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**Postal address**

60640 Frankfurt am Main  
Germany

**Telephone**

+49 69 1344 0

**Website**

[www.ecb.europa.eu](http://www.ecb.europa.eu)

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# UPDATE ON ECONOMIC AND MONETARY DEVELOPMENTS

## SUMMARY

Global economic activity indicators continue to suggest a steady growth momentum in early 2015. In particular, activity remains solid in both the United States, despite signs of temporary weakness at the start of the year, and the United Kingdom. At the same time, the recovery remains tepid in Japan. Weakening growth in China has led to the implementation of stimulus measures. Decreasing import volumes in emerging markets constitute renewed signs of a softening in global trade. Low energy prices have lowered global headline inflation rates.

Developments in euro area financial markets in March were influenced above all by the start of the Eurosystem's purchases of euro-denominated public sector securities on 9 March. Government bond yields declined further across maturities and most countries. The valuation of stocks and other types of asset increased notably.

In the euro area the latest economic indicators and survey results are consistent with continued economic expansion in the first quarter of 2015. Looking beyond the short term, the monetary policy measures taken recently by the Governing Council, the low oil price and the depreciation of the euro should help broaden and gradually strengthen the recovery. At the same time, although labour markets have shown some further signs of improvement, unemployment remains high and economic slack is expected to diminish only gradually.

Annual euro area HICP inflation was -0.1% in March, after a low of -0.6% in January and -0.3% in February. On the basis of current information, inflation is expected to stay very low or negative in the coming months, before starting to increase gradually later in 2015. The gradual increase should be supported by the favourable impact of the ECB's monetary policy measures on aggregate demand, the impact of the lower euro exchange rate and the assumption embedded in futures markets of somewhat higher oil prices in the years ahead.

Monetary analysis indicates that the annual growth of M3 has recovered further. Moreover, the decline in loans to non-financial corporations has continued to moderate, while the annual rate of growth of loans to households has stabilised at a slightly positive level. The ECB's monetary policy measures are helping to restore the proper functioning of the monetary policy transmission mechanism and to ease bank lending conditions. Bank funding costs and lending rates have declined further, and the most recent euro area bank lending survey points to further easing of credit standards.

Based on its regular economic and monetary analyses and in line with its forward guidance, the Governing Council decided at its meeting on 15 April 2015 to keep the key ECB interest rates unchanged. Looking ahead, the Governing Council's focus will be on the full implementation of the monetary policy measures it has taken. These measures will contribute to a further improvement in the economic outlook, a reduction in economic slack and a recovery in money and credit growth. Together, such developments will lead to a sustained return of inflation towards a level below, but close to, 2% over the medium term and will underpin the firm anchoring of medium to long-term inflation expectations.



## I EXTERNAL ENVIRONMENT

**Notwithstanding some softening in activity towards the end of 2014, latest surveys continue to suggest steady global growth in early 2015.** The global composite output PMI increased further in March, pointing to sustained growth in global GDP. In quarterly terms, the index recorded a slight rise in the first quarter of 2015 relative to the previous quarter (see Chart 1), returning to its long-term average. Developments were mixed across advanced economies in the first quarter, with increases in the United States and the United Kingdom, but a decline in Japan. Turning to emerging market economies (EMEs), PMIs increased further in India and rebounded in Brazil, while they remained broadly unchanged in China and continued to decline in Russia.

**Global trade has shown signs of softening again recently.** The volume of world merchandise imports increased by only 0.2% in January on a three-month-on-three-month basis, down from 1.4% in December. This decline in momentum was driven by falling import volumes in emerging markets, in particular in China, which might be partly related to the timing of the Chinese New Year. However, the pace of growth in imports among advanced economies continued to increase overall, and the global PMI for new export orders remained stable in the first quarter of 2015, suggesting a steady momentum in world trade growth.

**Low energy prices are weighing on global headline inflation rates.** Annual inflation in OECD countries remained low in February at 0.6%, as the annual rate of growth in energy prices remained negative (see Chart 2). Excluding food and energy, annual inflation in OECD countries declined only marginally to 1.7%. By contrast, consumer price inflation among major non-OECD countries rose in February and March, picking up slightly in China on the back of rising food prices and increasing further in Brazil and Russia owing to administered price increases and the impact of the depreciation of the rouble and the food embargo respectively.

**Chart 1 Global composite output PMI and GDP**

(left-hand side: diffusion index, quarterly averages; right-hand side: quarter-on-quarter growth; quarterly data)



Sources: Markit and ECB.  
Note: The latest observation refers to the first quarter of 2015 for PMI and the fourth quarter of 2014 for GDP.

**Chart 2 Consumer prices**

(year-on-year percentage changes; monthly data)



Sources: National sources and OECD.  
Note: The latest observation refers to March 2015 for individual countries and to February 2015 for OECD countries.

**US activity remains buoyant, although it softened at the end of 2014 and showed signs of temporary weakness at the start of 2015.** Real GDP grew by 0.5% quarter on quarter in the fourth quarter of 2014, down from 1.2% in the previous quarter, largely reflecting a negative contribution from net trade. Recent indicators suggest a slight but transitory slowdown in the first quarter of 2015, mainly owing to cold weather and port disruptions. However, consumption remains sound, supported by lower oil prices, strengthened household balance sheets and improved consumer confidence. The underlying labour market momentum also remains robust, notwithstanding a slowdown in job creation in March. At the same time inflation stayed low, reflecting low oil prices and the appreciation of the US dollar. Annual headline CPI was flat in February, after having fallen slightly into negative territory in January owing to lower energy and import prices. Excluding food and energy, inflation picked up slightly, driven mainly by higher prices for services.

**The recovery remains tepid in Japan, while inflation continues to fall.** After the return to positive growth at the end of 2014, the pace of growth in the Japanese economy was muted at the start of 2015. Both industrial production and real exports of goods improved up to February, but real imports of goods have also picked up significantly (see Box 1). Available monthly indicators for private consumption have remained weak overall, while the Bank of Japan's Tankan survey for March 2015 only signalled an improvement in business confidence among non-manufacturing firms compared with December 2014. Meanwhile, after a brief pause at the turn of the year, the annual headline inflation rate slowed in February to 2.2%, largely on account of falling energy prices. Excluding the estimated direct impact of the VAT hike in April 2014, annual headline inflation stood at 0.1%, and core inflation (excluding food and energy) stood at 0.3% in February.

**In the United Kingdom, available indicators suggest that economic growth continued to be robust at the turn of the year.** Real GDP increased by 0.6% quarter on quarter in the last quarter of 2014, driven mainly by net exports, and domestic demand is expected to sustain growth in the course of 2015. Although private and public sector balance sheet adjustments are still expected to weigh on growth, it is likely that the marked decline in energy prices will support real disposable income and economic activity. The unemployment rate stabilised at 5.7% in the three months to January 2015. Annual CPI inflation declined to 0% in February 2015 owing to the fall in energy prices. This was the lowest level of headline inflation since the introduction of the CPI index in 1989. CPI inflation excluding unprocessed food and energy fell marginally to 1.1%.

**In China, stimulus measures have been introduced to counter weaker growth.** A wide range of indicators, including industrial production, retail sales and manufacturing PMI, point towards a slowdown in GDP growth at the start of 2015. At the same time housing activity remained weak, and property prices continued to decline. Against this backdrop, China introduced measures to stimulate the housing market by increasing the ceilings on mortgage loan-to-value ratios and reducing the minimum ownership period for tax benefits. These measures are an attempt to halt the slowdown in economic activity by boosting household demand for housing and increasing consumption.

**The economy remains depressed in Russia, with offsetting forces shaping the outlook.** Economic activity is expected to contract significantly in 2015 on the back of the fall in oil prices, economic sanctions and the recent turmoil in financial markets. The revised budget passed by the Parliament in April foresees cuts in government expenditure in 2015, which along with a significant fall in revenues, would result in a budget deficit of 3.7% of GDP in 2015. The Central Bank of Russia continued to ease its monetary stance in March, lowering the policy rate by further 100 basis

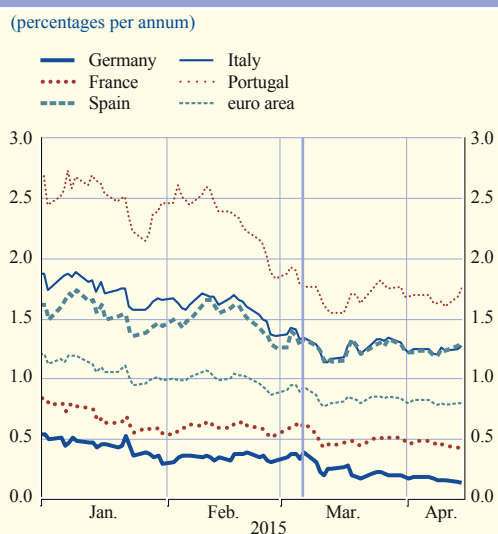
points to 14%. Money market liquidity conditions have started to normalise, although financing costs for the banking system remain elevated. The recent appreciation of the rouble will help to ease inflationary pressures, but might negatively affect exports proceeds and reduce budget revenues.

## 2 FINANCIAL DEVELOPMENTS

**Interest rates in the euro area reached new historic lows after the Eurosystem started its purchases under the Public Sector Purchase Programme (PSPP) on 9 March.** Interest rates decreased significantly across maturities in most countries during the first few days of purchases (see Chart 3). Over the review period - 5 March to 14 April - all countries (except Greece) recorded declining sovereign bond yields, with the largest declines observed in the highest rated countries. The average yield on ten-year euro area sovereign bonds declined by 14 basis points to stand at around 0.8% at the end of the review period. Large declines in the longer maturities led to a further flattening of sovereign yield curves throughout the euro area. At the short end an increasing number of euro area countries recorded negative yields. The continued uncertainty surrounding Greece's access to finance led to significant volatility in Greek sovereign bond yields, but has not thus far had a negative impact on financing conditions in other countries.

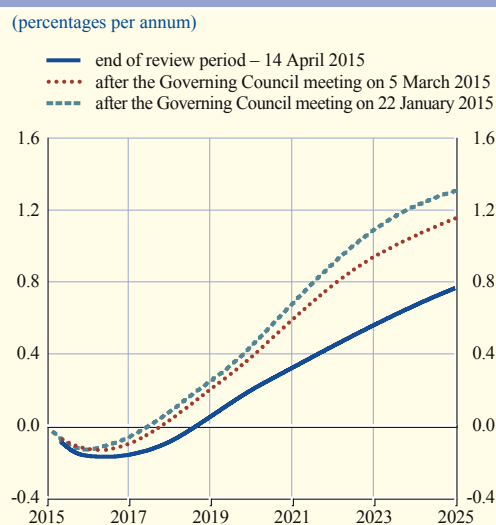
**EONIA forward rates also decreased significantly after the first PSPP purchases.** During the review period the EONIA stood at -6 basis points, on average, and traded predominantly within a narrow band between -4 and -9 basis points. The EONIA forward rates decreased further over the review period, so that the money market yield curve flattened, especially in the case of longer maturities (see Chart 4). This mainly reflected expectations of higher future excess liquidity as a result of the PSPP purchases. Moreover, the €97.8 billion take-up in the third targeted longer-term

**Chart 3 Ten-year sovereign bond yields in selected euro area countries**



Sources: Thomson Reuters and ECB calculations.  
Notes: The vertical line indicates the last trading day before the start of PSPP purchases (6 March). Euro area indicates the GDP weighted average of ten-year sovereign bond yields. The latest observation is for 14 April 2015.

**Chart 4 EONIA forward curve**



Sources: Thomson Reuters and ECB calculations.



refinancing operation (TLTRO) that was allotted on 19 March 2015 contributed to increasing excess liquidity. The take-up was higher than expected by market participants, which exerted some downward pressure on EONIA forward rates over the maturity horizon of the TLTROs (2018).

**European stock markets continued to outperform their US peers.** From 5 March to 14 April, the broad-based Euro Stoxx equity price index increased by around 6%, while the US Standard and Poor's 500 equity price index was unchanged. The persistently good performance of European stock markets was supported by declining bond yields, which lowered the equity discount factor (comprising the lower risk-free rate and the equity risk premium) and possibly also increased expectations for future earnings. Stock price increases were higher in the financial sector than in the non-financial sector. Shares of corporations in the financial sector rose by slightly less than 8% over the review period while those in the non-financial sector only increased by around 5%.

**The exchange rate of the euro continued to depreciate amid expectations of a protracted divergence of monetary policy in the euro area and other jurisdictions.** The euro has weakened by 3.7% in trade-weighted terms over the review period. The euro depreciated broadly vis-à-vis most major currencies in early March, reaching a twelve-year low both in effective terms and vis-à-vis the US dollar in the middle of the month. Thereafter, the euro recovered some of its losses on account of new releases of macroeconomic data for the euro area and other major economies. In early April, however, the euro weakened further to new historical lows on account of market expectations of a sustained divergence of monetary policy in the euro area and other jurisdictions. The euro depreciation was broad-based. Indeed, the euro also weakened vis-à-vis the Japanese yen, the pound sterling and the currencies of other EU countries, as well as the currencies of most emerging economies – in particular the Russian rouble, which recovered from its earlier sharp depreciation – and commodity-exporting countries.

### 3 ECONOMIC ACTIVITY

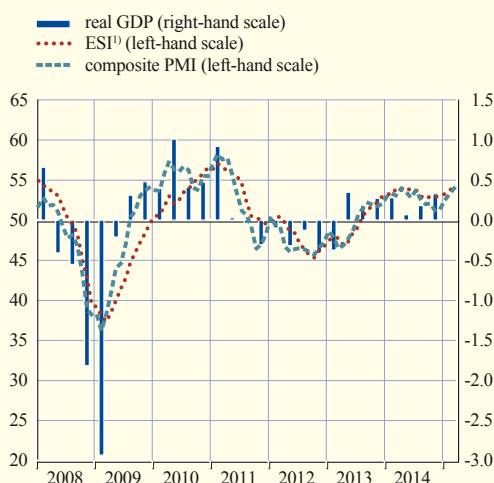
**Quarter-on-quarter real GDP growth in the euro area was confirmed at 0.3% in the last quarter of 2014.** Domestic demand, notably private consumption, as well as net exports contributed positively to growth, while inventory developments had a negative impact. While output has been growing in recent quarters (see Chart 5), and the unemployment rate has declined after reaching a peak in 2013, there is still considerable slack in the economy.

**The latest hard data are consistent with continued economic expansion in the first quarter of this year.** Industrial production excluding construction increased by 1.1%, month on month, in February and stood as a result in the first two months of 2015 0.7% above its average level in the final quarter of last year. Similarly, in January construction production stood 2% above its level in the fourth quarter. Recent developments in capital goods production point to a further rise in euro area investment in the first quarter, while retail trade and car registrations are in line with a continued robust increase in private consumption (see also Box 2 on the consumption of durable goods). These developments are encouraging overall, given the prominent role domestic demand is considered to play in the recovery.

**More timely survey data point to a firming economic recovery in the period ahead.** The composite output Purchasing Managers' Index (PMI) and the Economic Sentiment Indicator (ESI) improved between the fourth quarter of last year and the first quarter of this year (see Chart 5).

**Chart 5 Euro area real GDP, Economic Sentiment Indicator and composite Purchasing Managers' Index**

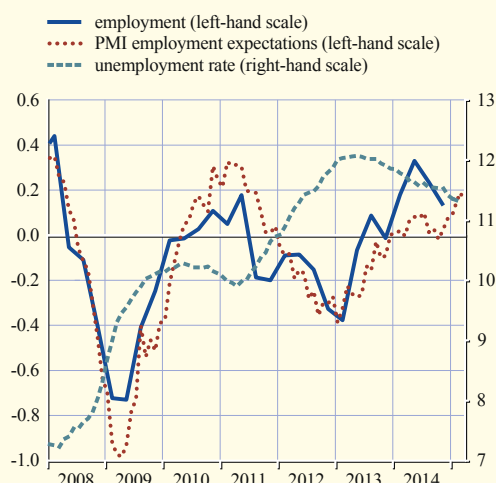
(quarter-on-quarter percentage growth; index; diffusion index)



Sources: Markit, European Commission, Eurostat and ECB.  
 Note: The latest observations are for the fourth quarter of 2014 for the GDP outcome and for March 2015 for the ESI and PMI.  
 1) The ESI is normalised with the mean and standard deviation of the PMI.

**Chart 6 Euro area employment, PMI employment expectations and unemployment**

(quarter-on-quarter percentage growth; diffusion index; percentage of labour force)



Sources: Eurostat and Markit.  
 Notes: The PMI is expressed as a deviation from 50 divided by 10. The latest observations are for the fourth quarter of 2014 for employment, February 2015 for unemployment and March 2015 for the PMI.

During the first quarter both indicators stood on average above their respective long-term averages, suggesting that the recovery is gaining momentum. Moreover, another marked increase in consumer confidence levels in the euro area was recorded between February and March. The consumer confidence index, which now stands well above its long-term average, has over the last four months more than recouped the fall recorded over the summer and autumn of last year, reaching a level not seen since autumn 2007 (see also Box 3). In addition, the most recent bank lending survey shows that credit supply constraints eased further in the first quarter of this year, which should support the economic recovery. Survey data on export developments, covering the full first quarter, paint a somewhat more optimistic picture than the hard data on trade. For instance, the PMI survey shows that new export orders rose between the last quarter of 2014 and the first quarter of this year, reaching a level above the long-term average.

**Labour markets, although still weak, are improving.** Employment increased further by 0.1%, quarter on quarter, in the fourth quarter of 2014 (see Chart 6). As a result, employment stood 0.9% above the level recorded one year earlier, representing its highest annual increase since the second quarter of 2008. The unemployment rate for the euro area, which started to decline in mid-2013, declined further in February, reaching 11.3%. More timely information gained from survey results points to labour markets improving at a somewhat faster pace in the period ahead.

**Looking beyond the short term, the recent fall in oil prices should support economic growth, particularly domestic demand, via gains in the real disposable income of households as well as corporate profits.** Domestic demand should be further supported by ongoing improvements in financial conditions, as well as by the progress made with fiscal consolidation and structural reforms. Furthermore, demand for euro area exports should benefit from the expected global recovery and from improvements in price competitiveness. However, the euro area recovery

is likely to continue to be dampened by the necessary balance sheet adjustments in a number of sectors and the sluggish pace of implementation of structural reforms. The results from the latest ECB Survey of Professional Forecasters (see <http://www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html>) show that private sector GDP growth forecasts have been revised up for 2015, by 0.3 percentage point to 1.4%, compared with the previous round, and for 2016 by 0.2 percentage point, to 1.7%. At the same time, unemployment rate expectations were revised down, for both 2015 and 2016.

## 4 PRICES AND COSTS

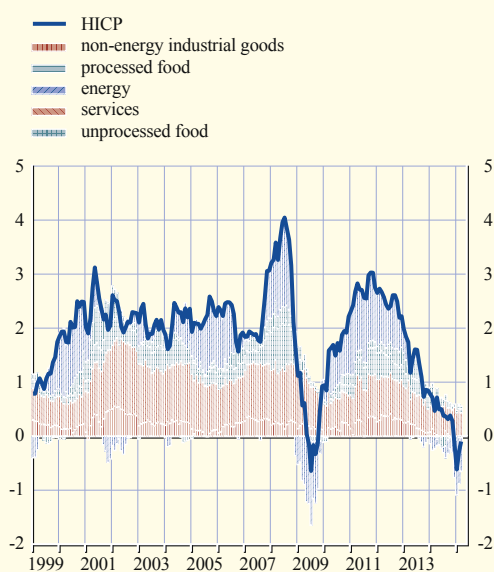
**Inflation in the euro area has remained negative in recent months, but is on an upward trajectory.** According to Eurostat's flash estimate, euro area HICP inflation increased to -0.1% in March 2015, from -0.3% in February and -0.6% in January (see Chart 7). This upturn reflects the much less negative annual growth rate of energy prices owing to the increase in oil prices in euro terms seen since mid-January. In contrast to headline inflation, the HICP excluding food and energy (which recorded an annual rate of change of 0.6% in March) continues to hover within the range of 0.6% to 1.0% recorded since late 2013.

**The turnaround in inflationary pressures is slowly becoming visible in other incoming data.** Data from the Purchasing Managers' Index (PMI) survey on input and output prices and from the European Commission survey on selling price expectations indicate that prices rebounded in February 2015 and stabilised in March in all sectors. In addition, according to the latest available breakdown of HICP data, the share of items recording negative or very low inflation rates declined in February for both headline HICP inflation and HICP inflation excluding energy and food after reaching a peak in January.

**Pipeline price pressures continue to be weak, but the recent depreciation of the euro has exerted some upward pressure.** The annual rate of industrial producer price inflation excluding construction and energy declined slightly further in February 2015, but that in producer price inflation for non-food consumer goods halted its recent decline (standing at -0.1%), and that in producer price inflation for consumer food increased to -1.3% in February, from -1.5% in January. This points to a possible turning point in the dynamics of those producer prices that are closely linked to consumer goods prices in the HICP. Inflation in the goods component of the HICP also reflects the pass-through of developments in prices of imported goods, and the annual rate of change in import prices for non-food consumer goods increased further in January, reflecting the depreciation of the euro.

**Chart 7 Contribution of components to euro area headline HICP inflation**

(year-on-year changes in percentage points)



Sources: Eurostat and ECB calculations.

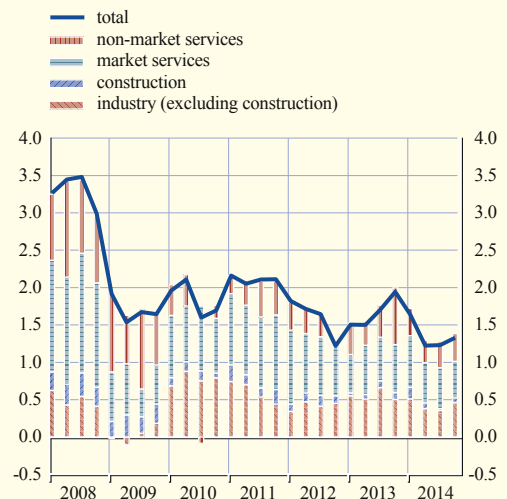
Note: The latest observation refers to the flash estimates for March 2015.

**The latest data on labour costs and profit margins continue to suggest moderate domestic price pressures for the time being.**

From the third to the fourth quarter of 2014, euro area annual wage growth increased slightly from 1.2% to 1.3%, when measured in terms of compensation per employee, while it decreased from 1.3% to 1.1% when measured in terms of hours worked. The slight increase in annual growth in compensation per employee was mainly accounted for by a stronger contribution from the industry sector (see Chart 8). As labour productivity growth continued to decline, growth in unit labour costs increased marginally. Profit growth (measured in terms of gross operating surplus) weakened in the fourth quarter of 2014, reflecting a slowdown in the rate of growth in profits per unit of output (a measure of profit margins) that offset the impact of the ongoing strengthening in real GDP growth. From a sectoral perspective, profit growth edged into negative territory in the industrial sector, while it increased slightly in the market services sector. The GDP deflator, which is indicative of domestic inflationary pressures, declined to 0.9% in the fourth quarter, from 1.0% in the previous quarter, reflecting the subdued developments in unit labour costs and profit margins.

**Chart 8 Compensation per employee by sector in the euro area**

(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB calculations.

Notes: "Non-market services" covers activities by general government and private non-profit institutions in fields such as general public services, education and health. "Market services" is defined as the difference between non-market services and total services. The latest observation is for the fourth quarter of 2014.

**On the basis of the information available and current oil futures prices, annual HICP inflation is expected to remain very low in the months ahead before increasing again.** Supported by the favourable impact of the recent monetary policy measures on aggregate demand, the impact of the lower euro exchange rate and the assumption embedded in oil futures markets of somewhat higher oil prices in the years ahead, inflation rates are expected to increase later in 2015 and to pick up further during 2016 and 2017. The results of the ECB Survey of Professional Forecasters (SPF) for the second quarter of 2015 imply average inflation expectations of 0.1%, 1.2% and 1.6% for 2015, 2016 and 2017 respectively (see the survey at <http://www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html>). Compared with the previous SPF round, inflation expectations were revised downwards by 0.2 percentage point for 2015 and upwards by 0.1 percentage point for both 2016 and 2017. Since mid-January 2015 both market-based and survey-based measures of longer-term inflation expectations have recovered from low levels (see Box 4). According to the SPF, the average inflation expectations for 2019 were 1.8%.

**Turning to house price developments, annual growth in the ECB's residential property price indicator for the euro area increased further to 0.8% in the fourth quarter of 2014.**

The recovery in house prices continued at a moderate pace but major differences in the magnitude of growth persisted across euro area countries. Euro area house price growth is expected to strengthen further in the period ahead, reflecting expectations of strengthening income growth, favourable financing conditions and corrections of earlier misalignments of house prices in recent years.

## 5 MONEY AND CREDIT

**Monetary dynamics have strengthened further.** The annual growth rate of M3 increased to 4.0% in February, compared with 3.7% in January (see Chart 9).<sup>1</sup> The pick-up in M3 growth continues to reflect high inflows into overnight deposits held by both households and non-financial corporations (NFCs). The narrow monetary aggregate M1 has continued its robust expansion. The annual growth rate of M1 increased to 9.1% in February, thus pointing to the continuation of the economic recovery in the euro area.

**In an environment of very low interest rates, the most liquid components of M3 become more attractive.** The low remuneration of monetary assets encourages money holders to prefer overnight deposits to other deposits or marketable instruments within M3, as the non-pecuniary liquidity services they provide outweigh the return differential vis-à-vis other short-term investments. Indeed, recent data show that other short-term deposits have continued to contract, despite the low interest rates. Marketable instruments have started to recover, recording sizeable inflows in February.

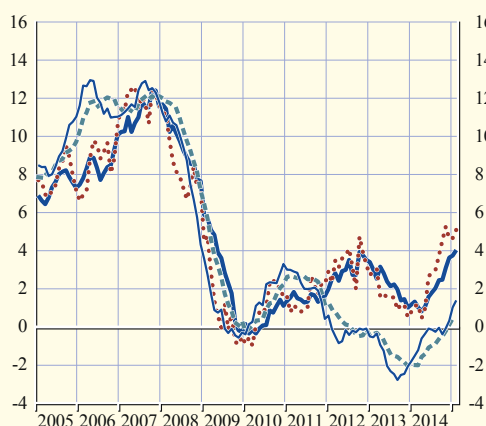
**Portfolio substitution has supported broad money growth.** While some investors have moved from less liquid deposits included in M3 towards riskier assets outside M3, other investors have shifted away from longer-term MFI financial liabilities, thereby supporting M3 growth. Indeed, an assessment of the contribution to M3 growth made by its counterparts shows that over recent months its dynamics have been mainly driven by shifts away from longer-term MFI financial liabilities to shorter-term instruments included in M3. The annual rate of change in longer-term MFI financial liabilities (excluding capital and reserves) held by the money-holding sector stood at -5.7% in February. The support from net external assets to M3 growth is moderating. Relative to its historic peak in mid-2014, the contribution from the MFI sector's net external asset position decreased further in February. In the 12-month period to February 2015, the inflow into MFIs' net external assets was €149 billion, compared with a historical peak of €412 billion in the 12-month period to July 2014. While the surplus in the current account of the balance of payments continues to be a positive factor, sizeable net redemptions by foreigners of securities issued by euro area residents exerted a negative effect in the 12-month period to February 2015.

**The continuation of the recovery in loan dynamics is providing further support for M3 growth.** The annual growth rate of MFI loans to the private sector increased from 0.4% in January to 0.6% in February (see Chart 9). The gradual improvement in credit dynamics was visible across households and firms. The annual rate of change in MFI loans to

Chart 9 M3 and loans to the private sector

(annual rate of growth and annualised six-month growth rate)

— M3 (annual growth rate)  
 ..... M3 (annualised six-month growth rate)  
 - - - - - loans to the private sector (annual growth rate)  
 — loans to the private sector (annualised six-month growth rate)



Source: ECB.

<sup>1</sup> The data release for February 2015 entailed significant revisions, which were mainly due to the implementation of the new regulation on MFI balance sheet statistics and changes in the statistical reporting framework of several NCBs.

non-financial corporations (adjusted for sales and securitisation) increased further and stood at -0.4% in February (compared with -0.9% in January). The annual growth of loans to households increased marginally, to 1.0%, in February (compared with 0.9% in January), thus exceeding the average of 0.5% observed since summer 2012, when the ECB signalled its readiness to act decisively. Despite these positive trends, the consolidation of bank balance sheets and further deleveraging needs in some economic sectors and banking jurisdictions continue to curb credit dynamics.

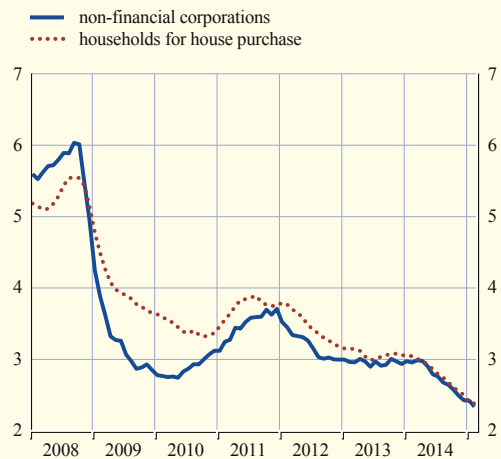
**Bank lending rates have declined further (see Chart 10).** The ECB's accommodative monetary policy stance, a strengthened balance sheet situation and receding fragmentation in financial markets in general have led to a further decline in banks' composite funding costs, which have stabilised close to historically low levels.

The decline in the cost of deposit funding for euro area banks was widespread across countries in February. MFI net issuance of debt securities remained negative. The ongoing contraction of balance sheets and strengthening of banks' capital base is reducing the need for banks to seek funding via debt securities issuance. Partly as a consequence of a quicker and more intense pass-through from banks' funding costs to bank lending conditions, the overall nominal cost of external financing for euro area NFCs declined in the fourth quarter of 2014 and at the beginning of 2015. Rates on loans to NFCs declined further in February, in particular in the case of short-term loans (the composite bank lending rates for euro area NFCs fell to 2.34% in February, compared with 2.80% in June 2014). Rates on loans to households for house purchase remained broadly unchanged in February (the composite bank lending rates for households for house purchase stood at 2.38%). In February, the decrease in the nominal cost of external financing was mostly explained by a fall in the cost of equity and to a lesser extent by a decline in the cost of market-based debt.

**The April 2015 euro area bank lending survey points to further improvements in lending conditions** (see survey at: <https://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html>). Banks continued to ease credit standards for loans to non-financial corporations (in net terms) in the first quarter of 2015, while for loans to households the picture was mixed. However, from a historical perspective credit standards still remain tight. The net easing for NFCs was driven by the decline in the cost of bank funds and improved MFI balance sheet conditions as well as stronger competitive pressures among banks. The survey also shows that additional liquidity from the asset purchase programme (APP) is being used by banks in particular for granting loans. The APP is giving rise to declining net interest rate margins, which tend to lower banks' profitability. However, banks' capital gains from the government bond sales are expected to exert a positive impact on profitability in the shorter term. In addition, the targeted longer-term refinancing operations (TLTROs) are contributing to a narrowing of lending margins. The survey points to a pick-up in demand for loans to non-financial corporations, for housing loans to households and for consumer credit. In this context, the low general level of interest rates has been an important driver of demand for loans to both firms and households.

**Chart 10 Composite bank lending rates for NFCs and households**

(percentages per annum)



Source: ECB.

Note: The indicator for the composite bank lending rates is calculated by aggregating short and long-term rates using a 24-month moving average of new business volumes.



## BOXES

### Box I

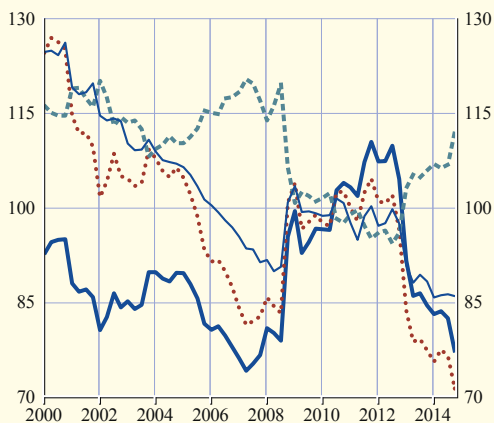
#### JAPAN'S RECENT NET EXPORT PERFORMANCE

**More than two years ago the government of Japan announced a strategy to revive the economy.** Even before the election of the new government under Prime Minister Abe in November 2012, financial markets had anticipated a significant policy change. One consequence was a sharp depreciation of the Japanese yen, which has fallen by 30% in nominal effective terms since September 2012 (see Chart A). This gave rise to the expectation that the Japanese economy would get a particular boost through higher (net) exports, as the weaker yen increased the price competitiveness of Japanese products abroad, while increasing the price of foreign goods in Japan. Yet, over the past two and half years, real export growth in Japan has been rather weak, while real import dynamics have been relatively robust. Since late 2012, the contribution of net trade to GDP growth has been, on average, virtually null<sup>1</sup>. This box discusses the factors behind recent developments in Japan's net exports. It notes that the exchange rate is only one variable affecting net export performance and finds that relatively sluggish demand for Japan's exports and, to a lesser extent, increased demand for (imported) natural gas following the 2011 earthquake also play an important role in explaining recent developments. Overall, taking these influences into consideration, developments in exports and imports have been broadly in line with fundamentals.

**Chart A Yen effective exchange rates and export prices**

(index 2010=100)

- nominal effective exchange rate
- ..... real effective exchange rate
- - - export prices in yen
- relative export prices



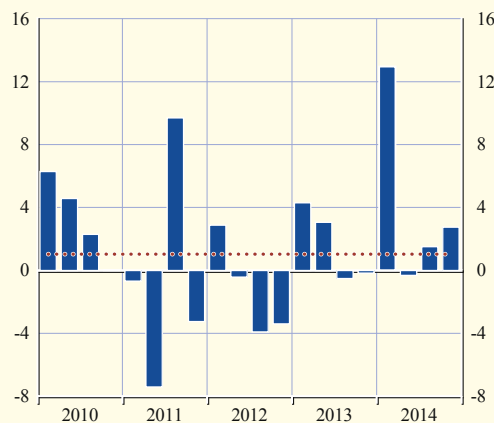
Source: Haver.

Notes: The nominal effective exchange rate of the yen is calculated against the currencies of Japan's 56 most important trading partners. The relative export prices are computed as the trade-weighted average of export deflators of Japan's trading partners, measured in yen, compared with Japan's export prices.

**Chart B Real export growth**

(quarter-on-quarter percentage changes)

- exports
- ..... average since 2000



Source: Haver.

Note: The average excludes the quarterly growth rate for the first quarter of 2014 as the official export series is distorted by a statistical break reflecting a change in the classification of services exports.

<sup>1</sup> The average contribution of net trade excludes the data in the first quarter of 2014 as the official export and import series are distorted by a statistical break reflecting a change in the classification of services exports.

**Since late 2012 average export growth in Japan has been rather modest.**

While export growth picked up sharply at the start of the yen's depreciation, the expansion stalled in the following four quarters, recovering only in the second half of last year (see Chart B). Looking past the volatility, average quarterly growth since the fourth quarter of 2012 has been 1%.<sup>2</sup> While this is in line with average growth since 2000, it is weaker than that experienced during earlier episodes of sharp yen depreciation.

**The main factor behind this modest export growth has been weaker than expected external demand.**

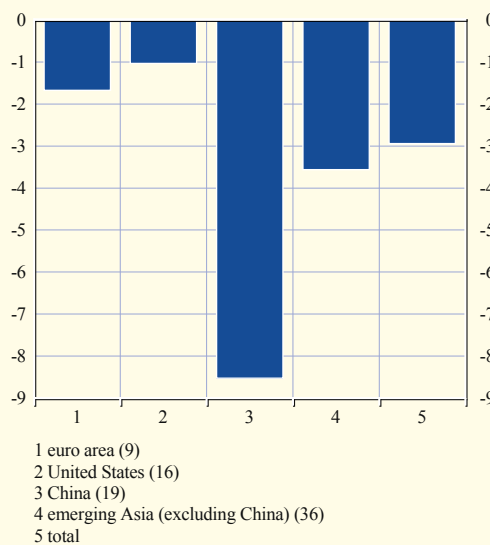
Foreign demand has been particularly weak in the last two years, in part reflecting the broad weakness in global trade since 2011. But Japan has suffered, in particular, from slowing growth in its main export markets, especially China and the rest of emerging Asia, where import growth since 2012 has been well below past averages (see Chart C). At the same time, Japan has continued to suffer from a decline in its export market share, which may be partly related to the long-standing trend in Japan to shift production overseas (see Chart D), with firms increasingly serving demand through foreign subsidiaries.

**Nevertheless, Japanese exports have still reaped some benefits from the yen's sharp depreciation through the associated improvement in price competitiveness, which has partially offset the weakness in foreign demand.**

The nominal effective exchange rate of the yen has declined by 30% since the peak in the third quarter of 2012. At the same time, taking into account movements in export prices in other countries, Japan's relative export price has declined by 13% since 2012, meaning that Japan has witnessed a sizeable improvement in price competitiveness (see Chart A). That, in turn, supported export growth. As Japanese exporters

**Chart C Change in import growth in Japan's main export markets**

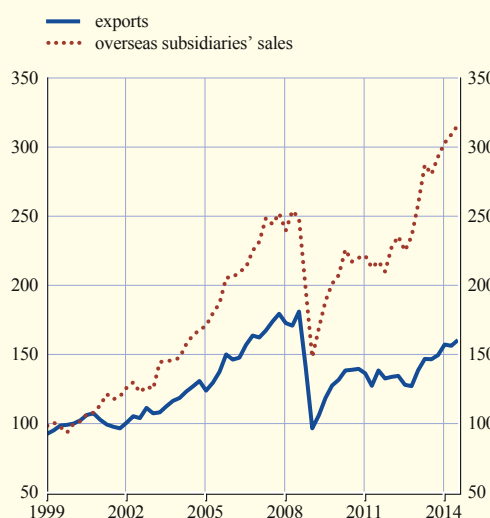
(percentage point change in average annual growth 2012-2014 relative to 2000-2014)



Source: Haver.  
Note: Figures in brackets show the share of total exports going to each region in 2012.

**Chart D Overseas subsidiaries' sales and exports**

(nominal sales and exports, index 1999 Q1=100)



Source: Ministry of Economy, Trade and Industry.

<sup>2</sup> See footnote 1.



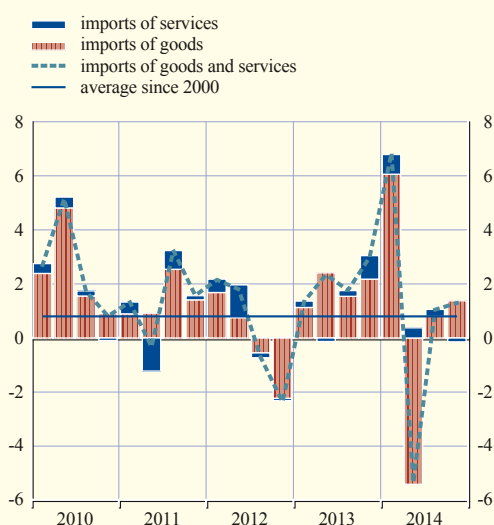
adjusted their prices in foreign currency downwards only partially, this implied a substantial increase in export prices in yen, thereby boosting exporters' profits. That also helped Japanese exporters to reverse some of the margin compression suffered when the yen had appreciated substantially after the financial crisis.

**The recent pass-through of exchange rate changes to export prices is broadly consistent with past experience.** Estimates in the literature suggest that the pass-through from the exchange rate depreciation to Japan's export price in importers' currencies is typically less than one, suggesting that some exporters are "pricing to market". This may be related to Japan's invoicing practice; compared with other advanced economies, Japan invoices only a small proportion of its exports in its own currency.

**Robust import growth has also weighed on the contribution of net exports to GDP growth.** Since early 2013 imports have expanded, on average, by 1.5% quarter-on-quarter – stronger than the average pace of growth since 2000. The recent period of yen depreciation has been marked by considerable volatility, mostly reflecting the front-loading of demand prior to the VAT hike of April 2014, when imports increased sharply. Having fallen in the following quarters, import growth resumed towards the end of last year, more in line with historical averages (see Chart E). The path of import growth has been shaped mostly by changes in final demand, with price changes playing a comparatively modest role. In Japan, import dynamics have typically been relatively price-insensitive, with low long-term price elasticity. This, in turn, implies that although the depreciation of the yen led to an increase in the relative prices of imported goods vis-à-vis domestically produced goods, it created only a marginal headwind for import growth in recent quarters. This may reflect the high share of commodity imports, for which demand is typically less sensitive to price changes. Moreover, Japan's demand for energy imports has been

Chart E Real import growth

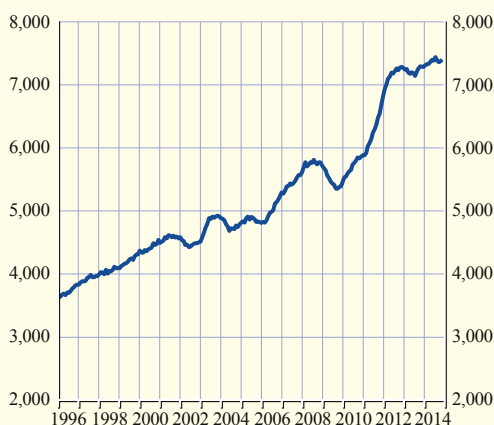
(quarter-on-quarter growth, percentage changes and percentage point contributions)



Source: Haver.

Chart F Import volumes of liquid natural gas

(thousand tonnes, 12-month averages)



Source: Haver.

particularly high since the 2011 Fukushima disaster, which forced Japanese power generators to switch swiftly to (mostly imported) fossil fuels. Since then, the volume of natural gas imports has increased by around 40% (see Chart F).

**Overall, developments in exports and imports have been broadly in line with fundamentals.**

Recent export growth has indeed been rather modest given the yen's depreciation, but the main factor behind this weakness is sluggish external demand, particularly from China and emerging Asia – Japan's main export markets. Japanese exports have benefited from improved price competitiveness, with the recent pass-through of exchange rate changes to export prices broadly consistent with past experience. By contrast, import growth has been relatively robust since the yen depreciated, mostly driven by strong domestic demand, particularly ahead of the VAT increase. The higher volume of imports also reflects the increased demand for (imported) natural gas following the 2011 Fukushima disaster.

## Box 2

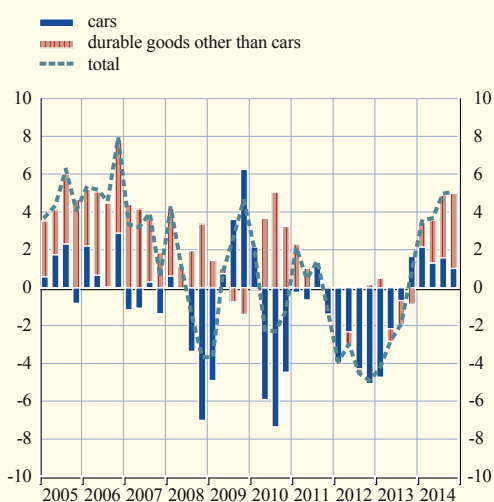
## RECENT DEVELOPMENTS IN THE CONSUMPTION OF DURABLE GOODS

**Consumption of durable goods in the euro area has recently exhibited vigorous growth.<sup>1</sup>**

In 2014 the average annual growth in consumption expenditure on durable goods in the euro area was similar to pre-financial crisis rates (see Chart A). This recovery is largely explained by the solid positive contribution of durable goods other than cars. Car sales also contributed to some extent to the recovery, showing a sizeable increase in comparison with 2013. However, it should be noted that the underlying trends in car sales are more difficult to identify as they have been strongly influenced by various temporary national measures in recent years. Meanwhile, the improvement in durable goods consumption since 2013 was not confined to a few countries but was widespread across the euro area, pointing to a broad-based recovery in durables spending (see Chart B).

Chart A Consumption of durable goods in the euro area

(annual percentage changes and contributions)

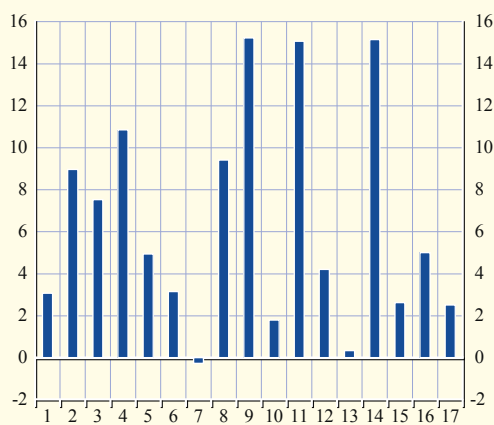


Sources: Eurostat and ECB calculations.

Notes: Euro area aggregates are approximated using available data for all countries except Belgium and Ireland. The latest observation is for the fourth quarter of 2014 (with the exception of Luxembourg for which data are only available until the third quarter of 2014).

Chart B Consumption of durable goods across euro area countries in 2014

(annual percentage changes)



1 Germany	7 Cyprus	13 Austria
2 Estonia	8 Latvia	14 Portugal
3 Greece	9 Lithuania	15 Slovenia
4 Spain	10 Luxembourg	16 Slovakia
5 France	11 Malta	17 Finland
6 Italy	12 Netherlands	

Source: Eurostat.

Notes: This chart is based on annual data with the exception of Luxembourg and Finland for which only quarterly data are available. For Luxembourg, data are only available until the third quarter of 2014. Data for Belgium and Ireland are not available.

<sup>1</sup> See also the box entitled “Recent developments in the consumption of durable goods in the euro area”, *Monthly Bulletin*, ECB, May 2014.

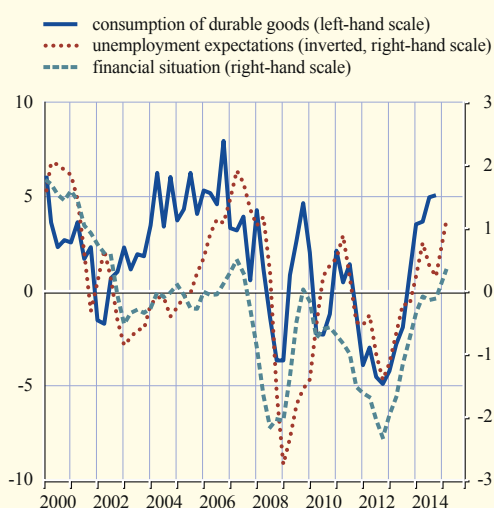
**Consumption of durable goods is typically more sensitive to changes in economic conditions than consumption of non-durables and services.** Changes in economic conditions may include unexpected changes in income or in financing conditions, higher macroeconomic uncertainty or changes in price expectations. The consumption of durable goods is typically more sensitive to such changes because durable goods have a long life cycle and high price per item, which means that their purchase might be postponed. Thus, while consumption of durable goods represents a relatively small share of total private consumption, around 9% in the euro area, it can serve as an important indicator of households' perceptions of economic conditions.

**The current widespread recovery in durables consumption is supported by the reversal of past headwinds, despite some remaining dampening factors.** Over the period from 2012 to around mid-2013, concerns in some countries about debt sustainability, rising unemployment, weak developments in real disposable income and household wealth, household deleveraging pressures, as well as heightened uncertainty and low consumer confidence, were the main factors behind the negative evolution of expenditure on durable goods. These headwinds have largely disappeared and, in some cases, have even reversed. In particular, the very accommodative monetary policy stance, the lower oil prices, as well as improving labour market conditions and the slowdown in the pace of fiscal consolidation, have led to a recovery in households' real disposable income and easing financing conditions. Some special factors may have also played a role. For example, the strong gains in car sales recently recorded in

Spain were in part related to the government extending its car scrappage programme (Plan PIVE). The recovery in consumption of durable goods other than cars (e.g. household appliances and furniture) may also be evidence of improvements in the residential construction sector. Reflecting improving economic conditions, consumer confidence and, in particular, households' expectations about unemployment and their financial situation have improved markedly since 2013 (see Chart C).<sup>2</sup> Furthermore, consumers may now need to replace durable goods that depreciated during the recent episode of very high uncertainty and rising unemployment. Nevertheless, high household indebtedness and the lower, but still sizeable, level of uncertainty about the economic outlook may continue to have a dampening effect on purchases of "big-ticket" items.

**Chart C Consumption of durable goods and households' expectations in the euro area**

(annual percentage changes; standardised quarterly survey balances)



Sources: Eurostat and European Commission.  
Notes: The survey balances are taken from the European Commission's consumer survey. Expectations refer to the next 12 months. The data are standardised using the historical mean and standard deviation. The latest observation is for the first quarter of 2015 for surveys and the fourth quarter of 2014 for durables consumption.

**Looking ahead, the survey indicators of consumers' intentions to make major purchases have been strengthening.** The indicators of current and future intentions

<sup>2</sup> For more details, see the box entitled "What has been driving the recent increase in consumer confidence?" in this issue of the *Economic Bulletin*.

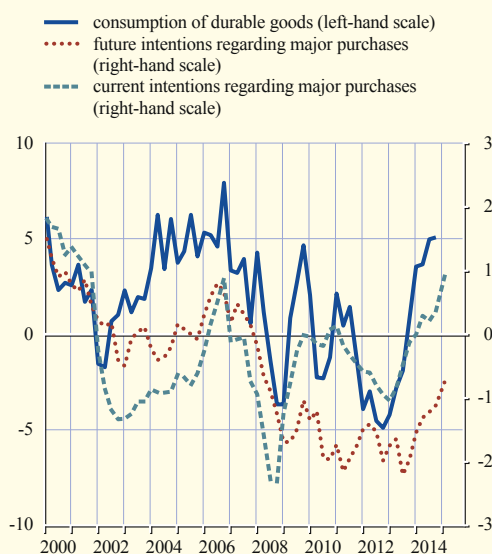
to make major purchases have been a good gauge of future purchases of durables in the euro area. The indicator of present intentions currently stands at its pre-financial crisis values (see Chart D). The indicator of future intentions (purchases in the next 12 months) has improved significantly over recent months, albeit while remaining at levels far below its long-term average.

**Overall, despite the low inflation environment, there is no evidence of consumers currently postponing purchases of durable goods.** Such a postponement is one of the channels through which negative inflation or deflation might have an adverse effect on economic growth, in particular in the presence of a zero lower bound on interest rates. When consumers expect lower prices in the future, they may delay purchases of less essential and more expensive durable goods. This channel has found some empirical support in studies of deflationary or low inflation episodes.<sup>3</sup> By contrast, recent data for the euro area suggest that the boost to households' real income provided by lower inflation is translating into higher consumption, including of durable goods, thereby supporting the economic recovery.

<sup>3</sup> See, for example, Cargill, T.F. and Parker, E., "Price deflation and consumption: central bank policy and Japan's economic and financial stagnation", *Journal of Asian Economics*, Vol. 15(3), 2004, pp. 493-506; and Hori, M. and Shimizutani, S., "Price expectations and consumption under deflation: evidence from Japanese household survey data", *International Economics and Economic Policy*, Vol. 2(2), November 2005, pp. 127-151.

**Chart D Consumption of durable goods and consumer intentions to make major purchases**

(annual percentage changes; standardised quarterly survey balances)



Sources: Eurostat and European Commission.  
Notes: The survey balances are taken from the European Commission's consumer survey and are standardised using the historical mean and standard deviation. The latest observation is for the first quarter of 2015 for surveys and the fourth quarter of 2014 for durables consumption.

Box 3

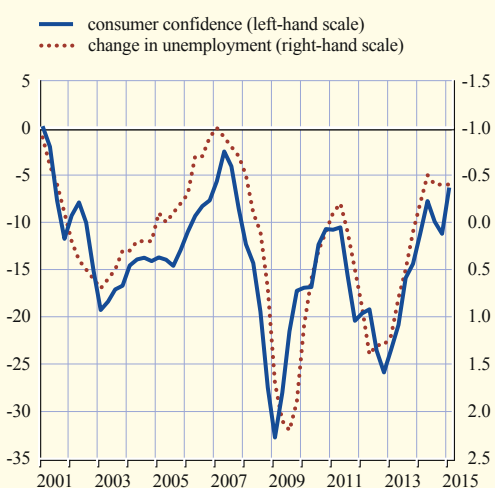
**WHAT HAS BEEN DRIVING CONSUMER CONFIDENCE?**

**Euro area consumer confidence increased sharply in March 2015 for the fourth consecutive month to reach pre-crisis levels.** This constituted a recovery from the drop in confidence recorded in the second half of 2014. Overall, the trend has been for growing consumer confidence since early 2013. This box takes a closer look at recent developments in consumer confidence and examines to what extent lower oil prices and lower unemployment have been driving this indicator.

**The most recent rise in consumer confidence coincided with a gradual recovery in the labour market and lower oil prices.** Notwithstanding a dip in the second half of 2014, euro area labour markets have been improving steadily since late 2012, which might have played a role in supporting consumer confidence (see Chart A). Furthermore, oil prices fell sharply in the second half of 2014 and have remained at low levels since then, boosting consumers' real disposable income and possibly also consumer confidence (see Chart B). Even though it waned somewhat during that period, available evidence suggests that consumer confidence typically reacts positively to lower oil prices.<sup>1</sup>

**Chart A Consumer confidence and changes in the unemployment rate**

(balance of answers; annual changes in percentage points)



Sources: European Commission and ECB staff calculations.  
 Note: The change in the unemployment rate in the first quarter of 2015 is based on data for January and February 2015.

**Chart B Consumer confidence and oil prices**

(balance of answers)

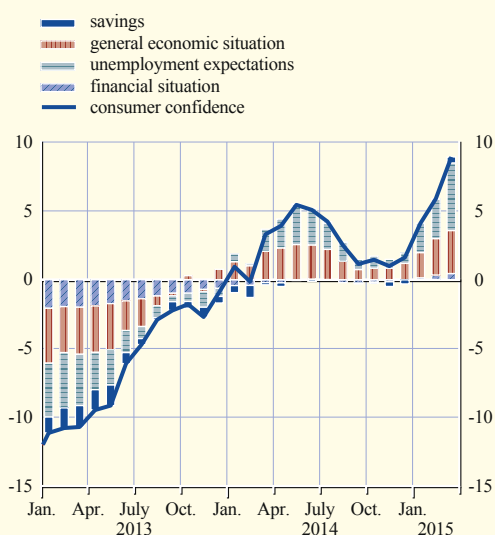


Sources: European Commission and ECB staff calculations.

1 For evidence from the United States on the reaction of consumer confidence to energy-related increases in real disposable income, see Edelstein, P. and Kilian, L., "How sensitive are consumer expenditures to retail energy prices?", *Journal of Monetary Economics*, Vol. 56, 2009, pp. 766-779. For more recent evidence on the impact of lower oil prices on US consumer confidence, see Aladangady and Sahm, "Do lower gasoline prices boost confidence?", FEDS Notes, 2015, available at <http://www.federalreserve.gov/econresdata/notes/feds-notes/2015/do-lower-gasoline-prices-boost-confidence-20150306.html>.

**Chart C Decomposition of consumer confidence in sub-components**

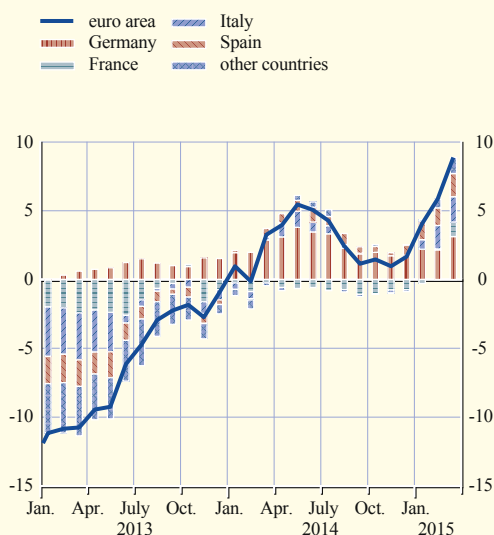
(balance of answers; difference from historical average)



Sources: European Commission and ECB staff calculations.  
Note: Questions for each of the sub-components refer to expectations of households over the next 12 months.

**Chart D Decomposition of consumer confidence across countries**

(balance of answers; difference from historical average)



Sources: European Commission and ECB staff calculations.

**The recovery in consumer confidence since early 2013 has been primarily driven by the significantly more positive assessment by households of future unemployment and the future general economic situation.<sup>2</sup>** By contrast, households' assessment of their future savings and financial situation contributed only marginally (see Chart C). This suggests that labour market developments must have been a determining factor in recent improvements in consumer confidence. Households' assessments of the general economic situation are also highly correlated with their expectations of unemployment, suggesting that a larger share of total consumer confidence could eventually be explained by labour market developments. Nevertheless, it is important to note that although declining, the unemployment rate is still high in many euro area countries.

**The increase in euro area consumer confidence was driven mainly by Germany, as well as Spain and Italy.** In the latter two countries, the improvement in consumer confidence coincided with a decline in the unemployment rate. In Germany too, favourable labour market conditions, including a low and further declining unemployment rate, have been boosting consumer confidence. By contrast, consumer confidence in France has changed less over the past two years, in line with labour market developments. Moreover, owing to the lower weight of petroleum products in French consumption, the drop in oil prices has had a relatively lower direct impact on real disposable income, which might to some extent also explain the smaller improvement in French consumer confidence (see Chart D).

**Econometric evidence confirms that increased consumer confidence in the euro area since early 2013 has been driven chiefly by improving labour market dynamics.** At the same time lower energy prices have also to some extent contributed to the rise in consumer confidence. In the last quarter of 2014 increasing employment growth and lower oil prices have driven

<sup>2</sup> The consumer confidence index is composed of answers to the following four questions on households' expectations for the next 12 months regarding their financial situation, the general economic situation, unemployment and savings.

up growth in households' real disposable income to a level not seen since before the crisis. Even though some of the improvement in the labour market could also be related to lower energy prices, econometric evidence suggests that the rise in consumer confidence relates mainly to a genuine improvement in the labour market that is unrelated to lower oil prices. The renewed improvements in the labour market over the past few months are therefore an encouraging sign, as they should result in a more sustained and persistent recovery in consumer confidence, compared with a temporary increase in consumer confidence in response to lower oil prices.



## Box 4

## DEVELOPMENTS IN LONGER-TERM INFLATION EXPECTATIONS IN THE EURO AREA

**After having reached low levels in mid-January, longer-term inflation expectations in the euro area have recovered.** The decline observed over the previous two years has thus come to a halt. These movements – with some differences – were also observed in the United States and the United Kingdom. Longer-term inflation expectations are generally seen to be an indicator of the credibility of central banks in achieving their price stability objectives and should, therefore, remain solidly “anchored”. The anchoring of inflation expectations requires longer-term expectations not to respond to changes in shorter-term inflation developments. Against this background, the box reviews past developments of longer-term inflation expectations, comparing them on the basis of market-based and survey-based indicators.

**Both market-based and, albeit to a lesser extent, survey-based measures of longer-term inflation expectations declined between early 2013 and early 2015.** Expectations of inflation five years ahead, as expressed in the ECB’s Survey of Professional Forecasters (SPF), fell from 1.98% in the first quarter of 2013 to 1.77% in the first quarter of 2015 (see Chart A). The one-year forward inflation rate four years ahead derived from market-based measures decreased from 2.0% in early 2013 to 1.2% in January 2015, while the five-year inflation-linked swap rate five years ahead fell from 2.4% to 1.5% over the same period.<sup>1</sup>

**Some of the differences in the behaviour of market-based and survey-based measures of inflation expectations may stem from inflation risk premia.** Part of the decline in market based measures in the euro area over the last two years may have reflected not only the downward movement in baseline expectations, in line with survey-based measures, but also a decline in inflation risk premia. In 2013 and 2014, data releases on inflation persistently surprised market participants to the downside, which may have resulted in a more prominent pricing-in of downward risks to inflation and in low or even negative inflation risk premia.

**Declines in market-based measures of longer-term inflation expectations were also observed in other countries.** Market-based measures of longer-term inflation expectations

Chart A Longer-term market-based and survey-based measures of inflation expectations

(percentages)



Sources: Reuters and ECB.

Note: The inflation-linked swap data extend up to 14 April 2015.

<sup>1</sup> In evaluating the developments in market-based inflation expectations, it is crucial that the full variety of market-based indicators of inflation expectations is considered. The indicators derived from inflation-linked swaps are considered most reliable since they are less affected by seasonality and liquidity distortions than indicators derived from bonds. The latter are nonetheless crucial for cross-checking the signals derived from inflation-linked swaps.

also declined in the United States and the United Kingdom, although the decline in the euro area was more prolonged, starting in early 2013 (see Chart B).

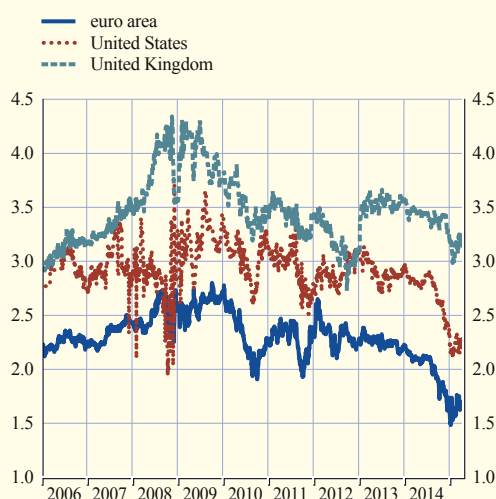
**Against this backdrop, the Governing Council announced an expanded asset purchase programme in January 2015.** Many indicators of actual and expected inflation in the euro area had drifted towards historical lows. Monetary policy measures were thus undertaken in order to address the risks of too prolonged a period of low inflation and potential second-round effects on wage and price-setting that could adversely affect medium-term price developments.

**Since January 2015, both market-based and survey-based measures of longer-term inflation expectations in the euro area have recovered from their low levels.** After having declined to 1.5% in January 2015, five-year inflation-linked swap rates five years ahead rose to around 1.7% in mid-April, while the one-year forward rate four years ahead derived from market-based measures increased from 1.2% to 1.5% over the same period. The survey-based euro area forward inflation curve derived from the latest SPF (that for second quarter of 2015) moved upwards as well. In particular, the average point-forecast for longer-term inflation expectations increased by 0.07 percentage point to 1.84%.

**The recovery of longer-term inflation expectations in the euro area indicates that both professional forecasters and market participants are now again more confident that inflation will return to a level below, but close to, 2% over the medium term.**

**Chart B Five year inflation linked swap rates five years ahead**

(percentages per annum)



Sources: Thomson Reuters and Bloomberg.  
Note: Swap rates in the United Kingdom are linked to the retail price index (RPI).

## Box 5

**BROAD MONEY AND LENDING IN THE UNITED STATES DURING THE IMPLEMENTATION OF THE FEDERAL RESERVE'S LARGE-SCALE ASSET PURCHASE PROGRAMMES**

The Federal Reserve System embarked on a series of large-scale asset purchase programmes soon after the bankruptcy of Lehman brothers. These quantitative easing programmes (commonly referred to as QE1, QE2 and QE3<sup>1</sup>) quickly replaced the use of the lending facilities, which had constituted the Federal Reserve's first reaction to the financial turbulence experienced from late 2007. The last of these large-scale purchase programmes ended in October 2014. This box reviews the evolution of four US money and lending-related variables during the implementation of these programmes: base money, broad money, lending to non-financial corporations and credit standards applied by banks when granting loans. US broad money (M2) growth returned to pre-crisis levels during the implementation of QE2, outpacing the growth of nominal GDP. The US QE period as a whole also saw a sustained easing in bank credit standards and a subsequent recovery in corporate bank lending. The corresponding euro area variables are presented for comparison.

Table A summarises each phase of asset purchasing in the United States in terms of timing, composition and size, as well as the changes in the Federal Reserve's lending facilities and in base money.

**Table A Timing, composition and size of the Federal Reserve's large-scale asset purchase programmes**

Programme phases	Purchases (in USD bn, as per changes in the Fed's SOMA portfolio)			Change in Fed's lending facilities <sup>1</sup> (in USD bn)	Change in base money		
	Treasury securities	Agency-guaranteed MBS and federal agency securities	Total		Change in stock (in USD bn)	as percentage of broad money stock at the beginning of each phase	as percentage of nominal GDP at the beginning of each phase
2008Q4 - 2010Q1 (QE1)	301	1,228	1,529	-405	1,170	15	8
2010Q4 - 2011Q2 (QE2)	809	-209	601	-69	687	8	5
2012Q4 - 2014Q4 (QE3)	807	857	1,664	-1	1,340	14	8
<i>2008Q4 - 2014Q4</i>	<i>1,975</i>	<i>1,766</i>	<i>3,741</i>	<i>-586</i>	<i>3,025</i>	<i>39</i>	<i>20</i>

Sources: Federal Reserve, OECD, and ECB calculations.

Notes: Quarterly data. MBS = mortgage-backed securities. SOMA = System Open Market Account.

1) This includes lending to depository and other financial institutions, lending through other credit facilities and support for specific institutions.

**US base money is a useful indicator of the timing, pace and net size of the Federal Reserve's policy interventions (see Chart A).** By construction, central bank asset purchase programmes, as well as lending operations to commercial banks, result in commensurate

1 Between September 2011 and end-2012, the Federal Reserve also engaged in the maturity extension programme (commonly referred to as MEP). This programme led to an extension of the average maturity of the securities in the securities portfolio of the Federal Reserve, which prolonged the impact of the previous purchases, but did not imply an additional increase in the Federal Reserve's balance sheet or in the aggregate amount of central bank reserves held by US banks. For the exact dates of the various non-standard measures implemented by the Federal Reserve, as well as their impact on bond markets, see Altavilla, C. and Giannone, D., "The effectiveness of non-standard monetary policy measures from survey data", *CEPR Discussion Papers*, No 10001, 2014.

increases in banks' reserves held with the central bank, and thus in base money.<sup>2</sup> Indeed, the overall increase in base money throughout the implementation of each of the Federal Reserve's purchase programmes broadly corresponds to the observed variation in the SOMA holdings plus the change in the use of the lending facilities (see Table A)<sup>3</sup>, and it provides concise information about the timing, pace and net size of each of the Federal Reserve's policy interventions.

**There is no one-to-one relationship between base money and broad money.**

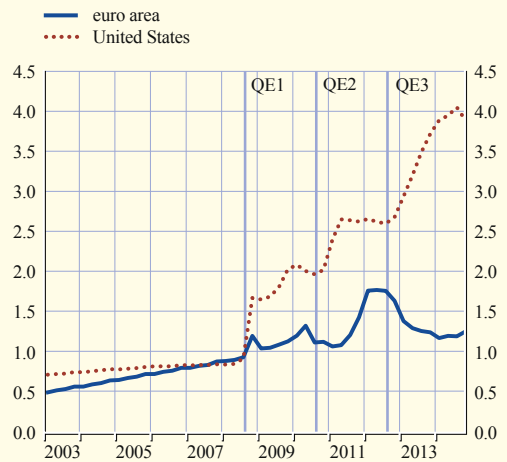
Purchases of securities by the central bank affect broad money both via a mechanic, direct effect and via a subsequent rebalancing of sellers' portfolios. The direct impact on broad money depends on the sector to which the ultimate sellers belong. For instance, in the case of the euro area, purchases will result in an initial one-to-one increase in M3 if the sellers belong to the money holding sector (e.g. if the sellers are households,

non-financial corporations, financial intermediaries other than monetary financial institutions (MFIs) or government entities other than central government). If the sellers are MFIs or non-euro area residents, broad money is not affected as their deposit holdings are not included in M3. The direct effect constitutes, however, only a first, instantaneous impact. After selling, most sellers will start rebalancing their portfolios. Some of the rebalancing transactions will result in a contraction in broad money (e.g. when a resident non-MFI entity uses the proceeds of its sales to acquire foreign assets or invests its proceeds in long-term debt securities issued by a resident MFI). Other rebalancing transactions will lead to an increase in broad money (e.g. when a non-resident entity acquires equity or bonds issued by a resident non-financial corporation). In addition, and more generally, the overall broad money balance in the economy is determined by many other concomitant interactions. Among these, economic activity and bank lending, as the main sources of endogenous money creation, play a crucial role.

**US broad money (M2) growth returned to pre-crisis levels only during the implementation of QE2 in 2011.** Based on the considerations of the previous paragraph, an increase in base money does not necessarily result in a rise in broad money. In fact, during QE1 from 2008-10 there was a sharp drop in broad money growth in spite of the rise in base money. First, this occurred in a deeply recessionary environment that led to a drastic contraction in bank lending (see Chart E). Second,

**Chart A Base money**

(in trillions of the respective currency; quarterly data)



Sources: ECB and Federal Reserve.

Notes: The latest observations are for December 2014. The vertical lines mark the beginning of the quarter in which each quantitative easing programme phase starts. For the United States, base money comprises currency in circulation and deposits held by banks and other depository institutions in their accounts with the Federal Reserve. For the euro area, base money comprises banknotes and MFIs' current account and deposit facility balances.

2 This is because the central bank pays for its asset purchases by crediting the reserve accounts of its counterparties, which may act either as ultimate sellers or as settlement agents of another ultimate seller. In the United States, base money is defined as bank reserves with the central bank plus currency in circulation. For simplicity, this box uses "banks" or "commercial banks" as generic terminology to refer to depository institutions in the case of the United States and credit institutions in the case of the euro area.

3 The System Open Market Account (SOMA), managed by the Federal Reserve Bank of New York, contains dollar-denominated assets acquired via open market operations. The aggregated balance of the various facilities lending to US residents peaked at USD 1.05 trillion at end-December 2008.

the bulk of the QE1 purchases consisted of mortgage-backed securities (MBS). Most of these securities were held by banks<sup>4</sup>, which reduced the direct impact of the purchases on broad money. Broad money growth recovered, however, during the implementation of QE2 in 2011 and remained at high rates throughout QE3 from 2012-14 (see Chart B). Looking at the period from September 2012 onwards, US M2 growth registered an annual rate of between 6% and 7%. By comparison, since the Lehman collapse euro area annual M3 growth has remained significantly below its pre-crisis level, despite a significant recovery in recent quarters.

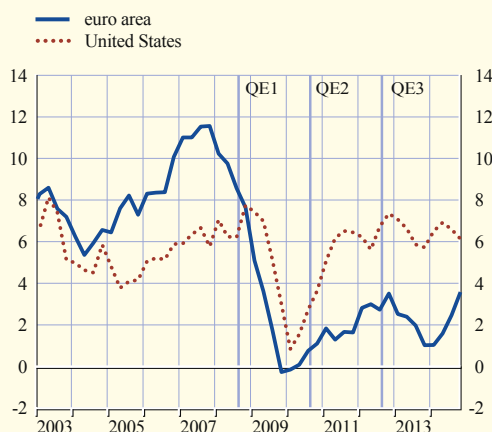
#### US broad money growth outpaced that of nominal GDP for most of the QE period.

It can be argued that the observed increase in broad money and loans could reflect a normal, endogenous reaction to the recovery in economic activity<sup>5</sup>. Indeed, in contrast with the euro area, real GDP in the United States has been steadily growing since the 2009 recession. Therefore, it is worth observing the evolution of the ratio of broad money to nominal GDP. This ratio shows that, in contrast with the period 2003-07, US broad money growth systematically exceeded that of nominal GDP for most of the QE period and particularly after the implementation of QE2 (see Chart C).

**As regards the impact on lending to the economy, US banks began to ease the standards applied to loans to non-financial corporations from mid-QE1 onwards, possibly reflecting the Federal Reserve's MBS purchases.** Like euro area banks, US banks tightened their credit standards for loans to non-financial corporations in the aftermath of the financial tensions in 2007, and markedly so at the time of the bankruptcy of Lehman Brothers. By late 2009, however,

#### Chart B Broad money

(annual percentage changes; quarterly data)



Sources: ECB, Federal Reserve and ECB calculations.

Notes: The latest observations are for December 2014. The vertical lines mark the beginning of the quarter in which each quantitative easing programme phase starts. Broad money corresponds to M2 for the United States and M3 for the euro area. US M2 has been adjusted for a number of significant breaks in the data series documented in Federal Reserve press releases between 2008 and 2012, as well as for the estimated impact of a change in Federal Deposit Insurance Corporation policy in 2011.

#### Chart C Broad money relative to GDP

(ratio; quarterly data)



Sources: ECB, Federal Reserve, OECD and ECB calculations.

Notes: The latest observations are for December 2014. The vertical lines mark the beginning of the quarter in which each quantitative easing programme phase starts. See Chart B for specifications regarding broad money.

4 This is also the interpretation in Ennis, H.M. and Wolman, A.L., "Large excess reserves in the U.S.: a view from the cross-section of banks", Working Paper 12-05, Federal Reserve Bank of Richmond, 2012.

5 Estimates of the peak impact of a normalised USD 1 trillion asset purchase programme on real GDP range from 0.2% to 1.5%. See, for instance, Baumeister, C. and Benati, L., "Unconventional Monetary Policy and the Great Recession: Estimating the Macroeconomic Effects of a Spread Compression at the Zero Lower Bound", *International Journal of Central Banking*, Vol. 9(2), pp. 165-212, June 2013; and Chen, H., Cúrdia, V. and Ferrero, A., "The Macroeconomic Effects of Large-Scale Asset Purchase Programs", *The Economic Journal*, Vol. 122, Issue 564, 2012.

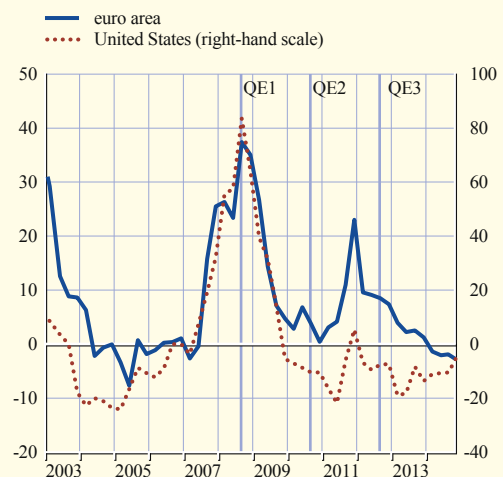
not only had the tightening phase in the United States abated, but banks had begun to report a moderate easing of their credit standards. US banks continued to ease credit standards on loans to non-financial corporations thereafter, with the exception of the fourth quarter of 2011 (see Chart D). It is possible that the strong weighting of MBS in the Federal Reserve's purchases (about 80% in QE1 and 50% in QE3) favoured this development by facilitating banks' balance sheet adjustment. By comparison, euro area banks continued to tighten their credit standards until the end of 2013, although to a lesser extent than in the period 2007-09.

**The annual rate of change in bank lending to non-financial corporations returned to positive territory in late 2011 in the United States, following the easing in credit standards.** Bank lending to US companies, which had been growing at rates similar to those observed in the euro area before the crisis, declined strongly during and after the 2009 recession. Its annual rate of change has improved continuously to recover from that trough. It became positive in the second half of 2011, and stood at 7.7% in December 2014. Although with smaller amplitude, total borrowing by US non-financial corporations shows a similar pattern (see Chart E). With some lag, the positive evolution of US lending to non-financial corporations mirrors the easing of banks' credit standards. As regards the euro area, the decline in lending to non-financial corporations bottomed out in early 2014 and the annual growth rate is approaching zero, in parallel with the easing of credit standards reported by euro area banks.

**The growth of US lending to non-financial corporations has outpaced that of nominal GDP since late 2013.** Of all the variables under consideration, the improvement in lending to non-financial corporations in the United States (measured as either bank lending or total borrowing), in particular the return to positive growth rates, occurred

**Chart D Credit standards on loans to large and medium-sized enterprises**

(net percentage of banks reporting a tightening of credit standards; quarterly data)

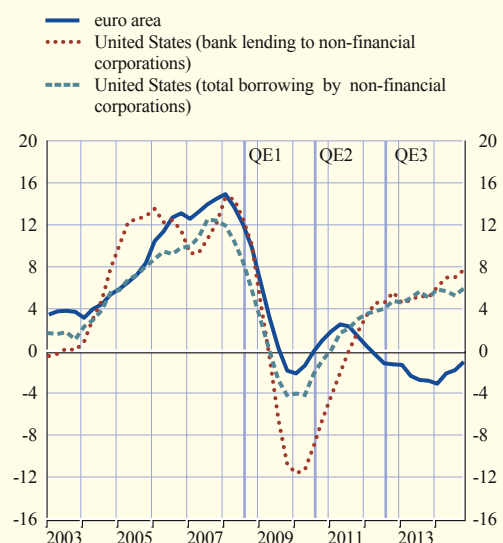


Sources: ECB (euro area bank lending survey) and Federal Reserve (Senior Loan Officer Survey on Bank Lending Practices: Measures of Supply and Demand for Commercial and Industrial Loans).

Notes: The latest observations are for December 2014. The vertical lines mark the beginning of the quarter in which each quantitative easing programme phase starts.

**Chart E Lending to non-financial corporations**

(annual percentage changes; quarterly data)



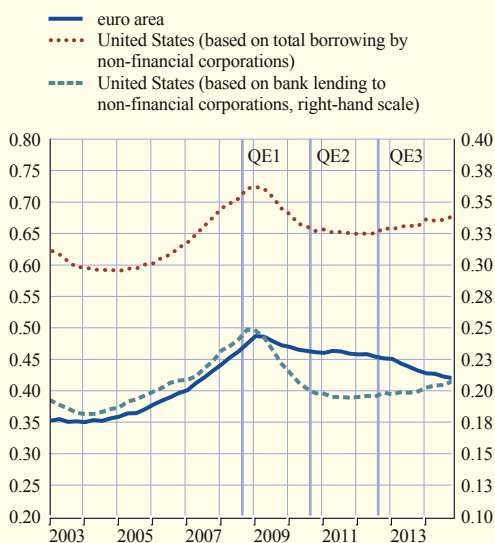
Sources: ECB (MFI loans adjusted for sales and securitisation) and Federal Reserve (US financial accounts).

Notes: The latest observations are for December 2014. The vertical lines mark the beginning of the quarter in which each quantitative easing programme phase starts.

with the largest delay after the start of QE. This lag is likely to have reflected not only typical cyclical patterns, but also the evolution of the banking crisis. Lending flows gathered pace following QE2; this was likely to reflect not only the recovery in demand and improved bank balance sheets, but also lower funding costs for banks resulting from the Federal Reserve's asset purchases. US bank loans to non-financial corporations have grown at a strong pace since 2012, eventually outpacing, as in the case of broad money, the growth of nominal GDP (see Chart F). In the euro area, MFI loans to non-financial corporations have started to recover in recent quarters but their rate of change has consistently fallen behind that of nominal GDP since 2009.

**Chart F Lending to non-financial corporations relative to GDP**

(ratio; quarterly data)



Sources: ECB (MFI loans adjusted for sales and securitisation), Federal Reserve (US financial accounts), OECD and ECB calculations.

Notes: The latest observations are for December 2014. The vertical lines mark the beginning of the quarter in which each quantitative easing programme phase starts.





## ARTICLE

# UNDERSTANDING THE WEAKNESS IN WORLD TRADE



*Annual world import growth has remained below its pre-crisis long-term average for the past three years, making it the second-longest period of weak growth in over 40 years. Moreover, world trade growth has not been weak in absolute terms alone; it is also weak when set against economic activity. Whereas trade grew at almost twice the rate of global GDP in the 25 years prior to 2007, it has been growing, on average, at a rate below that of global GDP since the second half of 2011.*

*Both cyclical and structural factors are responsible for this weakness in trade. Weak demand and the demand composition of global GDP are important determinants of world trade. Model-based evidence shows that the decline in the growth of global GDP can, to a large extent, explain the decline in the growth of world trade. Structural factors also appear to play a role, with a potential slowdown in the expansion of global value chains likely to have a persistent dampening impact.*

*Going forward, cyclical headwinds affecting trade are expected to dissipate partially. Global economic activity is expected to continue along the gradual path to recovery, which, in turn, will support world trade growth. Meanwhile, the influence of structural factors may persist over the longer term. The ratio of world trade growth to that of GDP is thus expected to recover, but is likely to remain below its pre-crisis long-term average.*

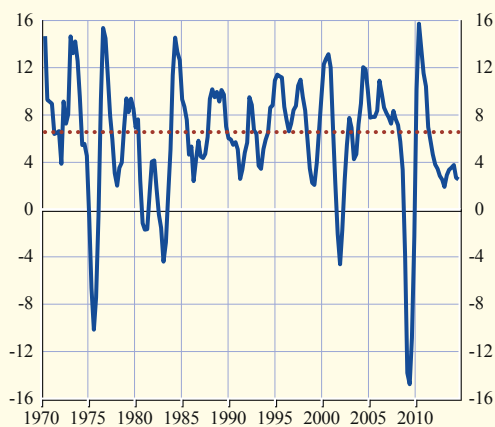
## INTRODUCTION

**Over the past three years, world trade growth has been exceptionally weak.** Annual growth in world imports, in particular, has remained below its long-term average for thirteen consecutive quarters, and there are few signs of the gap closing in the near term. While such long stretches of below-average growth are not entirely unprecedented, the current episode of low growth is the second-longest period of weak trade in over 40 years (see Chart 1). This raises the question as to the extent to which world trade growth is temporarily dampened as a result of cyclical factors, and as to how far the current weakness is due, at least in part, to potentially longer-term structural changes.

**This article will assess developments in world trade in the post-crisis period and examine the main factors behind the weak dynamics.** While world trade fell markedly in annual terms during the Great Recession, in particular in 2009, it subsequently recovered to above long-term average growth rates in 2010. The period of protracted weakness in trade did not begin until the third quarter of 2011, when world import growth declined sharply, falling below its long-term average, and it has remained at low levels since. This article therefore focuses on the period since the third quarter of 2011.

Chart 1 World import growth

(annual percentage changes; quarterly data)



Sources: OECD and national data, and ECB staff calculations.  
Notes: Imports of goods and services. The dashed line shows the pre-crisis average over the period 1970-2007. The last observation refers to the third quarter of 2014.

**Table 1 Ratios of world trade growth to global activity growth**

Sample period	Ratio <sup>1)</sup>	Trade variable	Output variable
1981Q1-2007Q4	1.9	Imports of goods and services	GDP <sup>2)</sup>
2011Q3-2014Q3	0.9		
1981Q1-2007Q4	2.1	Imports of goods and services	GDP <sup>3)</sup>
2011Q3-2014Q3	1.1		
1951-2007	1.6	Merchandise exports	Merchandise production
1981-2007	1.9		
2011-2013	1.4		
1951-2007	1.6	Manufacturing exports	Manufacturing production
1981-2007	2.1		
2011-2013	1.5		

Sources: World Trade Organisation, national data, Haver, IMF and ECB staff calculations.

Notes:

1) Imports and GDP: quarterly data; exports and production: annual data.

2) At purchasing power parity.

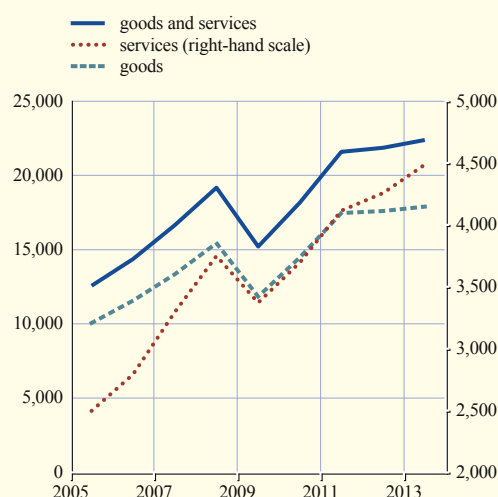
3) At market exchange rates.

**World trade has been weak not only in terms of growth, but also when set against economic activity.** Since the 1980s, world imports have grown at almost twice the rate of global GDP. Since the third quarter of 2011, however, the ratio of world import growth to global GDP growth has declined to around one. The ratio of average growth of trade to that of output is also known as the gross income elasticity of trade.<sup>1</sup> The significant decline observed in this elasticity after 2011 is robust to different aggregation methods and different sectoral classifications (see Table 1).<sup>2</sup> The weakness in trade was primarily due to lower growth in trade in goods, as growth in trade in services remained broadly stable (see Chart 2). The decline in elasticity appears smaller when looking at pre-crisis elasticity dating back to 1951, implying that trade elasticity may not be invariant over time.<sup>3</sup>

**This article explores the causes of the weakness in world trade growth and the decline in the global income elasticity of trade.** Section 1 studies the geographical origins of that weakness and discusses the role of intra-European trade dynamics on global aggregates. Section 2 presents empirical evidence on the role played by cyclical factors in explaining the weakness in trade growth. The potential influence of structural factors is explored in Section 3. Section 4 concludes with the outlook for world trade.

**Chart 2 World imports of goods and services**

(billions current USD; annual data)



Source: World Bank.

Note: The last observation refers to 2013.

1 See, for example, the article entitled “The dynamic effects of trade liberalization: an empirical analysis”, *US International Trade Commission Publication*, No 3069, Washington, D.C., October 2007.

2 The quantification of elasticity based on the period 2011-14 can only be indicative, as the sample size is rather limited.

3 See the box entitled “Understanding global trade elasticities: what has changed?”, *Monthly Bulletin*, ECB, July 2014.

## I THE REGIONAL PERSPECTIVE

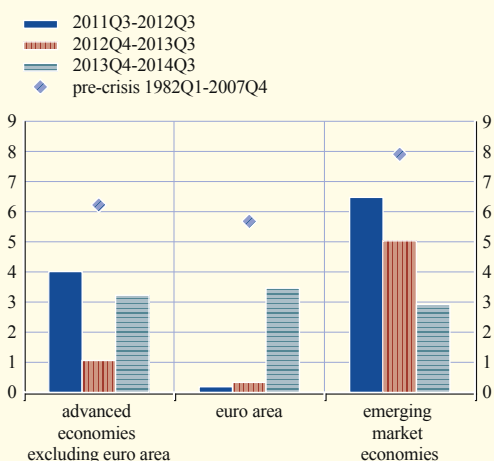
**The recent slowdown in world trade has been broad-based.** In 2011, the post-crisis rebound came to an end, and the annual world import growth rate fell below its pre-crisis average. Overall, world trade growth almost halved in the period between 2011 and 2014, as compared with pre-crisis levels, although the dynamics varied significantly across countries. Growth was weaker in advanced economies than in emerging market economies between 2011 and 2013. Since 2013, trade has lost momentum in emerging market economies, but has partially rebounded in advanced economies (see Chart 3).

**Trade weakness in advanced economies was largely governed by the situation in the euro area,** where annual import growth slowed substantially in the last quarter of 2011 and remained exceptionally weak until 2013. In other advanced economies, trade growth was more resilient, supported by sound economic growth in the United States and by an increase in imports to Japan in the aftermath of the natural disaster in early 2011. After a period of weakness at the end of 2012, trade in advanced economies rebounded at the end of 2013, driven by stronger economic growth in both the euro area and the United States.

**In emerging market economies, the trade slowdown was dominated by dynamics in China.** Average annual import growth in China more than halved to around 7%, year on year, between the third quarter of 2011 and the third quarter of 2014, as compared with average pre-crisis growth rates. More recently, a series of idiosyncratic shocks in a number of emerging market economies has led to a further deterioration in trade growth momentum: Argentina's economy has been very weak since the end of 2013, but when the country defaulted on its debt in July 2014, growth was undermined still further; Brazil entered into recession in 2014, as a result of low domestic demand; and Russia has been subject to international sanctions stemming from the conflict with Ukraine and has also suffered from the recent fall in oil prices (see Chart 4).

### Chart 3 Import growth across regions

(annual percentage changes; quarterly data)

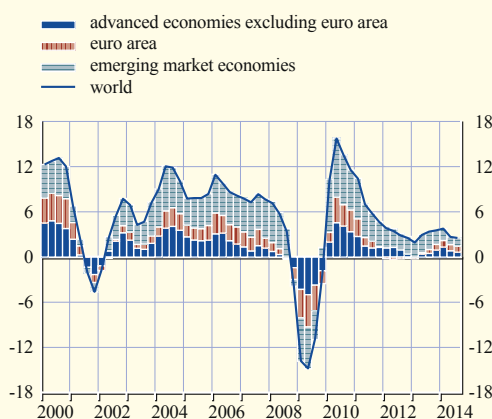


Sources: National data, Haver, IMF, OECD and ECB staff calculations.

Notes: Imports of goods and services. Import growth for emerging market economies before 1995 is proxied by world import growth excluding OECD countries.

### Chart 4 Contribution to world import growth

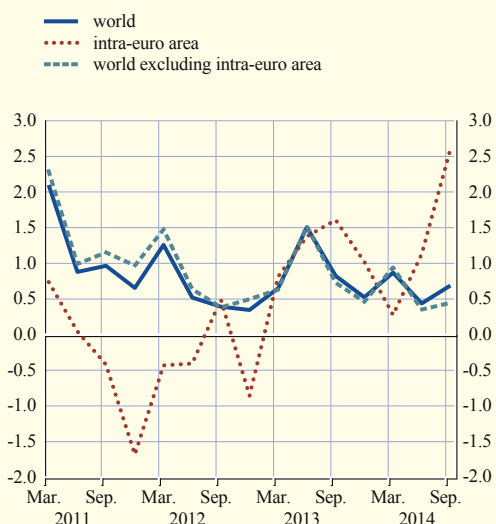
(annual percentage changes; percentage points; quarterly data)



Sources: National data, Haver, IMF and ECB staff calculations.  
Notes: Imports of goods and services. The last observation refers to the third quarter of 2014.

**Chart 5 Import growth**

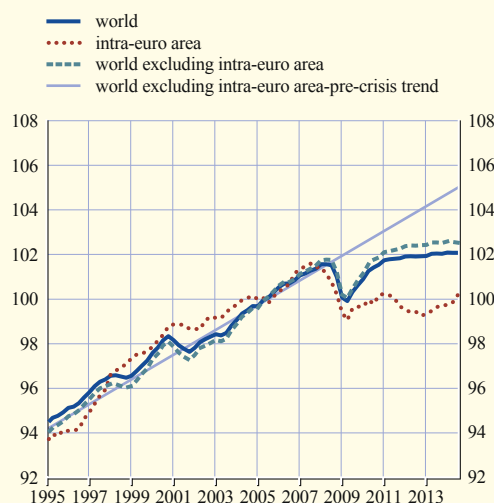
(quarter-on-quarter percentage changes; quarterly data)



Sources: National data, Haver, Eurostat, IMF and ECB staff calculations.  
Notes: Imports of goods and services. The last observation refers to the third quarter of 2014.

**Chart 6 Share of imports of goods and services in real global GDP**

(in logs; quarterly data; GDP at market exchange rates)



Sources: OECD, Eurostat and ECB staff calculations.  
Notes: Intra-euro area trade is calculated by using the shares of intra-euro area trade in goods in total euro area trade in goods. The last observation refers to the third quarter of 2014. All ratios are expressed as a share of global GDP.

**The weakness in euro area trade has gradually dissipated.** The weakness of late 2011 and 2012 was due, in part, to low domestic demand growth and, in particular, weak investment dynamics. In this period, growth in trade between euro area countries slowed markedly, and turned negative, in quarterly terms, over the period between the third quarter of 2011 and the third quarter of 2012 (see Chart 5). Since the second half of 2013, however, intra-euro area trade has grown on average at rates above the world aggregate.

**The weakness in intra-euro area trade had a negative, although rather limited, impact on world trade growth.** Indeed, world trade elasticity excluding intra-euro area trade was only 0.1 percentage point higher than the total world trade elasticity since the the third quarter of 2011 (see Table 2 and Chart 6). This suggests that the slowdown in intra-euro area trade accounts for only a small fraction of the reduction in world trade elasticity.<sup>4</sup> Results are similar when the European Union, rather than just the euro area, is considered.

**Table 2 Ratios of world trade growth to global GDP growth**

(quarterly data; GDP at market exchange rates)

	World trade	World excluding intra euro area trade	World excluding intra-EU trade
1995Q2-2007Q4	2.2	2.3	2.3
2011Q3-2014Q3	1.1	1.2	1.2

Sources: National data, Haver, Eurostat, IMF and ECB staff calculations.  
Notes: Trade refers to the average of imports and exports of goods and services. Intra-euro area trade is calculated by using the share of intra-euro area trade in goods in total euro area trade in goods. Shares are calculated as ratios of the average import growth rate to the average GDP growth rate in the given period.

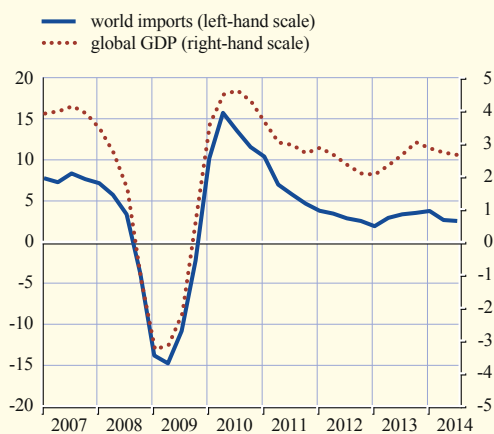
4 These results are robust to defining trade as an average of exports and imports rather than as imports only, and to using GDP aggregated with purchasing power parity weights.

## 2 HOW FAR IS THE RECENT DROP IN TRADE GROWTH RELATED TO THE DECLINE IN GLOBAL ACTIVITY?

The descriptive analysis of recent data suggests that the decline in trade growth can be explained, to a significant extent, by sluggish economic activity. The post-crisis decline in world import growth coincided with a gradual slowing of global real GDP growth (see Chart 7). However, trade growth remains very subdued by historical standards, as compared with growth in global activity, indicating that the explanation for the recent trade slowdown may lie beyond cyclical developments. A more formal econometric analysis is conducted to quantify more precisely the extent to which the weakness in trade is consistent with cyclical developments.<sup>5</sup>

Chart 7 World import growth and global GDP growth

(annual growth rates; quarterly data; GDP at market exchange rates)



Sources: National data and ECB staff calculations.  
Note: Last observation refers to the third quarter of 2014.

An analysis based on a bivariate Bayesian vector autoregressive (BVAR) model confirms that the recent decline in trade growth is primarily, but not exclusively, associated with the decline in economic activity. The two variables included in the model are global GDP and world imports.<sup>6</sup> The BVAR model is estimated over the pre-crisis sample period (between the first quarter of 1981 and the fourth quarter of 2007) in order to abstract from possible post-crisis structural changes in trade elasticity.<sup>7</sup> The model is then used to produce projections of world imports (solid red line in Chart 8), conditional on the observed path of global GDP.<sup>8</sup> This counterfactual trade path is compared with the observed path of world trade (solid blue line) over the period from the first quarter of 2011 to the third quarter of 2014. If the paths of conditional forecasts based on pre-crisis regularities are higher than the observed trade path, it would suggest that changes in the economic relationships linking trade and global GDP and, in particular, changes in the elasticity of trade to global GDP play a role in explaining the observed weakness in trade dynamics.

5 See Constantinescu, C., Mattoo, A. and Ruta, M., “The Global Trade Slowdown: Cyclical or Structural?”, *IMF Working Papers*, No 15/6, IMF, January 2015 for quantitative estimates of the cyclical factor in the recent trade slowdown.

6 The bivariate BVAR model used in this article includes quarterly data on global GDP and world imports. The model is estimated in (log-) levels, with five lags to capture potential long-run relationships and complex dynamics between the two variables. The estimation method and the methodology used to set the relative weight of the data and the priors are described in Giannone, D., Lenza, M. and Primiceri, G. E., “Prior selection for vector autoregressions”, *Review of Economics and Statistics*, forthcoming.

7 See Stock, J. and Watson, M., “Disentangling the channels of the 2007-2009 recession”, *Brookings Papers on Economic Activity*, 2012, pp. 81-135; Giannone, D., Lenza, M. and Reichlin, L., “Money, credit, monetary policy and the business cycle in the euro area”, *Discussion Papers*, No 8944, Centre for Economic Policy Research, 2012; and Aastveit, K., Carriero, A., Clark, T. and Marcellino, M., “Have standard VARs remained stable since the crisis?”, *Federal Reserve Bank of Cleveland Working Papers*, No 1411, September 2014 for applications of this method to examine the post-crisis stability of economic relationships in the United States and the euro area.

8 The conditional forecasts are computed by employing the Kalman filter-based methodology described in Banbura, M., Giannone, D. and Lenza, M., “Conditional forecasts and scenario analysis with vector autoregressions for large cross-sections”, *International Journal of Forecasting*, forthcoming.

Chart 8 shows that the projections of world imports, conditional on observed GDP, hover at around 5% and that the actual path of world imports is permanently below the projections. This evidence suggests that changes in the elasticity of trade to GDP may indeed partly explain the recently observed weakness of trade growth. However, the projections in Chart 8 involve an element of (forecast and estimation) uncertainty. In order to provide a more comprehensive statistical measure of how unusual the observed trade path really is, Chart 8 also shows the 16th and 84th quantiles of the conditional forecast distribution (dashed red lines).<sup>9</sup> Once uncertainty around the projections is taken into consideration, it transpires that the sluggishness of economic activity goes some way towards accounting for the weakness of world trade growth.

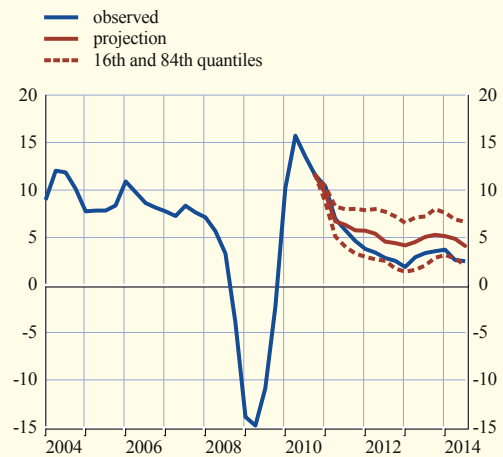
**However, the observed path of world trade remains consistently in the lower part of the forecast distribution, which suggests that the developments in real activity are not the only explanation for the weakness in trade.** Indeed, the evidence described in Box 1 shows that the BVAR estimates imply a post-crisis decline in the elasticity of world trade to global GDP from a value of 1.6 (sample: first quarter of 1981 to fourth quarter of 2007) to 1.3 (first quarter of 1981 to third quarter of 2014).<sup>10</sup> The next section is devoted to a discussion of the possible causes of changes in trade elasticity.

<sup>9</sup> The practice of reporting the 16th and 84th quantiles of the distribution is standard in Bayesian econometrics. Note that, for normally distributed variables, the 16th and the 84th quantiles are one standard deviation away from the mean, meaning that this range also conveniently provides a rough measure of the standard deviation.

<sup>10</sup> The results shown are based on global GDP aggregated with purchasing power parity weights. The model results, showing a post-crisis decline in world trade elasticity, are robust to the use of GDP at market exchange rates.

**Chart 8 Projected and observed world import growth**

(annual growth rates; quarterly data)



Sources: National data and ECB staff calculations.  
Note: The dashed red lines refer to the 16th and 84th quantiles of the BVAR distribution of the conditional forecasts of global imports.

### Box 1

#### THE BVAR-BASED ESTIMATE OF THE ELASTICITY OF WORLD TRADE TO GLOBAL GDP

**This box describes a BVAR-based methodology for estimating the extent to which world trade and global GDP are linked in the long run, i.e. a measure of the elasticity of world trade to global GDP.** The BVAR model is estimated in log-levels and the estimates are consistent with the existence of a potential long-run relationship between world trade and global GDP.

**An empirical measure of the potential link between world trade and global GDP in the long run is obtained by looking at the ratio of the long-run forecasts of trade to those of global GDP.** The idea is that, if global GDP and world trade follow the same trends well into the future,

when the effects of transitory shocks have faded, then the ratio of the respective forecasts should reflect the relationship between the trends in the two variables.

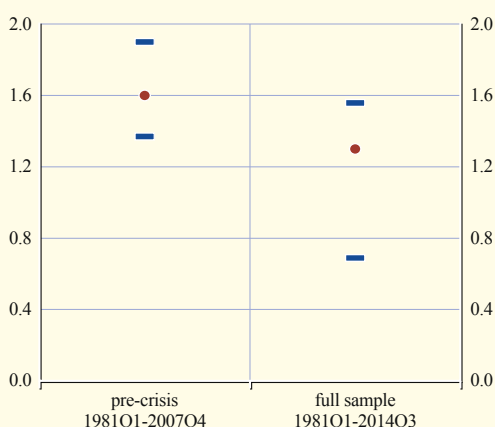
**Elasticity is estimated for two different sample periods, in order to assess whether or not the relationship between global GDP and world trade has changed over time.**

First, the model is applied to data from the period between the first quarter of 1981 and the fourth quarter of 2007 in order to capture the long-run elasticity in the pre-crisis period. Then, the model is applied to the full sample period (from the first quarter of 1981 to the third quarter of 2014), which includes both the global financial crisis and the euro area sovereign debt crisis and in which, as argued in previous sections, elasticity may have declined by comparison with the pre-crisis sample

period. The analysis is carried out on the full period rather than only on the post-2008 period because the latter is too short to provide reliable estimation results. The forecasting horizon chosen for the analysis is five years ahead (results obtained by using horizons of three years and eight years are highly similar). The chart above shows the outcome of the analysis.

**The results show that the elasticity of world trade to global GDP appears to have decreased when the post-crisis period is included. In particular, the BVAR-based point estimate of elasticity drops from 1.6 to 1.3.**

**BVAR estimate of long-run elasticity of world trade to global GDP**



Source: ECB staff calculations.  
Note: The red circles refer to the point estimate of elasticity, while the blue lines refer to the 16th and 84th quantiles of the distribution of trade elasticity based on the BVAR.

### 3 STRUCTURAL FACTORS BEHIND THE DECLINE IN TRADE GROWTH

**One possible explanation for the decline in trade elasticity relates to shifts in the relative importance of GDP components.** If the slowdown in GDP growth is driven primarily by demand components with a higher import content, such as investment, then a given decline in GDP growth would cause the growth rate of trade to fall to a more marked extent than would be the case if the same decline in GDP is driven by less trade-intensive demand components, such as government spending. Therefore, changes in the composition of demand can lead to changes in trade elasticity.<sup>11</sup> For advanced economies, the share of investment in GDP has fallen below pre-crisis levels in recent years (see Chart 9). For emerging market economies, the evidence is less conclusive, as the investment share had been rising significantly prior to the crisis; however, this increase in the investment share has been partially reversed in recent years in a broad set of emerging market economies (although, notably, this is not the case in China).

<sup>11</sup> See Bussière, M., Callegari, G., Ghironi, F., Sestieri, G. and Yamano, N., “Estimating Trade Elasticities: Demand Composition and the Trade Collapse of 2008-2009”, *American Economic Journal: Macroeconomics*, No 5(3), 2013, pp. 118-151; and Anderton, R. and Tewolde, T., “The global financial crisis: trying to understand the global trade downturn and recovery”, *Working Paper Series*, No 1370, ECB, August 2011. Both papers suggest that movements in investment and exports have a bigger impact on import growth than that captured by movements in other GDP components.

**The development of global value chains (GVCs) is also likely to have played a role.**

GVCs have supported world trade growth over the last 20 years. First, the international fragmentation of production chains should have a positive effect on the economic performance of participating countries, boosting productivity, and increasing economies of scale. Moreover, the rise in GVCs boosted world trade elasticity in the pre-crisis period. This is due to the difference in measures, as trade is measured in gross terms, whereas GDP is measured in value-added terms. The gross measure used for trade results in the “double counting” of intermediate inputs to trade, which would not be taken into account in the value-added approach.<sup>12</sup> The gap between the gross and the value-added measures of trade should reflect the level of outsourced inputs in total world trade and can therefore also be used as a proxy for measuring the expansion of GVCs.<sup>13</sup>

**Data from the World Input Output Database (WIOD) show that the gap between the gross**

**and the value-added measures of trade increased from around 33% in 1995 to 51% in 2008.**

A comparison of the implied gross and value-added measures of trade-to-GDP ratios suggests that the increase in GVCs added 0.2 percentage point to world trade elasticity over this period. However, the WIOD data show that the level of outsourced inputs in total world trade fell significantly in 2009 and remained broadly unchanged thereafter, suggesting that the expansion of GVCs has stagnated in the post-crisis period. Furthermore, recent anecdotal evidence suggests that in the wake of the earthquake in Japan in 2011, firms have been striving to minimise the risks that arise from the complexity and length of the production chains.<sup>14</sup>

**In addition, more recent data on merchandise trade by end-use category show that the growth of imports of intermediate goods was the main driver of trade growth in the pre-crisis period.** However this stalled in 2012 and 2013 (see Chart 10).<sup>15</sup> Given that increases in the trade of intermediate goods can be closely linked to increases in vertical specialisation, the recent flattening suggests that a slowdown in the expansion of GVCs may be taking place, which could be contributing to the recent reduction in world trade elasticity.

**Chart 9 Share of investment in GDP**

(percentages)



Sources: National data, Haver and ECB staff calculations.  
Notes: Data in nominal terms. The advanced economies group refers to the United States, Japan, the United Kingdom, Canada, Australia, New Zealand, the euro area, Switzerland, Norway, Denmark and Sweden. Emerging market economies include Poland, Hungary, the Czech Republic, Romania, Russia, India, South Korea, Indonesia, Taiwan, Thailand, Hong Kong, Malaysia, Brazil, Mexico, Turkey and South Africa. The last observation refers to the third quarter of 2014. In view of the data available, only the period from 2000 onwards is considered, in order to ensure the completeness of the country aggregates.

12 See, e.g., Nagengast, A. and Stehrer, R., “Collateral imbalances in intra-European trade? Accounting for the differences between gross and value added trade balances”, *Working Paper Series*, No 1695, ECB, July 2014; further related work by the Competitiveness Research Network (CompNet); and Koopman, R., Powers, W., Wang, Z. and Wei, S.-J., “Give credit where credit is due: tracing value added in global production chains”, *NBER Working Paper*, No 16426, September 2010.

13 Meanwhile, world trade in value-added terms, as measured by the World Input Output Database, is subject to a number of important caveats, including assumptions made in mapping national input-output tables to global ones.

14 See, for example, “Global value chains: Managing the risks”, *Interconnected Economies: Benefiting from Global Value Chains*, OECD Publishing, 2013.

15 The data come from the OECD STAN Bilateral Trade Database by Industry and End-use category, which includes, among others, bilateral data on nominal trade in goods with a breakdown by intermediate and final consumer goods.



**Trade protectionism may also have played a small but non-negligible role in the decline in world trade elasticity in the recent post-crisis period.**

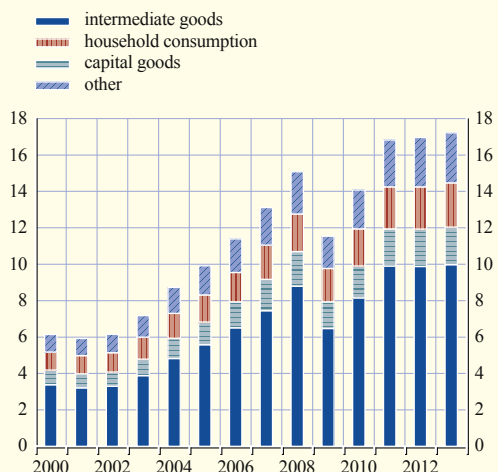
Protectionism in response to the 2008-2009 world trade collapse was limited, in contrast to what had occurred during previous crisis episodes.<sup>16</sup> This may have been a result of a higher level of trade integration in the world economy than in the past and of more developed global value chains, which have created an environment in which imposing trade-restrictive measures has more significant negative repercussions for the country that does so. Nevertheless, recent data and reports point to a certain increase in trade protectionism over the last five years.<sup>17</sup> While the World Trade Organization reports only traditional trade policy measures, such as tariffs or trade defence, so-called “murky” measures also exist. Although they do not breach international agreements, they do have the potential to harm foreign commercial interests (for example, bail-outs or breaches of health and safety regulations).

The Global Trade Alert<sup>18</sup> points to an increase in the number of “murky” measures introduced between 2012 and 2013, in comparison with those introduced between 2009 and 2011. While different sources of data point to a recent increase in trade protectionism, most of the available data cover only the period after the crisis, and thus cannot be used to assess differences in pre-crisis and post-crisis world trade elasticity. Recent research on trade protectionism shows that the countercyclical relationship between growth, competitiveness and trade protectionism was not broken in the recent crisis episode, but may have been weakened as a result of one-off factors, which implies a risk that trade protectionism could rise if trade remains weak.<sup>19</sup>

**Finally, developments in the supply of trade finance, a source of disruption to world trade growth during the Great Recession, do not seem to have played a significant role in the decline in trade elasticity since 2011.** A recent study by the Bank for International Settlements<sup>20</sup> finds that, while the shortage of bank-intermediated trade financing during the world trade collapse accounted for up to one-fifth of the world trade slowdown in that period, trade financing does not seem to have had a significant impact on world trade in other, more recent, periods.

**Chart 10 World imports of goods by end-use category**

(trillions of current USD)



Sources: OECD STAN database and ECB staff calculations.  
Notes: Data cover 105 countries which constituted around 92% of total world imports in 2013 based on the IMF World Economic Outlook data. The category “other” consists of mixed end-use and miscellaneous goods.

16 See Bown, C. (ed.), *The Great Recession and import protection*, CEPR and the World Bank, London, 2011, Ch. 1, pp. 1-51; and World Trade Organization, “Overview of developments in the international trading environment”, *Annual Report*, November 2014.

17 See, e.g., World Trade Organization Report on G-20 trade measures, November 2014; and European Commission, 11th Report on potentially trade-restrictive measures, June 2014.

18 The Global Trade Alert is an independent source of data on policy measures affecting trade. It includes both traditional and “murky” measures.

19 See, e.g., Georgiadis, G. and Gräß, J., “Growth, real exchange rates and trade protectionism since the financial crisis”, *Working Paper Series*, No 1618, ECB, November 2013.

20 See “Trade finance: developments and issues”, *Committee on the Global Financial System Paper*, No 50, Bank for International Settlements, 2014.

#### 4 OUTLOOK FOR TRADE

**Looking ahead, the cyclical headwinds to world trade are expected to wane.** With global economic activity expected to recover gradually, world trade growth will be bolstered as well. A recovery of the share of investment in global GDP would also be likely to lead to a partial reversal of the decline in the trade-to-GDP growth ratio. At the same time, trade elasticity, although rising from its current low level, is expected to remain below pre-crisis levels over the coming years, reflecting the assumption that some structural factors, such as lower expansion rates for GVCs, will persist over the medium term.



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## FURTHER INFORMATION

ECB statistics can be accessed and downloaded from the Statistical Data Warehouse (SDW):

Data from the statistics section of the Economic Bulletin are available from the SDW:

A comprehensive Statistics Bulletin can be found in the SDW:

Methodological definitions can be found in the General Notes to the Statistics Bulletin:

Details on calculations can be found in the Technical Notes to the Statistics Bulletin:

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

<http://sdw.ecb.europa.eu/reports.do?node=1000004813>

<http://sdw.ecb.europa.eu/reports.do?node=1000004045>

<http://sdw.ecb.europa.eu/reports.do?node=10000023>

<http://sdw.ecb.europa.eu/reports.do?node=10000022>

## CONVENTIONS USED IN THE TABLES

- data do not exist/data are not applicable

. data are not yet available

... nil or negligible

(p) provisional

s.a. seasonally adjusted

n.s.a. non-seasonally adjusted

## CUT-OFF DATE

In general, the cut-off date for the statistics included in the Economic Bulletin is the day preceding the Governing Council's regular monetary policy meeting.

For this issue, the cut-off date was 14 April 2015.

# I EXTERNAL ENVIRONMENT

## 1.1 Main trading partners, GDP and CPI

	GDP <sup>1)</sup> (period-on-period percentage changes)						CPI (annual percentage changes)						
	G20	United States	United Kingdom	Japan	China	Memo item: euro area	OECD countries		United States	United Kingdom (HICP)	Japan	China	Memo item: euro area <sup>2)</sup> (HICP)
							Total	excluding food and energy					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2012	3.0	2.3	0.7	1.7	7.8	-0.8	2.3	1.8	2.1	2.8	0.0	2.7	2.5
2013	3.2	2.2	1.7	1.6	7.7	-0.4	1.6	1.6	1.5	2.6	0.4	2.6	1.4
2014	.	2.4	2.8	-0.1	7.4	0.9	1.7	1.8	1.6	1.5	2.7	2.0	0.4
2014 Q2	0.8	1.1	0.8	-1.6	2.0	0.1	2.1	1.9	2.1	1.7	3.6	2.2	0.6
Q3	0.9	1.2	0.6	-0.7	1.9	0.2	1.8	1.9	1.8	1.5	3.3	2.0	0.4
Q4	.	0.5	0.6	0.4	1.5	0.3	1.4	1.8	1.2	0.9	2.5	1.5	0.2
2015 Q1	.	.	.	.	.	.	.	.	.	0.1	.	1.2	-0.3
2014 Oct.	-	-	-	-	-	-	1.7	1.8	1.7	1.3	2.9	1.6	0.4
Nov.	-	-	-	-	-	-	1.5	1.8	1.3	1.0	2.4	1.4	0.3
Dec.	-	-	-	-	-	-	1.1	1.8	0.8	0.5	2.4	1.5	-0.2
2015 Jan.	-	-	-	-	-	-	0.5	1.8	-0.1	0.3	2.4	0.8	-0.6
Feb.	-	-	-	-	-	-	0.6	1.7	0.0	0.0	2.2	1.4	-0.3
Mar. <sup>3)</sup>	-	-	-	-	-	-	.	.	.	0.0	.	1.4	-0.1

## 1.2 Main trading partners, Purchasing Managers' Index and world trade

	Purchasing Managers' Surveys (diffusion indices; s.a.)									Merchandise imports <sup>4)</sup>		
	Composite Purchasing Managers' Index						Global Purchasing Managers' Index <sup>5)</sup>			Global	Advanced economies	Emerging market economies
	Global <sup>5)</sup>	United States	United Kingdom	Japan	China	Memo item: euro area	Manufacturing	Services	New export orders			
	1	2	3	4	5	6	7	8	9	10	11	12
2012	52.6	54.4	52.0	49.9	50.9	47.2	50.2	51.9	48.5	3.9	2.5	4.8
2013	53.4	54.8	56.8	52.6	51.5	49.7	52.3	52.7	50.7	3.4	-0.2	5.5
2014	54.3	57.3	57.9	50.9	51.1	52.7	53.4	54.1	51.5	3.4	3.3	3.5
2014 Q2	54.3	58.3	58.6	48.5	50.7	53.4	53.2	54.7	51.1	-0.5	0.9	-1.3
Q3	55.7	59.8	58.5	51.3	52.2	52.8	54.1	56.2	52.0	2.7	1.2	3.6
Q4	53.4	55.6	56.3	50.9	51.4	51.5	52.8	53.6	50.8	1.8	1.7	1.9
2015 Q1	54.0	56.9	57.4	50.4	51.5	53.3	53.3	54.2	50.7	.	.	.
2014 Oct.	53.9	57.2	55.9	49.5	51.7	52.1	53.4	54.0	51.0	3.4	1.3	4.6
Nov.	53.7	56.1	57.6	51.2	51.1	51.1	52.6	54.0	50.2	2.9	1.4	3.7
Dec.	52.6	53.5	55.4	51.9	51.4	51.4	52.3	52.7	51.2	1.8	1.7	1.9
2015 Jan.	53.1	54.4	56.7	51.7	51.0	52.6	53.1	53.1	51.0	0.1	1.8	-0.9
Feb.	54.0	57.2	56.7	50.0	51.8	53.3	53.4	54.2	50.8	.	.	.
Mar.	54.9	59.2	58.8	49.4	51.8	54.0	53.3	55.4	50.3	.	.	.

Sources: Eurostat (Table 1.1, col. 3,6,10,13); BIS (Table 1.1, col. 2,4,9,11,12); OECD (Table 1.1, col. 1,5,7,8); Markit (Table 1.2, col. 1-9);

CPB Netherlands Bureau for Economic Policy Analysis and ECB calculations (Table 1.2, col. 10-12)

- 1) Quarterly data seasonally adjusted; annual data unadjusted. Euro area data refer to the Euro 19.
- 2) Data refer to the changing composition of the euro area.
- 3) The figure for the euro area is an estimate based on provisional national data, which usually cover around 95% of the euro area, as well as on early information on energy prices.
- 4) Global and advanced economies exclude the euro area. Annual and quarterly data are period-on-period percentages; monthly data are 3-month-on-3-month percentages. All data are seasonally adjusted.
- 5) Excluding the euro area.

## 2 FINANCIAL DEVELOPMENTS

### 2.1 Money market interest rates

(percentages per annum; period averages)

	Euro area <sup>1)</sup>					United States	Japan
	Overnight deposits (EONIA) 1	1-month deposits (EURIBOR) 2	3-month deposits (EURIBOR) 3	6-month deposits (EURIBOR) 4	12-month deposits (EURIBOR) 5	3-month deposits (LIBOR) 6	3-month deposits (LIBOR) 7
2012	0.23	0.33	0.57	0.83	1.11	0.43	0.19
2013	0.09	0.13	0.22	0.34	0.54	0.27	0.15
2014	0.09	0.13	0.21	0.31	0.48	0.23	0.13
2014 Q2	0.19	0.22	0.30	0.39	0.57	0.23	0.13
Q3	0.02	0.07	0.16	0.27	0.44	0.23	0.13
Q4	-0.02	0.01	0.08	0.18	0.33	0.24	0.11
2015 Q1	-0.05	0.00	0.05	0.12	0.25	0.26	0.10
2014 Oct.	0.00	0.01	0.08	0.18	0.34	0.23	0.11
Nov.	-0.01	0.01	0.08	0.18	0.33	0.23	0.11
Dec.	-0.03	0.02	0.08	0.18	0.33	0.24	0.11
2015 Jan.	-0.05	0.01	0.06	0.15	0.30	0.25	0.10
Feb.	-0.04	0.00	0.05	0.13	0.26	0.26	0.10
Mar.	-0.05	-0.01	0.03	0.10	0.21	0.27	0.10

### 2.2 Yield curves

(End of period; rates in percentages per annum; spreads in percentage points)

	Spot rates					Spreads			Instantaneous forward rates			
	Euro area <sup>1)2)</sup>					Euro area <sup>1)2)</sup>	United States	United Kingdom	Euro area <sup>1)2)</sup>			
	3 months 1	1 year 2	2 years 3	5 years 4	10 years 5	10 years - 1 year 6	10 years - 1 year 7	10 years - 1 year 8	1 year 9	2 years 10	5 years 11	10 years 12
2012	0.06	-0.04	-0.01	0.58	1.72	1.76	1.61	1.48	-0.09	0.17	1.84	3.50
2013	0.08	0.09	0.25	1.07	2.24	2.15	2.91	2.66	0.18	0.67	2.53	3.88
2014	-0.02	-0.09	-0.12	0.07	0.65	0.74	1.95	1.45	-0.15	-0.11	0.58	1.77
2014 Q2	0.05	-0.01	0.02	0.47	1.44	1.45	2.43	2.16	-0.04	0.16	1.46	3.09
Q3	-0.03	-0.09	-0.10	0.24	1.06	1.15	2.39	1.88	-0.14	-0.02	1.03	2.53
Q4	-0.02	-0.09	-0.12	0.07	0.65	0.74	1.95	1.45	-0.15	-0.11	0.58	1.77
2015 Q1	-0.21	-0.25	-0.22	-0.08	0.26	0.51	1.69	1.19	-0.20	-0.20	0.29	0.81
2014 Oct.	-0.02	-0.08	-0.08	0.22	0.96	1.05	2.24	1.82	-0.12	-0.01	0.93	2.33
Nov.	-0.02	-0.06	-0.07	0.17	0.80	0.86	2.06	1.54	-0.10	-0.02	0.74	2.01
Dec.	-0.02	-0.09	-0.12	0.07	0.65	0.74	1.95	1.45	-0.15	-0.11	0.58	1.77
2015 Jan.	-0.15	-0.18	-0.14	-0.02	0.39	0.58	1.50	1.04	-0.13	-0.10	0.34	1.15
Feb.	-0.21	-0.25	-0.20	-0.08	0.37	0.62	1.80	1.45	-0.16	-0.17	0.31	1.19
Mar.	-0.21	-0.25	-0.22	-0.08	0.26	0.51	1.69	1.19	-0.20	-0.20	0.29	0.81

### 2.3 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main industry indices										Standard & Poor's 500	Nikkei 225
	Broad index 1	50 2	Basic materials 3	Consumer services 4	Consumer goods 5	Oil and gas 6	Financials 7	Industrials 8	Technology 9	Utilities 10	Telecoms 11	Health care 12	13	14
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
2014	318.7	3,145.3	644.3	216.6	510.6	335.5	180.0	452.9	310.8	279.2	306.7	668.1	1,931.4	15,460.4
2014 Q2	326.5	3,214.0	657.3	219.5	524.2	360.3	184.5	471.9	305.3	284.9	311.9	656.5	1,900.4	14,655.0
Q3	319.4	3,173.1	645.9	213.8	509.8	351.1	178.9	446.0	315.3	288.7	304.0	686.1	1,975.9	15,553.1
Q4	313.0	3,102.5	634.9	214.7	508.5	307.0	174.5	433.4	316.0	280.4	316.7	688.0	2,009.3	16,660.1
2015 Q1	351.8	3,442.0	730.7	253.9	619.6	304.1	186.1	496.1	362.5	286.1	370.1	773.4	2,063.8	18,226.2
2014 Oct.	304.2	3,029.6	612.5	202.4	481.0	315.8	173.4	416.4	301.8	276.6	294.6	695.0	1,937.3	15,394.1
Nov.	315.7	3,126.1	643.8	217.8	514.8	316.4	174.3	439.7	317.6	280.2	322.7	680.4	2,044.6	17,179.0
Dec.	320.1	3,159.8	651.0	225.2	532.6	288.5	176.0	446.1	330.1	284.7	335.3	687.6	2,054.3	17,541.7
2015 Jan.	327.4	3,207.3	671.1	237.8	564.9	285.0	173.3	464.2	339.0	278.3	343.8	724.2	2,028.2	17,274.4
Feb.	353.2	3,453.8	731.3	254.2	624.8	314.0	185.5	498.7	361.1	286.9	376.8	768.6	2,082.2	18,053.2
Mar.	373.9	3,655.3	787.2	268.9	666.9	313.5	198.9	524.1	386.2	292.9	389.2	824.6	2,080.4	19,197.6

Source: ECB.

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

2) ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.

## 2.4 MFI interest rates on loans to and deposits from households (new business) <sup>1), 2)</sup>

(Percentages per annum; period average, unless otherwise indicated)

	Deposits				Revolving loans and overdrafts	Extended credit card credit	Loans for consumption			Loans to sole proprietors and unincorporated partnerships	Loans for house purchase				Composite cost-of-borrowing indicator	
	Over-night	Redeemable at notice of up to 3 months	With an agreed maturity of:				By initial period of rate fixation		APRC <sup>3)</sup>		By initial period of rate fixation					
			Up to 2 years	Over 2 years			Floating rate and up to 1 year	Over 1 year			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		
																3
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2014 Mar.	0.28	1.07	1.56	1.86	7.66	17.05	5.81	6.67	7.08	3.32	2.78	2.90	3.03	3.23	3.23	3.01
Apr.	0.27	1.06	1.54	1.83	7.61	17.22	5.58	6.60	6.98	3.21	2.72	2.91	3.00	3.24	3.22	2.99
May	0.27	1.05	1.40	1.72	7.55	17.23	5.62	6.73	7.09	3.33	2.71	2.87	2.96	3.14	3.16	2.93
June	0.27	1.04	1.32	1.74	7.58	17.19	5.45	6.61	6.94	3.20	2.66	2.85	2.89	3.09	3.13	2.87
July	0.24	1.01	1.30	1.75	7.43	17.04	5.55	6.54	6.91	3.09	2.63	2.75	2.81	2.99	3.05	2.79
Aug.	0.24	0.93	1.21	1.66	7.43	17.00	5.55	6.52	6.87	3.09	2.56	2.74	2.73	2.87	2.98	2.75
Sep.	0.23	0.92	1.19	1.70	7.32	17.05	5.37	6.49	6.84	2.92	2.50	2.69	2.63	2.83	2.89	2.68
Oct.	0.22	0.91	1.10	1.65	7.15	16.94	5.42	6.43	6.84	2.92	2.43	2.63	2.56	2.79	2.82	2.61
Nov.	0.21	0.89	1.02	1.66	7.12	17.10	5.59	6.48	6.83	2.96	2.43	2.53	2.52	2.73	2.79	2.55
Dec.	0.22	0.86	0.96	1.59	7.08	17.02	5.07	6.14	6.45	2.73	2.42	2.52	2.53	2.69	2.77	2.50
2015 Jan.	0.21	0.84	1.01	1.95	7.11	17.07	5.28	6.30	6.63	2.79	2.31	2.54	2.43	2.42	2.70	2.40
Feb. <sup>4)</sup>	0.20	0.82	0.99	1.54	7.06	17.00	5.24	6.23	6.64	2.80	2.09	2.47	2.33	2.50	2.59	2.38

## 2.5 MFI interest rates on loans to and deposits from non-financial corporations (new business) <sup>1), 4)</sup>

(Percentages per annum; period average, unless otherwise indicated)

	Deposits			Revolving loans and overdrafts	Other loans by size and initial period of rate fixation									Composite cost-of-borrowing indicator
	Over-night	With an agreed maturity of:			up to EUR 0.25 million			over EUR 0.25 and up to 1 million			over EUR 1 million			
		Up to 2 years	Over 2 years		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 year	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 year	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 year	
2014 Mar.	0.35	0.68	1.58	3.95	4.58	4.49	3.90	2.78	3.44	3.17	2.17	2.74	2.96	2.99
Apr.	0.34	0.72	1.60	3.99	4.57	4.48	3.80	2.81	3.52	3.15	2.20	2.55	2.88	2.98
May	0.34	0.64	1.38	3.92	4.50	4.51	3.86	2.81	3.45	3.09	2.06	2.40	2.80	2.91
June	0.31	0.59	1.52	3.88	4.29	4.37	3.78	2.68	3.26	3.05	1.94	2.74	2.68	2.79
July	0.28	0.59	1.49	3.76	4.32	4.31	3.63	2.65	3.29	2.93	1.90	2.42	2.69	2.76
Aug.	0.28	0.49	1.63	3.71	4.18	4.28	3.55	2.56	3.20	2.83	1.74	2.43	2.56	2.68
Sep.	0.26	0.51	1.53	3.69	3.98	4.04	3.53	2.46	3.02	2.75	1.80	2.38	2.41	2.65
Oct.	0.25	0.50	1.43	3.61	3.98	3.94	3.54	2.44	2.92	2.69	1.74	2.26	2.49	2.58
Nov.	0.25	0.44	1.20	3.54	3.76	3.87	3.42	2.38	2.84	2.61	1.73	2.18	2.25	2.49
Dec.	0.24	0.44	1.29	3.44	3.68	3.74	3.27	2.35	2.78	2.47	1.74	2.18	2.09	2.43
2015 Jan.	0.23	0.44	1.28	3.43	3.75	3.83	2.98	2.32	2.82	2.04	1.66	2.03	2.12	2.42
Feb. <sup>4)</sup>	0.22	0.36	1.11	3.37	3.56	3.71	3.12	2.24	2.67	2.38	1.51	1.98	2.14	2.34

## 2.6 Debt securities issued by euro area residents, by sector of the issuer and initial maturity

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

	Outstanding amounts							Gross issues <sup>5)</sup>						
	Total	MFIs (including Euro-system)	Non-MFI corporations		General government		Total	MFIs (including Euro-system)	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		
													3	4
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Short-term														
2012	1,417	573	146	.	75	558	65	702	490	37	.	52	103	21
2013	1,239	468	123	.	67	529	53	507	314	30	.	44	99	21
2014	1,249	482	120	.	58	538	50	402	211	34	.	39	93	25
2014 Sep.	1,336	504	136	.	70	577	49	332	153	28	.	31	95	25
Oct.	1,308	496	136	.	73	564	41	331	139	29	.	37	102	25
Nov.	1,297	489	136	.	69	557	45	292	127	30	.	28	87	20
Dec.	1,249	482	120	.	58	538	50	320	168	24	.	28	66	34
2015 Jan.	1,312	524	126	.	66	543	54	363	167	30	.	35	94	37
Feb.	1,322	533	130	.	70	534	56	335	146	36	.	31	83	39
Long-term														
2012	15,234	4,824	3,185	.	841	5,758	626	256	99	45	.	16	84	12
2013	15,154	4,416	3,122	.	920	6,069	627	223	71	39	.	16	89	9
2014	15,187	4,046	3,215	.	996	6,286	643	219	65	42	.	16	85	10
2014 Sep.	15,196	4,164	3,154	.	980	6,246	651	218	59	43	.	13	90	13
Oct.	15,163	4,077	3,189	.	980	6,268	650	210	45	40	.	15	102	8
Nov.	15,199	4,059	3,192	.	985	6,314	649	197	59	44	.	14	73	6
Dec.	15,187	4,046	3,215	.	996	6,286	643	130	42	37	.	11	29	10
2015 Jan.	15,288	4,062	3,261	.	1,006	6,316	642	261	80	48	.	8	113	13
Feb.	15,327	4,040	3,270	.	1,017	6,354	646	204	63	21	.	18	83	17

Source: ECB.

1) Data refer to the changing composition of the euro area.

2) Including non-profit institutions serving households.

3) Annual percentage rate of charge (APRC).

4) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector.

5) For the purpose of comparison, annual data refer to the average monthly figure over the year.

6) Financial vehicle corporations (FVCs).

## 2.7 Growth rates and outstanding amounts of debt securities and listed shares

(EUR billions; percentage changes)

	Debt securities							Listed shares			
	Total	MFIs (including Eurosystem)	Non-MFI corporations			General government		Total	MFIs	Financial corporations other than MFIs	Non-financial corporations
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government					
							FVCs <sup>1)</sup>				
1	2	3	4	5	6	7	8	9	10	11	
	Outstanding amount										
2012	16,651.5	5,397.5	3,331.8	.	915.6	6,316.1	690.4	4,597.1	404.7	617.9	3,574.6
2013	16,392.4	4,883.4	3,244.6	.	986.8	6,597.8	679.8	5,638.0	569.1	751.0	4,317.9
2014	16,435.2	4,528.4	3,335.4	.	1,054.7	6,823.7	693.0	5,949.0	591.0	787.7	4,570.3
2014 Sep.	16,532.0	4,667.5	3,290.8	.	1,050.3	6,823.2	700.2	5,932.6	650.8	789.6	4,492.1
Oct.	16,471.5	4,572.4	3,324.6	.	1,052.8	6,831.2	690.5	5,764.8	611.6	764.4	4,388.9
Nov.	16,495.5	4,548.0	3,328.3	.	1,054.2	6,871.3	693.8	6,042.0	628.4	797.9	4,615.7
Dec.	16,435.2	4,528.4	3,335.4	.	1,054.7	6,823.7	693.0	5,949.0	591.0	787.7	4,570.3
2015 Jan.	16,599.9	4,585.9	3,387.5	.	1,071.8	6,859.1	695.5	6,422.8	573.0	835.9	5,014.0
Feb.	16,648.5	4,572.6	3,399.6	.	1,086.9	6,888.0	701.4	6,855.5	650.5	899.5	5,305.6
	Growth rate										
2012	1.3	-1.8	0.1	.	14.5	2.5	6.1	0.9	4.9	2.0	0.4
2013	-1.3	-8.9	-2.8	.	8.1	4.5	-1.1	0.9	7.2	0.2	0.3
2014	-0.6	-8.2	0.8	.	5.5	3.1	1.2	1.5	7.2	1.6	0.8
2014 Sep.	-0.4	-6.9	-0.5	.	5.8	3.3	3.1	1.5	6.9	1.9	0.7
Oct.	-0.7	-8.2	0.6	.	5.1	3.3	1.7	1.6	6.9	1.6	0.9
Nov.	-1.0	-8.5	0.2	.	4.6	2.9	1.4	1.6	7.1	1.7	0.8
Dec.	-0.6	-8.2	0.8	.	5.5	3.1	1.2	1.5	7.2	1.6	0.8
2015 Jan.	-0.6	-8.3	1.3	.	3.6	3.2	1.8	1.5	6.9	1.5	0.7
Feb.	-0.9	-8.1	1.2	.	5.0	2.3	0.7	1.4	6.8	1.2	0.7

## 2.8 Effective exchange rates<sup>2)</sup>

(period averages; index: 1999 Q1=100)

	EER-19						EER-38	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM <sup>3)</sup>	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2012	97.9	95.8	93.1	89.5	99.2	92.0	107.2	93.2
2013	101.7	99.2	96.6	92.8	101.9	94.6	112.2	96.5
2014	102.3	98.9	96.6	93.0	99.5	96.4	114.8	97.0
2014 Q2	103.9	100.5	98.0	94.4	101.0	98.0	116.2	98.2
Q3	101.7	98.2	96.0	92.3	98.5	95.7	113.8	95.9
Q4	99.6	96.1	94.3	90.5	96.6	93.8	112.6	94.5
2015 Q1	93.7	90.4	88.9	.	.	.	106.9	89.3
2014 Oct.	99.6	96.1	94.2	-	-	-	112.0	94.2
Nov.	99.6	96.1	94.3	-	-	-	112.3	94.3
Dec.	99.7	96.0	94.4	-	-	-	113.4	94.9
2015 Jan.	95.9	92.3	91.2	-	-	-	109.3	91.2
Feb.	94.0	90.7	89.1	-	-	-	107.4	89.7
Mar.	91.4	88.2	86.4	-	-	-	104.2	87.0
	Percentage change versus previous month							
2015 Mar.	-2.9	-2.8	-3.0	-	-	-	-2.9	-3.0
	Percentage change versus previous year							
2015 Mar.	-12.8	-13.2	-12.5	-	-	-	-11.4	-12.9

Source: ECB.

1) Financial vehicle corporations (FVCs).

2) For a definition of the trading partner groups and other information see the General Notes to the Statistics Bulletin.

3) ULCM-deflated series are available only for the EER-19 trading partner group.

## 2.9 Bilateral exchange rates

(period averages; units of national currency per euro)

	Chinese renminbi	Croatian kuna	Czech koruna	Danish krone	Hungarian forint	Japanese yen	Polish zloty	Pound sterling	Romanian leu	Swedish krona	Swiss franc	US Dollar
	1	2	3	4	5	6	7	8	9	10	11	12
2012	8.105	7.522	25.149	7.444	289.249	102.492	4.185	0.811	4.4593	8.704	1.205	1.285
2013	8.165	7.579	25.980	7.458	296.873	129.663	4.197	0.849	4.4190	8.652	1.231	1.328
2014	8.186	7.634	27.536	7.455	308.706	140.306	4.184	0.806	4.4437	9.099	1.215	1.329
2014 Q2	8.544	7.599	27.446	7.463	305.914	140.001	4.167	0.815	4.4256	9.052	1.219	1.371
Q3	8.173	7.623	27.619	7.452	312.242	137.749	4.175	0.794	4.4146	9.205	1.212	1.326
Q4	7.682	7.665	27.630	7.442	308.527	142.754	4.211	0.789	4.4336	9.272	1.205	1.250
2015 Q1	7.023	7.681	27.624	7.450	308.889	134.121	4.193	0.743	4.4516	9.380	1.072	1.126
2014 Oct.	7.763	7.657	27.588	7.445	307.846	136.845	4.207	0.789	4.4153	9.180	1.208	1.267
Nov.	7.641	7.670	27.667	7.442	306.888	145.029	4.212	0.791	4.4288	9.238	1.203	1.247
Dec.	7.633	7.668	27.640	7.440	310.833	147.059	4.215	0.788	4.4583	9.404	1.203	1.233
2015 Jan.	7.227	7.688	27.895	7.441	316.500	137.470	4.278	0.767	4.4874	9.417	1.094	1.162
Feb.	7.096	7.711	27.608	7.450	306.884	134.686	4.176	0.741	4.4334	9.490	1.062	1.135
Mar.	6.762	7.647	27.379	7.459	303.445	130.410	4.126	0.724	4.4339	9.245	1.061	1.084
<i>Percentage change versus previous month</i>												
2015 Mar.	-4.7	-0.8	-0.8	0.1	-1.1	-3.2	-1.2	-2.3	0.0	-2.6	-0.1	-4.5
<i>Percentage change versus previous year</i>												
2015 Mar.	-20.8	-0.1	-0.1	-0.1	-2.6	-7.8	-1.7	-13.0	-1.3	4.3	-12.9	-21.6

## 2.10 Euro area balance of payments, financial account

(EUR billions, unless otherwise indicated; outstanding amounts at end of period; transactions during period)

	Total <sup>1)</sup>			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets	Memo: Gross external debt
	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities		
	1	2	3	4	5	6	7		9	10		
<i>Outstanding amounts (international investment position)</i>												
2014 Q1	18,138.2	19,559.2	-1,421.0	7,453.0	5,605.5	5,671.2	9,279.2	-56.3	4,573.8	4,674.4	496.6	11,536.3
Q2	18,624.8	19,903.1	-1,278.3	7,503.2	5,599.4	5,958.7	9,632.0	-50.6	4,706.9	4,671.7	506.6	11,685.4
Q3	19,346.1	20,670.5	-1,324.5	7,723.5	5,856.6	6,337.2	9,967.7	-74.6	4,840.6	4,846.2	519.3	12,062.9
Q4	19,541.6	20,827.2	-1,285.6	7,541.6	5,844.7	6,521.7	10,127.9	-38.8	4,983.0	4,854.6	534.1	12,093.1
<i>Outstanding amounts as a percentage of GDP</i>												
2014 Q4	193.3	206.0	-12.7	74.6	57.8	64.5	100.2	-0.4	49.3	48.0	5.3	119.6
<i>Transactions</i>												
2014 Q1	322.9	278.2	44.7	12.4	9.8	71.8	121.3	4.9	231.3	147.0	2.5	-
Q2	215.2	125.4	89.9	-4.0	0.4	160.7	190.2	16.9	41.2	-65.2	0.4	-
Q3	192.8	111.5	81.3	65.4	42.9	114.8	22.6	18.5	-4.5	46.0	-1.3	-
Q4	52.4	-14.4	66.8	67.2	62.2	78.7	-4.9	9.0	-104.4	-71.7	1.9	-
2014 Aug.	35.1	30.0	5.2	16.3	17.9	28.7	19.5	3.9	-15.1	-7.4	1.3	-
Sep.	61.6	12.3	49.3	29.1	10.9	64.1	8.0	10.1	-39.8	-6.6	-1.9	-
Oct.	7.2	-27.4	34.6	27.2	26.0	6.6	-37.8	6.2	-32.9	-15.6	0.1	-
Nov.	172.6	98.0	74.6	53.6	22.6	49.0	32.9	0.7	68.5	42.5	0.8	-
Dec.	-127.3	-85.0	-42.3	-13.5	13.6	23.1	-0.1	2.1	-140.0	-98.6	1.0	-
2015 Jan.	249.7	270.1	-20.3	12.4	7.7	14.0	43.5	5.4	218.0	218.9	-0.1	-
<i>12-month cumulated transactions</i>												
2015 Jan.	833.1	542.7	290.4	112.5	72.5	430.8	323.5	54.7	234.4	146.7	0.8	-
<i>12-month cumulated transactions as a percentage of GDP</i>												
2015 Jan.	8.2	5.4	2.9	1.1	0.7	4.3	3.2	0.5	2.3	1.5	0.0	-

Source: ECB.

1) Net financial derivatives are included in total assets.



## 3 ECONOMIC ACTIVITY

### 3.1 GDP and expenditure components <sup>1)</sup>

(quarterly data seasonally adjusted; annual data unadjusted)

	GDP											
	Total	Domestic demand								External balance		
		Total	Private consumption	Government consumption	Gross fixed capital formation			Changes in inventories	Total	Exports	Imports	
					Total construction	Total machinery	Intellectual property products					
1	2	3	4	5	6	7	8	9	10	11	12	
	Current prices (EUR billions)											
2012	9,845.6	9,582.9	5,542.1	2,065.5	1,980.9	1,036.6	581.5	358.1	-5.6	262.7	4,281.0	4,018.3
2013	9,930.6	9,589.0	5,565.3	2,097.1	1,940.4	1,006.3	569.0	360.2	-13.9	341.6	4,357.6	4,016.0
2014	10,110.9	9,721.4	5,650.5	2,129.0	1,968.3	1,010.0	584.5	368.6	-26.4	389.4	4,486.1	4,096.6
2014 Q1	2,516.3	2,425.6	1,404.3	529.0	493.5	255.7	145.2	91.3	-1.2	90.6	1,102.5	1,011.9
Q2	2,521.9	2,427.2	1,409.2	529.9	490.6	251.5	145.9	91.9	-2.6	94.7	1,116.5	1,021.8
Q3	2,533.2	2,436.0	1,416.7	534.2	492.2	251.2	147.1	92.6	-7.1	97.2	1,133.9	1,036.7
Q4	2,545.8	2,437.1	1,423.0	534.0	495.4	253.5	147.8	92.9	-15.3	108.7	1,141.5	1,032.7
	as a percentage of GDP											
2012	100.0	97.3	56.3	21.0	20.1	10.5	5.9	3.6	0.0	2.7	-	-
2013	100.0	96.6	56.0	21.1	19.6	10.1	5.7	3.6	-0.1	3.5	-	-
2014	100.0	96.1	55.9	21.1	19.5	10.0	5.8	3.6	-0.3	3.9	-	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2014 Q1	0.3	0.3	0.2	0.2	0.4	0.8	-0.2	0.5	-	-	0.4	0.5
Q2	0.1	0.0	0.2	0.2	-0.5	-1.6	0.7	0.3	-	-	1.3	1.3
Q3	0.2	0.2	0.5	0.2	0.0	-0.6	0.7	0.5	-	-	1.5	1.7
Q4	0.3	0.1	0.4	0.2	0.4	0.8	0.0	-0.1	-	-	0.8	0.4
	contributions to quarter-on-quarter percentage changes in GDP; percentage points											
2014 Q1	0.3	0.3	0.1	0.0	0.1	0.1	0.0	0.0	0.1	0.0	-	-
Q2	0.1	0.0	0.1	0.0	-0.1	-0.2	0.0	0.0	0.0	0.0	-	-
Q3	0.2	0.2	0.3	0.1	0.0	-0.1	0.0	0.0	-0.1	0.0	-	-
Q4	0.3	0.1	0.2	0.0	0.1	0.1	0.0	0.0	-0.2	0.2	-	-

### 3.2 Value added by economic activity <sup>1)</sup>

(quarterly data seasonally adjusted; annual data unadjusted)

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	
	Current prices (EUR billions)											
2012	8,863.7	152.2	1,726.7	474.0	1,681.4	410.7	439.7	1,014.9	928.5	1,718.2	317.3	994.0
2013	8,930.7	155.7	1,736.3	465.0	1,689.0	401.9	439.1	1,032.1	941.8	1,748.5	321.3	1,008.6
2014	9,076.4	148.1	1,760.7	467.0	1,715.9	402.8	452.8	1,055.1	963.3	1,783.2	327.4	1,033.0
2014 Q1	2,261.8	38.1	439.4	117.5	426.1	101.6	113.3	262.1	238.3	444.4	80.9	254.5
Q2	2,263.5	37.6	440.6	115.6	426.2	101.5	114.6	263.2	239.1	444.0	80.9	258.4
Q3	2,274.2	36.2	442.8	115.1	429.4	101.8	114.5	264.5	240.9	447.1	81.8	259.1
Q4	2,284.6	35.7	444.7	116.7	432.4	101.9	113.5	265.7	243.2	448.3	82.3	261.2
	as a percentage of value added											
2012	100.0	1.7	19.5	5.3	18.9	4.6	5.0	11.5	10.5	19.4	3.6	-
2013	100.0	1.8	19.5	5.2	18.9	4.5	4.9	11.6	10.5	19.6	3.6	-
2014	100.0	1.6	19.5	5.1	18.9	4.5	5.0	11.6	10.6	19.6	3.6	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2014 Q1	0.3	1.1	-0.1	0.7	0.6	-0.4	0.6	0.4	0.5	0.3	0.3	-0.2
Q2	0.0	-0.4	0.2	-1.5	-0.1	-0.1	-0.8	0.3	0.2	0.1	-0.3	0.9
Q3	0.2	0.6	0.2	-0.9	0.5	0.5	0.3	0.3	0.5	0.0	0.7	-0.3
Q4	0.2	-1.9	0.0	1.0	0.5	-0.1	-0.2	0.2	0.6	0.3	0.1	1.1
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2014 Q1	0.3	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.0	-
Q2	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q3	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	-
Q4	0.2	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.0	-

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 19.

### 3.3 Short-term business statistics

	Industrial production						Construction production	ECB indicator on industrial new orders	Retail sales				New passenger car registrations
	Total (excluding construction)	Main Industrial Groupings							Total	Food, beverages, tobacco	Non-food	Fuel	
		Manufacturing	Intermediate goods	Capital goods	Consumer goods	Energy							
% of total in 2010	100.0	86.0	33.6	29.2	22.5	14.7	100.0	100.0	100.0	39.3	51.5	9.1	100.0
	1	2	3	4	5	6	7	8	9	10	11	12	13
annual percentage changes													
2012	-2.4	-2.6	-4.5	-1.0	-2.5	-0.1	-5.0	-3.8	-1.6	-1.3	-1.5	-5.0	-11.0
2013	-0.7	-0.7	-1.0	-0.6	-0.4	-0.8	-2.7	-0.1	-0.8	-0.9	-0.6	-0.9	-4.4
2014	0.8	1.8	1.2	1.8	2.6	-5.6	2.2	3.3	1.3	0.3	2.4	0.3	3.7
2014 Q1	1.3	3.2	3.2	4.2	2.5	-9.6	6.7	4.4	1.0	-0.5	2.3	0.8	5.1
Q2	0.9	1.7	1.4	1.0	3.4	-5.4	3.8	4.0	1.4	1.1	2.0	-0.4	3.9
Q3	0.5	1.1	0.4	1.5	2.0	-3.5	-0.2	2.2	0.8	-0.3	2.0	-0.6	4.1
Q4	0.3	1.0	-0.4	0.8	2.7	-3.3	-0.5	2.8	2.1	0.7	3.2	1.3	1.6
2014 Sep.	0.3	0.7	-0.5	1.4	1.2	-3.2	-2.4	0.9	0.4	0.7	0.4	0.5	2.5
Oct.	0.8	1.2	-0.5	1.5	3.2	-2.4	0.3	3.9	1.5	0.1	2.5	1.0	4.4
Nov.	-0.6	0.3	-0.8	-1.0	3.1	-5.6	0.4	1.5	1.4	-0.3	2.9	0.2	0.3
Dec.	0.8	1.4	0.1	1.9	1.6	-2.1	-2.7	2.9	3.2	2.1	4.0	2.8	0.0
2015 Jan.	0.4	0.0	-0.3	-0.2	0.6	2.4	3.0	0.1	3.2	2.2	4.2	3.1	11.0
Feb.	1.6	1.0	-0.2	1.1	1.7	6.6	.	.	3.0	1.0	4.3	4.2	8.1
month-on-month percentage changes (s.a.)													
2014 Sep.	0.6	0.6	-0.2	2.0	-0.6	0.2	-1.5	1.0	-0.9	0.4	-1.7	-0.2	-1.3
Oct.	0.1	0.3	0.3	-0.1	1.2	-1.4	1.0	1.3	0.5	-0.2	0.8	0.4	2.9
Nov.	0.2	0.3	0.1	-0.1	0.3	-0.4	-0.4	-1.2	0.5	0.2	1.1	0.3	-2.5
Dec.	0.6	0.6	1.2	1.2	-0.3	0.9	0.2	2.7	0.6	0.3	0.4	1.6	5.4
2015 Jan.	-0.3	-0.7	-0.2	-0.8	-0.9	1.3	1.9	-2.9	0.9	0.9	1.1	1.3	2.6
Feb.	1.1	1.1	0.3	1.0	1.6	1.1	.	.	-0.2	-0.8	0.1	-0.4	-0.2

### 3.4 Employment <sup>1)</sup>

(quarterly data seasonally adjusted; annual data unadjusted)

	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													
as a percentage of total persons employed													
2012	100.0	85.0	15.0	3.4	15.4	6.4	24.9	2.7	2.7	1.0	12.7	23.8	7.0
2013	100.0	85.0	15.0	3.4	15.2	6.2	24.9	2.7	2.7	1.0	12.8	24.0	7.0
2014	100.0	85.2	14.8	3.4	15.1	6.0	25.0	2.7	2.7	1.0	13.0	24.0	7.0
annual percentage changes													
2012	-0.5	-0.5	-0.4	-1.3	-0.7	-4.4	-0.5	0.7	-0.4	0.1	0.5	-0.2	0.6
2013	-0.7	-0.7	-0.9	-1.3	-1.6	-4.3	-0.5	-0.2	-1.1	-0.7	0.2	-0.1	-0.1
2014	0.6	0.8	-0.5	-0.2	0.0	-1.7	0.9	1.0	-1.0	0.6	2.0	0.8	0.6
2014 Q1	0.2	0.3	-0.2	0.8	-0.8	-2.3	0.4	0.4	-0.9	0.9	1.2	0.8	-0.2
Q2	0.6	0.8	-0.7	-0.5	0.0	-1.9	0.9	0.8	-1.2	0.7	2.2	0.8	0.3
Q3	0.7	1.0	-0.6	-0.6	0.3	-1.3	1.1	1.4	-1.0	0.2	2.1	0.8	0.6
Q4	0.9	1.1	-0.6	-0.5	0.5	-1.3	1.1	1.2	-1.1	0.6	2.5	0.8	1.7
Hours worked													
as a percentage of total hours worked													
2012	100.0	80.1	19.9	4.4	15.7	7.2	25.9	2.8	2.8	1.0	12.4	21.6	6.3
2013	100.0	80.1	19.9	4.4	15.6	6.9	25.9	2.8	2.8	1.0	12.5	21.7	6.3
2014	100.0	80.2	19.8	4.4	15.6	6.7	26.0	2.8	2.7	1.0	12.6	21.8	6.3
annual percentage changes													
2012	-1.8	-1.8	-1.7	-2.0	-2.3	-6.9	-2.0	0.2	-1.2	-0.8	-0.6	-0.7	-0.3
2013	-1.2	-1.2	-1.1	-0.8	-1.7	-5.3	-0.9	-0.4	-1.4	-1.4	-0.4	-0.4	-0.7
2014	0.6	0.9	-0.3	0.4	0.5	-1.4	0.8	0.9	-1.3	0.1	1.9	0.9	0.2
2014 Q1	0.8	0.8	0.8	1.6	0.6	-0.5	0.8	0.8	-0.6	0.7	1.2	1.3	-0.6
Q2	0.4	0.7	-0.8	-0.3	-0.3	-2.0	0.7	0.8	-1.9	0.1	1.8	0.9	0.3
Q3	0.5	0.9	-0.8	-0.4	0.4	-1.7	1.0	1.0	-1.7	-0.5	1.9	0.7	0.0
Q4	1.1	1.4	0.1	1.1	1.2	-0.7	1.2	1.2	-1.9	0.7	2.6	0.9	1.4
Hours worked per person employed													
annual percentage changes													
2012	-1.3	-1.3	-1.3	-0.7	-1.6	-2.6	-1.5	-0.6	-0.7	-0.9	-1.1	-0.5	-0.9
2013	-0.4	-0.5	-0.1	0.5	0.0	-1.0	-0.4	-0.1	-0.4	-0.7	-0.6	-0.3	-0.6
2014	0.1	0.1	0.2	0.5	0.5	0.3	-0.1	0.0	-0.3	-0.5	-0.1	0.1	-0.4
2014 Q1	0.6	0.5	1.0	0.8	1.3	1.8	0.4	0.4	0.3	-0.2	0.0	0.6	-0.4
Q2	-0.2	-0.1	-0.2	0.2	-0.3	-0.1	-0.2	0.0	-0.7	-0.6	-0.3	0.1	-0.1
Q3	-0.2	-0.1	-0.2	0.1	0.2	-0.4	-0.2	-0.4	-0.8	-0.7	-0.2	-0.1	-0.6
Q4	0.2	0.2	0.7	1.6	0.7	0.7	0.1	0.0	-0.8	0.2	0.1	0.2	-0.4

Sources: Eurostat, ECB calculations, ECB experimental statistics (Table 3.3, col. 8) and European Automobile Manufacturers Association (Table 3.3, col. 13).

1) Data refer to the Euro 19. Data for employment are based on the ESA 2010.

### 3.5 Labour force, unemployment and job vacancies

(seasonally adjusted, unless otherwise indicated)

	Labour force, millions <sup>1)</sup>	Under-employment, % of labour force <sup>1)</sup>	Unemployment										Job vacancy rate <sup>2)</sup>	
			Total		Long-term unemployment % of labour force <sup>1)</sup>	By age				By gender				
			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 2013			100.0			81.3		18.7		53.6		46.4		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2012	159.225	3.9	18.191	11.4	5.3	14.630	10.1	3.561	23.6	9.759	11.3	8.432	11.5	1.6
2013	159.341	4.3	19.221	12.0	5.9	15.624	10.7	3.597	24.3	10.300	11.9	8.921	12.1	1.5
2014	159.534	.	18.624	11.6	6.0	15.216	10.4	3.408	23.7	9.908	11.5	8.716	11.8	1.7
2014 Q1	158.975	4.4	18.867	11.8	6.3	15.365	10.6	3.501	24.2	10.105	11.7	8.761	11.9	1.7
Q2	159.296	4.4	18.612	11.6	6.0	15.195	10.4	3.418	23.7	9.910	11.5	8.702	11.8	1.7
Q3	159.680	4.2	18.550	11.6	5.8	15.158	10.4	3.391	23.6	9.818	11.4	8.732	11.8	1.6
Q4	160.186	.	18.467	11.5	6.0	15.145	10.3	3.322	23.2	9.798	11.3	8.668	11.7	1.8
2014 Sep.	-	-	18.525	11.5	-	15.161	10.4	3.364	23.4	9.816	11.3	8.709	11.8	-
Oct.	-	-	18.524	11.5	-	15.187	10.4	3.337	23.3	9.833	11.4	8.691	11.7	-
Nov.	-	-	18.532	11.5	-	15.187	10.4	3.345	23.3	9.831	11.4	8.701	11.7	-
Dec.	-	-	18.345	11.4	-	15.062	10.3	3.283	23.0	9.731	11.2	8.613	11.6	-
2015 Jan.	-	-	18.253	11.4	-	14.998	10.2	3.256	22.9	9.697	11.2	8.556	11.5	-
Feb.	-	-	18.203	11.3	-	14.958	10.2	3.245	22.9	9.637	11.1	8.567	11.5	-

### 3.6 Opinion surveys

(seasonally adjusted)

	European Commission Business and Consumer Surveys (percentage balances, unless otherwise indicated)							Purchasing Managers' Surveys (diffusion indices)				
	Economic sentiment indicator (long-term average = 100)	Manufacturing industry		Consumer confidence indicator	Construction confidence indicator	Retail trade confidence indicator	Service industries		Purchasing Managers' Index (PMI) for manufacturing	Manufacturing output	Business activity for services	Composite output
		Industrial confidence indicator	Capacity utilisation (%)				Services confidence indicator	Capacity utilisation (%)				
	1	2	3	4	5	6	7	8	9	10	11	12
1999-13	100.2	-6.1	80.8	-12.7	-13.8	-8.7	6.6	-	51.0	52.4	52.9	52.7
2012	90.5	-11.6	78.8	-22.1	-27.7	-15.0	-6.5	86.5	46.2	46.3	47.6	47.2
2013	93.8	-9.1	78.5	-18.6	-29.2	-12.2	-5.4	87.1	49.6	50.6	49.3	49.7
2014	101.6	-3.9	80.2	-10.0	-27.4	-3.2	4.8	87.7	51.8	53.3	52.5	52.7
2014 Q2	102.6	-3.3	79.9	-7.7	-29.9	-1.8	5.1	87.6	52.4	54.5	53.1	53.4
Q3	101.2	-4.6	80.2	-9.9	-27.3	-3.9	4.5	87.7	50.9	51.6	53.2	52.8
Q4	100.9	-4.5	80.7	-11.2	-24.3	-5.1	5.3	87.9	50.4	51.2	51.7	51.5
2015 Q1	102.6	-4.0	.	-6.3	-24.9	-1.6	5.5	.	51.4	52.6	53.6	53.3
2014 Oct.	100.9	-4.7	80.3	-11.1	-23.6	-5.5	4.9	87.9	50.6	51.5	52.3	52.1
Nov.	100.8	-3.9	-	-11.6	-25.0	-5.2	4.5	-	50.1	51.2	51.1	51.1
Dec.	100.9	-5.0	-	-10.9	-24.2	-4.6	6.4	-	50.6	50.9	51.6	51.4
2015 Jan.	101.5	-4.5	81.0	-8.5	-25.3	-2.7	5.3	87.8	51.0	52.1	52.7	52.6
Feb.	102.3	-4.6	-	-6.7	-25.1	-1.3	5.3	-	51.0	52.1	53.7	53.3
Mar.	103.9	-2.9	-	-3.7	-24.2	-0.7	6.0	-	52.2	53.6	54.2	54.0

Sources: Eurostat, ECB calculations, European Commission (Directorate-General for Economic and Financial Affairs) (Table 3.6, col. 1-8), Markit (Table 3.6, col. 9-12).

1) Not seasonally adjusted. Data refer to the Euro 19.

2) The job vacancy rate is equal to the number of job vacancies divided by the sum of the number of occupied posts and the number of job vacancies, expressed as a percentage.

### 3.7 Summary accounts for households and non-financial corporations

(current prices, unless otherwise indicated; not seasonally adjusted)

	Households							Non-financial corporations						
	Saving ratio (gross) <sup>1)</sup>	Debt ratio	Real gross disposable income	Financial investment	Non-financial investment (gross)	Net worth <sup>2)</sup>	Housing wealth	Profit share <sup>3)</sup>	Saving ratio (net)	Debt ratio <sup>4)</sup>	Financial investment	Non-financial investment (gross)	Financing	
	Percentage of gross disposable income (adjusted)	Annual percentage changes						Percentage of net value added	Percentage of GDP	Annual percentage changes				
	1	2	3	4	5	6	7	8	9	10	11	12	13	
2011	13.0	97.9	-0.1	1.9	1.8	1.8	1.1	33.5	3.7	.	3.2	9.7	2.0	
2012	12.7	97.7	-1.7	1.8	-4.1	0.3	-2.2	31.3	1.7	135.1	1.1	-5.9	0.8	
2013	12.9	96.3	-0.4	1.3	-4.0	0.0	-2.3	30.7	1.8	132.6	2.4	-2.9	1.4	
2014 Q1	12.8	95.8	0.3	1.3	2.9	1.9	-1.0	31.1	2.3	131.5	2.4	3.6	1.3	
Q2	12.7	95.1	0.2	1.4	-0.3	2.9	-0.1	31.1	1.9	134.0	2.3	1.5	1.3	
Q3	12.7	95.1	1.5	1.5	-0.8	2.7	0.3	31.5	2.1	132.3	1.9	2.1	1.1	
Q4	12.8	94.8	1.6	1.6	-0.3	.	.	.	2.9	132.7	2.2	1.7	1.1	

### 3.8 Euro area balance of payments, current and capital accounts

(EUR billions; seasonally adjusted unless otherwise indicated; transactions)

	Current account											Capital account <sup>5)</sup>	
	Total			Goods		Services		Primary income		Secondary income		Credit	Debit
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit		
1	2	3	4	5	6	7	8	9	10	11	12	13	
2014 Q1	828.1	779.7	48.3	483.9	429.8	168.4	149.5	153.3	143.2	22.4	57.1	9.8	3.5
Q2	831.0	788.2	42.7	486.8	430.9	170.2	153.0	151.3	145.3	22.6	59.1	7.6	3.3
Q3	834.5	776.4	58.1	489.2	427.6	174.3	157.5	147.4	136.2	23.5	55.1	6.8	2.5
Q4	835.3	767.2	68.1	496.6	426.0	174.2	158.4	139.4	123.3	25.0	59.4	12.8	5.4
2014 Aug.	272.3	256.0	16.3	157.9	140.1	57.9	52.6	48.7	45.3	7.9	18.1	2.3	0.8
Sep.	283.9	259.1	24.8	168.1	143.5	57.7	52.0	50.0	45.4	8.1	18.3	1.9	0.8
Oct.	279.7	255.9	23.9	166.3	142.7	57.9	52.4	47.2	41.9	8.4	18.9	3.3	1.3
Nov.	277.7	255.4	22.3	164.2	142.4	58.2	52.6	46.9	40.0	8.4	20.3	3.7	1.3
Dec.	277.8	255.9	22.0	166.2	140.9	58.1	53.4	45.3	41.4	8.2	20.1	5.8	2.8
2015 Jan.	283.1	252.6	30.5	164.0	138.3	59.6	54.5	51.0	39.7	8.5	20.1	2.0	1.5
	12-month cumulated transactions												
2015 Jan.	3,336.9	3,105.8	231.1	1,959.3	1,709.1	691.3	624.1	591.7	540.2	94.6	232.5	36.6	15.0
	12-month cumulated transactions as a percentage of GDP												
2015 Jan.	33.0	30.7	2.3	19.4	16.9	6.8	6.2	5.8	5.3	0.9	2.3	0.4	0.1

### 3.9 Euro area external trade in goods<sup>6)</sup>, values and volumes by product group<sup>7)</sup>

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
	Exports	Imports	Total			Memo item: Manufacturing	Total			Memo items:			
			Intermediate goods	Capital goods	Consumption goods		Intermediate goods	Capital goods	Consumption goods	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)												
2014 Q1	1.0	0.0	480.6	235.9	95.8	137.7	389.7	438.3	273.9	61.0	96.6	278.2	80.4
Q2	0.6	0.3	481.8	235.0	96.1	138.1	395.4	438.9	271.9	61.0	99.0	281.9	78.2
Q3	2.9	0.3	486.0	235.9	96.5	139.3	397.5	438.7	269.6	61.3	100.6	286.5	74.6
Q4	4.4	-0.2	497.0	236.4	101.5	144.2	407.9	433.0	259.2	61.4	101.4	290.6	67.7
2014 Aug.	-3.2	-4.3	159.2	78.2	30.9	45.1	129.1	143.9	88.0	19.7	33.2	92.3	24.4
Sep.	8.6	4.1	165.7	79.4	33.6	47.2	136.3	147.3	90.3	21.0	33.8	97.7	24.4
Oct.	4.2	-0.1	165.6	79.4	33.8	47.9	135.1	145.7	88.5	21.0	33.8	96.7	23.8
Nov.	1.0	-1.9	166.4	79.2	33.9	48.7	135.8	145.2	86.4	20.8	33.5	95.9	22.3
Dec.	8.3	1.5	164.9	77.8	33.9	47.6	137.0	142.1	84.2	19.5	34.0	98.0	21.6
2015 Jan.	-0.4	-5.6	163.4	.	.	.	134.3	141.8	.	.	.	98.1	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2014 Q1	1.5	2.6	114.7	113.5	115.0	117.3	114.1	100.6	101.2	98.2	99.9	102.1	94.9
Q2	0.7	2.3	114.8	113.3	114.1	117.3	115.6	101.7	101.8	98.7	102.9	104.0	93.1
Q3	1.1	2.0	114.5	112.6	114.0	116.2	114.6	101.3	101.1	99.0	102.5	104.1	90.2
Q4	2.9	1.6	116.9	113.1	118.4	120.4	116.4	101.4	101.2	95.7	100.9	103.2	98.8
2014 Aug.	-4.6	-2.6	112.6	111.8	109.4	113.5	111.8	99.7	99.3	95.3	101.2	100.5	89.1
Sep.	6.4	6.0	116.7	113.6	118.7	117.3	117.4	101.6	101.7	98.6	102.9	105.4	90.9
Oct.	2.3	0.8	116.7	113.4	119.2	119.5	116.1	100.7	101.0	97.7	101.2	103.0	93.9
Nov.	-0.7	-1.0	117.2	113.3	118.5	121.9	116.1	101.8	100.4	99.6	99.8	102.6	95.1
Dec.	7.4	5.2	116.7	112.5	117.4	119.8	117.1	101.6	102.1	89.8	101.6	104.0	107.3
2015 Jan.	-4.4	1.8	115.2	.	.	.	113.2	104.2	.	.	.	102.0	.

Sources: ECB and Eurostat.

- 1) Based on four-quarter cumulated sums of both saving and gross disposable income (adjusted for the change in the net equity of households in pension fund reserves).
- 2) Financial assets (net of financial liabilities) and non-financial assets. Non-financial assets consist mainly of housing wealth (residential structures and land). They also include non-financial assets of unincorporated enterprises classified within the household sector.
- 3) The profit share uses net entrepreneurial income, which is broadly equivalent to current profits in business accounting.
- 4) Based on the outstanding amount of loans, debt securities, trade credits and pension scheme liabilities.
- 5) The capital account is not seasonally adjusted.
- 6) Differences between ECB's b.o.p. goods (Table 3.8) and Eurostat's trade in goods (Table 3.9) are mainly due to different definitions.
- 7) Product groups as classified in the Broad Economic Categories.

## 4 PRICES AND COSTS

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

(annual percentage changes, unless otherwise indicated)

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices	
	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 excluding food and energy											
% of total in 2015	100.0	100.0	69.7	56.5	43.5	100.0	12.2	7.5	26.3	10.6	43.5	87.1	12.9
	1	2	3	4	5	6	7	8	9	10	11	12	13
2012	115.6	2.5	1.5	3.0	1.8	-	-	-	-	-	-	2.3	3.8
2013	117.2	1.4	1.1	1.3	1.4	-	-	-	-	-	-	1.2	2.1
2014	117.7	0.4	0.8	-0.2	1.2	-	-	-	-	-	-	0.2	1.9
2014 Q2	118.2	0.6	0.8	0.0	1.3	0.0	0.1	-1.0	-0.1	-0.3	0.3	0.3	2.2
Q3	117.7	0.4	0.8	-0.3	1.2	0.2	0.2	0.2	0.1	-0.4	0.4	0.2	1.6
Q4	117.8	0.2	0.7	-0.6	1.2	-0.2	0.0	0.5	-0.1	-3.0	0.2	-0.1	1.7
2015 Q1	116.8	-0.3	0.6	.	1.1	-0.3	0.2	0.4	0.0	-4.2	0.2	.	.
2014 Oct.	118.0	0.4	0.7	-0.2	1.2	-0.1	0.0	0.0	-0.1	-0.9	0.0	0.2	1.7
Nov.	117.8	0.3	0.7	-0.4	1.2	-0.1	-0.1	0.3	0.0	-1.4	0.1	0.1	1.7
Dec.	117.7	-0.2	0.7	-1.2	1.2	-0.3	0.1	-0.4	0.0	-3.3	0.0	-0.4	1.6
2015 Jan.	115.8	-0.6	0.6	-1.8	1.0	-0.3	0.0	0.2	0.0	-3.2	0.0	-0.9	1.2
Feb.	116.6	-0.3	0.7	-1.4	1.2	0.3	0.2	0.6	-0.1	1.6	0.3	-0.5	1.1
Mar. <sup>2)</sup>	117.9	-0.1	0.6	.	1.0	0.2	0.1	-0.1	0.0	1.9	0.0	.	.

	Goods						Services					
	Food (including alcoholic beverages and tobacco)			Industrial goods			Housing	Transport	Communication	Recreation and personal	Miscellaneous	
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy						
% of total in 2015	19.7	12.2	7.5	36.9	26.3	10.6	10.7	6.4	7.3	3.1	14.8	7.5
	14	15	16	17	18	19	20	21	22	23	24	25
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
2014	0.5	1.2	-0.8	-0.5	0.1	-1.9	1.7	1.4	1.7	-2.8	1.5	1.3
2014 Q2	0.2	1.5	-1.8	-0.1	0.0	-0.4	1.8	1.4	1.8	-2.8	1.6	1.3
Q3	-0.1	1.0	-2.0	-0.4	0.1	-1.8	1.7	1.3	1.7	-3.1	1.5	1.3
Q4	0.3	0.7	-0.3	-1.1	-0.1	-3.6	1.6	1.4	1.6	-2.6	1.4	1.4
2015 Q1	0.3	0.5	0.1	.	-0.1	-7.7	.	.	.	.	.	.
2014 Oct.	0.5	0.8	0.0	-0.6	-0.1	-2.0	1.6	1.4	1.5	-2.6	1.5	1.4
Nov.	0.5	0.6	0.2	-0.8	-0.1	-2.6	1.6	1.4	1.4	-2.5	1.3	1.4
Dec.	0.0	0.5	-1.0	-1.8	0.0	-6.3	1.5	1.4	1.9	-2.6	1.4	1.4
2015 Jan.	-0.1	0.4	-0.8	-2.8	-0.1	-9.3	1.4	1.4	1.4	-2.1	1.2	1.0
Feb.	0.5	0.5	0.4	-2.4	-0.1	-7.9	1.3	1.3	1.5	-1.9	1.6	1.1
Mar. <sup>2)</sup>	0.6	0.6	0.7	.	-0.1	-5.8	.	.	.	.	.	.

### 4.2 Industry, construction and property prices

(annual percentage changes, unless otherwise indicated)

	Industrial producer prices excluding construction									Const- ruction <sup>3)</sup>	Residential property prices <sup>3),4)</sup>	Experimental indicator of commercial property prices <sup>3),4)</sup>	
	Total (index: 2010 = 100)	Total		Industry excluding construction and energy					Energy				
		Manu- facturing	Total	Intermediate goods	Capital goods	Consumer goods							
						Total	Food, beverages and tobacco	Non- food					
% of total in 2010	100.0	100.0	78.0	72.1	29.3	20.0	22.7	13.8	8.9	27.9			
	1	2	3	4	5	6	7	8	9	10	11	12	13
2012	108.7	2.8	2.0	1.4	0.7	1.0	2.5	3.5	0.9	6.6	1.5	-1.7	0.4
2013	108.5	-0.2	-0.1	0.4	-0.6	0.6	1.7	2.6	0.3	-1.6	0.3	-2.0	-1.8
2014	106.9	-1.5	-0.9	-0.3	-1.1	0.4	0.1	-0.2	0.3	-4.4	0.3	0.2	1.0
2014 Q1	107.6	-1.6	-1.1	-0.5	-1.8	0.3	0.6	0.5	0.3	-4.1	0.4	-0.6	-0.9
Q2	107.1	-1.1	-0.4	-0.2	-1.2	0.3	0.5	0.4	0.4	-3.1	0.2	0.1	0.8
Q3	106.8	-1.4	-0.6	-0.1	-0.6	0.4	-0.1	-0.5	0.3	-4.5	0.4	0.4	1.8
Q4	106.0	-1.9	-1.6	-0.3	-0.7	0.6	-0.6	-1.2	0.2	-5.8	0.1	0.8	2.5
2014 Sep.	106.9	-1.5	-0.8	-0.1	-0.5	0.5	-0.4	-0.9	0.2	-4.6	-	-	-
Oct.	106.5	-1.3	-0.9	-0.2	-0.4	0.5	-0.6	-1.1	0.3	-4.1	-	-	-
Nov.	106.3	-1.6	-1.3	-0.2	-0.5	0.6	-0.6	-1.2	0.2	-4.9	-	-	-
Dec.	105.2	-2.7	-2.5	-0.5	-1.0	0.6	-0.7	-1.4	0.1	-8.3	-	-	-
2015 Jan.	104.0	-3.5	-3.4	-0.7	-1.7	0.7	-0.9	-1.5	-0.1	-10.5	-	-	-
Feb.	104.6	-2.8	-2.6	-0.8	-1.8	0.7	-0.7	-1.3	-0.1	-8.1	-	-	-

Sources: Eurostat, ECB calculations, and ECB calculations based on IPD data and national sources (Table 4.2, col. 13).

1) Data refer to the changing composition of the euro area.

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

3) Data refer to the Euro 19.

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

### 4.3 Commodity prices and GDP deflators

(annual percentage changes, unless otherwise indicated)

	GDP deflators <sup>1)</sup>								Oil prices (EUR per barrel)	Non-energy commodity prices (EUR)					
	Total (s.a.; index: 2010 = 100)	Total	Domestic demand				Exports <sup>2)</sup>	Imports <sup>2)</sup>		Import-weighted <sup>3)</sup>			Use-weighted <sup>3)</sup>		
			Total	Private consump- tion	Govern- ment consump- tion	Gross fixed capital formation				Total	Food	Non-food	Total	Food	Non-food
% 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
2012	102.4	1.3	1.5	1.9	0.8	1.3	1.9	2.5	86.6	-4.9	0.7	-7.6	-1.2	6.5	-6.9
2013	103.7	1.3	0.9	1.1	1.3	0.4	-0.3	-1.3	81.7	-7.6	-12.0	-5.3	-6.9	-8.2	-5.8
2014	104.7	0.9	0.6	0.6	0.8	0.4	-0.7	-1.7	74.5	-6.4	-0.7	-9.1	-3.0	1.3	-6.6
2014 Q2	104.5	0.8	0.6	0.7	0.6	0.4	-0.8	-1.5	79.9	-5.8	-0.4	-8.6	-3.4	1.1	-7.4
Q3	104.8	1.0	0.6	0.5	1.0	0.5	-0.5	-1.4	78.0	-4.3	-1.1	-5.8	-1.0	0.4	-2.1
Q4	105.0	0.9	0.4	0.3	0.8	0.6	-0.5	-1.9	61.5	-2.4	6.7	-6.6	3.3	9.6	-2.0
2015 Q1	-	-	-	-	-	-	-	-	49.0	2.8	10.4	-1.1	8.1	13.7	3.1
2014 Oct.	-	-	-	-	-	-	-	-	69.5	-2.3	4.4	-5.5	1.4	4.8	-1.4
Nov.	-	-	-	-	-	-	-	-	64.1	-2.6	6.6	-6.9	3.4	9.8	-1.9
Dec.	-	-	-	-	-	-	-	-	51.3	-2.2	9.1	-7.5	5.0	14.2	-2.6
2015 Jan.	-	-	-	-	-	-	-	-	42.8	1.7	14.2	-4.3	7.8	17.2	0.0
Feb.	-	-	-	-	-	-	-	-	52.0	2.0	10.1	-2.1	7.0	12.6	2.1
Mar.	-	-	-	-	-	-	-	-	52.4	4.8	7.2	3.4	9.4	11.4	7.5

### 4.4 Price-related opinion surveys

(seasonally adjusted)

	European Commission Business and Consumer Surveys (percentage balances)					Purchasing Managers' Surveys (diffusion indices)			
	Selling price expectations (for next three months)				Consumer price trends over past 12 months	Input prices		Prices charged	
	Manufac- turing	Retail trade	Services	Const- ruction		Manufac- turing	Services	Manufac- turing	Services
	1	2	3	4	5	6	7	8	9
1999-13	4.8	-	-	-1.8	34.0	57.7	56.7	-	49.9
2012	2.7	8.1	2.1	-12.7	38.6	52.7	55.1	49.9	47.9
2013	-0.3	1.7	-1.2	-17.1	29.8	48.5	53.8	49.4	47.8
2014	-0.8	-1.4	1.2	-17.6	14.3	49.6	53.5	49.7	48.2
2014 Q2	-0.9	-1.0	0.7	-19.9	14.9	48.7	53.9	50.0	48.7
Q3	-0.7	-1.8	0.9	-16.9	11.7	51.2	53.7	49.8	48.4
Q4	-2.1	-4.4	2.8	-15.7	7.9	48.7	52.6	49.0	47.1
2015 Q1	-5.4	-0.7	1.4	-17.0	-2.4	45.8	52.5	48.8	47.6
2014 Oct.	0.4	-6.0	1.9	-17.0	8.5	49.0	53.1	49.0	46.4
Nov.	-1.6	-3.8	3.3	-14.8	8.9	49.0	52.7	48.8	47.1
Dec.	-5.1	-3.5	3.2	-15.2	6.4	48.1	52.0	49.1	47.7
2015 Jan.	-6.0	-3.2	-0.3	-17.1	-0.1	42.0	50.9	48.1	46.5
Feb.	-5.8	0.5	2.0	-17.7	-3.4	44.7	52.4	48.6	47.6
Mar.	-4.4	0.6	2.4	-16.3	-3.8	50.7	54.2	49.7	48.6

Sources: European Commission (Directorate-General for Economic and Financial Affairs) and Thomson Reuters (Table 4.3, col. 9).

1) Data refer to the Euro 19.

2) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

3) Import-weighted: weighted according to 2004-06 average import structure; use-weighted: weighted according to 2004-06 average domestic demand structure.

#### 4.5 Unit labour costs, compensation per labour input and labour productivity<sup>1)</sup>

(annual percentage changes, unless otherwise indicated; quarterly data seasonally adjusted; annual data unadjusted)

	Total (index: 2010 =100)	By economic activity										
		Total	Agriculture, forestry and fishing	Manufactu- ring, energy and utilities	Construc- tion	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												
2012	102.4	1.8	2.9	1.8	2.7	2.4	0.1	-0.4	1.8	3.7	0.4	2.8
2013	103.8	1.3	-2.8	1.5	0.9	1.8	1.5	2.3	-2.0	1.5	1.6	2.7
2014	104.8	1.0	-3.0	1.2	0.7	0.9	2.7	0.5	0.2	2.5	1.2	1.8
2014 Q1	104.3	0.7	-3.9	0.6	-0.5	0.3	3.0	0.6	0.2	1.4	1.1	0.4
Q2	104.6	1.0	-3.6	1.2	-0.1	0.7	2.8	0.9	0.0	2.5	0.9	1.3
Q3	105.1	1.2	-3.1	1.2	0.8	0.9	2.9	0.5	0.2	2.5	1.2	1.1
Q4	105.4	1.3	0.6	2.5	0.5	0.6	2.9	0.6	0.4	1.9	1.4	1.7
Compensation per employee												
2012	103.6	1.5	1.3	2.1	2.1	1.5	1.8	0.8	1.5	2.2	0.9	2.0
2013	105.3	1.6	1.1	2.7	1.3	1.4	1.0	2.0	-0.4	1.0	1.7	1.5
2014	106.7	1.3	0.0	2.1	1.4	1.1	1.9	1.5	0.8	1.5	1.2	1.2
2014 Q1	106.5	1.6	-0.5	2.5	2.9	1.5	2.6	0.9	0.5	1.6	1.3	1.7
Q2	106.6	1.2	0.0	1.9	1.4	1.1	1.8	2.0	0.5	1.4	1.1	1.3
Q3	107.0	1.2	0.8	1.8	0.5	1.0	1.5	1.6	1.4	1.6	1.2	1.2
Q4	107.5	1.3	0.5	2.3	1.1	1.1	1.6	1.7	1.0	1.3	1.3	0.9
Labour productivity per person employed												
2012	101.2	-0.3	-1.6	0.3	-0.5	-0.9	1.6	1.3	-0.2	-1.4	0.4	-0.7
2013	101.5	0.3	4.0	1.2	0.4	-0.4	-0.5	-0.3	1.6	-0.4	0.1	-1.1
2014	101.8	0.3	3.1	0.9	0.7	0.2	-0.8	1.0	0.6	-1.0	0.0	-0.5
2014 Q1	102.1	0.9	3.5	1.9	3.4	1.2	-0.3	0.4	0.3	0.2	0.2	1.3
Q2	101.9	0.2	3.8	0.7	1.5	0.3	-1.1	1.1	0.6	-1.2	0.2	0.0
Q3	101.8	0.1	4.1	0.6	-0.3	0.1	-1.3	1.0	1.2	-0.9	0.0	0.1
Q4	102.0	0.0	-0.1	-0.2	0.6	0.4	-1.3	1.1	0.6	-0.6	-0.1	-0.8
Compensation per hour worked												
2012	104.7	2.8	3.1	3.7	5.0	3.2	2.2	1.3	2.0	3.3	1.3	2.9
2013	106.9	2.1	1.5	2.6	2.3	2.0	1.1	2.5	0.6	1.9	1.9	2.1
2014	108.3	1.2	0.6	1.6	1.2	1.2	1.8	1.7	0.9	1.3	1.1	1.6
2014 Q1	107.9	1.1	-0.7	1.1	1.2	1.3	2.3	0.7	0.5	1.6	0.8	2.2
Q2	108.2	1.3	1.0	2.1	1.6	1.2	1.8	2.6	1.2	1.2	0.8	1.1
Q3	108.6	1.3	1.5	1.6	0.6	1.2	1.6	2.0	0.9	1.3	1.3	1.9
Q4	108.8	1.1	0.4	1.6	0.8	0.9	1.3	2.4	0.5	1.0	1.2	1.1
Hourly labour productivity												
2012	102.4	1.0	-0.9	1.9	2.1	0.6	2.2	2.1	0.7	-0.3	0.9	0.2
2013	103.1	0.7	3.5	1.2	1.4	0.0	-0.4	0.0	2.4	0.2	0.4	-0.5
2014	103.4	0.2	2.5	0.4	0.4	0.3	-0.7	1.3	1.1	-0.9	-0.1	-0.1
2014 Q1	103.5	0.3	2.7	0.5	1.6	0.8	-0.7	0.1	0.5	0.2	-0.3	1.7
Q2	103.5	0.4	3.5	1.0	1.6	0.6	-1.0	1.8	1.2	-0.9	0.0	0.1
Q3	103.4	0.3	3.9	0.4	0.1	0.3	-0.9	1.8	1.9	-0.7	0.1	0.7
Q4	103.3	-0.2	-1.7	-0.9	0.0	0.3	-1.3	2.0	0.4	-0.7	-0.2	-0.4

#### 4.6 Labour cost indices<sup>1)</sup>

(annual percentage changes, unless otherwise indicated)

	Total (index: 2008 = 100)	Total	By component		For selected economic activities		Memo item: Indicator of negotiated wages <sup>2)</sup>
			Wages and salaries	Employers' social contributions	Business economy	Mainly non-business economy	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	58.6	
	1	2	3	4	5	6	7
2012	108.9	2.1	2.1	2.1	2.4	1.4	2.2
2013	110.3	1.4	1.5	1.0	1.3	1.6	1.8
2014	111.7	1.2	1.3	0.9	1.2	1.3	1.7
2014 Q1	103.8	0.8	1.2	-0.6	0.8	0.7	1.8
Q2	115.7	1.5	1.5	1.4	1.6	1.3	1.8
Q3	108.8	1.4	1.4	1.4	1.3	1.7	1.7
Q4	118.3	1.1	1.1	1.2	1.0	1.3	1.7

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 19.

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

# 5 MONEY AND CREDIT

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

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

	M3											
	M2						M3-M2					
	M1		M2-M1				Repos	Money market fund shares	Debt securities with a maturity of up to 2 years	11	12	
	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	3	4						5
1	2	3	4	5	6	7	8	9	10	11	12	
	Outstanding amounts											
2012	863.4	4,244.0	5,107.5	1,803.3	2,081.5	3,884.8	8,992.3	125.0	483.1	180.6	788.7	9,780.9
2013	908.8	4,482.6	5,391.4	1,691.2	2,123.2	3,814.4	9,205.8	120.0	417.7	86.5	624.3	9,830.0
2014	967.3	4,948.2	5,915.6	1,602.0	2,129.7	3,731.7	9,647.3	122.2	427.9	108.4	658.5	10,305.8
2014 Q1	924.8	4,563.3	5,488.0	1,667.7	2,125.3	3,793.1	9,281.1	117.1	403.2	84.8	605.1	9,886.2
Q2	931.5	4,627.3	5,558.9	1,671.1	2,131.2	3,802.3	9,361.2	129.7	396.9	75.8	602.4	9,963.6
Q3	948.2	4,745.2	5,693.4	1,647.5	2,136.6	3,784.1	9,477.5	122.4	419.1	68.8	610.4	10,087.8
Q4	967.3	4,948.2	5,915.6	1,602.0	2,129.7	3,731.7	9,647.3	122.2	427.9	108.4	658.5	10,305.8
2014 Sep.	948.2	4,745.2	5,693.4	1,647.5	2,136.6	3,784.1	9,477.5	122.4	419.1	68.8	610.4	10,087.8
Oct.	949.5	4,794.0	5,743.5	1,625.7	2,132.5	3,758.2	9,501.7	130.3	432.4	67.0	629.7	10,131.4
Nov.	956.5	4,858.0	5,814.5	1,619.3	2,138.4	3,757.7	9,572.2	128.2	434.6	71.6	634.4	10,206.7
Dec.	967.3	4,948.2	5,915.6	1,602.0	2,129.7	3,731.7	9,647.3	122.2	427.9	108.4	658.5	10,305.8
2015 Jan.	984.8	5,056.1	6,041.0	1,578.7	2,120.8	3,699.4	9,740.4	120.1	439.2	104.0	663.3	10,403.6
Feb. <sup>(p)</sup>	992.5	5,105.5	6,098.0	1,532.9	2,123.5	3,656.4	9,754.4	132.3	443.8	109.7	685.8	10,440.2
	Transactions											
2012	20.0	289.5	309.5	-36.0	114.9	78.9	388.5	-16.9	-20.2	-18.5	-55.7	332.8
2013	45.3	245.8	291.1	-111.1	43.9	-67.2	223.9	-12.0	-48.8	-62.8	-123.6	100.3
2014	58.0	369.4	427.3	-96.3	3.6	-92.7	334.6	0.8	7.0	15.8	23.6	358.2
2014 Q1	15.4	73.4	88.8	-26.2	1.7	-24.5	64.3	-3.0	-6.9	-1.3	-11.2	53.1
Q2	6.7	61.7	68.5	2.3	5.8	8.1	76.6	12.4	-6.0	-5.8	0.5	77.1
Q3	16.7	109.1	125.7	-27.1	5.1	-22.0	103.8	-8.1	8.9	2.8	3.5	107.3
Q4	19.1	125.2	144.3	-45.3	-9.0	-54.3	90.0	-0.5	11.1	20.1	30.7	120.7
2014 Sep.	4.9	25.4	30.3	-12.4	2.3	-10.1	20.2	-6.6	1.5	4.3	-0.8	19.4
Oct.	1.3	48.3	49.6	-21.3	-4.5	-25.8	23.8	7.9	13.4	-2.0	19.2	43.0
Nov.	7.0	64.2	71.3	-6.2	5.9	-0.4	70.9	-2.1	2.3	4.4	4.6	75.5
Dec.	10.8	12.7	23.5	-17.7	-10.4	-28.1	-4.7	-6.4	-4.5	17.7	6.9	2.2
2015 Jan.	16.4	81.1	97.5	-34.2	-8.3	-42.6	54.9	-2.9	7.1	-5.7	-1.5	53.4
Feb. <sup>(p)</sup>	7.6	47.8	55.4	-20.6	2.7	-17.8	37.6	12.1	4.6	6.7	23.5	61.1
	Growth rates											
2012	2.4	7.3	6.4	-1.9	5.9	2.1	4.5	-11.6	-3.9	-9.9	-6.6	3.5
2013	5.2	5.8	5.7	-6.2	2.1	-1.7	2.5	-9.5	-10.4	-37.8	-16.2	1.0
2014	6.4	8.2	7.9	-5.7	0.2	-2.4	3.6	0.6	1.6	22.9	3.8	3.6
2014 Q1	6.5	5.5	5.6	-6.5	1.1	-2.4	2.2	-9.9	-10.3	-27.6	-13.5	1.0
Q2	5.6	5.4	5.4	-4.6	0.5	-1.8	2.4	5.1	-8.2	-25.8	-8.8	1.6
Q3	6.0	6.2	6.2	-3.9	0.3	-1.5	3.0	9.7	-2.0	-25.4	-4.4	2.5
Q4	6.4	8.2	7.9	-5.7	0.2	-2.4	3.6	0.6	1.6	22.9	3.8	3.6
2014 Sep.	6.0	6.2	6.2	-3.9	0.3	-1.5	3.0	9.7	-2.0	-25.4	-4.4	2.5
Oct.	5.6	6.3	6.2	-4.9	0.2	-2.1	2.7	9.9	1.0	-21.8	-1.1	2.5
Nov.	5.9	7.1	6.9	-4.5	0.4	-1.8	3.3	6.8	2.6	-16.2	0.2	3.1
Dec.	6.4	8.2	7.9	-5.7	0.2	-2.4	3.6	0.6	1.6	22.9	3.8	3.6
2015 Jan.	7.7	9.1	8.9	-6.9	-0.1	-3.1	4.0	-4.3	0.1	13.4	0.6	3.7
Feb. <sup>(p)</sup>	7.9	9.3	9.1	-7.6	0.0	-3.3	4.0	0.4	2.4	21.4	4.0	4.0

Source: ECB.

1) Data refer to the changing composition of the euro area.



## 5.2 Deposits in M3<sup>1)</sup>

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

	Non-financial corporations <sup>2)</sup>					Households <sup>3)</sup>					Financial corporations other than MFIs and ICPFs <sup>2)</sup>	Insurance corporations and pension funds	Other general government <sup>4)</sup>
	Total	Overnight	With an agreed maturity of up to 2 years	Redeemable at notice of up to 3 months	Repos	Total	Overnight	With an agreed maturity of up to 2 years	Redeemable at notice of up to 3 months	Repos			
	1	2	3	4	5	6	7	8	9	10	11	12	13
Outstanding amounts													
2012	1,618.7	1,112.8	406.9	88.1	10.8	5,308.6	2,360.4	977.3	1,960.3	10.5	811.2	209.1	306.3
2013	1,710.6	1,198.6	400.8	94.7	16.5	5,414.0	2,542.6	875.7	1,991.2	4.5	801.0	192.8	298.6
2014	1,817.1	1,332.6	368.6	96.4	19.5	5,558.2	2,754.4	810.9	1,990.0	2.8	881.2	218.5	327.1
2014 Q1	1,732.1	1,223.8	398.2	95.2	15.0	5,442.6	2,583.8	864.5	1,988.6	5.7	779.8	205.7	313.3
Q2	1,751.9	1,244.6	394.7	97.3	15.3	5,481.4	2,623.1	859.8	1,994.0	4.5	801.1	210.3	314.6
Q3	1,789.5	1,283.8	391.1	99.2	15.4	5,531.9	2,686.9	845.1	1,995.1	4.9	794.8	208.4	327.1
Q4	1,817.1	1,332.6	368.6	96.4	19.5	5,558.2	2,754.4	810.9	1,990.0	2.8	881.2	218.5	327.1
2014 Sep.	1,789.5	1,283.8	391.1	99.2	15.4	5,531.9	2,686.9	845.1	1,995.1	4.9	794.8	208.4	327.1
Oct.	1,790.5	1,297.4	379.3	100.3	13.5	5,531.9	2,700.0	836.4	1,990.8	4.7	827.4	211.0	321.7
Nov.	1,816.1	1,320.0	382.1	100.9	13.1	5,552.5	2,730.6	827.2	1,990.1	4.8	839.4	211.3	324.5
Dec.	1,817.1	1,332.6	368.6	96.4	19.5	5,558.2	2,754.4	810.9	1,990.0	2.8	881.2	218.5	327.1
2015 Jan.	1,853.7	1,379.4	366.5	96.4	11.4	5,566.9	2,787.5	795.6	1,980.0	3.9	884.9	228.2	341.8
Feb. <sup>(p)</sup>	1,852.3	1,393.2	347.9	97.2	13.9	5,563.5	2,809.7	768.5	1,981.0	4.3	904.3	227.2	347.0
Transactions													
2012	72.2	99.4	-33.2	10.0	-4.0	222.8	99.4	35.6	100.2	-12.5	16.5	15.0	25.0
2013	97.9	90.4	-6.0	7.7	5.8	108.7	183.7	-100.1	31.1	-6.0	-17.4	-14.2	-8.5
2014	68.8	90.5	-25.4	1.2	2.5	141.7	210.1	-65.4	-1.3	-1.7	43.9	5.8	17.2
2014 Q1	17.2	21.6	-3.3	0.4	-1.5	25.5	39.1	-11.8	-2.9	1.1	-22.2	12.3	13.1
Q2	14.8	18.7	-4.3	0.3	0.2	41.4	40.4	-4.9	7.1	-1.2	20.5	4.6	0.9
Q3	29.6	33.6	-5.7	1.9	-0.2	47.3	61.9	-16.0	1.0	0.4	-8.3	-2.3	12.6
Q4	7.2	16.6	-12.0	-1.4	4.0	27.4	68.7	-32.8	-6.5	-2.0	53.8	-8.7	-9.5
2014 Sep.	6.4	10.8	-4.8	0.7	-0.3	16.6	21.5	-5.7	0.9	0.0	-8.9	-8.5	3.1
Oct.	0.9	13.4	-11.6	1.0	-1.9	-0.1	13.1	-8.6	-4.3	-0.2	32.4	2.6	-5.5
Nov.	25.8	22.9	2.8	0.5	-0.4	20.9	30.7	-9.2	-0.7	0.1	12.4	0.3	2.4
Dec.	-19.4	-19.8	-3.2	-2.8	6.3	6.5	24.9	-14.9	-1.5	-1.9	9.0	-11.5	-6.4
2015 Jan.	23.9	36.4	-4.1	-0.1	-8.3	-3.7	25.2	-20.7	-9.3	1.0	-7.5	8.9	13.9
Feb. <sup>(p)</sup>	11.9	13.1	-4.5	0.8	2.6	7.8	22.0	-15.6	0.9	0.5	18.4	-1.3	5.2
Growth rates													
2012	4.7	9.8	-7.5	13.2	-25.2	4.4	4.4	3.8	5.4	-54.2	2.1	7.8	9.1
2013	6.1	8.1	-1.5	8.8	54.6	2.0	7.8	-10.3	1.6	-57.0	-2.2	-6.9	-2.8
2014	4.0	7.5	-6.3	1.3	14.5	2.6	8.3	-7.5	-0.1	-37.2	5.3	3.2	5.8
2014 Q1	5.7	8.0	-1.3	5.6	24.0	1.6	7.2	-10.0	0.6	-31.0	-5.7	-4.3	2.3
Q2	6.2	8.3	-0.6	4.9	40.5	2.0	7.3	-8.1	0.3	-30.3	-4.4	1.7	-0.3
Q3	6.0	8.6	-2.1	3.4	47.4	2.2	7.3	-7.0	0.1	-20.8	-0.9	2.3	3.3
Q4	4.0	7.5	-6.3	1.3	14.5	2.6	8.3	-7.5	-0.1	-37.2	5.3	3.2	5.8
2014 Sep.	6.0	8.6	-2.1	3.4	47.4	2.2	7.3	-7.0	0.1	-20.8	-0.9	2.3	3.3
Oct.	4.9	8.5	-5.5	2.8	12.0	2.1	6.9	-6.8	0.1	-18.5	0.4	3.4	2.2
Nov.	5.2	8.8	-5.3	3.3	17.4	2.4	7.5	-7.1	0.2	-14.7	3.5	4.0	1.1
Dec.	4.0	7.5	-6.3	1.3	14.5	2.6	8.3	-7.5	-0.1	-37.2	5.3	3.2	5.8
2015 Jan.	4.7	9.8	-8.0	1.5	-34.7	2.5	8.6	-9.2	-0.2	-20.3	5.9	0.5	7.9
Feb. <sup>(p)</sup>	4.6	9.6	-8.8	1.4	-21.8	2.4	8.9	-10.6	-0.2	-24.7	8.1	0.4	6.8

Source: ECB.

- 1) Data refer to the changing composition of the euro area.
- 2) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector. These entities are included in MFI balance sheet statistics with financial corporations other than MFIs and insurance corporations and pension funds (ICPFs).
- 3) Including non-profit institutions serving households.
- 4) Refers to the general government sector excluding central government.

### 5.3 Credit to euro area residents<sup>1)</sup>

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

	Credit to general government			Credit to other euro area residents								
	Total	Loans	Debt securities	Total	Loans					Debt securities	Equity and non-money market fund investment fund shares	
					Total	To non-financial corporations <sup>3)</sup>	To households <sup>4)</sup>	To financial corporations other than MFIs and ICPFs <sup>3)</sup>	To insurance corporations and pension funds			
												Adjusted for loan sales and securitisation <sup>2)</sup>
1	2	3	4	5	6	7	8	9	10	11	12	
	Outstanding amounts											
2012	3,410.8	1,169.3	2,241.5	13,069.5	10,860.0	-	4,544.6	5,242.3	984.3	89.0	1,435.9	773.6
2013	3,407.5	1,096.3	2,311.2	12,709.4	10,546.4	-	4,354.1	5,221.4	872.6	98.3	1,363.9	799.1
2014	3,605.1	1,130.9	2,474.2	12,567.9	10,513.1	-	4,282.7	5,199.7	902.6	128.1	1,279.6	775.2
2014 Q1	3,454.0	1,113.0	2,341.0	12,661.8	10,531.2	-	4,337.6	5,232.2	860.6	100.7	1,329.9	800.7
Q2	3,447.9	1,101.7	2,346.2	12,588.4	10,464.8	-	4,306.3	5,191.0	868.5	99.0	1,317.3	806.3
Q3	3,508.9	1,102.3	2,406.7	12,561.8	10,444.8	-	4,288.1	5,194.6	858.7	103.3	1,307.0	810.1
Q4	3,605.1	1,130.9	2,474.2	12,567.9	10,513.1	-	4,282.7	5,199.7	902.6	128.1	1,279.6	775.2
2014 Sep.	3,508.9	1,102.3	2,406.7	12,561.8	10,444.8	-	4,288.1	5,194.6	858.7	103.3	1,307.0	810.1
Oct.	3,523.4	1,097.3	2,426.2	12,544.1	10,431.5	-	4,277.4	5,197.3	853.9	102.9	1,301.0	811.5
Nov.	3,538.3	1,108.8	2,429.4	12,533.4	10,431.0	-	4,271.4	5,194.8	857.5	107.4	1,291.8	810.5
Dec.	3,605.1	1,130.9	2,474.2	12,567.9	10,513.1	-	4,282.7	5,199.7	902.6	128.1	1,279.6	775.2
2015 Jan.	3,651.7	1,148.6	2,503.0	12,639.1	10,585.7	-	4,301.1	5,223.6	922.1	139.0	1,277.7	775.7
Feb. <sup>(p)</sup>	3,634.4	1,146.5	2,488.0	12,656.7	10,595.8	-	4,311.9	5,222.7	924.1	137.0	1,271.6	789.3
	Transactions											
2012	185.0	-4.0	189.0	-100.6	-69.1	-13.4	-107.6	26.0	14.5	-2.0	-69.9	38.5
2013	-24.4	-73.6	49.2	-304.5	-247.4	-221.2	-132.8	-3.5	-120.7	9.6	-71.7	14.6
2014	70.8	16.3	54.5	-105.6	-56.9	12.5	-59.5	-14.8	5.9	11.6	-84.1	35.4
2014 Q1	13.0	15.2	-2.2	-40.1	-16.2	-13.4	-25.9	7.1	0.1	2.5	-26.8	2.9
Q2	-27.6	-10.3	-17.3	-50.1	-47.4	9.2	-18.7	-35.4	8.5	-1.7	-12.4	9.7
Q3	41.1	-1.4	42.5	-19.0	-10.6	-10.9	-18.6	8.2	-4.4	4.2	-14.1	5.7
Q4	44.2	12.8	31.4	3.6	17.3	27.6	3.7	5.3	1.7	6.6	-30.8	17.1
2014 Sep.	5.5	-3.5	9.0	-5.0	7.4	7.8	-3.7	3.8	1.9	5.5	-10.0	-2.5
Oct.	18.7	-6.3	25.0	-6.1	-3.7	-1.5	-2.5	4.2	-5.0	-0.4	-7.0	4.6
Nov.	4.6	11.2	-6.6	-13.8	2.8	10.4	-3.9	-1.2	3.4	4.5	-10.7	-5.9
Dec.	20.8	7.9	13.0	23.5	18.2	18.8	10.0	2.4	3.2	2.5	-13.1	18.4
2015 Jan.	33.8	13.5	20.3	11.0	20.2	20.8	-0.7	7.0	3.5	10.5	0.0	-9.3
Feb. <sup>(p)</sup>	-22.1	2.8	-24.8	8.8	9.4	16.5	8.5	1.2	1.7	-2.0	-7.4	6.8
	Growth rates											
2012	5.8	-0.3	9.5	-0.8	-0.6	-0.1	-2.3	0.5	1.5	-2.2	-4.6	5.2
2013	-0.7	-6.3	2.2	-2.3	-2.3	-2.0	-2.9	-0.1	-12.2	10.8	-5.0	1.9
2014	2.0	1.5	2.3	-0.8	-0.5	0.1	-1.4	-0.3	0.5	11.8	-6.2	4.4
2014 Q1	-0.9	-3.1	0.2	-2.5	-2.2	-2.0	-3.1	-0.1	-10.8	9.0	-6.7	1.0
Q2	-2.5	-1.5	-3.0	-2.2	-1.8	-1.1	-2.3	-0.6	-5.9	4.8	-7.5	0.5
Q3	-0.5	-0.7	-0.4	-1.9	-1.2	-0.6	-2.0	-0.5	-2.6	8.5	-8.6	1.8
Q4	2.0	1.5	2.3	-0.8	-0.5	0.1	-1.4	-0.3	0.5	11.8	-6.2	4.4
2014 Sep.	-0.5	-0.7	-0.4	-1.9	-1.2	-0.6	-2.0	-0.5	-2.6	8.5	-8.6	1.8
Oct.	-0.2	-1.4	0.4	-1.6	-1.1	-0.5	-1.9	-0.4	-2.4	5.8	-7.9	2.5
Nov.	0.8	0.6	0.9	-1.4	-0.9	-0.2	-1.7	-0.4	-1.0	8.0	-7.2	2.5
Dec.	2.0	1.5	2.3	-0.8	-0.5	0.1	-1.4	-0.3	0.5	11.8	-6.2	4.4
2015 Jan.	2.3	1.6	2.6	-0.6	-0.2	0.4	-1.2	-0.1	1.4	19.3	-6.2	3.3
Feb. <sup>(p)</sup>	1.8	1.5	2.0	-0.4	-0.1	0.6	-0.7	-0.2	0.8	15.3	-5.5	4.0

Source: ECB.

1) Data refer to the changing composition of the euro area.

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

3) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector. These entities are included in MFI balance sheet statistics with financial corporations other than MFIs and insurance corporations and pension funds (ICPFs).

4) Including non-profit institutions serving households.

## 5.4 MFI loans to euro area non-financial corporations and households<sup>1)</sup>

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

	Non-financial corporations <sup>2)</sup>					Households <sup>3)</sup>				
	Total		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total		Loans for consumption	Loans for house purchase	Other loans
		Adjusted for loan sales and securitisation <sup>4)</sup>					Adjusted for loan sales and securitisation <sup>4)</sup>			
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2012	4,544.6	-	1,127.9	795.6	2,621.0	5,242.3	-	602.0	3,823.6	816.7
2013	4,354.1	-	1,065.6	740.8	2,547.8	5,221.4	-	573.5	3,851.5	796.4
2014	4,282.7	-	1,082.5	724.9	2,475.2	5,199.7	-	562.8	3,860.1	776.8
2014 Q1	4,337.6	-	1,056.9	732.8	2,548.0	5,232.2	-	572.3	3,864.2	795.7
Q2	4,306.3	-	1,058.1	734.1	2,514.1	5,191.0	-	570.3	3,832.2	788.5
Q3	4,288.1	-	1,056.6	726.1	2,505.4	5,194.6	-	567.1	3,843.7	783.8
Q4	4,282.7	-	1,082.5	724.9	2,475.2	5,199.7	-	562.8	3,860.1	776.8
2014 Sep.	4,288.1	-	1,056.6	726.1	2,505.4	5,194.6	-	567.1	3,843.7	783.8
Oct.	4,277.4	-	1,053.1	723.9	2,500.5	5,197.3	-	568.8	3,847.9	780.6
Nov.	4,271.4	-	1,040.1	734.1	2,497.1	5,194.8	-	566.8	3,848.2	779.8
Dec.	4,282.7	-	1,082.5	724.9	2,475.2	5,199.7	-	562.8	3,860.1	776.8
2015 Jan.	4,301.1	-	1,087.6	735.7	2,477.8	5,223.6	-	565.5	3,879.9	778.2
Feb. <sup>(p)</sup>	4,311.9	-	1,089.6	736.4	2,486.0	5,222.7	-	564.7	3,883.7	774.4
	Transactions									
2012	-107.6	-60.3	6.2	-51.4	-62.3	26.0	34.7	-17.7	48.8	-5.1
2013	-132.8	-127.5	-44.5	-44.5	-43.7	-3.5	14.3	-18.1	27.6	-13.1
2014	-59.5	-46.5	-12.8	0.6	-47.4	-14.8	41.2	-4.8	-3.2	-6.8
2014 Q1	-25.9	-24.8	-6.6	-6.3	-13.0	7.1	8.5	0.0	7.4	-0.3
Q2	-18.7	-7.5	3.3	6.0	-28.1	-35.4	9.3	-2.0	-33.1	-0.3
Q3	-18.6	-20.1	-3.1	-7.0	-8.5	8.2	9.6	1.2	13.1	-6.1
Q4	3.7	6.0	-6.5	8.0	2.2	5.3	13.8	-4.0	9.4	-0.1
2014 Sep.	-3.7	-3.9	6.2	-3.9	-6.0	3.8	4.3	1.7	5.2	-3.0
Oct.	-2.5	-1.8	-1.8	-0.9	0.2	4.2	5.6	1.9	3.9	-1.6
Nov.	-3.9	-2.5	-12.6	10.7	-2.0	-1.2	4.9	-1.5	0.0	0.3
Dec.	10.0	10.3	7.9	-1.9	4.0	2.4	3.3	-4.4	5.4	1.3
2015 Jan.	-0.7	-0.8	-2.7	5.1	-3.1	7.0	7.5	-0.2	7.8	-0.6
Feb. <sup>(p)</sup>	8.5	10.5	2.2	0.6	5.7	1.2	6.2	-0.4	3.8	-2.2
	Growth rates									
2012	-2.3	-1.3	0.5	-6.0	-2.3	0.5	0.7	-2.8	1.3	-0.6
2013	-2.9	-2.8	-4.0	-5.6	-1.7	-0.1	0.3	-3.0	0.7	-1.6
2014	-1.4	-1.1	-1.2	0.1	-1.9	-0.3	0.8	-0.8	-0.1	-0.9
2014 Q1	-3.1	-3.1	-5.0	-5.0	-1.6	-0.1	0.4	-1.9	0.5	-1.5
Q2	-2.3	-2.1	-2.7	-3.3	-1.9	-0.6	0.5	-1.4	-0.4	-1.0
Q3	-2.0	-1.8	-1.4	-3.4	-1.9	-0.5	0.5	-1.1	-0.2	-1.7
Q4	-1.4	-1.1	-1.2	0.1	-1.9	-0.3	0.8	-0.8	-0.1	-0.9
2014 Sep.	-2.0	-1.8	-1.4	-3.4	-1.9	-0.5	0.5	-1.1	-0.2	-1.7
Oct.	-1.9	-1.6	-1.0	-3.4	-1.7	-0.4	0.6	0.1	-0.2	-1.7
Nov.	-1.7	-1.4	-1.5	-1.8	-1.7	-0.4	0.7	0.1	-0.3	-1.3
Dec.	-1.4	-1.1	-1.2	0.1	-1.9	-0.3	0.8	-0.8	-0.1	-0.9
2015 Jan.	-1.2	-0.9	-0.8	1.1	-1.9	-0.1	0.9	-0.8	0.1	-0.7
Feb. <sup>(p)</sup>	-0.7	-0.4	0.4	1.0	-1.7	-0.2	1.0	-0.8	0.0	-0.9

Source: ECB.

- 1) Data refer to the changing composition of the euro area.
- 2) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector. These entities are included in MFI balance sheet statistics with financial corporations other than MFIs and insurance corporations and pension funds (ICPFs).
- 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.

## 5.5 Counterparts to M3 other than credit to euro area residents <sup>1)</sup>

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

	MFI liabilities						MFI assets			
	Central government holdings <sup>2)</sup>	Longer-term financial liabilities vis-à-vis other euro area residents					Net external assets	Other		
		Total	Deposits with an agreed maturity of over 2 years	Deposits redeemable at notice of over 3 months	Debt securities with a maturity of over 2 years	Capital and reserves		Total		
								Repos with central counterparties <sup>3)</sup>	Reverse repos to central counterparties <sup>3)</sup>	
1	2	3	4	5	6	7	8	9	10	
<b>Outstanding amounts</b>										
2012	305.4	7,570.1	2,395.9	106.0	2,680.8	2,387.4	1,029.8	146.4	260.8	201.2
2013	260.2	7,305.0	2,373.3	91.5	2,506.3	2,333.9	1,153.9	124.5	183.8	122.1
2014	263.4	7,180.4	2,252.4	92.0	2,374.2	2,461.8	1,391.7	185.0	184.5	139.8
2014 Q1	260.9	7,343.3	2,355.5	91.1	2,472.5	2,424.1	1,256.1	118.5	177.0	116.7
Q2	270.3	7,295.3	2,301.8	90.1	2,455.1	2,448.4	1,357.6	135.3	171.3	119.0
Q3	249.7	7,332.4	2,278.6	92.4	2,457.0	2,504.3	1,419.5	179.8	163.6	121.7
Q4	263.4	7,180.4	2,252.4	92.0	2,374.2	2,461.8	1,391.7	185.0	184.5	139.8
2014 Sep.	249.7	7,332.4	2,278.6	92.4	2,457.0	2,504.3	1,419.5	179.8	163.6	121.7
Oct.	254.3	7,270.4	2,264.8	91.8	2,420.2	2,493.6	1,418.0	170.6	183.1	121.1
Nov.	256.4	7,262.5	2,258.4	91.0	2,404.7	2,508.5	1,466.5	187.3	184.4	130.8
Dec.	263.4	7,180.4	2,252.4	92.0	2,374.2	2,461.8	1,391.7	185.0	184.5	139.8
2015 Jan.	305.6	7,289.4	2,240.9	92.8	2,400.4	2,555.3	1,482.0	225.9	202.8	131.3
Feb. <sup>(p)</sup>	264.1	7,305.7	2,263.3	91.7	2,394.8	2,555.9	1,455.7	263.1	225.9	144.5
<b>Transactions</b>										
2012	-4.9	-115.3	-156.3	-10.2	-106.4	157.6	99.4	28.8	9.4	41.5
2013	-46.0	-88.8	-18.6	-14.3	-137.6	81.6	359.2	-64.7	32.2	43.9
2014	-2.8	-165.6	-120.5	1.8	-154.8	107.9	234.1	-9.5	0.7	17.7
2014 Q1	0.1	1.6	-11.7	-0.4	-33.1	46.8	88.0	-6.1	-6.7	-5.4
Q2	9.4	-65.1	-54.7	-1.0	-15.8	6.5	83.4	15.7	-5.8	2.3
Q3	-20.9	-3.1	-28.3	2.3	-28.5	51.5	27.8	33.4	-7.7	2.6
Q4	8.5	-99.1	-25.8	1.0	-77.3	3.1	34.9	-52.5	20.9	18.1
2014 Sep.	-16.9	-2.1	-13.7	0.6	-12.4	23.4	-6.8	6.8	-8.4	4.7
Oct.	2.3	-32.4	-12.4	-0.6	-29.6	10.2	13.8	-13.5	19.5	-0.5
Nov.	2.1	-19.6	-6.4	-0.8	-13.6	1.2	47.7	19.4	1.3	9.6
Dec.	4.1	-47.1	-7.0	2.4	-34.1	-8.3	-26.7	-58.4	0.1	9.0
2015 Jan.	40.0	-23.4	-19.8	-0.2	-14.0	10.6	-7.1	32.3	18.2	-8.5
Feb. <sup>(p)</sup>	-41.6	-13.9	-4.0	-1.2	-11.0	2.3	-21.4	40.3	23.1	13.2
<b>Growth rates</b>										
2012	-1.5	-1.5	-6.1	-8.8	-3.8	7.0	-	-	2.5	26.1
2013	-15.1	-1.2	-0.8	-13.5	-5.1	3.5	-	-	10.3	23.5
2014	-1.1	-2.2	-5.1	2.0	-6.1	4.5	-	-	0.4	14.5
2014 Q1	-12.1	-1.0	-1.7	-9.6	-4.6	3.9	-	-	-12.9	-0.9
Q2	-9.0	-1.6	-3.9	-6.8	-3.2	2.6	-	-	-23.8	-4.5
Q3	-11.5	-1.1	-4.7	-1.2	-2.7	4.2	-	-	-17.5	-3.2
Q4	-1.1	-2.2	-5.1	2.0	-6.1	4.5	-	-	0.4	14.5
2014 Sep.	-11.5	-1.1	-4.7	-1.2	-2.7	4.2	-	-	-17.5	-3.2
Oct.	-4.6	-1.7	-5.4	-0.9	-4.4	4.7	-	-	-3.1	2.1
Nov.	-1.7	-1.9	-5.5	-1.1	-4.8	4.8	-	-	-4.4	-6.6
Dec.	-1.1	-2.2	-5.1	2.0	-6.1	4.5	-	-	0.4	14.5
2015 Jan.	23.9	-2.5	-5.8	2.6	-6.0	4.2	-	-	22.0	26.4
Feb. <sup>(p)</sup>	-2.6	-2.6	-5.7	0.8	-5.9	3.8	-	-	26.8	28.4

Source: ECB.

1) Data refer to the changing composition of the euro area.

2) Comprises central government holdings of deposits with the MFI sector and of securities issued by the MFI sector.

3) Not adjusted for seasonal effects.

## 6 FISCAL DEVELOPMENTS

### 6.1 Deficit/surplus, revenue and expenditure <sup>1)2)</sup>

(as a percentage of GDP; flows during one-year period)

	Deficit (-)/ surplus (+)	Revenue						Expenditure						
		Total	Current revenue				Capital revenue	Total	Current expenditure				Capital expenditure	
			Direct taxes	Indirect taxes	Net social contributions	Social payments <sup>3)</sup>			Compensation of employees	Intermediate consumption	Interest			
												3		4
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2010	-5.8	44.3	44.0	11.4	12.6	15.1	0.2	50.1	44.9	10.7	5.4	2.7	23.4	5.2
2011	-3.8	44.8	44.5	11.7	12.8	15.1	0.2	48.6	44.3	10.4	5.3	3.0	23.1	4.3
2012	-3.3	45.7	45.5	12.2	13.0	15.3	0.2	49.1	44.6	10.3	5.3	3.0	23.4	4.5
2013	-2.5	46.4	46.1	12.5	13.1	15.5	0.3	48.9	44.9	10.4	5.3	2.8	23.8	4.1
2014 Q2	-2.6	46.6	46.1	12.5	13.0	15.5	0.5	49.2	45.4	10.3	5.3	2.7	23.0	3.8
Q3	-2.5	46.6	46.1	12.5	13.1	15.5	0.4	49.1	45.3	10.3	5.3	2.7	23.1	3.7

### 6.2 Government debt-to-GDP ratio <sup>1)</sup>

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

	Total	Financial instrument			Holder		Original maturity		Residual maturity			Currency			
		Currency and deposits	Loans	Debt securities	Resident creditors	Non-resident creditors	Up to 1 year	Over 1 year	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies		
														MFIs	
														5	6
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
2010	83.6	2.4	15.5	65.6	40.5	23.9	43.1	12.7	70.9	20.7	28.6	34.3	82.3	1.3	
2011	85.5	2.4	15.5	67.5	42.4	24.1	43.1	12.2	73.2	20.3	29.6	35.5	83.7	1.8	
2012	88.7	2.5	17.4	68.8	45.1	26.0	43.6	11.5	77.3	19.5	31.4	37.8	86.6	2.2	
2013	90.7	2.5	16.9	71.3	45.7	26.0	45.0	10.4	80.3	19.3	32.0	39.4	88.7	2.0	
2014 Q2	92.7	2.6	16.6	73.5	.	.	.	.	.	.	.	.	.	.	
Q3	92.1	2.6	16.5	73.0	.	.	.	.	.	.	.	.	.	.	

### 6.3 Annual change in the government debt-to-GDP ratio and underlying factors <sup>1)</sup>

(as a percentage of GDP; flows during one-year period)

	Change in debt-to- GDP ratio <sup>4)</sup>	Primary deficit (+)/ surplus (-)	Deficit-debt adjustment <sup>5)</sup>								Interest- growth differential	Memo item: Borrowing requirement
			Total	Transactions in main financial assets				Revaluation effects and other changes in volume	Other			
				Total	Currency and deposits	Loans	Debt securities			Equity and investment fund shares		
1	2	3	4	5	6	7	8	9	10	11	12	
2010	5.3	3.4	1.3	1.7	0.0	0.5	0.9	0.2	-0.1	-0.3	0.6	7.5
2011	1.9	1.1	0.0	-0.3	0.2	-0.2	-0.2	-0.1	0.2	0.1	0.8	3.9
2012	3.3	0.6	0.1	1.2	0.3	0.4	-0.1	0.5	-1.3	0.3	2.5	5.1
2013	2.0	0.1	-0.2	-0.5	-0.4	-0.4	-0.1	0.4	-0.1	0.4	2.1	2.8
2014 Q2	1.0	-0.1	-0.3	-0.1	0.0	0.0	-0.2	0.1	0.1	-0.2	1.3	2.5
Q3	1.0	-0.2	-0.1	-0.1	0.0	0.0	-0.2	0.2	-0.2	0.2	1.2	2.7

Sources: ECB for annual data; Eurostat for quarterly data.

1) Quarterly ratios (as a percentage of GDP) calculated using a four-quarter cumulated sum for flow data and GDP, and at the end-of-quarter value for outstanding amounts.

2) EU budget transactions are included and consolidated in annual data.

3) Current transfers to non-profit institutions serving households are included in annual data.

4) Calculated as the difference between the government debt-to-GDP ratios in the last and an earlier period, i.e. the previous year for annual data and the same quarter a year earlier for quarterly data.

5) Quarterly data include intergovernmental lending within the context of the financial crisis.

## 6.4 Government debt securities <sup>1)</sup>

(debt service as a percentage of GDP; average residual maturity in years; average nominal yields in percentages per annum)

	Debt service due within 1 year <sup>2)</sup>					Average residual maturity <sup>3)</sup>	Average nominal yields <sup>4)</sup>										
	Total	Principal <sup>5)</sup>		Interest			Outstanding amounts				Transactions						
		1	2	Maturities of up to 3 months	3		4	5	6	Total	Floating rate	Zero coupon	Fixed rate	Maturities of up to 1 year	10	11	12
	7																
2013	16.6	14.5	5.0	2.1	0.5	6.3	3.5	1.7	1.3	3.7	2.8	1.2	1.8				
2014	16.2	14.1	5.2	2.1	0.5	6.4	3.1	1.4	0.4	3.5	2.7	0.8	1.6				
2014 Q2	16.9	14.8	5.5	2.1	0.5	6.4	3.3	1.6	0.7	3.6	2.7	1.1	1.6				
2014 Q3	17.6	15.5	5.8	2.1	0.5	6.4	3.2	1.5	0.5	3.5	2.7	0.9	1.6				
2014 Sep.	17.6	15.5	5.8	2.1	0.5	6.3	3.2	1.5	0.5	3.5	2.7	0.9	1.6				
2014 Oct.	17.3	15.2	5.7	2.1	0.5	6.4	3.1	1.5	0.4	3.5	2.7	0.9	1.7				
2014 Nov.	16.3	14.2	5.0	2.1	0.5	6.4	3.1	1.5	0.5	3.5	2.7	0.9	1.7				
2014 Dec.	16.2	14.1	5.2	2.1	0.5	6.4	3.1	1.4	0.4	3.5	2.7	0.8	1.6				
2015 Jan.	15.9	13.8	5.2	2.1	0.5	6.5	3.0	1.4	0.4	3.5	2.7	0.8	1.7				
2015 Feb.	16.0	13.9	4.5	2.1	0.5	6.5	3.0	1.4	0.4	3.4	2.7	0.7	1.7				

## 6.5 Fiscal developments in euro area countries <sup>6)</sup>

(as a percentage of GDP; flows during one-year period and outstanding amounts at end of period)

	Belgium	Germany	Estonia	Ireland	Greece	Spain	France	Italy	Cyprus	
	1	2	3	4	5	6	7	8	9	
Government deficit (-)/surplus (+)										
2010	-4.0	-4.1	0.2	-32.4	-11.1	-9.4	-6.8	-4.2	-4.8	
2011	-3.9	-0.9	1.0	-12.6	-10.1	-9.4	-5.1	-3.5	-5.8	
2012	-4.1	0.1	-0.3	-8.0	-8.6	-10.3	-4.9	-3.0	-5.8	
2013	-2.9	0.1	-0.5	-5.7	-12.2	-6.8	-4.1	-2.8	-4.9	
2014 Q2	-3.2	0.5	-0.3	-5.3	-2.9	-6.3	-4.2	-3.0	-4.1	
2014 Q3	-3.0	0.7	-0.2	-4.7	-2.2	-5.8	-4.4	-3.1	-2.3	
Government debt										
2010	99.6	80.3	6.5	87.4	146.0	60.1	81.5	115.3	56.5	
2011	102.1	77.6	6.0	111.1	171.3	69.2	85.0	116.4	66.0	
2012	104.0	79.0	9.7	121.7	156.9	84.4	89.2	122.2	79.5	
2013	104.5	76.9	10.1	123.3	174.9	92.1	92.2	127.9	102.2	
2014 Q2	108.8	75.3	10.5	117.0	177.5	96.4	95.2	133.8	109.8	
2014 Q3	108.2	74.8	10.5	114.8	176.0	96.8	95.3	131.8	104.7	
	Latvia	Lithuania	Luxembourg	Malta	Netherlands	Austria	Portugal	Slovenia	Slovakia	Finland
	10	11	12	13	14	15	16	17	18	19
Government deficit (-)/surplus (+)										
2010	-8.2	-6.9	-0.6	-3.3	-5.0	-4.5	-11.2	-5.7	-7.5	-2.6
2011	-3.4	-9.0	0.3	-2.6	-4.3	-2.6	-7.4	-6.2	-4.1	-1.0
2012	-0.8	-3.2	0.1	-3.7	-4.0	-2.3	-5.5	-3.7	-4.2	-2.1
2013	-0.9	-2.6	0.6	-2.7	-2.3	-1.5	-4.9	-14.6	-2.6	-2.4
2014 Q2	0.1	-1.1	0.5	-3.3	-3.0	-1.5	-4.8	-12.7	-2.8	-2.7
2014 Q3	0.0	-0.6	0.7	-2.5	-2.7	-1.5	-4.3	-13.0	-3.1	-2.7
Government debt										
2010	46.8	36.3	19.6	67.6	59.0	82.4	96.2	37.9	41.1	47.1
2011	42.7	37.3	18.5	69.8	61.3	82.1	111.1	46.2	43.5	48.5
2012	40.9	39.9	21.4	67.9	66.5	81.7	124.8	53.4	52.1	53.0
2013	38.2	39.0	23.6	69.8	68.6	81.2	128.0	70.4	54.6	56.0
2014 Q2	41.0	38.7	23.2	74.6	69.6	82.3	129.5	78.3	55.6	58.9
2014 Q3	40.4	38.3	22.9	71.9	69.0	80.7	131.4	78.1	55.4	58.1

Sources: ECB for government debt securities; Eurostat for government deficit/surplus and government debt.

- 1) Data on government debt securities are recorded at face value and not consolidated within the general government sector.
- 2) Flows of principal and interest during the debt service period.
- 3) Residual maturity at the end of the period.
- 4) Outstanding amounts at the end of the period; transactions as 12-month average.
- 5) Principal amounts do not cover short-term securities issued and redeemed within the next 12 months.
- 6) Quarterly ratios (as a percentage of GDP) calculated using a four-quarter cumulated sum for flow data and GDP, and at the end-of-quarter value for outstanding amounts.