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EUROPEAN CENTRAL BANK

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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 12 January 2012 to keep the key ECB interest rates unchanged, following the 25 basis point decreases on 3 November and 8 December 2011. The information that has become available since early December broadly confirms the previous assessment of the Governing Council. Inflation is likely to stay above 2% for several months to come, before declining to below 2%. At the same time, the underlying pace of monetary expansion remains moderate. As expected, ongoing financial market tensions continue to dampen economic activity in the euro area, while, according to some recent survey indicators, there are tentative signs of a stabilisation in activity at low levels. The economic outlook remains subject to high uncertainty and substantial downside risks. In such an environment, cost, wage and price pressures in the euro area should remain modest and inflation rates should develop in line with price stability over the policy-relevant horizon. Overall, it is essential for monetary policy to maintain price stability over the medium term, thereby ensuring a firm anchoring of inflation expectations in the euro area in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. Such anchoring is a prerequisite for monetary policy to make its contribution towards supporting economic growth and job creation in the euro area. A very thorough analysis of all incoming data and developments over the period ahead is warranted.

The provision of liquidity and the allotment modes for the Eurosystem's refinancing operations will continue to support euro area banks, and thus the financing of the real economy. The extensive recourse to the first three-year refinancing operation indicates that the ECB's non-standard monetary policy measures are providing a substantial contribution to improving the funding situation of banks, thereby supporting financing conditions and confidence. In addition, the Eurosystem is actively working towards the implementation of all the measures announced on 8 December, which should provide additional support to the economy. As stated on previous occasions, all the non-standard monetary policy measures are temporary in nature.

As regards the economic analysis, real GDP in the euro area grew by 0.1% quarter on quarter in the third quarter of 2011. At present, a number of factors seem to be dampening the underlying growth momentum in the euro area. They include moderate global demand growth and weak business and consumer confidence in the euro area. Domestic demand is likely to be dampened by the ongoing tensions in euro area sovereign debt markets, as well as the process of balance sheet adjustment in the financial and non-financial sectors. At the same time, the Governing Council continues to expect euro area economic activity to recover, albeit very gradually, in the course of 2012, supported by developments in global demand, very low short-term interest rates and all the measures taken to support the functioning of the financial sector.

In the Governing Council's assessment, substantial downside risks to the economic outlook for the euro area continue to exist in an environment of high uncertainty. They notably relate to a further intensification of the tensions in euro area debt markets and their potential spillover to the euro area real economy. Downside risks also relate to the global economy, protectionist pressures and the possibility of a disorderly correction of global imbalances.

With regard to price developments, euro area annual HICP inflation was 2.8% in December 2011, according to Eurostat's flash estimate, after 3.0% in the preceding three months. This decline was expected and reflects a downward base effect stemming from energy prices. Inflation rates have been at elevated levels since the end of 2010, mainly driven by higher energy and other commodity prices. Looking ahead, they are likely to stay above 2% for several months to come, before declining to below 2%. This pattern reflects the expectation that, in an environment of weaker growth in the euro area and globally, underlying cost, wage and price pressures in the euro area should remain modest.

The Governing Council continues to view the risks to the medium-term outlook for price developments as broadly balanced. On the upside, the main risks relate to further increases in indirect taxes and administered prices, owing to the need for fiscal consolidation in the coming years, and possible increases in commodity prices. The main downside risks relate to the impact of weaker than expected growth in the euro area and globally.

Turning to the monetary analysis, taking the appropriate medium-term perspective, the underlying pace of monetary expansion continues to be moderate. The annual growth rate of M3 decreased to 2.0% in November 2011, after 2.6% in October. As in the previous three months, monetary developments in November were affected by the heightened uncertainty in financial markets.

The annual growth rate of loans to the private sector, adjusted for loan sales and securitisation, decreased to 1.9% in November, from 3.0% in October. The annual growth rates of loans to non-financial corporations and loans to households, adjusted for loan sales and securitisation, both moderated in November, and stood at 1.8% and 2.3% respectively, with slightly negative monthly flows observed for MFI loans to non-financial corporations. Overall, despite the moderation in loan growth, the figures on lending do not so far suggest that the heightened financial market tensions led to a sizeable curtailment of credit in the euro area as a whole in the period to November. At the same time, given that credit supply effects can manifest themselves with lags, close scrutiny of credit developments is warranted in the period ahead.

The soundness of bank balance sheets, supported by the increase in capital positions, will be a key factor in facilitating an appropriate provision of credit to the economy over time. It is essential that the implementation of banks' recapitalisation plans does not result in developments that are detrimental to the financing of economic activity in the euro area.

To sum up, incoming information broadly confirms the previous assessment of the Governing Council. Inflation is likely to stay above 2% for several months to come, before declining to below 2%. As expected, ongoing financial market tensions continue to dampen economic activity in the euro area, while, according to some recent survey indicators, there are tentative signs of a stabilisation in activity at low levels. The economic outlook remains subject to high uncertainty and substantial downside risks. In such an environment, cost, wage and price pressures in the euro area should remain modest and inflation rates should develop in line with price stability over the policy-relevant horizon. A cross-check with the signals from the monetary analysis confirms this picture, with the underlying pace of monetary expansion continuing to be moderate.

Turning to fiscal policies, euro area governments need to do their utmost to support fiscal sustainability by correcting excessive deficits in accordance with the agreed timetables and by moving to a structural balanced budget or surplus position over the medium term. Slippages in the implementation of fiscal consolidation plans of vulnerable countries must be corrected swiftly by structural fiscal improvements. With regard to the new provisions of the EU economic governance framework that recently came into force, it is crucial that all the elements be implemented rigorously. Only ambitious policies to prevent and correct macroeconomic and fiscal imbalances will foster public confidence in the soundness of policy actions, and thus strengthen overall economic sentiment.

The Governing Council welcomes the European Council's agreement to move to a stronger economic union, which was announced on 9 December 2011. The new fiscal compact, comprising a fundamental restatement of the fiscal rules together with the fiscal commitments that euro area governments have made, is an important contribution to ensuring the long-run sustainability of public finances in the euro area countries. The wording of the rules needs to be unambiguous and effective. The further development of the European financial stability tools should make the operation of the European Financial Stability Facility and the European Stability Mechanism more effective. The swift deployment of these tools is now urgently needed. Concerning the involvement of the private sector in financial assistance for indebted countries, the Governing Council welcomes the reaffirmation that the decisions taken on 21 July and 26 and 27 October 2011 concerning Greek debt are unique and exceptional.

To accompany fiscal consolidation, the Governing Council calls for the urgent implementation of bold and ambitious structural reforms. Going hand in hand, fiscal consolidation and structural reforms would strengthen confidence, growth prospects and job creation. Key reforms should be rapidly carried out to help the euro area countries to improve competitiveness, increase the flexibility of their economies and enhance their longer-term growth potential. Product market reforms should focus on fully opening up markets to increased competition. Labour market reforms should focus on removing rigidities and enhancing wage flexibility.

This issue of the Monthly Bulletin contains two articles. The first article analyses the role and changing patterns of financial intermediation in the euro area and examines the implications for the conduct of monetary analysis. The second article presents a market overview and the economic principles and features of card payments, identifying areas to be addressed in order to achieve an integrated European card payments market.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

Against a background of heightened uncertainty and continued stresses in financial markets, the latest survey indicators suggest that, while global growth has been moderating in recent months, some tentative signs of stabilisation appear to be emerging. Inflationary dynamics remain contained in advanced economies. In emerging economies, inflation rates have lately experienced a modest decline, although underlying pressures persist.

1.1 DEVELOPMENTS IN THE WORLD ECONOMY

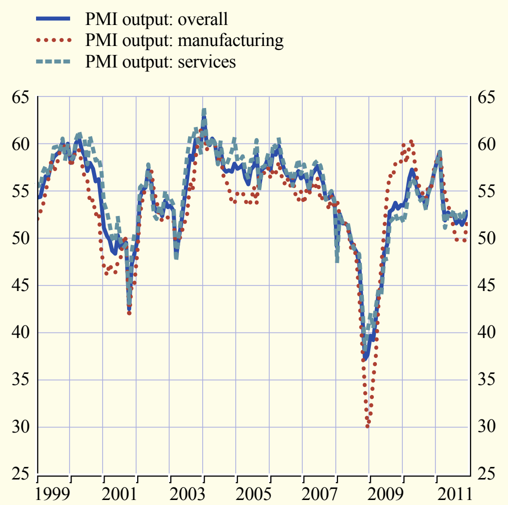
The global economy has experienced a loss of growth momentum in recent months, although some tentative signs of stabilisation appear to be emerging. Looking ahead, notwithstanding the more positive recent data releases, growth in the global economy is expected to remain sluggish. In the medium term, the ongoing adjustment process is expected to continue to restrain the outlook for growth. Risks mainly relate to the strains on both private and public sector balance sheets, as well as to the continued weaknesses in labour and housing markets in some major advanced economies. In emerging economies, the recent moderation in growth should assist in alleviating some of the overheating pressures which have prevailed in certain economies.

In December 2011 the Purchasing Managers' Index (PMI) for global all-industry output increased to 53. While this is the highest reading since April 2011, it remains below the long-term average level. The index for the global manufacturing sector nudged above the neutral 50 mark having been below this threshold in the previous four months. Meanwhile the services sector continued to remain in expansionary territory. The PMI component for new orders increased in December in both the manufacturing and services sectors.

Inflationary dynamics remain relatively contained in advanced economies. In the OECD area, annual headline consumer price inflation stood at 3.1% in November, compared with 3.2% in

Chart 1 Global PMI output

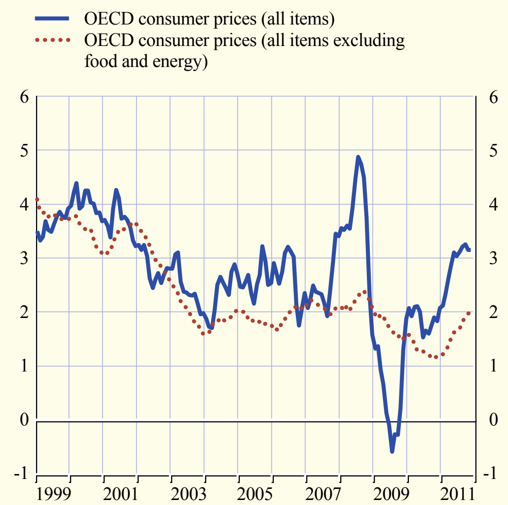
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

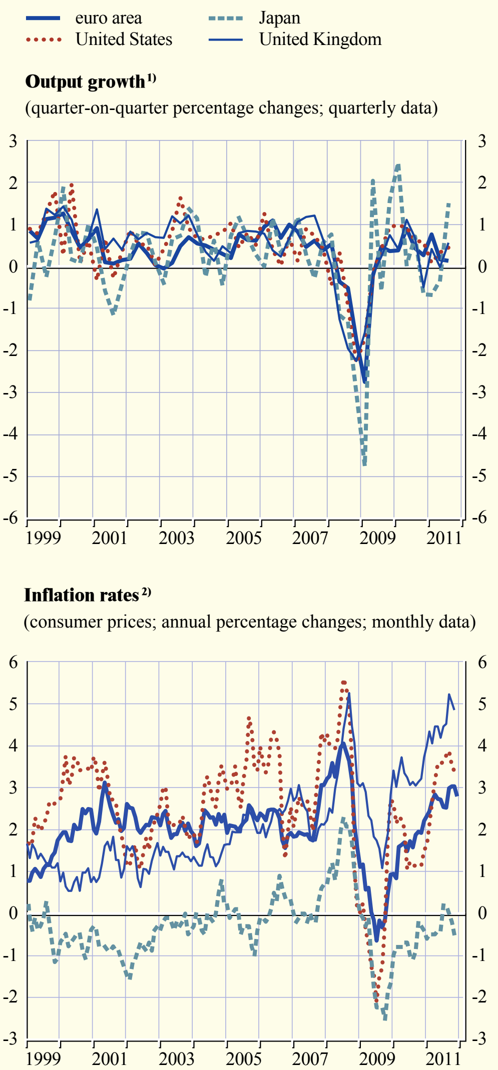
October. Excluding food and energy, the annual inflation rate remained unchanged at 2.0% in November. In emerging economies, while inflation rates have lately experienced some declines, underlying pressures persist.

UNITED STATES

In the United States, economic activity gained momentum in the third quarter of 2011 after growing at a slow pace in the first half of the year. According to the third estimate by the Bureau of Economic Analysis, US real GDP increased at an annual rate of 1.8% in the third quarter of 2011 (0.5% on a quarter-on-quarter basis). Although the pace of growth was weaker than previously estimated, it was still above the annualised rate of 1.3% recorded in the second quarter of 2011. The expansion in the third quarter was supported by growth in consumer spending and by non-residential fixed investment, while residential investment remained weak. Available monthly data point to continued moderate expansion of the economy in the final quarter of 2011.

As regards price developments, annual CPI inflation declined to 3.4% in November 2011, from 3.5% in the previous month. This is the second consecutive decline from a peak of 3.9% in September, mainly resulting from an easing in commodity prices. Excluding food and energy, CPI inflation increased slightly to an annual rate of 2.2%, compared with 2.1% in October. Recent developments in core inflation partly reflect some stabilisation in the growth of rental costs in line with a distressed housing market, after a sustained rise since mid-2010.

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.

On 13 December 2011 the US Federal Open Market Committee stated that, notwithstanding some apparent slowing in global growth, recent indicators point to a moderate expansion of the economy and some improvement in overall labour market conditions. The Committee decided to maintain its target range for the federal funds rate at 0.0% to 0.25% and continued to anticipate that economic conditions would be likely to warrant exceptionally low levels for the federal funds rate at least until mid-2013. To enhance clarity and transparency in public communication, the Committee would introduce several changes with effect from its meeting in January 2012, including a decision to release participants' projections of the appropriate level of the target of the federal funds rate based on expectations regarding future economic developments.

JAPAN

In Japan, the recovery in economic activity from the Great East Japan Earthquake in March 2011 was confirmed by the second release of national accounts data for the third quarter of last year, although real GDP growth was revised downwards slightly to 1.4% quarter on quarter. For the fourth quarter of 2011, recent indicators suggest a weakening of economic activity amid falling global demand and supply disruptions caused by the floods in Thailand. Adjusted for changes in export prices and seasonal fluctuations, exports declined by 7.3% from September to November, leading to a deterioration in the trade balance.

As regards consumer price developments, annual CPI inflation dropped to -0.5% in November (from -0.2% in October). At its latest monetary policy meeting on 21 December, the Bank of Japan decided to maintain its target for the uncollateralised overnight call rate at around 0.0% to 0.1%.

UNITED KINGDOM

In the United Kingdom, economic activity has continued to be subdued. Most business and household survey indicators have remained weak in recent months, although some of them improved slightly in December 2011. The labour market situation has not shown any signs of improvement, and the unemployment rate remained at 8.3%, on average, in the three months to October 2011. Overall, growth in economic activity is likely to remain sluggish in the short term, although monetary stimuli should provide support. Growth in domestic demand is expected to remain constrained by tight credit conditions, ongoing household balance sheet adjustment and substantial fiscal tightening, while the weakening of the outlook for external demand is likely to restrain export growth.

Inflation has continued to ease, but remains elevated. Annual CPI inflation and CPI inflation excluding energy and unprocessed food declined by 0.2 percentage point in November to 5.0% and 3.6% respectively. The gradual diminishing of certain temporary factors (higher past commodity prices, large electricity price increases in the autumn of 2011 and the increase in the VAT rate in January 2011), as well as the existence of spare capacity, should contribute to dampening inflationary pressures. The Bank of England's Monetary Policy Committee maintained the official Bank Rate paid on commercial bank reserves at 0.5% and decided to keep the stock of asset purchases financed by the issuance of central bank reserves at GBP 275 billion in December.

CHINA

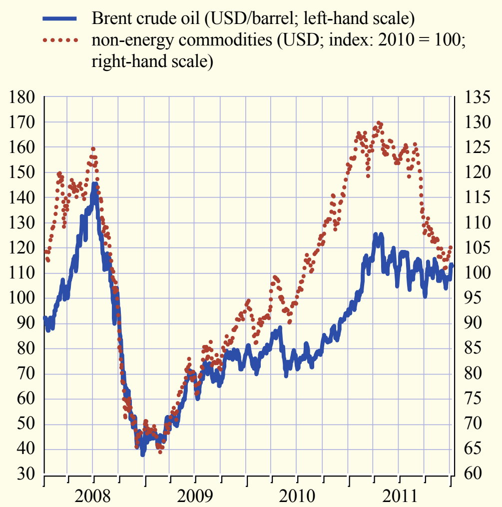
In China, economic growth is gradually slowing down, despite the economy having been largely resilient to the worsening of the global outlook and PMIs indicating a slight improvement in economic activity in December. However, nominal export growth declined to 13.4% year on year, down from 13.8% in November. Fixed asset investment and industrial value added decelerated in November, but only marginally, while retail sales growth remained robust. Macro-prudential policies aimed at cooling the housing market are restraining real estate investment and sales volumes.

Annual CPI inflation declined to 4.1% in December, down from 4.2% in November. The decrease in CPI inflation was mainly driven by non-food items. Domestic new lending and M2 accelerated marginally in December after the People's Bank of China reduced the reserve requirement ratio by 50 basis points in late November. In December the central bank maintained the policy rates and the reserve requirement ratio unchanged. At the annual Central Economic Work Conference, authorities agreed that maintaining stable economic growth was the key policy priority for 2012, together with economic restructuring and managing inflation expectations.

1.2 COMMODITY MARKETS

Owing to a rally in the first days of 2012, oil prices increased overall between the beginning of December and early January. Brent crude oil prices stood at USD 113.4 per barrel on 11 January 2012, which is 21.6% higher than at the beginning of 2011 and 2.4% higher than at the beginning of December (see Chart 4). Looking ahead, however, market participants expect lower oil prices in the medium term, with futures contracts for December 2013 trading at USD 103.6 per barrel.

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

The overall increase in oil prices masked an initial decline throughout the first half of December on account of worsening macroeconomic news and a decision by OPEC on 14 December to finally raise its production quota. The decision, the first in almost three years, was expected to provide some support to lean inventory levels. Since then, however, concerns over a major supply disruption in Iran in relation to escalating tensions over its nuclear programme have pushed prices continuously higher. In particular, recently imposed US sanctions and an agreed EU embargo on oil imports from Iran from an as yet unspecified date determined a rally in prices and appear to have overshadowed concerns over the impact of uncertainty regarding the macroeconomic outlook on oil demand.

On aggregate, prices of non-energy commodities further decreased slightly in the course of December. While both metal and food prices have to some extent been negatively affected by concerns over slowing global growth, food prices, in particular grains, have recently been boosted by prospects of supply disruptions related to dry weather in Latin America. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was 14.8% lower towards the end of December than at the beginning of 2011.

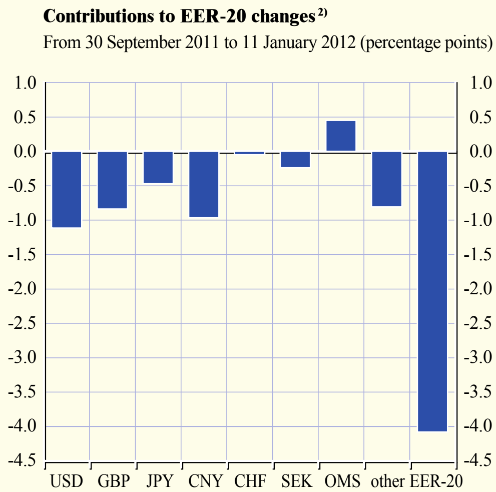
1.3 EXCHANGE RATES

During the last quarter of 2011 the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners depreciated amid continued elevated volatility. On 11 January 2012 the nominal effective exchange rate of the euro was 4.1% below its level at the end of September 2011 and 5.0% below its average level in 2011 (see Chart 5).

In bilateral terms, over the past quarter the euro has depreciated against most major currencies. Between 30 September 2011 and 11 January 2012 the euro declined against the US dollar by 5.8%, the pound sterling by 4.7%, the Japanese yen by 5.7%, and the Chinese renminbi by 6.8%. The euro also depreciated against other Asian currencies, in particular against the Korean won, the Hong Kong dollar and the Singapore dollar by 7.4%, 6.1% and 6.5% respectively, as well as against the currencies of some commodity exporters. Over the same horizon the exchange rate of

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.

the euro against the Swiss franc remained virtually unchanged. The single currency appreciated vis-à-vis some other European currencies, most notably the Hungarian forint, the Czech koruna and the Polish zloty, by 6.6%, 4.3% and 1.3% respectively (see Table 1). Market volatility, as measured on the basis of foreign exchange option prices, increased in the period under review in most currency pairs and currently stands well above long-term average levels.

Table 1 Euro exchange rate developments [1]

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

			Appreciation (+)/depreciation (-) of the euro as at 11 January 2012		
			since:		*compared with:*
	Weight in EER-20	Level on 11 January 2012	30 September 2011	3 January 2011	average for 2011
US dollar	19.4	1.272	-5.8	-4.7	-8.6
Pound sterling	17.8	0.826	-4.7	-4.1	-4.8
Chinese renminbi	13.6	8.030	-6.8	-8.7	-10.7
Japanese yen	8.3	97.9	-5.7	-10.0	-11.8
Swiss franc	6.4	1.212	-0.4	-2.8	-1.7
Polish zloty	4.9	4.461	1.3	12.7	8.3
Swedish krona	4.9	8.809	-4.9	-1.4	-2.4
Czech koruna	4.1	25.82	4.3	2.9	5.0
Korean won	3.9	1,477	-7.4	-1.6	-4.2
Hungarian forint	3.1	311.9	6.6	12.0	11.7
NEER [2]		99.2	-4.1	-3.3	-5.0

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).

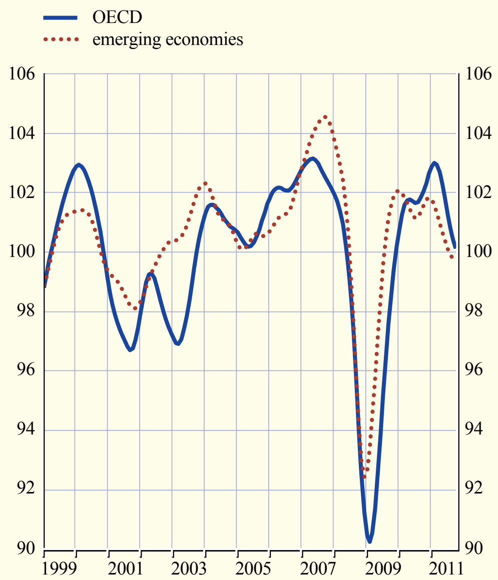
Between 30 September 2011 and 11 January 2012 the currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates. The Latvian lats moved closer to its central rate within the unilaterally set fluctuation band of ±1%.

1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Looking ahead, global growth is expected to remain subdued on account of heightened uncertainty, tensions in global financial markets, as well as the ongoing economic adjustment process in major advanced economies. In October the OECD's composite leading indicator continued to suggest a slowdown in OECD countries and other major economies, with some variation in the strength of the slowdown across countries. Furthermore, the latest data for global trade also suggest slow growth in the upcoming months. Box 1 discusses recent trends in world trade in more detail.

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.

In an environment of high uncertainty, risks to activity remain on the downside. These risks notably relate to a further intensification of the tensions in some segments of the financial markets, as well as to protectionist pressures and the possibility of a disorderly correction of global imbalances.

Box 1

THE RECENT WEAKNESS IN WORLD TRADE

World trade has been rather weak over the past few quarters. In the second quarter of 2011 world merchandise trade contracted by 0.5% quarter on quarter and recorded only subdued growth of 1.0% in the third quarter. The recent weakness in world trade evoked memories of 2008-09, when world trade last contracted. At that time the decline in world trade was not only exceptionally steep, but also significantly exceeded the fall in global output. A number of factors – such as composition and inventory effects, financial constraints and vertical linkages – were found to have amplified the collapse in trade in 2008 and 2009.[1] Against this backdrop, this box investigates whether similar factors were behind the recent weakness in world trade or whether this was broadly in line with the general cooling of global economic activity.

World trade typically rises and falls with the overall level of global economic activity. This co-movement was also evident in the second and third quarters of 2011, when sluggish growth in global industrial production was mirrored by weak trade dynamics (see Chart A).

1 See the article entitled "Recent developments in global and euro area trade", *Monthly Bulletin*, ECB, August 2010.

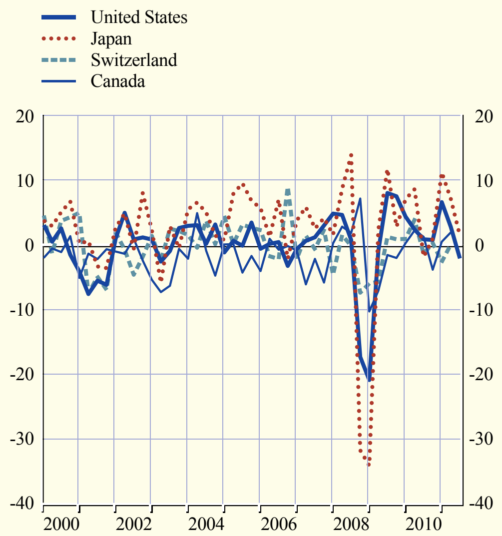
Chart A World trade in goods and world industrial production

(quarter-on-quarter percentage changes)

Source: Netherlands Bureau for Economic Policy Analysis (CPB).
Note: The last observation refers to the third quarter of 2011.

Chart B Import "wedges" for selected major non-euro area OECD countries

(percentage points)



Sources: OECD (Quarterly National Accounts) and ECB staff.
Notes: Positive numbers indicate that actual quarter-on-quarter import growth was stronger than import growth implied by a standard import equation. The last observation refers to the third quarter of 2011 (except Canada and Switzerland, for which the last observation refers to the second quarter of 2011). No timely data are available for the United Kingdom.

However, the question remains as to whether the magnitude of the recent drop in world trade (and the subsequent quarter of subdued growth) was commensurate with global economic conditions. In answering this question, this box adopts the "wedge methodology".[2] Based on country-level data for major non-euro area OECD economies up to the third quarter of 2011 the wedge is derived between a country's actual import growth and the import growth rate "predicted by theory". The latter is based on a calibrated import demand relationship, which assumes that imports will increase with: (i) domestic absorption ("demand"); and (ii) the price of domestic products relative to import prices. A wedge close to zero suggests that trade growth is well explained by absorption and relative prices.

As it turns out, the wedges are relatively small (in absolute value) for the last two quarters in the sample (see Chart B). In other words, import growth was broadly in line with the developments in absorption and relative prices, with little evidence that special factors were dragging down world trade. Similar findings emerge for other OECD economies. In 2008-09, by contrast, exceptionally large negative wedges were recorded in countries such as the United States and Japan, confirming that the drop in imports at the time was significantly steeper than a simple import demand equation would have predicted. These findings are broadly confirmed by more elaborate empirical trade models.

Short-term indicators suggest that world trade is likely to follow global production quite closely in the near term. Following a number of rather weak readings, the Purchasing Managers' Indices

2 For methodological details, see Levchenko, A., Lewis, L. and Tesar, L., "The collapse of international trade during the 2008-2009 crisis: in search of the smoking gun", *Economic Review*, IMF, Vol. 58, No 2, 2010.

(PMIs) tracking global output and new export orders in the manufacturing sector both showed signs of stabilisation in the final quarter of 2011. Notwithstanding this, the global PMI of new export orders remained slightly below the theoretical expansion/contraction threshold of 50, consistent with weak trade dynamics around the turn of the year.

To conclude, the recent weakness in world trade has been broadly in line with weak global economic conditions, with little evidence of special factors dragging it down. Leading indicators suggest that world trade and production are likely to continue to co-move quite closely in the near term.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

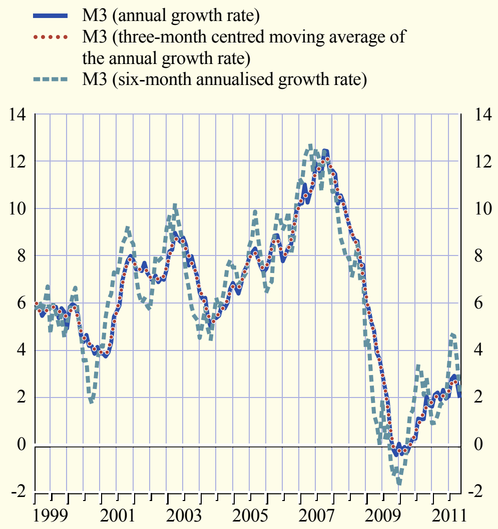
The annual growth rate of M3 declined strongly in November 2011. Overall, the weak monetary developments continued to reflect high levels of economic and financial market uncertainty. This uncertainty was evident from the further decline in institutional investors' holdings of M3 deposits and the reduction seen in interbank transactions conducted via central counterparties belonging to the money-holding sector. Furthermore, certain money-holders continued to shift their funds outside the euro area. Annual growth in MFI loans to the private sector declined markedly, mirroring a fall in lending to non-monetary financial intermediaries. At the same time, the modest monthly inflow observed for loans to households in November was largely offset by a reduction in loans to non-financial corporations. Lending figures do not yet point to credit being curtailed to any significant extent in the euro area as a whole. However, given that effects on supply could manifest themselves with lags, developments in credit and banks' funding situation need to be monitored closely in the period ahead. Overall, underlying money and credit growth remained moderate.

THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 declined strongly to stand at 2.0% in November 2011, down from 2.6% in October (see Chart 7). On the one hand, three-quarters of this moderation in annual M3 growth is explained by a base effect related to sizeable interbank transactions traded via central counterparties (CCPs) in November 2010. On the other hand, the month-on-month growth rate was modestly negative at -0.15% in November. The negative monthly flow was attributable to a contraction in repurchase agreements. This, in turn, mirrored a decline in secured money market borrowing conducted via CCPs located in the euro area. Adjusting for the impact of repurchase agreements with CCPs, M3 holdings were up slightly from the previous month. Similarly, the annual growth rate of the adjusted M3 series, albeit remaining low, increased moderately to stand at 1.6% in November, up from 1.4% in October.

Chart 7 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Overall, as in October, the weak monetary developments continued to reflect the high levels of economic and financial market uncertainty. On the component side, this uncertainty was evident from the further decline in institutional investors' holdings of M3 deposits and the reduction seen in transactions conducted via CCPs. By contrast, another small inflow was recorded for M3 deposits held by households in the context of the intensification of the sovereign debt crisis and the declines seen in stock prices for most of the month. Households also shifted some of their overnight deposits into less liquid deposits, reflecting the yields available on the various types of deposit.

On the counterpart side, the annual growth rate of MFI loans to the non-financial private sector (adjusted for the impact of loan sales and securitisation activity) declined somewhat in November, with the modest monthly inflow for loans to households being largely offset by a reduction in loans to non-financial corporations. However, the subdued developments in lending do not yet point to the supply of loans being restricted to any significant extent at the euro area level. Money-holders also continued to shift funds outside the euro area in November, which is visible from the decline in MFIs' net external asset position. At the same time, banks' funding pressures intensified further as a result of limited issuance of longer-term debt securities and the withdrawal of deposits by non-euro area residents. However, the non-standard measures introduced by the Eurosystem in early December – particularly the three-year longer-term refinancing operations – should alleviate these pressures.

The main assets held by euro area MFIs (excluding the Eurosystem) recorded a second consecutive monthly decline in November, clearly showing the impact of deleveraging pressures on banks' balance sheets. The decline seen in November was driven predominantly by a marked reduction in external assets, mainly loans to non-residents, but also by a decline in holdings of debt securities issued by non-residents. In this respect, banks' behaviour has followed a "pecking order", whereby assets that are highly liquid or do not represent core assets are shed before those that constitute the banks' main business.

MAIN COMPONENTS OF M3

The slowdown observed in the annual growth of M3 in November mainly reflected sharp declines in the annual growth rates of marketable instruments and, to a lesser extent, short-term deposits other than overnight deposits. The narrow monetary aggregate M1, the annual growth rate of which increased slightly, was the only main component supporting monetary developments in November.

The annual growth rate of M1 increased to 2.1% in November, up from 1.7% in the previous month, with overnight deposits accounting for the bulk of this increase. In particular, the non-monetary financial sector increased its holdings of overnight deposits in November, probably reflecting both the hoarding of liquidity received from sales of securities and the need to retain liquid instruments amid a continuation of the heightened financial market tensions. By contrast, both non-financial corporations and households reduced their holdings of overnight deposits. Households continued to prefer to direct previously accumulated and new savings towards other components of M3, particularly short-term time deposits (i.e. deposits with an agreed maturity of up to two years). A detailed investigation of portfolio shifts into and out of M1, and the role of uncertainty, is provided in Box 2 below.

Box 2

MONEY GROWTH AND UNCERTAINTY

While there is abundant evidence that money growth has leading indicator properties for inflation in the medium to long term, these properties may be weaker during specific periods. This is particularly the case in periods characterised by significant variation in money demand triggered by increased uncertainty regarding the economic environment, when money balances may be held primarily for precautionary or portfolio-related reasons, rather than for transaction purposes.[1] The heightened tensions observed in sovereign bond markets since August 2011 have

1 For a detailed discussion, see the article entitled "Money demand and uncertainty", *Monthly Bulletin*, ECB, October 2005.

increased financial stress in the euro area banking sector and the wider financial system. These elevated stress levels, which are a reflection of various types of uncertainty, have also affected monetary developments in the euro area. This box looks at the nature of the uncertainties underlying financial market stress and considers the potentially ambiguous effects that these can have as regards monetary developments. In addition, an attempt is made to quantify the impact that uncertainty-related financial market stress has had on the narrow monetary aggregate M1 during the financial and sovereign debt crisis.

Uncertainty-related portfolio shifts

Stress in financial markets may be associated with increased uncertainty among lenders and investors regarding the fundamental value of financial and real assets.[2] As a result, uncertainty is likely to affect portfolio allocation decisions, with two effects partially offsetting each other. First, a heightened degree of uncertainty may trigger shifts towards less risky domestic assets, such as liquid monetary instruments. Second, depending on the nature of uncertainty, holdings of monetary assets may decline, with agents wishing to exchange nominal assets for real assets or domestic assets for non-domestic assets. The relative importance of these two effects and the overall outcome depends, inter alia, on the monetary aggregate considered and the correlation between asset returns.[3]

Generally, for broad money growth to strengthen as a result of portfolio shifts, the money-holding sector needs to sell risky assets to euro area MFIs, the central government of a euro area country or non-euro area residents. The portfolio shifts observed in the period from 2001 to 2003 are one example of such a development. This period was characterised by the repatriation of funds by euro area money holders, who sold the foreign assets they had purchased previously (mainly equity) to non-residents, keeping the receipts in monetary assets.[4] This tendency to repatriate funds at the global level and this preference for safe and liquid assets could also be observed during the initial phase of the financial crisis in 2007 and 2008.

In the current period, with uncertainty related mainly to sovereign debt problems in some euro area countries, in conjunction with pressures on the banking sector, the potential for a protracted period of portfolio shifts into money may be more limited, as MFIs are attempting to deleverage and non-resident investors may prefer to withdraw from euro area assets, contributing to downward pressure on money growth.

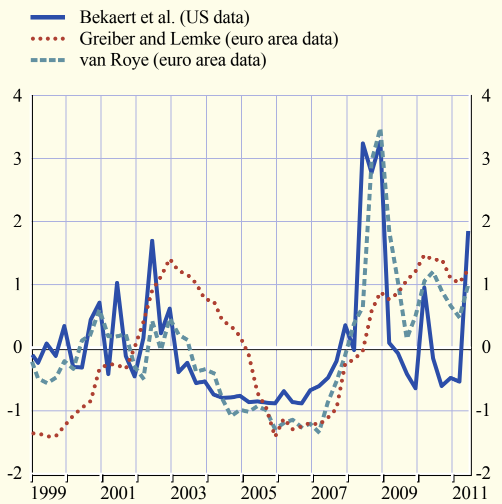
Measures of uncertainty

Economic literature offers numerous definitions of uncertainty, which in turn give rise to a wide range of indicators. Chart A presents a selection of indicators of uncertainty and financial market stress. Importantly, the types of underlying uncertainty captured by the various indicators differ considerably. For example, the measure of uncertainty proposed by Bekaert, Hoerova and

2 See Hakkio, C. and Keeton, W., "Financial Stress: What Is It, How Can It Be Measured, and Why Does It Matter?", *Economic Review*, Second Quarter, Federal Reserve Bank of Kansas City, 2009.
3 See: Atta-Mensah, J., "The Demand for Money in a Stochastic Environment", *Working Papers*, No 2004-7, Bank of Canada, March 2004; and Choi, W. and Oh, S., "A money demand function with output uncertainty, monetary uncertainty, and financial innovations", *Journal of Money, Credit and Banking*, Vol. 35, No 5, 2003.
4 See, for instance, the box entitled "The impact on M3 of portfolio shifts arising from heightened uncertainty" in the article referred to in footnote 1.

Chart A Selected measures of uncertainty

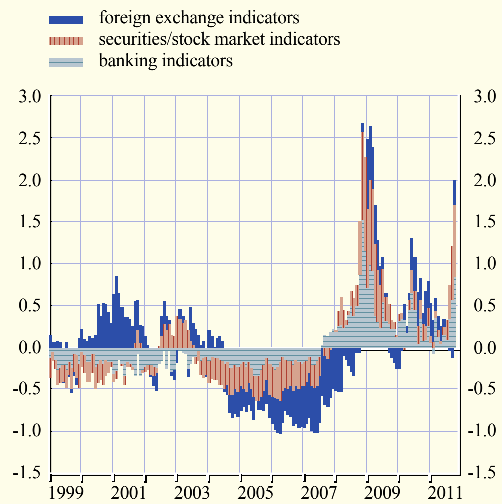
(scaled deviation from mean; quarterly data)



Sources: See the papers referred to in footnotes 5, 6 and 7 respectively.
Note: All series are mean-adjusted and normalised such that they have equal standard deviation overall.

Chart B Breakdown of an indicator of financial market stress for the euro area

(contributions in percentage points; monthly data)



Source: See the paper referred to in footnote 7.

Lo Duca[5] centres on the US stock market and is thus likely to reflect the impact of uncertainty relating to both broad economic and geopolitical events. Greiber and Lemke[6] construct a proxy for the impact that uncertainty has on economic agents' liquidity preferences with the aid of: (i) medium-term returns on stocks and bonds; (ii) measures of stock market losses and volatility; and (iii) indicators of consumer and business sentiment. A wide range of financial market indicators serve as input for the indicators of uncertainty proposed by van Roye.[7] The data used by Bekaert et al. relate to the United States, whereas the data used by Greiber and Lemke and van Roye relate to the euro area.

Chart B breaks van Roye's estimated measure of euro area financial market stress down into its three components, namely: (i) banking indicators; (ii) securities/stock market indicators; and (iii) foreign exchange indicators. This shows that, following calm financial market conditions between 2004 and 2007, all three sources of uncertainty have moved in the same direction since 2008, with banking shocks leading contributions by the other two components. The third quarter of 2011 saw sharp increases in the contributions by banking indicators and securities/stock market indicators, similar to the period following the collapse of Lehman Brothers in autumn 2008. This chart also illustrates the difference between the current financial crisis and the heightened financial, economic and geopolitical uncertainty underlying the portfolio shifts into money from 2001 to 2003. In that episode, the uncertainty was transmitted to the euro area, rather than originating here, so foreign exchange indicators made the largest contribution. Notably, in that period, banking and securities/stock market indicators partly offset the impact

5 See Bekaert, G., Hoerova, M. and Lo Duca, M., "Risk, uncertainty and monetary policy", *NBER Working Paper Series*, No 16397, National Bureau of Economic Research, 2010. This measure also provides an estimate of risk aversion.
6 See Greiber, C. and Lemke, W., "Money demand and macroeconomic uncertainty", *Discussion Paper Series 1*, No 26, Deutsche Bundesbank, 2005.
7 See van Roye, B., "Financial stress and economic activity in Germany and the Euro Area", *Kiel Working Papers*, No 1743, Kiel Institute for the World Economy, 2011.

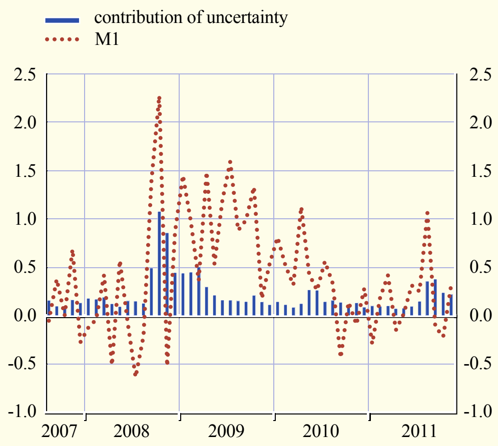
of the increase in foreign exchange-related uncertainty. By contrast, during the current financial crisis – and particularly following the intensification of the sovereign debt crisis in August 2011 – banking and securities/stock market indicators have both been driving van Roye's measure of uncertainty in the same direction.

Quantifying the impact that uncertainty has on monetary developments

Chart C indicates that uncertainty (as measured by the indicator constructed by Bekaert et al.[8]) had a significant impact on monthly M1 growth in August and September 2011. More specifically, analysis suggests that uncertainty accounted for around three-quarters of the total cumulative flow for those two months. These quantitative results indicate that the direct impact of uncertainty in those two months was only half the size of that observed in October and November 2008 (i.e. the two months following the collapse of Lehman Brothers). By contrast with the current period, autumn 2008 saw an acute, albeit short-lived, episode of distrust vis-à-vis the banking system, with nearly half of the uncertainty-related increase in M1 growth being accounted for by greater demand for euro banknotes (a large part of which originated from non-euro area residents). The uncertainty shock in August and September 2011 led mainly to higher levels of overnight deposits, as demand for banknotes did not increase significantly. Some of these funds were then shifted out of M1 in October and November 2011, reflecting persistent uncertainty, which led institutional investors in particular to move some previously parked funds into non-euro area assets. Households also reduced their holdings of overnight deposits in October and November 2011.

Chart C Impact of uncertainty on M1 growth

(monthly percentage changes; contribution in percentage points)



Source: ECB estimates.
Note: For details of the methodology applied, see the paper referred to in footnote 8.

Conclusion

The current period is characterised by significantly heightened uncertainty in financial markets. This uncertainty has influenced the portfolio decisions of euro area firms, households and institutional investors, with the result that their holdings of monetary assets included in the narrow monetary aggregate M1 were considerably larger in August and September 2011 than would have been expected on the basis of standard determinants of money demand. However, a decline was observed in overnight deposits (and thus overall M1 holdings) in October and November 2011 in the face of continued uncertainty and persistent market tensions, which prompted some investors to move previously parked funds outside the euro area. A heightened degree of uncertainty can have a notable impact on portfolio choices, also affecting broader monetary aggregates. Consequently, the sources of euro area monetary growth need to be analysed carefully before firm conclusions can be drawn as regards the signal derived from underlying monetary developments in respect of price developments over the medium term.

8 The quantification of the impact of uncertainty is derived from a monthly M1 model based on the analysis in Stracca, L., "The functional form of the demand for euro area M1", *The Manchester School*, Vol. 71(2), 2003, pp. 172-204.

The annual growth rate of short-term deposits other than overnight deposits declined slightly to stand at 2.1% in November, down from 2.3% in October. However, this masks differing developments in the annual growth rates of its two sub-components. Annual growth in short-term time deposits declined, as non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs) strongly reduced their holdings. To the extent that this concerns investment funds, it is likely to reflect the withdrawal of liquidity in order to reinvest funds that were temporarily parked during the stress observed in financial markets in recent months. The monthly outflow observed for non-financial corporations was largely offset by an inflow for the household sector. The annual growth rate of short-term savings deposits (i.e. deposits redeemable at notice of up to three months) remained broadly unchanged, despite strong inflows for OFIs and, in particular, non-financial corporations.

The annual growth rate of marketable instruments decreased sharply to stand at 1.1% in November, down from 7.8% in October. Developments were driven entirely by a considerable decline in the annual growth rate of repurchase agreements, mirroring both a base effect and a significant monthly outflow. The latter reflects the reversal of interbank trading in repurchase agreements conducted via CCPs. In fact, adjusting annual M3 growth for the impact of such CCP-related transactions results in marginal growth being recorded for November. Despite continuing to face a demanding environment, money market fund shares/units recorded a monthly inflow in November, which nevertheless left the annual growth rate unchanged from October. This inflow partly reflected a slight increase in demand for funds investing in foreign assets. The annual growth rate of short-term debt securities (i.e. debt securities with an original maturity of up to two years) increased strongly, largely owing to a base effect.

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 – declined to 2.2% in November, down markedly from the 3.0% recorded in the previous month. As in October, this mainly reflected a significant monthly outflow for the OFI sector. At the same time, insurance corporations and pension funds and non-financial corporations recorded only small outflows, while the M3 deposit holdings of households and, in particular, general government other than central government grew in November.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents declined to 0.8% in November, down from 1.6% in the previous month (see Table 2). This masks a strengthening in the growth of credit to general government and a moderation in the growth of credit to the private sector.

The strengthening in the growth of credit to general government was driven by purchases of government debt securities (including purchases made by the Eurosystem within the framework of the Securities Markets Programme), which were partly offset by a decline in the annual growth rate of loans to general government.

The annual growth rate of credit to the private sector declined to 1.0% in November, down from 2.1% in the previous month. This reflects MFIs shedding holdings of both equity and debt securities, as well as a reduction in MFI loans. The monthly outflow for MFI loans to the private sector (adjusted for sales and securitisation) almost equalled that observed for loans held on MFIs' balance sheets, suggesting that loan sales and securitisation activity were subdued in November. The outflow for loans to the private sector was largely the result of a reduction in MFI lending to OFIs.

Table 2 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3[1)]	Annual growth rates					
		2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Oct.	2011 Nov.
M1	**49.0**	**4.9**	**3.2**	**1.7**	**1.4**	**1.7**	**2.1**
Currency in circulation	8.7	5.6	4.9	4.2	4.5	6.5	6.5
Overnight deposits	40.3	4.8	2.9	1.1	0.8	0.7	1.2
M2-M1 (=other short-term deposits)	38.9	-1.1	1.3	3.4	3.5	2.3	2.1
Deposits with an agreed maturity of up to two years	18.7	-8.7	-2.7	2.3	3.2	1.9	1.6
Deposits redeemable at notice of up to three months	20.2	7.2	5.4	4.5	3.7	2.7	2.6
M2	**87.9**	**2.2**	**2.4**	**2.4**	**2.3**	**1.9**	**2.1**
M3-M2 (=marketable instruments)	12.1	-3.1	-1.7	-0.3	3.0	7.8	1.1
M3	**100.0**	**1.5**	**1.9**	**2.1**	**2.4**	**2.6**	**2.0**
Credit to euro area residents		**3.4**	**3.7**	**3.1**	**2.4**	**1.6**	**0.8**
Credit to general government		11.8	10.9	6.5	5.1	-0.5	0.2
Loans to general government		15.5	17.7	10.7	7.0	-1.2	-5.6
Credit to the private sector		1.5	2.1	2.3	1.7	2.1	1.0
Loans to the private sector		1.7	2.4	2.6	2.5	2.7	1.7
Loans to the private sector adjusted for sales and securitisation[2)]		2.2	2.9	2.8	2.7	3.0	1.9
Longer-term financial liabilities (excluding capital and reserves)		**2.7**	**2.8**	**3.4**	**3.6**	**3.4**	**2.3**

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.

In particular, lending conducted via CCPs contracted sharply in November. This may, in part, reflect the unwinding of the strong inflow recorded in October. However, it is also the result of a more general decline in the trading of repurchase agreements via CCPs in certain euro area countries.

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 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Oct.	2011 Nov.
Non-financial corporations	**42.3**	**-0.3**	**0.6**	**1.0**	**1.5**	**1.8**	**1.6**
Adjusted for sales and securitisation[2)]	-	*0.6*	*1.5*	*1.9*	*2.2*	*2.2*	*1.8*
Up to one year	24.7	-4.6	-1.2	1.6	4.1	4.6	3.8
Over one and up to five years	18.2	-2.6	-2.4	-2.9	-3.6	-3.2	-3.1
Over five years	57.1	2.6	2.4	2.2	2.1	2.4	2.2
Households[3)]	**46.6**	**2.8**	**3.1**	**3.4**	**3.0**	**2.2**	**2.1**
Adjusted for sales and securitisation[2)]	-	*3.0*	*3.1*	*3.0*	*2.7*	*2.5*	*2.3*
Consumer credit[4)]	11.9	-0.9	-0.9	-1.0	-2.0	-1.9	-2.2
Lending for house purchase[4)]	72.1	3.6	4.0	4.4	4.0	3.0	3.0
Other lending	16.0	2.6	2.4	2.0	2.4	2.2	1.6
Insurance corporations and pension funds	**0.8**	**7.7**	**7.6**	**3.2**	**7.2**	**5.7**	**1.4**
Other non-monetary financial intermediaries	**10.3**	**4.8**	**7.1**	**6.0**	**4.0**	**8.5**	**0.4**

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.

The annual growth rate of loans to non-financial corporations (adjusted for sales and securitisation) declined to 1.8% in November, down from 2.2% in the previous month, reflecting a modest monthly outflow. This negative flow follows three months of relatively strong borrowing activity by non-financial corporations between August and October. The bulk of the monthly outflow was attributable to short-term loans (i.e. loans with an initial maturity of up to one year; see Table 3), reversing the inflow observed in October. Long-term loans (i.e. loans with an initial maturity of over five years) recorded only a minor inflow. At the same time, cross-country heterogeneity in loan developments remained significant, in line with the uneven recovery in economic activity and differences in the external financing needs of the various industrial sectors, in banks' funding stress and in the level of indebtedness of non-financial corporations in the various euro area countries.

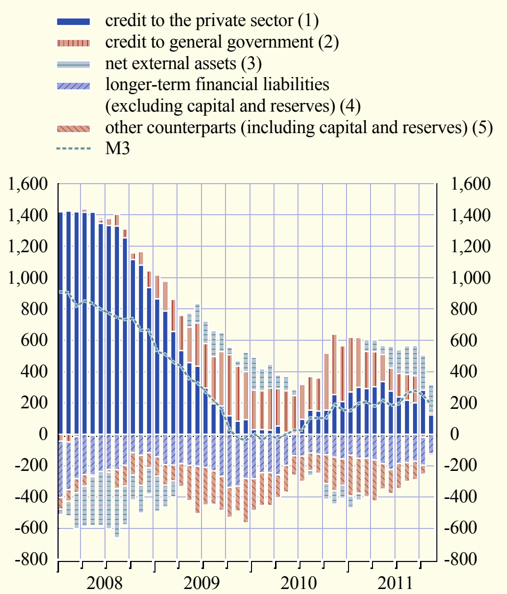
The annual growth rate of MFI loans to households (adjusted for sales and securitisation) declined to 2.3% in November, down from 2.5% in October, thereby continuing the gradual slowdown observed since May 2011. Lending to households was supported by loans for house purchase, the annual growth rate of which remained unchanged from the previous month at 3.0%. The impact of government schemes supporting the real estate markets of certain countries remained an important factor driving this borrowing activity. At the same time, monthly flows for both consumer credit and other lending remained close to zero, as consumers' economic expectations continued to deteriorate. The annual growth rates of consumer credit and other lending declined to -2.2% and 1.6% respectively.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) declined to 2.3% in November, down from 3.4% in October, reflecting declines in the annual growth rates of all components. November saw the net redemption of longer-term debt securities, a development observed since August 2011. The small net outflow recorded in the consolidated MFI balance sheet in November masks considerable redemption activity resulting from a reduction in credit institutions' holdings of these instruments. In addition, November saw non-monetary financial intermediaries significantly reduce their holdings of deposits with an agreed maturity of over two years, partly owing to the unwinding of a securitisation transaction. Notwithstanding the large increase observed in capital and reserves in November, the annual rate of growth declined to 6.0%, down from 6.8% in the previous month.

The annual inflow for MFIs' net external asset position decreased to €188 billion in November, down from €224 billion in October (see Chart 8).

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.

This partly reflects a sizeable monthly outflow of €25 billion. For details on changes in the euro area's international investment position in recent years, see Box 3.

Overall, the developments observed in October broadly continued in November, with weak money growth mainly reflecting a reduction in institutional investors' holdings of monetary assets. At the same time, pressures on banks' balance sheets intensified in November, accompanied by a further sizeable reduction in their net external asset position. Moreover, MFI credit to the private sector declined, as MFIs reduced both loans and their holdings of securities. The moderation in loan growth resulted largely from a reduction in lending to OFIs (specifically CCPs). The modest inflow for loans to households was largely offset by a reduction in loans to non-financial corporations, which followed three months of fairly robust borrowing activity. Corrected for the impact of sales and securitisation, the dynamics of lending have moderated in annual terms over recent months. Consequently, this does not yet point to credit being curtailed to any significant extent in the euro area as a whole. However, loan developments need to be monitored closely, particularly as credit supply effects manifest themselves with lags.

Box 3

RECENT IMPROVEMENT IN THE EURO AREA'S INTERNATIONAL INVESTMENT POSITION

The international investment position (i.i.p.) shows the stock of both total holdings of foreign assets by euro area residents (assets) and total holdings of euro area assets by foreign residents (liabilities). This box reviews the main developments in the euro area i.i.p. in recent years.

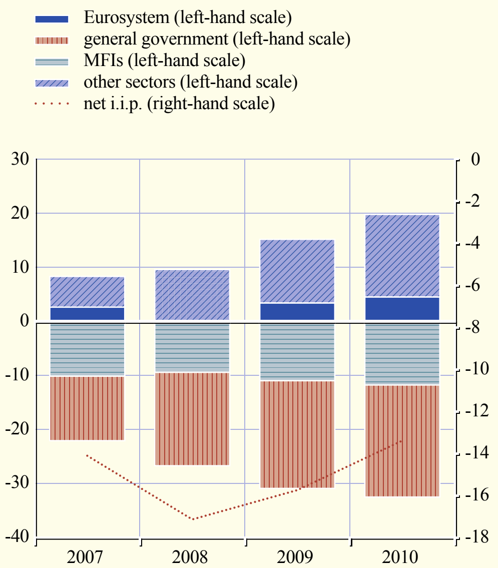
The net euro area i.i.p. has improved in recent years, following the significant deterioration in 2008, which had been triggered by an expansion of the net liabilities of the general government sector. Since 2009, the euro area's i.i.p. has moved closer to its pre-crisis levels. The reduction of the net liability position was due mainly to significant favourable changes in prices[1] and exchange rates that more than compensated for the continued net borrowing of the euro area, particularly by the general government, on account of automatic stabilisers and the fiscal stimulus packages that were implemented in response to the financial crisis. This led to an increase in the order of almost 10% of GDP in the general government sector's net liability position, which was only partly offset by an increase in the net asset position of "other sectors"[2] (see Chart A).

In order to gain a better understanding of the impact of changes in financial stocks not accounted for by financial transactions, Chart B plots the i.i.p. against an external position calculated on the basis of unchanged returns (i.e. without price and exchange rate changes and other adjustments[3]). In particular, it shows that, in the latter circumstances, the net liability position at the end of 2010 would have been more than 4% of GDP higher than it actually was.

1 Price changes in the i.i.p. refer to changes in the prices of external assets and liabilities.
2 "Other sectors" include non-financial corporations, financial corporations other than MFIs – i.e. investment funds, insurance corporations, pension funds and other financial corporations – and households.
3 "Other adjustments" include, for example, reclassifications, company write-downs, changes in the survey coverage and changes in the residency of companies.

Chart A Net international investment position of the euro area, by institutional sector

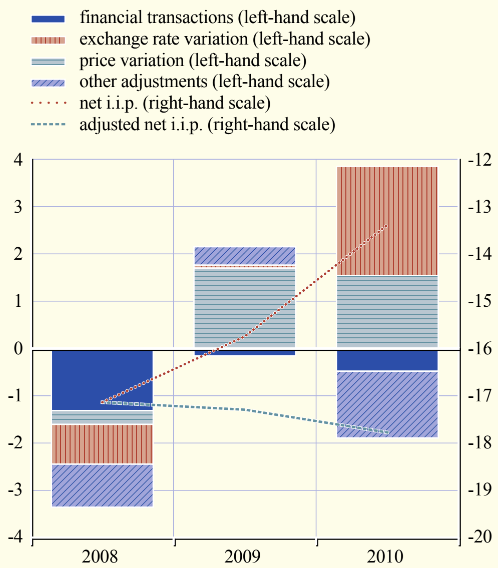
(percentages of euro area GDP)



Sources: ECB and ECB staff calculations.
Note: Financial derivatives not included.

Chart B Breakdown of changes in the net international investment position of the euro area

(percentages of euro area GDP)



Sources: ECB and ECB staff calculations.
Note: The "adjusted i.i.p." is the net position obtained if it is assumed that there were no price and exchange rate variations, nor other adjustments.

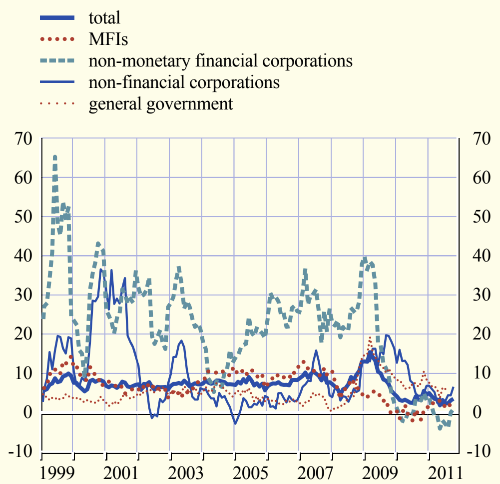
There are three explanations for the fact that the return recently observed on euro area residents' external assets was higher than that on the respective liabilities: the first relates to the composition of the euro area's external balance sheet, the second to intra-asset-class return differentials and the third to the exchange rate. First, the main source of funding for the euro area has typically been portfolio investment, and at the same time, it has been a net exporter of foreign direct investment. By financing itself in highly rated and more liquid instruments and, at the same time, holding riskier assets, the asymmetric distribution of instruments in both assets and liabilities is one of the reasons for the euro area's favourable return differential. Second, euro area investors' holdings of some types of instruments yielded, on average, a higher return than the foreign holdings of the same instrument issued by euro area residents. This is manifested in the relatively weaker equity market performance of the euro area in comparison with the rest of the world in the period under review, as well as in the reduction of the market value of the euro area debt securities held by foreign investors in 2010, which may to some extent have reflected the decrease in prices of government bonds issued by some euro area countries. Third, the depreciation of the euro vis-à-vis other major currencies in 2010 – to the extent that this raised the value of assets not denominated in euro – led to a sizeable increase in the value of euro area investor's assets.

2.2 SECURITIES ISSUANCE

The annual growth of debt securities issuance by euro area residents increased marginally to 3.4% in October 2011. A pick-up in issuance activity by MFIs and a slower annual pace of contraction in issuance by financial corporations other than MFIs compensated for the weaker annual growth of debt securities issuance by governments and non-financial corporations. At the same time, *the annual growth rate of quoted share issuance decreased somewhat, to 1.7%. This decrease was driven mainly by lower issuance activity on the part of MFIs, whereas equity issuance by non-financial corporations and financial corporations other than MFIs remained broadly unchanged.*

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

(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

DEBT SECURITIES

In October 2011 the annualised rate of growth in debt securities issued by euro area residents increased somewhat, to 3.4%, from 3.3% in the previous month (see Table 4). This overall development was driven mainly by a slower year-on-year contraction of issuance of short-term debt, while the annual rate of growth of issuance of long-term fixed rate debt securities remained broadly unchanged. Looking at short-term trends, the seasonally adjusted annualised six-month growth rate of debt securities issuance increased to 3.5% in October 2011, from 3.1% in the previous month (see Chart 9). The pick-up in the rate of growth of short-term debt securities issuance reflected an increase in all sectors except the government.

While issuance of short-term securities has been contracting on an annual basis since the beginning of 2010, this has been more than offset by growth in the issuance of debt securities with fixed long-term rates. That pattern continued in October 2011. The long-term floating rate segment of the market showed signs of a moderate recovery at the end of 2010, and at the beginning of 2011. This development was not sustained in the rest of 2011. However, the decline in issuance of long-term debt securities with floating rates slowed down somewhat in October 2011.

Table 4 Securities issued by euro area residents

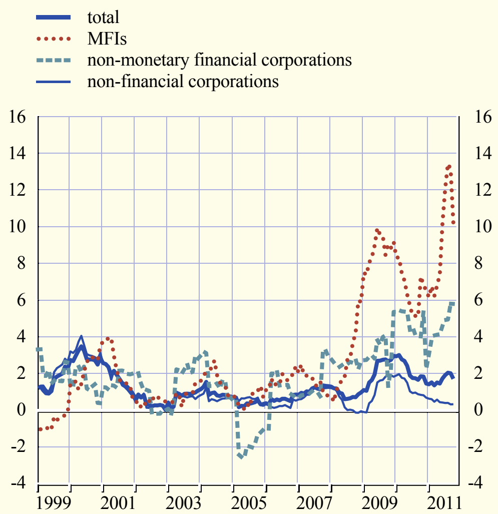
Issuing sector	Amount outstanding (EUR billions) 2011 October	Annual growth rates[1)] 2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Sep.	2011 Oct.
Debt securities	**16,327**	**3.6**	**3.8**	**3.5**	**3.5**	**3.3**	**3.4**
MFIs	5,412	-0.1	0.6	1.1	1.9	2.3	2.9
Non-monetary financial corporations	3,269	1.4	1.9	0.8	-0.3	-0.5	0.0
Non-financial corporations	859	8.4	6.2	4.1	4.9	4.8	4.5
General government	6,788	7.5	7.3	6.9	6.6	5.9	5.4
of which:							
Central government	6,181	7.1	6.7	6.1	5.9	5.1	4.7
Other general government	607	12.4	13.0	15.8	14.6	14.2	12.9
Quoted shares	**4,044**	**1.7**	**1.4**	**1.5**	**1.9**	**2.0**	**1.7**
MFIs	361	6.6	6.4	7.5	12.4	13.1	10.2
Non-monetary financial corporations	288	4.2	3.4	4.2	5.0	5.8	5.8
Non-financial corporations	3,395	0.8	0.6	0.5	0.4	0.3	0.3

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

The overall growth rate of debt securities issuance in October conceals diverging developments across sectors. The annual growth rate of debt securities issued by non-financial corporations declined to 4.5% in that month, from 4.8% in September. The slowdown in the pace of increase of securities issued by the non-financial corporate sector should be assessed against the background of a weaker economic outlook and heightened financial market tensions. In the same vein, the annual rate of growth of securities issued by the general government sector again declined amid efforts to improve countries' fiscal positions, to 5.5% in October, from 5.9% in September. In the financial sector, the annual growth rate of debt securities issued by MFIs increased by 0.6% to stand at 2.9% in October, which is still low by historical standards. Securities issuance by financial corporations other than MFIs remained at the same level as in October last year (annual rate of growth of 0%), compared with a year-on-year contraction of 0.3% in September 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.

QUOTED SHARES

The annual growth rate of quoted share issuance by euro area residents decreased somewhat, to 1.7% in October 2011, driven mainly by lower issuance activity on the part of MFIs. The annual rate of growth in equity issuance by MFIs fell to 10.2% in October 2011, from 13.1% in September (see Chart 10). The less buoyant equity issuance activity by euro area MFIs partly reflected ongoing financial market tensions. At the same time, the annual growth rate of quoted shares issued by non-financial corporations and financial corporations other than MFIs remained broadly unchanged in October, at 0.3% and 5.8% respectively.

2.3 MONEY MARKET INTEREST RATES

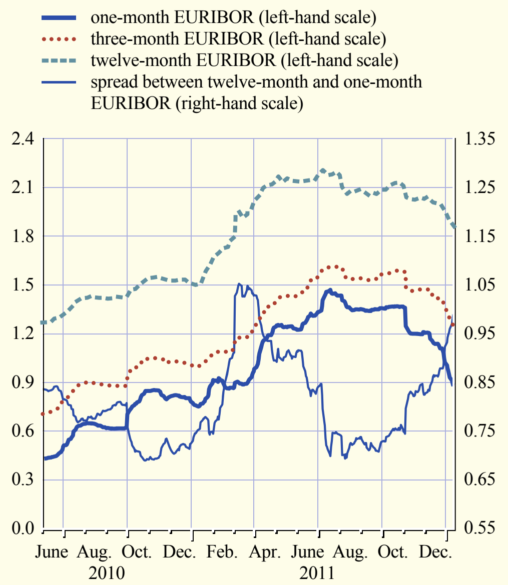
Money market interest rates declined sharply between early December 2011 and early January 2012. In the twelfth maintenance period of 2011, which began on 14 December, the EONIA stood at a relatively low level, reflecting large amounts of excess liquidity.

Unsecured money market interest rates declined sharply between early December 2011 and early January 2012. On 11 January the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.88%, 1.26%, 1.54% and 1.87% respectively – i.e. 33, 22, 17 and 17 basis points lower than the levels observed on 7 December. Additionally, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – increased to stand at 99 basis points on 11 January (see Chart 11).

The three-month EONIA swap rate stood at 0.35% on 11 January, 11 basis points lower than on 7 December. The corresponding unsecured rate decreased by 22 basis points to stand at 1.26%

Chart 11 Money market interest rates

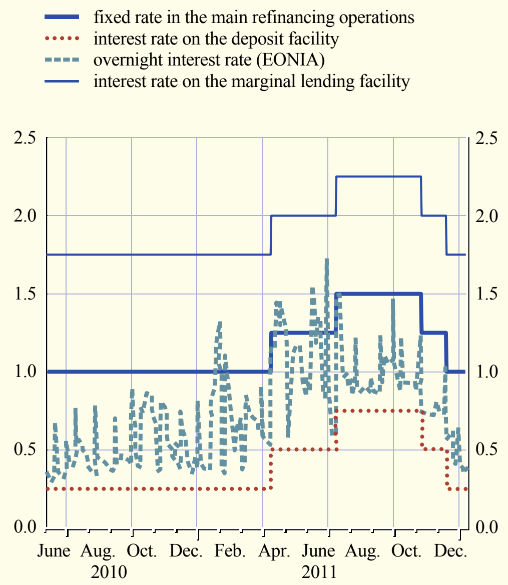
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

Chart 12 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

on 11 January. This resulted in the spread between the unsecured three-month EURIBOR and the three-month EONIA swap rate decreasing by 11 basis points to stand at 91 basis points.

The interest rates implied by the prices of three-month EURIBOR futures maturing in March, June, September and December 2012 stood at 1.02%, 0.91%, 0.86% and 0.86% respectively on 11 January, representing decreases of 2, 6, 9 and 15 basis points respectively by comparison with the levels observed on 7 December.

Between 7 December and the end of the eleventh maintenance period of 2011 on 13 December, the EONIA remained stable at around 0.70% amid continued excess liquidity, before spiking to stand at 1.02% on the last day of the maintenance period. The EONIA was somewhat volatile during the remainder of December, continuing the pattern observed since the beginning of the year. On 14 December the EONIA fell sharply to stand at 0.58%, before declining sharply further on 23 December to stand at 0.42%. It then fluctuated around that level, with the exception of the last day of the year, when it spiked to stand at 0.63%. Overall, the negative spread between the EONIA and the rate on the main refinancing operations reflected the overall amount of excess liquidity. On 11 January the EONIA stood at 0.38%.

The Eurosystem conducted several refinancing operations between 7 December and 11 January. On 13 December it conducted a fine-tuning operation in which €258.0 billion was absorbed in order to counter a liquidity surplus that emerged at the end of the eleventh maintenance period of the year. In the main refinancing operations of the twelfth maintenance period, which were conducted on 13, 20 and 27 December and 3 and 10 January, the Eurosystem allotted €291.6 billion, €169.0 billion, €144.7 billion, €130.6 billion and €110.9 billion respectively. The Eurosystem also conducted three longer-term refinancing operations (LTROs) in December, all as fixed rate tender procedures with full allotment: a special-term refinancing operation on 13 December with a maturity of one maintenance period (in which €41.1 billion was allotted); a three-month LTRO on 21 December (in which €29.7 billion was allotted); and a three-year LTRO on 21 December (in which €489.2 billion was allotted). The decline observed in the allotment values for the main refinancing operations and the shorter LTROs reflected the banking sector's desire to receive liquidity at the longest possible maturity. This non-standard three-year operation is playing a crucial role in supporting the provision of credit to the economy by allowing banks to manage their liquidity risk. Box 4 addresses this issue in more detail.

The Eurosystem also conducted five one-week liquidity-absorbing operations on 13, 20 and 27 December and 3 and 10 January as variable rate tender procedures with a maximum bid rate of 1.00%. With these operations, the Eurosystem also absorbed in full the liquidity provided by means of purchases carried out under the Securities Markets Programme.

The twelfth maintenance period of the year, which began on 14 December, was characterised by high levels of excess liquidity, with average daily recourse to the deposit facility standing at €378 billion on 11 January.

Box 4

THE IMPACT OF THE FIRST THREE-YEAR LONGER-TERM REFINANCING OPERATION

The aim of the additional non-standard monetary policy measures decided by the Governing Council on 8 December 2011 was to ensure that monetary policy continues to be effectively transmitted to the real economy, thereby supporting the ability of banks to maintain and expand lending to euro area households and non-financial corporations. This is essential to safeguard price stability in the euro area.

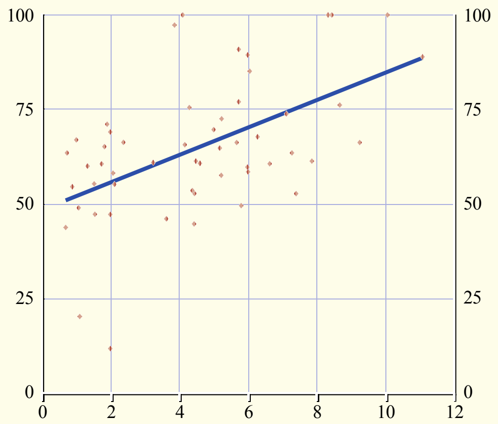
As part of the agreed package of measures, two longer-term refinancing operations (LTROs) with a maturity of three years were announced to support the supply of credit to the euro area economy. The first operation was conducted in December 2011, while the second will be conducted in February 2012.[1] Through these operations, carried out as fixed rate tender procedures with full allotment, the Eurosystem is in particular ensuring that banks continue to have access to stable funding with longer maturities. This, in turn, will limit the impact on euro area banks of the difficult conditions in funding markets. Additionally, after one year banks will have the option to repay outstanding amounts received in these operations, which gives them a high degree of flexibility, facilitating their liability management.

The first operation, conducted on 21 December 2011, provided €489,190.75 million to 523 credit institutions. This amount includes €45,721.45 million that was shifted from the 12-month LTRO allotted in October. A total of 123 counterparties chose this option, whereas 58 banks decided to retain the amounts they borrowed in the 12-month LTRO, which now has a remaining outstanding amount of €11,213.00 million. In addition, the amount of liquidity provided via weekly main refinancing operations and in the three-month LTROs declined substantially.

1 The first operation was allotted on 21 December 2011 and replaced the 12-month LTRO announced on 6 October. Counterparties were permitted to shift all of the outstanding amounts received in the 12-month LTRO allotted in October into the first three-year LTRO.

Chart A Rollover needs in the next three years and bidding behaviour

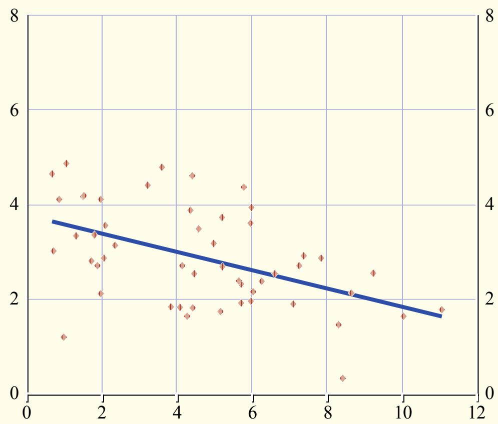
(y-axis: percentage of long-term debt securities maturing in 2012-14; x-axis: bid amount in the three-year LTRO as a percentage of total assets)



Sources: ECB, Fitch Ratings and DCM Dealogic.

Chart B Residual maturity of outstanding debt and bidding behaviour

(y-axis: weighted average residual maturity of outstanding longer-term debt securities (years); x-axis: bid amount in the three-year LTRO as a percentage of total assets)



Sources: ECB, Fitch Ratings and DCM Dealogic.

All in all, the increase in liquidity, as measured on the settlement day of the three-year LTRO, was equal to €193.4 billion. The record amounts allotted in the three-year LTROs to the banking system mechanically increased the quantity of base money in circulation and will therefore be reflected, at the aggregate level, in either the current accounts of banks or recourse to the deposit facility, irrespective of the use that individual banks make of the newly available liquidity.

Some remarks can be made regarding the bidding behaviour in the three-year LTRO. First, the large amount of liquidity obtained by euro area banks in this operation can be viewed as a reflection of their refinancing needs over the coming three years, as shown in Chart A. Measuring the rollover needs over a shorter horizon, for instance over the next six months, even though it captures the large amount of refinancing needed in the first half of 2012, does not fully explain the bidding behaviour. This suggests that medium-term funding considerations may have had a significant influence on the bidding behaviour. Indeed, in addition to assessing the rollover risk faced by banks, it is useful to consider the residual maturity of banks' outstanding debt. The longer the residual maturity, the lower the risk that banks will need to seek market funding under unfavourable conditions. Chart B illustrates a clear negative relationship between the size of the bids and the residual maturity of the bidders' debt. This also suggests that funding considerations may have played a major role in determining the bidding behaviour. Second, banks may have placed relatively high bids in the first three-year LTRO as they viewed the operation as attractively priced compared with the prices that could be inferred from the EURIBOR swap curves or the spreads required by the market for bond issuance in 2011.

Overall, the analysis suggests that funding considerations played a major role in the bidding behaviour of banks in this first three-year LTRO, supporting the Governing Council's view that the announced measures will help to remove impediments to access to finance in the economy, stemming notably from spillovers from the sovereign debt crisis to banks' funding markets.

2.4 BOND MARKETS

In the course of December 2011 and early January 2012, the decline in yields on AAA-rated long-term euro area government bonds was sharper than that observed in comparable US government bond yields. Recent developments in government bond yields reflected mixed economic data releases, with US data generally proving to be surprisingly good, while there were signs of deterioration in the euro area. Developments in euro area bond yields and, to a certain extent, also in the United States continued to reflect tensions associated with the euro area sovereign debt crisis. The release of worse than expected fiscal data for some euro area countries, and the fact that many euro area countries were at risk of being downgraded, weighed on market sentiment. Uncertainty about future bond market developments, as measured by implied bond market volatility, declined both in the euro area and in the United States. Intra-euro area sovereign bond yield spreads narrowed slightly for most countries. At the same time, market-based indicators of inflation expectations suggest that market participants' inflation expectations remain fully consistent with price stability.

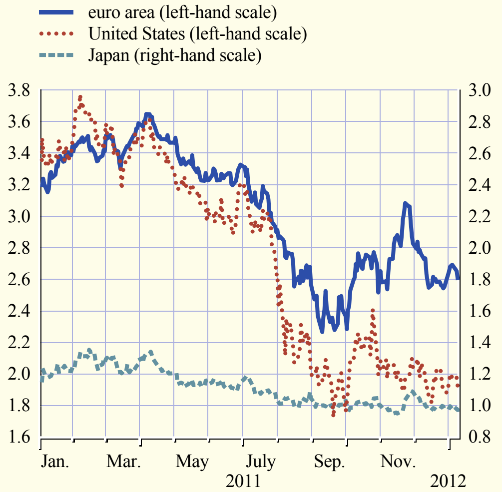
Between the end of November 2011 and 11 January 2012, AAA-rated long-term euro area government bond yields declined by 40 basis points to stand at 2.6% at the end of the period under review. In the United States, long-term bond yields declined by 15 basis points, and stood at 1.9% on 11 January (see Chart 13). Consequently, the nominal interest rate differential between ten-year government bond yields in the United States and those in the euro area narrowed over the period under review. In Japan, ten year government bond yields declined by 10 basis points over the period under review, standing at 1.0% on 11 January.

Overall, investors' uncertainty about near-term bond market developments in the euro area and in the United States, as measured by option-implied volatility, declined from the high peak levels reached in November 2011 when tensions in sovereign debt markets intensified. Implied bond market volatility in the United States reverted to values more aligned to conditions prevailing prior to the crisis. In the euro area, however, implied bond market volatility remained high.

Over the review period, developments in AAA-rated long-term euro area and US government bond yields continued to reflect tensions associated with the euro area sovereign debt crisis. In particular, concerns surrounding the implementation and institutional approval of the agreement reached at the EU Summit in early December 2011 weighed on market sentiment and triggered flight-to-safety flows that brought downward pressure to bear on all AAA-rated euro area countries' government bond yields. Long-term government bond yields in the United States were partly boosted by releases of better than expected economic data, but concerns linked to the sovereign debt crisis in the euro area continued to exert downward

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.

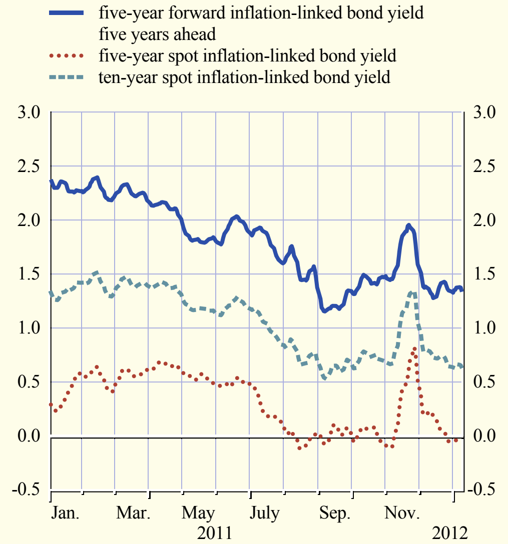
pressure on US long-term government bond yields. On a more positive note, the measures undertaken jointly by the ECB and five other central banks to provide liquidity support to the global financial system, as well as the unconventional liquidity measures introduced by the ECB in early December, contributed to improving market sentiment.

During the period under review, sovereign yield spreads vis-à-vis those of German sovereign bonds narrowed slightly for most euro area countries. The release of worse than expected fiscal data for some euro area countries, the fact that many euro area countries were deemed to be at risk of being downgraded and market concerns about the soundness of banks and the recapitalisation of the banking system put upward pressure on some sovereign spreads. At the same time, the announcement of additional austerity measures by some euro area governments helped to alleviate tensions in the markets.

Yields on both five-year and ten-year inflation-linked euro area government bonds declined by around 50 basis points in the review period (see Chart 14). On 11 January, five and ten-year spot real yields stood at 0.0% and 0.6% respectively. Over the same period, implied forward break-even inflation rates (five-year forward five years ahead) in the euro area declined by 10 basis points, standing at 2.5% on 11 January (see Chart 15). The corresponding inflation swap rates remained broadly unchanged, standing at 2.3% on the same date. Break-even inflation rates have remained volatile over recent months, reflecting the high volatility of government bond markets as well as the existence of significant and volatile liquidity premia. Inflation expectations inferred from

Chart 14 Euro area zero coupon inflation-linked bond yields

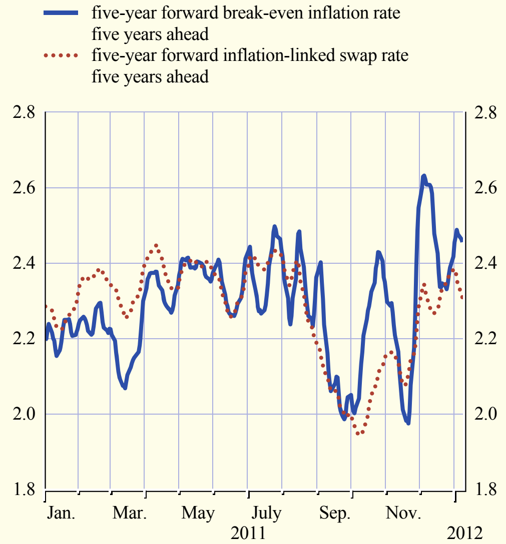
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Thomson Reuters and ECB calculations.
Note: Since the end of August 2011, real rates have been computed as a GDP-weighted average of separate real rates for France and Germany. Before this date, real rates were computed by estimating a combined real yield curve for France and Germany.

Chart 15 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

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



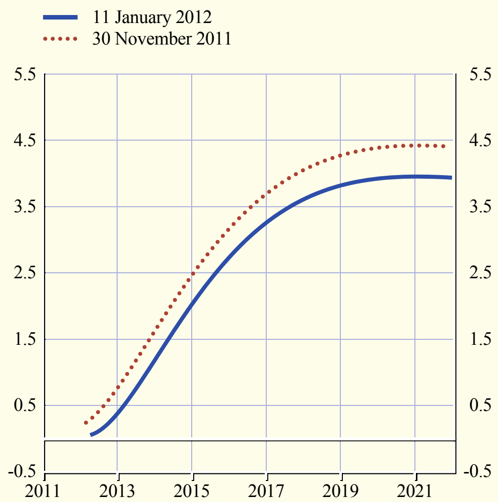
Sources: Thomson Reuters and ECB calculations.
Note: Since the end of August 2011, break-even inflation rates have been computed as a GDP-weighted average of separately estimated break-even rates for France and Germany. Before this date, break-even inflation rates were computed by comparing yields from the nominal yield curve of AAA-rated euro area government bonds with a combined real yield curve derived from French and German inflation-linked government bonds.

bond markets have thus been more volatile than those based on the signals received from the inflation swap markets. Overall, market-based indicators suggest that market participants' inflation expectations remain fully consistent with price stability.

The general pattern of AAA-rated 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). Compared with the end of November, the term structure of short-term forward rates shifted downwards across all maturities, by around 40 basis points These developments mainly reflected adjustments to yield expectations and a slight deterioration in the outlook for economic activity.

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.

The spreads on investment-grade corporate bonds issued by non-financial corporations remained broadly unchanged in the period under review. Spreads on investment-grade corporate bonds issued by financial corporations declined across all rating classes, but most markedly in the case of the lower rating classes. Despite the recent decline, spreads remained well above pre-crisis levels and not far from the peaks of the summer of 2011 and November 2011. Against the background of a need for further recapitalisation, the nominal cost of market-based debt financing for euro area financial corporations remains high, and raising funds in the unsecured debt market remains very challenging for most of these corporations.

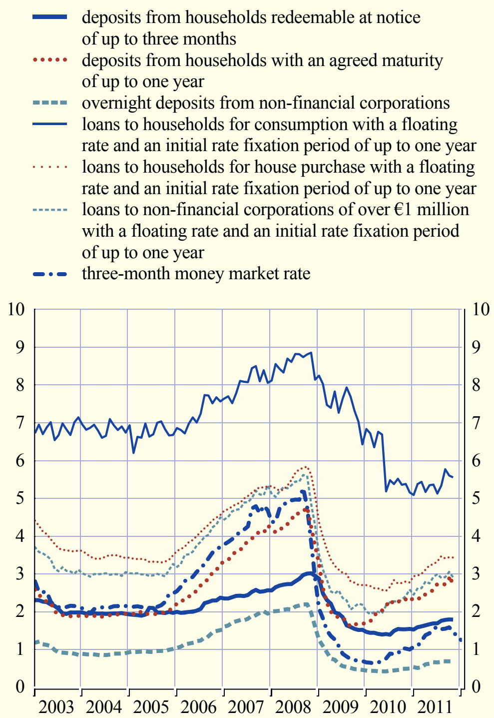
2.5 INTEREST RATES ON LOANS AND DEPOSITS

In November 2011 MFI interest rates tended to decline across all types of loans and all maturities. Lending rates fell particularly markedly in the case of large corporate loans at short maturities, whereas the decreases in the other cases were more moderate.

In November 2011 short-term MFI interest rates tended to decline not only in the case of deposits, but also in that of most categories of loans. Short-term interest rates on deposits fell most markedly in the case of deposits from households with an agreed maturity of up to one year, while the decreases in the case of both household deposits with maturities of up to three months and deposits from non-financial corporations were more modest (see Chart 17). MFI interest rates on short-term loans to households declined only slightly, by 1 basis point, in the case of loans for house purchase, while they decreased by about 5 basis points in the case of consumer credit. Interest rates on overdrafts fell by about 2 basis points for non-financial corporations. MFI lending rates for small corporate loans (i.e. loans of up to €1 million) increased slightly, by 6 basis points,

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

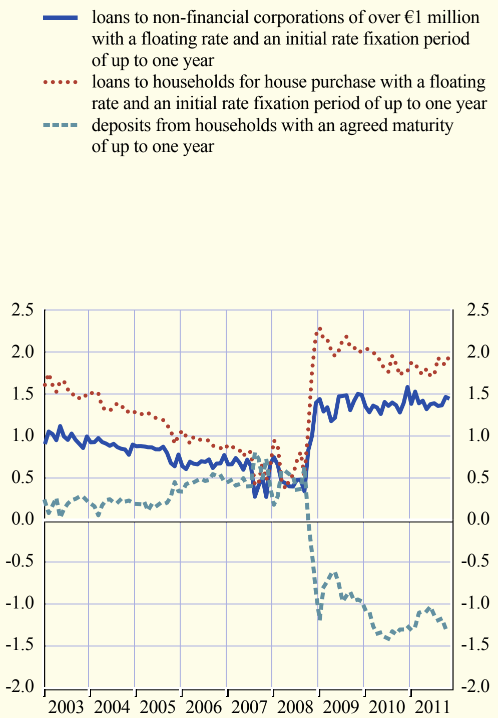
(percentages per annum; rates on new business)



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).

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).

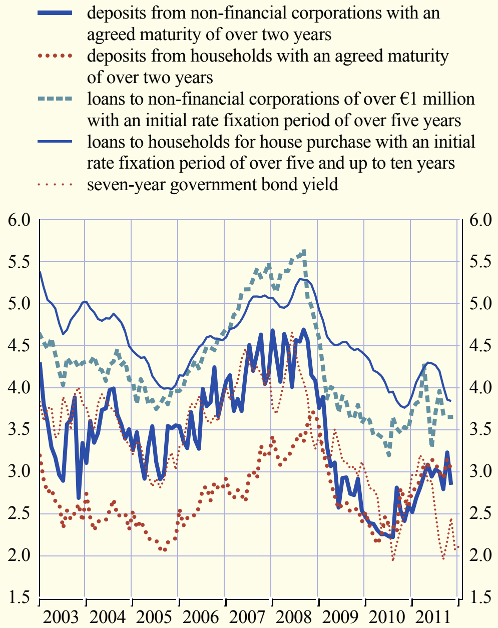
in November 2011, while bank lending rates on large loans (i.e. loans of more than €1 million) with a rate fixation period of up to one year fell by 14 basis points. With the EURIBOR decreasing by 12 basis points after the cut in key ECB interest rates in November 2011, the spread vis-à-vis short-term MFI lending rates on loans to households increased, while that vis-à-vis large-sized loans to non-financial corporations decreased somewhat (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 latest full cycle of monetary policy easing (between October 2008 and March 2010). The subsequent increase in the three-month EURIBOR over the period from April 2010 to July 2011 was partly reflected in short-term bank lending rates on both loans to non-financial corporations and loans to households for house purchase, while the rate on loans to households for consumption remained broadly stable (once the statistical reclassification of June 2010 is disregarded). As regard recent developments, historical regularities would suggest that lower market rates should gradually be reflected in lending rates, especially as the ECB's most recent non-standard measures were aimed at ensuring an adequate functioning of the monetary policy transmission mechanism.

In the case of longer-term maturities, MFI lending rates tended to decline for both households and non-financial corporations in November 2011 (see Chart 19). 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 declined slightly, by 2 basis points. Corporate lending rates on small-sized loans with an initial rate fixation period of over five years also fell slightly, while those on large loans with similar maturity remained broadly unchanged.

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 November 2011 spreads vis-à-vis AAA-rated seven-year government bond yields fell substantially, driven mainly by an increase in government bond yields amid lingering fiscal concerns in some euro area countries. In particular, the spread between long-term rates on loans to households for house purchase and the yield on AAA-rated seven-year government bonds fell by 30 basis points, to 1.4%. For non-financial corporations, the spread of such yields vis-à-vis large-sized loans narrowed as well, by 27 basis points, to stand at 1.2%.

Viewed from a longer-term perspective, lending rates to households and rates on small-sized long-term corporate loans have generally shown a somewhat incomplete and sluggish pass-through, while lending rates on large long-term corporate loans have evolved more in line with the yields on AAA-rated long-term government bonds. The historical regularities between long-term lending rates and the yields on corresponding AAA-rated government bonds may have been distorted significantly by the balance sheet vulnerabilities of euro area banks and the tensions relating to their funding costs, as well as by the liquidity premium priced into AAA-rated sovereign bond yields.

2.6 EQUITY MARKETS

In the course of December 2011 and early January 2012, stock prices increased in the euro area and in the United States. Market sentiment in the euro area continued to be driven by the tensions in euro area sovereign debt markets, while the impact of macroeconomic data releases generally remained subdued. In the United States, by contrast, economic data releases and earnings expectations were more favourable, all in all, and supported stock prices. Stock market uncertainty, as measured by implied volatility, decreased albeit remaining at high levels on both sides of the Atlantic.

In the period under review, stock prices increased both in the euro area and in the United States. Overall, euro area stock prices, as measured by the broad-based Dow Jones EURO STOXX index, increased by 1.0% between the end of November 2011 and 11 January 2012. At the same time, the Standard and Poor's 500 index in the United States increased by 3.7% (see Chart 20). Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, rose by 0.2%.

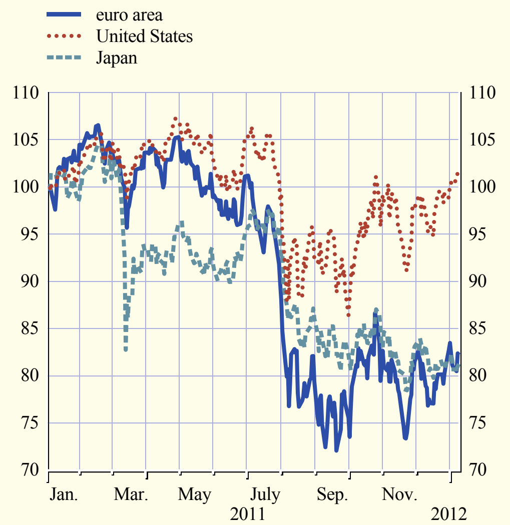
Over the review period, developments in euro area equity markets continued to be driven mainly by tensions in sovereign bond markets. The effects of macroeconomic data releases for the euro area generally remained subdued and prospects for growth were revised downwards by private forecasters. Earnings announcements in the euro area did not turn out better than expected and long-term earnings expectations remain on a declining trend. In the United States, by contrast, economic data releases in general, and those associated with employment conditions and the housing sector in particular, continued to offer favourable surprises. Earnings announcements in the United States also supported the positive developments in stock prices.

In both the euro area and the United States, stock market uncertainty, as measured by implied volatility, decreased slightly in the period under review (see Chart 21). In early January implied volatility remained at significantly higher levels in the euro area than in the United States, reflecting primarily the spreading of tensions in euro area sovereign debt markets to the euro area equity markets. Implied stock market volatility remained at values close to those observed in May 2010 on both sides of the Atlantic.

Regarding sectoral developments, the increase in euro area stock prices was driven by non-financial equities. Euro area financial stock prices declined by around 1.7% over the period under review.

Chart 20 Stock price indices

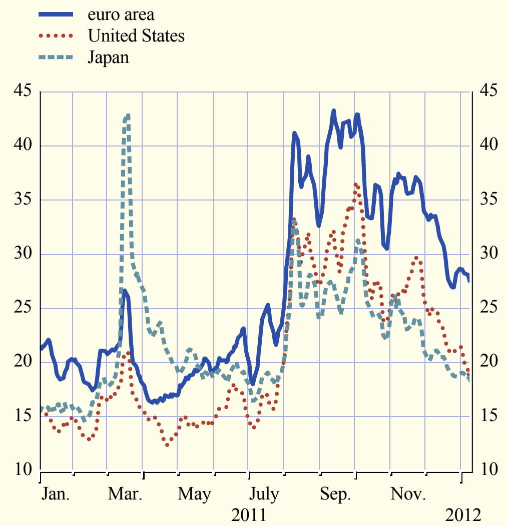
(index: 1 January 2011 = 100; daily data)



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

Chart 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.

In contrast to developments in the financial sector, euro area non-financial stock prices increased by 1.8% over the same period. The credit rating downgrades for some major euro area banks, and the announcement that the credit rating for subordinated debt issued by a large number of euro area banks were placed on review for downgrade, weighed negatively on market sentiment. In addition, concerns about the prospects for the recapitalisation of euro area banks in line with the recommendation of the European Banking Authority also contributed to the decline in financial stock prices. By contrast, stock prices indices in the United States increased across all sectors.

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.8% in December 2011, after 3.0% in the preceding three months. This decline was expected and reflects a downward base effect stemming from energy prices. Inflation rates have been at elevated levels since the end of 2010, mainly driven by higher energy and other commodity prices. Looking ahead, they are likely to stay above 2% for several months to come, before declining to below 2%. This pattern reflects the expectation that, in an environment of weaker economic growth in the euro area and globally, underlying cost, wage and price pressures in the euro area should remain modest. Risks to the medium-term outlook for price developments continue to be broadly balanced.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.8% in December 2011, compared with 3.0% in the previous three months (see Table 5). This decline in the annual rate of change in the HICP reflected a base effect of -0.2 percentage point stemming from the energy component. Energy prices were the key factor behind the elevated rates of HICP inflation in 2011, accounting for almost half of the overall rate of 2.7% in the first 11 months of the year – substantially more than their weight (around one-tenth) in the HICP basket. For more detailed information on recent developments in consumer prices for oil, see Box 5, entitled "The evolution of consumer prices for oil products in 2011".

Table 5 Price developments

(annual percentage changes, unless otherwise indicated)

	2010	2011	2011 July	2011 Aug.	2011 Sep.	2011 Oct.	2011 Nov.	2011 Dec.
HICP and its components								
Overall index [1]	1.6	.	2.5	2.5	3.0	3.0	3.0	*2.8*
Energy	7.4	.	11.8	11.8	12.4	12.4	12.3	.
Unprocessed food	1.3	.	1.3	1.1	1.4	1.8	1.9	.
Processed food	0.9	.	3.4	3.6	4.0	4.3	4.3	.
Non-energy industrial goods	0.5	.	0.0	0.0	1.2	1.3	1.3	.
Services	1.4	.	2.0	1.9	1.9	1.8	1.9	.
Other price indicators								
Industrial producer prices	2.9	.	6.1	5.8	5.8	5.5	5.3	.
Oil prices (EUR per barrel)	60.7	79.7	81.7	76.7	79.8	78.9	81.4	81.7
Non-energy commodity prices	44.6	12.2	7.6	2.5	1.5	1.6	-1.9	-6.7

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

Box 5

THE EVOLUTION OF CONSUMER PRICES FOR OIL PRODUCTS IN 2011

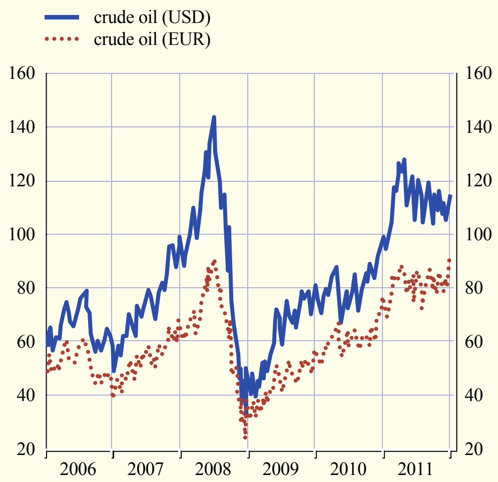
The increase in consumer energy prices was a key factor behind the elevated rates of HICP inflation in 2011, accounting for almost half of the overall rate of 2.7% in the first 11 months of the year – substantially more than their weight (around one-tenth) in the HICP basket. Within energy price inflation over the same period (12.1%), the prices of oil products (transport and liquid heating fuels) increased twice as much (15.8%) as those of non-oil products (7.9%).[1] This box focuses on explaining developments in consumer prices for oil products, decomposing their evolution in 2011 into the main determining factors. This is done using a stylised representation of the pricing chain for oil products, which starts with international crude oil prices, goes through the refining process and the distribution to consumers, and ends with the imposition of taxes.[2]

Crude and refined oil prices

The main factor behind the increase in consumer prices for oil products in 2011 was the development of crude oil prices, which averaged around USD 110 per barrel in 2011, significantly up on the average levels in 2010 (USD 80 per barrel). However, although oil products (both crude and refined) traded on international markets are generally quoted in US dollar terms, in order to understand the impact on euro area consumer prices and, in particular, the behaviour of distribution margins, it is their price in euro terms that is important. In this regard, the euro was, on average, stronger against the US dollar in 2011 than in 2010, although it weakened over the course of the year. Thus, unlike the slightly declining profile of crude oil prices in US dollar terms, between March and December 2011, crude oil prices in euro terms fluctuated around a level slightly above €80 per barrel (see Chart A). However, given the much lower levels in 2010, this translated into strong annual growth rates, which will prevail until around March 2012. Provided oil prices do not rise substantially in the meantime, annual energy price inflation should fall as a result of negative base effects.

Chart A Crude oil (Brent) prices

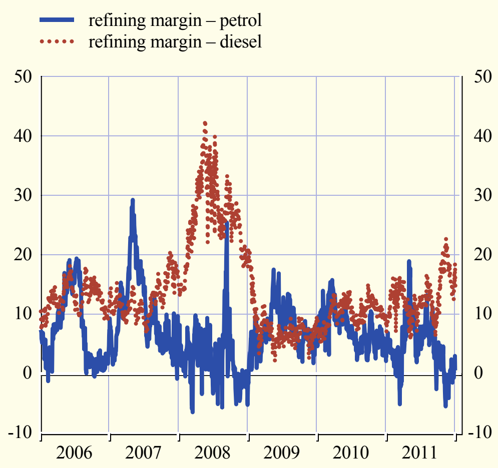
(USD/EUR per barrel)



Sources: Bloomberg, Thomson Reuters and ECB staff calculations.

Chart B Refining margins (crack spreads)

(USD per barrel)



Sources: Bloomberg, Thomson Reuters and ECB staff calculations.

1 Among the oil products, the average annual rates of increase were 14.0% for transport fuels and 24.8% for liquid heating fuels. Among the non-oil products, the average annual rates of increase were 8.7% for natural gas and 7.5% for electricity (the other two non-oil products, namely heat energy and solid fuels, which have lower weights in the HICP, increased on average by 7.2% and 3.3% respectively).

2 For a more detailed description and discussion, see Meyler, A., "The pass-through of oil prices into euro area consumer liquid fuel prices in an environment of high and volatile oil prices", *Energy Economics*, Vol. 31, No 6, pp. 867-881.

The next major step in the pricing chain is the refining process. Before crude oil can be used by consumers, it needs to be refined either into petrol (gasoline) or diesel (gas oil) – the latter may be used for both transport and home heating purposes. Chart B shows the refining margins (so-called crack spreads) for refined petrol and refined diesel, which are calculated simply as the difference between the price of the refined product and the price of the crude oil.[3] Diesel margins fluctuated around a level slightly above USD 10 per barrel for most of 2011, before increasing substantially to around USD 20 per barrel for a short period in late November and early December. Petrol margins showed a markedly different pattern, however, fluctuating considerably between USD 0 and USD 10 for most of 2011, but entering into negative territory in late November and early December (i.e. the price of refined petrol was below that of crude oil).

One reason for the divergence between the refining margins towards the end of the year may be the fact that Europe is considered to be structurally "long" in petrol (i.e. it produces more petrol than it requires), but "short" in diesel (the share of diesel cars in new passenger car registrations rose substantially during the 2000s; in addition, diesel is the main type of fuel used in commercial vehicles). Being structurally long in petrol may then be accentuated by the fact that the refining process generally requires that, to increase the output of diesel, refiners also have to increase the output of petrol (as both are products of the refining process). These structural market features, combined with the onset of winter (when demand for liquid heating fuels rises), may have been the main factors behind the recent sharp divergence in petrol and diesel refining margins.

Distribution and taxes

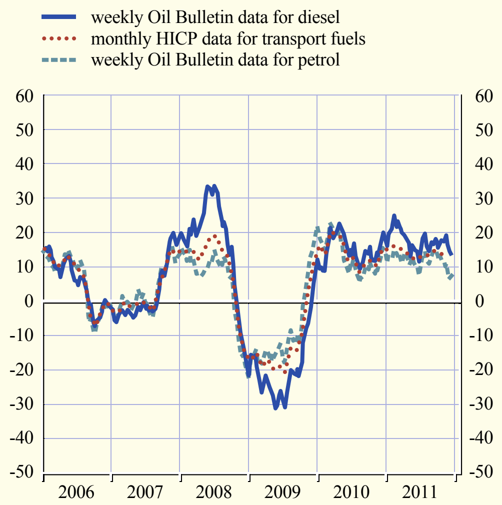
The next steps in the pricing chain are the distribution of refined products to consumers and the imposition of taxes. To estimate distribution margins and the impact of taxes, the ECB uses data on consumer prices for transport and liquid heating fuels from the European Commission's weekly Oil Bulletin, which, unlike HICP data are: i) available in terms of price level (i.e. euro cent per litre) rather than as indices; ii) provided including and excluding taxes; and iii) for transport fuel, broken down into petrol and diesel.[4] Charts C and D, which plot the annual rates of change in the weekly Oil Bulletin data alongside the monthly HICP data, illustrate that, although the Oil Bulletin data are not official statistics on consumer prices, they capture official HICP dynamics very well. Moreover, as they cover both petrol and diesel prices, it can be seen that, on average, diesel prices increased at a higher rate (17.5%) than petrol prices (12.0%) during 2011, which may have been due to differences in refining margins, as discussed above. A higher annual rate of change was also evident in the prices of liquid heating fuels (around 25% on average). This higher percentage change was attributable not only to refining spreads (which also had an impact on diesel prices), but also to there being lower excise duties on heating fuel than on other oil products. As excise duties are fixed amounts, higher (lower) excise duties mean that the percentage change in consumer prices is lower (higher) in response to a given percentage change in oil prices.

In order to quantify the contributions of the different factors to the developments in consumer prices for oil over 2011, the table presents the estimated decomposition of consumer prices for oil products (based on data from the weekly Oil Bulletin), with each component having been

3 The actual margin of the refiner can depend on the specific grade of the crude oil used as input, the price of the other refined outputs obtained, as well as non-oil cost factors.
4 These data are available at http://ec.europa.eu/energy/observatory/oil/bulletin_en.htm. In addition to being available in both pre- and post-tax terms, these data have a number of other attractive features, namely that they are available at high frequency (weekly) and in a timely manner (data on consumer prices on Monday are usually available by the Wednesday or Thursday of the same week).

Chart C Transport fuels

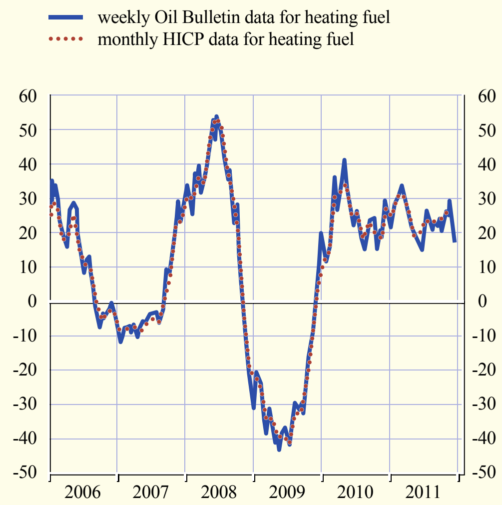
(annual percentage changes)



Sources: European Commission (DG ENER), Eurostat and ECB staff calculations.

Chart D Liquid heating fuels

(annual percentage changes)



Sources: European Commission (DG ENER), Eurostat and ECB staff calculations.

converted into euro cent per litre terms for comparability purposes. On average across the euro area, compared with 2010, petrol prices including taxes rose by 16 euro cent per litre to 151 euro cent per litre in 2011. By contrast, owing to lower indirect taxes, the prices of diesel and heating fuel remained lower on average in 2011 (at 135 euro cent per litre and 91 euro cent per litre respectively), although the price increases were larger (20 euro cent per litre and 18 euro cent per litre respectively).

The single largest and common factor behind these increases was the rise in crude oil prices (12.7 euro cent per litre). Taxes were the second biggest factor, with a combination of rises in excise duties and "multiplier" effects from value added tax (VAT). These multiplier effects reflect the fact that VAT is levied as a percentage of the pre-tax price plus the excise duty: an increase in either pre-tax prices or excise duties will thus also give rise to an increase in VAT. The actual

Estimated decomposition of average consumer prices for oil products in the euro area

(euro cent per litre, unless otherwise indicated)

	Petrol			Diesel			Heating fuel		
	2010	2011	Change	2010	2011	Change	2010	2011	Change
Crude oil	**38.0**	**50.7**	**12.7**	**38.0**	**50.7**	**12.7**	**38.0**	**50.7**	**12.7**
Refining costs and margins	3.5	2.0	-1.6	4.8	5.8	1.0	4.8	5.8	1.0
Distribution costs and margins	12.2	13.0	0.8	12.9	14.5	1.6	9.7	10.1	0.4
Pre-tax consumer price	**53.7**	**65.7**	**12.0**	**55.7**	**71.0**	**15.3**	**52.5**	**66.6**	**14.1**
Taxes, *of which:*	81.3	85.5	4.2	59.4	64.2	4.8	21.0	24.5	3.5
Excise duty	59.3	60.5	1.2	40.9	42.1	1.2	9.1	9.6	0.5
VAT	22.0	25.0	3.0	18.5	22.1	3.6	11.9	14.9	3.0
VAT rate	19.5%	19.8%	0.3 p.p.	19.1%	19.5%	0.4 p.p.	19.4%	19.6%	0.2 p.p.
Post-tax consumer price	**135.0**	**151.1**	**16.2**	**115.1**	**135.2**	**20.1**	**73.5**	**91.0**	**17.6**

Source: ECB staff calculations.

impact stemming from the hikes in VAT rates (on average between 0.2 percentage point and 0.4 percentage point) was of a smaller magnitude. In each case, taxes pushed up the consumer price, with the strongest rise being for diesel (4.8 euro cent per litre). By comparison, refining and distribution costs and margins had less of an impact. Distribution costs and margins resulted in stronger increases for diesel (1.6 euro cent per litre) than for petrol (0.8 euro cent per litre) and heating fuel (0.4 euro cent per litre), while refining costs and margins pushed the consumer price down for petrol (by 1.6 euro cent per litre), but up for diesel and heating fuel (by 1.0 euro cent per litre).

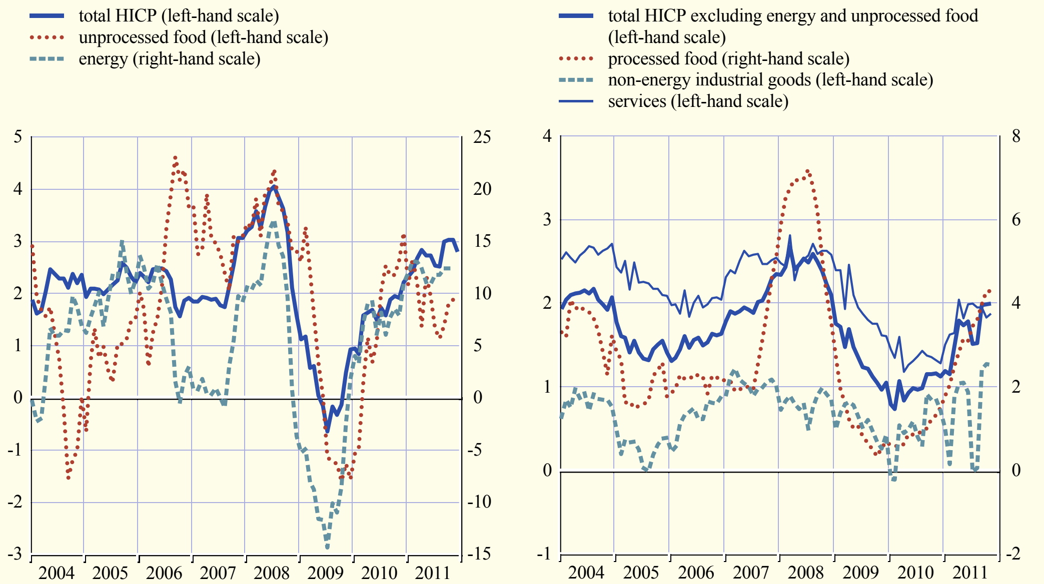
Looking forward, under the assumption that refining margins do not alter substantially and that there are no major widespread changes in the taxes on oil products, the path for crude oil prices implied by current futures prices is such that – mainly owing to base effects – it will have a significant dampening impact on the annual rate of change in consumer prices for oil products in the first few months of 2012.

In November 2011, the last month for which an official breakdown is available, the annual growth rate of overall HICP inflation remained stable at 3% compared with October (see Chart 22). This was due to the slight decline in energy prices being offset by marginally higher annual rates of change in processed food and services prices.

Looking at the main HICP components in more detail, energy inflation fell slightly in November to 12.3%, from 12.4% in October, owing to a downward base effect. This decline in energy inflation largely reflected a lower annual rate of increase in the prices of fuels and lubricants for personal transportation, which more than compensated for the higher annual rate of increase in

Chart 22 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

the prices of liquid fuels, while the annual rates of increase in the prices of the other energy items remained stable.

The annual rate of change in unprocessed food prices rose by 0.1 percentage point to 1.9% in November, mostly on account of meat prices, while that in processed food prices remained stable at 4.3%, reflecting minor changes in the prices of several items. In the same month the annual rate of increase in tobacco prices slowed somewhat.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation remained stable at 1.6% in November. HICP inflation excluding total food and energy is determined predominantly by domestic factors, such as wages, profit mark-ups and indirect taxes, and consists of two main components, namely non-energy industrial goods and services.

The annual rate of change in non-energy industrial goods prices stood at 1.3% in November, unchanged from the previous month. The figure for services inflation grew by 0.1 percentage point, to 1.9%, with the annual rates of change in its main sub-components (housing, transport, recreation and personal services, and communication services) remaining stable compared with October.

Over the period from January 1999 to December 2011, average inflation in the euro area was 2.03% and hence very close to the Governing Council's aim of maintaining the annual rate of change in the euro area HICP below, but close to, 2% over the medium term. Box 6, entitled "Factors limiting the scope available for increases in domestic prices", looks at some special factors that have affected inflation since 1999.

Box 6

FACTORS LIMITING THE SCOPE AVAILABLE FOR INCREASES IN DOMESTIC PRICES

The Governing Council of the ECB aims to maintain the annual rate of change in the euro area HICP below, but close to, 2% over the medium term. This defines the overall scope available for increases in consumer prices, irrespective of the nature and origin of the increases. Over the period from January 1999 to December 2011, average inflation in the euro area was very close to this objective, at 2.03%. This box looks at some special factors that have affected inflation since 1999, such as increases in oil prices and indirect taxes. It shows that trend increases in these factors limit the room for other price increases that are domestic in origin, such as wage and profit developments, given that price stability, as defined above, is to be maintained over the medium term.

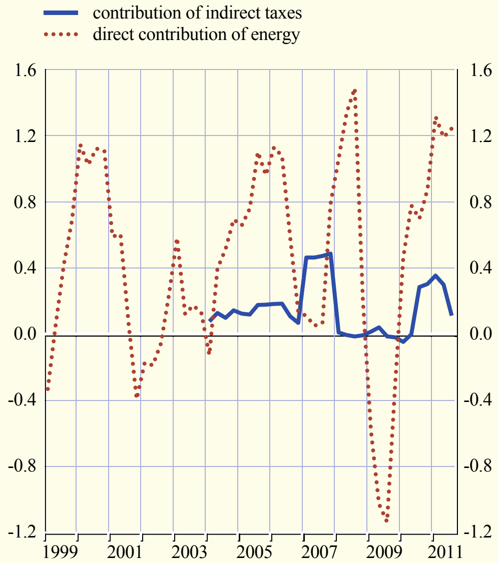
Price effects implied by changes in indirect tax rates and oil prices

Looking at the first 13 years of Monetary Union, from 1999 to 2011, shows that changes in indirect taxes and oil prices have, on balance, put upward pressure on euro area HICP inflation that had to be counterbalanced by domestic factors.

Where indirect taxes are concerned, upward pressure is the result of, for instance, an increase in the indirect tax rate, as this implies a stronger increase in the tax component of consumer prices than in the pre-tax component. Calculated as the difference between HICP inflation and Eurostat's measure of HICP inflation at constant tax rates, the direct impact of indirect taxes averaged almost 0.2 percentage point per annum over the period under review.[1] The impact was almost always positive, with only a very short period of slightly negative values in early 2010 (see Chart A). Stronger than average price increases were also recorded for administered prices, i.e. prices which are set directly or influenced significantly by the government. These prices have increased, on average, by 2.5% per annum since 1999.

Chart A The contribution of indirect taxes and energy prices to HICP inflation

(percentage points)



Source: Eurostat.
Notes: Data on the contribution of indirect taxes are not available before 2004 (see footnote 1). The last observation is that for the third quarter of 2011. It should be noted that the contributions of indirect taxes and energy prices are not strictly separable, because the latter already include some impact from indirect taxation.

In the case of oil prices, the direct impact can be seen in consumer prices for liquid fuels almost immediately and, with some lag, also in consumer prices for gas and other sources of energy. One way of gauging the direct impact of oil price shocks is hence to look at the growth in overall consumer energy prices. In the period from 1999 to 2011, the annual growth rate of the energy component of the HICP averaged 5.2%, which is significantly above the average increase in the euro area HICP. The indirect effects that oil price shocks have on consumer prices via higher energy input costs along the production chain have exerted further upward pressure on overall euro area HICP inflation, but such effects are more difficult to quantify.[2]

Implications for domestic price and wage-setting

The price effects discussed above reflect claims of governments and commodity producing countries on the value added of the euro area economy. These claims reduce the room available for wages and profits to grow in line with price stability. The simple quantifications above suggest that in the period from 1999 to 2011, around half a percentage point of an average rate of HICP inflation of 2.0% was de facto absorbed by increases in both government-induced prices and oil prices, and was thereby unavailable for domestic income growth.[3]

1 HICP inflation at constant tax rates (HICP-CT), as published by Eurostat, is only available as of 2004. The average impact of taxes over the period from 2004 to 2010 was 0.15 percentage point (see the box entitled "Gauging the impact of indirect taxation on euro area inflation", *Monthly Bulletin*, ECB, March 2011). Estimates for the whole period from 1999 to 2010 suggest a somewhat higher average contribution of 0.2 percentage point. This also corresponds more closely to the average contribution of indirect taxes of 0.2 percentage point to the growth in the GDP deflator in that period.

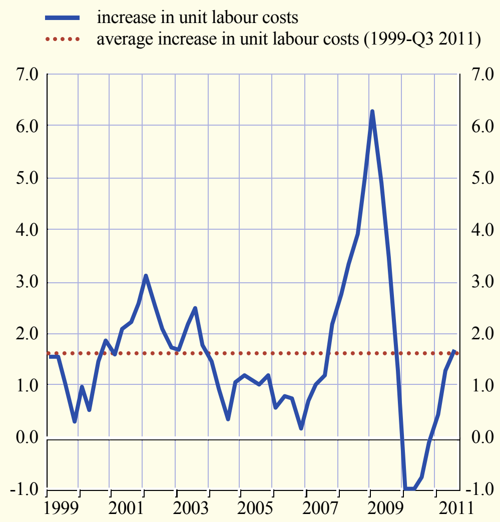
2 The estimation of indirect effects is subject to considerable uncertainties. Eurosystem staff computations put the indirect effect of a 10% increase in oil prices on HICP inflation in the euro area in the range 0.1-0.3 percentage point. There is also some evidence of a reduced impact over time, perhaps stemming from the lower energy intensity of economic activity. See Table 12 in Task Force of the Monetary Policy Committee of the ESCB, "Energy markets and the euro area macroeconomy", *Occasional Paper Series*, No 113, ECB, June 2010, p.76.

3 Around half a percentage point roughly sums up the following impacts: i) less than 0.20 percentage point from indirect taxes (see also note 2 in Chart A); ii) 0.05 percentage point from growth in administered prices in excess of 2.0%; iii) 0.33 percentage point from growth in energy prices in excess of 2.0%; and iv) 0.15 percentage point from indirect effects of oil prices (see footnote 2 above).

These figures have to be compared with an average increase of clearly less than 2% that was accounted for by domestic cost factors. Wages adjusted for productivity, as measured by unit labour costs, increased by 1.6%, on average, between 1999 and the third quarter of 2011, and developments in the mark-up on wages, as measured by profit margins, added another 0.1 percentage point (see Chart B).[4]

Chart B Unit labour costs in the euro area

(year-on-year percentage changes)



Source: Eurostat.
Note: Last observation is that for the third quarter of 2011.

While the above analysis is backward-looking, there are reasons to assume that changes in indirect taxes and oil prices are likely to remain important also when looking forward. In particular, indirect taxes are likely to continue to be a major element in governments' budget policies, both with regard to the fiscal consolidation necessary in many countries and with respect to a general tendency to rebalance the fiscal burden from direct to indirect taxes in order to reduce labour costs and the tax-bias against saving.[5] In addition, in view of the persistently strong growth in emerging markets' demand for commodities, further upward pressure on commodity prices cannot be ruled out looking ahead. Overall, social partners in the euro area will therefore need to continue to take due account of the likely limitations in the scope for domestic income distribution that are associated with indirect tax and terms-of-trade effects.

4 The profit margin indicator is obtained from the difference between the growth rate of the GDP deflator at basic prices and the growth rate of unit labour costs. Note that the concepts of GDP deflator and HICP are not directly comparable. The average annual growth rate of the GDP deflator at factor cost over the period from 1999 to the third quarter of 2011 was 1.8%.

5 See Box 12, entitled "Fiscal devaluation – a tool for economic adjustment", *Monthly Bulletin*, ECB, December 2011. See also Johansson, Å. et al., "Taxation and Economic Growth", *OECD Economic Department Working Papers,* No 620, OECD, 2008, who find that VAT and property taxes are the least harmful taxes for growth, while labour and corporate income taxes are the most damaging.

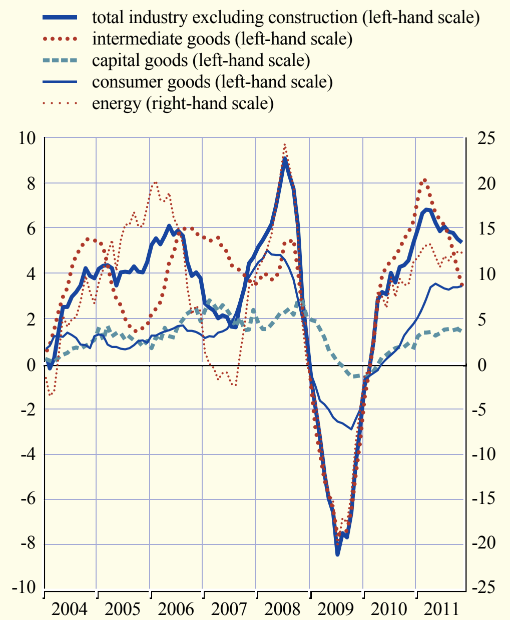
3.2 INDUSTRIAL PRODUCER PRICES

Industrial producer price inflation (excluding construction) fell to 5.3% in November 2011, from 5.5% in October (see Chart 23), thus pointing to a further easing in input price pressures. This easing is currently more visible at the earlier stages of the pricing chain (e.g. producer prices for intermediate goods) than at the later stages (e.g. producer prices for consumer goods excluding food). Excluding construction and energy, industrial producer price inflation declined to 3.0% in November, from 3.2% in October. This was due largely to a lower annual rate of change in intermediate goods prices, which resulted from a negative base effect.

At the later stages of the production chain, producer price inflation in consumer goods industries stood at 3.4% in November, thus remaining broadly unchanged in the period from April. The annual rate of change in the non-food component increased to 1.7% in November, the highest it has been since October 2001, signalling ongoing pipeline pressures for underlying consumer price inflation.

Chart 23 Breakdown of industrial producer prices

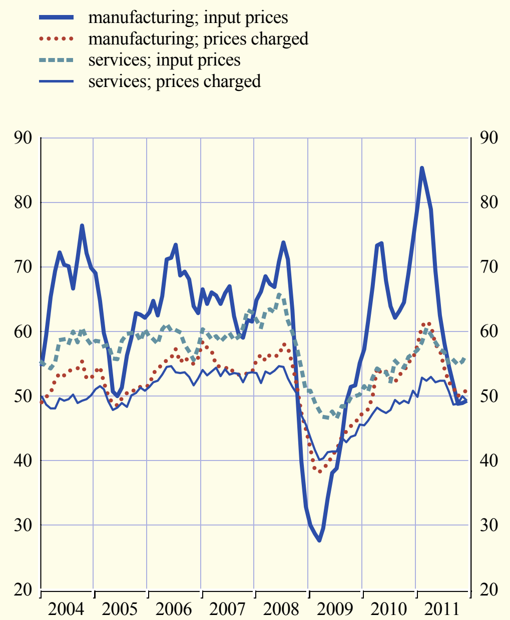
(annual percentage changes; monthly data)



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.

By contrast, the annual rate of change in the food component declined marginally to 4.8% and is expected to fall further in the coming months, owing to the recent strong decreases in the annual rate of change in food commodity prices in the EU.

In December 2011 price survey indicators, which lead producer price developments, edged up further, suggesting that the downward trend which began in the spring of that year has come to a halt (see Chart 24). With regard to the Purchasing Managers' Index, the input price index for the services sector rose from 55.4 in November to 56.6 in December, which represents a slightly stronger increase than in the manufacturing sector, where it went up from 48.9 to 49.3 over the same months. The selling price index for the manufacturing sector increased from 50.6 in November to 50.8 in December, whereas for the services sector, it declined from 50.0 to 49.3, dropping below the threshold level of 50, which indicates falling prices. According to the European Commission's business survey, industrial selling price expectations remained unchanged, but close to their historical average.

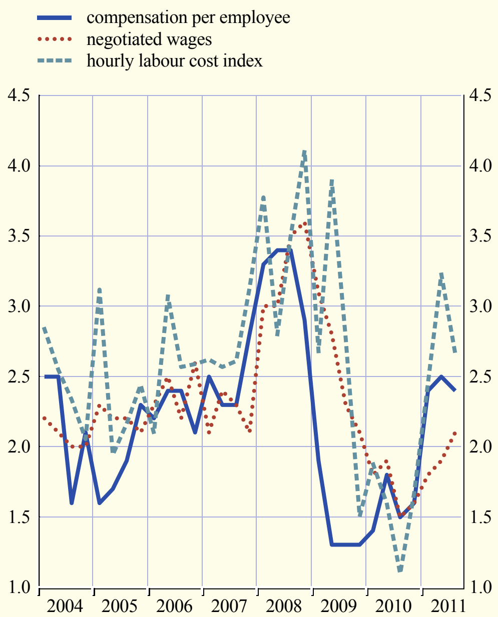
To sum up, further downward base effects, together with lower inflationary pressures anticipated by price survey data, suggest further declines in producer price inflation over the coming months. Nevertheless, the elevated levels of producer price inflation continue to reflect ongoing pipeline pressures.

3.3 LABOUR COST INDICATORS

In line with the slow improvement in labour market conditions, labour cost indicators in the euro area increased gradually during 2011 (see Table 6 and Chart 25), with wage growth, including compensation per employee, being higher than expected. However, in view of the rather weak growth prospects and the continued slack in the labour market, labour cost pressures are likely to remain contained in the medium term. Preliminary data on negotiated wages in the euro area for October show some moderation in wage growth.

Chart 25 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Euro area negotiated wages grew by 2.1% year on year in the third quarter of 2011, after 1.9% in the previous quarter. The annual rate of growth in hourly labour costs slowed to 2.7% in the third quarter, compared with 3.2% in the previous quarter. This deceleration was driven primarily by developments in the industrial sector, where annual hourly labour costs increased by only 2.9% in the third quarter, compared with 4.2% in the second quarter (see Chart 26). There were also more modest decreases in hourly labour costs in the construction and market services sectors. Overall, non-wage costs continued to grow at a faster rate than the wages and salaries component of euro area hourly labour costs.

At the same time the annual growth rate of compensation per employee stabilised, standing at 2.4% year on year in the third quarter of 2011, after 2.5% in the second quarter. Despite a slight fall in employment growth, the annual growth rate of labour productivity decreased to 1.0% in the third quarter, down from 1.3% (revised figure) in the second quarter. Overall, unit labour cost growth increased further to 1.3% year on year in the third quarter, after 1.2% in the previous quarter. Looking ahead, the latest surveys point to a slowdown in productivity in the coming quarters, which could drive up growth in unit labour costs further.

Table 6 Labour cost indicators

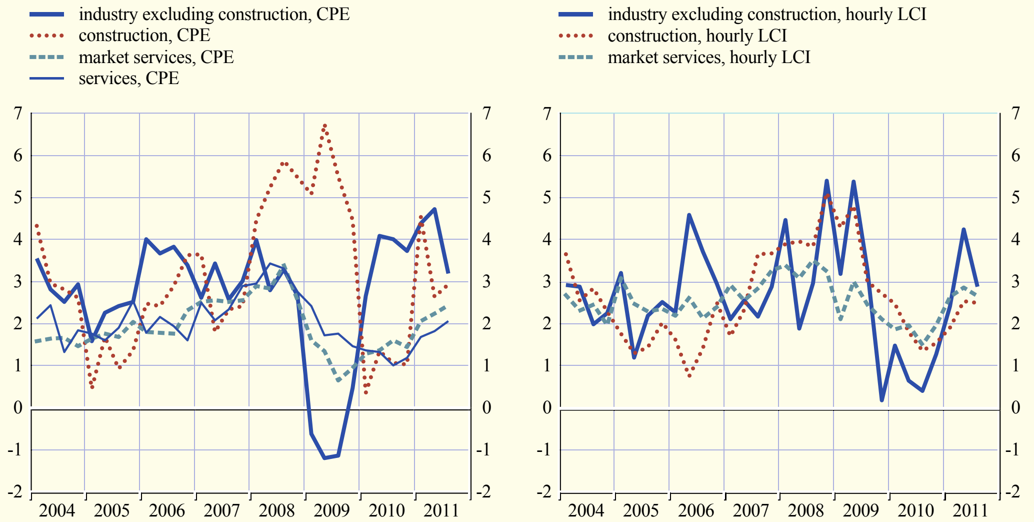
(annual percentage changes, unless otherwise indicated)

	2009	2010	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3
Negotiated wages	2.6	1.7	1.5	1.6	1.8	1.9	2.1
Hourly labour cost index	2.7	1.6	1.1	1.7	2.5	3.2	2.7
Compensation per employee	1.4	1.6	1.5	1.6	2.4	2.5	2.4
Memo items:							
Labour productivity	-2.5	2.4	2.3	1.9	2.2	1.3	1.0
Unit labour costs	4.0	-0.8	-0.7	-0.3	0.2	1.2	1.3

Sources: Eurostat, national data and ECB calculations.

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".

3.4 THE OUTLOOK FOR INFLATION

Looking ahead, inflation rates are likely to stay clearly above 2% for several months to come, before declining to below 2%. This pattern reflects the expectation that, in an environment of weaker growth in the euro area and globally, underlying cost, wage and price pressures in the euro area should remain modest.

Risks to the medium-term outlook for price developments continue to be seen as broadly balanced. On the upside, the main risks relate to further increases in indirect taxes and administered prices, owing to the need for fiscal consolidation in the coming years, and possible increases in commodity prices. The main downside risks relate to the impact of weaker than expected economic growth in the euro area and globally.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Real GDP in the euro area grew by 0.1% quarter on quarter in the third quarter of 2011. At present, a number of factors seem to be dampening the underlying growth momentum in the euro area. They include moderate global demand growth and weak business and consumer confidence in the euro area. Domestic demand is likely to be dampened by the ongoing tensions in euro area sovereign debt markets, as well as the process of balance sheet adjustment in the financial and non-financial sectors. At the same time, euro area economic activity should recover, albeit very gradually, in the course of 2012, supported by developments in global demand, very low short-term interest rates and all the measures taken to support the functioning of the financial sector. Substantial downside risks to the economic outlook for the euro area continue to exist in an environment of high uncertainty.

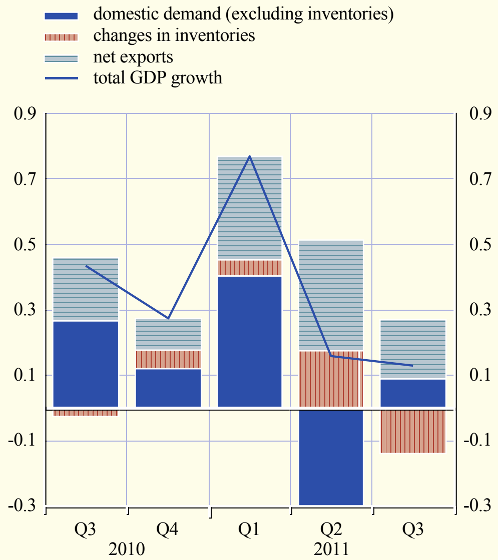
4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP in the euro area grew by 0.1% quarter on quarter in the third quarter of 2011, following growth of 0.2% in the previous quarter (see Chart 27). This outcome, which has been revised down by 0.1 percentage point, reflected positive contributions from domestic demand and net trade, while inventories made a negative contribution. Although GDP has grown quarter on quarter for nine consecutive quarters, the level of output in the third quarter of 2011 was still 1.8% below its pre-recession peak in the first quarter of 2008.

Private consumption in the euro area rose by 0.2% in the third quarter of 2011. This compares with a contraction of 0.5% in the previous quarter. It is most likely that the third quarter growth reflects a positive contribution from consumption of services, as both retail sales and car registrations (a close correlative of car purchases) declined quarter on quarter.

Chart 27 Real GDP growth and contributions

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

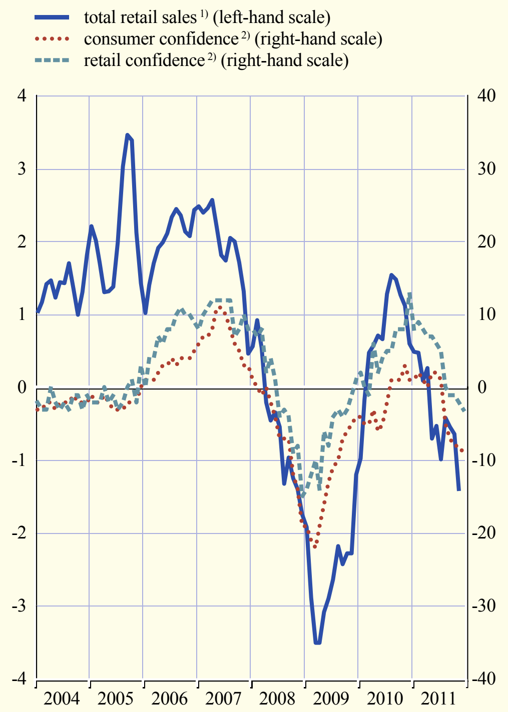


Sources: Eurostat and ECB calculations.

As regards the fourth quarter of 2011, information on private consumption points towards a persistent lack of dynamism in consumer spending. Retail sales declined by 0.8% in November, and in the first two months of the fourth quarter were on average 0.7% below their third quarter average. In the same two months, new passenger car registrations remained at the same level as in the third quarter of 2011. Retail sector survey data, which are available for the full fourth quarter, point towards continued weakness in consumption of retail goods (see Chart 28). The Purchasing Managers' Index (PMI) for the retail sector declined from 48.6 in the third quarter to 46.7 in the fourth quarter, thereby signalling shrinking sales. Moreover, according to the European Commission's consumer survey, the consumer confidence indicator declined for the sixth consecutive month in December. As a result, the average for the fourth quarter was below the average for the third quarter and below its long-term average. Meanwhile, the indicator of expected major purchases remained at historically low levels, suggesting that consumers are still cautious when deciding whether or not to purchase durable goods.

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. Including fuel.
2) Percentage balances; seasonally and mean-adjusted.

Gross fixed capital formation declined quarter on quarter by 0.1% in the third quarter of 2011, following a similar decline in the previous quarter. The recovery in investment has been more sluggish than the recovery in overall activity. This is mainly due to developments in construction investment. With regard to the breakdown of investment in the third quarter, non-construction investment rose quarter on quarter by 0.8%, while construction investment contracted by 0.9%.

Looking ahead, industrial production of capital goods (an indicator of future non-construction investment) increased month on month by 0.9% in October. However, capital goods production posted a sharp decline of 3.9% in September, which will dampen growth in the fourth quarter due to the negative carry-over effect. Moreover, survey results for the non-construction industrial sector – both the PMI and the European Commission's industrial confidence indicator – point towards a marked slowdown in activity in the fourth quarter. The industrial confidence indicator is close to its historical average, while the PMI remains below the theoretical no-growth threshold of 50, although it improved somewhat in December.

In October 2011 construction production declined by 1.4% month on month, following a decline of the same magnitude in the previous month. Meanwhile, the construction confidence indicator published by the European Commission remained below its historical average throughout the fourth quarter. At the same time, the PMI for construction in the euro area was, on average, well below 50 during the fourth quarter, pointing towards continued negative growth in that quarter.

Turning to trade flows, both imports and exports grew moderately in the third quarter of 2011, mainly reflecting the slight rebound in global trade as supply chain disruptions eased. As regards the fourth quarter, the growth rates of extra-euro area imports and exports of goods declined month on month in October for the second consecutive month. Despite more positive developments in three-month-on-three-month terms, the October data point towards contracting euro area trade in goods in the last quarter of 2011. In contrast to trade in goods, trade in extra-euro area services rebounded slightly in October (in both month-on-month and three-month-on-three-month terms). Looking ahead, the PMI for new export orders in the euro area manufacturing sector improved marginally in December – the first improvement since April 2011. However, the level remained below 50, pointing towards negative euro area export growth in the short term.

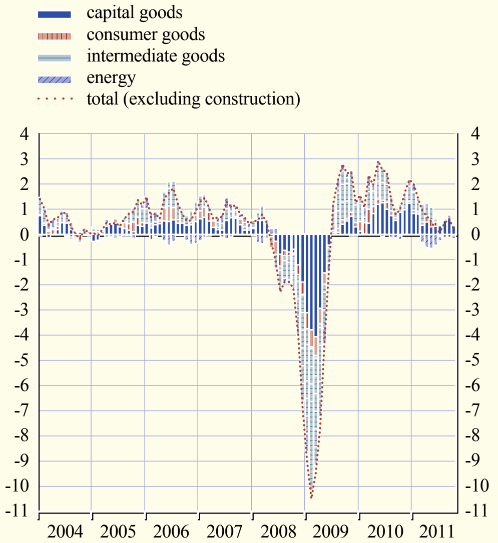
4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

Real value added increased by 0.1% quarter on quarter in the third quarter of 2011. Activity in industry (excluding construction) grew by 0.3%, while activity in services rose by 0.1%. Value added in construction contracted quarter on quarter by 0.5%. Box 7 briefly reviews the updated classification of economic activities (NACE) in national accounts, which has recently been introduced with the aim of giving a more refined breakdown of activities, particularly in the case of services.

With regard to developments in the fourth quarter of 2011, industrial production (excluding construction) declined month on month by 0.2% in October, following a decline of 2.0% in the previous month. The three-month-on-three-month growth rate declined from 0.6% in September to 0.2% in October (see Chart 29). Meanwhile, euro area industrial new orders (excluding heavy transport equipment) declined further by 0.6% month on month in October, after the sharp decline of 5.5% in the previous month. Survey data, which are more up to date, point to weak activity for the quarter as a whole (see Chart 30). For example, the PMI manufacturing output index stood at 46.5 in the fourth quarter, which was lower than in the third quarter and well below the no-growth threshold of 50. The services business activity index also declined, from 50.6 in the third quarter to 47.6 in the fourth quarter. However, the PMIs for both manufacturing and services, albeit remaining below 50 in December, have recently improved, which may suggest that they are bottoming out. Other business surveys, such as those of the European Commission, are broadly in line with developments in the PMI.

Chart 29 Industrial production growth and contributions

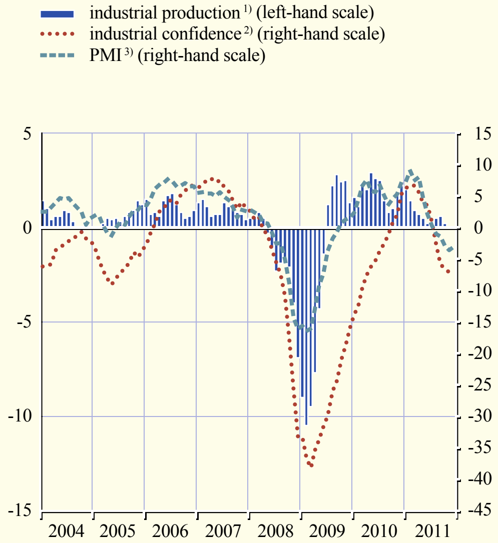
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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.
Note: Survey data refer to manufacturing.
1) Three-month-on-three-month percentage changes.
2) Percentage balances.
3) Purchasing Managers' Index; deviations from an index value of 50.

Box 7

REVISED ACTIVITY CLASSIFICATION (NACE) IN NATIONAL ACCOUNTS

When the main national accounts aggregates were released for the third quarter of 2011, the updated classification of economic activities NACE[1] Rev. 2 replaced NACE Rev. 1.1. The "NACE" classification, which is fully consistent with the International Standard Industrial Classification of all Economic Activities (ISIC), provides the mandatory statistical framework for a wide range of European statistics, including short-term statistics, labour market statistics and national accounts. The current publication is the culmination of a three-year process, whereby the changeover to the new classification[2] was implemented for the statistics underlying the national accounts. From now on only data in the revised aggregation for national accounts[3] will be used in the Monthly Bulletin.[4] This box explains the changeover and the revision.

Implications of NACE Rev. 2

The revision has mainly affected the breakdown of value added, employment and compensation of employees. The tables in the "Euro area statistics" section of the Monthly Bulletin now report ten aggregates of economic activity, compared with six previously, according to the so-called "A10 industry breakdown",[5] giving a more refined breakdown of activities, particularly in the case of services (see Table A). This is one of the major benefits of the new classification, allowing a more

1 NACE stands for "Nomenclature statistique des activités économiques dans la Communauté Européenne" and defines the statistical classification of economic activites in the European Community. For more information on NACE Rev. 2 and the links to other classifications, please refer to "NACE Rev. 2: Statistical classification of economic activities in the European Community", available on the Eurostat website (http://epp.eurostat.ec.europa.eu).
2 Comprehensive information on the introduction of NACE Rev. 2 in short-term business statistics can be found in Box 4 of the April 2009 issue of the Monthly Bulletin.
3 National accountants agreed on specific NACE Rev. 2 breakdowns for their use. These are specified in Commission Regulation (EU) No 715/2010 of 10 August 2010 amending ESA 95, which introduces NACE Rev. 2.
4 See revised Tables 5.2.2, 5.3.1 and 5.1.4 in the "Euro area statistics" section of this issue of the Monthly Bulletin.
5 See the tables mentioned in footnote 4. A detailed description of the breakdown can be found in the annex to Commission Regulation (EU) No 715/2010.

Table A Broad correspondence between the sections in NACE Rev. 1.1 and NACE Rev. 2

NACE Rev. 1.1			NACE Rev. 2		
Section	Activities	% of total in 2010	Section	Activities	% of total in 2010
1 A, B	Agriculture, hunting, forestry and fishing activities	1.7	1 A	Agriculture, forestry and fishing	1.7
2 C, D, E	Mining, manufacturing and energy	18.6	2 B, C, D, E	Manufacturing, energy and utilities	18.9
3 F	Construction	5.9	3 F	Construction	6.2
4 G, H, I	Trade, repairs, hotels and restaurants, transport and communication	20.6	4 G, H, I	Trade, transport, accommodation and food services	19.0
5 J, K	Financial, real estate, renting and business activities	29.3	5 J	Information and communication	4.4
6 L, M, N, O, P	Public administration, education, health and other services	24.1	6 K	Finance and insurance	5.3
			7 L	Real estate	11.2
			8 M, N	Professional, business and support services	10.1
			9 O, P, Q	Public administration, education, health and social work	19.6
			10 R, S, T, U	Arts, entertainment and other services	3.7

Sources: Eurostat and ECB calculations.
Note: The titles of the activities referred to in the table may differ from the official titles. Shares refer to value added.

detailed analysis of those industries. New individual breakdowns are available for "Information and communication", "Finance and insurance activities" and "Real estate activities", as well as "Professional, scientific and technical activities; administrative and support service activities".

Implementation of NACE Rev. 2

Eurostat published the euro area main national accounts aggregates, which had been revised in accordance with the NACE Rev. 2 classification, on 6 December 2011 and added more details on 11 January 2012 in its third release of euro area and EU data for the third quarter of 2011. Several countries provided timely data in accordance with the new classification in September 2011, as envisaged by the Regulation. However, others did not, meaning that the European aggregates data were incomplete. The release of the data was therefore postponed. While most euro area countries have now provided the majority of the main aggregates by industry, improvements are still needed with regard to the availability of the compensation of employees breakdown and the more detailed national annual data by industry. The fact that a number of countries have already provided revised long time series from the 1990s or 1980s in NACE Rev. 2, even though only data as of the first quarter of 2000 were legally[6] required by September 2011, is to be welcomed. The changeover to the new activity classification is scheduled to be fully complete in September 2012, when additional data covering periods before 2000 will be made available for all countries, allowing long euro area time series to be compiled.

The impact of the changeover

In some countries, the changeover was also used as an opportunity to incorporate improved compilation methods and data sources. In Table B, different revision measures are given for

6 See reference in footnote 3.

Table B Revisions in quarterly main aggregates after the introduction of NACE Rev. 2

(percentage points)

Indicator	Average revision	Range of revision	Absolute average revision	Memo item: Absolute average of annual change in %
GDP, chain-linked volume	0.02	-0.1 to 0.1	0.04	0.86
Gross value added, chain-linked volume	0.02	-0.2 to 0.1	0.05	0.84
of which:				
industry including construction	0.05	-0.6 to 0.7	0.27	1.86
all services	-0.03	-0.3 to 0.3	0.14	0.53
Total employment	-0.01	-0.1 to 0.1	0.04	0.34
of which:				
industry including construction	-0.02	-0.3 to 0.2	0.10	0.68
all services	-0.04	-0.1 to 0.1	0.05	0.26
Total hours worked	-0.08	-0.4 to 0.2	0.17	0.70
of which:				
industry including construction	-0.12	-0.7 to 0.6	0.27	1.35
all services	-0.09	-0.5 to 0.3	0.19	0.51
Compensation of employees	-0.04	-0.2 to 0.1	0.05	0.56
of which:				
industry including construction	0.10	-0.2 to 0.7	0.16	1.20
all services	-0.08	-0.2 to 0.1	0.09	0.52

Sources: Eurostat and ECB calculations.
Note: Revision in annual changes of seasonally and working day-adjusted data from Q1 2006 up to Q2 2011.

the main economic indicators for the period from the first quarter of 2006 onwards. While the average revision in the annual changes is, as expected, very small for the economy as a whole, the changeover – which has involved improved and additional information being made available – has led to slightly higher revisions for industry and services, especially in terms of total hours worked and compensation of employees. The employment data were virtually unaffected by the changeover. These results are confirmed by the absolute average revision and the variation in the range of revisions.

Overall, the main statistical improvements brought about by the changeover are a result of additional information being available on the services industries. The application of the changeover to the output, income and employment measures of GDP also restores consistency with the short-term indicators for which NACE Rev. 2 was implemented in 2009. The development of the time series at higher levels of aggregation is only slightly affected by the changeover. However, further revisions in the coming months cannot be ruled out, in particular for the compensation of employees data, which still need to include further national releases in the new classification.

LABOUR MARKET

Conditions in the euro area labour markets are deteriorating. Employment growth has turned negative and the unemployment rate has started to edge upwards. Survey data anticipate a further weakening.

Employment declined by 0.1% quarter on quarter in the third quarter of 2011, following three quarters of positive growth (see Table 7). At the same time, hours worked increased by 0.1%. At the sectoral level, on a quarter-on-quarter basis, the latest employment figure reflects a sharp decline in construction of 1.6%. Employment in both the industry (excluding construction) and services sectors displayed flat growth in the third quarter. Survey indicators signal a likely further contraction in employment in the fourth quarter of 2011 (see Chart 31).

Table 7 Employment growth

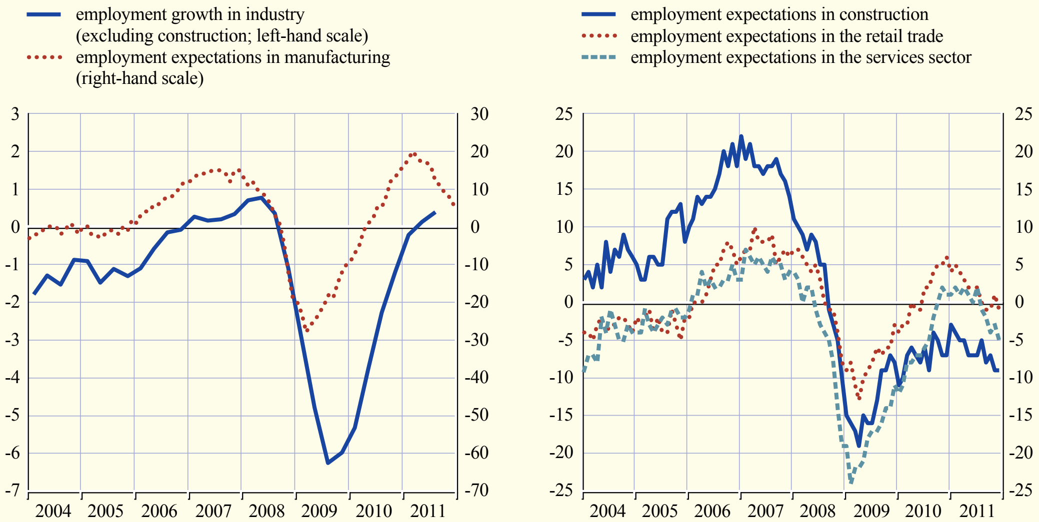
(percentage changes compared with the previous period; seasonally adjusted)

	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2009	2010	2011 Q1	2011 Q2	2011 Q3	2009	2010	2011 Q1	2011 Q2	2011 Q3
Whole economy	-1.8	-0.5	0.1	0.2	-0.1	-3.4	0.0	0.6	-0.1	0.1
of which:										
Agriculture and fishing	-2.2	-0.9	-1.6	0.8	-1.0	-3.1	-0.7	-0.7	-0.4	-1.6
Industry	-5.6	-3.3	-0.2	0.0	-0.5	-8.7	-1.8	0.5	-0.4	-0.2
Excluding construction	-5.0	-3.2	0.2	0.1	0.0	-8.9	-0.9	0.7	-0.1	0.2
Construction	-6.8	-3.7	-1.2	-0.3	-1.6	-8.3	-3.6	0.2	-1.1	-1.1
Services	-0.5	0.4	0.2	0.3	0.0	-1.6	0.6	0.7	0.0	0.4
Trade and transport	-1.8	-0.7	0.0	0.5	0.2	-2.9	-0.3	0.5	0.2	0.6
Information and communication	-0.8	-1.0	1.0	0.3	-0.2	-1.3	-0.5	1.4	0.3	0.3
Finance and insurance	0.1	-0.8	0.5	-0.2	-0.1	-1.5	-0.3	1.1	-0.5	-0.3
Real estate activities	-2.7	-0.5	1.7	-0.5	-1.0	-3.7	0.9	1.0	-1.7	-0.1
Professional services	-2.5	1.8	0.9	0.9	-0.3	-3.8	2.5	1.5	0.3	0.2
Public administration	1.4	1.1	-0.2	-0.1	0.0	1.1	1.3	0.3	0.0	0.1
Other services [1]	1.1	0.7	0.4	-0.1	0.2	-0.3	0.1	0.7	-0.7	1.4

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

Chart 31 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)

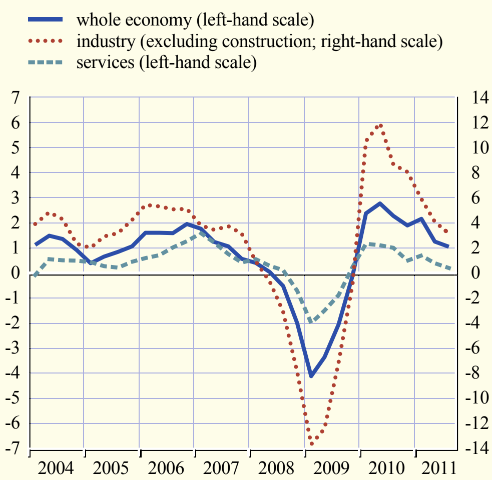


Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Percentage balances are mean-adjusted.

The annual rate of change in productivity per person employed eased from 1.3% in the second quarter to 1.0% in the third quarter of 2011 (see Chart 32). Productivity growth rose in construction, while it declined in industry (excluding construction) and, albeit to a lesser extent, in services. At the same time, the annual growth rate of hourly labour productivity decreased by 0.5 percentage point to 0.8% between the second and third quarters. Looking ahead, the latest readings of the PMI productivity index suggest further declines in productivity growth in the fourth quarter.

Chart 32 Labour productivity per person employed

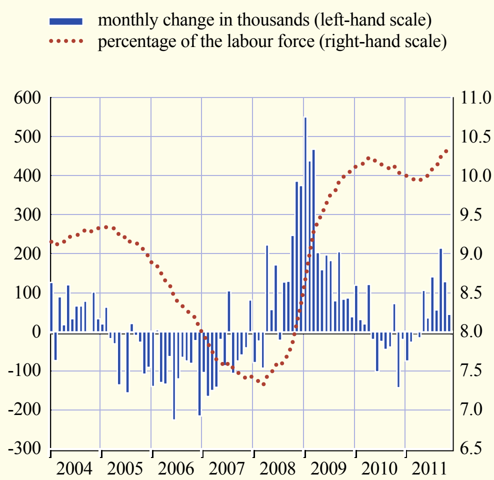
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 33 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

The unemployment rate, which rose by 0.1 percentage point in both September and October, remained unchanged at 10.3% in November 2011. This is above the level at which it previously peaked in the second quarter of 2010 (see Chart 33).

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

At present, a number of factors seem to be dampening the underlying growth momentum in the euro area. They include moderate global demand growth and weak business and consumer confidence in the euro area. Domestic demand is likely to be dampened by the ongoing tensions in euro area sovereign debt markets, as well as the process of balance sheet adjustment in the financial and non-financial sectors. At the same time, euro area economic activity should recover, albeit very gradually, in the course of 2012, supported by developments in global demand, very low short-term interest rates and all the measures taken to support the functioning of the financial sector.

Substantial downside risks to the economic outlook for the euro area continue to exist in an environment of high uncertainty. They notably relate to a further intensification of the tensions in euro area debt markets and their potential spillover to the euro area real economy. Downside risks also relate to the global economy, protectionist pressures and the possibility of a disorderly correction of global imbalances.

ARTICLES

THE INTERPLAY OF FINANCIAL INTERMEDIARIES AND ITS IMPACT ON MONETARY ANALYSIS

Since the start of Stage III of Economic and Monetary Union, financial intermediation has evolved both in size and complexity. The financial balance sheet of nearly all sectors in the euro area has grown at a faster pace than economic activity, with the largest increases taking place within the financial sector. This points to an environment of intensified financial intermediation in the economy, with implications for the channels through which, and the lead time at which, money growth signals risks to inflation. This article analyses the role and changing patterns of financial intermediation in the euro area, and examines the implications for the conduct of monetary analysis.

1 INTRODUCTION

The monetary policy strategy of the ECB assigns a prominent role to monetary analysis in recognition of the robust relationship between monetary growth and inflation in the medium to long run.[1] Whereas the long-run link between money growth and inflation is well documented across time, policy regimes and regions,[2] the lead time of money to inflation reflects long and variable lags. The variability of this lead time is rooted in the complex interaction between money, the real economy and asset markets, in part based on financial innovation in products, processes and institutions, but also as a result of an increase in global interconnectedness.[3] For instance, the fast innovation process, combined with increased wealth accumulation in an ageing society, has led to an intensification of the process of financial intermediation and a strenghthening of the link between monetary developments and asset prices. This has affected the importance of different channels through which increased money growth can lead to risks to inflation and requires detailed data, as well as a good understanding of changes in the financial structure.

This article describes developments in the financial intermediation environment in the euro area, and illustrates its implications for monetary analysis. Section 2 describes the role, evolution and current state of financial intermediation in the euro area. Section 3 explores the available data to extract information on interlinkages and cross-sector balance sheet exposures between the institutional sectors. Section 4 analyses the effect of an increasingly complex financial environment on the task of extracting signals for inflation from monetary developments. Section 5 concludes.

2 THE EVOLUTION OF FINANCIAL INTERMEDIATION IN THE EURO AREA

This section describes the current state of financial intermediation in the euro area, as well as its evolution since 1999. It looks first at intermediation in a conceptual framework, and then examines the evolution of the balance sheets of the institutional sectors in the euro area.

THE FUNCTIONS OF FINANCIAL INTERMEDIATION

The preferences of agents on how to use their resources vary. Savers have a preference for putting funds aside for future consumption, while borrowers would rather increase their consumption today or invest in projects that will yield higher returns in the future. Typically, savers would like easy access to their savings at any time, while borrowers are likely to prefer long-term funding. Reconciling the different desires of savers and borrowers in terms of maturity and returns is one of the aims of the process of financial intermediation.[4] Financial intermediaries perform several services: (i) *maturity transformation*, which, as described, is perhaps the most obvious; (ii) *transformation of denomination*, whereby, for example, small participations in investment funds allow households to access large-denomination assets; (iii) *monitoring and information processing*,

1 See, for example, Papademos, L. and Stark, J. (eds.), *Enhancing Monetary Analysis*, ECB, Frankfurt am Main, 2010.
2 See, for example, Benati, L., "Long-run evidence on money growth and inflation", *Working Paper Series,* No 1027, ECB, Frankfurt am Main, March 2009.
3 See the article entitled "The supply of money – bank behaviour and the implications for monetary analysis", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2011.
4 See, for example, Freixas, X. and Rochet, J-C., *Microeconomics of Banking*, 2nd edition, MIT press, Cambridge, Massachusetts, 2008, for a number of examples of how financial intermediations can correct market failures.

whereby the financial intermediary acts as a delegated monitor on behalf of savers, as well as performing the costly act of information gathering on behalf of small-scale investors; (iv) *payment services*, as financial intermediaries facilitate the trade and payment of goods and services between agents; (v) *liquidity transformation*, referring, for example, to the transformation of illiquid loans into a more liquid asset-backed security (ABS); (vi) *transaction cost reduction*, as financial intermediaries exploit economies of scale to perform financial transactions at lower marginal prices than small-scale investors.

Beyond this ability to perform the tasks outlined above, which in most cases can be conducted by several types of intermediaries, a clear distinction should be made between monetary and non-monetary financial intermediaries. Monetary financial intermediaries, such as banks, are the only intermediaries capable of creating money and monetary liquidity.[5]

FINANCIAL INTERMEDIATION IN THE EURO AREA

The financial exchange between savers and borrowers in the euro area is channelled either directly via financial markets or indirectly via three broad groups of financial intermediaries, namely monetary financial institutions (MFIs), insurance corporations and pension funds (ICPFs), and non-monetary financial intermediaries other than ICPFs, which are known as other financial intermediaries (OFIs). Box 1 provides a short description of the various financial intermediaries in the euro area.

5 See the article entitled "The supply of money – bank behaviour and the implications for monetary analysis", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2011.

Box 1

FINANCIAL INTERMEDIARIES OPERATING IN THE EURO AREA

The different financial intermediaries present in the euro area all perform one or more of the services described above, depending on their core function. This box provides a short overview of the services provided by the different types of intermediaries, using the European System of Accounts (ESA 95) classification.[1]

MONETARY FINANCIAL INSTITUTIONS (MFIs)

Credit institutions

While credit institutions (or banks) perform most or all of the features described above, the distinctive feature of banks is that they specialise in maturity transformation and providing liquidity at the same time through their capacity to fund long-term loans by receiving short-term deposits. This specialisation implies an inherent instability in banking business. Banks remain able to lend to borrowers only as long as depositors are confident that they will be able to withdraw their deposits at any time. Apart from maturity transformation, banks provide payment services through, for example, cheques, debit and credit cards, and therefore play a crucial role in facilitating the smooth functioning of day-to-day purchases of goods and services. By the end of November 2011 there were 6,230 credit institutions in the euro area.

1 ESA 95 is a statistical standard which provides harmonised classifications of economic sectors within the European Union.

Eurosystem

The Eurosystem comprises the ECB and the national central banks within the euro area. The role of the Eurosystem in financial intermediation is to implement the monetary policy of the euro area, for example by distributing central bank liquidity, conducting foreign exchange operations (transformation of denomination) and promoting the smooth operations of payment systems. Additionally, the ECB has the exclusive right to authorise the issuance of banknotes within the euro area.[2]

Money market funds

Money market funds are funds which raise capital from private and institutional investors by issuing shares and/or units, and invest the proceeds in high quality money market instruments. For example, they change denominations and conduct liquidity management. Money market instruments comprise transferable instruments, such as treasury and local authority bills, certificates of deposit, commercial paper, medium-term notes and bankers' acceptances. These are normally dealt on the money market, rather than on the regulated markets. Money market funds are an important source of short-term funding, and are regarded as monetary financial institutions because the share/units issues are, in terms of liquidity, close substitutes for deposits. By the end of November 2011 there were 1,376 money market funds in the euro area.[3]

In addition to credit institutions, money market funds and the Eurosystem, there are other MFIs in the euro area. At end-November 2011, there were 30 other MFIs in the euro area in total. These included electronic money institutions, which are institutional units that mainly provide a means of storing money for the purpose of making payments.[4]

INSURANCE CORPORATIONS AND PENSION FUNDS (ICPFs)

Insurance corporations grant policy-holders benefits for certain specified circumstances, while (autonomous) pension funds collect, pool and invest funds to provide for the future pension entitlements of beneficiaries.[5] As such, both types of intermediaries' provisions include the service of transformation of denomination to households. ICPFs play a key role in shaping households' asset portfolios, as nearly a third of household financial assets are invested in ICPF liabilities (insurance technical reserves). This share has increased significantly over the past decade (it was less than a quarter in 1999), reflecting demographic trends and the perceived need to create complementary pension schemes. In terms of balance sheets, the ICPF sector is dominated by insurance corporations, which hold about 80% of total ICPF assets.

ICPFs are major investors in financial markets. Being long-term investors, they are generally a source of stability for financial markets. However, the size of their investment portfolios implies that markets may be moved if thier funds are reallocated or their positions unwound, as is the

2 See European Central Bank, *The monetary policy of the ECB*, Frankfurt am Main, 2011.
3 The statistical definition of money market funds has been aligned with the supervisory definition under Regulation ECB/2011/12 of August 2011. The transition period to the new statistical definition of MMFs ends in February 2012.
4 Electronic money institutions classified as MFIs are defined in Regulation ECB/2011/12. Some corporations (e.g. retailers) issue electronic money. As this is not their principal activity, these are outside the financial sector.
5 See the article entitled "Keeping the ECB's monetary and financial statistics fit for use", *Monthly Bulletin*, ECB, Frankfurt am Main, August 2011.

case for other institutional investors, such as investment funds. At end-June 2011 there were an estimated 3,400 insurance corporations and 3,200 autonomous pension funds in the euro area.

NON–MONETARY FINANCIAL INSTITUTIONS OTHER THAN ICPFs (OFIs)

Investment funds

Investment funds raise capital from private and institutional investors by issuing shares and/or units and invest the proceeds in financial and non-financial assets. As financial intermediaries, investment funds perform two main functions: (a) they offer investors the opportunity to invest in a diversified pool of assets with a single purchase of shares/units (transformation of denomination), and (b) their investments provide a source of funding to other sectors, such as MFIs, non-financial corporations and government agencies (maturity transformation).[6] In the second quarter of 2011 there were 48,913 investment funds in the euro area.

Financial vehicle corporations

Financial vehicle corporations[7] (FVCs) are entities that predominantly carry out securitisation activities (see Box 2 for more details). "Securitisation" denotes a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans, is transferred from an originator (usually a credit institution) to an FVC. The FVC effectively converts these assets into marketable securities by issuing debt instruments with both principal and interest serviced with the cash flows produced by the asset pool. As such, securitisation is used by MFIs in order to transform non-liquid assets into liquid assets and, by doing so, free part of their balance sheet and obtain an additional source of funding. In the third quarter of 2011 there were 2,972 FVCs in the euro area.

Central counterparties

A central counterparty (CCP) is an entity that legally interposes itself between counterparties to contracts traded in financial markets, becoming the buyer to every seller and the seller to every buyer. Therefore, CCPs offer the advantage of reducing a great deal of the counterparty risk for trading parties, compared with direct trading. These intermediaries facilitate the trading in derivatives and equity markets, and have become an important actor in the repo market. At the end of November 2011 there were eight CCPs in the euro area.

Other OFIs

Aside from the three types of financial intermediaries described above (investment funds, FVCs and CCPs), the OFI sector includes other types of entities, such as financial holding companies, security and derivative dealers, venture capital and other development companies, and generally any other non-monetary and financial intermediary not classified elsewhere.

Finally, there are payment institutions, whose function is to provide payment services, such as money transmission, without being a monetary institution.

6 See the article entitled "Harmonised ECB statistics on euro area investment funds and their analytical use for monetary policy purposes", *Monthly Bulletin*, ECB, Frankfurt am Main, August 2010.
7 Along with other types of OFIs, these entities are often referred to as the shadow banking industry.

Table 1 Total financial assets outstanding in the euro area and sectoral breakdown

(percentage)

	1999	2007	2008	2009	2010
Households	24.8	21.0	20.2	20.3	20.1
Non-financial corporations	18.9	18.7	17.5	17.8	17.9
Financial corporations	51.9	56.8	58.5	58.1	58.1
- Monetary financial institutions	32.2	36.2	40.6	38.0	37.9
- Credit institutions	29.5	32.6	35.6	33.4	33.3
- Money market funds	-	1.3	1.5	1.4	1.2
- Eurosystem	2.0	2.4	3.5	3.2	3.4
- Insurance corporations	5.7	5.6	5.4	5.7	5.7
- Pension funds	1.4	1.4	1.4	1.4	1.4
- Other financial intermediaries	12.9	15.1	14.0	15.3	16.3
- Investment funds	6.6	5.9	5.2	6.1	6.7
- Financial vehicle corporations	-	-	-	2.6	2.5
General government	4.4	3.5	3.8	3.8	4.0
Total economy	**100**	**100**	**100**	**100**	**100**
Total economy (in EUR billions)	51,326	87,051	85,733	89,491	93,350
Total economy (as a percentage of GDP)	797	963	927	1,001	1,017

Sources: ECB and Eurostat.
Note: As the data are collected from different datasets with varying accounting principles, sub-sectors may add up to more than the total sector."-" indicates that data are not available.
The data are unconsolidated, so include, for example, interbank lending.

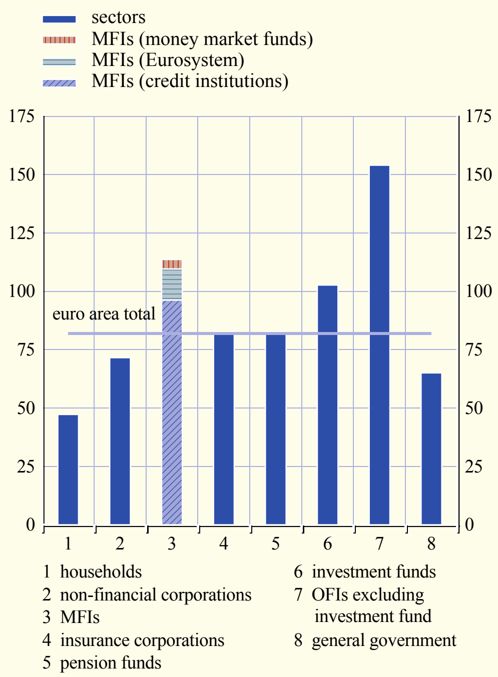
Table 1 shows the breakdown of outstanding financial assets across the various euro area institutional sectors since 1999. Financial corporations accounted for 58% of the total financial assets outstanding at the end of 2010. More than half of this was held by MFIs, with credit institutions holding by far the largest share, while a quarter was held by OFIs and the remainder by ICPFs. Households and non-financial corporations each held around 20% of the total outstanding assets, while general government accounted for only 4%.

The value of total euro area financial assets has almost doubled, compared with 1999. The overall growth in the value of financial assets has outpaced the growth in nominal GDP, as the value of outstanding financial assets relative to GDP has grown from around 800% in 1999 to just over 1,000% in 2010.

The increase in outstanding financial assets has been unequal among sectors, as the financial sector has increased its asset holdings by more than the non-financial sectors. This applies in particular to MFIs and OFIs, the financial holdings of which have more than doubled since 1999 (see Chart 1), which has resulted in an

Chart 1 Increase in financial assets from 1999 to 2010 by sector

(total percentage change)



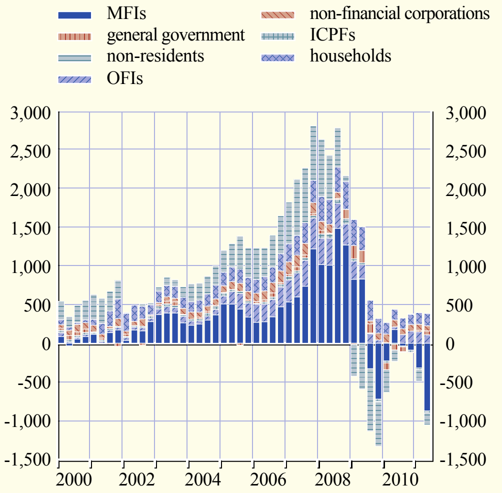
Source: ECB.
Note: Item 3 (MFIs) is broken down into the contributions of the MFI sub-sectors to the total percentage increase in the financial assets of the MFI sector. The horizontal line represents the percentage increase in total financial assets in the euro area.

increase in the share of these two sub-sectors' total value of euro area financial assets. Chart 1 shows that the increase in MFI asset holdings has predominantly been driven by credit institutions. Chart 1 also reveals that investment funds (which include hedge funds) resident in the euro area have not been the main driver of the growth in total OFI asset holdings. Market data show that securitisation activity increased tenfold between 2000 and 2008. This suggests that much of the increase in total OFI holdings can be attributed to FVCs. The increased business between MFIs and CCPs (see Section 4) also points to CCPs as being responsible for part of that increase. Households, as the sector presenting the lowest balance sheet growth, have increased their holdings of financial assets by 47%, resulting in a decreasing share of total financial assets.[6] These developments point to more and more financial interaction taking place within the financial sector itself, without the balance sheets of the non-financial sector being affected.

However, the developments in balance sheets over the years have not been without fluctuations, as illustrated in Chart 2. This depicts four-quarter cumulated transactions in deposits with MFIs. It shows a rapid increase during the years before the financial crisis, and an even more rapid decrease after the crisis. The decrease was particularly strong for deposits held by other MFIs and the external sector (mostly non-resident MFIs), pointing to higher volatility and instability in the interbank lending market, as opposed to deposit funding by the non-financial sector.

Chart 2 Deposits with euro area MFIs by sector

(four-quarter cumulated transactions; EUR billions)



Source: ECB.

3 SECTOR INTERLINKAGES AND BALANCE SHEET EXPOSURES

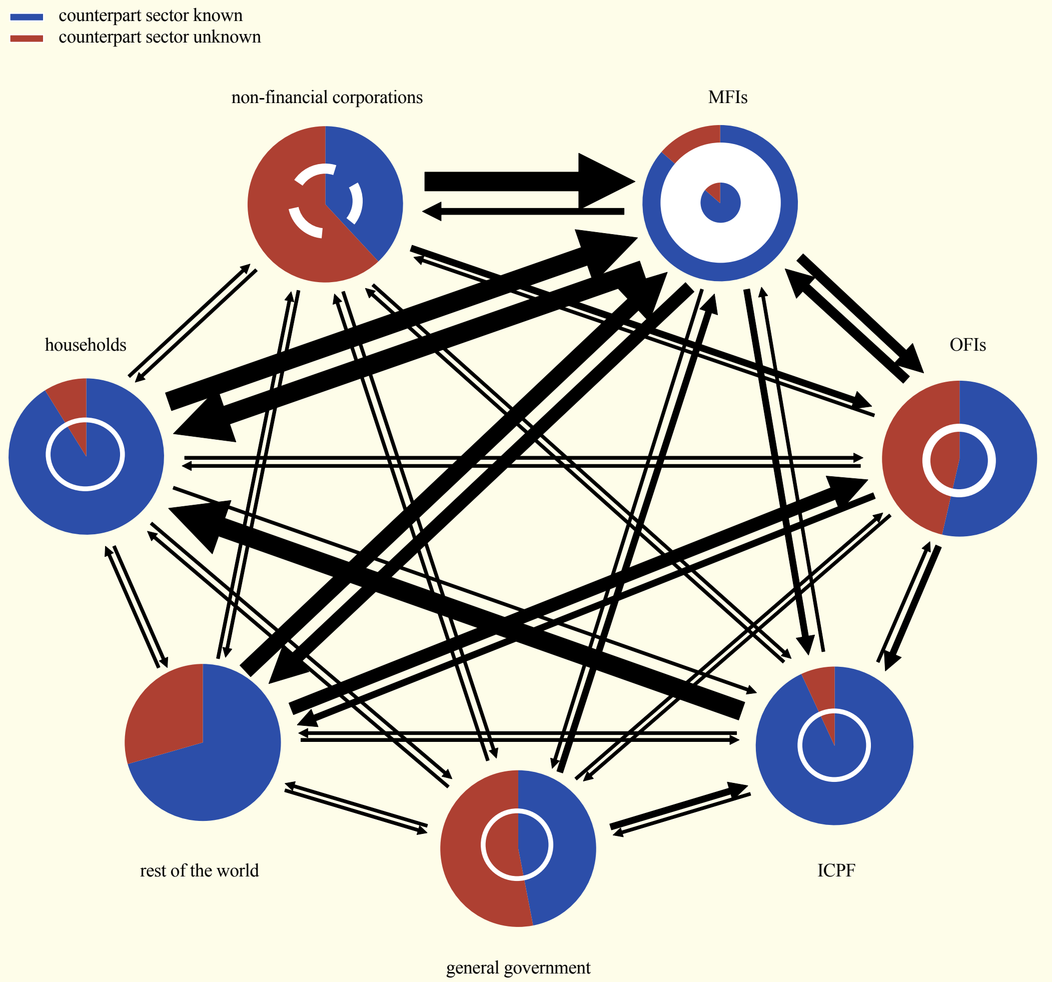
Using information from the euro area accounts, augmented by different sector-specific datasets,[7] an "exposure map" in quantitative terms can show the balance sheet interlinkages between the different sectors in the euro area and the rest of the world. The various interlinkages can only be partially traced, as a complete account of which sector holds the liability of each of the sectors (the so-called "from-whom-to-whom" accounts) is not yet fully available.

Chart 3 depicts such an exposure map. The pie charts for the individual sectors illustrate the extent to which the counterpart of each sector's liabilities can be identified. In the case of non-financial corporations, it is only possible to identify the counterparty sector for 38% of the outstanding liabilities (the blue part of the pie chart). Arrows between sectors represent their cross-sector exposures, and the direction goes from the issuer of the liabilities to the holder. The thickness of each arrow illustrates the size of the exposure. Thus, the arrows between non-financial corporations and MFIs show that MFIs hold a larger amount of the liabilities issued by non-financial corporations than vice versa. The circles within the pie charts for each

6 During this period an important increase in non-financial wealth has occurred, mainly in housing, predominantly affecting households. Non-financial assets are not, however, included in the data discussed.

7 In addition to the euro area accounts, the exposure map relies on the balance sheet item, ICPF, Investment Funds Balance Sheet and FVC statistics, which are all part of the euro area monetary and financial statistics.

Chart 3 Cross-sector balance sheet exposure in the euro area (2010)



Sources: ECB and ECB calculations.
Notes: Arrows pointing from sector A to sector B indicate that sector B holds claims on sector A, i.e. sector A liabilities are held by Sector B. The thickness of the arrows illustrates the magnitude of exposure.
The circle inside each sector pie chart indicates liabilities issued and held by that same sector. The thickness of the circle illustrates the magnitude of intra-sector exposure. For NFCs, the circle is dashed, as the internal liabilities are most likely substantially underestimated. For "rest of the world", there is no circle as, by definition, this is not covered by euro area statistics.

individual sector illustrate the liabilities issued and held by that sector. Like the arrows, the thickness of these inner circles is proportional to the amounts. According to the available data, the amount of liabilities held within the same sector is larger for MFIs than for non-financial corporations. However, as indicated by the share of unknown counterparties (the red area in the pie charts), the amount of liabilities issued and held by non-financial corporations can only be determined with a very low degree of certainty. For this reason, in the particular case of non-financial corporations, the inner circle is dashed. For similar reasons, the pie chart for the rest of the world does not contain an inner circle, given that liabilities issued and held by the rest of the world are not covered by euro area statistics.

Several key points can be derived from the exposure map. First, all sectors are interconnected, although the degree of bilateral connection varies significantly. Second, there is a high degree of heterogeneity in the share of liabilities with a known counterpart sector. For example, liabilities of households consist almost entirely of loans, typically granted by MFIs or held by OFIs as a consequence of securitisation. The counterpart of loans is well documented in official statistics, which is why the counterpart sector of 91% of liabilities issued by households can be identified. By contrast, about half of the liabilities issued by non-financial corporations are shares and other equity. It is harder to identify the holders of these. All in all, when adding up the liabilities issued in the euro area and those issued elsewhere in the world but held within the euro area, a counterpart sector can be identified for 65% of these liabilities.[8] Both the size of the financial balance sheet of each institutional sector, as illustrated in Section 2, and the interlinkages across sectors have increased considerably since 1999. The balance sheet increase has been especially apparent in the financial sectors, particularly the OFI sector.

Another important message conveyed by the patterns in Chart 3 is that the MFI sector acts as a financial hub, especially (but not exclusively) as regards the non-financial sector. At the same time, the MFI sector is also clearly exposed to the rest of the world. This implies that, while the non-financial sector is highly dependent on a well-functioning MFI sector, it is also exposed to developments abroad through the exposure of MFIs vis-à-vis the rest of the world. Additionally, as the MFI sector itself is as interlinked as documented in Chart 3, stress in one segment of the banking sector can quickly spread to the whole banking system and on to the non-financial sectors.

The pattern of cross-exposures in 1999 was very similar to that of the end of 2010. However, the counterpart to only 48% of liabilities outstanding in 1999 can be identified. The main sources of improvement in counterparty identification have been the enhancement of MFI and investment fund statistics, and the introduction of statistics on ICPFs and FVCs. This has had a positive impact, especially on the identification of holders of OFI liabilities, but also to a lesser extent on the identification of holders of liabilities issued by ICPFs, non-financial corporations and general government. This is also the case for the rest of the world.

Overall, the description of financial intermediation above and the data shown point to an environment in which strong interactions among financial intermediaries have resulted in a lengthening of the financial intermediation chain. The potential implications of this for monetary analysis will be discussed in the next section.

4 THE IMPLICATIONS OF THE INTERPLAY OF FINANCIAL INTERMEDIARIES FOR MONETARY ANALYSIS

The monetary analysis of the ECB is grounded in the well-documented relationship between money growth and inflation: general increases in money balances will eventually induce higher consumption spending which, if not offset by increases in output, will result in inflation.[9] This section analyses how the interactions between the various financial intermediaries – both monetary and non-monetary – affect the variables that are typically used for monetary analysis (mainly money and credit aggregates), and potentially the closeness of the link between such variables and inflation. The analysis is presented in four sub-sections, which discuss the implications of the interaction among financial intermediaries for the measurement of money, the relationship between money and credit (and the process of money creation), and the link between money and consumer price inflation, including the asset price channel.

IMPLICATIONS FOR THE MEASUREMENT OF MONEY

There is a change in the overall amount of money in the economy every time an MFI

8 Identifying the counterpart does not necessarily lead to the holder of the risk being identified. Through derivatives, for example, risks can be transferred to another entity. This does not show up on balance sheets, as the market value of a derivative contract is usually zero or close to zero.

9 See, for instance, Benati, L., "Long-run evidence on money growth and inflation", *Working Paper Series,* No 1027, ECB, Frankfurt am Main, March 2009.

liability comprised in the definition of money is transferred in or out of the money-holding sector. The same occurs if the money-holding sector rearranges its holdings of MFI liabilities from instruments within money to instruments outside money or vice versa.

The amount of money in the economy decreases when, for instance, an investment fund acquires foreign equities from outside the euro area or when an FVC settles its debt with a bank for the previous purchase of a loan. However, it increases when, for example, a credit institution engages in a reverse repo with a CCP. This illustrates that a longer financial intermediation chain tends to increase the short-term volatility of broad money measures. The increased interaction between financial intermediaries not only adds volatility to the evolution of the monetary aggregates, it also increases the need to understand the institutional landscape of financial intermediation and the motivation underlying different transactions. This knowledge helps discern between movements in money that have more direct informational content for the analysis of consumer price trends and those that are of a less fundamental nature from a monetary analysis point of view. For example, a transaction between two banks through a CCP is essentially an inter-MFI transaction, which has an impact on money and credit aggregates only because it is conducted through an entity – the CCP – belonging to the money-holding sector. In conjunction with the overall information on other inter-MFI transactions, the level of inter-MFI business conducted via a CCP nonetheless provides valuable information with regard to inter-MFI funding conditions. Indeed, secured inter-MFI transactions conducted via CCPs have increased markedly since the onset of the financial crisis, as CCPs reduce counterparty risk and have partially offset the decrease observed in direct unsecured interbank business.

A more complex implication of the interactions between MFIs and other financial intermediaries relates to the securitisation technology, whereby an FVC – a non-monetary financial intermediary, and thus part of the money-holding sector – buys MFI loans and issues securities backed by these loans. While true-sale securitisation has an immediate impact on MFI loans, as the loans are no longer on the banks' balance sheet,[10] the impact on money is less straightforward. On the one hand, the purchase of MFI loans by FVCs can eventually result in a decrease in money aggregates.[11] When an FVC buys a pool of loans from an MFI, this is paid for by money collected from the proceeds of the product of the securitisation, typically ABS. If the ABS is bought by an entity within the money-holding sector, this entity may purchase the ABS with money drawn from its deposits with a bank. This would decrease the outstanding monetary liabilities within the MFI sector, thus decreasing money balances. Seen from another perspective, the pool of loans sold to the FVC is funded by the investors in the FVC securities, and no longer funded by MFI monetary liabilities. On the other hand, if the ABS is bought by a non-resident, money balances do not decrease, as the transaction involves an inflow of money from outside the euro area. The same occurs if the ABS is bought by the MFI sector – a process usually referred to as "retained securitisation", which has become the main purpose of securitisation since late 2008. Here, the monetary aggregate does not decrease either, but for a different reason: in this case, the securitisation operation is basically reduced to a mere change in the composition of MFI asset holding. With regard to credit variables, retained securitisation mechanically results in a reduction in the stock of MFI loans (assuming derecognition) offset by an equal increase in MFI holdings of OFI debt securities, with no change in the stock of total MFI credit. Box 2 provides a statistical analysis on the interaction between the euro area MFI and FVC sectors based on a set of statistics which have been available since December 2009.

10 Following the adoption of IAS39 by euro area MFIs, a traditional securitisation transaction may not lead to a one-to-one decrease in the loan holdings if part of it is not derecognised. For more details, see the article entitled "Securitisation in the euro area", *Monthly Bulletin,* ECB, Frankfurt am Main, February 2008.

11 Very short-lived movements in money and credit may occur in order to finance the securitisation operation, for instance if the FVC is granted a bridge loan to finance the process.

Box 2

SECURITISATION AND THE INTERACTION BETWEEN MFIs AND FVCs

Securitisation transactions in the euro area typically involve two types of financial intermediaries: an MFI securitises assets using an FVC. Some securitisation transactions may involve multiple FVCs, which leads to further links in the financial intermediation chain. Total assets of euro area FVCs amounted to €2.2 trillion at the end of the third quarter of 2011, accounting for around 10% of the non-MFI financial sector.

The "originate to distribute" model, whereby MFIs used securitisation to turn long-term illiquid assets (loans) into more liquid assets that could be sold to investors, came to a halt with the financial crisis. During the financial crisis, however, securitisation continued, as MFIs instead retained the securities issued by FVCs for collateral in central bank refinancing operations. In addition, there have been transfers to some "bad bank" vehicles which are part of the FVC sector.

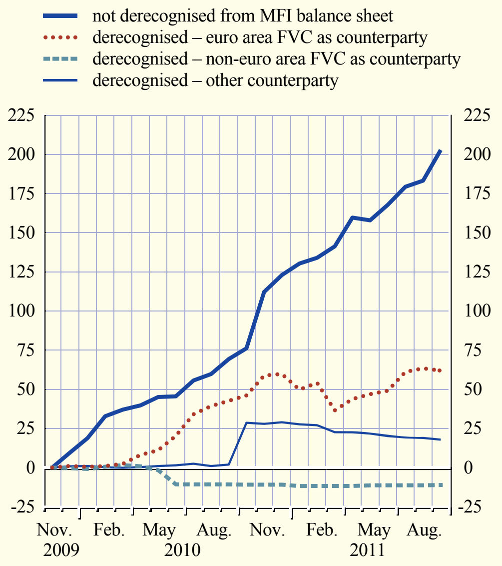
These developments can be monitored using the new harmonised statistics on securitisation by MFIs and FVCs which the ECB has published since June 2011, with time series dating back to December 2009.[1]

Euro area MFIs' use of euro area FVCs in securitisation transactions

Euro area MFIs overwhelmingly use FVCs resident in the euro area for their securitisation transactions. Euro area MFIs carried out loan securitisations or other transfers to a cumulative net amount of €271 billion between December 2009 and September 2011. Of this, €203 billion has remained on the MFIs' balance sheets (see Chart A), almost all of which was securitised through euro area FVCs.[2] The loans transferred which were removed from the MFIs' balance sheets during the period amounted to €69 billion. These loans have mainly been transferred to euro area FVCs, to the amount of €62 billion. Transfers to or from non-euro area FVCs and non-FVCs were limited over the period.

Chart A Cumulative securitisations and other transfers by MFIs from December 2009

(EUR billions)



Source: ECB.

Euro area FVCs' positions vis-à-vis the euro area MFI sector

A large part of the euro area FVC balance sheet relates to the MFI sector. In addition to the

1 See the article entitled "Keeping the ECB's monetary and financial statistics fit for use", *Monthly Bulletin*, ECB, Frankfurt am Main, August 2011, and quarterly press releases, which are available on the ECB's website (http://www.ecb.europa.eu).

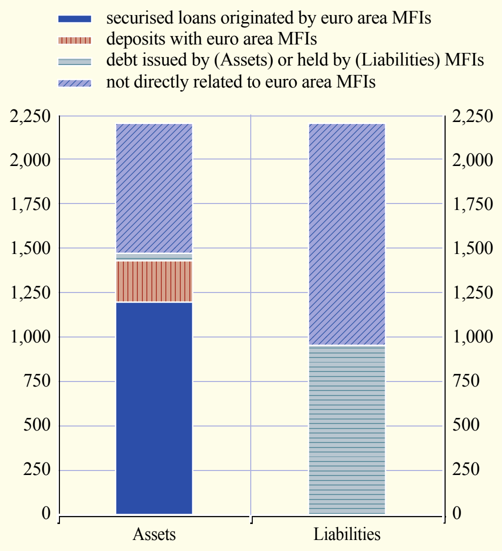
2 Outstanding amounts of loans securitised but not derecognised by euro area MFIs are also available. 95% of these are held by euro area FVCs.

securitised assets, further notable interlinkages between the two sectors arise when FVCs place deposits with MFIs and when debt securities issued by one sector are held by the other. The relationship of the euro area MFI sector with both the assets and the liabilities of euro area FVCs is presented in Chart B.

At the end of the third quarter of 2011, FVCs held €1.5 trillion worth of securitised loans, €1.2 trillion worth of which were originated by euro area MFIs (see Chart B). Two-thirds of these loans had been provided to euro area households – primarily residential mortgages, but also consumer credit, auto loans or student loans – and over a fifth had been provided to euro area non-financial corporations. Approximately half of MFI-originated loans are still recognised on the balance sheet of the originator, amounting to €590 billion in the third quarter of 2011.

Chart B Links to the MFI sector in FVC assets and liabilities in the third quarter of 2011

(EUR billions)



Source: ECB.

FVCs' holdings of debt securities issued by euro area MFIs came to €42 billion, approximately a fifth of the total debt securities held by FVCs. Out of all MFI-issued securities, €9 billion worth were held by FVCs engaged in synthetic securitisations.

On the liabilities side, debt securities issued by FVCs amounted to €1.8 trillion in the third quarter of 2011 – over 80% of FVCs' total liabilities. MFI holdings of euro area FVC securities totalled €953 billion in the same period. This indicates the degree to which MFIs have been relying on retained securitisations in the course of the financial crisis.[3]

3 Note that some of the holdings of FVC securities may relate to secondary market purchases, and may not be the product of a retained securitisation. In these cases, the valuation of the MFI holdings may indeed differ significantly from the nominal amount of principal.

IMPLICATIONS FOR THE PROVISION OF CREDIT

One of the factors determining the amount of MFI credit in the economy is the restrictions faced by MFIs owing to funding constraints. The interplay between MFIs and non-monetary financial intermediaries tends to ease this constraint, facilitating the extension of credit within the economy. Securitisation is an important example in this respect. On the demand side, this technology was encouraged by the growing demand among institutional investors, such as pension funds and insurance corporations, for securitised products prior to the financial crisis. On the supply side, transforming loans into securities is advantageous for banks for a number of reasons. Securitised assets are more liquid and, by pooling the portfolio of assets and using a variety of credit enhancement techniques, they can reach better credit quality than the original assets. Both features facilitate the tradability of banks' loan portfolios. This allows banks to either free up capital (by selling those securities) or increase their wholesale funding (by placing those securities in the repo market). There is evidence that greater access to market-based funding is associated with an expansion of MFI credit in the euro area.[12] However, a higher level of dependence by banks on other financial intermediaries and wholesale funding in general increases the impact of financial market conditions on banks' ability to obtain funds. In fact, evidence suggests that the impact of supply-side constraints, especially those related to disruptions to banks' access to wholesale funding and their liquidity positions, has intensified since the onset of the financial crisis.[13] As explained in Box 2, the technology of securitising loans has recently been almost exclusively driven by purchases of ABS by the same originating MFI, with the intention of generating collateral that is eligible for central bank liquidity-providing operations.

IMPLICATIONS FOR THE LINK BETWEEN MONEY GROWTH AND INFLATION

While there is a long-run relationship between money growth and inflation, this is not necessarily one to one. One of the main reasons is that money is not only held for the purpose of transactions in the goods and services markets, but also as a store of value. Not all sectors in the economy make use of these two functions of money to the same extent. Households and non-financial corporations are more likely to hold money for consumption and/or investment purposes than non-monetary financial intermediaries (both OFIs and ICPFs), which predominantly hold money for portfolio considerations, to settle financial transactions and to keep reserves for potential early redemptions of liabilities. A lengthening of the financial intermediation chain typically implies more non-monetary financial intermediaries in the economy and therefore that more money is held by these intermediaries. This tends to result in a decrease in the overall share of money growth that is motivated by consumption or real investment transactions.

Monetary transactions performed by financial intermediaries are generally motivated by portfolio considerations. These institutions manage their portfolios more actively than households. As a result, the money holdings of these intermediaries present much higher income elasticity than those of households, and they tend to react much faster and more aggressively to movements in market interest rates.[14] This should naturally result in higher growth in the money holdings of these intermediaries in periods when the levels of earnings and activity in the financial markets are high.

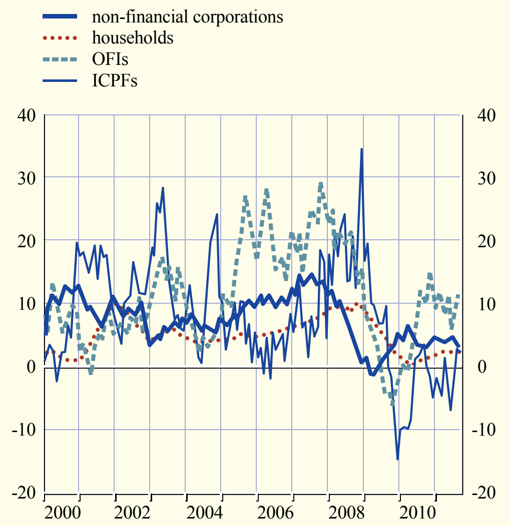
Charts 4 and 5 illustrate these features. Chart 4 shows that the growth in M3 deposits held by ICPFs and OFIs display a much higher level of volatility than the growth in M3 deposits held by both households and non-financial corporations. Chart 5 shows that the low-frequency component of annual growth in households' money holdings is more closely related to the evolution of consumer price inflation than that of OFIs. The money holdings the latter are generally higher in periods in which financial markets are more bullish, such as in the run-up to the financial crisis or in the period of the build-up of the dot.com bubble. This feature becomes clear when comparing stock prices and the trends in M3 deposit holdings by OFIs, as in Chart 5. The Eurostoxx 50 index and the OFI money holding trends move broadly in line with a lead of longer-term movements of OFI money holdings in the period from 1994 to 2011. This supports the view that OFI money holdings are more directly linked to asset prices than to consumer prices.

Developments in sectoral money holdings therefore provide helpful insights into whether changes in overall M3 growth reflect changes in the underlying rate of monetary expansion, as well as into the channels through which the link between money growth and consumer price inflation operates. This helps to better understand potential risks to price stability and possible lead times of money growth to inflation.[15] Overall,

12 See Gambacorta, L. and Marqués-Ibáñez D., "The bank lending channel: lessons from the crisis", *Economic Policy*, Vol. 26, No 66, pp. 137-182, 2011.
13 See the article entitled "The supply of money – bank behaviour and the implications for monetary analysis", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2011.
14 See Papademos, L. and Stark, J. (eds.), *Enhancing Monetary Analysis*, ECB, Frankfurt am Main, 2010, pp. 148-149.
15 See also the box entitled "Sectoral money holdings and the information content of money with respect to inflation", *Monthly Bulletin*, ECB, Frankfurt am Main, September 2006.

Chart 4 M3-deposits in the euro area by sector

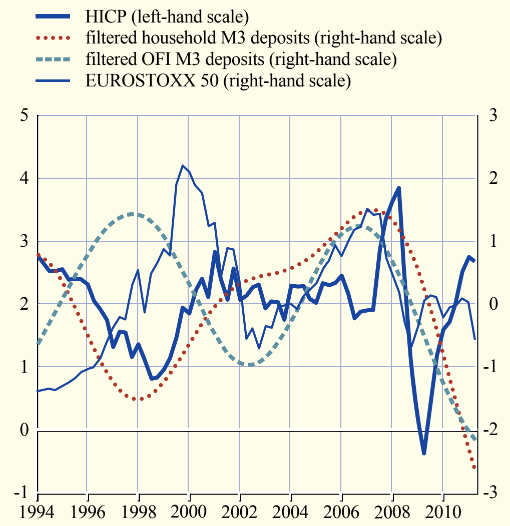
(annual percentage change)



Source: ECB.

Chart 5 Trends in sectoral M3, inflation and stock prices in the euro area

(annual percentage change; standardised annual percentage changes)



Source: ECB.
Note: The filtered household and OFI M3 series represent the low-frequency component derived using a Christiano-Fitzgerald asymmetric bandpass filter, with cycles longer than seven years considered as trend developments.

more developed financial markets may result in a clearer division between money held for consumption/transaction purposes and money held for portfolio and wealth reasons. Although they act via different channels, both play their part in signalling risks to price stability.

IMPLICATIONS FOR INFLATION AND MONETARY VARIABLES VIA THE IMPACT ON ASSET PRICES

While the increased relative presence of financial intermediaries in the economy is likely to have weakened the most immediate channel linking money growth and consumer price inflation, it is also likely to have reinforced the asset price channel. The empirical link between monetary variables and asset prices has been documented in a number of studies that have shown that money and credit growth can affect asset prices, particularly house prices, significantly.[16] The literature tends to identify the extra demand for assets derived from leveraged investment, together with increases in risk appetite,[17] as key factors explaining increases in asset prices at the aggregate level.[18] Furthermore, it is argued that this mechanism is strengthened by the active management of leverage by some financial intermediaries, adding to the increasing asset prices by boosting demand for financial assets financed by additional debt incurrence.[19] As depicted in Chart 5, there are close co-movements in asset prices and OFI money

16 See, for example, Goodhart, C. and Hofmann, B., "House prices, money, credit and the macroeconomy", *Oxford Review of Economic Policy*, Vol. 24, No 1, pp. 180-205, Oxford, 2008; and Adalid, R. and Detken, C., "Liquidity shocks and asset price boom-bust cycles", *Working Paper Series*, No 732, ECB, Frankfurt am Main, February 2007.

17 The increased risk appetite is associated with a search for yield and an increase in asset prices, as described in the literature on the "risk-taking channel". See, for instance, Adrian, T., Emmanuel, M. and Shin, H.S., "Macro Risk Premium and Intermediary Balance Sheet Quantities", *IMF Economic Review*, Vol. 58, No 1, pp. 179-207, September 2010; and Jimenez, G., Ongena, S., Peydro-Alcalde, J.L. and Saurina, J., "Hazardous times for monetary policy: what do twenty-three million bank loans say about the effects of monetary policy on credit risk?", *Discussion Paper*, No 6514, Centre for Economic Policy Research, 2007.

18 See, for example, Adrian, T. and Shin, H.S., "Liquidity and leverage", *Journal of Financial Intermediation*, Vol. 19, No 3, 2010, pp.418-437.

19 See also the article entitled "The financial crisis in the light of the euro area accounts: a flow-of-funds perspective", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2011.

holdings with a lead of OFI money holdings for longer-term movements. This suggests that the increased size of the OFI sector in recent years is likely to have strengthened the link between money and asset prices, thereby reflecting the increased importance of the asset price channel for the real economy and inflation.

Changing financial intermediation patterns and financial innovation may also change the relative prices for assets along with the general price level, as well as credit developments related to this. For instance, to the extent that loans for house purchase are considered as being more suitable for the securitisation process, banks may feel encouraged to increase their supply of this type of loan, facilitating a generalised increase in real estate prices. Furthermore, if the credit risk is removed from their balance sheets through securitisation, banks may lower credit standards and monitoring efforts, possibly resulting in higher loan-to-value ratios, putting further upward pressure on real estate prices.

Additionally, the investment behaviour of ICPFs has the potential to affect long-term interest rates and pricing in the secondary market, as they are strong investors in both government and corporate long-term debt securities. This in turn has the potential to affect the yield curve and therefore money growth, as agents may move funds to liquid instruments given that low long-term interest rates imply a lower opportunity cost of holding monetary instruments. It may also affect the demand for credit from non-financial corporations. This is because lower market interest rates induce corporations to obtain funds in the markets rather than via banks. In addition, it may affect the demand for credit from households, as lower interest rates may increase the demand for loans for house purchase.

Developments in asset prices may, in turn, have several implications for monetary variables, consumer prices and macroeconomic stability. They may affect money demand as part of the broader portfolio allocation decision,[20] namely via wealth effects, with the consequent risks for consumer price inflation. They may also affect credit developments: on the supply side, higher asset prices imply higher value for potential collateral for loans; on the demand side, increases in real estate prices tend to increase the demand for loans for house purchase, with the consequent increase in the overall money balances of the economy associated with an expansion in MFI credit. Finally, asset prices may also have an impact on investment and consumption via confidence effects. For example, a rise in stock prices may signal a positive outlook for future economic activity and employment, which may boost consumer confidence and actual consumption with subsequent price pressures. Conversely, an asset price bust may trigger financial instability, inducing a sharp decrease in confidence. While such a development initially poses deflationary risks, it tends to induce an accommodative policy response, which will eventually result in higher monetary balances and the consequent inflationary pressures in the period ahead.

5 CONCLUSIONS

Over the past decade both the size and complexity of the financial system have increased significantly. Not only has the value of the total amount of financial assets increased relative to GDP, the share attributable to the financial sector has also increased. It is also clear from the evidence presented in this article that all sectors are interlinked to various degrees, making every sector vulnerable to stress in other sectors, in particular the MFI sector, which plays an important role as a financial hub vis-à-vis all the other sectors in the euro area and the rest of the world. The foremost role of financial intermediaries is to channel funds between lenders and borrowers in the non-financial sector. At the same time, the MFI sector, including commercial banks and the central bank, play a special role as deposit-taking and deposit-creating institutions with the

20 See Papademos, L. and Stark, J. (eds.), *Enhancing Monetary Analysis*, ECB, Frankfurt am Main, 2010, pp.164-180.

unique capacity to grant loans and create money at the same time. As more and more financial activity takes place among financial institutions themselves, there is a tendency for the financial system to disconnect itself from its original role of providing stable funding and diversification of risk in support of the real economy, and instead to amplify and concentrate risks emanating from the financial sector itself.

The increasing size and complexity of the financial sectors and their increased impact on economic variables and inflation is well captured by a detailed monetary analysis looking at the various transmission channels that different sectoral behaviour might imply for risks to inflation. In particular, as financial market activity increases, this has implications for developments in asset prices, which can, in turn, affect inflation in the longer term.

TOWARDS AN INTEGRATED EUROPEAN CARD PAYMENTS MARKET

Over the last decade the integration of the European cashless retail payments market has been a high priority for payment service providers, regulators and central banks. This integration process focuses above all on credit transfers, direct debits and card payments, which are the non-cash payment instruments most commonly used in Europe. In the card payments domain, in particular, considerable effort is still needed to achieve an integrated European market. This article presents a market overview and the economic principles and features of card payments. It identifies the most challenging areas which have to be addressed in order to achieve the ultimate objective of ensuring that any card can be used at any terminal throughout the euro area. While this article focuses on card payments (and especially debit card payments at the point of sale), it concludes with a short look at the future of card payments in an increasingly "online and mobile" world.

1 INTRODUCTION

Following the successful euro cash changeover in 2002, the integration of the European market for cashless retail payments has been regarded as the logical next step in financial integration. This project is generally referred to as the Single Euro Payments Area (SEPA) initiative. SEPA rests on three main pillars, which are the most commonly used cashless payment instruments[1] in Europe, i.e. credit transfers, direct debits and card payments (see Chart 1).

While the progress made towards establishing the SEPA credit transfer and direct debit schemes[2] is promising and will be further enhanced by regulatory deadlines for migration from legacy domestic formats to the new Europe-wide schemes,[3] substantial effort is still needed in order to achieve an integrated European card payments market. The technical complexity of the card payments market, which consumers are generally not aware of, and the high number of market participants involved, make the establishment of a SEPA for cards a real challenge. Owing to the prevalence of card payments, which are second only to cash as the means of payment used most often at the physical point of sale, regulators, competition authorities and the Eurosystem have a strong interest in this integration process.

A common typology used for card payments is based on the time of funding. In the case of prepaid cards, the cardholder has to make a certain amount of funding available before the card can be used ("pay before" model). Debit cards enable their holders to make purchases and/or withdraw cash and have these transactions directly and immediately charged to their payment accounts ("pay now" model). Credit cards, finally, enable cardholders to make purchases and/or withdraw cash up to a prearranged credit limit ("pay after" model). The credit granted may either be settled in full by the end of a specified period (essentially a delayed debit card), or settled in part, with the balance comprising a form of credit on which interest is usually charged (a revolving credit card). Credit card brands often differentiate between basic cards and more exclusive cards (gold, platinum, etc.), as well as corporate cards.

This article describes the main characteristics of the SEPA project and the mandate of the Eurosystem in the context of retail payments. It focuses on the cross-country differences in the use of payment cards, describes the main parties involved in card payments and how they interact, and discusses the economic importance

1 A payment instrument is a tool or a set of procedures enabling the transfer of funds from a payer to a payee. See the "Glossary of terms related to payment, clearing and settlement systems", ECB, 2009. Available at http://www.ecb.int/pub/pdf/other/glossaryrelatedtopaymentclearingandsettlementsystemsen.pdf
2 Payment schemes are defined as a set of interbank rules, practices and standards necessary for the functioning of payment services. See the "Glossary of terms related to payment, clearing and settlement systems", ibid.
3 To support the migration to the SEPA credit transfer and SEPA direct debit, the EU Member States and the European Parliament agreed in December 2011 on a deadline for the migration of legacy credit transfer schemes and direct debit schemes to SEPA formats of 1 February 2014.

of card payments. Furthermore, the challenges to be overcome on the way to an integrated European card payments market are identified. While the main focus of this article is on so-called proximity card payments (i.e. payments at the physical point of sale, for example at the merchant's place of business just around the corner), the picture would be incomplete if the increasing importance of modern information and communication technology (i.e. the internet and mobile communication technology) were not touched upon. Future developments – some of which are, in fact, to a certain extent already a reality – are examined in the conclusion.

2 INTEGRATION OF THE EURO RETAIL PAYMENTS MARKET AND THE EUROSYSTEM'S COMPETENCE

The legal basis for the Eurosystem's competence in the area of payment and settlement systems is laid down in the Treaty on the Functioning of the European Union. According to the Treaty, one of the basic tasks of the European System of Central Banks (ESCB) is "to promote the smooth operation of payment systems". This provision is mirrored in the Protocol on the Statute of the European System of Central Banks and of the European Central Bank ("the Statute of the ESCB"). Article 22 of the Statute of the ESCB provides that "the ECB and the national central banks may provide facilities, and the ECB may make regulations, to ensure efficient and sound clearing and payment systems within the Union and with other countries". In order to fulfil its legal and statutory mandate in the field of payments, the Eurosystem acts as an operator, overseer and catalyst.

As an operator*,* the Eurosystem provides facilities for the settlement of euro payments in central bank money and for the cross-border delivery of collateral in Eurosystem monetary policy operations and intraday credit operations.

As an overseer, the Eurosystem monitors payment systems and securities clearing and settlement systems operating in euro, assesses them against the objectives of safety and efficiency and, where necessary, fosters change. The oversight function of the Eurosystem also extends to payment instruments, including payment cards, as they are an integral part of the payment system.

As a catalyst, the Eurosystem seeks to facilitate the efficiency and safety of the overall market arrangements for payments, clearing and settlement. In this role, the Eurosystem promotes the development of an efficient and integrated European retail payments market for credit transfers, direct debits and card payments – which is generally referred to as the Single Euro Payments Area (SEPA).[4]

SEPA aims to establish a single market for retail payments in euro by overcoming the technical, legal and market barriers that persist from the period prior to the introduction of the single currency. This will allow customers to make euro payments throughout Europe as easily, securely and efficiently as they can today in their own countries. Once SEPA is completed, there will no longer be any differentiation between national and cross-border euro payments. SEPA not only covers the euro area, but the whole of the European Union as well as Iceland, Liechtenstein, Monaco, Norway and Switzerland. This means that SEPA communities outside the euro area are also adopting SEPA standards and practices for their euro payments. SEPA is thus a key piece in the establishment of a single market for payment services in Europe.

The European Payments Council, which is the coordination and decision-making body of the European banking industry with regard to payments, has developed new European payment schemes for credit transfers and direct debits that are described in rulebooks. For card payments, the European Payments Council has established a framework, which is less binding than a rulebook, with requirements that the

4 For detailed information on the SEPA project, see http://www.sepa.eu

industry must meet in order to comply with the SEPA objectives.

A common feature of the SEPA payment instruments is the need for a clear separation between the scheme management and the infrastructures which process the payments. In addition to establishing the new payment instruments, SEPA also aims to harmonise the handling of cash. In this context, the term Single Euro Cash Area (SECA) is used.

While the progress made on SEPA credit transfers and direct debits gives cause for optimism, developments in the field of European card payments have been lagging behind expectations. Issuers, acquirers, card schemes and processors (see Section 4) will have to comply with the set of high-level principles for card payments developed by the European Payments Council. These principles aim to ensure that:

– Cardholders will be able to pay with one card all over the euro area (limited only by brand acceptance on the part of merchants).

– Merchants will be able to accept all SEPA-compliant cards via a single terminal.

– For increased security, cards and terminals will need to be based on chip and PIN[5] technology instead of magnetic stripe technology.

– Card payment processors will be able to compete with each other and to offer their services throughout the euro area. This will make the market for processing card payments more competitive, resilient and cost-efficient.

These high-level objectives are largely in line with the Eurosystem's policy in the field of card payments, but there are a number of important milestones to be achieved before they can be realised and customers are able to benefit from SEPA in the field of card payments also.

3 CROSS-COUNTRY DIFFERENCES IN THE USE OF PAYMENT CARDS

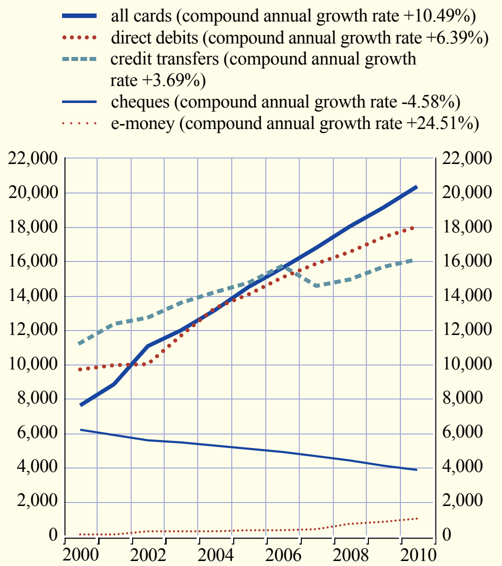
Payment cards are the most commonly used non-cash payment instrument in the European Union and, while cash still dominates in terms of the number of payments at the physical point of sale in Europe, debit cards have been gaining ground and are becoming increasingly important for day-to-day transactions. According to Capgemini,[6] the euro area is the second largest cashless payments area worldwide (21% of the total volume of payments in 2009, after the 40% share of the United States). As shown in Chart 1, in the period from 2000 to 2010 the cashless payment instrument with the highest absolute growth in the euro area was payment

5 A personal identification number (PIN) is defined as a personal and confidential numerical code which the user of a payment instrument may need to use in order to verify his/her identity. In electronic transactions, this is seen as the equivalent of a signature. See the "Glossary of terms related to payment, clearing and settlement systems", op. cit.

6 World Payments Report 2011, Capgemini, p. 10.

Chart 1 Use of payment instruments in the euro area

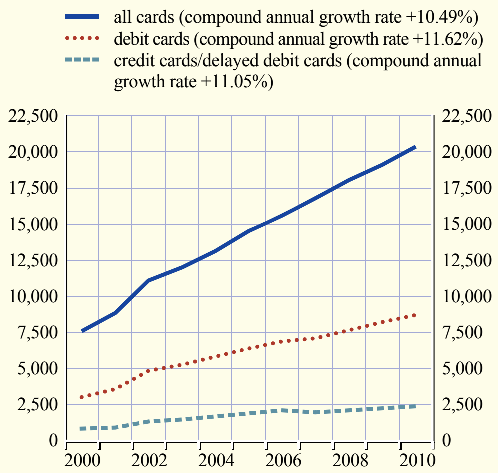
(millions of transactions)



Source: ECB Statistical Data Warehouse.

Chart 2 A comparison of debit card transactions with credit card and deferred debit card transactions in the euro area

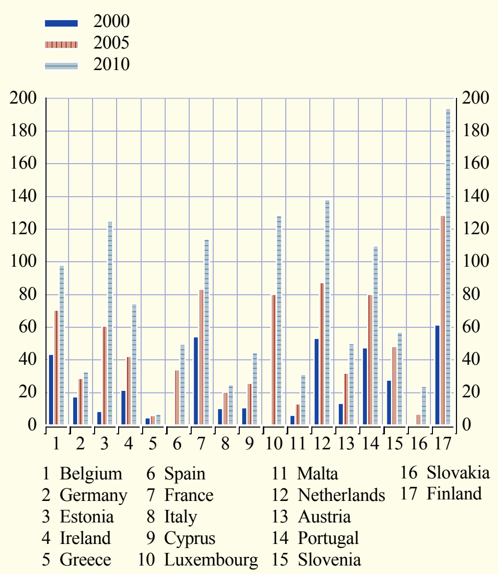
(millions of transactions)



Source: ECB Statistical Data Warehouse.
Notes: The chart shows a positive difference between the number of card transactions and the sum total of all sub-groups, broken down by type of card, i.e. credit/deferred debit cards and debit cards. In other words, the "sum of the components" is not equal to the "total" in all cases. The reason is that, although all the countries provide data on the totals, they do not all provide data on the sub-groups. The relatively large difference is due primarily to data from France, for which no breakdown is provided.

Chart 3 Number of card payment transactions per capita in the euro area

(number of transactions per capita)



Source: ECB Statistical Data Warehouse.
Note: Data for 2000 are not available for Spain, Luxembourg and Slovakia.

cards. Accounting for over 20 billion payments in 2010, payment cards have become the most widely used cashless payment instrument in Europe.[7] In particular, the number of debit card payments far exceeds the number of credit card and deferred debit card payments, as shown in Chart 2.

Although this general trend can be observed throughout the European Union, the starting point differs very widely from country to country, owing to diverging national market infrastructures, payment behaviours and customer preferences.

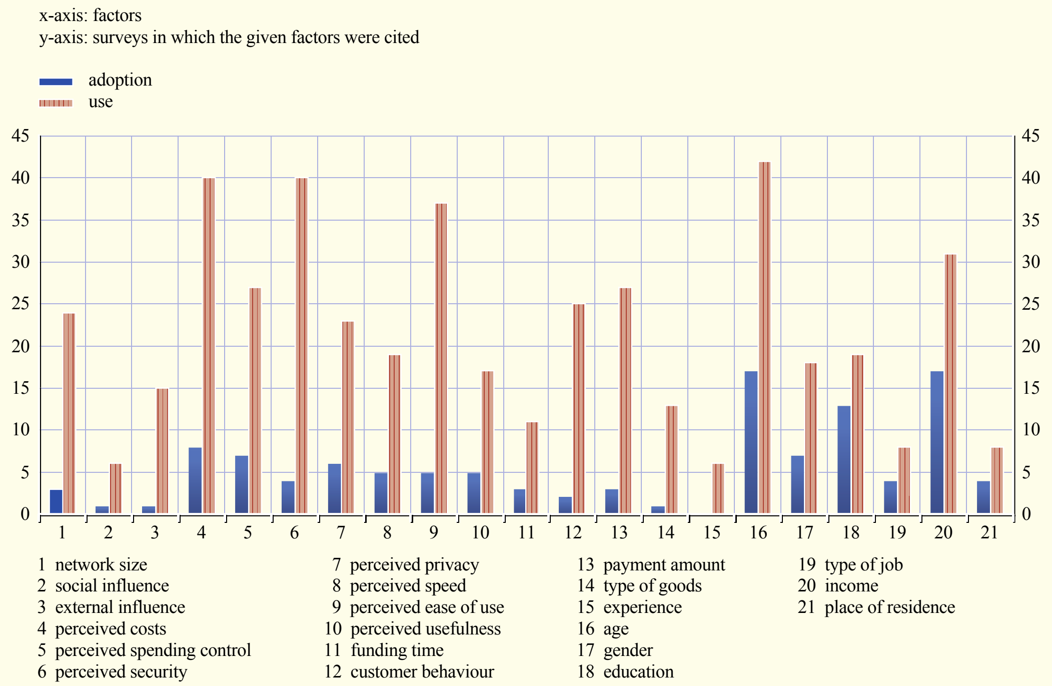
As shown in Chart 3, within the euro area, cards are most frequently used in Finland, Estonia, the Netherlands and Luxembourg. In Greece and Italy, card payments are least popular, with the smallest increases in the number of card payment transactions per capita over the period. The highest growth in the use of cards for payments has been recorded in Estonia, Slovakia, the Netherlands, Luxembourg and Malta. It is worth noting that, alongside the Netherlands and Luxembourg, countries that have adopted the euro more recently have recorded relatively high growth rates for payment card usage.

Relatively few studies dealing with consumers' payment behaviour were carried out between the 1960s and the early 1990s, most being purely descriptive and focused on the use of credit cards.[8] Since then the payments landscape has changed considerably: the use of cheques has decreased substantially and, with the introduction of electronic terminals at the point of sale and progress in telecommunication, card payments have become much quicker and more secure.

7 There were 20,355 billion card transactions in the euro area in 2010.

8 For an overview of the early studies dealing with payment behaviour, see Feinberg, R.A., "Credit Cards as Spending Facilitating Stimuli – A Conditioning Interpretation", *Journal of Consumer Research*, 13, 1986, No 3, S.348-56. Available at http://www.jstor.org/stable/2489426

Chart 4 Meta-analysis of 130 empirical surveys on the factors influencing the adoption and use of payment instruments



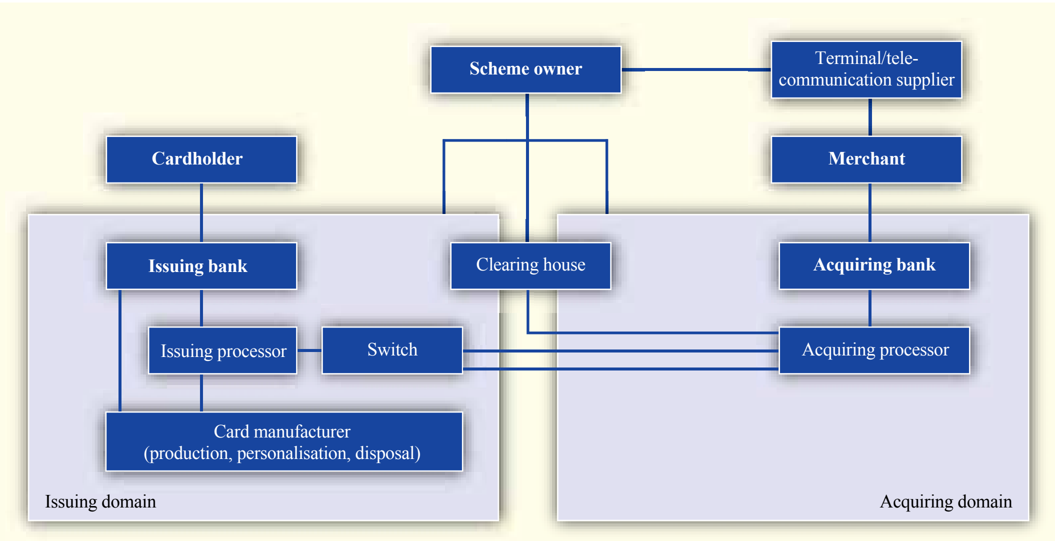
Source: ECB staff calculation.

This development was to a large extent fuelled by the success of debit cards, which triggered increased research efforts in the field of payments. Since the mid-1990s, more than 100 empirical surveys have been conducted worldwide to identify factors influencing the adoption (i.e. the decision to acquire or use a specific payment instrument for the first time) and the continued use of various payment instruments. Although the variables identified seem to differ depending on the circumstances of the payment and the socio-demographic characteristics of the respondents, those cited as the most important factors are costs, security and perceived ease of use.

4 STAKEHOLDERS IN CARD PAYMENTS AND TYPES OF PAYMENT CARD

Card payments at the physical point of sale involve a number of economic agents. The most obvious ones are the cardholder (payer) and the merchant accepting a card payment (payee). The cardholder obtains his/her card from the issuing entity, while the merchant has a contract with the acquiring entity. These issuing and acquiring entities are usually banks. The technical and commercial arrangement set up to serve one or more card brands and which provides the organisation, rules and operations necessary for the card brands to function, is called a card scheme. If not performed in-house by the issuer and/or acquirer, the technical processing of card payments is usually performed by specialised processing entities, which are often owned by the card schemes. An issuing processor opens and manages the cardholder's account on behalf of the issuer, books card transactions on these accounts, authorises card transactions on behalf of the issuing bank and provides statements for the cardholder. In some cases, it also arranges the clearing and settlement of card payments, operates a cardholder call centre (for lost and stolen cards) and/or handles chargeback claims by cardholders. An acquiring processor opens

Chart 5 Roles in the typical card payment process



Source: ECB.

and manages the merchant's account on behalf of the acquirer, forwards authorisation requests to a switch[9] (or directly to the issuer or issuing processor), books transactions on the merchant's account, charges service fees to merchants, produces statements for the merchant and, in some cases, also supplies voice authorisation centres.[10] Finally, for the clearing and settlement of funds between the issuer and acquirer, the services of a clearing house are often used. Clearing houses are entities (or processing mechanisms) through which participants agree to exchange transfer instructions for funds, securities or other instruments.[11]

Chart 5 gives an overview of these entities, their functions and their interaction. One legal entity can play several roles in the card payment process (e.g. a scheme owner can also offer processing services in the issuing and acquiring domain, or a card issuer can also be an acquiring bank).

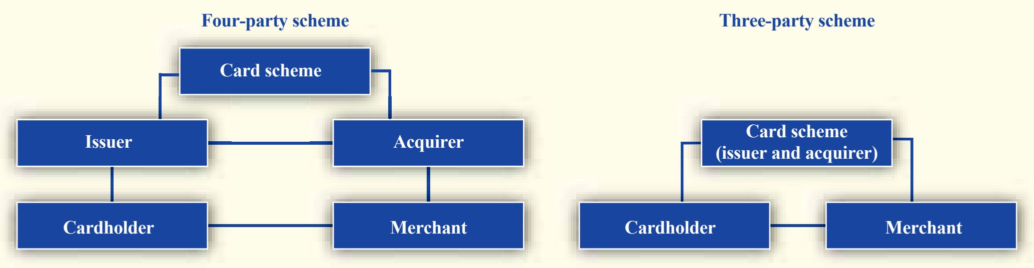
The chart shows a stylised card scheme based on a so-called four-party model ("four-party card scheme"), which is the model used by the vast majority of card schemes in Europe. In a four-party card scheme, the issuer has a contractual relationship with the cardholder and the acquirer has a contractual relationship with the merchant. This is the fundamental difference from card schemes based on a so-called three-party model ("three-party card scheme"), in which the card scheme acts as issuer and acquirer and has a direct contractual relationship with both the cardholder and the merchant; one variant is the three-party model which also allows other payment service providers to obtain an issuing and/or acquiring licence (so-called "three-party card schemes with licensees"). Chart 6 compares the basic structures of a four-party scheme and a three-party scheme.

9 To avoid the need for (costly) bilateral agreements and procedures between issuing entities and acquiring entities, debit card schemes often rely on a central routing switch, or "gateway", for the exchange of payments, which is often a separate legal entity jointly owned by the commercial banks. See Bolt, W. and Tieman, A.F., "Pricing Debit Card Payment Services: An IO approach", De Nederlandsche Bank, Research Memorandum No 735, 2003. Available at http://www.dnb.nl/binaries/wo0735_tcm46-146022.pdf

10 See the "Report on the retail banking sector inquiry", a European Commission staff working document accompanying the communication from the Commission on the sector inquiry under Article 17 of Regulation EC No 1/2003 on retail banking, European Commission, 2007, COM(2007) 33 final.

11 See the "Glossary of terms related to payment, clearing and settlement systems", op. cit.

Chart 6 Business models for the provision of card payments



Source: ECB.

Three-party schemes operating in the EU include American Express and Diners Club, while four-party schemes comprise Visa Europe, MasterCard and the vast majority of national schemes. It should be noted that the three-party schemes are primarily credit card schemes, while the four-party schemes are debit and credit card schemes. All of the larger Member States still have at least one domestic card scheme which only permits domestic card payments.[12] Most commercial banks are members of at least one international card scheme and offer cards which bear both a national scheme brand and the brand of an international scheme, mainly MasterCard or Visa Europe (a practice which is called "co-branding" or "co-badging"). Most domestic card schemes in Europe have a governance structure in which the members are also the "shareholders" of the scheme, i.e. a user-governed structure, which is also the case for Visa Europe. In some cases, not all the members of a card scheme are shareholders as well, but only the bigger commercial banks. Two of the main examples of listed card schemes are MasterCard Inc. and Visa Inc., which are both listed on the New York Stock Exchange.

In the EU (especially in smaller Member States) a trend seems to have set in, in which international schemes are replacing domestic ones and function as quasi "national" schemes.[13] While, in absolute figures, the majority of card payments are still processed via domestic schemes, the growth rates of international schemes are higher.[14] Four initiatives[15] are currently trying to establish new card schemes, which would offer their services on a pan-European level in competition with the well-established international schemes of MasterCard and Visa Europe. Similar moves can currently be observed in other major economic areas, such as Russia, India and Australia.

5 ECONOMIC IMPORTANCE OF CARD PAYMENTS

The card payments market is characterised by a two-sided market structure. Other examples of this structure that are often quoted in the literature are newspapers and magazines (which have to attract both readers and advertisers), online auction platforms (sellers and buyers) and discotheques (both male and female guests). Two-sided markets typically feature one or several platforms (one or more card schemes), which make interactions between end-users (cardholders and merchants) possible and try to bring the two sides "on board" by setting charges for each side at an appropriate level.[16] Markets are two-sided if supply and demand on one side of a given market are determined by supply and demand on the other side of

12 This is the case, for example, in Belgium, Denmark, Germany, Ireland, Spain, France, Italy and Portugal.
13 For example, in Estonia, Latvia, Lithuania, the Netherlands, Austria, Finland and the United Kingdom.
14 See "SEPA Cards: success factors for sustainable card schemes in Europe", Steinbeis University, Berlin, May 2011. Available at http://steinbeis-research.com/pdf/2011_SEPA_Cards_RFS_Steinbeis.pdf
15 These initiatives comprise EAPS (Euro Alliance of Payment Schemes), Monnet, PayFair and EUFISERV.
16 For more information on the two-sided market theory, see Evans, D.S., "Essays on the Economics of Two-Sided Markets", *Economics, Antitrust and Strategy*, 2010. Available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1714254

that market. The pricing in two-sided markets should therefore take account of both sides of the market. For example, if the pricing of card payments is attractive for merchants but not for cardholders, the latter will be reluctant to adopt and/or regularly use a payment card.

In a three-party card scheme, the roles of issuing and acquiring are performed by a single entity (i.e. the card scheme itself), which can determine the price charged to the merchant and the cardholder, since it has a direct contractual relationship with them. However, the pricing in four-party card schemes is potentially more complex. Four-party card schemes therefore usually apply a so-called interchange fee, which the cardholder's bank receives from the merchant's bank every time a card payment is made.[17] This interchange fee is typically multilateral – i.e. it is not agreed bilaterally between every issuing and acquiring bank. Besides interchange fees, up to four additional fees are applied in a four-party card scheme. First, the acquirer can charge the merchant a fee and thus recover the interchange fee paid to the issuer and charge for the services offered to the merchant. Second, further sources of income for issuing banks can comprise charges levied on the cardholder, e.g. fees for the issuing of the card, periodical fees per card, fees per transaction, and account statement and billing information fees. For both credit and debit cards, periodical fees are the main component of revenues from cardholders.[18] Third, card schemes can charge fees to issuers, and, fourth, they can charge fees to acquirers. These fees are for membership of the scheme and are generally based on the number of cards issued and/or the number of transactions carried out on the acquiring side.

Empirical evidence for Europe indicates that banks which provide retail payment services see an improvement in their performance. Higher usage of electronic retail payment instruments seems to stimulate banking business.[19] In its retail banking sector inquiry conducted in 2007, the European Commission concluded that payment cards, and especially credit cards, are a highly profitable business for the financial services industry. Based on figures for 2004, the European Commission estimated a weighted averaged profit-to-cost ratio of 65% for credit card issuers on a pan-EU scale and 47% for debit card issuers. However, one revenue component, in particular, has recently been the subject of heated debate and has triggered regulatory and antitrust investigations, i.e. the multilateral interchange fee (MIF). While determining whether the interchange fee restricts competition clearly falls within the competence of competition authorities, several central banks have also studied the issue as far as it concerns the smooth functioning of payment systems.[20]

For example, Bolt and Schmiedel (2011) conclude that increased competition between card schemes drives down merchant fees and increases card acceptance by merchants. Moreover, from a European perspective, consumers and merchants are likely to benefit from the creation of SEPA when sufficient competition in the card payments market counters potentially monopolistic tendencies.[21] In addition, the provision of and access to consumer credit in payment networks also affects competition, acceptance of and fees for payment cards.[22]

In recent rulings by competition authorities, MIFs for card payments have generally been considered to be decisions by associations of undertakings, or agreements between undertakings, which restrict competition.

17 For a comprehensive overview of interchange fees, see Börestam, A. and Schmiedel, H., "Interchange fees in card payments", *Occasional Paper Series,* No 131, ECB, September 2011.
18 See the "Report on the retail banking sector inquiry", European Commission, 2007, op. cit.
19 See Hasan, I., Schmiedel, H. and Song, L., "Return to Retail Banking and Payments", *Journal of Financial Services Research*, 2011.
20 For a comprehensive overview of this topic, see Börestam, A. and Schmiedel, H. "Interchange fees in card payments", op. cit.
21 See Bolt, W. and Schmiedel, H., "Pricing of Payment Cards, Competition and Efficiency: A Possible Guide for SEPA", *Annals of Finance*, 2011, pp. 1-21.
22 See Bolt, W., Foote, E. and Schmiedel, H., "Consumer credit and payment cards", *Working Paper Series*, No 1387, ECB, October 2011.

Owing to their multilateral nature, they limit the possibility for bilateral negotiations between issuers and acquirers and consequently restrict price competition between acquiring banks by artificially inflating the basis on which these banks set the charges they apply to merchants. Therefore, a MIF creates a floor for the merchant fee and merchants are unable to negotiate a price below it. This can considerably inflate the costs of payment card usage at merchant outlets to the detriment of merchants and their customers.[23]

While competition authorities do not deny that such agreements could theoretically bring benefits as well, which could make them compatible with competition law, in most cases, card schemes and/or financial institutions have not been able to provide proof of such benefits. In the absence of convincing analysis and evidence justifying the charging of MIFs and the levels they are set at by card schemes, competition authorities have only been able to provide limited guidance in recent decisions. The European Commission's introduction of the "merchant indifference" methodology could, however, contribute some additional guidance with respect to this issue. This methodology seeks to establish the MIF at a level at which merchants are indifferent as to whether or not a payment is made by payment card or by cash. Further guidance is also expected to be given in the pending ruling by the European General Court in a case in which MasterCard has appealed the European Commission's finding that MasterCard breached competition law[24] by, in effect, setting a minimum price (the intra-EEA fallback interchange fee), which merchants must pay to their acquiring bank for accepting payment cards in the European Economic Area (EEA).[25]

Other countries, e.g. Australia and recently the United States, have fixed a maximum cap on MIFs. Overall, and as stated in the Seventh SEPA Progress Report,[26] the Eurosystem's stance on interchange fees is neutral. This is an issue that falls within the field of competence of the European Commission. However, the Eurosystem is of the view that it is critical for the success of SEPA that cards can be issued, acquired and used throughout the euro area to make euro payments without any geographical differentiation. Transparency and clarity with respect to the costs and benefits of different payment instruments are indispensable for a modern and integrated European retail payments market. Interchange fees (if any) should be set at a reasonable level and should not prevent the use of efficient payment instruments. A sharp increase in cardholder costs could induce consumers to use less efficient means of payment, thereby hampering the success of, and objectives pursued by, the SEPA project. Therefore, in compliance with competition rules, interchange fees (if any) should not hamper the overall economic efficiency of the European payments market.

6 CHALLENGES

The lack of clarity regarding the permitted level of MIFs is often cited by market participants as a challenge in their preparations for a SEPA for cards, since it gives rise to uncertainty when planning their investment decisions. Although important, this is only one of the challenges which need to be overcome in order to make progress towards an integrated and competitive European card payments market. The areas of card processing, standardisation and certification, security and business practices, in particular, require further effort by the stakeholders involved.

23 See "Antitrust: Commission prohibits MasterCard's intra-EEA Multilateral Interchange Fees – frequently asked questions", European Commission, Memo/07/590. Available at http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/590&format=PDF&aged=1&language=EN&guiLanguage=en
24 In particular, Article 81 of the Treaty and Article 553 of the EEA Agreement.
25 See the European Commission's decision of 19 December 2007 (cases Nos Comp/34.579 MasterCard, Comp/36.518 EuroCommerce and Comp/38.580 Commercial Cards). Available at http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=1_34579
26 See the "Seventh SEPA Progress Report: Beyond Theory into Practice", ECB, October 2010.

Section 4 described the different roles involved in the typical card payments process and the fact that some parties play several roles. In particular, the card schemes are often also operationally involved in the card payments market and act as a processing entity. In order to facilitate competition and efficiency, the principle of separating the card scheme management from the processing entities aims to guarantee open access, as it gives issuers and acquirers a range of options to choose from as regards the processing of card payments.

Other important issues are standardisation and certification. Common standards are crucial to ensure that, from a technical point of view, any card can be used at any terminal in Europe. A harmonised certification process for cards and terminals, generally accepted throughout the EU, would lower the market entry barrier for manufacturers and processors.

In the same way, clear business rules are essential for the proper functioning of the cards market. In 2010 the Canadian government issued a code of conduct for the credit and debit card industry in Canada, which promotes fair business practices and ensures that merchants and consumers understand the costs and benefits associated with credit and debit cards. Similar regulatory initiatives in the United States and significant efforts in Australia and South Africa have recently been observed. In Europe, there seem to be no plans for extensive public intervention for the time being, however, the European Commission is closely monitoring the situation. Since the European card payments market is heavily reliant on self-regulation by the industry, the European Payments Council, as well as individual card schemes, have an important role to play in the establishment of the sound business practices that are needed for SEPA for cards to function smoothly. Examples of such business practices are increased transparency regarding fees; ensuring that card schemes do not forbid co-badging with other schemes; the elimination of geographic restrictions in licensing, issuing and acquiring; and the possibility for payers and payees to freely agree during the checkout process on the payment instrument which suits them best.

7 CONCLUSION AND OUTLOOK

Cards have become the most widely used cashless payment instrument within the European Union and debit cards, in particular, are increasingly substituting cash at the physical point of sale. While the euro banknotes and coins were successfully introduced in 2002, the logical complement, i.e. a SEPA for electronic payments, has not yet been finalised. For both cash and cashless payments, it is essential that people trust in the security of the payment instrument. While, for euro banknotes and coins,[27] comprehensive counterfeiting data are available, this is not the case for fraud involving electronic payments (including card payments) in the EU. In order to increase security and reduce fraud losses, all stakeholders need to cooperate, take responsibility and commit to effective measures for fighting fraud. As regards cards, the European payments industry has already taken a major step towards improving security with the decision to migrate from magnetic stripe technology to chip and PIN technology. Although this migration is approaching completion, the continuing presence of sensitive customer data on the magnetic stripe makes even chip cards vulnerable to skimming[28] and therefore does not allow the full benefits in terms of fraud reduction to be achieved.

In the view of the public authorities, the establishment of secure European payment solutions requires a level playing field for security, for which reason the ESCB has created

27 See "Euro coin counterfeiting in 2010", European Commission, 2011. Available at http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/47; and "Biannual information on euro banknote counterfeiting", ECB, 2011. Available at http://www.ecb.int/press/pr/date/2011/html/pr110718.en.html

28 Skimming can be defined as the unauthorised copying of card data (e.g. contained in the magnetic stripe) via a manipulated or fake terminal or with a hand-held reading device. The data copied from the magnetic stripe can be used to create a counterfeit card or in card-not-present transactions.

a European forum on the security of retail payments (SecuRe Pay Forum). The SecuRe Pay Forum is a voluntary cooperative initiative between authorities, aimed at facilitating the sharing of knowledge and promoting a common understanding, in particular between overseers and supervisors of payment service providers, with regard to the issues surrounding the security of retail payments. SecuRe Pay addresses issues concerning electronic retail payment services and retail payment instruments (excluding cheques and cash) provided within the EEA or by providers located in EEA countries. Its work focuses on the whole processing chain and aims to address areas where major weaknesses and vulnerabilities are detected and, where needed, recommendations are made. Owing to their prevalence, card payments are naturally one of the main topics of the SecuRe Pay Forum.

While this article deals with card payments at the physical point of sale, cards are also one of the most important payment instruments in the growing segment of e-commerce. According to Eurostat,[29] on average 69% of all individuals in the EU27 are internet users and 53% use the internet almost every day. Despite the recent economic crisis, online retailers saw continued strong sales growth, even though high street retail sales stopped growing or even contracted. In the United Kingdom, the final figures for 2009 show that, year on year, e-commerce grew by over 14%. Similar or higher levels of growth are indicated in the initial figures from Germany and France.[30] However, the vast majority of e-commerce still comprises domestic transactions. Currently only 8% of online shoppers in the EU buy from merchants in another country. According to a study by the European Commission,[31] 60% of attempted credit card payments for cross-border internet shopping orders fail owing to the web merchants' refusal to accept non-domestic credit cards. Furthermore, among shoppers who were willing to purchase online, the main reason for not doing so was concern about the security of online payments. One of the factors is that payment cards have not been designed to cope with the specific needs of online transactions and often cannot be used for cross-border purchases. The challenge is to adapt card payments to make them a more secure means of online payment, e.g. by rolling out secure payment protocols, while at the same time usability should not be adversely affected.

For half a century card payments have been associated exclusively with plastic cards, but nowadays technology offers new ways to make card payments, be they proximity payments (i.e. at the physical point of sale) or remote payments (especially in the field of e-commerce). Moreover, the plastic card itself has become a "smart card", with a chip on it. These chips are in fact small computers, providing new ways to make payments (e.g. contactless payments with the help of near-field technology) and offering services over and above payments (e.g. merchants' reward programmes). Once a contactless point-of-sale terminal structure is in place throughout Europe, the mobile phone could replace the plastic card. The oft-quoted observation that people are more likely to forget their wallet than their mobile phone, together with the technological versatility of the device, has already led to the idea of developing payment mechanisms based on the mobile phone. However, the roll-out of mobile payment solutions in Europe is still at an early stage and its success depends on a wide range of preconditions which need to be fulfilled. Nevertheless, if the implementation of contactless technology is successful, the devices used to make card payments could in future range from a smart card to a mobile phone or even a wristwatch. Forward-looking payment service

29 See "Internet Usage in 2010 – Households and Individuals", issue number 50/2010, Eurostat, 2010. Available at http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-QA-10-050/EN/KS-QA-10-050-EN.PDF
30 See "Consumer 2020: From Digital Agenda to Digital Action", European Commission staff report, 23 May 2010. Available at http://ec.europa.eu/information_society/newsroom/cf/document.cfm?action=display&doc_id=750
31 See "Mystery Shopping Evaluation of Cross-Border E-Commerce in the EU – Final Report", European Commission. Available at http://ec.europa.eu/consumers/strategy/docs/EC_e-commerce_Final_Report_201009_en.pdf

providers are already taking this possibility into consideration by developing integrated payment platforms that offer a wide range of access channels for customers but standardised back-office processes. Such integrated approaches can greatly benefit from the standardisation and integration work achieved by the SEPA project. The different access channels can be combined in sophisticated "wallet solutions" for customers, creating additional value for consumers and merchants and laying the foundations for future growth in card payments.

Card payments, one of the main pillars of SEPA, are lagging behind credit transfers and direct debits in the move towards an integrated European market. Certainly, the complexity of the card payments market, with the large number of parties involved, as well as its economic importance, have contributed to the slow pace of progress. However, if the main challenges relating to processing, standardisation and business practices are successfully overcome, an integrated European card payments market for the benefit of customers and the economy as a whole can be achieved and the basis for further payment innovation can be created.

EURO AREA STATISTICS

CONTENTS [1]

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1]

	M1 [2]	M2 [2]	M3 [2], [3]	M3 [2], [3] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2]	Securities other than shares issued in euro by non-MFI corporations [2]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4]
	1	2	3	4	5	6	7	8
2010	8.5	1.8	0.5	-	0.6	4.1	0.81	3.36
2011	.	.	.	-	.	.	1.39	2.65
2011 Q1	3.2	2.4	1.9	-	2.4	2.1	1.10	3.66
Q2	1.7	2.4	2.1	-	2.6	1.5	1.42	3.41
Q3	1.4	2.3	2.4	-	2.5	0.6	1.56	2.48
Q4	.	.	.	-	.	.	1.50	2.65
2011 July	1.0	2.2	2.1	2.3	2.4	1.0	1.60	3.06
Aug.	1.7	2.4	2.8	2.6	2.5	0.1	1.55	2.76
Sep.	2.0	2.5	2.9	2.8	2.5	0.0	1.54	2.48
Oct.	1.7	1.9	2.6	2.5	2.7	0.8	1.58	2.79
Nov.	2.1	2.1	2.0	.	1.7	-0.7	1.48	3.07
Dec.	.	.	.	.	.	.	1.43	2.65

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
2010	1.6	2.9	1.6	1.9	7.4	76.9	-0.5	10.1
2011	.	.	.	.	.	.	.	.
2011 Q1	2.5	6.5	2.5	2.4	6.6	80.9	0.2	10.0
Q2	2.8	6.3	3.3	1.6	4.2	81.2	0.4	10.0
Q3	2.7	5.9	2.7	1.3	4.0	80.3	0.3	10.1
2011 July	2.5	6.1	-	-	4.3	80.8	-	10.1
Aug.	2.5	5.8	-	-	6.0	-	-	10.1
Sep.	3.0	5.8	-	-	2.2	-	-	10.2
Oct.	3.0	5.5	-	-	1.0	79.7	-	10.3
Nov.	3.0	5.3	-	-	.	-	-	10.3
Dec.	2.8	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [6] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2010	-36.7	12.9	98.1	591.2	-13.4	120.4	104.6	103.0	1.3257
2011	.	.	.	.	.	.	104.4	102.2	1.3920
2011 Q1	-27.8	-13.0	118.7	576.6	-13.4	117.6	103.7	101.5	1.3680
Q2	-20.1	-2.7	127.1	580.9	-14.5	119.7	106.4	104.2	1.4391
Q3	-7.4	1.7	24.2	646.7	.	.	104.6	102.1	1.4127
Q4	.	.	.	.	.	.	103.1	100.9	1.3482
2011 July	-1.6	3.3	-20.5	621.6	.	.	105.2	102.6	1.4264
Aug.	-5.0	-4.5	31.7	656.4	.	.	104.9	102.3	1.4343
Sep.	-0.8	2.8	13.0	646.7	.	.	103.8	101.4	1.3770
Oct.	3.2	1.4	-32.1	651.6	.	.	104.0	101.7	1.3706
Nov.	.	.	.	683.4	.	.	103.5	101.4	1.3556
Dec.	.	.	.	.	.	.	101.7	99.6	1.3179

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.

I MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem

(EUR millions)

1. Assets

	16 December 2011	23 December 2011	30 December 2011	6 January 2012
Gold and gold receivables	419,821	419,822	423,458	423,455
Claims on non-euro area residents in foreign currency	235,679	236,826	244,621	246,002
Claims on euro area residents in foreign currency	73,042	95,355	98,226	95,647
Claims on non-euro area residents in euro	30,452	25,982	25,355	24,565
Lending to euro area credit institutions in euro	665,008	879,130	863,568	835,978
Main refinancing operations	291,629	169,024	144,755	130,622
Longer-term refinancing operations	368,609	703,894	703,894	703,894
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	4,549	6,131	14,823	1,391
Credits related to margin calls	221	81	97	71
Other claims on euro area credit institutions in euro	89,555	94,989	78,652	66,838
Securities of euro area residents in euro	610,164	610,629	618,637	618,969
Securities held for monetary policy purposes	272,509	273,041	273,854	274,829
Other securities	337,655	337,588	344,783	344,140
General government debt in euro	33,928	33,928	33,926	33,926
Other assets	336,156	336,574	349,184	342,491
Total assets	2,493,806	2,733,235	2,735,628	2,687,871

2. Liabilities

	16 December 2011	23 December 2011	30 December 2011	6 January 2012
Banknotes in circulation	882,593	890,938	888,676	883,745
Liabilities to euro area credit institutions in euro	719,903	888,231	849,477	832,377
Current accounts (covering the minimum reserve system)	298,112	265,041	223,539	156,466
Deposit facility	214,108	411,813	413,882	463,565
Fixed-term deposits	207,500	211,000	211,000	211,500
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	183	377	1,056	845
Other liabilities to euro area credit institutions in euro	3,175	3,380	2,423	1,066
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	55,271	77,530	79,603	90,723
Liabilities to non-euro area residents in euro	92,835	132,178	156,873	124,355
Liabilities to euro area residents in foreign currency	4,153	5,058	4,566	5,648
Liabilities to non-euro area residents in foreign currency	8,563	8,630	9,027	8,364
Counterpart of special drawing rights allocated by the IMF	54,486	54,486	55,942	55,942
Other liabilities	208,069	208,047	213,521	210,118
Revaluation accounts	383,276	383,276	394,031	394,031
Capital and reserves	81,481	81,481	81,489	81,503
Total liabilities	2,493,806	2,733,235	2,735,628	2,687,871

Source: ECB.

1.2 Key ECB interest rates

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

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

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 5 Oct.	198,881	166	198,881	1.50	-	-	-	7
12	204,939	166	204,939	1.50	-	-	-	7
19	201,182	164	201,182	1.50	-	-	-	7
26	197,438	152	197,438	1.50	-	-	-	6
1 Nov.	182,773	143	182,773	1.50	-	-	-	8
9	194,765	150	194,765	1.25	-	-	-	7
16	230,265	161	230,265	1.25	-	-	-	7
23	247,175	178	247,175	1.25	-	-	-	7
30	265,456	192	265,456	1.25	-	-	-	7
7 Dec.	252,100	197	252,100	1.25	-	-	-	7
14	291,629	197	291,629	1.00	-	-	-	7
21	169,024	146	169,024	1.00	-	-	-	7
28	144,755	171	144,755	1.00	-	-	-	7
2012 4 Jan.	130,622	138	130,622	1.00	-	-	-	7
11	110,923	131	110,923	1.00	-	-	-	7
				Longer-term refinancing operations				
2011 11 Aug. [5)]	49,752	114	49,752	.	-	-	-	203
1 Sep.	49,356	128	49,356	1.50	-	-	-	91
14	54,222	37	54,222	1.50	-	-	-	28
29 [5)]	140,628	214	140,628	1.35	-	-	-	84
12 Oct.	59,062	39	59,062	1.50	-	-	-	28
27 [5)]	56,934	181	56,934	.	-	-	-	371
27 [5)]	44,564	91	44,564	.	-	-	-	91
9 Nov.	55,547	47	55,547	1.25	-	-	-	35
1 Dec. [5)]	38,620	108	38,620	.	-	-	-	91
14	41,150	42	41,150	1.00	-	-	-	35
22 [5)]	29,741	72	29,741	.	-	-	-	98
22 [5) 6)]	489,191	523	489,191	.	-	-	-	1,134

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 19 Oct.	Collection of fixed-term deposits	263,579	108	165,000	-	-	1.50	0.91	0.89	7
26	Collection of fixed-term deposits	231,364	87	169,500	-	-	1.50	0.87	0.85	6
1 Nov.	Collection of fixed-term deposits	197,917	71	173,500	-	-	1.50	0.87	0.83	8
8	Collection of fixed-term deposits	284,108	165	284,043	-	-	1.50	1.30	1.27	1
9	Collection of fixed-term deposits	214,817	99	183,000	-	-	1.25	0.69	0.64	7
16	Collection of fixed-term deposits	260,476	100	187,000	-	-	1.25	0.65	0.61	7
23	Collection of fixed-term deposits	233,094	88	194,500	-	-	1.25	0.63	0.60	7
30	Collection of fixed-term deposits	194,199	85	194,199	-	-	1.25	1.25	0.62	7
7 Dec.	Collection of fixed-term deposits	246,344	113	207,000	-	-	1.25	1.00	0.65	7
13	Collection of fixed-term deposits	260,883	137	258,029	-	-	1.25	1.05	1.03	1
14	Collection of fixed-term deposits	241,403	110	207,500	-	-	1.00	0.80	0.49	7
21	Collection of fixed-term deposits	257,035	106	211,000	-	-	1.00	0.75	0.53	7
28	Collection of fixed-term deposits	263,336	95	211,000	-	-	1.00	0.89	0.56	7
2012 4 Jan.	Collection of fixed-term deposits	336,926	134	211,500	-	-	1.00	0.44	0.36	7
11	Collection of fixed-term deposits	376,720	131	213,000	-	-	1.00	0.34	0.32	7

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at: [1]	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011 June	19,039.4	9,730.8	643.5	2,777.9	1,491.7	4,395.4
July	19,046.3	9,695.1	635.0	2,777.7	1,502.7	4,435.8
Aug.	19,095.3	9,688.3	645.8	2,782.6	1,557.4	4,421.3
Sep.	19,247.9	9,761.9	650.5	2,808.3	1,576.5	4,450.7
Oct.	19,126.2	9,718.9	657.4	2,788.5	1,562.7	4,398.7

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2011 9 Aug.	208.8	211.5	2.7	0.0	1.50
13 Sep.	207.0	209.5	2.5	0.0	1.50
11 Oct.	206.1	208.7	2.6	0.0	1.50
8 Nov.	206.2	208.9	2.8	0.0	1.50
13 Dec.	207.7	212.2	4.5	0.0	1.25
2012 17 Jan.	207.0	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2011 12 July	533.6	146.0	311.6	0.2	134.2	29.5	76.9	846.2	73.4	-111.2	210.9	1,086.6
9 Aug.	541.3	171.7	321.5	0.1	133.9	56.7	79.2	854.2	71.4	-104.5	211.5	1,122.4
13 Sep.	540.3	135.1	389.8	0.3	178.0	121.8	109.8	853.2	52.3	-103.0	209.5	1,184.5
11 Oct.	571.0	193.0	373.6	1.5	217.4	168.7	162.9	854.9	50.0	-88.5	208.7	1,232.2
8 Nov.	612.1	196.1	387.1	2.8	231.9	204.6	178.0	861.4	57.9	-80.8	208.9	1,274.8
13 Dec.	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3

Source: ECB.
1) End of period.
2) Includes liquidity provided under the Eurosystem's covered bond purchase programmes and the Eurosystem's Securities Markets Programme.
3) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2009	2,829.9	1,489.8	19.5	0.7	1,469.7	451.7	368.3	7.5	75.9	-	16.5	556.8	8.5	306.7
2010	3,212.4	1,551.0	18.6	0.9	1,531.5	574.4	463.8	9.6	101.1	-	18.1	684.1	8.5	376.3
2011 Q2	3,132.7	1,434.0	17.8	1.0	1,415.2	594.9	468.9	9.9	116.2	-	19.4	688.4	8.6	387.3
Q3	3,928.6	2,043.3	18.0	1.0	2,024.4	659.9	544.3	10.9	104.7	-	17.9	767.4	8.7	431.3
2011 Aug.	3,551.1	1,713.6	17.8	1.0	1,694.8	628.8	514.8	10.4	103.5	-	18.2	776.9	8.7	404.9
Sep.	3,928.6	2,043.3	18.0	1.0	2,024.4	659.9	544.3	10.9	104.7	-	17.9	767.4	8.7	431.3
Oct.	4,013.1	2,122.5	18.0	1.0	2,103.6	667.3	551.8	10.8	104.7	-	18.6	757.7	8.7	438.3
Nov. (p)	4,329.7	2,383.6	18.0	1.0	2,364.7	691.8	576.5	10.9	104.3	-	18.4	784.5	8.8	442.6
	MFIs excluding the Eurosystem													
2009	31,144.2	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	32,199.5	17,763.1	1,221.8	11,026.1	5,515.2	4,938.6	1,524.2	1,528.6	1,885.8	59.9	1,233.1	4,323.4	223.5	3,658.0
2011 Q2	31,740.4	17,879.0	1,152.7	11,223.9	5,502.4	4,690.3	1,457.7	1,472.2	1,760.3	61.6	1,251.5	4,295.5	228.9	3,333.6
Q3	33,661.5	18,446.2	1,145.8	11,296.6	6,003.8	4,674.1	1,416.1	1,458.3	1,799.7	58.4	1,229.9	4,420.8	230.3	4,601.7
2011 Aug.	32,816.4	18,152.3	1,145.0	11,237.9	5,769.5	4,674.7	1,430.0	1,469.2	1,775.5	62.2	1,234.4	4,338.5	229.7	4,124.5
Sep.	33,661.5	18,446.2	1,145.8	11,296.6	6,003.8	4,674.1	1,416.1	1,458.3	1,799.7	58.4	1,229.9	4,420.8	230.3	4,601.7
Oct.	33,346.6	18,438.6	1,145.4	11,267.0	6,026.1	4,714.8	1,393.6	1,518.3	1,802.9	55.9	1,226.5	4,277.6	230.8	4,402.5
Nov. (p)	33,403.8	18,538.1	1,144.4	11,256.3	6,137.4	4,711.8	1,382.5	1,524.7	1,804.7	56.3	1,227.9	4,281.9	231.2	4,356.6

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	1,196.1	103.6	22.1	1,070.5	-	0.1	319.8	140.2	344.4
2010	3,212.4	863.7	1,394.8	68.0	8.7	1,318.1	-	0.0	428.5	153.8	371.7
2011 Q2	3,132.7	871.6	1,320.1	72.5	11.2	1,236.3	-	0.0	412.2	157.5	371.4
Q3	3,928.6	882.1	1,984.0	50.1	6.6	1,927.3	-	0.0	475.8	189.4	397.3
2011 Aug.	3,551.1	874.5	1,616.6	69.5	8.7	1,538.4	-	0.0	493.7	176.4	389.9
Sep.	3,928.6	882.1	1,984.0	50.1	6.6	1,927.3	-	0.0	475.8	189.4	397.3
Oct.	4,013.1	889.2	2,068.0	66.4	10.6	1,991.0	-	0.0	477.1	177.5	401.3
Nov. (p)	4,329.7	892.7	2,367.8	60.9	12.0	2,294.9	-	0.0	489.4	178.2	401.8
	MFIs excluding the Eurosystem										
2009	31,144.2	-	16,469.0	146.0	10,041.4	6,281.6	732.6	4,908.5	1,921.2	4,098.5	3,014.4
2010	32,199.5	-	16,497.6	196.2	10,526.4	5,774.9	612.3	4,845.2	2,045.5	4,220.4	3,978.5
2011 Q2	31,740.4	-	16,614.3	266.4	10,655.6	5,692.3	607.5	4,903.1	2,156.0	3,973.3	3,486.1
Q3	33,661.5	-	17,079.4	211.4	10,783.6	6,084.4	607.5	4,952.8	2,203.5	4,033.4	4,785.0
2011 Aug.	32,816.4	-	16,818.8	187.1	10,711.5	5,920.2	622.7	4,908.7	2,198.8	3,988.7	4,278.7
Sep.	33,661.5	-	17,079.4	211.4	10,783.6	6,084.4	607.5	4,952.8	2,203.5	4,033.4	4,785.0
Oct.	33,346.6	-	17,073.5	195.5	10,763.5	6,114.5	594.0	4,920.7	2,203.2	3,953.3	4,602.0
Nov. (p)	33,403.8	-	17,117.6	204.3	10,725.2	6,188.1	606.8	4,941.4	2,203.6	3,976.4	4,558.0

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	23,848.2	11,805.7	1,021.1	10,784.6	3,355.9	1,850.4	1,505.5	812.6	4,809.2	229.1	2,835.6
2010	25,812.0	12,267.4	1,240.4	11,027.0	3,526.2	1,988.0	1,538.2	799.9	5,007.5	232.0	3,979.1
2011 Q2	25,483.2	12,395.4	1,170.5	11,224.9	3,408.7	1,926.6	1,482.1	788.8	4,983.9	237.5	3,669.0
Q3	27,052.7	12,461.3	1,163.8	11,297.5	3,429.6	1,960.4	1,469.1	752.4	5,188.2	239.0	4,982.1
2011 Aug.	26,423.5	12,401.5	1,162.7	11,238.8	3,424.5	1,944.8	1,479.7	765.3	5,115.5	238.4	4,478.4
Sep.	27,052.7	12,461.3	1,163.8	11,297.5	3,429.6	1,960.4	1,469.1	752.4	5,188.2	239.0	4,982.1
Oct.	26,721.4	12,431.4	1,163.4	11,268.0	3,474.5	1,945.4	1,529.1	751.6	5,035.3	239.5	4,789.1
Nov. (p)	26,722.2	12,419.6	1,162.4	11,257.3	3,494.6	1,959.0	1,535.6	753.6	5,066.4	239.9	4,748.0
	Transactions										
2009	-633.9	16.1	29.4	-13.3	364.5	269.5	95.0	12.3	-464.3	7.8	-571.1
2010	600.2	413.0	206.3	206.7	142.5	144.8	-2.3	5.7	-109.0	2.4	145.5
2011 Q2	175.8	67.1	-37.2	104.3	29.1	50.5	-21.5	-3.1	36.4	1.9	44.4
Q3	1,379.5	46.7	-6.9	53.6	30.2	37.1	-6.9	-23.2	19.6	1.6	1,304.6
2011 Aug.	559.7	-12.2	-14.0	1.7	28.0	31.8	-3.8	-8.8	69.7	0.1	482.9
Sep.	553.0	52.0	3.0	49.1	12.1	21.1	-8.9	-12.0	-12.4	0.6	512.5
Oct.	-249.5	0.5	-0.3	0.8	38.3	-2.7	41.1	-3.9	-91.7	0.5	-193.2
Nov. (p)	-85.0	-20.3	-1.2	-19.2	42.2	37.3	4.9	4.7	-70.6	0.4	-41.5

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	23,848.2	769.9	249.6	10,063.5	647.5	2,752.9	1,801.0	4,238.8	3,358.8	-33.7
2010	25,812.0	808.6	264.2	10,535.1	552.4	2,858.3	2,022.6	4,374.2	4,350.2	46.3
2011 Q2	25,483.2	819.7	339.0	10,666.8	545.9	3,026.6	2,086.1	4,130.8	3,857.5	10.9
Q3	27,052.7	831.2	261.5	10,790.2	549.0	3,048.3	2,183.8	4,222.8	5,182.3	-16.5
2011 Aug.	26,423.5	823.4	256.6	10,720.2	560.4	3,029.7	2,205.1	4,165.1	4,668.6	-5.6
Sep.	27,052.7	831.2	261.5	10,790.2	549.0	3,048.3	2,183.8	4,222.8	5,182.3	-16.5
Oct.	26,721.4	837.5	261.9	10,774.1	538.1	3,013.1	2,186.8	4,130.8	5,003.3	-24.2
Nov. (p)	26,722.2	841.4	265.1	10,737.3	550.5	3,032.4	2,200.4	4,154.6	4,959.7	-19.2
	Transactions									
2009	-633.9	45.8	-4.2	286.0	-12.5	-55.9	131.1	-589.3	-490.0	55.3
2010	600.2	38.6	11.8	331.6	-98.2	41.2	101.7	-25.4	164.1	34.7
2011 Q2	175.8	21.3	42.6	121.9	-21.9	34.4	29.1	-20.7	0.7	-31.7
Q3	1,379.5	11.5	-77.5	104.8	6.3	-16.6	49.6	-10.9	1,349.7	-37.2
2011 Aug.	559.7	-4.7	-60.4	62.3	21.9	-5.6	10.0	43.5	488.5	4.2
Sep.	553.0	7.7	4.9	58.0	-11.1	-10.5	2.2	-34.4	551.4	-15.3
Oct.	-249.5	6.3	0.5	-7.5	-10.9	-15.9	1.7	-38.4	-179.8	-5.5
Nov. (p)	-85.0	3.9	3.2	-46.9	12.6	-9.2	17.0	-42.5	-22.0	-1.1

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)]

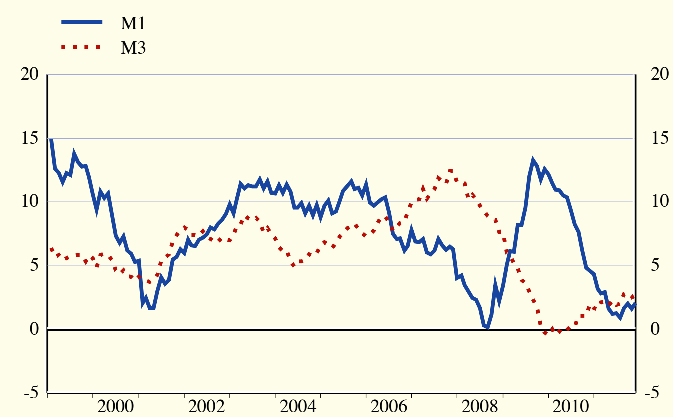
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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	4,495.7	3,701.6	8,197.3	1,134.1	9,331.4	-	6,762.9	2,909.6	13,117.5	10,804.4	-	552.2
2010	4,698.5	3,696.2	8,394.8	1,125.2	9,520.0	-	7,313.7	3,270.4	13,379.4	11,047.8	-	615.1
2011 Q2	4,718.7	3,780.6	8,499.3	1,165.0	9,664.3	-	7,544.5	3,061.4	13,461.5	11,191.4	-	853.7
Q3	4,783.0	3,821.7	8,604.7	1,230.5	9,835.3	-	7,709.1	3,121.0	13,505.1	11,268.1	-	959.3
2011 Aug.	4,782.0	3,801.0	8,582.9	1,223.2	9,806.1	-	7,685.7	3,112.7	13,506.3	11,247.0	-	949.9
Sep.	4,783.0	3,821.7	8,604.7	1,230.5	9,835.3	-	7,709.1	3,121.0	13,505.1	11,268.1	-	959.3
Oct.	4,769.5	3,809.9	8,579.3	1,200.1	9,779.4	-	7,711.9	3,106.2	13,555.4	11,261.8	-	893.1
Nov. (p)	4,788.9	3,801.0	8,590.0	1,184.9	9,774.9	-	7,723.9	3,125.8	13,528.0	11,254.0	-	903.2
	Transactions											
2009	488.7	-368.0	120.7	-160.1	-39.5	-	410.9	306.9	93.2	-11.6	34.3	124.6
2010	194.7	-12.8	181.9	-25.5	156.4	-	254.5	355.2	209.7	207.7	264.6	-83.6
2011 Q2	8.5	33.5	41.9	12.4	54.3	-	73.5	-25.8	13.8	50.8	57.9	47.2
Q3	56.8	35.8	92.6	71.7	164.3	-	69.2	62.6	44.0	57.6	69.4	23.8
2011 Aug.	50.5	10.9	61.4	55.7	117.0	-	26.5	36.3	29.3	35.6	37.7	17.3
Sep.	-5.4	16.7	11.3	9.5	20.7	-	14.5	15.6	-8.3	11.5	9.9	16.3
Oct.	-10.5	-7.6	-18.1	-29.4	-47.5	-	21.1	-2.4	58.4	24.0	53.0	-58.7
Nov. (p)	14.8	-12.4	2.4	-15.7	-13.2	-	-14.4	43.3	-34.7	-16.2	-13.0	-25.3
	Growth rates											
2009	12.2	-9.0	1.5	-11.8	-0.4	-0.2	6.5	11.8	0.7	-0.1	0.3	124.6
2010	4.3	-0.4	2.2	-2.3	1.7	1.8	3.7	12.1	1.6	1.9	2.4	-83.6
2011 Q2	1.3	3.7	2.3	-1.0	2.0	2.1	4.4	4.7	2.1	2.5	2.8	140.0
Q3	2.0	3.1	2.5	5.8	2.9	2.8	4.2	5.6	1.5	2.5	2.7	193.7
2011 Aug.	1.7	3.3	2.4	5.5	2.8	2.6	4.3	5.4	1.6	2.5	2.7	181.3
Sep.	2.0	3.1	2.5	5.8	2.9	2.8	4.2	5.6	1.5	2.5	2.7	193.7
Oct.	1.7	2.3	1.9	7.8	2.6	2.5	4.2	-0.5	2.1	2.7	3.0	223.9
Nov. (p)	2.1	2.1	2.1	1.1	2.0	.	3.3	0.2	1.0	1.7	1.9	187.6

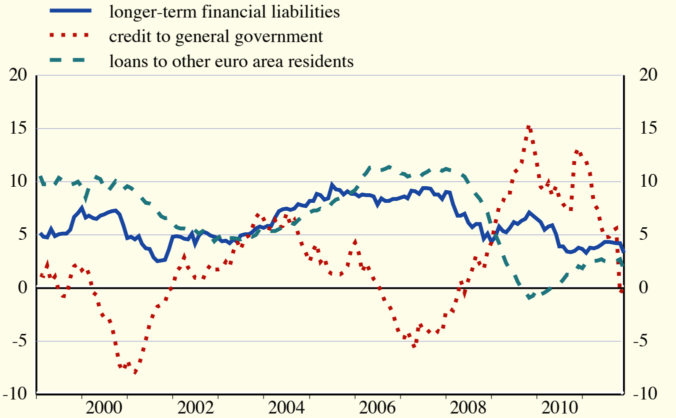
C1 Monetary aggregates [1)]

(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]

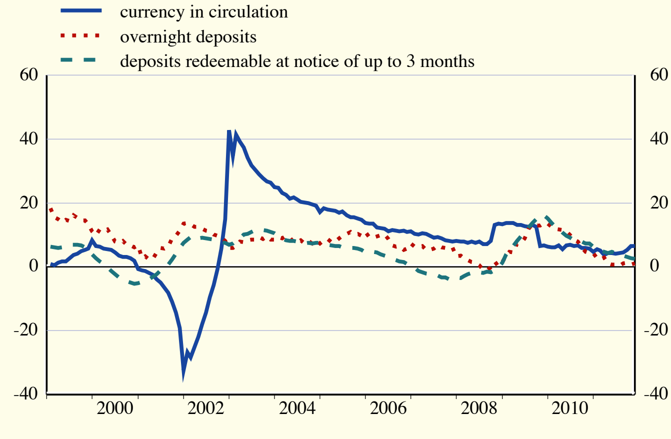
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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	3,738.1	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	3,904.9	1,781.3	1,914.9	433.8	570.2	121.2	2,753.6	118.4	2,436.0	2,005.8
2011 Q2	815.4	3,903.3	1,842.4	1,938.2	441.2	548.3	175.5	2,845.4	119.7	2,493.8	2,085.6
Q3	832.3	3,950.7	1,862.7	1,959.0	508.8	552.6	169.1	2,878.6	119.4	2,529.6	2,181.6
2011 Aug.	825.4	3,956.6	1,847.1	1,953.9	499.8	549.7	173.8	2,849.0	119.9	2,509.8	2,207.1
Sep.	832.3	3,950.7	1,862.7	1,959.0	508.8	552.6	169.1	2,878.6	119.4	2,529.6	2,181.6
Oct.	843.3	3,926.2	1,846.3	1,963.5	486.8	543.1	170.2	2,840.6	118.6	2,568.5	2,184.2
Nov. (p)	847.3	3,941.6	1,829.2	1,971.9	464.3	549.2	171.5	2,866.7	115.6	2,550.4	2,191.2
					Transactions						
2009	44.3	444.4	-605.3	237.2	-12.6	-13.1	-134.4	78.7	9.0	194.0	129.1
2010	36.0	158.7	-125.7	112.9	95.3	-101.2	-19.6	62.1	-14.1	108.3	98.2
2011 Q2	12.7	-4.3	19.5	14.0	31.5	-19.7	0.7	31.0	0.0	16.7	25.7
Q3	16.9	39.9	15.1	20.7	74.6	7.3	-10.2	-1.3	-0.4	23.0	47.8
2011 Aug.	9.1	41.3	1.5	9.4	44.3	15.0	-3.6	2.4	-0.1	9.6	14.7
Sep.	6.9	-12.3	11.7	5.0	11.2	3.2	-5.0	0.9	-0.5	16.1	-2.0
Oct.	11.0	-21.4	-12.7	5.1	-21.7	-9.4	1.7	-19.4	-0.7	39.9	1.3
Nov. (p)	4.0	10.8	-20.0	7.6	-22.8	6.3	0.9	-2.0	-2.1	-20.7	10.4
					Growth rates						
2009	6.2	13.5	-24.2	15.1	-3.5	-1.9	-50.3	3.1	7.3	9.7	7.9
2010	4.8	4.2	-6.6	6.3	28.3	-15.1	-14.4	2.3	-10.7	4.7	5.3
2011 Q2	4.1	0.7	3.2	4.3	13.9	-12.7	9.9	4.6	-6.3	4.5	4.5
Q3	5.3	1.4	3.2	3.0	31.1	-9.5	2.8	3.6	-2.4	3.1	6.8
2011 Aug.	4.5	1.1	3.0	3.5	31.2	-10.5	5.8	4.4	-3.9	2.8	6.6
Sep.	5.3	1.4	3.2	3.0	31.1	-9.5	2.8	3.6	-2.4	3.1	6.8
Oct.	6.5	0.7	1.9	2.7	34.8	-8.9	8.5	2.5	-1.1	4.5	6.6
Nov. (p)	6.5	1.2	1.6	2.6	12.4	-8.9	13.0	2.1	-2.0	2.8	6.0

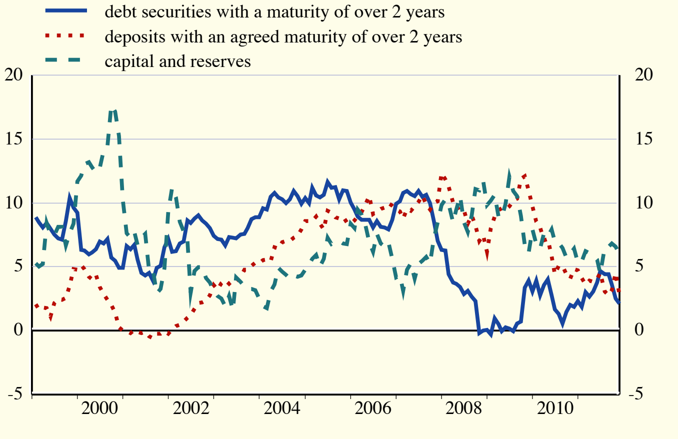
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

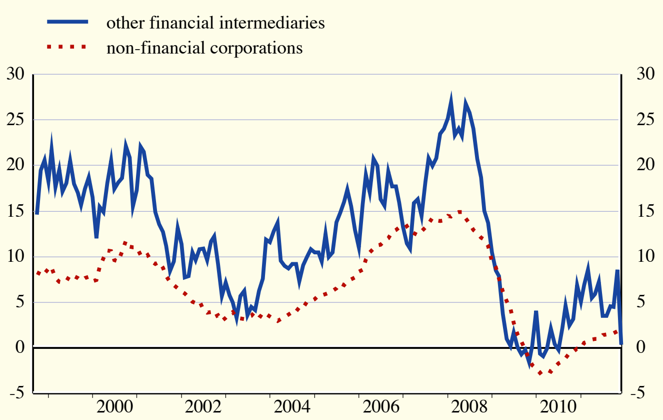
2.4 MFI loans: breakdown [1), 2)]

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

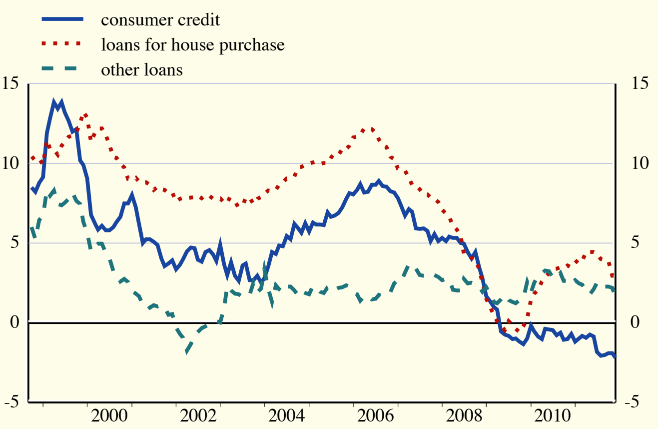
1. Loans to financial intermediaries, non-financial corporations and households

	Insurance corporations and pension funds	Other financial inter-mediaries	Non-financial corporations					Households [3)]				
	Total	Total	Total		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total		Consumer credit	Loans for house purchase	Other loans
				Loans adjusted for sales and securitisation [4)]					Loans adjusted for sales and securitisation [4)]			
	1	2	3	4	5	6	7	8	9	10	11	12
						Outstanding amounts						
2009	89.0	1,072.3	4,690.9	-	1,187.8	937.6	2,565.5	4,952.2	-	631.3	3,546.6	774.3
2010	95.0	1,126.4	4,667.2	-	1,127.3	899.0	2,640.9	5,159.3	-	639.3	3,701.3	818.7
2011 Q2	88.8	1,114.3	4,729.2	-	1,175.8	867.3	2,686.1	5,259.1	-	629.4	3,796.5	833.2
Q3	97.0	1,140.7	4,761.0	-	1,178.0	870.3	2,712.6	5,269.4	-	627.6	3,806.2	835.6
2011 Aug.	99.1	1,148.9	4,735.2	-	1,168.5	867.8	2,699.0	5,263.7	-	629.8	3,798.2	835.7
Sep.	97.0	1,140.7	4,761.0	-	1,178.0	870.3	2,712.6	5,269.4	-	627.6	3,806.2	835.6
Oct.	93.7	1,176.6	4,760.6	-	1,180.7	868.0	2,711.9	5,230.9	-	626.7	3,768.6	835.6
Nov. (p)	93.2	1,162.9	4,757.7	-	1,176.9	865.6	2,715.2	5,240.1	-	626.0	3,777.9	836.2
						Transactions						
2009	-13.6	43.6	-106.7	-107.9	-181.1	-18.9	93.4	65.1	99.5	-1.0	51.4	14.7
2010	7.0	55.7	-2.1	45.7	-37.5	-26.2	61.6	147.1	155.7	-7.6	133.7	21.0
2011 Q2	1.0	-7.9	27.0	29.7	30.9	-17.1	13.2	30.6	34.4	-7.1	29.1	8.6
Q3	8.1	19.2	24.2	25.0	-0.7	1.4	23.4	6.1	17.6	-3.1	7.8	1.5
2011 Aug.	8.1	10.1	9.7	9.9	1.6	1.2	7.0	7.7	9.7	1.0	5.8	1.0
Sep.	-2.1	-11.7	18.5	18.5	6.9	2.2	9.5	6.8	5.6	-0.7	7.6	-0.1
Oct.	-3.2	38.0	7.0	8.6	4.6	-0.3	2.7	-17.7	9.7	-0.9	-17.7	0.9
Nov. (p)	-0.6	-16.9	-7.2	-6.7	-5.5	-2.9	1.2	8.4	11.5	-0.5	8.2	0.7
						Growth rates						
2009	-13.2	4.4	-2.2	-	-13.1	-2.0	3.8	1.3	-	-0.2	1.5	1.9
2010	8.0	5.1	0.0	1.0	-3.2	-2.8	2.4	2.9	3.1	-1.2	3.8	2.7
2011 Q2	5.7	3.4	1.4	2.3	4.2	-3.7	2.0	3.3	3.0	-1.8	4.4	2.5
Q3	9.8	4.5	1.6	2.2	4.0	-3.7	2.4	2.9	2.6	-1.9	3.9	2.3
2011 Aug.	9.8	4.3	1.5	2.1	4.0	-3.5	2.1	2.9	2.7	-2.0	3.9	2.3
Sep.	9.8	4.5	1.6	2.2	4.0	-3.7	2.4	2.9	2.6	-1.9	3.9	2.3
Oct.	5.7	8.5	1.8	2.2	4.6	-3.2	2.4	2.2	2.5	-1.9	3.0	2.2
Nov. (p)	1.4	0.4	1.6	1.8	3.8	-3.1	2.2	2.1	2.3	-2.2	3.0	1.6

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	4,667.2	1,120.6	898.6	2,648.0
2011 Q2	91.1	71.2	5.6	14.2	1,129.3	153.1	601.4	203.6	324.3	4,737.3	1,185.1	868.6	2,683.7
Q3	98.3	78.8	5.2	14.2	1,168.0	178.1	631.3	207.4	329.3	4,754.9	1,176.5	870.6	2,707.7
2011 Sep.	98.3	78.8	5.2	14.2	1,168.0	178.1	631.3	207.4	329.3	4,754.9	1,176.5	870.6	2,707.7
Oct.	95.3	76.1	5.3	13.8	1,187.1	212.2	648.4	206.4	332.3	4,750.8	1,174.3	868.3	2,708.2
Nov. (p)	93.6	74.5	5.4	13.8	1,161.7	186.8	612.9	214.8	334.0	4,759.0	1,178.7	865.1	2,715.2
	Transactions												
2010	6.8	10.1	-1.8	-1.5	54.5	-	17.9	7.1	29.5	-2.3	-37.7	-26.2	61.5
2011 Q2	4.2	4.6	-0.1	-0.3	16.2	15.6	14.9	-5.0	6.2	36.1	39.3	-15.9	12.7
Q3	7.1	7.5	-0.4	0.0	31.5	25.1	26.7	1.5	3.3	10.0	-11.4	0.4	21.0
2011 Sep.	-1.5	-1.3	-0.1	0.0	11.9	3.3	10.9	0.4	0.7	26.2	17.4	3.4	5.4
Oct.	-3.0	-2.7	0.1	-0.4	21.2	34.1	18.8	-0.4	2.8	3.3	-0.2	-0.4	3.8
Nov. (p)	-1.7	-1.7	0.0	-0.1	-28.6	-25.4	-37.3	8.0	0.8	3.8	2.6	-3.6	4.8
	Growth rates												
2010	8.5	17.5	-25.4	-9.1	5.0	-	2.9	3.2	10.4	0.0	-3.2	-2.8	2.4
2011 Q2	5.7	11.1	3.3	-15.9	3.5	21.2	2.6	-3.3	10.1	1.4	4.2	-3.7	2.0
Q3	9.9	15.2	-6.6	-8.1	4.5	20.1	6.4	-4.5	7.1	1.6	4.1	-3.7	2.3
2011 Sep.	9.9	15.2	-6.6	-8.1	4.5	20.1	6.4	-4.5	7.1	1.6	4.1	-3.7	2.3
Oct.	5.7	11.1	-4.8	-14.2	8.6	58.5	14.3	-4.4	7.0	1.8	4.6	-3.2	2.4
Nov. (p)	1.2	4.6	-6.8	-11.4	0.4	8.9	-1.6	-1.4	5.6	1.6	3.8	-3.1	2.2

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
2011 Q2	5,266.2	633.0	141.9	185.3	305.7	3,794.7	14.6	55.2	3,724.9	838.6	404.2	152.1	87.0	599.4
Q3	5,275.3	629.7	138.6	186.3	304.8	3,810.3	14.5	56.7	3,739.1	835.4	409.7	147.5	87.9	600.0
2011 Sep.	5,275.3	629.7	138.6	186.3	304.8	3,810.3	14.5	56.7	3,739.1	835.4	409.7	147.5	87.9	600.0
Oct.	5,233.9	629.2	138.8	185.1	305.2	3,771.5	14.4	56.5	3,700.5	833.3	408.2	145.8	87.4	600.0
Nov. (p)	5,242.0	627.2	137.7	184.8	304.7	3,775.3	14.3	56.8	3,704.1	839.5	410.0	150.5	87.3	601.7
	Transactions													
2010	147.4	-7.7	-4.8	-8.8	5.9	134.2	-0.6	-3.7	138.5	20.9	-	-6.9	-4.5	32.3
2011 Q2	47.7	-0.2	2.5	-2.0	-0.8	32.9	0.5	1.1	31.3	15.1	1.8	5.1	0.2	9.8
Q3	4.9	-4.6	-2.4	-0.8	-1.4	13.6	-0.1	1.3	12.5	-4.1	-1.3	-5.8	-0.8	2.6
2011 Sep.	12.4	0.5	-1.5	1.1	1.0	10.4	-0.2	0.3	10.3	1.5	-0.2	1.4	-0.2	0.2
Oct.	-20.6	-0.6	0.0	-0.7	0.1	-18.9	-0.1	0.1	-19.0	-1.2	-1.4	-1.5	-0.3	0.6
Nov. (p)	7.3	-1.8	-1.1	-0.3	-0.4	2.7	-0.2	0.3	2.5	6.4	1.6	4.6	-0.1	1.9
	Growth rates													
2010	3.0	-1.2	-3.5	-4.5	2.0	3.8	-4.2	-6.2	4.0	2.7	-	-4.6	-5.1	5.9
2011 Q2	3.3	-1.8	-2.6	-5.0	0.6	4.4	0.0	2.6	4.4	2.5	0.4	0.6	-3.3	3.9
Q3	2.9	-1.9	-2.0	-3.6	-0.8	3.9	-2.5	0.6	4.0	2.3	0.0	-0.1	-3.7	3.8
2011 Sep.	2.9	-1.9	-2.0	-3.6	-0.8	3.9	-2.5	0.6	4.0	2.3	0.0	-0.1	-3.7	3.8
Oct.	2.2	-1.9	-1.9	-3.8	-0.7	3.0	-2.4	0.4	3.0	2.2	0.1	0.7	-3.2	3.4
Nov. (p)	2.1	-2.2	-3.4	-3.7	-0.7	3.0	-4.0	0.4	3.0	1.6	-0.6	-1.4	-3.4	3.2

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]

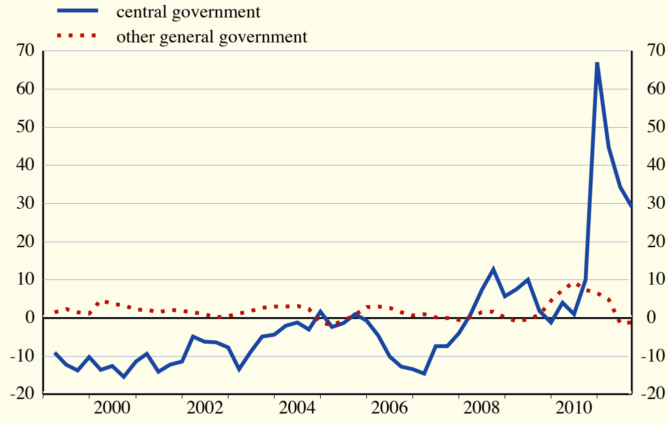
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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									
2009	1,001.7	229.3	209.8	528.8	33.8	2,821.7	1,914.9	906.8	46.2	860.7
2010	1,221.8	397.5	225.2	553.0	46.1	2,963.0	2,010.9	952.1	49.5	902.6
2010 Q4	1,221.8	397.5	225.2	553.0	46.1	2,963.0	2,010.9	952.1	49.5	902.6
2011 Q1	1,188.8	359.4	229.6	557.8	41.9	2,934.4	1,957.5	976.9	54.5	922.4
Q2	1,152.7	346.4	223.4	555.9	27.0	3,006.5	2,012.0	994.5	60.1	934.4
Q3 (p)	1,145.8	343.5	224.0	553.7	24.7	3,155.0	2,132.4	1,022.7	62.7	960.0
	Transactions									
2009	30.5	-2.7	0.1	21.6	11.5	-384.4	-345.9	-38.2	-1.4	-36.9
2010	207.2	156.3	14.9	24.1	11.9	6.0	8.0	-2.3	0.6	-3.0
2010 Q4	138.6	126.6	1.6	8.8	1.5	-16.9	-2.4	-14.5	-2.0	-12.5
2011 Q1	-28.2	-34.3	4.4	4.9	-3.2	56.1	0.0	56.0	6.9	49.0
Q2	-36.5	-13.0	-6.5	-2.1	-14.9	44.4	21.8	22.6	6.1	16.6
Q3 (p)	-7.1	-3.3	0.6	-2.1	-2.4	65.5	59.0	6.4	1.4	5.0
	Growth rates									
2009	3.1	-1.2	0.1	4.2	51.9	-11.7	-15.1	-4.0	-2.9	-4.1
2010	20.6	67.1	7.1	4.6	35.1	0.6	0.5	-0.1	0.8	-0.2
2010 Q4	20.6	67.1	7.1	4.6	35.1	0.6	0.5	-0.1	0.8	-0.2
2011 Q1	14.3	44.7	9.6	3.4	0.6	0.5	-0.7	2.3	16.2	1.5
Q2	7.1	34.4	-1.1	1.4	-38.6	2.6	0.5	6.6	30.3	5.3
Q3 (p)	6.2	29.1	0.0	1.8	-43.3	5.2	4.0	7.4	24.6	6.4

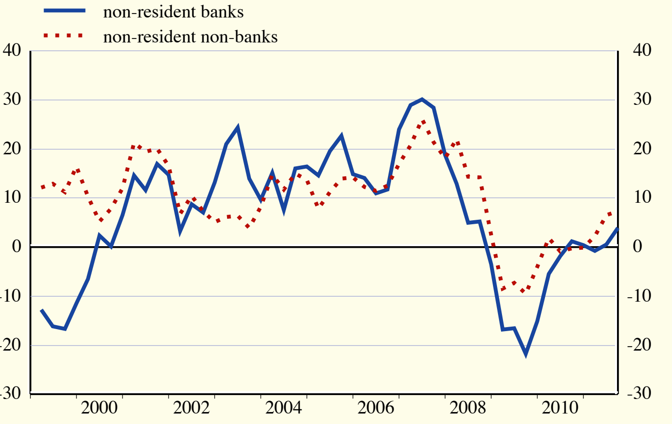
C7 Loans to government [2]

(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)]

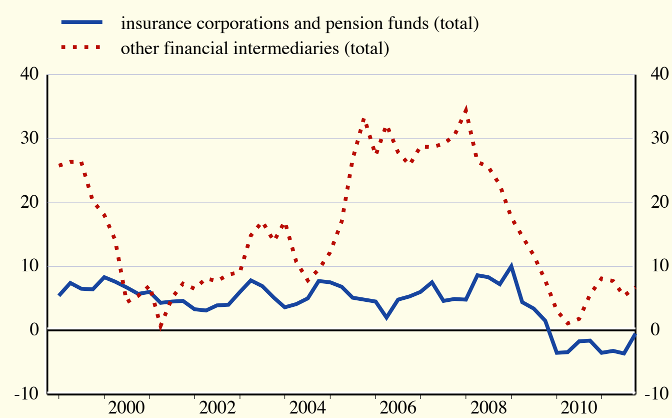
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds: Total	Overnight	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: Up to 3 months	Redeemable at notice of: Over 3 months	Repos	Other financial intermediaries: Total	Overnight	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: Up to 3 months	Redeemable at notice of: Over 3 months	Repos	Repos: 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	84.6	79.3	528.3	2.6	0.3	21.9	2,168.3	358.5	305.7	1,132.6	10.7	0.5	360.3	255.0
2011 Q2	703.4	84.6	72.1	524.0	3.2	0.2	19.3	2,216.9	370.0	297.0	1,152.4	12.5	0.3	384.8	290.8
Q3	721.6	88.4	88.6	520.2	3.6	0.2	20.6	2,309.5	382.6	305.2	1,167.4	11.4	0.5	442.4	338.7
2011 Aug.	718.0	87.1	82.6	523.3	3.7	0.2	21.1	2,256.8	370.4	305.3	1,151.9	11.7	0.5	417.0	315.0
Sep.	721.6	88.4	88.6	520.2	3.6	0.2	20.6	2,309.5	382.6	305.2	1,167.4	11.4	0.5	442.4	338.7
Oct.	724.1	93.2	87.8	520.3	3.8	0.2	18.7	2,295.9	382.0	292.9	1,187.9	10.9	0.4	421.7	325.4
Nov. (p)	709.3	88.3	79.8	518.0	4.0	0.2	19.0	2,273.7	396.1	289.3	1,181.6	12.6	0.4	393.7	303.9
							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	-3.3	-8.4	-16.6	0.2	0.0	1.6	156.9	45.1	-37.6	52.8	-8.0	0.4	104.2	-
2011 Q2	-2.6	1.7	-3.1	-2.7	0.3	0.0	1.3	39.5	-1.7	-6.8	3.0	0.7	-0.3	44.6	50.2
Q3	17.5	3.3	16.4	-3.9	0.4	0.0	1.3	86.3	10.3	5.0	7.3	-1.1	0.2	64.7	48.6
2011 Aug.	10.3	4.3	7.1	0.0	0.0	0.0	-1.0	65.6	11.0	4.4	4.4	0.2	0.2	45.4	32.8
Sep.	3.1	0.9	6.0	-3.2	0.0	0.0	-0.5	46.2	10.1	-3.1	12.0	-0.4	0.0	27.6	24.3
Oct.	4.7	5.0	-0.7	0.1	0.1	0.0	0.2	-9.2	0.7	-10.4	21.4	-0.5	0.0	-20.4	-13.2
Nov. (p)	-12.3	-5.1	-5.1	-2.3	0.2	0.0	-0.1	-30.8	12.5	-8.1	-8.7	1.7	0.0	-28.2	-21.7
							Growth rates								
2009	-3.5	-1.1	-26.4	1.2	96.8	-	-11.8	3.1	1.5	-22.0	10.0	30.1	-	27.4	-
2010	-3.6	-3.4	-9.6	-3.0	9.7	-	7.8	8.1	14.4	-11.1	4.9	-48.5	-	41.1	-
2011 Q2	-3.7	-5.7	-10.6	-2.2	26.4	-	-6.6	5.4	1.1	1.4	4.7	5.4	-	15.8	33.1
Q3	-0.5	4.3	3.6	-2.3	28.7	-	8.1	6.7	1.5	-1.3	2.6	2.8	-	33.8	47.4
2011 Aug.	-1.3	2.3	-5.9	-1.9	38.3	-	17.4	6.0	1.6	-1.4	1.6	5.0	-	33.9	43.5
Sep.	-0.5	4.3	3.6	-2.3	28.7	-	8.1	6.7	1.5	-1.3	2.6	2.8	-	33.8	47.4
Oct.	0.9	10.2	6.9	-1.7	37.2	-	2.1	7.6	3.3	-9.6	5.3	-3.0	-	39.3	58.9
Nov. (p)	0.6	4.3	8.9	-1.7	45.1	-	9.4	2.0	3.9	-11.6	1.7	18.7	-	13.0	17.2

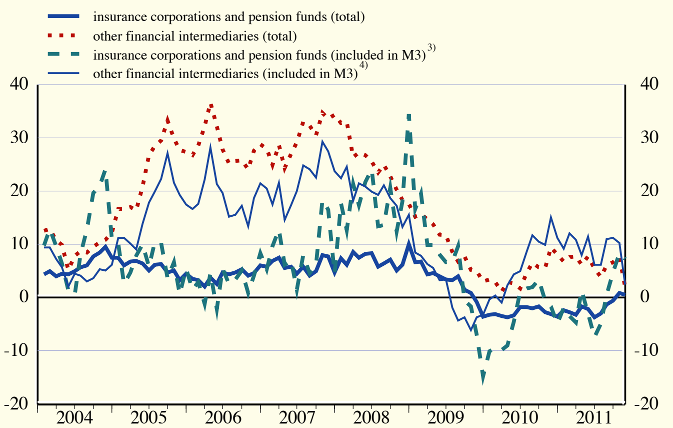
C9 Total deposits by sector [2)]

(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.

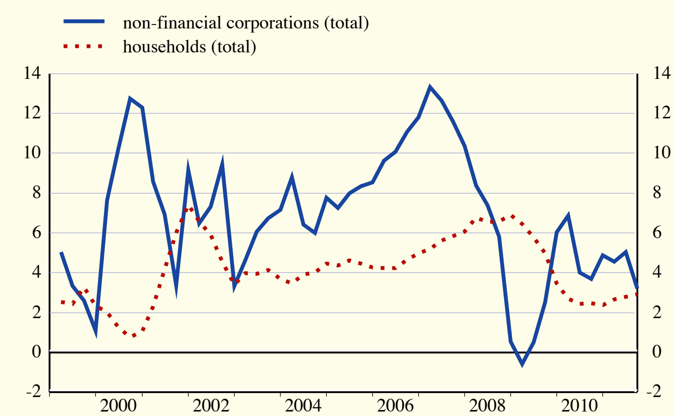
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

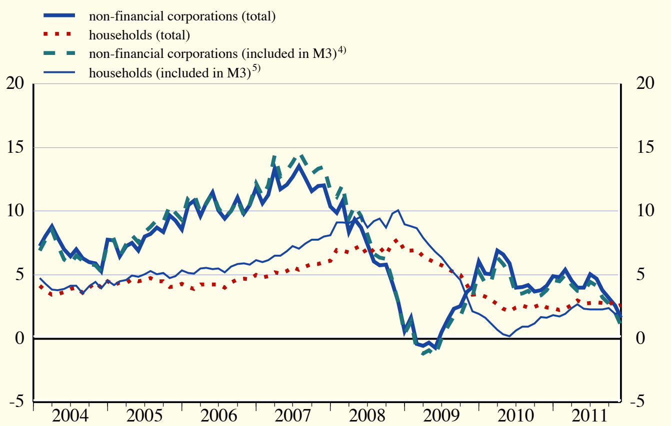
2. Deposits by non-financial corporations and households

	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	1,670.7	1,036.4	455.5	87.2	75.8	1.5	14.2	5,739.1	2,244.5	901.0	665.0	1,788.5	110.3	29.8
2011 Q2	1,657.4	1,013.4	453.9	94.8	77.3	2.0	15.8	5,822.9	2,258.3	904.4	701.2	1,816.1	109.4	33.5
Q3	1,663.6	999.2	471.0	96.7	76.5	1.7	18.5	5,835.4	2,240.4	921.9	709.8	1,820.6	109.0	33.9
2011 Aug.	1,654.0	995.9	464.5	95.1	77.4	1.7	19.5	5,830.5	2,236.3	918.6	707.0	1,824.2	109.4	35.1
Sep.	1,663.6	999.2	471.0	96.7	76.5	1.7	18.5	5,835.4	2,240.4	921.9	709.8	1,820.6	109.0	33.9
Oct.	1,663.8	998.3	472.1	97.3	74.5	2.0	19.6	5,833.7	2,234.6	925.7	712.0	1,820.2	108.8	32.3
Nov. (p)	1,660.3	1,001.4	460.9	97.6	78.9	1.9	19.6	5,824.9	2,223.2	934.9	713.0	1,815.7	107.2	30.8
	Transactions													
2009	91.0	112.3	-70.2	15.1	40.8	0.4	-7.4	187.7	320.5	-371.5	85.9	190.5	8.6	-46.3
2010	78.1	40.3	23.2	9.0	7.8	-0.2	-2.1	132.9	81.7	-98.9	58.7	113.6	-14.6	-7.5
2011 Q2	11.6	12.1	-5.2	4.0	-0.9	0.0	1.5	55.9	35.1	-2.0	18.8	2.7	-0.9	2.1
Q3	2.9	-17.3	17.1	1.8	-0.9	-0.4	2.6	4.6	-19.0	15.6	3.7	4.4	-0.4	0.4
2011 Aug.	0.4	-7.3	6.5	-0.4	0.9	-0.3	0.9	-19.6	-25.6	4.7	-2.9	4.4	-0.1	-0.2
Sep.	6.9	0.6	6.8	1.5	-0.9	-0.1	-1.0	2.8	3.2	2.2	2.8	-3.8	-0.4	-1.2
Oct.	2.8	0.6	2.0	0.7	-1.9	0.3	1.1	-0.6	-5.7	4.4	2.2	0.2	-0.1	-1.6
Nov. (p)	-6.3	0.8	-11.9	0.1	4.8	-0.1	0.0	-10.2	-12.1	8.6	1.0	-5.6	-0.7	-1.5
	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	5.3	11.2	11.4	-10.1	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.7	-20.2
2011 Q2	5.0	1.6	11.6	16.7	2.3	-1.5	6.0	2.8	1.3	-0.1	8.4	4.6	-6.4	10.2
Q3	3.2	0.3	8.3	12.0	-2.5	-19.9	31.2	2.9	1.5	2.4	7.5	3.4	-1.7	8.0
2011 Aug.	3.8	0.9	8.6	13.8	-1.7	-16.1	37.4	2.8	1.1	1.9	7.4	3.8	-3.2	10.2
Sep.	3.2	0.3	8.3	12.0	-2.5	-19.9	31.2	2.9	1.5	2.4	7.5	3.4	-1.7	8.0
Oct.	2.6	0.5	5.2	12.7	-4.4	-3.4	44.7	2.5	0.5	2.8	7.4	3.2	-0.6	4.8
Nov. (p)	1.6	0.0	3.2	11.8	-1.5	-2.8	17.2	2.6	0.8	3.9	7.4	2.7	-1.7	3.4

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]

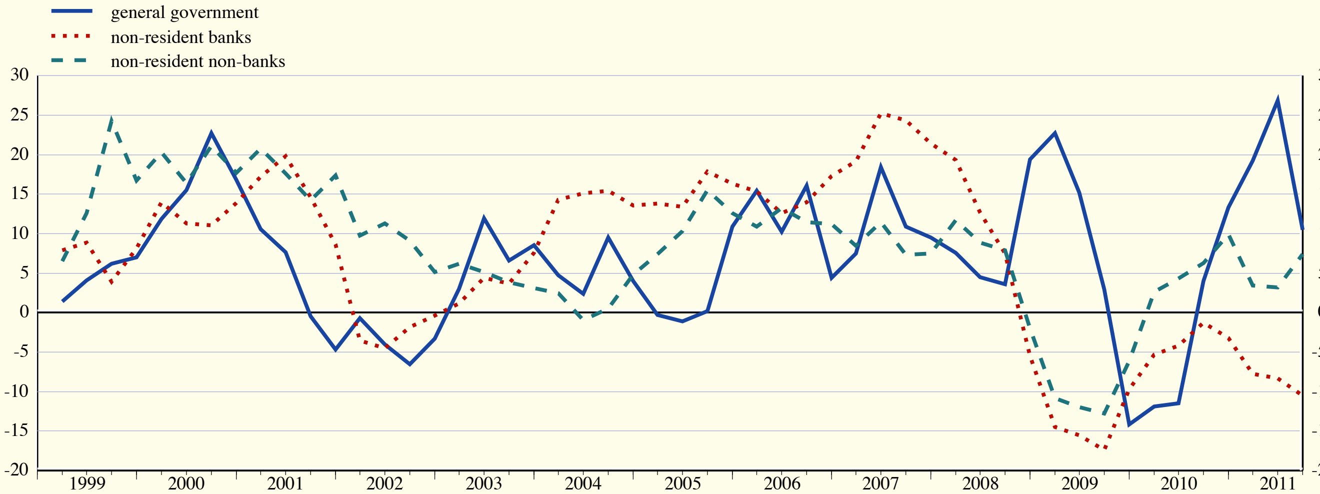
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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									
2009	374.9	146.0	43.4	114.3	71.2	3,369.4	2,532.8	836.7	56.7	780.0
2010	427.6	196.2	47.7	109.6	74.1	3,488.8	2,492.0	996.9	45.9	950.9
2010 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	475.6	235.8	52.3	108.7	78.8	3,314.1	2,346.8	967.4	41.4	926.0
Q2	521.5	266.4	55.0	112.6	87.5	3,280.6	2,295.8	984.8	47.7	937.1
Q3 (p)	464.8	211.4	54.3	111.4	87.8	3,346.4	2,298.8	1,047.6	50.0	997.7
	Transactions									
2009	-62.8	-36.2	-8.7	-2.5	-15.0	-329.9	-274.8	-55.0	-4.5	-50.5
2010	50.0	47.4	4.3	-4.9	2.9	0.2	-84.4	84.6	7.5	77.1
2010 Q4	5.4	19.3	-11.0	-2.3	-0.5	-102.8	-108.3	5.5	-2.7	8.2
2011 Q1	50.4	43.4	4.7	-2.4	4.7	-77.2	-71.7	-5.6	-3.6	-1.9
Q2	45.7	30.9	2.7	3.9	8.2	-19.8	-41.6	21.8	6.4	15.4
Q3 (p)	-56.9	-55.1	-1.0	-1.2	0.2	0.4	-49.4	49.7	1.4	48.4
	Growth rates									
2009	-14.1	-18.9	-16.7	-2.1	-17.4	-8.7	-9.7	-6.2	-6.9	-6.1
2010	13.3	32.2	9.9	-4.3	4.1	0.3	-3.3	9.9	12.7	9.6
2010 Q4	13.3	32.2	9.9	-4.3	4.1	0.3	-3.3	9.9	12.7	9.6
2011 Q1	19.2	41.4	4.0	-1.3	9.2	-4.7	-7.8	3.4	-10.5	4.2
Q2	26.8	61.3	1.2	-2.5	14.0	-5.1	-8.3	3.2	5.0	3.1
Q3 (p)	10.5	21.6	-7.8	-1.8	17.0	-5.5	-10.5	7.4	3.3	7.6

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

(annual growth rates)



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

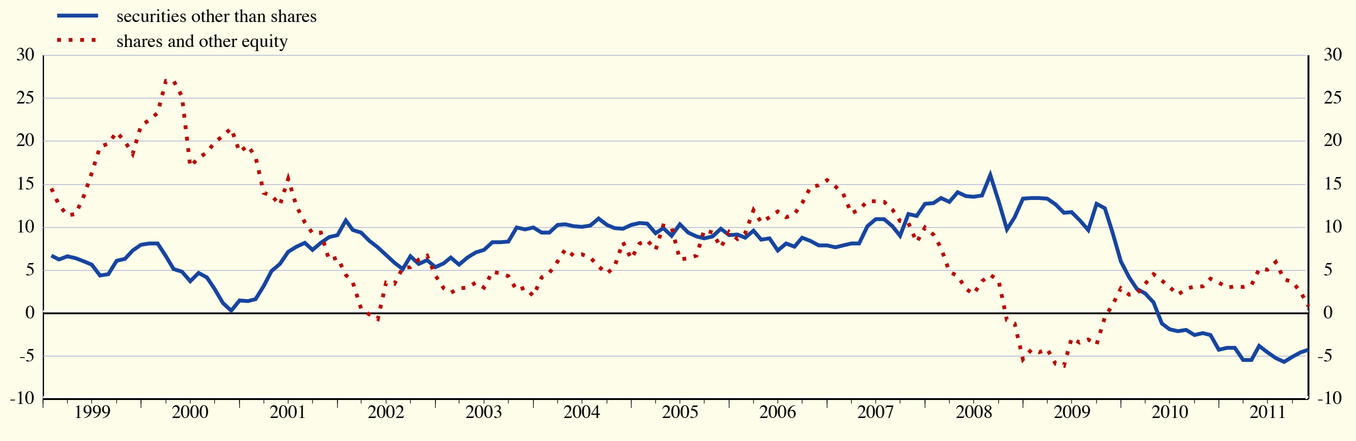
2.6 MFI holdings of securities: breakdown [1], [2]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
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	801.0	280.2
2010	5,993.1	1,778.4	107.4	1,507.8	16.4	1,500.8	27.8	1,054.5	1,535.9	445.3	787.8	302.8
2011 Q2	5,663.4	1,669.6	90.7	1,436.9	20.7	1,448.0	24.2	973.1	1,563.3	476.0	775.5	311.8
Q3	5,635.3	1,706.9	92.8	1,393.8	22.3	1,433.2	25.0	961.2	1,530.5	489.3	740.6	300.5
2011 Aug.	5,611.5	1,690.2	85.2	1,406.3	23.8	1,442.1	27.1	936.8	1,535.3	481.2	753.1	300.9
Sep.	5,635.3	1,706.9	92.8	1,393.8	22.3	1,433.2	25.0	961.2	1,530.5	489.3	740.6	300.5
Oct.	5,653.5	1,709.9	93.0	1,371.7	21.9	1,493.4	24.9	938.7	1,522.6	487.3	739.2	296.1
Nov. (p)	5,653.3	1,707.3	97.4	1,360.6	21.9	1,498.0	26.7	941.5	1,521.3	486.5	741.4	293.4
	Transactions											
2009	354.9	83.5	16.6	231.0	-3.2	103.0	-12.0	-64.0	42.9	29.1	11.6	2.3
2010	-268.6	-167.1	-6.9	42.8	-2.0	10.2	-14.8	-130.8	54.4	28.2	5.2	20.9
2011 Q2	-29.0	-33.8	6.3	45.5	1.0	-18.1	-3.6	-26.3	44.7	36.7	-3.2	11.2
Q3	-48.5	37.0	0.3	-43.4	0.3	-7.1	-0.7	-34.9	-13.6	17.2	-23.2	-7.6
2011 Aug.	-13.0	32.7	-3.4	-18.7	3.5	-6.8	2.8	-23.1	-16.0	1.9	-8.8	-9.2
Sep.	-0.8	17.0	4.2	-10.8	-2.5	-6.0	-3.3	0.7	-2.4	8.8	-12.0	0.8
Oct.	19.4	1.3	2.3	-15.6	0.2	40.5	0.6	-10.0	-10.0	-2.0	-3.9	-4.2
Nov. (p)	-3.8	3.5	1.9	1.4	-0.8	3.8	0.9	-14.5	3.1	0.2	4.3	-1.5
	Growth rates											
2009	6.0	4.4	17.5	18.7	-15.9	7.6	-23.1	-5.3	2.9	7.0	1.5	0.8
2010	-4.3	-8.5	-5.5	2.9	-11.1	0.7	-35.4	-11.1	3.6	6.5	0.6	7.5
2011 Q2	-4.6	-9.3	7.8	1.2	23.1	-1.9	2.1	-9.5	5.1	9.9	3.2	2.8
Q3	-5.1	-4.9	8.0	-1.0	24.8	-4.4	-16.9	-13.0	3.6	13.4	-1.0	1.0
2011 Aug.	-5.6	-7.1	-0.7	-0.2	48.7	-4.1	13.3	-14.2	4.0	11.4	0.6	1.7
Sep.	-5.1	-4.9	8.0	-1.0	24.8	-4.4	-16.9	-13.0	3.6	13.4	-1.0	1.0
Oct.	-4.6	-2.3	6.8	-8.3	49.6	-0.1	-6.3	-10.6	2.5	12.7	-2.2	-0.5
Nov. (p)	-4.3	-3.1	6.7	-5.5	28.8	-2.1	0.7	-9.3	0.9	11.8	-3.8	-3.2

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	-	-	-	-	-	-	11,785.6	96.2	3.8	1.9	0.2	1.0	0.4
2010	5,515.2	-	-	-	-	-	-	12,247.8	96.0	4.0	2.1	0.2	1.1	0.4
2011 Q2	5,502.4	-	-	-	-	-	-	12,376.6	96.2	3.8	1.8	0.2	1.1	0.4
Q3	6,003.8	-	-	-	-	-	-	12,442.4	96.1	3.9	1.9	0.3	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
2011 Q2	2,012.0	45.4	54.6	31.8	2.7	3.2	10.0	994.5	41.4	58.6	39.8	1.4	3.6	6.8
Q3	2,132.4	44.2	55.8	34.7	2.8	3.3	9.0	1,022.7	40.0	60.0	41.3	2.2	3.3	7.0
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	1,885.8	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 Q2	1,760.3	94.8	5.2	2.9	0.2	0.3	1.4	2,929.9	98.5	1.5	0.8	0.1	0.1	0.4
Q3	1,799.7	94.8	5.2	2.6	0.1	0.3	1.8	2,874.4	98.4	1.6	0.9	0.2	0.1	0.4
Issued by non-euro area residents														
2009	552.1	55.3	44.7	27.1	0.4	0.5	14.6	595.6	35.3	64.7	37.9	4.3	0.9	15.3
2010	545.9	49.9	50.1	27.6	0.3	0.5	16.8	508.6	33.6	66.4	40.3	3.9	0.9	13.5
2011 Q2	493.0	53.1	46.9	24.9	0.3	0.6	15.7	480.2	33.9	66.1	38.6	5.3	0.8	12.4
Q3	478.6	54.7	45.3	21.8	0.3	0.4	17.1	482.8	32.6	67.4	39.2	6.0	0.8	12.5
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
2011 Q2	5,692.3	92.5	7.5	4.3	0.2	1.5	0.8	10,922.0	97.1	2.9	1.9	0.1	0.1	0.4
Q3	6,084.4	92.2	7.8	4.6	0.3	1.4	0.8	10,995.0	97.0	3.0	2.0	0.2	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
2011 Q2	2,295.8	53.5	46.5	29.8	2.2	1.9	8.0	984.8	58.7	41.3	29.3	1.3	1.4	4.5
Q3	2,298.8	57.1	42.9	26.9	2.1	1.8	7.8	1,047.6	59.1	40.9	28.6	1.5	1.7	4.6

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
2011 Q2	5,155.8	81.9	18.1	9.6	1.6	2.2	2.4
Q3	5,180.3	81.8	18.2	9.7	1.7	2.1	2.5

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						
2011 Apr.	6,380.6	391.4	2,353.2	1,991.8	890.8	224.3	529.0
May	6,431.0	392.2	2,399.8	1,992.2	897.8	224.9	524.0
June	6,352.7	390.6	2,386.8	1,958.6	886.8	224.9	505.0
July	6,435.7	394.8	2,420.4	1,943.8	891.5	226.5	558.6
Aug.	6,192.9	411.8	2,382.8	1,736.5	840.2	227.9	593.8
Sep.	6,072.2	420.9	2,383.0	1,632.4	830.0	229.5	576.4
Oct. (p)	6,190.4	423.1	2,370.0	1,734.1	842.7	227.5	593.1
	Transactions						
2011 Q1	110.1	19.2	25.2	14.9	8.4	2.4	40.0
Q2	68.9	5.6	38.2	25.9	12.3	5.8	-18.9
Q3	-6.3	29.0	-21.3	-42.0	-16.8	2.8	41.9

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						
2011 Apr.	6,380.6	126.9	5,814.3	4,507.7	676.9	1,306.6	439.3
May	6,431.0	126.8	5,861.2	4,532.4	682.9	1,328.8	443.0
June	6,352.7	121.0	5,790.3	4,466.8	672.6	1,323.5	441.4
July	6,435.7	122.3	5,825.8	4,465.3	672.8	1,360.6	487.6
Aug.	6,192.9	128.6	5,545.2	4,267.8	621.7	1,277.4	519.1
Sep.	6,072.2	125.1	5,416.4	4,162.3	602.2	1,254.1	530.7
Oct. (p)	6,190.4	130.4	5,520.5	4,224.6	613.9	1,295.9	539.5
	Transactions						
2011 Q1	110.1	12.0	55.4	27.1	4.1	28.3	42.8
Q2	68.9	-2.9	79.0	25.8	9.6	53.3	-7.3
Q3	-6.3	6.4	-45.2	-56.0	-32.9	10.8	32.5

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									
2011 Mar.	5,770.5	1,799.7	1,708.3	1,410.5	267.3	112.7	471.9	5,686.0	84.4	1,077.4
Apr.	5,814.3	1,797.4	1,724.8	1,429.1	269.6	113.3	480.2	5,728.8	85.5	1,070.8
May	5,861.2	1,825.3	1,729.6	1,438.2	271.2	114.5	482.5	5,775.6	85.6	1,090.1
June	5,790.3	1,812.5	1,689.6	1,424.5	272.5	112.5	478.8	5,703.5	86.8	1,047.5
July	5,825.8	1,836.8	1,674.4	1,434.3	287.0	116.2	477.3	5,737.3	88.6	1,032.5
Aug.	5,545.2	1,807.2	1,495.2	1,381.7	286.2	114.1	460.8	5,456.9	88.4	1,060.3
Sep.	5,416.4	1,786.1	1,413.9	1,386.8	286.5	119.2	424.0	5,327.2	89.2	1,066.9
Oct. (p)	5,520.5	1,787.1	1,499.8	1,405.7	288.2	115.8	423.8	5,438.4	82.1	1,049.5
	Transactions									
2011 Apr.	42.4	9.4	13.4	13.3	2.0	1.0	3.4	41.1	1.4	5.8
May	27.8	9.8	9.7	5.9	-0.2	-1.0	3.6	28.1	-0.3	8.1
June	8.8	2.1	2.1	1.5	2.8	-0.3	0.6	6.8	2.0	-36.9
July	36.4	12.0	5.6	2.5	13.3	2.0	1.0	34.9	1.5	-20.0
Aug.	-49.0	-14.0	-22.8	-10.8	0.8	-0.2	-2.0	-49.0	0.0	32.8
Sep.	-32.6	-16.3	-11.1	-4.9	1.1	0.6	-2.0	-32.9	0.3	-12.3
Oct. (p)	-25.6	-2.1	-6.6	-6.4	-0.2	-0.8	-9.5	-18.9	-6.7	-7.5

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 Q4	2,369.5	1,432.6	375.5	692.0	193.9	6.2	165.0	936.8	247.0	365.8	16.1
2011 Q1	2,354.9	1,430.3	383.4	675.7	200.2	5.6	165.5	924.5	246.5	354.5	14.1
Q2	2,386.8	1,429.8	386.3	671.3	196.3	5.8	170.1	957.0	252.3	358.6	17.8
Q3 (p)	2,383.0	1,413.6	380.7	682.1	184.1	4.7	162.0	969.4	252.3	369.7	18.7
	Transactions										
2011 Q1	25.2	10.7	9.3	-8.3	7.9	-0.1	1.8	14.5	1.9	2.3	-1.0
Q2	38.2	-0.4	1.7	-3.5	-1.6	0.4	2.7	37.0	8.2	7.7	3.6
Q3 (p)	-21.3	-16.9	-5.8	1.3	-7.7	-0.3	-4.3	-4.5	6.0	-4.1	5.3

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010 Q4	1,987.7	751.1	77.8	-	39.5	25.2	608.7	1,236.5	171.4	355.8	83.8
2011 Q1	1,973.7	782.8	89.2	-	41.7	26.2	625.7	1,191.0	167.2	365.2	71.1
Q2	1,958.6	773.6	84.5	-	41.2	26.1	621.9	1,185.0	166.4	362.8	77.0
Q3 (p)	1,632.4	615.4	53.3	-	35.7	20.4	506.0	1,017.0	141.8	323.6	72.5
	Transactions										
2011 Q1	14.9	11.6	5.5	-	2.3	-0.9	4.7	3.3	-0.5	16.0	-3.9
Q2	25.9	-0.9	-0.6	-	1.3	0.3	-2.0	26.8	2.9	8.5	6.9
Q3 (p)	-42.0	-8.9	-4.9	-	-0.7	0.2	-3.5	-33.1	-5.1	-11.8	-3.2

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 Q4	875.6	740.5	76.0	-	664.4	-	-	135.1	23.8	38.6	0.6
2011 Q1	882.9	746.3	78.0	-	668.3	-	-	136.6	22.6	41.7	0.5
Q2	886.8	752.0	79.4	-	672.6	-	-	134.8	22.1	42.8	0.5
Q3 (p)	830.0	697.5	95.3	-	602.2	-	-	132.4	20.1	42.6	0.5
	Transactions										
2011 Q1	8.4	6.1	2.1	-	4.1	-	-	2.3	-0.9	3.3	-0.1
Q2	12.3	10.8	1.2	-	9.6	-	-	1.5	0.3	1.3	0.0
Q3 (p)	-16.8	-16.2	16.7	-	-32.9	-	-	-0.6	-0.5	-0.3	0.0

Source: ECB.

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

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

2.10 Aggregated balance sheet of euro area financial vehicle corporations

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

1. Assets

	Total	Deposits and loan claims	Securitised loans							Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area					Originated outside euro area				
				MFIs		Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government					
					Remaining on the MFI balance sheet [1]								
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2010 Q2	2,285.9	363.2	1,437.5	1,131.2	570.6	140.6	25.0	6.4	134.2	278.8	101.3	41.1	64.0
Q3	2,284.9	350.2	1,467.1	1,173.3	582.4	133.7	24.8	6.4	128.8	260.4	100.3	41.4	65.6
Q4	2,350.1	373.6	1,521.9	1,237.6	606.4	124.9	22.9	6.0	130.4	251.8	92.5	41.9	68.5
2011 Q1	2,256.1	353.1	1,482.1	1,193.7	595.3	131.3	23.3	5.9	127.8	242.0	89.0	36.8	53.1
Q2	2,215.8	339.7	1,461.1	1,177.1	585.5	134.1	21.8	5.2	123.0	232.5	88.6	35.7	58.2
Q3	2,200.2	321.4	1,470.1	1,195.7	590.5	132.3	21.8	5.2	115.1	231.5	86.5	34.4	56.4
	Transactions												
2010 Q3	-4.5	-12.1	23.4	32.9	-	-2.3	-0.6	-0.1	-6.5	-16.3	-0.5	0.4	0.7
Q4	44.8	24.5	24.2	30.1	-	-4.7	-2.1	-0.4	1.3	-5.5	-0.9	-0.6	3.0
2011 Q1	-92.3	-23.1	-36.5	-44.2	-	8.8	0.6	0.0	-1.8	-10.0	-2.4	-4.9	-15.3
Q2	-44.6	-11.7	-26.0	-22.3	-	2.5	-0.9	-0.3	-4.9	-7.9	0.0	0.0	1.0
Q3	-23.4	-18.3	4.6	14.6	-	-2.0	-0.2	0.0	-7.8	-2.3	-2.2	-1.1	-4.2

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						
2010 Q2	2,285.9	107.6	1,961.1	91.1	1,870.0	45.0	172.2
Q3	2,284.9	119.9	1,946.8	86.5	1,860.3	43.2	175.1
Q4	2,350.1	134.4	1,970.0	93.5	1,876.5	42.6	203.2
2011 Q1	2,256.1	133.1	1,887.6	83.9	1,803.6	37.7	197.7
Q2	2,215.8	134.0	1,844.0	82.6	1,761.4	34.8	203.1
Q3	2,200.2	131.1	1,824.8	80.0	1,744.8	34.4	209.9
	Transactions						
2010 Q3	-4.5	11.6	-10.9	-4.2	-6.7	-0.1	-5.1
Q4	44.8	15.9	24.0	5.7	18.3	-2.1	7.0
2011 Q1	-92.3	-1.0	-79.2	-9.9	-69.3	-4.5	-7.7
Q2	-44.6	0.9	-48.6	-5.7	-42.8	-1.2	4.3
Q3	-23.4	-2.2	-22.6	-4.1	-18.6	-1.7	3.1

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												
2010 Q2	1,131.2	812.6	215.9	19.4	14.7	7.4	61.1	278.8	149.2	50.5	98.7	45.5	129.6
Q3	1,173.3	828.7	221.2	18.2	15.0	7.0	83.2	260.4	140.8	47.4	93.4	38.3	119.6
Q4	1,237.6	852.7	251.4	17.2	15.3	7.1	94.1	251.8	131.9	45.7	86.3	36.5	119.9
2011 Q1	1,193.7	804.1	250.7	17.0	15.4	7.2	99.3	242.0	125.7	42.4	83.3	36.8	116.3
Q2	1,177.1	788.8	250.9	18.8	15.4	9.8	93.4	232.5	124.5	41.1	83.4	35.4	108.2
Q3	1,195.7	795.2	257.5	18.1	15.2	9.6	100.1	231.5	121.6	41.7	79.9	33.8	109.1
	Transactions												
2010 Q3	32.9	9.7	1.3	-0.8	0.3	-0.4	22.8	-16.3	-9.8	-2.5	-7.4	-6.7	-6.5
Q4	30.1	16.3	14.1	-1.6	-0.2	0.1	1.4	-5.5	-5.3	-1.1	-4.2	-2.2	-0.2
2011 Q1	-44.2	-52.2	3.2	-0.4	0.0	0.0	5.2	-10.0	-5.9	-3.1	-2.8	0.1	-4.1
Q2	-22.3	-21.1	0.3	0.6	-0.2	2.6	-4.4	-7.9	0.6	-0.4	0.9	-0.7	-8.5
Q3	14.6	6.3	2.5	-0.7	0.0	-0.2	6.7	-2.3	-3.3	-0.2	-3.1	-1.2	1.0

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 Q4	6,158.6	800.7	478.6	2,292.9	819.1	1,088.2	93.9	245.7	184.8	154.5
2009 Q1	6,188.0	797.2	493.7	2,361.0	785.6	1,071.9	101.6	244.1	176.2	156.7
Q2	6,329.9	782.8	487.7	2,384.4	818.9	1,200.3	89.7	248.6	162.1	155.3
Q3	6,517.3	784.2	483.4	2,424.9	792.4	1,377.3	86.0	252.0	163.2	153.8
Q4	6,642.1	786.9	477.9	2,462.8	804.3	1,456.7	86.4	256.2	158.1	152.8
2010 Q1	6,864.3	784.5	486.3	2,575.8	815.3	1,534.1	83.4	267.1	169.4	148.4
Q2	6,891.1	785.5	488.9	2,613.5	792.7	1,518.4	79.8	272.1	190.2	150.1
Q3	7,060.3	783.2	498.0	2,698.8	807.4	1,559.7	75.3	272.9	215.1	149.9
Q4	6,978.8	774.1	501.6	2,642.2	823.1	1,579.1	65.3	271.8	170.0	151.5
2011 Q1	7,050.6	775.1	499.7	2,676.3	826.6	1,602.0	63.5	279.0	174.3	154.1
Q2	7,073.9	778.4	506.8	2,691.8	830.6	1,605.3	66.8	269.5	171.8	153.0
Q3	7,060.5	793.6	498.8	2,714.4	780.2	1,553.4	74.6	267.4	225.2	152.9

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 Q4	2,292.9	1,874.6	505.9	1,014.0	207.0	11.4	136.4	418.3
2009 Q1	2,361.0	1,939.5	531.1	1,040.5	218.3	13.5	136.1	421.5
Q2	2,384.4	1,987.6	541.7	1,060.8	231.2	15.0	139.0	396.8
Q3	2,424.9	2,021.7	552.6	1,086.7	229.4	15.1	137.8	403.2
Q4	2,462.8	2,053.6	543.8	1,114.4	239.3	16.7	139.5	409.2
2010 Q1	2,575.8	2,157.9	578.5	1,184.6	231.7	16.2	146.9	417.9
Q2	2,613.5	2,190.3	581.7	1,196.8	244.3	16.6	150.9	423.1
Q3	2,698.8	2,271.6	593.4	1,242.3	264.1	19.5	152.4	427.2
Q4	2,642.2	2,218.7	594.3	1,215.0	236.1	17.7	155.5	423.5
2011 Q1	2,676.3	2,260.2	617.3	1,208.6	261.9	19.0	153.5	416.0
Q2	2,691.8	2,266.7	638.0	1,229.6	223.5	16.1	159.5	425.1
Q3	2,714.4	2,289.6	640.4	1,236.2	235.6	17.4	160.1	424.8

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 Q4	6,123.7	348.8	31.7	422.1	5,178.6	2,909.2	1,445.8	823.6	142.6	34.8
2009 Q1	6,129.8	347.8	31.8	378.6	5,228.6	2,927.5	1,460.2	841.0	142.9	58.2
Q2	6,215.9	321.6	33.1	395.1	5,325.5	3,005.5	1,477.4	842.6	140.6	114.1
Q3	6,363.7	303.8	36.1	440.0	5,438.6	3,094.8	1,501.7	842.2	145.1	153.6
Q4	6,441.3	284.6	39.5	436.2	5,527.8	3,168.6	1,519.8	839.3	153.3	200.8
2010 Q1	6,622.5	293.6	39.5	455.4	5,676.6	3,255.9	1,560.2	860.5	157.5	241.7
Q2	6,661.4	298.9	40.9	427.9	5,733.7	3,281.4	1,589.1	863.2	160.0	229.7
Q3	6,774.7	315.0	39.8	435.7	5,829.0	3,338.9	1,629.5	860.5	155.2	285.6
Q4	6,816.8	284.5	42.3	444.6	5,895.6	3,381.8	1,651.3	862.4	149.8	162.0
2011 Q1	6,919.1	304.2	40.1	459.7	5,965.0	3,414.1	1,664.5	886.3	150.0	131.5
Q2	6,933.4	305.6	43.2	447.4	5,987.2	3,437.1	1,674.4	875.6	149.9	140.6
Q3	6,892.2	311.4	42.4	401.5	5,972.6	3,422.1	1,678.9	871.6	164.3	168.3

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2011 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						569
Trade balance [1]						-10
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,168	119	741	57	250	
Other taxes less subsidies on production	31	4	19	3	4	
Consumption of fixed capital	363	95	208	11	49	
Net operating surplus and mixed income [1]	550	283	231	36	0	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						6
Taxes less subsidies on production						
Property income	982	39	489	382	73	123
Interest	396	36	71	215	73	53
Other property income	587	2	417	167	0	70
Net national income [1]	1,977	1,711	-11	51	226	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	276	215	47	13	0	5
Social contributions	429	429				1
Social benefits other than social transfers in kind	454	1	18	34	402	1
Other current transfers	188	70	25	47	46	9
Net non-life insurance premiums	44	33	10	1	1	1
Non-life insurance claims	45			45		1
Other	99	37	15	1	45	7
Net disposable income [1]	1,957	1,535	-69	53	439	
Use of income account						
Net disposable income						
Final consumption expenditure	1,867	1,360			507	
Individual consumption expenditure	1,673	1,360			313	
Collective consumption expenditure	194				194	
Adjustment for the change in the net equity of households in pension fund reserves	14	0	0	14	0	0
Net saving/current external account [1]	91	189	-70	39	-68	18
Capital account						
Net saving/current external account						
Gross capital formation	472	143	261	12	56	
Gross fixed capital formation	472	143	261	12	56	
Changes in inventories and acquisitions less disposals of valuables	0	1	-1	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-2	1	0	0	0
Capital transfers	32	9	1	2	20	4
Capital taxes	6	6	1	0		0
Other capital transfers	26	3	0	2	20	4
Net lending (+)/net borrowing (-) (from capital account) [1]	-17	143	-109	36	-87	17
Statistical discrepancy	0	-21	21	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 2011 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						559
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,113	502	1,200	108	303	
Taxes less subsidies on products	236					
Gross domestic product (market prices)[2]	2,349					
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	550	283	231	36	0	
Compensation of employees	1,170	1,170				3
Taxes less subsidies on production	267				267	0
Property income	971	296	247	396	32	134
Interest	385	60	45	272	8	63
Other property income	586	236	202	124	24	71
Net national income						
Secondary distribution of income account						
Net national income	1,977	1,711	-11	51	226	
Current taxes on income, wealth, etc.	280				280	1
Social contributions	429	1	18	49	361	1
Social benefits other than social transfers in kind	452	452				3
Other current transfers	166	87	13	46	19	30
Net non-life insurance premiums	45			45		1
Non-life insurance claims	44	34	8	1	0	2
Other	77	53	5	0	19	28
Net disposable income						
Use of income account						
Net disposable income	1,957	1,535	-69	53	439	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	14	14				0
Net saving/current external account						
Capital account						
Net saving/current external account	91	189	-70	39	-68	18
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	363	95	208	11	49	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	33	9	16	1	7	3
Capital taxes	6				6	0
Other capital transfers	27	9	16	1	1	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 2011 Q2	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		18,863	16,850	31,958	15,222	6,795	3,709	16,575
Monetary gold and special drawing rights (SDRs)				403				
Currency and deposits		6,636	1,887	8,974	2,318	810	715	3,600
Short-term debt securities		59	80	515	326	43	34	680
Long-term debt securities		1,358	235	6,023	2,397	2,652	448	3,624
Loans		79	3,069	13,342	3,556	469	521	1,853
of which: Long-term		59	1,762	10,255	2,539	348	461	.
Shares and other equity		4,487	7,876	1,863	6,324	2,427	1,326	6,080
Quoted shares		831	1,418	343	2,153	563	267	.
Unquoted shares and other equity		2,289	6,048	1,215	3,208	292	890	.
Mutual fund shares		1,366	410	305	964	1,572	169	.
Insurance technical reserves		5,783	180	3	0	242	4	230
Other accounts receivable and financial derivatives		461	3,524	837	300	151	661	508
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		152	133	281	138	2	120	217
Monetary gold and SDRs				0				0
Currency and deposits		72	3	95	52	1	76	-11
Short-term debt securities		-5	-5	-27	-2	0	-2	14
Long-term debt securities		22	-2	21	-1	8	-2	182
Loans		1	55	90	56	3	19	18
of which: Long-term		0	31	60	38	4	-3	.
Shares and other equity		-1	105	41	46	-5	-1	14
Quoted shares		0	23	29	9	-2	1	.
Unquoted shares and other equity		8	66	12	5	1	-2	.
Mutual fund shares		-9	15	1	31	-4	0	.
Insurance technical reserves		39	-1	0	0	-6	0	-1
Other accounts receivable and financial derivatives		25	-21	61	-14	1	30	2
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		-70	-61	-28	-26	26	-18	7
Monetary gold and SDRs				10				
Currency and deposits		0	-6	46	0	-1	0	-16
Short-term debt securities		-3	-1	-18	-8	0	0	11
Long-term debt securities		0	1	-61	-2	7	-5	59
Loans		0	1	-1	-17	0	0	4
of which: Long-term		0	-1	1	-6	0	0	.
Shares and other equity		-75	-75	-5	8	20	-13	-45
Quoted shares		-15	-22	-5	-15	-4	-6	.
Unquoted shares and other equity		-57	-28	6	27	-3	-6	.
Mutual fund shares		-3	-26	-6	-4	27	0	.
Insurance technical reserves		-2	0	0	0	-3	0	5
Other accounts receivable and financial derivatives		10	20	1	-6	3	0	-11
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		18,944	16,923	32,212	15,333	6,823	3,811	16,799
Monetary gold and SDRs				412				
Currency and deposits		6,708	1,885	9,115	2,370	811	792	3,573
Short-term debt securities		51	74	470	316	43	32	704
Long-term debt securities		1,379	233	5,982	2,394	2,667	441	3,866
Loans		80	3,124	13,431	3,595	471	540	1,874
of which: Long-term		59	1,791	10,316	2,570	352	458	.
Shares and other equity		4,411	7,905	1,899	6,378	2,443	1,312	6,049
Quoted shares		817	1,420	367	2,146	557	262	.
Unquoted shares and other equity		2,240	6,086	1,233	3,240	291	882	.
Mutual fund shares		1,354	400	299	992	1,595	168	.
Insurance technical reserves		5,820	179	3	0	233	4	234
Other accounts receivable and financial derivatives		495	3,523	899	280	155	691	499
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities **2011 Q2**	**Euro area**	**Households**	**Non-financial corporations**	**MFIs**	**Other financial inter-mediaries**	**Insurance corporations and pension funds**	**General govern-ment**	**Rest of the world**
Opening balance sheet, liabilities								
Total liabilities		6,689	26,635	31,064	14,601	6,877	9,027	14,676
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			31	22,055	24	0	255	2,575
Short-term debt securities			81	653	71	0	677	255
Long-term debt securities			784	4,481	2,739	30	5,876	2,826
Loans		6,094	8,472		3,310	270	1,706	3,035
of which: Long-term		5,740	6,010		1,836	119	1,378	.
Shares and other equity		7	13,369	2,635	8,356	436	6	5,574
Quoted shares			3,923	490	253	130	0	.
Unquoted shares and other equity		7	9,446	1,068	2,528	305	6	.
Mutual fund shares				1,077	5,576			.
Insurance technical reserves		35	336	68	1	6,002	1	
Other accounts payable and financial derivatives		553	3,562	1,171	100	139	507	410
Net financial worth [1]	-1,496	12,174	-9,785	895	620	-82	-5,318	
Financial account, transactions in liabilities								
Total transactions in liabilities		30	221	253	116	16	207	200
Monetary gold and SDRs								
Currency and deposits			0	242	-3	0	3	47
Short-term debt securities			1	-30	7	0	-5	-3
Long-term debt securities			9	43	-3	2	152	25
Loans		45	95		48	3	-4	54
of which: Long-term		38	54		29	1	26	.
Shares and other equity		0	62	3	68	-2	0	68
Quoted shares			10	18	6	0	0	.
Unquoted shares and other equity		0	52	5	7	-2	0	.
Mutual fund shares				-21	54			.
Insurance technical reserves		0	0	0	0	30	0	
Other accounts payable and financial derivatives		-15	53	-6	-1	-18	61	9
Changes in net financial worth due to transactions [1]	-17	122	-88	29	22	-14	-87	17
Other changes account, liabilities								
Total other changes in liabilities		-1	-59	12	0	7	-49	-91
Monetary gold and SDRs								
Currency and deposits			0	13	0	0	0	12
Short-term debt securities			0	0	0	0	-1	-18
Long-term debt securities			5	15	12	0	-32	-4
Loans		1	2		-4	0	0	-13
of which: Long-term		4	3		-1	0	0	.
Shares and other equity		0	-76	-15	-31	-13	0	-50
Quoted shares			-19	-19	-9	-8	0	.
Unquoted shares and other equity		0	-57	11	19	-5	0	.
Mutual fund shares				-7	-42			.
Insurance technical reserves		0	0	0	0	0	0	
Other accounts payable and financial derivatives		-1	10	-1	23	20	-16	-18
Other changes in net financial worth [1]	-88	-70	-2	-40	-26	19	31	97
Closing balance sheet, liabilities								
Total liabilities		6,719	26,798	31,328	14,717	6,900	9,186	14,786
Monetary gold and SDRs								
Currency and deposits			30	22,309	21	0	258	2,634
Short-term debt securities			83	623	79	0	671	234
Long-term debt securities			799	4,539	2,748	33	5,996	2,847
Loans		6,141	8,569		3,354	273	1,702	3,077
of which: Long-term		5,782	6,067		1,864	120	1,404	.
Shares and other equity		7	13,356	2,623	8,392	421	6	5,592
Quoted shares			3,914	489	250	122	0	.
Unquoted shares and other equity		7	9,442	1,084	2,554	298	6	.
Mutual fund shares				1,050	5,588			.
Insurance technical reserves		35	336	69	1	6,032	1	
Other accounts payable and financial derivatives		536	3,625	1,164	123	141	552	401
Net financial worth [1]	-1,601	12,226	-9,874	884	616	-77	-5,375	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2007	2008	2009	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,280	4,462	4,442	4,458	4,472	4,492	4,523	4,557
Other taxes less subsidies on production	99	94	85	84	88	83	84	89
Consumption of fixed capital	1,294	1,360	1,385	1,398	1,407	1,417	1,427	1,437
Net operating surplus and mixed income [1]	2,393	2,358	2,111	2,159	2,179	2,207	2,234	2,249
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,678	3,925	2,957	2,762	2,763	2,808	2,847	2,917
Interest	2,129	2,378	1,603	1,424	1,404	1,415	1,440	1,483
Other property income	1,549	1,547	1,354	1,338	1,359	1,393	1,407	1,434
Net national income [1]	7,771	7,806	7,525	7,614	7,672	7,725	7,794	7,860
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,136	1,145	1,028	1,036	1,042	1,053	1,070	1,077
Social contributions	1,597	1,670	1,675	1,682	1,688	1,699	1,708	1,718
Social benefits other than social transfers in kind	1,585	1,656	1,772	1,803	1,811	1,819	1,823	1,828
Other current transfers	741	774	779	780	781	774	774	776
Net non-life insurance premiums	183	188	182	181	180	180	178	178
Non-life insurance claims	184	189	183	182	181	181	179	179
Other	374	397	414	417	420	414	416	419
Net disposable income [1]	7,678	7,704	7,416	7,500	7,554	7,610	7,679	7,747
Use of income account								
Net disposable income								
Final consumption expenditure	6,892	7,145	7,145	7,219	7,264	7,308	7,355	7,401
Individual consumption expenditure	6,192	6,407	6,374	6,446	6,490	6,534	6,580	6,625
Collective consumption expenditure	700	738	771	774	774	773	775	776
Adjustment for the change in the net equity of households in pension fund reserves	61	69	61	57	56	55	54	55
Net saving [1]	786	559	270	280	291	303	324	346
Capital account								
Net saving								
Gross capital formation	2,055	2,059	1,707	1,730	1,759	1,785	1,836	1,858
Gross fixed capital formation	1,978	1,998	1,752	1,738	1,749	1,762	1,788	1,802
Changes in inventories and acquisitions less disposals of valuables	76	62	-44	-9	10	23	48	56
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	-1	1	1	2	2	1	1	1
Capital transfers	153	152	185	186	220	227	215	207
Capital taxes	24	24	34	30	30	25	26	25
Other capital transfers	129	128	151	156	190	202	190	182
Net lending (+)/net borrowing (-) (from capital account) [1]	40	-132	-43	-41	-50	-55	-74	-65

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	2007	2008	2009	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2
Generation of income account								
Gross value added (basic prices)	8,066	8,274	8,024	8,099	8,147	8,199	8,268	8,331
Taxes less subsidies on products	961	947	895	915	933	941	957	959
Gross domestic product (market prices)[2]	9,027	9,221	8,919	9,014	9,080	9,140	9,225	9,290
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	2,393	2,358	2,111	2,159	2,179	2,207	2,234	2,249
Compensation of employees	4,287	4,469	4,449	4,466	4,480	4,500	4,532	4,565
Taxes less subsidies on production	1,068	1,048	997	1,015	1,035	1,038	1,055	1,060
Property income	3,701	3,858	2,924	2,736	2,740	2,788	2,821	2,902
Interest	2,098	2,326	1,554	1,380	1,360	1,372	1,401	1,447
Other property income	1,603	1,532	1,370	1,356	1,380	1,415	1,420	1,455
Net national income								
Secondary distribution of income account								
Net national income	7,771	7,806	7,525	7,614	7,672	7,725	7,794	7,860
Current taxes on income, wealth, etc.	1,144	1,153	1,034	1,040	1,047	1,058	1,075	1,084
Social contributions	1,596	1,668	1,673	1,681	1,688	1,698	1,708	1,717
Social benefits other than social transfers in kind	1,577	1,648	1,766	1,798	1,805	1,812	1,816	1,821
Other current transfers	648	673	672	668	665	662	661	664
Net non-life insurance premiums	184	189	183	182	181	181	179	179
Non-life insurance claims	181	185	179	178	177	176	175	175
Other	282	299	309	308	307	305	306	310
Net disposable income								
Use of income account								
Net disposable income	7,678	7,704	7,416	7,500	7,554	7,610	7,679	7,747
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61	69	61	57	56	55	54	55
Net saving								
Capital account								
Net saving	786	559	270	280	291	303	324	346
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,294	1,360	1,385	1,398	1,407	1,417	1,427	1,437
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	168	161	195	197	232	239	228	218
Capital taxes	24	24	34	30	30	25	26	25
Other capital transfers	144	137	161	167	202	214	202	193
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2007	2008	2009	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2
Income, saving and changes in net worth								
Compensation of employees (+)	4,287	4,469	4,449	4,466	4,480	4,500	4,532	4,565
Gross operating surplus and mixed income (+)	1,485	1,526	1,456	1,453	1,456	1,463	1,476	1,490
Interest receivable (+)	318	351	236	210	207	210	215	223
Interest payable (-)	221	250	148	129	127	128	131	136
Other property income receivable (+)	777	779	713	695	700	707	720	725
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	836	874	843	843	846	849	859	862
Net social contributions (-)	1,592	1,665	1,670	1,677	1,683	1,694	1,703	1,713
Net social benefits (+)	1,572	1,643	1,760	1,792	1,800	1,807	1,811	1,815
Net current transfers receivable (+)	62	69	72	70	71	70	69	69
= Gross disposable income	5,842	6,037	6,015	6,027	6,048	6,077	6,119	6,166
Final consumption expenditure (-)	5,085	5,244	5,157	5,212	5,251	5,293	5,334	5,376
Changes in net worth in pension funds (+)	61	69	61	57	56	55	54	55
= Gross saving	818	862	919	872	853	838	839	845
Consumption of fixed capital (-)	356	371	373	375	377	379	380	380
Net capital transfers receivable (+)	12	0	11	7	7	12	12	12
Other changes in net worth (+)	1,239	-1,978	-457	811	1,019	1,035	720	490
= Changes in net worth	1,713	-1,486	101	1,314	1,501	1,506	1,191	967
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	638	625	535	532	538	544	550	552
Consumption of fixed capital (-)	356	371	373	375	377	379	380	380
Main items of financial investment (+)								
Short-term assets	420	458	-14	-75	-23	57	118	118
Currency and deposits	351	438	121	63	89	120	141	138
Money market fund shares	37	-6	-43	-73	-84	-51	-37	-32
Debt securities [1]	32	25	-92	-65	-29	-13	14	12
Long-term assets	140	21	521	592	488	411	331	314
Deposits	-31	-27	85	104	80	56	40	51
Debt securities	83	24	33	35	-4	2	44	53
Shares and other equity	-121	-107	178	205	164	122	44	18
Quoted and unquoted shares and other equity	30	68	131	139	103	99	57	32
Mutual fund shares	-151	-176	47	66	61	23	-13	-14
Life insurance and pension fund reserves	209	131	225	248	248	231	203	192
Main items of financing (-)								
Loans	384	257	111	135	135	147	148	139
of which: From euro area MFIs	283	83	65	136	135	148	170	164
Other changes in assets (+)								
Non-financial assets	1,176	-566	-770	511	873	916	727	297
Financial assets	114	-1,444	300	299	140	132	-3	170
Shares and other equity	96	-1,183	106	97	-2	82	36	159
Life insurance and pension fund reserves	8	-240	174	183	142	87	28	43
Remaining net flows (+)	-34	47	13	-35	-2	-28	-5	36
= Changes in net worth	1,713	-1,486	101	1,314	1,501	1,506	1,191	967
Balance sheet								
Non-financial assets (+)	27,755	27,443	26,835	27,371	27,759	27,916	27,799	27,840
Financial assets (+)								
Short-term assets	5,263	5,805	5,781	5,784	5,771	5,844	5,883	5,913
Currency and deposits	4,851	5,322	5,475	5,508	5,500	5,600	5,599	5,650
Money market fund shares	280	316	240	216	204	191	209	196
Debt securities [1]	132	167	66	59	67	54	75	66
Long-term assets	12,140	10,675	11,529	11,667	11,927	12,058	12,107	12,125
Deposits	965	915	971	1,011	1,015	1,028	1,037	1,058
Debt securities	1,272	1,296	1,379	1,354	1,349	1,331	1,342	1,364
Shares and other equity	5,116	3,785	4,101	4,050	4,195	4,304	4,279	4,215
Quoted and unquoted shares and other equity	3,741	2,864	2,996	2,924	3,036	3,113	3,121	3,057
Mutual fund shares	1,375	920	1,105	1,126	1,159	1,191	1,158	1,158
Life insurance and pension fund reserves	4,787	4,678	5,077	5,253	5,368	5,395	5,450	5,488
Remaining net assets (+)	315	315	299	279	306	294	279	329
Liabilities (-)								
Loans	5,569	5,820	5,925	6,002	6,030	6,087	6,094	6,141
of which: From euro area MFIs	4,831	4,914	4,968	5,140	5,159	5,213	5,256	5,301
= Net worth	39,905	38,418	38,519	39,099	39,732	40,025	39,973	40,065

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)

	2007	2008	2009	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2
Income and saving								
Gross value added (basic prices) (+)	4,638	4,745	4,485	4,539	4,577	4,619	4,671	4,717
Compensation of employees (-)	2,712	2,833	2,773	2,776	2,786	2,805	2,832	2,861
Other taxes less subsidies on production (-)	48	45	39	35	39	33	34	38
= Gross operating surplus (+)	1,877	1,868	1,673	1,727	1,752	1,781	1,805	1,818
Consumption of fixed capital (-)	724	765	783	792	797	803	810	817
= Net operating surplus (+)	1,153	1,102	890	936	955	978	996	1,000
Property income receivable (+)	636	638	539	518	517	531	532	553
Interest receivable	222	242	173	158	154	156	158	165
Other property income receivable	414	396	366	360	362	375	374	387
Interest and rents payable (-)	365	422	300	268	264	266	272	281
= Net entrepreneurial income (+)	1,423	1,318	1,130	1,186	1,208	1,242	1,256	1,272
Distributed income (-)	990	1,021	927	905	913	934	952	958
Taxes on income and wealth payable (-)	246	233	150	156	159	165	171	173
Social contributions receivable (+)	63	67	69	68	68	68	69	69
Social benefits payable (-)	62	65	67	68	68	69	69	69
Other net transfers (-)	43	48	47	48	48	47	47	47
= Net saving	145	18	8	77	89	96	86	95
Investment, financing and saving								
Net acquisition of non-financial assets (+)	421	376	87	124	148	169	207	215
Gross fixed capital formation (+)	1,068	1,085	917	924	935	950	970	982
Consumption of fixed capital (-)	724	765	783	792	797	803	810	817
Net acquisition of other non-financial assets (+)	77	57	-47	-9	9	23	47	51
Main items of financial investment (+)								
Short-term assets	168	70	96	24	22	16	18	38
Currency and deposits	153	15	88	58	51	68	62	66
Money market fund shares	-20	33	40	-23	-29	-41	-27	-19
Debt securities [1]	35	22	-32	-11	-1	-11	-17	-9
Long-term assets	762	710	211	254	403	471	441	501
Deposits	-13	40	4	-10	-7	2	11	6
Debt securities	48	-35	11	-9	-12	-9	0	13
Shares and other equity	425	357	76	72	157	211	199	269
Other (mainly intercompany loans)	302	348	119	202	265	267	231	212
Remaining net assets (+)	181	-89	72	99	54	-35	-6	-23
Main items of financing (-)								
Debt	917	667	84	104	232	225	262	305
of which: Loans from euro area MFIs	536	394	-114	-92	-35	-8	30	77
of which: Debt securities	33	48	90	89	73	68	44	44
Shares and other equity	402	306	289	238	226	226	238	259
Quoted shares	58	6	67	47	37	30	30	28
Unquoted shares and other equity	344	300	223	191	189	196	208	231
Net capital transfers receivable (-)	68	73	81	79	78	74	72	71
= Net saving	145	18	8	77	89	96	86	95
Financial balance sheet								
Financial assets								
Short-term assets	1,788	1,876	1,960	1,903	1,926	1,972	1,950	1,939
Currency and deposits	1,507	1,538	1,632	1,608	1,625	1,693	1,667	1,673
Money market fund shares	163	192	214	184	182	174	179	169
Debt securities [1]	119	147	114	111	118	105	104	97
Long-term assets	10,739	9,300	10,255	10,371	10,735	11,026	11,197	11,282
Deposits	206	246	227	231	240	220	220	211
Debt securities	228	183	191	195	200	196	211	210
Shares and other equity	7,968	6,221	7,054	6,987	7,283	7,545	7,697	7,737
Other (mainly intercompany loans)	2,337	2,650	2,784	2,957	3,011	3,065	3,069	3,124
Remaining net assets	263	238	219	200	215	66	173	107
Liabilities								
Debt	8,649	9,337	9,461	9,600	9,642	9,648	9,674	9,787
of which: Loans from euro area MFIs	4,466	4,866	4,711	4,731	4,709	4,699	4,730	4,760
of which: Debt securities	648	704	827	887	901	889	866	882
Shares and other equity	14,250	11,063	12,381	12,026	12,622	13,091	13,369	13,356
Quoted shares	5,005	2,935	3,516	3,316	3,542	3,814	3,923	3,914
Unquoted shares and other equity	9,245	8,129	8,865	8,711	9,080	9,277	9,446	9,442

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)

	2007	2008	2009	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	22	78	-51	-22	-3	-12	-30	-38
Currency and deposits	7	57	-33	2	6	-9	-9	-14
Money market fund shares	4	14	0	1	-2	-6	-24	-25
Debt securities [1]	11	7	-17	-25	-7	3	3	1
Long-term assets	280	92	318	281	250	219	213	204
Deposits	47	-9	21	-8	-11	-8	7	10
Debt securities	108	59	111	150	167	151	129	122
Loans	-15	25	7	6	12	28	25	26
Quoted shares	20	2	-65	-68	14	17	15	9
Unquoted shares and other equity	22	15	-8	1	2	10	12	14
Mutual fund shares	98	1	253	199	66	22	25	22
Remaining net assets (+)	-38	39	2	43	60	53	20	5
Main items of financing (-)								
Debt securities	3	4	5	5	2	0	0	2
Loans	-2	24	-16	-10	7	6	11	8
Shares and other equity	3	6	1	5	5	5	4	1
Insurance technical reserves	245	125	231	282	278	259	208	184
Net equity of households in life insurance and pension fund reserves	212	121	227	273	270	248	201	184
Prepayments of insurance premiums and reserves for outstanding claims	34	4	4	9	8	11	7	0
= Changes in net financial worth due to transactions	14	50	48	20	15	-10	-21	-24
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	-48	-502	188	160	122	120	41	105
Other net assets	11	34	52	78	57	-36	-44	-68
Other changes in liabilities (-)								
Shares and other equity	-22	-172	8	20	-19	-8	-9	12
Insurance technical reserves	30	-260	186	189	146	96	39	51
Net equity of households in life insurance and pension fund reserves	18	-248	182	187	147	99	41	56
Prepayments of insurance premiums and reserves for outstanding claims	12	-11	4	2	-1	-2	-2	-5
= Other changes in net financial worth	-45	-36	45	30	51	-5	-33	-26
Financial balance sheet								
Financial assets (+)								
Short-term assets	318	398	342	367	362	335	323	325
Currency and deposits	163	224	195	206	203	190	186	186
Money market fund shares	91	103	94	103	101	89	79	81
Debt securities [1]	63	71	52	58	57	55	58	58
Long-term assets	5,473	5,077	5,658	5,841	5,979	5,983	6,079	6,110
Deposits	594	599	617	610	610	610	624	624
Debt securities	2,203	2,261	2,444	2,571	2,642	2,580	2,638	2,652
Loans	411	433	439	446	453	466	469	471
Quoted shares	750	491	523	518	539	553	563	557
Unquoted shares and other equity	347	321	301	290	284	295	292	291
Mutual fund shares	1,167	971	1,335	1,406	1,451	1,479	1,493	1,514
Remaining net assets (+)	176	238	223	266	292	253	254	247
Liabilities (-)								
Debt securities	19	23	30	32	30	33	30	33
Loans	244	273	256	264	277	265	270	273
Shares and other equity	578	412	422	409	413	419	436	421
Insurance technical reserves	5,295	5,160	5,577	5,797	5,911	5,932	6,002	6,032
Net equity of households in life insurance and pension fund reserves	4,472	4,345	4,754	4,956	5,074	5,101	5,158	5,196
Prepayments of insurance premiums and reserves for outstanding claims	822	814	823	841	837	831	844	836
= Net financial wealth	-170	-156	-63	-27	2	-78	-82	-77

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

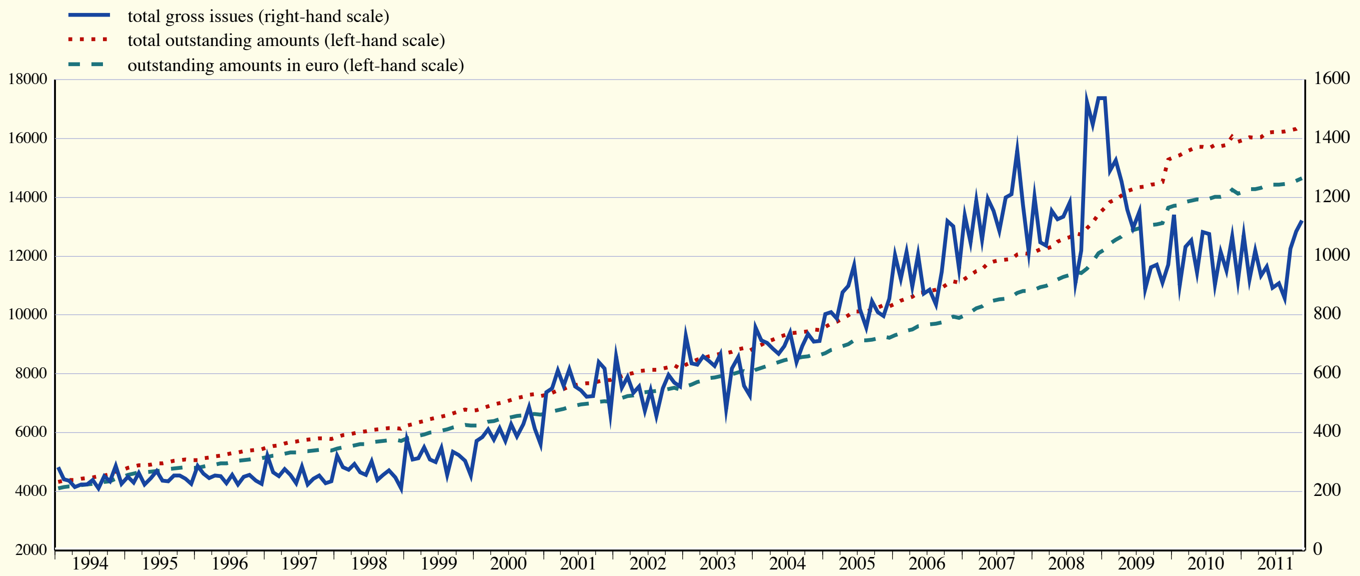
4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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	Seasonally adjusted [2] 6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2010 Nov.	16,457.7	993.0	183.2	14,266.7	954.0	202.1	16,063.0	1,067.0	234.7	4.3	156.2	5.5
Dec.	16,294.1	876.6	-162.2	14,120.4	843.9	-144.9	15,879.3	916.4	-176.9	3.6	-57.0	4.5
2011 Jan.	16,370.0	1,005.0	75.1	14,193.3	954.5	72.2	15,952.5	1,070.7	91.8	3.7	78.1	5.0
Feb.	16,469.4	866.8	100.3	14,284.4	813.9	92.2	16,044.6	920.2	98.0	4.1	47.7	4.1
Mar.	16,468.2	978.7	-0.9	14,275.9	911.8	-8.2	16,021.1	1,019.8	1.0	3.4	10.5	3.5
Apr.	16,489.6	889.1	22.0	14,324.0	850.3	48.7	16,048.2	934.9	52.1	3.2	26.2	3.3
May	16,592.8	922.5	101.6	14,416.6	865.9	90.9	16,196.6	963.7	118.1	3.6	41.6	1.8
June	16,623.8	848.3	30.9	14,439.0	796.4	22.3	16,213.8	893.3	22.9	3.9	49.0	3.2
July	16,745.8	852.7	-31.3	14,428.7	824.9	-10.9	16,225.3	906.8	-11.7	3.7	13.8	2.4
Aug.	16,774.4	805.8	28.9	14,459.5	771.8	31.0	16,232.8	857.7	18.7	3.2	47.4	2.4
Sep.	16,813.3	1,001.1	37.8	14,472.3	925.7	13.1	16,285.5	1,026.2	15.1	3.3	67.6	3.1
Oct.	.	.	.	14,550.6	992.0	79.0	16,328.8	1,085.1	69.4	3.4	59.2	3.5
Nov.	.	.	.	14,645.9	1,009.4	93.0	16,455.9	1,121.0	96.2	2.5	7.3	3.1
						Long-term						
2010 Nov.	14,898.4	337.5	146.7	12,798.1	321.0	161.6	14,386.8	359.5	186.8	4.8	111.3	5.5
Dec.	14,856.7	186.8	-39.1	12,774.2	179.6	-21.3	14,339.4	193.8	-41.1	4.8	19.4	5.6
2011 Jan.	14,920.1	308.9	64.9	12,823.2	278.0	50.5	14,386.7	320.1	67.4	4.8	97.2	6.2
Feb.	15,025.6	284.3	105.7	12,918.3	253.2	95.5	14,474.3	285.2	92.1	5.0	42.8	5.6
Mar.	15,036.6	305.4	11.6	12,936.0	269.2	18.2	14,468.2	303.5	15.6	4.3	21.2	5.1
Apr.	15,089.5	302.7	53.1	13,000.2	278.4	64.5	14,514.4	308.9	67.8	4.3	48.4	4.8
May	15,165.6	275.8	75.0	13,067.9	243.4	66.5	14,620.1	266.4	80.2	4.5	14.8	3.4
June	15,216.9	255.5	50.8	13,117.4	224.3	49.0	14,668.6	253.1	52.0	4.6	42.2	3.7
July	15,345.5	203.1	-21.1	13,105.9	191.7	-13.8	14,678.1	213.3	-13.4	4.4	25.3	2.7
Aug.	15,338.8	120.6	-6.4	13,105.0	112.0	-1.0	14,658.1	122.0	-9.6	4.0	28.4	2.5
Sep.	15,335.0	228.0	-3.4	13,099.2	189.8	-5.3	14,693.2	213.9	2.3	4.0	49.1	2.9
Oct.	.	.	.	13,179.0	251.1	81.7	14,739.6	268.2	70.2	4.0	74.2	3.2
Nov.	.	.	.	13,262.6	189.6	81.7	14,855.2	210.2	88.5	3.3	5.6	3.1

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including 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	15,287	5,371	3,226	803	5,418	469	1,126	734	68	80	215	29
2010	15,879	5,246	3,296	851	5,932	554	1,007	625	80	69	205	29
2010 Q4	15,879	5,246	3,296	851	5,932	554	978	566	110	63	206	32
2011 Q1	16,021	5,348	3,260	825	6,024	564	1,004	592	89	59	220	43
Q2	16,214	5,364	3,254	833	6,167	597	931	551	85	60	192	43
Q3	16,285	5,425	3,239	855	6,160	607	930	579	78	60	180	33
2011 Aug.	16,233	5,393	3,231	847	6,165	597	858	572	57	52	145	32
Sep.	16,285	5,425	3,239	855	6,160	607	1,026	633	92	65	202	34
Oct.	16,329	5,412	3,269	860	6,181	607	1,085	627	144	86	197	31
Nov.	16,456	5,453	3,283	870	6,229	621	1,121	729	104	63	181	45
Short-term												
2009	1,639	733	90	71	714	31	876	635	25	63	133	20
2010	1,540	572	122	67	724	54	758	534	34	57	115	19
2010 Q4	1,540	572	122	67	724	54	716	484	38	52	117	25
2011 Q1	1,553	618	113	71	700	52	701	462	41	49	118	30
Q2	1,545	582	124	72	702	65	654	440	31	51	102	32
Q3	1,592	613	113	83	712	72	747	512	42	53	114	26
2011 Aug.	1,575	604	117	82	707	64	736	516	41	51	104	24
Sep.	1,592	613	113	83	712	72	812	555	54	56	120	28
Oct.	1,589	625	109	83	703	70	817	544	68	73	109	24
Nov.	1,601	651	108	82	686	74	911	665	66	54	95	31
Long-term [2]												
2009	13,648	4,638	3,136	731	4,704	438	251	99	44	17	82	9
2010	14,339	4,674	3,174	784	5,207	499	248	91	46	12	90	9
2010 Q4	14,339	4,674	3,174	784	5,207	499	262	83	72	11	89	8
2011 Q1	14,468	4,730	3,148	754	5,325	512	303	130	48	10	102	13
Q2	14,669	4,781	3,130	761	5,465	532	276	111	54	9	90	12
Q3	14,693	4,812	3,126	772	5,448	535	183	67	36	7	66	7
2011 Aug.	14,658	4,789	3,113	765	5,458	533	122	56	17	1	41	8
Sep.	14,693	4,812	3,126	772	5,448	535	214	78	38	9	82	6
Oct.	14,740	4,788	3,160	777	5,478	537	268	84	76	13	88	7
Nov.	14,855	4,802	3,175	788	5,544	547	210	64	38	9	85	13
of which: Long-term fixed rate												
2009	8,816	2,563	1,043	598	4,261	351	172	60	18	16	72	6
2010	9,481	2,634	1,103	670	4,697	377	156	50	13	10	77	6
2010 Q4	9,481	2,634	1,103	670	4,697	377	142	43	19	11	65	5
2011 Q1	9,640	2,700	1,111	655	4,787	387	195	78	12	8	87	9
Q2	9,865	2,743	1,144	665	4,912	401	173	62	20	8	74	8
Q3	9,887	2,773	1,150	677	4,887	400	112	35	8	6	58	5
2011 Aug.	9,850	2,748	1,143	671	4,889	399	67	27	4	0	31	5
Sep.	9,887	2,773	1,150	677	4,887	400	144	47	10	8	75	3
Oct.	9,891	2,758	1,145	682	4,903	403	132	48	4	11	66	4
Nov.	9,971	2,764	1,146	691	4,962	407	117	28	7	9	64	8
of which: Long-term variable rate												
2009	4,382	1,786	2,016	123	372	85	62	28	25	1	6	2
2010	4,387	1,760	1,966	108	432	121	78	34	29	1	10	4
2010 Q4	4,387	1,760	1,966	108	432	121	102	33	44	1	22	2
2011 Q1	4,335	1,741	1,920	94	458	123	87	42	29	1	11	4
Q2	4,303	1,765	1,841	91	477	129	82	42	22	1	13	4
Q3	4,301	1,767	1,819	90	491	133	56	26	21	0	5	3
2011 Aug.	4,292	1,765	1,816	90	490	132	41	22	8	0	8	3
Sep.	4,301	1,767	1,819	90	491	133	55	26	24	0	3	3
Oct.	4,343	1,754	1,863	90	503	133	121	27	70	2	20	3
Nov.	4,371	1,762	1,873	92	507	138	80	28	27	1	19	5

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

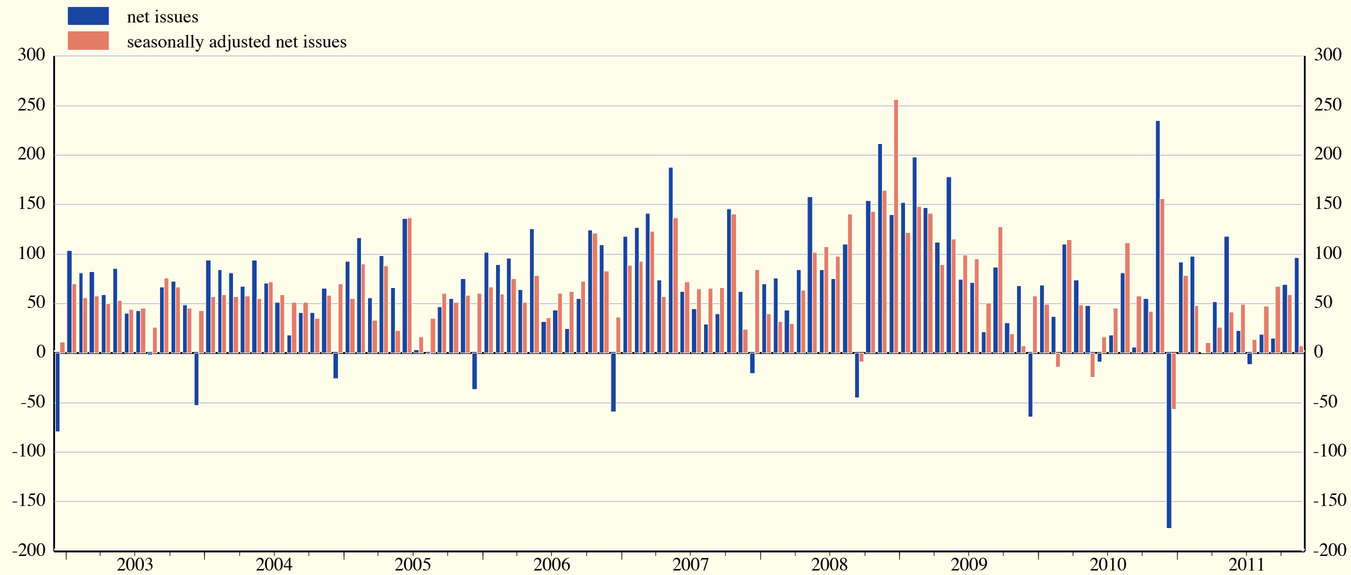
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

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	89.6	10.2	21.7	8.6	44.9	4.2	89.4	10.1	21.6	8.3	45.2	4.2
2010	45.6	-1.2	4.8	5.0	31.6	5.3	45.4	-1.4	5.0	5.0	31.8	5.1
2010 Q4	37.7	-19.9	25.5	1.5	22.9	7.7	47.0	-4.5	-1.4	4.3	44.0	4.6
2011 Q1	63.6	43.0	-20.4	4.2	32.5	4.3	45.5	24.0	-3.9	2.7	16.7	5.9
Q2	64.4	4.9	-1.9	2.8	47.5	11.0	39.0	0.5	-7.0	-0.2	34.2	11.5
Q3	7.4	12.6	-8.0	4.5	-3.8	2.0	42.9	20.1	7.3	6.3	5.6	3.7
2011 Aug.	18.7	27.2	-24.3	1.3	4.8	9.6	47.4	33.3	-18.0	8.4	10.1	13.6
Sep.	15.1	13.6	0.6	3.5	-8.9	6.3	67.6	31.9	42.5	4.8	-20.2	8.6
Oct.	69.4	1.5	34.2	8.3	23.2	2.2	59.2	9.4	12.9	7.4	35.1	-5.7
Nov.	96.2	25.6	8.0	6.4	45.1	11.2	7.3	18.1	-35.2	5.6	8.1	10.7
	Long-term											
2009	90.2	14.9	24.7	12.8	33.0	4.8	90.3	15.1	24.6	12.8	33.0	4.8
2010	54.1	1.8	2.1	5.4	41.3	3.5	54.5	1.9	2.3	5.4	41.4	3.5
2010 Q4	70.4	-5.3	16.4	3.0	53.1	3.3	65.6	8.2	-8.7	4.4	58.8	2.9
2011 Q1	58.4	27.4	-16.6	2.3	40.5	4.9	53.7	17.1	-1.6	2.5	31.2	4.6
Q2	66.6	16.6	-5.6	2.4	46.7	6.5	35.1	5.5	-9.9	-0.6	35.1	5.0
Q3	-6.9	2.8	-4.3	0.9	-6.9	0.6	34.3	10.7	9.5	2.3	9.1	2.7
2011 Aug.	-9.6	0.8	-21.9	-1.3	9.0	3.9	28.4	10.2	-13.0	4.6	20.9	5.7
Sep.	2.3	6.9	5.2	2.6	-13.4	1.0	49.1	21.7	41.5	0.6	-16.9	2.2
Oct.	70.2	-10.8	38.1	8.4	31.4	3.1	74.2	-3.9	21.2	9.4	45.2	2.3
Nov.	88.5	1.4	8.6	6.7	63.4	8.4	5.6	5.7	-35.8	6.2	21.0	8.4

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

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

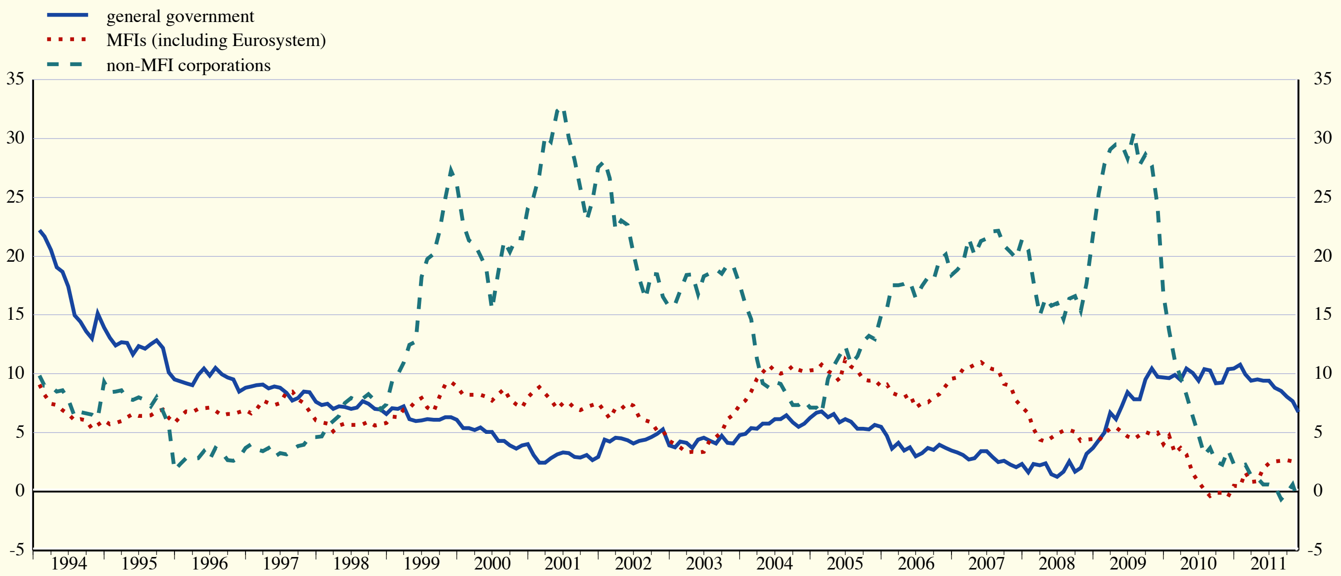


Source: ECB.
1) Monthly data on net issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.

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 Nov.	4.3	0.1	2.5	8.5	8.1	12.8	5.5	0.5	4.9	4.9	9.7	19.1
Dec.	3.6	-0.3	1.8	7.5	7.0	13.2	4.5	0.6	3.2	6.8	8.0	13.3
2011 Jan.	3.7	0.0	1.8	7.1	7.1	13.4	5.0	2.3	3.8	6.8	7.3	10.9
Feb.	4.1	1.6	2.3	5.4	6.7	11.9	4.1	2.5	1.4	6.0	6.4	9.4
Mar.	3.4	0.8	1.3	4.7	5.9	14.5	3.5	2.2	-1.0	5.2	6.3	12.1
Apr.	3.2	0.4	1.2	3.4	6.0	14.6	3.3	2.9	-0.7	2.5	5.3	12.3
May	3.6	1.7	0.4	4.3	6.1	17.4	1.8	3.0	-4.0	3.7	2.7	15.8
June	3.9	1.8	0.5	4.2	6.5	16.1	3.2	2.8	-2.0	1.8	5.2	20.1
July	3.7	1.8	0.4	4.9	6.2	13.3	2.4	1.2	-2.8	2.9	5.1	15.9
Aug.	3.2	1.9	-1.2	5.2	5.6	15.3	2.4	1.2	-3.8	4.4	4.9	22.0
Sep.	3.3	2.3	-0.4	4.8	5.1	14.2	3.1	2.3	0.1	4.4	4.0	16.8
Oct.	3.4	2.9	0.0	4.7	4.7	12.9	3.5	2.9	0.8	6.9	4.2	12.9
Nov.	2.5	3.1	-1.9	5.0	3.0	13.6	3.1	3.2	0.0	6.3	3.4	11.1
	Long-term											
2010 Nov.	4.8	-0.5	2.1	9.6	10.4	10.9	5.5	0.4	4.1	7.3	10.4	13.0
Dec.	4.8	0.5	0.8	8.8	10.5	9.2	5.6	1.9	1.8	7.4	11.2	6.8
2011 Jan.	4.8	0.4	0.8	8.0	11.0	8.3	6.2	3.7	2.0	7.4	10.9	7.5
Feb.	5.0	1.7	1.3	6.4	10.1	8.6	5.6	4.1	0.2	6.0	10.0	8.5
Mar.	4.3	0.8	0.3	5.7	9.4	9.0	5.1	3.3	-1.9	5.6	11.0	9.4
Apr.	4.3	0.9	0.2	5.0	9.5	9.5	4.8	3.4	-1.5	4.0	10.0	8.7
May	4.5	2.0	-0.5	5.2	9.1	12.1	3.4	3.6	-4.8	3.1	7.9	11.0
June	4.6	2.4	-0.3	4.4	9.4	9.4	3.7	2.9	-2.2	1.5	7.8	11.9
July	4.4	2.5	-0.5	4.7	8.7	9.8	2.7	1.4	-2.9	2.1	6.6	12.2
Aug.	4.0	2.6	-1.8	4.4	8.4	10.2	2.5	1.1	-3.9	2.9	6.8	12.1
Sep.	4.0	2.7	-1.0	3.4	7.9	9.4	2.9	2.1	-0.1	1.3	5.0	9.3
Oct.	4.0	2.5	-0.1	3.5	7.6	8.7	3.2	1.7	1.4	3.1	5.3	8.5
Nov.	3.3	2.7	-2.0	4.0	6.4	10.0	3.1	1.8	0.6	4.9	4.9	9.1

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.

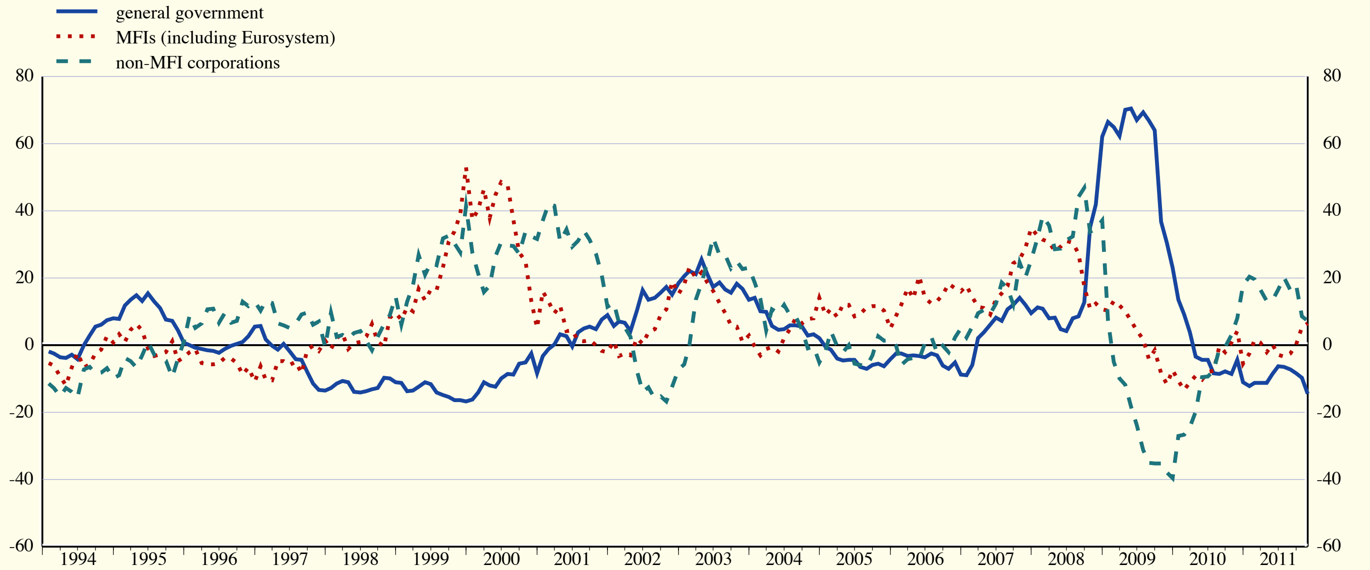
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate: Total	Long-term fixed rate: MFIs (including Eurosystem)	Long-term fixed rate: Non-MFI corporations: Financial corporations other than MFIs	Long-term fixed rate: Non-MFI corporations: Non-financial corporations	Long-term fixed rate: General government: Central government	Long-term fixed rate: General government: Other general government	Long-term variable rate: Total	Long-term variable rate: MFIs (including Eurosystem)	Long-term variable rate: Non-MFI corporations: Financial corporations other than MFIs	Long-term variable rate: Non-MFI corporations: Non-financial corporations	Long-term variable rate: General government: Central government	Long-term variable rate: General 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	17.3	25.3	8.0	5.4	12.2	1.7	36.9	-1.8	-0.3	22.2
2010	8.8	5.8	6.4	19.7	9.9	8.8	-0.6	-3.9	0.7	-1.5	6.4	27.5
2010 Q4	7.0	2.8	3.2	12.4	9.8	7.2	-0.2	-3.3	-0.9	-1.0	12.1	25.7
2011 Q1	6.9	3.4	3.2	9.2	9.7	5.6	0.5	-1.8	-1.9	-1.2	19.0	20.0
Q2	6.5	4.6	3.7	6.4	8.2	7.9	-0.4	-2.1	-4.5	-1.5	23.5	18.4
Q3	6.6	6.2	4.3	5.2	7.4	8.9	-1.4	-1.4	-7.6	-2.3	25.7	13.0
2011 June	7.0	5.9	4.4	5.3	8.3	8.6	-0.7	-1.2	-6.2	-1.9	25.7	12.3
July	6.8	6.1	4.4	5.5	7.7	9.0	-1.3	-1.3	-7.2	-1.8	24.4	12.7
Aug.	6.5	6.3	3.9	5.2	7.2	9.4	-1.9	-1.5	-8.5	-2.2	25.6	13.4
Sep.	6.1	6.3	4.6	4.3	6.4	8.3	-1.4	-1.2	-8.1	-3.7	28.3	13.4
Oct.	5.7	5.7	3.5	4.2	6.2	7.5	-0.5	-1.0	-5.9	-2.9	25.8	12.7
Nov.	5.2	5.1	1.6	4.6	5.8	8.5	-1.6	0.0	-7.4	-2.3	14.6	15.1
						In euro						
2009	10.0	9.0	20.4	23.6	8.3	4.4	14.7	3.9	39.3	-2.3	-0.4	21.4
2010	9.1	5.6	7.4	20.1	10.0	8.3	-0.3	-3.3	0.5	-1.9	5.9	26.2
2010 Q4	7.2	1.6	4.2	12.8	10.0	6.6	0.1	-2.4	-1.3	-1.5	12.3	26.5
2011 Q1	7.0	2.2	3.4	9.5	9.9	4.5	1.0	-0.1	-2.7	-1.7	19.1	21.0
Q2	6.6	3.8	4.1	6.5	8.5	7.3	0.3	-0.6	-4.6	-2.6	23.5	18.1
Q3	6.7	5.4	4.5	5.9	7.6	8.6	-1.1	-0.2	-8.3	-3.4	25.6	11.1
2011 June	7.1	5.0	4.8	6.0	8.5	8.1	0.0	0.1	-6.0	-2.4	25.5	10.6
July	6.9	5.3	4.7	6.3	7.9	8.4	-1.2	-0.2	-8.2	-3.2	24.3	10.7
Aug.	6.6	5.6	4.0	6.0	7.4	9.0	-1.6	-0.5	-9.1	-3.6	25.6	11.5
Sep.	6.1	5.7	4.5	4.8	6.6	8.4	-1.4	0.0	-9.4	-4.5	28.3	11.4
Oct.	5.8	5.4	3.4	4.5	6.4	8.2	0.0	0.5	-6.5	-3.9	25.6	11.0
Nov.	5.4	5.1	1.8	4.7	6.1	9.0	-1.1	1.5	-7.9	-3.3	14.3	13.7

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

(annual percentage changes)



Source: ECB.

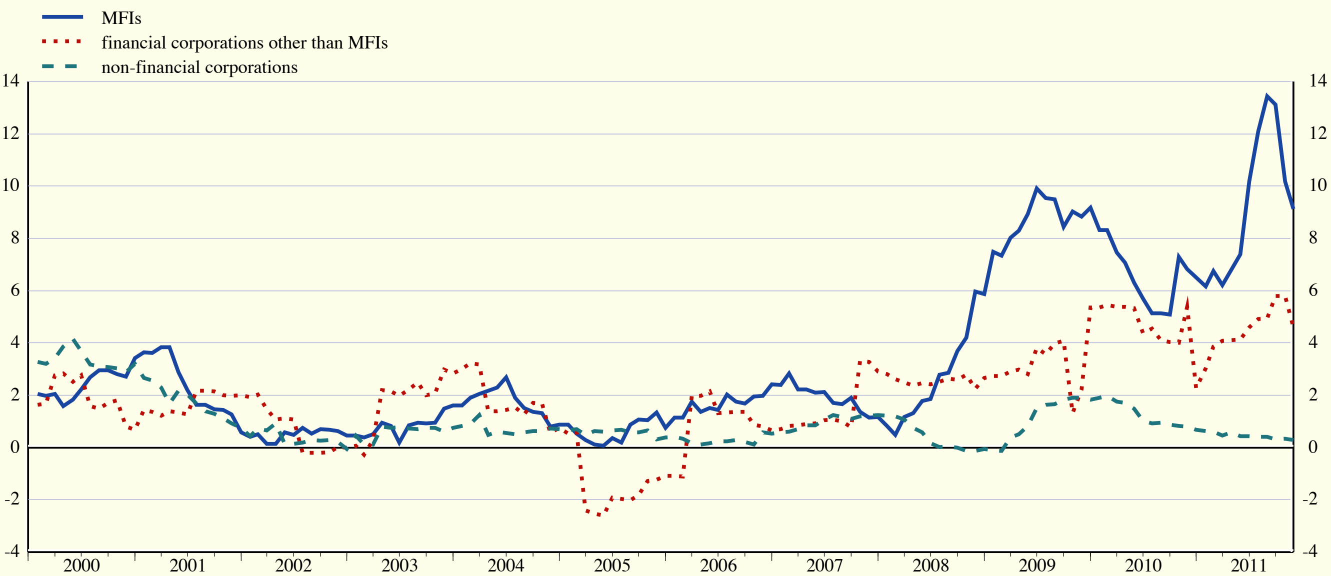
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

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 Nov.	4,079.4	102.6	2.7	563.8	8.8	319.9	2.2	3,195.7	1.9
Dec.	4,410.6	103.0	3.0	566.0	9.2	350.9	5.4	3,493.7	1.8
2010 Jan.	4,242.8	103.1	2.9	516.7	8.3	340.7	5.4	3,385.4	1.9
Feb.	4,161.5	103.2	3.0	499.3	8.3	339.2	5.4	3,323.0	2.0
Mar.	4,474.4	103.4	2.8	543.6	7.5	365.2	5.4	3,565.5	1.8
Apr.	4,409.1	103.4	2.7	508.4	7.1	345.7	5.4	3,555.0	1.7
May	4,093.4	103.5	2.4	445.9	6.3	322.7	5.3	3,324.9	1.5
June	4,054.6	103.7	1.9	446.4	5.7	315.5	4.4	3,292.7	1.0
July	4,256.1	103.7	1.7	519.8	5.1	338.0	4.5	3,398.3	0.9
Aug.	4,121.2	103.7	1.7	479.3	5.1	314.4	4.1	3,327.5	0.9
Sep.	4,345.2	103.8	1.6	487.0	5.1	326.6	4.0	3,531.6	0.9
Oct.	4,531.0	104.2	1.8	514.4	7.3	333.5	4.0	3,683.1	0.8
Nov.	4,413.3	104.4	1.8	437.8	6.8	316.6	5.4	3,658.9	0.8
Dec.	4,596.2	104.4	1.4	458.4	6.5	334.0	2.3	3,803.8	0.7
2011 Jan.	4,759.8	104.6	1.4	514.3	6.2	365.8	3.0	3,879.7	0.6
Feb.	4,845.8	104.7	1.5	535.0	6.8	378.9	3.9	3,931.9	0.6
Mar.	4,767.3	104.8	1.4	491.7	6.2	363.2	4.1	3,912.5	0.5
Apr.	4,891.8	105.0	1.5	497.5	6.8	371.5	4.1	4,022.8	0.6
May	4,777.5	105.0	1.5	475.9	7.4	356.2	4.1	3,945.4	0.4
June	4,722.7	105.5	1.7	491.6	10.2	350.5	4.6	3,880.6	0.4
July	4,504.3	105.7	1.9	458.8	12.1	325.5	4.9	3,720.0	0.4
Aug.	3,975.4	105.9	2.0	383.0	13.4	281.6	4.9	3,310.7	0.4
Sep.	3,749.2	105.9	2.0	350.7	13.1	264.3	5.8	3,134.2	0.3
Oct.	4,044.0	105.9	1.7	361.3	10.2	288.0	5.8	3,394.8	0.3
Nov.	3,893.4	106.0	1.5	330.6	9.1	271.5	4.6	3,291.3	0.3

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



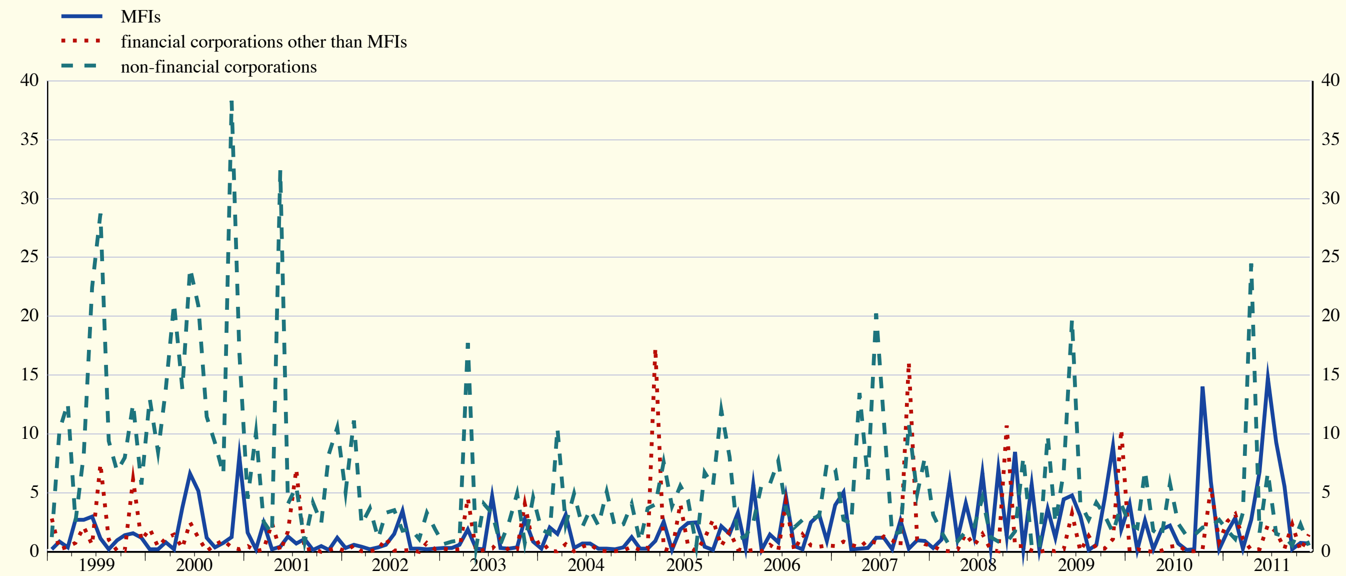
Source: ECB.
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2009 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.	1.4	1.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.2	0.2
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	0.2	16.0	14.0	0.0	14.0	0.2	0.1	0.1	2.0	0.2	1.9
Nov.	13.5	1.5	12.0	5.9	0.0	5.9	5.5	0.1	5.4	2.1	1.4	0.7
Dec.	3.7	3.5	0.2	0.2	0.0	0.2	0.9	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.	7.1	0.2	6.9	2.9	0.0	2.9	3.2	0.0	3.2	1.1	0.2	0.8
Mar.	4.4	1.0	3.5	0.1	0.0	0.1	1.0	0.2	0.8	3.3	0.7	2.6
Apr.	27.3	18.5	8.8	2.7	0.0	2.7	0.1	0.0	0.1	24.5	18.5	6.0
May	8.6	8.8	-0.2	6.8	2.1	4.6	0.2	0.0	0.2	1.6	6.6	-5.0
June	23.7	1.3	22.5	14.7	0.0	14.7	2.3	0.3	2.0	6.7	1.0	5.7
July	12.4	0.7	11.7	9.3	0.0	9.3	1.6	0.0	1.6	1.5	0.7	0.8
Aug.	7.1	1.1	6.0	5.5	0.0	5.5	0.3	0.2	0.1	1.3	0.9	0.4
Sep.	2.9	2.9	0.0	0.0	0.9	-0.9	2.3	0.0	2.3	0.5	2.0	-1.4
Oct.	3.1	0.4	2.7	0.7	0.0	0.7	0.1	0.0	0.1	2.3	0.4	1.9
Nov.	2.6	1.5	1.1	0.7	0.0	0.7	1.4	0.0	1.4	0.5	1.5	-1.0

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2)]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2010 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	2.96	3.07	1.67	1.91	0.63	1.65	2.78	3.08	1.30
June	0.49	2.58	3.25	3.15	1.70	1.92	0.67	1.78	2.82	2.94	1.47
July	0.52	2.74	3.16	3.10	1.70	1.93	0.66	1.77	2.66	3.03	1.41
Aug.	0.54	2.73	3.16	2.99	1.77	1.93	0.68	1.64	2.69	2.99	1.42
Sep.	0.55	2.73	3.15	2.92	1.79	1.94	0.69	1.71	2.72	2.79	1.47
Oct.	0.55	2.88	3.17	3.14	1.80	1.96	0.69	1.67	2.74	3.23	1.65
Nov.	0.55	2.78	3.08	3.03	1.80	1.96	0.67	1.46	2.60	2.84	1.62

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 Dec.	8.02	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.	8.06	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.	8.09	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.	8.04	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.	8.12	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	8.19	16.91	5.35	6.37	7.99	7.49	3.23	4.01	4.30	4.18	4.09	3.75	4.81	4.60
June	8.24	16.95	5.37	6.47	7.87	7.42	3.26	4.04	4.29	4.18	4.09	3.82	4.78	4.62
July	8.28	16.94	5.13	6.53	7.98	7.43	3.33	4.02	4.26	4.19	4.10	3.83	4.82	4.60
Aug.	8.31	17.10	5.34	6.54	7.97	7.57	3.47	3.96	4.20	4.15	4.16	3.95	4.96	4.39
Sep.	8.41	17.18	5.77	6.57	7.94	7.64	3.41	3.86	4.02	4.02	4.02	3.97	4.86	4.20
Oct.	8.43	17.18	5.60	6.53	7.94	7.54	3.44	3.79	3.86	3.94	3.95	3.98	4.76	4.16
Nov.	8.41	17.12	5.55	6.48	7.80	7.40	3.43	3.74	3.84	3.93	3.96	4.22	4.91	4.04

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 Dec.	3.99	3.81	3.99	4.42	4.64	4.09	3.73	2.52	2.83	2.69	3.02	3.54	3.48
2011 Jan.	4.11	3.82	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	3.26	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	4.30	4.18	4.65	4.79	5.14	4.67	4.19	2.65	3.37	3.17	3.63	3.65	4.11
June	4.41	4.23	4.68	4.74	5.16	4.67	4.44	2.78	3.49	3.50	3.61	2.77	4.00
July	4.43	4.38	4.79	4.79	5.10	4.68	4.44	2.88	3.45	3.46	3.98	4.09	3.24
Aug.	4.49	4.44	4.94	4.85	5.03	4.58	4.35	2.80	3.56	3.70	3.99	3.87	4.06
Sep.	4.55	4.59	4.94	4.79	4.94	4.46	4.31	2.84	3.44	3.74	3.63	3.64	3.74
Oct.	4.60	4.70	5.10	4.86	4.99	4.56	4.27	2.98	3.55	3.85	3.89	3.60	3.71
Nov.	4.61	4.76	5.15	4.98	5.10	4.66	4.26	2.81	3.69	3.51	3.92	3.60	3.71

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)

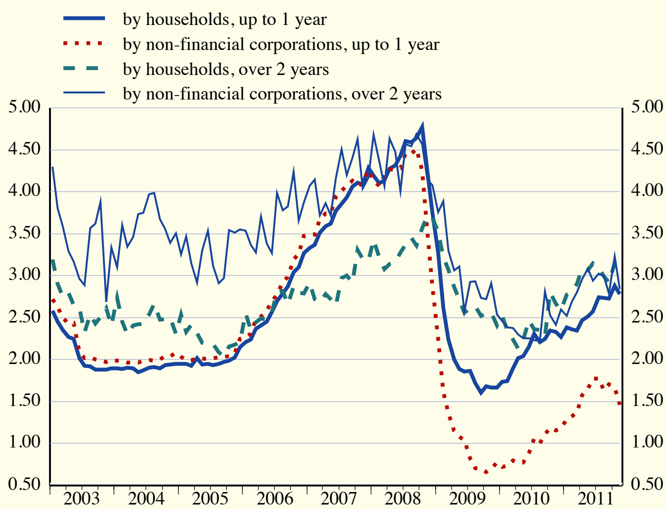
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2)]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2010 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	1.80	3.09	1.59
Mar.	0.45	2.38	2.71	1.61	1.88	0.54	1.85	3.13	1.65
Apr.	0.46	2.40	2.73	1.65	1.90	0.61	1.94	3.12	1.72
May	0.49	2.45	2.73	1.67	1.91	0.63	1.99	3.12	1.76
June	0.49	2.49	2.75	1.70	1.92	0.67	2.07	3.11	1.93
July	0.52	2.54	2.77	1.70	1.93	0.66	2.13	3.13	1.94
Aug.	0.54	2.58	2.77	1.77	1.93	0.68	2.12	3.14	1.97
Sep.	0.55	2.62	2.79	1.79	1.94	0.69	2.14	3.15	2.07
Oct.	0.55	2.65	2.78	1.80	1.96	0.69	2.16	3.14	2.15
Nov.	0.55	2.69	2.80	1.80	1.96	0.67	2.17	3.16	2.24

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 Dec.	3.73	3.83	3.81	7.74	6.41	5.18	3.51	3.42	3.42
2011 Jan.	3.70	3.80	3.80	7.85	6.40	5.18	3.59	3.44	3.42
Feb.	3.68	3.81	3.82	7.88	6.43	5.20	3.64	3.47	3.46
Mar.	3.72	3.80	3.84	7.92	6.40	5.20	3.68	3.49	3.48
Apr.	3.82	3.78	3.84	7.94	6.43	5.23	3.78	3.60	3.53
May	3.81	3.78	3.85	7.96	6.38	5.24	3.84	3.65	3.56
June	3.87	3.78	3.86	7.95	6.45	5.28	3.93	3.73	3.63
July	4.03	3.79	3.90	8.03	6.42	5.30	4.00	3.80	3.69
Aug.	4.06	3.78	3.89	8.07	6.42	5.31	4.06	3.84	3.72
Sep.	4.13	3.80	3.92	8.14	6.48	5.32	4.11	3.85	3.74
Oct.	4.12	3.78	3.91	8.17	6.44	5.33	4.18	3.87	3.74
Nov.	4.12	3.77	3.91	8.09	6.44	5.34	4.20	3.90	3.75

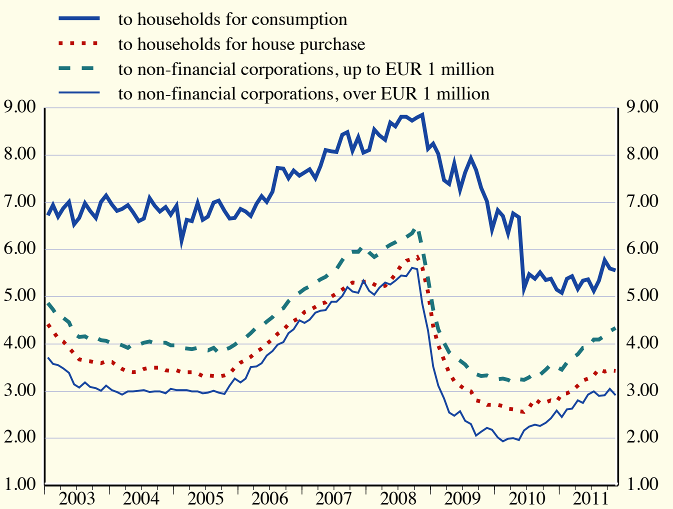
C21 New deposits with an agreed maturity

(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)



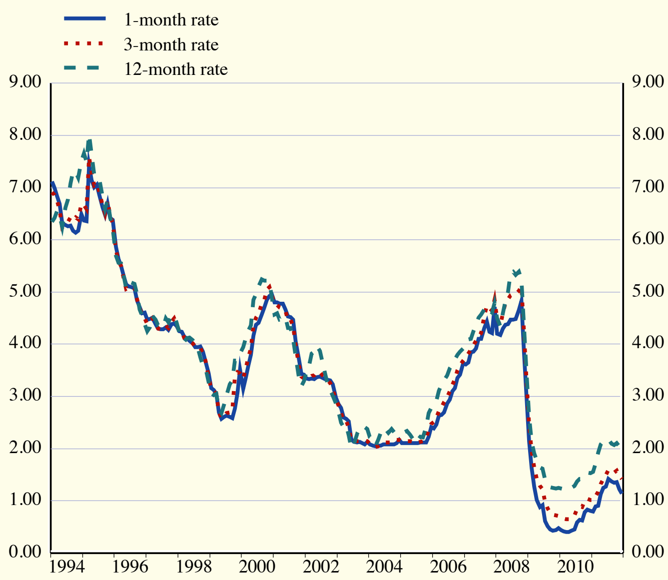
Source: ECB.

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

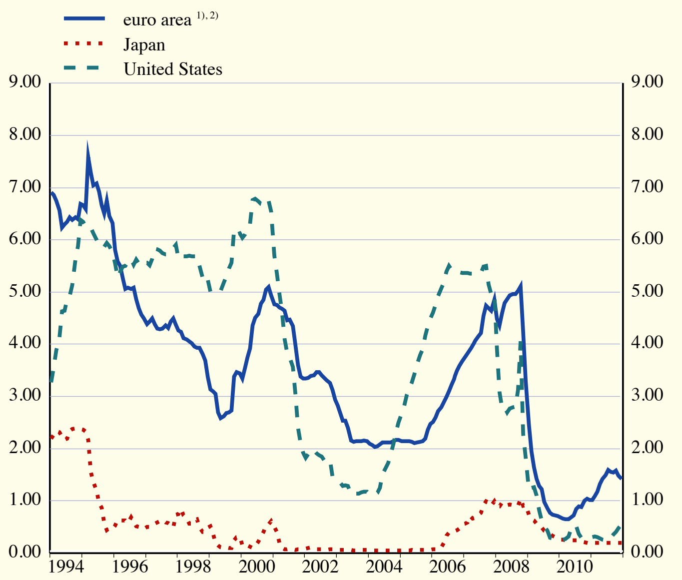
4.6 Money market interest rates
(percentages per annum; period averages)

	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
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
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2010 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
Q3	0.97	1.38	1.56	1.77	2.11	0.30	0.19
Q4	0.79	1.24	1.50	1.72	2.05	0.48	0.20
2010 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
July	1.01	1.42	1.60	1.82	2.18	0.25	0.20
Aug.	0.91	1.37	1.55	1.75	2.10	0.29	0.19
Sep.	1.01	1.35	1.54	1.74	2.07	0.35	0.19
Oct.	0.96	1.36	1.58	1.78	2.11	0.41	0.19
Nov.	0.79	1.23	1.48	1.71	2.04	0.48	0.20
Dec.	0.63	1.14	1.43	1.67	2.00	0.56	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.

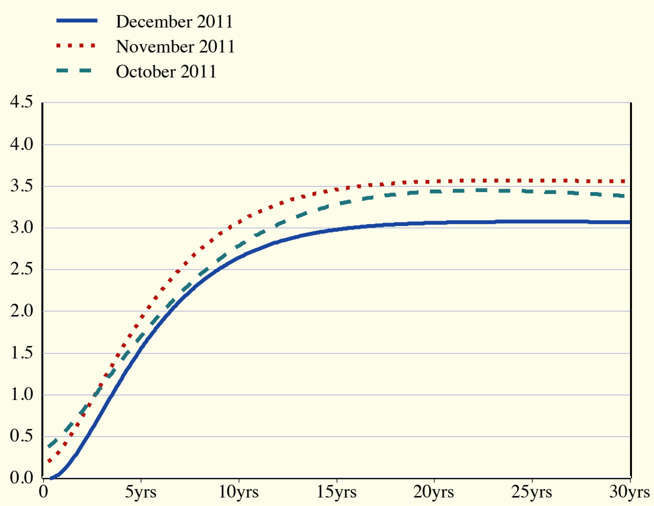
4.7 Euro area yield curves [1]

(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
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
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2010 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
Q3	0.27	0.47	0.75	1.55	1.99	2.48	2.21	1.74	0.74	1.31	2.77	3.79
Q4	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2010 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
July	1.01	1.11	1.32	2.09	2.55	3.06	2.05	1.74	1.28	1.79	3.34	4.39
Aug.	0.61	0.67	0.86	1.69	2.21	2.76	2.15	1.90	0.80	1.33	3.09	4.22
Sep.	0.27	0.47	0.75	1.55	1.99	2.48	2.21	1.74	0.74	1.31	2.77	3.79
Oct.	0.38	0.54	0.81	1.71	2.22	2.79	2.41	1.98	0.78	1.39	3.12	4.29
Nov.	0.20	0.38	0.74	1.92	2.51	3.07	2.87	2.33	0.69	1.53	3.64	4.41
Dec.	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84

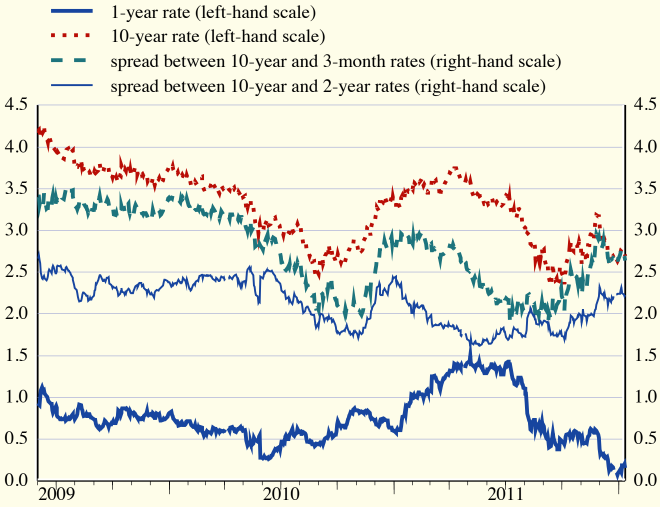
C25 Euro area spot yield curves [2]

(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.

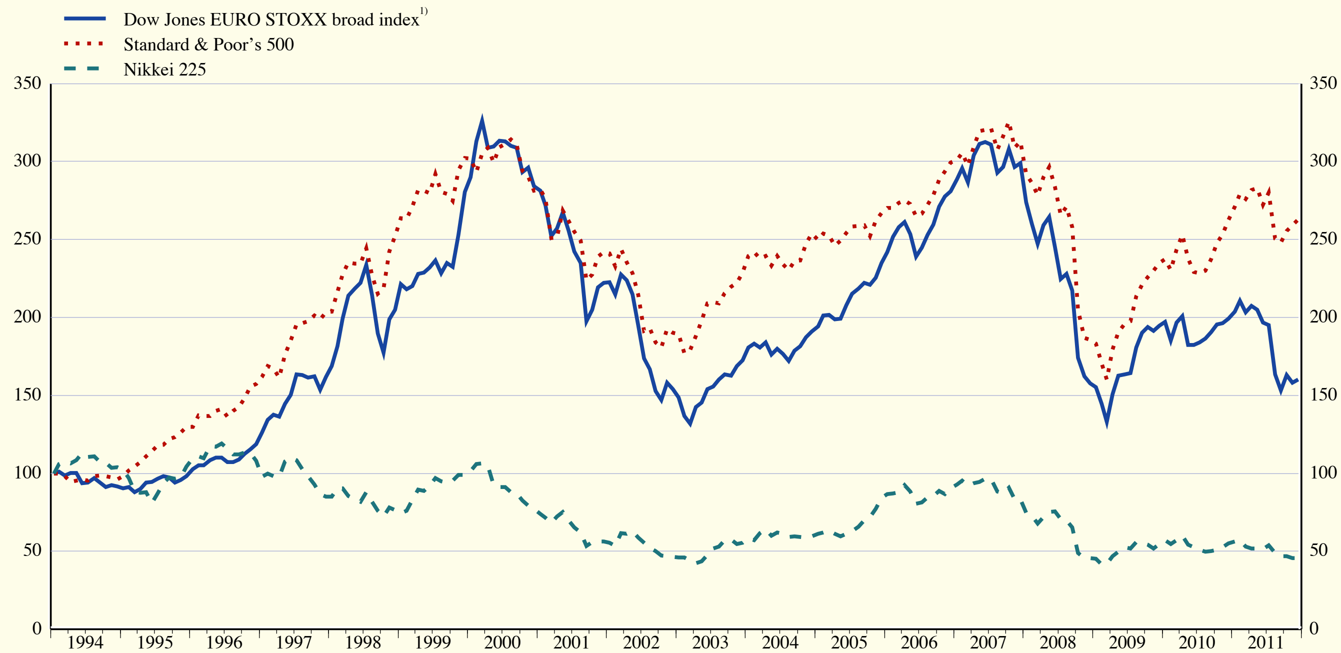
4.8 Stock market indices

(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
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
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2010 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
Q3	236.0	2,381.6	463.7	146.0	341.5	282.0	133.8	323.0	199.8	270.2	333.0	435.0	1,225.3	9,246.3
Q4	222.4	2,277.8	427.1	142.1	327.1	295.5	117.2	296.6	201.8	256.5	320.3	432.4	1,225.7	8,580.6
2010 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
July	270.5	2,743.5	550.7	160.8	384.4	317.4	160.6	375.7	221.0	307.8	360.0	467.4	1,325.2	9,996.7
Aug.	226.9	2,297.2	443.7	141.1	329.7	268.6	129.0	307.3	189.7	258.4	329.3	420.7	1,185.3	9,072.9
Sep.	212.6	2,124.3	401.4	137.0	312.8	262.4	113.3	289.2	190.1	246.7	311.1	419.0	1,173.9	8,695.4
Oct.	226.1	2,312.3	424.8	142.4	325.6	290.2	123.1	302.3	203.0	269.9	334.1	426.1	1,207.2	8,733.6
Nov.	219.2	2,239.6	423.6	141.5	325.9	293.5	112.8	292.2	205.7	250.6	316.6	423.3	1,226.4	8,506.1
Dec.	222.2	2,283.3	433.2	142.4	329.9	302.9	115.9	295.5	196.6	249.3	310.3	448.4	1,243.3	8,506.0

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

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

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2]	
	Index: 2005 = 100	Total	Total excl. unprocessed food and energy	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
% of total in 2011	100.0	100.0	82.3	58.6	41.4	100.0	11.9	7.4	28.9	10.4	41.4	88.7	11.3
	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 Q3	109.9	1.7	1.0	2.0	1.4	0.3	0.5	0.6	0.2	0.0	0.5	1.7	2.0
Q4	110.8	2.0	1.1	2.5	1.3	0.5	0.5	0.4	0.3	2.0	0.4	2.0	2.3
2011 Q1	111.3	2.5	1.3	3.1	1.6	1.0	0.8	0.4	-0.1	6.3	0.5	2.4	3.4
Q2	113.1	2.8	1.8	3.3	1.9	0.8	1.2	0.4	0.5	2.8	0.6	2.7	3.6
Q3	112.8	2.7	1.7	3.2	2.0	0.3	1.1	0.1	-0.3	0.4	0.5	2.6	3.5
2011 July	112.4	2.5	1.5	2.9	2.0	0.0	0.4	-0.1	-0.9	0.8	0.2	2.4	3.5
Aug.	112.6	2.5	1.5	3.0	1.9	0.2	0.3	0.1	0.2	-0.2	0.2	2.4	3.4
Sep.	113.5	3.0	2.0	3.7	1.9	0.5	0.4	0.2	1.2	0.9	0.1	2.9	3.5
Oct.	113.9	3.0	2.0	3.9	1.8	0.2	0.5	0.4	0.2	0.6	0.1	3.0	3.6
Nov.	114.0	3.0	2.0	3.9	1.9	0.2	0.2	0.4	0.1	0.7	0.1	3.0	3.5
Dec. [3]	.	2.8	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 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 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
Q2	2.6	3.0	1.9	3.7	1.0	11.5	1.9	1.4	3.2	-1.0	2.0	2.1
Q3	2.8	3.7	1.3	3.4	0.4	12.0	1.8	1.5	3.2	-1.8	2.2	2.1
2011 June	2.7	3.1	2.0	3.5	0.9	10.9	1.9	1.5	3.4	-1.2	2.2	2.0
July	2.6	3.4	1.3	3.1	0.0	11.8	1.9	1.5	3.4	-1.6	2.2	2.0
Aug.	2.7	3.6	1.1	3.1	0.0	11.8	1.8	1.5	3.3	-1.8	2.2	2.1
Sep.	3.0	4.0	1.4	4.1	1.2	12.4	1.8	1.4	3.1	-1.9	2.3	2.2
Oct.	3.3	4.3	1.8	4.2	1.3	12.4	1.7	1.4	2.9	-1.9	2.2	2.0
Nov.	3.4	4.3	1.9	4.1	1.3	12.3	1.7	1.3	2.9	-1.7	2.2	2.2

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

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	4.7
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.8	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	1.9	1.6
2010 Q3	112.3	4.0	3.7	2.3	4.8	0.7	0.6	1.1	0.5	8.7	2.5	2.3
Q4	113.5	4.8	4.6	3.1	5.9	0.8	1.5	1.4	1.5	9.6	2.8	2.4
2011 Q1	116.7	6.5	6.3	4.4	7.9	1.3	2.5	1.8	2.6	12.5	4.1	1.9
Q2	118.5	6.3	5.8	4.3	6.8	1.3	3.4	1.9	3.7	11.9	3.0	0.9
Q3	118.9	5.9	5.5	3.8	5.6	1.5	3.3	2.2	3.5	11.8	3.2	.
2011 June	118.4	5.9	5.4	4.1	6.3	1.3	3.4	1.8	3.7	10.7	-	-
July	118.9	6.1	5.8	4.0	6.1	1.5	3.3	1.9	3.5	11.9	-	-
Aug.	118.7	5.8	5.5	3.9	5.7	1.5	3.3	2.1	3.5	11.4	-	-
Sep.	119.0	5.8	5.4	3.5	5.0	1.5	3.4	2.5	3.5	12.2	-	-
Oct.	119.2	5.5	5.0	3.2	4.1	1.5	3.4	2.5	3.5	12.3	-	-
Nov.	119.4	5.3	4.7	3.0	3.5	1.4	3.4	2.6	3.6	12.3	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [3] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [4]			Use-weighted [5]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports [6]	Imports [6]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	65.9	2.0	18.4	-4.4	-1.7	9.7	-8.6	106.2	1.9	2.6	2.7	2.8	2.3	2.4	3.9
2009	44.6	-18.5	-8.9	-23.0	-18.0	-11.4	-22.8	107.1	0.9	-0.1	-0.4	2.1	-0.5	-3.3	-5.9
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	107.9	0.7	1.5	1.7	0.8	1.1	2.7	4.9
2011	79.7	12.2	22.4	7.7	12.9	20.7	7.5	.	.	.	.	.	.	.	.
2010 Q4	64.4	48.6	36.6	54.7	48.7	48.4	48.9	108.2	0.9	1.8	2.1	0.6	1.5	3.9	6.2
2011 Q1	77.3	42.9	46.1	41.4	41.0	47.2	36.6	108.7	1.1	2.3	2.5	0.6	2.0	4.7	7.7
Q2	81.3	11.6	28.8	4.6	13.3	26.2	5.1	109.1	1.2	2.1	2.7	0.8	1.6	3.2	5.3
Q3	79.3	3.8	16.7	-1.6	4.9	11.7	0.3	109.5	1.3	2.2	2.6	0.8	1.6	2.8	4.8
Q4	80.7	-2.5	3.6	-5.2	-1.7	4.4	-6.0	.	.	.	.	.	.	.	.
2011 July	81.7	7.6	18.7	2.9	9.5	15.1	5.6	-	-	-	-	-	-	-	-
Aug.	76.7	2.5	17.2	-3.6	4.1	12.7	-1.8	-	-	-	-	-	-	-	-
Sep.	79.8	1.5	14.3	-3.9	1.5	7.5	-2.6	-	-	-	-	-	-	-	-
Oct.	78.9	1.6	10.7	-2.4	2.5	10.6	-3.2	-	-	-	-	-	-	-	-
Nov.	81.4	-1.9	4.7	-4.9	-0.7	6.0	-5.5	-	-	-	-	-	-	-	-
Dec.	81.7	-6.7	-3.7	-8.1	-6.3	-2.5	-9.0	-	-	-	-	-	-	-	-

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)

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

(quarterly data seasonally adjusted; annual data unadjusted)

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
	Unit labour costs [1]											
2009	110.0	4.0	-0.6	8.9	5.4	5.3	-0.3	-2.7	-3.7	5.4	2.7	1.9
2010	109.1	-0.8	-1.4	-5.8	1.6	-1.9	-0.9	0.3	2.6	1.5	1.1	1.7
2010 Q4	109.4	-0.3	-0.9	-4.0	0.0	-1.2	-0.2	0.9	2.8	2.2	1.3	2.0
2011 Q1	109.6	0.2	0.8	-1.4	0.0	-1.2	1.8	2.8	4.4	3.0	0.8	2.3
Q2	110.3	1.2	-0.1	0.6	0.1	0.0	3.2	3.7	3.5	3.2	0.6	3.3
Q3	110.2	1.3	-1.2	0.1	-0.8	1.7	3.6	1.5	3.3	3.1	0.8	3.6
	Compensation per employee											
2009	109.8	1.4	1.2	-0.6	5.5	1.4	1.3	0.8	-0.4	0.9	2.7	1.7
2010	111.5	1.6	1.5	3.6	1.0	1.3	2.5	2.0	3.5	1.3	0.8	1.1
2010 Q4	112.4	1.6	2.7	3.7	1.0	1.5	3.0	1.4	3.4	1.7	0.8	0.5
2011 Q1	113.4	2.4	4.4	4.4	4.5	2.0	2.1	2.0	2.4	2.7	1.2	1.2
Q2	114.0	2.5	3.4	4.7	2.6	1.8	2.4	3.1	2.3	2.7	1.3	2.1
Q3	114.2	2.4	3.4	3.2	2.9	2.3	2.7	2.9	3.6	2.7	1.6	2.1
	Labour productivity per person employed [2]											
2009	99.8	-2.5	1.8	-8.8	0.0	-3.6	1.6	3.6	3.4	-4.2	0.0	-0.2
2010	102.2	2.4	3.0	10.1	-0.6	3.3	3.5	1.8	1.0	-0.1	-0.3	-0.5
2010 Q4	102.7	1.9	3.6	8.0	1.0	2.7	3.3	0.5	0.6	-0.4	-0.5	-1.4
2011 Q1	103.5	2.2	3.5	5.9	4.6	3.2	0.3	-0.8	-1.9	-0.2	0.4	-1.1
Q2	103.4	1.3	3.6	4.1	2.5	1.8	-0.7	-0.5	-1.2	-0.5	0.8	-1.2
Q3	103.6	1.0	4.7	3.1	3.7	0.6	-0.8	1.4	0.3	-0.3	0.7	-1.5
	Compensation per hour worked											
2009	112.1	3.3	2.2	3.9	7.3	2.7	1.8	2.7	1.4	2.5	3.0	3.1
2010	113.3	1.0	-0.1	1.1	1.2	1.1	1.9	1.7	2.5	0.6	0.7	1.8
2010 Q4	114.3	1.6	1.2	1.4	1.8	2.0	3.4	2.2	3.2	1.5	1.0	1.2
2011 Q1	114.7	1.8	-0.3	2.0	3.2	2.3	1.8	2.0	1.6	2.4	0.9	1.1
Q2	115.7	2.5	2.1	3.9	3.1	2.4	2.7	3.5	4.5	2.9	1.1	1.9
Q3	115.5	2.1	1.1	2.6	3.3	2.4	2.0	3.3	4.5	2.2	1.3	1.5
	Hourly labour productivity [2]											
2009	102.2	-0.8	2.7	-4.9	1.6	-2.5	2.1	5.4	4.5	-2.9	0.3	1.2
2010	104.2	1.9	2.8	7.5	-0.8	2.8	3.0	1.2	-0.5	-0.8	-0.5	0.1
2010 Q4	104.8	1.8	3.2	5.7	1.5	3.0	3.7	0.8	-0.4	-0.4	-0.3	-0.7
2011 Q1	105.0	1.6	1.2	3.5	3.0	3.3	0.1	-1.0	-2.5	-0.3	0.1	-0.9
Q2	105.3	1.3	4.5	3.1	2.6	2.2	-0.7	-0.3	0.6	-0.2	0.5	-1.1
Q3	105.2	0.8	5.7	2.4	3.2	0.4	-1.7	1.6	0.8	-0.7	0.5	-2.3

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	102.7	2.7	2.6	3.0	3.0	3.7	2.4	2.6
2010	104.3	1.6	1.5	1.9	1.0	1.8	1.8	1.7
2010 Q4	105.1	1.7	1.6	2.0	1.3	1.5	2.0	1.6
2011 Q1	106.2	2.5	2.3	3.3	2.4	1.9	2.6	1.8
Q2	107.2	3.2	3.3	3.7	4.2	2.5	2.9	1.9
Q3	107.4	2.7	2.6	3.2	2.9	2.5	2.7	2.1

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).

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2007	9,030.2	8,897.4	5,050.0	1,805.3	1,965.3	76.7	132.8	3,749.6	3,616.8
2008	9,244.3	9,158.9	5,207.0	1,898.9	1,989.8	63.2	85.3	3,882.1	3,796.8
2009	8,930.8	8,812.7	5,127.1	1,986.9	1,741.4	-42.7	118.1	3,273.6	3,155.5
2010	9,161.5	9,045.8	5,261.2	2,013.8	1,751.0	19.9	115.6	3,748.4	3,632.7
2010 Q3	2,300.7	2,268.3	1,319.4	504.3	440.7	3.9	32.4	958.8	926.4
Q4	2,309.8	2,282.7	1,333.1	504.5	440.0	5.1	27.1	978.4	951.2
2011 Q1	2,337.7	2,315.1	1,342.5	507.6	451.3	13.6	22.6	1,009.7	987.0
Q2	2,350.8	2,321.9	1,346.5	507.5	453.3	14.6	28.9	1,024.6	995.7
Q3	2,362.6	2,327.0	1,354.3	508.3	453.2	11.1	35.7	1,042.4	1,006.7
	percentage of GDP								
2010	100.0	98.7	57.4	22.0	19.1	0.2	1.3	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2010 Q3	0.4	0.2	0.4	0.1	0.2	-	-	2.1	1.7
Q4	0.3	0.2	0.3	0.0	-0.4	-	-	1.5	1.3
2011 Q1	0.8	0.5	0.0	0.2	1.8	-	-	1.8	1.1
Q2	0.2	-0.2	-0.5	-0.1	-0.1	-	-	1.2	0.5
Q3	0.1	-0.1	0.2	-0.1	-0.1	-	-	1.2	0.8
	annual percentage changes								
2007	3.0	2.8	1.7	2.2	4.7	-	-	6.6	6.2
2008	0.4	0.3	0.4	2.3	-1.1	-	-	1.0	0.9
2009	-4.3	-3.7	-1.2	2.5	-12.0	-	-	-12.8	-11.7
2010	1.9	1.1	0.9	0.6	-0.6	-	-	11.5	9.7
2010 Q3	2.1	1.4	1.0	0.5	0.8	-	-	12.2	10.6
Q4	2.0	1.5	1.1	-0.1	1.3	-	-	12.0	11.2
2011 Q1	2.4	1.6	0.9	0.5	3.6	-	-	10.4	8.5
Q2	1.6	0.7	0.2	0.1	1.6	-	-	6.8	4.6
Q3	1.3	0.4	0.0	0.0	1.3	-	-	5.8	3.7
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2010 Q3	0.4	0.2	0.2	0.0	0.0	0.0	0.2	-	-
Q4	0.3	0.2	0.2	0.0	-0.1	0.1	0.1	-	-
2011 Q1	0.8	0.5	0.0	0.0	0.4	0.0	0.3	-	-
Q2	0.2	-0.2	-0.3	0.0	0.0	0.2	0.3	-	-
Q3	0.1	0.0	0.1	0.0	0.0	-0.1	0.2	-	-
	contributions to annual percentage changes in GDP; percentage points								
2007	3.0	2.8	1.0	0.4	1.0	0.3	0.2	-	-
2008	0.4	0.3	0.2	0.5	-0.2	-0.1	0.1	-	-
2009	-4.3	-3.7	-0.7	0.5	-2.6	-0.9	-0.6	-	-
2010	1.9	1.1	0.5	0.1	-0.1	0.6	0.8	-	-
2010 Q3	2.1	1.3	0.6	0.1	0.2	0.5	0.7	-	-
Q4	2.0	1.5	0.6	0.0	0.2	0.7	0.5	-	-
2011 Q1	2.4	1.6	0.5	0.1	0.7	0.3	0.8	-	-
Q2	1.6	0.7	0.1	0.0	0.3	0.3	0.9	-	-
Q3	1.3	0.4	0.0	0.0	0.2	0.1	0.9	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2007	8,071.4	144.0	1,650.2	538.6	1,550.5	352.6	393.8	889.7	821.5	1,449.8	280.7	958.8
2008	8,299.0	142.0	1,652.6	560.8	1,597.8	358.5	384.9	930.3	859.4	1,520.7	291.9	945.3
2009	8,037.8	125.5	1,465.4	537.3	1,517.8	360.5	427.3	904.4	817.8	1,581.9	300.1	893.0
2010	8,222.5	137.4	1,550.9	512.8	1,561.4	357.7	437.5	922.3	830.6	1,609.2	302.7	938.9
2010 Q3	2,063.8	35.0	390.3	128.5	392.2	89.6	109.9	231.9	208.9	401.8	75.6	236.9
Q4	2,072.8	35.1	395.3	127.2	395.1	88.9	108.5	234.4	209.8	402.1	76.1	237.1
2011 Q1	2,096.0	36.7	402.4	130.9	401.6	88.8	108.1	234.9	210.8	405.2	76.6	241.7
Q2	2,107.8	37.0	406.0	130.3	404.2	88.7	107.6	238.7	212.3	406.6	76.4	243.0
Q3	2,119.8	35.7	412.1	130.5	405.1	88.7	109.2	240.7	213.3	407.4	77.1	242.8
	percentage of value added											
2010	100.0	1.7	18.9	6.2	19.0	4.4	5.3	11.2	10.1	19.6	3.7	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2010 Q3	0.4	-0.4	1.0	-0.8	1.1	0.2	-1.6	0.4	0.9	0.2	0.0	0.5
Q4	0.3	0.6	1.3	-1.2	0.3	0.8	-0.3	0.2	0.2	0.0	-0.2	-0.1
2011 Q1	0.7	1.4	1.2	1.4	1.2	-0.8	1.2	-0.2	1.0	0.3	0.0	1.0
Q2	0.2	0.3	0.6	-0.2	0.1	0.3	0.1	0.3	0.5	0.1	-0.6	-0.4
Q3	0.1	0.3	0.3	-0.5	0.0	0.0	0.5	0.1	0.1	0.2	0.2	0.2
	annual percentage changes											
2007	3.2	6.2	3.8	1.8	3.3	6.2	6.4	1.5	5.2	1.3	2.1	0.9
2008	0.6	2.1	-2.3	-1.2	1.1	2.7	1.0	1.2	1.8	2.0	1.5	-1.3
2009	-4.3	-0.4	-13.3	-6.8	-5.4	0.8	3.8	0.6	-6.6	1.4	0.9	-4.1
2010	2.0	2.1	6.6	-4.4	2.5	2.5	0.9	0.4	1.7	0.8	0.1	1.0
2010 Q3	2.1	1.2	6.2	-3.3	3.1	3.0	-1.0	0.7	2.4	0.8	0.1	2.1
Q4	2.1	2.2	6.7	-2.9	2.9	2.7	-0.5	0.5	2.4	0.3	-0.5	1.3
2011 Q1	2.2	1.0	5.7	0.7	3.4	1.0	-0.9	0.5	3.0	0.6	-0.1	3.7
Q2	1.7	1.9	4.2	-0.8	2.7	0.5	-0.7	0.7	2.6	0.7	-0.9	1.0
Q3	1.4	2.6	3.5	-0.6	1.7	0.4	1.5	0.3	1.8	0.6	-0.6	0.7
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2010 Q3	0.4	0.0	0.2	0.0	0.2	0.0	-0.1	0.0	0.1	0.0	0.0	-
Q4	0.3	0.0	0.2	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
2011 Q1	0.7	0.0	0.2	0.1	0.2	0.0	0.1	0.0	0.1	0.1	0.0	-
Q2	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q3	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2007	3.2	0.1	0.8	0.1	0.6	0.3	0.3	0.2	0.5	0.2	0.1	-
2008	0.6	0.0	-0.5	-0.1	0.2	0.1	0.0	0.1	0.2	0.4	0.1	-
2009	-4.3	0.0	-2.6	-0.5	-1.0	0.0	0.2	0.1	-0.7	0.3	0.0	-
2010	2.0	0.0	1.2	-0.3	0.5	0.1	0.1	0.1	0.2	0.2	0.0	-
2010 Q3	2.1	0.0	1.1	-0.2	0.6	0.1	-0.1	0.1	0.2	0.2	0.0	-
Q4	2.1	0.0	1.2	-0.2	0.5	0.1	0.0	0.1	0.2	0.1	0.0	-
2011 Q1	2.2	0.0	1.1	0.0	0.7	0.0	0.0	0.1	0.3	0.1	0.0	-
Q2	1.7	0.0	0.8	-0.1	0.5	0.0	0.0	0.1	0.3	0.1	0.0	-
Q3	1.4	0.0	0.7	0.0	0.3	0.0	0.1	0.0	0.2	0.1	0.0	-

Sources: Eurostat and ECB calculations.

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	0.0	-1.9	-5.2	-1.3	0.2	-5.2
2009	-13.6	90.8	-14.8	-15.9	-16.0	-19.0	-20.9	-4.9	-17.3	-2.9	-5.3	-7.8
2010	4.1	97.5	7.4	7.8	7.8	10.1	9.1	3.4	2.5	3.5	3.8	-8.1
2010 Q4	4.5	100.1	8.0	8.4	8.5	7.9	13.9	3.0	2.0	3.1	4.9	-9.3
2011 Q1	4.6	101.0	6.6	8.2	8.2	9.0	13.2	1.4	2.9	1.2	-2.2	-2.3
Q2	2.2	101.3	4.2	5.4	5.4	4.3	9.4	2.2	1.0	2.4	-5.4	-5.0
Q3	3.6	101.9	4.0	4.8	4.9	3.8	9.8	0.9	1.9	0.8	-3.1	1.7
2011 May	3.3	101.5	4.3	5.9	6.1	4.5	10.7	2.6	1.2	2.7	-7.2	-0.4
June	-0.3	100.9	2.8	3.6	3.4	3.1	6.9	0.4	-2.7	0.9	-3.7	-11.0
July	4.0	101.7	4.3	5.1	5.2	4.2	11.7	-0.2	4.3	-0.7	-4.0	2.5
Aug.	5.3	103.0	6.0	7.0	7.1	5.4	12.9	3.0	2.9	3.1	-2.1	2.3
Sep.	1.8	101.0	2.2	2.8	2.9	2.2	5.9	0.2	-1.0	0.4	-3.1	0.6
Oct.	0.4	100.8	1.0	1.8	1.7	0.3	4.8	0.3	-3.4	0.8	-4.9	-2.4
	month-on-month percentage changes (s.a.)											
2011 May	0.1	-	0.1	0.0	-0.1	-0.2	1.1	-0.3	-0.6	-0.1	0.3	0.5
June	-1.3	-	-0.6	-1.1	-0.7	-0.8	-1.5	-0.6	-2.6	-0.7	1.1	-1.2
July	1.6	-	0.8	0.7	0.9	0.6	2.9	-0.2	3.5	-0.7	0.2	1.7
Aug.	1.0	-	1.3	1.5	1.1	1.4	2.3	0.9	-0.2	1.7	1.0	-0.2
Sep.	-1.8	-	-2.0	-2.6	-1.6	-2.2	-3.9	-0.9	-3.5	-1.3	-1.6	-1.4
Oct.	-0.4	-	-0.2	-0.1	-0.1	-0.9	0.9	0.1	-1.0	0.5	-0.7	-1.4

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

	Industrial new orders		Industrial turnover		Retail sales (including 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			Fuel	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	38.4	51.0	9.0	12.8	10.6		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	112.9	-5.6	116.9	1.4	2.4	103.1	-0.7	-1.8	-0.1	-1.9	-1.6	-1.5	891	-7.8
2009	87.3	-22.7	95.6	-18.3	-4.3	100.6	-2.5	-1.7	-2.2	-1.8	-3.9	-5.7	925	3.3
2010	102.7	17.6	105.3	10.2	2.1	101.4	0.8	0.5	1.7	2.6	0.7	-2.9	843	-8.5
2010 Q4	108.2	18.5	110.0	12.3	2.0	101.5	0.6	0.2	1.5	1.5	-0.1	-2.0	845	-11.0
2011 Q1	112.1	18.6	114.6	13.7	2.1	101.3	0.1	-1.1	1.2	-0.2	1.7	-1.3	868	-3.1
Q2	114.5	11.6	114.6	9.8	1.7	100.9	-0.5	-0.5	-0.1	1.7	-1.2	-3.6	825	-1.8
Q3	111.4	5.4	115.1	8.7	1.7	100.9	-0.5	-0.8	0.1	-2.3	-0.1	-4.2	823	2.9
2011 June	115.2	10.3	113.1	6.4	1.3	100.9	-0.8	-0.4	-0.7	1.1	-2.7	-3.9	824	-3.7
July	113.2	8.9	115.3	9.8	1.7	101.0	-0.4	-2.4	1.7	2.3	1.5	-5.4	816	2.3
Aug.	115.0	6.0	116.5	10.2	2.1	101.1	-0.1	0.2	0.4	-1.1	-1.3	-2.9	822	6.1
Sep.	106.0	1.6	113.4	6.6	1.5	100.5	-1.2	-0.1	-1.9	-8.4	-0.5	-4.2	832	1.3
Oct.	107.9	1.5	113.5	4.8	1.8	100.6	-0.7	-0.3	-1.0	-4.1	-0.3	-4.5	821	-0.6
Nov.	.	.	.	.	0.8	99.8	-2.5	-1.6	-3.0	.	.	.	825	-3.3
	month-on-month percentage changes (s.a.)													
2011 July	-	-1.7	-	2.0	0.3	-	0.2	-0.7	0.5	1.6	1.4	-0.5	-	-1.0
Aug.	-	1.7	-	1.0	0.1	-	0.0	0.4	-0.2	-1.5	-0.7	1.1	-	0.8
Sep.	-	-7.8	-	-2.6	-0.4	-	-0.6	0.1	-0.9	-4.2	0.0	-0.8	-	1.2
Oct.	-	1.8	-	0.1	0.6	-	0.1	0.1	0.3	2.1	0.1	-1.4	-	-1.3
Nov.	-	.	-	.	-0.6	-	-0.8	-0.8	-0.7	.	.	.	-	0.5

Sources: Eurostat, except columns 13 and 14 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
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	76.9	-14.0	-5.2	-12.2	31.0	-7.6
2011	101.5	0.3	-6.4	2.2	9.6	.	-14.3	-7.4	-18.0	23.0	-8.7
2010 Q4	105.7	2.7	-9.5	-0.8	16.8	79.1	-10.4	-5.4	-8.7	20.9	-6.6
2011 Q1	107.4	6.5	-1.6	-2.0	19.0	80.9	-10.6	-6.0	-9.6	19.7	-7.0
Q2	105.7	4.3	-1.3	-0.9	13.4	81.2	-10.4	-6.6	-12.4	14.7	-7.9
Q3	98.8	-2.6	-8.5	4.5	5.3	80.3	-15.6	-7.3	-21.6	23.8	-9.6
Q4	94.0	-6.9	-14.1	7.1	0.6	.	-20.5	-9.5	-28.4	33.6	-10.2
2011 July	103.0	0.9	-4.7	2.5	9.8	80.8	-11.2	-6.0	-14.2	16.1	-8.3
Aug.	98.4	-2.7	-9.0	5.0	5.9	-	-16.5	-7.2	-23.4	25.5	-10.0
Sep.	95.0	-5.9	-11.9	6.1	0.3	-	-19.1	-8.8	-27.2	29.8	-10.6
Oct.	94.8	-6.5	-13.0	6.6	0.2	79.7	-19.9	-8.9	-28.6	32.5	-9.4
Nov.	93.8	-7.1	-13.7	7.3	-0.4	-	-20.4	-9.1	-28.9	33.7	-9.7
Dec.	93.3	-7.1	-15.7	7.5	1.9	-	-21.1	-10.5	-27.6	34.6	-11.6

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total [4]	Order books	Employment expectations	Total [4]	Present business situation	Volume of stocks	Expected business situation	Total [4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
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
2011	-24.8	-33.2	-16.4	-5.3	-5.1	11.3	0.5	5.8	2.6	5.9	8.9
2010 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	-32.2	-16.1	-2.3	-0.9	9.9	4.0	9.9	7.6	10.3	11.8
Q3	-24.8	-32.8	-16.6	-7.4	-6.8	12.9	-2.3	3.9	0.7	4.2	6.7
Q4	-25.1	-31.6	-18.6	-10.8	-12.8	14.2	-5.6	-1.2	-5.9	-1.3	3.7
2011 July	-24.3	-31.3	-17.2	-3.6	-2.4	10.5	2.2	7.9	5.2	7.8	10.6
Aug.	-23.4	-32.1	-14.6	-8.7	-7.3	13.7	-5.1	3.7	0.1	4.0	6.9
Sep.	-26.6	-35.1	-18.0	-9.8	-10.6	14.6	-4.1	0.0	-3.3	0.8	2.5
Oct.	-25.1	-32.8	-17.3	-9.7	-11.6	13.9	-3.8	0.1	-3.4	-0.4	4.2
Nov.	-25.0	-30.6	-19.4	-11.1	-13.4	14.1	-5.8	-1.6	-6.6	-1.4	3.1
Dec.	-25.2	-31.4	-19.0	-11.7	-13.3	14.5	-7.3	-2.1	-7.8	-2.2	3.8

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)]

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	By employment status			By economic activity									
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
levels (thousands)													
2010	146,433	125,205	21,228	5,087	23,079	10,302	35,740	3,959	4,142	1,289	17,595	34,497	10,743
percentage of total persons employed													
2010	100.0	85.5	14.5	3.5	15.8	7.0	24.4	2.7	2.8	0.9	12.0	23.6	7.3
annual percentage changes													
2008	0.8	1.0	-0.3	-1.8	0.2	-2.2	0.9	1.0	0.3	1.3	3.3	1.2	1.2
2009	-1.8	-1.8	-1.8	-2.2	-5.0	-6.8	-1.8	-0.8	0.1	-2.7	-2.5	1.4	1.1
2010	-0.5	-0.5	-0.7	-0.9	-3.2	-3.7	-0.7	-1.0	-0.8	-0.5	1.8	1.1	0.7
2010 Q4	0.1	0.2	-0.7	-1.4	-1.2	-3.9	0.2	-0.6	-1.0	-0.2	2.8	0.8	1.0
2011 Q1	0.2	0.4	-0.9	-2.5	-0.2	-3.8	0.3	0.7	0.0	2.5	3.2	0.3	1.0
Q2	0.4	0.6	-0.8	-1.6	0.1	-3.2	0.9	1.2	-0.1	1.9	3.2	-0.1	0.4
Q3	0.3	0.5	-1.1	-2.0	0.4	-4.1	1.1	1.2	0.1	0.0	2.1	-0.1	0.9
quarter-on-quarter percentage changes													
2010 Q4	0.1	0.2	-0.3	-0.3	0.1	-1.1	0.3	0.1	-0.1	-0.1	0.5	0.1	0.4
2011 Q1	0.1	0.1	0.0	-1.6	0.2	-1.2	0.0	1.0	0.5	1.7	0.9	-0.2	0.4
Q2	0.2	0.3	-0.3	0.8	0.1	-0.3	0.5	0.3	-0.2	-0.5	0.9	-0.1	-0.1
Q3	-0.1	-0.1	-0.5	-1.0	0.0	-1.6	0.2	-0.2	-0.1	-1.0	-0.3	0.0	0.2
Hours worked													
levels (millions)													
2010	231,190	185,633	45,556	10,516	36,433	18,211	60,091	6,363	6,521	1,974	26,791	49,145	15,145
percentage of total hours worked													
2010	100.0	80.3	19.7	4.5	15.8	7.9	26.0	2.8	2.8	0.9	11.6	21.3	6.6
annual percentage changes													
2008	0.8	1.2	-0.7	-2.1	-0.4	-2.5	1.0	1.6	1.6	1.3	3.5	1.6	1.6
2009	-3.4	-3.6	-2.8	-3.1	-8.9	-8.3	-2.9	-1.3	-1.5	-3.7	-3.8	1.1	-0.3
2010	0.0	0.1	-0.2	-0.7	-0.9	-3.6	-0.3	-0.5	-0.3	0.9	2.5	1.3	0.1
2010 Q4	0.1	0.3	-0.5	-1.0	1.0	-4.4	-0.1	-1.0	-1.3	0.9	2.8	0.6	0.3
2011 Q1	0.8	1.0	-0.1	-0.2	2.1	-2.3	0.1	0.9	0.1	3.1	3.3	0.5	0.8
Q2	0.3	0.6	-0.7	-2.5	1.0	-3.4	0.5	1.2	-0.4	0.0	2.9	0.1	0.2
Q3	0.6	0.8	-0.3	-2.9	1.1	-3.7	1.2	2.1	-0.2	-0.4	2.5	0.1	1.8
quarter-on-quarter percentage changes													
2010 Q4	-0.1	-0.1	0.0	-0.2	0.3	-1.7	0.0	0.1	-0.5	0.3	0.5	-0.2	0.3
2011 Q1	0.6	0.7	0.2	-0.7	0.7	0.2	0.5	1.4	1.1	1.0	1.5	0.3	0.7
Q2	-0.1	0.0	-0.6	-0.4	-0.1	-1.1	0.2	0.3	-0.5	-1.7	0.3	0.0	-0.7
Q3	0.1	0.2	0.1	-1.6	0.2	-1.1	0.6	0.3	-0.3	-0.1	0.2	0.1	1.4
Hours worked per person employed													
levels (thousands)													
2010	1,579	1,483	2,146	2,067	1,579	1,768	1,681	1,607	1,575	1,531	1,523	1,425	1,410
annual percentage changes													
2008	0.0	0.2	-0.4	-0.2	-0.5	-0.2	0.1	0.7	1.3	0.0	0.2	0.4	0.4
2009	-1.7	-1.8	-1.0	-0.9	-4.1	-1.6	-1.2	-0.5	-1.6	-1.1	-1.4	-0.3	-1.3
2010	0.5	0.5	0.5	0.2	2.4	0.2	0.4	0.5	0.6	1.4	0.6	0.1	-0.6
2010 Q4	0.0	0.1	0.1	0.4	2.2	-0.5	-0.4	-0.4	-0.3	1.0	0.0	-0.2	-0.7
2011 Q1	0.5	0.6	0.7	2.4	2.3	1.5	-0.1	0.2	0.1	0.6	0.1	0.3	-0.2
Q2	-0.1	0.0	0.1	-0.9	0.9	-0.1	-0.4	-0.1	-0.2	-1.8	-0.3	0.2	-0.1
Q3	0.3	0.2	0.8	-0.9	0.7	0.5	0.1	0.9	-0.3	-0.4	0.4	0.3	0.9
quarter-on-quarter percentage changes													
2010 Q4	3.1	3.6	1.5	-2.7	4.6	0.6	3.0	3.9	4.0	2.4	6.0	3.3	2.0
2011 Q1	0.6	0.8	-0.8	-1.7	0.5	0.3	0.4	1.0	1.9	0.7	0.2	1.7	0.6
Q2	-2.2	-3.0	1.3	4.2	-2.7	0.6	-2.0	-4.1	-4.1	-3.8	-3.9	-3.5	-1.4
Q3	-1.1	-1.0	-1.3	-0.8	-1.4	-1.0	-1.1	0.3	-1.5	0.6	-1.6	-1.3	-0.3

Source: ECB calculations based on Eurostat data.

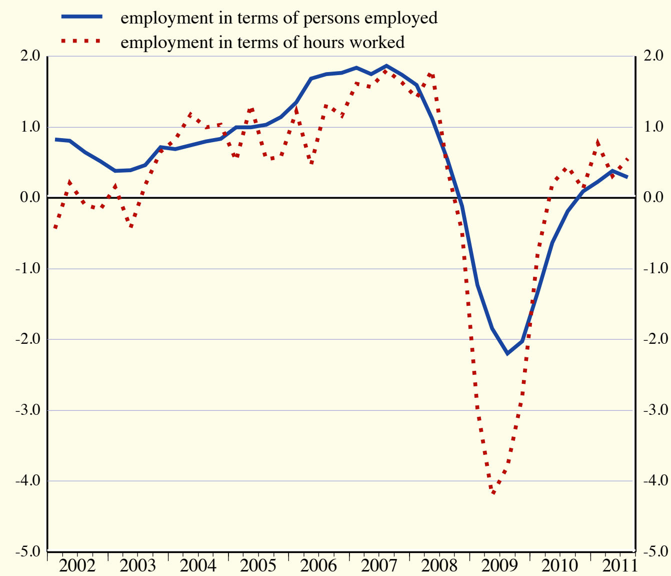
1) Data for employment are based on the ESA 95.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

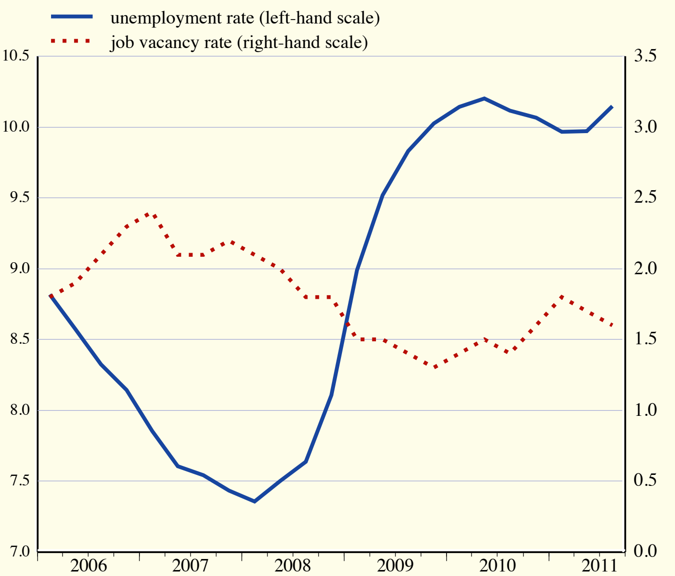
2. Unemployment and job vacancies [1]

	Unemployment										Job vacancy rate [2]
	Total		By age [3]				By gender [4]				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.5		20.5		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2007	11.783	7.6	9.186	6.7	2.597	15.5	5.810	6.7	5.973	8.7	2.2
2008	11.973	7.6	9.294	6.6	2.678	16.0	6.049	7.0	5.923	8.5	1.9
2009	15.049	9.6	11.765	8.4	3.284	20.3	8.143	9.4	6.905	9.8	1.4
2010	15.926	10.1	12.655	8.9	3.271	20.9	8.592	10.0	7.334	10.3	1.5
2010 Q3	15.897	10.1	12.657	8.9	3.241	20.8	8.555	9.9	7.342	10.3	1.4
Q4	15.826	10.1	12.638	8.9	3.188	20.6	8.455	9.8	7.371	10.4	1.6
2011 Q1	15.671	10.0	12.497	8.8	3.174	20.6	8.340	9.7	7.331	10.3	1.8
Q2	15.728	10.0	12.553	8.8	3.175	20.6	8.369	9.7	7.359	10.3	1.7
Q3	16.037	10.1	12.810	9.0	3.227	20.9	8.496	9.8	7.541	10.5	1.6
2011 June	15.787	10.0	12.609	8.9	3.179	20.6	8.378	9.7	7.409	10.3	-
July	15.928	10.1	12.733	8.9	3.195	20.7	8.446	9.8	7.482	10.4	-
Aug.	15.984	10.1	12.781	9.0	3.202	20.8	8.457	9.8	7.527	10.5	-
Sep.	16.198	10.2	12.915	9.1	3.283	21.1	8.585	9.9	7.613	10.6	-
Oct.	16.327	10.3	13.000	9.1	3.327	21.4	8.720	10.1	7.607	10.6	-
Nov.	16.372	10.3	12.978	9.1	3.394	21.7	8.699	10.0	7.673	10.7	-

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



C29 Unemployment and job vacancy [2] rates



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

6 GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue									Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	44.9	44.6	11.9	9.0	2.8	13.2	0.4	15.6	8.1	4.6	2.2	0.3	0.3	40.9
2003	44.9	44.2	11.5	8.8	2.7	13.2	0.4	15.7	8.2	4.6	2.2	0.6	0.5	40.9
2004	44.5	44.0	11.5	8.5	2.9	13.2	0.3	15.5	8.1	4.5	2.2	0.5	0.4	40.6
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.5	2.3	0.5	0.3	40.7
2006	45.3	44.9	12.3	8.8	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.4	0.3	41.3
2007	45.3	45.0	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3
2008	45.1	44.8	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.5	2.3	0.3	0.3	40.9
2009	44.8	44.5	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.4	0.4	40.5
2010	44.7	44.4	11.6	8.9	2.5	12.9	0.3	15.6	8.2	4.5	2.5	0.3	0.3	40.4

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	47.6	43.8	10.5	4.9	3.5	24.9	22.0	1.9	0.5	3.9	2.4	1.4	0.1	44.1
2003	48.0	44.1	10.6	4.9	3.3	25.2	22.3	1.8	0.5	4.0	2.5	1.4	0.1	44.7
2004	47.4	43.5	10.5	5.0	3.1	24.9	22.1	1.7	0.5	3.9	2.5	1.5	0.1	44.3
2005	47.3	43.4	10.5	5.0	3.0	24.9	22.1	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.3	5.0	2.9	24.6	21.8	1.6	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.2	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.2	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	3.9	2.6	1.3	0.0	44.2
2009	51.2	46.9	11.0	5.7	2.9	27.4	24.2	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	50.9	46.6	10.8	5.6	2.8	27.3	24.2	1.8	0.4	4.4	2.5	1.9	0.0	48.1

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	-2.7	-2.3	-0.5	-0.3	0.3	0.8	20.2	10.5	4.9	5.1	1.9	2.2	8.1	12.1
2003	-3.1	-2.5	-0.5	-0.2	0.1	0.2	20.5	10.6	4.9	5.2	1.9	2.2	8.1	12.3
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.5	-2.2	-0.3	-0.2	0.2	0.5	20.4	10.5	5.0	5.1	1.9	2.3	8.0	12.4
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.2	1.9	2.3	7.9	12.4
2007	-0.7	-1.2	0.0	-0.1	0.6	2.3	20.0	10.1	5.0	5.1	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.5	10.3	5.2	5.3	2.0	2.3	8.0	12.6
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.2	11.0	5.7	5.8	2.1	2.5	8.6	13.6
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.0	10.8	5.6	5.8	2.1	2.5	8.4	13.6

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	0.2	2.4	0.1	-6.5	1.9	-2.7	-1.6	3.5	3.7	-2.4	0.2	-0.9	-3.1	0.0	-1.8	5.3
2008	-1.3	-0.1	-2.9	-7.3	-9.8	-4.5	-3.3	-2.7	0.9	3.0	-4.6	0.5	-0.9	-3.6	-1.9	-2.1	4.3
2009	-5.8	-3.2	-2.0	-14.2	-15.8	-11.2	-7.5	-5.4	-6.1	-0.9	-3.7	-5.6	-4.1	-10.1	-6.1	-8.0	-2.5
2010	-4.1	-4.3	0.2	-31.3	-10.6	-9.3	-7.1	-4.6	-5.3	-1.1	-3.6	-5.1	-4.4	-9.8	-5.8	-7.7	-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	68.2	2.8	12.4	4.0	48.9	42.7	20.8	11.2	10.7	25.4
2002	68.0	2.7	11.8	4.6	48.9	41.0	19.6	10.8	10.5	27.0
2003	69.1	2.1	12.4	5.1	49.6	40.3	19.8	11.3	9.2	28.9
2004	69.5	2.2	12.1	5.0	50.3	38.8	18.9	11.1	8.8	30.7
2005	70.4	2.4	12.2	4.7	51.2	37.1	18.1	11.2	7.7	33.3
2006	68.6	2.5	11.9	4.1	50.2	35.0	18.3	9.3	7.4	33.6
2007	66.3	2.2	11.2	4.2	48.7	32.7	17.1	8.5	7.1	33.6
2008	70.1	2.3	11.5	6.7	49.6	33.1	17.8	7.8	7.6	36.9
2009	79.8	2.5	12.6	8.6	56.2	37.3	20.6	8.9	7.8	42.5
2010	85.3	2.4	15.3	7.7	60.0	40.5	23.4	9.6	7.5	44.8

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

	Total	Issued by: [4)]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
	1	2	3	4	5	6	7	8	9	10	11	12	13
2001	68.2	56.6	6.0	4.7	0.8	7.0	61.1	5.3	13.7	26.6	27.9	66.8	1.3
2002	68.0	56.3	6.2	4.7	0.8	7.6	60.4	5.2	15.5	25.3	27.2	66.8	1.1
2003	69.1	56.6	6.5	5.0	1.0	7.8	61.3	5.0	14.9	26.0	28.2	68.3	0.9
2004	69.5	56.5	6.6	5.1	1.3	7.8	61.7	4.6	14.8	26.2	28.5	68.4	1.1
2005	70.4	57.1	6.7	5.2	1.4	7.8	62.6	4.6	14.9	25.7	29.8	69.2	1.2
2006	68.6	55.4	6.5	5.4	1.4	7.4	61.2	4.3	14.4	24.2	30.0	67.8	0.8
2007	66.3	53.5	6.2	5.3	1.4	7.4	58.9	4.3	15.0	23.4	27.8	65.9	0.4
2008	70.1	56.9	6.6	5.3	1.3	10.2	59.9	4.9	18.7	23.1	28.3	69.4	0.7
2009	79.8	64.7	7.6	5.8	1.7	12.3	67.5	5.0	21.1	26.7	32.0	79.1	0.7
2010	85.3	69.3	8.3	5.9	1.9	13.1	72.2	5.2	24.0	28.1	33.3	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	84.1	65.2	3.7	24.8	107.4	36.2	64.2	103.1	58.8	6.7	62.1	45.3	60.2	68.3	23.1	29.6	35.2
2008	89.3	66.7	4.5	44.2	113.0	40.1	68.2	105.8	48.9	13.7	62.2	58.5	63.8	71.6	21.9	27.8	33.9
2009	95.9	74.4	7.2	65.2	129.3	53.8	79.0	115.5	58.5	14.8	67.8	60.8	69.5	83.0	35.3	35.5	43.3
2010	96.2	83.2	6.7	92.5	144.9	61.0	82.3	118.4	61.5	19.1	69.0	62.9	71.8	93.3	38.8	41.0	48.3

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	-0.3	-0.5	0.0	2.4
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.5	0.8	0.8	2.6
2004	3.2	3.3	-0.1	0.0	0.2	0.1	0.1	2.7	0.1	-0.2	0.3	3.0
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	-0.1	0.5	3.6
2006	1.7	1.4	0.1	0.1	0.2	0.3	-0.3	1.5	-0.3	1.1	-1.4	2.0
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.3	1.0	-0.5	-0.3	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.6	2.0	1.1	1.0	-0.6	4.2
2009	7.2	7.5	-0.2	0.0	0.1	0.7	1.6	4.8	3.0	2.3	0.8	4.3
2010	7.6	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.2	3.3	1.0	3.3

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	-2.7	-0.6	0.1	0.1	0.0	0.0	-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	3.2	-2.9	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	0.0	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	-0.1
2006	1.7	-1.4	0.3	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.1	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.0	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.2	-6.4	0.8	1.0	0.3	0.0	0.3	0.5	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.6	-6.2	1.3	1.7	0.0	0.5	1.1	0.1	0.0	0.2	-0.1	0.0	0.0	-0.3

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
2005 Q2	44.7	44.0	11.8	12.9	15.2	2.3	1.1	0.6	0.3	40.2
Q3	43.4	42.6	11.2	12.5	15.1	2.2	0.7	0.7	0.3	39.2
Q4	48.7	47.9	13.7	14.0	16.1	2.4	0.8	0.8	0.3	44.1
2006 Q1	42.5	42.1	10.4	12.8	15.1	2.2	0.8	0.4	0.3	38.6
Q2	45.7	45.2	12.5	13.1	15.1	2.3	1.4	0.5	0.3	41.0
Q3	43.6	43.0	11.8	12.4	15.1	2.2	0.8	0.5	0.3	39.5
Q4	49.0	48.4	14.4	14.1	15.8	2.4	0.9	0.6	0.3	44.6
2007 Q1	42.2	41.8	10.4	12.8	14.7	2.2	0.9	0.4	0.3	38.2
Q2	45.8	45.4	13.0	13.0	15.0	2.3	1.4	0.4	0.3	41.2
Q3	43.6	43.2	12.3	12.3	14.8	2.2	0.8	0.5	0.3	39.7
Q4	49.3	48.7	14.8	13.9	15.8	2.4	1.0	0.6	0.3	44.7
2008 Q1	42.4	42.1	10.8	12.3	14.8	2.3	1.1	0.3	0.2	38.2
Q2	45.2	44.9	12.9	12.3	15.0	2.3	1.5	0.4	0.3	40.5
Q3	43.3	43.0	12.2	12.0	15.0	2.2	0.8	0.4	0.3	39.5
Q4	48.8	48.3	13.9	13.4	16.4	2.5	1.1	0.5	0.3	44.0
2009 Q1	42.5	42.3	10.4	12.0	15.5	2.5	1.1	0.1	0.2	38.1
Q2	45.2	44.6	11.8	12.4	15.7	2.5	1.4	0.6	0.5	40.4
Q3	42.7	42.3	11.0	11.9	15.5	2.4	0.7	0.4	0.3	38.7
Q4	48.6	47.7	13.0	13.7	16.4	2.6	0.9	0.8	0.5	43.6
2010 Q1	42.1	41.9	10.1	12.0	15.5	2.5	0.9	0.2	0.3	37.9
Q2	45.2	44.7	11.9	12.7	15.4	2.6	1.3	0.5	0.3	40.3
Q3	42.9	42.5	10.9	12.4	15.2	2.4	0.7	0.3	0.3	38.9
Q4	48.4	47.7	13.2	13.5	16.4	2.7	1.0	0.7	0.3	43.3
2011 Q1	42.5	42.3	10.5	12.3	15.3	2.5	0.9	0.3	0.3	38.3
Q2	44.9	44.6	11.9	12.5	15.3	2.6	1.4	0.3	0.3	40.0

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
2005 Q2	46.5	43.0	10.3	5.0	3.2	24.6	21.3	1.1	3.5	2.4	1.1	-1.8	1.4
Q3	45.7	42.2	9.9	4.8	3.0	24.5	21.2	1.2	3.5	2.6	1.0	-2.4	0.6
Q4	49.6	45.1	11.3	5.8	2.8	25.2	21.7	1.3	4.6	2.8	1.7	-0.9	1.8
2006 Q1	45.8	42.5	10.1	4.6	3.0	24.9	21.4	1.1	3.3	2.1	1.3	-3.3	-0.3
Q2	45.8	42.5	10.3	4.9	3.1	24.1	21.1	1.1	3.4	2.4	1.0	-0.2	2.9
Q3	45.3	41.7	9.8	4.7	2.9	24.3	20.9	1.2	3.5	2.6	1.0	-1.7	1.2
Q4	49.5	44.4	10.8	5.8	2.7	25.1	21.4	1.3	5.1	2.9	2.2	-0.4	2.3
2007 Q1	44.8	41.4	9.9	4.5	2.9	24.1	20.7	1.1	3.4	2.2	1.2	-2.6	0.3
Q2	45.1	41.7	10.0	4.9	3.2	23.6	20.6	1.0	3.3	2.5	0.9	0.8	4.0
Q3	44.6	41.1	9.6	4.8	3.0	23.8	20.6	1.1	3.6	2.6	0.9	-1.0	1.9
Q4	49.3	44.5	10.8	5.8	2.8	25.1	21.3	1.4	4.7	3.0	1.7	0.0	2.8
2008 Q1	45.4	41.9	9.9	4.7	3.0	24.4	20.7	1.2	3.5	2.2	1.2	-3.0	0.0
Q2	45.9	42.4	10.2	5.0	3.3	23.9	20.8	1.1	3.5	2.5	1.0	-0.7	2.6
Q3	45.7	42.1	9.8	4.9	3.1	24.4	21.2	1.1	3.6	2.6	1.0	-2.4	0.7
Q4	51.4	46.5	11.2	6.2	2.8	26.3	22.3	1.4	4.8	3.2	1.7	-2.6	0.3
2009 Q1	49.6	45.8	10.7	5.4	2.9	26.9	22.9	1.3	3.7	2.5	1.2	-7.1	-4.2
Q2	50.7	46.6	11.1	5.6	3.0	26.9	23.3	1.3	4.1	2.8	1.3	-5.6	-2.5
Q3	49.9	45.9	10.5	5.3	2.9	27.1	23.5	1.3	4.1	2.8	1.2	-7.2	-4.3
Q4	54.3	49.2	11.8	6.5	2.6	28.3	24.0	1.5	5.1	3.1	1.9	-5.7	-3.1
2010 Q1	50.5	46.7	10.7	5.3	2.8	27.9	23.6	1.4	3.8	2.2	1.5	-8.4	-5.6
Q2	49.6	46.1	10.9	5.6	2.9	26.7	23.2	1.3	3.5	2.5	1.2	-4.5	-1.5
Q3	50.3	45.1	10.2	5.3	2.8	26.9	23.2	1.3	5.2	2.5	2.6	-7.5	-4.7
Q4	53.2	48.3	11.4	6.4	2.7	27.7	23.7	1.5	5.0	2.8	2.1	-4.8	-2.1
2011 Q1	48.5	45.5	10.4	5.2	2.9	27.1	23.1	1.2	3.0	2.1	0.9	-6.0	-3.2
Q2	48.5	45.3	10.6	5.4	3.1	26.2	22.8	1.2	3.2	2.4	0.9	-3.7	-0.6

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)

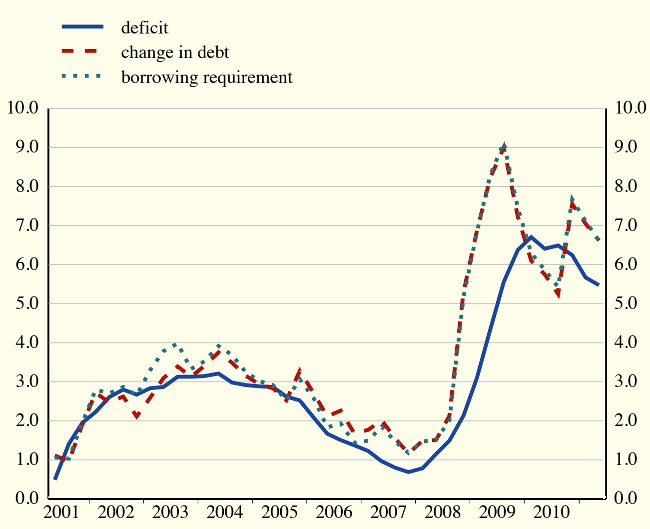
1. Euro area − Maastricht debt by financial instrument [2]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2008 Q3	67.7	2.1	11.4	5.5	48.7
Q4	70.1	2.3	11.5	6.7	49.6
2009 Q1	73.8	2.3	11.8	7.9	51.8
Q2	77.0	2.4	12.2	8.4	54.0
Q3	78.9	2.4	12.4	9.2	54.9
Q4	79.8	2.5	12.6	8.6	56.2
2010 Q1	81.5	2.4	12.8	8.4	57.9
Q2	82.8	2.4	13.4	8.1	59.0
Q3	82.9	2.4	13.3	8.2	59.1
Q4	85.3	2.4	15.3	7.7	60.0
2011 Q1	86.1	2.4	15.1	7.6	60.9
Q2	86.9	2.4	14.9	7.6	62.0

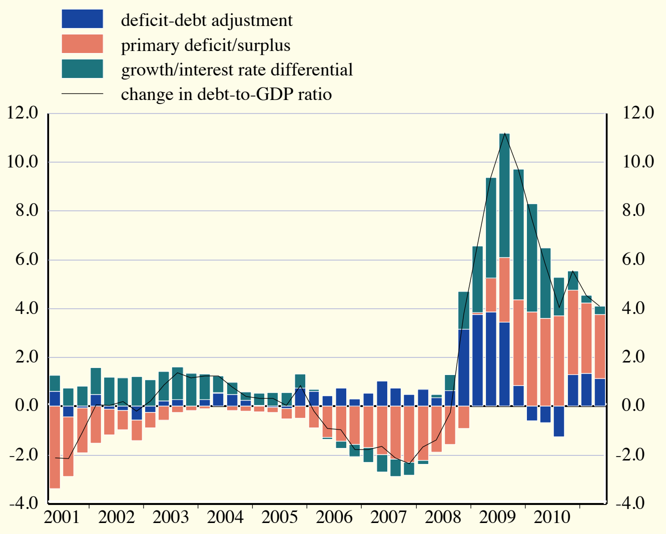
2. Euro area − deficit-debt adjustment

	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 Q3	2.0	-2.4	-0.4	-0.6	-1.4	0.0	0.3	0.6	0.4	-0.2	1.6
Q4	9.2	-2.6	6.7	5.5	0.6	2.5	0.4	2.1	0.2	1.0	9.0
2009 Q1	12.8	-7.1	5.7	6.7	5.2	-0.1	0.9	0.7	-0.5	-0.5	13.3
Q2	9.1	-5.6	3.5	3.2	2.3	-0.6	0.2	1.2	-0.4	0.8	9.5
Q3	5.0	-7.2	-2.3	-2.9	-3.2	0.6	-0.1	-0.3	0.2	0.4	4.7
Q4	2.4	-5.7	-3.3	-2.8	-2.9	-0.1	0.1	0.1	-0.2	-0.3	2.6
2010 Q1	8.1	-8.4	-0.2	0.7	0.8	0.0	-0.4	0.3	-0.3	-0.6	8.5
Q2	7.6	-4.5	3.2	3.3	2.0	1.1	-0.2	0.4	-0.1	0.0	7.7
Q3	3.0	-7.5	-4.5	-3.0	-2.3	-0.6	-0.1	0.1	0.0	-1.5	3.0
Q4	11.3	-4.8	6.5	5.9	-0.3	1.7	4.7	-0.2	0.0	0.7	11.3
2011 Q1	6.0	-6.0	0.0	0.7	1.8	-0.4	-0.4	-0.3	-0.2	-0.5	6.3
Q2	5.9	-3.7	2.3	3.3	3.1	0.6	-0.4	-0.1	0.3	-1.3	5.7

C30 Deficit, borrowing requirement and change in debt
(four-quarter moving sum as a percentage of GDP)



C31 Maastricht debt
(annual change in the debt-to-GDP ratio and underlying factors)



Sources: ECB calculations based on Eurostat and national data.
1) 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.

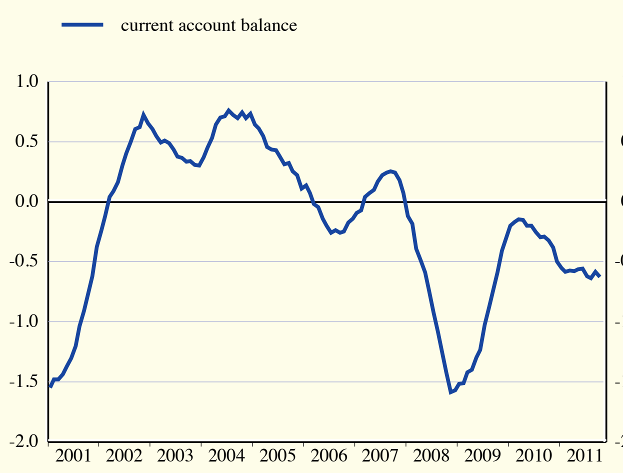
EXTERNAL TRANSACTIONS AND POSITIONS

7

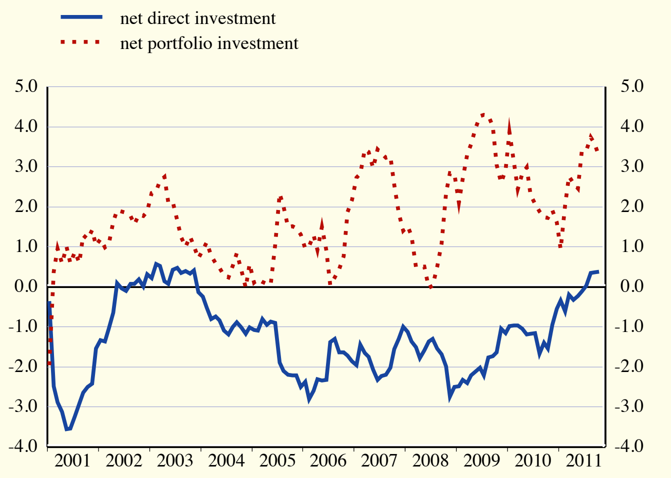
7.1 Summary balance of payments [1]
(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	-143.5	-21.8	42.1	-66.8	-97.0	10.0	-133.5	121.3	-231.1	261.4	-84.5	178.9	-3.4	12.2
2009	-25.9	36.0	35.1	-5.8	-91.2	7.3	-18.6	14.0	-102.8	261.4	21.1	-170.2	4.6	4.6
2010	-42.2	12.9	45.9	2.3	-103.3	5.5	-36.7	44.1	-49.9	148.0	17.4	-61.2	-10.3	-7.4
2010 Q3	-7.1	5.5	16.1	2.5	-31.2	0.8	-6.3	6.8	-52.2	11.0	6.3	46.8	-5.1	-0.5
Q4	3.4	5.5	10.5	4.3	-16.8	1.3	4.7	9.5	79.5	19.5	8.9	-96.8	-1.6	-14.2
2011 Q1	-30.2	-13.0	7.0	10.2	-34.5	2.4	-27.8	15.7	-9.9	128.5	-2.2	-89.1	-11.6	12.1
Q2	-20.8	-2.7	17.5	-14.4	-21.2	0.7	-20.1	20.6	-28.5	155.6	3.4	-114.3	4.3	-0.4
Q3	-9.9	1.7	16.1	0.3	-28.0	2.6	-7.4	10.9	-7.2	31.3	-3.9	-13.3	3.9	-3.5
2010 Oct.	3.9	5.7	3.2	3.9	-8.9	-1.3	2.6	2.0	-8.7	5.2	-0.3	5.9	-0.2	-4.6
Nov.	-3.4	-0.8	3.4	0.3	-6.2	0.5	-2.9	13.4	45.4	18.4	3.1	-53.5	0.0	-10.5
Dec.	3.0	0.6	3.9	0.1	-1.7	2.0	4.9	-5.8	42.7	-4.2	6.1	-49.2	-1.3	0.9
2011 Jan.	-19.9	-14.7	2.6	1.1	-8.9	0.4	-19.6	13.5	11.7	-28.9	-1.0	37.7	-6.0	6.0
Feb.	-9.3	-0.8	2.6	4.2	-15.2	2.1	-7.1	2.2	-27.9	93.6	0.8	-65.3	1.0	5.0
Mar.	-1.0	2.5	1.8	5.0	-10.3	-0.1	-1.1	0.0	6.3	63.9	-2.1	-61.5	-6.6	1.1
Apr.	-4.9	-3.7	4.0	1.4	-6.6	-0.1	-5.0	-1.8	-30.4	18.7	2.9	1.0	5.9	6.8
May	-16.1	0.6	5.4	-15.6	-6.4	0.4	-15.7	13.1	-5.9	43.2	-1.5	-19.6	-3.1	2.5
June	0.2	0.5	8.1	-0.2	-8.2	0.3	0.6	9.2	7.8	93.7	1.9	-95.7	1.5	-9.8
July	-2.0	3.3	5.5	-0.7	-10.2	0.5	-1.6	2.5	0.6	-21.1	-4.6	28.5	-0.9	-0.9
Aug.	-7.2	-4.5	4.0	1.1	-7.8	2.2	-5.0	6.8	-0.3	31.9	-0.7	-27.4	3.2	-1.8
Sep.	-0.7	2.8	6.6	-0.1	-10.0	-0.1	-0.8	1.6	-7.5	20.5	1.4	-14.4	1.6	-0.8
Oct.	1.7	1.4	5.0	3.0	-7.6	1.5	3.2	-9.0	-7.4	-24.7	-0.4	24.6	-1.1	5.8
	12-month cumulated transactions													
2011 Oct.	-59.7	-12.8	52.9	-0.5	-99.2	9.7	-50.0	45.8	35.3	305.0	6.1	-294.9	-5.7	4.3
	12-month cumulated transactions as a percentage of GDP													
2011 Oct.	-0.6	-0.1	0.6	0.0	-1.1	0.1	-0.5	0.5	0.4	3.3	0.1	-3.2	-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)



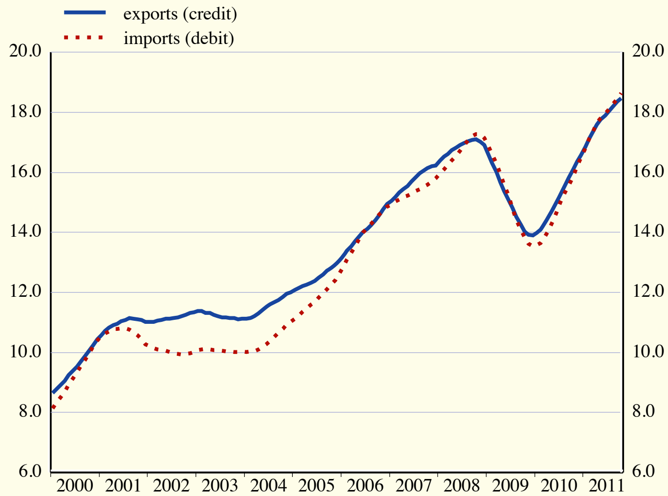
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

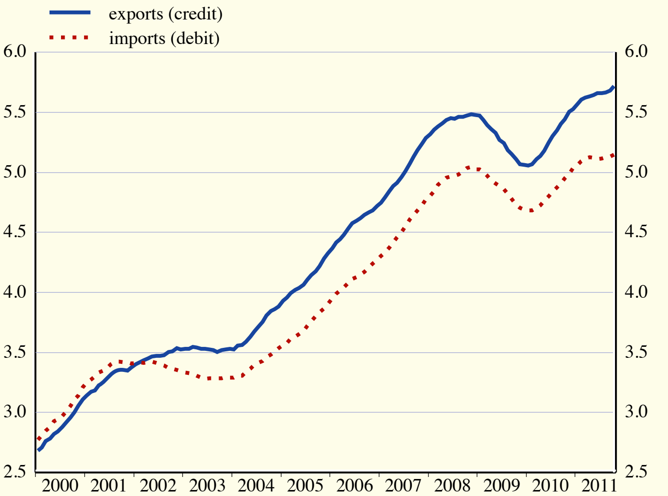
1. Summary current and capital accounts

	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	2,717.2	2,860.8	-143.5	1,588.5	1,610.4	513.3	471.2	523.6	590.4	91.8	6.9	188.8	21.6	24.7	14.7
2009	2,292.4	2,318.3	-25.9	1,302.5	1,266.5	473.9	438.8	421.5	427.3	94.5	6.4	185.7	22.5	20.6	13.4
2010	2,617.1	2,659.3	-42.2	1,560.0	1,547.1	518.8	472.9	450.7	448.4	87.6	6.3	190.9	22.3	21.2	15.7
2010 Q3	666.8	674.0	-7.1	402.3	396.8	139.3	123.2	109.7	107.2	15.6	1.7	46.8	5.8	4.6	3.7
Q4	705.7	702.2	3.4	421.7	416.2	135.7	125.2	117.3	113.0	31.0	1.6	47.8	6.0	7.1	5.9
2011 Q1	684.5	714.7	-30.2	423.3	436.4	123.0	116.0	113.5	103.3	24.7	1.5	59.1	5.4	5.0	2.6
Q2	718.0	738.8	-20.8	438.0	440.6	133.3	115.8	127.1	141.5	19.6	1.6	40.8	5.6	3.8	3.1
Q3	710.4	720.4	-9.9	442.2	440.6	140.7	124.6	110.8	110.5	16.7	.	44.7	.	5.4	2.9
2011 Aug.	228.1	235.3	-7.2	139.9	144.4	46.4	42.5	35.9	34.7	5.9	.	13.7	.	3.1	1.0
Sep.	245.7	246.4	-0.7	154.2	151.4	47.2	40.6	38.8	39.0	5.4	.	15.4	.	0.9	1.0
Oct.	244.5	242.7	1.7	152.7	151.4	46.9	41.9	37.2	34.2	7.6	.	15.3	.	2.4	1.0
	Seasonally adjusted														
2011 Q1	707.4	717.6	-10.2	434.4	435.7	133.6	120.7	116.7	112.6	22.7	.	48.6	.	.	.
Q2	712.1	725.2	-13.1	436.2	440.8	132.7	118.4	120.5	118.0	22.6	.	48.0	.	.	.
Q3	714.9	725.4	-10.5	441.2	440.7	133.0	120.1	116.8	117.7	23.9	.	46.9	.	.	.
2011 Aug.	238.8	244.7	-5.9	147.9	148.9	44.1	40.3	38.7	39.9	8.1	.	15.6	.	.	.
Sep.	240.4	238.1	2.2	147.3	144.8	45.2	39.6	39.7	38.4	8.2	.	15.4	.	.	.
Oct.	242.0	249.6	-7.5	147.4	151.8	46.7	41.6	39.2	40.4	8.8	.	15.7	.	.	.
	12-month cumulated transactions														
2011 Oct.	2,828.0	2,886.7	-58.7	1,730.2	1,744.5	535.2	482.0	469.5	468.9	93.2	.	191.3	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2011 Oct.	30.2	30.8	-0.6	18.5	18.6	5.7	5.1	5.0	5.0	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	502.5	577.3	140.5	-7.8	117.4	20.5	31.3	26.7	39.3	111.2	119.1	128.7	172.3	193.3
2009	21.7	13.8	399.9	413.5	148.8	16.1	100.4	14.9	24.7	23.5	24.5	77.3	101.0	122.1	100.8	90.2
2010	23.3	14.2	427.3	434.2	195.6	20.1	139.6	38.4	24.0	19.9	29.1	86.3	99.3	122.7	79.3	65.6
2010 Q2	5.7	3.4	110.2	126.4	50.5	-8.5	35.7	3.6	6.0	4.9	9.3	38.5	24.8	31.0	19.6	16.2
Q3	5.6	4.1	104.1	103.1	46.5	14.6	35.0	12.5	5.7	4.6	7.4	16.8	25.4	31.1	19.1	15.6
Q4	6.4	4.1	111.0	108.9	51.2	-2.0	36.0	6.4	6.7	6.2	6.4	18.5	25.5	30.0	21.2	18.2
2011 Q1	5.7	2.7	107.8	100.6	47.7	11.1	33.8	21.5	6.5	4.3	7.4	14.2	25.4	30.8	20.9	17.5
Q2	5.8	3.2	121.3	138.4	56.5	8.8	38.1	10.6	6.4	4.8	12.3	46.3	25.2	31.3	20.9	17.8

3. Geographical breakdown
(cumulated transactions)

2010 Q3 to 2011 Q2	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,775.0	916.7	51.1	87.3	424.1	295.6	58.7	53.1	38.3	131.5	39.9	60.3	103.8	208.5	352.9	869.9
Goods	1,685.3	539.3	32.6	57.8	219.4	229.4	0.2	28.3	19.5	106.3	29.9	36.9	76.3	110.8	193.0	544.8
Services	531.3	166.9	10.9	14.7	103.9	30.7	6.6	8.4	8.2	17.1	7.4	13.1	17.3	53.6	77.6	161.6
Income	467.6	150.1	6.5	13.1	90.6	31.7	8.3	15.9	9.8	7.5	2.4	9.3	9.6	35.8	75.8	151.4
Investment income	444.1	143.4	6.4	12.9	89.0	31.1	4.0	15.9	9.7	7.5	2.4	9.3	9.5	24.7	74.0	147.7
Current transfers	90.8	60.4	1.2	1.6	10.2	3.7	43.7	0.4	0.8	0.5	0.3	0.9	0.6	8.3	6.5	12.1
Capital account	20.5	17.2	0.0	0.0	1.2	0.4	15.6	0.1	0.0	0.0	0.0	0.2	0.1	0.4	0.4	1.9
	Debits															
Current account	2,829.7	861.0	43.9	84.2	366.3	262.6	104.0	-	31.9	-	-	93.5	-	180.6	364.8	-
Goods	1,690.0	465.8	29.0	50.6	173.8	212.4	0.0	29.5	14.2	215.1	26.8	52.7	121.6	91.0	140.3	533.1
Services	480.2	136.9	7.7	12.8	81.9	34.2	0.2	5.1	6.5	13.1	5.7	9.8	10.7	42.4	98.7	151.4
Income	465.0	141.5	6.6	19.2	98.9	11.4	5.4	-	9.3	-	-	30.5	-	39.5	118.8	-
Investment income	450.9	133.4	6.5	19.1	97.4	5.0	5.4	-	9.2	-	-	30.3	-	39.1	117.7	-
Current transfers	194.5	116.7	0.6	1.5	11.7	4.5	98.4	1.5	1.9	3.8	0.7	0.5	0.7	7.8	7.0	53.8
Capital account	15.3	1.6	0.0	0.1	0.9	0.3	0.2	0.2	0.3	0.3	0.2	0.1	0.1	0.6	1.3	10.6
	Net															
Current account	-54.7	55.7	7.2	3.0	57.8	33.0	-45.3	-	6.4	-	-	-33.2	-	27.9	-12.0	-
Goods	-4.7	73.5	3.6	7.2	45.5	17.0	0.2	-1.1	5.3	-108.7	3.1	-15.7	-45.3	19.8	52.8	11.7
Services	51.1	30.0	3.2	1.9	22.1	-3.5	6.3	3.3	1.7	4.0	1.7	3.3	6.7	11.2	-21.2	10.2
Income	2.6	8.6	-0.1	-6.2	-8.3	20.2	2.9	-	0.5	-	-	-21.2	-	-3.6	-43.1	-
Investment income	-6.8	10.0	-0.1	-6.2	-8.4	26.0	-1.3	-	0.5	-	-	-21.1	-	-14.4	-43.7	-
Current transfers	-103.7	-56.4	0.6	0.1	-1.5	-0.8	-54.7	-1.2	-1.1	-3.2	-0.5	0.3	-0.1	0.5	-0.5	-41.7
Capital account	5.2	15.6	0.0	-0.1	0.2	0.0	15.4	-0.1	-0.2	-0.2	-0.2	0.1	0.0	-0.2	-0.9	-8.7

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
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	13,377.1	14,961.4	-1,584.3	144.7	161.8	-17.1	3,878.4	3,247.8	3,834.9	5,976.8	-0.5	5,290.0	5,736.7	374.2
2009	13,764.1	15,170.3	-1,406.2	154.1	169.9	-15.7	4,287.2	3,403.0	4,341.3	6,781.9	0.2	4,675.9	4,985.4	459.6
2010 Q4	15,234.8	16,461.7	-1,226.9	166.3	179.7	-13.4	4,798.2	3,714.8	4,907.5	7,442.9	-61.6	5,002.9	5,304.0	587.8
2011 Q1	15,135.4	16,377.3	-1,241.9	163.7	177.2	-13.4	4,801.9	3,739.5	4,811.3	7,469.7	-31.6	4,977.1	5,168.1	576.6
Q2	15,241.6	16,591.9	-1,350.3	163.7	178.2	-14.5	4,861.2	3,765.7	4,768.0	7,681.2	-49.1	5,080.6	5,144.9	581.0
	Changes to outstanding amounts													
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	-615.7	-305.5	-310.3	-6.7	-3.3	-3.4	151.7	25.9	-796.2	-561.3	28.4	-26.7	229.9	27.0
2009	387.1	208.9	178.1	4.3	2.3	2.0	408.8	155.2	506.4	805.1	0.7	-614.1	-751.4	85.4
2010	1,470.7	1,291.5	179.3	16.1	14.1	2.0	511.0	311.8	566.2	661.0	-61.7	327.1	318.7	128.2
2011 Q1	-99.5	-84.5	-15.0	-4.3	-3.7	-0.7	3.8	24.6	-96.2	26.8	29.9	-25.8	-135.9	-11.2
Q2	106.2	214.6	-108.4	4.5	9.1	-4.6	59.3	26.2	-43.4	211.5	-17.5	103.4	-23.2	4.4
	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	429.9	551.3	-121.3	4.7	6.0	-1.3	336.6	105.5	5.0	266.4	84.5	0.5	179.4	3.4
2009	-128.9	-114.9	-14.0	-1.4	-1.3	-0.2	334.7	231.9	94.0	355.3	-21.1	-531.9	-702.1	-4.6
2010	490.0	534.1	-44.1	5.3	5.8	-0.5	174.9	125.0	145.6	293.6	-17.4	176.7	115.5	10.3
2011 Q1	217.2	233.0	-15.7	9.5	10.2	-0.7	89.3	79.5	27.1	155.6	2.2	86.9	-2.2	11.6
Q2	203.9	224.4	-20.6	8.7	9.5	-0.9	59.5	31.0	33.5	189.1	-3.4	118.7	4.4	-4.3
Q3	60.1	71.0	-10.9	2.6	3.0	-0.5	24.9	17.7	-82.6	-51.3	3.9	118.0	104.6	-3.9
2011 June	-99.3	-90.1	-9.2	.	.	.	-0.2	7.6	-19.3	74.4	-1.9	-76.4	-172.1	-1.5
July	-6.6	-4.1	-2.5	.	.	.	12.2	12.9	-5.6	-26.7	4.6	-18.7	9.7	0.9
Aug.	40.0	46.8	-6.8	.	.	.	-6.0	-6.3	-65.9	-34.0	0.7	114.4	87.0	-3.2
Sep.	26.8	28.4	-1.6	.	.	.	18.6	11.1	-11.1	9.4	-1.4	22.3	7.9	-1.6
Oct.	-57.6	-66.6	9.0	.	.	.	17.0	9.6	-35.2	-59.9	0.4	-40.8	-16.3	1.1
	Other changes													
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	-1,045.7	-856.7	-188.9	-11.3	-9.3	-2.0	-184.9	-79.5	-801.2	-827.7	-56.0	-27.2	50.5	23.7
2009	515.9	323.8	192.2	5.8	3.6	2.2	74.1	-76.7	412.4	449.7	21.7	-82.2	-49.3	89.9
2010	980.7	757.4	223.3	10.7	8.3	2.4	336.1	186.8	420.6	367.4	-44.3	150.4	203.1	117.9
	Other changes due to exchange rate changes													
2007	-522.0	-339.7	-182.3	-5.8	-3.8	-2.0	-104.2	-17.1	-217.4	-146.8	.	-186.6	-175.8	-13.7
2008	-49.8	27.9	-77.7	-0.5	0.3	-0.8	-25.0	-34.0	6.6	41.9	.	-40.7	20.1	9.3
2009	-49.6	-55.2	5.5	-0.6	-0.6	0.1	-4.6	5.7	-30.5	-32.9	.	-11.9	-28.0	-2.7
2010	535.0	323.6	211.3	5.8	3.5	2.3	160.3	57.4	179.4	101.6	.	182.2	164.6	13.0
	Other changes due to price changes													
2007	78.7	113.4	-34.6	0.9	1.3	-0.4	45.2	5.8	77.3	107.6	-75.1	.	.	31.3
2008	-1,002.7	-975.7	-27.1	-10.8	-10.6	-0.3	-159.2	-60.7	-809.5	-915.0	-56.0	.	.	22.0
2009	635.3	483.4	151.9	7.1	5.4	1.7	142.5	28.4	425.3	455.0	21.7	.	.	45.8
2010	295.0	153.7	141.3	3.2	1.7	1.5	50.1	2.2	187.3	151.5	-44.3	.	.	102.0
	Other changes due to other adjustments													
2007	110.9	142.0	-31.0	1.2	1.6	-0.3	118.8	75.6	-40.7	64.3	.	34.1	2.0	-1.3
2008	6.8	91.0	-84.1	0.1	1.0	-0.9	-0.7	15.2	1.8	45.4	.	13.4	30.4	-7.7
2009	-69.7	-104.4	34.7	-0.8	-1.2	0.4	-63.9	-110.8	17.6	27.7	.	-70.3	-21.3	46.8
2010	150.8	280.1	-129.3	1.6	3.1	-1.4	125.7	127.2	53.9	114.4	.	-31.8	38.5	2.9
	Growth rates of outstanding amounts													
2007	15.6	14.3	-	.	.	.	15.8	15.1	10.0	9.4	.	20.2	20.2	1.6
2008	3.0	3.6	-	.	.	.	9.2	3.3	-0.2	4.2	.	0.0	3.3	1.0
2009	-1.0	-0.8	-	.	.	.	8.6	7.3	2.4	5.9	.	-10.1	-12.2	-1.2
2010	3.5	3.4	-	.	.	.	3.9	3.5	3.2	4.2	.	3.7	2.3	2.0
2011 Q1	3.4	3.4	-	.	.	.	4.5	5.3	2.6	5.3	.	3.4	-0.4	2.9
Q2	3.8	3.8	-	.	.	.	3.8	4.6	3.1	6.4	.	4.9	-0.3	2.4
Q3	3.5	3.6	.	.	.	.	3.2	5.2	0.5	4.9	.	7.1	0.7	0.8

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

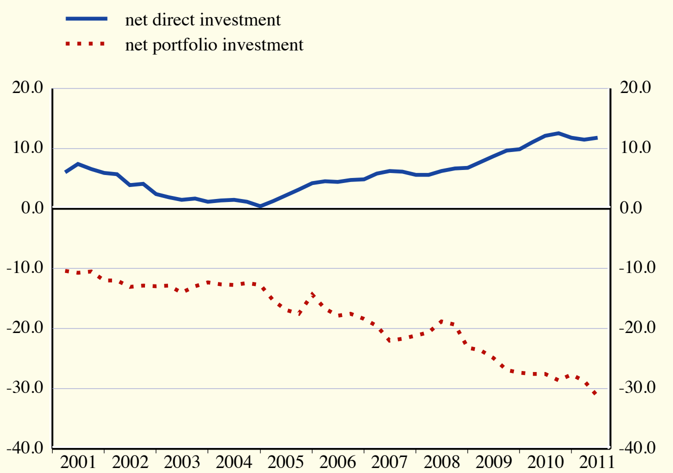
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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)													
2009	4,287.2	3,305.5	236.2	3,069.3	981.7	14.8	966.9	3,403.0	2,501.9	74.2	2,427.7	901.1	18.1	883.0
2010	4,798.2	3,667.1	277.9	3,389.2	1,131.1	17.8	1,113.3	3,714.8	2,820.2	83.2	2,737.0	894.6	12.7	881.9
2011 Q1	4,801.9	3,680.2	273.8	3,406.4	1,121.7	17.1	1,104.6	3,739.5	2,853.3	84.4	2,768.9	886.2	11.1	875.1
Q2	4,861.2	3,732.0	281.1	3,450.9	1,129.2	14.5	1,114.7	3,765.7	2,875.9	85.1	2,790.8	889.8	9.5	880.3
	Transactions													
2008	336.6	193.8	9.3	184.5	142.8	-0.3	143.1	105.5	64.3	-8.2	72.5	41.1	1.6	39.6
2009	334.7	257.5	20.1	237.3	77.2	2.6	74.6	231.9	236.7	7.5	229.2	-4.8	-0.6	-4.2
2010	174.9	51.1	12.6	38.5	123.8	1.2	122.6	125.0	176.7	7.2	169.5	-51.7	-7.5	-44.2
2011 Q1	89.3	77.8	3.8	74.0	11.6	0.1	11.5	79.5	69.6	0.8	68.8	9.9	-1.5	11.4
Q2	59.5	55.4	8.9	46.4	4.1	-2.6	6.7	31.0	26.8	1.6	25.2	4.2	-1.5	5.7
Q3	24.9	11.6	1.6	10.1	13.2	-1.7	14.9	17.7	31.7	1.5	30.2	-14.0	0.2	-14.2
2011 June	-0.2	8.2	3.7	4.5	-8.3	-3.7	-4.6	7.6	6.8	0.5	6.3	0.8	-1.0	1.8
July	12.2	10.3	0.0	10.3	1.9	-1.6	3.5	12.9	16.4	0.8	15.6	-3.6	-0.2	-3.4
Aug.	-6.0	-7.1	1.3	-8.3	1.1	0.1	0.9	-6.3	7.8	0.2	7.6	-14.1	0.1	-14.1
Sep.	18.6	8.4	0.2	8.2	10.2	-0.2	10.5	11.1	7.5	0.5	7.0	3.6	0.3	3.3
Oct.	17.0	14.0	0.0	14.0	3.0	0.2	2.8	9.6	5.5	0.1	5.3	4.2	-0.1	4.3
	Growth rates													
2009	8.6	8.6	9.2	8.5	8.8	20.5	8.6	7.3	10.4	11.6	10.4	-0.5	-3.2	-0.5
2010	3.9	1.5	5.3	1.2	12.5	7.8	12.6	3.5	6.8	9.4	6.8	-5.7	-41.3	-5.0
2011 Q1	4.5	2.9	2.1	3.0	9.9	6.4	10.0	5.3	6.3	8.7	6.2	2.0	-48.1	3.1
Q2	3.8	3.5	5.4	3.3	4.8	-12.7	5.1	4.6	5.1	8.0	5.0	3.1	-47.9	4.1
Q3	3.2	2.6	5.4	2.4	5.4	-24.0	5.9	5.2	4.9	6.9	4.9	6.1	-46.4	7.2

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)															
2009	4,341.3	1,514.5	80.8	3.4	1,433.6	36.6	2,426.6	924.6	17.1	1,502.0	36.6	400.2	330.2	44.9	69.9	2.0
2010	4,907.5	1,914.2	93.8	3.6	1,820.5	47.6	2,588.8	810.7	15.6	1,778.1	75.7	404.5	314.9	41.7	89.6	0.2
2011 Q1	4,811.3	1,858.4	89.8	3.1	1,768.6	44.8	2,537.2	772.0	17.1	1,765.2	95.9	415.8	323.9	40.0	91.8	0.9
Q2	4,768.0	1,835.0	94.8	3.5	1,740.2	41.6	2,561.6	762.2	17.7	1,799.4	93.4	371.3	278.1	45.7	93.2	0.4
	Transactions															
2008	5.0	-93.7	-34.3	0.7	-59.4	-0.1	72.1	37.7	3.2	34.4	2.7	26.5	49.6	13.1	-23.0	0.4
2009	94.0	53.4	-1.3	0.0	54.8	2.5	45.7	-93.2	-3.8	138.9	17.5	-5.2	1.0	-12.9	-6.2	0.9
2010	145.6	76.5	5.6	-0.2	70.9	1.7	109.3	-124.5	-0.8	233.8	52.8	-40.3	-55.5	-11.7	15.3	-1.9
2011 Q1	27.1	-1.0	0.0	-0.4	-1.0	-1.8	5.3	-12.7	1.7	18.0	0.4	22.8	16.8	1.5	6.1	0.7
Q2	33.5	17.0	3.2	0.1	13.9	-2.3	29.4	-4.4	0.4	33.9	-0.8	-13.0	-12.4	4.8	-0.6	-0.5
Q3	-82.6	-48.7	-10.0	-0.1	-38.6	.	-49.9	-37.7	-1.4	-12.2	.	15.9	18.4	4.9	-2.5	.
2011 June	-19.3	1.4	-4.3	0.0	5.7	.	4.4	-9.5	0.4	13.8	.	-25.0	-9.6	3.0	-15.5	.
July	-5.6	1.6	1.3	0.0	0.3	.	-4.8	-9.2	0.2	4.5	.	-2.5	-6.7	-3.9	4.2	.
Aug.	-65.9	-38.9	-10.3	0.0	-28.5	.	-24.9	-17.4	-1.4	-7.5	.	-2.2	-2.8	8.3	0.7	.
Sep.	-11.1	-11.4	-1.0	0.0	-10.4	.	-20.2	-11.1	-0.2	-9.1	.	20.6	27.9	0.6	-7.4	.
Oct.	-35.2	-6.4	-3.2	-0.1	-3.2	.	-11.8	-6.7	0.6	-5.1	.	-17.0	-22.4	-6.3	5.4	.
	Growth rates															
2009	2.4	3.9	-2.4	-0.6	4.3	8.5	1.9	-9.5	-19.0	10.7	93.4	-2.0	-0.8	-22.3	-7.9	67.2
2010	3.2	4.8	7.0	-5.2	4.7	4.8	4.4	-13.5	-4.9	14.9	127.8	-9.5	-16.0	-25.4	21.1	-91.9
2011 Q1	2.6	2.6	1.7	-16.4	2.6	-3.2	2.9	-14.0	2.5	12.4	131.9	0.8	-6.5	-10.2	34.8	65.6
Q2	3.1	3.4	4.8	-9.8	3.3	-14.1	3.7	-12.4	9.7	12.3	126.5	-0.8	-4.4	9.2	13.7	93.4
Q3	0.5	0.5	-4.0	-10.5	0.8	.	-0.6	-17.0	1.5	8.0	.	7.9	4.2	3.7	24.7	.

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)											
2009	6,781.9	2,781.9	686.2	2,095.7	3,493.1	1,093.2	2,399.9	1,481.2	506.9	66.2	440.7	409.3
2010	7,442.9	3,150.7	658.0	2,492.7	3,823.0	1,165.4	2,657.5	1,680.3	469.2	77.2	392.0	352.6
2011 Q1	7,469.7	3,206.3	651.6	2,554.8	3,760.6	1,113.4	2,647.2	1,698.3	502.8	109.0	393.7	360.0
Q2	7,681.2	3,127.4	636.2	2,491.3	4,010.3	1,169.6	2,840.7	1,827.9	543.4	140.1	403.3	354.9
	Transactions											
2008	266.4	-108.6	78.1	-186.7	175.5	-15.6	191.0	159.4	199.5	-25.0	224.6	191.0
2009	355.3	121.6	10.7	110.9	143.2	-15.6	158.8	103.7	90.5	-18.3	108.9	144.3
2010	293.6	128.9	-14.2	143.1	174.2	57.3	116.9	189.2	-9.5	28.9	-38.4	-34.8
2011 Q1	155.6	88.2	6.9	81.4	22.1	28.8	-6.8	31.7	45.4	35.4	10.0	20.8
Q2	189.1	-12.3	-5.3	-7.0	174.8	46.0	128.9	98.3	26.5	21.9	4.6	-1.3
Q3	-51.3	-16.6	5.2	-21.8	-38.7	12.7	-51.4	.	4.0	2.9	1.1	.
2011 June	74.4	1.8	-5.8	7.6	67.8	24.8	43.0	.	4.9	0.9	3.9	.
July	-26.7	8.6	-15.8	24.4	-30.7	2.3	-33.0	.	-4.6	-4.0	-0.6	.
Aug.	-34.0	-19.7	19.4	-39.1	-5.6	5.9	-11.5	.	-8.6	-1.0	-7.6	.
Sep.	9.4	-5.5	1.6	-7.1	-2.3	4.5	-6.8	.	17.2	7.8	9.4	.
Oct.	-59.9	-6.6	2.1	-8.7	-40.2	-23.6	-16.6	.	-13.2	-5.1	-8.0	.
	Growth rates											
2009	5.9	5.2	1.6	6.6	4.2	-1.3	7.2	7.4	23.0	-28.7	33.0	53.5
2010	4.2	4.5	-2.1	6.7	4.9	5.0	4.8	12.6	-1.9	42.9	-8.9	-8.7
2011 Q1	5.3	7.1	1.1	8.9	3.4	5.9	2.3	8.6	9.0	68.9	-1.5	0.9
Q2	6.4	6.1	1.5	7.5	5.5	10.1	3.5	7.5	16.7	151.2	-1.8	2.9
Q3	4.9	3.5	0.0	4.5	5.4	10.2	3.4	.	10.5	77.3	-2.1	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	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)														
2009	4,675.9	30.2	29.8	0.4	2,834.7	2,804.2	30.5	122.1	8.4	74.9	15.9	1,688.9	201.4	1,344.7	402.6
2010	5,002.9	32.6	32.0	0.7	2,972.3	2,939.9	32.4	166.3	7.6	117.6	21.0	1,831.8	214.4	1,468.5	428.6
2011 Q1	4,977.1	35.3	35.1	0.2	2,963.5	2,923.3	40.2	153.1	7.5	104.7	16.8	1,825.3	223.8	1,449.8	434.7
Q2	5,080.6	40.4	40.2	0.2	3,043.7	2,994.0	49.7	147.4	7.5	99.5	19.2	1,849.1	224.4	1,480.1	443.6
	Transactions														
2008	0.5	-9.5	-9.5	0.0	-42.6	-59.2	16.6	-5.7	-1.1	-5.9	-4.7	58.3	-1.1	48.0	-22.0
2009	-531.9	0.1	0.0	0.1	-420.5	-399.9	-20.5	10.7	-0.4	9.3	1.2	-122.2	7.5	-128.0	-34.6
2010	176.7	-2.9	-2.9	0.0	8.5	-0.4	8.9	40.0	-0.3	39.4	4.9	131.2	7.0	100.9	46.3
2011 Q1	86.9	3.6	3.6	0.0	63.3	55.2	8.1	-7.8	-0.1	-8.2	-4.2	27.8	11.2	-0.7	2.6
Q2	118.7	4.6	4.6	0.0	61.3	54.7	6.6	1.0	0.0	0.6	2.4	51.8	0.6	49.5	22.6
Q3	118.0	-2.9	.	.	88.6	.	.	-6.3	.	.	-1.6	38.5	.	.	15.1
2011 June	-76.4	0.6	.	.	-87.4	.	.	1.4	.	.	2.7	9.1	.	.	4.9
July	-18.7	-0.1	.	.	-19.5	.	.	-5.4	.	.	-1.7	6.2	.	.	4.3
Aug.	114.4	0.5	.	.	103.8	.	.	-3.6	.	.	-3.0	13.8	.	.	0.0
Sep.	22.3	-3.3	.	.	4.4	.	.	2.7	.	.	3.1	18.5	.	.	10.9
Oct.	-40.8	-1.4	.	.	-73.2	.	.	6.8	.	.	7.6	26.9	.	.	11.4
	Growth rates														
2009	-10.1	-0.4	-1.4	23.4	-12.8	-12.4	-36.9	9.8	-3.5	15.3	7.9	-6.7	3.8	-8.6	-8.1
2010	3.7	-13.1	-13.0	-9.9	0.4	0.1	27.8	31.9	-3.1	50.8	30.6	7.6	3.4	7.3	11.1
2011 Q1	3.4	26.3	27.3	-10.9	0.5	0.1	44.7	32.3	-3.3	53.5	36.0	5.9	10.7	4.8	10.0
Q2	4.9	65.6	67.1	-1.3	2.8	2.4	37.8	18.2	-3.2	27.6	3.6	6.6	6.7	6.3	14.9
Q3	7.1	45.1	.	.	6.2	.	.	16.4	.	.	8.5	7.3	.	.	14.2

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)														
2009	4,985.4	251.7	251.3	0.4	3,399.7	3,360.7	39.0	85.2	0.0	80.8	4.4	1,248.8	177.8	929.3	141.7
2010	5,304.0	268.8	265.7	3.1	3,508.6	3,462.6	46.0	153.9	0.0	147.2	6.6	1,372.8	200.8	1,016.2	155.8
2011 Q1	5,168.1	272.3	271.8	0.5	3,365.9	3,310.5	55.4	174.1	0.0	168.6	5.4	1,355.8	207.5	984.5	163.8
Q2	5,144.9	277.7	274.9	2.8	3,326.5	3,270.6	55.9	186.2	0.0	180.9	5.3	1,354.5	207.2	990.5	156.8
	Transactions														
2008	179.4	280.9	280.9	0.0	-174.7	-186.0	11.3	9.5	0.0	10.9	-1.3	63.6	9.4	44.4	9.8
2009	-702.1	-233.2	-233.4	0.2	-352.7	-341.5	-11.2	17.8	0.0	17.8	0.0	-134.0	0.8	-126.1	-8.7
2010	115.5	8.9	6.3	2.6	-10.8	-16.8	6.0	64.6	0.0	63.8	0.8	52.8	15.5	13.5	23.8
2011 Q1	-2.2	9.6	12.1	-2.6	-62.9	-73.7	10.8	27.1	0.0	28.3	-1.2	24.0	6.3	-0.4	18.0
Q2	4.4	7.2	4.9	2.4	-17.9	-19.2	1.3	12.2	0.0	12.3	-0.1	2.8	-0.2	0.1	2.9
Q3	104.6	29.9	.	.	7.3	.	.	23.5	.	.	.	44.0	.	.	.
2011 June	-172.1	1.3	.	.	-168.4	.	.	3.2	.	.	.	-8.2	.	.	.
July	9.7	14.2	.	.	-24.3	.	.	6.9	.	.	.	13.0	.	.	.
Aug.	87.0	7.1	.	.	53.0	.	.	-2.5	.	.	.	29.4	.	.	.
Sep.	7.9	8.6	.	.	-21.4	.	.	19.0	.	.	.	1.6	.	.	.
Oct.	-16.3	-7.4	.	.	-33.8	.	.	2.8	.	.	.	22.1	.	.	.
	Growth rates														
2009	-12.2	-48.1	-48.2	.	-9.3	-9.2	-19.8	25.7	.	27.4	-0.9	-9.4	0.3	-11.5	-5.8
2010	2.3	3.4	2.4	.	-0.2	-0.4	15.8	74.2	.	78.3	11.7	4.0	8.6	1.2	15.8
2011 Q1	-0.4	9.4	9.6	.	-4.9	-5.3	26.8	99.8	.	106.7	-2.7	3.5	14.2	-0.2	14.6
Q2	-0.3	12.6	11.8	.	-5.2	-5.6	23.3	93.6	.	101.8	-18.8	4.0	8.6	0.8	19.5
Q3	0.7	25.9	.	.	-4.8	.	.	102.6	.	.	.	2.6	.	.	.

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 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 Q1	576.6	351.5	346.988	51.1	21.6	152.4	5.6	18.2	128.2	0.5	108.6	19.0	0.4	0.0	21.3	-24.5	52.6
Q2	580.8	361.4	346.989	50.4	22.4	146.5	5.1	13.0	128.2	0.5	108.3	19.3	0.2	0.0	20.4	-18.1	52.2
2011 Oct.	651.6	426.6	346.843	51.8	25.6	147.6	5.1	8.7	133.8	-	-	-	0.0	0.0	30.4	-22.7	53.4
Nov.	683.4	451.3	346.844	52.7	26.3	153.1	5.8	8.9	138.7	-	-	-	-0.2	0.0	32.7	-21.8	54.5
	Transactions																
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	10.3	0.0	-	-0.1	4.9	5.4	-5.4	6.7	4.1	0.0	10.6	-6.5	0.0	0.0	-	-	-
2011 Q1	11.6	0.0	-	-1.2	6.7	6.1	-1.8	3.1	4.8	0.0	4.0	0.7	0.0	0.0	-	-	-
Q2	-4.3	0.0	-	-0.2	0.9	-5.1	-0.5	-5.4	0.9	0.0	0.4	0.5	-0.1	0.0	-	-	-
Q3	-3.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2007	1.6	-1.7	-	7.3	-18.3	6.3	15.0	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.0	-1.3	-	-2.5	105.5	1.7	67.8	-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	46.4	3.6	-43.3	76.2	3.4	-5.2	10.3	-25.5	-	-	-	-	-
2011 Q1	2.9	0.0	-	-1.9	77.7	5.3	-44.7	68.6	4.0	-4.3	12.0	-27.9	-	-	-	-	-
Q2	2.4	0.0	-	-2.4	49.8	4.6	-36.6	5.3	7.4	1.9	12.4	-15.3	-	-	-	-	-
Q3	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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	10,914.5	5,340.8	398.1	3,377.9	184.1	211.8	1,401.7	1,747.0	482.7	5,006.5	2,276.5
2009	10,391.3	4,622.0	506.9	3,493.1	177.8	185.6	1,405.9	1,975.7	251.7	4,559.1	2,198.9
2010 Q4	11,016.4	4,891.7	469.2	3,823.0	200.8	211.5	1,420.2	2,186.8	268.8	4,751.3	2,389.4
2011 Q1	10,855.2	4,735.4	502.8	3,760.6	207.6	225.1	1,423.7	2,232.3	272.3	4,588.4	2,338.5
Q2	11,126.4	4,716.9	543.4	4,010.3	207.3	220.8	1,427.7	2,369.0	277.7	4,636.2	2,415.7
	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	118.2	57.8	4.3	36.6	2.0	2.3	15.2	18.9	5.2	54.2	24.6
2009	116.4	51.8	5.7	39.1	2.0	2.1	15.7	22.1	2.8	51.1	24.6
2010 Q4	120.4	53.4	5.1	41.8	2.2	2.3	15.5	23.9	2.9	51.9	26.1
2011 Q1	117.6	51.3	5.4	40.7	2.2	2.4	15.4	24.2	2.9	49.7	25.3
Q2	119.7	50.7	5.8	43.1	2.2	2.4	15.4	25.5	3.0	49.9	26.0

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
2010	Outstanding amounts (international investment position)														
Direct investment	1,083.3	116.9	3.8	-6.6	-170.8	291.8	-1.3	50.4	57.1	-3.9	178.9	-23.2	42.7	-0.3	664.8
Abroad	4,798.2	1,490.8	36.2	141.7	994.2	318.7	0.0	154.7	61.5	87.2	479.5	899.7	586.7	0.0	1,037.9
Equity/reinvested earnings	3,667.1	1,114.0	32.2	88.8	733.5	259.4	0.0	121.4	49.5	65.8	374.0	637.1	501.8	0.0	803.6
Other capital	1,131.1	376.8	4.0	52.9	260.7	59.2	0.0	33.3	12.0	21.4	105.6	262.7	85.0	0.0	234.3
In the euro area	3,714.8	1,374.0	32.5	148.4	1,165.0	26.9	1.3	104.3	4.4	91.1	300.6	922.9	544.1	0.4	373.1
Equity/reinvested earnings	2,820.2	1,121.1	22.5	133.9	958.4	4.9	1.3	91.7	3.4	73.5	201.8	702.5	387.3	0.1	238.8
Other capital	894.6	252.9	10.0	14.4	206.6	21.9	0.0	12.6	1.0	17.6	98.8	220.4	156.7	0.2	134.3
Portfolio investment assets	4,907.5	1,550.5	84.0	189.3	1,054.9	103.5	118.9	110.8	59.5	203.6	134.6	1,557.4	460.8	30.8	799.6
Equity	1,914.2	379.4	13.7	46.0	300.5	18.1	1.1	44.6	57.2	106.3	117.5	574.9	243.0	1.4	390.1
Debt instruments	2,993.3	1,171.1	70.3	143.3	754.4	85.3	117.8	66.3	2.2	97.3	17.1	982.5	217.8	29.4	409.6
Bonds and notes	2,588.8	1,031.4	63.0	121.3	646.1	83.8	117.2	61.8	1.4	44.3	11.7	836.1	208.6	29.0	364.5
Money market instruments	404.5	139.7	7.3	21.9	108.3	1.6	0.6	4.5	0.8	53.0	5.5	146.4	9.2	0.4	45.1
Other investment	-301.1	-241.1	54.8	1.5	-202.0	85.9	-181.2	-7.3	-8.0	19.9	-34.4	-94.6	-5.0	-25.2	94.7
Assets	5,002.9	2,295.1	112.6	96.9	1,869.7	198.5	17.4	28.5	38.7	103.7	275.2	713.1	588.7	48.8	911.2
General government	166.3	55.0	0.8	6.5	34.6	2.1	11.0	1.9	3.2	2.6	1.2	13.7	3.6	31.8	53.2
MFIs	3,004.9	1,576.0	90.7	52.9	1,268.2	160.9	3.3	15.6	12.1	72.6	136.3	375.8	367.6	16.5	432.4
Other sectors	1,831.8	664.0	21.1	37.5	566.9	35.5	3.1	11.0	23.4	28.5	137.7	323.6	217.4	0.6	425.5
Liabilities	5,304.0	2,536.1	57.9	95.4	2,071.7	112.6	198.6	35.8	46.7	83.8	309.6	807.8	593.6	74.0	816.5
General government	153.9	92.1	0.2	0.5	57.1	0.2	34.1	0.1	0.1	0.1	0.8	27.3	1.7	27.6	4.1
MFIs	3,777.4	1,855.6	45.5	63.8	1,555.6	84.5	106.1	27.6	22.1	50.4	233.4	491.5	475.5	43.4	577.9
Other sectors	1,372.8	588.4	12.2	31.1	458.9	27.9	58.3	8.2	24.6	33.2	75.4	289.0	116.5	3.0	234.5
2010 Q3 to 2011 Q2	Cumulated transactions														
Direct investment	11.1	22.6	0.6	-8.6	15.7	14.9	0.0	-29.0	6.7	1.6	-24.9	-15.3	8.0	-0.1	41.5
Abroad	179.9	47.7	1.6	2.1	25.2	18.7	0.0	1.8	6.6	1.4	-3.2	21.3	26.8	0.0	77.4
Equity/reinvested earnings	127.3	38.3	1.7	3.5	14.6	18.5	0.0	1.9	3.7	2.1	-4.8	20.1	7.0	0.0	59.0
Other capital	52.6	9.4	0.0	-1.4	10.6	0.2	0.0	0.0	2.9	-0.6	1.6	1.3	19.7	0.0	18.4
In the euro area	168.9	25.1	1.0	10.7	9.5	3.8	0.0	30.9	-0.1	-0.1	21.7	36.6	18.8	0.1	36.0
Equity/reinvested earnings	142.2	34.2	-0.2	8.1	26.1	0.2	0.0	31.7	0.4	0.4	1.3	29.1	17.5	0.0	27.6
Other capital	26.6	-9.2	1.2	2.6	-16.5	3.6	0.0	-0.8	-0.5	-0.6	20.4	7.5	1.3	0.1	8.4
Portfolio investment assets	148.8	31.3	-2.8	16.8	-0.7	6.0	11.9	-2.5	12.1	3.3	1.3	48.9	-24.8	0.6	78.6
Equity	58.4	12.7	0.7	4.7	6.5	0.8	0.1	5.4	11.3	1.2	-3.3	20.2	-7.2	-0.4	18.5
Debt instruments	90.3	18.5	-3.5	12.1	-7.2	5.3	11.9	-8.0	0.8	2.1	4.7	28.7	-17.6	1.0	60.1
Bonds and notes	94.1	42.1	-1.9	12.4	14.7	4.9	12.0	-9.0	0.7	0.8	3.3	20.2	-19.8	1.2	54.5
Money market instruments	-3.7	-23.5	-1.6	-0.3	-21.9	0.4	-0.1	1.0	0.0	1.2	1.4	8.6	2.2	-0.2	5.6
Other investment	253.4	148.4	1.3	8.7	168.8	2.4	-32.7	-1.0	1.8	4.2	44.0	-4.7	126.0	-43.7	-21.6
Assets	242.2	119.0	1.6	20.4	89.8	6.3	0.9	-0.2	9.3	15.0	13.9	20.6	49.4	-11.1	26.4
General government	24.1	9.7	0.8	0.9	6.8	1.4	-0.3	1.0	0.0	2.3	0.7	7.4	0.4	0.8	1.9
MFIs	98.6	30.9	-1.8	13.7	15.0	4.0	-0.1	-1.8	7.9	11.4	0.1	9.4	38.7	-11.9	14.1
Other sectors	119.5	78.5	2.6	5.8	68.0	0.9	1.3	0.6	1.4	1.3	13.1	3.8	10.3	0.1	10.5
Liabilities	-11.2	-29.3	0.3	11.8	-79.0	3.9	33.7	0.8	7.4	10.8	-30.1	25.3	-76.6	32.6	48.0
General government	90.1	51.9	0.0	0.0	32.6	0.0	19.3	0.0	0.0	-0.2	-0.9	16.2	1.2	22.7	-0.7
MFIs	-157.0	-110.9	0.4	5.2	-125.5	1.8	7.3	-2.0	4.6	12.0	-35.7	20.8	-79.4	9.9	23.6
Other sectors	55.7	29.7	0.0	6.5	13.9	2.1	7.1	2.7	2.9	-1.0	6.5	-11.8	1.6	0.0	25.1

Source: ECB.

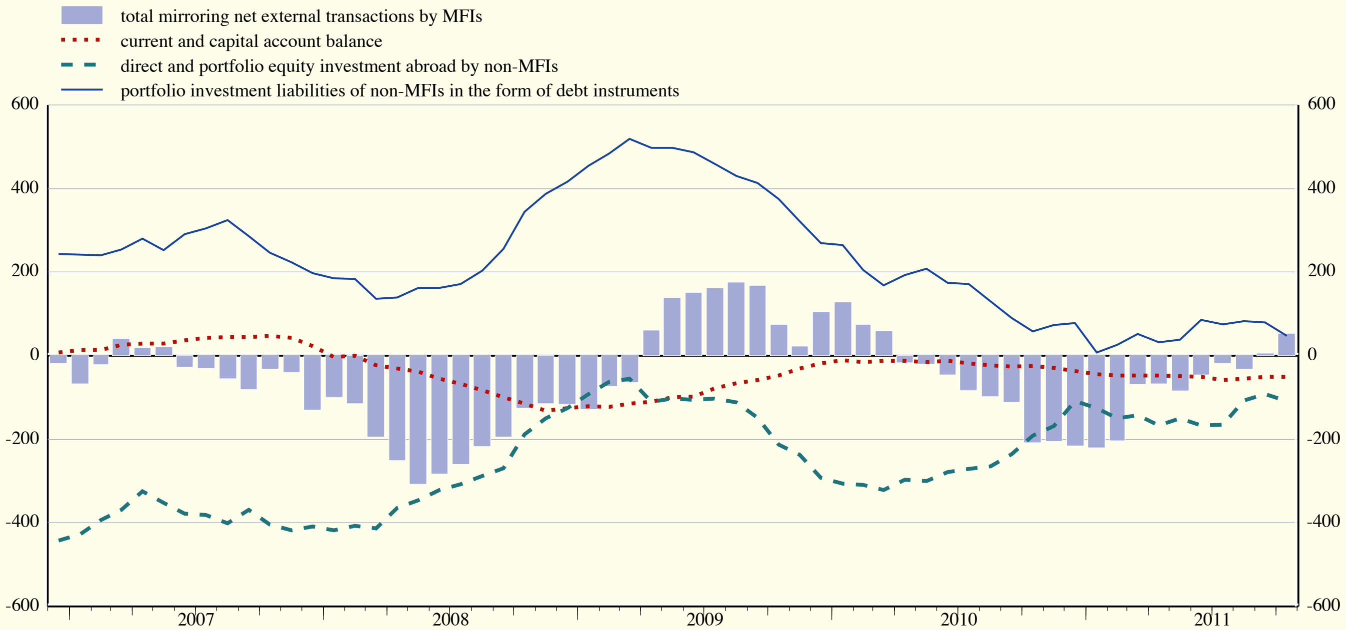
7.4 Monetary presentation of the balance of payments [1)]

(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2008	-116.9	-125.2	-327.9	112.0	59.2	-11.0	-186.9	416.4	-53.1	73.5	-84.4	10.6
2009	105.7	-19.1	-311.9	224.8	-54.8	-132.8	111.0	268.8	111.5	-115.9	21.1	3.0
2010	-216.3	-37.3	-161.3	125.2	-70.7	-249.1	143.2	77.8	-170.3	117.2	17.4	-8.4
2010 Q3	-59.5	-6.4	-49.0	-3.8	-3.8	-44.6	41.0	-43.9	-23.2	68.6	6.3	-0.6
Q4	-57.3	4.2	20.2	63.1	-37.6	-113.2	54.6	-7.4	-46.9	11.1	8.9	-14.4
2011 Q1	69.3	-27.8	-85.5	80.2	1.0	-24.0	81.4	3.2	-20.0	51.1	-2.2	12.1
Q2	2.1	-20.1	-53.2	30.8	-13.9	-33.2	-7.0	133.4	-52.8	15.0	3.4	-0.4
Q3	-7.3	-7.4	-25.0	15.9	38.6	14.7	-21.8	-50.2	-32.2	67.5	-3.9	-3.5
2010 Oct.	-84.2	2.5	5.2	-16.2	-17.2	-87.7	44.7	7.3	-26.8	9.2	-0.2	-4.9
Nov.	-7.0	-3.0	7.8	39.5	-9.4	-23.4	-15.1	30.4	-23.3	-2.9	3.1	-10.6
Dec.	33.8	4.7	7.1	39.9	-11.0	-2.0	25.1	-45.1	3.1	4.8	6.1	1.0
2011 Jan.	-23.6	-19.6	-29.4	37.4	0.2	-12.3	10.3	-37.0	-21.4	43.2	-1.0	6.0
Feb.	3.2	-7.1	-25.6	0.5	-1.1	-12.2	43.8	10.6	0.8	-12.3	0.8	5.0
Mar.	89.7	-1.1	-30.4	42.2	1.9	0.5	27.2	29.6	0.6	20.2	-2.1	1.1
Apr.	-31.3	-5.0	-47.1	22.3	-6.9	-15.7	-3.6	21.7	-9.0	2.4	2.9	6.8
May	-2.4	-15.7	-6.2	0.5	-1.2	-19.1	-11.0	64.8	-33.3	17.7	-1.5	2.5
June	35.8	0.6	0.1	8.1	-5.7	1.6	7.6	46.9	-10.5	-5.0	1.9	-9.8
July	-7.9	-1.6	-13.8	12.2	-0.3	-8.6	24.4	-33.7	-0.9	19.9	-4.6	-0.9
Aug.	-12.7	-5.0	7.4	-6.6	28.5	6.8	-39.1	-19.1	-10.2	27.0	-0.7	-1.8
Sep.	13.4	-0.8	-18.6	10.3	10.4	16.5	-7.1	2.5	-21.2	20.7	1.4	-0.8
Oct.	-37.9	3.2	-16.8	9.6	3.2	-0.3	-8.7	-24.6	-33.8	24.9	-0.4	5.8
	12-month cumulated transactions											
2011 Oct.	53.1	-50.4	-165.5	216.0	8.5	-68.3	53.8	47.1	-158.9	160.5	6.1	4.3

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.)					
	Exports	Imports	Total	Intermediate	Capital	Consumption	Memo item: Manufacturing	Total	Intermediate	Capital	Consumption	Memo items: 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	-18.0	-21.7	1,280.3	628.0	264.4	355.4	1,063.0	1,267.8	734.6	194.0	317.3	842.0	182.0
2010	20.0	22.5	1,533.0	765.2	311.4	420.0	1,269.3	1,547.6	946.3	229.9	348.3	1,018.4	247.4
2010 Q4	22.1	25.6	404.9	202.0	84.5	109.6	333.7	407.7	253.9	59.1	89.5	266.4	66.4
2011 Q1	21.4	23.6	427.1	214.4	86.1	116.1	350.2	434.3	274.7	59.8	91.7	277.5	74.3
Q2	13.0	12.3	429.1	215.6	86.7	116.2	350.7	434.4	278.6	58.6	89.7	274.9	77.1
Q3	9.4	9.0	435.9	218.4	86.8	118.5	358.0	437.8	279.7	58.6	91.4	275.2	80.1
2011 May	22.4	17.7	146.1	73.2	30.3	40.0	120.6	147.2	94.2	19.6	30.5	93.9	25.3
June	3.3	3.3	138.7	70.1	28.1	36.8	113.5	141.0	90.5	18.7	29.5	89.1	24.8
July	5.1	7.2	141.9	71.5	28.1	38.3	116.4	145.0	93.0	19.4	29.9	90.6	27.3
Aug.	13.8	11.8	147.8	73.7	29.7	40.3	122.1	148.8	94.8	20.2	31.1	94.8	26.4
Sep.	9.8	8.1	146.2	73.2	29.0	39.9	119.4	144.0	91.9	19.0	30.5	89.7	26.3
Oct.	5.7	7.4	143.3	.	.	.	116.1	143.0	.	.	.	88.1	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2009	-16.5	-13.6	119.6	114.9	119.0	128.1	115.9	109.8	101.1	115.7	136.7	111.1	101.8
2010	14.9	10.7	136.8	132.4	138.5	143.7	133.9	120.9	113.0	131.1	143.3	127.8	100.8
2010 Q4	15.2	10.4	142.8	137.5	150.1	148.4	139.7	123.7	116.5	134.3	145.1	132.1	102.9
2011 Q1	13.3	7.5	146.1	141.1	149.8	152.7	143.1	124.8	117.3	132.8	145.0	133.7	97.1
Q2	8.1	2.3	146.8	140.6	152.0	154.2	144.0	123.4	115.8	133.4	143.4	134.0	92.5
Q3	5.1	2.1	147.8	141.7	151.1	155.0	145.8	124.2	116.8	134.0	142.8	133.4	98.4
2011 Apr.	8.0	4.2	147.9	140.9	149.6	156.4	143.4	124.0	116.1	139.1	142.7	134.3	95.2
May	17.3	8.0	150.0	143.4	159.1	159.2	148.6	126.6	118.8	135.2	147.3	138.6	91.0
June	0.1	-4.8	142.4	137.5	147.1	147.0	139.9	119.5	112.6	126.0	140.2	129.3	91.3
July	1.4	1.0	144.5	139.3	147.1	150.6	142.3	124.0	117.1	133.6	140.9	132.2	100.7
Aug.	9.1	3.9	150.3	143.2	155.3	158.2	149.1	125.8	118.2	138.6	143.9	137.3	97.2
Sep.	5.4	1.5	148.5	142.7	151.1	156.3	146.0	122.7	115.3	129.8	143.5	130.7	97.2

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	Intermediate goods	Capital goods	Consumer goods	Energy	Memo item: Manufacturing	Total (index: 2005 = 100)	Total	Intermediate goods	Capital goods	Consumer goods	Energy	Memo item: Manufacturing
% 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	100.1	-8.7	-4.8	1.8	1.0	-28.3	-2.6
2010	105.4	3.8	4.8	1.4	2.2	26.3	3.8	109.8	9.8	9.7	1.4	2.9	27.5	5.8
2011 Q1	109.1	5.8	8.5	2.1	2.9	25.8	5.8	118.3	12.0	11.0	0.8	5.7	29.5	7.0
Q2	110.0	4.1	6.0	0.8	1.8	22.0	4.0	119.0	7.8	4.6	-2.5	3.3	25.6	2.8
Q3	110.4	4.0	5.0	0.9	1.8	25.5	3.9	119.2	7.5	3.0	-3.1	2.9	26.8	2.2
2011 June	110.0	3.4	5.1	0.6	1.2	18.8	3.3	118.2	6.2	3.1	-3.6	2.3	22.8	1.5
July	110.4	4.0	5.3	0.8	1.7	25.9	3.9	119.2	7.7	4.0	-3.6	3.0	27.2	2.2
Aug.	110.3	3.8	4.8	0.8	1.8	23.4	3.7	118.7	6.8	2.6	-3.0	2.6	24.3	2.0
Sep.	110.6	4.0	4.8	1.1	1.9	27.2	4.0	119.8	8.0	2.5	-2.7	3.3	29.1	2.3
Oct.	110.5	4.1	4.4	1.8	2.4	24.4	4.0	119.8	8.3	1.6	-1.1	4.0	28.6	2.8
Nov.	110.6	3.9	3.8	1.8	2.4	22.3	3.8	120.2	7.6	0.9	-1.1	3.3	26.8	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.

(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	1,280.3	27.4	41.5	175.3	174.6	50.1	79.0	34.8	152.5	284.4	68.9	28.6	92.0	54.4	29.4
2010	1,533.0	30.1	52.6	194.8	208.6	63.4	92.7	47.4	180.6	355.9	94.8	34.6	104.9	73.4	17.8
2010 Q2	379.0	7.3	13.2	48.0	51.0	15.3	22.8	11.5	45.2	88.8	23.6	8.7	25.7	18.5	4.8
Q3	396.8	7.6	13.4	50.1	54.0	17.1	23.9	12.1	47.7	92.1	24.0	8.9	26.8	18.9	3.9
Q4	404.9	8.1	14.1	50.3	56.0	17.4	24.6	13.3	46.3	93.5	25.5	9.0	27.5	19.2	3.9
2011 Q1	427.1	8.0	15.0	53.0	59.1	18.7	25.9	15.3	50.0	99.4	28.9	9.3	28.0	20.2	0.3
Q2	429.1	8.2	15.4	52.0	60.3	20.0	26.2	14.3	48.1	98.4	27.3	9.5	27.1	21.0	3.9
Q3	435.9	8.3	15.6	53.3	61.2	20.7	28.3	13.5	48.3	101.4	28.6	10.2	27.6	21.1	2.4
2011 May	146.1	2.8	5.3	18.0	20.5	7.1	9.1	4.8	16.3	33.9	9.5	3.2	9.1	7.3	-0.2
June	138.7	2.7	5.0	17.1	20.0	6.5	8.2	4.5	15.5	32.1	8.9	3.1	8.8	6.6	0.6
July	141.9	2.8	5.2	17.2	19.8	6.6	9.3	4.5	15.5	33.0	9.2	3.2	9.0	6.9	1.1
Aug.	147.8	2.8	5.3	18.3	20.9	7.0	9.5	4.5	17.0	34.5	9.9	3.5	9.2	7.2	0.1
Sep.	146.2	2.8	5.1	17.8	20.5	7.1	9.6	4.5	15.7	33.9	9.6	3.4	9.4	7.0	1.2
Oct.	143.3	.	.	.	.	6.6	9.6	4.4	15.5	34.3	10.2	3.6	9.2	6.8	.
	Percentage share of total exports														
2010	100.0	2.0	3.4	12.7	13.6	4.1	6.0	3.1	11.8	23.2	6.2	2.3	6.8	4.8	1.2
	Imports (c.i.f.)														
2009	1,267.8	27.1	38.2	127.1	161.9	84.3	65.4	26.6	116.3	380.9	157.9	44.2	94.9	59.5	-25.3
2010	1,547.6	27.4	47.4	147.7	195.6	112.7	73.3	30.9	129.8	494.6	208.6	51.4	119.2	75.3	-49.8
2010 Q2	385.7	6.8	11.9	36.6	48.4	28.5	19.5	7.6	32.0	125.1	53.0	13.1	29.9	18.2	-14.9
Q3	400.8	6.9	12.6	37.6	50.2	28.2	18.8	7.8	34.3	130.5	55.6	13.2	29.7	19.4	-11.0
Q4	407.7	7.0	12.6	38.5	52.4	30.2	18.2	8.3	34.1	128.3	54.1	13.1	32.6	21.0	-14.0
2011 Q1	434.3	7.2	13.2	40.8	55.7	34.7	18.9	9.0	35.4	135.6	54.9	13.7	35.7	21.5	-17.0
Q2	434.4	7.5	13.4	40.8	56.3	34.7	19.6	8.9	34.0	138.6	55.9	12.7	30.5	21.9	-15.1
Q3	437.8	7.4	13.7	42.2	57.2	32.2	21.8	8.6	34.2	137.4	54.3	13.2	30.7	23.4	-11.9
2011 May	147.2	2.7	4.7	13.7	19.1	12.7	6.7	3.0	11.4	46.4	18.8	4.2	9.9	7.4	-6.0
June	141.0	2.4	4.3	13.4	18.6	9.7	6.5	2.9	11.0	45.5	18.5	4.1	10.8	7.1	-4.0
July	145.0	2.4	4.5	14.0	18.7	11.9	6.7	2.9	11.0	46.4	18.2	4.5	9.6	7.7	-5.6
Aug.	148.8	2.5	4.7	14.1	19.1	9.9	8.2	2.9	11.5	46.9	19.0	4.5	10.7	8.1	-2.6
Sep.	144.0	2.5	4.5	14.2	19.4	10.3	6.9	2.8	11.7	44.1	17.2	4.3	10.4	7.6	-3.7
Oct.	143.0	.	.	.	.	11.6	6.7	2.8	11.9	44.3	17.4	4.3	10.2	7.6	.
	Percentage share of total imports														
2010	100.0	1.8	3.1	9.6	12.6	7.3	4.7	2.0	8.4	31.9	13.5	3.3	7.7	4.9	-3.2
	Balance														
2009	12.5	0.3	3.3	48.2	12.7	-34.2	13.5	8.2	36.2	-96.4	-88.9	-15.6	-2.9	-5.1	54.7
2010	-14.6	2.7	5.2	47.1	13.1	-49.3	19.4	16.5	50.8	-138.7	-113.8	-16.8	-14.3	-1.8	67.6
2010 Q2	-6.8	0.5	1.3	11.4	2.6	-13.2	3.3	3.9	13.2	-36.3	-29.4	-4.4	-4.2	0.4	19.7
Q3	-4.0	0.7	0.9	12.5	3.9	-11.1	5.1	4.4	13.4	-38.4	-31.6	-4.3	-2.9	-0.5	14.9
Q4	-2.8	1.1	1.5	11.8	3.6	-12.8	6.5	5.0	12.1	-34.8	-28.6	-4.1	-5.0	-1.8	17.9
2011 Q1	-7.2	0.8	1.8	12.3	3.4	-16.0	7.0	6.4	14.6	-36.1	-26.0	-4.4	-7.7	-1.3	17.3
Q2	-5.3	0.7	2.0	11.3	3.9	-14.6	6.7	5.4	14.0	-40.2	-28.6	-3.2	-3.4	-0.9	19.0
Q3	-1.9	0.9	1.9	11.0	4.0	-11.6	6.5	5.0	14.1	-36.0	-25.7	-3.0	-3.2	-2.3	14.3
2011 May	-1.1	0.1	0.6	4.3	1.5	-5.6	2.4	1.9	4.9	-12.5	-9.2	-1.0	-0.8	-0.1	5.8
June	-2.3	0.3	0.7	3.7	1.4	-3.2	1.6	1.6	4.5	-13.4	-9.6	-1.0	-2.1	-0.5	4.6
July	-3.1	0.4	0.7	3.2	1.1	-5.4	2.6	1.6	4.5	-13.5	-9.0	-1.2	-0.6	-0.7	6.7
Aug.	-1.0	0.3	0.6	4.2	1.8	-3.0	1.3	1.6	5.5	-12.4	-9.1	-1.0	-1.6	-0.9	2.8
Sep.	2.2	0.3	0.6	3.6	1.1	-3.2	2.7	1.7	4.0	-10.1	-7.6	-0.8	-1.0	-0.7	4.8
Oct.	0.3	.	.	.	.	-5.0	2.8	1.5	3.6	-10.0	-7.2	-0.7	-1.0	-0.8	.

Source: Eurostat.

8

EXCHANGE RATES

8.1 Effective exchange rates [1)]

(period averages; index: 1999 Q1=100)

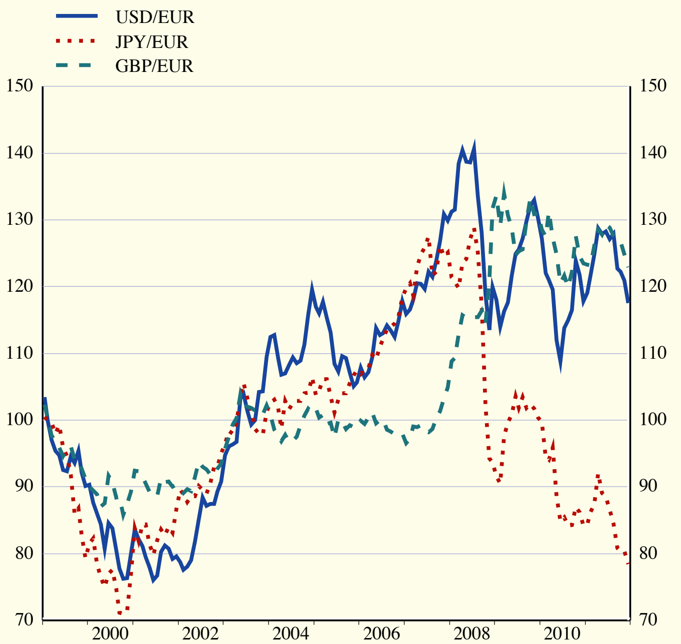
	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2009	111.7	110.6	104.9	106.5	120.0	106.5	120.6	108.0
2010	104.6	103.0	98.8	98.4	109.3	98.9	112.3	99.3
2011	104.4	102.2	98.4	.	.	.	112.9	98.9
2010 Q4	104.4	102.4	98.7	97.6	108.6	98.7	112.1	98.7
2011 Q1	103.7	101.5	98.0	96.6	107.1	97.3	111.6	97.9
Q2	106.4	104.2	100.2	99.0	110.5	99.9	114.5	100.5
Q3	104.6	102.1	98.5	97.2	109.2	97.9	113.3	99.0
Q4	103.1	100.9	97.0	.	.	.	112.3	98.2
2010 Dec.	102.6	100.6	96.9	-	-	-	110.1	96.8
2011 Jan.	102.4	100.4	96.9	-	-	-	110.1	96.7
Feb.	103.4	101.1	97.8	-	-	-	111.4	97.6
Mar.	105.2	103.1	99.4	-	-	-	113.2	99.4
Apr.	107.0	104.9	100.9	-	-	-	115.0	101.0
May	106.0	103.8	99.7	-	-	-	114.1	100.1
June	106.1	104.0	99.9	-	-	-	114.4	100.3
July	105.2	102.6	99.0	-	-	-	113.4	99.1
Aug.	104.9	102.3	98.8	-	-	-	113.8	99.3
Sep.	103.8	101.4	97.6	-	-	-	112.8	98.7
Oct.	104.0	101.7	97.8	-	-	-	113.3	99.1
Nov.	103.5	101.4	97.4	-	-	-	112.8	98.6
Dec.	101.7	99.6	95.7	-	-	-	110.9	96.9
	Percentage change versus previous month							
2011 Dec.	-1.8	-1.8	-1.8	-	-	-	-1.6	-1.7
	Percentage change versus previous year							
2011 Dec.	-0.9	-1.0	-1.3	-	-	-	0.8	0.1

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
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
2011	1.9558	24.590	7.4506	0.7063	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	7.4390	2.3378
2011 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
Q3	1.9558	24.387	7.4506	0.7093	3.4528	275.10	4.1527	4.2587	9.1451	0.87760	7.4629	2.4535
Q4	1.9558	25.276	7.4398	0.7017	3.4528	303.47	4.4207	4.3365	9.0910	0.85727	7.4968	2.4759
2011 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
July	1.9558	24.335	7.4560	0.7092	3.4528	267.68	3.9951	4.2413	9.1340	0.88476	7.4316	2.3654
Aug.	1.9558	24.273	7.4498	0.7093	3.4528	272.37	4.1195	4.2505	9.1655	0.87668	7.4620	2.5147
Sep.	1.9558	24.556	7.4462	0.7093	3.4528	285.05	4.3379	4.2838	9.1343	0.87172	7.4936	2.4736
Oct.	1.9558	24.841	7.4442	0.7061	3.4528	296.79	4.3516	4.3244	9.1138	0.87036	7.4849	2.5089
Nov.	1.9558	25.464	7.4412	0.7015	3.4528	309.15	4.4324	4.3560	9.1387	0.85740	7.4923	2.4565
Dec.	1.9558	25.514	7.4341	0.6975	3.4528	304.19	4.4774	4.3282	9.0184	0.84405	7.5136	2.4632
	Percentage change versus previous month											
2011 Dec.	0.0	0.2	-0.1	-0.6	0.0	-1.6	1.0	-0.6	-1.3	-1.6	0.3	0.3
	Percentage change versus previous year											
2011 Dec.	0.0	1.4	-0.3	-1.7	0.0	9.6	12.0	0.8	-0.4	-0.5	1.7	22.2

	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
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
2011	1.3484	2.3265	1.3761	8.9960	10.8362	-	64.8859	12,206.51	4.9775	110.96	4.2558
2011 Q2	1.3550	2.2960	1.3932	9.3509	11.1932	-	64.3809	12,364.41	4.9490	117.41	4.3451
Q3	1.3459	2.3063	1.3841	9.0653	11.0105	-	64.7000	12,181.09	5.0174	109.77	4.2666
Q4	1.3316	2.4240	1.3788	8.5682	10.4879	-	68.5352	12,111.94	5.0172	104.22	4.2458
2011 June	1.3567	2.2850	1.4063	9.3161	11.2021	-	64.5200	12,327.02	4.9169	115.75	4.3585
July	1.3249	2.2329	1.3638	9.2121	11.1104	-	63.3537	12,171.27	4.8801	113.26	4.2716
Aug.	1.3651	2.2888	1.4071	9.1857	11.1846	-	65.0717	12,249.95	5.0841	110.43	4.2822
Sep.	1.3458	2.3946	1.3794	8.7994	10.7333	-	65.5964	12,118.49	5.0788	105.75	4.2456
Oct.	1.3525	2.4336	1.3981	8.7308	10.6616	-	67.5519	12,150.54	5.0253	105.06	4.2963
Nov.	1.3414	2.4210	1.3897	8.6154	10.5495	-	68.8330	12,214.99	5.0521	105.02	4.2756
Dec.	1.3003	2.4175	1.3481	8.3563	10.2496	-	69.2066	11,965.40	4.9725	102.55	4.1639
	Percentage change versus previous month										
2011 Dec.	-3.1	-0.1	-3.0	-3.0	-2.8	-	0.5	-2.0	-1.6	-2.4	-2.6
	Percentage change versus previous year										
2011 Dec.	-2.3	8.0	1.2	-4.9	-0.3	-	16.0	0.3	4.4	-6.9	0.8

	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
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
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2011 Q2	16.8752	1.7992	7.8259	62.256	40.2750	1.7842	9.7852	1,559.23	1.2514	43.592	1.4391
Q3	17.3908	1.6976	7.7652	60.371	41.1734	1.7309	10.0898	1,532.60	1.1649	42.574	1.4127
Q4	18.3742	1.7353	7.7602	58.566	42.0737	1.7348	10.9209	1,542.87	1.2293	41.791	1.3482
2011 June	16.9931	1.7666	7.8302	62.468	40.2670	1.7763	9.7807	1,555.32	1.2092	43.923	1.4388
July	16.6491	1.6877	7.7829	60.961	39.8343	1.7359	9.7000	1,510.29	1.1766	42.949	1.4264
Aug.	17.5456	1.7108	7.7882	60.836	41.2954	1.7340	10.1532	1,542.01	1.1203	42.875	1.4343
Sep.	17.9370	1.6932	7.7243	59.322	42.3239	1.7229	10.3956	1,544.04	1.2005	41.902	1.3770
Oct.	18.4315	1.7361	7.7474	59.412	42.8569	1.7493	10.9188	1,578.17	1.2295	42.297	1.3706
Nov.	18.5646	1.7584	7.7868	58.743	41.8082	1.7476	11.0547	1,537.42	1.2307	41.969	1.3556
Dec.	18.1174	1.7102	7.7451	57.537	41.5686	1.7070	10.7829	1,513.26	1.2276	41.099	1.3179
	Percentage change versus previous month										
2011 Dec.	-2.4	-2.7	-0.5	-2.1	-0.6	-2.3	-2.5	-1.6	-0.3	-2.1	-2.8
	Percentage change versus previous year										
2011 Dec.	10.6	-2.8	-2.0	-0.9	2.0	-1.1	19.6	0.0	-4.2	3.3	-0.3

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									
2010	3.0	1.2	2.2	-1.2	1.2	4.7	2.7	6.1	1.9	3.3
2011	.	2.1	2.7	.	4.1	.	.	.	.	.
2011 Q3	3.1	2.0	2.6	4.4	4.6	3.4	3.7	4.2	1.6	4.7
Q4	.	2.8	2.5	.	4.0	.	.	.	.	.
2011 Oct.	3.0	2.6	2.7	4.3	4.2	3.8	3.8	3.6	1.1	5.0
Nov.	2.6	2.9	2.5	4.0	4.4	4.3	4.4	3.5	1.1	4.8
Dec.	.	2.8	2.4	.	3.5	.	.	.	.	.
	General government deficit (-)/surplus (+) as a percentage of GDP									
2008	1.7	-2.2	3.2	-4.2	-3.3	-3.7	-3.7	-5.7	2.2	-5.0
2009	-4.3	-5.8	-2.7	-9.7	-9.5	-4.6	-7.3	-9.0	-0.7	-11.5
2010	-3.1	-4.8	-2.6	-8.3	-7.0	-4.2	-7.8	-6.9	0.2	-10.3
	General government gross debt as a percentage of GDP									
2008	13.7	28.7	34.5	19.8	15.5	72.9	47.1	13.4	38.8	54.8
2009	14.6	34.4	41.8	36.7	29.4	79.7	50.9	23.6	42.7	69.6
2010	16.3	37.6	43.7	44.7	38.0	81.3	54.9	31.0	39.7	79.9
	Long-term government bond yield as a percentage per annum; period average									
2011 July	5.36	3.79	3.02	5.67	5.05	7.35	5.81	7.30	2.75	2.88
Aug.	5.32	3.40	2.49	5.60	5.05	7.49	5.70	7.38	2.17	2.37
Sep.	5.30	3.00	2.07	5.60	5.09	7.64	5.74	7.43	1.83	2.41
Oct.	5.27	3.14	2.23	5.62	5.06	7.88	5.71	7.48	1.90	2.52
Nov.	5.27	3.67	2.01	5.73	5.25	8.53	5.80	7.43	1.69	2.29
Dec.	5.23	3.70	1.86	5.93	5.75	8.97	5.84	7.21	1.68	2.12
	3-month interest rate as a percentage per annum; period average									
2011 July	3.75	1.19	1.66	0.82	1.81	6.74	4.70	5.11	2.56	0.83
Aug.	3.74	1.19	1.60	0.83	1.86	7.12	4.72	5.60	2.58	0.86
Sep.	3.67	1.17	1.44	0.87	1.85	6.19	4.75	5.77	2.53	0.92
Oct.	3.68	1.17	1.40	0.99	1.88	6.18	4.80	5.96	2.52	0.97
Nov.	3.64	1.15	1.29	1.27	1.87	7.25	4.94	6.01	2.62	1.01
Dec.	3.64	1.16	1.08	1.86	1.78	6.50	4.98	6.05	2.69	1.06
	Real GDP									
2009	-5.5	-4.7	-5.8	-17.7	-14.8	-6.8	1.6	-7.1	-5.2	-4.4
2010	0.2	2.7	1.3	-0.3	1.4	1.3	3.9	-1.3	5.6	2.1
2011 Q1	3.3	2.8	2.2	3.1	5.4	1.9	4.5	1.3	5.8	1.7
Q2	2.0	2.0	1.7	5.3	6.5	1.7	4.6	1.9	4.8	0.6
Q3	1.6	1.2	0.0	6.1	7.3	1.5	4.2	4.4	4.6	0.5
	Current and capital account balance as a percentage of GDP									
2009	-7.6	-1.0	3.3	11.1	7.8	1.0	-2.2	-3.6	6.9	-1.5
2010	-0.5	-2.3	5.6	4.9	4.2	2.9	-2.8	-3.7	6.5	-3.1
2011 Q1	2.0	2.5	5.8	1.2	1.8	3.0	-1.7	-2.6	8.0	-1.8
Q2	1.3	-6.1	7.2	1.3	-1.7	3.3	-2.1	-6.8	6.7	-1.4
Q3	12.1	-4.1	8.5	2.4	6.1	4.2	-3.6	-3.3	9.3	-4.4
	Gross external debt as a percentage of GDP									
2009	108.3	51.6	188.5	156.5	87.0	144.7	59.4	69.0	210.8	416.9
2010	102.8	55.8	190.7	165.4	87.4	143.4	66.0	77.2	190.4	413.9
2011 Q1	98.5	55.2	185.4	158.1	85.5	137.3	68.3	74.6	188.5	416.6
Q2	96.6	55.4	181.5	154.7	85.8	137.0	68.7	78.1	190.0	418.2
Q3	93.7	57.5	182.7	151.4	82.9	146.3	72.4	77.8	197.8	435.6
	Unit labour costs									
2009	12.7	2.4	5.7	-7.9	-1.4	2.9	2.2	3.8	4.6	5.7
2010	0.8	-0.7	-1.0	-10.2	-7.3	-3.2	4.7	-4.0	-1.7	1.7
2011 Q1	1.7	-0.2	-0.5	2.6	-3.0	3.0	2.6	-1.3	-2.4	-0.7
Q2	5.3	0.6	-1.0	2.3	-0.7	.	0.6	9.4	-0.7	0.8
Q3	7.8	0.4	0.4	1.9	-2.2	.	.	9.3	-1.0	2.1
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2009	6.9	6.7	6.0	17.1	13.7	10.0	8.2	6.9	8.3	7.6
2010	10.2	7.3	7.4	18.6	17.8	11.1	9.6	7.3	8.4	7.8
2011 Q2	11.2	6.9	7.5	16.1	15.6	10.9	9.6	7.4	7.5	7.9
Q3	11.0	6.6	7.5	14.8	15.3	10.9	9.7	7.5	7.3	8.3
2011 Sep.	10.9	6.5	7.6	14.8	15.3	10.8	9.8	7.7	7.3	8.3
Oct.	10.8	6.6	7.7	.	.	10.8	9.9	7.3	7.5	.
Nov.	10.9	6.7	7.8	.	.	10.7	10.0	7.3	7.4	.

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

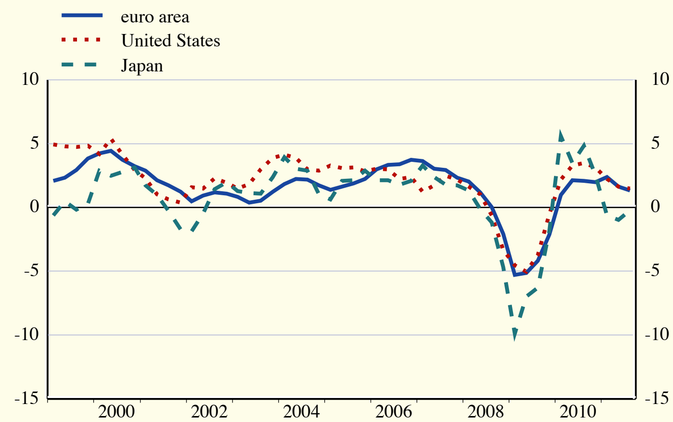
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2008	3.8	2.8	-0.3	-4.7	5.8	7.1	2.93	2.70	1.4708	-6.6	57.0
2009	-0.4	-0.6	-3.5	-13.5	9.3	7.9	0.69	4.17	1.3948	-11.6	69.4
2010	1.6	-2.0	3.0	5.9	9.6	2.3	0.34	3.57	1.3257	-10.7	78.2
2011	.	.	.	.	9.0	.	0.34	2.10	1.3920	.	.
2010 Q4	1.3	-0.9	3.1	6.6	9.6	3.2	0.29	3.57	1.3583	-10.5	78.2
2011 Q1	2.1	1.3	2.2	6.6	9.0	4.5	0.31	3.76	1.3680	-9.9	79.1
Q2	3.4	1.0	1.6	4.4	9.0	5.4	0.26	3.46	1.4391	-10.2	79.0
Q3	3.8	0.4	1.5	4.2	9.1	9.4	0.30	2.18	1.4127	.	.
Q4	.	.	.	.	8.7	.	0.48	2.10	1.3482	.	.
2011 Aug.	3.8	-	-	4.2	9.1	10.2	0.29	2.51	1.4343	-	-
Sep.	3.9	-	-	4.4	9.0	10.1	0.35	2.18	1.3770	-	-
Oct.	3.5	-	-	4.6	8.9	9.9	0.41	2.37	1.3706	-	-
Nov.	3.4	-	-	4.2	8.7	9.8	0.48	2.30	1.3556	-	-
Dec.	.	-	-	.	8.5	.	0.56	2.10	1.3179	-	-
					Japan						
2008	1.4	1.2	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.2	162.0
2009	-1.3	2.8	-6.3	-21.9	5.1	2.7	0.47	1.42	130.34	-8.7	180.4
2010	-0.7	-2.6	4.1	16.6	5.1	2.8	0.23	1.18	116.24	.	.
2011	.	.	.	.	.	.	0.19	1.00	110.96	.	.
2010 Q4	-0.3	-1.3	2.5	6.0	5.0	2.5	0.19	1.18	112.10	.	.
2011 Q1	-0.5	1.2	-0.6	-2.6	4.7	2.5	0.19	1.33	112.57	.	.
Q2	-0.4	1.2	-1.0	-6.9	4.6	2.8	0.20	1.18	117.41	.	.
Q3	0.1	.	-0.2	-2.1	4.4	2.8	0.19	1.04	109.77	.	.
Q4	.	.	.	.	.	.	0.20	1.00	104.22	.	.
2011 Aug.	0.2	-	-	0.4	4.3	2.7	0.19	1.05	110.43	-	-
Sep.	0.0	-	-	-3.3	4.1	2.7	0.19	1.04	105.75	-	-
Oct.	-0.2	-	-	0.0	4.5	2.8	0.19	1.04	105.06	-	-
Nov.	-0.5	-	-	-4.0	4.5	3.0	0.20	1.10	105.02	-	-
Dec.	.	-	-	.	.	.	0.20	1.00	102.55	-	-

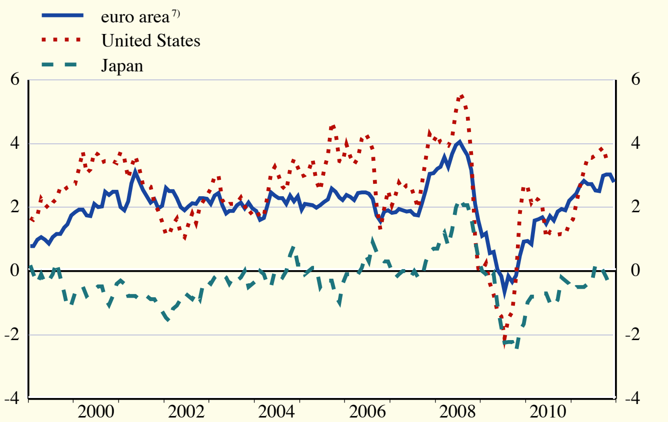
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



Sources: National data (columns 1, 2 (United States), 3, 4, 5 (United States), 6, 9 and 10); OECD (column 2 (Japan)); Eurostat (column 5 (Japan), euro area chart data); Thomson Reuters (columns 7 and 8); ECB calculations (column 11).

1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
2) Japanese data from March to August 2011 exclude the three prefectures most affected by the earthquake in that country. These are reinstated as of September 2011.
3) Period averages; M2 for the United States, M2+CDs for Japan.
4) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
5) For more information, see Section 8.2.
6) Gross consolidated general government debt (end of period).
7) Data refer to the changing composition of the euro area. For further information, see the General Notes.

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

where I_t is the index of adjusted outstanding amounts as at month t (see also below). Likewise, for the year ending in month t, the average growth rate is calculated as:

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

The interest rate on an indexed longer-term refinancing operation (LTRO) is equal to the average of the minimum bid rates on the main refinancing operations (MROs) over the life of that LTRO. According to this definition, if an LTRO is outstanding for D number of days and the minimum bid rates prevailing in MROs are $R_{1,\,MRO}$ (over D_1 days), $R_{2,\,MRO}$ (over D_2 days), etc., until $R_{i,\,MRO}$ (over D_i days), where $D_1+D_2+\ldots+D_i=D$, the applicable annualised rate (R_{LTRO}) is calculated as:

$$\text{c)}\quad R_{LTRO} = \frac{D_1 R_{1,MRO} + D_2 R_{2,MRO} + \ldots + D_i R_{i,MRO}}{D}$$

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

Monthly transactions are calculated from monthly differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

If L_t represents the outstanding amount at the end of month t, C_t^M the reclassification adjustment in month t, E_t^M the exchange rate adjustment and V_t^M the other revaluation adjustments, the transactions F_t^M in month t are defined as:

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

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

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

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:

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

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

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in 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:

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

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:

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA. The seasonal adjustment of total securities issues is carried out indirectly by means of a linear combination of sector and maturity component breakdowns.

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally

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:

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

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

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:

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

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

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the "Data services" sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 11 January 2012.

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 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

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).

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.

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.

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.

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.

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

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

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 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

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.

(Tables 1, 2 and 3 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

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[13] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[14]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided

10 OJ L 169, 8.7.2003, p. 37.
11 OJ L 310, 30.11.1996, p. 1.
12 OJ L 210, 11.8.2010, p. 1.
13 OJ L 172, 12.7.2000, p. 3.
14 OJ L 179, 9.7.2002, p. 1.

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)[15] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[16]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

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. 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.

15 OJ L 354, 30.11.2004, p. 34.
16 OJ L 159, 20.6.2007, p. 48.

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.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

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.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2009 can be found in the ECB's Annual Report for the respective years.

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.

4 AUGUST 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on several measures to address renewed tensions in some financial markets. In particular, it decides that the Eurosystem will conduct a liquidity-providing supplementary longer-term refinancing operation with a maturity of approximately six months as a fixed rate tender procedure with full allotment. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 17 January 2012, notably to continue its fixed rate tender procedures with full allotment.

8 SEPTEMBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively.

6 OCTOBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on the details of its refinancing operations from October 2011 to 10 July 2012, notably to conduct two longer-term refinancing operations – one with a maturity of approximately 12 months in October 2011, and another with a maturity of approximately 13 months in December 2011 – and to continue to apply fixed rate tender procedures with full allotment in all of its refinancing operations. In addition, the Governing Council decides to launch a new covered bond purchase programme in November 2011.

3 NOVEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 9 November 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 9 November 2011.

8 DECEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 14 December 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.75% and 0.25% respectively, both with effect from 14 December 2011. It also decides to adopt further non-standard measures, notably: (i) to conduct two longer-term refinancing operations with a maturity of approximately three years; (ii) to increase the availability of collateral; (iii) to reduce the reserve ratio to 1%; and (iv) to discontinue, for the time being, the fine-tuning operations carried out on the last day of each maintenance period.

12 JANUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

STATUTORY PUBLICATIONS

- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

- Legal Working Paper Series
- Occasional Paper Series
- Research Bulletin
- Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

- Enhancing monetary analysis
- Financial integration in Europe
- Financial Stability Review
- Statistics Pocket Book
- The European Central Bank: history, role and functions
- The international role of the euro
- The implementation of monetary policy in the euro area ("General Documentation")
- The monetary policy of the ECB
- The payment system

The ECB also publishes brochures and information materials on a variety of topics, such as the euro banknotes and coins, as well as seminar and conference proceedings.

For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB's forerunner from 1994 to 1998, please visit the ECB's website at http://www.ecb.europa.eu/pub/. Language codes indicate the languages in which each publication is available.

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GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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