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EUROPEAN CENTRAL BANK

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In 2012 all ECB publications feature a motif taken from the €50 banknote.

Address
Kaiserstrasse 29
60311 Frankfurt am Main
Germany

Postal address
Postfach 16 03 19
60066 Frankfurt am Main
Germany

Telephone
+49 69 1344 0

Website
http://www.ecb.europa.eu

Fax
+49 69 1344 6000

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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 6 September to keep the key ECB interest rates unchanged. Owing to high energy prices and increases in indirect taxes in some euro area countries, inflation rates are expected to remain above 2% throughout 2012, to fall below that level again in the course of next year and to remain in line with price stability over the policy-relevant horizon. Consistent with this picture, the underlying pace of monetary expansion remains subdued. Inflation expectations for the euro area economy continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. Economic growth in the euro area is expected to remain weak, with the ongoing tensions in financial markets and heightened uncertainty weighing on confidence and sentiment. A renewed intensification of financial market tensions would have the potential to affect the balance of risks for both growth and inflation.

Against this background, the Governing Council decided at its meeting on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area. As stated in August, the ECB needs to be in the position to safeguard the monetary policy transmission mechanism in all countries of the euro area. It aims to preserve the singleness of the ECB's monetary policy and to ensure the proper transmission of its monetary policy stance to the real economy throughout the area. OMTs will enable the ECB to address severe distortions in government bond markets which originate from, in particular, unfounded fears on the part of investors of the reversibility of the euro. Hence, under appropriate conditions, the ECB will have a fully effective backstop to avoid destructive scenarios with potentially severe challenges for price stability in the euro area. The Governing Council acts strictly within its mandate to maintain price stability over the medium term; it acts independently in determining monetary policy; and the euro is irreversible.

In order to restore confidence, policy-makers in the euro area need to push ahead with great determination with fiscal consolidation, structural reforms to enhance competitiveness and European institution-building. At the same time, governments must stand ready to activate the EFSF/ESM in the bond market when exceptional financial market circumstances and risks to financial stability exist – with strict and effective conditionality in line with the established guidelines. The adherence of governments to their commitments and the fulfilment by the EFSF/ESM of their role are necessary conditions for the outright transactions to be conducted and to be effective.[1] Furthermore, the Governing Council took decisions with a view to ensuring the availability of adequate collateral in Eurosystem refinancing operations.[2]

As regards the economic analysis, recently published statistics indicate that euro area real GDP contracted by 0.2%, quarter on quarter, in the second quarter of 2012, following zero growth in the previous quarter. Economic indicators point to continued weak economic activity in the remainder of 2012, in an environment of heightened uncertainty. Looking beyond the short term, the Governing Council expects the euro area economy to recover only very gradually. The growth momentum is expected to remain dampened by the necessary process of balance sheet adjustment in the financial and non-financial sectors, the existence of high unemployment and an uneven global recovery.

The September 2012 ECB staff macroeconomic projections for the euro area foresee annual real GDP growth in a range between -0.6% and -0.2% for 2012 and between -0.4% and 1.4% for 2013. Compared with the June 2012 Eurosystem staff macroeconomic projections, the ranges for 2012 and 2013 have been revised downwards.

1 For further details, see the press release of 6 September 2012 entitled "Technical features of Outright Monetary Transactions".
2 For further details, see the press release of 6 September 2012 entitled "Measures to preserve collateral availability".

The risks surrounding the economic outlook for the euro area are assessed to be on the downside. They relate, in particular, to the tensions in several euro area financial markets and their potential spillover to the euro area real economy. These risks should be contained by effective action by all euro area policy-makers.

Euro area annual HICP inflation was 2.6% in August 2012, according to Eurostat's flash estimate, compared with 2.4% in the previous month. This increase is mainly due to renewed increases in euro-denominated energy prices. On the basis of current futures prices for oil, inflation rates could turn out somewhat higher than expected a few months ago, but they should decline to below 2% again in the course of next year. Over the policy-relevant horizon, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain moderate.

The September 2012 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 2.4% and 2.6% for 2012 and between 1.3% and 2.5% for 2013. These projection ranges are somewhat higher than those contained in the June 2012 Eurosystem staff macroeconomic projections.

Risks to the outlook for price developments continue to be broadly balanced over the medium term. Upside risks pertain to further increases in indirect taxes owing to the need for fiscal consolidation. The main downside risks relate to the impact of weaker than expected growth in the euro area, particularly resulting from a further intensification of financial market tensions, and its effects on the domestic components of inflation. If not contained by effective action by all euro area policy-makers, such intensification has the potential to affect the balance of risks on the downside.

Turning to the monetary analysis, the underlying pace of monetary expansion remained subdued. The annual growth rate of M3 increased to 3.8% in July 2012, up from 3.2% in June. The rise in M3 growth was mainly attributable to a higher preference for liquidity, as reflected in the further increase in the annual growth rate of the narrow monetary aggregate M1 to 4.5% in July, from 3.5% in June.

The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) remained weak at 0.5% in July (after 0.3% in June). Annual growth in MFI loans to both non-financial corporations and households remained subdued, at -0.2% and 1.1% respectively (both adjusted for loan sales and securitisation). To a large extent, subdued loan growth reflects a weak outlook for GDP, heightened risk aversion and the ongoing adjustment in the balance sheets of households and enterprises, all of which weigh on credit demand. Furthermore, in a number of euro area countries, the segmentation of financial markets and capital constraints for banks continue to weigh on credit supply.

Looking ahead, it is essential for banks to continue to strengthen their resilience where this is needed. The soundness of banks' balance sheets will be a key factor in facilitating both an appropriate provision of credit to the economy and the normalisation of all funding channels.

To sum up, the economic analysis indicates that price developments should remain in line with price stability over the medium term. A cross-check with the signals from the monetary analysis confirms this picture.

Although good progress is being made, the need for structural and fiscal adjustment remains significant in many European countries. On the structural side, further swift and decisive product and labour market reforms are required across the euro area to improve competitiveness, increase adjustment capacities and achieve higher sustainable growth rates. These structural reforms will also complement and support fiscal consolidation and debt sustainability. On the fiscal front, it is crucial that governments undertake all measures necessary to achieve their targets for the current and coming years. In this respect, the expected rapid implementation of the fiscal compact should be a main element to help strengthen confidence in the soundness of public finances. Finally, pushing ahead with European institution-building with great determination is essential.

Box 1

MONETARY POLICY MEASURES DECIDED BY THE GOVERNING COUNCIL ON 6 SEPTEMBER 2012

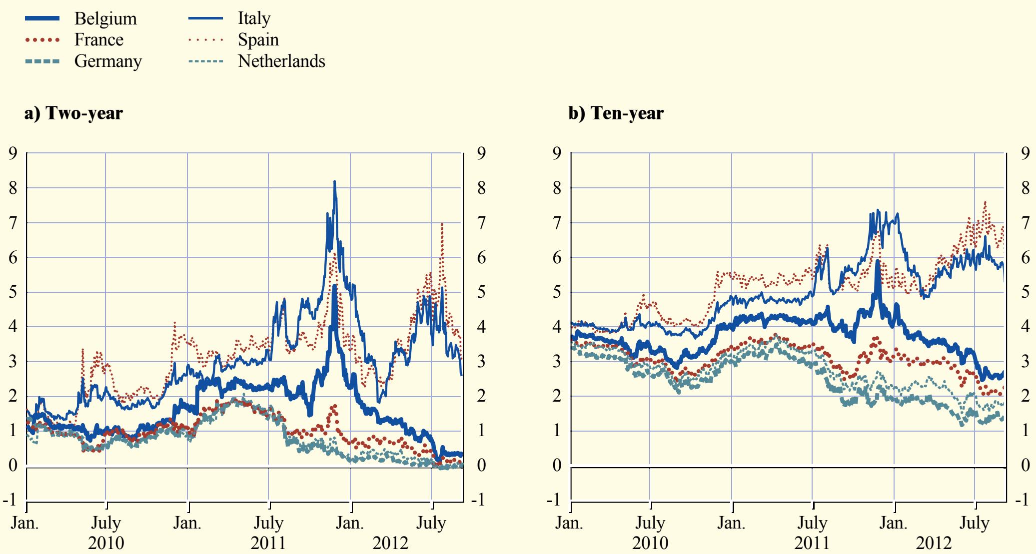
On 6 September 2012, the Governing Council decided on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area. OMTs aim at safeguarding the transmission mechanism in all euro area countries and the singleness of the monetary policy. OMTs will enable the Eurosystem to address severe distortions in government bond markets which originate, in particular, from unfounded fears on the part of investors of the reversibility of the euro, as reflected, inter alia, in widening differences in the pricing of short-term sovereign debt up to July 2012 (see Chart A). In such an environment, OMTs will provide a fully effective backstop to avoid destructive scenarios with potentially severe challenges for price stability in the euro area.

The need to safeguard the transmission of monetary policy in the euro area

Government bond markets play a key role at various stages of the transmission mechanism of monetary policy. They are very relevant in determining the financing conditions of banks. First, once fears of adverse developments affecting the sovereign become entrenched, this leads to a spreading of negative expectations with regard to the conditions of banks and

Chart A Two and ten-year government bond yields for selected euro area countries

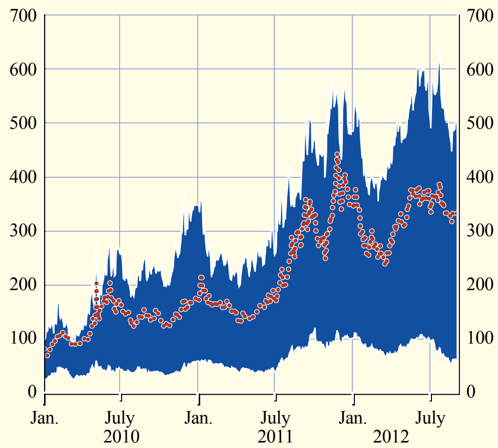
(percentages per annum)



Source: Thomson Reuters.
Note: The latest observation is for 6 September 2012.

Chart B Range of euro area sovereign CDS and banks' CDS

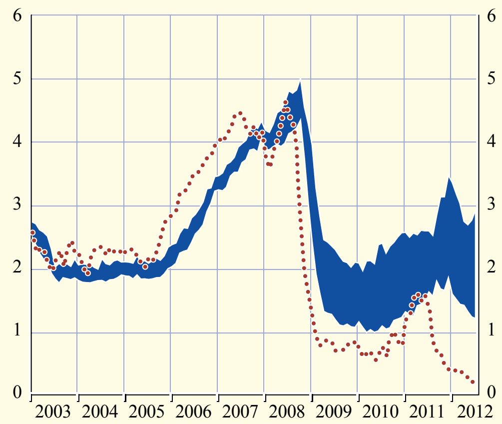
(basis points)



Sources: Thomson Reuters, Bloomberg and ECB calculations.
Notes: Five-year CDS. The range for the euro area displays the minimum and maximum value of sovereign CDS for France, Germany, Italy and Spain. The latest observation is for 4 September 2012.

Chart C MFI rates on deposits with an agreed maturity of up to one year held by households

(percentages per annum)



Source: ECB calculations.
Notes: The range is defined by the 20th and 80th percentile of the remuneration of deposits. The range covers three-fifths of the interest rate observations for euro area countries. At the same time, it excludes respectively one-fifth of the observations above and below the lines. The latest observation is for July 2012.

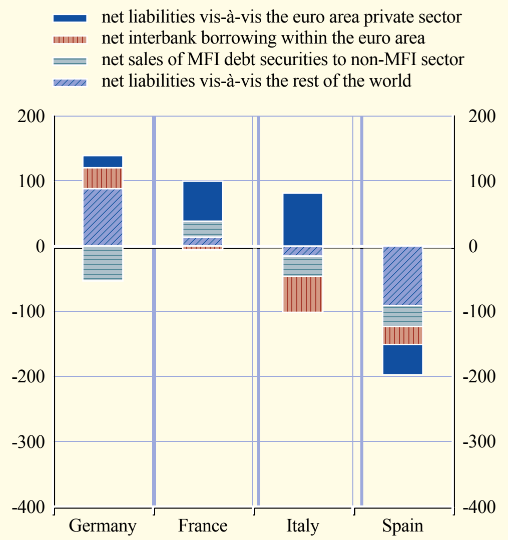
borrowers. Second, in setting the remuneration on their deposits and the return on bonds issued in the market, banks "compete" at the retail level with high yields on bonds and Treasury bills issued by the government. This contributes to increasing banks' funding costs. Third, secured lending among banks in the interbank market is usually conducted using sovereign debt as collateral. Tensions in sovereign debt markets therefore reduce the collateral base of banks and thus their access to liquidity. Fourth, a decline in the valuation of the portfolio of government bonds leads to a deterioration in the balance sheet of banks.

As a result of the tensions in the sovereign bond market, the ability of banks to provide credit is seriously hampered, with adverse consequences for the real economy. Consequently, banks' asset quality is likely to deteriorate further. These tensions are visible in the increase of the CDS of euro area banks, as well as in the ongoing gradual loss of access to funding by banks in some euro area countries. Since spring 2010, developments in the CDS for euro area banks have been closely associated with developments in the upper range of sovereign CDS for the largest euro area countries (see Chart B).

The overall consequences are severe in terms of financing costs and quantities. The cost of banks' funding, for example through deposits, has shown increasingly divergent patterns up to July 2012 (see Chart C). It has increased significantly in countries subject to difficult funding conditions, while it has declined markedly in those countries exhibiting a funding surplus. With regard to access to funding, Chart D shows that MFIs resident in Spain and, to a lesser extent, Italy have exhibited high funding needs from December 2011 to July 2012. These have resulted from a reduction in net funding coming from interbank borrowing within the euro area (excluding the Eurosystem) and non-resident sources, as well as net redemptions of debt securities held

Chart D MFIs' net liabilities vis-à-vis euro area residents and the rest of the world in selected countries

(cumulated flows between December 2011 and July 2012; in EUR billions)



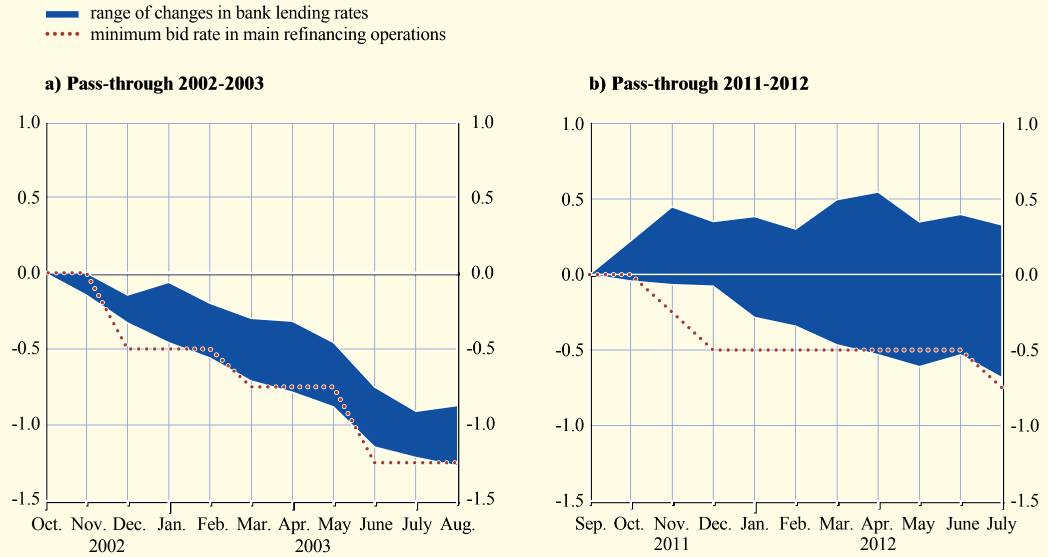
Source: ECB.
Notes: MFI reporting sector excluding the Eurosystem. Net interbank borrowing within the euro area excludes loans and deposits with the Eurosystem.

by the non-MFI sector. By contrast, the funding situation of MFIs in Germany and, to a lesser extent, in France is entirely different. The implications for the conduct of banking business from the reduction in retail and wholesale funding have been partly alleviated by the provision of Eurosystem liquidity, in particular through the two three-year refinancing operations.

The divergence in bank funding conditions is a key factor, in addition to country-specific economic conditions, in explaining the differences in MFI bank lending rates offered to non-financial corporations and households across euro area countries. This leads to a weakening of the pass-through of monetary policy in some euro area countries. Chart E (left-hand panel) shows that the short-term bank lending rates to non-financial corporations across euro area countries responded rapidly and, most importantly, homogeneously to the 125 basis point ECB policy rate cuts

Chart E Cumulated changes in an ECB policy rate and bank lending rates for short-term MFI loans to non-financial corporations across euro area countries

(changes in percentage points)



Source: ECB estimations.
Notes: The range defined by the 20th to 80th percentile lines identifies the development of short-term bank lending rates covering three-fifths of the interest rate observations of euro area countries. At the same time, this excludes respectively one-fifth of the observations above and below the lines. The latest observation is for July 2012.

implemented between November 2002 and August 2003. By contrast, following the 75 basis point cuts implemented between October 2011 and July 2012, bank lending rates across euro area countries have not responded in a systematic fashion. In fact, as shown in Chart E (right-hand panel), the lower bound of the range of changes in bank lending rates for short-term MFI loans to non-financial corporations declined, as would be expected, while the upper bound increased, despite lower ECB policy rates. This suggests that the stance of monetary policy is not being transmitted appropriately. The key element underpinning OMTs is the better alignment of funding conditions of the real economy with the key ECB interest rates.

Modalities of OMTs

A number of key operational modalities and conditions have been decided in order to ensure the effectiveness of OMTs.[1]

A necessary condition for OMTs is strict and effective conditionality attached to an appropriate European Financial Stability Facility/European Stability Mechanism (EFSF/ESM) programme. Such programmes can take the form of a full EFSF/ESM macroeconomic adjustment programme or a precautionary programme (Enhanced Conditions Credit Line), provided that they include the possibility of EFSF/ESM primary market purchases. The involvement of the IMF shall also be sought for the design of the country-specific conditionality and the monitoring of such a programme.

The Governing Council will consider OMTs to the extent that they are warranted from a monetary policy perspective, as long as programme conditionality is fully respected, and will terminate them once their objectives are achieved or when there is non-compliance with the macroeconomic adjustment or precautionary programme. Following a thorough assessment, the Governing Council will decide on the start, continuation and suspension of OMTs in full discretion and acting in accordance with its monetary policy mandate.

OMTs will be considered for future cases of EFSF/ESM macroeconomic adjustment programmes or precautionary programmes as specified above. They may also be considered for Member States currently under a macroeconomic adjustment programme when they will be regaining bond market access.

OMTs will be focused on the shorter part of the yield curve, with maturities of between one and three years. Importantly, as indicated by Chart A, short-term government bond yields appear to be more severely affected once tensions escalate. Moreover, movements in the short end of the yield curve are expected to spillover to longer maturities. The shorter maturities are also close to the current focus of monetary policy and are more closely related to the reference rate for short-term bank lending rates.

The short-term nature of securities purchased should help to ease the enforcement of conditionality and limit the persistent expansion of the Eurosystem balance sheet. This is an important aspect in maintaining fiscal discipline and addressing moral hazard.

1 For the technical features of OMTs, see http://www.ecb.europa.eu/press/pr/date/2012/html/pr120906_1.en.html

To comply with the monetary financing prohibition (Article 123 of the Treaty on the Functioning of the European Union), purchases will be conducted in the secondary market only. The application of strict conditionality will ensure fiscal discipline in countries eligible for OMTs. In deciding on these transactions, the ECB acts with the aim of countering risks to price stability over the medium term emerging from destructive tail scenarios with potentially severe challenges for price stability in the euro area. Therefore, OMTs are fully in line with the primary mandate of the ECB. In addition, all decisions on OMTs are taken by the Governing Council in full independence.

To further support the effectiveness of OMTs, the Eurosystem will clarify in the relevant legal act that it accepts the same (pari passu) treatment as private or other creditors with respect to bonds issued by euro area countries and purchased by the Eurosystem through OMTs, in accordance with the terms of such bonds. Furthermore, the liquidity created through OMTs will be fully sterilised.

Additional non-standard measures adopted to preserve the availability of adequate collateral

With the view to preserving the availability of adequate collateral in Eurosystem refinancing operations, the Governing Council also decided to suspend the application of the minimum credit rating threshold in the collateral eligibility requirements for the purposes of the Eurosystem's credit operations for the following assets: marketable debt instruments issued or guaranteed by the central government, and credit claims granted to or guaranteed by the central government, of countries that are eligible for OMTs or are under an EU-IMF programme and comply with the attached conditionality as assessed by the Governing Council.[2] In addition, marketable debt instruments denominated in the US dollar, the pound sterling and the Japanese yen, and issued and held in the euro area, will be accepted as eligible collateral in Eurosystem credit operations until further notice. This measure reintroduces a similar decision that was applicable between October 2008 and December 2010.

2 For further details on these measures, see http://www.ecb.europa.eu/press/pr/date/2012/html/pr120906_2.en.html

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

1.1 DEVELOPMENTS IN THE WORLD ECONOMY

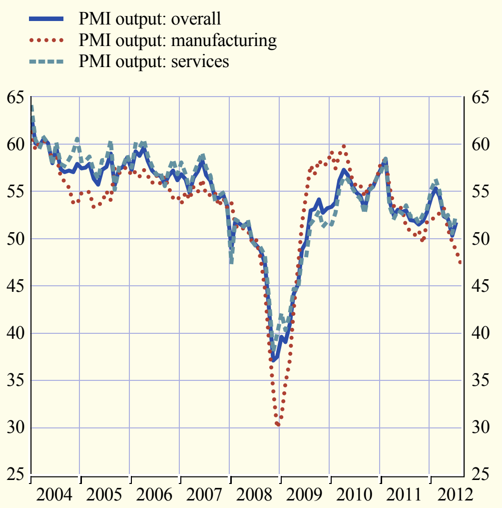
The recovery of the world economy is proceeding gradually, despite experiencing a rather synchronised moderation in growth momentum in the second quarter of 2012. The latest survey data have been showing some signs of stabilisation over the course of the third quarter, albeit at low levels. Economic activity is expected to gradually strengthen as of the fourth quarter. In emerging economies, growth has slowed, while remaining solid in comparison with advanced economies. Inflation in both advanced and emerging economies has continued to ease in recent months.

The recovery of the world economy is proceeding gradually, despite experiencing a rather synchronised moderation in growth momentum in the second quarter of 2012. In the OECD area, quarterly GDP growth was 0.2% in the second quarter of 2012, down from 0.5% in the previous quarter. Weaknesses in the labour and housing markets in some major advanced economies, notwithstanding signs of incipient improvements, coupled with the need for further repairs of both public and private sector balance sheets are expected to continue to restrain the pace of growth in advanced economies over the medium term. While the process of balance sheet repair has been making headway, the debt levels of households remain elevated in a number of major advanced economies. In emerging economies, growth has slowed mostly on account of past policy tightening and weaker external demand. However, growth in emerging economies is expected to remain solid.

The latest survey data, while suggesting subdued global growth dynamics, show some signs of stabilisation at low levels in the third quarter, particularly outside Europe. The global Purchasing Managers' Index (PMI) for all-industry output increased to 51.7 in July, from 50.3 in June. The improvement in business conditions was driven by the services sector, which more than offset the decline in the manufacturing sector. However, the latest global PMI for manufacturing output for August decreased further below the expansion/contraction threshold of 50. Overall, this low level

Chart 1 Global PMI output

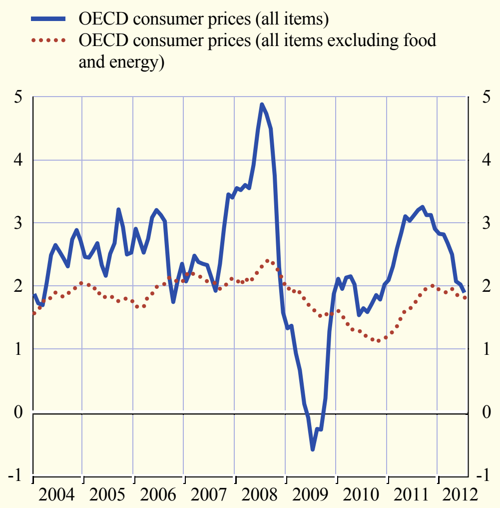
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

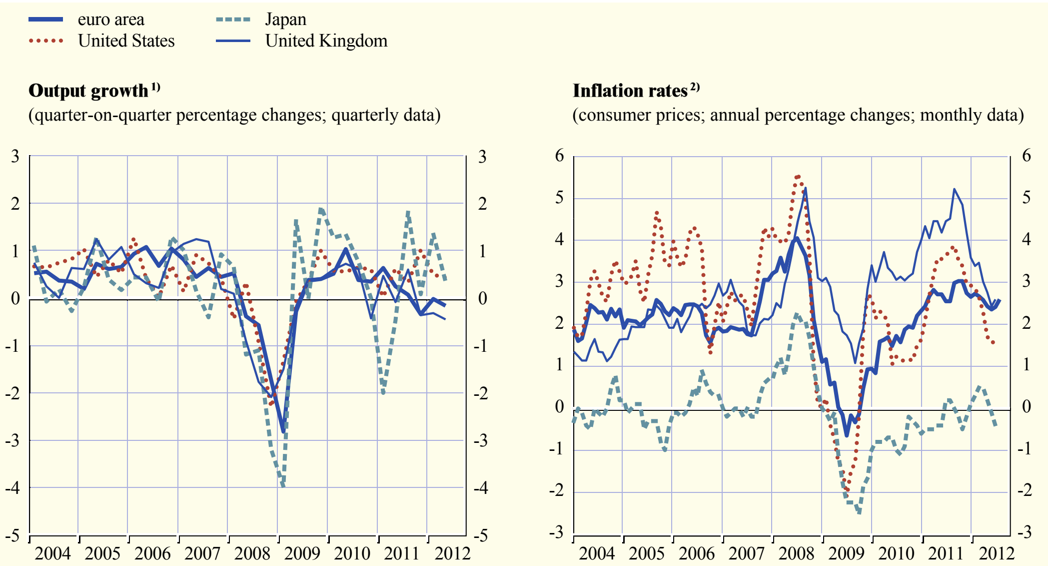
Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

Chart 3 Main developments in major industrialised economies



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

of global business sentiment is consistent with rather weak activity in the third quarter of 2012. The more forward-looking PMI for overall new orders, while remaining just above the neutral 50 mark in recent months, is consistent with subdued growth in the near term.

The slowdown in world trade growth was more pronounced in the second quarter. According to data from the CPB Netherlands Bureau for Economic Policy Analysis, world trade in goods increased by 0.3% compared with the previous quarter, after 0.8% in the first quarter. While the slowdown was fairly broad-based, the decline in import growth was most pronounced in Europe and parts of emerging Asia. At the current juncture, short-term survey indicators point towards a weaker environment than suggested by the available hard data. The global PMI for new export orders has continued to decline in recent months, remaining below the neutral 50 mark.

Global inflation has continued to ease in recent months in response to receding commodity prices in the first half of the year. Inflation in the OECD countries declined to 1.9% in the year to July, mainly reflecting lower annual growth in energy and food prices. Inflation excluding food and energy has held steady at 1.8% in July.

UNITED STATES

In the United States, economic growth slowed in the second quarter of 2012. According to the second estimate by the Bureau of Economic Analysis, real GDP increased at an annualised rate of 1.7% (0.4% quarter on quarter) in the second quarter of 2012, down from 2.0% in the previous quarter. In the second estimate, second quarter GDP growth was revised upwards by 0.2 percentage points. The upward revision in growth was mainly due to a substantial downward revision in imports and upward revisions in personal consumption expenditure, exports and government expenditure. These were partly offset by downward revisions in fixed investment and private inventories. Compared with the first quarter, the slowdown was primarily due to lower consumption and fixed investment growth, while government spending continued to decline. Real disposable personal income increased by 3.1% in the second quarter, thereby raising the personal saving rate to 4.0%, from 3.6% in the first quarter.

Looking ahead, the recovery is projected to continue at a moderate pace supported by a gradual upturn in domestic demand. In particular, the housing market, albeit still fragile, shows encouraging signs of stabilisation and is gradually picking up. House prices, home sales and housing starts continue to improve, suggesting that residential investment should continue to support growth in the second half of 2012. Although employment growth was better than expected in July, this followed a disappointing reading in the second quarter of 2012, while the unemployment rate edged up slightly to 8.3%. Also reversing the weak trend seen in the previous three months, retail sales in July were strong and consumer confidence improved somewhat. At the same time, the continued weakness of the labour market, deleveraging pressures and considerable uncertainties regarding the future path of fiscal policy after the November elections are likely to keep consumption growth subdued (see also Box 2). Reflecting sluggish global demand and weak sentiment among US manufacturing companies, export growth is also likely to remain subdued in the near term.

In July annual CPI inflation declined to 1.4%, the lowest rate since November 2010, from 1.7% in both May and June. CPI inflation continues to be held down by declining energy prices, which fell by 5.0% year on year in July. Food price increases continued to ease further to 2.3%, from a peak of 4.7% in December 2011. Excluding these components, core inflation also declined further to 2.1%, from 2.2% in June. The decline in core inflation was broad-based across components except for medical care commodities and services which remain persistently higher than both overall and core inflation. Looking ahead, inflation is expected to remain quite stable. This is due to benign base effects and lower energy prices being partly offset by food price increases, while underlying inflationary pressures are expected to remain low amid considerable economic slack.

On 1 August 2012 the Federal Open Market Committee (FOMC) stated that economic activity had decelerated somewhat over the first half of 2012 and acknowledged that growth in employment had been slow in recent months. The FOMC decided to keep the target range for the federal funds rate at 0% to 0.25% and anticipated that economic conditions were likely to warrant exceptionally low levels for the federal funds rate at least until late 2014.

Box 2

ECONOMIC IMPLICATIONS OF THE FISCAL RESTRAINT IN THE UNITED STATES IN 2013

Based on current legislation, the US economy is poised to experience a substantial fiscal tightening at the start of 2013, commonly referred to as the "fiscal cliff". This is due to the simultaneous expiration of a number of previously enacted tax cuts and emergency unemployment benefits, together with automatic reductions in public spending. This box reviews the nature of the measures behind the scheduled fiscal tightening, before presenting model-based estimates of their likely impact on the US economy.

Table A US fiscal restraint in 2013 ("fiscal cliff")

	USD billions	Percentage of GDP
From tax policies	**532**	**3.3**
Expiration of "Bush tax cuts" (Dec. 2012) 1)	295	1.8
Expiration of the payroll tax cut (Dec. 2012)	127	0.8
Other expiring provisions (Dec. 2012) 2)	87	0.5
Some tax provisions under the Affordable Care Act (Jan. 2013) 3)	24	0.1
From expenditure policies	**136**	**0.8**
Provisions of the Budget Control Act – "sequester" (Jan. 2013)	87	0.5
Expiration of the emergency unemployment benefits (Dec. 2012)	35	0.2
Reduction in Medicare's payment rates for physicians (Jan. 2013)	15	0.1
TOTAL	**668**	**4.1**

Sources: CBO and ECB staff.
Note: The CBO estimates, which are reported for the 2013 fiscal year (Oct. 2012 – Sep. 2013), have been adjusted to correspond to the 2013 calendar year.
1) Includes the expiration of certain income tax provisions originally enacted in 2001, 2003 and 2009 and of indexing for the alternative minimum tax (AMT) for inflation.
2) Largely relates to the scheduled expiration of the accelerated depreciation allowance for fixed investment property.
3) Including increased tax rates on earnings and investment income for high-income taxpayers.

Details of the US "fiscal cliff"

Under current law, the US federal budget deficit is expected to decline substantially between 2012 and 2013 owing to the scheduled increase in taxes and, to a lesser extent, reductions in spending (see Table A). Calculations based on Congressional Budget Office (CBO) estimates suggest that the size of the fiscal cliff is above USD 650 billion for the 2013 calendar year, representing around 4% of GDP. Around 80% of the tightening is scheduled to take effect via changes in tax policies, with the most notable being: (i) expiring provisions which lower individual income tax rates and expand credits and deductions, originally enacted in 2001 and 2003 (so-called "Bush tax cuts") and in 2009; (ii) expiration of the 2 percentage point payroll tax cut originally introduced in January 2011; (iii) expiration of the accelerated depreciation allowance for fixed investment property (such as machinery), the major item within the category "Other expiring provisions" shown in Table A. On the expenditure side, major items are the automatic enforcement of spending cuts under the Budget Control Act (so-called "sequester") and expiring emergency unemployment benefits.

The extent to which the legislated provisions of the fiscal cliff are likely to materialise is subject to a high degree of uncertainty and remains conditional on the outcome of the US elections in November 2012, given that most of the decisions regarding possible extensions are postponed until then. One possible outcome appears to be a scenario in which some of the provisions are allowed to expire, while others are extended.

Estimating the impact of the fiscal cliff

Estimating the economic impact of fiscal contractions is made more difficult by the uncertainty surrounding the size of fiscal multipliers. The impact of the fiscal cliff on the real economy is assessed using NiGEM.[1] In the model, a range of fiscal multipliers operate, relating to income and corporate taxes, as well as to government transfer payments and government consumption. Given the uncertainty as regards the final outcome, the estimates of the economic impact of the

1 NiGEM stands for National Institute Global Econometric Model, a model maintained by the National Institute of Economic and Social Research (http://nimodel.niesr.ac.uk/).

Table B Impact of US fiscal cliff on economic activity

(deviation of US real GDP from baseline levels in percentage points)

	2013	2014
Fiscal cliff	-1.3	-1.8
Fiscal cliff excluding “sequester”	-0.7	-1.3
Fiscal cliff excluding “sequester” and extending “Bush tax cuts”	-0.3	-0.6

Source: ECB staff.

“full” fiscal cliff are complemented by two additional scenarios. Under the first scenario, the so-called “sequester” is avoided and possibly replaced with less abrupt deficit reduction measures, meaning that almost all of the fiscal tightening occurs via changes in tax policy measures. Under the second scenario, in addition to avoiding the “sequester”, the “Bush tax cuts” are extended, while all other provisions are allowed to expire as scheduled. The results are reported in Table B. In 2013 the entire fiscal cliff is estimated to lower US real GDP by 1.3 percentage points, while in 2014 US GDP is estimated to remain 1.8 percentage points below its baseline level. The magnitude of this impact reflects the fact that the largest portion of the fiscal cliff relates to income tax measures, which carry a rather low fiscal multiplier of about 0.3.[2] At the same time, only about 12% of the fiscal cliff relates to government spending measures (the “sequester” in Table A), which is given a significantly larger multiplier of about 1.0.

For 2013, however, a greater downward impact could be expected since, according to the CBO, an additional drag of almost 1% of GDP will occur in that year, mostly related to revenues (hence carrying a low multiplier), which is “not linked to specific policies” and has not been included in the simulations as the size of these measures could not be quantified for 2014, given the lack of details provided. Under the scenario in which the “sequester” is avoided, the impact on GDP is reduced by almost one-half in 2013 compared with the full fiscal cliff scenario, while under the second scenario, where the “Bush tax cuts” are extended in addition, the fiscal drag is estimated to reduce GDP by 0.3 and 0.6 percentage points in 2013 and 2014, respectively.

Overall, the results based on NiGEM for 2013 are somewhat below externally available estimates. For example, in its 2012 Spillover Report, the IMF estimates US output losses in 2013 stemming from the fiscal cliff to lie in a range between 2.0 and 4.8 percentage points, although the upper range of these estimates also incorporates adverse confidence effects adding to the fiscal restraint. The CBO has estimated that the fiscal cliff could reduce US output in the fourth quarter of 2013 by 3.9 percentage points relative to a baseline with no fiscal restraint, with a wide range around that point estimate (from 0.9 to 6.8 percentage points), which underscores the uncertainties regarding the size of fiscal multipliers.[3] Adding to the uncertainty of estimates, the size of the impact is likely to depend also on the speed with which households react to a potential increase in taxes, and on whether they will perceive the change in policies as transitory or permanent. Moreover, the results shown in Table B might be subject to downside risk as they do not take into account possible adverse confidence effects that may arise if businesses and consumers start to perceive the risk of an abrupt fiscal withdrawal and restrain their spending plans. In conclusion, as the discussion above implies, the size of the impact depends significantly

2 The fiscal multiplier on US income taxes is 0.3 in NiGEM, which is broadly in line with the multipliers implied by models used at the OECD and the European Commission. See *National Institute Economic Review*, No 213, July 2010.

3 For details on alternative estimates, see Chapter 3 of IMF, *2012 Spillover Report*, July 2012 and CBO, *Economic Effects of Reducing the Fiscal Restraint that is Scheduled to Occur in 2013*, May 2012.

on whether it is mainly tax or spending measures that drive the fiscal cliff, given the large differences in the associated multipliers.

Conclusions and risks

Under current legislation in the United States, a fiscal tightening of about 4.1% of GDP can be expected in 2013. The likelihood of the entire fiscal cliff materialising, however, is relatively small, given that, barring a political gridlock in the upcoming elections, a number of measures are likely to be extended, at least in the short term, in line with the various political proposals that have been put forward. At the same time, given the large magnitude of the fiscal cliff, there is a risk to the US economic growth outlook. A model-based assessment finds that the impact on the US economy is large, but remains substantially below the 4.1% magnitude of the fiscal shock, owing to the fact that the largest portion of the fiscal cliff relates to income tax measures, which tend to have rather low fiscal multipliers.

JAPAN

In Japan, according to the first preliminary release, real GDP growth decelerated to 0.3% quarter on quarter in the second quarter of the year, while growth in the first quarter was revised upwards, from 1.2% to 1.3%. In the second quarter of 2012 private consumption stagnated (up by 0.1% quarter on quarter) after its buoyant performance in the previous three quarters, when it expanded cumulatively by 3.0%. The recent weakness in consumption is mainly related to the vanishing effects of subsidies on eco-friendly durable goods purchases, expiring over the summer. The deceleration of economic activity in the second quarter is also related to a sizeable slowdown in foreign demand, resulting in weaker exports to both emerging Asia and the EU. The latest high-frequency data confirm the weak exports momentum and the resilience of imports: in July the trade balance remained negative, at JPY -325 billion in seasonally adjusted terms. Industrial production contracted by 1.2% in July, following two months of stagnation. Looking ahead, a moderation in economic activity is expected, with significant downside risks mainly coming from a further slowdown in foreign demand.

Annual CPI inflation decreased to -0.4% in July from -0.2% in June, while CPI inflation excluding energy and unprocessed food remained unchanged at -0.6%. Looking ahead, the loss of growth momentum and a partial deterioration in inflation expectations should contribute to maintaining downward pressure on the price level. At its latest meeting on 9 August, the Bank of Japan decided to maintain its target for the uncollateralised overnight call rate at around 0% to 0.1%.

UNITED KINGDOM

In the United Kingdom, the second estimate of real GDP growth shows that activity declined by 0.5% quarter on quarter in the second quarter of 2012, with private consumption, gross fixed capital formation and net trade contributing negatively. The latest high-frequency data largely confirm the underlying weak growth momentum in the economy at the beginning of the third quarter. Survey indicators in the manufacturing sector were weak in July and August, and remain at a level consistent with a contraction in activity. In the services sector, although confidence has declined somewhat, survey indicators still point to an expansion in activity. Consumer confidence has remained weak, although the labour market situation has shown signs of improvement, with the unemployment rate declining to 8.0% and employment growing by 0.7% in the second quarter. Looking ahead, the economic recovery is likely to gather pace only very gradually, with significant downside risks, as domestic demand is expected to remain constrained by tight credit conditions, ongoing household balance sheet adjustment and substantial fiscal tightening.

Annual CPI inflation increased to 2.6% in July from 2.4% in June, while CPI inflation excluding energy and unprocessed food increased to 2.4% from 2.3%. The acceleration in inflation was mainly due to temporary factors, such as seasonal effects on clothing prices. Looking ahead, the existence of spare capacity and the sluggish recovery in economic activity should contribute to a dampening of inflationary pressures. At its meeting on 2 August, the Bank of England's Monetary Policy Committee maintained the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion.

OTHER EU COUNTRIES

In most other non-euro area EU countries, growth is expected to remain relatively subdued in the near term. However, significant differences in the economic outlook across countries are likely to persist.

In Sweden and Denmark, GDP growth dynamics have been diverse recently, but growth is expected to be relatively subdued in both countries in the near term. In Denmark, real GDP declined by 0.5% quarter on quarter in the second quarter of 2012, while in Sweden real GDP increased by 1.4% quarter on quarter. However, in both countries, weaker export demand is likely to weigh on growth in the near term. In July 2012 HICP inflation stood at 2.1% in Denmark and 0.7% in Sweden.

In the largest central and eastern European (CEE) countries, cross-country differences in real GDP growth have been large recently. In the second quarter of 2012 real GDP declined in the Czech Republic and Hungary (by 0.2% quarter on quarter in both countries) and increased by 0.5% in Romania and by 0.4% in Poland. Overall, the recovery in the largest CEE countries is likely to be gradual in the near term owing to sluggish foreign demand, weak labour markets and ongoing fiscal consolidation.

On average, inflation has remained relatively high in the largest CEE countries. Annual HICP inflation has continued to ease off in the Czech Republic (to 3.3% in July), stayed relatively stable in Hungary and Poland (at 5.7% and 4.0% in July, respectively) and accelerated in Romania (to 3.1% in July). Generally, inflationary pressures, albeit being dampened by weak cyclical positions in most of the largest CEE countries, remained elevated owing to the weakening of some of the currencies as well as increases in food prices, indirect taxes and administered prices.

In the smaller CEE countries, the economic recovery has continued, but risks still remain relating to the external environment. Real GDP growth stayed relatively stable in the second quarter of 2012 in Bulgaria, Latvia and Lithuania. Survey-based indicators have also remained steady in recent months, but unemployment has remained high in all three countries. Inflation has continued to decline in Latvia (to 1.9% in July), but has accelerated in Bulgaria and Lithuania (to 2.4% and 2.9% in July, respectively).

OTHER EUROPEAN COUNTRIES

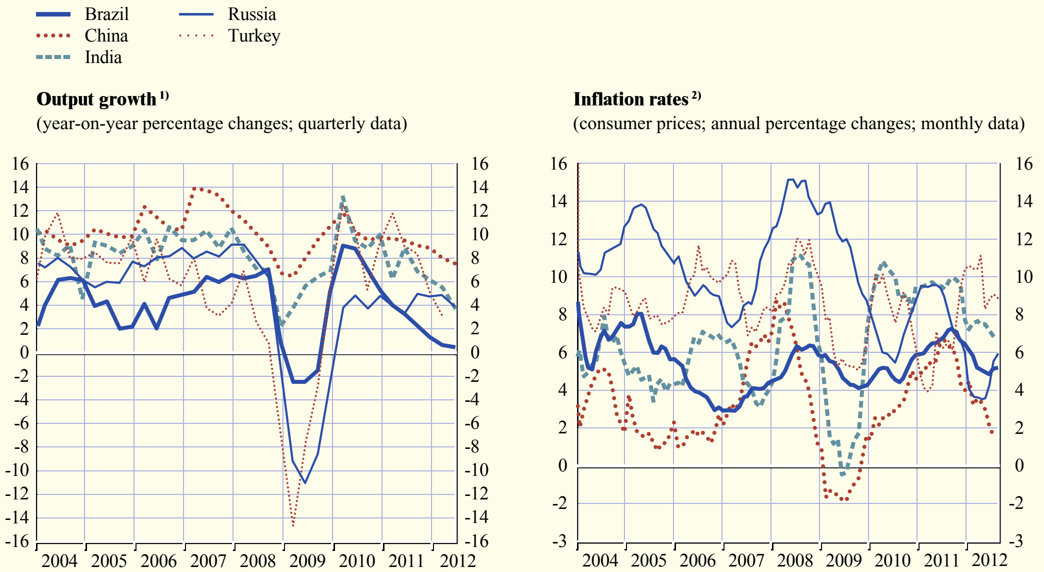
The slowdown of the Turkish economy continued in the first quarter of 2012, with real GDP growth reaching 3.2% year on year. This follows growth rates of 8.4% and 5.2% in the third and fourth quarter of 2011, respectively. The contribution of net exports to growth remained positive and even increased moderately, thus confirming a continued rebalancing of the economy. Inflation declined slightly to 8.9% year on year in August 2012 from 9.1% in July, largely owing to base effects. The central bank kept the key policy rate unchanged in its July and August meetings, but recently allowed the effective funding rate to decline within the interest rate corridor. Looking ahead, economic developments are likely to stay subdued owing to tight external financial conditions and sluggish foreign demand.

In Russia, real GDP expanded by 4.0% year on year in the second quarter of 2012, according to the flash estimate of the statistical office. This represents a slowdown from the year-on-year growth of 4.9% in the first quarter. In the first quarter growth continued to be driven by domestic demand, while net exports made a negative contribution. Industrial production expanded significantly in the first few months of 2012, but moderated thereafter, posting a year-on-year increase of 3.4% in July. In line with the hike in administrative prices in July, postponed from January, and along with a rise in food price inflation, consumer price inflation accelerated to 5.9% in August. The Bank of Russia has so far left its monetary policy rates unchanged this year, but took further steps towards increasing exchange rate flexibility in July. Looking ahead, as long as commodity prices hold up well, the economy is expected to expand at similar rates to those of recent years.

EMERGING ASIA

In emerging Asia, economic activity continued to moderate in the second quarter of 2012. The weak external environment, in particular Europe and Japan, and the lagged effects of a tightening of domestic monetary policies contributed to the slowdown. Nonetheless, domestic demand in many countries remained resilient, partly offsetting the adverse impact from the global headwinds. Annual inflation rates decelerated further in the second quarter owing to the moderation in economic activity and the stabilisation of global commodity prices. In the light of decreasing

Chart 4 Main developments in major emerging economies



Sources: Instituto Brasileiro de Geografia e Estatística, National Bureau of Statistics of China, Ministry of Commerce and Industry, Central Statistical Organisation, Federal State Statistics Service and Turkish Statistical Institute.
1) Seasonally adjusted data for Brazil and China. Non-seasonally adjusted data for India, Russia and Turkey. The latest observation is for the first quarter of 2012 for Turkey, and the second quarter of 2012 otherwise.
2) WPI inflation for India. The latest observation is for July 2012.

inflationary pressures and downside risks to the economic outlook, some central banks in the region took easing policy measures.

In China, real GDP growth decelerated to 7.6% year on year in the second quarter of 2012, down from 8.1% in the first. Growth was driven by domestic demand, albeit at a slower pace than in the first quarter, while net exports continued to contribute negatively. External conditions have deteriorated, in particular owing to weak demand from Europe. Export growth reached 10.5% year on year in the second quarter, but dropped to 1.0% year on year in July. The PMI signalled that manufacturing activity deteriorated in July and August, while services activity remained more resilient. The housing sector recovered from recent weakness, as sales transactions rose by 14.0% year on year in July and house prices rose for a second month in a row. Inflationary pressures continued to drop sharply on the back of falling commodity prices and a weakening economy. Annual CPI inflation dropped to 1.8% in July, from 2.2% in June. Against this background, in early June and July the People's Bank of China reduced its benchmark lending rates by a total of 56 basis points and its deposit rates by 50 basis points, while simultaneously giving more freedom to banks to set their own rates. The current account surplus increased to USD 59.7 billion in the second quarter, from USD 23.5 billion in the first. The current account surplus dropped to 2.3% of GDP in the first half of 2012, compared with 2.7% in 2011, driven by a declining trade surplus. The gradual appreciation of the renminbi against the US dollar has come to a halt, since reaching a high of CNY 6.27 per US dollar on 2 May. Total reserves stood at USD 3.24 trillion at the end of July, USD 5.0 billion lower than a year earlier.

In India, GDP growth decelerated over four successive quarters from 9.0% year on year in the second quarter of 2011, to 3.9% in the second quarter of 2012 owing to the deterioration of the external environment and lagged effects of monetary tightening. Growth in consumption and investment decelerated to 4.0% and 0.7%, respectively. Net exports also decreased, led by a slowdown in export growth (to 10.1%) and an acceleration in import growth (to 7.9%). Annual wholesale price inflation – the Reserve Bank of India's preferred measure of inflation – decreased to 6.9% in July, down from 7.3% in June. Nonetheless, inflation of manufactured products increased to 5.6% (from 5.0% in June) and upside risk remains owing to the depreciation of the currency and higher food prices. The Reserve Bank of India has held its key policy rate at 8% since April 2012.

In Korea, GDP growth decelerated to 2.2% year on year in the second quarter of 2012, down from 2.8% in the first quarter. A contraction in investment and a deceleration in private consumption growth contributed to the slowdown. Annual CPI inflation fell further to 1.6% in July (from 2.2% in June), i.e. below the Bank of Korea's target band of 2% to 4%. The Bank of Korea cut its policy rate by 25 basis points to 3.0% in June.

Within the group of the ASEAN-5 countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand), Indonesia's economy continued to grow strongly by 6.4% year on year in the second quarter of 2012 on account of resilient investment and private consumption. GDP growth in Malaysia accelerated to 5.4% year on year in the second quarter, mainly driven by investment. Economic activity in Thailand continued to pick up (by 4.2% year on year) in the second quarter of 2012 from the significant contraction (of 8.9% year on year) in the fourth quarter of 2011, following the worst floods in recent history.

Looking ahead, emerging Asia's economic growth is projected to rebound modestly in the short term on account of resilient domestic demand, policy stimulus and a gradually improving external environment. Inflationary pressures are likely to decrease owing to a moderation in the growth momentum.

MIDDLE EAST AND AFRICA

Growth in most oil-exporting countries in the Middle East and Africa has remained robust owing both to high oil output and to resilient domestic private and public spending. In the second quarter of 2012 inflationary pressures receded somewhat in these countries.

Saudi Arabia maintained oil output at very high levels in the second quarter of 2012 despite the recovery in Libya's oil exports. At the same time, indicators of consumer demand show that domestic activity remained buoyant as well. In line with the regional trend, consumer price inflation declined to 5.1% year on year in the second quarter, from an average of 5.4% in the first three months of 2012.

Most oil importers in the region also continue to record strong economic growth on account of favourable commodity price developments and further natural resource discoveries in several countries in western Africa. As in the rest of the region, the average inflation rate in most oil-importing countries was lower in the second quarter of 2012 compared with the previous quarter.

Looking ahead, the outlook for most oil-exporting countries remains favourable despite the weakening of oil prices, as world oil demand continues to grow and considerable fiscal surpluses persist. The rest of the region is also expected to maintain its growth momentum, although the performance of the export sector in some countries is likely to suffer from subdued world growth.

LATIN AMERICA

Growth momentum in Latin America decelerated in the first quarter of 2012 and is expected to have slowed down further in the second quarter. This comes as a result of deteriorating external demand conditions coupled with some signs of weakness in domestic demand. At the same time, inflationary pressures have eased in most countries on the back of lower oil prices and a moderation in growth, although remaining at high levels.

In Brazil, economic activity continued to slow down in the second quarter of 2012, reflecting both the deterioration in external demand and faltering domestic demand. Real GDP grew by 0.5% year on year in the second quarter of 2012, compared with 0.8% in the first quarter. The continued loss of growth momentum has been accompanied by somewhat lower inflationary pressures, with consumer prices posting a year-on-year growth rate of 5.0% in the second quarter of 2012, down from 5.8% in the first quarter. Annual inflation stood at 5.2% in August. The central bank cut interest rates by 50 basis points both in July and August, to reach 7.5%. Despite the weakening economic activity, the labour market held up fairly well in the first half of 2012, with strong job creation and a broadly unchanged unemployment rate.

In Mexico, there was also some deceleration in economic activity, with real GDP expanding by 4.1% year on year in the second quarter of 2012, compared with 4.6% in the previous quarter. Growth remained supported by strong job creation, retail sales, expansion of bank credit and consumer confidence. The services sector played the most important role, growing by 4.5%, up from 4.0% in the first quarter. As for price developments, consumer price inflation increased in the first half of 2012, on the back of rising economic activity coupled with strong price increases in agricultural products. Annual consumer price inflation stood at 3.9% in the second quarter of 2012, the same rate as in the first quarter, and up from 3.5% in the last quarter of 2011.

In Argentina, economic activity showed further signs of weakness, amid lower external demand, declining industrial production and worse than expected data on confidence indicators. In addition, recent government measures regarding trade and currency controls seem to have hampered economic activity somewhat. Industrial production fell by 3.3% in the second quarter of 2012, after having grown by 2.3% in the previous quarter. Inflation remained close to 10% in the second quarter of 2012.

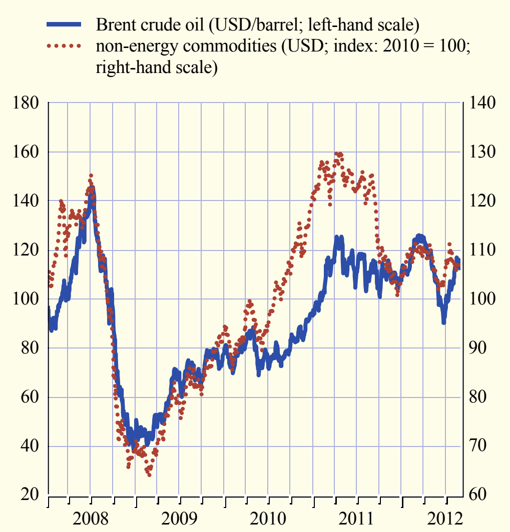
Looking ahead, growth in Latin America is projected to accelerate in the second half of 2012, reflecting a gradual improvement in the global outlook as well as the impact of recent monetary policy easing measures in Brazil.

1.2 COMMODITY MARKETS

Oil prices increased in August and early September, continuing the upward trend that began in July. Brent crude oil prices stood at USD 116 per barrel on 5 September, an increase of 28% with respect to their lowest level recorded in 2012 on 26 June, but still 8% below the 2012 peak reached on 14 March. Looking ahead, market participants expect lower oil prices over the medium term, with futures contracts for December 2013 trading at USD 107 per barrel.

The recent increase mainly reflects declines in and market concerns over oil supply in both OPEC and non-OPEC countries since May. According to the International Energy Agency's Oil Market Report, OPEC supply has been falling owing to declines in production in Angola, Libya and Iran, despite near-record production from Saudi Arabia. In particular, the launch in July of the EU embargo has been affecting Iranian oil sales. Non-OPEC supply has also declined on account of civil conflict, labour strikes, bad weather and planned maintenance. Finally, oil demand has recovered owing to seasonal patterns in spite of weaker global economic activity, which may have also contributed to the increase in the oil price.

Chart 5 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Prices of non-energy commodities declined in August, following increases in June and July. The decline in prices was broad-based. In the case of agricultural commodities, prices declined slightly after the spike of the previous two months owing to the droughts in the United States. In aggregate terms, nevertheless, the price index for non-energy commodities (denominated in US dollars) still stood 3% higher towards the end of August than at the beginning of the year.

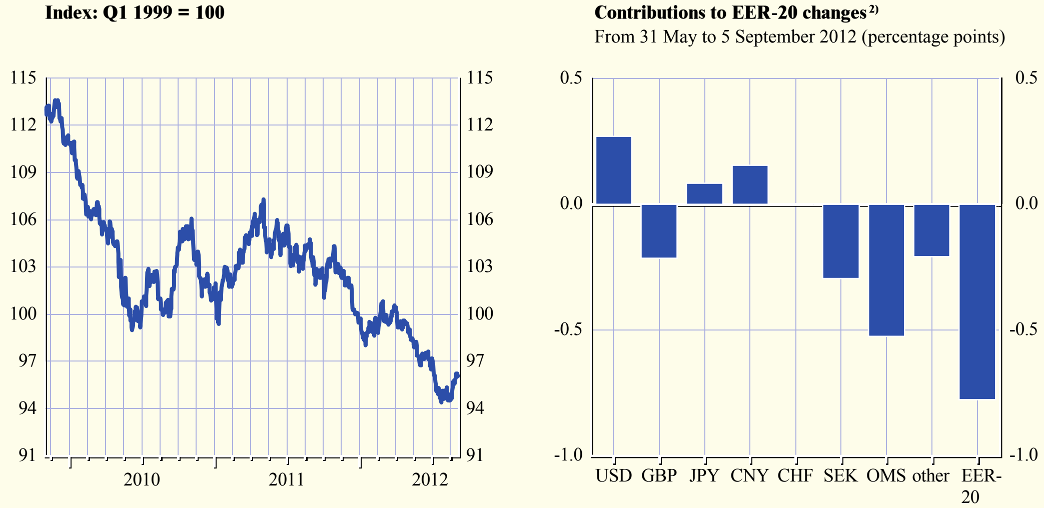
1.3 EXCHANGE RATES

EFFECTIVE EXCHANGE RATE OF THE EURO

In June and most of July the euro continued the depreciation that started at the end of March 2012. Thereafter, it remained broadly unchanged. On 5 September the euro exchange

Chart 6 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 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.

rate – expressed in nominal effective terms, as measured against the currencies of 20 of the euro area's most important trading partners – stood 0.8% below its level at the end of May, and 7.0% below its average level in 2011 (see Table 1 and Chart 6).

Table 1 Euro exchange rate developments [1]

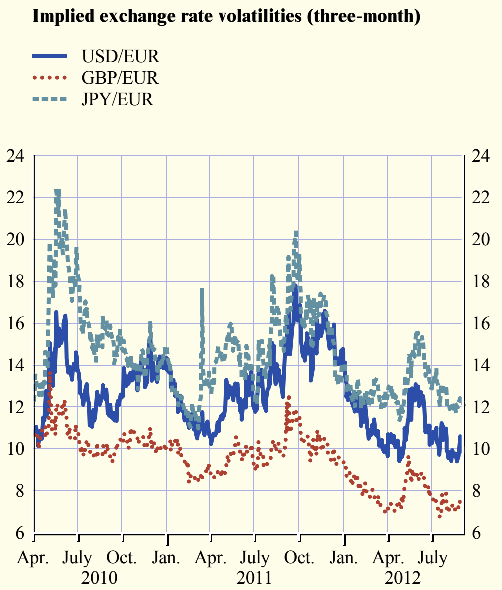
(daily data; units of national currency per euro; percentage changes)

	Weight in EER-20	Level on 5 September 2012	Appreciation (+)/ depreciation (-) of the euro as at 5 September 2012 since: 31 May 2012	since: 2 January 2012	compared with: average for 2011
Chinese renminbi	18.8	7.986	1.1	-2.0	-11.2
US dollar	16.9	1.258	1.4	-2.8	-9.6
Pound sterling	14.9	0.790	-1.2	-5.4	-8.9
Japanese yen	7.2	98.7	1.0	-0.9	-11.1
Swiss franc	6.5	1.201	0.0	-1.2	-2.5
Polish zloty	6.2	4.201	-4.3	-6.1	1.9
Czech koruna	5.0	24.79	-3.5	-2.8	0.8
Swedish krona	4.7	8.442	-5.9	-5.4	-6.5
Korean won	3.9	1,430	-2.3	-4.3	-7.2
Hungarian forint	3.2	284.6	-5.7	-9.5	1.9
NEER [2]		96.2	-0.8	-3.3	-7.0

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).

Chart 7 Patterns in exchange rates and implied volatilities

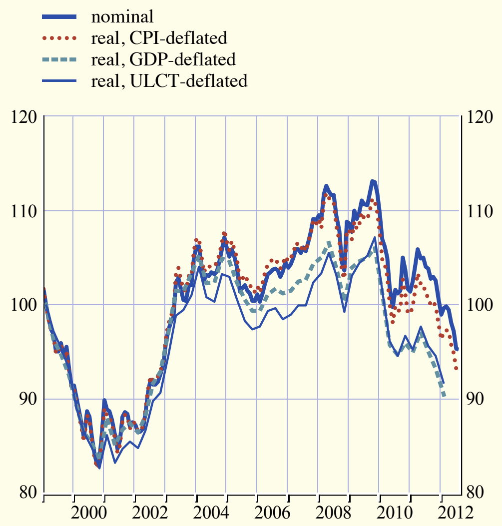
(daily data)



Source: Bloomberg.

Chart 8 Euro nominal and real effective exchange rates (EER-20)[1)]

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



Source: ECB.
1) An upward movement of the EER-20 indices represents an appreciation of the euro. The latest observations for monthly data are for August 2012. In the case of the GDP and ULCT-based real EER-20, the latest observation is for the first quarter of 2012 and is partly based on estimates.

Since early June movements in the euro exchange rate have continued to be largely related to changing market sentiment regarding the fiscal and economic prospects for some euro area countries as well as developments in expected yield differentials between the euro area and other advanced economies.

The implied volatility of the bilateral exchange rates of the euro vis-à-vis the US dollar, the Japanese yen and the pound sterling declined in June and July, before stabilising around their respective historical averages (see Chart 7).

With regard to indicators of the international price and cost competitiveness of the euro area, in August 2012 the real effective exchange rate of the euro based on consumer prices (as measured against the currencies of 20 of the euro area's most important trading partners) was 7.6% below its average level in 2011 (see Chart 8). This largely reflected the nominal depreciation of the euro, while consumer price inflation in the euro area was comparable to that in its main trading partner countries.

BILATERAL EXCHANGE RATES

Since early June 2012 the euro has appreciated against the US dollar. From 31 May 2012 to 5 September 2012 the euro strengthened by 1.4% vis-à-vis the US dollar, thus trading 9.6% below its 2011 average (see Chart 6 and Table 1). As mentioned earlier, the main factors behind the USD/EUR exchange rate fluctuations were market uncertainty and movements in yield differentials between the two economies.

Over the period under review, the euro appreciated against the Japanese yen. On 5 September 2012 the euro traded 1.0% above the level recorded at the end of May and 11.1% below the average level in 2011. The appreciation of the euro against the Japanese yen since the end of May 2012 interrupted an earlier trend which saw the Japanese yen appreciate against most major currencies.

As regards other currencies, the exchange rate of the euro against the pound sterling depreciated from mid-June onwards. On 5 September 2012 the euro exchange rate vis-à-vis the pound sterling was 1.2% below the level recorded at the end of May and 8.9% below the average level of 2011 (see Table 1). Over the period under review, the euro remained broadly unchanged against the Swiss franc, and on 5 September 2012 traded 2.5% lower than the average level of 2011. The euro weakened against some other European currencies, most notably against the Czech koruna (by 3.5%), the Hungarian forint (by 5.7%) and the Polish zloty (by 4.3%), partly reversing the gains seen in May.

Over the period under review, the currencies participating in ERM II have remained broadly stable against the euro, trading at or close to their respective central rates. The Latvian lats traded on the stronger side of its central rate within the unilaterally set fluctuation band of ±1%.

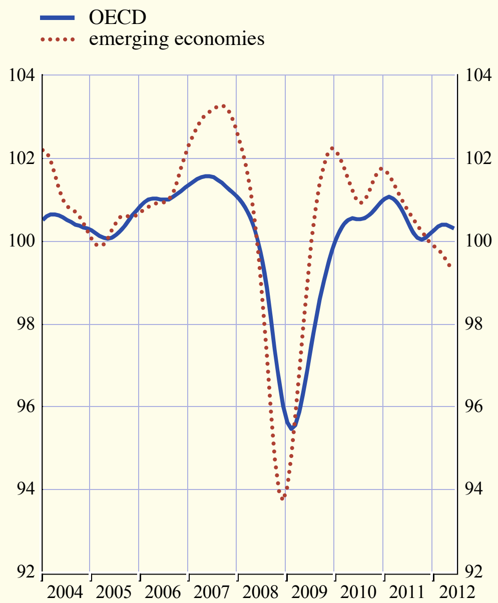
1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

The OECD's composite leading indicator for June points to some moderation in growth in the OECD area. In addition, the results from the Ifo World Economic Climate Indicator also suggest a more subdued growth outlook for the global economy. Having increased in the two previous quarters, the decline of the index in the third quarter was due to a less favourable assessment of the current situation as well as for the next six months. Overall, the past trend of a gradual strengthening of the recovery in the global economy is continuing, albeit slightly weaker than expected. Activity is expected to be supported by improving financial conditions amid an environment of accommodative monetary policies.

The outlook for the external environment of the euro area remains subject to high uncertainty, related to tensions in key financial market segments as well as fiscal and global imbalances. Downside risks relate to spillover effects from the developments in the euro area, both through external trade and financial sector deleveraging.

Chart 9 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Against the background of low interest rates and heightened uncertainty, monetary dynamics continued to show the money-holding sector's preference for liquidity in the period from April to July 2012. Inflows were observed for the most liquid instruments within M3, with shifts from both within and outside the broad monetary aggregate. The second source of money creation remained, as in the first quarter, credit to general government. By contrast, growth in lending to the private sector weakened further between April and July. In countries with capital inflows, cash-rich firms and large companies preferred internal and market-based external sources of funding, rather than MFI loans. In other euro area countries, loan demand remained weak, owing to heightened uncertainty, low confidence and a need to correct the high levels of indebtedness in the private sector. At the same time, constraints on the balance sheets of banks in those countries continued to weigh on the supply of credit. Overall, underlying money and credit growth remained at moderate levels, signalling balanced risks to price stability when looking at the euro area as a whole. At the same time, constant monitoring is required, given the high degree of cross-country heterogeneity.

THE BROAD MONETARY AGGREGATE M3

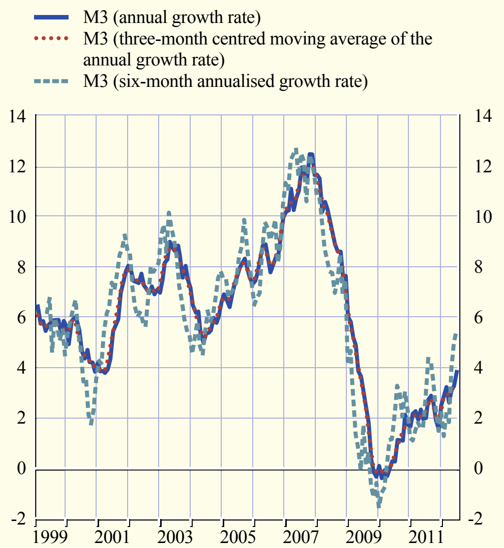
The strong monetary impulse observed at the beginning of the year weakened in the second quarter of 2012. In July, however, the annual growth rate of M3 picked up again, standing at 3.8%, markedly higher than the average level observed in the second quarter (see Chart 10). The drivers of money growth remained unchanged in the first seven months of 2012, the main contributor being the money-holding sector's preference for liquidity in an economic environment characterised by low interest rates and heightened uncertainty. Thus, developments in money continue to show the impact of the government debt crisis, with considerable capital shifts between euro area countries and, at the end of the second quarter of 2012, some redirection of funds towards countries outside the euro area.

Monthly flows for M3 remained significantly affected by the transactions of non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs) in the second quarter. To the extent that these transactions represent repurchase agreements conducted via central counterparties (CCPs), they often reflect intra-MFI transactions settled via CCPs, which potentially distort the information content of the flow of money. As a consequence, the Eurosystem will adjust the definition of monetary aggregates and their counterpart credit to the private sector by excluding those repos, as well as reverse repos, from monetary aggregates and counterparts as of the publication of monetary developments on 27 September 2012. For details, see Box 3, entitled "The adjustment of monetary statistics for repurchase agreement transactions with central counterparties".

The recovery in annual headline M3 growth in the first seven months of 2012 saw some

Chart 10 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

decoupling from developments in credit to the private sector, the annual growth rate of which continued to decline. Instead, the inflows seen for M3 were, to a large extent, mirrored on the counterpart side by an increase in credit to general government. In the second quarter of 2012 growth in credit to general government was driven mainly by loans issued in certain euro area countries, whereas MFIs' purchases of government securities, which were particularly strong in the first quarter of 2012, weakened somewhat. Moreover, reductions in longer-term financial liabilities also contributed to stronger M3 growth. In this respect, sizeable net redemptions were recorded for longer-term MFI debt securities, reflecting shifts into liquid instruments. Weak developments in holdings of longer-term MFI debt securities were also driven by banks preferring to use funds obtained in the three-year longer-term refinancing operations (LTROs) to replace market-based funding in a challenging market environment, with banks both electing not to roll over maturing securities and engaging in buyback programmes, taking advantage of the low market prices for their own securities.

The main assets held by euro area MFIs (excluding the Eurosystem) continued their moderate expansion in the three months to July 2012. The increase seen in July reflected stronger accumulation of external assets and securities (other than shares) issued by euro area MFIs.

Overall, monetary data for the period to July suggest that in the first seven months of 2012 the supportive impact of the non-standard measures announced by the Eurosystem in December 2011 prevented abrupt and disorderly deleveraging, which could have had severe consequences for the economy. Furthermore, the increases seen in monetary aggregates have mainly reflected the money-holding sector's preference for liquidity.

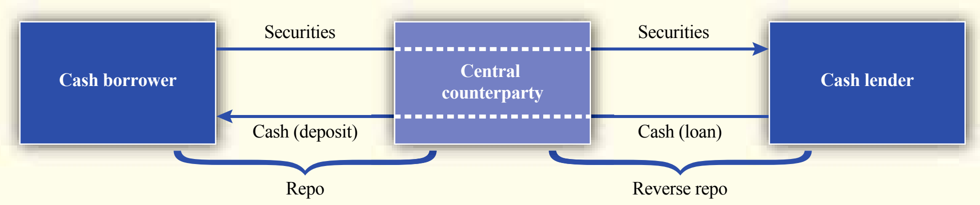
Box 3

THE ADJUSTMENT OF MONETARY STATISTICS FOR REPURCHASE AGREEMENT TRANSACTIONS WITH CENTRAL COUNTERPARTIES

With the forthcoming publication of the end-August monetary data on 27 September 2012 the ECB will amend its statistical measurement of broad money and credit to the private sector to adjust for repurchase agreement (repo) transactions with central counterparties. This box describes the motivation for the adjustment and explains its implementation.

Financial innovations, which may include new financial products and trading practices, may alter financial processes or the way financial institutions operate and hence lead to modifications of the border between monetary and non-monetary assets. In recent years, the financial innovation that has impacted most markedly on the measurement of the broad monetary aggregate M3 for the euro area is repos conducted through central counterparties (CCPs). A CCP interposes itself between counterparties to financial contracts traded in one or more markets, becoming the buyer to every seller and the seller to every buyer. It provides an electronic trading platform, risk management and securities settlement services for market participants in various asset classes. If monetary statistics are not adjusted for repos using CCPs, it drives a wedge between the concept of "money" and the empirical measurement of monetary aggregates. In recent months, the ECB has regularly commented in its Monthly Bulletin on the impact of repo transactions via CCPs on M3 developments and hence on the monetary dynamics.

Chart A Repurchase agreement transaction conducted through a central counterparty



Source: ECB.

Repo transactions conducted through a central counterparty

Repurchase agreements mediated by a CCP are structured as illustrated in Chart A. They have three elements: (i) the cash borrower enters into a repurchase agreement with the CCP, borrowing the required amount and providing collateral to the CCP as required; (ii) the cash lender enters into a reverse repurchase agreement with the CCP; (iii) the CCP administers the transaction and the collateral. Hence the CCP acts as the direct counterparty to the borrower and lender and thus assumes the risk of the borrower defaulting. In addition, the collateral management is highly standardised in terms of profiling and margining, with the result that the transparency of the product is improved and the administrative burden (and cost) for both counterparties reduced compared with a bilateral repo.

Repurchase agreements are relevant for monetary statistics because those between MFIs and the money-holding sector are a sub-component of the marketable instruments included in M3.[1] Moreover, reverse repos are a form of loan and thus recorded as a component of credit granted by MFIs on the consolidated MFI balance sheet. In line with international statistical standards, CCPs are categorised in the ECB statistics as belonging to the sector of non-monetary financial intermediaries other than insurance corporations and pension funds and thus belong to the money-holding sector. Thus far, transactions of MFIs through CCPs have therefore led to changes in M3 and credit to the private sector.

Why should repos via central counterparties not be considered part of money and its counterpart, credit?

Deposits intermediated by CCPs in a repo transaction and held with MFIs should not be considered money as they cannot be used by the CCP at its discretion for payments, cannot be transferred to third parties and cannot be used to store value for the CCP. Under the usual definition of money, it is the cash lender involved in the repo that is the ultimate holder of the MFI deposit. Thus, ideally, the sector of the final cash lender should determine whether a repo should be included in monetary aggregates. If the cash lender is an MFI or a non-euro area resident, the deposit should not be included. If the cash lender belongs to the money-holding sector, the deposit should be recorded as part of money. Similar considerations apply for reverse repurchase agreements and their potential inclusion in the measure of loans to the private sector. A study

1 Broad money is generally measured as currency in circulation plus some aggregate of the short-term liabilities of MFIs vis-à-vis the money-holding sector that are close substitutes for currency. Euro area M3 includes currency in circulation, overnight deposits, deposits with an agreed maturity of up to two years, deposits redeemable at notice of up to three months and marketable instruments (repurchase agreements, MFI debt securities with a maturity of up to two years and money market fund shares/units).

of the largest euro area CCPs suggests that so far practically all counterparties involved in repos via CCPs have been euro area MFIs or non-euro area residents, i.e. are not part of the euro area money-holding sector.

The quantitative relevance of repos with CCPs

Repurchase agreements with CCPs began, with low volumes, in the early 2000s, and gained significance with the intensification of the financial crisis (to reach an outstanding amount of €296 billion in July 2012), as repo operations through CCPs provide better protection against counterparty risk than bilateral repo transactions. In addition, the intensification of the crisis increased the preference for secured over unsecured money market transactions.

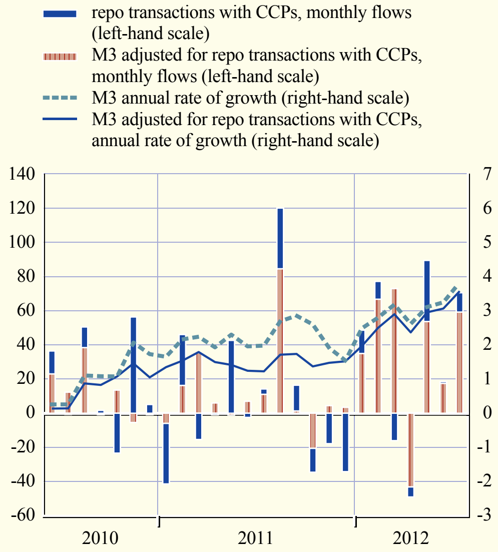
The impact of repos with CCPs on M3 became significant after the collapse of Lehman Brothers. As the volume of transactions tends to fluctuate substantially, repo transactions conducted via CCPs can, at times, have a marked effect on monthly developments in M3 (see Chart B) and loans to the private sector (see Chart C). Interestingly, the annual growth rates for M3 and M3 adjusted for CCP repos are, overall, very similar, as are those for loans to the private sector whether adjusted or not for CCP repos. This suggests that the impact on the medium-term dynamics of money and credit has so far been very limited, unlike the impact on monthly flows.

Adjustment of the monetary and credit aggregates

In the ECB's monthly press release on euro area monetary developments and in Table 2.3 of the "Euro area statistics" section of the Monthly Bulletin, euro area MFIs' transactions as the cash borrower with CCPs will be excluded from the balance sheet item "repurchase agreements", as well as from the monetary aggregates M3-M2 and M3. Any

Chart B M3 unadjusted and adjusted for repurchase agreement transactions with CCPs

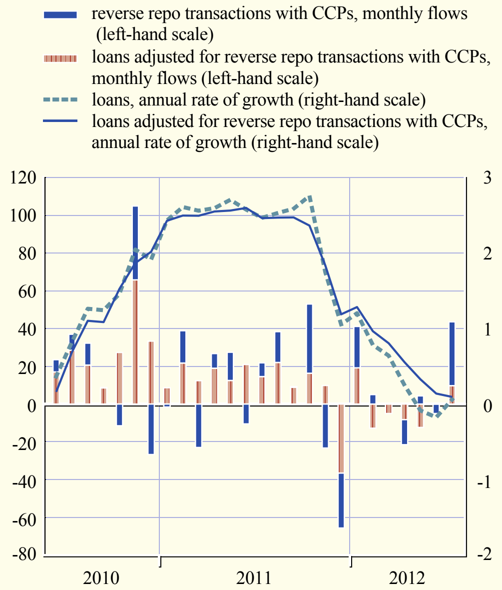
(flows; monthly data; in EUR billions and annual percentage changes; seasonally adjusted; June 2010–July 2012)



Source: ECB.
Note: CCP adjustments are based on provisional data.

Chart C Loans to the private sector unadjusted and adjusted for reverse repurchase agreement transactions with CCPs

(flows; monthly data; in EUR billions and annual percentage changes; seasonally adjusted; June 2010–July 2012)



Source: ECB.
Note: CCP adjustments are based on provisional data.

such transactions where the MFI sector is the cash lender in the (reverse) repurchase agreement will be correspondingly excluded from "credit to other euro area residents" and "loans to the private sector". These items will instead be reflected in the residual category "other counterparts of M3". All affected time series will be revised back to June 2010, the first period for which data were collected in accordance with the ECB Regulation concerning MFI balance sheet statistics (ECB/2008/32).

MFI balance sheet statistics outside the context of monetary aggregates and counterparts will not be affected by this change. In these presentations (e.g. the aggregated and consolidated balance sheets of the MFI sector and their breakdowns), MFI repos and reverse repos with CCPs will continue to be recorded as deposits and loans with "other financial intermediaries" as the counterparty sector. This treatment ensures that the MFI balance sheet statistics remain consistent with international statistical standards and other ECB statistical datasets, such as the euro area accounts. At the same time, repos and reverse repos with CCPs will be separately identifiable in order to allow these balance sheet items to be examined in the context of money market analysis.

Conclusion

The ECB will, in all its publications, adjust the measurement of M3 and its counterparts for repurchase agreements with CCPs as from the release of the end-August monetary figures (on 27 September 2012) onwards. The adjustment will be implemented in such a way as to maintain transparency of the monetary statistics and consistency with international statistical standards. In particular, the internal consistency of the monetary statistics and their breakdowns will be preserved, in a manner that will be transparent for external users.

Most importantly, the adjustment of monetary aggregates and credit will ensure that the empirical measurement of M3 and its counterparts remains consistent with the economic concept of money and credit. A strength of the ECB's monetary analysis is the virtuous circle it creates between the policy analysis and the statistical framework: monetary analysis ensures that the statistical framework can be used effectively for policy applications by examining financial innovations that might otherwise impact on the empirical delineation of the economic concept of "money" and its counterparts. This is a prerequisite for deriving robust policy recommendations when assessing medium to long-term risks to price stability.

MAIN COMPONENTS OF M3

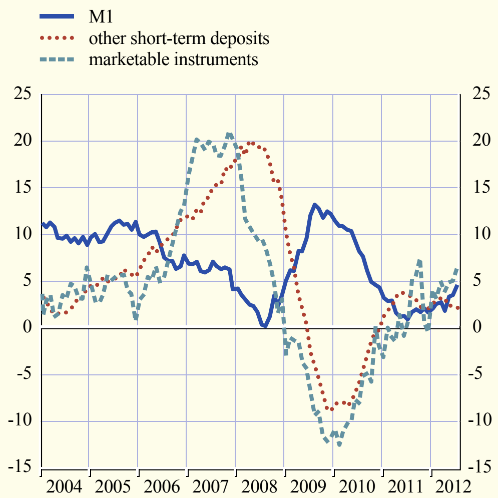
The inflow observed for M3 in the second quarter of 2012 was driven mainly by the money-holding sector's demand for instruments contained in the narrow monetary aggregate M1 (see Chart 11), a trend that continued in July and was broadly based across sectors. The increase in the annual growth rate of marketable instruments also contributed to the creation of money. However, a large percentage of this contribution reflected interbank transactions conducted via CCPs and did not, therefore, mirror genuine transactions with the money-holding sector. By contrast, the annual growth rate of other short-term deposits remained broadly unchanged in that quarter, before declining slightly in July.

The annual growth rate of M1 increased to 2.8% in the second quarter of 2012, up from 2.3% in the first quarter of the year. It then increased further to stand at 4.5% in July (see Table 2). Overnight deposits saw particularly strong inflows, benefiting from outflows for other instruments (both within and outside M3). The current low interest rates and heightened uncertainty are factors in these developments. Euro area figures, however, mask considerable cross-country heterogeneity as regards the relative importance of these two factors.

The annual growth rate of short-term deposits other than overnight deposits (i.e. M2 minus M1) was 2.8% in the second quarter of 2012, broadly unchanged from the first quarter (see Chart 12). This concealed divergent developments for the two sub-components, with inflows for short-term savings deposits (i.e. deposits redeemable at notice of up to three months) being broadly offset by outflows for short-term time deposits (i.e. deposits with an agreed maturity of up to two years) – a pattern also observed in July. To some extent, these developments would seem to reflect households shifting funds from one type of deposit instrument to the other in order to benefit from more advantageous remuneration. Non-financial corporations, by contrast, reduced their holdings of other short-term deposits, mainly in favour of overnight deposits, in an attempt to make use of their liquidity buffers, as internal funding sources and external market-based funding were considered

Chart 11 Main components of M3

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



Source: ECB.

Table 2 Summary table of monetary variables

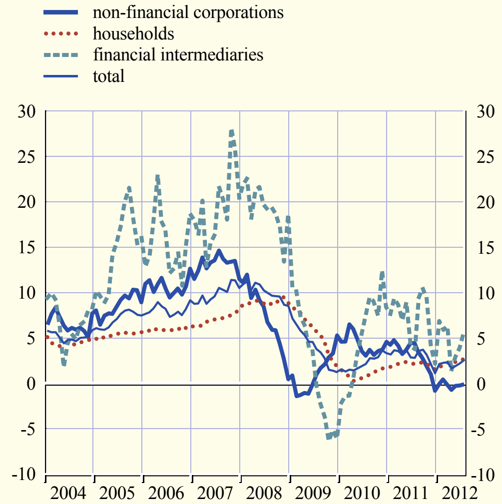
(quarterly figures are averages; adjusted for seasonal and calendar effects)

	Outstanding amounts as a percentage of M3 1)	Annual growth rates					
		2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 June	2012 July
M1	**49.5**	**1.4**	**1.9**	**2.3**	**2.8**	**3.5**	**4.5**
Currency in circulation	8.7	4.5	6.2	6.1	5.5	5.5	5.9
Overnight deposits	40.9	0.8	1.0	1.5	2.2	3.1	4.2
M2-M1 (=other short-term deposits)	38.8	3.4	2.3	2.7	2.8	2.4	2.2
Deposits with an agreed maturity of up to two years	18.7	3.1	2.0	3.4	2.7	1.5	0.7
Deposits redeemable at notice of up to three months	20.2	3.7	2.5	2.1	2.9	3.3	3.6
M2	**88.4**	**2.3**	**2.1**	**2.5**	**2.8**	**3.0**	**3.5**
M3-M2 (=marketable instruments)	11.6	2.7	3.5	3.1	4.5	5.0	6.4
M3	**100.0**	**2.4**	**2.2**	**2.5**	**3.0**	**3.2**	**3.8**
Credit to euro area residents		**2.4**	**1.3**	**1.4**	**1.5**	**1.4**	**1.2**
Credit to general government		5.2	1.4	5.2	8.4	9.4	9.4
Loans to general government		7.0	-2.1	-4.6	-1.7	1.7	1.3
Credit to the private sector		1.8	1.3	0.5	-0.1	-0.4	-0.6
Loans to the private sector		2.5	2.1	0.9	0.1	-0.2	0.1
Loans to the private sector adjusted for sales and securitisation 2)		2.7	2.3	1.3	0.7	0.3	0.5
Longer-term financial liabilities (excluding capital and reserves)		**3.5**	**2.6**	**0.4**	**-2.4**	**-3.6**	**-4.4**

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

Chart 12 Short-term deposits and repurchase agreements

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



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

preferable to MFI loans. OFIs also reduced their holdings of other short-term deposits in favour of overnight deposits and repurchase agreements.

The annual growth rate of marketable instruments increased to 4.5% in the second quarter of 2012, up from 3.1% in the first quarter. This mirrored a positive quarterly flow, driven by growth in money market fund shares/units and repurchase agreements. However, a more detailed assessment reveals that the positive flow observed for repos was explained mainly by interbank transactions conducted via CCPs. Correcting for such transactions, outflows were observed for marketable instruments in the second quarter of 2012. Developments in CCP-related repos may also provide information about the situation in money markets at the country level. In some euro area countries, for instance, growth in CCP-related repos in the second quarter may have reflected increased apprehension regarding those countries' banking industries. At the same time, in other euro area countries, positive quarterly flows for this instrument mirrored banks' sound liquidity positions, but also reflected the impact that changes in some government issuers' credit ratings had on the collateralised interbank money market. Some outflows were observed for short-term MFI debt securities in the second quarter, possibly owing to (i) banks' redemption of maturing securities with the aid of funds received via the ECB's three-year LTROs and (ii) increased stress in the primary markets of a number of euro area countries linked to negative news concerning the banking systems in those countries. These developments were not visibly reversed in July.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest monetary aggregate for which reliable information is available at a sectoral level – was 2.4% in the second quarter of 2012, broadly unchanged from the previous quarter (when it stood at 2.3%). All sectors bar insurance corporations and pension funds increased their holdings of M3 deposits. In the case of households, the increase in M3 deposit holdings (which was concentrated in overnight and short-term savings deposits) was, in some countries, partly supported by persistent competition between banks seeking to secure and attract stable deposit funding. The outflow observed for M3 deposits held by insurance corporations and pension funds partly reversed the strong inflow seen in the first quarter of 2012. This might point to these entities investing their funds in alternative assets, partly outside the euro area. In general, figures for July confirmed these developments.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents increased slightly in the second quarter of 2012, rising to 1.5% (up from 1.4% in the previous quarter), before decreasing to 1.2% in July (see Table 2). This continued to mask conflicting developments in the annual growth rates of credit to general government and credit to the private sector.

The annual growth rate of MFI credit to general government increased to 9.4% in July 2012, up from 8.4% in the second quarter and 5.2% in the first quarter. This strengthening resulted from both sub-components. Purchases of government debt securities continued to grow at a high double-digit rate – albeit considerably more slowly than in the first quarter, when MFIs sought, to a significant extent, to park the substantial amounts of liquidity that they had obtained from the three-year LTROs. By contrast, loans to government were fairly sizeable in the second quarter, mainly reflecting country-specific developments.

The annual growth rate of MFI credit to the private sector declined to -0.6% in July 2012, having stood at -0.1% in the second quarter and 0.5% in the first quarter. In the second quarter of 2012 the flow of credit to the private sector was substantially negative, on account of strong monthly sales of private sector securities by MFIs and the redemption of loans to the private sector originated by MFIs (adjusted for sales and securitisation). In July, by contrast, the decline in credit to the private sector mainly reflected substantial net redemption of debt securities, which was mainly concentrated in certain specific countries as a result of the reversal of past securitisation activities.

The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) declined to 0.7% in the second quarter, down from 1.3% in the previous quarter (with a similar decline observed for non-adjusted loans; see Table 2). It then declined further to stand at 0.5% in July. From a sectoral perspective, the second quarter of 2012 saw further contractions in both loans to non-monetary financial intermediaries and loans to non-financial corporations, while loans to households remained subdued.

The annual growth rate of MFI loans to households adjusted for loan sales and securitisation declined to 0.4% in the second quarter of 2012, down from 1.2% in the previous quarter, before declining further to stand at 0.3% in July, thereby continuing the slowdown observed for this loan category since the second quarter of 2011. This weakening was a reflection mainly of the deterioration of economic and housing market prospects and, in a number of euro area countries, the need to deleverage following past excesses. Figures adjusted for securitisation point to a much smaller quarterly flow in the second quarter relative to the previous quarter. Lending for house purchase remains the main driver of MFI loans to households (see Section 2.7 for details).

The annual growth rate of MFI loans to non-financial corporations (adjusted for loan sales and securitisation) declined to 0.3% in the second quarter of 2012, down from 0.9% in the previous quarter. It then decreased further to stand at -0.2% in July, despite a visible monthly inflow. The positive flow in July was concentrated entirely in short-term loans (i.e. those with a maturity of up to one year), while net redemptions of longer-term loans could be observed (see Section 2.6 for details).

Overall, lending to the non-financial private sector has remained weak by historical standards. The substantial heterogeneity in euro area lending data is mirrored in the levels and dynamics of the annual growth rates of both loans to households and loans to non-financial corporations. This heterogeneity is likely to reflect differences in the various countries' economic outlooks and housing market prospects, as well as sectoral debt levels, with the need to deleverage in years to come weighing negatively on loan demand. In countries with current account surpluses, the abundant internal sources of financing enjoyed by non-financial corporations and shifts from bank finance to market-based finance in light of the favourable financing conditions are also contributing to the weakness of MFI lending.

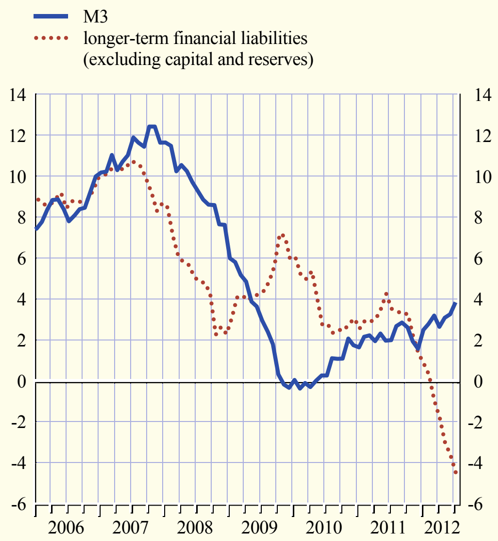
Looking ahead, further moderate growth in loans to households and further weakening of growth in loans to non-financial corporations would be in line with historical regularities for these two sectors (given the outlook for economic activity), with loans to households moving in line with economic activity and loans to non-financial corporations lagging behind.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) declined to -4.4% in July 2012, down from -2.4% in the second quarter and 0.4% in the first quarter (see Chart 13). These sources of bank funding recorded another substantially negative quarterly flow in the second quarter, thereby contributing positively to monetary dynamics. To a large extent, that outflow resulted from a further sizeable contraction, on a consolidated basis, in holdings of longer-term MFI debt securities, as MFIs strongly increased their holdings of such securities in the context of buyback programmes with a view to improving their capital position. This was facilitated partly by liquidity obtained in the three-year LTROs and the low market prices of the securities, and partly by MFIs electing not to roll over maturing securities owing to the difficult market environment. Longer-term deposits also declined, partly on account of the unwinding of previous securitisation operations in which loans had not been derecognised from banks' balance sheets.

In the second quarter of 2012 the net external asset position of euro area MFIs – which captures the capital flows of the money-holding sector where these are routed via MFIs, as well as the transfer of assets issued by the money-holding sector – posted another negative quarterly flow, mainly reflecting an outflow in June following the intensification of the crisis. In July, by contrast, a modest capital inflow was observed (see Chart 14), possibly reflecting a change in the overall assessment of international investors. For further details, see Box 4, entitled "Developments in the financial account of the euro area balance of payments until June 2012".

Chart 13 M3 and MFI longer-term financial liabilities

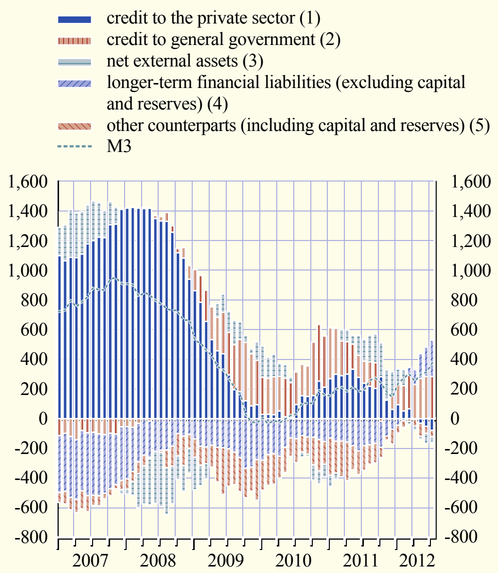
(annual percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Chart 14 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.

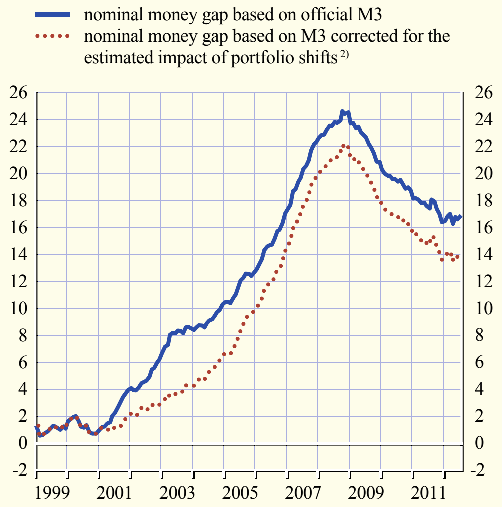
GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

The inflows observed for M3 between April and July 2012 resulted in a slowdown in the absorption of accumulated excess liquidity, following its significant reduction during earlier phases of the financial crisis (see Charts 15 and 16). Thus, the indicators of monetary liquidity monitored by the ECB continue to suggest that past excesses in money and credit growth have not yet been fully corrected, despite the substantial adjustment that has already taken place. Nevertheless, it should be recalled that these kinds of liquidity measure need to be interpreted with caution, as they rely on the assessment of equilibrium money holdings, which is surrounded by uncertainty. It should be noted, in this respect, that some measures already indicate that the absorption of excess liquidity over the past three years has been such that levels of excess liquidity are currently fairly low.

Overall, the pace of underlying money and credit growth remains relatively moderate and measures of excess liquidity continue to point to its downward correction. As in the first quarter of the year, the growth observed in M3 between April and July 2012 did not stem from credit to the private sector, instead being driven mainly by shifts into M3 on account of the liquidity preferences of the money-holding sector in the presence of low interest rates and high levels of uncertainty. Such shifts do not normally signal inflationary risks, so the overall message from monetary developments is that risks to price stability are balanced when looking at aggregate indicators for the euro area as a whole. At the same time, the considerable cross-country heterogeneity needs to be monitored carefully.

Chart 15 Estimates of the nominal money gap[1]

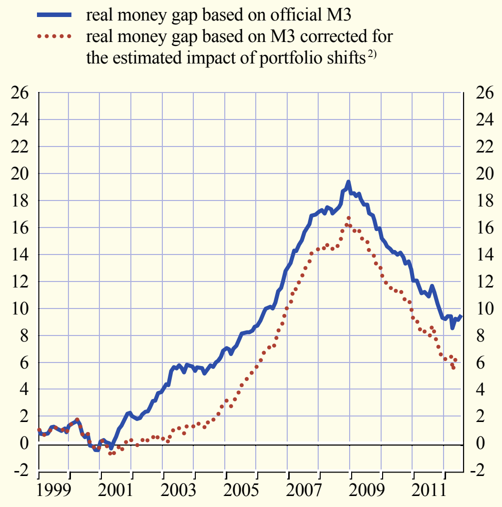
(as a percentage of the stock of M3; adjusted for seasonal and calendar effects; December 1998 = 0)



Source: ECB.
1) The nominal money gap is defined as the difference between the actual level of M3 and the level of M3 that would have resulted from constant M3 growth at its reference value of 4½% since December 1998 (taken as the base period).
2) Estimates of the magnitude of portfolio shifts into M3 are constructed using the general approach discussed in Section 4 of the article entitled "Monetary analysis in real time", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2004.

Chart 16 Estimates of the real money gap[1]

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



Source: ECB.
1) The real money gap is defined as the difference between the actual level of M3 deflated by the HICP and the deflated level of M3 that would have resulted from constant nominal M3 growth at its reference value of 4½% and HICP inflation in line with the ECB's definition of price stability, taking December 1998 as the base period.
2) Estimates of the magnitude of portfolio shifts into M3 are constructed using the general approach discussed in Section 4 of the article entitled "Monetary analysis in real time", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2004.

Box 4

DEVELOPMENTS IN THE FINANCIAL ACCOUNT OF THE EURO AREA BALANCE OF PAYMENTS UNTIL JUNE 2012

This box analyses recent developments in the financial account of the euro area balance of payments until the second quarter of 2012. In the 12-month period to June, the combined balance on direct and portfolio investment in the euro area recorded net outflows of €68.6 billion, compared with net inflows of €220.6 billion a year earlier. To a large extent, these were offset by a shift, over the same period, in other investment from net outflows to net inflows of €64.8 billion (see the table below). At the end of the period under review, however, the euro area recorded sizeable net inflows of portfolio investment and net outflows of other investment on account of developments in both the MFI and the non-MFI sectors. After resuming net purchases of foreign securities in the first quarter of 2012, euro area investors reduced their cross-border holdings of securities in the second quarter, presumably on the back of funding pressures that are reflected in net outflows from other investment.

The shift in the combined direct and portfolio investment balance to net outflows over the 12-month period up to June 2012 was due mainly to lower net inflows in portfolio investment as foreign investors substantially reduced their purchases of equity securities issued by non-MFIs and also disinvested from debt securities issued by euro area MFIs. The withdrawal of funds from foreign portfolio investment was accompanied by the repatriation by euro area residents of funds that had previously been invested in foreign securities (especially equity securities). The two-way repatriation process should be seen in the light of substantial financial market tensions and volatile global stock market prices. The reduction of net inflows in portfolio

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

(EUR billions; non-seasonally adjusted data)

			Three-month cumulated figures				12-month cumulated figures	
	2012		2011	2012			2011	2012
	May	June	Sep.	Dec.	Mar.	June	June	June
Financial account [1]	**-0.2**	**-17.5**	**3.5**	**-40.2**	**3.3**	**-19.5**	**-1.5**	**-52.9**
Combined net direct and portfolio investment	36.6	29.0	15.8	-59.4	-82.4	57.3	220.6	-68.6
Net direct investment	9.9	-30.6	-19.2	-54.9	-5.3	-30.3	-98.9	-109.7
Net portfolio investment	26.7	59.7	35.0	-4.5	-77.1	87.6	319.5	41.0
Equities	6.0	34.2	31.4	82.6	18.4	24.4	155.9	156.8
Debt instruments	20.7	25.4	3.6	-87.1	-95.5	63.2	163.6	-115.8
Bonds and notes	13.7	30.8	19.9	-7.5	-60.3	47.6	123.4	-0.3
Money market instruments	7.0	-5.4	-16.4	-79.6	-35.2	15.7	40.2	-115.5
Net other investment	-29.1	-40.6	-1.2	35.8	92.7	-62.5	-227.6	64.8
Of which: money-holding sector [2]								
Net direct investment	9.1	-31.6	-18.8	-54.2	-7.1	-33.4	-82.8	-113.5
Net portfolio investment	32.0	46.9	19.9	-18.8	-46.6	56.8	32.5	11.3
Equities	-3.0	40.9	29.1	43.3	14.7	24.4	153.4	111.6
Debt instruments	35.1	6.0	-9.2	-62.2	-61.3	32.4	-120.9	-100.3
Net other investment	-22.8	-13.7	24.6	13.7	9.6	-28.2	28.3	19.7

Source: ECB.
Notes: Figures may not add up, owing to rounding.
1) Figures refer to balances (net flows). A positive (negative) sign indicates a net inflow (outflow).
2) General government and other sectors of the balance of payments.

investment was largely compensated for by a shift in other investment, which comprises mainly deposits and loans, from net outflows to net inflows. This shift resulted primarily from resident banks in the euro area repatriating funds from abroad in order to support the restructuring of their balance sheets. Liquidity-providing transactions conducted by the Eurosystem in connection with the temporary reciprocal currency arrangement (swap line) also contributed to the net inflows in other investment.

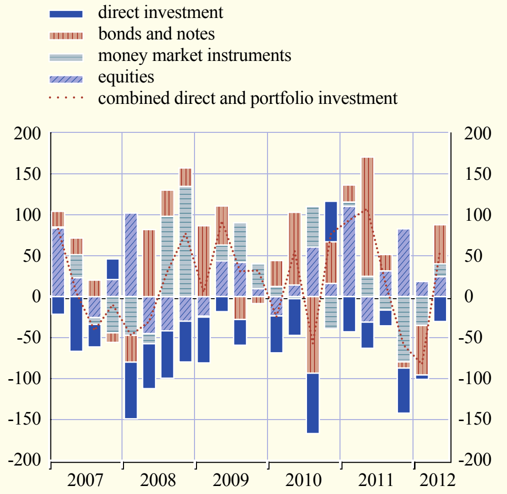
More recently, in the second quarter, there have been noticeable changes in the pattern of financial flows. While both euro area investors and foreign residents had temporarily resumed their net cross-border purchases of securities at the beginning of 2012, that momentum waned in the second quarter as euro area investors reduced their exposure to foreign securities. As a result, net outflows of combined direct and portfolio investment shifted to net inflows between the first and the second quarters of 2012 (see the chart below). Net outflows of foreign direct investment increased as from the first quarter of the year, due to cutbacks in the acquisition of euro area equity capital by non-residents, while the portfolio investment balance returned to positive territory in the case of both the MFI and the non-MFI sectors.

As regards the MFI sector, net inflows in portfolio investment turned positive as euro area residents resumed their repatriation of funds previously invested abroad in both debt and equity securities. The disinvestment largely involved sales of short-term money market instruments and, to a lesser extent, bonds and notes. This shift from net outflows of portfolio investment to net inflows should be seen in conjunction with a switch in other investment from net inflows to net outflows, so that it presumably reflects pressure on euro area banks to sell foreign securities in order to mobilise funds. As uncertainty related to the sovereign debt crisis deepened and risk-aversion re-emerged, euro area banks faced difficulties in raising liquidity in the form of loans and deposits, and in rolling-over maturing short-term deposits and loans. This resulted in a sharp decline in other investment liabilities of the banking sector.

Where the non-MFI sector is concerned, foreign investors' acquisition of euro area securities remained broadly unchanged in the second quarter, while euro area investors scaled down their net purchases of foreign debt securities (primarily bonds and notes) and moved out of foreign equity securities. Therefore, the net outflows in portfolio investment observed at the beginning of the year turned into net inflows in the second quarter. The net portfolio investment inflows in the non-MFI sector in the euro area contributed positively to the liquidity available there, as partly reflected in the evolution of the broad monetary aggregate M3. As can be seen from the monetary presentation of the balance of payments, these transactions involving the money-holding sector were an important determinant of the increase observed in the MFIs' net external asset position in the second quarter of 2012.

Main items in the financial account

(EUR billions; quarterly net flows)



Source: ECB.

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

The annual growth rate of financial investment by the non-financial sectors increased in the first quarter of 2012, partly reflecting an increased preference for liquid holdings in the context of heightened uncertainty. The annual growth rate of financial investment by insurance corporations and pension funds stabilised on account of a strong increase in households' investment in insurance technical reserves. Net redemption was recorded for all major types of investment fund – with the exception of bond funds – in the second quarter of 2012 as a result of the easing observed in bond markets following the Eurosystem's non-standard monetary policy measures.

NON-FINANCIAL SECTORS

In the first quarter of 2012 (the most recent quarter for which data are available) the annual growth rate of total financial investment by the non-financial sectors increased to 2.8% (up from 2.6% in the fourth quarter of 2011; see Table 3). The developments observed in the first quarter of 2012 mainly reflected increases in the growth rates of both investment in currency and deposits – reflecting a preference for liquidity in the presence of low interest rates and heightened uncertainty – and investment in shares and other equity (excluding mutual fund shares).

A sectoral breakdown reveals that, with the exception of the non-financial corporation sector, all sectors contributed to the stronger annual growth in financial investment in the first quarter of 2012 (see Chart 17). The increase in households' accumulation of financial assets reflects inflows both for currency and deposits and for insurance technical reserves in the context of heightened uncertainty and a preference for liquidity. According to investment fund statistics, inflows for investment funds were subdued in the second quarter of 2012, as strong inflows for bond funds were almost entirely offset by outflows for equity funds.

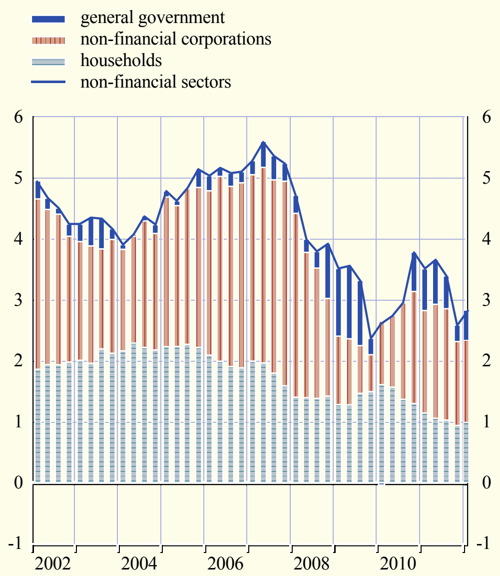
Table 3 Financial investment of the euro area non-financial sectors

	Outstanding amount as a percentage of financial assets [1]	Annual growth rates									
		2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1
Financial investment	**100**	**2.4**	**2.6**	**2.7**	**3.0**	**3.8**	**3.5**	**3.7**	**3.4**	**2.6**	**2.8**
Currency and deposits	24	3.1	1.8	1.6	2.4	3.2	3.8	4.0	3.4	2.8	3.6
Debt securities, excluding financial derivatives	6	-3.0	-2.6	-2.5	-3.1	5.5	6.7	7.7	7.8	2.8	1.5
of which: short-term	0	-36.1	-26.9	-24.1	-9.5	-7.0	0.2	7.1	-0.8	20.6	15.5
of which: long-term	5	2.2	0.7	0.0	-2.4	6.7	7.3	7.8	8.5	1.4	0.4
Shares and other equity, excluding mutual fund shares	28	2.6	2.6	2.5	2.8	3.5	2.9	2.8	2.8	2.1	2.3
of which: quoted shares	6	4.0	4.4	3.0	1.9	2.8	1.2	1.4	3.0	1.9	2.6
of which: unquoted shares and other equity	22	2.3	2.2	2.4	3.0	3.6	3.3	3.2	2.7	2.2	2.3
Mutual fund shares	5	2.1	0.4	-1.8	-2.9	-3.6	-4.0	-3.1	-4.5	-4.7	-3.5
Insurance technical reserves	15	4.5	5.0	4.8	4.7	4.3	3.6	3.1	2.7	2.1	1.8
Other [2]	22	1.3	3.9	5.4	5.8	5.9	5.1	5.3	5.6	5.0	5.3
M3 [3]		**-0.4**	**-0.1**	**0.3**	**1.1**	**1.7**	**2.2**	**2.0**	**2.9**	**1.5**	**3.2**

Source: ECB.
1) As at the end of the last quarter available. Figures may not add up due to rounding.
2) Other financial assets comprise loans and other accounts receivable, which in turn include trade credit granted by non-financial corporations.
3) End of quarter. The monetary aggregate M3 includes monetary instruments held by euro area non-MFIs (i.e. the non-financial sectors and non-monetary financial intermediaries) with euro area MFIs and central government.

Chart 17 Financial investment of non-financial sectors

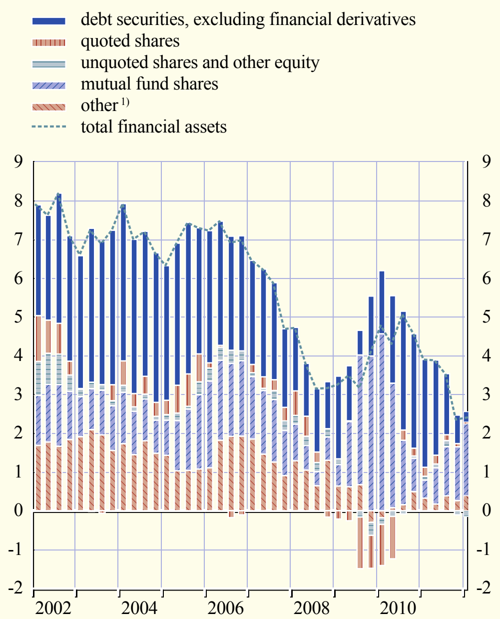
(annual percentage changes; contributions in percentage points)



Source: ECB.

Chart 18 Financial investment of insurance corporations and pension funds

(annual percentage changes; contributions in percentage points)



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

The annual growth rate of financial investment by the general government sector increased considerably in the first quarter, mainly reflecting increased investment in currency and deposits. The decline seen in the annual growth rate of total financial investment by non-financial corporations in the first quarter of 2012 is likely to reflect increased recourse to internal sources of funding. More detailed information on developments in the financial flows and balance sheets of the non-financial private sector is provided in Sections 2.6 and 2.7. Information can also be found – for all institutional sectors – in the box entitled "Integrated euro area accounts for the first quarter of 2012" in the August 2012 issue of the Monthly Bulletin.

INSTITUTIONAL INVESTORS

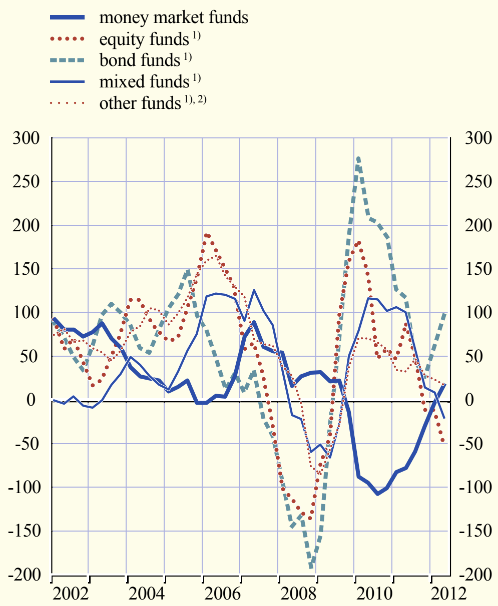
The annual growth rate of financial investment by insurance corporations and pension funds stabilised at 2.4% in the first quarter of 2012 (the most recent quarter for which data are available from the integrated euro area accounts; see Chart 18). This was the lowest rate of growth since 1999. From an instrument perspective, insurance corporations and pension funds increased their investment in mutual fund shares, which remained the most important contributor to the annual growth rate of financial investment by such entities. This reflected their preference for investing funds – obtained from new investment by households in life insurance and pension-type products, as well as the sale of directly held debt securities – largely in mutual funds, rather than investing directly in securities. At the same time, insurance corporations and pension funds further increased their holdings of currency and deposits, potentially reflecting a need for larger cash buffers on account of uncertainty in financial markets.

The annual inflow for investment fund shares/units (excluding money market funds) decreased to €43 billion in the second quarter of 2012, down from €83 billion in the previous quarter. The annual growth rate decreased to 0.6%, down from 1.3% in the first quarter. Annual inflows increased for bond funds, but outflows were observed for equity funds and mixed funds (see Chart 19). Overall, the impact of the Eurosystem's non-standard monetary policy measures, which supported investment in mutual fund shares/units in the first quarter, was considerably smaller in the second quarter. After the inflows recorded in late 2011 and early 2012 – possibly linked to the presence of ample liquidity – money market funds recorded an outflow in the second quarter of 2012, reflecting the challenging business environment for those funds given the low level of interest rates.

Looking specifically at developments in the second quarter of 2012, an inflow of €36 billion was observed for investment fund shares/units (excluding money market funds) on the basis of non-seasonally adjusted data. The inflow recorded in the first half of 2012 more than compensated for the outflows recorded in 2011. The inflow seen for bond funds in the first half of 2012 was much larger than those recorded for other types of fund, with the result that the annual growth rate of bond funds increased to 4.7%. This partly reflects the easing observed in bond markets following the Eurosystem's three-year LTROs settled on 22 December 2011 and 1 March 2012.

Chart 19 Net annual flows for money market and investment funds

(EUR billions)



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

2.3 MONEY MARKET INTEREST RATES

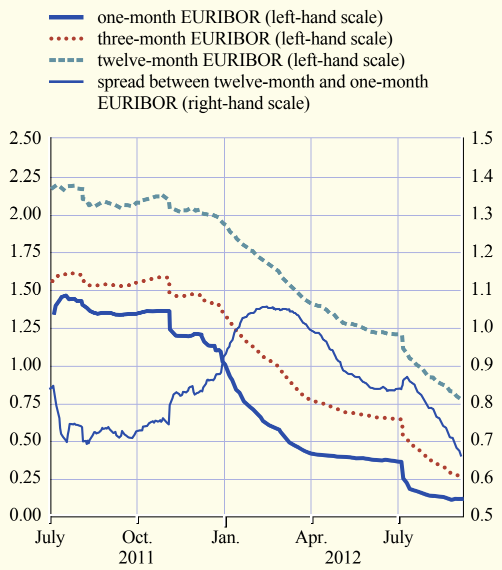
Money market interest rates generally declined between 5 June and 5 September 2012. This is in line with the continued decline in the EONIA, which has fluctuated at low levels since the beginning of the year, and reflects the 25 basis point reduction in the key ECB interest rates, which took effect on 11 July 2012, as well as the significant excess liquidity in the overnight money market. Volatility in money market interest rates decreased.

Unsecured money market interest rates decreased between 5 June and 5 September 2012. On 5 September the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.12%, 0.28%, 0.52% and 0.78% respectively – i.e. 26, 39, 42 and 44 basis points lower than the levels observed on 5 June 2012. Accordingly, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased by 18 basis points over that period to stand at 66 basis points on 5 September (see Chart 20).

Secured money market interest rates have stabilised at very low levels since the beginning of the year (see Chart 21). The interest rate on the three-month overnight index swap stood at 0.08% on 5 September, around 19 basis points lower than on 5 June. As the corresponding unsecured EURIBOR decreased even more markedly, the spread between these two rates decreased

Chart 20 Money market interest rates

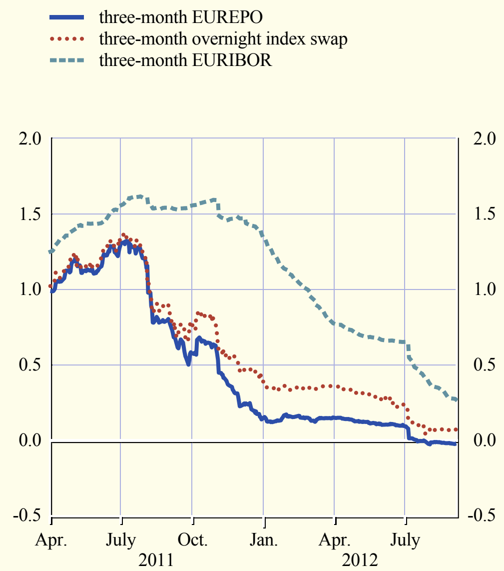
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

Chart 21 Three-month EUREPO, EURIBOR and overnight index swap

(percentages per annum; daily data)



Sources: ECB, Bloomberg and Thomson Reuters.

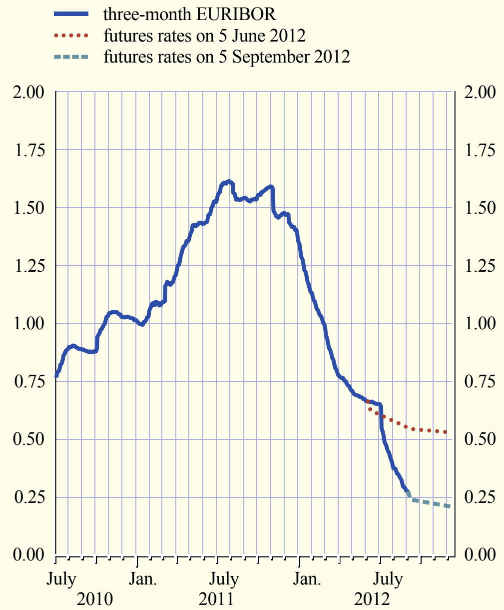
from 40 basis points on 5 June to 20 basis points on 5 September.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in September and December 2012 and March 2013 stood at 0.24%, 0.21% and 0.22% respectively on 5 September, representing decreases of 31, 32 and 30 basis points by comparison with the levels observed on 5 June, partly reflecting expectations of lower key ECB interest rates (see Chart 22). Implied volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts decreased at the end of the review period (see Chart 23).

Looking at the overnight maturity, the EONIA remained stable at around 33 basis points overall during the sixth reserve maintenance period of the year (the sole exception being a very modest spike on the last TARGET working day of the second quarter, when it stood at 0.382%), exhibiting very low levels of volatility. In the

Chart 22 Three-month interest rates and futures rates in the euro area

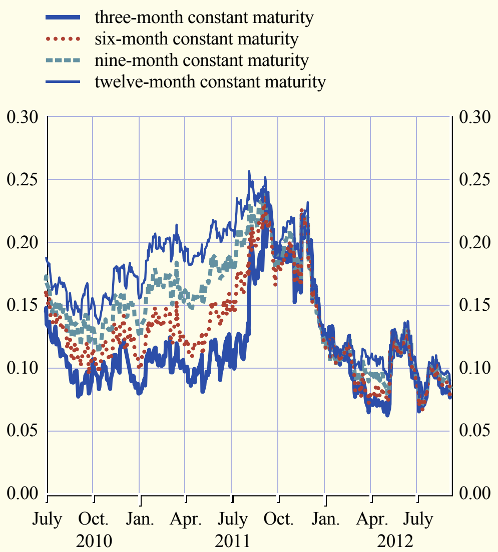
(percentages per annum; daily data)



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

Chart 23 Implied volatilities with constant maturities derived from options on three-month EURIBOR futures

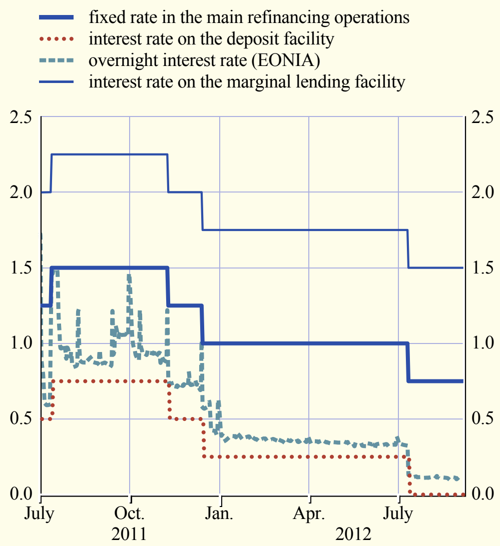
(percentages per annum; daily data)



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

Chart 24 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

seventh and eighth reserve maintenance periods, following the reduction in the key ECB interest rates, the EONIA stood at around 11 basis points, standing at 0.107% on 5 September. Accordingly, the spread between the EONIA and the main refinancing rate remained negative throughout the review period, reflecting very large amounts of excess liquidity in overnight money markets.

The review period saw the ECB continue to provide liquidity through refinancing operations with maturities of one week, one maintenance period and three months. All of these operations were conducted as fixed rate tender procedures with full allotment.

The ECB also conducted weekly one-week liquidity-absorbing operations with a variable rate tender procedure and maximum bid rates of 1% in the sixth maintenance period of 2012 and 0.75% in the seventh and eighth maintenance periods of the year. With these liquidity-absorbing operations, the ECB offered to absorb an amount equal to the value of the purchases made under the Securities Markets Programme, which totalled €209.0 billion on 5 September.

The review period was characterised by very high levels of excess liquidity, with average daily recourse to the deposit facility over the three reserve maintenance periods in question (i.e. the sixth, seventh and eighth maintenance periods of 2012) standing at €479 billion. By comparison, average daily recourse to the deposit facility totalled €772 billion in the three previous maintenance periods. This decline mainly reflects the shifting of base money from the deposit facility to current accounts owing to the reduction of the deposit rate to 0.00% with effect from 11 July 2012.

Box 5

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 9 MAY TO 7 AUGUST 2012

This box describes the ECB's open market operations during the reserve maintenance periods ending on 12 June, 10 July and 7 August 2012.

On 6 June 2012 the Governing Council decided to continue conducting its main refinancing operations (MROs) as fixed rate tender procedures with full allotment for as long as necessary, and at least until the 12th maintenance period of 2012 ends on 15 January 2013. The same procedure will remain in use for the Eurosystem's special-term refinancing operations with a maturity of one maintenance period, which will also continue to be conducted for as long as needed. The fixed rate in these operations will be the same as the MRO rate prevailing at the time.

In addition, the Governing Council decided that three-month longer-term refinancing operations (LTROs) allotted prior to the end of 2012 would be conducted as fixed rate tender procedures with full allotment. The rates in these operations will be fixed at the average of the rates in the MROs over the life of the respective LTRO. Accordingly, during the period under review, all euro refinancing operations continued to be conducted by means of fixed rate tender procedures with full allotment. In addition, the key ECB interest rates were reduced by 25 basis points following a decision by the Governing Council on 5 July 2012.

Liquidity needs of the banking system

During the period under review, the banking system's aggregate daily liquidity needs – defined as the sum of autonomous factors, reserve requirements and excess reserves (i.e. current account holdings in excess of reserve requirements) – averaged €623.1 billion. This was €197.1 billion higher than the daily average recorded in the previous three maintenance periods (i.e. the period from 15 February to 8 May 2012).

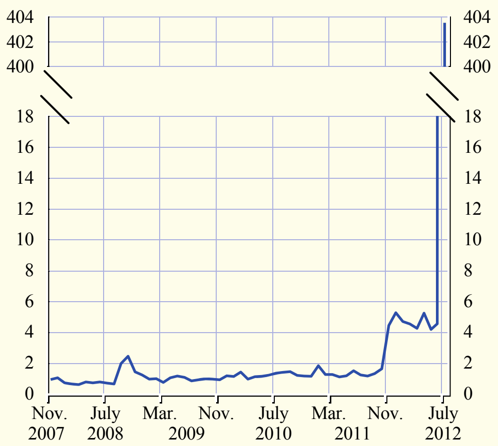
This rise in liquidity needs was the combined result of increases in autonomous factors and, to a much greater extent, excess reserves. The latter was due to the reduction of the deposit rate to zero, effective as of 11 July 2012, which, in principle, made banks indifferent as to whether they transferred their funds overnight to the deposit facility or left them unremunerated on their current accounts as excess reserves.

As a result, excess reserves, which averaged €4.4 billion during the first two maintenance periods under consideration (compared with an average of €4.7 billion over the previous three maintenance periods), substantially increased over the third maintenance period under consideration (with a daily average of €403 billion – see Chart A).[1] Reserve requirements stood at €106.8 billion on average over the three maintenance periods under review, up from €105.0 billion in the previous three maintenance periods. At the same time, autonomous factors increased by €73.0 billion to €389.3 billion on average.

1 For further information on the factors that influence excess reserves, see the box entitled "Excess reserves and the ECB's implementation of monetary policy", *Monthly Bulletin*, ECB, October 2005.

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

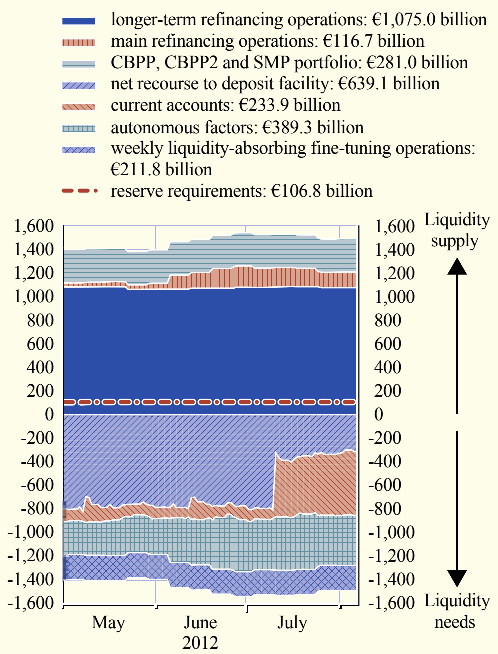
(EUR billions; average level in each maintenance period)



Source: ECB.

Chart B Liquidity needs of the banking system and liquidity supply

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



Source: ECB.

Liquidity supply

During the period under review, total net liquidity supplied by means of open market operations averaged €1,260.8 billion. This represents an increase of €115.7 billion relative to the previous three maintenance periods. Tender operations[2] provided an average of €979.9 billion, €116.5 billion more than in the previous review period (see Chart B).

The average amount of liquidity supplied through one-week main refinancing operations increased by €52.6 billion relative to the previous period. The average amount of liquidity provided by longer-term refinancing operations increased by €60.9 billion, while the average amount of liquidity absorbed by the weekly fine-tuning operations decreased by €3.0 billion.

Together, the first and second covered bond purchase programmes (the CBPP and CBPP2) and the Securities Markets Programme (SMP) resulted in liquidity that averaged €281.0 billion during the review period. This was slightly lower than the average for the previous three maintenance periods.

The liquidity provided through the CBPP, under which the last purchases were made on 30 June 2010, stood at €55.0 billion on 7 August 2012, down marginally from the previous review period, on account of maturing amounts. On 7 August 2012 settled purchases under CBPP2 – which was launched on 3 November 2011 – reached €14.6 billion, while the net value of settled purchases under the SMP stood at €211.3 billion, compared with €214.2 billion on 8 May 2012, on account of maturing amounts. The weekly fine-tuning operations absorbed all the liquidity provided by the SMP.

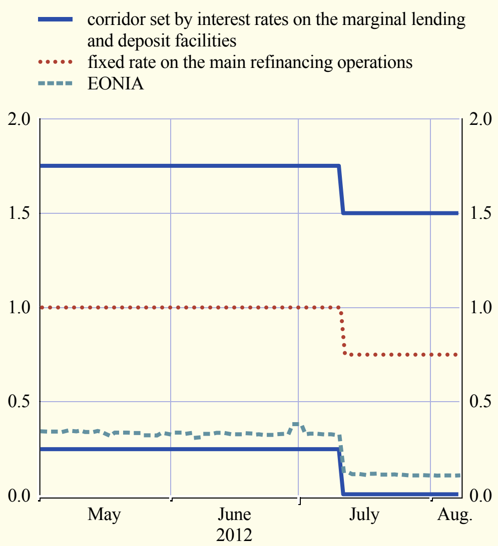
2 Tender operations include main refinancing operations, longer-term refinancing operations and fine-tuning operations, the last of which can be either liquidity-providing or liquidity-absorbing.

Use of standing facilities

Mainly as a result of the increase in the supply of liquidity, average excess liquidity (defined as total liquidity provided via operations and the marginal lending facility, minus autonomous factors and reserve requirements) rose to €766.2 billion in the period under review (up from €725.9 billion in the previous review period). Recourse to the marginal lending facility decreased from an average of €2.1 billion in the previous three maintenance periods to an average of €1.4 billion in the period under review. Following the reduction of the deposit rate to zero, banks held more excess reserves as of 11 July 2012. Therefore, average recourse to the deposit facility decreased from an average of €770.7 billion during the first two maintenance periods under review to €343.1 billion in the third maintenance period (with the average over all three maintenance periods decreasing to €639.1 billion, compared with €721.2 billion in the previous three maintenance periods). Average net recourse[3] to the deposit facility amounted to €637.7 billion.

Chart C The EONIA and ECB interest rates

(daily interest rates in percentages)



Source: ECB.

Interest rates

Following decisions by the Governing Council, the rates on the main refinancing operations, the marginal lending facility and the deposit facility were reduced by 25 basis points with effect from 11 July 2012. Accordingly, the period under review ended with the following interest rates: 0.75% on the main refinancing operations, 1.50% on the marginal lending facility and 0.00% on the deposit facility.

As liquidity remained ample in the period under review, the EONIA and other very short-term money market rates remained low, averaging 66 basis points below the main refinancing rate (see Chart C). In the period under review, the EONIA averaged 0.26%.

3 Net recourse to the deposit facility is calculated as recourse to the deposit facility minus recourse to the marginal lending facility over the period, including weekends.

2.4 BOND MARKETS

Between 1 June and 5 September 2012, yields on AAA-rated long-term government bonds increased by around 10 basis points, all in all, in the euro area. In the United States, long-term government bond yields remained broadly unchanged. Long-term government bond yields in the euro area rose in June, but subsequently experienced a prolonged phase of decline, driven primarily by increasing market concerns about the near-term economic outlook and the euro area debt crisis. Long-term government bond yields in the United States moved broadly sideways in June, before decreasing in the first half of July, with the decline subsequently being reversed at the end of July and in August.

In the euro area, long-term bond yield differentials vis-à-vis Germany fell for most countries. Uncertainty about future bond market developments in the euro area, as measured by implied bond market volatility, remained broadly unchanged from the beginning of June. In the United States, implied bond market volatility declined over the same period, and thus remained at lower levels than in the euro area. In the euro area, market-based indicators continue to suggest that medium to long-term inflation expectations remain fully consistent with price stability.

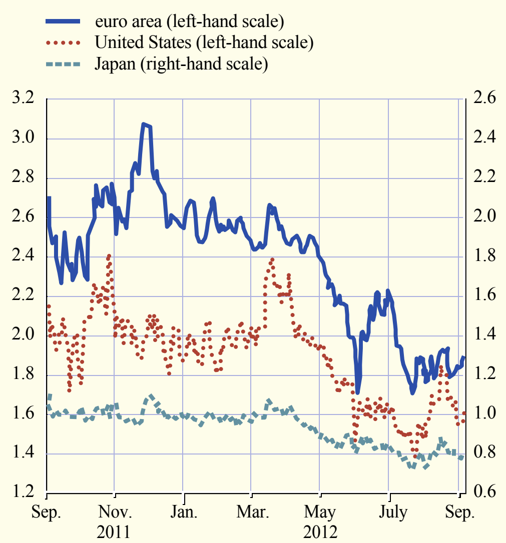
Between 1 June and 5 September 2012, yields on AAA-rated long-term government bonds increased by around 10 basis points in the euro area (see Chart 25). In the United States, long-term government bond yields remained broadly unchanged. On 5 September, yields stood at 1.9% in the euro area and at 1.6% in the United States. In June and July, yields on long-term bonds reached the lowest levels ever, namely 1.7% in the euro area and 1.4% in the United States. The fact that these yields hovered at very low levels partly reflect a deterioration of growth prospects and concerns about financial stability in the euro area. Yields in the euro area were more volatile than those in the United States. In June, yields in the euro area rose sharply, partly on hopes that political initiatives could improve market conditions for countries under particular stress, such as Italy and Spain. The presentation of a road map for financial stability, e.g. through a banking union, and the agreement reached on a recapitalisation package for the Spanish banking system did not relieve market stress, and yields on AAA-rated government bonds declined as a result of additional flight-to-safety flows that lasted until mid-July. In the second half of July, market participants focused on possible details of initiatives to resolve the debt crisis. The outcome of a political summit did not calm the markets. Optimism resurfaced in late July and further in early August, following the announcement that the ECB might undertake outright open market operations.

In the United States, long-term government bond yields fluctuated less markedly between June and early September, and remained broadly unchanged at low levels. Economic data releases were mixed, with some signs that the housing market was improving. However, according to market participants, growth is expected to remain subdued over the short term. The Federal Reserve indicated that it would provide additional monetary policy accommodation as needed to promote both a stronger economic recovery and a sustained improvement in labour market conditions.

Investors' uncertainty about near-term bond market developments in the euro area, as measured by option-implied volatility, was broadly unchanged on 5 September, as compared with the beginning of June (see Chart 26). Implied volatility rose in June, before declining in July. In August implied volatility moved sideways, with market participants waiting for more information on policy actions for the

Chart 25 Long-term government bond yields

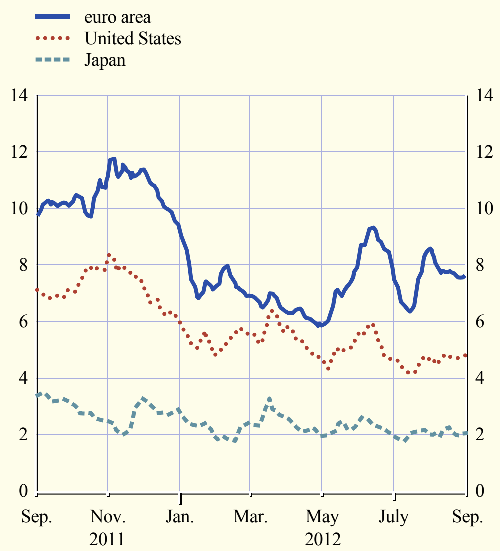
(percentages per annum; daily data)



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

Chart 26 Implied government bond market volatility

(percentages; daily data)



Source: Bloomberg.
Notes: Implied bond market volatility is a measure of the uncertainty surrounding the short term (up to three months) for German , Japanese and US ten-year government bond prices. It is based on the market values of related traded options contracts.

euro area. Bond market volatility in the euro area remained high by historical standards. Implied bond market volatility in the United States was more stable and stood at a markedly lower level, which suggests that market participants' concerns have recently been more focused on developments in the euro area. The current level for the euro area is around 1 percentage point higher than that prevailing just before the default of Lehman Brothers, while the volatility of US bonds is around 4 percentage points lower than it was at that time. Moreover, in part also as a result of improved bond market sentiment and investors‘ search for yield, the liquidity premia on German government bonds relative to those on German agency bonds dropped somewhat, particularly in late July and in August.

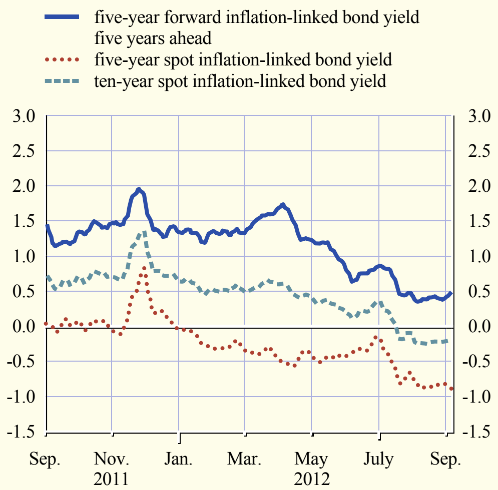
From the beginning of June to 5 September, long-term bond yields in AAA-rated euro area countries converged, with yields on Finnish and German bonds increasing most and those on French and Austrian bonds declining most under the impetus of investors' search for yield. This pattern was particularly visible in the case of yields on highly rated short-term government bonds, all of which stood at close to or below zero at the end of the reference period. From mid-June to mid-July, the spread between yields on German and French two-year bonds contracted by 50 basis points to stand at around 15 basis points, and have remained there since.

Developments in the other euro area countries differed rather markedly, with long-term yields in countries under an EU-IMF financial assistance programme declining sharply throughout the period, while the yields for Spain and Italy increased until the end of July, before falling back to stand somewhat below the level at the beginning of June. Yields for Ireland and Portugal decreased by 150 and 300 basis points respectively over the review period. Short-term yields both in countries under an EU-IMF assistance programme and in Italy and Spain fell significantly in early August.

The yield on five-year inflation-linked euro area government bonds declined by around 50 basis points, to a real yield of -0.9% in early September, while the yield on corresponding bonds with a maturity of ten years declined by around 30 basis points, to a real yield of -0.2% (see Chart 27). Reflecting the different movements of five-year and ten-year nominal spot and real yields, the implied forward break-even inflation rates in the euro area (five-year forward five years ahead) increased by around 50 basis points in the period under review, to 2.6% on 5 September (see Chart 28). The comparable inflation swap rate increased by 20 basis points over the same period, to stand at around 2.4% on that day. Overall, taking into account not only market volatility and distortions amid high liquidity premia, but also inflation risk premia, market-based indicators suggest that inflation expectations remain consistent with price stability.

Chart 27 Euro area zero coupon inflation-linked bond yields

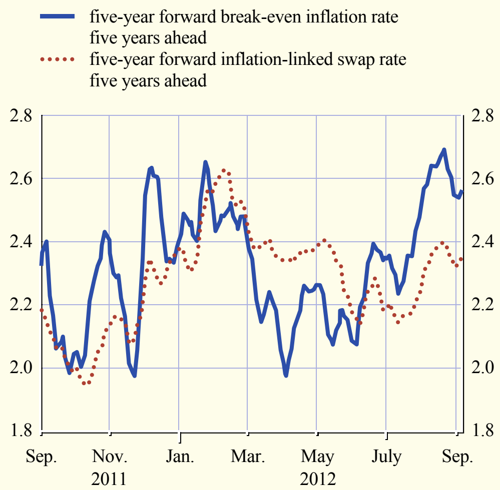
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Thomson Reuters and ECB calculations.
Notes: 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 28 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)



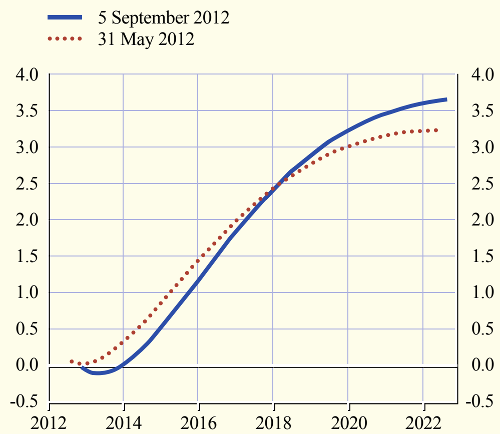
Sources: Thomson Reuters and ECB calculations.
Notes: Since the end of August 2011 break-even inflation rates have been computed as a GDP-weighted average of separately estimated break-even rates for France and Germany. Before this date, break-even inflation rates were computed by comparing yields from 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.

The changes in the term structure of short-term forward rates in the euro area show how the overall developments in long-term euro area AAA-rated bond yields can be decomposed into changes in interest rate expectations (and the related risk premia) at different horizons (see Chart 29). Short-term rates decreased and long-term rates increased in the period under review, causing the yield curve to steepen. These developments reflected adjustments to yield expectations and risk premia amid the general deterioration in and uncertainty surrounding the outlook for economic activity, as well as the effect of a downward revision of the expected future path of short-term interest rates.

Overall, between the beginning of June and early September, spreads on investment-grade corporate bonds issued by non-financial corporations (relative to the Merrill Lynch EMU AAA-rated government bond index) declined across all rating categories. Spreads on bonds issued by financial corporations likewise

Chart 29 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.

contracted across all rating classes. The compression of the spreads in this period continued the trend that had started around the beginning of 2012. In a generally low yield environment, yields on investment grade non-financial corporate bonds reached an all-time low. The yields on AAA, AA and A-rated bonds issued by financial corporations also fell to a record low as investors searched for yield, while yields for lower-rated bonds continued to be higher than before the start of the financial crisis.

2.5 EQUITY MARKETS

Between 1 June and 5 September 2012, stock prices increased by around 13% in the euro area and by 7% in the United States. Equity prices in the euro area were supported by political initiatives to strengthen financial stability. Financial equity prices increased as from late July, following statements from policy-makers regarding their commitment to take the necessary steps to resolve the crisis. Overall, stock prices in the financial sector outperformed those in the non-financial sector. Stock market uncertainty, as measured by implied volatility, declined significantly in both the euro area and the United States.

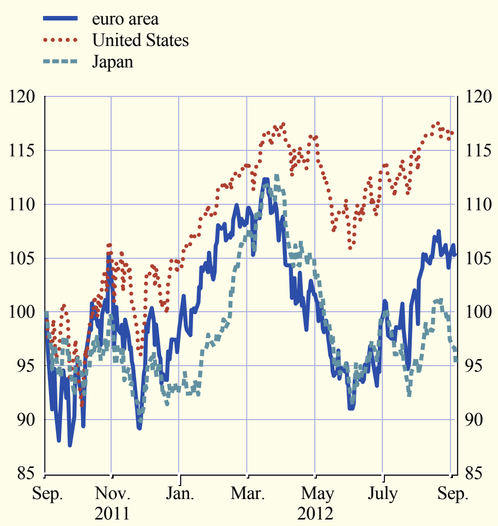
Between 1 June and 5 September 2012 the composite equity price index increased by around 13% in the euro area, while the comparable US index increased by around 7% (see Chart 30). In the euro area, stock prices in the financial sector rose even more sharply (+23%). In the United States, by contrast, the sub-indices for both financial and non-financial equities increased by around 8%. By comparison, broad equity indices in the United Kingdom and Japan rose by around 6% and 2% respectively in the three months to early September. The increases in the equity indices in the euro area and the United States took place in an environment marked by reduced risk aversion, as signalled by the significant decline in volatility implied in equity index options.

Early in the period under review, stock prices rose in both economic areas, as positive sentiment was supported by initiatives to strengthen financial stability in the euro area. Equity markets also received positive support from the outcome of the Greek elections, and from the continuation of Operation Twist in the United States. In mid-July, however, equity prices fell sharply amid increasing uncertainty about financial stability. The decline was reversed at the end of July and in August after statements from policy-makers regarding their commitment to take the steps necessary to resolve the crisis.

Mixed signals about the global economy also influenced equity prices. In the United States, housing markets showed signs of stabilisation, while developments in the labour market

Chart 30 Stock price indices

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



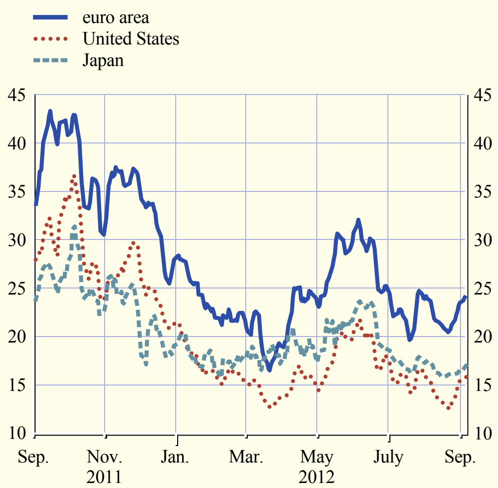
Source: Thomson Reuters.
Note: The indices used are the Dow Jones EURO STOXX broad index for the euro area, the Standard & Poor's 500 index for the United States and the Nikkei 225 index for Japan.

remained subdued. Growth expectations were generally reduced for both emerging markets and developed economies, adding further strains to the sustainability of an economic recovery and putting downward pressure on equity prices. On the other hand, equity prices were partly supported by expectations of monetary stimulus in the United States, China and the euro area.

Against the background of rising equity valuations, stock market uncertainty, as measured by implied volatility, decreased in both the euro area and the United States in the period under review. Overall, implied volatility declined by 7 percentage points in the euro area and by 5 percentage points in the United States, to 24% and 15% respectively (see Chart 31). The lower perceived risk must be seen in light of an elevated level of implied volatility at the beginning of the review period due to uncertainty related to immediate risks to the Spanish financial sector before the recapitalisation package was agreed. While the levels of uncertainty were still elevated by historical standards, reflecting, among other factors, the existence of downward risks to global growth, as well as the presence of concerns about the euro area sovereign debt crisis, the end-of period levels were close to the values recorded in the summer of 2011, i.e. before the intensification of the euro area debt crisis.

Chart 31 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.

The sectoral sub-indices of the euro area equity market generally recorded broad-based increases in the three months to 5 September, although with some notable differences (see Table 4). Relative

Table 4 Price changes in the Dow Jones EURO STOXX economic sector indices

(percentages of end-of-period prices)

	EURO STOXX	Basic materials	Consumer services	Consumer goods	Oil and gas	Financial	Health-care	Industrial	Tech-nology	Tele-communi-cations	Utility
Share of sector in market capitalisation											
(end-of-period data)	100.0	10.6	6.9	17.6	7.8	19.7	6.2	14.8	4.7	5.1	6.6
Price changes											
(end-of-period data)											
Q2 2011	-1.7	3.0	-2.9	7.0	-6.2	-5.0	11.5	-1.3	-8.8	-6.5	-6.8
Q3 2011	-23.1	-28.9	-17.4	-20.0	-19.1	-30.9	-9.2	-27.4	-15.9	-14.4	-18.5
Q4 2011	5.1	13.1	5.6	9.1	18.6	-1.8	11.3	6.5	1.9	-3.6	-4.3
Q1 2012	9.5	14.2	5.2	15.3	1.4	11.3	5.5	12.7	21.6	-5.0	1.3
Q2 2012	-8.4	-8.3	-5.3	-4.6	-9.3	-13.7	5.0	-8.5	-16.1	-10.6	-8.2
July 2012	2.6	6.4	4.0	6.2	4.4	-2.3	6.9	2.1	10.1	-3.6	-4.5
Aug. 2012	4.0	1.8	3.4	0.7	4.6	11.2	-2.0	3.7	0.6	4.8	5.6
31 May 12 – 05 Sep.12	13.0	11.2	14.4	7.9	13.0	23.4	11.6	9.5	8.8	11.6	14.4

Sources: Thomson Reuters and ECB calculations.

to the euro area composite index, which rose by 13% over the period under review, increases were particularly marked in the financial sector. The larger increase in financial equity prices is consistent with the fact that the implied volatility for the sub-index was twice as high as that for the broad index. In the consumer goods sector and in the technology sector, by contrast, the increases were more muted. In the United States, where the composite index rose by 7% over the same period, the increases were spread more evenly across sectors, with the oil and gas sector recording the most significant increases.

For the euro area corporations that are included in the Dow Jones EURO STOXX index, data on corporate earnings show that the rate of growth of actual earnings, computed over the previous 12 months, declined more slowly in August than at the beginning of the period under review, namely from around -10% at the end of May to about -5% at the end of August. Especially the financial sector, the telecommunications sector and the technology sector continued to record declining earnings, while companies in the industrial and consumer goods sectors reported positive earnings growth. At the same time, the growth in earnings per share projected by market participants for the period 12 months ahead increased somewhat between June and September, to around 12%, with expected long-term growth in earnings per share also remaining stable at around 9% over the same period (see Chart 32).

Chart 32 Expected growth in corporate earnings per share in the United States and the euro area

(percentages per annum; monthly data)

Sources: Thomson Reuters and ECB calculations.
Notes: Expected earnings growth of corporations on the Dow Jones EURO STOXX index for the euro area and on the Standard & Poor's 500 index for the United States.
1) "Short-term" refers to analysts' earnings expectations 12 months ahead (annual growth rates).
2) "Long-term" refers to analysts' earnings expectations three to five years ahead (annual growth rates).

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

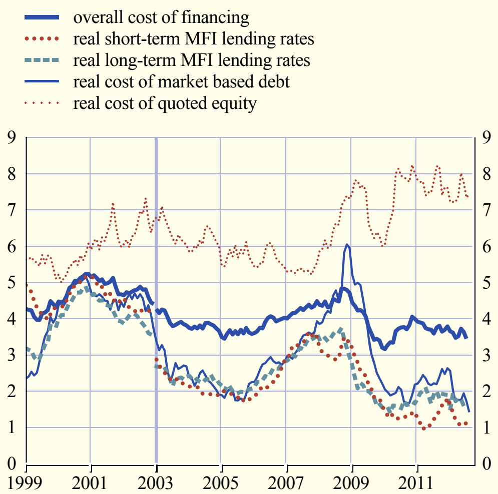
Between April and July 2012 the real cost of financing for euro area non-financial corporations decreased only slightly, reflecting a broad-based decline across all sub-categories, but particularly in that of long-term lending rates. With regard to financial flows, the annual growth of lending to non-financial corporations moderated to -0.6% in the second quarter of 2012. The weak loan growth rates owed much to weak economic conditions, still elevated credit risk, supply-side constraints and subdued loan demand. Debt securities issuance by non-financial corporations increased further in the second quarter of 2012.

FINANCING CONDITIONS

The real cost of external financing for euro area non-financial corporations – as calculated by weighting the costs of different sources of financing on the basis of their outstanding amounts, corrected for valuation effects – decreased by 6 basis points between April and July 2012, to stand at around 3.4% (see Chart 33). This contraction in the overall cost of financing was broadly based across all sub-categories, but particularly in that of real long-term lending rates. Real long-term lending rates to non-financial corporations declined by about 22 basis points over the

Chart 33 Real cost of the external financing of euro area non-financial corporations

(percentages per annum; monthly data)



Sources: ECB, Thomson Reuters, Merrill Lynch and Consensus Economics Forecasts.
Notes: The real cost of external financing of non-financial corporations is calculated as a weighted average of the cost of bank lending, the cost of debt securities and the cost of equity, based on their respective amounts outstanding and deflated by inflation expectations (see Box 4 in March 2005 issue of the Monthly Bulletin). The introduction of the harmonised MFI lending rates at the beginning of 2003 led to a break in the statistical series. Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

period under review, to 1.6%. Both the real cost of market-based debt and the real cost of issuing equity declined only slightly between April and July, namely by 3 and 4 basis points respectively, to 1.7% and 1.3%. Real short-term lending rates remained broadly unchanged between April and July 2012, at 1.1%. More recent data indicate a further decline of about 30 basis points in the real cost of market-based debt in August, to 1.4%. By contrast, the real cost of quoted equity edged up slightly. Taking a longer-term perspective, the real overall cost of financing for euro area non-financial corporations in July 2012 remained at low levels by historical standards. This applies to all sources of financing, with the exception of the real cost of equity.

In the period from April to July 2012, nominal MFI interest rates on new loans to non-financial corporations declined for all loan sizes and maturities (see Table 5). More specifically, short-term interest rates for large loans (over €1 million) decreased by 14 basis points, while those on small loans (up to €1 million) fell by 7 basis points. MFIs' long-term interest rates on large loans decreased by 23 basis points,

Table 5 MFI interest rates on new loans to non-financial corporations

(percentages per annum; basis points)

	Q2 2011	Q3 2011	Q4 2011	Q1 2012	June 2012	July 2012	Change in basis points up to July 2012: Apr. 2011	Apr. 2012	June 2012
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	4.26	4.40	4.47	4.39	4.19	4.08	-4	-17	-11
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	3.94	4.18	4.44	4.20	4.08	4.12	34	-7	4
with an initial rate fixation of over five years	4.39	4.19	4.17	4.21	4.00	3.88	-40	-33	-12
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.92	2.91	3.16	2.52	2.56	2.40	-40	-14	-16
with an initial rate fixation of over five years	3.29	3.68	3.74	3.46	3.28	3.31	-96	-23	3
Memo items									
Three-month money market interest rate	1.55	1.55	1.36	0.78	0.65	0.39	-100	-32	-26
Two-year government bond yield	1.65	0.74	0.41	0.39	0.27	-0.02	-187	-34	-29
Seven-year government bond yield	2.89	1.96	2.08	1.90	1.69	1.22	-191	-58	-47

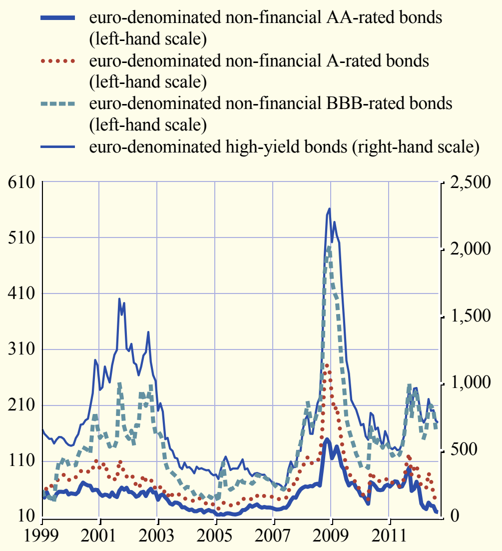
Source: ECB.
Note: Government bond yields refer to the euro area bond yields based on the ECB's data on AAA-rated bonds, which currently include bonds from Austria, Finland, France, Germany and the Netherlands.

and those on small loans dropped by 33 basis points. The overall decline in lending rates to non-financial corporations reflects the pass-through of past cuts in key ECB interest rates and the effectiveness of the ECB's most recent non-standard measures in addressing bank funding constraints. In the period under review, short-term money market rates decreased by 32 basis points, while seven-year government bond yields fell by 58 basis points for the euro area as a whole, although with significant heterogeneity across countries. Moreover, the spread between large and small loans tended to contract in the case of long maturities.

Spreads between non-financial corporate bond yields and government bond yields were volatile across all rating categories between April and August 2012 (see Chart 34). Reflecting tensions in financial markets, corporate bond spreads widened for all rating categories in May 2012, but particularly for intermediate and high-yield bonds. In the case of the former category, spreads increased by 37 basis points in that month, while those for the latter rose by about 140 basis points. From May to August 2012, by contrast, spreads tended to narrow. In particular, spreads on high-yield and BBB-rated corporate bonds narrowed by 140 and 32 basis points respectively. Those on AA and A-rated bonds fell by 15 and 50 basis points respectively. The decline in spreads was particularly sharp in August, after the ECB's announcement of additional non-standard measures.

Chart 34 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



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

FINANCIAL FLOWS

The profitability of non-financial corporations in the euro area deteriorated between April and August 2012. The annual growth rate of earnings per share for listed non-financial corporations in the euro area decreased from -4.7% in April to -8.5% in August 2012. These dynamics mark a continuation of the negative trend initiated in February 2012 (see Chart 35). Looking ahead, market participants expect a smooth recovery over the coming months.

Chart 35 Earnings per share of listed non-financial corporations in the euro area

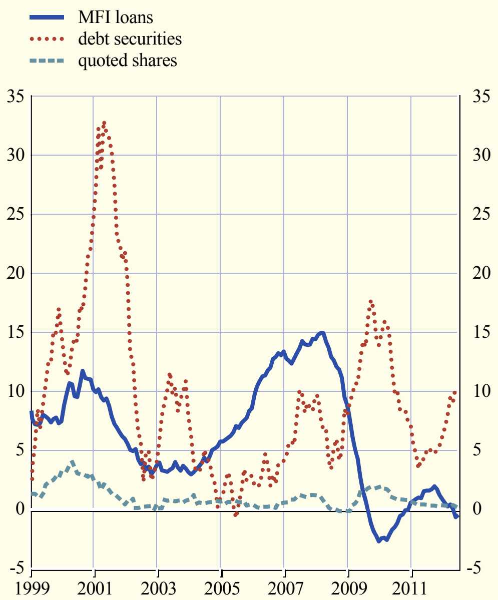
(annual percentage changes; monthly data)

Sources: Thomson Reuters and ECB calculations.

With regard to external financing, the recovery in MFI lending to non-financial corporations has lost momentum since the end of 2011. In particular, the annual growth rate of MFI loans to non-financial corporations stood at -0.5% in July 2012, the second consecutive negative

Chart 36 External financing of non-financial corporations broken down by instrument

(annual percentage changes)



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

rate since September 2009. An increase in the issuance of debt securities compensated for the decline in the rate of growth of MFI lending to non-financial corporations over the same period (see Chart 36). Issuance of long-term fixed rate debt securities was the main reason for the more buoyant issuance activity of non-financial corporations, while issuance of short-term debt securities contributed very little. Over the same period, the annual growth rate of issuance of quoted shares by non-financial corporations increased only slightly.

The annual growth rate of bank lending to non-financial corporations declined to -0.6% in the second quarter of 2012 (see Table 6), reflecting a significant drop in the annual growth rate of short-term lending (with maturities of up to one year) and a moderate decrease in the annual growth rate of long-term lending (with maturities of over five years). Weak economic activity and the associated credit risk, as well as supply-side constraints and subdued demand, are the main factors behind these developments.

Table 6 Financing of non-financial corporations

(percentage changes; end of quarter)

	Annual growth rates				
	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2
MFI loans	1.6	1.7	1.2	0.3	-0.6
Up to one year	4.2	4.0	2.0	-0.4	-1.7
Over one and up to five years	-2.9	-3.0	-2.5	-3.1	-2.7
Over five years	2.0	2.3	2.1	1.6	0.5
Debt securities issued	4.2	4.8	5.4	8.0	10.3
Short-term	2.6	18.5	16.4	12.6	27.3
Long-term, *of which:* 1)	4.4	3.4	4.4	7.5	8.7
Fixed rate	5.4	4.4	5.0	8.1	9.4
Variable rate	-2.0	-3.8	-1.1	-1.6	-1.8
Quoted shares issued	0.4	0.3	0.4	0.3	0.3
Memo items 2)					
Total financing	2.6	2.7	2.2	2.1	-
Loans to non-financial corporations	3.2	3.0	2.5	2.2	-
Insurance technical reserves 3)	0.3	0.3	0.3	0.3	-

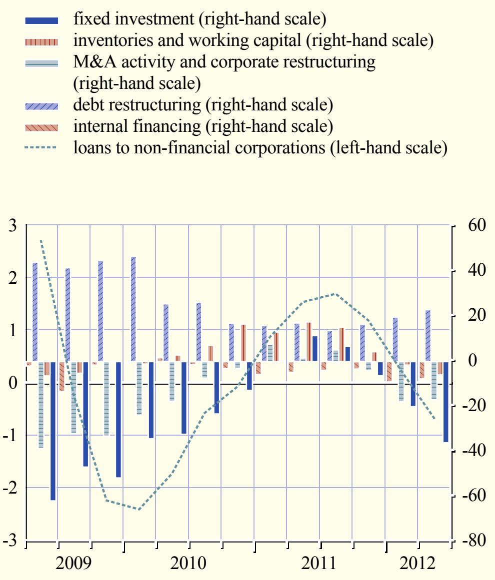
Sources: ECB, Eurostat and ECB calculations.
Notes: Data shown in this table (with the exception of the memo items) are reported in money and banking statistics and in securities issuance statistics. Small differences compared with data reported in financial accounts statistics may arise, mainly as result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

The results of the bank lending survey for the euro area for the second quarter of 2012 show that net demand for loans to non-financial corporations continued to fall significantly, albeit at a slower pace than in the first quarter (see Chart 37). As in the first quarter of 2012, this decline was driven primarily by a sharp fall in the financing needs of firms for fixed investment. Mergers and acquisitions (M&As), as well as the internal financing of enterprises, also contributed to the decline. According to the banks surveyed, the decline in net demand for loans was more or less the same for small and medium-sized companies and for large firms. At the same time, the net tightening of credit standards for loans to non-financial corporations remained broadly stable in the second quarter of 2012, despite the re-intensification of the sovereign debt crisis over that period. This stability reflects that the contribution of funding cost pressures and balance sheet constraints changed very little. Looking ahead, banks expect a similar degree of net tightening in credit standards to enterprises, and a considerably smaller decline in net demand for corporate loans.

On the basis of four-quarter moving sums of euro area accounts data, the financing gap of (or net borrowing by) non-financial corporations – i.e. the difference between their outlays for real investment and their internally generated funds (gross savings) – remained broadly unchanged in the first quarter of 2012 (see Chart 38). Despite the signs of normalisation over previous quarters, the financing gap remained relatively small by historical standards, at -0.8% in the first quarter of 2012. Relatively low capital formation and still high internally generated funds help to explain the small financing gap. Despite some increase in recourse to market-based finance (unquoted equity issuance and debt financing) since mid-2010, real investment (gross fixed capital formation) by non-financial corporations continues to be financed mainly through internal funds.

Chart 37 Loan growth and factors contributing to non-financial corporations' demand for loans

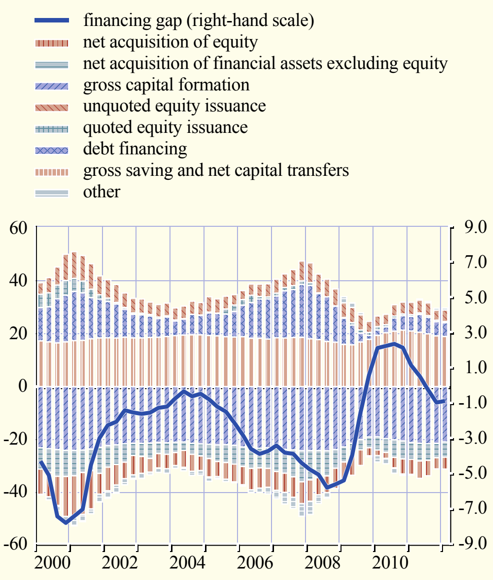
(annual percentage changes; net percentages)



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

Chart 38 Savings, financing and investment of non-financial corporations

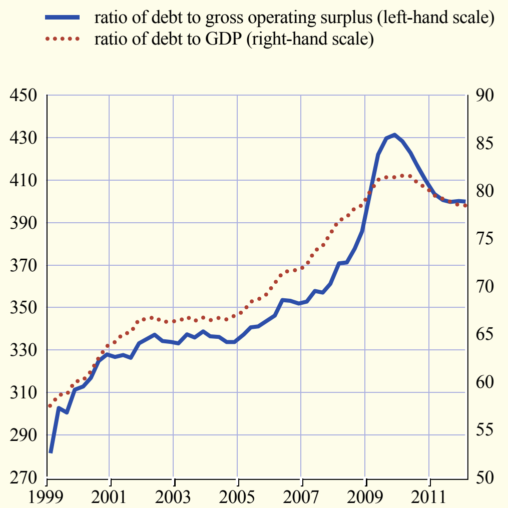
(four-quarter moving totals; percentages of gross value added)



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

Chart 39 Debt ratios of non-financial corporations

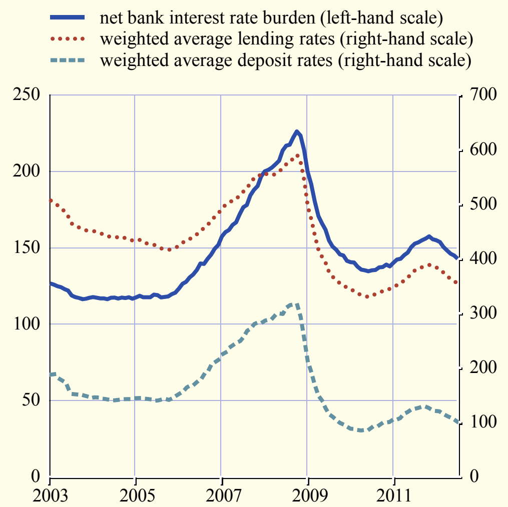
(percentages)



Sources: ECB, Eurostat and ECB calculations.
Notes: Debt is reported on the basis of the quarterly European sector accounts. It includes loans, debt securities issued and pension fund reserves.

Chart 40 Net bank interest rate burden of non-financial corporations

(basis points)



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

FINANCIAL POSITION

The indebtedness in the non-financial corporate sector contracted only very slightly in the first quarter of 2012. On the basis of euro area accounts statistics, the ratio of debt to GDP stood at 78%, whereas the ratio of debt to gross operating surplus stood at 400% in that quarter (see Chart 39). The deleveraging process in the non-financial corporate sector started in 2010 and is continuing, although it seems to have lost some momentum since the middle of last year. The interest rate burden of non-financial corporations increased between the second quarter of 2010 and the third quarter of 2011, after the sharp drop recorded from the end of 2008 until the beginning of 2010. More recently, the interest rate burden of non-financial corporations has decreased again, owing to weak loan growth rates and high internally generated funds (see Chart 40). Nevertheless, the interest rate burden remains above its long-term average.

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

Euro area households' financing conditions in the second quarter of 2012 were characterised by declines in bank lending rates. This reflected the pass-through of declines in key ECB interest rates, as well as improvements to banks' liquidity and funding brought about by the ECB's non-standard policy measures (particularly the three-year LTROs). In that respect, while the negative impact of the intensified sovereign debt crisis affected banks' funding situation, policy measures dampened the effect that this had on the cost and volume of lending to households. The annual growth rate of MFI lending to households adjusted for loan sales and securitisation declined to 1.4% in the second quarter of 2012, before declining further to stand at 1.1% in July. Thus, the latest data continue *to point to subdued developments in household borrowing. This notwithstanding, significant cross-country heterogeneity continued to be observed in loan developments. The ratio of household debt to gross disposable income is estimated to have increased slightly in the second quarter of 2012, while the interest payment burden is estimated to have remained broadly unchanged.*

FINANCING CONDITIONS

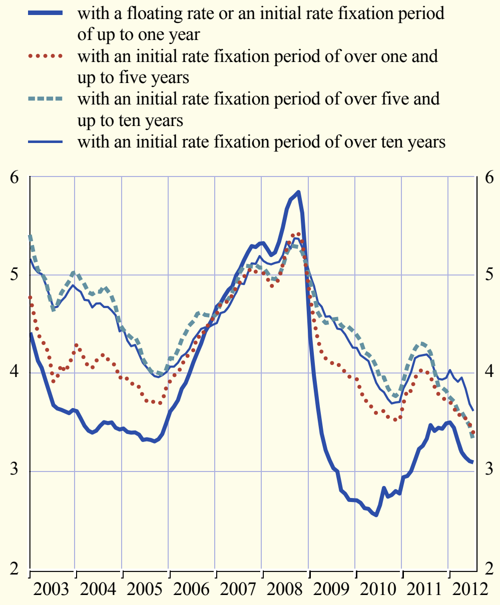
The financing costs of the euro area household sector declined further in the course of the second quarter of 2012 and tended to do so in July, too. This reflected the pass-through of declines in key ECB interest rates, as well as improvements brought about by the ECB's non-standard policy measures (particularly the two three-year LTROs). At the euro area level, the reductions seen in the interest rates charged on loans to households were broadly based across loan categories. In fact, consumer loans with floating rates or initial rate fixation periods of up to one year were the only loans to see interest rate increases, with a marginal increase being recorded between April and July. At the country level, however, heterogeneity continued to be observed.

In general, MFI interest rates on new loans for house purchase and new consumer loans fell over the period under review. The most significant decline, however, was seen for interest rates on loans for purposes other than housing and consumption (termed "other lending"). At the same time, the declines in the lending rates for the various loan categories tended to be smaller than the significant declines seen in comparable market interest rates (as shown by spreads between retail and market rates, which tended to increase, particularly in July). The only spreads that tightened were those on mortgage loans and consumer loans with long initial interest rate fixation periods. In July, however, the tightening of these spreads also came to an end. In the case of relatively risky consumer loans, a visible widening of the spread was recorded. Similar to developments in the level of interest rates, there was considerable cross-country heterogeneity within the euro area as regards interest rate spreads.

As regards new loans for house purchase, the declines recorded in interest rates from April to July 2012 were observed for all types of initial rate fixation period, being most pronounced for very long periods (i.e. loans with initial rate fixation periods of over ten years; see Chart 41). By contrast, declines in interest rates on loans with initial rate fixation periods of medium length (i.e. periods of between one and five years) were fairly limited. Despite the decline in interest rates on mortgage loans with long (i.e. over five and up to ten years) and very long initial rate fixation periods, households did not reduce their exposure to future interest rate changes. This is evident from the fact that the share of loans with floating rates or short initial rate fixation periods in total new business

Chart 41 MFI interest rates on loans to households for house purchase

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



Source: ECB.

volumes increased to 32% in the second quarter, up from 29% in the first three months of the year. At the same time, the share of loans with very long initial rate fixation periods declined to 32% in the period under review, down from 34% in the first quarter.

For new consumer loans and other lending to households, the strength of the declines in interest rates increased with the length of the initial rate fixation period. Despite that, the shares of the various rate fixation categories in total new business volumes remained broadly unchanged, both for consumer loans and for other lending.

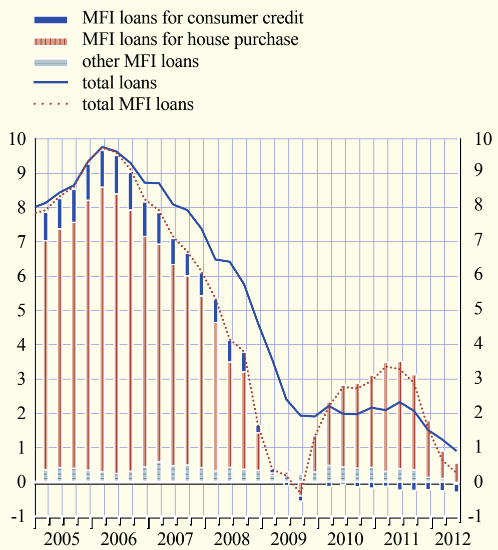
The results of the July 2012 bank lending survey show that, overall, the net tightening of the credit standards applied by euro area banks to loans for households increased further in the second quarter of 2012. In the case of lending for house purchase, the net tightening of credit standards declined somewhat in the quarter under review, while net tightening increased slightly in the case of consumer loans and other lending. At the same time, despite a visible deterioration in banks' funding situation and a further weakening of banks' expectations regarding general economic activity, the net tightening of credit standards was limited. This would suggest that the ECB's non-standard policy measures (especially the two three-year LTROs conducted in late 2011 and early 2012) have helped to ease restrictions on banks' lending to households by allowing banks to secure medium-term funding at low cost. Banks' margins on average and riskier loans to households widened in the second quarter of 2012, albeit considerably more slowly than in previous quarters. At the same time, households' demand for loans was reported to have declined again, both for loans for house purchase and for consumer credit.

FINANCIAL FLOWS

Total lending to the euro area household sector remained weak in the first quarter of 2012 (the most recent quarter for which data from the euro area accounts are available), on account of subdued MFI lending. As a result, the annual growth rate of total loans to households declined to 1.2%, down from 1.5% in the previous quarter. Estimates for the second quarter of 2012 point to a further moderation in the annual growth of total loans to households (see Chart 42). The annual growth rate of total MFI credit to households (not adjusted for loan sales or securitisation) declined substantially to stand at 1.2% in the first quarter of 2012, down from 2.2% in the previous quarter. Loan sales and securitisation activity – which frequently result in household loans being shifted between the MFI and OFI sectors – continued in the first quarter, with the result that the annual growth rate of non-MFI loans to households increased to 4.7%, up from 1.3% in the previous quarter.

Chart 42 Total loans granted to households

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



Source: ECB.
Notes: Total loans comprise loans to households from all institutional sectors, including the rest of the world. For the second quarter of 2012, total loans to households have been estimated on the basis of transactions reported in money and banking statistics. For information on differences between MFI loans and total loans in terms of the calculation of growth rates, see the relevant technical notes.

Looking at MFI data that are already available for the second quarter and July 2012, growth in lending to households has stabilised at low levels in recent months. The annual growth rate of MFI loans to households declined slightly to stand at 0.3% in July, down from 0.6% in March. When the impact of loan sales and securitisation is adjusted for, the annual growth of MFI loans to households continues to moderate, pointing to subdued developments in origination activity. In July 2012 the annual growth rate of loans granted to households by euro area MFIs adjusted for loan sales and securitisation stood at 1.1% (see Section 2.1 for details), representing a decline of 0.6 percentage point since the end of the first quarter. At the same time, significant cross-country heterogeneity could be observed in loan developments.

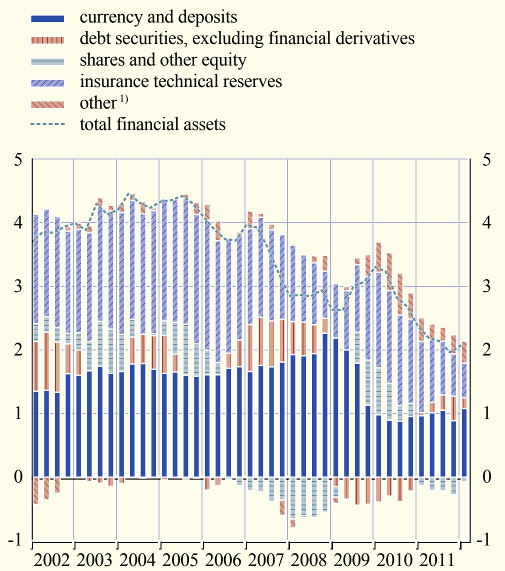
The annual growth rate of MFI lending for house purchase adjusted for loan sales and securitisation declined to 1.9% in July 2012 (down from 2.6% in March), thereby continuing the downward trend observed since mid-2011. This reflected the further subdued (adjusted) monthly flows observed for mortgage loans in recent months. Nevertheless, loans for house purchase continued to account for the bulk of MFI lending to households. Developments in other lending also contributed slightly to the decline seen in the annual growth rate of MFI loans to households in the second quarter and July 2012. Indeed, the annual growth rate of other lending turned negative to stand at -0.5% in July (down from 0.7% in March), while that of consumer credit stood at -2.0%, up from -2.1% in March.

Looking at the underlying causes of the fairly weak growth seen for MFI lending to households, the July 2012 bank lending survey reveals a further decline, in net terms, in demand for housing loans and consumer credit in the second quarter of 2012. The net decline in demand for housing loans appeared to be driven mainly by the ongoing deterioration in housing market prospects and consumer confidence, while reduced spending on durable goods and a decrease in consumer confidence depressed consumer credit. Looking ahead, banks expect net demand for both types of credit to decline further, albeit at a slower pace.

Turning to the asset side of the euro area household sector's balance sheet, the annual growth rate of total financial investment by households stood at 2.1% in the first quarter of 2012 (broadly unchanged from the 2.0% observed in the previous quarter), thereby bringing to an end the downward trend observed since mid-2010 (see Chart 43). This was driven mainly by a less negative contribution from investment in mutual fund shares and an increase in the contribution of currency and deposits, with the latter reflecting a preference for liquidity in the context of low interest rates and heightened uncertainty. By contrast, the

Chart 43 Financial investment of households

(annual percentage changes; contributions in percentage points)



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

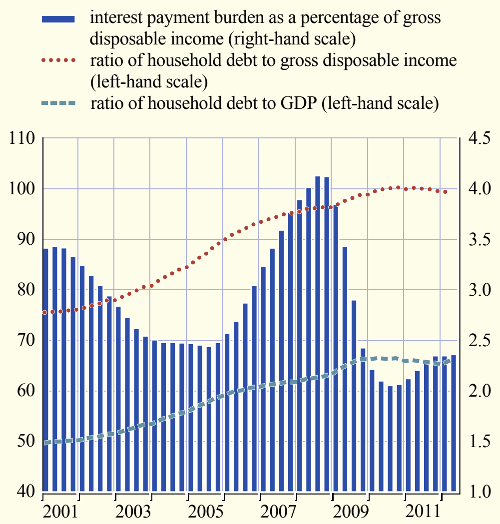
contribution made to annual growth in total financial investment by insurance technical reserves and debt securities (excluding financial derivatives) declined, but remained positive in the quarter under review.

FINANCIAL POSITION

The ratio of household debt to nominal gross disposable income was estimated at 99.8% in the second quarter of 2012 (see Chart 44), up slightly from the previous quarter, but broadly comparable to the levels seen since mid-2010. This increase reflected growth in household debt, combined with a degree of stagnation in households' disposable income. The household sector's interest payment burden is estimated to have remained broadly unchanged at 2.3% of disposable income in the second quarter of 2012 – a level observed since the third quarter of 2011. Households' debt-to-GDP ratio is estimated to have increased to 66.1% in the quarter under review, up from 65.3% in the first quarter, as debt increased more strongly than output during the second quarter.

Chart 44 Household debt and interest payments

(percentages)



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

3 PRICES AND COSTS

Euro area annual HICP inflation was 2.6% in August 2012, according to Eurostat's flash estimate, compared with 2.4% in the previous month. This increase is mainly due to renewed increases in euro-denominated energy prices. On the basis of current futures prices for oil, inflation rates could turn out somewhat higher than expected a few months ago, but they should decline to below 2% again in the course of next year. Over the policy-relevant horizon, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain moderate. The September 2012 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 2.4% and 2.6% for 2012 and between 1.3% and 2.5% for 2013. The projection ranges for 2012 and 2013 have been somewhat higher than those contained in the June 2012 Eurosystem staff macroeconomic projections. Risks to the outlook for price developments continue to be broadly balanced over the medium term. Upside risks pertain to further increases in indirect taxes, owing to the need for fiscal consolidation. The main downside risks relate to the impact of weaker than expected growth in the euro area, particularly resulting from a further intensification of financial market tensions, and its effect on the domestic components of inflation. If not contained by effective action by all euro area policy-makers, such intensification has the potential to affect the balance of risks to the downside.

3.1 CONSUMER PRICES

Since the end of 2010, the annual inflation rate has been somewhat elevated, driven mainly by the strong growth in energy prices and by pronounced increases in indirect taxes and administered prices in some euro area countries. According to Eurostat's flash estimate, headline HICP inflation increased to 2.6% in August, having stood at 2.4% for three consecutive months (see Table 7). Based on information contained in the weekly Oil Bulletin, this increase is mainly due to renewed increases in euro-denominated energy prices.

The dynamics of the annual rate of change of energy prices has been driven by the interaction of oil prices, influenced by the moderation of global economic activity amid uncertainties surrounding supply related to the political situation in the Middle East, and the base effects derived from past increases. In July 2012, the last month for which an official breakdown of the HICP is available, the annual rate of change in the energy component of the HICP was unchanged from the previous month,

Table 7 Price developments

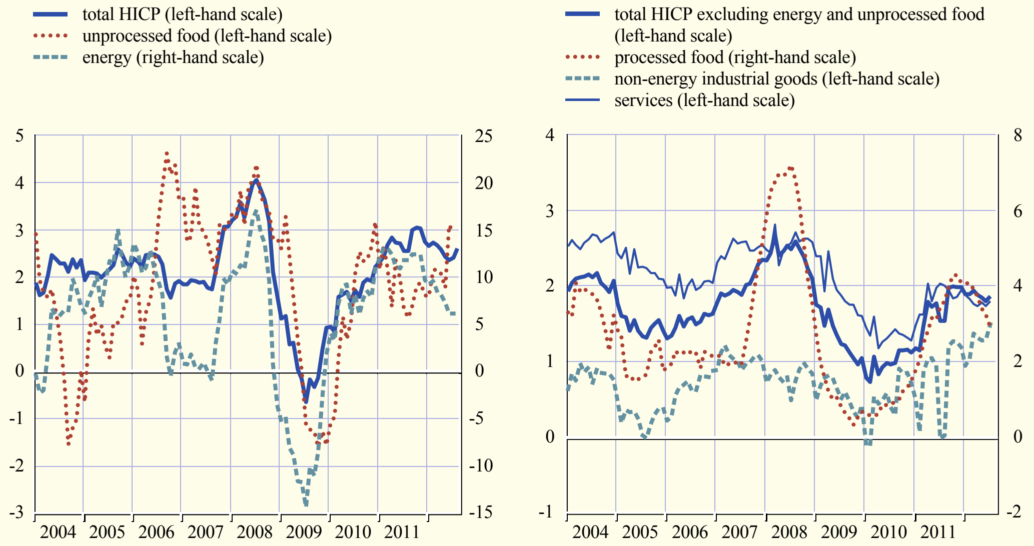
(annual percentage changes, unless otherwise indicated)

	2010	2011	2012 Mar.	2012 Apr.	2012 May	2012 June	2012 July	2012 Aug.
HICP and its components								
Overall index [1]	1.6	2.7	2.7	2.6	2.4	2.4	2.4	*2.6*
Energy	7.4	11.9	8.5	8.1	7.3	6.1	6.1	.
Unprocessed food	1.3	1.8	2.2	2.1	1.8	3.1	2.9	.
Processed food	0.9	3.3	3.9	3.7	3.4	3.2	2.9	.
Non-energy industrial goods	0.5	0.8	1.4	1.3	1.3	1.3	1.5	.
Services	1.4	1.8	1.8	1.7	1.8	1.7	1.8	.
Other price indicators								
Industrial producer prices	2.9	5.9	3.5	2.6	2.3	1.8	1.8	.
Oil prices (EUR per barrel)	60.7	79.7	94.2	91.4	86.0	76.4	83.4	90.5
Non-energy commodity prices	44.6	12.2	-5.2	-3.8	-0.3	0.8	4.7	6.4

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation in August 2012 refers to Eurostat's flash estimate.

Chart 45 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

at 6.1%. Oil prices rose strongly in the first four months of this year, which, in combination with hikes in excise taxes on fuel in some countries, as well as the effects of the past depreciation of the euro, pushed up energy prices for consumers, thereby reversing the downward movement which had started in December 2011 and largely reflected base effects. Oil prices rose again in July and August. In July the impact of these increases on the annual rate of change in energy prices was essentially offset by a base effect stemming from the increase in energy prices in July 2011.

The annual rate of change in the food component of the HICP rose steadily in the course of 2011, to over 3% from September 2011. Since the beginning of 2012 it has been on a downward trend. Processed food inflation continued to decline steadily to 2.9% in July, down from slightly over 4% at the beginning of the year. These developments are at variance with the recent pick-up in international food commodity prices, which spiked in July, owing mainly to poor weather conditions in the United States. Box 6 investigates the nature of the recent surges in commodity prices and their possible implications for consumer food prices in the euro area.

Box 6

RECENT DEVELOPMENTS IN FOOD COMMODITY PRICES AND THEIR IMPLICATIONS FOR CONSUMER FOOD PRICES IN THE EURO AREA

International food commodity prices have increased sharply during the summer of 2012, pushing overall commodity price indices to higher levels than during the price spike of 2007-08. This box discusses the nature of the recent increases and their possible implications for consumer food prices in the euro area.

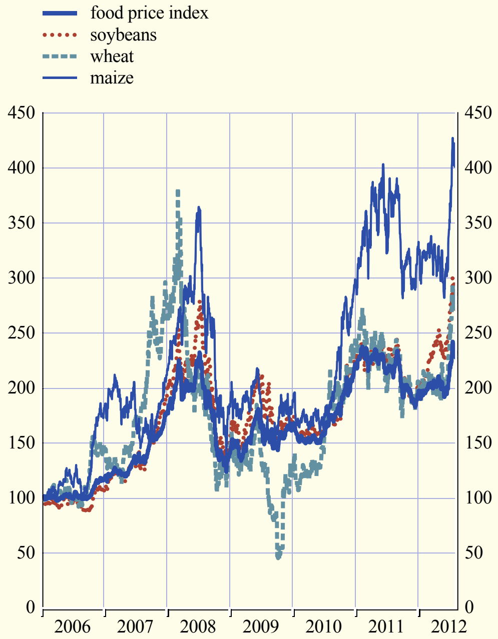
The nature of the recent surges in international food commodity prices

Composite indices of international food commodity prices have increased by more than 20% in US dollar terms since early June this year (see Chart A). In particular, the prices of soybeans, wheat and maize have all increased by more than 25% – and in the case of soybeans and maize they are currently at a historical high. These developments have raised concerns about a repeat of the food commodity price spikes of 2007-08, when food prices went up by more than 70% between July 2007 and July 2008.

The surge in commodity prices during the summer of 2012 has been the consequence of the worst drought in the United States in half a century and, according to the US Department of Agriculture, has resulted in substantial downward revisions to expectations regarding the supply of corn, wheat and soybeans. In the case of wheat, production also fell in the Black Sea region owing to a long spell of hot weather.

Chart A Developments in international food commodity prices

(USD; index: 1 January 2006 = 100; daily data)



Sources: Bloomberg and HWWI.
Note: The food price index includes cereals, oilseeds, oils, beverages, sugar and tobacco.

The recent spike in food commodity prices is different to that in 2007-08, however. In 2007-08 it came together with spikes across a broad set of commodities, including most staple food products, metals and oil, which were due primarily to the increase in demand for commodities from emerging market economies on the back of buoyant output and income developments. Furthermore, the impact of this on commodity prices was compounded by global supply disruptions. By contrast, the recent spike in commodity prices is concentrated on soybeans and selected cereals, and is mainly the result of specific regional supply shocks.

Given the regional nature of the recent supply disruptions, food commodity prices may remain high until the next harvest in the southern hemisphere, but are expected to fall again thereafter. However, should there be further downward revisions to supply estimates in the affected regions or new supply disruptions in other regions, world market prices may increase further.

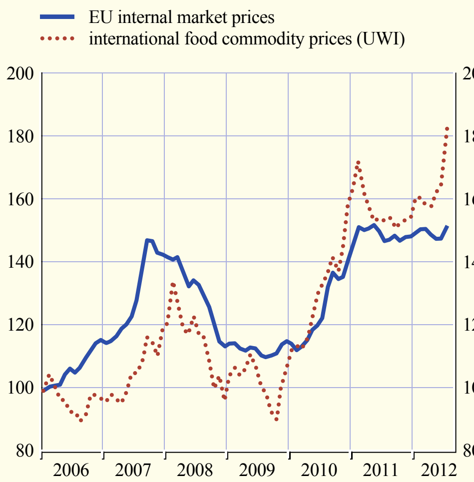
Possible implications for consumer food prices in the euro area

Movements in international food commodity prices are not always directly relevant for consumer food prices in the euro area. In particular, the farm gate prices determined in the context of the EU's Common Agricultural Policy typically have a stronger bearing on consumer food prices than international commodity prices.[1] Against this background, Chart B shows that the indices of EU internal market prices and international prices for food commodities have co-moved

1 See Ferrucci, G., Jiménez-Rodríguez, R. and Onorante, L., "Food price pass-through in the euro area – the role of asymmetries and non-linearities", *Working Paper Series*, No 1168, ECB, Frankfurt am Main, April 2010.

Chart B Developments in EU internal market prices and international prices for food commodities

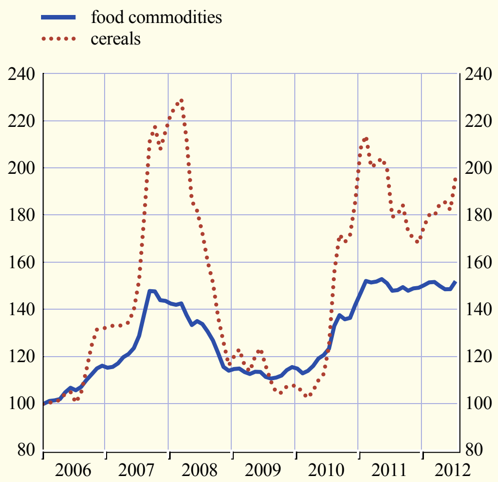
(EUR; index: January 2006 = 100; non-seasonally adjusted)



Sources: European Commission, Bloomberg, Datastream and ECB calculations.
Notes: The latest observation is for July 2012. The index for EU internal market prices covers cereal, meat, oil and dairy products. The ECB's use-weighted non-energy commodity price index (UWI) also covers some seeds, fruit, beverages, sugar and tobacco, but no dairy products.

Chart C Developments in EU internal market prices for food commodities and cereals

(EUR; index: January 2006 = 100; non-seasonally adjusted)

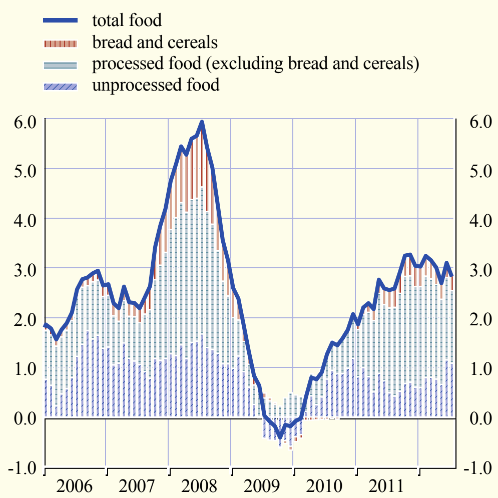


Sources: European Commission and ECB calculations.
Notes: The latest observation is for July 2012. The index for EU internal market prices covers cereal, meat, oil and dairy products. The cereals aggregate is a consumption-weighted average of malt barley, durum wheat, as well as rye, oats and wheat in the form of flour.

somewhat over the last few years, but that, on balance, EU internal market prices have varied less strongly. This is also true for the most recent developments. EU internal market prices for food commodities rose by 2.3% month on month in July 2012, thus clearly picking up after declining or stagnating for four consecutive months, but as yet have increased by significantly less than the 9.5% recorded for international food commodity prices in that month.

Chart D Contributions to HICP food inflation

(annual percentage changes; percentage points; non-seasonally adjusted)



Source: Eurostat.
Note: The latest observation is for July 2012.

The main driver of the latest increase in overall EU internal market prices was the cereals component, which rose by 7.5% month on month in July (see Chart C). However, this increase was much smaller than the 26% hike in prices for grains on international markets.

Historically, there is a relatively strong pass-through of developments in EU internal market prices to euro area HICP food inflation – at least compared with that of other commodity prices. Chart D shows the strong contribution from the bread and cereals component to HICP food inflation in 2007-08, which was larger than would have been expected purely on the basis of its weight in the HICP and the developments in EU internal market prices for the underlying commodities. However, the degree of pass-through tends to depend on the specific macroeconomic environment at the time. During the period 2010-11 the doubling of EU internal market prices for cereals did not seem to have such a significant impact on the corresponding consumer prices, as was the case with the 2007-08 price spike, as it took place in a less favourable macroeconomic environment. In this respect, any further hike in EU internal market prices for cereals may also only have a more limited upward impact on HICP food inflation in the current environment.

Conclusions

The recent surges in international food commodity prices are expected to have a limited impact on consumer food prices in the euro area for two main reasons. First, compared with the spike in commodity prices in 2007-08, the recent increases are considered to be due mainly to regional and temporary supply-side effects (i.e. bad weather conditions in some regions of the northern hemisphere) on the prices of grains and oilseeds, rather than to global and persistent supply and demand factors impacting on the whole range of food commodity prices. Second, EU internal market prices, which tend to be a more relevant determinant of euro area food consumer prices than international commodity prices, have thus far shown much less upward movement. Against this background, euro area consumer food prices (in particular prices for processed food) are expected to continue diminishing over the next few months from the elevated levels seen at the end of 2011.

Excluding food and energy items, which represent around 30% of the HICP basket, annual HICP inflation was 1.7% in July 2012, a level around which it has been hovering since September 2011. HICP inflation excluding food and energy is determined predominantly by domestic factors, such as wages, profit mark-ups and indirect taxes. It consists of two main components, namely non-energy industrial goods and services. Over the last one and a half years, annual rates of change in these two components have been boosted by value added tax (VAT) increases in several euro area countries.

Since the second quarter of 2010, non-energy industrial goods inflation has been on an upward trend, owing to the pass-through of the previous exchange rate depreciation and commodity price increases, as well as the impact of hikes in indirect taxes. In the last few months of 2011, non-energy industrial goods inflation stood at around 1.2%, after a period of high volatility earlier in the year that was triggered by a new regulation on the treatment of seasonal products in the HICP. In the first two months of 2012, the annual rate of change in non-energy industrial goods prices bottomed out at around 1.0% and rebounded thereafter. In July it rose to 1.5%, fuelled by notable surges in the prices of garments, shoes and other footwear owing to the end of summer sales.

Services inflation has been relatively stable of recent, with upward bouts owing to hikes in indirect taxes in a number of countries, and against the background of a general slowdown in demand and, to a lower extent, labour costs. Following weaker developments in 2010, services price inflation rose notably in the first few months of 2011. From April of that year, it stabilised around 1.9% and remained at that level for the rest of 2011 and the first quarter of 2012. In April 2012 it declined to 1.7%, its lowest level since March 2011, and has hovered around this level ever since.

3.2 INDUSTRIAL PRODUCER PRICES

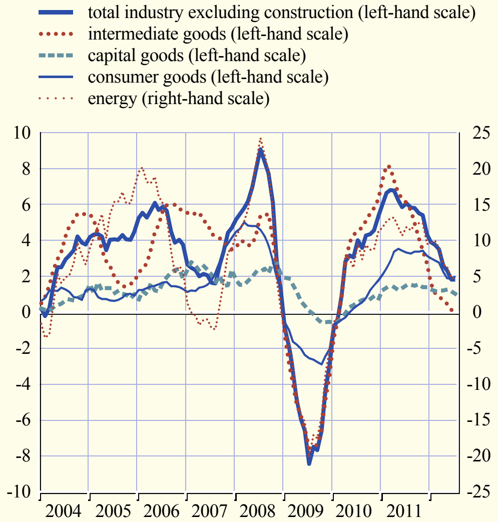
Following a period of increasing industrial producer price inflation in late 2010 and the first half of 2011, the annual rate of change in producer prices declined, reflecting mainly fluctuations in commodity prices (see Table 7 and Chart 46). In the course of 2012 pipeline pressures in the supply chain have further receded. In July 2012, the latest observation available, the producer price index for industry excluding construction remained unchanged at 1.8%, the lowest annual rate of change since turning into positive territory in the second quarter of 2010. Over the same period, the producer price index for industry excluding construction and energy was flat at 0.9%.

Focusing on the later stages of the production chain, the consumer food component of the producer price index increased from 2.5% in June to 2.8% in July, the first increase in over 12 months. In particular increases were recorded for the oil and fats and animal feed producing industries. The increases are most likely related to recent international commodity price increases for imported soybean and some cereals. EU food commodity prices also increased in July, however, although so far by much less than the international food commodities price indices. The annual rate of change in the non-food consumer goods component remained stable at 0.8% in July. The downward movement in non-food consumer goods inflation since the start of the year, together with moderate developments in import prices for raw materials and intermediate goods, suggest that pipeline pressures for the non-energy industrials goods component of the HICP remain subdued.

Turning to the results of surveys on industrial producer prices, both the Purchasing Managers' Index (PMI) survey and European Commission surveys recorded slight increases in August, the first increase in five months, whilst remaining well below their historical averages. In particular, the backward-looking PMI manufacturing survey (see Chart 47) input price index rose from

Chart 46 Breakdown of industrial producer prices

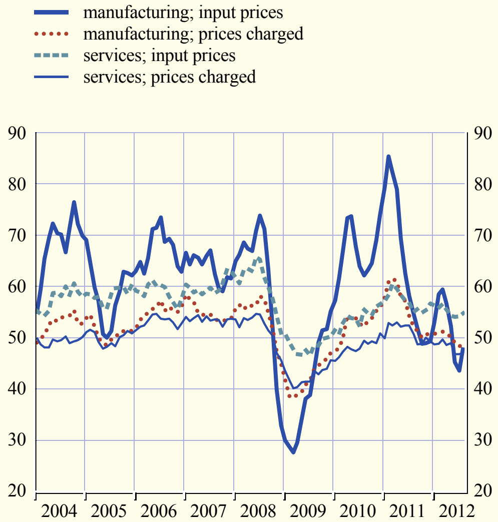
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 47 Producer input and output price surveys

(diffusion indices; monthly data)

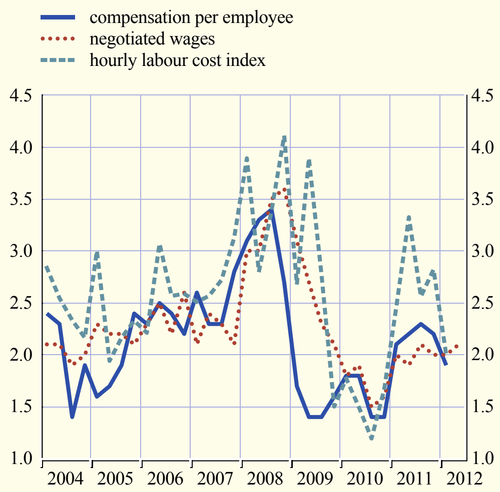


Source: Markit.
Note: An index value above 50 indicates an increase in prices, whereas a value below 50 indicates a decrease.

43.6 in July to 47.7 in August. The output price index also increased – albeit more moderately. In both cases the indices remain below the benchmark of 50, implying price decreases compared with previous months. Both the manufacturing and services sectors reported similar developments in output prices as companies continued to spur sales through discounting. Forward-looking European Commission survey data on selling price expectations increased slightly in August, in particular for consumer goods.

Chart 48 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

3.3 LABOUR COST INDICATORS

The latest releases of labour cost indicators show further signs of moderation in wage pressures in the first quarter of 2012 (see Table 8 and Chart 48), which was probably the result of a weakening in economic activity and rising slack in the labour market. Such moderation represents a slight slowdown from the high level attained in the first half of 2011, on the back of improving labour market conditions during the latest cyclical upswing.

Euro area negotiated wages – the only indicator that is available for the second quarter of 2012 – grew by 2.1% in the second quarter of 2012, compared with 2.0% in the previous quarter. The somewhat elevated negotiated wages indicator reflects to a large extent developments in Germany.

At the same time, other wage indicators pointed to some moderation in wage pressures. Hourly labour costs in the euro area slowed to 2.0% in the first quarter of 2012, down from 2.8% in the previous quarter. This decrease was widespread across sectors (see Chart 49). Non-wage costs grew at the same pace as the wages and salaries component. Year-on-year growth in compensation per employee stood at 1.9% in the first quarter of 2012, after 2.2% in the previous quarter. As the annual growth rate of labour productivity moderated more than that of compensation per employee, unit labour cost growth increased to 1.5% year on year in the first three months of 2012, from 1.4% in the fourth quarter of 2011.

Table 8 Labour cost indicators

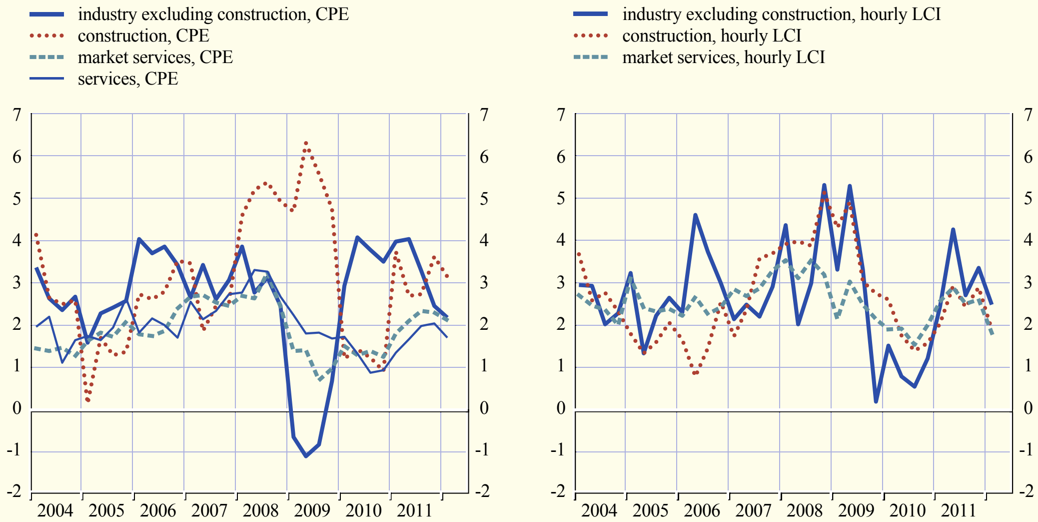
(annual percentage changes, unless otherwise indicated)

	2010	2011	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2
Negotiated wages	1.7	2.0	1.9	2.1	2.0	2.0	2.1
Hourly labour cost index	1.5	2.8	3.3	2.6	2.8	2.0	.
Compensation per employee	1.7	2.2	2.2	2.3	2.2	1.9	.
Memo items:							
Labour productivity	2.6	1.3	1.3	1.1	0.8	0.4	.
Unit labour costs	-0.9	0.9	0.9	1.2	1.4	1.5	.

Sources: Eurostat, national data and ECB calculations.

Chart 49 Sectoral labour cost developments

(annual percentage changes; quarterly data)



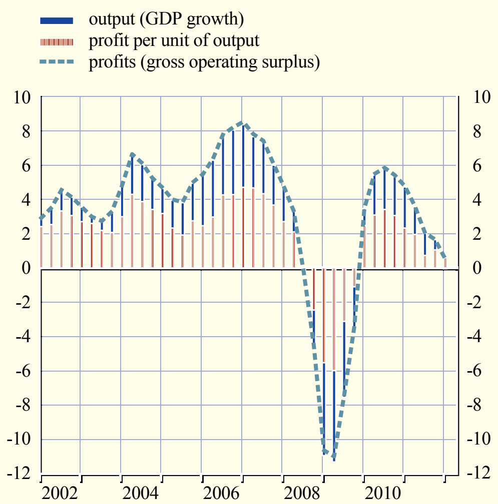
Sources: Eurostat and ECB calculations.
Note: CPE stands for compensation per employee and LCI stands for labour cost index.

3.4 CORPORATE PROFIT DEVELOPMENTS

Growth in corporate profits (measured in terms of gross operating surplus) declined further in the first quarter of 2012, to 0.6% year on year, after standing at around 3.0% on average in 2011 (see Chart 50). The marked slowdown in corporate profit growth in the course of 2011 reflects the

Chart 50 Breakdown of euro area profit growth into output and profit per unit of output

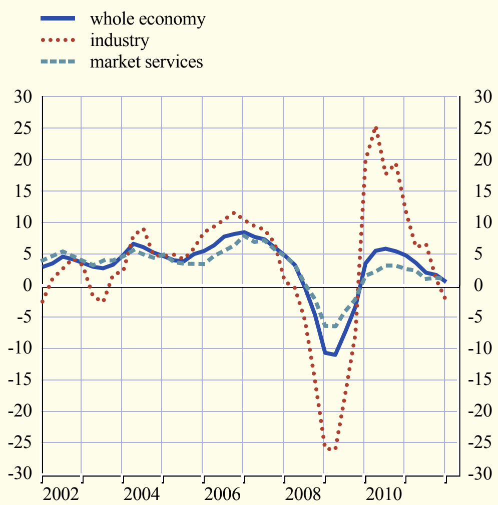
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Chart 51 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

moderation in both annual GDP growth and unit profit growth (margin per unit of output) related to the notable decline in productivity growth. The level of profits remained below its peak before the 2008-09 recession, which caused profits to fall by about 11%.

With regard to the main economic sectors, year-on-year corporate profit growth in the market services sector was 0.9% in the first quarter of 2012, down from 1.3% in the fourth quarter of 2011. In the industrial sector (excluding construction), profits dropped by 1.4% and thus entered into negative territory for the first time since the fourth quarter of 2009 (see Chart 51). Quarter on quarter, corporate profit growth turned negative in the market services sector and decreased again in the industrial sector, but less than in the fourth quarter of 2011.

3.5 THE OUTLOOK FOR INFLATION

Euro area annual HICP inflation was 2.6% in August 2012, according to Eurostat´s flash estimate, compared with 2.4% in the previous month. This increase is mainly due to renewed increases in euro-denominated energy prices. On the basis of current futures prices for oil, inflation rates could turn out somewhat higher than expected a few months ago, but they should decline to below 2% again in the course of next year. Over the policy-relevant horizon, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain moderate.

In more detail, the short-term inflation outlook continues to depend heavily on oil prices. Oil prices fell significantly from March until the end of June 2012. Since then oil prices (spot and futures) in US dollar terms have increased again, but have nevertheless remained slightly below the levels reached in March and April. By contrast, the overall decline in oil prices in euro terms has been smaller, as the euro exchange rate depreciated vis-à-vis the US dollar during this period. In the near future, energy inflation is expected to increase somewhat on the back of higher oil prices in euro terms and to start to decline towards the end of the year. This decline is expected to be more pronounced in 2013, owing to downward base effects and the assumption that oil prices currently embedded in futures prices will decline moderately.

Given the current futures prices for food commodities, the annual rate of growth in food prices is likely to have peaked in the first part of 2012 and is expected to moderate, mainly as a result of downward base effects.

Available leading indicators for non-energy industrial goods inflation, such as developments in producer and import prices for consumer goods (excluding food and tobacco), suggest that there will be no significant easing in non-energy industrial goods inflation over the next few months. In particular, downward pressure stemming from the slowdown in output and demand may be offset by the upward pressure stemming from hikes in indirect taxes.

Similarly, services price inflation is projected to remain broadly stable at its current level over the coming months, reflecting weak growth in domestic demand and largely contained wage pressures. Towards the end of 2012 VAT increases in some euro area countries might lead to a renewed pick-up in services inflation.

The latest data on labour cost indicators suggest that domestic cost pressures have stabilised. In the medium term, labour cost pressures are likely to remain contained, given the outlook for growth and the continued slack in the labour market. Corporate profit growth is expected to moderate even further, in line with weak productivity developments.

The September 2012 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 2.4% and 2.6% for 2012 and between 1.3% and 2.5% for 2013. The projection ranges for 2012 and 2013 are somewhat higher than those contained in the June 2012 Eurosystem staff macroeconomic projections.

Risks to the outlook for price developments continue to be broadly balanced over the medium term. Upside risks pertain to further increases in indirect taxes, owing to the need for fiscal consolidation. The main downside risks relate to the impact of weaker than expected growth in the euro area, particularly resulting from a further intensification of financial market tensions, and its effect on the domestic components of inflation and lower wages. If not contained by effective action by all euro area policy-makers, such intensification has the potential to affect the balance of risks to the downside.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

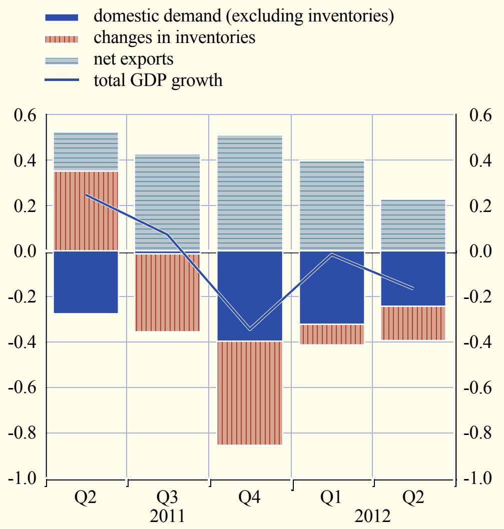
Recently published statistics indicate that euro area real GDP contracted by 0.2%, quarter on quarter, in the second quarter of 2012, following zero growth in the previous quarter. Economic indicators point to continued weak economic activity in the remainder of 2012, in an environment of heightened uncertainty. Looking beyond the short term, the euro area economy is expected to recover only very gradually. The growth momentum is expected to remain dampened by the necessary process of balance sheet adjustment in the financial and non-financial sectors, the existence of high unemployment and an uneven global recovery. The September 2012 ECB staff macroeconomic projections for the euro area foresee annual real GDP growth in a range between -0.6% and -0.2% for 2012 and between -0.4% and 1.4% for 2013. Compared with the June 2012 Eurosystem staff macroeconomic projections, the ranges for 2012 and 2013 have been revised downwards. The risks surrounding the economic outlook for the euro area are assessed to be on the downside.

4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP declined by 0.2% in the second quarter of 2012, following stagnation in the previous quarter (see Chart 52). Continued positive impetus from external trade was offset by negative developments in domestic demand and changes in inventories. The decline in output in the second quarter was in line with developments in short-term indicators, notably survey data. The ongoing and persistent weakness of economic activity, which started in the spring of 2011, largely reflects the fragility of domestic demand, which more than outweighs positive net trade contributions to growth. Private consumption continues to be dampened by the combined adverse impact on real disposable income of high oil prices, a tightening in the fiscal stance, low consumer confidence and rising unemployment. Low business confidence and adverse credit supply conditions in some countries have also depressed private investment.

Chart 52 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

Looking ahead, real economic activity is expected to remain weak in the second half of 2012, reflecting the dampening short-term impact on domestic demand of additional fiscal consolidation, elevated commodity prices, weak sentiment and heightened uncertainty (see also Box 7).

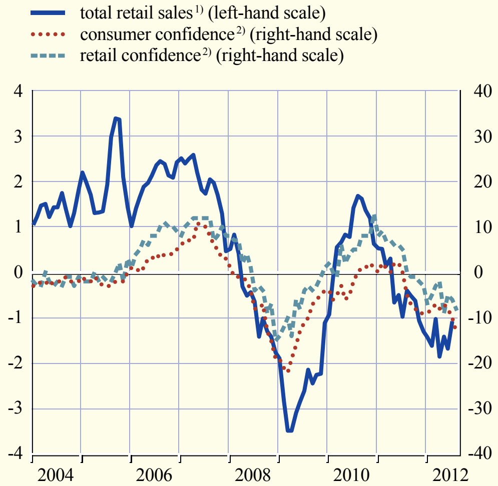
PRIVATE CONSUMPTION

Private consumption contracted by 0.2% in the first as well as the second quarter of 2012. Consumption has thus moved further below its pre-recession peak reached in the first quarter of 2008. The outcome for the second quarter of 2012 is likely to result from lower consumption of retail goods and fewer car purchases, which were partly offset by a modest positive contribution from consumption of services. Recent information from short-term indicators and surveys points to a continuation of weak euro area consumer spending in the period ahead.

The sluggish developments in consumption largely reflect movements in real disposable income, which is one of the main determinants of consumer spending trends. Growth in aggregate real income declined in the course of 2011, on the back of weaker employment growth, and was further eroded by rising inflation. Household income in real terms declined year on year in the first quarter of 2012 for the third consecutive quarter. As nominal income growth and consumption growth were roughly the same, the saving ratio of households stabilised at a low level in the first quarter.

Chart 53 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.

Regarding short-term dynamics in the third quarter of 2012, "hard" as well as "soft" data point towards a continuation of weak consumer spending. Retail sales in July declined by 0.2% on the previous month, nonetheless standing 0.2% above the average level recorded in the second quarter of 2012. However, the Purchasing Managers' Index (PMI) for retail sales declined from 46.4 in July to 44.4 in August, thus falling further below the theoretical no-growth threshold of 50. According to European Commission surveys, on average, retail confidence over these two months remained broadly unchanged compared with the second quarter of 2012, but below its long-term average. Euro area new passenger car registrations, which declined quarter on quarter by 0.5% in the second quarter, are likely to remain subdued. For instance, the European Commission's indicator for expected major purchases remained broadly unchanged between July and August 2012 at a historically low level, thereby pointing towards a continued lack of dynamism in the consumption of consumer durables. Finally, the overall consumer confidence index dropped sharply in August. The index, which showed signs of a stabilisation in the first half of the year, has now declined for three consecutive months, reaching a level not seen since mid-2009 (see Chart 53).

INVESTMENT

The contraction in gross fixed capital formation observed since the second quarter of 2011 has continued. Quarter-on-quarter investment fell by 0.8% in the second quarter of 2012. Looking ahead, both non-construction and construction investment are expected to continue contracting until the end of the year in line with subdued overall economic activity.

The full breakdown of capital formation for the second quarter of 2012 was not available by the time this issue of the Monthly Bulletin was finalised. Short-term indicators suggest that non-construction investment – which accounts for half of total investment – continued to contract in line with muted overall economic and profit developments as well as elevated uncertainty. The production of capital goods declined and the PMI survey for the manufacturing sector fell further in the second quarter of 2012. Available country data also point to falling or stagnating investment. Residential and non-residential construction investment is also likely to have contracted in the second quarter of 2012, as suggested by a further decline in construction production, weakening confidence and the deteriorating situation of housing markets as well as generally tight financing conditions.

The few early indicators available for the third quarter of 2012 point to a continued fall in non-construction capital formation in the euro area, though smaller in magnitude than in the second quarter. The availability of financing remains tight and continues to discourage productive capital formation. Survey data, such as the manufacturing PMI and its new orders component, suggest that industrial confidence overall in July and August 2012 remained at a level associated with a further contraction in the sector. In addition, there was also a further decline in the capacity utilisation rate. Construction investment is also likely to decline further in the third quarter as suggested by survey data.

GOVERNMENT CONSUMPTION

Recently, growth in government consumption has been moderate, reflecting fiscal consolidation efforts in a number of countries. After a slight increase in the first quarter of 2012, real government consumption increased marginally in the second quarter of 2012.

Looking at individual components, growth in compensation of government employees, which accounts for close to half of total government consumption, has been restrained by moderate wage developments, thus contributing only little to growth in total nominal government consumption. Intermediate government consumption expenditure (which absorbs slightly less than a quarter of the total) has been declining. Growth in social transfers in kind, which also account for almost a quarter of government consumption, increased in line with historical averages. This is because social transfers in kind include items which have a somewhat autonomous dynamic, such as health expenditure.

Looking ahead, the impetus given to domestic demand by government consumption is projected to remain limited in the coming quarters, as a result of necessary further fiscal consolidation efforts in a number of euro area countries.

INVENTORIES

Significant negative contributions of inventories to growth, overall amounting to -1 percentage point of GDP, were recorded in the second half of 2011 and the first half of 2012. The contribution of inventories is expected to remain close to zero for the rest of the year, as it appears that, by mid-2012, inventories had largely adjusted to the economic slowdown, via a marked reduction in the pace of restocking from its peak in early 2011, which even turned into destocking in the last quarter of 2011 (see Chart 54). At the current juncture, fairly lean inventory levels across the supply chain, which result from a pronounced inventory depletion during the deep recession of 2008 and 2009 and limited inventory replenishment during the recovery, reduce the scope for strong destocking, i.e. destocking should be weaker than that observed after the bankruptcy of Lehman Brothers.

In a context of substantial net additions to inventories observed in mid-2011 (0.8% of GDP in the second quarter of 2011), partly voluntary, to rebuild excessively depleted inventory levels, and partly involuntary owing to a slowdown in demand, the marked deterioration in the business outlook and renewed tightening of financing conditions in some countries in summer 2011 led firms to swiftly reassess their inventory configuration within a few months. According to the European Commission’s business surveys, inventory levels of finished goods in manufacturing and in retail, which had been judged to be lean in early 2011, were considered to have returned to close to their historical norms by the autumn of that year. PMI surveys also pointed to accelerated destocking or decelerated restocking.

These developments were reflected in the significant negative contributions of inventories to growth of around -0.4 percentage point in both the third and fourth quarters of 2011 and a further

-0.2 percentage point cumulated over the first two quarters of 2012, reversing the sequence of mostly positive contributions observed in the previous eight quarters, which had amounted to +1.4 percentage points overall, or more than one-third of the total increase in GDP over that period.

As destocking started to be significant in early 2012 (at around €5 billion per quarter in the last quarter of 2011 and in the first two quarters of 2012 in value terms, or 0.2% of GDP), the contributions of inventories to growth may move close to zero in the near term. Recent survey evidence (from both the European Commission and the PMI) up to August 2012 signals a stabilisation in the pace of destocking in the summer of 2012, suggesting that the required inventory adjustment process may have already taken place.

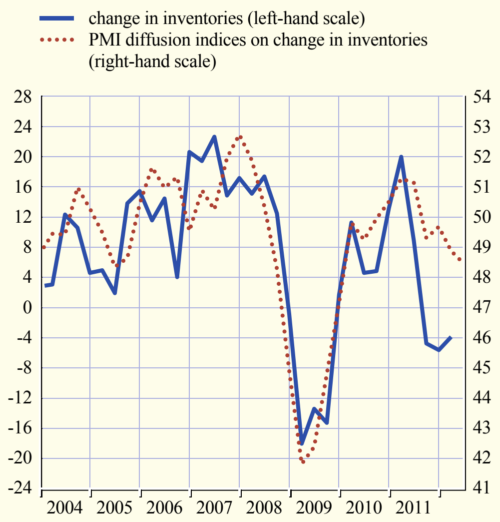
EXTERNAL TRADE

Against the backdrop of a slowdown in economic activity in the euro area and the world economy, euro area trade proved to be rather resilient in the second quarter of 2012. Exports of goods and services increased by 1.3% quarter on quarter, while imports recorded a quarterly growth rate of 0.9% (see Chart 55). These developments resulted in a positive net trade contribution to euro area real GDP growth of 0.2 percentage point. Exporters benefited from recent gains in price competitiveness and robust demand from commodity-rich economies, particularly in Latin America and the Middle East.

From a longer-term perspective, the main patterns that have characterised euro area trade since mid-2010 remain intact. Over this period, external trade has consistently supported euro area GDP growth, as imports have been outpaced by exports. This has primarily reflected the growth differential between the euro area and its main trading partners and the real effective depreciation of the euro over this period. Between 1999 and mid-2010, by comparison, imports and exports grew at a very similar pace and the net trade contribution to GDP growth was neutral on average.

Chart 54 Changes in euro area inventories, as derived from the national accounts and the PMI

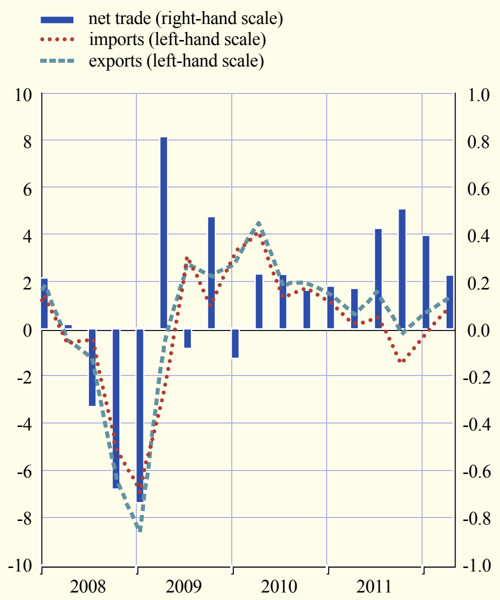
(diffusion index; EUR billions)



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

Chart 55 Real imports, exports and net trade contribution to GDP growth

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



Sources: Eurostat and ECB.

The short-term outlook for euro area trade is subject to heightened uncertainty, which is also reflected in the available survey indicators. Export order book levels, as reported by the European Commission, deteriorated significantly until July, before ticking up in August. By contrast, the PMI new export orders have shown clearer signs of stabilisation at low levels over recent months, after the sharp deterioration in April and May. Overall, the low level of these indicators points to a rather subdued short-term outlook for euro area exports. Notwithstanding this, a gradual – though fragile – recovery in the global economy and enhanced price competitiveness are expected to stimulate exports going forward. The near-term prospects for imports continue to be restrained by the weak underlying growth momentum in the euro area and the negative (lagged) effects of the recent euro depreciation. This should lead to a slightly positive net trade contribution to GDP growth in the second half of 2012.

4.2 SECTORAL OUTPUT

Looking at the production side of national accounts, total value added declined by 0.1% in the second quarter of 2012, falling for the third quarter in a row, thereby confirming the reversal of the upward trend seen since the end of the recession in the second quarter of 2009.

There have been marked differences across sectors since the end of the recession. In the second quarter of 2012 value added in the industrial sector (excluding construction) still stood almost 7% below its pre-recession peak. By contrast, services value added was close to its pre-recession peak. The value added in the construction sector continued to decline, standing close to 17% below pre-recession levels in the second quarter of 2012. Short-term indicators point to a further slowdown in the third quarter of 2012.

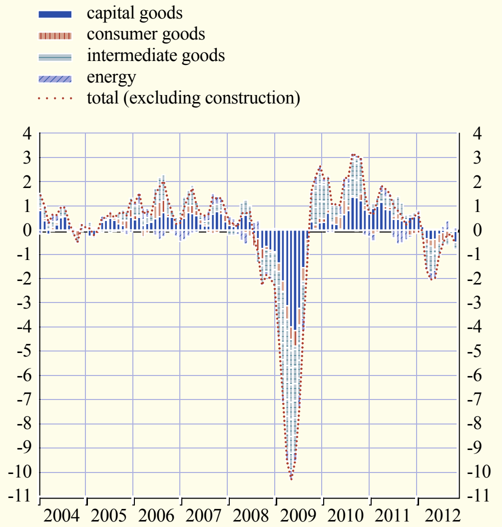
INDUSTRY (EXCLUDING CONSTRUCTION)

Value added in the industrial sector excluding construction decreased by 0.3% (quarter on quarter) in the second quarter of 2012, compared with a slight increase in the first quarter of 2012. Broadly in line with developments in value added in the industrial sector, production continued to shrink for the third quarter in a row (see Chart 56). The contraction was broadly based across main industrial groupings, with the strongest drop recorded for capital goods. The European Commission's survey data indicate that a weakening of demand and a worsening of the financial situation continued to have a negative impact on production in the three-month period up to July.

Looking ahead, short-term indicators suggest that the weakness in activity in the industrial sector is likely to persist in the third quarter of 2012. The European Commission's industrial confidence indicator declined further in August (see Chart 57), mainly owing to a

Chart 56 Industrial production growth and contributions

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



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

more negative assessment of production expectations and order books. Past production was also assessed more negatively. In the first two months of the third quarter of 2012, the manufacturing PMI output index was lower than in the first quarter and stayed below the theoretical no-growth threshold of 50, indicating a further reduction in industrial production. The European Commission and Markit surveys reported a decline in the assessment of firms' overall order books and new orders in the first two months of the third quarter of 2012. In both months, order books were below their long-term average.

Chart 57 Industrial production, industrial confidence and PMI manufacturing output

(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.

CONSTRUCTION

Value added in the construction sector displayed negative growth in the second quarter of 2012. Looking through the recent volatility caused by adverse weather conditions in some parts of the euro area, the negative growth rates in value added have moderated in recent quarters, although the underlying growth momentum has remained weak.

Available forward-looking short-term indicators point to an additional contraction in construction activity in the third quarter, confirming the weakness in the construction industry. For instance, the number of building permits granted in the euro area stood in the first part of 2012 significantly below its long-term average. Compared with the second quarter of 2012, the construction PMI and PMI new orders declined in July and remained well below the 50-point threshold, thus signalling a contraction in activity. The European Commission's business confidence indicator for the construction sector declined in the first two months of the third quarter to reach its lowest level in three years.

SERVICES

Services value added displayed flat growth in the second quarter of 2012 for the third consecutive quarter. Between the third quarter of 2009 and the second quarter of 2012 (i.e. after the end of the recession), quarterly growth in services averaged 0.2%.

Looking ahead, surveys signal protracted weak developments in the services sector in the third quarter of 2012. The average level of the PMI output index for the services sector in July and August was slightly above that of the second quarter, but still well below the theoretical benchmark of 50 for zero growth. The European Commission's survey of business confidence in the services sector provides a somewhat more negative picture.

4.3 LABOUR MARKET

Euro area labour market conditions have deteriorated further in recent quarters, as a result of the low level of economic activity. Employment is contracting further, while the unemployment rate further increased to historically high levels, reflecting ongoing labour market adjustments in several euro area countries. Forward-looking indicators, such as surveys, have deteriorated further in recent months.

Despite the further weakening of labour markets, total hours worked increased slightly by 0.1% in the first quarter of 2012, after the decline seen in the fourth quarter of 2011. At the sectoral level, hours worked increased in the services sector as well as in industry (excluding construction), whereas in construction they continued to decrease.

Headcount employment declined in the first quarter of 2012 for the third consecutive quarter. Employment losses were particularly heavy in the construction sector, which registered a 1.3% quarter-on-quarter decline. Total employment in industry (excluding construction) and in services declined by less, shrinking by 0.2% and 0.1% respectively, with the services sector being boosted by strong employment growth in information and communication (see Table 9).

Surveys suggest that employment creation is likely to have deteriorated further in the second quarter and at the beginning of the second half of 2012, mainly reflecting sluggish economic activity in the euro area. In particular, the euro area composite PMI for employment expectations (encompassing both manufacturing and services) remained below the no-growth threshold in the second quarter of 2012 as well as the first two months of the third quarter. The European Commission's business surveys exhibit similar expectations (see Chart 58).

Annual growth in labour productivity per person employed declined sharply to 0.4% in the first quarter of 2012, down from 0.8% in the fourth quarter of 2011 (see Chart 59). A less pronounced decline was seen when measured per hour worked, from 0.8% in the last quarter of 2011 to 0.7%

Table 9 Employment growth

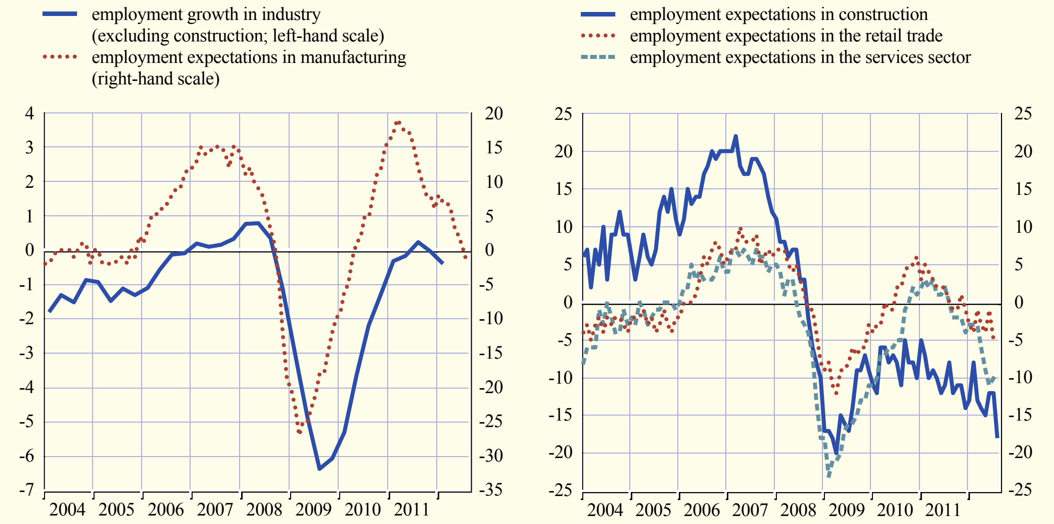
(percentage changes compared with the previous period; seasonally adjusted)

	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2010	2011	2011 Q3	2011 Q4	2012 Q1	2010	2011	2011 Q3	2011 Q4	2012 Q1
Whole economy	-0.6	0.1	-0.2	-0.2	-0.2	0.1	0.1	0.1	-0.5	0.1
of which:										
Agriculture and fishing	-1.2	-2.4	-0.5	-0.7	-0.3	-0.4	-1.6	-0.4	-0.4	-0.3
Industry	-3.4	-1.3	-0.5	-0.6	-0.5	-1.7	-0.9	0.0	-1.2	0.1
Excluding construction	-3.1	-0.1	0.1	-0.3	-0.2	-0.6	0.5	0.5	-0.6	0.5
Construction	-3.8	-3.9	-1.6	-1.5	-1.3	-3.8	-3.7	-1.0	-2.5	-0.8
Services	0.4	0.7	-0.1	-0.1	-0.1	0.7	0.6	0.2	-0.2	0.1
Trade and transport	-0.7	0.5	-0.1	-0.5	-0.2	-0.3	0.2	0.3	-0.8	-0.1
Information and communication	-1.2	1.4	-0.5	0.3	1.0	-0.6	1.1	0.2	-0.2	1.7
Finance and insurance	-1.0	-0.1	0.1	0.0	-0.2	-0.4	0.4	0.3	-0.4	0.2
Real estate activities	-1.0	2.3	-0.8	2.0	-0.8	0.2	1.9	0.6	0.8	-1.8
Professional services	2.0	2.5	-0.3	0.3	-0.7	2.5	2.9	0.0	0.4	-0.5
Public administration	1.0	0.1	0.1	-0.1	0.0	1.2	0.1	0.1	0.1	0.6
Other services 1)	0.8	-0.2	0.0	0.1	0.6	0.6	-0.5	0.7	0.0	0.6

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

Chart 58 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)



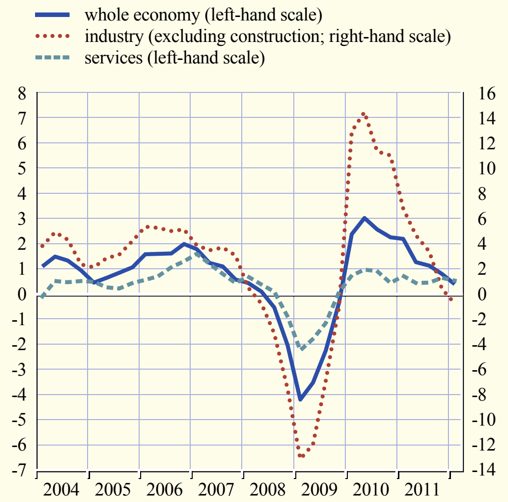
Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Percentage balances are mean-adjusted.

in the first quarter of 2012. Productivity growth is expected to decline further in the near term in a context of subdued economic activity.

The unemployment rate has continued to increase and stood at 11.3% in July 2012, the highest rate recorded since the start of the series in 1995. The latest figure represents a rise in the

Chart 59 Labour productivity per person employed

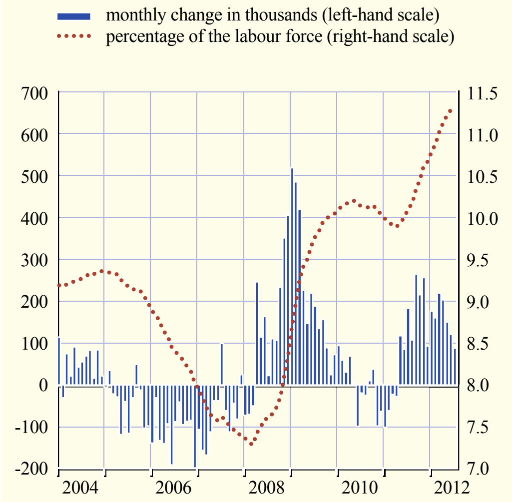
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 60 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

unemployment rate of 1.5 percentage points since April 2011 when unemployment started to rise again (see Chart 60). The dynamics of employment losses, accompanied with weak survey results, point to a further rise in unemployment in the short term.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Economic indicators point to continued weak economic activity in the remainder of 2012, in an environment of heightened uncertainty. Looking beyond the short term, the euro area economy is expected to recover only very gradually. The growth momentum is expected to remain dampened by the necessary process of balance sheet adjustment in the financial and non-financial sectors, the existence of high unemployment and an uneven global recovery. The September 2012 ECB staff macroeconomic projections for the euro area foresee annual real GDP growth in a range between -0.6% and -0.2% for 2012 and between -0.4% and 1.4% for 2013. Compared with the June 2012 Eurosystem staff macroeconomic projections, the ranges for 2012 and 2013 have been revised downwards (see Box 7).

The risks surrounding the economic outlook for the euro area are assessed to be on the downside. They relate, in particular, to the tensions in several euro area financial markets and their potential spillover to the euro area real economy. These risks should be contained by effective action by all euro area policy-makers.

Box 7

ECB STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

The current economic outlook is highly uncertain, as it critically depends on forthcoming policy decisions as well as the reaction of private sector agents and of financial markets to such decisions. In this context, on the basis of the information available up to 24 August 2012, ECB staff have prepared projections for macroeconomic developments in the euro area.[1] Average annual real GDP growth is projected to range between -0.6% and -0.2% in 2012 and between -0.4% and 1.4% in 2013. Inflation is projected to be between 2.4% and 2.6% in 2012 and between 1.3% and 2.5% in 2013.

Technical assumptions for interest rates, exchange rates, commodity prices and fiscal policies

The technical assumptions for interest rates and for both energy and non-energy commodity prices are based on market expectations, with a cut-off date of 16 August 2012.

1 The ECB staff macroeconomic projections complement the Eurosystem staff macroeconomic projections that are produced jointly by experts from the ECB and from the euro area national central banks on a biannual basis. The techniques used are consistent with those of the Eurosystem staff projections as described in *A guide to Eurosystem staff macroeconomic projection exercises*, ECB, June 2001, which is available on the ECB's website. To reflect the uncertainty surrounding the projections, ranges are used to present the results for each variable. The ranges are based on the differences between actual outcomes and previous projections carried out over a number of years. The width of the ranges is twice the average absolute value of these differences. The method used, involving a correction for exceptional events, is documented in *New procedure for constructing Eurosystem and ECB staff projection ranges*, ECB, December 2009, also available on the ECB's website.

The assumption for short-term interest rates is of a purely technical nature. Short-term rates are measured by the three-month EURIBOR, with market expectations derived from futures rates. The methodology gives an average level for these short-term interest rates of 0.6% in 2012 and 0.3% in 2013. The market expectations for euro area ten-year nominal government bond yields imply an average level of 4.0% in 2012 and 4.2% in 2013. Reflecting the path of forward market interest rates and the gradual pass-through of changes in market rates to lending rates, short-term and long-term composite bank lending rates on loans to the euro area non-financial private sector are expected to bottom out, with long-term rates reaching a trough around mid-2012 and short-term rates reaching their low around the end of 2012. Credit supply conditions are expected to weigh negatively on economic activity in the euro area in 2012 and 2013.

As regards commodity prices, on the basis of the path implied by futures markets in the two-week period ending on the cut-off date, the price of a barrel of Brent crude oil is assumed to average USD 111.7 in 2012 and USD 107.3 in 2013. The prices of non-energy commodities in US dollars[2] are assumed to decline by 8.3% in 2012 and by 0.3% in 2013.

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the two-week period ending on the cut-off date. This implies an exchange rate of USD per EUR of 1.26 in 2012 and of 1.23 in 2013. The effective exchange rate of the euro is assumed to depreciate by 6.3% in 2012 and by 2.1% in 2013.

Fiscal policy assumptions are derived on the basis of measures that have already been approved by national parliaments or that have been defined in sufficient detail by governments and are likely to pass the legislative process. For 2012, substantial consolidation measures are foreseen, including tax increases in various countries, while in 2013 the measures are smaller and more concentrated on the expenditure side.

Assumptions with regard to the international environment

World real GDP growth (excluding the euro area) is projected to pick up from 3.8% in 2012 to 4.0% in 2013. Although the recent releases of real GDP growth data for the second quarter of 2012 confirmed a fairly synchronised moderation in global growth momentum, a gradual pick-up in global growth starting in the course of the second half of 2012 is expected, supported by improving financial conditions, in an environment of accommodative monetary policies. However, the pace of growth in major advanced economies is expected to be dampened by weaknesses in the labour and housing markets of those economies, as well as the need to further repair both public and private sector balance sheets. In emerging markets, growth has moderated recently but remains solid, thereby making an important contribution to global economic activity. Euro area foreign demand is expected to grow by 4.2% in 2012 and 5.8% in 2013.

Real GDP growth projections

Real GDP declined by 0.2% in the second quarter of 2012, following a stagnation in the previous quarter. The ongoing and persistent weakness of activity, which started in the spring of 2011, largely reflects the fragility of domestic demand, which more than outweighs positive external contributions to growth. In the second half of 2012 real GDP is projected to decline slightly, as

2 Oil and food price assumptions are based on futures prices up to the end of the projection horizon. For other commodities, prices are assumed to follow futures until the third quarter of 2013 and thereafter to evolve in line with global economic activity.

the adverse impact of high commodity prices, a tightening in the fiscal stance, low consumer and business confidence and adverse credit supply conditions in some countries continues to affect activity. Looking ahead, real GDP growth is expected to gradually gain momentum during the course of 2013. Initially, an improving external environment and enhanced competitiveness are projected to support exports. The recovery is also likely to be supported by the favourable impact of the very low level of short-term interest rates on private demand and by the effects on real disposable income of the assumed decline in energy and food price inflation. Moreover, measures to restore the functioning of the financial system should also support domestic demand. However, ongoing balance sheet restructuring and adverse financial conditions in some euro area countries are likely to continue to dampen the projected recovery over the forecast horizon. Overall, the projected recovery is expected to remain muted by historical standards, resulting in a negative output gap over the whole projection horizon. In annual terms, real GDP is expected to grow by between -0.6% and -0.2% in 2012 and between -0.4% and 1.4% in 2013.

Considering the demand components in more detail, extra-euro area export growth is projected to gain momentum during the second half of 2012 and to pick up further thereafter, reflecting the gradual strengthening of euro area foreign demand as well as gains in export price competitiveness. Business investment is expected to decline during the remainder of 2012, owing to the heightened uncertainty and weak sentiment, as well as to adverse credit supply conditions in some countries. It should pick up again in 2013, supported by the strengthening in domestic and external demand, the very low level of interest rates, expectations of lower cost pressures and improving profit mark-ups. Residential investment is expected to decline in the near term, before recovering modestly from late 2012 onwards. The need for further adjustment to correct past excesses in the housing markets of some countries is expected to continue to weigh on residential investment. However, these adverse effects should be offset, albeit only partially, by the enhanced relative attractiveness of housing investment in some other countries, in which residential investment is supported markedly by historically low mortgage rates. Government investment is expected to decline throughout the projection horizon, owing to the fiscal consolidation packages in several euro area countries.

Private consumption is projected to decline throughout 2012, reflecting a fall in real disposable income, owing to a decrease in both employment and real compensation per employee, fiscal consolidation measures and weak non-labour income. A decline in the savings ratio, as households try to smooth consumption over time, should partially compensate for the fall in real disposable income. However, the drop in the savings ratio is expected to be moderated by the persistent rise in the unemployment rate and weak consumer sentiment, which are likely to increase precautionary savings. Private consumption is expected to increase modestly during the course of 2013, reflecting the recovery of real disposable income as the adverse impact of the above factors gradually fades and a decline in commodity price pressures benefits real incomes. Government consumption is projected to decline in 2012 and 2013, owing to fiscal consolidation efforts.

Following a decline in the first half of 2012, extra-euro area imports are expected to increase again in the second half of the year and to gain further momentum thereafter, albeit still constrained by weak total demand. Reflecting stronger growth in exports, net trade is expected to make a significant positive contribution to GDP growth over the whole projection horizon. The current account, which was balanced in 2011, is expected to register a widening surplus over the projection horizon owing to an increasing trade surplus.

Table A Macroeconomic projections for the euro area

(average annual percentage changes) [1)]

	2011	2012	2013
HICP	2.7	2.4 – 2.6	1.3 – 2.5
Real GDP	1.5	-0.6 – -0.2	-0.4 – 1.4
Private consumption	0.2	-1.1 – -0.7	-0.8 – 0.8
Government consumption	-0.3	-0.8 – 0.2	-0.8 – 0.4
Gross fixed capital formation	1.5	-4.1 – -2.5	-1.7 – 2.7
Exports (goods and services)	6.4	1.8 – 4.4	1.1 – 8.1
Imports (goods and services)	4.2	-1.3 – 1.3	0.3 – 7.1

1) The projections for real GDP and its components refer to working day-adjusted data. The projections for imports and exports include intra-euro area trade.

Price and cost projections

The headline inflation rate, which in August stood at 2.6%, is expected to remain above the 2% mark throughout 2012, owing to high energy prices, the depreciation of the euro and increases in indirect taxes in some countries. It is expected to average between 2.4% and 2.6% in 2012. In 2013 the inflation rate is expected to decline to between 1.3% and 2.5%, largely driven by developments in energy price inflation, which is foreseen to ease substantially over the projection horizon, reflecting the assumed gradual decline in oil prices. Food price inflation is also expected to decrease in 2013. HICP inflation excluding food and energy is expected to remain broadly stable over the projection horizon. Upward pressures related to the recent depreciation of the euro and increases in indirect taxes and administered prices in some countries are expected to be broadly offset by downward pressures stemming from an environment of weak domestic demand and high unemployment.

In more detail, external price pressures, driven upwards in the past by rising oil prices and the depreciation of the euro, are expected to ease over the projection horizon. In particular, the assumptions of a stabilisation of the euro exchange rate and of a decline in oil prices imply that the annual growth rate of the import deflator should decline gradually. With regard to domestic price pressures, the annual growth rate of compensation per employee is expected to decline in 2012 and to remain subdued in 2013, reflecting the deteriorating situation in the labour market and fiscal consolidation measures in some countries. Since wages are expected to grow less than prices in 2012, real compensation per employee is projected to fall in that year before stabilising in 2013, remaining, however, well below the pace of productivity growth. Growth in unit labour costs is projected to pick up in 2012 and to decline in 2013, mostly owing to productivity developments. The profit margin indicator is expected to fall in 2012, buffering the increasing unit labour costs in an environment of weak demand. Thereafter, decelerating unit labour costs and improving economic conditions are expected to support the recovery in profit margins. As part of fiscal consolidation plans, increases in administered prices and indirect taxes are expected to make a large contribution to HICP inflation in 2012 and in 2013.

Comparison with the June 2012 projections

Compared with the Eurosystem staff macroeconomic projections published in the June 2012 issue of the Monthly Bulletin, the ranges for real GDP growth in the euro area for 2012 and 2013 have been revised downwards. Most of the downward revisions concern the last two quarters of 2012, implying a negative statistical carry-over into 2013. With regard to HICP inflation, the

Table B Comparison with the June 2012 projections

(average annual percentage changes)

	2012	2013
Real GDP – June 2012	-0.5 – 0.3	0.0 – 2.0
Real GDP – September 2012	-0.6 – -0.2	-0.4 – 1.4
HICP – June 2012	2.3 – 2.5	1.0 – 2.2
HICP – September 2012	2.4 – 2.6	1.3 – 2.5

projection ranges for 2012 and 2013 are somewhat higher than in the June 2012 projections, mainly reflecting the impact of the weaker exchange rate of the euro.

Comparison with forecasts by other institutions

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

According to the forecasts currently available from other organisations and institutions, euro area real GDP growth is expected to range between -0.5% and -0.1% in 2012, which is close to the range of the ECB staff projections. For 2013, available forecasts lie between 0.3% and 1.0%, which is within the range of the ECB staff projections. As regards inflation, available forecasts suggest that the average annual HICP inflation rate will be in a range between 2.0% and 2.4% in 2012, which is below the range of the ECB staff projections. For 2013, available forecasts suggest that HICP inflation will be in a range between 1.6% and 1.9%, which is within the range of the ECB staff projections.

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

(average annual percentage changes)

	Date of release	GDP growth		HICP inflation	
		2012	2013	2012	2013
OECD	May 2012	-0.1	0.9	2.4	1.9
European Commission	May 2012	-0.3	1.0	2.4	1.8
IMF	July 2012	-0.3	0.7	2.0	1.6
Survey of Professional Forecasters	August 2012	-0.3	0.6	2.3	1.7
Consensus Economics Forecasts	August 2012	-0.5	0.3	2.3	1.7
Euro Zone Barometer	August 2012	-0.5	0.3	2.3	1.8
ECB staff projections	September 2012	-0.6 – -0.2	-0.4 – 1.4	2.4 – 2.6	1.3 – 2.5

Sources: European Commission Economic Forecast, Spring 2012; IMF World Economic Outlook Update, July 2012, for real GDP growth and World Economic Outlook, April 2012, for inflation; OECD Economic Outlook, May 2012; Consensus Economics Forecasts; MJEconomics; and the ECB's Survey of Professional Forecasters.
Notes: The ECB staff macroeconomic projections and the OECD forecasts both report working day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working day-adjusted or non-working day-adjusted data.

5 FISCAL DEVELOPMENTS

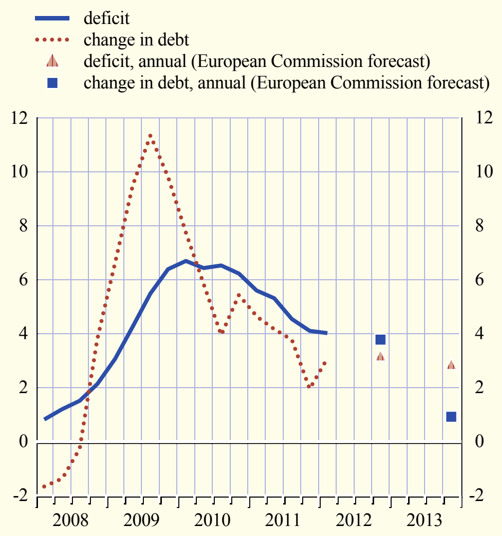
According to the latest statistics on euro area government finance, which are available up to the first quarter of 2012, the euro area-wide government deficit continued to decline, albeit at a slower pace, while the government debt-to-GDP ratio continued to increase. Looking ahead, it is essential that euro area governments strictly adhere to their budgetary targets and correct excessive deficits by the agreed deadlines. In this context, the 2013 draft budgets, which are currently under preparation, need to provide for sufficiently ambitious and well-specified measures to fulfil fiscal targets. Moreover, further initiatives to strengthen fiscal governance in the euro area are ongoing, including negotiations on the so-called "two-pack" regulations and the work of the task force preparing a report which includes proposals on creating a fiscal union.

FISCAL DEVELOPMENTS IN 2012

The latest euro area government finance statistics, which are available up to the first quarter of 2012, indicate that the euro area-wide government deficit continued to decline, albeit at a slower pace. As indicated in Chart 61, the four-quarter moving sum of the euro area deficit, i.e. the accumulated deficit over the last four quarters,[1] amounted to 4.0% of GDP in the first quarter of 2012. This compares with a four-quarter deficit of 5.6% of GDP a year earlier and one of 4.1% in the fourth quarter of 2011. On the assumption that fiscal consolidation will continue, the latest results are broadly in line with the European Commission's spring 2012 forecast, which projected the euro area deficit to fall from 4.1% of GDP in 2011 to 3.2% in 2012. As shown in Chart 62, the lower euro area budget deficit ratio in the first quarter of 2012 was mainly due to a slightly higher four-quarter revenue-to-GDP ratio – although revenues increased less strongly – while the expenditure-to-GDP ratio remained unchanged from the previous quarter. If these developments were to persist, they would be broadly consistent with the European Commission's spring 2012 forecast of a constant expenditure-to-GDP ratio, amounting to 49.4% in 2012, and a higher revenue-to-GDP ratio of 46.2% (see Chart 62).

Chart 61 Euro area government deficit and change in debt

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

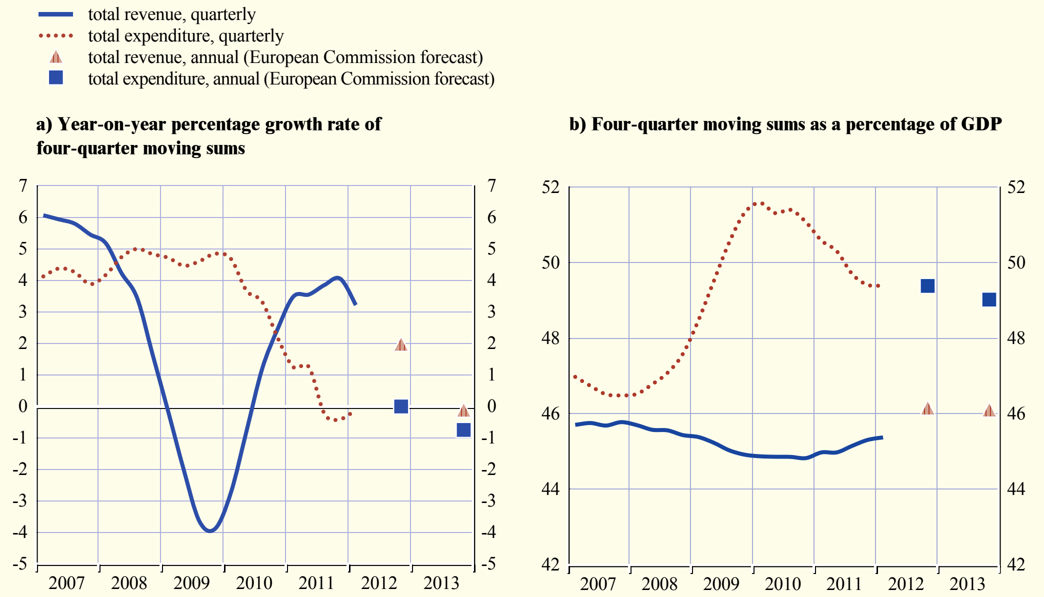


Sources: ECB calculations based on Eurostat and national data, and the European Commission's spring 2012 economic forecast.

As regards developments in the gross debt of general government in the euro area, data up to the first quarter of 2012 show a slightly stronger rise in the debt-to-GDP ratio, as captured by its four-quarter moving sum, than in the previous quarter. This is in line with the European Commission's spring 2012 forecast of a stronger increase in the debt-to-GDP ratio in 2012. It is expected to rise by 3.8 percentage points to 91.8% of GDP, compared with an increase of 2.4 percentage points in 2011. The stronger increase in the 2012 debt-to-GDP ratio is expected to be largely driven by a negative impact from the growth-interest rate differential and a marked worsening of the stock-flow adjustment.

1 Budgetary developments are analysed in terms of annual changes in order to eliminate seasonal influences.

Chart 62 Quarterly government finance statistics and projections for the euro area



Sources: Data refer to general government. ECB calculations based on Eurostat and national data, and the European Commission's spring 2012 economic forecast.
Notes: The charts show the evolution of total revenue and total expenditure in terms of four-quarter moving sums for the period from the first quarter of 2007 to the first quarter of 2012, plus the annual projections for 2012 and 2013 from the European Commission's spring 2012 economic forecast.

BUDGETARY DEVELOPMENTS AND PLANS IN SELECTED COUNTRIES

In mid-June 2012 the European Council concluded the "European semester" by issuing Council recommendations on EU countries' stability and convergence programmes, as well as on their national reform programmes. The Council recommendation on the euro area[2] calls upon euro area governments to "ensure a coherent aggregate fiscal stance in the euro area by pursuing fiscal consolidation as set out in Council recommendations". Moreover, vulnerable countries are asked to "limit deviations from the nominal balance targets", while others should "stand ready to review the pace of consolidation should macroeconomic conditions deteriorate further".

A brief review of recent budgetary developments in the largest euro area countries, the EU/IMF programme countries and Cyprus is provided below.

In Germany, recent preliminary data for the first six months of 2012 point to the general government budget having a higher-than-expected surplus, equivalent to 0.6% of GDP. This was mainly driven by a surplus of social security funds. At the same time the planned capital transfers to support bad banks pose some fiscal risks to the deficit path in the second half of 2012. There have been no major new fiscal measures affecting the fiscal outlook, and the budgetary targets remain unchanged. Some further measures are currently being discussed, but they are not yet far enough advanced to be included in the fiscal outlook.

2 See the "Council recommendation of 10 July 2012 on the implementation of the broad guidelines for the economic policies of Member States whose currency is the euro", available on the European Commisssion's website at http://ec.europa.eu.

In France, the French parliament approved the second supplementary budget law on 31 July. The law foresees additional revenues of about 0.4% of GDP in 2012 (half of which are temporary) and about 0.3% of GDP in 2013. In addition, a spending freeze of €1.5 billion (roughly 0.1% of GDP) has been approved for 2012. The main revenue measures include temporary tax increases, such as an extraordinary wealth tax on households whose wealth is above €1.3 million, and permanent tax increases, such as the removal of social contribution exemptions on overtime work and a reform of inheritance tax. Instead, the so-called "social VAT" scheme (i.e. a 1.6 percentage point increase in the main VAT rate, accompanied by a partial reduction in the social contributions paid by employers), which had been adopted before the elections, has been abandoned. These measures are deemed sufficient by the government to ensure achievement of the 4.5% of GDP deficit target for 2012. Additional measures will need to be included in the 2013 budget law to ensure that the target of 3.0% of GDP is achieved. The draft budget bill will be submitted to the French parliament at the end of September.

In Italy, the Italian parliament approved the measures included in the spending review on 7 August. This foresees spending cuts amounting to around €27 billion (1.7% of GDP) in the period from 2012 to 2014 (€4.5 billion in 2012, €10.9 billion in 2013 and €11.7 billion in 2014). The new measures will force central and local administrations to scale back government expenditure. Meanwhile, the 2 percentage point VAT increase originally scheduled for October 2012 has been postponed to July 2013. According to the government, the nominal stability programme targets of 1.7% of GDP in 2012 and 0.5% of GDP in 2013 are out of reach, while the balanced budget target in structural terms is still expected to be met in 2013.

In Spain, monthly and quarterly data which became available during late spring and early summer increasingly pointed to budgetary slippages. In particular, receipts from tax revenues and social contributions have continued to fall during the recession, while spending on unemployment benefit has picked up. Against the background of this worsening outlook, the European Council issued a new recommendation to Spain on 10 July under the excessive deficit procedure (EDP). This recommendation extended the deadline for the correction of Spain's excessive deficit from 2013 to 2014 and set new annual targets for the headline deficit-to-GDP ratio of 6.3% this year, 4.5% next year and 2.8% in 2014. On 13 July the Spanish government announced a new package of fiscal measures targeted at making savings of around €55 billion (5% of GDP) over the remainder of 2012 through to the end of 2014. The bulk of these measures (those taking effect in 2012, at least) have already been adopted by Royal Decree-Law. On 3 August the Spanish government also approved a multi-annual budget plan for 2013-14, as requested in the aforementioned EDP recommendation. This plan incorporates revisions to the government's macroeconomic and fiscal assumptions since the stability programme was submitted, including the measures adopted on 13 July and the additional savings that the government considers necessary to meet the revised deficit targets under the EDP.

In Greece, government revenue in the first seven months of 2012 fell well short of the programme targets, partly on account of the deepening recession, but also a loss of momentum in the reform process. At the same time, government spending remained much lower than budgeted, allowing the cash deficits to stay within the programme target. However, this reduction in spending is largely explained by a relatively low utilisation rate of the investment budget, as well as the accumulation of payment arrears. The Greek government is working on identifying measures to close the large medium-term fiscal gap in order to bring the EU/IMF economic adjustment programme back on track.

In Portugal, monthly cash data for the first seven months of 2012 indicate a significant deterioration in tax revenues compared with budget projections, while performance on the expenditure side is in line with expectations. The weakness in revenues to a large extent reflects the unfavourable composition of economic activity and the rising unemployment rate.

In Ireland, the adjustment plans remain unchanged and the 2012 target is within reach. Further adjustment measures are needed from 2013 onwards, and both revenue and spending measures are planned. These should be spelt out in more detail in the coming budget.

In Cyprus, monthly cash data for the first seven months of the year indicate that general government would miss the EDP deadline in 2012 without sizeable additional consolidation measures. Although the government recently adopted a number of revenue-raising measures, including raising additional dividend income from the telecommunications provider, it currently expects the fiscal deficit to amount to 4.5% of GDP in 2012 (compared with an initial estimate of 2.5% of GDP). The disappointing fiscal performance is mainly due to decreased revenue collection. Cyprus recently requested financial assistance from international lenders, but negotiations are ongoing.

FISCAL POLICY CHALLENGES

The recent progress in fiscal adjustment in the euro area is welcome. However, the pace of fiscal consolidation might not always be sufficient to quickly restore sound fiscal positions and to allay financial market concerns. Tensions in euro area sovereign debt markets have persisted and even intensified during the summer months. The exceptionally high risk premia observed in the government bond prices of several euro area countries reflect, among other things, concerns among investors about the sustainability of government debt (see Box 8 on the sustainability of government debt in Spain and Italy).

It is therefore essential that fiscal targets are strictly adhered to in a sustainable manner and that excessive deficits are corrected by the agreed deadlines. Fostering fiscal consolidation is particularly important for those countries whose budget deficits point to large consolidation gaps. In such cases, the countries in question should reinforce their consolidation efforts and adopt structural measures in order to attain their budgetary targets. Generally, the 2013 draft budgets, which are currently under preparation, need to provide for sufficiently ambitious and well-specified measures to fulfil fiscal targets for 2013 and beyond in a sustainable manner. The composition of fiscal consolidation should be geared towards growth-friendly measures, with priority being given to spending restraint.

To strengthen fiscal governance, further initiatives are currently underway. Regarding the two draft regulations proposed by the European Commission in November 2011 (the so-called "two pack"), discussions are currently ongoing to reach a final agreement among the three parties involved (i.e. the EU Presidency, the European Parliament and the European Commission). The draft regulations foresee an improvement in the monitoring of draft budgetary plans and a strengthening of the economic and budgetary surveillance of vulnerable countries in the euro area. Looking further ahead, proposals are currently being developed which aim at, inter alia, creating a fiscal union within the euro area. At the EU summit on 28-29 June 2012, the euro area Heads of State or Government commissioned the presidents of the ECB, European Commission, Eurogroup and European Council to prepare a fully-fledged report geared towards a genuine economic and monetary union, the first draft of which is scheduled to be presented in early October.

Box 8

THE SUSTAINABILITY OF GOVERNMENT DEBT IN SPAIN AND ITALY

Tensions in euro area sovereign debt markets have persisted and even intensified during the summer months. The exceptionally high risk premia observed in the government bond prices of several euro area countries reflect, among other things, concerns among investors about the sustainability of government debt. This box presents illustrative scenarios for the path of the government debt-to-GDP ratios of Spain and Italy.

General approach and assumptions

The sustainability of government debt is usually analysed by making assumptions for certain key variables, notably GDP growth, the government primary balance, interest rates, inflation and any deficit-debt adjustments. Information on, or assumptions regarding, the structure of government debt are then used to make projections for government interest payments, the budget balance and debt. The following exercise is constructed in this vein.[1]

For baseline scenarios, it takes as a starting point the latest macroeconomic and fiscal projections of the Spanish and Italian governments for the period 2012-15. As such projections may turn out to be too optimistic, additional, more adverse scenarios for GDP growth, interest rates and fiscal consolidation will also be presented.

The relevant baseline assumptions concern the path of real and nominal GDP, as well as potential GDP and the output gap. Thereafter, it is assumed that potential output will grow in line with the latest assumptions of the European Commission and the Economic Policy Committee (EPC),[2] namely that any remaining output gap after 2015 will gradually close at a rate of between 0.25% and 0.5% per annum, and that the rate of inflation will be below, but close to, 2%, in line with the ECB's monetary policy. Furthermore, if the latest government projections do not foresee the achievement of a structurally balanced budget by 2015, a further adjustment of the structural primary balance-to-GDP ratio of 0.5% per year is expected until the objective of a structurally balanced budget is met. It is assumed that nominal market interest rates at ten-year maturities will converge from their present levels to 5% by 2015. The pass-through of market interest rates to the average effective interest rate on government debt then depends on the existing and expected future maturity structure of government debt and the projected future financing needs.

Scenarios and results for Spain

The baseline assumptions for Spain are summarised in the table. The macroeconomic and fiscal assumptions for 2012-15 are taken from the macroeconomic scenario published by the Spanish government on 20 July 2012 and included in the budget plan for 2013-14 adopted on 3 August 2012. This plan includes the consolidation measures adopted on 13 July 2012, including a 3 percentage point rise in VAT, and foresees further significant expenditure cuts over the horizon.

1 See also the article entitled "Analysing government debt sustainability in the euro area", Monthly Bulletin, ECB, April 2012.
2 See "The 2012 Ageing Report – Economic and budgetary projections for the 27 EU Member States (2010-2060)", European Commission and Economic Policy Committee, *European Economy*, 2/2012, May 2012.

Macroeconomic and fiscal assumptions underlying the baseline scenario

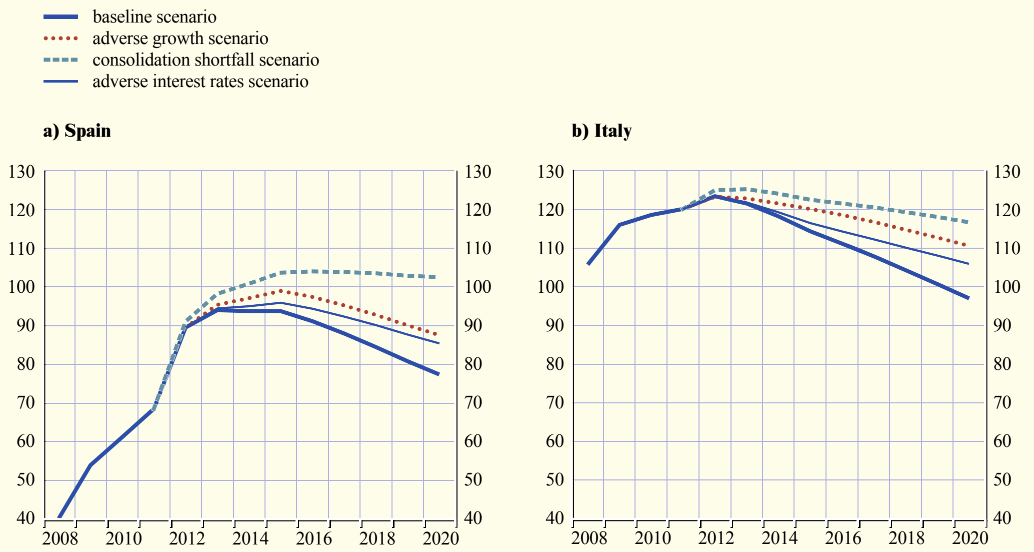
(annual percentage change/as a percentage of GDP)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Spain										
Real GDP growth	0.7	-1.5	-0.5	1.2	1.9	2.3	2.3	2.5	2.7	2.6
Potential GDP growth	-0.3	-1.4	-1.4	0.1	1.4	1.7	1.8	2.0	2.2	2.4
GDP deflator growth	1.4	0.3	1.7	1.4	1.6	1.9	1.9	1.9	1.9	1.9
Primary balance-to-GDP ratio	-6.1	-3.3	-0.6	1.3	2.0	2.7	3.2	3.3	3.3	3.2
Interest payments-to-GDP ratio	2.4	3.0	3.9	4.1	4.1	4.0	3.8	3.6	3.4	3.2
Average effective interest rate	3.8	3.8	4.2	4.4	4.4	4.4	4.3	4.3	4.2	4.1
Fiscal balance-to-GDP ratio	-8.5	-6.3	-4.5	-2.8	-2.1	-1.2	-0.5	-0.3	-0.1	0.0
Italy										
Real GDP growth	0.4	-1.2	0.5	1.0	1.2	1.0	1.2	1.4	1.6	1.9
Potential GDP growth	0.1	-0.3	0.0	0.2	0.4	0.7	1.0	1.2	1.5	1.8
GDP deflator growth	1.3	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Primary balance-to-GDP ratio	1.0	3.6	4.9	5.5	5.7	5.6	5.4	5.3	5.1	4.9
Interest payments-to-GDP ratio	4.9	5.3	5.4	5.6	5.8	5.5	5.4	5.2	5.1	4.9
Average effective interest rate	4.2	4.4	4.5	4.7	5.0	5.0	5.0	5.0	5.0	5.0
Fiscal balance-to-GDP ratio	-3.9	-1.7	-0.5	-0.1	-0.1	0.0	0.0	0.0	0.1	0.1

In the case of Spain, one important element to consider is that, during the summer, a European Financial Stability Facility (EFSF) financial assistance programme for the recapitalisation of financial institutions was approved. This covers capital requirements with an additional safety margin, estimated to add up to €100 billion, which is to be disbursed in several tranches over 18 months. In order to illustrate the potential impact of the EFSF financial support on government debt, and since the exact amount and timing of the disbursements are not yet known, the baseline presented here takes the most prudent assumption, namely that the full €100 billion (a) is drawn and (b) remains part of government debt over the entire horizon. The debt ratio peaks at 94% in 2015 and then declines to around 77% by 2020 (see the chart below). Without the EFSF

General government debt scenarios

(as a percentage of GDP)



Sources: ECB staff calculations and official government plans (Spain: budget plan for 2013-14, Italy: 2012 stability programme update).

assistance being included in government debt, the debt-to-GDP ratio would peak at 85% in 2015 and then fall to 70% by 2020. Given that the amount ultimately drawn by the Spanish government is not yet known, the exact path would be between these extremes. The inclusion of the additional €100 billion in government debt pushes the debt-to-GDP ratio upwards, but does not adversely affect debt dynamics. This is because the interest rate to be paid by the government on the loan is likely to be relatively low (based on EFSF funding costs) and can be expected to be offset by the interest/dividend income that the government will receive from the banks concerned.[3] It is clear that the debt profile would be even lower if the government managed to sell some of its investments by 2020.

Alternative, more adverse scenarios are built on top of the baseline.

- First, an adverse growth scenario is considered. In this scenario, actual and potential real GDP growth rates are assumed to be 1 percentage point lower per year than in the baseline between 2013 and 2015. In this scenario, GDP grows by -1.5% in 2013, 0.2% in 2014 and 0.9% in 2015. It is assumed that this GDP shock is permanent and (via the operation of automatic stabilisers) gives rise to higher (structural) deficits over the horizon considered. Under this scenario, the debt-to-GDP ratio peaks at 99% in 2015 and declines to 88% by 2020.

- Second, a consolidation shortfall scenario is considered under which the government only manages to deliver half of the structural adjustment committed to in 2012-13 and the structural (primary) balance-to-GDP ratio remains correspondingly higher over the entire horizon. Under this scenario, the debt-to-GDP ratio peaks at 104% in 2016 and then edges down to 103% by 2020.

- Third, an adverse interest rates scenario is considered under which, from 2013 onwards, market interest rates (at all maturities) are 200 basis points higher than in the baseline. Under this scenario, the debt-to-GDP ratio peaks at 96% in 2015 and then declines to 85% by 2020.

Scenarios and results for Italy

The baseline assumptions for Italy are also summarised in the table. The macroeconomic and fiscal assumptions for 2012-15 are taken from the latest update of the Italian stability programme (April 2012). This update incorporates the fiscal consolidation packages adopted by the Italian government and therefore foresees a strong fiscal adjustment effort over the period 2012-2014.[4] Accordingly, a nominal balanced budget is reached in 2014, stabilising around that level from 2015 onwards.

The baseline simulation indicates that, if Italy fully achieves the targets set out in its stability programme update, the government debt-to-GDP ratio is expected to peak at 123% of GDP in 2012, thereafter declining to below 100% by 2020 (see the chart).

3 In this exercise, a working assumption of a 3% interest rate on this loan has been made, and it has been assumed that property income receivable (by the government from the banks) is equal to property income payable (from the government to the EFSF).

4 The structural surplus, which is set at 0.4% of GDP in 2015, in line with the Italian stability programme update, is assumed to gradually decline towards zero by 2020.

Again, more adverse scenarios for GDP growth, fiscal consolidation and interest rates around this baseline are considered.

- First, under the adverse growth scenario, actual and potential real GDP growth are assumed to be 1 percentage point lower per year than in the baseline for 2013, 2014 and 2015. This scenario is associated with the debt ratio declining to around 111% of GDP at the end of the projection horizon.

- Second, a consolidation shortfall scenario is considered whereby only half of the structural adjustment pledged by the government over the period 2012-15 is delivered. Under this scenario, the debt-to-GDP ratio peaks at 125% in 2013 and then declines to around 117% by 2020. Such a consolidation shortfall would merely allow the debt ratio to be stabilised at current levels and provide an insufficient buffer against adverse macroeconomic developments.

- Finally, an adverse interest rates scenario is considered in which market interest rates on government debt are 200 basis points higher than in the baseline. Under this scenario, the debt-to-GDP ratio declines to around 106% by 2020.

Concluding remarks

Overall, under all the scenarios presented in this box, the debt-to-GDP ratio would be sustainable and fall at some point in both Spain and Italy. However, such scenarios should not be interpreted as forecasts. More generally, the following points should be highlighted in relation to the analysis.

First, in this exercise, a key driver of the results is that, in the baseline and in all scenarios except the consolidation shortfall scenario, it is assumed that the governments concerned will achieve structurally balanced budgets in the medium term, as prescribed by the Stability and Growth Pact. This assumption is key to ensuring that the debt-to-GDP ratio returns to a downward trajectory when the output gap closes. This underlines the importance of governments living up to their commitments under the EU fiscal governance framework and delivering the required progress towards structural balance (and corresponding primary surpluses). Failing to achieve this target will immediately give rise to substantial risks for debt sustainability.

Second, fiscal adjustment and the achievement of adequate primary surpluses are themselves facilitated by complementary measures fostering potential output growth. Governments can indeed influence long-term growth prospects by carrying out growth-enhancing structural reforms. Such reforms may have more positive effects on real GDP growth than assumed in the baseline, thereby improving the outlook for debt sustainability further.

EURO AREA STATISTICS

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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.

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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	4.2	0.81	3.36
2011	2.0	2.3	2.2	-	2.4	0.8	1.39	2.65
2011 Q3	1.4	2.3	2.4	-	2.5	0.4	1.56	2.48
Q4	1.9	2.1	2.2	-	2.1	-0.4	1.50	2.65
2012 Q1	2.3	2.5	2.5	-	0.9	0.3	1.04	2.60
Q2	2.8	2.8	3.0	-	0.1	2.9	0.69	2.32
2012 Mar.	2.8	3.0	3.2	2.9	0.6	2.1	0.86	2.60
Apr.	1.8	2.5	2.6	3.0	0.2	3.0	0.74	2.47
May	3.3	2.9	3.1	3.0	-0.1	3.2	0.68	1.89
June	3.5	3.0	3.2	3.4	-0.2	3.1	0.66	2.32
July	4.5	3.5	3.8	.	0.1	.	0.50	1.87
Aug.	.	.	.	.	.	.	0.33	1.91

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	1.5	2.0	7.3	76.8	-0.6	10.1
2011	2.7	5.9	2.8	1.4	3.4	80.4	0.1	10.1
2011 Q4	2.9	5.1	2.8	0.6	-0.2	79.8	-0.2	10.6
2012 Q1	2.7	3.7	2.0	0.0	-1.8	79.8	-0.4	10.9
Q2	2.5	2.2	.	-0.5	-2.5	78.8	.	11.2
2012 Mar.	2.7	3.5	-	-	-1.7	-	-	11.0
Apr.	2.6	2.6	-	-	-2.6	79.7	-	11.1
May	2.4	2.3	-	-	-2.6	-	-	11.2
June	2.4	1.8	-	-	-2.2	-	-	11.3
July	2.4	1.8	-	-	.	77.8	-	11.3
Aug.	2.6	.	-	-	.	-	-	.

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	-0.4	15.1	51.2	591.2	-13.4	120.3	103.6	101.6	1.3257
2011	8.4	4.9	156.9	667.1	-11.5	120.6	103.4	100.7	1.3920
2011 Q3	4.4	2.8	15.8	646.6	-13.1	122.4	103.5	100.6	1.4127
Q4	40.8	14.6	-59.4	667.1	-11.5	120.6	102.1	99.4	1.3482
2012 Q1	-4.1	5.3	-82.4	671.2	-11.0	121.0	99.5	96.9	1.3108
Q2	16.0	25.1	57.3	701.5	.	.	98.2	95.9	1.2814
2012 Mar.	9.6	10.2	-50.9	671.2	.	.	99.8	97.3	1.3201
Apr.	1.7	5.4	-8.3	679.7	.	.	99.5	97.2	1.3162
May	-1.8	5.5	36.6	695.7	.	.	98.0	95.7	1.2789
June	16.1	14.2	29.0	701.5	.	.	97.2	94.9	1.2526
July	.	.	.	724.8	.	.	95.3	93.2	1.2288
Aug.	.	.	.	.	.	.	95.2	93.0	1.2400

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

	3 August 2012	10 August 2012	17 August 2012	24 August 2012	31 August 2012
Gold and gold receivables	433,778	433,778	433,778	433,779	433,778
Claims on non-euro area residents in foreign currency	260,768	260,384	261,438	262,394	262,946
Claims on euro area residents in foreign currency	56,405	55,550	51,131	50,605	49,048
Claims on non-euro area residents in euro	15,779	16,771	16,456	18,047	19,172
Lending to euro area credit institutions in euro	1,209,403	1,210,735	1,208,269	1,208,236	1,209,827
Main refinancing operations	132,768	133,426	130,578	131,245	131,484
Longer-term refinancing operations	1,075,498	1,076,281	1,076,281	1,076,281	1,077,721
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	1,013	911	949	677	590
Credits related to margin calls	124	117	461	33	32
Other claims on euro area credit institutions in euro	215,403	214,052	218,214	215,042	218,803
Securities of euro area residents in euro	602,508	602,728	602,777	599,614	599,298
Securities held for monetary policy purposes	280,938	281,031	281,168	278,870	279,038
Other securities	321,570	321,697	321,609	320,744	320,259
General government debt in euro	30,041	30,041	30,041	30,041	30,041
Other assets	261,130	262,782	263,740	262,694	261,857
Total assets	3,085,214	3,086,822	3,085,845	3,080,452	3,084,769

2. Liabilities

	3 August 2012	10 August 2012	17 August 2012	24 August 2012	31 August 2012
Banknotes in circulation	902,194	901,281	900,874	895,873	896,434
Liabilities to euro area credit institutions in euro	1,063,796	1,076,393	1,082,749	1,068,849	1,098,605
Current accounts (covering the minimum reserve system)	549,658	551,836	542,145	525,497	541,046
Deposit facility	300,384	310,822	326,920	329,348	345,956
Fixed-term deposits	211,500	211,500	211,500	211,500	209,000
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	2,254	2,234	2,184	2,504	2,603
Other liabilities to euro area credit institutions in euro	4,325	4,259	4,578	4,544	4,549
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	144,208	142,907	131,583	146,295	110,410
Liabilities to non-euro area residents in euro	179,675	170,287	171,961	171,314	177,863
Liabilities to euro area residents in foreign currency	6,176	5,963	3,634	4,175	6,205
Liabilities to non-euro area residents in foreign currency	8,248	7,538	8,415	7,916	7,024
Counterpart of special drawing rights allocated by the IMF	56,886	56,886	56,886	56,886	56,886
Other liabilities	224,118	225,720	229,577	229,011	231,206
Revaluation accounts	409,840	409,840	409,840	409,840	409,840
Capital and reserves	85,749	85,749	85,749	85,750	85,750
Total liabilities	3,085,214	3,086,822	3,085,845	3,080,452	3,084,769

Source: ECB.

1.2 Key ECB interest rates

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

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

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							
2012 30 May	51,176	87	51,176	1.00	-	-	-	7
6 June	119,370	96	119,370	1.00	-	-	-	7
13	131,747	94	131,747	1.00	-	-	-	7
20	167,253	101	167,253	1.00	-	-	-	7
27	180,378	105	180,378	1.00	-	-	-	7
4 July	163,629	92	163,629	1.00	-	-	-	7
11	163,707	90	163,707	0.75	-	-	-	7
18	156,752	98	156,752	0.75	-	-	-	7
25	130,669	98	130,669	0.75	-	-	-	7
1 Aug.	132,768	97	132,768	0.75	-	-	-	7
8	133,426	87	133,426	0.75	-	-	-	7
15	130,578	86	130,578	0.75	-	-	-	7
22	131,245	91	131,245	0.75	-	-	-	7
29	131,484	92	131,484	0.75	-	-	-	7
5 Sep.	126,334	84	126,334	0.75	-	-	-	7
	Longer-term refinancing operations [5)]							
2012 14 Mar.	9,754	19	9,754	1.00	-	-	-	28
29	25,127	48	25,127	1.00	-	-	-	91
11 Apr.	11,389	20	11,389	1.00	-	-	-	28
26	21,338	39	21,338	0.96	-	-	-	91
9 May	12,988	20	12,988	1.00	-	-	-	35
31	8,307	33	8,307	0.86	-	-	-	91
13 June	18,905	21	18,905	1.00	-	-	-	28
28 [6)]	26,295	50	26,295	.	-	-	-	91
11 July	24,398	27	24,398	0.75	-	-	-	28
26 [6)]	8,450	36	8,450	.	-	-	-	98
8 Aug.	25,180	28	25,180	0.75	-	-	-	35
30 [6)]	9,746	36	9,746	.	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2012 30 May	Collection of fixed-term deposits	420,004	66	212,000	-	-	1.00	0.26	0.26	7
6 June	Collection of fixed-term deposits	420,651	71	212,000	-	-	1.00	0.26	0.26	7
13	Collection of fixed-term deposits	318,560	72	212,000	-	-	1.00	0.26	0.26	7
20	Collection of fixed-term deposits	387,534	66	210,500	-	-	1.00	0.26	0.26	7
27	Collection of fixed-term deposits	288,426	62	210,500	-	-	1.00	0.26	0.26	7
4 July	Collection of fixed-term deposits	398,078	73	210,500	-	-	1.00	0.26	0.26	7
11	Collection of fixed-term deposits	424,810	95	211,500	-	-	0.75	0.03	0.02	7
18	Collection of fixed-term deposits	440,138	78	211,500	-	-	0.75	0.02	0.02	7
25	Collection of fixed-term deposits	397,541	69	211,500	-	-	0.75	0.02	0.01	7
1 Aug.	Collection of fixed-term deposits	463,066	72	211,500	-	-	0.75	0.02	0.01	7
8	Collection of fixed-term deposits	419,957	67	211,500	-	-	0.75	0.01	0.01	7
15	Collection of fixed-term deposits	419,503	58	211,500	-	-	0.75	0.01	0.01	7
22	Collection of fixed-term deposits	446,823	57	211,500	-	-	0.75	0.01	0.01	7
29	Collection of fixed-term deposits	452,904	56	209,000	-	-	0.75	0.01	0.01	7
5 Sep.	Collection of fixed-term deposits	460,886	57	209,000	-	-	0.75	0.01	0.01	7

Source: ECB.

1) The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
2) With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations.
3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October 2008, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. On 4 March 2010 the ECB decided to return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010 and settled on 29 April 2010.
4) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
5) For the operations settled on 22 December 2011 and 1 March 2012, after one year counterparties have the option to repay any part of the liquidity that they have been allotted in these operations, on any day that coincides with the settlement day of a main refinancing operation.
6) In this longer-term refinancing operation, the rate at which all bids are satisfied is indexed to the average minimum bid rate in the main refinancing operations over the life of the operation. The interest rates displayed for these indexed longer-term refinancing operations have been rounded to two decimal places. For the precise calculation method, please refer to the Technical Notes.

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
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	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012 Feb.	19,090.1	9,870.4	700.9	2,768.7	1,356.6	4,393.6
Mar.	19,178.8	9,981.7	725.5	2,758.8	1,336.0	4,376.8
Apr.	19,172.3	10,013.4	726.5	2,736.0	1,349.9	4,346.5
May	19,253.6	10,031.6	716.1	2,736.6	1,406.7	4,362.6
June	19,077.1	10,059.8	701.3	2,708.9	1,284.8	4,322.3

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012 10 Apr.	105.4	109.6	4.3	0.0	1.00
8 May	105.2	110.5	5.3	0.0	1.00
12 June	106.6	110.8	4.2	0.0	1.00
10 July	106.9	111.5	4.6	0.0	1.00
7 Aug.	107.0	510.2	403.2	0.0	0.75
11 Sep.	107.1	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012 13 Mar.	688.2	89.1	860.1	2.2	288.1	621.0	219.5	868.8	129.0	-19.4	108.9	1,598.6
10 Apr.	667.6	56.4	1,093.4	3.0	280.6	771.3	215.8	871.2	146.3	-13.3	109.6	1,752.1
8 May	659.3	47.0	1,088.7	1.0	281.3	771.4	214.0	872.7	137.1	-28.5	110.5	1,754.6
12 June	656.8	58.1	1,071.0	1.6	281.1	770.8	212.8	880.8	117.8	-24.2	110.8	1,762.3
10 July	666.7	160.7	1,074.9	1.8	280.7	770.6	210.9	892.5	138.8	60.6	111.5	1,774.6
7 Aug.	678.9	146.0	1,079.9	0.8	281.0	343.1	211.5	897.7	130.7	93.5	510.2	1,751.0

Source: ECB.

1) A coefficient of 1% is applied as of the maintenance period beginning on 18 January 2012. A coefficient of 2% is applied to all previous maintenance periods.
2) Includes 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													
2010	3,212.4	1,566.8	18.6	0.9	1,547.3	573.6	425.4	9.4	138.7	-	18.6	684.1	8.0	361.4
2011	4,700.3	2,728.5	18.0	1.0	2,709.5	717.2	556.9	10.1	150.2	-	20.3	779.2	8.1	447.0
2012 Q1	5,238.2	3,289.9	18.0	1.0	3,270.9	744.4	578.0	10.6	155.9	-	21.0	774.4	8.1	400.5
Q2	5,572.8	3,656.6	17.0	1.0	3,638.7	729.6	569.7	10.1	149.7	-	20.9	793.6	8.2	363.9
2012 Apr.	5,252.9	3,345.0	17.4	1.0	3,326.6	738.3	572.2	10.9	155.2	-	21.0	789.8	8.1	350.8
May	5,424.5	3,500.7	17.4	1.0	3,482.3	732.6	566.3	11.0	155.2	-	20.5	811.1	8.1	351.5
June	5,572.8	3,656.6	17.0	1.0	3,638.7	729.6	569.7	10.1	149.7	-	20.9	793.6	8.2	363.9
July (p)	5,606.3	3,654.7	16.9	1.0	3,636.8	730.0	569.5	10.4	150.1	-	21.0	828.0	8.3	364.2
	MFIs excluding the Eurosystem													
2010	32,205.6	17,761.3	1,217.9	11,026.1	5,517.3	4,948.9	1,524.2	1,538.3	1,886.4	59.9	1,233.1	4,320.9	223.5	3,657.9
2011	33,538.3	18,481.9	1,159.6	11,161.5	6,160.7	4,765.2	1,395.8	1,517.7	1,851.7	50.2	1,211.8	4,253.0	232.3	4,544.0
2012 Q1	33,783.1	18,629.1	1,137.5	11,160.8	6,330.9	4,964.5	1,528.2	1,517.2	1,919.1	60.5	1,232.2	4,258.4	220.9	4,417.4
Q2	34,177.1	18,670.5	1,169.7	11,188.1	6,312.7	4,905.1	1,588.6	1,453.4	1,863.1	64.1	1,204.0	4,292.9	220.7	4,819.8
2012 Apr.	33,892.8	18,620.1	1,142.1	11,154.5	6,323.6	4,935.7	1,527.4	1,510.8	1,897.5	60.8	1,242.7	4,265.6	221.5	4,546.2
May	34,817.1	18,635.5	1,143.8	11,173.1	6,318.6	4,944.5	1,547.1	1,510.2	1,887.2	62.0	1,225.4	4,394.0	221.8	5,333.9
June	34,177.1	18,670.5	1,169.7	11,188.1	6,312.7	4,905.1	1,588.6	1,453.4	1,863.1	64.1	1,204.0	4,292.9	220.7	4,819.8
July (p)	34,427.5	18,634.9	1,169.4	11,213.8	6,251.7	4,870.5	1,575.8	1,406.2	1,888.5	61.9	1,210.0	4,353.7	221.1	5,075.4

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
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	4,700.3	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	285.3	411.1
2012 Q1	5,238.2	894.8	3,219.6	136.0	9.2	3,074.4	-	0.0	508.8	208.1	406.9
Q2	5,572.8	918.9	3,425.9	142.4	11.3	3,272.2	-	0.0	521.7	284.9	421.4
2012 Apr.	5,252.9	898.8	3,212.9	100.7	10.6	3,101.6	-	0.0	517.4	212.9	410.9
May	5,424.5	908.1	3,324.0	110.4	9.9	3,203.8	-	0.0	522.0	255.9	414.5
June	5,572.8	918.9	3,425.9	142.4	11.3	3,272.2	-	0.0	521.7	284.9	421.4
July (p)	5,606.3	923.1	3,388.1	112.0	27.9	3,248.1	-	0.0	550.9	318.0	426.0
	MFIs excluding the Eurosystem										
2010	32,205.6	-	16,513.5	196.2	10,542.5	5,774.7	612.3	4,848.0	2,045.5	4,213.7	3,972.5
2011	33,538.3	-	17,265.1	195.5	10,750.9	6,318.7	570.6	5,008.2	2,231.1	3,802.8	4,660.5
2012 Q1	33,783.1	-	17,468.0	192.5	10,805.5	6,470.0	558.5	5,066.6	2,260.3	3,939.4	4,490.4
Q2	34,177.1	-	17,651.6	191.9	10,837.3	6,622.3	560.9	4,991.5	2,285.4	3,880.1	4,807.7
2012 Apr.	33,892.8	-	17,489.4	189.2	10,807.4	6,492.8	568.4	5,037.7	2,248.6	3,973.6	4,575.1
May	34,817.1	-	17,558.2	206.8	10,808.4	6,543.0	581.7	5,029.7	2,250.0	4,037.1	5,360.4
June	34,177.1	-	17,651.6	191.9	10,837.3	6,622.3	560.9	4,991.5	2,285.4	3,880.1	4,807.7
July (p)	34,427.5	-	17,561.5	189.6	10,786.8	6,585.1	557.3	5,038.4	2,298.8	3,890.1	5,081.6

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										
2010	25,762.1	12,263.6	1,236.5	11,027.1	3,497.4	1,949.7	1,547.7	800.6	5,005.0	231.5	3,964.1
2011	26,767.5	12,340.1	1,177.6	11,162.5	3,480.5	1,952.7	1,527.8	739.4	5,032.2	240.4	4,934.8
2012 Q1	26,736.8	12,317.2	1,155.5	11,161.8	3,633.9	2,106.2	1,527.7	755.9	5,032.8	229.0	4,768.0
Q2	27,176.8	12,375.8	1,186.7	11,189.1	3,621.9	2,158.4	1,463.6	731.1	5,086.5	228.9	5,132.6
2012 Apr.	26,834.1	12,314.9	1,159.5	11,155.4	3,621.3	2,099.6	1,521.7	767.1	5,055.4	229.6	4,845.7
May	27,789.1	12,335.3	1,161.2	11,174.1	3,634.7	2,113.4	1,521.2	750.6	5,205.1	229.9	5,633.6
June	27,176.8	12,375.8	1,186.7	11,189.1	3,621.9	2,158.4	1,463.6	731.1	5,086.5	228.9	5,132.6
July (p)	27,497.2	12,401.1	1,186.3	11,214.8	3,561.9	2,145.3	1,416.6	735.4	5,181.8	229.4	5,387.7
	Transactions										
2010	575.8	409.9	203.3	206.5	139.4	140.4	-1.0	5.7	-112.5	2.4	130.8
2011	1,029.4	60.4	-55.6	116.0	125.3	149.3	-24.0	-30.1	-37.1	7.8	903.0
2012 Q1	107.1	-0.1	-21.2	21.1	153.8	149.8	4.0	19.2	68.9	-12.2	-122.5
Q2	416.8	54.4	33.8	20.6	-4.4	38.9	-43.4	-11.8	-69.8	-0.1	448.6
2012 Apr.	133.8	-1.0	6.9	-8.0	-8.6	-3.3	-5.2	20.9	-13.4	0.6	135.3
May	832.9	6.2	1.6	4.6	26.9	27.5	-0.6	-9.9	29.9	0.3	779.5
June	-549.9	49.2	25.2	24.0	-22.8	14.8	-37.5	-22.8	-86.2	-1.0	-466.2
July (p)	238.4	27.6	-0.6	28.3	-68.6	-13.9	-54.7	5.5	10.5	0.5	262.8

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									
2010	25,762.1	808.6	264.2	10,551.2	552.4	2,823.0	2,022.9	4,367.5	4,344.2	28.2
2011	26,767.5	857.5	259.3	10,763.0	520.4	3,006.4	2,219.6	4,088.2	5,071.5	-18.5
2012 Q1	26,736.8	844.9	328.5	10,814.7	498.0	2,991.6	2,271.8	4,147.5	4,897.3	-57.4
Q2	27,176.8	867.7	334.4	10,848.6	496.8	2,978.7	2,313.3	4,165.1	5,229.1	-56.8
2012 Apr.	26,834.1	847.6	289.9	10,818.0	507.6	2,985.0	2,269.4	4,186.5	4,985.9	-55.8
May	27,789.1	856.3	317.2	10,818.2	519.7	2,987.3	2,276.7	4,292.9	5,774.9	-54.2
June	27,176.8	867.7	334.4	10,848.6	496.8	2,978.7	2,313.3	4,165.1	5,229.1	-56.8
July (p)	27,497.2	871.3	301.6	10,814.8	495.4	2,999.8	2,354.1	4,208.1	5,507.6	-55.3
	Transactions									
2010	575.8	38.6	11.8	332.7	-98.5	39.4	99.8	-26.3	143.4	35.0
2011	1,029.4	49.1	-0.8	167.8	-29.0	50.7	137.8	-198.9	899.2	-46.6
2012 Q1	107.1	-12.4	69.3	59.1	19.7	-0.4	17.6	117.2	-153.1	-9.9
Q2	416.8	22.8	8.2	36.8	-0.8	-46.7	48.1	-75.6	447.2	-23.2
2012 Apr.	133.8	2.7	-36.3	-5.6	9.7	-13.7	4.1	13.3	158.8	0.7
May	832.9	8.7	27.4	11.0	12.3	-29.5	14.2	15.1	795.2	-21.4
June	-549.9	11.4	17.1	31.4	-22.8	-3.5	29.7	-104.0	-506.7	-2.5
July (p)	238.4	3.7	-32.7	-38.8	-1.4	7.0	17.3	-2.3	284.0	1.6

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

2.3 Monetary statistics [1]

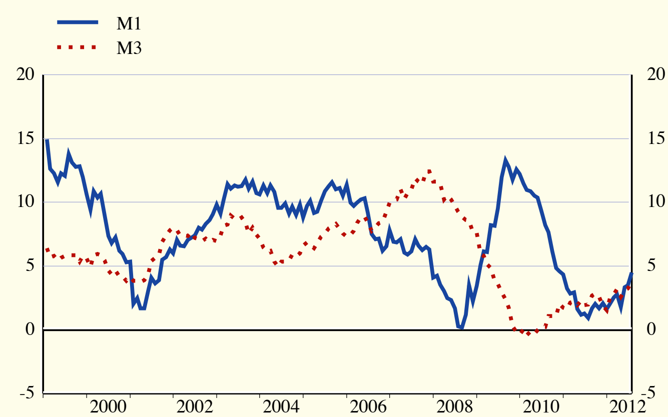
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents			Net external assets [3]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [4]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2010	4,702.1	3,707.3	8,409.4	1,130.4	9,539.9	-	7,292.8	3,212.9	13,394.7	11,048.8	-	623.4
2011	4,785.9	3,804.8	8,590.6	1,149.8	9,740.5	-	7,680.3	3,156.7	13,450.0	11,185.0	-	929.8
2012 Q1	4,848.3	3,877.3	8,725.6	1,155.3	9,880.9	-	7,662.0	3,258.8	13,472.9	11,182.4	-	903.7
Q2	4,894.5	3,887.1	8,781.6	1,149.2	9,930.7	-	7,622.1	3,312.5	13,357.7	11,155.6	-	907.9
2012 Apr.	4,794.0	3,900.2	8,694.2	1,140.9	9,835.1	-	7,664.2	3,246.2	13,414.3	11,163.4	-	900.1
May	4,872.2	3,884.9	8,757.1	1,154.5	9,911.5	-	7,642.9	3,264.1	13,420.7	11,165.2	-	942.1
June	4,894.5	3,887.1	8,781.6	1,149.2	9,930.7	-	7,622.1	3,312.5	13,357.7	11,155.6	-	907.9
July (p)	4,954.6	3,885.8	8,840.4	1,163.9	10,004.3	-	7,635.5	3,325.2	13,349.9	11,190.3	-	973.1
	Transactions											
2010	195.9	-10.0	185.9	-23.9	162.0	-	251.2	344.0	211.6	207.8	264.7	-85.5
2011	77.6	76.4	154.0	-6.3	147.7	-	207.7	92.3	62.8	116.8	143.3	161.7
2012 Q1	65.8	74.0	139.8	42.8	182.6	-	-30.1	99.4	51.8	19.3	28.6	-15.8
Q2	37.1	3.6	40.8	18.0	58.7	-	-73.0	43.3	-88.8	-33.5	-34.6	-26.1
2012 Apr.	-55.9	19.1	-36.8	-12.2	-49.0	-	-3.9	-6.4	-50.1	-20.7	-21.5	-13.9
May	71.9	-19.5	52.4	37.0	89.4	-	-48.5	31.4	-1.4	-12.3	-8.0	13.6
June	21.2	4.0	25.1	-6.8	18.3	-	-20.6	18.4	-37.3	-0.6	-5.1	-25.7
July (p)	58.9	-2.9	56.0	14.5	70.5	-	-25.6	11.6	-11.8	37.2	43.6	25.9
	Growth rates											
2010	4.4	-0.3	2.3	-2.1	1.7	1.8	3.6	11.9	1.6	1.9	2.4	-85.5
2011	1.7	2.1	1.8	-0.6	1.5	2.0	2.8	3.1	0.5	1.1	1.3	161.7
2012 Q1	2.8	3.2	3.0	5.0	3.2	2.9	1.3	7.5	0.5	0.6	1.2	-20.5
Q2	3.5	2.4	3.0	5.0	3.2	3.4	-0.5	9.4	-0.4	-0.2	0.3	-69.6
2012 Apr.	1.8	3.3	2.5	3.8	2.6	3.0	0.7	7.6	0.0	0.2	0.8	-26.3
May	3.3	2.3	2.9	4.9	3.1	3.0	-0.2	9.0	-0.2	-0.1	0.5	-21.1
June	3.5	2.4	3.0	5.0	3.2	3.4	-0.5	9.4	-0.4	-0.2	0.3	-69.6
July (p)	4.5	2.2	3.5	6.4	3.8	.	-1.3	9.4	-0.6	0.1	0.5	-36.9

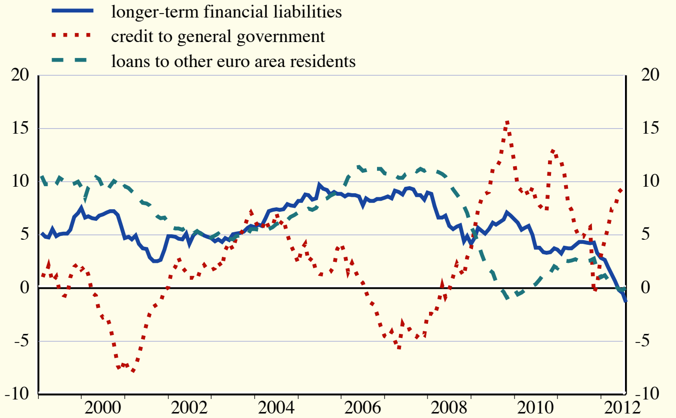
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

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

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

2.3 Monetary statistics [1]

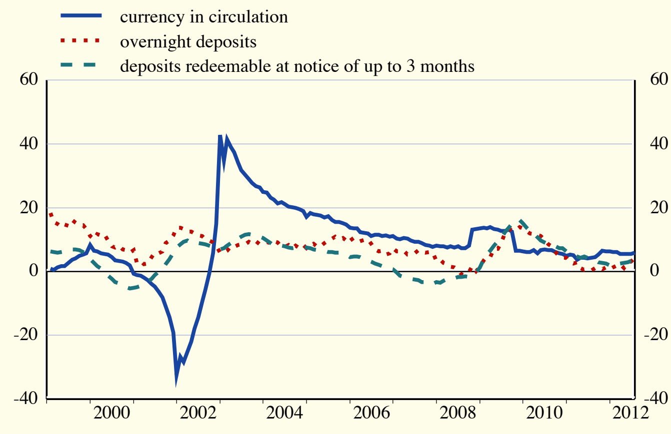
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2010	794.0	3,908.2	1,794.7	1,912.6	438.6	568.7	123.1	2,719.0	118.9	2,448.2	2,006.8
2011	843.2	3,942.6	1,846.3	1,958.4	407.7	535.5	206.6	2,820.9	115.4	2,542.8	2,201.2
2012 Q1	847.8	4,000.5	1,901.4	1,975.9	417.8	497.0	240.5	2,749.5	113.1	2,522.5	2,276.9
Q2	861.0	4,033.4	1,879.5	2,007.6	416.8	500.6	231.8	2,737.9	112.6	2,463.2	2,308.4
2012 Apr.	850.1	3,943.9	1,917.3	1,982.9	411.0	500.6	229.3	2,752.1	113.8	2,511.7	2,286.6
May	856.7	4,015.5	1,887.8	1,997.0	421.1	510.0	223.4	2,754.6	113.2	2,482.2	2,292.9
June	861.0	4,033.4	1,879.5	2,007.6	416.8	500.6	231.8	2,737.9	112.6	2,463.2	2,308.4
July (p)	866.2	4,088.4	1,866.7	2,019.1	436.2	494.8	232.9	2,753.6	111.6	2,416.4	2,353.9
					Transactions						
2010	36.5	159.5	-122.1	112.1	96.3	-101.6	-18.6	59.8	-14.1	108.9	96.5
2011	49.4	28.2	39.7	36.6	-9.8	-29.7	33.2	19.4	-2.5	55.6	135.2
2012 Q1	4.8	61.0	55.1	18.8	10.6	3.8	28.5	-51.5	-3.2	-16.7	41.4
Q2	13.1	24.0	-28.0	31.6	19.9	4.0	-5.8	-48.2	-0.6	-62.5	38.2
2012 Apr.	2.2	-58.1	12.1	7.0	-9.5	3.7	-6.3	-9.2	0.7	-11.6	16.3
May	6.6	65.3	-33.4	14.0	34.2	9.5	-6.7	-28.5	-0.6	-32.6	13.3
June	4.3	16.9	-6.7	10.6	-4.8	-9.2	7.2	-10.4	-0.6	-18.3	8.6
July (p)	5.4	53.5	-14.3	11.4	18.9	-5.8	1.3	1.5	-1.0	-48.1	22.0
					Growth rates						
2010	4.8	4.3	-6.4	6.2	28.3	-15.2	-13.7	2.3	-10.6	4.8	5.2
2011	6.2	0.7	2.2	1.9	-2.3	-5.1	24.1	0.7	-2.1	2.2	6.7
2012 Q1	5.5	2.2	3.9	2.5	4.4	-0.5	20.0	-2.5	-5.2	1.0	7.0
Q2	5.5	3.1	1.5	3.3	0.8	3.4	17.9	-5.1	-5.8	-1.8	7.6
2012 Apr.	5.5	1.0	3.9	2.7	-0.6	1.0	21.3	-3.5	-4.6	0.2	7.2
May	5.5	2.9	1.6	3.0	-1.5	4.1	23.9	-4.7	-5.1	-1.1	7.1
June	5.5	3.1	1.5	3.3	0.8	3.4	17.9	-5.1	-5.8	-1.8	7.6
July (p)	5.9	4.2	0.7	3.6	2.4	4.6	19.5	-5.0	-6.8	-3.7	6.6

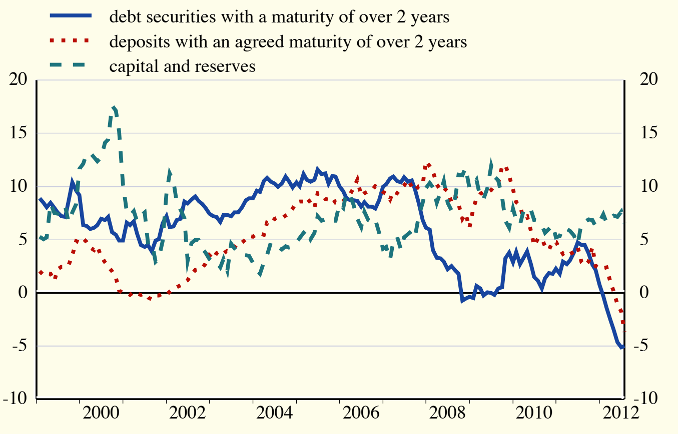
C3 Components of monetary aggregates [1]

(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)]

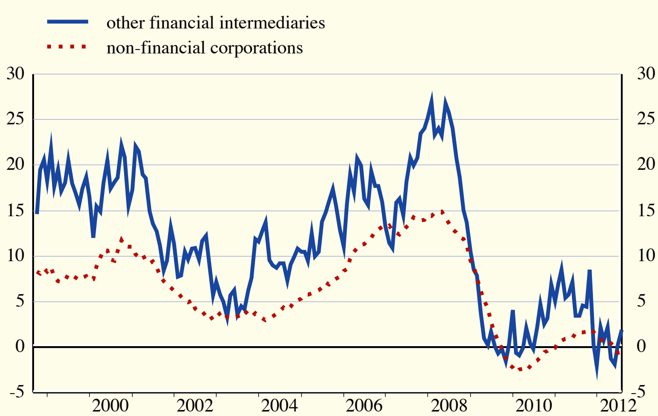
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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											
2010	93.8	1,128.4	4,668.6	-	1,127.7	899.0	2,641.9	5,158.0	-	638.5	3,700.6	819.0
2011	91.1	1,140.2	4,721.3	-	1,146.7	859.6	2,715.0	5,232.5	-	626.3	3,777.6	828.6
2012 Q1	88.0	1,154.6	4,698.4	-	1,136.4	847.0	2,715.0	5,241.4	-	620.3	3,792.8	828.3
Q2	83.9	1,129.0	4,692.0	-	1,151.4	844.6	2,696.0	5,250.8	-	614.2	3,811.0	825.5
2012 Apr.	81.3	1,132.5	4,701.3	-	1,151.9	845.8	2,703.6	5,248.3	-	619.6	3,800.5	828.2
May	82.5	1,133.7	4,698.0	-	1,149.3	844.9	2,703.9	5,251.0	-	620.7	3,802.1	828.2
June	83.9	1,129.0	4,692.0	-	1,151.4	844.6	2,696.0	5,250.8	-	614.2	3,811.0	825.5
July (p)	83.2	1,168.9	4,698.0	-	1,164.5	841.5	2,692.1	5,240.1	-	609.5	3,804.8	825.8
	Transactions											
2010	6.4	56.2	-1.8	46.0	-37.4	-26.3	62.0	146.9	155.5	-8.5	133.7	21.7
2011	1.3	-22.7	57.7	63.5	23.0	-22.0	56.7	80.5	101.2	-11.5	84.7	7.3
2012 Q1	-2.9	17.2	-9.6	-6.6	-7.0	-8.6	5.9	14.6	20.4	-2.8	16.4	1.0
Q2	-4.2	-33.4	-6.7	-0.5	13.3	-3.6	-16.3	10.7	3.4	-4.8	18.3	-2.8
2012 Apr.	-6.7	-28.0	7.5	7.4	17.8	-0.6	-9.7	6.5	5.8	-1.7	8.7	-0.5
May	1.1	-3.1	-10.7	-6.5	-5.4	-1.5	-3.8	0.4	0.3	1.3	-0.2	-0.8
June	1.4	-2.3	-3.5	-1.5	0.9	-1.5	-2.8	3.8	-2.7	-4.3	9.7	-1.6
July (p)	-0.7	37.4	8.1	7.3	15.1	-2.7	-4.3	-7.6	0.0	-3.8	-4.5	0.7
	Growth rates											
2010	7.3	5.1	0.0	1.0	-3.2	-2.8	2.4	2.9	3.1	-1.3	3.8	2.8
2011	1.5	-2.0	1.2	1.4	2.0	-2.5	2.1	1.6	2.0	-1.8	2.3	0.9
2012 Q1	-0.3	2.3	0.3	0.4	-0.4	-3.1	1.6	0.6	1.7	-2.1	1.1	0.7
Q2	-5.8	0.2	-0.6	-0.4	-1.7	-2.7	0.5	0.3	1.1	-1.9	0.8	-0.5
2012 Apr.	-6.6	-1.2	0.4	0.6	1.0	-2.3	1.1	0.5	1.5	-2.4	1.0	0.5
May	-6.4	-1.9	0.0	0.3	0.2	-2.7	0.8	0.3	1.3	-1.9	0.8	0.0
June	-5.8	0.2	-0.6	-0.4	-1.7	-2.7	0.5	0.3	1.1	-1.9	0.8	-0.5
July (p)	-8.5	1.8	-0.4	-0.2	0.0	-2.7	0.1	0.3	1.1	-2.0	0.8	-0.5

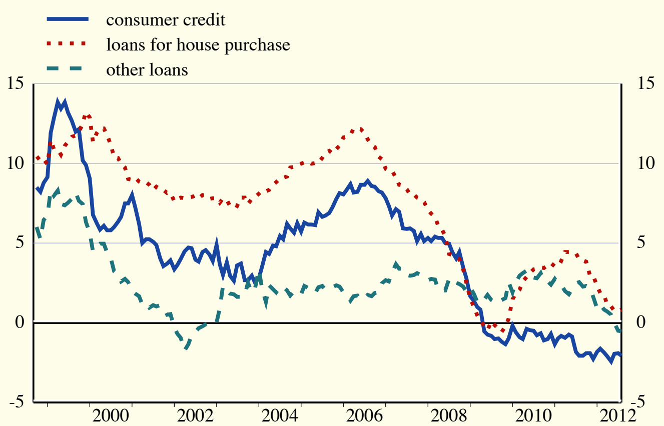
C5 Loans to other financial intermediaries and non-financial corporations [2)]

(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	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												
2011	83.4	63.7	6.3	13.4	1,116.4	155.6	579.0	214.7	322.6	4,719.0	1,138.9	859.5	2,720.5
2012 Q1	86.1	67.5	5.4	13.2	1,145.8	184.8	589.7	222.0	334.2	4,697.8	1,136.8	847.9	2,713.1
Q2	85.4	67.5	5.4	12.4	1,148.4	177.1	582.9	222.9	342.6	4,697.8	1,161.1	843.9	2,692.7
2012 May	84.9	66.1	5.5	13.2	1,145.6	180.9	581.9	221.9	341.8	4,703.2	1,152.9	846.7	2,703.6
June	85.4	67.5	5.4	12.4	1,148.4	177.1	582.9	222.9	342.6	4,697.8	1,161.1	843.9	2,692.7
July (p)	85.2	67.8	5.0	12.4	1,178.6	209.6	614.2	223.0	341.3	4,702.9	1,166.0	841.2	2,695.8
	Transactions												
2011	1.8	2.8	1.0	-2.0	-23.5	12.8	-20.7	-9.0	6.2	56.5	22.1	-22.0	56.4
2012 Q1	3.0	3.9	-0.9	0.0	32.2	29.1	12.9	7.4	11.9	-7.9	1.3	-7.6	-1.6
Q2	-0.9	0.0	0.0	-0.8	-5.2	-9.4	-11.4	-0.7	6.9	-0.3	22.6	-5.2	-17.6
2012 May	3.1	3.1	0.1	0.0	4.5	5.5	3.0	-1.1	2.6	-6.2	-4.5	0.2	-2.0
June	0.5	1.4	-0.1	-0.8	5.2	-3.8	2.6	1.4	1.2	-2.9	7.0	-4.0	-5.8
July (p)	-0.2	0.2	-0.4	0.0	27.7	32.5	30.0	-0.5	-1.9	7.2	6.8	-2.3	2.6
	Growth rates												
2011	1.9	3.9	19.6	-13.3	-2.0	8.9	-3.4	-4.3	2.0	1.2	2.0	-2.5	2.1
2012 Q1	-0.4	1.2	-2.2	-7.6	2.2	34.4	-0.1	4.4	5.1	0.3	-0.4	-3.1	1.6
Q2	-5.9	-5.4	2.1	-11.6	0.3	14.5	-4.5	6.5	5.2	-0.6	-1.7	-2.7	0.5
2012 May	-6.4	-6.9	1.5	-7.4	-1.9	10.0	-7.5	2.7	6.0	0.0	0.3	-2.6	0.8
June	-5.9	-5.4	2.1	-11.6	0.3	14.5	-4.5	6.5	5.2	-0.6	-1.7	-2.7	0.5
July (p)	-8.6	-8.2	-6.0	-11.8	1.9	30.4	-0.6	6.0	4.0	-0.5	-0.1	-2.7	0.1

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	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													
2011	5,242.8	628.5	140.9	183.8	303.7	3,784.4	14.5	56.7	3,713.3	829.9	419.7	142.8	87.5	599.6
2012 Q1	5,231.0	617.6	136.1	179.9	301.7	3,787.2	14.0	56.6	3,716.5	826.2	417.4	141.8	85.9	598.5
Q2	5,256.5	617.2	137.8	179.8	299.6	3,807.9	14.2	56.6	3,737.1	831.4	417.4	144.8	85.5	601.2
2012 May	5,239.5	618.6	137.5	180.0	301.2	3,793.9	14.1	56.8	3,723.0	826.9	417.6	140.3	85.7	601.0
June	5,256.5	617.2	137.8	179.8	299.6	3,807.9	14.2	56.6	3,737.1	831.4	417.4	144.8	85.5	601.2
July (p)	5,247.1	611.8	136.8	179.0	296.0	3,809.8	14.4	56.9	3,738.5	825.5	416.5	139.9	84.0	601.6
	Transactions													
2011	81.1	-11.6	-3.7	-6.3	-1.6	85.2	-0.2	2.7	82.7	7.4	8.8	-6.4	-2.5	16.3
2012 Q1	-6.1	-7.7	-4.5	-2.1	-1.0	4.1	-0.4	0.1	4.3	-2.4	-2.6	-0.7	-1.0	-0.7
Q2	26.9	1.0	1.3	0.4	-0.7	20.7	0.2	0.1	20.4	5.2	-2.9	4.2	-0.8	1.8
2012 May	3.2	1.0	0.4	0.2	0.4	1.1	0.1	-0.1	1.1	1.1	-0.9	-0.2	-0.3	1.6
June	21.1	0.7	0.4	0.3	0.0	14.8	0.1	-0.2	14.8	5.6	-0.7	5.2	-0.5	0.9
July (p)	-6.4	-4.5	-0.5	-0.8	-3.2	3.6	0.2	0.3	3.1	-5.4	-0.5	-4.6	-1.1	0.3
	Growth rates													
2011	1.6	-1.8	-2.5	-3.3	-0.5	2.3	-1.7	5.0	2.3	0.9	2.1	-4.3	-2.9	2.8
2012 Q1	0.7	-2.1	-1.7	-3.7	-1.3	1.1	1.1	5.2	1.0	0.7	2.0	-4.3	-2.1	2.4
Q2	0.3	-1.9	-2.5	-2.4	-1.3	0.8	-0.7	3.3	0.7	-0.5	0.8	-4.7	-3.2	1.0
2012 May	0.3	-2.0	-0.8	-3.8	-1.3	0.8	0.7	4.5	0.7	0.0	1.1	-3.6	-1.5	1.1
June	0.3	-1.9	-2.5	-2.4	-1.3	0.8	-0.7	3.3	0.7	-0.5	0.8	-4.7	-3.2	1.0
July (p)	0.3	-2.1	-1.7	-2.4	-2.0	0.8	0.1	3.0	0.8	-0.5	1.0	-3.1	-4.4	0.7

Source: ECB.

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

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

3) Including non-profit institutions serving households.

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

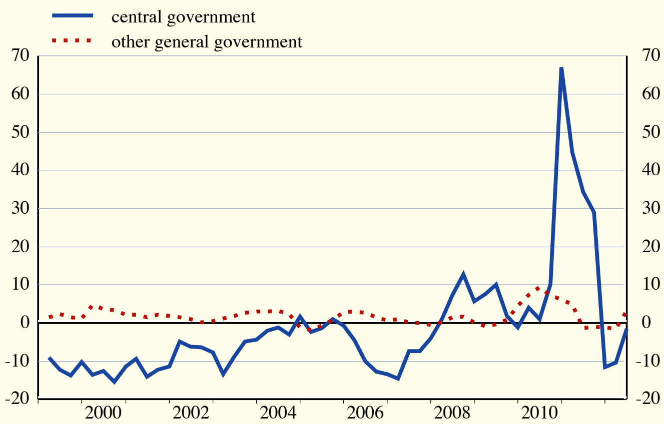
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

4. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
					Outstanding amounts					
2010	1,217.9	397.5	225.2	549.1	46.1	2,962.9	2,010.9	952.1	49.5	902.6
2011	1,159.6	348.9	221.7	567.4	21.7	3,020.8	2,022.5	998.3	62.4	935.9
2011 Q3	1,145.4	343.5	224.0	553.2	24.7	3,155.7	2,133.1	1,022.7	62.7	960.0
Q4	1,159.6	348.9	221.7	567.4	21.7	3,020.8	2,022.5	998.3	62.4	935.9
2012 Q1	1,137.5	322.6	224.0	566.9	24.0	3,004.9	1,997.7	1,007.2	59.4	947.8
Q2 (p)	1,169.7	339.7	240.1	565.1	25.1	3,084.7	2,062.3	1,023.7	58.0	965.7
					Transactions					
2010	204.2	156.3	14.9	21.1	11.9	6.3	8.3	-2.3	0.6	-2.9
2011	-54.9	-45.9	-0.4	14.6	-23.3	16.0	-26.1	42.0	13.0	29.1
2011 Q3	-6.7	-3.4	0.6	-1.6	-2.4	65.9	59.6	6.3	1.4	4.9
Q4	13.3	4.7	1.2	10.3	-2.9	-150.7	-107.7	-43.1	-1.4	-41.6
2012 Q1	-21.2	-25.9	-1.7	4.1	2.3	40.2	17.0	23.2	-2.2	25.4
Q2 (p)	34.8	19.6	16.1	-1.8	1.1	-13.4	-3.7	-8.6	-3.0	-5.5
					Growth rates					
2010	20.3	67.1	7.1	4.0	35.1	0.6	0.5	-0.1	0.8	-0.2
2011	-4.5	-11.6	-0.2	2.7	-51.6	0.7	-1.1	4.4	26.7	3.2
2011 Q3	6.3	28.9	0.2	1.9	-43.3	5.2	4.0	7.4	24.6	6.4
Q4	-4.5	-11.6	-0.2	2.7	-51.6	0.7	-1.1	4.4	26.7	3.2
2012 Q1	-4.2	-10.4	-2.8	1.9	-41.6	0.1	-0.3	0.9	7.1	0.6
Q2 (p)	1.8	-1.4	7.2	2.0	-6.7	-1.8	-1.6	-2.2	-8.5	-1.8

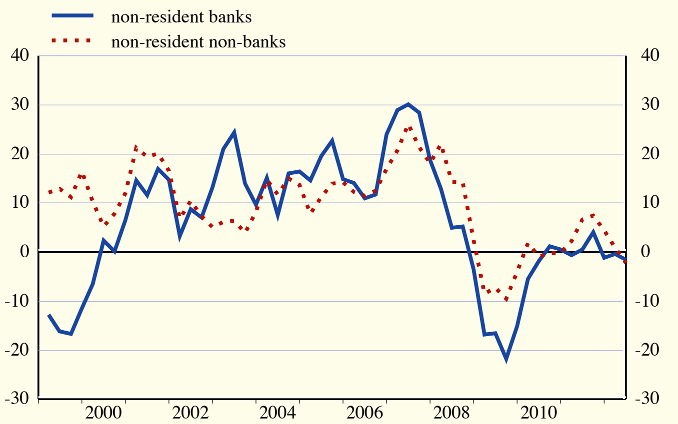
C7 Loans to government [2)]

(annual growth rates; not seasonally adjusted)



C8 Loans to non-euro area residents [2)]

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

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

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

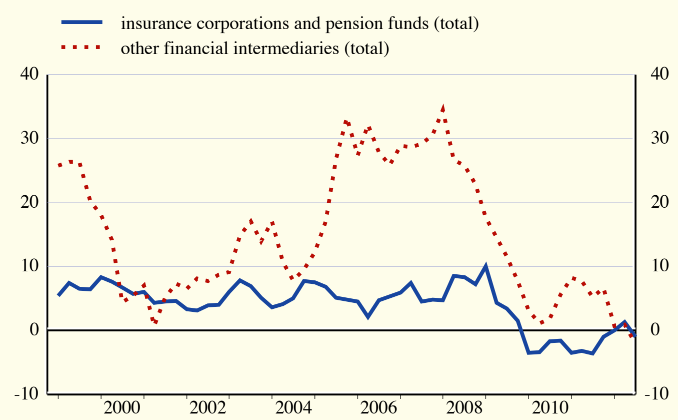
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2010	716.9	84.6	79.3	528.3	2.6	0.3	21.9	2,185.3	358.5	305.7	1,149.6	10.7	0.5	360.3	255.0
2011	704.0	92.1	79.9	512.4	4.0	0.2	15.5	2,220.7	390.0	284.9	1,190.7	14.7	0.5	339.9	260.0
2012 Q1	711.3	98.4	86.8	504.6	4.5	0.2	16.9	2,211.2	420.1	265.9	1,149.0	15.5	0.4	360.4	275.9
Q2	692.6	99.0	78.8	499.5	5.8	0.2	9.3	2,150.1	408.1	254.0	1,086.0	13.6	0.3	388.0	295.8
2012 Apr.	718.4	105.7	87.7	503.6	4.7	0.2	16.5	2,200.9	405.0	269.7	1,141.2	15.1	0.5	369.3	280.7
May	709.3	103.6	86.5	501.7	5.4	0.2	11.9	2,185.3	414.5	264.9	1,112.0	14.3	0.3	379.3	289.6
June	692.6	99.0	78.8	499.5	5.8	0.2	9.3	2,150.1	408.1	254.0	1,086.0	13.6	0.3	388.0	295.8
July (p)	701.0	106.2	81.4	497.5	6.1	0.2	9.7	2,101.5	419.0	245.2	1,033.9	12.2	0.2	391.1	295.6
	Transactions														
2010	-26.5	-3.3	-8.4	-16.6	0.2	0.0	1.6	157.9	45.1	-37.6	53.9	-8.0	0.4	104.2	-
2011	0.2	11.7	4.2	-14.2	1.1	-0.1	-2.6	13.9	28.9	-29.1	10.4	3.9	0.1	-0.3	5.5
2012 Q1	7.9	6.4	6.7	-7.1	0.5	0.0	1.4	-6.3	31.1	-18.1	-40.5	0.8	-0.2	20.6	15.5
Q2	-18.4	0.8	-7.5	-4.8	1.3	0.0	-8.3	-32.0	-12.7	-13.3	-54.0	-1.7	0.0	49.8	42.1
2012 Apr.	6.9	7.5	0.3	-0.8	0.2	0.0	-0.3	-14.5	-15.7	3.6	-8.6	-0.2	0.1	6.2	2.2
May	-9.4	-2.1	-1.4	-1.9	0.7	0.0	-4.7	1.5	7.0	-6.3	-32.9	-0.9	-0.2	34.7	33.5
June	-15.9	-4.6	-6.4	-2.1	0.4	0.0	-3.3	-19.0	-4.1	-10.6	-12.5	-0.6	0.0	8.9	6.4
July (p)	8.2	7.1	2.5	-2.1	0.3	0.0	0.4	-53.6	9.6	-9.3	-55.2	-1.4	-0.1	2.8	-0.5
	Growth rates														
2010	-3.6	-3.4	-9.6	-3.0	9.7	-	7.8	8.2	14.4	-11.1	5.0	-48.5	-	41.1	-
2011	0.0	14.4	5.6	-2.7	43.3	-	-13.1	0.7	8.1	-9.3	0.8	36.1	-	-0.2	2.1
2012 Q1	1.3	17.9	14.8	-3.8	43.3	-	8.9	0.9	11.8	-13.2	-1.3	31.5	-	8.1	14.6
Q2	-1.0	16.5	9.5	-4.2	70.3	-	-48.1	-2.2	8.9	-15.7	-5.9	10.1	-	8.8	9.4
2012 Apr.	0.8	23.2	10.3	-3.9	14.4	-	-11.9	-1.3	6.0	-14.3	-2.7	37.0	-	5.5	12.5
May	0.5	20.9	15.5	-4.1	35.0	-	-30.7	-2.4	10.0	-17.4	-4.9	19.7	-	4.9	7.9
June	-1.0	16.5	9.5	-4.2	70.3	-	-48.1	-2.2	8.9	-15.7	-5.9	10.1	-	8.8	9.4
July (p)	-0.4	27.7	8.1	-4.5	56.0	-	-52.8	-3.5	14.9	-19.8	-9.9	6.5	-	12.1	12.5

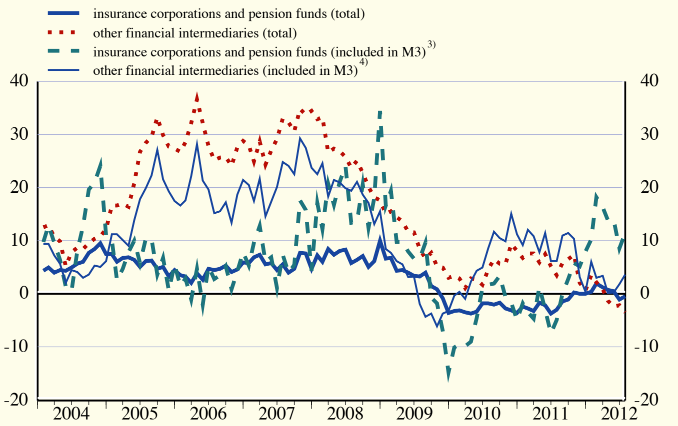
C9 Total deposits by sector 2)

(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]

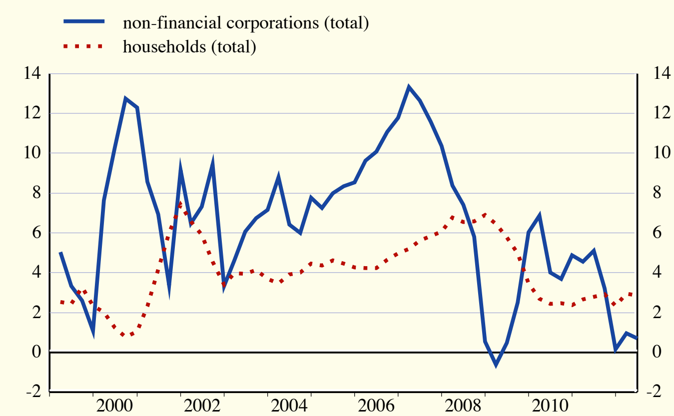
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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														
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	1,685.9	1,044.1	453.5	97.7	72.3	2.0	16.3	5,894.0	2,255.7	948.3	723.7	1,837.0	106.7	22.7
2012 Q1	1,663.6	1,019.5	451.5	100.6	76.0	2.2	13.8	5,945.1	2,223.2	995.4	736.9	1,864.7	105.0	19.9
Q2	1,677.6	1,057.4	421.3	103.2	80.5	1.7	13.4	6,000.8	2,288.5	975.3	741.3	1,878.0	103.4	14.3
2012 Apr.	1,650.2	1,012.6	442.6	102.2	77.0	1.8	14.0	5,968.3	2,246.5	992.3	738.7	1,868.2	105.0	17.5
May	1,661.3	1,031.9	430.8	102.3	79.5	1.7	15.2	5,961.7	2,244.3	983.6	740.8	1,872.4	104.3	16.2
June	1,677.6	1,057.4	421.3	103.2	80.5	1.7	13.4	6,000.8	2,288.5	975.3	741.3	1,878.0	103.4	14.3
July (p)	1,670.1	1,051.8	420.1	103.5	79.9	1.5	13.3	5,999.8	2,280.1	975.7	742.2	1,885.1	102.6	14.1
Transactions														
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	2.6	3.6	-2.7	8.7	-7.3	0.4	-0.2	134.3	7.4	42.6	50.5	43.5	-2.6	-7.0
2012 Q1	-20.8	-23.1	-2.8	4.3	3.2	0.2	-2.4	52.4	-32.0	47.2	13.6	29.0	-2.6	-2.8
Q2	8.6	33.0	-30.9	3.2	4.3	-0.4	-0.5	52.4	63.3	-21.3	4.3	13.2	-1.6	-5.6
2012 Apr.	-13.6	-6.7	-9.0	1.6	0.8	-0.4	0.1	21.9	22.1	-3.1	1.8	3.4	0.1	-2.4
May	7.5	16.1	-12.7	0.6	2.5	-0.1	1.0	-9.2	-3.3	-10.0	2.0	4.1	-0.7	-1.4
June	14.7	23.6	-9.2	1.0	1.0	0.0	-1.7	39.7	44.4	-8.1	0.5	5.7	-0.9	-1.8
July (p)	-6.0	-5.1	-1.7	1.9	-0.6	-0.2	-0.2	-2.0	-8.8	0.0	0.9	7.0	-0.8	-0.3
Growth rates														
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	0.1	0.3	-0.6	9.9	-9.3	29.0	-3.4	2.3	0.3	4.7	7.5	2.4	-2.4	-23.6
2012 Q1	1.0	1.8	-1.8	12.0	-6.5	3.5	-2.2	2.9	0.0	9.6	7.3	2.8	-4.8	-36.4
Q2	0.7	3.8	-7.4	10.6	0.0	-18.4	-16.7	2.9	1.2	7.5	5.0	3.4	-5.4	-57.2
2012 Apr.	-0.1	1.0	-3.3	11.6	-5.5	-12.4	-20.3	2.8	-0.2	9.4	6.7	2.8	-4.0	-45.9
May	0.1	2.9	-6.4	10.3	-1.9	-14.5	-27.1	2.7	0.4	8.2	5.9	3.0	-4.7	-52.9
June	0.7	3.8	-7.4	10.6	0.0	-18.4	-16.7	2.9	1.2	7.5	5.0	3.4	-5.4	-57.2
July (p)	0.6	4.4	-8.6	11.9	0.3	-25.4	-30.0	2.4	0.6	6.4	4.6	3.6	-6.3	-60.1

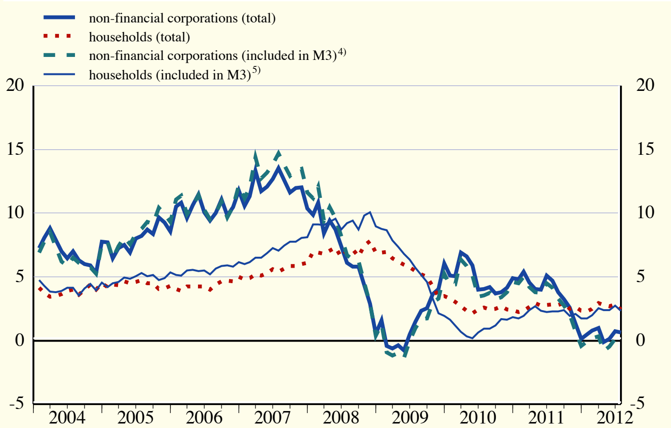
C11 Total deposits by sector [2]

(annual growth rates)



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

(annual growth rates)



Source: ECB.

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

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

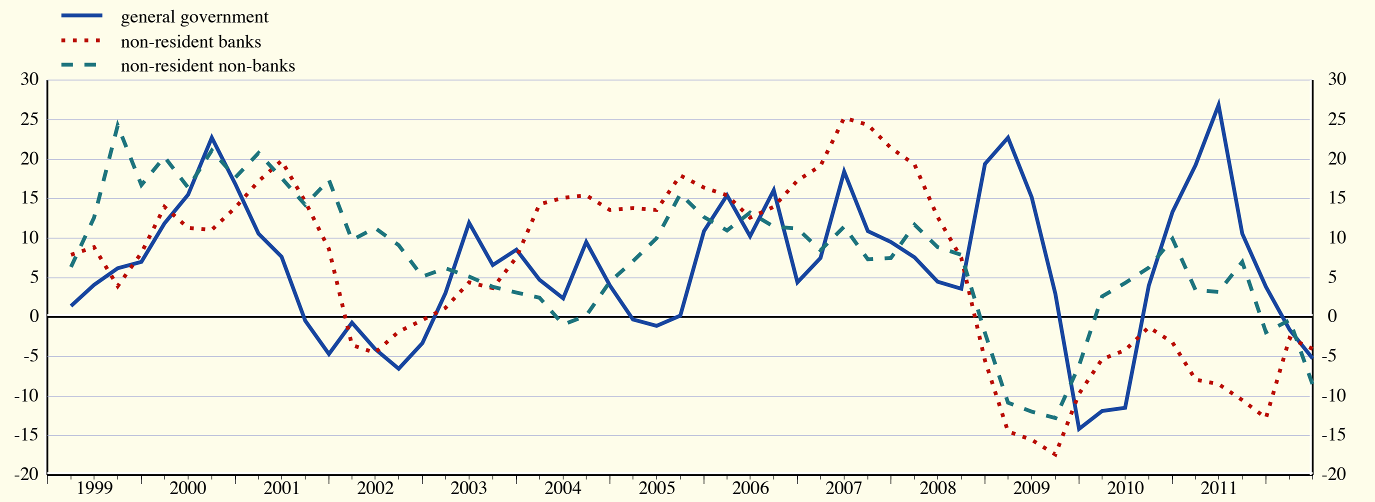
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	426.7	196.2	47.7	108.7	74.1	3,484.4	2,487.5	996.9	45.9	950.9
2011	441.8	195.5	48.6	112.6	85.2	3,153.0	2,175.4	977.5	44.3	933.2
2011 Q3	464.2	211.4	54.3	110.5	88.0	3,343.0	2,295.3	1,047.7	50.0	997.7
Q4	441.8	195.5	48.6	112.6	85.2	3,153.0	2,175.4	977.5	44.3	933.2
2012 Q1	466.7	192.5	65.0	113.4	95.9	3,312.0	2,331.9	980.1	54.7	925.4
Q2 (p)	508.2	191.9	98.4	112.2	105.4	3,239.7	2,293.2	945.9	39.6	906.3
	Transactions									
2010	50.0	47.4	4.3	-5.0	2.9	0.7	-83.9	84.7	7.5	77.1
2011	16.9	3.3	0.6	2.3	10.6	-334.0	-313.5	-20.5	-2.1	-18.4
2011 Q3	-56.7	-55.1	-1.0	-1.2	0.4	0.9	-45.0	45.9	1.4	44.5
Q4	-22.5	-15.9	-5.9	2.1	-2.7	-234.1	-151.5	-82.6	-6.2	-76.4
2012 Q1	25.9	-2.9	16.5	1.3	10.9	190.6	180.2	10.4	10.9	-0.6
Q2 (p)	26.0	1.8	18.8	-1.3	6.6	-135.8	-75.9	-60.4	-15.9	-44.6
	Growth rates									
2010	13.3	32.2	9.9	-4.4	4.1	0.3	-3.2	9.9	12.7	9.6
2011	3.9	1.3	1.3	2.1	14.3	-9.7	-12.8	-2.0	-4.3	-1.9
2011 Q3	10.6	21.6	-7.8	-1.9	17.3	-5.6	-10.5	7.0	3.3	7.2
Q4	3.9	1.3	1.3	2.1	14.3	-9.7	-12.8	-2.0	-4.3	-1.9
2012 Q1	-1.6	-18.3	23.5	5.6	21.2	-1.9	-2.6	-0.4	29.6	-1.7
Q2 (p)	-5.3	-27.0	51.4	0.8	17.4	-5.3	-4.1	-8.6	-20.3	-8.0

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.

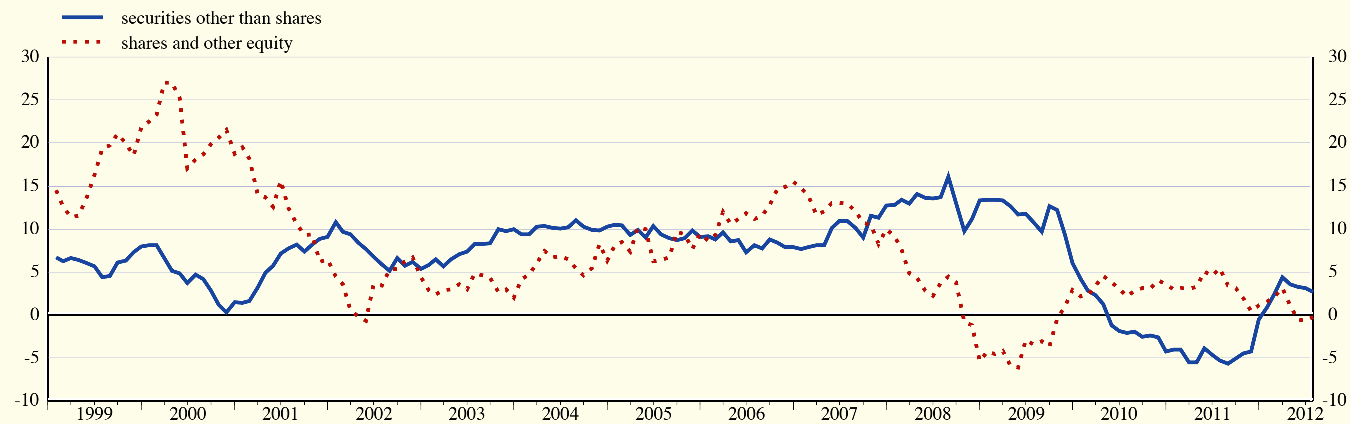
2.6 MFI holdings of securities: breakdown [1), 2)]

(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											
2010	6,001.0	1,779.0	107.4	1,507.8	16.4	1,510.0	28.3	1,052.1	1,535.8	445.1	788.0	302.7
2011	5,697.7	1,763.9	87.8	1,373.0	22.9	1,489.4	28.3	932.5	1,507.2	485.4	726.4	295.4
2012 Q1	5,919.6	1,821.1	98.0	1,496.1	32.1	1,492.2	24.9	955.1	1,527.3	490.1	742.2	295.0
Q2	5,824.3	1,764.6	98.5	1,554.7	33.9	1,428.0	25.5	919.1	1,489.3	486.4	717.6	285.4
2012 Apr.	5,871.6	1,798.8	98.7	1,494.4	33.0	1,486.9	23.9	935.9	1,535.5	489.3	753.4	292.8
May	5,898.6	1,785.1	102.1	1,512.5	34.7	1,485.4	24.7	954.1	1,516.5	488.0	737.4	291.1
June	5,824.3	1,764.6	98.5	1,554.7	33.9	1,428.0	25.5	919.1	1,489.3	486.4	717.6	285.4
July (p)	5,787.2	1,787.7	100.8	1,539.5	36.3	1,380.6	25.6	916.7	1,499.1	488.3	721.7	289.1
	Transactions											
2010	-268.6	-166.5	-6.8	42.8	-2.0	11.6	-14.8	-132.9	54.2	28.0	5.2	20.9
2011	-32.7	44.4	7.8	-5.2	5.5	-24.7	-0.1	-60.5	16.5	60.0	-31.8	-11.7
2012 Q1	253.2	60.0	13.0	135.4	10.7	5.6	-1.8	30.3	31.4	12.4	19.2	-0.2
Q2	-103.5	-54.6	-3.8	43.4	-0.3	-42.5	-0.6	-45.2	-19.2	0.8	-12.1	-7.9
2012 Apr.	-54.5	-23.7	-0.9	2.0	0.5	-4.2	-1.4	-26.9	20.3	0.6	20.7	-1.0
May	8.8	-12.8	-0.4	27.1	-0.5	-0.5	-0.2	-3.8	-9.2	1.7	-10.0	-0.8
June	-57.8	-18.1	-2.6	14.3	-0.3	-37.7	1.1	-14.5	-30.3	-1.5	-22.8	-6.1
July (p)	-62.9	22.5	0.0	-16.1	1.5	-54.4	-0.5	-15.9	11.3	2.2	5.4	3.6
	Growth rates											
2010	-4.3	-8.5	-5.4	2.9	-11.1	0.8	-35.4	-11.2	3.6	6.4	0.6	7.5
2011	-0.6	2.6	7.7	-0.4	33.7	-1.6	-0.8	-6.2	1.1	13.7	-4.2	-3.8
2012 Q1	4.4	7.6	22.9	8.8	56.4	1.1	-14.3	-4.4	3.1	16.4	-2.5	-1.8
Q2	3.1	6.5	11.9	8.5	47.5	-0.5	-4.8	-6.4	-0.6	7.6	-3.4	-6.3
2012 Apr.	3.6	7.3	16.8	8.3	61.6	0.4	-9.3	-6.6	1.1	16.1	-4.9	-4.3
May	3.3	6.2	5.5	9.7	60.4	0.5	-10.2	-7.6	-0.5	8.9	-3.9	-6.2
June	3.1	6.5	11.9	8.5	47.5	-0.5	-4.8	-6.4	-0.6	7.6	-3.4	-6.3
July (p)	2.7	8.7	12.5	8.4	59.3	-4.7	-4.3	-6.9	-0.2	6.6	-2.4	-5.4

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.

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

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

2.7 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														
2010	5,517.3	-	-	-	-	-	-	12,244.0	96.0	4.0	2.1	0.2	1.1	0.4
2011	6,160.7	-	-	-	-	-	-	12,321.1	96.2	3.8	1.9	0.3	1.1	0.4
2012 Q1	6,330.9	-	-	-	-	-	-	12,298.3	96.3	3.7	1.8	0.2	1.1	0.4
Q2 (p)	6,312.7	-	-	-	-	-	-	12,357.8	96.2	3.8	1.9	0.3	1.0	0.4
To non-euro area residents														
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	2,022.5	44.5	55.5	35.6	2.5	2.7	9.3	998.3	38.2	61.8	41.2	2.6	3.3	7.8
2012 Q1	1,997.7	47.8	52.2	32.9	2.5	2.6	8.4	1,007.2	39.0	61.0	41.0	2.4	3.1	7.6
Q2 (p)	2,062.3	46.4	53.6	33.0	2.2	2.9	9.6	1,023.7	38.8	61.2	39.9	2.4	3.0	9.2
Holdings of securities other than shares														
Issued by euro area residents														
2010	1,886.4	94.3	5.7	3.3	0.1	0.3	1.7	3,062.5	98.5	1.5	0.8	0.1	0.1	0.4
2011	1,851.7	95.3	4.7	2.5	0.1	0.3	1.5	2,913.5	98.2	1.8	1.0	0.2	0.1	0.4
2012 Q1	1,919.1	94.9	5.1	2.6	0.1	0.3	1.8	3,045.4	98.1	1.9	1.1	0.1	0.1	0.4
Q2 (p)	1,863.1	94.7	5.3	2.6	0.1	0.4	1.8	3,042.1	98.0	2.0	1.2	0.1	0.1	0.4
Issued by non-euro area residents														
2010	545.9	49.9	50.1	27.6	0.3	0.5	16.8	506.2	33.3	66.7	40.4	3.9	0.9	13.6
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.3	67.7	39.3	5.8	0.7	13.7
2012 Q1	489.7	55.4	44.6	19.8	0.3	0.3	20.2	465.3	33.5	66.5	36.2	4.5	0.9	13.6
Q2 (p)	455.3	56.5	43.5	19.0	0.3	0.3	18.7	463.9	34.1	65.9	38.8	5.9	0.8	12.5
Deposits														
By euro area residents														
2010	5,774.7	92.9	7.1	4.1	0.3	1.3	0.8	10,738.7	97.1	2.9	1.9	0.2	0.1	0.4
2011	6,318.7	92.1	7.9	5.2	0.2	1.2	0.7	10,946.4	97.0	3.0	2.0	0.1	0.1	0.4
2012 Q1	6,470.0	93.4	6.6	3.9	0.2	1.2	0.6	10,997.9	97.1	2.9	1.9	0.1	0.1	0.4
Q2 (p)	6,622.3	93.6	6.4	3.9	0.2	1.1	0.7	11,029.3	97.0	3.0	2.0	0.1	0.1	0.4
By non-euro area residents														
2010	2,487.5	52.0	48.0	31.8	2.2	1.8	8.7	996.9	58.8	41.2	29.3	1.2	1.4	5.1
2011	2,175.4	59.2	40.8	25.6	2.1	1.8	7.2	977.5	56.1	43.9	30.0	2.0	1.5	5.1
2012 Q1	2,331.9	60.4	39.6	25.4	1.8	1.6	6.9	980.1	55.3	44.7	29.8	2.0	1.3	5.2
Q2 (p)	2,293.2	60.9	39.1	25.5	1.8	1.2	6.7	945.9	54.6	45.4	29.8	1.9	1.2	5.9

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
2010	5,083.2	81.6	18.4	9.7	1.8	2.1	2.5
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012 Q1	5,295.7	82.5	17.5	9.3	1.5	2.0	2.4
Q2 (p)	5,223.3	81.8	18.2	9.5	1.7	2.0	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 Dec.	6,212.1	416.0	2,504.1	1,732.4	838.3	236.0	485.3
2012 Jan.	6,484.0	435.3	2,581.9	1,824.3	865.0	239.2	538.3
Feb.	6,642.8	444.6	2,636.3	1,883.4	884.3	239.9	554.2
Mar.	6,677.0	442.0	2,673.7	1,887.1	888.8	239.8	545.6
Apr.	6,679.2	447.8	2,694.0	1,860.7	886.8	242.2	547.7
May	6,674.5	474.5	2,732.0	1,774.4	879.4	242.8	571.4
June (p)	6,729.4	490.8	2,731.9	1,815.5	876.5	242.9	571.9
	Transactions						
2011 Q4	-184.5	-34.0	-2.9	-26.4	-11.2	2.0	-112.0
2012 Q1	146.1	14.6	71.8	3.5	10.9	4.4	40.9
Q2 (p)	42.7	22.4	29.8	-11.3	-5.6	3.2	4.2

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2011 Dec.	6,212.1	117.7	5,663.4	4,263.3	613.5	1,400.1	431.0
2012 Jan.	6,484.0	124.5	5,879.4	4,419.9	650.1	1,459.5	480.2
Feb.	6,642.8	134.2	6,015.6	4,528.4	676.3	1,487.2	493.0
Mar.	6,677.0	127.4	6,064.0	4,555.9	684.6	1,508.1	485.7
Apr.	6,679.2	129.6	6,062.4	4,544.3	678.2	1,518.2	487.2
May	6,674.5	137.7	6,021.3	4,470.4	665.7	1,550.9	515.5
June (p)	6,729.4	142.1	6,064.9	4,492.7	663.3	1,572.2	522.4
	Transactions						
2011 Q4	-184.5	-13.6	-39.6	-57.5	-2.9	18.8	-131.4
2012 Q1	146.1	9.1	91.1	64.8	30.9	26.3	45.9
Q2 (p)	42.7	15.7	36.0	5.2	-10.6	31.0	-8.9

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011 Nov.	5,447.1	1,757.7	1,473.5	1,384.2	292.5	118.7	420.5	5,364.6	82.6	1,083.5
Dec.	5,663.4	1,920.2	1,496.4	1,403.1	295.6	122.1	426.0	5,579.1	84.3	991.9
2012 Jan.	5,879.4	2,019.3	1,582.7	1,455.8	302.7	128.6	390.2	5,791.4	88.0	949.8
Feb.	6,015.6	2,056.7	1,637.5	1,488.3	304.4	128.2	400.4	5,930.6	85.1	935.4
Mar.	6,064.0	2,087.2	1,640.3	1,498.2	306.9	132.4	399.1	5,978.9	85.1	956.8
Apr.	6,062.4	2,108.6	1,616.2	1,496.0	309.6	133.8	398.2	5,976.1	86.4	972.3
May	6,021.3	2,157.6	1,539.8	1,480.3	311.2	136.3	396.1	5,934.7	86.6	999.9
June (p)	6,064.9	2,172.3	1,568.8	1,478.5	311.4	136.2	397.8	5,983.9	81.0	969.5
	Transactions									
2011 Dec.	1.0	10.6	-6.6	-3.1	3.3	-0.3	-3.0	-1.9	2.8	0.7
2012 Jan.	20.1	16.3	2.2	-1.1	4.0	-0.1	-1.1	15.6	4.6	6.1
Feb.	32.0	13.2	1.9	11.9	0.9	-0.8	4.8	34.3	-2.3	2.8
Mar.	39.0	28.3	4.7	4.9	1.4	0.9	-1.1	38.3	0.7	18.5
Apr.	10.4	14.2	-8.7	1.4	1.9	0.5	1.1	9.9	0.5	9.3
May	15.3	24.5	-5.3	-4.0	0.1	-1.0	1.1	15.5	-0.2	12.0
June (p)	10.3	15.2	-0.6	-5.1	1.1	0.0	-0.4	14.5	-4.3	-25.7

Source: ECB.

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q3	2,384.2	1,414.5	380.7	682.7	184.2	4.7	162.1	969.8	252.4	369.8	18.7
Q4	2,504.1	1,423.1	390.9	674.4	185.5	4.5	167.6	1,081.1	270.5	436.8	20.4
2012 Q1	2,673.7	1,502.9	425.0	678.8	208.7	5.7	184.6	1,170.8	313.2	453.1	15.5
Q2 (p)	2,731.9	1,507.3	415.4	694.0	207.8	5.1	184.9	1,224.6	315.2	469.5	18.0
	Transactions										
2011 Q4	-2.9	0.0	3.4	-6.5	-1.1	-0.3	4.4	-1.5	-3.2	1.6	-0.3
2012 Q1	71.8	13.1	10.3	-21.4	14.8	0.5	9.0	58.7	20.3	15.5	-4.3
Q2 (p)	29.8	9.0	-9.5	15.8	0.6	-0.5	2.6	20.8	-6.1	-11.0	1.1

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										
2011 Q3	1,632.6	616.4	53.3	-	35.7	20.4	507.0	1,016.2	141.8	323.6	72.5
Q4	1,732.4	636.0	50.0	-	36.2	21.5	528.4	1,096.4	154.6	356.6	71.2
2012 Q1	1,887.1	689.1	56.4	-	41.6	24.1	566.9	1,198.0	162.6	389.7	75.4
Q2 (p)	1,815.5	637.8	45.4	-	38.8	21.9	531.7	1,177.7	162.8	392.1	78.3
	Transactions										
2011 Q4	-26.4	-9.5	-1.7	-	-2.4	0.4	-5.8	-16.9	-0.9	-7.4	0.9
2012 Q1	3.5	-4.2	4.0	-	0.7	-1.2	-7.9	7.7	-2.4	-0.4	-1.6
Q2 (p)	-11.3	-8.6	-3.0	-	-0.6	-0.2	-4.8	-2.3	1.5	-0.7	3.6

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										
2011 Q3	830.7	698.5	94.5	-	604.0	-	-	132.2	20.1	42.6	0.5
Q4	838.3	708.6	95.0	-	613.5	-	-	129.7	20.8	40.2	0.6
2012 Q1	888.8	753.6	69.0	-	684.6	-	-	135.2	25.2	41.2	0.6
Q2 (p)	876.5	741.1	77.8	-	663.3	-	-	135.4	25.0	42.7	0.6
	Transactions										
2011 Q4	-11.2	-2.6	0.4	-	-2.9	-	-	-8.6	-0.8	-9.1	0.0
2012 Q1	10.9	11.5	-19.4	-	30.9	-	-	-0.6	2.2	-0.6	-0.1
Q2 (p)	-5.6	-3.3	7.4	-	-10.6	-	-	-2.3	-0.2	0.4	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												
2011 Q2	2,216.1	340.0	1,461.2	1,167.2	585.5	144.1	20.4	5.2	124.4	232.6	88.6	35.7	58.0
Q3	2,204.5	324.8	1,464.5	1,154.9	590.5	144.9	21.6	5.1	138.0	228.5	86.9	37.8	62.0
Q4	2,276.9	327.4	1,531.6	1,219.2	583.1	149.8	21.9	4.8	135.9	226.9	90.1	36.8	64.1
2012 Q1	2,224.1	320.7	1,500.9	1,198.3	553.7	144.3	21.7	4.8	131.9	214.4	87.0	35.6	65.4
Q2	2,146.4	305.6	1,454.0	1,148.0	515.2	148.9	21.2	4.4	131.6	213.1	83.2	30.2	60.2
	Transactions												
2011 Q2	-43.7	-11.1	-25.7	-20.9	-	1.5	-0.7	-0.3	-5.2	-7.9	0.0	0.0	1.1
Q3	-32.5	-15.9	0.2	10.9	-	-2.1	0.0	0.0	-8.5	-5.5	-2.1	-1.1	-8.1
Q4	67.5	2.7	63.6	63.1	-	4.2	0.3	-0.4	-3.6	-1.3	2.3	-1.0	1.1
2012 Q1	-54.1	-6.4	-28.8	-19.5	-	-5.4	-0.1	0.0	-3.8	-12.9	-1.9	-0.9	-3.2
Q2	-82.8	-14.8	-48.2	-50.5	-	5.1	-0.7	-0.4	-1.8	-2.0	-2.8	-5.3	-9.7

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						
2011 Q2	2,216.1	135.9	1,840.1	66.4	1,773.7	35.2	204.9
Q3	2,204.5	134.8	1,819.2	64.5	1,754.7	34.8	215.7
Q4	2,276.9	152.4	1,879.6	67.3	1,812.3	33.6	211.3
2012 Q1	2,224.1	152.6	1,821.9	60.3	1,761.6	32.7	216.8
Q2	2,146.4	146.9	1,752.3	58.1	1,694.1	27.6	219.7
	Transactions						
2011 Q2	-43.7	1.4	-47.7	-7.5	-40.2	-0.8	3.4
Q3	-32.5	-2.2	-25.5	-3.0	-22.6	-2.4	-2.3
Q4	67.5	17.4	61.7	2.8	58.9	-1.5	-10.1
2012 Q1	-54.1	1.1	-56.3	-8.2	-48.1	-0.9	1.9
Q2	-82.8	-5.4	-72.4	-1.9	-70.5	-5.3	0.3

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector [2]					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
												Financial vehicle corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2011 Q2	1,167.2	820.4	254.9	19.3	0.4	9.8	42.3	232.6	124.2	41.0	83.2	35.4	108.4
Q3	1,154.9	836.8	234.5	18.4	0.3	9.5	36.5	228.5	121.7	42.2	79.5	33.0	106.8
Q4	1,219.2	902.6	242.9	17.6	0.2	6.6	32.5	226.9	119.7	41.0	78.7	32.5	107.2
2012 Q1	1,198.3	891.5	234.5	17.6	0.2	6.4	32.4	214.4	114.2	40.3	73.9	31.8	100.2
Q2	1,148.0	844.4	233.9	18.1	0.2	6.3	31.5	213.1	113.9	41.5	72.4	30.5	99.2
	Transactions												
2011 Q2	-20.9	-21.3	0.8	0.8	0.2	2.6	-1.8	-7.9	0.4	-0.4	0.7	-0.7	-8.3
Q3	10.9	11.8	-0.2	-0.7	0.0	-0.2	1.4	-5.5	-3.1	-0.1	-3.0	-1.3	-2.3
Q4	63.1	65.9	7.5	-0.7	-0.1	-3.0	-4.4	-1.3	-1.7	-1.6	-0.2	-0.2	0.4
2012 Q1	-19.5	-11.2	-7.2	0.1	0.0	-0.2	0.2	-12.9	-5.5	-0.7	-4.8	-0.6	-7.4
Q2	-50.5	-48.7	-0.5	0.5	0.0	-0.1	0.5	-2.0	-0.5	0.7	-1.1	-1.4	-1.6

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) Excludes securitisations of inter-MFI loans.

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

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2009 Q2	6,325.4	781.2	439.9	2,381.9	815.0	1,187.9	97.2	245.6	226.8	149.8
Q3	6,517.2	782.9	437.5	2,429.4	790.8	1,363.1	94.8	247.9	221.7	148.9
Q4	6,642.0	785.8	433.9	2,469.5	805.2	1,442.2	95.2	252.7	209.4	148.1
2010 Q1	6,871.3	782.5	440.1	2,592.4	810.6	1,519.9	94.0	261.4	227.0	143.5
Q2	6,889.7	783.7	443.6	2,620.6	789.7	1,506.8	90.8	267.1	242.2	145.3
Q3	7,064.0	782.0	450.1	2,710.8	807.7	1,547.4	86.9	269.1	264.8	145.1
Q4	6,997.3	773.1	454.5	2,646.6	835.5	1,577.6	76.8	269.4	216.8	147.0
2011 Q1	7,091.4	773.6	455.4	2,703.1	846.1	1,593.8	74.4	274.9	220.8	149.2
Q2	7,102.9	776.5	462.6	2,713.1	844.3	1,597.2	77.5	265.4	218.2	148.0
Q3	7,098.9	793.4	459.3	2,741.8	791.4	1,548.6	85.2	264.7	266.6	147.9
Q4	7,084.3	786.9	467.1	2,683.3	796.9	1,585.9	87.2	259.5	267.9	149.5
2012 Q1	7,373.0	796.9	467.7	2,812.0	819.2	1,701.2	88.4	265.5	270.9	151.2

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
2009 Q2	2,381.9	1,983.2	546.3	1,060.5	223.4	14.1	138.9	398.7
Q3	2,429.4	2,025.1	553.8	1,090.2	228.5	15.2	137.4	404.3
Q4	2,469.5	2,060.7	545.6	1,119.8	239.0	16.7	139.5	408.9
2010 Q1	2,592.4	2,170.9	575.8	1,198.5	233.8	16.1	146.8	421.4
Q2	2,620.6	2,196.4	577.8	1,204.4	247.1	16.7	150.4	424.2
Q3	2,710.8	2,278.7	593.2	1,260.5	252.5	19.1	153.3	432.1
Q4	2,646.6	2,219.0	587.0	1,228.6	230.8	17.9	154.7	427.6
2011 Q1	2,703.1	2,284.0	606.8	1,251.9	254.4	18.8	152.2	419.1
Q2	2,713.1	2,285.4	626.8	1,269.1	214.3	16.2	158.9	427.7
Q3	2,741.8	2,309.5	635.1	1,265.0	230.5	17.8	161.0	432.3
Q4	2,683.3	2,259.6	615.4	1,189.2	274.1	20.2	160.8	423.7
2012 Q1	2,812.0	2,356.7	648.0	1,231.7	279.1	20.8	177.2	455.2

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
2009 Q2	6,176.4	267.2	33.0	395.4	5,281.3	2,881.4	1,598.9	801.0	199.5	149.0
Q3	6,337.7	256.3	36.1	442.1	5,407.2	2,970.8	1,637.0	799.4	195.9	179.5
Q4	6,440.2	239.6	39.5	438.8	5,524.6	3,037.9	1,686.1	800.6	197.8	201.8
2010 Q1	6,638.0	255.7	39.5	456.8	5,695.7	3,125.3	1,746.3	824.1	190.2	233.3
Q2	6,715.3	258.0	40.8	428.6	5,793.9	3,154.1	1,815.1	824.7	194.0	174.4
Q3	6,873.9	282.7	39.7	437.5	5,933.7	3,217.2	1,896.5	819.9	180.4	190.1
Q4	6,828.1	258.9	42.2	445.1	5,913.5	3,254.9	1,839.3	819.2	168.4	169.1
2011 Q1	6,893.4	271.0	40.1	462.2	5,944.9	3,285.8	1,821.9	837.3	175.1	198.0
Q2	6,915.3	271.4	43.0	450.7	5,974.7	3,303.0	1,841.2	830.5	175.5	187.6
Q3	7,028.5	279.2	41.9	405.4	6,113.0	3,289.4	1,994.8	828.9	188.9	70.4
Q4	7,044.1	274.5	41.6	405.4	6,135.8	3,294.9	2,017.2	823.7	186.8	40.2
2012 Q1	7,220.1	283.2	44.6	438.7	6,267.0	3,341.4	2,077.9	847.6	186.6	152.8

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2012 Q1	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						595
Trade balance [1]						-17
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,104	115	693	56	240	
Other taxes less subsidies on production	16	4	5	3	4	
Consumption of fixed capital	367	97	209	11	50	
Net operating surplus and mixed income [1]	580	273	266	40	2	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						6
Taxes less subsidies on production						
Property income	692	38	269	312	73	115
Interest	395	36	68	218	73	53
Other property income	297	2	201	93	0	61
Net national income [1]	1,951	1,591	103	48	209	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	253	212	32	8	0	1
Social contributions	426	426				1
Social benefits other than social transfers in kind	458	1	18	35	405	1
Other current transfers	203	69	25	48	62	8
Net non-life insurance premiums	46	33	11	1	1	2
Non-life insurance claims	46			46		1
Other	112	36	14	1	61	6
Net disposable income [1]	1,913	1,428	59	55	371	
Use of income account						
Net disposable income						
Final consumption expenditure	1,846	1,359			487	
Individual consumption expenditure	1,666	1,359			307	
Collective consumption expenditure	180				180	
Adjustment for the change in the net equity of households in pension fund reserves	15	0	0	15	0	0
Net saving/current external account [1]	67	83	59	40	-116	15
Capital account						
Net saving/current external account						
Gross capital formation	448	138	254	12	45	
Gross fixed capital formation	433	135	242	11	45	
Changes in inventories and acquisitions less disposals of valuables	15	3	13	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	1	-1	4	0	-2	-1
Capital transfers	26	6	-1	2	19	4
Capital taxes	5	5	0	0		0
Other capital transfers	20	1	-1	2	19	4
Net lending (+)/net borrowing (-) (from capital account) [1]	-13	48	22	39	-122	13
Statistical discrepancy	0	10	-10	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 2012 Q1	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						577
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,067	489	1,172	110	295	
Taxes less subsidies on products	245					
Gross domestic product (market prices)[2)]	2,312					
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	580	273	266	40	2	
Compensation of employees	1,108	1,108				2
Taxes less subsidies on production	259				259	2
Property income	696	248	106	320	21	110
Interest	383	63	42	270	8	65
Other property income	313	185	65	50	13	45
Net national income						
Secondary distribution of income account						
Net national income	1,951	1,591	103	48	209	
Current taxes on income, wealth, etc.	254				254	0
Social contributions	425	1	18	50	356	1
Social benefits other than social transfers in kind	457	457				2
Other current transfers	166	87	14	47	19	45
Net non-life insurance premiums	46			46		2
Non-life insurance claims	45	35	8	1	0	2
Other	75	51	5	0	18	42
Net disposable income						
Use of income account						
Net disposable income	1,913	1,428	59	55	371	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	15	15				0
Net saving/current external account						
Capital account						
Net saving/current external account	67	83	59	40	-116	15
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	367	97	209	11	50	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	28	10	12	1	5	2
Capital taxes	5				5	0
Other capital transfers	23	10	12	1	0	2
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 2012 Q1	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		18,870	16,600	34,231	15,272	6,726	3,809	17,242
Monetary gold and special drawing rights (SDRs)				476				
Currency and deposits		6,810	2,010	11,079	2,365	803	715	3,575
Short-term debt securities		60	89	562	401	67	37	640
Long-term debt securities		1,349	272	6,055	2,435	2,620	442	4,026
Loans		83	3,182	13,379	3,799	472	539	2,000
of which: Long-term		64	1,818	10,510	2,685	349	476	.
Shares and other equity		4,046	7,242	1,754	6,048	2,404	1,338	6,292
Quoted shares		663	1,270	304	1,911	515	206	.
Unquoted shares and other equity		2,131	5,594	1,169	3,161	289	974	.
Mutual fund shares		1,252	379	281	976	1,601	157	.
Insurance technical reserves		5,906	164	3	0	227	4	249
Other accounts receivable and financial derivatives		616	3,640	922	224	132	734	461
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		91	102	1,105	266	131	117	304
Monetary gold and SDRs				0				0
Currency and deposits		39	-13	724	-8	16	76	117
Short-term debt securities		2	10	28	33	-5	-7	27
Long-term debt securities		-22	7	231	40	56	-8	-5
Loans		0	45	23	97	2	33	25
of which: Long-term		0	6	-16	15	2	35	.
Shares and other equity		9	55	42	79	54	2	120
Quoted shares		-10	23	25	12	-1	-2	.
Unquoted shares and other equity		19	31	3	50	-1	2	.
Mutual fund shares		0	1	14	17	55	2	.
Insurance technical reserves		36	5	0	0	2	0	5
Other accounts receivable and financial derivatives		28	-7	56	25	5	21	14
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		199	356	-17	294	162	20	70
Monetary gold and SDRs				8				
Currency and deposits		-2	-3	-24	-5	-2	0	-35
Short-term debt securities		-1	-1	-5	0	2	0	-3
Long-term debt securities		28	26	21	112	68	-3	4
Loans		0	-8	-37	-36	2	0	-24
of which: Long-term		0	-11	-64	-28	1	-5	.
Shares and other equity		123	343	27	219	91	20	130
Quoted shares		59	100	5	151	18	8	.
Unquoted shares and other equity		7	240	15	37	7	7	.
Mutual fund shares		57	4	7	31	66	5	.
Insurance technical reserves		63	0	0	0	2	0	2
Other accounts receivable and financial derivatives		-11	-2	-9	4	-1	3	-4
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		19,161	17,058	35,318	15,832	7,020	3,946	17,615
Monetary gold and SDRs				484				
Currency and deposits		6,846	1,995	11,779	2,352	818	791	3,657
Short-term debt securities		61	98	586	435	65	30	663
Long-term debt securities		1,355	305	6,307	2,587	2,744	431	4,025
Loans		83	3,220	13,365	3,859	476	572	2,001
of which: Long-term		63	1,813	10,430	2,672	352	506	.
Shares and other equity		4,178	7,641	1,824	6,346	2,549	1,360	6,542
Quoted shares		712	1,393	335	2,073	532	213	.
Unquoted shares and other equity		2,157	5,865	1,187	3,248	295	983	.
Mutual fund shares		1,309	383	303	1,024	1,722	164	.
Insurance technical reserves		6,004	169	3	0	232	4	255
Other accounts receivable and financial derivatives		633	3,631	969	253	137	758	470
Net financial worth								

Source: ECB.

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

Liabilities 2012 Q1	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		6,736	25,595	33,348	14,966	6,933	9,308	15,387
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			29	24,312	33	0	274	2,708
Short-term debt securities			84	710	72	1	714	276
Long-term debt securities			839	4,554	2,873	33	5,968	2,934
Loans		6,204	8,572		3,411	290	1,804	3,175
of which: Long-term		5,847	6,104		1,875	116	1,491	.
Shares and other equity		7	12,101	2,453	8,409	380	6	5,768
Quoted shares			3,300	333	192	97	0	.
Unquoted shares and other equity		7	8,801	1,129	2,736	281	6	.
Mutual fund shares				992	5,481			.
Insurance technical reserves		35	337	66	1	6,113	1	
Other accounts payable and financial derivatives		490	3,633	1,254	168	117	541	527
Net financial worth [1]	-1,378	12,134	-8,995	883	306	-207	-5,499	
Financial account, transactions in liabilities								
Total transactions in liabilities		34	90	1,099	262	103	239	290
Monetary gold and SDRs								
Currency and deposits			1	937	-2	0	-16	31
Short-term debt securities			4	15	13	0	22	34
Long-term debt securities			32	65	-5	0	126	80
Loans		-7	27		73	9	79	43
of which: Long-term		0	8		-6	0	85	.
Shares and other equity		0	76	45	162	1	0	78
Quoted shares			3	12	0	0	0	.
Unquoted shares and other equity		0	74	6	67	1	0	.
Mutual fund shares				27	95			.
Insurance technical reserves		0	0	-1	0	49	0	
Other accounts payable and financial derivatives		41	-52	37	21	44	28	24
Changes in net financial worth due to transactions [1]	-13	58	12	6	4	29	-122	13
Other changes account, liabilities								
Total other changes in liabilities		0	431	97	288	77	139	43
Monetary gold and SDRs								
Currency and deposits			0	-22	0	0	0	-47
Short-term debt securities			0	-4	-3	0	1	-1
Long-term debt securities			16	102	-12	0	128	21
Loans		-3	-31		-21	0	0	-49
of which: Long-term		-2	-19		-14	1	0	.
Shares and other equity		0	451	17	321	31	0	134
Quoted shares			268	25	25	16	0	.
Unquoted shares and other equity		0	183	54	-9	16	0	.
Mutual fund shares				-63	305			.
Insurance technical reserves		0	0	0	0	67	0	
Other accounts payable and financial derivatives		3	-5	3	4	-22	9	-15
Other changes in net financial worth [1]	-18	199	-75	-114	5	86	-118	26
Closing balance sheet, liabilities								
Total liabilities		6,770	26,116	34,544	15,516	7,113	9,685	15,721
Monetary gold and SDRs								
Currency and deposits			31	25,227	31	0	257	2,692
Short-term debt securities			88	721	81	1	738	309
Long-term debt securities			887	4,722	2,855	34	6,222	3,036
Loans		6,194	8,568		3,463	299	1,883	3,169
of which: Long-term		5,845	6,092		1,855	117	1,576	.
Shares and other equity		7	12,628	2,515	8,892	412	6	5,979
Quoted shares			3,570	370	216	113	0	.
Unquoted shares and other equity		7	9,058	1,188	2,794	297	6	.
Mutual fund shares				957	5,882			.
Insurance technical reserves		36	337	65	1	6,229	1	
Other accounts payable and financial derivatives		533	3,577	1,294	193	140	578	535
Net financial worth [1]	-1,409	12,391	-9,058	774	316	-93	-5,739	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2008	2009	2010	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,462	4,444	4,494	4,521	4,552	4,581	4,606	4,623
Other taxes less subsidies on production	94	85	83	85	88	93	96	98
Consumption of fixed capital	1,361	1,386	1,418	1,429	1,438	1,447	1,454	1,460
Net operating surplus and mixed income [1]	2,364	2,105	2,210	2,238	2,259	2,270	2,269	2,273
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,946	2,973	2,801	2,845	2,911	2,968	2,986	3,021
Interest	2,383	1,606	1,394	1,423	1,466	1,512	1,553	1,574
Other property income	1,563	1,367	1,407	1,422	1,446	1,456	1,433	1,447
Net national income [1]	7,805	7,527	7,745	7,813	7,870	7,923	7,960	7,993
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,145	1,029	1,055	1,073	1,084	1,102	1,111	1,122
Social contributions	1,672	1,676	1,700	1,710	1,722	1,736	1,751	1,757
Social benefits other than social transfers in kind	1,656	1,773	1,818	1,824	1,830	1,837	1,847	1,857
Other current transfers	771	775	778	778	781	781	780	783
Net non-life insurance premiums	187	181	182	181	181	181	181	181
Non-life insurance claims	188	182	183	182	182	182	181	182
Other	395	412	413	415	418	418	418	421
Net disposable income [1]	7,704	7,419	7,633	7,700	7,760	7,814	7,849	7,881
Use of income account								
Net disposable income								
Final consumption expenditure	7,140	7,146	7,309	7,357	7,403	7,441	7,466	7,497
Individual consumption expenditure	6,403	6,375	6,536	6,584	6,630	6,668	6,693	6,723
Collective consumption expenditure	737	771	773	773	773	772	772	774
Adjustment for the change in the net equity of households in pension fund reserves	70	62	55	55	56	57	57	58
Net saving [1]	564	273	324	344	357	374	383	384
Capital account								
Net saving								
Gross capital formation	2,075	1,710	1,786	1,832	1,857	1,875	1,874	1,850
Gross fixed capital formation	2,010	1,755	1,769	1,796	1,811	1,825	1,834	1,832
Changes in inventories and acquisitions less disposals of valuables	64	-45	16	36	45	51	39	18
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	1	1	1	1	0	1
Capital transfers	152	184	224	212	204	169	165	160
Capital taxes	24	34	25	26	26	27	31	29
Other capital transfers	128	150	199	186	178	142	134	131
Net lending (+)/net borrowing (-) (from capital account) [1]	-141	-43	-34	-50	-53	-46	-25	4

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	2008	2009	2010	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1
Generation of income account								
Gross value added (basic prices)	8,280	8,021	8,206	8,272	8,338	8,390	8,426	8,454
Taxes less subsidies on products	946	894	941	958	962	969	974	976
Gross domestic product (market prices)[2]	9,226	8,915	9,147	9,230	9,300	9,360	9,400	9,430
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	2,364	2,105	2,210	2,238	2,259	2,270	2,269	2,273
Compensation of employees	4,469	4,454	4,506	4,533	4,565	4,594	4,619	4,635
Taxes less subsidies on production	1,047	997	1,038	1,056	1,063	1,075	1,081	1,085
Property income	3,872	2,944	2,792	2,831	2,895	2,953	2,978	3,020
Interest	2,327	1,561	1,347	1,375	1,416	1,460	1,500	1,522
Other property income	1,544	1,383	1,445	1,456	1,479	1,492	1,477	1,498
Net national income								
Secondary distribution of income account								
Net national income	7,805	7,527	7,745	7,813	7,870	7,923	7,960	7,993
Current taxes on income, wealth, etc.	1,154	1,034	1,060	1,079	1,091	1,108	1,117	1,128
Social contributions	1,670	1,674	1,698	1,709	1,720	1,734	1,749	1,756
Social benefits other than social transfers in kind	1,648	1,767	1,812	1,817	1,823	1,831	1,840	1,850
Other current transfers	671	669	669	669	672	674	672	674
Net non-life insurance premiums	188	182	183	182	182	182	181	182
Non-life insurance claims	184	178	179	178	178	178	177	178
Other	299	308	307	308	313	314	314	314
Net disposable income								
Use of income account								
Net disposable income	7,704	7,419	7,633	7,700	7,760	7,814	7,849	7,881
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	70	62	55	55	56	57	57	58
Net saving								
Capital account								
Net saving	564	273	324	344	357	374	383	384
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,361	1,386	1,418	1,429	1,438	1,447	1,454	1,460
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	161	193	235	223	214	179	176	171
Capital taxes	24	34	25	26	26	27	31	29
Other capital transfers	137	159	210	196	188	152	146	142
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)

	2008	2009	2010	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1
Income, saving and changes in net worth								
Compensation of employees (+)	4,469	4,454	4,506	4,533	4,565	4,594	4,619	4,635
Gross operating surplus and mixed income (+)	1,522	1,444	1,450	1,462	1,476	1,484	1,489	1,492
Interest receivable (+)	351	240	212	218	227	235	241	245
Interest payable (-)	249	146	126	130	136	142	146	147
Other property income receivable (+)	785	718	721	728	734	743	744	754
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	872	842	848	857	864	876	881	892
Net social contributions (-)	1,667	1,672	1,695	1,705	1,717	1,731	1,746	1,753
Net social benefits (+)	1,643	1,762	1,806	1,812	1,818	1,825	1,835	1,845
Net current transfers receivable (+)	70	71	72	70	71	70	70	71
= Gross disposable income	6,042	6,020	6,088	6,121	6,163	6,193	6,215	6,241
Final consumption expenditure (-)	5,240	5,157	5,293	5,337	5,380	5,416	5,438	5,463
Changes in net worth in pension funds (+)	69	61	55	55	55	56	57	58
= Gross saving	871	923	849	839	838	833	834	836
Consumption of fixed capital (-)	373	376	383	385	386	387	388	389
Net capital transfers receivable (+)	-1	10	12	11	11	10	8	7
Other changes in net worth (+)	-1,688	-777	770	746	584	-118	-576	-756
= Changes in net worth	-1,190	-220	1,248	1,211	1,047	339	-122	-302
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	646	551	559	566	570	576	579	577
Consumption of fixed capital (-)	373	376	383	385	386	387	388	389
Main items of financial investment (+)								
Short-term assets	448	9	40	100	114	127	125	145
Currency and deposits	437	121	118	137	135	146	118	156
Money market fund shares	-4	-41	-59	-41	-35	-24	-22	-22
Debt securities [1]	15	-72	-19	5	14	5	29	11
Long-term assets	40	463	368	264	240	228	185	179
Deposits	-24	76	55	41	51	51	50	50
Debt securities	27	-2	-20	4	17	39	43	21
Shares and other equity	-96	164	96	17	-4	-17	-31	8
Quoted and unquoted shares and other equity	75	123	92	43	22	30	28	51
Mutual fund shares	-172	41	4	-25	-27	-47	-58	-43
Life insurance and pension fund reserves	133	226	236	201	177	154	122	100
Main items of financing (-)								
Loans	257	111	129	125	140	126	93	76
of which: From euro area MFIs	83	65	147	170	168	148	81	34
Other changes in assets (+)								
Non-financial assets	-375	-1,094	620	663	296	258	-239	-576
Financial assets	-1,392	294	173	107	273	-403	-386	-232
Shares and other equity	-1,138	92	92	120	232	-330	-373	-331
Life insurance and pension fund reserves	-239	190	117	48	67	-24	18	98
Remaining net flows (+)	73	45	1	20	79	66	95	70
= Changes in net worth	-1,190	-220	1,248	1,211	1,047	339	-122	-302
Balance sheet								
Non-financial assets (+)	27,989	27,069	27,865	27,903	27,947	28,206	27,817	27,515
Financial assets (+)								
Short-term assets	5,775	5,774	5,817	5,852	5,890	5,889	5,957	5,969
Currency and deposits	5,321	5,475	5,598	5,596	5,648	5,656	5,729	5,754
Money market fund shares	317	243	186	204	191	188	169	154
Debt securities [1]	137	55	34	52	50	45	60	61
Long-term assets	10,760	11,573	12,105	12,177	12,186	11,762	11,909	12,163
Deposits	913	969	1,026	1,036	1,055	1,069	1,081	1,092
Debt securities	1,344	1,397	1,331	1,330	1,354	1,333	1,349	1,355
Shares and other equity	3,811	4,099	4,286	4,318	4,253	3,828	3,878	4,024
Quoted and unquoted shares and other equity	2,882	2,987	3,094	3,154	3,087	2,762	2,794	2,869
Mutual fund shares	929	1,112	1,192	1,164	1,166	1,066	1,083	1,155
Life insurance and pension fund reserves	4,692	5,108	5,461	5,494	5,523	5,533	5,601	5,692
Remaining net assets (+)	340	351	392	388	467	485	471	453
Liabilities (-)								
Loans	5,820	5,942	6,106	6,113	6,171	6,190	6,204	6,194
of which: From euro area MFIs	4,914	4,968	5,213	5,256	5,304	5,313	5,281	5,269
= Net worth	39,045	38,824	40,073	40,207	40,317	40,151	39,951	39,906

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)

	2008	2009	2010	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1
Income and saving								
Gross value added (basic prices) (+)	4,758	4,499	4,638	4,686	4,732	4,770	4,794	4,811
Compensation of employees (-)	2,833	2,777	2,808	2,831	2,858	2,883	2,905	2,915
Other taxes less subsidies on production (-)	46	40	34	35	37	40	42	44
= Gross operating surplus (+)	1,879	1,682	1,796	1,820	1,837	1,847	1,847	1,852
Consumption of fixed capital (-)	767	784	803	809	816	821	826	830
= Net operating surplus (+)	1,112	898	993	1,011	1,021	1,025	1,020	1,022
Property income receivable (+)	644	535	583	586	583	588	568	565
Interest receivable	239	169	153	154	158	164	169	171
Other property income receivable	405	366	430	432	425	424	400	394
Interest and rents payable (-)	421	297	257	263	272	281	288	290
= Net entrepreneurial income (+)	1,335	1,137	1,319	1,334	1,332	1,332	1,300	1,297
Distributed income (-)	1,023	919	919	939	953	975	976	985
Taxes on income and wealth payable (-)	236	152	168	176	178	183	187	187
Social contributions receivable (+)	68	70	69	69	70	70	70	71
Social benefits payable (-)	65	68	69	69	69	69	70	70
Other net transfers (-)	48	46	44	44	43	43	43	44
= Net saving	31	23	188	175	158	131	95	81
Investment, financing and saving								
Net acquisition of non-financial assets (+)	369	75	157	189	200	211	209	189
Gross fixed capital formation (+)	1,077	906	944	964	977	990	998	999
Consumption of fixed capital (-)	767	784	803	809	816	821	826	830
Net acquisition of other non-financial assets (+)	59	-47	15	34	38	43	37	21
Main items of financial investment (+)								
Short-term assets	62	95	45	36	45	2	-33	10
Currency and deposits	14	88	68	65	68	45	0	9
Money market fund shares	33	39	-23	-25	-24	-40	-43	-18
Debt securities [1]	15	-32	-1	-4	1	-3	11	19
Long-term assets	632	221	538	529	583	577	495	479
Deposits	41	-2	17	44	39	54	66	51
Debt securities	-33	18	21	19	25	13	-2	-4
Shares and other equity	326	99	286	293	334	319	248	232
Other (mainly intercompany loans)	298	106	213	173	185	190	183	200
Remaining net assets (+)	5	20	11	4	-23	-30	-42	-47
Main items of financing (-)								
Debt	648	63	252	261	315	297	256	252
of which: Loans from euro area MFIs	394	-112	-15	27	75	79	46	-4
of which: Debt securities	48	88	67	46	45	49	44	66
Shares and other equity	311	240	238	248	260	260	208	228
Quoted shares	5	53	31	29	28	29	27	20
Unquoted shares and other equity	307	186	207	219	232	231	181	208
Net capital transfers receivable (-)	74	83	72	71	70	70	71	69
= Net saving	31	23	188	175	158	131	95	81
Financial balance sheet								
Financial assets								
Short-term assets	1,848	1,932	1,965	1,933	1,923	1,917	1,940	1,933
Currency and deposits	1,538	1,632	1,694	1,669	1,676	1,681	1,705	1,679
Money market fund shares	192	213	191	184	173	158	146	156
Debt securities [1]	118	87	79	80	75	78	89	98
Long-term assets	9,403	10,299	11,014	11,187	11,279	10,647	10,856	11,325
Deposits	255	243	266	276	261	294	305	316
Debt securities	212	228	264	275	269	266	272	305
Shares and other equity	6,279	7,084	7,506	7,640	7,683	6,936	7,096	7,485
Other (mainly intercompany loans)	2,657	2,744	2,977	2,997	3,066	3,151	3,182	3,220
Remaining net assets	250	247	129	195	142	141	200	253
Liabilities								
Debt	9,313	9,369	9,607	9,648	9,731	9,808	9,831	9,880
of which: Loans from euro area MFIs	4,870	4,711	4,691	4,726	4,751	4,763	4,717	4,701
of which: Debt securities	700	824	888	864	877	920	923	975
Shares and other equity	11,120	12,388	13,036	13,322	13,298	11,857	12,101	12,628
Quoted shares	2,941	3,502	3,813	3,922	3,914	3,142	3,300	3,570
Unquoted shares and other equity	8,179	8,886	9,224	9,401	9,385	8,715	8,801	9,058

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)

	2008	2009	2010	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	70	-47	-16	-20	-29	8	49	74
Currency and deposits	57	-33	-9	-9	-15	5	16	31
Money market fund shares	12	0	-17	-21	-18	-7	11	30
Debt securities [1]	1	-14	10	10	4	10	22	13
Long-term assets	130	288	288	271	284	234	123	102
Deposits	7	14	-5	5	8	10	9	-1
Debt securities	75	104	177	173	157	96	27	6
Loans	21	7	29	19	18	15	6	8
Quoted shares	-10	-49	13	15	15	10	5	3
Unquoted shares and other equity	13	-20	4	6	6	11	-7	-10
Mutual fund shares	25	232	71	51	80	92	82	96
Remaining net assets (+)	8	17	11	-7	-42	-40	-41	-64
Main items of financing (-)								
Debt securities	4	5	0	0	3	3	3	3
Loans	32	-2	9	10	14	14	6	8
Shares and other equity	7	3	1	4	2	3	3	3
Insurance technical reserves	123	240	273	221	186	150	117	102
Net equity of households in life insurance and pension fund reserves	121	233	253	201	172	139	116	103
Prepayments of insurance premiums and reserves for outstanding claims	1	7	20	20	14	11	2	-1
= Changes in net financial worth due to transactions	43	12	0	8	8	31	1	-4
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	-553	202	111	50	76	-99	-112	-17
Other net assets	41	29	-7	-87	-62	-74	17	143
Other changes in liabilities (-)								
Shares and other equity	-172	10	-7	-6	12	-41	-47	-31
Insurance technical reserves	-253	167	131	57	72	-11	25	105
Net equity of households in life insurance and pension fund reserves	-243	196	122	56	74	-10	24	98
Prepayments of insurance premiums and reserves for outstanding claims	-10	-29	9	1	-3	-1	1	7
= Other changes in net financial worth	-86	55	-21	-88	-70	-122	-72	51
Financial balance sheet								
Financial assets (+)								
Short-term assets	377	325	314	311	312	344	348	368
Currency and deposits	224	195	190	181	181	199	193	208
Money market fund shares	101	93	77	79	81	87	87	95
Debt securities [1]	52	37	46	50	50	58	67	65
Long-term assets	5,084	5,650	6,034	6,112	6,141	6,040	6,019	6,284
Deposits	599	612	604	617	619	618	610	610
Debt securities	2,277	2,452	2,617	2,660	2,674	2,676	2,620	2,744
Loans	433	436	466	466	471	469	472	476
Quoted shares	491	513	553	563	557	508	515	532
Unquoted shares and other equity	313	301	298	297	295	295	289	295
Mutual fund shares	971	1,335	1,497	1,508	1,525	1,474	1,513	1,627
Remaining net assets (+)	236	208	230	221	210	240	242	229
Liabilities (-)								
Debt securities	23	31	33	31	34	31	34	34
Loans	281	272	286	291	294	301	290	299
Shares and other equity	416	429	424	439	426	381	380	412
Insurance technical reserves	5,160	5,566	5,971	6,021	6,046	6,051	6,113	6,229
Net equity of households in life insurance and pension fund reserves	4,359	4,789	5,164	5,199	5,228	5,234	5,303	5,401
Prepayments of insurance premiums and reserves for outstanding claims	800	778	807	822	818	817	810	828
= Net financial wealth	-182	-116	-136	-139	-136	-140	-207	-93

Source: ECB.

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

FINANCIAL MARKETS

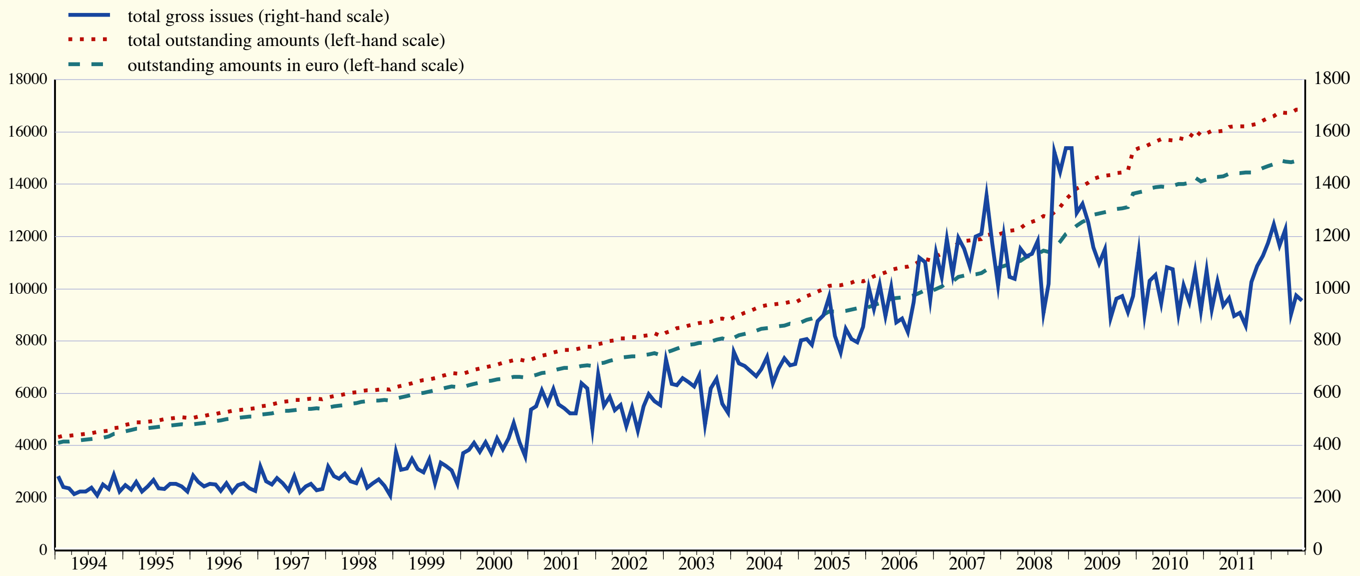
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2]	
											Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011 June	16,616.1	852.3	30.9	14,428.9	800.4	22.2	16,202.6	897.3	22.8	3.8	47.6	3.3
July	16,586.4	852.7	-30.3	14,419.1	825.3	-10.4	16,216.2	907.3	-11.1	3.6	15.5	2.5
Aug.	16,617.7	808.3	31.6	14,451.4	773.9	32.5	16,225.2	859.8	20.2	3.2	51.6	2.7
Sep.	16,648.8	1,002.1	31.4	14,456.2	926.1	5.3	16,269.6	1,026.7	7.1	3.2	64.0	3.5
Oct.	16,700.0	1,034.7	52.0	14,535.0	993.1	79.5	16,313.5	1,086.7	69.9	3.3	57.6	3.7
Nov.	16,785.4	1,063.6	84.8	14,627.7	1,016.4	91.9	16,442.9	1,127.6	100.1	2.4	31.2	3.3
Dec.	16,845.2	1,127.3	59.7	14,686.8	1,084.9	59.0	16,529.1	1,176.1	57.9	3.9	146.8	4.6
2012 Jan.	16,941.5	1,188.8	96.3	14,775.5	1,117.3	88.9	16,601.1	1,246.4	81.4	3.9	61.3	5.2
Feb.	17,128.0	1,134.6	187.0	14,920.0	1,047.6	145.0	16,745.3	1,165.1	162.7	4.2	98.2	5.7
Mar.	17,176.4	1,233.7	143.4	14,869.6	1,091.7	43.8	16,736.1	1,226.2	80.5	4.7	82.9	5.9
Apr.	17,133.2	837.3	-32.4	14,853.5	799.5	-5.5	16,739.3	902.8	0.8	4.4	-5.7	5.1
May	17,178.5	913.1	46.9	14,899.8	861.8	47.7	16,847.0	974.6	64.1	4.0	2.5	4.8
June	17,215.2	927.3	37.0	14,927.2	866.2	28.0	16,839.6	955.6	5.4	3.9	37.3	3.4
	Long-term											
2011 June	15,209.3	259.5	51.2	13,107.3	228.2	49.3	14,657.5	257.1	52.3	4.6	44.4	3.8
July	15,191.1	203.4	-20.4	13,096.3	192.2	-13.3	14,668.9	213.8	-12.8	4.4	24.7	2.8
Aug.	15,187.1	123.1	-4.0	13,096.6	113.5	0.2	14,650.1	123.5	-8.4	4.0	32.8	2.8
Sep.	15,177.1	229.2	-9.3	13,082.8	189.8	-13.1	14,677.1	214.0	-5.7	4.0	51.5	3.3
Oct.	15,250.9	278.4	75.8	13,162.6	251.1	81.7	14,723.4	268.1	70.1	4.0	66.7	3.4
Nov.	15,321.4	211.2	70.2	13,244.0	192.0	80.9	14,840.3	212.6	91.3	3.3	24.9	3.4
Dec.	15,370.9	238.1	48.5	13,308.1	228.9	63.0	14,931.0	246.5	65.2	4.0	109.6	4.3
2012 Jan.	15,454.9	346.3	84.4	13,369.6	302.1	62.0	14,973.9	331.1	50.7	3.9	68.0	4.9
Feb.	15,626.4	366.6	171.0	13,506.9	310.0	136.8	15,105.7	340.7	147.6	4.2	88.6	5.7
Mar.	15,661.5	386.9	130.6	13,465.0	280.2	52.9	15,089.4	330.6	76.1	4.7	76.6	6.0
Apr.	15,631.6	188.7	-19.2	13,446.7	175.1	-7.7	15,093.8	206.6	5.0	4.2	-4.8	5.0
May	15,685.5	231.9	53.9	13,500.7	208.4	53.9	15,206.2	244.2	72.8	4.1	19.8	4.9
June	15,750.0	271.7	65.3	13,567.3	239.4	67.7	15,238.9	255.1	44.3	4.1	37.6	3.9

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						
2010	15,870	5,246	3,285	854	5,932	554	1,007	625	80	69	205	29
2011	16,529	5,530	3,286	872	6,216	624	1,000	609	98	62	191	39
2011 Q3	16,270	5,426	3,219	858	6,160	607	931	580	79	60	180	33
Q4	16,529	5,530	3,286	872	6,216	624	1,130	714	137	70	172	36
2012 Q1	16,736	5,634	3,319	904	6,208	670	1,213	765	106	70	223	49
Q2	16,840	5,598	3,326	935	6,284	697	944	584	77	70	183	30
2012 Mar.	16,736	5,634	3,319	904	6,208	670	1,226	787	119	76	203	41
Apr.	16,739	5,611	3,352	921	6,190	665	903	557	59	73	190	24
May	16,847	5,610	3,376	939	6,253	669	975	585	101	70	186	33
June	16,840	5,598	3,326	935	6,284	697	956	609	73	68	171	35
						Short-term						
2010	1,540	572	120	69	724	54	759	534	34	57	115	19
2011	1,598	702	106	79	634	77	748	511	48	53	107	29
2011 Q3	1,593	613	110	86	712	72	747	512	42	53	114	26
Q4	1,598	702	106	79	634	77	888	629	76	60	94	28
2012 Q1	1,647	711	122	83	641	91	878	609	61	54	125	29
Q2	1,601	678	122	95	623	83	709	498	31	58	102	20
2012 Mar.	1,647	711	122	83	641	91	896	633	66	57	114	26
Apr.	1,646	709	126	95	633	83	696	483	33	62	103	15
May	1,641	699	128	103	629	82	730	512	27	63	104	25
June	1,601	678	122	95	623	83	701	499	35	48	99	20
						Long-term [2]						
2010	14,330	4,674	3,165	785	5,207	499	248	91	46	12	90	9
2011	14,931	4,828	3,180	793	5,583	547	252	98	51	9	84	10
2011 Q3	14,677	4,813	3,109	772	5,448	535	184	67	36	7	66	7
Q4	14,931	4,828	3,180	793	5,583	547	242	85	61	10	78	8
2012 Q1	15,089	4,923	3,197	821	5,567	580	334	156	45	16	98	20
Q2	15,239	4,920	3,204	840	5,661	614	235	86	46	13	81	10
2012 Mar.	15,089	4,923	3,197	821	5,567	580	331	154	53	19	89	15
Apr.	15,094	4,902	3,226	827	5,557	582	207	75	26	10	87	8
May	15,206	4,911	3,248	837	5,624	586	244	73	74	8	82	7
June	15,239	4,920	3,204	840	5,661	614	255	110	38	20	72	15
						of which: Long-term fixed rate						
2010	9,478	2,633	1,098	673	4,697	377	156	50	13	10	77	6
2011	10,029	2,777	1,150	699	4,994	408	151	54	12	8	70	7
2011 Q3	9,889	2,773	1,148	680	4,887	400	112	35	8	6	58	5
Q4	10,029	2,777	1,150	699	4,994	408	123	41	7	9	61	5
2012 Q1	10,240	2,891	1,198	727	5,003	421	228	103	17	15	83	11
Q2	10,416	2,892	1,239	747	5,100	437	148	42	21	12	68	6
2012 Mar.	10,240	2,891	1,198	727	5,003	421	223	105	16	18	75	7
Apr.	10,255	2,886	1,207	732	5,008	423	134	37	9	9	73	6
May	10,384	2,894	1,248	742	5,075	425	161	43	37	7	71	3
June	10,416	2,892	1,239	747	5,100	437	149	45	16	19	60	9
						of which: Long-term variable rate						
2010	4,381	1,761	1,962	106	432	121	78	34	29	1	10	4
2011	4,400	1,781	1,877	90	513	139	84	37	32	1	11	3
2011 Q3	4,282	1,767	1,802	88	491	133	56	26	21	0	5	3
Q4	4,400	1,781	1,877	90	513	139	107	36	51	1	15	3
2012 Q1	4,339	1,766	1,839	91	486	157	90	46	24	1	10	8
Q2	4,365	1,762	1,853	89	486	175	74	37	23	1	9	4
2012 Mar.	4,339	1,766	1,839	91	486	157	94	43	32	1	11	7
Apr.	4,336	1,750	1,858	91	479	158	60	31	14	1	11	3
May	4,359	1,748	1,884	91	477	159	68	22	33	1	8	4
June	4,365	1,762	1,853	89	486	175	96	59	21	1	9	6

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

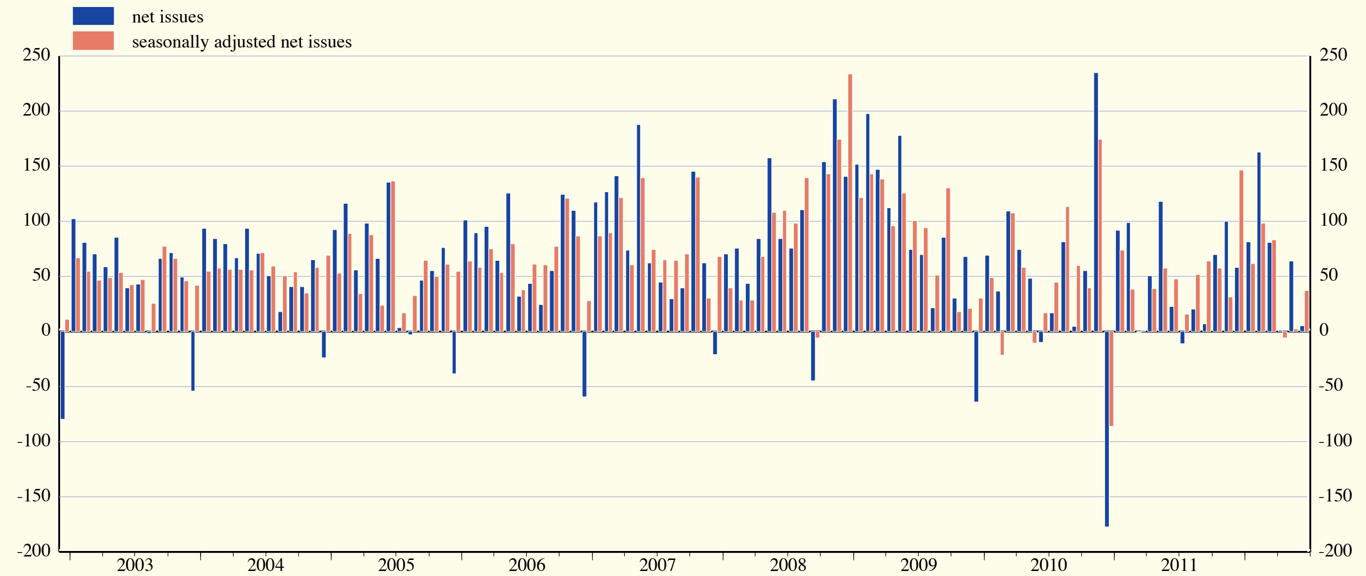
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

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												
2010	45.2	-1.2	4.5	5.0	31.6	5.3	-	-	-	-	-	-
2011	52.1	22.7	-3.3	3.7	23.4	5.6	-	-	-	-	-	-
2011 Q3	5.4	12.8	-10.2	4.5	-3.8	2.0	43.7	18.7	5.0	5.9	10.6	3.5
Q4	76.0	29.7	20.5	3.3	17.6	4.9	78.5	40.9	-1.7	6.8	31.3	1.2
2012 Q1	108.2	38.6	12.4	11.7	29.6	15.9	80.8	17.0	22.5	9.3	15.7	16.3
Q2	23.4	-19.3	4.9	9.6	27.6	0.7	11.3	-13.9	2.2	7.2	13.1	2.7
2012 Mar.	80.5	24.5	37.3	13.7	-11.6	16.5	82.9	17.4	42.5	13.6	-3.0	12.3
Apr.	0.8	-29.8	30.3	14.8	-8.2	-6.2	-5.7	-29.5	25.3	8.8	-7.3	-3.0
May	64.1	-23.6	16.5	12.2	59.3	-0.3	2.5	-37.7	10.1	4.9	25.7	-0.5
June	5.4	-4.6	-32.1	2.0	31.6	8.6	37.3	25.4	-28.7	8.1	20.9	11.7
Long-term												
2010	53.8	1.9	1.8	5.3	41.3	3.5	-	-	-	-	-	-
2011	47.7	12.0	-2.0	2.8	31.0	3.9	-	-	-	-	-	-
2011 Q3	-9.0	3.1	-6.6	0.9	-6.9	0.6	36.3	10.0	6.5	2.5	14.4	2.9
Q4	75.5	0.8	21.9	5.5	43.8	3.6	67.1	13.8	0.5	6.8	42.7	3.3
2012 Q1	91.5	35.6	7.1	10.4	27.3	11.1	77.7	21.2	17.9	9.9	19.0	9.8
Q2	40.7	-7.2	5.0	5.5	33.6	3.8	17.5	-12.8	3.1	3.0	21.5	2.8
2012 Mar.	76.1	31.7	28.8	14.9	-8.4	9.1	76.6	23.3	37.3	14.7	-3.9	5.1
Apr.	5.0	-26.2	26.7	3.1	-0.4	1.9	-4.8	-29.5	22.1	-0.4	2.0	0.9
May	72.8	-10.9	14.6	4.2	63.1	1.8	19.8	-24.3	10.3	0.6	31.2	1.9
June	44.3	15.5	-26.3	9.4	38.0	7.7	37.6	15.3	-23.1	8.9	31.1	5.5

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

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

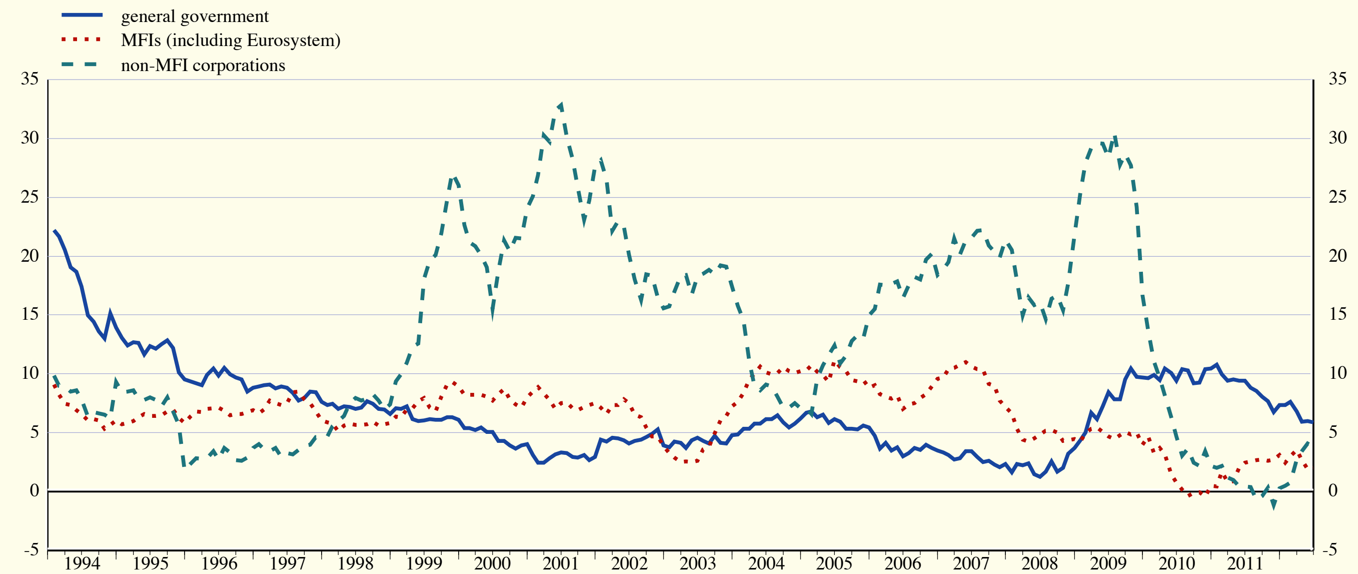


Source: ECB.
1) Monthly data on net issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.

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

	Annual growth rates (non-seasonally adjusted): Total	MFIs (including Eurosystem)	Non-MFI corporations: Financial corporations other than MFIs	Non-MFI corporations: Non-financial corporations	General government: Central government	General government: Other general government	6-month seasonally adjusted growth rates: Total	MFIs (including Eurosystem)	Non-MFI corporations: Financial corporations other than MFIs	Non-MFI corporations: Non-financial corporations	General government: Central government	General government: Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2011 June	3.8	1.8	0.3	4.2	6.5	16.1	3.3	3.6	-2.8	1.9	5.1	19.3
July	3.6	1.8	0.2	4.9	6.2	13.3	2.5	1.9	-3.4	3.2	5.0	16.5
Aug.	3.2	2.0	-1.3	5.2	5.6	15.3	2.7	2.0	-3.9	4.6	4.9	23.4
Sep.	3.2	2.4	-0.8	4.8	5.1	14.2	3.5	3.1	-0.2	4.5	4.4	17.7
Oct.	3.3	2.9	-0.3	4.7	4.7	12.9	3.7	3.5	0.7	7.2	4.1	13.2
Nov.	2.4	3.2	-2.3	5.1	3.0	13.6	3.3	3.6	0.2	6.9	3.5	11.2
Dec.	3.9	5.2	-1.2	5.4	4.7	12.1	4.6	6.8	0.6	9.3	4.1	4.8
2012 Jan.	3.9	4.4	-1.2	6.2	4.8	15.4	5.2	6.8	1.0	9.3	4.5	14.3
Feb.	4.2	4.5	-0.6	6.9	4.8	19.8	5.7	7.0	2.8	9.3	4.6	16.2
Mar.	4.7	4.8	1.8	8.0	4.5	17.9	5.9	6.5	3.9	11.6	4.6	17.8
Apr.	4.4	4.2	2.7	9.5	3.7	15.7	5.1	4.9	4.6	11.6	3.5	18.5
May	4.0	3.0	3.4	9.1	3.8	12.6	4.8	2.4	6.8	11.2	4.0	14.1
June	3.9	3.4	2.5	10.3	3.5	11.7	3.4	0.3	4.6	11.6	2.8	19.2
						Long-term						
2011 June	4.6	2.4	-0.5	4.4	9.4	9.4	3.8	3.2	-2.6	1.6	7.8	11.7
July	4.4	2.6	-0.7	4.8	8.7	9.8	2.8	1.7	-3.1	2.5	6.7	12.0
Aug.	4.0	2.7	-1.9	4.4	8.4	10.3	2.8	1.7	-3.8	3.3	6.9	12.8
Sep.	4.0	2.7	-1.3	3.4	7.9	9.4	3.3	2.7	-0.4	1.9	5.6	10.3
Oct.	4.0	2.6	-0.4	3.5	7.6	8.7	3.4	2.2	1.2	3.5	5.3	9.1
Nov.	3.3	2.7	-2.3	4.0	6.4	10.0	3.4	2.1	0.8	5.0	5.2	9.2
Dec.	4.0	3.1	-0.7	4.4	7.2	9.4	4.3	3.0	1.3	7.5	6.4	7.2
2012 Jan.	3.9	2.4	-0.8	5.7	7.0	11.1	4.9	3.2	1.6	9.1	7.1	10.3
Feb.	4.2	3.0	-0.6	6.5	7.0	13.5	5.7	4.3	2.8	9.7	7.1	14.4
Mar.	4.7	3.6	1.6	7.5	6.2	12.7	6.0	4.4	3.5	13.4	6.9	15.2
Apr.	4.2	2.7	2.5	7.2	5.4	11.7	5.0	3.2	3.7	10.8	5.5	14.4
May	4.1	1.9	3.3	7.1	5.5	10.6	4.9	1.7	5.9	9.2	5.8	11.9
June	4.1	2.0	2.6	8.7	5.4	10.7	3.9	1.0	4.0	10.0	4.4	14.2

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



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

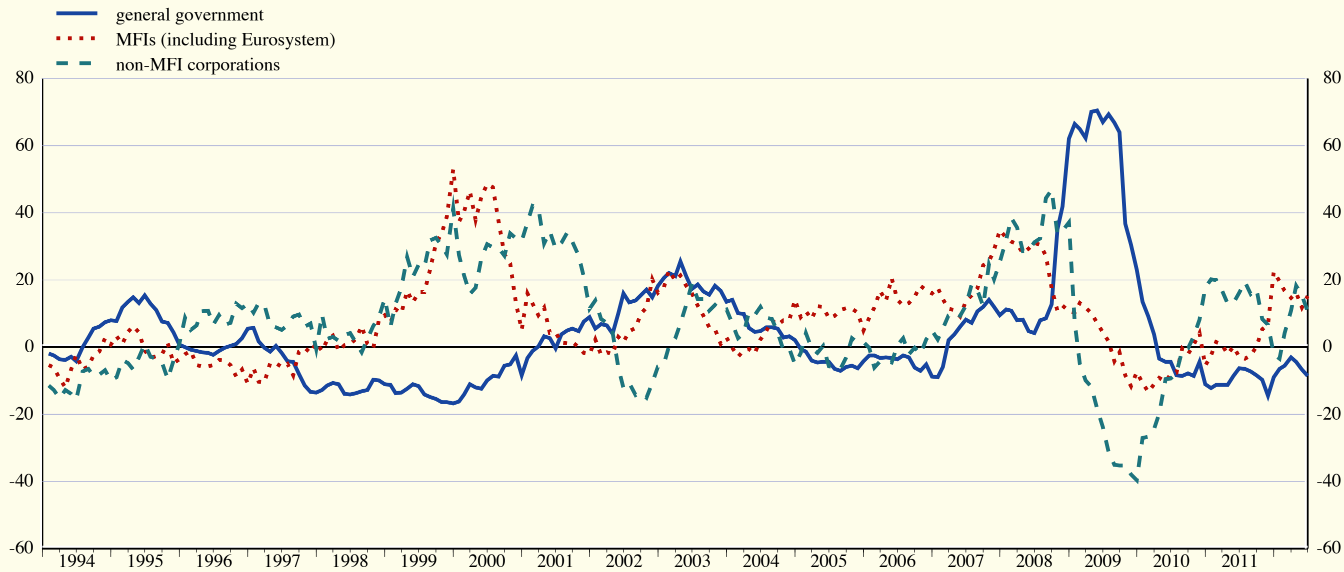
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2010	8.8	5.7	6.4	19.7	9.9	8.8	-0.6	-4.0	0.6	-2.0	6.4	27.6
2011	6.4	5.0	3.4	6.3	7.8	7.7	-0.7	-1.4	-5.5	-1.9	22.3	16.1
2011 Q3	6.6	6.3	4.2	5.2	7.4	8.9	-1.6	-1.3	-7.9	-2.4	25.7	13.0
Q4	5.6	5.7	2.6	4.5	6.1	8.1	-1.1	-0.5	-7.1	-2.5	21.0	13.9
2012 Q1	5.8	5.7	2.1	6.6	6.4	9.0	-0.2	0.2	-5.4	-0.8	15.3	21.5
Q2	5.3	5.3	1.9	8.1	5.6	6.7	0.6	-0.6	-1.8	-1.3	8.1	25.9
2012 Jan.	5.7	5.3	1.9	6.5	6.4	8.7	-0.6	-0.5	-5.7	-0.9	15.6	19.3
Feb.	6.1	5.7	2.9	6.9	6.7	10.1	-0.3	0.4	-6.0	-0.2	15.3	24.4
Mar.	5.8	6.5	2.0	8.1	5.9	8.3	0.6	1.0	-3.8	-1.6	11.4	26.9
Apr.	5.5	5.7	2.0	7.9	5.6	7.3	-0.2	-0.3	-3.4	-1.0	6.4	25.9
May	5.2	4.9	1.9	7.6	5.7	5.7	1.0	-1.4	0.0	-1.2	7.6	26.0
June	4.8	4.4	1.4	9.4	5.1	6.1	1.3	-0.9	0.0	-1.8	9.0	24.9
	In euro											
2010	9.1	5.6	7.4	20.1	10.0	8.3	-0.4	-3.3	0.3	-2.5	5.9	26.2
2011	6.5	4.2	3.6	6.6	8.1	7.2	-0.2	0.0	-6.1	-2.9	22.2	15.3
2011 Q3	6.7	5.5	4.4	5.9	7.6	8.6	-1.3	-0.2	-8.6	-3.6	25.6	11.1
Q4	5.7	5.5	2.6	4.7	6.4	8.6	-0.8	0.9	-7.9	-3.6	20.8	12.3
2012 Q1	6.2	6.0	2.5	6.5	6.6	9.8	0.4	2.1	-6.0	-2.1	15.0	20.2
Q2	5.6	5.9	1.6	8.5	5.7	6.6	0.8	1.8	-3.6	-2.5	7.9	25.3
2012 Jan.	6.1	5.5	2.6	6.1	6.6	10.0	0.1	1.5	-6.0	-2.2	15.3	18.2
Feb.	6.5	6.1	3.5	6.6	6.8	10.7	0.5	2.6	-6.4	-1.5	15.1	22.6
Mar.	6.2	7.0	2.3	8.5	6.1	9.1	0.8	2.8	-5.4	-2.9	11.3	26.1
Apr.	5.7	6.0	1.9	8.3	5.8	7.0	0.0	1.9	-5.2	-2.6	6.2	25.4
May	5.4	5.5	1.2	8.2	5.7	5.3	1.2	1.1	-1.9	-2.5	7.4	24.8
June	5.2	5.3	1.3	9.7	5.2	5.7	1.8	1.8	-1.8	-2.1	8.9	25.1

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

(annual percentage changes)



Source: ECB.

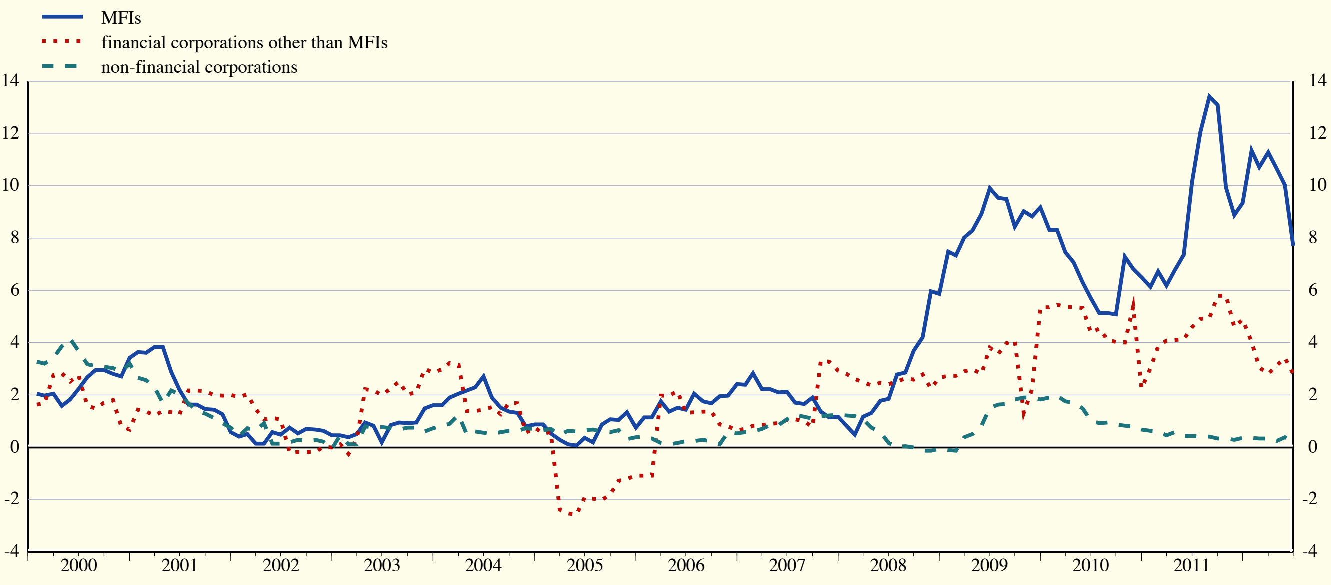
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

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

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

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 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
2010 June	4,054.6	103.7	1.9	446.4	5.7	315.6	4.4	3,292.6	1.0
July	4,256.1	103.7	1.7	519.8	5.1	338.1	4.5	3,398.2	0.9
Aug.	4,119.8	103.7	1.7	478.7	5.1	314.4	4.1	3,326.7	1.0
Sep.	4,342.0	103.8	1.6	487.0	5.1	326.7	4.0	3,528.3	0.9
Oct.	4,516.2	104.2	1.8	514.4	7.3	333.6	4.0	3,668.1	0.8
Nov.	4,398.7	104.4	1.8	437.8	6.8	316.6	5.4	3,644.3	0.8
Dec.	4,581.1	104.4	1.4	458.4	6.5	334.0	2.3	3,788.7	0.7
2011 Jan.	4,745.2	104.6	1.4	514.3	6.1	365.9	3.0	3,865.0	0.6
Feb.	4,831.3	104.7	1.5	534.9	6.7	379.0	3.9	3,917.3	0.6
Mar.	4,753.1	104.8	1.4	491.7	6.2	363.3	4.1	3,898.2	0.5
Apr.	4,876.6	105.0	1.5	497.5	6.8	371.6	4.1	4,007.5	0.6
May	4,761.5	105.0	1.5	475.9	7.4	356.3	4.1	3,929.2	0.4
June	4,706.4	105.5	1.7	491.6	10.2	350.6	4.6	3,864.1	0.4
July	4,488.6	105.7	1.9	458.8	12.1	325.6	4.9	3,704.2	0.4
Aug.	3,960.9	105.9	2.0	383.0	13.4	281.7	4.9	3,296.2	0.4
Sep.	3,734.2	105.9	2.0	350.7	13.1	264.4	5.8	3,119.1	0.3
Oct.	4,027.2	105.9	1.7	360.6	9.9	288.0	5.8	3,378.5	0.3
Nov.	3,876.5	106.0	1.5	330.0	8.9	271.6	4.6	3,274.9	0.3
Dec.	3,888.9	106.1	1.6	339.6	9.3	270.7	4.9	3,278.6	0.4
2012 Jan.	4,101.9	106.3	1.7	375.8	11.3	298.1	4.0	3,428.0	0.4
Feb.	4,268.0	106.3	1.5	395.0	10.7	311.3	3.1	3,561.7	0.3
Mar.	4,251.9	106.4	1.5	373.4	11.3	311.1	2.8	3,567.4	0.3
Apr.	4,078.9	106.5	1.4	327.6	10.7	292.0	3.1	3,459.3	0.2
May	3,770.8	106.5	1.5	281.1	10.0	260.2	3.4	3,229.6	0.4
June	3,934.1	106.6	1.1	317.9	7.7	280.3	2.8	3,335.9	0.3

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



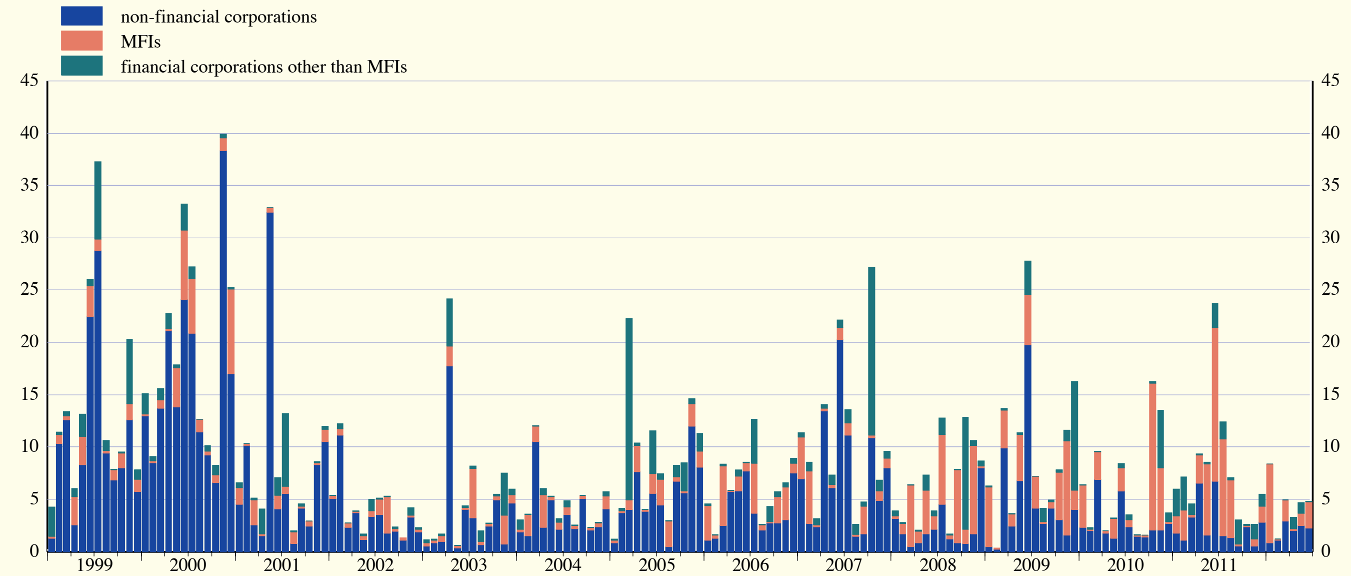
Source: ECB.
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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
2010 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.	1.5	1.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.2	0.3
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.	6.0	1.3	4.7	1.6	0.0	1.6	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.	9.4	0.5	8.8	2.7	0.0	2.7	0.1	0.0	0.1	6.5	0.5	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	1.0	6.1	5.5	0.0	5.5	0.3	0.2	0.1	1.3	0.8	0.5
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.	2.4	0.4	2.0	0.0	0.0	0.0	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	0.6	1.5	-1.0
Dec.	5.5	1.0	4.5	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.0	1.8
2012 Jan.	8.3	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.5
Feb.	1.1	1.4	-0.3	0.0	0.0	0.0	0.0	0.2	-0.2	1.0	1.2	-0.1
Mar.	4.9	0.7	4.3	2.0	0.0	2.0	0.0	0.1	-0.1	2.9	0.6	2.3
Apr.	3.1	0.3	2.8	0.0	0.0	0.0	1.1	0.0	1.1	2.0	0.3	1.7
May	4.7	1.8	2.9	1.1	0.0	1.1	1.1	0.1	1.0	2.5	1.7	0.8
June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1

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
2011 Aug.	0.54	2.73	3.16	2.99	1.74	1.93	0.68	1.64	2.69	2.99	1.42
Sep.	0.55	2.73	3.15	2.92	1.76	1.94	0.69	1.71	2.72	2.79	1.47
Oct.	0.55	2.88	3.17	3.14	1.77	1.96	0.69	1.67	2.74	2.72	1.65
Nov.	0.55	2.78	3.08	3.03	1.78	1.96	0.66	1.47	2.61	2.85	1.62
Dec.	0.54	2.78	3.20	3.06	1.79	1.97	0.65	1.50	2.76	2.90	1.38
2012 Jan.	0.53	2.94	3.49	3.15	1.81	1.96	0.61	1.27	2.95	2.92	1.23
Feb.	0.52	2.90	3.38	3.16	1.81	1.96	0.59	1.22	2.96	3.01	1.05
Mar.	0.51	2.88	3.04	3.03	1.79	1.95	0.59	1.25	2.75	2.98	0.97
Apr.	0.49	2.82	2.92	2.84	1.76	1.95	0.55	1.10	2.70	3.07	1.28
May	0.48	2.65	2.70	2.68	1.74	1.91	0.55	1.01	2.31	2.75	0.93
June	0.47	2.72	2.73	2.63	1.73	1.88	0.52	1.04	2.32	2.69	0.98
July	0.45	2.80	2.89	2.61	1.70	1.85	0.48	1.01	2.01	2.53	1.26

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
2011 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	4.21
Oct.	8.43	17.17	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	17.11	5.56	6.47	7.78	7.39	3.43	3.74	3.84	3.94	3.96	4.22	4.93	4.02
Dec.	8.37	17.08	5.27	6.44	7.64	7.16	3.49	3.74	3.81	3.95	4.02	4.13	4.84	3.92
2012 Jan.	8.46	17.06	5.62	6.58	8.08	7.57	3.50	3.71	3.75	4.03	4.03	3.88	4.76	3.93
Feb.	8.41	17.05	5.70	6.58	8.09	7.63	3.44	3.64	3.70	3.95	3.92	3.86	4.71	4.04
Mar.	8.39	16.98	5.55	6.44	7.94	7.45	3.31	3.57	3.61	3.91	3.83	3.73	4.74	3.90
Apr.	8.26	17.10	5.43	6.31	7.95	7.35	3.20	3.58	3.59	3.96	3.79	3.65	4.68	3.89
May	8.26	17.10	5.65	6.39	7.95	7.48	3.14	3.54	3.53	3.84	3.72	3.80	4.74	3.83
June	8.25	17.06	5.61	6.27	7.73	7.27	3.11	3.48	3.46	3.69	3.66	3.61	4.73	3.71
July	8.14	17.01	5.77	6.26	7.82	7.37	3.09	3.39	3.31	3.62	3.58	3.64	4.45	3.49

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
2011 Aug.	4.49	4.44	4.94	4.85	5.03	4.58	4.35	2.79	3.56	3.64	3.99	3.87	4.06
Sep.	4.54	4.59	4.94	4.79	4.94	4.46	4.31	2.84	3.44	3.69	3.63	3.64	3.74
Oct.	4.61	4.70	5.10	4.86	4.99	4.56	4.27	2.98	3.54	3.78	3.89	3.60	3.71
Nov.	4.61	4.77	5.26	4.98	5.10	4.65	4.26	2.80	3.65	3.42	3.92	3.60	3.71
Dec.	4.66	4.89	5.15	4.98	5.05	4.59	4.27	3.04	3.74	3.11	3.95	3.73	3.75
2012 Jan.	4.64	4.93	5.35	4.78	5.04	4.40	4.33	2.66	3.70	3.06	3.45	2.70	3.80
Feb.	4.59	4.86	5.25	4.74	5.02	4.65	4.41	2.50	3.76	3.36	3.89	3.77	3.64
Mar.	4.61	4.81	5.17	4.66	5.00	4.63	4.32	2.39	3.43	3.06	3.09	3.37	3.57
Apr.	4.46	4.96	5.09	4.61	4.85	4.57	4.39	2.39	3.52	3.43	3.40	3.51	3.59
May	4.43	4.82	5.11	4.60	4.84	4.49	4.20	2.37	3.75	3.41	3.48	3.60	3.51
June	4.40	4.81	5.03	4.58	4.76	4.41	4.16	2.44	3.20	3.44	3.03	3.34	3.22
July	4.30	4.86	5.17	4.58	4.56	4.13	4.12	2.24	3.30	3.60	3.13	3.20	3.45

Source: ECB.

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

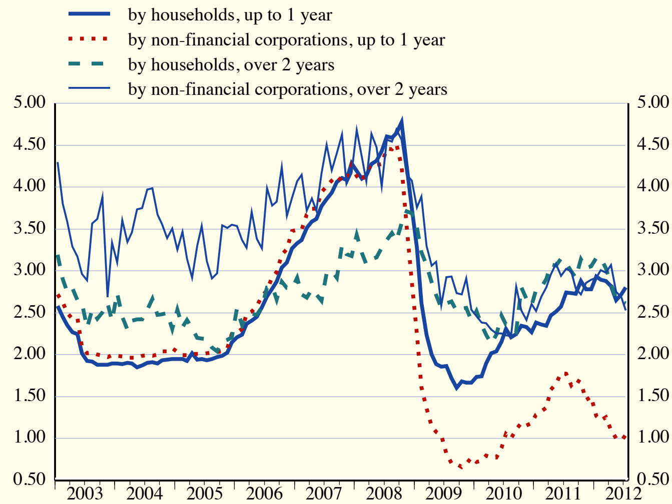
4. Interest rates on deposits (outstanding amounts)

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: [2),3)] Up to 3 months	Redeemable at notice of: [2),3)] Over 3 months	Overnight [2)]	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	
	1	2	3	4	5	6	7	8	9
2011 Aug.	0.54	2.59	2.77	1.74	1.93	0.68	2.12	3.14	1.97
Sep.	0.55	2.62	2.79	1.76	1.94	0.69	2.14	3.15	2.07
Oct.	0.55	2.66	2.78	1.77	1.96	0.69	2.16	3.14	2.15
Nov.	0.55	2.70	2.80	1.78	1.96	0.66	2.17	3.16	2.24
Dec.	0.54	2.73	2.78	1.79	1.97	0.65	2.14	3.13	2.37
2012 Jan.	0.53	2.76	2.78	1.81	1.96	0.61	2.10	3.16	2.46
Feb.	0.52	2.79	2.80	1.81	1.96	0.59	2.08	3.20	2.62
Mar.	0.51	2.81	2.81	1.79	1.95	0.59	2.00	3.13	2.58
Apr.	0.49	2.78	2.82	1.76	1.95	0.55	1.96	3.09	2.57
May	0.48	2.76	2.80	1.74	1.91	0.55	1.91	3.06	2.39
June	0.47	2.73	2.82	1.73	1.88	0.52	1.88	3.08	2.48
July	0.45	2.72	2.78	1.70	1.85	0.48	1.83	3.04	2.47

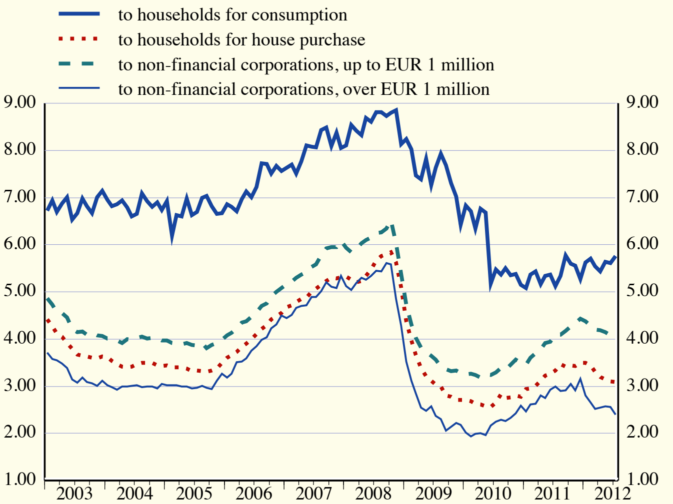
5. Interest rates on loans (outstanding amounts)

	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
2011 Aug.	4.06	3.78	3.89	8.07	6.42	5.31	4.06	3.84	3.72
Sep.	4.13	3.79	3.92	8.14	6.48	5.32	4.11	3.85	3.73
Oct.	4.12	3.78	3.91	8.17	6.44	5.33	4.19	3.86	3.74
Nov.	4.12	3.77	3.91	8.09	6.44	5.34	4.20	3.89	3.75
Dec.	4.12	3.74	3.89	8.11	6.43	5.31	4.26	3.87	3.72
2012 Jan.	4.06	3.71	3.87	8.14	6.40	5.29	4.24	3.82	3.68
Feb.	4.04	3.69	3.86	8.09	6.39	5.27	4.18	3.78	3.67
Mar.	4.03	3.68	3.85	8.07	6.37	5.25	4.16	3.66	3.60
Apr.	3.93	3.64	3.80	7.97	6.31	5.20	4.05	3.61	3.54
May	3.88	3.62	3.77	7.95	6.29	5.16	3.99	3.58	3.50
June	3.86	3.60	3.76	7.83	6.30	5.14	3.96	3.53	3.46
July	3.80	3.54	3.72	7.78	6.26	5.08	3.89	3.47	3.40

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.

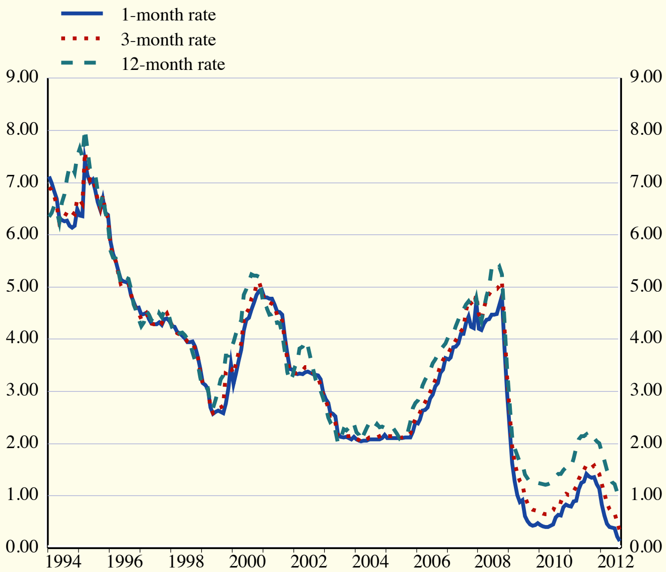
4.6 Money market interest rates

(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
2011 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
2012 Q1	0.37	0.64	1.04	1.34	1.67	0.51	0.20
Q2	0.34	0.39	0.69	0.98	1.28	0.47	0.20
2011 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
2012 Jan.	0.38	0.84	1.22	1.50	1.84	0.57	0.20
Feb.	0.37	0.63	1.05	1.35	1.68	0.50	0.20
Mar.	0.36	0.47	0.86	1.16	1.50	0.47	0.20
Apr.	0.35	0.41	0.74	1.04	1.37	0.47	0.20
May	0.34	0.39	0.68	0.97	1.27	0.47	0.20
June	0.33	0.38	0.66	0.93	1.22	0.47	0.20
July	0.18	0.22	0.50	0.78	1.06	0.45	0.20
Aug.	0.11	0.13	0.33	0.61	0.88	0.43	0.19

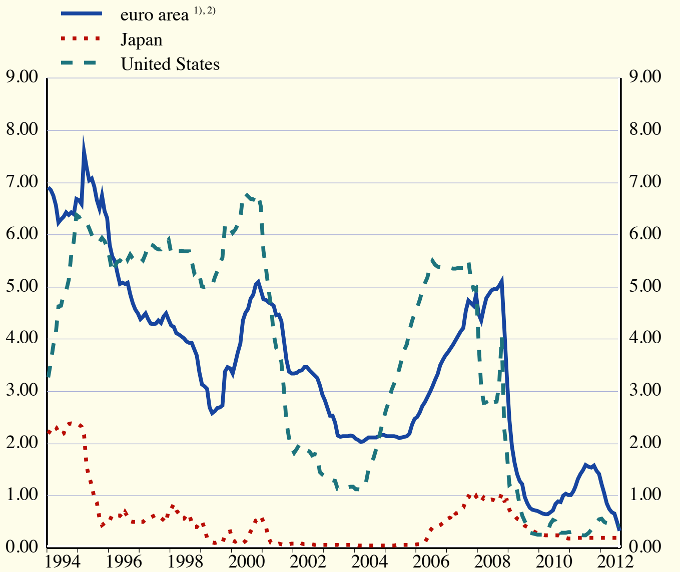
C23 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

1) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP. For further information, see the General Notes.

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

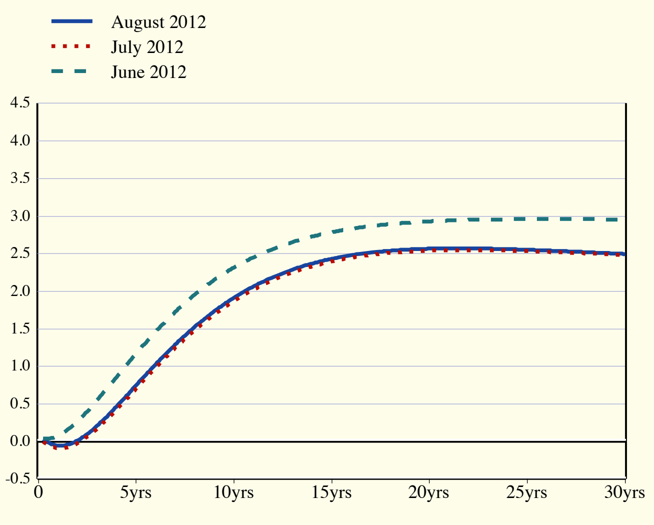
4.7 Euro area yield curves [1]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
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
2011 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
2012 Q1	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Q2	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
2011 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
2012 Jan.	0.11	0.21	0.45	1.44	2.03	2.67	2.55	2.22	0.39	1.03	3.07	4.26
Feb.	0.11	0.15	0.37	1.39	1.99	2.59	2.49	2.22	0.29	0.95	3.06	4.06
Mar.	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Apr.	0.03	0.10	0.32	1.26	1.84	2.47	2.44	2.15	0.26	0.85	2.84	4.10
May	0.07	0.05	0.17	0.89	1.36	1.89	1.82	1.72	0.10	0.52	2.17	3.23
June	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
July	0.00	-0.09	-0.02	0.71	1.25	1.87	1.87	1.89	-0.11	0.26	2.12	3.52
Aug.	0.03	-0.05	0.01	0.75	1.29	1.91	1.88	1.90	-0.08	0.30	2.17	3.55

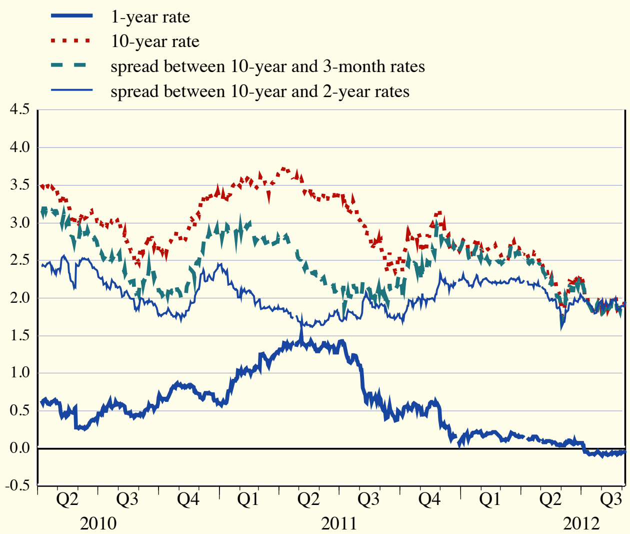
C25 Euro area spot yield curves [2]

(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)

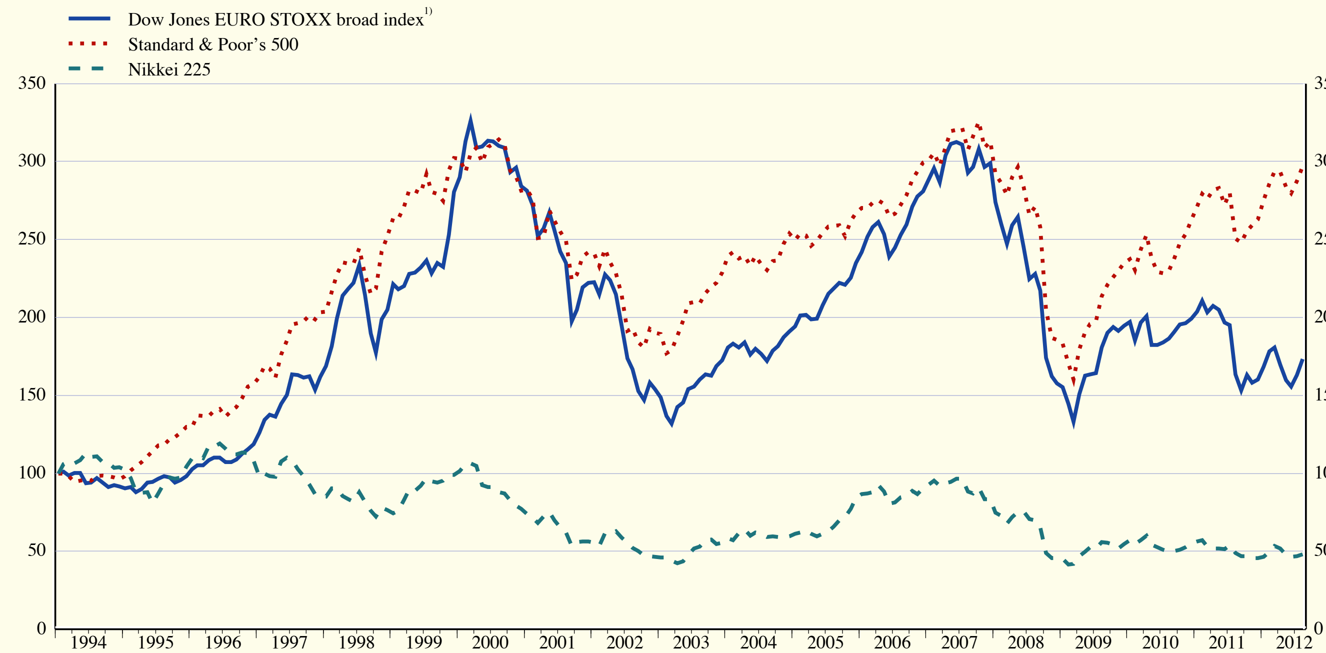


Sources: ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Data cover AAA-rated euro area central government bonds.

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
2011 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
2012 Q1	243.7	2,473.6	499.1	150.3	372.3	324.6	129.7	333.3	221.7	253.7	300.6	480.6	1,348.8	9,295.3
Q2	224.0	2,226.2	472.5	140.8	370.7	285.3	108.2	311.6	207.4	223.4	261.9	493.2	1,349.7	9,026.5
2011 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
2012 Jan.	233.4	2,382.1	477.6	146.9	351.8	317.3	120.4	319.2	206.9	248.8	305.0	473.6	1,300.6	8,616.7
Feb.	247.2	2,508.2	507.2	152.1	377.3	327.0	134.4	336.3	223.9	254.6	300.1	477.6	1,352.5	9,242.3
Mar.	250.7	2,532.2	512.9	152.0	388.0	329.5	134.6	344.6	234.3	257.7	296.7	490.5	1,389.2	9,962.3
Apr.	235.0	2,340.8	497.6	145.9	380.9	301.1	116.8	327.8	221.2	237.7	275.2	488.5	1,386.4	9,627.4
May	221.9	2,198.5	469.5	139.7	373.7	281.6	105.0	310.4	204.5	218.9	261.4	492.0	1,341.3	8,842.5
June	216.2	2,152.7	453.1	137.4	358.3	275.1	104.0	298.4	198.0	215.4	250.4	498.9	1,323.5	8,638.1
July	226.5	2,258.4	479.1	145.8	379.4	290.4	106.5	313.9	204.4	224.3	257.3	534.2	1,359.8	8,760.7
Aug.	240.5	2,424.5	509.4	154.6	399.7	313.0	116.8	330.3	220.8	231.8	265.7	552.5	1,403.4	8,949.9

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: Index: 2005 = 100	Total: Total	Total: Total excl. unprocessed food and energy	Total: Goods	Total: Services	Total (s.a.; percentage change vis-à-vis previous period): Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Memo item: Administered prices [2)]: Total HICP excluding administered prices	Administered prices
% of total in 2012	100.0	100.0	81.8	58.5	41.5	100.0	11.9	7.2	28.5	11.0	41.5	88.2	11.8
	1	2	3	4	5	6	7	8	9	10	11	12	13
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
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5
2011 Q2	113.1	2.8	1.8	3.3	1.9	0.8	1.1	0.4	0.3	2.8	0.6	2.6	3.6
Q3	112.9	2.7	1.7	3.2	2.0	0.4	1.1	-0.1	-0.1	0.4	0.5	2.6	3.5
Q4	114.1	2.9	2.0	3.7	1.9	0.7	1.1	1.0	0.9	1.5	0.3	2.9	3.5
2012 Q1	114.3	2.7	1.9	3.3	1.8	0.8	0.7	0.6	0.1	4.1	0.5	2.6	3.4
Q2	115.9	2.5	1.8	3.0	1.7	0.5	0.6	0.7	0.2	1.0	0.5	2.3	3.4
2012 Mar.	115.5	2.7	1.9	3.3	1.8	0.3	0.2	0.2	0.2	1.6	0.1	2.6	3.3
Apr.	116.0	2.6	1.9	3.2	1.7	0.3	0.2	0.0	0.1	1.1	0.3	2.5	3.3
May	115.9	2.4	1.8	2.9	1.8	-0.1	0.2	0.0	0.0	-1.4	0.1	2.3	3.4
June	115.8	2.4	1.8	2.8	1.7	0.0	0.1	1.0	0.0	-1.7	0.2	2.2	3.4
July	115.1	2.4	1.9	2.8	1.8	0.2	0.1	-0.3	-0.1	0.9	0.3	2.2	3.8
Aug. [3)]	.	2.6	.	.	.	.	.	.	.	.	.	.	.

	Goods: Food (incl. alcoholic beverages and tobacco): Total	Processed food	Unprocessed food	Industrial goods: Total	Non-energy industrial goods	Energy	Services: Housing	Rents	Transport	Communication	Recreation and personal	Miscellaneous
% of total in 2012	19.1	11.9	7.2	39.5	28.5	11.0	10.1	6.0	6.5	3.1	14.5	7.3
	14	15	16	17	18	19	20	21	22	23	24	25
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
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2011 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	3.3	-1.8	2.3	2.1
Q4	3.3	4.2	1.8	3.9	1.2	11.5	1.7	1.4	3.0	-1.8	2.2	2.1
2012 Q1	3.2	4.0	2.0	3.3	1.1	9.1	1.7	1.5	2.9	-2.7	2.1	2.4
Q2	3.0	3.5	2.3	2.9	1.3	7.2	1.7	1.4	2.7	-3.1	2.2	2.0
2012 Feb.	3.3	4.1	2.2	3.4	1.0	9.5	1.7	1.5	2.8	-3.0	2.2	2.4
Mar.	3.3	3.9	2.2	3.4	1.4	8.5	1.7	1.4	3.1	-2.8	2.0	2.2
Apr.	3.1	3.7	2.1	3.2	1.3	8.1	1.7	1.5	2.5	-3.1	2.3	2.1
May	2.8	3.4	1.8	3.0	1.3	7.3	1.7	1.4	2.7	-3.3	2.4	2.0
June	3.2	3.2	3.1	2.6	1.3	6.1	1.7	1.4	3.0	-2.8	2.1	2.0
July	2.9	2.9	2.9	2.8	1.5	6.1	1.9	1.6	2.9	-3.1	2.3	1.9

Sources: Eurostat and ECB calculations.

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

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.8	1.9
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-3.2
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	1.9	1.1
2011	118.3	5.9	5.5	3.8	5.9	1.4	3.1	2.1	3.3	11.9	3.3	1.0
2011 Q2	118.5	6.3	5.8	4.3	6.8	1.3	3.4	1.9	3.7	11.9	3.0	1.1
Q3	118.9	5.9	5.5	3.8	5.6	1.5	3.3	2.2	3.5	11.8	3.3	1.0
Q4	119.3	5.1	4.5	2.9	3.4	1.5	3.3	2.5	3.4	11.4	2.9	-0.2
2012 Q1	121.0	3.7	3.0	1.7	1.2	1.2	2.9	2.3	3.0	9.5	1.9	-1.0
Q2	121.1	2.2	1.7	1.1	0.4	1.2	2.0	1.9	2.0	5.9	1.6	.
2012 Feb.	121.0	3.7	3.0	1.7	1.1	1.2	2.9	2.4	3.0	9.9	-	-
Mar.	121.7	3.5	2.6	1.6	0.9	1.2	2.8	2.3	2.8	9.0	-	-
Apr.	121.7	2.6	2.0	1.3	0.6	1.2	2.2	2.0	2.3	6.7	-	-
May	121.2	2.3	1.8	1.1	0.5	1.3	1.9	1.9	1.9	6.3	-	-
June	120.5	1.8	1.1	0.9	0.1	1.1	1.8	1.9	1.9	4.7	-	-
July	121.0	1.8	1.3	0.9	0.0	1.0	2.0	1.9	2.1	4.8	-	-

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	2.0	2.6	2.7	2.7	2.3	2.4	3.9
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.4	-22.8	107.3	1.0	-0.1	-0.4	2.0	-0.3	-3.5	-6.3
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.2	0.8	1.5	1.7	0.7	0.9	3.1	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.5	1.2	2.0	2.5	1.0	2.0	3.6	5.7
2011 Q2	81.3	11.6	28.8	4.6	13.3	26.2	5.1	109.3	1.2	2.0	2.5	0.9	2.0	3.7	5.5
Q3	79.3	3.8	16.7	-1.6	4.9	11.6	0.3	109.6	1.2	2.0	2.4	1.1	2.1	3.1	5.2
Q4	80.7	-2.5	3.6	-5.2	-1.7	4.3	-6.0	109.9	1.3	2.0	2.5	1.3	2.0	2.7	4.6
2012 Q1	90.1	-5.8	-7.6	-4.9	-4.8	-3.7	-5.6	110.3	1.2	1.7	2.3	0.9	2.0	1.9	3.1
Q2	84.6	-1.1	-3.4	0.1	1.1	4.1	-1.2	110.7	1.3	1.7	2.0	0.9	1.6	1.5	2.4
2012 Mar.	94.2	-5.2	-8.1	-3.8	-3.6	-2.3	-4.6	-	-	-	-	-	-	-	-
Apr.	91.4	-3.8	-5.1	-3.1	-2.5	0.3	-4.5	-	-	-	-	-	-	-	-
May	86.0	-0.3	-2.9	1.1	2.4	5.3	0.2	-	-	-	-	-	-	-	-
June	76.4	0.8	-2.1	2.3	3.4	6.7	0.9	-	-	-	-	-	-	-	-
July	83.4	4.7	11.6	1.3	7.1	17.4	-0.5	-	-	-	-	-	-	-	-
Aug.	90.5	6.4	11.4	3.9	8.6	16.3	2.6	-	-	-	-	-	-	-	-

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

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

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

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]											
2010	109.2	-0.9	4.4	-7.9	2.3	-1.1	-0.7	0.5	2.8	0.9	0.9	1.7
2011	110.2	0.9	-1.7	-0.2	0.2	0.7	2.6	1.4	3.4	3.0	0.8	1.1
2011 Q2	110.1	0.9	-1.9	-0.5	1.7	0.5	2.6	3.4	3.6	2.9	0.6	1.5
Q3	110.1	1.2	-3.0	-0.1	0.0	1.6	3.1	0.7	1.6	3.0	1.1	1.1
Q4	110.8	1.4	-2.0	2.1	-1.7	1.3	3.5	-0.5	4.1	3.4	0.9	1.2
2012 Q1	111.2	1.5	-2.4	3.0	1.1	1.7	3.9	0.3	1.3	1.9	0.6	1.6
	Compensation per employee											
2010	111.6	1.7	2.4	3.7	1.2	1.7	2.7	2.1	3.4	0.5	1.0	1.3
2011	114.1	2.2	2.6	3.4	3.2	2.0	2.2	1.4	2.2	3.0	1.3	1.5
2011 Q2	114.0	2.2	2.2	4.1	2.7	1.7	1.9	2.5	2.5	2.9	1.1	1.4
Q3	114.2	2.3	2.5	3.3	2.8	2.2	2.6	1.8	2.0	3.3	1.5	1.5
Q4	114.8	2.2	2.3	2.5	3.6	2.1	2.4	0.1	2.1	3.5	1.7	2.4
2012 Q1	115.5	1.9	1.7	2.2	3.2	2.1	2.5	0.8	2.6	2.5	1.1	2.3
	Labour productivity per person employed [2]											
2010	102.2	2.6	-1.9	12.6	-1.1	2.8	3.4	1.6	0.6	-0.4	0.0	-0.4
2011	103.6	1.3	4.4	3.6	3.0	1.3	-0.3	0.0	-1.1	0.0	0.5	0.3
2011 Q2	103.5	1.3	4.2	4.6	1.0	1.1	-0.7	-0.8	-1.0	0.0	0.6	-0.1
Q3	103.8	1.1	5.7	3.4	2.8	0.5	-0.5	1.1	0.4	0.3	0.4	0.4
Q4	103.6	0.8	4.4	0.4	5.5	0.8	-1.0	0.5	-1.9	0.0	0.8	1.2
2012 Q1	103.8	0.4	4.1	-0.8	2.0	0.3	-1.3	0.5	1.3	0.5	0.5	0.7
	Compensation per hour worked											
2010	113.3	1.0	0.7	0.9	1.5	1.4	1.9	1.6	2.3	-0.2	0.7	1.3
2011	115.6	2.0	0.2	2.6	3.2	2.1	2.6	0.9	2.5	2.4	1.3	1.8
2011 Q2	115.8	2.5	1.5	3.5	3.3	2.2	3.2	2.3	3.6	2.9	1.5	2.2
Q3	115.7	2.2	0.4	2.9	2.8	2.0	2.6	1.2	2.0	2.6	1.8	2.0
Q4	116.6	2.1	0.6	2.6	4.1	2.0	2.8	-0.6	3.1	2.5	1.5	2.3
2012 Q1	116.8	2.1	4.4	2.1	4.2	2.3	2.6	1.2	5.4	2.6	0.7	2.7
	Hourly labour productivity [2]											
2010	104.1	2.0	-2.7	9.7	-1.1	2.4	2.8	1.0	-0.6	-0.9	-0.2	-0.2
2011	105.5	1.3	3.6	3.0	2.9	1.6	0.0	-0.4	-0.7	-0.3	0.5	0.6
2011 Q2	105.7	1.7	4.7	4.4	1.6	1.9	0.4	-1.0	0.3	0.1	0.9	0.6
Q3	105.6	1.1	5.8	3.2	2.5	0.6	-0.7	0.6	-0.1	-0.2	0.7	0.5
Q4	105.7	0.8	3.9	0.6	5.7	0.9	-0.7	0.2	-0.7	-0.6	0.6	1.0
2012 Q1	105.6	0.7	5.5	-0.8	3.0	0.7	-1.4	0.9	3.0	0.6	0.1	1.1

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
2010	104.3	1.5	1.4	1.8	1.0	1.8	1.8	1.7
2011	107.2	2.8	2.6	3.4	3.2	2.5	2.6	2.0
2011 Q3	107.2	2.6	2.4	3.0	2.7	2.4	2.5	2.1
Q4	108.0	2.8	2.6	3.5	3.3	2.9	2.6	2.0
2012 Q1	108.3	2.0	1.9	2.0	2.5	1.9	1.8	2.0
Q2	.	.	.	.	.	.	.	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)								
2008	9,244.5	9,157.3	5,209.0	1,898.2	1,988.3	61.7	87.2	3,885.8	3,798.6
2009	8,923.5	8,806.3	5,138.3	1,987.1	1,728.8	-47.9	117.2	3,286.4	3,169.2
2010	9,181.0	9,057.8	5,277.0	2,017.3	1,742.0	21.4	123.2	3,767.0	3,643.8
2011	9,425.3	9,286.7	5,414.7	2,033.1	1,802.9	36.1	138.6	4,142.5	4,003.9
2011 Q2	2,355.4	2,328.0	1,349.2	508.3	450.6	20.0	27.4	1,027.1	999.6
Q3	2,363.5	2,325.6	1,357.7	508.2	450.8	8.9	37.8	1,046.3	1,008.5
Q4	2,361.1	2,314.5	1,359.5	509.6	450.1	-4.8	46.7	1,047.4	1,000.7
2012 Q1	2,368.7	2,319.2	1,364.7	512.3	447.8	-5.6	49.5	1,062.5	1,013.0
Q2	2,374.7	2,318.6	1,365.4	513.2	443.9	-3.9	56.1	1,077.4	1,021.3
	percentage of GDP								
2011	100.0	98.5	57.4	21.6	19.1	0.4	1.5	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2011 Q2	0.2	0.1	-0.4	0.0	-0.2	-	-	0.6	0.2
Q3	0.1	-0.4	0.2	-0.2	-0.4	-	-	1.5	0.5
Q4	-0.3	-0.9	-0.5	0.0	-0.5	-	-	-0.2	-1.4
2012 Q1	0.0	-0.4	-0.2	0.2	-1.3	-	-	0.7	-0.2
Q2	-0.2	-0.4	-0.2	0.1	-0.8	-	-	1.3	0.9
	annual percentage changes								
2008	0.4	0.3	0.4	2.3	-1.1	-	-	1.1	1.0
2009	-4.4	-3.8	-1.0	2.6	-12.8	-	-	-12.4	-11.0
2010	2.0	1.3	1.0	0.8	-0.1	-	-	11.1	9.5
2011	1.4	0.5	0.1	-0.2	1.4	-	-	6.1	4.0
2011 Q2	1.6	0.9	0.3	0.0	1.3	-	-	6.1	4.5
Q3	1.3	0.4	0.2	-0.4	0.7	-	-	5.7	3.5
Q4	0.6	-0.7	-0.8	-0.3	0.8	-	-	3.4	0.4
2012 Q1	0.0	-1.6	-1.0	0.0	-2.4	-	-	2.6	-0.9
Q2	-0.5	-2.1	-0.7	0.1	-3.0	-	-	3.4	-0.3
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2011 Q2	0.2	0.1	-0.2	0.0	0.0	0.4	0.2	-	-
Q3	0.1	-0.4	0.1	0.0	-0.1	-0.3	0.4	-	-
Q4	-0.3	-0.9	-0.3	0.0	-0.1	-0.5	0.5	-	-
2012 Q1	0.0	-0.4	-0.1	0.0	-0.3	-0.1	0.4	-	-
Q2	-0.2	-0.4	-0.1	0.0	-0.2	-0.2	0.2	-	-
	contributions to annual percentage changes in GDP; percentage points								
2008	0.4	0.3	0.2	0.5	-0.2	-0.2	0.1	-	-
2009	-4.4	-3.7	-0.6	0.5	-2.8	-0.9	-0.7	-	-
2010	2.0	1.3	0.6	0.2	0.0	0.6	0.7	-	-
2011	1.4	0.5	0.1	0.0	0.3	0.2	0.9	-	-
2011 Q2	1.6	0.9	0.1	0.0	0.2	0.5	0.7	-	-
Q3	1.3	0.3	0.1	-0.1	0.1	0.2	0.9	-	-
Q4	0.6	-0.7	-0.5	-0.1	0.2	-0.3	1.3	-	-
2012 Q1	0.0	-1.6	-0.6	0.0	-0.5	-0.6	1.5	-	-
Q2	-0.5	-2.0	-0.4	0.0	-0.6	-1.1	1.6	-	-

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)											
2008	8,299.3	142.2	1,651.8	561.6	1,595.9	356.8	385.4	931.0	860.1	1,521.8	292.6	945.2
2009	8,030.0	124.5	1,469.1	534.1	1,540.2	360.9	415.4	903.3	803.1	1,582.2	297.2	893.5
2010	8,239.9	136.9	1,579.6	507.5	1,581.4	362.2	426.6	917.8	814.2	1,611.6	302.2	941.1
2011	8,451.7	142.6	1,649.3	511.7	1,634.8	360.1	424.5	947.0	841.4	1,633.6	306.8	973.6
2011 Q2	2,110.7	35.9	412.8	127.6	406.9	89.9	105.8	236.8	210.2	408.7	76.1	244.8
Q3	2,118.6	35.2	414.1	127.4	410.2	90.1	106.6	237.9	211.0	409.1	76.8	244.9
Q4	2,118.9	35.6	410.0	128.1	411.8	89.7	106.1	238.7	211.9	409.4	77.5	242.2
2012 Q1	2,124.8	36.7	410.6	127.0	411.4	89.6	107.0	238.9	213.1	412.4	78.1	243.9
Q2	2,129.9	37.0	412.8	126.9	411.2	89.2	106.3	240.6	213.3	414.9	77.8	244.8
	percentage of value added											
2011	100.0	1.7	19.5	6.1	19.3	4.3	5.0	11.2	10.0	19.3	3.6	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2011 Q2	0.2	0.7	0.3	-1.1	0.2	0.0	-0.2	0.7	0.7	0.4	-0.4	0.3
Q3	0.1	0.7	0.0	-0.7	0.1	0.3	0.5	0.1	0.1	0.2	0.6	-0.2
Q4	-0.3	-0.1	-1.6	-0.1	-0.2	0.1	-0.1	0.3	-0.1	0.2	0.3	-0.9
2012 Q1	0.0	1.7	0.1	-1.0	0.0	-0.1	0.1	0.2	0.0	-0.3	0.3	0.1
Q2	-0.1	-0.4	-0.3	-0.7	-0.4	-0.1	0.6	0.1	-0.4	0.4	-0.7	-0.7
	annual percentage changes											
2008	0.6	2.0	-2.3	-1.1	0.9	2.7	1.3	1.2	1.6	2.0	1.8	-1.3
2009	-4.5	0.7	-13.1	-7.5	-4.7	1.7	0.8	0.4	-7.6	1.2	-0.4	-4.2
2010	2.1	-3.1	9.1	-4.9	2.1	2.2	0.5	-0.4	1.5	1.0	0.4	1.0
2011	1.5	2.0	3.5	-1.0	1.8	1.1	-0.1	1.2	2.6	0.6	0.1	0.4
2011 Q2	1.7	1.9	4.5	-2.1	2.1	1.2	-1.1	1.3	3.1	0.6	-0.7	0.6
Q3	1.5	3.5	3.6	-1.5	1.3	1.0	1.1	1.1	2.2	0.6	0.2	-0.4
Q4	0.8	1.7	0.4	0.3	0.9	0.5	0.6	1.2	1.9	0.7	0.5	-1.3
2012 Q1	0.0	3.0	-1.2	-2.9	0.1	0.2	0.2	1.4	0.6	0.4	0.8	-0.7
Q2	-0.3	1.9	-1.7	-2.5	-0.5	0.2	1.1	0.8	-0.4	0.5	0.6	-1.6
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2011 Q2	0.2	0.0	0.1	-0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.0	-
Q3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	-0.3	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
2012 Q1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-
Q2	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.1	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2008	0.6	0.0	-0.5	-0.1	0.2	0.1	0.1	0.1	0.2	0.4	0.1	-
2009	-4.5	0.0	-2.6	-0.5	-0.9	0.1	0.0	0.0	-0.8	0.2	0.0	-
2010	2.1	0.0	1.7	-0.3	0.4	0.1	0.0	0.0	0.2	0.2	0.0	-
2011	1.5	0.0	0.7	-0.1	0.4	0.0	0.0	0.1	0.3	0.1	0.0	-
2011 Q2	1.7	0.0	0.9	-0.1	0.4	0.1	-0.1	0.1	0.3	0.1	0.0	-
Q3	1.5	0.1	0.7	-0.1	0.3	0.0	0.1	0.1	0.2	0.1	0.0	-
Q4	0.8	0.0	0.1	0.0	0.2	0.0	0.0	0.1	0.2	0.1	0.0	-
2012 Q1	0.0	0.1	-0.2	-0.2	0.0	0.0	0.0	0.2	0.1	0.1	0.0	-
Q2	-0.3	0.0	-0.3	-0.2	-0.1	0.0	0.1	0.1	0.0	0.1	0.0	-

Sources: Eurostat and ECB calculations.

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

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2005	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2009	-13.7	90.5	-14.9	-15.9	-16.1	-19.2	-20.9	-5.0	-17.4	-3.0	-5.4	-8.0
2010	4.1	97.1	7.3	7.7	7.7	10.0	9.2	3.0	2.7	3.1	3.8	-8.0
2011	2.4	100.5	3.4	4.6	4.6	4.1	8.8	0.5	0.7	0.5	-4.4	-0.9
2011 Q3	3.5	101.4	3.8	4.6	4.6	3.6	9.6	0.5	2.2	0.3	-2.6	1.9
Q4	0.0	99.4	-0.2	0.9	1.0	-0.3	3.8	-0.7	-2.9	-0.3	-7.7	2.1
2012 Q1	-2.5	98.8	-1.8	-1.4	-1.4	-3.1	1.7	-3.0	-5.1	-2.7	-3.5	-6.4
Q2	-3.2	98.3	-2.5	-2.8	-2.8	-4.0	-1.3	-2.9	-5.3	-2.6	0.7	-5.8
2012 Jan.	-1.9	98.5	-1.8	-0.8	-0.8	-1.9	1.6	-2.1	-3.1	-1.9	-7.3	-2.0
Feb.	-3.6	99.1	-1.8	-2.6	-2.6	-4.6	1.0	-4.7	-5.7	-4.5	3.8	-14.9
Mar.	-2.0	99.0	-1.7	-1.0	-0.9	-2.7	2.5	-2.4	-6.1	-1.9	-6.3	-2.8
Apr.	-3.3	97.9	-2.6	-3.3	-3.4	-4.5	-1.0	-4.2	-6.9	-3.8	2.6	-6.0
May	-3.9	98.8	-2.6	-2.9	-3.0	-3.8	-1.8	-2.6	-6.5	-2.1	-0.6	-8.0
June	-2.7	98.1	-2.2	-2.4	-2.2	-3.7	-1.1	-1.9	-2.6	-1.8	0.0	-3.0
	month-on-month percentage changes (s.a.)											
2012 Jan.	-0.2	-	-0.2	-0.4	-0.5	0.6	-1.0	-0.8	0.0	-0.6	0.8	-0.6
Feb.	-0.9	-	0.7	-0.5	-0.5	-1.3	0.8	-1.3	-1.5	-1.2	8.0	-9.4
Mar.	0.9	-	-0.1	1.1	1.1	1.0	1.2	1.4	0.0	1.6	-8.4	10.9
Apr.	-1.1	-	-1.1	-2.0	-1.9	-1.3	-2.9	-1.1	-0.9	-1.7	5.6	-3.4
May	0.1	-	0.9	1.2	0.9	0.6	1.2	1.3	0.3	2.0	-1.6	0.0
June	-0.7	-	-0.7	-0.7	-0.9	-0.6	-1.4	-0.4	0.3	-0.6	0.2	-0.8

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

	Industrial new orders [1]		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing [2] (current prices)		Manufacturing (current prices)		Current prices	Constant prices								
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Fuel	Total (s.a.; thousands) [3]	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
2009	87.4	-22.8	95.6	-18.3	-4.3	100.5	-2.4	-1.7	-2.4	-1.9	-4.3	-5.8	924	3.3
2010	102.8	17.7	105.2	10.2	2.1	101.5	0.9	0.5	1.8	2.2	1.1	-2.8	843	-8.5
2011	111.6	8.6	114.7	8.9	1.6	100.9	-0.6	-1.0	0.1	-1.3	0.0	-3.6	838	-1.1
2011 Q3	110.9	5.4	115.7	8.8	1.8	101.3	-0.5	-0.8	0.1	-2.2	0.0	-4.6	822	2.9
Q4	108.6	-0.6	114.6	4.0	1.0	100.0	-1.3	-1.7	-0.8	-4.1	-0.3	-4.3	830	-1.7
2012 Q1	108.2	-3.9	115.1	1.1	1.2	100.2	-1.0	-1.0	-0.5	-0.9	-2.0	-5.6	775	-11.4
Q2	.	.	113.9	-0.7	0.1	99.6	-1.7	-1.6	-1.4	-5.6	-1.7	-5.2	771	-6.7
2012 Mar.	109.2	-2.9	115.4	1.2	2.2	100.2	-0.1	-0.7	0.8	2.7	-0.4	-5.6	800	-7.2
Apr.	.	.	114.1	-1.0	-1.7	98.9	-3.5	-3.4	-3.0	-12.0	-2.4	-7.3	764	-7.7
May	.	.	114.4	-0.9	1.1	99.8	-0.7	-0.1	-0.4	-1.5	-1.4	-5.1	771	-6.6
June	.	.	113.1	-0.3	0.8	99.9	-0.9	-1.2	-0.8	-2.9	-1.4	-3.2	777	-6.1
July	.	.	.	.	-0.3	99.7	-1.7	-1.7	-1.0	.	.	-6.5	.	.
	month-on-month percentage changes (s.a.)													
2012 Mar.	-	1.3	-	0.3	0.5	-	0.1	-0.4	0.7	4.6	0.8	-0.4	-	4.6
Apr.	-	.	-	-1.2	-1.4	-	-1.3	-0.3	-1.8	-8.9	-0.3	-1.7	-	-4.5
May	-	.	-	0.2	1.0	-	0.9	0.6	1.4	6.8	-0.3	1.8	-	1.0
June	-	.	-	-1.1	0.1	-	0.1	0.0	-0.4	-1.0	0.8	2.0	-	0.7
July	-	.	-	.	-0.2	-	-0.2	-0.9	0.9	.	.	-1.7	-	.

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) Following the amendment of the Regulation concerning short-term statistics (see the General Notes), euro area industrial new order statistics have been discontinued; the last release by Eurostat was for March 2012.

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

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

5.2 Output and demand

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

5. Business 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	93.5	-8.4	-13.4	10.8	-1.0	82.0	-18.4	-10.1	-25.4	23.9	-14.1
2009	80.2	-28.7	-56.7	14.8	-14.7	70.8	-24.8	-7.0	-26.1	55.3	-10.7
2010	100.5	-4.7	-24.6	0.8	11.1	76.8	-14.2	-5.3	-12.3	31.2	-8.1
2011	101.0	0.1	-6.9	2.3	9.3	80.4	-14.5	-7.5	-18.2	23.3	-9.2
2011 Q2	105.2	4.0	-1.9	-0.7	13.1	81.0	-10.7	-6.7	-12.6	15.2	-8.3
Q3	98.4	-2.8	-9.0	4.5	5.2	80.1	-15.9	-7.4	-21.8	24.1	-10.1
Q4	93.6	-7.0	-14.6	7.0	0.6	79.8	-20.6	-9.7	-28.4	33.8	-10.8
2012 Q1	94.1	-6.6	-15.8	6.2	2.1	79.8	-20.0	-10.1	-24.2	34.7	-11.2
Q2	91.1	-11.1	-22.9	6.8	-3.5	78.8	-19.7	-10.4	-24.4	32.6	-11.2
2012 Mar.	94.4	-7.1	-16.8	6.1	1.4	-	-19.1	-9.4	-21.0	34.7	-11.3
Apr.	92.8	-9.0	-19.3	6.1	-1.6	79.7	-19.9	-10.5	-24.0	33.5	-11.7
May	90.5	-11.4	-23.7	7.2	-3.5	-	-19.3	-10.8	-23.7	30.8	-11.8
June	89.9	-12.8	-25.8	7.1	-5.5	-	-19.8	-10.0	-25.6	33.4	-10.2
July	87.9	-15.1	-28.3	9.2	-7.6	77.8	-21.5	-10.3	-27.9	36.5	-11.2
Aug.	86.1	-15.4	-29.4	8.1	-8.6	-	-24.6	-11.8	-31.0	43.0	-12.7

	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	-14.2	-20.7	-7.7	-10.0	-11.0	15.8	-3.3	0.4	-3.8	0.5	4.7
2009	-33.1	-42.1	-24.1	-15.5	-21.4	9.8	-15.4	-15.8	-20.8	-18.2	-8.5
2010	-28.8	-39.3	-18.4	-4.1	-6.6	7.2	1.6	4.5	1.9	3.5	8.0
2011	-27.4	-34.9	-20.0	-5.5	-5.8	11.1	0.5	5.4	2.2	5.4	8.6
2011 Q2	-26.9	-33.8	-20.0	-2.4	-1.6	9.7	4.1	9.5	7.1	9.7	11.6
Q3	-27.7	-35.0	-20.4	-7.5	-7.3	12.8	-2.3	3.5	0.3	3.7	6.5
Q4	-27.4	-32.5	-22.3	-11.1	-13.6	14.0	-5.7	-1.6	-6.4	-1.7	3.3
2012 Q1	-26.5	-31.7	-21.2	-13.8	-14.7	16.2	-10.6	-0.6	-6.6	-0.4	5.1
Q2	-28.6	-33.4	-23.7	-14.5	-18.5	14.7	-10.5	-5.0	-11.0	-4.8	0.9
2012 Mar.	-26.7	-30.6	-22.8	-12.0	-11.6	15.5	-8.9	-0.3	-5.5	-0.6	5.2
Apr.	-27.5	-30.9	-24.0	-11.1	-11.8	12.9	-8.5	-2.4	-8.1	-2.3	3.2
May	-30.2	-35.0	-25.4	-18.1	-24.4	16.9	-13.1	-5.2	-11.1	-4.5	0.2
June	-28.1	-34.3	-21.8	-14.4	-19.2	14.2	-9.8	-7.4	-13.9	-7.6	-0.7
July	-28.5	-35.1	-21.8	-15.0	-18.9	14.1	-11.8	-8.5	-13.7	-9.1	-2.8
Aug.	-33.1	-38.7	-27.5	-17.3	-23.0	14.2	-14.8	-10.8	-16.5	-11.4	-4.4

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

1) Difference between the percentages of respondents giving positive and negative replies.

2) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period since 1990.

3) Data are collected in January, April, July and October each year. The quarterly figures shown are averages of two successive surveys. Annual data are derived from quarterly averages.

4) The confidence indicators are calculated as simple averages of the components shown; the assessments of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.

5.3 Labour markets [1]
(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

	Total	By employment status: Employees	By employment status: Self-employed	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	13
Persons employed													
levels (thousands)													
2011	146,746	125,741	21,005	5,039	23,053	9,929	36,043	4,018	4,070	1,290	18,145	34,435	10,723
percentage of total persons employed													
2011	100.0	85.7	14.3	3.4	15.7	6.8	24.6	2.7	2.8	0.9	12.4	23.5	7.3
annual percentage changes													
2009	-1.8	-1.8	-1.8	-2.2	-5.1	-6.6	-1.6	-0.7	0.3	-4.0	-2.5	1.2	1.0
2010	-0.6	-0.5	-0.8	-1.2	-3.1	-3.8	-0.7	-1.2	-1.0	-1.0	2.0	1.0	0.8
2011	0.1	0.3	-1.1	-2.4	-0.1	-3.9	0.5	1.4	-0.1	2.3	2.5	0.1	-0.2
2011 Q2	0.3	0.6	-1.0	-2.2	-0.2	-3.1	1.0	1.9	-0.3	2.4	3.1	0.1	-0.6
Q3	0.2	0.4	-1.3	-2.0	0.2	-4.2	0.8	1.5	0.0	0.7	2.0	0.2	-0.2
Q4	-0.2	0.0	-1.3	-2.5	0.0	-4.9	0.0	1.5	0.1	3.2	1.8	0.0	-0.6
2012 Q1	-0.4	-0.3	-1.0	-1.0	-0.4	-4.8	-0.2	1.6	-0.3	0.1	0.1	0.0	0.1
quarter-on-quarter percentage changes													
2011 Q2	0.2	0.3	-0.6	0.6	0.0	-0.5	0.6	0.7	-0.2	-0.3	0.8	-0.1	-0.6
Q3	-0.2	-0.1	-0.5	-0.5	0.1	-1.6	-0.1	-0.5	0.1	-0.8	-0.3	0.1	0.0
Q4	-0.2	-0.2	-0.2	-0.7	-0.3	-1.5	-0.5	0.3	0.0	2.0	0.3	-0.1	0.1
2012 Q1	-0.2	-0.3	0.3	-0.3	-0.2	-1.3	-0.2	1.0	-0.2	-0.8	-0.7	0.0	0.6
Hours worked													
levels (millions)													
2011	232,648	187,478	45,170	10,553	36,690	17,682	60,661	6,452	6,470	1,992	27,835	49,175	15,139
percentage of total hours worked													
2011	100.0	80.6	19.4	4.5	15.8	7.6	26.1	2.8	2.8	0.9	12.0	21.1	6.5
annual percentage changes													
2009	-3.4	-3.6	-2.7	-3.1	-9.0	-7.6	-2.9	-1.2	-1.2	-4.3	-3.7	0.9	-0.5
2010	0.1	0.1	-0.3	-0.4	-0.6	-3.8	-0.3	-0.6	-0.4	0.2	2.5	1.2	0.6
2011	0.1	0.5	-1.3	-1.6	0.5	-3.7	0.2	1.1	0.4	1.9	2.9	0.1	-0.5
2011 Q2	-0.1	0.3	-1.7	-2.7	0.1	-3.6	0.2	0.8	-0.1	1.0	3.0	-0.2	-1.3
Q3	0.2	0.5	-1.4	-2.1	0.4	-3.9	0.8	1.7	0.5	1.1	2.4	-0.1	-0.3
Q4	-0.2	0.1	-1.4	-2.1	-0.2	-5.1	0.0	1.3	0.4	1.9	2.5	0.2	-0.5
2012 Q1	-0.7	-0.5	-1.4	-2.3	-0.3	-5.7	-0.6	1.6	-0.6	-1.5	0.0	0.3	-0.2
quarter-on-quarter percentage changes													
2011 Q2	-0.5	-0.3	-1.1	-1.2	-0.6	-1.5	0.0	-0.1	-0.8	-1.1	0.1	-0.4	-1.6
Q3	0.1	0.2	0.0	-0.4	0.5	-1.0	0.3	0.2	0.3	0.6	0.0	0.1	0.7
Q4	-0.5	-0.5	-0.3	-0.4	-0.6	-2.5	-0.8	-0.2	-0.4	0.8	0.4	0.1	0.0
2012 Q1	0.1	0.1	0.0	-0.3	0.5	-0.8	-0.1	1.7	0.2	-1.8	-0.5	0.6	0.6
Hours worked per person employed													
levels (thousands)													
2011	1,585	1,491	2,150	2,094	1,592	1,781	1,683	1,606	1,590	1,544	1,534	1,428	1,412
annual percentage changes													
2009	-1.6	-1.8	-0.9	-0.9	-4.2	-1.1	-1.3	-0.5	-1.4	-0.3	-1.2	-0.3	-1.5
2010	0.6	0.7	0.5	0.8	2.6	0.1	0.4	0.6	0.6	1.2	0.5	0.2	-0.2
2011	0.0	0.2	-0.3	0.8	0.6	0.2	-0.3	-0.3	0.4	-0.4	0.3	0.0	-0.3
2011 Q2	-0.4	-0.3	-0.7	-0.5	0.2	-0.6	-0.8	-1.1	0.2	-1.4	-0.1	-0.3	-0.7
Q3	0.0	0.1	-0.1	-0.1	0.1	0.2	0.0	0.2	0.5	0.5	0.4	-0.3	-0.1
Q4	0.0	0.1	-0.2	0.4	-0.2	-0.2	-0.1	-0.2	0.3	-1.2	0.6	0.2	0.2
2012 Q1	-0.3	-0.2	-0.4	-1.3	0.1	-0.9	-0.4	0.0	-0.4	-1.7	-0.1	0.3	-0.3
quarter-on-quarter percentage changes													
2011 Q2	-2.3	-3.2	1.6	3.7	-2.9	0.5	-1.9	-4.7	-4.1	-3.7	-3.6	-3.9	-1.4
Q3	-1.1	-0.9	-1.6	-0.4	-1.7	-0.6	-1.3	0.7	-0.8	1.4	-1.6	-1.0	-0.5
Q4	2.8	3.2	1.1	-2.0	3.8	-0.3	2.7	2.7	3.0	1.0	5.5	3.3	2.3
2012 Q1	1.0	1.3	-0.9	-2.3	1.3	-0.1	1.0	1.9	2.4	0.3	0.1	2.4	0.4

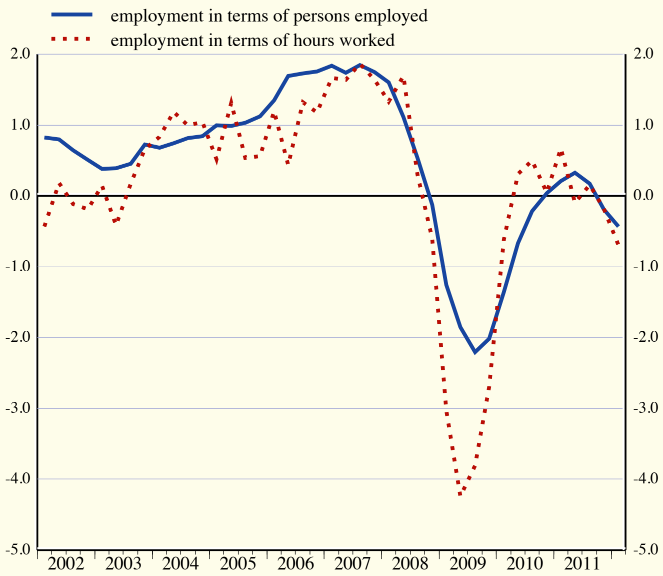
Source: ECB calculations based on Eurostat data.
1) Data for employment are based on the ESA 95.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

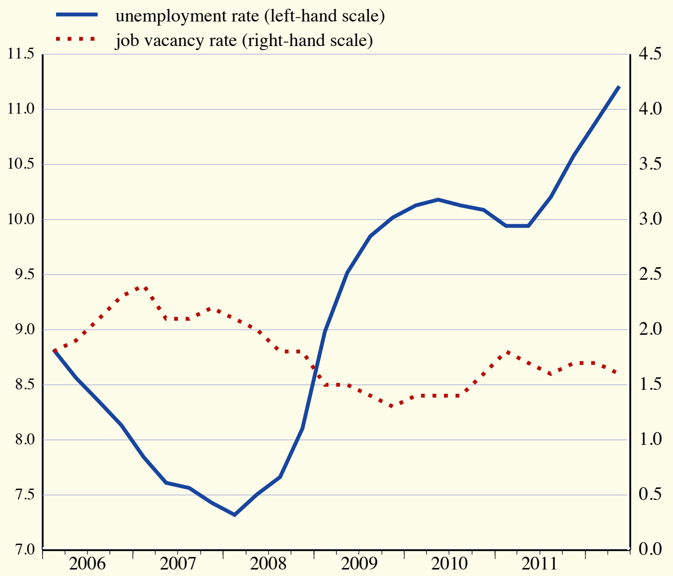
2. Unemployment and job vacancies [1)]

	Unemployment: Total: Millions	Unemployment: Total: % of labour force	By age [3)]: Adult: Millions	By age: Adult: % of labour force	By age: Youth: Millions	By age: Youth: % of labour force	By gender [4)]: Male: Millions	By gender: Male: % of labour force	By gender: Female: Millions	By gender: Female: % of labour force	Job vacancy rate [2)]: % 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
2008	11.965	7.6	9.290	6.6	2.675	16.0	6.043	7.0	5.922	8.5	1.9
2009	15.047	9.6	11.765	8.4	3.282	20.3	8.142	9.4	6.905	9.8	1.4
2010	15.923	10.1	12.655	8.9	3.268	20.9	8.593	10.0	7.331	10.3	1.5
2011	16.038	10.2	12.836	9.0	3.202	20.8	8.546	9.9	7.492	10.5	1.7
2011 Q2	15.672	9.9	12.529	8.8	3.144	20.5	8.351	9.7	7.321	10.2	1.7
Q3	16.110	10.2	12.914	9.1	3.196	20.8	8.554	9.9	7.557	10.5	1.6
Q4	16.739	10.6	13.438	9.4	3.301	21.6	8.947	10.4	7.792	10.8	1.7
2012 Q1	17.242	10.9	13.874	9.7	3.368	22.2	9.230	10.7	8.011	11.1	1.7
Q2	17.784	11.2	14.384	10.0	3.400	22.5	9.612	11.1	8.172	11.3	1.6
2012 Feb.	17.222	10.9	13.862	9.7	3.360	22.1	9.208	10.7	8.014	11.1	-
Mar.	17.441	11.0	14.045	9.8	3.396	22.4	9.359	10.9	8.081	11.2	-
Apr.	17.644	11.1	14.240	9.9	3.403	22.5	9.517	11.0	8.126	11.3	-
May	17.794	11.2	14.381	10.0	3.413	22.6	9.623	11.1	8.171	11.3	-
June	17.914	11.3	14.530	10.1	3.383	22.5	9.696	11.2	8.218	11.4	-
July	18.002	11.3	14.614	10.2	3.388	22.6	9.745	11.3	8.257	11.4	-

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
2003	44.9	44.2	11.5	8.8	2.7	13.2	0.4	15.7	8.2	4.6	2.3	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	45.0	12.3	8.7	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.3	0.3	41.3
2007	45.3	45.1	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3
2008	45.1	44.8	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.5	2.3	0.2	0.3	40.9
2009	44.9	44.5	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.6
2010	44.7	44.5	11.6	8.9	2.5	12.9	0.3	15.6	8.2	4.5	2.6	0.3	0.3	40.4
2011	45.3	45.0	11.9	9.1	2.7	13.0	0.3	15.7	8.2	4.6	2.6	0.3	0.3	40.9

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
2003	48.0	44.1	10.6	5.0	3.3	25.2	22.3	1.8	0.5	4.0	2.6	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	51.3	47.0	11.0	5.7	2.9	27.4	24.3	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.8	5.7	2.8	27.3	24.2	1.8	0.4	4.4	2.5	1.9	0.0	48.2
2011	49.4	46.0	10.6	5.5	3.0	26.9	23.9	1.7	0.4	3.4	2.3	1.2	0.0	46.4

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
2003	-3.2	-2.5	-0.5	-0.2	0.1	0.2	20.5	10.6	5.0	5.2	1.9	2.3	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	-2.6	-2.3	-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	0.0	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	22.3	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	5.7	5.8	2.1	2.6	8.4	13.6
2011	-4.1	-3.2	-0.7	-0.2	0.0	-1.1	21.5	10.6	5.5	5.8	2.1	2.6	8.2	13.3

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2008	-1.0	-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	-5.6	-3.2	-2.0	-14.0	-15.6	-11.2	-7.5	-5.4	-6.1	-0.8	-3.8	-5.6	-4.1	-10.2	-6.1	-8.0	-2.5
2010	-3.8	-4.3	0.2	-31.2	-10.3	-9.3	-7.1	-4.6	-5.3	-0.9	-3.7	-5.1	-4.5	-9.8	-6.0	-7.7	-2.5
2011	-3.7	-1.0	1.0	-13.1	-9.1	-8.5	-5.2	-3.9	-6.3	-0.6	-2.7	-4.7	-2.6	-4.2	-6.4	-4.8	-0.5

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
2002	68.0	2.7	11.9	4.6	48.8	40.9	19.6	10.8	10.5	27.2
2003	69.2	2.1	12.5	5.1	49.6	40.1	19.8	11.3	9.1	29.1
2004	69.6	2.2	12.1	4.8	50.5	38.7	18.9	11.1	8.7	30.9
2005	70.5	2.4	12.2	4.5	51.3	37.0	18.1	11.2	7.7	33.5
2006	68.6	2.5	11.9	4.0	50.3	34.9	18.3	9.3	7.3	33.8
2007	66.3	2.2	11.3	3.9	48.9	32.6	17.1	8.5	7.0	33.7
2008	70.1	2.3	11.5	6.5	49.8	33.0	17.7	7.8	7.5	37.1
2009	79.9	2.5	12.6	8.3	56.5	37.2	20.7	8.9	7.6	42.7
2010	85.3	2.4	15.3	7.4	60.2	40.5	23.4	9.7	7.3	44.9
2011	87.3	2.4	15.4	7.4	62.1	42.5	23.8	10.5	8.3	44.7

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
2002	68.0	56.3	6.2	4.7	0.8	7.6	60.4	5.3	15.5	25.3	27.2	66.9	1.1
2003	69.2	56.7	6.5	5.0	1.0	7.8	61.4	5.1	14.9	26.0	28.3	68.3	0.9
2004	69.6	56.6	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.6	1.0
2005	70.5	57.1	6.7	5.2	1.4	7.7	62.8	4.6	14.8	25.8	29.9	69.4	1.1
2006	68.6	55.4	6.5	5.4	1.4	7.3	61.3	4.4	14.3	24.2	30.1	67.9	0.7
2007	66.3	53.4	6.2	5.3	1.4	7.1	59.2	4.3	14.5	23.6	28.2	65.8	0.5
2008	70.1	56.9	6.6	5.3	1.3	10.0	60.1	5.0	17.6	23.4	29.1	69.2	0.9
2009	79.9	64.8	7.7	5.8	1.7	12.0	67.9	5.0	19.4	27.3	33.1	78.8	1.1
2010	85.3	69.3	8.3	5.8	1.9	12.9	72.4	5.2	22.6	28.6	34.2	84.1	1.3
2011	87.3	70.7	8.5	5.8	2.2	12.5	74.8	6.2	22.6	29.4	35.3	85.7	1.6

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
2008	89.3	66.7	4.5	44.2	113.0	40.2	68.2	105.7	48.9	13.7	62.3	58.5	63.8	71.6	21.9	27.9	33.9
2009	95.8	74.4	7.2	65.1	129.4	53.9	79.2	116.0	58.5	14.8	68.1	60.8	69.5	83.1	35.3	35.6	43.5
2010	96.0	83.0	6.7	92.5	145.0	61.2	82.3	118.6	61.5	19.1	69.4	62.9	71.9	93.3	38.8	41.1	48.4
2011	98.0	81.2	6.0	108.2	165.3	68.5	85.8	120.1	71.6	18.2	72.0	65.2	72.2	107.8	47.6	43.3	48.6

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
2003	3.1	3.3	-0.2	0.0	-0.6	1.0	0.6	2.1	0.5	0.8	0.8	2.7
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	-0.1	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	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.5	-0.3	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.1	1.1	-0.6	4.2
2009	7.2	7.4	-0.2	0.0	0.1	0.7	1.6	4.9	3.0	2.3	0.9	4.3
2010	7.5	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.2	3.3	1.0	3.3
2011	4.2	4.0	0.2	0.0	0.0	0.5	0.2	3.5	3.2	1.0	1.0	1.1

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [7]	Deficit-debt adjustment [8]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [9]
				Total	Currency and deposits	Loans	Securities [10]	Shares and other equity				Exchange rate effects		
									Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	3.1	-3.2	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	0.3	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.6	0.8	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	0.0
2006	1.6	-1.4	0.2	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.0	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	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.5	-6.2	1.3	1.8	0.0	0.5	1.1	0.1	0.0	0.1	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.1	-0.3	0.2	-0.2	-0.2	0.0	-0.1	0.2	0.2	0.0	0.0	0.2

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
2006 Q1	42.5	42.0	10.4	12.8	15.1	2.1	0.8	0.4	0.3	38.6
Q2	45.6	45.1	12.5	13.1	15.1	2.2	1.4	0.5	0.3	41.0
Q3	43.6	43.1	11.8	12.4	15.1	2.3	0.8	0.5	0.3	39.5
Q4	49.1	48.5	14.4	14.1	15.8	2.5	0.9	0.6	0.3	44.5
2007 Q1	42.1	41.8	10.4	12.8	14.8	2.1	0.9	0.4	0.3	38.3
Q2	45.9	45.4	13.0	13.1	15.0	2.2	1.4	0.4	0.3	41.3
Q3	43.6	43.1	12.3	12.3	14.7	2.3	0.7	0.5	0.3	39.6
Q4	49.3	48.7	14.8	13.8	15.7	2.6	1.0	0.6	0.3	44.6
2008 Q1	42.3	42.0	10.8	12.3	14.8	2.1	1.1	0.3	0.2	38.2
Q2	45.2	44.9	12.9	12.4	15.1	2.2	1.5	0.4	0.3	40.6
Q3	43.4	43.0	12.2	12.0	15.0	2.3	0.8	0.4	0.3	39.5
Q4	48.9	48.4	13.9	13.4	16.4	2.7	1.1	0.5	0.3	44.0
2009 Q1	42.3	42.2	10.4	12.0	15.6	2.3	1.1	0.1	0.2	38.2
Q2	45.3	44.7	11.8	12.5	15.7	2.4	1.4	0.6	0.5	40.5
Q3	42.8	42.5	11.0	11.9	15.5	2.5	0.7	0.3	0.3	38.7
Q4	48.7	47.9	13.0	13.6	16.4	2.8	1.0	0.8	0.5	43.5
2010 Q1	42.1	41.9	10.1	12.2	15.5	2.3	0.9	0.2	0.3	38.1
Q2	45.1	44.7	11.9	12.8	15.4	2.5	1.3	0.4	0.3	40.4
Q3	42.9	42.6	10.9	12.4	15.2	2.5	0.7	0.3	0.3	38.8
Q4	48.5	47.8	13.2	13.4	16.4	2.9	1.0	0.7	0.3	43.3
2011 Q1	42.8	42.6	10.6	12.4	15.3	2.4	1.0	0.3	0.3	38.7
Q2	45.1	44.8	12.0	12.6	15.4	2.5	1.4	0.3	0.3	40.3
Q3	43.7	43.4	11.4	12.5	15.3	2.6	0.8	0.3	0.3	39.6
Q4	49.3	48.3	13.3	13.4	16.7	2.9	1.0	1.0	0.4	43.8
2012 Q1	43.0	42.8	10.9	12.4	15.3	2.4	0.9	0.2	0.2	38.9

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
2006 Q1	45.8	42.3	10.1	4.3	3.0	25.0	21.4	1.1	3.4	2.2	1.3	-3.3	-0.3
Q2	45.7	42.3	10.4	4.7	3.1	24.1	21.1	1.1	3.4	2.5	1.0	-0.1	3.0
Q3	45.4	41.8	9.8	4.8	2.9	24.2	20.9	1.2	3.6	2.6	1.0	-1.8	1.2
Q4	49.6	44.7	10.8	6.1	2.7	25.0	21.3	1.3	4.9	2.7	2.2	-0.4	2.3
2007 Q1	44.8	41.3	9.9	4.3	2.9	24.1	20.7	1.1	3.5	2.3	1.2	-2.7	0.3
Q2	44.9	41.5	10.1	4.6	3.2	23.6	20.6	1.1	3.4	2.5	0.9	0.9	4.1
Q3	44.7	41.1	9.6	4.8	2.9	23.8	20.5	1.1	3.6	2.6	0.9	-1.1	1.8
Q4	49.3	44.8	10.8	6.1	2.8	25.0	21.2	1.5	4.5	2.8	1.7	0.0	2.8
2008 Q1	45.3	41.8	9.9	4.4	3.1	24.5	20.8	1.2	3.6	2.3	1.2	-3.1	0.0
Q2	45.9	42.3	10.3	4.8	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.6	2.7
Q3	45.8	42.1	9.7	5.0	3.0	24.3	21.1	1.1	3.7	2.7	1.0	-2.4	0.6
Q4	51.4	46.8	11.2	6.5	2.8	26.3	22.2	1.4	4.6	2.9	1.7	-2.5	0.3
2009 Q1	49.4	45.5	10.7	4.9	2.9	27.0	22.9	1.3	3.8	2.6	1.2	-7.0	-4.1
Q2	50.6	46.4	11.1	5.4	3.0	26.9	23.4	1.3	4.2	2.8	1.3	-5.4	-2.3
Q3	50.1	46.1	10.5	5.6	2.9	27.1	23.5	1.3	4.0	2.8	1.1	-7.3	-4.4
Q4	54.6	49.7	11.8	6.9	2.6	28.4	24.0	1.5	4.9	3.0	1.9	-5.9	-3.3
2010 Q1	50.4	46.5	10.8	4.9	2.8	28.0	23.7	1.4	3.9	2.3	1.5	-8.2	-5.5
Q2	49.5	46.0	11.0	5.3	3.0	26.7	23.2	1.3	3.5	2.5	1.2	-4.4	-1.4
Q3	50.5	45.3	10.2	5.5	2.8	26.8	23.1	1.3	5.2	2.5	2.6	-7.6	-4.9
Q4	53.3	48.6	11.4	6.8	2.7	27.6	23.6	1.5	4.7	2.7	2.1	-4.8	-2.1
2011 Q1	48.4	45.4	10.5	4.7	3.0	27.2	23.2	1.3	3.1	2.1	0.9	-5.6	-2.7
Q2	48.4	45.2	10.6	5.1	3.2	26.3	22.9	1.2	3.2	2.3	0.9	-3.3	-0.1
Q3	48.2	44.8	10.0	5.3	3.0	26.4	22.9	1.2	3.4	2.3	1.1	-4.5	-1.5
Q4	52.4	48.6	11.3	6.7	3.0	27.6	23.6	1.4	3.8	2.5	1.5	-3.1	-0.1
2012 Q1	48.3	45.6	10.3	4.7	3.1	27.4	23.3	1.2	2.6	1.9	0.8	-5.3	-2.1

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)

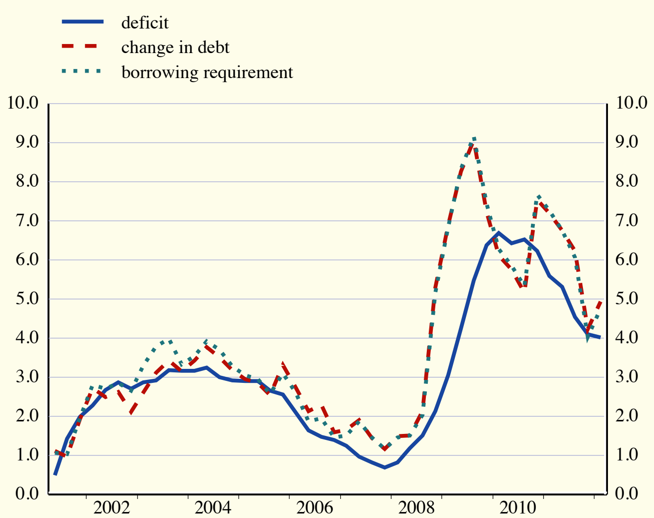
1. Euro area – Maastricht debt by financial instrument [2]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2009 Q2	77.1	2.4	12.2	8.2	54.3
Q3	79.0	2.4	12.4	9.0	55.3
Q4	79.9	2.5	12.6	8.3	56.5
2010 Q1	81.6	2.4	12.8	8.2	58.2
Q2	82.9	2.4	13.4	7.8	59.3
Q3	83.0	2.4	13.3	7.9	59.3
Q4	85.3	2.4	15.3	7.4	60.2
2011 Q1	86.2	2.4	15.1	7.4	61.3
Q2	87.1	2.4	14.9	7.5	62.3
Q3	86.7	2.4	15.0	7.8	61.5
Q4	87.3	2.4	15.4	7.4	62.1
2012 Q1	89.3	2.5	16.9	7.6	62.3

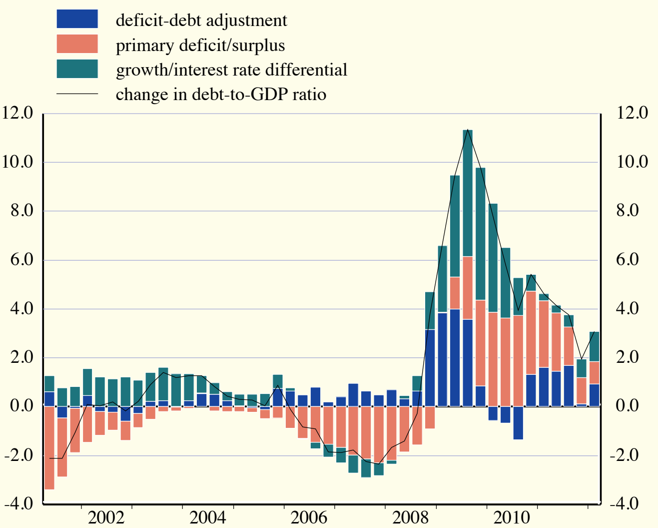
2. Euro area – deficit-debt adjustment

	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
2009 Q2	9.2	-5.4	3.9	3.2	2.3	-0.4	0.2	1.1	-0.4	1.0	9.6
Q3	5.1	-7.3	-2.2	-2.8	-3.1	0.6	-0.1	-0.2	0.2	0.4	4.8
Q4	2.1	-5.9	-3.8	-2.7	-2.9	-0.1	0.1	0.2	-0.2	-0.8	2.4
2010 Q1	8.2	-8.2	0.0	0.8	0.9	-0.1	-0.3	0.3	-0.3	-0.5	8.5
Q2	7.7	-4.4	3.3	3.3	2.0	1.1	-0.2	0.4	-0.1	0.1	7.8
Q3	2.8	-7.6	-4.8	-2.9	-2.3	-0.6	0.0	0.0	0.0	-1.9	2.8
Q4	11.3	-4.8	6.5	5.7	-0.4	1.7	4.7	-0.3	-0.1	0.9	11.4
2011 Q1	6.8	-5.6	1.2	0.8	2.0	-0.7	-0.4	-0.2	-0.1	0.5	6.9
Q2	6.0	-3.3	2.7	2.4	2.8	0.5	-0.4	-0.5	0.2	0.0	5.8
Q3	0.8	-4.5	-3.7	-3.5	-3.7	-0.3	0.1	0.3	0.7	-0.8	0.1
Q4	3.4	-3.1	0.4	-0.7	-0.5	-0.3	-0.2	0.3	0.0	1.0	3.4
2012 Q1	9.6	-5.3	4.4	4.9	4.1	1.2	-0.4	0.1	-0.2	-0.3	9.8

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

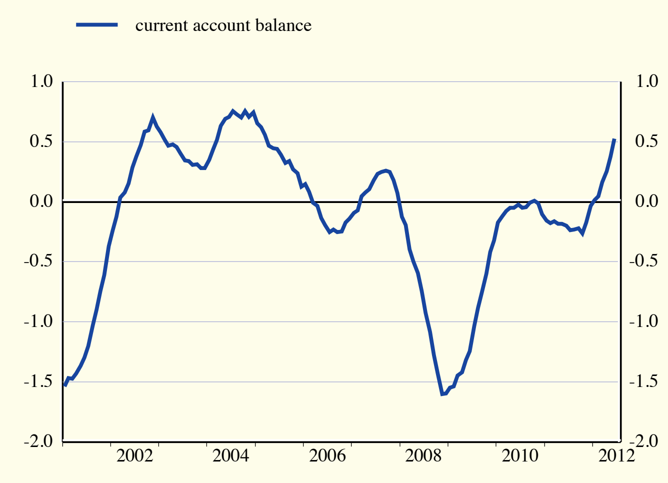
7.1 Summary balance of payments [1]

(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
2009	-21.9	31.3	36.4	3.5	-93.1	6.7	-15.2	9.4	-105.1	265.7	20.0	-175.7	4.6	5.8
2010	-6.8	15.1	49.6	31.8	-103.3	6.4	-0.4	-2.5	-113.9	165.1	18.5	-61.7	-10.5	3.0
2011	-2.3	4.9	63.6	32.5	-103.3	10.7	8.4	-20.8	-148.7	305.6	-21.5	-145.9	-10.2	12.3
2011 Q2	-18.6	-2.4	16.4	-11.7	-20.9	0.8	-17.9	21.2	-31.8	139.1	3.6	-94.1	4.5	-3.3
Q3	2.7	2.8	19.6	8.8	-28.5	1.7	4.4	3.5	-19.2	35.0	-14.8	-1.2	3.7	-7.9
Q4	34.9	14.6	19.7	20.6	-20.0	5.9	40.8	-40.2	-54.9	-4.5	-9.9	35.8	-6.8	-0.6
2012 Q1	-6.0	5.3	15.1	12.0	-38.5	1.9	-4.1	3.3	-5.3	-77.1	-5.4	92.7	-1.6	0.8
Q2	13.8	25.1	19.6	-6.5	-24.4	2.3	16.0	-19.5	-30.3	87.6	-5.4	-62.5	-8.9	3.5
2011 June	0.3	0.8	6.3	1.3	-8.0	0.4	0.8	7.0	3.6	89.2	1.9	-89.3	1.6	-7.7
July	3.4	4.2	7.2	2.7	-10.7	-0.1	3.2	-6.2	-17.3	-24.0	0.3	36.0	-1.2	3.0
Aug.	-1.4	-4.3	5.2	5.6	-7.9	2.1	0.6	-0.6	7.2	26.2	-8.0	-29.4	3.4	-0.1
Sep.	0.8	3.0	7.2	0.5	-9.9	-0.2	0.6	10.3	-9.0	32.7	-7.1	-7.9	1.6	-10.9
Oct.	3.7	0.6	6.7	6.3	-9.9	1.8	5.5	1.4	-5.6	-2.7	-1.6	12.3	-1.1	-6.9
Nov.	9.1	5.5	5.3	5.8	-7.5	2.6	11.6	-19.6	-45.0	37.6	-3.8	-8.2	-0.2	7.9
Dec.	22.1	8.4	7.8	8.5	-2.6	1.6	23.6	-22.0	-4.3	-39.4	-4.5	31.7	-5.4	-1.6
2012 Jan.	-12.4	-8.1	3.1	2.0	-9.4	0.2	-12.1	22.2	3.6	-43.5	-5.5	68.1	-0.5	-10.0
Feb.	-3.4	3.3	5.3	5.2	-17.1	1.8	-1.6	4.4	-0.2	8.7	4.2	-6.6	-1.8	-2.7
Mar.	9.8	10.2	6.7	4.9	-11.9	-0.1	9.6	-23.2	-8.8	-42.2	-4.1	31.2	0.6	13.6
Apr.	1.3	5.4	5.4	-0.8	-8.7	0.4	1.7	-1.8	-9.6	1.3	2.2	7.2	-2.9	0.1
May	-3.2	5.5	7.2	-8.0	-8.0	1.5	-1.8	-0.2	9.9	26.7	-6.2	-29.1	-1.5	1.9
June	15.7	14.2	6.9	2.3	-7.7	0.4	16.1	-17.5	-30.6	59.7	-1.4	-40.6	-4.5	1.4
	12-month cumulated transactions													
2012 June	45.3	47.9	74.0	34.9	-111.5	11.8	57.1	-52.9	-109.7	41.0	-35.5	64.8	-13.6	-4.2
	12-month cumulated transactions as a percentage of GDP													
2012 June	0.5	0.5	0.8	0.4	-1.2	0.1	0.6	-0.6	-1.2	0.4	-0.4	0.7	-0.1	0.0

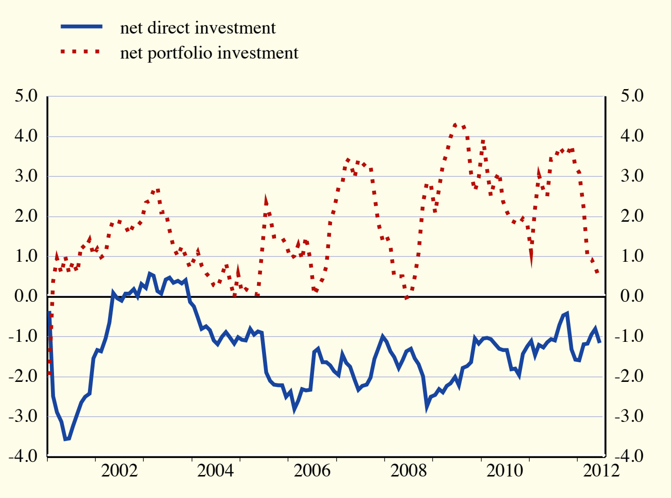
C32 Euro area b.o.p.: current account

(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)



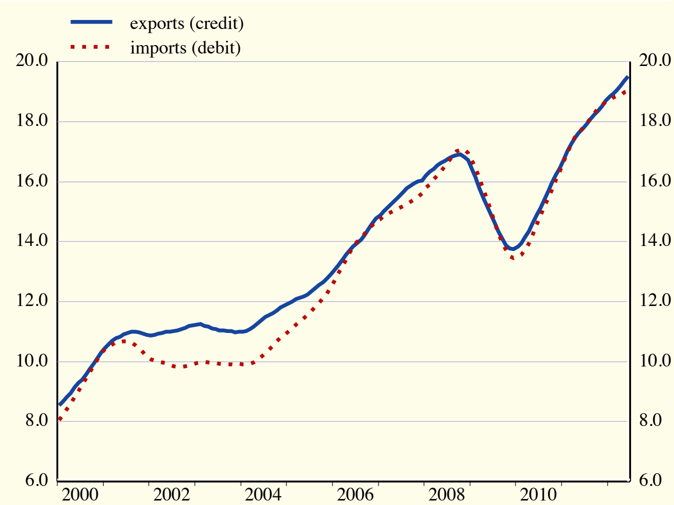
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

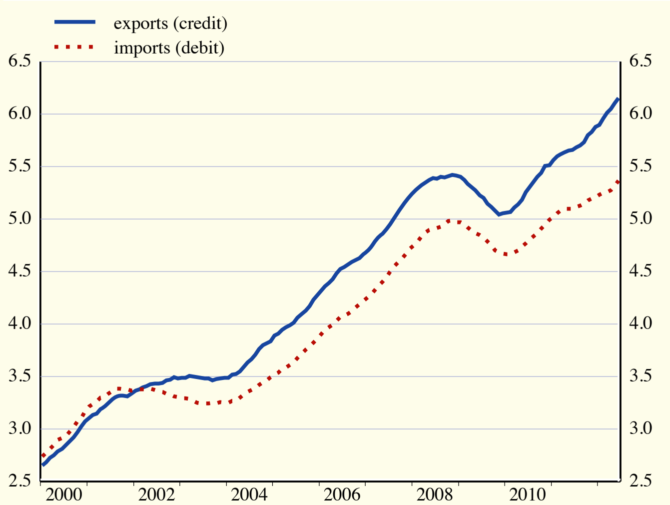
1. Summary current and capital accounts

	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
2009	2,307.2	2,329.2	-21.9	1,304.1	1,272.8	478.9	442.5	429.9	426.5	94.3	6.4	187.4	22.5	20.5	13.7
2010	2,657.8	2,664.6	-6.8	1,566.8	1,551.7	524.0	474.4	479.4	447.6	87.6	6.3	190.9	22.3	21.4	15.0
2011	2,940.8	2,943.1	-2.3	1,773.6	1,768.7	557.3	493.7	516.6	484.1	93.3	6.5	196.6	23.6	25.8	15.0
2011 Q2	727.8	746.4	-18.6	438.7	441.0	134.4	118.0	135.5	147.3	19.1	1.6	40.0	5.6	4.0	3.2
Q3	732.7	730.0	2.7	444.6	441.8	147.3	127.7	124.0	115.3	16.8	1.8	45.3	5.7	5.2	3.5
Q4	782.3	747.4	34.9	462.5	448.0	150.9	131.2	135.9	115.4	32.9	1.6	52.9	7.0	11.6	5.6
2012 Q1	752.6	758.7	-6.0	465.1	459.8	137.2	122.1	124.7	112.7	25.5	1.4	64.1	6.3	5.0	3.1
Q2	779.7	765.9	13.8	477.8	452.7	147.2	127.6	135.4	141.9	19.3	.	43.7	.	5.3	3.0
2012 Apr.	242.8	241.5	1.3	151.7	146.2	44.7	39.3	40.0	40.8	6.3	.	15.1	.	1.4	1.0
May	266.7	270.0	-3.2	161.5	156.0	49.8	42.6	48.5	56.4	7.0	.	15.0	.	2.4	0.9
June	270.2	254.5	15.7	164.7	150.4	52.7	45.7	46.9	44.6	6.0	.	13.7	.	1.5	1.1
	Seasonally adjusted														
2011 Q4	756.9	751.1	5.8	452.2	449.7	147.0	127.4	133.7	123.1	24.0	.	50.9	.	.	.
2012 Q1	772.6	755.7	16.8	471.1	454.3	149.3	127.2	128.1	122.6	24.1	.	51.6	.	.	.
Q2	781.2	752.7	28.5	480.9	453.0	148.2	130.9	128.7	118.3	23.4	.	50.5	.	.	.
2012 Apr.	255.6	250.1	5.5	159.1	152.2	48.0	42.1	40.5	38.7	8.0	.	17.1	.	.	.
May	265.8	255.5	10.3	162.1	153.9	50.1	43.9	45.8	40.7	7.8	.	17.0	.	.	.
June	259.8	247.1	12.7	159.6	146.9	50.1	44.9	42.4	38.9	7.6	.	16.4	.	.	.
	12-month cumulated transactions														
2012 June	3,046.0	2,996.1	49.9	1,847.9	1,799.5	583.0	508.4	519.9	485.9	95.2	.	202.2	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2012 June	32.2	31.6	0.5	19.5	19.0	6.2	5.4	5.5	5.1	1.0	.	2.1	.	.	.

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



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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2009	22.2	12.0	407.7	414.4	156.8	20.7	100.6	15.4	25.0	24.7	24.5	77.5	100.9	121.3	100.4	90.3
2010	24.2	12.0	455.1	435.6	220.5	41.6	137.7	32.7	23.9	22.1	28.7	86.6	102.2	124.0	79.9	65.2
2011	25.0	12.3	491.5	471.8	242.2	64.2	152.6	49.9	25.3	23.3	35.8	96.3	102.6	132.3	85.7	67.3
2011 Q1	6.0	2.2	115.1	104.0	55.4	16.0	35.4	20.6	5.8	4.8	7.4	14.4	25.7	32.7	20.7	16.7
Q2	6.1	3.3	129.4	144.0	65.5	13.7	42.3	9.9	5.4	5.5	12.3	46.6	25.7	32.3	20.5	17.2
Q3	6.0	3.7	118.0	111.5	54.5	21.3	37.6	17.7	6.8	5.5	9.0	18.7	25.9	33.2	21.9	16.5
Q4	6.9	3.2	129.0	112.2	66.7	13.2	37.3	1.7	7.3	7.4	7.1	16.5	25.3	34.1	22.6	16.9
2012 Q1	6.8	2.3	118.0	110.4	57.0	24.5	37.3	17.6	6.2	6.0	8.8	17.0	24.3	33.6	21.7	16.6

3. Geographical breakdown
(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
2011 Q2 to 2012 Q1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,995.4	970.6	54.0	92.1	453.3	309.4	61.7	61.5	44.0	153.5	41.3	65.3	110.6	236.8	389.3	922.6
Goods	1,811.0	571.8	34.2	59.2	234.7	243.5	0.2	31.5	21.3	118.1	31.0	41.0	83.2	128.4	206.1	578.7
Services	569.9	175.0	11.6	16.0	108.1	32.6	6.6	9.8	9.9	19.0	7.0	13.5	18.4	57.9	85.5	173.9
Income	520.2	161.2	7.0	15.2	99.5	30.3	9.2	19.8	12.1	15.6	3.0	9.9	8.5	41.5	91.3	157.4
Investment income	494.5	153.9	6.3	15.0	98.0	29.7	4.9	19.7	11.9	15.6	3.0	9.8	8.5	28.6	89.5	153.9
Current transfers	94.3	62.6	1.2	1.7	10.9	2.9	45.8	0.4	0.7	0.7	0.3	1.0	0.5	9.1	6.5	12.7
Capital account	25.8	20.7	0.0	0.1	1.3	0.4	19.0	0.0	0.0	0.0	0.0	0.1	0.1	0.7	0.4	3.5
	Debits															
Current account	2,982.5	932.3	48.3	90.5	406.6	276.4	110.5	-	32.1	-	-	98.2	-	197.0	388.4	-
Goods	1,790.6	497.0	30.7	51.6	189.7	225.0	0.0	31.6	15.0	209.1	28.0	51.4	136.0	101.6	145.3	575.6
Services	499.0	145.9	8.7	13.4	86.6	36.9	0.3	5.7	6.8	13.9	6.3	9.4	10.2	43.5	102.8	154.5
Income	490.6	166.1	8.0	24.1	118.6	9.7	5.7	-	8.5	-	-	36.7	-	43.8	133.8	-
Investment income	478.1	159.8	7.9	24.0	117.0	5.3	5.7	-	8.3	-	-	36.5	-	43.3	132.5	-
Current transfers	202.3	123.4	0.9	1.5	11.8	4.8	104.5	1.4	1.8	4.2	0.9	0.7	0.6	8.1	6.5	54.6
Capital account	15.5	2.2	0.3	0.1	1.2	0.5	0.2	0.2	0.3	0.3	0.3	0.1	0.0	0.6	2.0	9.4
	Net															
Current account	12.9	38.3	5.7	1.6	46.7	33.0	-48.8	-	11.8	-	-	-32.9	-	39.7	0.9	-
Goods	20.4	74.8	3.5	7.7	45.1	18.5	0.2	0.0	6.2	-91.0	3.0	-10.4	-52.8	26.7	60.9	3.0
Services	70.9	29.1	2.8	2.7	21.5	-4.2	6.3	4.1	3.1	5.1	0.7	4.0	8.2	14.4	-17.3	19.4
Income	29.6	-4.8	-1.0	-8.9	-19.0	20.6	3.5	-	3.5	-	-	-26.8	-	-2.3	-42.5	-
Investment income	16.4	-5.9	-1.6	-9.0	-18.9	24.4	-0.8	-	3.6	-	-	-26.7	-	-14.7	-43.0	-
Current transfers	-108.0	-60.8	0.4	0.2	-0.8	-1.8	-58.7	-1.1	-1.1	-3.5	-0.6	0.3	-0.1	0.9	-0.1	-42.0
Capital account	10.3	18.5	-0.3	-0.1	0.1	-0.1	18.8	-0.2	-0.2	-0.3	-0.2	0.0	0.1	0.1	-1.5	-5.8

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)													
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	154.3	170.1	-15.8	4,287.2	3,403.0	4,341.3	6,781.9	0.2	4,675.9	4,985.4	459.6
2010	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 Q3	15,558.2	16,782.4	-1,224.2	166.0	179.0	-13.1	5,089.1	3,896.4	4,573.8	7,523.4	-45.9	5,294.5	5,362.6	646.6
Q4	15,938.3	17,023.5	-1,085.2	169.3	180.8	-11.5	5,321.0	4,025.7	4,751.0	7,669.2	-19.1	5,218.4	5,328.5	667.1
2012 Q1	16,303.9	17,344.1	-1,040.2	172.6	183.6	-11.0	5,405.9	4,055.3	5,034.7	7,833.9	-20.3	5,212.4	5,454.9	671.3
	Changes to outstanding amounts													
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	16.0	14.1	2.0	511.0	311.8	566.2	661.0	-61.7	327.1	318.7	128.2
2011	703.5	561.7	141.7	7.5	6.0	1.5	522.8	310.9	-156.5	226.3	42.4	215.5	24.5	79.3
2011 Q4	380.1	241.1	139.1	15.7	9.9	5.7	231.8	129.4	177.2	145.8	26.7	-76.1	-34.1	20.5
2012 Q1	365.6	320.6	44.9	15.7	13.8	1.9	84.9	29.5	283.7	164.7	-1.2	-6.1	126.4	4.2
	Transactions													
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	-131.4	-121.9	-9.4	-1.5	-1.4	-0.1	337.0	231.9	90.4	356.1	-20.0	-534.2	-709.9	-4.6
2010	589.9	587.4	2.5	6.4	6.4	0.0	275.8	161.8	143.0	308.1	-18.5	179.1	117.4	10.5
2011	489.2	468.5	20.8	5.2	5.0	0.2	347.3	198.6	-49.3	256.3	21.5	159.5	13.6	10.2
2011 Q4	-80.3	-120.5	40.2	-3.3	-5.0	1.7	105.8	51.0	-48.9	-53.4	9.9	-153.9	-118.1	6.8
2012 Q1	295.2	298.5	-3.3	12.7	12.9	-0.1	82.1	76.8	138.2	61.1	5.4	67.8	160.6	1.6
Q2	83.4	63.8	19.5	.	.	.	68.3	38.0	-34.6	53.0	5.4	35.4	-27.1	8.9
2012 Feb.	97.3	101.6	-4.4	.	.	.	20.5	20.3	58.9	67.5	-4.2	20.4	13.8	1.8
Mar.	116.4	93.2	23.2	.	.	.	32.8	24.0	55.3	13.1	4.1	24.8	56.0	-0.6
Apr.	8.8	6.9	1.8	.	.	.	21.6	12.1	-11.4	-10.2	-2.2	-2.2	5.0	2.9
May	105.2	105.1	0.2	.	.	.	6.7	16.7	5.6	32.3	6.2	85.2	56.1	1.5
June	-30.6	-48.2	17.5	.	.	.	39.9	9.3	-28.8	30.8	1.4	-47.6	-88.2	4.5
	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	518.4	330.8	187.6	5.8	3.7	2.1	71.8	-76.7	416.0	449.0	20.7	-80.0	-41.5	89.9
2010	880.8	704.1	176.7	9.6	7.7	1.9	235.2	150.0	423.2	352.9	-43.2	147.9	201.2	117.7
	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	-55.1	5.5	-0.6	-0.6	0.1	-4.6	5.7	-30.5	-32.9	.	-11.9	-27.9	-2.7
2010	535.4	323.9	211.5	5.8	3.5	2.3	160.8	57.6	179.4	101.7	.	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	634.2	483.5	150.7	7.1	5.4	1.7	142.5	28.4	425.2	455.2	20.7	.	.	45.8
2010	296.3	153.8	142.5	3.2	1.7	1.6	50.2	2.2	187.3	151.7	-43.2	.	.	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	-66.2	-97.6	31.4	-0.7	-1.1	0.4	-66.2	-110.8	21.2	26.8	.	-68.1	-13.6	46.8
2010	49.1	226.4	-177.3	0.5	2.5	-1.9	24.2	90.1	56.5	99.6	.	-34.3	36.7	2.7
	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	-	.	.	.	8.7	7.3	2.3	5.9	.	-10.1	-12.3	-1.2
2010	4.1	3.8	-	.	.	.	6.2	4.6	3.2	4.4	.	3.8	2.3	2.0
2011 Q4	3.2	2.9	-	.	.	.	7.2	5.3	-1.1	3.5	.	3.3	0.3	1.6
2012 Q1	3.5	3.2	-	.	.	.	6.1	5.0	1.3	2.1	.	2.9	3.4	-0.1
Q2	2.7	2.2	.	.	.	.	6.1	5.2	-0.2	0.4	.	1.5	2.7	2.0

Source: ECB.
1) Net financial derivatives are included in assets.

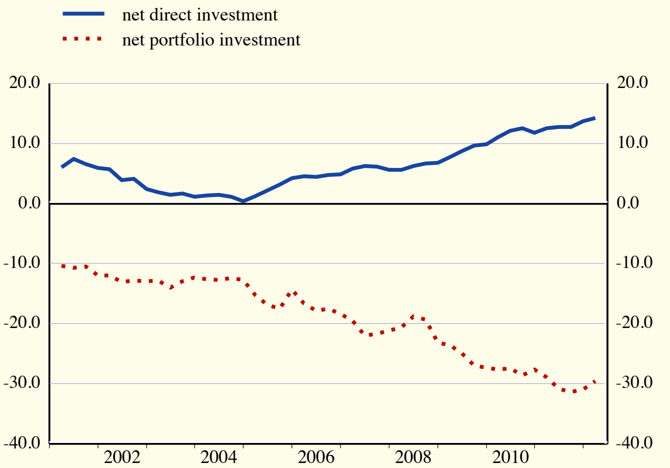
7.3 Financial account
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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 Q4	5,321.0	4,149.9	293.2	3,856.7	1,171.0	14.7	1,156.4	4,025.7	3,150.7	85.2	3,065.4	875.1	10.1	865.0
2012 Q1	5,405.9	4,227.1	289.1	3,937.9	1,178.9	15.0	1,163.9	4,055.3	3,208.5	84.5	3,124.0	846.8	8.8	838.0
	Transactions													
2009	337.0	258.1	21.6	236.5	78.9	2.6	76.3	231.9	236.3	5.6	230.7	-4.4	-0.6	-3.8
2010	275.8	157.0	14.9	142.2	118.7	1.2	117.5	161.8	203.2	6.1	197.1	-41.3	-7.5	-33.8
2011	347.3	305.0	16.3	288.7	42.3	-3.3	45.6	198.6	211.7	3.5	208.3	-13.2	-3.1	-10.0
2011 Q4	105.8	107.7	0.8	106.9	-1.8	1.0	-2.8	51.0	45.4	0.7	44.8	5.5	0.4	5.1
2012 Q1	82.1	60.3	-2.3	62.6	21.8	1.2	20.7	76.8	78.8	1.2	77.6	-2.0	-0.6	-1.3
Q2	68.3	42.7	-2.0	44.7	25.6	-0.5	26.1	38.0	33.4	0.5	32.9	4.6	0.1	4.5
2012 Feb.	20.5	18.2	-3.0	21.2	2.3	0.3	2.0	20.3	11.4	1.4	10.0	8.9	0.6	8.3
Mar.	32.8	14.6	-1.3	15.9	18.2	0.5	17.7	24.0	22.1	-0.6	22.7	2.0	-1.0	3.0
Apr.	21.6	10.0	-1.0	11.0	11.6	0.1	11.5	12.1	4.0	-0.1	4.0	8.1	0.6	7.6
May	6.7	7.8	-0.3	8.1	-1.1	-0.2	-0.9	16.7	16.1	0.2	15.9	0.6	0.0	0.5
June	39.9	24.8	-0.7	25.5	15.1	-0.4	15.5	9.3	13.4	0.4	13.0	-4.1	-0.5	-3.6
	Growth rates													
2009	8.7	8.6	9.9	8.5	9.0	20.5	8.8	7.3	10.4	8.6	10.4	-0.5	-3.2	-0.4
2010	6.2	4.5	6.2	4.4	12.0	7.8	12.0	4.6	7.9	8.0	7.9	-4.6	-41.3	-3.8
2011 Q4	7.2	8.2	5.9	8.4	3.8	-19.6	4.1	5.3	7.5	4.2	7.6	-1.5	-25.3	-1.2
2012 Q1	6.1	6.7	3.5	6.9	4.1	-13.5	4.4	5.0	7.3	5.0	7.4	-2.5	-22.9	-2.3
Q2	6.1	6.3	-0.4	6.8	5.8	-1.5	5.9	5.2	7.2	4.1	7.3	-1.5	-8.6	-1.4

C36 Euro area international investment position
(outstanding amounts at end of period; as a percentage of GDP)

C37 Euro area direct and portfolio investment position
(outstanding amounts at end of period; as a percentage of GDP)



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
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 Q4	4,751.0	1,704.8	70.4	3.1	1,634.4	39.4	2,584.3	728.2	16.0	1,856.1	94.2	461.9	300.4	57.5	161.5	0.5
2012 Q1	5,034.7	1,847.0	77.5	3.3	1,769.5	39.2	2,680.3	708.7	15.3	1,971.7	97.7	507.4	331.2	48.5	176.1	0.3
	Transactions															
2009	90.4	53.1	-1.3	0.0	54.4	2.5	42.9	-93.0	-3.8	135.9	17.5	-5.6	0.5	-12.9	-6.1	0.9
2010	143.0	76.7	5.6	-0.2	71.1	1.7	106.7	-125.3	-0.9	232.0	51.5	-40.4	-55.7	-11.7	15.3	-1.9
2011	-49.3	-71.4	-19.0	-0.6	-52.4	-7.3	-16.6	-59.4	0.3	42.8	-3.0	38.8	33.0	10.5	5.8	0.2
2011 Q4	-48.9	-39.2	-9.3	-0.3	-29.8	-0.9	-29.2	-22.7	-1.7	-6.5	-1.7	19.5	19.2	0.6	0.3	0.0
2012 Q1	138.2	22.5	4.4	0.0	18.1	-1.8	69.5	-8.1	-0.6	77.6	-0.6	46.1	26.5	-4.2	19.6	-0.1
Q2	-34.6	-11.8	-8.1	0.0	-3.8	.	5.7	-12.5	0.4	18.1	.	-28.5	-40.0	-3.8	11.5	.
2012 Feb.	58.9	7.0	0.0	0.0	7.1	.	50.0	-0.7	0.5	50.6	.	1.9	4.4	2.0	-2.5	.
Mar.	55.3	14.8	5.6	0.0	9.1	.	18.6	-0.3	0.0	18.9	.	21.9	15.0	-0.4	6.9	.
Apr.	-11.4	5.8	-0.9	0.0	6.7	.	-7.6	-13.4	0.6	5.8	.	-9.6	-16.3	1.9	6.7	.
May	5.6	-6.1	-2.8	0.0	-3.3	.	13.1	4.5	0.6	8.5	.	-1.3	-5.6	0.9	4.3	.
June	-28.8	-11.5	-4.4	0.0	-7.1	.	0.2	-3.6	-0.8	3.8	.	-17.6	-18.1	-6.7	0.5	.
	Growth rates															
2009	2.3	3.8	-2.4	-0.6	4.2	8.5	1.8	-9.4	-19.0	10.5	93.4	-2.0	-0.9	-22.3	-7.9	67.2
2010	3.2	4.8	7.0	-5.2	4.7	4.8	4.2	-13.5	-4.9	14.8	122.5	-9.5	-16.0	-25.4	21.1	-91.9
2011 Q4	-1.1	-4.2	-21.5	-16.7	-3.2	-15.8	-0.7	-7.5	2.0	2.4	-3.2	10.0	11.3	26.5	6.4	125.8
2012 Q1	1.3	-2.6	-16.7	-4.9	-1.9	-16.1	1.8	-7.1	-11.3	5.7	-3.6	14.4	15.0	13.0	11.3	-63.9
Q2	-0.2	-4.6	-27.9	-6.3	-3.4	.	1.0	-8.2	-11.0	4.9	.	11.3	4.7	-7.1	20.4	.

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 Q4	7,669.2	3,067.7	559.5	2,508.1	4,142.0	1,260.7	2,881.4	1,796.9	459.5	100.6	358.9	316.8
2012 Q1	7,833.9	3,251.8	556.4	2,695.4	4,106.9	1,216.8	2,890.1	1,810.2	475.3	100.5	374.8	332.6
	Transactions											
2009	356.1	124.6	10.7	113.9	140.5	-14.4	154.9	101.3	90.9	-18.5	109.4	144.3
2010	308.1	144.2	-16.3	160.4	184.2	59.1	125.1	194.5	-20.3	19.2	-39.5	-34.9
2011	256.3	121.7	20.9	100.8	161.7	59.2	102.5	100.6	-27.1	19.1	-46.2	-35.0
2011 Q4	-53.4	43.5	30.0	13.5	-36.8	-29.8	-7.0	-4.0	-60.1	1.3	-61.4	-70.9
2012 Q1	61.1	41.0	8.1	32.8	9.2	-16.6	25.9	10.3	10.9	0.9	10.0	9.2
Q2	53.0	12.6	-8.1	20.6	53.2	-20.4	73.7	.	-12.8	-1.3	-11.6	.
2012 Feb.	67.5	0.2	-4.2	4.4	56.4	8.1	48.3	.	11.0	0.0	10.9	.
Mar.	13.1	36.8	-0.4	37.2	-11.9	-4.6	-7.3	.	-11.7	7.4	-19.2	.
Apr.	-10.2	-10.1	-3.2	-6.8	-4.5	3.4	-8.0	.	4.4	-7.4	11.8	.
May	32.3	-0.2	6.2	-6.4	26.7	-17.6	44.4	.	5.7	2.2	3.5	.
June	30.8	22.8	-11.0	33.8	31.1	-6.2	37.3	.	-23.0	3.9	-27.0	.
	Growth rates											
2009	5.9	5.4	1.7	6.8	4.1	-1.2	7.0	7.2	23.1	-29.1	33.1	53.5
2010	4.4	5.1	-2.4	7.5	5.1	5.2	5.1	12.9	-4.2	26.3	-9.1	-8.7
2011 Q4	3.5	4.0	3.3	4.1	4.4	5.4	3.9	6.1	-5.0	25.6	-11.3	-10.4
2012 Q1	2.1	2.0	3.9	1.5	3.9	1.3	5.1	4.7	-8.3	-2.5	-10.0	-12.2
Q2	0.4	2.6	3.1	2.2	0.7	-4.2	2.8	.	-13.0	-10.5	-13.9	.

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 Q4	5,218.4	35.5	35.2	0.3	3,067.1	3,008.8	58.4	162.8	6.7	116.5	30.2	1,953.0	227.8	1,573.1	489.7
2012 Q1	5,212.4	36.7	36.4	0.3	3,046.9	2,994.4	52.5	150.0	7.3	103.6	24.5	1,978.8	236.3	1,572.9	503.4
	Transactions														
2009	-534.2	0.1	0.0	0.1	-420.4	-399.9	-20.5	11.8	-0.4	10.4	0.2	-125.6	7.5	-129.0	-34.8
2010	179.1	-2.9	-2.9	0.0	8.6	-0.2	8.8	41.7	-0.3	41.3	4.9	131.7	7.6	101.7	46.7
2011	159.5	-2.6	-2.7	0.1	52.2	22.8	29.4	1.1	-0.2	0.8	9.8	108.8	8.0	78.8	45.6
2011 Q4	-153.9	-8.2	-8.2	0.0	-155.0	-155.3	0.3	16.6	0.0	16.9	13.2	-7.3	0.0	3.1	-11.5
2012 Q1	67.8	1.2	1.2	0.0	31.2	36.0	-4.9	-10.4	-0.2	-10.1	-5.7	45.9	9.1	22.3	17.3
Q2	35.4	-8.4	.	.	-6.6	.	.	6.6	.	.	5.5	43.7	.	.	39.3
2012 Feb.	20.4	0.1	.	.	10.5	.	.	-8.3	.	.	-6.3	18.1	.	.	5.8
Mar.	24.8	-0.7	.	.	15.2	.	.	-0.6	.	.	0.1	11.0	.	.	5.9
Apr.	-2.2	-0.1	.	.	5.2	.	.	0.8	.	.	0.7	-8.0	.	.	-3.4
May	85.2	-1.7	.	.	49.8	.	.	5.0	.	.	3.8	32.0	.	.	26.7
June	-47.6	-6.6	.	.	-61.5	.	.	0.8	.	.	1.0	19.7	.	.	16.0
	Growth rates														
2009	-10.1	-0.4	-1.4	23.4	-12.8	-12.4	-37.0	10.8	-3.5	17.1	3.5	-6.9	3.8	-8.6	-8.2
2010	3.8	-13.1	-13.0	-9.9	0.4	0.1	27.7	33.2	-3.1	53.2	30.6	7.7	3.7	7.4	11.3
2011 Q4	3.3	-5.3	-5.4	40.4	1.9	0.9	88.4	1.0	-3.2	1.3	51.5	6.1	3.7	5.5	10.9
2012 Q1	2.9	-11.9	-12.2	43.2	0.8	0.2	38.2	-0.1	-3.9	0.4	54.5	7.1	4.8	6.9	13.1
Q2	1.5	-39.8	.	.	-1.5	.	.	4.7	.	.	63.8	7.3	.	.	13.6

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 Q4	5,328.5	408.8	406.0	2.8	3,208.0	3,140.4	67.6	223.5	0.1	216.0	7.4	1,488.3	217.2	1,112.8	158.3
2012 Q1	5,454.9	334.2	331.3	2.9	3,364.6	3,301.1	63.5	231.0	0.1	223.0	7.9	1,525.1	221.1	1,132.7	171.3
	Transactions														
2009	-709.9	-233.2	-233.4	0.2	-352.8	-341.6	-11.2	17.2	0.0	17.2	0.0	-141.1	0.8	-127.6	-14.3
2010	117.4	8.9	6.3	2.6	-10.8	-16.7	5.9	65.6	0.0	64.8	0.8	53.7	15.4	14.9	23.4
2011	13.6	134.6	134.8	-0.2	-285.8	-324.5	38.7	73.0	0.0	73.2	-0.2	91.8	9.8	49.7	32.3
2011 Q4	-118.1	87.9	88.0	0.0	-229.1	-237.1	8.0	9.3	0.0	8.8	0.5	13.7	-0.1	21.7	-7.8
2012 Q1	160.6	-71.5	-71.7	0.1	187.1	190.6	-3.5	8.4	0.0	7.4	1.0	36.7	5.6	18.0	13.1
Q2	-27.1	74.2	.	.	-123.4	.	.	6.4	.	.	.	15.7	.	.	.
2012 Feb.	13.8	0.1	.	.	-7.3	.	.	-1.9	.	.	.	23.0	.	.	.
Mar.	56.0	-35.6	.	.	85.1	.	.	3.2	.	.	.	3.3	.	.	.
Apr.	5.0	1.0	.	.	2.9	.	.	5.5	.	.	.	-4.4	.	.	.
May	56.1	40.5	.	.	1.4	.	.	2.9	.	.	.	11.4	.	.	.
June	-88.2	32.7	.	.	-127.7	.	.	-1.9	.	.	.	8.7	.	.	.
	Growth rates														
2009	-12.3	-48.1	-48.1	.	-9.4	-9.2	-19.8	24.9	.	26.5	-0.7	-9.9	0.3	-11.6	-9.2
2010	2.3	3.4	2.4	.	-0.2	-0.4	15.5	75.5	.	79.7	11.8	4.1	8.5	1.4	15.4
2011 Q4	0.3	50.6	51.2	.	-8.2	-9.4	89.7	48.7	.	51.1	-2.7	6.8	4.8	5.0	22.5
2012 Q1	3.4	19.9	19.1	.	-1.1	-1.9	45.9	30.8	.	30.7	32.1	7.7	5.9	6.6	18.1
Q2	2.7	42.8	.	.	-4.2	.	.	25.2	.	.	.	8.3	.	.	.

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)																
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	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 Q3	646.7	416.3	346.989	52.9	26.1	151.4	5.5	11.1	135.1	0.6	120.5	14.0	-0.4	0.0	31.4	-24.5	54.5
Q4	667.1	422.1	346.846	54.0	30.2	160.9	5.3	7.8	148.1	0.6	134.3	13.3	-0.4	0.0	97.4	-86.0	55.9
2012 Q1	671.1	431.7	346.847	52.5	30.9	155.7	4.5	7.6	143.5	0.5	129.8	13.2	0.1	0.3	55.2	-42.7	54.7
2012 June	701.5	440.3	346.825	54.3	33.4	173.0	5.1	8.6	159.7	-	-	-	-0.4	0.4	51.5	-41.9	56.9
July	724.8	458.0	346.825	55.5	34.1	176.7	5.2	10.6	161.5	-	-	-	-0.6	0.6	58.2	-47.5	57.9
	Transactions																
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	10.5	0.0	-	-0.1	4.9	5.7	-5.4	6.7	4.3	0.0	10.6	-6.3	0.0	0.0	-	-	-
2011	10.2	0.1	-	-1.6	12.9	-1.1	-2.3	-8.2	9.3	-0.2	16.2	-6.8	0.0	0.0	-	-	-
2011 Q4	6.8	0.0	-	-0.4	3.1	4.1	-0.5	-3.0	7.4	-0.2	8.8	-1.2	0.1	0.0	-	-	-
2012 Q1	1.6	0.0	-	-0.3	1.3	0.3	-0.2	-0.6	0.9	-0.1	-1.1	2.1	0.2	0.3	-	-	-
Q2	8.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	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	3.7	-43.3	76.2	3.6	-5.2	10.3	-24.5	-	-	-	-	-
2011 Q4	1.6	0.0	-	-3.0	82.2	-1.1	-30.0	-52.4	6.9	-21.6	14.6	-45.3	-	-	-	-	-
2012 Q1	-0.1	0.0	-	-1.2	34.4	-4.9	-15.6	-63.3	3.7	-27.8	9.6	-38.3	-	-	-	-	-
Q2	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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)										
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	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 Q3	11,464.2	4,896.6	532.0	4,148.9	219.7	246.4	1,420.7	2,431.3	315.2	4,736.6	2,560.4
Q4	11,345.0	4,875.2	459.5	4,142.0	217.3	236.1	1,415.0	2,337.2	408.8	4,569.2	2,614.9
2012 Q1	11,417.2	4,988.1	475.3	4,106.9	221.2	245.6	1,380.1	2,373.8	334.2	4,681.9	2,647.1
	Outstanding amounts as a percentage of GDP										
2008	118.2	57.8	4.3	36.6	2.0	2.3	15.2	18.9	5.2	54.2	24.6
2009	116.5	51.8	5.7	39.2	2.0	2.1	15.8	22.2	2.8	51.1	24.7
2010	120.3	53.4	5.1	41.8	2.2	2.3	15.5	23.9	2.9	51.9	26.1
2011 Q3	122.4	52.3	5.7	44.3	2.3	2.6	15.2	26.0	3.4	50.6	27.3
Q4	120.6	51.8	4.9	44.0	2.3	2.5	15.0	24.8	4.3	48.6	27.8
2012 Q1	121.0	52.9	5.0	43.5	2.3	2.6	14.6	25.2	3.5	49.6	28.1

Source: ECB.

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

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

9. Geographical breakdown

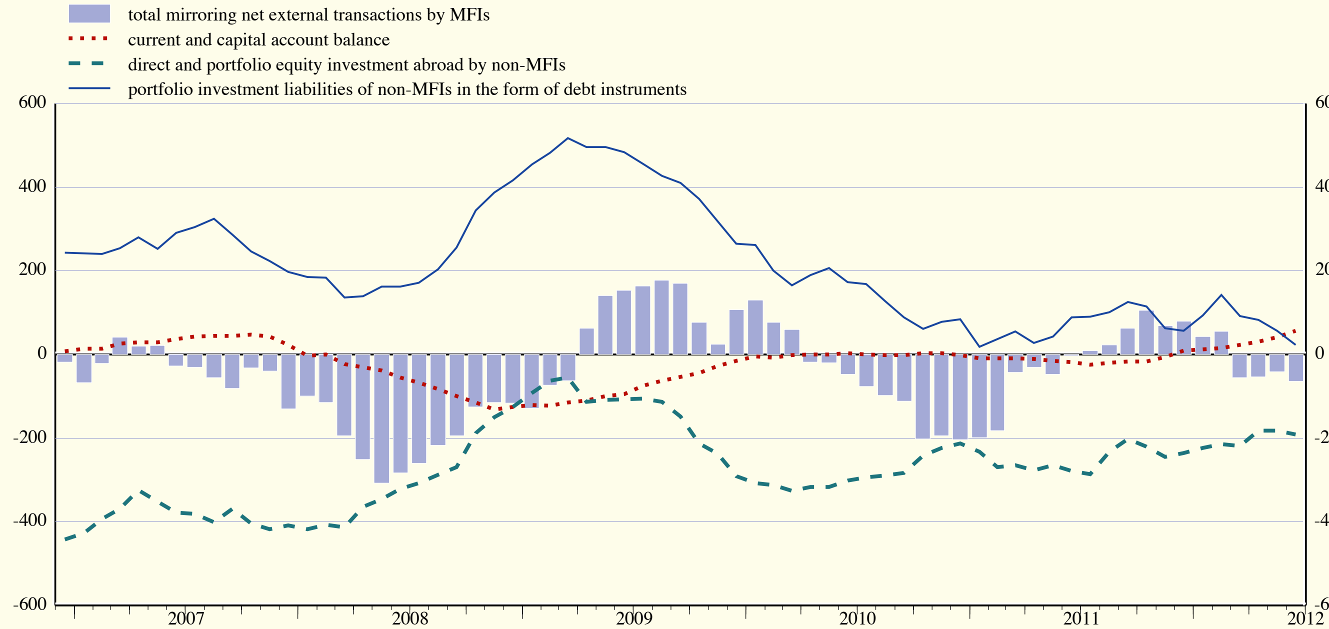
	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	Outstanding 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
2011 Q2 to 2012 Q1	Cumulated transactions														
Direct investment	111.2	51.7	-0.7	-9.4	45.8	16.0	0.0	7.1	12.6	0.3	-29.3	-17.0	33.0	0.0	52.9
Abroad	304.6	79.9	1.9	-6.3	63.9	20.4	0.0	14.6	16.9	-0.2	11.2	82.7	27.8	0.0	71.8
Equity/reinvested earnings	257.6	58.0	1.6	-6.1	46.1	16.3	0.0	16.2	10.9	-0.6	19.6	58.5	31.8	0.0	63.2
Other capital	47.0	21.8	0.3	-0.2	17.7	4.0	0.0	-1.6	6.0	0.3	-8.4	24.2	-4.0	0.0	8.6
In the euro area	193.4	28.1	2.6	3.1	18.0	4.4	0.0	7.5	4.3	-0.5	40.6	99.6	-5.2	0.0	19.0
Equity/reinvested earnings	216.1	41.2	0.8	8.4	27.2	4.8	0.0	12.7	1.1	-0.8	10.4	101.4	19.6	0.0	30.5
Other capital	-22.7	-13.1	1.8	-5.3	-9.1	-0.4	0.0	-5.2	3.2	0.3	30.2	-1.8	-24.8	0.0	-11.5
Portfolio investment assets	66.1	55.2	1.7	25.1	-4.5	4.0	29.1	-4.9	5.5	-1.4	0.4	-4.2	-22.8	0.7	37.7
Equity	-43.5	-9.5	0.1	0.4	-9.6	-0.9	0.5	2.3	4.4	-0.1	-4.2	-34.4	-3.3	0.1	1.2
Debt instruments	109.6	64.7	1.6	24.7	5.1	4.8	28.6	-7.2	1.1	-1.3	4.6	30.2	-19.5	0.6	36.5
Bonds and notes	48.1	42.8	3.9	17.5	-9.4	5.6	25.2	-6.2	0.4	-7.6	1.1	2.7	-20.9	-0.3	36.1
Money market instruments	61.6	21.9	-2.3	7.2	14.4	-0.8	3.4	-0.9	0.7	6.3	3.5	27.5	1.4	0.8	0.3
Other investment	-33.2	-109.2	-12.3	-29.6	-14.0	-19.2	-34.1	3.6	-26.7	11.7	-30.2	90.1	118.5	-34.0	-57.0
Assets	144.1	-4.7	-13.2	-6.7	31.1	-18.0	2.1	3.1	12.2	16.4	-7.5	21.9	89.2	-6.2	19.7
General government	-0.3	8.6	-0.5	-1.8	10.4	0.3	0.2	0.0	0.0	-0.6	0.0	-5.1	-0.8	0.2	-2.6
MFIs	15.1	-74.6	-12.7	-6.4	-36.6	-20.5	1.6	1.2	10.6	16.0	-11.8	11.6	75.6	-6.5	-7.2
Other sectors	129.4	61.3	0.0	1.5	57.2	2.3	0.3	1.9	1.6	0.9	4.3	15.4	14.4	0.1	29.5
Liabilities	177.3	104.5	-0.9	22.9	45.0	1.3	36.2	-0.5	39.0	4.7	22.7	-68.2	-29.3	27.8	76.7
General government	53.7	25.9	0.1	-0.1	-2.4	0.0	28.3	0.0	0.0	0.0	0.1	-7.4	-0.2	32.6	2.7
MFIs	17.7	19.3	2.0	23.1	-10.9	2.9	2.2	-2.7	35.7	4.9	22.2	-85.2	-35.9	-5.0	64.4
Other sectors	105.9	59.3	-3.0	-0.1	58.4	-1.7	5.7	2.2	3.3	-0.2	0.4	24.4	6.8	0.2	9.6

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
2009	107.7	-15.7	-312.7	226.7	-54.4	-129.8	114.0	265.4	113.8	-123.6	20.0	4.1
2010	-203.6	-1.7	-259.9	163.1	-70.9	-247.3	160.5	84.8	-172.6	119.2	18.5	2.7
2011	79.0	8.4	-334.3	198.2	52.4	-48.6	100.8	56.3	-109.9	164.8	-21.5	12.3
2011 Q2	19.6	-17.9	-53.7	28.5	-23.7	-28.8	0.2	132.0	-35.8	18.5	3.6	-3.3
Q3	7.5	4.4	-56.0	37.2	40.8	-2.0	-11.7	-7.2	-48.4	73.1	-14.8	-7.9
Q4	-29.0	40.8	-104.1	49.9	29.8	6.2	13.5	-68.4	-9.4	23.1	-9.9	-0.6
2012 Q1	-52.8	-4.1	-83.3	76.2	-18.1	-97.2	32.8	35.9	-35.5	45.0	-5.4	0.8
Q2	9.3	16.0	-70.8	37.4	3.8	-29.7	20.6	62.1	-50.3	22.1	-5.4	3.5
2011 June	42.1	0.8	-0.3	4.5	-7.4	3.7	10.9	44.9	-6.1	-3.1	1.9	-7.7
July	-18.1	3.2	-31.0	12.2	3.9	-16.5	14.5	-21.4	-7.6	21.3	0.3	3.0
Aug.	10.7	0.6	1.0	7.7	27.2	1.8	-14.4	-17.1	-12.0	23.9	-8.0	-0.1
Sep.	14.9	0.6	-26.1	17.3	9.7	12.7	-11.7	31.3	-28.8	27.8	-7.1	-10.9
Oct.	-37.6	5.5	-18.3	13.4	5.3	8.6	-27.2	2.4	-45.2	26.4	-1.6	-6.9
Nov.	-36.3	11.6	-47.8	2.4	17.8	-1.0	7.6	-22.5	-5.8	-2.9	-3.8	7.9
Dec.	44.9	23.6	-37.9	34.1	6.8	-1.4	33.0	-48.3	41.6	-0.4	-4.5	-1.6
2012 Jan.	-50.7	-12.1	-26.5	32.3	-1.9	-23.3	-8.8	3.1	-15.3	17.5	-5.5	-10.0
Feb.	14.6	-1.6	-23.2	18.3	-7.1	-48.1	4.4	59.2	-9.8	21.0	4.2	-2.7
Mar.	-16.7	9.6	-33.6	25.7	-9.1	-25.8	37.2	-26.4	-10.3	6.6	-4.1	13.6
Apr.	-20.7	1.7	-22.5	11.6	-6.7	-12.5	-6.8	3.9	7.2	1.0	2.2	0.1
May	12.3	-1.8	-7.2	16.4	3.3	-12.8	-6.4	47.9	-37.1	14.3	-6.2	1.9
June	17.7	16.1	-41.0	9.4	7.1	-4.3	33.8	10.3	-20.5	6.8	-1.4	1.4
	12-month cumulated transactions											
2012 June	-65.0	57.1	-314.1	200.7	56.3	-122.7	55.3	22.4	-143.6	163.3	-35.5	-4.2

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



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

7.5 Trade in goods

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

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2010	20.0	22.5	1,533.0	765.3	311.7	421.0	1,268.8	1,550.7	948.5	230.0	349.0	1,019.8	250.2
2011	13.1	12.7	1,743.6	877.8	352.3	474.2	1,426.3	1,751.0	1,122.2	237.2	365.3	1,099.0	320.8
2011 Q3	9.8	9.9	435.6	219.6	87.5	118.5	359.4	441.1	283.3	59.5	91.5	276.6	83.1
Q4	8.8	4.9	446.4	223.1	90.7	122.0	364.5	433.8	279.0	58.7	90.9	268.4	84.3
2012 Q1	8.6	3.9	463.0	232.5	94.1	126.0	376.0	451.6	290.1	60.7	91.1	273.6	87.7
Q2	8.0	0.9	465.7	.	.	.	380.7	443.7	.	.	.	273.1	.
2012 Jan.	10.9	4.2	153.3	77.6	31.2	42.0	123.0	148.5	94.4	20.2	30.5	90.8	29.0
Feb.	11.0	7.4	154.0	77.1	31.8	41.8	126.9	152.0	98.0	20.2	30.5	92.2	28.8
Mar.	4.6	0.6	155.7	77.8	31.1	42.3	126.1	151.1	97.7	20.2	30.1	90.7	29.9
Apr.	5.9	0.2	153.6	75.9	31.8	42.6	124.3	148.8	96.1	19.5	29.7	90.4	28.7
May	5.7	0.4	154.2	75.6	31.7	42.6	129.2	147.4	93.6	20.5	29.9	92.2	28.5
June	12.3	2.1	157.9	.	.	.	127.2	147.5	.	.	.	90.5	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2010	14.9	10.7	137.1	132.9	138.6	144.4	133.9	121.4	113.7	132.3	143.7	128.2	104.8
2011	7.7	2.7	148.5	143.4	152.7	155.7	145.3	124.6	117.8	134.9	143.8	133.2	101.6
2011 Q2	8.7	3.1	148.1	142.6	152.9	155.3	144.4	125.2	118.1	136.6	145.0	134.9	97.4
Q3	5.7	3.0	148.1	143.1	152.2	155.3	146.5	125.5	118.8	137.2	143.2	134.4	104.9
Q4	3.5	-2.8	150.4	144.4	154.8	158.1	147.1	121.9	115.6	132.4	140.7	129.6	104.3
2012 Q1	4.4	-1.6	152.6	147.5	159.1	158.8	149.4	122.6	115.9	131.1	137.8	129.1	99.0
2011 Dec.	5.0	-5.0	153.7	147.8	158.0	162.9	150.9	121.3	115.2	128.9	141.3	129.8	101.5
2012 Jan.	7.0	-1.3	152.7	148.8	158.9	159.6	147.4	122.1	115.1	131.2	137.6	128.2	102.7
Feb.	6.2	0.8	151.3	145.6	161.2	156.6	150.4	123.5	117.1	130.4	138.7	130.2	97.7
Mar.	0.8	-4.1	153.9	148.1	157.3	160.3	150.5	122.2	115.6	131.7	137.3	128.8	96.6
Apr.	1.8	-4.4	151.7	144.2	161.8	160.2	148.2	120.7	114.0	126.7	136.5	128.6	93.3
May	1.1	-4.7	151.7	143.4	158.4	160.4	153.1	120.4	112.4	133.9	136.0	131.1	96.5

2. Prices [2)]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3)]							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total					Memo item: Manufac-turing	Total (index: 2005 = 100)	Total					Memo item: Manufac-turing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	106.2	4.1	4.8	1.4	2.2	26.4	4.1	108.8	9.8	9.7	1.4	2.9	26.1	5.8
2011	110.5	4.0	5.8	1.4	2.2	23.3	4.0	118.7	9.1	4.6	-0.1	3.8	26.1	4.2
2011 Q4	111.1	3.5	3.8	1.8	2.3	20.3	3.4	119.8	7.6	0.4	0.5	3.4	24.0	2.8
2012 Q1	112.9	3.1	1.7	2.0	2.5	17.5	3.0	123.0	4.8	-1.3	1.2	2.2	14.8	1.5
Q2	113.3	2.7	1.0	2.5	2.7	8.4	2.6	122.5	3.2	0.1	2.0	3.3	6.1	1.8
2012 Feb.	112.9	3.1	1.6	2.0	2.5	18.7	3.0	122.9	4.7	-1.5	1.0	2.0	15.3	1.3
Mar.	113.3	2.9	1.3	2.1	2.4	16.4	2.8	124.2	4.5	-1.1	1.1	2.3	12.9	1.2
Apr.	113.5	2.8	1.1	2.4	2.5	12.1	2.7	123.7	3.2	-1.0	1.1	2.7	8.1	1.1
May	113.4	2.7	1.1	2.5	2.7	8.8	2.6	122.7	3.6	0.5	2.2	3.2	7.3	2.2
June	113.0	2.5	0.9	2.7	2.7	4.1	2.5	121.0	2.7	0.7	2.6	3.9	2.7	2.2
July	113.6	2.6	0.5	2.7	2.8	6.3	2.5	123.0	3.5	0.5	2.9	4.3	5.4	2.6

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.)														
2010	1,533.0	30.2	52.6	194.8	208.2	63.0	92.8	47.5	180.6	356.5	94.8	34.6	104.0	73.4	129.5
2011	1,743.6	32.9	60.5	213.5	241.0	79.8	108.9	56.7	200.4	406.2	115.3	39.4	111.9	84.6	147.2
2011 Q1	429.8	8.1	14.9	53.1	59.1	18.6	25.8	15.2	50.2	99.9	28.7	9.3	28.0	20.2	36.8
Q2	431.8	8.2	15.5	52.4	60.5	19.8	26.1	14.3	48.9	98.6	27.6	9.5	27.2	20.8	39.5
Q3	435.6	8.3	15.7	53.8	61.1	20.6	28.7	13.6	49.3	101.6	28.7	10.1	28.1	21.7	33.0
Q4	446.4	8.3	14.4	54.3	60.3	20.8	28.2	13.5	52.0	106.1	30.4	10.5	28.7	21.9	37.9
2012 Q1	463.0	8.4	15.0	56.4	61.2	22.2	29.4	14.6	55.7	109.7	31.4	10.6	30.9	24.0	35.4
Q2	465.7	.	.	.	.	22.9	29.1	14.5	55.8	109.0	30.5	11.3	31.2	24.4	.
2012 Jan.	153.3	2.8	5.0	18.6	20.2	7.1	9.9	4.7	18.4	35.9	10.4	3.5	9.7	7.7	13.3
Feb.	154.0	2.8	5.1	19.3	20.8	7.5	9.8	4.8	18.7	37.4	10.9	3.6	10.2	8.0	9.4
Mar.	155.7	2.8	5.0	18.5	20.2	7.5	9.7	5.1	18.7	36.4	10.1	3.5	11.0	8.3	12.8
Apr.	153.6	2.8	4.9	18.9	19.8	7.5	9.6	4.8	17.4	35.1	9.8	3.6	10.5	7.9	14.4
May	154.2	2.8	4.9	19.6	20.9	7.6	10.0	4.9	19.5	36.4	10.1	3.8	10.5	8.4	8.6
June	157.9	.	.	.	.	7.8	9.5	4.8	18.8	37.4	10.6	3.9	10.2	8.0	.
	Percentage share of total exports														
2011	100.0	1.9	3.5	12.2	13.8	4.6	6.2	3.3	11.5	23.3	6.6	2.3	6.4	4.8	8.4
	Imports (c.i.f.)														
2010	1,550.7	27.4	47.3	147.8	195.4	112.2	72.8	30.7	129.9	494.7	208.6	51.4	118.9	75.3	98.4
2011	1,751.0	29.8	53.3	166.6	226.4	138.7	80.2	34.8	139.4	548.9	217.2	52.5	128.4	90.7	113.7
2011 Q1	436.9	7.3	13.3	40.9	55.4	35.8	19.1	9.0	35.4	136.4	55.1	13.7	34.9	21.7	27.8
Q2	439.2	7.5	13.4	41.2	56.5	34.4	19.3	8.8	34.2	139.7	55.6	12.7	30.6	22.1	31.4
Q3	441.1	7.4	13.9	42.4	57.2	33.2	22.0	8.5	34.5	139.2	54.7	13.3	31.4	23.5	28.0
Q4	433.8	7.6	12.7	42.1	57.3	35.4	19.8	8.5	35.4	133.7	51.8	12.8	31.5	23.5	26.4
2012 Q1	451.6	7.2	13.0	42.7	57.5	37.7	20.0	8.4	37.6	136.1	53.2	12.5	38.7	23.6	29.2
Q2	443.7	.	.	.	.	34.3	19.7	8.3	37.2	136.0	55.9	12.3	37.7	22.6	.
2012 Jan.	148.5	2.4	4.3	13.9	18.9	11.8	6.8	2.7	12.3	44.8	17.7	4.1	12.1	7.8	10.7
Feb.	152.0	2.5	4.4	14.6	19.4	12.7	6.8	2.8	12.5	46.6	18.5	4.3	13.4	8.2	8.1
Mar.	151.1	2.3	4.3	14.2	19.2	13.1	6.4	2.8	12.7	44.7	17.0	4.1	13.2	7.7	10.4
Apr.	148.8	2.5	4.3	13.9	18.8	12.1	6.1	2.8	12.3	44.6	18.2	3.9	12.8	7.6	11.1
May	147.4	2.5	4.5	14.5	19.2	11.8	6.8	2.8	12.5	45.1	19.1	4.4	13.1	7.8	6.8
June	147.5	.	.	.	.	10.4	6.8	2.7	12.4	46.3	18.6	4.0	11.8	7.2	.
	Percentage share of total imports														
2011	100.0	1.7	3.0	9.5	12.9	7.9	4.6	2.0	8.0	31.3	12.4	3.0	7.3	5.2	6.5
	Balance														
2010	-17.7	2.7	5.3	47.0	12.7	-49.2	20.0	16.8	50.7	-138.2	-113.8	-16.8	-14.9	-1.8	31.1
2011	-7.4	3.1	7.2	46.9	14.6	-59.0	28.7	21.9	61.0	-142.7	-101.9	-13.1	-16.4	-6.1	33.5
2011 Q1	-7.1	0.7	1.6	12.2	3.7	-17.2	6.7	6.2	14.8	-36.5	-26.4	-4.4	-6.9	-1.5	9.0
Q2	-7.4	0.7	2.0	11.2	4.0	-14.6	6.8	5.5	14.7	-41.1	-28.0	-3.2	-3.4	-1.3	8.1
Q3	-5.5	1.0	1.8	11.3	3.9	-12.6	6.8	5.1	14.9	-37.6	-26.1	-3.1	-3.3	-1.7	5.0
Q4	12.6	0.7	1.7	12.2	3.0	-14.5	8.4	5.1	16.6	-27.6	-21.4	-2.3	-2.9	-1.6	11.5
2012 Q1	11.4	1.2	1.9	13.7	3.8	-15.5	9.4	6.2	18.2	-26.4	-21.8	-1.9	-7.7	0.3	6.2
Q2	22.1	.	.	.	.	-11.4	9.4	6.3	18.6	-27.0	-25.3	-1.0	-6.5	1.8	.
2012 Jan.	4.9	0.4	0.6	4.7	1.3	-4.7	3.1	2.0	6.0	-8.9	-7.3	-0.6	-2.3	-0.1	2.6
Feb.	2.0	0.3	0.7	4.6	1.5	-5.2	3.0	2.0	6.2	-9.2	-7.7	-0.7	-3.1	-0.2	1.4
Mar.	4.5	0.5	0.6	4.3	1.0	-5.7	3.3	2.3	5.9	-8.3	-6.8	-0.6	-2.3	0.6	2.3
Apr.	4.8	0.3	0.6	5.0	0.9	-4.6	3.5	2.0	5.1	-9.5	-8.4	-0.3	-2.3	0.4	3.3
May	6.8	0.4	0.4	5.1	1.6	-4.2	3.2	2.1	7.0	-8.6	-9.0	-0.6	-2.5	0.6	1.8
June	10.5	.	.	.	.	-2.6	2.8	2.1	6.4	-8.9	-8.0	-0.1	-1.6	0.8	.

Source: Eurostat.

EXCHANGE RATES

8.1 Effective exchange rates [1]

(period averages; index: 1999 Q1=100)

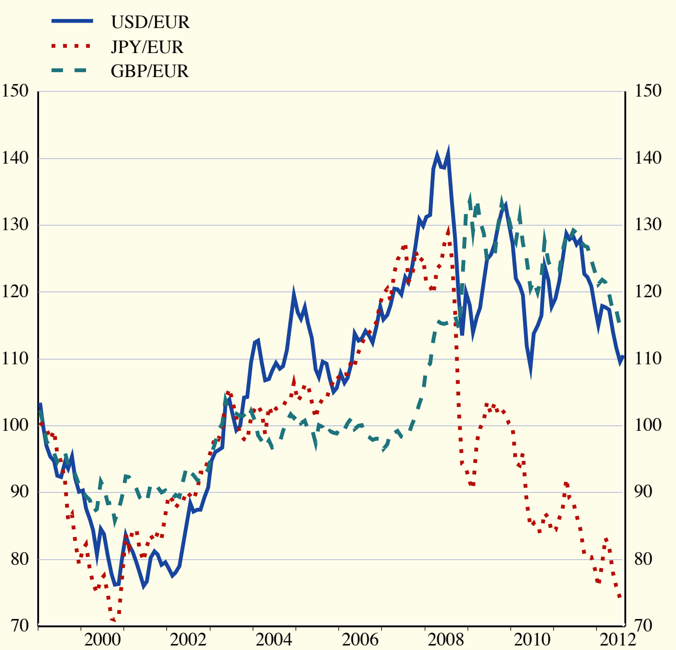
	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2009	110.6	109.2	104.3	104.9	118.7	105.0	119.7	106.8
2010	103.6	101.6	98.1	96.8	107.7	97.2	111.4	98.1
2011	103.4	100.7	97.6	95.1	107.1	95.8	112.1	97.6
2011 Q2	105.2	102.6	99.3	97.1	108.7	97.7	113.5	99.0
Q3	103.5	100.6	97.6	95.1	107.7	95.6	112.5	97.7
Q4	102.1	99.4	96.3	93.2	106.6	94.5	111.6	97.0
2012 Q1	99.5	96.9	94.4	90.5	104.1	91.6	108.3	94.0
Q2	98.2	95.9	93.1	.	.	.	107.4	93.2
2011 Aug.	103.9	100.8	97.9	-	-	-	112.9	98.1
Sep.	102.8	100.0	96.8	-	-	-	112.0	97.5
Oct.	103.0	100.2	97.1	-	-	-	112.6	97.8
Nov.	102.6	99.9	96.7	-	-	-	112.1	97.3
Dec.	100.8	98.1	95.1	-	-	-	110.3	95.8
2012 Jan.	98.9	96.3	93.7	-	-	-	108.0	93.7
Feb.	99.6	97.2	94.6	-	-	-	108.4	94.1
Mar.	99.8	97.3	94.8	-	-	-	108.6	94.3
Apr.	99.5	97.2	94.4	-	-	-	108.4	94.2
May	98.0	95.7	93.0	-	-	-	107.2	93.1
June	97.2	94.9	92.0	-	-	-	106.6	92.4
July	95.3	93.2	90.0	-	-	-	104.4	90.6
Aug.	95.2	93.0	89.5	-	-	-	104.3	90.5
	Percentage change versus previous month							
2012 Aug.	-0.2	-0.2	-0.5	-	-	-	-0.1	-0.1
	Percentage change versus previous year							
2012 Aug.	-8.3	-7.8	-8.6	-	-	-	-7.6	-7.7

C39 Effective exchange rates

(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



Source: ECB.

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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
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 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
2012 Q1	1.9558	25.084	7.4350	0.6985	3.4528	296.85	4.2329	4.3533	8.8529	0.83448	7.5568	2.3556
Q2	1.9558	25.269	7.4349	0.6981	3.4528	293.98	4.2595	4.4293	8.9133	0.80998	7.5280	2.3157
2012 Feb.	1.9558	25.042	7.4341	0.6988	3.4528	290.68	4.1835	4.3513	8.8196	0.83696	7.5815	2.3264
Mar.	1.9558	24.676	7.4354	0.6977	3.4528	292.26	4.1370	4.3668	8.8873	0.83448	7.5358	2.3631
Apr.	1.9558	24.809	7.4393	0.6993	3.4528	294.81	4.1782	4.3789	8.8650	0.82188	7.4991	2.3520
May	1.9558	25.313	7.4335	0.6981	3.4528	293.67	4.2937	4.4412	8.9924	0.80371	7.5383	2.3149
June	1.9558	25.640	7.4325	0.6969	3.4528	293.57	4.2973	4.4626	8.8743	0.80579	7.5434	2.2837
July	1.9558	25.447	7.4384	0.6963	3.4528	286.28	4.1837	4.5549	8.5451	0.78827	7.5006	2.2281
Aug.	1.9558	25.021	7.4454	0.6963	3.4528	278.93	4.0934	4.5176	8.2805	0.78884	7.4853	2.2291
	Percentage change versus previous month											
2012 Aug.	0.0	-1.7	0.1	0.0	0.0	-2.6	-2.2	-0.8	-3.1	0.1	-0.2	0.0
	Percentage change versus previous year											
2012 Aug.	0.0	3.1	-0.1	-1.8	0.0	2.4	-0.6	6.3	-9.7	-10.0	0.3	-11.4

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee [1]	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22
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 Q4	1.3316	2.4240	1.3788	8.5682	10.4879	68.5352	12,111.94	5.0172	104.22	4.2458
2012 Q1	1.2425	2.3169	1.3128	8.2692	10.1725	65.8991	11,901.67	4.9431	103.99	4.0121
Q2	1.2699	2.5167	1.2949	8.1072	9.9460	69.3757	11,932.86	4.9021	102.59	3.9918
2012 Feb.	1.2327	2.2729	1.3193	8.3314	10.2553	65.0589	11,913.82	4.9474	103.77	3.9978
Mar.	1.2538	2.3674	1.3121	8.3326	10.2474	66.5399	12,082.50	4.9679	108.88	4.0229
Apr.	1.2718	2.4405	1.3068	8.2921	10.2163	68.1939	12,068.69	4.9362	107.00	4.0277
May	1.2825	2.5357	1.2916	8.0806	9.9291	69.6407	11,913.51	4.8974	101.97	3.9688
June	1.2550	2.5658	1.2874	7.9676	9.7192	70.1673	11,830.22	4.8763	99.26	3.9836
July	1.1931	2.4914	1.2461	7.8288	9.5308	68.1061	11,605.16	4.9042	97.07	3.8914
Aug.	1.1841	2.5170	1.2315	7.8864	9.6177	68.8632	11,777.55	4.9779	97.58	3.8643
	Percentage change versus previous month									
2012 Aug.	-0.8	1.0	-1.2	0.7	0.9	1.1	1.5	1.5	0.5	-0.7
	Percentage change versus previous year									
2012 Aug.	-13.3	10.0	-12.5	-14.1	-14.0	5.8	-3.9	-2.1	-11.6	-9.8

	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
	23	24	25	26	27	28	29	30	31	32	33
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 Q4	18.3742	1.7353	7.7602	58.566	42.0737	1.7348	10.9209	1,542.87	1.2293	41.791	1.3482
2012 Q1	17.0195	1.6030	7.5868	56.421	39.5496	1.6573	10.1730	1,482.75	1.2080	40.630	1.3108
Q2	17.3620	1.6241	7.5582	54.813	39.8768	1.6200	10.4214	1,477.96	1.2015	40.101	1.2814
2012 Feb.	16.9159	1.5845	7.5522	56.419	39.4232	1.6585	10.1289	1,485.58	1.2071	40.614	1.3224
Mar.	16.8239	1.6104	7.5315	56.634	38.7804	1.6624	10.0475	1,487.83	1.2061	40.557	1.3201
Apr.	17.1900	1.6095	7.5698	56.145	38.8087	1.6459	10.3060	1,495.40	1.2023	40.639	1.3162
May	17.4237	1.6538	7.5655	54.908	39.5585	1.6152	10.4412	1,481.36	1.2012	40.077	1.2789
June	17.4529	1.6062	7.5401	53.510	41.1766	1.6016	10.5050	1,458.61	1.2011	39.640	1.2526
July	16.4263	1.5390	7.4579	51.452	39.9467	1.5494	10.1379	1,404.11	1.2011	38.873	1.2288
Aug.	16.3600	1.5306	7.3239	52.173	39.6334	1.5480	10.2585	1,403.93	1.2011	38.974	1.2400
	Percentage change versus previous month										
2012 Aug.	-0.4	-0.5	-1.8	1.4	-0.8	-0.1	1.2	0.0	0.0	0.3	0.9
	Percentage change versus previous year										
2012 Aug.	-6.8	-10.5	-6.0	-14.2	-4.0	-10.7	1.0	-9.0	7.2	-9.1	-13.5

Source: ECB.

1) 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	3.4	2.1	2.7	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2012 Q1	1.9	4.0	2.8	3.3	3.6	5.6	4.2	2.7	0.9	3.5
Q2	1.8	3.8	2.2	2.4	2.8	5.5	4.0	2.1	0.9	2.7
2012 May	1.8	3.5	2.1	2.3	2.6	5.4	3.6	2.0	0.9	2.8
June	1.6	3.8	2.2	2.1	2.6	5.6	4.2	2.2	0.9	2.4
July	2.4	3.3	2.1	1.9	2.9	5.7	4.0	3.1	0.7	2.6
General government deficit (-)/surplus (+) as a percentage of GDP										
2009	-4.3	-5.8	-2.7	-9.8	-9.4	-4.6	-7.4	-9.0	-0.7	-11.5
2010	-3.1	-4.8	-2.5	-8.2	-7.2	-4.2	-7.8	-6.8	0.3	-10.2
2011	-2.1	-3.1	-1.8	-3.5	-5.5	4.3	-5.1	-5.2	0.3	-8.3
General government gross debt as a percentage of GDP										
2009	14.6	34.4	40.6	36.7	29.4	79.8	50.9	23.6	42.6	69.6
2010	16.3	38.1	42.9	44.7	38.0	81.4	54.8	30.5	39.4	79.6
2011	16.3	41.2	46.5	42.6	38.5	80.6	56.3	33.3	38.4	85.7
Long-term government bond yield as a percentage per annum; period average										
2012 Feb.	5.31	3.12	1.84	5.45	5.15	8.60	5.46	6.99	1.89	2.13
Mar.	5.07	3.51	1.89	5.15	5.29	8.73	5.37	6.48	1.95	2.17
Apr.	5.11	3.51	1.71	5.10	5.30	8.77	5.49	6.24	1.82	2.03
May	5.11	3.31	1.37	5.15	5.30	8.33	5.41	6.50	1.51	1.78
June	5.07	3.11	1.26	5.07	4.96	8.30	5.24	6.68	1.45	1.60
July	4.87	2.60	1.10	4.67	4.82	7.56	4.99	6.52	1.33	1.47
3-month interest rate as a percentage per annum; period average										
2012 Feb.	3.19	1.20	1.00	1.31	1.43	8.83	4.97	4.79	2.44	1.07
Mar.	2.91	1.23	0.99	1.19	1.31	-	4.95	4.25	2.30	1.04
Apr.	2.71	1.24	0.97	1.00	1.28	8.19	4.94	4.12	2.19	1.02
May	2.59	1.24	0.90	0.94	1.24	8.22	5.05	4.69	2.14	1.00
June	2.45	1.21	0.62	0.90	1.20	-	5.12	5.10	2.14	0.95
July	2.14	1.06	0.41	0.75	1.11	8.00	5.13	.	2.10	0.82
Real GDP										
2010	0.4	2.7	1.3	-0.3	1.4	1.3	3.9	-1.7	6.2	1.8
2011	1.7	1.7	0.8	5.5	5.9	1.6	4.3	2.5	3.9	0.8
2011 Q4	0.9	0.6	0.1	5.7	5.2	1.2	4.0	2.1	1.2	0.6
2012 Q1	0.5	-0.7	0.3	5.6	3.9	-1.4	3.5	0.8	1.6	-0.2
Q2	.	.	-0.9	.	2.8	.	2.5	.	2.2	-0.5
Current and capital account balance as a percentage of GDP										
2010	-0.2	-3.0	5.6	4.9	4.2	3.0	-2.8	-4.2	6.7	-3.1
2011	2.2	-2.5	6.9	0.9	0.9	3.6	-2.1	-4.1	6.9	-1.7
2011 Q4	-4.1	-0.6	6.1	2.6	-1.6	3.2	-1.5	-1.8	4.6	-1.5
2012 Q1	-5.2	2.6	3.0	-2.9	-8.8	3.1	-3.5	-0.7	8.0	-2.9
Q2	.	.	8.3	.	2.8	.	-0.4	.	6.3	.
Gross external debt as a percentage of GDP										
2010	102.8	56.5	191.3	165.4	87.4	144.0	66.0	75.8	191.3	413.1
2011	92.0	58.4	183.2	146.2	80.8	145.9	72.7	73.5	195.2	421.3
2011 Q3	93.3	57.9	183.7	151.6	82.0	147.1	73.5	76.9	196.4	432.8
Q4	92.0	58.4	183.2	146.2	80.8	145.9	72.7	73.5	195.2	421.3
2012 Q1	93.2	59.1	185.2	145.5	85.4	135.4	70.7	74.2	194.5	417.5
Unit labour costs										
2010	5.6	-0.7	-1.0	-9.8	-7.3	-3.2	1.3	7.9	-1.9	1.2
2011	1.1	1.0	0.5	2.1	-0.2	3.8	0.5	1.7	-0.8	1.6
2011 Q4	4.8	1.6	1.8	1.7	3.1	3.0	-0.1	0.3	0.5	2.9
2012 Q1	1.9	4.7	1.1	-0.2	5.0	5.0	1.3	4.5	1.7	4.6
Q2	.	.	2.3	.	.	.	.	.	.	6.3
Standardised unemployment rate as a percentage of labour force (s.a.)										
2010	10.3	7.3	7.5	19.8	17.8	11.2	9.6	7.3	8.4	7.8
2011	11.3	6.7	7.6	16.3	15.4	11.0	9.7	7.4	7.5	8.0
2012 Q1	12.0	6.8	7.5	15.4	13.6	11.1	10.0	7.2	7.5	8.2
Q2	12.2	6.7	8.0	15.9	13.3	10.9	10.0	7.2	7.6	.
2012 May	12.2	6.7	8.0	15.9	13.3	11.0	10.0	7.1	7.8	8.0
June	12.3	6.7	8.0	15.9	13.2	10.8	10.0	7.3	7.5	.
July	12.4	6.6	7.9	.	13.0	.	10.0	7.0	7.5	.

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

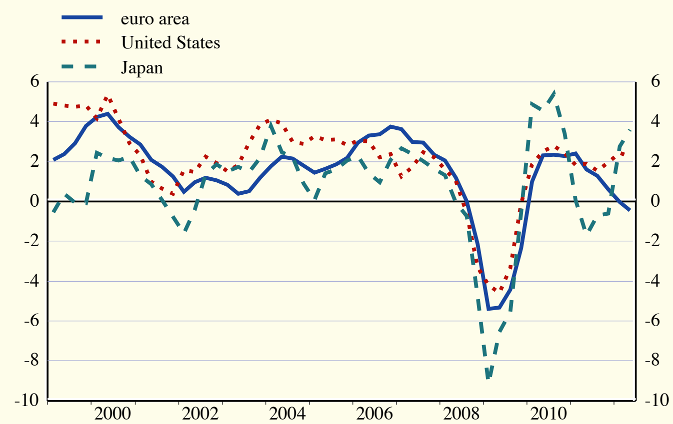
9.2 Economic and financial developments in the United States and Japan

(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	-4.8	5.8	6.8	2.93	2.70	1.4708	-6.6	61.5
2009	-0.4	-1.4	-3.1	-13.8	9.3	8.0	0.69	4.17	1.3948	-11.6	74.1
2010	1.6	-1.1	2.4	6.3	9.6	2.5	0.34	3.57	1.3257	-10.7	82.4
2011	3.2	1.9	1.8	4.8	9.0	7.3	0.34	2.10	1.3920	-9.7	86.4
2011 Q2	3.4	1.6	1.9	4.0	9.0	5.5	0.26	3.46	1.4391	-10.2	83.0
Q3	3.8	1.9	1.6	3.9	9.1	9.2	0.30	2.18	1.4127	-9.6	84.9
Q4	3.3	1.4	2.0	4.5	8.7	9.7	0.48	2.10	1.3482	-9.1	86.4
2012 Q1	2.8	0.1	2.4	5.3	8.3	10.2	0.51	2.38	1.3108	.	.
Q2	1.9	0.8	2.3	5.5	8.2	9.7	0.47	1.83	1.2814	.	.
2012 Apr.	2.3	-	-	5.9	8.1	10.0	0.47	2.11	1.3162	-	-
May	1.7	-	-	5.1	8.2	9.7	0.47	1.79	1.2789	-	-
June	1.7	-	-	5.5	8.2	9.3	0.47	1.83	1.2526	-	-
July	1.4	-	-	5.1	8.3	8.1	0.45	1.63	1.2288	-	-
Aug.	.	-	-	.	.	.	0.43	1.72	1.2400	-	-
					Japan						
2008	1.4	1.3	-1.1	-3.4	4.0	2.1	0.93	1.21	152.45	-1.9	162.9
2009	-1.3	2.9	-5.5	-21.9	5.1	2.7	0.47	1.42	130.34	-8.8	180.0
2010	-0.7	-2.8	4.6	16.6	5.1	2.8	0.23	1.18	116.24	-8.4	188.4
2011	-0.3	.	-0.7	-2.5	4.6	2.8	0.19	1.00	110.96	.	.
2011 Q2	-0.4	1.6	-1.7	-5.9	4.6	2.7	0.20	1.18	117.41	.	.
Q3	0.1	0.6	-0.7	-1.0	4.4	2.8	0.19	1.04	109.77	.	.
Q4	-0.3	.	-0.6	-1.7	4.5	3.0	0.20	1.00	104.22	.	.
2012 Q1	0.3	.	2.8	4.7	4.6	3.0	0.20	1.05	103.99	.	.
Q2	0.1	.	3.6	5.3	4.4	2.3	0.20	0.84	102.59	.	.
2012 Apr.	0.4	-	-	13.1	4.6	2.6	0.20	0.94	107.00	-	-
May	0.2	-	-	6.0	4.4	2.1	0.20	0.85	101.97	-	-
June	-0.2	-	-	-1.5	4.3	2.2	0.20	0.84	99.26	-	-
July	-0.4	-	-	-1.0	.	.	0.20	0.78	97.07	-	-
Aug.	.	-	-	.	.	.	0.19	0.81	97.58	-	-

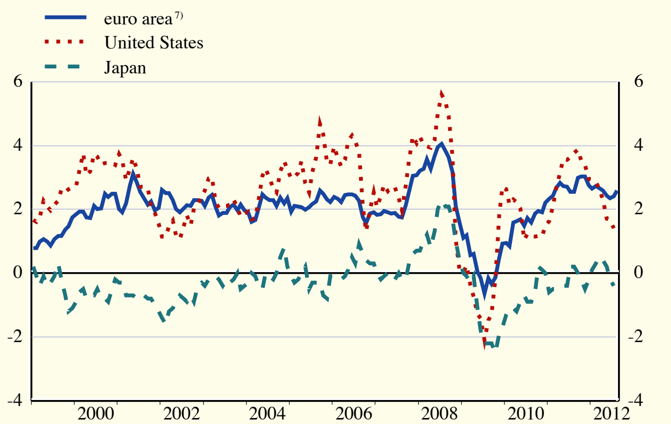
C41 Real gross domestic product

(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.

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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:

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

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

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY 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:

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

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

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:

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

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

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 S80). 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 5 September 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 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 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in

6 OJ L 162, 5.6.1998, p. 1.
7 OJ L 393, 30.12.2006, p. 1.
8 OJ L 155, 15.6.2007, p. 3.
9 OJ L 69, 13.3.2003, p. 1.
10 OJ L 169, 8.7.2003, p. 37.

Section 5.1) and employment statistics (Table 1 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

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.

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23)[17] was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area's b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, with the exception

15 OJ L 354, 30.11.2004, p. 34.
16 OJ L 159, 20.6.2007, p. 48.
17 OJ L 65, 3.3.2012, p. 1.

of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem's international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-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. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. 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 18 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.

9 FEBRUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

8 MARCH, 4 APRIL AND 3 MAY 2012

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

6 JUNE 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

5 JULY 2012

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

2 AUGUST 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

6 SEPTEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.

THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM

TARGET2[1] is instrumental in promoting the integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy. It also contributes to the integration of the euro area financial markets. More than 4,400 commercial banks, as well as 23 national central banks, use TARGET2 to initiate payments of their own or on their customers' behalf. Taking into account branches and subsidiaries, almost 60,000 banks worldwide (and thus all the customers of these banks) can be addressed via TARGET2. TARGET2 is used to make large-value and time-critical payments, including payments to facilitate settlements in other interbank fund transfer systems (e.g. Continuous Linked Settlement or EURO1), and to settle money market, foreign exchange and securities transactions. It is also used for smaller-value customer payments. TARGET2 provides intraday finality for transactions and allows the funds credited to a participant's account to become immediately available for other payments.

PAYMENT FLOWS IN TARGET2

In the second quarter of 2012, TARGET2 settled 22,565,682 transactions with a total value of €170,300 billion, which corresponds to a daily average of 363,963 transactions with a value of €2,661 billion. The highest level of TARGET2 traffic in this quarter was recorded on 29 June, when 536,524 payments were processed. With a market share of 57% in terms of volume, and 92% in terms of value, TARGET2 maintained its dominant position in the market for large-value payments in euro. The size of TARGET2's market share confirms banks' strong interest in settlement in central bank money, particularly in times of market turbulence. The average proportion of interbank payments was 40% in terms of volume and 94% in terms of value. The average value of an interbank payment processed in the system was €17.9 million, while that of a customer payment was €0.8 million. 68% of the payments had a value of less than €50,000, while 11% had a value of more than €1 million. On average, there were 342 payments with a value of more than €1 billion each per day.

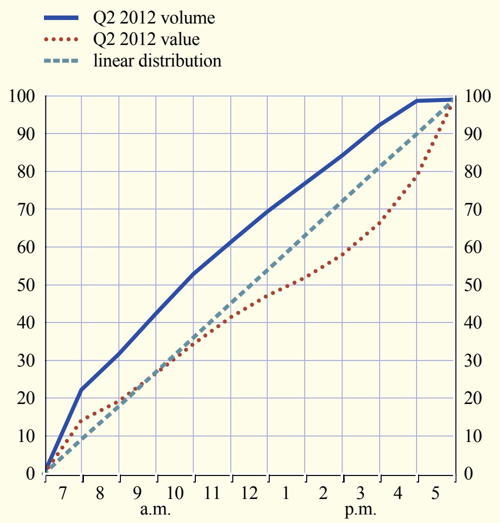
INTRADAY PATTERN OF VOLUMES AND VALUES

The chart shows the intraday distribution of TARGET2 traffic, i.e. the average percentage of daily volumes and values processed at different times of the day, for the second quarter of 2012. In volume terms, the curve is well above the linear distribution, with 71% of the volume already exchanged by 1 p.m. CET and 99.6% by one hour before the close of the system. In value terms, the curve is close to the linear distribution until the middle of the day, with nearly to 50% of the value exchanged. After this the curve moves under the linear distribution, an indication that payments of a higher value are settled towards the closing time of TARGET2. These payments actually correspond to the recourse taken to the deposit facility, the extent of which was significant over the period under review.

1 TARGET2 is the second generation of TARGET and was launched in 2007.

Intraday pattern

(percentages)



Source: ECB.

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the second quarter of 2012, TARGET2 achieved 100% overall availability. Incidents considered in the calculation of TARGET2's availability are those that completely prevent the processing of payments for ten minutes or more on TARGET2 business days between 7 a.m. and 6.45 p.m. As a result, 99.98% of all payments, on average, were processed in less than five minutes; the expectations set for the system were thus met in full.

Table 1 Payment instructions processed by TARGET2 and EURO1: volume of transactions

(number of payments)

	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2
TARGET2					
Total volume	22,410,209	22,362,663	22,935,865	22,636,610	22,565,682
Daily average	355,718	338,828	358,373	348,256	363,963
EURO1 (EBA)					
Total volume	15,372,628	15,482,902	16,637,217	16,757,278	16,900,076
Daily average	244,010	234,589	259,957	257,804	272,582

Table 2 Payment instructions processed by TARGET2 and EURO1: value of transactions

(EUR billions)

	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2
TARGET2					
Total value	142,356	154,829	169,681	177,680	170,300
Daily average	2,260	2,346	2,651	2,734	2,661
EURO1 (EBA)					
Total value	15,222	16,322	17,215	16,099	15,289
Daily average	242	247	269	248	247

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

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

STATUTORY PUBLICATIONS

- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

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

OTHER/TASK-RELATED PUBLICATIONS

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

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

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

Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting info@ecb.europa.eu

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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