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EUROPEAN CENTRAL BANK

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

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 2 August to keep the key ECB interest rates unchanged, following the decrease of 25 basis points in July. As stated in July, inflation should decline further in the course of 2012 and be below 2% again in 2013. 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. At the same time, economic growth in the euro area remains weak, with the ongoing tensions in financial markets and heightened uncertainty weighing on confidence and sentiment. A further intensification of financial market tensions has the potential to affect the balance of risks for both growth and inflation on the downside.

The Governing Council extensively discussed the policy options to address the severe malfunctioning in the price formation process in the bond markets of euro area countries. Exceptionally high risk premia are observed in government bond prices in several countries and financial fragmentation hinders the effective working of monetary policy. Risk premia that are related to fears of the reversibility of the euro are unacceptable, and they need to be addressed in a fundamental manner. The euro is irreversible.

In order to create the fundamental conditions for such risk premia to disappear, policy-makers in the euro area need to push ahead with fiscal consolidation, structural reform and European institution-building with great determination. As implementation takes time and financial markets often only adjust once success becomes clearly visible, 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. The Governing Council, within its mandate to maintain price stability over the medium term and in observance of its independence in determining monetary policy, may undertake outright open market operations of a size adequate to reach its objective. In this context, the concerns of private investors about seniority will be addressed. Furthermore, the Governing Council may consider undertaking further non-standard monetary policy measures according to what is required to repair monetary policy transmission. Over the coming weeks, the Eurosystem will design the appropriate modalities for such policy measures.

With regard to the economic analysis, on a quarterly basis, euro area real GDP growth was flat in the first quarter of 2012, following a decline of 0.3% in the previous quarter. Economic indicators point to weak economic activity in the second quarter of 2012 and at the beginning of the third quarter, in an environment of heightened uncertainty. Looking beyond the short term, the Governing Council expects the euro area economy to recover only very gradually, with growth momentum being further dampened by a number of factors. In particular, tensions in some euro area sovereign debt markets and their impact on financing conditions, the process of balance sheet adjustment in the financial and non-financial sectors and high unemployment are expected to weigh on the underlying growth momentum, which is also affected by the ongoing global slowdown.

The risks surrounding the economic outlook for the euro area continue 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. Downside risks also relate to possible renewed increases in energy prices over the medium term.

Euro area annual HICP inflation was 2.4% in July 2012, according to Eurostat's flash estimate, unchanged from the previous month. On the basis of current futures prices for oil, inflation rates should decline further in the course of 2012 and be below 2% again in 2013. 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.

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, and higher than expected energy prices over the medium term. The main downside risks relate to the impact of weaker than expected growth in the euro area, in particular resulting from a further intensification of financial market tensions. 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 stood at 3.2% in June 2012, slightly higher than the 3.1% observed in the previous month and close to the rate observed at the end of the first quarter. Overall, inflows into broad money in the second quarter were weak. Annual growth in M1 increased further to 3.5% in June, in line with the increased preference of investors for liquid instruments in an environment of low interest rates and high uncertainty.

The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) declined to 0.3% in June (from 0.5% in May). As net redemptions of loans to non-financial corporations and households (both adjusted for loan sales and securitisation) were observed in June, the annual growth rates of loans to both non-financial corporations and households (adjusted for loan sales and securitisation) decreased further in June, to -0.3% and 1.1% respectively. To a large extent, subdued loan growth reflects the current cyclical situation, heightened risk aversion and the ongoing adjustment in the balance sheets of households and enterprises, all of which weigh on credit demand. A considerable contribution of demand factors to weak MFI loan growth is confirmed by the euro area bank lending survey for the second quarter of 2012. This survey also shows that the net tightening of banks' credit standards at the euro area level was broadly stable in the second quarter of 2012, as compared with the previous quarter, for loans to both enterprises and households.

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.

While significant progress has been achieved with fiscal consolidation over recent years, further decisive and urgent steps need to be taken to improve competitiveness. From 2009 to 2011, euro area countries, on average, reduced the deficit-to-GDP ratio by 2.3 percentage points, and the primary deficit improved by about 2½ percentage points. Fiscal adjustment in the euro area is continuing in 2012, and it is indeed crucial that efforts are maintained to restore sound fiscal positions. At the same time, structural reforms are as essential as fiscal consolidation efforts and the measures to repair the financial sector. Some progress has also been made in this area. For example, unit labour costs and current account developments have started to undergo a correction process in most of the countries strongly affected by the crisis. However, further reform measures need to be implemented swiftly and decisively. Product market reforms to foster competitiveness and the creation of efficient and flexible labour markets are preconditions for the unwinding of existing imbalances and the achievement of robust, sustainable growth. It is now crucial that Member States implement their country-specific recommendations with determination.

This issue of the Monthly Bulletin contains two articles. The first article reviews the sources of heterogeneity in financial conditions, discusses the related challenges for the single monetary policy and clarifies the role of other policies in overcoming structural imbalances and divergences. The second article assesses the financing conditions of the euro area private sector during the sovereign debt crisis.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The recovery in the global economy continues to proceed, albeit unevenly, gradually and subject to considerable fragilities. Having moderated in the second quarter of 2012, weak global growth momentum appears to have continued into the third quarter of the year, particularly in Europe. Global inflation has continued to ease in recent months, mainly in response to receding commodity prices in the first half of the year.

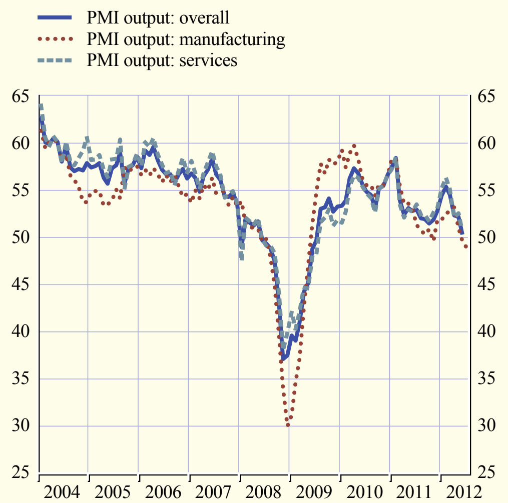
1.1 DEVELOPMENTS IN THE WORLD ECONOMY

Global growth remains gradual, diverse across regions and subject to considerable fragilities. The recent release of real GDP growth data for the second quarter in some major economies has corroborated the flow of economic data indicators which had been indicating a moderation in the growth momentum in the global economy. According to the latest survey data, weak growth dynamics have continued into the start of the third quarter of 2012, particularly in Europe. In July the global manufacturing PMI for output posted a small decline to 48.9, from 49.6 in June (see Chart 1). Europe remained the primary source of weakness, but the decrease in the PMI was also associated with a decrease in the global PMI index excluding the euro area. Overall, persistent structural impediments continue to restrain the pace of growth in most advanced economies. In emerging markets, activity has continued to expand at a faster pace than in advanced economies, although growth momentum has also been receding on account of past policy tightening and weaker external demand.

Global inflation has continued to ease in recent months. In the OECD area, consumer price inflation fell to 2.0% in the year to June, from 2.1% in May, compared with a peak of 3.3% recorded in September last year (see Chart 2). Excluding food and energy, the annual rate of inflation declined to 1.8% in June, compared with 1.9% in May. In several emerging markets, annual rates of inflation have continued to decline in June.

Chart 1 Global PMI output

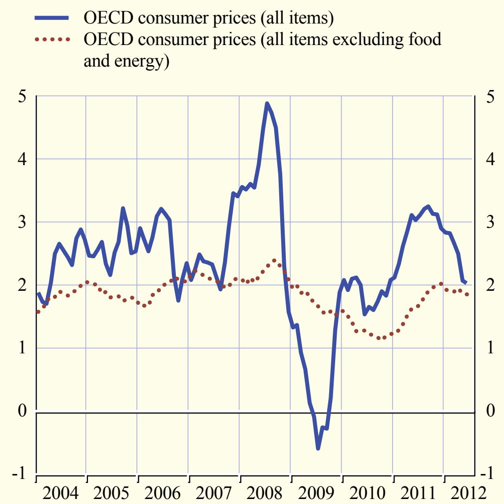
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

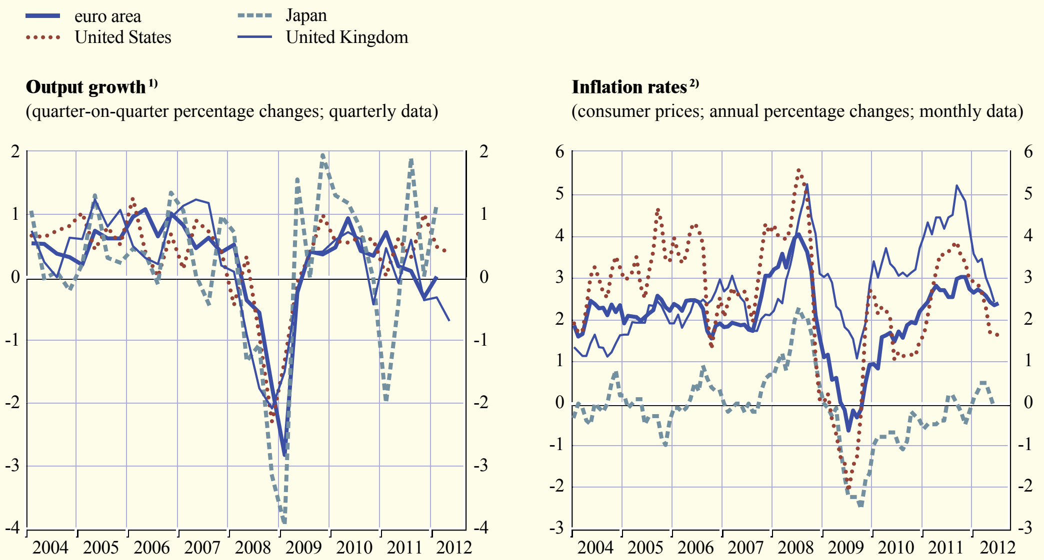
Chart 2 International price developments

(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.

UNITED STATES

In the United States, economic growth slowed in the second quarter of 2012. According to the advance estimate by the Bureau of Economic Analysis, real GDP increased at an annualised rate of 1.5% (0.4% quarter on quarter) in the second quarter of 2012, down from 2% in the previous quarter. The slowdown was primarily due to lower consumption growth – dragged down by a decline in the durable goods component – but also to another decline in government spending and a negative net trade contribution (although both exports and imports accelerated). On the other hand, the contribution of inventories turned positive. Both non-residential and residential investment increased substantially in the second quarter (albeit at a slower pace than in the first quarter). Real disposable personal income increased by 3.2% in the second quarter, thereby raising the personal saving rate to 4%, from 3.6% in the first quarter. The release included data revisions back to 2009, which show that, for the period 2008-11, real GDP growth was, on average, lower (at an annualised rate of 0.3%, compared with the 0.4% previously published). The percentage change in real GDP was revised upwards by 0.4 percentage point for 2009, down by 0.6 percentage point for 2010, and up by 0.1 percentage point for 2011, thus showing that the 2009 recession was less pronounced, whereas the recovery in 2010 was weaker.

In June annual CPI inflation remained unchanged at 1.7%. CPI inflation continues to be held down by the decline in energy prices, which fell by 3.9% in both May and June, compared with the same months of last year. Also on a yearly basis, food price increases continued to ease further until June, standing at 2.7% and down from a peak of 4.7% in October 2011. Excluding these components, core inflation declined to 2.2%, after remaining at 2.3% for the previous three months. The decline in core inflation is explained by lower price increases in apparel, cars and shelter. For the second quarter of 2012 as a whole, annual CPI averaged 1.9%, down from 2.8% in the first quarter.

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 through late 2014.

JAPAN

In Japan, the economy shows signs that the pace of expansion of economic activity moderated somewhat recently, following strong GDP growth in the first quarter of 2012. In recent months, survey data have been indicating a weakening of sentiment in the manufacturing sector. This is reflected in the industrial production figures for June, which showed a decline in activity for the third consecutive month. This softening in manufacturing activity is partly related to weak exports, which declined for the second consecutive month in real terms in June amid the strong yen and a slowing of external demand for Japanese goods. As a result of muted export growth and steadily rising energy imports since the nuclear plant shutdown following the disaster in March last year, Japan recorded the largest half-yearly trade deficit in its post-war history in the first half of 2012. However, sentiment in the non-manufacturing sector remains resilient, as domestic demand is firm amid solid private consumption and ongoing public reconstruction efforts.

Annual CPI inflation declined in June to -0.2% (from 0.2% in the previous month), owing mainly to falling prices for energy and consumer durables. Excluding fresh food, annual CPI inflation declined to -0.2% in June, compared with -0.1% in May, whereas the annual rate of change of CPI inflation excluding food and energy remained unchanged at -0.6%. At its latest monetary policy meeting on 12 July, the Bank of Japan decided to maintain its target for the uncollateralised overnight call rate within a range of 0.0% to 0.1%. Moreover, the Bank of Japan increased its outright purchases of Treasury discount bills by about JPY 5 trillion, while reducing its fixed rate funds-supplying operations by the same amount.

UNITED KINGDOM

The preliminary estimate of real GDP growth for the United Kingdom shows that activity declined by 0.7% quarter on quarter in the second quarter of 2012, driven mainly by a fall in the construction and production industries. Although temporary factors also contributed to the decline, the third consecutive quarter of output contraction points to a weakness in underlying activity growth in the United Kingdom. The latest high-frequency data provide mixed signals, but broadly confirm the weakness in the economy. Survey indicators in the manufacturing sector weakened considerably in July, and remain at a level consistent with a contraction in activity. In the services sector, although confidence has declined, survey indicators still point to an expansion in activity. Consumer confidence has remained weak, although the labour market situation has shown some signs of improvement. 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 declined to 2.4% in June, from 2.8% in May, while CPI inflation excluding energy and unprocessed food slowed from 2.4% to 2.2%. The fall in inflation was mainly due to lower prices of commodities and clothing. Looking ahead, the existence of spare capacity and the sluggish recovery in economic activity should contribute to a further dampening of inflationary pressures. At its meeting on 5 July, the Bank of England's Monetary Policy Committee maintained the policy rate at 0.5% and, at the same time, increased the size of its asset purchase programme by GBP 50 billion, to GBP 375 billion.

CHINA

In China, recent data releases confirm that economic activity has slowed down. In the second quarter of 2012, real GDP growth slowed from a year ago, to 7.6%, down from 8.1% in the first quarter. In quarter-on-quarter terms, growth accelerated slightly to 1.8%, from 1.6%, driven by consumption and investment. The contribution of net exports remained slightly negative. HSBC's manufacturing PMI index rose from 48.2 in June to 49.3 in July, its highest level since February. For the first time since October 2011, the number of cities reporting house price increases in June, compared with May, was larger than those reporting declines, suggesting that house prices could have bottomed out. Sold floor space also seems to be close to stabilising. In June, exports rose by much more than imports, compared with a year ago (11.3%, compared with 6.3%), leading to a sharply higher trade balance. However, the 12-month rolling trade balance stayed within the range observed since early 2010. Annual CPI inflation continued to decline in June, to 2.2%. On 25 July the Hong Kong Monetary Authority announced that Hong Kong banks could start offering a full range of renminbi services to non-residents starting on 1 August, including the unlimited exchange of renminbi against Hong Kong dollars and vice versa. This is part of a series of moves to establish Hong Kong as one of the main off-shore trading centres for renminbi.

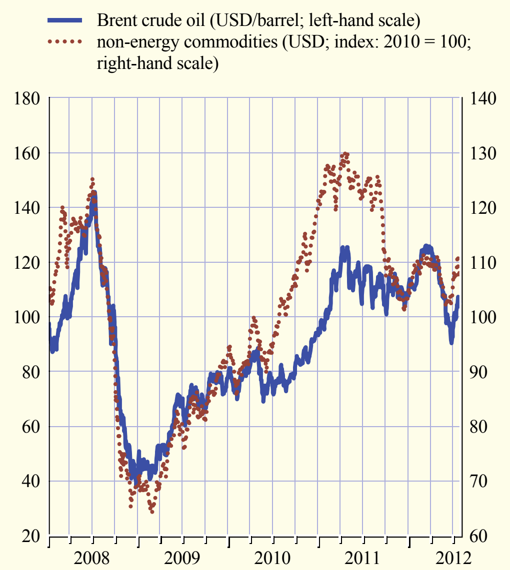
1.2 COMMODITY MARKETS

Oil prices increased in July, reversing the downward trend which had started in mid-March. Brent crude oil prices stood at USD 106 per barrel on 1 August, an increase of 17% with respect to the minimum level on 26 June, but still 16% below the peak reached on 14 March 2012 (see Chart 4 and also Box 1). Looking ahead, market participants expect lower oil prices over the medium term, with futures contracts for December 2013 trading at USD 100 per barrel.

The increase in oil prices seems to have been the consequence of resurgent tensions regarding Iran. According to the International Energy Agency's Oil Market Report, despite near-record production in June from Saudi Arabia, OPEC supply fell due to declines in Angola and Iran. Non-OPEC supply also declined on account of labour strikes, bad weather and planned maintenance. In addition, in spite of weaker global economic activity, oil demand is expected to recover in the third quarter of 2012, owing to seasonal patterns, which may also have helped to push prices upwards.

Prices of non-energy commodities increased, on aggregate, in July, driven mainly by agricultural commodities, owing to the droughts in the United States. By contrast, metal prices declined slightly in July. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was 3% higher towards the end of July than at the beginning of the year.

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Box 1

RECENT DEVELOPMENTS IN OIL PRICES

Brent crude oil prices fell from above USD 125 per barrel in mid-March to a low of USD 90 at the end of June. Developments in the supply/demand balance in the first half of the year shed some light on this decline. In particular, the combination of declining demand and growing supply exerted downward pressure on prices over this period.

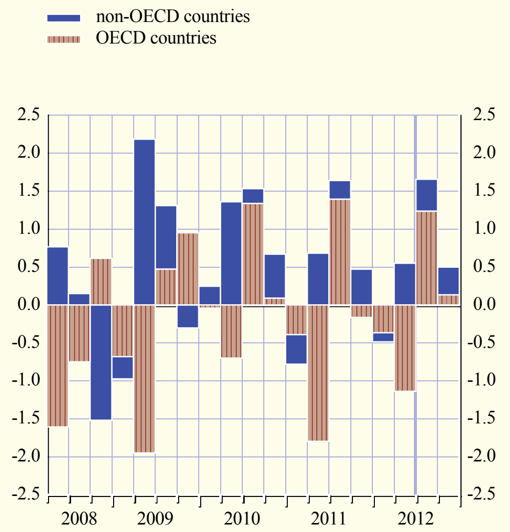
Oil market fundamentals

Oil demand fell during the first half of 2012 (see Chart A). This decrease was, particularly in the second quarter, due to the moderation in global growth momentum and to seasonal factors, as the oil demand of OECD economies typically declines in the second quarter of the year. Looking ahead, the International Energy Agency (IEA) expects an increase in oil demand in the third quarter of 2012.

As regards oil supply, Chart B displays oil production by OPEC and non-OPEC countries. OPEC production declined sharply after mid-2008 in the wake of the financial crisis and failed to recover until the second quarter of 2011. OPEC crude oil supply has risen since then, mainly driven by Saudi Arabia's decision to increase production in view of the political turmoil in Libya. Saudi Arabia is currently producing at a 30-year high, partly to offset the potential loss

Chart A Changes in global oil demand

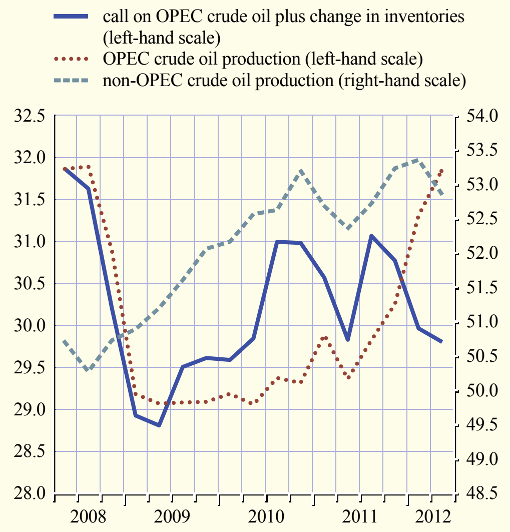
(millions of barrels per day; quarterly changes)



Source: IEA.
Notes: The latest observation refers to May 2012. IEA projections are for the remaining months of 2012.

Chart B Measures of supply and demand for oil

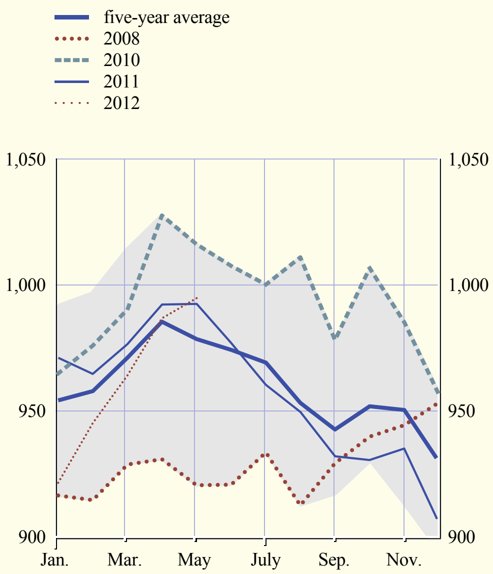
(millions of barrels per day; quarterly data)



Source: IEA.
Notes: The latest observation refers to the second quarter of 2012, except for the call on OPEC, for which the latest observation refers to May 2012 (IEA projections are used to compute the average for the second quarter of 2012). The call on OPEC is a measure of the "excess demand" that OPEC countries face. It equals the global oil demand minus both the crude oil production by non-OPEC countries and the production by OPEC countries which are not subject to quota agreements.

Chart C Crude oil industry inventories in OECD countries

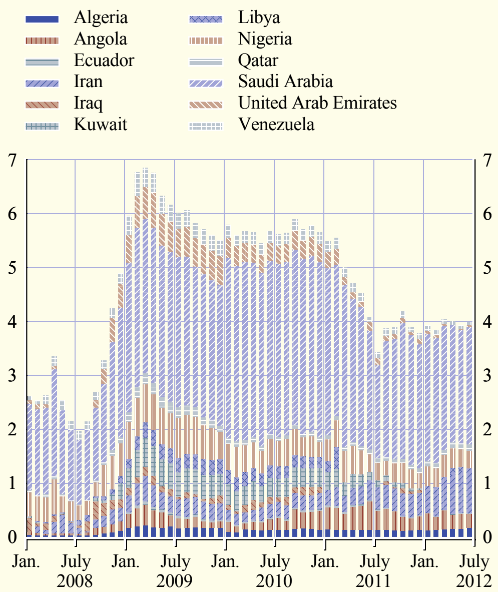
(millions of barrels)



Source: IEA.
Notes: The latest observation refers to May 2012. The grey area indicates the range of inventories from 2008 to 2011.

Chart D Estimated spare capacity of OPEC producers

(millions of barrels per day)



Source: Bloomberg.
Note: The latest observation refers to 31 May 2012.

of Iranian oil resulting from the EU sanctions.[1] By contrast, non-OPEC production increased in the first quarter of 2012 and fell in the second, in parallel with oil prices.

Chart B also shows the development in the demand that OPEC countries face, measured by the call on OPEC crude oil plus the change in inventories. The call is the difference between global oil demand and oil supply by non-OPEC members.[2] If the call is larger than OPEC crude oil production, as was the case from mid-2009 to the end of 2011, this means that producers are unable to fully meet the oil demand of the refineries, leading to a decline in crude oil inventories (see Chart C). By contrast, if the OPEC supply is larger than the call, as occurred in the first half of 2012, this means that producers are providing more oil than refineries demand, causing oil inventories to increase. Such a rise in inventories typically generates downward pressures on oil prices, as was the case from March to May 2012.

The large increase in oil supply has inevitably reduced OPEC countries' spare capacity. Current estimates of spare capacity point to a substantial reduction since mid-2011 (see Chart D). Most of this decline is due to the increased production by Saudi Arabia, the "swing producer" of the market. Current spare capacity is still above the pre-crisis level, however.

1 This decision by Saudi Arabia can be rationalised as the profit-maximising response of a monopolist facing changes in its residual demand. See Nakov, A. and Nuño, G., "Saudi Aramco and the Oil Market", *Working Paper Series,* No 1354, ECB, Frankfurt am Main, June 2011.
2 To be precise, the call also includes the production of NGLs by OPEC countries. NGLs are natural gas liquids, which are not subject to OPEC quota agreements.

Oil market outlook and risks

Looking ahead, oil price developments will depend on the evolution of the supply/demand balance. The IEA expects oil demand to rebound in the coming months, thus exceeding the historical barrier of 90 million barrels per day in 2012. This may place upward pressure on prices. Supply is currently sufficient to cope with this potential increase in demand. However, the reduction in spare capacity will also lead to some tightness in the market.

Regarding the balance of risks, the main downside risk to the outlook is a sharper than expected global economic slowdown. The main upside risk is a sudden disruption to supply, e.g. if the tensions surrounding Iran were to intensify. In such a scenario, given the current level of spare capacity, it would be difficult to fully offset the loss of Iran's production.

1.3 EXCHANGE RATES

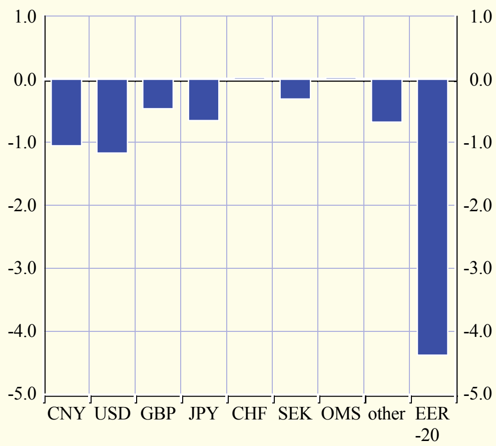
Between the end of April and early August 2012, the effective exchange rate of the euro depreciated overall amid a renewed increase in volatility. On 1 August 2012 the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, stood 4.4% below its level at the end of April 2012 and 8.2% below its average level in 2011 (see Chart 5).

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

(daily data)

Index: Q1 1999 = 100

Contributions to EER-20 changes[2)]
From 30 April to 1 August 2012 (percentage points)



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 main trading partners of the euro area. The category "other Member States" (OMS) refers to the aggregate contribution of the currencies of the non-euro area Member States (except the pound sterling and the Swedish krona). The category "other" refers to the aggregate contribution of the currencies of the remaining six trading partners of the euro area in the EER-20 index. Changes are calculated using the corresponding overall trade weights in the EER-20 index.

Table 1 Euro exchange rate developments [1]

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

	Weight in EER-20	Level on 1 August 2012	Appreciation (+)/ depreciation (-) of the euro as at 1 August 2012 since: 30 April 2012	2 January 2012	compared with: average for 2011
Chinese renminbi	18.8	7.832	-5.6	-3.9	-12.9
US dollar	16.9	1.230	-6.9	-4.9	-11.6
Pound sterling	14.9	0.788	-3.1	-5.7	-9.3
Japanese yen	7.2	96.2	-9.1	-3.3	-13.3
Swiss franc	6.5	1.201	0.0	-1.2	-2.5
Polish zloty	6.2	4.106	-1.6	-8.2	-0.4
Czech koruna	5.0	25.36	2.0	-0.6	3.1
Swedish krona	4.7	8.319	-6.7	-6.8	-7.9
Korean won	3.9	1,386	-7.1	-7.2	-10.1
Hungarian forint	3.2	280.4	-2.2	-10.8	0.4
NEER [2]		94.9	-4.4	-4.6	-8.2

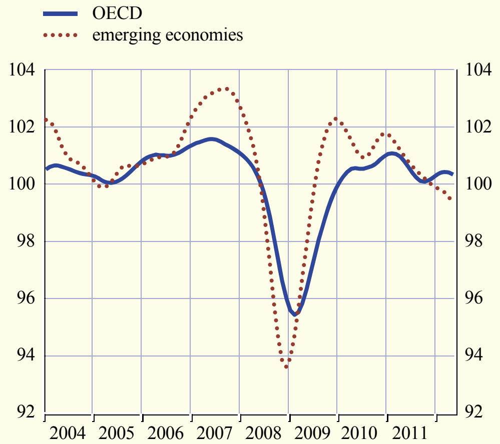
Source: ECB.
1) Bilateral exchange rates in descending order based on the corresponding currencies' trade weights in the EER-20 index.
2) Euro nominal effective exchange rate against the currencies of 20 of the most important trading partners of the euro area (EER-20).

In bilateral terms, over the past three months, the euro has broadly depreciated against most major currencies. Between 30 April and 1 August 2012, the euro steadily depreciated against the US dollar (by 6.9%), the Japanese yen (by 9.1%) and the pound sterling (by 3.1%). Over the same horizon, the euro also depreciated vis-à-vis some other European currencies (see Table 1), including the Hungarian forint (by 2.2%) and the Polish zloty (by 1.6%), but appreciated against the Romanian leu (by 4.2%) and the Czech koruna (by 2.0%). Market volatility – as measured on the basis of foreign exchange option prices – increased throughout May from the relatively low levels reached at the end of April, but declined during June, and has stabilised around historical averages since July.

Between 30 April and 1 August 2012, the currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates. The Latvian lats traded on the stronger side of its central rate within the unilaterally set fluctuation band of ±1%.

Chart 6 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Looking ahead, global growth is expected to pick up very gradually. The manufacturing PMI for new orders declined slightly to 47.2 in July, down from 48.1 in June, suggesting subdued business conditions. The OECD's composite leading indicator, designed to anticipate turning points in economic activity relative to trend, declined slightly in May, indicating a moderating of activity in the OECD area.

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. Moreover, geopolitical tensions in the Middle East pose an upside risk to oil prices and a downside risk to the global economy.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

June monetary data point to subdued underlying money and credit growth. M1 was the only subcomponent of M3 that recorded an inflow in June, displaying the money-holding sectors' preference for liquidity. As regards the asset side of the consolidated MFI balance sheet, much of the current weakness in MFI lending can be explained by demand conditions, although constraints on the supply side persist in a number of euro area countries. In order to ensure the appropriate financing of the economy once demand picks up, progress will need to be made with the adjustment of credit institutions' balance sheets in these countries.

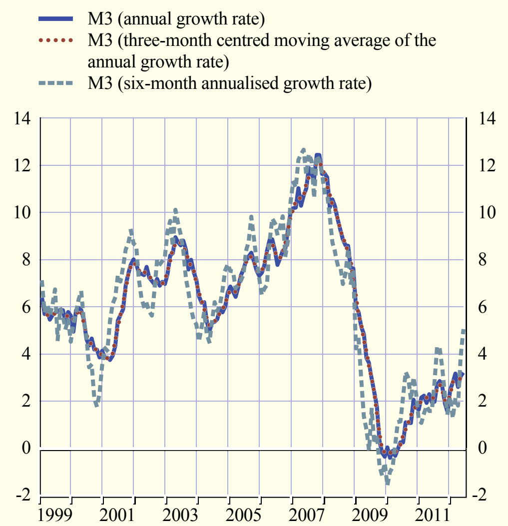
THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 in the euro area remained broadly stable at 3.2% in June 2012, after 3.1% in May (see Chart 7). This marginal increase reflected a contained monthly inflow. When looking beyond the volatility of monthly M3 flows in the second quarter of 2012, developments in June confirmed the fading-out of the monetary growth impulses observed between January and March 2012. In contrast to May, the volume of secured interbank transactions conducted via central counterparties (CCPs) was small and only marginally affected the monthly flow of M3. Adjusted for the impact of such transactions, the annual growth rate of M3 stood at 3.0% in June and was broadly unchanged in comparison with May. Shifts within M3 favoured liquid instruments contained in M1 in an environment of low interest rates and high uncertainty, confirming the trend observed in previous months.

Considering the counterparts of M3, the annual growth rate of MFI loans to both non-financial corporations and households continued to decline, in line with weak demand, although the slowdown in some countries was also linked to supply constraints. By contrast, the flow of credit to general government remained strong in June. Furthermore, the shift towards shorter maturities, as reflected in, for example, reductions in longer-term financial liabilities, continued to support M3 growth in June. Altogether, the volume of euro area MFIs' main assets saw a marginal increase in June.

Chart 7 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

MAIN COMPONENTS OF M3

The most significant contribution to the muted monthly flow into M3 in June stemmed from the most liquid monetary component M1, the annual growth rate of which increased to 3.5%, up from 3.3% in the previous month. In particular, overnight deposits recorded notable inflows, reflecting not only some temporary transactions of non-monetary financial intermediaries, but also the shift of funds of non-financial private entities towards higher liquidity, mainly at the expense of other components within M3. Short-term deposits other than overnight deposits (M2 minus M1) remained unchanged in June, as inflows in short-term saving deposits (redeemable at notice of up to three months) balanced outflows from short-term time deposits (i.e. with an original maturity of up to two years) at the euro area level. As a consequence, the annual growth rate of other short-term deposits remained at 2.3% in June, broadly unchanged from May.

Despite a stagnating monthly flow, the annual growth rate of marketable instruments (M3 minus M2) increased to 5.1% in June, up from 4.5% in May. MFIs' short-term debt securities (i.e. debt securities with an original maturity of up to two years) was the only sub-component within marketable instruments that recorded monthly inflows in June, reflecting purchases by investment funds. This demand partly replaced the lower demand of money market funds (MMFs) for short-term MFI debt securities. The lower demand by MMFs was due to the withdrawals of funds/shares from MMFs in June. Repurchase agreements (repos) registered moderate withdrawals. The monthly flow for secured interbank transactions conducted via CCPs was modest, but concealed heterogeneous developments across countries. While heightened concerns about the banking systems in some euro area Member States led to increasing volumes in collateralised interbank transactions, others observed withdrawals from CCP repos as a result of lower needs for liquidity and collateral considerations.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements, and represent the broadest monetary aggregate for which a timely sectoral breakdown is available – increased to 2.6% in June, up from 2.4% in May. In June, all sectors contributed positively to the annual growth rate, most notably non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs). At the same time, the household sector remained the biggest contributor. Insurance corporations and pension funds, by contrast, registered a significant month-on-month reduction of relevant deposit holdings in June.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents remained broadly unchanged at 1.4% in June, reflecting, however, divergent developments in its main components (see Table 2). On the one hand, the annual growth rate of credit to general government increased in June, to 9.4%, up from 9.1% in May. This increase reflected primarily a positive monthly flow for loans to general government and, to a lesser extent, for purchases of government securities by MFIs.

On the other hand, credit to the private sector continued to decline in June, with its annual growth rate remaining in negative territory (standing at -0.4%, down from -0.2% in May) (see Chart 8). The annual growth rate of MFI loans to the private sector (adjusted for sales and securitisation) decreased further to 0.3% in June, down from 0.5% in May.

Private sector lending activity remained affected mainly by weak demand and low consumer and business confidence, as well as – in some euro area countries – by unfavourable bank balance sheet developments. At the euro area level, the net tightening of banks' credit standards for loans to both enterprises and households was broadly stable in the second quarter of 2012 (see Box 2).

The annual growth rate of loans to non-financial corporations originated by MFIs thus decreased further in reflection of both moderate net redemptions of loans and a base effect in June, becoming negative at -0.3%, from 0.3% in May (see Table 3). Lending flows at all maturities at the euro area level were modest, but concealed offsetting developments across countries, mainly in short-term loans. The annual growth of loans to households, too, continued to decelerate in June (to 1.1%,

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 May	2012 June
M1	**49.3**	**1.4**	**1.9**	**2.3**	**2.7**	**3.3**	**3.5**
Currency in circulation	8.7	4.5	6.2	6.1	5.5	5.5	5.5
Overnight deposits	40.6	0.8	1.0	1.5	2.2	2.9	3.1
M2-M1 (=other short-term deposits)	39.1	3.4	2.3	2.7	2.8	2.3	2.3
Deposits with an agreed maturity of up to two years	18.9	3.1	2.0	3.4	2.7	1.6	1.4
Deposits redeemable at notice of up to three months	20.2	3.7	2.5	2.1	2.9	3.0	3.3
M2	**88.4**	**2.3**	**2.1**	**2.5**	**2.8**	**2.9**	**3.0**
M3-M2 (=marketable instruments)	11.6	2.7	3.5	3.1	4.4	4.5	5.1
M3	**100.0**	**2.4**	**2.2**	**2.5**	**3.0**	**3.1**	**3.2**
Credit to euro area residents		**2.4**	**1.3**	**1.4**	**1.5**	**1.5**	**1.4**
Credit to general government		5.2	1.4	5.2	8.4	9.1	9.4
Loans to general government		7.0	-2.1	-4.6	-1.7	-0.8	1.5
Credit to the private sector		1.8	1.3	0.5	-0.1	-0.2	-0.4
Loans to the private sector		2.5	2.1	0.9	0.1	-0.1	-0.2
Loans to the private sector adjusted for sales and securitisation[2]		2.7	2.3	1.3	0.7	0.5	0.3
Longer-term financial liabilities (excluding capital and reserves)		**3.5**	**2.6**	**0.4**	**-2.4**	**-3.1**	**-3.6**

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.

after 1.3% in May); this deceleration was attributable to, in particular, monthly net redemptions of consumer credit. An analysis of savings, investment and financing, broken down by sector, is provided in Box 3 (see Section 2.6).

Table 3 MFI loans to the private sector

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

	Outstanding amount as a percentage of the total[1]	Annual growth rates					
		2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 May	2012 June
Non-financial corporations	**42.1**	**1.6**	**1.7**	**0.7**	**0.1**	**0.0**	**-0.6**
Adjusted for sales and securitisation[2]	-	*2.3*	*2.1*	*0.9*	*0.3*	*0.3*	*-0.3*
Up to one year	24.5	4.1	3.7	0.5	-0.1	0.1	-1.9
Over one and up to five years	18.0	-2.8	-2.5	-2.9	-2.5	-2.5	-2.5
Over five years	57.5	2.1	2.3	2.0	1.0	0.8	0.6
Households[3]	**47.1**	**3.0**	**2.2**	**1.2**	**0.4**	**0.3**	**0.3**
Adjusted for sales and securitisation[2]	-	*2.7*	*2.3*	*1.9*	*1.4*	*1.3*	*1.1*
Consumer credit[4]	11.7	-2.0	-2.0	-1.8	-2.1	-1.9	-1.9
Lending for house purchase[4]	72.6	4.0	3.0	1.8	0.9	0.8	0.8
Other lending	15.7	2.4	1.8	0.9	0.2	-0.1	-0.4
Insurance corporations and pension funds	**0.8**	**7.1**	**4.2**	**-3.1**	**-5.4**	**-6.4**	**-5.9**
Other non-monetary financial intermediaries	**10.1**	**3.9**	**3.3**	**1.1**	**-0.7**	**-1.9**	**0.1**

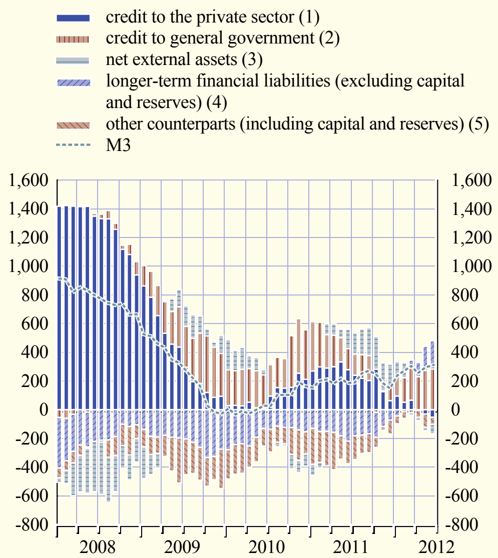
Source: ECB.
Notes: MFI sector including the Eurosystem; sectoral classification based on the ESA 95. For further details, see the relevant technical notes.
1) As at the end of the last month available. Sector loans as a percentage of total MFI loans to the private sector; maturity breakdown and breakdown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

Turning to the other counterparts of M3, the annual growth rate of longer-term financial liabilities (excluding capital and reserves) decreased further in June (to -3.6%, down from -3.1% in May). These developments were distributed uniformly across i) deposits with an agreed maturity of over two years and ii) longer-term MFI debt securities held by the money-holding sector. Moreover, they were mainly concentrated on one euro area country, and reflected both the maturing and the buyback of debt securities by MFIs.

The net external asset position of the euro area MFIs decreased by €66 billion in the 12 months to June (compared with a €23 billion decrease in the 12 months to May). One-third of this annual outflow corresponded to the June monthly flow. The effects of the depreciation of the exchange rate and the increased pressures on some euro area sovereigns were evident from an overall monthly outflow of capital from the euro area money-holding sector in June, although it was considerably smaller than the outflows observed in late 2011.

Chart 8 Counterparts of M3

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



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

Overall, money and credit growth remained subdued in June. Much of the current weakness in MFI lending can be explained by demand conditions, although constraints on the supply side persist in a number of countries. Notably, by feeding banks' funding pressures, the preference for liquidity displayed by the money-holding sector and the capital outflows from the euro area may make it more challenging for banks to adjust their balance sheets and, ultimately, to provide credit to the real economy.

Box 2

THE RESULTS OF THE EURO AREA BANK LENDING SURVEY FOR THE SECOND QUARTER OF 2012

This box summarises the main results of the euro area bank lending survey for the second quarter of 2012, which was conducted by the Eurosystem between 21 June and 5 July 2012.[1]

Overall, the net tightening of banks' credit standards for loans to both enterprises and households was broadly stable at the euro area level in the second quarter of 2012, as compared with the previous survey round. Among the main factors contributing to the tightening of credit standards, the impact of banks' cost of funds and balance sheet constraints was, in the case of enterprises,

1 The cut-off date of the survey was 5 July 2012. A comprehensive assessment of its results was published on the ECB's website on 25 July 2012.

stable vis-à-vis the first quarter of 2012, whilst it increased somewhat in the case of households. As regards demand for loans to enterprises, a significant fall in net terms was reported for the second quarter of 2012, although the balance was somewhat less negative than in the first quarter of the year. As in the first quarter, according to reporting banks, the net fall in the second quarter was driven mainly by weaker financing needs owing to fixed investment. The ongoing decline in net demand for loans to households for house purchase abated in the second quarter, as compared with the first quarter, whereas net demand for consumer credit remained broadly unchanged. Looking ahead, survey participants expect a similar degree of net tightening of credit standards for loans to enterprises, and some moderation in the case of housing loans and consumer credit. Net demand for loans to both enterprises and households is expected to continue to decline in the third quarter of 2012, although to a lesser extent than in the second quarter.

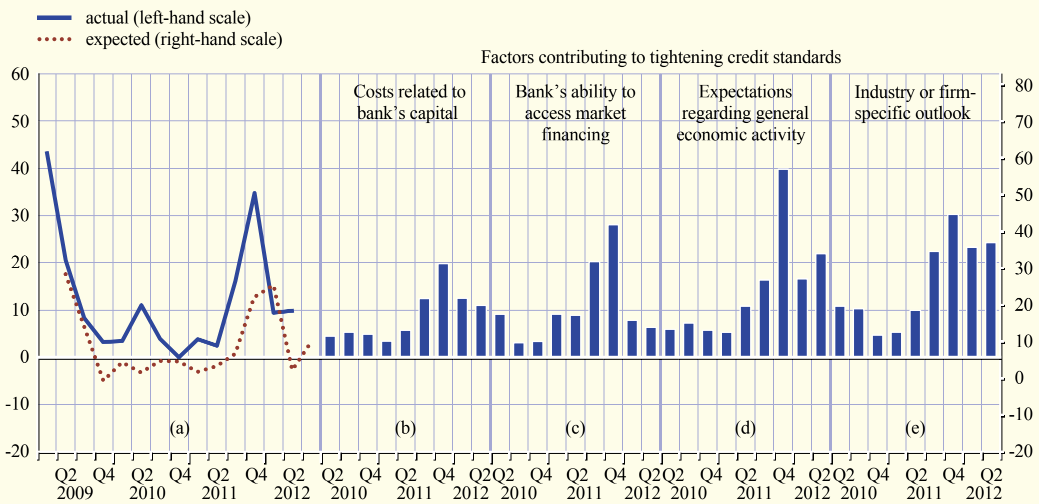
Loans and credit lines to enterprises

In the second quarter of 2012 the net percentage[2] of banks reporting a tightening of credit standards on loans and credit lines to enterprises remained broadly stable at 10% (compared with 9% in the previous quarter; see Chart A). Such a development was less favourable than expected in the survey three months earlier (2%), possibly owing to the re-intensification of the sovereign debt crisis. The tightening of credit standards on short-term loans increased in net terms (to 8%, up from 3% in the previous quarter), while it decreased further in the case of long-term loans

2 The reported net percentage refers to the difference between the proportion of banks reporting that credit standards have been tightened and the proportion of banks reporting that they have been eased. A positive net percentage indicates that banks have tended to tighten credit standards ("net tightening"), whereas a negative net percentage indicates that banks have tended to ease credit standards ("net easing").

Chart A Changes in credit standards applied to the approval of loans or credit lines to enterprises

(net percentages)



Notes: In panel (a), the net percentages refer to the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably". The net percentages for the questions related to the factors are the difference between the percentage of banks reporting that the given factor contributed to tightening and the percentage reporting that it contributed to easing. "Realised" values refer to the period in which the survey was conducted. "Expected" values refer to the expected changes over the next three months.

(to 11%, down from 15%). In addition, the net tightening of credit standards for loans to small and medium-sized enterprises (SMEs) increased (to 6%, up from 1%), whereas it remained broadly stable for loans to large firms (at 16%, down from 17%).

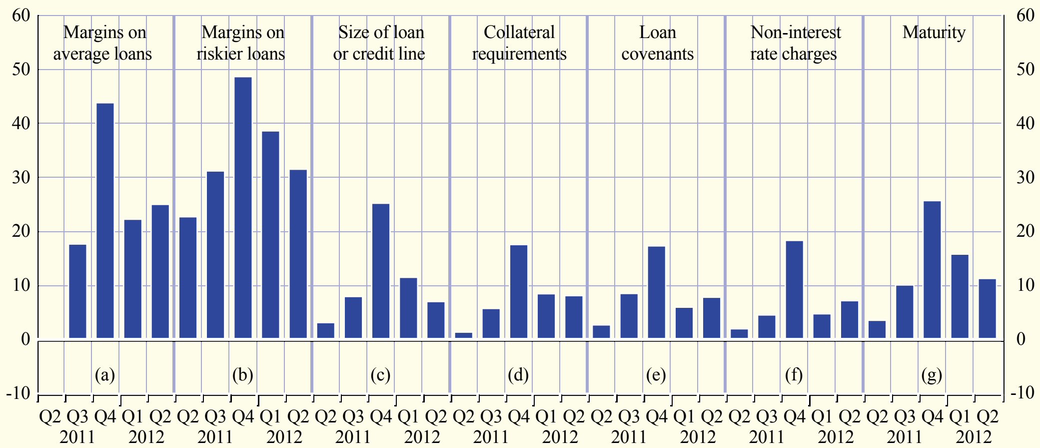
Looking at the underlying factors, the net percentage of euro area banks reporting that the cost of funds and balance sheet constraints contributed to a tightening of credit standards remained unchanged in comparison with the first quarter of 2012, standing at 7%. On balance, there was little change, in particular as regards banks' access to market funding (6%, after 8% in the previous quarter) and their liquidity position (3%, up from 2%). In addition, the impact of risk perceptions on the tightening of credit standards also remained broadly stable. While expectations regarding the economic outlook contributed substantially more to tighter credit standards (22%, after 17%), the impact of industry-specific risks (24%, after 23%) as well as collateral risk (8%, after 11%) remained relatively stable. Moreover, other factors, such as competitive pressures from other banks and non-banks, were reported to have contributed to an easing of credit standards in the second quarter of 2012 (on average, -1%, compared with -4% in the first quarter).

The developments in lending terms and conditions reported by euro area banks generally reflect the broadly stable net tightening of credit standards in the second quarter of 2012 (see Chart B). The widening of margins for average loans changed little in comparison with the first quarter (25%, up from 22%), while margins on riskier loans declined further (to 32%, down from 39%), suggesting a less pronounced degree of risk-related price differentiation by banks. The net tightening for other terms and conditions also remained unchanged (e.g. non-interest charges, loan size and maturity, and collateral requirements).

Looking ahead, on balance, euro area banks expect a similar degree of net tightening of credit standards for loans to enterprises in the third quarter of 2012 (at 10%). Some further tightening is expected to affect large firms (12%), rather than SMEs (7%), as well as primarily long-term loans.

Chart B Changes in terms and conditions for approving loans or credit lines to enterprises

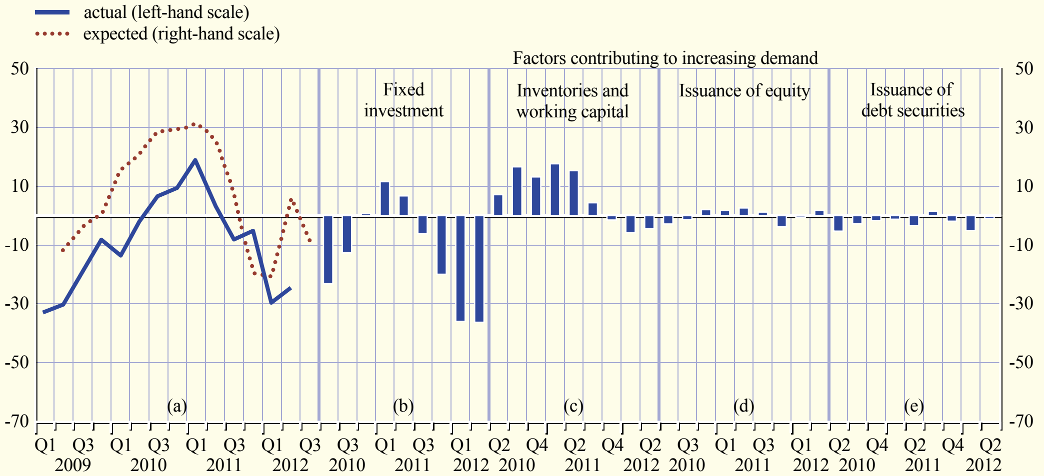
(net percentages of banks reporting tightening terms and conditions)



Note: The net percentages refer to the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

Chart C Changes in demand for loans or credit lines to enterprises

(net percentages)



Notes: In panel (a), the net percentages refer to the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". The net percentages for the questions related to the factors are 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 decline. "Realised" values refer to the period in which the survey was conducted. "Expected" values refer to the expected changes over the next three months.

In the second quarter of 2012 net demand for loans from enterprises continued to fall significantly, albeit at a slower pace than in the first quarter (to -25%, up from -30%). However, such a decline was not expected by respondents who had foreseen an increase in net demand during the previous survey round (7%). Moreover, the net decline in the demand for loans appeared to have been sharper for large firms than for SMEs (-18% and -16% respectively), and also more marked for long-term loans than for short-term loans (to -19% and -15% respectively).

According to survey participants, as in the first quarter of the year, the net fall in demand was driven mainly by a substantial negative impact from fixed investment on firms' financing needs (unchanged at -36%; see Chart C), combined with a negative contribution of financing for mergers and acquisitions (-13%, up from -17%), internal financing (-12%, down from -8%) and financing needs for inventories and working capital (-4%, up from -6%). On balance, issuance of debt securities, by contrast, no longer contributed to the negative net loan demand (0%, from -5% in the first quarter of 2012).

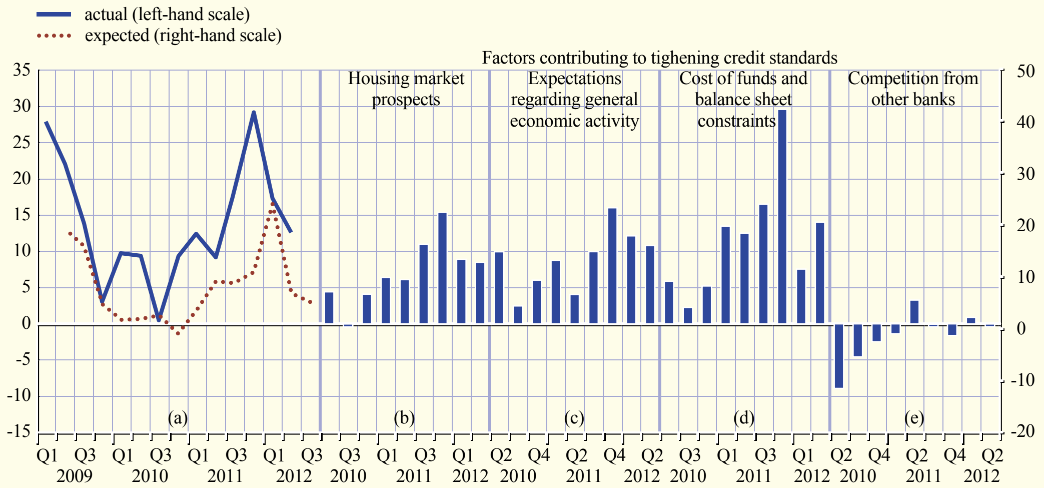
Looking ahead, banks expect a considerably smaller net decline in the demand for corporate loans in the third quarter of 2012 (-8% in net terms). The net decline in demand is expected to apply to a somewhat greater extent to large firms (-9%) than to SMEs (-7%), and to affect long-term loans (-13%) more markedly than short-term loans (-3%).

Loans to households for house purchase

In the second quarter of 2012 the net percentage of banks reporting a tightening of credit standards for loans to households for house purchase edged down to 13%, from 17% in the first quarter (see Chart D). This decline was smaller than anticipated in the previous survey round. According to survey participants, the moderate decrease in net tightening in the second quarter was driven

Chart D Changes in credit standards applied to the approval of loans to households for house purchase

(net percentages)



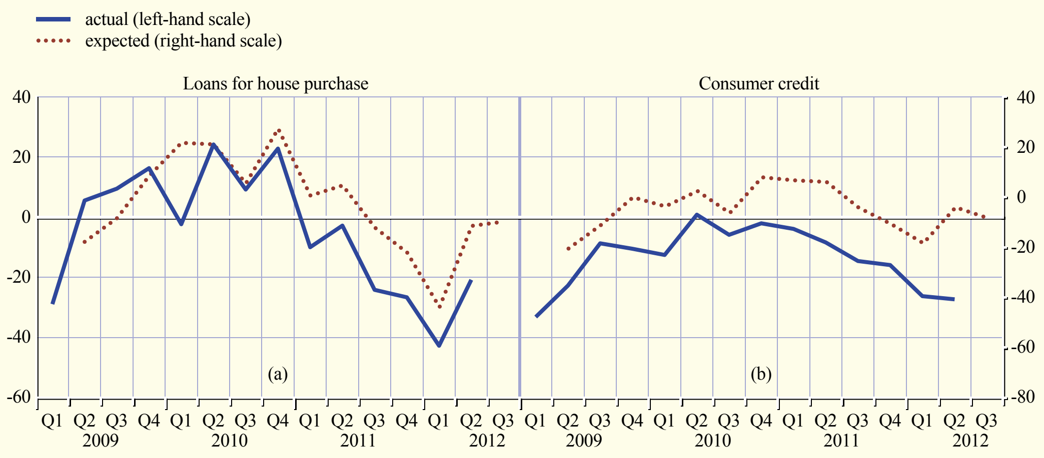
Note: See notes to Chart A.

mainly by a lesser impact of both the general economic outlook and housing market prospects, and by neutral competitive pressures, while pressures from the cost of funds and balance sheet constraints increased somewhat (to 14% in net terms, from 8% in the first quarter).

The reported decline in the net tightening of credit standards for housing loans translated into a further improvement of the terms and conditions across all price and non-price categories. Notably, margins on average loans (15%, down from 24%) and margins on riskier loans (21%, down from 32%) fell substantially.

Chart E Changes in demand for loans to households for house purchase and consumer credit

(net percentages)



Notes: The net percentages refer to the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". "Realised" values refer to the period in which the survey was conducted. "Expected" values refer to the expected changes over the next three months.

Looking ahead, banks expect a somewhat lower degree of net tightening of credit standards in the case of loans for house purchase (5%) in the third quarter of 2012.

Similar to the negative net loan demand by firms, euro area banks reported a further contraction, in net terms, in the demand for housing loans (to -21%, up from -43%; see Chart E), while the balance became significantly less negative. This net decline appeared to be driven mainly by the ongoing deterioration of housing market prospects (-25%, up from -31%) and consumer confidence (-27%, up from -37%).

Looking ahead, banks expect a further net decline in the demand for housing loans (-10% in net terms) for the third quarter of 2012, albeit at a slower pace.

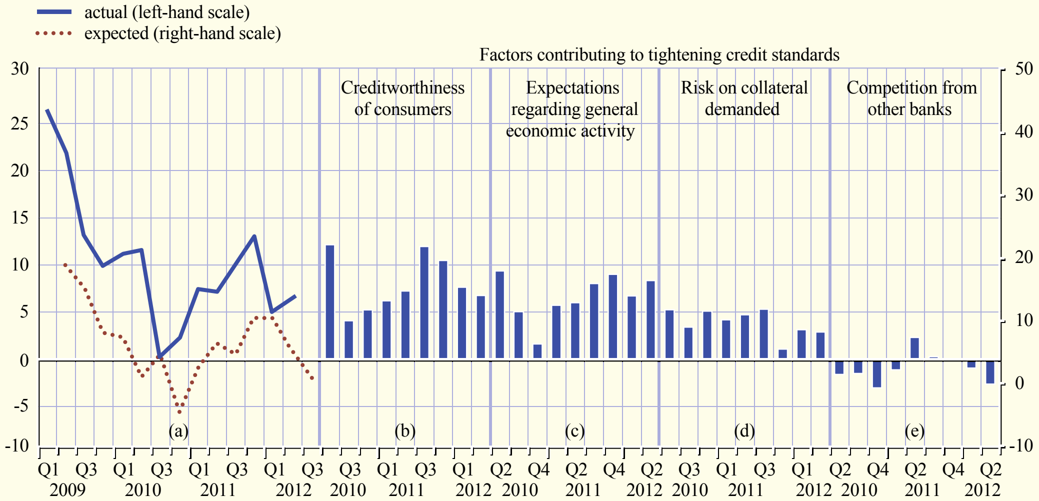
Consumer credit and other lending to households

For the second quarter of 2012, euro area banks reported a broadly stable net tightening of credit standards (7%, up from 5%; see Chart F). Pressures from cost of funds and balance sheet constraints on credit standards increased (to 8%, from 3% in the first quarter of 2012), whereas risk perceptions (related to the economic outlook and consumers' creditworthiness) remained broadly unchanged. With regard to the terms and conditions on consumer credit, banks reported, on balance, that the widening of margins on riskier loans declined (to 13%, from 17% in the first quarter), whereas the widening of margins on average consumer loans remained broadly stable (at 11%, compared with 10% in the first quarter of 2012). The contribution of non-price terms and conditions on consumer credit remained broadly neutral.

Looking ahead, in net terms, only 2% of banks expect a further tightening of credit standards for consumer credit and other lending to households in the third quarter of 2012.

Chart F Changes in credit standards applied to the approval of consumer credit and other lending to households

(net percentages)



Note: See notes to Chart A.

In the second quarter of 2012 net demand for consumer credit continued to decline markedly (-27% in net terms, down from -26% in the previous quarter; see Chart E). This was mainly due to lower spending on durable consumer goods (-28%, unchanged to the first quarter) and a decrease in consumer confidence (-26%, up from -28% in the first quarter).

Looking ahead, banks expect a smaller net decline in the demand for consumer credit in the third quarter of 2012 (at -8% in net terms).

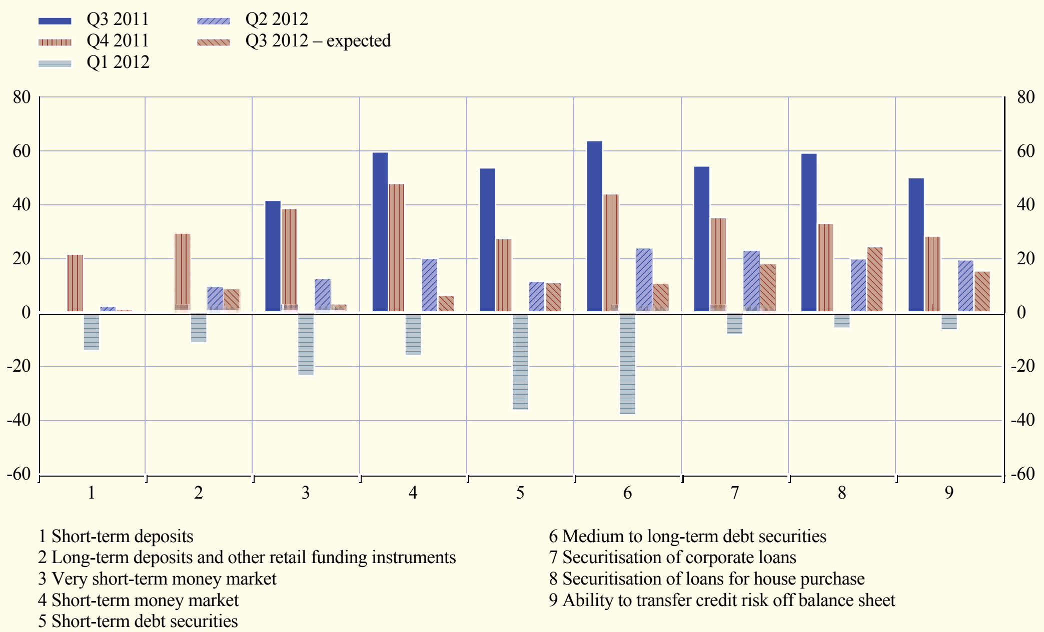
Ad hoc question on the impact of the financial turmoil

As in previous survey rounds, the July 2012 euro area bank lending survey contained an ad hoc question aimed at assessing the extent to which the financial market tensions affected banks' access to retail and wholesale funding markets in the second quarter of 2012, and the extent to which they might still have an effect in the third quarter of the year.

On balance, euro area banks reported some deterioration – probably related to the re-intensification of the sovereign debt crisis – in their access to retail and wholesale funding across all categories compared to the first quarter of 2012, although considerably less so than in the fourth quarter of 2011. Banks' access to longer-term market segments for retail and wholesale funding deteriorated somewhat more than access to short-term market segments, possibly indicating some reluctance of investors with respect to longer-term investments (see Chart G). In addition, conditions for securitisation appeared to have worsened considerably in the second quarter of 2012, both for true-sale securitisation and for banks' ability to transfer risks off their

Chart G Change in the access to wholesale funding over the past three months

(net percentages of banks reporting deteriorated market access)



Note: The net percentages are defined as the difference between the sum of the percentages for "deteriorated considerably" and "deteriorated somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

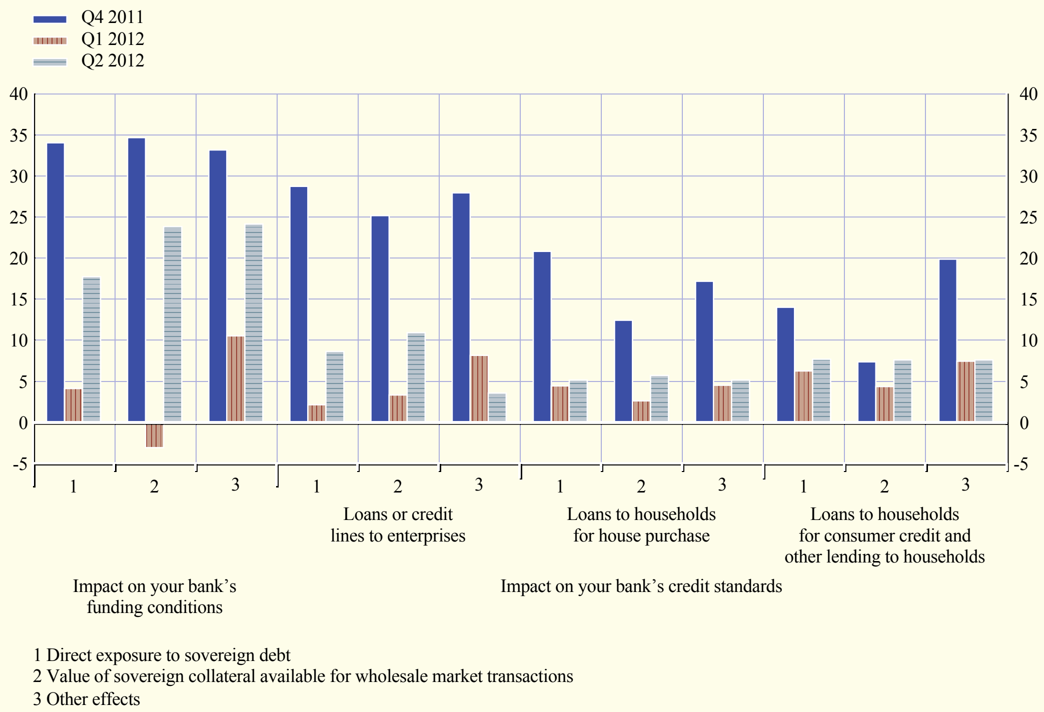
balance sheets (synthetic securitisation). Looking ahead, euro area banks expect a further – albeit more moderate – deterioration in the conditions for access to both retail and wholesale funding in the third quarter of 2012.

Ad hoc question on the impact of the sovereign debt crisis on banks' funding conditions and credit standards

The questionnaire for the July 2012 survey included, for the third time, an ad hoc question aimed at assessing the impact of the sovereign debt crisis on banks' funding conditions and their credit standards. On average, 18% of the euro area banks in net terms – compared with 4% in the first quarter of 2012 – attributed the deterioration in funding conditions to the sovereign debt crisis, through either direct exposures to sovereign debt, reduced collateral value of government bonds or other effects. In fact, the decline in the collateral value in the second quarter was quoted as a reason for the deterioration in their funding conditions (-3%). In the previous quarter the increase in collateral value had had a positive impact on funding conditons. This suggests that the adverse effects of the sovereign debt crisis on banks' funding conditions increased again in the course of the second quarter. This notwithstanding, the impact on euro area banks' credit standards remained contained and changed only moderately in comparison with the previous quarter (about 7%, on average, for both loans to non-financial corporations and loans to households; see Chart H).

Chart H Impact of the sovereign debt crisis on banks' funding conditions and credit standards

(net percentages of banks reporting an impact on funding conditions or on the tightening of credit standards)



Note: The net percentages are defined as the difference between the sum of the percentages for "contributed to a deterioration of funding conditions/tightening of credit standards considerably" and "contributed somewhat" and the sum of the percentages for "contributed to an easing of funding conditions/easing of credit standards somewhat" and "contributed considerably".

Ad hoc questions on the impact of Basel III and other changes in bank regulation

The questionnaire for the July 2012 survey also included two ad hoc questions that aimed at assessing the extent to which the new regulatory capital requirements set out in "Basel III"[3] (or any other specific national regulations concerning banks' capital that have recently been approved, or are expected to be approved in the near future) affect banks' lending policies via the potential impact on their capital positions and the credit standards they apply to loans.

The results of the July 2012 bank lending survey confirmed that the adjustment shown in the January 2012 survey is still ongoing. Banks reported, in net terms, a further decline in their risk-weighted assets, albeit less strong than expected in January (-41% in the first half of 2012 compared with -34% in the second half of 2011). This decline was and is expected to remain focused on riskier, as opposed to average, loans. The increase in banks' capital positions was less marked than in January (35% versus 42%), but was slightly above expectations. On balance, 34% of the banks expect an increase in their capital position in the second half of 2012. Contrary to the January survey results for the second half of 2011, however, in the first half of 2012 the increase in banks' capital position was mainly achieved via retained earnings rather than via the issue of new shares.

In net terms, about 25% of the participating euro area banks indicated that their credit standards for loans to large enterprises were tightened as a result of adjustments implemented in view of the new national regulations and/or capital requirements set out in "Basel III". While credit standards for loans to SMEs were affected to a lesser extent (8%), in the case of loans to households, in net terms, 12% of euro area banks reported a tightening of credit standards owing to the new regulatory capital requirements for housing loans, and 7% for consumer credit.

Overall, while the downsizing of risk-weighted assets generally progressed further in the first half of 2012, banks did not, on balance, speed up the improvement of their capital positions over the same period. Looking ahead, a lower net percentage of euro area banks plan on reducing their risk-weighted assets in the second half of 2012, as compared with the first half of the year. They would also continue to reinforce their capital base to the same extent as in the first half of the year. For the second half of 2012, banks expect an increase in net tightening of credit standards owing to regulatory pressures which should affect primarily loans to enterprises, while not much change is expected, on balance, in the case of loans to households.

3 See Basel Committee on Banking Supervision, *Basel III: A global regulatory framework for more resilient banks and banking systems*, Bank for International Settlements, 16 December 2010 (available at http://www.bis.org/publ/bcbs189.pdf).

2.2 SECURITIES ISSUANCE

The annual growth rate of debt securities issuance by euro area residents stood at 4.0% in May 2012, down from 4.4% in the previous month. This slowdown was driven mainly by a lower growth rate of issuance of short-term debt securities, although issuance of long-term debt securities also decelerated. Overall, the weakening in issuance activity was broadly based across all but one sector. At the same time, the annual growth rate of quoted share issuance edged up slightly in May, to 1.5%.

Table 4 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) 2012 May	Annual growth rates[1] 2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 April	2012 May
Debt securities	**16,840**	**3.5**	**3.5**	**3.1**	**4.2**	**4.4**	**4.0**
MFIs	5,600	1.1	2.0	3.3	4.6	4.2	2.9
Non-monetary financial corporations	3,381	0.7	-0.4	-1.1	-0.4	2.8	3.5
Non-financial corporations	938	4.1	4.9	5.0	6.6	9.5	9.1
General government	6,922	6.9	6.6	4.9	5.8	4.8	4.5
of which:							
Central government	6,253	6.1	5.9	4.2	4.8	3.7	3.8
Other general government	669	15.8	14.6	13.2	16.8	15.7	12.6
Quoted shares	**3,771**	**1.5**	**1.9**	**1.6**	**1.6**	**1.4**	**1.5**
MFIs	281	7.4	12.4	10.0	10.8	10.7	10.0
Non-monetary financial corporations	260	4.2	5.0	5.2	3.6	3.1	3.4
Non-financial corporations	3,230	0.5	0.4	0.3	0.3	0.2	0.4

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

DEBT SECURITIES

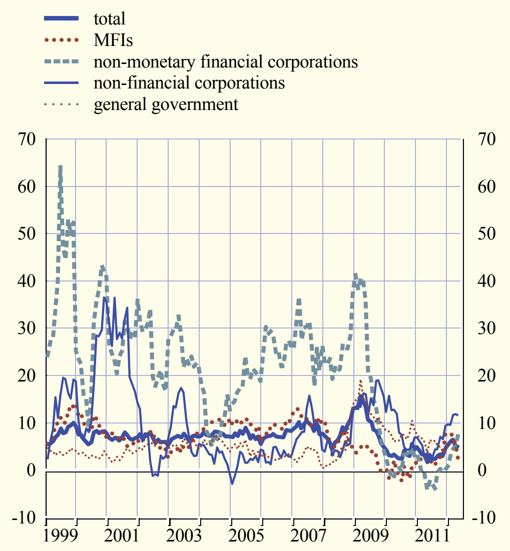
In May 2012 the annual growth rate of debt securities issued by euro area residents fell to 4.0%, from 4.4% in the previous month (see Table 4). This slowdown was driven mainly by a lower growth rate of issuance of short-term debt securities, although a decline in issuance of long-term debt securities also contributed to the deceleration in the overall growth rate. In terms of sectors, the slowdown was driven by weaker issuance activity of MFIs, the general government sector and non-financial corporations, whereas the growth rate of debt securities issued by non-monetary financial corporations increased in May.

In terms of maturities, the growth rate of short-term debt securities issuance fell sharply, to 2.9% in May 2012, from 6.4% in April. The deceleration in May follows five consecutive monthly increases in the growth rate. In particular, issuance by MFIs was weaker, although issuance of short-term debt securities by non-financial corporations also fell. Driven by weaker issuance activity in the fixed rate segment of the market, the annual growth rate of issuance of long-term debt securities also fell slightly, to 4.1% in May, from 4.2% in the previous month.

The decline in the overall growth rate of debt securities issuance in May was driven by weaker issuance activity in all sectors, with the exception of non-monetary financial corporations. In particular, the annual growth rate of debt securities issued by MFIs slowed to 2.9% and issuance by the general government sector slowed to 4.5%, from 4.2% and 4.8% respectively in the previous month. The slower growth of securities issued by MFIs should be assessed against the background of heightened financial market tensions. The annual growth rate of debt securities issued by non-financial corporations, which had increased for six consecutive months to stand at 9.5% in April, also moderated in May, but remained strong at 9.1%. The strength of the issuance activity of non-financial corporations possibly reflects a substitution of market funding for bank lending in a context of tight bank credit standards and increased appetite among investors for higher yielding alternatives to government bonds. Finally, the annual growth rate of debt securities issued by non-monetary financial corporations increased further, to 3.5% in May, from 2.8% in April.

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

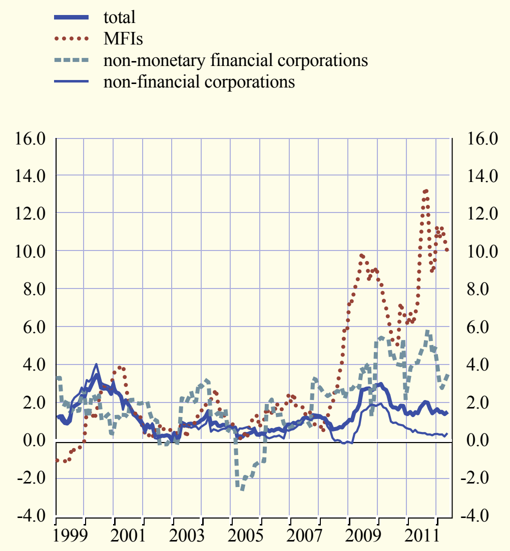
(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

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

(annual growth rates)



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

With regard to short-term trends, the seasonally adjusted annualised six-month growth rate of debt securities issuance points to a deceleration in the issuance activity of MFIs and non-financial corporations (see Chart 9). In particular, debt securities issuance in the MFI sector, which had been strong since the middle of 2011, started to weaken in March 2012. In the case of non-financial corporations, the slowdown in May follows five consecutive monthly increases in the seasonally adjusted annualised six-month growth rate of debt securities issuance. By contrast, issuance by non-monetary financial corporations continued to accelerate in May 2012.

QUOTED SHARES

The annual growth rate of quoted shares issued by euro area residents increased marginally, to 1.5% in May 2012, from 1.4% in the previous month. In particular, the annual growth rate of equity issuance by MFIs decreased to 10.0% in May, from 10.7% in April (see Chart 10). At the same time, the annual growth rate of quoted shares issued by non-financial corporations picked up slightly, by 20 basis points, to 0.4% in May. Moreover, the growth rate of quoted shares issued by non-monetary financial corporations increased again in May, to 3.4%, from 3.1% in the previous month.

2.3 MONEY MARKET INTEREST RATES

Money market interest rates declined between early July and early August 2012, reflecting the cut in key ECB interest rates on 5 July. Consequently, in the seventh maintenance period of 2012, which began on 11 July, the EONIA dropped to a new record low on the back of large amounts of excess liquidity in the overnight money market.

Unsecured money market interest rates, as measured by the EURIBOR, declined between early July and early August 2012, reflecting the cut in key ECB interest rates. On 1 August the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.14%, 0.38%, 0.66% and 0.94% respectively – i.e. 22, 26, 26 and 27 basis points lower respectively than the levels observed on 5 July. Consequently, the spread between the twelve-month and the one-month EURIBOR – an indicator of the slope of the money market yield curve – declined to 79 basis points on 1 August, compared with 84 basis points on 5 July (see Chart 11).

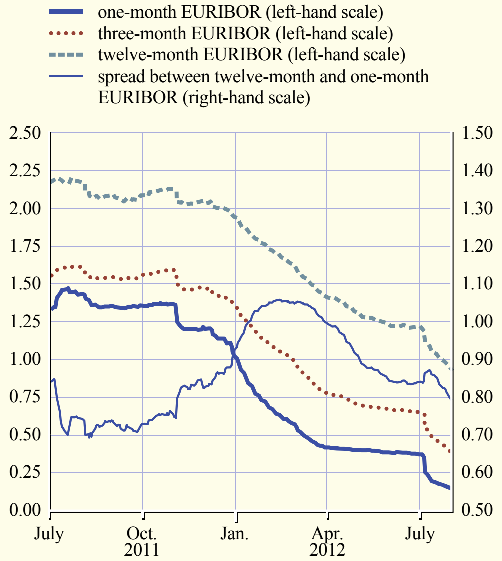
The three-month EONIA swap rate stood at 0.05% on 1 August, 8 basis points lower than on 5 July. This resulted in the spread between the three-month EURIBOR and the three-month EONIA swap rate declining by 18 basis points to stand at 33 basis points, remaining broadly in line with the levels seen in July 2011.

The interest rates implied by the prices of three-month EURIBOR futures maturing in September and December 2012 and in March and June 2013 stood at 0.28%, 0.27%, 0.28% and 0.30% respectively on 1 August, representing decreases of 14, 15, 13 and 12 basis points respectively in comparison with the levels observed on 5 July.

Between 5 July and the end of the sixth maintenance period of the year on 10 July, the EONIA remained stable at around 0.33%, amid continued excess liquidity. In the maintenance period starting on 11 July, the EONIA dropped by around 19 basis points to 0.13%, reflecting the cut in key ECB interest rates. Since then, volatility has remained low and on 1 August the EONIA stood at 0.11%.

Chart 11 Money market interest rates

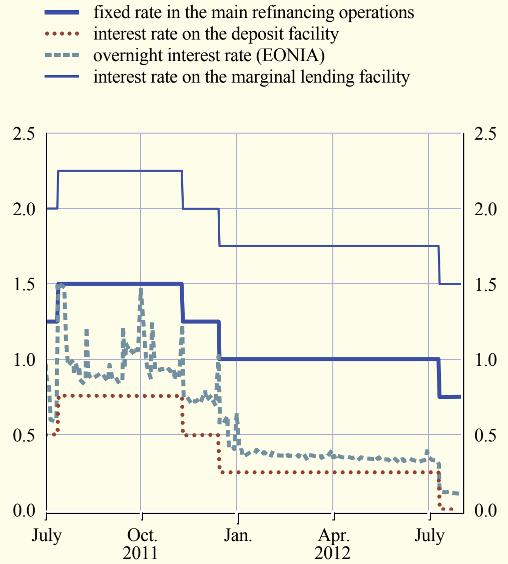
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

Chart 12 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

The Eurosystem conducted several refinancing operations between 5 July and 1 August. In the main refinancing operations of the seventh maintenance period, which were conducted on 10, 17, 24 and 31 July, the Eurosystem allotted €163.7 billion, €156.8 billion, €130.7 billion and €132.7 billion respectively. The Eurosystem also conducted two longer-term refinancing operations (LTROs) in July, both as fixed rate tender procedures with full allotment, namely a special-term refinancing operation with a maturity of one maintenance period on 10 July (in which €24.4 billion was allotted) and a three-month LTRO on 25 July (in which €8.5 billion was allotted).

The Eurosystem also conducted four one-week liquidity-absorbing operations as variable rate tender procedures on 10, 17 and 24 June and 31 July with a maximum bid rate of 0.75% and allotment rates at 0.03%, 0.02%, 0.02% and 0.02% respectively. With these operations, the Eurosystem fully absorbed the liquidity associated with purchases carried out under the Securities Markets Programme.

The seventh maintenance period of the year, which began on 11 July, was characterised by high levels of excess liquidity in the overnight money market, but average daily recourse to the deposit facility declined to €352.4 billion, after €770.6 billion in the previous maintenance period. This development is a consequence of the reduction of the deposit facility rate to 0.0%, which led to a shift in holdings from the deposit facility to the respective current account. Consequently, the average amount held on the current account increased to €501.5 billion, from €111.5 billion in the previous maintenance period.

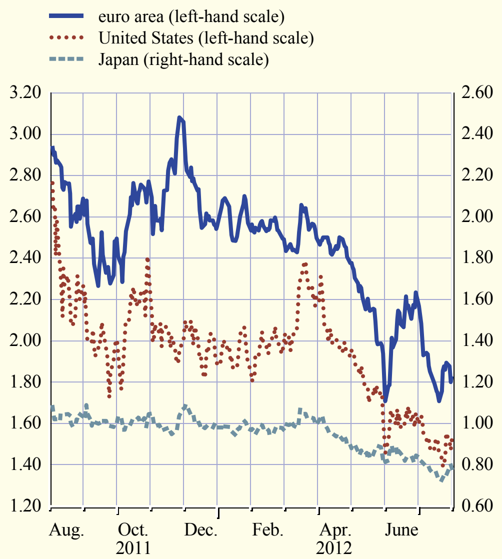
2.4 BOND MARKETS

Yields on AAA-rated long-term government bonds decreased by around 40 basis points in the euro area between the end of June and early August 2012, mainly as a result of concerns about growth, the cut in key ECB interest rates, and increased risk aversion. In the United States, long-term government bond yields declined by around 10 basis points over the same period. In the euro area, yields on bonds of AAA-rated issuers fell, while bond yields of most countries under financial assistance programmes, as well as of Italy and Spain, increased. Uncertainty about future bond market developments in the euro area, as measured by implied bond market volatility, fell in the first half of July before recording an increase at the end of the month. Market-based indicators show that inflation expectations remain fully consistent with price stability.

Between the end of June and 1 August 2012 yields on AAA-rated long-term euro area government bonds decreased by approximately 40 basis points, to around 1.8%. In the United States, long-term government bond yields decreased somewhat less, falling by 10 basis points over the same period to stand at around 1.5% on 1 August. Long-term yields in both economic areas fell sharply in the period to 20 July, with the biggest decline recorded in the euro area. After 20 July long-term yields increased in both the euro area and the United States (see Chart 13). Long-term bond yields in the euro area and the United States reached all-time low levels during the reference period owing to flight-to-safety flows, as well as a deterioration in growth prospects. In particular, the IMF lowered its global growth forecast and pointed to downside risks related to insufficient political action in the euro area, while in the United States the Federal Reserve System signalled its willingness to act to accommodate low growth, but mentioned no specific policies. In addition, the cut in the key ECB interest rates in early July contributed to the decline in yields on AAA-rated long-term euro area government bonds.

Chart 13 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 Germany, France, the Netherlands, Austria and Finland.

The outcome of the Eurogroup meeting on 20 July failed to convince market participants of the determination of governments to take the necessary steps to resolve the crisis and to implement the agreements made at the European Council meeting at the end of June. This affected not only bond markets in countries under financial stress, but also markets for AAA-rated bonds. Towards the end of the month Moody's changed its rating outlook to negative for Germany, Luxembourg and the Netherlands, which also put downward pressure on prices of AAA-rated long-term government bonds.

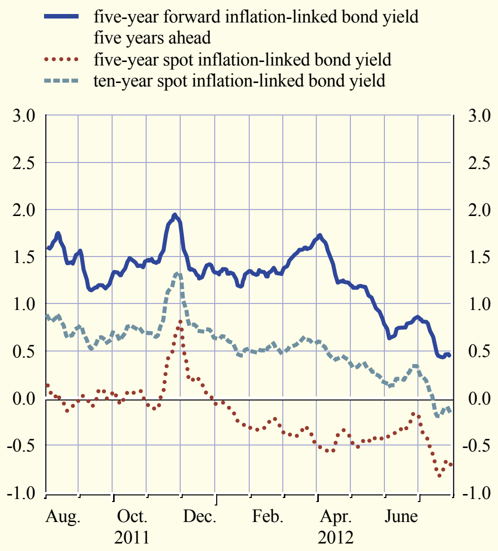
The nominal interest rate differential between ten-year government bond yields in the United States and those in the euro area decreased in the period under review and stood at around 30 basis points on 1 August. In Japan, ten-year government bond yields fell slightly over the period under review to stand at 0.8% on 1 August. During the reference period, bond yields in Japan reached the lowest level recorded since 2003.

Investors' uncertainty about near-term bond market developments in the euro area, as measured by option-implied volatility, decreased in the period to 20 July, but thereafter increased to a level close to that seen at the end of June. In the United States, implied volatility also declined at the beginning of the month, before reversing this decline. Implied bond market volatility has declined in both economic areas from the peaks recorded in November 2011, but more so in the United States. Liquidity premia on German government bonds relative to those on comparable agency bonds were broadly unchanged in the period under review.

With regard to sovereign bond spreads in the euro area, market attention focused mainly on Spain, as several Spanish regions requested financial assistance from the central government, fuelling speculation in the market that Spain will need a full financial assistance programme. More generally, in the period under review the yield spreads on ten-year sovereign bonds vis-à-vis German sovereign bonds increased for Spain, Italy and most of the countries under financial assistance programmes, while spreads declined by between 20 basis points and 40 basis points for Belgium, France, the Netherlands, Austria and Finland. In July Spanish bond yields hit the highest level recorded since the introduction of the euro, amid fears about the sustainability of government debt and constrained access to the funding market. Spreads on Irish bonds decreased slightly and the yields on long-term Irish bonds fell to the lowest level seen since the start of the financial assistance programme. Ireland resumed debt issuance with a Treasury bill auction in early July and also issued long-term bonds later in the month, which was earlier than envisaged in announced plans. In late July the bond markets in countries under financial stress benefited from a number of official statements.

Chart 14 Euro area zero coupon inflation-linked bond yields

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



Sources: Thomson Reuters and ECB calculations.
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 15 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

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

Sources: Thomson Reuters and ECB calculations.
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.

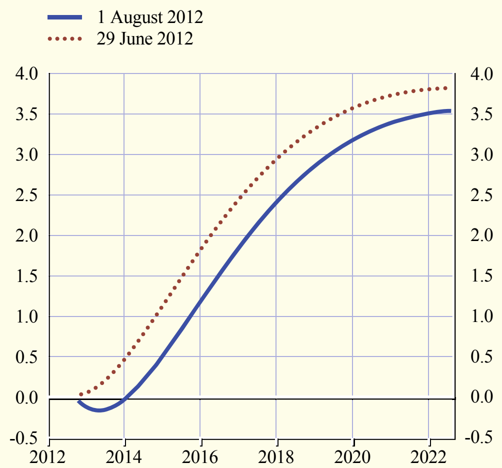
The yields on five-year and ten-year inflation-linked euro area government bonds fell by around 50 basis points in the period under review, to stand at -0.8% and -0.2% respectively on 1 August (see Chart 14). The very depressed level of long-term real rates reflects investors' rather gloomy perception of medium-term growth prospects, as well as the flight to safe assets. Regarding inflation perceptions, the implied forward break-even inflation rate in the euro area (five-year forward five years ahead) rose by around 20 basis points, to 2.6%, in the period under review (see Chart 15). The inflation-linked swap rate with the same time horizon rose by around 10 basis points over the same period to stand at 2.3% on 1 August. 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 fully consistent with price stability.[1]

The general pattern of yields on AAA-rated long-term euro area government bonds can be broken down into changes in interest rate expectations (and related risk premia) at different horizons (see Chart 16). The term structure of forward rates prevailing on 1 August was shifted downwards by around 50 basis points compared with that seen at the end of June. Safe-haven flows, the lowering of the ECB's deposit rate to zero and speculation about the possibility of negative deposit rates have led to negative short-term bond yields in a number of euro area countries in both the primary market and the secondary market. The broadly unchanged slope of the term structure reflects the fact that

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

Chart 16 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



Sources: ECB, EuroMTS (underlying data) and Fitch Ratings (ratings).
Notes: The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects market expectations regarding future levels of 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.

changes in short-term yields were transmitted through the yield structure to long-term interest rates, partly as a result of investors' search for positive returns.

Between the end of June and 1 August 2012 spreads on investment-grade corporate bonds issued by non-financial corporations fell (relative to the Merrill Lynch EMU AAA-rated government bond index). Over the same period spreads on investment-grade corporate bonds issued by financial corporations declined more sharply for lower rated issuers, while spreads for the AA and AAA-rated bonds were broadly unchanged. Overall, recent developments in corporate bond yields suggest a slight improvement in market-based financing conditions for firms.

2.5 INTEREST RATES ON LOANS AND DEPOSITS

In June 2012 MFI interest rates on deposits exhibited a mixed pattern of developments, slightly declining for short maturities, while edging up for longer maturities. Interest rates on loans to households for house purchase and loans to non-financial corporations declined, for both short and long maturities. The spread between long-term interest rates on loans and the yield on AAA-rated seven-year government bonds fell in June, in a context of volatile government bond yields.

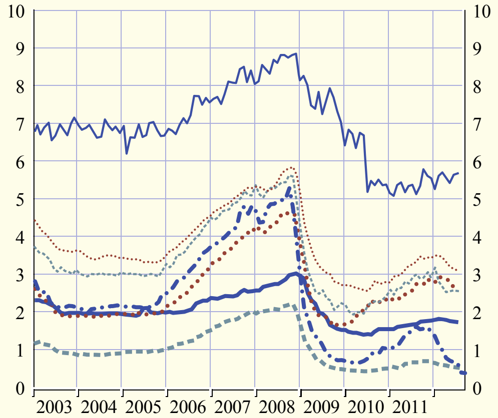
In June 2012 short-term MFI interest rates on deposits exhibited a mixed pattern of developments. The rate on overnight deposits from households and non-financial corporations declined slightly, by 1 basis point and 2 basis points respectively. The rate on deposits from households redeemable at notice of over three months fell by about 3 basis points. By contrast, the rates on deposits from households with an agreed maturity of up to one year edged up by around 6 basis points, while those on deposits from non-financial corporations with an agreed maturity of up to one year rose by around 4 basis points (see Chart 17).

Most short-term MFI interest rates on loans declined in June 2012. Interest rates on overdrafts for non-financial corporations moderated by 3 basis points, as did interest rates on corporate loans with an initial maturity of less than one year. The fall in MFI interest rates on short-term corporate loans reflects a more pronounced decline in the interest rate on small corporate loans (i.e. loans of up to €1 million), which fell by 7 basis points to 4.1%, while the rate applied to large loans (i.e. loans of more than €1 million) decreased only slightly, by about 1 basis point. Hence, the spread between short-term MFI interest rates on small loans and those on large loans narrowed in June, but remained at a historically high level of 151 basis points. MFI interest rates on short-term loans to households for house purchase also decreased in June, by 4 basis points, while those on consumer credit, which are generally quite volatile, increased slightly, by 2 basis points. Overall, and given that the

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

(percentages per annum; rates on new business)

- deposits from households redeemable at notice of up to three months
- deposits from households with an agreed maturity of up to one year
- overnight deposits from non-financial corporations
- loans to households for consumption with a floating rate and an initial rate fixation period of up to one year
- loans to households for house purchase with a floating rate and an initial rate fixation period of up to one year
- loans to non-financial corporations of over €1 million with a floating rate and an initial rate fixation period of up to one year
- three-month money market rate

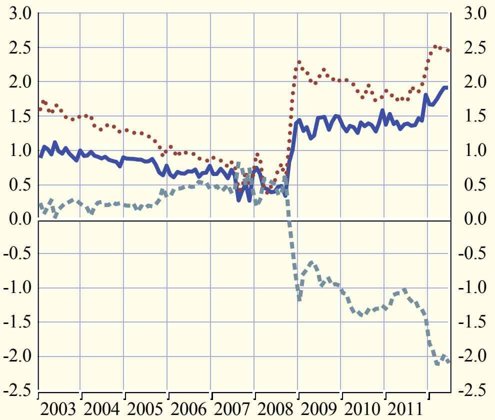


Source: ECB.
Note: Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

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

(percentage points; rates on new business)

- loans to non-financial corporations of over €1 million with a floating rate and an initial rate fixation period of up to one year
- loans to households for house purchase with a floating rate and an initial rate fixation period of up to one year
- deposits from households with an agreed maturity of up to one year



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

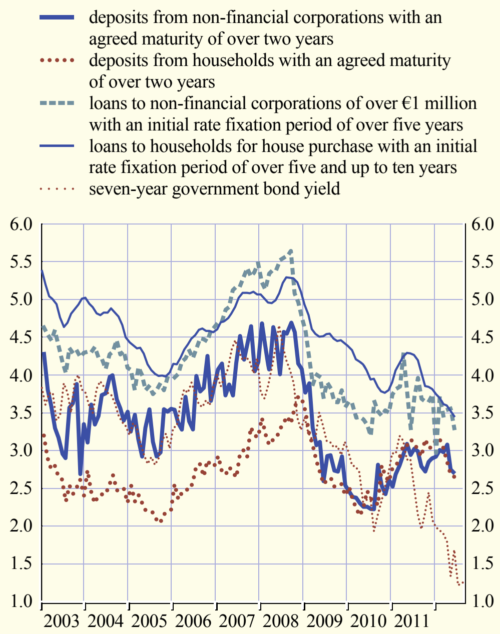
EURIBOR decreased by 1 basis point in the same month, the spread between the EURIBOR and short-term interest rates on loans to households for house purchase decreased to 245 basis points, while the spread vis-à-vis large short-term loans to non-financial corporations remained broadly unchanged (see Chart 18).

Taking a longer-term perspective, since the beginning of 2012 short-term MFI interest rates on loans have decreased. This trend may still reflect the pass-through of changes in market rates to bank lending rates following the cuts in the key ECB interest rates in November and December 2011, as well as the improvements in banks' liquidity position, against the background of the two three-year longer-term refinancing operations conducted in December 2011 and February 2012 and the broadening of the Eurosystem's collateral framework. Moreover, the cut in the key ECB interest rates in July is also expected to gradually contribute to lower bank funding costs in the coming months.

Turning to longer maturities, in June 2012 MFI interest rates on loans tended to decline, while rates on deposits increased. Interest rates on large loans to non-financial corporations declined sharply in June, while the fall was more moderate in the case of other lending categories. In particular, interest rates on large loans to firms with an initial rate fixation period of over five years declined by about 26 basis points. Standing at 3.3% in June, interest rates on large loans to non-financial corporations were close to the historical minimum level recorded in mid-2010. At the same time, MFI interest rates on small loans decreased by 9 basis points in June, to 4.0%. The rates on loans to households for house purchase with an initial rate fixation period of over five years and up to ten years also declined, by about 7 basis points. By contrast, the rates on deposits with an agreed maturity of over two years increased in June, by 9 basis points in the case of deposits from non-financial corporations, and by 7 basis points in the case of deposits from households (see Chart 19).

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

(percentages per annum; rates on new business)



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

In the period to May 2012 the spreads between long-term interest rates on loans and yields on AAA-rated seven-year government bonds increased, driven in part by the downward pressure on yields on AAA-rated government bonds in the context of flight-to-safety flows. In June the spread between long-term interest rates on loans to households for house purchase (with a maturity of over five years) and yields on AAA-rated seven-year government bonds fell in a context of high volatility in government bond yields. In the case of non-financial corporations, the spread for large loans decreased by about 60 basis points, after increasing by 50 basis points in the previous month.

Viewed from a longer-term perspective, long-term interest rates on loans to households and rates on large long-term corporate loans have generally shown a somewhat incomplete and sluggish pass-through of changes in yields on AAA-rated government bonds. Historical regularities between long-term interest rates on loans and the yields on corresponding AAA-rated government bonds may recently have been distorted by the tensions associated with the euro area sovereign debt crisis, as well as by the vulnerabilities of euro area banks.

2.6 EQUITY MARKETS

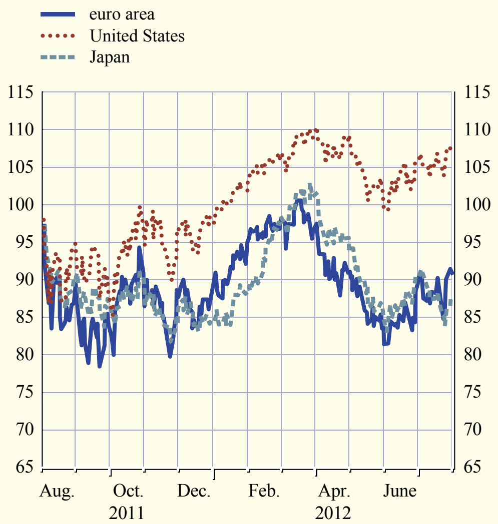
Between the end of June and 1 August 2012 stock prices increased by around 3% in the euro area and by around 1% in the United States. Equity prices decreased sharply in mid-July, before reversing this decline. Financial equity prices fell owing to renewed concerns about financial stability. Concerns over growth prospects also weighed negatively on equity prices. On the other hand, better than expected earnings as well as expectations of monetary stimulus in the euro area, the United States and China supported equity prices in the first half of July. The increase in prices recorded at the end of July took place after statements from policy-makers regarding their *commitment to take the necessary steps to solve the crisis. Stock market uncertainty, as measured by implied volatility, increased towards the end of July in both the euro area and the United States.*

Between the end of June and 1 August 2012 stock prices in the euro area, as measured by the broad-based Dow Jones EURO STOXX index, increased by around 3%, while those in the United States, as measured by the Standard & Poor's 500 index, increased by around 1% (see Chart 20). Stock prices in Japan, as measured by the Nikkei 225 index, decreased by around 4% over the same period.

Developments in broad-based equity indices in the euro area and the United States were relatively similar throughout July. Equity markets decreased from 20 July before reversing this decline at the end of the month. During the first half of July equity prices were supported by expectations of monetary stimulus in the euro area, the United States and China. Better than expected earnings reports also supported equity prices. On the other hand, generally negative macroeconomic releases and lowered growth forecasts put downward pressure on equity prices. The decline in equity prices after 20 July was mainly due to renewed concerns about financial stability in the euro area. Although the terms of the recapitalisation package for Spain's financial sector were agreed at the Eurogroup meeting on 20 July, market participants did not deem it sufficient to break the negative feedback loop between sovereigns and the financial sector. A short-selling ban imposed by Spain and Italy did not seem to calm the equity markets either. The decline in equity prices was reversed at the end

Chart 20 Stock price indices

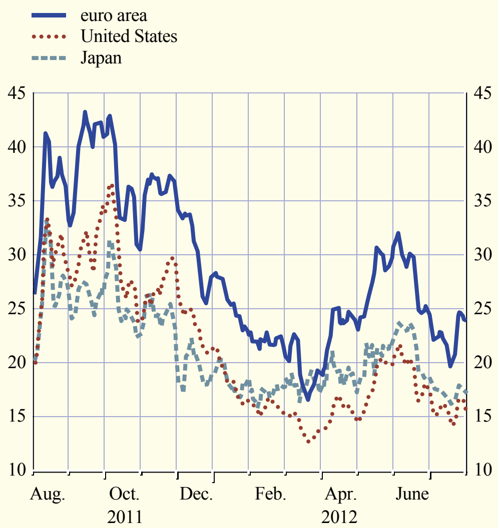
(index: 1 August 2011 = 100; daily data)



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

Chart 21 Implied stock market volatility

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



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

of July after statements from policy-makers regarding their commitment to take the necessary steps to solve the crisis.

Equity price developments diverged across the euro area in July. Until 20 July Spanish and Italian equity prices fell while equity prices rose in most other countries. Thereafter all equity markets declined, with Spanish and Italian equity prices recording the sharpest decline. Spanish and Italian equities also led the subsequent recovery. Overall, in the reference period Spanish and Italian equity prices declined by 4% and 2% respectively, while, for example, German equity prices recorded an increase of 5%. In the euro area as a whole, financial equity prices declined by around 1% in the period under review, whereas non-financial equity prices recorded a 3% increase.

Stock market uncertainty, as measured by implied volatility, fell in the first half of July before increasing from 20 July. Implied volatility in the euro area stood at 24% on 1 August. In the United States, implied stock market volatility also declined in the first half of July, before increasing at the end of the reference period. Implied volatility in the United States, standing at 16%, continues to be lower than that recorded in the euro area. In both economic areas, the levels of stock market uncertainty in the middle of July were close to the lowest levels recorded so far this year. However, after increasing again, the implied volatilities in the two economic areas returned to the average level for 2012 at the end of July (see Chart 21).

Box 3

INTEGRATED EURO AREA ACCOUNTS FOR THE FIRST QUARTER OF 2012[1]

The integrated euro area accounts released on 1 August 2012, covering data up to the first quarter of 2012, offer comprehensive information on the income, spending, financing and portfolio decisions of institutional sectors in the euro area. In the first quarter of 2012, the further weakening of economic activity kept the correction of imbalances that had begun during the recovery phase at a standstill, as was the case in the previous quarter. The household saving ratio stabilised close to historically low levels and household net worth declined, while government deficits decreased only slightly. The net borrowing of non-financial corporations (NFCs) returned to positive territory, but this was due to declining retained earnings, while gross capital formation contracted and inventories were reduced at a higher rate. At the same time, the euro area's external balance remained in surplus for the second consecutive quarter.

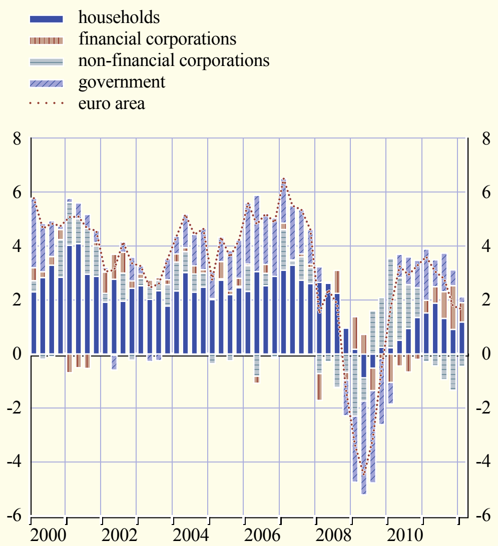
Euro area income and net lending/net borrowing

Annual growth in euro area nominal disposable income fell further in the first quarter of 2012, to 1.7%, after the significant decrease of 1 percentage point, to 1.8%, in the previous quarter (see Chart A). As income growth slowed down, euro area gross saving growth also fell from 3.8% to 1.4% on an annual basis. This was reflected across sectors in a sharp decline in NFCs' retained earnings (savings), a slower growth of financial corporations' retained earnings and, in contrast to what was observed in previous quarters, no further correction of government

1 Detailed data can be found on the ECB's website at http://sdw.ecb.europa.eu/browse.do?node=2019181

Chart A Euro area gross disposable income – contributions by sector

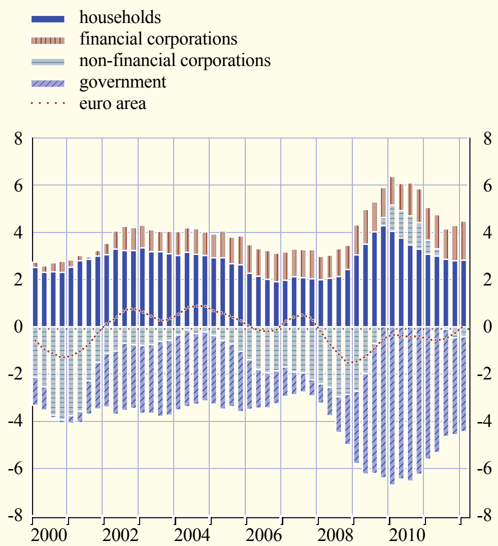
(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB.

Chart B Euro area net lending/net borrowing

(as a percent of GDP; four-quarter moving sum)



Sources: Eurostat and ECB.

dissaving. At the same time, the growth of capital formation in the euro area as a whole and in all non-financial institutional sectors entered negative territory.

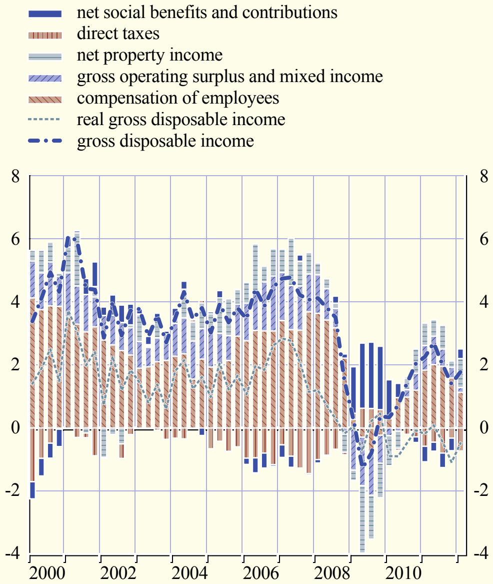
All in all, net lending/net borrowing of the euro area (or the external balance – which can broadly be defined as the difference between savings and capital formation) remained in positive territory for the second consecutive quarter on a seasonally adjusted basis, and returned to positive territory in four-quarter accumulated terms. From a sectoral viewpoint, the improvement in net lending/net borrowing was due in particular to financial corporations, which have made a very positive contribution to overall euro area net lending since the beginning of the crisis. This reflects the increase in the retained earnings of financial corporations as a result of their efforts to improve their capital positions. Moreover, the improvement in the euro area external balance also reflects the slight decrease in the net borrowing of the government sector (see Chart B, in four-quarter sums). On the financial side, the increase in net lending was mainly reflected in lower net inflows in debt securities and, to a lesser extent, in shares and other equity. These were only partly offset by lower net outflows in currency and deposits. Moreover, foreign repatriation flows abated, especially in the form of deposits which declined at a slower pace than in previous quarters.

Behaviour of institutional sectors

After two quarters of decline, the annual growth rate of *households'* nominal gross disposable income increased to 1.8% in the first quarter of 2012, from 1.4% in the previous quarter (see Chart C), despite a significant decrease in employee compensation growth. This development was driven by higher growth in net property income and social benefits, which increased for the first time since the third quarter of 2010. Real disposable income growth remained in negative territory

Chart C Households' nominal gross disposable income

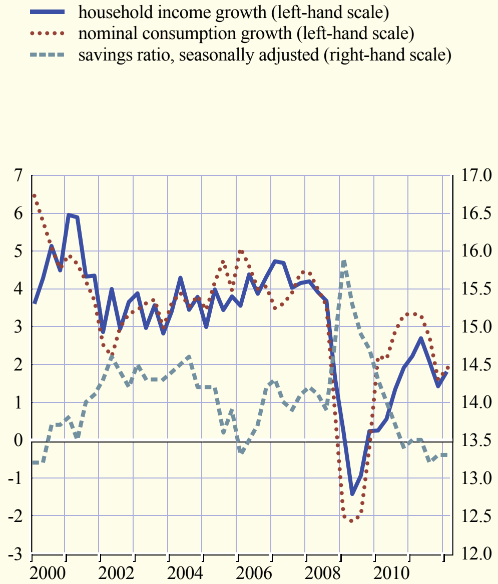
(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB.

Chart D Household income and consumption growth, and saving ratio

(annual percentage changes; percentage of gross disposable income, four-quarter moving sum)



Sources: Eurostat and ECB.

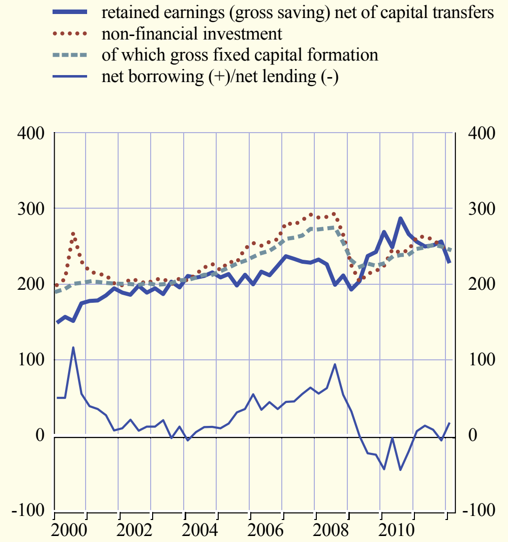
(-0.5%, year on year) for the third consecutive quarter on the back of elevated inflation. As private consumption also increased at a modest rate of 1.9%, year on year, close to that of income, the saving ratio of households stabilised at 13.3% on a seasonally adjusted basis (see Chart D).

With subdued non-financial investment (the annual growth rate of which was negative), households' net lending increased slightly, a development which was also reflected in declining loan growth (1.2%, down by 0.3 percentage point), while the financial investment growth rate remained broadly unchanged at 2.1%. Previous portfolio movements away from M3 components and insurance technical reserves continued, while the contribution to overall financial investment growth made by investment in market instruments, in particular equity, increased. Sales of investment fund shares decelerated.

The gross operating surplus of euro area *non-financial corporations* declined further on a seasonally adjusted basis as value added continued to contract faster than wages. As a result, retained earnings (savings) declined by 3.8% in annual terms. Together with a very marginal increase in gross capital formation (which grew by only 0.2%, compared with 3.5% in the previous quarter) this decrease more than offset an acceleration in destocking, resulting in an increase in their net borrowing position (see Chart E). The annual growth of NFCs' financing and financial investment remained broadly unchanged at 2.1% and 3.2% respectively. The lower contribution of MFI loan financing to total financing growth was again broadly compensated for by larger contributions of unquoted equity and debt securities. Inter-company financing continued to play an important buffering role, its overall contribution remaining broadly stable despite a slight decline in trade credits (see Chart F). The gradual reduction in NFC leverage observed

Chart E Non-financial corporations saving, capital investment and net lending(+)/net borrowing(-)

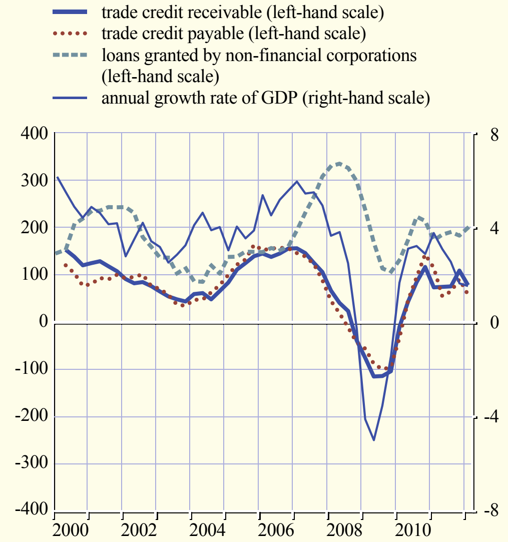
(EUR billions, seasonally adjusted)



Sources: Eurostat and ECB.
Note: Seasonally adjusted by the ECB.

Chart F Loans granted by non-financial corporations and their trade credit receivable and payable

(four-quarter moving sum in EUR billions; annual percentage changes)



Sources: Eurostat and ECB.
Note: trade credit receivables and payables are estimated by the ECB based on partial information.

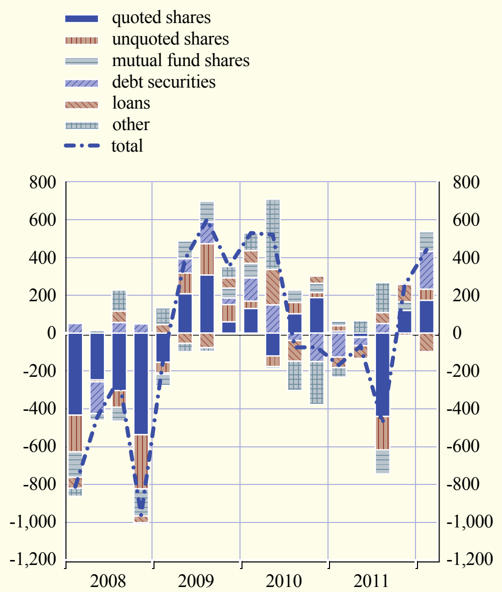
since mid-2009 continued in the first quarter of 2012, but this was mainly due to increases in the valuation of equity holdings.

The budget balance of the *general government* improved only slightly, standing at -4.0% of GDP (four-quarter moving sum) in the first quarter of 2012, compared with -4.1% of GDP in the fourth quarter of 2011. This practically halted the upward trend which had started in the first quarter of 2010, when the budget balance reached its lowest level of -6.7% of GDP. The outcome was due mainly to decreasing revenues in the context of a slowing economy, in particular via direct taxes on NFCs and net social security contributions. The net issuance of government bonds in the first quarter of 2012 was fully absorbed by banks, which took advantage of the three-year LTROs and used the proceeds to buy mainly government bonds. Non-residents, as well as insurance corporations and pension funds, were also net buyers of government bonds in the quarter, both having offloaded government bonds in the previous quarter. However, investment funds accelerated their selling of government bonds, continuing the trend initiated in 2010.

The disposable income of *financial corporations* continued to show a robust increase in the first quarter of 2012, mainly on account of property income earned. Holding gains were registered in debt securities as sovereign yields fell in the countries under stress, while gains on equity were also registered for the second consecutive quarter, as a result of the positive stock market sentiment during the first weeks of the year (see Chart G). Financial institutions continued to increase their capital by large amounts via equity issuance and retained earnings. However, the increase of 0.1 percentage point in the net assets-to-total assets ratio at market value, to 12.6%, observed in the quarter was due rather more to holding gains than to such capital accumulation, as

Chart G Other economic flows in financial corporations' assets

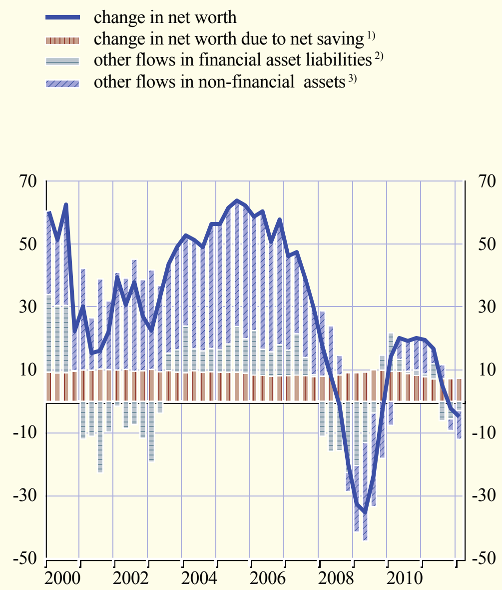
(quarterly flow; EUR billion)



Sources: Eurostat and ECB.
Note: Total refers to "other economic flows", which mainly relate to (realised and unrealised) holding gains and losses (including loan write-offs).

Chart H Change in net worth of households

(four-quarter moving sum; percentage of gross disposable income)



Sources: Eurostat and ECB.
Note: data on nonfinancial assets are estimates by the ECB.
1) This item comprises net saving, net capital transfers received and the discrepancy between the non-financial and the financial accounts.
2) Mainly holding gains and losses on shares and other equity.
3) Mainly holding gains and losses on real estate and land.

the aggregated balance sheet still increased faster than capital, largely as a result of the provision of financing via the three-year LTROs.

Household balance sheet dynamics

In the first quarter of 2012, the net worth of households decreased as a result of falling property prices. In four-quarter accumulated terms, the decrease equalled 4.9% of their gross disposable income (see Chart H), due to holding losses in net financial and non-financial assets, which more than outweighed net saving. The losses in non-financial assets were mainly caused by falling property prices over the last two quarters, whereas the losses in net financial assets were mostly related to the market downturn in the third quarter of 2011 (the latter being compensated for to some extent by holding gains as a result of increasing stock prices and falling interest rates in the first quarter of 2012). The household debt-to-assets ratio increased further to reach a historical peak of 14.5% as a result of decreases in the value of non-financial assets and relatively low savings.

3 PRICES AND COSTS

Euro area annual HICP inflation was 2.4% in July 2012, according to Eurostat´s flash estimate, unchanged from the previous month. On the basis of current futures prices for oil, inflation rates should decline further in the course of 2012 and be below 2% again in 2013. 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. Risks to the outlook for price developments continue to be broadly balanced over the medium term.

3.1 CONSUMER PRICES

Headline HICP inflation was 2.4% in July 2012, unchanged from May and June (see Table 5). Reflecting the rebound in oil prices since the end of June and supported by the weekly Oil Bulletin, there was an increase in the energy component in July which was only partly counteracted by base effects.

In June 2012, the last month for which an official breakdown is available, HICP inflation remained at 2.4%, unchanged from the previous month. The stable inflation rate masks a drop in the annual rate of increase of the energy component and a strong increase in that of unprocessed food.

Looking at the main HICP aggregates in more detail, energy inflation dropped to 6.1% in June from 7.3% in May, driven by a strong decline in energy prices on a monthly basis (-1.7%). This was on account of falling crude oil prices, which more than offset an upward base effect. In particular, the annual rate of increase in the price of fuels for personal transportation and that of liquid fuels fell sharply in June, while that of electricity remained unchanged.

Unprocessed food inflation surged to 3.1% in June from 1.8% in May, reflecting an upward base effect and much higher annual rates of increase in the prices of fruit and vegetables, while those of meat and fish declined somewhat. By contrast processed food inflation continued to decline, reaching 3.2% in June. At the beginning of the year the rates of change in this sub-component stood slightly above 4%. The decline in processed food inflation reflected, in particular, lower price increases on an annual basis of bread and cereals and of milk, cheese and eggs, while tobacco prices increased at a higher rate than in May.

Table 5 Price developments

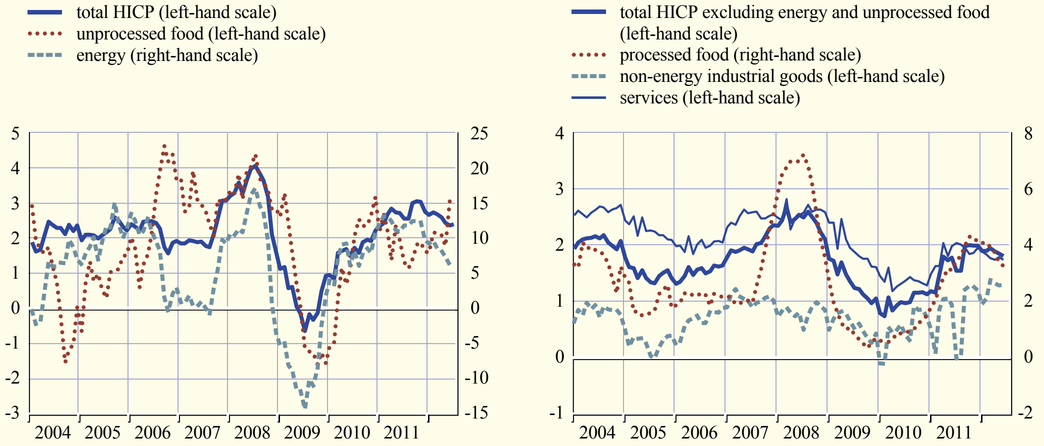
(annual percentage changes, unless otherwise indicated)

	2010	2011	2012 Feb.	2012 Mar.	2012 Apr.	2012 May	2012 June	2012 July
HICP and its components								
Overall index [1]	1.6	2.7	2.7	2.7	2.6	2.4	2.4	*2.4*
Energy	7.4	11.9	9.5	8.5	8.1	7.3	6.1	.
Unprocessed food	1.3	1.8	2.2	2.2	2.1	1.8	3.1	.
Processed food	0.9	3.3	4.1	3.9	3.7	3.4	3.2	.
Non-energy industrial goods	0.5	0.8	1.0	1.4	1.3	1.3	1.3	.
Services	1.4	1.8	1.8	1.8	1.7	1.8	1.7	.
Other price indicators								
Industrial producer prices	2.9	5.9	3.7	3.5	2.6	2.3	.	.
Oil prices (EUR per barrel)	60.7	79.7	89.7	94.2	91.4	86.0	76.4	83.4
Non-energy commodity prices	44.6	12.2	-7.5	-5.2	-3.8	-0.2	0.9	4.6

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

Chart 22 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation remained at 1.6% in June 2012, unchanged for the fourth consecutive month. HICP inflation excluding food and energy, which is determined predominantly by domestic factors, such as wages, profit mark-ups and indirect taxes, consists of two main components: non-energy industrial goods and services.

The annual rate of change in non-energy industrial goods was unchanged at 1.3% in June. Services inflation decreased marginally, from 1.8% in May to 1.7% in June. This reflected a lower annual rate of recreational services, which more than compensated higher annual rates of communication and transport services.

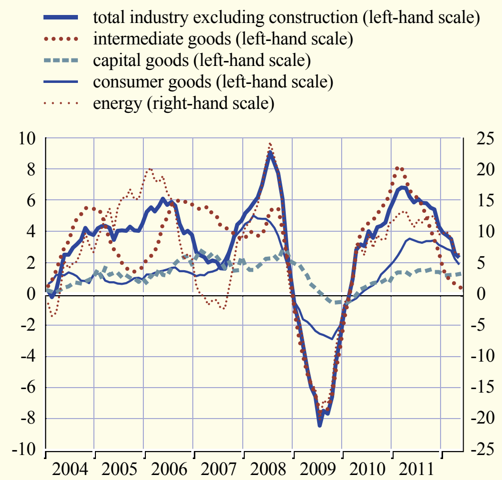
3.2 INDUSTRIAL PRODUCER PRICES

No new data have become available on industrial producer prices at the euro area level since the July issue of the Monthly Bulletin was published. Available country data suggest that the annual rate of change in euro area producer prices (excluding construction) will most likely decrease further in June. Industrial producer price inflation (excluding construction) fell to 2.3% in May 2012 from 2.6% in April. The decline in the annual rate of the overall index was broadly based across the main components, in particular energy, food and non-food consumer goods components. Over the same period, producer price inflation excluding construction and energy fell to 1.1%, from 1.3%. At later stages of the production chain, the consumer food and non-food goods components declined further. The latter fell from 0.9% to 0.7% in May, continuing its fall from the historically high levels seen at the end of 2011. This decrease, together with lower import price inflation, signals some easing of pipeline pressures for the non-energy industrial goods component of the HICP.

Survey indicators for selling prices in industry, which lead PPI developments, decreased further in June 2012 (see Chart 24). European Commission survey data on selling price expectations eased, reflecting a downward revision of expectations in the consumer goods industries, while the other components remained unchanged. With regard to the Purchasing Managers' Index, the composite

Chart 23 Breakdown of industrial producer prices

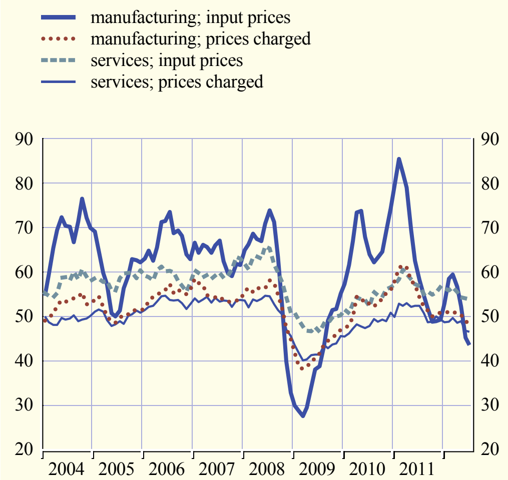
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 24 Producer input and output price surveys

(diffusion indices; monthly data)



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

index for output prices continued to decline, reaching 47.1 in July – which is the lowest level since February 2010. Compared with June a larger number of companies reported price declines in manufacturing and, especially, in the services sector, allegedly as companies sought to increase sales through discounting. As regards input prices, the composite index eased slightly to 51.1 in July (from 51.3 in June), reflecting a further sharp drop to 43.6, from 45.3, in the manufacturing component. By contrast, input prices increased at a slightly faster pace in the services sector owing to higher input costs compared with June on account of higher food, oil and transport costs. Both output and input price indices currently stand well below their long-term average levels.

3.3 LABOUR COST INDICATORS

Recently released labour cost indicators show some signs of moderation in wage pressures in the first quarter of 2012 (see Table 6 and Chart 25), probably reflecting weak economic activity and the continued slack in the labour market.

Table 6 Labour cost indicators

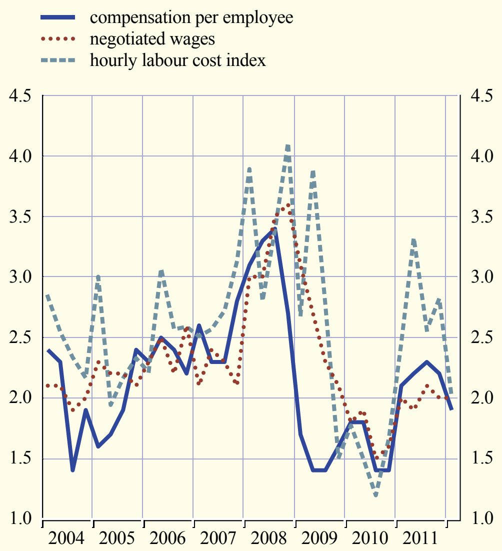
(annual percentage changes, unless otherwise indicated)

	2010	2011	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1
Negotiated wages	1.7	2.0	2.0	1.9	2.1	2.0	2.0
Hourly labour cost index	1.5	2.8	2.5	3.3	2.6	2.8	2.0
Compensation per employee	1.7	2.2	2.1	2.2	2.3	2.2	1.9
Memo items:							
Labour productivity	2.5	1.3	2.2	1.3	1.2	0.9	0.4
Unit labour costs	-0.8	0.8	-0.2	0.9	1.2	1.4	1.5

Sources: Eurostat, national data and ECB calculations.

Chart 25 Selected labour cost indicators

(annual percentage changes; quarterly data)



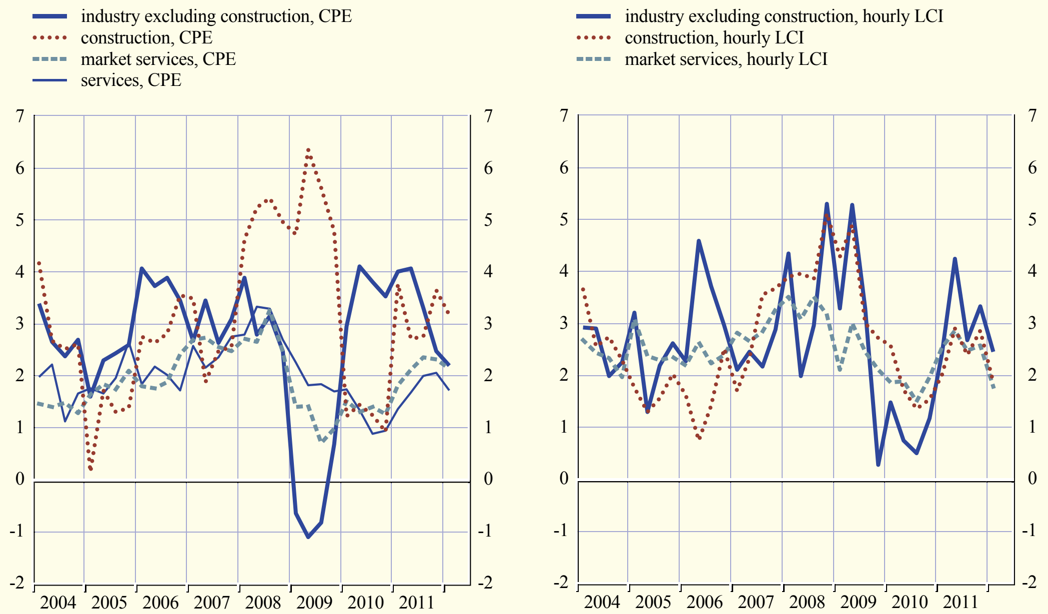
Sources: Eurostat, national data and ECB calculations.

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 (Chart 26). Non-wage costs grew at the same pace as the wages and salaries component of euro area hourly labour costs. Preliminary information suggests that euro area negotiated wages increased somewhat in May, mostly driven by the significant hike in German negotiated wage growth.

Compensation per employee grew by 1.9% in the first quarter of this year, after displaying an annual growth rate of 2.2% in the previous quarter. As annual labour productivity growth moderated more than compensation per employee, unit labour costs growth increased to 1.5% year on year in the first three months of 2012, from 1.4% in the fourth quarter of 2011. Looking ahead, in a context of subdued labour market conditions, overall wage pressures should remain limited.

Chart 26 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

3.4 THE OUTLOOK FOR INFLATION

Euro area annual HICP inflation was 2.4% in July 2012, according to Eurostat´s flash estimate, unchanged from the previous month. On the basis of current futures prices for oil, inflation rates should decline further in the course of 2012 and be below 2% again in 2013. 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 latest ECB Survey of Professional Forecasters (see Box 4) shows that respondents' outlook for inflation stands at 2.3% for 2012 and 1.7% for 2013. Compared with the previous round, this implies no revision for 2012 and a downward revision of 0.1 percentage point for 2013. These forecasts are well within the ranges reported in the June 2012 Eurosystem staff macroeconomic projections for the euro area. Longer-term inflation expectations (for 2017) remain unchanged at 2.0 %.

Risks to the outlook for price developments continue to be broadly balanced over the medium term. Upside risks pertain to further increases in indirect tax increases, owing to the need for fiscal consolidation, and higher than expected energy prices over the medium term. The main downside risks relate to the impact of weaker than expected growth in the euro area, in particular resulting from a further intensification of financial market tensions. Such intensification has the potential to affect the balance of risks on the downside.

Box 4

RESULTS OF THE ECB SURVEY OF PROFESSIONAL FORECASTERS FOR THE THIRD QUARTER OF 2012

This box reports the results of the ECB Survey of Professional Forecasters (SPF) for the third quarter of 2012. The survey was conducted between 16 and 19 July 2012 and received 50 responses.[1] The results imply broadly unchanged inflation expectations for 2012 and 2013 compared with the previous survey round, while GDP growth expectations have been revised downwards for both years. As regards longer-term inflation expectations, the average point forecast remains unchanged at 2.0%.

Shorter-term inflation expectations broadly unchanged

The SPF inflation expectations for 2012 and 2013 stand at 2.3% and 1.7% respectively (see table). This implies no revision for 2012 and a downward revision of 0.1 percentage point for 2013. Principally, participants explained this revision as owing to the decline in energy and commodity prices, weaker growth prospects and more limited wage pressures. Inflation expectations for 2014 (the additional year comes in with the third-quarter survey) stand at 1.9%.

The SPF inflation expectations for 2012 and 2013 are within the ranges reported in the June 2012 Eurosystem staff macroeconomic projections and are very similar to those published in the Euro

1 The survey collects information on expectations for euro area inflation, real GDP growth and unemployment from experts affiliated with financial or non-financial institutions that are based in the EU. Data are available on the ECB's website at www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html

Results of the SPF, Eurosystem staff macroeconomic projections, Consensus Economics and the Euro Zone Barometer

(annual percentage changes, unless otherwise indicated)

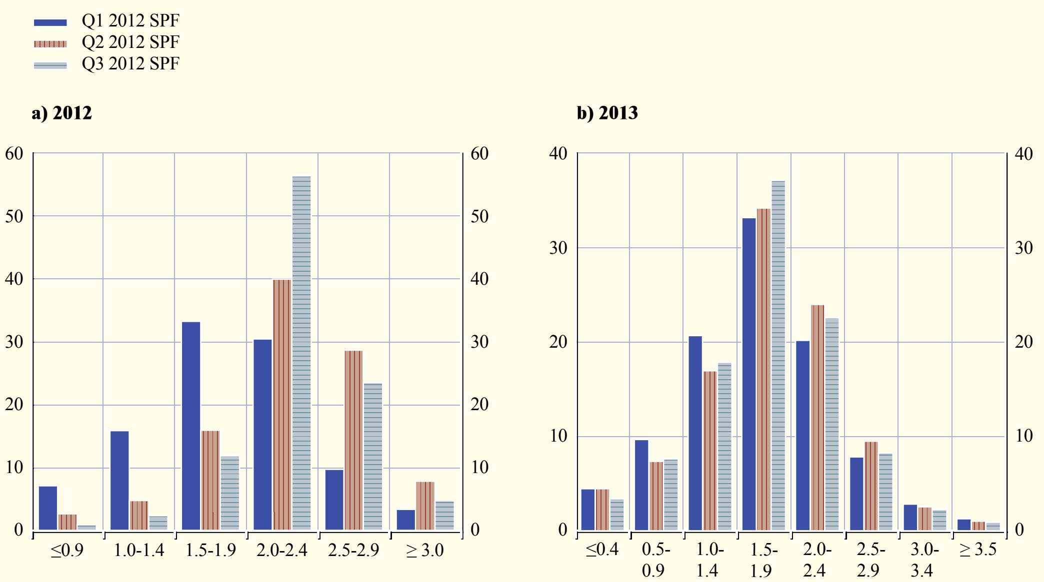
	Survey horizon			
HICP inflation	**2012**	**2013**	**2014**	**Longer-term[2)]**
SPF Q3 2012	2.3	1.7	1.9	2.0
Previous SPF (Q2 2012)	*2.3*	*1.8*	-	*2.0*
Eurosystem staff macroeconomic projections (June 2012)	2.3-2.5	1.0-2.2	-	-
Consensus Economics (July 2012)	2.3	1.7	-	1.9
Euro Zone Barometer (July 2012)	2.3	1.8	2.0	2.2
Real GDP growth	**2012**	**2013**	**2014**	**Longer-term[2)]**
SPF Q3 2012	-0.3	0.6	1.4	1.8
Previous SPF (Q2 2012)	*-0.2*	*1.0*	-	*1.8*
Eurosystem staff macroeconomic projections (June 2012)	-0.5-0.3	0.0-2.0	-	-
Consensus Economics (July 2012)	-0.5	0.5	-	1.6
Euro Zone Barometer (July 2012)	-0.4	0.5	1.4	1.8
Unemployment rate[1)]	**2012**	**2013**	**2014**	**Longer-term[2)]**
SPF Q3 2012	11.2	11.4	10.8	9.2
Previous SPF (Q2 2012)	*11.0*	*10.9*	-	*8.9*
Consensus Economics (July 2012)	11.1	11.4	-	-
Euro Zone Barometer (July 2012)	11.1	11.3	11.5	10.5

1) As a percentage of the labour force.
2) Longer-term expectations refer to 2017 in the SPF for the third quarter of 2012 and Consensus Economics. They refer to 2016 in the SPF for the second quarter and the Euro Zone Barometer.

Zone Barometer and Consensus Economics surveys in July. The aggregate probability distributions have become more concentrated: in the interval between 2.0% and 2.4% for 2012, and in the interval between 1.5% and 1.9% for 2013 (see Chart A).

Chart A Aggregate probability distribution of average annual inflation expectations for 2012 and 2013 in the latest SPF rounds

(probability in percentages)



Source: ECB.
Note: The aggregate probability distribution corresponds to the average of individual probability distributions provided by SPF forecasters.

Some respondents mentioned the possibility of increases in energy and commodity prices as upward risks to their baseline inflation forecasts. Further increases in indirect taxes and administered prices were also cited as a potential upside risk. The main downside risks given were weaker economic activity and higher unemployment in the event of a further aggravation of the debt crisis in some euro area countries.

Longer-term inflation expectations unchanged at 2.0%

The average point forecast for longer-term inflation remains at 2.0%. At two decimal places, expectations stand on average at 2.02%, after 1.99% in the previous survey round. The median and the mode of the point forecasts are also stable at 2.0%. The share of respondents providing a point forecast of 2.0% has risen from 39% to 45% (see Chart B). The SPF longer-term inflation expectations are broadly in line with the latest longer-term forecast from Consensus Economics, but 0.2 percentage point lower than that from the latest Euro Zone Barometer.

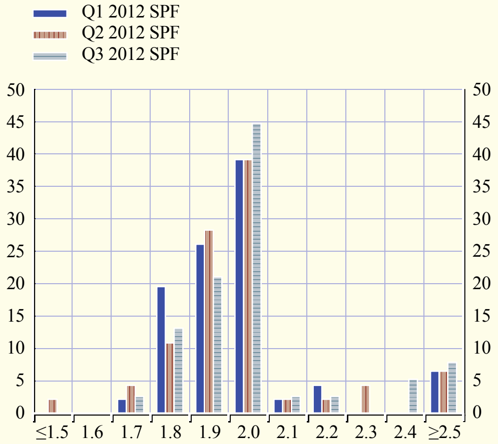
The aggregate probability distribution has shifted slightly towards higher outcomes compared with the previous SPF round. The probability of inflation being at or above 2.0% increased from 49% in the previous SPF round to 52%.

Disagreement about longer-term inflation expectations, as measured by the standard deviation of the point forecasts, decreased to 0.2 percentage point (from 0.3 percentage point). Aggregate uncertainty surrounding longer-term inflation expectations, as measured by the standard deviation of the aggregate probability distribution, has declined somewhat but remains at very high levels (see Chart C).[2]

2 For a discussion regarding uncertainty measures, see the box entitled "Measuring perceptions of macroeconomic uncertainty", *Monthly Bulletin*, ECB, January 2010.

Chart B Cross-sectional distribution of longer-term (five years ahead) inflation point forecasts

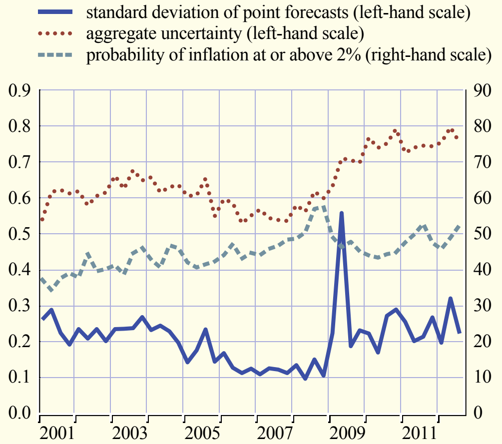
(percentage of respondents)



Source: ECB.

Chart C Disagreement and uncertainty about longer-term inflation expectations

(percentage points; percentages)



Source: ECB.
Note: Aggregate uncertainty is defined as the standard deviation of the aggregate probability distribution (assuming discrete probability density function with probability mass concentrated in the middle of the interval).

GDP growth expectations revised downwards for 2012 and 2013

GDP growth expectations for 2012 have been revised downwards marginally, by 0.1 percentage point, to stand at -0.3%. For 2013 the expectations have decreased significantly, by 0.4 percentage point, to 0.6%. Expectations for 2014 stand at 1.4% (see table).

Compared with the latest Eurosystem staff macroeconomic projections, real GDP growth expectations in the SPF are within the ranges for all years; compared with the latest forecasts from Consensus Economics and the Euro Zone Barometer, they are slightly higher for 2012 and 2013 and the same for 2014.

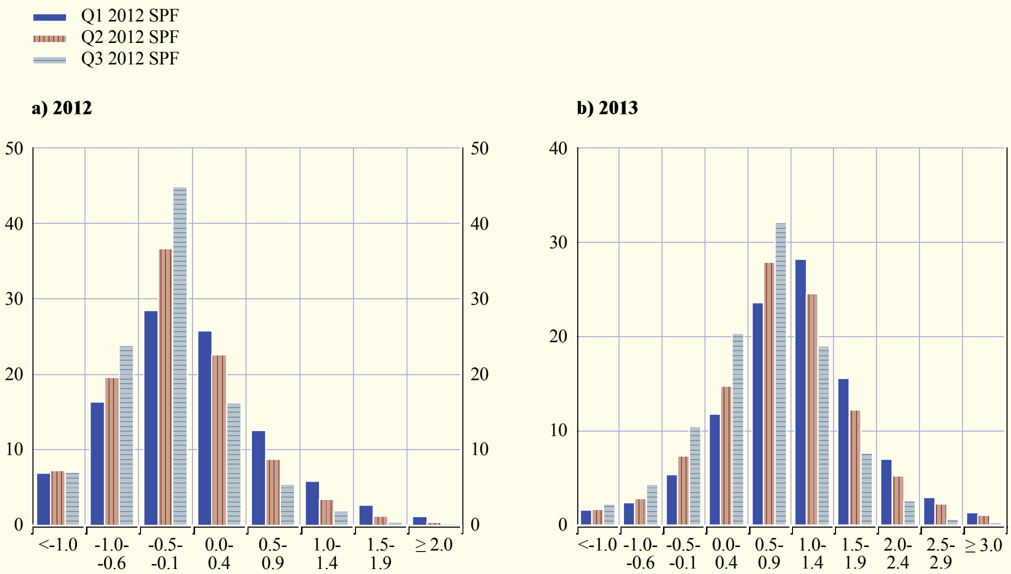
According to the respondents, the main factors behind the downward revisions are the intensification of fiscal consolidation in some euro area countries and higher uncertainty surrounding the resolution of the sovereign debt crisis.

The aggregate probability distributions for 2012 and 2013 have shifted towards lower outcomes. For 2012 the respondents assign the highest probability to the interval between -0.5% and -0.1%: 44.9% compared with 36.6% in the previous SPF round. Downside risks to euro area GDP growth prevail, deriving mainly from an escalation of the sovereign debt crisis. Other downside risks include a further fall in confidence, higher levels of uncertainty and lower external demand owing to a slowdown in the global economy. The main upside risk to the baseline outlook is seen to be the depreciation of the euro potentially supporting exports.

Longer-term growth expectations (for 2017) stand at 1.8%. At the same time, the aggregate probability distribution has shifted to the downside compared with the previous SPF round.

Chart D Aggregate probability distribution of average annual real GDP growth expectations for 2012 and 2013 in the latest SPF rounds

(probability in percentages)



Source: ECB.
Note: The aggregate probability distribution corresponds to the average of the individual probability distributions provided by SPF forecasters.

Forecasters now assign around 29% probability to longer-term real GDP growth being within the interval between 1.5% and 1.9% (up from 28%), while the cumulative probability of GDP growth being higher than 1.9% has decreased by 2 percentage points to 38%.

Further increase in unemployment rate expectations for 2012 and 2013

Unemployment rate expectations stand currently at 11.2% for 2012, 11.4% for 2013 and 10.8% for 2014 (see table). This implies upward revisions of 0.2 percentage point for 2012 and 0.5 percentage point for 2013 compared with the previous SPF round. According to the forecasters' comments, these further revisions were mainly due to the continuing deterioration in the economic outlook and the impact of additional austerity measures in some euro area countries. The forecasters expect the unemployment rate to peak in 2013. The subsequent decrease is seen as likely to be slow, however, as the expected recovery of economic activity is considered to be too weak to have a substantial downward impact on the unemployment rate.

The latest SPF forecasts for 2012 and 2013 are slightly higher than the forecasts given in the latest Consensus Economics and Euro Zone Barometer issues; however, the SPF forecast for 2014 is considerably (0.7 percentage point) lower than that of the latest Euro Zone Barometer, which foresees a further increase in 2014.

Longer-term unemployment rate expectations (for 2017) stand at 9.2%, 0.3 percentage point higher than in the previous round. The entire aggregate probability distribution has also clearly shifted towards higher outcomes.

Risks to the unemployment outlook in the SPF are assessed to be on the upside. A greater than currently foreseen weakening of economic activity and an increase in structural unemployment are considered to be the main risk factors. Downside risks are mentioned mainly in the context of the longer-term horizon and are mostly associated with the further implementation of structural reforms and with the success of reforms already implemented.

Other variables and conditioning assumptions

According to other information provided by the respondents, all assumptions covered by the survey have been revised downwards. In particular, oil price assumptions for 2012 have been revised downwards from below USD 120 per barrel in the previous SPF round to around USD 102 per barrel in the current round. Oil prices are then assumed to increase gradually to around USD 109 per barrel in 2014. Growth in compensation per employee is assumed to stand at 1.8% in 2012 and (after a small decline in 2013) to increase to 2.4% in the long term (2017). The EUR/USD exchange rate is expected to be stable at around 1.24 up to 2013 and then appreciate marginally in 2014. The interest rate on the main refinancing operations of the Eurosystem is on average expected to be at around 0.7% until 2013 and then increase to 1.0% in 2014.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

On a quarterly basis, euro area real GDP growth was flat in the first quarter of 2012, following a decline of 0.3% in the previous quarter. Economic indicators point to weak economic activity in the second quarter of 2012 and at the beginning of the third quarter in an environment of heightened uncertainty. Looking beyond the short term, the euro area economy is expected to recover only very gradually, with growth momentum being further dampened by a number of factors. In particular, tensions in some euro area sovereign debt markets and their impact on financing conditions, the process of balance sheet adjustment in the financial and non-financial sectors and high unemployment are expected to weigh on the underlying growth momentum, which is also affected by the ongoing global slowdown. The risks surrounding the economic outlook for the euro area continue to be on the downside.

4.1 REAL GDP AND DEMAND COMPONENTS

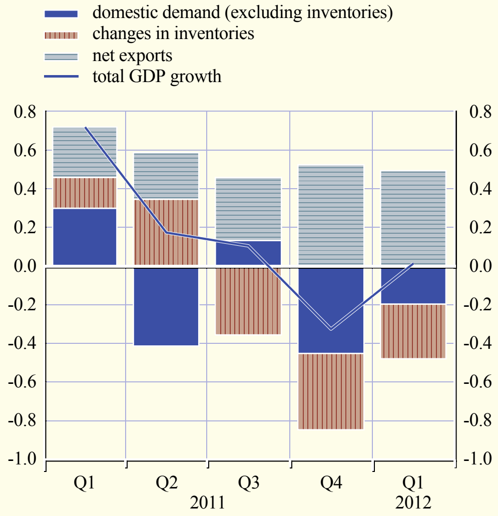
Quarterly real GDP growth in the euro area was flat in the first quarter of 2012, following a decline of 0.3% in the fourth quarter of 2011 (see Chart 27). Domestic demand and changes in inventories contributed negatively, while net trade continued to provide positive impetus to growth.

Following a decrease of 0.5% in the fourth quarter of 2011, private consumption remained broadly unchanged in the first quarter of this year. This development was the result of a positive contribution to consumer spending from the consumption of retail goods and services, as retail trade increased, which was offset by a negative contribution to consumer spending from car purchases. Car registrations, in quarter-on-quarter terms, decreased strongly in the first quarter of this year.

As regards the second quarter of 2012, information on private consumption reveals persistently weak developments in household spending. The volume of retail sales increased in May, but stood in the first two months of the second quarter 0.8% below its average level in the first quarter. This represents a deterioration compared with the previous quarter, when retail sales rose by 0.2%. At the same time, although new passenger car registrations rose in both May and June, they were in the second quarter as a whole 0.5% lower than in the first quarter. This decline is, however, a moderation compared with the previous quarter when registrations decreased by 6.7%. Retail sector survey data also point to a protracted weakness in consumption of retail goods in the second quarter as well as in July 2012 (see Chart 28). The Purchasing Managers' Index (PMI) for retail trade declined between the first and the second quarter, from 46.7 to 44.3. The index level thus remained clearly below the theoretical expansion-contraction threshold of 50, which points to continued sluggish sales. The July index, which stood at 46.4, suggests a continuation of weak dynamics in retail sales at the start of the third quarter. Moreover, euro area consumer confidence declined in July to

Chart 27 Real GDP growth and contributions

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

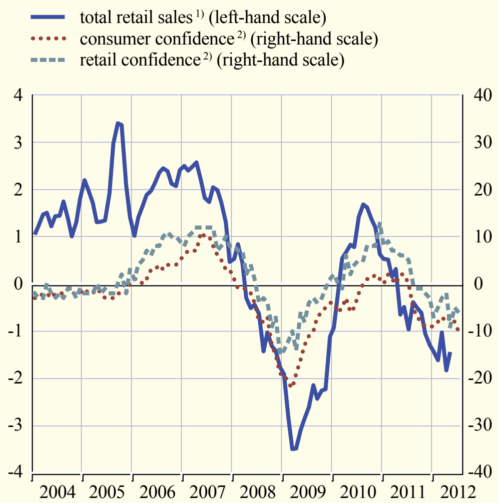


Sources: Eurostat and ECB calculations.

somewhat below its level in the second quarter. The index remained clearly below its long-term average, signalling further weak dynamics in consumer spending. Similarly, the indicator for major purchases also remained at a level well below its long-term average.

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

(monthly data)



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

Gross fixed capital formation declined by 1.4%, quarter on quarter, in the first quarter of 2012, following a decline of 0.6% in the previous quarter. With regard to the breakdown of investment in the first quarter, construction investment declined by 1.1%, quarter on quarter, while non-construction investment contracted by 1.6%.

Looking ahead, industrial production of capital goods (an indicator of future non-construction investment) rose by 0.9% in May, following a decline of 3.0% in April. Nonetheless, the average level of capital goods production in these two months stood 1.4% below that of the first quarter, which compares with a quarter-on-quarter rate of -0.1% in the fourth quarter. Survey results for the non-construction industrial sector, from both the PMI and the European Commission, suggest, on balance, a deterioration in investment activity in the second quarter of 2012 compared with the previous quarter. In July a further deterioration in industrial survey results compared with the second quarter was recorded. At the same time, the Commission surveys indicate that capacity utilisation declined strongly in the three-month period up to July 2012, further sliding down to a level below its long-term average.

Construction investment is also likely to have been weak in the second quarter. Euro area construction production was broadly flat in May compared with April, following a month-on-month decline in April. In the first two months of the second quarter, euro area construction production was broadly unchanged compared with the first quarter, when it declined by 4.4%. There are no signs yet of a recovery, as financing constraints and ongoing housing market adjustments in a number of euro area countries are still weighing on construction investment. Surveys confirm the picture of such investment still shrinking. For instance, the indicator on construction confidence available up to July 2012 published by the European Commission remains at levels below its historical average. At the same time, the PMI for construction in the euro area remained at a level well below 50, pointing to further negative developments in the second quarter of 2012.

Turning to euro area trade flows, they stabilised in the first quarter of 2012 after a contraction in the last quarter of 2011. Exports increased by 1.0% quarter on quarter, while the rate of decline in imports slowed down to 0.2%. However, the information that has become available in the meantime suggests that both imports and exports weakened again in the second quarter. The trade flows recorded in April and May were, on average, well below the levels seen in the first quarter. Against the backdrop of prevailing uncertainty about the strength of the global recovery, survey data relating to euro area exports also deteriorated. In July the PMI new export orders declined marginally to 44.8, thus further below the theoretical expansion/contraction threshold of 50. Looking further ahead, growth in foreign demand and euro area exports is expected to pick up again over the course of the second half of 2012 on the back of a gradual, albeit modest, strengthening of global economic activity. Broadly consistent with the prospects for economic activity in the euro area, the near-term outlook for imports remains rather subdued.

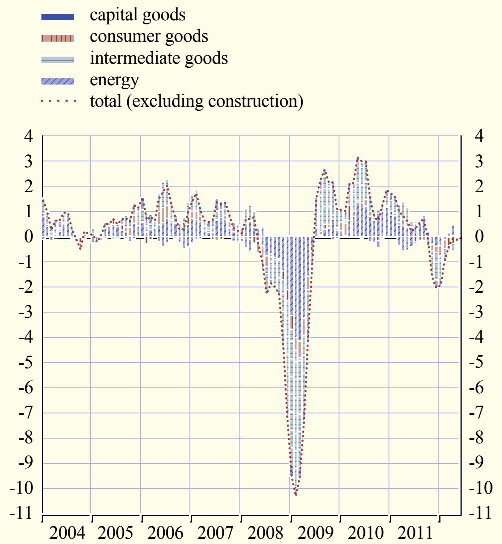
4.2 SECTORAL OUTPUT

Real value added declined by 0.1%, quarter on quarter, in the first quarter of 2012. Activity in industry (excluding construction) as well as services was flat, while value added in construction declined by 0.9%.

With regard to developments in the second quarter of 2012, growth in industrial production (excluding construction) increased by 0.6% in May, following a decline in the previous month. In April and May production stood on average 0.6% below its level in the first quarter. This represents a deterioration compared with the first quarter, when production contracted, quarter on quarter, by 0.4%. More timely survey data confirm the picture of continued weakness, as they point to a worsening in the second quarter compared with the first quarter. For example, the PMI manufacturing output index declined from close to the theoretical no-growth threshold of 50 in the first quarter to about 45 in the second quarter and deteriorated slightly further in July. At the same time, European Commission survey data indicate increasing constraints on production

Chart 29 Industrial production growth and contributions

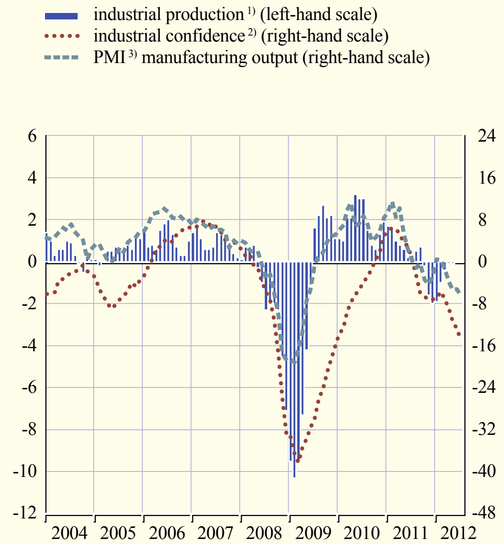
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 30 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.

in the three months to July 2012. This deterioration in limits to production reflected a worsening of demand conditions. The PMI services business activity index also deteriorated in the second quarter of 2012, but increased somewhat in July. Other business surveys, such as those of the European Commission, are broadly in line with developments in the PMI. Most survey evidence for the euro area point to a further deterioration in July.

4.3 LABOUR MARKET

Euro area labour markets continue to weaken at a steady pace. Employment shrank again in the first quarter of 2012, while the unemployment rate is continuing to drift upwards. Survey data anticipate further negative developments in the period ahead.

Employment declined by 0.2%, quarter on quarter, in the first quarter, following the same decline in both the third and fourth quarters of 2011 (see Table 7). At the sectoral level, on a quarter-on-quarter basis, the latest figures show that employment in construction declined sharply, while the declines in industry (excluding construction) and services were less pronounced. Simultaneously, hours worked for the whole economy rose by 0.1%, quarter on quarter, in the first quarter, rebounding somewhat from a decline of 0.5% in the previous quarter.

Annual growth in labour productivity per person employed decreased further to 0.4% in the first quarter of 2012, down from 0.9% in the previous quarter (see Chart 32). During the same period, annual growth in hourly labour productivity also declined slightly from 0.8% to 0.7%. As regards the second quarter of 2012, the latest developments in the PMI productivity index, which covers the manufacturing and services sectors, signal further reductions in the rate of change of output per worker.

The unemployment rate continues to drift upwards and stood at 11.2% in June (see Chart 33). This is an increase of 1.2 percentage points compared with one year ago. The rise in the

Table 7 Employment growth

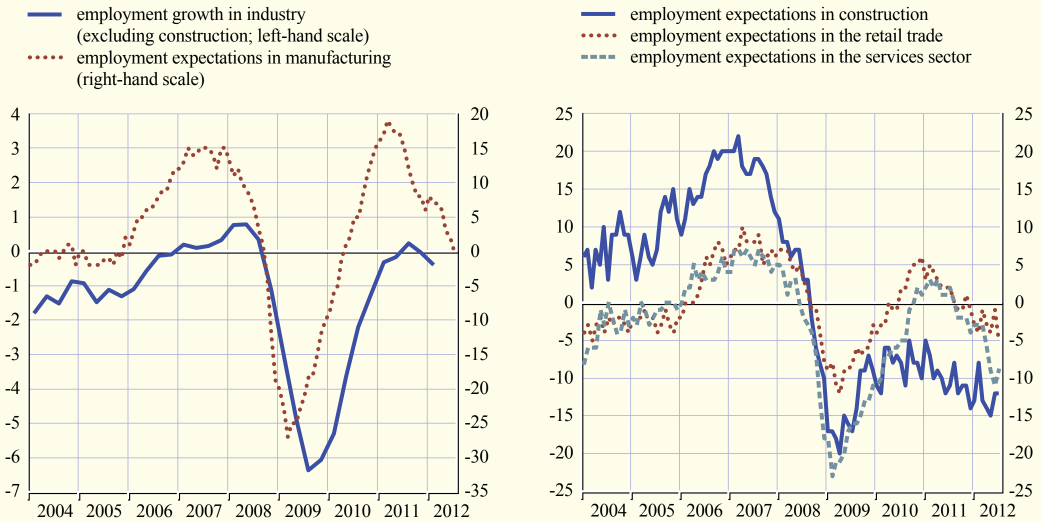
(percentage changes compared with the previous period; seasonally adjusted)

	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 31 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)

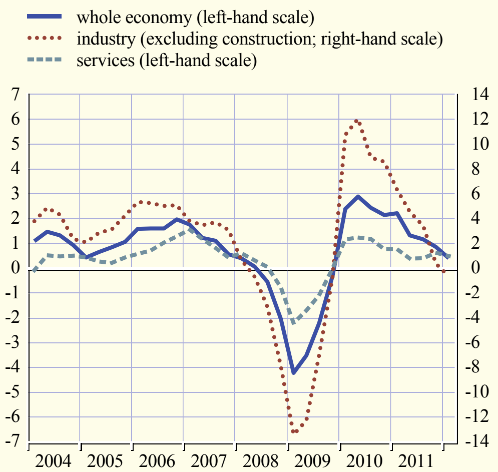


Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Percentage balances are mean-adjusted.

unemployment rate has been particularly large among younger workers (see Chart D in Box 5, which describes the adjustment processes in the four euro area countries currently under financial assistance programmes and in Cyprus). Survey indicators point towards further job losses, at an accelerated pace, in both industry and services at the beginning of the third quarter of 2012 (see Chart 31). Moreover, the unemployment rate expected for 2012 and 2013 has been revised upwards in the latest Survey of Professional Forecasters (see Box 4 in Section 3).

Chart 32 Labour productivity per person employed

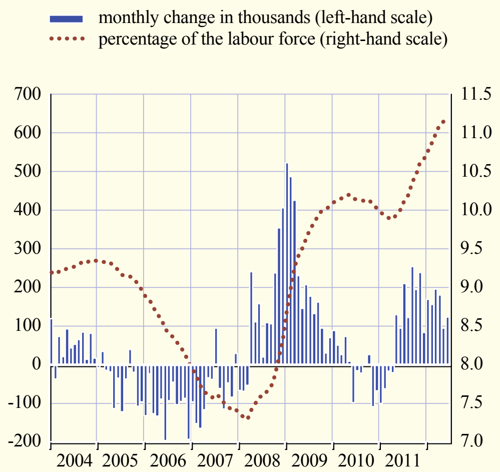
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 33 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Economic indicators point to weak economic activity in the second quarter of 2012 and at the beginning of the third quarter in an environment of heightened uncertainty. Looking beyond the short term, the euro area economy is expected to recover only very gradually, with growth momentum being further dampened by a number of factors. In particular, tensions in some euro area sovereign debt markets and their impact on financing conditions, the process of balance sheet adjustment in the financial and non-financial sectors and high unemployment are expected to weigh on the underlying growth momentum, which is also affected by the ongoing global slowdown.

The risks surrounding the economic outlook for the euro area continue 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. Downside risks also relate to possible renewed increases in energy prices over the medium term.

Box 5

ADJUSTMENT PROCESSES WITHIN THE EURO AREA: DEVELOPMENTS IN IRELAND, GREECE, SPAIN, CYPRUS AND PORTUGAL

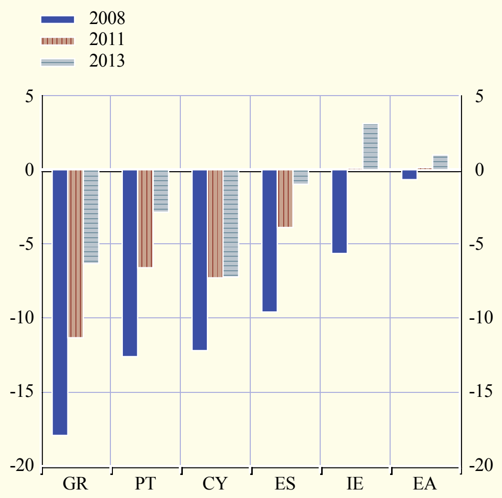
This box describes developments in the four euro area countries currently under financial assistance programmes ("programme countries")[1] and in Cyprus.[2] Adjustment processes and, more recently, accelerated corrections have started in all these countries suffering from significant macroeconomic imbalances. However, although some progress has been made – and additional adjustment is expected by 2013 – considerable efforts are still needed to increase competitiveness, reduce unemployment and restore the sustainability of public finances.

Recent progress in the adjustment of imbalances

On the external side, the current account positions of all five countries have recently improved on their 2008 levels, with Ireland already reaching a balanced current account position in 2010 (see Chart A). In all countries,

Chart A Current account positions (national accounts)

(as a percentage of GDP)



Source: The European Commission's European Economic Forecast – spring 2012.
Note: Countries are grouped in ascending order for 2008.

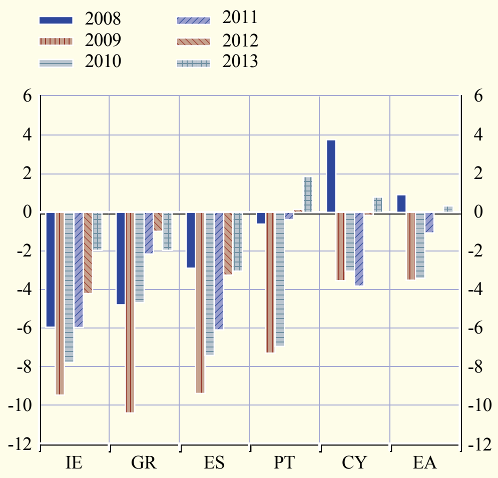
1 While Ireland, Greece and Portugal are under joint EU-IMF financial assistance programmes, the Spanish programme, approved on 20 July 2012, is restricted to financial assistance from the EU only and targeted specifically at the recapitalisation of financial institutions. However, progress in the commitments under the excessive deficit procedure and on structural reforms, with a view to correcting macroeconomic imbalances, will be regularly reviewed in parallel with the financial sector conditionality. In the case of Spain, the IMF provides only technical assistance.

2 On 27 June 2012 the Cypriot authorities submitted requests for financial assistance from the EU and the IMF.

this has mostly resulted from developments in trade balances over the period 2010-11, which were also reflected in strong positive contributions from net trade to real GDP growth. In most cases, the strong net trade contributions resulted from a combination of relatively strong export growth (particularly in Spain and Portugal) and very weak or negative import growth (notably in Greece and Cyprus). The European Commission's European Economic Forecast – spring 2012 foresees a continued improvement in the current account positions of all programme countries; for Cyprus, the European Commission expects only a very limited reduction in the current account by 2013, as export growth, in particular, is forecast to remain very weak. Apart from the trade outlook, current account developments in some of the countries are also largely driven by energy-related imports and net interest payments. These have contributed, for example, to the large current account deficit that is expected to persist for Greece in 2013. Overall, despite the expected improvements, the current account deficit in 2013 is still expected to remain higher than desirable, particularly in Greece, but also in Cyprus and Portugal.

Chart B General government primary balance

(as a percentage of GDP)



Sources: Eurostat, European Commission's European Economic Forecast – spring 2012 and ECB calculations.
Notes: The 2009-11 levels of the primary balance for Ireland are adjusted for large one-off effects on account of capital support to the banking sector. The data in the chart still include a large one-off effect for Portugal, recorded in 2011. Except for the euro area, countries are grouped in ascending order for 2008.

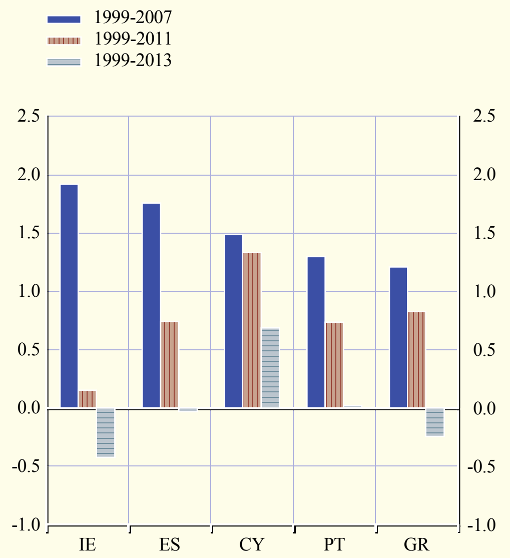
On the fiscal side, Ireland, Greece and Portugal have undertaken considerable consolidation efforts since entering the financial assistance programme. This has led to significant improvements in the general government primary balance (see Chart B), largely on account of the wide range of fiscal and structural reforms implemented as part of the programmes. According to the European Commission's spring 2012 forecast, this improvement is expected to continue in 2013. Portugal is the only country receiving financial assistance that is expected to record a primary surplus. Similarly, in Spain, fiscal adjustment is well under way and the primary balance is improving, although, in 2010 and 2011, deficit reduction was lower than expected. Overall, the debt-to-GDP ratios of all programme countries are still projected to rise in 2013.

Restoring competitiveness

The increase in export growth and the reduction in current account deficits partly reflect improvements in competitiveness which are linked to a decline in unit labour costs (see Chart C). When comparing developments up to 2007 with those up to 2011, differentials in the average annual growth of unit labour costs relative to that in the euro area have already fallen somewhat, with all five countries recapturing some of the losses in competitiveness incurred previously. Part of the correction seen thus far reflects countries' structural measures to correct relative price and cost developments in a more lasting manner. However, part of it is also the result of labour shedding, for example in low-productivity sectors, which has increased aggregate productivity, particularly in Ireland and Spain, but also, to a lesser extent, in Greece and Portugal. The flip side of this has been a rise in unemployment rates, which has been particularly pronounced

Chart C Average annual increase in unit labour costs relative to the euro area

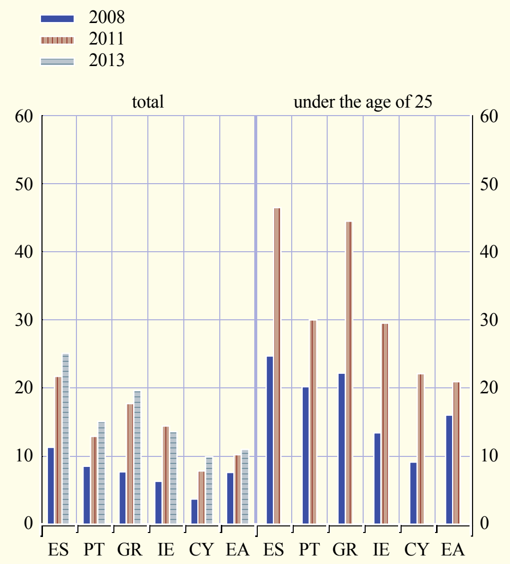
(in percentage points)



Sources: Eurostat and the European Commission's European Economic Forecast – spring 2012.
Notes: Countries are grouped in descending order for the period 1999-2007. Data for Greece and Spain are only available from 2001.

Chart D Total and youth unemployment

(as a percentage of the labour force)

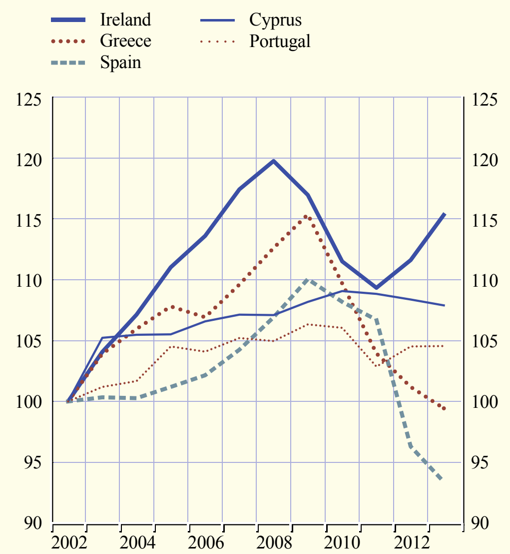


Sources: Eurostat and the European Commission's European Economic Forecast – spring 2012.
Note: Except for the euro area, countries are grouped in descending order according to the total unemployment rate in 2008.

among younger workers (see Chart D). As Chart E suggests, this may also have been partly due to delayed actions by the wage bargaining partners, both in the private and the public sector. In particular, in the case of Spain, the authorities finally approved in February 2012 a far-reaching and comprehensive labour market reform that could have proved very beneficial in avoiding labour shedding if it had been passed some years ago. After the onset of the global financial crisis in 2008, with the exception of Ireland, wage moderation only set in with a significant delay (in Portugal in 2010) or has remained very limited (in Spain and Cyprus, at the end of 2011). Going forward, a strong decline in compensation per employee is expected: (i) for Spain, as a result of further cuts in public sector wages and the impact of labour market reforms in moderating private sector wage claims; and (ii) for Greece, as a result of the recent reforms in private sector wage-setting.

Chart E Compensation per employee relative to the euro area

(indices: 2002 = 100, euro area = 100)



Sources: Eurostat and the European Commission's European Economic Forecast – spring 2012.

Need for further structural and fiscal reforms

As there is still a substantial need for rebalancing, all countries will need to undertake further far-reaching reforms and introduce appropriate measures to increase both price and non-price competitiveness, reduce unemployment and restore the sustainability of public finances.

Regarding competitiveness, given the low level of competition, further significant reductions in unit labour costs and excess profit margins are particularly urgent, especially in countries where unemployment is very high. To achieve this, first, flexibility in the wage determination process has to be strengthened, for example, where relevant, by relaxing employment protection legislation, abolishing wage indexation schemes, lowering minimum wages and permitting wage bargaining at the firm level. And second, the competitiveness adjustment must be strengthened through permanent increases in labour productivity, for example through privatisation, innovations in processes and the development of new products, measures to boost the skills of the labour force, and initiatives to create a more favourable business environment. This calls for courageous policy action on structural reforms (e.g. the liberalisation of closed professions and immigration, a reorientation of spending towards education and R&D, and reforms of key framework conditions, such as amending judicial and regulatory frameworks to enhance their business friendliness) and boldness in the face of lobbying by privileged groups and vested interests. Excessive profit margins are particularly prevalent in domestically-oriented sectors (predominantly the services sectors). Structural reform measures can address the issue of excessive rents by removing obstacles to (international) competition, particularly in the sheltered professions, for example by lowering entry barriers for new firms and, more generally, by reducing red tape.

On the fiscal side, ensuring strict adherence to the agreed fiscal consolidation paths remains essential in order to lock in the benefits of the consolidation efforts undertaken so far and credibly anchor financial market expectations.

ARTICLES

HETEROGENEITY IN EURO AREA FINANCIAL CONDITIONS AND POLICY IMPLICATIONS

The current crisis has been associated with significant heterogeneity in financial conditions, following a period of low and more homogeneous financing costs. Money markets have become impaired, especially across national borders, and sovereign bond yields have diverged significantly. Overall, there is increased evidence that country-specific effects have become more important in driving financial conditions.

The financial system is the primary channel through which monetary policy affects the economy and ultimately prices. Stable, efficient and integrated financial markets are the basis for a smooth transmission of monetary policy across countries. The current degree of heterogeneity in financial conditions therefore poses a major challenge for the single monetary policy.

The underlying causes of the increase in heterogeneity originate in the accumulation of fiscal, macroeconomic and financial imbalances in several euro area countries prior to the crisis, fuelled in particular by decreasing interest rates around the start of EMU and by inadequate national and European policy responses. When the crisis erupted, the unsustainable nature of these imbalances became evident. The repricing of risks caused the real imbalances to spill over to financial developments. Financial integration halted as financial flows across euro area countries reversed. Destabilising and self-reinforcing linkages between the deterioration in public finances, the severe economic recession and the fragility of banks' balance sheets triggered a negative feedback loop between fiscal, real and financial developments in certain countries. The lack of a credible backstop mechanism made it difficult to break this negative spiral in a monetary union characterised by decentralised economic policies.

With a view to maintaining price stability in the euro area, the ECB has introduced a number of measures to ensure a more homogeneous pass-through of its key interest rates to the economy. However, these measures cannot provide a structural solution to the underlying causes of heterogeneous financial conditions. Rather, this involves governments acting at the national and the euro area/European levels in the various policy areas where the appropriate policies and mechanisms have to be put in place. Such action is needed, in particular with regard to public finances, structural economic reforms and financial stability. It includes the need to move towards a "financial union", with the further transfer of competences to the European level as regards euro area financial sector crisis management and resolution. Such policies would also create better conditions to support a smooth transmission of monetary policy across countries.

1 INTRODUCTION

The current crisis has been associated with significant heterogeneity in financial conditions. This poses a particular challenge for the conduct and transmission of monetary policy in a currency union such as EMU. More broadly, it raises questions about the appropriateness of the fiscal, structural and financial architecture in the euro area.

The financial system is the primary channel through which monetary policy affects the economy. Stable, efficient and integrated financial markets are the basis for the smooth transmission of monetary policy across countries. Thus, the current heterogeneity in financial conditions poses a major challenge for the single monetary policy.

Although some degree of national differentiation in financial developments is a normal feature of a monetary union, heterogeneity in financial conditions across the euro area has increased significantly, as some countries have been affected more substantially by the financial crisis. Money markets have become increasingly impaired, especially across national borders, and yields in sovereign bond markets have diverged significantly.

The ECB has introduced a number of measures to ensure a more homogeneous pass-through of its key interest rates to the economy. It cannot, however, provide a structural solution to the underlying causes of heterogeneous financial conditions. For that, national governments must put in place the appropriate policies and mechanisms at the national and euro area/European levels. Such policies would also create better conditions for supporting a smooth transmission of monetary policy across countries.

Against this background, this article reviews the causes of heterogeneity in financial conditions in recent years and examines how they relate to macroeconomic imbalances and policy failures before the crisis. It explains the ECB's monetary policy response and discusses the role of other policies – notably fiscal, structural and prudential policies – in overcoming structural imbalances and divergences. Section 2 describes developments in financial conditions over time and relates the return of heterogeneous financial conditions to the sudden repricing of risks after years of accumulated imbalances in public finances, in the macroeconomy and in banking. Section 3 reviews the impact on monetary policy of this renewed heterogeneity, as well as the main actions that the ECB has taken to promote a more homogeneous transmission of monetary policy across the euro area. Section 4 focuses on the need to address the institutional shortcomings of EMU that contributed to the emergence of heterogeneity in order to tackle the crisis. Section 5 draws some conclusions.

2 HETEROGENEITY IN EURO AREA FINANCIAL CONDITIONS OVER TIME

The two decades preceding the crisis witnessed a substantial decline in nominal interest rates and financing costs in all euro area countries. The completion of the Single Market in financial services and deeper financial integration were associated with a strong convergence in financial conditions across euro area countries. In addition to policy initiatives to foster financial integration – for example, the Financial Services Action Plan (FSAP) – other factors contributed to the decline in nominal interest rates: in particular, a more stable and benign economic and financial environment, and a price stability-oriented monetary policy created the conditions for lower interest rates.

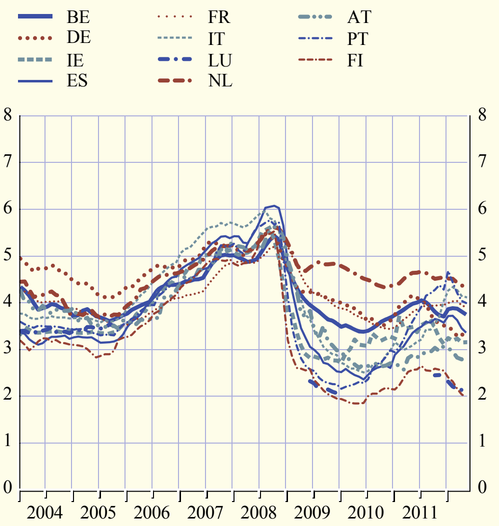
The financial market segment closest to the single monetary policy, i.e. the euro area money market, was highly integrated from the start of EMU. The cross-sectional standard deviation of the EONIA lending rates across euro area countries fell to close to zero following the introduction of the euro. A considerable degree of convergence was also seen in government and corporate bond markets. Charts 1 to 3 illustrate the low level of dispersion in the rates charged by banks to households for residential mortgages and to non-financial corporations for new loans, as well as in sovereign bond yields. The overall result was a low level of heterogeneity in financial conditions across euro area countries.

The financial crisis that erupted in September 2008 with the default of Lehman Brothers, following a period of financial turmoil from August 2007, marked a halt in the trend towards more homogenous financial conditions. Secured and unsecured money markets became increasingly impaired, especially across national borders. Sovereign bond yields also started to diverge at that time, but this became more pronounced following the onset of the sovereign debt crisis in May 2010. This spilled over into corporate bond markets, with effects at the country level becoming a more important driving factor behind yield developments. The return of differentiated financial conditions is also illustrated in Charts 1 to 3.

The resuming heterogeneity in financial conditions mainly reflects differences in the

Chart 1 Interest rates on new loans to households for house purchase

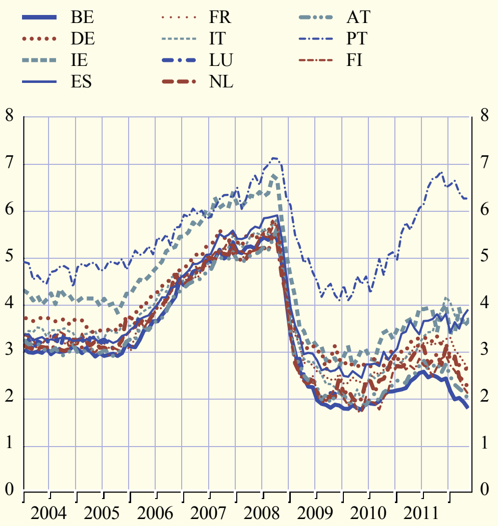
(percentages per annum)



Source: ECB.
Note: Data are not available for all euro area countries over the entire period.

Chart 2 Interest rates on new loans to non-financial corporations

(percentages per annum)



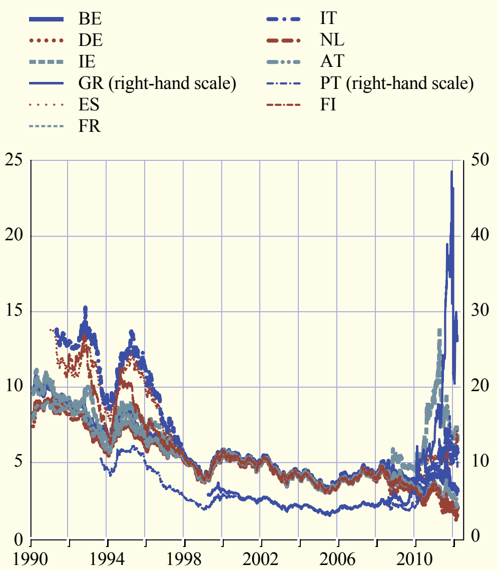
Source: ECB.
Note: Data are not available for all euro area countries over the entire period.

way euro area countries have been affected by the crisis. Prior to the crisis, the convergence of financial conditions masked divergences in national policies and the accumulation of fiscal, macroeconomic and financial imbalances in several euro area countries. These imbalances were not adequately addressed, either at the national or the European level. They created vulnerabilities in these countries and paved the way for the sudden return of differentiated financial conditions when risks were repriced.

Imbalances related, for example, to government financial positions in some euro area countries. Following the start of EMU, government finances benefited from the easier access to financing that emanated from the elimination of exchange rate risk, and an underappreciation of risk by financial market participants. However, progress towards sound and sustainable public finances was limited, owing partly to a loose and, over time, more relaxed interpretation of European budget rules. Market discipline was also weak, as reflected in the very limited

Chart 3 Sovereign bond yields

(percentage per annum)



Source: Datastream.
Note: Data reflect yields on ten-year government bonds, which are not available for all euro area countries over the entire period.

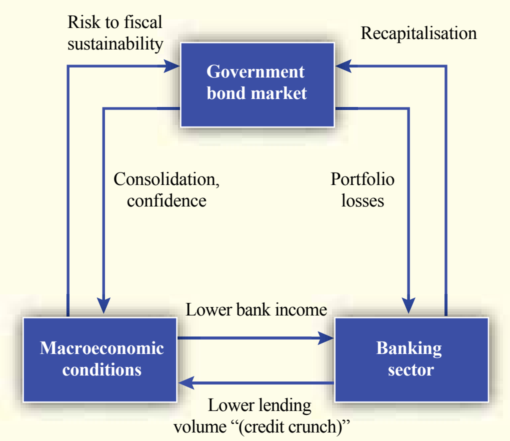
dispersion in interest rates on government bonds. As a result, in particular those governments that had experienced high interest rates before joining EMU witnessed a major relaxation of financial conditions. Structural fiscal positions remained weak and vulnerable to changes in economic and financial conditions.

Imbalances also related to private sector developments. Like governments, households and non-financial corporations benefited from lower financing costs after the start of EMU. This led to increased spending in some countries that had previously experienced high interest rates, including on real estate. As a result of strong domestic demand, inflation rates in these countries were above average. Unit labour costs rose, causing losses in competitiveness, but rigidities in wage and price formation also played a role. Furthermore, owing to the apparently good economic performance, there was less incentive to undertake (politically costly) structural reforms in product and labour markets. This resulted in a deterioration in current account balances and housing booms. Increasing financial integration in the euro area, combined with abundant global liquidity, as well as investors and national supervisors taking insufficient account of increasing risks, provided the necessary financing to these countries; deficits were financed partly by surpluses in other euro area countries. Banks also built up imbalances, as they greatly expanded their balance sheets following the improvement in financial conditions and rise in credit demand from households and corporations. Banks' lending practices and bank supervision were insufficiently prudent to mitigate the heightened risks.

These imbalances created the conditions for increased financial heterogeneity during the crisis. In the private sector, the unsustainable nature of rapidly rising labour costs, house prices and current account deficits in the financially stressed countries (Ireland, Greece, Portugal and, subsequently, Spain and Italy) became clear when economic and financial conditions deteriorated severely and confidence fell with the default of Lehman Brothers. These countries were hit by a severe recession that aggravated problems in public finances and adversely affected banks' balance sheets. A global repricing of risks took place, leading real economic imbalances to spill over to financial developments (see Chart 4 for a depiction of the main linkages between the economy, the banking sector and government bond markets). Financial integration partly halted and reversed, especially when confidence in some national banking systems deteriorated with the sovereign debt crisis.

Banks in the countries concerned suffered from lower credit demand and losses on non-performing loans. Financial concerns increased further from the onset of the sovereign debt crisis in May 2010, with wide government bond spreads creating portfolio losses on national government bond holdings. Reduced confidence in banks' health and in the financial capacity of the national governments concerned to recapitalise banks, if necessary, limited banks' access to money and bond markets. As a result, bank bond spreads widened substantially

Chart 4 Main linkages between the economy, the banking sector and government bond markets



Source: ECB.
Note: Arrows indicate the channel through which deteriorating conditions in one area affect the other two areas. For instance, deteriorating macroeconomic conditions reduce bank's income, e.g. from less lending activity, and increase risks to fiscal sustainability, e.g. as deficits automatically increase, which is likely to be reflected in higher government bond yields.

in the countries most affected by the crisis, despite government guarantees (see Chart 5). This had adverse consequences for banks' lending to the real economy, which were compounded by deleveraging pressures from regulatory requirements, including higher capital requirements.[1]

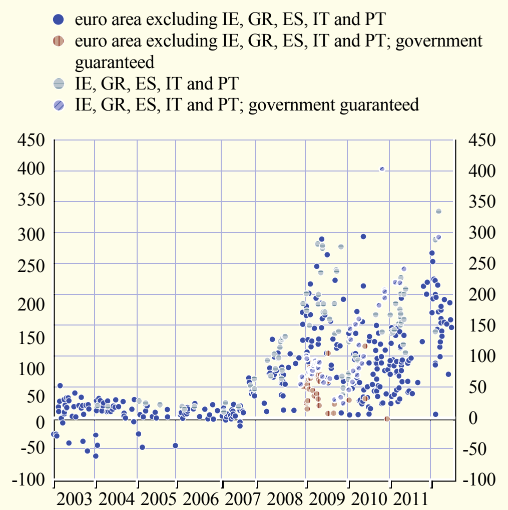
Public finances deteriorated sharply on account of the crisis, against the background of persistently high debt ratios and substantial banking sector support, especially in countries with a very large banking sector in relation to GDP. Rapidly increasing public deficits, debt and contingent liabilities raised questions about the sustainability of public finances in some euro area countries, as reflected in higher sovereign bond yields (see Chart 3) and a drying-up of liquidity in some markets. The sovereign debt crisis that erupted in May 2010 was initially centred around adverse fiscal developments in Greece, but then spread to Ireland and Portugal; at a later stage, Spain and Italy also became the subject of intensified market scrutiny. The lack of confidence in governments' willingness to tackle the crisis, in combination with the lack of an effective resolution mechanism, also spread to other governments. This phenomenon is referred to as "contagion".

Financial integration halted partly with a reversal of the financing flows to the countries in question, as can be seen from government debt securities being increasingly purchased domestically, with non-domestic euro area banks selling these bonds (see Chart 6).[2]

1 For further information on developments in lending to the real economy, see the article entitled "Assessing the financing conditions of the euro area private sector during the sovereign debt crisis" in this issue of the Monthly Bulletin.
2 Another indication of decreased financial integration in the euro area is the relative decline in the use of non-domestic collateral in the Eurosystem's refinancing operations. For further details, see *Financial integration in Europe*, ECB, Frankfurt am Main, April 2012, p. 68.

Chart 5 Bank bond spreads at issuance by country group with and without government guarantee

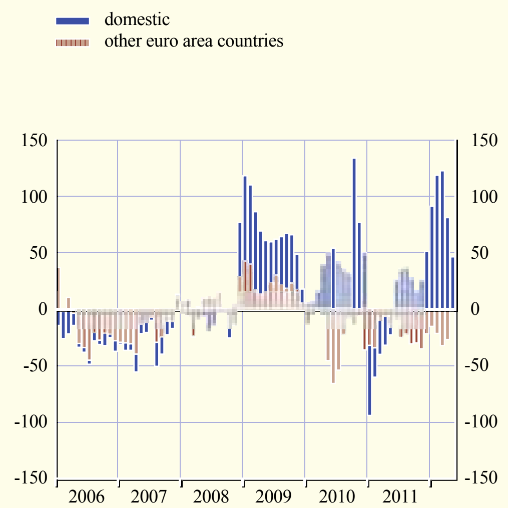
(basis points)



Sources: Bloomberg, Dealogic DCM Analytics and ECB calculations.
Notes: Spreads are computed with respect to swaps. Data relate to the country of operation of the issuer, on an unconsolidated basis. The chart includes senior unsecured fixed rate investment-grade bonds and medium-term notes with a time to maturity at issuance of between one and ten years. Only euro-denominated issuances with a face value of at least €100 million are included.

Chart 6 MFI purchases of government debt securities

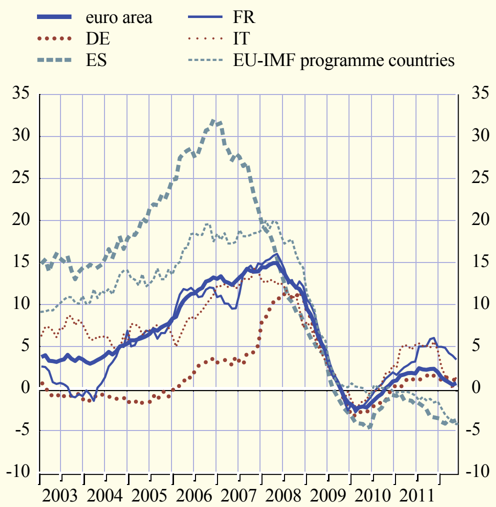
(three-month flows in EUR billions; seasonally adjusted)



Source: ECB.
Note: The chart shows purchases by MFIs in one euro area country of government debt issued by that country and purchases of that debt by MFIs in other euro area countries.

Chart 7 Loans to non-financial corporations (adjusted for securitisation)

(annual percentage change)



Source: ECB.
Note: "EU-IMF programme countries" refers to Ireland, Greece and Portugal.

The reversal of financing flows severely affected loan supply to the private sector. As Chart 7 shows, the growth rate of loans to non-financial corporations, for instance, turned negative around the end of 2009 and did not subsequently recover in the countries subject to an EU-IMF adjustment programme (i.e. Ireland, Greece and Portugal) or in Spain, although it did recover in the other euro area countries. Apart from supply-side factors, this also reflects subdued demand from non-financial corporations on the back of weak growth prospects, while some of the largest non-financial corporations may have increased their recourse to bond market financing.

Tackling the problems in public finance, in the macroeconomy and in banks' balance sheets is complicated because of their close linkages. During a crisis, these links may be destabilising and potentially self-reinforcing. For instance, substantial holdings of domestic government debt in their portfolios made banks in the affected countries vulnerable to rises in government bond yields, while at the same time, the weakened financial position of domestic banks required those governments to finance additional support to the banking sector. Breaking such a negative feedback loop in a monetary union that is characterised by decentralised economic policies is complicated further by a lack of effective supranational institutions as regards public finances, structural reforms and competitiveness, as well as financial stability.

3 THE ECB'S RESPONSE TO INCREASED FINANCIAL HETEROGENEITY

An integrated financial market with broadly homogeneous financial conditions is the basis for a smooth transmission of monetary policy across the euro area. However, financial conditions in the countries of the euro area have never been identical, given differing financial structures across countries. This has caused some differentiation in the transmission of monetary policy, given the predominantly bank-based nature of financing to households and non-financial corporations in the euro area; but as long as financial heterogeneity was limited, it was not a source of concern. However, during the various phases of the crisis (i.e. the financial turmoil from August 2007, the financial crisis starting in September 2008 and the sovereign debt crisis as of May 2010), financial heterogeneity has increased significantly, reaching levels not seen so far during EMU.

As a result, the ECB's monetary policy stance could no longer be transmitted to short-term and longer-term interest rates, as in the past, with rates reflecting increased market and liquidity risk. With the financing conditions of banks also affected, there was the risk that credit flows to households and corporations would dry up, impairing the effectiveness of monetary policy and creating downside risks to price stability in the euro area as a whole.

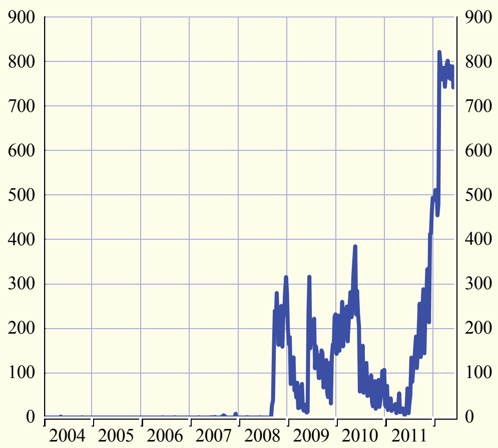
In response to the exceptional degree of financial heterogeneity, the monetary policy of the ECB continued to be guided by its mandate of maintaining price stability for the euro area as a whole. Key ECB interest rates were reduced sharply, given the deep financial crisis that had caused downside risks to price stability in the medium term. In addition, non-standard measures were taken to support the functioning of the transmission mechanism, by bringing back liquidity to dysfunctional markets. This was to ensure that the very low interest rates were transmitted to the entire euro area economy and ultimately to prices.

Over time, the ECB's non-standard measures – while being open to banks in all countries – have been used more intensively in the financially troubled countries of the euro area. The cross-country differences in the use of these measures largely reflect heterogeneity in financial conditions across the euro area and have supported the effective conduct of the single monetary policy. The measures focused in particular on the money market and later also on the sovereign bond market.

Funding conditions in interbank money markets worsened in each phase of the crisis as a consequence of banks' deteriorating confidence in their counterparties. Forestalling a curtailment of financing to the real economy that would have hurt economic growth and employment, and thereby price stability, the ECB gradually stepped up its intermediation role between banks.[3] As a result, excess liquidity in the interbank money market – i.e. the amount of central bank liquidity over and above what is needed for financing autonomous factors and reserve requirements – increased significantly. The aggregate position is normally close to zero, with abundant liquidity at one bank being channelled to a bank with a deficit via the money market, and no deposits being placed with the Eurosystem. However, a decreased willingness to lend to "suspect" banks, especially across national borders, hampered the distribution of liquidity to those banks that needed it most. Individual banks had to take up more central bank money themselves to be sure of having enough liquidity, and excess liquidity was placed in the deposit facility. The rise in deposits with the Eurosystem is therefore a good indicator

Chart 8 Recourse to Eurosystem's deposit facility

(EUR billions)



Source: ECB.

of the degree of disintermediation in the money market (see Chart 8).

Restricted access to the money market affected banks – particularly in countries in which government finances had deteriorated substantially – on account of the linkages between banks and sovereigns. For the same reason, other markets for the financing of banks, such as the market for bank bonds, also became less accessible. It was also likely that these funding restrictions would hamper the growth of credit to households and non-financial corporations. This, together with deleveraging needs, could well have resulted in a credit crunch in several parts of the euro area, with downside effects on the economy and price stability in the euro area as a whole.

Therefore, the ECB adopted various non-standard measures aimed at enhancing credit

3 For an overview of the Eurosystem's non-standard measures, see the article entitled "The ECB's non-standard measures – impact and phasing-out", *Monthly Bulletin*, ECB, Frankfurt am Main, July 2011. The main measures taken subsequently are described in the box entitled "Statement by the President of the ECB on 7 August 2011", *Monthly Bulletin*, ECB, Frankfurt am Main, August 2011, and in the box entitled "Additional non-standard monetary policy measures decided by the Governing Council on 8 December 2011", *Monthly Bulletin*, ECB, Frankfurt am Main, December 2011.

growth by correcting the negative effects that the money markets were having on the transmission channels. For example, in October 2008 the ECB decided to adopt a fixed rate tender procedure with full allotment in its refinancing operations. Given the constraints in the funding markets for banks, the maturities of the longer-term refinancing operations (LTROs) were also successively extended, up to three years for the operations conducted in December 2011 and February 2012. Moreover, the already broad collateral framework has been extended further, with corresponding risk control measures to mitigate the Eurosystem's risk exposure. This action has given collateral-constrained banks the opportunity to still participate in refinancing operations.

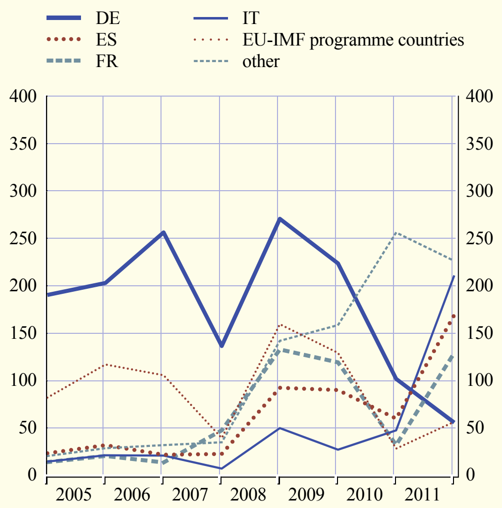
As a result of the ECB's greater intermediation role in the money market, the use of its refinancing facilities increased dramatically, with a corresponding expansion of the Eurosystem's balance sheet. Chart 9 shows that recourse to refinancing operations was especially high for banks in those countries most affected by the crisis. At the end of 2008 and 2009 it was at elevated levels in the countries subject to an EU-IMF adjustment programme. In 2011 it was banks mainly in Italy, Spain and France that drove demand for ECB refinancing. The very high levels of participation in 2011 reflected the allotment of the first three-year LTRO. By contrast, recourse to refinancing operations by German banks decreased, reflecting capital inflows.

The degree of heterogeneity in banks' financing needs can also be seen from TARGET2 balances (see Chart 10).[4] TARGET2 is the Eurosystem's real-time gross settlement system. NCBs' balances reflect their net claim/liability that results from commercial banks' cross-border payments via TARGET2. The increasing

4 For more details, see the box entitled "TARGET2 balances in the Eurosystem in a context of impaired money markets", *Annual Report 2011*, ECB, Frankfurt am Main, April 2012.

Chart 9 Participation in refinancing operations

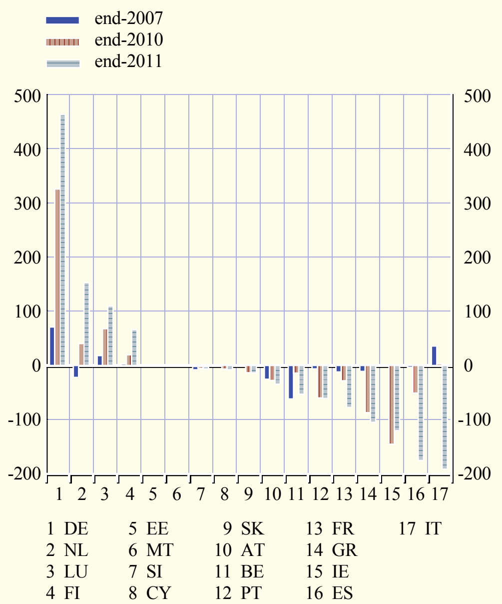
(EUR billions)



Source: NCBs.
Note: "EU-IMF programme countries" refers to Ireland, Greece and Portugal. Data show end-of-year figures.

Chart 10 TARGET2 balances

(EUR billions)



Source: NCBs.

TARGET2 liabilities of some NCBs mainly reflect funding stress in their respective banking systems, with financial outflows being compensated by increased recourse to the Eurosystem's refinancing operations.

From May 2010 government bond markets became adversely affected alongside a sudden and sometimes excessive repricing of risks. Malfunctioning in some government bond markets was reflected in the drying-up of liquidity. Changes in the key ECB interest rates are normally transmitted via short-term market rates along the yield curve to longer-term rates and to the economy, but this process was hampered in those countries with malfunctioning government bond markets. These markets play an important role in the transmission process (e.g. by generally setting a floor for corporate bonds and acting as a primary source of collateral in repo transactions). Without further action, more bond markets would have been likely to be affected via contagion, with negative repercussions on the funding of the economy, economic growth, employment and price stability.

Therefore, in May 2010 the ECB started to purchase bonds of some governments outright in the secondary market under its Securities Markets Programme (SMP). After a period of relative calm at the beginning of 2011, interventions increased again in the second half of that year. The ECB acted in markets where liquidity was at very low levels, thus helping to repair the usual transmission process.[5] In addition, the refinancing operations, and in particular the three-year LTROs, have supported sovereign bond markets, as some banks decided to use part of the liquidity to buy government bonds.

4 THE ROLE OF FISCAL, MACROECONOMIC AND FINANCIAL POLICIES IN ADDRESSING THE INSTITUTIONAL SHORTCOMINGS OF EMU

The linkages between fiscal, structural and financial imbalances that led to the sovereign debt crisis and the fragmentation of financial markets, as described in the previous sections, have revealed several shortcomings in the institutional set-up of EMU. This section first reviews the weaknesses in the institutional design prior to the crisis; second, it describes the progress achieved so far in addressing said shortcomings; and third, it looks at what still remains to be done.

The crisis has highlighted two major weaknesses in the institutional set-up of EMU. First, the policy framework in place to ensure economic and financial convergence across euro area countries and foster flexibility of their economies is not fully effective. Incentives and rules to support sound national fiscal, financial and macroeconomic policies were not sufficient to prevent imbalances from building up prior to the crisis. Furthermore, the absence of an explicit mechanism for correcting imbalances has led to a delay in necessary adjustments in several countries. Structural rigidities, in turn, caused these adjustments to be more costly once the crisis erupted.

Second, the pre-crisis financial stability framework was characterised by a limited degree of harmonisation and coordination across euro area countries. The absence of any euro area-wide financial stability and crisis management made it challenging to identify and correct systemic risk prior to the crisis; and it was equally challenging to contain the spread of financial instabilities across countries and markets when this risk actually materialised. The crisis management and financial sector repair, such as the rescue and resolution of financial institutions, was left to national authorities, despite large cross-border activities in the financial sector. This resulted in the retrenchment of the financial system within national borders, sowing the seeds for the subsequent adverse feedback loop between sovereigns' and banks' financial conditions.

5 To preserve the effectiveness of these monetary policy operations, the Eurosystem does not provide information on the country distribution of SMP interventions.

Heterogeneity manifested itself not only through increased divergence, but also through greater contagion in the absence of a credible institutional backstop. Powerful propagation and amplification mechanisms emerged – from the sovereign market to the banking sector, from the financial to the real sphere, and across borders – so that deteriorating conditions in one particular country had the potential to affect the euro area as a whole.

Addressing these shortcomings is necessary to restore more homogenous financial conditions and eliminate financial imbalances. This will be crucial for monetary policy to operate more effectively and ensure its smooth transmission to the euro area economy as a whole. As already discussed in Section 3, although the ECB's non-standard measures can bring temporary relief, they do not tackle the underlying causes of the prevailing financial imbalances. This can only be achieved through policy measures at the national and euro area/European levels. In particular, macroeconomic policies need to address general financial imbalances, whereas financial policies should aim to achieve more homogenous financial conditions.

Recognising the need to address these shortcomings has led to a series of overarching reforms relating to the overall economic governance framework, financial supervision and regulation, and crisis management.

First, some measures have been taken at the European level to enhance fiscal discipline and the competitiveness of euro area economies. Almost all EU Member States have signed the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, which includes the "fiscal compact", featuring the adoption of budget rules and correction mechanisms within national legislation. Euro area-wide macroeconomic surveillance has also been strengthened through the adoption of different measures, such as the "six pack" and the "two pack", which are intended to enhance the prevention and correction of fiscal and macroeconomic imbalances.[6] Besides greater peer pressure, the reformed framework is also intended to reinforce market discipline by making it easier for markets to monitor national policies.

Second, progress has been made regarding the euro area financial framework. The need to detect and address systemic risk led to the creation of the European Systemic Risk Board (ESRB) for macro-prudential policy, whereas the coordination of micro-prudential supervision was reinforced by the establishment of three different European authorities. The aim of the reform of the supervision framework was to improve the quality and consistency of supervision, reinforce the supervision of cross-border groups, strengthen crisis prevention and management across the euro area, and establish a set of common standards applicable to all financial institutions (i.e. a "single rulebook"). Regarding financial regulation, the current overhaul of the regulatory framework and the capital adequacy targets set at the European level should help to strengthen the banking system, prevent excessive leverage and foster the provision of credit to the economy. Other important regulatory reforms are also under way, in areas such as short selling, credit rating agencies' regulation, the "shadow banking system", and the establishment of an appropriate regulatory framework for over-the-counter derivatives.[7] Moreover, another non-crisis-related project, namely TARGET2-Securities, should contribute to safer processing, improved efficiency and lower costs for cross-border transactions, thereby supporting more integrated euro area financial markets.

Third, and lastly, the need to tackle contagion was addressed through the establishment of the

6 These issues have been dealt with in more detail in the article entitled "Monetary and fiscal policy interactions in a monetary union", *Monthly Bulletin*, ECB, Frankfurt am Main, July 2012, and in the article entitled "A fiscal compact for a stronger Economic and Monetary Union", *Monthly Bulletin*, ECB, Frankfurt am Main, May 2012. The remainder of this section therefore focuses primarily on supervision issues.

7 These issues have been dealt with in detail in the Special Feature D entitled "Institutional reform in the European Union and financial integration", *Financial Integration in Europe*, ECB, Frankfurt am Main, April 2012.

European Financial Stability Facility (EFSF) and its successor, the European Stability Mechanism (ESM). The ESM will provide temporary financial support to euro area countries, with the aim of providing bridge funding for the period of time needed to implement a deep adjustment programme to correct imbalances and regain market access, thus avoiding contagion through destabilising cross-country spillovers.[8]

Looking ahead, it is important that governments deliver on the agreed measures. These measures constitute a significant improvement to the institutional framework, and, if implemented, should reinforce the resilience of the euro area financial system and help to mitigate the risks of the vicious spirals of instability and heterogeneity seen during the crisis. That being said, further policy actions may be needed, such as structural financial sector policies, further policies to address macro-financial imbalances, and policies aimed at achieving better crisis management and resolution. In particular, a harmonised bank recovery and resolution regime at the European level would help to break the link between sovereigns and banks that has contributed significantly to the development of substantial financial heterogeneity in the euro area, including the build-up of contagion risks. At the same time, it would also help to reduce the heterogeneity in interbank activity and financial flows, as reflected in the TARGET2 balances.

Generally speaking, policies need to be directed towards more integrated euro area financial markets that are both more efficient and more resilient. In this regard, the benefits of integrated financial markets are manifold. They support balanced monetary and financial conditions and thereby foster a smooth transmission of monetary policy within the euro area. They also improve the resilience of the financial system through increased competition, more liquid markets and better diversification and risk sharing. At the same time, as evidenced by the crisis, an incomplete process of financial integration – with increased cross-border interactions, but no safeguards in place to address systemic risk – can pose substantial threats to financial stability and economic growth.

With respect to supervision, crisis management and resolution policies, the need for adequate instruments to deal with financial crises in a monetary union can be illustrated by means of two polar cases. In the first case, regulation, supervision and crisis management would continue to be organised along national lines, with some elements of cross-border cooperation. Such a framework would, however, require much more stringent rules and closer cooperation – especially to deal with systemic institutions, i.e. the "too big to fail" problem – than has been the case in the euro area so far. In the second case, regulation, supervision and crisis management are centralised, and the pooling of risks across countries would de facto create a financial union. Resources to rescue the financial system, from private or public sources, would be pooled into a single central mechanism, increasing efficiency compared with a situation in which each country has its own authority.

Against this background, several proposals have been made for an EU framework for bank recovery and resolution (see the box). The latest proposal by the European Commission represents progress towards a financial union and a step forward compared with the pre-crisis situation, in which national regimes were not harmonised and lacked resolution authorities. The euro area summit of 29 June 2012, which laid the foundations for an effective single supervisory mechanism, is an important step in the right direction. Further progress, however, needs to be made, especially with regard to a euro area deposit insurance scheme and the setting-up of a truly integrated resolution regime to address the issue of cross-border systemically important financial institutions.

8 See the article entitled "The European Stability Mechanism", *Monthly Bulletin*, ECB, Frankfurt am Main, July 2011.

Box

TOWARDS A NEW EU FRAMEWORK FOR BANK RECOVERY AND RESOLUTION

The financial crisis has highlighted the need for an EU framework for bank recovery and resolution, ideally based on the new international standard on resolution regimes (Key Attributes of Effective Resolution Regimes for Financial Institutions), published by the Financial Stability Board (FSB) in October 2011. The new framework should pursue two equally important and interrelated objectives: i) reducing the risks of taxpayers by ensuring that banks can be allowed to fail in an orderly way; and ii) breaking the link between banks and sovereigns which has created a vicious circle in some EU Member States. To satisfy these two goals, the EU's resolution regime needs to ensure that the financial industry bears the costs of resolution by means of a credible, efficient resolution financing arrangement, using resolution tools that allow for losses to be imposed on shareholders and creditors.

On 6 June 2012 the European Commission presented its proposal for a new EU framework on bank recovery and resolution, which includes elements for prevention (e.g. resolution and recovery plans) as well as for early intervention and resolution. In accordance with the FSB's Key Attributes, the Commission's proposal provides the resolution authorities with a common toolkit, consisting of a series of powers and tools (i.e. the bridge bank, the sale of business, the asset separation and bail-in) that would allow them to deal with banks in difficulty – as a going concern (i.e. through bail-in) or as a gone concern (i.e. through a bridge bank or a combination of resolution tools). The directive also introduces a European system of financing arrangements composed of: i) national financing arrangements; ii) the borrowing between national financing arrangements; and (iii) the mutualisation of national financing arrangements in the case of a group resolution. Such financing arrangements would be supported by contributions from banks, so that in a period of no longer than ten years after the entry into force of the directive, the available financial means of the financing arrangements amount to at least 1% of the value of the covered deposits.

The European Commission's proposal represents a significant step forward from the current situation, in which national regimes lack the necessary resolution powers and there is an insufficient level of harmonisation. The initiative to create a common EU language for resolution that is very close to the international standard will not only facilitate the handling of future crises, but also improve cooperation between the relevant authorities across jurisdictions. A key priority, therefore, for the near future is the consistent implementation of the directive among the EU Member States and the FSB's Key Attributes at the international level. However, how all this will work in practice for large cross-border banks in the EU's Single Market remains an open question.

The financial crisis has highlighted the complexity of resolution for the cross-border systemically important financial institutions. In this respect, the EU needs to make further progress towards a truly integrated resolution regime that adequately reflects the cross-border nature of its banking sector. Such an integrated resolution regime would enhance market discipline by mitigating moral hazard, maintain stability by ensuring the continuity of basic services of institutions being wound up, allocate losses efficiently and protect taxpayers.

The medium-term vision for such an integrated resolution regime could ultimately be the establishment of an EU-level resolution authority responsible for all the major cross-border banks in the EU. Such an authority would work on the basis of a single crisis management, resolution and insolvency framework for EU banks. Developments along these lines are already taking place in the field of prudential regulation. The decision taken at the euro area summit of 29 June 2012 to introduce a single supervisory mechanism on the basis of Article 127(6) of the Treaty on the Functioning of the European Union represents an important step towards a financial union. This will be coupled with the implementation of the new Basel rules, which will partly take the form of an EU regulation, thereby eliminating the room for national differences in transposition.

Such an integrated resolution system should be based on robust arrangements to finance the measures of the EU resolution authority. These arrangements should be shaped in such a way that the thorny issue of public burden-sharing is replaced, insofar as possible, by private burden-sharing. To this end, resources could be pooled in a single pan-EU resolution fund. This would help to break the link between the creditworthiness of banks and that of their sovereigns and, at the same time, ensure a level playing field and consistent application of the relevant rules throughout the EU.

5 CONCLUSION

The financial and sovereign debt crisis has greatly increased the degree of heterogeneity in financial conditions in the euro area. Unsustainable public finances, large macroeconomic imbalances and impaired domestic banking systems have led to a deterioration in financial conditions in some parts of the euro area where the financial benefits of entering EMU had been particularly large and rising imbalances were not contained by appropriate policies.

This high degree of heterogeneity posed challenges for the conduct of the single monetary policy. Nevertheless, the ECB's monetary policy has contributed to alleviating heterogeneity in financial conditions. Throughout the crisis, the ECB's measures have continued to be guided by its mandate of maintaining price stability in the euro area as a whole, helping to reduce uncertainty and related risk premia in interest rates. The ECB's non-standard monetary policy measures, such as the three-year LTROs and the SMP, supported money market and bond market conditions in the financially troubled countries, and contributed to ensuring a more homogeneous transmission of the euro area's monetary policy.

However, the ECB's non-standard measures are only temporary in nature and cannot tackle the underlying causes of financial imbalances and heterogeneous financial conditions. Structural corrections are needed as regards public finances, macroeconomic imbalances and financial stability, which are the responsibility of the national governments of the euro area countries. Appropriate policies are already being implemented, in part, at both the national and euro area/European levels, but these may require faster implementation than is currently foreseen, as well as additional decisive steps. These include the further transfer of competences to the European level as regards euro area financial sector crisis management and resolution, hence a move towards a financial union. The decision taken at the euro area summit of 29 June 2012 to introduce a single supervisory mechanism on the basis of Article 127(6) of the Treaty on the Functioning of the European Union represents an important step in the right direction.

ASSESSING THE FINANCING CONDITIONS OF THE EURO AREA PRIVATE SECTOR DURING THE SOVEREIGN DEBT CRISIS

Maintaining access to external financing for the euro area non-financial private sector is essential for the functioning of the economy. To monitor developments that have a bearing on this access to financing, a proper assessment of financing conditions is necessary and, thus, a framework that can be used to understand the channels through which financial shocks, particularly emanating from the sovereign debt markets, propagate from the financial system to the real economy. This article describes such a framework and uses it to analyse how the financing conditions of euro area firms and households have evolved since the start of the sovereign debt crisis.

While the ECB's policy response has, to a significant extent, sheltered the non-financial private sector from the sovereign debt crisis, and has avoided major disruptions in the financing of the economy, the financing environment of both banks and the non-financial private sector of countries affected by the sovereign debt crisis remains challenging. This is particularly reflected in persistent cross-country heterogeneity as well as in the strong link between sovereign market tensions, the funding and balance sheet conditions of banks, and the financing of non-financial corporations (NFCs) and households in the euro area.

1 INTRODUCTION

The financial crisis, which started in August 2007, impaired several segments of the global financial system, affecting the financing conditions of both the financial and non-financial sectors. In the period since the beginning of 2010 tensions in the financial system have reignited as a result of concerns about the financing of some euro area sovereigns. The euro area has been particularly affected and financing conditions have on the whole remained tight over the period. Moreover, they have become increasingly diverse across euro area countries.

This situation has occurred despite the fact that the key ECB interest rates are at very low levels. The ECB has implemented various non-standard measures to address the impairments in the monetary policy transmission mechanism that affect several segments of the euro area financial system. Such measures have often provided governments with more time to put in place structural measures that are required to address the fundamental causes of the crisis.

To assess the impact of the sovereign debt crisis on the financing conditions of the euro area private sector, several interrelated aspects must be considered. First and foremost, funding and balance sheet conditions in the banking system warrant careful scrutiny. There are strong interdependencies between banks and governments, through both balance sheet and contingent claim exposures. These interdependencies mutually reinforce the macroeconomic propagation of banking or sovereign market tensions. Second, given the fragmentation of some market segments and the setback to European banking sector integration, persistent cross-country heterogeneity needs to be considered. Third, a proper assessment of financing conditions hinges on the distinction between demand and supply-side factors in credit intermediation. Finally, the impact of non-standard measures adopted by the ECB and the Eurosystem as a whole needs to be identified. The impact of some measures that have prevented the materialisation of tail risks may not be immediate or direct.

The article analyses developments in the financing of banks, NFCs and households, primarily at the euro area level, since the start of the sovereign debt crisis in 2010. While the primary focus is on the financing of the euro area non-financial private sector, particular attention is paid to the transmission of changes in banks' funding conditions to the financing of the non-financial private sector. To this end, a framework is described in which the various dimensions of financing conditions, such as financing volumes, financial prices, bank retail rates and lending standards, are considered together.

The article consists of six sections. Section 2 presents a framework that can be used to understand how tensions in the financial system propagate to the economy as a whole. The key role played by banks in the financing of the euro area economy is discussed. Recent developments in the euro area banking sector are then analysed in detail in Section 3. It is shown that banks' access to funding has become a major concern in terms of their potential to constrain loan supply to the non-financial private sector and, ultimately, to weigh negatively on economic activity. However, at times of high stress and funding problems, standard and non-standard measures taken by the Eurosystem have enabled euro area banks to continue to provide credit to the economy. Section 4 describes the external financing of NFCs, its determinants and its linkages with banks' funding. It highlights the transmission of changes in banks' funding conditions to the prices and terms applied to credit supplied to firms, and provides some evidence of asymmetries across corporations, in particular across large and small firms. At the same time, the subdued movements recorded in loans over the period are shown to reflect mainly weak demand. Section 5 examines the financing of households, with a particular focus on loans for house purchase, which constitute the lion's share of credit to households. Section 6 concludes with a discussion of the extent to which the policy response has so far alleviated some of the tensions and a review of the remaining challenges.

2 A FRAMEWORK FOR THE ANALYSIS OF FINANCING CONDITIONS IN THE EURO AREA AND THE IMPACT OF THE SOVEREIGN DEBT CRISIS

This section provides an overview of the components and linkages forming the financing conditions of the private sector in the euro area and their interaction with the sovereign debt crisis. It first distinguishes different components that influence the financing conditions of bank-based and market-based debt financing. Next, it highlights the effects of the sovereign debt crisis on these components and details distinct channels of propagation of sovereign debt tensions to the financing conditions of the private sector.

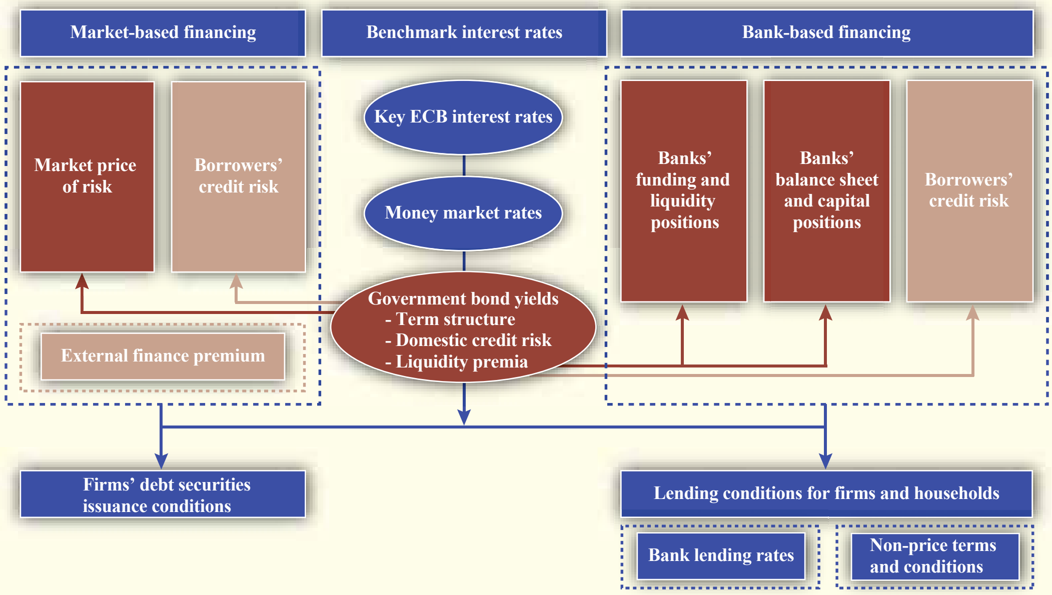
Central to these conditions are developments in benchmark interest rates. These comprise mainly the key ECB interest rates, money market rates and government bond yields, with the latter containing the term structure of risk-free rates, domestic sovereign credit risk and liquidity premia (see Chart 1). These rates are the main determinants of the conditions of direct financing in financial markets for both non-financial and financial corporations and, consequently, for the wholesale market funding and deposit funding of banks. In the euro area, bank-based financing is the predominant source of external debt financing for the non-financial private sector. Therefore, factors that have an impact on credit intermediation through banks also exert a particularly strong influence on the financing conditions of firms and households.

More specifically, the effects of the sovereign debt crisis on banks' funding and liquidity positions, as well as on their balance sheet structures and capital positions, have had an impact on banks' lending rates, non-price conditions and lending volumes to the non-financial private sector. In addition, in the case of market-based financing, the sovereign debt crisis has affected the external finance premium for borrowers via its impact on their credit risk, as well as via its overall impact on the market pricing of risk.

Broadly speaking, there are three propagation channels for the sovereign debt crisis through which tensions and disruptions in government bond markets can affect private sector financing conditions and have an impact on the monetary policy transmission mechanism: a price channel, a balance sheet channel and a liquidity channel.[1]

1 In part, this classification departs from standard classifications of the monetary policy transmission mechanism as they typically assume a perfect functioning of government bond markets.

Chart 1 A stylised illustration of credit intermediation and debt financing conditions of the non-financial private sector, as well as the interaction with developments in sovereign debt



Source: ECB.
Notes: The brown shaded areas indicate parts of the credit intermediation process affected by developments in sovereign debt markets. The darker shading signifies stronger effects.

The most direct effects are exerted via the price channel, through which substantial increases in government bond yields – and more specifically in domestic sovereign credit risk – can lead directly to higher financing costs for the private sector via capital markets as well as via bank lending rates. Most prominently and directly, government bond yields affect financing conditions as they typically function as benchmark interest rates, particularly in that they reflect the term structure of risk-free rates, but to some extent also in that they contain the domestic sovereign credit risk and the liquidity premium (see the middle of Chart 1). In the case of capital markets, the correlation of government bond yields with yields on bonds issued by financial institutions is expected to be higher than with yields on bonds issued by NFCs, as the credit risk of banks and sovereigns is – particularly in periods of severe financial market tensions – more closely and directly connected than they are with the credit risk of the non-financial sector. Via a change in the refinancing costs of banks associated with changes in bank bond spreads, such increases in government bond yields have a strong impact on banks' funding conditions (represented by the arrow to "Banks' funding and liquidity positions" in Chart 1), which may be passed through to bank lending rates.[2]

As regards the balance sheet channel, revaluations of government bonds may directly entail changes in the size of the balance sheet, both for banks and for their customers. These changes may additionally be amplified by regulatory responses to banks' sovereign exposures, posing a threat to the stability of the banking system. For banks, if the market valuation of sovereign bond holdings falls below the book value, this may imply an erosion of their capital base both directly, via revaluation effects on the banks' own government bond holdings, and indirectly, via a deterioration in the creditworthiness of their borrowers (represented by the arrow to "Banks' balance sheet

2 In addition, increases in government bond yields may directly affect bank lending rates through variable rate agreements on loans or mortgages. However, such agreements are usually linked or indexed to money market rates.

and capital positions" in Chart 1). The resulting higher leverage negatively affects banks' market funding conditions and may force them to shrink their balance sheets, with adverse effects on their capacity to extend loans to the private sector. This revaluation effect may be amplified by effects transmitted through the price channel, given that changes in government bond yields affect the prices of other privately issued securities to some extent. In addition, banks' deposit base may deteriorate if households and NFCs withdraw funds in response to banks' weaker financial soundness. Likewise, such revaluations affect the non-financial private sector's holdings of government bonds and other affected securities, which has a negative impact on the credit risk of households and firms (represented by the arrows to "Borrowers' credit risk" in both the bank-based and market-based financing panels of Chart 1). This implies a higher external finance premium for the non-financial private sector and further tightening of the financing conditions applied by banks and financial markets.

Finally, changes in government bond yields indirectly affect banks' funding conditions via the liquidity channel. As euro area banks have increasingly relied on wholesale market funding, their exposure to changes in conditions applied to market financing has likewise increased. Given their high liquidity in normal times, government bonds are prime collateral used in European repo markets and may serve as a benchmark for determining the haircut for other assets used in such transactions. Disruptions in the government bond market can thus spill over to other market segments, leading to a deterioration in banks' market access to liquidity (represented by the arrow to "Banks' funding and liquidity positions" in Chart 1). If the ratings of sovereign bonds in a collateral pool are downgraded, it can lead to a review of the pool's eligibility for use as collateral, triggering margin calls and a reduction in the volume of accessible collateralised credit. This, in turn, could have repercussions on banks' ability to use government bonds as collateral for secured interbank lending and to issue their own bonds, ultimately resulting in an increase in banks' funding costs. The box provides a synthesised view of financing conditions indices for the euro area.

Box

FINANCING CONDITIONS INDICES FOR THE EURO AREA

Several international organisations and large financial institutions have developed financing conditions indices (FCIs).[1] Isolating financing conditions from monetary conditions is especially useful at the current juncture, which is characterised by low monetary policy rates but substantial stress in the financial system. This box reviews briefly the methodology used to construct such FCIs and looks at some results obtained for the euro area as a whole.

As discussed in the article, financing conditions are multifaceted and are therefore characterised by a large set of indicators. With a view to assessing the impact of financing conditions on economic activity, it may be useful to synthesise these indicators in a single measure of the overall financing environment. This will often result in an extreme simplification, as changes in FCIs can result from various factors, such as supply conditions in parts of the financial system, risk aversion or market sentiment.

1 See, for instance, the indices of the IMF, the OECD (regularly used in the "Economic Outlook") and Goldman Sachs (systematically used in the "Global FX Monthly Analyst").

Research on financing conditions was preceded by extensive analysis of the impact of monetary conditions on the economy. The original idea behind the development of monetary conditions indices (MCIs) was that interest rates set by central banks may give an incomplete picture of the impulses imparted by monetary policy to economic activity. A number of authors later extended the idea of MCIs to other asset prices relevant for the analysis of economic activity (such as long-term interest rates, equity prices and house prices, among others) as well as to variables that provide signals regarding the various dimensions of the financing situation in the economy considered. The resulting measures were called FCIs. Extensive work has been done to analyse financing conditions in the United States and, to a lesser extent, in the euro area.

Hence, FCIs are intended to provide a broader measure of financing conditions than is provided by MCIs, which usually focus on the short-term interest rate and the exchange rate. In the same way as MCIs, FCIs are computed as a weighted sum of deviations of certain variables from their long-run trends:

$$FCI_t = \sum_{i=1}^{p} a_i (x_{i,t} - \bar{x}_i) \qquad (1)$$

where x_i is a set of variables characterising the financial system, such as the short-term interest rate, the ten-year government bond yield, the real effective exchange rate, stock prices and credit conditions.[2] For each variable, the deviation from the average is incorporated in the FCI with a weight a_i. By construction, the sum of the weights is equal to one. Also by construction, the FCI has no meaning in absolute terms, as the index is normalised at some period. FCIs differ in several respects. The three most important differences across FCIs lie in the methodology used to compute the weights attached to the variables, the control for endogeneity of the financial variables, and whether or not the policy interest rate is included among the financial indicators.

The weights can be computed using various models and estimation techniques. For instance, they can be estimated such that a given change in the index is indicative of an impact on overall GDP over a certain horizon. In this case, the weights are generated from simulations using large-scale macroeconomic models or econometric models (such as vector autoregression models or reduced-form demand equations). Because the analysis requires an econometric estimation of the impact of financial conditions on macroeconomic outcomes, the number of variables has to be kept low under this approach.[3]

A pitfall of such an approach is that, while it does not account for the shock driving the change, the source of the shock has a bearing. For instance, a decline in stock prices can reflect either weaker demand prospects or an unexpected tightening of monetary policy – neither of which should affect the FCI – or higher risk aversion or more difficult access to external financing – both of which should be reflected in a tightening in the FCI. Recent research proposes more complex FCIs, using econometric techniques which allow a more structural decomposition of each variable included in the index so as to interpret the original source of a change while retaining the ability to consider a large number of signals.

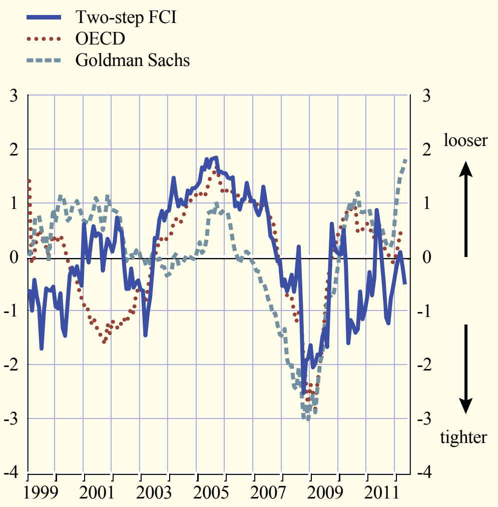
2 See Guichard, S., Haugh, D. and Turner, D. (2009), “Quantifying the Effect of Financial Conditions in the Euro Area, Japan, United Kingdom and United States”, OECD Economics Department Working Papers, No 677; or Matheson, T. (2011), “Financial Conditions Indexes for the United States and Euro Area”, IMF Working Paper No 11/93.

3 For an illustration based on the US economy, see, for instance, Swiston, A. (2008), “A U.S. Financial Conditions Index: Putting Credit Where Credit is Due”, IMF Working Paper No 164.

Turning to an illustration of such research,[4,5] a panel of 36 series is used, a few of which refer to the real economy: manufacturing production, HICP inflation and oil prices. The bulk of the series refer to conditions in the banking sector, stock market or debt market: stock prices, bank lending rates, government bond yields, bank liquidity ratios and capital ratios, bank loans and debt securities issuance. While this panel of series represents only a partial view of the financial sector, it enables euro area developments since the beginning of the 1990s to be considered.

Chart A Estimated financing conditions indices for the euro area

(twelve-month moving averages)



Source: ECB computations, OECD and Goldman Sachs.
Notes: An increase in the indicator denotes a loosening of financing conditions. The latest observation is for May 2012.

By nature, each indicator is affected by specific shocks, but also by common shocks, such as demand shocks, nominal shocks, monetary policy shocks and changes in financing conditions. None are observable but the impact of demand shocks, price shocks and monetary policy shocks can be isolated by projecting each series of the dataset on series often used as a proxy in the literature: manufacturing production, HICP inflation and the three-month EURIBOR. This represents the first estimation step. After having isolated from each series the changes that are a result of demand, inflation and monetary policy developments, the remaining component is assumed to reflect the financing conditions and the idiosyncratic component.

In the second estimation step, standard factor model techniques are used to isolate the common component. In this box, the standard Stock and Watson technique is used to isolate for each variable the effects of non-financing and idiosyncratic shocks from the overall financing conditions.[6] The resulting FCI – called the two-step FCI – is the common component of all the series from which the impact of demand factors, nominal factors and monetary policy has been purged.

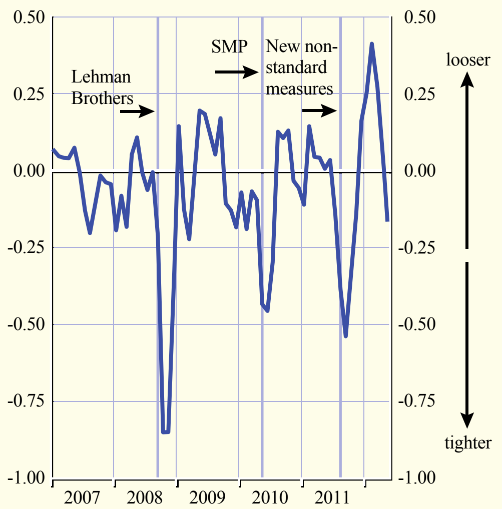
Over the longer term, the two-step FCI co-moves considerably with the OECD indicator and the Goldman Sachs indicator (see Chart A). The estimates track successfully both worldwide and euro area-specific financial events. From 2005 to 2007 all three indicators point to looser financing conditions in the euro area compared with the historical average. In the course of 2008 the indicators move to indicate a tightening in financing conditions. Financing conditions deteriorated sharply during the financial crisis in 2008-09, following the collapse of Bear Sterns in early 2008 and particularly after Lehman Brothers filed for bankruptcy in September 2008. The indices reach a historical minimum at the end of 2008, before financing conditions started to loosen.

4 The work is based on internal ECB analysis used for the preparation of monetary policy discussions.
5 For more technical discussions on a similar indicator, see, for instance, Hatzius, J., Hooper, P., Mishkin, F., Schoenholtz, K.L. and Watson, M. (2010), "Financial Conditions Indexes: A Fresh Look After the Financial Crisis", NBER Working Paper No 16150.
6 For a presentation of standard factor model estimation techniques, see Stock, J.H. and Watson, M. (2002), "Macroeconomic Forecasting Using Diffusion Indexes", Journal of Business & Economic Statistics 20, pp. 147-162.

While the three indicators co-move strongly over the longer term, the two-step FCI appears to vary much more strongly from the beginning of 2009. This is the case, for instance, for 2010 and 2011 – periods in which the other two indices hardly move. This possibly reflects the fact that the important role played by financial factors over this period is, by construction, better captured by the two-step FCI. Unlike the other two indicators, the two-step FCI encompasses a large range of financial series.

Chart B The two-step financing conditions index since the beginning of the financial crisis

(three-month moving average)



Source: ECB calculations.
Notes: An increase in the indicator denotes a loosening of financing conditions. The latest observation is for May 2012. SMP denotes the Securities Markets Programme.

In particular, focusing on the most recent period, the two-step FCI indicates that financing conditions started to tighten at the beginning of 2010 amid concerns about some euro area sovereign debts, but the announcement of the Securities Markets Programme by the ECB in May 2010 brought this deterioration to a halt. Triggered by renewed fiscal concerns, financing conditions tightened again between mid-2011 and October 2011. The announcement of further non-standard measures by the ECB in the last quarter of 2011 has led to a clear improvement in financial market conditions (see Chart B). These results support the view that non-standard measures have succeeded in alleviating financial market tensions in the euro area, though the financial environment appears to have tightened again recently following the intensification of turmoil in euro area sovereign debt markets.

3 FUNDING OF EURO AREA BANKS

As banks are highly leveraged institutions, the impact of changes in their funding conditions, whether affecting prices or quantities, are magnified on the asset side of the balance sheet. It is therefore extremely important to monitor banks' access to funding in order to assess their ability to provide credit to the real economy. Focusing on debt markets, this section provides an analysis of bank funding volumes and costs since the beginning of 2010 in the light of the framework described above.

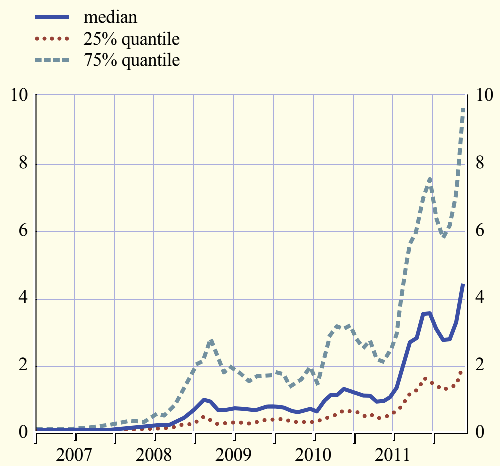
PERCEIVED RISK AND THE COST OF BANK FUNDING

Since the beginning of the sovereign debt crisis the effectiveness of the bank lending channel for the transmission of the monetary policy stimulus to the economy has been increasingly impaired, especially in a number of euro area countries. Following heightened concerns about some sovereigns in the middle of 2010 and, subsequently, in the second half of 2011, the risk aversion of investors has increased. Moreover, the valuation of the sovereign bond portfolio held by euro area banks has declined. These factors have been reflected in the funding conditions of euro area banks both via valuation losses and via increases in the perceived risks relating to bank assets.

Since the beginning of the financial crisis the expected default frequency of euro area banks has increased, particularly in the middle of 2010 and in the middle of 2011 when the sovereign debt crisis escalated (see Chart 2). Although this evolution is partly explained by perceptions of a weaker outlook for economy activity, the lower valuation of bank assets, partly associated with

Chart 2 Expected default frequency of listed euro area banks

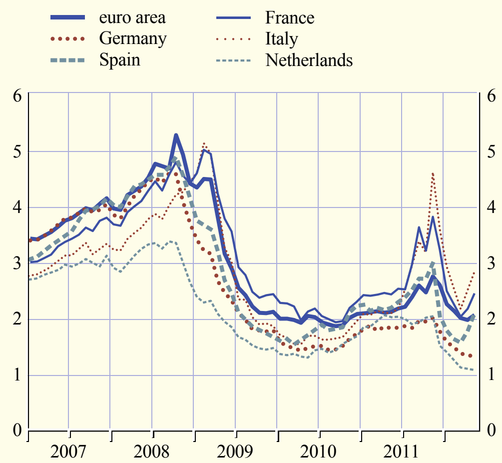
(probability of default within the next twelve months; percentages)



Sources: Moody's KMV and ECB calculations.
Notes: The data are based on a sample of listed euro area banks. The latest observation is for May 2012.

Chart 3 Banks' composite cost of deposit funding and non-secured market debt funding

(percentages per annum; monthly data)



Sources: Merrill Lynch Global index and ECB calculations.
Notes: The data comprise the weighted average of deposit rates on new business and the cost of market debt funding. The outlier (2008/09) is smoothed out. The latest observation is for May 2012.

concerns about the sustainability of several euro area sovereigns' debt, is likely to have played a key role. As a result of this perceived increased risk, banks in a number of euro area countries have found it increasingly difficult to finance their activities, purchase securities and provide loans to the economy.

On the price side, euro area banks' costs of private financing, which include financing via both deposits and debt securities issuance but exclude Eurosystem financing, increased steadily from the beginning of 2010 until the end of 2011 (see Chart 3).[3] The increase in risk aversion and the decline in confidence in bank assets caused by the sovereign debt crisis impaired the transmission of the cuts in monetary policy rates in November and December 2011 to the funding costs of banks. This was particularly the case in some euro area countries where investors required higher risk premia to hold bank debt. In these countries, the wholesale funding costs of euro area banks have not fully responded to the monetary stimulus. Nevertheless, euro area banks also fund their activities with deposits, for which the remuneration has declined slightly over the period for the euro area as a whole with, however, very diverse situations across countries. At the turn of 2011 the decline recorded in the composite cost of private financing mainly reflected a decline in the cost of market debt financing owing to an improvement in market confidence, which was partly triggered by the two three-year longer-term refinancing operations (LTROs).

BANK FUNDING CONDITIONS

On the funding side, since the beginning of 2010 banks in a number of euro area countries have encountered increasing difficulties in obtaining funding for their activities via market sources (see Chart 4). Indeed, both short-term and long-term MFI debt issuance remained subdued over the period. Short-term MFI debt, an important component of volatile funding sources, actually declined substantially between 2010 and the second half of 2011. Several factors contributed to the low issuance activity. It was in part the result

3 Eurosystem financing is not shown in the chart. Given the lower interest rate paid by banks for credit provided by the Eurosystem, the increasing recourse to Eurosystem financing has partly compensated for the increase in the cost of private financing.

of the maturing of government-guaranteed bonds, which were not renewed. It also reflected adjustments to liquidity requirements as well as changes to banks' funding structure triggered by their desire to be less dependent on short-term market debt. Moreover, the level of confidence and risk aversion of debt market participants also played a role. In this context, some MFIs have a high share of short-term debt securities relative to their total debt securities issued, which need to be rolled over frequently and thus imply a higher liquidity risk. This structural characteristic, namely the funding pattern of banks, may explain why, on some occasions, bank funding costs reacted to differing extents to equivalent shocks.

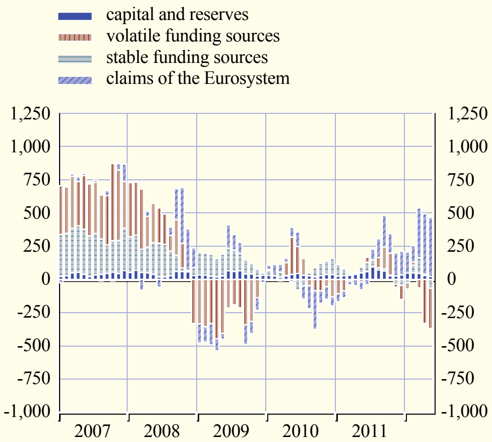
Information from the euro area bank lending survey conducted by the Eurosystem each quarter suggests that banks' access to market funding deteriorated in 2011, across all the main components of market funding, namely the money market, debt securities and securitisation (see Chart 5). More specifically, the sovereign debt crisis was found to be a major factor adversely affecting the funding conditions of banks at the end of 2011.[4]

While it is clear that the sovereign debt crisis has affected bank funding conditions, it is extremely difficult to assess the impact on the real economy

4 In the bank lending survey, respondents were asked about the impact of sovereign debt on bank funding. For the last quarter of 2011 on balance about 30% of euro area banks attributed the deterioration in funding conditions to the sovereign debt crisis, particularly via (i) its impact on collateral values; (ii) the impact on their balance sheets through their own sovereign bond holdings; and (iii) via other effects, such as the weaker financial positions of governments or spillover effects on other assets, including the loan book. In the second quarter of 2012 on average 22% of participating banks – in net terms – attributed a deterioration in funding conditions to the sovereign debt crisis which contrasts with on average only 4% in the first quarter of 2012.

Chart 4 Main liabilities of euro area credit institutions

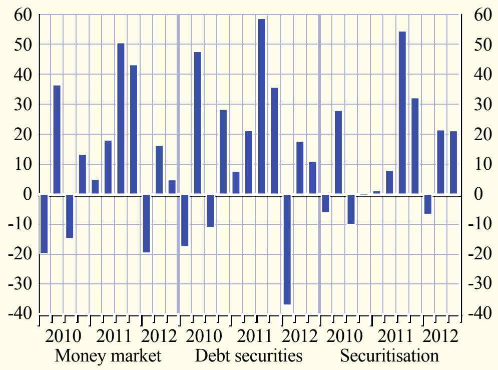
(three-month flows in EUR billions, adjusted for seasonal and calendar effects)



Sources: BSI statistics and ECB calculations.
Notes: The reporting sector comprises MFIs excluding the Eurosystem. Stable funding sources include deposits of the non-financial sector, excluding central government; longer-term deposits of non-monetary financial intermediaries; deposits of non-resident non-banks; and MFI debt securities with a maturity of more than one year. Volatile funding sources include deposits of MFIs excluding the Eurosystem; short-term deposits of non-monetary financial intermediaries; deposits of central governments; deposits of non-resident banks; and MFI debt securities with a maturity of up to one year. The latest observation is for May 2012.

Chart 5 Funding conditions of euro area banks

(net percentages of banks reporting a deterioration in market access)



Sources: ECB and the Eurosystem's bank lending survey.
Notes: The data for the third quarter are based on survey respondents' expectations. The net percentages are defined as the difference between the sum of the percentages for "deteriorated considerably" and "deteriorated somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

of developments on the funding side of euro area banks. The results of the bank lending survey suggest that the funding problems in the euro area banking sector spilled over to the banks' management of their assets and therefore to the real economy. Indeed, throughout 2011 credit standards on loans to NFCs tightened, particularly in some euro area countries.

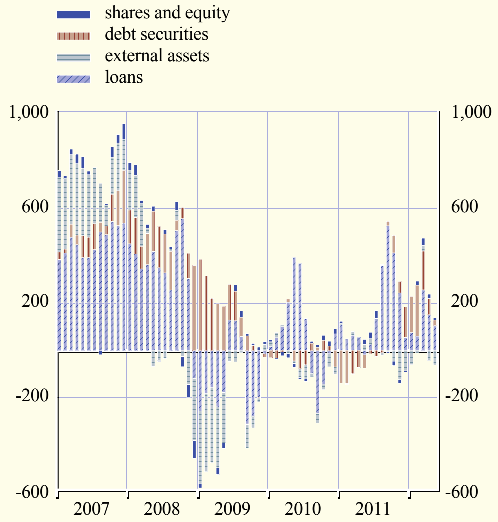
DELEVERAGING FORCES

In the context of the sovereign debt crisis, the funding conditions of euro area banks have deteriorated. Moreover, the valuation losses triggered by changes in the price of their sovereign debt holdings have, in some cases, depleted bank capital. This has led to deleveraging forces in order to restore both bank solvency – by reducing their risk-weighted assets in order to counter the decline in their regulatory capital ratio – and bank liquidity, by reducing the amount of assets to be financed.

Since the beginning of 2010 the level of euro area MFIs' asset holdings has remained almost unchanged. However, major changes have occurred in the composition of their holdings (see Chart 6). In the second half of 2011 MFIs reduced their holdings of external assets, mainly by reducing their asset positions vis-à-vis non-resident banks. Indeed, deleveraging has primarily been achieved through a reduction in the international exposure of euro area banks. This decline was largely offset by an increase in MFI credit to non-MFIs. Over the same period, for the euro area as a whole, lending to the private sector did not decline. This masked diverse developments across countries, however. There are two reasons for the relative resilience of loans. First, lending constitutes the core of euro area MFIs' business and, second, loans are rather illiquid assets, particularly with the securitisation and syndication markets at a standstill. At the turn of 2011 banks accumulated securities other than shares, issued mainly by the general government sector and the other financial intermediaries sector, and, to a lesser extent, by credit institutions (in part these securities benefited from government guarantees). This occurred at the same time as a significant reallocation within the portfolio whereby, on balance, euro area banks overwhelmingly purchased debt securities issued by the governments of their respective jurisdictions and sold securities issued by governments of other EU Member States.

Chart 6 MFIs' transactions broken down by main asset categories

(EUR billions; three-month moving sums; seasonally adjusted)



Sources: BSI statistics and ECB calculations.
Notes: The latest observation is for April 2012. The data comprise the MFI reporting sector excluding the Eurosystem.

NON-STANDARD MEASURES AND THE FLOW OF CREDIT TO THE ECONOMY

Since the beginning of the sovereign debt crisis the funding pressures on euro area banks have remained acute but have not materialised in the form of major bank deleveraging, as banks' total asset holdings have remained stable. The non-standard measures implemented by the Eurosystem are found to have alleviated some of the tensions on the funding side of euro area banks (see the box). The Securities Markets Programme has resulted in a partial transfer to the Eurosystem of the risk arising from the holding of some sovereigns' debt, which has eased the decline in bond prices and therefore limited the adverse valuation effect for banks holding such bonds. The two three-year LTROs, conducted by the Eurosystem in December 2011 and February 2012, have considerably mitigated the rollover risks associated with bank debt. The non-standard measures also comprise the broadening of the Eurosystem's collateral policy. Changes in an asset's eligibility for use as collateral have alleviated some concerns regarding the refinancing of relatively illiquid assets.

In most euro area economies, banks have so far continued to provide credit to the economy in a context of weak demand, and deleveraging pressures have led to a reduction in the international exposure of the euro area banking sector. Nevertheless, in some countries, especially those with an EU/IMF financial assistance programme, access to bank financing has been hampered by credit supply constraints. Risks for the real economy remain acute, as the environment for the euro area banking sector remains challenging. Indeed, recently, renewed uncertainty regarding political reactions and worse than expected data releases has been accompanied by a worsening of the funding conditions of the banking sector, especially in some countries.

4 THE FINANCING OF EURO AREA NON-FINANCIAL CORPORATIONS

Since 2010 the impact on euro area NFCs of the sovereign debt crisis and its intensification in the second half of 2011 have been primarily reflected in an increase in heterogeneity in the financing environment across the euro area. This heterogeneity largely mirrors the divergent effects of the crisis on domestic government bond yields across the euro area which, in turn, implies substantially different effects propagated through the various channels discussed in Section 2. Nonetheless, larger euro area firms reacted increasingly flexibly to changes in the availability of bank loans, by tapping financial markets and drawing on trade credit to bridge potential financing gaps. This section sets out in greater detail the developments in the financing environment of euro area NFCs and the effects of the tensions emerging from sovereign bond markets.

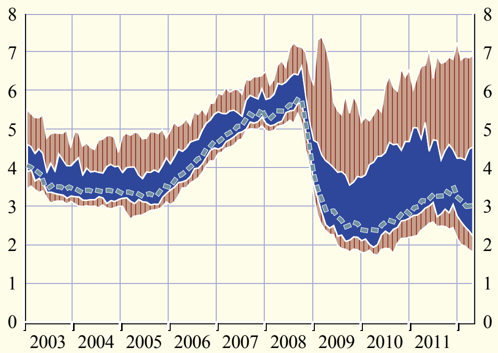
THE COST OF BANK FINANCING AND RISK DISCRIMINATION

As regards the pricing of corporate loans, composite euro area lending rates for NFCs had steadily increased from mid-2010 to the end of 2011, largely reflecting the impact of the sovereign debt crisis on benchmark interest rates and banks' funding conditions, as well as markets' repricing of risks. It was not until the beginning of 2012 that composite euro area lending rates for NFCs started to gradually decline in aggregate terms. This reduction in loan rates followed a decline in market interest rates and, particularly, the cuts in the key ECB interest rates in November and December 2011, as well as the non-standard monetary measures announced by the ECB in October 2011 which aimed at further alleviating euro area banks' funding conditions. These adjustments of aggregate bank retail rates to changes in monetary policy rates are broadly in line with the generally somewhat lagged pass-through of changes in key ECB interest rates, which hinges on a number of structural, financial and cyclical factors.[5] Nonetheless, the aggregate decline in corporate

5 For further details, see the article entitled "Recent developments in the retail bank interest rate pass-through in the euro area", *Monthly Bulletin*, ECB, August 2009.

Chart 7 Composite MFI interest rates on loans to NFCs across euro area countries

(percentages per annum)



Sources: ECB and ECB calculations.
Notes: The composite rates are aggregated using outstanding amounts as weights. The latest observation is for May 2012. The brown shaded area denotes the range and the blue shaded area denotes the interquartile range. The dashed line refers to the euro area average.

lending rates in the first half of 2012 masks ongoing divergences in lending rate developments across countries (see Chart 7). No sizeable relief was observed for those countries most affected by the recent intensification of the sovereign debt crisis, for which the effects exerted through the propagation channels described above are particularly pronounced.

At the same time, the results of the bank lending survey generally suggest an increase in risk discrimination by banks in their pricing of loans, with increasing numbers of banks reporting a widening of margins on riskier loans compared with average loans. This is in line with the overall widening of the spread between bank lending rates for small loans and those for large loans to NFCs in the euro area as a whole since the beginning of 2011 (see Chart 8), following a temporary decline in the second half of 2010.[6] The difference between the loan pricing conditions for small and large firms, which primarily results from the divergence in firm-specific risks, highlights the more adverse conditions faced by small corporations, which were particularly pronounced in the countries most affected by the intensification of the sovereign debt crisis. In part, these spreads may also reflect the fact that small and medium-sized enterprises (SMEs) are more dependent on their respective domestic banking sectors and are subject to tighter credit conditions, compared with larger firms that have greater access to global financial markets.

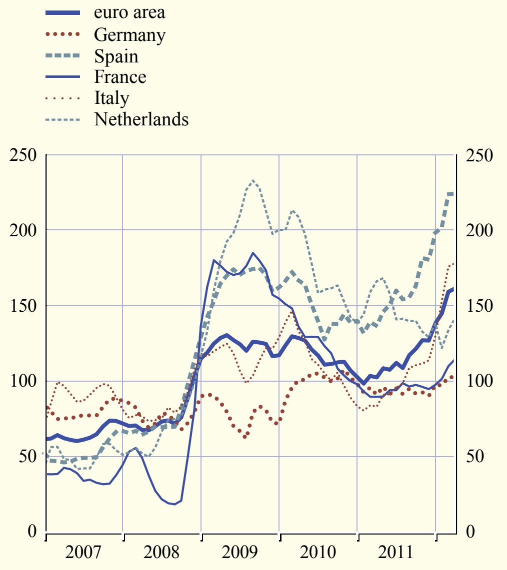
BANK-BASED FINANCING AND THE IMPACT OF DEMAND AND SUPPLY-SIDE FACTORS

As regards the volume of loans, bank lending to NFCs recorded only weak growth after a temporary recovery in the second half of 2010, with annual growth rates (adjusted for loan sales and securitisation) declining from 1.6% in January 2011 to 0.2% in May 2012 (see Chart 9). With the intensification of the sovereign debt crisis, the countries most adversely affected by sovereign market tensions recorded particularly weak loan developments (see also Chart 7 in

6 It is assumed that small loans are predominantly granted to SMEs and large loans mainly to large firms.

Chart 8 Spread between bank lending rates for small and large MFI loans to NFCs

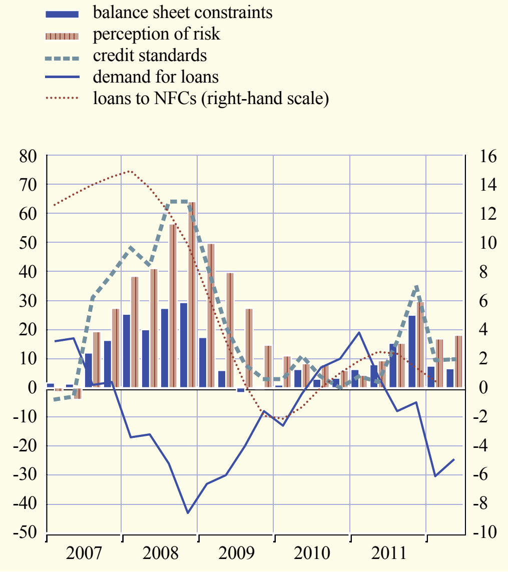
(three-month moving averages; basis points)



Sources: ECB and MIR Statistics.

Chart 9 MFI loans to NFCs and related bank lending survey indicators

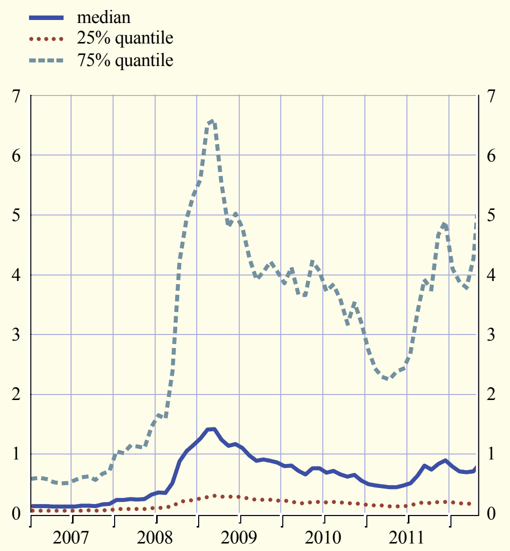
(net percentages; annual percentage changes)



Sources: ECB and the Eurosystem's bank lending survey.

Chart 10 Expected default frequency of listed euro area non-financial firms

(probability of default within the next twelve months; percentages)



Sources: Moody's KMV and ECB calculations.
Notes: The data are based on a sample of listed euro area non-financial firms. The latest observation is for May 2012.

the article entitled "Heterogeneity in euro area financial conditions and policy implications"). These developments were largely driven by firms' external financing needs. After a short-lived recovery between mid-2010 and early 2011, euro area NFCs' external financing needs remained subdued in 2011 and the first half of 2012. This was primarily on account of weak economic activity, increasing uncertainty in the economic environment and related weaker capital formation, which was amplified particularly in the second half of 2011 by the intensification of the sovereign debt crisis. The overall increase in uncertainty was accompanied by a sharp deterioration in markets' assessments of firms' credit risk, as measured, for instance, by expected default frequencies, which rose substantially during this period (see Chart 10). Across the larger euro area countries, this rise was particularly pronounced for Italian firms, while it was rather subdued for Dutch and German firms. At the same time, a higher propensity among firms to retain their earnings, by drawing on their cumulated cash reserves, and towards overall corporate deleveraging, also played a role in firms' weak demand for external funds.

In addition, on the supply side, in contrast to the low levels of net tightening of credit standards observed between 2010 and mid-2011, the substantial net tightening of credit standards by banks in the second half of 2011 (in the bank lending survey, on balance 35% of participating banks indicated a tightening in the fourth quarter of 2011 compared with 4% in the first quarter) contributed to overall subdued developments in euro area firms' bank financing (see Chart 9). This was largely attributable to the intensification of the sovereign debt crisis, which had a substantial impact on banks' refinancing conditions as well as on their balance sheet and capital positions and, ultimately, on their credit standards. Indeed, banks participating in the bank lending survey indicated that sovereign market tensions led to a substantial deterioration in their funding conditions in the last quarter of 2011 through balance sheet and liquidity management constraints, as well as through other, more indirect, channels. They also reported that vulnerabilities to risks stemming from the sovereign debt crisis have significantly contributed to the tightening of their credit standards.

These developments were partly mitigated at the beginning of 2012 by a significant drop in the number of banks reporting a net tightening of credit standards for corporate loans in the April and July 2012 rounds of the bank lending survey (falling, on balance, to 9% and 10% respectively). This decline was very closely related to the ECB's non-standard measures as announced in October 2011, the two three-year LTROs and the widening of the collateral pool to include credit claims. In parallel, the adverse impact of the sovereign debt crisis on banks was reported to be less pronounced in the first quarter of 2012, although it regained momentum in the second quarter as tensions in euro area sovereign debt markets increased.

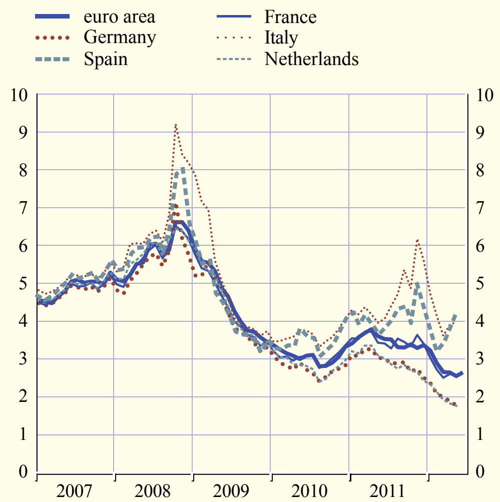
Similar, albeit more pronounced, developments are reported for SMEs, with a particular decline in small loans[7] recorded in the second half of 2011. The decline was accompanied by a further perceived deterioration in the availability of bank loans between October 2011 and March 2012, as reported by SMEs in the latest round of the "Survey on the access to finance of small and medium-sized enterprises (SMEs) in the euro area" (20% in net terms reported a deterioration, up from 14% in the previous survey round), and is in line with the increase in spreads between small and large loans described above.[8]

MARKET-BASED FINANCING AND DISINTERMEDIATION

Turning to euro area firms' debt financing via markets, the pricing of market-based debt has moderated as yields on investment grade NFC bonds have declined since November 2011 (see Chart 11). The decline was substantial and, initially, broadly based, and was accompanied by a reduction in the dispersion across the larger euro area economies, with corporate bond yields declining more sharply in Italy and Spain than in Germany and the Netherlands. Nonetheless, after the first quarter of 2012 divergences widened again across the larger euro area countries, with yields declining at the aggregate level but rising for Spain and Italy amid mounting sovereign market tensions. Broadly similar developments were observed for the non-investment grade segments of the corporate bond market – albeit for these segments the cost of market debt was significantly higher. Moreover, for these segments, the rise in costs was particularly pronounced for firms in Spain and Italy. Indeed, in the context of a sluggish economic outlook, there is potentially a high degree of heterogeneity in the spillover risk at the country level, especially in the case of spillovers of country-specific sovereign risk to the NFC sector, even though the latest non-standard measures announced by the ECB have limited the threat of sizeable credit curtailments in the euro area.

Chart 11 Cost of market debt – investment grade NFC bonds

(percentages per annum)



Sources: Merrill Lynch Global Index and ECB calculations.
Notes: Data comprise the weighted average based on outstanding volumes. The latest observation is for May 2012.

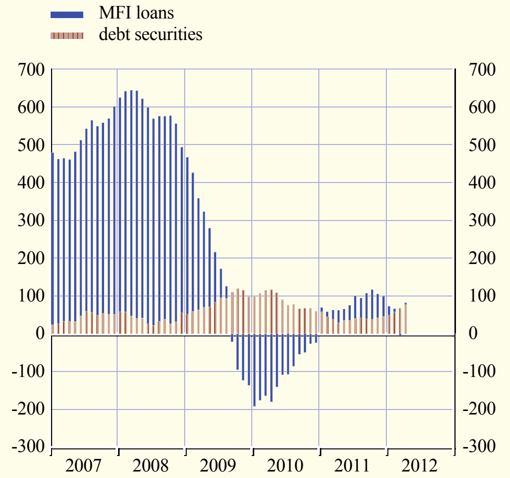
There are indications that trade credit partly cushions firms' financing needs in periods of reduced access to bank loans. Moreover, listed companies have accumulated sizeable cash reserves, particularly in Germany and France, which may reflect in part precautionary cash holdings as companies perceive banks to be less able or willing to provide credit in times of financial crisis.

Concerning the volumes of firms' market debt financing, after strong net debt issuance activity in the first half of 2010, a gradual slowdown was recorded in parallel with a weakening in the decline in bank lending to firms (see Chart 12). At the beginning of 2011 the slowdown in net debt issuance by euro area firms continued, while cumulated net flows of bank lending to firms remained in positive territory. Conversely, at the turn of 2011 debt issuance rebounded, while cumulated net lending by euro area banks dropped. Overall, as shown in Chart 12, since the

7 Small loans can be seen as an approximation for loans to SMEs.
8 A comprehensive report, detailed statistical tables and additional breakdowns were published on 27 April 2012 in the "Statistics" section of the ECB's website under Monetary and Financial Statistics/Surveys/Access to finance of SMEs.

Chart 12 Euro area firms' external debt financing via banks and markets

(cumulated net flows over twelve months)



Sources: ECB and ECB calculations.

start of the financial crisis and particularly since the second half of 2009 a closer substitutional link can be observed between developments in bank loans to euro area firms and in the debt financing of euro area firms via markets. This link suggests that large euro area firms have increasingly drawn on markets for their debt financing, with access to bank financing becoming increasingly difficult. These signs of disintermediation were again apparent at the turn of 2011, with the sovereign debt crisis hitting banks particularly hard, further impairing their ability to lend. More recently, however, the substantial decline in banks' net tightening of credit standards for loans to enterprises following the three-year LTROs suggests less pressure from loan supply conditions. This may in part be reflected in actual loan growth, albeit with some time lag, depending on the impact of more recent countervailing pressures stemming from sovereign debt market tensions.

Overall, euro area firms' needs for debt financing are likely to remain somewhat contained in the short run, on account of both a fragile economic environment and a higher propensity among firms to retain their earnings, bolster their cash holdings and deleverage their balance sheets. At the same time, the financing conditions of riskier borrowers seem to be particularly responsive to developments in the sovereign debt crisis. Moreover, in response to changes in the availability of bank loans, euro area firms are likely to react increasingly flexibly, by tapping financial markets and drawing on trade credit to bridge potential financing gaps.

5 THE FINANCING OF EURO AREA HOUSEHOLDS

THE SOVEREIGN DEBT CRISIS AND HOUSEHOLD FINANCING

As in the case of NFCs, the sovereign debt crisis and, in particular, its intensification in mid-2011 has primarily increased the heterogeneity in the financing environment of households across euro area countries, rather than significantly affecting the aggregate level of the cost or the volume of financing for households in the euro area as a whole. This is largely the result of the divergent effects of the sovereign debt crisis on government bond yields across the euro area, which, in turn, implied substantially different effects propagating through the various channels discussed in Section 2. Most importantly, the aggregate effects were mitigated by supportive standard and non-standard monetary policy measures implemented by the ECB and the Eurosystem as a whole.

At the same time, when comparing the impact of the sovereign debt crisis on the financing conditions of households with the impact on NFCs, a number of issues should be borne in mind. First, euro area households rely much more heavily on banks for their external financing compared with NFCs.[9] Second, the market for bank lending to households is significantly less integrated than the market for lending to NFCs, although loan securitisation markets, which are mainly concerned with loans to households for house purchase, have increased the level of integration.[10] Nevertheless, the

9 See the article entitled "The external financing of households and non-financial corporations: a comparison of the euro area and the United States", *Monthly Bulletin*, ECB, April 2009.

10 See the Eurosystem report entitled "*Financial integration in Europe*", April 2012.

sovereign debt crisis has had heterogeneous effects on the financing environment of euro area households through a number of channels. The latter include channels which affect lending conditions (price and non-price conditions) and loan volumes offered by banks as a result of diverse developments in government bonds yields across euro area countries. Indeed, as discussed above, government bonds yields tend to be highly correlated with bank bond yields and, consequently, with lending rates applied by banks on loans to households. This correlation largely reflects the pass-through of changes in bank funding conditions to lending rates. Other channels operate via changes in the demand for credit. They include, for example, wealth effects stemming from valuation changes affecting the nominal value of government bonds held by households.

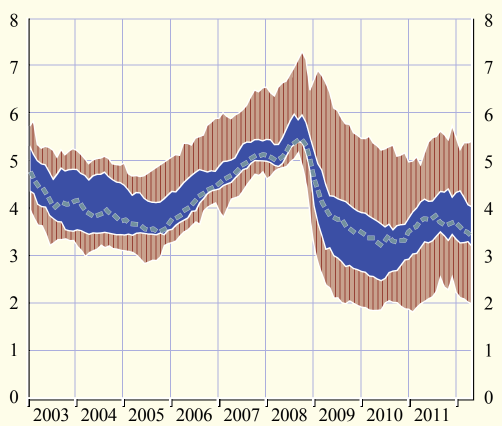
DEVELOPMENTS IN HOUSEHOLD FINANCING SINCE 2010

Since 2010 aggregate euro area household lending rates and the growth rate of loans have not changed markedly. For example, composite lending rates on loans to households for house purchase have fluctuated between 3.3% and 3.9% since early 2010 (see Chart 13). The annual growth rate of loans to households (adjusted for loan sales and securitisation) increased gradually from around 2.0% in early 2010 to around 3.0% between mid-2010 and mid-2011, then gradually declined to stand at 2.0% at the end of 2011 and at 1.3% in May 2012 (see Chart 14). At the same time, the apparent relative stability of euro area aggregate levels of household lending rates and loan growth masks an increase in heterogeneous developments across countries. However, although the degree of cross-country heterogeneity has increased since 2010, it is still significantly lower than the level observed before the crisis, especially in the period 2004-06.

A notable development in this respect is that the relative contributions of different euro area countries to euro area household loan growth have changed markedly in recent years. Household loan growth, in particular in Spain and some of the countries with EU/IMF financial assistance programmes, was characterised before the financial crisis by double digit growth

Chart 13 Composite MFI interest rates on loans to households for house purchase across euro area countries

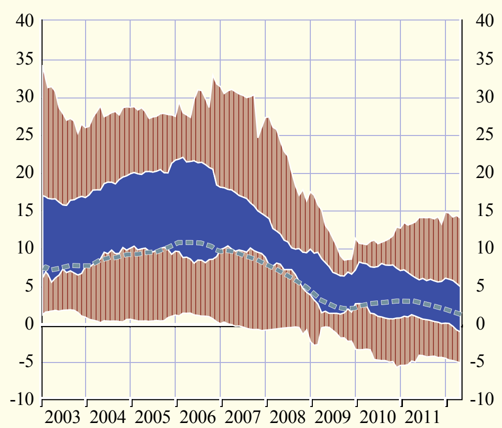
(percentages per annum)



Sources: ECB and ECB calculations.
Notes: The composite rates are aggregated using outstanding amounts as weights. The latest observation is for May 2012. The reddish brown shaded area denotes the range and the blue shaded area denotes the interquartile range. The dashed line refers to the euro area average.

Chart 14 MFI loans to households across euro area countries

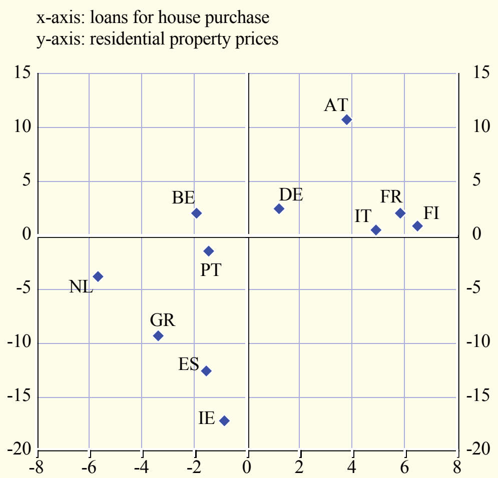
(annual percentage changes)



Sources: ECB, BSI and ECB calculations.
Notes: Data are adjusted for securitisation and it is assumed that all private sector loans securitised before 2009 are loans to households. The latest observation is for May 2012. The reddish brown shaded area denotes the range and the blue shaded area denotes the interquartile range. The dashed line refers to the euro area average.

Chart 15 MFI lending for house purchase and house prices in euro area countries

(annual growth rates)



Source: ECB.
Notes: The data refer to the first quarter of 2012, except for Belgium (fourth quarter of 2011) and Italy (second half of 2011).

rates, reflecting housing market booms. Those growth rates have declined markedly since 2008 and became negative in 2010. The declines largely reflect the need to correct past excesses and are in line with house price developments in those markets (see Chart 15). By contrast, since 2010 household loan growth in the euro area has increasingly been driven by the contribution of countries that previously experienced more moderate loan growth, such as France, in part benefiting from government support schemes. Furthermore, in Germany, while the annual growth rate of residential property prices is currently high from a historical perspective, the level is not extraordinary when considered from a euro area perspective, or when assessed against the level of lending for house purchases.

In addition to these rebalancing effects in the composition of euro area household loan growth, the relative stability of euro area household lending rates and loan growth can be associated in part with the impact of the non-standard measures adopted by the ECB throughout the crisis, which have, to some extent, helped to shield households in the euro area from the negative effects of distortions in the monetary policy transmission mechanism.[11] As a result, with a few exceptions mainly comprising the countries with EU/IMF financial assistance programmes, the effect of the distortions in the monetary policy transmission mechanism on bank lending to households has been limited as regards both loan volumes and interest rates.

At the same time, the intensification of the tensions in sovereign debt markets in the second half of 2011, which increasingly hampered euro area banks' access to market-based funding, led to an increased risk of a curtailment of lending to households by credit institutions in a number of euro area countries. This risk appeared to start to materialise towards the end of 2011 and was reflected, for example, in the net redemptions of MFI loans to households observed in December 2011. However, the new non-standard measures announced in the last quarter of 2011, and particularly the three-year LTROs, have alleviated funding pressures on euro area credit institutions, thereby helping to reduce the risk of disorderly deleveraging by the banking sector.

HOUSEHOLD FINANCING AND THE IMPACT OF DEMAND AND SUPPLY-SIDE FACTORS

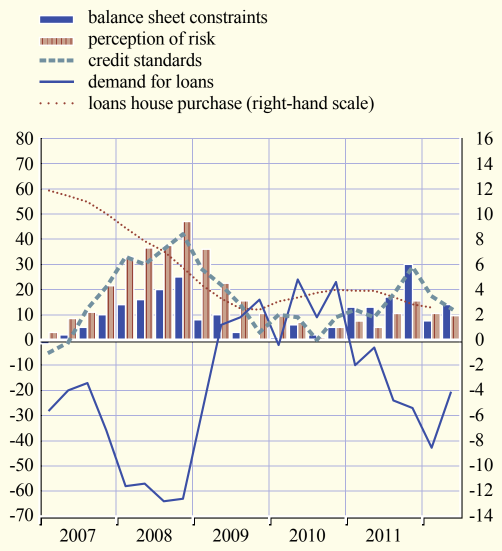
Even when the need to correct past excesses in loans to households is taken into account, household loan growth is currently relatively weak by historical standards. This is likely to reflect both weak credit demand and constraints on the supply side of bank credit.

While quantifying the strength of various supply and demand forces related to loan developments is a difficult task and associated estimates are surrounded by high uncertainty, qualitative evidence can be obtained from indicators derived from the bank lending survey, which provides information on loan demand and the credit standards applied by banks. Net tightening of credit standards reported in the bank lending survey can be seen, as a first approximation, as an

11 See, for example, the article entitled "The ECB's non-standard measures – impact and phasing-out", *Monthly Bulletin*, ECB, July 2011.

Chart 16 MFI loans to households for house purchase and related bank lending survey indicators

(net percentages; annual percentage changes)



Sources: ECB and the Eurosystem's bank lending survey.

indicator of supply-side influences on loan developments, although this series comprises a number of different factors ("perceptions of risk", "balance sheet constraints" and "competition") some of which – such as the "perceptions of risk" factor – may also be influenced by demand conditions. By contrast, the "balance sheet constraints" factor can be interpreted as a "pure" supply-side factor (in the sense that it serves as a proxy for the "bank lending channel" of monetary policy transmission). The evidence suggests that, after declining in 2009 and in the first half of 2010, the net tightening of credit standards increased significantly, especially in 2011, as the sovereign debt crisis intensified. The increases in 2011 were mainly driven by banks' concerns about balance sheet constraints, both for loans for house purchase (see Chart 16) and consumer credit. This indicates that "pure" supply-side constraints may have accounted for a non-negligible part of the weakness observed in bank lending activity. Although the increase in the net tightening of credit standards was less marked for consumer credit, it should be kept in mind that the growth of such loans has been negative for much of the past three years. At the same time, the importance of loan demand developments is confirmed by the respective bank lending survey indicator, which fell sharply in 2011 and in the first quarter of 2012, with a smaller contraction recorded in the second quarter of 2012. Other, complementary, sources of information, such as the European Commission's consumer survey, as well as model-based estimates, confirm that loan supply factors are likely to have exerted an adverse impact on household loan growth since 2010, but also that weak loan demand has been a substantial dampening factor.[12] The weakness in household demand for credit also explains the relative stability and moderation in household financing conditions observed since 2010.

Looking ahead, on the one hand the need to correct past excesses in a number of countries is still an important factor which is likely to dampen euro area household loan growth. On the other hand, the full impact on household lending rates and loan growth of the most recent non-standard measures is likely to take several months to materialise. However, for the measures to be fully effective, a number of conditions must be met, notably a recovery in loan demand, with sustained improvements in the overall economic environment and a permanent reduction in economic uncertainty, linked, among other factors, to the solvency of euro area sovereigns and sustainable improvements in banks' capital positions.

6 CONCLUSIONS

Since the onset of the financial crisis in 2007 the euro area has been confronted with a series of adverse financial shocks which have affected the functioning of credit and financial intermediation in the region. The emergence of the sovereign debt crisis at the beginning of 2010 compounded the vulnerabilities in the euro area banking system and led to severe tensions in various market

12 See, for example, the evidence reported in the box entitled "Factors affecting lending to the private sector and the short-term outlook for money and loan dynamics", *Monthly Bulletin*, ECB, April 2012.

segments, ultimately threatening to constrain the provision of financing to households and firms. The multidimensional nature of the current crisis has therefore complicated the analysis of financing conditions.

The assessment of financing conditions in the euro area against the background of the sovereign debt crisis requires the examination of several related aspects. First and foremost, funding and balance sheet conditions in the banking system constitute a key determinant of the supply of credit to the economy. Since 2010 the tensions in government bond markets have led to significant spillovers to bank liquidity risk and funding costs and have reinforced the deleveraging forces operating in many jurisdictions. There are strong interdependencies between banks and governments through both balance sheet and contingent claim exposure, which amplify the macroeconomic propagation of banking or sovereign market tensions. At the current juncture, the supply of bank credit remains highly vulnerable to a resurgence of tensions in sovereign debt markets.

The second aspect is persistent cross-country heterogeneity: owing to the fragmentation of some market segments and the setback to European banking sector integration, euro area-wide indicators may mask country-specific developments and impairments in the monetary policy transmission channels, with potentially severe consequences for the real economy in those countries.

The third aspect which warrants particular attention in the assessment of financing conditions during the sovereign debt crisis is the identification of demand and supply-side factors in credit intermediation against the background of the associated real-financial interactions. NFCs and households in a number of euro area countries will have to deleverage in order to reduce debt over time in order to correct past excesses. However, in combination with the related deleveraging needs of banks, this could lead to self-reinforcing loops. Large firms with access to markets and other financing can circumvent bank lending constraints, however, it is considerably more difficult for households and small enterprises to do so.

The fourth aspect is the impact of non-standard measures adopted by the ECB and the Eurosystem as a whole: the spillovers of the sovereign debt crisis to the euro area financing environment have been significant and have led to impairments of the monetary policy transmission channel at a number of stages in the financial intermediation chain. This led to the ECB's decisions to implement non-standard monetary policy measures. The measures have clearly helped to avoid disorderly deleveraging, with potential negative consequences for the economy as a whole, and have thus shielded to some extent households and NFCs from the effects of the crisis. At the same time, the measures need to be accompanied by government action to address the underlying causes of the crisis.

EURO AREA STATISTICS

CONTENTS[1]

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1)]

	M1 [2)]	M2 [2)]	M3 [2), 3)]	M3 [2), 3)] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2)]	Securities other than shares issued in euro by non-MFI corporations [2)]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4)]
	1	2	3	4	5	6	7	8
2010	8.5	1.8	0.5	-	0.6	4.2	0.81	3.36
2011	2.0	2.3	2.2	-	2.4	0.9	1.39	2.65
2011 Q3	1.4	2.3	2.4	-	2.5	0.5	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	0.4	1.04	2.60
Q2	2.7	2.8	3.0	-	0.1	.	0.69	2.32
2012 Feb.	2.6	2.8	2.8	2.8	0.8	0.4	1.05	2.59
Mar.	2.8	3.0	3.2	2.9	0.6	2.2	0.86	2.60
Apr.	1.8	2.5	2.6	2.9	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	.	-0.2	.	0.66	2.32
July	.	.	.	.	.	.	0.50	1.87

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	76.7	-0.6	10.1
2011	2.7	5.9	2.8	1.5	3.5	80.3	0.1	10.1
2011 Q4	2.9	5.1	2.8	0.7	-0.2	79.7	-0.2	10.6
2012 Q1	2.7	3.7	2.0	0.0	-1.6	79.8	-0.4	10.9
Q2	2.5	.	.	.	.	78.8	.	11.2
2012 Feb.	2.7	3.7	-	-	-1.6	-	-	10.9
Mar.	2.7	3.5	-	-	-1.5	-	-	11.0
Apr.	2.6	2.6	-	-	-2.4	79.7	-	11.1
May	2.4	2.3	-	-	-2.6	-	-	11.2
June	2.4	.	-	-	.	-	-	11.2
July	2.4	.	-	-	.	77.8	-	.

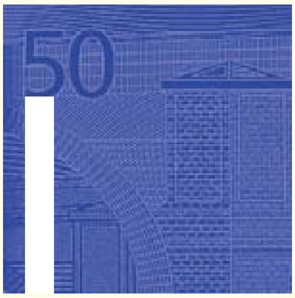
3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [6)] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2010	-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	-12.1	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	97.0	1.3108
Q2	.	.	.	701.5	.	.	98.2	95.9	1.2814
2012 Feb.	-1.6	3.3	8.5	696.4	.	.	99.6	97.2	1.3224
Mar.	9.6	10.2	-50.9	671.2	.	.	99.8	97.4	1.3201
Apr.	1.7	5.4	-8.3	679.7	.	.	99.5	97.2	1.3162
May	-1.1	6.3	38.9	695.7	.	.	98.0	95.7	1.2789
June	.	.	.	701.5	.	.	97.2	94.9	1.2526
July	.	.	.	.	.	.	95.3	93.0	1.2288

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

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



MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	29 June 2012	6 July 2012	13 July 2012	20 July 2012	27 July 2012
Gold and gold receivables	433,779	433,779	433,780	433,779	433,777
Claims on non-euro area residents in foreign currency	260,867	261,048	261,355	261,449	260,373
Claims on euro area residents in foreign currency	51,856	54,213	55,500	52,707	57,547
Claims on non-euro area residents in euro	17,455	16,874	17,210	15,694	15,923
Lending to euro area credit institutions in euro	1,260,858	1,243,549	1,248,517	1,241,265	1,207,579
Main refinancing operations	180,378	163,629	163,707	156,752	130,669
Longer-term refinancing operations	1,079,725	1,078,273	1,083,736	1,083,736	1,075,498
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	706	1,347	696	740	1,184
Credits related to margin calls	48	299	378	37	227
Other claims on euro area credit institutions in euro	186,363	184,197	186,975	179,215	225,939
Securities of euro area residents in euro	602,322	601,781	602,493	602,133	601,840
Securities held for monetary policy purposes	281,046	281,261	281,511	280,928	280,840
Other securities	321,276	320,520	320,982	321,205	321,000
General government debt in euro	30,092	30,041	30,041	30,041	30,041
Other assets	258,637	259,523	263,775	263,466	261,124
Total assets	3,102,227	3,085,006	3,099,646	3,079,749	3,094,144

2. Liabilities

	29 June 2012	6 July 2012	13 July 2012	20 July 2012	27 July 2012
Banknotes in circulation	893,740	897,508	897,671	896,376	897,332
Liabilities to euro area credit institutions in euro	1,105,531	1,100,607	1,081,996	1,056,719	1,066,884
Current accounts (covering the minimum reserve system)	116,654	91,789	479,749	493,000	515,712
Deposit facility	772,855	795,203	386,826	349,434	337,025
Fixed-term deposits	210,500	210,500	211,500	211,500	211,500
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	5,522	3,116	3,922	2,784	2,647
Other liabilities to euro area credit institutions in euro	3,714	6,592	6,572	3,682	3,827
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	158,474	147,342	145,779	158,044	152,124
Liabilities to non-euro area residents in euro	149,908	139,707	172,236	173,154	184,990
Liabilities to euro area residents in foreign currency	3,291	3,994	4,869	5,905	5,426
Liabilities to non-euro area residents in foreign currency	9,552	9,707	10,022	8,438	8,954
Counterpart of special drawing rights allocated by the IMF	56,886	56,886	56,886	56,886	56,886
Other liabilities	225,543	227,074	228,028	224,957	222,132
Revaluation accounts	409,840	409,840	409,840	409,840	409,840
Capital and reserves	85,748	85,748	85,749	85,749	85,749
Total liabilities	3,102,227	3,085,006	3,099,646	3,079,749	3,094,144

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 25 Apr.	46,369	82	46,369	1.00	-	-	-	7
2 May	34,420	77	34,420	1.00	-	-	-	7
9	39,287	80	39,287	1.00	-	-	-	7
16	42,988	84	42,988	1.00	-	-	-	7
23	37,852	84	37,852	1.00	-	-	-	7
30	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
				Longer-term refinancing operations				
2012 1 Mar.	6,496	30	6,496	1.00	-	-	-	91
1 [5) 6)]	529,531	800	529,531	.	-	-	-	1,092
14	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 [5)]	21,338	39	21,338	.	-	-	-	91
9 May	12,988	20	12,988	1.00	-	-	-	35
31 [5)]	8,307	33	8,307	.	-	-	-	91
13 June	18,905	21	18,905	1.00	-	-	-	28
28 [5)]	26,295	50	26,295	.	-	-	-	91
11 July	24,398	27	24,398	0.75	-	-	-	28
26 [5)]	8,450	36	8,450	.	-	-	-	98

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 25 Apr.	Collection of fixed-term deposits	411,451	70	214,000	-	-	1.00	0.26	0.26	7
2 May	Collection of fixed-term deposits	389,405	58	214,000	-	-	1.00	0.26	0.26	7
9	Collection of fixed-term deposits	441,270	74	214,000	-	-	1.00	0.26	0.26	7
16	Collection of fixed-term deposits	468,092	75	214,000	-	-	1.00	0.26	0.26	7
23	Collection of fixed-term deposits	459,846	70	212,000	-	-	1.00	0.26	0.26	7
30	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

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (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 Jan.	19,111.4	9,901.1	684.7	2,784.2	1,343.8	4,397.7
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	19,253.7	10,031.7	716.1	2,736.6	1,406.7	4,362.6

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
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 13 Mar.	104.3	108.9	4.6	0.0	1.00
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	.	.	.	.

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 14 Feb.	698.3	120.6	683.6	2.3	282.4	489.0	218.5	870.1	100.1	1.6	108.1	1,467.1
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

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 (p)	5,572.7	3,656.6	17.0	1.0	3,638.7	730.1	569.9	10.1	150.0	-	20.9	793.8	8.2	363.2
2012 Mar.	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
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	5,424.4	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 (p)	5,572.7	3,656.6	17.0	1.0	3,638.7	730.1	569.9	10.1	150.0	-	20.9	793.8	8.2	363.2
	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	33,782.9	18,629.6	1,137.5	11,161.2	6,330.9	4,964.4	1,528.3	1,517.1	1,919.1	60.5	1,231.5	4,258.4	220.9	4,417.4
Q2 (p)	34,211.8	18,672.4	1,168.0	11,188.6	6,315.9	4,908.2	1,587.5	1,453.2	1,867.6	63.7	1,203.8	4,295.2	220.9	4,847.6
2012 Mar.	33,782.9	18,629.6	1,137.5	11,161.2	6,330.9	4,964.4	1,528.3	1,517.1	1,919.1	60.5	1,231.5	4,258.4	220.9	4,417.4
Apr.	33,886.0	18,619.5	1,142.1	11,154.4	6,322.9	4,935.5	1,527.3	1,510.7	1,897.6	60.8	1,242.1	4,266.1	221.5	4,540.4
May	34,811.1	18,636.3	1,143.9	11,172.9	6,319.6	4,944.1	1,546.8	1,510.0	1,887.3	62.0	1,225.1	4,388.0	221.7	5,333.8
June (p)	34,211.8	18,672.4	1,168.0	11,188.6	6,315.9	4,908.2	1,587.5	1,453.2	1,867.6	63.7	1,203.8	4,295.2	220.9	4,847.6

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
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 (p)	5,572.7	918.9	3,425.9	142.4	11.3	3,272.2	-	0.0	519.6	284.9	423.4
2012 Mar.	5,238.2	894.8	3,219.6	136.0	9.2	3,074.4	-	0.0	508.8	208.1	406.9
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	5,424.4	908.1	3,324.0	110.4	9.9	3,203.8	-	0.0	522.0	255.9	414.4
June (p)	5,572.7	918.9	3,425.9	142.4	11.3	3,272.2	-	0.0	519.6	284.9	423.4
	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	570.5	5,008.2	2,231.1	3,803.0	4,660.5
2012 Q1	33,782.9	-	17,468.5	192.5	10,805.4	6,470.7	558.5	5,066.5	2,259.7	3,939.2	4,490.4
Q2 (p)	34,211.8	-	17,658.5	191.8	10,838.7	6,628.0	560.7	4,995.1	2,282.3	3,880.1	4,835.1
2012 Mar.	33,782.9	-	17,468.5	192.5	10,805.4	6,470.7	558.5	5,066.5	2,259.7	3,939.2	4,490.4
Apr.	33,886.0	-	17,489.5	189.1	10,807.4	6,493.0	568.0	5,037.7	2,248.5	3,974.0	4,568.2
May	34,811.1	-	17,558.6	206.8	10,808.7	6,543.0	581.6	5,025.1	2,250.0	4,034.8	5,361.1
June (p)	34,211.8	-	17,658.5	191.8	10,838.7	6,628.0	560.7	4,995.1	2,282.3	3,880.1	4,835.1

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: Total	Loans to euro area residents: General government	Loans to euro area residents: Other euro area residents	Holdings of securities other than shares issued by euro area residents: Total	Holdings of securities other than shares issued by euro area residents: General government	Holdings of securities other than shares issued by euro area residents: Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2)]
	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	26,737.2	12,317.7	1,155.5	11,162.2	3,633.9	2,106.2	1,527.6	755.9	5,032.8	229.0	4,768.0
Q2 (p)	27,204.4	12,374.5	1,185.0	11,189.5	3,620.7	2,157.4	1,463.3	731.5	5,088.9	229.1	5,159.7
2012 Mar.	26,737.2	12,317.7	1,155.5	11,162.2	3,633.9	2,106.2	1,527.6	755.9	5,032.8	229.0	4,768.0
Apr.	26,828.4	12,314.9	1,159.5	11,155.4	3,621.1	2,099.4	1,521.6	767.0	5,055.9	229.6	4,840.0
May	27,782.4	12,335.2	1,161.3	11,173.9	3,634.2	2,113.1	1,521.1	750.6	5,199.1	229.9	5,633.5
June (p)	27,204.4	12,374.5	1,185.0	11,189.5	3,620.7	2,157.4	1,463.3	731.5	5,088.9	229.1	5,159.7
	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	-30.2	-37.1	7.8	903.0
2012 Q1	106.7	-0.2	-21.2	21.1	153.7	149.8	3.9	19.3	69.0	-12.2	-122.4
Q2 (p)	447.8	53.4	32.2	21.3	-3.0	40.3	-43.3	-11.7	-66.8	0.1	475.6
2012 Mar.	-174.7	-1.7	-2.8	1.1	23.8	35.4	-11.6	12.6	33.2	-3.8	-238.9
Apr.	128.0	-1.5	7.0	-8.4	-8.7	-3.5	-5.2	20.8	-12.8	0.6	129.5
May	835.4	6.7	1.7	5.0	28.4	28.9	-0.4	-9.6	24.4	0.3	785.2
June (p)	-515.5	48.1	23.5	24.7	-22.7	14.9	-37.7	-22.9	-78.3	-0.8	-439.0

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	520.3	3,006.4	2,219.6	4,088.3	5,071.5	-18.5
2012 Q1	26,737.2	844.9	328.5	10,814.6	498.0	2,991.6	2,271.9	4,147.3	4,897.3	-56.7
Q2 (p)	27,204.4	867.8	334.2	10,850.0	497.0	2,977.5	2,308.7	4,165.0	5,258.5	-54.4
2012 Mar.	26,737.2	844.9	328.5	10,814.6	498.0	2,991.6	2,271.9	4,147.3	4,897.3	-56.7
Apr.	26,828.4	847.6	289.8	10,818.0	507.1	2,985.0	2,269.8	4,187.0	4,979.1	-54.9
May	27,782.4	856.3	317.2	10,818.6	519.6	2,982.5	2,277.0	4,290.6	5,775.6	-55.1
June (p)	27,204.4	867.8	334.2	10,850.0	497.0	2,977.5	2,308.7	4,165.0	5,258.5	-54.4
	Transactions									
2010	575.8	38.6	11.8	332.7	-98.5	39.4	99.8	-26.2	143.2	35.0
2011	1,029.4	49.1	-0.8	167.8	-29.1	50.7	137.8	-198.7	899.2	-46.6
2012 Q1	106.7	-12.4	69.3	58.5	19.8	-0.4	17.8	116.8	-153.1	-9.6
Q2 (p)	447.8	22.8	8.1	38.4	-0.6	-48.8	47.7	-75.5	476.9	-21.1
2012 Mar.	-174.7	2.4	-13.8	23.9	10.7	7.4	9.6	58.4	-250.2	-23.3
Apr.	128.0	2.7	-36.3	-5.4	9.2	-13.6	4.1	13.9	152.4	0.9
May	835.4	8.7	27.4	11.2	12.6	-35.1	17.8	12.3	803.2	-22.8
June (p)	-515.5	11.4	17.0	32.5	-22.4	-0.1	25.8	-101.8	-478.7	0.7

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)]

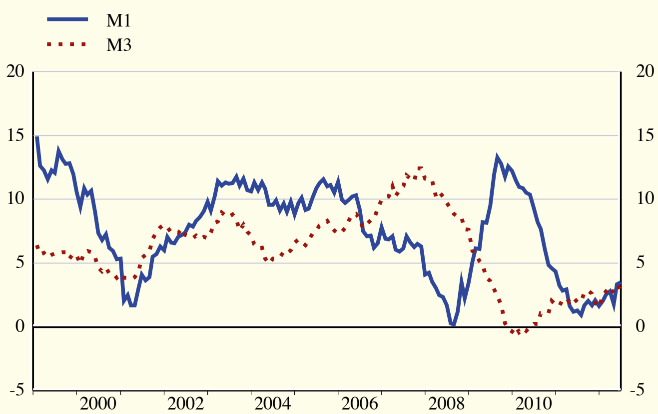
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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	1,149.7	9,740.3	-	7,680.3	3,156.7	13,449.9	11,185.0	-	929.7
2012 Q1	4,848.3	3,877.3	8,725.6	1,155.2	9,880.9	-	7,662.0	3,258.8	13,473.3	11,182.9	-	903.9
Q2 (p)	4,893.0	3,884.2	8,777.2	1,150.2	9,927.4	-	7,620.0	3,309.8	13,358.3	11,156.1	-	910.3
2012 Mar.	4,848.3	3,877.3	8,725.6	1,155.2	9,880.9	-	7,662.0	3,258.8	13,473.3	11,182.9	-	903.9
Apr.	4,793.8	3,900.2	8,694.1	1,140.7	9,834.7	-	7,664.5	3,246.1	13,414.1	11,163.4	-	900.1
May	4,872.2	3,884.9	8,757.1	1,150.3	9,907.4	-	7,642.9	3,263.8	13,420.4	11,165.0	-	938.4
June (p)	4,893.0	3,884.2	8,777.2	1,150.2	9,927.4	-	7,620.0	3,309.8	13,358.3	11,156.1	-	910.3
	Transactions											
2010	195.9	-10.0	185.9	-23.9	162.0	-	251.2	344.0	211.6	207.8	264.7	-85.7
2011	77.6	76.4	154.0	-6.5	147.5	-	207.7	92.3	62.8	116.8	143.3	161.6
2012 Q1	65.8	74.0	139.8	42.5	182.2	-	-29.9	99.4	51.7	19.2	28.6	-15.3
Q2 (p)	36.7	0.0	36.7	19.6	56.3	-	-71.4	43.1	-88.0	-32.9	-34.1	-23.2
2012 Mar.	29.0	10.9	39.9	17.0	56.9	-	-36.3	31.3	4.7	-5.8	-4.7	-1.3
Apr.	-56.0	19.1	-36.9	-12.3	-49.2	-	-3.9	-6.5	-50.7	-21.1	-21.9	-13.9
May	72.0	-19.5	52.5	32.8	85.3	-	-45.7	32.8	-0.5	-11.8	-7.5	10.9
June (p)	20.7	0.3	21.1	-0.9	20.2	-	-21.8	16.9	-36.8	0.1	-4.7	-20.1
	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	-85.7
2011	1.7	2.1	1.8	-0.6	1.5	2.0	2.8	3.1	0.5	1.1	1.3	161.6
2012 Q1	2.8	3.2	3.0	4.9	3.2	2.9	1.3	7.5	0.5	0.6	1.2	-20.1
Q2 (p)	3.5	2.3	3.0	5.1	3.2	3.0	-0.4	9.4	-0.4	-0.2	0.3	-66.3
2012 Mar.	2.8	3.2	3.0	4.9	3.2	2.9	1.3	7.5	0.5	0.6	1.2	-20.1
Apr.	1.8	3.3	2.5	3.7	2.6	2.9	0.7	7.6	0.0	0.2	0.8	-26.0
May	3.3	2.3	2.9	4.5	3.1	3.0	-0.2	9.1	-0.2	-0.1	0.5	-23.4
June (p)	3.5	2.3	3.0	5.1	3.2	.	-0.4	9.4	-0.4	-0.2	0.3	-66.3

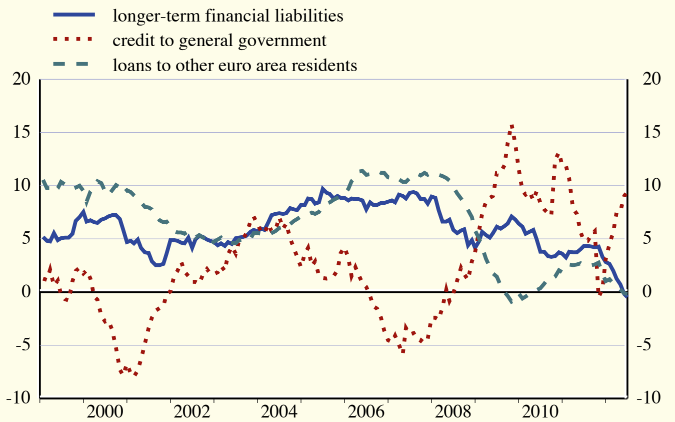
C1 Monetary aggregates [1)]

(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]

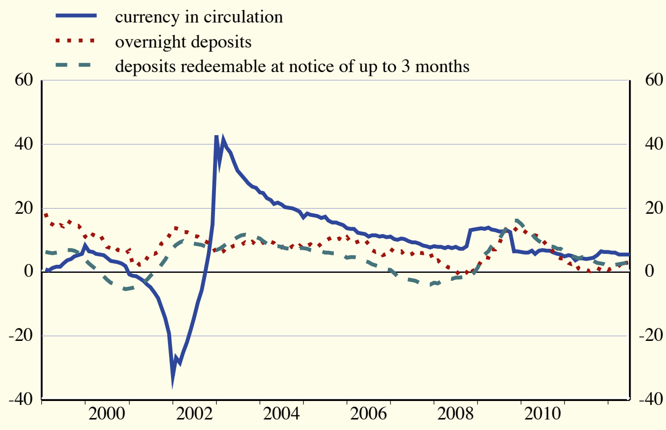
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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	535.4	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	2,522.4	2,277.0
Q2 (p)	861.0	4,032.0	1,877.3	2,006.9	416.7	500.8	232.6	2,735.8	112.5	2,467.9	2,303.8
2012 Mar.	847.8	4,000.5	1,901.4	1,975.9	417.8	497.0	240.5	2,749.5	113.1	2,522.4	2,277.0
Apr.	850.1	3,943.8	1,917.3	1,983.0	411.2	500.1	229.4	2,752.1	113.8	2,511.7	2,287.0
May	856.7	4,015.6	1,887.8	1,997.1	421.5	509.8	218.9	2,754.3	113.1	2,482.2	2,293.2
June (p)	861.0	4,032.0	1,877.3	2,006.9	416.7	500.8	232.6	2,735.8	112.5	2,467.9	2,303.8
						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	-29.9	33.2	19.4	-2.5	55.6	135.2
2012 Q1	4.8	61.0	55.1	18.8	10.1	3.9	28.4	-51.5	-3.2	-16.8	41.6
Q2 (p)	13.2	23.5	-30.9	30.9	20.6	4.2	-5.2	-50.9	-0.6	-57.7	37.8
2012 Mar.	-4.8	33.8	3.6	7.3	-19.3	11.4	24.9	-24.1	-0.8	-29.1	17.8
Apr.	2.2	-58.3	12.1	7.0	-9.3	3.2	-6.2	-9.3	0.7	-11.5	16.2
May	6.6	65.4	-33.4	14.0	34.4	9.8	-11.5	-29.3	-0.7	-32.6	16.9
June (p)	4.3	16.4	-9.6	10.0	-4.5	-8.8	12.5	-12.3	-0.6	-13.6	4.6
						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	-5.2	24.1	0.7	-2.1	2.2	6.7
2012 Q1	5.5	2.2	3.9	2.5	4.2	-0.5	20.0	-2.5	-5.2	1.0	7.0
Q2 (p)	5.5	3.1	1.4	3.3	0.8	3.5	18.2	-5.2	-5.8	-1.6	7.6
2012 Mar.	5.5	2.2	3.9	2.5	4.2	-0.5	20.0	-2.5	-5.2	1.0	7.0
Apr.	5.5	1.0	3.9	2.7	-0.7	0.9	21.4	-3.5	-4.6	0.2	7.2
May	5.5	2.9	1.6	3.0	-1.5	4.1	21.3	-4.7	-5.1	-1.1	7.3
June (p)	5.5	3.1	1.4	3.3	0.8	3.5	18.2	-5.2	-5.8	-1.6	7.6

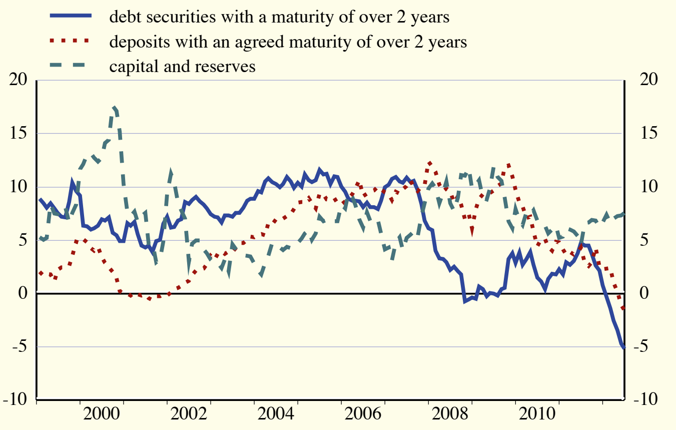
C3 Components of monetary aggregates [1]

(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.

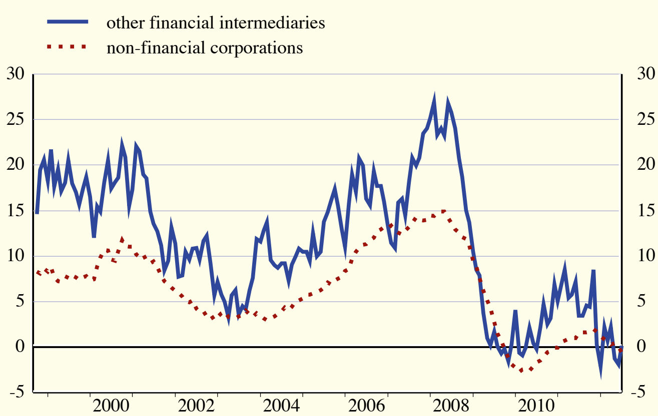
2.4 MFI loans: breakdown [1], [2]

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

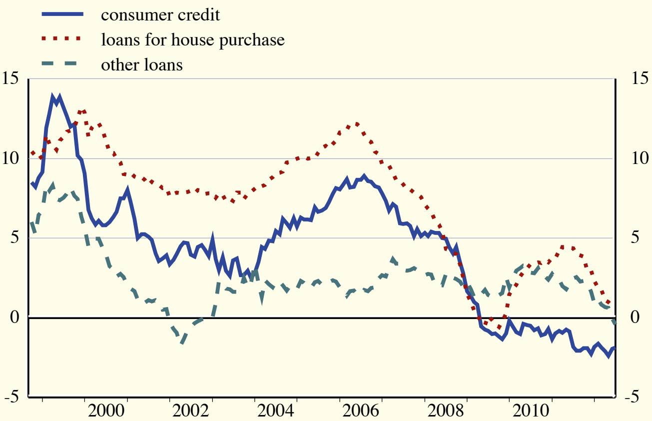
1. Loans to financial intermediaries, non-financial corporations and households

	Insurance corporations and pension funds	Other financial inter-mediaries	Non-financial corporations					Households [3]				
	Total	Total	Total	Loans adjusted for sales and securitisation [4]	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation [4]	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
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	1,138.9	4,722.3	-	1,146.7	860.9	2,714.7	5,232.7	-	626.3	3,777.6	828.9
2012 Q1	88.0	1,153.3	4,699.8	-	1,136.5	848.1	2,715.3	5,241.7	-	620.6	3,792.7	828.4
Q2 (p)	83.8	1,128.2	4,692.3	-	1,150.2	844.5	2,697.6	5,251.8	-	614.4	3,811.1	826.3
2012 Mar.	88.0	1,153.3	4,699.8	-	1,136.5	848.1	2,715.3	5,241.7	-	620.6	3,792.7	828.4
Apr.	81.3	1,131.2	4,702.3	-	1,151.9	846.9	2,703.4	5,248.5	-	620.0	3,799.0	829.6
May	82.5	1,133.8	4,697.7	-	1,149.3	844.7	2,703.7	5,251.0	-	620.9	3,802.0	828.2
June (p)	83.8	1,128.2	4,692.3	-	1,150.2	844.5	2,697.6	5,251.8	-	614.4	3,811.1	826.3
	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	-22.9	58.0	63.8	21.9	-20.7	56.7	80.5	101.2	-11.5	84.7	7.3
2012 Q1	-2.9	17.2	-9.4	-6.2	-7.0	-8.7	6.2	14.3	20.1	-2.8	16.3	0.8
Q2 (p)	-4.3	-34.3	-6.2	0.1	12.1	-3.4	-15.0	11.9	4.1	-4.6	18.5	-1.9
2012 Mar.	3.8	-8.3	-7.9	-7.0	-5.3	-0.2	-2.4	6.6	6.3	-2.0	10.1	-1.5
Apr.	-6.7	-28.0	7.0	7.1	17.8	-0.6	-10.2	6.5	5.8	-1.6	7.3	0.9
May	1.1	-2.9	-10.5	-6.3	-5.3	-1.4	-3.7	0.5	0.3	1.4	1.3	-2.2
June (p)	1.4	-3.5	-2.8	-0.7	-0.3	-1.4	-1.1	4.9	-2.0	-4.4	9.9	-0.5
	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	1.9	-2.3	2.1	1.6	2.0	-1.8	2.3	0.9
2012 Q1	-0.3	2.3	0.3	0.5	-0.5	-2.9	1.6	0.6	1.7	-2.1	1.1	0.7
Q2 (p)	-5.9	0.1	-0.6	-0.3	-1.9	-2.5	0.6	0.3	1.1	-1.9	0.8	-0.4
2012 Mar.	-0.3	2.3	0.3	0.5	-0.5	-2.9	1.6	0.6	1.7	-2.1	1.1	0.7
Apr.	-6.6	-1.3	0.4	0.6	0.9	-2.2	1.1	0.5	1.5	-2.4	1.0	0.7
May	-6.4	-1.9	0.0	0.3	0.1	-2.5	0.8	0.3	1.3	-1.9	0.8	-0.1
June (p)	-5.9	0.1	-0.6	-0.3	-1.9	-2.5	0.6	0.3	1.1	-1.9	0.8	-0.4

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	1,115.1	155.6	579.0	213.4	322.6	4,720.0	1,138.9	860.9	2,720.3
2012 Q1	86.1	67.5	5.4	13.2	1,144.5	184.8	589.7	220.7	334.2	4,699.3	1,136.9	849.0	2,713.4
Q2 (p)	85.3	67.5	5.4	12.4	1,147.7	177.2	581.8	223.1	342.7	4,698.1	1,160.0	843.8	2,694.3
2012 Apr.	81.6	63.0	5.4	13.2	1,135.6	176.7	577.6	220.1	337.9	4,703.1	1,154.6	847.1	2,701.4
May	84.8	66.1	5.5	13.2	1,145.8	180.9	582.0	221.9	341.8	4,702.9	1,152.9	846.5	2,703.5
June (p)	85.3	67.5	5.4	12.4	1,147.7	177.2	581.8	223.1	342.7	4,698.1	1,160.0	843.8	2,694.3
	Transactions												
2011	1.8	2.8	1.0	-2.0	-23.8	12.8	-19.6	-10.3	6.2	56.7	21.1	-20.7	56.4
2012 Q1	3.0	3.9	-0.9	0.0	32.2	29.1	12.9	7.4	11.9	-7.7	1.3	-7.7	-1.3
Q2 (p)	-0.9	-0.1	0.0	-0.8	-6.0	-9.3	-12.4	-0.7	7.1	0.1	21.4	-5.0	-16.3
2012 Apr.	-4.5	-4.6	0.0	0.0	-14.8	-11.2	-16.9	-1.0	3.1	8.4	20.1	-1.4	-10.3
May	3.1	3.1	0.1	0.0	4.7	5.5	3.2	-1.1	2.6	-6.0	-4.4	0.2	-1.9
June (p)	0.5	1.4	-0.1	-0.8	4.1	-3.7	1.3	1.5	1.3	-2.2	5.7	-3.9	-4.1
	Growth rates												
2011	1.9	3.9	19.6	-13.3	-2.1	8.9	-3.2	-4.9	2.0	1.2	1.9	-2.3	2.1
2012 Q1	-0.4	1.2	-2.2	-7.6	2.2	34.4	0.0	3.7	5.1	0.3	-0.4	-2.9	1.6
Q2 (p)	-6.0	-5.4	1.7	-11.7	0.2	14.6	-4.5	5.9	5.2	-0.6	-1.9	-2.5	0.5
2012 Apr.	-6.8	-7.3	2.8	-7.8	-1.3	18.4	-6.8	3.3	6.3	0.4	0.8	-2.2	1.1
May	-6.5	-6.9	1.4	-7.4	-1.9	10.0	-7.3	2.1	6.0	0.1	0.2	-2.5	0.8
June (p)	-6.0	-5.4	1.7	-11.7	0.2	14.6	-4.5	5.9	5.2	-0.6	-1.9	-2.5	0.5

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	5,243.0	628.5	140.9	183.8	303.7	3,784.4	14.5	56.7	3,713.3	830.1	419.7	142.8	87.5	599.9
2012 Q1	5,231.3	617.9	136.1	180.1	301.7	3,787.1	14.0	56.6	3,716.4	826.3	417.4	141.8	85.9	598.6
Q2 (p)	5,257.5	617.4	137.9	180.0	299.5	3,807.9	14.2	56.6	3,737.1	832.2	418.8	145.2	85.4	601.5
2012 Apr.	5,234.2	618.2	137.2	180.0	301.0	3,789.5	14.0	56.8	3,718.6	826.4	418.6	140.0	85.7	600.7
May	5,239.4	618.8	137.5	180.0	301.3	3,793.7	14.1	56.8	3,722.8	826.9	417.6	140.2	85.6	601.1
June (p)	5,257.5	617.4	137.9	180.0	299.5	3,807.9	14.2	56.6	3,737.1	832.2	418.8	145.2	85.4	601.5
	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	-6.4	-7.7	-4.5	-2.1	-1.0	3.9	-0.4	0.1	4.2	-2.6	-2.6	-0.7	-1.0	-0.8
Q2 (p)	28.1	1.1	1.4	0.5	-0.9	20.9	0.2	0.2	20.6	6.1	-1.6	4.7	-0.8	2.3
2012 Apr.	2.5	-0.7	0.5	-0.1	-1.0	3.4	0.0	0.4	3.0	-0.2	-1.4	-0.8	-0.1	0.7
May	3.3	1.1	0.4	0.3	0.4	2.5	0.1	-0.1	2.5	-0.4	-0.9	-0.3	-0.3	0.2
June (p)	22.3	0.7	0.6	0.3	-0.3	15.0	0.1	-0.1	15.0	6.7	0.8	5.7	-0.5	1.4
	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	0.6	-2.1	-1.7	-3.7	-1.3	1.1	1.1	5.2	1.0	0.7	2.0	-4.3	-2.1	2.3
Q2 (p)	0.3	-1.9	-2.4	-2.4	-1.3	0.8	-0.9	3.4	0.7	-0.4	1.2	-4.4	-3.2	1.0
2012 Apr.	0.5	-2.4	-1.1	-3.9	-2.1	1.0	0.9	5.5	0.9	0.6	1.7	-3.3	-0.7	1.8
May	0.3	-1.9	-0.8	-3.8	-1.3	0.8	0.7	4.5	0.7	-0.1	1.0	-3.6	-1.5	1.0
June (p)	0.3	-1.9	-2.4	-2.4	-1.3	0.8	-0.9	3.4	0.7	-0.4	1.2	-4.4	-3.2	1.0

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.

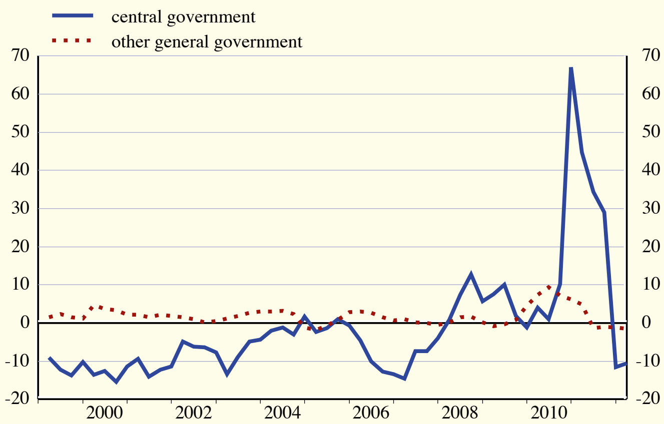
2.4 MFI loans: breakdown [1), 2)]

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

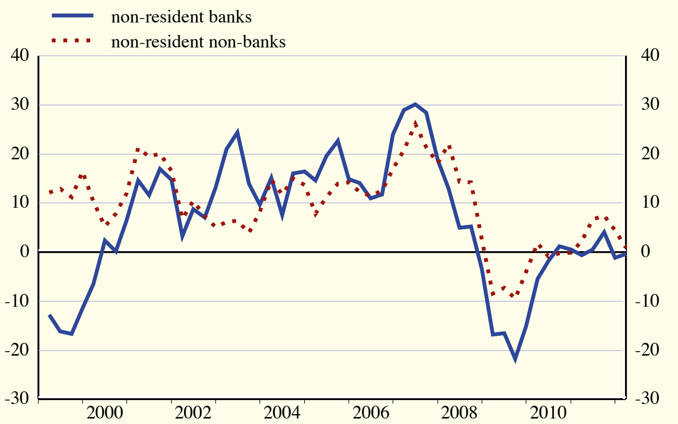
4. Loans to government and non-euro area residents

	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 Q2	1,151.9	346.5	223.4	555.0	27.0	3,006.5	2,011.9	994.6	60.1	934.5
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 (p)	1,137.5	321.9	224.0	567.4	24.0	3,004.9	1,996.0	1,007.8	59.6	948.3
	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	-23.6	16.0	-26.1	42.0	13.0	29.1
2011 Q2	-35.8	-13.0	-6.5	-2.0	-14.2	44.2	21.5	22.7	6.1	16.6
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	-3.2	-150.7	-107.7	-43.1	-1.4	-41.6
2012 Q1 (p)	-21.2	-26.6	-1.7	4.5	2.7	40.1	15.2	23.8	-2.0	25.8
	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	-52.2	0.7	-1.1	4.4	26.7	3.2
2011 Q2	7.1	34.4	-1.1	1.4	-38.6	2.6	0.5	6.6	30.4	5.4
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	-52.2	0.7	-1.1	4.4	26.7	3.2
2012 Q1 (p)	-4.2	-10.6	-2.8	2.0	-41.5	0.1	-0.4	1.0	7.5	0.6

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)]

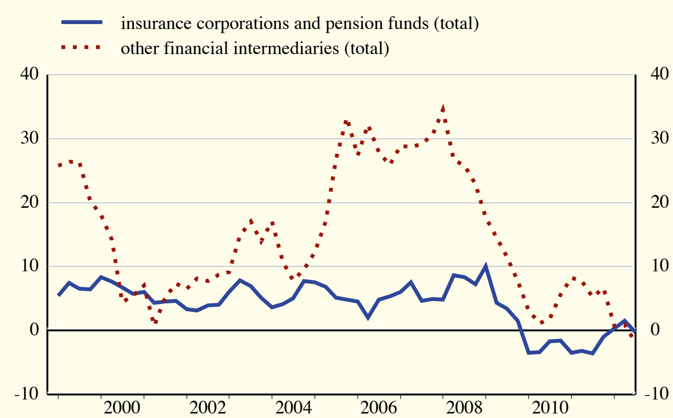
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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	2,211.1	420.1	265.9	1,148.9	15.5	0.4	360.4	275.9
Q2 (p)	693.5	99.4	80.0	499.5	5.8	0.2	8.7	2,154.9	408.7	254.1	1,089.8	13.6	0.3	388.3	295.9
2012 Mar.	711.3	98.4	86.8	504.6	4.5	0.2	16.9	2,211.1	420.1	265.9	1,148.9	15.5	0.4	360.4	275.9
Apr.	718.6	105.9	87.7	503.6	4.7	0.2	16.5	2,200.9	405.1	269.7	1,141.1	15.1	0.5	369.3	280.7
May	709.6	103.9	86.5	501.7	5.4	0.2	11.9	2,185.5	414.6	265.0	1,111.9	14.3	0.3	379.4	289.6
June (p)	693.5	99.4	80.0	499.5	5.8	0.2	8.7	2,154.9	408.7	254.1	1,089.8	13.6	0.3	388.3	295.9
	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	1.9	11.7	4.2	-14.2	1.1	-0.1	-0.9	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	-6.5	31.1	-18.2	-40.6	0.8	-0.2	20.6	15.5
Q2 (p)	-14.9	1.2	-7.1	-4.8	1.3	0.0	-5.6	-27.1	-12.1	-13.2	-50.1	-1.7	0.0	50.0	42.2
2012 Mar.	-10.3	-8.7	-0.4	-2.2	0.3	0.0	0.7	-40.6	11.7	-11.7	-27.7	1.4	0.0	-14.4	-10.3
Apr.	7.0	7.6	0.3	-0.8	0.2	0.0	-0.3	-14.4	-15.6	3.6	-8.6	-0.2	0.1	6.3	2.2
May	-6.6	-1.9	-1.4	-1.9	0.7	0.0	-2.1	1.7	7.1	-6.2	-32.9	-0.9	-0.2	34.7	33.6
June (p)	-15.3	-4.4	-6.0	-2.1	0.4	0.0	-3.2	-14.5	-3.7	-10.6	-8.6	-0.6	0.0	9.0	6.5
	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	0.3	14.4	5.6	-2.7	43.3	-	-5.2	0.7	8.1	-9.3	0.8	36.1	-	-0.2	2.1
2012 Q1	1.5	17.9	14.8	-3.8	43.3	-	18.7	0.9	11.8	-13.2	-1.3	31.5	-	8.1	14.6
Q2 (p)	-0.3	17.0	10.1	-4.2	70.4	-	-30.6	-1.9	9.1	-15.7	-5.5	10.1	-	8.9	9.4
2012 Mar.	1.5	17.9	14.8	-3.8	43.3	-	18.7	0.9	11.8	-13.2	-1.3	31.5	-	8.1	14.6
Apr.	1.1	23.3	10.3	-3.9	14.4	-	-3.9	-1.3	6.0	-14.3	-2.7	37.0	-	5.5	12.5
May	1.2	21.3	15.5	-4.1	35.0	-	-7.8	-2.4	10.1	-17.4	-4.9	19.7	-	4.9	7.9
June (p)	-0.3	17.0	10.1	-4.2	70.4	-	-30.6	-1.9	9.1	-15.7	-5.5	10.1	-	8.9	9.4

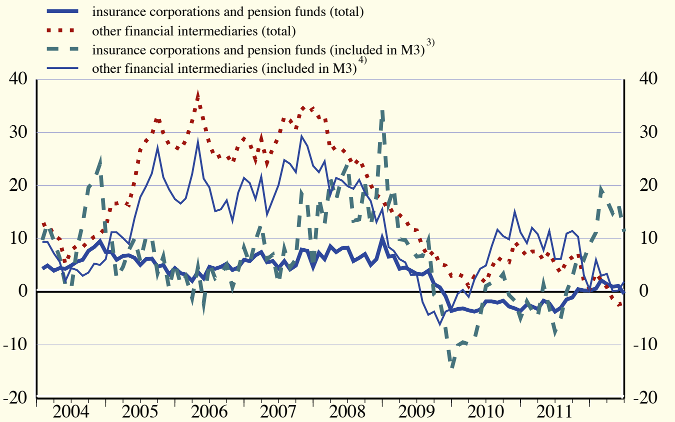
C9 Total deposits by sector [2)]

(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.

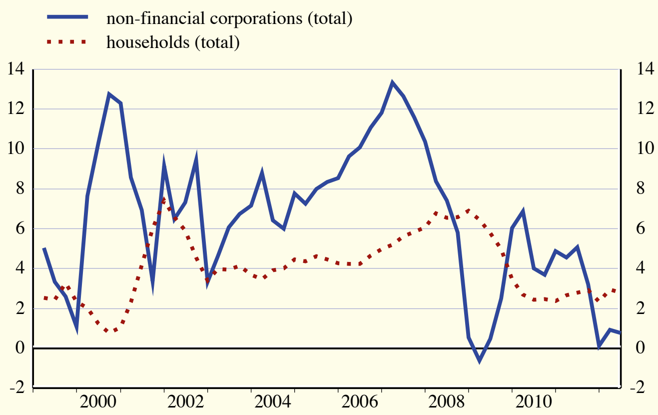
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

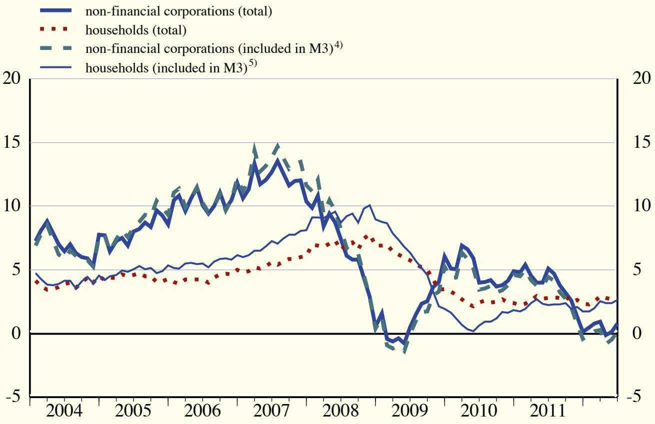
2. Deposits by non-financial corporations and households

	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	451.6	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 (p)	1,677.6	1,057.5	420.0	104.5	80.5	1.7	13.5	5,996.5	2,286.9	973.3	740.9	1,877.4	103.4	14.6
2012 Mar.	1,663.6	1,019.5	451.6	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
Apr.	1,650.1	1,012.5	442.6	102.2	77.0	1.8	14.0	5,968.3	2,246.3	992.3	738.8	1,868.2	105.0	17.6
May	1,661.2	1,031.7	430.8	102.3	79.5	1.7	15.2	5,961.6	2,244.0	983.6	740.9	1,872.4	104.3	16.3
June (p)	1,677.6	1,057.5	420.0	104.5	80.5	1.7	13.5	5,996.5	2,286.9	973.3	740.9	1,877.4	103.4	14.6
	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	2.3	3.6	-2.7	8.7	-7.3	0.4	-0.5	134.3	7.4	42.6	50.5	43.5	-2.6	-7.0
2012 Q1	-20.7	-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 (p)	9.2	33.0	-32.3	4.4	4.3	-0.5	0.2	48.1	61.7	-23.3	4.0	12.6	-1.6	-5.3
2012 Mar.	34.4	29.5	2.9	0.3	1.9	0.0	-0.3	25.8	4.8	13.3	2.9	6.3	-0.7	-0.9
Apr.	-13.7	-6.8	-9.1	1.6	0.8	-0.4	0.1	21.9	21.9	-3.1	1.8	3.5	0.1	-2.3
May	7.4	16.1	-12.8	0.6	2.5	-0.1	1.1	-9.3	-3.4	-10.1	2.0	4.1	-0.7	-1.3
June (p)	15.5	23.8	-10.4	2.2	1.0	0.0	-1.0	35.5	43.2	-10.1	0.1	5.0	-0.9	-1.7
	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	-5.2	2.3	0.3	4.7	7.5	2.4	-2.4	-23.6
2012 Q1	0.9	1.8	-1.8	12.0	-6.5	3.5	-4.0	2.9	0.0	9.6	7.3	2.8	-4.8	-36.4
Q2 (p)	0.8	3.8	-7.7	12.0	0.0	-20.5	-12.5	2.8	1.1	7.2	4.9	3.3	-5.4	-56.5
2012 Mar.	0.9	1.8	-1.8	12.0	-6.5	3.5	-4.0	2.9	0.0	9.6	7.3	2.8	-4.8	-36.4
Apr.	-0.1	1.0	-3.3	11.6	-5.5	-13.1	-20.2	2.8	-0.2	9.4	6.7	2.8	-4.0	-45.7
May	0.1	2.8	-6.4	10.3	-1.9	-16.0	-27.0	2.7	0.4	8.2	5.9	3.0	-4.7	-52.4
June (p)	0.8	3.8	-7.7	12.0	0.0	-20.5	-12.5	2.8	1.1	7.2	4.9	3.3	-5.4	-56.5

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]

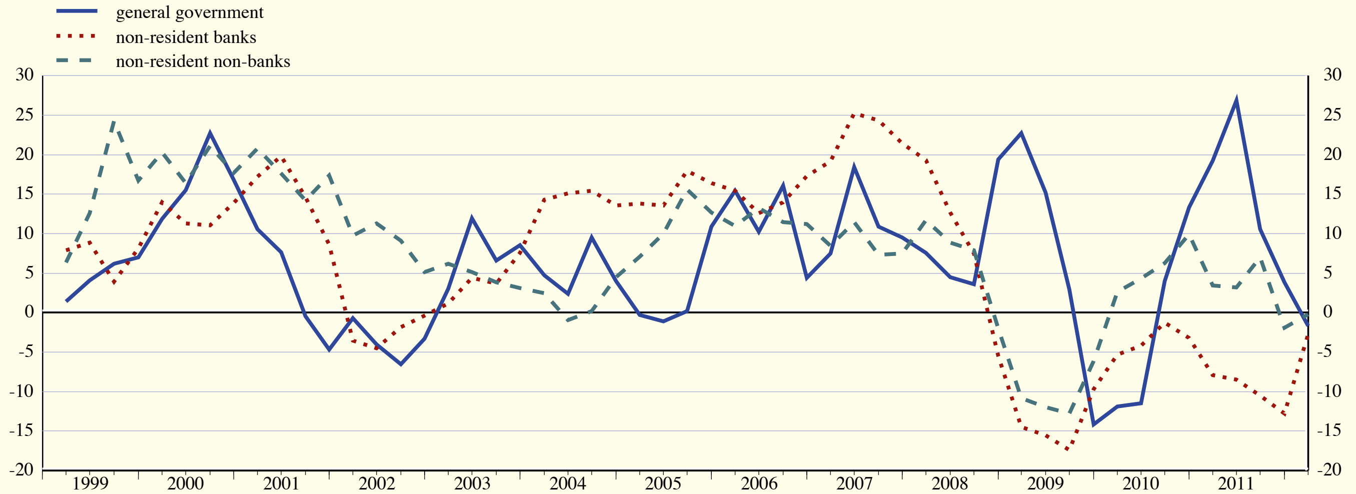
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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 Q2	520.6	266.4	55.0	111.7	87.5	3,272.2	2,287.4	984.8	47.7	937.1
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 (p)	466.7	192.5	65.0	113.4	95.9	3,311.7	2,328.6	981.4	54.8	926.6
	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 Q2	45.7	30.9	2.7	3.9	8.2	-20.1	-41.9	21.8	6.4	15.4
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 (p)	25.4	-2.9	16.5	1.3	10.9	190.3	176.9	11.7	11.1	0.6
	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 Q2	26.9	61.3	1.2	-2.6	14.0	-5.2	-8.5	3.2	5.0	3.1
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 (p)	-1.7	-18.3	23.5	5.7	21.2	-1.9	-2.8	-0.2	30.0	-1.6

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

(annual growth rates)



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

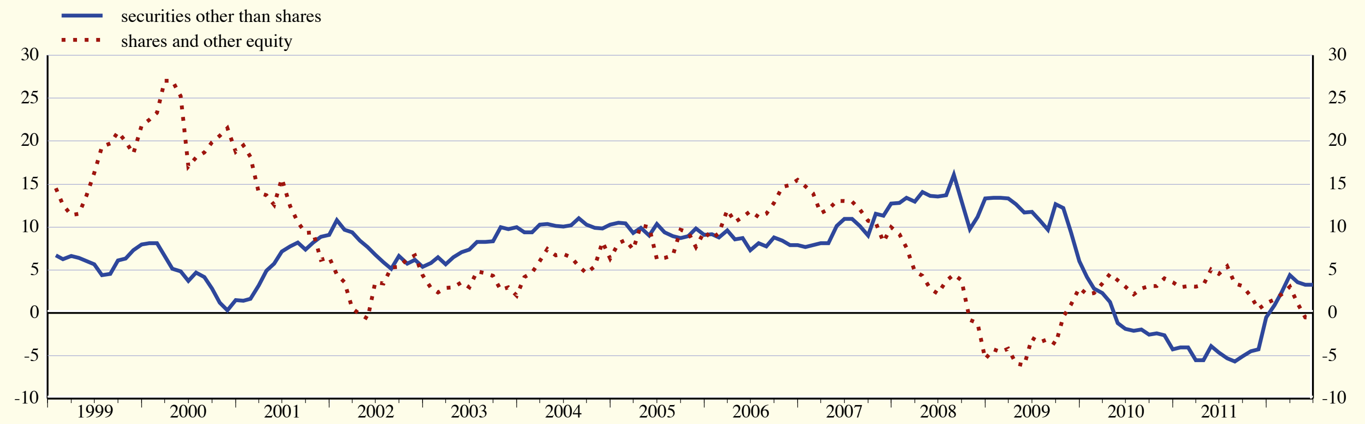
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
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	5,919.5	1,821.1	98.0	1,496.2	32.1	1,492.2	24.9	955.1	1,526.6	489.4	742.2	295.0
Q2 (p)	5,826.9	1,769.2	98.4	1,553.5	33.9	1,427.7	25.5	918.7	1,489.9	485.9	717.9	286.1
2012 Mar.	5,919.5	1,821.1	98.0	1,496.2	32.1	1,492.2	24.9	955.1	1,526.6	489.4	742.2	295.0
Apr.	5,871.5	1,798.9	98.6	1,494.2	33.0	1,486.8	23.9	936.0	1,535.0	488.8	753.3	292.8
May	5,898.4	1,785.3	102.0	1,512.1	34.7	1,485.3	24.8	954.2	1,516.2	487.6	737.4	291.1
June (p)	5,826.9	1,769.2	98.4	1,553.5	33.9	1,427.7	25.5	918.7	1,489.9	485.9	717.9	286.1
	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	16.7	60.2	-31.8	-11.7
2012 Q1	253.3	60.0	13.0	135.4	10.7	5.5	-1.8	30.5	30.8	11.7	19.3	-0.2
Q2 (p)	-96.3	-49.0	-3.9	44.6	-0.2	-42.5	-0.5	-44.8	-18.5	0.7	-12.0	-7.2
2012 Mar.	47.8	0.9	6.4	39.5	1.5	-12.9	1.2	11.4	18.3	2.2	12.6	3.4
Apr.	-54.5	-23.6	-0.9	1.9	0.5	-4.2	-1.4	-26.8	20.4	0.8	20.6	-1.0
May	12.3	-11.9	-0.4	28.4	-0.4	-0.4	-0.2	-2.8	-8.7	1.6	-9.7	-0.6
June (p)	-54.1	-13.5	-2.6	14.3	-0.3	-37.9	1.1	-15.2	-30.3	-1.8	-22.8	-5.7
	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	13.8	-4.2	-3.8
2012 Q1	4.4	7.6	22.9	8.8	56.4	1.1	-14.3	-4.3	3.1	16.3	-2.5	-1.8
Q2 (p)	3.3	6.9	11.8	8.5	47.8	-0.5	-4.6	-6.3	-0.6	7.5	-3.4	-6.1
2012 Mar.	4.4	7.6	22.9	8.8	56.4	1.1	-14.3	-4.3	3.1	16.3	-2.5	-1.8
Apr.	3.6	7.3	16.8	8.3	61.6	0.4	-9.3	-6.6	1.1	16.0	-4.9	-4.3
May	3.3	6.3	5.5	9.8	60.7	0.5	-10.1	-7.5	-0.5	8.9	-3.8	-6.1
June (p)	3.3	6.9	11.8	8.5	47.8	-0.5	-4.6	-6.3	-0.6	7.5	-3.4	-6.1

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	USD	JPY	CHF	GBP			Total	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
2011 Q4	6,160.7	-	-	-	-	-	-	12,321.1	96.2	3.8	1.9	0.3	1.1	0.4
2012 Q1 (p)	6,330.9	-	-	-	-	-	-	12,298.7	96.3	3.7	1.8	0.2	1.1	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
2011 Q4	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 (p)	1,996.0	47.9	52.1	32.9	2.5	2.6	8.5	1,007.8	39.1	60.9	41.0	2.4	3.1	7.6
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
2011 Q4	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 (p)	1,919.1	94.9	5.1	2.6	0.1	0.3	1.8	3,045.3	98.1	1.9	1.1	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
2011 Q4	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 (p)	489.5	55.5	44.5	19.8	0.3	0.3	20.2	465.1	33.5	66.5	36.2	4.5	0.9	13.6
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
2011 Q4	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 (p)	6,470.7	93.4	6.6	3.9	0.2	1.2	0.6	10,997.8	97.1	2.9	1.9	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
2011 Q4	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 (p)	2,328.6	60.4	39.6	25.4	1.8	1.6	6.9	981.4	55.4	44.6	29.8	2.0	1.3	5.2

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
2011 Q4	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012 Q1 (p)	5,295.7	82.5	17.5	9.3	1.5	2.0	2.4

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

2.8 Aggregated balance sheet of euro area investment funds [1]

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2011 Nov.	6,082.1	418.5	2,345.8	1,703.7	826.9	235.1	552.1
Dec.	6,212.1	416.0	2,504.1	1,732.4	838.3	236.0	485.3
2012 Jan.	6,485.5	436.9	2,581.5	1,824.1	864.8	239.5	538.6
Feb.	6,645.7	446.0	2,635.7	1,883.1	884.1	240.8	555.9
Mar.	6,678.5	443.0	2,673.0	1,886.8	888.6	241.5	545.6
Apr.	6,677.5	446.9	2,692.1	1,857.0	886.2	241.4	553.9
May (p)	6,673.9	478.5	2,729.5	1,770.0	879.4	241.3	575.2
	Transactions						
2011 Q3	-5.2	29.0	-21.2	-41.9	-16.1	2.8	42.3
Q4	-184.5	-34.0	-2.9	-26.4	-11.2	2.0	-112.0
2012 Q1	146.7	15.6	71.2	3.3	10.7	4.9	40.8

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 Nov.	6,082.1	128.9	5,447.1	4,162.3	597.5	1,284.9	506.0
Dec.	6,212.1	117.7	5,663.4	4,263.3	613.5	1,400.1	431.0
2012 Jan.	6,485.5	124.5	5,880.8	4,420.5	649.9	1,460.3	480.2
Feb.	6,645.7	134.2	6,018.6	4,530.1	676.0	1,488.5	492.9
Mar.	6,678.5	127.4	6,065.5	4,555.6	684.4	1,509.9	485.6
Apr.	6,677.5	132.1	6,055.4	4,533.3	678.2	1,522.1	490.0
May (p)	6,673.9	139.3	6,015.4	4,467.9	666.2	1,547.5	519.2
	Transactions						
2011 Q3	-5.2	6.5	-44.5	-55.6	-31.3	11.1	32.8
Q4	-184.5	-13.6	-39.6	-57.6	-2.9	18.8	-131.3
2012 Q1	146.7	9.1	91.7	64.8	30.8	26.9	45.9

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 Oct.	5,531.3	1,789.0	1,504.0	1,406.0	293.2	115.6	423.5	5,449.3	82.0	1,051.6
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.	5,880.8	2,016.4	1,583.8	1,458.0	302.8	129.7	390.2	5,792.8	88.0	949.8
Feb.	6,018.6	2,053.9	1,638.6	1,490.4	305.4	130.3	400.1	5,933.5	85.1	935.4
Mar.	6,065.5	2,086.5	1,641.4	1,498.0	308.6	132.4	398.7	5,980.4	85.1	956.8
Apr.	6,055.4	2,106.9	1,614.0	1,495.6	308.1	133.9	397.0	5,969.7	85.8	972.4
May (p)	6,015.4	2,156.2	1,538.9	1,480.0	309.2	136.4	394.8	5,929.1	86.3	999.9
	Transactions									
2011 Nov.	-21.7	-8.7	-8.5	-5.8	-0.1	0.1	1.3	-22.4	0.6	19.1
Dec.	0.9	10.6	-6.6	-3.1	3.3	-0.3	-3.0	-1.9	2.8	0.7
2012 Jan.	21.1	15.6	3.3	-1.2	3.8	0.9	-1.3	16.6	4.6	6.1
Feb.	33.4	13.3	1.9	11.9	1.3	0.2	4.8	35.7	-2.3	2.8
Mar.	37.2	28.2	4.7	4.8	1.8	-1.1	-1.2	36.5	0.7	18.5
Apr.	0.7	11.0	-12.9	2.5	-0.7	0.3	0.5	0.2	0.5	9.3
May (p)	11.1	22.5	-6.2	-4.5	-0.5	-1.1	1.0	11.3	-0.2	11.9

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 Q2	2,387.6	1,430.3	386.4	671.6	196.3	5.8	170.1	957.3	252.3	358.6	17.8
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 (p)	2,673.0	1,502.4	425.1	678.3	208.7	5.7	184.6	1,170.6	313.2	453.1	15.5
	Transactions										
2011 Q3	-21.2	-16.7	-6.0	1.5	-7.6	-0.4	-4.3	-4.5	5.9	-4.1	5.3
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 (p)	71.2	12.7	10.3	-21.9	14.7	0.5	9.0	58.5	20.3	15.5	-4.3

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q2	1,958.5	774.3	84.5	-	41.1	26.1	622.6	1,184.2	166.4	362.8	77.0
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 (p)	1,886.8	688.9	56.4	-	41.6	24.1	566.7	1,197.9	162.6	389.7	75.4
	Transactions										
2011 Q3	-41.9	-8.9	-4.9	-	-0.7	0.2	-3.4	-33.1	-5.1	-11.8	-3.2
Q4	-26.4	-9.5	-1.7	-	-2.4	0.4	-5.9	-16.9	-0.9	-7.4	0.9
2012 Q1 (p)	3.3	-4.4	4.0	-	0.7	-1.2	-8.0	7.6	-2.4	-0.4	-1.6

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 Q2	886.8	752.0	79.3	-	672.7	-	-	134.8	22.1	42.8	0.5
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 (p)	888.6	753.4	69.0	-	684.4	-	-	135.2	25.2	41.2	0.6
	Transactions										
2011 Q3	-16.1	-15.3	16.0	-	-31.3	-	-	-0.8	-0.5	-0.4	0.0
Q4	-11.2	-2.6	0.4	-	-2.9	-	-	-8.6	-0.8	-9.1	0.0
2012 Q1 (p)	10.7	11.4	-19.4	-	30.8	-	-	-0.6	2.2	-0.6	-0.1

Source: ECB.

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

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

2.10 Aggregated balance sheet of euro area financial vehicle corporations
(EUR billions; outstanding amounts at end of period; transactions during period)

1. Assets

	Total	Deposits and loan claims	Securitised loans							Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area					Originated outside euro area				
				MFIs	Remaining on the MFI balance sheet [1]	Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government					
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2011 Q1	2,255.4	351.2	1,484.8	1,184.8	595.3	142.5	21.8	5.9	129.9	241.6	89.0	36.3	52.4
Q2	2,217.9	340.0	1,462.9	1,166.7	585.5	144.7	20.4	5.2	126.0	232.6	88.6	35.7	58.2
Q3	2,201.7	321.4	1,465.9	1,178.9	590.5	142.8	20.5	5.1	118.5	232.3	86.9	37.8	57.5
Q4	2,273.2	324.8	1,533.7	1,244.2	583.1	147.8	20.8	4.8	116.1	229.0	90.0	36.8	58.9
2012 Q1	2,226.8	318.4	1,503.7	1,209.6	553.7	143.2	20.5	4.8	125.7	217.3	86.2	35.6	65.6
	Transactions												
2011 Q1	-96.5	-25.0	-39.3	-44.3	-	5.3	-0.3	-0.1	0.2	-9.9	-2.4	-5.1	-14.8
Q2	-43.0	-11.1	-25.0	-21.4	-	2.0	-0.7	-0.3	-4.4	-7.9	0.0	0.0	1.1
Q3	-26.1	-18.5	1.9	11.4	-	-2.1	-0.1	0.0	-7.3	-2.2	-2.1	-1.1	-4.2
Q4	69.9	3.4	65.9	64.1	-	4.2	0.3	-0.4	-2.4	-2.9	2.3	-1.0	2.2
2012 Q1	-54.0	-6.1	-28.3	-19.5	-	-4.5	-0.3	0.0	-4.0	-13.2	-2.8	-0.9	-2.7

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 Q1	2,255.4	135.1	1,884.4	70.0	1,814.4	36.3	199.6
Q2	2,217.9	135.9	1,841.7	66.4	1,775.3	35.2	205.2
Q3	2,201.7	134.1	1,823.0	63.8	1,759.2	34.7	210.0
Q4	2,273.2	150.8	1,883.7	66.7	1,817.0	33.9	204.7
2012 Q1	2,226.8	152.6	1,824.7	59.8	1,764.9	32.7	216.7
	Transactions						
2011 Q1	-96.5	-1.1	-82.7	-6.6	-76.1	-6.0	-6.7
Q2	-43.0	1.4	-47.0	-7.5	-39.5	-0.8	3.3
Q3	-26.1	-2.2	-24.3	-3.0	-21.3	-1.7	2.1
Q4	69.9	16.5	62.0	2.9	59.1	-1.0	-7.6
2012 Q1	-54.0	1.1	-56.4	-7.9	-48.5	-0.9	2.2

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 Q1	1,184.8	803.6	261.3	17.9	0.2	7.2	34.0	241.6	124.3	42.3	82.0	36.5	117.4
Q2	1,166.7	788.6	253.1	19.3	0.4	9.8	35.5	232.6	124.2	41.0	83.2	35.4	108.4
Q3	1,178.9	795.4	254.2	18.7	0.4	9.6	32.9	232.3	122.2	42.1	80.1	33.8	110.1
Q4	1,244.2	828.0	262.5	17.9	0.2	6.6	33.6	229.0	120.1	40.7	79.4	33.4	108.9
2012 Q1	1,209.6	818.9	239.6	17.8	0.2	6.4	29.9	217.3	115.3	40.3	75.0	30.5	102.1
	Transactions												
2011 Q1	-44.3	-52.2	3.2	-0.4	0.0	0.0	-1.6	-9.9	-5.7	-3.1	-2.7	-0.1	-4.2
Q2	-21.4	-20.8	0.2	0.8	0.2	2.6	-3.8	-7.9	0.4	-0.4	0.7	-0.7	-8.3
Q3	11.4	6.2	-0.4	-0.7	0.0	-0.2	-1.2	-2.2	-3.1	-0.2	-2.9	-1.2	1.0
Q4	64.1	32.0	8.1	-0.7	-0.1	-3.0	0.3	-2.9	-1.6	-1.5	0.0	-0.2	-1.4
2012 Q1	-19.5	-13.1	-7.8	0.0	0.0	-0.2	0.0	-13.2	-5.5	-0.8	-4.8	-2.8	-7.7

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.

4 FINANCIAL MARKETS

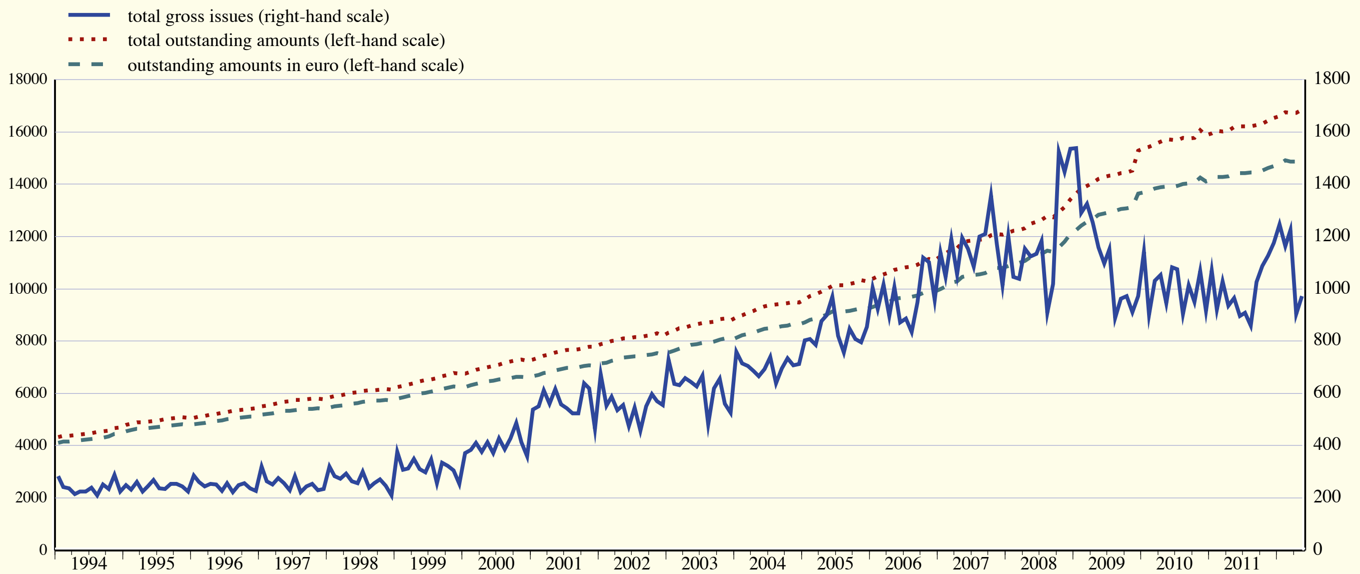
4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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 May	16,585.5	922.6	101.7	14,406.9	866.0	91.0	16,187.2	963.8	118.2	3.6	41.8	1.8
June	16,616.6	852.3	31.1	14,429.3	800.4	22.4	16,203.1	897.3	23.0	3.8	49.1	3.2
July	16,586.8	852.6	-30.3	14,419.6	825.3	-10.4	16,216.7	907.2	-11.1	3.6	14.3	2.4
Aug.	16,618.5	808.3	31.9	14,452.2	773.9	32.8	16,225.9	859.8	20.5	3.2	49.3	2.4
Sep.	16,650.0	1,002.0	31.8	14,457.4	926.1	5.7	16,270.7	1,026.6	7.5	3.3	59.8	3.0
Oct.	16,700.7	1,034.6	51.5	14,535.7	993.0	79.0	16,314.2	1,086.6	69.5	3.3	59.3	3.4
Nov.	16,786.5	1,063.4	85.2	14,628.8	1,016.3	92.2	16,443.9	1,127.4	100.5	2.5	11.7	3.0
Dec.	16,847.6	1,127.2	61.0	14,688.6	1,084.8	59.8	16,530.9	1,176.0	58.7	4.0	184.6	4.7
2012 Jan.	16,944.6	1,190.2	97.1	14,777.4	1,117.0	89.0	16,603.0	1,246.1	81.4	3.9	67.3	5.4
Feb.	17,127.0	1,118.7	173.0	14,920.4	1,045.8	143.5	16,745.7	1,163.3	161.2	4.2	106.6	6.1
Mar.	17,141.6	1,199.2	109.3	14,869.7	1,090.3	43.5	16,736.4	1,224.8	80.5	4.7	90.2	6.5
Apr.	.	.	.	14,854.8	799.4	-5.0	16,740.9	902.6	1.3	4.4	-24.0	5.4
May	.	.	.	14,895.5	860.5	42.3	16,840.2	973.3	56.2	4.0	-24.4	4.9
	Long-term											
2011 May	15,158.8	275.9	75.0	13,058.8	243.5	66.6	14,611.3	266.5	80.2	4.5	14.9	3.4
June	15,210.7	259.5	51.4	13,108.8	228.2	49.4	14,658.9	257.1	52.5	4.6	42.7	3.7
July	15,192.6	203.3	-20.4	13,097.8	192.1	-13.3	14,670.4	213.8	-12.8	4.4	25.9	2.7
Aug.	15,188.8	123.1	-3.7	13,098.3	113.5	0.5	14,651.8	123.5	-8.1	4.0	29.9	2.5
Sep.	15,179.3	229.2	-8.9	13,084.9	189.8	-12.7	14,679.2	213.9	-5.3	4.0	41.4	2.8
Oct.	15,252.6	278.3	75.3	13,164.3	251.0	81.3	14,725.1	268.0	69.7	4.0	73.8	3.2
Nov.	15,323.4	211.0	70.5	13,246.1	191.8	81.2	14,842.3	212.5	91.6	3.3	8.9	3.1
Dec.	15,374.3	238.0	49.8	13,310.9	228.8	63.8	14,933.9	246.4	66.0	4.0	136.0	4.4
2012 Jan.	15,459.0	347.7	85.1	13,372.5	301.8	62.0	14,976.8	330.8	50.8	3.9	77.4	5.1
Feb.	15,626.4	350.7	157.0	13,508.3	308.3	135.4	15,107.2	338.9	146.1	4.2	95.3	6.0
Mar.	15,627.7	352.4	96.6	13,466.1	278.8	52.5	15,090.7	329.2	76.1	4.7	79.7	6.5
Apr.	.	.	.	13,448.7	175.0	-7.4	15,096.1	206.4	5.2	4.2	-14.7	5.2
May	.	.	.	13,501.5	207.1	52.7	15,206.9	242.9	71.6	4.1	4.1	5.2

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	15,872	5,246	3,288	853	5,932	554	1,007	625	80	69	205	29
2011	16,531	5,528	3,292	871	6,216	624	1,000	609	98	62	191	39
2011 Q2	16,203	5,362	3,243	835	6,167	597	932	551	86	60	192	43
Q3	16,271	5,424	3,223	857	6,160	607	931	580	79	60	180	33
Q4	16,531	5,528	3,292	871	6,216	624	1,130	714	137	70	172	36
2012 Q1	16,736	5,630	3,325	903	6,208	671	1,211	764	105	70	223	49
2012 Feb.	16,746	5,602	3,287	889	6,314	654	1,163	742	82	68	218	53
Mar.	16,736	5,630	3,325	903	6,208	671	1,225	787	117	76	203	41
Apr.	16,741	5,608	3,358	920	6,190	665	903	557	58	73	190	24
May	16,840	5,600	3,381	938	6,253	669	973	585	99	70	187	33
	Short-term											
2010	1,540	572	120	70	724	54	759	534	34	57	115	19
2011	1,597	701	106	79	634	77	748	511	48	53	107	29
2011 Q2	1,544	581	121	75	702	65	654	440	31	51	102	32
Q3	1,592	612	110	86	712	72	747	512	42	53	114	26
Q4	1,597	701	106	79	634	77	888	629	76	60	94	28
2012 Q1	1,646	710	122	83	641	91	878	609	61	54	125	29
2012 Feb.	1,639	714	114	84	644	83	824	571	52	53	122	27
Mar.	1,646	710	122	83	641	91	896	633	66	57	114	26
Apr.	1,645	709	126	95	633	83	696	483	33	62	103	15
May	1,633	691	128	103	629	82	730	512	27	63	104	25
	Long-term [2]											
2010	14,332	4,674	3,168	784	5,207	499	248	91	46	12	90	9
2011	14,934	4,826	3,185	792	5,583	547	252	98	51	9	84	10
2011 Q2	14,659	4,780	3,122	760	5,465	532	277	111	55	9	90	12
Q3	14,679	4,812	3,113	771	5,448	535	184	67	36	7	66	7
Q4	14,934	4,826	3,185	792	5,583	547	242	85	61	10	78	8
2012 Q1	15,091	4,921	3,202	820	5,567	580	333	155	44	16	98	20
2012 Feb.	15,107	4,888	3,173	805	5,671	571	339	171	30	15	97	27
Mar.	15,091	4,921	3,202	820	5,567	580	329	154	52	19	89	15
Apr.	15,096	4,899	3,232	825	5,557	582	206	75	26	10	87	8
May	15,207	4,908	3,253	835	5,624	586	243	73	73	8	83	7
	of which: Long-term fixed rate											
2010	9,478	2,633	1,099	672	4,697	377	156	50	13	10	77	6
2011	10,028	2,777	1,151	698	4,994	408	151	54	12	8	70	7
2011 Q2	9,863	2,743	1,140	667	4,912	401	173	62	20	8	74	8
Q3	9,888	2,773	1,149	679	4,887	400	112	35	8	6	58	5
Q4	10,028	2,777	1,151	698	4,994	408	123	41	7	9	61	5
2012 Q1	10,240	2,890	1,200	725	5,003	421	228	103	17	14	83	11
2012 Feb.	10,214	2,845	1,165	711	5,076	417	243	107	18	14	88	16
Mar.	10,240	2,890	1,200	725	5,003	421	223	106	17	17	75	7
Apr.	10,254	2,884	1,208	731	5,008	423	134	37	9	9	73	6
May	10,382	2,892	1,248	741	5,075	425	160	43	36	7	71	3
	of which: Long-term variable rate											
2010	4,383	1,761	1,964	106	432	121	78	34	29	1	10	4
2011	4,403	1,780	1,881	90	513	139	84	37	32	1	11	3
2011 Q2	4,295	1,764	1,836	89	477	129	84	42	23	1	13	4
Q3	4,285	1,766	1,806	88	491	134	56	26	21	0	5	3
Q4	4,403	1,780	1,881	90	513	139	106	36	51	1	15	3
2012 Q1	4,340	1,763	1,842	92	486	157	89	45	23	1	10	8
2012 Feb.	4,385	1,774	1,850	91	520	151	82	56	11	1	5	10
Mar.	4,340	1,763	1,842	92	486	157	92	42	30	2	11	7
Apr.	4,340	1,749	1,863	91	479	158	59	31	14	1	11	3
May	4,362	1,747	1,889	91	477	159	68	22	33	1	8	4

Source: ECB.
1) Monthly data on gross issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.
2) The residual difference between total long-term debt securities and fixed and variable rate long-term debt securities consists of zero coupon bonds and revaluation effects.

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

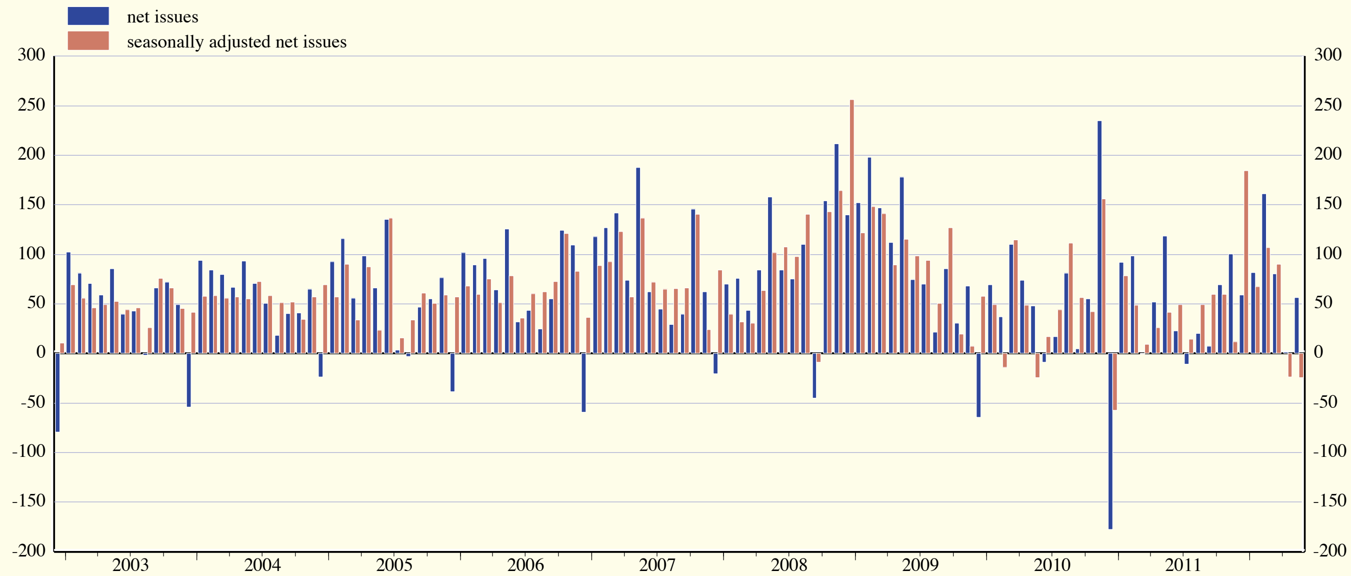
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010	45.4	-1.2	4.7	5.0	31.6	5.3	45.3	-1.4	4.8	5.0	31.8	5.1
2011	52.4	22.7	-3.1	3.7	23.4	5.6	52.6	23.1	-2.8	3.8	23.1	5.3
2011 Q2	64.3	5.4	-2.4	2.7	47.5	11.0	38.9	1.0	-7.6	-0.2	34.2	11.5
Q3	5.6	12.8	-10.0	4.5	-3.8	2.0	41.1	20.4	5.2	6.3	5.6	3.7
Q4	76.2	29.7	20.8	3.3	17.6	4.9	85.2	47.1	-4.8	6.5	36.1	0.3
2012 Q1	107.7	38.1	12.4	11.7	29.6	15.9	88.0	17.0	28.1	9.8	14.8	18.4
2012 Feb.	161.2	73.0	11.0	10.5	45.0	21.8	106.6	39.8	19.9	8.3	16.3	22.3
Mar.	80.5	24.5	37.3	13.7	-11.6	16.5	90.2	18.3	55.9	14.0	-11.3	13.3
Apr.	1.3	-29.6	30.5	14.7	-8.2	-6.2	-24.0	-37.8	27.7	9.0	-15.8	-7.2
May	56.2	-30.7	15.9	12.0	59.3	-0.3	-24.4	-60.3	-1.4	5.2	33.0	-1.0
	Long-term											
2010	54.0	1.9	2.0	5.3	41.3	3.5	54.3	2.0	2.2	5.3	41.4	3.5
2011	48.0	12.1	-1.8	2.8	31.0	3.9	48.5	12.2	-1.5	2.8	31.1	3.9
2011 Q2	67.1	17.1	-5.7	2.4	46.7	6.5	35.6	6.0	-10.0	-0.6	35.1	5.0
Q3	-8.7	3.1	-6.4	0.9	-6.9	0.6	32.4	10.9	7.4	2.2	9.1	2.7
Q4	75.8	0.8	22.1	5.5	43.8	3.6	72.9	14.9	-1.3	7.1	48.9	3.2
2012 Q1	91.0	35.1	7.1	10.4	27.3	11.1	84.1	24.3	21.1	10.5	17.4	10.8
2012 Feb.	146.1	64.4	5.5	8.8	49.7	17.6	95.3	39.3	9.2	7.7	20.3	18.9
Mar.	76.1	31.7	28.8	14.9	-8.4	9.1	79.7	27.9	46.0	14.7	-14.1	5.2
Apr.	5.2	-26.2	26.9	3.0	-0.4	1.9	-14.7	-37.2	26.9	-0.1	-3.6	-0.7
May	71.6	-11.2	13.8	4.0	63.1	1.8	4.1	-33.8	0.3	-0.9	37.2	1.4

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

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



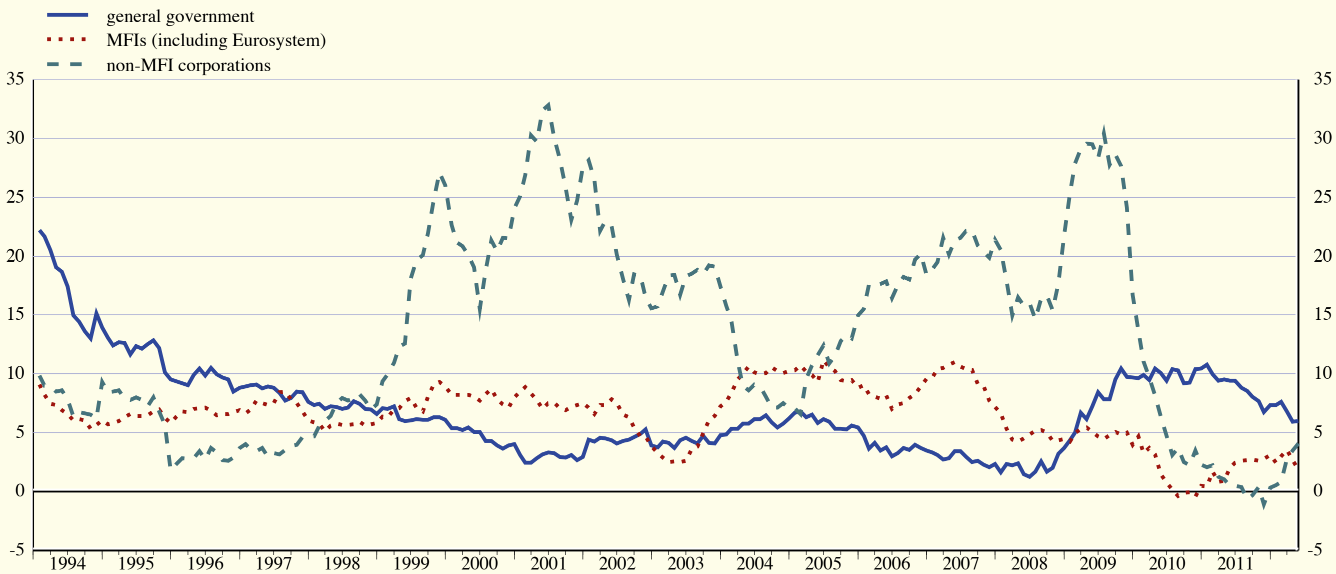
Source: ECB.

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

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

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2011 May	3.6	1.7	0.2	4.3	6.1	17.4	1.8	3.0	-4.2	3.7	2.7	15.9
June	3.8	1.8	0.4	4.2	6.5	16.1	3.2	2.9	-2.1	1.8	5.2	20.1
July	3.6	1.9	0.3	4.9	6.2	13.3	2.4	1.2	-3.0	2.9	5.1	15.9
Aug.	3.2	2.0	-1.3	5.2	5.6	15.3	2.4	1.3	-3.9	4.4	4.9	22.0
Sep.	3.3	2.4	-0.7	4.8	5.1	14.2	3.0	2.4	-0.4	4.4	4.0	16.8
Oct.	3.3	2.9	-0.3	4.7	4.7	12.9	3.4	3.0	0.3	7.1	4.2	12.9
Nov.	2.5	3.2	-2.2	5.1	3.0	13.6	3.0	3.4	-0.4	6.6	3.4	11.0
Dec.	4.0	5.2	-1.1	5.4	4.7	12.1	4.7	7.7	0.1	9.4	4.1	4.0
2012 Jan.	3.9	4.4	-1.1	6.2	4.8	15.4	5.4	7.6	0.8	9.7	4.5	14.9
Feb.	4.2	4.5	-0.5	6.9	4.8	19.8	6.1	7.8	3.0	9.5	4.7	17.7
Mar.	4.7	4.8	1.9	8.0	4.5	17.9	6.5	7.2	4.3	11.7	5.0	19.1
Apr.	4.4	4.2	2.8	9.5	3.7	15.7	5.4	5.4	5.3	11.8	3.3	18.7
May	4.0	2.9	3.5	9.1	3.8	12.6	4.9	2.3	7.4	11.6	4.1	14.3
						Long-term						
2011 May	4.5	2.0	-0.6	5.2	9.1	12.1	3.4	3.6	-4.9	3.1	7.9	11.1
June	4.6	2.4	-0.4	4.4	9.4	9.4	3.7	3.0	-2.3	1.5	7.8	12.0
July	4.4	2.6	-0.6	4.8	8.7	9.8	2.7	1.4	-3.0	2.1	6.6	12.2
Aug.	4.0	2.7	-1.9	4.4	8.4	10.3	2.5	1.2	-3.9	2.9	6.8	12.1
Sep.	4.0	2.7	-1.2	3.4	7.9	9.4	2.8	2.2	-0.5	1.2	5.0	9.3
Oct.	4.0	2.6	-0.4	3.5	7.6	8.7	3.2	1.8	0.9	3.0	5.3	8.5
Nov.	3.3	2.8	-2.3	4.0	6.4	10.0	3.1	1.9	0.2	4.9	4.9	9.1
Dec.	4.0	3.1	-0.7	4.4	7.2	9.4	4.4	3.3	1.2	7.5	6.5	6.9
2012 Jan.	3.9	2.5	-0.7	5.7	7.0	11.1	5.1	3.5	1.7	9.5	7.3	10.1
Feb.	4.2	3.0	-0.5	6.5	7.0	13.5	6.0	4.7	3.1	10.2	7.3	15.2
Mar.	4.7	3.5	1.6	7.6	6.2	12.7	6.5	5.0	3.8	14.2	7.4	16.3
Apr.	4.2	2.7	2.6	7.2	5.4	11.7	5.2	3.5	4.2	11.4	5.5	15.0
May	4.1	1.9	3.3	7.1	5.5	10.6	5.2	1.8	6.5	9.3	6.1	12.1

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



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

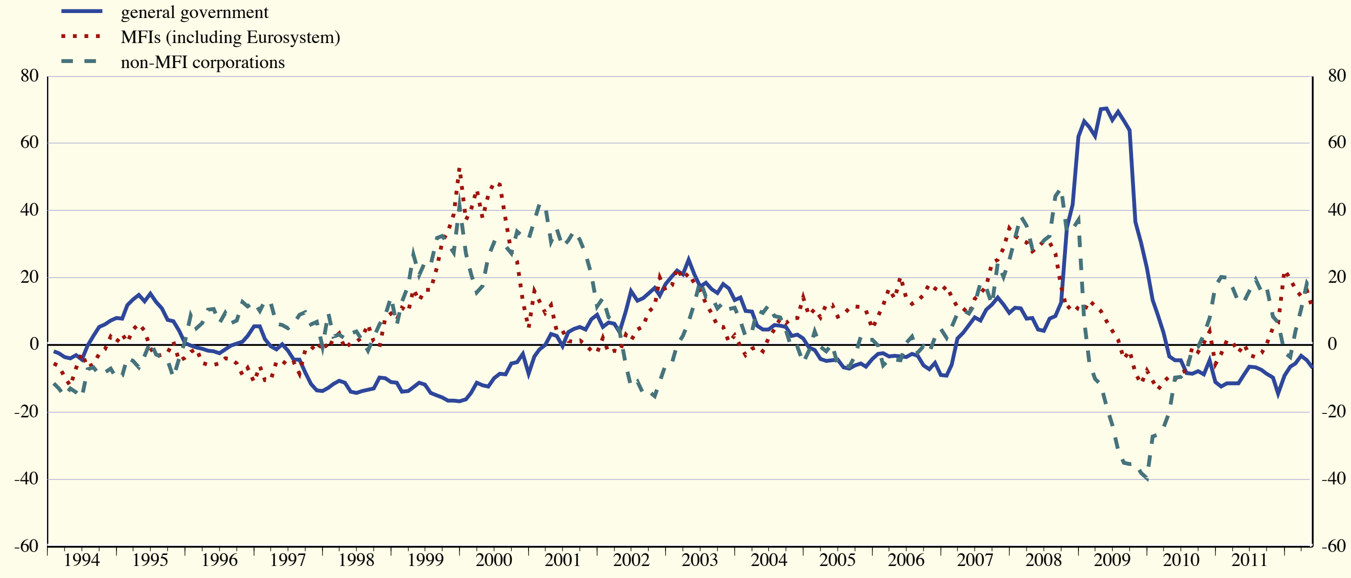
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate						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	0.7	-2.0	6.4	27.6
2011	6.4	5.0	3.4	6.3	7.8	7.7	-0.7	-1.4	-5.4	-2.0	22.3	16.1
2011 Q2	6.5	4.6	3.7	6.4	8.2	8.0	-0.5	-2.0	-4.7	-1.6	23.5	18.4
Q3	6.6	6.3	4.2	5.2	7.4	8.9	-1.5	-1.3	-7.8	-2.4	25.7	13.0
Q4	5.6	5.7	2.6	4.5	6.1	8.1	-1.1	-0.5	-7.0	-2.6	21.0	13.9
2012 Q1	5.8	5.7	2.1	6.6	6.4	9.0	-0.1	0.2	-5.3	-0.7	15.3	21.5
2011 Dec.	5.5	5.7	0.9	5.0	6.3	8.0	0.2	0.4	-4.8	-1.0	18.7	14.3
2012 Jan.	5.7	5.3	2.0	6.5	6.4	8.7	-0.6	-0.5	-5.6	-0.9	15.6	19.3
Feb.	6.1	5.7	2.9	6.9	6.7	10.1	-0.2	0.4	-5.9	-0.2	15.3	24.4
Mar.	5.9	6.5	2.1	8.0	5.9	8.3	0.6	0.9	-3.8	-0.9	11.4	26.9
Apr.	5.5	5.7	2.1	7.8	5.6	7.3	-0.2	-0.4	-3.3	-0.3	6.4	25.9
May	5.2	4.9	2.0	7.5	5.7	5.7	1.0	-1.5	0.0	-0.6	7.6	26.0
	In euro											
2010	9.1	5.6	7.4	20.1	10.0	8.3	-0.4	-3.3	0.4	-2.5	5.9	26.2
2011	6.5	4.3	3.6	6.6	8.1	7.2	-0.2	0.0	-6.0	-2.9	22.2	15.3
2011 Q2	6.6	3.8	4.0	6.5	8.5	7.3	0.3	-0.6	-4.8	-2.8	23.5	18.1
Q3	6.7	5.5	4.4	6.0	7.6	8.6	-1.2	-0.2	-8.6	-3.7	25.6	11.1
Q4	5.8	5.5	2.6	4.7	6.4	8.6	-0.7	1.0	-7.8	-3.7	20.8	12.3
2012 Q1	6.2	6.0	2.6	6.5	6.6	9.8	0.4	2.1	-5.9	-2.0	15.0	20.2
2011 Dec.	5.7	5.7	0.8	5.1	6.5	8.6	0.5	1.8	-5.8	-2.1	18.4	13.1
2012 Jan.	6.1	5.5	2.6	6.2	6.6	10.0	0.2	1.5	-5.9	-2.2	15.3	18.2
Feb.	6.5	6.1	3.5	6.6	6.8	10.7	0.5	2.5	-6.3	-1.6	15.1	22.6
Mar.	6.2	7.0	2.4	8.4	6.1	9.1	0.8	2.8	-5.3	-2.2	11.3	26.1
Apr.	5.7	6.0	2.0	8.2	5.8	7.0	-0.1	1.8	-5.1	-1.9	6.2	25.4
May	5.4	5.5	1.2	8.1	5.7	5.3	1.2	1.0	-1.9	-1.9	7.4	24.8

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

(annual percentage changes)



Source: ECB.

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

4.4 Quoted shares issued by euro area residents [1]

(EUR billions, unless otherwise indicated; market values)

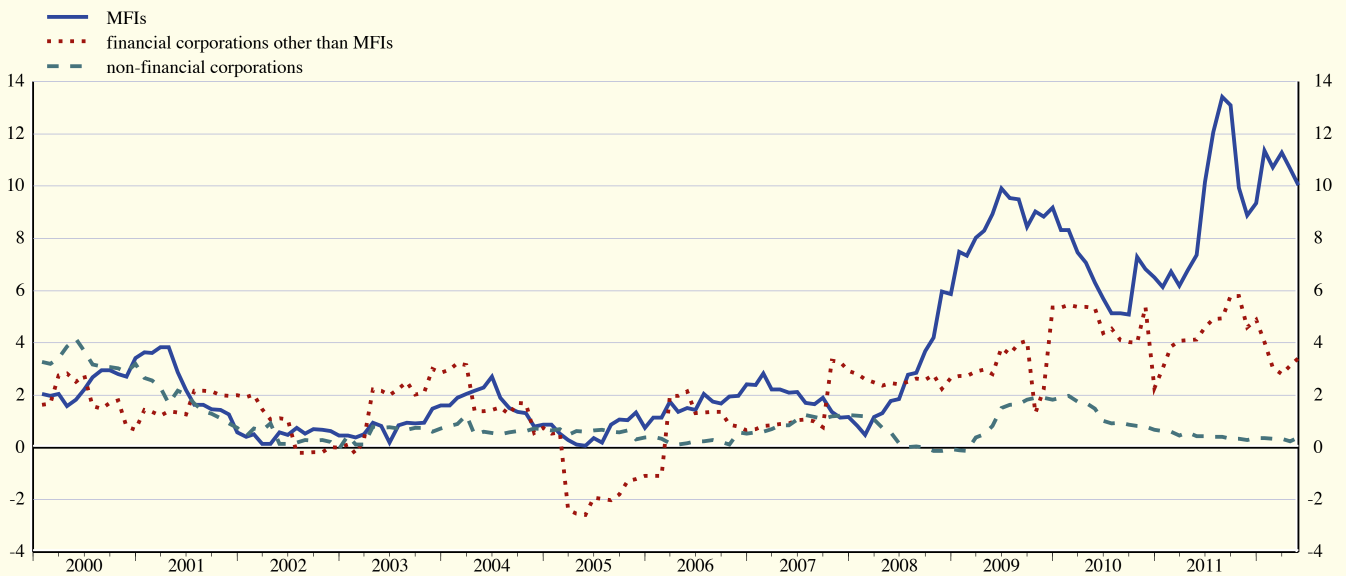
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2010 May	4,093.4	103.5	2.4	445.9	6.3	322.7	5.3	3,324.8	1.5
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.	4,121.2	103.7	1.7	479.3	5.1	314.4	4.1	3,327.5	0.9
Sep.	4,345.2	103.8	1.6	487.0	5.1	326.6	4.0	3,531.6	0.9
Oct.	4,531.0	104.2	1.8	514.4	7.3	333.6	4.0	3,683.0	0.8
Nov.	4,413.3	104.4	1.8	437.8	6.8	316.6	5.4	3,658.9	0.8
Dec.	4,596.2	104.4	1.4	458.4	6.5	334.0	2.3	3,803.8	0.7
2011 Jan.	4,759.8	104.5	1.4	514.3	6.1	365.8	3.0	3,879.7	0.6
Feb.	4,845.8	104.7	1.5	535.0	6.7	379.0	3.9	3,931.9	0.6
Mar.	4,767.3	104.8	1.4	491.7	6.2	363.3	4.1	3,912.4	0.5
Apr.	4,891.8	105.0	1.5	497.5	6.8	371.5	4.1	4,022.7	0.6
May	4,761.5	105.0	1.4	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	3,864.2	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	3,378.6	0.3
Nov.	3,876.5	106.0	1.5	330.0	8.9	271.5	4.6	3,275.0	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.	4,267.1	106.3	1.5	395.0	10.7	311.3	3.1	3,560.8	0.3
Mar.	4,251.8	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	3,459.4	0.2
May	3,770.8	106.5	1.5	281.1	10.0	260.1	3.4	3,229.6	0.4

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

(annual percentage changes)



Source: ECB.

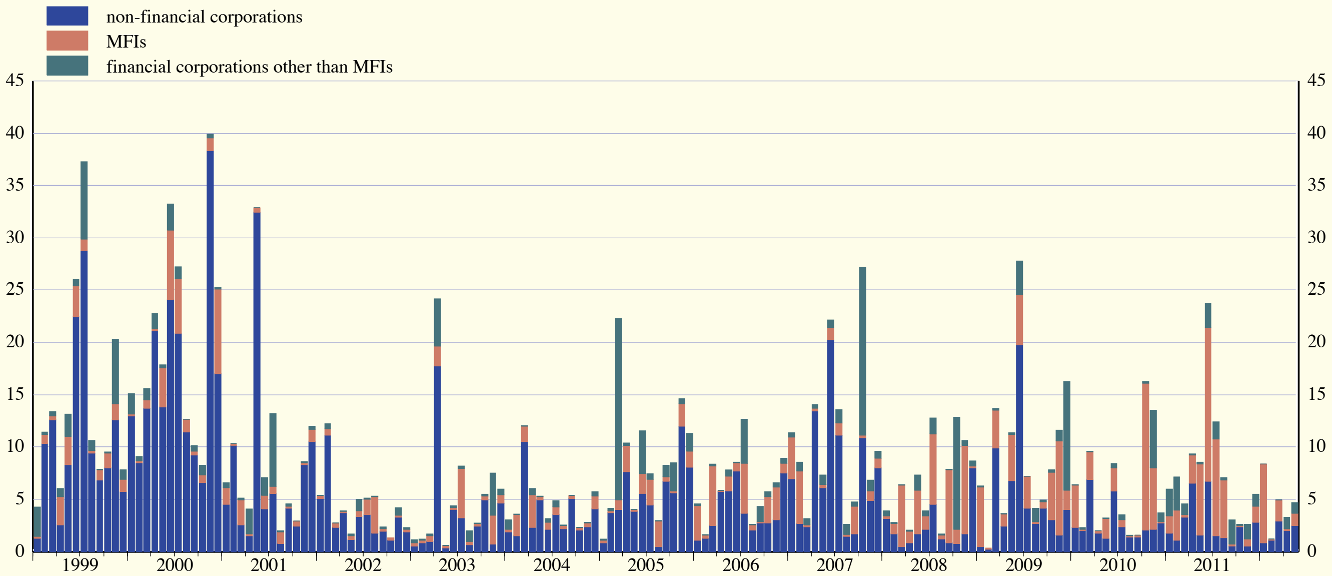
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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 May	3.2	0.8	2.4	1.9	0.0	1.9	0.1	0.0	0.1	1.3	0.8	0.4
June	8.4	0.4	8.0	2.2	0.0	2.2	0.4	0.0	0.4	5.8	0.4	5.4
July	3.6	0.8	2.7	0.7	0.0	0.7	0.5	0.0	0.5	2.4	0.8	1.6
Aug.	1.4	1.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.2	0.2
Sep.	1.6	0.2	1.4	0.2	0.0	0.2	0.0	0.0	0.0	1.4	0.2	1.2
Oct.	16.3	0.2	16.0	14.0	0.0	14.0	0.2	0.1	0.1	2.0	0.2	1.9
Nov.	13.5	1.5	12.0	5.9	0.0	5.9	5.5	0.1	5.4	2.1	1.4	0.7
Dec.	3.7	3.5	0.2	0.2	0.0	0.2	0.9	0.3	0.5	2.7	3.2	-0.5
2011 Jan.	6.0	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	0.5	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

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 July	0.52	2.74	3.16	3.10	1.67	1.93	0.66	1.77	2.66	3.03	1.41
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	1.92	0.55	1.01	2.31	2.75	0.93
June	0.48	2.71	2.73	2.66	1.73	1.88	0.52	1.04	2.30	2.69	0.98

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 July	8.28	16.94	5.13	6.53	7.98	7.43	3.33	4.02	4.26	4.19	4.10	3.83	4.82	4.60
Aug.	8.31	17.10	5.34	6.54	7.97	7.57	3.47	3.96	4.20	4.15	4.16	3.95	4.96	4.39
Sep.	8.41	17.18	5.77	6.57	7.94	7.64	3.41	3.86	4.02	4.02	4.02	3.97	4.86	4.21
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	5.26	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	5.61	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	7.62	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	5.42	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	7.47	3.14	3.54	3.53	3.84	3.72	3.80	4.74	3.83
June	8.25	17.08	5.67	6.27	7.73	7.27	3.11	3.48	3.46	3.69	3.66	3.60	4.67	3.64

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 July	4.43	4.38	4.79	4.79	5.10	4.68	4.44	2.87	3.45	3.46	3.98	4.09	3.24
Aug.	4.49	4.44	4.94	4.85	5.03	4.58	4.35	2.79	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.	4.67	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.	4.47	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	4.44	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	3.22	3.45	3.03	3.34	3.26

Source: ECB.

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

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

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

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

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

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

4. Interest rates on deposits (outstanding amounts)

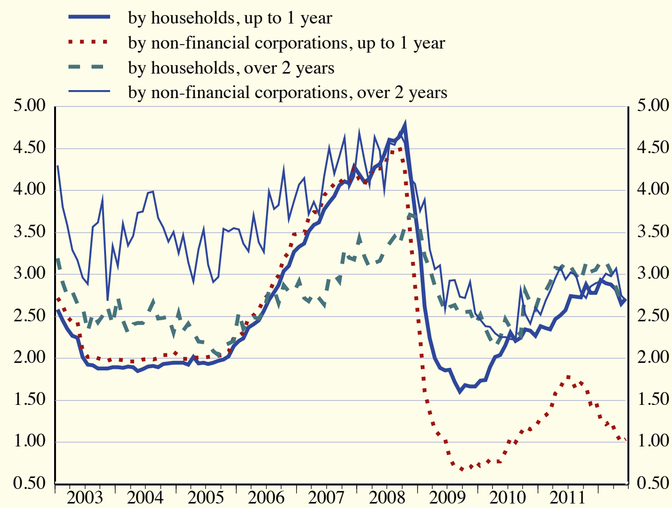
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2)]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2011 July	0.52	2.54	2.77	1.67	1.93	0.66	2.13	3.13	1.94
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	2.56
May	0.48	2.76	2.80	1.74	1.92	0.55	1.91	3.06	2.39
June	0.48	2.73	2.81	1.73	1.88	0.52	1.88	3.08	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 July	4.03	3.79	3.90	8.02	6.42	5.30	4.00	3.80	3.69
Aug.	4.06	3.78	3.89	8.07	6.42	5.31	4.06	3.84	3.72
Sep.	4.13	3.79	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	3.81	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	3.87	3.62	3.77	7.95	6.29	5.16	3.99	3.58	3.50
June	3.86	3.59	3.76	7.84	6.30	5.14	3.96	3.52	3.46

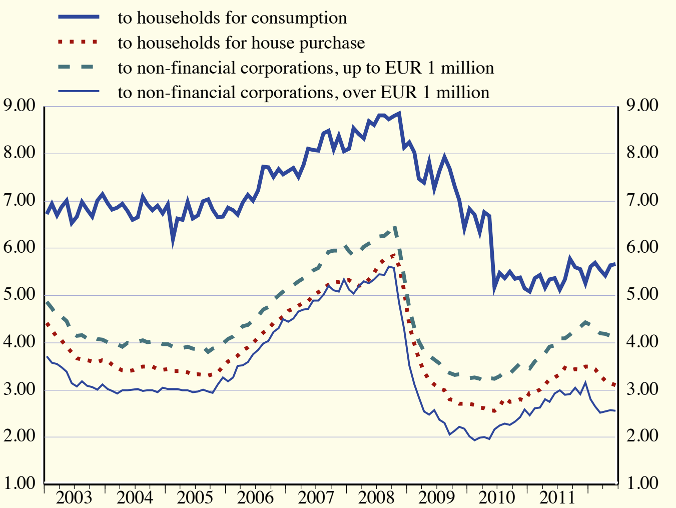
C21 New deposits with an agreed maturity

(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)



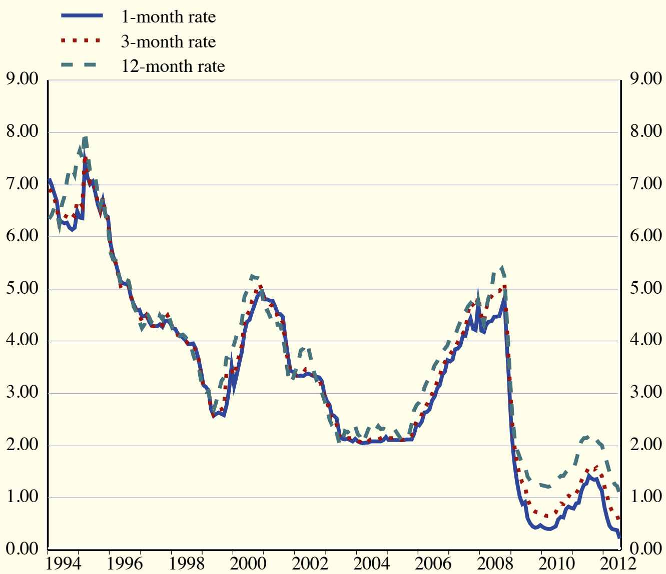
Source: ECB.

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

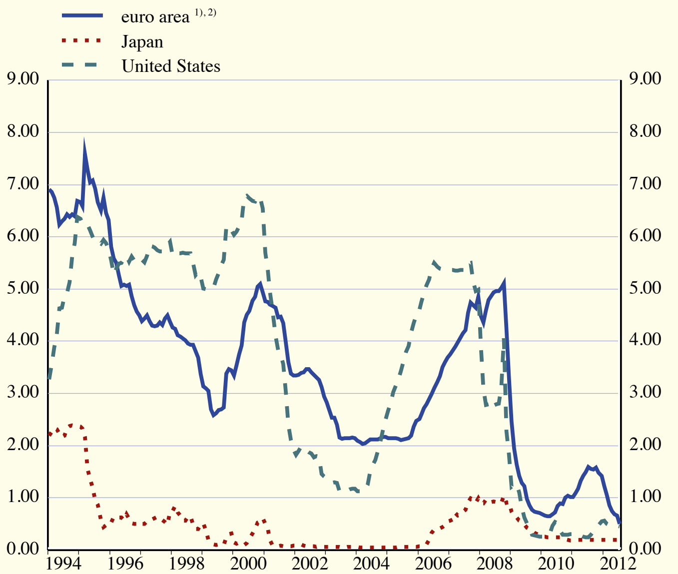
4.6 Money market interest rates
(percentages per annum; period averages)

	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 July	1.01	1.42	1.60	1.82	2.18	0.25	0.20
Aug.	0.91	1.37	1.55	1.75	2.10	0.29	0.19
Sep.	1.01	1.35	1.54	1.74	2.07	0.35	0.19
Oct.	0.96	1.36	1.58	1.78	2.11	0.41	0.19
Nov.	0.79	1.23	1.48	1.71	2.04	0.48	0.20
Dec.	0.63	1.14	1.43	1.67	2.00	0.56	0.20
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

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.

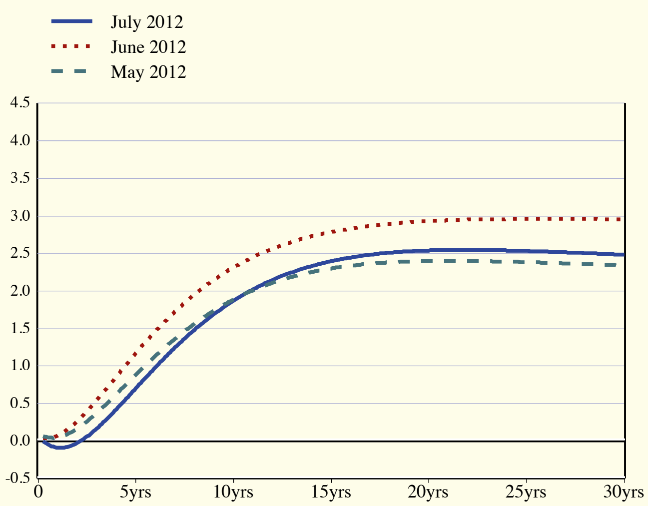
4.7 Euro area yield curves 1)

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

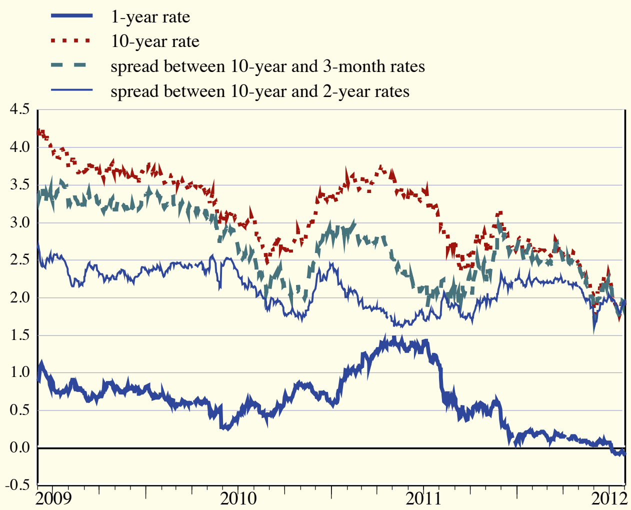
C25 Euro area spot yield curves 2)

(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.

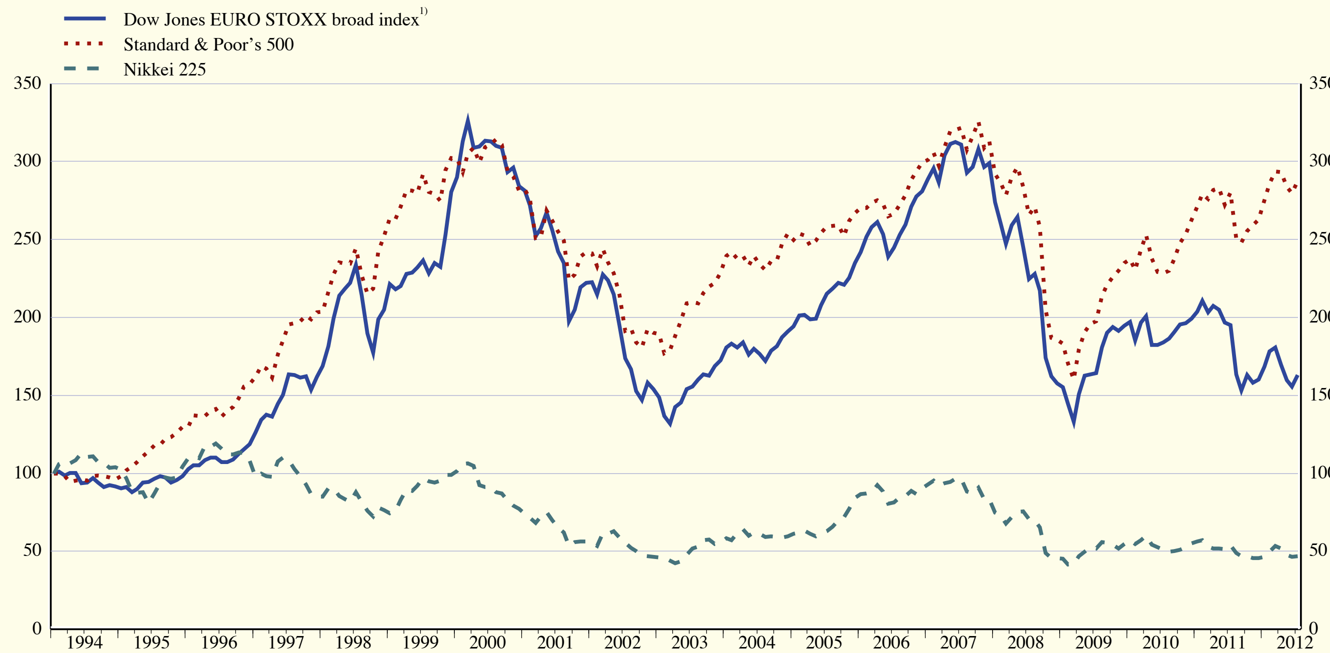
4.8 Stock market indices

(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 July	270.5	2,743.5	550.7	160.8	384.4	317.4	160.6	375.7	221.0	307.8	360.0	467.4	1,325.2	9,996.7
Aug.	226.9	2,297.2	443.7	141.1	329.7	268.6	129.0	307.3	189.7	258.4	329.3	420.7	1,185.3	9,072.9
Sep.	212.6	2,124.3	401.4	137.0	312.8	262.4	113.3	289.2	190.1	246.7	311.1	419.0	1,173.9	8,695.4
Oct.	226.1	2,312.3	424.8	142.4	325.6	290.2	123.1	302.3	203.0	269.9	334.1	426.1	1,207.2	8,733.6
Nov.	219.2	2,239.6	423.6	141.5	325.9	293.5	112.8	292.2	205.7	250.6	316.6	423.3	1,226.4	8,506.1
Dec.	222.2	2,283.3	433.2	142.4	329.9	302.9	115.9	295.5	196.6	249.3	310.3	448.4	1,243.3	8,506.0
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

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2]	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
			Total excl. unprocessed food and energy										
% of total in 2012	100.0	100.0	81.8	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	0.3	1.1	-0.1	-0.3	0.4	0.5	2.6	3.5
Q4	114.1	2.9	2.0	3.7	1.9	0.8	1.1	1.0	1.1	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	0.2	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 Feb.	114.0	2.7	1.9	3.4	1.8	0.3	0.3	0.8	0.1	1.1	0.1	2.6	3.4
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	0.0	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 [3]	.	2.4	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2012	19.1	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 Jan.	3.1	4.1	1.6	3.2	0.9	9.2	1.8	1.5	2.8	-2.4	2.1	2.6
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

Sources: Eurostat and ECB calculations.

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

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

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

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
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 Q1	116.7	6.5	6.3	4.4	7.9	1.3	2.5	1.8	2.6	12.5	4.1	2.0
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
2011 Dec.	119.2	4.3	3.7	2.5	2.7	1.4	3.1	2.3	3.3	9.5	-	-
2012 Jan.	120.3	3.9	3.3	2.0	1.6	1.3	3.0	2.3	3.1	9.7	-	-
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	-	-

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	2.8	2.3	2.4	3.9
2009	44.6	-18.5	-8.9	-23.0	-18.0	-11.4	-22.8	107.2	0.9	-0.1	-0.4	2.0	-0.4	-3.5	-6.2
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.0	0.8	1.5	1.7	0.8	1.0	2.9	4.9
2011	79.7	12.2	22.4	7.7	12.9	20.7	7.5	109.4	1.2	2.1	2.5	0.9	2.0	3.7	5.9
2011 Q2	81.3	11.6	28.8	4.6	13.3	26.2	5.1	109.2	1.3	2.0	2.5	1.0	1.8	3.7	5.6
Q3	79.3	3.8	16.7	-1.6	4.9	11.7	0.3	109.6	1.3	2.1	2.4	1.1	2.0	3.2	5.3
Q4	80.7	-2.5	3.6	-5.2	-1.7	4.4	-6.0	109.8	1.4	2.1	2.6	0.9	2.1	2.9	4.8
2012 Q1	90.1	-5.8	-7.6	-4.9	-4.8	-3.6	-5.6	110.1	1.2	1.7	2.3	1.1	1.7	2.1	3.3
Q2	84.6	-1.1	-3.3	0.1	1.1	4.1	-1.2	.	.	.	.	.	.	.	.
2012 Feb.	89.7	-7.5	-10.5	-6.0	-6.5	-6.5	-6.5	-	-	-	-	-	-	-	-
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	-0.2	-2.8	1.1	2.5	5.4	0.2	-	-	-	-	-	-	-	-
June	76.4	0.9	-1.9	2.3	3.4	6.7	0.9	-	-	-	-	-	-	-	-
July	83.2	4.6	11.4	1.3	7.1	17.4	-0.5	-	-	-	-	-	-	-	-

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	109.3	-0.8	0.2	-5.9	1.6	-1.5	-1.4	-0.3	2.2	0.5	1.0	1.5
2011	110.2	0.8	-1.6	-0.1	0.2	0.5	3.0	0.8	3.7	3.1	0.8	1.6
2011 Q2	110.2	0.9	-1.7	-0.5	1.4	0.3	3.2	2.8	3.9	3.1	0.6	2.2
Q3	110.1	1.2	-2.2	-0.1	0.3	1.6	3.4	0.0	1.9	3.1	1.1	1.9
Q4	110.8	1.4	-2.5	2.1	-1.2	1.2	3.7	-1.4	4.5	3.5	0.9	1.7
2012 Q1	111.2	1.5	-1.7	2.9	1.2	1.6	3.9	-0.3	1.6	2.2	0.7	1.7
	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	2.5	2.2	10.2	-0.4	3.3	4.1	2.4	1.2	0.0	0.0	-0.3
2011	103.5	1.3	4.3	3.5	3.0	1.5	-0.7	0.6	-1.4	-0.1	0.5	-0.2
2011 Q2	103.4	1.3	4.0	4.6	1.3	1.4	-1.2	-0.3	-1.3	-0.2	0.6	-0.8
Q3	103.7	1.2	4.8	3.4	2.5	0.6	-0.8	1.8	0.1	0.2	0.4	-0.4
Q4	103.6	0.9	4.9	0.4	4.9	0.9	-1.2	1.4	-2.3	-0.1	0.8	0.7
2012 Q1	103.8	0.4	3.4	-0.7	2.0	0.4	-1.3	1.1	0.9	0.3	0.4	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	1.9	1.3	7.4	-0.5	2.8	3.5	1.7	0.0	-0.5	-0.3	0.0
2011	105.4	1.3	3.5	2.9	2.8	1.8	-0.4	0.1	-1.0	-0.4	0.5	0.1
2011 Q2	105.6	1.8	4.5	4.3	1.9	2.1	-0.1	-0.5	0.0	-0.1	0.9	-0.1
Q3	105.6	1.2	4.9	3.3	2.2	0.6	-1.0	1.3	-0.4	-0.2	0.7	-0.2
Q4	105.7	0.8	4.5	0.6	5.1	1.0	-1.0	1.1	-1.1	-0.7	0.6	0.5
2012 Q1	105.6	0.7	4.8	-0.7	2.9	0.9	-1.3	1.5	2.7	0.4	0.0	1.0

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 Q2	107.2	3.3	3.1	3.8	4.2	2.9	2.9	1.9
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

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	9,159.2	5,207.1	1,898.8	1,989.5	63.7	85.3	3,882.1	3,796.8
2009	8,919.8	8,802.0	5,126.6	1,986.6	1,735.9	-47.0	117.8	3,273.4	3,155.6
2010	9,162.8	9,045.4	5,262.4	2,015.3	1,753.1	14.6	117.4	3,749.3	3,631.9
2011	9,413.3	9,280.8	5,403.2	2,027.4	1,813.7	36.5	132.6	4,128.5	3,996.0
2011 Q1	2,337.5	2,315.3	1,343.9	505.1	452.4	13.9	22.2	1,009.1	986.9
Q2	2,351.8	2,325.5	1,345.6	506.6	453.7	19.5	26.3	1,024.9	998.5
Q3	2,361.5	2,323.6	1,354.1	508.0	453.3	8.2	37.9	1,046.8	1,008.9
Q4	2,358.7	2,314.0	1,357.8	507.4	452.7	-4.0	44.7	1,043.6	998.9
2012 Q1	2,365.1	2,315.3	1,364.3	510.7	448.0	-7.7	49.7	1,061.3	1,011.6
	percentage of GDP								
2011	100.0	98.6	57.4	21.5	19.3	0.4	1.4	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2011 Q1	0.7	0.5	0.0	-0.4	2.0	-	-	1.4	0.8
Q2	0.2	-0.1	-0.6	-0.1	-0.4	-	-	1.1	0.6
Q3	0.1	-0.2	0.4	-0.1	-0.3	-	-	1.5	0.7
Q4	-0.3	-0.9	-0.5	-0.2	-0.6	-	-	-0.6	-1.9
2012 Q1	0.0	-0.5	0.0	0.4	-1.4	-	-	1.0	-0.2
	annual percentage changes								
2008	0.4	0.3	0.4	2.3	-1.1	-	-	1.0	0.9
2009	-4.4	-3.8	-1.2	2.6	-12.4	-	-	-12.7	-11.5
2010	2.0	1.2	0.9	0.7	0.0	-	-	11.2	9.6
2011	1.5	0.5	0.2	-0.3	1.4	-	-	6.2	4.0
2011 Q1	2.4	1.7	1.0	0.0	3.7	-	-	10.0	8.3
Q2	1.7	0.8	0.2	-0.2	1.2	-	-	6.4	4.5
Q3	1.3	0.4	0.2	-0.4	0.8	-	-	5.7	3.6
Q4	0.7	-0.7	-0.7	-0.7	0.7	-	-	3.5	0.3
2012 Q1	0.0	-1.7	-0.7	0.0	-2.6	-	-	3.0	-0.7
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2011 Q1	0.7	0.5	0.0	-0.1	0.4	0.2	0.3	-	-
Q2	0.2	-0.1	-0.3	0.0	-0.1	0.3	0.2	-	-
Q3	0.1	-0.2	0.2	0.0	-0.1	-0.4	0.3	-	-
Q4	-0.3	-0.8	-0.3	0.0	-0.1	-0.4	0.5	-	-
2012 Q1	0.0	-0.5	0.0	0.1	-0.3	-0.3	0.5	-	-
	contributions to annual percentage changes in GDP; percentage points								
2008	0.4	0.3	0.2	0.5	-0.2	-0.1	0.1	-	-
2009	-4.4	-3.8	-0.7	0.5	-2.7	-1.0	-0.6	-	-
2010	2.0	1.2	0.5	0.1	0.0	0.6	0.7	-	-
2011	1.5	0.5	0.1	-0.1	0.3	0.2	1.0	-	-
2011 Q1	2.4	1.7	0.6	0.0	0.7	0.4	0.8	-	-
Q2	1.7	0.8	0.1	-0.1	0.2	0.5	0.8	-	-
Q3	1.3	0.4	0.1	-0.1	0.1	0.2	0.9	-	-
Q4	0.7	-0.7	-0.4	-0.1	0.1	-0.3	1.4	-	-
2012 Q1	0.0	-1.7	-0.4	0.0	-0.5	-0.7	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	8,299.2	141.9	1,652.6	561.5	1,597.7	356.5	385.3	930.7	859.8	1,521.1	292.0	945.3
2009	8,026.5	126.1	1,469.9	536.2	1,522.1	358.3	427.5	903.0	804.4	1,581.2	297.8	893.3
2010	8,222.4	138.8	1,557.8	514.2	1,564.0	357.9	441.4	918.7	817.5	1,610.0	302.0	940.4
2011	8,439.7	144.6	1,631.2	521.6	1,618.0	355.1	440.1	947.2	845.2	1,630.9	305.8	973.6
2011 Q1	2,095.4	36.7	403.7	131.0	401.4	89.0	108.9	233.6	209.0	406.0	76.1	242.2
Q2	2,106.9	36.8	406.8	129.9	404.3	88.7	109.5	236.5	210.8	408.0	75.6	244.9
Q3	2,117.1	35.6	411.9	129.6	405.2	89.1	110.8	237.9	212.2	408.3	76.5	244.4
Q4	2,116.1	35.4	406.5	130.8	406.0	88.1	110.8	239.3	213.3	408.5	77.5	242.6
2012 Q1	2,121.0	37.7	405.9	129.9	407.8	88.2	110.4	238.3	213.5	411.4	78.0	244.1
	percentage of value added											
2011	100.0	1.7	19.3	6.2	19.2	4.2	5.2	11.2	10.0	19.3	3.6	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2011 Q1	0.7	1.6	1.4	1.9	0.9	-0.4	1.2	-0.4	1.1	0.2	-0.4	0.7
Q2	0.2	0.4	0.5	-1.1	0.1	0.4	0.0	0.6	0.5	0.2	-0.9	0.1
Q3	0.2	0.1	0.3	-0.9	0.0	0.2	0.8	0.2	0.3	0.2	0.8	-0.4
Q4	-0.3	0.2	-1.7	-0.1	0.0	0.1	-0.5	0.5	-0.1	0.1	0.6	-0.7
2012 Q1	-0.1	1.7	0.0	-0.9	0.1	-0.4	0.5	-0.2	-0.2	-0.2	0.4	0.7
	annual percentage changes											
2008	0.6	1.8	-2.3	-1.1	1.1	2.8	1.2	1.2	1.6	1.9	1.7	-1.3
2009	-4.4	-0.4	-13.2	-7.0	-5.7	1.2	3.9	0.5	-7.4	1.4	0.2	-4.2
2010	2.1	1.0	6.8	-4.2	2.6	2.9	1.3	0.2	2.0	0.9	0.5	0.8
2011	1.5	1.8	3.4	-1.0	2.0	0.7	0.5	0.8	2.4	0.6	-0.4	1.2
2011 Q1	2.3	0.4	6.0	0.1	3.3	1.3	-0.8	0.7	3.3	0.6	0.2	3.5
Q2	1.7	1.7	4.4	-1.8	2.4	0.7	-0.5	1.0	2.9	0.6	-1.3	1.5
Q3	1.4	2.7	3.7	-1.8	1.4	0.7	1.8	0.8	2.2	0.6	-0.6	0.6
Q4	0.8	2.3	0.4	-0.2	1.0	0.3	1.6	0.8	1.8	0.8	0.1	-0.3
2012 Q1	0.0	2.3	-1.1	-3.0	0.2	0.3	0.8	1.1	0.4	0.4	0.8	-0.4
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2011 Q1	0.7	0.0	0.3	0.1	0.2	0.0	0.1	0.0	0.1	0.0	0.0	-
Q2	0.2	0.0	0.1	-0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-
Q3	0.2	0.0	0.1	-0.1	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	0.1	0.0	0.0	0.0	-
2012 Q1	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	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	0.3	0.1	-
2009	-4.4	0.0	-2.6	-0.5	-1.1	0.1	0.2	0.1	-0.8	0.2	0.0	-
2010	2.1	0.0	1.2	-0.3	0.5	0.1	0.1	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	0.2	0.1	0.0	-
2011 Q1	2.3	0.0	1.1	0.0	0.6	0.1	0.0	0.1	0.3	0.1	0.0	-
Q2	1.7	0.0	0.8	-0.1	0.4	0.0	0.0	0.1	0.3	0.1	0.0	-
Q3	1.4	0.0	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	0.1	0.1	0.2	0.1	0.0	-
2012 Q1	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	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	-7.9
2011	2.5	100.5	3.5	4.7	4.7	4.2	8.8	0.5	0.7	0.5	-4.4	-0.9
2011 Q2	2.1	100.8	4.0	5.2	5.3	4.4	9.3	1.6	1.3	1.7	-5.5	-4.8
Q3	3.5	101.5	3.9	4.7	4.7	3.7	9.7	0.5	2.2	0.4	-2.6	1.9
Q4	0.0	99.4	-0.2	1.0	1.0	-0.2	3.9	-0.8	-2.9	-0.5	-7.7	2.0
2012 Q1	-2.4	99.0	-1.6	-1.3	-1.3	-3.0	2.1	-3.2	-5.0	-2.8	-3.4	-6.5
2011 Dec.	0.1	98.8	-1.7	0.3	0.4	-0.1	2.1	-0.7	-2.9	-0.5	-12.2	10.6
2012 Jan.	-1.9	98.6	-1.7	-0.7	-0.7	-1.7	1.7	-2.1	-3.0	-1.9	-7.3	-2.1
Feb.	-3.5	99.3	-1.6	-2.4	-2.4	-4.5	1.4	-4.8	-5.7	-4.6	3.8	-14.9
Mar.	-1.9	99.2	-1.5	-0.8	-0.8	-2.7	2.9	-2.6	-6.0	-2.1	-6.3	-2.8
Apr.	-3.2	98.2	-2.4	-3.1	-3.3	-4.4	-0.6	-4.3	-6.9	-3.9	3.4	-6.3
May	-3.8	98.9	-2.6	-2.7	-3.2	-3.8	-1.5	-2.6	-5.9	-2.1	-0.6	-7.6
	month-on-month percentage changes (s.a.)											
2011 Dec.	-0.8	-	-0.8	-0.3	-0.2	-1.0	-0.3	0.2	0.2	0.0	-2.8	-1.7
2012 Jan.	-0.1	-	-0.2	-0.3	-0.4	0.7	-1.0	-0.7	0.0	-0.6	0.7	-0.8
Feb.	-0.8	-	0.7	-0.5	-0.4	-1.3	1.1	-1.3	-1.6	-1.3	8.0	-9.7
Mar.	0.9	-	-0.1	1.2	1.1	1.0	1.3	1.4	-0.1	1.6	-7.9	11.0
Apr.	-1.0	-	-1.0	-2.0	-1.8	-1.2	-2.9	-1.1	-0.9	-1.7	5.4	-3.6
May	0.1	-	0.7	1.2	0.9	0.5	1.1	1.4	0.6	1.9	-1.9	0.2

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	101.2	-0.5	-0.8	0.1	-2.2	0.0	-4.5	822	2.9
Q4	108.6	-0.6	114.6	4.0	1.0	100.1	-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	.	.	.	.	.	.	.	.	.	.	.	.	771	-6.7
2012 Feb.	107.8	-4.7	115.2	0.7	0.1	100.1	-2.0	-0.5	-2.1	-6.2	-3.3	-7.5	764	-14.8
Mar.	109.2	-2.9	115.5	1.2	2.2	100.2	-0.1	-0.7	0.8	2.8	-0.4	-5.5	800	-7.2
Apr.	.	.	114.1	-1.0	-1.7	98.9	-3.4	-3.3	-3.0	-12.0	-2.4	-7.4	764	-7.7
May	.	.	114.2	-1.1	0.9	99.8	-0.8	-0.4	-0.5	-1.6	-1.7	-5.5	771	-6.6
June	.	.	.	.	.	.	.	.	.	.	.	.	777	-6.1
	month-on-month percentage changes (s.a.)													
2012 Feb.	-	0.2	-	0.4	0.0	-	-0.1	0.6	-0.4	-1.7	-0.7	-3.1	-	0.5
Mar.	-	1.3	-	0.3	0.5	-	0.1	-0.4	0.7	4.6	0.8	-0.5	-	4.6
Apr.	-	.	-	-1.1	-1.4	-	-1.3	-0.3	-1.8	-9.0	-0.5	-1.7	-	-4.5
May	-	.	-	0.1	0.9	-	0.9	0.4	1.4	7.0	-0.3	1.5	-	1.0
June	-	.	-	.	.	-	.	.	.	.	.	.	-	0.7

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: Industrial confidence indicator: Total [4]	Order books	Stocks of finished products	Production expectations	Capacity utilisation [3] (%)	Consumer confidence indicator: 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
	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	-24.7	0.8	11.4	76.7	-14.2	-5.3	-12.3	31.2	-8.1
2011	101.0	0.1	-6.9	2.3	9.4	80.3	-14.5	-7.5	-18.2	23.3	-9.2
2011 Q2	105.2	4.0	-2.0	-0.7	13.1	80.9	-10.7	-6.7	-12.6	15.2	-8.3
Q3	98.4	-2.8	-9.0	4.5	5.2	80.0	-15.9	-7.4	-21.8	24.1	-10.1
Q4	93.6	-7.0	-14.6	7.0	0.6	79.7	-20.6	-9.7	-28.4	33.8	-10.8
2012 Q1	94.1	-6.6	-15.8	6.1	2.1	79.8	-20.0	-10.1	-24.2	34.7	-11.2
Q2	91.1	-11.1	-22.9	6.8	-3.6	78.8	-19.7	-10.4	-24.4	32.6	-11.2
2012 Feb.	94.5	-5.7	-14.2	5.9	3.0	-	-20.3	-10.0	-24.2	36.2	-10.7
Mar.	94.5	-7.1	-16.8	6.0	1.5	-	-19.1	-9.4	-21.0	34.7	-11.3
Apr.	92.9	-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	-23.6	7.1	-3.5	-	-19.3	-10.8	-23.7	30.8	-11.8
June	89.9	-12.8	-25.8	7.2	-5.6	-	-19.8	-10.0	-25.6	33.4	-10.2
July	87.9	-15.0	-28.3	9.1	-7.6	77.8	-21.5	-10.3	-27.9	36.5	-11.2

	Construction confidence indicator: Total [4]	Order books	Employment expectations	Retail trade confidence indicator: Total [4]	Present business situation	Volume of stocks	Expected business situation	Services confidence indicator: 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 Feb.	-24.6	-31.4	-17.9	-14.0	-14.3	16.8	-11.0	-0.9	-6.9	-1.3	5.4
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	-28.4	-35.1	-21.7	-15.0	-18.9	14.1	-11.8	-8.5	-13.7	-9.2	-2.7

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

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

1. Employment

		By employment status		By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
levels (thousands)													
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

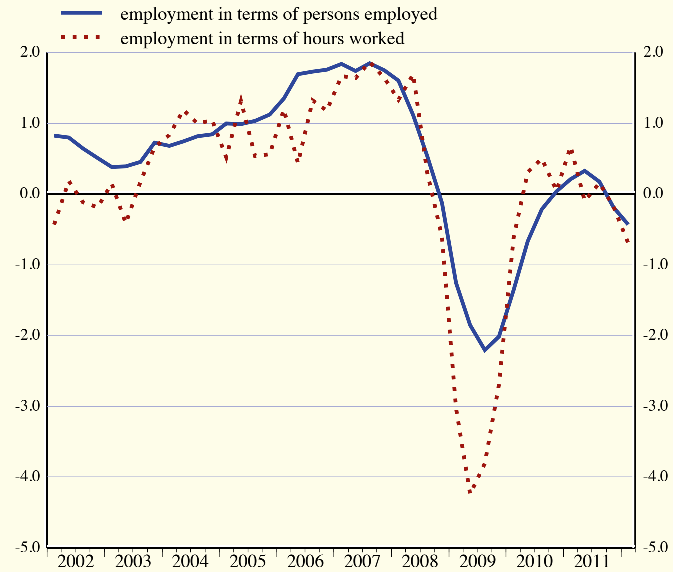
(seasonally adjusted, unless otherwise indicated)

2. Unemployment and job vacancies [1)]

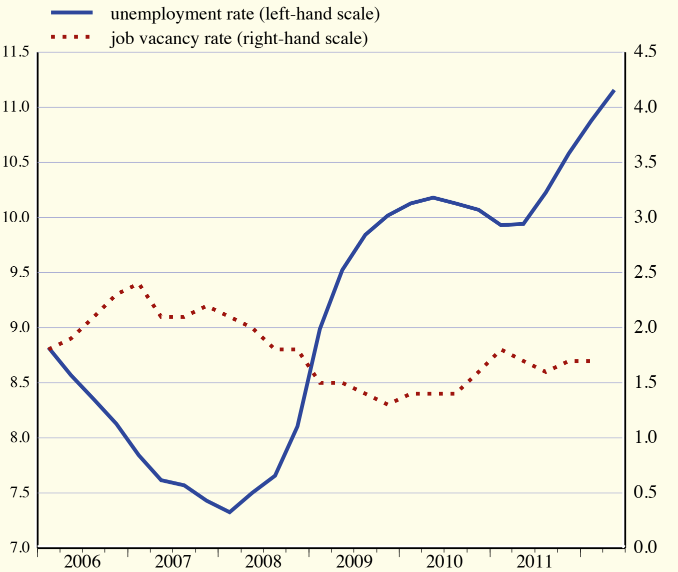
	Unemployment										Job vacancy rate [2)]
	Total		By age [3)]				By gender [4)]				
			Adult		Youth		Male		Female		
	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.5		20.5		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2008	11.964	7.6	9.290	6.6	2.673	16.0	6.041	7.0	5.923	8.5	1.9
2009	15.050	9.6	11.768	8.4	3.282	20.3	8.145	9.4	6.905	9.8	1.4
2010	15.917	10.1	12.648	8.9	3.269	20.9	8.590	10.0	7.326	10.3	1.5
2011	16.044	10.2	12.838	9.0	3.205	20.9	8.547	9.9	7.497	10.5	1.7
2011 Q2	15.671	9.9	12.526	8.8	3.145	20.5	8.349	9.7	7.322	10.2	1.7
Q3	16.153	10.2	12.947	9.1	3.206	20.9	8.576	9.9	7.577	10.6	1.6
Q4	16.745	10.6	13.442	9.4	3.303	21.6	8.952	10.4	7.794	10.8	1.7
2012 Q1	17.219	10.9	13.855	9.7	3.365	22.2	9.229	10.7	7.991	11.1	1.7
Q2	17.687	11.2	14.306	10.0	3.382	22.5	9.561	11.1	8.126	11.3	.
2012 Jan.	17.050	10.8	13.703	9.6	3.347	22.0	9.124	10.6	7.926	11.0	-
Feb.	17.206	10.9	13.848	9.7	3.358	22.1	9.211	10.7	7.996	11.1	-
Mar.	17.402	11.0	14.013	9.8	3.390	22.4	9.351	10.8	8.051	11.2	-
Apr.	17.583	11.1	14.192	9.9	3.392	22.4	9.490	11.0	8.093	11.2	-
May	17.678	11.2	14.283	10.0	3.395	22.5	9.559	11.1	8.119	11.3	-
June	17.801	11.2	14.442	10.1	3.359	22.4	9.635	11.2	8.166	11.3	-

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]

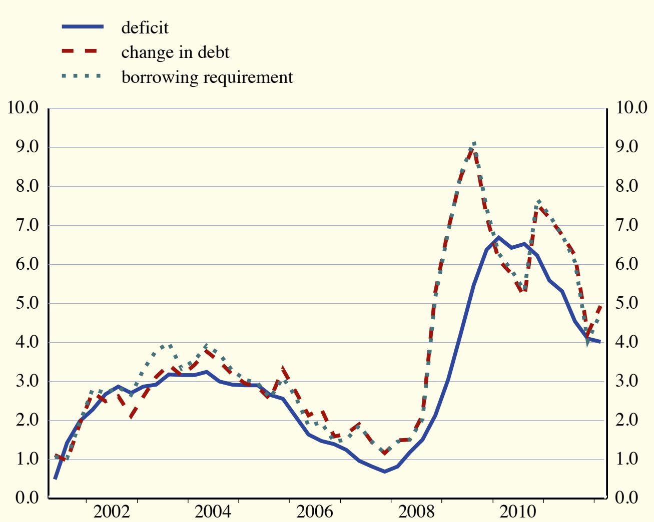
	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2009 Q2	77.1	2.4	12.2	8.2	54.3
Q3	79.0	2.4	12.4	9.0	55.3
Q4	79.9	2.5	12.6	8.3	56.5
2010 Q1	81.6	2.4	12.8	8.2	58.2
Q2	82.9	2.4	13.4	7.8	59.3
Q3	83.0	2.4	13.3	7.9	59.3
Q4	85.3	2.4	15.3	7.4	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

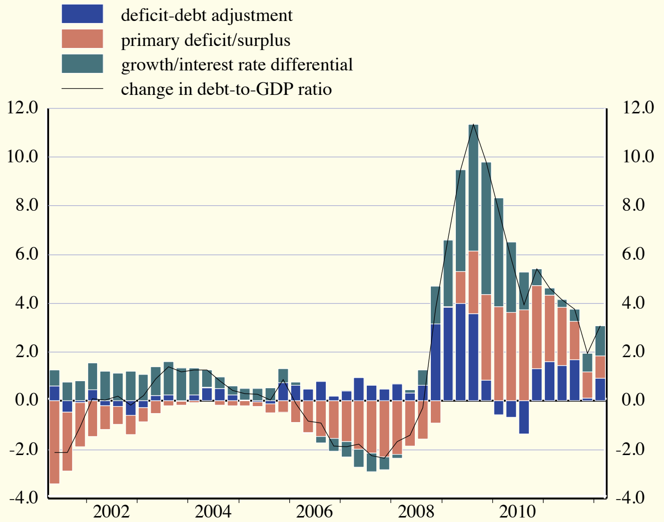
C30 Deficit, borrowing requirement and change in debt

(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

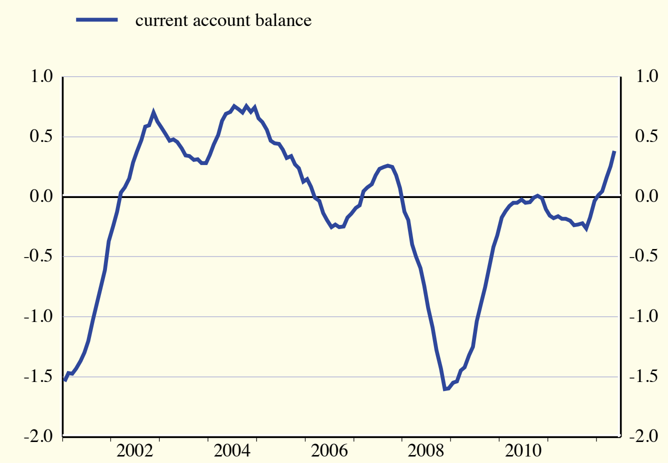
7.1 Summary balance of payments [1]

(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 Q1	-21.3	-10.1	7.9	14.9	-33.9	2.3	-18.9	-5.3	-42.8	136.0	-0.4	-86.4	-11.7	24.2
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
2011 May	-13.9	0.5	6.2	-14.4	-6.2	0.4	-13.5	18.9	-4.2	44.5	-1.6	-16.6	-3.1	-5.4
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	-2.5	6.3	7.0	-7.8	-8.0	1.5	-1.1	-4.2	10.6	28.3	-6.4	-35.2	-1.5	5.2
	12-month cumulated transactions													
2012 May	30.6	35.2	73.2	34.0	-111.8	11.9	42.5	-32.4	-74.8	72.2	-32.4	10.0	-7.5	-10.1
	12-month cumulated transactions as a percentage of GDP													
2012 May	0.3	0.4	0.8	0.4	-1.2	0.1	0.5	-0.3	-0.8	0.8	-0.3	0.1	-0.1	-0.1

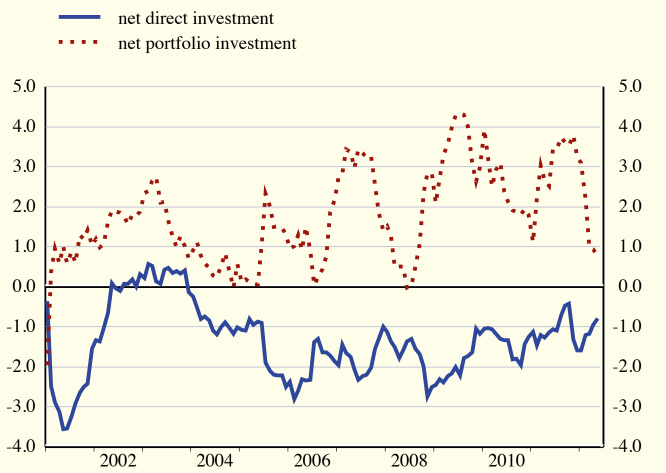
C32 Euro area b.o.p.: current account

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



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

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



Source: ECB.

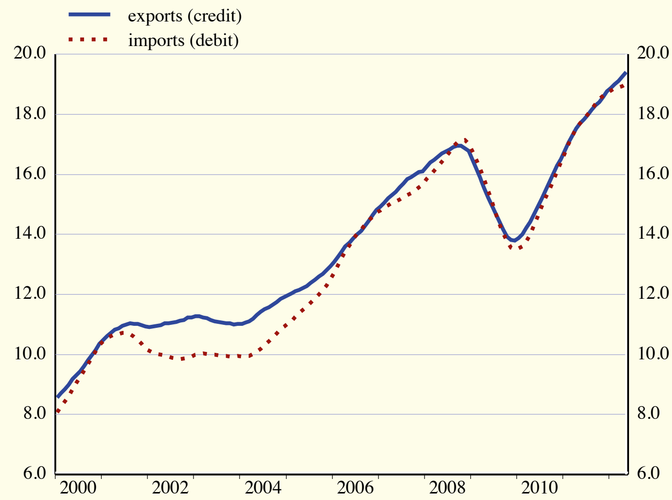
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

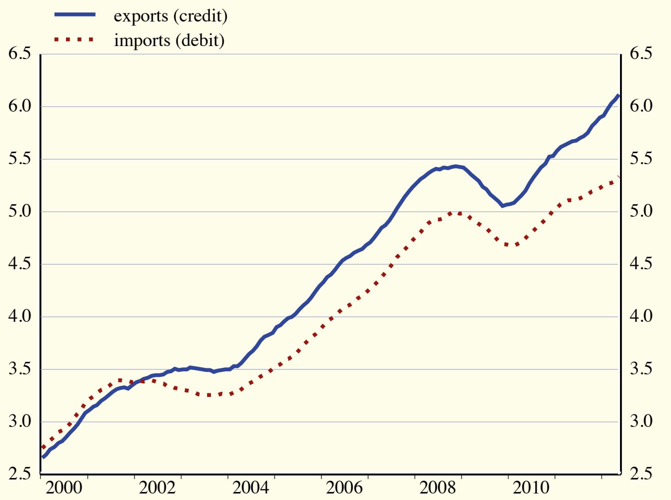
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remittances		Workers' remittances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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 Q1	698.0	719.3	-21.3	427.8	437.9	124.6	116.8	121.1	106.2	24.5	1.5	58.4	5.4	5.0	2.7
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
2012 Mar.	267.6	257.9	9.8	168.5	158.3	48.2	41.5	45.2	40.4	5.8	.	17.7	.	1.6	1.7
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	265.3	267.8	-2.5	160.6	154.4	49.5	42.5	48.3	56.1	6.9	.	14.9	.	2.4	0.9
	Seasonally adjusted														
2011 Q3	735.3	736.4	-1.2	443.7	442.5	138.5	122.8	129.4	121.9	23.7	.	49.3	.	.	.
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	.	.	.
2012 Mar.	261.3	248.7	12.6	159.5	149.5	50.6	41.5	42.9	40.5	8.3	.	17.2	.	.	.
Apr.	255.6	250.1	5.5	159.1	152.2	48.0	42.1	40.5	38.7	8.0	.	17.1	.	.	.
May	264.4	253.5	10.9	161.3	152.3	49.8	43.8	45.7	40.4	7.7	.	16.9	.	.	.
	12-month cumulated transactions														
2012 May	3,025.0	2,988.7	36.3	1,832.1	1,795.5	577.6	503.8	520.6	487.4	94.8	.	202.1	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2012 May	32.1	31.7	0.4	19.4	19.0	6.1	5.3	5.5	5.2	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)

2011 Q2 to 2012 Q1	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,995.4	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	16.1	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	10.0	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	15.8	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 Q3	133.0	136.5	-3.5	5.7	5.8	-0.1	56.6	37.4	-63.1	-28.1	14.8	128.4	127.2	-3.7
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
2012 Jan.	81.5	103.7	-22.2	.	.	.	28.8	32.4	24.0	-19.5	5.5	22.6	90.8	0.5
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	111.2	107.1	4.2	.	.	.	6.2	16.8	5.8	34.1	6.4	91.4	56.1	1.5
	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 Q3	4.5	4.2	-	.	.	.	5.7	6.3	0.9	5.3	.	6.9	1.2	0.9
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

Source: ECB.

1) Net financial derivatives are included in assets.

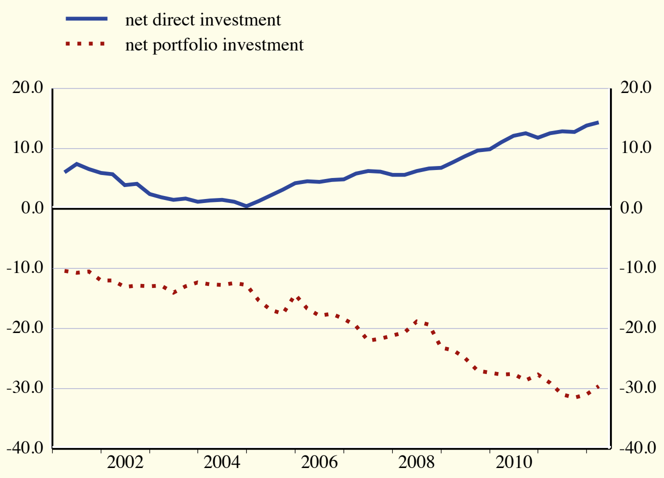
7.3 Financial account
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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 Q3	56.6	35.9	2.3	33.5	20.7	-1.7	22.5	37.4	58.7	1.0	57.7	-21.3	-0.8	-20.5
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
2012 Jan.	28.8	27.5	2.0	25.5	1.3	0.3	1.0	32.4	45.3	0.5	44.9	-12.9	-0.3	-12.6
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	6.2	7.7	-0.3	8.0	-1.5	-0.2	-1.3	16.8	16.1	0.2	15.9	0.7	0.0	0.6
	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 Q3	5.7	5.5	5.9	5.4	6.5	-24.0	7.0	6.3	6.9	5.2	6.9	4.5	-51.2	5.7
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

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 Q3	-63.1	-53.7	-12.9	0.0	-40.8	-2.0	-17.8	-19.4	-0.1	1.6	0.1	8.4	8.1	3.5	0.4	0.0
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
2012 Jan.	24.0	0.7	-1.2	0.0	1.9	.	1.0	-7.1	-1.1	8.1	.	22.3	7.1	-5.8	15.2	.
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	5.8	-6.1	-2.8	0.0	-3.3	.	13.2	4.5	0.6	8.6	.	-1.3	-5.6	0.9	4.3	.
	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 Q3	0.9	0.6	-7.3	-8.7	1.0	-16.4	0.5	-14.9	9.3	8.6	130.0	6.1	1.0	0.9	28.1	-4.8
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

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 Q3	-28.1	-22.3	-10.6	-11.7	2.1	14.2	-12.0	-22.9	-7.9	-12.7	4.8	17.9
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
2012 Jan.	-19.5	4.0	12.8	-8.8	-35.3	-20.1	-15.2	.	11.7	-6.5	18.3	.
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	34.1	-2.9	6.2	-9.1	30.9	-17.8	48.7	.	6.2	2.2	3.9	.
	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 Q3	5.3	4.5	-2.8	6.5	6.7	10.3	5.2	8.5	-0.4	9.3	-2.4	5.3
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

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 Q3	128.4	-2.7	-2.7	0.1	82.7	68.3	14.4	-6.0	-0.1	-6.0	-1.5	54.4	2.4	39.2	19.0
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
2012 Jan.	22.6	1.8	.	.	5.5	.	.	-1.5	.	.	0.6	16.9	.	.	5.7
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	91.4	-1.7	.	.	49.8	.	.	5.0	.	.	3.8	38.2	.	.	15.9
	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 Q3	6.9	46.0	46.3	63.4	6.0	5.1	84.1	16.1	-3.6	25.0	9.1	7.2	4.5	7.0	18.0
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

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 Q3	127.2	29.8	29.8	0.0	24.3	5.6	18.7	23.2	-0.1	23.2	0.1	49.8	6.3	24.2	19.4
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
2012 Jan.	90.8	-36.0	.	.	109.3	.	.	7.1	.	.	.	10.4	.	.	.
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	40.7	.	.	1.3	.	.	2.9	.	.	.	11.2	.	.	.
	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 Q3	1.2	25.9	25.6	.	-4.3	-5.4	79.4	104.6	.	111.8	-8.4	3.1	10.3	-0.5	19.4
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

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 May	695.7	435.7	346.848	54.8	33.4	171.4	5.2	8.6	158.2	-	-	-	-0.7	0.4	51.0	-41.6	57.3
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
	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 Q3	-3.7	0.0	-	0.2	2.4	-6.3	0.3	-2.9	-3.8	0.0	3.0	-6.7	0.0	0.0	-	-	-
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	-	-	-
	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 Q3	0.9	0.0	-	-2.0	64.6	-2.8	-27.0	-37.0	3.2	1.9	9.9	-42.4	-	-	-	-	-
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	-	-	-	-	-

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

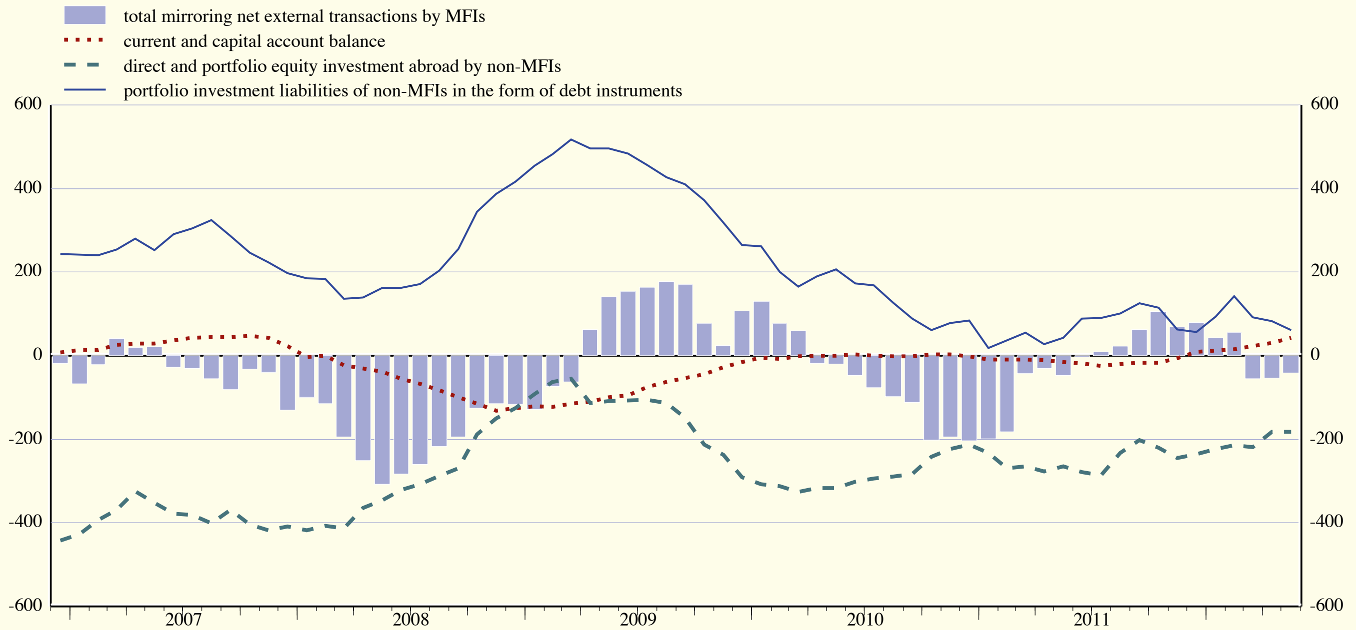
	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	Outstanding 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 Q1	81.0	-18.9	-120.5	82.6	5.5	-24.0	98.8	-0.1	-16.3	50.2	-0.4	24.2
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
2011 May	-0.9	-13.5	-7.0	3.2	-2.1	-18.5	-15.4	73.4	-29.6	15.6	-1.6	-5.4
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	-1.1	-6.7	16.5	3.3	-13.0	-9.1	52.6	-43.3	14.1	-6.4	5.2
	12-month cumulated transactions											
2012 May	-40.7	42.5	-272.9	195.9	41.7	-114.7	29.7	61.7	-135.4	153.3	-32.4	-10.1

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	421.1	1,268.8	1,550.7	948.4	229.9	349.3	1,019.7	250.1
2011	12.9	12.6	1,740.3	874.8	351.8	473.5	1,423.7	1,750.6	1,120.7	236.5	365.5	1,098.8	319.6
2011 Q2	13.2	13.0	430.7	217.3	87.2	116.4	351.1	439.1	282.5	59.3	90.5	276.4	78.4
Q3	9.6	9.8	434.8	218.9	87.4	118.5	358.5	440.6	282.8	59.4	91.5	276.3	82.7
Q4	8.6	4.9	445.6	222.2	90.5	121.9	363.8	434.0	278.5	58.6	91.0	268.4	84.1
2012 Q1	8.6	3.8	462.3	231.6	93.9	125.9	375.7	451.1	289.5	60.7	91.0	273.6	87.9
2011 Dec.	9.7	1.9	152.5	76.0	31.1	42.0	125.0	145.1	93.4	19.4	30.6	90.1	27.7
2012 Jan.	11.1	4.2	153.3	77.4	31.1	42.0	123.0	148.6	94.5	20.3	30.5	90.8	29.1
Feb.	11.1	7.2	153.7	76.8	31.7	41.7	126.8	151.7	97.8	20.2	30.5	92.3	28.8
Mar.	4.5	0.5	155.3	77.3	31.1	42.2	125.9	150.9	97.3	20.2	30.0	90.6	30.0
Apr.	5.9	-0.1	153.1	75.4	31.7	42.5	124.1	148.6	95.8	19.5	29.7	90.3	28.7
May	5.6	0.2	153.5	75.0	31.7	43.5	128.4	147.2	92.4	21.0	31.4	91.7	.
	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	143.8	128.1	104.8
2011	7.5	2.7	148.2	142.8	152.5	155.4	145.1	124.6	117.6	134.6	143.8	133.2	101.3
2011 Q2	8.4	3.1	147.7	142.1	152.7	154.9	144.2	125.2	118.1	136.2	145.0	134.9	96.9
Q3	5.5	2.9	147.8	142.5	152.0	155.3	146.2	125.3	118.5	136.8	143.1	134.1	104.5
Q4	3.4	-2.9	150.2	143.8	154.6	158.1	146.8	122.0	115.4	132.3	140.8	129.6	104.1
2012 Q1	4.5	-1.8	152.4	146.9	158.9	158.6	149.3	122.4	115.6	131.0	137.5	129.0	99.2
2011 Nov.	5.0	-3.8	150.1	144.2	157.5	156.7	148.5	121.9	115.6	132.3	140.0	129.2	105.8
Dec.	4.8	-5.0	153.4	147.0	157.7	163.0	150.6	121.4	115.3	128.8	141.4	129.8	101.5
2012 Jan.	7.1	-1.4	152.6	148.5	158.6	159.6	147.3	122.0	115.0	130.8	137.3	128.0	103.2
Feb.	6.3	0.7	151.1	145.1	160.9	156.6	150.3	123.2	116.9	130.7	138.7	130.5	97.6
Mar.	0.7	-4.4	153.5	147.1	157.2	159.7	150.3	121.9	115.0	131.5	136.5	128.5	96.9
Apr.	1.8	-4.6	151.4	143.1	161.6	160.0	148.0	120.6	113.6	126.8	136.6	128.5	93.4

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	.	.	.	.	.	.	.	.	.	.	1.8	.	.	1.7
2012 Jan.	112.6	3.2	2.2	2.0	2.5	17.7	3.2	121.9	5.2	-1.4	1.5	2.4	16.2	1.9
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	113.3	2.6	1.1	2.5	2.7	8.8	2.5	122.5	3.5	0.5	2.0	3.2	7.2	2.1
June	.	.	.	.	.	.	.	.	.	.	2.4	.	.	1.8

Source: Eurostat.

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

2) Product groups as classified in the Main Industrial Groupings. Unlike the product groups shown in Table 1, intermediate and consumer goods do not include energy products, and agricultural goods are not covered. Manufacturing has a different composition compared with the data shown in columns 7 and 12 of Table 1. Data shown are price indices which follow the pure price change for a basket of products and are not simple ratios of the value and volume data shown in Table 1, which are affected by changes in the composition and quality of traded goods. These indices differ from the GDP deflators for imports and exports (shown in Table 3 in Section 5.1), mainly because those deflators include all goods and services and cover cross-border trade within the euro area.

3) Industrial producer export prices refer to direct transactions between domestic producers and non-domestic customers. Contrary to the data shown for values and volumes in Table 1, exports from wholesalers and re-exports are not covered.

7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2010	1,533.0	30.1	52.6	194.8	208.2	63.0	92.8	47.4	180.6	356.6	94.8	34.6	104.0	73.4	129.5
2011	1,740.3	32.9	60.4	213.6	241.2	79.8	108.9	56.7	197.6	406.2	115.3	39.4	111.3	84.5	147.0
2010 Q4	405.6	8.2	14.2	50.3	55.8	17.4	24.8	13.3	46.3	93.5	25.5	9.0	27.2	19.0	35.5
2011 Q1	429.1	8.1	14.9	53.0	59.0	18.6	25.9	15.2	49.7	99.7	28.7	9.3	27.9	20.2	36.9
Q2	430.7	8.2	15.5	52.5	60.7	19.8	26.1	14.3	48.1	98.6	27.6	9.5	27.0	20.7	39.2
Q3	434.8	8.3	15.6	53.8	61.2	20.6	28.7	13.6	48.5	101.7	28.7	10.1	27.9	21.7	33.1
Q4	445.6	8.3	14.4	54.3	60.3	20.8	28.2	13.5	51.2	106.3	30.4	10.5	28.6	21.9	37.7
2012 Q1	462.3	8.4	15.0	56.4	61.2	22.1	29.5	14.6	55.5	109.2	31.3	10.5	30.9	24.0	35.5
2011 Dec.	152.5	2.8	4.9	18.3	20.3	7.2	9.5	4.7	18.1	36.2	10.1	3.4	9.8	7.9	12.8
2012 Jan.	153.3	2.8	5.0	18.7	20.2	7.1	9.9	4.7	18.3	35.9	10.4	3.5	9.7	7.7	13.2
Feb.	153.7	2.8	5.1	19.2	20.8	7.5	9.9	4.8	18.7	37.3	10.8	3.6	10.3	8.0	9.5
Mar.	155.3	2.8	4.9	18.5	20.2	7.5	9.7	5.0	18.5	36.1	10.1	3.5	11.0	8.3	12.9
Apr.	153.1	2.8	4.9	18.9	19.7	7.5	9.6	4.8	17.2	35.0	9.8	3.6	10.5	7.9	14.3
May	153.5	.	.	.	.	7.6	10.0	4.9	19.4	36.4	10.1	3.7	10.5	8.5	.
	Percentage share of total exports														
2011	100.0	1.9	3.5	12.3	13.9	4.6	6.3	3.3	11.4	23.3	6.6	2.3	6.4	4.9	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	494.8	208.6	51.4	118.9	75.3	98.3
2011	1,750.6	29.9	53.3	166.7	226.7	138.6	80.2	34.8	139.8	548.4	217.0	52.5	128.2	90.4	113.8
2010 Q4	410.6	7.0	12.5	38.6	52.3	30.3	17.9	8.1	34.3	128.7	54.3	13.0	32.6	20.9	27.4
2011 Q1	436.8	7.3	13.2	40.8	55.5	35.9	19.1	9.0	35.7	136.1	55.1	13.8	34.8	21.5	27.9
Q2	439.1	7.6	13.5	41.3	56.6	34.3	19.3	8.8	34.2	139.7	55.5	12.7	30.7	22.0	31.1
Q3	440.6	7.4	13.9	42.5	57.3	33.0	22.0	8.5	34.5	139.0	54.5	13.2	31.1	23.4	28.0
Q4	434.0	7.6	12.7	42.1	57.3	35.4	19.8	8.5	35.4	133.6	51.8	12.8	31.5	23.4	26.7
2012 Q1	451.1	7.2	13.1	42.6	57.6	37.6	20.0	8.4	37.5	135.7	53.2	12.5	38.6	23.7	29.2
2011 Dec.	145.1	2.5	4.2	14.1	19.2	11.5	6.4	2.9	11.8	44.3	17.3	4.3	10.6	8.1	9.5
2012 Jan.	148.6	2.4	4.4	14.0	19.0	11.8	6.8	2.7	12.3	44.7	17.7	4.1	12.0	7.8	10.7
Feb.	151.7	2.5	4.4	14.6	19.4	12.7	6.8	2.8	12.5	46.4	18.5	4.3	13.3	8.2	8.1
Mar.	150.9	2.3	4.3	14.0	19.2	13.1	6.4	2.8	12.7	44.6	17.0	4.1	13.2	7.7	10.4
Apr.	148.6	2.5	4.3	13.8	18.9	12.1	6.1	2.8	12.2	44.4	18.2	4.0	12.8	7.6	11.2
May	147.2	.	.	.	.	11.8	6.8	2.8	12.6	45.2	19.1	4.4	13.2	7.9	.
	Percentage share of total imports														
2011	100.0	1.7	3.0	9.5	13.0	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	46.9	12.7	-49.1	20.0	16.8	50.7	-138.2	-113.8	-16.8	-14.9	-1.8	31.2
2011	-10.3	3.0	7.1	46.9	14.6	-58.8	28.7	21.9	57.8	-142.1	-101.7	-13.1	-16.9	-5.8	33.3
2010 Q4	-5.0	1.2	1.7	11.7	3.6	-12.9	6.9	5.2	12.0	-35.2	-28.8	-4.0	-5.4	-1.9	8.2
2011 Q1	-7.8	0.7	1.7	12.2	3.5	-17.3	6.8	6.2	14.0	-36.4	-26.5	-4.5	-7.0	-1.4	9.0
Q2	-8.4	0.7	2.0	11.2	4.1	-14.5	6.7	5.5	13.9	-41.1	-28.0	-3.2	-3.7	-1.3	8.1
Q3	-5.8	0.9	1.7	11.3	3.9	-12.4	6.7	5.1	14.0	-37.3	-25.9	-3.1	-3.3	-1.7	5.1
Q4	11.6	0.7	1.7	12.2	3.0	-14.5	8.4	5.1	15.9	-27.4	-21.4	-2.3	-2.9	-1.5	11.0
2012 Q1	11.2	1.2	1.9	13.8	3.6	-15.5	9.5	6.2	17.9	-26.4	-21.9	-1.9	-7.6	0.3	6.3
2011 Dec.	7.4	0.3	0.7	4.2	1.1	-4.3	3.1	1.8	6.3	-8.0	-7.2	-0.8	-0.8	-0.2	3.3
2012 Jan.	4.7	0.4	0.6	4.7	1.3	-4.7	3.2	2.0	6.0	-8.8	-7.3	-0.6	-2.3	-0.1	2.5
Feb.	2.0	0.3	0.7	4.7	1.4	-5.2	3.0	2.0	6.1	-9.1	-7.7	-0.7	-3.1	-0.2	1.4
Mar.	4.4	0.5	0.6	4.5	0.9	-5.6	3.3	2.2	5.8	-8.5	-6.9	-0.6	-2.3	0.6	2.4
Apr.	4.5	0.3	0.6	5.1	0.9	-4.6	3.5	2.0	5.0	-9.4	-8.4	-0.4	-2.3	0.4	3.1
May	6.3	.	.	.	.	-4.3	3.2	2.1	6.8	-8.7	-9.0	-0.6	-2.6	0.6	.

Source: Eurostat.

8

EXCHANGE RATES

8.1 Effective exchange rates [1)]

(period averages; index: 1999 Q1=100)

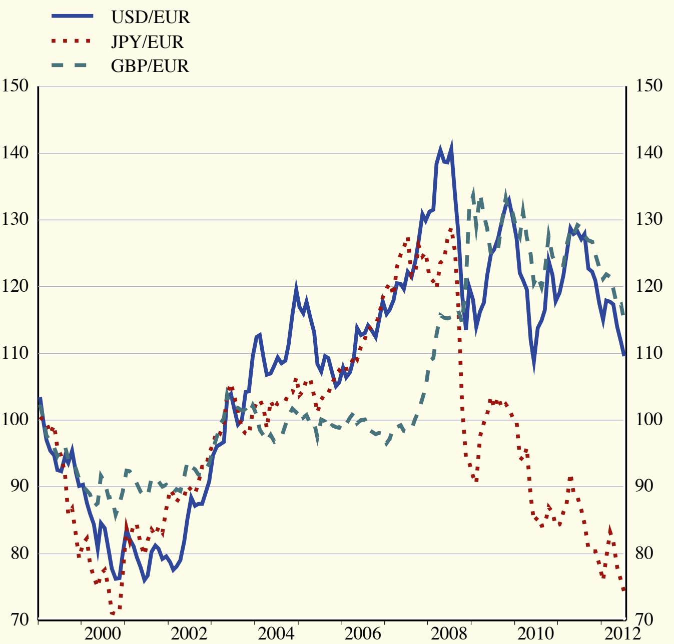
	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2009	110.6	109.2	104.3	104.9	118.7	105.0	119.7	106.8
2010	103.6	101.6	98.1	96.8	107.7	97.2	111.4	98.1
2011	103.4	100.7	97.6	95.1	107.1	95.8	112.0	97.6
2011 Q2	105.2	102.6	99.3	97.1	108.7	97.7	113.5	99.0
Q3	103.5	100.6	97.6	95.1	107.7	95.6	112.4	97.7
Q4	102.1	99.4	96.3	93.2	106.6	94.5	111.6	96.9
2012 Q1	99.5	97.0	94.4	90.5	104.1	91.6	108.3	94.0
Q2	98.2	95.9	93.2	.	.	.	107.4	93.2
2011 July	104.0	101.0	98.1	-	-	-	112.4	97.6
Aug.	103.9	100.8	97.9	-	-	-	112.9	98.0
Sep.	102.8	99.9	96.8	-	-	-	112.0	97.4
Oct.	103.0	100.2	97.1	-	-	-	112.5	97.8
Nov.	102.6	99.9	96.7	-	-	-	112.0	97.3
Dec.	100.8	98.1	95.1	-	-	-	110.2	95.7
2012 Jan.	98.9	96.3	93.7	-	-	-	107.9	93.7
Feb.	99.6	97.2	94.6	-	-	-	108.3	94.1
Mar.	99.8	97.4	94.8	-	-	-	108.6	94.3
Apr.	99.5	97.2	94.4	-	-	-	108.4	94.2
May	98.0	95.7	92.9	-	-	-	107.2	93.0
June	97.2	94.9	92.2	-	-	-	106.5	92.4
July	95.3	93.0	90.3	-	-	-	104.4	90.5
	Percentage change versus previous month							
2012 July	-1.9	-1.9	-2.0	-	-	-	-2.0	-2.1
	Percentage change versus previous year							
2012 July	-8.4	-7.9	-7.9	-	-	-	-7.1	-7.3

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 Jan.	1.9558	25.531	7.4353	0.6990	3.4528	307.33	4.3760	4.3417	8.8503	0.83210	7.5543	2.3759
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
	Percentage change versus previous month											
2012 July	0.0	-0.8	0.1	-0.1	0.0	-2.5	-2.6	2.1	-3.7	-2.2	-0.6	-2.4
	Percentage change versus previous year											
2012 July	0.0	4.6	-0.2	-1.8	0.0	6.9	4.7	7.4	-6.4	-10.9	0.9	-5.8

	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 Jan.	1.2405	2.3084	1.3073	8.1465	10.0187	66.0601	11,709.25	4.9141	99.33	4.0151
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
	Percentage change versus previous month									
2012 July	-4.9	-2.9	-3.2	-1.7	-1.9	-2.9	-1.9	0.6	-2.2	-2.3
	Percentage change versus previous year									
2012 July	-9.9	11.6	-8.6	-15.0	-14.2	7.5	-4.7	0.5	-14.3	-8.9

	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 Jan.	17.3140	1.6132	7.6752	56.208	40.4394	1.6510	10.3405	1,474.96	1.2108	40.718	1.2905
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
	Percentage change versus previous month										
2012 July	-5.9	-4.2	-1.1	-3.8	-3.0	-3.3	-3.5	-3.7	0.0	-1.9	-1.9
	Percentage change versus previous year										
2012 July	-1.3	-8.8	-4.2	-15.6	0.3	-10.7	4.5	-7.0	2.1	-9.5	-13.9

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

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 Apr.	2.0	4.0	2.3	2.8	3.3	5.6	4.0	1.9	1.0	3.0
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
					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 Jan.	5.30	3.39	1.74	5.74	5.35	9.51	5.68	7.02	1.70	2.04
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
					3-month interest rate as a percentage per annum; period average					
2012 Jan.	3.34	1.17	1.01	1.79	1.48	8.54	4.99	5.26	2.61	1.09
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
					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	4.2	2.1	1.2	0.6
2012 Q1	0.5	-0.7	0.4	5.6	3.9	-1.4	3.8	0.8	1.6	-0.2
Q2	.	.	.	.	2.7	.	.	.	2.2	-0.8
					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 Q3	11.9	-5.7	8.4	0.8	5.7	4.4	-3.3	-4.3	8.6	-3.1
Q4	-4.1	-0.6	6.2	2.6	-1.6	3.2	-1.5	-1.8	4.6	-1.5
2012 Q1	-5.2	4.0	3.1	-2.9	-8.8	3.1	-3.5	-0.7	8.0	-2.9
					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	145.9	80.8	145.9	72.7	73.5	195.2	421.3
2011 Q3	93.3	57.9	183.7	151.4	82.0	147.1	73.5	76.9	196.4	432.8
Q4	92.0	58.4	183.2	145.9	80.8	145.9	72.7	73.5	195.2	421.3
2012 Q1	93.2	59.1	185.2	145.3	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	1.7
2011 Q3	3.1	0.9	1.2	1.9	-0.9	4.5	1.7	3.9	-0.5	2.1
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	1.0	-0.2	5.0	5.0	1.3	4.5	1.7	4.5
					Standardised unemployment rate as a percentage of labour force (s.a.)					
2010	10.3	7.3	7.5	19.8	17.8	11.1	9.6	7.3	8.4	7.8
2011	11.3	6.7	7.6	16.3	15.4	10.9	9.7	7.4	7.5	8.0
2012 Q1	12.0	6.8	7.5	15.3	13.6	11.0	9.9	7.2	7.5	8.2
Q2	12.3	6.7	7.8	.	13.6	10.9	9.9	7.6	7.6	.
2012 Apr.	12.2	6.7	7.7	.	13.6	10.7	9.9	7.4	7.4	8.1
May	12.2	6.7	7.8	.	13.6	10.9	9.9	7.7	7.8	.
June	12.4	6.7	8.0	.	13.7	11.0	10.0	7.6	7.5	.

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

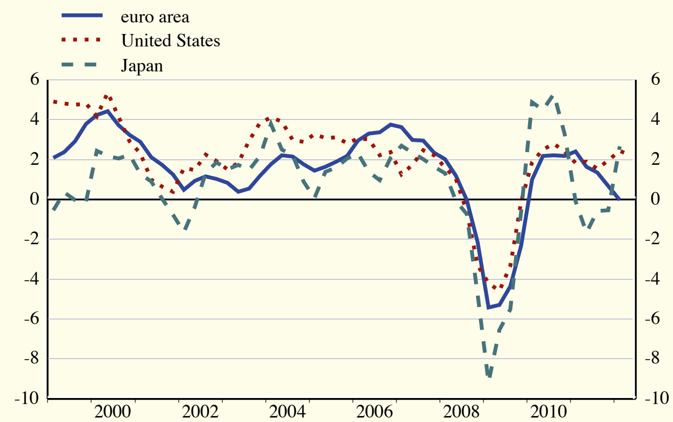
9.2 Economic and financial developments in the United States and Japan

(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	-0.6	-3.1	-13.8	9.3	8.0	0.69	4.17	1.3948	-11.6	74.1
2010	1.6	-2.0	2.4	6.3	9.6	2.5	0.34	3.57	1.3257	-10.7	82.4
2011	3.2	1.6	1.8	4.8	9.0	7.3	0.34	2.10	1.3920	-9.7	86.4
2011 Q2	3.4	1.0	1.9	4.0	9.0	5.5	0.26	3.46	1.4391	-10.2	83.0
Q3	3.8	2.0	1.6	3.9	9.1	9.2	0.30	2.18	1.4127	-9.6	84.9
Q4	3.3	2.1	2.0	4.5	8.7	9.7	0.48	2.10	1.3482	-9.1	86.4
2012 Q1	2.8	0.8	2.4	5.3	8.3	10.2	0.51	2.38	1.3108	.	.
Q2	1.9	.	2.2	5.6	8.2	9.7	0.47	1.83	1.2814	.	.
2012 Mar.	2.7	-	-	4.6	8.2	10.0	0.47	2.38	1.3201	-	-
Apr.	2.3	-	-	6.0	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	-	-	5.6	8.2	9.3	0.47	1.83	1.2526	-	-
July	.	-	-	.	.	.	0.45	1.63	1.2288	-	-
					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	4.5	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	-0.6	-1.0	4.4	2.8	0.19	1.04	109.77	.	.
Q4	-0.3	.	-0.5	-1.7	4.5	3.0	0.20	1.00	104.22	.	.
2012 Q1	0.3	.	2.7	4.7	4.6	3.0	0.20	1.05	103.99	.	.
Q2	0.2	.	.	5.1	.	2.3	0.20	0.84	102.59	.	.
2012 Mar.	0.5	-	-	14.3	4.5	3.0	0.20	1.05	108.88	-	-
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	-0.1	-	-	-2.0	.	2.2	0.20	0.84	99.26	-	-
July	.	-	-	.	.	.	0.20	0.78	97.07	-	-

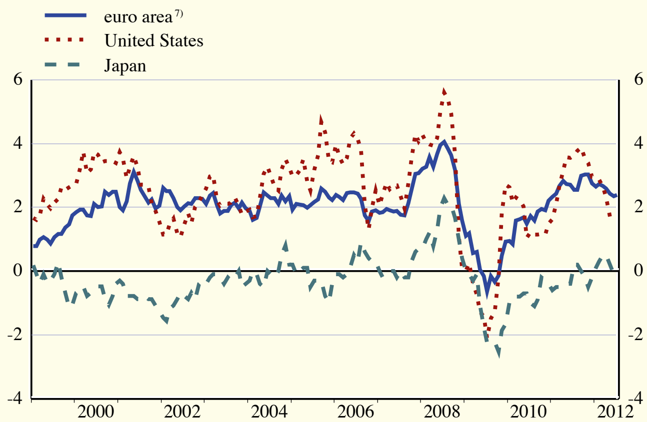
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

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

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

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

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

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

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

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

where L_{t-3} is the amount outstanding at the end of month t-3 (the end of the previous quarter) and, for example, C_t^Q is the reclassification adjustment in the quarter ending in month t.

For those quarterly series for which monthly observations are now available (see below), the quarterly transactions can be derived as the sum of the three monthly transactions in the quarter.

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

Growth rates can be calculated from transactions or from the index of adjusted outstanding amounts. If F_t^M and L_t are defined as above, the index I_t of adjusted outstanding amounts in month t is defined as:

$$\text{f)}\quad I_t = I_{t-1} \times \left(1 + \frac{F_t^M}{L_{t-1}} \right)$$

The base of the index (for the non-seasonally adjusted series) is currently set as December 2008 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

The annual growth rate a_t for month t – i.e. the change in the 12 months ending in month t – can be calculated using either of the following two formulae:

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

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

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS [1]

The approach used is based on multiplicative decomposition using X-12-ARIMA.[2] The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.[3] The resulting estimates of seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

1 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program", Journal of Business and Economic Statistics, 16, 2, pp.127-152, or "X-12-ARIMA Reference Manual", Time Series Staff, Bureau of the Census, Washington, D.C.
For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2008) generally differs from 100, reflecting the seasonality of that month.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1, 3.2 and 3.3 are computed as follows.

The trade balance equals euro area imports minus exports vis-à-vis the rest of the world for goods and services.

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension fund reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, the current external account is compiled as the trade balance plus all net income (resources minus uses).

Net lending/net borrowing is computed from the capital account as net saving plus net capital transfers (resources minus uses) minus gross capital formation (uses) minus acquisitions less disposals of non-produced non-financial assets (uses) plus consumption of fixed capital (resources). It can also be calculated in the financial account as total transactions in financial assets minus total transactions in liabilities (also known as changes in net financial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between the balancing items computed from the capital account and the financial account.

Changes in net financial worth (wealth) due to transactions are computed as total transactions in financial assets minus total transactions in liabilities, whereas other changes in net financial worth (wealth) are calculated as (total) other changes in financial assets minus (total) other changes in liabilities.

Net financial worth (wealth) is calculated as total financial assets minus total liabilities, whereas changes in net financial worth (wealth) are equal to the sum of changes in net financial worth (wealth) due to transactions (lending/net borrowing from the financial account) and other changes in net financial worth (wealth).

Changes in net worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth) and other changes in non-financial assets.

The net worth (wealth) of households is calculated as the sum of the non-financial assets and net financial worth (wealth) of households.

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They can be calculated from transactions or from the index of notional stocks. If N_t^M represents the transactions (net issues) in month t and L_t the level outstanding at the end of month t, the index I_t of notional stocks in month t is defined as:

$$\text{k)} \quad I_t = I_{t-1} \times \left(1 + \frac{N_t}{L_{t-1}}\right)$$

As a base, the index is set equal to 100 in December 2008. The growth rate a_t for month t, corresponding to the change in the 12 months ending in month t, can be calculated using either of the following two formulae:

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

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

The method used to calculate the growth rates for securities other than shares is the same as that used for the monetary aggregates, the only difference being that an "N" is used instead of an "F". This is to show that the method used to obtain "net issues" for securities issues statistics differs from that used to calculate equivalent "transactions" for the monetary aggregates.

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

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

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 1 August 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 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

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

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.

in Section 5.1) and employment statistics (Tables 1, 2 and 3 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[13] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[14]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided

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.

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:

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

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

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

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

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GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Volatility: the degree of fluctuation in a given variable.

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

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

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

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