2	9,898.1	-	7,349.6	3,450.0	12,721.9	10,561.1	-	1,203.9
	Transactions											
2012	307.9	78.1	386.0	-55.4	330.6	-	-116.9	184.9	-102.5	-70.8	-16.9	99.5
2013	291.0	-67.1	223.9	-124.1	99.8	-	-87.9	-25.4	-307.4	-248.4	-220.3	361.5
2013 Q3	87.2	-20.4	66.8	-28.5	38.2	-	-36.5	-21.2	-70.0	-69.5	-62.5	62.3
Q4	49.1	-39.6	9.5	-20.4	-10.9	-	-15.0	-50.8	-153.1	-64.2	-58.4	155.1
2013 Oct.	54.7	-30.7	24.0	-1.7	22.3	-	24.3	13.5	-36.2	-13.7	-13.9	43.0
Nov.	26.3	-5.4	20.8	-3.4	17.5	-	-16.4	-38.3	-60.6	-28.7	-25.9	47.6
Dec.	-31.9	-3.5	-35.3	-15.4	-50.7	-	-22.8	-25.9	-56.4	-21.8	-18.6	64.4
2014 Jan. ^(p)	52.7	-22.9	29.8	25.1	54.9	-	0.3	33.0	4.5	0.2	-5.7	19.3
	Growth rates											
2012	6.4	2.1	4.5	-6.5	3.5	3.6	-1.5	5.9	-0.8	-0.6	-0.2	99.5
2013	5.7	-1.7	2.5	-16.2	1.0	1.2	-1.2	-0.7	-2.4	-2.3	-2.0	361.5
2013 Q3	6.6	0.1	3.8	-17.6	2.0	1.9	-1.3	0.7	-1.2	-2.1	-1.5	315.1
Q4	5.7	-1.7	2.5	-16.2	1.0	1.2	-1.2	-0.7	-2.4	-2.3	-2.0	361.5
2013 Oct.	6.5	-1.2	3.2	-17.9	1.4	1.6	-0.8	0.8	-1.4	-2.1	-1.7	329.6
Nov.	6.5	-1.5	3.0	-16.3	1.5	1.3	-0.9	-0.6	-1.6	-2.3	-1.8	316.0
Dec.	5.7	-1.7	2.5	-16.2	1.0	1.2	-1.2	-0.7	-2.4	-2.3	-2.0	361.5
2014 Jan. ^(p)	6.2	-2.6	2.4	-12.8	1.2	.	-1.1	0.2	-2.2	-2.2	-2.0	339.8

C1 Monetary aggregates ¹⁾

(annual growth rates; seasonally adjusted)

C2 Counterparts ¹⁾

(annual growth rates; seasonally adjusted)



Source: ECB.

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

2.3 Monetary statistics ¹⁾

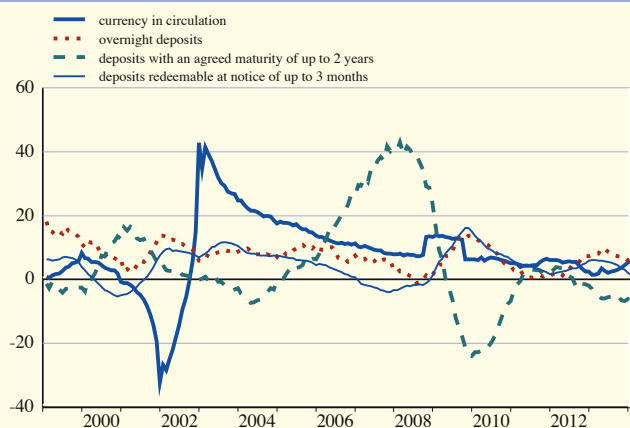
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

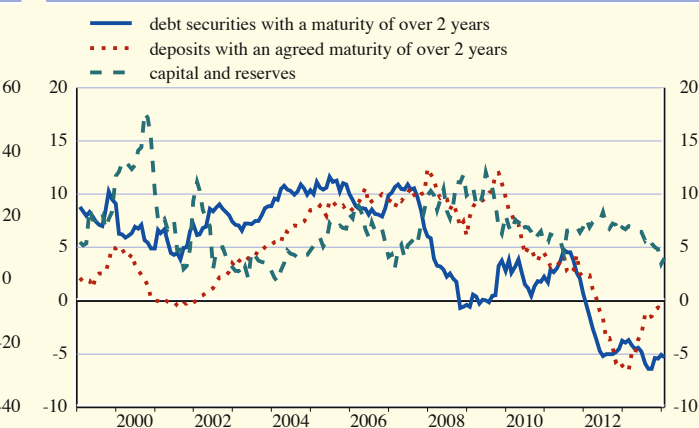
	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos ²⁾	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2012	863.9	4,243.7	1,801.8	2,080.6	123.7	483.3	183.2	2,685.0	106.1	2,395.2	2,382.1
2013	909.5	4,480.9	1,690.5	2,121.6	118.8	417.9	88.2	2,511.1	91.7	2,372.8	2,330.1
2013 Q3	893.7	4,451.0	1,719.5	2,132.9	110.1	421.7	132.7	2,506.5	93.6	2,393.3	2,372.4
Q4	909.5	4,480.9	1,690.5	2,121.6	118.8	417.9	88.2	2,511.1	91.7	2,372.8	2,330.1
2013 Oct.	898.1	4,499.5	1,691.7	2,128.8	117.6	423.2	122.0	2,517.5	92.7	2,401.5	2,382.6
Nov.	902.9	4,521.5	1,683.7	2,132.6	118.8	417.5	121.8	2,515.6	92.1	2,395.0	2,357.1
Dec.	909.5	4,480.9	1,690.5	2,121.6	118.8	417.9	88.2	2,511.1	91.7	2,372.8	2,330.1
2014 Jan. ^(p)	913.7	4,541.1	1,673.9	2,119.2	124.7	433.8	91.7	2,499.4	90.9	2,374.5	2,384.8
Transactions											
2012	20.2	287.7	-36.5	114.6	-17.0	-20.0	-18.4	-105.8	-10.2	-156.1	155.1
2013	45.6	245.4	-110.3	43.2	-11.9	-48.7	-63.5	-136.8	-14.3	-18.4	81.6
2013 Q3	12.9	74.3	-32.1	11.7	-15.1	-16.8	3.4	-44.8	-3.0	-6.5	17.8
Q4	15.8	33.3	-29.0	-10.6	9.6	-3.4	-26.6	17.6	-1.8	-18.0	-12.7
2013 Oct.	4.3	50.3	-26.7	-4.0	7.6	1.5	-10.7	18.6	-0.9	8.8	-2.2
Nov.	4.9	21.4	-9.8	4.4	1.9	-5.7	0.4	-2.0	-0.6	-6.0	-7.8
Dec.	6.6	-38.5	7.5	-11.0	0.1	0.8	-16.3	1.0	-0.4	-20.8	-2.7
2014 Jan. ^(p)	3.5	49.2	-20.0	-2.9	5.7	15.8	3.6	-22.0	-0.8	-3.6	26.7
Growth rates											
2012	2.4	7.3	-2.0	5.8	-11.8	-3.9	-9.6	-3.8	-8.8	-6.1	6.9
2013	5.3	5.8	-6.1	2.1	-9.5	-10.4	-37.5	-5.1	-13.5	-0.8	3.5
2013 Q3	3.1	7.3	-4.9	4.5	-18.1	-11.9	-30.9	-6.4	-14.9	-1.5	5.4
Q4	5.3	5.8	-6.1	2.1	-9.5	-10.4	-37.5	-5.1	-13.5	-0.8	3.5
2013 Oct.	3.7	7.1	-6.6	3.5	-10.3	-12.5	-36.0	-5.4	-14.8	-0.9	5.1
Nov.	4.5	6.9	-6.8	3.1	-9.4	-12.6	-30.8	-5.5	-14.4	-0.6	4.8
Dec.	5.3	5.8	-6.1	2.1	-9.5	-10.4	-37.5	-5.1	-13.5	-0.8	3.5
2014 Jan. ^(p)	5.8	6.3	-7.3	1.5	-9.1	-6.4	-33.9	-5.4	-12.6	-0.8	4.0

C3 Components of monetary aggregates ¹⁾

(annual growth rates; seasonally adjusted)

**C4 Components of longer-term financial liabilities ¹⁾**

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

2.3 Monetary statistics ¹⁾

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

3. Loans as counterpart to M3

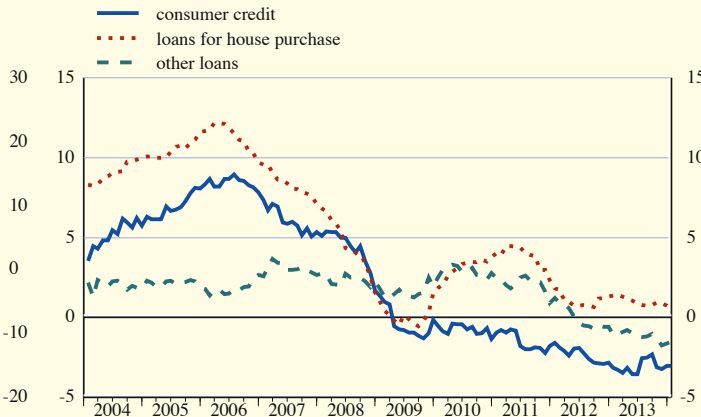
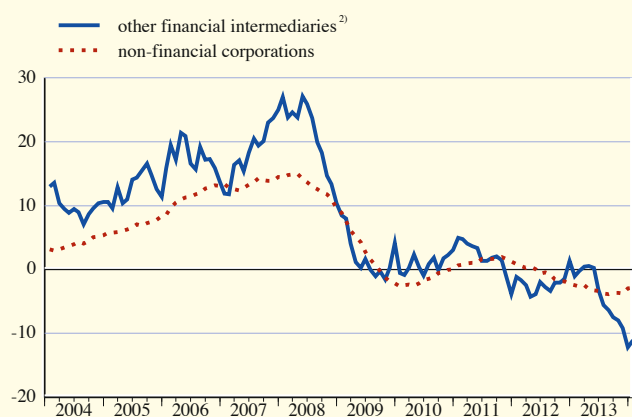
	Insurance corporations and pension funds	Other financial inter- mediaries ²⁾	Non-financial corporations					Households ³⁾				
	Total	Total	Total	Loans adjusted for sales and securitisation ⁴⁾	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Consumer credit	Loans for house purchase	Other loans	
	1	2	3					Loans adjusted for sales and securitisation ⁴⁾				
Outstanding amounts												
2012	89.0	977.0	4,546.5	-	1,129.8	795.7	2,621.1	5,242.5	-	601.8	3,824.4	816.4
2013	98.3	866.1	4,356.2	-	1,068.0	740.5	2,547.7	5,220.6	-	573.2	3,851.6	795.9
2013 Q3	95.4	902.7	4,394.0	-	1,081.8	762.5	2,549.7	5,235.9	-	582.1	3,845.5	808.2
2013 Q4	98.3	866.1	4,356.2	-	1,068.0	740.5	2,547.7	5,220.6	-	573.2	3,851.6	795.9
2013 Oct.	97.2	897.3	4,379.2	-	1,072.0	760.7	2,546.5	5,232.7	-	575.3	3,853.1	804.4
2013 Nov.	100.1	882.9	4,363.7	-	1,062.5	758.8	2,542.3	5,228.5	-	572.6	3,855.6	800.3
2013 Dec.	98.3	866.1	4,356.2	-	1,068.0	740.5	2,547.7	5,220.6	-	573.2	3,851.6	795.9
2014 Jan. ^(p)	99.7	855.5	4,377.7	-	1,062.2	745.9	2,569.6	5,228.1	-	572.3	3,858.3	797.5
Transactions												
2012	-2.0	12.9	-107.4	-61.8	6.5	-51.4	-62.4	25.6	34.3	-17.8	48.3	-4.9
2013	9.6	-120.0	-133.9	-128.6	-44.8	-45.0	-44.1	-4.2	15.5	-18.3	27.4	-13.3
2013 Q3	1.4	-40.3	-33.4	-35.6	-14.7	-8.3	-10.4	2.7	10.9	-0.6	3.5	-0.1
2013 Q4	3.0	-33.9	-25.9	-27.6	-9.0	-17.8	0.9	-7.4	-0.4	-6.4	7.0	-8.1
2013 Oct.	1.9	-4.0	-12.5	-14.3	-8.0	-0.2	-4.3	0.9	2.6	-5.9	8.0	-1.2
2013 Nov.	2.9	-15.0	-13.2	-14.1	-8.4	-1.3	-3.5	-3.4	0.0	-2.0	2.5	-3.9
2013 Dec.	-1.7	-15.0	-0.2	0.9	7.4	-16.3	8.7	-4.9	-3.0	1.5	-3.4	-3.0
2014 Jan. ^(p)	1.3	4.2	-5.8	-11.7	-8.3	2.0	0.5	0.4	0.4	-1.0	1.3	0.2
Growth rates												
2012	-2.2	1.3	-2.3	-1.3	0.6	-6.0	-2.3	0.5	0.7	-2.9	1.3	-0.6
2013	10.8	-12.2	-3.0	-2.9	-4.0	-5.7	-1.7	-0.1	0.3	-3.1	0.7	-1.6
2013 Q3	9.9	-7.5	-3.6	-2.8	-3.2	-5.6	-3.2	0.1	0.4	-2.3	0.8	-1.0
2013 Q4	10.8	-12.2	-3.0	-2.9	-4.0	-5.7	-1.7	-0.1	0.3	-3.1	0.7	-1.6
2013 Oct.	8.3	-8.0	-3.7	-2.9	-4.1	-5.3	-3.0	0.1	0.3	-3.1	0.9	-1.3
2013 Nov.	14.0	-9.2	-3.8	-3.1	-4.7	-5.0	-3.1	0.0	0.3	-3.3	0.9	-1.8
2013 Dec.	10.8	-12.2	-3.0	-2.9	-4.0	-5.7	-1.7	-0.1	0.3	-3.1	0.7	-1.6
2014 Jan. ^(p)	7.4	-11.1	-2.9	-2.9	-4.4	-5.1	-1.6	-0.2	0.2	-3.0	0.5	-1.5

C5 Loans to other financial intermediaries and non-financial corporations ¹⁾

(annual growth rates; seasonally adjusted)

C6 Loans to households ¹⁾

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

3) Including non-profit institutions serving households.

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

2.4 MFI loans: breakdown ^{1), 2)}

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

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5		6	7	8	9	10	11	12
	Outstanding amounts												
2013	90.0	72.6	4.1	13.3	984.9	122.4	438.8	223.7	322.4	4,345.0	1,059.8	739.3	2,545.9
2013 Q3	98.5	82.1	3.5	12.9	1,048.6	137.7	504.2	215.2	329.3	4,393.5	1,079.1	764.0	2,550.4
2013 Q4	90.0	72.6	4.1	13.3	984.9	122.4	438.8	223.7	322.4	4,345.0	1,059.8	739.3	2,545.9
2013 Nov. Dec.	100.9	83.4	3.8	13.7	1,015.5	132.9	470.9	216.8	327.9	4,371.1	1,062.4	759.3	2,549.4
	90.0	72.6	4.1	13.3	984.9	122.4	438.8	223.7	322.4	4,345.0	1,059.8	739.3	2,545.9
2014 Jan. ^(p)	97.1	79.5	4.0	13.5	957.9	106.2	421.0	222.5	314.4	4,374.9	1,064.2	742.4	2,568.2
	Transactions												
2013	8.8	8.8	-0.3	0.3	-70.7	49.2	-50.4	3.9	-24.2	-134.4	-44.6	-45.0	-44.8
2013 Q3	3.7	3.2	-0.3	0.7	-43.7	-8.0	-32.2	2.4	-13.9	-42.2	-27.7	-7.5	-7.0
2013 Q4	-8.4	-9.4	0.6	0.4	-45.0	0.7	-48.6	9.3	-5.7	-36.6	-14.5	-20.4	-1.7
2013 Nov. Dec.	0.5	0.1	0.1	0.3	0.8	14.0	1.4	1.1	-1.6	-3.7	-3.0	-2.8	2.0
	-10.9	-10.8	0.3	-0.4	-23.6	-5.3	-26.3	7.2	-4.5	-18.7	-0.7	-17.9	-0.2
2014 Jan. ^(p)	7.0	6.9	-0.1	0.2	-12.2	-16.2	-15.9	-1.6	5.3	2.6	2.0	-0.4	0.9
	Growth rates												
2013	10.7	13.7	-7.0	2.2	-6.3	28.0	-9.6	1.9	-6.9	-3.0	-4.0	-5.7	-1.7
2013 Q3	10.0	14.5	-37.6	5.5	-4.1	12.4	-4.1	-0.8	-5.9	-3.6	-3.2	-5.6	-3.2
2013 Q4	10.7	13.7	-7.0	2.2	-6.3	28.0	-9.6	1.9	-6.9	-3.0	-4.0	-5.7	-1.7
2013 Nov. Dec.	14.1	17.2	-19.7	9.3	-4.8	20.6	-4.9	0.0	-7.8	-3.8	-4.7	-5.0	-3.1
	10.7	13.7	-7.0	2.2	-6.3	28.0	-9.6	1.9	-6.9	-3.0	-4.0	-5.7	-1.7
2014 Jan. ^(p)	7.4	8.9	-6.4	3.9	-8.9	-2.7	-15.6	3.8	-6.8	-2.9	-4.4	-5.1	-1.6

2. Loans to households ³⁾

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Sole proprietors	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2013	5,230.0	575.6	128.6	169.3	277.7	3,857.8	12.7	55.4	3,789.7	796.6	408.7	136.5	76.5	583.6
2013 Q3	5,237.7	583.0	130.4	170.4	282.3	3,847.1	12.6	55.8	3,778.7	807.6	413.5	138.4	77.6	591.6
2013 Q4	5,230.0	575.6	128.6	169.3	277.7	3,857.8	12.7	55.4	3,789.7	796.6	408.7	136.5	76.5	583.6
2013 Nov. Dec.	5,235.3	573.1	125.4	168.4	279.2	3,856.9	12.7	56.0	3,788.3	805.4	409.5	140.3	77.0	588.0
	5,230.0	575.6	128.6	169.3	277.7	3,857.8	12.7	55.4	3,789.7	796.6	408.7	136.5	76.5	583.6
2014 Jan. ^(p)	5,226.2	571.2	126.3	168.5	276.3	3,858.2	12.9	55.3	3,789.9	796.9	407.7	136.9	76.0	584.0
	Transactions													
2013	-4.6	-18.3	-4.0	-7.0	-7.4	27.1	-1.4	-1.5	30.0	-13.4	-10.7	-3.6	-3.5	-6.3
2013 Q3 Q4	-1.2	-2.1	0.0	-1.0	-1.1	6.7	-1.1	0.1	7.7	-5.9	-1.4	-6.0	-0.7	0.9
	0.1	-4.8	-0.5	-1.5	-2.9	11.6	0.1	-0.4	11.9	-6.7	-3.0	-0.4	-0.9	-5.3
2013 Nov. Dec.	2.8	-2.7	-0.8	-0.7	-1.2	2.7	-0.1	0.1	2.7	2.8	-1.0	4.6	-0.4	-1.4
	-2.3	3.5	3.4	1.0	-0.9	1.5	0.0	-0.5	2.0	-7.3	-0.4	-3.7	-0.5	-3.1
2014 Jan. ^(p)	-10.9	-4.6	-2.3	-0.9	-1.4	-5.0	0.0	-0.2	-4.8	-1.2	-2.2	0.4	-0.9	-0.7
	Growth rates													
2013	-0.1	-3.0	-2.9	-4.0	-2.5	0.7	-9.9	-2.6	0.8	-1.6	-2.5	-2.5	-4.4	-1.1
2013 Q3 Q4	0.1	-2.3	-0.8	-3.9	-2.1	0.8	-10.1	-2.4	0.9	-1.0	-1.2	-1.1	-5.6	-0.4
	-0.1	-3.0	-2.9	-4.0	-2.5	0.7	-9.9	-2.6	0.8	-1.6	-2.5	-2.5	-4.4	-1.1
2013 Nov. Dec.	0.0	-3.3	-2.8	-4.9	-2.5	0.9	-8.8	-2.6	1.0	-1.7	-1.6	-3.2	-5.4	-0.9
	-0.1	-3.0	-2.9	-4.0	-2.5	0.7	-9.9	-2.6	0.8	-1.6	-2.5	-2.5	-4.4	-1.1
2014 Jan. ^(p)	-0.2	-3.0	-3.5	-3.6	-2.4	0.5	-9.6	-2.8	0.6	-1.5	-2.6	-1.8	-4.3	-1.1

Source: ECB.

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

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

3) Including non-profit institutions serving households.

2.4 MFI loans: breakdown ^{1), 2)}

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

3. Loans to government and non-euro area residents

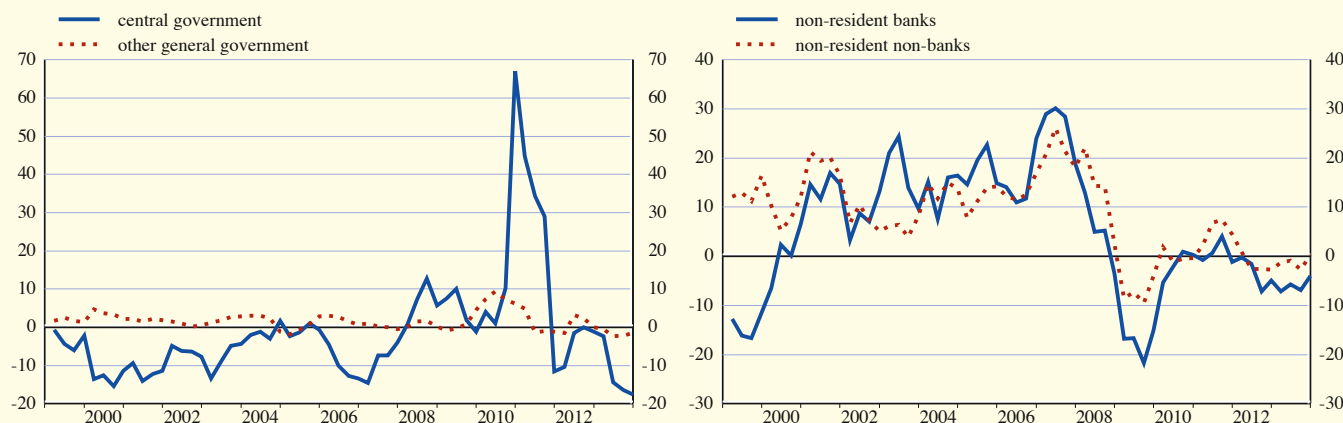
	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks ³⁾	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2011	1,159.6	348.9	221.7	567.4	21.7	3,021.6	2,022.7	998.9	62.4	936.4
2012	1,153.4	341.8	221.6	565.9	24.1	2,868.2	1,906.7	961.5	60.7	900.7
2013 Q1	1,124.3	312.4	217.0	568.8	26.0	2,891.1	1,889.5	1,001.6	60.0	941.6
Q2	1,101.8	290.3	218.1	565.3	28.0	2,877.8	1,893.7	984.1	58.0	926.1
Q3	1,090.4	285.1	213.8	560.0	31.6	2,767.3	1,807.6	959.7	59.3	900.5
Q4 ⁴⁾	1,082.3	281.2	213.7	557.8	29.4	2,726.5	1,787.8	937.5	56.5	881.1
Transactions										
2011	-54.9	-45.9	-0.3	14.6	-23.3	15.6	-26.2	41.6	12.9	28.7
2012	-3.6	-4.1	-4.9	2.9	2.4	-128.3	-100.8	-27.5	-1.0	-26.5
2013 Q1	-29.5	-29.5	-4.5	2.5	1.9	10.9	-26.8	37.7	-1.0	38.7
Q2	-22.1	-21.8	1.1	-3.5	2.0	18.6	25.2	-6.6	-1.3	-5.3
Q3	-12.4	-5.1	-4.5	-6.4	3.5	-91.4	-77.3	-14.1	2.4	-16.5
Q4 ⁴⁾	-8.1	-3.8	0.0	-2.3	-2.1	-10.6	2.3	-14.1	-2.2	-11.9
Growth rates										
2011	-4.5	-11.6	-0.2	2.7	-51.6	0.6	-1.1	4.4	26.7	3.2
2012	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-4.9	-2.8	-1.8	-2.8
2013 Q1	-1.1	-2.4	-3.5	0.2	8.3	-5.2	-7.1	-1.3	0.1	-1.4
Q2	-5.9	-14.4	-9.5	-0.1	11.6	-4.1	-5.7	-0.9	3.2	-1.1
Q3	-6.3	-16.3	-7.7	-1.0	20.1	-5.5	-6.9	-2.8	3.3	-3.2
Q4 ⁴⁾	-6.3	-17.6	-3.6	-1.7	21.9	-2.6	-4.0	0.3	-3.6	0.5

C7 Loans to government ²⁾

(annual growth rates; not seasonally adjusted)

C8 Loans to non-euro area residents ²⁾

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

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

2.5 Deposits held with MFIs: breakdown ^{1), 2)}

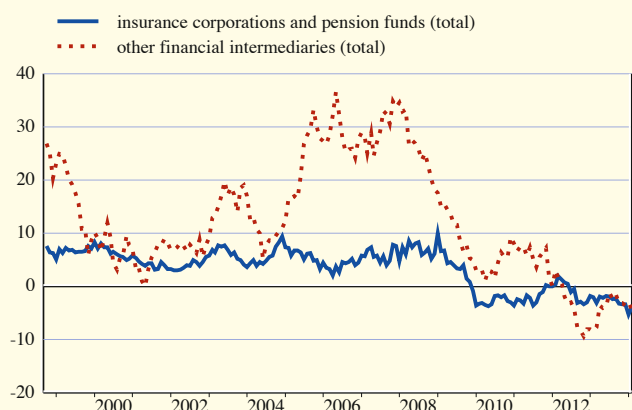
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2012	691.4	106.5	81.4	484.4	6.4	0.2	12.5	2,016.5	410.7	236.6	1,021.0	13.6	0.3	334.4	256.7
2013	653.5	96.1	76.5	462.8	7.0	0.1	11.0	1,855.4	424.0	221.5	943.0	16.4	0.5	249.9	178.0
2013 Q3	669.6	106.5	74.6	470.7	8.2	0.1	9.5	1,960.6	443.2	235.2	970.0	17.2	0.3	294.7	212.5
	653.5	96.1	76.5	462.8	7.0	0.1	11.0	1,855.4	424.0	221.5	943.0	16.4	0.5	249.9	178.0
2013 Oct. Nov. Dec.	668.8	105.6	77.2	467.9	7.9	0.1	10.0	1,916.9	436.8	225.6	964.8	17.3	0.4	272.0	188.1
	660.7	104.2	72.4	466.2	7.1	0.1	10.7	1,900.9	433.3	216.5	961.8	23.3	0.5	265.5	183.3
	653.5	96.1	76.5	462.8	7.0	0.1	11.0	1,855.4	424.0	221.5	943.0	16.4	0.5	249.9	178.0
2014 Jan. ^(p)	677.5	119.1	77.3	461.4	8.1	0.1	11.5	1,858.1	437.6	218.9	940.1	19.8	0.5	241.2	160.5
	Transactions														
2012	-12.5	15.2	2.6	-27.6	2.0	0.0	-4.7	-176.7	23.9	-49.5	-166.0	-2.0	-0.3	17.2	13.3
2013	-36.0	-9.2	-5.3	-21.9	1.3	-0.1	-0.8	-56.9	14.2	-14.7	-76.2	3.0	0.3	16.6	30.6
2013 Q3	-9.1	2.4	-3.7	-9.2	0.9	-0.2	0.6	-80.3	-11.7	4.8	-24.6	0.2	0.1	-49.1	-40.5
	-15.8	-10.3	1.9	-7.7	-1.1	0.0	1.5	-82.0	-17.5	-13.3	-25.2	-0.5	0.2	-25.7	-16.1
2013 Oct. Nov. Dec.	-0.6	-0.8	2.6	-2.6	-0.2	0.0	0.4	-30.5	-5.8	-9.1	-4.6	0.1	0.1	-11.1	-12.9
	-8.1	-1.4	-4.8	-1.7	-0.8	0.0	0.7	-9.1	-3.3	-9.4	-3.2	6.2	0.1	0.4	1.6
	-7.1	-8.1	4.1	-3.4	-0.1	0.0	0.4	-42.4	-8.5	5.2	-17.4	-6.8	0.0	-15.0	-4.8
2014 Jan. ^(p)	23.5	22.8	0.6	-1.4	1.1	0.0	0.4	-4.3	12.3	-3.2	-7.9	3.3	0.0	-8.8	-17.5
	Growth rates														
2012	-1.8	16.5	3.4	-5.4	50.8	-	-32.1	-8.0	6.1	-17.4	-14.0	-14.0	-	4.3	4.2
2013	-5.2	-8.8	-6.5	-4.5	18.7	-	-7.3	-3.0	3.5	-6.2	-7.5	21.8	-	2.1	9.9
2013 Q3	-3.2	5.6	-5.2	-5.0	31.7	-	-13.3	-3.1	2.5	-1.1	-6.3	27.1	-	-3.3	2.8
	-5.2	-8.8	-6.5	-4.5	18.7	-	-7.3	-3.0	3.5	-6.2	-7.5	21.8	-	2.1	9.9
2013 Oct. Nov. Dec.	-3.3	-0.2	-2.5	-4.6	26.2	-	-2.8	-3.1	4.5	-8.1	-6.1	30.2	-	-2.0	1.3
	-3.4	1.9	-5.4	-4.2	17.2	-	-15.4	-3.6	3.0	-8.1	-6.7	74.2	-	-3.4	-1.1
	-5.2	-8.8	-6.5	-4.5	18.7	-	-7.3	-3.0	3.5	-6.2	-7.5	21.8	-	2.1	9.9
2014 Jan. ^(p)	-3.8	0.1	-7.2	-4.6	27.4	-	-4.4	-4.3	2.0	-8.5	-7.7	39.6	-	-4.0	-1.6

C9 Total deposits by sector ²⁾

(annual growth rates)



Source: ECB.

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

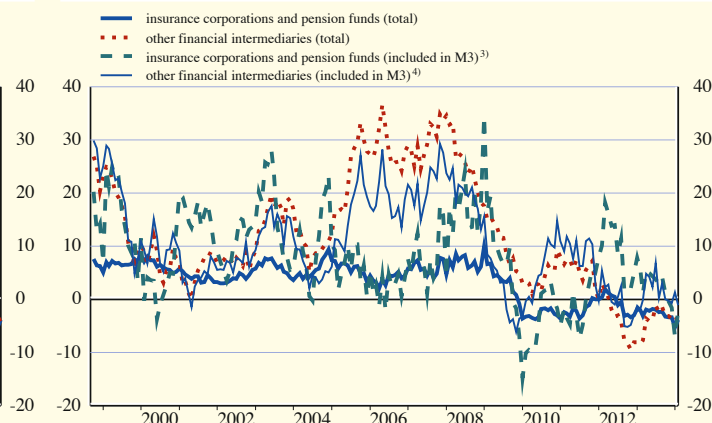
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.

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

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

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

(annual growth rates)



2.5 Deposits held with MFIs: breakdown ^{1), 2)}

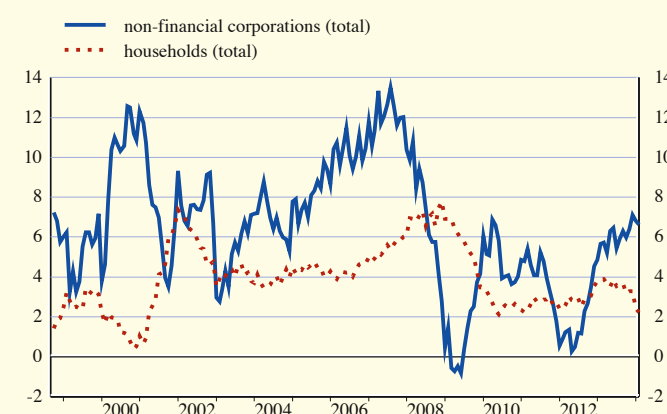
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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														
2012	1,761.5	1,148.5	408.3	106.5	85.4	2.0	10.9	6,119.1	2,346.4	979.1	747.8	1,937.3	98.0	10.4
2013	1,873.4	1,236.4	404.3	122.9	91.7	1.8	16.5	6,263.4	2,521.6	877.4	806.7	1,969.3	83.9	4.5
2013 Q3	1,791.0	1,173.5	392.2	118.8	95.0	1.8	9.7	6,202.8	2,460.2	902.5	783.6	1,965.2	84.9	6.3
Q4	1,873.4	1,236.4	404.3	122.9	91.7	1.8	16.5	6,263.4	2,521.6	877.4	806.7	1,969.3	83.9	4.5
2013 Oct.	1,814.1	1,182.0	402.2	120.7	94.8	1.8	12.6	6,209.7	2,478.7	890.9	791.1	1,958.7	84.5	5.7
Nov.	1,840.3	1,210.3	400.9	120.9	95.0	1.9	11.4	6,229.6	2,502.4	886.0	796.5	1,954.8	84.2	5.6
Dec.	1,873.4	1,236.4	404.3	122.9	91.7	1.8	16.5	6,263.4	2,521.6	877.4	806.7	1,969.3	83.9	4.5
2014 Jan. ^(p)	1,830.9	1,193.1	402.1	123.8	94.1	1.8	16.0	6,270.6	2,522.1	873.9	811.7	1,974.2	83.7	5.0
Transactions														
2012	81.9	99.3	-35.5	12.9	9.5	0.0	-4.3	224.8	90.4	33.7	21.8	100.7	-9.6	-12.3
2013	119.7	92.6	-3.8	17.8	7.5	-0.1	5.7	148.2	176.7	-100.1	59.5	32.2	-14.1	-5.9
2013 Q3	36.3	27.4	2.4	4.0	3.2	0.1	-0.8	-6.0	14.1	-26.5	14.0	-4.6	-3.3	0.2
Q4	83.8	63.8	12.1	4.0	-3.0	0.1	6.8	61.6	62.1	-25.5	23.7	4.2	-1.0	-1.8
2013 Oct.	24.4	9.4	10.5	1.7	-0.2	0.1	2.9	7.3	18.7	-11.5	7.5	-6.4	-0.5	-0.6
Nov.	25.3	27.7	-2.1	0.2	0.6	0.0	-1.2	19.8	23.6	-5.5	6.0	-4.0	-0.3	-0.1
Dec.	34.2	26.7	3.7	2.0	-3.4	0.0	5.1	34.5	19.7	-8.5	10.2	14.5	-0.2	-1.2
2014 Jan. ^(p)	-49.8	-48.9	-3.4	0.8	2.4	0.0	-0.6	1.7	-3.0	-4.8	4.8	4.4	-0.3	0.6
Growth rates														
2012	4.9	9.4	-8.0	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.5	-8.9	-54.2
2013	6.8	8.1	-0.9	16.8	8.7	-3.7	52.3	2.4	7.5	-10.2	8.0	1.7	-14.4	-57.0
2013 Q3	6.0	7.8	-2.0	15.2	11.0	2.0	-12.1	3.2	7.2	-6.4	4.9	3.9	-15.8	-50.3
Q4	6.8	8.1	-0.9	16.8	8.7	-3.7	52.3	2.4	7.5	-10.2	8.0	1.7	-14.4	-57.0
2013 Oct.	6.4	8.1	-1.5	15.2	11.5	4.9	5.5	3.3	8.5	-8.1	6.2	2.9	-15.7	-51.9
Nov.	7.1	9.2	-1.2	15.2	10.5	-6.6	1.8	3.3	8.9	-8.8	7.5	2.4	-15.3	-51.9
Dec.	6.8	8.1	-0.9	16.8	8.7	-3.7	52.3	2.4	7.5	-10.2	8.0	1.7	-14.4	-57.0
2014 Jan. ^(p)	6.6	7.6	0.6	16.4	7.8	1.1	15.2	2.2	7.8	-11.1	8.3	1.0	-13.0	-52.5

C11 Total deposits 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.

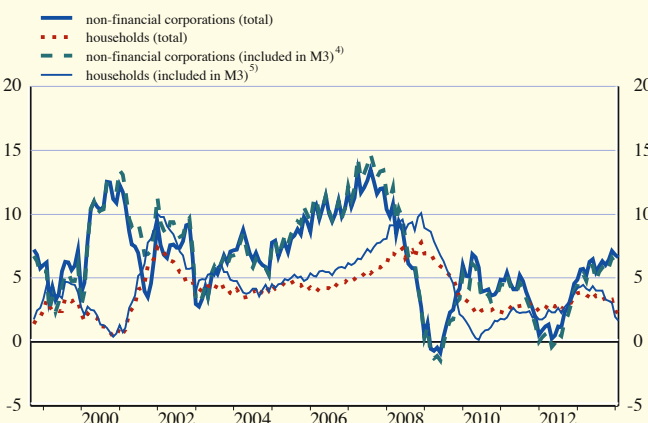
3) Including non-profit institutions serving households.

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

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

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

(annual growth rates)



2.5 Deposits held with MFIs: breakdown ^{1), 2)}

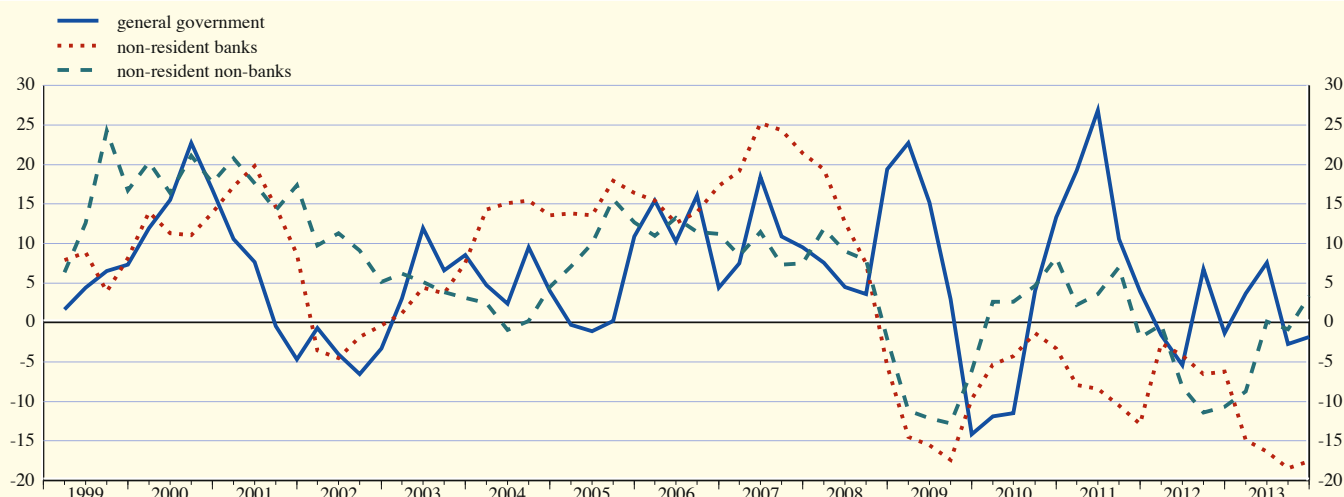
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks ³⁾	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2011	442.0	195.5	48.6	112.6	85.4	3,153.6	2,175.0	978.6	44.3	934.3
2012	448.0	169.7	62.8	111.7	103.8	2,895.2	2,016.6	878.6	39.8	838.7
2013 Q1	499.4	207.8	67.2	111.8	112.5	2,904.8	1,989.5	915.2	37.6	877.6
Q2	546.0	235.6	70.9	115.4	124.2	2,806.3	1,873.3	933.0	35.4	897.6
Q3	495.5	190.9	70.7	113.6	120.2	2,666.0	1,737.4	928.6	43.0	885.6
Q4 ^(p)	440.7	152.2	64.1	109.2	115.2	2,519.6	1,627.1	892.9	29.8	863.1
Transactions										
2011	17.1	3.3	0.6	2.3	10.8	-334.9	-314.6	-20.3	-2.1	-18.2
2012	-7.9	-22.6	-0.3	-0.4	15.5	-240.4	-135.8	-104.6	-5.1	-99.5
2013 Q1	50.3	38.2	4.1	0.1	7.9	-2.3	-33.0	30.7	-2.0	32.8
Q2	46.7	27.7	3.8	3.6	11.7	-68.8	-98.6	29.8	-1.8	31.6
Q3	-49.8	-44.7	-0.1	-1.7	-3.3	-128.8	-127.6	-1.2	7.9	-9.1
Q4 ^(p)	-55.6	-39.5	-6.6	-4.4	-5.0	-124.8	-94.3	-29.3	-12.9	-16.4
Growth rates										
2011	3.9	1.3	1.3	2.1	14.6	-9.8	-12.8	-1.9	-4.4	-1.8
2012	-1.4	-11.7	10.3	-0.4	18.2	-7.5	-6.3	-10.7	-11.9	-10.6
2013 Q1	3.6	9.8	-12.3	-1.5	12.8	-13.0	-14.9	-8.7	-33.0	-7.3
Q2	7.6	23.9	-28.2	2.9	16.5	-11.6	-16.3	0.1	-14.4	0.8
Q3	-2.8	-5.4	-24.1	2.1	16.3	-13.1	-18.4	-0.9	2.0	-1.0
Q4 ^(p)	-1.8	-10.7	1.8	-2.2	10.8	-11.3	-17.6	3.4	-22.6	4.6

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.

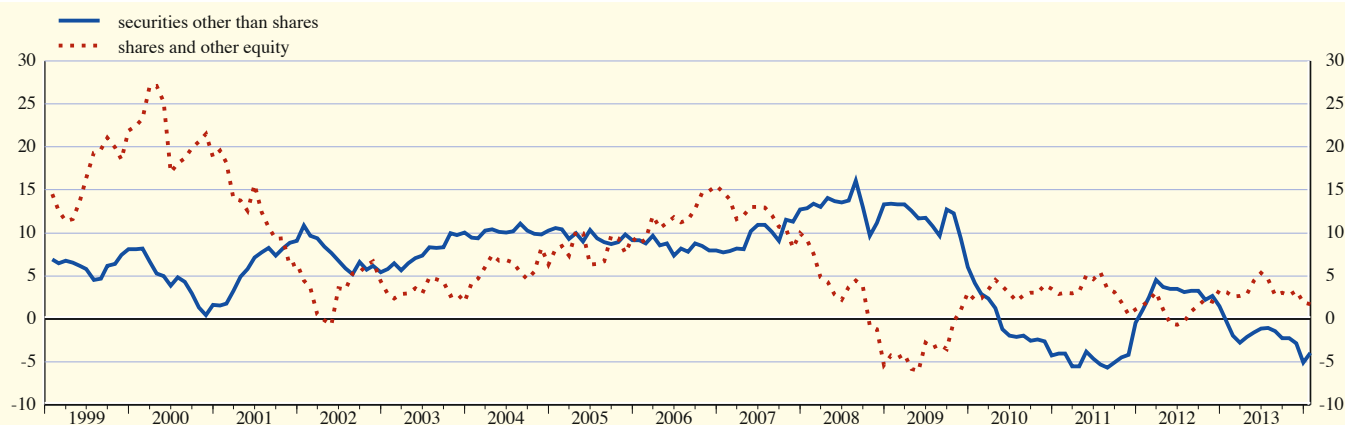
2.6 MFI holdings of securities: breakdown ^{1), 2)}

(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												
2012	5,774.4	1,748.4	102.9	1,594.2	32.8	1,399.6	23.6	872.8	1,528.5	475.7	752.1	300.7
2013	5,470.6	1,540.0	102.7	1,674.0	20.3	1,306.4	28.7	798.4	1,561.7	457.0	775.9	328.9
2013 Q3	5,649.6	1,601.6	102.2	1,714.9	29.8	1,365.2	28.8	807.1	1,552.7	456.2	776.6	320.0
Q4	5,470.6	1,540.0	102.7	1,674.0	20.3	1,306.4	28.7	798.4	1,561.7	457.0	775.9	328.9
2013 Oct.	5,627.5	1,586.3	100.7	1,736.0	29.0	1,346.3	28.2	801.0	1,556.1	457.6	776.7	321.8
Nov.	5,617.2	1,578.7	103.0	1,736.0	26.0	1,344.4	27.4	801.7	1,567.2	460.3	778.7	328.1
Dec.	5,470.6	1,540.0	102.7	1,674.0	20.3	1,306.4	28.7	798.4	1,561.7	457.0	775.9	328.9
2014 Jan. ^(p)	5,571.0	1,558.0	108.8	1,731.4	20.0	1,311.5	30.0	811.5	1,566.7	462.0	778.4	326.4
Transactions												
2012	82.5	-17.8	15.9	191.7	10.5	-67.5	-3.9	-46.3	49.9	6.6	38.0	5.3
2013	-290.1	-220.7	-0.4	65.3	-11.2	-94.0	5.9	-35.0	29.9	-12.1	13.4	28.6
2013 Q3	-123.7	-50.2	-14.5	-45.9	0.8	-15.4	2.3	-0.8	-13.4	-14.3	-8.6	9.6
Q4	-183.5	-62.7	1.6	-51.0	-9.0	-60.3	0.1	-2.1	1.9	2.2	-5.2	4.9
2013 Oct.	-28.5	-16.8	-0.3	11.1	-0.5	-19.7	-0.3	-2.0	-3.9	2.0	-5.8	-0.1
Nov.	-16.4	-8.1	1.3	-1.9	-3.1	-2.0	-1.2	-1.4	8.8	2.4	1.5	4.9
Dec.	-138.6	-37.8	0.6	-60.1	-5.4	-38.7	1.6	1.2	-3.0	-2.2	-0.9	0.1
2014 Jan. ^(p)	74.0	17.9	4.3	48.5	-0.9	-0.1	0.7	3.5	10.5	4.0	6.4	0.2
Growth rates												
2012	1.5	-1.0	18.1	14.1	47.7	-4.6	-14.2	-4.9	3.3	1.3	5.2	1.8
2013	-5.0	-12.5	-0.4	4.1	-35.1	-6.7	25.2	-4.1	2.0	-2.6	1.8	9.6
2013 Q3	-2.3	-11.0	-2.2	6.5	-2.2	0.9	15.2	-5.7	3.0	-4.7	4.6	12.3
Q4	-5.0	-12.5	-0.4	4.1	-35.1	-6.7	25.2	-4.1	2.0	-2.6	1.8	9.6
2013 Oct.	-2.2	-11.0	-1.8	6.4	-2.6	0.0	0.2	-3.9	2.7	-4.5	4.3	11.1
Nov.	-2.8	-11.2	-5.3	4.6	-18.1	0.5	17.5	-4.4	3.3	-2.2	2.6	14.3
Dec.	-5.0	-12.5	-0.4	4.1	-35.1	-6.7	25.2	-4.1	2.0	-2.6	1.8	9.6
2014 Jan. ^(p)	-4.0	-11.2	-12.9	5.2	-37.8	-5.6	27.6	-2.3	1.7	-1.6	0.8	9.6

C14 MFI holdings of securities ²⁾

(annual growth rates)



Source: ECB.

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

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

2.7 Currency breakdown of selected MFI balance sheet items ^{1), 2)}

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

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

	MFIs ³⁾							Non-MFIs						
	All currencies (outstanding amount)	Euro ⁴⁾	Non-euro currencies				All currencies (outstanding amount)	Euro ⁴⁾	Non-euro currencies					
			Total						Total					
			USD	JPY	CHF	GBP			USD	JPY	CHF	GBP		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Loans														
	To euro area residents													
2011	6,153.8	-	-	-	-	-	-	12,322.7	96.2	3.8	1.9	0.3	1.1	0.4
2012	5,795.4	-	-	-	-	-	-	12,192.8	96.4	3.6	1.7	0.2	0.9	0.5
2013 Q3	5,430.6	-	-	-	-	-	-	11,868.7	96.6	3.4	1.7	0.1	0.9	0.4
Q4 ^(p)	5,250.5	-	-	-	-	-	-	11,732.3	96.8	3.2	1.7	0.1	0.9	0.4
	To non-euro area residents													
2011	2,022.7	44.5	55.5	35.6	2.5	2.7	9.3	998.9	38.2	61.8	41.2	2.6	3.3	7.8
2012	1,906.7	47.3	52.7	31.9	1.9	3.5	10.1	961.5	40.1	59.9	38.2	2.0	2.9	9.9
2013 Q3	1,807.6	41.7	58.3	36.6	2.4	3.6	9.9	959.7	40.3	59.7	38.6	2.6	2.6	9.1
Q4 ^(p)	1,787.8	42.7	57.3	36.7	2.2	3.3	9.5	937.5	40.2	59.8	38.4	2.5	2.6	9.5
Holdings of securities other than shares														
	Issued by euro area residents													
2011	1,852.0	95.3	4.7	2.5	0.1	0.3	1.5	2,913.1	98.2	1.8	1.0	0.2	0.1	0.4
2012	1,851.3	94.4	5.6	2.7	0.1	0.4	2.0	3,050.3	98.1	1.9	1.2	0.1	0.1	0.4
2013 Q3	1,703.8	94.0	6.0	2.8	0.1	0.3	2.4	3,138.7	98.1	1.9	1.0	0.1	0.1	0.6
Q4 ^(p)	1,642.7	93.7	6.3	2.6	0.1	0.3	2.8	3,029.5	98.4	1.6	0.9	0.1	0.1	0.5
	Issued by non-euro area residents													
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.2	67.8	39.4	5.8	0.7	13.7
2012	434.0	54.9	45.1	19.8	0.3	0.3	19.1	438.8	34.1	65.9	39.1	5.4	0.9	11.8
2013 Q3	419.8	52.6	47.4	21.3	0.2	0.2	19.2	387.3	36.6	63.4	37.6	4.3	0.9	11.0
Q4 ^(p)	422.2	52.5	47.5	20.4	0.2	0.6	19.8	376.2	38.1	61.9	38.1	3.8	0.9	10.7
Deposits														
	By euro area residents													
2011	6,364.4	92.1	7.9	5.1	0.2	1.2	0.7	10,947.6	97.0	3.0	2.0	0.1	0.1	0.4
2012	6,159.1	93.8	6.2	3.9	0.2	1.1	0.6	11,036.4	97.0	3.0	2.0	0.1	0.1	0.4
2013 Q3	5,731.5	93.1	6.9	4.4	0.2	1.1	0.7	11,119.4	96.9	3.1	2.1	0.1	0.1	0.4
Q4 ^(p)	5,561.0	93.4	6.6	4.2	0.2	1.1	0.7	11,086.4	96.8	3.2	2.2	0.1	0.1	0.4
	By non-euro area residents													
2011	2,175.0	59.2	40.8	25.6	2.1	1.8	7.2	978.6	56.1	43.9	30.0	2.0	1.5	5.1
2012	2,016.6	58.3	41.7	27.7	1.6	1.0	7.3	878.6	52.4	47.6	31.3	1.9	1.1	6.3
2013 Q3	1,737.4	54.0	46.0	31.1	1.6	1.3	7.7	928.6	51.0	49.0	32.2	2.2	1.3	6.3
Q4 ^(p)	1,627.1	51.9	48.1	32.3	1.8	1.5	7.8	892.9	52.6	47.4	31.4	1.8	1.2	6.4

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro ⁴⁾	Non-euro currencies				
			Total				
			USD	JPY	CHF	GBP	
	1	2	3	4	5	6	7
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012	5,068.0	81.8	18.2	9.6	1.6	1.9	2.5
2013 Q3	4,711.0	80.7	19.3	11.0	1.2	1.8	2.7
Q4 ^(p)	4,582.8	81.0	19.0	10.8	1.2	1.8	2.6

Source: ECB.

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

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

3) For non-euro area residents, the term "MFIs" refers to institutions similar to euro area MFIs.

4) Including items expressed in the national denominations of the euro.

2.8 Aggregated balance sheet of euro area investment funds ¹⁾

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/money market fund shares)	Investment fund/money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
Outstanding amounts							
2013 June	7,592.6	524.1	3,045.5	2,095.2	1,018.5	249.0	660.4
July	7,713.8	531.2	3,062.9	2,169.5	1,048.1	251.3	650.8
Aug.	7,661.5	529.6	3,053.9	2,140.2	1,045.1	251.7	641.0
Sep.	7,777.2	515.4	3,095.3	2,228.6	1,064.4	251.4	621.9
Oct.	7,935.2	530.2	3,116.3	2,303.3	1,099.2	251.3	634.8
Nov.	7,979.4	520.2	3,130.3	2,335.6	1,107.0	252.8	633.5
Dec. ^(p)	7,934.7	512.1	3,107.8	2,370.4	1,118.7	255.1	570.6
Transactions							
2013 Q2	152.6	31.8	55.8	19.1	2.3	1.2	42.5
Q3	58.2	-8.6	57.0	28.2	28.8	2.4	-49.6
Q4 ^(p)	56.4	4.3	2.4	47.2	48.3	11.1	-56.9

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued			Other liabilities (incl. financial derivatives)
	1	2	Total	Held by euro area residents	Held by non-euro area residents	7
				Investment funds		
Outstanding amounts						
2013 June	7,592.6	164.2	6,819.1	4,996.2	793.4	609.2
July	7,713.8	166.8	6,950.1	5,099.6	823.3	596.9
Aug.	7,661.5	173.7	6,893.7	5,072.1	819.3	594.1
Sep.	7,777.2	171.2	7,042.1	5,172.8	837.6	563.9
Oct.	7,935.2	172.3	7,194.3	5,290.4	871.2	568.6
Nov.	7,979.4	174.6	7,241.3	5,329.8	881.2	563.5
Dec. ^(p)	7,934.7	167.4	7,256.1	5,343.3	887.8	511.2
Transactions						
2013 Q2	152.6	9.3	97.3	98.0	-7.6	46.0
Q3	58.2	4.0	100.8	88.5	28.4	-46.5
Q4 ^(p)	56.4	1.2	106.7	84.8	41.0	-51.4

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2013 May	7,035.7	2,499.0	1,875.2	1,724.4	331.1	154.0	452.0	6,947.2	88.5	895.0
June	6,819.1	2,416.6	1,783.0	1,683.8	331.3	153.6	450.9	6,731.6	87.6	856.2
July	6,950.1	2,429.4	1,848.0	1,726.9	333.4	152.0	460.4	6,862.3	87.8	851.1
Aug.	6,893.7	2,405.1	1,820.5	1,720.0	332.5	154.2	461.3	6,805.9	87.8	869.6
Sep.	7,042.1	2,423.2	1,908.5	1,747.9	334.8	157.2	470.5	6,951.7	90.4	846.2
Oct.	7,194.3	2,443.9	1,978.3	1,795.4	335.7	159.9	481.1	7,104.1	90.2	835.9
Nov.	7,241.3	2,449.0	2,006.3	1,805.3	336.7	158.6	485.3	7,149.2	92.1	836.7
Dec. ^(p)	7,256.1	2,468.7	2,042.0	1,804.5	342.0	155.1	443.8	7,161.7	94.5	819.3
Transactions										
2013 June	-18.3	-24.5	-11.5	8.2	2.4	1.3	5.9	-18.6	0.3	-37.0
July	55.8	16.7	16.5	17.7	2.5	0.0	2.4	55.4	0.4	0.7
Aug.	2.6	-5.2	-0.6	6.0	0.5	1.4	0.5	2.6	0.0	14.2
Sep.	42.4	-2.1	21.3	14.8	0.8	3.7	3.9	40.4	2.0	-22.9
Oct.	49.8	8.6	21.6	14.1	0.5	2.1	2.8	50.4	-0.5	-5.7
Nov.	22.1	12.0	7.7	2.0	1.9	-3.5	2.0	20.6	1.5	-2.8
Dec. ^(p)	34.7	-6.0	13.1	13.4	3.4	7.7	3.2	31.8	2.9	-14.7

Source: ECB.

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	8	EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7		9	10	11
Outstanding amounts											
2013 Q1	3,069.6	1,632.9	407.3	752.8	245.2	8.2	219.3	1,436.6	332.6	563.4	16.0
Q2	3,045.5	1,649.4	404.2	770.9	247.9	8.4	218.0	1,396.1	324.9	551.1	15.2
Q3	3,095.3	1,686.9	394.5	798.5	257.5	9.0	227.5	1,408.4	343.5	548.7	14.9
Q4 ^(p)	3,107.8	1,708.3	390.5	807.5	264.6	10.4	235.4	1,399.4	344.7	547.3	13.7
Transactions											
2013 Q2	55.8	28.9	-0.2	24.4	4.0	0.1	0.7	26.9	2.4	12.7	0.2
Q3	57.0	30.0	-11.6	24.0	8.6	0.5	8.5	27.0	20.3	2.7	-0.3
Q4 ^(p)	2.4	8.9	-6.1	2.4	5.5	1.0	6.1	-6.6	4.1	-6.5	-0.6

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	8	EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7		9	10	11
Outstanding amounts											
2013 Q1	2,142.1	738.8	56.4	-	49.9	27.0	605.6	1,403.2	187.7	479.0	95.0
Q2	2,095.2	738.6	58.9	-	52.4	28.1	599.1	1,356.6	181.7	482.2	109.5
Q3	2,228.6	817.5	72.6	-	56.3	30.4	658.2	1,411.1	197.8	502.5	112.8
Q4 ^(p)	2,370.4	886.2	85.3	-	64.8	35.5	700.6	1,484.2	215.6	535.9	123.3
Transactions											
2013 Q2	19.1	1.8	1.3	-	-0.3	0.2	0.6	17.3	0.7	6.3	13.8
Q3	28.2	12.8	1.3	-	0.2	0.6	10.7	15.4	3.3	12.2	0.9
Q4 ^(p)	47.2	21.7	3.8	-	5.7	1.6	10.7	25.5	8.7	1.1	10.0

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs ²⁾	General government	Other financial intermediaries ²⁾	Insurance corporations and pension funds	Non-financial corporations	8	EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7		9	10	11
Outstanding amounts											
2013 Q1	1,026.1	888.7	74.5	-	814.2	-	-	137.4	32.5	43.5	0.6
Q2	1,018.5	880.2	86.8	-	793.4	-	-	138.3	31.4	46.0	0.6
Q3	1,064.4	923.8	86.3	-	837.6	-	-	140.6	33.8	47.6	0.5
Q4 ^(p)	1,118.7	972.8	85.0	-	887.8	-	-	145.9	36.6	49.3	0.5
Transactions											
2013 Q2	2.3	4.2	11.8	-	-7.6	-	-	-1.9	-0.8	-0.1	0.0
Q3	28.8	27.1	-1.3	-	28.4	-	-	1.7	1.5	1.3	0.0
Q4 ^(p)	48.3	40.8	-0.2	-	41.0	-	-	7.5	3.6	1.8	0.0

Source: ECB.

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

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

2.10 Aggregated balance sheet of euro area financial vehicle corporations

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

1. Assets

	Total	Deposits and loan claims	Securitised loans							Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area					Originated outside euro area				
				MFIs	Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government						
								Remaining on the MFI balance sheet ¹⁾					
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2012 Q4	2,058.9	285.5	1,391.5	1,072.1	469.8	165.5	24.8	4.0	125.1	194.9	87.8	36.2	63.0
2013 Q1	2,027.8	291.3	1,360.3	1,042.9	462.7	164.9	24.9	4.0	123.7	192.3	86.2	36.3	61.4
Q2	1,994.4	275.7	1,342.6	1,034.7	456.5	163.3	23.2	3.6	117.9	192.9	88.3	34.5	60.3
Q3	1,956.2	268.6	1,321.0	1,025.1	449.7	157.9	18.9	3.5	115.6	180.5	87.3	35.0	63.8
Q4	1,910.7	254.7	1,288.1	1,002.8	442.9	148.8	20.0	3.1	113.4	179.6	89.7	34.5	65.0
	Transactions												
2012 Q4	-37.9	-17.3	-16.9	-20.1	-	4.8	1.0	-0.4	-2.3	1.0	2.3	0.5	-7.6
2013 Q1	-29.8	6.0	-30.6	-28.5	-	-0.7	0.3	0.0	-1.7	-0.3	-1.4	0.0	-3.5
Q2	-33.2	-15.4	-16.9	-7.9	-	-1.6	-1.5	-0.4	-5.5	1.1	2.6	-1.7	-3.0
Q3	-39.7	-6.5	-21.2	-10.6	-	-4.0	-4.2	0.0	-2.3	-12.8	-0.8	0.6	1.1
Q4	-47.6	-13.6	-33.5	-22.5	-	-9.2	0.8	-0.4	-2.1	-0.4	2.5	-0.2	-1.5

2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 Q4	2,058.9	141.1	1,665.0	52.2	1,612.8	30.7	222.1
2013 Q1	2,027.8	142.1	1,627.6	54.3	1,573.2	30.8	227.4
Q2	1,994.4	129.7	1,611.1	53.7	1,557.4	29.0	224.6
Q3	1,956.2	124.8	1,576.8	53.8	1,523.0	28.5	226.1
Q4	1,910.7	117.0	1,536.4	58.9	1,477.5	28.6	228.7
	Transactions						
2012 Q4	-37.9	-5.2	-24.4	-0.3	-24.1	-0.6	-7.6
2013 Q1	-29.8	1.9	-34.9	2.1	-36.9	-0.4	3.5
Q2	-33.2	-12.2	-15.7	-0.7	-15.0	-1.6	-3.7
Q3	-39.7	-4.0	-35.3	0.1	-35.3	-0.7	0.3
Q4	-47.6	-7.4	-40.5	5.1	-45.6	0.5	-0.3

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector ²⁾					Non-euro area borrowing sector	Total	Euro area residents			Non-euro area residents	
		Households	Non- financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
											Financial vehicle corporations		
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2012 Q4	1,072.1	772.1	234.8	17.3	0.2	5.4	31.3	194.9	113.8	33.8	80.0	30.8	81.1
2013 Q1	1,042.9	751.8	231.6	15.0	0.2	5.4	28.8	192.3	111.5	32.6	78.9	31.4	80.8
Q2	1,034.7	759.7	226.2	15.0	0.2	5.1	28.6	192.9	114.3	34.6	79.6	31.4	78.6
Q3	1,025.1	758.5	215.8	15.1	0.2	5.5	30.1	180.5	109.7	30.8	78.9	30.0	70.9
Q4	1,002.8	745.1	204.8	15.4	0.2	5.4	31.9	179.6	108.6	31.1	77.5	32.3	71.1
	Transactions												
2012 Q4	-20.1	-16.6	-2.5	0.5	0.0	-0.1	0.3	1.0	4.1	-0.3	4.4	1.8	-3.1
2013 Q1	-28.5	-20.1	-3.2	-2.3	0.0	0.0	-1.9	-0.3	-1.3	-1.1	-0.3	-0.4	1.1
Q2	-7.9	7.7	-5.3	0.2	0.0	-0.3	-0.1	1.1	3.0	2.2	0.8	-0.1	-1.9
Q3	-10.6	-1.5	-9.5	0.1	0.0	0.5	-0.2	-12.8	-4.9	-4.0	-0.9	-1.4	-7.9
Q4	-22.5	-13.4	-10.8	0.3	0.0	-0.1	1.5	-0.4	-1.1	0.4	-1.5	1.5	0.7

Source: ECB.

1) Loans (to non-MFIs) securitised using euro area financial vehicle corporations which remain on the balance sheet of the relevant MFI, i.e. which have not been derecognised.

Whether or not loans are derecognised from the balance sheet of the MFI depends on the relevant accounting rules. For further information, see the General Notes.

2) Excludes securitisations of inter-MFI loans.

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

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2010 Q4	7,036.2	768.3	453.4	2,674.6	826.0	1,611.9	76.9	253.7	222.2	149.1
2011 Q1	7,139.7	769.6	456.4	2,735.7	844.0	1,621.5	76.6	261.8	223.6	150.5
Q2	7,155.2	772.7	464.0	2,747.0	842.6	1,623.7	79.8	254.2	222.3	148.9
Q3	7,154.3	789.6	463.0	2,772.4	788.3	1,580.8	87.6	255.6	268.7	148.4
Q4	7,164.4	782.4	472.6	2,731.2	793.9	1,615.7	91.3	253.6	273.6	150.0
2012 Q1	7,452.0	794.4	469.9	2,876.7	807.2	1,710.1	102.3	258.2	283.2	150.0
Q2	7,481.2	783.6	469.6	2,890.2	802.3	1,712.6	106.4	261.4	304.4	150.8
Q3	7,695.7	783.5	478.8	3,006.9	822.4	1,786.7	108.5	263.1	295.0	151.0
Q4	7,780.5	786.6	477.9	3,053.0	819.5	1,825.2	109.7	261.8	293.7	153.1
2013 Q1	7,905.9	794.0	476.1	3,081.9	836.3	1,900.6	114.3	265.2	284.0	153.5
Q2	7,844.0	773.3	474.6	3,071.5	833.5	1,894.0	98.9	264.4	278.2	155.6
Q3 ^(p)	7,942.9	763.4	477.4	3,110.1	851.4	1,954.6	96.7	264.6	268.2	156.5

2. Holdings of securities other than shares

	Total	Issued by euro area residents					Issued by non-euro area residents	
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2010 Q4	2,674.6	2,250.8	599.4	1,243.5	234.3	17.6	156.1	423.8
2011 Q1	2,735.7	2,318.6	625.2	1,286.3	236.2	17.2	153.7	417.1
Q2	2,747.0	2,329.9	630.6	1,289.6	235.4	16.8	157.5	417.2
Q3	2,772.4	2,352.8	637.0	1,312.3	227.7	16.9	159.0	419.5
Q4	2,731.2	2,307.5	635.4	1,267.3	223.9	16.5	164.3	423.7
2012 Q1	2,876.7	2,427.1	670.3	1,325.0	235.9	17.1	178.7	449.6
Q2	2,890.2	2,423.3	675.6	1,309.3	238.4	17.0	183.0	466.9
Q3	3,006.9	2,514.7	707.7	1,348.6	246.0	17.4	195.0	492.3
Q4	3,053.0	2,549.2	693.1	1,386.8	251.7	18.1	199.5	503.8
2013 Q1	3,081.9	2,587.2	716.9	1,389.9	255.3	17.5	207.5	494.7
Q2	3,071.5	2,566.9	684.1	1,403.5	255.4	17.5	206.4	504.6
Q3 ^(p)	3,110.1	2,601.2	684.0	1,436.0	256.6	17.9	206.8	508.9

3. Liabilities and net worth

	Liabilities								Net worth	
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves				Other accounts receivable/payable and financial derivatives	
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2010 Q4	6,871.5	250.3	40.3	451.5	5,960.7	3,260.4	1,889.6	810.7	168.7	164.6
2011 Q1	6,920.9	263.0	39.9	465.9	5,976.5	3,287.3	1,859.9	829.4	175.5	218.8
Q2	6,944.4	262.8	42.4	454.7	6,008.1	3,309.4	1,872.0	826.7	176.4	210.9
Q3	7,052.2	270.0	41.6	410.1	6,140.8	3,292.5	2,023.9	824.5	189.7	102.1
Q4	7,071.7	263.8	41.3	408.8	6,169.8	3,305.1	2,047.1	817.6	188.0	92.7
2012 Q1	7,229.4	272.1	44.4	439.1	6,282.8	3,342.5	2,103.0	837.2	191.0	222.6
Q2	7,300.4	281.3	43.3	421.2	6,349.5	3,344.6	2,169.4	835.5	205.1	180.9
Q3	7,373.6	292.7	44.9	452.7	6,387.7	3,390.6	2,163.4	833.6	195.6	322.1
Q4	7,472.6	267.0	48.8	482.6	6,454.0	3,425.8	2,201.8	826.4	220.2	307.9
2013 Q1	7,566.8	279.9	48.0	497.8	6,526.5	3,462.7	2,216.1	847.6	214.5	339.2
Q2	7,607.2	280.1	45.4	506.7	6,551.9	3,467.1	2,240.2	844.6	223.1	236.8
Q3 ^(p)	7,635.0	278.9	45.2	524.0	6,569.6	3,509.6	2,217.5	842.5	217.3	307.9

Source: ECB.



EURO AREA ACCOUNTS

3.1 Integrated economic and financial accounts by institutional sector

(EUR billions)

Uses	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
2013 Q3						
External account						
Exports of goods and services						644
Trade balance ¹⁾						-64
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,136	116	726	56	238	
Other taxes less subsidies on production	30	9	14	3	4	
Consumption of fixed capital	383	102	218	11	52	
Net operating surplus and mixed income ¹⁾	592	287	271	33	0	
Allocation of primary income account						
Net operating surplus and mixed income						7
Compensation of employees						
Taxes less subsidies on production						
Property income	601	31	240	262	68	104
Interest	318	29	53	168	68	44
Other property income	283	3	187	94	0	60
Net national income ¹⁾	2,013	1,621	121	45	225	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	292	233	49	10	0	2
Social contributions	441	441				1
Social benefits other than social transfers in kind	480	1	18	35	427	1
Other current transfers	195	70	25	48	53	11
Net non-life insurance premiums	45	34	9	1	1	2
Non-life insurance claims	46			46		1
Other	104	35	15	1	52	8
Net disposable income ¹⁾	1,983	1,441	61	49	431	
Use of income account						
Net disposable income						
Final consumption expenditure	1,884	1,386			498	
Individual consumption expenditure	1,697	1,386			311	
Collective consumption expenditure	186				186	
Adjustment for the change in the net equity of households in pension fund reserves	15	0	1	14	0	0
Net saving/current external account ¹⁾	99	70	60	36	-67	-42
Capital account						
Net saving/current external account						
Gross capital formation	440	140	239	9	52	
Gross fixed capital formation	426	138	227	10	52	
Changes in inventories and acquisitions less disposals of valuables	14	2	12	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-1	0	0	1	0
Capital transfers	39	11	1	1	26	6
Capital taxes	9	8	0	0		0
Other capital transfers	30	3	1	1	26	6
Net lending (+)/net borrowing (-) (from capital account) ¹⁾	46	30	53	45	-81	-46
Statistical discrepancy	0	-8	8	0	0	0

Sources: ECB and Eurostat.

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

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

(EUR billions)

Resources	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
2013 Q3						
External account						
Imports of goods and services						580
<i>Trade balance</i>						
Generation of income account						
Gross value added (basic prices)	2,141	514	1,230	104	293	
Taxes less subsidies on products	247					
Gross domestic product (market prices) ²⁾	2,388					
Compensation of employees						
Other taxes less subsidies on production						
Consumption of fixed capital						
<i>Net operating surplus and mixed income</i>						
Allocation of primary income account						
Net operating surplus and mixed income	592	287	271	33	0	
Compensation of employees	1,140	1,140				4
Taxes less subsidies on production	276				276	1
Property income	607	225	90	274	17	98
Interest	308	50	32	217	9	54
Other property income	299	176	58	57	8	45
<i>Net national income</i>						
Secondary distribution of income account						
Net national income	2,013	1,621	121	45	225	
Current taxes on income, wealth, etc.	293				293	1
Social contributions	440	1	18	49	371	2
Social benefits other than social transfers in kind	478	478				3
Other current transfers	166	85	13	47	22	40
Net non-life insurance premiums	46			46		1
Non-life insurance claims	44	36	7	1	0	2
Other	77	50	6	0	21	36
<i>Net disposable income</i>						
Use of income account						
Net disposable income	1,983	1,441	61	49	431	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	15	15				0
<i>Net saving/current external account</i>						
Capital account						
Net saving/current external account	99	70	60	36	-67	-42
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	383	102	218	11	52	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	43	8	15	8	13	2
Capital taxes	9				9	0
Other capital transfers	34	8	15	8	4	2
<i>Net lending (+)/net borrowing (-) (from capital account)</i>						
Statistical discrepancy						

Sources: ECB and Eurostat.

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

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

(EUR billions)

Assets	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediarities	Insurance corporations and pension funds	General government	Rest of the world
2013 Q3								
Opening balance sheet, financial assets								
Total financial assets		19,963	17,404	33,119	18,097	7,529	4,508	18,788
Monetary gold and special drawing rights (SDRs)				367				
Currency and deposits		7,141	2,023	10,065	2,433	796	858	3,198
Short-term debt securities		40	65	506	431	57	32	651
Long-term debt securities		1,288	258	6,375	3,139	3,023	439	4,363
Loans		86	3,120	13,118	4,523	485	873	2,797
<i>of which: Long-term</i>		65	1,986	10,193	3,368	363	766	.
Shares and other equity		4,572	8,098	1,843	7,137	2,761	1,514	6,956
Quoted shares		759	1,098	371	2,199	409	228	.
Unquoted shares and other equity		2,411	6,649	1,199	3,807	432	1,106	.
Mutual fund shares		1,402	350	273	1,130	1,920	179	.
Insurance technical reserves		6,338	185	3	0	244	4	259
Other accounts receivable and financial derivatives		497	3,656	842	434	163	789	565
<i>Net financial worth</i>								
Financial account, transactions in financial assets								
Total transactions in financial assets		24	124	-571	-104	48	-126	-70
Monetary gold and SDRs				0				0
Currency and deposits		1	52	-299	-121	-6	-79	-140
Short-term debt securities		-1	-2	-25	-18	-2	-4	35
Long-term debt securities		-17	3	-113	46	21	-3	-13
Loans		1	28	-112	-68	1	-4	-38
<i>of which: Long-term</i>		1	47	-26	-59	5	16	.
Shares and other equity		-3	43	16	61	39	-8	49
Quoted shares		-23	-2	33	33	4	3	.
Unquoted shares and other equity		18	49	-24	-9	2	-11	.
Mutual fund shares		1	-3	7	37	34	1	.
Insurance technical reserves		39	-1	0	0	0	0	7
Other accounts receivable and financial derivatives		5	-1	-38	-5	-6	-30	30
<i>Changes in net financial worth due to transactions</i>								
Other changes account, financial assets								
Total other changes in financial assets		167	353	57	-15	54	47	-20
Monetary gold and SDRs				24				
Currency and deposits		-2	-8	84	-81	0	-1	-15
Short-term debt securities		0	0	0	3	0	0	-11
Long-term debt securities		-14	1	-13	-16	-4	-1	-48
Loans		0	-10	-123	-30	0	1	-28
<i>of which: Long-term</i>		0	-7	-27	-2	0	1	.
Shares and other equity		173	402	62	109	59	45	95
Quoted shares		95	122	22	116	12	29	.
Unquoted shares and other equity		43	275	37	-28	3	12	.
Mutual fund shares		35	5	3	22	45	4	.
Insurance technical reserves		23	0	0	0	0	0	-2
Other accounts receivable and financial derivatives		-12	-33	22	1	-1	2	-11
<i>Other changes in net financial worth</i>								
Closing balance sheet, financial assets								
Total financial assets		20,154	17,881	32,605	17,979	7,631	4,428	18,697
Monetary gold and SDRs				391				
Currency and deposits		7,140	2,068	9,851	2,231	791	778	3,043
Short-term debt securities		39	63	481	416	55	28	675
Long-term debt securities		1,257	262	6,249	3,169	3,040	436	4,301
Loans		87	3,139	12,883	4,425	487	869	2,731
<i>of which: Long-term</i>		66	2,027	10,140	3,307	367	783	.
Shares and other equity		4,741	8,543	1,921	7,307	2,859	1,551	7,100
Quoted shares		831	1,218	425	2,348	424	261	.
Unquoted shares and other equity		2,472	6,973	1,212	3,770	437	1,106	.
Mutual fund shares		1,438	352	283	1,189	1,998	184	.
Insurance technical reserves		6,400	184	3	0	243	4	263
Other accounts receivable and financial derivatives		490	3,622	826	430	157	761	584
<i>Net financial worth</i>								

Source: ECB.

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

(EUR billions)

Liabilities	Euro area	Households	Non-financial corporations	MFIs	Other financial intermediaries	Insurance corporations and pension funds	General government	Rest of the world
2013 Q3								
Opening balance sheet, liabilities								
Total liabilities		6,864	27,286	32,190	17,776	7,593	10,884	16,448
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			33	23,531	35	0	276	2,640
Short-term debt securities			90	602	125	2	676	285
Long-term debt securities			971	4,403	3,310	49	6,971	3,180
Loans		6,159	8,536		4,350	305	2,281	3,372
<i>of which: Long-term</i>		5,809	6,242		2,540	111	2,001	.
Shares and other equity		8	13,832	2,495	9,713	498	4	6,330
Quoted shares			3,853	407	259	140	0	.
Unquoted shares and other equity		8	9,979	1,231	2,786	357	4	.
Mutual fund shares				856	6,668			.
Insurance technical reserves		36	351	65	1	6,578	1	
Other accounts payable and financial derivatives		661	3,472	1,094	242	161	674	642
<i>Net financial worth ¹⁾</i>	-1,972	13,099	-9,881	929	322	-64	-6,376	
Financial account, transactions in liabilities								
Total transactions in liabilities		2	63	-604	-107	39	-45	-24
Monetary gold and SDRs								
Currency and deposits			0	-496	-1	0	5	-100
Short-term debt securities			0	-16	-5	0	2	4
Long-term debt securities			32	-84	-9	0	-33	18
Loans		3	-16		-131	-6	-3	-39
<i>of which: Long-term</i>		10	31		-61	-2	20	.
Shares and other equity		0	39	-13	81	0	0	92
Quoted shares			4	2	1	0	0	.
Unquoted shares and other equity		0	35	-8	-16	0	0	.
Mutual fund shares				-7	96			.
Insurance technical reserves		0	1	0	0	43	0	
Other accounts payable and financial derivatives		-1	7	7	-42	2	-17	1
<i>Changes in net financial worth due to transactions ¹⁾</i>	46	22	61	33	3	9	-81	-46
Other changes account, liabilities								
Total other changes in liabilities		-2	700	72	32	36	-111	-107
Monetary gold and SDRs								
Currency and deposits			0	-11	0	0	0	-12
Short-term debt securities			0	-3	-1	0	0	-4
Long-term debt securities			1	-27	-12	0	-34	-23
Loans		-4	-18		-133	0	-1	-33
<i>of which: Long-term</i>		-4	-10		-7	0	-1	.
Shares and other equity		0	708	124	138	14	0	-41
Quoted shares			342	83	26	8	0	.
Unquoted shares and other equity		0	366	44	-12	7	0	.
Mutual fund shares				-3	124			.
Insurance technical reserves		0	0	0	0	20	0	
Other accounts payable and financial derivatives		1	9	-11	39	1	-76	6
<i>Other changes in net financial worth ¹⁾</i>	-63	170	-347	-15	-47	18	158	87
Closing balance sheet, liabilities								
Total liabilities		6,864	28,049	31,659	17,701	7,669	10,727	16,317
Monetary gold and SDRs								
Currency and deposits			33	23,024	35	0	282	2,529
Short-term debt securities			90	583	119	2	678	285
Long-term debt securities			1,004	4,292	3,290	50	6,904	3,175
Loans		6,158	8,501		4,086	299	2,278	3,299
<i>of which: Long-term</i>		5,815	6,263		2,472	108	2,019	.
Shares and other equity		8	14,579	2,605	9,932	512	4	6,381
Quoted shares			4,199	493	285	148	0	.
Unquoted shares and other equity		8	10,380	1,266	2,758	363	4	.
Mutual fund shares				846	6,889			.
Insurance technical reserves		37	352	65	1	6,642	1	
Other accounts payable and financial derivatives		661	3,488	1,090	239	164	581	648
<i>Net financial worth ¹⁾</i>	-1,990	13,290	-10,167	946	278	-37	-6,299	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2009	2010	2011	2011 Q4- 2012 Q3	2012 Q1- 2012 Q4	2012 Q2- 2013 Q1	2012 Q3- 2013 Q2	2012 Q4- 2013 Q3
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,449	4,510	4,622	4,666	4,671	4,677	4,683	4,690
Other taxes less subsidies on production	85	82	95	116	124	124	125	124
Consumption of fixed capital	1,388	1,419	1,462	1,488	1,497	1,504	1,511	1,519
<i>Net operating surplus and mixed income</i> ¹⁾	2,097	2,198	2,256	2,208	2,186	2,174	2,176	2,191
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,959	2,798	3,007	2,944	2,870	2,816	2,766	2,734
Interest	1,593	1,381	1,546	1,513	1,461	1,409	1,363	1,326
Other property income	1,366	1,417	1,461	1,431	1,409	1,407	1,403	1,408
<i>Net national income</i> ¹⁾	7,550	7,765	7,978	8,013	8,027	8,026	8,038	8,060
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,029	1,057	1,115	1,154	1,172	1,180	1,198	1,210
Social contributions	1,677	1,703	1,751	1,777	1,787	1,794	1,800	1,807
Social benefits other than social transfers in kind	1,769	1,814	1,841	1,874	1,884	1,895	1,907	1,919
Other current transfers	772	774	779	789	788	791	796	804
Net non-life insurance premiums	181	181	182	184	184	183	184	184
Non-life insurance claims	182	182	183	186	186	186	186	186
Other	409	411	414	418	418	422	427	434
<i>Net disposable income</i> ¹⁾	7,442	7,655	7,871	7,902	7,918	7,913	7,922	7,938
Use of income account								
Net disposable income								
Final consumption expenditure	7,152	7,315	7,477	7,517	7,520	7,522	7,535	7,555
Individual consumption expenditure	6,383	6,543	6,703	6,741	6,746	6,747	6,759	6,778
Collective consumption expenditure	769	772	774	776	774	775	775	776
Adjustment for the change in the net equity of households in pension fund reserves	62	57	58	58	58	58	59	60
<i>Net saving</i> ¹⁾	290	340	394	385	398	392	387	384
Capital account								
Net saving								
Gross capital formation	1,703	1,779	1,873	1,793	1,774	1,742	1,725	1,724
Gross fixed capital formation	1,753	1,760	1,817	1,783	1,765	1,736	1,723	1,716
Changes in inventories and acquisitions less disposals of valuables	-50	19	56	11	9	6	2	8
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	0	10	9	3	1	2
Capital transfers	183	221	174	182	193	200	210	205
Capital taxes	34	25	31	29	26	27	29	31
Other capital transfers	149	196	142	153	168	174	180	175
<i>Net lending (+)/net borrowing (-) (from capital account)</i> ¹⁾	-18	-12	-10	80	123	162	186	192

Sources: ECB and Eurostat.

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

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

(EUR billions; four-quarter cumulated flows)

Resources	2009	2010	2011	2011 Q4- 2012 Q3	2012 Q1- 2012 Q4	2012 Q2- 2013 Q1	2012 Q3- 2013 Q2	2012 Q4- 2013 Q3
Generation of income account								
Gross value added (basic prices)	8,019	8,208	8,434	8,478	8,478	8,478	8,496	8,525
Taxes less subsidies on products	894	942	973	974	978	976	981	987
Gross domestic product (market prices) ²⁾	8,913	9,150	9,408	9,452	9,456	9,454	9,477	9,512
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
<i>Net operating surplus and mixed income</i>								
Allocation of primary income account								
Net operating surplus and mixed income	2,097	2,198	2,256	2,208	2,186	2,174	2,176	2,191
Compensation of employees	4,459	4,521	4,634	4,679	4,684	4,691	4,697	4,706
Taxes less subsidies on production	996	1,037	1,079	1,100	1,112	1,111	1,118	1,122
Property income	2,955	2,807	3,018	2,971	2,914	2,867	2,813	2,776
Interest	1,554	1,333	1,490	1,469	1,425	1,375	1,329	1,290
Other property income	1,401	1,474	1,527	1,501	1,488	1,491	1,484	1,486
<i>Net national income</i>								
Secondary distribution of income account								
Net national income	7,550	7,765	7,978	8,013	8,027	8,026	8,038	8,060
Current taxes on income, wealth, etc.	1,034	1,060	1,121	1,160	1,178	1,185	1,204	1,216
Social contributions	1,675	1,703	1,752	1,775	1,784	1,791	1,797	1,804
Social benefits other than social transfers in kind	1,762	1,807	1,835	1,868	1,878	1,889	1,901	1,913
Other current transfers	668	667	672	680	682	682	683	685
Net non-life insurance premiums	182	182	183	186	186	186	186	186
Non-life insurance claims	178	176	177	179	179	178	179	179
Other	307	309	312	314	317	318	319	320
<i>Net disposable income</i>								
Use of income account								
Net disposable income	7,442	7,655	7,871	7,902	7,918	7,913	7,922	7,938
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	62	57	58	58	58	58	59	60
<i>Net saving</i>								
Capital account								
Net saving	290	340	394	385	398	392	387	384
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,388	1,419	1,462	1,488	1,497	1,504	1,511	1,519
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	192	230	180	191	205	212	223	220
Capital taxes	34	25	31	29	26	27	29	31
Other capital transfers	158	205	149	162	179	185	194	189
<i>Net lending (+)/net borrowing (-) (from capital account)</i>								

Sources: ECB and Eurostat.

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

3.3 Households

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

	2009	2010	2011	2011 Q4- 2012 Q3	2012 Q1- 2012 Q4	2012 Q2- 2013 Q1	2012 Q3- 2013 Q2	2012 Q4- 2013 Q3
Income, saving and changes in net worth								
Compensation of employees (+)	4,459	4,521	4,634	4,679	4,684	4,691	4,697	4,706
Gross operating surplus and mixed income (+)	1,440	1,449	1,491	1,495	1,495	1,498	1,503	1,511
Interest receivable (+)	233	201	227	228	222	216	211	206
Interest payable (-)	148	124	147	139	131	125	120	117
Other property income receivable (+)	728	721	750	749	744	738	732	737
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	843	850	884	920	934	941	952	959
Net social contributions (-)	1,672	1,698	1,746	1,772	1,782	1,789	1,795	1,802
Net social benefits (+)	1,757	1,802	1,829	1,862	1,872	1,884	1,895	1,907
Net current transfers receivable (+)	71	71	70	68	71	74	75	74
= Gross disposable income	6,017	6,082	6,214	6,240	6,233	6,235	6,236	6,253
Final consumption expenditure (-)	5,157	5,291	5,441	5,469	5,474	5,470	5,478	5,491
Changes in net worth in pension funds (+)	62	56	58	58	58	58	58	60
= Gross saving	922	847	831	829	816	823	817	822
Consumption of fixed capital (-)	379	386	395	400	402	403	404	405
Net capital transfers receivable (+)	9	12	2	0	1	0	0	-1
Other changes in net worth (+)	-334	550	-218	-336	-189	-568	-400	-162
= Changes in net worth	218	1,023	220	93	227	-147	13	253
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	555	558	573	561	555	549	543	542
Consumption of fixed capital (-)	379	386	395	400	402	403	404	405
Main items of financial investment (+)								
Short-term assets	2	40	124	173	192	172	167	135
Currency and deposits	121	118	118	176	225	226	215	186
Money market fund shares	-45	-59	-23	-27	-31	-39	-30	-26
Debt securities ¹⁾	-74	-19	29	25	-2	-15	-18	-25
Long-term assets	482	420	237	192	143	173	166	199
Deposits	82	58	55	29	12	7	7	23
Debt securities	2	3	69	-4	-89	-124	-120	-121
Shares and other equity	169	111	-2	59	90	142	123	131
Quoted and unquoted shares and other equity	120	103	46	66	55	66	38	41
Mutual fund shares	49	8	-48	-7	35	76	85	90
Life insurance and pension fund reserves	230	248	115	108	129	147	156	166
Main items of financing (-)								
Loans	107	114	88	19	14	0	-11	-1
of which: From euro area MFIs	65	147	81	1	25	21	1	7
Other changes in assets (+)								
Non-financial assets	-624	462	155	-897	-817	-1,050	-952	-609
Financial assets	285	141	-386	504	577	405	484	412
Shares and other equity	82	49	-318	317	337	264	341	349
Life insurance and pension fund reserves	191	120	15	181	179	160	119	76
Remaining net flows (+)	4	-99	0	-21	-8	6	-2	-21
= Changes in net worth	218	1,023	220	93	227	-147	13	253
Balance sheet								
Non-financial assets (+)	29,652	30,286	30,618	30,186	29,955	29,505	29,551	29,713
Financial assets (+)								
Short-term assets	5,771	5,814	5,952	6,036	6,125	6,137	6,178	6,156
Currency and deposits	5,474	5,597	5,728	5,836	5,950	5,979	6,029	6,016
Money market fund shares	242	184	166	136	121	112	109	101
Debt securities ¹⁾	54	33	58	63	54	46	40	39
Long-term assets	11,584	12,121	11,966	12,469	12,705	12,899	12,883	13,103
Deposits	970	1,027	1,082	1,098	1,096	1,103	1,113	1,124
Debt securities	1,453	1,406	1,391	1,380	1,365	1,303	1,288	1,257
Shares and other equity	4,040	4,199	3,875	4,151	4,316	4,472	4,463	4,640
Quoted and unquoted shares and other equity	2,931	3,012	2,798	2,966	3,094	3,189	3,170	3,303
Mutual fund shares	1,110	1,187	1,077	1,184	1,222	1,284	1,293	1,337
Life insurance and pension fund reserves	5,121	5,489	5,619	5,840	5,928	6,021	6,020	6,082
Remaining net assets (+)	261	244	237	242	206	192	197	189
Liabilities (-)								
Loans	5,932	6,107	6,196	6,184	6,185	6,159	6,159	6,158
of which: From euro area MFIs	4,968	5,213	5,281	5,283	5,290	5,279	5,282	5,276
= Net worth	41,335	42,358	42,578	42,750	42,805	42,574	42,650	43,003

Sources: ECB and Eurostat.

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

3.4 Non-financial corporations

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

	2009	2010	2011	2011 Q4- 2012 Q3	2012 Q1- 2012 Q4	2012 Q2- 2013 Q1	2012 Q3- 2013 Q2	2012 Q4- 2013 Q3
Income and saving								
Gross value added (basic prices) (+)	4,520	4,662	4,824	4,848	4,846	4,840	4,849	4,866
Compensation of employees (-)	2,790	2,834	2,932	2,969	2,977	2,979	2,984	2,990
Other taxes less subsidies on production (-)	40	33	42	48	50	50	51	51
= Gross operating surplus (+)	1,689	1,795	1,851	1,830	1,819	1,811	1,814	1,825
Consumption of fixed capital (-)	782	800	827	844	849	854	858	863
= Net operating surplus (+)	907	995	1,024	987	970	957	955	962
Property income receivable (+)	534	550	556	561	550	549	537	529
Interest receivable	171	158	164	156	149	143	138	134
Other property income receivable	363	391	392	404	401	406	399	395
Interest and rents payable (-)	296	257	287	280	270	259	249	240
= Net entrepreneurial income (+)	1,145	1,288	1,294	1,268	1,250	1,247	1,243	1,250
Distributed income (-)	926	920	969	967	951	944	937	941
Taxes on income and wealth payable (-)	151	169	192	196	201	200	206	208
Social contributions receivable (+)	71	69	74	74	74	74	74	74
Social benefits payable (-)	68	69	70	70	70	70	70	70
Other net transfers (-)	47	44	48	49	49	49	50	51
= Net saving	24	155	89	59	53	58	53	53
Investment, financing and saving								
Net acquisition of non-financial assets (+)	65	146	210	152	130	98	84	80
Gross fixed capital formation (+)	899	927	982	972	963	943	938	933
Consumption of fixed capital (-)	782	800	827	844	849	854	858	863
Net acquisition of other non-financial assets (+)	-52	19	54	24	17	9	5	11
Main items of financial investment (+)								
Short-term assets	95	34	-27	27	60	46	40	54
Currency and deposits	88	67	6	38	74	81	84	94
Money market fund shares	39	-32	-46	-18	-10	-8	-18	-15
Debt securities ¹⁾	-31	-1	12	6	-5	-28	-27	-25
Long-term assets	148	425	487	311	197	174	72	107
Deposits	-1	20	68	13	12	-18	-9	8
Debt securities	24	8	-20	-11	0	1	-3	-8
Shares and other equity	101	250	289	187	115	149	96	118
Other (mainly intercompany loans)	24	147	150	123	70	43	-11	-12
Remaining net assets (+)	78	24	-27	12	44	68	98	51
Main items of financing (-)								
Debt	25	178	253	185	126	110	39	9
of which: Loans from euro area MFIs	-108	-16	96	-87	-135	-123	-154	-145
of which: Debt securities	90	66	49	109	119	105	91	89
Shares and other equity	253	230	235	189	183	145	129	159
Quoted shares	64	31	27	16	27	11	21	20
Unquoted shares and other equity	189	199	209	174	156	135	108	139
Net capital transfers receivable (-)	81	64	66	65	65	68	68	65
= Net saving	24	155	89	59	53	58	53	53
Financial balance sheet								
Financial assets								
Short-term assets	1,936	1,961	1,934	1,933	1,990	1,955	1,943	1,972
Currency and deposits	1,632	1,695	1,705	1,715	1,776	1,759	1,768	1,800
Money market fund shares	213	182	134	128	128	125	111	109
Debt securities ¹⁾	90	84	95	89	86	71	65	63
Long-term assets	10,235	10,721	10,742	11,383	11,502	11,784	11,621	12,103
Deposits	159	169	224	271	276	264	255	268
Debt securities	238	254	244	263	264	263	258	262
Shares and other equity	7,092	7,405	7,202	7,693	7,846	8,135	7,987	8,434
Other (mainly intercompany loans)	2,746	2,893	3,071	3,156	3,117	3,122	3,120	3,139
Remaining net assets	411	303	368	334	315	396	401	351
Liabilities								
Debt	9,465	9,728	9,902	10,063	9,999	9,990	9,948	9,948
of which: Loans from euro area MFIs	4,700	4,675	4,717	4,631	4,502	4,476	4,435	4,388
of which: Debt securities	814	881	885	1,021	1,044	1,065	1,061	1,094
Shares and other equity	12,625	13,169	12,482	13,130	13,561	13,964	13,832	14,579
Quoted shares	3,506	3,802	3,284	3,553	3,747	3,891	3,853	4,199
Unquoted shares and other equity	9,120	9,368	9,198	9,578	9,814	10,073	9,979	10,380

Sources: ECB and Eurostat.

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

3.5 Insurance corporations and pension funds

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

	2009	2010	2011	2011 Q4- 2012 Q3	2012 Q1- 2012 Q4	2012 Q2- 2013 Q1	2012 Q3- 2013 Q2	2012 Q4- 2013 Q3
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	-42	-6	54	51	43	19	-18	-39
Currency and deposits	-33	-9	14	3	15	11	8	3
Money market fund shares	5	-8	16	36	32	9	-12	-20
Debt securities ¹⁾	-14	11	24	12	-5	-2	-14	-22
Long-term assets	294	288	134	111	185	176	216	246
Deposits	15	-4	9	-16	-17	-19	-16	-18
Debt securities	105	183	45	79	137	96	115	113
Loans	8	32	12	15	8	12	11	2
Quoted shares	-50	-2	-12	-17	-5	2	0	10
Unquoted shares and other equity	-15	11	13	1	-2	-1	0	4
Mutual fund shares	230	68	67	49	63	86	106	134
Remaining net assets (+)	17	9	-35	-3	-39	-20	-23	-26
Main items of financing (-)								
Debt securities	5	1	3	2	7	5	3	3
Loans	-4	7	11	9	-15	0	-7	-23
Shares and other equity	5	6	4	2	0	2	2	1
Insurance technical reserves	246	280	115	127	151	167	175	186
Net equity of households in life insurance and pension fund reserves	240	261	110	118	139	154	164	172
Prepayments of insurance premiums and reserves for outstanding claims	6	19	5	8	13	13	11	14
= Changes in net financial worth due to transactions	16	-3	20	18	45	0	2	14
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	199	117	-105	218	197	148	133	97
Other net assets	34	-1	23	161	229	115	68	-31
Other changes in liabilities (-)								
Shares and other equity	13	-1	-47	40	71	55	83	68
Insurance technical reserves	169	136	16	190	187	164	119	73
Net equity of households in life insurance and pension fund reserves	197	125	19	187	185	161	118	72
Prepayments of insurance premiums and reserves for outstanding claims	-28	11	-3	2	2	2	1	1
= Other changes in net financial worth	52	-19	-51	149	167	44	-1	-75
Financial balance sheet								
Financial assets (+)								
Short-term assets	331	329	371	400	406	411	364	355
Currency and deposits	195	190	193	200	209	218	201	201
Money market fund shares	95	88	102	123	125	125	107	99
Debt securities ¹⁾	41	51	76	77	72	67	57	55
Long-term assets	5,649	6,039	6,044	6,542	6,636	6,761	6,757	6,877
Deposits	612	605	611	604	594	594	595	590
Debt securities	2,468	2,638	2,661	2,941	2,999	3,021	3,023	3,040
Loans	434	467	479	487	488	488	485	487
Quoted shares	397	421	375	388	403	412	409	424
Unquoted shares and other equity	412	415	420	438	429	432	432	437
Mutual fund shares	1,327	1,492	1,498	1,684	1,723	1,815	1,813	1,899
Remaining net assets (+)	225	249	271	276	260	257	246	236
Liabilities (-)								
Debt securities	42	43	46	49	55	55	52	52
Loans	285	297	305	319	289	306	305	299
Shares and other equity	439	444	401	444	472	490	498	512
Insurance technical reserves	5,582	5,999	6,130	6,383	6,469	6,581	6,578	6,642
Net equity of households in life insurance and pension fund reserves	4,798	5,185	5,315	5,549	5,638	5,733	5,730	5,793
Prepayments of insurance premiums and reserves for outstanding claims	784	814	816	834	830	848	848	849
= Net financial wealth	-143	-165	-196	23	17	-3	-64	-37

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

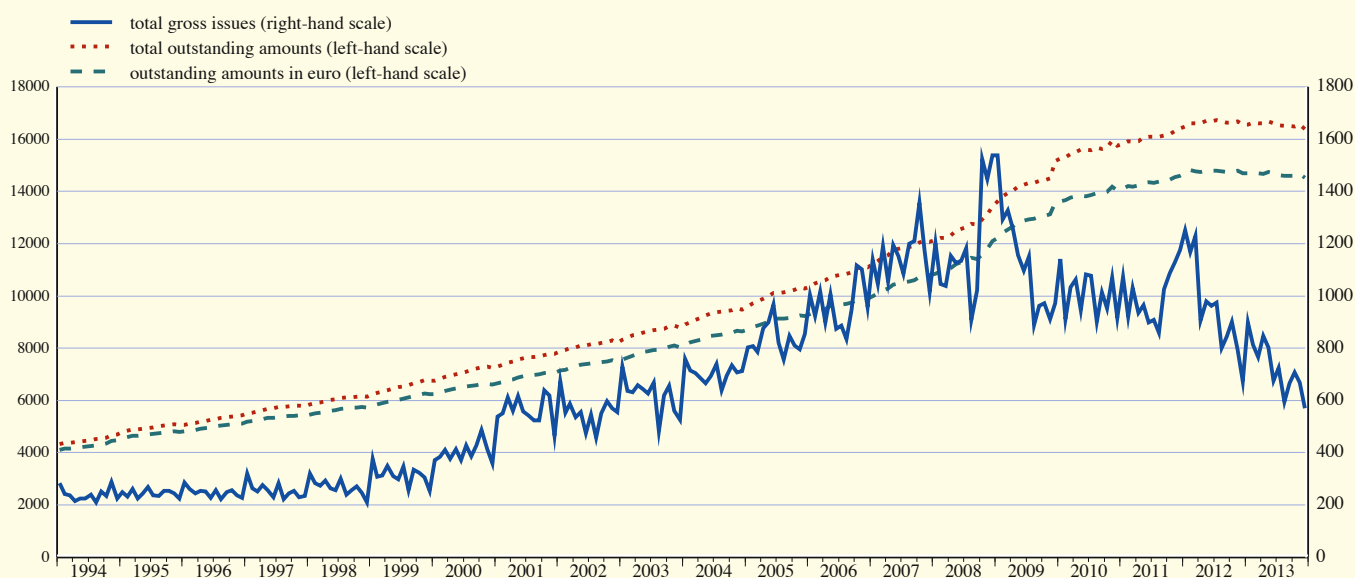
4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted ²⁾	
											Net issues ¹¹	6-month growth rates ¹²
	1	2	3	4	5	6	7	8	9	10		
	Total											
2012 Dec.	16,990.7	631.7	-117.6	14,695.5	591.9	-120.6	16,567.5	673.8	-137.6	1.6	-35.2	0.2
2013 Jan.	16,981.2	812.7	-9.1	14,695.4	768.4	0.2	16,547.3	898.3	9.5	1.1	-13.4	-0.5
Feb.	16,990.7	706.7	-5.2	14,714.4	666.4	4.1	16,619.1	812.3	38.8	0.4	-20.7	-0.7
Mar.	16,921.2	685.5	-67.0	14,689.7	634.9	-22.1	16,616.3	767.1	-17.9	-0.2	-14.3	-1.1
Apr.	16,914.5	757.4	-6.4	14,677.1	708.8	-12.3	16,595.0	846.8	-5.5	-0.2	-11.3	-1.4
May	16,984.1	709.9	70.7	14,752.1	664.0	76.2	16,685.7	802.9	94.9	0.0	15.7	-1.0
June	16,920.7	600.1	-62.9	14,699.9	557.5	-51.8	16,618.1	674.5	-61.9	-0.3	-23.4	-0.8
July	16,854.7	639.5	-65.8	14,628.4	590.8	-70.9	16,528.7	725.4	-78.0	-0.9	-55.4	-1.3
Aug.	16,829.8	515.4	-25.0	14,601.9	481.8	-26.7	16,512.5	593.8	-19.1	-0.8	16.2	-0.9
Sep.	16,841.1	605.0	11.8	14,596.4	554.4	-5.1	16,501.3	665.3	-4.1	-0.6	42.2	-0.2
Oct.	16,848.4	641.3	8.3	14,590.7	571.2	-4.5	16,476.6	707.4	-14.3	-0.9	-29.9	-0.4
Nov.	16,963.3	597.2	115.2	14,676.9	538.4	86.5	16,566.6	669.3	89.1	-0.6	22.9	-0.3
Dec.	16,817.8	510.8	-155.4	14,533.9	472.6	-152.8	16,385.7	569.1	-182.6	-0.9	-81.6	-1.0
	Long-term											
2012 Dec.	15,652.9	197.3	-64.9	13,438.2	173.3	-67.0	15,079.5	193.3	-78.5	2.5	-22.6	1.6
2013 Jan.	15,647.9	253.3	-4.6	13,438.2	227.0	0.4	15,049.5	259.9	-3.1	2.2	5.8	1.3
Feb.	15,650.2	230.2	-7.4	13,446.4	204.8	-1.7	15,099.3	244.8	23.6	1.3	-32.7	0.6
Mar.	15,592.2	246.8	-55.3	13,443.4	216.5	-0.1	15,114.4	249.9	2.9	0.9	8.4	-0.1
Apr.	15,588.7	247.6	-3.1	13,428.9	217.0	-14.1	15,098.5	248.8	-1.8	0.8	-8.5	-0.6
May	15,658.4	254.4	70.9	13,504.9	223.2	77.2	15,184.9	260.8	90.8	1.0	22.9	-0.4
June	15,637.2	208.0	-20.6	13,498.0	181.5	-6.3	15,163.0	201.1	-17.0	0.7	-9.9	-0.2
July	15,565.9	204.7	-71.3	13,414.1	173.2	-83.6	15,061.5	195.3	-92.5	0.1	-53.0	-1.0
Aug.	15,558.6	117.1	-7.4	13,403.4	97.4	-10.9	15,057.7	112.5	-7.6	0.2	35.1	-0.1
Sep.	15,576.6	223.1	18.4	13,410.6	190.1	7.6	15,065.6	216.2	16.5	0.2	57.2	0.6
Oct.	15,609.5	248.8	33.0	13,424.4	198.9	14.0	15,068.3	231.1	11.0	0.0	-0.6	0.7
Nov.	15,730.5	251.7	119.9	13,520.3	209.8	94.9	15,178.5	239.6	109.0	0.4	49.2	1.0
Dec.	15,661.6	152.2	-69.5	13,459.7	131.3	-61.1	15,105.1	146.2	-65.5	0.4	-6.6	1.1

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 Eurosysteem)	Non-MFI corporations		General government		Total	MFIs (including Eurosysteem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
Total												
2012	16,568	5,399	3,225	993	6,266	684	957	589	81	68	187	32
2013	16,386	4,887	3,203	1,071	6,551	674	728	385	63	65	186	29
2013 Q1	16,616	5,260	3,223	1,022	6,422	690	826	439	81	62	212	32
Q2	16,618	5,122	3,235	1,029	6,554	678	775	408	65	67	201	34
Q3	16,501	5,002	3,220	1,061	6,547	671	662	350	51	64	171	25
Q4	16,386	4,887	3,203	1,071	6,551	674	649	341	55	66	162	25
2013 Sep.	16,501	5,002	3,220	1,061	6,547	671	665	316	54	75	191	29
Oct.	16,477	4,975	3,209	1,074	6,549	670	707	350	64	77	192	25
Nov.	16,567	4,969	3,225	1,085	6,613	675	669	319	56	70	194	31
Dec.	16,386	4,887	3,203	1,071	6,551	674	569	355	44	51	100	19
Short-term												
2012	1,488	601	136	82	605	64	703	490	37	53	103	21
2013	1,281	473	110	75	570	52	511	315	26	48	102	21
2013 Q1	1,502	582	139	91	621	68	574	361	31	48	112	23
Q2	1,455	558	134	90	620	54	538	337	25	52	100	23
Q3	1,436	539	132	90	627	47	487	294	25	46	104	18
Q4	1,281	473	110	75	570	52	443	268	21	45	90	18
2013 Sep.	1,436	539	132	90	627	47	449	251	25	52	104	18
Oct.	1,408	524	123	90	624	47	476	272	25	50	111	18
Nov.	1,388	513	124	87	612	51	430	250	21	44	93	21
Dec.	1,281	473	110	75	570	52	423	284	17	40	66	15
Long-term ²⁾												
2012	15,079	4,798	3,090	911	5,660	621	254	99	45	16	83	12
2013	15,105	4,414	3,093	996	5,980	622	217	69	37	17	85	8
2013 Q1	15,114	4,678	3,083	931	5,801	621	252	78	50	14	100	9
Q2	15,163	4,564	3,101	939	5,934	624	237	71	40	16	101	10
Q3	15,066	4,463	3,088	970	5,920	624	175	56	26	18	67	8
Q4	15,105	4,414	3,093	996	5,980	622	206	73	34	21	72	7
2013 Sep.	15,066	4,463	3,088	970	5,920	624	216	65	29	23	88	11
Oct.	15,068	4,451	3,086	983	5,925	623	231	78	39	27	81	7
Nov.	15,178	4,456	3,101	998	6,000	624	240	69	35	26	100	10
Dec.	15,105	4,414	3,093	996	5,980	622	146	71	27	10	34	4
of which: Long-term fixed rate												
2012	10,520	2,811	1,295	820	5,149	444	165	54	18	15	71	7
2013	10,806	2,649	1,431	894	5,379	452	146	36	20	15	69	6
2013 Q1	10,656	2,766	1,347	838	5,255	450	165	41	25	12	80	7
Q2	10,768	2,718	1,391	845	5,359	455	155	34	21	13	79	8
Q3	10,754	2,669	1,413	870	5,348	454	124	32	14	14	58	5
Q4	10,806	2,649	1,431	894	5,379	452	139	37	19	19	59	5
2013 Sep.	10,754	2,669	1,413	870	5,348	454	161	43	17	19	74	8
Oct.	10,769	2,662	1,421	883	5,349	454	169	48	20	23	73	6
Nov.	10,845	2,666	1,433	897	5,397	453	158	37	20	24	71	6
Dec.	10,806	2,649	1,431	894	5,379	452	89	27	16	10	34	2
of which: Long-term variable rate												
2012	4,133	1,733	1,699	87	439	175	77	38	24	1	8	5
2013	3,887	1,562	1,557	98	501	169	59	28	16	2	11	2
2013 Q1	4,012	1,660	1,638	89	455	170	69	30	22	1	13	3
Q2	3,960	1,606	1,610	91	485	168	68	31	16	2	17	2
Q3	3,896	1,580	1,573	97	477	169	41	20	11	3	4	2
Q4	3,887	1,562	1,557	98	501	169	59	31	14	2	10	2
2013 Sep.	3,896	1,580	1,573	97	477	169	44	18	11	4	8	3
Oct.	3,881	1,577	1,561	96	480	168	51	25	18	3	4	1
Nov.	3,913	1,581	1,562	97	503	170	72	28	13	2	25	4
Dec.	3,887	1,562	1,557	98	501	169	53	41	10	1	0	1

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

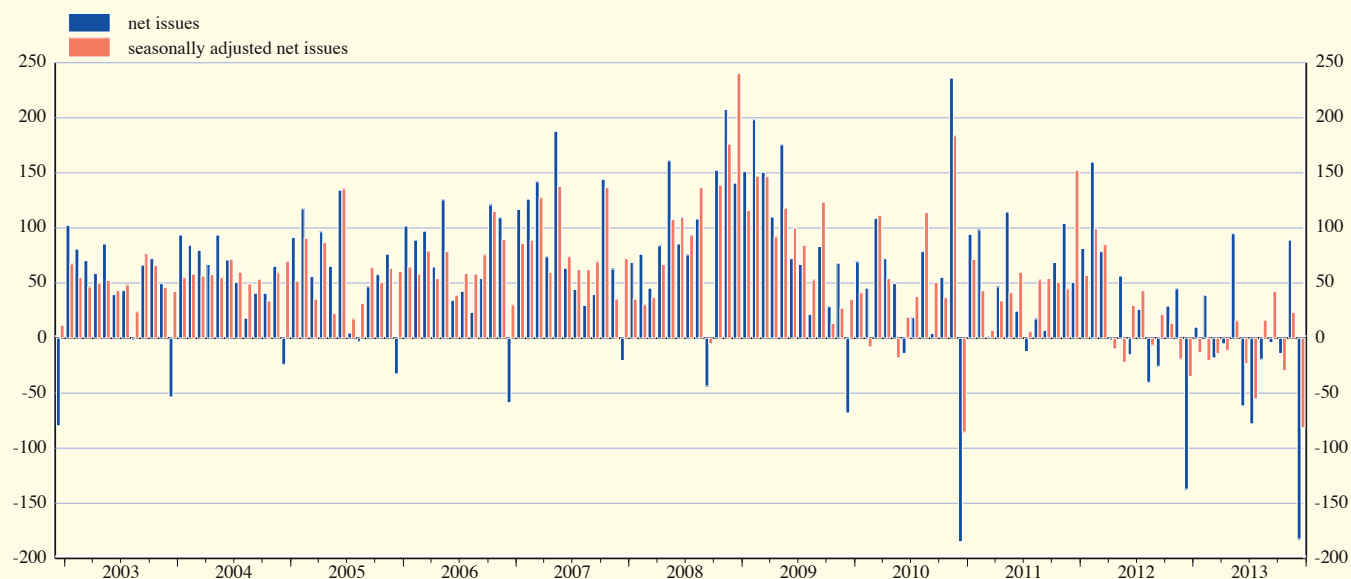
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted ¹⁾						Seasonally adjusted ¹⁾					
	Total	MFIs (including Eurosysteem)	Non-MFI corporations		General government		Total	MFIs (including Eurosysteem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
Total												
2012	21.2	-8.1	3.0	10.3	12.9	3.1	-	-	-	-	-	-
2013	-12.6	-39.7	-3.4	7.0	24.1	-0.6	-	-	-	-	-	-
2013 Q1	10.2	-46.2	-6.1	9.2	51.8	1.5	-16.1	-60.9	1.5	6.7	35.9	0.7
Q2	9.2	-40.8	5.1	3.5	44.7	-3.3	-6.3	-39.7	4.4	2.3	29.7	-3.0
Q3	-33.8	-37.0	-4.3	11.4	-1.8	-2.1	1.0	-35.8	9.8	11.9	15.8	-0.6
Q4	-35.9	-34.9	-8.2	4.2	1.6	1.4	-29.5	-23.9	-28.7	7.0	15.1	0.9
2013 Sep.	-4.1	-37.8	0.8	15.9	20.5	-3.5	42.2	-21.1	22.7	14.9	28.9	-3.3
Oct.	-14.3	-21.1	-9.6	14.6	2.1	-0.3	-29.9	-10.7	-29.9	12.4	1.1	-2.8
Nov.	89.1	-5.9	15.6	10.4	63.9	4.9	22.9	-10.3	-7.1	12.0	24.1	4.3
Dec.	-182.6	-77.8	-30.6	-12.5	-61.3	-0.3	-81.6	-50.6	-49.1	-3.4	20.2	1.2
Long-term												
2012	31.2	0.5	1.1	10.2	15.3	4.2	-	-	-	-	-	-
2013	5.5	-29.3	0.0	7.6	27.0	0.3	-	-	-	-	-	-
2013 Q1	7.8	-39.3	-5.8	6.2	46.7	0.0	-6.2	-46.9	1.4	5.9	34.9	-1.5
Q2	24.0	-33.1	6.7	4.0	45.1	1.4	1.5	-39.1	6.9	3.0	31.0	-0.2
Q3	-27.9	-31.1	-3.6	11.1	-4.4	0.1	13.1	-27.9	7.2	11.6	19.7	2.5
Q4	18.2	-13.8	2.4	9.3	20.5	-0.2	14.0	-4.2	-15.3	9.9	22.9	0.6
2013 Sep.	16.5	-22.0	2.6	17.5	17.6	0.9	57.2	-12.0	18.2	13.9	34.8	2.3
Oct.	11.0	-8.0	-1.0	14.6	5.4	0.0	-0.6	-0.5	-19.2	12.7	5.6	0.7
Nov.	109.0	4.7	14.7	13.6	75.4	0.7	49.2	7.5	-8.0	13.8	36.0	-0.2
Dec.	-65.5	-38.0	-6.4	-0.5	-19.4	-1.3	-6.6	-19.6	-18.6	3.2	27.2	1.2

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

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



Source: ECB.

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

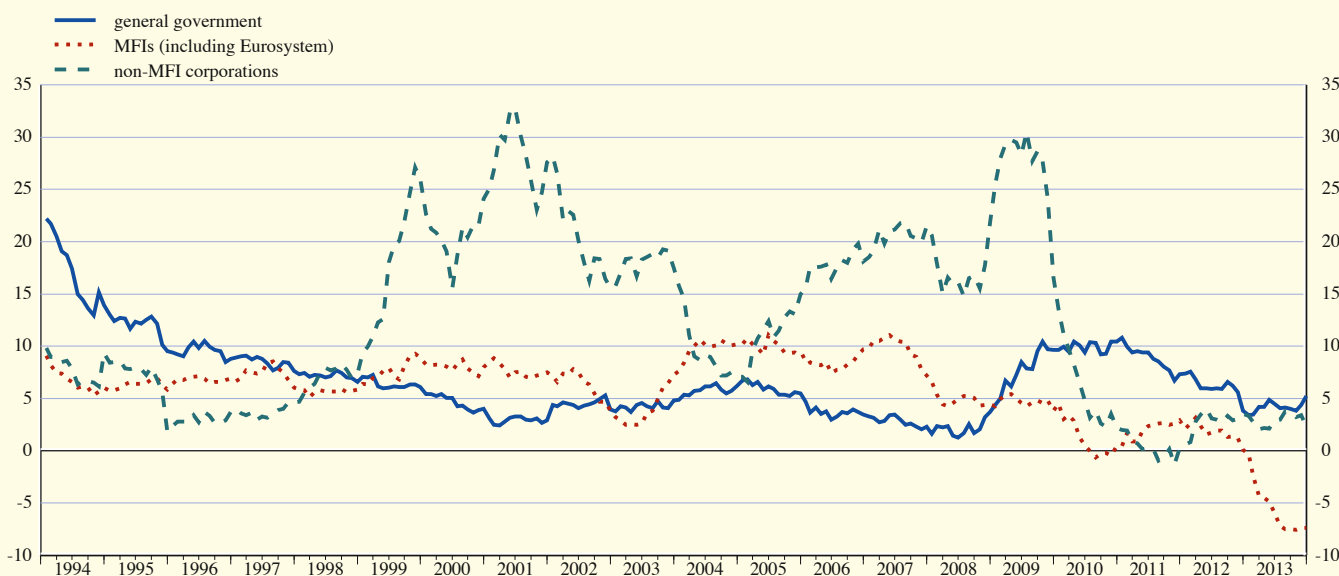
4.3 Growth rates of securities other than shares issued by euro area residents ¹⁾

(percentage changes)

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
Total												
2012 Dec.	1.6	-1.8	1.2	14.2	2.5	6.1	0.2	-3.7	-0.3	14.5	2.4	-3.7
2013 Jan.	1.1	-2.3	0.9	13.6	2.1	4.6	-0.5	-5.8	0.2	14.2	2.3	-4.0
Feb.	0.4	-4.4	0.9	13.3	2.6	0.4	-0.7	-8.4	2.9	13.6	3.2	-6.1
Mar.	-0.2	-6.1	-0.6	12.7	3.6	-0.8	-1.1	-9.5	1.5	11.2	3.8	-4.7
Apr.	-0.2	-6.2	-0.7	12.4	3.5	0.4	-1.4	-10.6	2.2	11.0	3.4	-2.7
May	0.0	-6.5	-0.5	10.8	4.4	-0.4	-1.0	-11.5	3.4	8.5	5.2	-2.8
June	-0.3	-7.3	0.4	9.9	4.3	-2.6	-0.8	-10.8	1.1	5.5	6.3	-2.1
July	-0.9	-8.8	0.8	9.8	4.1	-4.7	-1.3	-11.6	1.4	5.7	5.9	-5.6
Aug.	-0.8	-9.2	1.7	10.3	4.1	-3.6	-0.9	-10.0	0.5	7.3	5.1	-1.4
Sep.	-0.6	-9.0	2.1	9.9	4.0	-3.8	-0.2	-8.5	2.7	8.5	4.3	-3.2
Oct.	-0.9	-9.0	1.1	10.2	3.8	-4.1	-0.4	-7.5	0.1	9.3	4.2	-5.0
Nov.	-0.6	-8.8	1.2	10.6	4.0	-2.6	-0.3	-6.0	-0.9	12.7	2.8	-2.2
Dec.	-0.9	-8.9	-1.3	8.5	4.6	-1.1	-1.0	-6.9	-3.5	11.3	2.9	0.2
Long-term												
2012 Dec.	2.5	0.1	0.4	15.4	3.3	9.2	1.6	-1.1	-1.0	18.8	2.6	4.9
2013 Jan.	2.2	-0.3	0.3	15.0	2.9	8.6	1.3	-2.2	-0.4	18.1	2.5	3.8
Feb.	1.3	-2.4	-0.3	14.2	3.3	4.5	0.6	-4.9	0.5	15.9	3.2	1.0
Mar.	0.9	-4.3	-0.9	13.2	4.3	2.9	-0.1	-6.7	0.5	12.0	3.6	-1.6
Apr.	0.8	-4.5	-1.0	14.1	4.3	3.2	-0.6	-8.3	1.1	11.0	3.3	-0.1
May	1.0	-4.9	-0.8	12.8	5.1	2.9	-0.4	-10.0	2.5	7.8	5.5	-1.0
June	0.7	-5.9	0.3	12.1	4.8	1.6	-0.2	-10.4	1.6	5.9	7.1	-1.7
July	0.1	-7.2	0.5	11.7	4.5	0.3	-1.0	-12.0	1.5	5.7	6.5	-3.1
Aug.	0.2	-7.5	1.4	12.0	4.5	0.7	-0.1	-10.1	2.3	8.4	5.8	0.3
Sep.	0.2	-7.5	1.6	10.8	4.4	0.3	0.6	-8.4	2.8	9.7	5.3	2.2
Oct.	0.0	-7.6	1.0	10.9	4.2	0.8	0.7	-6.8	0.8	10.8	5.1	1.7
Nov.	0.4	-7.4	1.1	11.4	4.8	0.4	1.0	-4.7	-0.3	15.0	4.1	1.7
Dec.	0.4	-7.4	0.0	10.1	5.7	0.6	1.1	-4.2	-1.6	14.3	4.4	3.0

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.

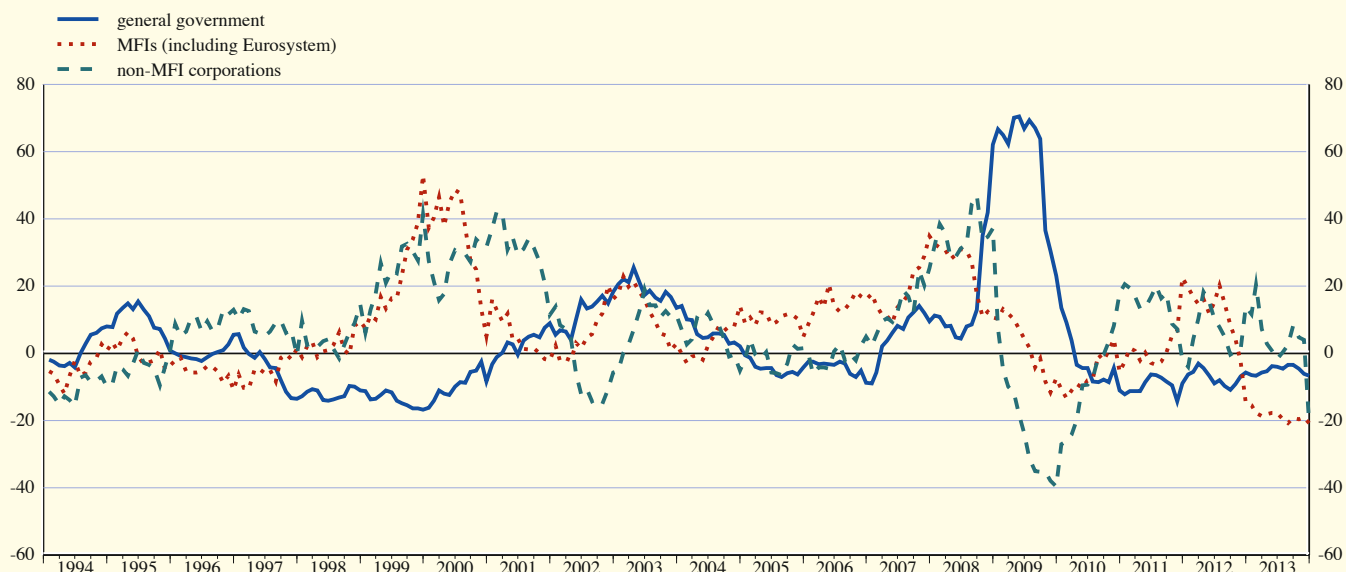
4.3 Growth rates of securities other than shares issued by euro area residents ¹⁾ (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosysteem)	Non-MFI corporations		General government		Total	MFIs (including Eurosysteem)	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												
2012	5.3	4.1	2.4	10.4	5.9	7.3	-0.8	-0.3	-5.0	-0.4	6.6	23.3
2013	3.4	-3.2	7.3	13.3	4.6	4.1	-7.4	-7.5	-10.1	5.1	-1.3	-0.8
2013 Q1	4.4	0.3	6.5	15.7	4.3	6.0	-6.8	-4.1	-10.7	-0.7	-7.6	7.9
Q2	3.7	-3.3	7.8	14.5	5.1	4.5	-7.7	-6.7	-11.4	2.1	-1.8	-0.8
Q3	3.1	-4.9	8.4	12.5	4.8	3.4	-8.3	-9.6	-9.8	7.0	-1.9	-5.4
Q4	2.5	-5.0	6.4	10.8	4.2	2.6	-6.8	-9.8	-8.5	12.2	6.5	-4.1
2013 July	3.2	-5.1	8.4	12.8	5.0	3.5	-8.8	-9.6	-10.1	5.3	-4.2	-6.7
Aug.	3.0	-5.1	8.7	12.6	4.6	3.3	-8.3	-9.9	-9.4	7.5	-2.2	-5.0
Sep.	2.6	-5.0	7.8	10.9	4.3	2.9	-7.5	-9.9	-8.7	11.2	2.0	-5.2
Oct.	2.6	-5.1	6.5	10.9	4.4	3.3	-7.7	-9.9	-8.6	11.7	-0.9	-4.9
Nov.	2.3	-4.8	6.0	11.1	3.9	2.0	-5.9	-9.8	-8.1	13.3	13.2	-3.2
Dec.	2.5	-5.1	5.8	9.8	4.6	2.2	-6.1	-9.3	-9.2	12.3	14.2	-2.9
In euro												
2012	5.6	4.5	2.1	10.6	6.0	7.2	-0.5	2.0	-6.6	-1.5	6.3	22.9
2013	3.2	-4.0	5.1	14.8	4.6	4.1	-7.7	-7.2	-11.3	6.3	-1.8	-1.2
2013 Q1	4.2	0.1	4.8	17.6	4.4	5.3	-7.0	-2.8	-12.3	-0.4	-8.3	7.9
Q2	3.5	-4.0	5.4	16.3	5.0	4.4	-7.9	-5.9	-12.7	4.1	-2.4	-1.4
Q3	2.8	-5.9	5.8	14.0	4.8	3.8	-8.7	-9.7	-10.6	8.5	-2.3	-5.8
Q4	2.2	-6.0	4.4	11.6	4.3	2.8	-7.2	-10.3	-9.1	13.0	6.4	-4.5
2013 July	3.0	-6.1	5.9	14.6	5.1	4.1	-9.0	-9.7	-10.7	7.2	-4.5	-7.2
Aug.	2.7	-6.1	6.2	14.0	4.7	3.9	-8.7	-10.2	-10.2	9.3	-2.7	-5.4
Sep.	2.3	-6.3	5.3	12.1	4.4	2.8	-7.9	-10.2	-9.5	11.7	1.7	-5.6
Oct.	2.3	-6.0	4.2	11.6	4.4	3.6	-8.1	-10.4	-9.1	13.9	-1.4	-5.4
Nov.	2.1	-5.8	4.1	11.8	3.9	2.2	-6.2	-10.3	-8.6	13.2	13.4	-3.5
Dec.	2.3	-6.2	4.4	10.4	4.6	2.4	-6.6	-10.1	-10.0	12.1	14.1	-3.4

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

(annual percentage changes)



Source: ECB.

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

4.4 Quoted shares issued by euro area residents ¹⁾

(EUR billions, unless otherwise indicated; market values)

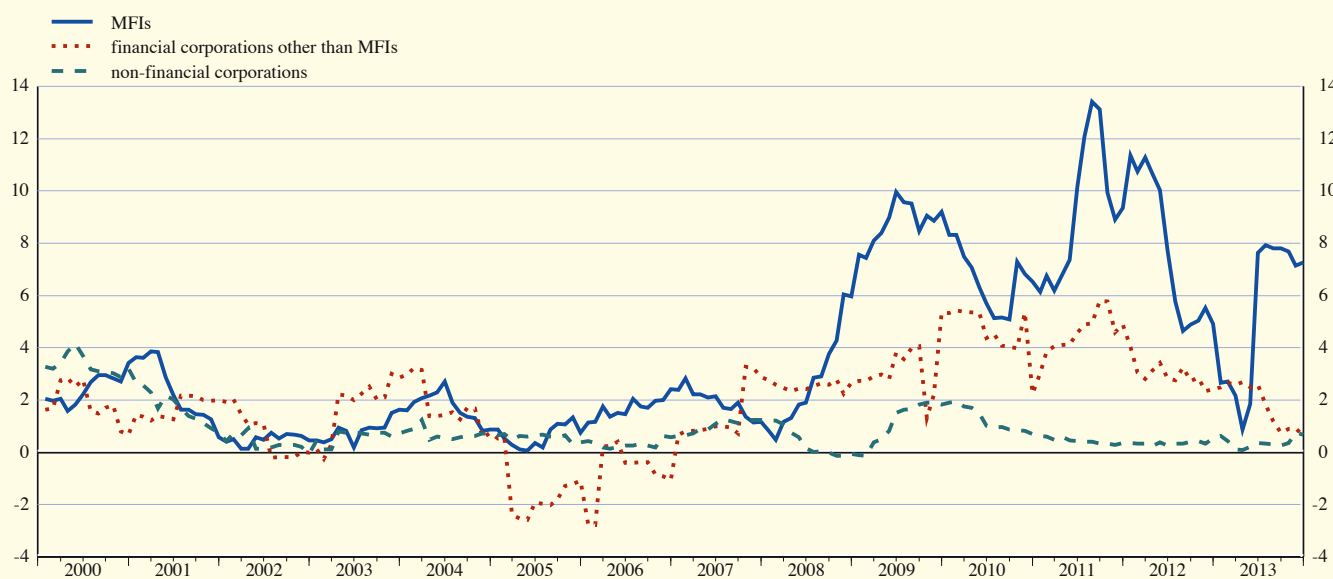
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2011 Dec.	3,881.4	106.1	1.6	339.3	9.3	271.1	4.9	3,271.0	0.4
2012 Jan.	4,094.6	106.3	1.7	375.4	11.4	298.4	4.0	3,420.7	0.4
Feb.	4,260.7	106.3	1.5	394.6	10.7	311.6	3.1	3,554.4	0.3
Mar.	4,244.5	106.4	1.5	373.0	11.3	311.4	2.8	3,560.1	0.3
Apr.	4,070.2	106.5	1.4	327.2	10.7	292.3	3.1	3,450.7	0.2
May	3,764.6	106.6	1.5	280.8	10.0	265.5	3.4	3,218.2	0.4
June	3,927.2	106.7	1.1	317.6	7.7	285.0	2.8	3,324.6	0.3
July	4,053.3	106.8	1.0	309.9	5.8	292.1	2.7	3,451.3	0.3
Aug.	4,178.0	106.8	0.9	349.6	4.6	309.4	3.2	3,518.9	0.3
Sep.	4,234.3	106.9	0.9	364.9	4.9	323.9	2.7	3,545.4	0.4
Oct.	4,310.9	107.0	1.0	383.5	5.0	333.8	2.8	3,593.6	0.4
Nov.	4,398.9	106.9	0.9	395.7	5.5	342.3	2.3	3,660.9	0.3
Dec.	4,502.8	107.2	1.0	402.4	4.9	357.3	2.4	3,743.1	0.5
2013 Jan.	4,657.6	107.3	0.9	441.5	2.7	370.7	2.5	3,845.5	0.6
Feb.	4,642.3	107.1	0.8	416.1	2.7	364.5	2.7	3,861.7	0.4
Mar.	4,644.3	106.9	0.5	380.3	2.2	369.0	2.6	3,895.0	0.1
Apr.	4,746.6	106.8	0.3	410.4	0.9	394.9	2.7	3,941.2	0.1
May	4,863.2	107.1	0.5	440.2	1.9	408.0	2.5	4,015.1	0.2
June	4,663.0	107.9	1.2	413.5	7.6	394.5	2.6	3,854.9	0.4
July	4,902.7	108.0	1.1	446.6	7.9	418.7	1.8	4,037.5	0.3
Aug.	4,891.0	108.0	1.1	461.5	7.8	416.1	1.2	4,013.5	0.3
Sep.	5,135.7	107.9	1.0	491.7	7.8	427.6	0.7	4,216.3	0.3
Oct.	5,410.0	108.1	1.1	557.2	7.7	445.1	0.9	4,407.8	0.4
Nov.	5,501.3	108.4	1.3	562.8	7.1	454.6	0.9	4,483.9	0.7
Dec.	5,565.5	108.6	1.3	568.8	7.3	465.8	0.6	4,530.9	0.7

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

(annual percentage changes)



Source: ECB.

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

4.4 Quoted shares issued by euro area residents

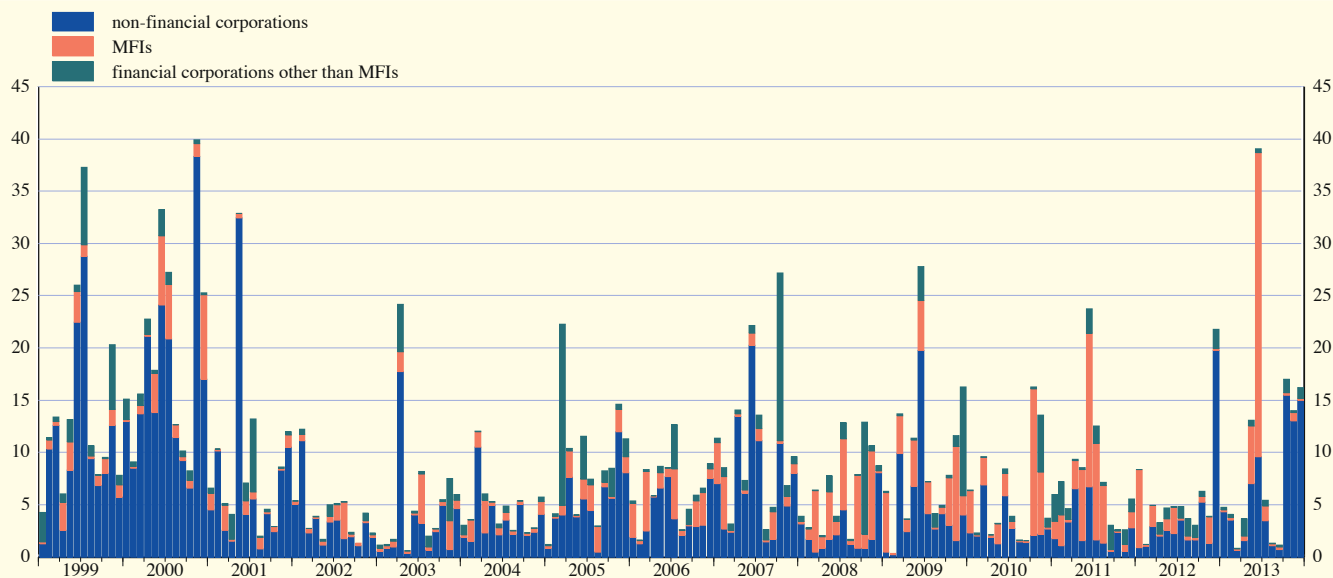
(EUR billions; market values)

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2011 Dec.	5.5	1.1	4.4	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.1	1.7
2012 Jan.	8.4	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.6
Feb.	1.1	1.4	-0.3	0.0	0.0	0.0	0.0	0.2	-0.2	1.0	1.2	-0.1
Mar.	4.9	0.7	4.3	2.0	0.0	2.0	0.0	0.1	-0.1	2.9	0.6	2.3
Apr.	3.1	0.3	2.8	0.0	0.0	0.0	1.1	0.0	1.1	2.0	0.3	1.7
May	4.7	1.8	2.9	1.1	0.0	1.1	1.0	0.1	1.0	2.5	1.7	0.8
June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1
July	4.8	0.3	4.5	0.2	0.0	0.2	1.1	0.0	1.1	3.6	0.3	3.2
Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.9	0.5	2.3	0.1	0.0	0.1	1.2	0.1	1.0	1.7	0.4	1.3
Oct.	6.3	1.8	4.5	0.5	0.0	0.5	0.5	0.1	0.4	5.3	1.7	3.6
Nov.	3.9	5.9	-2.0	2.5	0.0	2.5	0.1	0.1	0.0	1.3	5.8	-4.5
Dec.	21.6	11.4	10.2	0.0	0.5	-0.5	1.8	0.0	1.8	19.7	10.8	8.9
2013 Jan.	4.6	0.3	4.3	0.0	0.0	0.0	0.2	0.1	0.1	4.3	0.2	4.1
Feb.	4.1	11.4	-7.3	0.3	0.0	0.3	0.3	0.0	0.3	3.5	11.4	-7.8
Mar.	0.7	10.6	-9.9	0.0	0.1	-0.1	0.0	0.3	-0.3	0.6	10.1	-9.4
Apr.	3.6	5.9	-2.3	0.4	5.2	-4.8	1.7	0.0	1.6	1.6	0.7	0.9
May	13.1	1.8	11.3	5.5	0.0	5.5	0.6	0.0	0.5	7.0	1.8	5.2
June	39.0	1.7	37.3	29.2	0.0	29.1	0.3	0.1	0.3	9.6	1.7	7.9
July	5.4	3.0	2.4	1.4	0.0	1.4	0.6	1.9	-1.4	3.5	1.1	2.4
Aug.	1.1	2.3	-1.2	0.0	0.0	0.0	0.0	0.5	-0.5	1.1	1.8	-0.7
Sep.	1.0	1.7	-0.7	0.1	0.0	0.1	0.1	0.6	-0.4	0.7	1.1	-0.4
Oct.	16.9	7.5	9.4	0.1	0.0	0.1	1.3	0.1	1.2	15.5	7.4	8.1
Nov.	14.0	2.1	11.9	0.8	0.0	0.8	0.2	0.1	0.1	13.0	2.0	11.0
Dec.	16.1	7.0	9.1	0.0	0.0	0.0	1.1	0.0	1.1	15.0	7.0	8.0

C20 Gross issues of quoted shares by sector of the issuer

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: ²⁾		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2013 Feb.	0.36	2.44	2.23	2.29	1.39	1.48	0.40	1.05	1.99	2.08	0.63
Mar.	0.36	2.29	2.17	2.28	1.37	1.43	0.40	0.93	1.85	1.99	1.00
Apr.	0.34	2.33	2.10	2.25	1.36	1.37	0.38	0.96	1.70	1.90	0.68
May	0.33	2.04	2.06	2.25	1.31	1.31	0.38	0.83	1.86	1.98	0.48
June	0.32	1.88	1.88	2.12	1.30	1.28	0.38	0.83	1.65	1.77	0.72
July	0.31	1.88	1.90	2.08	1.28	1.23	0.37	0.82	1.63	1.78	0.88
Aug.	0.30	1.81	1.87	2.05	1.15	1.22	0.37	0.70	1.57	1.85	0.51
Sep.	0.30	1.71	1.86	2.06	1.15	1.17	0.35	0.81	1.68	1.87	0.56
Oct.	0.29	1.72	1.83	2.07	1.13	1.15	0.34	0.78	1.65	2.28	0.29
Nov.	0.29	1.60	1.76	2.02	1.12	1.11	0.34	0.75	1.57	1.73	0.47
Dec.	0.29	1.58	1.66	1.91	1.11	1.07	0.34	0.79	1.52	1.63	0.71
2014 Jan.	0.28	1.66	1.64	1.94	1.09	1.05	0.33	0.71	1.21	1.81	0.58

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

	Revolving loans and overdrafts	Extended credit card debt ³⁾	Consumer credit				Lending for house purchase				Lending to sole proprietors and unincorporated partnerships			
			By initial rate fixation			APRC ⁴⁾	By initial rate fixation				APRC ⁴⁾	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2013 Feb.	7.97	17.04	5.89	6.03	7.83	7.25	2.88	3.17	3.05	3.35	3.35	3.16	4.07	3.21
Mar.	7.95	17.06	5.86	5.98	7.75	7.15	2.86	3.19	3.13	3.34	3.38	3.16	4.16	3.17
Apr.	7.93	17.08	5.74	5.92	7.75	7.06	2.87	3.13	3.06	3.34	3.38	3.26	3.97	3.11
May	7.91	17.08	6.00	6.09	7.71	7.20	2.87	3.09	2.95	3.22	3.32	3.32	4.11	3.14
June	7.84	17.03	5.85	6.02	7.56	7.07	2.82	3.00	2.87	3.15	3.25	3.10	4.08	3.01
July	7.75	16.96	5.63	6.12	7.63	7.13	2.84	2.97	2.90	3.17	3.28	3.19	3.75	3.18
Aug.	7.74	17.01	5.62	6.15	7.64	7.15	2.80	3.01	2.97	3.18	3.31	3.00	4.06	3.15
Sep.	7.77	17.02	5.80	6.07	7.62	7.20	2.83	3.05	3.05	3.25	3.35	3.04	3.99	3.16
Oct.	7.67	17.02	5.71	6.04	7.63	7.13	2.77	3.04	3.12	3.27	3.35	3.10	3.95	3.26
Nov.	7.64	16.96	5.81	6.05	7.74	7.20	2.79	3.06	3.15	3.31	3.37	3.30	4.08	3.19
Dec.	7.63	16.94	5.63	6.20	7.42	7.05	2.78	3.00	3.15	3.32	3.37	3.07	3.86	3.05
2014 Jan.	7.69	17.08	5.72	6.07	7.70	7.34	2.80	3.01	3.12	3.31	3.36	3.24	3.81	3.01

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2013 Feb.	4.21	4.70	4.69	4.05	4.25	3.70	3.66	2.02	2.85	3.13	4.42	2.93	3.14
Mar.	4.17	4.56	4.71	4.11	4.25	3.75	3.61	2.01	2.91	3.07	4.06	2.85	2.85
Apr.	4.17	4.78	4.73	4.16	4.07	3.62	3.58	2.14	2.77	3.21	4.16	3.00	2.94
May	4.14	4.76	4.76	4.12	4.12	3.61	3.48	2.10	2.71	3.21	3.52	2.68	2.79
June	4.15	4.54	4.60	4.40	4.34	3.56	3.41	2.05	2.60	3.01	2.96	2.71	3.12
July	4.12	4.65	4.82	4.34	4.09	3.48	3.45	2.13	2.72	2.72	2.82	2.98	3.17
Aug.	4.10	4.50	4.81	4.41	4.06	3.41	3.39	2.03	2.56	2.82	3.00	2.88	3.10
Sep.	4.12	4.53	4.67	4.39	4.16	3.41	3.42	2.08	2.54	2.86	2.75	2.89	3.28
Oct.	4.14	4.60	4.83	4.39	4.14	3.51	3.50	2.19	2.64	3.14	2.86	3.28	3.38
Nov.	4.08	4.56	4.71	4.34	4.29	3.56	3.50	2.23	2.62	2.96	2.90	2.98	3.10
Dec.	4.12	4.53	4.49	4.20	4.19	3.43	3.41	2.17	2.73	2.67	2.81	2.82	3.13
2014 Jan.	4.15	4.61	4.68	4.25	3.98	3.40	3.48	2.15	2.75	2.76	2.96	3.03	3.12

Source: ECB.

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

2) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector when all participating Member States are combined.

3) This instrument category excludes convenience credit card debt, i.e. credit granted at an interest rate of 0% during the billing cycle.

4) The annual percentage rate of charge (APRC) covers the total cost of a loan. The total cost comprises both an interest rate component and a component incorporating other (related) charges, such as the cost of inquiries, administration, preparation of documents and guarantees.

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

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

4. Interest rates on deposits (outstanding amounts)

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight ²⁾	With an agreed maturity of:		Redeemable at notice of: ^{2),3)}		Overnight ²⁾	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2013 Feb.	0.36	2.58	2.75	1.39	1.48	0.40	1.72	2.93	1.99
Mar.	0.36	2.53	2.70	1.37	1.43	0.40	1.65	2.89	2.19
Apr.	0.34	2.47	2.70	1.36	1.37	0.38	1.60	2.83	1.99
May	0.33	2.41	2.67	1.31	1.31	0.38	1.57	2.79	1.62
June	0.32	2.36	2.67	1.30	1.28	0.38	1.51	2.80	1.73
July	0.31	2.28	2.64	1.28	1.23	0.37	1.46	2.77	1.67
Aug.	0.30	2.22	2.63	1.15	1.22	0.37	1.44	2.82	1.50
Sep.	0.30	2.16	2.63	1.15	1.17	0.35	1.41	2.84	1.66
Oct.	0.29	2.09	2.60	1.13	1.15	0.34	1.34	2.83	1.35
Nov.	0.29	2.02	2.60	1.12	1.11	0.34	1.32	2.84	1.34
Dec.	0.29	1.94	2.57	1.11	1.07	0.34	1.29	2.79	1.05
2014 Jan.	0.28	1.87	2.55	1.09	1.05	0.33	1.24	2.77	1.01

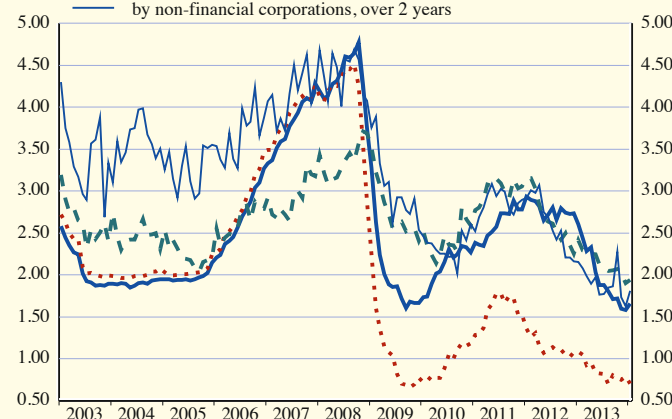
5. Interest rates on loans (outstanding amounts)

	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
2013 Feb.	3.45	3.35	3.51	7.77	6.24	4.91	3.72	3.26	3.19
Mar.	3.50	3.36	3.49	7.79	6.21	4.89	3.69	3.25	3.16
Apr.	3.49	3.33	3.49	7.74	6.19	4.88	3.67	3.25	3.15
May	3.47	3.30	3.46	7.65	6.14	4.86	3.66	3.24	3.13
June	3.50	3.29	3.43	7.62	6.18	4.87	3.63	3.24	3.14
July	3.51	3.24	3.40	7.59	6.18	4.84	3.64	3.26	3.14
Aug.	3.52	3.22	3.37	7.58	6.16	4.82	3.63	3.26	3.12
Sep.	3.55	3.22	3.37	7.64	6.16	4.83	3.65	3.24	3.13
Oct.	3.50	3.20	3.35	7.61	6.10	4.80	3.62	3.27	3.12
Nov.	3.51	3.22	3.34	7.52	6.11	4.79	3.59	3.28	3.12
Dec.	3.59	3.24	3.33	7.49	6.08	4.77	3.61	3.29	3.14
2014 Jan.	3.61	3.17	3.31	7.58	6.11	4.76	3.67	3.30	3.13

C21 New deposits with an agreed maturity

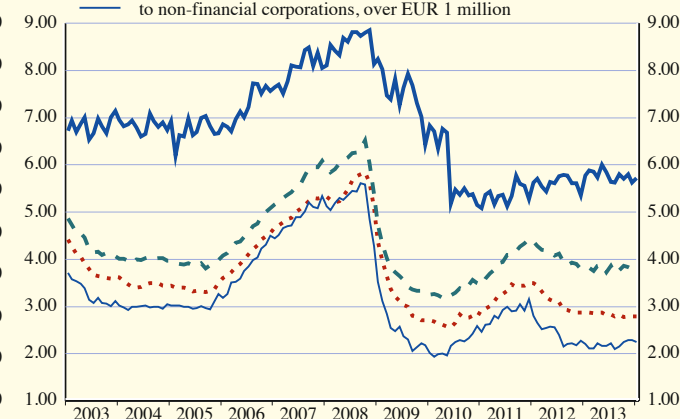
(percentages per annum excluding charges; period averages)

- by households, up to 1 year
- ... by non-financial corporations, up to 1 year
- by households, over 2 years
- ... by non-financial corporations, over 2 years

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

(percentages per annum excluding charges; period averages)

- to households for consumption
- ... to households for house purchase
- to non-financial corporations, up to EUR 1 million
- ... to non-financial corporations, over EUR 1 million



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)

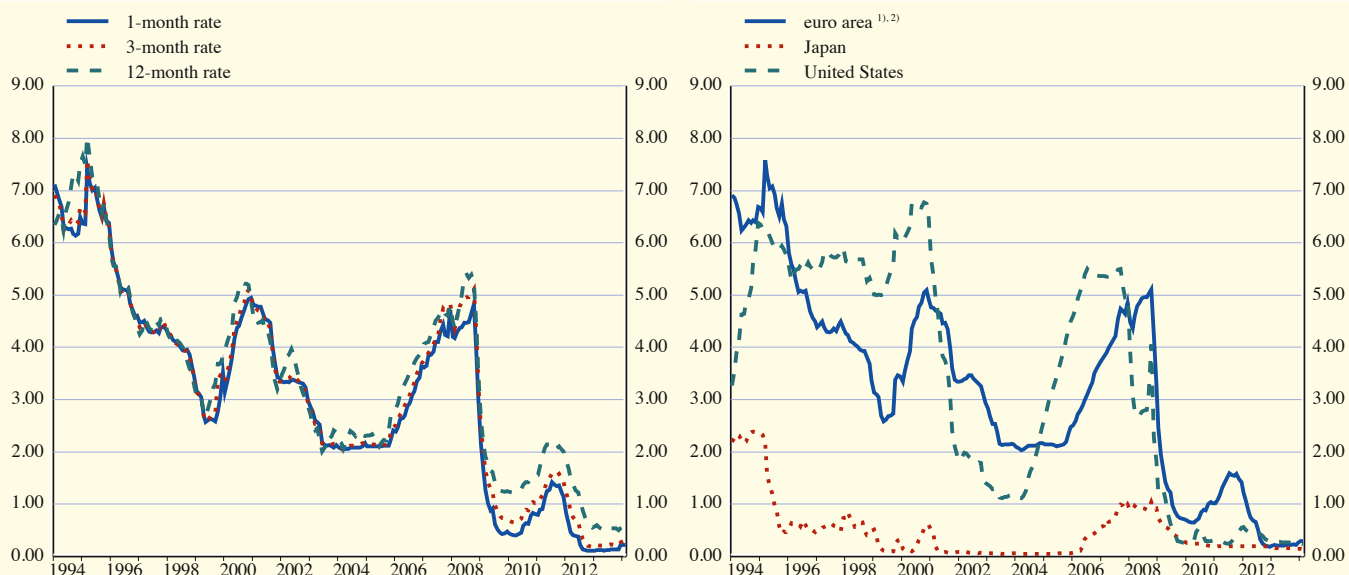
	Euro area ^{1), 2)}					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.58	0.83	1.11	0.43	0.19
2013	0.09	0.13	0.22	0.34	0.54	0.27	0.15
2012 Q4	0.08	0.11	0.20	0.37	0.60	0.32	0.19
2013 Q1	0.07	0.12	0.21	0.34	0.57	0.29	0.16
Q2	0.08	0.12	0.21	0.31	0.51	0.28	0.16
Q3	0.09	0.13	0.22	0.34	0.54	0.26	0.15
Q4	0.12	0.16	0.24	0.35	0.53	0.24	0.14
2013 Feb.	0.07	0.12	0.22	0.36	0.59	0.29	0.16
Mar.	0.07	0.12	0.21	0.33	0.54	0.28	0.16
Apr.	0.08	0.12	0.21	0.32	0.53	0.28	0.16
May	0.08	0.11	0.20	0.30	0.48	0.27	0.16
June	0.09	0.12	0.21	0.32	0.51	0.27	0.15
July	0.09	0.13	0.22	0.34	0.53	0.27	0.16
Aug.	0.08	0.13	0.23	0.34	0.54	0.26	0.15
Sep.	0.08	0.13	0.22	0.34	0.54	0.25	0.15
Oct.	0.09	0.13	0.23	0.34	0.54	0.24	0.15
Nov.	0.10	0.13	0.22	0.33	0.51	0.24	0.14
Dec.	0.17	0.21	0.27	0.37	0.54	0.24	0.15
2014 Jan.	0.20	0.22	0.29	0.40	0.56	0.24	0.14
Feb.	0.16	0.22	0.29	0.39	0.55	0.24	0.14

C23 Euro area money market rates ^{1), 2)}

(monthly averages; percentages per annum)

C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

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

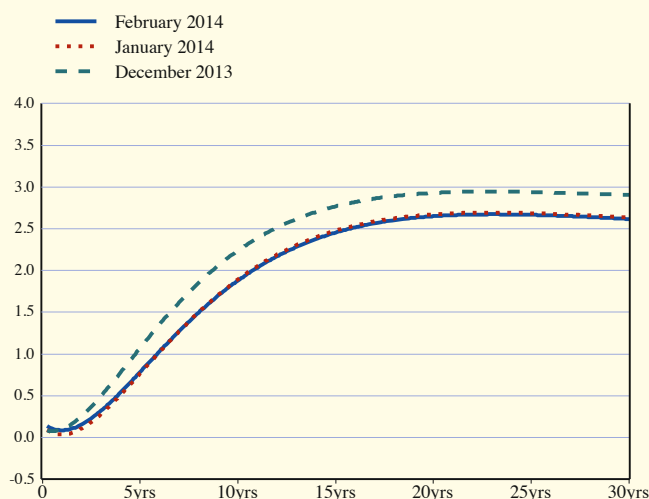
4.7 Euro area yield curves ¹⁾

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2012 Q4	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013 Q1	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Q2	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
Q3	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Q4	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2013 Feb.	0.03	0.01	0.10	0.74	1.24	1.88	1.86	1.78	0.05	0.38	1.99	3.72
Mar.	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Apr.	0.03	-0.01	0.04	0.54	0.96	1.55	1.52	1.51	-0.01	0.23	1.58	3.28
May	0.02	0.03	0.13	0.75	1.22	1.84	1.82	1.71	0.08	0.41	1.95	3.62
June	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
July	0.01	0.04	0.18	0.88	1.36	1.95	1.95	1.77	0.14	0.54	2.14	3.59
Aug.	0.02	0.09	0.27	1.06	1.58	2.17	2.16	1.90	0.23	0.71	2.43	3.78
Sep.	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Oct.	0.05	0.05	0.15	0.82	1.32	1.95	1.90	1.80	0.09	0.45	2.10	3.74
Nov.	0.08	0.05	0.14	0.82	1.34	1.99	1.91	1.84	0.08	0.43	2.14	3.79
Dec.	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2014 Jan.	0.09	0.04	0.11	0.77	1.27	1.89	1.80	1.79	0.04	0.37	2.06	3.61
Feb.	0.14	0.09	0.16	0.79	1.27	1.88	1.74	1.72	0.09	0.41	2.03	3.56

C25 Euro area spot yield curves ²⁾

(percentages per annum; end of period)

**C26 Euro area spot rates and spreads ²⁾**

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



Sources: ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.

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

2) Data cover AAA-rated euro area central government bonds.

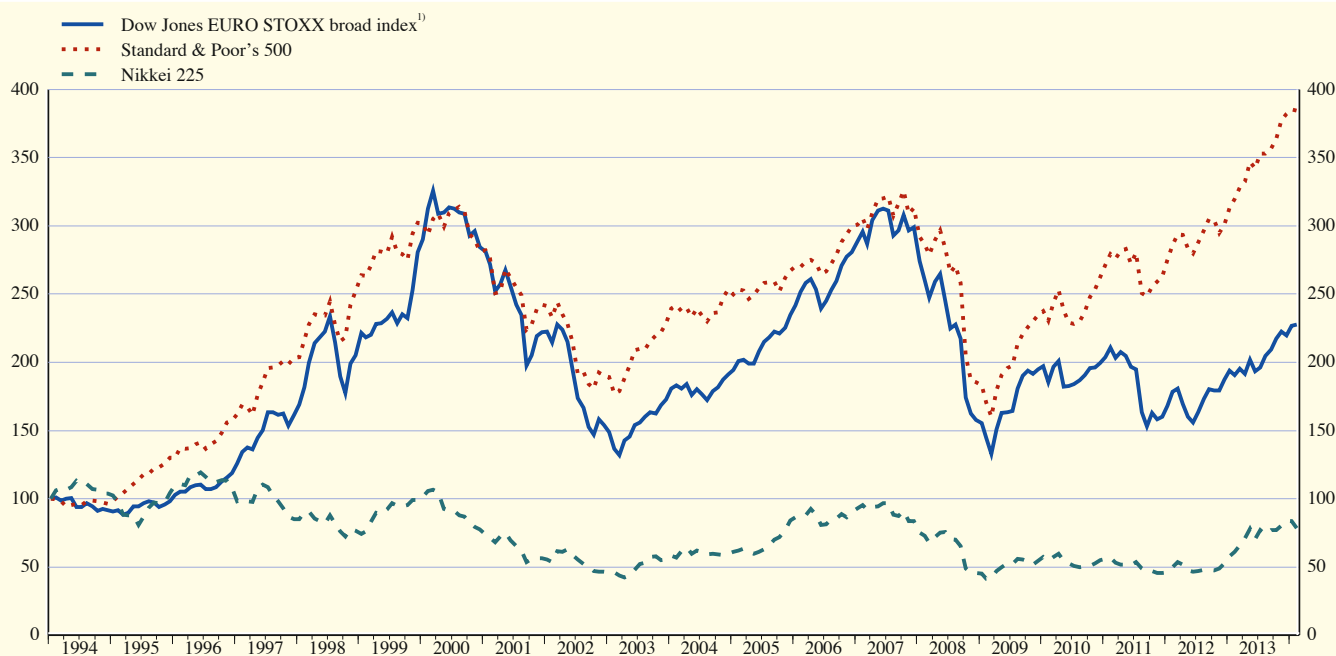
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices ¹⁾												United States	Japan
	Benchmark		Main industry indices										Standard & Poor's 500	Nikkei 225
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2012	239.7	2,411.9	503.7	151.9	385.7	307.2	122.1	330.2	219.2	235.9	268.5	523.3	1,379.4	9,102.6
2013	281.9	2,794.0	586.3	195.0	468.2	312.8	151.5	402.7	274.1	230.6	253.4	629.4	1,643.8	13,577.9
2012 Q4	252.0	2,543.3	536.8	163.6	407.4	310.5	133.0	347.7	231.6	232.0	245.4	570.7	1,418.1	9,208.6
2013 Q1	268.2	2,676.6	568.7	181.2	443.1	309.8	144.1	378.1	257.2	222.9	241.3	600.1	1,514.0	11,457.6
Q2	271.8	2,696.1	574.6	188.6	458.8	303.7	141.5	383.0	259.3	226.1	239.3	653.6	1,609.5	13,629.3
Q3	282.1	2,782.3	581.1	197.7	477.6	312.1	150.4	406.2	277.3	224.0	245.3	631.3	1,674.9	14,127.7
Q4	304.9	3,017.6	620.6	211.9	492.2	325.7	169.9	442.8	301.9	249.5	287.4	631.8	1,768.7	14,951.3
2013 Feb.	264.7	2,630.4	561.0	180.7	439.1	301.4	143.2	372.7	256.0	218.5	231.1	586.7	1,512.3	11,336.4
Mar.	270.8	2,680.2	576.6	187.2	457.1	307.4	140.1	388.2	260.6	221.0	240.2	626.1	1,550.8	12,244.0
Apr.	265.9	2,636.3	560.9	187.0	449.8	299.6	136.0	374.1	250.5	225.2	238.6	650.8	1,570.7	13,224.1
May	280.2	2,785.8	590.1	192.5	472.0	315.0	147.5	392.7	267.1	232.0	248.7	668.7	1,639.8	14,532.4
June	268.3	2,655.8	571.1	185.9	453.0	294.9	140.4	381.3	259.5	220.4	229.2	639.2	1,618.8	13,106.6
July	272.4	2,686.5	569.6	193.1	465.9	298.7	142.0	389.5	268.1	215.1	231.5	642.5	1,668.7	14,317.5
Aug.	284.2	2,803.8	581.8	198.2	482.8	314.9	153.2	407.0	276.1	223.8	245.6	636.8	1,670.1	13,726.7
Sep.	290.6	2,864.6	592.8	202.3	485.0	323.9	156.8	423.6	288.6	234.1	260.0	613.1	1,687.2	14,372.1
Oct.	301.4	2,988.9	602.2	210.0	487.3	329.2	168.4	436.3	293.4	249.6	290.6	616.5	1,720.0	14,329.0
Nov.	308.7	3,056.0	630.5	214.1	498.7	330.9	171.1	448.8	306.1	253.7	289.1	646.6	1,783.5	14,931.7
Dec.	304.7	3,010.2	631.3	211.7	490.9	316.3	170.3	443.9	307.2	245.0	282.0	633.9	1,807.8	15,655.2
2014 Jan.	314.7	3,092.4	640.7	217.4	497.9	318.8	181.3	462.3	308.2	251.3	297.4	647.6	1,822.4	15,578.3
Feb.	315.9	3,085.9	643.7	219.2	502.0	318.9	183.0	460.0	304.3	261.1	291.9	638.3	1,817.0	14,617.6

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS



5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices ¹⁾

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices ²⁾		
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices	
			Total excl. unprocessed food and energy											
% of total in 2012	100.0	100.0	81.7	57.2	42.8	100.0	12.3	7.5	26.7	10.8	42.8	87.3	12.7	
	1	2	3	4	5	6	7	8	9	10	11	12	13	
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.7	
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5	
2012	115.6	2.5	1.8	3.0	1.8	-	-	-	-	-	-	2.3	3.8	
2013	117.2	1.4	1.3	1.3	1.4	-	-	-	-	-	-	1.2	2.1	
2012 Q4	116.7	2.3	1.6	2.7	1.7	0.4	0.7	1.8	0.3	-0.1	0.3	2.0	4.2	
2013 Q1	116.4	1.9	1.5	2.0	1.7	0.4	0.6	0.5	0.1	1.0	0.4	1.7	3.2	
Q2	117.5	1.4	1.3	1.5	1.3	0.1	0.5	1.4	0.1	-1.8	0.2	1.3	2.3	
Q3	117.3	1.3	1.3	1.3	1.4	0.4	0.7	0.5	0.0	1.0	0.5	1.3	1.8	
Q4	117.6	0.8	1.0	0.5	1.2	-0.1	0.3	-1.0	0.0	-1.1	0.1	0.7	1.4	
2013 Sep.	117.7	1.1	1.2	0.9	1.4	0.0	0.1	-1.0	0.0	0.5	0.0	1.0	1.6	
Oct.	117.6	0.7	1.0	0.4	1.2	-0.2	0.1	-0.6	0.0	-1.2	-0.1	0.6	1.3	
Nov.	117.5	0.9	1.1	0.4	1.4	0.0	0.1	-0.2	0.0	-0.8	0.2	0.8	1.3	
Dec.	117.9	0.8	0.9	0.7	1.0	0.1	0.1	1.0	0.1	0.6	-0.1	0.8	1.4	
2014 Jan. ³⁾	116.6	0.8	1.0	0.5	1.2	0.1	0.2	0.1	0.0	0.0	0.2	0.6	2.0	
Feb. ³⁾	117.0	0.8	.	.	1.3	.	.	.	.	0.1	.	.	.	
	Goods							Services						
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous		
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy	Rents							
% of total in 2012	19.8	12.3	7.5	37.5	26.7	10.8	10.5	6.2	7.3	3.1	14.7	7.2		
	14	15	16	17	18	19	20	21	22	23	24	25		
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5		
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1		
2012	3.1	3.1	3.0	3.0	1.2	7.6	1.8	1.5	2.9	-3.2	2.2	2.0		
2013	2.7	2.2	3.5	0.6	0.6	0.6	1.7	1.5	2.4	-4.2	2.2	0.7		
2012 Q4	3.1	2.4	4.3	2.5	1.1	6.3	1.8	1.5	3.1	-3.8	2.1	1.9		
2013 Q1	2.9	2.3	3.9	1.5	0.8	3.2	1.8	1.5	3.1	-4.6	2.8	0.7		
Q2	3.1	2.1	4.8	0.6	0.8	0.3	1.6	1.3	2.5	-4.5	2.0	0.9		
Q3	3.1	2.5	4.2	0.3	0.4	0.1	1.8	1.7	2.3	-4.0	2.2	0.8		
Q4	1.8	2.1	1.3	-0.1	0.3	-0.9	1.7	1.4	1.8	-3.5	2.0	0.4		
2013 Sep.	2.6	2.4	2.9	0.0	0.4	-0.9	1.7	1.5	2.4	-3.6	2.2	0.9		
Oct.	1.9	2.2	1.4	-0.3	0.3	-1.7	1.7	1.4	2.0	-4.0	1.9	0.4		
Nov.	1.6	2.0	0.9	-0.1	0.2	-1.1	1.7	1.4	1.9	-3.3	2.5	0.5		
Dec.	1.8	2.0	1.5	0.2	0.3	0.0	1.7	1.4	1.4	-3.4	1.5	0.5		
2014 Jan. ³⁾	1.7	2.0	1.3	-0.2	0.2	-1.2	1.7	1.4	1.6	-3.2	1.4	1.3		
Feb. ³⁾	1.5	.	.	.	0.6	-2.2	.	.	.	.	.	.		

Sources: Eurostat and ECB calculations.

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

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and property prices

	Industrial producer prices excluding construction										Construct- ion ^{1), 2)}	Residential property prices ^{1), 3)}	Experimental indicator of commercial property prices ^{1), 3)}
	Total (index: 2010 = 100)	Total	Industry excluding construction and energy						Energy				
			Manu- facturing	Total	Intermediate goods	Capital goods	Consumer goods						
							Total	Durable		Non-durable			
% of total in 2010	100.0	100.0	78.1	72.1	29.4	20.1	22.6	2.3	20.3	27.9			
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	100.0	2.7	3.3	1.7	3.6	0.2	0.4	0.7	0.4	6.1	1.9	0.9	-0.3
2011	105.7	5.7	5.3	3.8	5.8	1.5	3.3	1.9	3.5	10.9	3.3	1.1	2.8
2012	108.6	2.8	2.0	1.4	0.7	1.0	2.5	1.6	2.6	6.6	1.6	-1.7	-0.2
2013	108.5	-0.2	-0.1	0.4	-0.6	0.6	1.7	0.7	1.8	-1.7	.	.	.
2012 Q4	109.2	2.4	1.9	1.6	1.3	0.8	2.5	1.2	2.7	4.5	1.3	-2.3	-1.2
2013 Q1	109.3	1.2	0.8	1.2	0.8	0.8	2.2	0.8	2.4	0.9	0.8	-2.8	-1.4
Q2	108.2	-0.1	-0.1	0.5	-0.5	0.6	1.9	0.8	2.1	-2.0	0.4	-2.4	-0.9
Q3	108.3	-0.6	-0.3	0.2	-1.1	0.6	1.8	0.6	1.9	-2.7	0.4	-1.4	-0.2
Q4	108.0	-1.1	-0.8	-0.3	-1.7	0.6	0.9	0.6	1.0	-2.9	.	.	.
2013 Aug.	108.3	-0.9	-0.4	0.3	-1.1	0.6	1.8	0.6	2.0	-3.7	-	-	-
Sep.	108.5	-0.9	-0.8	-0.1	-1.6	0.6	1.5	0.7	1.6	-2.9	-	-	-
Oct.	108.0	-1.3	-1.1	-0.3	-1.8	0.6	1.1	0.6	1.2	-3.6	-	-	-
Nov.	107.9	-1.2	-0.9	-0.4	-1.7	0.5	0.9	0.6	0.9	-3.2	-	-	-
Dec.	108.1	-0.8	-0.6	-0.3	-1.7	0.6	0.8	0.7	0.9	-1.9	-	-	-
2014 Jan.	107.7	-1.4	-0.9	-0.4	-1.7	0.5	0.6	0.8	0.6	-3.8	-	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices ⁴⁾ (EUR per barrel)	Non-energy commodity prices						GDP deflators ⁵⁾								
		Import-weighted ⁵⁾			Use-weighted ⁶⁾			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports ⁷⁾	Imports ⁷⁾	
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consumption	Government consumption	Gross fixed capital formation			
% of total		100.0	35.0	65.0	100.0	45.0	55.0									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.1	0.8	1.5	1.6	0.8	0.8	3.0	5.0	
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.4	1.2	2.0	2.4	0.8	1.5	3.6	5.8	
2012	86.6	0.5	1.1	0.3	2.6	6.4	-0.3	110.9	1.3	1.6	2.1	1.1	1.1	1.6	2.4	
2013	81.7	-8.2	-10.5	-7.0	-7.3	-7.3	-7.3	112.5	1.4	1.1	1.2	1.1	0.3	-0.4	-1.3	
2012 Q4	84.4	4.4	6.0	3.7	7.0	10.2	4.5	111.5	1.4	1.5	1.8	0.5	0.9	1.4	1.7	
2013 Q1	85.0	-3.0	-2.4	-3.3	-1.6	0.0	-2.8	112.1	1.6	1.4	1.3	1.7	0.4	0.2	-0.3	
Q2	79.0	-5.2	-4.1	-5.8	-4.3	-2.1	-6.2	112.5	1.6	1.2	1.1	1.0	0.1	-0.1	-1.1	
Q3	82.5	-12.7	-18.7	-9.4	-12.0	-14.4	-10.0	112.5	1.3	1.0	1.2	1.0	0.2	-0.8	-1.6	
Q4	80.3	-11.8	-15.8	-9.7	-11.1	-11.8	-10.5	112.7	1.1	0.7	0.8	1.0	0.2	-1.0	-2.0	
2013 Sep.	83.0	-12.9	-18.8	-9.7	-12.1	-13.7	-10.7	-	-	-	-	-	-	-	-	
Oct.	80.0	-12.2	-17.3	-9.6	-10.9	-12.0	-9.9	-	-	-	-	-	-	-	-	
Nov.	80.0	-11.7	-16.5	-9.2	-11.3	-12.9	-9.9	-	-	-	-	-	-	-	-	
Dec.	80.8	-11.4	-13.5	-10.4	-11.2	-10.6	-11.7	-	-	-	-	-	-	-	-	
2014 Jan.	78.8	-9.3	-11.4	-8.3	-8.9	-8.2	-9.5	-	-	-	-	-	-	-	-	
Feb.	79.4	-7.8	-6.2	-8.6	-7.2	-3.6	-10.0	-	-	-	-	-	-	-	-	

Sources: Eurostat, ECB calculations based on Eurostat data (columns 8-15 in Table 3 in Section 5.1), ECB calculations based on Thomson Reuters data (column 1 in Table 3 in Section 5.1), ECB calculations based on IPD data and national sources (column 13 in Table 2 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) Data refer to the Euro 18.

2) Input prices for residential buildings.

3) Experimental data based on non-harmonised sources (see <http://www.ecb.europa.eu/stats/intro/html/experiment.en.html> for further details).

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 ¹⁾

(annual percentage changes)

4. Unit labour costs, compensation per labour input and labour productivity

(quarterly data seasonally adjusted; annual data unadjusted)

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufactu- ring, energy and utilities	Construction	Trade, transport, accommoda- tion and food services	Information and commu- nication	Finance and insurance	Real estate	Professional, business and support services	Public admini- stration, education, health and social work	Arts, enter- tainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
Unit labour costs ²⁾												
2011	110.6	0.8	0.6	0.6	1.3	0.7	0.3	-0.4	0.9	3.1	0.2	1.5
2012	112.7	1.9	4.4	2.6	2.6	1.7	3.4	1.3	0.7	2.5	0.7	2.1
2012 Q4	113.4	1.8	6.1	2.7	3.3	2.2	5.4	-0.3	-0.6	2.5	-0.2	2.7
2013 Q1	114.0	1.8	2.4	2.6	0.3	2.4	3.8	-0.1	-0.9	2.0	1.0	2.3
Q2	113.9	1.2	1.6	1.9	0.5	1.8	3.4	1.2	-0.1	1.1	0.3	1.7
Q3	114.1	1.0	1.8	2.2	1.5	0.9	4.2	0.7	0.3	0.2	0.3	1.5
Compensation per employee												
2011	114.5	2.2	3.1	3.5	3.6	1.8	2.9	1.5	2.8	3.0	1.1	1.8
2012	116.6	1.8	1.4	2.5	3.1	1.7	2.5	1.1	1.9	2.5	1.1	1.6
2012 Q4	117.1	1.5	1.2	2.6	3.0	1.4	2.3	1.4	1.2	2.1	0.2	1.2
2013 Q1	118.0	1.7	2.8	2.5	0.8	1.2	1.4	1.7	1.3	2.0	1.6	1.1
Q2	118.4	1.6	2.0	2.6	1.9	1.4	1.3	1.3	2.8	2.1	1.0	1.3
Q3	118.7	1.6	3.0	3.1	2.5	1.1	1.2	0.8	1.5	1.6	1.0	1.5
Labour productivity per person employed ³⁾												
2011	103.5	1.4	2.5	2.9	2.3	1.1	2.6	1.9	1.8	-0.1	0.8	0.3
2012	103.5	0.0	-2.9	-0.1	0.5	0.1	-0.9	-0.2	1.2	0.0	0.3	-0.5
2012 Q4	103.3	-0.3	-4.6	0.0	-0.3	-0.8	-3.0	1.7	1.9	-0.5	0.4	-1.5
2013 Q1	103.6	-0.2	0.4	-0.1	0.5	-1.2	-2.3	1.8	2.2	0.0	0.6	-1.2
Q2	103.9	0.4	0.4	0.6	1.4	-0.5	-2.0	0.1	2.9	1.0	0.7	-0.4
Q3	104.1	0.6	1.2	0.9	1.0	0.2	-2.9	0.1	1.3	1.4	0.7	0.0
Compensation per hour worked												
2011	116.3	2.0	2.3	2.7	4.1	2.0	2.7	1.2	2.3	2.7	0.9	1.7
2012	119.3	2.6	3.2	3.6	4.9	2.4	3.1	1.6	2.3	2.6	1.2	2.5
2012 Q4	120.3	2.1	3.1	3.7	4.2	2.3	2.6	2.3	1.7	2.4	0.0	2.3
2013 Q1	121.9	3.0	4.4	4.5	3.8	2.4	1.9	2.9	1.5	2.8	2.4	2.5
Q2	121.4	1.5	2.2	1.5	0.9	1.4	0.9	1.8	2.3	2.3	0.9	2.1
Q3	121.7	1.6	3.2	1.8	1.8	1.1	1.7	1.1	1.9	2.1	1.1	2.4
Hourly labour productivity ³⁾												
2011	105.7	1.4	3.6	2.3	2.4	1.4	2.5	1.8	1.2	-0.3	0.6	0.3
2012	106.5	0.7	-2.0	1.0	2.0	0.8	-0.3	0.2	2.0	0.3	0.6	0.3
2012 Q4	106.7	0.5	-3.9	1.2	0.9	0.2	-2.3	2.7	2.9	0.1	0.3	-0.4
2013 Q1	107.5	1.1	0.5	1.9	3.1	-0.4	-1.8	3.0	2.8	1.0	1.4	0.5
Q2	107.1	0.2	0.1	-0.3	0.3	-0.6	-2.2	0.1	2.5	1.1	0.5	0.3
Q3	107.2	0.6	1.4	-0.2	0.5	0.2	-2.2	0.2	1.5	2.0	0.8	0.8

5. Labour cost indices ⁴⁾

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages ⁵⁾
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2012	108.6	1.9	2.0	1.7	2.4	2.3	2.1	2.2
2013	.	.	.	.	.	.	.	1.8
2013 Q1	102.6	1.9	2.1	1.6	3.2	1.5	1.6	1.9
Q2	114.0	1.1	1.4	0.3	1.9	0.8	1.1	1.7
Q3	107.1	1.0	1.3	0.4	1.6	-0.2	1.0	1.7
Q4	.	.	.	.	.	.	.	1.7

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

1) Data refer to the Euro 18.

2) Compensation (at current prices) per employee divided by labour productivity per person employed.

3) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).

4) Hourly labour cost indices for the whole economy, excluding agriculture, forestry and fishing. Owing to differences in coverage, the estimates for the components may not be consistent with the total.

5) Experimental data (see <http://www.ecb.europa.eu/stats/intro/html/experiment.en.html> for further details).

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components ¹⁾

	GDP								
	Total	Domestic demand					External balance ²⁾		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories ³⁾	Total	Exports ²⁾	Imports ²⁾
	1	2	3	4	5	6	7	8	9
Current prices (EUR billions)									
2010	9,185.6	9,064.9	5,282.7	2,019.8	1,741.2	21.1	120.8	3,793.9	3,673.1
2011	9,444.5	9,315.7	5,427.2	2,033.2	1,796.9	58.4	128.8	4,186.7	4,057.9
2012	9,505.8	9,259.2	5,463.4	2,043.9	1,744.0	7.9	246.6	4,361.8	4,115.2
2013	9,597.7	9,263.0	5,491.4	2,071.2	1,696.8	3.6	334.7	4,401.0	4,066.3
2012 Q4	2,376.0	2,303.8	1,365.4	510.9	430.1	-2.6	72.1	1,096.1	1,023.9
2013 Q1	2,384.0	2,309.2	1,367.8	517.1	422.2	2.1	74.8	1,082.5	1,007.8
Q2	2,399.5	2,311.6	1,371.4	517.5	422.3	0.3	87.9	1,105.1	1,017.2
Q3	2,405.0	2,325.8	1,377.3	520.5	425.8	2.3	79.2	1,102.3	1,023.1
Q4	2,415.0	2,323.3	1,380.7	518.3	431.6	-7.3	91.8	1,113.9	1,022.2
percentage of GDP									
2013	100.0	96.5	57.2	21.6	17.7	0.0	3.5	-	-
Chain-linked volumes (prices for the previous year)									
quarter-on-quarter percentage changes									
2012 Q4	-0.5	-0.7	-0.5	0.0	-1.3	-	-	-0.6	-0.9
2013 Q1	-0.2	-0.3	-0.1	0.3	-1.7	-	-	-0.9	-1.1
Q2	0.3	-0.1	0.2	0.0	0.2	-	-	2.3	1.7
Q3	0.1	0.6	0.1	0.4	0.6	-	-	0.0	1.0
Q4	0.3	-0.1	0.1	-0.2	1.1	-	-	1.2	0.4
annual percentage changes									
2010	1.9	1.2	1.0	0.6	-0.4	-	-	11.6	10.0
2011	1.6	0.7	0.3	-0.1	1.6	-	-	6.5	4.5
2012	-0.7	-2.2	-1.4	-0.5	-4.0	-	-	2.5	-0.9
2013	-0.4	-1.0	-0.7	0.2	-3.0	-	-	1.3	0.1
2012 Q4	-1.0	-2.3	-1.4	-0.7	-4.8	-	-	1.9	-0.8
2013 Q1	-1.2	-2.1	-1.2	-0.1	-5.3	-	-	0.1	-1.9
Q2	-0.6	-1.4	-0.6	0.1	-3.4	-	-	1.5	-0.1
Q3	-0.3	-0.4	-0.3	0.7	-2.3	-	-	0.8	0.6
Q4	0.5	0.1	0.3	0.4	0.1	-	-	2.6	1.9
contributions to quarter-on-quarter percentage changes in GDP; percentage points									
2012 Q4	-0.5	-0.6	-0.3	0.0	-0.2	-0.1	0.1	-	-
2013 Q1	-0.2	-0.3	0.0	0.1	-0.3	0.0	0.1	-	-
Q2	0.3	-0.1	0.1	0.0	0.0	-0.2	0.4	-	-
Q3	0.1	0.6	0.1	0.1	0.1	0.3	-0.4	-	-
Q4	0.3	-0.1	0.1	-0.1	0.2	-0.3	0.4	-	-
contributions to annual percentage changes in GDP; percentage points									
2010	1.9	1.2	0.6	0.1	-0.1	0.6	0.7	-	-
2011	1.6	0.7	0.2	0.0	0.3	0.3	0.9	-	-
2012	-0.7	-2.2	-0.8	-0.1	-0.8	-0.5	1.5	-	-
2013	-0.4	-1.0	-0.4	0.0	-0.6	-0.1	0.5	-	-
2012 Q4	-1.0	-2.2	-0.8	-0.1	-0.9	-0.3	1.2	-	-
2013 Q1	-1.2	-2.0	-0.7	0.0	-1.0	-0.3	0.9	-	-
Q2	-0.6	-1.3	-0.3	0.0	-0.6	-0.4	0.8	-	-
Q3	-0.3	-0.4	-0.2	0.1	-0.4	0.0	0.1	-	-
Q4	0.5	0.1	0.2	0.1	0.0	-0.2	0.4	-	-

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 18.

2) 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.

3) Including acquisitions less disposals of valuables.

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity ¹⁾

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufac- turing, energy and utilities	Construction	Trade, transport, accommoda- tion and food services	Information and commu- nication	Finance and insurance	Real estate	Professional, business and support services	Public admi- nistration, education, health and social work	Arts, enter- tainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
Current prices (EUR billions)												
2010	8,242.2	137.1	1,581.8	499.2	1,552.3	370.8	438.7	919.2	827.5	1,615.0	300.6	943.4
2011	8,469.9	142.0	1,643.3	502.0	1,594.5	374.5	440.1	965.6	859.7	1,640.1	308.1	974.6
2012	8,526.1	144.2	1,643.9	491.8	1,607.3	370.0	433.9	982.2	877.6	1,661.6	313.7	979.7
2013	8,607.3	143.1	1,659.9	479.5	1,623.3	357.5	438.3	1,003.8	895.9	1,685.9	320.2	990.3
2012 Q4	2,131.9	36.4	410.1	121.2	403.2	91.3	107.9	248.0	220.4	414.4	79.0	244.1
2013 Q1	2,139.3	35.9	411.4	120.4	402.6	90.2	109.1	248.6	220.9	421.0	79.3	244.7
Q2	2,149.6	36.0	415.1	119.1	405.3	89.8	109.9	250.0	223.4	421.2	79.7	249.8
Q3	2,157.7	35.3	416.4	119.5	408.0	88.8	109.3	251.7	225.4	422.5	80.7	247.4
Q4	2,169.1	36.0	419.6	120.9	409.6	88.8	110.2	253.3	226.5	423.4	81.0	245.9
percentage of value added												
2013	100.0	1.7	19.3	5.6	18.9	4.2	5.1	11.7	10.4	19.6	3.7	-
Chain-linked volumes (prices for the previous year)												
quarter-on-quarter percentage changes												
2012 Q4	-0.5	-0.4	-1.7	-1.7	-0.9	-1.0	0.9	0.5	-0.3	0.4	0.2	-0.7
2013 Q1	-0.2	0.8	0.0	-1.1	-0.4	-0.7	-0.9	-0.2	0.6	-0.2	-0.4	-0.2
Q2	0.3	0.0	0.7	-1.0	0.5	-0.1	-0.9	0.3	0.8	0.2	0.1	0.6
Q3	0.2	-0.1	0.2	0.1	0.1	-0.6	0.6	0.3	0.4	0.2	0.0	-0.2
Q4	0.4	1.6	0.6	0.5	0.2	0.0	0.4	0.2	0.3	0.4	0.1	-0.5
annual percentage changes												
2010	2.0	-3.0	9.5	-5.8	0.7	1.8	0.2	-0.1	2.3	1.3	0.4	1.4
2011	1.8	0.3	3.0	-1.6	1.7	3.9	1.5	2.1	2.4	1.1	0.3	0.1
2012	-0.5	-4.9	-1.1	-4.2	-0.7	0.3	-0.6	0.6	0.7	0.1	0.1	-1.8
2013	-0.4	-0.2	-0.5	-3.8	-0.7	-1.5	-0.7	0.4	1.1	0.1	-0.7	-1.0
2012 Q4	-0.9	-6.6	-1.4	-5.3	-1.7	-1.4	0.9	0.7	0.0	0.2	-0.1	-2.0
2013 Q1	-1.0	-2.6	-1.7	-5.1	-2.3	-1.8	0.7	0.6	0.2	0.3	-0.7	-2.5
Q2	-0.6	-0.9	-0.9	-4.9	-1.4	-1.8	-0.9	0.8	1.4	0.4	-0.1	-0.8
Q3	-0.3	0.4	-0.8	-3.7	-0.6	-2.4	-0.3	0.8	1.5	0.6	-0.1	-0.5
Q4	0.6	2.4	1.6	-1.4	0.5	-1.4	-0.9	0.5	2.1	0.6	-0.2	-0.3
contributions to quarter-on-quarter percentage changes in value added; percentage points												
2012 Q4	-0.5	0.0	-0.3	-0.1	-0.2	0.0	0.0	0.1	0.0	0.1	0.0	-
2013 Q1	-0.2	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.1	0.0	0.0	-
Q2	0.3	0.0	0.1	-0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	-
Q3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	-
contributions to annual percentage changes in value added; percentage points												
2010	2.0	0.0	1.7	-0.4	0.1	0.1	0.0	0.0	0.2	0.3	0.0	-
2011	1.8	0.0	0.6	-0.1	0.3	0.2	0.1	0.2	0.2	0.2	0.0	-
2012	-0.5	-0.1	-0.2	-0.2	-0.1	0.0	0.0	0.1	0.1	0.0	0.0	-
2013	-0.4	0.0	-0.1	-0.2	-0.1	-0.1	0.0	0.0	0.1	0.0	0.0	-
2012 Q4	-0.9	-0.1	-0.3	-0.3	-0.3	-0.1	0.0	0.1	0.0	0.0	0.0	-
2013 Q1	-1.0	0.0	-0.3	-0.3	-0.4	-0.1	0.0	0.1	0.0	0.1	0.0	-
Q2	-0.6	0.0	-0.2	-0.3	-0.3	-0.1	0.0	0.1	0.1	0.1	0.0	-
Q3	-0.3	0.0	-0.2	-0.2	-0.1	-0.1	0.0	0.1	0.1	0.1	0.0	-
Q4	0.6	0.0	0.3	-0.1	0.1	-0.1	0.0	0.1	0.2	0.1	0.0	-

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 18.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production ¹⁾

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2010 = 100)	Total	Industry excluding construction and energy							Energy	
				Manu- facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2010	100.0	79.4	79.4	68.3	67.7	26.7	23.2	17.8	2.3	15.5	11.7	20.6
	1	2	3	4	5	6	7	8	9	10	11	12
2011	2.2	103.5	3.4	4.7	4.8	4.2	8.5	1.0	0.7	1.0	-4.5	-2.4
2012	-3.1	100.9	-2.5	-2.7	-2.8	-4.5	-1.2	-2.4	-4.8	-2.1	-0.4	-5.4
2013	-1.2	100.2	-0.8	-0.7	-0.8	-0.9	-0.7	-0.6	-3.5	-0.2	-1.2	-3.0
2013 Q1	-2.8	99.6	-2.2	-2.6	-2.8	-3.5	-3.4	-0.8	-4.5	-0.4	-0.1	-5.9
Q2	-1.5	100.3	-1.0	-0.9	-1.0	-2.0	-0.1	-0.7	-3.9	-0.2	-1.2	-3.7
Q3	-1.1	100.3	-1.1	-1.1	-0.9	-0.6	-1.3	-0.9	-3.5	-0.6	-2.0	-1.1
Q4	0.7	100.6	1.3	1.6	1.6	2.7	1.8	-0.1	-2.0	0.5	-1.7	-1.6
2013 Aug.	-1.2	100.6	-1.5	-1.4	-1.0	-0.6	-0.9	-2.1	-4.0	-1.9	-3.6	-1.1
Sep.	-0.1	100.4	0.2	0.3	0.3	0.1	0.2	0.6	-2.5	1.1	-0.7	-0.6
Oct.	0.0	99.7	0.5	0.9	0.8	1.5	1.4	-0.5	-4.8	0.2	-3.1	-2.3
Nov.	2.0	101.4	2.8	3.1	3.1	3.2	4.3	1.5	0.0	2.0	-0.1	-1.6
Dec.	0.5	100.6	0.5	0.8	0.8	3.6	-0.3	-1.4	-1.2	-0.9	-2.0	-0.2
	month-on-month percentage changes (s.a.)											
2013 Aug.	1.0	-	0.9	1.0	1.6	0.8	2.0	0.4	0.1	0.4	-0.7	0.1
Sep.	-0.5	-	-0.2	-0.3	-0.9	-0.4	-0.8	0.1	-1.4	0.1	1.5	-0.3
Oct.	-0.6	-	-0.7	-0.4	-0.4	0.4	-0.9	-0.4	-1.9	0.3	-3.3	-1.0
Nov.	1.3	-	1.6	1.5	1.6	0.7	2.8	0.6	2.3	0.3	2.3	-0.2
Dec.	-0.4	-	-0.7	-0.4	-0.5	0.9	-2.1	-0.2	0.4	-0.1	-2.1	0.9

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

	Indicator on industrial new orders ^{1), 2)}		Industrial turnover ¹⁾		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing		Manufacturing (current prices)		Current prices	Constant prices							Total (s.a.; thousands) ³⁾	Total
	Total (s.a.; index: 2010 = 100)	Total	Total (s.a.; index: 2010 = 100)	Total	Total (s.a.; index: 2010 = 100)	Total	Food, beverages, tobacco	Non-food		Fuel				
								Textiles, clothing, footwear	Household equipment					
% of total in 2010	100.0	100.0	100.0	100.0	100.0	100.0	100.0	39.3	51.5	9.2	12.0	9.1		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	108.6	8.6	109.3	9.2	1.7	99.3	-0.8	-1.1	-0.3	-1.4	-0.3	-3.3	840	-1.0
2012	104.4	-3.8	108.8	-0.4	0.5	97.6	-1.7	-1.3	-1.6	-2.5	-2.8	-5.0	745	-11.0
2013	104.1	-0.3	107.2	-1.5	-0.4	96.8	-0.8	-1.0	-0.5	-1.3	-2.6	-1.1	713	-4.4
2013 Q1	102.5	-2.7	107.0	-2.6	-1.3	96.5	-2.2	-1.5	-2.4	-5.7	-4.3	-3.6	689	-11.2
Q2	103.2	-1.7	106.8	-1.9	-0.3	96.8	-1.0	-1.7	-0.4	0.0	-2.8	-0.7	709	-7.2
Q3	105.1	1.0	107.4	-1.5	-0.1	97.2	-0.5	-0.6	-0.3	-0.4	-2.5	-0.2	709	-2.2
Q4	105.4	2.1	107.4	-0.1	0.1	96.6	0.2	-0.3	0.8	0.6	-1.0	-0.1	745	5.3
2013 Sep.	106.3	3.5	107.4	-0.8	-0.1	96.8	-0.2	-1.4	0.7	-1.1	-1.0	1.1	710	-2.4
Oct.	104.1	0.2	106.7	-1.2	-0.5	96.4	-0.4	-0.2	-0.5	-1.7	-1.5	0.2	726	4.2
Nov.	105.8	2.8	108.2	1.4	1.3	97.4	1.5	1.0	2.6	4.8	0.1	-0.1	736	4.8
Dec.	106.5	3.3	107.4	-0.5	-0.5	96.1	-0.4	-1.5	0.5	-0.5	-1.6	-0.5	774	7.0
2014 Jan.	.	.	.	.	1.1	97.6	1.3	-0.4	2.5	.	.	2.9	705	5.5
	month-on-month percentage changes (s.a.)													
2013 Sep.	-	1.3	-	-0.8	-0.9	-	-0.9	-0.7	-0.2	-1.2	0.0	-0.7	-	-0.3
Oct.	-	-2.1	-	-0.7	-0.4	-	-0.4	0.2	-0.8	-1.7	-0.8	-0.5	-	2.2
Nov.	-	1.6	-	1.5	1.1	-	1.1	0.6	1.4	3.5	0.7	1.1	-	1.5
Dec.	-	0.7	-	-0.7	-1.4	-	-1.3	-1.6	-1.1	-2.6	-1.5	-0.4	-	5.2
2014 Jan.	-	.	-	.	1.5	-	1.6	1.1	1.9	.	.	1.5	-	-9.0

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

1) Data refer to the Euro 18.

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

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

5.2 Output and demand(percentage balances, ¹⁾ unless otherwise indicated; seasonally adjusted)**5. Business and Consumer Surveys**

	Economic sentiment indicator ²⁾ (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation ³⁾ (%)	Total ⁴⁾	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total ⁴⁾	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2010	101.4	-4.5	-24.2	1.0	11.6	77.0	-14.1	-5.2	-12.3	31.1	-8.0
2011	102.2	0.2	-6.4	2.3	9.4	80.6	-14.3	-7.3	-18.0	23.0	-9.0
2012	90.8	-11.7	-24.4	6.8	-3.9	78.6	-22.1	-11.1	-27.4	38.1	-11.7
2013	93.8	-9.3	-26.0	4.7	2.8	78.3	-18.6	-8.9	-20.1	34.4	-11.2
2012 Q4	87.2	-15.4	-32.1	6.9	-7.3	77.4	-25.9	-12.7	-31.5	46.0	-13.4
2013 Q1	90.5	-12.2	-29.6	5.4	-1.6	77.5	-23.5	-11.3	-27.2	42.3	-13.1
Q2	90.2	-12.7	-30.9	6.2	-0.9	77.9	-20.8	-10.1	-24.8	35.7	-12.6
Q3	95.3	-8.3	-24.9	4.6	4.4	78.4	-15.9	-7.9	-16.7	29.6	-9.2
Q4	99.1	-4.1	-18.6	2.8	9.1	79.2	-14.4	-6.3	-11.6	29.8	-9.8
2013 Sep.	97.3	-6.6	-23.2	3.7	7.0	-	-14.8	-7.1	-13.5	28.4	-10.1
Oct.	98.1	-5.0	-21.2	3.3	9.4	78.4	-14.4	-7.1	-11.7	29.2	-9.5
Nov.	98.8	-3.9	-17.9	3.5	9.7	-	-15.3	-6.0	-13.4	31.3	-10.4
Dec.	100.4	-3.4	-16.7	1.7	8.3	-	-13.5	-5.7	-9.8	29.0	-9.5
2014 Jan.	101.0	-3.8	-16.7	3.0	8.2	80.0	-11.7	-4.9	-7.6	24.6	-9.5
Feb.	101.2	-3.4	-16.2	2.3	8.4	-	-12.7	-4.8	-8.7	26.3	-11.0

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total ⁴⁾	Order books	Employment expectations	Total ⁴⁾	Present business situation	Volume of stocks	Expected business situation	Total ⁴⁾	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2010	-28.5	-39.3	-17.6	-4.0	-6.5	7.2	1.6	3.9	1.4	3.0	7.3
2011	-25.2	-33.1	-17.2	-5.3	-5.4	11.2	0.6	5.3	2.2	5.4	8.3
2012	-27.6	-34.3	-21.0	-15.1	-18.5	14.4	-12.4	-6.8	-11.8	-7.6	-1.0
2013	-30.0	-38.2	-21.7	-12.5	-18.9	9.3	-9.2	-6.1	-9.9	-8.6	0.2
2012 Q4	-31.9	-39.6	-24.2	-15.9	-20.9	11.5	-15.3	-11.0	-15.3	-12.8	-4.9
2013 Q1	-28.7	-36.8	-20.7	-16.1	-24.0	10.8	-13.5	-7.7	-12.6	-8.9	-1.8
Q2	-31.5	-38.5	-24.3	-16.5	-24.5	11.2	-13.9	-9.9	-14.5	-13.3	-1.9
Q3	-31.0	-39.7	-22.3	-10.4	-16.4	8.7	-6.1	-5.3	-8.2	-8.6	0.8
Q4	-28.6	-37.7	-19.5	-6.8	-10.5	6.6	-3.5	-1.3	-4.2	-3.4	3.6
2013 Sep.	-28.3	-36.9	-19.8	-6.8	-11.0	7.2	-2.3	-3.2	-5.5	-7.2	3.2
Oct.	-29.1	-38.9	-19.2	-7.7	-11.2	5.6	-6.5	-3.6	-6.6	-6.9	2.7
Nov.	-30.4	-39.5	-21.3	-7.7	-11.2	7.8	-4.2	-0.8	-4.0	-2.8	4.4
Dec.	-26.4	-34.8	-18.0	-5.0	-9.1	6.4	0.3	0.4	-2.1	-0.4	3.6
2014 Jan.	-29.8	-41.3	-18.4	-3.4	-8.1	5.9	3.7	2.4	-0.6	-0.2	8.0
Feb.	-28.5	-37.4	-19.6	-2.9	-4.2	6.1	1.5	3.2	0.3	1.8	7.7

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

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

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

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

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

5.3 Labour markets ^{1), 2)}

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

	By employment status			By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
levels (thousands)													
2012	147,068	125,725	21,343	5,044	23,104	9,546	36,170	4,066	4,078	1,302	18,333	34,575	10,851
percentage of total persons employed													
2012	100.0	85.5	14.5	3.4	15.7	6.5	24.6	2.8	2.8	0.9	12.5	23.5	7.4
annual percentage changes													
2010	-0.5	-0.5	-0.5	-1.0	-2.8	-4.0	-0.5	-1.7	-1.1	0.0	2.0	0.9	0.6
2011	0.2	0.3	-0.3	-2.1	0.0	-3.8	0.6	1.2	-0.4	0.3	2.5	0.3	0.1
2012	-0.6	-0.7	-0.1	-2.0	-1.0	-4.6	-0.8	1.2	-0.4	-0.6	0.7	-0.3	0.7
2012 Q4	-0.7	-0.8	0.0	-2.1	-1.4	-5.0	-1.0	1.6	-0.8	-1.2	0.5	-0.2	1.3
2013 Q1	-1.0	-1.0	-1.0	-3.0	-1.6	-5.6	-1.1	0.5	-1.1	-1.6	0.3	-0.2	0.5
Q2	-1.0	-1.0	-0.6	-1.4	-1.5	-6.2	-1.0	0.2	-1.0	-2.1	0.4	-0.3	0.3
Q3	-0.8	-0.9	-0.5	-0.8	-1.7	-4.6	-0.8	0.5	-0.4	-0.4	0.0	-0.2	-0.1
quarter-on-quarter percentage changes													
2012 Q4	-0.3	-0.4	0.0	-0.9	-0.5	-1.6	-0.4	0.8	-0.1	-0.6	-0.3	0.1	-0.1
2013 Q1	-0.5	-0.5	-0.4	-1.4	-0.5	-1.6	-0.4	-0.2	-0.1	-0.7	-0.6	-0.2	0.0
Q2	-0.1	-0.1	0.1	1.9	-0.4	-1.1	0.0	0.1	-0.1	0.5	0.5	-0.2	-0.1
Q3	0.0	0.0	-0.2	-0.4	-0.3	-0.3	0.0	-0.1	-0.1	0.4	0.4	0.1	0.1
Hours worked													
levels (millions)													
2012	231,353	186,256	45,097	10,073	36,323	16,626	60,198	6,525	6,430	2,009	28,577	49,334	15,257
percentage of total hours worked													
2012	100.0	80.5	19.5	4.4	15.7	7.2	26.0	2.8	2.8	0.9	12.4	21.3	6.6
annual percentage changes													
2010	-0.1	0.0	-0.5	-1.3	-0.4	-4.1	-0.3	-0.9	-0.6	1.0	2.7	0.9	0.3
2011	0.2	0.4	-0.7	-3.1	0.7	-3.9	0.3	1.4	-0.2	0.9	2.7	0.5	0.0
2012	-1.4	-1.4	-1.3	-2.9	-2.0	-6.1	-1.6	0.6	-0.8	-1.4	0.4	-0.5	-0.1
2012 Q4	-1.5	-1.5	-1.7	-2.8	-2.5	-6.1	-1.9	0.9	-1.8	-2.1	-0.1	-0.1	0.2
2013 Q1	-2.3	-2.3	-2.0	-3.0	-3.5	-8.0	-2.0	0.0	-2.2	-2.1	-0.8	-1.0	-1.1
Q2	-0.8	-0.9	-0.4	-1.1	-0.6	-5.2	-0.8	0.5	-1.0	-1.7	0.3	-0.2	-0.4
Q3	-0.9	-0.8	-1.0	-1.0	-0.6	-4.2	-0.8	-0.2	-0.5	-0.7	-0.6	-0.3	-0.9
quarter-on-quarter percentage changes													
2012 Q4	-0.7	-0.6	-1.1	-0.8	-0.7	-1.9	-1.0	-0.1	-0.7	-1.3	-0.7	0.2	-0.8
2013 Q1	-1.0	-1.0	-0.8	-0.5	-1.2	-2.4	-0.8	0.0	-0.2	-0.1	-1.0	-0.9	-0.5
Q2	0.7	0.6	0.9	0.8	1.4	0.6	0.7	0.3	0.3	1.0	0.8	0.4	-0.1
Q3	0.1	0.1	0.0	-0.4	-0.1	-0.5	0.3	-0.4	0.1	-0.3	0.3	0.1	0.4
Hours worked per person employed													
levels (thousands)													
2012	1,573	1,481	2,113	1,997	1,572	1,742	1,664	1,605	1,577	1,543	1,559	1,427	1,406
annual percentage changes													
2010	0.4	0.5	0.0	-0.3	2.5	-0.1	0.2	0.8	0.4	1.0	0.7	0.0	-0.3
2011	0.0	0.1	-0.5	-1.0	0.7	-0.1	-0.3	0.2	0.2	0.7	0.2	0.2	-0.1
2012	-0.8	-0.7	-1.2	-1.0	-1.1	-1.5	-0.8	-0.7	-0.4	-0.8	-0.3	-0.2	-0.8
2012 Q4	-0.8	-0.7	-1.6	-0.7	-1.2	-1.2	-1.0	-0.7	-0.9	-1.0	-0.6	0.1	-1.1
2013 Q1	-1.3	-1.3	-1.0	-0.1	-2.0	-2.5	-0.8	-0.5	-1.2	-0.6	-1.1	-0.8	-1.6
Q2	0.2	0.1	0.3	0.3	0.9	1.1	0.1	0.2	0.0	0.4	-0.2	0.2	-0.7
Q3	0.0	0.1	-0.5	-0.2	1.1	0.5	0.0	-0.7	-0.1	-0.3	-0.6	-0.1	-0.8
quarter-on-quarter percentage changes													
2012 Q4	-0.4	-0.2	-1.1	0.1	-0.2	-0.3	-0.6	-0.8	-0.6	-0.7	-0.4	0.1	-0.7
2013 Q1	-0.5	-0.5	-0.3	0.9	-0.8	-0.8	-0.4	0.2	-0.2	0.7	-0.4	-0.8	-0.5
Q2	0.7	0.7	0.7	-1.1	1.8	1.7	0.7	0.2	0.5	0.5	0.3	0.6	0.0
Q3	0.1	0.1	0.2	-0.1	0.3	-0.2	0.3	-0.3	0.2	-0.7	0.0	0.0	0.3

Source: ECB calculations based on Eurostat data.

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

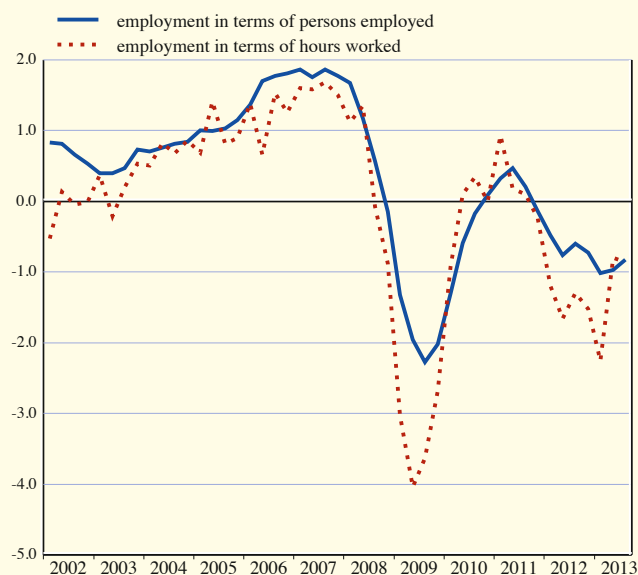
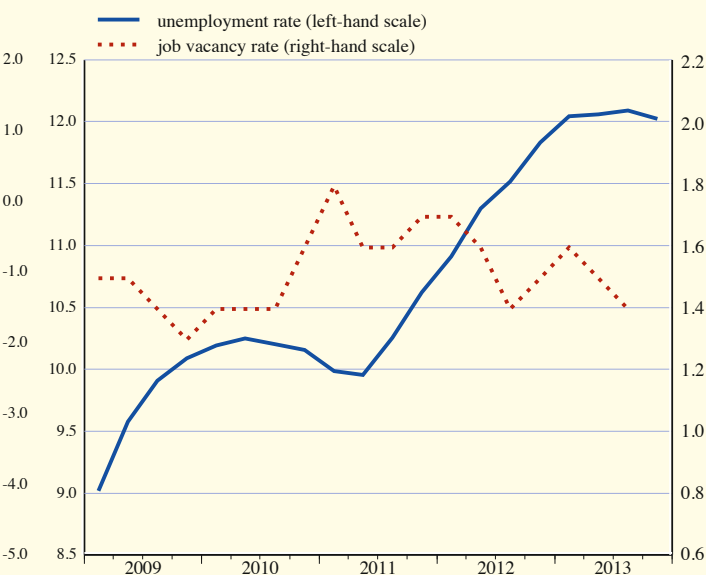
2) Data refer to the Euro 18.

5.3 Labour markets

(seasonally adjusted, unless otherwise indicated)

2. Unemployment and job vacancies ¹⁾

	Unemployment										Job vacancy rate ^{2),3)}
	Total		By age ⁴⁾				By gender ⁵⁾				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	
% of total in 2010	100.0		79.5		20.5		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2010	16.142	10.2	12.821	9.0	3.320	21.1	8.723	10.1	7.418	10.4	1.5
2011	16.197	10.2	12.960	9.0	3.237	21.0	8.634	10.0	7.564	10.5	1.7
2012	18.211	11.4	14.702	10.2	3.508	23.1	9.775	11.2	8.436	11.6	1.6
2013	19.288	12.1	15.728	10.8	3.560	24.0	10.356	11.9	8.932	12.2	.
2012 Q4	18.939	11.8	15.338	10.6	3.601	23.9	10.171	11.7	8.768	12.0	1.5
2013 Q1	19.258	12.0	15.656	10.8	3.601	24.0	10.350	11.9	8.907	12.2	1.6
Q2	19.301	12.1	15.751	10.9	3.551	23.8	10.355	11.9	8.946	12.2	1.5
Q3	19.359	12.1	15.814	10.9	3.545	24.0	10.426	12.0	8.933	12.2	1.4
Q4	19.235	12.0	15.692	10.8	3.544	24.0	10.292	11.9	8.944	12.2	.
2013 Aug.	19.367	12.1	15.829	10.9	3.538	24.0	10.442	12.0	8.925	12.2	-
Sep.	19.380	12.1	15.823	10.9	3.557	24.0	10.415	12.0	8.965	12.2	-
Oct.	19.275	12.0	15.727	10.8	3.547	24.0	10.323	11.9	8.951	12.2	-
Nov.	19.273	12.0	15.723	10.8	3.550	24.1	10.316	11.9	8.957	12.2	-
Dec.	19.158	12.0	15.625	10.8	3.534	24.0	10.236	11.8	8.923	12.2	-
2014 Jan.	19.175	12.0	15.636	10.8	3.539	24.0	10.235	11.8	8.940	12.2	-

C28 Employment - persons employed and hours worked ²⁾
(annual percentage changes)**C29 Unemployment and job vacancy ³⁾ rates ²⁾**

Source: Eurostat.

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

2) Data refer to the Euro 18.

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

4) 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.

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



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			Indirect taxes		Social contributions			Sales		Capital taxes		
		Households	Corporations	Received by EU institutions	Employers	Employees								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2004	44.5	44.0	11.5	8.5	2.9	13.2	0.3	15.5	8.1	4.5	2.2	0.5	0.4	40.6
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.5	2.3	0.5	0.3	40.8
2006	45.3	45.0	12.3	8.7	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.3	0.3	41.3
2007	45.3	45.1	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3
2008	45.1	44.9	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.5	2.3	0.2	0.3	40.9
2009	44.9	44.6	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.6
2010	44.8	44.6	11.6	8.9	2.5	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.5
2011	45.4	45.0	11.9	9.1	2.7	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.9
2012	46.2	46.0	12.4	9.6	2.7	13.3	0.3	15.9	8.3	4.7	2.6	0.2	0.3	41.8

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure ³⁾
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments		Subsidies	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
2004	47.4	43.5	10.5	5.0	3.1	24.9	22.1	1.7	0.5	3.9	2.5	1.5	0.1	44.3
2005	47.3	43.4	10.5	5.0	3.0	24.9	22.1	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.3	5.0	2.9	24.6	21.8	1.7	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.2	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.0
2008	47.2	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	3.9	2.6	1.3	0.0	44.2
2009	51.3	47.0	11.1	5.7	2.9	27.4	24.3	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.9	5.7	2.8	27.3	24.2	1.8	0.4	4.4	2.6	1.9	0.0	48.2
2011	49.5	46.0	10.6	5.5	3.0	26.8	23.9	1.7	0.4	3.5	2.3	1.2	0.0	46.5
2012	49.9	46.2	10.5	5.5	3.1	27.1	24.3	1.6	0.4	3.7	2.1	1.6	0.1	46.8

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

	Deficit (-)/surplus (+)					Primary deficit (-)/surplus (+)	Government consumption ⁴⁾							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.5	-2.3	-0.3	-0.2	0.2	0.5	20.5	10.5	5.0	5.2	1.9	2.3	8.0	12.5
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.3	1.9	2.3	7.9	12.5
2007	-0.7	-1.2	0.0	0.0	0.6	2.3	20.1	10.1	5.0	5.2	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.6	10.3	5.2	5.4	1.9	2.3	8.0	12.7
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.4	11.1	5.7	5.9	2.1	2.5	8.6	13.8
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.1	10.9	5.7	5.9	2.1	2.6	8.4	13.6
2011	-4.1	-3.3	-0.7	-0.2	0.0	-1.1	21.6	10.6	5.5	5.8	2.1	2.6	8.2	13.4
2012	-3.7	-3.4	-0.3	0.0	0.0	-0.6	21.6	10.5	5.5	5.9	2.1	2.6	8.2	13.4

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2009	-5.6	-3.1	-2.0	-13.7	-15.7	-11.1	-7.5	-5.5	-6.1	-9.8	-0.7	-3.7	-5.6	-4.1	-10.2	-6.3	-8.0	-2.5
2010	-3.7	-4.2	0.2	-30.6	-10.7	-9.6	-7.1	-4.5	-5.3	-8.1	-0.8	-3.5	-5.1	-4.5	-9.8	-5.9	-7.7	-2.5
2011	-3.7	-0.8	1.1	-13.1	-9.5	-9.6	-5.3	-3.8	-6.3	-3.6	0.1	-2.8	-4.3	-2.5	-4.3	-6.3	-5.1	-0.7
2012	-4.0	0.1	-0.2	-8.2	-9.0	-10.6	-4.8	-3.0	-6.4	-1.3	-0.6	-3.3	-4.1	-2.5	-6.4	-3.8	-4.5	-1.8

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

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

6.2 Debt ¹⁾

(as a percentage of GDP)

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

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

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

	Total	Issued by: ⁴⁾				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
	1	2	3	4	5	6	7	8	9	10	11	12	13
2003	69.2	56.7	6.5	5.1	1.0	7.9	61.4	5.0	14.9	26.1	28.3	68.4	0.9
2004	69.7	56.7	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.7	1.0
2005	70.5	57.2	6.7	5.2	1.4	7.8	62.8	4.6	14.8	25.8	29.9	69.4	1.1
2006	68.7	55.4	6.5	5.3	1.4	7.3	61.4	4.3	14.3	24.2	30.1	68.0	0.7
2007	66.4	53.5	6.3	5.3	1.4	7.1	59.2	4.2	14.5	23.6	28.2	65.8	0.5
2008	70.2	56.9	6.7	5.3	1.3	10.0	60.2	4.9	17.7	23.5	29.1	69.2	1.0
2009	80.0	64.8	7.7	5.8	1.7	12.0	68.0	5.0	19.5	27.3	33.2	78.8	1.2
2010	85.4	69.3	8.4	5.9	1.9	13.0	72.4	5.1	21.2	29.3	34.9	84.2	1.2
2011	87.3	70.7	8.5	5.9	2.2	12.6	74.7	6.1	20.8	30.4	36.1	85.6	1.7
2012	90.6	73.6	8.8	6.0	2.3	11.7	78.9	7.3	20.0	32.2	38.4	88.7	2.0

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2009	95.7	74.5	7.1	64.4	129.7	54.0	79.2	116.4	58.5	36.9	15.5	66.5	60.8	69.2	83.7	35.2	35.6	43.5
2010	95.7	82.5	6.7	91.2	148.3	61.7	82.4	119.3	61.3	44.4	19.5	66.8	63.4	72.3	94.0	38.7	41.0	48.7
2011	98.0	80.0	6.1	104.1	170.3	70.5	85.8	120.7	71.5	41.9	18.7	69.5	65.7	72.8	108.2	47.1	43.4	49.2
2012	99.8	81.0	9.8	117.4	156.9	86.0	90.2	127.0	86.6	40.6	21.7	71.3	71.3	74.0	124.1	54.4	52.4	53.6

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

1) Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Intergovernmental lending in the context of the financial crisis is consolidated. Data are partially estimated.

2) Holders resident in the country whose government has issued the debt.

3) Includes residents of euro area countries other than the country whose government has issued the debt.

4) Excludes debt held by general government in the country whose government has issued it.

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

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

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement ²⁾	Valuation effects ³⁾	Other changes in volume ⁴⁾	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors ⁵⁾	MFIs	Other financial corporations	Other creditors ⁶⁾
	1	2	3	4	5	6	7	8	9	10	11	12
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	0.0	0.3	3.0
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	0.0	0.5	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.4	-0.4	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.3	1.0	-0.5	4.1
2009	7.3	7.5	-0.2	0.0	0.1	0.7	1.6	4.9	3.0	2.3	1.0	4.3
2010	7.6	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.1	3.6	1.6	3.4
2011	4.2	4.0	0.1	0.0	0.0	0.4	0.2	3.5	3.3	0.8	1.1	0.9
2012	3.9	5.3	-1.4	0.0	0.2	2.0	-0.5	2.2	3.1	2.1	1.2	0.7

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment ⁷⁾											
			Total	Transactions in main financial assets held by general government						Valuation effects	Exchange rate effects	Other changes in volume	Other ⁸⁾	
				Total	Currency and deposits	Loans	Securities ⁹⁾	Shares and other equity	Privatisations					Equity injections
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	3.2	-2.9	0.3	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.5	0.8	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	0.0
2006	1.6	-1.4	0.2	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.1	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.3	-6.4	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.6	-6.2	1.4	1.8	0.0	0.5	1.0	0.2	0.0	0.2	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.0	-0.3	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.1	0.0	0.0	0.2
2012	3.9	-3.7	0.2	1.3	0.2	0.5	0.0	0.6	-0.2	0.3	-1.4	0.0	0.0	0.3

Source: ECB.

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

6.4 Quarterly revenue, expenditure and deficit/surplus ¹⁾

(as a percentage of GDP)

1. Euro area – quarterly revenue

	Total		Current revenue					Capital revenue		Memo item: Fiscal burden ²⁾
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2007 Q3	43.7	43.2	12.3	12.4	14.8	2.2	0.7	0.5	0.3	39.7
Q4	49.1	48.6	14.7	13.8	15.7	2.5	1.0	0.6	0.3	44.5
2008 Q1	42.5	42.2	10.9	12.4	14.8	2.2	1.1	0.3	0.2	38.3
Q2	45.3	44.9	12.9	12.3	15.1	2.3	1.5	0.4	0.3	40.6
Q3	43.4	43.0	12.1	12.1	15.0	2.3	0.8	0.4	0.3	39.5
Q4	48.7	48.2	13.9	13.3	16.4	2.6	1.1	0.5	0.3	43.8
2009 Q1	42.6	42.5	10.5	12.0	15.6	2.4	1.1	0.1	0.2	38.4
Q2	45.3	44.8	11.9	12.5	15.7	2.5	1.4	0.6	0.5	40.5
Q3	42.9	42.5	10.9	12.0	15.5	2.5	0.7	0.3	0.3	38.8
Q4	48.5	47.7	12.9	13.6	16.4	2.7	1.0	0.8	0.5	43.4
2010 Q1	42.5	42.3	10.2	12.4	15.5	2.4	0.9	0.2	0.3	38.3
Q2	45.2	44.7	11.9	12.7	15.4	2.6	1.3	0.5	0.3	40.3
Q3	43.1	42.7	10.9	12.5	15.3	2.5	0.7	0.3	0.3	39.0
Q4	48.3	47.6	13.1	13.2	16.4	2.9	1.0	0.7	0.3	43.0
2011 Q1	43.2	42.9	10.7	12.6	15.3	2.5	1.0	0.3	0.3	38.9
Q2	45.3	45.0	12.1	12.7	15.4	2.5	1.5	0.3	0.3	40.4
Q3	43.7	43.4	11.4	12.5	15.3	2.5	0.8	0.3	0.3	39.5
Q4	49.0	47.9	13.4	13.1	16.7	2.8	1.0	1.1	0.4	43.6
2012 Q1	43.7	43.5	11.0	12.8	15.4	2.5	1.0	0.3	0.2	39.4
Q2	46.2	45.9	12.6	12.8	15.6	2.6	1.4	0.3	0.3	41.4
Q3	44.7	44.3	11.9	12.7	15.5	2.6	0.8	0.4	0.3	40.4
Q4	50.2	49.5	14.1	13.6	17.0	2.9	1.0	0.7	0.3	44.9
2013 Q1	44.3	44.1	11.3	12.8	15.7	2.5	1.0	0.3	0.3	40.0
Q2	47.5	47.0	13.3	13.0	15.7	2.6	1.4	0.5	0.4	42.4
Q3	45.2	44.7	12.2	12.7	15.5	2.5	0.7	0.5	0.4	40.8

2. Euro area – quarterly expenditure and deficit/surplus

	Total		Current expenditure						Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
	Total	Compensation of employees	Intermediate consumption	Interest	Current transfers			Investment	Capital transfers				
						Social benefits	Subsidies						
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007 Q3	44.6	41.0	9.6	4.8	2.9	23.8	20.6	1.2	3.6	2.6	0.9	-1.0	1.9
Q4	49.3	44.8	10.8	5.9	2.9	25.1	21.2	1.5	4.5	2.8	1.7	-0.1	2.8
2008 Q1	45.4	41.8	9.8	4.5	3.0	24.4	20.8	1.2	3.6	2.3	1.2	-2.9	0.1
Q2	46.0	42.4	10.3	5.0	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.7	2.6
Q3	45.8	42.1	9.8	5.0	3.0	24.4	21.2	1.2	3.7	2.7	1.0	-2.4	0.6
Q4	51.3	46.8	11.3	6.3	2.9	26.3	22.3	1.4	4.6	2.9	1.6	-2.6	0.3
2009 Q1	49.3	45.5	10.7	5.1	2.8	27.0	23.0	1.3	3.9	2.6	1.2	-6.7	-3.9
Q2	50.7	46.5	11.1	5.5	3.0	26.9	23.3	1.3	4.2	2.8	1.3	-5.4	-2.3
Q3	50.1	46.0	10.6	5.5	2.8	27.1	23.5	1.3	4.1	2.9	1.1	-7.2	-4.4
Q4	54.7	49.8	11.8	6.7	2.8	28.4	24.0	1.5	4.9	3.0	1.8	-6.1	-3.3
2010 Q1	50.4	46.5	10.7	5.1	2.7	28.0	23.7	1.4	3.9	2.4	1.5	-7.9	-5.2
Q2	49.7	46.1	11.0	5.5	3.0	26.7	23.2	1.3	3.5	2.5	1.1	-4.4	-1.5
Q3	50.5	45.2	10.3	5.4	2.7	26.9	23.2	1.3	5.3	2.6	2.7	-7.4	-4.7
Q4	53.5	48.8	11.5	6.7	2.9	27.7	23.7	1.5	4.7	2.7	2.0	-5.2	-2.3
2011 Q1	48.5	45.3	10.3	5.0	2.9	27.2	23.1	1.3	3.1	2.2	1.0	-5.3	-2.4
Q2	48.6	45.3	10.7	5.3	3.2	26.2	22.8	1.2	3.3	2.3	0.9	-3.3	0.0
Q3	48.0	44.5	10.1	5.2	2.9	26.4	22.9	1.2	3.5	2.3	1.1	-4.3	-1.5
Q4	52.8	48.7	11.3	6.6	3.2	27.7	23.7	1.5	4.0	2.5	1.8	-3.8	-0.6
2012 Q1	48.1	45.4	10.2	4.9	3.0	27.3	23.3	1.2	2.7	2.0	0.8	-4.3	-1.4
Q2	49.2	45.9	10.6	5.3	3.3	26.7	23.2	1.2	3.3	2.1	1.2	-2.9	0.4
Q3	48.4	44.9	10.1	5.3	2.9	26.7	23.3	1.2	3.6	2.2	1.3	-3.7	-0.9
Q4	53.9	48.9	11.1	6.5	3.2	28.1	24.1	1.4	5.1	2.3	2.8	-3.8	-0.6
2013 Q1	48.9	46.2	10.3	5.0	2.8	28.1	23.8	1.2	2.7	1.8	1.1	-4.6	-1.7
Q2	49.6	46.2	10.5	5.3	3.1	27.2	23.6	1.2	3.5	2.0	1.4	-2.1	1.0
Q3	48.6	45.3	10.0	5.3	2.8	27.2	23.6	1.2	3.3	2.2	1.1	-3.4	-0.5

Sources: ECB calculations based on Eurostat and national data.

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

2) The fiscal burden comprises taxes and social contributions.

6.5 Quarterly debt and change in debt ¹⁾

(as a percentage of GDP)

1. Euro area – Maastricht debt by financial instrument

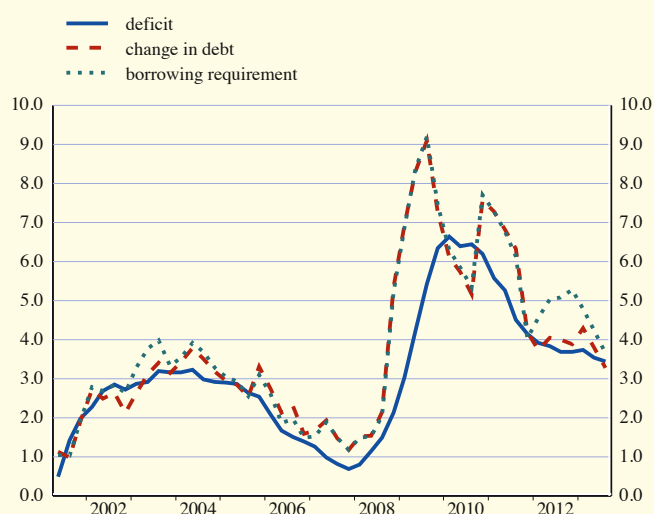
	Total 1	Financial instruments			
		Currency and deposits 2	Loans 3	Short-term securities 4	Long-term securities 5
2010 Q4	85.4	2.4	15.4	7.3	60.3
2011 Q1	86.3	2.4	15.2	7.4	61.2
Q2	87.2	2.4	14.9	7.5	62.3
Q3	86.8	2.4	15.1	7.8	61.4
Q4	87.3	2.4	15.4	7.4	62.1
2012 Q1	88.2	2.5	15.8	7.6	62.3
Q2	89.9	2.5	16.7	7.3	63.4
Q3	90.0	2.5	16.5	7.2	63.7
Q4	90.6	2.6	17.3	6.8	64.0
2013 Q1	92.3	2.6	16.9	7.1	65.8
Q2	93.4	2.5	16.9	6.9	67.1
Q3	92.7	2.5	16.6	6.9	66.6

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2010 Q4	11.6	-5.2	6.4	5.7	-0.4	1.7	4.4	0.0	0.0	0.8	11.6
2011 Q1	6.9	-5.3	1.6	0.7	2.1	-0.8	-0.6	-0.1	0.2	0.8	6.7
Q2	5.9	-3.3	2.6	2.5	2.8	0.5	-0.3	-0.5	0.1	0.0	5.8
Q3	0.9	-4.3	-3.4	-3.7	-3.6	-0.5	0.2	0.2	0.5	-0.2	0.4
Q4	3.2	-3.8	-0.6	-0.6	-0.3	-0.2	-0.1	0.1	-0.2	0.2	3.4
2012 Q1	5.0	-4.3	0.6	3.5	4.2	-0.2	-0.6	0.0	-3.8	0.9	8.7
Q2	7.1	-2.9	4.2	3.9	1.6	0.9	0.6	0.7	-0.5	0.9	7.7
Q3	0.7	-3.7	-3.0	-2.1	-2.1	0.5	-0.6	0.1	0.1	-1.0	0.6
Q4	2.8	-3.8	-1.0	-0.4	-2.7	0.4	0.4	1.5	-1.4	0.7	4.1
2013 Q1	6.6	-4.6	2.1	1.8	1.6	0.0	-0.2	0.5	-0.1	0.3	6.7
Q2	5.2	-2.1	3.1	3.4	3.3	0.3	0.0	-0.2	-0.3	0.1	5.5
Q3	-1.4	-3.4	-4.8	-4.5	-3.4	-0.8	0.0	-0.3	0.3	-0.6	-1.7

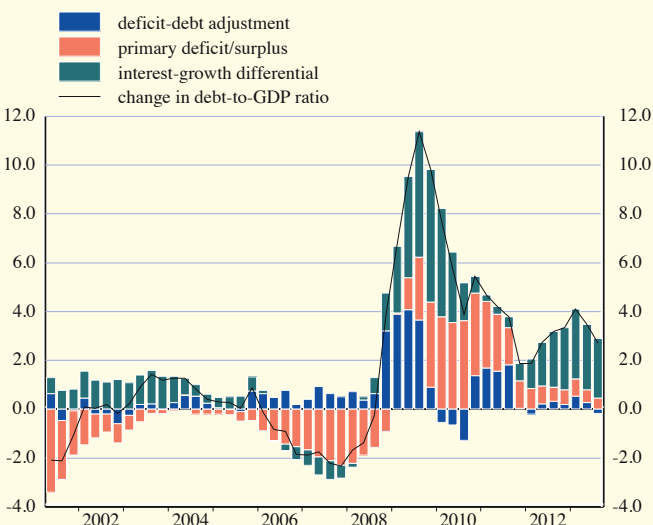
C30 Deficit, borrowing requirement and change in debt

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



C31 Maastricht debt

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



Sources: ECB calculations based on Eurostat and national data.

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



EXTERNAL TRANSACTIONS AND POSITIONS

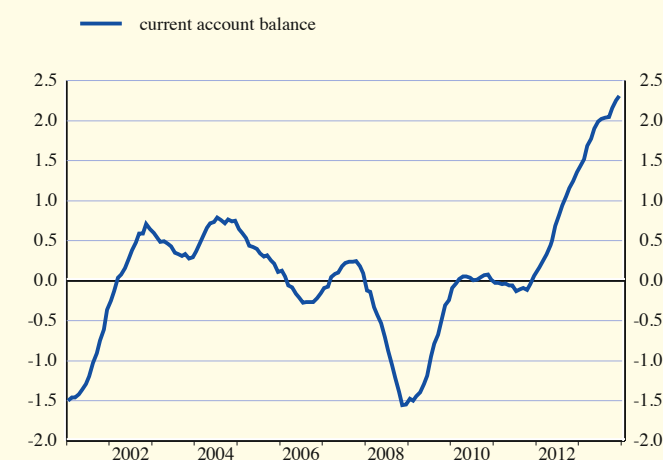
7.1 Summary balance of payments ¹⁾

(EUR billions; net transactions)

	Current account					Capital account	Net lending/borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	8.2	2.3	72.7	39.4	-106.3	11.0	19.2	-44.2	-85.8	231.1	-5.3	-173.9	-10.3	25.0
2012	126.2	94.9	88.7	49.3	-106.8	5.0	131.2	-140.9	-3.6	72.3	3.4	-199.2	-13.9	9.8
2013	216.7	173.4	105.4	62.5	-124.7	18.1	234.8	-246.5	-116.7	142.2	13.5	-281.2	-4.3	11.7
2012 Q4	61.9	35.0	22.1	18.7	-14.0	6.3	68.2	-100.2	-27.6	72.9	25.4	-168.1	-2.8	32.0
2013 Q1	24.6	30.7	17.5	18.5	-42.1	1.8	26.4	-25.1	-24.0	16.5	8.4	-26.0	0.0	-1.2
Q2	56.1	51.3	28.8	6.8	-30.8	5.5	61.6	-58.8	-55.6	67.1	-0.6	-68.5	-1.2	-2.8
Q3	48.9	39.5	31.4	12.8	-34.8	4.5	53.4	-58.3	-27.8	3.9	5.6	-37.1	-2.9	4.9
Q4	87.0	52.0	27.6	24.4	-17.0	6.4	93.4	-104.3	-9.4	54.7	0.2	-149.5	-0.3	10.9
2012 Dec.	27.3	11.1	9.6	7.0	-0.4	1.7	29.1	-38.5	3.8	-4.3	9.5	-48.3	0.8	9.5
2013 Jan.	-6.8	-2.7	4.5	4.7	-13.3	0.1	-6.7	4.7	-10.9	26.9	4.6	-11.1	-4.8	2.0
Feb.	9.0	11.2	5.9	7.7	-15.9	1.1	10.1	-11.1	2.2	-13.9	2.7	-4.6	2.6	0.9
Mar.	22.4	22.2	7.1	6.1	-13.0	0.5	22.9	-18.8	-15.3	3.6	1.1	-10.4	2.3	-4.2
Apr.	14.8	16.3	8.0	1.2	-10.7	1.8	16.6	-20.7	-18.6	-0.1	-5.8	3.8	0.0	4.1
May	11.3	16.9	8.9	-4.7	-9.7	2.6	13.9	-12.7	-16.6	37.9	-8.3	-25.2	-0.6	-1.2
June	30.0	18.0	11.9	10.4	-10.3	1.1	31.1	-25.5	-20.5	29.3	13.5	-47.1	-0.6	-5.6
July	24.0	18.8	12.4	4.5	-11.7	2.5	26.5	-25.8	7.9	-31.8	-2.6	0.6	0.2	-0.8
Aug.	10.2	7.1	7.9	6.9	-11.8	1.5	11.7	-10.2	-1.0	17.2	6.5	-31.1	-2.0	-1.5
Sep.	14.7	13.5	11.2	1.3	-11.3	0.5	15.2	-22.3	-34.7	18.5	1.7	-6.6	-1.1	7.1
Oct.	26.6	19.2	9.9	6.2	-8.7	2.3	28.9	-27.5	-1.7	2.1	2.8	-31.6	0.9	-1.3
Nov.	27.2	18.9	7.6	6.3	-5.6	1.7	28.9	-27.1	-11.8	59.4	-4.9	-70.1	0.2	-1.8
Dec.	33.2	13.9	10.1	11.9	-2.7	2.3	35.6	-49.6	4.1	-6.8	2.3	-47.8	-1.3	14.0
12-month cumulated transactions														
2013 Dec.	216.7	173.4	105.4	62.5	-124.7	18.1	234.8	-246.5	-116.7	142.2	13.5	-281.2	-4.3	11.7
12-month cumulated transactions as a percentage of GDP														
2013 Dec.	2.3	1.8	1.1	0.7	-1.3	0.2	2.5	-2.6	-1.2	1.5	0.1	-2.9	0.0	0.1

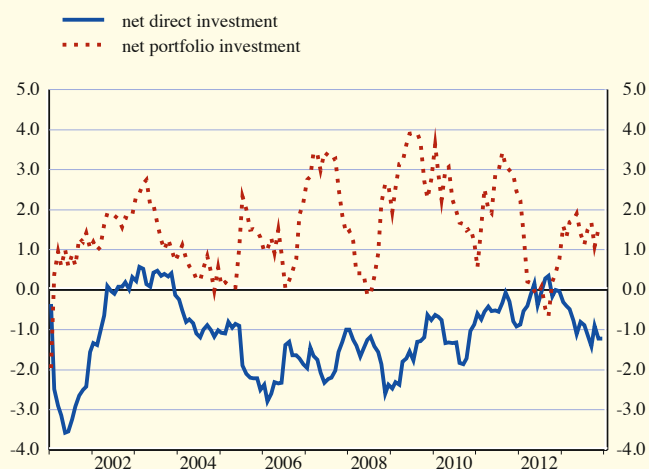
C32 Euro area b.o.p.: current account

(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

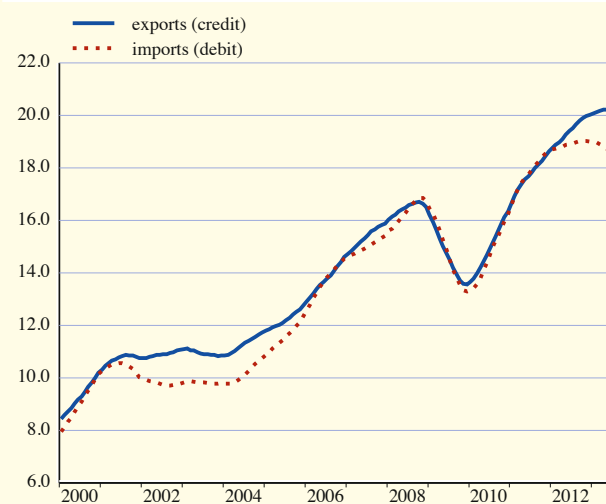
(EUR billions; transactions)

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
2011	3,018.1	3,009.9	8.2	1,789.1	1,786.7	584.3	511.6	549.9	510.5	94.8	6.5	201.1	27.2	25.2	14.2
2012	3,179.0	3,052.7	126.2	1,919.5	1,824.6	626.6	537.9	535.5	486.1	97.3	6.8	204.1	26.0	28.8	23.8
2013	3,195.0	2,978.3	216.7	1,935.5	1,762.1	651.6	546.2	512.3	449.8	95.6	.	220.3	.	29.4	11.3
2012 Q4	816.5	754.6	61.9	489.5	454.5	161.8	139.7	131.9	113.1	33.3	1.7	47.3	6.7	10.7	4.5
2013 Q1	765.2	740.6	24.6	470.6	439.9	144.9	127.3	122.0	103.5	27.8	1.6	69.9	5.9	5.9	4.2
Q2	813.4	757.2	56.1	489.7	438.4	164.4	135.7	139.2	132.4	20.0	1.9	50.8	6.2	7.7	2.3
Q3	798.5	749.6	48.9	479.2	439.7	175.0	143.5	126.9	114.1	17.5	1.8	52.3	6.4	6.5	2.0
Q4	817.9	730.9	87.0	496.1	444.1	167.3	139.7	124.2	99.8	30.3	.	47.3	.	9.2	2.9
2013 Oct.	277.1	250.5	26.6	176.1	156.9	56.7	46.7	38.2	32.0	6.2	-	14.9	-	2.8	0.6
Nov.	265.4	238.2	27.2	166.2	147.3	51.9	44.3	38.8	32.5	8.5	-	14.1	-	2.3	0.5
Dec.	275.4	242.2	33.2	153.8	139.9	58.7	48.6	47.2	35.4	15.6	-	18.3	-	4.1	1.8
	Seasonally adjusted														
2013 Q2	805.7	744.2	61.5	485.9	438.3	163.5	138.1	131.6	114.3	24.7	-	53.5	-	-	-
Q3	797.4	754.7	42.7	478.2	441.0	165.3	137.8	129.8	119.5	24.2	-	56.4	-	-	-
Q4	803.3	736.6	66.8	493.0	442.8	164.5	136.4	123.2	104.2	22.5	-	53.2	-	-	-
2013 Oct.	265.6	243.4	22.2	162.9	146.3	54.8	44.7	40.3	35.5	7.5	-	17.0	-	-	-
Nov.	269.3	246.0	23.3	165.7	147.0	55.0	45.6	41.3	36.4	7.3	-	17.0	-	-	-
Dec.	268.5	247.2	21.3	164.5	149.5	54.7	46.0	41.6	32.3	7.7	-	19.3	-	-	-
	12-month cumulated transactions														
2013 Dec.	3,200.3	2,979.0	221.3	1,940.5	1,764.7	651.5	546.6	511.6	450.3	96.7	-	217.4	-	-	-
	12-month cumulated transactions as a percentage of GDP														
2013 Dec.	33.4	31.1	2.3	20.3	18.4	6.8	5.7	5.3	4.7	1.0	-	2.3	-	-	-

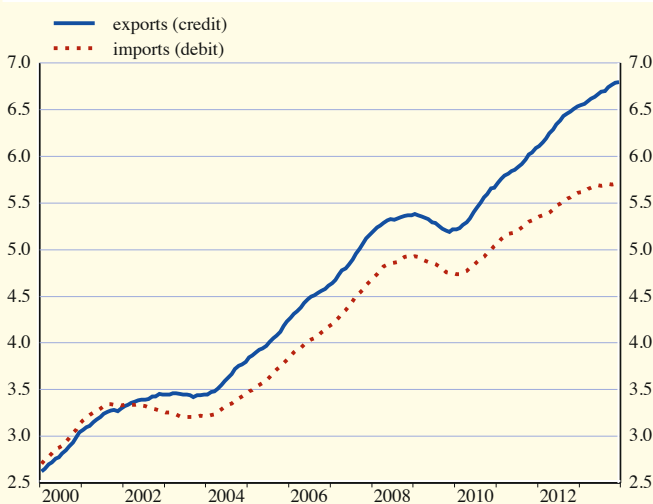
C34 Euro area b.o.p.: goods

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



C35 Euro area b.o.p.: services

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



Source: ECB.

7.2 Current and capital accounts

(EUR billions)

2. Income account

(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit				
													Reinv. earnings	Reinv. earnings		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2010	25.1	12.4	472.7	447.4	247.2	47.2	153.6	46.0	23.4	24.3	28.8	83.8	95.7	120.9	77.6	64.7
2011	27.2	12.8	522.7	497.7	271.9	38.1	171.6	58.4	40.3	35.0	36.2	98.5	97.3	124.3	77.1	68.2
2012	28.8	13.2	506.7	472.9	251.5	49.7	155.4	16.2	44.4	38.2	43.0	104.0	99.2	117.1	68.6	58.2
2012 Q3	7.1	3.9	124.3	110.1	61.1	17.4	37.7	12.4	11.3	9.0	10.0	20.4	25.2	29.2	16.7	13.8
Q4	7.5	3.3	124.3	109.8	64.0	6.2	37.5	-15.0	11.5	10.4	8.0	20.3	24.8	27.9	16.1	13.7
2013 Q1	7.1	2.5	114.9	101.0	57.4	24.1	34.3	15.4	9.9	7.9	7.5	17.5	24.6	28.6	15.4	12.6
Q2	7.4	3.5	131.9	128.9	64.6	2.9	33.6	0.7	10.1	7.6	14.5	45.2	25.1	28.3	17.5	14.2
Q3	7.3	4.0	119.6	110.1	58.2	17.4	37.0	14.5	10.1	9.4	12.2	24.2	24.8	27.7	14.3	11.7

3. Geographical breakdown

(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries ¹⁾	EU institutions									
2012 Q4 to 2013 Q3	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Credits																
Current account	3,193.6	1,013.0	55.0	96.9	482.6	316.2	62.3	64.9	46.7	155.1	39.3	68.5	124.3	251.0	426.5	1,004.2
Goods	1,928.9	602.9	35.8	57.8	260.4	248.8	0.2	34.1	24.2	118.4	28.6	43.8	87.9	131.0	223.2	635.0
Services	646.1	199.2	12.6	19.8	123.2	36.9	6.8	10.8	11.0	23.3	8.0	14.6	21.6	62.0	97.6	198.1
Income	519.9	147.7	5.6	17.2	87.4	27.4	10.0	19.5	10.7	12.7	2.5	9.4	14.2	48.4	99.8	155.1
Investment income	490.7	139.9	4.8	17.1	85.8	26.6	5.7	19.5	10.7	12.6	2.4	9.4	14.1	33.1	98.4	150.6
Current transfers	98.6	63.3	1.0	2.2	11.6	3.2	45.3	0.5	0.8	0.7	0.2	0.7	0.6	9.7	6.0	16.0
Capital account	31.0	26.9	0.0	0.0	1.3	0.4	25.0	0.0	0.0	0.0	0.0	0.1	0.1	1.0	0.4	2.4
Debits																
Current account	3,002.0	957.2	53.6	92.8	406.6	286.9	117.3	39.3	29.1	-	35.8	90.9	156.3	211.3	394.2	-
Goods	1,772.5	507.0	30.4	51.3	197.1	228.2	0.0	26.6	14.0	195.5	26.6	43.6	140.1	104.9	147.9	566.1
Services	546.2	160.4	8.9	15.4	92.3	43.5	0.3	5.4	7.2	16.1	7.3	9.2	11.0	50.2	109.4	169.9
Income	463.1	156.7	13.0	24.4	105.2	9.6	4.5	5.9	5.9	-	0.9	37.3	4.2	46.6	130.8	-
Investment income	449.7	149.7	12.9	24.3	103.7	4.3	4.5	5.8	5.7	-	0.7	37.1	4.0	46.1	129.7	-
Current transfers	220.2	133.1	1.2	1.8	12.0	5.7	112.4	1.3	2.0	3.2	0.9	0.7	1.0	9.7	6.1	62.1
Capital account	13.0	3.9	0.1	0.1	3.1	0.5	0.2	0.2	0.1	0.4	0.1	0.1	0.1	0.7	1.1	6.3
Net																
Current account	191.5	55.9	1.5	4.1	76.0	29.3	-55.0	25.6	17.6	-	3.5	-22.3	-32.0	39.7	32.2	-
Goods	156.4	95.9	5.4	6.5	63.2	20.6	0.2	7.4	10.2	-77.1	2.0	0.1	-52.3	26.1	75.3	68.8
Services	99.9	38.8	3.7	4.4	30.9	-6.6	6.4	5.4	3.7	7.3	0.7	5.4	10.6	11.7	-11.9	28.1
Income	56.8	-9.1	-7.4	-7.2	-17.8	17.8	5.6	13.7	4.9	-	1.6	-27.9	10.0	1.8	-31.0	-
Investment income	40.9	-9.8	-8.1	-7.2	-17.9	22.3	1.2	13.7	5.0	-	1.7	-27.7	10.1	-13.1	-31.3	-
Current transfers	-121.6	-69.8	-0.2	0.4	-0.3	-2.5	-67.1	-0.8	-1.2	-2.5	-0.7	0.0	-0.3	0.0	-0.2	-46.1
Capital account	18.0	22.9	0.0	0.0	-1.8	0.0	24.8	-0.2	0.0	-0.3	-0.1	0.0	0.0	0.2	-0.6	-3.9

Source: ECB.

1) Including Croatia from the third quarter of 2013.

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)														
2010	15,183.9	16,474.3	-1,290.4	165.6	179.7	-14.1	4,930.6	3,891.9	4,898.7	7,471.2	-31.1	4,794.5	5,111.2	591.2
2011	15,892.7	17,348.1	-1,455.4	168.6	184.1	-15.4	5,633.2	4,339.5	4,750.9	7,721.5	-29.7	4,871.2	5,287.0	667.1
2012	16,636.5	17,899.5	-1,262.9	175.4	188.7	-13.3	5,881.3	4,444.6	5,265.0	8,375.5	-17.6	4,818.4	5,079.3	689.4
2013 Q1	17,085.0	18,258.0	-1,173.0	180.3	192.6	-12.4	5,957.5	4,501.4	5,535.1	8,621.7	-28.0	4,932.6	5,134.9	687.8
Q2	16,886.5	18,194.8	-1,308.3	177.7	191.5	-13.8	6,145.7	4,633.2	5,368.7	8,551.9	-47.5	4,855.2	5,009.7	564.3
Q3	16,818.0	18,092.8	-1,274.8	176.3	189.7	-13.4	6,069.2	4,596.8	5,463.5	8,676.2	-40.5	4,739.0	4,819.8	586.8
Changes to outstanding amounts														
2009	504.2	387.6	116.6	5.7	4.3	1.3	497.0	272.5	513.7	896.9	-0.9	-591.0	-781.8	85.4
2010	1,444.8	1,248.7	196.0	15.8	13.6	2.1	517.7	359.3	557.8	607.4	-29.8	267.3	282.0	131.6
2011	708.8	873.8	-165.0	7.5	9.3	-1.8	702.6	447.6	-147.8	250.3	1.4	76.7	175.8	75.9
2012	743.9	551.4	192.5	7.8	5.8	2.0	248.1	105.1	514.1	654.0	12.2	-52.8	-207.7	22.3
2013 Q2	-198.6	-63.2	-135.3	-8.3	-2.6	-5.7	188.2	131.8	-166.4	-69.8	-19.5	-77.4	-125.2	-123.5
Q3	-68.5	-102.0	33.5	-2.9	-4.3	1.4	-76.5	-36.4	94.8	124.3	7.0	-116.2	-189.9	22.4
Transactions														
2009	-89.4	-74.4	-15.0	-1.0	-0.8	-0.2	352.9	285.9	96.0	342.8	-19.0	-514.7	-703.1	-4.6
2010	646.5	652.6	-6.0	7.1	7.1	-0.1	352.6	273.6	130.9	240.1	-10.3	162.8	138.9	10.5
2011	670.3	626.2	44.2	7.1	6.6	0.5	524.0	438.2	-53.2	177.9	5.3	183.9	10.0	10.3
2012	522.0	381.0	140.9	5.5	4.0	1.5	329.9	326.3	186.4	258.7	-3.4	-4.8	-204.0	13.9
2013 Q2	27.4	-31.5	58.8	1.1	-1.3	2.5	62.0	6.4	21.8	88.9	0.6	-58.2	-126.8	1.2
Q3	-16.4	-74.7	58.3	-0.7	-3.1	2.4	31.8	4.0	63.4	67.3	-5.6	-108.9	-146.0	2.9
Q4	81.4	-22.9	104.3	3.3	-0.9	4.2	47.8	38.5	33.1	87.8	-0.2	0.3	-149.1	0.3
2013 Aug.	14.9	4.6	10.2	-	-	-	27.0	26.1	-4.1	13.1	-6.5	-3.5	-34.5	2.0
Sep.	-20.6	-42.9	22.3	-	-	-	4.8	-29.9	39.4	57.9	-1.7	-64.2	-70.8	1.1
Oct.	88.6	61.1	27.5	-	-	-	21.8	20.1	6.7	8.8	-2.8	63.8	32.2	-0.9
Nov.	70.5	43.4	27.1	-	-	-	19.8	8.0	11.7	71.1	4.9	34.4	-35.7	-0.2
Dec.	-77.8	-127.4	49.6	-	-	-	6.3	10.3	14.7	7.9	-2.3	-97.8	-145.7	1.3
Other changes														
2009	593.6	462.0	131.6	6.7	5.2	1.5	144.1	-13.4	417.6	554.1	18.2	-76.3	-78.7	90.0
2010	798.2	596.2	202.1	8.7	6.5	2.2	165.2	85.8	426.9	367.3	-19.4	104.5	143.1	121.1
2011	38.4	247.6	-209.2	0.4	2.6	-2.2	178.6	9.4	-94.6	72.5	-3.9	-107.2	165.8	65.6
2012	221.9	170.4	51.5	2.3	1.8	0.5	-81.7	-221.2	327.7	395.3	15.6	-48.0	-3.7	8.4
Other changes due to exchange rate changes														
2009	-49.3	-56.1	6.8	-0.6	-0.6	0.1	-5.3	5.6	-29.8	-34.5	.	-11.6	-27.2	-2.7
2010	477.4	325.0	152.4	5.2	3.5	1.7	143.4	35.0	160.0	128.5	.	160.9	161.5	13.1
2011	214.2	176.7	37.5	2.3	1.9	0.4	70.7	18.4	72.8	67.1	.	63.1	91.3	7.6
2012	-86.6	-91.4	4.8	-0.9	-1.0	0.1	-22.0	-5.6	-41.3	-37.5	.	-16.7	-48.3	-6.6
Other changes due to price changes														
2009	634.8	492.7	142.1	7.1	5.5	1.6	147.4	29.4	423.5	463.4	18.2	.	.	45.8
2010	300.8	148.4	152.5	3.3	1.6	1.7	33.2	-0.8	185.5	149.2	-19.4	.	.	101.6
2011	-116.3	-249.1	132.8	-1.2	-2.6	1.4	-38.1	7.1	-133.7	-256.2	-3.9	.	.	59.4
2012	266.0	588.2	-322.2	2.8	6.2	-3.4	38.8	-6.4	194.7	594.6	15.6	.	.	16.9
Other changes due to other adjustments														
2009	8.4	25.5	-17.1	0.1	0.3	-0.2	2.0	-48.3	24.0	124.6	.	-64.4	-50.8	46.9
2010	20.0	122.8	-102.7	0.2	1.3	-1.1	-11.4	51.6	81.4	89.6	.	-56.4	-18.4	6.4
2011	-59.4	320.0	-379.4	-0.6	3.4	-4.0	146.0	-16.0	-33.8	261.5	.	-170.3	74.5	-1.4
2012	42.5	-326.4	368.9	0.4	-3.4	3.9	-98.6	-209.2	174.3	-161.8	.	-31.3	44.6	-1.9
Growth rates of outstanding amounts														
2009	-0.7	-0.5	-	.	.	.	8.9	8.8	2.4	5.6	.	-10.1	-12.5	-1.3
2010	4.6	4.2	-	.	.	.	7.7	7.5	2.9	3.4	.	3.6	2.8	2.0
2011	4.5	3.8	-	.	.	.	10.7	11.2	-1.2	2.4	.	4.0	0.2	1.6
2012	3.3	2.2	-	.	.	.	5.9	7.6	3.8	3.3	.	-0.1	-3.8	2.0
2013 Q2	2.1	0.7	-	.	.	.	4.9	4.7	4.8	4.7	.	-3.2	-8.6	0.6
Q3	1.6	0.1	-	.	.	.	4.5	2.9	5.2	5.2	.	-4.8	-10.0	1.1
Q4	1.8	0.3	-	.	.	.	3.4	1.8	4.2	4.3	.	-2.4	-7.8	0.7

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

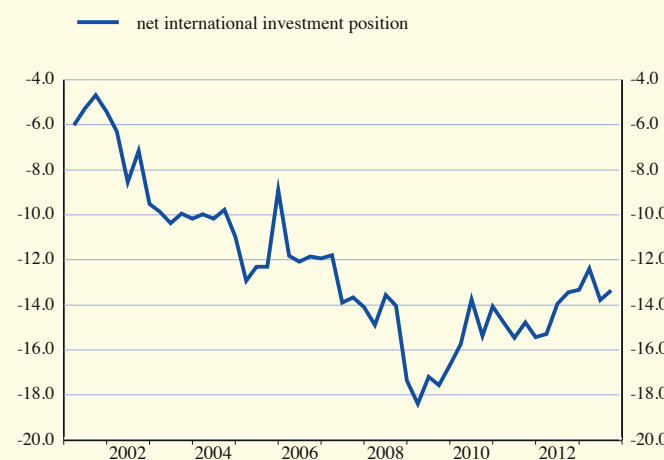
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

2. Direct investment

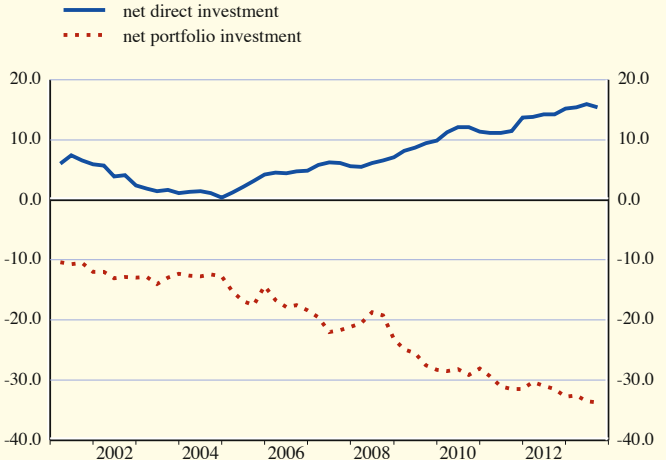
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts (international investment position)														
2011	5,633.2	4,229.4	283.2	3,946.2	1,403.7	13.3	1,390.5	4,339.5	3,089.1	99.9	2,989.1	1,250.5	11.3	1,239.2
2012	5,881.3	4,374.3	290.2	4,084.1	1,507.0	12.0	1,495.0	4,444.6	3,124.5	106.6	3,017.8	1,320.2	11.3	1,308.9
2013 Q2	6,145.7	4,532.6	277.3	4,255.2	1,613.2	12.3	1,600.9	4,633.2	3,215.0	108.2	3,106.8	1,418.2	12.3	1,406.0
Q3	6,069.2	4,486.3	276.5	4,209.8	1,582.9			4,596.8	3,198.3	108.6	3,089.7	1,398.6	12.0	1,386.6
Transactions														
2010	352.6	233.1	23.5	209.6	119.5	1.1	118.4	273.6	293.4	11.0	282.4	-19.8	-5.8	-14.0
2011	524.0	444.1	25.8	418.3	80.0	-3.2	83.1	438.2	400.6	10.1	390.5	37.6	0.6	37.0
2012	329.9	190.0	-1.7	191.7	139.9	-0.3	140.2	326.3	246.2	8.2	238.0	80.1	0.1	80.1
2013 Q2	62.0	4.1	2.6	1.5	57.9	-0.8	58.6	6.4	-38.6	1.0	-39.6	44.9	0.2	44.7
Q3	31.8	44.3	2.5	41.7	-12.4	0.0	-12.5	4.0	10.4	1.8	8.5	-6.3	-0.1	-6.2
Q4	47.8	34.1	3.9	30.2	13.8	0.2	13.6	38.5	32.0	2.7	29.3	6.5	0.4	6.1
2013 Aug.	27.0	17.7	0.6	17.1	9.3	0.2	9.1	26.1	16.3	0.7	15.6	9.8	0.0	9.7
Sep.	4.8	27.0	1.3	25.7	-22.2	0.1	-22.3	-29.9	-20.4	0.5	-20.9	-9.5	-0.1	-9.4
Oct.	21.8	21.5	-0.2	21.7	0.3	0.0	0.3	20.1	19.0	0.4	18.6	1.1	-0.1	1.1
Nov.	19.8	9.0	1.0	8.1	10.8	-0.1	10.8	8.0	6.8	1.6	5.1	1.3	-0.2	1.4
Dec.	6.3	3.6	3.1	0.4	2.7	0.3	2.4	10.3	6.2	0.6	5.6	4.1	0.6	3.5
Growth rates														
2011	10.7	11.6	9.6	11.8	7.4	-19.9	7.8	11.2	13.7	10.7	13.8	3.9	0.9	3.9
2012	5.9	4.5	-0.6	4.9	10.0	-2.5	10.2	7.6	8.1	8.3	8.1	6.4	0.4	6.5
2013 Q2	4.9	3.0	0.9	3.1	10.7	5.2	10.7	4.7	5.8	7.7	5.7	2.1	19.7	2.0
Q3	4.5	3.2	1.4	3.3	8.5	3.9	8.6	2.9	4.4	7.0	4.3	-0.7	1.9	-0.8
Q4	3.4	2.9	3.0	2.9	4.7	4.5	4.7	1.8	1.9	8.4	1.7	1.5	10.3	1.5

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)															
2011	4,750.9	1,693.8	59.3	2.6	1,634.5	39.4	2,587.2	721.2	16.1	1,866.1	96.0	469.8	302.5	58.8	167.4	0.5
2012	5,265.0	1,947.3	70.2	2.8	1,877.2	42.5	2,852.0	673.5	15.6	2,178.4	97.3	465.7	287.9	53.8	177.8	1.4
2013 Q2	5,368.7	2,073.9	93.7	3.1	1,980.2	47.6	2,824.5	632.0	15.8	2,192.5	92.7	470.3	281.9	61.9	188.4	0.2
Q3	5,463.5	2,171.6	114.2	3.1	2,057.4	48.5	2,826.0	617.8	16.4	2,208.2	91.4	465.9	289.4	58.4	176.5	0.1
	Transactions															
2010	130.9	75.2	-2.4	-0.7	77.6	1.9	100.4	-125.9	-0.6	226.3	51.5	-44.7	-64.0	-10.6	19.4	-1.9
2011	-53.2	-66.0	-10.7	-0.2	-55.4	-7.3	-21.4	-60.7	0.2	39.3	-2.8	34.2	25.9	10.4	8.3	0.2
2012	186.4	57.6	3.0	0.1	54.6	0.2	126.5	-38.8	-0.9	165.3	-8.5	2.3	-18.0	2.3	20.3	0.1
2013 Q2	21.8	13.9	3.8	0.0	10.1	0.8	8.8	-6.9	-0.6	15.7	-1.9	-0.9	-5.8	14.7	4.9	-0.3
Q3	63.4	42.9	16.4	0.0	26.5	0.1	18.3	-13.0	0.7	31.3	-1.6	2.2	8.2	-2.4	-6.0	0.0
Q4	33.1	17.0	7.4	0.3	9.6	.	7.0	-11.0	1.0	18.0	.	9.0	12.5	1.7	-3.5	.
2013 Aug.	-4.1	-2.2	1.9	0.0	-4.1	-	-1.8	-6.6	0.4	4.8	-	-0.2	3.4	-2.7	-3.6	-
Sep.	39.4	28.1	10.3	0.0	17.7	-	7.5	-3.4	-0.1	10.9	-	3.8	3.5	0.2	0.3	-
Oct.	6.7	9.5	2.2	0.0	7.3	-	0.6	-2.7	-0.1	3.3	-	-3.4	-5.7	-5.4	2.3	-
Nov.	11.7	0.4	5.6	0.3	-5.2	-	7.8	-3.6	0.7	11.5	-	3.4	4.2	4.9	-0.8	-
Dec.	14.7	7.0	-0.4	0.0	7.5	-	-1.4	-4.6	0.4	3.3	-	9.0	14.0	2.3	-5.0	-
	Growth rates															
2011	-1.2	-3.9	-15.2	-7.2	-3.4	-15.9	-0.8	-7.7	1.3	2.2	-2.9	8.3	8.5	25.5	8.0	120.3
2012	3.8	3.1	5.0	3.0	3.1	0.1	4.8	-5.5	-5.7	8.6	-8.3	0.5	-5.5	3.7	12.3	29.8
2013 Q2	4.8	7.6	47.4	5.2	6.3	15.5	4.2	-4.0	3.3	6.9	-4.7	-2.3	-7.8	50.9	7.8	-67.0
Q3	5.2	9.5	73.3	5.8	7.4	13.0	3.6	-4.5	11.1	6.1	-6.3	-2.0	-4.2	37.6	2.0	-56.3
Q4	4.2	6.9	56.1	16.1	5.0	.	2.4	-7.2	14.4	5.4	.	3.8	7.0	28.7	-1.2	.

4. Portfolio investment liabilities

	Total	Equity				Debt instruments							
						Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government	
	1	2	3	4	5	6	7	8	9	10	11	12	
Outstanding amounts (international investment position)													
2011	7,721.5	3,048.8	558.3	2,490.5	4,228.3	1,254.4	2,973.9	1,748.7	444.4	86.8	357.6	313.1	
2012	8,375.5	3,475.4	537.3	2,938.1	4,438.9	1,192.2	3,246.8	1,962.7	461.2	87.9	373.3	298.1	
2013 Q2	8,551.9	3,603.9	500.3	3,103.6	4,456.1	1,151.5	3,304.6	2,003.3	492.0	111.8	380.2	306.6	
Q3	8,676.2	3,756.4	534.6	3,221.8	4,398.8	1,108.8	3,290.0	1,991.1	521.0	127.7	393.3	321.8	
Transactions													
2010	240.1	125.4	-16.9	142.3	161.1	50.2	110.9	187.5	-46.4	12.3	-58.7	-38.2	
2011	177.9	73.8	18.4	55.4	151.7	75.7	76.0	80.6	-47.6	2.0	-49.6	-37.7	
2012	258.7	144.1	-18.1	162.2	119.3	-55.5	174.7	160.8	-4.7	5.4	-10.0	-30.3	
2013 Q2	88.9	83.9	-18.2	102.0	5.3	-23.7	29.0	18.6	-0.2	0.4	-0.6	-1.9	
Q3	67.3	45.4	11.5	33.9	-17.1	-22.2	5.1	2.7	39.0	23.7	15.2	16.6	
Q4	87.8	60.4	-1.5	61.9	80.0	16.2	63.8	.	-52.6	-24.9	-27.8	.	
2013 Aug.	13.1	22.4	9.2	13.3	-10.9	-7.6	-3.4	-	1.6	7.7	-6.0	-	
Sep.	57.9	15.9	-1.8	17.7	22.3	3.9	18.4	-	19.7	13.8	5.9	-	
Oct.	8.8	14.4	-7.9	22.3	13.4	11.2	2.2	-	-19.1	-6.5	-12.5	-	
Nov.	71.1	12.9	3.0	9.9	55.3	7.2	48.0	-	2.9	-3.4	6.4	-	
Dec.	7.9	33.2	3.3	29.8	11.3	-2.3	13.6	-	-36.5	-14.9	-21.6	-	
Growth rates													
2011	2.4	2.3	2.9	2.0	4.1	6.7	3.0	5.0	-9.2	8.2	-12.2	-11.1	
2012	3.3	4.5	-3.3	6.1	2.8	-4.5	5.8	9.2	-0.9	6.1	-2.6	-9.2	
2013 Q2	4.7	7.6	-7.5	10.6	2.6	-2.9	4.7	7.3	3.3	12.6	1.0	-0.4	
Q3	5.2	7.8	-4.7	10.2	1.5	-4.3	3.7	5.1	22.4	61.7	13.4	10.6	
Q4	4.3	7.0	-3.1	8.8	2.2	-2.8	4.0	.	4.6	18.6	1.1	.	

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	Eurosistem			MFIs (excluding Eurosistem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets	8	Trade credits	Loans/currency and deposits		12	Trade credits	Loans/currency and deposits	
										10	Currency and deposits			14	Currency and deposits
	1	2	3	4	5	6	7		9	10	11		13	14	15
	Outstanding amounts (international investment position)														
2011	4,871.2	35.5	35.2	0.3	3,069.1	3,007.5	61.6	162.7	6.8	116.4	30.2	1,604.0	247.7	1,161.4	491.3
2012	4,818.4	40.1	39.9	0.3	2,923.8	2,853.6	70.2	167.9	5.3	121.4	29.2	1,686.6	253.9	1,236.8	524.7
2013 Q2	4,855.2	17.9	17.6	0.3	2,940.0	2,872.9	67.1	151.2	5.1	103.9	24.0	1,746.2	247.1	1,249.2	567.5
Q3	4,739.0	24.6	24.3	0.3	2,847.2	2,763.2	84.0	148.7	5.0	101.9	22.7	1,718.5	245.1	1,221.4	556.2
	Transactions														
2010	162.8	-2.9	-2.8	0.0	10.1	1.3	8.9	41.5	-0.2	41.1	4.9	114.1	8.6	81.6	50.6
2011	183.9	-2.7	-2.8	0.1	50.5	20.7	29.9	4.4	-0.3	4.2	10.3	131.7	8.5	99.0	38.1
2012	-4.8	5.2	5.2	0.0	-122.4	-130.5	8.1	4.7	-1.5	6.4	-1.0	107.7	8.4	74.5	37.7
2013 Q2	-58.2	-10.9	-10.9	0.0	11.9	14.1	-2.2	-4.6	0.0	-4.4	-0.2	-54.6	-0.1	-58.2	-19.6
Q3	-108.9	6.3	6.3	0.0	-72.0	-89.0	17.0	-1.8	-0.1	-1.8	-1.2	-41.4	-1.5	-40.5	-28.5
Q4	0.3	-8.9	.	.	-17.5	.	.	6.2	.	.	4.5	20.6	.	.	20.5
2013 Aug.	-3.5	-2.3	-	-	8.7	-	-	2.8	-	-	1.0	-12.6	-	-	2.4
Sep.	-64.2	5.1	-	-	-47.8	-	-	0.5	-	-	0.4	-22.0	-	-	-16.2
Oct.	63.8	-4.6	-	-	76.7	-	-	1.8	-	-	2.1	-10.1	-	-	-10.0
Nov.	34.4	-5.2	-	-	5.7	-	-	5.1	-	-	4.0	28.8	-	-	23.0
Dec.	-97.8	0.9	-	-	-99.9	-	-	-0.7	-	-	-1.6	1.9	-	-	7.6
	Growth rates														
2011	4.0	-5.4	-5.5	40.4	1.8	0.8	76.8	3.0	-3.3	4.2	51.5	8.3	3.9	8.1	9.0
2012	-0.1	13.1	13.2	-0.6	-3.9	-4.3	13.7	3.1	-22.2	5.9	-3.3	6.8	3.4	6.5	7.8
2013 Q2	-3.2	-22.3	-22.5	0.1	-4.2	-4.2	-5.9	-3.6	-24.8	-4.7	-20.3	-0.9	-2.4	-3.1	3.8
Q3	-4.8	-13.2	-13.2	-0.3	-5.3	-5.7	8.9	1.1	-5.5	0.6	-9.5	-4.1	-0.7	-6.1	-2.3
Q4	-2.4	-52.1	.	.	-2.3	.	.	-6.4	.	.	-7.0	-1.1	.	.	5.1

6. Other investment liabilities

	Total	Eurosysteem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2011	5,287.0	412.7	409.9	2.8	3,212.3	3,145.5	66.8	224.1	0.1	217.2	6.8	1,438.0	226.3	1,027.2	184.5
2012	5,079.3	428.9	428.0	0.9	2,963.8	2,881.1	82.7	227.5	0.1	219.9	7.4	1,459.2	228.8	994.0	236.4
2013 Q2	5,009.7	375.2	373.8	1.4	2,854.3	2,791.0	63.3	223.1	0.1	216.4	6.6	1,557.0	228.1	1,055.8	273.0
Q3	4,819.8	361.7	360.1	1.6	2,730.8	2,650.0	80.7	226.0	0.2	219.1	6.7	1,501.4	228.4	1,006.7	266.3
	Transactions														
2010	138.9	9.4	6.8	2.6	-8.7	-14.6	5.9	64.9	0.0	64.3	0.5	73.2	16.0	31.1	26.2
2011	10.0	135.1	135.3	-0.2	-289.1	-327.8	38.7	74.1	0.0	74.1	0.0	90.0	10.5	63.5	16.0
2012	-204.0	19.0	20.9	-1.8	-234.6	-251.7	17.2	3.7	0.0	2.7	1.0	7.8	7.4	-14.3	14.7
2013 Q2	-126.8	-21.5	-22.0	0.5	-93.7	-75.9	-17.8	-0.3	0.0	-1.1	0.8	-11.3	-1.4	5.1	-15.0
Q3	-146.0	-10.3	-10.4	0.2	-107.5	-124.9	17.4	4.5	0.0	4.2	0.2	-32.7	0.9	-36.4	2.8
Q4	-149.1	-17.6	.	.	-127.2	.	.	-8.3	.	.	.	3.9	.	.	.
2013 Aug.	-34.5	-1.1	-	-	-26.1	-	-	0.2	-	-	-	-7.5	-	-	-
Sep.	-70.8	-3.8	-	-	-57.9	-	-	2.9	-	-	-	-12.0	-	-	-
Oct.	32.2	-9.6	-	-	52.8	-	-	-3.7	-	-	-	-7.3	-	-	-
Nov.	-35.7	-9.3	-	-	-27.7	-	-	-0.6	-	-	-	2.0	-	-	-
Dec.	-145.7	1.4	-	-	-152.3	-	-	-4.0	-	-	-	9.2	-	-	-
	Growth rates														
2011	0.2	50.4	51.0	.	-8.3	-9.6	90.9	50.4	.	52.7	-0.6	7.6	5.2	7.4	11.0
2012	-3.8	4.8	5.3	.	-7.3	-8.0	25.8	1.7	.	1.2	16.0	0.5	3.3	-1.5	8.5
2013 Q2	-8.6	-8.1	-8.1	.	-12.1	-12.0	-15.8	-5.0	.	-5.2	2.4	-1.7	0.2	-2.0	-1.7
Q3	-10.0	-14.9	-15.0	.	-13.1	-13.5	2.8	-1.0	.	-1.1	3.3	-3.8	1.5	-4.3	-6.8
Q4	-7.8	-19.0	.	.	-11.1	.	.	-2.2	.	.	.	1.2	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets ¹⁾

	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)																
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.0	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011	667.0	422.1	346.846	54.0	30.2	160.8	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012	689.4	437.2	346.693	52.8	31.9	166.8	6.1	8.8	151.3	0.2	130.9	20.2	0.6	0.6	32.8	-35.0	55.0
2013 Q1	687.8	432.7	346.696	52.5	32.4	169.6	5.3	10.0	154.4	0.2	132.6	21.6	-0.1	0.6	31.2	-35.8	55.1
Q2	564.3	315.9	346.672	51.3	31.5	164.7	5.3	7.8	151.6	0.2	133.8	17.6	0.0	0.8	27.3	-31.0	54.2
Q3	586.8	340.5	346.674	50.5	30.5	164.3	5.1	9.3	149.7	0.2	134.0	15.5	0.2	0.9	21.5	-29.4	53.6
2013 Dec.	542.4	301.9	346.566	50.1	28.9	160.4	6.6	5.7	147.7	0.2	133.3	14.1	0.4	1.0	22.5	-30.1	52.7
2014 Jan.	571.0	321.0	346.816	50.9	29.1	169.0	6.2	6.9	155.7	0.2	142.1	13.5	0.2	1.0	23.8	-34.0	53.5
	Transactions																
2010	10.5	0.0	-	-0.1	4.9	5.6	-5.4	6.6	4.3	0.0	10.6	-6.3	0.0	0.0	-	-	-
2011	10.3	0.0	-	-1.6	13.0	-1.2	-2.3	-8.3	9.3	0.1	15.9	-6.8	0.1	0.0	-	-	-
2012	13.9	0.0	-	-0.3	3.4	10.2	0.6	1.2	8.0	-0.4	-0.7	9.1	0.4	0.7	-	-	-
2013 Q2	1.2	0.0	-	-0.3	-0.3	1.5	0.1	-1.8	3.5	0.0	6.4	-2.8	-0.2	0.2	-	-	-
Q3	2.9	0.0	-	-0.2	-0.6	3.6	-0.2	1.7	2.2	0.0	4.0	-1.7	-0.1	0.0	-	-	-
Q4	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2010	2.0	0.0	-	-0.1	46.7	3.7	-43.3	75.9	3.6	-5.2	10.3	-24.5	-	-	-	-	-
2011	1.6	0.0	-	-3.0	83.3	-1.3	-30.0	-52.7	6.8	27.4	14.2	-45.3	-	-	-	-	-
2012	2.0	0.0	-	-0.5	11.0	6.5	12.2	15.2	5.6	-53.5	-0.6	82.5	-	-	-	-	-
2013 Q2	0.6	0.0	-	-0.9	2.4	2.0	-19.1	-1.6	3.4	-41.8	4.7	-4.5	-	-	-	-	-
Q3	1.1	0.0	-	-1.3	-6.2	5.7	-13.6	22.4	6.0	0.0	6.9	-0.6	-	-	-	-	-
Q4	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Gross external debt

	Total	By instrument					By sector (excluding direct investment)				
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts (international investment position)											
2010	10,910.7	4,708.7	453.3	3,824.0	202.5	200.0	1,522.2	2,140.9	271.0	4,743.7	2,232.9
2011	11,929.7	4,799.8	444.4	4,228.3	226.4	260.9	1,970.0	2,285.9	412.7	4,553.5	2,707.8
2012	12,091.6	4,522.9	461.2	4,438.9	229.0	327.5	2,112.2	2,488.3	428.9	4,243.9	2,818.4
2013 Q1	12,254.2	4,544.4	501.2	4,498.1	231.7	358.7	2,119.9	2,553.8	398.6	4,273.2	2,908.6
Q2	12,208.7	4,437.1	492.0	4,456.1	228.3	344.2	2,251.0	2,533.0	375.2	4,117.6	2,931.9
Q3	11,964.4	4,236.0	521.0	4,398.8	228.5	355.2	2,224.8	2,538.8	361.7	3,967.3	2,871.8
Outstanding amounts as a percentage of GDP											
2010	119.1	51.4	4.9	41.7	2.2	2.2	16.6	23.4	3.0	51.8	24.4
2011	126.6	51.0	4.7	44.9	2.4	2.8	20.9	24.3	4.4	48.3	28.7
2012	127.5	47.7	4.9	46.8	2.4	3.5	22.3	26.2	4.5	44.7	29.7
2013 Q1	129.1	47.9	5.3	47.4	2.4	3.8	22.3	26.9	4.2	45.0	30.6
Q2	128.3	46.6	5.2	46.8	2.4	3.6	23.7	26.6	3.9	43.3	30.8
Q3	125.4	44.4	5.5	46.1	2.4	3.7	23.3	26.6	3.8	41.6	30.1

Source: ECB.

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

7.3 Financial account

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

9. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer- land	United States	Offshore financial centres	Interna- tional organisa- tions	Other countries
	Total	Denmark	Sweden	United Kingdom	Other EU countries ¹⁾	EU institutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2012	Outstanding amounts (international investment position)														
Direct investment	1,436.7	421.2	-16.2	19.6	135.0	284.0	-1.2	103.4	79.0	-22.3	161.0	176.1	-223.4	-0.2	741.7
Abroad	5,881.3	1,689.6	29.4	171.7	1,156.7	331.7	0.1	211.4	99.6	79.2	597.2	1,322.6	585.4	0.1	1,296.3
Equity/reinvested earnings	4,374.3	1,250.6	22.8	103.9	867.4	256.4	0.0	165.3	81.3	57.1	451.3	929.8	486.6	0.1	952.2
Other capital	1,507.0	439.0	6.5	67.8	289.4	75.2	0.1	46.1	18.3	22.1	145.9	392.7	98.8	0.0	344.2
In the euro area	4,444.6	1,268.4	45.6	152.2	1,021.7	47.7	1.3	108.0	20.6	101.5	436.1	1,146.4	808.7	0.3	554.6
Equity/reinvested earnings	3,124.5	1,017.0	36.8	136.2	810.0	32.7	1.3	86.9	7.8	88.1	262.7	856.5	425.6	0.0	379.7
Other capital	1,320.2	251.4	8.7	16.0	211.8	14.9	0.0	21.1	12.7	13.4	173.4	289.9	383.1	0.2	174.9
Portfolio investment assets	5,265.0	1,678.1	99.7	227.9	1,044.3	120.0	186.3	102.1	61.2	215.1	131.4	1,637.4	433.2	33.1	973.4
Equity	1,947.3	391.2	17.2	48.9	310.4	14.4	0.1	39.6	57.2	105.7	117.1	621.1	237.0	0.9	377.6
Debt instruments	3,317.7	1,286.9	82.4	178.9	733.8	105.6	186.1	62.4	4.0	109.5	14.3	1,016.3	196.2	32.2	595.8
Bonds and notes	2,852.0	1,135.7	75.8	148.5	621.7	104.7	185.0	58.1	2.6	36.8	11.2	855.2	184.4	31.6	536.3
Money market instruments	465.7	151.3	6.6	30.4	112.1	0.9	1.2	4.3	1.3	72.7	3.0	161.1	11.8	0.6	59.5
Other investment	-260.9	-240.7	10.7	-26.1	-47.1	45.0	-223.1	1.7	-15.7	5.1	-32.8	54.5	51.3	-77.1	-7.3
Assets	4,818.4	2,188.4	77.4	85.7	1,840.4	165.6	19.3	27.9	48.9	81.9	268.0	676.7	537.3	36.6	952.8
General government	167.9	65.6	1.0	4.6	43.4	1.8	14.9	1.8	3.1	0.9	1.5	11.0	3.3	30.6	50.2
MFIs	2,963.9	1,530.7	58.4	49.8	1,292.0	128.2	2.2	16.4	24.3	65.9	146.8	394.7	392.6	5.2	387.4
Other sectors	1,686.6	592.0	18.0	31.2	505.0	35.6	2.2	9.7	21.5	15.1	119.8	270.9	141.4	0.8	515.2
Liabilities	5,079.3	2,429.0	66.8	111.7	1,887.5	120.6	242.4	26.2	64.6	76.8	300.8	622.1	485.9	113.7	960.0
General government	227.5	107.1	0.3	0.9	26.3	0.2	79.4	0.1	0.0	0.1	1.1	29.6	1.2	83.1	5.1
MFIs	3,392.7	1,644.5	56.3	86.6	1,306.0	92.9	102.7	17.0	38.2	50.7	239.2	338.5	387.9	28.1	648.5
Other sectors	1,459.2	677.4	10.1	24.2	555.1	27.6	60.3	9.1	26.4	26.0	60.6	254.0	96.8	2.5	306.5
2012 Q4 to 2013 Q3	Cumulated transactions														
Direct investment	134.9	44.7	-8.3	-36.2	84.5	4.7	0.0	-1.9	3.6	0.1	37.3	38.6	-44.1	0.0	56.6
Abroad	263.3	52.5	0.9	-1.3	44.4	8.5	0.0	-0.1	8.3	1.4	36.0	55.5	-3.2	0.0	112.8
Equity/reinvested earnings	139.1	56.6	0.9	8.3	42.0	5.4	0.0	4.0	7.5	1.0	6.4	31.5	-11.9	0.0	43.9
Other capital	124.2	-4.1	0.0	-9.6	2.3	3.1	0.0	-4.1	0.8	0.5	29.6	24.0	8.7	0.0	68.9
In the euro area	128.3	7.8	9.2	35.0	-40.2	3.9	0.0	1.8	4.7	1.3	-1.3	17.0	40.9	0.0	56.2
Equity/reinvested earnings	137.8	12.2	7.9	23.6	-20.1	0.9	0.0	1.9	4.5	5.3	2.7	4.8	75.9	0.0	30.4
Other capital	-9.4	-4.4	1.3	11.4	-20.1	3.0	0.0	-0.1	0.2	-3.9	-4.0	12.2	-35.0	0.0	25.7
Portfolio investment assets	271.2	11.1	4.5	-0.9	-11.4	8.5	10.3	8.1	6.6	35.2	7.9	74.2	5.0	-0.6	123.7
Equity	180.0	39.1	2.3	3.3	33.4	0.1	0.0	2.0	5.5	28.7	6.0	68.7	4.3	0.0	25.6
Debt instruments	91.2	-28.0	2.3	-4.2	-44.9	8.4	10.3	6.1	1.1	6.5	1.9	5.4	0.6	-0.6	98.1
Bonds and notes	101.3	-1.1	1.7	-0.5	-21.9	7.3	12.2	4.1	0.4	-7.4	-0.1	9.8	-6.1	-1.1	102.8
Money market instruments	-10.1	-26.9	0.6	-3.7	-23.0	1.1	-1.9	2.0	0.7	13.9	2.0	-4.4	6.8	0.5	-4.7
Other investment	299.8	151.9	2.4	23.9	127.9	-9.5	7.1	-5.0	23.2	44.0	28.4	-1.1	22.0	-23.8	60.3
Assets	-242.4	-229.3	-6.0	3.8	-213.3	-12.9	-1.0	-1.4	4.0	28.1	-10.1	-26.4	-3.7	1.1	-4.7
General government	1.5	-2.3	0.2	-0.8	-2.5	0.0	0.9	0.1	-0.1	-0.4	0.4	0.7	0.7	0.2	2.2
MFIs	-168.9	-217.5	-9.6	-1.4	-190.8	-13.8	-2.0	0.6	4.9	27.2	-5.5	1.9	24.4	0.3	-5.2
Other sectors	-74.9	-9.4	3.4	6.0	-20.0	1.0	0.2	-2.2	-0.8	1.3	-4.9	-29.0	-28.8	0.6	-1.7
Liabilities	-542.2	-381.2	-8.4	-20.1	-341.2	-3.4	-8.1	3.6	-19.1	-15.8	-38.5	-25.2	-25.8	24.9	-65.0
General government	-2.4	-5.5	0.1	0.3	-10.7	0.0	4.8	0.2	0.0	0.0	0.5	-8.7	-0.1	10.2	1.2
MFIs	-481.2	-336.2	-9.5	-17.3	-288.7	-5.5	-15.1	0.8	-19.2	-15.0	-37.8	-2.9	-30.9	14.2	-54.1
Other sectors	-58.5	-39.5	1.0	-3.1	-41.9	2.2	2.2	2.6	0.1	-0.8	-1.1	-13.6	5.2	0.5	-12.0

Source: ECB.

1) Including Croatia from the third quarter of 2013.

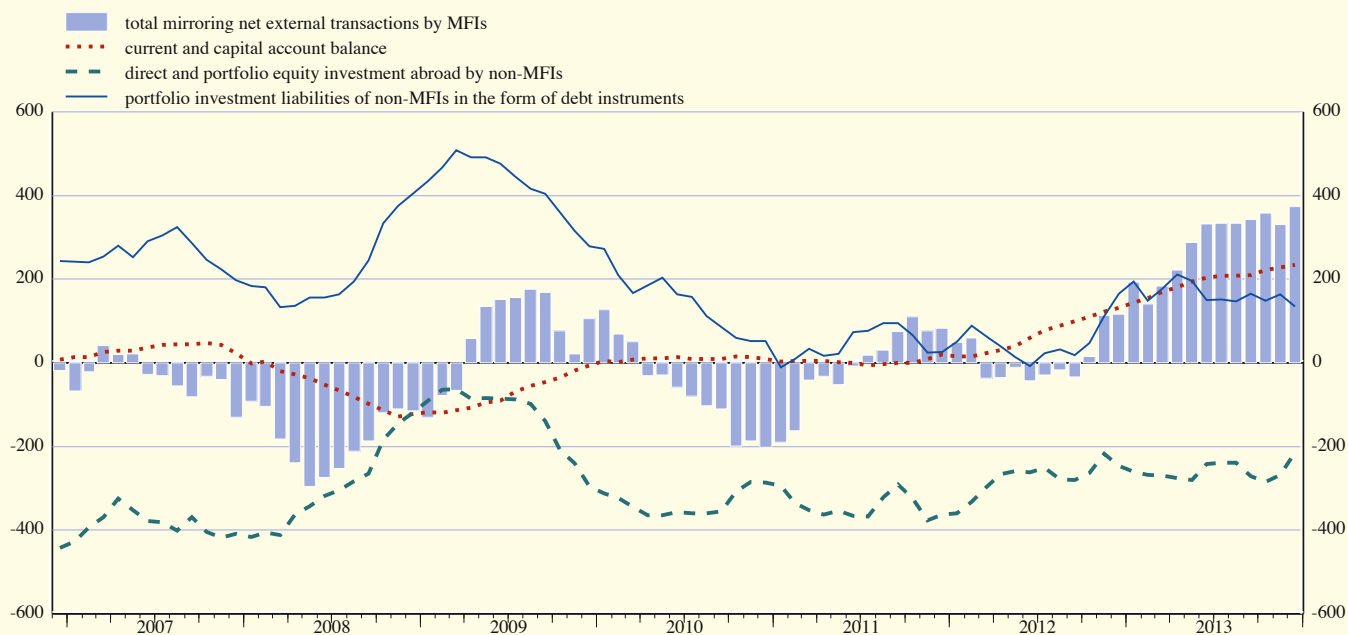
7.4 Monetary presentation of the balance of payments ¹⁾

(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				
					Assets		Liabilities		Assets	Liabilities			
					By resident units abroad	By non-resident units in euro area	Equity	Debt instruments					
1	2	3	4	5	6	7	8	9	10	11	12		
2011	82.5	19.2	-501.4	427.5	55.4	-47.6	55.4	26.4	-136.1	164.1	-5.3	25.0	
2012	116.3	131.2	-331.9	318.1	-54.6	-185.6	162.2	164.7	-112.4	11.5	3.4	9.8	
2013	373.1	234.8	-189.6	71.6	-95.1	-114.4	263.5	134.1	31.1	12.0	13.5	11.7	
2012 Q4	108.3	68.2	-112.9	84.6	-50.5	-34.8	91.4	66.9	15.5	-77.4	25.4	32.0	
2013 Q1	29.3	26.4	-56.6	28.7	-48.9	-54.1	65.6	49.3	-44.5	56.2	8.4	-1.2	
Q2	150.7	61.6	-60.1	5.1	-10.1	-20.6	102.0	28.4	59.2	-11.5	-0.6	-2.8	
Q3	54.4	53.4	-29.2	2.3	-26.5	-25.3	33.9	20.3	43.2	-28.2	5.6	4.9	
Q4	138.7	93.4	-43.7	35.4	-9.6	-14.5	61.9	36.0	-26.8	-4.4	0.2	10.9	
2012 Dec.	34.9	29.1	-23.8	28.1	-34.2	-1.3	30.3	22.2	25.9	-60.2	9.5	9.5	
2013 Jan.	39.1	-6.7	-23.7	11.3	-16.9	-19.5	38.1	14.6	-1.2	36.5	4.6	2.0	
Feb.	-32.6	10.1	-14.4	15.5	-17.3	-28.2	10.3	4.2	-27.6	11.1	2.7	0.9	
Mar.	22.9	22.9	-18.5	2.0	-14.8	-6.5	17.2	30.6	-15.7	8.6	1.1	-4.2	
Apr.	10.9	16.6	-22.8	3.9	-19.5	-25.2	21.1	30.3	-13.1	21.3	-5.8	4.1	
May	84.0	13.9	-9.9	-7.5	-5.6	-9.2	49.5	23.1	41.5	-2.1	-8.3	-1.2	
June	55.8	31.1	-27.3	8.7	15.1	13.9	31.4	-25.0	30.8	-30.7	13.5	-5.6	
July	13.6	26.5	0.4	7.3	-12.8	-12.8	3.0	5.4	11.9	-11.8	-2.6	-0.8	
Aug.	25.1	11.7	-26.2	25.3	4.1	-1.2	13.3	-9.4	9.8	-7.3	6.5	-1.5	
Sep.	15.6	15.2	-3.4	-30.3	-17.7	-11.3	17.7	24.3	21.5	-9.1	1.7	7.1	
Oct.	24.5	28.9	-22.0	19.8	-7.3	-5.5	22.3	-10.3	8.3	-11.0	2.8	-1.3	
Nov.	36.1	28.9	-18.9	6.6	5.2	-10.7	9.9	54.4	-33.9	1.3	-4.9	-1.8	
Dec.	78.1	35.6	-2.9	9.1	-7.5	1.7	29.8	-8.0	-1.2	5.2	2.3	14.0	
	12-month cumulated transactions												
2013 Dec.	373.1	234.8	-189.6	71.6	-95.1	-114.4	263.5	134.1	31.1	12.0	13.5	11.7	

C38 Main b.o.p. items mirroring developments in MFI net external transactions ¹⁾

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

7.5 Trade in goods

1. Values and volumes by product group ¹⁾

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
	Exports	Imports	Total			Memo item:	Total				Memo items:		
			Intermediate	Capital	Consumption	Manufacturing	Intermediate	Capital	Consumption	Manufacturing	Oil		
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2012	7.5	1.9	1,878.1	931.7	385.9	516.2	1,523.5	1,791.5	1,149.0	246.5	369.5	1,093.1	362.0
2013	0.8	-3.3	1,889.8	.	.	.	.	1,731.8	.	.	.	.	.
2013 Q1	0.7	-5.3	473.7	235.7	96.0	132.9	383.2	436.7	278.8	59.8	91.2	268.9	87.7
Q2	1.6	-3.1	473.4	230.8	96.9	132.4	384.9	432.9	274.7	59.2	91.2	267.5	84.4
Q3	0.1	-2.1	471.1	229.8	94.7	133.0	383.9	434.6	273.5	59.3	93.5	269.2	83.4
Q4	0.8	-2.6	471.5	.	.	.	.	427.7	.	.	.	.	.
2013 July	3.1	0.2	156.0	76.2	31.6	43.8	127.7	145.0	92.1	19.5	30.9	89.7	28.7
Aug.	-5.8	-7.5	157.0	76.7	31.6	44.5	128.0	144.4	91.4	20.1	30.7	89.0	27.7
Sep.	2.8	1.0	158.2	76.9	31.4	44.7	128.2	145.2	90.0	19.7	32.0	90.5	26.9
Oct.	1.2	-3.1	158.4	77.2	32.1	44.8	129.8	144.3	91.1	19.5	31.4	90.0	27.5
Nov.	-2.2	-5.4	157.9	77.1	32.0	44.4	129.1	141.9	87.4	19.6	31.9	90.2	25.6
Dec.	3.8	1.0	155.2	.	.	.	.	141.5	.	.	.	.	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2011	7.6	3.2	108.2	107.6	111.0	107.8	108.8	103.0	103.7	103.1	100.8	104.8	98.0
2012	3.6	-3.1	111.9	110.2	117.0	111.8	112.6	99.6	100.8	99.4	96.1	99.8	99.4
2012 Q4	2.6	-2.4	111.4	109.7	116.8	110.8	111.5	98.1	99.2	96.6	95.0	97.7	100.7
2013 Q1	-0.1	-4.4	113.3	112.0	116.3	115.7	113.8	98.2	99.6	96.2	95.5	98.7	98.3
Q2	1.5	-1.2	113.1	110.4	116.2	114.6	113.8	98.9	100.8	94.2	95.0	98.0	100.5
Q3	1.7	1.6	113.2	110.7	114.1	115.2	114.0	99.3	99.9	96.2	97.5	99.4	96.4
2013 June	-3.1	-3.2	113.3	110.4	115.2	115.0	113.0	100.1	101.9	95.1	96.3	97.6	98.7
July	4.3	2.8	112.6	110.5	113.7	114.3	113.9	100.0	102.1	93.8	96.9	99.0	102.6
Aug.	-4.0	-3.0	113.0	110.7	114.4	115.7	113.9	98.8	99.9	98.9	95.7	98.8	95.1
Sep.	4.4	5.1	114.0	110.9	114.3	115.8	114.2	99.0	97.8	96.0	99.9	100.4	91.3
Oct.	2.1	0.3	114.1	111.7	116.8	115.2	115.2	99.5	100.6	95.1	98.5	99.9	95.5
Nov.	-1.7	-1.8	113.6	111.7	115.6	114.5	114.4	98.9	97.9	98.6	99.7	100.7	91.9

2. Prices ²⁾

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) ³⁾							Industrial import prices (c.i.f.)						
	Total (index: 2010 = 100)	Total				Memo item: Manufacturing	Total (index: 2010 = 100)	Total				Memo item: Manufacturing		
		Intermediate goods	Capital goods	Consumer goods	Energy			Intermediate goods	Capital goods	Consumer goods	Energy			
% of total	100.0	100.0	30.1	42.0	18.5	9.4	96.4	100.0	100.0	29.0	25.4	23.3	22.4	80.4
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2012	106.1	2.2	0.9	1.8	2.3	9.4	2.2	111.2	3.4	0.2	1.6	3.2	7.2	2.1
2013	105.0	-1.0	-1.5	-0.2	0.8	-7.9	-0.9	.	.	.	.	.	.	.
2013 Q2	105.1	-0.9	-1.5	0.1	1.0	-8.7	-0.8	107.9	-2.8	-2.1	-1.6	0.6	-6.0	-1.4
Q3	105.0	-1.5	-1.8	-0.6	0.5	-9.3	-1.3	108.1	-3.3	-3.2	-2.7	-0.9	-5.6	-2.6
Q4	104.4	-1.4	-2.0	-0.4	0.4	-8.1	-1.2	.	.	.	.	.	.	.
2013 July	105.1	-1.0	-1.5	-0.6	0.5	-5.5	-0.9	108.0	-2.8	-3.2	-3.0	-0.8	-3.8	-2.4
Aug.	105.0	-1.7	-1.8	-0.7	0.4	-11.0	-1.6	108.1	-4.0	-3.4	-2.8	-1.2	-7.4	-2.8
Sep.	104.9	-1.6	-2.0	-0.3	0.6	-11.3	-1.4	108.2	-3.1	-3.1	-2.1	-0.7	-5.4	-2.5
Oct.	104.5	-1.6	-2.0	-0.5	0.5	-11.3	-1.4	106.9	-3.6	-2.9	-2.6	-0.9	-6.4	-2.7
Nov.	104.4	-1.4	-2.1	-0.4	0.3	-8.3	-1.3	107.1	-3.1	-3.0	-1.9	-0.7	-5.5	-2.2
Dec.	104.2	-1.1	-1.9	-0.4	0.4	-4.5	-1.0	.	.	.	.	.	.	.

Source: Eurostat.

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

7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	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.)														
2012	1,878.1	33.6	58.7	229.4	251.1	90.1	116.6	59.5	224.3	439.9	120.8	44.8	126.3	97.3	151.3
2013	1,889.8	.	.	.	.	87.0	111.1	60.5	221.6	443.3	122.4	43.9	129.9	98.0	.
2012 Q3	474.7	8.4	14.7	58.1	63.0	22.8	29.2	15.1	58.5	110.6	29.8	11.6	31.2	24.4	38.7
Q4	468.9	8.5	14.2	57.9	62.2	22.6	28.7	15.3	53.9	111.2	29.1	11.2	32.5	25.0	37.1
2013 Q1	473.7	8.6	14.4	58.1	63.5	23.2	28.2	15.6	55.5	110.4	29.6	11.0	34.2	25.0	37.0
Q2	473.4	8.5	14.5	58.8	63.0	22.3	27.4	15.5	54.9	109.9	29.9	10.7	33.1	24.6	40.9
Q3	471.1	8.6	15.0	59.9	64.5	21.2	27.7	14.7	55.4	110.1	31.3	11.2	31.8	24.6	37.6
Q4	471.5	.	.	.	.	20.2	27.7	14.7	55.8	112.9	31.6	11.0	30.9	23.8	.
2013 July	156.0	2.9	5.2	19.8	21.3	7.4	9.5	4.9	17.8	36.5	10.2	3.6	10.9	8.3	11.4
Aug.	157.0	2.9	5.0	19.8	21.6	6.9	9.2	4.9	18.7	37.1	10.8	3.8	10.6	8.2	12.2
Sep.	158.2	2.9	4.8	20.3	21.5	7.0	9.0	5.0	18.9	36.6	10.3	3.8	10.3	8.1	13.9
Oct.	158.4	2.9	5.2	20.7	22.0	7.1	9.3	4.8	18.8	37.3	10.5	3.6	10.3	8.3	11.8
Nov.	157.9	2.9	4.9	20.5	21.8	6.6	9.3	5.1	18.6	37.6	10.6	3.7	10.2	7.7	12.7
Dec.	155.2	.	.	.	.	6.5	9.1	4.8	18.4	38.0	10.4	3.7	10.4	7.8	.
	Percentage share of total exports														
2013	100.0	.	.	.	.	4.6	5.9	3.2	11.7	23.5	6.5	2.3	6.9	5.2	.
	Imports (c.i.f.)														
2012	1,791.5	28.7	52.6	166.6	231.3	144.0	81.9	34.1	151.2	540.8	214.1	49.2	157.5	92.7	110.2
2013	1,731.8	.	.	.	.	144.6	81.6	35.6	149.0	511.3	204.3	43.6	141.2	81.5	.
2012 Q3	448.1	7.2	13.5	42.0	58.0	34.2	21.3	8.4	39.3	133.5	53.6	12.2	39.3	23.3	28.2
Q4	440.4	7.1	12.8	41.5	57.8	36.8	20.1	8.7	35.9	131.1	51.2	11.5	39.8	22.6	26.2
2013 Q1	436.7	7.5	13.2	41.6	58.6	38.6	20.2	8.8	35.5	127.8	51.6	11.0	38.7	21.2	24.9
Q2	432.9	7.3	13.3	40.6	58.2	34.3	20.5	8.7	37.4	127.6	50.8	10.9	36.3	20.2	28.6
Q3	434.6	7.6	13.6	40.5	60.0	36.3	20.7	8.9	38.0	128.3	50.9	10.7	34.2	20.2	26.3
Q4	427.7	.	.	.	.	35.4	20.3	9.1	38.2	127.6	51.0	11.0	32.1	19.9	.
2013 July	145.0	2.5	4.7	13.5	19.8	11.7	6.9	3.0	12.6	42.7	17.0	3.4	11.9	6.8	9.0
Aug.	144.4	2.6	4.5	13.8	19.9	12.5	7.1	2.9	12.4	42.8	17.0	3.6	11.3	6.5	8.1
Sep.	145.2	2.5	4.5	13.3	20.2	12.1	6.7	3.0	13.0	42.8	16.9	3.7	11.0	6.9	9.2
Oct.	144.3	2.5	4.5	13.3	20.1	11.7	6.9	3.0	13.1	43.0	16.6	3.6	11.5	6.7	8.2
Nov.	141.9	2.3	4.4	13.1	20.3	11.2	6.8	3.1	12.9	41.8	16.8	3.7	10.0	6.4	9.5
Dec.	141.5	.	.	.	.	12.4	6.6	3.1	12.2	42.8	17.6	3.7	10.5	6.8	.
	Percentage share of total imports														
2013	100.0	.	.	.	.	8.3	4.7	2.1	8.6	29.5	11.8	2.5	8.2	4.7	.
	Balance														
2012	86.6	4.9	6.1	62.8	19.8	-53.9	34.7	25.4	73.1	-100.9	-93.3	-4.5	-31.2	4.6	41.1
2013	158.0	.	.	.	.	-57.6	29.5	24.9	72.6	-68.1	-81.9	0.3	-11.3	16.5	.
2012 Q3	26.6	1.2	1.3	16.1	5.1	-11.5	7.9	6.6	19.2	-22.9	-23.8	-0.7	-8.1	1.2	10.6
Q4	28.5	1.4	1.4	16.3	4.4	-14.2	8.6	6.6	18.0	-19.8	-22.1	-0.2	-7.3	2.3	10.9
2013 Q1	37.0	1.1	1.2	16.5	4.9	-15.5	8.0	6.8	20.1	-17.4	-22.0	0.0	-4.5	3.8	12.1
Q2	40.5	1.3	1.2	18.2	4.8	-11.9	7.0	6.8	17.5	-17.7	-20.9	-0.2	-3.2	4.4	12.3
Q3	36.5	1.0	1.3	19.3	4.5	-15.1	7.1	5.8	17.4	-18.2	-19.6	0.5	-2.4	4.5	11.3
Q4	43.9	.	.	.	.	-15.1	7.5	5.6	17.6	-14.7	-19.4	0.0	-1.2	3.9	.
2013 July	11.0	0.4	0.5	6.4	1.5	-4.3	2.6	1.9	5.3	-6.3	-6.8	0.2	-1.0	1.6	2.5
Aug.	12.6	0.2	0.5	6.0	1.7	-5.5	2.1	1.9	6.3	-5.7	-6.2	0.2	-0.7	1.7	4.2
Sep.	13.0	0.4	0.4	7.0	1.3	-5.2	2.3	2.0	5.9	-6.2	-6.6	0.1	-0.7	1.2	4.7
Oct.	14.1	0.4	0.7	7.4	1.9	-4.6	2.4	1.8	5.7	-5.6	-6.1	0.0	-1.2	1.6	3.6
Nov.	16.0	0.6	0.5	7.4	1.4	-4.6	2.6	2.1	5.7	-4.2	-6.1	0.0	0.2	1.3	3.2
Dec.	13.7	.	.	.	.	-5.9	2.5	1.7	6.2	-4.9	-7.2	0.0	-0.2	1.0	.

Source: Eurostat.



EXCHANGE RATES

8.1 Effective exchange rates ¹⁾

(period averages; index: 1999 Q1=100)

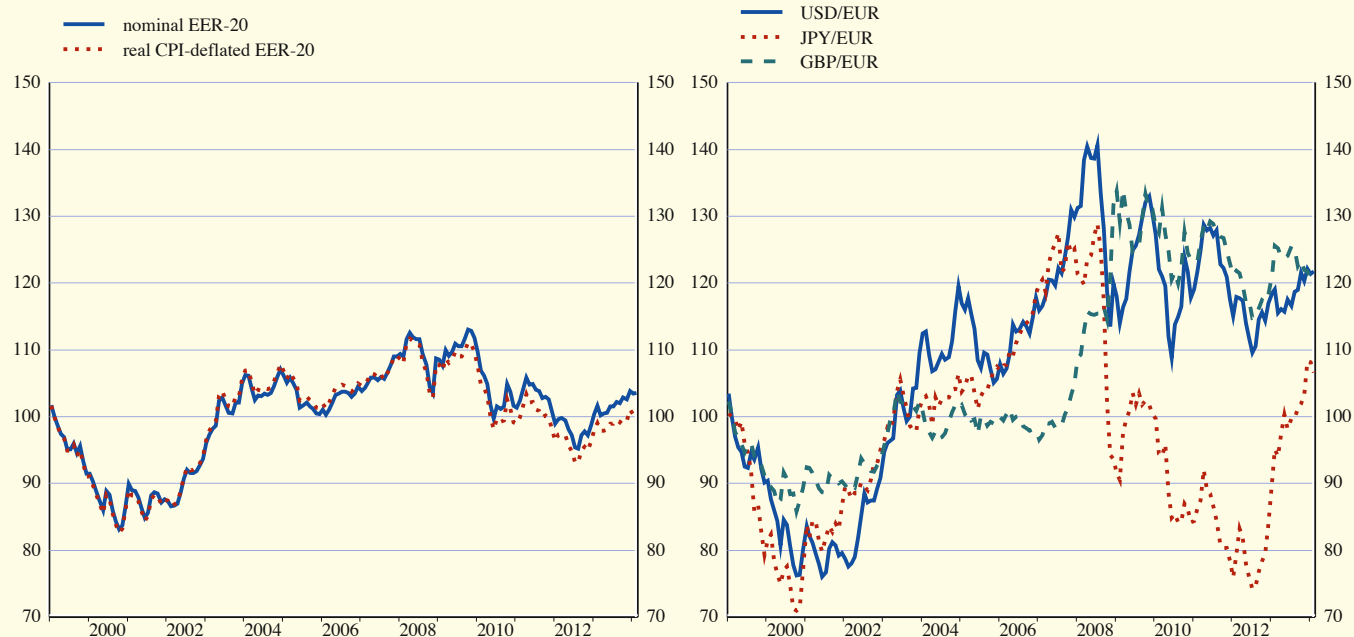
	EER-20						EER-39	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM ²⁾	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2011	103.4	100.7	97.4	95.1	105.4	96.5	112.2	97.7
2012	97.9	95.6	93.1	89.8	100.0	91.2	107.1	92.9
2013	101.7	99.0	96.5	-	-	-	112.0	96.2
2012 Q4	97.9	95.6	93.5	89.6	99.2	90.0	107.4	92.9
2013 Q1	100.7	98.3	95.9	92.5	102.2	94.0	110.2	95.0
Q2	100.8	98.3	95.8	92.9	101.6	93.8	110.6	95.0
Q3	101.9	99.2	96.7	93.3	102.4	94.2	112.9	96.8
Q4	103.1	100.1	97.7	-	-	-	114.7	97.9
2013 Feb.	101.6	99.1	96.8	-	-	-	111.1	95.8
Mar.	100.2	97.9	95.3	-	-	-	109.5	94.4
Apr.	100.5	97.9	95.5	-	-	-	109.8	94.4
May	100.5	98.0	95.6	-	-	-	110.0	94.6
June	101.6	98.9	96.4	-	-	-	112.0	96.2
July	101.5	98.9	96.4	-	-	-	112.0	96.2
Aug.	102.2	99.5	96.9	-	-	-	113.4	97.3
Sep.	102.0	99.1	96.8	-	-	-	113.3	97.0
Oct.	102.8	99.7	97.4	-	-	-	114.2	97.4
Nov.	102.6	99.5	97.2	-	-	-	114.2	97.3
Dec.	103.9	101.0	98.3	-	-	-	115.8	98.9
2014 Jan.	103.4	100.3	97.8	-	-	-	115.9	98.7
Feb.	103.6	100.5	97.9	-	-	-	116.3	99.1
Percentage change versus previous month								
2014 Feb.	0.1	0.2	0.1	-	-	-	0.4	0.4
Percentage change versus previous year								
2014 Feb.	1.9	1.4	1.2	-	-	-	4.6	3.5

C39 Effective exchange rates

(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



Source: ECB.

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

2) ULCM-deflated series are available only for the EER-19 trading partner group.

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Croatian kuna	Lithuanian litas	Hungarian forint	Polish zloty	New Roma- nian leu	Swedish krona	Pound sterling	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11
2011	1.9558	24.590	7.4506	7.4390	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	2.3378
2012	1.9558	25.149	7.4437	7.5217	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	2.3135
2013	1.9558	25.980	7.4579	7.5786	3.4528	296.87	4.1975	4.4190	8.6515	0.84926	2.5335
2013 Q2	1.9558	25.831	7.4555	7.5566	3.4528	295.53	4.1982	4.3958	8.5652	0.85056	2.4037
Q3	1.9558	25.853	7.4580	7.5459	3.4528	297.96	4.2477	4.4410	8.6798	0.85453	2.6092
Q4	1.9558	26.658	7.4593	7.6290	3.4528	297.43	4.1853	4.4506	8.8575	0.84074	2.7537
2013 Aug.	1.9558	25.818	7.4580	7.5372	3.4528	299.46	4.2299	4.4371	8.7034	0.85904	2.6125
Sep.	1.9558	25.789	7.4579	7.5985	3.4528	299.75	4.2371	4.4633	8.6758	0.84171	2.6952
Oct.	1.9558	25.662	7.4592	7.6193	3.4528	294.76	4.1902	4.4444	8.7479	0.84720	2.7095
Nov.	1.9558	26.927	7.4587	7.6326	3.4528	297.68	4.1887	4.4452	8.8802	0.83780	2.7316
Dec.	1.9558	27.521	7.4602	7.6365	3.4528	300.24	4.1760	4.4635	8.9597	0.83639	2.8276
2014 Jan.	1.9558	27.485	7.4614	7.6353	3.4528	302.48	4.1799	4.5205	8.8339	0.82674	3.0297
Feb.	1.9558	27.444	7.4622	7.6574	3.4528	310.20	4.1741	4.4918	8.8721	0.82510	3.0184
	Percentage change versus previous month										
2014 Feb.	0.0	-0.1	0.0	0.3	0.0	2.6	-0.1	-0.6	0.4	-0.2	-0.4
	Percentage change versus previous year										
2014 Feb.	0.0	7.7	0.0	0.9	0.0	6.0	0.1	2.5	4.3	-4.3	27.2
	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee	Indonesian rupiah		Israeli shekel	Japanese yen	Malaysian ringgit
	12	13	14	15	16	17	18		19	20	21
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51		4.9775	110.96	4.2558
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73		4.9536	102.49	3.9672
2013	1.3777	2.8687	1.3684	8.1646	10.3016	77.9300	13,857.50		4.7948	129.66	4.1855
2013 Q2	1.3203	2.6994	1.3368	8.0376	10.1383	73.0046	12,784.60		4.7407	129.07	4.0088
Q3	1.4465	3.0304	1.3760	8.1111	10.2696	82.3565	14,115.14		4.7459	131.02	4.2904
Q4	1.4662	3.0931	1.4275	8.2903	10.5522	84.4048	15,682.97		4.7994	136.48	4.3633
2013 Aug.	1.4742	3.1170	1.3853	8.1477	10.3223	83.9480	14,168.72		4.7610	130.34	4.3631
Sep.	1.4379	3.0345	1.3817	8.1690	10.3504	85.2678	15,073.16		4.7636	132.41	4.3410
Oct.	1.4328	2.9860	1.4128	8.3226	10.5724	84.0071	15,109.54		4.8232	133.32	4.3283
Nov.	1.4473	3.0959	1.4145	8.2221	10.4604	84.4990	15,575.06		4.7711	134.97	4.3176
Dec.	1.5243	3.2133	1.4580	8.3248	10.6254	84.7631	16,455.73		4.8019	141.68	4.4517
2014 Jan.	1.5377	3.2437	1.4884	8.2368	10.5586	84.5099	16,471.94		4.7569	141.47	4.5005
Feb.	1.5222	3.2581	1.5094	8.3062	10.6012	84.9503	16,270.18		4.8043	139.35	4.5194
	Percentage change versus previous month										
2014 Feb.	-1.0	0.4	1.4	0.8	0.4	0.5	-1.2		1.0	-1.5	0.4
	Percentage change versus previous year										
2014 Feb.	17.5	23.6	12.0	-0.3	2.3	18.1	25.8		-2.7	12.0	9.2
	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	22	23	24	25	26	27	28	29	30	31	32
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2012	16.9029	1.5867	7.4751	54.246	39.9262	1.6055	10.5511	1,447.69	1.2053	39.928	1.2848
2013	16.9641	1.6206	7.8067	56.428	42.3370	1.6619	12.8330	1,453.91	1.2311	40.830	1.3281
2013 Q2	16.2956	1.5920	7.6114	54.620	41.3464	1.6311	12.3996	1,467.08	1.2315	39.031	1.3062
Q3	17.1005	1.6612	7.9303	57.813	43.4394	1.6795	13.2329	1,469.03	1.2348	41.675	1.3242
Q4	17.7331	1.6439	8.2375	59.354	44.2920	1.7006	13.8224	1,445.53	1.2294	43.151	1.3610
2013 Aug.	17.1996	1.6829	7.9386	58.471	43.9748	1.6941	13.4190	1,485.93	1.2338	42.072	1.3310
Sep.	17.4471	1.6406	7.9725	58.346	43.5144	1.6860	13.3287	1,446.60	1.2338	42.312	1.3348
Oct.	17.7413	1.6351	8.1208	58.809	43.7440	1.6956	13.5283	1,454.73	1.2316	42.549	1.3635
Nov.	17.6340	1.6327	8.2055	58.811	44.1581	1.6833	13.7626	1,434.06	1.2316	42.695	1.3493
Dec.	17.8278	1.6659	8.4053	60.552	45.0628	1.7244	14.2234	1,446.99	1.2245	44.323	1.3704
2014 Jan.	17.9964	1.6450	8.3927	61.263	46.0304	1.7327	14.8242	1,453.94	1.2317	44.822	1.3610
Feb.	18.1561	1.6466	8.3562	61.238	48.2554	1.7295	14.9820	1,462.51	1.2212	44.568	1.3659
	Percentage change versus previous month										
2014 Feb.	0.9	0.1	-0.4	0.0	4.8	-0.2	1.1	0.6	-0.8	-0.6	0.4
	Percentage change versus previous year										
2014 Feb.	6.9	3.4	12.6	12.7	19.6	4.5	26.1	0.7	-0.7	11.9	2.2

Source: ECB.



DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Croatia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
HICP										
2012	2.4	3.5	2.4	3.4	3.2	5.7	3.7	3.4	0.9	2.8
2013	0.4	1.4	0.5	2.3	1.2	1.7	0.8	3.2	0.4	2.6
2013 Q3	-0.7	1.2	0.2	2.2	0.5	1.6	0.9	2.4	0.7	2.7
2013 Q4	-1.0	1.1	0.4	0.6	0.5	0.7	0.6	1.3	0.3	2.1
2013 Nov.	-1.0	1.0	0.3	0.7	0.5	0.4	0.5	1.3	0.3	2.1
2013 Dec.	-0.9	1.5	0.4	0.5	0.4	0.6	0.6	1.3	0.4	2.0
2014 Jan.	-1.3	0.3	0.8	0.4	0.2	0.8	0.6	1.2	0.2	1.9
General government deficit (-)/surplus (+) as a percentage of GDP										
2010	-3.1	-4.7	-2.5	-6.4	-7.2	-4.3	-7.9	-6.8	0.3	-10.1
2011	-2.0	-3.2	-1.8	-7.8	-5.5	4.3	-5.0	-5.6	0.2	-7.7
2012	-0.8	-4.4	-4.1	-5.0	-3.2	-2.0	-3.9	-3.0	-0.2	-6.1
General government gross debt as a percentage of GDP										
2010	16.2	38.4	42.7	44.9	37.8	82.2	54.9	30.5	39.4	78.4
2011	16.3	41.4	46.4	51.6	38.3	82.1	56.2	34.7	38.6	84.3
2012	18.5	46.2	45.4	55.5	40.5	79.8	55.6	37.9	38.2	88.7
Long-term government bond yield as a percentage per annum; period average										
2013 Aug.	3.51	2.40	1.94	5.04	3.65	6.31	4.30	5.04	2.34	2.29
2013 Sep.	3.64	2.42	2.10	4.92	3.89	6.16	4.49	5.27	2.60	2.44
2013 Oct.	3.71	2.33	1.93	4.99	4.01	5.58	4.28	5.22	2.44	2.26
2013 Nov.	3.64	2.18	1.80	4.97	3.99	5.82	4.38	5.29	2.30	2.31
2013 Dec.	3.43	2.20	1.89	5.10	3.69	5.78	4.42	5.29	2.39	2.50
2014 Jan.	3.56	2.43	1.86	5.11	3.42	5.60	4.42	5.22	2.37	2.48
3-month interest rate as a percentage per annum; period average										
2013 Aug.	1.09	0.46	0.27	1.91	0.41	3.85	2.70	3.66	1.20	0.51
2013 Sep.	1.05	0.45	0.27	1.90	0.40	-	2.69	3.40	1.21	0.52
2013 Oct.	1.03	0.45	0.27	1.72	0.40	3.60	2.67	2.86	1.21	0.52
2013 Nov.	0.97	0.40	0.25	1.35	0.40	3.33	2.65	2.44	1.16	0.52
2013 Dec.	0.97	0.38	0.26	1.01	0.40	3.00	2.67	2.33	1.01	0.52
2014 Jan.	0.96	0.37	0.28	0.95	0.41	2.99	2.70	1.88	0.95	0.52
Real GDP										
2012	0.8	-1.0	-0.4	-1.9	3.7	-1.7	1.9	0.4	0.9	0.3
2013	.	.	0.4	.	3.3	1.1	1.6	.	1.5	1.9
2013 Q2	0.2	-1.7	0.8	-0.7	4.0	0.6	1.3	1.6	0.7	2.0
2013 Q3	0.7	-1.2	1.0	-0.6	2.3	1.7	1.8	4.0	0.7	1.9
2013 Q4	.	.	0.6	.	3.3	2.7	2.2	.	3.1	2.8
Current and capital account balance as a percentage of GDP										
2011	1.4	-2.3	6.3	-0.8	-1.2	2.8	-3.0	-3.9	5.9	-1.1
2012	0.1	-1.1	6.0	0.2	2.0	3.6	-1.5	-3.0	5.9	-3.5
2013 Q2	6.1	-1.5	8.1	-2.2	9.2	6.2	4.0	2.4	6.1	-1.1
2013 Q3	11.4	2.6	8.7	24.0	2.8	6.6	0.2	0.8	5.8	-6.3
2013 Q4	.	.	8.3	.	2.0	9.3	0.6	.	4.3	.
Gross external debt as a percentage of GDP										
2011	94.3	59.6	183.3	103.7	77.4	149.3	72.3	77.2	200.0	419.6
2012	94.9	60.2	181.8	102.5	75.4	128.9	71.1	75.2	191.2	385.3
2013 Q1	93.8	61.8	182.4	102.9	74.0	133.6	72.7	74.8	195.1	393.1
2013 Q2	93.2	62.7	174.9	105.0	70.0	128.1	73.7	73.3	197.9	388.7
2013 Q3	92.4	61.4	174.3	103.0	69.7	120.9	72.6	71.5	197.3	358.5
Unit labour costs										
2012	-0.5	3.3	1.5	1.1	1.9	2.7	1.5	6.8	2.9	2.9
2013	.	.	1.0	.	.	.	.	.	.	.
2013 Q2	13.0	1.1	0.9	1.1	3.3	4.4	1.4	1.9	0.5	1.4
2013 Q3	8.3	1.7	0.5	0.5	5.5	3.3	1.7	-2.4	1.3	1.9
2013 Q4	.	.	0.8	.	.	.	.	.	.	.
Standardised unemployment rate as a percentage of labour force (s.a.)										
2012	12.3	7.0	7.5	15.9	13.4	10.9	10.1	7.1	8.0	7.9
2013	12.9	7.0	7.0	17.7	11.8	10.2	10.3	7.3	8.0	.
2013 Q3	12.8	6.9	7.2	17.8	11.5	10.1	10.2	7.3	7.9	7.5
2013 Q4	12.9	6.8	6.8	18.6	11.0	9.2	10.1	7.3	8.0	.
2013 Nov.	12.9	6.8	6.8	18.7	10.9	9.3	10.1	7.4	8.0	7.2
2013 Dec.	13.0	6.8	7.2	18.7	10.9	8.8	10.0	7.3	8.0	.
2014 Jan.	13.1	6.8	7.0	18.8	11.3	.	9.9	7.3	8.2	.

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

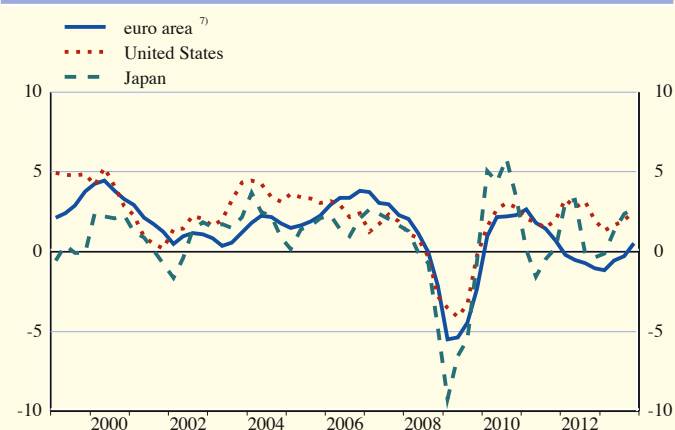
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs ¹⁾	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force ²⁾ (s.a.)	Broad money ³⁾	3-month interbank deposit rate ⁴⁾	10-year zero coupon government bond yield; ⁴⁾ end of period	Exchange rate ⁵⁾ as national currency per euro	Government deficit (-)/surplus (+) as a % of GDP	Government debt ⁶⁾ as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
2010	1.6	-1.2	2.5	6.6	9.6	2.5	0.34	3.57	1.3257	-12.2	79.2
2011	3.2	2.0	1.8	3.6	8.9	7.3	0.34	2.10	1.3920	-10.7	83.1
2012	2.1	1.1	2.8	4.2	8.1	8.6	0.43	1.88	1.2848	-9.3	86.5
2013	1.5	1.1	1.9	2.5	7.4	6.7	0.27	3.27	1.3281	.	.
2012 Q4	1.9	4.3	2.0	3.3	7.8	7.5	0.32	1.88	1.2967	-9.0	86.5
2013 Q1	1.7	1.7	1.3	2.5	7.7	7.3	0.29	2.09	1.3206	-7.2	88.0
Q2	1.4	2.0	1.6	2.1	7.5	7.0	0.28	2.82	1.3062	-5.7	87.2
Q3	1.6	1.9	2.0	2.4	7.2	6.6	0.26	2.91	1.3242	-7.0	86.9
Q4	1.2	-1.3	2.5	3.0	7.0	6.0	0.24	3.27	1.3610	.	.
2013 Oct.	1.0	-	-	3.9	7.2	6.7	0.24	2.84	1.3635	-	-
Nov.	1.2	-	-	2.8	7.0	6.1	0.24	2.99	1.3493	-	-
Dec.	1.5	-	-	2.3	6.7	5.3	0.24	3.27	1.3704	-	-
2014 Jan.	1.6	-	-	1.6	6.6	5.4	0.24	2.93	1.3610	-	-
Feb.	.	-	-	.	.	.	0.24	2.90	1.3659	-	-
Japan											
2010	-0.7	-4.8	4.7	15.6	5.1	2.8	0.23	1.18	116.24	-8.3	188.3
2011	-0.3	0.8	-0.4	-2.8	4.6	2.7	0.19	1.00	110.96	-8.9	204.4
2012	0.0	-1.4	1.4	0.6	4.4	2.5	0.19	0.84	102.49	.	.
2013	0.4	.	1.6	-0.8	4.0	3.6	0.15	0.95	129.66	.	.
2012 Q4	-0.2	0.3	-0.4	-6.0	4.2	2.3	0.19	0.84	105.12	.	.
2013 Q1	-0.6	0.0	-0.1	-7.8	4.2	2.9	0.16	0.70	121.80	.	.
Q2	-0.3	-0.6	1.3	-3.1	4.0	3.5	0.16	1.02	129.07	.	.
Q3	0.9	-2.1	2.4	2.2	4.0	3.8	0.15	0.88	131.02	.	.
Q4	1.4	.	2.7	5.8	3.9	4.3	0.14	0.95	136.48	.	.
2013 Oct.	1.1	-	-	5.4	4.0	4.2	0.15	0.76	133.32	-	-
Nov.	1.5	-	-	4.8	4.0	4.4	0.14	0.79	134.97	-	-
Dec.	1.6	-	-	7.2	3.7	4.2	0.15	0.95	141.68	-	-
2014 Jan.	1.4	-	-	10.6	.	4.4	0.14	0.82	141.47	-	-
Feb.	.	-	-	.	.	.	0.14	0.81	139.35	-	-

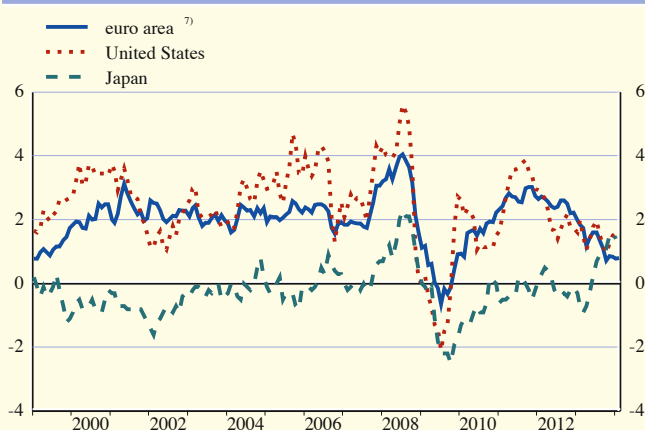
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.

2) Japanese data from March to August 2011 include estimates for the three prefectures most affected by the earthquake in that country. Data collection was reinstated as of September 2011.

3) Period averages; M2 for the United States, M2+CDs for Japan.

4) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.

5) For more information, see Section 8.2.

6) General government debt consists of deposits, securities other than shares and loans outstanding at nominal value and is consolidated within the general government sector (end of period).

7) Real GDP data refer to the Euro 18. HICP data refer to the changing composition of the euro area. For further information, see the General Notes.



LIST OF CHARTS

C1	Monetary aggregates	S12
C2	Counterparts	S12
C3	Components of monetary aggregates	S13
C4	Components of longer-term financial liabilities	S13
C5	Loans to other financial intermediaries and non-financial corporations	S14
C6	Loans to households	S14
C7	Loans to government	S16
C8	Loans to non-euro area residents	S16
C9	Total deposits by sector (financial intermediaries)	S17
C10	Total deposits and deposits included in M3 by sector (financial intermediaries)	S17
C11	Total deposits by sector (non-financial corporations and households)	S18
C12	Total deposits and deposits included in M3 by sector (non-financial corporations and households)	S18
C13	Deposits by government and non-euro area residents	S19
C14	MFI holdings of securities	S20
C15	Total outstanding amounts and gross issues of securities other than shares issued by euro area residents	S35
C16	Net issues of securities other than shares: seasonally adjusted and non-seasonally adjusted	S37
C17	Annual growth rates of long-term debt securities, by sector of the issuer, in all currencies combined	S38
C18	Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined	S39
C19	Annual growth rates for quoted shares issued by euro area residents	S40
C20	Gross issues of quoted shares by sector of the issuer	S41
C21	New deposits with an agreed maturity	S43
C22	New loans with a floating rate and up to 1 year's initial rate fixation	S43
C23	Euro area money market rates	S44
C24	3-month money market rates	S44
C25	Euro area spot yield curves	S45
C26	Euro area spot rates and spreads	S45
C27	Dow Jones EURO STOXX broad index, Standard & Poor's 500 and Nikkei 225	S46
C28	Employment – persons employed and hours worked	S55
C29	Unemployment and job vacancy rates	S55
C30	Deficit, borrowing requirement and change in debt	S60
C31	Maastricht debt	S60
C32	Euro area b.o.p: current account	S61
C33	Euro area b.o.p: direct and portfolio investment	S61
C34	Euro area b.o.p: goods	S62
C35	Euro area b.o.p: services	S62
C36	Euro area international investment position	S65
C37	Euro area direct and portfolio investment position	S65
C38	Main b.o.p. items mirroring developments in MFI net external transactions	S70
C39	Effective exchange rates	S73
C40	Bilateral exchange rates	S73
C41	Real gross domestic product	S76
C42	Consumer price indices	S76



TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

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

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2010 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

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

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS¹

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

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

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

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

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

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

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

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

CALCULATION OF BALANCING ITEMS

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

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

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

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

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

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

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

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

As a base, the index is set equal to 100 in December 2008. The growth rate a_t for month t , corresponding to the change in the 12 months ending in month t , can be calculated using either of the following two formulae:

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

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

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

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS ⁴

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

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

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

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

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

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP ⁴

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S81). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are

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

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

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

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

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

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



GENERAL NOTES

The “Euro area statistics” section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the “Statistics” section of the ECB’s website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB’s Statistical Data Warehouse (<http://sdw.ecb.europa.eu>), which includes search and download facilities. Further services available in the “Data services” sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB’s first meeting of the month. For this issue, the cut-off date was 5 March 2014.

Unless otherwise indicated, all data series relate to the group of 18 countries that are members of the euro area (the Euro 18) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; Slovakia joined in 2009, forming the Euro 16; and Estonia joined in 2011, forming the Euro 17. Latvia joined in 2014, bringing the number of euro area countries to 18. From October 2012, the euro area statistics also include the European Stability Mechanism, an international organisation resident in the euro area for statistical purposes.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 18 for all years, despite the fact that the euro area has only had this composition since 1 January 2014. Unless otherwise indicated, the ECB’s Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

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

For the HICP, as well as statistics based on the balance sheet of the MFI sector (“monetary statistics”), rates of change are compiled from chain-linked indices, with the new composition introduced by the linking factor at the point of enlargement. Thus, if a country joins the euro

area in January of a given year, the factors contributing to the chain-linked indices relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. For further details on monetary statistics, refer to the “Manual on MFI balance sheet statistics”, available in the “Statistics” section of the ECB’s website.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data¹ are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

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

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

The group “Other EU Member States” comprises Bulgaria, the Czech Republic, Denmark, Croatia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

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

OVERVIEW

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

MONETARY POLICY STATISTICS

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

¹ Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB’s website (<http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html>) and in the SDW (<http://sdw.ecb.europa.eu/browse.do?node=2018811>).

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

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

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

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

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

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

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32². Detailed sector definitions are set out in the third edition of the “Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers” (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB’s website. The balance sheet is aggregated, so investment funds’ assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8³ concerning statistics on the assets and liabilities of investment funds. Further information on these investment fund statistics can be found in the “Manual on investment fund statistics” (ECB, May 2009).

² OJ L 15, 20.01.2009, p. 14.

³ OJ L 211, 11.08.2007, p. 8.

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC's balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30⁴ as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

EURO AREA ACCOUNTS

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

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

4 OJ L 15, 20.01.2009, p. 1.

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

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

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

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

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

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

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 17 for the whole time series (i.e. a fixed composition).

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

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

with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

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

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

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

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

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

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

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

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

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

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model⁵. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: <http://www.ecb.europa.eu/stats/money/yc/html/index.en.html>. Daily data can also be downloaded.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

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

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

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998

⁵ Svensson, L.E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", CEPR Discussion Papers, No 1051. Centre for Economic Policy Research, London, 1994.

concerning short-term statistics⁶. 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 domains⁷, 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 2007⁸. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

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

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index⁹ and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003¹⁰. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers’ social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95¹¹ quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010¹² introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period.

6 OJ L 162, 5.6.1998, p. 1.

7 OJ L 393, 30.12.2006, p. 1.

8 OJ L 155, 15.6.2007, p. 3.

9 OJ L 69, 13.3.2003, p. 1.

10 OJ L 169, 8.7.2003, p. 37.

11 OJ L 310, 30.11.1996, p. 1.

12 OJ L 210, 11.8.2010, p. 1.

Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

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

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

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of statistical reporting requirements laid down in the ECB Guideline of 31 July 2009 on government finance statistics (ECB/2009/20)¹³. Harmonised data provided by the NCBs are regularly updated. The annual deficit and debt data for the euro area aggregates may therefore differ from those published by the European Commission. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000¹⁴ 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 government deficit/surplus and debt data for the individual euro area countries as reported to the Commission under Council Regulation (EU) No 679/2010, owing to their importance within the framework of the Stability and Growth Pact. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents non-seasonally adjusted quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government¹⁵. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments

¹³ OJ L 228, 1.9.2009, p. 25.

¹⁴ OJ L 172, 12.7.2000, p. 3.

¹⁵ OJ L 179, 9.7.2002, p. 1.

Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)¹⁶ and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)¹⁷. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled “European Union balance of payments/international investment position statistical methods” (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB’s website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force’s recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB’s website.

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23)¹⁸ was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF’s Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area’s b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata. The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions and international organisations (which, with the exception of the ECB and the European Stability Mechanism, are considered to be outside the euro area for statistical purposes, regardless of their physical location) as well as offshore centres. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data

16 OJ L 354, 30.11.2004, p. 34.

17 OJ L 159, 20.6.2007, p. 48.

18 OJ L 65, 3.3.2012, p. 1.

are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled “Euro area balance of payments and international investment position vis-à-vis main counterparts” in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investment (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into “loans” and “currency and deposits” is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem’s international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem’s weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem’s international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem’s international reserves can be found in a publication entitled “Statistical treatment of the Eurosystem’s international reserves” (October 2000), which can be downloaded from the ECB’s website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

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

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the “Statistics” section of the ECB’s website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

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

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro’s bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway,

Singapore, South Korea, Switzerland and the United States. The EER-19 group excludes Croatia. The EER-39 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices (CPIs), producer price indices (PPIs), gross domestic product deflators and unit labour costs, both for the manufacturing sector (ULCM) and for the total economy (ULCT). ULCM-deflated EERs are available only for the EER-19.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 134 (“Revisiting the effective exchange rates of the euro” by Martin Schmitz, Maarten De Clercq, Michael Fidora, Bernadette Lauro and Cristina Pinheiro, June 2012), which can be downloaded from the ECB’s website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. However, data shown in this table on current and capital accounts and gross external debt follow the respective national concept and do not include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSISTEM¹



12 JANUARY 2012

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

9 FEBRUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

8 MARCH, 4 APRIL AND 3 MAY 2012

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

6 JUNE 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

5 JULY 2012

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

2 AUGUST 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

¹ The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2011 can be found in the ECB's Annual Report for the respective years.

6 SEPTEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.

4 OCTOBER AND 8 NOVEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

6 DECEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 9 July 2013, notably to continue its fixed rate tender procedures with full allotment.

10 JANUARY, 7 FEBRUARY, 7 MARCH AND 4 APRIL 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

2 MAY 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.50%, starting from the operation to be settled on 8 May 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.00%, with effect from 8 May 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 8 July 2014, notably to continue its fixed rate tender procedures with full allotment.

6 JUNE, 4 JULY, 1 AUGUST, 5 SEPTEMBER AND 2 OCTOBER 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.50%, 1.00% and 0.00% respectively.

7 NOVEMBER 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.25%, starting from the operation to be settled on 13 November 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 25 basis points to 0.75%, with effect from 13 November 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 7 July 2015, notably to continue its fixed rate tender procedures with full allotment.

5 DECEMBER 2013, AND 9 JANUARY, 6 FEBRUARY AND 6 MARCH 2014

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.25%, 0.75% and 0.00% respectively.



THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM



TARGET2¹ is instrumental in promoting an integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy. It also contributes to the integration of the euro area financial markets. TARGET2 is accessible to a large number of participants. Almost 1,000 credit institutions in Europe use TARGET2 to make payments on their own behalf, on behalf of other (indirect) participants or on their customers' behalf. Taking into account branches and subsidiaries, almost 60,000 banks worldwide (and thus all the customers of these banks) can be reached via TARGET2.

TARGET2 is used to make large-value and time-critical payments, including payments to facilitate settlement in other interbank funds transfer systems (e.g. Continuous Linked Settlement or EURO1), and to settle money market, foreign exchange and securities transactions. It is also used for smaller-value customer payments. TARGET2 provides intraday finality for transactions and allows the funds credited to a participant's account to be available immediately for other payments.

PAYMENT FLOWS IN TARGET2

In the fourth quarter of 2013 TARGET2 settled 23,840,793 transactions, with a total value of €124,076 billion. This corresponds to a daily average of 372,512 transactions, with an average daily value of €1,939 billion. The highest level of TARGET2 traffic in this quarter was recorded on 29 November, when 520,862 payments were processed. With a market share of 60% in terms of volume and 91% in terms of value, TARGET2 maintained its dominant position in the market for large-value payments in euro. The size of TARGET2's market share confirms banks' strong interest in settlement in central bank money. Interbank payments accounted for 36% of total payments in terms of volume and 91% in terms of value. The average value of an interbank payment processed in the system was €13.1 million, while that of a customer payment was €0.8 million. 68% of the payments had a value of less than €50,000, while 12% had a value of more than €1 million. On average, there were 225 payments per day with a value of more than €1 billion. All of these figures are similar to those recorded for the previous quarter.

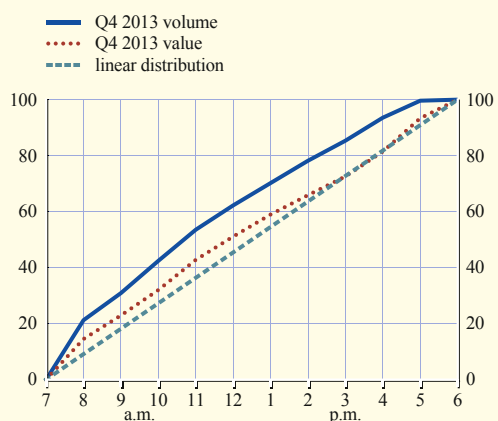
INTRADAY PATTERN OF VOLUMES AND VALUES

The chart shows the intraday distribution of TARGET2 traffic (i.e. the average percentage of daily volumes and values processed at different times of the day) for the fourth quarter of 2013. In volume terms, the curve is well above the linear distribution, with 70% of the volume exchanged by 1 p.m. CET and 99.6% exchanged by one hour before the system closes. In value terms, the curve is slightly above the linear distribution until the middle of the day, with around 59% of the value exchanged by 1 p.m. CET. The curve then moves closer towards the linear distribution, an indication that higher-value payments are settled towards the end of the TARGET2 business day.

1 TARGET2 is the second generation of TARGET and was launched in 2007.

Chart I Intraday pattern

(percentages)



Source: ECB.

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the fourth quarter of 2013 TARGET2 achieved 100% availability. On 28 October the closing of TARGET2 was delayed for one hour. This delay was linked to technical difficulties faced by a critical ancillary system. The only incidents considered in the calculation of TARGET2's availability are those that completely prevent the processing of payments for ten minutes or more on TARGET2 business days between 7 a.m. and 6.45 p.m. CET. All payments that are required to settle normally for the agreed service levels² to be met were processed in less than five minutes; thus, the expectations set for the system were met in full.

Table I Payment instructions processed by TARGET2 and EURO1: volume of transactions

(number of payments)

	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
TARGET2					
Total volume	23,167,441	22,321,754	23,600,140	22,827,447	23,840,793
Daily average	361,991	360,028	374,605	345,870	372,512
EURO1 (EBA Clearing)					
Total volume	16,667,334	15,800,866	16,614,190	15,919,832	15,802,209
Daily average	260,427	254,853	263,717	241,210	246,910

Notes: In January 2013, in order to improve the quality of TARGET2 data, a new methodology was implemented for data collection and reporting. The change resulted in a decrease in the value-based indicators. This should be considered when comparing data from before and after the implementation date.

Table 2 Payment instructions processed by TARGET2 and EURO1: value of transactions

(EUR billions)

	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
TARGET2					
Total volume	139,527	122,916	125,266	121,184	124,076
Daily average	2,180	1,983	1,988	1,836	1,939
EURO1 (EBA Clearing)					
Total volume	12,988	12,794	12,514	11,676	11,695
Daily average	203	206	199	177	183

Note: See notes to Table 1.

² Payments stemming from ancillary system interface settlement procedures are among those excluded from the performance measurement. More details on the performance-based indicators can be found via this link: <http://www.ecb.europa.eu/paym/t2/professional/indicators/html/index.en.html>

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK



The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

STATUTORY PUBLICATIONS

- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

- Legal Working Paper Series
- Occasional Paper Series
- Research Bulletin
- Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

- Enhancing monetary analysis
- Financial integration in Europe
- Financial Stability Review
- Statistics Pocket Book
- The European Central Bank: history, role and functions
- The international role of the euro
- The implementation of monetary policy in the euro area (“General Documentation”)
- The monetary policy of the ECB
- The payment system

The ECB also publishes brochures and information materials on a variety of topics, such as the euro banknotes and coins, as well as seminar and conference proceedings.

For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB’s forerunner from 1994 to 1998, please visit the ECB’s website at <http://www.ecb.europa.eu/pub/>. Language codes indicate the languages in which each publication is available.

Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting info@ecb.europa.eu



GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input

prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

Excess liquidity: the amount of central bank reserves held by banks in excess of the aggregate needs of the banking system, which are determined by reserve requirements and autonomous factors.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

Forward guidance: communication by a central bank on the orientation of monetary policy with respect to the future path of policy interest rates.

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by

output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

Maximum bid rate: the upper limit to the interest rates at which counterparties may submit bids in variable rate liquidity-absorbing tender operations.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in variable rate liquidity-providing tender operations.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt

securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Structural fiscal balance (general government): the actual budget balance corrected for cyclical factors (i.e. the cyclically adjusted balance) and one-off fiscal measures.

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.

ISSN 1561-0136



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