EN

EUROPEAN CENTRAL BANK

EUROSYSTEM

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In 2011 all ECB publications feature a motif taken from the €100 banknote.

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 7 July 2011 to increase the key ECB interest rates by 25 basis points, after raising rates by 25 basis points in April 2011 from historically low levels. The further adjustment of the current accommodative monetary policy stance is warranted in the light of upside risks to price stability. The underlying pace of monetary expansion is continuing to gradually recover, while monetary liquidity remains ample with the potential to accommodate price pressures in the euro area. All in all, it is essential that the recent price developments do not give rise to broad-based inflationary pressures over the medium term. The Governing Council's decision will contribute to keeping inflation expectations in the euro area firmly anchored in line with the aim of maintaining inflation rates below, but close to, 2% over the medium term. Such anchoring is a prerequisite for monetary policy to contribute to economic growth in the euro area. At the same time, interest rates across the entire maturity spectrum remain low. Thus, the monetary policy stance remains accommodative, lending support to economic activity and job creation. As expected, recent economic data indicate some deceleration in the pace of economic growth in the second quarter of 2011. While the underlying momentum of economic growth in the euro area continues to be positive, uncertainty remains elevated. The Governing Council will continue to monitor very closely all developments with respect to upside risks to price stability.

The provision of liquidity and the allotment modes for refinancing operations will be adjusted when appropriate, taking into account the fact that all the non-standard measures taken during the period of acute financial market tensions are, by construction, temporary in nature.

With regard to the economic analysis, in the first quarter of 2011 euro area real GDP posted a strong quarter-on-quarter increase of 0.8%, following the 0.3% increase in the last quarter of 2010. Recent statistical releases and survey-based indicators point towards a continued expansion of economic activity in the euro area in the second quarter of this year, albeit at a slower pace. This moderation reflects the fact that the strong growth in the first quarter was in part due to special factors. The positive underlying momentum of economic activity in the euro area remains in place. Euro area exports should continue to be supported by the ongoing expansion in the world economy. At the same time, taking into account the present level of business confidence in the euro area, private sector domestic demand should contribute to economic growth. However, activity is expected to continue to be dampened somewhat by the process of balance sheet adjustment in various sectors.

In the Governing Council's assessment, the risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty. On the one hand, favourable business confidence could provide more support to domestic economic activity in the euro area than currently expected and higher foreign demand could also contribute more strongly to growth than expected. On the other hand, downside risks relate to the ongoing tensions in some segments of the financial markets that may potentially spill over to the euro area real economy. Downside risks also relate to further increases in energy prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

As regards price developments, euro area annual HICP inflation was 2.7% in June 2011 according to Eurostat's flash estimate – the same rate as in May. The relatively high inflation rates seen over the past few months largely reflect higher energy and commodity prices. Looking ahead, inflation rates are likely to stay clearly above 2% over the coming months. Upward pressure on inflation, mainly from energy and commodity prices, is also still discernible in the earlier stages of the production process. It remains of paramount importance that the rise in HICP inflation does not translate into second-round effects in price and wage-setting behaviour and lead to broad-based inflationary pressures.

Inflation expectations must remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term.

Risks to the medium-term outlook for price developments remain on the upside. They relate, in particular, to higher than assumed increases in energy prices. Furthermore, there is a risk of increases in indirect taxes and administered prices that may be greater than currently assumed, owing to the need for fiscal consolidation in the coming years. Finally, upside risks may stem from stronger than expected domestic price pressures in the context of increasing capacity utilisation in the euro area.

Turning to the monetary analysis, the annual growth rate of M3 increased to 2.4% in May 2011, from 2.0% in April. Looking through the recent volatility in broad money growth owing to special factors, M3 growth has continued to edge up over recent months. The annual growth rate of loans to the private sector continued to strengthen slightly, rising to 2.7% in May after 2.6% in April. Overall, the underlying pace of monetary expansion has continued its gradual recovery. At the same time, monetary liquidity accumulated prior to the period of financial market tensions continues to be ample, with the potential to accommodate price pressures in the euro area.

Looking at M3 components, the annual growth rate of M1 moderated further in May, whereas growth in other short-term deposits increased. These developments reflect in part the gradual increase in the remuneration of short-term time and savings deposits over recent months. At the same time, the steep yield curve implies a dampening impact on overall M3 growth, as it reduces the attractiveness of monetary assets compared with more highly remunerated longer-term instruments outside M3. However, recent information suggests that this impact may be waning.

On the counterpart side, the annual growth of loans to non-financial corporations and to households remained unchanged from April at 0.9% and 3.4% respectively, confirming the pattern of developments in previous months.

The overall size of bank balance sheets has remained broadly unchanged over recent months. It is important that banks continue to expand the provision of credit to the private sector in an environment of increasing demand. To address this challenge, where necessary, it is essential for banks to retain earnings, to turn to the market to strengthen further their capital bases or to take full advantage of government support measures for recapitalisation. In particular, banks that currently have limited access to market financing urgently need to increase their capital and their efficiency.

To sum up, based on its regular economic and monetary analyses, the Governing Council decided to increase the key ECB interest rates by 25 basis points, after raising rates by 25 basis points in April 2011 from historically low levels. The further adjustment of the current accommodative monetary policy stance is warranted in the light of upside risks to price stability. A cross-check of the outcome of the economic analysis with that of the monetary analysis indicates that the underlying pace of monetary expansion is continuing to gradually recover, while monetary liquidity remains ample with the potential to accommodate price pressures in the euro area. All in all, it is essential that the recent price developments do not give rise to broad-based inflationary pressures over the medium term. The Governing Council's decision will contribute to keeping inflation expectations in the euro area firmly anchored in line with the aim of maintaining inflation rates below, but close to, 2% over the medium term. Such anchoring is a prerequisite for monetary policy to contribute to economic growth in the euro area. At the same time, interest rates across the entire maturity spectrum remain low. Thus, the monetary policy stance remains accommodative, lending support to economic activity and job creation. As expected, recent economic data indicate some deceleration in the pace of economic growth in the second quarter of 2011. While the underlying momentum of economic growth in the euro area continues to be positive, uncertainty remains elevated. The Governing Council will continue to monitor very closely all developments with respect to upside risks to price stability.

Turning to fiscal policies, the current environment is very demanding and requires decisive action. Euro area countries must, as a minimum, comply with their fiscal consolidation commitments for 2011 and beyond, as foreseen under the respective excessive deficit procedures. Adequate and more frontloaded adjustment should ensure that structural fiscal consolidation targets are met, in line with the ECOFIN Council recommendations, and any better than expected economic and fiscal developments should be exploited to achieve faster deficit reduction. The announcement of fully specified consolidation measures for 2012 and beyond is essential to convince the general public and financial market participants that the corrective policies will be sustained and that public debt developments will be put on a sustainable path.

At the same time, it remains essential that substantial and comprehensive structural reforms are urgently implemented in the euro area to strengthen competitiveness, flexibility and longer-term growth potential. This is particularly relevant for countries with high fiscal and external deficits or with past losses in competitiveness. The Governing Council welcomes the introduction of the European Semester, including the recent submission of countries' National Reform Programmes that incorporate commitments made under the Euro Plus Pact. The Governing Council also supports the European Council conclusions calling for more ambitious and well-defined reforms that should be frontloaded in order to foster competitiveness. In addition, the removal of labour market rigidities would strongly support the adjustment process. Measures which enhance wage flexibility, such as the elimination of automatic wage indexation, would help to accomplish the necessary adjustment.

This issue of the Monthly Bulletin contains three articles. The first deals with the ECB's non-standard monetary policy measures, their impact on the transmission of monetary policy and their phasing-out. The second article outlines the rationale for the establishment of the European Stability Mechanism and discusses its main features. The third article provides an overview of the new EU framework for financial crisis management and resolution.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

World economic growth has slowed down somewhat in recent months. This mainly reflects a number of transitory factors, such as high commodity prices and supply-chain disruptions following the natural disaster in Japan. As the impact of these factors is gradually diminishing, the global recovery, which has become more self-sustained since the end of last year, is likely to regain momentum. However, regional differences with respect to cyclical positions persist. Growth remains rather subdued in many advanced economies, while most emerging economies are operating at close to full capacity. Global headline inflation has continued to increase, mainly on account of high commodity prices, and price pressures are clearly more pronounced in emerging economies.

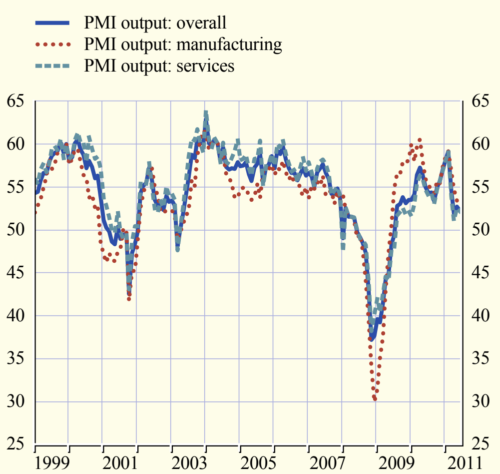
1.1 DEVELOPMENTS IN THE WORLD ECONOMY

World economic growth has decelerated somewhat in recent months as reflected in the latest decline in survey indicators. In June the Purchasing Managers' Index (PMI) for global all-industry output recorded another slight decline to 52.2. While this level remains above the expansion/contraction threshold, suggesting continued global economic growth, the recovery appears to be proceeding at a slower pace than in the first quarter of the year, when this indicator stood at 57.3, on average. The latest developments in the index signal a further slowdown in growth in both the manufacturing and service sectors, which was rather broadly based across countries. The global all-industry new orders index also decreased to 52.0 in June, suggesting that growth in new businesses has also moderated. Consistent with the decline in the momentum of global activity, survey indicators and the latest data for global trade in goods in April also signalled a deceleration in world trade growth in the second quarter of this year.

A number of transitory factors have contributed to the recent slowdown in global growth. Specifically, the repercussions of the Great East Japan Earthquake on both the domestic economy and global supply chains, as well as the adverse impact of high commodity prices on real incomes, have restrained global activity in recent months. In the meantime, however, the supply-chain

Chart 1 Global PMI output

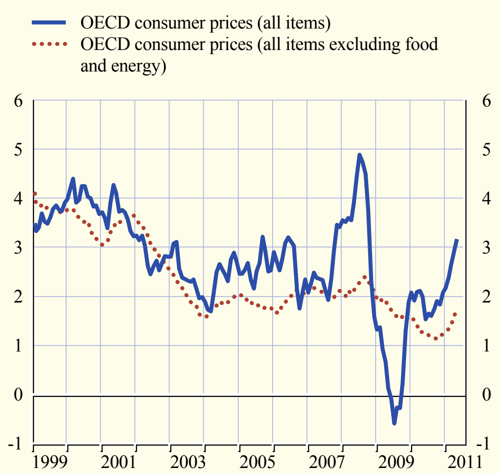
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

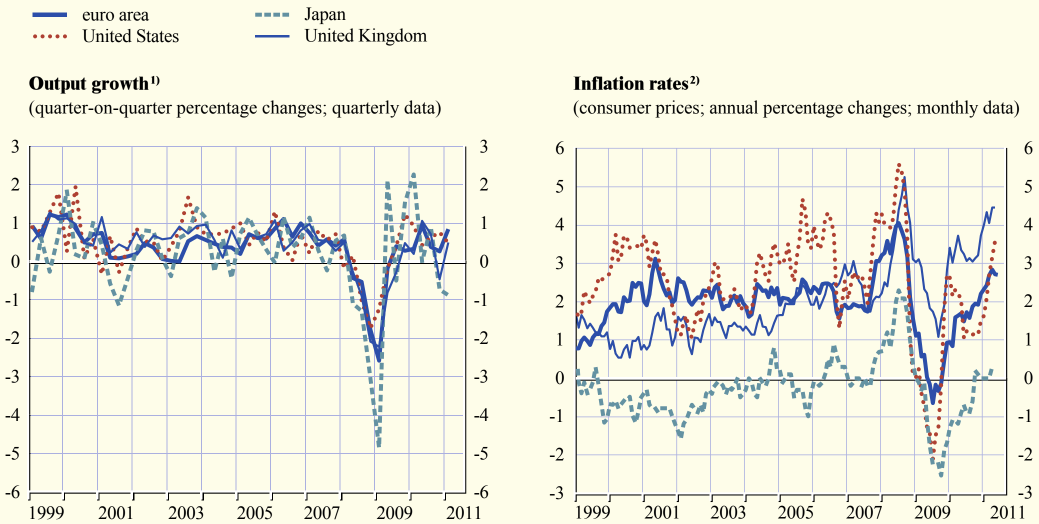
Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

Chart 3 Main developments in major industrialised economies



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

impediments have been gradually waning, while the recent correction in commodity prices has been alleviating their dent on domestic demand in commodity-importing countries. This, in turn, suggests that the main underlying thrust of the recovery – which has moved onto a more self-sustained path since the end of last year – has continued.

At the same time, regional differences with respect to cyclical positions persist. In many advanced economies, the need for further private and public balance sheet repair combined with persistently weak labour market conditions continue to restrain the recovery. This contrasts with the situation in emerging markets, which are operating at close to, and in certain cases above, full capacity. Many of these countries are being increasingly confronted with tight labour market conditions, which add to inflationary pressures and increase the risks of second-round effects.

Global headline inflation has continued to increase, mainly on account of high commodity prices feeding through the production chain. However, the latest global PMI for input prices decreased again, owing to less buoyant global economic activity and the recent correction in commodity prices. At 58.6 in June 2011, the global PMI for input prices nevertheless remains elevated. This is in line with rising consumer price inflation in the OECD area, which reached 3.2% in the year to May 2011, the highest rate of inflation since October 2008. Excluding food and energy, inflation in the OECD area also crept up to 1.7%. Price pressures are clearly more pronounced in emerging economies amid increasing capacity constraints and the higher weight of commodities in their consumption basket.

UNITED STATES

In the United States, the economy is continuing its recovery, albeit at a slower pace than in the fourth quarter of 2010. The third estimate by the Bureau of Economic Analysis revised the rate of growth of real GDP in the first quarter of 2011 marginally upwards, from 1.8% to 1.9% in annualised terms, a deceleration from the growth rate of 3.1% recorded in the last quarter of 2010. The composition of contributions to growth in the first quarter was also revised slightly. The slowdown compared with the previous quarter reflects continued softer growth in personal consumption expenditure, while the deceleration in structures investment is more marked. At the same time, the sharp decrease in government spending is slightly more evident. Moreover, both imports and, to a lesser extent, exports have been revised downwards, leading to a marginally positive net trade contribution. In contrast to the lower contribution from domestic demand and net exports in the first quarter of 2011, real GDP growth was supported by a positive and significant contribution from inventories.

As regards price developments, annual CPI inflation rose to 3.6% in May, from 3.2% in April. This increase stemmed mainly from a continued marked annual rise in energy prices of 21.5%, a rate not seen since the second half of 2008. Excluding food and energy, annual inflation increased to 1.5% in May, from 1.3% in April. However, the upward pressure from energy prices on headline CPI is starting to ease, as energy prices fell in May relative to the previous month. At the same time, the ongoing rise in core inflation suggests that the pass-through of costs will continue to push prices upwards as the economic recovery proceeds.

On 22 June 2011 the US Federal Open Market Committee (FOMC) decided to maintain its target range for the federal funds rate at between 0.0% and 0.25%. The FOMC continues to anticipate that economic conditions, including low rates of resource utilisation, subdued inflation trends and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period. It was also stated that the Federal Reserve System will complete purchases of USD 600 billion of longer-term Treasury securities by the end of June and will maintain its existing policy of reinvesting principal payments from its securities holdings.

JAPAN

In Japan, recent data releases show that economic activity has begun to recover from the devastating impact of the Great East Japan Earthquake. Industrial production in May grew by 5.7% in monthly terms, after a relatively mild increase in April and a historic 15.5% plunge in March, signalling a gradual easing of supply constraints. In particular, production of transport equipment, which was heavily affected by the recent events, picked up significantly in May, growing by 36.4% relative to the previous month. At the same time, exports of goods in real terms increased in May by 4.7% month on month, following two consecutive monthly declines, while imports of goods increased by 3.4%. Moreover, business and consumer sentiment continue to show signs of improvement. After a historically large deterioration in April, the Reuters Tankan survey signalled that sentiment among large manufacturers improved for the second consecutive month in June.

As regards price developments, annual CPI inflation stood at 0.3% in May, the same level as in the previous month. Annual CPI inflation excluding fresh food remained at 0.6% in May, whereas annual CPI inflation excluding fresh food and energy increased to 0.1% (from -0.1% in the previous month).

At their latest policy meeting, held on 14 June 2011, the Bank of Japan decided to leave its target for the uncollateralised overnight call rate unchanged at between 0.0% and 0.1%. In addition, the Bank of Japan announced a new JPY 500 billion line of credit for equity investments and asset-based lending to enhance the existing "Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth", introduced in June 2010.

UNITED KINGDOM

In the United Kingdom, economic activity remained subdued. After real GDP growth stood at 0.5% in the first quarter of 2011, most monthly indicators point to sluggish growth in the second quarter. Industrial production decreased in April, most business survey indicators edged lower in May, and data on household consumption was relatively weak. Looking ahead, monetary stimulus, external demand and the past depreciation of the pound sterling should support economic activity. However, growth in domestic demand is expected to remain constrained by tight credit conditions, household balance sheet adjustment and substantial fiscal tightening needs.

Annual CPI inflation has increased in recent months and stood at 4.5% in May 2011, unchanged from the previous month. Acceleration in food price inflation made a large positive contribution to CPI inflation in May, while core inflation (CPI inflation excluding energy and unprocessed food) slowed down to 3.9% from 4.1% in April. Going forward, the gradual diminishing of certain temporary factors (higher commodity prices, the lagged effects of the depreciation of the pound sterling, and the increase in the rate of VAT in January 2011), as well as spare capacity, will contribute to the dampening of inflationary pressures. There are no clear signs of longer-term inflation expectations becoming unanchored, and wage pressures have remained muted. In recent quarters the Bank of England's Monetary Policy Committee has maintained the official Bank Rate paid on commercial bank reserves at 0.5%. The Committee has also continued to vote for maintaining the stock of asset purchases financed by the issuance of central bank reserves at GBP 200 billion.

CHINA

In China, economic growth continued to moderate gradually in May, in keeping with the policy measures that have been implemented to contain inflationary pressures and the overheating of the economy. Domestic demand has remained robust since the beginning of the year, mainly driven by strong fixed asset investment and sustained construction activity. The trade balance registered a surplus of USD 13 billion in May, after having recorded a small deficit in the first quarter of the year. CPI inflation reached 5.5% year on year in May, from 5.3% in April, the fastest pace in nearly three years. Food prices remained the main contributor to CPI inflation, rising by 11.7% year on year, up from 11.5% in April. Non-food CPI inflation also accelerated to 2.9%, from 2.7% in April. Box 1 briefly reviews developments in the prices of euro area imports from China. New lending and M2 growth decelerated further in May, showing that the monetary tightening measures are taking effect. In particular, in June the People's Bank of China increased the reserve requirement ratio for the sixth time this year. Effective from 20 June 2011, the ratio for large banks is 21.5%.

Box 1

ARE RECENT WAGE INCREASES IN CHINA PUTTING UPWARD PRESSURE ON EURO AREA IMPORT PRICES?

The prices of euro area manufacturing imports from China increased by 13% year on year in euro terms in the second half of 2010. This is almost double the pace of the overall rise in euro area manufacturing import prices. As a result, after many years of downward pressure on euro area import prices, Chinese exports to the euro area made a positive contribution – of 1 percentage point – to the 8% overall increase in euro area manufacturing import prices in the second half of 2010. This box presents the factors behind the developments in the prices of euro area imports from China and discusses the prospects for the future.

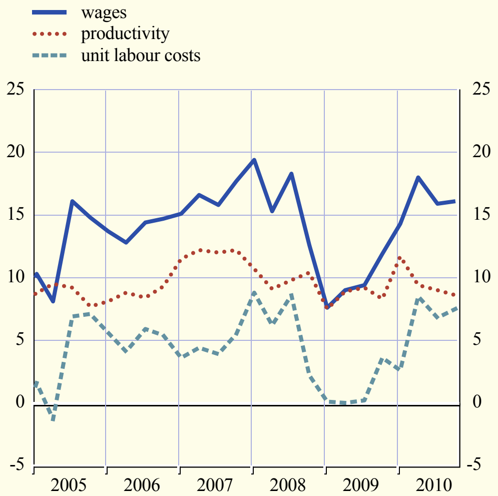
The recent increase in Chinese export prices occurred in parallel with an increase in labour costs for Chinese manufacturers. However, at this point in time, there is no compelling empirical evidence to suggest that Chinese real wages are set to increase well above productivity growth. While the growth rate of manufacturing unit labour costs picked up to around 8% by the end of 2010, this may reflect the stronger cyclical position of the economy. In addition, the current growth rate of unit labour costs is still in line with historical developments and is close to the pre-crisis level (see Chart A).

Historically, increases in Chinese manufacturing export prices in euro terms have been more strongly correlated with movements in the bilateral exchange rate of the euro vis-à-vis the renminbi than with unit labour costs (see Chart B). For instance, the rise in Chinese export prices in the first half of 2010 occurred in parallel with a 21% appreciation of the renminbi against the euro. This strong positive correlation between Chinese export prices and the EUR/RMB exchange rate may be due to the fact that the bulk of Chinese exports to the euro area are thought to be invoiced in US dollars, with prices being sticky in the short run owing to the periodical revision of contracts. Given that the movements in the EUR/RMB exchange rate are mainly a by-product of the movements in the exchange rate of the US dollar against the euro, Chinese export prices – while being unchanged in dollar terms – have fluctuated in euro terms.

Looking ahead, China is expected to remain a low-cost country for a prolonged period. While the supply of young workers, who are the most willing to migrate, is projected to decline in the coming years, the relaxation of existing obstacles to migration and the delocalisation of production towards inner provinces should help Chinese manufacturers to utilise cheap rural labour for a

Chart A China's manufacturing wages, productivity and unit labour costs

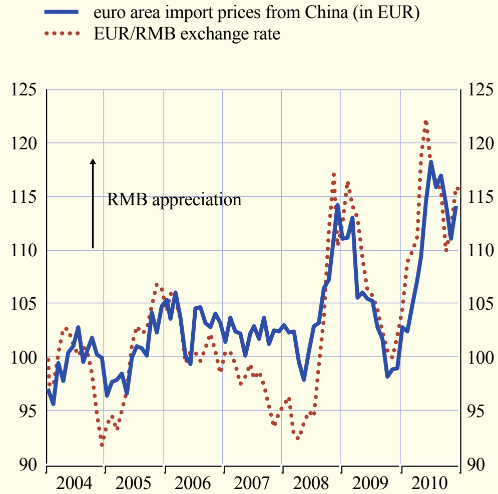
(year-on-year percentage changes)



Source: CEIC, ECB staff calculations.
Note: Latest observation refers to the fourth quarter of 2010.

Chart B Euro area import prices from China and the EUR/RMB exchange rate

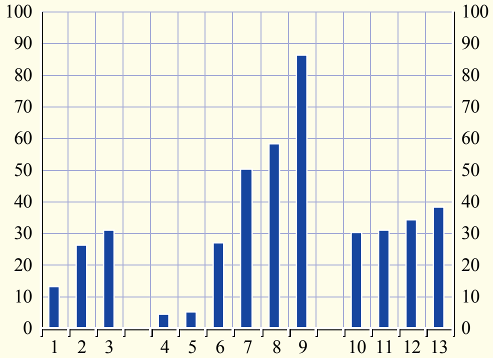
(2005 = 100)



Source: Eurostat.
Note: Latest observation refers to December 2010.

Chart C Relative wage level of China in 2008

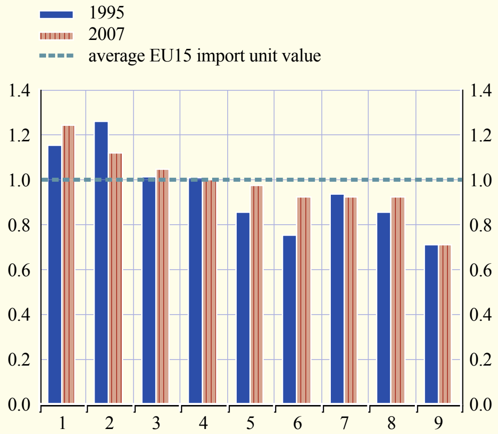
(manufacturing hourly compensation costs; United States=100)



Source: US Bureau of Labor Statistics.

Chart D The relative unit values of EU15 manufacturing imports by origin

(relative to the EU15's average import unit value)



Sources: Pula, G. and Santabárbara, D., "Is China climbing up the technology ladder?", *Working Paper Series*, No 1310, ECB, 2011.
Note: The relative unit values are calculated at the CN8 digit product level and aggregated by country export weights. The relative unit value is calculated as the unit value of a given product from a given country divided by the average unit value of that product across all import origins.

longer period. Even more importantly, the share of Chinese workers in the agricultural sector is still very high at around 40%, suggesting that there may be further significant scope for labour restructuring and productivity gains in China.

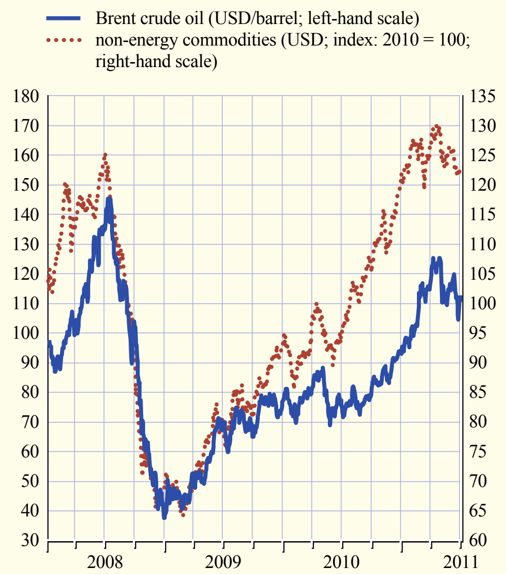
Nonetheless, even if the labour market tightens and wage pressures increase, China's cost advantage is expected to decline only gradually. According to the most recent update of international labour cost statistics by the US Bureau of Labor Statistics, Chinese hourly compensation costs in the manufacturing sector are only 4% of the US level (see Chart C). China has the lowest wages among the 35 countries in the analysis, slightly below the level of the Philippines, one-third of Mexico's and one-eighth of Eastern Europe's wage level. While these figures partly reflect productivity differentials, they also suggest that Chinese manufacturing is highly price competitive. As a result, Chinese goods continue to be sold at a substantial discount on European markets in comparison with other competitors. ECB staff estimate the price advantage of Chinese export products to be around 30% (see Chart D). Given that Chinese goods are, on average, cheaper than those imported from other non-euro area countries, increases in the import share of China in euro area markets will have a downward impact on euro area import prices over time (referred to as the "share effect"). As a result, even if Chinese wages catch up to the level of more advanced economies at a faster speed, the impact on euro area import prices in the short to medium run may be limited, provided that China's share in euro area imports continues to grow.

1.2 COMMODITY MARKETS

Oil prices declined in June. Brent crude oil prices stood at USD 112.8 per barrel on 6 July, which is still 21% higher than at the beginning of the year, but 3.3% lower than at the beginning of June (see Chart 4). Looking ahead, market participants expect slightly higher oil prices in the medium term, with futures contracts for December 2012 trading at around USD 113.2 per barrel.

The decline in prices followed a decision by the International Energy Agency to release 60 million barrels of strategic reserves in member countries, at a pace of 2 million barrels per day. This decision came against the background of persistent tightness in the supply-demand balance, which was generated by the supply restrictions associated with the ongoing conflict in Libya and exacerbated by strong demand from emerging economies.

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

The prices of non-energy commodities also declined in the course of June. Food prices decreased in response to positive reports on the 2011 crops. Metal prices also moderated over concerns about the global macroeconomic outlook. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was 0.1% lower towards the end of June than at the beginning of the year.

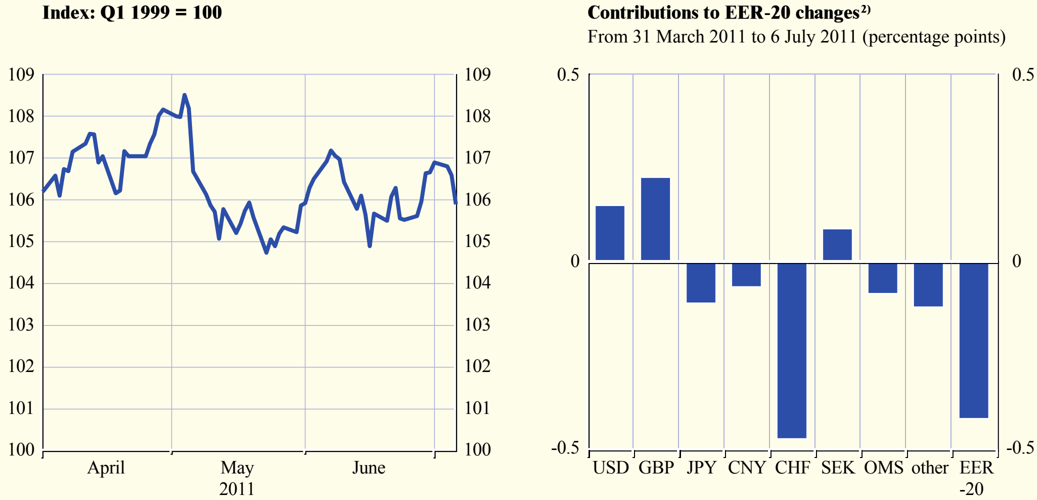
1.3 EXCHANGE RATES

From April to early July the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, experienced rather wide swings. On 6 July the nominal effective exchange rate of the euro was close to its level at the end of March 2011 and 1.1% above its average level for 2010 (see Chart 5).

In bilateral terms, in the past three months the developments in the euro nominal effective exchange rate were the outcome of partly counterbalancing movements vis-à-vis most major currencies. Between 31 March and 6 July 2011, the euro strengthened against the Swedish krona by 1.8%, the pound sterling by 1.3% and the US dollar by 0.8%. By contrast, the single currency depreciated significantly vis-à-vis the Swiss franc (by 7.3%) and against the Japanese yen (by 1.3%; see Table 1). The appreciation of the euro against the US dollar did not correspond to a similar appreciation against the Chinese renminbi, as the latter appreciated by more than 1% against the US dollar. Volatility, as measured on the basis of foreign exchange option prices, increased significantly in the course of the period under review, especially in the EUR/USD and EUR/CHF currency pairs.

Chart 5 Euro effective exchange rate (EER-20) and its decomposition [1]

(daily data)



Source: ECB.
1) An upward movement of the index represents an appreciation of the euro against the currencies of 20 of the most important trading partners of the euro area (including all non-euro area EU Member States).
2) Contributions to EER-20 changes are displayed individually for the currencies of the six main trading partners of the euro area. The category "other Member States" (OMS) refers to the aggregate contribution of the currencies of the non-euro area Member States (except the pound sterling and the Swedish krona). The category "other" refers to the aggregate contribution of the currencies of the remaining six trading partners of the euro area in the EER-20 index. Changes are calculated using the corresponding overall trade weights in the EER-20 index.

Between 31 March 2011 and 6 July 2011, the currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates. The Latvian lats traded close to the weak side of the unilaterally set fluctuation band of +/-1%.

Table 1 Euro exchange rate developments [1]

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

	Weight in EER-20	Level on 6 July 2011	Appreciation (+)/depreciation(-) of the euro as at 6 July 2011 since: 31 March 2011	since: 1 January 2010	compared with: average for 2010
US dollar	19.4	1.432	0.8	-0.5	8.0
Pound sterling	17.8	0.895	1.3	0.4	4.3
Chinese renminbi	13.6	9.259	-0.5	-5.7	3.2
Japanese yen	8.3	116.0	-1.3	-13.2	-0.2
Swiss franc	6.4	1.206	-7.3	-18.9	-12.6
Polish zloty	4.9	3.954	-1.4	-3.6	-1.0
Swedish krona	4.9	9.090	1.8	-10.8	-4.7
Czech koruna	4.1	24.27	-1.1	-7.7	-4.0
Korean won	3.9	1,523	-2.0	-8.4	-0.6
Hungarian forint	3.1	265.1	-0.2	-1.8	-3.8
NEER [2]		105.9	-0.4	-5.3	1.1

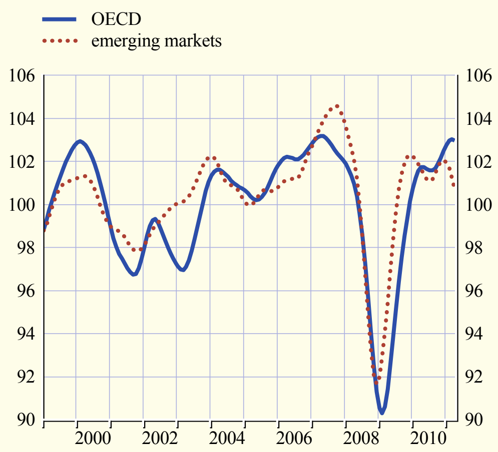
Source: ECB.
1) Bilateral exchange rates in descending order based on the corresponding currencies' trade weights in the EER-20 index.
2) Euro nominal effective exchange rate against the currencies of 20 of the most important trading partners of the euro area (EER-20).

1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Looking ahead, as the transitory factors restraining global economic activity in the second quarter of 2011 are diminishing, world economic growth may experience a rebound in the second half of the year. In line with current trends, the OECD's composite leading indicator for April suggested a mild loss in growth momentum in most major economies. However, since the end of last year, the underlying recovery has become more engrained and global economic prospects are expected to remain positive. In particular, growth prospects for emerging markets remain dynamic, notwithstanding efforts to tighten monetary and fiscal policies in these countries. At the same time, the fallout from the financial crisis is expected to continue to weigh on the strength of the recovery, thwarting the prospects for a speedy recovery in labour market conditions, particularly in some major advanced economies. Moreover, the policies needed to ensure that fiscal positions in major advanced economies revert onto sustainable trajectories may restrain growth in the near term.

Chart 6 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

The risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty. On the one hand, global growth may rebound more strongly than expected. On the other hand, downside risks relate to the ongoing tensions in some financial market segments, further increases in energy prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

The annual growth rate of M3 increased in May 2011, while that of MFI loans to the private sector remained broadly unchanged. Overall, looking beyond short-term developments, the latest data continue to point to a gradual recovery in monetary dynamics, albeit with growth remaining moderate. Thus, inflationary pressures stemming from monetary growth are currently contained. At the same time, monetary liquidity accumulated prior to the period of financial tension remains ample, despite some downward adjustment. The unwinding of this excess liquidity may facilitate the accommodation of asset and consumer price pressures in the euro area.

THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 increased to 2.4% in May 2011, up from 2.0% in April (see Chart 7). This stemmed from the strength of the month-on-month growth rate of M3, which reached 0.5% in May, having stood at zero in April. At the same time, more than three-quarters of the monthly increase observed in May was explained by substantial inflows for repurchase agreements. Those inflows, in turn, entirely reflected secured interbank trading activity conducted through central counterparties (CCPs), which are part of the money-holding sector. The increases seen recently in the monthly volatility of such transactions have led to some volatility in the annual growth rate of M3. This has not, however, affected the overall assessment of an ongoing gradual strengthening of money growth, albeit with growth remaining moderate.

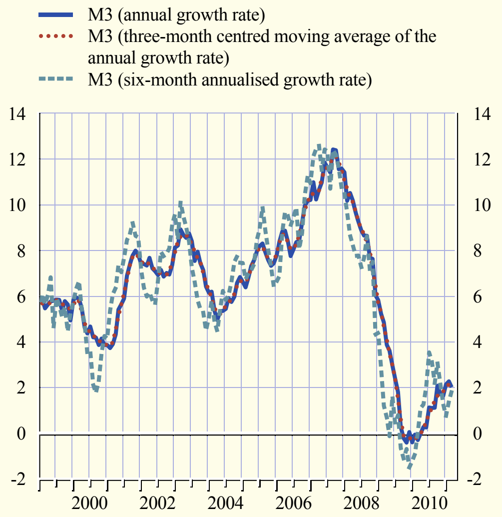
On the component side, the annual growth rate of M1 continued to decline in May, while that of other short-term deposits (i.e. M2 minus M1) increased further. These developments continue, to a significant extent, to reflect substitution within M3, linked to the gradual increases seen in recent months in the remuneration of short-term time and savings deposits. Those increases have led to shifts from overnight deposits into better remunerated deposits included in M3.

On the counterpart side, the annual growth rate of MFI loans to the private sector increased marginally in May. The annual growth rates of loans to non-financial corporations and loans to households were broadly unchanged from the previous month.

The main assets held by euro area MFIs (excluding the Eurosystem) increased in May, following two consecutive monthly declines. This primarily reflected increases in external assets and loans to the private sector. The latter partly reflects a rise in secured interbank lending conducted through central counterparties, as this increase was mirrored by a reduction in direct inter-MFI lending. Looking at the period from March to May as a whole, the main assets of MFIs (excluding the Eurosystem) declined overall, reflecting the high degree of volatility observed for this item in recent months.

Chart 7 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

MAIN COMPONENTS OF M3

The annual growth rate of the narrow monetary aggregate M1 continued to decline in May, while that of other short-term deposits increased further and that of marketable instruments (i.e. M3 minus M2) turned sharply positive. Currently, the main contributor to the annual growth rate of M3 is short-term deposits, while the strengthening seen in M3 growth in May was mirrored by an increase in the contribution of marketable instruments.

The annual growth rate of M1 decreased significantly to stand at 1.2% in May, down from 1.6% in April. This decline in the annual growth rate of M1 can be explained by an outflow of €17 billion for overnight deposits, which was attributable mainly to non-financial corporations and non-monetary financial intermediaries.

By contrast, the annual growth rate of short-term deposits other than overnight deposits increased markedly to stand at 3.9% in May, up from 3.3% in the previous month. This increase reflected sizeable monthly inflows for both short-term savings deposits and short-term time deposits. These continued inflows occurred in the context of a further widening of the spread between the remuneration of overnight deposits and that of other short-term deposits, leading to substitution effects within M3.

The annual growth rate of marketable instruments increased strongly to stand at 2.7% in May, up from -0.8% in April, clearly entering positive territory and standing at its highest level since December 2008. However, that entire increase reflected the aforementioned interbank trading channelled through CCPs. These transactions more than offset the substantial reduction seen in repurchase agreements with other counterparts, the continued net sales of money market fund shares/units by the private sector and the small outflow observed for short-term MFI debt securities.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest monetary aggregate for which a timely sectoral breakdown is available – increased to 3.4% in May, up from 3.0% in April. This pick-up reflected developments in the M3 deposit holdings of OFIs (i.e. non-monetary financial intermediaries other than insurance corporations and pension funds) and non-financial corporations. In the case of the latter, however, the increase seen in the annual growth rate is explained by a base effect, as this sector recorded a significant monthly outflow, all of which was accounted for by overnight deposits. The annual growth rate of households' M3 deposits remained unchanged, despite a considerable monthly inflow.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents stood at 3.1% in May, down from 3.2% in April (see Table 2). This was the result of a further significant decline in the annual growth rate of credit to general government and a marginal increase in the annual growth rate of credit to the private sector.

The weakening of growth in credit to general government conceals divergent developments in loans (the annual growth rate of which declined strongly further) and securities other than shares (the annual growth rate of which increased marginally). These developments largely reflect the replacement of loans with government securities. Nevertheless, the annual growth rate of credit to general government remains high, largely reflecting the impact of the financing of earlier asset transfers to "bad bank" schemes classified as part of the government sector. This impact will remain visible in annual growth rates until September 2011.

Table 2 Summary table of monetary variables

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

	Outstanding amount as a percentage of M3 [1]	Annual growth rates					
		2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Apr.	2011 May
M1	**48.6**	**10.3**	**7.9**	**4.9**	**3.2**	**1.6**	**1.2**
Currency in circulation	8.4	6.4	6.5	5.6	4.9	4.3	4.4
Overnight deposits	40.2	11.2	8.1	4.8	2.9	1.1	0.5
M2 - M1 (= other short-term deposits)	39.3	-8.0	-5.1	-1.1	1.4	3.3	3.9
Deposits with an agreed maturity of up to two years	19.2	-21.4	-16.2	-8.7	-2.7	2.3	3.2
Deposits redeemable at notice of up to three months	20.0	10.3	8.4	7.2	5.4	4.3	4.6
M2	**87.9**	**1.5**	**1.8**	**2.2**	**2.4**	**2.4**	**2.4**
M3 - M2 (= marketable instruments)	12.1	-9.8	-6.5	-3.0	-1.6	-0.8	2.7
M3	**100.0**	**-0.1**	**0.7**	**1.5**	**1.9**	**2.0**	**2.4**
Credit to euro area residents		**1.8**	**2.1**	**3.3**	**3.7**	**3.2**	**3.1**
Credit to general government		9.2	7.8	11.8	10.9	7.4	6.2
Loans to general government		6.7	6.5	15.5	17.8	12.7	9.0
Credit to the private sector		0.2	0.8	1.5	2.0	2.3	2.4
Loans to the private sector		0.2	0.9	1.7	2.4	2.6	2.7
Loans to the private sector adjusted for sales and securitisation [2]		0.4	1.2	2.2	2.8	2.8	2.9
Longer-term financial liabilities (excluding capital and reserves)		**4.5**	**2.6**	**2.7**	**2.8**	**3.1**	**3.5**

Source: ECB.
1) As at the end of the last month available. Figures may not add up due to rounding.
2) Adjusted for the derecognition of loans from the MFI statistical balance sheet owing to their sale or securitisation.

The annual growth rate of credit to the euro area private sector increased marginally to stand at 2.4% in May, up from 2.3% in the previous month. This reflected slight increases in the annual growth rates of its two main components: loans to the private sector; and securities other than shares. A strong monthly inflow was observed for loans to the private sector, although interbank transactions conducted through CCPs accounted for approximately half of that inflow.

The annual growth rates of both (i) MFI loans to non-financial corporations adjusted for loan sales and securitisation activity and (ii) loans to that sector retained on MFIs' balance sheets remained broadly unchanged from the two previous months, standing at 1.8% and 0.9% respectively in May, despite modest inflows (see Table 3). There is currently a considerable – and increasing – gap between these two growth rates (see Box 2, entitled "The impact of loan sales and securitisation activity on recent developments in MFI loans to non-financial corporations and households"). As regards the maturity breakdown, the stabilisation observed in the annual growth rate of loans retained by MFIs reflects a loss of momentum in the recovery by short-term loans following the strongly negative growth rates observed in early 2010, as the contributions of other maturities have remained broadly unchanged since the end of 2010. New MFI statistics show that revolving loans account for a large share of monthly flows for loans to non-financial corporations. Cross-country heterogeneity in loan developments remains significant, in line with the uneven recovery in economic activity and the differences currently observed in the external financing needs of individual industrial sectors in the various countries of the euro area.

Table 3 MFI loans to the private sector

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

	Outstanding amount as a percentage of the total 1)	Annual growth rates					
		2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Apr.	2011 May
Non-financial corporations	**42.1**	**-2.2**	**-1.3**	**-0.4**	**0.5**	**0.9**	**0.9**
Adjusted for sales and securitisation 2)	-	*-1.9*	*-0.7*	*0.6*	*1.5*	*1.9*	*1.8*
Up to one year	24.5	-10.8	-8.3	-5.0	-1.6	1.0	0.9
Over one and up to five years	18.7	-4.6	-3.5	-2.1	-1.9	-2.6	-2.1
Over five years	56.9	3.1	2.9	2.4	2.3	2.1	1.9
Households 3)	**46.9**	**2.6**	**2.8**	**2.8**	**3.1**	**3.4**	**3.4**
Adjusted for sales and securitisation 2)	-	*2.7*	*2.9*	*3.0*	*3.1*	*3.0*	*3.1*
Consumer credit 4)	12.1	-0.5	-0.5	-0.7	-0.7	-0.5	-0.7
Lending for house purchase 5)	72.1	3.0	3.4	3.5	4.0	4.4	4.4
Other lending	15.8	3.2	2.9	2.5	2.4	1.8	2.0
Insurance corporations and pension funds	**0.8**	**-9.0**	**-1.0**	**7.7**	**7.6**	**1.0**	**2.6**
Other non-monetary financial intermediaries	**10.2**	**0.9**	**2.5**	**4.7**	**7.0**	**6.1**	**7.3**

Source: ECB.
Notes: MFI sector including the Eurosystem; sectoral classification based on the ESA 95. For further details, see the relevant technical notes.
1) As at the end of the last month available. Sector loans as a percentage of total MFI loans to the private sector; maturity breakdown and breakdown by purpose as a percentage of MFI loans to the respective sector. Figures may not add up due to rounding.
2) Adjusted for the derecognition of loans from the MFI statistical balance sheet owing to their sale or securitisation.
3) As defined in the ESA 95.
4) Definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.

Box 2

THE IMPACT OF LOAN SALES AND SECURITISATION ACTIVITY ON RECENT DEVELOPMENTS IN MFI LOANS TO NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

In the current macroeconomic environment, an assessment of whether the banking system provides sufficient funding to households and non-financial corporations is of key importance. In the presence of loan sales and securitisation activity (or the reversal of such activities[1]), such an assessment requires broad information on all loans granted by MFIs in a particular month, rather than more restrictive information on loans granted by MFIs and kept on their balance sheets. This is made all the more necessary by the fact that accounting practices differ across euro area countries as regards the derecognition of securitised loans from MFIs' balance sheets, which could have an impact on the comparability of national data on loans.[2] In order to meet this challenge, the ECB has recently released a comprehensive set of new and enhanced monetary and financial statistics, which include breakdowns of MFI loan sales and securitisation by borrowing sector. These statistics go back as far as December 2009. This allows the annual growth rates of MFI loans to individual borrowing sectors to be adjusted for the derecognition of loans from MFIs' balance sheets owing to their sale or securitisation, thereby providing a better indication of total loans granted by MFIs. These new data are harmonised across the euro area

1 This refers to a situation where previously securitised (or sold) loans are brought back onto an MFI's balance sheet.
2 For previous assessments of the impact that securitisation has on private sector loan growth, see: the box entitled "The impact of traditional true-sale securitisation on recent MFI loan developments", *Monthly Bulletin*, ECB, September 2008; and the article entitled "Securitisation in the euro area", *Monthly Bulletin*, ECB, February 2008.

in accordance with a new statistical regulation.[3] They are an improvement on the data available previously, which were published from January 2009 onwards. Those data were not harmonised and were provided on a "best estimate" basis for loans to households and loans to non-financial corporations only. This box describes the impact that securitisation activity has on loans to non-financial corporations and loans to households using these new data.

Loans to non-financial corporations

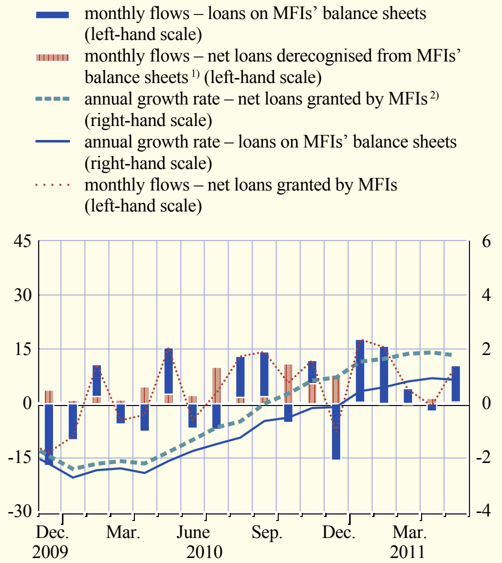
It is clear from Chart A that, over the past 12 months, MFIs' securitisation and loan sales have significantly affected the annual growth rate of loans to non-financial corporations. Indeed, the gap between the annual growth rate of total MFI loans to non-financial corporations and that of loans remaining on MFIs' balance sheets has been widening since early 2010, standing at around 1 percentage point in May 2011, with securitisation and loan sales particularly strong in the fourth quarter of 2010. The significant divergence in these two growth rates reflects large-scale loan transfers from MFIs resident in Ireland and (to a lesser extent) Germany to "bad banks" located in these Member States – i.e. financial institutions outside the MFI sector. These transfers have had a significant dampening effect on the annual growth rate of loans remaining on MFIs' balance sheets, causing it to diverge from that of total loans granted by MFIs. Overall, therefore, that broader information on loans granted by MFIs indicates that the annual growth rate of such funding provided to non-financial corporations by MFIs turned positive in October 2010 and is currently twice as strong as that indicated by data on loans granted by MFIs and held on their balance sheets.

Loans to households

By contrast with the securitisation activity described for loans to non-financial corporations, MFIs have recently been bringing previously securitised loans to households back onto their balance sheets. MFIs may be reversing previous securitisation in order to use the loans that backed these securities to create other funding instruments, such as covered bonds, for which demand remains strong. As a result, the annual growth rate of loans to households remaining on MFIs' balance sheets has surpassed that of total MFI loans to households in recent months, as shown in Chart B. However, this is a relatively new phenomenon, as differences between the two growth rates in early and late 2010 were due to the annual growth of total MFI loans to households exceeding that of loans on MFIs' balance sheets. These earlier developments partly reflected "retained securitisation", which occurs when the MFI keeps the debt securities

Chart A MFI loans to non-financial corporations

(EUR billions; annual percentage changes)



Sources: ECB and ECB calculations.
1) Net loans derecognised from MFIs' balance sheets owing to sales and securitisation activity.
2) All new lending minus redemptions. This is referred to as loans "adjusted for sales and securitisation" in the ECB's press release on monetary developments.

3 Regulation ECB/2008/32 concerning the balance sheet of the monetary financial institutions sector. A press release of 27 June 2011 describing the new data is available at www.ecb.europa.eu

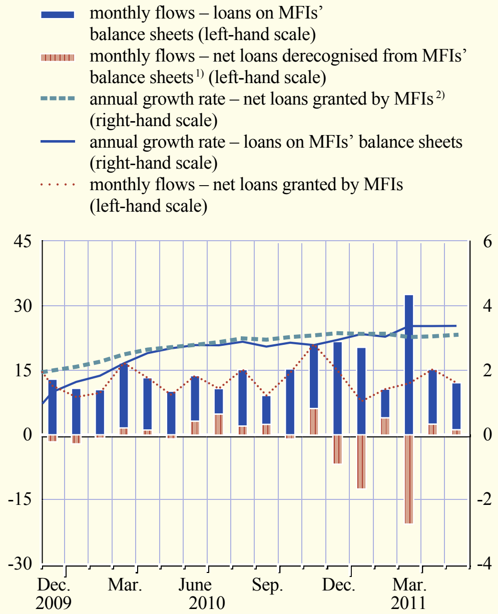
created by the securitisation process for use in central bank refinancing operations.

Conclusion

Overall, securitisation and loan sales have had significant – and at times contrasting – effects on the annual growth rates of loans to households and non-financial corporations. Correcting for the impact of securitisation and loan sales, the trough in the annual growth rate of loans to non-financial corporations was less severe and the recovery has been slightly stronger than was indicated by the growth rate of loans remaining on MFIs' balance sheets. By contrast with loans to non-financial corporations, the annual growth rate of loans to households on MFIs' balance sheets has been boosted slightly in recent months, as MFIs appear to have brought previously securitised loans back onto their balance sheets. These contrasting developments highlight the importance of taking securitisation into account when assessing the amount of funding being provided to the non-financial private sector by MFIs.

Chart B MFI loans to households

(EUR billions; annual percentage changes)



Sources: ECB and ECB calculations.
1) Net loans derecognised from MFIs' balance sheets owing to sales and securitisation activity.
2) All new lending minus redemptions. This is referred to as loans "adjusted for sales and securitisation" in the ECB's press release on monetary developments.

The annual growth rates of (i) MFI loans to households adjusted for sales and securitisation and (ii) loans to that sector retained on MFIs' balance sheets stood at 3.1% and 3.4% respectively in May. Household borrowing continued to be driven by loans for house purchase, while consumer credit contracted further on an annual basis. The weakness of consumer credit probably reflects a lack of willingness to embark on purchases of "big-ticket" items as a result of further muted growth in disposable income and high levels of household indebtedness. The annual growth rate of other lending, which includes lending to sole proprietors and unincorporated businesses, remained moderately positive. Overall, therefore, the data for May tend to confirm earlier signs that the recovery in loans to households has levelled off in recent months.

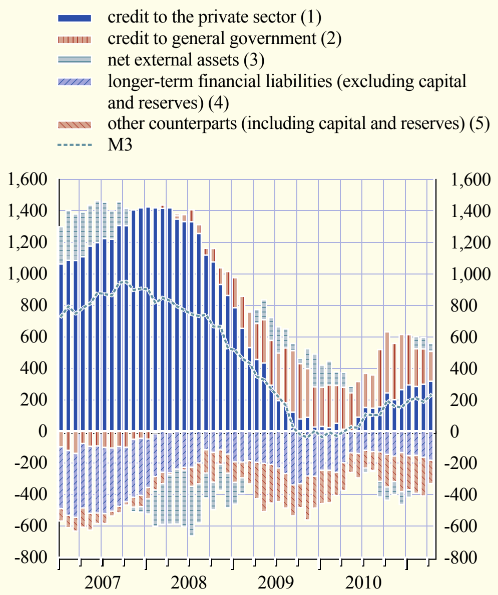
Among the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) increased to 3.5% in May, up from 3.1% in April. This was driven mainly by marked strengthening in the annual growth rate of longer-term MFI debt securities, an increase which primarily reflected base effects and, to a lesser extent, small inflows for this type of instrument. Although households significantly increased their long-term deposit holdings, this was more than offset by OFIs reducing their holdings of these instruments as a result of the unwinding of securitisation transactions. Capital and reserves registered sizeable monthly inflows, potentially reflecting efforts to recapitalise and strengthen the banking sector in some euro area countries. Such efforts should be seen in the context of the gradual phasing-in of the new Basel III capital requirements as of the end of 2011.

The annual inflow for MFIs' net external asset position declined to €52 billion in May, down from €73 billion in April (see Chart 8). This was the result of a significant base effect, which concealed a modest monthly inflow of €12 billion. The positive annual flow continued to result from the fact that the cumulative decline in external liabilities (mainly in the form of deposits) outpaced the cumulative decline in external assets.

Overall, looking beyond the current volatility, the latest data continue to point to a gradual recovery in the monetary dynamics of the euro area. When looking at growth rates, the assessment that underlying monetary expansion is currently moderate and medium-term inflationary pressures stemming from monetary developments are contained still holds. At the same time, the monetary liquidity accumulated previously remains ample, despite some downward adjustment. This, in combination with improving confidence and subsequent increases in willingness to spend, could eventually translate into upward pressure on both asset and consumer prices.

Chart 8 Counterparts of M3

(annual flows; EUR billions; adjusted for seasonal and calendar effects)



Source: ECB.
Notes: M3 is shown for reference only (M3 = 1+2+3-4+5). Longer-term financial liabilities (excluding capital and reserves) are shown with an inverted sign, since they are liabilities of the MFI sector.

2.2 SECURITIES ISSUANCE

The annual growth of debt securities issued by euro area residents declined slightly to 3.2% in April 2011. Overall debt issuance activity continued to reflect high financing needs on the part of the public sector, some restructuring of MFIs' balance sheets and a gradual normalisation of debt securities issuance by the corporate sector against the background of renewed demand for bank loans. At the same time, the annual growth rate of quoted share issuance increased slightly to 1.4% in April 2011.

DEBT SECURITIES

In April 2011 the annualised growth rate of debt securities issued by euro area residents declined to 3.2%, compared with 3.4% in the previous month (see Table 4). This slight moderation in debt securities issuance activity was largely driven by a higher pace of contraction in short-term issuance, while the growth in issuance of long-term debt securities remained broadly unchanged. Looking at short-term trends, the annualised and seasonally adjusted six-month growth rate of debt securities issued remained broadly unchanged in April 2011, contrasting with the previously rapid decline from 5% in January 2011 to 3% in March 2011 (see Chart 9).

Since the beginning of 2010, positive growth in debt securities issuance has been driven entirely by issuance of long-term, mainly fixed rate securities, while the short-term segment has continued

Table 4 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) 2011 April	Annual growth rates [1] 2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 March	2011 April
Debt securities	**16,051**	**4.7**	**3.4**	**3.6**	**3.7**	**3.4**	**3.2**
MFIs	5,340	0.5	-0.6	-0.1	0.7	0.8	0.5
Non-monetary financial corporations	3,264	3.0	1.0	1.3	1.8	1.3	1.2
Non-financial corporations	821	15.3	10.4	8.4	6.3	4.9	3.3
General government	6,626	8.3	7.6	7.5	7.2	6.6	6.7
of which:							
Central government	6,059	8.3	7.3	7.1	6.7	5.9	6.0
Other general government	567	8.2	10.9	12.3	12.9	14.4	14.5
Quoted shares	**4,892**	**2.5**	**1.8**	**1.7**	**1.3**	**1.2**	**1.4**
MFIs	498	6.6	5.2	6.6	6.4	6.2	6.8
Non-monetary financial corporations	373	5.2	4.3	3.3	1.8	2.5	2.5
Non-financial corporations	4,021	1.5	1.0	0.8	0.6	0.5	0.6

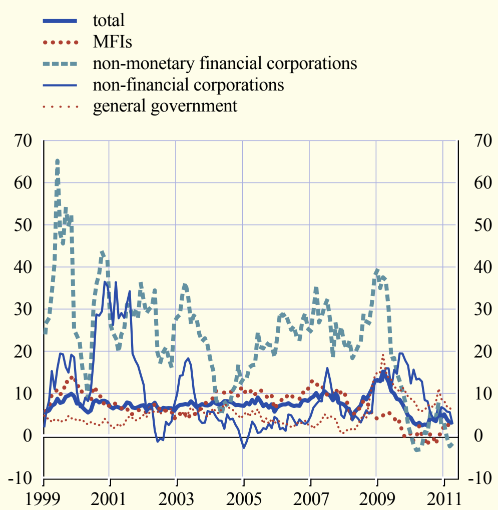
Source: ECB.
1) For details, see the technical notes for Sections 4.3 and 4.4 of the "Euro area statistics" section.

to contract. In recent months, while this pattern has continued by and large, the long-term floating rate segment of the market has been showing signs of a moderate recovery. In April 2011 issuance of floating rate long-term debt securities rose slightly, after the small decline registered in the previous month.

Regarding issuing sectors, the slight decline in debt securities issuance growth recorded in April appeared to be broadly based, with the general government sector the sole exception. The annual growth rate of debt securities issued by the general government edged up slightly to 6.7% in April 2011, compared with 6.6% in March, reflecting continued and relatively high funding needs in the euro area public sector. By contrast, the annual growth rate of debt securities issued by non-financial corporations declined further to 3.3% in April, from 4.9% in March, in line with the downward trend that started more than a year ago, and thus fell well below its long-term average of about 8%. The apparent decline in the growth of debt securities issuance by the corporate sector may be explained, to some extent, by the gradual normalisation of the demand for bank loans. Similarly, the annual growth rate of debt securities issued by MFIs declined to just below 0.5% in April, from 0.8% in March. This decline conceals a gradual recovery of debt securities issuance by the MFI sector, which had actually contracted in the second half of 2010. The new regulatory context may, to some extent, explain the recent rebound in debt securities and, in particular, covered bond issuance by euro area MFIs, which may be seeking to increase their short-term liquidity position. At the same time, issuance activity by financial corporations other than MFIs decreased marginally, to 1.2% in April 2011, compared with 1.3% in March.

Chart 9 Sectoral breakdown of debt securities issued by euro area residents

(six-month annualised growth rates; seasonally adjusted)



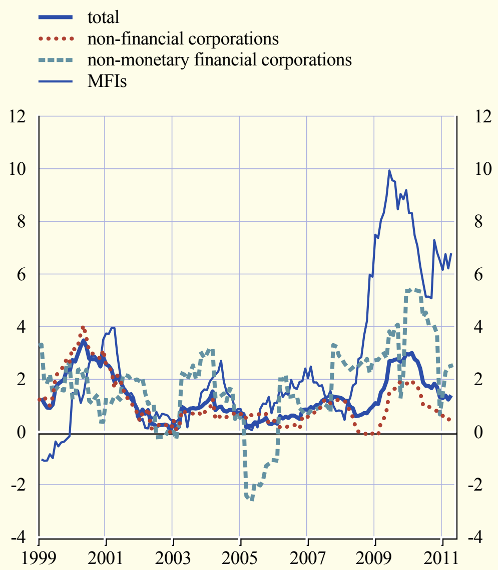
Source: ECB.

QUOTED SHARES

The annual growth rate of quoted share issuance by euro area residents increased slightly to 1.4% in April 2011, mainly driven by increased issuance activity on the part of the MFIs. The annual rate of growth in equity issuance by MFIs rose to 6.8% in April 2011, from 6.2% in March (see Chart 10). Equity issuance activity by euro area MFIs continued to be supported by ongoing efforts to strengthen balance sheets and replenish capital bases. At the same time, the annual growth rate of quoted shares issued by financial corporations other than MFIs remained broadly unchanged at 2.5%, slightly above the growth rates recorded in the first quarter of the year. The annual growth of quoted shares issued by non-financial corporations also remained broadly stable at 0.6% in April 2011.

Chart 10 Sectoral breakdown of quoted shares issued by euro area residents

(annual growth rates)



Source: ECB.
Note: Growth rates are calculated on the basis of financial transactions.

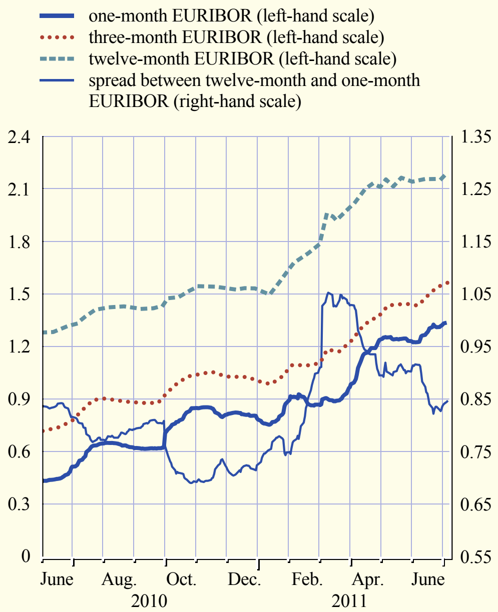
2.3 MONEY MARKET INTEREST RATES

Money market interest rates increased slightly between early June and early July 2011. In the sixth maintenance period of 2011, which began on 15 June, the EONIA was relatively volatile for the first week, staying above the main refinancing rate, before declining below that rate the following week. On 30 June the EONIA increased sharply to stand at 1.72% owing to an end-of-quarter effect.

Unsecured money market interest rates increased slightly between early June and early July 2011. On 6 July the one-month, three-month, six-month and twelve-month EURIBOR stood at 1.34%, 1.57%, 1.81% and 2.19% respectively – i.e. 10, 12, 8 and 4 basis points higher than the levels observed on 8 June. Consequently, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased by 6 basis points to stand at 85 basis points on 6 July (see Chart 11).

Chart 11 Money market interest rates

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



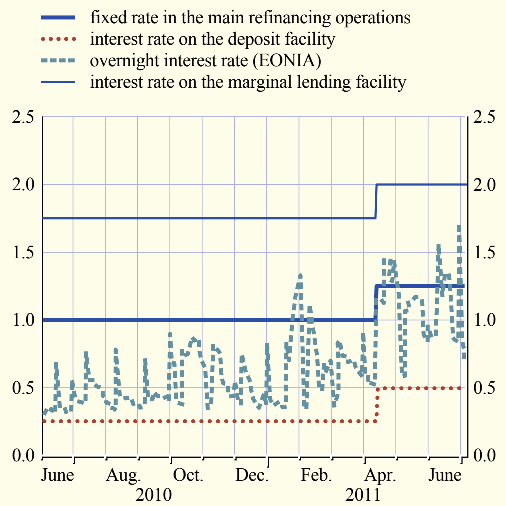
Sources: ECB and Thomson Reuters.

The three-month EONIA swap rate stood at 1.33% on 6 July, 8 basis points higher than on 8 June. The corresponding unsecured rate increased slightly more, so the spread between the unsecured three-month EURIBOR and the secured three-month EONIA swap rate increased to 24 basis points.

The interest rates implied by the prices of three-month EURIBOR futures maturing in September and December 2011 and March and June 2012 stood at 1.77%, 1.91%, 1.99% and 2.06% respectively on 6 July, representing increases of around 4 and 1 basis points for September and December 2011 and decreases of around 3 and 7 basis points respectively for the other two compared with the levels observed on 8 June. Those decreases imply a downward shift in the forward curve.

Chart 12 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

The EONIA was somewhat volatile between early June and early July, continuing the pattern observed since the beginning of the year. Between 8 June and the end of the fifth maintenance period on 14 June, the EONIA fluctuated between 1.07% and 1.55%. The volatility of the EONIA can, in part, be attributed to some banks preferring to fulfil their reserve requirements late in the maintenance period. On 15 June the EONIA began the sixth maintenance period of the year above the rate in the main refinancing operation conducted at the beginning of that maintenance period. The EONIA remained above the main refinancing rate for the first week of the maintenance period, reflecting relatively low levels of excess liquidity in the euro area banking system. It then declined below that rate the following week, before increasing sharply to stand at 1.72% on 30 June owing to an end-of-quarter effect (see Chart 12).

The Eurosystem conducted a number of refinancing operations between 8 June and 6 July. On 14 June it conducted a fine-tuning operation in which €29.6 billion was absorbed in order to counter a liquidity surplus that emerged at the end of the fifth maintenance period of 2011. In the main refinancing operations of the sixth maintenance period, which were conducted on 14, 21 and 28 June and 5 July, the Eurosystem allotted €135.6 billion, €186.9 billion, €141.5 billion and €120.0 billion respectively. The Eurosystem also conducted two longer-term refinancing operations in June, both as fixed rate tender procedures with full allotment: a special-term refinancing operation on 14 June with a maturity of one maintenance period (in which €69.4 billion was allotted); and a three-month longer-term refinancing operation on 29 June (in which €132.2 billion was allotted). The Eurosystem also conducted four one-week liquidity-absorbing operations on 14, 21 and 28 June and 5 July as variable rate tender procedures with a maximum bid rate of 1.25%. With these operations, the Eurosystem absorbed in full the liquidity provided by purchases carried out under the Securities Markets Programme.

The sixth maintenance period of the year, which began on 15 June, saw relatively low levels of excess liquidity in its first week, with average daily recourse to the deposit facility standing below €10 billion. Recourse to the deposit facility increased steadily thereafter, standing at a daily average of €57.0 billion on 6 July.

2.4 BOND MARKETS

In the course of June and early July, yields on AAA-rated long-term euro area bonds remained broadly unchanged, while those on US government bonds increased slightly. Uncertainty about the strength of the economic recovery, as well as tensions in euro area sovereign debt markets, weighed further on market sentiment in the first half of June. Towards the end of the month, tensions related to the sovereign debt crisis abated and risk aversion decreased markedly across the markets. Implied bond market volatility remained broadly unchanged in the euro area and increased slightly in the United States. Intra-euro area sovereign bond yield spreads widened further, especially for Portugal and Ireland. At the same time, data on long-term break-even inflation rates continue to indicate that inflation expectations remain firmly anchored.

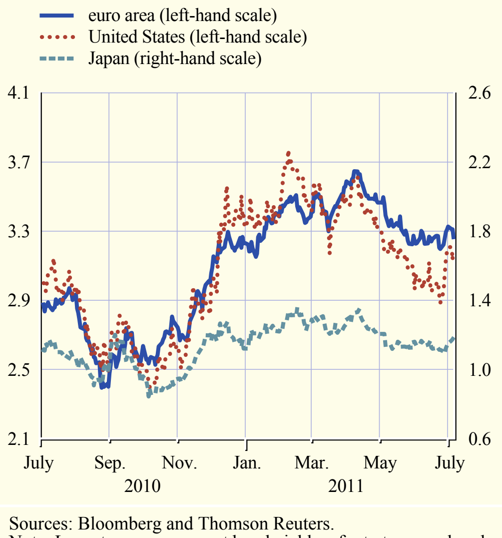
In the course of June and in early July, AAA-rated long-term euro area government bond yields remained broadly stable, standing at 3.3% at the end of the period under review. In the United States, long-term bond yields increased slightly, by 5 basis points, to stand at 3.1% on 6 July (see Chart 13). Consequently, the nominal interest rate differential between ten-year government bond yields in the United States and those in the euro area declined slightly over the period under review. Implied bond market volatility remained broadly unchanged in the euro area and increased slightly in the United States between the end of May and early July. In Japan, ten-year government bond yields remained broadly unchanged over the period under review, standing at 1.2% on 6 July.

Developments in AAA-rated long-term euro area government bond yields were driven by several forces. According to market participants, the positive economic momentum observed in the euro area and in the United States has become somewhat more muted recently. In the first half of June, data releases in the United States, as well as those in some euro area countries, contributed to containing upward pressures on long-term government bond yields. In addition, the tensions in certain euro area sovereign debt markets kept intensifying, causing significant increases in demand for highly rated and liquid government bonds. In the last days of June, when these tensions abated, risk aversion decreased markedly across the markets.

In euro area sovereign debt markets, the spreads of Portuguese and Irish sovereign bond yields vis-à-vis the corresponding German sovereign bond yield widened further in the period under review. Moreover, a significant intensification of safe-haven flows could be observed in June. These developments were primarily driven by uncertainty about the Greek government's consolidation programme and about the prospects for a restructuring of Greek debt. Moreover, fears of the crisis spreading to other euro area countries beyond Greece, Ireland and Portugal continued to weigh on market sentiment. In fact, increases in sovereign bond spreads,

Chart 13 Long-term government bond yields

(percentages per annum; daily data)



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

albeit smaller in magnitude, have also been observed in other euro area countries. These increases in spreads, however, can be partly attributed to the increasing demand for German government bonds in June. In late June, when the tensions related to the sovereign debt crisis abated, intra-euro area sovereign bond spreads declined somewhat. An analysis of government debt sustainability under the EU/IMF adjustment programme for Greece is presented in Box 3.

Box 3

ANALYSIS OF GOVERNMENT DEBT SUSTAINABILITY UNDER THE EU/IMF ADJUSTMENT PROGRAMME FOR GREECE

This box presents some key scenarios for government debt dynamics in Greece that are relevant for assessing the country's prospects for long-term fiscal sustainability under the current EU/IMF economic and financial adjustment programme. In line with the commonly used working definition, a given debt path is considered to be unsustainable if the debt-to-GDP ratio grows continuously over a certain projection horizon. Sustainability, in turn, generally requires that the debt ratio be at least stable under plausible assumptions on the key fiscal and macroeconomic variables that drive debt dynamics.[1] In cases like Greece, however, where the government debt-to-GDP ratio has already reached an extremely high level, fiscal sustainability can only be ensured if this ratio is brought on a firmly downward-sloping path.

The charts below present different scenarios for the trajectory of Greece's general government debt-to-GDP ratio over the period up to 2020. The baseline scenario builds on the fiscal and macroeconomic assumptions and policy commitments agreed in the context of the fourth review under the adjustment programme, including the government's privatisation commitments, amounting to €50 billion by 2015 (see the table below). Extended official financing is assumed to cover Greece's funding needs until mid-2014. From 2015 onwards, the projection assumes a gradual improvement in the economic environment and a continuation of the government's prudent fiscal stance, leading to primary budget surpluses of around 6½% of GDP.[2] While this requires considerable fiscal discipline, other EU countries were able in the past to sustain primary surpluses of a similar size over several years.[3]

1 Debt dynamics are driven by the government's primary budget balance, the economic growth rate, the interest rate on outstanding debt and further balance sheet adjustments that are not accounted for in the budget balance. For a detailed explanation, see the article entitled "Ensuring fiscal sustainability in the euro area", *Monthly Bulletin*, ECB, April 2011.

2 For a detailed overview on the macroeconomic assumptions and the policy commitments underlying Greece's adjustment programme, see European Commission, "The Economic Adjustment Programme for Greece – Fourth Review", *European Economy, Occasional Papers,* No 82, Brussels, July 2011.

3 For an overview, see Box 8, entitled "Past experience of EU countries with sustaining large primary budget surpluses", *Monthly Bulletin*, ECB, June 2011.

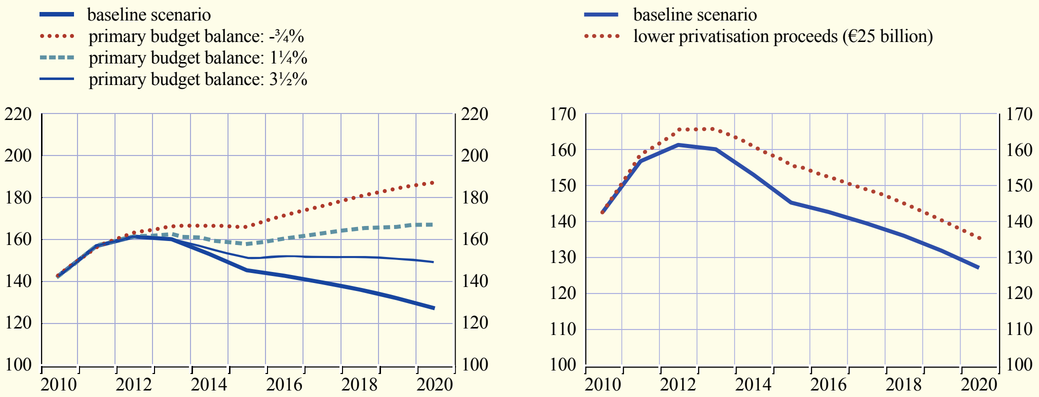
Key assumptions underlying the baseline scenario

(annual percentage changes; percentages per annum)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP growth	-4.5	-3.8	0.6	2.1	2.3	2.7	2.9	3.0	3.0	3.0	3.0
GDP deflator	2.6	1.5	0.7	1.0	1.0	0.9	1.1	1.3	1.4	1.7	1.8
Average nominal interest rate on government debt	4.0	4.6	5.1	5.2	5.6	6.4	6.7	6.7	6.6	6.4	6.1
Primary budget balance-to-GDP ratio	-5.0	-0.8	1.3	3.4	6.1	6.4	6.4	6.4	6.4	6.4	6.4

Greece's general government debt

(percentages of GDP)



Sources: European Commission and ECB calculations.

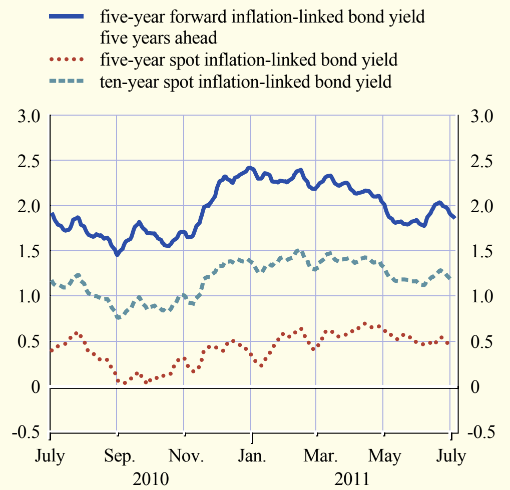
As can be seen from the solid line, under these baseline assumptions, the government debt-to-GDP ratio will peak at 161% in 2012, and fall to 127% by 2020. Achieving this downward trajectory crucially hinges on the government's willingness and ability to persevere with fiscal consolidation and implement the structural reform and privatisation programmes in full. As the left-hand panel shows, the debt-to-GDP ratio will surge if the primary budget balance remains at a level of around -¾% of GDP, as projected for 2011. Likewise, if the government maintains a primary budget surplus of around 1¼% of GDP, as targeted for 2012, the debt-to-GDP ratio will remain on a clearly upward-sloping path; it would barely stabilise at a primary budget surplus of 3½%, but – given the significant risks surrounding long-term growth and interest rate projections – such a scenario would be extremely vulnerable to adverse shocks. Moreover, the Greek government cannot be expected to regain market access if the debt ratio is merely stabilised at this high level.

As the right-hand panel reveals, debt dynamics are also crucially affected by the extent to which the government implements the privatisation programme. The dashed line shows the path of the debt ratio that would result if the government were only to realise privatisation proceeds of €25 billion over the period from 2011 to 2015, rather than the envisaged proceeds of €50 billion. While the debt-to-GDP ratio would decline over the period from 2013 to 2020 under this scenario, it would do so at a slower pace than in the baseline scenario and the debt-to-GDP ratio would still exceed 135% in 2020.

Such long-term debt projections are invariably subject to considerable uncertainty, and the results are sensitive to changes in the assumed growth and interest rate paths. Nonetheless, a key conclusion remains unaffected by these caveats: debt dynamics largely depend on factors that are under the control of the Greek government. If the government decides to implement all fiscal and structural policy measures it has committed to in full and if it maintains an ambitious reform agenda over and beyond the current programme horizon, with a view to supporting long-term potential growth, the debt-to-GDP ratio can be brought on a downward path. An extended period of unrelenting fiscal discipline and major structural reforms is possible and not unprecedented in Europe. It requires a strong political consensus and determination to achieve a durable fiscal and macroeconomic turnaround, to regain competitiveness and to ensure that the programme remains on track.

Chart 14 Euro area zero coupon inflation-linked bond yields

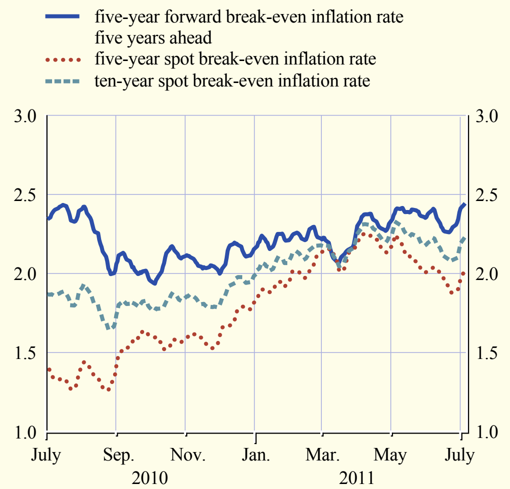
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Thomson Reuters and ECB calculations.

Chart 15 Euro area zero coupon break-even inflation rates

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



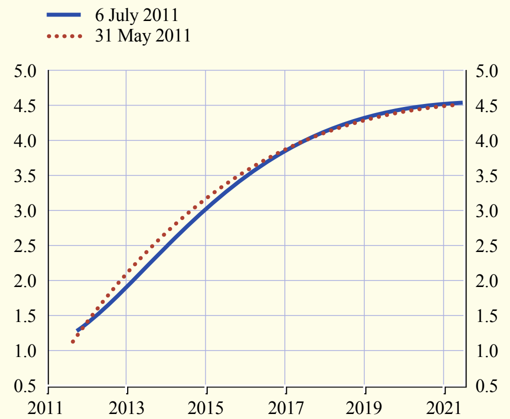
Sources: Thomson Reuters and ECB calculations.

Yields on ten-year inflation-linked euro area government bonds remained broadly unchanged over the period under review, while yields on five-year inflation-linked bonds declined slightly, by 6 basis points (see Chart 14). On 6 July, five and ten-year spot real yields stood at 0.4% and 1.2% respectively. At the same time, implied forward break-even inflation rates (five-year forward five years ahead) in the euro area decreased slightly, by about 5 basis points, to stand at 2.3% on 6 July (see Chart 15). The corresponding inflation swap rates remained broadly unchanged, standing at around 2.4% on the same date. Break-even inflation rates have been somewhat volatile over the past month, possibly reflecting the fact that the nominal yield curve has responded more promptly to recent episodes of flight to safety than the real yield curve. Estimates of implied inflation expectations inferred from break-even inflation rates, however, have remained broadly in line with the signals received from the inflation swap markets throughout those episodes. Overall, market-based indicators suggest that market participants' inflation expectations remain firmly anchored.

The general pattern of long-term euro area bond yields can be decomposed into changes in interest rate expectations (and related risk premia) at different horizons (see Chart 16).

Chart 16 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

Compared with the end of May, the term structure of short-term forward rates for maturity horizons between two and three years has shifted downwards by around 15 basis points, possibly reflecting adjustments in the risk premia in June and early July.

Over the review period, spreads on investment-grade corporate bonds issued by non-financial corporations increased slightly, especially for lower rating classes. These indicators appear to be aligned with current prospects of default for non-financial corporations and remain both close to historical averages and well below the high values recorded during the financial crisis. Spreads on investment-grade corporate bonds issued by financial corporations increased somewhat more than those of non-financial corporations, especially in the case of lower-rated bonds. Concerns about the restructuring of Greek debt, which had a negative impact on financial stock prices, were also clearly visible in the prices charged for debt issued by financial corporations. However, the yields on corporate bonds issued by financial corporations continue to be lower than during the period after the collapse of Lehman Brothers, and in the case of most rating classes, also lower than at the beginning of this year.

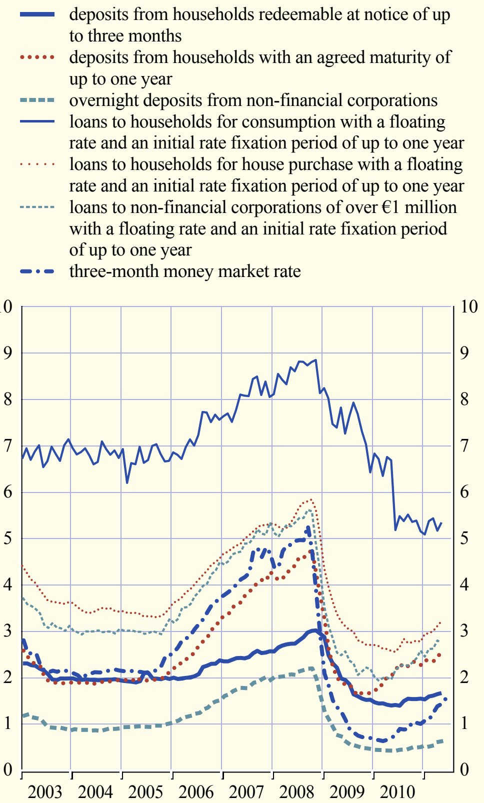
2.5 INTEREST RATES ON LOANS AND DEPOSITS

In May 2011 most MFI interest rates tended to increase slightly. By historical standards, MFI lending rates for loans to both households and non-financial corporations remain very low across all maturities.

In May 2011 most short-term MFI interest rates tended to increase, albeit only slightly. Short-term interest rates on deposits of both households and non-financial corporations rose moderately, by less than 10 basis points, on average, in comparison with the previous month (see Chart 17). MFI interest rates on short-term loans to households increased more markedly. Interest rates on short-term housing loans stood at 3.2%, some 10 basis points above the level recorded in the previous month, and interest rates on consumer credit stood some 18 basis point higher than in April, at 5.3%. The picture with respect to non-financial corporations is more mixed. Interest rates on overdrafts generally rose slightly. Bank lending rates for small corporate loans (i.e. loans of up to €1 million) also tended to increase, standing at 3.9%, compared with 3.8% in April, while bank lending rates on large loans (i.e. loans of more than €1 million) declined slightly, standing at 2.7% in May 2011 (compared with 2.8% in April). Consequently, with the EURIBOR

Chart 17 Short-term MFI interest rates and a short-term market rate

(percentages per annum; rates on new business)



Source: ECB.
Note: Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

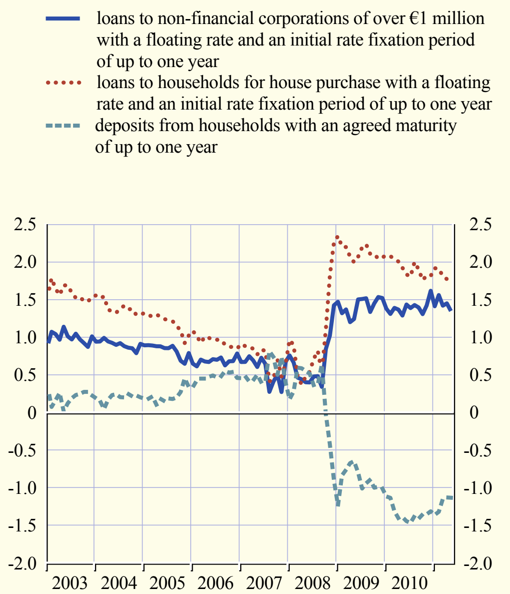
increasing by 10 basis points in May, the spread between short-term MFI lending rates on loans to non-financial corporations and the three-month money market rate continued to decline in that month, whereas that between short-term lending rates on loans to households and the three-month money market rate remained broadly unchanged, on average (see Chart 18).

Taking a longer-term perspective, a significant pass-through of changes in market rates to bank lending rates took place during the cycle of monetary policy easing. From October 2008 to April 2010, the three-month EURIBOR declined by more than 400 basis points, and has been rising moderately since then. In the meantime, short-term rates on both loans to households for house purchase and loans to non-financial corporations decreased by around 300 basis points. Over the past few quarters, short-term bank lending rates have also started to rebound and increase gradually.

In the case of longer-term maturities, most MFI interest rates on loans to households increased as well, although developments appear to be more mixed for bank lending rates on loans to non-financial corporations. More specifically, the rates on loans to households for house purchase with an initial rate fixation period of over five and up to ten years increased by slightly less than 10 basis points to 4.2% in May 2011. Similarly, the average lending rates on small-sized loans with an initial rate fixation period of over five years rose by 20 basis points. At the same time, however, interest rates on large-sized loans with similar maturity declined by 45 basis points, standing at 3.8% in May 2011, correcting the spike recorded in the previous month.

Chart 18 Spreads of short-term MFI interest rates vis-à-vis the three-month money market rate

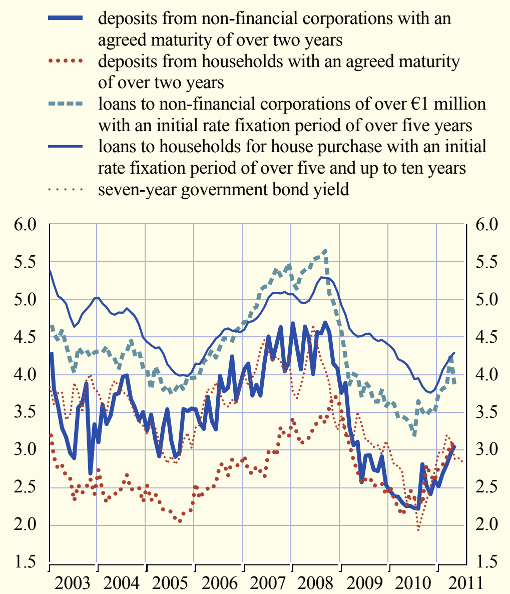
(percentage points; rates on new business)



Source: ECB.
Notes: For the loans, the spreads are calculated as the lending rate minus the three-month money market rate. For the deposits, the spread is calculated as the three-month money market rate minus the deposit rate. Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

Chart 19 Long-term MFI interest rates and a long-term market rate

(percentages per annum; rates on new business)



Source: ECB.
Note: Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

In May 2011 the spread between long-term rates on loans to households and AAA-rated long-term government bond yields actually rebounded by around 30 basis point, to about 130 basis points, driven by the movement in opposite directions of decreasing bond yields and increasing lending rates. For non-financial corporations, the corresponding spread vis-à-vis large-sized loans remained broadly unchanged, but that vis-à-vis small-sized loans also increased by around 30 basis points.

Viewed from a longer-term perspective, euro area banks have adjusted their lending rates on long-term loans to non-financial corporations broadly in line with changes in AAA-rated long-term government yields. By contrast, lending rates on long-term loans to households showed a somewhat more incomplete and sluggish pass-through.

2.6 EQUITY MARKETS

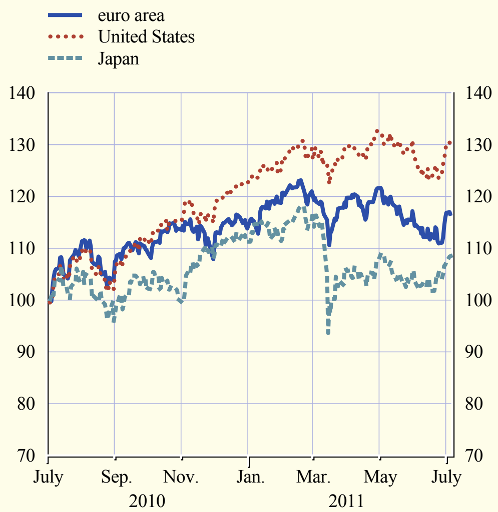
In June and early July, stock prices remained overall broadly unchanged in both the euro area and the United States. In most of June, the decline in stock prices was driven by downward revisions of, and uncertainty about, the strength of the economic recovery. Furthermore, increasing tensions in the euro area sovereign debt markets contributed negatively to developments in equity prices. Once the tensions eased in the last few days of June, stock prices recovered. Stock market uncertainty, as measured by implied volatility, initially increased on both sides of the Atlantic, but declined towards the end of the period under review.

Euro area and US stock prices decreased throughout most of June, but recovered in the last few days of the month and in early July. Overall, euro area stock prices, as measured by the broad-based Dow Jones EURO STOXX index, remained broadly unchanged between 31 May and 6 July. The Standard & Poor's 500 index in the United States also remained broadly unchanged (see Chart 20). Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, increased by 4%.

The decline in stock prices throughout most of June, which was broadly based across sectors on both sides of the Atlantic, mainly reflected downward revisions of, and uncertainty about, the strength of the global recovery. Looking at economic data releases, employment figures in the United States disappointed market expectations, which was reflected in a significant drop in US stock prices at the beginning of June. In addition, tensions in the euro area bond markets proved to be yet another factor of uncertainty, especially with respect to the financial sector outlook. In the last few days of June, when news on the continuation of the Greek adjustment programme became increasingly positive, risk aversion abated and

Chart 20 Stock price indices

(index: 1 July 2010 = 100; daily data)



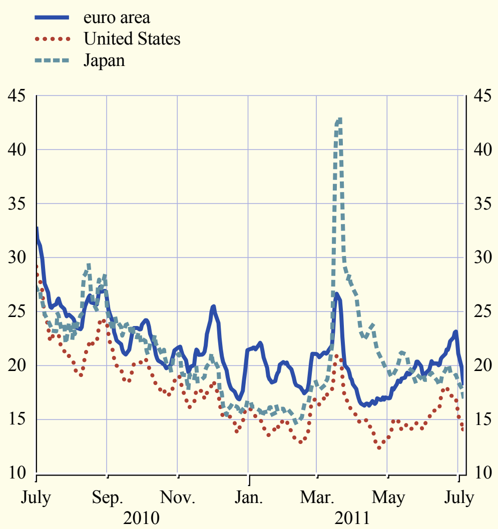
Source: Thomson Reuters.
Note: The indices used are the Dow Jones EURO STOXX broad index for the euro area, the Standard & Poor's 500 index for the United States and the Nikkei 225 index for Japan.

stock prices rebounded. In the euro area, actual annual earnings-per-share growth for the firms in the Dow Jones EURO STOXX index decreased to 29%, after 32% in May, while earnings-per-share growth 12 months ahead is still projected by survey participants to remain around 12%.

In both the euro area and the United States, the level of stock market uncertainty, as measured by implied volatility, increased during the first part of the period under review and declined in the last days of June and in early July (see Chart 21). These developments reflected, to a large extent, changes in market sentiment about the sovereign debt crisis.

Chart 21 Implied stock market volatility

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



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

Overall, stock price indices in the euro area decreased across all sectors during most of June and rebounded in the last few days of that month and in early July. In particular, euro area financial stock prices fell sharply as tensions in some euro area sovereign debt markets intensified. At the end of the review period, financial stock prices recovered, but stood slightly below the levels observed at the end of May. Consumer goods, healthcare and basic materials were among the best-performing sectors. The most significant declines in prices were observed in the consumer services, utility and telecommunications sectors. In the United States, slight stock price increases were seen in the consumer services, industrial and utility sectors, while financial and telecommunications stocks were among those that underperformed.

3 PRICES AND COSTS

Euro area annual HICP inflation was 2.7% in June 2011 according to Eurostat's flash estimate – the same rate as in May. The relatively high inflation rates seen over the past few months largely reflect higher energy and commodity prices. It remains of paramount importance that the rise in HICP inflation does not translate into second-round effects in price and wage-setting behaviour and lead to broad-based inflationary pressures. Inflation expectations must remain firmly anchored in line with the Governing Council´s aim of maintaining inflation rates below, but close to, 2% over the medium term. Risks to the medium-term outlook for price developments remain on the upside.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.7% in June 2011, unchanged from the previous month (see Table 5). Data from the European Commission's weekly Oil Bulletin, which gives an indication of developments in approximately half of the energy component of the HICP, show that in June consumer prices for transport fuels and heating oil decreased somewhat compared with the previous month, thus helping to alleviate inflationary pressures.

In May, the last month for which an official breakdown is available, the annual rate of change in energy prices declined to 11.1%, from 12.5% in April, reflecting month-on-month price declines in oil-related items (such as liquid fuels and fuels and lubricants for personal transportation) and a small downward base effect.

The annual rate of change in unprocessed food prices increased strongly from 1.4% in April to 2.4% in May, on account of an upward base effect compounded by a month-on-month price increase in all items except vegetables.

The annual inflation rate for processed food increased further to 3.2% in May, the highest rate since January 2009, reflecting higher annual rates of change in the prices of many items. Despite this rise, it appears that the pass-through of the recent surge in food commodity prices to the consumer level remains incomplete thus far. The annual rate of change in tobacco prices declined marginally in May for the second month in a row.

Table 5 Price developments

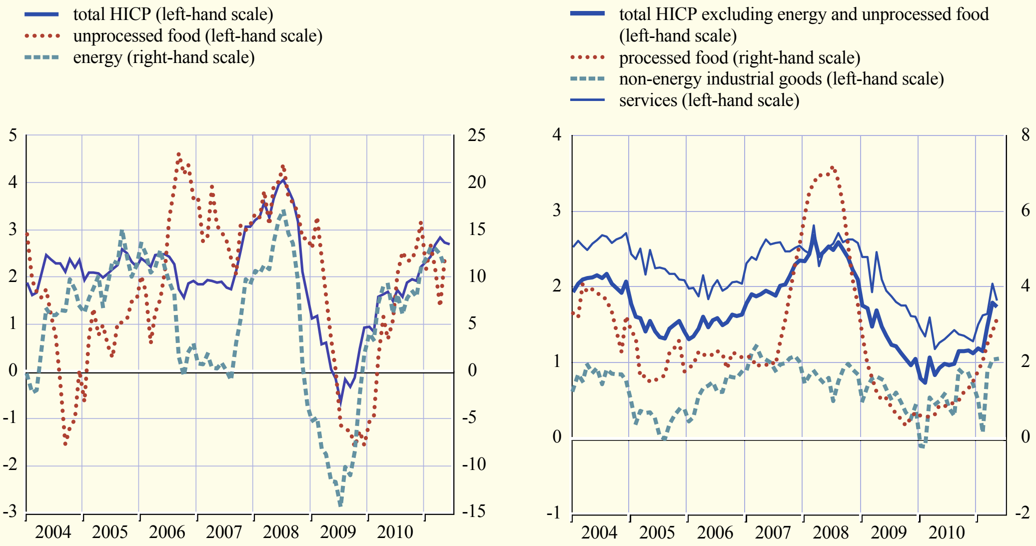
(annual percentage changes, unless otherwise indicated)

	2009	2010	2011 Jan.	2011 Feb.	2011 Mar.	2011 Apr.	2011 May	2011 June
HICP and its components								
Overall index [1]	0.3	1.6	2.3	2.4	2.7	2.8	2.7	2.7
Energy	-8.1	7.4	12.0	13.1	13.0	12.5	11.1	.
Unprocessed food	0.2	1.3	2.2	2.7	2.2	1.4	2.4	.
Processed food	1.1	0.9	1.8	2.0	2.5	2.8	3.2	.
Non-energy industrial goods	0.6	0.5	0.5	0.1	0.9	1.0	1.0	.
Services	2.0	1.4	1.5	1.6	1.6	2.0	1.8	.
Other price indicators								
Industrial producer prices	-5.1	2.9	5.9	6.6	6.8	6.7	6.2	.
Oil prices (EUR per barrel)	44.6	60.7	72.6	76.6	82.1	85.1	79.8	79.1
Non-energy commodity prices	-18.5	44.7	46.0	47.5	35.7	15.1	11.1	8.8

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation in June 2011 refers to Eurostat's flash estimate.

Chart 22 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation declined slightly to 1.5% in May from 1.6% in April. However, this aggregate, which has two main components, i.e. non-energy industrial goods and services, has been growing at higher annual rates over the past few months than in the second half of 2010.

The annual rate of change in non-energy industrial goods was stable at 1.0% in May, concealing, among other things, higher annual rates of increase in the prices of garments and footwear and lower increases in the prices of several other items. Services price inflation declined from 2.0% in April to 1.8% in May, reflecting in particular lower annual rates of increase in the prices of recreational and personal services (notably package holidays). The latter had recorded relatively high annual rates of increase in the previous month, owing to the different timing of the Easter holiday period in 2010 and 2011.

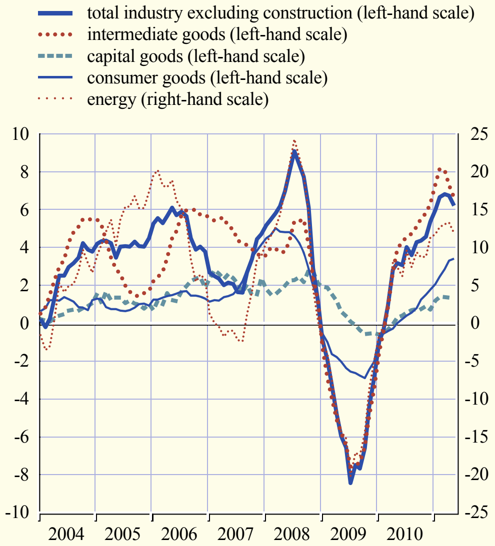
3.2 INDUSTRIAL PRODUCER PRICES

Industrial producer price inflation (excluding construction) declined to 6.2% year on year in May 2011, from 6.7% in April. The receding price pressures are largely accounted for by developments in the energy and intermediate goods industries, which are at early stages of the production chain and more immediately affected by the recent easing in commodity prices (see Chart 23). PPI inflation excluding both construction and energy fell to 4.2% in May from 4.4% in April.

At later stages of the production chain, producer price inflation in consumer goods industries edged up further in May, from 3.3% to 3.4%, driven by small increases in both the food and non-food components. The annual rate of change in the PPI food component rose from 5.2% in April to 5.4% in May, still remaining below rates recorded in 2008, and

Chart 23 Breakdown of industrial producer prices

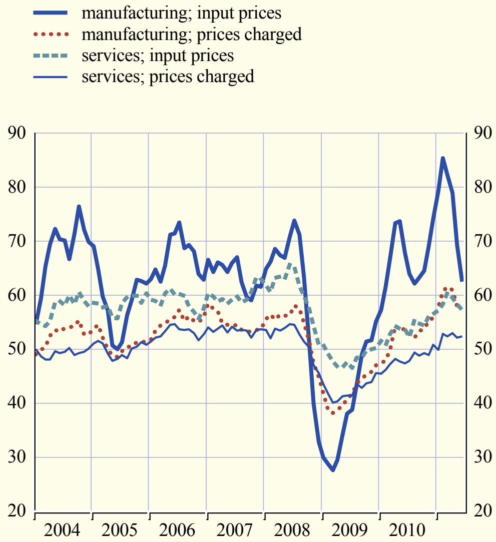
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 24 Producer input and output price surveys

(diffusion indices; monthly data)



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

suggests a still incomplete pass-through of higher food commodity prices to producer and consumer prices. The annual rate of change in the PPI non-food consumer goods component also increased further, to 1.3% from 1.1%, equalling the last peak, in October 2007. The gradual upward development in producer price inflation in consumer goods industries over recent months signals ongoing pipeline pressures for underlying consumer price inflation on the domestic side, whereas external pressures from import prices have seen a gradual decline since December 2010, corresponding to the appreciation of the euro.

Looking ahead, most price survey indicators, which lead PPI developments, continued to ease in June, while remaining above their historical averages (see Chart 24). The input price index for manufacturing of the Purchasing Managers' Index registered a second sharp decline in a row, from 69.4 in May to 62.5 in June, while the selling price index declined only marginally, from 58.0 to 57.2. In the services sector, the selling price index increased somewhat, from 52.1 in May to 52.4 in June, whereas the input price index decreased from 58.3 to 57.3.

Overall, the slowdown in the overall annual rate of change in producer prices reflects some moderation in commodity prices. However, the latest data on producer prices continue to suggest ongoing pipeline pressures.

3.3 LABOUR COST INDICATORS

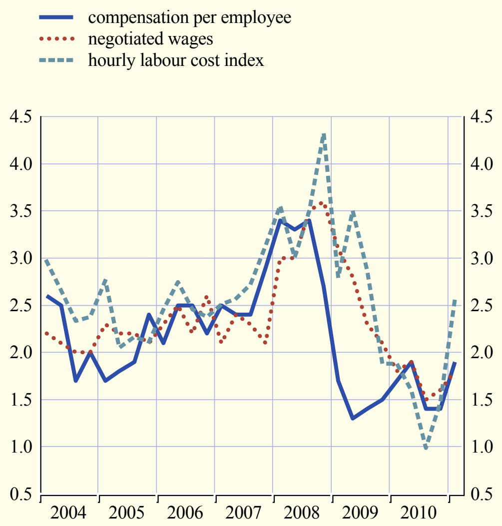
Labour cost indicators increased slightly in the first quarter of 2011, in line with the ongoing improvements in labour market conditions. Preliminary information on negotiated wages for April suggests that the pattern of rising but still moderate wage growth has by and large continued in 2011.

Wage increases in 2010, and to a large extent also in 2011, were agreed before the surge in headline HICP inflation up to early 2011, which was triggered by sharp commodity price increases.

Euro area negotiated wages grew at 1.8% year on year in the first quarter of 2011, after 1.6% in the fourth quarter of 2010 (see Table 6 and Chart 25). The annual rate of growth of hourly labour costs rose markedly to 2.6% in the first quarter of 2011, from a downwardly revised growth rate of 1.5% in the fourth quarter of 2010. This increase was broadly based across sectors (see Chart 26). At the country level, hourly labour cost growth accelerated in a majority of countries but moderated in a few others, while Ireland and Greece reported further year-on-year falls in hourly labour costs. Within overall euro area hourly labour costs, non-wage costs continued to grow faster than the wages and salaries component.

Chart 25 Selected labour cost indicators

(annual percentage changes; quarterly data)

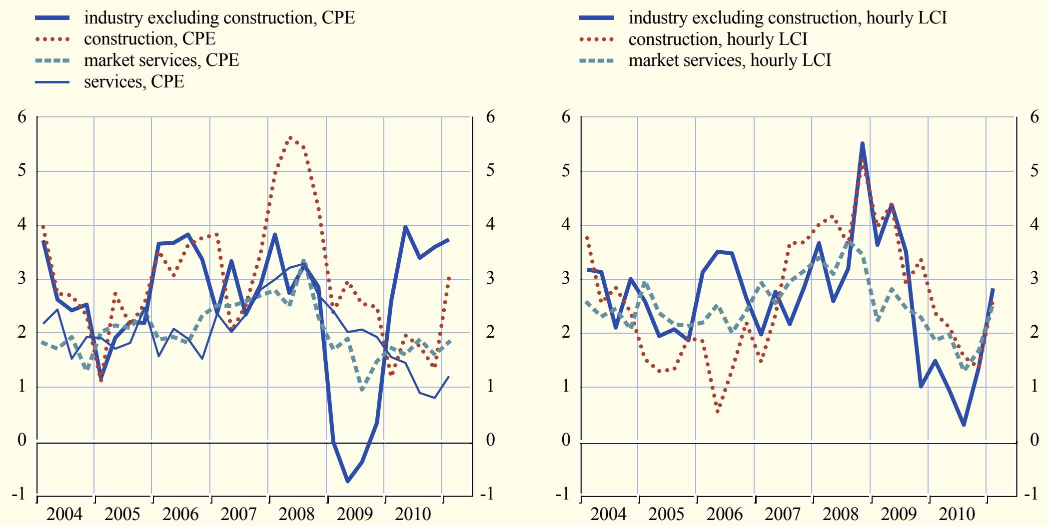


Sources: Eurostat, national data and ECB calculations.

The annual growth rate of labour productivity per person employed increased to 2.1% in the first quarter of 2011, from 1.7% in the fourth quarter of 2010. As this annual growth rate exceeded that of compensation per employee (1.9% in the first quarter of 2011 after 1.4% in the

Chart 26 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

Table 6 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2009	2010	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1
Negotiated wages	2.6	1.7	1.8	1.9	1.5	1.6	1.8
Hourly labour cost index	2.8	1.5	1.9	1.6	1.0	1.5	2.6
Compensation per employee	1.5	1.6	1.7	1.9	1.4	1.4	1.9
Memo items:							
Labour productivity	-2.3	2.2	2.2	2.6	2.1	1.7	2.1
Unit labour costs	3.9	-0.6	-0.5	-0.7	-0.7	-0.3	-0.2

Sources: Eurostat, national data and ECB calculations.

fourth quarter of 2010), it resulted in a year-on-year decrease in unit labour costs of 0.2%, which is slightly lower than in the fourth quarter of 2010, when costs declined by 0.3%.

3.4 THE OUTLOOK FOR INFLATION

Looking ahead, inflation rates are likely to stay clearly above 2% over the coming months. Upward pressure on inflation, mainly from energy and commodity prices, is also still discernible in the earlier stages of the production process. It remains of paramount importance that the rise in HICP inflation does not translate into second-round effects in price and wage-setting behaviour and lead to broad-based inflationary pressures. Inflation expectations must remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term.

Risks to the medium-term outlook for price developments remain on the upside. They relate, in particular, to higher than assumed increases in energy prices. Furthermore, there is a risk of increases in indirect taxes and administered prices that may be greater than currently assumed, owing to the need for fiscal consolidation in the coming years. Finally, upside risks may stem from stronger than expected domestic price pressures in the context of increasing capacity utilisation in the euro area.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

In the first quarter of 2011 euro area real GDP posted a strong quarter-on-quarter increase of 0.8%, following the 0.3% increase in the last quarter of 2010. Recent statistical releases and survey-based indicators point towards a continued expansion of economic activity in the euro area in the second quarter of this year, albeit at a slower pace. This moderation reflects the fact that the strong growth in the first quarter was in part due to special factors.

The positive underlying momentum of economic activity in the euro area remains in place. Euro area exports should continue to be supported by the ongoing expansion in the world economy. At the same time, taking into account the present level of business confidence in the euro area, private sector domestic demand should contribute to economic growth. However, activity is expected to continue to be dampened somewhat by the process of balance sheet adjustment in various sectors. The risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty.

4.1 REAL GDP AND DEMAND COMPONENTS

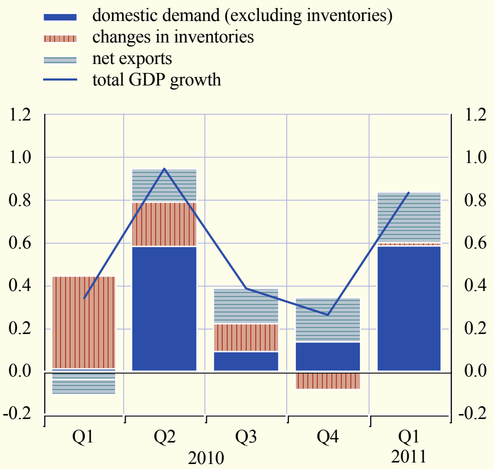
Real GDP in the euro area rose by 0.8%, quarter on quarter, in the first quarter of 2011 (see Chart 27). The average quarterly increase since the most recent trough in the second quarter of 2009 has been 0.5%, which is slightly higher than the average increase since 1995.[1] Despite these positive developments, the level of output in the first quarter was still below its peak in the first quarter of 2008.

Private consumption was up by 0.2%, quarter on quarter, in the first quarter, following an increase of 0.3% in the last quarter of 2010. Even though consumption has displayed positive

1 Euro area quarterly national accounts, as published by Eurostat, are only available from the first quarter of 1995.

Chart 27 Real GDP growth and contributions

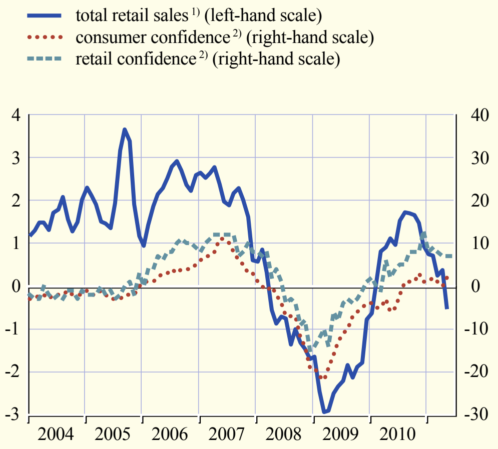
(quarter-on-quarter growth rate and quarterly percentage point contributions; seasonally adjusted)



Sources: Eurostat and ECB calculations.

Chart 28 Retail sales and confidence in the retail trade and household sectors

(monthly data)



Sources: European Commission Business and Consumer Surveys and Eurostat.
1) Annual percentage changes; three-month moving averages; working day-adjusted. Excludes fuel.
2) Percentage balances; seasonally and mean-adjusted.

quarter-on-quarter growth rates for six consecutive quarters, its pace of recovery has been particularly sluggish.

As regards the second quarter of 2011, information on private consumption points towards continued subdued developments in consumer spending. Retail sales, which declined by 0.2% on the quarter in the first quarter, fell by a further 1.1% in May 2011. Retail sector survey data, which are available up to and including June 2011, are also consistent with more muted retail sales growth in the second quarter of 2011 (see Chart 28). At the same time, new passenger car registrations declined in May for the third consecutive month (0.4%, month on month). According to the European Commission's consumer survey, the indicators on consumer confidence and expected major purchases remained broadly stable on balance in the second quarter of 2011. The latter remains at a low level, suggesting that consumers are still cautious when deciding whether to purchase durable goods (see Box 4).

Box 4

HOUSEHOLD SPENDING, CONSUMER CONFIDENCE AND DURABLE CONSUMPTION

Euro area household spending has risen steadily since the end of the recession in 2009. However, the speed of the recovery in private consumption has been relatively modest by historical standards and consumption growth has been weaker than overall economic growth. While quarter-on-quarter euro area GDP growth has averaged 0.5% since the recovery began in the third quarter of 2009, consumption growth has averaged only 0.2%.[1] By contrast, the European Commission's consumer survey has signalled a stronger rise over the past 18 months, with the consumer confidence indicator currently above the historical average. This box looks further at the insights into consumption developments obtained from the Commission's survey.

The European Commission's consumer survey asks participants questions about their personal circumstances and their views on the general economic outlook. The overall consumer confidence indicator summarises responses to four questions about households' views of the general economic situation, unemployment developments, their personal financial situation and their intentions with regard to saving.[2] In the past the consumer confidence indicator was closely correlated with aggregate euro area consumption developments, although it tended to follow the broad cyclical movements of consumption (e.g. year-on-year growth) more closely than short-term developments (e.g. quarter-on-quarter growth). However, the series obtained from another question in the survey, which is not used to compile the indicator of consumer confidence and which asks whether consumers intend to make a major purchase in the near term, has displayed a slightly higher correlation with developments in private consumption than the indicator of consumer confidence or any of its components.[3] In the past this series also moved quite closely in line with the overall consumer confidence indicator. However, more recently they have diverged: while overall consumer confidence has signalled a continued cyclical expansion

1 See the box entitled "The current euro area recovery across expenditure components from a historical perspective", *Monthly Bulletin*, ECB, February 2011.
2 For more details on the European Commission's consumer survey, see the box entitled "Compilation, usefulness and recent developments in the euro area consumer confidence indicator", *Monthly Bulletin*, ECB, March 2010.
3 The question asks "Compared to the past 12 months, do you expect to spend more or less money on major purchases (furniture, electrical/electronic devices, etc.) over the next 12 months?".

in consumption growth, the series for households' intentions to make major purchases started to decline again at the beginning of 2010 (see Chart A).

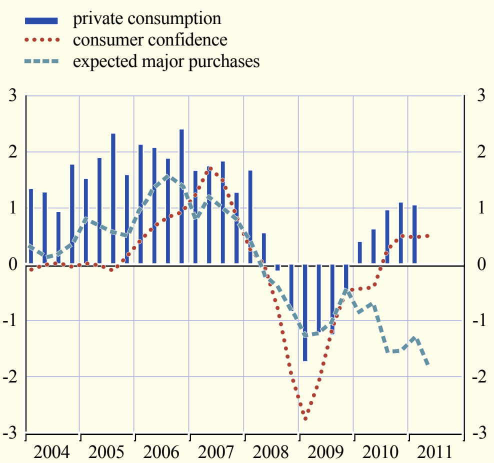
The decoupling of the two series appears to be related to divergent developments in euro area households' durable and non-durable consumption.[4] As Chart B shows, most of the upturn in consumption during 2010 was driven by households' purchases of non-durable goods and services. The contribution from durable consumption was broadly neutral, as positive contributions from the consumption of durables excluding cars were offset by a sharp decline in purchases of cars following the end of the government schemes which had encouraged car purchasing during the recession. The survey series reflect those developments: while consumer confidence has moved in line with aggregate consumption, the series on major purchases has tracked recent developments in the consumption of durable goods, which remained subdued during 2010, reasonably closely.

One possible explanation for the current weakness in durable consumption is that it reflects an adjustment following an accumulation of durable goods in the run-up to the crisis. Prior to the recession, households had increased their purchases of durable goods and had built up a stock of durables. With the onset of recession and the worsening outlook for employment, income and wealth, households may have been more cautious when deciding whether to purchase additional durables. Household spending on durable goods declined rapidly during the recession, although the adjustment was interrupted as governments in some euro area countries introduced incentives to encourage consumers to purchase cars. However, with those schemes being phased out during 2010, households' durable consumption has again turned negative.

4 Eurostat does not publish a breakdown of euro area private consumption into durable and non-durable consumption. In this box, euro area aggregates have been approximated using available country data covering approximately 80% of the euro area. See the box entitled "Household consumption of durable goods during the latest recession", *Monthly Bulletin*, ECB, July 2010.

Chart A Euro area private consumption and survey data

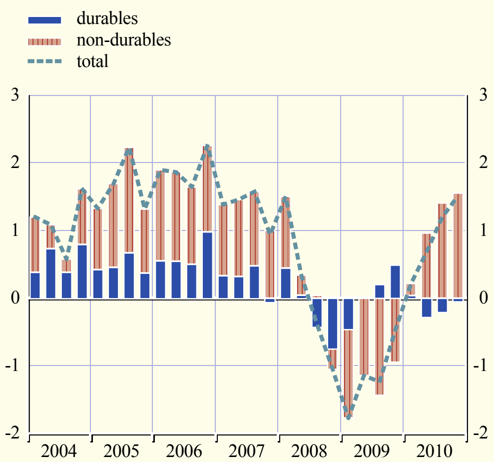
(annual percentage changes; standard deviations from series means)



Sources: European Commission and Eurostat.

Chart B Breakdown of euro area private consumption

(annual percentage changes; percentage points)



Sources: Eurostat and ECB calculations.

Another possible factor is that the high level of unemployment and continuing economic uncertainty may have made consumers reluctant to make major purchases or to increase spending once the recovery was under way. By their nature, durable goods tend to be more expensive. Moreover, they tend to last and can be used repeatedly, providing consumers with a flow of services over a number of years. This implies that they have some of the attributes of assets. Thus, the decision to purchase durable goods requires some confidence on the part of households about the economic outlook. With the prospects for real disposable income growth being relatively subdued – affected by the limited improvements in labour markets, fiscal retrenchment and rising commodity prices – and with uncertainty still elevated, households may have remained cautious about committing to large expenditures in the initial stages of the recovery.

To sum up, the European Commission's consumer survey helps shed some light on recent developments in euro area household spending. While the overall consumer confidence indicator has registered a gradual improvement since the recovery began, private consumption growth has been relatively modest in the euro area, partly reflecting consumers' continued reluctance to commit to large expenditures, as indicated in the European Commission's survey. That may point to persistent uncertainty affecting household spending decisions, which is likely to affect euro area consumption in the near term.

Quarter-on-quarter gross fixed capital formation rose strongly in the first quarter of 2011, by 1.9%, after displaying negative growth in both the third and fourth quarters of 2010. This was the first positive rate of growth in total investment since the first quarter of 2008, with the exception of a temporary rise in the second quarter of 2010. Regarding the breakdown of investment in the first quarter, both non-construction and construction investment rose, the latter in part due to a correction following the unusually cold weather conditions in December. Available indicators point towards continued positive investment growth in the euro area in the second quarter of 2011, albeit at a slower rate. More fundamentally, subdued investment in the wake of the recession, alongside growing production in the industrial sector, has led to the total investment-to-GDP ratio in the euro area reaching historically low levels (see Box 5 for further details).

Industrial production of capital goods, an indicator of future non-construction investment, rose by 0.7% in April, to stand at around 1.0% above its level in the first quarter. Survey results for the non-construction industrial sector – both the Purchasing Managers' Index (PMI) and the European Commission's industrial confidence indicator – point towards positive but slowing growth in the second quarter. In addition, capacity utilisation has been rising since mid-2009, according to European Commission surveys, and in April stood at a level marginally below its long-term average.

In April 2011 construction production increased by 1.0%, month on month, standing 0.7% above its average in the first quarter. Meanwhile, the indicator on construction confidence published by the European Commission displayed a slight increase between the first and second quarters of 2011, albeit remaining below its long-term average. At the same time, the PMI for construction in the euro area was, on average, slightly above 50 in April and May, indicating positive but very moderate growth.

Box 5

INVESTMENT RATIOS IN THE EURO AREA

Investment is an important component of aggregate demand, accounting for about a fifth of real GDP in the euro area. It also has an impact on future supply, as it increases the capital stock. A given investment to real GDP ratio may represent feasible choices of inter-temporal resource allocation, but could in some cases also point to a build-up of imbalances if, for instance, investment is excessively biased towards non-income generating output. Factors determining the investment ratio traditionally comprise real GDP growth, the depreciation rate of capital, real interest rates, the cost of capital and other production inputs, and expected profitability.[1] Recently investment theory has also taken account of market imperfections. This box presents some stylised facts about investment ratios in the euro area with respect to total and sectoral investment.

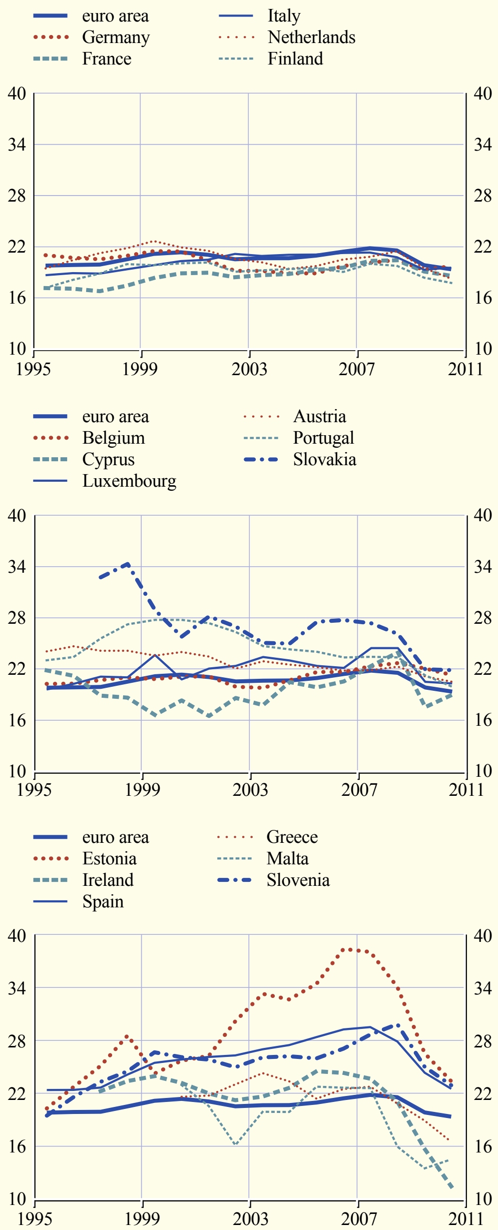
The euro area investment ratio

The ratio of real total investment to real GDP for the euro area has been broadly stable since 1995 (see Chart A), with both overall investment and GDP growing at somewhat less than 2% per annum on average. Given that investment exhibits greater short-term volatility than GDP, there are pro-cyclical peaks and troughs in the investment ratio over the business cycle. In 2010 the euro area ratio reached 19.4%, an all-time low since the euro area series began in 1995.[2]

The relatively stable ratio of total investment to GDP in the euro area over the past 15 years masks large differences across euro area countries. While many countries have exhibited increasingly similar conjunctural patterns,

Chart A Total investment-to-GDP ratio

(percentages of real GDP)



Sources: Eurostat and ECB calculations.

1 These are factors explaining private investment, which constitutes around 90% of total euro area investment. See, for instance, Chirinko, R. (1993), "Business Fixed Investment Spending: Modeling Strategies, Empirical Results, and Policy Implications", *Journal of Economic Literature*, Vol. 31(4), pp. 1875-1911.

2 The level of the ratio depends, inter alia, on the reference year of the deflator series used to deflate the underlying value data for GDP and investment. The reference year of the deflator series is 2000.

the levels of investment ratios, as well as the amplitude of swings, have differed substantially across euro area economies (see Chart A).

While the investment ratios were relatively flat in many euro area countries, Spain and Estonia (and to some extent Cyprus and Slovenia) witnessed strong rises in their investment ratios in the decade preceding the 2008 financial crisis. Strong investment growth in these countries may partly reflect catching-up processes in which these economies, with a relatively low level of income per capita, benefited from large inflows of foreign direct investment.

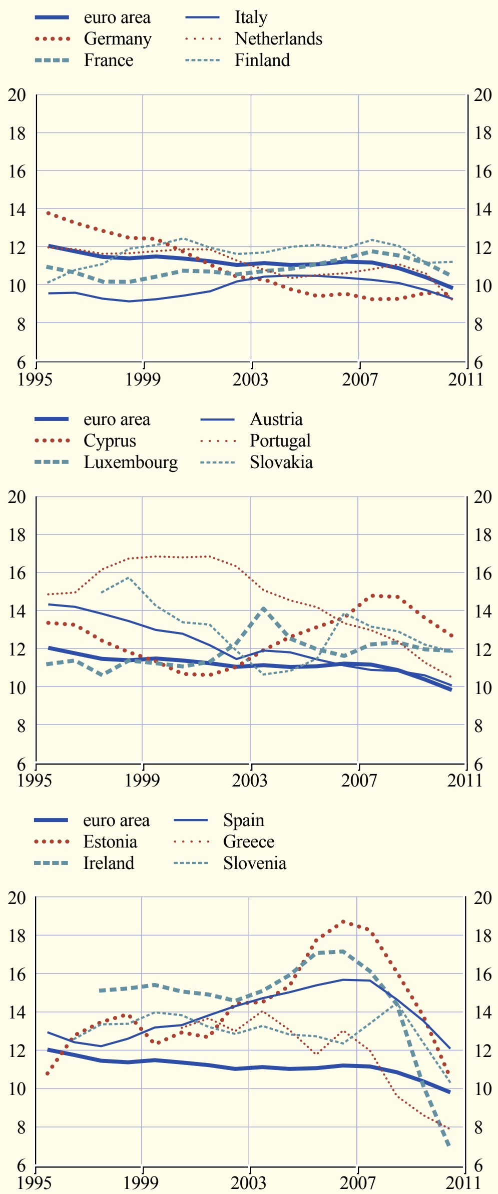
During downturns – and particularly during the latest recession – most countries experienced a decline in their investment ratios as overall demand fell, the cost of capital increased and profitability shrank. In 2010 in the euro area as a whole and in most euro area countries the investment-to-GDP ratios stood at historical lows since the euro area series began in 1995. In Estonia and Ireland, in particular, but also in Malta, Spain, Slovenia, Greece, Slovakia and Cyprus, considerable downward corrections took place, amounting to 5 percentage points or more from their peak levels.

Sectoral developments in investment ratios

The two main sectors supplying investment goods are construction and the metal and machinery sector. In 2010 construction accounted for about 50% of overall euro area investment and the metal and machinery sector accounted for around 30%.[3] While the share of construction in euro area total investment has declined over the past 15 years, the share of metal and machinery has seen a small increase.

Chart B Construction investment-to-GDP ratio

(percentages of real GDP)



Sources: Eurostat and ECB calculations.
Note: Data for Belgium and Malta are not available.

In many euro area countries, movements in the ratio of construction investment to GDP have been substantial over the past 15 years (see Chart B) and explain much of the pattern of developments in overall investment ratios. For example, in Germany and Portugal, the construction investment ratio was high in the mid and late 1990s, then gradually unwound over the following decade.

3 The remaining share of investment is composed of transport equipment (around 10%), other products and agriculture (which together account for around 10%).

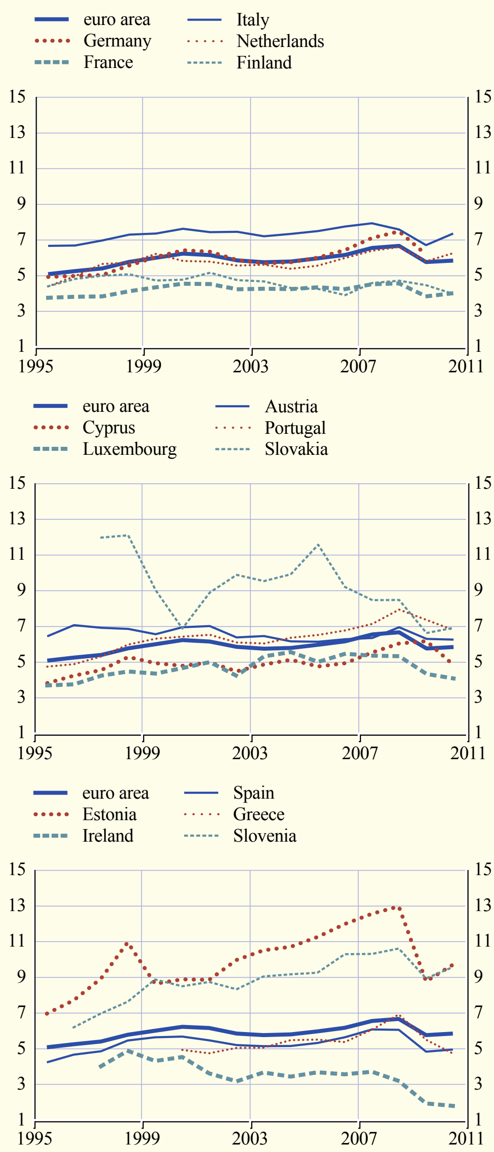
In Cyprus, Ireland, Spain and Estonia, strong rises, related to construction booms, were registered in the ratio in the decade preceding the 2008 crisis.

Construction investment ratios fell in all euro area countries during the recession, particularly in Cyprus, Ireland, Spain, Greece, Estonia and Slovakia. Among the countries characterised by strong and, in some cases, partly unsustainable developments in the construction sector prior to the crisis, some countries (Cyprus and Slovakia) still register relatively high ratios, while others (Greece, Ireland, Spain, Estonia and Slovenia) have seen their ratios fall to levels in 2010 close to, or lower than, the levels preceding the boom.

In the period preceding the financial crisis the ratio of investment in metal and machinery goods to GDP was characterised by a flat or slightly upward trend in most euro area countries (see Chart C). Estonia, Slovenia and Slovakia saw their ratios rise more strongly. This may reflect large capital inflows invested in their capital stocks given expectations of particularly high productivity during the transition to joining the European Union and the euro area. Despite falling relatively steeply during the crisis, investment levels in these countries nevertheless remain relatively high. In general, the other euro area countries and the euro area as a whole saw a more limited downward correction of the metal and machinery investment ratio during the crisis.

Chart C Metal and machinery investment-to-GDP ratio

(percentages of real GDP)



Sources: Eurostat and ECB calculations.
Note: Data for Belgium and Malta are not available.

Looking ahead, the low levels of the total investment-to-GDP ratio in the euro area as well as in many euro area countries in 2010, together with short-term indicators pointing to increasing capacity utilisation, growing production of capital and construction goods, and rising new orders for capital goods, suggest that there is scope for stronger investment growth.[4] Investment in construction may still be affected by ongoing adjustment processes in some countries, whereas non-residential investment is expected to recover earlier and more strongly.

4 For more information on the investment outlook, see the box entitled "Investment outlook in the euro area: an assessment based on survey and capacity utilisation data", *Monthly Bulletin*, ECB, February 2011; and the box entitled "The recovery of production capacity utilisation in the euro area", *Monthly Bulletin*, ECB, October 2010.

Turning to trade flows, both imports and exports continued to rise at the beginning of the second quarter of 2011. In April the values of both extra euro area imports and exports of goods grew at a slower rate, while trade in services contracted (in three-month-on-three-month terms), compared with the first quarter of 2011. Recent data and surveys suggest that euro area trade continued to grow in the second quarter of 2011. However, as global activity has recently shown signs of a slowdown, a moderation in euro area export growth may be expected in the near term. Although it remains above the expansion/contraction threshold of 50, the PMI for new export orders in the euro area manufacturing sector, available until June 2011, has been declining since February 2011, pointing towards easing in euro area export momentum in the short run.

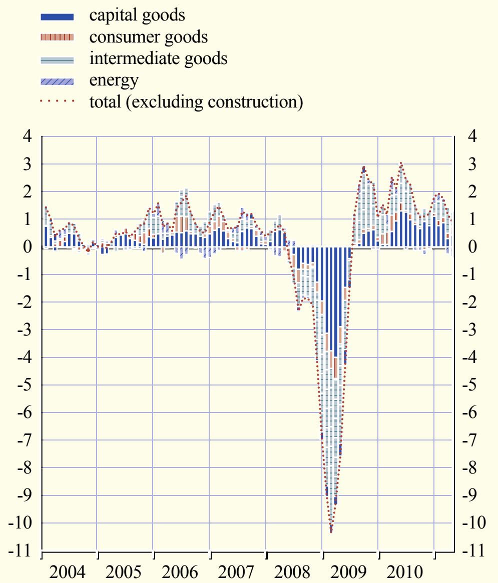
4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

Real value added increased by 0.8%, quarter on quarter, in the first quarter of 2011. Activity in industry (excluding construction) grew by 1.8%, while services activity increased by 0.4%. At the same time, construction value added rebounded, rising by 2.8%.

With regard to developments in the second quarter of 2011, industrial production (excluding construction) increased, month on month, by 0.4% in April, after remaining stable in the previous month. Production in all the main industrial groupings (excluding energy) rose in April.

Chart 29 Industrial production growth and contributions

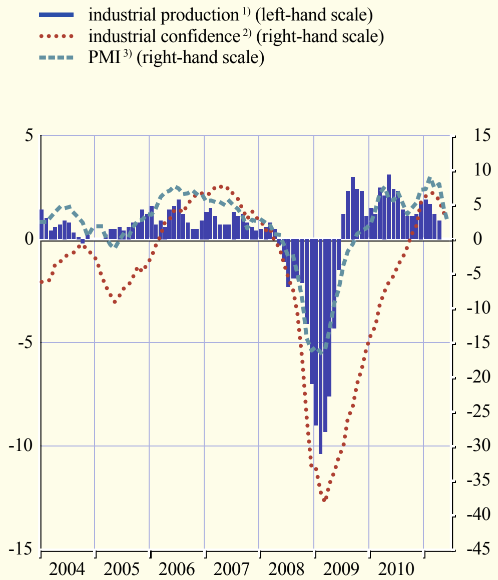
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 30 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)



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

The three-month-on-three-month growth rate in overall production continued to slow in April, reaching 0.9%, compared with a quarterly rise of 1.2% in the first quarter of 2011. Meanwhile, euro area industrial new orders (excluding heavy transport equipment) decreased, month on month, by 0.4% in April. The three month-on-three-month growth rate of new orders also declined further in April, to 1.8%, which is still more than twice its long-term average of 0.8%. These developments, together with survey indicators, confirm ongoing but slowing industrial growth in the second quarter. The PMI output index for the manufacturing sector declined in June, averaging 56.0 in the second quarter of 2011, compared with 59.7 in the first quarter (see Chart 30). A similar picture emerges in the services sector. The PMI for business activity declined in June 2011, averaging 55.5 in the second quarter, 1.1 point below its level in the previous quarter. Other business surveys, such as those of the European Commission, are broadly in line with developments in the PMI.

LABOUR MARKET

Conditions in the euro area labour markets are gradually improving. Employment increased, quarter on quarter, by 0.1% in the first quarter of 2011, following a rise of 0.2% in the previous quarter (see Table 7). At the same time, hours worked rose by 0.3% in the first quarter. The difference between developments in hours worked and employment is consistent with recovering labour markets and should be seen as a reversal of developments during the downturn, when a large part of the decline in total hours worked took place via reductions in individual work time rather than via headcount employment.

At the sectoral level, on a quarter-on-quarter basis, the latest figures reflect growth in employment of 0.3% in industry (excluding construction) and of 0.9% in the finance and business sector, which helped to offset ongoing employment losses in construction (-0.8%), agriculture (-1.6%) and a slight decline in public sector employment (-0.1%).

In connection with the strong GDP figure in the first quarter of 2011 and the more muted developments in employment, productivity growth rebounded in the first quarter, led by developments in industry and construction and, to a lesser extent, in trade and transport services. Annual labour productivity

Table 7 Employment growth

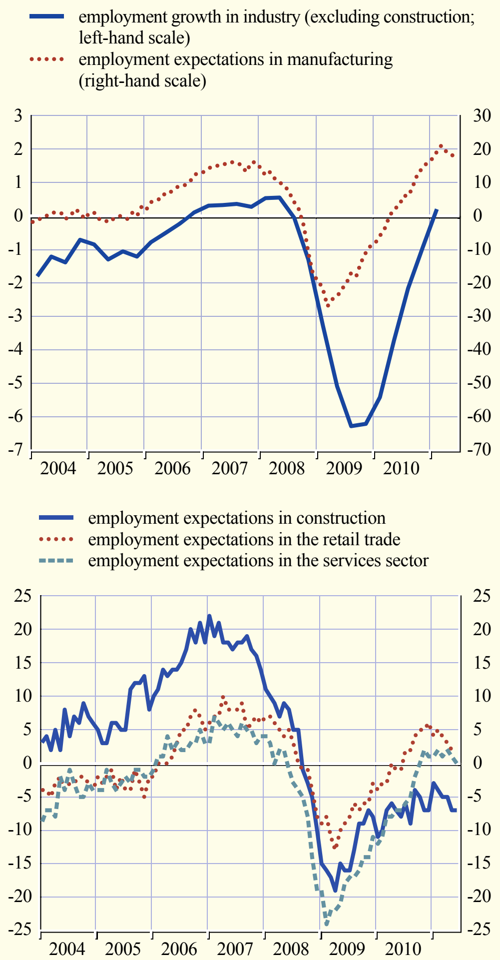
(percentage changes compared with the previous period; seasonally adjusted)

	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2009	2010	2010 Q3	2010 Q4	2011 Q1	2009	2010	2010 Q3	2010 Q4	2011 Q1
Whole economy	-1.9	-0.5	0.0	0.2	0.1	-3.5	0.4	0.1	0.0	0.3
of which:										
Agriculture and fishing	-2.4	-0.6	0.3	0.4	-1.6	-2.3	-1.2	-0.1	0.0	-0.5
Industry	-5.7	-3.3	-0.4	-0.2	0.0	-9.0	-1.3	0.2	-0.5	0.6
Excluding construction	-5.2	-3.1	-0.2	0.1	0.3	-9.2	-0.3	0.8	0.1	0.7
Construction	-6.7	-3.7	-1.0	-0.9	-0.8	-8.6	-3.3	-0.9	-1.7	0.5
Services	-0.5	0.5	0.1	0.3	0.2	-1.6	1.0	0.1	0.2	0.3
Trade and transport	-1.8	-0.6	0.0	0.3	0.1	-3.0	0.3	-0.1	0.0	0.0
Finance and business	-2.2	1.0	0.2	0.3	0.9	-3.5	1.7	0.3	0.5	1.1
Public administration [1]	1.4	1.1	0.1	0.2	-0.1	1.0	1.4	0.1	0.1	0.1

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

Chart 31 Employment growth and employment expectations

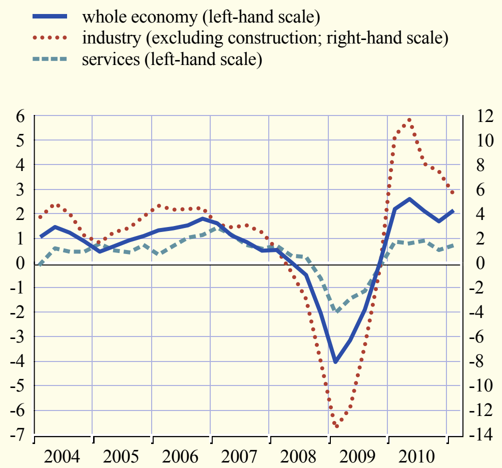
(annual percentage changes; percentage balances; seasonally adjusted)



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

Chart 32 Labour productivity

(annual percentage changes)



Sources: Eurostat and ECB calculations.

per person employed grew by 2.1%, year on year, in the first quarter, up from 1.7% in the previous quarter, but similar to the average annual growth recorded for 2010 (see Chart 32). Hourly labour productivity increased to 1.7%, year on year, in the first quarter, up from 1.3% in the last quarter of 2010 and somewhat higher than the 1.4% annual average rate of growth observed in 2010. Looking ahead, the latest data for the PMI productivity index suggest further growth in productivity, albeit at a slightly slower pace than that seen in the first quarter of 2011. Box 6 reviews recent productivity developments in more detail and compares them with those in the United States.

Box 6

RECENT PRODUCTIVITY DEVELOPMENTS IN THE EURO AREA AND THE UNITED STATES

Over the course of the recent financial and economic crisis, the productivity growth gap observed between the euro area and the United States widened substantially. This was related to the much greater employment losses seen in the United States than in the euro area in the early part of the crisis, particularly in relation to the size of the GDP contraction. This box compares recent productivity developments in the euro area and the United States, paying particular attention to the adjustment over the course of the crisis and since the start of the recovery.

Overview of recent productivity developments

For the euro area, the onset of recession heralded a sharp decline in aggregate productivity, with productivity growth per person employed falling by a record 4.0%, year on year, in the first quarter of 2009, according to national accounts data. Hourly productivity fell less steeply, as flexible working-time arrangements and crisis measures in many euro area countries (such as short-time work in Germany) helped euro area firms adjust working hours rather than headcount employment over the course of the recession.[1] Since then, consecutive quarterly releases have shown ongoing improvements in productivity growth, with positive year-on-year growth observed since the fourth quarter of 2009. As of the first quarter of 2010, year-on-year productivity growth in the euro area has averaged 2.2% when measured in terms of persons employed and 1.4% when measured per hour worked (see Chart A).

In the United States, by contrast, the adjustment in labour input seen over the course of the recession relied more heavily on employment shedding (rather than on adjustments in hours worked of incumbent workers), which helped to support productivity – in both per person and per hour terms – to a greater degree than in the euro area. As output began to recover, continuing heavy job losses in the United States led to a particularly strong rebound in rates of productivity growth in the early part of the recovery. More recently, US productivity growth has moderated substantially, to the extent that – whether measured in terms of persons employed or hours worked – since the fourth quarter of 2010, rates of productivity growth have appeared similar in the two economies. However, this observed similarity masks important differences in the cyclical dynamics of productivity developments since the beginning of the recovery.

1 For more details on the crisis measures used over the course of the recession, see the article entitled "Labour market adjustments to the recession in the euro area" in the July 2010 issue of the *Monthly Bulletin*.

Chart A Labour productivity growth in the euro area and the United States

(annual percentage changes)

Sources: Eurostat, OECD, US Bureau of Labor Statistics and ECB calculations.
Note: In the case of the United States, resident civilian employment has been used to obtain productivity developments. Latest observations refer to the first quarter of 2011.

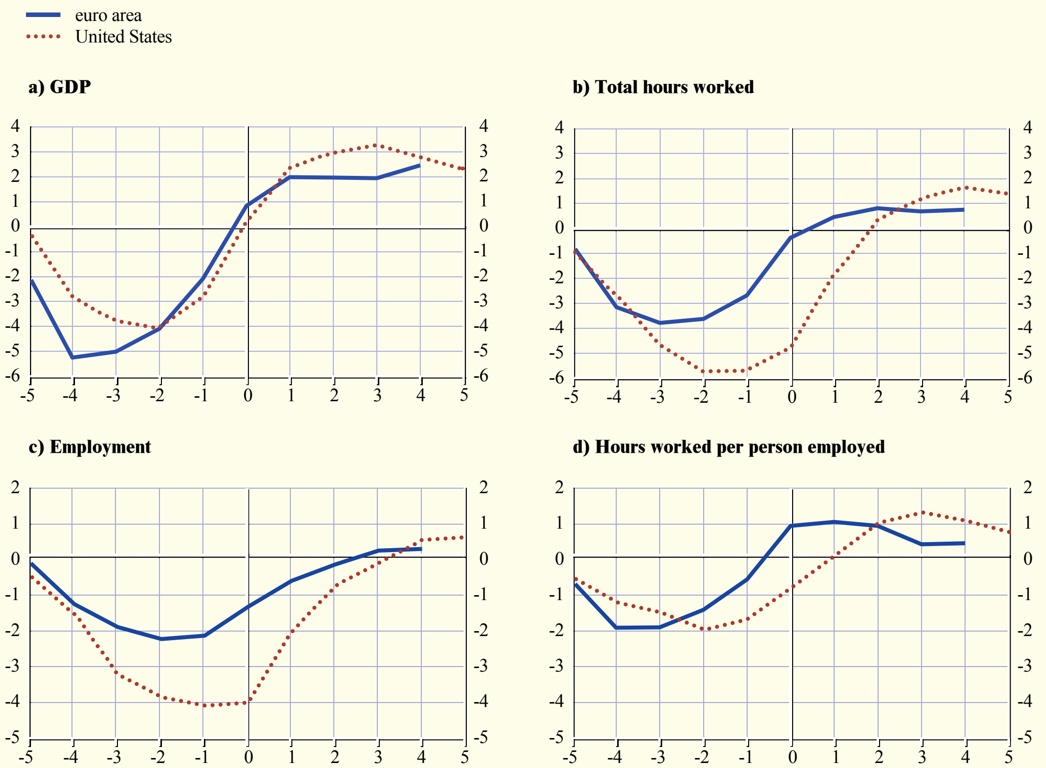
Two distinct paths of labour market adjustment

In order to be able to make a proper comparison of productivity developments at a similar stage in the recovery process, Chart B shows the rates of growth for each of the components of productivity growth around the start of the recovery (defined as the first quarter of positive year-on-year GDP growth). The relevant periods are thus the first quarter of 2010 for the euro area and the final quarter of 2009 for the United States.

Chart B shows that, despite a higher initial rebound in GDP growth at the onset of the recovery, job shedding continued for somewhat longer – and to a greater degree – in the United States than in the euro area. In the euro area, total hours worked adjusted virtually contemporaneously to the increase in activity – initially largely through an increase in hours worked per person, and more recently as a consequence of modest employment growth. By contrast, total hours worked continued to decline in the United States even at the start of the recovery (throughout the final quarter of 2009 and the first quarter of 2010), as increases in hours worked per person by the incumbent workforce were more than offset by continuing job losses. These developments help to explain the marked increases in US productivity growth seen at the beginning of the recovery, particularly in terms of hours worked. However, as the recovery has progressed, employment and total hours

Chart B Euro area and US growth in GDP, total hours worked, employment and hours worked per person employed

(annual percentage changes)



Sources: Eurostat, OECD, US Bureau of Labor Statistics and ECB staff calculations.
Notes: 0 on the x-axis represents the first quarter of positive year-on-year GDP growth following recession (the first quarter of 2010 for the euro area; the fourth quarter of 2009 for the United States). Latest observations refer to the first quarter of 2011.

worked appear to have expanded at a faster pace in the United States than in the euro area, albeit with some levelling-off in recent quarters in both economies.

All in all, productivity growth in the United States considerably exceeded that of the euro area over the course of the crisis, to some extent owing to different adjustments in employment and hours worked across the two economies. In recent quarters productivity growth rates appear to have converged. However, with both economies still in the early stages of recovery, it is too soon to assess the implications of recent dynamics for longer-term trends.

The unemployment rate remained stable in May 2011 at 9.9% for the third consecutive month (see Chart 33). However, this masks an ongoing improvement, as the number of unemployed has declined during this three-month period. Moreover, survey indicators point towards continued positive employment growth in the second quarter in both industry and services, which should bode well for euro area unemployment in the months ahead (see Chart 31).

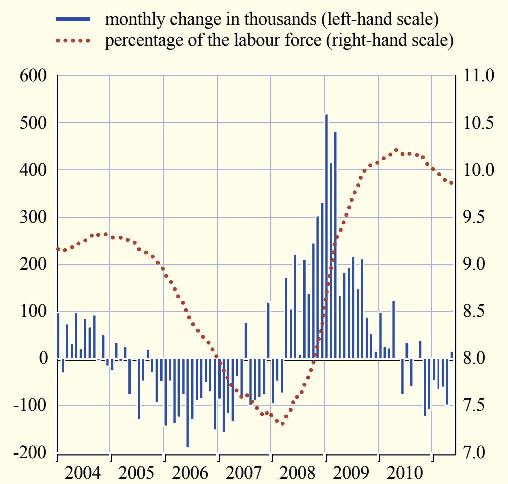
4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

Recent statistical releases and survey-based indicators point towards a continued expansion of economic activity in the euro area in the second quarter of this year, albeit at a slower pace. This moderation reflects the fact that the strong growth in the first quarter was in part due to special factors. The positive underlying momentum of economic activity in the euro area remains in place. Euro area exports should continue to be supported by the ongoing expansion in the world economy. At the same time, taking into account the present level of business confidence in the euro area, private sector domestic demand should contribute to economic growth. However, activity is expected to continue to be dampened somewhat by the process of balance sheet adjustment in various sectors.

The risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty. On the one hand, favourable business confidence could provide more support to domestic economic activity in the euro area than currently expected and higher foreign demand could also contribute more strongly to growth than expected. On the other hand, downside risks relate to the ongoing tensions in some segments of the financial markets that may potentially spill over to the euro area real economy. Downside risks also relate to further increases in energy prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

Chart 33 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

ARTICLES

THE ECB'S NON-STANDARD MEASURES – IMPACT AND PHASING-OUT

The ECB responded to the financial crisis by introducing a number of non-standard monetary policy measures, in addition to lowering its key interest rates. The aim of these non-standard measures was to maintain the transmission mechanism of monetary policy. They were implemented mainly through the existing structure of the operational framework to (i) support funding conditions for banks, in order to enhance the provision of credit to the private sector, and (ii) keep contagion in financial markets contained. Available evidence suggests that the non-standard measures have been effective in their intended aim.

If non-standard measures are maintained for too long, however, they may encourage excessive risk-taking by financial market participants, distort incentives and delay the necessary process of balance sheet adjustment by private and public sector entities. This would ultimately undermine price stability over the medium term, with detrimental effects on economic growth. Therefore, all non-standard measures taken by the ECB were designed to be temporary in nature and complementary to standard interest rate decisions. Given the flexibility permitted by the design of the ECB's operational framework for monetary policy implementation, decisions on the phasing-out of non-standard measures are taken separately from decisions to raise the ECB's key interest rates from their currently very low levels. Their phasing-out will therefore be carried out in line with evidence of a self-sustained normalisation of the functioning of the transmission mechanism. This ensures that the ECB's monetary policy stance can be adjusted in time to counteract risks to price stability over the medium term, while addressing remaining impairments to the transmission mechanism by means of non-standard measures. However, it is crucial that still existing funding strains in specific regions and sectors within the euro area are urgently addressed by governments and regulators.

1 INTRODUCTION

Between October 2008 and May 2009, in view both of the severe financial crisis and of the associated downward risks to price stability over the medium term, the ECB lowered the interest rate on its main refinancing operations by 325 basis points. Obstacles in the transmission process were, however, threatening to prevent this very accommodative stance of monetary policy from being passed on to lending conditions for households and non-financial corporations. Therefore, the ECB also introduced several non-standard measures during the period of acute financial market tensions, with the aim of keeping the transmission of monetary policy operative. This occurred mainly through an easing of banks' funding conditions, in order to support the provision of credit to the private sector, and by containing contagion in financial markets.[1]

In the same way as non-standard measures were introduced during the crisis period to complement changes in policy interest rates in a context of impairments to the transmission mechanism, the phasing-out of non-standard measures can occur independently from adjustments of the policy stance via interest rate changes in a context of a progressive healing of the transmission mechanism. In particular, non-standard measures will be phased out in line with self-sustained improvements in previously impaired transmission channels and a normalising pass-through of the monetary policy stance. Ultimately, all ECB measures are guided by its mandate to maintain price stability.

Section 2 briefly discusses the main impairments imposed by the financial crisis on the monetary policy transmission process and recalls the non-standard measures taken in response to these developments. It also provides some evidence on their effectiveness in restoring a more normal functioning of the transmission of monetary policy. In doing so, it has to be taken into account that such an assessment can only

1 A detailed description of the ECB's response can be found in "The ECB's response to the financial crisis", *Monthly Bulletin*, ECB, October 2010, and in "The implementation of monetary policy since August 2007", *Monthly Bulletin*, ECB, July 2009.

be preliminary in character, and that more data and analysis will be required for a thorough evaluation. Section 3 discusses considerations regarding the phasing-out of the non-standard measures, while Section 4 highlights some lessons learned from current experience with non-standard monetary policy measures and concludes.[2]

2 NON-STANDARD MEASURES AND THEIR EFFECTIVENESS

2.1 IMPAIRMENTS TO THE TRANSMISSION PROCESS

The financial crisis has imposed severe strains on all the channels of monetary policy transmission through which ECB's interest rate decisions are normally transmitted to the economy and, ultimately, prices.[3]

First, in normal circumstances, with a well-functioning financial intermediation process through the banking sector and financial markets, the signals embodied in the official interest rates are transmitted smoothly to the short-term money market rates, and thereby to the longer-maturity rates that are most relevant for private sector decision-taking (what is known as the "interest rate channel").[4] The financial crisis impaired the pass-through from official interest rates to money market rates and other market and bank interest rates, and the pass-through was affected further by the sovereign debt crisis. As government bond yields can act as a determinant for the pricing of other assets, a severe disruption of the government bond market can alter the transmission mechanism and lead to spillovers and spread contagion to other market segments.

Second, difficulties experienced by banks in accessing funding (including bank capital and liquidity) put pressure on the asset side of banks' balance sheets, increasing the risk of a sharp and abrupt contraction of banks' loan supply (referred to as the "bank lending channel"). In addition, in the context of the sovereign debt crisis, low liquidity in government securities markets added further strain – given the widespread use of these securities as collateral in secured lending – thereby weighing on banks' ability to lend to the private sector.

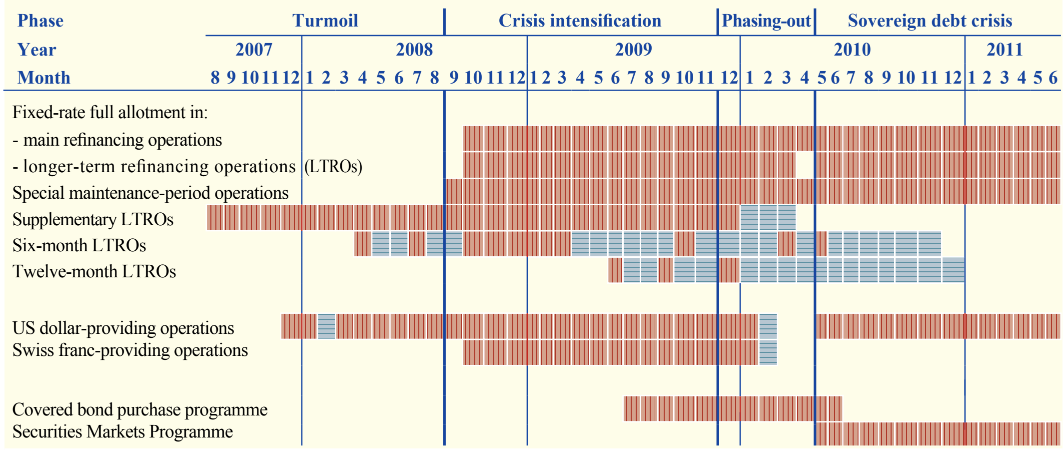
Third, the cyclical downturn, combined with the fall in asset prices, impacted significantly on the balance sheets and creditworthiness of banks' borrowers (referred to as the "balance sheet channel").[5] These effects were exacerbated by the sovereign debt crisis that affected some euro area countries, causing losses in portfolios of financial and non-financial investors, again with the potential to adversely impact on their lending ability.

Finally, large swings in financial intermediaries' and investors' risk perceptions threatened normal access to credit for the purpose of financing entrepreneurial activity in the economy (referred to as the "risk-taking channel"). The excessive risk-taking behaviour in the financial system prior to the crisis changed in the course of the financial crisis into a complete unwillingness of the financial sector to take on any type of risk.

In view of dysfunctional financial markets that impaired the transmission of the monetary policy stance, the ECB introduced a number of non-standard measures to enhance the effectiveness of its monetary policy. Given that the ECB's key rates had not reached the zero lower bound, the non-standard measures were not a substitute for further interest rate cuts

2 The cut-off date for data used in this article was 14 June 2011.
3 For an in-depth discussion of monetary transmission channels in the euro area, see "Monetary policy transmission in the euro area, a decade after the introduction of the euro", *Monthly Bulletin*, ECB, May 2010, and "The role of banks in the monetary policy transmission mechanism", *Monthly Bulletin*, ECB, August 2008. In addition, *The Monetary Policy of the ECB*, ECB, May 2011, offers an overview of the ECB's monetary policy, including the transmission channels.
4 For more information, see the box entitled "Volatility of the overnight interest rate and its transmission along the money market yield curve", *Monthly Bulletin*, ECB, August 2007.
5 Empirical results provide indications for the bank lending and balance sheet channels to have become more prominent in the period of financial turmoil; see, for instance, "Monetary policy and loan supply", *Monthly Bulletin*, ECB, October 2009.

Chart 1 Chronology of the ECB's non-standard measures from August 2007 to June 2011



Source: ECB.
Notes: The reddish brown bars indicate that operations were conducted in the specific month, while the petrol blue bars indicate that no new operations were conducted but that the liquidity provided in previous operations remained in place. The chart covers the main measures discussed in the text, but does not cover all of them as some are not easy to include, e.g. decisions related to collateral and to fine-tuning operations. Special maintenance-period operations are ECB refinancing operations with a maturity matching the length of the reserve maintenance period.

(see Box 1), but complemented the decisions on interest rates. Chart 1 summarises the non-standard measures that the ECB has introduced in the different phases of the financial crisis.[6] Most of the measures did not require major changes to the operational framework for monetary policy implementation; they were restricted to adjustments of the parameters of the existing framework. The introduction of two securities purchase programmes required more substantial adjustments, as the ECB normally conducts its monetary policy operations through repurchasing agreements.

6 The crisis can be broken down into four distinct phases: financial turmoil (as of 9 August 2007); intensification of the financial crisis (starting with the collapse of Lehman Brothers on 15 September 2008); temporary improvements in financial market conditions with a phasing-out of some non-standard measures (end-2009 and early 2010); and sovereign debt crisis (starting in early May 2010).

Box 1

AN ACADEMIC LOOK AT THE NON-STANDARD MEASURES

Before the financial crisis, the academic debate on non-standard monetary policy measures was closely linked to the zero lower bound problem, which arises when a deep recession and the associated downside risks to price stability warrant a reduction of a central bank's key interest rate to zero. This level represents a lower bound for the nominal interest rate, because any attempt to reduce it further would fail. The public would prefer to hold cash, rather than to lend funds or hold deposits at a negative rate. In a sufficiently deep recession, the zero lower bound on the nominal interest rate limits the ability of the central bank to further reduce real interest rates. A deflationary spiral can ensue as lower aggregate demand generates deflationary expectations, hence higher real rates, and thus further deflationary pressures.

Non-standard measures were traditionally seen as an alternative means of providing monetary policy stimulus once the nominal interest rate had reached zero. For example, "quantitative easing" amounts to inducing large increases in banks' reserves to stimulate banks' demand for more productive assets through portfolio balance effects. Quantitative easing was traditionally seen as ineffective in cases where interest rates are not close to the zero lower bound, because positive interest rates would represent an opportunity cost that discourages banks from holding additional reserves.

In response to the financial crisis, however, many central banks adopted innovative policy measures that had not yet been explicitly studied in the academic literature. New research has therefore been conducted to analyse the desirability of deploying different non-standard measures, depending on economic circumstances. Two key findings have emerged from this ongoing research effort.[1]

One of these key findings is that in cases where central bank reserves are remunerated – as they are in the euro area – changes in banks' reserves can be implemented at any level of the key policy interest rate. The opportunity cost of reserves becomes independent of the interest rate level, and reaching the zero lower bound is no longer a pre-condition for banks to be willing to hold large amounts of reserves. From this perspective, the remuneration of reserves results in a separation between liquidity management decisions and interest rate-setting decisions. Liquidity management can adjust to accommodate reserve demand shocks and key policy interest rates can be set without the need to worry about conditions in the market for reserves.

The second key finding is that other types of non-standard measures than quantitative easing can be warranted when dealing with large impairments to the transmission mechanism. Effectiveness is maximised when non-standard measures are tailored to address the particular impairment observed at a specific point in time. A disturbance which tends to reduce the value of assets uniformly across banks, for example, could be offset by asset purchases to prevent a collapse of lending and an excessive increase in loan rates, or by direct credit provision to the private sector. When heterogeneity amongst banks plays a key role and the interbank market is also impaired – as was the case in the euro area during the crisis – the central bank may instead want to play an intermediation role and provide funds to individual banks according to their needs. Measures such as the lengthening of the maximum maturity of refinancing operations or the extension of the list of assets accepted as collateral can then be instrumental in providing banks with a more stable funding environment and in preventing a collapse in real economic activity and deflationary risks.

Once this perspective of addressing specific market distortions is adopted, non-standard measures can be usefully deployed to reinforce the stance of monetary policy whenever distortions impair its standard transmission mechanism. At the same time, these considerations do not justify the use of non-standard measures under normal circumstances. On the one hand, the benefits of implementing non-standard measures increase with the severity of economic disturbances. On the other hand, non-standard measures also involve costs which will typically exceed their benefits in normal circumstances. These costs may, for example, be in terms of strains induced on central bank operations and the risk exposure of the central bank's balance sheet.

1 See, for example, Cúrdia, V. and Woodford, M., "The Central Bank Balance Sheet as an Instrument of Monetary Policy," *Journal of Monetary Economics*, No 1, 2011, pp. 54-79, and Gertler, M. and Kiyotaki, N., "Financial Intermediation and. Credit Policy in Business Cycle Analysis," in Friedman, B. and Woodford, M. (eds.), *Handbook of Monetary Economics*, Vol. 3A, North Holland, 2010, pp. 547-599.

In the following, the ECB's non-standard measures are categorised by the markets they have primarily been aimed at, namely the money market and the securities markets.

2.2 MONEY MARKET-BASED MEASURES

During the first phase of the crisis that started in August 2007 (labelled "Turmoil" in Chart 1), the main impairment was the malfunctioning of the money market on account of uncertainty about the creditworthiness of counterparties. Banks preferred to "frontload" liquidity at the beginning of the maintenance period so as to reduce uncertainty about their liquidity positions. The ECB accommodated this preference by providing for larger allotment amounts in the main refinancing operations (MROs) at the beginning of the maintenance period, thereby reducing short-term interest rate volatility and maintaining an efficient operational framework in terms of steering the overnight interest rate towards the MRO rate.[7] In addition, a higher relative share of Eurosystem liquidity was allotted via three-month refinancing operations, which lengthened the average maturity of outstanding liquidity and reduced funding uncertainty for banks.[8]

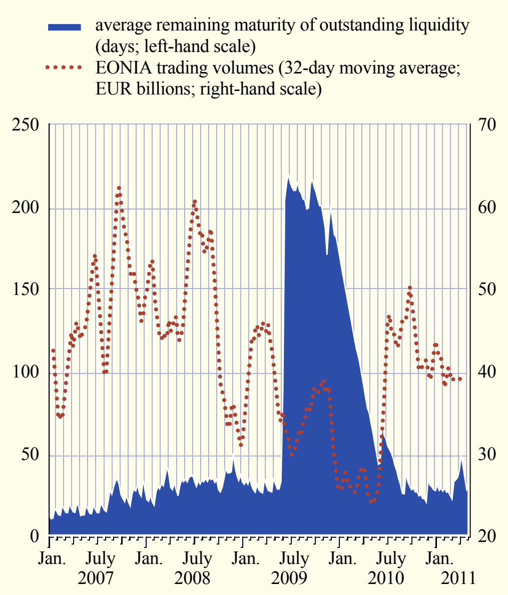
The intensification of the crisis in mid-September 2008 sharply exacerbated money market tensions, with large spreads between the unsecured three-month EURIBOR and the secured three-month overnight index swap rate, and a sharp decline in money market trading activity (see Chart 2). The ECB reacted by directly taking up an intermediation role for the provision of liquidity to individual banks, normally played by the money market, by switching from variable rate tenders to fixed rate tenders with a full allotment of the liquidity demanded by counterparties. Furthermore, the list of eligible collateral was extended in various stages by adjusting the quality thresholds for particular asset classes, thereby enabling banks to take advantage of the fixed rate full-allotment tenders. In this context too, the Eurosystem applies its risk control measures in order to mitigate liquidity market and credit risk.

The ECB also lengthened the maturity of its longer-term refinancing operations (LTROs) to 12 months. This increased the average remaining maturity of outstanding liquidity further from about 20 days before the crisis to 30 days during the initial phase of the financial turmoil, and to

7 For a comprehensive overview of ECB's monetary policy operational framework, see Mercier, P. and Papadia, F., *The concrete euro – how monetary policy operations withstood the crisis*, Oxford University Press, 2011.

8 Measures taken in open market operations in this period and their impact are described in more detail in "The Eurosystem's open market operations during the recent period of financial market volatility", *Monthly Bulletin*, ECB, May 2008.

Chart 2 Average refinancing maturity and trading activity in the money market



Source: ECB.
Notes: The average remaining maturity is calculated as the mean of the MROs and LTROs up to their respective maturity dates, weighted by the outstanding amount of each operation.

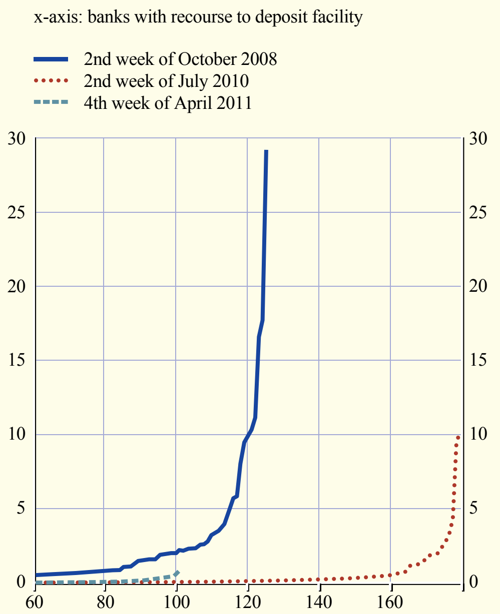
over 200 days in the second half of 2009 when one-year LTROs were in place, before it declined again (see Chart 2). This maturity-lengthening was aimed at providing certainty to banks as regards funding sources for a longer period, thereby allowing the banking system to restore and better plan its activities and to maintain lending to households and non-financial corporations. The one-year LTROs contributed effectively to stabilising money market spreads at levels below those observed during the phase of financial turmoil.[9]

The intensification of the crisis was moreover characterised not only by a high level of uncertainty, but also by heterogeneous behaviour among banks. This is illustrated by the amount and distribution of excess liquidity, proxied by banks' use of the deposit facility, which had been close to nil before the start of the crisis. In the second week of October 2008, however, when fixed rate full-allotment was first in place, the use of the deposit facility by banks increased significantly and heterogeneously (see Chart 3). The contemporaneous very large recourse to refinancing operations and the intensive use of the deposit facility for storing excess liquidity overnight is indicative of the extent to which the money market was dysfunctional. After the expiry of the first one-year LTRO in early July 2010, the overall amount deposited declined, but more banks accessed the deposit facility for lower amounts, on average. In the most recent period covered in Chart 3, the substantially lower amounts placed with the deposit facility and their more equal distribution indicate an improved functioning of the money market.

The full accommodation of the very high demand for liquidity in refinancing operations also caused the overnight interest rate (the EONIA) to fall below the MRO rate (see Chart 4), reflecting excess liquidity in the money market and the extensive use of the deposit facility.

Chart 3 Daily holdings in the deposit facility

(EUR billions)



Source: ECB.
Note: The amount shown is the weekly average of daily recourse to the deposit facility.

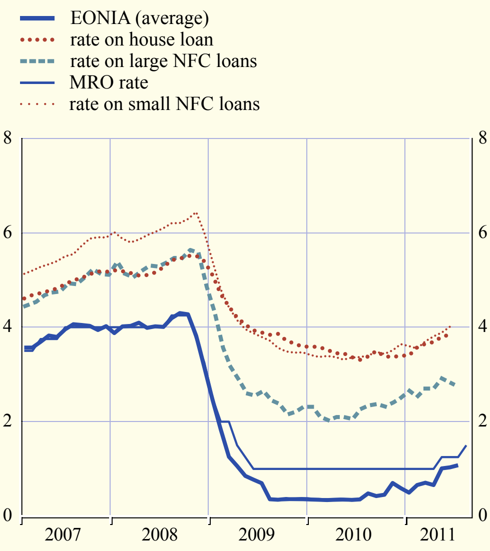
In addition to the above-mentioned measures that concentrated on funding in euro, the ECB also adopted US dollar liquidity-providing operations against ECB-eligible collateral, as well as swaps, to counter difficulties that some internationally active banks experienced in funding in foreign currencies, notably US dollars. Swap tenders involving the Swiss franc were also carried out.

Given the non-standard measures' goal of supporting the normal transmission of the ECB's key interest rates to the economy, developments

9 See Chart 2 in "The ECB's response to the financial crisis", *Monthly Bulletin*, ECB, October 2010. In the phasing-out period, the spread between the three-month EURIBOR and the overnight indexed swap rate stood at around 25 basis points, around half the value reached during the phase of turmoil. In the interim, at the time of the intensification of the crisis, it had peaked at more than 175 basis points.

Chart 4 Evolution of interest rates

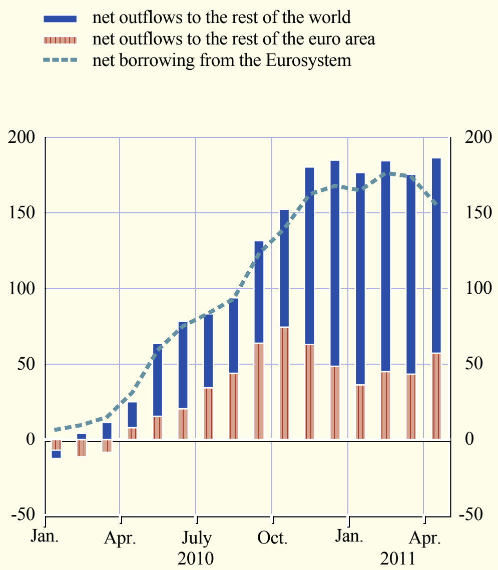
(percentages per annum)



Source: ECB.
Note: The cut-off date for data used in this chart is 7 July 2011.

Chart 5 Net outflows from MFIs in Greece, Ireland and Portugal to the rest of the euro area and the rest of the world, and net borrowing from the Eurosystem

(cumulated flows, seasonally adjusted; EUR billions)



Source: ECB.
Notes: Outflows reflect changes in non-domestic liabilities minus changes in non-domestic assets. Net borrowing refers to borrowing net of use of the deposit facility.

in banks' lending rates and volumes can give an indication of the effectiveness of these measures.[10] Bank lending rates for households and non-financial corporations declined with only a short delay, in parallel to the decline in the EONIA (see Chart 4). As regards bank lending volumes, the level of lending contracted only moderately during the crisis.[11] The analysis presented in Box 2 confirms that during the crisis, lending rates and volumes behaved in a manner consistent with a rather normal functioning of the transmission mechanism, as gauged by historical regularities prior to the financial crisis. These results, though largely indicative, suggest that ECB's non-standard measures have been successful in achieving their intended goal.[12]

More generally, the non-standard measures, together with the support measures for banks introduced by euro area governments, prevented a disorderly deleveraging process. Non-standard measures thus played an important role during the phase marked by the sovereign debt crisis. For instance, the full allotment at fixed rates of the liquidity demanded by the banking sector against an expanded list of collateral helped to stabilise the funding situation of MFIs in the countries hit most severely by the sovereign debt crisis (see Chart 5).

10 For information on the effectiveness of non-standard measures across different central banks, see the presentations of the ECB workshop "The macroeconomic impact of non-standard monetary policy measures" that took place on 24 and 25 March 2011 (available under "conferences" on the ECB's website).

11 See "Recent developments in loans to the private sector", *Monthly Bulletin*, ECB, January 2011.

12 Results from the ECB's quarterly bank lending survey, which analyses the roles of supply and demand factors in loan developments, also indicate that supply constraints were not the main factor behind the low growth of loan volumes.

Box 2

THE EFFECTIVENESS OF NON-STANDARD MEASURES: A MODEL-BASED ASSESSMENT

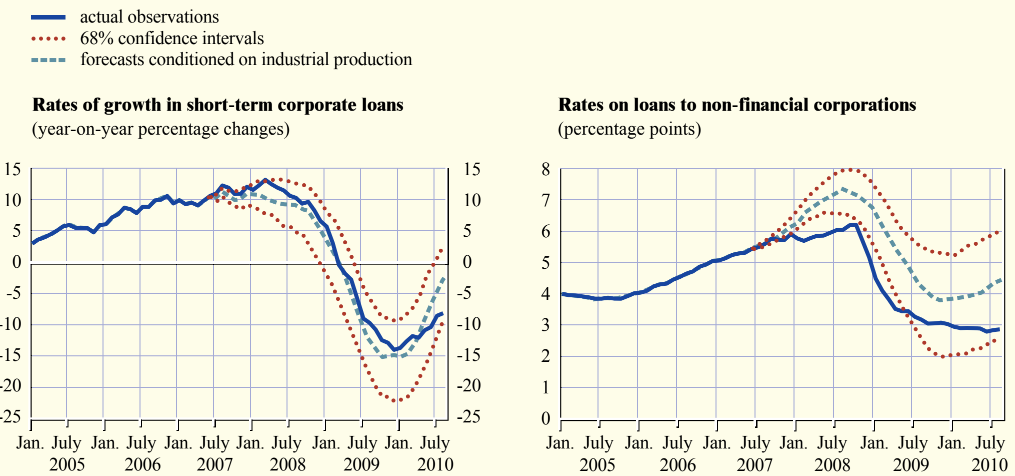
This box describes two analytical approaches for assessing the effectiveness of non-standard measures by addressing the question as to what would have happened if the ECB had not adopted some of its non-standard policy measures after October 2008. On the basis of the model-based exercises, it is found that the measures targeted at the money market were instrumental for stabilising the financial system and the economy, as well as for ensuring price stability.

A first approach answers the question as to whether "pre-crisis" economic regularities between economic variables persisted during the crisis. In this respect, the model developed by Giannone et al.[1] estimates the relationship between 32 variables over the period from 1991 to 2007, including measures of production, inflation, confidence, money and bond yields. For the period following August 2007, the exercise involved a conditional forecast using the actual path of industrial output as the conditioning variable. The remaining series are obtained by applying the formerly estimated pre-crisis regularities. Small differences between the actual observations during the crisis and the simulated series imply that pre-crisis regularities continued to hold during the crisis. As examples of the outcome, Chart A indicates that corporate short-term loan growth responded very much as expected from the pre-crisis episode and that loan rates were even below these regularities, which may have been due to the swift and bold measures taken by the ECB.

Given that the economy broadly followed past regularities, it is possible to test whether this continues to hold true if the non-standard measures had not been taken. The ECB's non-standard measures were aimed at, among others things, improving money market conditions by reducing the spread between the EURIBOR and the rate on the main refinancing operations. The model developed

1 Giannone, D., Lenza, M., Pill, H. and Reichlin, L., "Non-standard monetary policy measures and monetary developments", *Working Paper Series*, No 1290, ECB, January 2011.

Chart A Actual data and model-based conditional forecast

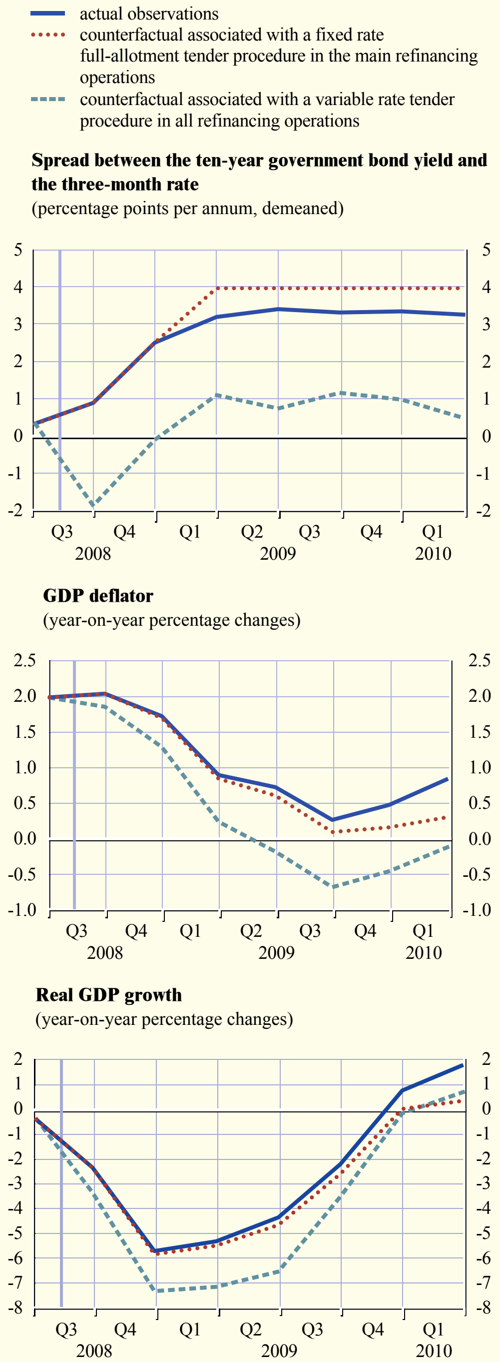


Source: Giannone et al.

by Lenza et al.[2] analyses the implications if this spread had not been reduced, but had instead prevailed for longer. Attributing the difference between the observed time series of economic variables and the model-based simulated paths obtained by applying the estimated regularities of the "pre-crisis" episode to the non-standard measures would suggest that the non-standard measures were very effective. The model finds, for example, that the growth of M1 in 2009 and 2010, as well as the growth of loans for house purchase and consumer credit, would have been substantially lower without non-standard measures.

A second approach focuses on the introduction of liquidity provision through fixed rate full-allotment tender procedures and the lengthening of maximum maturities in refinancing operations from three months to one year in the context of the dynamic stochastic general equilibrium (DSGE) model in Fahr et al.[3] The model is a medium-sized DSGE model, which accounts for varying perceptions of risk and focuses especially on the bank intermediation channel, modelled with liquidity needs of banks and a financial accelerator between banks and firms. To assess the impact of lengthened maturities, the reaction of the ten-year risk-free interest rate to changes of the three-month interest rate under conditions observed before the crisis is compared with that observed during the crisis. Discrepancies in the response of different variables are then attributed to the lengthening of the maturity structure and presented as the difference between the dotted counterfactual line and the solid actual observations line in Chart B. Without the lengthening of maturities the spread between ten-year and three-month interest rates would have been larger (top panel), and domestic inflation (middle panel), as well as output growth (bottom panel), would have turned out lower, mainly because of higher ten-year bond yields.

Chart B Outcome of a model-based counterfactual exercise



Source: Fahr et al.

2 Lenza, M., Pill, H. and Reichlin, L., "Monetary policy in exceptional times", *Economic Policy*, Vol. 62, 2010, pp. 295-339.

3 For technical details, see Fahr, S., Motto, R., Rostagno, M., Smets, F. and Tristani, O., "A monetary policy strategy in good and bad times: lessons from the recent past", *Working Paper Series*, No 1336, ECB, May 2011.

In a second step, the DSGE model addresses the issue of what would have happened if the demand for liquidity in the Eurosystem's liquidity-providing operations had not been satisfied in full at a fixed interest rate.[4] An estimation of the model reveals that before the crisis, greater demand for liquidity by banks led to higher money market rates. Were the same regularities to apply in the absence of fixed rate full allotment during the financial crisis, it is found that the unprecedented increase in the demand for liquidity during the financial crisis would have strongly reduced the spread between ten-year and three-month interest rates, due to higher money market rates (captured by the difference between the dotted and dashed lines in Chart B).[5] This upward pressure on the cost of borrowing and the lack of liquidity would have unleashed a process of severe and abrupt deleveraging by banks. It would have resulted in severe downside risks to price stability and a deeper economic contraction than was actually observed.

4 Liquidity allotment before the financial crisis was set to cover for the minimum reserve requirements by banks and for autonomous factors.
5 The spread in the counterfactual does not consider a possible upper cap for the short-term interest rate induced by the rate of the marginal lending facility.

However, liquidity support is not a substitute for the necessary repair and strengthening of balance sheets, and it cannot – in any case – address solvency problems. Experience from previous episodes of financial and banking crises suggests that the only effective action to resolve a banking crisis is for governments and regulators to intervene swiftly and decisively, whereas the central bank should limit itself to providing liquidity support (see Box 3).

Box 3

POLICY RESPONSES TO BANKING CRISES: THE CASES OF THE NORDIC COUNTRIES AND JAPAN IN THE 1990s

The banking crises in the Nordic countries (Norway, Sweden and Finland) and in Japan in the 1990s suggest that banking problems can only be solved through timely and decisive actions by supervisory authorities and through measures aimed at solving the root causes thereof.

In particular, the experiences in the Nordic countries and in Japan are prominent examples from which lessons can be learned on the effectiveness of various crisis-resolution measures. The Nordic crises were solvency crises in which some financial institutions faced serious loan losses, while the general functioning of the financial markets was not impaired. This needs to be distinguished from the Japanese case, which contained elements of both a solvency crisis (180 deposit-taking institutions failed between 1991 and 2002) and a liquidity crisis with occasionally severe stress in key financial markets.

The two crises differ significantly with respect to the time required to bring the solvency problems under control. In the Nordic case, the regulatory authorities addressed these problems relatively swiftly. The systematic and credible clean-up of troubled banks stabilised the financial system, and the subsequent export-oriented economic recovery further improved the performance of, and the balance sheets within, the banking sector. These experiences stand in contrast to the Japanese crisis, where comprehensive steps to address the problem of troubled banks were only implemented many years after the bursting of the asset price bubble that had triggered the financial crisis. In addition to the unaddressed solvency problems, occasional liquidity problems threatened the smooth functioning of the Japanese financial markets.

The Japanese experience with market-wide liquidity problems suggests that the combination of standard and non-standard monetary policy measures implemented by the Japanese central bank were ultimately relatively successful in preventing liquidity dry-ups in key financial markets. At the same time, such measures have to be distinguished from measures aimed at resolving the underlying solvency issues in Japanese banks that needed to be addressed by other institutions and policies outside the realm of monetary policy.

Both the Nordic and Japanese experiences suggest that dealing with banking problems ultimately required taking measures directed towards specific financial institutions that faced solvency problems and threatened the stability of the financial system as a whole. This involved using a combination of guarantees and capital injections for distressed banks. Distressed assets were removed to dedicated asset management companies (known as "bad banks")[1], with government-sponsored take-overs of weak banks by larger and stronger banks being organised in some cases and with public take-overs (nationalisations) being conducted in the absence of private sector solutions.

1 Norway represents an exception in that no "bad bank" was established to handle financial institutions' problem loans.

2.3 SECURITIES MARKETS-BASED MEASURES

In addition to the measures targeted primarily at the money market, the Eurosystem also intervened directly in some securities markets.

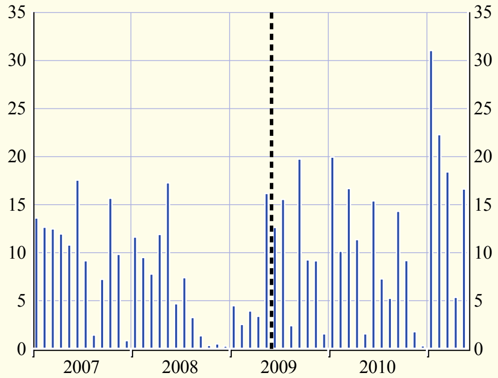
The covered bond purchase programme (CBPP), announced on 7 May 2009, was aimed at encouraging an easing of credit conditions and at improving liquidity in this important market segment, given that the issuance of covered bonds is a primary source of financing for banks in the euro area. Over the 12-month period from 6 July 2009 to 30 June 2010, the Eurosystem made outright purchases of euro-denominated covered bonds issued in the euro area up to the pre-announced total nominal value of €60 billion.

On the primary market, the announcement of the CBPP triggered a reactivation of jumbo covered bond issuance in the euro area, whereby volumes returned to levels observed before the crisis (see Chart 6). The effect on the secondary market was visible in the developments in covered bond spreads around the announcement day (see Chart 7). Most euro area covered bond markets experienced a noticeable reduction in spreads that was induced by the CBPP. While the average daily change in spreads was negligible in the weeks before the event, spreads fell by up to 7 basis points (in the case of German covered bonds) on the announcement day, and declined further at an average pace of 2 basis points per day in the week thereafter. While the announcement of the programme had a significant impact on prices, the actual purchases thereafter had rather limited effects as they were probably seen as an execution of the previously announced commitment.[13]

13 See Beirne, J., Dalitz, L., Ejsing, J., Grothe, M., Manganelli, S., Monar, F., Sahel, B., Sušec, M., Tapking, J. and Vong, T., "The impact of the Eurosystem's covered bond purchase programme on the primary and secondary markets", *Occasional Paper Series*, No 122, ECB, January 2011.

Chart 6 Issuance of jumbo covered bonds in the euro area

(EUR billions)



Source: Dealogic.
Note: The dashed line denotes the date on which the CBPP was announced.

The Securities Markets Programme (SMP) was launched in response to the sovereign debt crisis on 10 May 2010.[14] The programme intends to address the malfunctioning of some securities markets and to improve the transmission mechanism of monetary policy.[15] Under the SMP, public and private debt securities are eligible for purchase. The Eurosystem re-absorbs the liquidity provided through bond purchases by means of weekly liquidity-absorbing operations so as to ensure that the monetary policy stance is not affected.

Assessing the effectiveness of the SMP is complicated on account of the fact that the degree of normalisation of the transmission process operating via bond markets cannot be easily captured by one or a few indicators. Nevertheless, considering the direct effects of the announcement of the SMP and its initial implementation on the bond yields, the ten-year government bond yield spreads vis-à-vis German government bond yields declined substantially across the board on Monday, 10 May (see Chart 8).

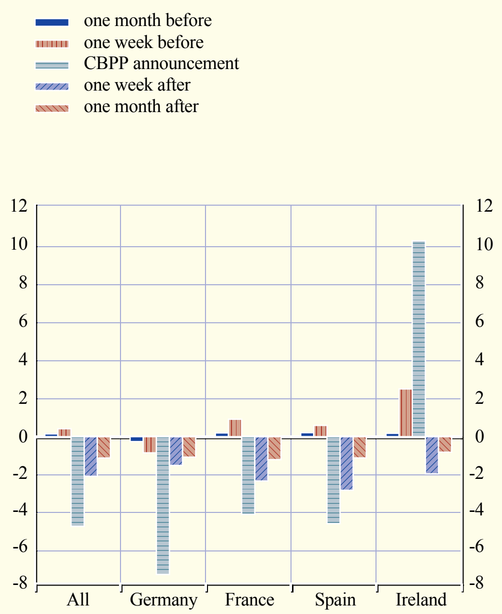
This suggests that the announcement, together with the first day of interventions, was rather effective. However, it needs to be taken into account that additional decisions with a potential

14 At the same time, some non-standard measures aimed primarily at the money market that had been phased out early 2010 were re-introduced when the sovereign debt crisis erupted.

15 For more details, see the box entitled "Additional measures decided by the Governing Council", *Monthly Bulletin*, ECB, May 2010. See Section 2.1 of this article for a discussion of the ways in which malfunctioning sovereign bond markets may adversely affect the monetary policy transmission process.

Chart 7 Average daily changes in covered bond swap spreads around the date the covered bond purchase programme was announced

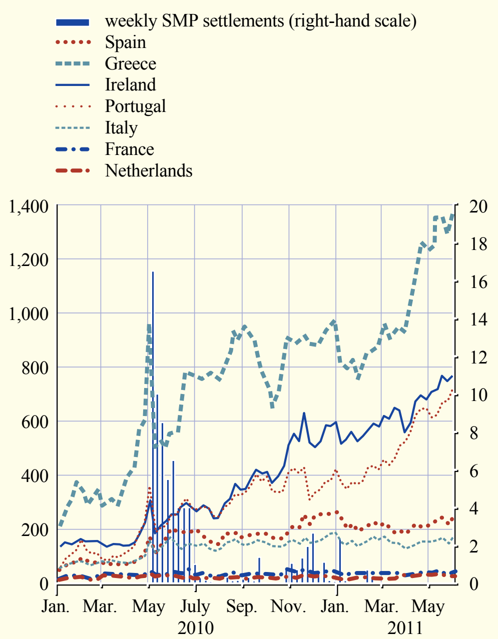
(basis points)



Sources: Thomason Reuters and ECB calculations.
Notes: The chart presents the average daily changes in the covered bond spread over the five-year euro swap computed for the time windows from 1 April to 6 May 2009 ("one month before"), 30 April to 6 May 2009 ("one week before"), 6 May to 7 May 2009 ("CBPP announcement"), 7 May to 14 May 2009 ("one week after") and 7 May to 5 June 2009 ("one month after"). The covered bond yields are iBoxx country indices.

Chart 8 Ten-year government bond yield spreads vis-à-vis German government bond yields and weekly SMP settlements

(weekly data; basis points; EUR billions)



Sources: Thomson Reuters and ECB.
Note: Weekly SMP settlements until 12 July 2010 refer to weekly net settled amounts as announced in the weekly liquidity-absorbing operations. Data from 19 July onwards refer to weekly settled purchases excluding transactions from maturing securities and amortisation.

financial market impact were taken in the weekend of 8 and 9 May, including additional commitments by some EU Member States to bring forward their budget consolidation and the agreement of European governments on the establishment of the European Financial Stability Facility. Moreover, the effectiveness of SMP interventions cannot be assessed solely on the basis of observed bond spreads. For instance, the mere possibility of bond market interventions may have contributed to limiting contagion spreading from the countries directly affected by the sovereign debt crisis to other countries, which would have implied a stronger hampering of the monetary transmission process in the euro area as a whole if the SMP had not been in place. Since July 2010, the levels of SMP purchases have been markedly lower, although the volatility of bond spreads has remained elevated.

Overall, the SMP proved very important in contributing to a better transmission of monetary policy to the euro area as a whole. This role was particularly crucial at the beginning of the programme's implementation, when it also contributed to keeping contagion contained, and at several points in time over the past 12 months. The ECB provided a solid anchor for stability and confidence, which was crucial for the economic recovery in the euro area.

3 CONSIDERATIONS ON THE PHASING-OUT OF NON-STANDARD MEASURES

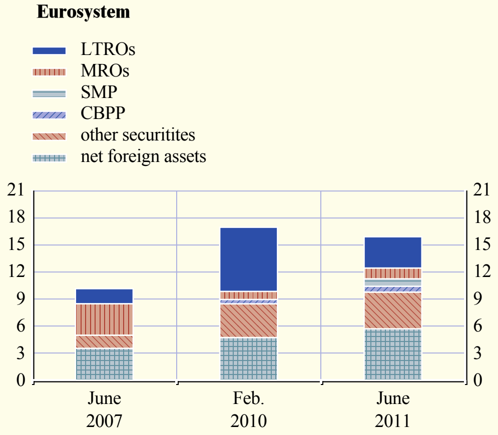
The ECB's non-standard monetary policy measures were designed with consideration of their "exit" in mind. This premise required implementing measures that would limit constraints on future monetary policy decisions. The measures operated primarily with banks through repurchasing agreements of limited duration without automatic extensions after expiration. In this way, the exposure of the ECB to the risks inherent to the underlying securities remained contained, and responsibility for financing the wider economy remained vested in the financial sector. The credit support measures thus addressed solely the banks' funding conditions and were as such distinct from quantitative easing practised by other major central banks. Quantitative easing measures entail purchasing bonds from the open market with the primary aim of lowering bond market yields by reducing the term premia. Comparing the balance sheet of the Eurosystem with that of the Bank of England and the US Federal Reserve reveals the far larger scale of bond market interventions undertaken in the form of outright purchases in both the United Kingdom and the United States (see Chart 9), which can partly be attributed to the stronger focus on a market-based financing of the private sector in these countries.

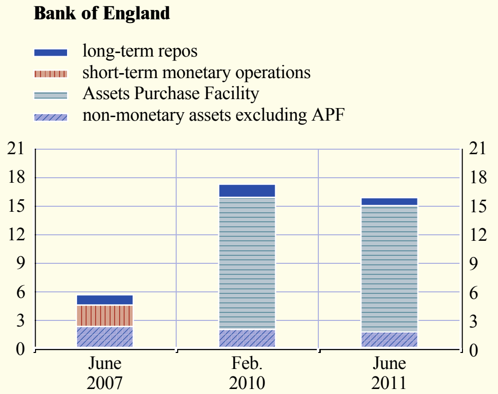
The ECB's non-standard measures, by contrast, operated mainly through an expansion of the existing operational framework, with lengthened maturities and an extended list of collateral, and relatively limited amounts of outright purchases. The implication is that the ECB has retained a high degree of flexibility in its future decisions because most of the measures taken can be easily unwound once normal financial conditions are re-established in a self-sustained manner. The three one-year LTROs stand as an example: they were not renewed upon expiry, which led to an overall reduction and normalisation of the outstanding maturity for the refinancing operations (see Chart 2).

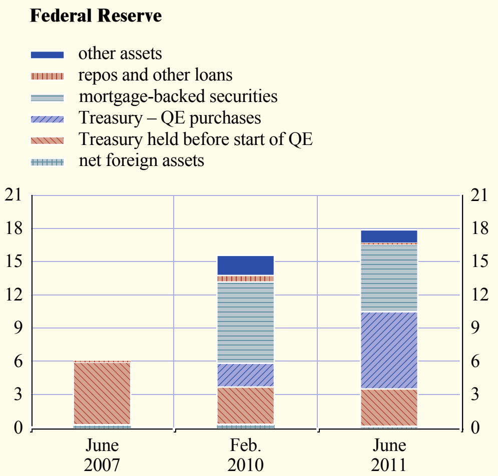
The different character of the ECB's non-standard measures also has implications for the size of the central bank balance sheet. Its relative increase during the crisis is more limited than in the case of central banks that intervened predominantly in the form of asset purchases, as in the United States and the United Kingdom.

Chart 9 Balance sheets of the Eurosystem, the Bank of England and the Federal Reserve

(percentages of GDP)







Sources: European Central Bank, Bank of England, Federal Reserve.
Note: GDP for the first quarter of 2011 was used to calculate the June 2011 figures.

Looking forward, the ECB's non-standard measures will continue to be phased out in line with the ongoing normalisation of conditions in financial intermediation relevant to the transmission mechanism. Their withdrawal will be gradual so as to continue to ensure an effective transmission of the monetary policy stance. Decisions on the phasing-out of non-standard measures can be taken independently from changes in key ECB interest rates, given their complementary nature. This became evident in April and July 2011 when key ECB interest rates were raised by 25 basis points in each case and the non-standard measures in place were retained.

In deciding on the size and speed of the unwinding of non-standard measures, account has to be taken of the fact that the longer non-standard measures are in place – especially at very low interest rates – the higher is the risk of introducing distortions and creating incentives for excessive risk-taking, which would ultimately lead both to the creation of financial imbalances and to risks to price stability over the medium term. Offering large amounts of liquidity to individual banks at very low rates for an extended period of time also entails the risk of delaying necessary balance sheet adjustments and thus hampering medium-term economic growth.

In particular, the ECB's liquidity support for the banking sector cannot replace the measures that need to be taken by national governments, regulatory bodies and the financial sector itself to ensure the solvency of individual banks and the sustainability of the banking sector's business models, also at higher interest rates. Improving the resilience of balance sheets across all sectors, including households, non-financial and financial corporations as well as governments, is a key factor for healthy and sustainable economic growth in the euro area. The ECB shapes the overall financing conditions in the economy through its monetary policy stance, and it cannot and should not assume responsibilities that fall into the domain of regulatory or fiscal bodies.

4 LESSONS LEARNED AND CONCLUSIONS

Three main lessons can be learned from the ECB's experience with its non-standard monetary policy measures.

First, the focus of the non-standard measures on the money market and on banks' funding proved instrumental in preserving the monetary policy transmission process in the euro area. This is particularly true for the comprehensive fulfilment of banks' demand for central bank liquidity at fixed rates against collateral. It allowed flexibility in the allotment of liquidity, taking account of very heterogeneous liquidity needs across banks, and sharply reduced their funding uncertainty in terms of quantities, interest rates and maturities. In addition, available evidence suggests that relatively small-scale but targeted measures directed at malfunctioning segments of the securities market proved to be successful. The CBPP triggered new issuance in the covered bond market and reduced spreads in the secondary market, thereby improving the funding side of banks, while the SMP contributed to containing contagion, which would otherwise have severely impaired the transmission process in the euro area.

Second, the broad-based operational framework adopted since the introduction of the euro in 1999 ensured the flexibility necessary for the ECB to pursue its objective of maintaining price stability over the medium term. Most of the non-standard measures adopted by the ECB required only changes to the parameters of its existing operational framework for monetary policy implementation. This contributed to instilling confidence and reducing uncertainty, thereby facilitating the maintenance of price stability.

Third, the course of the ECB's monetary policy was never constrained by non-standard measures. The ECB did not engage in large programmes of outright asset purchases, and did not give any guidance on the future path of policy rates. This has allowed it to retain great flexibility in adjusting its policy to unanticipated economic and financial developments in order to maintain price stability.

The decisions of April and July 2011 to increase key ECB interest rates by 25 basis points in each case, while keeping the non-standard measures in place, reflect flexibility in the adjustment of standard and non-standard measures. Looking forward, the monetary policy stance will be adjusted in line with the risks to price stability over the medium term, while the timing and pace of the phasing-out of non-standard measures will be decided on the basis of the progress made in the self-sustained normalisation of the transmission mechanism. It is essential, however, that all sectors – households, companies and financial corporations, as well as governments – make rapid headway in further repairing and strengthening their balance sheets as a precondition for healthy and sustainable economic growth in the euro area.

THE EUROPEAN STABILITY MECHANISM

The global financial crisis has exposed major weaknesses in the design and implementation of the existing economic governance framework of the EU, and of the euro area in particular. The fiscal rules (laid down in the Stability and Growth Pact) have been weakened over time, and procedures and measures put in place to enforce economic policy coordination have not been implemented. The European Council of 24-25 March 2011 adopted a comprehensive package of measures to respond to the ongoing crisis, as well as to guard against such crises materialising in the future. The main features of this package relate to the strengthening of the preventive and corrective mechanisms to address internal and external imbalances, in particular fiscal imbalances and competitiveness problems of individual Member States, well before they might pose systemic threats. In addition, the package includes the establishment of a permanent crisis management mechanism as an ultima ratio safeguard against imbalances in individual countries. It is foreseen that the new European Stability Mechanism (ESM) will enter into force on 1 July 2013, following an amendment to the Treaty on the Functioning of the European Union (the Treaty) and the signing of an ESM Treaty by the euro area countries. This article outlines the underlying rationale for the establishment of the ESM and looks at its salient features.[1]

From the ECB´s perspective, it is crucial that the existence, design and activities of the ESM do not create moral hazard, but rather strengthen the incentives for prudent fiscal and economic policies in all euro area countries. For this reason, it is essential that any financial assistance will be subject to very strict macroeconomic policy conditionality and be granted on non-concessional terms. Financial assistance must not act as a fiscal transfer, but only as a liquidity bridge that allows euro area countries in distress to "buy time" to take the necessary measures to restore fiscal sustainability and competitiveness in the medium term. The ESM would be activated if indispensable to safeguard financial stability in the euro area as a whole. It is therefore of the utmost importance that the range of measures focusing on crisis prevention and policy surveillance are well-designed and implemented in full so as to avoid the need to use the ESM.

1 WHY IS A PERMANENT CRISIS MANAGEMENT MECHANISM HELPFUL?

The institutional framework of Economic and Monetary Union (EMU) is unique.[2] EMU is a monetary union without a fully fledged political union. It is characterised by a single monetary policy set at supranational level (i.e. the euro area), a common market, and largely decentralised fiscal policies, which remain within the area of competence of the individual EU Member States but which are subject to rules-based coordination procedures, such as the Stability and Growth Pact.

The smooth functioning of EMU requires that national governments ensure the sustainability of their own public finances, the competitiveness of their national economies and the stability of their financial systems. Failure to meet one or more of these conditions over a sustained period of time reduces the net benefits of EMU and poses the risk of adverse cross-country spillovers. The Treaty contains two key provisions aimed at avoiding excessive debt accumulation at the national level and protecting the independence of the ECB: the "no-bailout" clause (Article 125) and the monetary financing prohibition (Article 123). These provisions preclude transfers and monetisation of government debt in the event of a debt crisis in a Member State. They will remain cornerstones after the reform of EU economic governance.

1 At the time of writing, the Treaty establishing the European Stability Mechanism (ESM Treaty) is still in the process of finalisation.

2 For a more detailed discussion of the institutional arrangements, see the article entitled "One monetary policy and many fiscal policies: ensuring a smooth functioning of EMU", *Monthly Bulletin*, ECB, July 2008 and the article entitled "The relationship between monetary policy and fiscal policies in the euro area", *Monthly Bulletin*, ECB, February 2003.

At the same time, the financial crisis has revealed major weaknesses and gaps in the existing governance framework. The fiscal rules (laid down in the Stability and Growth Pact) have been weakened over time, and procedures and measures put in place to enforce economic policy coordination have not been implemented. If these weaknesses and gaps were left unaddressed, the financial stability of the euro area as a whole could be put at risk. EMU is characterised by a high degree of economic and financial integration among its members, which in normal times is beneficial to all members. In times of crisis, however, close financial integration means that unsustainable developments in one member country can easily spread to others perceived as vulnerable by the market.

Strengthened fiscal, macroeconomic and macro-prudential surveillance is essential to guard against destabilising cross-country spillovers which might stem from a loss of confidence in the sustainability of national policies. The failure of the EU's economic governance to prevent and correct unsustainable national policies that contributed to the build-up of major imbalances in euro area countries has made the deficiencies of the overall governance framework all too apparent. This applies in particular to the weak implementation of policy recommendations, the inadequacy of enforcement measures taken to discourage or correct infringements, and the insufficient recognition by national policy-makers of the need to ensure consistency between national policies in a monetary union, especially with regard to competitiveness developments.[3]

The European Council, at its meeting on 24-25 March 2011, agreed on a number of important steps to reinforce the EU economic governance framework. The Stability and Growth Pact will be reformed to enhance the surveillance of fiscal policies and to foster the early application of enforcement measures. A new macroeconomic surveillance framework, including an enforcement mechanism, will be established in order to deal with internal and external macroeconomic imbalances at an early stage. In addition to these EU-wide proposals at the legislative level, a separate "Euro Plus Pact" has been devised among euro area countries, with an opt-in for non-euro area EU Member States, in order to improve competitiveness, foster employment, increase the sustainability of public finances and reinforce financial stability. These measures complement the strengthening of the supervisory architecture for the financial system that came into force at the beginning of 2011 with the establishment of the European Systemic Risk Board (the new EU body in charge of macro-prudential oversight) and the three new European Supervisory Agencies – the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority. Once fully operational, these measures should strengthen the economic pillar of EMU.

Strict observance of the Stability and Growth Pact, close surveillance of macroeconomic imbalances and effective economic policy coordination should provide a safeguard against crises of confidence of the type and magnitude that have been experienced in the recent past. However, to the extent that unforeseen external shocks can occur, the risk of crises can never be fully eliminated, in spite of strengthened fiscal and macroeconomic surveillance. For this reason, and in order to ensure the stability of the euro area as a whole, it was decided to also establish a framework which could provide temporary financial support to euro area countries, with the aim of providing bridge funding for the period of time needed to implement a deep adjustment programme to correct imbalances and regain market access. Any financing under the ESM needs to be subject to very strong policy conditionality.

The purpose of such a crisis management framework is to give euro area countries in distress the time necessary to implement measures

3 See the article entitled "The reform of economic governance in the euro area: essential elements", *Monthly Bulletin*, ECB, March 2011.

to restore fiscal sustainability, competitiveness and financial stability in the medium term. Financial assistance will only be granted if the country in question implements an adjustment programme capable of redressing the situation. Such an adjustment programme will in general include fiscal consolidation measures and structural reforms that address labour and product market rigidities, thereby improving the growth potential of the economy. While such measures will have some impact in the short term, their full effect often unfolds over the medium term. In this context, the financial assistance will serve as a liquidity bridge until the country in question regains market access. At the same time, financial assistance must be granted on non-concessional (i.e. sufficiently unattractive) terms to increase the incentive for the country to return to market financing as soon as possible. In addition, any financial assistance must be disbursed in tranches, conditional on the country's adherence to the targets laid down in the adjustment programme, so as to maintain the incentive for the country to continue to comply with the programme.

These design features of the European crisis management framework purposely resemble the main design features of the IMF-supported adjustment programmes. The nature of the balance of payments constraint is obviously different for euro area countries, which in this regard resemble regions within a larger state more than they do countries with their own currency. This is one reason why the EU does not have a balance of payments support facility for euro area countries, whereas such a facility does exist for non-euro area Member States.[4]

The creation of the euro area crisis management framework has been motivated by three main considerations.

First, even under a strengthened euro area governance framework, it cannot be excluded that external shocks might occur and that crises of confidence might develop which could have implications for euro area countries' access to market financing. For example, an exogenous shock of unprecedented magnitude might hit one euro area country asymmetrically, with profound implications for the country's domestic economic outlook. Given the greater propensity towards cross-country spillovers in a monetary union, and the lack of a central fiscal authority, such a shock could have the potential to destabilise the euro area as a whole (in the absence of a financial firewall). The potential for negative (and mutually reinforcing) feedback loops between the fiscal and financial sectors could be significant and both amplify and propagate the shock.

Second, there also remains the possibility of market failures in the financial sector, including self-fulfilling trend dynamics in the pricing of sovereign risk. Market failures are costly in a monetary union owing to the potential for contagion. The experience of euro area sovereign bond markets in recent years is telling in this regard. Prior to the financial market tensions in autumn 2008 euro area sovereign bond spreads were clustered in close proximity to each other, in spite of sizeable cross-country differences in underlying fiscal and structural positions. This underpricing of sovereign risk and, ultimately, failure of market discipline in a period of tranquillity quickly gave way to an abrupt and disorderly re-pricing of the risk, often – again – without due regard to different underlying fiscal and structural positions. The fact that market discipline was applied in a rather sudden and polarised manner also meant that, in this environment, a protracted liquidity crisis had the potential to become a systemic threat if left unaddressed. A crisis management framework would address such situations and thereby partly compensate for the fact that markets are imperfect devices for disciplining public policy.

4 The medium-term financial assistance facility (MTFA) is a Treaty-based instrument (Article 143 of the Treaty) that allows the EU Council to authorise the European Commission to borrow in capital markets and lend, under strict conditionality, to non-euro area Member States in financial difficulty. Current beneficiaries include Latvia and Romania.

Third, recent experience has also highlighted the need for credibility and predictability in crisis responses. A credible crisis management framework should help shape market expectations by providing clear "rules of the game" and thus influence the incentives for both private creditors and public debtors. These incentives are critically dependent on the design of the crisis mechanism, in particular on the extent to which it reinforces governments' incentive to adhere to sound national fiscal and macroeconomic policies and investors' incentive to correctly price the risk when lending to governments. If designed appropriately, it should also act as an additional dampener on the non-linear effects described above, in which sudden shifts in market sentiment can potentially turn tensions into full-blown crises.

It is against this background that euro area governments have decided to establish a permanent crisis management mechanism, the ESM, as an ultima ratio safeguard against imbalances in individual countries.

An efficient official financing framework must be designed in a way that minimises moral hazard and reinforces incentives to undertake fiscal and macroeconomic adjustment and to seek market financing as soon as feasible. This can be achieved through strict conditionality and fair but non-concessional loan pricing provisions. The following section outlines the salient features of the ESM and compares them with the temporary crisis management arrangements currently in place.

2 FEATURES OF THE EUROPEAN STABILITY MECHANISM

THE BASIS FOR THE MECHANISM

At its meeting on 28-29 October 2010 the European Council agreed to establish a permanent crisis management mechanism to safeguard financial stability in the euro area as a whole, replacing temporary solutions such as the Greek loan facility, the European Financial Stabilisation Mechanism (EFSM) and the European Financial Stability Facility (EFSF) from 1 July 2013. The EFSF will remain in place beyond June 2013 until all its outstanding claims have been repaid. Any tranches of existing loan facilities that remain undisbursed and unfunded at the time of entry into force of the ESM in July 2013 will be paid out under the new facility. In order to limit the potential liability of euro area countries during this transition period, total consolidated EFSF and ESM lending may not exceed €500 billion.

Political consensus on the ESM was reached at the meeting of the European Council on 16-17 December 2010, when it was agreed to add a new paragraph to Article 136 of the Treaty via the simplified revision procedure. Following opinions from the European Commission, the ECB and the European Parliament, the European Council adopted the following wording: "The Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionality."[5]

The wording of this new paragraph reflects some important preconditions for the establishment of a permanent stability mechanism.[6] In particular, the condition that the ESM can only be activated "if indispensable to safeguard the stability of the euro area as a whole" and the strict conditionality attached to assistance are necessary to limit the moral hazard implicit in a crisis management mechanism and to ensure that the existence of the ESM does not weaken incentives for sound fiscal and macroeconomic policies in euro area countries. The proposed amendment to Article 136 of the Treaty is planned to enter into force

5 See European Council Decision 2011/199/EU of 25 March 2011 amending Article 136 of the Treaty on the Functioning of the European Union with regard to a stability mechanism for Member States whose currency is the euro.

6 See *Reinforcing economic governance in the euro area*, ECB, 10 June 2010.

Financial assistance facilities for euro area countries

	Euro area intergovernmental loans to Greece	European Financial Stabilisation Mechanism	European Financial Stability Facility	European Stability Mechanism
Legal/ institutional form	Intergovernmental agreement	EU mechanism	Private company owned by euro area countries	Intergovernmental organisation
Capital structure	None, bilateral loans pooled by the European Commission	Guaranteed by EU budget (i.e. all EU Member States)	Guarantees and over-guarantees from euro area countries	€80 billion paid-in capital and €620 billion callable capital (payment of initial shares by euro area countries to be made in five annual instalments of 20% of the total amount)
Lending capacity				
EU/euro area limit	€80 billion	€60 billion	€440 billion 1)	€500 billion
Commitments	€80 billion	€22.5 billion for Ireland	€17.7 billion for Ireland (plus €4.8 billion in bilateral loans)	N/A
		€26 billion for Portugal	€26 billion for Portugal	N/A
Instruments	Loans	Loans, credit lines	Loans, bond purchases on the primary market 1)	Loans, bond purchases on the primary market
Duration	Loans to be repaid seven and a half years after disbursement date in 22 equal quarterly payments	Until the end of June 2013	Until the end of June 2013. Will also remain operational thereafter until all outstanding liabilities are repaid	Permanent mechanism from the beginning of July 2013 onwards
ECB involvement	Involved in programme design and monitoring, and as paying agent	Involved in programme design and monitoring, and as paying agent	Involved in programme design and monitoring, and as paying agent	Involved in conducting debt sustainability analysis, programme design and monitoring, and as paying agent
Main decision-making bodies	Eurogroup	ECOFIN Council, acting by qualified majority voting on proposal from European Commission	Eurogroup/EFSF Board of Directors	Eurogroup/ESM Board of Governors and ESM Board of Directors
Legal basis				
Financing	Intergovernmental decision and Treaty Article 136	Treaty Article 122 (a Member State facing “exceptional occurrences beyond its control”)	Intergovernmental decision	Intergovernmental treaty linked to amended Treaty Article 136
Conditionality	Treaty Articles 126 and 136	EU Council Decision on basis of EFSM Regulation	EFSF Framework Agreement by cross-reference with Memorandum of Understanding and EU Council Decision	EU Council Decision on basis of regulation under Treaty Article 136 (forthcoming)

1) After adoption of the amended EFSF Framework Agreement.

on 1 January 2013,[7] allowing the ESM to begin operations in July 2013.

THE GOVERNANCE OF THE EUROPEAN STABILITY MECHANISM

The ESM will be an intergovernmental institution established under public international law by a treaty signed by the euro area countries. The EFSF, by contrast, is a private company incorporated under Luxembourg law.

The most important decisions in relation to the ESM will be taken by its Board of Governors.

7 The amendment to Article 136 can only enter into force when notifications of ratification have been received from all EU Member States. If this is not the case before 1 January 2013, it will enter into force on the first day of the month following the receipt of the last of the notifications.

The Board of Governors will be made up of the finance ministers of the euro area countries, i.e. the members of the Eurogroup. The European Commissioner for Economic and Monetary Affairs and the President of the ECB will be observers. Decisions on, among others, four key issues will be taken by mutual agreement: the granting of financial assistance; the terms and conditions of financial assistance; the lending capacity of the ESM; and changes to the menu of instruments. "Mutual agreement" is defined as a decision taken unanimously by those countries participating in the vote, meaning that abstentions do not prevent the decision from being adopted. This will contribute to the decision-making efficiency of the ESM. All other decisions of the Board of Governors will be taken by qualified majority, which is defined as 80% of the weighted vote. Votes will be weighted in proportion to the countries' shares in the capital of the ESM.

A second decision-making body, the Board of Directors, will be responsible for specific tasks delegated by the Board of Governors. Each euro area country will appoint one Director and one alternate Director, with the European Commission and the ECB as observers. A Managing Director responsible for the day-to-day management of the ESM will chair the Board of Directors. The ESM will be based in Luxembourg, as is the EFSF. This will help ensure a smooth transition from the EFSF to the ESM.

The example of the programme for Ireland under the EFSF has shown that non-euro area EU Member States may wish to participate in providing financial assistance to euro area countries on an ad hoc basis. This possibility will be retained under the ESM. In such cases, the non-euro area Member States in question will be represented in relevant meetings of the ESM boards, have access to all relevant information and be appropriately consulted.

The ESM will cooperate very closely with the IMF in providing financial assistance. In all circumstances, the active participation of the IMF will be sought, at both a technical and a financial level. As further explained below, the IMF will be expected to play an important role in all phases of the activation and monitoring processes, in accordance with its own decision-making procedures and mandate.

The ECB will be involved in parts of ESM operations. First, it will liaise with the European Commission and the IMF to assess whether there is a risk to the financial stability of the euro area as a whole and undertake a rigorous debt sustainability analysis. Second, ECB staff will contribute technical expertise, where relevant, to the negotiation of a macroeconomic adjustment programme and the monitoring activities of the ESM.

THE INSTRUMENTS OF FINANCIAL ASSISTANCE

The ESM has been set up to provide financial assistance, subject to strict conditionality, to euro area countries experiencing severe financing difficulties. As with the EFSF, this assistance will predominantly take the form of loans, known as ESM stability support (ESS). ESS will be conditional on agreement to and compliance with a strict macroeconomic adjustment programme. The maturity of the ESS loans will depend on the nature of the imbalances and the beneficiary country's prospects of regaining access to financial markets. The interest rate on the loans, which may be either fixed or variable, will be the sum of the funding cost to the ESM and a charge of 200 basis points. An additional surcharge of 100 basis points will be added for amounts still outstanding after three years. The pricing policy will be reviewed by the ESM Board of Governors on a regular basis.

Should the Board of Governors decide to change the pricing structure and policy of the ESM, it will remain important that incentives are properly set, along the lines described below.

This pricing structure is in line with the principles governing the pricing of IMF financing and reflects an important principle for the provision of official financial assistance.

Interest rates should make financial assistance unattractive and minimise sources of moral hazard, implying a minimum level that is higher than the historical average rate charged by the markets under "normal conditions". This minimum level is also necessary to provide appropriate compensation for the risk taken by the members of the ESM.

As an exception, the ESM will have the option to purchase the bonds of a beneficiary euro area country in the primary market. In such cases, the ESM could, for example, act as a backstop facility, absorbing portions of primary offerings which are not taken up by private bidders. Such a strategy could potentially help the country concerned to regain access to market financing, thereby improving the cost-efficiency of the support. The conditions and modalities under which bond purchases would be conducted will be specified in the terms and conditions of financial assistance for the beneficiary country, but will in all cases be subject to the same macroeconomic conditionality as applied under ESS.

It is important for the ESM to have an appropriate range of instruments to preserve financial stability in the euro area as a whole. However, the fact that the ESM can also resort to primary market bond purchases as part of its overall programme strategy to support macroeconomic adjustment may be only a partial solution. As developments in the primary market in government bonds depend critically on developments in the secondary market (via the liquidity and price channels), the ESM should, in the longer term, also have the capacity to intervene in secondary government bond markets in order to effectively combat contagion in situations of acute market instability. The ESM Board of Governors will have the authority to decide by mutual agreement to expand the instruments available to the ESM. By contrast, any expansion of the instruments available to the EFSF requires an amendment to its Framework Agreement.

IMPLEMENTATION OF THE MECHANISM

ESM financial assistance will only be activated upon receipt by the Eurogroup and ECOFIN Presidents, and the Managing Director of the IMF, of a request from a euro area country. Following this request, the European Commission, together with the IMF and in liaison with the ECB, will assess whether there is a risk to the financial stability of the euro area as a whole and will undertake a rigorous analysis of the sustainability of the public debt of the requesting country. If, on the basis of the sustainability analysis, it is concluded that a macroeconomic adjustment programme can realistically restore the public debt to a sustainable path, the Commission, together with the IMF and in liaison with the ECB, will then assess the actual financing needs of the country concerned. On the basis of this assessment, the Board of Governors of the ESM will mandate the Commission, together with the IMF and in liaison with the ECB, to negotiate a macroeconomic adjustment programme, the details of which will be laid down in a Memorandum of Understanding (MoU). The MoU should be fully consistent with the overall EU framework for economic policy coordination. The Commission will propose to the EU Council a decision endorsing the macroeconomic adjustment programme, while the granting and the terms and conditions of financial assistance will be decided by the Board of Governors of the ESM.

The Commission, together with the IMF and in liaison with the ECB, will monitor compliance with the macroeconomic adjustment programme, reporting to the ECOFIN Council and the Board of Directors of the ESM. On the basis of this report, the Board of Directors will decide by mutual agreement on the disbursement of further tranches of the loan. After the completion of the macroeconomic adjustment programme, the EU Council may decide, on the basis of a proposal from the Commission, to implement post-programme surveillance, which can be maintained for as long as a specified amount of the financial assistance has not been repaid.

As regards oversight, the ESM will be under the direct control of the euro area countries through the ESM Board of Governors. The European Parliament will also be reported to on a regular basis on the establishment and the operations of the ESM. Moreover, the ESM accounts will be subject to internal and external audits. The ESM will publish an annual report containing an audited statement of its accounts and circulate among the euro area countries a quarterly summary of its financial position and a profit and loss statement showing the results of its operations.

The rules and procedures that will govern the assessment and lending activities of the ESM reflect long-standing IMF practice. Accordingly, disbursements of financial assistance will be strictly conditional on the implementation of the macroeconomic adjustment programme. If a euro area country does not adhere to the programme, the Board of Directors of the ESM may decide to delay or suspend the disbursement of tranches. In such a case, the country would also lose the catalytic role that the existence and proper implementation of an adjustment programme would play in convincing the private sector to maintain its exposure. It is therefore in the best interests of the beneficiary country to adhere to the programme.

The prospect of official financial assistance being available under certain conditions can, of course, alter incentives related to the conduct of national economic policies and thus introduce moral hazard. It has already been noted that the institutional design of the ESM and the pricing structure of ESM loans are critical to containing this moral hazard. The same is true of the practical arrangements for the disbursement of official financial assistance. The EU authorities and the IMF therefore need rigorous analytical and policy procedures to assess the need for financial assistance and to monitor compliance with policy conditionality, while the beneficiary country must be steadfastly committed to the implementation of the macroeconomic adjustment. In the end, it will be crucial that all actors involved ensure that the programme is properly enforced in the country concerned.

PRIVATE SECTOR INVOLVEMENT

Where financial assistance is granted to a euro area country by the ESM, consideration will be given on a case-by-case basis to an adequate and proportionate form of private sector involvement in the closing of the financing gap. This will serve various purposes. Among other things, it should help to ensure an appropriate pricing of risk in government bond markets and fair and proportionate burden sharing between taxpayers and private creditors in the provision of the financial assistance. The nature and extent of this involvement will be determined case by case, in line with IMF practice (see Box 1). At the same time, the design of any private sector involvement should be such that it provides the utmost incentives for countries under stress to honour their obligations rather than consider default.

Where the debt sustainability assessment indicates that sustainability can be restored through a realistic macroeconomic adjustment programme, which is normally expected to be the case, the beneficiary country will be required to take initiatives aimed at encouraging the main private investors to maintain their exposures voluntarily.

Box 1

THE INTERNATIONAL MONETARY FUND'S APPROACH TO DEBT SUSTAINABILITY ASSESSMENTS, PRIVATE SECTOR INVOLVEMENT AND ITS PREFERRED CREDITOR STATUS

Given its mandate, the IMF needs to be able to provide financing to its members with a balance of payments need at times when international debt markets are unwilling to lend or will only do so at punitive interest rates. To this end, three key principles are applied to protect the Fund's financial position and to ensure that its support is repaid.

The first key principle underlying IMF lending is that the Fund can provide financing only when a member's debt is sustainable, taking into account the national authorities' adjustment programme. Therefore, a debt sustainability analysis is conducted to determine the member's capacity to service its debt without unduly large policy adjustments. Since 2002 the IMF has had a formal debt sustainability assessment framework in place. This framework consists of complementary analyses of the sustainability of the country's total public and total external debt. As debt sustainability cannot be interpreted in a mechanistic fashion, the results are assessed against country-specific circumstances, including the particular features of a country's debt, its policy track record and its policy space.[1]

The second key principle is that the adjustment programme needs to be fully financed (as IMF financing is generally only a fraction of total programme financing). A country's financing gap is closed by a combination of (i) domestic adjustment, (ii) external official support from the Fund and possibly from other official creditors, and (iii) private sector involvement. The mix of these elements is determined on a case-by-case basis, and will depend on judgments about the size of the country's financing gap, its capacity for economic adjustment, and the country's market access and debt sustainability prospects.

In most cases, a combination of policy adjustment and financing from both public and private sources is sufficient to preserve sovereign debt sustainability. The existence of a credible Fund-supported adjustment programme is assumed to play a catalytic role in this regard, by helping to convince private creditors to provide the necessary financing. In most cases, the involvement of the private sector therefore takes the form of maintaining exposure and/or providing additional financing on terms consistent with medium-term sustainability (either voluntarily or as a result of official moral suasion).

In exceptional cases, the IMF may come to the conclusion that debt sustainability cannot be achieved through policy adjustment. If so, the IMF is precluded from providing further financing without assurances that the country is negotiating a comprehensive debt restructuring plan with its private creditors. However, whether or not a debtor country undertakes sovereign debt restructuring is solely a decision for the country itself, not for the IMF or any other creditor. In these exceptional cases, the involvement of the private sector takes the form a debt restructuring that lowers the country's debt service payments through a prolongation of the repayment period, a reduction of interest or a reduction of the principal amount outstanding. In recognition of their potential role in facilitating the restructuring of international sovereign bonds in an orderly manner, the IMF supports the use of collective action clauses in international sovereign bond contracts.

1 *Staff Guidance Note on Debt Sustainability Analysis for Market Access Countries*, IMF, Washington D.C., July 2008.

The third key principle concerns the IMF's de facto preferred creditor status, which refers to the willingness of the Fund's debtor member countries to give priority to repayment of their obligations to the Fund over other creditors, and the agreement or acquiescence of other creditors to this situation. There is no explicit legal basis for such status. However, the concept is applied in the Paris Club, where official bilateral creditors have been willing to exclude the Fund from the restructuring process. Preferred creditor status is fundamental to the IMF's financing role. By reducing the risk on its lending activities, it bolsters the IMF's ability to provide financial assistance to its debtor members in cases where private creditors may not be willing to do so, while at the same time protecting the reserve assets that its creditor members have placed in the custody of the Fund. IMF debtor members have a long history of respecting the Fund's preferred creditor status, partly because keeping up with IMF repayments is key to unlocking additional financing or debt relief from other creditors, such as the Paris Club. The existence of a Fund-supported adjustment programme has often been considered essential by creditors (official and private alike) to providing assurance that the country in question would have the capacity to repay (restructured) debt over the medium term.

Where it is concluded that a macroeconomic adjustment programme cannot realistically restore the public debt to a sustainable path, the beneficiary country will be required to engage in active negotiations in good faith with its non-official creditors to secure their direct involvement in restoring debt sustainability. In this case, the granting of financial assistance will be contingent on the country having a credible plan for restoring debt sustainability and demonstrating sufficient commitment to ensure adequate and proportionate private sector involvement. If debt sustainability can be reached through these measures, the ESM may provide liquidity assistance.

In order to facilitate this process, from July 2013 standardised and identical collective action clauses (CACs) will be included, in such a way as to preserve market liquidity, in the terms and conditions of all new euro area government bonds with a maturity of above one year. These CACs will be consistent with those common under English and New York law since the G10 report on CACs, and will include aggregation clauses allowing all debt securities issued by a euro area country to be considered together in negotiations. This would enable the creditors to take a qualified majority decision agreeing a legally binding change to the terms of payment (standstill, extension of the maturity, interest rate cut and/or haircut) in the event that the debtor is unable to pay (see Box 2).

Box 2

COLLECTIVE ACTION CLAUSES FOR NEW EURO AREA GOVERNMENT BONDS

On 28 November 2010 the Eurogroup decided that collective action clauses (CACs) would be included in the international and domestic issues of euro area government securities (with a maturity of above one year) from July 2013 onwards. This decision was confirmed in the Conclusions of the Heads of State or Government of the euro area of 11 March 2011 and in the Conclusions of the European Council of 24-25 March 2011. CACs are contractual provisions inserted into the terms and conditions governing bonds. They have been used in sovereign bonds governed by English law for many years and, following the publication in 2002 of the Report of the G10 Working Group on Contractual Clauses, they have also been developed by the private sector for use in sovereign bonds governed by New York law.

CACs are designed to ensure orderly sovereign debt restructuring. They provide an effective means for a supermajority of bondholders (66⅔% or 75%) and the debtor to restructure outstanding bonds (e.g. modify key payment terms, or convert or exchange bonds). Such restructuring usually applies to a single bond series, but it can also apply across multiple bond series using "aggregation clauses" (which are used by sovereign issuers such as Uruguay and Argentina). CACs imply that any restructuring modifications accepted by the specified majority of bondholders are conclusive and binding on all holders of the debt securities of a particular bond series – whether or not they have given their consent – which facilitates successful debt restructuring by overcoming the problem of "hold-out" creditors.[1] In order to deter disruptive litigation by minority bondholders resisting the restructuring, CACs may concentrate the power to initiate litigation in a single entity (e.g. a trustee), while making the power to declare bonds immediately due and redeemable at their principal amount together with accrued interest upon default dependent on a collective vote of the creditors, and providing for the ability to reverse such a declaration by a majority of creditors. CACs also aim to foster early dialogue and coordination between the sovereign and its creditors through the nomination of a permanent negotiating representative and the imposition of certain additional information-providing obligations upon the issuer.

It is envisaged that the main features of the CACs to be used in euro area government bonds will be consistent with those commonly used under New York and English law since the 2002 G10 report. CACs will be introduced in a standardised form, which will ensure that their legal impact is similar in all euro area jurisdictions, thereby preserving a level playing field among euro area countries.

The detailed legal arrangements for including CACs in euro area government securities will be decided on the basis of work being undertaken by the EU's Economic and Financial Committee Sub-Committee on EU Sovereign Debt Markets, following appropriate consultation with market participants and other stakeholders, and will be finalised by the end of 2011.

1 A "hold-out" situation occurs when some creditors hold back from accepting an exchange offer made by the issuer in an attempt to restructure outstanding bonds and try to retain the right to demand repayment of their bonds at par (the full nominal amount). It is argued that hold-outs pose a litigation threat to the sovereign borrower and may significantly undermine its ability to service the new bonds it has issued to the creditors participating in the exchange.

Without prejudice to these considerations, however, it is important to note that resorting to debt restructuring as a form of private sector involvement would be a very costly process, not only for the country concerned but also for other euro area countries. A restructuring of sovereign debt could significantly undermine the financial sector of the country concerned and would risk contagion to exposed banks in other euro area countries. As a recapitalisation of the exposed banks could become necessary to compensate for the losses on government bonds of the restructuring country in their portfolios, further strain could be put on the fiscal positions of the euro area governments concerned. Any debt restructuring is also likely to imply far-reaching second-round effects, in part through the increase in banks' holdings of non-performing loans extended to governments and non-financial corporations. Indirect contagion to other euro area countries via confidence effects is also possible. The high and unpredictable costs of any form of debt restructuring reinforce the need to ensure a very strict implementation of the new Stability and Growth Pact to eliminate the risk of such debt restructuring being needed in the first place.

In line with IMF practice, the ESM will have preferred creditor status as of July 2013 (see Box 1), while recognising the preferred creditor status of IMF claims over ESM claims. However, if ESM financial assistance were to follow a European financial assistance programme existing at the time of the signature of the ESM Treaty, ESM loans would enjoy the same seniority as all other loans and obligations of the beneficiary country, with the exception of IMF loans.

THE FUNDING OF THE ESM

The ESM will have a total subscribed capital of €700 billion, of which €80 billion will be paid-in capital and €620 billion callable capital. This capital structure has been put in place to ensure the highest possible credit rating for the ESM, while also guaranteeing a lending capacity of €500 billion, the same as the combined lending capacity of the EFSM and EFSF.

Starting in July 2013, the paid-in capital will be provided in five equal annual instalments. The ESM will also finance itself through the issuance of debt securities. Euro area countries have made a commitment to ensure a minimum ratio of 15% between paid-in capital and outstanding ESM securities issuance during the period over which capital is paid in.

The design of the capital structure of the ESM should contribute to its robustness and set appropriate incentives for euro area countries. First, the paid-in capital makes the ESM less vulnerable to "migration risk" (i.e. the risk emanating from potential downgrades of the credit ratings of individual euro area countries) than the EFSF, meaning that sovereign credit ratings will play a lesser role in the overall rating of the ESM. Second, the use of callable capital in addition to guarantees allows greater flexibility. For example, the Board of Directors can decide by simple majority to call in capital if the paid-in capital is reduced through the absorption of losses. The immediate budgetary consequences of a decision to call in additional capital provide strong incentives to contributing euro area countries to approve the provision of financial assistance only if they (i) consider such assistance to be indispensable to safeguarding the financial stability of the euro area as a whole and (ii) are convinced that loans will indeed be paid back.

It should also be noted that the capital structure allows debt owed by the ESM to be classified as public debt of a "European institution" rather than of individual euro area countries (see Box 3 for more details). Nonetheless, as euro area countries are entering into commitments to provide additional finance through the ESM under specific circumstances, the contingent liabilities arising from these commitments must be carefully monitored.

Box 3

THE STATISTICAL TREATMENT OF THE EUROPEAN FINANCIAL STABILITY FACILITY AND THE EUROPEAN STABILITY MECHANISM

Following the decision by the European Council at its meeting on 16-17 December 2010 to establish a permanent stability mechanism, the European Commission (Eurostat) was asked to assess the statistical treatment of the ESM. Eurostat consulted the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), which consists of senior statisticians from all EU national statistical institutes, national central banks, Eurostat and the ECB. On the basis of the CMFB's opinion, Eurostat decided that the features of the ESM warrant different treatment to that of the EFSF, which the ESM will replace in mid-2013.[1]

Features and statistical treatment of the European Financial Stability Facility

The EFSF was set up to lend money to euro area countries in financial difficulties. Its borrowing is guaranteed by the other euro area countries. It was set up as a private company under Luxembourg law with very limited capital relative to its borrowing and lending capacities. Its main activities are determined by the Eurogroup.

As the EFSF is acting on behalf of the guarantor euro area countries when lending to a country in need, such a lending operation is routed through the government accounts of the guarantor countries. This means that for macroeconomic statistical purposes the money that a beneficiary country borrows from the EFSF is not recorded as a direct loan from the EFSF to that country but as a loan from the EFSF to the guarantor countries. These guarantor countries in turn lend the money to the country in need. This method of recording means that not only does the gross government debt of the country in need increase, but also the gross government debt of the guarantor countries in proportion to their respective shares in the guarantees provided to the EFSF.

In substance, the support operations of the EFSF are thereby treated in a similar way to the coordinated bilateral loans to Greece from the other euro area countries.

Features and statistical treatment of the European Stability Mechanism

The ESM has some envisaged features which will make it quite different from the EFSF. The ESM will not be a private company but a permanent international organisation, set up by a treaty signed by the euro area countries. Its governance structure will also be similar to that of other international organisations. Moreover, the ESM will have a substantial paid-in capital of €80 billion, implying a capability to bear risks on its own.

On the basis of these envisaged features, and following the CMFB's opinion, Eurostat decided that the ESM should be treated in the same way as similar international financial organisations such as the IMF. Loans from the ESM to a euro area country in need will be recorded in the same way as a loan from the IMF to a Member State (i.e. as a direct loan from an international organisation to the country in question). Therefore, unlike the loans provided by the EFSF, the loans provided by the ESM will not be routed through the accounts of other euro area countries and will therefore not increase their government debt.

1 The CMFB opinions and Eurostat decisions on the EFSF and the ESM are available on the CMFB's website (www.cmfb.org).

Euro area countries will contribute to the ESM's capital according to their share in the ECB's capital key, which gives equal weight to the country's shares in the total population and total GDP, respectively, of the EU. However, euro area countries that have a relatively low GDP per capita (i.e. below 75% of the EU average), will see their contribution reduced for a maximum period of 12 years after the entry into force of the ESM or after their entry into the euro area.[8]

8 This temporary correction will be as follows: ESM share = ECB key share - 0.75*(ECB key share - gross national income share).

3 CONCLUSIONS

Strengthened fiscal, macroeconomic and macro-prudential surveillance is essential to ensure the smooth functioning of EMU. Strict observance of the enhanced Stability and Growth Pact, close surveillance of macroeconomic imbalances and effective economic policy coordination should provide a safeguard against the build-up of systemic risks that might trigger crises of confidence of the type and magnitude that have been experienced in the recent past. However, to the extent that unforeseen external shocks can occur, the risk of crises can never be fully eliminated, in spite of strengthened fiscal and macroeconomic surveillance. For this reason, and in order to ensure the stability of the euro area as a whole, it was decided to also establish a framework which could provide temporary financial support to euro area countries, with the aim of providing bridge funding for the period of time needed to implement a deep adjustment programme to correct imbalances.

The establishment of a permanent crisis management mechanism for the euro area can thus support the overall structure of EMU. From the ECB´s perspective, it is crucial that the existence of the ESM, its design and its activities do not create moral hazard, but rather strengthen the incentives for prudent fiscal and economic policies in all euro area countries over the long term. For this reason, it is essential that any financial assistance will be subject to very strict macroeconomic policy conditionality and be granted on non-concessional terms.

Financial assistance must not act as a fiscal transfer, but only as a liquidity bridge that allows euro area countries in distress to take the necessary measures to "buy time" to restore fiscal sustainability and competitiveness in the medium term. The ESM would be activated only if indispensable to safeguard financial stability in the euro area as a whole. It is therefore of the utmost importance that the range of measures focusing on crisis prevention and policy surveillance are well-designed and implemented in full so that using the ESM does not become necessary.

THE NEW EU FRAMEWORK FOR FINANCIAL CRISIS MANAGEMENT AND RESOLUTION

The work to improve bank crisis management and resolution frameworks is ongoing in several jurisdictions worldwide after the financial crisis revealed serious shortcomings in the respective regimes. The development of an effective framework is particularly challenging in the EU. This complexity arises owing to the objective of achieving stability in a highly integrated financial system, where the competent authorities maintain their fiduciary responsibility towards the respective national taxpayers. This article provides an overview of the current European initiatives to meet this challenge, presenting an assessment from a central banking perspective.

1 INTRODUCTION

In the aftermath of the financial crisis, the major overhaul of the regulatory framework – both at the global and the EU level – consists of several different elements. Much of the reform focuses on crisis prevention, with a view to preventing serious problems from emerging in the financial sector. This includes, inter alia, regulatory steps to improve the supervision of the financial sector (e.g. by reinforcing macroprudential oversight), to strengthen the overall resilience of banks (e.g. Basel III), to bring currently unregulated or under-regulated sectors under the scope of regulation (e.g. work related to shadow banking) and to reduce opaqueness in some financial transactions (e.g. central clearing of OTC derivatives).

Another focus of the ongoing reforms is the enhancement of mechanisms with which authorities can handle problems in banks (i.e. crisis management, including early intervention) and reduce the potential impact of failures, should they occur (i.e. resolution and deposit guarantee schemes). These initiatives principally aim to provide the authorities with tools and powers to intervene in banks at a sufficiently early stage, with a view to minimising externalities of a crisis, such as the interruption of core financial services, contagion to other market players and, more generally, fiscal costs. To some extent, even this aspect of the reforms reinforces prevention as well, for instance, by increasing preparedness by having tools such as recovery and resolution plans in place.

This article provides an overview of the second "class" of reforms in the EU, namely the new framework for financial crisis management and resolution. So far these reforms have been implemented at the domestic level, with little international coordination or harmonisation. Therefore, an overarching European crisis management and resolution framework is being designed by the European Commission, while the Financial Stability Board (FSB) provides a global forum for coordinating resolution regimes at the international level.[1]

2 GENERAL ASPECTS

MAIN SHORTCOMINGS OF THE RESOLUTION REGIMES IN THE EU

During the financial crisis no major banks failed in the EU, but governments had to introduce an unprecedented range of support measures, with the amount of aid offered to banks totalling around 30% of GDP, and the amount of aid actually used reaching around 13%.[2] Although the final fiscal costs may well be lower than originally expected,[3] any such government measures have the potential to contribute to moral hazard over the long term, thereby weakening incentives for market players to exercise general prudence.

1 This is done within the FSB policy initiative for systemically important financial institutions.

2 See Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Central Bank entitled "An EU Framework for Crisis Management In the Financial Sector", COM(2010) 579 final, 20 October 2010. For a detailed analysis of state support measures, see Stolz, S.H. and Wedow, M., "Extraordinary measures in extraordinary times – public measures in support of the financial sector in the EU and the United States", *Occasional Paper Series*, No 117, ECB, July 2010.

3 See, for instance, Schildbach, J., "Direct fiscal cost of the financial crisis", *Deutsche Bank Research Papers,* May 2010.

These developments are the result of several different factors. First, from a legal perspective, the failure of financial institutions was not a feasible alternative. This is because, in most jurisdictions, only normal (or a slightly adapted version of corporate) insolvency proceedings were available to banks. Such proceedings do not adequately take into account the special nature of credit institutions and thus are not suitable for limiting credit and liquidity losses in the economy as a whole in the case of failure.[4] Second, even where a well designed special bank resolution or insolvency regime was in place, the lack or inadequacy of private financing arrangements – be it an ex ante resolution fund, a risk-minimiser deposit guarantee scheme, ex post assessments or other innovative recapitalisation means – ultimately required "state aid intervention" to provide the funds for the rescue measures. Third, while the management of the distress of some purely domestic banks proved to be demanding – as testified by the case of Northern Rock in the United Kingdom – the collapse of the Icelandic banks[5] and Fortis in the Benelux countries[6] showed that cross-border banks may pose even more challenges.[7] The reasons for this are again manifold: the several national authorities involved in a cross-border crisis situation have different mandates about when (i.e. triggers to intervene) and how (i.e. availability and extent of tools and powers) they can act and what objectives they are pursuing (i.e. protection of national depositors, accountability to national governments).

4 For a theory-based analysis of the differences between corporate and bank insolvency regimes, see Bliss, R. and Kaufman, G., "U.S. Corporate and Bank Insolvency Regimes: An Economic Comparison and Evaluation", *Working Paper Series*, No 2006-01, Federal Reserve Bank of Chicago, 2006.

5 For a detailed analysis of the Icelandic case, see *Financial Integration in Europe*, ECB, May 2011.

6 The Fortis case is discussed in Stolz, S. and Wedow, M., op. cit.

7 The management of the distress included the provision of public financial support (e.g. through asset guarantees) to non-financial institutions, as in the cases of LBBW (Germany), ING (the Netherlands), RBS (United Kingdom), Citigroup and Bank of America (United States).

Box 1

EU CRISIS MANAGEMENT FRAMEWORK – SOME PROPOSALS FROM THE LITERATURE[1]

From a theoretical perspective, the aforementioned challenges stem principally from the "financial trilemma", which states that a stable financial system, an integrated financial system and national financial autonomy are incompatible (any two of the three objectives can be combined, but not all three; one has to give).[2] According to this line of thought, the EU – as a highly integrated market with national financial policies – will inevitably have an unstable financial system. One can also interpret this to mean that the stability of the EU financial system can only be increased if national policies become more European, since disintegration (e.g. limiting the single passport regime) cannot be considered as a realistic or desirable solution.

While the need for special resolution regimes with some sort of financing arrangement for the Member States is widely agreed upon in the literature debating this issue, multiple different options have been discussed to overcome the cross-border challenge faced in the EU.

1 Although a fully fledged review of the relevant policy literature exceeds the scope of this article, the papers quoted in this box demonstrate the wide range of possible options that could be considered.

2 For further details, see Schoenmaker, D., "Central Banks and Financial Authorities in Europe: What Prospects?", 2005; Masciandaro, D. (ed.), *The Handbook of Central Banking and Financial Authorities in Europe*, Edward Elgar, 2005; and Schoenmaker, D., "The Financial Trilemma", Tinbergen Institute Discussion Papers, No TI 11-019 / DSF 7, 2011.

As a form of coordination among national governments to handle cross-border bank crises, some have argued for legally binding burden-sharing rules. In their paper, Goodhart and Schoenmaker[3] suggest that specific ex ante burden-sharing agreements are superior to both ex post negotiation on burden sharing and also to a general scheme financed collectively by the participating countries (generic burden sharing). Although this paper focuses rather on state recapitalisations and not – strictly speaking – on bank resolution, it nevertheless triggered discussions in the EU, although ultimately such an approach was not considered to be feasible by policy-makers.

Mayes[4] recommends developing a stringent rule-based framework, resembling the prompt corrective action approach taken by the United States. By implementing it, both supervisors and banks would know that, as the condition of an institution worsens, measures of increasing intrusiveness would be taken, according to a strict timetable, and that ultimately authorities would have to take over the bank while it still had positive capital. This could be backed up by accompanying adaptations of the supervisory arrangements. Accordingly, cross-border banks would be better treated either by revising the home-host responsibilities (by giving the home authority some binding powers over the other competent supervisors) or by moving supervision to a supranational level of responsibility.

The idea of a European authority responsible for crisis management and resolution is supported by several papers. Fonteyne et al. even suggest putting in place an integrated crisis management and resolution framework under the aegis of a "European Resolution Authority" (ERA).[5] Following this rationale, the ERA would be most effective if it were twinned or combined with a "European Deposit Insurance and Resolution Fund".

Some other papers put forward a less politically ambitious viewpoint, seeking some sort of a compromise solution. In this context, it is proposed (see Dewatripon et al.[6]) that a European competition authority should carry out an explicit crisis management coordination function in the event that a European banking resolution authority is not judged to be politically feasible, or its creation is delayed. Accordingly, the EU competition authority could coordinate between national resolution authorities in the case of distress in cross-border banks, by taking full advantage of its already existing state aid control mandate.

3 See Goodhart, C. and Schoenmaker, D., "Fiscal Burden Sharing in Cross-Border Banking Crises", *International Journal of Central Banking*, 5, 2009.
4 See Mayes, D.G., "Early intervention and prompt corrective action in Europe", *Research Discussion Papers*, 17/2009, Suomen Pankki – Finlands Bank, 2009.
5 See Fonteyne, W. et al., "Crisis Management and Resolution for a European Banking System", *IMF Working Papers*, WP/10/70, 2010, pp. 1-99.
6 See Dewatripon et al., "The role of state aid control in improving bank resolution in Europe", *Bruegel Policy Contribution*, 4, 2010.

INTERNATIONAL AND NATIONAL INITIATIVES

When assessing the EU framework, it is also important to keep in mind ongoing global developments. In June 2010 the G20 agreed at the Toronto Summit that one of the pillars of the financial sector reform should be resolution and the issue of systemic institutions (commonly known as the "too big to fail" institutions) in general. Accordingly, the G20 expressed its commitment to designing and implementing a system with powers and tools to restructure or resolve all types of financial institutions in crisis, without taxpayers ultimately bearing the burden. Moreover, the G20 "called upon the FSB to consider and develop concrete policy recommendations to effectively address problems associated with, and resolve, systemically important financial institutions".

Following this request, the FSB submitted its recommendations on systemically important financial institutions (SIFIs) to the Seoul Summit in November 2010. According to the policy document, all FSB jurisdictions should put in place a policy framework for reducing the risks and externalities associated with domestic and global SIFIs. Besides requiring higher loss absorbency, more intensive supervisory oversight and robust core market infrastructures, one of the main elements of this SIFI policy framework is to develop resolution frameworks and other measures to ensure that all financial institutions can be resolved safely, quickly and without destabilising the financial system and exposing the taxpayer to the risk of loss.

Work towards the implementation of the recommendations on resolution that were set out in the FSB's October 2010 SIFI report is progressing. The FSB has established a steering group responsible for delivering the overall work programme on resolution and for developing the "key attributes of effective resolution regimes", which will identify the essential features that national resolution regimes for financial institutions, including non-bank financial institutions, should have. A public consultation will take place during the second half of 2011 on the measures that the FSB will propose to improve resolution tools and regimes, before the recommendations are finalised and delivered to the November Summit. The EU is actively participating in the FSB's ongoing work and is also taking these global initiatives into account in the design of the European framework.[8]

At the same time, many of the respective national laws have been, or are being, overhauled before the EU framework takes its final shape.

As reflected in the table, some common elements in these frameworks can already be identified, especially in the resolution tools. Nevertheless, there is a clear need for a greater

8 For instance, the FSB-sponsored work on recovery and resolution plans for individual banking groups could help to identify the core components of the banking groups. This exercise could also provide more concrete content for this instrument within the EU crisis management framework, ensuring that there is a sufficient range of options in the plans, since not every theoretical option will be available in reality.

Main elements of selected resolution frameworks in the EU and the United States 1)

	Germany	Denmark	Netherlands (plans)	United kingdom	United states
Scope	Credit institutions	Credit institutions	Credit institutions, insurers	Credit institutions, other 2)	Credit institutions and any type of systemic firm
Resolution tools	Restructuring plan (potentially including haircuts on creditors); transfer of assets/ liabilities to another institution, including a bridge bank	Transfer of assets/ liabilities to another institution, including a bridge bank	Transfer of shares, assets/liabilities to another institution, including a bridge bank; temporary public sector ownership	Transfer of shares, assets/liabilities to a private sector purchaser or a bridge bank, temporary public sector ownership	Transfer of shares, assets/liabilities to a private sector purchaser or a bridge bank; forced merger 3)
Financing	Resolution fund (ex ante funded)	State-owned Financial Stability Company with a guarantee from the DGS	DGS can finance deposit transfers	DGS (currently ex post)	DGS (ex ante) for banks and orderly liquidation fund for others (ex post)

1) Sources: Various websites of ministries of finance and central banks, finansielstabilitet.dk, information provided within the framework of ECB legal consultations. Note: DGS stands for deposit guarantee scheme.
2) Some provisions also apply to bank holding companies and investment firms.
3) If the Federal Deposit Insurance Corporation (FDIC) is appointed as receiver, all the rights, titles, powers and privileges of the company and its stockholders and directors are conferred upon it. Its tools and powers are thus not limited to those shown in the table.

harmonisation of Member States' initiatives,[9] since the national regimes would have to be deployed simultaneously in the case of a cross-border bank experiencing distress.

3 THE PLANNED FRAMEWORK FOR THE EU

The ECOFIN Council of May 2010, recalling its previous conclusions, stressed the need to develop an integrated approach to crisis prevention, management and resolution by: i) developing an enhanced EU policy coordination framework;[10] ii) enhancing the EU regulatory framework; and iii) improving the design of mechanisms to ensure that systemic risk is mitigated and that the financial sector bears the net costs of financial crises. These three aspects are interrelated and thus the regulatory framework being developed by the European Commission discussed in this article also touches upon the two other aspects.

COORDINATION INSTEAD OF INTEGRATION

Following previous communications on crisis management, on 6 January 2011, the DG Internal Market and Services of the European Commission released a document for public consultation,[11] in which it presented its proposal for the new framework. Bearing in mind the theoretical possibilities described above, the plans do not go as far as to ambitiously suggest a fully integrated framework under the control of a single European resolution authority. The proposals instead try to pursue a more realistic approach, taking into account the current fiscal and supervisory responsibilities of Member States, as well as the lack of harmonisation across national insolvency laws.

Nonetheless, the plans – which the Commission titled a "coordination framework" – do include substantial changes, in particular the harmonisation of supervisory and resolution powers and the provision of rules for cooperation in crisis situations, as explained below in further detail. The overriding objective of the framework is to create a credible alternative to bailouts by ensuring that "ailing institutions of any type and size, and in particular systemically important institutions, can be allowed to fail without risk to financial stability whilst avoiding costs to taxpayers". The following section briefly presents how this objective is to be achieved.

MAIN ELEMENTS OF THE COMMISSION'S PROPOSAL

As far as "institutions of any type and size" are concerned, the planned scope of the framework would extend to all credit institutions, and possibly also to some investment firms and, to some extent, bank holding companies.

Regarding the intention of "allowing them to fail", it is first of all important to see that the plans include elements that aim to avoid failure in the first place. The framework would not only cover resolution and liquidation, but rather all phases of a bank crisis, including preparatory and preventive measures and also early intervention powers. Thus, the idea is to oversee banks from "birth to death" in a comprehensive manner. As for the provisions on supervision, preparation and prevention, these aim at improving the crisis preparedness of both the authorities and firms themselves. The most important elements in this context are the intra-group financial support arrangements and the recovery and resolution plans (see Box 2 for further details). In the event that problems arise with a bank that is in breach of the prudential requirements, a harmonised set of early intervention measures (e.g. clear powers to prohibit payment of dividends, impose

9 For instance, in terms of financing, there are currently two bank resolution funds in place in the EU that are financed by ex ante levies imposed on banks or other types of financial institution (in Germany and Sweden), while another is planned (in Cyprus). Belgium and the Netherlands have actually set up a modified deposit guarantee scheme (DGS) with a mandate to also support resolution measures. Sweden is analysing how the resolution fund could be coordinated with the DGS, while the Banque Centrale du Luxembourg has proposed a Financial Stability Fund that would combine DGS and resolution fund functions.

10 In this policy framework, the ECOFIN Council would play a strong role in coordinating financial stability policies in an EU-wide systemic crisis, and cross-border stability groups would be set up for all large EU cross-border financial groups.

11 DG Internal Market and Services, "Technical details of a possible EU framework for bank recovery and resolution", working document, European Commission, 6 January 2011.

additional reporting requirements, require the replacement of managers or directors or require the cessation of certain risky activities, etc.) would be made available to supervisors. These steps would be taken before an institution's problems become severe, with the aim of returning the bank to a normal state of health.

Notably, even if a bank becomes non-viable and reaches resolution stage, the plans foresee an option for authorities to maintain it as a going concern, via the so-called bail-in mechanism (see Box 3 for further details). Nonetheless, it is clear that even if authorities have such lines of defence in place, which indeed can reduce the possibility of failure, some banks will still fail or get very close to failure. For these cases, the idea of the framework is to develop tools for authorities so that they can avoid not the failure itself, but a disorderly collapse that has destabilising consequences for the system as a whole.

Accordingly, to avoid "risks to financial stability", the resolution tools would include measures such as selling the business of a distressed bank to another healthy private purchaser or transferring the assets and liabilities to a bridge bank or "bad bank" (asset separation). The idea here is to maintain the critical financial services of the affected banks, such as continuous access to current accounts and payment services. Authorities could take these steps when the predefined triggers for resolution are met. Although the final rules for these triggers are unknown at the time of writing, it is clear that they will be set at a level well above balance sheet insolvency.

Box 2

THE PLANNED APPROACH FOR CROSS-BORDER BANKING GROUPS – RECOVERY AND RESOLUTION PLANS, INTRA-GROUP FINANCIAL SUPPORT AND RESOLUTION COLLEGES

The European Commission's plans include the consolidated treatment of banking groups in all phases. As for crisis preparedness and prevention, the proposal states that parent credit institutions shall draw up group recovery plans, which describe how the viability of the group as a whole would be restored in stress scenarios. In particular, the recovery plans aim at preserving the continuity of critical financial services under severe adverse conditions and identifying the necessary measures to ensure that the group remains a "going concern". The parent banks would have to submit these plans to the consolidating supervisor, who, in turn, would assess the appropriateness of the plan, involving the other relevant supervisors. In the case of disagreement, the European Banking Authority (EBA) could play a mediation role.

Similarly, group resolution plans would also be prepared by the group-level resolution authority, in cooperation with the other relevant resolution authorities. The ultimate aim of the resolution plans would be to identify actions to be taken by the competent resolution authorities in order to achieve an orderly resolution or winding down, in the event that the de-risking measures identified in the recovery plans are not feasible, fail or prove insufficient to preserve the group as a going concern (i.e. focusing on the "gone concern" perspective). Therefore, if impediments to effective resolution are identified, the authorities would be expected to reach a joint decision on how to address them. The possible measures to be taken are clearly far-reaching (among others, they might include requiring changes to the legal or operational structure), which could make finding consensus difficult in certain situations. For such cases, the plan does not envisage EBA mediation, but that the group-level authority could ultimately take the final decision for the group as a whole, although it needs to take into account the views of other authorities.

Another highly important issue in crisis preparedness is intra-group financial support. Asset transferability within groups is currently restricted by certain national laws or surrounded by legal uncertainty. This creates an environment in which group liquidity management may be suboptimal and the survival of a group may be hampered by supervisory ring-fencing. The other side of the coin is that some restrictions are justified, since national laws are designed to protect domestic creditors and shareholders from transfers that endanger their rights. The Commission's proposal for overcoming these sensitive challenges envisages that parent banks and bank subsidiaries could enter into group financial support agreements, setting out the conditions for intra-group loans, guarantees, transfers of assets for collateral, etc. These agreements would be approved by the supervisor of the transferor and should be included in the recovery plan of the potential transferee and the recovery plan for the group as a whole (with EBA mediation, if need be). The Commission's plan includes several safeguards to ensure that the support provided according to the agreement does not endanger the financial stability of the transferor's country, including the right of the transferor's supervisor to prohibit a transfer if financial stability concerns arise.

Resolution measures could also be taken on a group-level basis. To this end, the proposal envisages resolution colleges (an institutionalised version of cross-border stability groups (see footnote 10)) as a forum involving the respective resolution authorities. If conditions for group resolution are met (e.g. at least two banking entities in the group meet the resolution triggers), the group resolution authorities would be able to decide whether to initiate a "group resolution scheme", along the lines of the ex ante approved group resolution plan. However, (host) resolution authorities could decide not to comply with the scheme and take individual measures if they consider it necessary in order to safeguard domestic financial stability.

Regarding "avoiding costs to taxpayers", the plans basically contain two relevant provisions to ensure that the costs of resolution are covered by the private sector. First, there would be a requirement for Member States to set up ex ante resolution funds to finance resolution with additional ex post back-up facilities. Although less explicitly, the bail-in resolution tool would, to a certain extent, also shield state budgets from risks. This is because this tool would be applied when neither the orderly liquidation nor the other resolution tools are suitable for handling the failure of an institution, owing to financial stability concerns that would arise with the exit of the firm. In this case, bail-in could be seen as a way to ensure that, instead of governments, the respective creditors provide the necessary funds to recapitalise the bank.

Box 3

CONTINGENT CONVERTIBLE CAPITAL, THE POINT OF NON-VIABILITY AND BAIL-IN

Although there are several different ways in which a bank may be restored to health or resolved, some form of recapitalisation, either alone or in combination with other measures, is, for obvious reasons, a common way of handling such problems. However, raising capital on the markets is normally a lengthy procedure that also requires approval at a shareholders' meeting. At the same time, the longer it takes to recapitalise a bank and return it to soundness, the higher the risk of a drop in confidence in the bank itself and of contagion to other market players. Although the issue of speed could be solved if the shareholders pre-authorise the board of directors to issue share capital in such cases, some other obstacles would still remain. In some cases, existing shareholders could be reluctant or unable to inject capital themselves and external investors may lack the appetite to do so, or would need considerable time for due diligence.

Another important aspect of the current regulatory discussions is that if a government opts to recapitalise a bank with high-quality capital, this would simply dilute some of the original investors' share of the capital structure, but effectively shield others who hold more senior types of capital or debt. Against this backdrop, the various regulatory concepts on the agenda aim to serve two purposes: i) to achieve rapid recapitalisation (in terms of quality or quantity of regulatory capital); and ii) to protect taxpayers while also limiting moral hazard. The three most important tools are explained below.

Contingent convertible capital instruments ("CoCos") are, generally, debt instruments that are automatically subject to conversion into equity or to a permanent haircut upon the realisation of a predetermined trigger event. This is an existing instrument: the first CoCo was issued in November 2009 by Lloyds Bank, followed by Rabobank in March 2010 and later by other institutions. Some national frameworks (for instance, the US Dodd-Frank Act[1] and the Swiss plans) already incorporate them. At the global level, the FSB is currently discussing whether the additional loss absorbency required for systemically important financial institutions could be (partly or fully) met with CoCos.

Conversion or write-down is also the central element of the "point of non-viability" mechanism, endorsed by the Group of Governors and Heads of Supervision in January 2011. This rule foresees minimum requirements to ensure that all classes of capital instrument fully absorb losses at the point of non-viability before taxpayers are exposed to a loss. Accordingly, all non-common equity capital instruments (i.e. non-common tier one and tier two) at internationally active banks would have a clause in their terms and conditions that they are to be either written off[2] or converted into common equity, if authorities decide either that such a measure is necessary or to make a state capital injection.[3] As a result, these securities would become fully loss absorbent, and even if there is later public support in the form of common equity, the holders of these instruments would be first in line to assume losses and their investments would be diluted upon additional capital injections.

Bail-in (or debt write-down, using the European Commission's wording) is, in principle, an extension of the point of non-viability concept, but also a statutory resolution tool. As such, it would provide the authorities with the power to write down senior (unsecured) debt or to convert it into equity, to the extent that it is deemed necessary to ensure that the credit institution is returned to solvency, and thus maintain the institution as a going concern. This resolution tool would generally become available once an institution meets the trigger conditions for entry into resolution, and after the power to write off all equity and to write off or convert (junior) subordinated debt has been exercised.

1 Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub.L.111-203, H.R.4173.
2 After a write-off, the affected investors would get newly issued common shares as compensation, which would make the mechanism similar to a conversion.
3 Individual jurisdictions are exempted from the point of non-viability requirement if their national laws allow the capital instruments to absorb losses at the point of non-viability, but only if a peer review confirms such a capacity.

Summing up, the above three tools are similar in the sense that they all enhance the quality or the quantity of capital in times of stress. The major differences lie in their timing (i.e. CoCos are generally triggered in early phases and the point of non-viability mechanism and bail-in conversion are employed close to failure), scope (i.e. bail-in covers a much broader range of instruments) and the role of the authorities (i.e. CoCos could be operated with little or no involvement of the authorities, while the point of non-viability mechanism and bail-in rely heavily on their decisions). These commonalities and differences call for a thorough regulatory analysis of the potential synergies, overlaps and, in extremis, conflicts between them.

NEXT STEPS AND AREAS FOR FURTHER WORK

Based on the responses to the public consultation (of 6 January 2011) and an impact assessment, the European Commission intends to adopt a legislative proposal for a directive on crisis management in the coming months. By the end of 2012 the Commission also plans to assess (e.g. by publishing a report and possibly a legislative proposal) whether a reform of bank insolvency regimes is required and whether the scope of these regimes should be extended to other types of financial institution (insurers, central counterparties, etc.). In addition, the Commission will explore how a more integrated framework for the resolution of cross-border groups might be best achieved (e.g. through the creation of an EU resolution authority and/or EU resolution fund) by 2014.

Further work in these areas appears to be duly justified. With regard to the insolvency frameworks, national bankruptcy laws include several elements that are interrelated with, inter alia, intra-group transfers by a troubled firm, and more generally, resolution itself, which is very much akin to a special bankruptcy procedure. More importantly, the Commission's plans rightly emphasise that failing banks should be liquidated if possible, with resolution being only the second best option. Given the lengthiness of liquidation proceedings, which reduces franchise value and the overall realised value for paying out creditor claims, substantial reforms are needed to ensure that liquidation becomes a feasible option, even for larger banks.

Furthermore, when defining the scope of the resolution framework, the fact that the failure of any kind of financial institution can become systemic in certain situations clearly needs to be taken into account. In finding the right scope for the framework, there seems to be a need to strike the appropriate balance between flexibility (which means authorities would be able to exercise some discretion in when to apply resolution tools to any potential bearer of systemic risk) and proportionality (which calls for avoiding an unnecessary administrative burden on both banks and authorities and thereby for a more limited and focused scope). As shown in the table, the scope of the US framework (following the recent reforms) is highly flexible, reflecting the experience of the recent crisis, when non-banks had to be bailed out because of their importance.

Finally, regarding the prospects of a more integrated framework, it is logical to keep the improvement of private financing arrangements on the agenda.

4 CONCLUSIONS

In its reply to the Commission's consultation document, the ESCB supported the overall thrust of the Commission's plan.[12] In particular, the ESCB agreed with the overriding policy objective of the new regime and highlighted the need for enhanced crisis management and resolution tools embedded in a framework with well designed triggers to tackle problems in banks more effectively. In order to achieve this, the respective national regimes should be as

12 The official ESCB reply to the consultation document is available on the ECB's website.

harmonised as possible and arrangements for even closer coordination between Member States in crisis situations need to be found.

The planned crisis management and resolution framework has the potential to be a major milestone in strengthening both financial stability and integration within the EU financial sector. Once fully in place, the new regime should ensure that each individual Member State has effective tools at its disposal, and that, in the event of cross-border bank problems, the application of these tools is closely coordinated by Member States.

The success of the new crisis management and resolution policies will heavily depend on the practical implementation of the new regime, and the extent to which they will be able to disentangle the far-reaching interlinkages between the supervisory and fiscal aspects. In geographic terms, it will also be highly important to coordinate relevant policies and frameworks with third countries, especially the United States, in order to enable the smooth resolution of global groups as well. The ongoing work of the FSB will substantially facilitate these efforts.

EU central banks will also have a crucial role to play in ensuring effectiveness. In general, their macro-prudential expertise will be required for the identification and assessment of emerging systemic risks, as well as for various elements of the new arrangements, such as recovery and resolution planning or the decision on whether the conditions for resolution are met. In addition, depending on the national institutional set-up, some central banks will play an important role in the new regime, for instance as conductors of resolution measures. The perspective of central banks will be very relevant, since the objective of crisis management and resolution is to ensure that individual bank problems do not result in high social costs, in terms of financial instability or fiscal burdens.

EURO AREA STATISTICS

CONTENTS [1]

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

ENLARGEMENT OF THE EURO AREA ON 1 JANUARY 2011 TO INCLUDE ESTONIA

In January 2011 Estonia joined the euro area, bringing the number of euro area countries to 17.

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

CHANGES TO CHAPTER 2: "MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS"

Chapter 2 of the "Euro area statistics" section has now been amended in order to include newly available data on MFI balance sheets (pages S14, S15 and S17), the assets and liabilities of financial vehicle corporations (page S24), and the assets and liabilities of insurance corporations and pension funds (page S25). In addition, the old Section 2.7 ("Revaluation of selected MFI balance sheet items") has been removed – although it can still be downloaded from http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html. The old Section 2.8 has been reduced to a single page and become Section 2.7. Finally, Sections 2.9 and 2.10 on investment funds' balance sheets have become Sections 2.8 and 2.9 respectively, without any changes to their content. More information on the new statistics can be found in the General Notes.

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1]

	M1 [2]	M2 [2]	M3 [2], [3]	M3 [2], [3] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2]	Securities other than shares issued in euro by non-MFI corporations [2]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4]
	1	2	3	4	5	6	7	8
2009	9.5	4.8	3.3	-	1.6	23.9	1.22	3.76
2010	8.5	1.8	0.5	-	0.6	4.0	0.81	3.36
2010 Q3	7.9	1.8	0.7	-	0.9	1.9	0.87	2.67
Q4	4.9	2.2	1.5	-	1.7	2.1	1.02	3.36
2011 Q1	3.2	2.4	1.9	-	2.4	2.2	1.10	3.66
Q2	.	.	.	-	.	.	1.42	3.41
2011 Jan.	3.2	2.3	1.6	1.8	2.4	2.2	1.02	3.49
Feb.	2.8	2.4	2.1	2.0	2.6	2.6	1.09	3.49
Mar.	2.9	2.7	2.3	2.1	2.5	1.6	1.18	3.66
Apr.	1.6	2.4	2.0	2.2	2.6	1.7	1.32	3.55
May	1.2	2.4	2.4	.	2.7	.	1.43	3.37
June	.	.	.	.	.	.	1.49	3.41

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

	HICP [1]	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2009	0.3	-5.1	2.8	-4.2	-14.8	70.9	-1.9	9.6
2010	1.6	2.9	1.5	1.8	7.4	77.0	-0.5	10.1
2010 Q4	2.0	4.8	1.5	2.0	8.1	79.3	0.3	10.1
2011 Q1	2.5	6.5	2.6	2.5	6.6	80.8	0.3	10.0
Q2	.	.	.	.	.	.	.	.
2011 Jan.	2.3	5.9	-	-	6.3	80.3	-	10.0
Feb.	2.4	6.6	-	-	7.8	-	-	10.0
Mar.	2.7	6.8	-	-	5.8	-	-	9.9
Apr.	2.8	6.7	-	-	5.5	81.3	-	9.9
May	2.7	6.2	-	-	.	-	-	9.9
June	2.7	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [6] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2009	-19.1	37.5	161.3	462.4	-16.4	116.3	111.7	110.6	1.3948
2010	-28.9	20.7	64.6	591.2	-13.0	118.0	104.6	103.0	1.3257
2010 Q3	-5.1	8.2	-47.8	552.2	-15.1	120.5	102.3	100.8	1.2910
Q4	8.5	7.6	68.9	591.2	-13.0	118.0	104.4	102.4	1.3583
2011 Q1	-29.1	-11.3	138.7	576.6	.	.	103.7	101.5	1.3680
Q2	.	.	.	.	.	.	106.4	104.1	1.4391
2011 Jan.	-20.4	-14.1	-11.6	562.3	.	.	102.4	100.3	1.3360
Feb.	-6.7	-0.6	75.3	577.5	.	.	103.4	101.1	1.3649
Mar.	-2.0	3.5	75.0	576.6	.	.	105.2	103.0	1.3999
Apr.	-6.5	-3.6	20.7	571.7	.	.	107.0	104.9	1.4442
May	.	.	.	592.7	.	.	106.0	103.7	1.4349
June	.	.	.	.	.	.	106.1	103.8	1.4388

Sources: ECB, European Commission (Eurostat and Economic and Financial Affairs DG) and Thomson Reuters.
Note: For more information on the data, see the relevant tables later in this section.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.
3) M3 and its components exclude holdings by non-euro area residents of money market fund shares/units and debt securities with a maturity of up to two years.
4) Based on AAA-rated euro area central government bond yield curves. For further information, see Section 4.7.
5) Data refer to the Euro 17, unless otherwise indicated.
6) For a definition of the trading partner groups and other information, please refer to the General Notes.

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	10 June 2011	17 June 2011	24 June 2011	1 July 2011
Gold and gold receivables	350,670	350,670	350,670	363,251
Claims on non-euro area residents in foreign currency	219,620	219,072	217,697	216,010
Claims on euro area residents in foreign currency	23,336	23,729	23,719	23,257
Claims on non-euro area residents in euro	21,278	20,121	20,686	20,499
Lending to euro area credit institutions in euro	423,876	445,945	497,523	455,154
Main refinancing operations	102,442	135,585	186,942	141,461
Longer-term refinancing operations	321,313	310,303	310,303	313,163
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	42	5	213	504
Credits related to margin calls	79	52	65	26
Other claims on euro area credit institutions in euro	36,634	39,236	40,951	45,165
Securities of euro area residents in euro	477,881	476,561	478,820	485,011
Securities held for monetary policy purposes	135,180	134,172	134,122	134,350
Other securities	342,702	342,389	344,698	350,661
General government debt in euro	34,521	34,521	34,521	33,993
Other assets	304,761	304,685	307,587	302,244
Total assets	1,892,579	1,914,538	1,972,174	1,944,583

2. Liabilities

	10 June 2011	17 June 2011	24 June 2011	1 July 2011
Banknotes in circulation	843,498	842,671	843,440	849,165
Liabilities to euro area credit institutions in euro	282,834	318,507	340,625	316,912
Current accounts (covering the minimum reserve system)	197,395	238,119	253,418	216,212
Deposit facility	10,409	5,371	13,189	24,902
Fixed-term deposits	75,000	75,000	74,000	74,000
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	29	16	18	1,798
Other liabilities to euro area credit institutions in euro	5,400	2,451	2,779	5,086
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	78,427	67,065	101,403	79,476
Liabilities to non-euro area residents in euro	38,066	40,646	38,005	36,317
Liabilities to euro area residents in foreign currency	1,589	939	1,520	890
Liabilities to non-euro area residents in foreign currency	11,942	11,996	10,056	9,593
Counterpart of special drawing rights allocated by the IMF	52,612	52,612	52,612	52,170
Other liabilities	190,841	190,282	194,366	196,838
Revaluation accounts	305,890	305,890	305,890	316,656
Capital and reserves	81,478	81,479	81,479	81,479
Total liabilities	1,892,579	1,914,538	1,972,174	1,944,583

Source: ECB.

1.2 Key ECB interest rates
(levels in percentages per annum; changes in percentage points)

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

Source: ECB.

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

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

(EUR millions; interest rates in percentages per annum)

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

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8
	Main refinancing operations							
2011 23 Mar.	89,417	173	89,417	1.00	-	-	-	7
30	100,439	174	100,439	1.00	-	-	-	7
6 Apr.	84,533	161	84,533	1.00	-	-	-	7
13	94,134	161	94,134	1.25	-	-	-	7
20	97,372	181	97,372	1.25	-	-	-	7
27	117,883	241	117,883	1.25	-	-	-	7
4 May	127,538	326	127,538	1.25	-	-	-	7
11	124,754	247	124,754	1.25	-	-	-	7
18	119,398	235	119,398	1.25	-	-	-	7
25	116,102	241	116,102	1.25	-	-	-	7
1 June	110,762	174	110,762	1.25	-	-	-	7
8	102,442	145	102,442	1.25	-	-	-	7
15	135,585	235	135,585	1.25	-	-	-	7
22	186,942	353	186,942	1.25	-	-	-	7
29	141,461	232	141,461	1.25	-	-	-	7
6 July	120,024	185	120,024	1.25	-	-	-	7
	Longer-term refinancing operations							
2011 19 Jan.	70,351	45	70,351	1.00	-	-	-	21
27 [5)]	71,143	165	71,143	1.04	-	-	-	91
9 Feb.	61,472	42	61,472	1.00	-	-	-	28
24 [5)]	39,755	192	39,755	1.12	-	-	-	91
9 Mar.	82,500	52	82,500	1.00	-	-	-	35
31 [5)]	129,458	290	129,458	1.21	-	-	-	91
13 Apr.	83,687	40	83,687	1.25	-	-	-	28
28 [5)]	63,411	177	63,411	.	-	-	-	91
11 May	80,653	60	80,653	1.25	-	-	-	35
26 [5)]	48,131	182	48,131	.	-	-	-	98
15 June	69,403	60	69,403	1.25	-	-	-	28
30 [5)]	132,219	265	132,219	.	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2011 13 Apr.	Collection of fixed-term deposits	102,562	71	77,000	-	-	1.25	1.12	1.05	7
20	Collection of fixed-term deposits	88,974	68	76,000	-	-	1.25	1.21	1.12	7
27	Collection of fixed-term deposits	71,403	49	71,403	-	-	1.25	1.25	1.17	7
4 May	Collection of fixed-term deposits	62,177	58	62,177	-	-	1.25	1.25	1.16	7
10	Collection of fixed-term deposits	143,752	152	143,092	-	-	1.25	1.05	1.01	1
11	Collection of fixed-term deposits	109,149	72	76,000	-	-	1.25	1.15	1.09	7
18	Collection of fixed-term deposits	85,756	74	76,000	-	-	1.25	1.16	1.08	7
25	Collection of fixed-term deposits	81,944	62	75,000	-	-	1.25	1.25	1.14	7
1 June	Collection of fixed-term deposits	103,531	69	75,000	-	-	1.25	0.89	0.81	7
8	Collection of fixed-term deposits	93,590	71	75,000	-	-	1.25	1.03	0.90	7
14	Collection of fixed-term deposits	35,158	77	29,618	-	-	1.25	1.05	1.04	1
15	Collection of fixed-term deposits	76,714	61	75,000	-	-	1.25	1.25	1.20	7
22	Collection of fixed-term deposits	83,565	56	74,000	-	-	1.25	1.24	1.15	7
29	Collection of fixed-term deposits	75,014	57	74,000	-	-	1.25	1.25	1.17	7
6 July	Collection of fixed-term deposits	96,009	68	74,000	-	-	1.25	0.90	0.75	7

Source: ECB.

1) The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
2) With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations. For split tender operations conducted before this month, see Table 2 in Section 1.3.
3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October 2008, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. On 4 March 2010 the ECB decided to return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010 and settled on 29 April 2010.
4) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
5) In the longer-term refinancing operations settled on 17 December 2009, 1 April, 13 May, 28 October, 25 November and 23 December 2010, and 27 January, 24 February, 31 March, 28 April, 26 May and 30 June 2011, the rate at which all bids were satisfied was indexed to the average minimum bid rate in the main refinancing operations over the life of the operation. The interest rates displayed for these indexed longer-term refinancing operations have been rounded to two decimal places. For the precise calculation method, please refer to the Technical Notes.

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at: 1)	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2010 Dec. 2)	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011 Jan.	19,024.1	9,840.2	651.6	2,780.6	1,395.8	4,356.0
Feb.	19,035.7	9,768.4	670.3	2,727.5	1,490.3	4,379.2
Mar.	18,868.8	9,700.2	671.9	2,733.9	1,399.8	4,363.0
Apr.	18,984.5	9,749.5	662.8	2,740.4	1,475.2	4,356.6

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011 8 Feb.	212.3	213.6	1.3	0.0	1.00
8 Mar.	211.6	212.9	1.3	0.0	1.00
12 Apr.	209.3	210.5	1.1	0.0	1.00
10 May	208.3	209.5	1.2	0.0	1.25
14 June	206.9	209.0	2.0	0.0	1.25
12 July	207.7	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations 3)	Deposit facility	Other liquidity-absorbing operations 4)	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2010 7 Dec.	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011 18 Jan.	527.5	197.0	316.6	0.5	140.9	66.5	73.5	833.8	81.3	-84.9	212.4	1,112.7
8 Feb.	549.7	185.4	318.2	0.1	137.2	39.2	81.3	822.0	101.2	-66.7	213.6	1,074.8
8 Mar.	550.0	134.4	321.0	7.6	137.9	26.9	80.3	820.9	89.8	-79.9	212.9	1,060.7
12 Apr.	544.1	97.3	335.4	0.8	137.6	23.0	79.5	824.4	73.1	-95.2	210.5	1,057.9
10 May	525.9	109.2	320.5	0.4	136.6	22.8	76.8	833.9	61.3	-111.6	209.5	1,066.1

Source: ECB.

1) End of period.
2) Includes the reserve bases of credit institutions in Estonia. On a transitional basis, credit institutions located in the euro area may have decided to deduct from their own reserve bases any liabilities owed to credit institutions located in Estonia. As of the reserve base as at end-January 2011, the standard treatment applies (see Decision ECB/2010/18 of the ECB of 26 October 2010 on transitional provisions for the application of minimum reserves by the ECB following the introduction of the euro in Estonia).
3) Includes liquidity provided under the Eurosystem's covered bond purchase programme and the Eurosystem's securities markets programme.
4) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1)]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2)]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3)]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
						Eurosystem								
2009	2,829.9	1,475.6	19.5	0.7	1,455.4	451.7	368.3	7.5	75.9	-	16.5	556.7	8.5	321.0
2010	3,212.4	1,537.5	18.6	0.9	1,517.9	574.4	463.8	9.6	101.1	-	18.1	684.2	8.5	389.8
2010 Q4	3,212.4	1,537.5	18.6	0.9	1,517.9	574.4	463.8	9.6	101.1	-	18.1	684.2	8.5	389.8
2011 Q1	3,038.5	1,347.2	18.5	1.0	1,327.7	580.8	468.5	9.8	102.5	-	19.5	670.3	8.5	412.2
2011 Feb.	3,113.7	1,418.1	18.6	0.9	1,398.5	581.6	469.4	9.9	102.3	-	19.5	674.6	8.5	411.5
Mar.	3,038.5	1,347.2	18.5	1.0	1,327.7	580.8	468.5	9.8	102.5	-	19.5	670.3	8.5	412.2
Apr.	3,056.6	1,369.0	18.3	1.0	1,349.8	583.8	468.8	9.6	105.3	-	19.7	669.3	8.5	406.2
May (p)	3,134.1	1,415.8	18.2	1.0	1,396.6	588.2	472.4	9.8	106.0	-	19.5	694.7	8.6	407.2
						MFIs excluding the Eurosystem								
2009	31,144.3	17,701.6	1,001.7	10,783.9	5,916.1	5,060.0	1,482.1	1,498.0	2,079.9	85.1	1,236.1	4,252.4	220.7	2,588.3
2010	32,199.9	17,762.9	1,220.1	11,027.8	5,515.0	4,938.7	1,524.1	1,528.7	1,885.9	59.9	1,233.1	4,323.5	223.5	3,658.4
2010 Q4	32,199.9	17,762.9	1,220.1	11,027.8	5,515.0	4,938.7	1,524.1	1,528.7	1,885.9	59.9	1,233.1	4,323.5	223.5	3,658.4
2011 Q1	31,564.5	17,793.4	1,187.1	11,117.6	5,488.7	4,704.4	1,412.8	1,493.1	1,798.5	64.5	1,203.0	4,276.9	227.4	3,294.9
2011 Feb.	32,085.2	17,814.5	1,196.3	11,113.1	5,505.1	4,951.7	1,547.9	1,525.6	1,878.2	61.9	1,243.6	4,381.2	223.6	3,408.8
Mar.	31,564.5	17,793.4	1,187.1	11,117.6	5,488.7	4,704.4	1,412.8	1,493.1	1,798.5	64.5	1,203.0	4,276.9	227.4	3,294.9
Apr.	31,756.9	17,865.3	1,178.8	11,141.7	5,544.8	4,694.5	1,419.1	1,499.7	1,775.8	63.6	1,247.4	4,297.9	227.9	3,360.3
May (p)	32,116.6	17,900.3	1,156.0	11,200.8	5,543.5	4,725.0	1,442.7	1,490.4	1,792.0	65.1	1,253.0	4,436.1	228.9	3,508.4

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [4)]	Debt securities issued [5)]	Capital and reserves	External liabilities	Remaining liabilities [3)]
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
					Eurosystem						
2009	2,829.9	829.3	1,192.3	102.6	22.1	1,067.6	-	0.1	319.8	140.0	348.5
2010	3,212.4	863.7	1,394.6	68.0	8.7	1,318.0	-	0.0	428.5	153.5	372.1
2010 Q4	3,212.4	863.7	1,394.6	68.0	8.7	1,318.0	-	0.0	428.5	153.5	372.1
2011 Q1	3,038.5	848.4	1,264.8	60.8	8.9	1,195.2	-	0.0	402.3	154.7	368.3
2011 Feb.	3,113.7	844.4	1,327.5	96.7	10.1	1,220.6	-	0.0	415.2	158.1	368.6
Mar.	3,038.5	848.4	1,264.8	60.8	8.9	1,195.2	-	0.0	402.3	154.7	368.3
Apr.	3,056.6	858.8	1,268.6	80.0	9.3	1,179.3	-	0.0	405.5	151.8	371.8
May (p)	3,134.1	862.4	1,314.2	65.4	10.4	1,238.4	-	0.0	423.7	158.1	375.6
					MFIs excluding the Eurosystem						
2009	31,144.3	-	16,469.0	146.0	10,041.4	6,281.6	732.6	4,908.5	1,921.2	4,098.5	3,014.5
2010	32,199.9	-	16,497.6	196.2	10,526.4	5,774.9	612.3	4,845.2	2,045.1	4,220.4	3,979.4
2010 Q4	32,199.9	-	16,497.6	196.2	10,526.4	5,774.9	612.3	4,845.2	2,045.1	4,220.4	3,979.4
2011 Q1	31,564.5	-	16,457.7	235.8	10,528.5	5,693.4	632.8	4,873.3	2,079.6	4,014.6	3,506.5
2011 Feb.	32,085.2	-	16,488.0	233.3	10,507.3	5,747.3	637.5	4,880.1	2,074.1	4,227.5	3,778.1
Mar.	31,564.5	-	16,457.7	235.8	10,528.5	5,693.4	632.8	4,873.3	2,079.6	4,014.6	3,506.5
Apr.	31,756.9	-	16,577.2	224.4	10,598.3	5,754.6	633.8	4,858.7	2,081.7	4,063.3	3,542.3
May (p)	32,116.6	-	16,568.9	221.8	10,637.1	5,710.1	631.8	4,899.8	2,118.8	4,193.5	3,703.7

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

2.2 Consolidated balance sheet of euro area MFIs 1)

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets 2)
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2009	23,862.4	11,805.7	1,021.1	10,784.5	3,355.9	1,850.4	1,505.5	812.7	4,809.1	229.1	2,850.0
2010	25,826.0	12,267.4	1,238.7	11,028.7	3,526.2	1,987.9	1,538.3	799.9	5,007.6	232.0	3,993.0
2010 Q4	25,826.0	12,267.4	1,238.7	11,028.7	3,526.2	1,987.9	1,538.3	799.9	5,007.6	232.0	3,993.0
2011 Q1	25,327.7	12,324.2	1,205.6	11,118.6	3,384.2	1,881.3	1,502.9	779.1	4,947.2	235.9	3,657.1
2011 Feb.	25,749.4	12,328.9	1,214.9	11,114.0	3,552.8	2,017.3	1,535.5	807.7	5,055.7	232.1	3,772.2
Mar.	25,327.7	12,324.2	1,205.6	11,118.6	3,384.2	1,881.3	1,502.9	779.1	4,947.2	235.9	3,657.1
Apr.	25,476.2	12,339.7	1,197.1	11,142.6	3,397.2	1,888.0	1,509.3	822.5	4,967.1	236.4	3,713.2
May (p)	25,821.1	12,376.0	1,174.2	11,201.8	3,415.3	1,915.1	1,500.2	797.8	5,130.8	237.4	3,864.0
	Transactions										
2009	-644.9	15.8	29.4	-13.6	365.2	270.2	95.0	12.4	-464.9	7.8	-581.9
2010	601.0	408.3	206.3	202.0	143.9	145.8	-2.0	5.7	-109.7	2.4	150.2
2010 Q4	-378.6	194.4	138.8	55.6	-10.7	-0.1	-10.6	13.4	-111.1	3.5	-468.1
2011 Q1	-278.7	38.9	-28.3	67.2	-10.9	19.0	-29.9	7.6	81.5	0.9	-396.7
2011 Feb.	16.4	10.1	-14.2	24.2	18.4	10.3	8.1	-8.4	31.6	-0.1	-35.1
Mar.	-217.7	7.9	-10.6	18.5	-38.7	-11.2	-27.5	2.5	-33.8	0.9	-156.5
Apr.	237.8	26.4	-10.7	37.1	16.2	11.1	5.1	40.8	82.6	0.5	71.3
May (p)	239.2	16.6	-23.2	39.8	13.6	25.1	-11.5	-23.8	81.6	1.2	150.4

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units 3)	Debt securities issued 4)	Capital and reserves	External liabilities	Remaining liabilities 2)	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2009	23,862.4	769.9	248.6	10,063.5	647.5	2,752.9	1,801.0	4,238.5	3,362.9	-22.4
2010	25,826.0	808.6	264.2	10,535.1	552.4	2,858.2	2,022.2	4,373.9	4,351.5	59.9
2010 Q4	25,826.0	808.6	264.2	10,535.1	552.4	2,858.2	2,022.2	4,373.9	4,351.5	59.9
2011 Q1	25,327.7	798.3	296.6	10,537.4	568.2	2,972.4	2,038.5	4,169.3	3,874.8	72.1
2011 Feb.	25,749.4	796.2	330.0	10,517.4	575.6	2,899.6	2,033.8	4,385.6	4,146.8	64.3
Mar.	25,327.7	798.3	296.6	10,537.4	568.2	2,972.4	2,038.5	4,169.3	3,874.8	72.1
Apr.	25,476.2	805.4	304.4	10,607.6	570.2	2,977.6	2,042.6	4,215.1	3,914.1	39.2
May (p)	25,821.1	810.8	287.2	10,647.5	566.7	3,001.9	2,067.8	4,351.6	4,079.3	8.3
	Transactions									
2009	-644.9	45.8	-2.4	286.0	-12.5	-56.4	143.1	-590.5	-505.5	47.5
2010	601.0	38.6	12.8	331.5	-98.2	42.3	113.1	-27.3	133.2	54.9
2010 Q4	-378.6	21.7	-1.9	151.6	-36.0	3.3	45.4	-87.2	-525.2	49.7
2011 Q1	-278.7	-10.1	36.2	-16.0	-4.5	80.3	12.6	-52.3	-344.7	19.8
2011 Feb.	16.4	0.0	13.5	16.4	2.9	20.6	15.7	12.0	-69.1	4.4
Mar.	-217.7	2.5	-29.1	23.2	-2.1	31.8	1.8	-140.6	-125.4	20.3
Apr.	237.8	7.1	8.0	76.7	2.2	22.0	0.4	111.3	41.9	-31.8
May (p)	239.2	5.4	-17.2	24.1	-3.5	6.8	10.7	74.9	168.6	-30.6

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

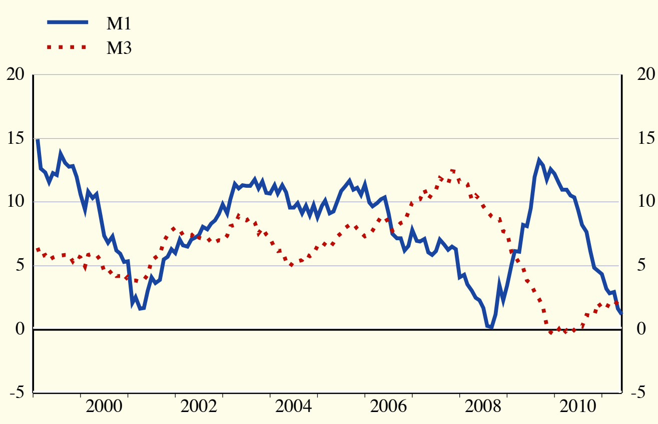
2.3 Monetary statistics [1]

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

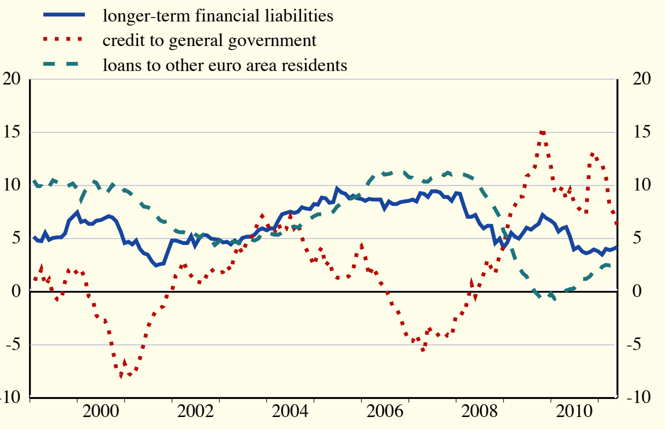
1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents			Net external assets [3]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [4]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2009	4,498.8	3,701.6	8,200.4	1,134.1	9,334.5	-	6,762.9	2,909.6	13,105.9	10,792.9	-	552.3
2010	4,699.4	3,700.0	8,399.4	1,125.2	9,524.6	-	7,313.2	3,268.6	13,366.9	11,035.2	-	615.5
2010 Q4	4,699.4	3,700.0	8,399.4	1,125.2	9,524.6	-	7,313.2	3,268.6	13,366.9	11,035.2	-	615.5
2011 Q1	4,713.4	3,744.4	8,457.8	1,136.5	9,594.3	-	7,445.8	3,090.3	13,424.3	11,130.7	-	788.4
2011 Feb.	4,693.4	3,738.6	8,432.0	1,140.7	9,572.6	-	7,389.5	3,243.2	13,496.2	11,142.1	-	653.7
Mar.	4,713.4	3,744.4	8,457.8	1,136.5	9,594.3	-	7,445.8	3,090.3	13,424.3	11,130.7	-	788.4
Apr.	4,693.8	3,751.5	8,445.3	1,139.6	9,584.9	-	7,482.3	3,073.6	13,440.9	11,146.0	-	777.2
May (p)	4,690.7	3,787.7	8,478.4	1,168.9	9,647.3	-	7,533.5	3,080.6	13,478.2	11,196.9	-	809.9
	Transactions											
2009	490.4	-368.0	122.5	-160.4	-37.9	-	422.7	307.6	90.1	-14.7	31.2	125.2
2010	195.6	-12.2	183.4	-24.1	159.3	-	265.7	356.3	202.5	200.3	262.0	-82.3
2010 Q4	16.2	5.1	21.3	-1.0	20.3	-	83.8	183.3	56.6	78.5	101.8	-36.3
2011 Q1	13.7	41.1	54.9	-9.8	45.1	-	80.8	-48.5	68.8	72.8	43.6	162.5
2011 Feb.	3.6	12.8	16.4	26.9	43.3	-	43.2	-5.8	49.4	40.3	44.0	16.1
Mar.	21.7	6.0	27.6	1.6	29.3	-	13.8	-29.9	-21.5	2.6	-18.1	133.8
Apr.	-13.7	10.1	-3.6	3.0	-0.6	-	47.4	-14.5	26.0	28.3	32.6	-14.1
May (p)	-6.5	26.1	19.5	29.3	48.8	-	17.0	4.6	16.3	31.5	33.5	12.3
	Growth rates											
2009	12.2	-9.0	1.5	-11.9	-0.4	-0.2	6.7	11.8	0.7	-0.1	0.3	125.2
2010	4.3	-0.3	2.2	-2.1	1.7	1.8	3.8	12.2	1.5	1.8	2.4	-82.3
2010 Q4	4.3	-0.3	2.2	-2.1	1.7	1.8	3.8	12.2	1.5	1.8	2.4	-82.3
2011 Q1	2.9	2.3	2.7	-0.7	2.3	2.1	3.9	8.0	2.2	2.5	2.8	78.3
2011 Feb.	2.8	1.9	2.4	-0.1	2.1	2.0	4.1	10.8	2.2	2.6	3.1	-46.5
Mar.	2.9	2.3	2.7	-0.7	2.3	2.1	3.9	8.0	2.2	2.5	2.8	78.3
Apr.	1.6	3.3	2.4	-0.8	2.0	2.2	4.0	7.4	2.3	2.6	2.8	73.4
May (p)	1.2	3.9	2.4	2.7	2.4	.	4.2	6.2	2.4	2.7	2.9	51.6

C1 Monetary aggregates [1]
(annual growth rates; seasonally adjusted)



C2 Counterparts [1]
(annual growth rates; seasonally adjusted)



Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
Monthly and other shorter-term growth rates for selected items are available at: http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html
2) Monetary liabilities of MFIs and central government (post office, treasury, etc.) vis-à-vis non-MFI euro area residents excluding central government.
For definitions of M1, M2 and M3, see glossary.
3) Values in the section "growth rates" are sums of the transactions during the 12 months ending in the period indicated.
4) Adjustment for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

2.3 Monetary statistics [1]

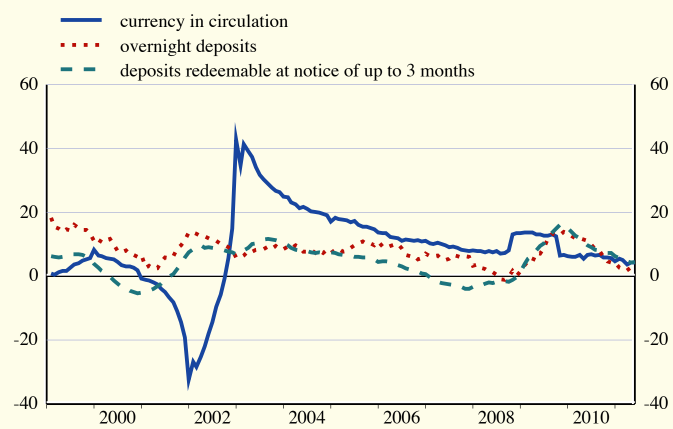
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
						Outstanding amounts					
2009	757.5	3,741.2	1,896.8	1,804.8	334.3	668.1	131.8	2,635.4	132.5	2,207.9	1,787.2
2010	793.6	3,905.8	1,785.1	1,914.9	433.8	570.2	121.2	2,753.5	118.4	2,436.0	2,005.4
2010 Q4	793.6	3,905.8	1,785.1	1,914.9	433.8	570.2	121.2	2,753.5	118.4	2,436.0	2,005.4
2011 Q1	802.7	3,910.8	1,822.3	1,922.1	414.1	568.5	153.9	2,815.5	119.7	2,469.3	2,041.2
2011 Feb.	804.8	3,888.6	1,820.3	1,918.2	441.3	573.7	125.6	2,781.5	119.3	2,453.5	2,035.1
Mar.	802.7	3,910.8	1,822.3	1,922.1	414.1	568.5	153.9	2,815.5	119.7	2,469.3	2,041.2
Apr.	802.5	3,891.3	1,828.2	1,923.3	418.4	563.6	157.6	2,818.4	119.7	2,486.7	2,057.5
May (p)	812.9	3,877.8	1,854.1	1,933.6	457.5	556.0	155.4	2,839.7	119.6	2,485.5	2,088.8
						Transactions					
2009	44.3	446.1	-605.2	237.2	-12.6	-13.1	-134.7	78.6	9.0	194.0	141.1
2010	36.0	159.6	-125.1	113.0	95.2	-101.2	-18.1	61.8	-14.1	108.2	109.8
2010 Q4	2.9	13.3	-12.5	17.6	29.5	-22.2	-8.2	28.1	-3.9	29.0	30.6
2011 Q1	9.2	4.5	36.3	4.9	-8.4	-22.2	20.8	40.2	1.4	7.2	32.1
2011 Feb.	2.3	1.3	10.9	1.9	32.9	-3.8	-2.2	23.7	0.7	-5.0	23.7
Mar.	-1.8	23.4	3.6	2.3	-15.7	0.0	17.3	4.0	0.4	6.2	3.2
Apr.	-0.2	-13.5	10.8	-0.7	4.5	-4.7	3.2	20.2	0.0	14.6	12.6
May (p)	10.4	-17.0	15.8	10.3	39.0	-7.5	-2.1	3.7	-0.2	-3.1	16.6
						Growth rates					
2009	6.2	13.5	-24.2	15.1	-3.5	-1.9	-50.4	3.0	7.3	9.7	8.7
2010	4.8	4.3	-6.6	6.3	28.3	-15.1	-13.4	2.3	-10.7	4.7	5.9
2010 Q4	4.8	4.3	-6.6	6.3	28.3	-15.1	-13.4	2.3	-10.7	4.7	5.9
2011 Q1	3.7	2.8	-0.2	4.8	21.9	-13.1	-0.6	2.7	-9.3	3.9	6.7
2011 Feb.	5.1	2.4	-1.4	5.2	31.7	-15.1	-6.2	3.0	-9.3	3.6	7.1
Mar.	3.7	2.8	-0.2	4.8	21.9	-13.1	-0.6	2.7	-9.3	3.9	6.7
Apr.	4.3	1.1	2.3	4.3	20.0	-13.0	1.1	3.0	-8.8	3.8	6.6
May (p)	4.4	0.5	3.2	4.6	29.8	-13.0	4.4	3.7	-7.9	3.9	6.3

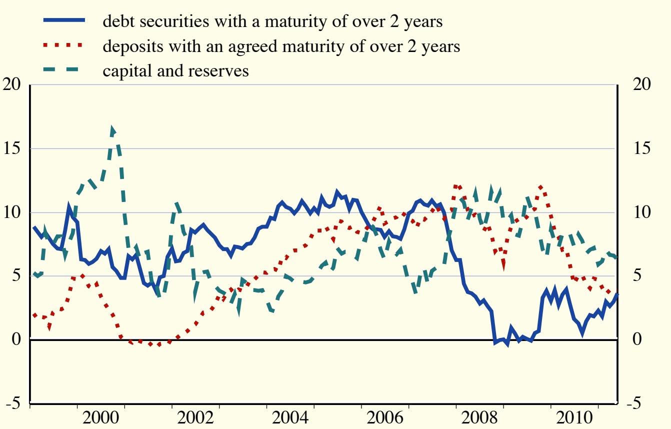
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

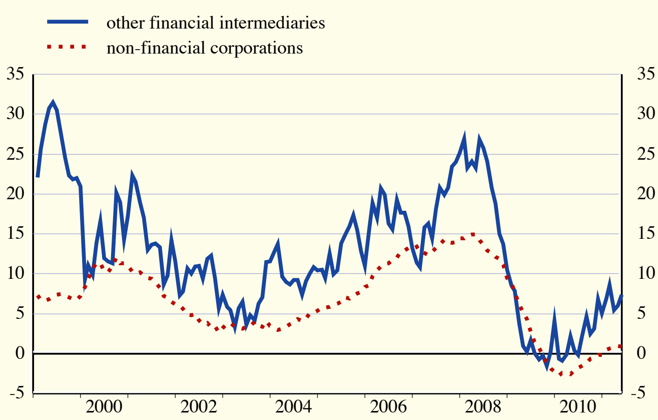
2.4 MFI loans: breakdown [1), 2)]

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

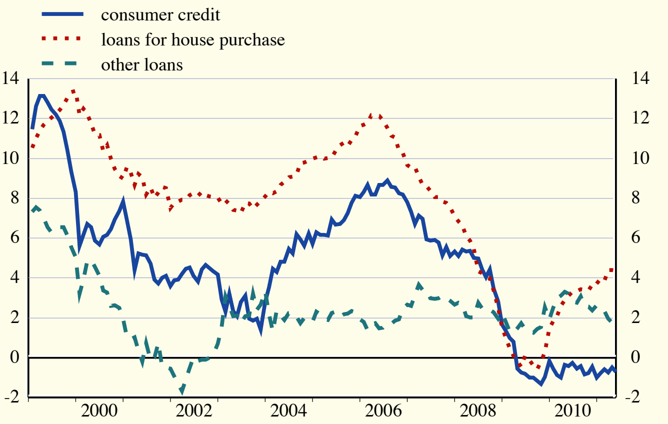
1. Loans to financial intermediaries, non-financial corporations and households

	Insurance corporations and pension funds	Other financial inter-mediaries	Non-financial corporations					Households [3)]				
	Total	Total	Total	Loans adjusted for sales and securitisation [4)]	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation [4)]	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10	11	12
						Outstanding amounts						
2009	89.0	1,060.7	4,690.9	-	1,187.8	937.6	2,565.5	4,952.2	-	631.3	3,546.6	774.3
2010	95.0	1,112.1	4,668.8	-	1,127.3	899.0	2,642.5	5,159.3	-	639.3	3,701.3	818.7
2010 Q4	95.0	1,112.1	4,668.8	-	1,127.3	899.0	2,642.5	5,159.3	-	639.3	3,701.3	818.7
2011 Q1	87.8	1,108.9	4,706.3	-	1,146.8	883.4	2,676.1	5,227.6	-	637.0	3,762.2	828.4
2011 Feb.	97.1	1,145.3	4,705.7	-	1,153.0	897.2	2,655.6	5,194.0	-	636.0	3,729.5	828.5
Mar.	87.8	1,108.9	4,706.3	-	1,146.8	883.4	2,676.1	5,227.6	-	637.0	3,762.2	828.4
Apr.	86.0	1,122.8	4,698.0	-	1,147.3	876.0	2,674.7	5,239.3	-	638.2	3,775.6	825.5
May (p)	87.3	1,143.1	4,713.6	-	1,152.9	879.9	2,680.8	5,252.9	-	635.7	3,786.6	830.6
						Transactions						
2009	-13.6	40.8	-107.0	-108.0	-181.2	-18.9	93.2	65.1	99.5	-1.0	51.4	14.7
2010	7.0	52.9	-6.3	44.8	-41.7	-21.7	57.1	146.7	156.8	-6.3	132.1	20.8
2010 Q4	2.6	38.6	-14.5	9.9	-4.7	-14.8	5.0	51.8	50.3	-0.7	45.7	6.9
2011 Q1	-3.1	-21.0	37.3	37.2	20.0	-3.0	20.3	59.6	30.4	-1.2	58.9	1.8
2011 Feb.	3.8	14.0	15.8	15.6	5.5	1.5	8.7	6.7	10.6	-0.3	4.8	2.2
Mar.	-5.4	-28.8	4.1	3.9	-0.7	-2.4	7.2	32.6	12.0	-0.3	34.3	-1.4
Apr.	-1.8	19.5	-2.1	-0.6	3.3	-8.3	3.0	12.7	15.2	1.0	10.8	1.0
May (p)	1.2	9.4	10.0	10.5	3.9	2.8	3.3	10.9	12.1	-2.4	8.8	4.4
						Growth rates						
2009	-13.2	4.2	-2.2	-	-13.1	-2.0	3.7	1.3	-	-0.2	1.5	1.9
2010	8.0	4.9	-0.1	1.0	-3.5	-2.3	2.2	2.9	3.1	-1.0	3.7	2.6
2010 Q4	8.0	4.9	-0.1	1.0	-3.5	-2.3	2.2	2.9	3.1	-1.0	3.7	2.6
2011 Q1	5.7	5.6	0.8	1.8	-0.4	-1.8	2.3	3.4	3.0	-0.7	4.4	2.0
2011 Feb.	8.6	8.6	0.6	1.6	-1.0	-1.9	2.2	3.0	3.1	-0.6	3.8	2.4
Mar.	5.7	5.6	0.8	1.8	-0.4	-1.8	2.3	3.4	3.0	-0.7	4.4	2.0
Apr.	1.0	6.1	0.9	1.9	1.0	-2.6	2.1	3.4	3.0	-0.5	4.4	1.8
May (p)	2.6	7.3	0.9	1.8	0.9	-2.1	1.9	3.4	3.1	-0.7	4.4	2.0

C5 Loans to other financial intermediaries and non-financial corporations [2)] (annual growth rates; not seasonally adjusted)



C6 Loans to households [2)] (annual growth rates; not seasonally adjusted)



Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) Including non-profit institutions serving households.
4) Adjustment for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

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

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

2. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Total: Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2010	86.2	66.6	5.2	14.4	1,104.7	142.9	587.7	206.4	310.6	4,668.8	1,120.6	898.6	2,649.7
2010 Q4	86.2	66.6	5.2	14.4	1,104.7	142.9	587.7	206.4	310.6	4,668.8	1,120.6	898.6	2,649.7
2011 Q1	86.8	66.6	5.8	14.5	1,107.8	138.0	581.4	208.6	317.8	4,705.4	1,147.7	883.5	2,674.2
2011 Mar.	86.8	66.6	5.8	14.5	1,107.8	138.0	581.4	208.6	317.8	4,705.4	1,147.7	883.5	2,674.2
Apr.	87.7	67.8	5.5	14.5	1,127.7	146.7	602.3	208.1	317.4	4,700.5	1,150.5	876.6	2,673.4
May (p)	90.7	70.6	5.7	14.4	1,150.1	162.5	619.3	209.9	320.8	4,717.8	1,155.2	880.6	2,681.9
	Transactions												
2010	6.8	10.1	-1.8	-1.5	54.5	-	17.4	8.3	28.7	-6.6	-41.9	-21.6	57.0
2010 Q4	-7.4	-6.9	-0.5	0.0	16.1	-5.4	1.1	5.2	9.8	-8.2	-9.5	-15.3	16.7
2011 Q1	4.7	5.0	0.6	-0.9	-14.7	-5.0	-5.6	-11.2	2.1	36.4	27.6	-2.4	11.2
2011 Mar.	-3.9	-2.8	0.0	-1.0	-13.3	-21.5	-11.7	-4.1	2.5	4.4	-0.1	-0.5	5.0
Apr.	1.0	1.2	-0.3	0.0	25.6	8.8	25.1	-0.1	0.6	1.4	5.6	-7.8	3.6
May (p)	2.9	2.8	0.3	-0.1	11.4	15.7	7.5	1.3	2.7	11.7	3.0	2.9	5.8
	Growth rates												
2010	8.4	17.5	-25.2	-9.1	5.0	-	2.8	3.9	10.1	-0.1	-3.6	-2.3	2.2
2010 Q4	8.4	17.5	-25.2	-9.1	5.0	-	2.8	3.9	10.1	-0.1	-3.6	-2.3	2.2
2011 Q1	5.7	11.3	0.5	-14.8	5.5	-	4.6	1.6	9.6	0.8	-0.3	-1.8	2.3
2011 Mar.	5.7	11.3	0.5	-14.8	5.5	-	4.6	1.6	9.6	0.8	-0.3	-1.8	2.3
Apr.	0.9	5.3	-7.2	-14.6	6.0	-	5.9	1.1	9.5	0.9	0.9	-2.6	2.2
May (p)	2.7	7.4	3.3	-17.1	7.4	-	7.7	2.5	10.1	0.9	0.9	-2.1	1.9

3. Loans to households [3)]

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Total: Sole proprietors	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2010	5,168.0	641.7	147.0	186.5	308.2	3,706.9	14.7	54.9	3,637.2	819.4	402.4	146.7	85.7	587.0
2010 Q4	5,168.0	641.7	147.0	186.5	308.2	3,706.9	14.7	54.9	3,637.2	819.4	402.4	146.7	85.7	587.0
2011 Q1	5,217.6	633.7	140.5	186.9	306.3	3,756.6	14.2	54.0	3,688.4	827.3	401.0	149.6	85.1	592.7
2011 Mar.	5,217.6	633.7	140.5	186.9	306.3	3,756.6	14.2	54.0	3,688.4	827.3	401.0	149.6	85.1	592.7
Apr.	5,225.7	635.4	139.4	187.9	308.0	3,766.8	14.1	54.2	3,698.4	823.6	400.8	144.6	85.7	593.3
May (p)	5,242.2	632.8	139.3	187.7	305.7	3,780.2	14.3	54.7	3,711.2	829.2	402.1	144.8	86.1	598.4
	Transactions													
2010	147.0	-6.3	-3.4	-8.8	5.9	132.7	-0.6	-3.7	137.0	20.7	-	-8.2	-4.4	33.3
2010 Q4	54.9	-0.3	3.1	-2.3	-1.2	47.5	0.1	-2.1	49.5	7.8	1.4	1.2	-1.0	7.5
2011 Q1	40.8	-6.9	-6.1	-1.7	0.9	47.8	-0.7	0.0	48.6	-0.1	-1.8	-0.6	-1.6	2.1
2011 Mar.	31.3	1.6	-1.3	1.0	2.0	30.7	0.0	-0.1	30.8	-1.0	-0.8	0.8	-0.5	-1.3
Apr.	9.1	1.5	-0.4	0.4	1.5	7.5	0.0	0.2	7.3	0.2	-0.2	-2.4	-1.3	3.8
May (p)	13.7	-2.6	-0.1	0.0	-2.4	11.2	0.1	0.5	10.7	5.1	1.6	0.0	0.5	4.7
	Growth rates													
2010	2.9	-1.0	-2.5	-4.5	2.0	3.7	-4.2	-6.2	3.9	2.6	-	-5.4	-5.1	6.1
2010 Q4	2.9	-1.0	-2.5	-4.5	2.0	3.7	-4.2	-6.2	3.9	2.6	-	-5.4	-5.1	6.1
2011 Q1	3.4	-0.7	-2.8	-4.1	2.5	4.4	-7.6	-3.7	4.6	2.0	-	-5.8	-5.9	5.3
2011 Mar.	3.4	-0.7	-2.8	-4.1	2.5	4.4	-7.6	-3.7	4.6	2.0	-	-5.8	-5.9	5.3
Apr.	3.4	-0.5	-2.8	-3.7	2.7	4.4	-7.9	-3.1	4.6	1.8	-	-6.4	-6.9	5.3
May (p)	3.4	-0.7	-3.1	-3.0	1.9	4.4	-8.1	-1.9	4.5	2.0	-	-6.4	-6.5	5.6

Source: ECB.

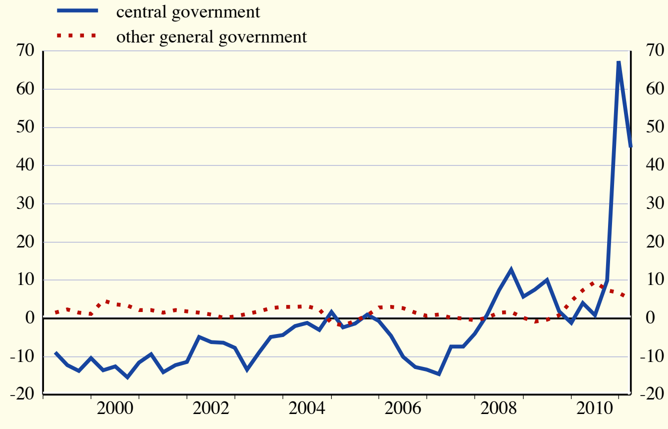
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) Including non-profit institutions serving households.

2.4 MFI loans: breakdown [1), 2)]
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

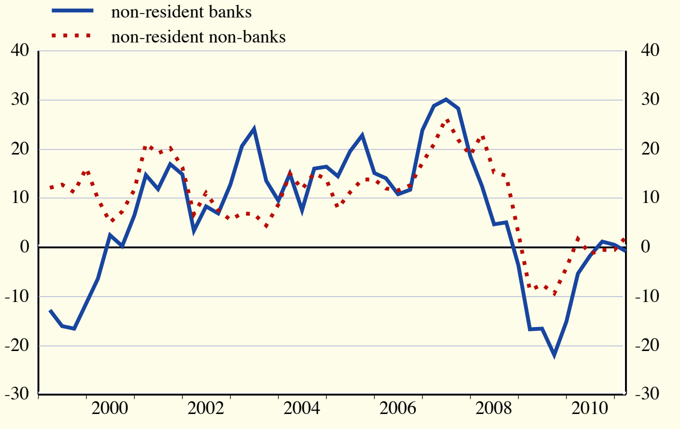
4. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2010	1,220.1	395.8	225.2	553.0	46.1	2,963.0	2,010.9	952.1	49.5	902.6
2011 (p)	1,187.1	357.7	229.6	557.8	41.9	2,934.4	1,957.5	976.9	54.5	922.4
2010 Q2	1,072.8	254.9	225.0	547.9	44.8	3,076.4	2,075.4	1,001.1	50.9	950.1
Q3	1,073.9	262.0	223.2	544.1	44.5	2,951.5	1,995.5	955.9	51.9	904.1
Q4	1,220.1	395.8	225.2	553.0	46.1	2,963.0	2,010.9	952.1	49.5	902.6
2011 Q1 (p)	1,187.1	357.7	229.6	557.8	41.9	2,934.4	1,957.5	976.9	54.5	922.4
Transactions										
2010	207.2	156.1	15.3	24.1	12.3	5.2	9.3	-5.2	0.5	-5.7
2011 (p)	-28.2	-34.3	4.4	4.9	-3.2	55.6	-1.5	57.0	7.0	50.0
2010 Q2	35.9	8.8	15.9	8.6	2.6	-20.1	1.3	-22.3	-0.7	-21.6
Q3	1.6	7.9	-1.9	-3.8	-0.3	-11.6	-14.2	2.5	3.8	-1.2
Q4	138.7	126.7	2.0	8.8	1.5	-17.0	-1.9	-15.1	-2.0	-13.1
2011 Q1 (p)	-28.2	-34.3	4.4	4.9	-3.2	55.6	-1.5	57.0	7.0	50.0
Growth rates										
2010	20.6	67.3	7.3	4.6	36.3	0.5	0.5	-0.5	0.4	-0.5
2011 (p)	9.2	44.8	9.8	3.4	1.5	2.3	-0.8	2.2	16.0	1.4
2010 Q2	7.3	0.8	9.1	7.0	56.8	-1.3	-1.6	-1.3	-4.2	-1.2
Q3	7.9	9.9	6.5	5.4	45.1	0.9	1.2	-0.5	1.6	-0.7
Q4	20.6	67.3	7.3	4.6	36.3	0.5	0.5	-0.5	0.4	-0.5
2011 Q1 (p)	14.3	44.8	9.8	3.4	1.5	0.5	-0.8	2.2	16.0	1.4

C7 Loans to government [2)]
(annual growth rates; not seasonally adjusted)



C8 Loans to non-euro area residents [2)]
(annual growth rates; not seasonally adjusted)



Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) The term "banks" is used in this table to indicate institutions similar to MFIs which are resident outside the euro area.

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

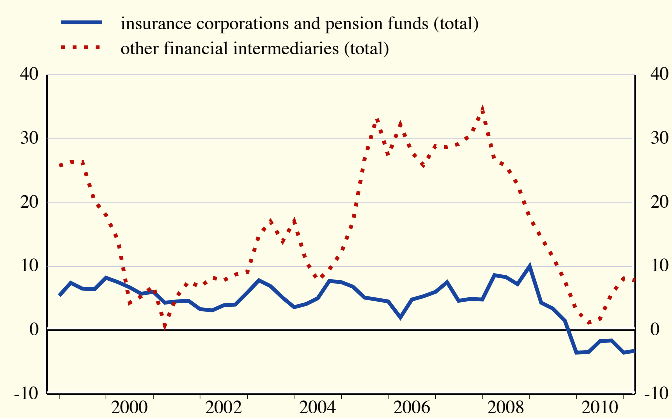
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2009	738.5	84.1	86.9	543.7	2.2	1.4	20.2	1,871.2	311.7	335.1	957.5	15.9	0.0	250.9	-
2010	716.9	84.5	79.4	528.3	2.6	0.3	21.9	2,167.4	358.3	305.1	1,132.6	10.7	0.5	360.3	255.0
2010 Q4	716.9	84.5	79.4	528.3	2.6	0.3	21.9	2,167.4	358.3	305.1	1,132.6	10.7	0.5	360.3	255.0
2011 Q1	710.7	82.9	79.9	526.6	3.0	0.2	18.0	2,162.6	371.0	292.3	1,142.8	11.8	0.5	344.2	244.6
2011 Feb.	721.5	89.4	80.1	528.2	2.8	0.2	20.7	2,181.9	375.9	299.1	1,128.3	11.1	0.5	367.0	252.1
Mar.	710.7	82.9	79.9	526.6	3.0	0.2	18.0	2,162.6	371.0	292.3	1,142.8	11.8	0.5	344.2	244.6
Apr.	720.4	85.3	83.1	526.1	3.9	0.2	21.8	2,195.8	376.2	298.5	1,154.8	11.1	0.5	354.6	247.1
May (p)	714.4	85.3	79.6	525.5	3.8	0.2	19.9	2,229.0	370.2	309.6	1,146.9	12.0	0.2	390.0	288.3
	Transactions														
2009	-26.8	-1.0	-30.4	6.3	1.1	-0.1	-2.7	55.4	5.5	-93.6	85.8	3.7	0.0	54.0	-
2010	-26.5	-3.4	-8.2	-16.6	0.2	0.0	1.6	156.8	45.2	-38.6	52.8	-8.0	0.4	105.0	-
2010 Q4	-18.0	-4.7	-10.2	-4.6	-0.2	0.0	1.8	26.3	-19.7	2.6	31.5	-0.3	-0.3	12.4	25.2
2011 Q1	-0.9	3.2	-0.3	-1.3	0.3	0.0	-2.9	-5.8	15.1	-5.5	-12.9	1.0	0.1	-3.5	-10.4
2011 Feb.	-9.3	-7.8	-0.2	0.3	0.1	0.0	-1.7	26.7	-3.5	3.2	-13.3	0.2	0.0	40.1	33.5
Mar.	-5.3	-1.8	-0.7	-1.2	0.1	0.0	-1.7	-5.3	-3.4	0.0	7.8	0.7	0.0	-10.3	-7.5
Apr.	10.5	2.6	3.7	-0.5	0.9	0.0	3.8	33.5	5.7	7.5	10.4	-0.6	-0.1	10.6	2.6
May (p)	-6.3	-0.1	-3.6	-0.6	-0.1	0.0	-1.9	21.3	-7.3	2.4	-9.8	0.9	-0.2	35.3	41.1
	Growth rates														
2009	-3.5	-1.1	-26.4	1.2	96.8	-	-11.8	3.1	1.5	-22.0	10.0	30.0	-	27.4	-
2010	-3.6	-3.6	-9.4	-3.0	9.7	-	7.8	8.1	14.5	-11.4	4.9	-48.5	-	41.6	-
2010 Q4	-3.6	-3.6	-9.4	-3.0	9.7	-	7.8	8.1	14.5	-11.4	4.9	-48.5	-	41.6	-
2011 Q1	-3.2	-3.0	-6.3	-2.6	7.1	-	-6.2	7.9	13.8	-4.7	4.5	-47.3	-	30.1	-
2011 Feb.	-2.7	-4.6	-7.3	-2.4	10.3	-	19.8	7.5	13.4	-9.4	3.2	-50.3	-	41.8	-
Mar.	-3.2	-3.0	-6.3	-2.6	7.1	-	-6.2	7.9	13.8	-4.7	4.5	-47.3	-	30.1	-
Apr.	-1.6	-1.5	-1.8	-2.7	37.9	-	25.8	6.2	3.7	1.7	4.4	-53.4	-	22.9	-
May (p)	-1.9	-4.4	-8.5	-1.8	41.4	-	39.9	7.4	1.9	3.8	3.9	-25.3	-	31.0	-

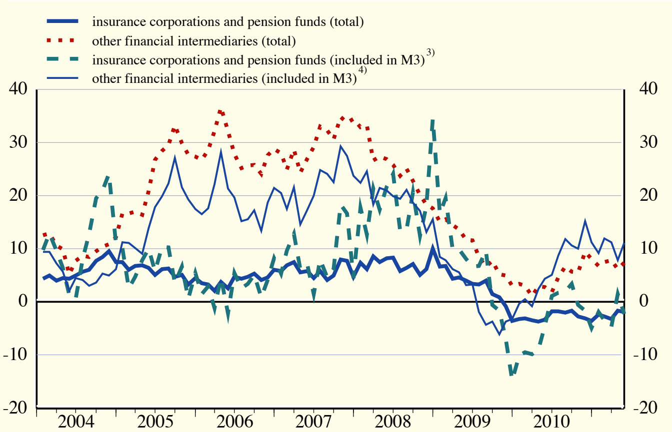
C9 Total deposits by sector [2)]

(annual growth rates)



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

(annual growth rates)



Source: ECB.

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

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

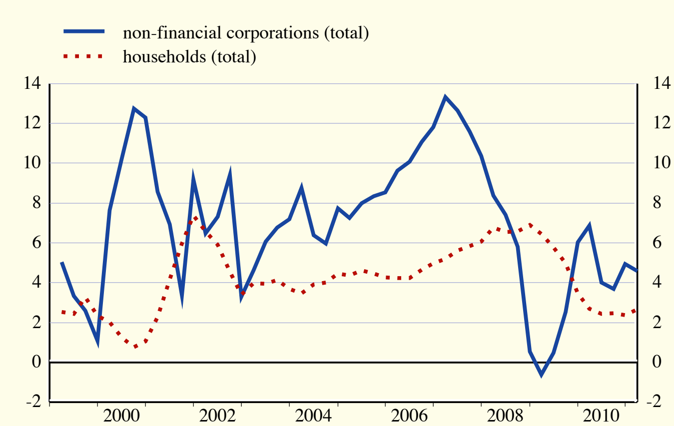
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
							Outstanding amounts							
2009	1,601.2	999.2	434.5	80.7	68.7	1.7	16.3	5,601.7	2,156.9	996.5	607.1	1,680.2	123.7	37.3
2010	1,671.6	1,034.1	458.7	87.2	75.8	1.5	14.2	5,739.1	2,243.9	901.6	665.0	1,788.5	110.3	29.8
2010 Q4	1,671.6	1,034.1	0.5	0.1	0.1	0.0	14.2	5,739.1	2,243.9	0.9	0.7	1.8	0.1	29.8
2011 Q1	1,648.6	1,000.6	0.5	0.1	0.1	0.0	14.0	5,766.9	2,223.8	0.9	0.7	1.8	0.1	31.4
2011 Feb.	1,608.1	975.0	453.1	89.8	76.9	2.1	11.2	5,758.2	2,225.0	907.5	676.1	1,808.5	110.1	31.0
Mar.	1,648.6	1,000.6	463.5	90.8	77.6	2.0	14.0	5,766.9	2,223.8	908.3	681.3	1,811.8	110.3	31.4
Apr.	1,647.8	998.2	459.5	92.5	78.2	2.0	17.3	5,797.4	2,246.7	904.8	687.9	1,816.0	109.5	32.5
May (p)	1,653.5	998.0	461.3	93.8	77.8	2.0	20.6	5,794.0	2,232.0	906.4	695.1	1,816.5	109.5	34.4
							Transactions							
2009	91.1	112.3	-70.1	15.1	40.8	0.4	-7.4	187.7	320.5	-371.5	85.9	190.5	8.6	-46.3
2010	78.9	40.3	24.1	9.0	7.8	-0.2	-2.1	133.0	81.7	-98.8	58.7	113.6	-14.6	-7.5
2010 Q4	71.5	45.6	22.8	2.4	-1.2	-0.5	2.4	87.5	41.1	5.0	12.5	31.1	-0.5	-1.6
2011 Q1	-33.8	-37.5	2.5	2.1	1.0	0.5	-2.3	17.2	-23.6	2.9	14.3	21.9	0.0	1.7
2011 Feb.	-5.9	-9.5	3.4	1.6	-2.2	0.6	0.2	4.2	-9.0	3.8	5.5	2.9	0.1	0.8
Mar.	31.4	22.8	8.4	-0.5	0.1	0.0	0.7	1.0	-3.2	-2.2	3.4	2.4	0.2	0.4
Apr.	3.9	1.3	-2.2	1.8	0.0	0.0	3.0	31.4	24.5	-1.8	5.5	3.0	-0.8	1.1
May (p)	3.3	-1.8	1.1	1.2	-0.4	0.0	3.2	-4.3	-15.1	1.2	7.2	0.5	0.0	1.9
							Growth rates							
2009	6.0	12.7	-13.9	23.1	146.6	28.3	-31.2	3.5	17.5	-27.1	16.5	12.8	7.5	-55.4
2010	4.9	4.1	5.5	11.2	11.4	-10.0	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.8	-20.2
2010 Q4	4.9	4.1	5.5	11.2	11.4	-10.0	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.8	-20.2
2011 Q1	4.6	2.2	8.8	11.0	6.4	11.6	-4.9	2.7	2.6	-3.3	7.4	5.5	-10.3	-12.9
2011 Feb.	5.5	2.9	9.5	12.8	9.5	18.2	-4.1	2.3	1.9	-4.2	8.0	5.7	-10.4	-16.1
Mar.	4.6	2.2	8.8	11.0	6.4	11.6	-4.9	2.7	2.6	-3.3	7.4	5.5	-10.3	-12.9
Apr.	4.1	1.1	10.0	8.3	3.6	8.6	13.5	3.0	2.6	-1.7	7.6	5.3	-9.5	-3.9
May (p)	4.0	0.0	11.6	7.9	4.3	8.9	36.1	2.8	1.5	-0.8	7.9	5.0	-8.2	6.8

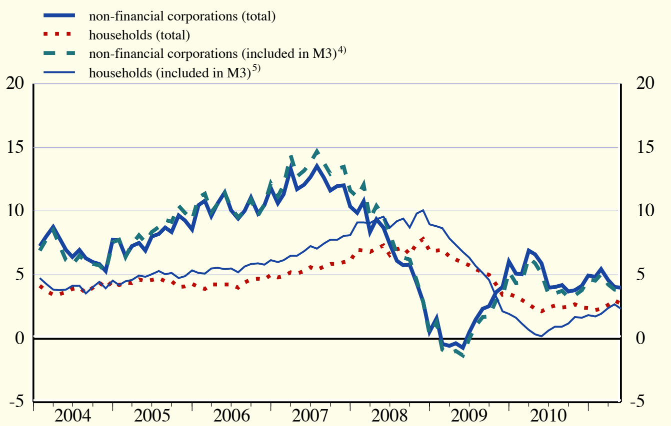
C11 Total deposits by sector [2)]

(annual growth rates)



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

(annual growth rates)



Source: ECB.

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

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

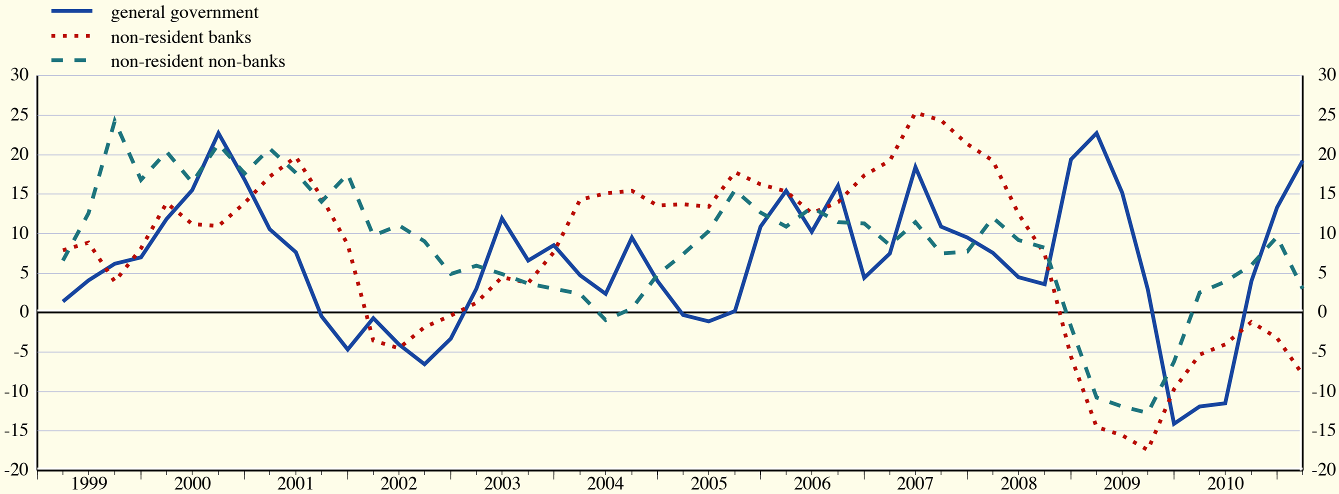
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	427.6	196.2	47.7	109.6	74.1	3,488.8	2,492.0	996.9	45.9	950.9
2011 (p)	475.6	235.8	52.3	108.7	78.8	3,310.1	2,346.7	963.5	41.4	922.0
2010 Q2	412.5	167.3	54.5	113.9	76.8	3,701.9	2,695.2	1,006.8	47.9	958.9
Q3	421.4	176.2	58.7	111.9	74.5	3,580.9	2,597.2	983.7	48.0	935.7
Q4	427.6	196.2	47.7	109.6	74.1	3,488.8	2,492.0	996.9	45.9	950.9
2011 Q1 (p)	475.6	235.8	52.3	108.7	78.8	3,310.1	2,346.7	963.5	41.4	922.0
	Transactions									
2010	50.0	47.4	4.3	-4.9	2.9	0.2	-83.0	82.3	7.4	74.9
2011 (p)	50.4	43.4	4.7	-2.4	4.7	-81.5	-73.5	-8.0	-3.6	-4.4
2010 Q2	12.1	-1.4	4.1	5.3	4.2	-9.5	-28.4	19.0	-1.1	20.1
Q3	9.3	8.8	4.3	-2.0	-1.8	16.1	3.9	11.9	2.2	9.8
Q4	5.4	19.3	-11.0	-2.3	-0.5	-102.5	-108.0	4.9	-2.7	7.6
2011 Q1 (p)	50.4	43.4	4.7	-2.4	4.7	-81.5	-73.5	-8.0	-3.6	-4.4
	Growth rates									
2010	13.3	32.2	9.8	-4.3	4.1	0.3	-3.2	9.6	12.5	9.3
2011 (p)	19.8	44.4	4.0	-1.3	9.2	-3.6	-7.9	3.0	-10.7	3.8
2010 Q2	-11.5	-21.7	11.6	-4.5	-6.0	-2.0	-4.0	3.9	8.9	3.5
Q3	4.0	10.9	15.0	-9.3	4.2	0.7	-1.2	6.0	14.2	5.5
Q4	13.3	32.2	9.8	-4.3	4.1	0.3	-3.2	9.6	12.5	9.3
2011 Q1 (p)	19.2	41.4	4.0	-1.3	9.2	-4.8	-7.9	3.0	-10.7	3.8

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

(annual growth rates)



Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) The term "banks" is used in this table to indicate institutions similar to MFIs which are resident outside the euro area.

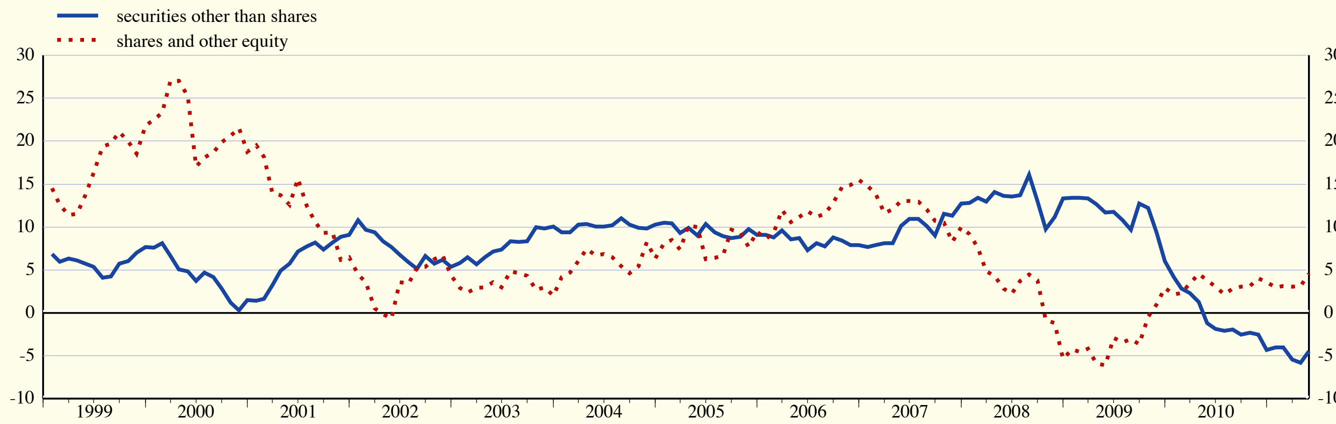
2.6 MFI holdings of securities: breakdown [1], [2]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2009	6,207.8	1,970.8	109.1	1,466.1	16.0	1,458.6	39.4	1,147.8	1,516.3	435.0	801.1	280.2
2010	5,993.2	1,778.5	107.4	1,507.7	16.4	1,501.0	27.8	1,054.5	1,535.9	445.3	787.8	302.8
2010 Q4	5,993.2	1,778.5	107.4	1,507.7	16.4	1,501.0	27.8	1,054.5	1,535.9	445.3	787.8	302.8
2011 Q1	5,741.8	1,696.0	102.5	1,392.9	19.9	1,464.4	28.7	1,037.4	1,504.9	437.2	765.7	301.9
2011 Feb.	6,014.0	1,775.9	102.3	1,529.3	18.6	1,498.2	27.5	1,062.3	1,541.9	449.3	794.3	298.3
Mar.	5,741.8	1,696.0	102.5	1,392.9	19.9	1,464.4	28.7	1,037.4	1,504.9	437.2	765.7	301.9
Apr.	5,695.5	1,680.9	94.8	1,400.1	19.0	1,474.9	24.8	1,001.0	1,556.6	438.5	808.9	309.2
May (p)	5,729.1	1,692.3	99.7	1,423.2	19.5	1,464.7	25.7	1,004.0	1,566.7	468.6	784.4	313.7
	Transactions											
2009	354.9	83.5	16.6	231.0	-3.2	103.0	-12.0	-64.0	43.0	29.1	11.6	2.3
2010	-269.1	-167.0	-7.2	42.7	-2.1	10.3	-14.6	-131.3	54.0	27.8	5.2	20.9
2010 Q4	-206.2	-70.8	0.5	-26.3	-1.4	-7.7	-2.9	-97.6	22.5	3.3	13.3	5.8
2011 Q1	-26.4	-23.9	1.0	8.6	4.4	-32.5	2.3	13.8	1.3	1.0	6.6	-6.3
2011 Feb.	9.0	6.5	-2.8	5.3	1.0	6.3	1.6	-8.8	-12.7	0.6	-9.2	-4.0
Mar.	-67.1	-24.5	3.6	-13.4	1.8	-29.0	1.6	-7.1	4.3	-0.6	2.3	2.6
Apr.	-28.2	-16.4	-4.9	8.3	-0.4	8.5	-3.2	-20.0	48.3	0.4	40.8	7.1
May (p)	9.3	9.6	2.0	22.5	-0.1	-11.9	0.2	-13.1	10.8	30.3	-23.8	4.4
	Growth rates											
2009	6.0	4.4	17.6	18.7	-15.8	7.6	-23.2	-5.3	2.9	7.0	1.5	0.8
2010	-4.3	-8.5	-5.7	2.9	-11.5	0.7	-35.0	-11.1	3.6	6.4	0.6	7.5
2010 Q4	-4.3	-8.5	-5.7	2.9	-11.5	0.7	-35.0	-11.1	3.6	6.4	0.6	7.5
2011 Q1	-5.4	-10.1	-4.5	-1.0	13.9	-0.3	-25.6	-9.6	3.0	3.7	3.2	1.7
2011 Feb.	-4.0	-8.1	-4.8	1.8	6.3	0.7	-31.8	-9.8	3.1	4.8	2.1	3.6
Mar.	-5.4	-10.1	-4.5	-1.0	13.9	-0.3	-25.6	-9.6	3.0	3.7	3.2	1.7
Apr.	-5.8	-10.3	-8.0	-1.1	12.3	-0.2	-33.6	-10.9	3.1	1.0	4.2	3.7
May (p)	-4.4	-8.8	-1.6	1.2	16.1	-0.5	3.8	-10.3	4.6	5.8	3.7	5.0

C14 MFI holdings of securities [2]

(annual growth rates)



Source: ECB.

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

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

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

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Loans													
	To euro area residents													
2009	5,916.1	-	-	-	-	-	-	11,785.5	96.2	3.8	1.9	0.2	1.0	0.4
2010	5,515.0	-	-	-	-	-	-	12,247.8	96.0	4.0	2.1	0.2	1.1	0.4
2010 Q4	5,515.0	-	-	-	-	-	-	12,247.8	96.0	4.0	2.1	0.2	1.1	0.4
2011 Q1	5,488.7	-	-	-	-	-	-	12,304.7	96.3	3.7	1.8	0.2	1.1	0.4
	To non-euro area residents													
2009	1,914.9	45.8	54.2	29.4	2.7	2.9	12.6	906.8	40.0	60.0	42.1	1.2	3.7	8.0
2010	2,010.9	44.9	55.1	30.7	2.9	3.2	11.6	952.1	39.9	60.1	42.8	1.4	3.7	6.7
2010 Q4	2,010.9	44.9	55.1	30.7	2.9	3.2	11.6	952.1	39.9	60.1	42.8	1.4	3.7	6.7
2011 Q1	1,957.5	46.9	53.1	29.9	3.0	3.2	9.7	976.9	40.2	59.8	41.5	1.2	3.4	7.1
	Holdings of securities other than shares													
	Issued by euro area residents													
2009	2,079.9	94.8	5.2	3.1	0.2	0.3	1.4	2,980.2	98.1	1.9	1.2	0.2	0.1	0.3
2010	1,885.9	94.3	5.7	3.3	0.1	0.3	1.7	3,052.8	98.6	1.4	0.8	0.1	0.1	0.4
2010 Q4	1,885.9	94.3	5.7	3.3	0.1	0.3	1.7	3,052.8	98.6	1.4	0.8	0.1	0.1	0.4
2011 Q1	1,798.5	94.3	5.7	3.2	0.2	0.3	1.7	2,905.9	98.3	1.7	0.9	0.2	0.1	0.4
	Issued by non-euro area residents													
2009	546.6	55.8	44.2	26.3	0.4	0.5	14.8	601.2	35.0	65.0	38.5	4.2	0.9	15.2
2010	535.1	50.9	49.1	26.1	0.3	0.5	17.2	519.4	32.9	67.1	41.6	3.8	0.8	13.2
2010 Q4	535.1	50.9	49.1	26.1	0.3	0.5	17.2	519.4	32.9	67.1	41.6	3.8	0.8	13.2
2011 Q1	526.3	50.5	49.5	26.6	0.3	1.1	17.0	511.1	33.7	66.3	39.5	4.8	0.7	13.0
	Deposits													
	By euro area residents													
2009	6,281.6	92.9	7.1	4.4	0.3	1.2	0.7	10,187.4	97.0	3.0	1.9	0.2	0.1	0.4
2010	5,774.9	92.9	7.1	4.1	0.3	1.3	0.8	10,722.6	97.1	2.9	1.9	0.2	0.1	0.4
2010 Q4	5,774.9	92.9	7.1	4.1	0.3	1.3	0.8	10,722.6	97.1	2.9	1.9	0.2	0.1	0.4
2011 Q1	5,693.4	92.5	7.5	4.3	0.3	1.4	0.8	10,764.3	97.1	2.9	1.9	0.1	0.1	0.4
	By non-euro area residents													
2009	2,532.8	49.2	50.8	34.2	1.8	2.2	9.6	836.7	53.5	46.5	31.4	1.1	1.7	7.5
2010	2,492.0	52.1	47.9	31.8	2.2	1.8	8.6	996.9	58.8	41.2	29.3	1.2	1.4	5.1
2010 Q4	2,492.0	52.1	47.9	31.8	2.2	1.8	8.6	996.9	58.8	41.2	29.3	1.2	1.4	5.1
2011 Q1	2,346.7	53.5	46.5	30.0	2.1	1.9	8.1	963.5	58.1	41.9	29.6	1.4	1.5	4.4

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total				
				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2009	5,168.3	83.3	16.7	8.8	1.6	1.9	2.5
2010	5,082.6	81.6	18.4	9.7	1.8	2.1	2.5
2010 Q4	5,082.6	81.6	18.4	9.7	1.8	2.1	2.5
2011 Q1	5,133.2	82.0	18.0	9.6	1.6	2.0	2.4

Source: ECB.

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2010 Oct.	6,164.2	375.8	2,356.9	1,842.5	837.0	247.7	504.3
Nov.	6,193.1	374.1	2,367.0	1,882.2	846.9	248.9	474.1
Dec.	6,256.6	366.1	2,364.0	1,984.2	864.6	213.6	464.1
2011 Jan.	6,289.1	382.1	2,350.2	1,984.8	864.6	221.1	486.3
Feb.	6,368.4	390.8	2,367.0	2,013.1	871.0	222.2	504.3
Mar.	6,324.5	388.6	2,349.9	1,974.8	872.9	220.3	517.9
Apr. (p)	6,363.5	390.0	2,350.0	1,987.3	879.8	220.3	536.2
	Transactions						
2010 Q3	142.2	-13.7	65.1	15.1	18.2	-0.2	57.7
Q4	0.2	-11.3	45.7	49.5	16.0	-2.8	-96.8
2011 Q1	112.6	19.9	25.1	15.1	7.9	2.5	42.2

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2010 Oct.	6,164.2	122.3	5,595.1	4,398.9	637.6	1,196.2	446.8
Nov.	6,193.1	119.7	5,643.4	4,397.9	641.4	1,245.5	430.0
Dec.	6,256.6	111.5	5,748.6	4,468.0	657.8	1,280.6	396.5
2011 Jan.	6,289.1	119.1	5,754.1	4,460.8	657.1	1,293.3	415.9
Feb.	6,368.4	123.3	5,811.1	4,502.9	661.6	1,308.2	434.0
Mar.	6,324.5	126.9	5,756.4	4,459.0	659.9	1,297.4	441.2
Apr. (p)	6,363.5	127.1	5,790.0	4,486.5	670.0	1,303.5	446.3
	Transactions						
2010 Q3	142.2	-6.1	81.7	49.8	21.7	31.9	66.6
Q4	0.2	-11.6	79.9	42.0	16.1	37.9	-68.1
2011 Q1	112.6	12.2	55.4	45.0	3.4	10.4	44.9

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010 Sep.	5,516.2	1,813.5	1,554.7	1,345.3	260.6	102.1	440.1	5,435.5	80.7	1,137.7
Oct.	5,595.1	1,826.4	1,600.8	1,362.4	261.5	102.5	441.6	5,514.7	80.4	1,125.6
Nov.	5,643.4	1,830.0	1,641.1	1,366.2	259.6	106.8	439.7	5,562.6	80.8	1,152.5
Dec.	5,748.6	1,813.2	1,717.2	1,396.6	264.0	108.6	449.0	5,666.2	82.4	1,106.5
2011 Jan.	5,754.1	1,805.6	1,717.8	1,401.7	264.8	108.8	455.4	5,669.2	84.9	1,090.4
Feb.	5,811.1	1,818.3	1,739.1	1,417.3	266.5	109.9	460.0	5,726.1	84.9	1,097.9
Mar.	5,756.4	1,803.7	1,704.5	1,408.2	267.1	110.3	462.6	5,671.8	84.5	1,077.4
Apr. (p)	5,790.0	1,801.2	1,719.4	1,426.0	266.4	109.3	467.7	5,705.5	84.5	1,070.8
	Transactions									
2010 Oct.	33.6	13.3	16.5	3.7	0.6	0.1	-0.5	34.3	-0.7	-6.5
Nov.	17.2	6.0	8.7	4.9	0.0	-0.6	-1.8	17.4	-0.2	6.0
Dec.	29.1	-4.9	13.0	13.2	2.7	2.3	2.7	28.0	1.1	-35.2
2011 Jan.	25.2	5.4	9.6	7.4	0.9	0.4	1.5	24.4	0.8	-9.6
Feb.	21.4	10.0	3.8	5.7	0.4	0.7	0.8	21.5	-0.1	8.8
Mar.	8.9	4.0	-6.0	2.4	0.6	0.8	7.0	8.9	0.0	-8.7
Apr. (p)	25.8	5.7	12.2	5.3	-0.1	0.9	1.9	25.6	0.3	6.1

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

2.9 Securities held by investment funds [1] broken down by issuer of securities
(EUR billions; outstanding amounts at end of period; transactions during period)

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010 Q2	2,273.1	1,436.7	379.9	706.5	192.6	6.0	151.6	836.4	229.0	326.0	16.0
Q3	2,342.8	1,469.6	384.7	721.0	193.5	6.4	164.0	873.2	242.4	330.7	16.3
Q4	2,364.0	1,428.9	375.1	690.8	192.7	6.1	164.1	935.2	247.0	365.2	16.1
2011 Q1 (p)	2,349.9	1,427.1	382.3	673.9	200.3	5.4	165.3	922.8	246.2	354.0	14.1
	Transactions										
2010 Q3	65.1	16.5	2.9	3.0	2.0	0.0	8.7	48.6	9.7	20.3	0.4
Q4	45.7	-8.4	-3.3	-8.8	0.6	-0.2	3.4	54.0	6.4	29.6	-1.9
2011 Q1 (p)	25.1	10.2	9.1	-8.8	7.7	-0.2	2.3	14.9	1.8	2.4	-1.0

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010 Q2	1,713.5	670.8	74.0	-	33.7	23.9	539.3	1,042.6	140.1	316.3	78.1
Q3	1,792.8	712.2	79.6	-	37.3	24.2	571.0	1,080.6	153.3	314.9	67.2
Q4	1,984.2	748.4	76.7	-	40.4	25.1	606.2	1,235.8	171.4	354.9	83.7
2011 Q1 (p)	1,974.8	785.2	88.9	-	45.3	26.2	624.9	1,189.6	167.1	364.7	71.0
	Transactions										
2010 Q3	15.1	9.7	-0.8	-	2.2	0.2	8.1	5.4	2.0	0.4	-8.5
Q4	49.5	4.4	4.3	-	1.8	-0.6	-1.1	45.1	5.0	3.3	6.6
2011 Q1 (p)	15.1	11.6	5.7	-	2.1	-0.8	4.6	3.5	-0.4	16.1	-3.9

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010 Q2	793.5	662.5	77.1	-	585.4	-	-	131.1	19.9	36.6	0.4
Q3	825.2	702.1	77.1	-	625.0	-	-	123.2	21.3	34.2	0.4
Q4	864.6	733.3	75.5	-	657.8	-	-	131.3	23.8	38.0	0.6
2011 Q1 (p)	872.9	737.4	77.5	-	659.9	-	-	135.5	22.5	41.2	0.5
	Transactions										
2010 Q3	18.2	22.8	1.1	-	21.7	-	-	-4.6	1.0	-0.8	0.0
Q4	16.0	14.1	-2.0	-	16.1	-	-	1.9	0.5	1.4	0.0
2011 Q1 (p)	7.9	5.1	1.7	-	3.4	-	-	2.8	-1.0	3.3	-0.1

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

2.10 Aggregated balance sheet of euro area financial vehicle corporations

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

1. Assets

	Total	Deposits and loan claims	Securitised loans							Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area					Originated outside euro area				
				MFIs		Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government					
					Remaining on the MFI balance sheet [1]								
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2009 Q4	2,369.1	381.2	1,473.1	1,160.1	547.8	142.9	27.2	7.4	133.5	296.9	103.1	41.5	73.2
2010 Q1	2,294.8	358.6	1,445.6	1,135.6	552.3	139.7	24.6	7.3	138.3	280.1	99.3	43.7	67.5
Q2	2,289.3	363.3	1,441.9	1,132.0	563.7	142.6	24.4	6.4	136.5	278.5	101.3	41.3	63.0
Q3	2,286.5	350.3	1,470.0	1,174.3	570.9	133.9	24.2	6.4	131.3	259.9	100.3	41.6	64.4
Q4	2,351.7	373.5	1,525.0	1,238.7	601.2	125.1	22.3	6.0	133.0	251.3	92.5	42.0	67.3
2011 Q1	2,254.6	352.6	1,484.1	1,194.6	590.4	130.8	22.6	5.9	130.2	240.1	89.1	36.8	51.8
	Transactions												
2010 Q1	-75.4	-24.4	-24.8	-24.8	-	-2.0	-2.5	-0.1	4.6	-21.1	-2.5	1.6	-4.3
Q2	-21.9	1.4	-13.1	-12.4	-	2.3	-0.9	-0.4	-1.7	-2.0	1.0	-3.2	-5.9
Q3	-5.8	-12.2	22.3	33.1	-	-4.0	-0.6	-0.1	-6.0	-16.5	-0.5	0.4	0.6
Q4	45.0	24.3	24.7	30.2	-	-4.7	-2.1	-0.4	1.7	-5.5	-0.8	-0.6	2.9
2011 Q1	-93.2	-22.8	-37.8	-43.8	-	8.0	0.2	0.0	-2.2	-10.2	-2.4	-4.9	-15.0

2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
	1	2	3	4	5	6	7
	Outstanding amounts						
2009 Q4	2,369.1	105.6	2,050.3	98.2	1,952.1	48.6	164.5
2010 Q1	2,294.8	99.6	1,986.3	96.8	1,889.5	48.4	160.5
Q2	2,289.3	108.1	1,964.3	91.9	1,872.4	45.0	172.0
Q3	2,286.5	120.3	1,948.3	87.2	1,861.1	43.2	174.7
Q4	2,351.7	134.5	1,971.5	94.2	1,877.4	42.8	202.8
2011 Q1	2,254.6	133.5	1,886.2	84.3	1,801.9	37.6	197.3
	Transactions						
2010 Q1	-75.4	-5.3	-67.4	-1.9	-65.5	-0.3	-2.5
Q2	-21.9	6.0	-23.2	-5.2	-18.0	-2.8	-1.9
Q3	-5.8	11.6	-12.1	-4.3	-7.8	-0.2	-5.2
Q4	45.0	15.6	24.2	5.6	18.6	-1.8	7.0
2011 Q1	-93.2	-0.1	-80.6	-10.0	-70.6	-4.7	-7.8

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
												Financial vehicle corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2009 Q4	1,160.1	851.6	205.2	21.3	16.1	7.9	58.0	296.9	172.0	52.1	119.8	59.9	125.0
2010 Q1	1,135.6	822.1	213.4	20.3	14.8	7.6	57.3	280.1	151.2	47.9	103.3	41.2	128.9
Q2	1,132.0	814.4	214.5	19.7	14.7	7.7	61.0	278.5	148.9	50.5	98.5	44.9	129.5
Q3	1,174.3	830.5	219.9	18.6	15.0	7.1	83.2	259.9	140.4	47.4	93.1	37.5	119.5
Q4	1,238.7	854.9	249.7	17.6	15.2	7.2	94.0	251.3	131.5	45.6	85.9	35.7	119.8
2011 Q1	1,194.6	807.5	247.8	17.3	15.4	7.2	99.4	240.1	124.5	41.3	83.1	36.1	115.7
	Transactions												
2010 Q1	-24.8	-27.4	4.8	-1.1	-1.3	-0.2	0.3	-21.1	-22.9	-4.4	-18.5	-16.4	1.9
Q2	-12.4	-12.0	-3.5	0.1	-0.1	0.0	3.0	-2.0	2.9	-0.2	3.1	3.0	-4.8
Q3	33.1	11.3	0.0	-0.8	0.2	-0.6	22.9	-16.5	-10.0	-2.5	-7.5	-6.9	-6.5
Q4	30.2	12.7	16.3	-1.6	0.3	0.1	2.4	-5.5	-5.3	-1.1	-4.2	-2.2	-0.2
2011 Q1	-43.8	-52.5	3.5	-0.5	0.0	0.0	5.7	-10.2	-6.3	-3.4	-2.9	-0.2	-3.9

Source: ECB.

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

2.11 Aggregated balance sheet of euro area insurance corporations and pension funds
(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2008 Q1	6,575.6	766.9	493.6	2,274.7	1,088.4	1,234.9	93.5	243.8	227.0	152.9
Q2	6,488.9	763.2	492.8	2,256.6	1,041.0	1,225.6	89.7	246.5	218.3	155.3
Q3	6,390.8	758.8	488.6	2,288.6	956.7	1,185.8	86.4	251.1	220.0	154.8
Q4	6,246.6	796.2	506.6	2,295.6	811.8	1,086.2	92.9	245.7	256.3	155.4
2009 Q1	6,275.7	793.8	522.4	2,362.3	775.3	1,069.1	101.8	244.1	249.8	157.2
Q2	6,426.2	779.4	518.0	2,385.2	810.6	1,197.2	91.7	248.9	239.0	156.1
Q3	6,659.1	780.7	515.1	2,446.4	792.7	1,388.0	87.9	252.0	241.1	155.2
Q4	6,751.1	785.2	509.9	2,461.7	806.6	1,454.8	84.7	256.2	238.5	153.6
2010 Q1	6,974.7	782.9	516.2	2,568.3	823.5	1,532.2	85.9	266.2	251.4	148.1
Q2	7,004.0	781.4	522.3	2,597.2	805.5	1,517.3	86.5	271.4	273.0	149.5
Q3	7,173.7	779.1	533.6	2,676.2	821.1	1,556.8	85.0	272.4	300.1	149.3
Q4	7,083.4	767.5	539.3	2,603.8	836.3	1,579.6	76.3	271.1	257.8	151.7

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2008 Q1	2,274.7	1,853.5	521.6	987.0	210.7	8.5	125.6	421.2
Q2	2,256.6	1,823.3	513.2	951.9	214.1	13.2	131.0	433.4
Q3	2,288.6	1,854.6	518.2	974.1	219.4	8.9	134.0	434.0
Q4	2,295.6	1,876.4	506.1	1,014.7	207.9	11.4	136.3	419.2
2009 Q1	2,362.3	1,941.4	530.2	1,037.7	224.5	13.6	135.4	420.9
Q2	2,385.2	1,990.7	537.8	1,054.4	244.8	15.5	138.1	394.5
Q3	2,446.4	2,041.2	558.1	1,095.0	233.9	15.4	138.9	405.2
Q4	2,461.7	2,052.6	543.3	1,112.9	240.1	16.7	139.6	409.1
2010 Q1	2,568.3	2,150.5	574.9	1,185.8	228.4	15.9	145.5	417.8
Q2	2,597.2	2,174.0	574.8	1,198.1	238.5	16.3	146.4	423.2
Q3	2,676.2	2,244.8	586.1	1,246.1	244.8	18.6	149.1	431.4
Q4	2,603.8	2,177.6	582.9	1,209.4	220.9	17.2	147.2	426.3

3. Liabilities and net worth

	Liabilities									Net worth
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves				Other accounts receivable/ payable and financial derivatives	
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2008 Q1	6,224.1	345.9	27.7	544.3	5,124.0	2,932.4	1,330.9	860.7	182.2	351.6
Q2	6,230.7	339.3	29.1	509.9	5,163.3	2,945.6	1,362.5	855.3	189.1	258.2
Q3	6,229.8	332.1	29.7	478.8	5,188.3	2,945.5	1,394.0	848.8	200.9	161.0
Q4	6,177.4	346.8	31.7	425.5	5,176.3	2,913.6	1,434.4	828.3	197.1	69.2
2009 Q1	6,182.5	344.6	31.8	382.0	5,226.7	2,936.9	1,443.9	845.9	197.4	93.2
Q2	6,267.8	316.9	33.1	398.8	5,323.2	3,011.4	1,463.5	848.3	195.8	158.4
Q3	6,410.5	297.5	36.2	444.4	5,436.2	3,101.0	1,489.4	845.8	196.2	248.6
Q4	6,495.5	284.6	39.3	440.9	5,524.6	3,170.4	1,513.0	841.1	206.1	255.6
2010 Q1	6,662.2	294.3	40.2	458.9	5,659.4	3,252.6	1,539.8	867.0	209.4	312.5
Q2	6,683.9	300.9	41.7	429.4	5,698.1	3,281.6	1,547.2	869.4	213.6	320.1
Q3	6,779.3	314.4	40.5	435.8	5,777.7	3,341.4	1,570.7	865.5	210.9	394.5
Q4	6,796.6	287.6	42.2	448.0	5,805.8	3,370.6	1,569.3	865.9	212.9	286.8

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2010 Q4	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						557
Trade balance [1]						-20
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,218	124	766	62	266	
Other taxes less subsidies on production	35	8	17	5	5	
Consumption of fixed capital	356	98	199	12	48	
Net operating surplus and mixed income [1]	532	272	238	25	-3	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						6
Taxes less subsidies on production						
Property income	659	36	262	300	61	96
Interest	357	33	61	201	61	48
Other property income	303	3	200	99	0	48
Net national income [1]	2,043	1,677	78	34	255	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	304	246	50	8	0	1
Social contributions	461	461				1
Social benefits other than social transfers in kind	481	2	17	34	429	1
Other current transfers	206	80	28	48	50	9
Net non-life insurance premiums	46	33	11	1	1	1
Non-life insurance claims	46			46		1
Other	113	46	16	1	50	7
Net disposable income [1]	2,014	1,468	14	41	492	
Use of income account						
Net disposable income						
Final consumption expenditure	1,916	1,365			551	
Individual consumption expenditure	1,696	1,365			331	
Collective consumption expenditure	220				220	
Adjustment for the change in the net equity of households in pension fund reserves	16	0	1	15	0	0
Net saving/current external account [1]	99	118	13	27	-59	-4
Capital account						
Net saving/current external account						
Gross capital formation	451	141	223	13	74	
Gross fixed capital formation	470	141	242	13	74	
Changes in inventories and acquisitions less disposals of valuables	-18	0	-19	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	1	-2	3	0	0	-1
Capital transfers	73	10	5	7	51	7
Capital taxes	6	6	0	0		0
Other capital transfers	67	4	5	6	51	7
Net lending (+)/net borrowing (-) (from capital account) [1]	7	83	10	33	-119	-7
Statistical discrepancy	0	20	-20	0	0	0

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

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

(EUR billions)

Resources 2010 Q4	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						537
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,141	502	1,219	104	316	
Taxes less subsidies on products	246					
Gross domestic product (market prices)[2)]	2,387					
Compensation of employees						
Other taxes less subsidies on production						
Consumption of fixed capital						
Net operating surplus and mixed income						
Allocation of primary income account						
Net operating surplus and mixed income	532	272	238	25	-3	
Compensation of employees	1,219	1,219				4
Taxes less subsidies on production	296				296	-15
Property income	656	221	102	308	24	100
Interest	343	54	31	248	10	61
Other property income	312	167	71	60	14	39
Net national income						
Secondary distribution of income account						
Net national income	2,043	1,677	78	34	255	
Current taxes on income, wealth, etc.	305				305	1
Social contributions	461	1	18	51	391	1
Social benefits other than social transfers in kind	479	479				3
Other current transfers	179	99	12	48	20	36
Net non-life insurance premiums	46			46		1
Non-life insurance claims	46	36	9	1	0	1
Other	87	64	3	0	20	34
Net disposable income						
Use of income account						
Net disposable income	2,014	1,468	14	41	492	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	16	16				0
Net saving/current external account						
Capital account						
Net saving/current external account	99	118	13	27	-59	-4
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	356	98	199	12	48	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	77	15	30	13	18	3
Capital taxes	6				6	0
Other capital transfers	71	15	30	13	12	3
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

(EUR billions)

Assets 2010 Q4	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		18,609	17,015	32,830	14,663	6,712	3,541	16,253
Monetary gold and special drawing rights (SDRs)				386				
Currency and deposits		6,508	1,744	9,438	2,395	851	688	3,841
Short-term debt securities		46	120	617	301	49	32	653
Long-term debt securities		1,442	277	6,369	2,453	2,546	349	3,554
Loans		69	3,266	13,075	3,642	480	482	1,808
of which: Long-term		52	1,747	10,160	2,589	351	404	.
Shares and other equity		4,362	7,533	1,902	5,641	2,353	1,341	5,712
Quoted shares		769	1,454	381	1,897	437	267	.
Unquoted shares and other equity		2,178	5,712	1,194	2,943	423	873	.
Mutual fund shares		1,415	367	327	801	1,493	202	.
Insurance technical reserves		5,669	178	3	0	280	4	199
Other accounts receivable and financial derivatives		514	3,898	1,040	231	153	645	487
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		147	154	-40	55	11	235	63
Monetary gold and SDRs				0				0
Currency and deposits		115	50	-3	5	-18	13	-84
Short-term debt securities		-12	-41	-36	-6	-5	19	-21
Long-term debt securities		-4	57	-148	43	24	149	29
Loans		1	41	177	19	16	39	59
of which: Long-term		1	13	112	-30	2	36	.
Shares and other equity		-7	40	32	6	-4	-3	69
Quoted shares		9	16	19	36	1	-7	.
Unquoted shares and other equity		-1	26	15	-24	5	4	.
Mutual fund shares		-16	-2	-2	-6	-10	0	.
Insurance technical reserves		50	-2	0	0	-2	0	2
Other accounts receivable and financial derivatives		3	10	-62	-12	1	19	9
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		108	128	-258	187	-53	1	61
Monetary gold and SDRs				35				
Currency and deposits		1	1	-216	31	1	0	11
Short-term debt securities		-1	1	0	3	0	0	-2
Long-term debt securities		-65	-12	-46	-42	-81	-5	-101
Loans		0	8	15	5	0	0	37
of which: Long-term		0	5	3	5	0	0	.
Shares and other equity		180	284	-6	204	28	12	132
Quoted shares		33	127	33	149	5	3	.
Unquoted shares and other equity		106	165	-24	21	7	2	.
Mutual fund shares		41	-8	-14	34	16	8	.
Insurance technical reserves		-12	0	0	0	-1	0	4
Other accounts receivable and financial derivatives		6	-153	-40	-12	0	-6	-20
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		18,864	17,298	32,532	14,905	6,670	3,777	16,378
Monetary gold and SDRs				420				
Currency and deposits		6,624	1,794	9,220	2,430	833	700	3,768
Short-term debt securities		33	79	581	298	44	51	630
Long-term debt securities		1,372	322	6,175	2,453	2,489	493	3,483
Loans		71	3,316	13,267	3,665	496	521	1,903
of which: Long-term		52	1,765	10,276	2,565	354	440	.
Shares and other equity		4,535	7,857	1,929	5,851	2,378	1,350	5,913
Quoted shares		811	1,596	433	2,082	443	262	.
Unquoted shares and other equity		2,283	5,904	1,185	2,940	435	879	.
Mutual fund shares		1,441	357	311	828	1,500	209	.
Insurance technical reserves		5,706	175	3	0	277	4	205
Other accounts receivable and financial derivatives		523	3,755	937	207	153	657	475
Net financial worth								

Source: ECB.

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

Liabilities 2010 Q4	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, liabilities								
Total liabilities		6,588	26,163	32,088	14,129	6,773	8,824	14,673
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			29	22,519	25	0	262	2,629
Short-term debt securities			77	685	80	0	735	241
Long-term debt securities			819	4,614	2,740	38	5,876	2,903
Loans		5,999	8,612		3,329	280	1,499	3,104
of which: Long-term		5,642	6,020		1,821	103	1,289	.
Shares and other equity		7	12,554	2,764	7,736	450	8	5,326
Quoted shares			3,542	487	211	123	0	.
Unquoted shares and other equity		7	9,012	1,139	2,195	326	8	.
Mutual fund shares				1,138	5,331			.
Insurance technical reserves		34	337	62	1	5,897	1	
Other accounts payable and financial derivatives		548	3,735	1,443	219	107	444	470
Net financial worth [1]	-1,195	12,021	-9,148	743	534	-61	-5,283	
Financial account, transactions in liabilities								
Total transactions in liabilities		43	164	-77	45	26	355	70
Monetary gold and SDRs								
Currency and deposits			0	83	1	0	-9	1
Short-term debt securities			-6	-55	-3	0	-31	-6
Long-term debt securities			10	-19	9	1	143	7
Loans		45	15		42	-22	220	52
of which: Long-term		41	10		20	1	70	.
Shares and other equity		0	75	-16	54	1	0	19
Quoted shares			5	17	1	0	0	.
Unquoted shares and other equity		0	70	2	-34	1	0	.
Mutual fund shares				-34	87			.
Insurance technical reserves		0	4	2	0	42	0	
Other accounts payable and financial derivatives		-2	66	-72	-58	5	31	-2
Changes in net financial worth due to transactions [1]	7	103	-10	38	10	-15	-119	-7
Other changes account, liabilities								
Total other changes in liabilities		-4	328	-381	230	36	-222	153
Monetary gold and SDRs								
Currency and deposits			0	-189	0	0	0	17
Short-term debt securities			-1	2	0	0	0	0
Long-term debt securities			-20	-69	-8	1	-221	-36
Loans		5	-2		35	4	1	21
of which: Long-term		5	-1		34	4	1	.
Shares and other equity		0	396	56	164	7	-1	212
Quoted shares			266	-47	7	4	0	.
Unquoted shares and other equity		0	129	100	19	3	-1	.
Mutual fund shares				3	138			.
Insurance technical reserves		0	-3	0	0	-7	0	
Other accounts payable and financial derivatives		-9	-42	-181	39	30	-2	-60
Other changes in net financial worth [1]	126	112	-200	123	-43	-89	223	-91
Closing balance sheet, liabilities								
Total liabilities		6,627	26,655	31,629	14,404	6,835	8,957	14,895
Monetary gold and SDRs								
Currency and deposits			30	22,413	26	0	253	2,647
Short-term debt securities			70	633	76	0	703	235
Long-term debt securities			809	4,526	2,741	41	5,799	2,873
Loans		6,049	8,625		3,406	263	1,720	3,176
of which: Long-term		5,689	6,029		1,875	108	1,360	.
Shares and other equity		7	13,024	2,805	7,954	458	7	5,557
Quoted shares			3,813	457	218	127	0	.
Unquoted shares and other equity		7	9,211	1,241	2,180	330	7	.
Mutual fund shares				1,107	5,556			.
Insurance technical reserves		34	338	64	1	5,932	1	
Other accounts payable and financial derivatives		537	3,759	1,190	200	142	473	407
Net financial worth [1]	-1,062	12,237	-9,358	903	501	-166	-5,180	

Source: ECB.

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

Uses	2006	2007	2008	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,075	4,261	4,440	4,424	4,428	4,445	4,460	4,483
Other taxes less subsidies on production	127	136	132	113	109	109	113	115
Consumption of fixed capital	1,253	1,320	1,383	1,399	1,399	1,403	1,409	1,416
Net operating surplus and mixed income [1]	2,191	2,344	2,327	2,124	2,144	2,177	2,196	2,218
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,034	3,636	3,882	2,941	2,811	2,748	2,744	2,779
Interest	1,657	2,085	2,325	1,603	1,485	1,424	1,404	1,406
Other property income	1,377	1,551	1,557	1,338	1,326	1,324	1,340	1,373
Net national income [1]	7,329	7,727	7,784	7,527	7,566	7,625	7,685	7,744
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,028	1,113	1,122	1,013	1,013	1,021	1,027	1,037
Social contributions	1,542	1,598	1,668	1,673	1,678	1,684	1,691	1,703
Social benefits other than social transfers in kind	1,555	1,602	1,672	1,786	1,805	1,816	1,824	1,833
Other current transfers	723	753	787	786	790	788	791	785
Net non-life insurance premiums	180	184	188	183	183	181	180	180
Non-life insurance claims	180	184	189	183	183	181	181	180
Other	363	385	410	419	424	425	429	425
Net disposable income [1]	7,237	7,633	7,679	7,418	7,452	7,511	7,567	7,628
Use of income account								
Net disposable income								
Final consumption expenditure	6,646	6,910	7,167	7,178	7,213	7,253	7,301	7,348
Individual consumption expenditure	5,956	6,197	6,419	6,395	6,428	6,466	6,513	6,559
Collective consumption expenditure	689	712	748	783	785	787	788	788
Adjustment for the change in the net equity of households in pension fund reserves	64	65	71	66	65	63	62	61
Net saving [1]	592	724	513	240	239	258	266	280
Capital account								
Net saving								
Gross capital formation	1,879	2,033	2,045	1,712	1,691	1,727	1,752	1,777
Gross fixed capital formation	1,857	1,991	2,018	1,782	1,759	1,765	1,774	1,787
Changes in inventories and acquisitions less disposals of valuables	22	42	27	-70	-68	-38	-22	-10
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	0	-1	0	1	2	1	1	1
Capital transfers	170	153	152	185	194	188	201	211
Capital taxes	23	24	24	34	34	30	30	25
Other capital transfers	148	128	128	151	159	158	172	186
Net lending (+)/net borrowing (-) (from capital account) [1]	-20	27	-140	-66	-44	-59	-70	-71

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

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

(EUR billions; four-quarter cumulated flows)

Resources	2006	2007	2008	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4
Generation of income account								
Gross value added (basic prices)	7,647	8,061	8,282	8,060	8,080	8,132	8,178	8,232
Taxes less subsidies on products	915	961	947	892	894	910	930	938
Gross domestic product (market prices)2)	8,562	9,022	9,228	8,952	8,975	9,042	9,107	9,170
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
Net operating surplus and mixed income								
Allocation of primary income account								
Net operating surplus and mixed income	2,191	2,344	2,327	2,124	2,144	2,177	2,196	2,218
Compensation of employees	4,083	4,269	4,446	4,430	4,434	4,451	4,467	4,489
Taxes less subsidies on production	1,055	1,105	1,085	1,022	1,021	1,035	1,058	1,068
Property income	3,035	3,646	3,808	2,892	2,777	2,710	2,710	2,747
Interest	1,628	2,048	2,264	1,544	1,431	1,375	1,355	1,354
Other property income	1,407	1,598	1,544	1,348	1,346	1,335	1,355	1,393
Net national income								
Secondary distribution of income account								
Net national income	7,329	7,727	7,784	7,527	7,566	7,625	7,685	7,744
Current taxes on income, wealth, etc.	1,033	1,120	1,130	1,019	1,018	1,025	1,032	1,041
Social contributions	1,541	1,597	1,668	1,673	1,678	1,684	1,691	1,703
Social benefits other than social transfers in kind	1,547	1,593	1,664	1,779	1,798	1,808	1,816	1,825
Other current transfers	634	662	683	679	679	678	676	672
Net non-life insurance premiums	180	184	189	183	183	181	181	180
Non-life insurance claims	177	182	186	180	180	178	177	176
Other	278	296	308	316	317	318	318	316
Net disposable income								
Use of income account								
Net disposable income	7,237	7,633	7,679	7,418	7,452	7,511	7,567	7,628
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	64	65	71	66	65	63	62	62
Net saving								
Capital account								
Net saving	592	724	513	240	239	258	266	280
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,253	1,320	1,383	1,399	1,399	1,403	1,409	1,416
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	185	168	162	194	204	197	210	222
Capital taxes	23	24	24	34	34	30	30	25
Other capital transfers	162	143	138	160	169	167	181	197
Net lending (+)/net borrowing (-) (from capital account)								

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

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

	2006	2007	2008	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4
Income, saving and changes in net worth								
Compensation of employees (+)	4,083	4,269	4,446	4,430	4,434	4,451	4,467	4,489
Gross operating surplus and mixed income (+)	1,421	1,492	1,536	1,485	1,484	1,487	1,493	1,500
Interest receivable (+)	264	313	347	241	223	215	212	212
Interest payable (-)	167	217	245	146	135	129	127	127
Other property income receivable (+)	748	807	818	735	732	715	725	732
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	794	853	892	861	859	860	864	868
Net social contributions (-)	1,537	1,594	1,663	1,669	1,673	1,679	1,686	1,698
Net social benefits (+)	1,542	1,587	1,658	1,773	1,791	1,802	1,809	1,818
Net current transfers receivable (+)	67	71	72	80	81	81	80	78
= Gross disposable income	5,617	5,866	6,066	6,058	6,068	6,071	6,099	6,127
Final consumption expenditure (-)	4,909	5,104	5,271	5,195	5,221	5,251	5,293	5,336
Changes in net worth in pension funds (+)	64	64	70	66	65	63	62	61
= Gross saving	772	826	866	928	911	883	869	853
Consumption of fixed capital (-)	342	365	381	383	383	385	387	389
Net capital transfers receivable (+)	19	13	2	14	11	9	9	14
Other changes in net worth (+)	2,612	1,416	-2,294	-251	793	853	950	1,027
= Changes in net worth	3,061	1,891	-1,807	309	1,332	1,361	1,441	1,505
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	608	645	637	551	541	543	546	550
Consumption of fixed capital (-)	342	365	381	383	383	385	387	389
Main items of financial investment (+)								
Short-term assets	318	420	452	-17	-97	-83	-33	53
Currency and deposits	285	350	438	120	64	63	89	119
Money market fund shares	1	39	-10	-48	-84	-84	-95	-54
Debt securities [1]	32	31	24	-90	-77	-62	-27	-12
Long-term assets	296	119	31	534	609	564	456	365
Deposits	1	-31	-28	90	118	110	87	60
Debt securities	17	21	30	48	26	36	-7	-11
Shares and other equity	8	-79	-101	169	211	170	131	84
Quoted and unquoted shares and other equity	0	2	23	110	120	99	60	60
Mutual fund shares	8	-82	-124	59	92	71	71	24
Life insurance and pension fund reserves	269	209	130	227	254	247	244	232
Main items of financing (-)								
Loans	404	373	212	114	128	136	140	137
of which: From euro area MFIs	350	283	82	65	108	136	135	148
Other changes in assets (+)								
Non-financial assets	2,061	1,426	-898	-758	-111	434	777	842
Financial assets	555	17	-1,469	480	885	430	200	210
Shares and other equity	458	9	-1,245	234	510	169	50	184
Life insurance and pension fund reserves	66	8	-244	177	266	172	114	70
Remaining net flows (+)	-30	2	34	15	17	-5	22	10
= Changes in net worth	3,061	1,891	-1,807	309	1,332	1,361	1,441	1,505
Balance sheet								
Non-financial assets (+)	25,652	27,358	26,716	26,127	26,164	26,625	26,989	27,130
Financial assets (+)								
Short-term assets	4,809	5,264	5,800	5,768	5,725	5,767	5,753	5,828
Currency and deposits	4,462	4,852	5,322	5,475	5,447	5,507	5,499	5,598
Money market fund shares	255	293	324	244	233	216	201	190
Debt securities [1]	91	120	154	50	45	44	52	39
Long-term assets	11,926	12,026	10,521	11,549	11,817	11,702	11,942	12,114
Deposits	1,018	953	894	964	991	1,002	1,009	1,025
Debt securities	1,242	1,260	1,314	1,433	1,447	1,444	1,435	1,367
Shares and other equity	5,097	5,028	3,641	4,078	4,174	4,018	4,161	4,345
Quoted and unquoted shares and other equity	3,622	3,680	2,663	2,929	2,984	2,853	2,947	3,094
Mutual fund shares	1,475	1,348	979	1,149	1,190	1,166	1,214	1,251
Life insurance and pension fund reserves	4,569	4,786	4,672	5,075	5,205	5,238	5,337	5,377
Remaining net assets (+)	309	303	315	318	296	310	325	344
Liabilities (-)								
Loans	5,228	5,591	5,799	5,900	5,907	5,972	5,999	6,049
of which: From euro area MFIs	4,560	4,831	4,906	4,961	4,979	5,132	5,151	5,206
= Net worth	37,470	39,360	37,553	37,862	38,095	38,432	39,010	39,367

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

3.4 Non-financial corporations

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

	2006	2007	2008	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4
Income and saving								
Gross value added (basic prices) (+)	4,375	4,647	4,762	4,525	4,537	4,578	4,613	4,658
Compensation of employees (-)	2,589	2,719	2,840	2,787	2,785	2,796	2,808	2,828
Other taxes less subsidies on production (-)	74	80	76	62	58	56	60	60
= Gross operating surplus (+)	1,712	1,848	1,846	1,676	1,695	1,726	1,746	1,770
Consumption of fixed capital (-)	706	740	777	787	786	786	789	792
= Net operating surplus (+)	1,006	1,108	1,069	888	909	940	957	978
Property income receivable (+)	504	596	587	482	477	484	485	495
Interest receivable	172	204	218	147	136	130	127	125
Other property income receivable	332	393	369	334	340	354	358	370
Interest and rents payable (-)	288	354	404	287	268	257	252	253
= Net entrepreneurial income (+)	1,222	1,351	1,253	1,083	1,118	1,167	1,190	1,221
Distributed income (-)	926	988	1,012	908	899	903	913	938
Taxes on income and wealth payable (-)	190	211	197	125	126	134	136	142
Social contributions receivable (+)	75	64	67	69	69	69	69	70
Social benefits payable (-)	61	62	65	67	67	68	68	68
Other net transfers (-)	65	57	61	62	63	64	64	64
= Net saving	54	96	-16	-11	33	68	79	79
Investment, financing and saving								
Net acquisition of non-financial assets (+)	307	376	340	77	71	115	137	160
Gross fixed capital formation (+)	989	1,076	1,094	936	927	939	948	963
Consumption of fixed capital (-)	706	740	777	787	786	786	789	792
Net acquisition of other non-financial assets (+)	24	40	22	-72	-69	-38	-23	-11
Main items of financial investment (+)								
Short-term assets	165	162	62	49	76	33	30	-8
Currency and deposits	146	154	15	90	98	58	49	66
Money market fund shares	2	-19	30	38	4	-21	-27	-32
Debt securities [1]	18	27	17	-79	-27	-4	8	-42
Long-term assets	485	743	660	312	264	346	434	538
Deposits	23	-26	26	0	-10	-9	-7	-12
Debt securities	2	8	-45	11	-13	40	50	85
Shares and other equity	307	458	337	117	99	69	110	189
Other (mainly intercompany loans)	153	303	341	183	188	246	281	277
Remaining net assets (+)	74	158	-15	40	126	38	19	-54
Main items of financing (-)								
Debt	658	882	708	165	181	178	255	241
of which: Loans from euro area MFIs	444	538	393	-116	-98	-90	-33	-15
of which: Debt securities	36	33	52	84	103	83	69	63
Shares and other equity	246	392	278	240	241	204	207	239
Quoted shares	32	55	6	67	67	47	37	31
Unquoted shares and other equity	214	338	271	173	173	157	169	208
Net capital transfers receivable (-)	72	69	74	81	80	80	79	75
= Net saving	54	96	-16	-11	33	68	79	79
Financial balance sheet								
Financial assets								
Short-term assets	1,665	1,815	1,893	1,971	1,941	1,932	1,946	1,964
Currency and deposits	1,367	1,507	1,537	1,634	1,604	1,610	1,625	1,695
Money market fund shares	183	159	185	206	198	181	181	175
Debt securities [1]	116	150	171	131	140	142	140	94
Long-term assets	9,995	10,941	9,308	10,369	10,698	10,624	10,993	11,403
Deposits	102	105	127	109	111	116	118	99
Debt securities	280	288	251	220	232	259	257	307
Shares and other equity	7,479	8,096	6,126	7,033	7,249	7,026	7,351	7,681
Other (mainly intercompany loans)	2,134	2,451	2,803	3,008	3,105	3,224	3,266	3,316
Remaining net assets	262	306	342	339	382	358	370	202
Liabilities								
Debt	7,849	8,708	9,441	9,627	9,715	9,801	9,845	9,843
of which: Loans from euro area MFIs	3,947	4,472	4,864	4,700	4,705	4,723	4,703	4,684
of which: Debt securities	644	654	710	821	871	880	896	879
Shares and other equity	13,156	14,336	10,791	12,215	12,445	11,910	12,554	13,024
Quoted shares	4,554	5,056	2,933	3,515	3,590	3,316	3,542	3,813
Unquoted shares and other equity	8,601	9,281	7,858	8,700	8,855	8,595	9,012	9,211

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

3.5 Insurance corporations and pension funds

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

	2006	2007	2008	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	22	30	91	-39	-46	-10	12	-15
Currency and deposits	12	7	57	-33	-21	2	6	-10
Money market fund shares	3	2	20	9	1	12	11	-6
Debt securities [1]	7	22	14	-15	-26	-24	-6	0
Long-term assets	325	198	93	287	314	271	251	221
Deposits	62	46	-10	19	1	-6	-6	-9
Debt securities	156	87	43	91	105	137	152	149
Loans	1	-14	38	14	15	15	15	29
Quoted shares	-7	0	3	-68	-75	-73	3	0
Unquoted shares and other equity	19	17	17	-2	2	4	3	5
Mutual fund shares	95	63	2	234	266	195	84	45
Remaining net assets (+)	15	4	27	8	24	13	14	9
Main items of financing (-)								
Debt securities	5	4	6	5	3	4	1	0
Loans	50	-2	24	-26	-17	-9	11	7
Shares and other equity	9	3	6	3	2	3	3	3
Insurance technical reserves	297	259	112	252	292	282	274	249
Net equity of households in life insurance and pension fund reserves	277	214	121	240	273	266	260	233
Prepayments of insurance premiums and reserves for outstanding claims	21	45	-9	12	19	16	14	16
= Changes in net financial worth due to transactions	0	-32	63	23	12	-5	-13	-44
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	166	19	-544	197	315	151	92	86
Other net assets	-6	-25	51	40	89	112	102	-5
Other changes in liabilities (-)								
Shares and other equity	25	-4	-170	15	75	31	-6	2
Insurance technical reserves	123	17	-249	183	267	177	118	81
Net equity of households in life insurance and pension fund reserves	64	17	-250	184	269	177	120	84
Prepayments of insurance premiums and reserves for outstanding claims	59	1	1	0	-3	-1	-2	-3
= Other changes in net financial worth	12	-19	-74	39	62	55	82	-2
Financial balance sheet								
Financial assets (+)								
Short-term assets	296	322	416	372	383	397	394	365
Currency and deposits	157	163	224	195	196	206	203	190
Money market fund shares	80	80	98	99	103	108	107	94
Debt securities [1]	59	79	94	78	84	82	84	81
Long-term assets	5,279	5,482	5,034	5,586	5,775	5,764	5,885	5,875
Deposits	598	646	634	651	650	645	648	643
Debt securities	2,054	2,123	2,170	2,321	2,406	2,443	2,511	2,452
Loans	430	416	451	466	474	479	480	496
Quoted shares	709	698	411	424	441	414	437	443
Unquoted shares and other equity	403	444	412	424	426	427	423	435
Mutual fund shares	1,085	1,156	955	1,299	1,378	1,356	1,386	1,406
Remaining net assets (+)	210	204	280	269	291	307	325	288
Liabilities (-)								
Debt securities	20	23	31	39	40	40	39	41
Loans	256	252	278	251	262	268	280	263
Shares and other equity	600	599	435	453	471	444	450	458
Insurance technical reserves	5,028	5,305	5,168	5,602	5,755	5,798	5,897	5,932
Net equity of households in life insurance and pension fund reserves	4,252	4,482	4,353	4,777	4,912	4,951	5,053	5,093
Prepayments of insurance premiums and reserves for outstanding claims	777	822	814	826	843	847	844	839
= Net financial wealth	-119	-170	-181	-119	-79	-83	-61	-166

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

FINANCIAL MARKETS

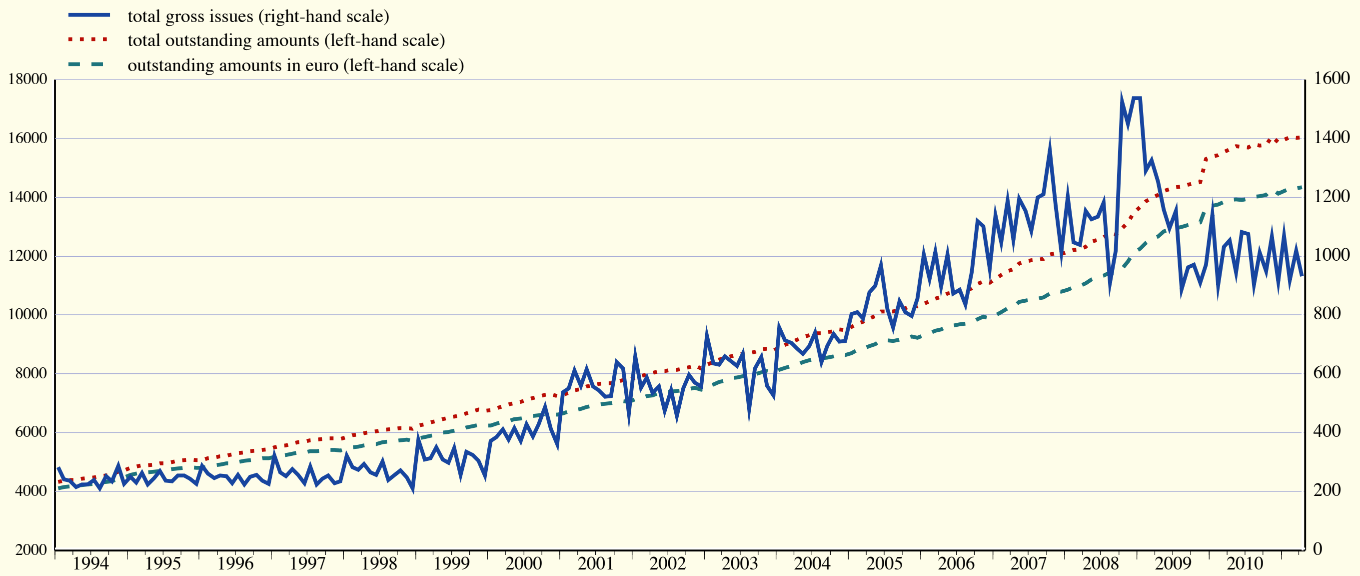
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro[1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted[2]	
											Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2010 Apr.	16,179.9	1,004.0	44.3	13,900.3	948.0	52.2	15,626.3	1,054.4	75.8	5.2	48.6	3.0
May	16,187.4	867.6	9.1	13,937.4	839.6	38.5	15,733.5	944.1	57.1	4.3	-6.9	2.4
June	16,172.4	1,049.4	7.7	13,913.0	984.0	-1.5	15,714.8	1,081.4	-12.3	3.7	8.1	2.6
July	16,193.5	1,008.7	22.1	13,960.1	969.9	48.2	15,689.1	1,075.7	15.3	3.3	47.6	2.4
Aug.	16,258.3	840.9	65.1	14,022.2	800.6	62.4	15,795.2	902.8	82.1	3.7	143.6	4.4
Sep.	16,276.8	984.9	18.9	14,040.0	908.3	18.2	15,749.5	1,013.2	4.7	3.1	48.6	3.8
Oct.	16,284.6	887.8	10.4	14,077.8	843.0	40.4	15,787.9	950.1	52.9	3.2	24.0	3.4
Nov.	16,464.2	992.5	180.8	14,276.5	953.5	199.8	16,071.7	1,066.5	239.0	4.3	211.6	6.3
Dec.	16,297.5	874.9	-165.3	14,127.0	842.2	-148.0	15,876.6	914.5	-187.2	3.5	-140.7	4.3
2011 Jan.	16,378.1	1,003.2	79.8	14,202.7	952.6	75.0	15,950.8	1,068.3	92.8	3.7	104.0	5.0
Feb.	16,481.1	865.9	103.9	14,297.8	813.4	96.1	16,046.4	919.1	101.5	4.1	54.1	3.8
Mar.	16,485.9	979.3	3.9	14,293.8	912.3	-5.0	16,026.0	1,019.1	2.8	3.4	-12.0	3.0
Apr.	.	.	.	14,339.7	847.0	46.5	16,051.1	930.6	50.1	3.2	22.4	3.0
						Long-term						
2010 Apr.	14,640.5	246.8	45.9	12,481.7	223.5	46.4	13,991.4	255.3	67.0	7.0	53.0	4.5
May	14,651.7	154.4	11.7	12,515.0	148.4	33.6	14,096.6	181.7	58.0	5.9	-5.7	3.5
June	14,656.3	272.7	28.9	12,520.3	245.5	29.8	14,110.7	265.3	23.7	5.0	5.8	4.1
July	14,689.8	260.6	34.6	12,555.6	241.2	36.5	14,088.3	268.7	14.6	4.7	57.2	3.4
Aug.	14,721.1	140.8	32.1	12,586.7	127.4	32.0	14,153.9	152.8	43.6	4.7	104.6	4.7
Sep.	14,724.7	268.4	4.0	12,600.7	228.3	14.3	14,111.5	258.7	4.5	4.1	38.0	3.7
Oct.	14,762.2	222.3	37.7	12,650.2	195.5	49.6	14,167.3	233.2	65.8	4.1	58.1	3.7
Nov.	14,906.5	338.4	145.3	12,809.5	321.8	160.3	14,399.2	360.3	191.3	4.8	159.8	6.2
Dec.	14,865.4	186.6	-38.6	12,786.2	179.4	-20.7	14,343.4	193.6	-48.5	4.7	-47.3	5.4
2011 Jan.	14,934.6	308.9	70.7	12,839.0	277.9	54.3	14,393.2	320.1	69.9	4.8	124.6	6.3
Feb.	15,037.9	283.5	103.6	12,932.3	252.8	93.7	14,478.7	284.8	90.0	5.0	38.7	5.3
Mar.	15,054.8	305.6	16.2	12,954.3	269.4	21.2	14,476.2	303.7	18.1	4.3	11.0	4.9
Apr.	.	.	.	13,018.6	277.3	64.6	14,521.9	307.5	67.3	4.3	51.9	4.8

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2009	15,291	5,372	3,235	798	5,418	469	1,126	734	69	80	215	29
2010	15,877	5,249	3,295	848	5,932	553	1,006	625	79	69	205	28
2010 Q2	15,715	5,448	3,232	842	5,675	518	1,027	661	65	77	194	30
Q3	15,750	5,421	3,224	842	5,735	529	997	631	77	65	196	29
Q4	15,877	5,249	3,295	848	5,932	553	977	566	109	63	206	32
2011 Q1	16,026	5,351	3,265	823	6,024	563	1,002	592	88	59	220	43
2011 Jan.	15,951	5,297	3,316	816	5,978	544	1,068	629	82	63	249	45
Feb.	16,046	5,355	3,308	820	6,021	542	919	560	80	51	194	35
Mar.	16,026	5,351	3,265	823	6,024	563	1,019	587	102	62	218	51
Apr.	16,051	5,340	3,264	821	6,059	567	931	518	98	53	216	46
						Short-term						
2009	1,638	733	89	71	714	31	876	635	25	63	133	20
2010	1,533	572	118	65	724	53	758	534	33	57	115	19
2010 Q2	1,604	734	95	73	673	29	793	570	34	64	106	19
Q3	1,638	743	94	71	689	41	770	545	31	55	118	21
Q4	1,533	572	118	65	724	53	715	484	38	52	117	24
2011 Q1	1,550	618	112	70	700	51	699	462	40	49	118	30
2011 Jan.	1,558	593	120	70	727	47	748	496	30	53	132	36
Feb.	1,568	615	116	71	726	40	634	428	33	46	106	21
Mar.	1,550	618	112	70	700	51	715	460	57	47	117	34
Apr.	1,529	604	116	66	694	50	623	414	28	44	105	32
						Long-term [2]						
2009	13,653	4,639	3,146	727	4,704	438	251	99	44	17	82	9
2010	14,343	4,677	3,177	783	5,207	499	248	91	46	12	90	9
2010 Q2	14,111	4,714	3,137	769	5,002	489	234	91	31	13	88	11
Q3	14,111	4,678	3,129	771	5,046	488	227	86	46	9	78	8
Q4	14,343	4,677	3,177	783	5,207	499	262	83	72	11	89	8
2011 Q1	14,476	4,733	3,153	753	5,324	512	303	130	47	10	102	13
2011 Jan.	14,393	4,704	3,195	747	5,251	497	320	133	52	10	117	9
Feb.	14,479	4,740	3,192	749	5,295	502	285	131	46	5	88	14
Mar.	14,476	4,733	3,153	753	5,324	512	304	127	44	15	101	17
Apr.	14,522	4,736	3,148	755	5,365	517	307	104	70	9	111	14
						of which: Long-term fixed rate						
2009	8,829	2,586	1,036	593	4,262	351	173	60	18	16	72	6
2010	9,502	2,659	1,100	667	4,699	377	156	50	13	10	77	6
2010 Q2	9,312	2,663	1,085	649	4,543	372	156	47	12	11	80	6
Q3	9,335	2,650	1,072	653	4,592	369	141	48	12	8	68	5
Q4	9,502	2,659	1,100	667	4,699	377	143	43	19	11	65	6
2011 Q1	9,664	2,730	1,106	652	4,789	388	196	79	12	8	87	9
2011 Jan.	9,519	2,676	1,103	647	4,718	375	196	84	6	8	92	6
Feb.	9,603	2,715	1,101	650	4,759	379	190	80	16	5	79	10
Mar.	9,664	2,730	1,106	652	4,789	388	203	74	15	12	90	12
Apr.	9,688	2,734	1,104	656	4,803	391	183	68	18	8	80	9
						of which: Long-term variable rate						
2009	4,387	1,765	2,043	123	370	85	62	28	25	1	6	2
2010	4,370	1,739	1,972	108	430	121	77	34	29	1	10	4
2010 Q2	4,331	1,762	1,966	110	378	115	65	37	17	1	5	6
Q3	4,334	1,748	1,979	109	381	117	73	29	33	1	6	3
Q4	4,370	1,739	1,972	108	430	121	102	33	44	1	22	2
2011 Q1	4,316	1,715	1,928	94	456	123	86	41	29	1	11	4
2011 Jan.	4,386	1,747	1,980	93	447	119	99	38	40	1	18	3
Feb.	4,377	1,739	1,977	93	448	121	75	40	24	0	7	3
Mar.	4,316	1,715	1,928	94	456	123	84	44	24	2	9	5
Apr.	4,325	1,717	1,910	93	480	124	102	30	40	0	26	4

Source: ECB.

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

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

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

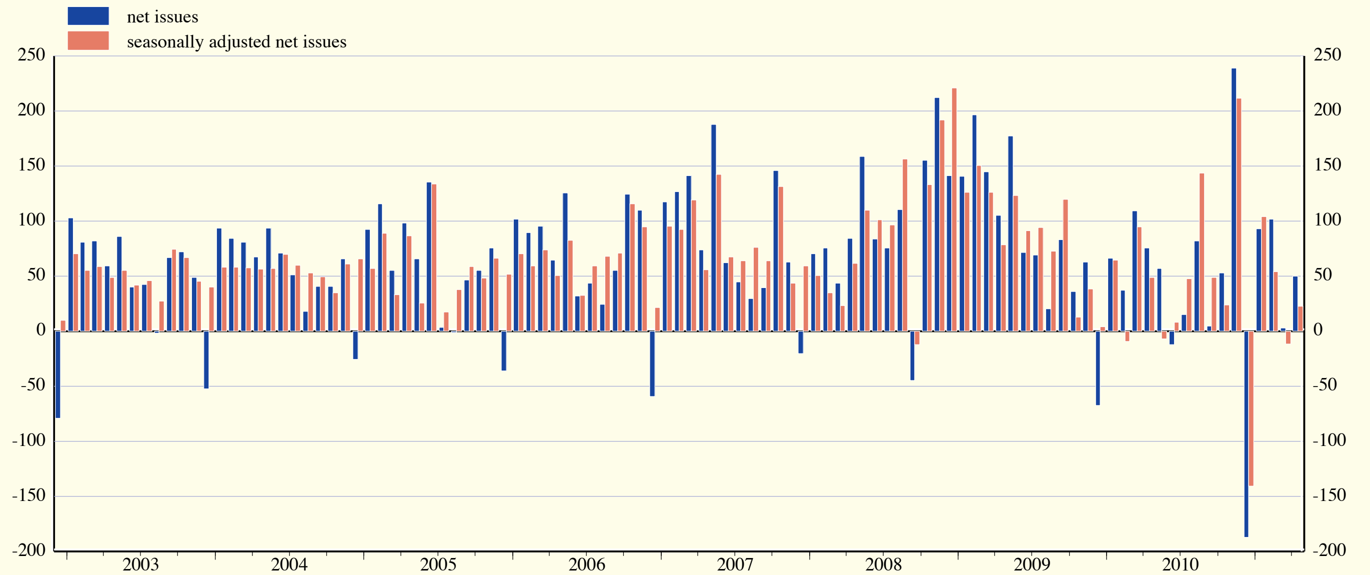
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2009	86.6	10.2	18.9	8.5	44.9	4.1	86.4	10.1	18.5	8.2	45.4	4.2
2010	45.0	-1.0	4.1	5.1	31.6	5.3	44.5	-1.3	4.0	5.1	31.8	4.9
2010 Q2	40.2	-13.0	7.8	4.9	33.3	7.3	16.6	-15.5	2.4	0.7	21.7	7.3
Q3	34.0	2.7	1.7	2.7	22.4	4.6	79.9	12.1	25.5	5.0	31.2	6.1
Q4	34.9	-19.4	22.6	1.2	22.9	7.6	31.6	-9.2	-13.7	4.1	48.0	2.4
2011 Q1	65.7	43.1	-18.7	4.5	32.5	4.3	48.7	27.0	-0.7	3.4	11.0	8.0
2011 Jan.	92.8	58.4	-9.6	3.8	48.3	-8.1	104.0	49.4	22.8	0.9	26.5	4.5
Feb.	101.5	61.9	-6.2	4.0	43.6	-1.8	54.1	34.1	5.0	2.4	13.9	-1.3
Mar.	2.8	9.1	-40.2	5.8	5.5	22.7	-12.0	-2.5	-30.0	6.9	-7.4	20.9
Apr.	50.1	2.4	3.5	0.9	37.7	5.6	22.4	-8.6	2.1	-3.2	27.9	4.2
	Long-term											
2009	87.3	15.0	22.0	12.5	33.0	4.7	87.2	15.1	21.7	12.6	33.1	4.7
2010	54.1	2.0	1.7	5.6	41.3	3.5	54.2	2.0	1.6	5.6	41.5	3.5
2010 Q2	49.6	-8.0	3.1	6.0	43.0	5.4	17.7	-17.9	-1.9	2.1	30.2	5.2
Q3	20.9	-1.4	1.9	3.2	16.7	0.5	66.6	6.3	24.2	5.0	28.8	2.3
Q4	69.5	-4.9	14.7	3.1	53.1	3.5	56.8	7.2	-21.0	4.6	64.1	2.0
2011 Q1	59.3	27.5	-16.0	2.4	40.5	4.9	58.1	18.0	2.4	3.0	30.0	4.8
2011 Jan.	69.9	38.7	-10.1	-2.2	45.2	-1.8	124.6	46.2	25.0	-1.1	55.9	-1.3
Feb.	90.0	39.5	-2.2	2.9	45.1	4.7	38.7	13.8	5.9	2.0	10.7	6.3
Mar.	18.1	4.3	-35.7	6.6	31.1	11.7	11.0	-6.1	-23.6	8.2	23.2	9.3
Apr.	67.3	14.3	-1.6	5.1	43.2	6.2	51.9	4.2	-1.9	2.9	41.6	5.1

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

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

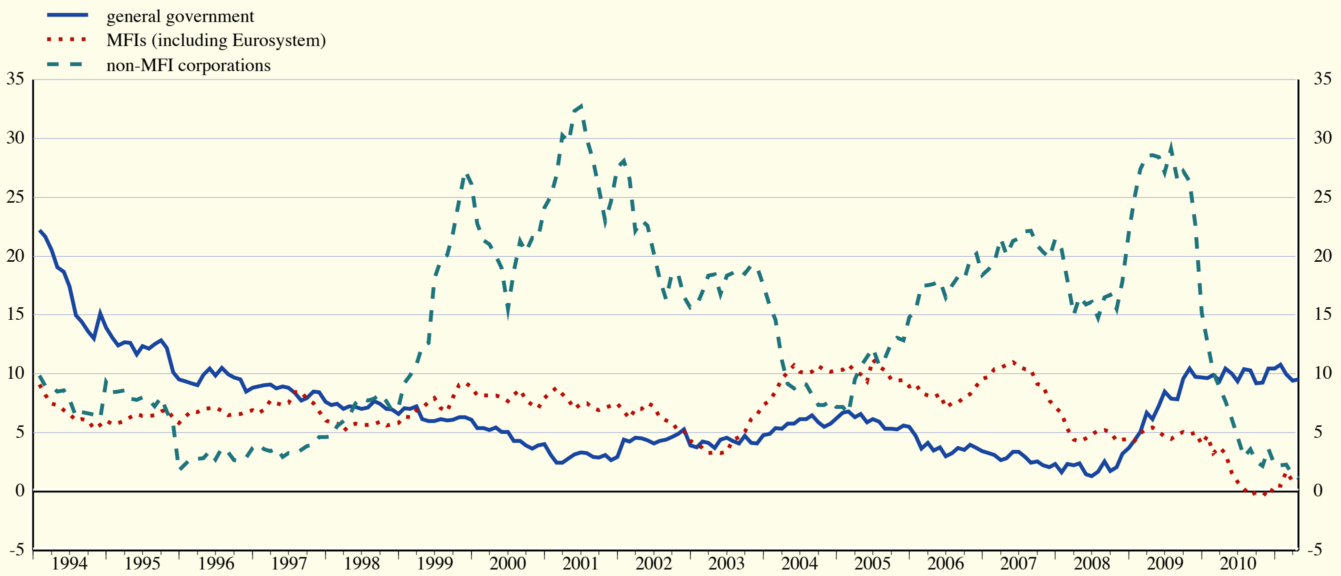


Source: ECB.
1) Monthly data on net issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.

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

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2010 Apr.	5.2	1.3	3.4	16.3	8.7	7.5	3.0	2.2	-3.3	13.5	5.7	5.9
May	4.3	-0.2	2.7	15.1	8.2	7.7	2.4	0.0	-2.4	12.8	5.7	7.3
June	3.7	-0.5	1.6	12.4	7.4	10.3	2.6	-0.9	0.8	8.4	5.3	14.5
July	3.3	-0.9	0.4	10.2	7.6	10.7	2.4	-2.4	0.6	8.1	6.2	17.0
Aug.	3.7	-0.4	1.5	10.3	7.5	10.8	4.4	0.5	5.3	5.4	6.6	15.1
Sep.	3.1	-0.4	0.8	8.7	6.5	11.9	3.8	-0.4	5.3	4.1	5.8	17.0
Oct.	3.2	0.0	0.4	8.6	6.4	11.7	3.4	-2.0	4.3	4.0	7.0	17.5
Nov.	4.3	0.1	2.5	8.5	8.1	12.6	6.3	0.2	7.8	4.4	10.5	18.3
Dec.	3.5	-0.2	1.5	7.6	7.0	13.0	4.3	0.3	2.2	6.7	8.5	10.2
2011 Jan.	3.7	0.1	1.6	7.2	7.1	13.2	5.0	2.7	2.6	6.3	8.0	9.9
Feb.	4.1	1.6	2.3	5.5	6.7	11.8	3.8	2.8	-0.6	5.7	6.6	8.8
Mar.	3.4	0.8	1.3	4.8	5.9	14.4	3.0	2.0	-2.6	5.5	6.1	12.1
Apr.	3.2	0.5	1.2	3.3	6.0	14.5	3.0	3.1	-1.9	2.7	5.0	11.6
						Long-term						
2010 Apr.	7.0	3.2	4.2	21.6	10.2	12.5	4.5	1.7	-2.9	15.9	9.6	12.2
May	5.9	1.6	3.1	18.6	10.0	10.7	3.5	-0.9	-2.4	12.8	9.9	10.0
June	5.0	0.8	1.8	16.0	9.0	13.1	4.1	-0.7	0.7	10.7	9.5	13.2
July	4.7	0.2	0.6	12.7	10.3	11.3	3.4	-3.1	0.7	9.1	10.3	10.6
Aug.	4.7	-0.3	1.3	12.9	10.2	11.1	4.7	-1.1	4.5	7.0	9.9	9.5
Sep.	4.1	-0.1	0.5	11.2	8.9	11.8	3.7	-1.5	4.3	5.7	7.4	9.8
Oct.	4.1	-0.1	0.1	10.7	9.0	11.2	3.7	-1.7	3.3	5.8	8.4	10.2
Nov.	4.8	-0.4	2.2	9.8	10.4	11.0	6.2	0.0	7.1	7.0	10.8	12.1
Dec.	4.7	0.5	0.6	9.2	10.5	9.3	5.4	1.7	0.6	7.7	11.6	5.5
2011 Jan.	4.8	0.5	0.8	8.3	11.0	8.4	6.3	4.2	0.8	7.6	11.7	6.3
Feb.	5.0	1.7	1.2	6.7	10.1	8.7	5.3	4.5	-1.9	6.4	10.3	7.9
Mar.	4.3	0.8	0.4	5.9	9.4	9.2	4.9	3.2	-3.5	6.1	11.5	8.5
Apr.	4.3	0.9	0.2	5.2	9.5	9.6	4.8	3.6	-2.8	4.5	10.5	9.0

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



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

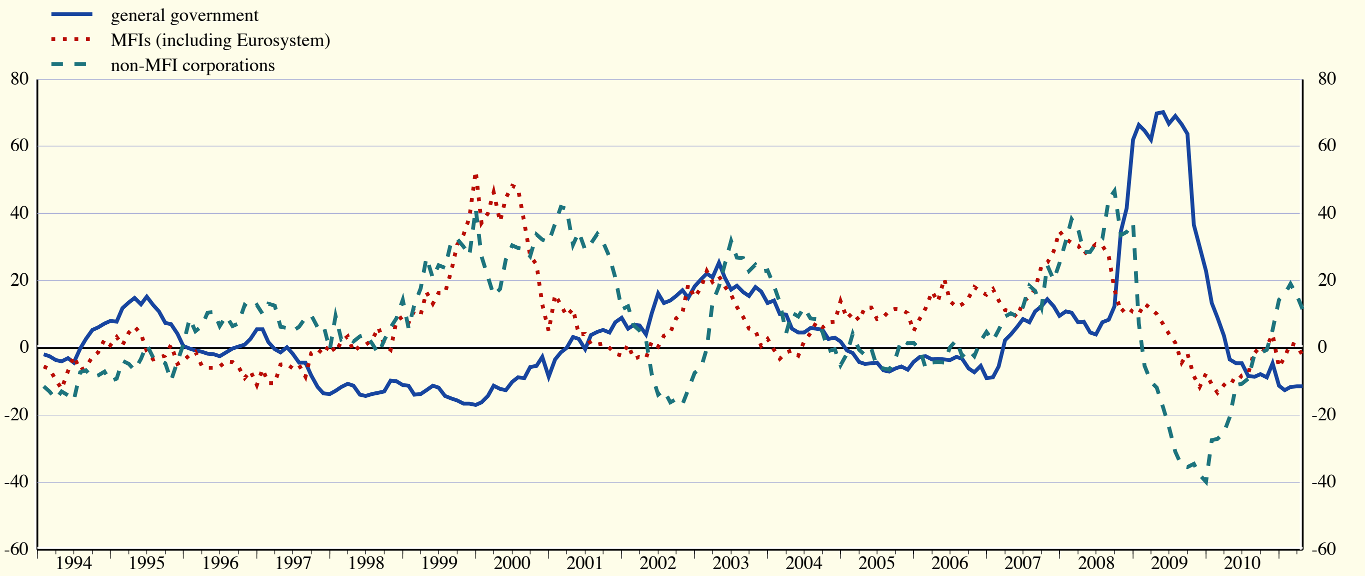
4.3 Growth rates of securities other than shares issued by euro area residents [1)] (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2009	9.5	7.1	17.9	25.1	8.0	5.4	12.3	1.7	36.8	-1.9	-0.2	22.2
2010	8.8	5.6	6.6	19.6	9.9	8.7	-0.4	-3.8	0.8	-1.4	6.4	27.4
2010 Q2	9.7	7.3	7.3	23.2	10.1	9.4	-1.2	-4.3	0.1	-0.5	4.9	25.6
Q3	7.6	3.1	3.4	16.1	10.2	7.3	-1.4	-3.8	-1.4	-2.1	4.5	29.0
Q4	7.0	2.8	3.2	12.5	9.7	7.2	-0.2	-3.2	-0.8	-1.0	12.2	25.5
2011 Q1	6.9	3.4	3.2	9.4	9.7	5.8	0.5	-1.9	-1.8	-1.3	19.1	19.8
2010 Nov.	7.1	2.7	3.7	12.0	10.0	7.3	0.7	-3.9	0.5	-0.7	18.6	25.1
Dec.	7.1	2.7	3.9	11.2	10.1	5.1	0.2	-1.6	-2.2	-0.5	15.9	25.8
2011 Jan.	7.0	2.6	3.0	10.2	10.4	5.7	0.5	-1.8	-1.7	-0.5	17.9	18.5
Feb.	6.9	4.3	3.2	8.6	9.2	5.9	1.1	-1.4	-1.2	-2.5	21.0	18.8
Mar.	6.6	4.1	3.1	7.5	8.8	6.5	-0.4	-3.4	-2.6	-1.0	20.8	18.7
Apr.	6.1	3.9	2.8	6.4	8.1	7.0	0.1	-2.9	-3.1	-1.4	25.4	18.9
	In euro											
2009	10.1	9.0	21.3	23.4	8.2	4.4	14.7	3.8	39.3	-2.4	-0.4	21.4
2010	9.1	5.5	7.8	20.1	10.0	8.2	-0.2	-3.2	0.6	-1.8	5.9	26.0
2010 Q2	9.9	7.4	8.3	23.7	10.1	9.0	-1.2	-4.0	-0.5	-0.6	4.1	22.9
Q3	7.9	2.7	4.5	16.5	10.3	7.2	-1.2	-3.0	-1.7	-2.8	4.1	28.3
Q4	7.2	1.6	4.3	12.9	10.0	6.6	0.2	-2.3	-1.2	-1.5	12.3	26.3
2011 Q1	7.0	2.3	3.5	9.8	9.9	4.6	1.0	-0.1	-2.6	-1.8	19.2	20.8
2010 Nov.	7.2	1.3	4.5	12.3	10.2	6.8	1.0	-3.0	-0.3	-1.2	18.8	26.2
Dec.	7.2	1.4	4.8	11.8	10.3	4.6	0.6	-0.2	-2.9	-1.0	16.1	27.5
2011 Jan.	7.2	1.4	3.2	10.7	10.7	4.3	1.0	-0.1	-2.6	-0.7	18.1	19.5
Feb.	7.0	3.2	3.4	9.0	9.4	4.7	1.8	0.7	-1.9	-2.8	21.0	19.9
Mar.	6.7	3.3	3.0	7.9	9.0	5.1	0.2	-1.7	-3.4	-2.4	20.7	19.0
Apr.	6.2	3.2	3.0	6.3	8.4	6.2	0.9	-1.4	-3.2	-2.8	25.4	18.8

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

(annual percentage changes)



Source: ECB.

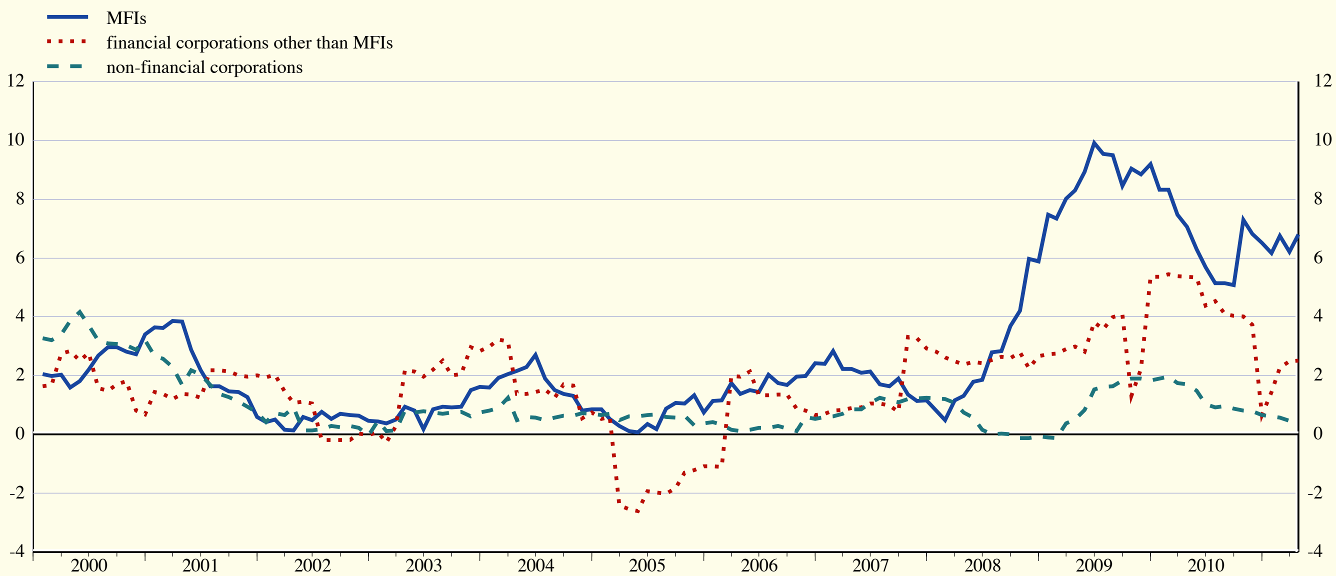
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

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

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

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2009 Apr.	3,459.1	100.7	1.6	410.4	8.3	276.0	3.0	2,772.7	0.5
May	3,605.5	101.0	1.9	448.8	8.9	284.7	2.8	2,872.1	0.8
June	3,557.5	101.8	2.7	445.3	9.9	280.8	3.8	2,831.3	1.5
July	3,842.8	102.0	2.7	505.7	9.6	302.5	3.6	3,034.6	1.6
Aug.	4,041.3	102.0	2.7	568.4	9.5	323.1	4.0	3,149.8	1.6
Sep.	4,210.4	102.1	2.8	588.4	8.4	353.6	4.1	3,268.3	1.8
Oct.	4,065.1	102.3	2.7	563.3	9.0	328.3	1.3	3,173.5	1.9
Nov.	4,079.4	102.6	2.7	563.8	8.8	319.9	2.2	3,195.8	1.9
Dec.	4,411.1	103.0	3.0	566.0	9.2	350.9	5.4	3,494.2	1.8
2010 Jan.	4,243.3	103.1	2.9	516.7	8.3	340.7	5.4	3,385.9	1.9
Feb.	4,162.0	103.2	3.0	499.3	8.3	339.2	5.4	3,323.5	2.0
Mar.	4,474.9	103.4	2.8	543.6	7.5	365.2	5.4	3,566.1	1.8
Apr.	4,409.6	103.4	2.7	508.4	7.1	345.7	5.4	3,555.5	1.7
May	4,093.9	103.5	2.4	445.9	6.3	322.6	5.3	3,325.4	1.5
June	4,055.1	103.7	1.9	446.4	5.7	315.5	4.4	3,293.2	1.0
July	4,256.6	103.7	1.7	519.8	5.1	338.0	4.5	3,398.8	0.9
Aug.	4,121.7	103.8	1.7	479.3	5.1	314.3	4.1	3,328.1	1.0
Sep.	4,345.8	103.8	1.7	487.0	5.1	326.5	4.0	3,532.2	0.9
Oct.	4,531.5	104.1	1.8	514.4	7.3	333.6	4.0	3,683.5	0.8
Nov.	4,409.7	104.3	1.7	437.8	6.8	312.5	3.7	3,659.4	0.8
Dec.	4,593.9	104.3	1.3	458.4	6.5	331.1	0.7	3,804.3	0.7
2011 Jan.	4,757.8	104.4	1.3	514.3	6.2	363.3	1.4	3,880.2	0.6
Feb.	4,843.7	104.6	1.4	534.6	6.8	376.6	2.3	3,932.4	0.6
Mar.	4,770.3	104.6	1.2	491.7	6.2	365.7	2.5	3,913.0	0.5
Apr.	4,892.2	104.9	1.4	497.5	6.8	373.4	2.5	4,021.3	0.6

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



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

4.4 Quoted shares issued by euro area residents

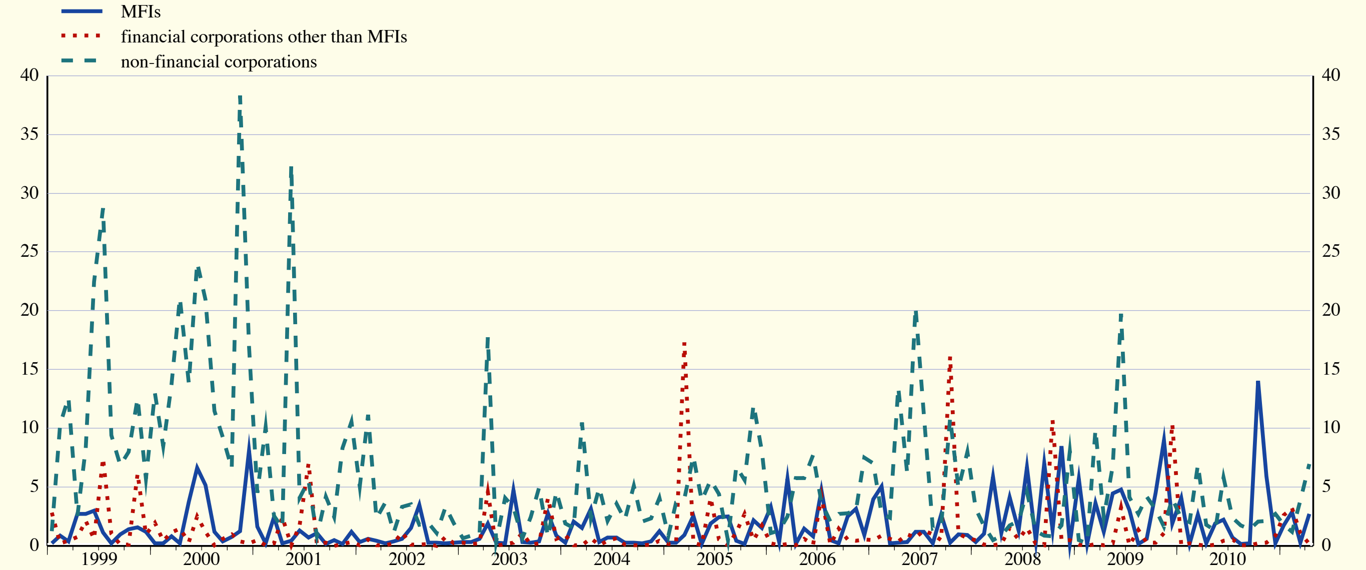
(EUR billions; market values)

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2009 Apr.	3.7	0.3	3.4	1.2	0.0	1.2	0.1	0.0	0.0	2.4	0.3	2.1
May	11.4	0.3	11.1	4.4	0.0	4.4	0.2	0.0	0.1	6.8	0.3	6.5
June	27.8	2.0	25.8	4.8	0.0	4.8	3.3	0.3	3.0	19.7	1.8	18.0
July	7.2	0.2	7.0	3.0	0.0	3.0	0.0	0.0	0.0	4.1	0.1	4.0
Aug.	4.0	3.3	0.7	0.0	0.0	0.0	1.3	0.0	1.3	2.7	3.3	-0.6
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.2	4.2	0.2	3.9
Oct.	7.8	0.3	7.5	4.5	0.0	4.5	0.2	0.0	0.2	3.1	0.2	2.8
Nov.	11.6	0.2	11.4	9.0	0.0	9.0	1.0	0.0	1.0	1.6	0.2	1.4
Dec.	16.2	0.2	16.1	1.9	0.0	1.9	10.4	0.1	10.3	4.0	0.1	3.9
2010 Jan.	6.4	0.0	6.4	4.1	0.0	4.1	0.1	0.0	0.1	2.3	0.0	2.3
Feb.	2.2	0.3	1.9	0.0	0.0	0.0	0.2	0.0	0.2	2.0	0.3	1.7
Mar.	9.6	0.6	9.0	2.6	0.0	2.6	0.1	0.0	0.1	6.9	0.6	6.3
Apr.	1.8	0.4	1.5	0.1	0.0	0.0	0.0	0.0	0.0	1.8	0.3	1.5
May	3.2	0.8	2.4	1.9	0.0	1.9	0.1	0.0	0.1	1.3	0.8	0.4
June	8.4	0.4	8.0	2.2	0.0	2.2	0.4	0.0	0.4	5.8	0.4	5.4
July	3.6	0.8	2.7	0.7	0.0	0.7	0.5	0.0	0.5	2.4	0.8	1.6
Aug.	1.8	1.2	0.6	0.0	0.0	0.0	0.0	0.0	0.0	1.7	1.2	0.6
Sep.	1.6	0.2	1.4	0.2	0.0	0.2	0.0	0.0	0.0	1.4	0.2	1.2
Oct.	16.3	1.1	15.2	14.0	0.0	14.0	0.2	0.1	0.1	2.0	1.0	1.0
Nov.	8.2	1.5	6.8	5.9	0.0	5.9	0.2	0.1	0.2	2.1	1.4	0.7
Dec.	3.7	3.5	0.2	0.2	0.0	0.2	0.8	0.3	0.5	2.7	3.2	-0.5
2011 Jan.	6.1	1.3	4.8	1.7	0.0	1.7	2.6	0.0	2.6	1.8	1.3	0.5
Feb.	7.3	0.2	7.0	2.9	0.0	2.9	3.2	0.0	3.2	1.2	0.2	0.9
Mar.	5.0	1.5	3.5	0.1	0.0	0.1	1.0	0.2	0.8	3.8	1.3	2.6
Apr.	9.7	0.5	9.2	2.7	0.0	2.7	0.1	0.0	0.1	6.9	0.5	6.4

C20 Gross issues of quoted shares by sector of the issuer

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2010 June	0.43	2.16	2.26	2.47	1.41	1.96	0.43	0.89	1.85	2.26	0.66
July	0.43	2.31	2.59	2.36	1.40	1.93	0.45	1.06	2.11	2.23	0.74
Aug.	0.43	2.21	2.54	2.36	1.50	1.91	0.45	1.01	2.01	2.22	0.70
Sep.	0.43	2.25	2.76	2.28	1.55	1.85	0.46	1.11	2.18	2.81	0.71
Oct.	0.43	2.35	2.75	2.80	1.54	1.82	0.49	1.18	2.36	2.53	0.94
Nov.	0.44	2.33	2.65	2.67	1.54	1.83	0.50	1.16	2.45	2.41	0.90
Dec.	0.43	2.27	2.77	2.59	1.55	1.84	0.50	1.19	2.56	2.60	1.07
2011 Jan.	0.43	2.38	2.61	2.77	1.53	1.85	0.54	1.29	2.42	2.52	1.02
Feb.	0.44	2.36	2.74	2.80	1.60	1.86	0.52	1.32	2.37	2.69	1.04
Mar.	0.45	2.34	2.78	2.90	1.61	1.88	0.54	1.37	2.53	2.81	1.14
Apr.	0.46	2.47	2.85	3.08	1.65	1.90	0.61	1.58	2.62	2.95	1.30
May	0.49	2.52	2.93	3.06	1.67	1.91	0.63	1.65	2.78	3.06	1.30

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

	Revolving loans and overdrafts	Extended credit card debt [3]	Consumer credit				Lending for house purchase					Lending to sole proprietors and unincorporated partnerships		
			By initial rate fixation			APRC [4]	By initial rate fixation				APRC [4]	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010 June	7.95	16.51	5.18	6.13	7.74	7.12	2.56	3.59	4.06	3.90	3.54	3.12	4.43	4.14
July	7.99	16.52	5.48	6.22	7.77	7.33	2.66	3.60	3.94	3.84	3.63	3.08	4.36	4.08
Aug.	8.00	16.52	5.38	6.26	7.87	7.37	2.84	3.62	3.95	3.81	3.76	3.24	4.55	3.94
Sep.	8.09	16.56	5.52	6.18	7.87	7.33	2.75	3.56	3.84	3.74	3.62	3.13	4.33	3.90
Oct.	8.01	16.53	5.36	6.03	7.71	7.17	2.76	3.55	3.78	3.69	3.61	3.21	4.34	4.04
Nov.	8.01	16.59	5.39	6.08	7.64	7.17	2.80	3.53	3.76	3.70	3.65	3.28	4.40	3.97
Dec.	8.00	16.59	5.16	5.95	7.24	6.89	2.78	3.52	3.80	3.71	3.68	3.36	4.32	3.96
2011 Jan.	8.05	16.73	5.09	6.13	7.83	7.20	2.94	3.69	3.91	3.84	3.83	3.21	4.24	4.08
Feb.	8.08	16.81	5.38	6.13	7.83	7.31	2.96	3.83	4.06	3.92	3.90	3.36	4.63	4.30
Mar.	8.03	16.88	5.44	6.22	7.82	7.32	3.01	3.82	4.15	4.01	3.93	3.43	4.69	4.43
Apr.	8.11	16.92	5.17	6.23	7.80	7.25	3.12	3.95	4.24	4.15	4.03	3.54	4.68	4.53
May	8.16	16.90	5.35	6.37	7.99	7.49	3.22	4.01	4.30	4.18	4.08	3.75	4.81	4.60

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010 June	3.80	3.55	3.88	4.16	4.51	3.96	3.64	2.04	2.67	2.51	3.36	3.31	3.32
July	3.81	3.56	4.02	4.38	4.65	4.20	3.94	2.14	2.64	2.74	3.03	3.07	3.41
Aug.	3.87	3.67	4.21	4.37	4.62	4.10	3.82	2.19	2.69	2.84	3.02	3.70	3.58
Sep.	3.91	3.70	4.02	4.29	4.58	4.05	3.71	2.20	2.56	2.63	2.88	3.42	3.61
Oct.	3.94	3.73	4.14	4.37	4.60	4.06	3.77	2.25	2.65	2.86	3.08	3.52	3.40
Nov.	3.96	3.82	4.32	4.43	4.67	4.09	3.72	2.36	2.71	2.80	3.44	3.62	3.44
Dec.	3.99	3.81	3.99	4.42	4.64	4.09	3.73	2.52	2.83	2.69	3.02	3.53	3.48
2011 Jan.	4.11	3.81	4.07	4.35	4.63	4.03	3.88	2.37	2.90	2.64	3.55	3.67	3.85
Feb.	4.12	3.98	4.21	4.48	4.89	4.39	3.94	2.55	3.06	2.96	3.86	3.88	3.75
Mar.	4.12	4.02	4.39	4.63	5.00	4.49	4.02	2.53	3.25	3.00	3.61	3.84	3.84
Apr.	4.25	4.07	4.47	4.73	5.05	4.57	4.15	2.72	3.31	3.38	3.78	4.36	4.15
May	4.31	4.18	4.65	4.79	5.14	4.67	4.19	2.65	3.38	3.17	3.64	3.65	4.12

Source: ECB.

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

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

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

4. Interest rates on deposits (outstanding amounts)

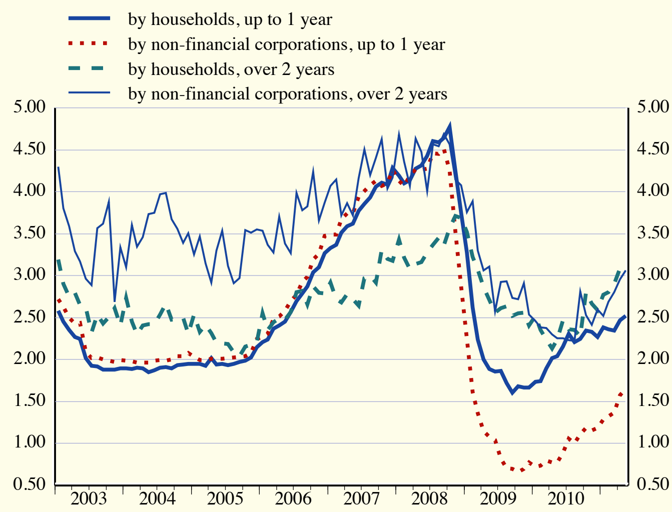
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2)]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2010 June	0.43	2.13	2.72	1.41	1.96	0.43	1.46	3.11	1.24
July	0.43	2.15	2.73	1.40	1.93	0.45	1.54	3.14	1.24
Aug.	0.43	2.17	2.72	1.50	1.91	0.45	1.57	3.11	1.25
Sep.	0.43	2.19	2.74	1.55	1.85	0.46	1.62	3.07	1.26
Oct.	0.43	2.22	2.70	1.54	1.82	0.49	1.68	3.07	1.29
Nov.	0.44	2.25	2.72	1.54	1.83	0.50	1.70	3.11	1.33
Dec.	0.43	2.28	2.71	1.55	1.84	0.50	1.76	3.09	1.50
2011 Jan.	0.43	2.31	2.72	1.53	1.85	0.54	1.78	3.07	1.55
Feb.	0.44	2.34	2.73	1.60	1.86	0.52	1.79	3.09	1.59
Mar.	0.45	2.38	2.71	1.61	1.88	0.54	1.84	3.13	1.65
Apr.	0.46	2.40	2.73	1.65	1.90	0.61	1.93	3.12	1.72
May	0.49	2.45	2.73	1.67	1.91	0.63	1.99	3.12	1.76

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2010 June	3.79	3.96	3.84	7.71	6.48	5.21	3.31	3.22	3.30
July	3.73	3.93	3.82	7.76	6.50	5.19	3.34	3.25	3.33
Aug.	3.79	3.89	3.81	7.79	6.46	5.20	3.37	3.29	3.34
Sep.	3.83	3.88	3.83	7.89	6.45	5.21	3.42	3.29	3.37
Oct.	3.80	3.86	3.82	7.86	6.45	5.19	3.48	3.34	3.38
Nov.	3.77	3.86	3.84	7.73	6.47	5.20	3.50	3.39	3.41
Dec.	3.73	3.83	3.81	7.71	6.41	5.18	3.49	3.41	3.42
2011 Jan.	3.71	3.80	3.80	7.82	6.40	5.17	3.60	3.44	3.42
Feb.	3.68	3.81	3.82	7.86	6.43	5.20	3.64	3.47	3.47
Mar.	3.72	3.80	3.84	7.89	6.40	5.19	3.68	3.49	3.48
Apr.	3.82	3.78	3.84	7.91	6.43	5.23	3.77	3.59	3.54
May	3.83	3.78	3.86	7.88	6.38	5.23	3.83	3.64	3.56

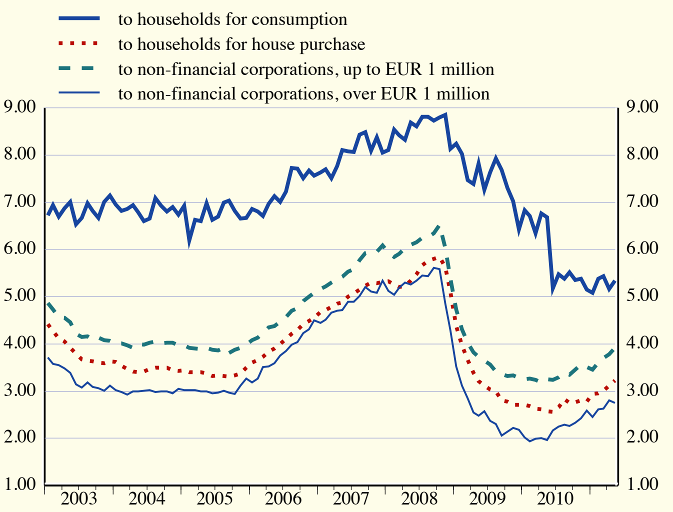
C21 New deposits with an agreed maturity

(percentages per annum excluding charges; period averages)



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

(percentages per annum excluding charges; period averages)



Source: ECB.

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

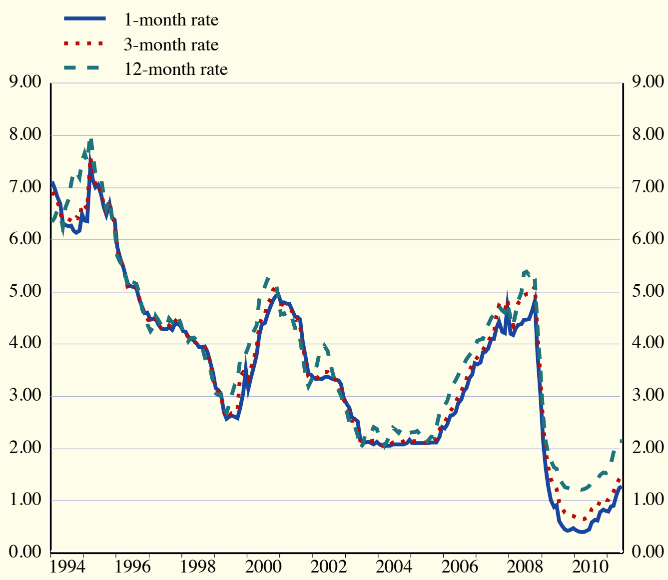
4.6 Money market interest rates

(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2010 Q2	0.35	0.43	0.69	0.98	1.25	0.44	0.24
Q3	0.45	0.61	0.87	1.13	1.40	0.39	0.24
Q4	0.59	0.81	1.02	1.25	1.52	0.29	0.19
2011 Q1	0.67	0.86	1.10	1.37	1.74	0.31	0.19
Q2	1.04	1.22	1.42	1.70	2.13	0.26	0.20
2010 June	0.35	0.45	0.73	1.01	1.28	0.54	0.24
July	0.48	0.58	0.85	1.10	1.37	0.51	0.24
Aug.	0.43	0.64	0.90	1.15	1.42	0.36	0.24
Sep.	0.45	0.62	0.88	1.14	1.42	0.29	0.22
Oct.	0.70	0.78	1.00	1.22	1.50	0.29	0.20
Nov.	0.59	0.83	1.04	1.27	1.54	0.29	0.19
Dec.	0.50	0.81	1.02	1.25	1.53	0.30	0.18
2011 Jan.	0.66	0.79	1.02	1.25	1.55	0.30	0.19
Feb.	0.71	0.89	1.09	1.35	1.71	0.31	0.19
Mar.	0.66	0.90	1.18	1.48	1.92	0.31	0.20
Apr.	0.97	1.13	1.32	1.62	2.09	0.28	0.20
May	1.03	1.24	1.43	1.71	2.15	0.26	0.20
June	1.12	1.28	1.49	1.75	2.14	0.25	0.20

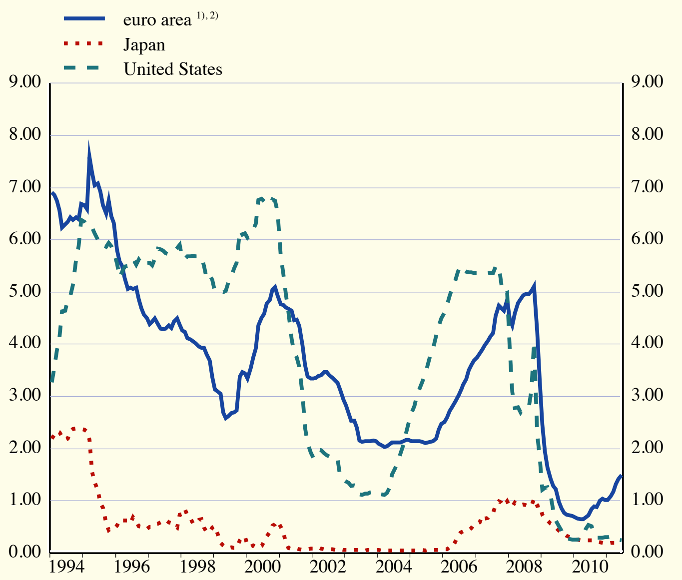
C23 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C24 3-month money market rates

(monthly averages; percentages per annum)



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

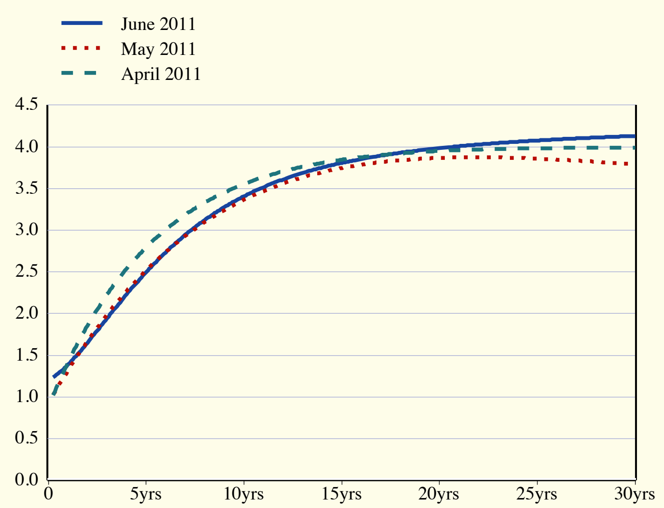
4.7 Euro area yield curves [1]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2008	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2010 Q2	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
Q3	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91
Q4	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011 Q1	0.87	1.30	1.79	2.83	3.26	3.66	2.79	1.87	1.84	2.69	4.12	4.63
Q2	1.24	1.39	1.65	2.50	2.94	3.41	2.17	1.75	1.63	2.22	3.76	4.60
2010 June	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
July	0.45	0.59	0.87	1.88	2.44	3.01	2.56	2.14	0.82	1.51	3.45	4.43
Aug.	0.43	0.45	0.62	1.47	1.97	2.48	2.05	1.85	0.55	1.09	2.87	3.70
Sep.	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91
Oct.	0.75	0.84	1.06	1.89	2.36	2.86	2.11	1.80	1.02	1.57	3.21	4.09
Nov.	0.63	0.72	0.99	2.02	2.58	3.11	2.48	2.12	0.92	1.62	3.62	4.35
Dec.	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011 Jan.	0.65	1.03	1.48	2.55	3.03	3.49	2.84	2.01	1.51	2.34	3.96	4.62
Feb.	0.69	1.08	1.53	2.55	3.02	3.49	2.80	1.96	1.56	2.37	3.91	4.67
Mar.	0.87	1.30	1.79	2.83	3.26	3.66	2.79	1.87	1.84	2.69	4.12	4.63
Apr.	1.02	1.41	1.86	2.80	3.19	3.55	2.53	1.70	1.90	2.67	3.96	4.46
May	1.03	1.32	1.67	2.52	2.93	3.37	2.34	1.69	1.69	2.34	3.69	4.51
June	1.24	1.39	1.65	2.50	2.94	3.41	2.17	1.75	1.63	2.22	3.76	4.60

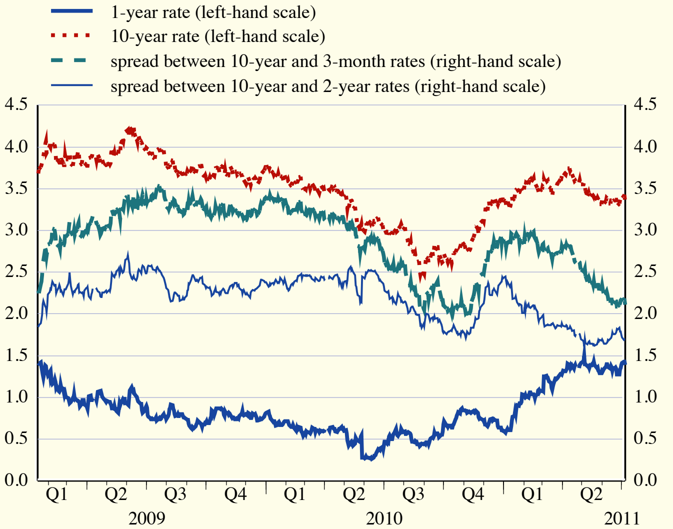
C25 Euro area spot yield curves [2]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2]

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



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

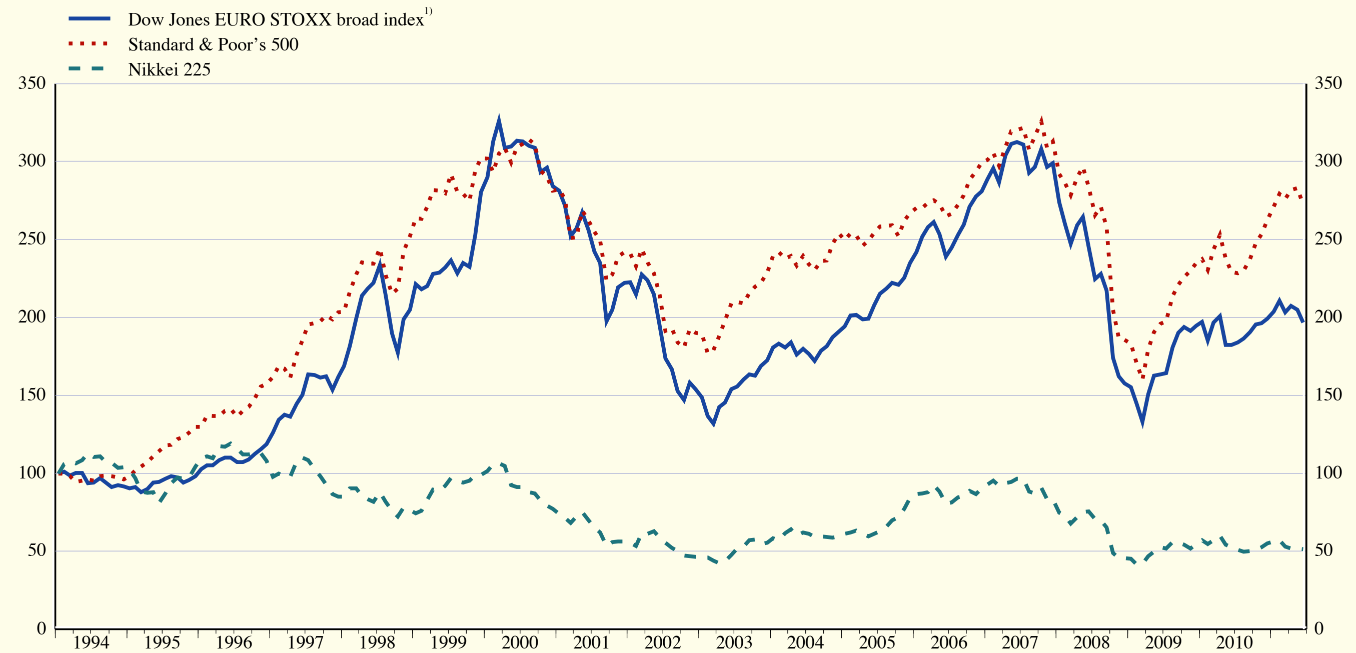
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices [1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2010 Q2	261.1	2,735.7	446.3	163.7	312.9	305.0	178.8	334.3	229.1	349.6	372.2	412.0	1,134.6	10,345.9
Q3	259.5	2,715.9	445.8	165.2	323.0	294.5	181.6	327.0	210.7	325.9	387.6	391.4	1,096.2	9,356.0
Q4	273.4	2,817.8	513.8	176.1	361.3	309.9	175.7	361.9	227.0	333.0	399.2	405.0	1,204.6	9,842.4
2011 Q1	285.5	2,932.9	532.7	175.5	366.3	341.1	185.0	388.0	249.6	347.7	396.7	415.0	1,302.5	10,285.3
Q2	281.2	2,862.7	552.0	169.6	370.7	328.8	175.2	391.5	239.7	333.7	385.0	448.4	1,318.3	9,609.4
2010 June	253.2	2,641.7	438.1	160.4	319.5	292.7	167.5	330.0	218.3	330.5	361.6	406.1	1,083.4	9,786.1
July	255.1	2,669.5	435.0	160.8	320.8	289.3	178.0	324.2	212.3	320.3	369.7	389.2	1,079.8	9,456.8
Aug.	258.9	2,712.2	441.5	163.2	315.6	296.0	183.7	324.9	206.8	328.5	392.2	383.1	1,087.3	9,268.2
Sep.	264.6	2,766.1	460.9	171.6	332.4	298.4	183.0	331.9	212.9	329.0	400.9	401.8	1,122.1	9,346.7
Oct.	271.3	2,817.7	489.1	175.1	346.1	304.9	183.2	346.0	223.7	331.4	410.5	405.4	1,171.6	9,455.1
Nov.	272.2	2,809.6	509.9	176.3	359.9	307.4	174.4	358.5	222.9	335.0	403.0	405.0	1,198.9	9,797.2
Dec.	276.5	2,825.6	540.1	176.8	376.5	316.7	170.0	379.7	234.1	332.6	385.3	404.6	1,241.5	10,254.5
2011 Jan.	282.8	2,900.7	531.1	178.1	375.3	335.1	178.0	385.8	246.1	346.2	390.7	411.8	1,282.6	10,449.5
Feb.	292.3	3,015.7	540.5	179.0	369.7	348.0	193.5	393.1	257.6	359.0	402.9	418.7	1,321.1	10,622.3
Mar.	281.9	2,890.4	527.4	170.1	355.0	340.5	184.1	385.7	245.9	339.1	396.8	414.6	1,304.5	9,852.4
Apr.	287.5	2,947.2	557.3	172.5	366.6	343.8	182.4	397.9	250.0	346.9	402.8	435.4	1,331.5	9,644.6
May	284.0	2,885.8	557.0	171.7	374.9	330.4	176.3	395.5	246.5	337.8	386.4	457.8	1,338.3	9,650.8
June	272.9	2,766.6	542.5	164.9	370.0	314.3	168.0	382.0	224.1	318.3	368.2	450.3	1,287.3	9,541.5

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2]	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
			Total excl. unprocessed food and energy										
% of total in 2011	100.0	100.0	82.3	58.6	41.4	100.0	11.9	7.4	28.9	10.4	41.4	88.8	11.2
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.2
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.8
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.5
2010 Q1	108.6	1.1	0.9	0.9	1.5	0.5	0.1	0.9	0.1	3.0	0.2	1.2	0.4
Q2	110.1	1.6	0.9	1.9	1.2	0.6	0.2	0.7	0.2	3.9	0.2	1.6	1.3
Q3	109.9	1.7	1.0	2.0	1.4	0.3	0.4	0.5	0.1	0.0	0.5	1.7	2.0
Q4	110.8	2.0	1.1	2.5	1.3	0.5	0.6	0.6	0.3	2.0	0.3	2.0	2.3
2011 Q1	111.3	2.5	1.3	3.1	1.6	1.0	0.9	0.5	0.0	6.3	0.5	2.4	3.4
2011 Jan.	110.5	2.3	1.2	2.9	1.5	0.4	0.3	-0.4	0.0	3.0	0.2	2.2	3.2
Feb.	111.0	2.4	1.1	3.0	1.6	0.1	0.3	0.6	-0.4	0.9	0.2	2.3	3.4
Mar.	112.5	2.7	1.5	3.4	1.6	0.6	0.5	0.2	0.7	2.5	0.2	2.6	3.5
Apr.	113.1	2.8	1.8	3.4	2.0	0.4	0.4	-0.1	0.2	1.5	0.3	2.7	3.7
May	113.1	2.7	1.7	3.4	1.8	0.0	0.4	0.2	0.1	-0.6	0.0	2.6	3.6
June [3]	.	2.7	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2011	19.3	11.9	7.4	39.3	28.9	10.4	10.1	6.0	6.5	3.2	14.6	7.0
	14	15	16	17	18	19	20	21	22	23	24	25
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2010 Q1	0.1	0.6	-0.6	1.3	0.1	4.8	1.9	1.6	2.5	-0.5	1.1	1.6
Q2	0.9	0.8	1.0	2.4	0.5	8.1	1.8	1.5	2.3	-0.9	0.8	1.5
Q3	1.5	0.9	2.3	2.2	0.5	7.3	1.8	1.6	2.5	-0.8	1.0	1.5
Q4	1.9	1.3	2.7	2.9	0.8	9.2	1.6	1.3	1.9	-0.8	1.2	1.5
2011 Q1	2.2	2.1	2.3	3.6	0.5	12.7	1.8	1.3	2.0	-0.4	1.5	1.9
2010 Dec.	2.1	1.5	3.2	3.2	0.7	11.0	1.7	1.3	1.7	-0.7	1.2	1.4
2011 Jan.	1.9	1.8	2.2	3.4	0.5	12.0	1.7	1.3	1.5	-0.2	1.6	1.7
Feb.	2.3	2.0	2.7	3.4	0.1	13.1	1.8	1.3	2.2	-0.4	1.6	1.9
Mar.	2.4	2.5	2.2	4.0	0.9	13.0	1.8	1.3	2.3	-0.6	1.5	2.2
Apr.	2.2	2.8	1.4	4.0	1.0	12.5	1.8	1.4	3.2	-0.9	2.2	2.2
May	2.8	3.2	2.4	3.6	1.0	11.1	1.9	1.4	3.1	-1.0	1.7	2.1

Sources: Eurostat and ECB calculations.

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

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

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

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

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.4	2.2	1.2	4.2	4.8
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.9	1.3
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-2.9
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	2.0	1.9
2010 Q1	109.6	-0.1	1.7	-0.5	-0.4	-0.5	-0.6	0.3	-0.7	0.3	0.2	0.2
Q2	111.5	3.0	3.8	1.6	3.6	0.2	0.0	0.6	-0.1	7.2	2.4	1.7
Q3	112.3	4.0	3.7	2.3	4.8	0.7	0.6	1.1	0.5	8.7	2.5	2.7
Q4	113.5	4.8	4.6	3.1	5.9	0.8	1.5	1.4	1.5	9.6	2.8	2.9
2011 Q1	116.7	6.5	6.3	4.4	7.8	1.3	2.5	1.8	2.6	12.5	4.2	2.2
2010 Dec.	114.3	5.4	5.2	3.3	6.3	0.7	1.8	1.5	1.8	11.2	-	-
2011 Jan.	115.8	5.9	5.7	4.0	7.3	1.2	2.1	1.6	2.2	11.8	-	-
Feb.	116.7	6.6	6.4	4.5	8.1	1.4	2.5	1.8	2.6	12.6	-	-
Mar.	117.6	6.8	6.7	4.6	8.1	1.4	2.8	1.9	3.0	13.1	-	-
Apr.	118.6	6.7	6.3	4.4	7.3	1.3	3.3	2.0	3.5	13.2	-	-
May	118.4	6.2	5.6	4.2	6.6	1.2	3.4	1.9	3.7	11.9	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [3] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [4]			Use-weighted [5]			Total (s.a.; index: 2000 = 100)	Total	Domestic demand				Exports [6]	Imports [6]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2007	52.8	7.8	14.3	5.5	5.3	9.3	2.9	116.4	2.4	2.3	2.3	1.7	2.7	1.7	1.3
2008	65.9	2.0	18.4	-4.4	-1.7	9.7	-8.6	118.8	2.0	2.6	2.7	2.6	2.3	2.5	3.9
2009	44.6	-18.5	-8.9	-23.0	-18.0	-11.4	-22.8	119.9	1.0	0.0	-0.2	2.1	-0.6	-3.3	-5.9
2010	60.7	44.7	21.4	57.9	42.1	27.1	54.5	121.0	0.9	1.6	1.7	0.9	1.2	3.3	5.4
2010 Q1	56.0	29.0	7.4	42.6	27.4	7.5	46.5	120.4	0.5	0.9	1.0	1.0	-0.3	1.2	2.3
Q2	62.6	48.2	12.5	70.2	41.7	14.0	67.3	120.9	0.9	1.8	1.7	1.1	1.1	3.6	6.2
Q3	59.6	51.5	29.7	63.1	49.4	41.0	55.8	121.4	1.1	1.9	2.0	0.4	1.8	4.2	6.4
Q4	64.4	48.6	36.6	54.7	48.7	48.4	48.9	121.4	1.1	1.9	2.3	1.1	2.1	4.3	6.8
2011 Q1	77.3	42.9	46.1	41.4	41.0	47.2	36.6	121.9	1.3	2.5	2.9	0.9	2.6	5.3	8.4
2011 Jan.	72.6	46.0	42.9	47.5	43.9	46.5	42.0	-	-	-	-	-	-	-	-
Feb.	76.6	47.5	51.0	45.9	45.3	51.4	40.9	-	-	-	-	-	-	-	-
Mar.	82.1	35.7	44.4	31.8	34.1	43.8	27.6	-	-	-	-	-	-	-	-
Apr.	85.1	15.1	37.7	6.5	17.5	35.8	6.8	-	-	-	-	-	-	-	-
May	79.8	11.1	28.5	3.9	12.1	25.0	4.0	-	-	-	-	-	-	-	-
June	79.1	8.8	21.4	3.3	10.3	18.7	4.6	-	-	-	-	-	-	-	-

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

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

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

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

	Total (index: 2000 = 100)	Total	By economic activity					
			Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8
	Unit labour costs [1]							
2009	120.3	3.9	-3.0	8.8	2.1	5.7	0.6	2.7
2010	119.6	-0.6	0.4	-5.6	2.0	-1.4	1.7	0.9
2010 Q2	119.7	-0.7	0.4	-6.9	2.3	-1.8	2.0	1.5
Q3	119.4	-0.7	1.4	-4.3	2.1	-1.7	2.1	0.2
Q4	119.8	-0.3	0.1	-3.6	1.1	-0.6	1.5	0.5
2011 Q1	119.8	-0.2	1.4	-1.7	-1.3	-0.2	2.2	0.4
	Compensation per employee							
2009	123.6	1.5	2.2	-0.2	2.6	1.9	1.2	2.6
2010	125.6	1.6	1.1	3.4	1.6	1.6	1.5	0.7
2010 Q2	125.5	1.9	1.5	4.0	2.0	1.6	1.4	1.4
Q3	125.7	1.4	0.6	3.4	1.8	1.8	1.6	-0.1
Q4	126.3	1.4	0.5	3.6	1.3	1.6	1.3	0.0
2011 Q1	127.2	1.9	3.2	3.7	3.0	1.8	1.5	0.6
	Labour productivity per person employed [2]							
2009	102.7	-2.3	5.3	-8.3	0.4	-3.6	0.6	-0.1
2010	105.0	2.2	0.7	9.6	-0.4	3.0	-0.1	-0.2
2010 Q2	104.8	2.6	1.1	11.7	-0.4	3.4	-0.6	-0.2
Q3	105.3	2.1	-0.7	8.1	-0.3	3.6	-0.5	-0.2
Q4	105.4	1.7	0.4	7.4	0.2	2.3	-0.3	-0.5
2011 Q1	106.2	2.1	1.8	5.6	4.4	2.0	-0.6	0.3
	Compensation per hour worked							
2009	128.2	3.4	2.7	4.5	5.3	3.3	2.7	3.1
2010	129.3	0.8	0.6	0.6	1.6	0.9	0.9	0.5
2010 Q2	129.2	0.9	0.4	0.4	1.8	0.5	0.8	1.1
Q3	129.1	0.5	-1.0	0.2	2.0	0.9	0.8	-0.3
Q4	130.0	1.0	1.5	1.1	1.8	1.6	0.8	0.0
2011 Q1	130.5	1.4	1.7	1.5	2.2	2.1	0.9	0.6
	Hourly labour productivity [2]							
2009	107.2	-0.7	5.1	-4.3	2.6	-2.4	1.9	0.3
2010	108.7	1.4	1.3	6.6	-0.9	2.1	-0.7	-0.5
2010 Q2	108.5	1.6	1.4	8.0	-1.2	2.3	-1.2	-0.5
Q3	108.8	1.2	-0.1	4.6	-0.7	2.5	-1.3	-0.5
Q4	109.1	1.3	1.2	4.9	0.6	2.0	-0.5	-0.7
2011 Q1	109.6	1.7	0.4	3.4	3.7	2.1	-0.9	0.2

5. Labour cost indices [3]

	Total (s.a.; index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2009	102.8	2.8	2.6	3.3	3.1	3.7	2.4	2.6
2010	104.3	1.5	1.4	1.7	1.0	1.8	1.7	1.7
2010 Q2	104.2	1.6	1.6	1.8	0.9	2.1	2.0	1.9
Q3	104.3	1.0	1.0	1.3	0.3	1.6	1.3	1.5
Q4	105.1	1.5	1.4	1.7	1.4	1.4	1.7	1.6
2011 Q1	106.1	2.6	2.3	3.6	2.8	2.6	2.5	1.8

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

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions; seasonally adjusted)								
2007	9,027.4	8,889.1	5,073.6	1,808.4	1,961.1	46.0	138.3	3,746.1	3,607.8
2008	9,248.9	9,152.1	5,231.9	1,898.2	1,990.5	31.5	96.8	3,879.3	3,782.5
2009	8,952.9	8,831.4	5,156.5	1,984.0	1,744.2	-53.4	121.6	3,260.1	3,138.5
2010	9,190.6	9,069.8	5,287.9	2,013.2	1,751.7	17.0	120.9	3,745.0	3,624.1
2010 Q1	2,262.3	2,231.8	1,304.6	501.4	427.0	-1.2	30.5	877.6	847.0
Q2	2,292.3	2,266.9	1,316.9	503.8	439.4	6.8	25.5	928.7	903.3
Q3	2,310.9	2,279.1	1,325.7	504.8	440.6	8.0	31.8	953.0	921.2
Q4	2,317.2	2,286.0	1,339.7	503.0	441.4	1.9	31.2	977.1	945.9
2011 Q1	2,347.6	2,326.3	1,355.7	509.7	454.4	6.5	21.3	1,015.0	993.7
	percentage of GDP								
2010	100.0	98.7	57.5	21.9	19.1	0.2	1.3	-	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [3])								
	quarter-on-quarter percentage changes								
2010 Q1	0.3	0.5	0.4	-0.3	-0.7	-	-	3.4	3.8
Q2	0.9	0.8	0.2	0.3	2.2	-	-	4.3	4.1
Q3	0.4	0.2	0.2	0.1	-0.2	-	-	1.7	1.3
Q4	0.3	0.1	0.3	-0.1	-0.2	-	-	1.6	1.2
2011 Q1	0.8	0.6	0.2	0.5	1.9	-	-	1.9	1.4
	annual percentage changes								
2007	2.8	2.6	1.6	2.2	4.7	-	-	6.2	5.8
2008	0.4	0.3	0.4	2.2	-0.8	-	-	1.0	0.8
2009	-4.2	-3.5	-1.2	2.4	-11.8	-	-	-13.1	-11.9
2010	1.8	1.0	0.8	0.6	-0.8	-	-	11.1	9.5
2010 Q1	0.9	-0.3	0.4	1.2	-4.8	-	-	7.2	4.2
Q2	2.0	1.3	0.6	0.7	-0.4	-	-	13.1	11.4
Q3	2.0	1.4	1.0	0.4	0.6	-	-	12.1	10.8
Q4	2.0	1.6	1.1	0.0	1.1	-	-	11.3	10.8
2011 Q1	2.5	1.7	1.0	0.8	3.7	-	-	9.8	8.2
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2010 Q1	0.3	0.4	0.2	-0.1	-0.1	0.4	-0.1	-	-
Q2	0.9	0.8	0.1	0.1	0.4	0.2	0.2	-	-
Q3	0.4	0.2	0.1	0.0	0.0	0.1	0.2	-	-
Q4	0.3	0.1	0.2	0.0	0.0	-0.1	0.2	-	-
2011 Q1	0.8	0.6	0.1	0.1	0.4	0.0	0.2	-	-
	contributions to annual percentage changes in GDP; percentage points								
2007	2.8	2.6	0.9	0.5	1.0	0.2	0.2	-	-
2008	0.4	0.3	0.2	0.4	-0.2	-0.2	0.1	-	-
2009	-4.1	-3.5	-0.7	0.5	-2.5	-0.7	-0.7	-	-
2010	1.8	1.0	0.4	0.1	-0.2	0.6	0.7	-	-
2010 Q1	0.9	-0.3	0.2	0.3	-1.0	0.2	1.1	-	-
Q2	2.0	1.2	0.3	0.2	-0.1	0.8	0.8	-	-
Q3	2.0	1.3	0.5	0.1	0.1	0.6	0.6	-	-
Q4	1.9	1.5	0.6	0.0	0.2	0.7	0.4	-	-
2011 Q1	2.4	1.7	0.6	0.2	0.7	0.3	0.7	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

2. Value added by economic activity

	Gross value added (basic prices)							Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	
	1	2	3	4	5	6	7	8
	Current prices (EUR billions; seasonally adjusted)							
2007	8,066.4	147.5	1,652.3	511.0	1,664.3	2,302.1	1,789.2	961.1
2008	8,301.7	143.0	1,654.1	527.1	1,725.3	2,380.6	1,871.6	947.3
2009	8,060.9	129.2	1,448.8	506.0	1,650.6	2,377.9	1,948.5	892.0
2010	8,252.1	138.7	1,534.5	487.0	1,693.9	2,413.9	1,984.0	938.6
2010 Q1	2,037.2	33.4	373.8	120.9	416.2	598.5	494.4	225.1
Q2	2,058.9	34.4	381.7	122.8	422.2	600.3	497.6	233.4
Q3	2,069.6	35.1	384.0	122.3	426.4	606.0	495.7	241.4
Q4	2,078.3	35.9	390.6	120.7	427.7	607.7	495.7	238.9
2011 Q1	2,104.6	36.8	397.3	125.0	432.1	614.0	499.4	243.0
	percentage of value added							
2010	100.0	1.7	18.6	5.9	20.5	29.3	24.0	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [1])							
	quarter-on-quarter percentage changes							
2010 Q1	0.6	0.9	2.4	-1.8	0.8	0.2	0.2	-2.3
Q2	0.8	-0.8	2.0	1.0	1.1	0.4	0.1	2.5
Q3	0.3	-0.7	0.6	-1.1	0.6	0.5	0.0	1.0
Q4	0.3	0.7	1.2	-1.3	0.0	0.3	0.1	0.0
2011 Q1	0.8	0.8	1.8	2.8	0.7	0.4	0.3	0.9
	annual percentage changes							
2007	3.1	1.5	3.2	2.5	3.7	4.0	1.6	0.8
2008	0.6	1.3	-2.5	-1.7	1.4	1.6	1.9	-1.3
2009	-4.2	2.7	-13.1	-6.3	-5.3	-1.6	1.3	-3.4
2010	1.8	0.1	6.2	-4.1	2.4	0.9	0.9	1.2
2010 Q1	1.0	0.6	4.4	-6.4	1.2	0.4	1.3	-0.7
Q2	2.0	0.2	7.5	-3.9	2.6	0.5	0.9	1.9
Q3	1.9	-0.7	5.7	-3.2	3.0	1.1	0.7	2.4
Q4	2.0	0.2	6.4	-3.1	2.5	1.5	0.5	1.2
2011 Q1	2.2	0.0	5.8	1.4	2.3	1.6	0.6	4.5
	contributions to quarter-on-quarter percentage changes in value added; percentage points							
2010 Q1	0.6	0.0	0.4	-0.1	0.2	0.1	0.1	-
Q2	0.8	0.0	0.4	0.1	0.2	0.1	0.0	-
Q3	0.3	0.0	0.1	-0.1	0.1	0.2	0.0	-
Q4	0.3	0.0	0.2	-0.1	0.0	0.1	0.0	-
2011 Q1	0.8	0.0	0.3	0.2	0.1	0.1	0.1	-
	contributions to annual percentage changes in value added; percentage points							
2007	3.1	0.0	0.7	0.2	0.8	1.1	0.3	-
2008	0.6	0.0	-0.5	-0.1	0.3	0.5	0.4	-
2009	-4.2	0.0	-2.6	-0.4	-1.1	-0.5	0.3	-
2010	1.8	0.0	1.1	-0.3	0.5	0.3	0.2	-
2010 Q1	1.0	0.0	0.8	-0.4	0.2	0.1	0.3	-
Q2	2.0	0.0	1.3	-0.2	0.5	0.2	0.2	-
Q3	1.9	0.0	1.0	-0.2	0.6	0.3	0.2	-
Q4	2.0	0.0	1.2	-0.2	0.5	0.4	0.1	-
2011 Q1	2.2	0.0	1.1	0.1	0.5	0.5	0.1	-

Sources: Eurostat and ECB calculations.

1) Annual data are not working day-adjusted.

5.2 Output and demand
(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2005	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2008	-2.4	106.6	-1.6	-1.7	-1.8	-3.4	0.1	-1.9	-5.3	-1.3	0.2	-5.5
2009	-13.6	90.9	-14.8	-15.8	-16.0	-19.0	-20.8	-4.9	-17.3	-2.9	-5.3	-8.0
2010	4.3	97.6	7.4	7.9	7.9	10.1	9.5	3.3	2.7	3.4	3.7	-7.7
2010 Q2	6.3	97.2	9.3	9.6	9.7	14.2	9.7	3.9	5.0	3.6	5.3	-4.0
Q3	3.9	98.3	7.1	7.7	7.8	9.4	10.2	3.2	3.9	3.1	1.5	-8.0
Q4	4.6	100.1	8.1	8.6	8.6	7.8	14.4	2.9	2.0	2.9	4.8	-9.1
2011 Q1	4.7	101.2	6.6	8.1	8.3	9.2	12.9	1.5	2.7	1.3	-2.1	-2.1
2010 Nov.	4.7	100.4	8.0	8.6	8.5	7.9	13.2	3.6	1.1	3.6	5.4	-7.7
Dec.	4.7	100.7	8.9	9.3	9.3	7.9	16.9	2.1	2.9	1.7	7.2	-13.6
2011 Jan.	4.0	100.9	6.3	8.1	8.1	9.8	12.7	1.0	2.2	0.6	-2.5	-4.0
Feb.	6.6	101.4	7.8	9.7	9.7	10.3	15.0	2.6	3.4	2.6	-2.7	3.5
Mar.	3.6	101.5	5.8	6.8	7.1	7.7	11.2	0.9	2.5	0.6	-1.0	-5.0
Apr.	4.2	101.8	5.5	6.5	6.9	5.9	10.0	3.5	4.8	3.2	-3.2	-1.6
	month-on-month percentage changes (s.a.)											
2010 Nov.	0.9	-	1.4	1.4	0.6	1.7	0.4	0.8	-0.8	0.6	1.6	-1.0
Dec.	-0.2	-	0.2	0.8	1.2	-1.1	2.8	-0.3	0.2	-0.5	3.9	-2.6
2011 Jan.	0.6	-	0.2	0.7	0.2	2.6	-2.2	0.0	1.3	0.0	-5.1	3.9
Feb.	0.9	-	0.6	1.3	1.3	0.6	2.5	0.9	0.7	1.0	-0.7	-0.6
Mar.	-0.3	-	0.0	-0.4	0.0	0.0	-0.7	0.0	-0.1	0.6	1.1	-0.2
Apr.	0.5	-	0.4	0.2	0.5	0.3	0.7	0.8	1.2	0.1	-2.9	1.0

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

	Industrial new orders		Industrial turnover		Retail sales (excluding automotive fuel)							New passenger car registrations	
	Manufacturing [1] (current prices)		Manufacturing (current prices)		Current prices	Constant prices							
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Total (s.a.; thousands) [2]	Total
										Textiles, clothing, footwear	Household equipment		
% of total in 2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	43.0	57.0	10.1	14.3		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2008	112.9	-5.4	116.7	1.8	1.7	103.4	-0.8	-1.8	-0.1	-1.8	-1.6	891	-7.8
2009	87.2	-22.9	95.4	-18.4	-2.9	101.4	-2.0	-1.7	-2.2	-1.8	-3.9	925	3.3
2010	102.5	17.5	105.1	10.2	1.4	102.5	1.1	0.5	1.7	2.6	0.6	843	-8.5
2010 Q2	102.0	22.4	104.3	12.2	1.3	102.4	1.0	0.3	1.5	-0.3	2.0	840	-13.1
Q3	105.5	15.9	106.3	10.1	2.1	102.8	1.7	0.4	2.9	5.5	1.1	797	-16.4
Q4	108.3	18.1	109.4	12.2	1.4	102.6	1.0	0.2	1.5	1.7	-0.3	850	-11.1
2011 Q1	112.0	19.1	114.2	14.1	1.0	102.5	0.2	-1.2	1.1	-0.3	1.7	863	-3.1
2010 Dec.	111.0	19.3	111.4	14.2	0.7	102.3	0.2	-0.3	0.6	-0.2	-1.9	848	-6.9
2011 Jan.	112.2	22.6	114.0	15.8	1.4	102.7	0.9	-1.0	1.8	-0.9	4.3	849	-4.3
Feb.	112.7	21.5	115.2	15.6	2.0	102.9	1.3	-0.5	2.5	4.4	2.0	874	0.1
Mar.	111.1	14.3	113.3	11.4	-0.3	102.1	-1.3	-1.9	-0.9	-3.6	-1.1	866	-4.5
Apr.	112.0	8.8	115.5	9.4	2.5	102.6	1.2	1.1	1.3	4.1	1.3	830	-0.2
May	.	.	.	.	-0.6	101.8	-1.6	-2.1	-1.3	.	.	827	-1.0
	month-on-month percentage changes (s.a.)												
2011 Jan.	-	1.0	-	2.4	0.6	-	0.4	-0.1	0.5	0.6	2.2	-	0.1
Feb.	-	0.5	-	1.0	0.3	-	0.2	0.0	0.4	2.1	-0.9	-	2.9
Mar.	-	-1.5	-	-1.6	-0.5	-	-0.8	-0.4	-1.0	-2.8	-0.9	-	-0.8
Apr.	-	0.8	-	2.0	0.6	-	0.5	0.6	0.5	2.4	0.8	-	-4.2
May	-	.	-	.	-0.9	-	-0.8	-0.6	-0.9	.	.	-	-0.4

Sources: Eurostat, except columns 12 and 13 in Table 4 in Section 5.2 (which comprise ECB calculations based on data from the European Automobile Manufacturers' Association).
1) Includes manufacturing industries working mainly on the basis of orders, which represented 61.2% of total manufacturing in 2005.
2) Annual and quarterly figures are averages of monthly figures in the period concerned.

5.2 Output and demand
(percentage balances,[1] unless otherwise indicated; seasonally adjusted)

5. Business and Consumer Surveys

	Economic sentiment indicator [2] (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation [3] (%)	Total [4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total [4]	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2007	109.4	5.8	7.2	4.4	14.6	84.8	-4.9	-2.3	-4.3	5.0	-8.0
2008	93.7	-8.4	-13.3	10.8	-1.0	82.1	-18.1	-9.9	-25.3	23.5	-13.6
2009	80.7	-28.7	-56.8	14.6	-14.8	70.9	-24.8	-7.0	-26.3	55.5	-10.3
2010	100.9	-4.5	-24.6	0.6	11.6	77.0	-14.0	-5.2	-12.2	31.0	-7.6
2010 Q2	99.2	-6.4	-28.8	0.5	10.3	76.7	-16.7	-6.2	-17.8	33.8	-8.9
Q3	102.3	-2.5	-18.4	0.3	11.3	77.8	-12.1	-5.5	-11.3	23.4	-8.2
Q4	105.7	2.7	-9.5	-0.8	16.8	79.3	-10.4	-5.4	-8.7	20.9	-6.6
2011 Q1	107.4	6.5	-1.6	-2.0	19.0	80.8	-10.6	-6.0	-9.6	19.7	-7.0
Q2	105.6	4.2	-1.4	-0.8	13.3	.	-10.4	-6.6	-12.4	14.8	-7.9
2011 Jan.	106.8	6.2	-3.0	-1.9	19.5	80.3	-11.2	-6.6	-10.1	19.9	-8.2
Feb.	108.0	6.7	-1.4	-1.7	19.8	-	-10.0	-5.2	-8.6	20.2	-5.8
Mar.	107.3	6.6	-0.3	-2.3	17.8	-	-10.6	-6.3	-10.2	19.0	-7.1
Apr.	106.1	5.6	0.1	-1.4	15.4	81.3	-11.6	-7.3	-14.4	16.6	-8.1
May	105.5	3.8	-2.7	-1.4	12.9	-	-9.9	-6.7	-11.6	13.9	-7.4
June	105.1	3.2	-1.6	0.4	11.6	-	-9.8	-5.8	-11.1	13.9	-8.2

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total [4]	Order books	Employment expectations	Total [4]	Present business situation	Volume of stocks	Expected business situation	Total [4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2007	0.1	-7.6	7.8	1.1	5.1	13.2	11.4	16.1	13.3	14.6	20.4
2008	-13.4	-20.7	-6.1	-10.0	-10.6	16.0	-3.5	0.6	-3.7	0.7	4.7
2009	-32.7	-42.2	-23.2	-15.5	-21.0	9.9	-15.7	-15.5	-20.4	-17.9	-8.3
2010	-28.4	-39.6	-17.2	-4.0	-6.1	7.4	1.5	5.0	2.5	4.2	8.3
2010 Q2	-29.2	-41.3	-17.1	-5.1	-7.5	7.5	-0.5	3.9	1.6	2.8	7.3
Q3	-28.1	-39.8	-16.4	-2.8	-4.7	7.0	3.4	6.9	4.8	8.3	7.6
Q4	-26.2	-36.0	-16.3	0.8	1.3	7.4	8.5	9.0	6.8	8.4	11.9
2011 Q1	-25.2	-36.1	-14.3	-0.7	0.1	8.2	6.0	10.6	8.3	10.5	13.2
Q2	-24.2	-32.3	-16.2	-2.2	-1.0	9.8	4.1	9.9	7.6	10.2	11.8
2011 Jan.	-26.0	-38.8	-13.2	-0.6	0.4	6.7	4.6	9.9	8.4	9.1	12.1
Feb.	-24.2	-34.0	-14.4	-0.2	0.7	7.2	6.0	11.2	8.8	12.1	12.9
Mar.	-25.4	-35.4	-15.3	-1.4	-0.8	10.6	7.3	10.8	7.6	10.2	14.7
Apr.	-24.3	-33.6	-15.1	-1.8	-2.0	9.0	5.5	10.4	7.8	10.2	13.4
May	-24.7	-32.6	-16.8	-2.4	-1.3	10.6	4.7	9.3	6.9	10.0	11.0
June	-23.6	-30.6	-16.6	-2.4	0.4	9.8	2.1	9.9	8.2	10.5	10.9

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

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

5.3 Labour markets [1]

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

1. Employment in terms of persons employed

	Whole economy	By employment status			By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total in 2010	100.0	100.0	85.5	14.5	3.7	16.0	6.9	25.4	16.6	31.4
	1	2	3	4	5	6	7	8	9	10
2008	149.684	0.8	0.9	-0.3	-1.7	-0.1	-2.0	1.1	2.2	1.2
2009	146.885	-1.9	-1.8	-2.4	-2.4	-5.2	-6.7	-1.8	-2.2	1.4
2010	146.222	-0.5	-0.4	-0.7	-0.6	-3.1	-3.7	-0.6	1.0	1.1
2010 Q2	146.218	-0.6	-0.6	-0.9	-0.9	-3.7	-3.5	-0.8	1.1	1.0
Q3	146.189	-0.1	0.0	-0.9	0.0	-2.2	-2.9	-0.5	1.6	1.0
Q4	146.429	0.3	0.4	-0.5	-0.3	-0.9	-3.3	0.2	1.8	1.0
2011 Q1	146.505	0.3	0.4	-0.4	-1.7	0.2	-2.9	0.3	2.2	0.3
	quarter-on-quarter percentage changes									
2010 Q2	0.163	0.1	0.2	-0.6	-0.8	-0.1	-0.3	0.0	0.9	0.1
Q3	-0.029	0.0	0.0	-0.4	0.3	-0.2	-1.0	0.0	0.2	0.1
Q4	0.240	0.2	0.1	0.3	0.4	0.1	-0.9	0.3	0.3	0.2
2011 Q1	0.077	0.1	0.0	0.4	-1.6	0.3	-0.8	0.1	0.9	-0.1

2. Employment in terms of hours worked

	Whole economy	By employment status			By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total in 2010	100.0	100.0	80.5	19.5	4.8	16.0	7.7	27.0	16.1	28.5
	1	2	3	4	5	6	7	8	9	10
2008	238,899.0	0.7	1.1	-0.9	-2.0	-0.6	-1.8	0.9	2.4	1.6
2009	230,549.8	-3.5	-3.6	-2.9	-2.3	-9.2	-8.6	-3.0	-3.5	1.0
2010	231,361.4	0.4	0.4	0.1	-1.2	-0.3	-3.3	0.3	1.7	1.4
2010 Q2	57,848.8	0.4	0.5	0.1	-1.2	-0.4	-2.7	0.3	1.8	1.4
Q3	57,915.9	0.8	0.9	0.3	-0.7	1.1	-2.5	0.6	2.4	1.2
Q4	57,923.6	0.7	0.8	0.1	-1.0	1.4	-3.7	0.4	2.0	1.2
2011 Q1	58,111.9	0.8	0.9	0.1	-0.4	2.3	-2.2	0.3	2.5	0.4
	quarter-on-quarter percentage changes									
2010 Q2	175.7	0.3	0.4	-0.1	0.1	0.7	0.0	0.3	0.6	0.1
Q3	67.2	0.1	0.2	-0.2	-0.1	0.8	-0.9	-0.1	0.3	0.1
Q4	7.7	0.0	0.0	0.1	0.0	0.1	-1.7	0.0	0.5	0.1
2011 Q1	188.3	0.3	0.3	0.3	-0.5	0.7	0.5	0.0	1.1	0.1

3. Hours worked per person employed

	Whole economy	By employment status			By economic activity					
	Total (thousands)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8	9	10
2008	1.596	-0.1	0.1	-0.6	-0.3	-0.5	0.3	-0.3	0.2	0.5
2009	1.570	-1.7	-1.9	-0.6	0.1	-4.2	-2.1	-1.2	-1.3	-0.4
2010	1.582	0.8	0.8	0.9	-0.6	2.8	0.4	0.9	0.6	0.3
2010 Q2	0.396	1.0	1.1	0.9	-0.3	3.4	0.8	1.2	0.6	0.3
Q3	0.396	0.9	1.0	1.2	-0.6	3.3	0.4	1.1	0.8	0.2
Q4	0.396	0.4	0.4	0.6	-0.7	2.4	-0.4	0.2	0.2	0.2
2011 Q1	0.397	0.5	0.5	0.5	1.3	2.1	0.7	-0.1	0.3	0.1

Source: ECB calculations based on Eurostat data.

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

5.3 Labour markets

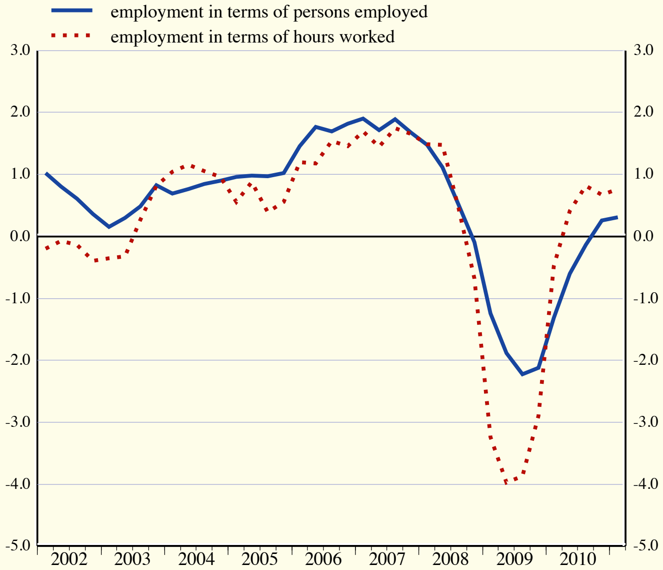
(seasonally adjusted, unless otherwise indicated)

4. Unemployment and job vacancies [1]

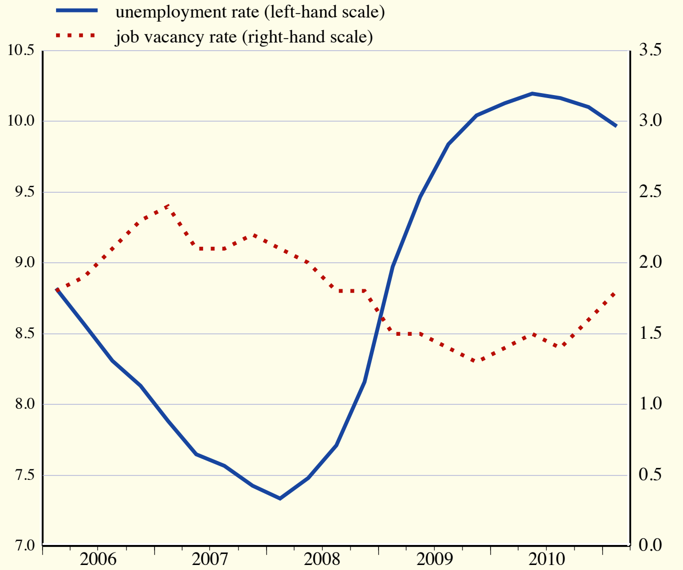
	Unemployment										Job vacancy rate [2]
	Total		By age [3]				By gender [4]				
			Adult		Youth		Male		Female		
	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.5		20.5		53.9		46.1		
	1	2	3	4	5	6	7	8	9	10	11
2007	11.814	7.6	9.210	6.7	2.604	15.5	5.838	6.8	5.976	8.7	2.2
2008	12.011	7.7	9.328	6.7	2.683	16.1	6.071	7.0	5.940	8.5	1.9
2009	15.034	9.6	11.755	8.4	3.280	20.2	8.121	9.4	6.913	9.8	1.4
2010	15.951	10.1	12.671	9.0	3.281	20.9	8.610	10.0	7.342	10.3	1.5
2010 Q1	15.910	10.1	12.567	8.9	3.343	21.1	8.651	10.0	7.258	10.2	1.4
Q2	16.035	10.2	12.710	9.0	3.325	21.1	8.691	10.1	7.344	10.4	1.5
Q3	15.980	10.2	12.731	9.0	3.250	20.9	8.598	10.0	7.383	10.4	1.4
Q4	15.880	10.1	12.675	8.9	3.206	20.7	8.499	9.9	7.381	10.4	1.6
2011 Q1	15.656	10.0	12.507	8.8	3.148	20.4	8.346	9.7	7.309	10.3	1.8
2010 Dec.	15.767	10.0	12.588	8.9	3.179	20.6	8.427	9.8	7.340	10.3	-
2011 Jan.	15.720	10.0	12.551	8.9	3.168	20.6	8.387	9.8	7.333	10.3	-
Feb.	15.654	10.0	12.512	8.8	3.142	20.4	8.350	9.7	7.304	10.3	-
Mar.	15.593	9.9	12.458	8.8	3.135	20.4	8.302	9.7	7.291	10.2	-
Apr.	15.494	9.9	12.428	8.8	3.066	20.0	8.220	9.6	7.274	10.2	-
May	15.510	9.9	12.456	8.8	3.055	20.0	8.222	9.6	7.289	10.2	-

C28 Employment - persons employed and hours worked

(annual percentage changes)

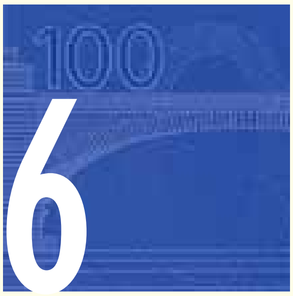


C29 Unemployment and job vacancy [2] rates



Source: Eurostat.

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



GOVERNMENT FINANCE

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

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2)]
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	45.1	44.8	11.8	9.2	2.5	13.5	0.4	15.6	8.1	4.6	2.1	0.3	0.3	41.2
2003	45.0	44.4	11.4	9.0	2.3	13.5	0.4	15.7	8.2	4.6	2.1	0.6	0.5	41.1
2004	44.5	44.0	11.3	8.7	2.5	13.5	0.3	15.5	8.1	4.5	2.1	0.5	0.4	40.7
2005	44.8	44.3	11.5	8.8	2.7	13.7	0.3	15.4	8.1	4.5	2.2	0.5	0.3	40.9
2006	45.3	45.0	12.1	8.9	3.0	13.8	0.3	15.3	8.0	4.5	2.1	0.3	0.3	41.5
2007	45.4	45.1	12.4	9.1	3.2	13.8	0.3	15.1	8.0	4.4	2.1	0.3	0.3	41.6
2008	45.1	44.8	12.2	9.3	2.8	13.3	0.3	15.3	8.1	4.5	2.2	0.2	0.3	41.1
2009	44.7	44.3	11.4	9.3	2.0	13.1	0.3	15.7	8.2	4.5	2.3	0.3	0.4	40.6
2010	44.6	44.3	11.3	9.1	2.1	13.3	0.3	15.6	8.1	4.5	2.3	0.3	0.3	40.5

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure [3)]
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions		Investment	Capital transfers	Paid by EU institutions	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	47.7	43.9	10.4	4.9	3.5	25.1	22.2	1.9	0.5	3.8	2.4	1.4	0.1	44.2
2003	48.1	44.1	10.5	5.0	3.3	25.4	22.5	1.9	0.5	3.9	2.5	1.4	0.1	44.8
2004	47.5	43.5	10.4	5.0	3.1	25.0	22.3	1.7	0.5	3.9	2.4	1.5	0.1	44.4
2005	47.3	43.5	10.4	5.1	3.0	25.0	22.3	1.7	0.5	3.9	2.5	1.4	0.0	44.4
2006	46.7	42.9	10.2	5.0	2.9	24.8	22.0	1.7	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.1	42.3	10.0	5.0	3.0	24.3	21.6	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.1	43.2	10.1	5.2	3.0	24.9	22.1	1.6	0.4	3.9	2.6	1.3	0.0	44.1
2009	51.0	46.7	10.8	5.6	2.8	27.4	24.3	1.9	0.5	4.3	2.8	1.4	0.0	48.2
2010	50.5	46.4	10.6	5.6	2.8	27.4	24.3	1.8	0.4	4.1	2.5	1.7	0.0	47.8

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

	Deficit (-)/surplus (+)					Primary deficit (-)/ surplus (+)	Government consumption [4)]							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	-2.6	-2.3	-0.5	-0.3	0.3	0.9	20.2	10.4	4.9	5.1	1.8	2.1	8.3	11.9
2003	-3.1	-2.4	-0.5	-0.2	0.1	0.2	20.5	10.5	5.0	5.2	1.9	2.1	8.4	12.1
2004	-3.0	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.4	5.0	5.1	1.9	2.1	8.3	12.1
2005	-2.5	-2.3	-0.3	-0.2	0.3	0.4	20.4	10.4	5.1	5.1	1.9	2.2	8.2	12.2
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.2	5.0	5.2	1.9	2.1	8.1	12.2
2007	-0.7	-1.2	0.0	-0.1	0.6	2.3	20.0	10.0	5.0	5.1	1.9	2.1	7.9	12.1
2008	-2.0	-2.2	-0.2	-0.2	0.6	1.0	20.5	10.1	5.2	5.3	2.0	2.2	8.1	12.4
2009	-6.3	-5.2	-0.5	-0.3	-0.4	-3.5	22.1	10.8	5.6	5.8	2.1	2.3	8.8	13.4
2010	-6.0	-4.9	-0.7	-0.3	-0.1	-3.2	21.9	10.6	5.6	5.8	2.0	2.3	8.6	13.3

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2007	-0.3	0.3	2.5	0.1	-6.4	1.9	-2.7	-1.5	3.4	3.7	-2.4	0.2	-0.9	-3.1	-0.1	-1.8	5.2
2008	-1.3	0.1	-2.8	-7.3	-9.8	-4.2	-3.3	-2.7	0.9	3.0	-4.5	0.6	-0.9	-3.5	-1.8	-2.1	4.2
2009	-5.9	-3.0	-1.7	-14.3	-15.4	-11.1	-7.5	-5.4	-6.0	-0.9	-3.7	-5.5	-4.1	-10.1	-6.0	-8.0	-2.6
2010	-4.1	-3.3	0.1	-32.4	-10.5	-9.2	-7.0	-4.6	-5.3	-1.7	-3.6	-5.4	-4.6	-9.1	-5.6	-7.9	-2.5

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

1) Data refer to the Euro 17. The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not consolidated.
2) The fiscal burden comprises taxes and social contributions.
3) Comprises total expenditure minus interest expenditure.
4) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
5) Includes proceeds from the sale of UMTS licences and settlements under swaps and forward rate agreements.

6.2 Debt 1)
(as a percentage of GDP)

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors 2)				Other creditors 3)
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2001	68.1	2.8	12.4	4.0	48.9	42.4	20.8	11.2	10.4	25.7
2002	67.9	2.7	11.8	4.6	48.9	41.0	19.6	10.8	10.6	26.9
2003	69.1	2.1	12.4	5.0	49.6	40.2	19.8	11.3	9.1	28.8
2004	69.4	2.2	12.0	5.0	50.3	39.1	18.9	11.1	9.1	30.4
2005	70.3	2.4	12.1	4.7	51.1	37.4	18.1	11.2	8.0	32.9
2006	68.5	2.4	11.8	4.1	50.2	35.4	18.4	9.3	7.7	33.1
2007	66.3	2.2	11.2	4.2	48.7	33.1	17.1	8.6	7.4	33.1
2008	70.0	2.3	11.4	6.7	49.6	33.1	17.8	7.9	7.4	36.9
2009	79.5	2.5	12.5	8.6	56.0	37.1	20.6	8.9	7.6	42.4
2010	85.3	2.4	15.4	7.7	59.7	40.9	24.1	10.1	6.7	44.4

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

	Total	Issued by: 4)				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
								Variable interest rate					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2001	68.1	57.0	6.0	4.7	0.4	7.0	61.1	5.3	13.7	26.5	27.9	66.7	1.4
2002	67.9	56.6	6.2	4.7	0.4	7.6	60.3	5.2	15.5	25.3	27.2	66.8	1.2
2003	69.1	56.9	6.5	5.1	0.6	7.8	61.3	5.0	14.9	26.0	28.2	68.2	0.9
2004	69.4	57.3	6.6	5.1	0.4	7.8	61.6	4.6	14.8	26.2	28.5	68.6	0.8
2005	70.3	57.8	6.7	5.2	0.5	7.9	62.4	4.6	14.9	25.6	29.8	69.3	1.0
2006	68.5	56.2	6.5	5.4	0.5	7.5	61.1	4.3	14.4	24.1	30.0	68.0	0.5
2007	66.3	53.6	6.2	5.2	1.3	7.1	59.2	4.3	15.0	23.4	27.8	65.9	0.4
2008	70.0	56.9	6.6	5.2	1.3	9.9	60.1	4.9	18.7	23.1	28.2	69.3	0.7
2009	79.5	64.5	7.6	5.7	1.7	11.8	67.7	5.0	21.0	26.6	31.9	78.7	0.8
2010	85.3	69.4	8.3	5.7	1.9	12.8	72.4	5.4	22.2	28.7	34.4	84.5	0.8

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2007	84.2	64.9	3.7	25.0	105.4	36.1	63.9	103.6	58.3	6.7	62.0	45.3	60.7	68.3	23.1	29.6	35.2
2008	89.6	66.3	4.6	44.4	110.7	39.8	67.7	106.3	48.3	13.6	61.5	58.2	63.8	71.6	21.9	27.8	34.1
2009	96.2	73.5	7.2	65.6	127.1	53.3	78.3	116.1	58.0	14.6	67.6	60.8	69.6	83.0	35.2	35.4	43.8
2010	96.8	83.2	6.6	96.2	142.8	60.1	81.7	119.0	60.8	18.4	68.0	62.7	72.3	93.0	38.0	41.0	48.4

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' debt.
1) Data refer to the Euro 17. Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Intergovernmental lending in the context of the financial crisis is consolidated. Data are partially estimated.
2) Holders resident in the country whose government has issued the debt.
3) Includes residents of euro area countries other than the country whose government has issued the debt.
4) Excludes debt held by general government in the country whose government has issued it.

6.3 Change in debt 1)

(as a percentage of GDP)

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

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement [2]	Valuation effects [3]	Other changes in volume [4]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5]	MFIs	Other financial corporations	Other creditors [6]
	1	2	3	4	5	6	7	8	9	10	11	12
2002	2.1	2.7	-0.5	-0.1	0.0	-0.2	0.7	1.6	0.0	-0.5	0.0	2.1
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.4	0.8	0.8	2.7
2004	3.1	3.2	-0.1	0.0	0.2	0.1	0.1	2.7	0.4	-0.2	0.3	2.7
2005	3.3	3.0	0.2	0.0	0.3	0.5	-0.1	2.6	-0.3	-0.1	0.5	3.6
2006	1.7	1.4	0.1	0.1	0.2	0.3	-0.3	1.5	-0.1	1.1	-1.3	1.8
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.3	1.1	-0.5	-0.3	-0.2	1.7
2008	5.3	5.1	0.1	0.0	0.1	0.5	2.6	2.0	0.7	1.1	-0.5	4.5
2009	7.2	7.4	-0.2	0.0	0.1	0.7	1.6	4.8	2.9	2.2	0.8	4.3
2010	7.8	7.9	-0.1	0.0	0.0	3.3	-0.6	5.1	4.7	4.0	1.5	3.1

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [7]	Deficit-debt adjustment [8]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [9]
				Total	Currency and deposits	Loans	Securities [10]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	2.1	-2.6	-0.5	0.1	0.1	0.0	0.1	-0.1	-0.4	0.1	-0.5	-0.1	-0.1	-0.1
2003	3.1	-3.1	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.1	-3.0	0.2	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.5	0.7	0.6	0.3	0.1	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	-0.1
2006	1.7	-1.4	0.3	0.3	0.3	-0.1	0.3	-0.2	-0.4	0.1	0.1	0.0	0.1	-0.3
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.0	3.2	3.0	0.8	0.7	0.7	0.9	-0.1	0.6	0.1	0.0	0.0	0.0
2009	7.2	-6.3	0.9	1.1	0.4	0.0	0.3	0.5	-0.3	0.5	-0.2	0.0	0.0	0.0
2010	7.8	-6.0	1.9	2.4	0.3	0.5	1.3	0.2	0.0	0.1	-0.1	0.0	0.0	-0.4

Source: ECB.

1) Data refer to the Euro 17 and are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [debt(t) - debt(t-1)] ÷ GDP(t). Intergovernmental lending in the context of the financial crisis is consolidated.
2) The borrowing requirement is by definition equal to transactions in debt.
3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
4) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
5) Holders resident in the country whose government has issued the debt.
6) Includes residents of euro area countries other than the country whose government has issued the debt.
7) Including proceeds from sales of UMTS licences.
8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
9) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
10) Excluding financial derivatives.

6.4 Quarterly revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2004 Q4	48.3	47.3	12.9	14.2	16.2	2.3	0.7	1.0	0.4	43.6
2005 Q1	42.5	42.0	10.0	13.1	15.3	2.1	0.6	0.5	0.3	38.5
Q2	44.5	43.9	11.6	13.2	15.1	2.2	1.1	0.6	0.3	40.1
Q3	43.7	43.0	11.1	13.0	15.2	2.1	0.8	0.7	0.3	39.7
Q4	48.2	47.5	13.3	14.1	16.1	2.2	0.9	0.8	0.3	43.8
2006 Q1	42.9	42.5	10.3	13.4	15.1	2.1	0.8	0.4	0.3	39.0
Q2	45.6	45.1	12.2	13.5	15.1	2.2	1.4	0.5	0.3	41.0
Q3	43.9	43.4	11.6	13.0	15.1	2.1	0.8	0.5	0.3	40.0
Q4	48.6	48.0	14.0	14.2	15.8	2.2	0.9	0.6	0.3	44.3
2007 Q1	42.6	42.2	10.3	13.5	14.8	2.0	0.9	0.4	0.3	38.8
Q2	45.9	45.4	12.7	13.5	15.0	2.2	1.4	0.4	0.3	41.4
Q3	43.9	43.4	12.2	12.8	14.8	2.1	0.8	0.5	0.3	40.0
Q4	48.9	48.3	14.4	14.1	15.7	2.2	1.0	0.6	0.3	44.5
2008 Q1	42.8	42.5	10.7	13.0	14.8	2.1	1.1	0.3	0.2	38.7
Q2	45.3	44.9	12.6	12.8	15.0	2.2	1.5	0.4	0.3	40.7
Q3	43.5	43.1	12.0	12.5	15.0	2.0	0.8	0.4	0.3	39.7
Q4	48.3	47.8	13.6	13.6	16.3	2.3	1.1	0.5	0.3	43.8
2009 Q1	42.7	42.5	10.3	12.5	15.5	2.3	1.1	0.2	0.2	38.5
Q2	44.8	44.2	11.5	12.6	15.6	2.3	1.4	0.6	0.5	40.2
Q3	42.8	42.5	11.0	12.3	15.5	2.2	0.7	0.3	0.3	39.0
Q4	48.0	47.3	12.7	13.8	16.4	2.4	0.9	0.7	0.5	43.4
2010 Q1	42.3	42.1	10.1	12.5	15.5	2.3	0.9	0.2	0.3	38.3
Q2	44.7	44.2	11.5	12.9	15.3	2.4	1.3	0.5	0.3	40.0
Q3	43.1	42.8	10.9	13.0	15.2	2.2	0.7	0.3	0.3	39.3
Q4	47.8	47.1	12.7	13.7	16.4	2.4	1.0	0.7	0.3	43.0

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2004 Q4	50.2	45.0	11.0	5.8	2.9	25.4	21.9	1.4	5.2	3.1	2.1	-1.9	1.0
2005 Q1	47.2	43.5	10.2	4.7	3.1	25.5	21.8	1.2	3.7	1.9	1.8	-4.8	-1.6
Q2	46.3	43.0	10.2	5.0	3.2	24.6	21.4	1.1	3.4	2.3	1.1	-1.8	1.3
Q3	45.8	42.4	9.9	4.8	3.0	24.7	21.4	1.2	3.4	2.5	1.0	-2.1	0.9
Q4	49.9	45.0	11.1	5.8	2.8	25.3	21.8	1.3	4.8	3.1	1.7	-1.6	1.1
2006 Q1	45.8	42.6	10.0	4.6	3.0	25.1	21.6	1.1	3.2	1.9	1.3	-2.9	0.1
Q2	45.7	42.5	10.2	4.9	3.1	24.2	21.2	1.1	3.2	2.3	1.0	-0.1	3.0
Q3	45.4	41.9	9.8	4.7	2.9	24.5	21.2	1.2	3.4	2.5	1.0	-1.5	1.5
Q4	49.8	44.4	10.7	5.8	2.7	25.2	21.6	1.4	5.4	3.2	2.2	-1.2	1.5
2007 Q1	44.8	41.5	9.8	4.5	3.0	24.3	20.9	1.1	3.2	2.0	1.2	-2.1	0.8
Q2	44.9	41.7	9.9	4.9	3.2	23.7	20.8	1.1	3.2	2.3	0.9	0.9	4.1
Q3	44.7	41.2	9.5	4.8	3.0	24.0	20.8	1.2	3.4	2.5	0.9	-0.8	2.2
Q4	49.6	44.5	10.7	5.8	2.8	25.2	21.4	1.5	5.1	3.4	1.7	-0.8	2.1
2008 Q1	45.2	42.0	9.7	4.7	3.0	24.6	20.9	1.2	3.2	2.0	1.2	-2.4	0.6
Q2	45.7	42.3	10.1	5.0	3.3	24.0	20.9	1.1	3.4	2.4	1.0	-0.4	2.8
Q3	45.7	42.1	9.6	4.8	3.1	24.5	21.4	1.2	3.6	2.5	1.0	-2.3	0.8
Q4	51.5	46.3	11.0	6.1	2.8	26.4	22.4	1.4	5.2	3.5	1.7	-3.2	-0.4
2009 Q1	49.1	45.6	10.5	5.3	2.9	26.9	23.0	1.3	3.5	2.2	1.2	-6.4	-3.5
Q2	50.5	46.4	10.9	5.5	3.0	27.0	23.4	1.3	4.1	2.8	1.3	-5.7	-2.7
Q3	49.6	45.7	10.3	5.3	2.9	27.3	23.6	1.4	3.9	2.7	1.2	-6.8	-3.9
Q4	54.4	49.0	11.6	6.5	2.6	28.4	24.1	1.5	5.4	3.4	1.9	-6.4	-3.8
2010 Q1	50.2	46.6	10.6	5.2	2.8	28.1	23.8	1.4	3.6	2.0	1.5	-7.9	-5.1
Q2	49.3	45.9	10.7	5.5	2.9	26.8	23.3	1.3	3.4	2.4	1.2	-4.7	-1.8
Q3	49.4	45.2	10.1	5.2	2.9	27.0	23.3	1.3	4.1	2.4	1.7	-6.2	-3.3
Q4	53.0	47.9	11.2	6.3	2.6	27.9	23.9	1.6	5.1	3.1	2.1	-5.2	-2.7

Sources: ECB calculations based on Eurostat and national data.

1) Data refer to the Euro 17. The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions between the EU budget and entities outside the government sector are not included. Otherwise, except for different data transmission deadlines, the quarterly data are consistent with the annual data. The data are not seasonally adjusted.

2) The fiscal burden comprises taxes and social contributions.

6.5 Quarterly debt and change in debt [1]

(as a percentage of GDP)

1. Euro area − Maastricht debt by financial instrument [2]

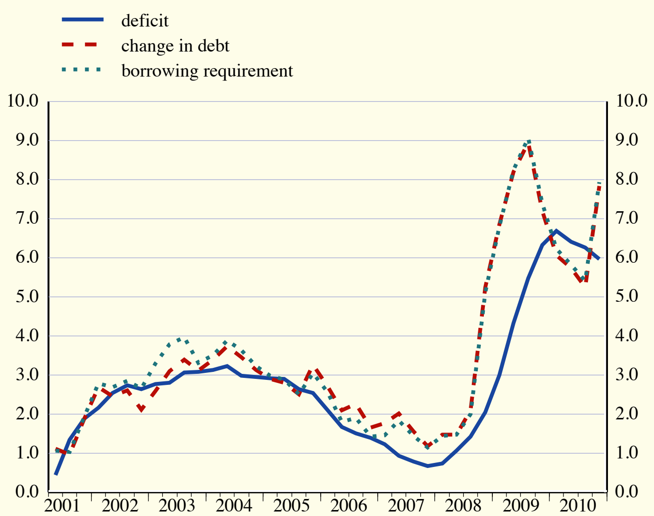
	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2008 Q1	67.2	2.2	11.4	4.9	48.7
Q2	67.5	2.2	11.4	4.9	49.0
Q3	67.6	2.1	11.3	5.5	48.7
Q4	70.0	2.3	11.4	6.7	49.6
2009 Q1	73.7	2.3	11.7	7.9	51.8
Q2	76.8	2.4	12.1	8.4	53.9
Q3	78.6	2.4	12.3	9.2	54.8
Q4	79.5	2.5	12.5	8.6	56.0
2010 Q1	81.3	2.4	12.7	8.4	57.8
Q2	82.6	2.4	13.3	8.1	58.9
Q3	82.7	2.4	13.2	8.2	58.9
Q4	85.3	2.4	15.4	7.7	59.7

2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2008 Q1	6.1	-2.4	3.7	3.3	2.0	0.0	0.9	0.3	-0.2	0.6	6.2
Q2	3.8	-0.4	3.3	3.9	1.9	0.3	1.3	0.5	0.1	-0.7	3.7
Q3	2.0	-2.3	-0.2	-0.7	-1.5	0.0	0.3	0.6	0.4	0.0	1.6
Q4	9.1	-3.2	6.0	5.5	0.6	2.5	0.4	2.1	0.1	0.3	9.0
2009 Q1	12.8	-6.4	6.4	6.8	5.2	-0.1	1.0	0.8	-0.5	0.1	13.3
Q2	9.1	-5.7	3.3	3.2	2.3	-0.6	0.3	1.2	-0.4	0.5	9.4
Q3	4.9	-6.8	-2.0	-2.8	-3.2	0.6	0.0	-0.2	0.2	0.6	4.7
Q4	2.3	-6.4	-4.0	-2.5	-2.7	-0.1	0.1	0.2	-0.2	-1.3	2.6
2010 Q1	8.2	-7.9	0.3	0.8	0.8	0.0	-0.3	0.3	-0.3	-0.2	8.5
Q2	7.6	-4.7	3.0	3.4	2.0	1.2	-0.2	0.4	-0.1	-0.3	7.7
Q3	3.0	-6.2	-3.3	-2.9	-2.3	-0.6	-0.1	0.1	0.0	-0.3	3.0
Q4	12.4	-5.2	7.1	7.9	0.8	1.5	5.7	-0.2	0.0	-0.7	12.4

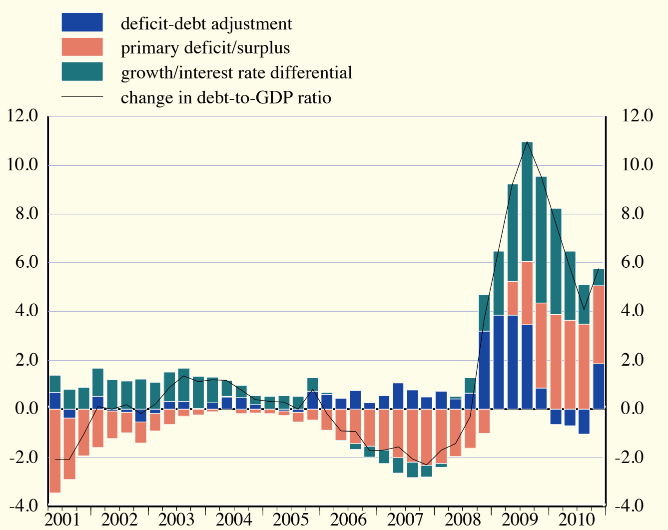
C30 Deficit, borrowing requirement and change in debt

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



C31 Maastricht debt

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



Sources: ECB calculations based on Eurostat and national data.

1) Data refer to the Euro 17. Intergovernmental lending in the context of the financial crisis is consolidated.

2) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.

7

EXTERNAL TRANSACTIONS AND POSITIONS

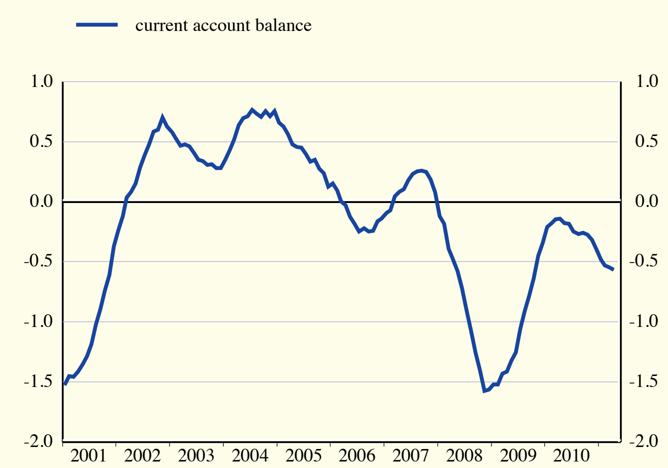
7.1 Summary balance of payments [1)]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	-142.4	-22.5	41.1	-63.3	-97.7	9.2	-133.2	141.5	-236.0	283.3	-82.9	180.5	-3.4	-8.3
2009	-25.7	37.5	33.8	-6.4	-90.6	6.6	-19.1	10.0	-109.4	270.7	37.2	-193.1	4.6	9.2
2010	-36.7	20.7	41.0	1.8	-100.2	7.7	-28.9	34.4	-78.6	143.2	8.0	-28.1	-10.2	-5.4
2010 Q1	-17.9	1.6	4.4	11.1	-35.1	2.5	-15.5	16.0	-45.2	24.9	2.7	38.2	-4.6	-0.6
Q2	-18.6	3.3	11.7	-14.8	-18.8	1.7	-16.9	25.4	-29.8	93.7	1.9	-41.4	1.0	-8.5
Q3	-6.2	8.2	14.6	1.4	-30.4	1.0	-5.1	3.9	-30.8	-17.1	2.4	54.3	-5.0	1.3
Q4	6.0	7.6	10.3	4.0	-15.9	2.5	8.5	-10.9	27.2	41.6	1.0	-79.2	-1.6	2.4
2011 Q1	-31.6	-11.3	6.1	4.9	-31.3	2.5	-29.1	28.6	-20.9	159.6	-6.7	-92.4	-11.1	0.6
2010 Apr.	-4.2	1.4	3.0	-1.1	-7.5	-0.6	-4.8	5.1	-18.4	41.5	-4.2	-13.7	-0.1	-0.3
May	-16.0	-1.5	3.7	-12.8	-5.4	1.8	-14.2	20.3	-3.8	51.6	-0.2	-27.2	-0.1	-6.2
June	1.7	3.3	5.0	-0.8	-5.9	0.5	2.1	-0.1	-7.6	0.6	6.3	-0.5	1.1	-2.0
July	5.5	7.2	5.4	2.3	-9.4	1.4	6.9	0.4	-0.6	-25.1	-1.4	30.7	-3.1	-7.4
Aug.	-7.1	-3.8	4.0	2.5	-9.8	0.3	-6.8	2.3	-26.9	0.3	4.7	25.8	-1.6	4.6
Sep.	-4.6	4.8	5.2	-3.4	-11.2	-0.7	-5.2	1.2	-3.2	7.8	-1.0	-2.2	-0.2	4.1
Oct.	4.0	6.4	2.9	3.3	-8.6	-0.2	3.8	-3.1	-27.7	14.0	-5.2	16.0	-0.2	-0.7
Nov.	-3.6	-0.1	3.5	-1.0	-6.0	0.6	-2.9	15.8	45.2	14.2	1.6	-45.2	0.0	-12.9
Dec.	5.6	1.3	3.9	1.6	-1.3	2.1	7.6	-23.6	9.8	13.5	4.6	-50.1	-1.3	15.9
2011 Jan.	-20.8	-14.1	1.5	0.1	-8.2	0.4	-20.4	18.3	6.5	-18.1	-2.7	38.3	-5.7	2.1
Feb.	-8.9	-0.6	2.3	2.9	-13.5	2.2	-6.7	7.4	-22.0	97.3	-2.3	-66.6	1.0	-0.7
Mar.	-2.0	3.5	2.3	1.9	-9.6	0.0	-2.0	2.8	-5.4	80.4	-1.7	-64.1	-6.4	-0.8
Apr.	-6.5	-3.6	2.6	1.0	-6.6	0.1	-6.5	5.1	-27.0	47.7	0.6	-22.1	5.9	1.3
	12-month cumulated transactions													
2011 Apr.	-52.6	2.8	42.4	-2.3	-95.6	8.4	-44.2	46.9	-62.9	284.1	3.4	-167.1	-10.6	-2.6
	12-month cumulated transactions as a percentage of GDP													
2011 Apr.	-0.6	0.0	0.5	0.0	-1.0	0.1	-0.5	0.5	-0.7	3.1	0.0	-1.8	-0.1	0.0

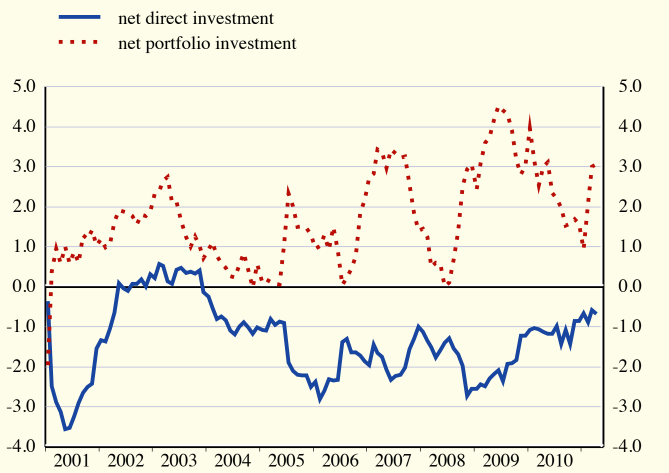
C32 Euro area b.o.p.: current account

(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



C33 Euro area b.o.p.: direct and portfolio investment

(12-month cumulated transactions as a percentage of GDP)



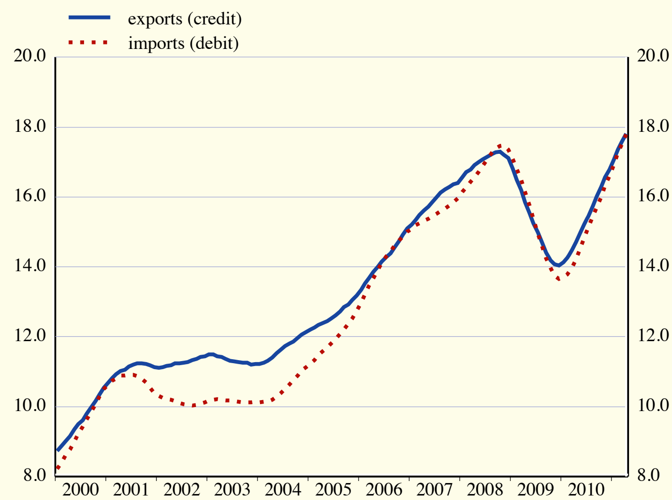
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

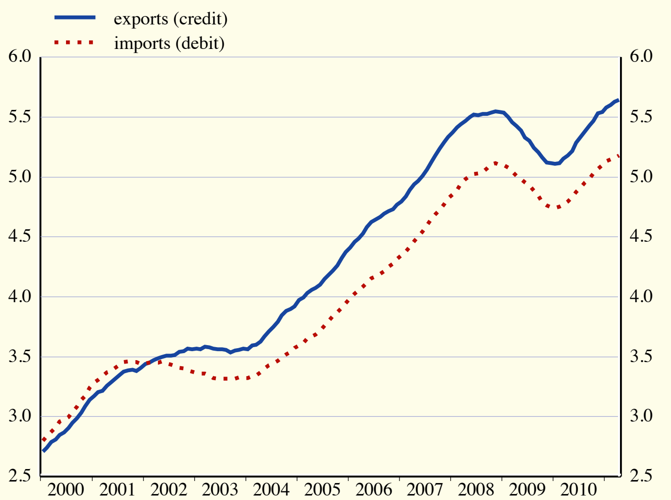
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	2,720.2	2,862.6	-142.4	1,590.2	1,612.8	514.4	473.3	524.3	587.6	91.2	6.9	188.9	21.5	24.5	15.2
2009	2,292.9	2,318.6	-25.7	1,303.6	1,266.0	473.9	440.2	421.5	427.9	93.9	6.4	184.5	22.5	20.6	14.0
2010	2,593.3	2,630.0	-36.7	1,564.3	1,543.6	515.1	474.0	426.3	424.5	87.7	6.3	187.9	22.0	22.2	14.5
2010 Q1	588.6	606.5	-17.9	350.1	348.5	113.2	108.9	103.4	92.3	21.7	1.5	56.8	5.1	5.5	3.0
Q2	647.3	665.8	-18.6	388.7	385.4	128.9	117.2	110.8	125.5	18.9	1.7	37.7	5.2	4.8	3.1
Q3	661.2	667.3	-6.2	403.2	395.0	138.5	123.9	103.9	102.5	15.6	1.7	46.0	5.8	4.8	3.8
Q4	696.3	690.3	6.0	422.3	414.7	134.4	124.1	108.2	104.2	31.4	1.6	47.3	6.0	7.1	4.5
2011 Q1	675.9	707.5	-31.6	424.1	435.4	120.9	114.8	104.4	99.5	26.5	.	57.9	.	5.1	2.6
2011 Feb.	220.4	229.3	-8.9	137.7	138.4	37.4	35.1	32.9	30.0	12.4	.	25.9	.	3.0	0.8
Mar.	246.3	248.3	-2.0	158.9	155.4	42.7	40.4	39.4	37.5	5.3	.	14.9	.	0.9	0.9
Apr.	223.6	230.1	-6.5	140.4	143.9	41.1	38.5	36.1	35.1	6.0	.	12.6	.	1.1	1.0
	Seasonally adjusted														
2010 Q3	657.1	665.2	-8.2	395.6	390.3	129.7	118.7	108.0	108.6	23.8	.	47.6	.	.	.
Q4	669.5	685.6	-16.0	408.8	408.8	130.8	120.4	105.6	109.7	24.4	.	46.7	.	.	.
2011 Q1	700.1	715.2	-15.1	436.7	438.5	132.2	120.0	107.9	108.9	23.4	.	47.8	.	.	.
2011 Feb.	233.2	239.7	-6.5	146.9	148.8	42.9	39.4	35.4	35.5	8.0	.	16.0	.	.	.
Mar.	235.3	238.3	-3.0	146.4	144.5	44.5	40.0	37.5	37.7	7.1	.	16.1	.	.	.
Apr.	233.7	238.8	-5.1	146.3	150.4	43.7	40.9	36.1	32.5	7.6	.	14.9	.	.	.
	12-month cumulated transactions														
2011 Apr.	2,695.0	2,747.3	-52.3	1,650.6	1,648.7	523.0	480.3	428.1	430.8	93.3	.	187.5	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2011 Apr.	29.1	29.6	-0.6	17.8	17.8	5.6	5.2	4.6	4.6	1.0	.	2.0	.	.	.

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



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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2008	21.1	13.1	503.2	574.5	141.1	-5.2	115.8	17.8	31.3	26.7	39.3	111.1	119.1	128.5	172.4	192.3
2009	21.9	13.8	399.6	414.1	145.6	16.2	98.6	12.0	24.9	24.2	27.4	77.2	98.7	120.8	102.9	93.4
2010	23.1	13.8	403.2	410.7	170.4	0.4	111.4	16.6	22.4	20.1	29.9	85.8	97.6	122.7	82.9	70.7
2009 Q4	5.9	4.1	97.4	93.7	40.2	1.6	27.0	-0.1	6.5	5.6	6.1	13.9	22.8	28.5	21.9	18.8
2010 Q1	5.8	2.7	97.6	89.6	42.6	2.7	25.9	5.8	5.5	4.4	6.0	12.3	23.1	30.2	20.5	16.8
Q2	5.5	3.3	105.3	122.3	44.9	-8.9	28.7	-3.5	5.8	5.2	9.8	39.5	24.3	31.7	20.5	17.2
Q3	5.5	3.9	98.4	98.5	40.8	9.5	28.8	7.9	5.3	4.7	7.6	17.0	24.9	31.3	19.8	16.7
Q4	6.3	3.9	101.9	100.4	42.1	-2.9	28.0	6.5	5.9	5.8	6.6	17.1	25.3	29.5	22.1	19.9

3. Geographical breakdown
(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
2010 Q1 to 2010 Q4	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,593.3	862.1	48.7	79.4	407.9	268.3	57.8	46.8	34.1	117.5	36.7	54.8	93.1	196.4	346.2	805.7
Goods	1,564.3	500.2	30.6	52.7	207.4	209.3	0.2	26.7	18.2	96.0	27.2	34.8	68.2	101.4	183.9	507.7
Services	515.1	164.1	10.7	13.6	104.3	29.2	6.2	8.2	7.7	15.4	7.3	12.3	16.3	52.1	75.6	156.1
Income	426.3	138.8	6.8	11.6	85.7	26.4	8.3	11.6	7.3	5.7	2.0	6.7	8.0	34.6	81.1	130.6
Investment income	403.2	132.0	6.7	11.5	84.1	25.7	4.0	11.6	7.2	5.7	1.9	6.6	8.0	24.0	79.3	126.9
Current transfers	87.7	59.1	0.6	1.5	10.4	3.5	43.0	0.3	0.9	0.4	0.3	1.0	0.6	8.3	5.5	11.3
Capital account	22.2	19.1	0.0	0.0	1.1	0.4	17.5	0.0	0.0	0.0	0.0	0.0	0.1	0.4	0.4	2.1
	Debits															
Current account	2,630.0	814.5	42.2	75.0	355.1	243.0	99.2	-	29.8	-	-	92.4	-	173.3	338.2	-
Goods	1,543.6	431.0	27.6	46.5	162.1	194.8	0.0	26.0	12.7	202.1	23.4	50.1	105.0	86.2	130.9	476.3
Services	474.0	136.6	7.8	11.2	84.9	32.4	0.2	4.8	6.5	12.5	5.1	9.7	10.3	44.0	98.9	145.7
Income	424.5	134.6	6.3	15.8	96.0	11.3	5.2	-	8.6	-	-	31.9	-	34.8	101.4	-
Investment income	410.7	126.6	6.2	15.7	94.6	4.9	5.2	-	8.4	-	-	31.8	-	34.4	100.5	-
Current transfers	187.9	112.3	0.5	1.5	12.1	4.5	93.8	1.4	2.1	3.1	0.8	0.6	0.8	8.3	7.1	51.4
Capital account	14.5	2.5	0.0	0.1	1.2	0.3	0.9	0.2	0.1	0.1	0.2	0.1	0.1	0.5	1.4	9.2
	Net															
Current account	-36.7	47.7	6.5	4.4	52.8	25.3	-41.4	-	4.3	-	-	-37.6	-	23.1	8.0	-
Goods	20.7	69.2	3.1	6.1	45.3	14.5	0.2	0.7	5.5	-106.1	3.8	-15.2	-36.8	15.2	52.9	31.4
Services	41.0	27.5	2.9	2.5	19.4	-3.2	6.0	3.4	1.3	3.0	2.2	2.5	6.0	8.1	-23.3	10.4
Income	1.8	4.3	0.5	-4.2	-10.2	15.1	3.1	-	-1.3	-	-	-25.2	-	-0.3	-20.2	-
Investment income	-7.5	5.4	0.5	-4.3	-10.5	20.8	-1.2	-	-1.3	-	-	-25.1	-	-10.5	-21.1	-
Current transfers	-100.2	-53.3	0.1	0.0	-1.6	-1.0	-50.7	-1.1	-1.2	-2.7	-0.5	0.4	-0.2	0.0	-1.5	-40.0
Capital account	7.7	16.6	0.0	-0.1	-0.1	0.1	16.6	-0.2	-0.1	-0.1	-0.2	-0.1	0.0	-0.1	-1.0	-7.1

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1)]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2007	13,992.8	15,266.8	-1,274.0	155.0	169.1	-14.1	3,726.7	3,221.9	4,631.1	6,538.1	-28.9	5,316.7	5,506.8	347.2
2008	13,331.7	14,983.0	-1,651.3	144.1	162.0	-17.9	3,889.7	3,320.2	3,727.6	5,938.3	-29.8	5,370.1	5,724.4	374.2
2009	13,733.3	15,203.2	-1,469.9	153.4	169.8	-16.4	4,262.0	3,478.6	4,226.3	6,737.2	-45.4	4,830.9	4,987.5	459.6
2010 Q2	14,925.7	16,152.1	-1,226.4	164.8	178.4	-13.5	4,583.5	3,604.6	4,627.9	7,137.6	-46.1	5,177.2	5,409.9	583.3
Q3	14,747.4	16,124.8	-1,377.4	161.6	176.7	-15.1	4,556.9	3,573.6	4,641.8	7,277.0	-55.4	5,051.8	5,274.3	552.2
Q4	15,001.4	16,191.9	-1,190.6	163.2	176.2	-13.0	4,615.0	3,609.1	4,809.7	7,358.2	-75.2	5,060.8	5,224.7	591.2
	Changes to outstanding amounts													
2006	1,545.9	1,845.3	-299.4	18.0	21.5	-3.5	363.3	284.6	485.1	889.8	0.6	691.2	670.9	5.7
2007	1,608.0	1,858.8	-250.9	17.8	20.6	-2.8	572.8	486.8	258.7	591.3	-8.1	763.3	780.7	21.4
2008	-661.1	-283.8	-377.3	-7.1	-3.1	-4.1	163.0	98.3	-903.5	-599.7	-0.9	53.3	217.6	27.0
2009	401.6	220.2	181.4	4.5	2.5	2.0	372.4	158.3	498.7	798.8	-15.6	-539.2	-737.0	85.4
2010 Q3	-178.3	-27.3	-151.0	-7.8	-1.2	-6.6	-26.6	-31.0	13.9	139.4	-9.3	-125.3	-135.6	-31.0
Q4	254.0	67.1	186.9	10.6	2.8	7.8	58.1	35.5	167.9	81.2	-19.8	8.9	-49.6	39.0
	Transactions													
2007	1,940.3	1,943.2	-3.0	21.5	21.5	0.0	512.9	422.5	439.5	566.3	66.9	915.8	954.4	5.1
2008	406.6	548.1	-141.5	4.4	5.9	-1.5	328.8	92.8	-7.2	276.1	82.9	-1.2	179.3	3.4
2009	-166.8	-156.8	-10.0	-1.9	-1.8	-0.1	325.3	215.9	84.3	355.0	-37.2	-534.6	-727.7	-4.6
2010	439.4	473.8	-34.4	4.8	5.2	-0.4	166.5	87.9	140.7	283.9	-8.0	130.0	101.9	10.2
2010 Q3	81.1	84.9	-3.9	3.5	3.7	-0.2	28.1	-2.6	53.2	36.1	-2.4	-2.8	51.5	5.0
Q4	49.8	38.9	10.9	2.1	1.6	0.5	7.1	34.3	42.9	84.5	-1.0	-0.8	-80.0	1.6
2011 Q1	139.1	167.6	-28.6	6.1	7.3	-1.2	53.6	32.6	28.9	188.6	6.7	38.8	-53.5	11.1
2010 Dec.	-109.5	-133.0	23.6	.	.	.	0.0	9.8	-19.6	-6.1	-4.6	-86.7	-136.7	1.3
2011 Jan.	140.4	158.7	-18.3	.	.	.	26.3	32.8	39.5	21.4	2.7	66.2	104.6	5.7
Feb.	39.0	46.4	-7.4	.	.	.	8.7	-13.4	-1.9	95.4	2.3	31.0	-35.6	-1.0
Mar.	-40.3	-37.5	-2.8	.	.	.	18.6	13.3	-8.7	71.7	1.7	-58.4	-122.5	6.4
Apr.	146.1	151.2	-5.1	.	.	.	40.6	13.6	-5.0	42.7	-0.6	117.0	94.8	-5.9
	Other changes													
2006	-182.3	123.3	-305.6	-2.1	1.4	-3.6	-54.7	26.2	-35.2	183.4	0.0	-96.9	-86.3	4.4
2007	-332.3	-84.4	-247.9	-3.7	-0.9	-2.7	59.9	64.3	-180.8	25.1	-75.1	-152.6	-173.8	16.3
2008	-1,067.7	-831.9	-235.8	-11.5	-9.0	-2.5	-165.8	5.5	-896.3	-875.8	-83.8	54.5	38.3	23.7
2009	568.4	377.0	191.4	6.3	4.2	2.1	47.1	-57.6	414.4	443.9	21.6	-4.6	-9.3	89.9
	Other changes due to exchange rate changes													
2006	-343.3	-228.5	-114.8	-4.0	-2.7	-1.3	-72.1	-4.2	-151.6	-101.1	.	-105.7	-123.2	-13.9
2007	-521.9	-339.5	-182.4	-5.8	-3.8	-2.0	-104.1	-17.1	-217.4	-146.9	.	-186.7	-175.5	-13.7
2008	-39.4	55.1	-94.5	-0.4	0.6	-1.0	-20.1	-9.6	6.8	47.4	.	-35.4	17.3	9.2
2009	-45.8	-49.7	3.9	-0.5	-0.6	0.0	-4.8	1.7	-28.4	-27.5	.	-10.1	-23.9	-2.5
	Other changes due to price changes													
2006	288.6	298.4	-9.8	3.4	3.5	-0.1	45.4	33.5	226.0	264.9	0.0	.	.	17.1
2007	78.7	113.4	-34.7	0.9	1.3	-0.4	45.2	5.8	77.3	107.6	-75.1	.	.	31.3
2008	-1,021.5	-1,018.4	-3.1	-11.0	-11.0	0.0	-154.5	-94.8	-812.8	-923.6	-75.8	.	.	21.5
2009	622.1	494.0	128.1	6.9	5.5	1.4	137.9	44.5	402.2	449.5	35.9	.	.	46.1
	Other changes due to other adjustments													
2006	-128.1	56.7	-184.7	-1.5	0.7	-2.2	-28.3	-1.6	-109.6	19.8	.	8.7	38.4	1.2
2007	110.8	155.1	-44.3	1.2	1.7	-0.5	119.2	76.0	-40.8	64.4	.	33.7	14.7	-1.3
2008	3.5	155.5	-152.0	0.0	1.7	-1.6	3.8	109.0	-81.8	-12.3	.	88.7	58.8	-7.1
2009	52.3	-39.6	91.9	0.6	-0.4	1.0	-48.5	-100.9	46.0	34.3	.	5.6	27.0	49.2
	Growth rates of outstanding amounts													
2006	16.1	14.8	-	.	.	.	15.1	10.6	13.6	13.7	.	20.5	18.8	0.3
2007	15.6	14.3	-	.	.	.	15.8	15.1	10.0	9.4	.	20.2	20.2	1.6
2008	2.9	3.6	-	.	.	.	8.9	2.9	-0.5	4.4	.	-0.1	3.3	1.0
2009	-1.3	-1.1	-	.	.	.	8.4	6.6	2.2	5.9	.	-10.0	-12.6	-1.2
2010 Q3	3.3	3.2	-	.	.	.	5.3	3.7	3.0	4.0	.	2.1	1.7	1.7
Q4	3.1	3.1	-	.	.	.	3.8	2.5	3.2	4.1	.	2.7	2.0	2.0
2011 Q1	2.6	2.7	-	.	.	.	3.9	3.4	2.3	5.4	.	1.7	-1.4	2.8

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

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

2. Direct investment

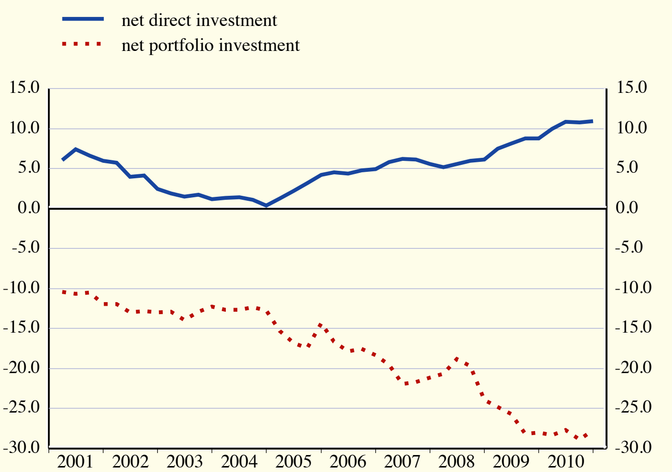
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2008	3,889.7	3,016.6	214.5	2,802.2	873.0	13.1	859.9	3,320.2	2,360.4	67.1	2,293.2	959.8	19.0	940.8
2009	4,262.0	3,291.0	228.5	3,062.4	971.1	14.7	956.4	3,478.6	2,531.3	78.2	2,453.1	947.3	18.5	928.8
2010 Q3	4,556.9	3,497.5	243.2	3,254.3	1,059.4	15.7	1,043.7	3,573.6	2,721.9	82.9	2,639.0	851.7	16.1	835.6
Q4	4,615.0	3,522.0	247.6	3,274.4	1,093.0	16.0	1,077.0	3,609.1	2,721.8	86.4	2,635.4	887.3	10.9	876.3
	Transactions													
2008	328.8	195.4	9.3	186.1	133.4	-0.3	133.7	92.8	57.7	-8.2	65.9	35.0	1.6	33.5
2009	325.3	234.1	18.2	215.9	91.1	2.4	88.8	215.9	216.4	8.6	207.8	-0.5	-0.6	0.1
2010	166.5	51.6	7.6	44.0	114.9	1.3	113.6	87.9	136.8	8.0	128.8	-48.9	-7.5	-41.3
2010 Q3	28.1	34.3	0.9	33.4	-6.2	0.2	-6.4	-2.6	32.5	2.4	30.1	-35.2	-0.1	-35.1
Q4	7.1	-28.0	0.9	-28.9	35.1	0.3	34.8	34.3	-8.6	2.0	-10.5	42.9	-4.9	47.9
2011 Q1	53.6	40.9	5.1	35.8	12.7	0.1	12.6	32.6	15.4	0.2	15.2	17.3	2.3	15.0
2010 Dec.	0.0	-15.3	0.9	-16.3	15.3	0.1	15.2	9.8	11.1	0.2	10.9	-1.3	-6.5	5.2
2011 Jan.	26.3	32.4	0.5	32.0	-6.2	0.2	-6.4	32.8	6.3	0.3	6.0	26.4	2.8	23.6
Feb.	8.7	1.8	0.2	1.6	6.8	-0.1	6.9	-13.4	3.0	0.2	2.7	-16.3	-0.5	-15.8
Mar.	18.6	6.6	4.4	2.3	12.0	-0.1	12.1	13.3	6.1	-0.4	6.5	7.2	-0.1	7.2
Apr.	40.6	37.0	5.8	31.2	3.7	0.7	3.0	13.6	6.8	0.4	6.4	6.8	0.0	6.8
	Growth rates													
2008	8.9	6.6	4.1	6.9	17.9	-1.2	18.2	2.9	2.4	-13.1	2.8	4.3	8.5	4.2
2009	8.4	7.7	8.5	7.7	10.5	18.3	10.3	6.6	9.3	12.8	9.2	-0.1	-3.1	0.0
2010 Q3	5.3	4.3	4.0	4.4	8.6	10.7	8.6	3.7	9.2	12.2	9.1	-10.3	-14.3	-10.2
Q4	3.8	1.5	3.3	1.4	11.7	8.6	11.8	2.5	5.4	10.1	5.2	-5.1	-40.4	-4.4
2011 Q1	3.9	2.2	2.6	2.2	9.5	7.1	9.5	3.4	3.3	8.5	3.1	3.7	-27.7	4.4

C36 Euro area international investment position

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

C37 Euro area direct and portfolio investment position

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



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2008	3,727.6	1,128.6	68.4	3.0	1,060.2	27.1	2,164.2	964.8	20.3	1,199.4	18.6	434.8	358.1	61.7	76.7	1.3
2009	4,226.3	1,488.7	76.2	3.4	1,412.5	34.4	2,339.5	917.5	17.1	1,422.0	36.5	398.1	327.3	44.9	70.8	2.0
2010 Q3	4,641.8	1,699.8	88.8	3.4	1,611.0	42.0	2,551.6	893.7	17.0	1,657.8	40.4	390.5	316.8	49.0	73.7	0.5
Q4	4,809.7	1,900.9	96.9	3.6	1,804.0	45.3	2,510.8	800.7	15.6	1,710.1	77.1	398.0	312.9	41.7	85.1	0.2
	Transactions															
2008	-7.2	-98.0	-35.7	0.6	-62.3	0.0	80.7	41.0	3.2	39.7	2.6	10.1	34.9	14.9	-24.8	0.4
2009	84.3	46.8	-3.2	0.0	50.0	1.5	30.2	-98.3	-3.8	128.5	17.5	7.2	11.8	-12.8	-4.5	0.9
2010	140.7	81.0	8.4	-0.2	72.6	1.9	103.7	-123.6	-1.2	227.3	51.4	-44.0	-56.5	-10.8	12.5	-1.9
2010 Q3	53.2	10.6	1.8	0.0	8.8	-1.3	59.7	6.0	-0.1	53.7	-2.1	-17.1	-7.5	7.2	-9.6	0.3
Q4	42.9	42.7	2.8	0.0	39.9	-0.7	0.1	-97.3	-0.5	97.4	53.4	0.1	-13.2	-9.5	13.3	-0.3
2011 Q1	28.9	-0.9	-8.2	0.1	7.3	.	27.6	13.0	1.0	14.6	.	2.2	-4.3	2.0	6.5	.
2010 Dec.	-19.6	9.3	-2.7	0.1	11.9	.	-14.8	-12.3	-0.4	-2.5	.	-14.0	-16.5	-7.2	2.5	.
2011 Jan.	39.5	-6.1	-4.1	0.0	-2.1	.	37.5	31.2	0.1	6.2	.	8.1	1.7	3.1	6.5	.
Feb.	-1.9	4.7	-3.2	0.1	7.9	.	2.7	-4.4	0.4	7.2	.	-9.3	-9.8	-0.8	0.5	.
Mar.	-8.7	0.6	-0.9	0.0	1.5	.	-12.6	-13.9	0.5	1.3	.	3.3	3.8	-0.2	-0.5	.
Apr.	-5.0	13.5	3.6	0.0	9.8	.	-6.4	-11.0	0.2	4.6	.	-12.1	-15.9	-2.6	3.8	.
	Growth rates															
2008	-0.5	-5.9	-27.6	24.6	-4.2	-0.1	3.6	4.2	20.1	3.1	15.4	2.7	11.9	41.1	-27.7	65.9
2009	2.2	3.4	-5.1	-0.7	3.9	5.4	1.3	-10.0	-18.9	10.5	93.7	1.1	2.6	-22.1	-6.0	68.4
2010 Q3	3.0	5.2	7.8	-7.5	5.1	8.5	5.0	-4.7	-7.1	11.6	-7.8	-14.9	-17.3	-2.6	-2.4	-67.9
Q4	3.2	5.1	10.9	-5.2	4.8	5.2	4.3	-13.4	-6.8	15.2	121.3	-10.4	-16.1	-23.6	18.4	-91.3
2011 Q1	2.3	2.6	-9.8	-2.7	3.3	.	3.2	-12.3	-1.8	12.5	.	-4.8	-12.2	-7.4	32.0	.

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2008	5,938.3	2,185.3	616.9	1,568.4	3,372.6	1,198.8	2,173.8	1,426.8	380.4	62.0	318.4	269.9
2009	6,737.2	2,751.8	686.6	2,065.1	3,460.8	1,132.1	2,328.7	1,477.1	524.6	67.7	456.9	422.3
2010 Q3	7,277.0	2,942.9	670.5	2,272.4	3,810.1	1,173.9	2,636.2	1,740.7	523.9	99.5	424.4	377.8
Q4	7,358.2	3,147.1	654.2	2,492.9	3,735.6	1,160.8	2,574.8	1,704.3	475.5	81.1	394.4	358.2
	Transactions											
2008	276.1	-84.6	84.5	-169.1	177.8	6.8	171.0	154.3	182.9	-33.1	216.0	192.8
2009	355.0	111.8	2.2	109.6	123.3	7.7	115.5	93.4	119.9	-13.5	133.3	155.5
2010	283.9	147.5	-5.8	153.2	134.4	45.7	88.7	187.1	2.1	45.1	-43.0	-33.4
2010 Q3	36.1	39.7	15.8	23.9	-37.4	16.1	-53.5	-28.5	33.8	23.5	10.3	11.7
Q4	84.5	77.0	-9.3	86.3	33.2	26.6	6.6	36.4	-25.7	-3.5	-22.2	-16.7
2011 Q1	188.6	79.0	2.0	77.0	60.7	44.3	16.4	.	48.9	49.6	-0.8	.
2010 Dec.	-6.1	28.6	-14.3	42.9	17.8	17.6	0.2	.	-52.5	-5.4	-47.1	.
2011 Jan.	21.4	9.0	-0.2	9.2	0.9	33.0	-32.1	.	11.5	13.4	-2.0	.
Feb.	95.4	36.9	5.9	31.0	30.9	9.9	21.0	.	27.7	24.0	3.7	.
Mar.	71.7	33.1	-3.7	36.8	28.9	1.4	27.5	.	9.7	12.2	-2.5	.
Apr.	42.7	-28.5	3.6	-32.1	71.5	13.7	57.7	.	-0.3	15.0	-15.3	.
	Growth rates											
2008	4.4	-3.7	14.9	-8.1	5.9	0.7	9.2	13.8	78.0	-24.7	218.2	269.4
2009	5.9	4.8	0.4	6.6	3.6	0.7	5.3	6.6	31.8	-28.6	41.8	58.1
2010 Q3	4.0	4.1	-0.7	5.7	3.3	2.0	3.9	10.4	8.9	148.4	-4.7	-3.8
Q4	4.1	5.2	-0.9	7.1	3.8	3.9	3.8	12.4	0.4	70.5	-9.5	-8.1
2011 Q1	5.4	7.4	1.6	9.0	3.5	6.8	2.0	.	8.9	76.5	-3.5	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2008	5,370.1	28.8	27.8	1.0	3,272.5	3,213.2	59.2	90.8	12.3	42.6	8.8	1,977.9	188.9	1,595.6	431.7
2009	4,830.9	30.2	29.8	0.4	2,835.9	2,805.4	30.5	109.2	8.4	63.6	11.4	1,855.6	192.4	1,478.8	398.1
2010 Q3	5,051.8	25.0	24.4	0.6	2,963.2	2,930.7	32.5	115.9	8.3	69.1	11.0	1,947.7	207.9	1,528.3	438.0
Q4	5,060.8	32.6	32.0	0.7	2,970.4	2,937.9	32.5	152.9	8.4	104.7	15.9	1,904.9	213.3	1,505.0	428.1
	Transactions														
2008	-1.2	-9.4	-9.5	0.0	-42.6	-59.2	16.6	-5.7	-1.1	-5.9	-4.7	56.6	-0.3	48.3	-21.9
2009	-534.6	0.1	0.0	0.1	-421.7	-401.2	-20.5	10.7	-0.4	9.3	1.2	-123.7	1.0	-129.3	-50.8
2010	130.0	-2.9	-2.9	0.0	8.4	-0.5	9.0	39.6	-0.2	38.8	4.8	84.9	11.8	63.1	29.1
2010 Q3	-2.8	1.5	1.6	-0.1	-15.8	-14.6	-1.2	-4.0	-0.1	-4.1	-2.4	15.5	2.3	17.1	11.2
Q4	-0.8	6.1	6.0	0.1	-28.0	-27.6	-0.4	34.6	0.0	34.6	4.8	-13.5	2.2	-20.4	-6.7
2011 Q1	38.8	2.5	.	.	62.5	.	.	-6.9	.	.	-3.1	-19.3	.	.	4.9
2010 Dec.	-86.7	6.9	.	.	-85.8	.	.	3.8	.	.	1.7	-11.6	.	.	-9.8
2011 Jan.	66.2	-0.5	.	.	59.4	.	.	-5.9	.	.	-4.3	13.3	.	.	18.1
Feb.	31.0	3.0	.	.	41.4	.	.	0.3	.	.	2.0	-13.7	.	.	-5.7
Mar.	-58.4	0.0	.	.	-38.3	.	.	-1.2	.	.	-0.8	-18.9	.	.	-7.5
Apr.	117.0	5.6	.	.	95.4	.	.	1.7	.	.	-0.3	14.2	.	.	4.4
	Growth rates														
2008	-0.1	-26.2	-26.9	1.0	-1.3	-1.8	23.6	-6.0	-8.8	-12.3	-35.8	3.1	-0.2	3.2	-5.9
2009	-10.0	-0.3	-1.4	24.1	-12.8	-12.4	-36.9	11.2	-3.5	18.9	12.0	-6.5	0.5	-8.4	-13.1
2010 Q3	2.1	-13.4	-13.1	-22.0	1.0	0.8	21.4	11.1	-3.2	17.9	9.1	3.5	5.3	3.3	-0.8
Q4	2.7	-13.1	-12.9	-9.9	0.4	0.1	28.2	35.4	-2.7	59.2	41.5	4.5	5.9	4.3	7.4
2011 Q1	1.7	22.6	.	.	0.5	.	.	37.1	.	.	69.7	1.3	.	.	6.7

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2008	5,724.4	482.9	482.6	0.3	3,762.9	3,708.8	54.1	62.3	0.0	58.0	4.3	1,416.3	178.2	1,059.7	178.4
2009	4,987.5	252.0	251.6	0.4	3,398.9	3,360.4	38.6	71.6	0.0	67.3	4.4	1,264.9	175.1	911.3	178.5
2010 Q3	5,274.3	249.2	247.5	1.8	3,606.5	3,559.3	47.3	92.0	0.0	86.4	5.6	1,326.5	185.5	948.4	192.7
Q4	5,224.7	268.9	265.8	3.0	3,507.2	3,456.0	51.3	138.8	0.0	133.3	5.4	1,309.7	191.1	955.6	163.0
	Transactions														
2008	179.3	281.0	280.9	0.1	-174.7	-186.0	11.3	9.3	0.0	10.6	-1.3	63.7	9.0	46.7	8.0
2009	-727.7	-233.1	-233.3	0.2	-353.2	-341.9	-11.4	12.5	0.0	12.4	0.1	-153.8	-5.5	-125.7	-22.6
2010	101.9	8.9	6.3	2.6	-3.0	-9.6	6.6	64.4	0.0	63.7	0.7	31.6	10.2	4.5	16.9
2010 Q3	51.5	-2.6	-3.6	1.0	1.9	6.0	-4.1	5.3	0.0	5.4	-0.1	46.9	1.0	34.9	11.0
Q4	-80.0	17.3	16.0	1.3	-105.1	-108.5	3.5	45.8	0.0	45.5	0.3	-38.1	2.4	-34.8	-5.7
2011 Q1	-53.5	9.6	.	.	-77.7	.	.	28.5	.	.	.	-13.9	.	.	.
2010 Dec.	-136.7	12.9	.	.	-152.0	.	.	22.9	.	.	.	-20.5	.	.	.
2011 Jan.	104.6	7.1	.	.	64.0	.	.	13.6	.	.	.	19.9	.	.	.
Feb.	-35.6	4.6	.	.	-17.1	.	.	7.2	.	.	.	-30.4	.	.	.
Mar.	-122.5	-2.1	.	.	-124.6	.	.	7.7	.	.	.	-3.5	.	.	.
Apr.	94.8	0.6	.	.	103.6	.	.	-1.8	.	.	.	-7.6	.	.	.
	Growth rates														
2008	3.3	141.1	141.2	.	-4.4	-4.7	18.2	17.7	.	22.5	-23.2	4.8	5.3	4.6	5.9
2009	-12.6	-48.0	-48.1	.	-9.4	-9.2	-20.3	19.8	.	21.0	1.9	-10.8	-3.4	-11.8	-11.8
2010 Q3	1.7	-8.2	-8.6	.	0.5	0.4	11.3	18.2	.	17.8	26.9	6.2	4.5	5.4	11.8
Q4	2.0	3.4	2.4	.	0.0	-0.2	17.2	87.9	.	93.5	10.8	2.4	5.7	0.3	9.4
2011 Q1	-1.4	9.4	.	.	-5.1	.	.	113.1	.	.	.	0.0	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets 1)

	Reserve assets														Memo items		
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange								Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allo-cations
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities				Financial derivatives				
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2007	347.2	201.0	353.688	4.6	3.6	138.0	7.2	22.0	108.5	0.4	87.8	20.3	0.3	0.0	44.3	-38.5	5.3
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.1	129.5	0.6	111.3	17.6	0.0	0.0	262.8	-245.7	5.5
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010 Q2	583.3	351.9	347.156	56.3	16.3	158.8	9.2	13.0	136.8	0.6	110.8	25.5	-0.3	0.0	32.7	-24.2	56.7
Q3	552.2	332.3	346.994	53.3	15.3	151.3	7.9	15.7	127.2	0.5	106.9	19.8	0.4	0.0	26.2	-22.6	53.7
Q4	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.1	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011 Apr.	571.7	358.5	346.987	50.0	21.3	141.8	5.4	16.5	119.4	-	-	-	0.6	0.0	22.0	-21.6	51.4
May	592.7	370.6	346.988	50.8	22.5	148.8	4.5	15.7	128.4	-	-	-	0.2	0.0	21.7	-23.5	52.4
	Transactions																
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-	-
2008	3.4	-2.7	-	-0.1	3.8	2.4	5.0	-15.7	11.8	0.1	15.8	-4.1	1.3	0.0	-	-	-
2009	-4.6	-2.0	-	0.5	3.4	-6.4	3.1	-1.2	-9.5	0.0	-14.1	4.6	1.2	0.0	-	-	-
2010 Q3	5.0	0.0	-	0.0	-0.1	5.1	-0.5	3.9	1.6	0.0	5.6	-4.0	0.1	0.0	-	-	-
Q4	1.6	0.0	-	0.1	0.1	1.3	-0.4	-0.5	2.1	0.0	3.2	-1.1	0.1	0.0	-	-	-
2011 Q1	11.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2008	1.0	-1.3	-	-2.5	105.6	1.7	67.7	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009	-1.2	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010	2.0	0.0	-	-0.1	45.4	3.6	-43.3	76.2	3.4	-5.2	10.3	-25.5	-	-	-	-	-
2010 Q3	1.7	0.0	-	1.0	27.8	3.2	-45.3	93.8	2.8	-5.2	9.0	-22.0	-	-	-	-	-
Q4	2.0	0.0	-	-0.1	45.4	3.6	-43.3	76.2	3.4	-5.2	10.3	-25.5	-	-	-	-	-
2011 Q1	2.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Gross external debt

	Total	By instrument						By sector (excluding direct investment)			
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2007	9,991.0	5,144.6	240.5	2,996.3	172.6	189.6	1,247.3	1,235.4	202.1	5,228.6	2,077.6
2008	10,916.9	5,309.2	380.4	3,372.6	178.2	237.0	1,439.4	1,759.0	482.9	5,023.7	2,211.8
2009	10,413.3	4,590.5	524.6	3,460.8	175.1	221.8	1,440.4	1,971.0	252.0	4,598.7	2,151.1
2010 Q2	11,176.9	4,979.5	495.6	3,823.4	183.8	246.7	1,447.9	2,197.4	260.1	4,991.5	2,279.9
Q3	10,982.6	4,841.4	523.9	3,810.1	185.5	247.4	1,374.3	2,210.6	249.2	4,880.0	2,268.6
Q4	10,832.6	4,810.8	475.5	3,735.6	191.2	222.7	1,396.8	2,201.3	268.9	4,749.1	2,216.5
	Outstanding amounts as a percentage of GDP										
2007	110.6	57.0	2.7	33.2	1.9	2.1	13.8	13.7	2.2	57.9	23.0
2008	118.1	57.4	4.1	36.5	1.9	2.6	15.6	19.0	5.2	54.4	23.9
2009	116.3	51.3	5.9	38.7	2.0	2.5	16.1	22.0	2.8	51.4	24.0
2010 Q2	123.6	55.1	5.5	42.3	2.0	2.7	16.0	24.3	2.9	55.2	25.2
Q3	120.5	53.1	5.7	41.8	2.0	2.7	15.1	24.3	2.7	53.5	24.9
Q4	118.0	52.4	5.2	40.7	2.1	2.4	15.2	24.0	2.9	51.7	24.1

Source: ECB.

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

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

9. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	Outstanding amounts (international investment position)														
Direct investment	783.5	116.5	2.3	-17.4	-125.6	257.6	-0.3	45.6	44.2	-28.9	129.7	-42.2	77.4	-0.3	441.4
Abroad	4,262.0	1,428.3	34.5	123.7	988.9	281.1	0.0	119.6	48.3	77.7	423.5	784.3	540.9	0.0	839.4
Equity/reinvested earnings	3,291.0	1,073.8	29.1	79.8	735.3	229.5	0.0	95.2	39.1	58.9	349.5	559.7	484.7	0.0	630.1
Other capital	971.1	354.5	5.3	43.9	253.7	51.6	0.0	24.4	9.1	18.8	74.1	224.6	56.2	0.0	209.3
In the euro area	3,478.6	1,311.8	32.2	141.1	1,114.5	23.6	0.3	73.9	4.1	106.6	293.9	826.4	463.5	0.4	398.0
Equity/reinvested earnings	2,531.3	1,077.5	22.7	124.7	922.7	7.2	0.3	61.0	1.1	85.5	201.0	613.4	245.4	0.2	246.4
Other capital	947.3	234.3	9.5	16.5	191.9	16.4	0.1	13.0	3.0	21.1	92.9	213.0	218.1	0.2	151.6
Portfolio investment assets	4,226.3	1,424.7	79.0	156.5	1,000.9	89.1	99.2	95.4	47.5	182.0	107.0	1,349.2	434.2	29.3	557.0
Equity	1,488.7	296.8	8.8	28.8	245.3	13.2	0.6	28.6	45.3	85.7	92.4	469.0	193.3	1.5	275.9
Debt instruments	2,737.6	1,127.9	70.2	127.7	755.6	75.9	98.5	66.8	2.2	96.2	14.6	880.2	240.8	27.8	281.1
Bonds and notes	2,339.5	979.1	62.9	108.0	635.5	74.2	98.4	63.3	1.5	38.1	10.6	739.6	225.5	27.2	254.7
Money market instruments	398.1	148.8	7.3	19.6	120.0	1.7	0.1	3.5	0.7	58.1	4.0	140.7	15.4	0.6	26.3
Other investment	-156.6	-107.3	49.4	6.8	-96.5	92.2	-159.3	0.3	-8.7	17.0	-118.6	-106.5	-12.4	14.1	165.6
Assets	4,830.9	2,246.0	108.6	85.4	1,847.6	187.9	16.5	26.8	31.6	95.0	238.8	687.3	591.7	61.3	852.4
General government	109.2	23.3	0.1	5.4	6.8	0.2	10.6	0.0	3.1	0.2	0.2	3.5	1.9	27.3	49.7
MFIs	2,866.1	1,539.2	91.0	51.0	1,240.6	154.0	2.6	15.2	9.3	64.4	125.5	353.0	329.8	20.4	409.4
Other sectors	1,855.6	683.6	17.5	28.9	600.2	33.7	3.3	11.6	19.1	30.4	113.2	330.8	260.0	13.6	393.3
Liabilities	4,987.5	2,353.3	59.2	78.5	1,944.1	95.6	175.8	26.6	40.3	78.0	357.4	793.8	604.1	47.2	686.8
General government	71.6	29.4	0.1	0.4	4.4	0.0	24.5	0.1	0.1	0.5	0.2	22.1	0.3	16.9	2.2
MFIs	3,650.9	1,746.4	47.7	44.2	1,486.4	71.6	96.6	19.4	19.1	45.6	270.3	500.3	499.4	27.6	522.9
Other sectors	1,264.9	577.5	11.4	34.0	453.3	24.0	54.8	7.1	21.2	32.0	86.9	271.4	104.5	2.6	161.8
2010 Q1 to 2010 Q4	Cumulated transactions														
Direct investment	78.6	28.8	-0.6	0.6	6.9	22.0	-0.1	-16.4	3.2	-3.0	-12.8	18.8	15.2	-0.1	44.8
Abroad	166.5	75.1	2.4	2.4	38.8	31.4	0.0	4.9	3.0	-4.4	-2.6	27.3	1.6	0.0	61.4
Equity/reinvested earnings	51.6	49.9	2.4	-1.1	21.2	27.4	0.0	3.5	0.2	-3.0	-15.2	-6.2	-19.3	0.0	41.7
Other capital	114.9	25.2	0.0	3.5	17.6	4.0	0.0	1.5	2.8	-1.3	12.6	33.5	20.9	0.0	19.7
In the euro area	87.9	46.3	3.0	1.9	31.9	9.4	0.1	21.3	-0.2	-1.3	10.2	8.5	-13.5	0.1	16.6
Equity/reinvested earnings	136.8	30.6	1.6	4.4	21.7	2.9	0.1	23.2	1.0	1.6	-1.9	15.4	61.0	0.0	6.1
Other capital	-48.9	15.7	1.5	-2.6	10.3	6.5	0.0	-1.8	-1.2	-2.9	12.1	-6.8	-74.5	0.1	10.6
Portfolio investment assets	140.7	27.9	1.2	18.6	-11.1	9.5	9.6	-0.8	8.0	-13.2	6.1	25.6	-30.8	-0.4	118.3
Equity	81.0	23.3	1.7	6.1	14.1	1.4	0.1	3.2	7.9	0.0	3.8	11.1	0.5	0.1	31.2
Debt instruments	59.7	4.7	-0.4	12.5	-25.1	8.1	9.6	-4.0	0.1	-13.3	2.3	14.5	-31.2	-0.5	87.1
Bonds and notes	103.7	30.6	0.1	11.9	1.0	8.2	9.4	-5.6	0.1	-0.1	1.2	23.6	-21.9	-0.5	76.3
Money market instruments	-44.0	-25.9	-0.5	0.6	-26.1	-0.1	0.1	1.6	0.0	-13.1	1.2	-9.1	-9.4	0.0	10.8
Other investment	28.1	-23.2	2.2	-15.2	13.4	-8.8	-14.8	-3.8	2.3	-1.8	49.2	-7.7	66.5	-25.3	-28.0
Assets	130.0	39.7	2.5	3.9	25.6	5.8	1.9	0.8	8.4	6.4	10.1	16.5	51.4	-7.0	3.5
General government	39.6	17.3	0.6	1.1	13.2	1.8	0.5	1.6	0.0	2.4	0.8	10.7	1.6	0.6	4.7
MFIs	5.5	-19.1	-1.2	-1.4	-21.0	3.8	0.7	-1.1	5.3	-0.5	4.4	-8.6	33.9	-7.6	-1.2
Other sectors	84.9	41.6	3.1	4.2	33.3	0.2	0.8	0.3	3.1	4.5	4.9	14.5	16.0	0.0	0.1
Liabilities	101.9	63.0	0.3	19.2	12.2	14.6	16.8	4.6	6.1	8.2	-39.1	24.2	-15.0	18.3	31.5
General government	64.4	49.9	0.1	0.1	45.4	0.1	4.3	0.1	0.0	-0.3	-0.1	4.9	0.2	9.6	0.1
MFIs	6.0	17.3	0.8	17.1	-18.7	10.6	7.5	4.6	2.9	7.7	-34.6	-12.9	-16.1	8.6	28.5
Other sectors	31.6	-4.2	-0.6	2.0	-14.5	3.9	5.0	0.0	3.2	0.8	-4.4	32.3	0.9	0.2	2.8

Source: ECB.

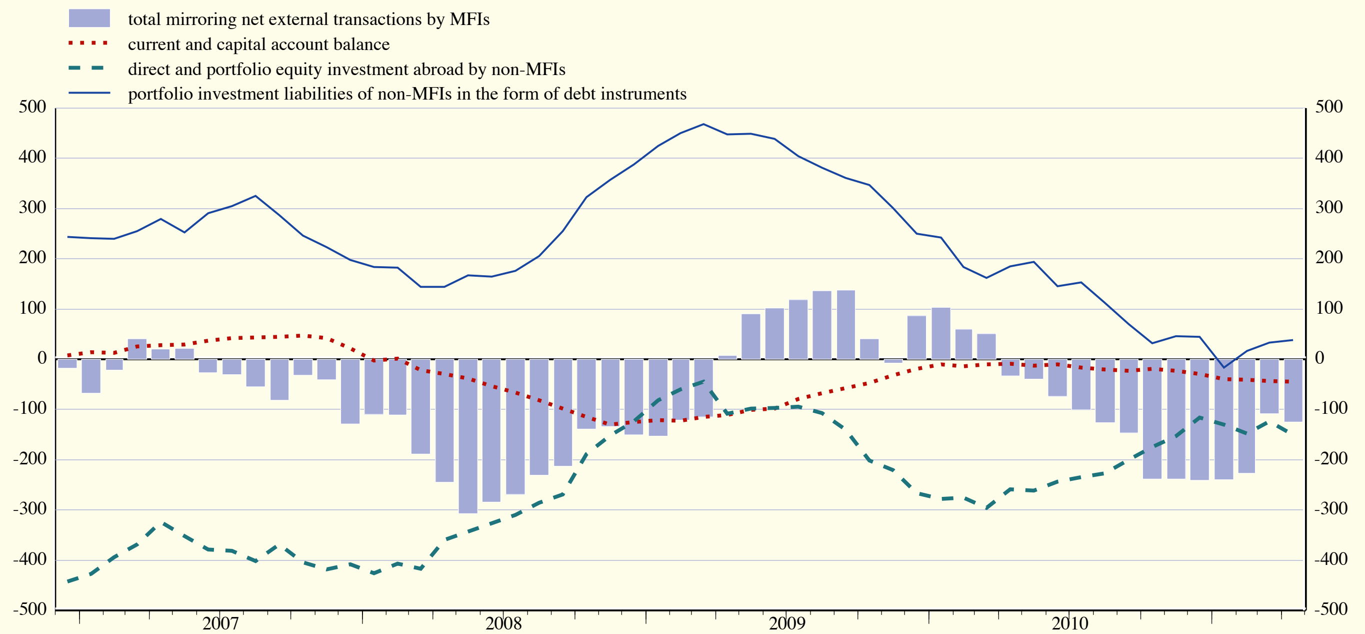
7.4 Monetary presentation of the balance of payments [1]

(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2008	-150.2	-124.8	-320.1	99.3	62.1	-14.5	-169.3	387.7	-51.3	73.3	-82.8	-9.9
2009	86.1	-19.5	-304.6	207.9	-50.0	-124.0	109.7	249.3	113.1	-141.1	37.2	8.1
2010	-240.4	-29.5	-157.6	87.3	-72.4	-239.9	153.3	44.9	-123.7	95.9	7.9	-6.5
2010 Q1	-80.9	-15.5	-41.0	1.1	-26.0	-44.0	26.7	27.6	-32.9	21.3	2.7	-0.9
Q2	-43.2	-16.9	-83.7	54.0	2.3	-41.0	16.3	76.9	-58.8	14.7	1.9	-8.9
Q3	-65.7	-5.3	-26.9	-5.1	-8.8	-44.1	24.0	-43.6	-11.4	52.1	2.3	1.0
Q4	-50.6	8.1	-6.0	37.3	-39.9	-110.7	86.4	-16.1	-20.6	7.7	1.0	2.2
2011 Q1	51.4	-28.0	-48.5	30.2	-7.3	-21.1	104.3	15.6	26.2	14.6	-6.7	-27.9
2010 Apr.	-41.4	-4.8	-22.8	3.5	-4.4	-13.5	0.2	37.0	-26.5	-5.6	-4.2	-0.4
May	8.9	-14.2	-37.7	33.4	9.3	-20.6	-1.6	53.7	-46.2	39.3	-0.2	-6.3
June	-10.7	2.1	-23.3	17.1	-2.6	-6.9	17.6	-13.8	13.9	-18.9	6.3	-2.1
July	-27.9	6.9	-11.7	11.1	3.3	-28.7	-6.1	-17.4	-4.1	27.6	-1.4	-7.5
Aug.	-9.1	-6.9	-8.7	-18.9	-4.2	0.4	23.3	-25.3	15.0	6.9	4.7	4.5
Sep.	-28.7	-5.3	-6.5	2.7	-7.9	-15.7	6.7	-0.9	-22.3	17.5	-1.0	4.1
Oct.	-80.0	3.7	-11.3	-18.6	-16.3	-85.9	56.1	4.7	-12.5	6.2	-5.2	-0.9
Nov.	-10.1	-3.0	4.2	39.9	-11.7	-24.8	-12.7	26.6	-16.2	-1.0	1.6	-12.9
Dec.	39.4	7.4	1.1	16.1	-11.9	0.0	43.0	-47.3	8.1	2.5	4.5	16.0
2011 Jan.	-26.3	-20.4	-25.6	29.6	2.1	-12.7	9.2	-34.0	-7.3	33.5	-2.7	2.1
Feb.	-0.9	-6.7	-8.6	-13.1	-7.9	-7.6	31.0	24.7	13.4	-23.1	-2.3	-0.7
Mar.	78.6	-2.0	-14.3	13.7	-1.5	-0.8	36.8	25.0	20.1	4.2	-1.7	-0.8
Apr.	-58.5	-6.5	-34.1	13.3	-9.8	-8.4	-32.1	42.4	-15.9	-9.3	0.6	1.3
	12-month cumulated transactions											
2011 Apr.	-125.2	-44.8	-176.4	126.1	-59.2	-211.9	171.3	38.3	-54.0	85.3	3.4	-3.3

C38 Main b.o.p. items mirroring developments in MFI net external transactions [1]

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

7.5 Trade in goods

1. Values and volumes by product group 1)

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2009	-18.1	-21.8	1,279.9	628.1	264.4	355.5	1,063.3	1,266.2	734.3	193.9	316.8	840.9	182.1
2010	20.2	22.3	1,535.0	766.0	309.0	420.3	1,271.7	1,543.5	945.0	226.2	345.6	1,014.8	245.5
2010 Q2	22.3	27.6	380.0	189.9	76.2	103.8	316.3	385.1	236.3	56.4	85.9	253.3	62.2
Q3	22.8	26.7	397.5	197.7	80.3	108.3	329.9	399.8	244.6	59.5	88.8	265.1	62.3
Q4	22.3	25.5	404.3	202.2	83.2	109.9	333.8	405.9	253.2	58.0	88.8	265.1	65.4
2011 Q1	21.2	24.1	426.6	214.3	85.5	116.0	349.4	435.2	275.4	58.8	91.5	277.3	73.7
2010 Nov.	24.5	29.1	135.1	67.9	28.0	36.7	111.8	137.9	85.3	19.7	30.2	89.8	22.2
Dec.	21.1	25.1	134.8	67.5	27.5	37.0	110.3	136.6	87.0	19.1	29.1	88.2	22.8
2011 Jan.	27.3	30.0	140.5	70.4	27.4	38.3	114.2	144.2	90.9	20.4	30.1	90.9	25.0
Feb.	22.2	26.7	142.6	71.5	28.8	38.6	117.1	145.3	91.5	19.1	30.5	92.9	22.9
Mar.	15.9	17.0	143.5	72.4	29.3	39.1	118.1	145.7	93.0	19.3	30.8	93.5	25.8
Apr.	15.0	17.6	144.4	.	.	.	115.9	147.3	.	.	.	91.1	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2009	-16.6	-13.5	119.6	114.8	119.0	128.0	116.0	109.8	101.2	115.7	136.4	111.0	102.0
2010	14.8	10.4	136.8	132.5	137.4	143.6	134.1	120.7	113.1	129.0	142.3	127.5	100.3
2010 Q2	16.4	14.5	135.6	131.7	135.1	141.8	133.5	120.6	113.2	128.8	141.9	127.4	99.7
Q3	15.9	12.1	139.9	134.8	142.5	145.5	137.3	121.8	114.0	132.2	142.4	129.9	100.3
Q4	15.0	10.0	142.3	137.5	147.7	148.6	139.6	123.4	116.5	131.6	144.2	131.5	101.6
2011 Q1	12.9	7.8	145.7	140.9	148.3	152.2	142.6	125.1	117.9	129.7	144.4	133.3	96.5
2010 Oct.	13.8	7.0	142.4	136.9	148.7	147.0	140.3	120.6	112.9	130.2	143.6	129.3	98.5
Nov.	17.4	14.4	143.2	138.6	149.9	150.3	140.9	127.5	119.8	136.8	147.2	134.5	105.6
Dec.	13.8	8.5	141.3	136.9	144.5	148.5	137.6	122.2	116.8	127.8	141.7	130.8	100.7
2011 Jan.	18.1	12.9	144.6	140.0	143.3	150.4	140.0	125.2	118.3	134.5	141.8	130.7	102.9
Feb.	13.9	10.3	145.9	140.8	149.7	151.9	143.1	126.0	118.3	127.3	145.0	134.4	91.6
Mar.	8.3	1.6	146.6	142.0	152.0	154.3	144.6	124.0	116.9	127.5	146.3	134.9	95.0

2. Prices 2)

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) 3)							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total					Memo item: Manufacturing	Total (index: 2005 = 100)	Total					Memo item: Manufacturing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	101.5	-2.7	-4.0	0.5	0.5	-23.7	-2.6	100.2	-8.5	-4.8	2.3	0.9	-28.3	-2.4
2010	105.4	3.9	4.8	1.1	2.2	26.3	3.8	110.0	9.8	9.8	1.5	2.7	27.5	6.0
2010 Q3	106.3	4.6	6.7	1.6	2.8	19.6	4.5	111.1	10.8	11.9	2.9	4.0	25.8	7.3
Q4	106.6	5.1	7.1	2.0	2.9	21.5	5.0	112.6	11.6	13.4	2.3	5.3	25.8	8.0
2011 Q1	109.1	5.9	8.5	2.0	2.9	25.8	5.8	118.5	12.1	11.3	0.7	5.8	31.8	6.9
2010 Dec.	107.4	5.8	7.5	2.4	3.0	27.4	5.6	115.2	13.7	14.8	2.6	6.0	32.9	9.1
2011 Jan.	108.5	6.0	8.6	2.4	3.1	25.1	5.9	117.1	12.2	12.2	1.5	6.1	31.7	7.3
Feb.	109.1	5.9	8.7	1.9	2.9	25.9	5.8	118.6	12.5	11.8	1.1	5.9	31.3	7.3
Mar.	109.7	5.7	8.3	1.6	2.8	26.3	5.6	119.7	11.7	9.8	-0.6	5.4	32.4	6.0
Apr.	110.3	5.0	7.1	1.1	2.6	25.1	4.9	119.9	9.4	6.7	-2.5	4.4	30.4	3.7
May	110.2	4.0	5.8	0.9	1.6	22.0	3.9	120.0	8.3	5.2	-3.5	3.4	28.6	2.2

Source: Eurostat.

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

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

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

7.5 Trade in goods
(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2009	1,279.9	27.3	41.5	175.3	174.6	50.1	78.9	34.8	152.4	284.4	69.0	28.6	92.0	54.3	29.5
2010	1,535.0	30.2	52.6	195.5	209.4	63.7	93.1	47.4	180.4	354.9	94.7	34.5	104.8	73.2	18.6
2009 Q4	330.0	6.7	10.8	45.0	45.4	12.9	19.8	9.3	37.9	75.0	18.9	7.3	23.0	14.4	7.4
2010 Q1	353.2	7.0	11.9	46.5	47.8	13.7	21.4	10.6	41.3	81.5	21.9	8.0	24.9	16.7	5.5
Q2	380.0	7.4	13.2	48.0	51.3	15.4	22.9	11.5	45.1	88.3	23.5	8.6	25.6	18.5	5.9
Q3	397.5	7.6	13.5	50.3	54.2	17.2	24.1	12.1	47.6	91.8	23.9	8.9	26.7	18.9	4.2
Q4	404.3	8.2	14.0	50.7	56.1	17.4	24.7	13.2	46.3	93.4	25.4	9.0	27.5	19.1	3.0
2011 Q1	426.6	8.0	15.0	53.2	59.2	18.6	25.8	15.4	49.8	99.0	28.8	9.3	28.0	20.2	0.5
2010 Nov.	135.1	2.6	4.6	17.0	18.6	6.0	8.2	4.5	15.5	31.6	8.6	3.0	9.2	6.6	0.2
Dec.	134.8	3.0	4.8	16.7	19.1	5.7	8.6	4.4	15.1	30.8	8.4	2.9	9.3	6.2	1.0
2011 Jan.	140.5	2.6	4.9	17.6	19.2	6.0	8.3	4.8	16.5	32.1	9.3	3.1	9.4	6.3	1.8
Feb.	142.6	2.7	4.9	17.6	19.8	6.3	8.5	5.1	16.6	33.4	9.6	3.1	9.3	7.0	0.0
Mar.	143.5	2.7	5.2	18.0	20.1	6.3	9.0	5.5	16.7	33.5	9.8	3.1	9.3	6.9	-1.3
Apr.	144.4	.	.	.	.	6.4	8.9	4.9	16.2	32.3	8.9	3.2	9.3	7.1	.
	Percentage share of total exports														
2010	100.0	2.0	3.4	12.7	13.6	4.1	6.1	3.1	11.7	23.1	6.2	2.2	6.8	4.8	1.2
	Imports (c.i.f.)														
2009	1,266.2	27.1	38.2	127.1	161.9	84.3	65.2	26.5	116.2	380.1	157.7	44.0	94.8	59.5	-25.4
2010	1,543.5	27.6	47.6	148.3	197.4	111.0	74.2	30.7	128.9	491.2	208.1	50.7	118.6	74.8	-48.5
2009 Q4	323.9	6.8	9.9	32.6	43.0	24.6	16.1	6.9	27.9	95.8	38.7	11.0	24.5	15.3	-11.2
2010 Q1	352.7	6.6	10.4	34.9	45.1	25.7	17.0	7.2	29.3	110.3	45.9	11.7	27.0	16.6	-10.3
Q2	385.1	6.9	11.9	36.5	48.8	28.3	19.5	7.6	31.7	124.6	53.2	12.7	29.9	18.1	-14.5
Q3	399.8	7.1	12.6	38.0	50.6	27.5	19.1	7.7	33.9	129.4	55.3	13.3	29.5	19.4	-10.1
Q4	405.9	7.1	12.8	39.0	52.9	29.4	18.5	8.2	34.0	126.9	53.6	13.1	32.3	20.8	-13.6
2011 Q1	435.2	7.3	13.2	41.6	55.9	34.4	19.3	9.0	35.9	135.2	54.6	13.7	35.6	21.4	-16.9
2010 Nov.	137.9	2.3	4.3	13.2	17.7	9.7	6.2	2.7	11.4	42.9	17.7	4.6	11.7	6.9	-3.6
Dec.	136.6	2.4	4.3	12.8	17.8	10.4	6.3	2.8	11.6	42.1	17.7	4.2	11.3	6.9	-5.4
2011 Jan.	144.2	2.3	4.2	13.8	18.3	11.1	6.4	3.0	11.9	44.0	17.7	4.4	12.2	7.2	-4.2
Feb.	145.3	2.5	4.4	13.9	18.6	10.4	6.4	3.0	12.0	44.9	18.1	4.5	12.3	7.0	-3.5
Mar.	145.7	2.5	4.6	13.9	19.0	12.9	6.4	3.0	11.9	46.3	18.7	4.8	11.1	7.2	-9.1
Apr.	147.3	.	.	.	.	12.1	6.4	3.0	11.8	46.4	18.6	4.4	10.3	7.3	.
	Percentage share of total imports														
2010	100.0	1.8	3.1	9.6	12.8	7.2	4.8	2.0	8.4	31.8	13.5	3.3	7.7	4.8	-3.1
	Balance														
2009	13.7	0.2	3.3	48.2	12.7	-34.2	13.7	8.3	36.2	-95.7	-88.7	-15.4	-2.8	-5.2	54.9
2010	-8.6	2.6	5.0	47.1	12.0	-47.3	18.9	16.7	51.5	-136.3	-113.4	-16.3	-13.8	-1.6	67.2
2009 Q4	6.1	-0.1	0.9	12.4	2.4	-11.7	3.7	2.4	9.9	-20.7	-19.8	-3.7	-1.5	-0.9	18.6
2010 Q1	0.5	0.5	1.5	11.6	2.7	-12.0	4.3	3.4	12.1	-28.8	-24.0	-3.8	-2.0	0.2	15.8
Q2	-5.1	0.5	1.3	11.5	2.5	-12.9	3.4	3.9	13.4	-36.3	-29.7	-4.0	-4.2	0.4	20.4
Q3	-2.3	0.6	0.9	12.4	3.6	-10.3	4.9	4.4	13.7	-37.6	-31.5	-4.4	-2.8	-0.5	14.4
Q4	-1.7	1.1	1.2	11.7	3.2	-12.0	6.2	5.0	12.3	-33.6	-28.2	-4.1	-4.8	-1.7	16.7
2011 Q1	-8.5	0.7	1.8	11.6	3.3	-15.8	6.5	6.4	14.0	-36.2	-25.8	-4.5	-7.6	-1.2	17.4
2010 Nov.	-2.8	0.3	0.3	3.8	0.9	-3.7	2.1	1.8	4.1	-11.4	-9.0	-1.6	-2.5	-0.3	3.7
Dec.	-1.8	0.6	0.5	3.9	1.3	-4.7	2.4	1.5	3.5	-11.4	-9.3	-1.3	-2.0	-0.7	6.5
2011 Jan.	-3.7	0.4	0.7	3.8	1.0	-5.1	1.9	1.8	4.6	-11.9	-8.4	-1.4	-2.8	-0.9	6.0
Feb.	-2.7	0.1	0.5	3.7	1.2	-4.1	2.1	2.1	4.7	-11.5	-8.5	-1.4	-3.0	0.0	3.5
Mar.	-2.2	0.2	0.6	4.1	1.1	-6.7	2.6	2.5	4.7	-12.9	-8.9	-1.7	-1.8	-0.3	7.8
Apr.	-2.9	.	.	.	.	-5.7	2.5	1.9	4.4	-14.0	-9.7	-1.1	-1.1	-0.2	.

Source: Eurostat.

EXCHANGE RATES

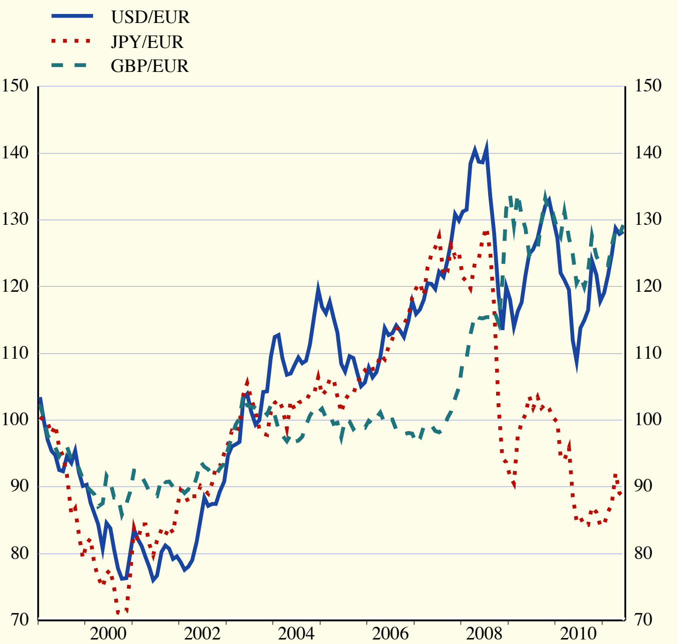
8

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

	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2008	110.4	109.9	107.6	105.2	115.3	104.5	117.9	107.1
2009	111.7	110.6	104.9	106.3	120.7	106.3	120.6	108.0
2010	104.6	103.0	98.8	98.6	109.3	98.5	112.3	99.3
2010 Q2	103.1	101.8	97.4	97.4	108.3	97.3	110.4	97.9
Q3	102.3	100.8	96.9	96.7	106.6	95.8	109.8	97.2
Q4	104.4	102.4	98.7	98.0	109.1	98.2	112.1	98.7
2011 Q1	103.7	101.5	97.8	97.1	108.4	96.5	111.6	97.9
Q2	106.4	104.1	99.5	.	.	.	114.5	100.4
2010 June	100.6	99.4	95.2	-	-	-	107.7	95.6
July	102.5	101.0	97.0	-	-	-	109.9	97.5
Aug.	102.1	100.6	96.6	-	-	-	109.5	97.0
Sep.	102.5	100.8	97.2	-	-	-	110.0	97.2
Oct.	106.0	104.1	100.4	-	-	-	113.8	100.3
Nov.	104.7	102.7	98.9	-	-	-	112.5	99.0
Dec.	102.6	100.5	96.7	-	-	-	110.1	96.8
2011 Jan.	102.4	100.3	96.7	-	-	-	110.1	96.7
Feb.	103.4	101.1	97.6	-	-	-	111.4	97.6
Mar.	105.2	103.0	99.0	-	-	-	113.2	99.4
Apr.	107.0	104.9	100.5	-	-	-	115.0	101.0
May	106.0	103.7	99.2	-	-	-	114.1	100.0
June	106.1	103.8	98.9	-	-	-	114.4	100.1
	Percentage change versus previous month							
2011 June	0.1	0.1	-0.2	-	-	-	0.2	0.1
	Percentage change versus previous year							
2011 June	5.5	4.5	3.9	-	-	-	6.2	4.7

C39 Effective exchange rates
(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates
(monthly averages; index: 1999 Q1=100)



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

8.2 Bilateral exchange rates
(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2008	1.9558	24.946	7.4560	0.7027	3.4528	251.51	3.5121	3.6826	9.6152	0.79628	7.2239	1.9064
2009	1.9558	26.435	7.4462	0.7057	3.4528	280.33	4.3276	4.2399	10.6191	0.89094	7.3400	2.1631
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2010 Q4	1.9558	24.789	7.4547	0.7095	3.4528	275.77	3.9666	4.2888	9.2139	0.85944	7.3683	1.9897
2011 Q1	1.9558	24.375	7.4550	0.7049	3.4528	272.43	3.9460	4.2212	8.8642	0.85386	7.4018	2.1591
Q2	1.9558	24.324	7.4573	0.7092	3.4528	266.42	3.9596	4.1378	9.0153	0.88274	7.3932	2.2579
2010 Dec.	1.9558	25.174	7.4528	0.7096	3.4528	277.62	3.9962	4.2929	9.0559	0.84813	7.3913	2.0159
2011 Jan.	1.9558	24.449	7.4518	0.7034	3.4528	275.33	3.8896	4.2624	8.9122	0.84712	7.4008	2.0919
Feb.	1.9558	24.277	7.4555	0.7037	3.4528	271.15	3.9264	4.2457	8.7882	0.84635	7.4149	2.1702
Mar.	1.9558	24.393	7.4574	0.7072	3.4528	270.89	4.0145	4.1621	8.8864	0.86653	7.3915	2.2108
Apr.	1.9558	24.301	7.4574	0.7092	3.4528	265.29	3.9694	4.1004	8.9702	0.88291	7.3639	2.1975
May	1.9558	24.381	7.4566	0.7093	3.4528	266.96	3.9404	4.1142	8.9571	0.87788	7.4052	2.2603
June	1.9558	24.286	7.4579	0.7091	3.4528	266.87	3.9702	4.1937	9.1125	0.88745	7.4065	2.3077
	Percentage change versus previous month											
2011 June	0.0	-0.4	0.0	0.0	0.0	0.0	0.8	1.9	1.7	1.1	0.0	2.1
	Percentage change versus previous year											
2011 June	0.0	-5.8	0.2	0.1	0.0	-5.2	-3.3	-1.2	-4.8	7.2	2.5	19.7

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Icelandic krona 1)	Indian rupee 2)	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22	23
2008	1.7416	2.6737	1.5594	10.2236	11.4541	143.83	63.6143	14,165.16	5.2561	152.45	4.8893
2009	1.7727	2.7674	1.5850	9.5277	10.8114	-	67.3611	14,443.74	5.4668	130.34	4.9079
2010	1.4423	2.3314	1.3651	8.9712	10.2994	-	60.5878	12,041.70	4.9457	116.24	4.2668
2010 Q4	1.3747	2.3037	1.3757	9.0405	10.5441	-	60.9153	12,178.16	4.9154	112.10	4.2304
2011 Q1	1.3614	2.2799	1.3484	9.0028	10.6535	-	61.9255	12,171.85	4.9247	112.57	4.1668
Q2	1.3550	2.2960	1.3932	9.3509	11.1932	-	64.3809	12,364.41	4.9490	117.41	4.3451
2010 Dec.	1.3304	2.2387	1.3327	8.7873	10.2776	-	59.6472	11,925.21	4.7618	110.11	4.1313
2011 Jan.	1.3417	2.2371	1.3277	8.8154	10.3945	-	60.7161	12,077.47	4.7909	110.38	4.0895
Feb.	1.3543	2.2765	1.3484	8.9842	10.6312	-	62.0142	12,165.92	4.9939	112.77	4.1541
Mar.	1.3854	2.3220	1.3672	9.1902	10.9093	-	62.9526	12,263.18	4.9867	114.40	4.2483
Apr.	1.3662	2.2889	1.3834	9.4274	11.2269	-	64.1128	12,493.48	4.9573	120.42	4.3502
May	1.3437	2.3131	1.3885	9.3198	11.1551	-	64.4735	12,290.33	4.9740	116.47	4.3272
June	1.3567	2.2850	1.4063	9.3161	11.2021	-	64.5200	12,327.02	4.9169	115.75	4.3585
	Percentage change versus previous month										
2011 June	1.0	-1.2	1.3	0.0	0.4	-	0.1	0.3	-1.1	-0.6	0.7
	Percentage change versus previous year										
2011 June	-5.2	3.6	11.0	11.9	17.8	-	13.5	10.4	4.5	4.3	9.4

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	24	25	26	27	28	29	30	31	32	33	34
2008	16.2911	2.0770	8.2237	65.172	36.4207	2.0762	12.0590	1,606.09	1.5874	48.475	1.4708
2009	18.7989	2.2121	8.7278	66.338	44.1376	2.0241	11.6737	1,772.90	1.5100	47.804	1.3948
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257
2010 Q4	16.8206	1.7915	8.0499	59.240	41.7192	1.7693	9.3785	1,538.70	1.3225	40.728	1.3583
2011 Q1	16.5007	1.8107	7.8236	59.876	39.9976	1.7467	9.5875	1,530.79	1.2871	41.771	1.3680
Q2	16.8752	1.7992	7.8259	62.256	40.2750	1.7842	9.7852	1,559.23	1.2514	43.592	1.4391
2010 Dec.	16.3797	1.7587	7.9020	58.050	40.7385	1.7262	9.0143	1,513.74	1.2811	39.805	1.3220
2011 Jan.	16.1926	1.7435	7.8199	59.089	40.2557	1.7193	9.2652	1,495.50	1.2779	40.827	1.3360
Feb.	16.4727	1.7925	7.8206	59.558	39.9469	1.7421	9.8126	1,524.99	1.2974	41.918	1.3649
Mar.	16.8063	1.8877	7.8295	60.870	39.8061	1.7757	9.6862	1,568.05	1.2867	42.506	1.3999
Apr.	16.9211	1.8331	7.8065	62.361	40.5363	1.8024	9.7200	1,567.52	1.2977	43.434	1.4442
May	16.7177	1.8024	7.8384	61.953	40.0573	1.7763	9.8461	1,555.99	1.2537	43.398	1.4349
June	16.9931	1.7666	7.8302	62.468	40.2670	1.7763	9.7807	1,555.32	1.2092	43.923	1.4388
	Percentage change versus previous month										
2011 June	1.6	-2.0	-0.1	0.8	0.5	0.0	-0.7	0.0	-3.6	1.2	0.3
	Percentage change versus previous year										
2011 June	9.4	0.0	-1.0	10.4	5.5	4.0	4.7	4.9	-12.2	10.8	17.9

Source: ECB.
1) The most recent rate for the Icelandic krona refers to 3 December 2008.
2) For this currency the ECB computes and publishes euro reference exchange rates as from 1 January 2009. Previous data are indicative.

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2009	2.5	0.6	1.1	3.3	4.2	4.0	4.0	5.6	1.9	2.2
2010	3.0	1.2	2.2	-1.2	1.2	4.7	2.7	6.1	1.9	3.3
2010 Q4	4.0	2.0	2.5	1.7	2.9	4.3	2.7	7.8	1.8	3.4
2011 Q1	4.5	1.9	2.6	3.8	3.2	4.3	3.6	7.5	1.3	4.1
2011 Mar.	4.6	1.9	2.5	4.1	3.7	4.6	4.0	8.0	1.4	4.0
Apr.	3.3	1.6	2.8	4.3	4.4	4.4	4.1	8.4	1.8	4.5
May	3.4	2.0	3.1	4.8	5.0	3.9	4.3	8.5	1.7	4.5
	General government deficit (-)/surplus (+) as a percentage of GDP									
2008	1.7	-2.7	3.2	-4.2	-3.3	-3.7	-3.7	-5.7	2.2	-5.0
2009	-4.7	-5.9	-2.7	-9.7	-9.5	-4.5	-7.3	-8.5	-0.7	-11.4
2010	-3.2	-4.7	-2.7	-7.7	-7.1	-4.2	-7.9	-6.4	0.0	-10.4
	General government gross debt as a percentage of GDP									
2008	13.7	30.0	34.5	19.7	15.6	72.3	47.1	13.4	38.8	54.4
2009	14.6	35.3	41.8	36.7	29.5	78.4	50.9	23.6	42.8	69.6
2010	16.2	38.5	43.6	44.7	38.2	80.2	55.0	30.8	39.8	80.0
	Long-term government bond yield as a percentage per annum; period average									
2010 Dec.	5.76	3.89	3.01	7.55	5.15	7.92	5.98	7.09	3.21	3.34
2011 Jan.	5.56	3.98	3.05	5.38	5.15	7.70	6.26	6.66	3.28	3.82
Feb.	5.48	4.05	3.23	6.17	5.15	7.39	6.26	7.03	3.41	4.00
Mar.	5.38	4.05	3.29	6.49	5.15	7.29	6.27	7.31	3.35	3.78
Apr.	5.33	4.05	3.42	6.47	5.12	7.05	6.14	7.30	3.30	3.78
May	5.39	3.89	3.13	6.36	5.05	7.11	6.06	7.26	3.01	3.49
	3-month interest rate as a percentage per annum; period average									
2010 Dec.	3.93	1.22	1.21	0.83	1.56	6.17	3.92	6.00	1.86	0.75
2011 Jan.	3.91	1.20	1.22	0.85	1.36	6.13	4.01	5.03	2.02	0.77
Feb.	3.88	1.21	1.24	0.89	1.40	6.93	4.11	5.49	2.20	0.80
Mar.	3.90	1.21	1.31	0.85	1.40	6.64	4.18	5.85	2.38	0.81
Apr.	3.79	1.21	1.41	0.79	1.52	6.08	4.27	5.47	2.41	0.82
May	3.77	1.22	1.46	0.78	1.65	6.88	4.40	5.26	2.46	0.82
	Real GDP									
2009	-5.5	-4.1	-5.2	-18.0	-14.7	-6.7	1.6	-7.1	-5.3	-4.9
2010	0.2	2.3	1.7	-0.3	1.3	1.2	3.8	-1.3	5.7	1.4
2010 Q3	0.0	2.6	3.3	2.6	1.6	2.3	4.6	-2.2	6.6	2.5
Q4	3.8	2.7	2.6	3.5	4.6	2.6	3.9	-0.6	7.6	1.5
2011 Q1	3.4	2.8	1.9	3.2	6.8	2.2	4.3	1.7	6.5	1.6
	Current and capital account balance as a percentage of GDP									
2009	-7.6	-2.0	3.5	11.0	7.7	1.5	-0.5	-3.6	6.9	-1.5
2010	-0.2	-2.9	5.2	5.5	4.5	3.8	-1.7	-3.9	6.2	-3.0
2010 Q3	15.4	-8.2	6.8	3.2	0.0	3.6	-2.8	-1.3	5.9	-3.4
Q4	-6.8	-1.4	6.1	0.8	7.1	3.0	-2.8	-2.1	5.6	-2.8
2011 Q1	2.7	2.3	5.0	1.9	2.1	5.5	-2.0	-2.5	8.5	-2.9
	Gross external debt as a percentage of GDP									
2008	104.9	.	177.7	129.2	71.3	122.3	57.0	56.0	205.7	441.4
2009	107.9	53.2	189.8	156.3	87.2	141.5	59.6	69.0	211.0	416.6
2010 Q3	103.6	55.7	201.3	162.5	89.4	143.3	66.2	74.8	198.5	431.1
Q4	101.8	57.4	192.0	165.2	86.0	141.1	65.9	75.9	191.7	419.4
2011 Q1	98.5	56.4	187.1	158.7	84.7	134.7	67.8	73.5	187.0	417.5
	Unit labour costs									
2009	12.7	3.5	4.7	-7.0	-2.8	1.9	2.2	-1.3	4.8	6.1
2010	0.8	0.6	-1.1	-10.6	-7.6	-1.1	4.8	0.8	-1.7	2.2
2010 Q3	-2.0	2.5	-2.3	-7.1	-5.6	-0.8	3.7	-2.7	-2.3	1.3
Q4	-1.9	1.3	-0.9	1.6	-3.1	-2.2	5.7	-3.9	-2.1	1.1
2011 Q1	1.7	0.4	-0.3	3.2	-1.3	0.3	2.7	-1.3	-3.2	0.0
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2009	6.8	6.7	6.0	17.2	13.7	10.0	8.2	6.9	8.3	7.6
2010	10.2	7.3	7.4	18.7	17.8	11.1	9.6	7.4	8.4	7.8
2010 Q4	11.2	7.0	7.7	17.0	17.3	11.0	9.6	7.4	7.9	7.8
2011 Q1	11.1	6.9	7.6	16.2	16.3	11.0	9.3	7.0	7.7	7.7
2011 Mar.	11.1	6.7	7.6	16.2	16.3	10.6	9.2	7.0	7.7	7.6
Apr.	11.1	6.6	7.3	.	.	10.3	9.2	.	7.5	.
May	11.2	6.5	7.4	.	.	10.0	9.2	.	7.7	.

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

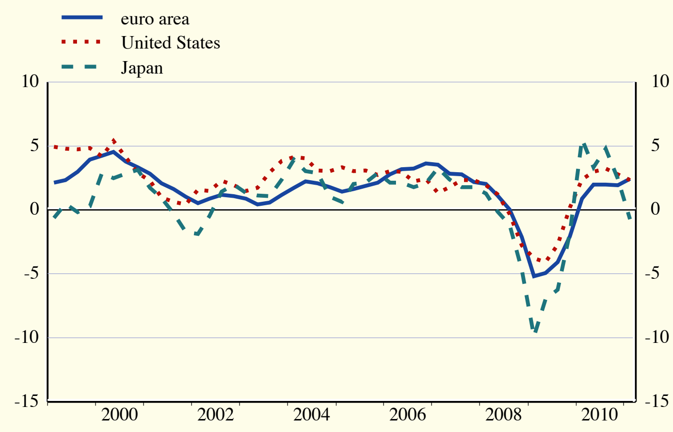
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money [2]	3-month interbank deposit rate [3]	10-year zero coupon government bond yield; [3] end of period	Exchange rate [4] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [5] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2007	2.9	2.4	1.9	3.1	4.6	6.3	5.30	4.81	1.3705	-2.9	48.4
2008	3.8	2.2	0.0	-4.7	5.8	7.1	2.93	2.70	1.4708	-6.3	56.7
2009	-0.4	-1.6	-2.6	-13.5	9.3	7.9	0.69	4.17	1.3948	-11.3	68.6
2010	1.6	-1.6	2.9	5.9	9.6	2.3	0.34	3.57	1.3257	-10.6	77.4
2010 Q2	1.8	-1.9	3.0	7.5	9.6	1.7	0.44	3.13	1.2708	-11.1	73.3
Q3	1.2	-1.0	3.2	7.2	9.6	2.6	0.39	2.69	1.2910	-10.4	75.3
Q4	1.3	-0.7	2.8	6.6	9.6	3.2	0.29	3.57	1.3583	-10.3	77.4
2011 Q1	2.1	0.7	2.3	6.4	8.9	4.4	0.31	3.76	1.3680	.	.
Q2	.	.	.	.	.	.	0.26	3.46	1.4391	.	.
2011 Feb.	2.1	-	-	6.6	8.9	4.1	0.31	3.73	1.3649	-	-
Mar.	2.7	-	-	6.2	8.8	4.6	0.31	3.76	1.3999	-	-
Apr.	3.2	-	-	4.8	9.0	4.9	0.28	3.55	1.4442	-	-
May	3.6	-	-	4.0	9.1	5.0	0.26	3.33	1.4349	-	-
June	.	-	-	.	.	.	0.25	3.46	1.4388	-	-
					Japan						
2007	0.1	-2.3	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.2
2008	1.4	1.7	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.2	162.0
2009	-1.4	1.3	-6.3	-21.9	5.1	2.7	0.47	1.42	130.34	-8.7	180.4
2010	-0.7	-2.6	4.0	16.6	5.1	2.8	0.23	1.18	116.24	.	.
2010 Q2	-0.9	-1.8	3.3	21.2	5.1	2.9	0.24	1.18	117.15	.	.
Q3	-0.8	-3.0	4.8	14.0	5.0	2.8	0.24	1.03	110.68	.	.
Q4	0.1	-1.2	2.4	6.0	5.0	2.6	0.19	1.18	112.10	.	.
2011 Q1	0.0	.	-0.7	-2.6	4.7	2.5	0.19	1.33	112.57	.	.
Q2	.	.	.	.	.	.	0.20	1.18	117.41	.	.
2011 Feb.	0.0	-	-	2.9	4.6	2.4	0.19	1.35	112.77	-	-
Mar.	0.0	-	-	-13.1	4.6	2.6	0.20	1.33	114.40	-	-
Apr.	0.3	-	-	-13.6	4.7	2.8	0.20	1.26	120.42	-	-
May	0.3	-	-	-5.9	.	2.7	0.20	1.22	116.47	-	-
June	.	-	-	.	.	.	0.20	1.18	115.75	-	-

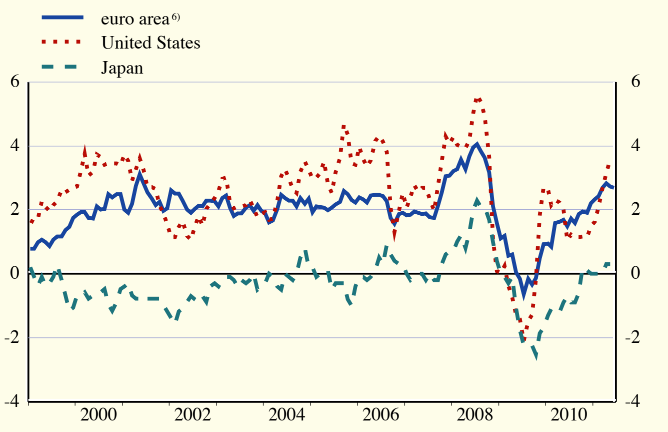
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

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

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

The interest rate on an indexed longer-term refinancing operation (LTRO) is equal to the average of the minimum bid rates on the main refinancing operations (MROs) over the life of that LTRO. According to this definition, if an LTRO is outstanding for D number of days and the minimum bid rates prevailing in MROs are $R_{1,\,MRO}$ (over D_1 days), $R_{2,\,MRO}$ (over D_2 days), etc., until $R_{i,\,MRO}$ (over D_i days), where $D_1+D_2+\ldots+D_i=D$, the applicable annualised rate (R_{LTRO}) is calculated as:

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

Monthly transactions are calculated from monthly differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

If L_t represents the outstanding amount at the end of month t, C_t^M the reclassification adjustment in month t, E_t^M the exchange rate adjustment and V_t^M the other revaluation adjustments, the transactions F_t^M in month t are defined as:

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2008 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

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

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

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

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

1 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program", Journal of Business and Economic Statistics, 16, 2, pp.127-152, or "X-12-ARIMA Reference Manual", Time Series Staff, Bureau of the Census, Washington, D.C.
For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2008) generally differs from 100, reflecting the seasonality of that month.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

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

CALCULATION OF BALANCING ITEMS

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

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

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

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

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

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

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

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

As a base, the index is set equal to 100 in December 2008. The growth rate a_t for month t, corresponding to the change in the 12 months ending in month t, can be calculated using either of the following two formulae:

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

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

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

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

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

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally

4 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

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

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

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

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP[4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S78). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are pre-adjusted in order to take into account significant working day effects. The working day adjustment for goods and services takes account of national public holidays. The seasonal adjustment of these items is carried out using these pre-adjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

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

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

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

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the "Data services" sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 6 July 2011.

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

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Finally, Estonia joined in 2011, bringing the number of euro area countries to 17.

EURO AREA SERIES WITH A FIXED COMPOSITION

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

EURO AREA SERIES WITH A CHANGING COMPOSITION

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

For the HICP, as well as monetary aggregates and their counterparts, annual rates of change are compiled from chain-linked indices, with joining countries' series linked to the euro area series in the December index. Thus, if a country joins the euro area in January of a given year, annual rates of change relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. Percentage changes are calculated on the basis of a chain-linked index, taking account of the changing composition of the euro area. Absolute changes for monetary aggregates and their counterparts (transactions) refer to the composition of the euro area at the time to which the statistics relate.

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

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

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

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

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

OVERVIEW

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

MONETARY POLICY STATISTICS

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

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

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

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

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

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

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

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

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2]. Detailed sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8[3] concerning statistics on the assets and liabilities of investment funds. Further information on these investment fund statistics can be found in the "Manual on investment fund statistics" (ECB, May 2009).

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC's balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30[4] as of December 2009.

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.
4 OJ L 15, 20.01.2009, p. 1.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

EURO AREA ACCOUNTS

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

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

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

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

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

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

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

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

FINANCIAL MARKETS

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

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

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

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

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

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

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

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

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

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

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

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

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

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

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

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

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

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains[7], has been applied in the production of short-term statistics. The breakdown by end-use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

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

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social

6 OJ L 162, 5.6.1998, p. 1.
7 OJ L 393, 30.12.2006, p. 1.
8 OJ L 155, 15.6.2007, p. 3.
9 OJ L 69, 13.3.2003, p. 1.
10 OJ L 169, 8.7.2003, p. 37.

contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

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

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

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

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

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

GOVERNMENT FINANCE

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

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[11] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of

11 OJ L 172, 12.7.2000, p. 3.

10 June 2002 on quarterly non-financial accounts for general government[12]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[13] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[14]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, with the exception of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia.

12 OJ L 179, 9.7.2002, p. 1.
13 OJ L 354, 30.11.2004, p. 34.
14 OJ L 159, 20.6.2007, p. 48.

The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem's international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and

Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

15 JANUARY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 2.00%, starting from the operations to be settled on 21 January 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 3.00% and 1.00% respectively, with effect from 21 January 2009, in line with the decision of 18 December 2008.

5 FEBRUARY 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.00%, 3.00% and 1.00% respectively.

5 MARCH 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 1.50%, starting from the operations to be settled on 11 March 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.50% and 0.50% respectively, with effect from 11 March 2009.

Moreover, the Governing Council decides to continue the fixed rate tender procedure with full allotment for all main refinancing operations, special-term refinancing operations and supplementary and regular longer-term refinancing operations for as long as needed, and in any case beyond the end of 2009. In addition, the Governing Council decides to continue with the current frequency and maturity profile of supplementary longer-term refinancing operations and special-term refinancing operations for as long as needed, and in any case beyond the end of 2009.

2 APRIL 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operations to be settled on 8 April 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.25% and 0.25% respectively, with effect from 8 April 2009.

7 MAY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 13 May 2009. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.75% with effect from 13 May 2009, and to leave the interest rate on the deposit facility unchanged at 0.25%. In addition, the Governing Council of the ECB decides to proceed with its enhanced credit support approach. In particular, it decides that the Eurosystem will conduct liquidity-providing longer-term refinancing operations with a maturity of one year as fixed rate tender procedures with full allotment. In addition, it decides in principle that the Eurosystem will purchase euro-denominated covered bonds issued in the euro area.

4 JUNE 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, the Governing Council of the ECB decides upon the technical modalities related to the purchase of euro-denominated covered bonds issued in the euro area decided on 7 May 2009.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2008 can be found in the ECB's Annual Report for the respective years.

2 JULY, 6 AUGUST, 3 SEPTEMBER, 8 OCTOBER AND 5 NOVEMBER 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 DECEMBER 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 13 April 2010.

14 JANUARY AND 4 FEBRUARY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

4 MARCH 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010.

8 APRIL AND 6 MAY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations in May and June 2010.

10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

8 JULY AND 5 AUGUST 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

2 SEPTEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

7 OCTOBER AND 4 NOVEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

2 DECEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

13 JANUARY AND 3 FEBRUARY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 MARCH 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

7 APRIL 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

5 MAY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively.

9 JUNE 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 October 2011, notably to continue its fixed rate tender procedures with full allotment.

7 JULY 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.50%, starting from the operation to be settled on 13 July 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.25% and 0.75% respectively, both with effect from 13 July 2011.

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GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a generalised, persistent and self-reinforcing decline in a broad set of prices that results from a drop in aggregate demand and becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the 10 non-euro area EU Member States and 10 trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. In some cases, an FVC simply holds the securitised assets and issues the securities through another entity, often an FVC itself.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: a sector defined in the ESA 95 as comprising all financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to one year were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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