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In 2010 all ECB publications feature a motif taken from the €500 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 8 April 2010 to leave the key ECB interest rates unchanged. The current rates remain appropriate. Taking into account all the information and analyses that have become available since the Governing Council meeting on 4 March 2010, price developments are expected to remain moderate over the policy-relevant horizon. The latest information has also confirmed that the economic recovery in the euro area continued in the early months of 2010. Overall, the Governing Council expects the euro area economy to expand at a moderate pace in 2010, in an environment of uncertainty, with the growth pattern possibly being uneven owing to a number of special factors. The outcome of the monetary analysis confirms the assessment of low inflationary pressures over the medium term. All in all, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations remain firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The Governing Council will continue to monitor very closely all developments over the period ahead.

As regards the economic analysis, the euro area economy grew by 0.4% in the third quarter of 2009, after a period of sharp decline, while in the fourth quarter real GDP was flat, according to Eurostat's second release. The economy benefited from the ongoing recovery in the world economy, the significant macroeconomic stimulus provided and the measures adopted to restore the functioning of the banking system. Available indicators, in particular further positive information from business surveys, suggest that the economic recovery in the euro area continued in the early months of 2010, although it may have been affected by a number of special factors, including adverse weather conditions. As a consequence, euro area real GDP growth is likely to have remained uneven around the turn of the year, making it advisable to look through the quarterly volatility and to compare growth developments on a half-yearly basis. Looking ahead, the Governing Council expects real GDP growth to continue to expand at a moderate pace in 2010, owing to the ongoing process of balance sheet adjustment in various sectors and the expectation that low capacity utilisation is likely to dampen investment and that consumption is being hampered by weak labour market prospects.

The Governing Council continues to view the risks to this outlook as broadly balanced, in an environment of uncertainty. On the upside, the global economy and foreign trade may recover more strongly than projected and confidence may improve more than expected. Furthermore, there may be greater than anticipated effects stemming from the extensive macroeconomic stimulus being provided and from other policy measures taken. On the downside, concerns remain relating to renewed tensions in some financial market segments, a stronger or more protracted than expected negative feedback loop between the real economy and the financial sector, renewed increases in oil and other commodity prices, and the intensification of protectionist pressures, as well as the possibility of a disorderly correction of global imbalances.

With regard to price developments, euro area annual HICP inflation was 1.5% in March 2010, according to Eurostat's flash estimate, after 0.9% in February. While no breakdown of overall HICP developments is available yet, this higher than expected outcome may be related, in particular, to the energy component, as well as food prices, possibly partly as a result of weather conditions. Inflation is expected to remain moderate over the policy-relevant horizon. In line with a slow recovery in domestic and foreign demand, overall price, cost and wage developments are expected to stay subdued. Inflation expectations over the medium to longer term remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

Risks to this outlook remain broadly balanced. They relate, in particular, to further developments in economic activity and the evolution of

commodity prices. Furthermore, increases in indirect taxation and administered prices may be greater than currently expected, owing to the need for fiscal consolidation in the coming years.

Turning to the monetary analysis, the annual growth rate of M3 was -0.4% in February. Annual growth in loans to the private sector also remained weak, at -0.4%, despite a positive flow in the month. Overall, the latest data continue to support the assessment that the underlying pace of monetary expansion is moderate and that, in the medium term, the inflationary pressures associated with monetary developments are low. The growth of M3 and loans is likely to remain weak also in the coming months.

The continued steep yield curve fosters the allocation of funds into longer-term deposits and securities outside M3 and implies that actual M3 growth is weaker than the underlying pace of monetary expansion. At the same time, the narrow spreads between the interest rates paid on different M3 instruments imply low opportunity costs of holding funds in the most liquid components included in M1, which continued to grow at a robust annual rate of 10.9% in February. However, the monthly flows in the components of M3 were generally small in February, suggesting that the strong impact of the prevailing interest rate constellation may be progressively waning.

The negative annual growth of bank loans to the private sector continues to conceal countervailing developments: positive, strengthening annual growth in loans to households on the one hand, and negative annual growth in loans to non-financial corporations on the other hand. At the same time, the flow of loans to firms in February was positive for the first time since August 2009 and halted the decline in the annual growth rate. Such positive short-term developments need to be assessed with caution, owing to the volatility in monthly data. In addition, it is a normal feature of the business cycle that loans to non-financial corporations remain weak for some time after economic activity has picked up.

The reduction in the size of banks' overall balance sheets appears to have come to a halt in the early months of 2010. However, the challenge remains for them to manage possible further adjustments while at the same time ensuring the availability of credit to the non-financial sector. To address this challenge, banks should use the improved funding conditions to strengthen their capital bases further and, where necessary, take full advantage of government support measures for recapitalisation.

To sum up, the current key ECB interest rates remain appropriate. Taking into account all the information and analyses that have become available since the Governing Council meeting on 4 March 2010, price developments are expected to remain moderate over the policy-relevant horizon. The latest information has also confirmed that the economic recovery in the euro area continued in the early months of 2010. Overall, the Governing Council expects the euro area economy to expand at a moderate pace in 2010, in an environment of uncertainty, with the growth pattern possibly being uneven owing to a number of special factors. A cross-check of the outcome of the economic analysis with that of the monetary analysis confirms the assessment of low inflationary pressures over the medium term. All in all, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations remain firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The Governing Council will continue to monitor very closely all developments over the period ahead.

As regards fiscal policies, it is now essential that governments reduce budget imbalances and correct excessive deficits by the agreed deadlines. In a number of euro area countries, fiscal consolidation will start this year and in all others corrective measures will need to be in place by 2011 at the latest. Fiscal consolidation will need to exceed substantially the annual structural adjustment of 0.5% of GDP set as

a minimum requirement by the Stability and Growth Pact, and there is a need to fully define and implement credible fiscal adjustment strategies. This requires determined efforts, notably on the part of countries with high government deficit and debt-to-GDP ratios, not least in view of the expected rising budgetary costs associated with an ageing population. A strong focus on expenditure reforms is needed. The Governing Council welcomes the statement on Greece made by the Heads of State and Government of the euro area countries on 25 March. The Governing Council fully supports the intention to strengthen surveillance of economic and budgetary risks and the instruments for their prevention, including the excessive deficit procedure. The Governing Council also welcomes the decision to work on a robust crisis resolution framework. Progress in these fields should aim to ensure the sustainability of public finances and promote the smooth functioning of EMU.

Regarding structural reforms, the agreements reached at the European Council on 25 and 26 March on the Europe 2020 strategy should help to reinforce job creation, competitiveness and sustainable growth. To this end, policies should now focus on increasing competition, while sectoral support schemes implemented during the crisis should be phased out. In labour markets, sufficient wage flexibility and a reinforcement of incentives to work are required in order to avoid higher structural unemployment over the coming years. In the same vein, an appropriate restructuring of the banking sector remains essential. Sound balance sheets, effective risk management and transparent, robust business models are key to strengthening banks' resilience to shocks and to ensuring adequate access to finance, thereby laying the foundations for sustainable growth and financial stability.

Regarding the Eurosystem collateral framework, the Governing Council has decided to keep the minimum credit threshold for marketable and non-marketable assets in the Eurosystem collateral framework at investment-grade level (i.e. BBB-/Baa3) beyond the end of 2010, except in the case of asset-backed securities. In addition, the Governing Council has decided to apply, as of 1 January 2011, a schedule of graduated valuation haircuts to the assets rated in the BBB+ to BBB- range (or equivalent). This graduated haircut schedule will replace the uniform haircut add-on of 5% that is currently applied to these assets. The detailed haircut schedule will be based on a number of parameters which are specified in a press release published on the ECB's website.

This issue of the Monthly Bulletin contains three articles. The first article describes some of the short-term inflation forecasting tools that are used at the ECB. The second article provides an overview of the measures taken by euro area governments to contain the impact of the crisis on the financial sector. The third article reviews the prospects for global real and financial imbalances.

ECONOMIC AND MONETARY DEVELOPMENTS

I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The global economy continues to show stronger signs of a return to growth. Global inflationary pressures have remained rather low as a result of substantial spare capacity. While uncertainty persists regarding the sustainability of future growth, risks to the global economic outlook are viewed to be broadly balanced.

1.1 DEVELOPMENTS IN THE WORLD ECONOMY

Recent indicators continue to suggest that the global economy is on a path of recovery, supported by the monetary and fiscal policy stimuli, a prolonged inventory cycle and improvements in both consumer and business confidence. World trade has also shown signs of a stronger recovery, despite a slight month-on-month contraction in January.

Short-term indicators show further improvement in global economic conditions. The global Purchasing Managers' Index (PMI) rose in March for the eighth consecutive month, with business activity rising in both the manufacturing and services sector (see Chart 1). While the manufacturing sector continued to lead the recovery, the services sector exhibited renewed strength and narrowed the growth differential with respect to manufacturing. At the same time, labour market indicators showed first signs of stabilisation in overall employment.

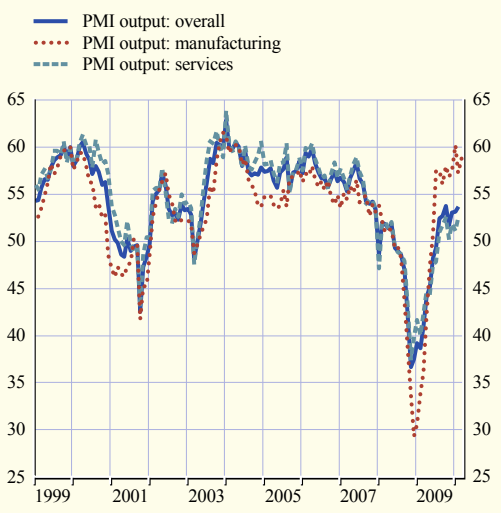
Global inflationary pressures have remained rather low as a result of substantial spare capacity. Headline CPI inflation in OECD countries was 1.9% in the year to February, down from 2.1% in the previous month (see Chart 2). This small decrease in inflation rates mainly reflected the deceleration of energy prices at the time. Excluding food and energy, annual CPI inflation remained broadly unchanged at 1.5% in February, close to ten-year lows. While global PMI input prices point to a further increase in average costs, inflationary pressures remain rather limited overall, in line with a slow recovery in demand.

UNITED STATES

In the United States, real GDP growth gained momentum in the fourth quarter of 2009, after having turned positive in the third quarter.

Chart 1 Global PMI output

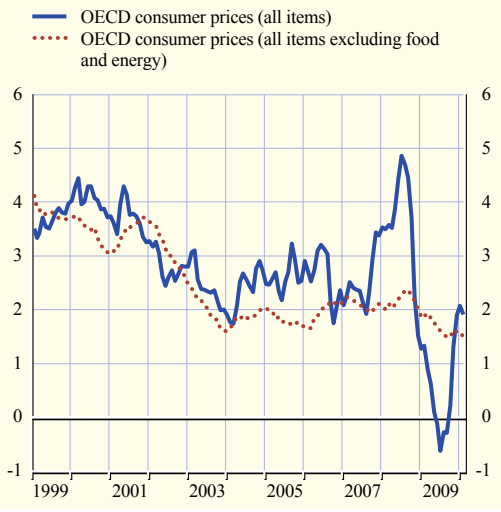
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

Chart 2 International price developments

(monthly data; annual percentage changes)



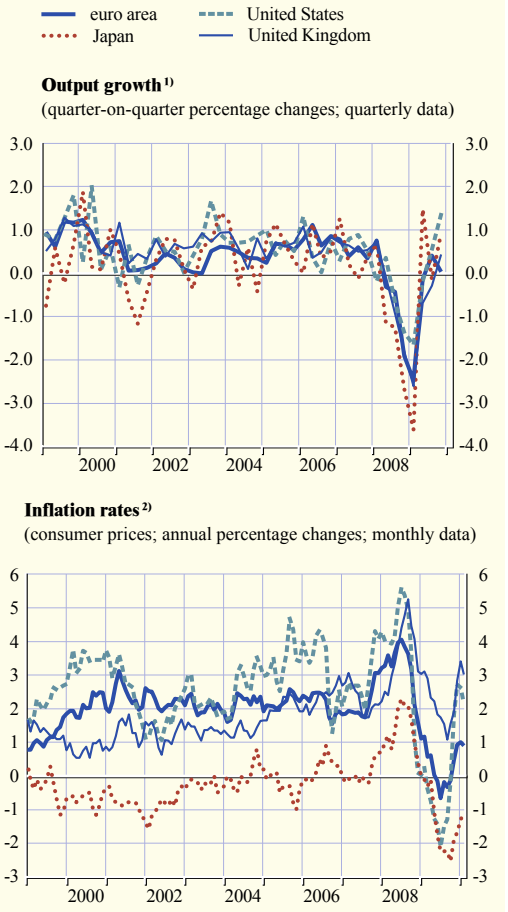
Source: OECD.

According to the final estimate by the Bureau of Economic Analysis, real GDP rose by 5.6% in annualised terms in the fourth quarter. The acceleration in growth primarily reflected a positive contribution from inventory investment, as businesses liquidated inventories at a slower pace. In addition, both consumer spending and residential investment continued to increase, albeit at a slower pace than in the previous quarter as household spending continued to be held back by weak labour market conditions (see Box 1) and efforts to increase savings. Non-residential fixed investment made a positive contribution to growth for the first time in a year. Meanwhile, GDP growth was dampened by weaker government consumption and investment, as state and local authorities cut spending. Looking ahead, the support to GDP growth from the inventory cycle and the federal government stimulus are expected to fade in the second half of the year.

As regards price developments, annual CPI inflation decelerated from 2.6% in January to 2.1% in February. The recent deceleration reflects lower inflationary pressure on most core items, in particular shelter costs, amid substantial economic slack. Excluding food and energy, annual inflation decreased to 1.3% in February from 1.6% in January.

On 16 March 2010 the US Federal Open Market Committee (FOMC) decided to maintain its target range for the federal funds rate at 0% to 0.25%.

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.

Box 1

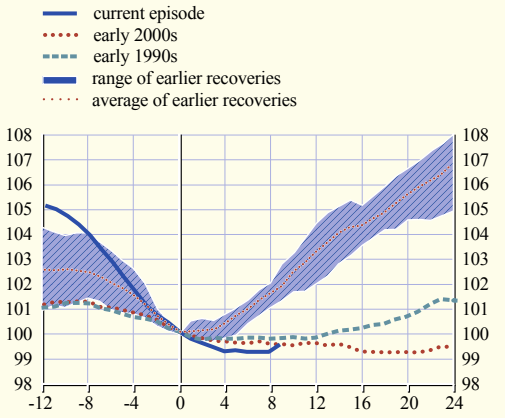
PROSPECTS FOR THE LABOUR MARKET RECOVERY IN THE UNITED STATES

The recession that started in December 2007 has been associated with an exceptionally sharp adjustment in the US labour market. In the non-farm sector, a total of 8.4 million jobs had been lost by February 2010. While US employment data showed some improvement in March, concerns remain that the current economic upturn could turn out to be another so-called "jobless" recovery. A recovery is generally termed "jobless" in the United States when employment continues to contract for at least a year into the recovery, as witnessed in the episodes of the early 1990s

and 2000s.[1] In fact, recent developments in US employment have been even weaker than in those jobless recoveries (see Chart A). This box explores the main factors that could possibly slow down the upturn in the US labour market in the near term.

Chart A Non-farm employment during US recoveries

(y-axis: indices, end of recession = 100; x-axis: months from trough)



Sources: Bureau of Labor Statistics, NBER and ECB staff.
Note: On the x-axis, t=0 refers to the trough. Both the average and min-max range are based on all US recoveries since 1954, except the jobless recoveries of the early 1990s and 2000s as well as the first part of the 1980 recovery. The most recent recovery is assumed to have started in June 2009. The last observation refers to March 2010.

Economic activity and the labour market

The strength of the labour market upturn strongly depends on the vigour of the recovery in GDP. On average, the jobless recoveries of the early 1990s and 2000s were associated with more sluggish upturns (and shallower recessions) than the other post-war episodes in the United States (see the table below). There may be a risk that the current upturn in GDP – which follows the most severe recession in post-war history – could be comparatively modest, owing to tight credit conditions, high uncertainty regarding economic prospects, a large amount of spare capacity holding back investment, and the need for households to increase their savings. A sluggish recovery in output would be consistent with historical evidence in other countries that have experienced financial crises and could restrain US employment prospects.

Structural changes and unemployment persistence

Recessions typically trigger structural changes in the economy or accelerate ongoing transformation processes. A strong associated reallocation of workers and capital between industries can lead to a weaker and delayed recovery in employment, since it takes time for

1 See, for instance, S. Schreft, A. Singh and A. Hodgson, "Jobless recoveries and the wait-and-see hypothesis", *Federal Reserve Bank of Kansas City Economic Review*, fourth quarter 2005.

GDP and labour market developments during US recoveries

(percentages, unless otherwise noted)

	GDP decline during recession	GDP growth in first year of recovery	Employment growth during quarters 3-6 of recovery	Quarters until first sustained decline in unemployment [1]
Average jobless recovery (early 1990s and 2000s)	-0.3	2.3	0.3	8
Average of earlier recoveries [2]	-2.0	7.2	3.7	2
Current recovery [3]	*-3.7*	*3.5*		

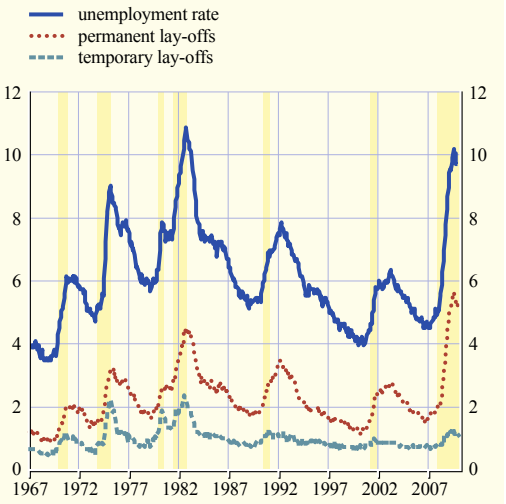
Sources: Bureau of Economic Analysis, Bureau of Labor Statistics and ECB staff.
1) The first sustained decline in unemployment is defined as the quarter when unemployment fell for the first time after the trough in GDP and was not reversed in subsequent quarters.
2) This average includes all US recoveries since 1954, except those of the early 1990s and 2000s and the first part of the 1980 recovery.
3) The most recent recession is assumed to have ended in the second quarter of 2009 and the GDP growth rate in the first year of the recovery is based on the Consensus forecast.

workers to be retrained and hired in other industries. Some workers may leave the labour force altogether. During the most recent recession, some sectors in the United States – most notably, the construction and car sectors – have been particularly strongly affected and could be downsized permanently.[2]

Structural economic changes that require a reallocation of labour across sectors may increase the persistence of unemployment. This would imply that the unemployment rate may remain high for a prolonged period of time. Several indicators are indeed suggestive of higher unemployment persistence.[3] First, permanent lay-offs – as opposed to temporary ones – have increased sharply during this recession, much more so than in the earlier recessions of the 1970s and 1980s which were followed by strong job growth during the recovery phase (see Chart B). Second, the average duration of unemployment reached 31.2 weeks in March – a historical high since records began in 1948. High unemployment duration could lead to a loss of skills, thus causing hysteresis effects, although historically hysteresis has not been very important for US unemployment, in particular in comparison with European countries.[4]

Chart B US unemployment rate and lay-offs

(percentage of labour force)



Sources: Bureau of Labor Statistics and NBER.
Note: "Temporary lay-offs" refers to individuals who have lost their job, but been given a date to return to work or expect to return within six months. "Permanent lay-offs" refers to those whose employment ended involuntarily and who began looking for work. The difference between total unemployment and temporary/non-temporary lay-offs is explained by job leavers, re-entrants and new entrants. The shaded areas refer to recessions.

The role of "just-in-time" employment practices

Past jobless recoveries were also characterised by a high recourse by employers to temporary and part-time workers as well as overtime work – during and after the recession – to increase the flexibility in their workforce. This option of just-in-time employment reduces the need to hire workers in anticipation of stronger future demand, as firms can wait until demand actually materialises and quickly adjust labour hours.

Just-in-time employment practices also seem to have played a role in this episode. First, in the early stages of the recovery, part-time employment for economic reasons (i.e. the number of individuals working part-time because full-time work was not available) rose significantly. Second, overtime hours declined sharply during the recent downturn and have only recently begun to rebound. Both developments reveal an increasing use of the adjustment of hours, rather than employment, at least in the early stages of the recovery. While these practices do not imply

2 For an analysis of the structural factors that have contributed to the jobless recovery of the early 2000s, see E. Groshen and S. Potter, "Has structural change contributed to a jobless recovery?", *Current Issues in Economics and Finance*, Vol. 9 (8), Federal Reserve Bank of New York, 2003.

3 Other factors, however, may also explain increased unemployment persistence, including the length of the downturn, the policy measures that have extended the duration of unemployment benefits during the crisis and a possible reduction in labour mobility within the United States (arising from the fact that the housing downturn has left many US homeowners with negative equity).

4 See J. Roberts and N. Morin, "Is hysteresis important for US unemployment?", *The Federal Reserve Board Finance and Economics Discussion Series*, No 1999-56, 1999.

that the recovery in employment will, overall, be weaker than usual, they tend to delay the upturn in full-time employment.

Conclusion

To summarise, the recovery in the US labour market could possibly resemble the recoveries of the early 1990s or 2000s in that it could occur later and be more subdued than in the other US post-war episodes. Important characteristics of past jobless recoveries – a weak upturn in activity as well as structural changes and the use of just-in-time employment practices – appear to also be present in the current episode.

JAPAN

In Japan, the recovery continued in the fourth quarter of 2009, with growth being driven not only by external demand, but also by a pick-up in domestic demand. According to the second preliminary data release by Japan's Cabinet Office, real GDP expanded by 0.9% quarter on quarter in the fourth quarter. Growth in the third quarter was revised downwards to negative figures. Looking ahead, the recovery is expected to be mainly driven by the large fiscal stimulus and the upturn in exports, the latter benefiting from the strong rebound in several Asian economies.

Consumer prices continued to decline in February, but at a slower pace in annual terms. Headline consumer prices decreased by 1.1% year on year in February, after falling by 1.3% in January. Consumer price inflation excluding fresh food was -1.2% in the year to February. Excluding energy and food prices, annual CPI inflation stood at -1.1%.

At its meeting on 17 March 2010, the Bank of Japan decided to leave its target for the uncollateralised overnight call rate unchanged at 0.1%.

UNITED KINGDOM

In the United Kingdom, quarter-on-quarter real GDP growth turned positive in the fourth quarter of 2009. According to the revised estimate, real GDP increased by 0.4%, compared with a 0.3% decrease in the third quarter. GDP growth in the fourth quarter was mainly driven by household expenditure, which increased by 0.4% quarter on quarter, and by government final consumption, which rose by 1%, while business investment declined further. Overall, short-term indicators suggest that the gradual improvement in economic conditions has continued in early 2010. The flow of total net lending to individuals increased in January, although from low levels. As regards house prices, after several months of steady recovery, the monthly growth rate turned negative in February. Looking ahead, activity is expected to continue its gradual recovery, supported by lagged effects of the depreciation of the pound sterling, fiscal and monetary stimuli, and the improvement in global economic conditions. However, the strength of the recovery remains highly uncertain.

Annual HICP inflation has remained elevated, standing at 3% in February. In recent months the Bank of England's Monetary Policy Committee has maintained the official Bank Rate paid on commercial bank reserves at 0.5%.

OTHER EUROPEAN COUNTRIES

Overall, the economic situation has continued to improve in the other non-euro area EU countries. However, quarter-on-quarter real GDP growth developments have been fairly volatile in a number

of countries. The uneven path of the recovery reflects the impact of the inventory cycle, ongoing fiscal adjustment in some countries and other temporary factors.

In Sweden, real GDP decreased by 0.6% quarter on quarter in the fourth quarter of 2009, which is markedly weaker than the 0.1% decrease registered in the third quarter. In Denmark, real GDP increased by 0.2% in the fourth quarter, following a 0.4% increase in the third quarter. Short-term indicators suggest improvements in the economic situation in both countries in early 2010. In February annual HICP inflation moderated slightly in Denmark to 1.8% (from 1.9% in January), while it increased marginally in Sweden to 2.8% (from 2.7% in January). On 26 March 2010 Danmarks Nationalbank decided to reduce its key interest rate by 10 basis points to 1.55%.

In the largest central and eastern European EU Member States, growth patterns were fairly diverse in the fourth quarter, according to the flash estimates. While the quarterly pace of decline in real GDP moderated further in Hungary to -0.4% (up from -1.2% in the third quarter), growth turned negative in Romania at -1.5% (down from positive growth of 0.1% in the third quarter). In Poland and the Czech Republic, quarter-on-quarter real GDP growth accelerated to 1.2% and 0.7% respectively in the fourth quarter. On balance, recent confidence indicators as well as industrial production and trade data point to an improvement in activity in all of these countries in early 2010. At the same time, there is considerable uncertainty about economic developments in the quarters ahead and significant risks remain, as illustrated by increasing unemployment rates.

In recent months inflationary developments have been rather diverse across the largest central and eastern European EU Member States. Annual HICP inflation has been hovering at a fairly low level in the Czech Republic, standing at 0.4% in February. In contrast, in Hungary, Poland and Romania, annual HICP inflation has remained at higher levels, standing at 5.6%, 3.4% and 4.5% respectively in February. On 29 March 2010 the Magyar Nemzeti Bank decided to decrease its main policy rate by 25 basis points to a historical low of 5.5% and Banca Națională a României decided to reduce its main policy rate by 50 basis points to 6.5%.

EMERGING ASIA

Most economies in emerging Asia have already reached or surpassed the real GDP levels observed before the start of the recent downturn. High growth in Asia has recently been accompanied by a resumption of inflationary pressures, especially in India and China, mainly on account of increasing food prices and base effects. While fiscal and monetary policies in the region have, overall, remained supportive, the People's Bank of China and the Reserve Bank of India (RBI) have continued to withdraw liquidity. Furthermore, the RBI raised its key policy rate by 25 basis points in March, the first rate hike since July 2008.

In China, tentative signs of overheating have recently emerged. Industrial production growth accelerated to 20.7% year on year in the first two months of 2010, compared with 17.9% in the last quarter of 2009. Growth in nominal urban fixed asset investment remained robust at 26.7% in the first two months of 2010. Total investment has increasingly become self-sustained and driven by the private sector. Investment in public infrastructure increased by 31% year on year in the first two months of 2010, a significant slowdown compared with 57% annual growth in the last quarter of 2009. This indicates that the local authorities have begun to gradually phase out the fiscal stimulus measures. Growth in broad money and the level of new local-currency loans have remained above the official targets of 17% and CNY 7.5 trillion respectively, despite some recent moderation. Annual CPI inflation increased to 2.7% in February from 1.5% in January, mainly

driven by an increase in food prices in the light of adverse weather conditions. Property and housing prices have continued to rise, especially in urban areas, a development which is being addressed through administrative measures.

LATIN AMERICA

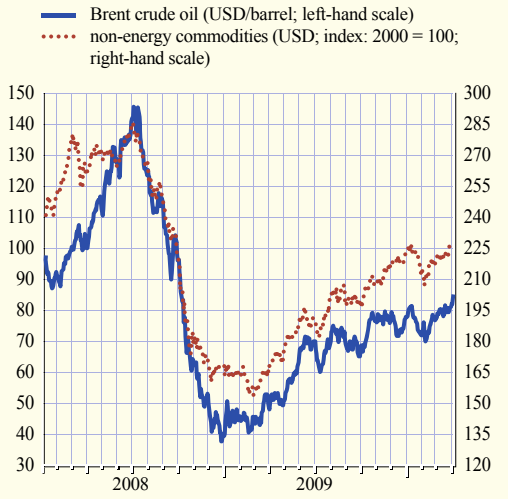
In Latin America, economic activity has continued to strengthen on account of stronger external and domestic demand. Inflationary pressures have recently started to build up slowly in most countries. In Brazil, real GDP grew at an annual rate of 4.3% in the fourth quarter, after having contracted by 1.4% in the third quarter. Growth in the fourth quarter was mainly driven by a rapid recovery in investment and solid private consumption. Annual headline inflation increased from 4.5% in January to 4.8% in February. Economic activity also strengthened in Argentina, where real GDP expanded by 1.9% year on year in the fourth quarter of 2009. Inflationary pressures remained strong in Argentina, with annual inflation standing at 9.1% in February, approximately 2 percentage points higher than three months earlier. In Mexico, industrial production continued to recover gradually and was almost 5% higher in January than a year earlier. Annual inflation stood at 4.8% in February, up from 4.5% in January.

1.2 COMMODITY MARKETS

Oil prices remained broadly unchanged in March, but increased in early April. Brent crude oil prices stood at USD 86 per barrel on 7 April, which is about 9% higher than at the beginning of the year (see Chart 4). Looking ahead, market participants are expecting higher oil prices in the medium term, with futures contracts for December 2012 trading at around USD 90.5 per barrel.

Looking at fundamentals, the International Energy Agency (IEA) revised its oil demand projections upwards on the back of better-than-expected developments in non-OECD economies. Overall, oil demand in 2010 is expected to increase significantly, by 1.6 million barrels per day compared with last year, mainly driven by robust demand in China. The prospects for oil demand in OECD countries, particularly in Japan and the United States, have also improved slightly. However, the upward demand-side pressure on oil prices has been partly counterbalanced by an increase in oil supply. While OPEC decided not to raise its production quotas, it has continued to produce well above its target. Furthermore, non-OPEC supply has increased in the last few months, driven by higher output in the Gulf of Mexico and Canada. The IEA also revised its projections for non-OPEC oil supply upwards, now foreseeing an annual increase of 0.33 million barrels per day in 2010.

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Overall, the prices of non-energy commodities increased slightly in March and early April. Metal prices rose, driven in particular by nickel and copper. Meanwhile, food prices declined on the back of a strong downward correction in

sugar prices and a moderation in wheat prices. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was at about the same level in early April as at the beginning of the year.

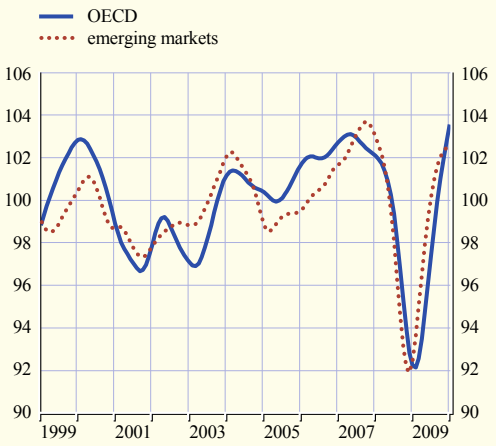
1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Leading indicators signal further expansion in global economic activity in the near term. The composite leading indicator (CLI) for the OECD economies continued to rise in January, thus signalling economic expansion in the OECD area, despite some recent moderation (see Chart 5). With regard to major emerging economies, the CLIs point to further expansion in economic activity in China and Russia and some loss of momentum in the recovery in Brazil and India.

While global economic prospects remain subject to uncertainty, the risks to global activity remain broadly balanced. On the upside, confidence may improve more than expected and there may be greater than anticipated effects stemming from the extensive macroeconomic stimulus being provided and from other policy measures taken. On the downside, concerns remain relating to renewed tensions in some financial market segments, a stronger or more protracted than expected negative feedback loop between the real economy and the financial sector, renewed increases in oil and other commodity prices, and the intensification of protectionist pressures, as well as the possibility of a disorderly correction of global imbalances.

Chart 5 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

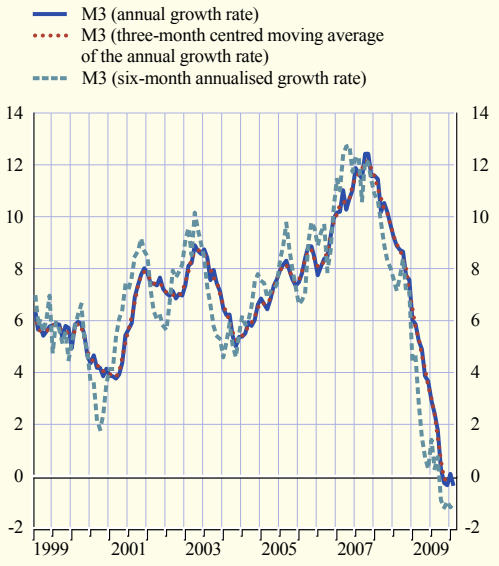
The annual growth rates of M3 and MFI loans to the private sector have declined in parallel over a protracted period of time. Their continued weakness supports the assessment that the pace of underlying monetary expansion is moderate and medium-term inflationary pressures stemming from monetary developments are currently low. However, owing to the downward impact of the steep yield curve, the annual growth of headline M3 continues to understate the pace of underlying monetary expansion. The increase observed in the annual growth rate of MFI loans to the private sector in February 2010 reflected, at the sectoral level, increases in the growth rates of both loans to households and loans to non-financial corporations. At the same time, while the annual growth rate of loans to households was positive, that of loans to non-financial corporations continued to be negative. Data for February point to a halt in the shedding of assets by the banking sector.

THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 turned negative again in February 2010, standing at -0.4% in that month (down from 0.1% in January; see Chart 6). This decline reflected a base effect, while the month-on-month growth rate was zero, having shown some volatility in previous months (standing at -0.2% in January 2010 and 0.3% in December 2009). Looking beyond such short-term developments, monetary dynamics continued to reflect the strong downward impact associated with the steep yield curve, which encourages shifts out of M3 and into longer-term assets. At the same time, substitution within M3 continued, with shifts towards M1. This was driven by the continued narrow spread between the interest rate on deposits with an agreed maturity of up to two years and the interest rate on overnight deposits. As a result, the annual growth rate of M1 remained elevated, while those of short-term deposits other than overnight deposits (i.e. M2-M1) and marketable instruments (i.e. M3-M2) reverted to levels broadly similar to those observed in December 2009. (For a comparison of the current episode of weak money growth with past episodes, see Box 2, entitled "Weak money growth: a review of past episodes".)

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Box 2

WEAK MONEY GROWTH: A REVIEW OF PAST EPISODES

The annual growth rate of euro area M3 was negative in three of the last four months for which data are available, standing at -0.4% in February 2010. This represents the first episode of negative broad money growth at the euro area level since the beginning of the 1980s.[1] There are three main factors explaining the present historically weak M3 growth: first, the severe recession and the fact that the level of economic activity still remains low, implying limited demand for money for transaction purposes; second, the particularly steep yield curve, which implies strong incentives to shift funds from monetary to longer-term assets; and third, the strong accumulation of monetary assets over a protracted period in the years prior to this episode, which implies a possible correction of excess liquidity. This box looks at how the current episode of weak money growth compares with those observed in the past at the euro area level and at the country level.

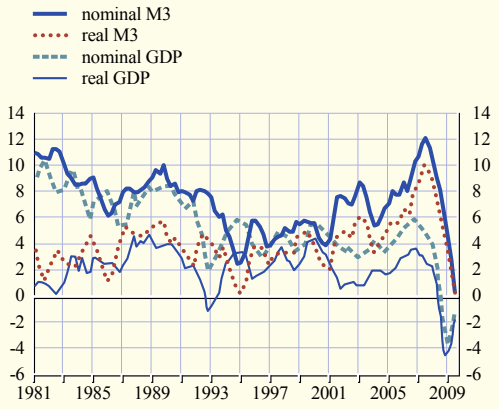
At the euro area level

For the euro area as a whole, the only other episode in which annual M3 growth has come close to zero – and then it was only in real terms – was in the mid-1990s (see Chart A). That episode displayed both similarities and differences vis-à-vis the current period. It was similar in that the weak money growth followed a strong decline in annual real GDP growth, which entered negative territory and resulted in a recession (although that decline of around 5 percentage points from peak to trough was less strong than the decline of some 8 percentage points observed in the current episode). The weak money growth also coincided with a significant steepening of the yield curve, which was slightly stronger than that observed in 2009 (with the spread between

1 Although euro area-wide data on M3 are available for the whole of this period, only data as of 1999 are based on harmonised statistics. Those covering the preceding period are synthetic euro area data.

Chart A M3 and GDP growth in the euro area

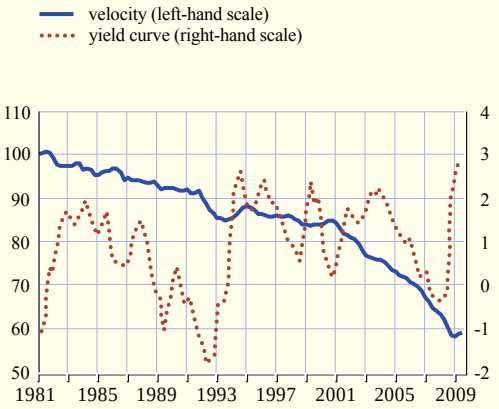
(annual percentage changes)



Sources: ECB, Eurostat and OECD.
Notes: M3 growth rates have been calculated from notional stocks. The real M3 series has been calculated by deflating nominal M3 using the GDP deflator.

Chart B The velocity of money and the steepness of the yield curve in the euro area

(index: 1981 Q2 = 100; percentage points)



Sources: ECB, ECB calculations, Eurostat and OECD.
Notes: Velocity is calculated as differences between the logarithms of nominal GDP and nominal notional money stocks. The steepness of the yield curve is calculated as the difference between nominal long-term government bond yields and short-term market interest rates.

long and short-term rates increasing by around 4.5 percentage points, compared with an increase of around 3.5 percentage points in the current episode; see Chart B). It was also preceded by a protracted period in which money grew in excess of economic activity, seen as velocity deviating from past trends.[2] However, this excess money growth was not as strong or protracted as in the run-up to the current episode.

But there are also differences between these two episodes. First, while in the mid-1990s the problems in the financial sector were restricted to individual banks in a small number of countries, in the current episode they have been much more pervasive, especially following the intensification of the financial turmoil. A second difference concerns the timing relative to the economic cycle: in the earlier period, the developments in M3 growth lagged the slowdown in GDP growth by around two years, while on this occasion the two series have declined almost simultaneously.

At the country level

By contrast with developments at the euro area level, there have been several instances of negative annual growth in nominal M3 at the country level in the last 20 years (see table).[3] Ignoring the current episode, in which negative M3 growth has been recorded in seven of the twelve euro

2 Changes in velocity can obviously only serve as a rough indication of excess monetary developments, as they can also reflect other factors such as financial innovation and changes in preferences as regards money holdings.

3 Only twelve euro area countries are considered, owing to a lack of historical data. The assessment is based on nominal (rather than real) M3, as the aim is to compare the current episode of negative nominal money growth with equivalent historical episodes and the data cover a period of time (i.e. the period of convergence and Stage Three of EMU) with limited distortion as a result of inflation. National M3 developments depend more on variations in net external assets than developments for the euro area as a whole, given the significant capital flows between the individual euro area countries. As a result, those national developments are, for most countries, considerably more volatile and prone to produce negative growth rates.

Negative annual growth in nominal M3 in selected euro area countries since 1990: developments in selected indicators

(timing relative to the episode of negative annual growth in M3)

	Negative annual M3 growth	Negative annual real GDP growth	Excess money growth	Steepening of the yield curve in percentage points
BE	94 Q4-95 Q3	Before	Before	Before (4.1)
DE	95 Q1-95 Q2; 00 Q4	Before; after	Before; before	Before (4.1); no
	09 Q4	Before and during	Before	Before and during (3.3)
IE	No			
GR	No			
ES	No			
FR	93 Q3-94 Q3; 96 Q4	Before; no	Before; before	Before and during (6.2); before (2.6)
	09 Q4	Before and during	Before	Before and during (3.4)
IT	97 Q4; 99 Q2	Before; before	Before; no	No; before (1.9)
LU	99 Q1-99 Q4; 09 Q1-09 Q4	No; before and during	No; before	During (1.6); before and during (3.3)
NL	95 Q1-95 Q2; 09 Q4	No; before and during	Before; before	Before and during (3.8); before (3.3)
AT	97 Q4-98 Q3; 09 Q2-09 Q4	No; before and during	Before; before and during	No; before and during (3.5)
PT	02 Q3-02 Q4; 09 Q4	During and after; before and during	No; before	Before (1.5); before (3.5)
FI	94 Q1	Before	Before	Before, during and after (7.0)
	96 Q4	No	Before	Before (1.3)
	97 Q2; 98 Q1	No; no	Before; before	No; no
	00 Q4-01 Q1; 09 Q2-09 Q4	No; before and during	No; before and during	No; before and during (3.2)

Source: ECB estimates and calculations.
Notes: The terms "before", "during" and "after" indicate the timing of the developments in the selected indicators relative to the negative annual growth in nominal M3. "No" indicates that there was no particular change in the indicator in question around the time of the episode of negative annual growth in nominal M3. The figures in brackets in the last column indicate the magnitude of the steepening of the yield curve in percentage points. M3 data refer to national monetary aggregates in which the money-holding sector consists of national residents, so they are not necessarily comparable with the national contributions to euro area M3 growth reported since 1999 as part of the harmonised euro area statistics. Excess money growth is defined as nominal M3 growth exceeding nominal GDP growth.

area countries under consideration, these events can be grouped into three periods: i) the period from the ERM crisis to the mid-1990s; ii) the second half of the 1990s, which coincided with the period of convergence in the run-up to Stage Three of EMU; and iii) a few sporadic cases in the early 2000s. In the first period, four of the five countries registering negative M3 growth had previously witnessed negative real GDP growth. All of them had also registered excess money growth and a steepening of the yield curve. In the second period, negative annual M3 growth was preceded in four of the five cases by a steepening of the yield curve and excess money growth, but real GDP growth had been negative in only one case. Finally, in the early 2000s, three countries registered negative money growth, while real GDP growth was negative in two of those cases. However, by contrast with the previous two periods, the contraction in economic activity occurred during and after the negative money growth, not before it. Only in one case does excess money growth appear to have played a significant role in monetary dynamics, with the same being true of the steepening of the yield curve.

Implications for the current situation

In all of the countries discussed above, the negative annual growth of M3 was short-lived, with money growth returning to positive territory within approximately one year following an economic recovery and the flattening or stabilisation of the yield curve. However, what makes it difficult to gauge the extent to which the pattern will be repeated at the euro area level is the fact that on this occasion the scale of developments (i.e. the previous accumulation of monetary imbalances, the problems in the banking sector and the decline in economic activity) has greatly exceeded those of earlier periods.

In qualitative terms, the factors currently at work imply countervailing forces. On the one hand, the signs of stabilisation in the banking system (supported by the various policy responses), the stabilisation of the yield curve and the strengthening of real GDP growth should all help annual M3 growth to return to positive territory in a relatively short period of time. On the other hand, the strong money and credit growth registered over the past few years, which is also apparent in the high level of private sector indebtedness, may mean that money holders' balance sheets need to be reduced further. This may continue to dampen M3 growth, keeping it in negative territory or at very modest levels for some time to come. Were the accumulated liquidity to be "absorbed" through gradual deleveraging and not used for additional spending on consumer goods, this would be consistent with a continuation of the low inflationary pressures stemming from the current monetary developments.

February saw the annual growth rate of MFI loans to the private sector standing in negative territory for the sixth consecutive month. When adjusted for the impact of the derecognition of loans in the context of securitisation, the annual growth rate was somewhat less negative. The annual growth rate of lending to households remained positive and rose further, supporting the view that there has been a turning point in loans to households. The annual growth rate of loans to non-financial corporations remained clearly in negative territory, but increased in February for the first time since spring 2008. This pattern of divergent sectoral loan developments remains consistent with business cycle regularities.

As regards euro area credit institutions, data for February point to a halt in the shedding of assets by the banking sector.

MAIN COMPONENTS OF M3

The decline observed in the annual growth rate of M3 was accompanied by shifts in the contributions of the various components. While the contribution of M1 increased strongly, those of marketable instruments and short-term deposits other than overnight deposits became even more negative.

The annual growth rate of M1 decreased slightly to stand at 10.9% in February, down from 11.5% in the previous month (see Table 1). However, the monthly flow was positive (reflecting positive flows for both components – i.e. currency in circulation and overnight deposits).

The annual growth rate of short-term deposits other than overnight deposits declined slightly to stand at -8.1% in February, down from -8.0% in January. Among the sub-components, an outflow was recorded for deposits with an agreed maturity of up to two years (i.e. short-term time deposits), which was only partly offset by an inflow for deposits redeemable at notice of up to three months (i.e. short-term savings deposits). Given the fact that short-term savings deposits are currently better remunerated than short-term time deposits, some shifts are likely to be taking place between the two. Similarly, the low opportunity cost of holding overnight deposits continues to provide incentives to move funds into this instrument from short-term time deposits.

February saw another negative flow for marketable instruments, with their annual growth rate decreasing to -12.4%, down from -10.9% in January. The monthly flow for the largest sub-component of marketable instruments – money market fund shares/units – remained strongly negative, reflecting shifts into longer-term assets. Similarly, the annual growth rate of short-term MFI debt securities (i.e. those with a maturity of up to two years) decreased, with a further monthly outflow being recorded. Following a small purchase of MFI debt securities by the money-holding sector in December, disinvestment from these securities has resumed in early 2010.

Table 1 Summary table of monetary variables

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

	Outstanding amount as a percentage of M3 [1]	Annual growth rates					
		2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Jan.	2010 Feb.
M1	**49.0**	**5.4**	**8.1**	**12.2**	**12.3**	**11.5**	**10.9**
Currency in circulation	8.2	13.6	13.2	12.8	7.5	6.2	6.0
Overnight deposits	40.8	3.8	7.1	12.1	13.3	12.6	12.0
M2 – M1 (= other short-term deposits)	39.3	9.3	3.0	-3.1	-7.7	-8.0	-8.1
Deposits with an agreed maturity of up to two years	19.6	13.0	-0.7	-13.2	-22.1	-22.6	-22.5
Deposits redeemable at notice of up to three months	19.6	4.5	8.6	12.9	15.7	13.7	12.6
M2	**88.2**	**7.3**	**5.6**	**4.5**	**2.2**	**1.9**	**1.6**
M3 – M2 (= marketable instruments)	11.8	-0.7	-2.5	-7.7	-11.4	-10.9	-12.4
M3	**100.0**	**6.1**	**4.4**	**2.7**	**0.2**	**0.1**	**-0.4**
Credit to euro area residents		**6.5**	**4.8**	**3.6**	**2.9**	**1.6**	**1.5**
Credit to general government		5.7	8.4	11.5	13.6	9.1	8.4
Loans to general government		2.3	1.5	2.7	3.2	3.2	3.0
Credit to the private sector		6.6	4.0	2.1	0.9	0.0	0.0
Loans to the private sector		4.6	2.1	0.4	-0.6	-0.6	-0.4
Loans to the private sector adjusted for sales and securitisation		6.0	3.5	1.6	0.3	-0.3	-0.1
Longer-term financial liabilities (excluding capital and reserves)		**3.7**	**4.3**	**4.8**	**6.8**	**5.3**	**4.5**

Source: ECB.
1) As at the end of the last month available. Figures may not add up due to rounding.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest group of monetary assets for which a sectoral breakdown is reported – declined to 1.0% in February, down from 1.2% in January. This concealed heterogeneous developments across the various sectors: a smaller negative contribution from financial intermediaries was offset by declines in the positive contributions of both non-financial corporations and households. The contribution of households has been following a downward trend – consistent both with the fact that household income typically lags economic recoveries and with the shifting of funds into longer-term assets – and has been broadly moving in the opposite direction to that of non-financial corporations. Indeed, since July 2009, in line with the business cycle, firms have been rebuilding their liquidity buffers (having drawn down liquid assets in the early stages of the financial crisis), a development which is typically seen in the early part of an economic recovery. However, it appears that this accumulation of liquid assets has levelled off in the last few months.

MAIN COUNTERPARTS OF M3

Turning to the counterparts of M3, the annual growth rate of total MFI credit to euro area residents was 1.5% in February, down from 1.6% in January (see Table 1). This was a result of the annual growth rate of credit to general government declining further (albeit remaining at a high level, standing at 8.4%, down from 9.1% in January), while the annual growth rate of credit to the private sector continued to hover around zero (standing at 0.1%, up from -0.3% in January).

The annual growth rate of loans to the private sector (the largest component of credit to the private sector) stood at -0.4% in February, up from -0.6% in January. When adjusted for the impact of securitisation, the annual growth rate of loans was somewhat less negative (at -0.1%), but the distortion attributable to derecognition continued to decline.

The overall developments observed in lending to the private sector continued to conceal a degree of heterogeneity in the annual growth rates of the various sub-sectors. On an annual basis, the growth rate of lending to non-financial corporations rose for the first time since spring 2008, albeit remaining in negative territory, while that of loans to households edged up further, having

Table 2 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					
		2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Jan.	2010 Feb.
Non-financial corporations	**43.7**	**8.1**	**4.6**	**1.2**	**-1.4**	**-2.7**	**-2.5**
Up to one year	25.2	4.0	-2.6	-8.6	-11.9	-13.4	-12.5
Over one and up to five years	19.9	12.4	9.8	4.7	-0.1	-3.0	-3.2
Over five years	54.9	8.8	6.8	5.4	3.9	3.2	3.2
Households [2]	**46.2**	**0.9**	**0.1**	**-0.1**	**0.3**	**1.6**	**1.8**
Consumer credit [3]	12.6	1.2	-0.4	-1.0	-1.0	-0.5	-0.8
Lending for house purchase [3]	71.8	0.7	-0.2	-0.2	0.2	1.8	2.1
Other lending	15.6	1.7	1.5	1.3	1.9	2.2	2.7
Insurance corporations and pension funds	**0.8**	**-6.7**	**-3.5**	**-6.1**	**-12.3**	**-9.7**	**-4.8**
Other non-monetary financial intermediaries	**9.3**	**7.9**	**1.4**	**-0.0**	**0.2**	**-0.1**	**-0.4**

Source: ECB.

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

bottomed out in the first half of 2009 (see Table 2). These differences in sectoral loan developments are consistent with historical regularities: growth in loans to households tends to pick up early in the economic cycle, while growth in loans to non-financial corporations typically lags improvements in economic activity.

The annual growth rate of MFI loans to non-financial corporations increased to -2.5% in February, up from -2.7% in January. Looking at the maturity breakdown, the positive flow recorded in February reflected, in particular, the inflows observed for loans with a maturity of over five years. The annual growth rate of loans to households increased further to stand at 1.8% in February, up from 1.6% in January. When account is taken of the impact of the derecognition of loans in the context of true-sale securitisation (which typically concerns loans to households, rather than loans to non-financial corporations), the recovery in the annual growth rate of loans to households was slightly smaller, but the growth rate was higher. Lending for house purchase continued to be the main contributor to the increase observed in annual loan growth, while the contribution of consumer credit declined further. Overall, the most recent developments confirm that a turning point has been reached as regards household loan growth.

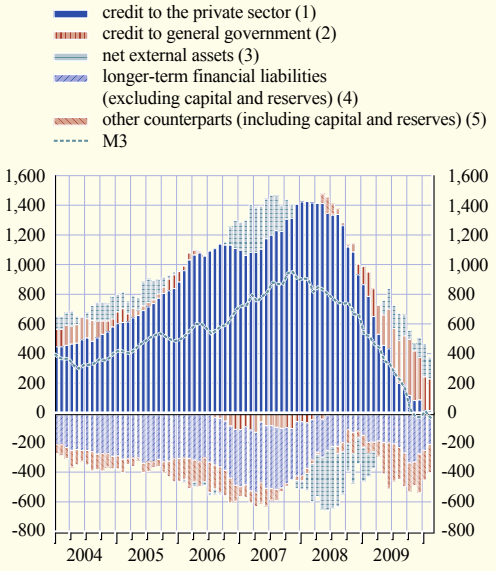
Among the other counterparts of M3, the annual growth rate of MFI longer-term financial liabilities excluding capital and reserves decreased to 4.5% in February, down from 5.3% in the previous month. This decline was broadly based across all components. From a sectoral perspective, credit institutions continued to obtain long-term funding from households in the form of long-term deposits, reflecting the fact that longer-term deposits have remained much better remunerated than shorter-term deposits. Capital and reserves grew at an annual rate of 7.0% in February.

Finally, the annual inflow for MFIs' net external asset position was €142 billion in February, down from €221 billion in January (see Chart 7). A monthly outflow of €30 billion was recorded in February, a result of a small positive monthly flow for external assets (mostly loans) and a sizeable increase in external liabilities (mainly deposits).

To sum up, the fact that the annual growth rates of M3 and loans to the private sector have declined in parallel over a protracted period of time and have both been weak in recent months supports the assessment that the pace of underlying monetary expansion is moderate and inflationary pressures stemming from monetary developments are low. However, owing to the strong downward impact of the steep yield curve, growth in headline M3 continues to understate the pace of underlying monetary growth.

Chart 7 Counterparts of M3

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



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

2.2 SECURITIES ISSUANCE

The annual growth rate of debt securities issuance continued to moderate, edging downwards to 7.7% in January 2010 and falling gradually from the buoyant double-digit growth in issuance registered in 2009. Data on sectoral issuance activity reveal that this moderation was broadly based across sectors and maturities. Meanwhile, the annual growth rate of issuance of quoted shares remained broadly unchanged.

DEBT SECURITIES

The annual growth rate of debt securities issued by euro area residents continued to moderate, falling to 7.7% in January 2010 from 8.1% in the previous month (see Table 3). Following the downward trend that started a year ago, the issuance of short-term debt securities contracted for the first time in January 2010 (at a rate of 2.5% on a year-on-year basis), while the annual growth rate of long-term debt securities issuance remained almost unchanged (at 9.1%). The six-month annualised and seasonally adjusted growth rate of debt securities issued, which better captures short-term trends, confirms a broad-based moderation across all institutional sectors (see Chart 8).

Over the last year, all issuers have been showing a strong preference for long-term debt securities, notably those issued at a fixed rate, in order to lock in favourable long-term financing conditions. In January 2010, however, the positive trend in the issuance of fixed rate long-term debt securities came to a halt, with the annual growth rate slowing down to 11.6% from 12.1% in the previous month. At the same time, the annual growth rate of floating rate long-term debt securities issued increased to 3.5%, after 2.8% in the previous month.

Regarding sectoral issuance, the moderation in the pace of debt securities issued registered in January 2010 appears to be broad-based. Despite this moderation, the annual growth rates of debt securities issued by non-financial corporations and central governments, both in double digits, remain at historically high levels. In particular, the annual growth rate of debt securities issued by euro area non-financial corporations stood at 13.2% in January 2010, marginally down from 13.7% in the

Table 3 Securities issued by euro area residents

	Amount outstanding (EUR billions)	Annual growth rates[1]					
Issuing sector	2010 January	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2009 December	2010 January
Debt securities	15,152	10.6	12.0	11.5	10.2	8.1	7.7
MFIs	5,425	5.9	5.8	4.1	2.9	2.2	2.2
Non-monetary financial corporations	3,002	30.8	32.5	28.6	22.3	13.4	13.3
Non-financial corporations	809	7.9	10.3	13.2	15.5	13.7	13.2
General government	5,916	9.6	12.2	13.5	12.7	11.2	10.1
of which:							
Central government	5,549	9.9	12.4	13.7	12.9	11.3	10.2
Other general government	368	6.0	9.6	9.5	10.4	9.7	9.1
Quoted shares	**4,253**	**1.2**	**1.9**	**2.7**	**2.8**	**3.0**	**3.0**
MFIs	523	7.2	8.7	9.4	8.9	9.1	8.3
Non-monetary financial corporations	338	3.1	3.4	4.1	2.9	5.3	5.3
Non-financial corporations	3,392	0.0	0.8	1.6	1.9	1.8	1.9

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

previous month. High volumes and a sustained pace of net issuance of fixed rate long-term debt securities since end-2008 suggest that corporations, especially large ones, have been raising sizeable amounts of finance via capital markets, taking advantage in particular of narrowing corporate bond spreads. They may have also drawn resources from capital markets in view of tighter terms and conditions on bank loans.

Similarly, the annual growth rate of debt securities issued by the general government sector, despite some signs of moderation, remained strong in January 2010, at 10.1%, compared with 11.2% in the previous month. This remains in line with the continued large funding needs of the euro area public sectors. In recent months, central government has become the largest contributor to the growth in overall debt securities issuance.

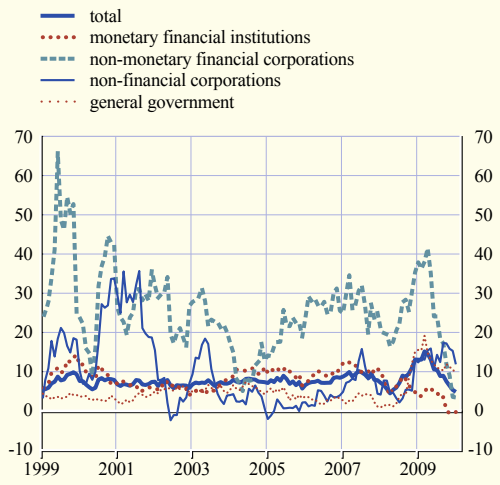
Turning to the financial sector, the annual growth rate of debt securities issued by MFIs remained historically weak, at 2.2% in January, edging down from the level of the previous month. This weakness has largely been driven by a sharp contraction of debt securities issued at short-term maturities (by 11.3% in January 2010), while the annual growth rate of long-term debt securities issued stood at 4.6%, a level broadly stable compared with the previous year. A broadly similar picture emerges for debt securities issued by non-monetary financial corporations. The annual growth rate of debt securities issued by non-monetary financial corporations declined to 13.2% in January 2010, from 13.7% in the previous month, mostly due to a further strong contraction in short-term issuance.

QUOTED SHARES

The annual growth rate of quoted shares issued by euro area residents remained broadly unchanged at 3.0% in January 2010 (see Chart 9). Moderating somewhat compared with the previous month, the annual growth rate of equity issuance by MFIs remained strong at 8.3% in January 2010, as banks raised capital in order to strengthen their balance sheets. The annual growth rate

Chart 8 Sectoral breakdown of debt securities issued by euro area residents

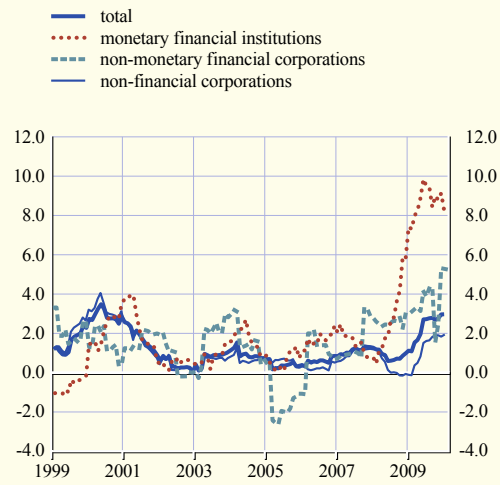
(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

Chart 9 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.

of quoted shares issued by non-financial corporations, at 1.9% in January and broadly unchanged from the five previous months, continued to be supported by higher equity prices and increased confidence.

2.3 MONEY MARKET INTEREST RATES

The money market yield curve remained broadly unchanged in March and early April 2010, with marginal declines observed for nearly all maturities. This reflected the continued ample liquidity conditions in the euro area, particularly following the allotment of the final one-year longer-term refinancing operation (LTRO) on 16 December 2009. The Eurosystem also continued to conduct outright purchases of covered bonds in the context of the covered bond purchase programme that began on 6 July 2009.

Unsecured money market rates declined only marginally in March and early April 2010. On 7 April the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.403%, 0.639%, 0.950% and 1.223% respectively. The one-month, three-month and six-month EURIBOR were slightly lower than the levels observed on 3 March, declining by around 2, 1 and 1 basis points respectively. The twelve-month EURIBOR increased by around 1 basis point. As a result, the slope of the money market yield curve was almost unchanged, with the spread between the twelve-month and one-month EURIBOR standing at around 82 basis points on 7 April (see Chart 10).

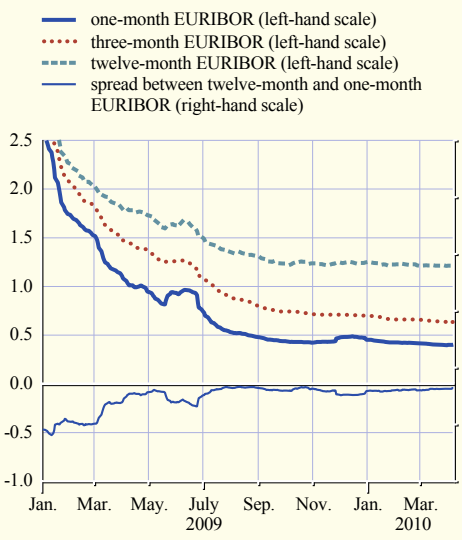
Secured money market rates, such as those derived from the three-month EONIA swap index, also remained almost unchanged. The three-month EONIA swap rate stood at 0.375% on 7 April, around 1 basis point higher than its value on 3 March. As a result, the spread between this secured money market rate and the corresponding EURIBOR decreased marginally to stand at 26 basis points on 7 April, down from 28 basis points on 3 March.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in June, September and December 2010 and March 2011 declined to stand at 0.72%, 0.90%, 1.07% and 1.25% respectively on 7 April. The rates implied by contracts maturing in June and September 2010 (which were 5 and 6 basis points lower respectively than their levels on 3 March) declined slightly less than those implied by contracts maturing in December 2010 and March 2011 (which were 8 and 9 basis points lower respectively).

The EONIA was broadly stable in March and early April. It remained at levels around 10 basis points above the deposit facility rate of 0.25%,

Chart 10 Money market interest rates

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



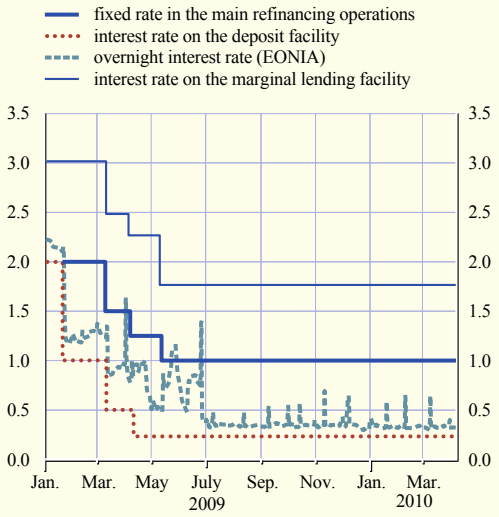
Sources: ECB and Reuters.

with the exception of 9 March (see Chart 11). This was the final day of the second maintenance period of 2010, when the EONIA rose to 0.643% as a result of the Eurosystem conducting a liquidity-absorbing fine-tuning operation by means of a variable rate tender procedure. The operation absorbed €294.5 billion, with a maximum rate of 1.00%, a marginal rate of 0.80% and a weighted average rate of 0.76%. On 7 April the EONIA stood at 0.329%.

In the main refinancing operations conducted on 2, 9, 16, 23 and 30 March, the ECB allotted €80.5 billion, €78.4 billion, €79.0 billion, €81.0 billion and €81.5 billion respectively. As regards longer-term operations, on 31 March the ECB conducted two LTROs: a three-month operation in which it allotted €2.0 billion, and a six-month operation in which it allotted €17.9 billion. All operations were conducted with a fixed rate of 1% and full allotment.

Chart 11 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Reuters.

In line with the increase in the liquidity surplus in the euro area money market following the settlement of the final one-year LTRO, average daily recourse to the deposit facility rose to stand at €197.7 billion in the period from 10 March to 7 April. This is slightly higher than the €186.4 billion observed in the previous maintenance period, which ended on 9 March.

The covered bond purchase programme that began on 6 July 2009 has also proceeded further. The total value of purchases of euro-denominated covered bonds issued in the euro area stood at €44.1 billion on 26 March, with €60 billion worth of bonds set to be purchased by the end of June 2010.

Box 3

MONEY MARKETS' REACTION TO ANNOUNCEMENTS REGARDING THE PHASING-OUT OF NON-STANDARD MEASURES

This box assesses the euro area money markets' reaction to the announcements made by the Governing Council with regard to the start of the gradual phasing-out of non-standard measures. In December 2009, in view of the improved financial market conditions, the Governing Council announced that the last twelve-month refinancing operation would be conducted in that month, while the last six-month operation would be conducted in March 2010. Three months later, in March 2010, the Governing Council also decided to return to variable rate tender procedures in its regular three-month operations as of the end of April 2010.

This assessment of markets' reaction to those announcements is based on market expectations for the EONIA, spreads between the EURIBOR and the OIS, and implied volatility derived from money market rates. Overall, money markets' reaction to the announcements made in December 2009 and March 2010 has been fairly muted. This is consistent with the gradual nature of the phasing-out of those measures and suggests that the money markets are expecting to make a gradual and orderly return to normal functioning.

Communication of the phasing-out of non-standard measures

On 3 December 2009, in view of the improved financial market conditions, the Governing Council announced that the last twelve-month refinancing operation would be conducted in December 2009 and the last six-month operation would be conducted in March 2010.[1] Three months later, on 4 March 2010, the Governing Council also decided to return to variable rate tender procedures in its regular three-month operations as of the end of April 2010. At the same time, the Governing Council announced that it would continue to conduct its main refinancing operations and special-term refinancing operations (i.e. operations with a maturity of one maintenance period) by means of fixed rate tender procedures with full allotment for as long as necessary, and at least until mid-October 2010. Given the continued uncertainty surrounding future developments in the euro area economy, gradualism remains an essential element of the phasing-out of the ECB's non-standard operational measures.

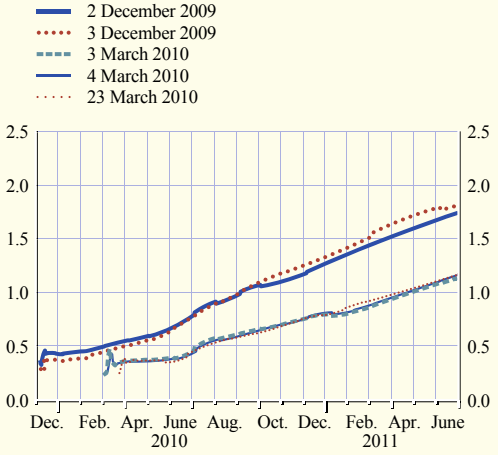
Money markets' reaction to the phasing-out of non-standard measures

Looking at the behaviour of very short-term money market rates, the immediate impact of these announcements was fairly subdued. Indeed, expectations for the EONIA up to one year ahead – as shown by the EONIA forward curve – did not appear to change significantly as an immediate result of these announcements. The immediate reaction to the announcements made on 3 December and 4 March was very small in both cases. This suggests that markets consider that the support provided to the financial system remains adequate, despite the gradual phasing-out of non-standard measures. It could also suggest that the decisions taken in this respect were in line with market expectations (see Chart A).

Furthermore, the spread between the three-month EURIBOR and the three-month OIS and the forward EURIBOR-OIS spreads derived from forward rate agreements on the EURIBOR were also broadly unaffected by the announcements. Indeed, since December these spreads have remained at relatively low levels consistent with the notion of a "new normality".

Chart A EONIA forward curves at different points in time

(percentages; forward rates; smoothed)



Sources: Reuters and ECB calculations.
Note: The smoothing technique used in the chart is based on the calculation of the splines of the logarithms of zero coupon prices.

1 For a detailed account of the decisions taken, see the ECB's press release of 3 December 2009, entitled "ECB announces details of refinancing operations up to 7 April 2010", or the December 2009 issue of the Monthly Bulletin.

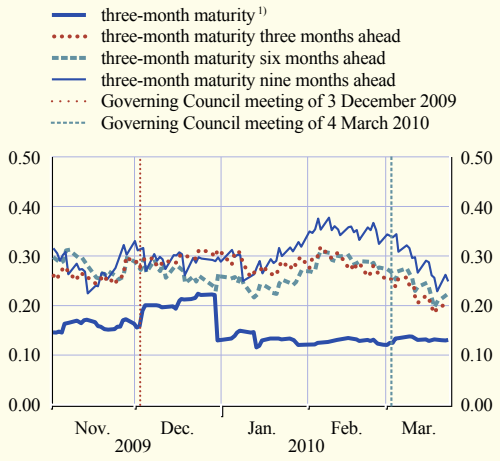
In other words, uncertainty is likely to remain at elevated levels as a lasting consequence of the financial turmoil. The fact that the spread between the three-month EURIBOR and the three-month OIS has been smaller since the beginning of January is more likely to be associated with the easing of tensions related to the end of the year, which gradually accumulated towards the end of 2009. Since then, this spread has remained relatively stable. There do not appear to have been any major changes as an immediate response to the March announcement. This would suggest that the message regarding the gradual phasing-out of non-standard measures was delivered in a fairly smooth manner and was perceived by the money markets as being in line with their orderly return to normal functioning (see Chart B).

Finally, these announcements have not caused tensions in the longer-term segments of the money market, which are relevant for the monetary policy transmission mechanism. Indeed, implied volatilities with constant maturities derived from options on three-month EURIBOR futures contracts suggest that the announcements have not triggered any tensions in this money market segment either. Volatility appeared to decline following the December announcement and has generally remained broadly unchanged since then. Similarly, there was no significant effect on volatilities in March (see Chart C).

All in all, the announcements made in relation to the phasing-out of non-standard measures appear to have been well received by the markets, without any major impact. The markets' reaction suggests that both in December 2009 and in March 2010 the decisions taken by the Governing Council were perceived to be an appropriate response in line with financial and economic developments.

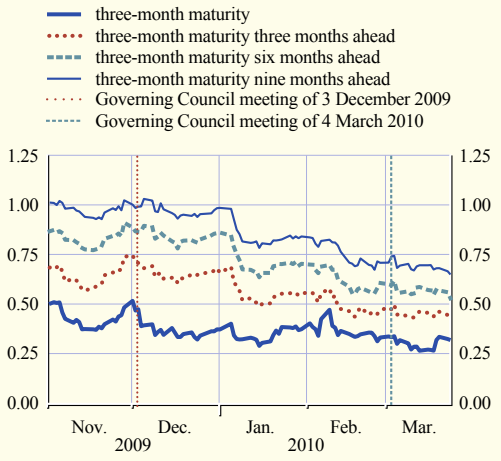
Chart B Spreads between the EURIBOR and the OIS

(percentage points)



Sources: Reuters and ECB calculations.
Note: Forward spreads have been calculated on the basis of EURIBOR forward rate agreements.
1) The three-month spread has been calculated using the three-month unsecured deposit rate.

Chart C Implied volatilities



Sources: Reuters and ECB calculations.
Note: Volatilities have been converted from the market convention in use for EURIBOR options to the market convention in use for Bund options.

2.4 BOND MARKETS

Yields on long-term euro area government bonds remained broadly unchanged in March and early April. Long-term US government bond yields meanwhile increased somewhat. The increase in the interest rate differential between ten-year nominal US and euro area government bonds may partly reflect changes in market expectations for growth. With the exception of Greece, intra-euro area sovereign bond spreads vis-à-vis Germany remained broadly unchanged in March and early April. Inflation expectations for the euro area derived from inflation-linked bonds also remained broadly unchanged and continued to point to well-anchored inflation expectations over the medium term. Euro area corporate bond spreads resumed their decline across all rating categories in March and early April.

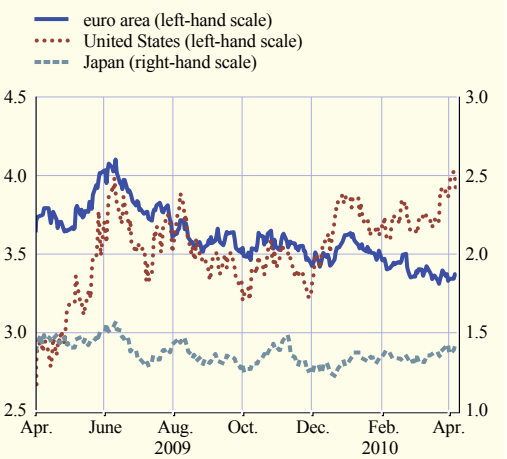
Compared with end-February, ten-year government bond yields in the euro area remained broadly unchanged, standing at around 3.4% on 7 April. In the United States, ten-year government bond yields increased by around 20 basis points to stand at 3.9% on the same date. Accordingly, the interest rate differential between ten-year nominal US and euro area government bonds widened to 50 basis points (see Chart 12). At the same time, euro area and US bond market implied volatility declined slightly in March. Nonetheless, volatility in bond markets remains slightly above the levels recorded prior to the financial turmoil.

Current yields are at or close to historical lows in the euro area and are partly a reflection of market expectations of subdued euro area nominal growth over the long term and of monetary policy rates remaining low for some time. The increase in the interest rate differential between ten-year nominal US and euro area government bonds may indeed partly reflect differing market perceptions of the respective growth outlooks. The increase in US long-term government bond yields also reflects weaker demand conditions in the current environment of ample supply and, to some extent, the fact that the expected speed of exit from extraordinary monetary policy measures may have increased in the United States.

With the exception of Greece, intra-euro area sovereign bond spreads vis-à-vis Germany remained broadly unchanged in the period under review. In March credit default swap spreads remained broadly unchanged across most euro area countries. For most of March concerns over the sustainability of public finances in Greece and uncertainty surrounding the possible assistance of EU countries to alleviate potential future funding difficulties of the Greek government prompted high volatility in intra-euro area government bond spreads. The announcement of the EU plan to support Greece by the Heads of State or Government of the euro area countries on 25 March, as well as the announcement that the ECB would keep the minimum credit threshold for Eurosystem-eligible collateral at a rating of BBB- beyond

Chart 12 Long-term government bond yields

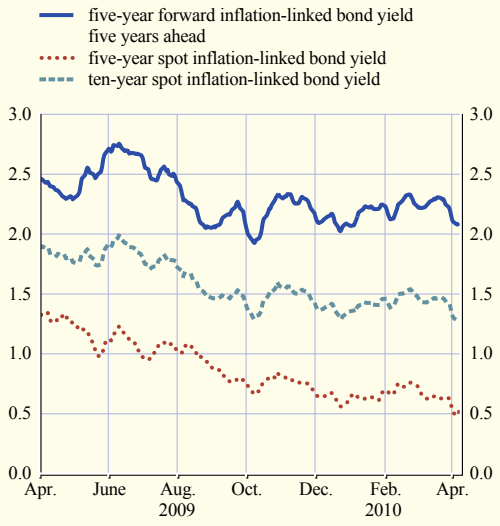
(percentages per annum; daily data)



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

Chart 13 Euro area zero coupon inflation-linked bond yields

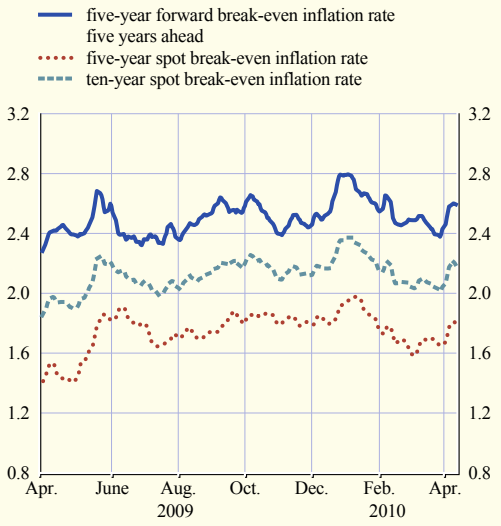
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Reuters and ECB calculations.

Chart 14 Euro area zero coupon break-even inflation rates

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



Sources: Reuters and ECB calculations.

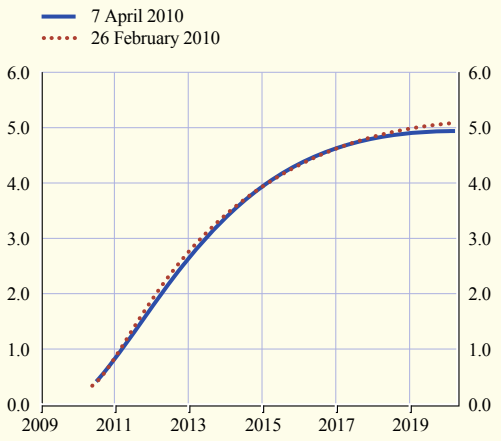
the end of 2010, contributed to alleviating those tensions. In early April, however, concerns in financial markets about the lack of agreement between euro area countries on more precise terms of a possible emergency loan package for Greece were reflected in the sharp widening of the Greek sovereign bond spread vis-à-vis Germany.

Yields on euro area inflation-linked government bonds declined by around 20 basis points, to stand at 0.5% and 1.3% for the five and ten-year maturities respectively on 7 April (see Chart 13).

Financial market data continue to suggest that inflation expectations remain firmly anchored in the euro area. There is no evidence of a significant increase in either (market) inflation expectations or inflation risk premia over recent weeks. Standard measures of break-even inflation rates and inflation-linked swap rates have remained broadly unchanged compared with late February data. On 7 April the five-year and ten-year spot break-even inflation rates stood at 1.8% and 2.2% respectively (see Chart 14). The implied five-year forward break-even inflation rate five years ahead stood at 2.6%.

Chart 15 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

In early April, the implied forward overnight interest rate curve for euro area government bonds remained unchanged for all maturity horizons in comparison with the situation at the end of February and continued to suggest that markets expect monetary policy rates to stay low for some time (see Chart 15).

As regards corporate bond markets, spreads vis-à-vis government bond yields narrowed slightly in the course of March. This was in contrast with developments over previous months which saw corporate bond spreads widening slightly amidst a temporary retreat in risk appetite. The decline in the spreads was larger for BBB-rated and high-yielding debt. Notwithstanding this decline, spreads remain above pre-financial turmoil levels, while spreads on higher-rated debt have returned to pre-crisis levels.

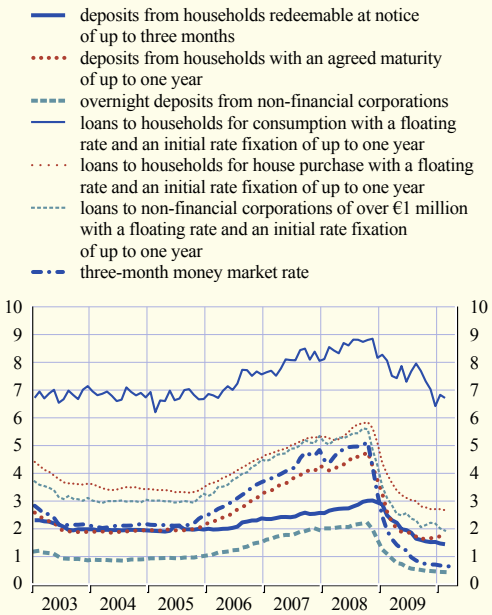
2.5 INTEREST RATES ON LOANS AND DEPOSITS

Most MFI lending and deposit rates declined or remained broadly unchanged in February 2010, for both households and non-financial corporations, as well as for most maturities. On average, the interest rates on loans to non-financial corporations as well as short-term rates on loans to households for house purchase continued to stand close to their historical lows, while other rates on household loans remained somewhat above the lows reached in 2005. All in all, the process of pass-through of past changes in key ECB interest rates to bank customers appears to be reaching completion.

Short-term MFI interest rates on loans to, and deposits from, households and non-financial corporations declined slightly or remained unchanged in February 2010 (see Chart 16). More precisely, apart from an increase in average rates on overdrafts extended to households (by 9 basis points to 9.0%), short-term rates on loans to households for house purchase declined by 4 basis points, falling to a historical low of 2.7%, and the more volatile short-term rates on consumer credit fell by 11 basis points (to 6.7%). Regarding non-financial corporations, banks' rates on overdrafts and short-term rates on large loans (i.e. more than €1 million) declined slightly to 4.0% and 1.9% respectively. Lending rates on small loans (i.e. less than €1 million) remained broadly unchanged at 3.3%. Rates on both small and large loans to non-financial corporations are at historical lows (see Chart 16). Since the EURIBOR eased by nearly 2 basis points in February 2010, the spreads between most short-term MFI lending rates and the three-month money market rate narrowed slightly (see Chart 17).

Chart 16 Short-term MFI interest rates and a short-term market rate

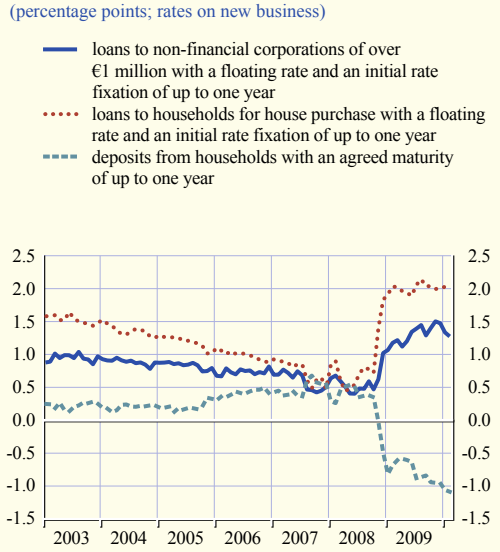
(percentages per annum; rates on new business)



Source: ECB.

Chart 17 Spreads of short-term MFI interest rates vis-à-vis the three-month money market rate

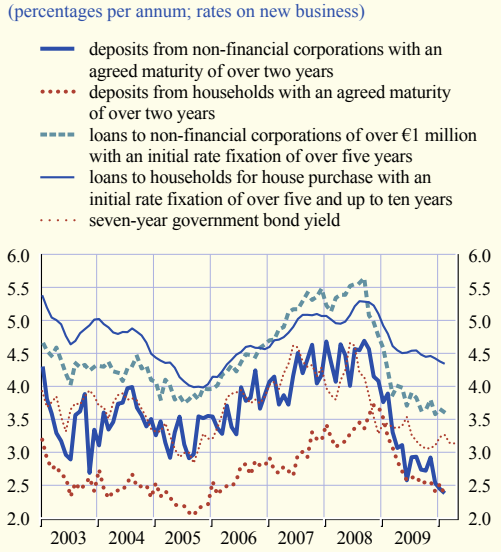
(percentage points; rates on new business)



Source: ECB.
Notes: For the loans, the spreads are calculated as the lending rate minus the three-month money market rate. For the deposits, the spread is calculated as the three-month money market rate minus the deposit rate.

Chart 18 Long-term MFI interest rates and a long-term market rate

(percentages per annum; rates on new business)



Source: ECB.

Taking a longer-term perspective, between September 2008 (i.e. immediately prior to the beginning of the cycle of monetary policy easing) and February 2010, short-term rates on both loans to households for house purchase and loans to non-financial corporations declined by 313 and 353 basis points respectively. This compares with a decline of 431 basis points in the three-month EURIBOR and indicates a considerable pass-through of market rate changes to bank lending rates.

Turning to longer maturities, most MFI interest rates on long-term loans to households and non-financial corporations also declined or remained broadly unchanged in February 2010 (see Chart 18). More precisely, interest rates on loans to households for house purchase with an initial rate fixation of over five and up to ten years declined by 3 basis points (to 4.3%), while rates on loans to households for house purchase with an initial rate fixation of over ten years decreased by 6 basis points (to 4.2%). As regards long-term interest rates on loans to non-financial corporations, average rates on large loans with an initial rate fixation of over five years declined by 5 basis points to 3.6%, while those on large loans with an initial rate fixation of over one year and up to five years remained broadly unchanged at 2.9%. The average rates on small loans remained unchanged at 4.2% for loans with an initial rate fixation of over one year and up to five years and increased slightly, by 5 basis points to 4.0%, for loans with an initial rate fixation of over five years.

Since the start of the period of monetary easing in September 2008, euro area banks have adjusted their rates on long-term loans to non-financial corporations more or less in line with the decline in long-term government bond yields. Interest rates on loans to households, however, have not fallen by as much as could be expected from market rate developments, in line with a typically more sluggish pass-through for households, but possibly also reflecting increased credit risk and concerns about the value of housing collateral in some parts of the euro area.

Euro area banks' profitability depends, among other things, on loan-deposit margins on both outstanding amounts and new business. These margins, which had declined in the early part of 2009, recovered gradually thereafter, thus contributing to the pick-up in euro area banks' profitability during the second half of 2009.

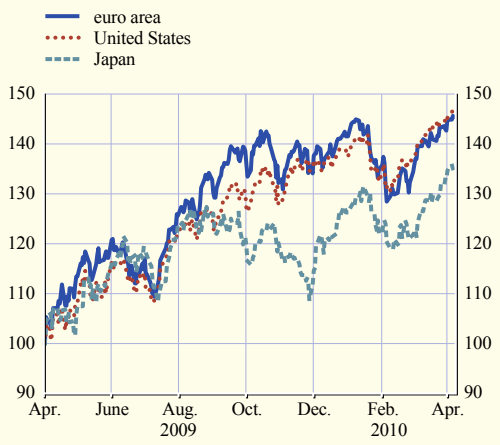
2.6 EQUITY MARKETS

Euro area and US stock price indices rose in March and currently stand close to the peak levels recorded in early January. Implied stock market volatility decreased in the euro area and remained broadly unchanged in the United States. Overall, stock prices were supported by the release of generally positive economic news. Earnings announcements of euro area and US listed companies also contributed positively to stock price developments in March.

Stock price indices in the euro area and the United States rose by 9.6% and 7.1% respectively between end-February and early April and currently stand broadly in line with the peak levels recorded in early January (see Chart 19). The increase in stock prices has been broadly based across sectors, benefiting from positive data releases and renewed risk appetite. Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, rose even more sharply, by about 11.5%. Stock market uncertainty in the euro area, as measured by implied volatility, continued to decline in March and early April and currently stands at levels broadly in line with those observed prior to the financial turmoil which began in the summer of 2007. Implied volatility in the United States meanwhile remained broadly unchanged (see Chart 20).

Chart 19 Stock price indices

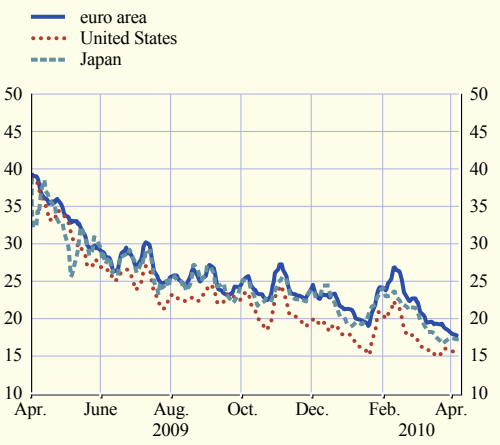
(index: 1 April 2009 = 100; daily data)



Sources: Reuters and Thomson Financial Datastream.
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 20 Implied stock market volatility

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



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

For euro area listed companies, the growth of actual earnings per share remained depressed in March 2010. The actual earnings per share of firms covered by the Dow Jones EURO STOXX index declined by 19%. The pace of the decline in March was, however, more subdued than in recent months. Expected growth of earnings per share 12 months ahead declined slightly compared with the levels recorded in recent months, standing at 24% in March. Looking at earnings announcements in March for firms listed in the EURO STOXX index, the number of positive surprises was slightly higher than the number of negative surprises.

Since the beginning of March, macroeconomic news and earnings announcements have contributed positively to developments in euro area and US stock prices. Euro area employment and industrial production data releases brought positive surprises. Markets also reacted positively to the press release of the Federal Open Market Committee of 16 March, which once again stated that exceptionally low levels of the federal funds rate are likely to be warranted for an extended period. In addition, most recent data releases signal a favourable outlook for the world economy. Notwithstanding this positive news, concerns about the strength of the recovery of household demand in both the euro area and the United States played on investors' minds. In the same vein, market concerns about the outlook for public finances in the euro area and the United States persist.

3 PRICES AND COSTS

According to Eurostat's flash estimate, annual HICP inflation rose to 1.5% in March 2010, after standing at 0.9% in February. This increase might be related, in particular, to the energy component as well as to food prices, possibly partly as a result of weather conditions. Inflation is expected to remain moderate over the policy-relevant horizon. In line with a slow recovery in domestic and foreign demand, overall price, cost and wage developments are expected to remain subdued. Inflation expectations over the medium to longer term remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term. Risks to the outlook for prices remain broadly balanced.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, the euro area annual HICP inflation rate rose to 1.5% in March 2010, up from 0.9% in February (see Table 4). Official estimates of the breakdown of HICP inflation in March are not yet available, but a large part of the increase in HICP inflation between February and March might be related to the contribution from the energy and food components, which are estimated to have risen sharply compared with the previous month, as well as to the rise in the more volatile recreational services items within the services component, in particular package holiday prices.

In February HICP inflation fell by 0.1 percentage point compared with January. The detailed breakdown for February indicates that this was mostly driven by energy prices, as the annual inflation rates of all other HICP components remained broadly stable or fell slightly (see Chart 21). The year-on-year change in the energy component dropped to 3.1% in February, from 4.0% in the previous month, mainly driven by developments in prices of oil-related items (such as liquid fuels, and fuels and lubricants for personal transportation), which reflected the temporary decline recorded in oil prices in February.

The annual growth rate of total food prices (including alcohol and tobacco) remained unchanged in February at -0.1% compared with January. As for the sub-components, unprocessed food prices again recorded a negative year-on-year rate of growth in February on the back of sharp falls in meat

Table 4 Price developments

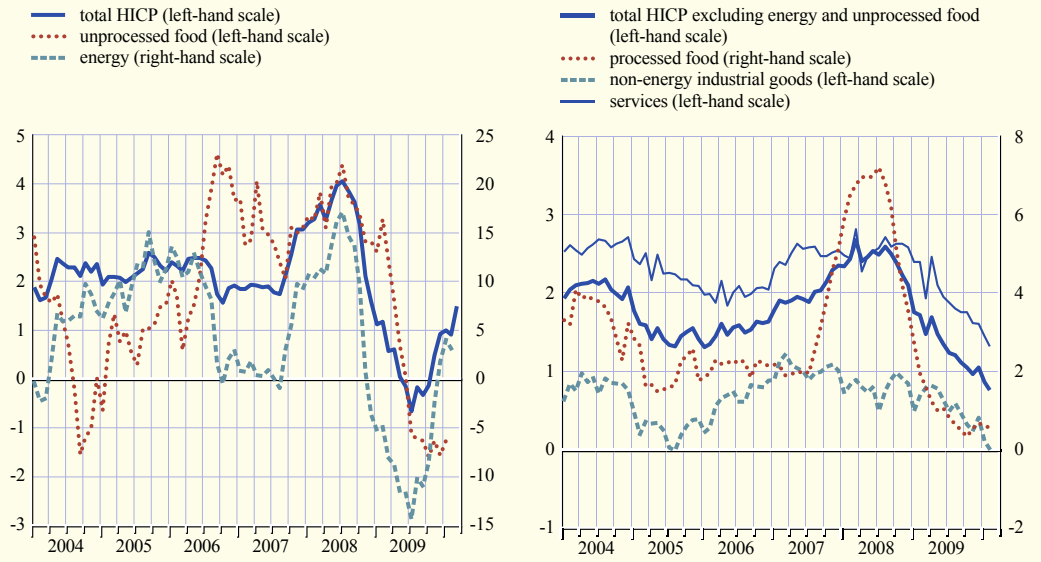
(annual percentage changes; unless otherwise indicated)

	2008	2009	2009 Oct.	2009 Nov.	2009 Dec.	2010 Jan.	2010 Feb.	2010 Mar.
HICP and its components								
Overall index [1]	3.3	0.3	-0.1	0.5	0.9	1.0	0.9	*1.5*
Energy	10.3	-8.1	-8.5	-2.4	1.8	4.0	3.1	.
Unprocessed food	3.5	0.2	-1.6	-1.3	-1.6	-1.3	-1.2	.
Processed food	6.1	1.1	0.3	0.5	0.7	0.6	0.6	.
Non-energy industrial goods	0.8	0.6	0.3	0.2	0.4	0.1	0.0	.
Services	2.6	2.0	1.8	1.6	1.6	1.4	1.3	.
Other price indicators								
Industrial producer prices	6.1	-5.1	-6.6	-4.4	-2.9	-1.1	-0.5	.
Oil prices (EUR per barrel)	65.9	44.6	49.8	52.1	51.6	54.0	54.5	59.1
Non-energy commodity prices	2.1	-18.5	-7.3	-0.8	19.0	27.0	25.1	33.8

Sources: Eurostat, ECB and ECB calculations based on Thomson Financial Datastream data.
Note: The non-energy commodity price index is weighted according to the structure of euro area imports in the period 2004-06.
1) HICP inflation in March 2010 refers to Eurostat's flash estimate.

Chart 21 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

and fruit prices. Processed food prices were unchanged in February from the previous month, with items such as bread and cereals, dairy products, and oil and fats recording continued negative growth rates in February. Tobacco prices and the prices of alcoholic beverages, by contrast, continued to increase at rates well above their historical averages, mainly on the back of changes in indirect taxation in some countries.

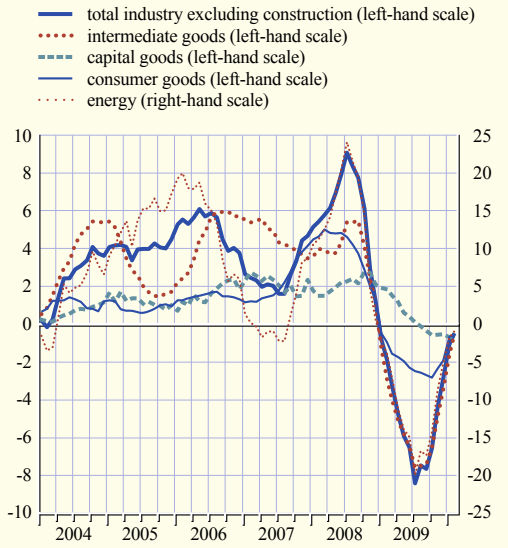
Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation fell from 0.9% in January to 0.8% in February, owing to falls in both non-energy industrial goods and services price inflation. The annual rate of change in non-energy industrial goods slowed down to 0.0%, from 0.1% in January, continuing a downward trend that has been ongoing for more than a year. The slowdown was driven primarily by non-durable (electrical appliances for personal care, pharmaceutical products, newspapers, etc.) and semi-durable goods prices (textiles, shoes, books, etc.), while the annual rate of change in durable goods prices (notably cars) increased slightly in February compared with January. Services price inflation slowed further in February to 1.3%, the slowest growth rate recorded since May 2000. The slowdown in services prices mainly emanated from declines in the transport and in the recreation and personal sub-components.

3.2 INDUSTRIAL PRODUCER PRICES

Recent data have shown that after more than one year, the downward trend in industrial producer prices is bottoming out. In February the annual rate of change in industrial producer prices (excluding construction) rose to -0.5%, from -1.1% in January. This development was driven largely by the energy and intermediate goods components, mainly on account of strong positive base effects and

Chart 22 Breakdown of industrial producer prices

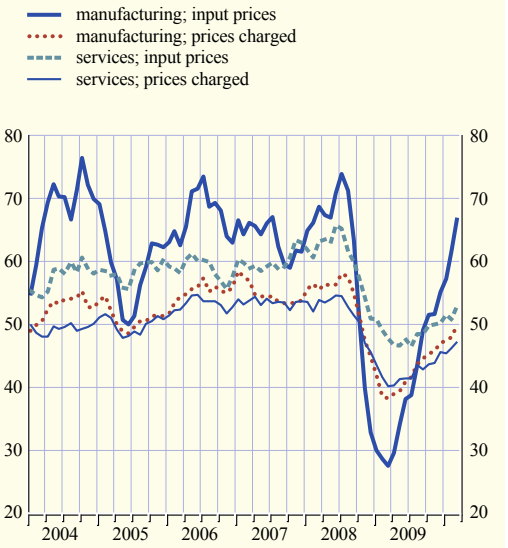
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 23 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.

recent increases in prices for energy and raw materials. At the latter stage of the production chain, the annual rate of change in consumer goods prices increased in February, primarily driven by food items (see Chart 22).

Developments in survey indicators also signal the unwinding of underlying downward price pressures. With regard to the Purchasing Managers' Index (PMI), all price indices went up again in March (see Chart 23). In particular, the input price index for manufacturing, which had risen above the 60 mark in February, increased further in March (a value above 50 indicates increasing price pressures). The corresponding index for services input prices also rose to a level close to 53. Thus, both indicators point to rising input costs. The index of prices charged in the manufacturing sector reached the threshold level of 50, signalling broadly unchanged prices. Also the index for prices charged in the services sector increased further, remaining, however, at a level below 50, indicating continued declining prices albeit at lower rates that in the past months. For both sectors, but in particular for manufacturing, recent developments show continuing difficulties for firms to pass on increasing input prices to their selling prices. This points to still squeezed profit margins on the side of euro area firms in early 2010. As discussed in Box 4, looking ahead, improving demand conditions and the expected cyclical increase in productivity in the context of weak labour market developments should help firms' profits to recover.

Box 4

PROFIT DEVELOPMENTS AND THEIR BEHAVIOUR AFTER PERIODS OF RECESSION

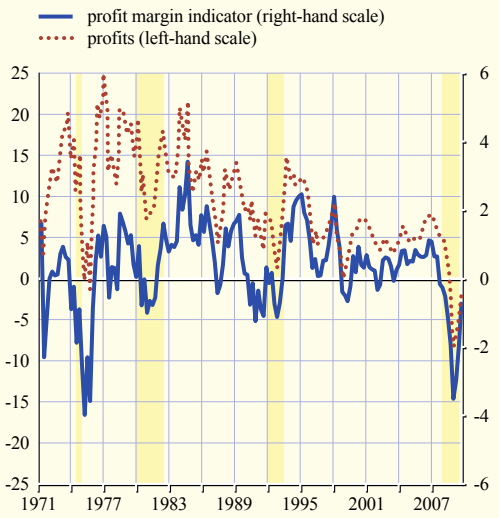
The sharp decline in firms' productivity coupled with resilient labour costs during the 2008-09 crisis have brought about a strong contraction in profits. In order to put the current dynamics into perspective, this box takes a closer look at how profits developed during previous periods of economic recovery. It shows that, historically, euro area firms' profit growth has picked up at a relatively rapid pace as the economy has emerged from recession. However, owing to the depth of the 2008-09 recession and the unprecedented contraction in aggregate demand during this period, the outlook for this variable in the short term is highly uncertain.

In the last quarter of 2009 profits (measured in terms of the gross operating surplus[1]) continued to contract (at a rate of 2.0% year on year), but at a considerably slower pace than in the previous quarter (when they fell by close to 6% year on year). Profits have been pushed down mainly on account of high unit labour cost growth stemming from both relatively high wages and the labour hoarding policies implemented by euro area companies during the recent downturn. Short-term dynamics (measured in terms of the quarter-on-quarter growth rate) continue to suggest, however, that profits are gradually recovering from their trough.

Chart A takes a long-term perspective and shows annual growth in profits since the early 1970s together with annual changes in the profit margin indicator (computed as the GDP deflator at factor costs minus unit labour costs). The profit margin indicator is generally used as a rough proxy of "mark-up", the gap between prices charged by business and the cost of production. Several features can be observed from Chart A, although considerable differences across business cycles and the unique character of each of the past recessions and recoveries should be considered when drawing conclusions. First, euro area firms' profits and the profit margin indicator witnessed sharp falls during previous recession periods (these periods are indicated by the shaded areas). Second, both variables bounced back to pre-recession rates relatively quickly after the recessions ended. In the two recessions in the early 1980s and 1990s, profits were already growing at double-digit rates by the end of the recession period. Third, looking at the ends of previous recession episodes and assuming that the current recession actually ended in

Chart A Profits and the profit margin indicator

(annual percentage changes)



Sources: ECB calculations based on Eurostat data and the ECB's area-wide model database from G. Fagan, J. Henry and R. Mestre, "An area-wide model for the euro area", Economic Modelling, vol. 22 (1), January 2005, pp. 39-59.
Notes: Shaded areas reflect periods of euro area recession as defined by the Euro Area Business Cycle Dating Committee of the Centre for Economic Policy Research (CEPR). The profit margin indicator is computed as the GDP deflator minus unit labour costs. Profits are measured in terms of the gross operating surplus.

1 Excluding the income of the self-employed.

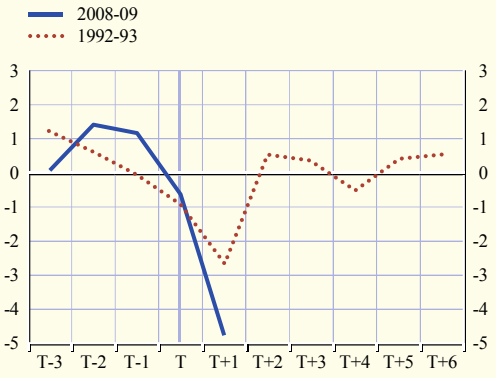
mid-2009, it appears that both profits and the profit margin indicator have been contracting for an unprecedented length of time. In addition, profits fell at a record rate in 2009.

Corporate profits have a close and mutually dependent relationship with aggregate economic activity,[2] although profits are much more volatile than output and it is possible that globalisation may, over time, have somewhat weakened the link between profits and domestic output.[3] The unprecedented fall in profits recorded in 2009 should thus be considered against the available measures of the output gap, which indicate larger negative output gap changes in 2009 than in the 1992-93 recession (see Chart B). The output gap measures the degree of utilisation of production factors in the economy and gives an indication of the phase of the business cycle and possible inflationary pressures. Data limitations and the high uncertainty surrounding output gap estimates[4] should be borne in mind when drawing conclusions. This notwithstanding, large negative output gaps are likely to limit firms' ability to increase selling prices.

In order to allow a further examination of profit behaviour after periods of recession and to take into account differences in inflation rates across the periods analysed, Chart C compares the evolution of profits in real terms (deflated by the gross value added deflator) before and after the peak of activity reached prior to the respective recessions. Compared with previous recessions, the fall in real profits in the 2008-09 recession appears to have been initially less severe but subsequently more persistent. The contraction of profits in real terms in the last quarter of 2009, i.e. seven quarters after the peak in activity recorded in the first quarter of 2008, was larger than that recorded in any of the previous recession episodes. Among the

Chart B Changes in output gap estimates in selected euro area recessions

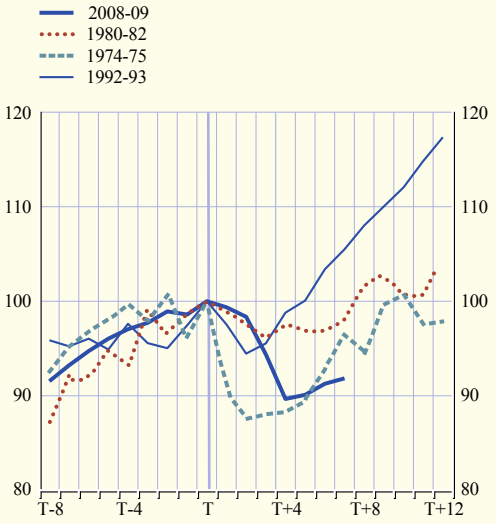
(annual percentage changes; annual data)



Source: The European Commission's AMECO database.
Notes: T represents the year of the peak of economic activity prior to the respective recessions as dated by the CEPR. The peaks in euro area activity occurred in the first quarter of 1992 and the first quarter of 2008.

Chart C Real profit growth in euro area recessions

(index: peak = 100)



Sources: See Chart A.
Notes: T represents the quarter of the peak of economic activity prior to the respective recessions as dated by the CEPR. The peaks in euro area activity occurred in the third quarter of 1974, the first quarter of 1980, the first quarter of 1992 and the first quarter of 2008. Nominal profits are deflated by the value added deflator.

2 For more details, see the box entitled "Developments in profit margins" in the November 2009 issue of the Monthly Bulletin.
3 See the box entitled "Volatility and cross-county dispersion of corporate earnings in the euro area" in the October 2007 issue of the Monthly Bulletin.
4 See the box entitled "Potential output estimates for the euro area" in the July 2009 issue of the Monthly Bulletin.

several reasons accounting for this pattern, it is worth mentioning the fact that the deceleration in compensation of employees has so far been more muted in the latest recession than in previous episodes.[5] The fall in profits is also related to a less pronounced adjustment in employment compared with past cyclical downturns.

Looking ahead, improving demand conditions and the expected cyclical increase in productivity in the context of weak labour market developments should help profits to continue to recover from their trough, in a broadly similar manner to that experienced in previous cyclical upswings. Profits are also likely to continue to benefit from restructuring and the cost-cutting measures implemented by euro area companies.[6] However, a still negative and large output gap is likely to limit firms' ability to increase selling prices and restore their profitability for some time to come.

5 See the article entitled "The latest euro area recession in a historical context" in the November 2009 issue of the Monthly Bulletin.
6 Results from the Eurosystem's Wage Dynamics Network indicate that firms react to unanticipated permanent demand shocks primarily by reducing (non-wage) costs (78% of respondents). See the article entitled "New survey evidence on wage setting in Europe" in the February 2009 issue of the Monthly Bulletin.

3.3 LABOUR COST INDICATORS

The annual growth rate of labour cost indicators continued to decline in the fourth quarter of 2009, confirming the trend that started in late 2008 (see Chart 24 and Table 5).

The annual rate of growth of negotiated wages in the euro area declined to 2.1% in the final quarter of 2009, from 2.3% in the third quarter. The euro area figure is now broadly in line with the growth rates observed during the period 2004-07, but is still relatively high given the weak state of the labour market. The relatively high level of this indicator reflects the fact that it still includes several wage negotiations agreed in 2008 at a time when the labour market was much tighter. Nevertheless, the recent decline confirmed that negotiated wage growth in the euro area remains on the downward path that it followed at the beginning of 2009. Available information suggests that the annual rate of growth of negotiated wages might have slowed further at the beginning of 2010.

Eurostat recently released, for the first time, data on hours worked, allowing for the calculation of compensation per hour. As a result of short-time working schemes implemented in several euro area countries, the release showed that a strong reduction in hours worked per employee took place at the end of 2008 and the beginning of 2009 (measured in annual growth rates). Hours worked continued to drop in the latter half of 2009 albeit at a slower pace. In general, a reduction in hours worked is

Table 5 Labour cost indicators

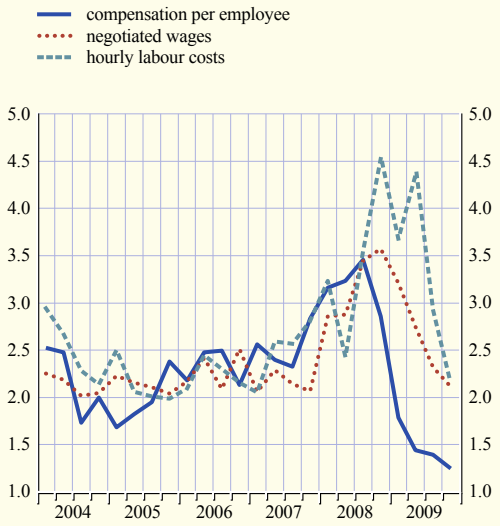
(annual percentage changes, unless otherwise indicated)

	2008	2009	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4
Negotiated wages	3.2	2.6	3.6	3.2	2.8	2.3	2.1
Total hourly labour costs	3.5	3.3	4.5	3.6	4.3	3.0	2.2
Compensation per employee	3.2	1.5	2.9	1.8	1.4	1.4	1.2
Memo items:							
Labour productivity	-0.1	-2.2	-1.7	-3.7	-3.0	-1.9	-0.1
Unit labour costs	3.3	3.8	4.7	5.7	4.6	3.4	1.3

Sources: Eurostat, national data and ECB calculations.

Chart 24 Selected labour cost indicators

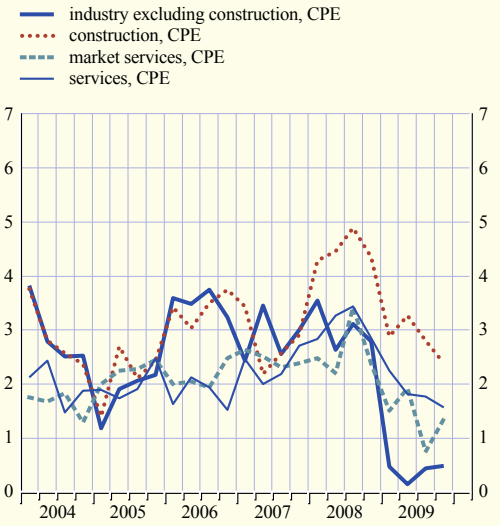
(annual percentage changes; quarterly data)

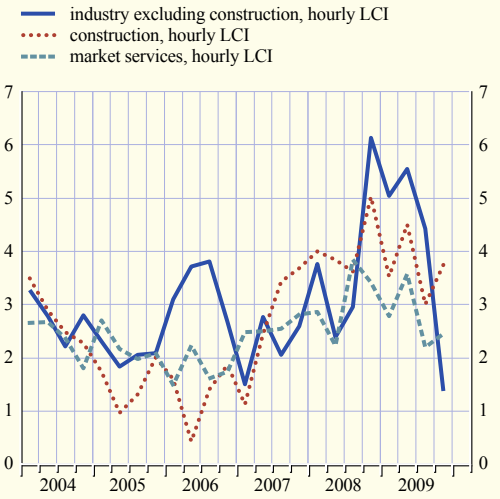


Sources: Eurostat, national data and ECB calculations.

Chart 25 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".

often accompanied by a less than proportional decrease in remuneration, which helps to better understand the observed dynamics in hourly labour costs and compensation per employee.

In the final quarter of 2009, annual hourly labour cost growth in the euro area fell significantly further to 2.2%, from 3.0% in the third quarter of 2009, reaching a rate close to the historical lows observed in 2005. The deceleration observed in the annual labour cost growth primarily reflects a slower pace of decline in hours worked per employee, in particular in the industrial sector, where hourly labour cost growth dropped to 1.4% in the fourth quarter of 2009, from 4.4% in the previous quarter (see Chart 25).

The annual growth rate of compensation per employee slowed somewhat further to 1.2% in the fourth quarter of 2009, from 1.4% in the previous quarter. The strong reduction in hours worked per employee at the end of 2008 and the beginning of 2009 implied the opening of a sizeable gap between developments in compensation measured on a per head basis versus those measured on a per hour basis, partly as a result of the reasons mentioned above. However, the data for the final quarter of 2009 pointed to a marked easing in the reduction of hours worked per person, which brought about a closing of the gap between developments in compensation on a per head basis and those on a per hour basis.

The slowdown in the annual rate of growth of compensation per employee combined with a further substantial improvement in productivity, both measured on a per head basis, determined a new substantial slowdown in unit labour cost growth. In the final quarter of 2009, the annual growth rate of unit labour costs dropped to 1.3%, from 3.4% in the previous quarter, marking a significant difference compared with the peak of nearly 6% reached in the first quarter of the year.

3.4 THE OUTLOOK FOR INFLATION

HICP inflation is expected to remain moderate over the policy-relevant horizon. In line with a slow recovery in domestic and foreign demand, overall price, cost and wage developments are expected to remain subdued.

Risks to this outlook remain broadly balanced. They relate, in particular, to further developments in economic activity and the evolution of commodity prices. Furthermore, increases in indirect taxation and administered prices may be greater than currently expected, owing to the need for fiscal consolidation in the coming years.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Euro area economic activity, benefiting from the ongoing recovery in the world economy, the significant macroeconomic stimulus and the measures adopted to restore the functioning of the banking system, grew by 0.4% in the third quarter of 2009, after a period of sharp decline, while real GDP was flat in the fourth quarter, according to Eurostat's second estimate. Available indicators, in particular further positive information from business surveys, suggest that the economic recovery in the euro area continued in the early months of 2010, although it may have been affected by a number of special factors, including adverse weather conditions. As a consequence, euro area real GDP growth is likely to have remained uneven around the turn of the year, making it advisable to look through the quarterly volatility and to compare growth developments on a half-yearly basis.

Looking ahead, euro area real GDP is expected to continue to expand at a moderate pace in the current year, as low capacity utilisation rates are likely to dampen investment and weak labour market prospects are expected to reduce consumption growth. Furthermore, the process of balance sheet adjustment in various sectors, both inside and outside the euro area, will continue. The risks to the economic outlook remain broadly balanced, in an environment of uncertainty.

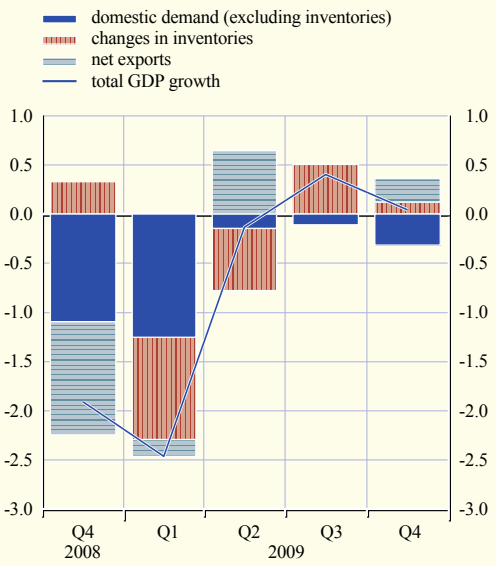
4.1 REAL GDP AND DEMAND COMPONENTS

According to Eurostat's second estimate, euro area real GDP was stable in the final quarter of 2009, compared with a quarter-on-quarter increase of 0.4% in the previous three-month period (see Chart 26). The pause in real GDP growth in the fourth quarter of 2009 confirms that the euro area recovery is likely to follow an uneven path, after five consecutive quarters of GDP contraction from the second quarter of 2008 to the same quarter of 2009. Available indicators suggest an ongoing recovery in the first months of 2010.

Quarter-on-quarter GDP growth in the final quarter of 2009 was revised down by 0.1 percentage point according to Eurostat's second estimate. This revision reflected a larger negative contribution from domestic demand excluding inventories, a less positive contribution from net trade and a small positive contribution from inventories.

Chart 26 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

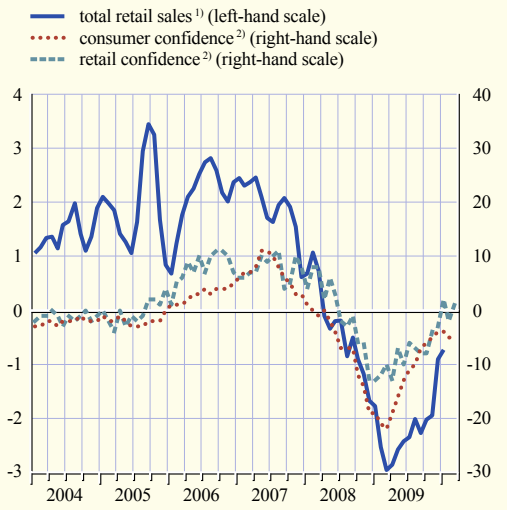
The negative contribution of 0.3 percentage point (revised down from -0.2 percentage point) from domestic demand excluding inventories reflected flat private consumption and a decline in both government consumption and investment. The stronger negative contribution of domestic demand compared with the first estimate was due mainly to a larger decline in investment.

Private consumption was flat, on a quarterly basis, in the fourth quarter of 2009, after diminishing by 0.1% in the third quarter of the year. The continued weakness of households' real disposable

income, which has mainly reflected declines in employment, has been the key factor behind the lack of dynamism in consumption in recent quarters. Available indicators suggest that consumer spending remained subdued at the beginning of 2010. In January, retail sales diminished by 0.3% in comparison with the previous month, following an increase of 0.5% in December 2009 (see Chart 27). On a three-month moving-average basis, retail sales fell by 0.2% in January, the same rate of decline as in the final quarter of 2009. Including car registrations, retail sales fell substantially more in January, by 1.2% on a monthly basis, as car registrations dropped by 9.2% in that month. However, car registrations rose by 2.7% in February, the first increase since October 2009. Despite the recent rise of this indicator, the overall decline in car registrations since the final quarter of 2009 confirms that the effects of the government subsidies were indeed of a temporary nature and that a reversal in car registrations is ongoing. In addition, consumer confidence, which had been on a rising trend in the course of 2009, declined in February 2010 and was unchanged in March, remaining at levels below its long-term average. All in all, recent information points towards subdued private consumption in the first quarter of 2010.

Chart 27 Retail sales and confidence in the retail trade and household sectors

(monthly data)



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

Gross fixed capital formation fell by 1.3%, quarter on quarter, in the last quarter of 2009, following a decline of 0.9% in the previous quarter. Compared with the first estimate, the rate of change in investment was revised downwards, by 0.5 percentage point. Investment has been contracting since the second quarter of 2008 on account of weak demand, low business confidence, negative earnings growth, historically low capacity utilisation and tight lending standards. Despite the further decline in the second half of 2009, recent developments signal an improvement, particularly in view of the very significant drop in investment recorded during the economic downturn. The breakdown of investment in the fourth quarter of 2009 shows that the decline in investment was again largely determined by the construction component, which diminished by 1.9%, quarter on quarter, a slightly higher rate of contraction than in the previous quarter. Non-construction investment declined by 0.8% in the final quarter of 2009, whereas it had remained flat in the previous quarter.

As regards available indicators of investment in the euro area at the beginning of 2010, construction production declined by 2.2%, month on month, in January and by 3.0% on a three-month moving-average basis, as compared with 2.2% in the final quarter of 2009. The January contraction was particularly sharp in Germany, as activity in the sector was affected by unusually severe weather conditions there. While the negative impact of weather conditions is likely to be reversed later in the year, the dampening impact is expected to affect the figures for the first quarter of 2010. As regards non-construction investment, industrial production of capital goods – an indicator of future developments – increased slightly in January as compared with the final quarter of 2009.

Investment, especially the non-construction component, is likely to improve further in the coming quarters, but it will probably remain subdued overall. Box 5 discusses the prospects of euro area investment in the short term.

As regards trade developments, the rebound in trade slowed somewhat in the final quarter of 2009, with the growth rates in exports and imports standing at 1.9% and 1.3% respectively, compared with rates of close to 3% in the previous quarter. Due to the more pronounced slowdown in import growth, net exports contributed positively to real GDP growth in the final quarter of 2009, namely 0.2 percentage point. Recent data suggest that euro area trade growth remained broadly stable in early 2010.

Inventories contributed positively to quarter-on-quarter real GDP growth in the third quarter and also made a small positive contribution in the final quarter of 2009, according to Eurostat's second estimate which revised this contribution from flat to 0.1 percentage point. Looking ahead, both surveys and anecdotal evidence suggest that the pace of destocking is slowing down in the euro area. As a result, inventories may contribute positively to euro area GDP growth in the first quarter of 2010. The size of that contribution, however, remains highly uncertain, as it depends on how quickly demand picks up and on the extent to which firms revise their expectations for activity. In addition, there is some statistical uncertainty linked to the way inventories are estimated.

Box 5

BUSINESS INVESTMENT, CAPACITY UTILISATION AND DEMAND

Euro area investment has declined substantially during the recent recession there. It has continued to shrink, albeit at a more moderate pace, since the beginning of the upturn in the second half of 2009. This box discusses the prospects for euro area investment in the short term, taking into account capacity utilisation and demand prospects.

Since the beginning of the recent recession, in the second quarter of 2008, the share of investment in GDP in the euro area has fallen by around 2.5 percentage points. As shown in Chart A, starting from a higher level, the investment share in GDP declined by more during the recent recession than during the previous one, in the beginning of the nineties.[1] However, at the end of 2009, it stood at a rate comparable with that in the trough following the previous recession, namely at around 20% (see Chart A).

Looking at the more recent past, the contributions of the components to the growth in the volume of total investment are presented

Chart A Share of investment in GDP

(percentages)

Sources: Eurostat and ECB calculations.
Note: ECB calculations based on Eurostat data and Area Wide Model database (http://www.eabcn.org/data/awm/index.htm). The share is computed in real terms.

1 At the beginning of the 1990s, the investment share in GDP declined by 2.1 percentage points, from peak to trough. For a more detailed historical comparison of euro area investment during downturns, see Box 5, entitled "Euro area investment in the current downturn", in the July 2009 issue of the Monthly Bulletin.

in Chart B, starting one year before the beginning of the recent recession. The chart illustrates that during the second half of 2009, euro area investment declined mainly on the back of a contraction of construction investment, whereas the two major components of non-construction investment, i.e. metal products and machinery, and transportation goods, remained almost unchanged, after having declined markedly over the previous year.

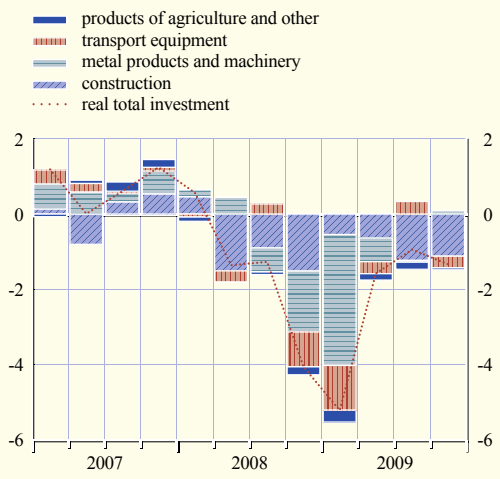
At this stage of the recovery in economic activity, a large degree of uncertainty surrounds the outlook for euro area business investment. Historical evidence shows that recoveries in investment after a financial crisis tend not to be as pronounced as after a recession that is not linked to a financial crisis, since a recovery in capital expenditure typically requires increased external finance, which may not be forthcoming in the face of tighter credit conditions.[2] At the current juncture, recent data on earnings expectations provided by financial market analysts suggest that the prospects for internal financing capacities of euro area non-financing corporations have improved, albeit from a low level, possibly reducing the need for external financing for a given level of investment. Nonetheless, since the beginning of the financial turmoil, terms and conditions on bank loans to the corporate sector have been tightened significantly. Although recent indications show that this tightening pressure of credit standards has receded, bank lending is likely to remain somewhat constrained in the economic recovery.[3]

The emergence of spare capacity is another factor dampening the outlook for investment. The extent of such spare capacity reflects the sharp drop in demand against the backdrop of existing productive capacity, as reflected in the capital stock. As the capital stock represents the

2 See the article entitled "The latest euro area recession in a historical context", in the November 2009 issue of the Monthly Bulletin.
3 The January 2010 bank lending survey for the euro area indicates that the net percentage of banks reporting a tightening in lending standards to enterprises continued to decline from the peak reached in the second half of 2008 (at 64%), but remained at a broadly neutral level (at 3% in the fourth quarter of 2009).

Chart B Quarterly growth in real investment in the euro area broken down by components

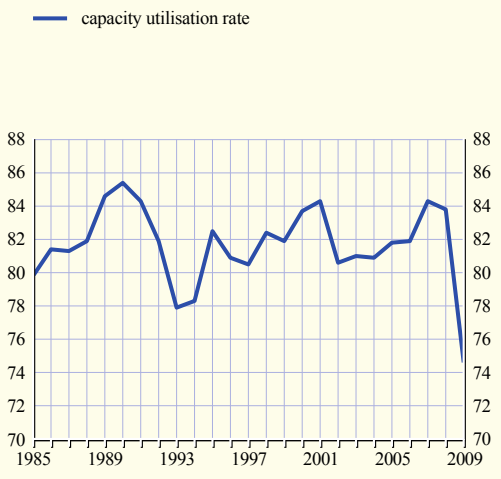
(quarterly percentage changes and percentage point contributions)



Source: ECB calculations based on Eurostat data.
Note: The latest observations are for the last quarter of 2009.

Chart C Rate of capacity utilisation

(percentages)



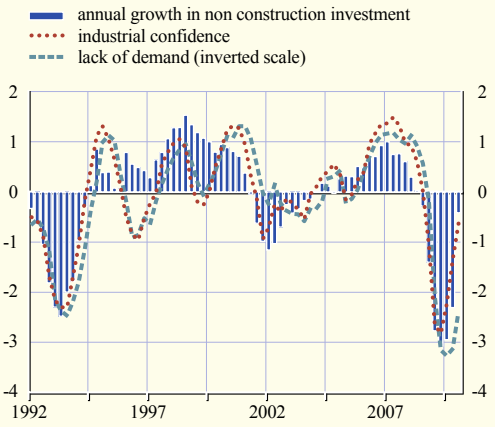
Sources: European Commission Business and Consumer Surveys and ECB calculations.

accumulation of past investments, it adjusts only slowly to changes in economic activity. The sluggish response of the capital stock to changes in investment partly explains why during the recent recession, survey evidence on the capacity utilisation rate in manufacturing points to a sharp decline (see Chart C). However, given that the incorporation of investment goods in the existing stock of capital takes time, while the existing capital stock continues to depreciate, the rate of capacity utilisation will most likely rise gradually over time, although it may react more markedly once there is a recovery in demand.

Not surprisingly, a large part of the slowdown in investment during the latest recession was due to a reduction in overall demand. While survey data on manufacturing confidence rebounded in the course of the second quarter of 2009, the latest values remain below the longer-term average, and the European Commission's surveys on limits to production show that the lack of demand is the main factor limiting production (see Chart D).

Chart D Recent indicators of business investment

(de-meaned and standardised from Q1 1992 to Q4 2008)



Sources: European Commission Business and Consumer Surveys, Eurostat and ECB calculations.
Notes: the series plotted on the chart have no unit since they are standardised. For instance, a + 2 indicates that the value is two standard deviations above the mean.

Looking forward, the low real cost of financing is expected to support business investment. At the same time, in a context where corporations are restructuring their balance sheets, an increased need for external finance could encounter tighter credit conditions. Overall, against the background of uncertainty and moderate demand prospects, euro area business investment is likely to accelerate only slightly in the short term.

4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

Eurostat's second estimate showed that the stability, in quarter-on-quarter terms, in real value added in the fourth quarter of 2009 reflected broadly flat activity in the industrial sector and slightly higher activity in the services sector, while the downturn in construction continued. In particular, value added in the industrial sector (excluding construction) declined by 0.1% on a quarterly basis, down from the 2.4% growth rate recorded in the previous quarter. Services value added increased by 0.2%, showing that activity in the sector improved only marginally, after having stagnated in the previous quarter. Value added in construction diminished by 1.2%, a rate broadly in line with the declines recorded in the three preceding quarters of the year, but far lower than at the end of 2008. Box 6 examines developments across economic sectors in this initial phase of the cyclical upswing and explores the extent to which these differ from those in previous recovery periods.

Box 6

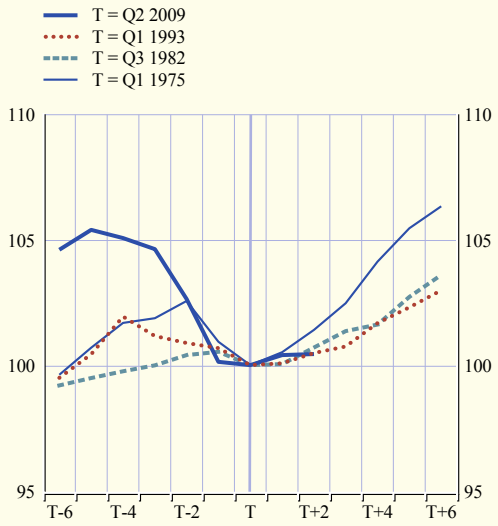
THE CURRENT EURO AREA RECOVERY ACROSS ECONOMIC SECTORS FROM A HISTORICAL PERSPECTIVE

Following the sharpest recession since the Second World War, euro area GDP bottomed out in the second quarter of 2009 and has recovered modestly since then. This box takes a closer look at developments in euro area GDP in this initial phase of the cyclical upswing and explores the extent to which these are comparable to those in previous recovery periods. It then examines how activity across economic sectors has evolved and contributed to the development of GDP in the past two quarters and identifies commonalities and differences vis-à-vis historical evidence.

Chart A provides a comparison of the development of GDP in the initial phase of the current recovery up to the fourth quarter of 2009 with those in the upturns following the three earlier euro area recessions since 1970, where T marks the respective cyclical troughs. It shows that, while the quarterly pick up in GDP in the third quarter of 2009 was among the higher initial growth rates following recession troughs, the stagnant GDP in the fourth quarter of 2009 made the current improvement the weakest at this stage of the recovery, although not one that is clearly outside the range of past experiences. The chart, however, also highlights the much sharper fall in GDP in the recent recession than in the previous ones. Measured from peak to trough, GDP fell by 5.2% in the 2008-09 recession, which is more than twice the decline observed in the next to sharpest recession since 1970. Compared with this loss in output during the recession, the pick up since the trough in the second quarter of 2009 appears very modest and GDP currently stands far below its pre-recession peak. This shows that, in contrast to the upturns following previous

Chart A Euro area GDP across recoveries

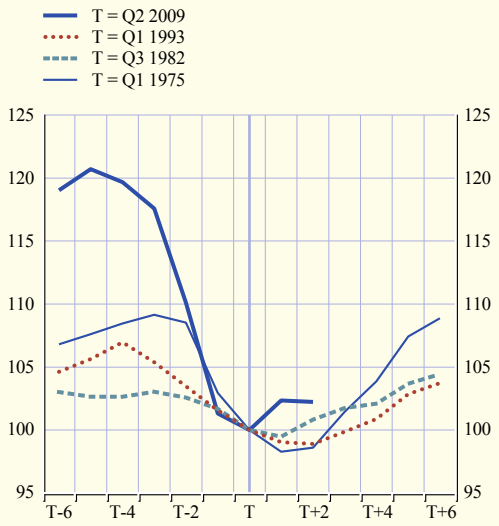
(index; T = 100; T represents the trough in GDP)



Sources: Eurostat, AWM database and ECB staff calculations.

Chart B Euro area industrial value added (excluding construction) across recoveries

(index; T = 100; T represents the trough in GDP)



Sources: Eurostat, ECB and ECB staff calculations.
Note: Before 1980, industrial value added data are approximated by industrial production (excluding construction) data.

euro area recessions, when GDP recovered to its pre-recession level within a few quarters, far more protracted output losses are to be expected in the ongoing recovery, as is typical for recoveries after financial crises.[1]

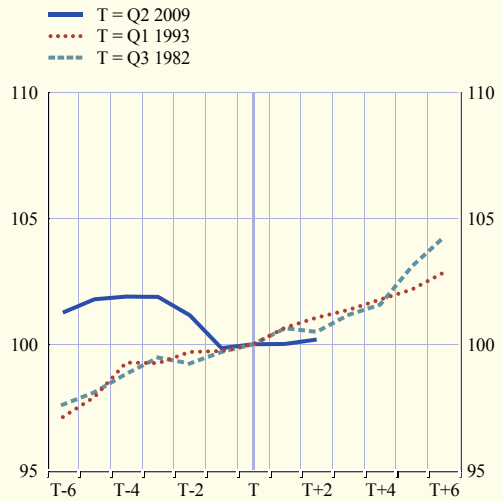
Past recovery periods have shown well-defined differences in the pattern of activity developments across economic sectors, which are also related to their characteristics during the preceding downswings (see Charts B to D). Activity in the highly cyclical industrial sector, which has shown the sharpest contractions in the past recessions, bounced back clearly during the subsequent upturns, although usually with a lag of one or two quarters relative to the trough in GDP. This temporal pattern is related to developments in services activity (for which data are available only as of 1980), which showed slower but sustained growth during past recessions and reaccelerated moderately during the subsequent upturns. Following the troughs in GDP during past recoveries, this accelerated pace of growth in the big services sector was large enough to outweigh the impact of the ongoing, albeit slowing, contraction in the far smaller industrial sector. An even greater delay in the recovery of activity relative to GDP is visible for the small construction sector (for which data availability again only starts in 1980) in the upturn following the 1992-93 recession, when activity continued to contract for three further quarters after the trough in GDP. The contemporaneous improvement in construction activity following the 1980-82 recession, however, highlights that this is not a common feature of developments in construction activity during upturns.

The charts also illustrate that, in contrast to previous upturns, the pick-up in GDP has thus far been driven largely by improvements in industrial activity. Industrial value added increased markedly up to the fourth quarter of 2009, more strongly than had been the case at that stage in previous

1 See, for example, S. Claessens, M. Klose and M. Terrones, "What Happens During Recessions, Crunches and Busts", *IMF Working Papers*, No 274, IMF, 2008; Chapter 3 of the April 2009 IMF World Economic Outlook; Chapter 4 of the October 2009 IMF World Economic Outlook; and the article entitled "The latest euro area recession in a historical context" in the November 2009 issue of the ECB's Monthly Bulletin.

Chart C Euro area services value added across recoveries

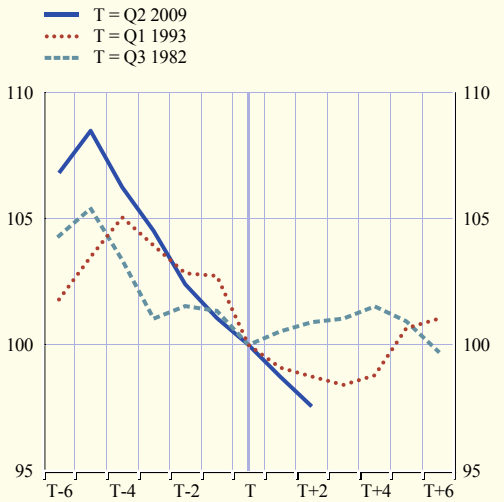
(index; T = 100; T represents the trough in GDP)



Sources: Eurostat and ECB staff calculations.

Chart D Euro area construction value added across recoveries

(index; T = 100; T represents the trough in GDP)



Sources: Eurostat and ECB staff calculations.

upturns, and an even more pronounced recovery in the industrial sector is revealed in the industrial production data available up to January 2010. The pick-up in global demand, in addition to the support from government packages (most notably the premiums for scrapping cars), contributed to this recovery. But, despite this increase, the level of activity in this sector is still significantly below its pre-recession peak (about 15%). In past recoveries, industrial activity had returned to its pre-recession levels within periods only slightly longer than those over which it had lost it. However, even if account is taken of the favourable signals from short-term indicators for industrial activity, it appears unlikely that such a path might also be recorded in the current upturn.

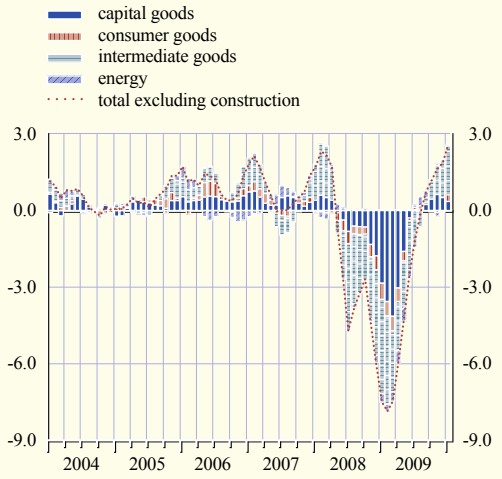
Another salient feature of the pick-up in industrial activity in the current recovery is its contemporaneous movement with GDP. This relates to the exceptional weakness in services value added both in the recent recession and also thereafter. In contrast to what occurred in previous recessions, when services value added had continued to grow, it contracted distinctly in the 2008-09 recession, thus contributing to the exceptional sharpness of this recession, and it has remained almost flat since then. Services activity was thus unable this time to counterbalance the slowing decline in industrial activity at the end of the recession and can be singled out as the main source of the rather modest current pick-up in GDP relative to those previously recorded. The breakdown into services sub-sectors reveals that the market services sub-sectors, i.e. trade and transportation services and financial and business services, were the source of the unusually weak performance of services activity both in the recent recession and in the subsequent upturn, with value added in the former remaining broadly flat since the second quarter of 2009 and that in the latter even falling below its level in the second quarter of 2009. Government-related services, by contrast, grew continually during the recent recession and the first quarters of the upturn, which is very much in line with previous experience, thereby representing the second source of growth in this upturn, besides the industrial sector. Overall, the weakness in services reflects the currently subdued domestic demand. Short-term indicators suggest that services activity may recover rather moderately in the near future.

The development of construction value added has been even more negative than that of services value added over the past few quarters, despite benefiting from the government support packages. It shows an ongoing contraction even after the trough in GDP. The comparison with developments in past recoveries highlights that, although this pattern is not without precedence, it is not a feature common to all recovery periods. The magnitude of the output losses in the construction sector since the pre-recession peak exceeds also in that sector that experienced in the two previous recessions. In the recovery following the 1992-93 recession, the contraction in construction activity continued over and beyond the current stage of the upturn in GDP, and conjunctural indicators suggest that such weakness will also persist in the current recovery.

The overall picture presented in this early stage of the unfolding recovery is thus one of a rather muted and uneven pick-up across economic sectors. While only industrial activity has thus far recovered faster than in previous upturns and construction activity has continued to contract in a relatively similar manner to the upturn following the 1992-93 recession but developed much more adversely than in that following the 1980-82 recession, almost stagnant services value added proves to have been the main source of the relative weakness of the current GDP upturn from a historical perspective. When account is taken of the magnitude of the previous losses in output, however, developments across all economic sectors appear to have remained comparatively weak thus far. Such a recovery path with extended output losses is in line with evidence on the patterns of past recoveries after financial crises.

Chart 28 Industrial production growth and contributions

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



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

Chart 29 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)

Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
Notes: All series 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.

As regards developments in the first quarter of 2010, industrial production expanded by 1.7%, month on month, in January, an increase that brought the level of production sharply above the average of the final quarter of 2009, which was raised by revisions to earlier monthly data (see Chart 28). Industrial new orders, by contrast, declined by 1.3% in January, following a 0.5% decrease in the previous month. The three-month moving average of industrial new orders declined to 1.5% in January, but remained above its historical pre-recession average.

Information from surveys points towards expanding economic activity in the first quarter of 2010. The Purchasing Managers' Index (PMI) for the manufacturing sector increased further to above 56 in March (a reading above 50 means that activity is increasing in the sector), with the index for manufacturing output reaching levels not seen since the summer of 2006 (see Chart 29). The PMI survey also provided positive indications about new orders, as the relevant index increased sharply. As regards the services sector, the PMI index for business activity increased again, after the declines recorded in the first two months of the year, and returned to the level reached at the end of 2009. Other business surveys, such as the European Commission's business surveys, confirm the information on improving economic sentiment provided by the PMI. In particular, confidence improved in the industrial, construction and retails sectors, while it remained stable in the services sector.

LABOUR MARKET

Recent information has confirmed that conditions in the euro area labour markets have deteriorated further, as changes in employment often lag behind business cycle fluctuations. In the final quarter of 2009, euro area employment fell by 0.3%, quarter on quarter, according to Eurostat's second national account release. This data shows a less marked deterioration in employment compared with previous quarters, when employment fell at substantially higher rates.

Table 6 Employment growth

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

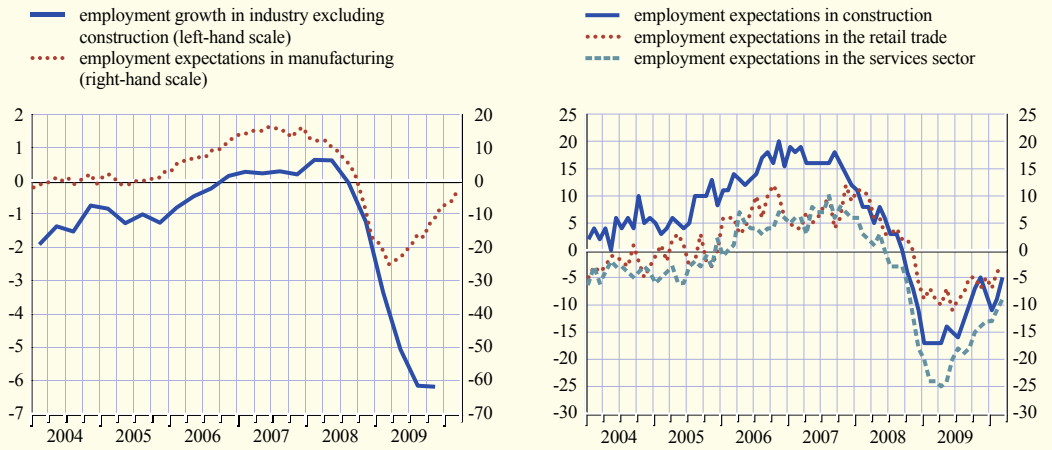
	Annual rates		Quarterly rates				
	2008	2009	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4
Whole economy	0.7	-1.9	-0.4	-0.8	-0.5	-0.5	-0.3
of which:							
Agriculture and fishing	-1.4	-2.6	0.0	-0.8	-0.9	-1.2	0.5
Industry	-0.7	-5.7	-1.5	-1.8	-1.7	-1.7	-0.9
Excluding construction	0.0	-5.2	-1.1	-1.6	-1.8	-1.7	-1.1
Construction	-2.1	-6.9	-2.3	-2.3	-1.3	-1.7	-0.4
Services	1.3	-0.5	0.0	-0.4	-0.1	-0.1	-0.1
Trade and transport	1.3	-1.8	-0.4	-0.8	-0.5	-0.2	-0.5
Finance and business	2.2	-2.2	-0.5	-0.9	-0.8	-0.5	-0.1
Public administration [1]	0.9	1.5	0.6	0.2	0.6	0.2	0.2

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

At a sectoral level, manufacturing (industry excluding construction) continued to bear the brunt of aggregate employment reductions in the final quarter of 2009, albeit at a declining rate of 1.1%, after 1.7% in the third quarter of 2009. The fourth quarter of the year marked a slowdown in the rate of job shedding observed in the construction sector, which recorded a decline of 0.4% in employment, after dropping by 1.7% in the previous quarter. As in preceding quarters, service sector employment changed little overall, at -0.1%, quarter on quarter, although the services aggregate masks important differences across sub-sectors. Following a relative improvement in the previous quarter, employment in the trade and transport sub-sector again declined strongly at the end of the year, by 0.5%, compared with 0.2% in the third quarter of 2009, while the contraction of employment in the finance and business sub-sector showed a further considerable improvement, as it slowed to 0.1%, from 0.5% in the third quarter (see Table 6 and Chart 30). Eurostat also released, for the first time, data on quarterly hours worked in the euro area. These data point to the first signs of positive growth in total euro area hours worked since June 2008. The aggregate euro area figure,

Chart 30 Employment growth and employment expectations

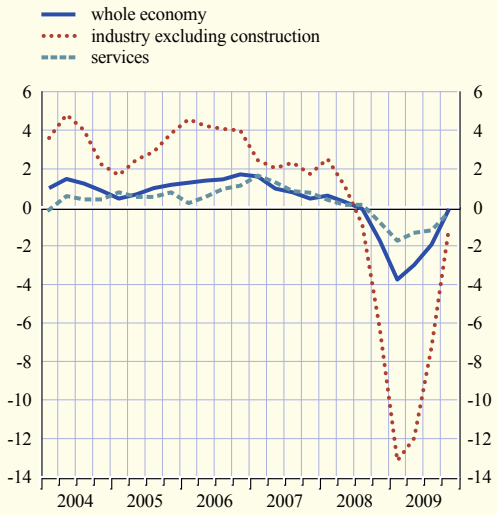
(annual percentage changes; percentage balances; seasonally adjusted)



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

Chart 31 Labour productivity

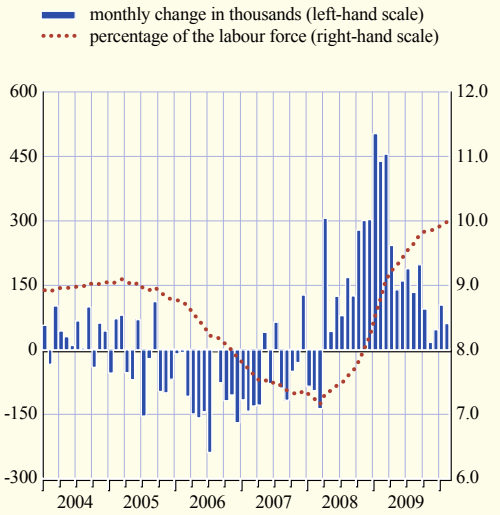
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 32 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

a 0.2% quarter-on-quarter increase in the final quarter of 2009, masks an ongoing reduction of total hours worked in manufacturing, offset by stronger growth in hours worked in services, particularly in the finance and business sub-sector, as well as in the public administration sub-sector.

Together with the recovery in euro area output growth, the job losses seen in recent quarters have contributed to an inflection in the decline of productivity. In year-on-year terms, aggregate euro area productivity (measured as output per employee) improved further in the final quarter of 2009, declining by 0.1%, year on year, and marking a substantial improvement on the 1.9% drop of the previous quarter and the record contractions seen in the first half of the year (see Chart 31). Developments in productivity per hour worked have exhibited a similar pattern and saw, in particular, the first positive reading, of 0.3% in the final quarter of 2009, since the third quarter of 2008.

Following a temporary interruption around the turn of the year, the euro area unemployment rate increased to 10.0% in February, from 9.9% in each of the three previous months (see Chart 32). The euro area unemployment rate currently stands at the highest level recorded since August 1998. Looking ahead, survey indicators have improved from their lows, but still suggest that further increases in euro area unemployment are likely in the months ahead, albeit at a slower pace than was observed and expected in 2009.

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

Looking ahead, euro area real GDP is expected to continue to expand at a moderate pace in the current year, as low capacity utilisation rates are likely to dampen investment, and weak labour market prospects in the euro area are expected to reduce consumption growth. Furthermore, the process of balance sheet adjustment in various sectors, both inside and outside the euro area, will continue.

The risks to the economic outlook remain broadly balanced, in an environment of uncertainty. On the upside, both the global economy and foreign trade may recover more strongly than projected, and confidence may improve more than expected. Furthermore, there may be stronger than anticipated effects stemming from the extensive macroeconomic stimulus being provided and from other policy measures taken. On the downside, concerns remain with respect to renewed tensions in some financial market segments, a stronger or more protracted than expected negative feedback loop between the real economy and the financial sector, renewed increases in oil and other commodity prices, the intensification of protectionist pressures and the possibility of a disorderly correction of global imbalances.

5 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

5.1 EXCHANGE RATES

Over the three months to 7 April the euro depreciated in nominal effective terms by 5.3%, moving further below its average level in 2009. The weakening of the euro was broadly based.

EFFECTIVE EXCHANGE RATE OF THE EURO

On 7 April the nominal effective exchange rate of the euro – as measured against the currencies of 21 of the euro area's most important trading partners – was 5.3% lower than at the end of December and 5.2% below its average level in 2009 (see Chart 33). The depreciation of the euro was broadly based and accompanied by a decrease in the implied volatility of the bilateral exchange rates of the euro vis-à-vis other major currencies, particularly at longer horizons.

US DOLLAR/EURO

Over the three months to 7 April the euro weakened against the US dollar, partly reversing the appreciation in 2009 (see Chart 34). Over the same period the implied volatility of the USD/EUR exchange rate decreased, particularly at longer horizons, indicating that market expectations of a return to an environment of higher foreign exchange volatility had eased somewhat (see Chart 34). On 7 April the euro traded at USD 1.33, 7.4% lower than at the end of December and around 4% below its 2009 average.

JAPANESE YEN/EURO

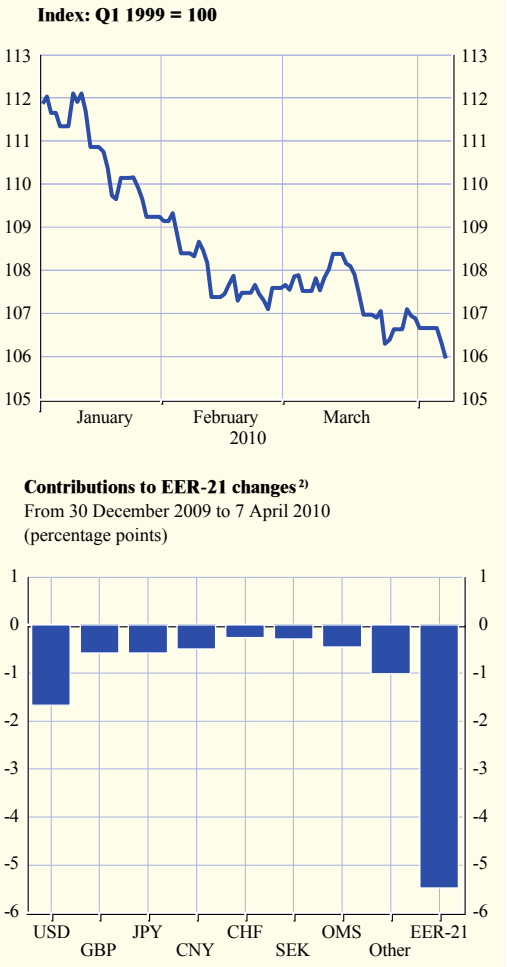
Over the three months to 7 April the euro depreciated vis-à-vis the Japanese yen. On 7 April it stood at JPY 125, 6.1% weaker than at the end of December and around 4% below its 2009 average. Over the same three-month period the implied volatility of the JPY/EUR exchange rate decreased, considerable fluctuations notwithstanding (see Chart 34).

EU MEMBER STATES' CURRENCIES

Over the three-month period to 7 April the currencies participating in ERM II remained broadly stable against the euro, trading at, or close

Chart 33 Euro effective exchange rate (EER-21) and its decomposition [1]

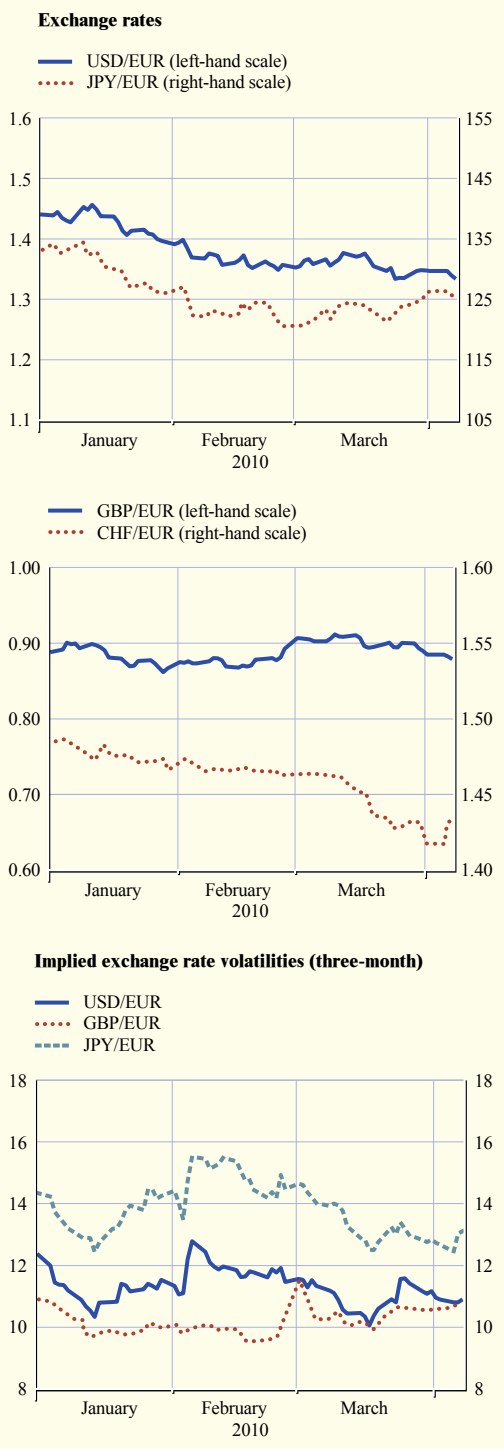
(daily data)



Source: ECB.
1) An upward movement of the index represents an appreciation of the euro against the currencies of 21 of the most important trading partners of the euro area (including all non-euro area EU Member States).
2) Contributions to EER-21 changes are displayed individually for the currencies of the six main trading partners of the euro area. The category "Other Member States" (OMS) refers to the aggregate contribution of the currencies of the non-euro area Member States (except the pound sterling and the Swedish krona). The category "Other" refers to the aggregate contribution of the remaining six trading partners of the euro area in the EER-21 index. Changes are calculated using the corresponding overall trade weights in the EER-21 index.

Chart 34 Patterns in exchange rates and implied volatilities

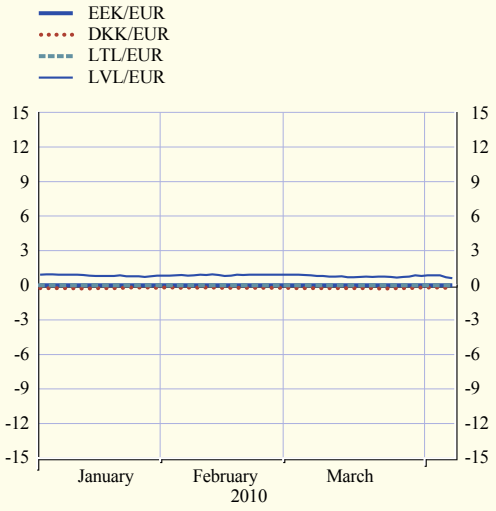
(daily data)



Source: Bloomberg and ECB.

Chart 35 Patterns in exchange rates in ERM II

(daily data; deviation from the central parity in percentage points)



Source: ECB.
Notes: A positive (negative) deviation from the central rate against the euro implies that the currency is on the weak (strong) side of the band. In the case of the Danish krone, the fluctuation band is ±2.25%; for all other currencies, the standard fluctuation band of ±15% applies.

to, their respective central rates (see Chart 35). The Latvian lats remained on the weak side of the ±1% unilaterally set fluctuation band.

As regards the currencies of the EU Member States not participating in ERM II, the euro weakened vis-à-vis the pound sterling by 1% in the three months to 7 April, trading on 7 April at GBP 0.88. In the same three-month period the implied volatility of the GBP/EUR exchange rate decreased at longer horizons, notwithstanding a rebound in short-term implied volatility towards the end of March (see Chart 34). In the three months to 7 April the euro weakened against the currencies of other EU Member States, with the depreciation being most pronounced vis-à-vis the Swedish krona (5.6%) and the Polish zloty (6.5%).

OTHER CURRENCIES

Following a change in the Swiss National Bank's communication on exchange rate policy in December 2009, the euro weakened vis-à-vis the Swiss franc, falling by around 3.5% over

the three months to 7 April, to CHF 1.43. Over the same period the bilateral euro exchange rates vis-à-vis the Chinese renminbi and the Hong Kong dollar moved in line with the USD/EUR exchange rate. The euro also weakened against major commodity currencies, such as the Canadian dollar (by 11.7%), the Australian dollar (by 10%) and the Norwegian krone (by 4%).

5.2 BALANCE OF PAYMENTS

Extra-euro area trade continued to gain strength in the three-month period to January, with goods imports outpacing exports. The 12-month cumulated current account deficit of the euro area narrowed to €50.7 billion in January (around 0.6 % of GDP). In the financial account, lower net outflows in direct investment and higher net inflows in portfolio investment accounted for the rise in net inflows in combined direct and portfolio investment to a cumulative €275.2 billion in the year to January.

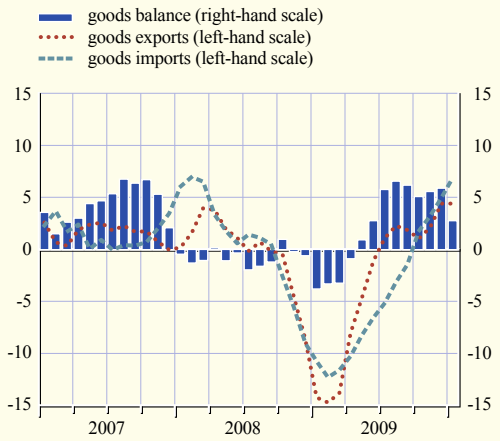
TRADE AND THE CURRENT ACCOUNT

Extra-euro area trade continued to gain strength in the three-month period to January. Exports of goods rose by 4.4% compared with the previous three-month period, amid a broad-based rebound in global economic activity. The boost to export growth also reflected support from temporary factors, such as fiscal stimuli and the turn in the inventory cycle outside the euro area. Meanwhile, imports continued to outpace exports, rising by 6.9% (see Chart 36). Imports had witnessed a more prolonged downturn than exports and recorded subdued growth in the initial phase of the trade recovery.

The breakdown of extra-euro area import values into volumes and prices – based on Eurostat's external trade statistics – suggests that the recovery in imports towards the end of 2009 mainly reflected an increase in volumes (see Chart 37). Import volumes, in turn, were supported by domestic

Chart 36 Extra-euro area trade in goods

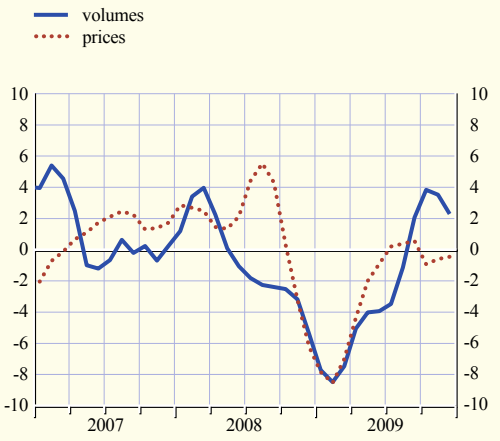
(three-month-on-three-month percentage changes; EUR billions; three-month moving averages; monthly data; working day and seasonally adjusted)



Source: ECB.

Chart 37 Breakdown of extra-euro area imports into volumes and prices

(three-month-on-three-month percentage changes; monthly data; seasonally adjusted)



Source: Eurostat.

demand in the euro area and export-induced demand for imported inputs. Total import prices – as measured by unit value indices – were relatively stable, despite increasing energy import prices.

Trade in services also continued to expand in the three-month period to January. Extra-euro area imports and exports of services increased by 2.7% and 3.0% respectively compared with the previous three-month period (see Table 7). This is in line with evidence showing a recovery in global activity in the services sector around the turn of the year.

The recent acceleration in the growth of goods imports led to a lower average monthly surplus in the goods balance of the euro area in the three-month period to January than in the previous three-month period. In 12-month cumulated terms, however, the surplus in the goods balance increased in January (see Chart 38). This development, together with a smaller deficit in the income balance, resulted in a further narrowing of the 12-month cumulated current account deficit to €50.7 billion in January 2010 (around 0.6% of GDP). A smaller surplus in services trade was almost offset by a smaller deficit in current transfers.

Table 7 Main items of the euro area balance of payments

(seasonally adjusted, unless otherwise indicated)

			Three-month moving average figures ending				12-month cumulated figures ending	
	2009 Dec.	2010 Jan.	2009 Apr.	2009 July	2009 Oct.	2010 Jan.	2009 Jan.	2010 Jan.
	EUR billions							
Current account	**2.3**	**-8.1**	**-9.8**	**-0.8**	**-4.2**	**-2.1**	**-144.4**	**-50.7**
Goods balance	4.3	-2.3	-0.9	5.8	5.1	2.8	-13.9	38.1
Exports	112.6	113.2	105.1	106.3	107.3	112.1	1,548.0	1,292.4
Imports	108.3	115.5	106.0	100.5	102.3	109.3	1,561.9	1,254.3
Services balance	4.8	2.0	1.9	2.3	2.9	3.1	38.5	30.6
Exports	40.2	39.1	39.3	38.1	38.1	39.3	507.7	464.4
Imports	35.4	37.0	37.4	35.8	35.2	36.2	469.2	433.8
Income balance	-1.7	-1.4	-2.9	-2.0	-3.0	-2.2	-72.0	-30.3
Current transfers balance	-5.1	-6.5	-7.9	-6.9	-9.2	-5.8	-97.1	-89.2
Financial account[1]	**-11.3**	**5.6**	**12.1**	**-3.8**	**10.5**	**-2.1**	**176.7**	**50.0**
Combined net direct and portfolio investment	49.5	-11.2	35.4	16.8	32.1	7.4	114.6	275.2
Net direct investment	1.7	-7.1	-9.8	-3.3	-9.0	-1.5	-188.2	-71.1
Net portfolio investment	47.8	-4.2	45.2	20.2	41.1	8.9	302.9	346.3
Equities	42.3	21.2	4.2	26.0	-5.1	17.3	-100.7	127.3
Debt instruments	5.5	-25.4	41.0	-5.9	46.2	-8.4	403.6	218.9
Bonds and notes	-5.7	-17.4	29.7	-12.3	22.3	-10.9	162.9	86.3
Money market instruments	11.2	-8.0	11.3	6.5	23.9	2.6	240.7	132.6
Net other investment	-63.3	10.0	-23.6	-24.0	-19.5	-23.6	87.3	-239.3
	Percentage changes over previous period							
Goods and services								
Exports	2.6	-0.3	-7.2	0.0	0.8	4.0	1.5	-14.5
Imports	2.5	6.1	-8.4	-4.9	0.9	5.8	5.1	-16.9
Goods								
Exports	2.0	0.6	-8.1	1.1	1.0	4.4	1.2	-16.5
Imports	4.0	6.7	-10.3	-5.2	1.8	6.9	5.1	-19.7
Services								
Exports	4.2	-2.8	-4.8	-2.9	0.1	3.0	2.6	-8.5
Imports	-2.0	4.6	-2.7	-4.2	-1.6	2.7	5.3	-7.5

Source: ECB.
Note: Figures may not add up due to rounding.
1) Figures refer to balances (net flows). A positive (negative) sign indicates a net inflow (outflow). Not seasonally adjusted.

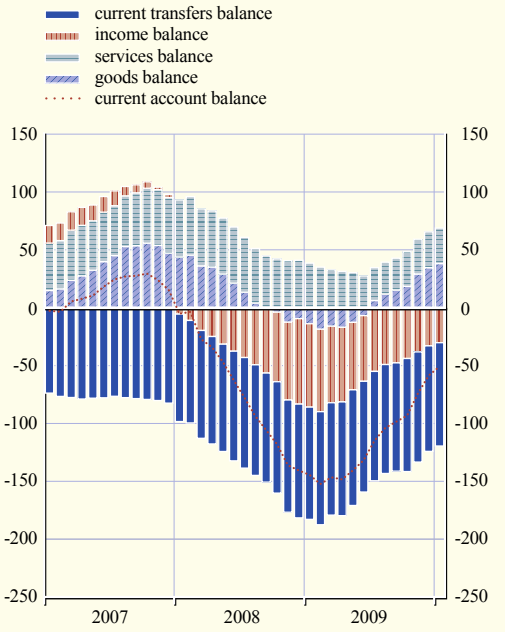
Looking ahead, available indicators suggest that the recovery in extra-euro area exports of goods will continue in the near term. In March 2010 the Purchasing Managers' Index of new export orders in the euro area manufacturing sector climbed to its highest reading since early 2000. Extra-euro area imports of goods are also expected to rise further, not least owing to export-induced demand for imported inputs. However, given that the recent rebound in world and extra-euro area trade has partly reflected the impact of temporary factors – such as fiscal stimuli and support from the inventory cycle – some loss of momentum may be expected as the impact of those factors fades.

FINANCIAL ACCOUNT

In the year to January the euro area recorded net inflows in combined direct and portfolio investment of €275.2 billion, compared with net inflows of €114.6 billion a year earlier (see Chart 39). This increase mainly reflects lower net outflows in direct investment, largely driven by higher direct investment in the euro area by non-residents.

Chart 38 Main items of the current account

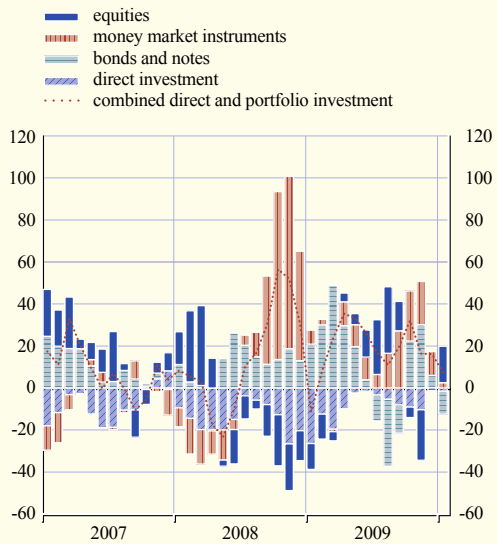
(EUR billions; 12-month cumulated flows; monthly data; working day and seasonally adjusted)



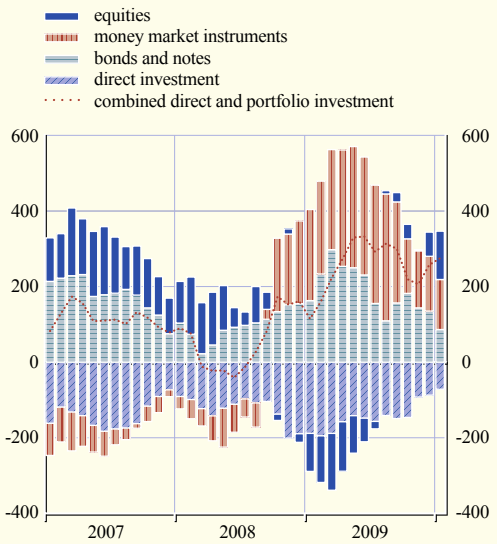
Source: ECB.

Chart 39 Main items of the financial account

(EUR billions; net flows; three-month moving averages; monthly data)



(EUR billions; 12-month cumulated net flows; monthly data)



Source: ECB.

Furthermore, the euro area recorded higher net inflows in portfolio investment in the 12-month period to January, reflecting a shift from net outflows to net inflows in equity that was only partly offset by lower net inflows in debt instruments, particularly money market instruments. Safe-haven considerations and the diversification into more liquid and less risky assets seem to have abated over the course of 2009 in the light of a more favourable global economic outlook and improved financial market conditions. This resulted in higher net purchases of equities, particularly by non-euro area residents, and a moderation in net inflows in debt instruments.

Overall, the euro area recorded lower net inflows in the financial account in the 12-month period to January, as compared with a year earlier (see Table 7). The increase in net inflows in combined direct and portfolio investment was more than offset by a shift from net inflows to net outflows in "other investment", a category which mainly comprises loans and deposits. An important factor underlying past developments in "other investment" in particular was the deleveraging of the banking sector worldwide in the wake of the intensification of the financial crisis in the autumn of 2008. Box 7 explores the international dimension of the global bank deleveraging process in greater detail.

Turning to the most recent developments, the average monthly net inflows in combined direct and portfolio investment decreased to €7.4 billion in the three-month period to January, compared with net inflows of €32.1 billion in the preceding three-month period (see Chart 39). This was mainly the result of a shift from net inflows to net outflows in debt instruments.

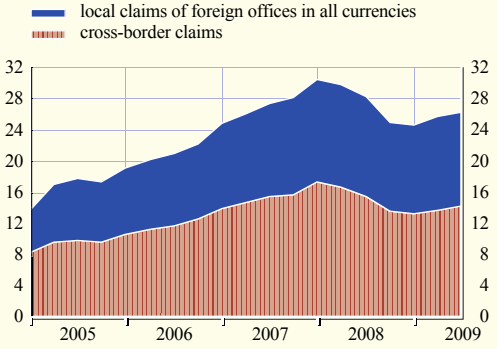
Box 7

THE INTERNATIONAL DIMENSION OF BANK DELEVERAGING

An important channel through which the financial crisis has been propagated internationally has been the sizeable reduction of foreign claims by banks active in global financial markets. As the turmoil reached its climax, banks reporting to the BIS cut their global exposure sizeably, from USD 30.4 trillion in the first quarter of 2008 to USD 24.9 trillion in the fourth quarter of 2008 on a consolidated basis (see Chart A). Around 70% of this reduction was achieved by cutting cross-border claims, while the remaining 30% resulted from a reduction in the local claims of foreign subsidiaries. Having stabilised in the first quarter of 2009, foreign claims partially rebounded in the second and third quarters of the year, to USD 26.2 trillion. Although this may partly be explained by the weakness of the US currency, which propped up the dollar value of foreign claims, it could be seen as an indication that major tensions have been easing.

Chart A Foreign claims of BIS reporting countries (cross-border and local lending)

(total amount outstanding; USD trillions; ultimate risk basis)



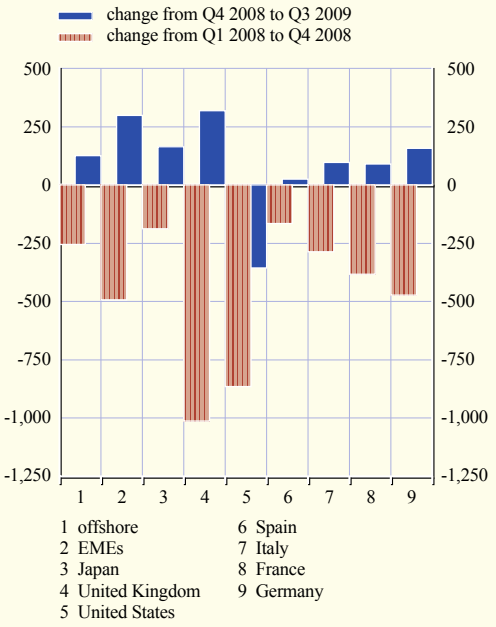
Source: BIS.
Notes: Consolidated data. The last observation refers to the third quarter of 2009.

In line with the global nature of the financial turmoil, the deleveraging process and the

recent rebound in banks' foreign claims have been highly synchronised across countries, affecting almost all major developed and emerging economies. On a consolidated basis, foreign claims were reduced vis-à-vis the United States by USD 864 billion and vis-à-vis the United Kingdom by USD 1 trillion between the first and the final quarter of 2008 (see the red bars in Chart B). The reduction was also sizeable vis-à-vis euro area countries, partly reflecting a fall in intra-euro area financial claims. From a systemic point of view, the decline in banks' international exposure to emerging market economies was also particularly relevant, with BIS reporting banks withdrawing almost half a trillion dollars. This is significant, considering that in March 2008 the total exposure of banks reporting to the BIS towards these countries was approximately equal to USD 4 trillion. Since the fourth quarter of 2008, however, there has been a significant and broad-based rebound in foreign claims for many countries, except vis-à-vis the United States, where foreign claims continued to decline (see the blue bars in Chart B).

Chart B Change in foreign claims of BIS reporting countries vis-à-vis selected geographical counterparties

(USD billions; ultimate risk basis)

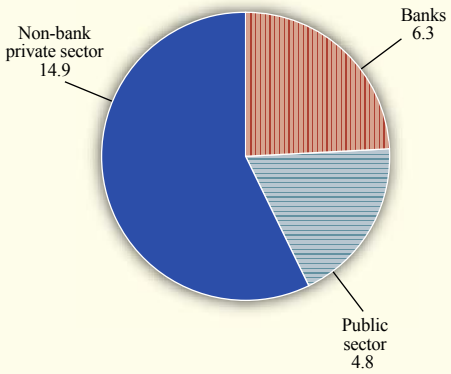


Source: BIS.
Note: Consolidated data. "EMEs" refers to emerging market economies.

The nature of the international bank deleveraging process can also be assessed from a sectoral point of view. According to the latest figures, banks reporting to the BIS are mostly exposed to the non-bank private sector, with an outstanding amount of USD 14.9 trillion, while the exposure to other banks and the public sector is smaller (see Chart C). Between March 2008 and September 2009 banks decreased their international exposure mainly by reducing foreign claims vis-à-vis other banks (by USD 2.5 trillion) and the private sector (by USD 2.2 trillion). By contrast, they increased their exposure vis-à-vis the public sector (by USD 0.4 trillion), reflecting a "flight to safety" given the unfavourable market conditions.

Chart C Foreign claims of BIS reporting countries by sector

(total amount outstanding; USD trillions; September 2009)



Source: BIS.
Note: Consolidated data.

Part of the process of global bank deleveraging can be viewed as a necessary adjustment of loan-to-deposit ratios after several years of rapid expansion in credit globally. The decline is also consistent with the sharp slowdown in economic activity observed at the global level. However, a prolonged period of subdued

foreign lending activity could also signal a phase of generalised weakness in the banking sector, which may be similarly reflected in banks' willingness to lend domestically.

In summary, the global economy has witnessed a significant retrenchment of the banking sector from global markets, reflecting the severity of the financial turmoil, but also contributing to the spread of its impact internationally. There are, however, signs of an ongoing process of stabilisation, which could help to improve the prospects for the global recovery.

ARTICLES

TOOLS FOR PREPARING SHORT-TERM PROJECTIONS OF EURO AREA INFLATION

Assessing the short-term evolution of inflation entails identifying the driving forces of inflation and interpreting their nature. In particular, it is important to assess whether such forces have only temporary effects on inflation or are likely to be more persistent and thus relevant for monetary policy. Within the Eurosystem, short-term inflation projections form the starting-point for the medium to longer-term inflation projections, making timely use of disaggregated and detailed information that is not always easy to incorporate in more stylised structural macroeconomic models. This article focuses on two short-term forecasting tools used at the ECB: one which models prices in specific sectors separately in terms of their macroeconomic determinants, and another which uses an integrated approach, allowing also for the interactions among different sectoral prices. A comparative analysis of the forecasts produced using the different models supports the cross-checking of the outcomes of different tools when assessing the short-term outlook for inflation.

1 INTRODUCTION

The objective of monetary policy in the Eurosystem is to preserve price stability in the medium term. Owing to the lags with which monetary policy operates, it is important to assess and interpret the nature of the forces driving inflation in a timely manner. For this reason, short-term inflation projections (which for the purposes of this article cover horizons up to one year ahead) provide an important input into the monetary policy decision-making process. Assessing the short-term evolution of inflation entails identifying the driving forces of inflation and interpreting their nature. In particular, it is important to assess whether such forces have only temporary effects on inflation or are likely to be more persistent (for example, whether an increase in oil prices is likely to trigger persistent inflationary pressures by not only affecting energy consumer prices, but also other consumer prices and nominal wages, indirectly).

The short-term assessment of inflation draws heavily on a considerable degree of expert judgement on the detailed components of inflation. However, in order to guarantee consistency in the evaluation of the relationship between inflation and its determinants, such judgement should be supported by a modelling framework.[1] At the ECB, several tools have been developed for the short-term forecasting of inflation. Such tools have been designed with two aims in mind. First, they should make it possible to take into account the maximum amount of available information on inflation at any given point in time. This may include information about recent and expected developments in the main determinants of inflation, potentially drawing on other projections for these variables or on market expectations, and announced government policy measures (for instance on indirect taxes). Second, they should provide a good interpretation of short-term inflation fluctuations, including the evolution of individual HICP components (i.e. unprocessed food, processed food, non-energy industrial goods, energy and services). For example, the recent fluctuations in oil and food commodity prices should be evident at least in the developments in energy and food HICP inflation respectively.

This article describes some of the short-term inflation forecasting tools that are used at the ECB. The first section reviews the role of such tools, examining in particular how they support the analysis of inflation developments prepared by ECB staff in the context of the Eurosystem/ ECB staff projection exercises. The following section describes two forecasting approaches, one of which has recently been developed. The

1 For more details on the role of models and judgement in institutional forecasts, see the article entitled "Short-term forecasts of economic activity in the euro area" in the April 2008 issue of the Monthly Bulletin and B. Fischer, M. Lenza, H. Pill and L. Reichlin, "Monetary analysis and monetary policy in the euro area 1999-2006", Journal of International Money and Finance, 2009.

use of these tools in practice is then illustrated, in order to highlight the challenges encountered in short-term inflation forecasting and the signals that can be extracted using different modelling approaches.

2 THE ROLE OF SHORT-TERM FORECASTING TOOLS IN THE PROJECTION EXERCISES

In order to capture price dynamics, a large set of determinants and interactions across variables should be taken into account. The main advantage of short-term inflation tools is that they enable the timely use of disaggregated and detailed information on inflation that is not always easy to incorporate into the large and more stylised structural macroeconomic models (e.g. information relating to indirect taxes or administered prices). Such large-scale macroeconomic models are typically used as "workhorse" models when constructing medium-term projections, in the sense that they can incorporate information, judgement and projections from other tools.[2]

The Eurosystem staff macroeconomic projections are produced jointly by experts from the ECB and from the euro area NCBs on a biannual basis in June and December of each year.[3] The ECB staff macroeconomic projections, which are produced in March and September, complement these Eurosystem exercises and use similar techniques. Short-term inflation forecasting tools are used to help frame the short-term inflation outlook within these projection exercises. To this end, the tools are generally used in order to prepare conditional forecasts, i.e. projections of inflation that are based on historical data and are conditioned on an assumed future path of a set of inflation determinants. Such conditioning variables include, for example, fiscal variables whose path is partly known in advance owing to the implementation lags of fiscal policy and assumptions regarding oil prices and exchange rates.

"Base effects" typically play an important role in explaining the short-term inflation outlook in terms of annual rates of change. Base effects occur when variations in the annual growth rate of an economic indicator depend on some atypical influence that affected movements in the indicator 12 months earlier, rather than being caused by more recent developments. Over the past two years base effects related to energy and food prices have accounted for much of the sharp fluctuations in projected and realised annual HICP inflation.[4]

The short-term forecasting approaches, which have been developed within the ECB, are also often used for scenario and simulation exercises, as well as for mechanical updates of projections in the intervals between the quarterly projection rounds. This "mechanical" use of the tools means that no expert judgement is used to adjust the purely model-based outcome. However, the projection exercises often also include specific expert judgements to capture elements which cannot easily be introduced in an econometric model.

3 TWO DIFFERENT APPROACHES AT THE ECB

Short-term inflation forecasting tools need to take into account a potentially very large set of determinants and interactions in order to capture price dynamics. Consequently, a modelling and estimation problem arises related to the difficulty in identifying the interlinkages among all relevant economic variables. In essence, there is a need to reduce the number of parameters to be estimated, given that the euro area was only established in 1999 and harmonised statistics often exist only for a relatively short sample.

The Eurosystem has at its disposal a wide range of time-series techniques for analysing inflation and is certainly not limited to the approaches that are described in this article. For illustrative

2 See G. Fagan and J. Morgan (eds.), "Econometric models of the euro area central banks", Edward Elgar Publishing, 2005.

3 For more details on the projection process, see "A guide to Eurosystem staff macroeconomic projection exercises", ECB, June 2001.

4 For more details, see the box entitled "Base effects and their impact on HICP inflation in 2010" in the January 2010 issue of the Monthly Bulletin.

purposes and the sake of brevity, this section focuses on just two approaches developed at the ECB which tackle the issue of limiting estimation uncertainty in quite distinct ways. The first uses an individual equation framework and has until now been the main short-term inflation forecasting tool employed by the ECB. The second, a Bayesian Vector Autoregression (BVAR) model, has been developed more recently and suggests potentially promising new avenues for capturing a wider range of economic interactions and their impact on the short-term HICP inflation outlook.

3.1 MODELLING THE MAIN SECTORAL COMPONENTS OF THE HICP

Inflation forecasting can be approached by modelling each HICP component separately, a method which implicitly assumes that there is no interaction between components. One rationale for such an approach is that standard methods, which model all components simultaneously, were not previously found to improve the forecast of aggregate inflation for the euro area.[5] Six equations have been developed by ECB staff,[6] one for each of the main HICP components (unprocessed food, processed food, energy, non-energy industrial goods and services) and one for the consumer goods Producer Price Index (PPI); the latter is then used as an input for the equations for the main HICP components. All equations are specified in terms of the seasonally adjusted month-on-month rates of increase of the variables.[7] The size of the equations is kept manageable by including only a few variables (four at most) which are drawn from three broad groups. The first group consists of assumptions regarding the external environment, including oil and non-oil commodity prices (including food), for which futures prices are used over the forecast horizon, and the exchange rates (both the EUR/USD exchange rate and the effective exchange rate of the euro), which are assumed to be constant over the forecast horizon. The second group entails further conditioning variables provided by available information on fiscal measures, such as VAT changes. Finally, wages, unit labour costs and GDP are assumed to evolve according to the latest macroeconomic projections.

These equations are used regularly to update earlier inflation projections, but also to serve as a starting-point for discussion at the beginning of every quarterly projection exercise. The advantage of these equations is that they provide a simple way of interpreting inflation fluctuations, making it possible to forecast inflation conditional on the specific future paths of the determinants listed above and permitting a focus on the heterogeneity of the HICP sub-components. They also allow for the inclusion of judgement and other information. However, the inherent lack of interaction between determinants and particularly among HICP components may limit the ability of the model to capture the pass-through mechanism of certain prices to others and to overall inflation. In particular, independence across components implies limited "indirect effects" associated with commodity price changes, while the exogeneity of assumptions on wages and unit labour costs limits the ability of the tool to capture "second-round effects".[8] Such effects can be introduced ad hoc, through the inclusion of expert judgement. However, the extent to which their impact persists beyond the very short-term evolution of inflation would be difficult to gauge without a relevant model structure. In addition, the reliance on a set of exogenous assumptions implies that the model can only forecast inflation

5 For an evaluation of the accuracy of methods of forecast aggregation, see K. Hubrich, "Forecasting euro area inflation: does aggregating forecasts by HICP component improve forecast accuracy?", *International Journal of Forecasting*, vol. 21(1), 2005.

6 For more details on the individual equations, see N. Benalal, J.L. Diaz del Hoyo, B. Landau, M. Roma and F. Skudelny, "To aggregate or not to aggregate? Euro area inflation forecasting", ECB Working Paper No 374, 2004. The approach described in this article and in the box is based on an update of the approaches developed in this paper.

7 The HICP data used are seasonally adjusted to account for regular volatility in the series occurring around the same period within a year and to a comparable extent. See also the box entitled "Seasonal patterns and volatility in the euro area HICP" in the June 2004 issue of the Monthly Bulletin.

8 For a discussion of the effects of oil prices on inflation, see the article entitled "Oil prices and the euro area economy" in the November 2004 issue of the Monthly Bulletin.

when an assumed path for the full set of these variables is available.

These considerations have led to efforts to enhance the short-term forecasting toolbox. Some alternative modelling techniques are described in the next sub-section, while the box below describes how recent fluctuations in food commodity prices and the related effects on components of the HICP have pointed to areas for further improvement within the framework of individual equations.

Box

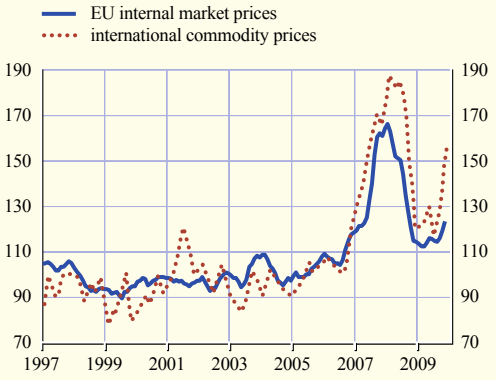
MODELLING THE PASS-THROUGH OF THE RECENT FOOD COMMODITY PRICE SHOCKS

Modelling the transmission from food commodity prices to HICP inflation in the euro area is not straightforward. For example, an index of international food commodity prices derived from the Hamburg Institute of International Economics (HWWI) dataset, which is widely used in empirical analyses of commodity price developments, has been significantly more volatile than HICP food prices. A key feature of the HWWI index is that it only includes prices quoted in global markets. However, for a number of food commodities produced directly in the EU (such as meat, milk and cereals), prices in international markets have historically been somewhat lower and significantly more volatile than those prevailing in the EU. To a large extent, the difference reflects the existence of the EU's Common Agricultural Policy (CAP), which tends to cushion the transmission of global shocks to EU internal prices through its mechanisms of intervention prices, price support, import tariffs and quotas. The existence of the CAP may be an important reason why, in the past, international food commodity prices appeared not to be closely related to food prices at the retail level in the euro area.[1] To control for this factor, it is possible to construct and use a food commodity index that combines prices quoted in international markets for those commodities that are not subject to CAP intervention prices (e.g. cocoa, coffee) and EU internal market prices for commodities that are produced in the EU (e.g. wheat, milk). The latter data can be drawn from a dataset collected by the Directorate General Agriculture of the European Commission.

The chart compares this combined index with an index based on international commodity prices. It shows that while international commodity prices have historically been significantly more volatile than EU internal market prices, the two indicators have been more closely correlated during the past two to three years, a period in which there was initially a surge and then a downward correction in global commodity prices. This observation is consistent with the idea that the CAP provides a price stabilisation mechanism to cushion against price changes whenever prices tend to

Food commodity indices

(index: 2005 = 100)



Sources: European Commission, HWWI and ECB calculations.

1 See the reference in footnote 6.

fall below the threshold intervention prices that are embedded in the CAP. Analysis conducted using the two indices suggests that the transmission of shocks in international commodity prices to consumer prices in the euro area is dampened by the presence of the CAP. The CAP plays an important role in determining the size of the pass-through from food commodities to consumer prices and controlling for it is very important for forecasting purposes.

Overall, the recent volatility in HICP food prices had been difficult to explain on the basis of the previously existing tools for short-term inflation forecasting – even when the unanticipated changes in the conditioning assumptions for food commodities were accounted for. This was because the sensitivity of overall HICP food prices to changes in international food commodity prices, such as those contained in the HWWI index, is limited in these models. However, once the intervention prices of the CAP are included in the picture, a simple model of pass-through is able to explain most of the changes in HICP food prices in recent years.

3.2 A MORE INTEGRATED APPROACH TO MODELLING HICP COMPONENTS

An alternative approach to modelling short-term inflation developments, which tackles the difficulty of identifying the interlinkages between all relevant economic variables in a different way, has recently been developed and is currently being tested in real time. The general aim of this approach is to model the components and determinants of inflation described above in an integrated manner, such that the need for expert judgement in order to capture interactions across variables is reduced. This has been done in particular using a large BVAR which models the interaction between variables in a largely unrestricted way.[9] Although BVAR models have been used for forecasting purposes for some time, they tended to be estimated only for a small number of variables in order to avoid the proliferation of parameters to estimate. It is only recently that such techniques have been shown to be capable of handling large datasets.[10]

The novelty of the approach described in this sub-section compared to the individual equations is that, while the BVAR approach uses the same set of variables as the individual equations-based model described above, it takes account of a wider range of interactions across the sub-components and determinants of HICP inflation.[11] The BVAR can also provide a statistical distribution for the projections, making it easier to assess the uncertainty surrounding them. As well as allowing for interactions across variables and components, as discussed in the following sections, the BVAR model can be used to compute projections, i.e. forecasts conditional on particular assumptions regarding the future path of specific variables in the model. Alternatively, the tool can be used to generate its own forecasts for these variables and hence provide "unconditional" forecasts of inflation.

4 USING INFLATION TOOLS IN PRACTICE

In order to show how the tools described in Section 3 can be used in practice, two illustrative and purely mechanical exercises are reported. It should be noted that, unlike the ECB and Eurosystem staff projections, these illustrations exclude any expert judgement.

9 For more details, see D. Giannone, M. Lenza, D. Momferatou and L. Onorante "Short-term inflation forecasting: A Bayesian VAR approach", CEPR Discussion Paper No 7746, March 2010.

10 T. Doan, R. Litterman and C. Sims, "Forecasting and conditional projection using realistic prior distribution", *Econometric Reviews*, vol. 3, 1984 is the first application of Bayesian techniques in the context of VAR estimation, while M. Bańbura, D. Giannone and L. Reichlin, "Large Bayesian VARs", *Journal of Applied Econometrics*, vol. 25(1), shows how Bayesian techniques may be used in order to handle large datasets.

11 Under such a framework, Bayesian techniques are used to limit estimation error by combining a "naive" prior model that does not require estimation with the more complex model allowing for the full set of interactions between inflation and its determinants. The naive model is assumed to be the random walk model with drift, which excludes rich dynamics and cross-correlation among variables since each variable at any given point in time depends only on a constant, its own first lag with a coefficient equal to one and a stochastic disturbance.

A first exercise shows how an increase in oil prices feeds through to the HICP components. This exercise shows the mechanisms through which shocks are propagated in the different models and highlights how, and to what extent, different tools capture the consequences of specific shocks in the short term, but also potentially further ahead, thus providing an outlook for the evolution of inflation towards the medium term. Chart 1 reports the results for the individual equations, while Chart 2 shows the outcome using the BVAR. The charts report the effects of a one-off 10% increase in oil prices on the annual inflation rates (vertical axis) up to 24 months ahead (horizontal axis). A horizon of 24 months, which is longer than the definition of a short-term horizon used in this article, is considered to show the ability of different modelling frameworks to capture persistent effects of economic shocks and hence gauge their relevance for monetary policy. For each month, the effect on overall HICP inflation is broken down into the weighted [12] contributions from the five components.[13]

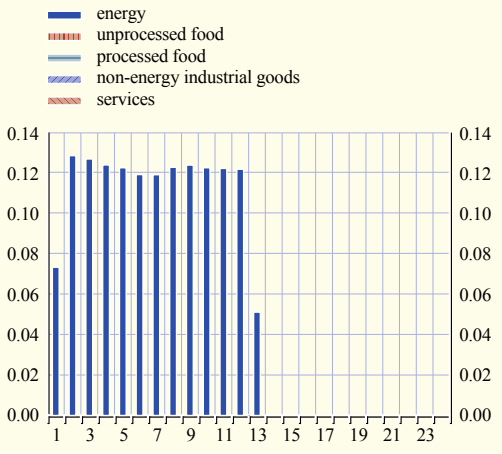
In both models, it can be seen that, on impact, overall HICP inflation increases by slightly less than 0.1 percentage point, which is fully accounted for by the contribution of energy prices. However, the subsequent propagation of the increase in oil prices clearly differs across the two modelling approaches. In the simulations based on the individual equations, the impact on annual inflation comes only via energy prices, it reaches its peak after one month and disappears after slightly more than a year owing to base effects. In the BVAR model, the direct impact of the oil price increase through energy prices is very much in line with that in the individual equations, largely fading away by the 13th month ahead. However, the more complex pass-through mechanism allowed for in the BVAR can be seen in the responsiveness of the non-energy industrial goods and services components. These contributions increase along the horizon as the oil price shock feeds through, as a result of the higher energy costs implied (indirect effects) and the impact of higher wages caused by the initial increase in HICP inflation (second-round effects). By the end of the projection horizon, the impact from energy prices has vanished, but the contribution

12 They are weighted according to the consumer spending weights of the five sub-components of the overall HICP.

13 The impact of a change in oil prices is analysed here only in the context of the models described in this article. A much wider set of tools is used within the Eurosystem in order to analyse the impact of oil prices on activity and consumer price inflation.

Chart 1 Individual equations – effects of a 10% increase in oil prices on HICP inflation

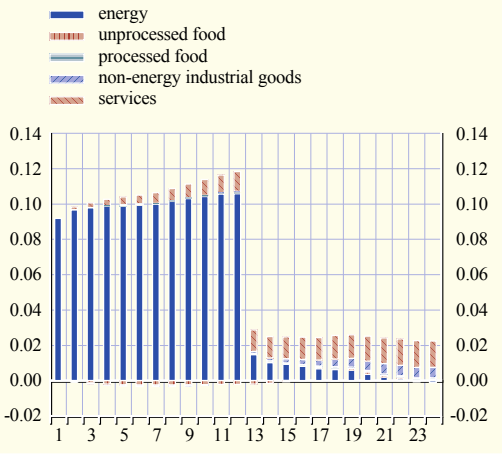
(percentage point contributions to HICP annual growth rate)



Source: ECB.

Chart 2 BVAR – effects of a 10% increase in oil prices on HICP inflation

(percentage point contributions to HICP annual growth rate)



Source: ECB.

from non-energy industrial goods and services persists at around 0.02 percentage point.[14]

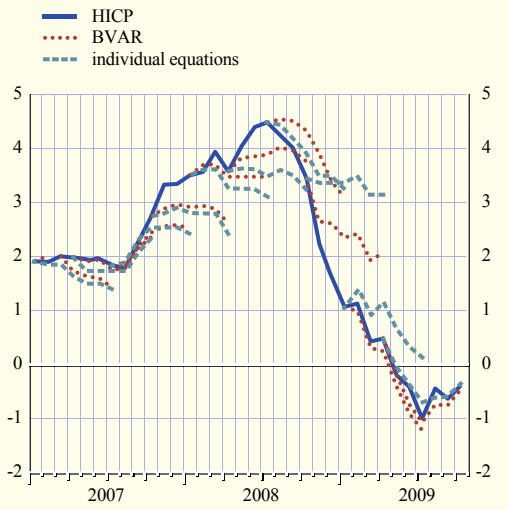
In terms of the direct impact of oil price shocks, this BVAR approach is largely consistent with the results of other models used both inside and outside the Eurosystem.[15] It should be noted, however, that the additional impact from indirect and second-round effects may be somewhat greater within larger, structural models better equipped to capture medium to longer-term dynamics.[16] Nevertheless, the purpose of this illustration is to show how the BVAR model can capture the interactions between different price components. To sum up, the BVAR differs from the individual equation approach because, as well as capturing the transmission of the oil price shock through the direct effect on energy prices, it also accounts for the indirect and second-round effects reflected in other components of the HICP and wage growth. This example illustrates that enhancing the inflation toolbox may help to better interpret the dynamics of nominal variables.

The second exercise illustrates how the different models can be employed to analyse recent economic developments. It should again be noted that the projections produced in the context of this exercise provide an illustrative example and do not correspond to any particular ECB or Eurosystem staff projections. First, Chart 3 compares the purely mechanical forecasts from the individual equations and those from the BVAR, conditional on the standard set of macroeconomic assumptions, which are listed in detail in Section 3.1 and refer to a broad set of macroeconomic variables.[17] It reports the actual annual rate of HICP inflation from January 2007 to October 2009 (blue solid line), together with the corresponding individual equation forecasts (petrol blue dashed line) and the conditional BVAR forecasts (red dotted line). In each case, forecasts from one to six months ahead are reported, and these are based on the information that would have been available at the starting-point of each forecast.

Annual euro area HICP inflation over the past two years has moved in a range between -0.7% and 4%, and has therefore displayed considerably more variability than in previous years since the start of EMU. A first observation is that neither model accurately predicted the upturn in inflation in 2007 or the downturn in 2008. This suggests that turning-points in inflation pose a challenge to forecasters, as the accuracy of all models worsens around such points.[18] Moreover, while the forecasts are fairly similar in 2007, the BVAR forecasts are closer on

Chart 3 HICP real-time conditional BVAR and individual equation forecasts

(annual percentage changes)



Sources: Eurostat and ECB.

14 Some slight negative contribution from unprocessed food can also be discerned in Chart 2, but it is negligible and of no economic importance, as unprocessed food prices are found to be essentially neutral to oil price changes in the context of the BVAR.
15 See the reference in footnote 8.
16 See the reference in footnote 2. In addition, there may be non-linearities in the relationship between oil prices and inflation, which could lead to an amplification of the impact of oil prices on consumer prices when the level of oil prices is higher than a certain threshold.
17 For the purpose of this exercise, the assumed future paths for wages and unit labour cost are derived by using the BVAR.
18 The turning-point in mid-2009 seems to be an exception since it was captured in a timely manner by all models. However, developments around this turning-point were particularly driven by base effects owing to the strong decline in oil prices in the course of the second half of 2008 dropping out of the annual rates of HICP inflation. Such base effects are mechanically captured by all of the models described here. Indeed, this turning-point was accurately predicted well in advance, precisely on the basis of such base effects (see the article entitled "Accounting for recent and prospective movements in HICP inflation: the role of base effects" in the December 2008 issue of the Monthly Bulletin).

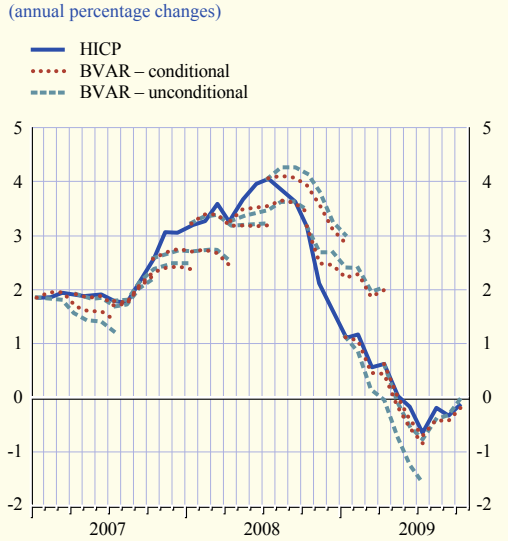
average to the observed inflation rate in 2008 and 2009. This may suggest that it is important to take into account interaction across the determinants and sub-components of the HICP. However, the individual equations occasionally seem to provide more accurate inflation projections. As mentioned above, this suggests the usefulness of cross-checking different tools when assessing the short-term outlook for inflation.

All the forecasts in Chart 3 are projections, i.e. forecasts conditional on a standard set of macroeconomic assumptions. Another option, however, is to produce unconditional forecasts, which do not assume any particular future development of specific variables. One of the reasons for producing projections rather than unconditional forecasts is that forecasters can exploit valuable information which is available about the future (for example, when fiscal packages have been approved but not yet implemented, as in the case of the increase in German VAT in 2007).

In order to illustrate this point, Chart 4 compares two different sets of forecasts: the unconditional forecasts from the BVAR (petrol blue dashed line), free of any conditioning assumptions; and the conditional forecasts from the BVAR (red dotted line), which account for the future evolution of all the variables included in the standard set of macroeconomic assumptions.[19]

Chart 4 HICP and real-time unconditional and conditional BVAR forecasts

(annual percentage changes)



Sources: Eurostat and ECB.

The results in Chart 4 suggest that the performance of the unconditional and conditional forecasts is, in most cases, very close. However, conditioning at times appears to produce forecasts which are closer to the actual outcomes, suggesting some added value embedded in the conditioning assumptions.[20] Ultimately, the benefits of conditioning in terms of the accuracy of the short-term inflation forecasts will depend on whether the conditioning variables themselves can be more accurately forecast outside the model in question. If this is the case, then relying on assumptions developed outside the model will tend to enhance the accuracy of the inflation projections.

5 CONCLUSION

Short-term forecasting models provide a framework which allows a timely assessment of the evolution of inflation in the near future. Such tools serve to disentangle the effects of temporary and permanent sources of fluctuations in inflation in the short term and can thus provide indications of the likely evolution of inflation in the medium term. For this reason, the development of such tools can make a significant contribution to the analysis supporting the conduct of a medium-term stability-oriented monetary policy. While factors such as base effects, which can at times play a major role in shaping annual inflation rates, are relatively

19 Chart 4 focuses on the BVAR because, in order to produce unconditional forecasts, the model used needs to be able to produce on its own a future path for all the variables in the system. This is not possible for the individual equations, which assume that those inflation determinants are exogenous.

20 In the interests of brevity, the charts focus only on recent experience. For a more formal and thorough analysis supporting the forecasting evaluation of the models described in this article, see the reference in footnote 9.

easy to capture, inflation dynamics can be affected by a broad range of determinants and interactions. The Eurosystem/ECB staff inflation projections are the product of a wide variety of tools, which provide a framework that ensures the consistency of the evolution of projected inflation and its determinants and incorporate expert judgement, making it possible to capture information, mechanisms and features that the intrinsic limitations of models cannot account for. This article has surveyed two such tools developed at the ECB: an individual equation approach already in use, including some specific considerations for the food and energy components, and a large BVAR, which has recently been developed and is currently being tested in real time.

The models presented in this article are to be considered complementary. It would be unwise to rely solely on any one given method or modelling approach; indeed, practical experience supports the simultaneous use of different models and the cross-checking of each one against the others. Against this background, ECB staff continuously review the available techniques for short-term forecasting. Promising additional approaches currently under investigation include the use of factor models and the development of methods that allow the results from different short-term inflation forecasting models to be combined in order to provide a more accurate assessment of the inflation outlook.

MEASURES TAKEN BY EURO AREA GOVERNMENTS IN SUPPORT OF THE FINANCIAL SECTOR

The extensive measures taken by euro area governments in support of the financial sector have played a key role in the management of the financial crisis that erupted in mid-2007 and intensified after the bankruptcy of Lehman Brothers. This article describes the measures taken by euro area governments to contain the impact of the crisis on the financial sector and discusses potential exit strategies. Although the focus is on the measures implemented by euro area governments, the article also compares these measures with the ones taken in the United Kingdom and the United States. The crisis responses in these three economic regions share a number of common features, both in terms of tools and scope. However, there have also been some important differences, not only between the European Union and the United States, but also within the European Union.

1 INTRODUCTION

The financial crisis that started in the summer of 2007 originated in the US mortgage market. Sharply rising delinquencies and foreclosures revealed the extent of exuberance in the housing market and brought the sub-prime lending business to a sudden halt. Securitisation markets froze, banks had to restore assets held by special purpose vehicles to their balance sheets and confidence in funding markets was eroded. The crisis spread rapidly through the financial sector and spilled over to other industrialised and emerging market economies.

Central banks responded to the emerging crisis by injecting liquidity into the financial system.[1] At the onset of the crisis, the measures they adopted consisted of traditional market operations either conducted outside the regular schedule or else involving larger amounts of liquidity, to keep short-term money-market rates close to policy rates. When these measures proved insufficient to reduce funding pressures, central banks implemented changes to their operational framework.[2] In addition, major central banks carried out some of their actions in a coordinated manner.[3] This cooperation was reflected in a joint announcement to provide term funding and to enter into temporary swap agreements to obtain foreign currency liquidity, which they passed on to the financial sector.[4]

When the liquidity crisis appeared to be turning into a solvency crisis, threatening the stability of the financial system as a whole, governments resorted to traditional rescue measures directed at individual institutions. These early support measures for individual banks took the form of credit lines to failing institutions and rescue mergers.

On 15 September 2008 the collapse of Lehman Brothers sent a shock wave through the global financial system. While risk aversion and mistrust between financial players led to the drying up of funding markets, concerns over the solvency of financial institutions also severely affected the confidence of depositors.

Governments were forced to act swiftly to avert the failure of their financial systems. In Europe, after an emergency meeting of the euro area countries in Paris in October 2008, the EU governments implemented coordinated support measures to alleviate the strains on their banking systems. Given the predominant position of the banking system in providing funds to firms and households in the euro area, these measures primarily targeted the financial sector, while economies with market-based

1 The measures taken can be broadly divided into traditional and non-standard categories. However, this distinction varies across central banks owing to different traditions, frameworks and financial system structures.

2 These changes included, inter alia, more frequent auctions, an expansion of the volume of lending facilities, longer-term financing, changes in the auctioning process, a broadening of the range of eligible collateral, outright asset purchases and the setting up of liquidity facilities for intermediaries other than banks.

3 Since the coordinated actions taken in December 2007, the G10 central banks have continued to work together closely and to consult regularly on liquidity pressures in funding markets.

4 More details on the implementation of monetary policy by the Eurosystem in response to the financial market tensions can be found in the article entitled "The implementation of monetary policy since August 2007" in the July 2009 issue of the Monthly Bulletin.

financial systems, like the United States, also engaged in direct credit support.[5] European, governments complemented the extensive liquidity support that had been provided by the ECB since the summer of 2007 by guaranteeing new issues of bank bonds and raising the coverage limits of deposit insurance schemes. In addition, governments recapitalised financial institutions and adopted "asset relief measures" to shield institutions from losses on their assets. These measures were intended to mitigate the adverse feedback loop by reducing the pressure on banks to cut lending in order to deleverage.

The extraordinary remedial action taken by central banks and governments since late 2008 has been successful in restoring confidence in financial systems around the world and in improving their resilience. These measures, together with sizeable monetary and fiscal policy stimuli have set in motion a process of mutual reinforcement of financial system conditions and real economic performance. This has fostered confidence and led to a fading of systemic risk. However, the measures adopted to support the financial system have increased the risk of distorting competition and creating moral hazard and may even have increased the likelihood of excessive risk-taking, while the dramatic rise in fiscal imbalances is threatening the sustainability of public finances.

This article provides a systematic overview of the measures that have been adopted by governments in the euro area in support of their financial systems and compares them to those adopted in the United Kingdom and the United States.[6] The structure of the remainder of the article is as follows. Section 2 is devoted to an important institutional aspect of government measures, namely whether they are implemented through ad hoc measures tailored to the needs of specific institutions or through national schemes. Section 3 gives a detailed description of the support measures employed by governments (including the amounts extended and committed), namely deposit insurance enhancements, bank debt guarantee schemes, recapitalisation measures and asset protection schemes. Section 4 describes potential exit strategies from the different measures taken, while Section 5 concludes by comparing the measures adopted in the European Union and in the United States and briefly outlining regulatory lessons.

2 AD HOC MEASURES VS NATIONAL SCHEMES

At the outset, although the financial turmoil revealed weaknesses across a wide range of large and complex financial institutions, systemic risks were largely contained. Reflecting the idiosyncratic character of financial system stresses, governments initially responded with largely ad hoc measures tailored to the individual needs of institutions that had suffered large losses. However, as the crisis intensified – with the bankruptcy of Lehman Brothers in September 2008 – and became more systemic in nature, it became clear that interventions had to be extended to a broader range of banks. This called for a more comprehensive approach in the design of support schemes. One of the first comprehensive schemes to be introduced was the US Troubled Assets Relief Program, better known by the acronym TARP.[7] As the crisis deepened, other countries followed suit and began to establish financial sector support schemes. For example the Financial Market Stabilisation Fund (SoFFin) was established in Germany on 17 October 2008. The distinguishing feature of these schemes was that they established more transparent and predictable procedures through which banks could obtain financial support. More specifically, transparency was enhanced

5 To put the importance of the banking sector in the euro area into perspective, as at the end of 2007 bank loans to the private sector made up 145% of euro area GDP, compared with 63% in the United States. For further details, see the article "The external financing of households and non-financial corporations: A comparison between the euro area and the United States" in the April 2009 issue of the Monthly Bulletin.

6 Further details are provided in S. Stolz and M. Wedow, "Extraordinary measures in extraordinary times – bank rescue operations in Europe and the United States", ECB Occasional Paper, forthcoming.

7 The Emergency Economic Stabilization Act, signed into law in October 2008, created the Troubled Asset Relief Program (TARP), which authorises the US Treasury to purchase or insure up to USD 700 billion of troubled assets.

by government announcements regarding the overall financial commitments they were prepared to make in support of their financial systems. Typically, the schemes also had specific criteria for eligibility, pricing and the duration of the support measures available.

While ad hoc measures can be, and were, implemented rapidly and flexibly, the advantage of national schemes is threefold. First, in comparison with ad hoc measures, national schemes are often more transparent regarding the institutions eligible for support as well as the amount of the support, its pricing and duration.

Second, national schemes are less likely to distort competition within and across countries than ad hoc measures, and therefore reduce the risk of support measures distorting the level playing field for supported and unsupported financial institutions, both within a single country and across countries. In addition, the crisis has had a substantial impact on all major economies and has clearly demonstrated the limits of national responses in dealing with the activities of cross-border, systemically important financial institutions, markets and instruments. This has led the international community to acknowledge the importance of strong global coordination to effectively address the issues at stake. As the crisis reached its full global extent in autumn 2008, the Leaders of the Group of Twenty not only committed themselves to enhancing cooperation but also took the lead in defining the reform agenda, adopting a common stance on the policy response needed. Owing to the high degree of financial integration in the European Union, international cooperation was further strengthened at the EU level. Hence, to tackle the rapidly worsening crisis, in October 2008, the EU countries agreed a concerted action plan (see Box 1 for details). They committed themselves to adhere to certain principles in their crisis response measures so that "the European Union as a whole can act in a united manner and avoid that national measures adversely affect the functioning of the single market and the other member States." [8]

8 Declaration of the emergency summit of the euro area countries in Paris on 12 October 2008. The declaration is available at http://www.eu2008.fr/PFUE/lang/en/accueil/PFUE-10_2008/PFUE-12.10.2008/sommet_pays_zone_euro_declaration_plan_action_concertee.html.

Box 1

THE CONCERTED EU APPROACH

At an emergency summit in Paris on 12 October 2008, the euro area countries agreed on a concerted European action plan. They decided to "complement the actions taken by the ECB in the interbank money market" and support fundamentally sound banks.[1] The summit paved the way for a concerted and coordinated EU approach to: (i) harmonising the provision of retail deposit insurance; (ii) issuing government guarantees for bank debt securities; (iii) making funds available for bank recapitalisations; and (iv) providing asset relief measures.

In accordance with the Paris summit declaration, the ECB drew up recommendations on the appropriate framework for granting government guarantees on bank debt issuance.[2] Among

1 The declaration of the summit is available at http://www.eu2008.fr/PFUE/lang/en/accueil/PFUE-10_2008/PFUE-12.10.2008/sommet_pays_zone_euro_declaration_plan_action_concertee.html. The declaration also mentions two further aims: ensuring sufficient flexibility in the implementation of accounting rules, given current exceptional market circumstances, and enhancing cooperation procedures among European countries. These are beyond the scope of this article.

2 The recommendations are available at http://www.ecb.int/pub/pdf/other/recommendations_on_guaranteesen.pdf.

other things, the ECB recommended that guarantees on interbank deposits should not be provided. Furthermore, it recommended that the pricing of guarantees be based, where available, on banks' CDS spreads, that an add-on fee of 50 basis points be charged to ensure that governments received fair compensation and that market distortions were minimised.

The ECB also published recommendations on the pricing of recapitalisation schemes.[3] The valuation of the instruments chosen for capital injections should be based on market pricing in line with the instrument and its corresponding risk as well as with the specific risk of the institution. In addition, the injections should have an explicit exit strategy to retain the temporary nature of the state's involvement.

The ECB also drew up guiding principles for bank asset support measures.[4] According to these principles, bank participation should be voluntary. Furthermore, the definition of assets eligible for support should be broad, the degree of risk sharing should be adequate, and the duration of the support scheme should possibly match the maturity structure of the assets. With respect to the pricing of the scheme, the ECB acknowledged that this was a crucial and complex issue. The ECB did not recommend a specific method, but called for transparency and for a range of approaches to be followed, including the use of expert opinion. It expressed a preference for the adoption of common criteria across countries.

3 The recommendations are available at http://www.ecb.int/pub/pdf/other/recommendations_on_pricing_for_recapitalisationsen.pdf. The respective European Commission recommendations are available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:010:0002:0010:EN:PDF.

4 The recommendations are available at http://www.ecb.int/pub/pdf/other/guidingprinciplesbankassetsupportschemesen.pdf. The respective European Commission recommendations are available at http://ec.europa.eu/competition/state_aid/legislation/impaired_assets.pdf.

Third, in the European context, obtaining approval of a particular measure by the European Commission may be simpler if it is part of a national scheme. In the European Union, national intervention requires approval by the Commission, which aims to ensure that the measures do not distort competition. Each ad hoc national measure requires individual approval by the Commission, while measures that are part of a scheme are typically subject to approval of the scheme as a whole. This represents a further advantage of explicit schemes over ad hoc measures. Generally, the Commission assesses the criteria for the eligibility of institutions, the volume of support and the pricing to ensure a level playing field.[9] Approval by the Commission has typically been rapid. In a number of cases, however, considerable delays have occurred when restructuring requirements have entailed lengthy negotiations with the national authorities.

9 The Commission initially extended approvals for capital injections for a period of six months, after which the decisions were to be reappraised, on the basis of a progress report. In its 2009 Communication "The return to viability and the assessment of restructuring measures in the financial sector in the current crisis under the State aid rules", the Commission clarified the framework for its examination of the viability and restructuring plans of banks, which are to be submitted following the provision of State aid. In particular, the Commission takes into account: (i) the past practice of the Commission; (ii) the global scale of the present crisis; (iii) the systemic role of the banking sector for the whole economy; and (iv) the possible systemic effects arising from the need for a number of banks to restructure within the same period.

This has been an issue, in particular, in those few cross-border cases in which several governments have provided support to the same institution.[10]

3 MEASURES ADOPTED

In general, the support measures have been available to financial institutions operating in a particular country and to foreign subsidiaries with substantial domestic operations in that country. Support has typically been provided upon request from a financial institution, although in a number of cases banks have also been instructed to accept government support (for example in the United States and France). Also, support measures have usually been accompanied by restrictions on dividend payments, requirements for regular reporting on business developments, restructuring requirements, government participation in the management of banks and restrictions on executive compensation. In addition, in some cases government support has been provided with explicit targets for lending growth, in order to maintain the supply of credit to the economy (for example in France, Ireland, and the United Kingdom).

Table 1 gives an overview of the support measures that had been adopted by November 2009. The table includes data on all support measures taken by governments in response to the worsening of the crisis after the collapse of Lehman Brothers. Support measures are classified into three main categories: (i) guarantees on bank bonds; (ii) capital injections; and (iii) measures to provide relief from legacy assets.[11] Table 1 distinguishes between the amounts that governments have committed themselves to providing (shown in brackets) and the amounts that have already been actually extended to financial institutions. Table 1 also shows the amounts committed and extended under national schemes and outside such schemes (i.e. ad hoc measures).

10 The experience of these cases shows that problems during cross-border bank resolutions may stem, inter alia, from the different powers and roles of the national authorities involved in a rescue process, the extraordinary time pressure under which the details of the rescue operation must be finalised and possible disagreement over burden sharing. To avoid such problems in the future, the European Commission is currently working on an EU framework for cross-border crisis management in the banking sector, which would involve changes in three main areas: i) early intervention in the form of action by supervisors aimed at restoring the stability and financial soundness of an institution when problems are developing, together with intra-group asset transfers between solvent entities for the purposes of financial support; ii) bank resolution, i.e. the measures taken by national resolution authorities to manage a crisis in a banking institution, in order to contain its impact on financial stability and, where appropriate, to facilitate an orderly winding up of the whole or parts of the institution; and iii) insolvency proceedings, for reorganisation or winding-up, under the applicable insolvency regime.

11 Apart from these three categories, governments have sometimes also provided bridge loans to individual institutions. As these measures have not been used systematically across the euro area, they are not reported in this article.

Table 1 Government support measures taken since October 2008

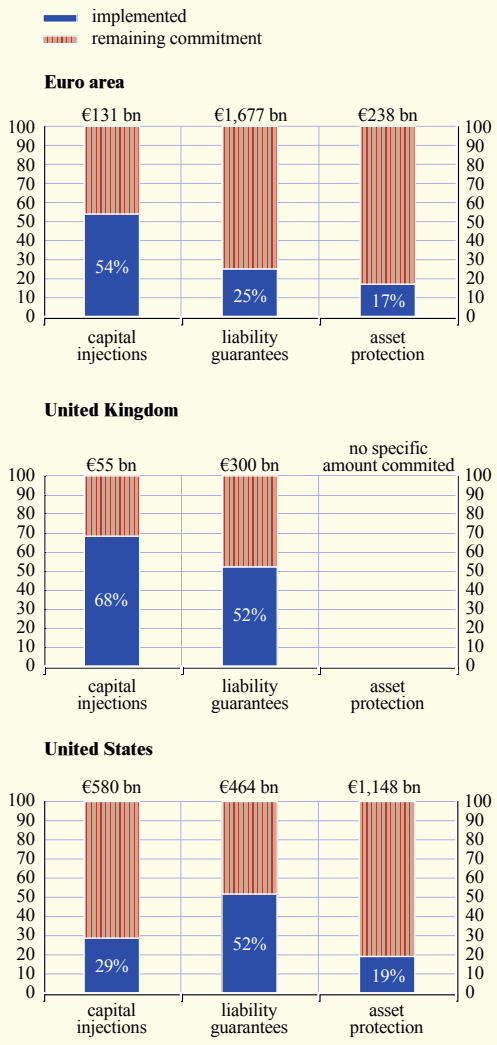
(as a percentage of GDP; as at end-February 2010)

	Capital injections		Liability guarantees and loans		Asset support		Total commitment over all measures
	Within Schemes	Outside Schemes	Guarantees	Loans	Within schemes	Outside schemes	
Euro area	1 (1)	1	5 (18)	2 (-)	0 (3)	1	27
United Kingdom	2 (3)	3	10 (19)	4 (-)	- (-)	13.8	43
United States	2 (5)	0	2 (4)	0 (5)	2 (11)	1	26

Sources: National authorities, Bloomberg and ECB calculations.
Notes: Numbers are cumulative, from the beginning of the financial crisis, and expressed as a rounded percentage of GDP. Numbers in brackets show the total commitment for each measure and the numbers in front of the brackets the actual amounts extended. Some of the measures may not have been used despite having been announced. Actual amounts extended of "Guarantees" refer to issued bonds only. "Outside schemes" are support measures that are taken without the explicit setting up of a scheme, i.e. direct government support. This can, for example, be provided by local governments, as in the case of the support BayernLB has received from the state of Bavaria. For further details of the figures in this table, readers may consult the official publications of the relevant national authorities, such as the June and December 2009 issues of the Bank of England's Financial Stability Review, although it should be borne in mind that figures may differ owing to the use of different definitions or approaches.

Chart 1 Take-up rates within national support schemes

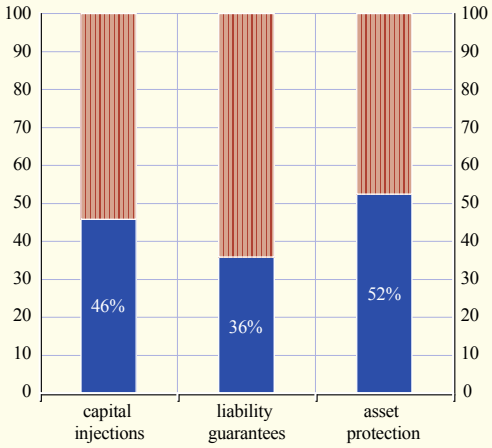
(percentages; as at February 2010)



Sources: National authorities, Bloomberg and ECB calculations.

Chart 2 Concentration ratio of implemented measures in the euro area (October 2008 – February 2010)

(percentages)



Sources: National authorities, Bloomberg and ECB calculations.
Note: The concentration ratio CR3 indicates the share of the implemented support measures that has been absorbed by the largest three recipient institutions.

The total commitment is the sum of the commitments under national schemes, across the three categories (or the actual amount spent in the absence of explicit commitments), plus the actual amounts spent outside national schemes.

Regarding the implementation of the measures, some conclusions can be drawn. Although there are differences across the different measures and regions, the amounts involved are significant in the euro area, the United Kingdom and the United States. It should also be noted that there are also significant differences across euro area countries (not shown in the table). Chart 1 shows the percentages of the overall amounts committed under national schemes that have actually been extended. The take-up rate is generally low across all measures, but there are substantial variations: the use of recapitalisation measures has been relatively widespread, while the issuance of bank bonds with government guarantees has been considerably lower. It should be noted that the committed volume and use of liability guarantees, in absolute terms, are far higher than the committed volume and use of capital injections.

Furthermore, the bulk of the financial support has been targeted at a relatively small number of institutions (see Chart 2). Indeed, in the euro area about half of the extended support has been absorbed by the three largest recipient institutions.[12] In the case of each individual

12 The three institutions that absorb the largest share of support are not the same for capital injections, liability guarantees and asset protection.

support measure, the three largest recipients account for 6-9% of total euro area banking assets.

The subsequent sections provide a more detailed description of the measures in the chronological order in which they have generally been adopted.[13] It should be noted that these measures to support banks have typically been used in combination. However, the actual use of measures has generally followed the same sequence, with support provided to banks on the liabilities side of their balance sheets before the assets side has been relieved.

DEPOSIT INSURANCE

Deposit insurance schemes were among the first measures used to mitigate the impact of the financial turmoil that intensified after the collapse of Lehman Brothers. In Europe, before the crisis, EU legislation stipulated a minimum level of deposit insurance of EUR 20,000, with an optional coinsurance element of 10%, under which depositors bear 10% of losses incurred. However, as this deposit coverage proved insufficient to calm depositor concerns, the limit was raised in October 2008 to a minimum of EUR 50,000, which could be increased further, to EUR 100,000, before the end of 2010.[14] In addition, EU countries agreed to speed up the process of repayment of guaranteed deposits in the event of default, in an effort to enhance the effectiveness of deposit insurance.

One of the main events that led to the raising of the minimum level of deposit insurance was the decision taken by the Irish authorities in September 2008 to provide a blanket guarantee[15] for virtually all bank liabilities (including retail, corporate and interbank deposits), which amounted to a sizeable percentage of GDP.[16] The Irish blanket guarantee, combined with the experience of depositor runs on Northern Rock, a UK bank that failed, led other countries to reform their own deposit insurance schemes and abandon coinsurance. Deposit insurance has since been raised above EUR 50,000 in the majority of EU countries and, in a number of cases, blanket guarantees have been issued for retail deposits (e.g. Germany). In the United States, deposit insurance has temporarily been raised to USD 250,000, being due to return to USD 100,000 in January 2014. In addition, the Federal Deposit Insurance Corporation (FDIC) is offering full coverage of non-interest bearing deposit transaction accounts, regardless of their dollar amount, under the Transaction Account Guarantee, which is part of the Temporary Liquidity Guarantee Program (TLGP).[17]

GUARANTEES ON BANK BONDS

As well as higher levels of deposit insurance, the provision of government guarantees for bank bonds was also among the first measures implemented in support of banks. These programmes enabled banks to issue bonds that were insured by the government against the bank's default. Several countries committed large amounts to guaranteeing bank bond issues. However, the take-up of government guarantees was slow to materialise. While a number of debt guarantee schemes were available from early October 2008, issuance had only gained momentum by mid-November 2008. Notably, the euro area and the United Kingdom led the way in this issuance and still account for the majority of all outstanding

13 As this article follows the order in which the different measures were generally adopted it does not provide information on the dates at which specific schemes or individual measures were taken. Instead, the interested reader should refer to other sources that give details of the timing of support measures (e.g. Petrovic and Tutsch, "National Rescue Measures in Response to the Current Financial Crisis", ECB Legal Working Paper No 8, July 2009). Also, the Federal Reserve Bank of New York provides a timeline on its website (http://www.newyorkfed.org/research/global_economy/IRCTimelinePublic.pdf).

14 Agreement of 7 October 2008 at the ECOFIN Council meeting of EU ministers of finance (http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/103250.pdf).

15 A blanket guarantee is a declaration by the government that all deposits, and perhaps other financial instruments, will be protected.

16 Liabilities covered include all retail and corporate deposits (to the extent not covered by existing deposit protection schemes in Ireland or any other jurisdiction), interbank deposits, senior unsecured debt, covered bonds and dated subordinated debt (lower Tier 2).

17 The participation fee for the Transaction Account Guarantee consists of a 10 basis point annual rate surcharge on non-interest-bearing transaction deposit amounts over USD 250,000.

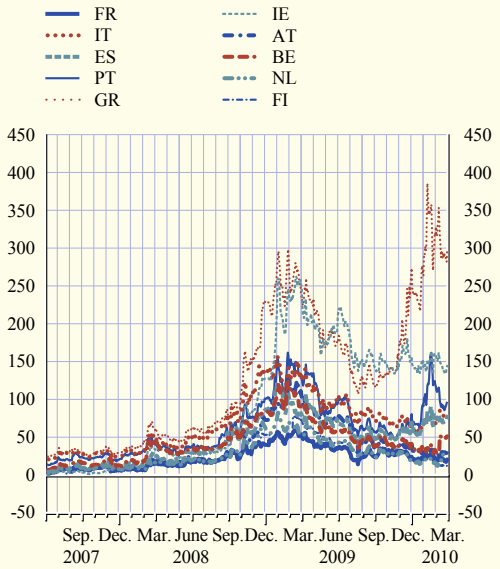
government-guaranteed debt. In some countries (e.g. Italy) schemes have been implemented, but no bank has made use of them. In other countries, few banks have applied and the amounts issued are low. In the United States, guarantees on bonds are offered under the Debt Guarantee Program, which is also part of the TLGP managed by the FDIC. Banks can choose to opt out of one or both of the programmes offered under the TLGP.

The sluggish take-up may be explained by several factors, including: (i) pricing (see below); (ii) the perceived high degree of competition between financial and non-financial issuers in the corporate bond markets; (iii) the potential for stigma effects; (iv) the conditions of the guarantees (for example, restrictions on remuneration); and (v) the ongoing deleveraging by banks and general slowdown in demand for credit.

One major factor limiting the issuance of guaranteed bonds has been the cost entailed. First, the cost of issuing long-term debt – whether guaranteed or not – has become increasingly expensive vis-à-vis short-term funding sources as the yield curve has steepened. Second, with regard to the pricing of guarantees, banks typically pay a market-based fee linked to the bank's credit risk, plus a margin. In line with the ECB recommendations, EU countries have relied on banks' CDS spreads as the basis for their pricing. Given that CDS spreads have been at historically high levels since the onset of the crisis, government-guaranteed bonds can be an expensive funding source. By contrast, in the United States the duration of the guaranteed bank debt is the sole determinant of the fee. Third, the market also requires a relatively high liquidity premium on guaranteed bank debt over government debt. Finally, the pricing of bonds has been based on the respective government spreads. These have risen, which is a further reason for the reluctance to use government-guaranteed bank debt (see Chart 3). The rise in these spreads has been largely mirrored by government-guaranteed bank bond asset swap spreads (see Chart 4) and may represent an important cost element for banks located in countries with higher spreads.

Chart 3 Ten-year euro area sovereign bond spreads vis-à-vis Germany

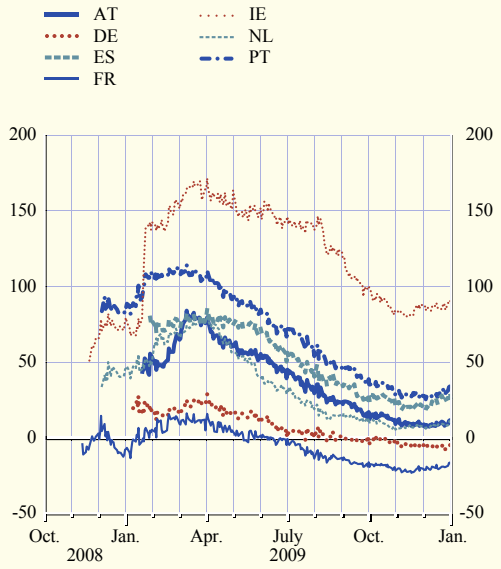
(basis points)



Sources: Datastream and ECB calculations.

Chart 4 Government-guaranteed bank bond asset swap spreads

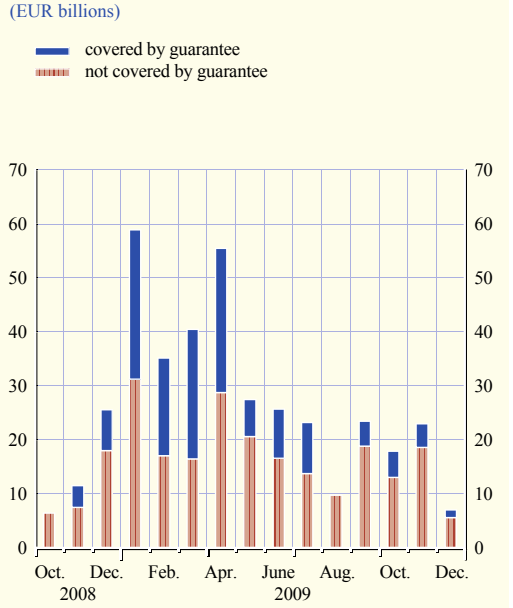
(basis points)



Sources: Bloomberg and ECB calculations.

Chart 5 Gross issuance of senior bank bonds in the euro area

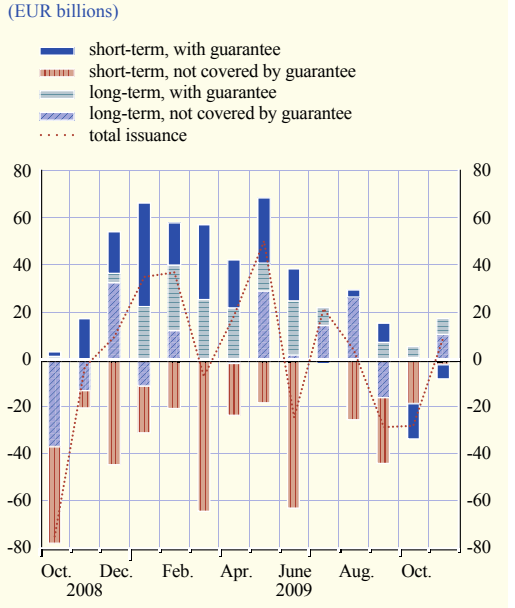
(EUR billions)



Sources: Dealogic and ECB calculations.

Chart 6 Net issuance of securities by monetary financial institutions in the euro area

(EUR billions)



Sources: MFI statistics and ECB estimates.

Although the take-up of government guarantees by banks has been sluggish, this source of funding represents a significant part of euro area financial institutions' total funding in the securities market (see Chart 5). The reliance has however lessened since mid-2009. While gross issuance highlights overall activity in the market for securitised bank debt, net issuance sheds light on the ability of banks to roll over maturing liabilities and thus on financial intermediaries' potential funding gap. Chart 6 shows that some of the issuance is actually more than offset by redemptions and that there is a tendency to replace short-term debt with long-term debt.

The declining dependence on government guarantees that is observed in the funding of euro area banks may partly reflect the fact that, since the summer of 2009, banks have been able to substitute guaranteed short-term debt with Eurosystem liquidity. It may furthermore be explained by factors such as the gradual but significant improvement in financial market conditions observed in 2009 and the impact of the Eurosystem's covered bond purchases, which helped boost activity in this market segment. In addition, banks' access to non-guaranteed bond market funding probably reflects an improved and more stable credit risk outlook for many banks, driven by strengthened capital bases and increased retained earnings.

Table 2 presents the characteristics of bank bonds guaranteed by governments that have been issued since October 2008. The median residual maturity shows that about half of all guaranteed bonds will mature within two years, i.e. by the end of 2011. The duration and size of bond issues vary widely both within and across countries. The mean maturity at issuance has been around three years in most countries, but the span of actual maturities at issuance ranges from 16 months in the case of Greece to 45 months for the Netherlands. In the European Union, the maximum maturity of the guaranteed debt was initially limited to three years but this

Table 2 Volume and maturity of government-guaranteed bonds issued between October 2008 and December 2009

Country	Total issuance (EUR billions)	Number of issuers	Number of bonds	Average issue size (EUR billions)	Average maturity (months)	Median residual maturity (months)
Belgium	4.0	2	5	0.8	35.4	19
Germany	89.0	11	27	3.3	27.2	22
Ireland	41.4	7	113	0.4	17.8	10
Greece	2.0	2	3	0.7	16.3	29
Spain	43.1	37	106	0.4	34.0	29
France	101.0	2	70	1.4	27.2	19
Luxembourg	1.0	1	4	0.3	19.5	13
Netherlands	54.2	6	43	1.3	45.4	30
Austria	24.6	6	35	0.7	39.7	28
Portugal	4.9	6	6	0.8	37.0	27
United Kingdom	151.6	11	171	0.9	29.7	24
United States	245.1	41	197	1.2	34.0	25
Total/average	934.1	184	1,356	0.7	33.0	25

Sources: Bloomberg and ECB calculations.
Notes: Residual maturity as at 1 December 2009. Euro amounts are based on the exchange rate prevailing on 1 October 2008. The figures are totals in columns 1 to 3 and averages in columns 4 and 5.

has subsequently been raised in a number of countries as debt has matured.[18] However, guarantees on debt with a maturity of three to five years have been granted only in exceptional circumstances. The increase in the maximum maturity has partly been justified by the slow take-up of guarantees, as banks have cited the short maturity offered in their jurisdictions as the main reason for not taking advantage of this form of support.

CAPITAL INJECTIONS

As the financial turmoil persisted, write-downs owing to credit-rating downgrades had a severe impact on banks' capital. In addition, as the economic environment deteriorated, banks also faced losses on their credit portfolios and the risk weights on performing assets increased, putting further pressure on banks' capital positions. As it became clear that banks were not only facing liquidity strains, but also potential risks to their solvency, several governments began to supplement liability guarantee schemes with direct injections of capital into banks. Capital injections have mostly been made through the acquisition of preference shares or other hybrid instruments that fulfil the conditions for Tier 1 capital.[19]

The focus on preference shares as the main tool to inject capital was primarily a result of the objectives of bolstering the capital position of banks, while at the same time leaving bank ownership in the private sector and ensuring the priority of public sector claims. These objectives have been met. Although preference shares do not carry voting rights, they do give their holders priority over ordinary shareholders in the payment of dividends and during liquidation. With regard to their inclusion in regulatory capital, only non-cumulative preferred stock can be included as an element of Tier 1 capital (see Basel Committee on Banking Supervision, 2005). Even if it can be counted as regulatory capital, concerns remain about whether raising capital through preference shares truly amounts to deleveraging, insofar as this form of capital does not have the same loss-absorbing features as common equity. Also markets have increasingly focused on higher quality capital definitions, such as tangible common equity,

18 In addition to maturity restrictions, some countries have also put restrictions in place that limit the overall amount of government-guaranteed debt relative to the total outstanding amount of senior unsecured debt (for example, the United States).

19 Some countries have included an option to convert preferred shares into ordinary shares, for example the Netherlands in the case of ING.

which exclude preference shares. This may have been one reason for the interest in converting preference shares into ordinary shares.[20] Another reason is the high cost of preference shares (see below).

Capital injections have been less common in the euro area than in the United States. The total volume of US capital injections amounted to 2.6% of GDP at its peak in June 2009, while recapitalisations reached 1.3% of GDP in the euro area. Within the European Union, the UK government injected the largest volume of capital, which peaked at about 5.1% of GDP. A further important aspect is the varying level of government involvement in the banks that have received capital injections. In a number of cases, banks have become de facto nationalised, when governments have obtained majority stakes in them, or have been nationalised outright. As a case in point, the German government even organised a shareholder squeeze-out to take full control of Hypo Real Estate, after having granted more than EUR 100 billion in guarantees to the bank.

With respect to the pricing of the capital injections, banks typically pay a significant coupon on their preference shares.[21] The expensive pricing should encourage an early exit by the banks,[22] an incentive that is often reinforced by step-up and redemption clauses.[23] Overall, the exit arrangements currently in place in the European Union aim to strike a balance between providing incentives for an early exit and paying due regard to banks' individual circumstances.

ASSET SUPPORT

The uncertainty about the value of some classes of assets held by banks may have resulted in a reluctance to lend in the interbank market. The related write-downs subsequently ate into banks' capital and prevented them from extending credit to the private sector. Therefore, cleaning up balance sheets became a core part of the rescue efforts. However, the problem of pricing these toxic assets correctly also made the task of removing them from balance sheets complex and difficult. Hence, while the lessons learnt from previous banking crises, namely that cleaning up balance sheets was essential to speed up the recovery process (for example, the Asian crisis, referred to in Lindgren et al., 1999), systematic asset support measures only slowly became part of the policy tool kit in the aftermath of the Lehman Brothers bankruptcy. In contrast, ad hoc asset support measures formed part of some of the earliest rescue operations (see below).

In general, asset support schemes may either take the form of asset removal schemes (which transfer the assets to a separate institution, such as a so-called "bad bank") or asset insurance schemes (which keep the assets on the banks' balance sheet). The Eurosystem considered the specific circumstances, based on past experience, that determine which of these schemes is the preferred option. Circumstances that favour the asset removal model include (i) a high degree of uncertainty regarding the future quality of

20 To strengthen its capital position, Citigroup converted USD 25 billion of preferred shares into common equity at the end of July 2009, thereby increasing the US government's stake in the bank to 34%. Before that transaction took place, almost all of the non-government holders of preferred shares had agreed to convert their holdings into common equity.

21 The coupon generally consists of three elements: (i) the government bond yield, as a benchmark for the relevant minimum risk yield and the government's funding cost; (ii) a premium to reflect the credit risk of the financial institution concerned, based for example on the CDS spread; and (iii) a fee for the operational costs. In line with the recommendations of the ECB, calculations establish a pricing corridor for preferred shares and other hybrid instruments, with a lower bound represented by the average required rate of return on subordinated debt of 6%, and an upper bound represented by the average required rate of return on ordinary shares of 9.3% (see http://www.ecb.europa.eu/pub/pdf/other/recommendations_on_pricing_for_recapitalisationsen.pdf).

22 A decline in risk-based spreads below the level of the component used for the pricing will make private funding cheaper when markets calm. The pricing mechanism thus already contains an in-built exit arrangement. However, the expensive pricing also negatively affects banks' profitability and their ability to retain earnings and build up capital. This in turn may impair banks' ability to attract other forms of private capital and thus delay the government's exit.

23 Step-ups have been implemented through an increase over time in the coupon payments on preference shares. Redemption clauses take the form of a call option on the debt, which permits the issuer to redeem the capital at any time.

banks' assets; (ii) the concentration of impaired assets in a few institutions within the financial system; and (iii) those in which a "clean break" for the participating institutions could be deemed most appropriate, despite the higher upfront costs. In contrast, circumstances that favour the asset insurance model are (i) a high incidence of hard-to-value assets, such as asset-backed securities, among the impaired assets; and (ii) those in which consideration of the state of public finances would favour schemes with a cost profile that puts less pressure on the government fiscal position in the short term.

However, the choice between an asset removal scheme and an asset insurance scheme is extremely challenging in a situation where the quality of banks' assets is likely to deteriorate further. This uncertainty is probably one reason why many schemes combine elements of both types and can thus be categorised as hybrid schemes. Such schemes often involve asset transfers, financed by public sector guaranteed loans, and sophisticated arrangements for risk-sharing between the government and participating banks.

Some countries had implemented asset support measures even before the crisis intensified in October 2008. The earliest instances of this type of support were ad hoc measures forming part of rescue restructurings, such as asset removal and guarantee measures to support several German Landesbanken, the back-up facility for ING and the Maiden Lane transaction in the United States.[24]

Recognising the need to offer asset relief in a systematic way, several countries have introduced asset protection programmes. Examples are the Public-Private Investment Program (PPIP) in the United States, the National Asset Management Agency (NAMA) in Ireland and the German consolidation scheme targeted at Landesbanken. In the United Kingdom, the authorities offered asset insurance to the three largest banks, with the participation depending on the outcome of stress tests conducted by the Financial Services Authority.[25] The features of asset schemes vary considerably across countries. For instance, the eligible asset classes vary widely from one scheme to another, as does the nature of participation, which is voluntary in Germany and the United States, but mandatory in Ireland. Furthermore, the pricing mechanisms differ: prices are established by auction in the United States, while they are determined by auditors in Germany and Ireland.

The potential risks are high for the public sector, as the amounts committed to asset relief measures are large (see Table 1). For instance, the United Kingdom has entered into a risk-sharing agreement with Royal Bank of Scotland, which could cost almost 14% of GDP. However, these losses would only materialise in the unlikely case that the underlying asset pools become worthless. If the assets retain part of their value, the ensuing loss for the public sector will be smaller. Also, if the bank that benefits from the asset relief measures also receives support in the form of capital and/or liability guarantees, the taxpayer would have to pay either for losses on the right-hand side or the left-hand side of the balance sheet, but not on both sides.

4 EXIT FROM GOVERNMENT MEASURES

Along with central bank action, the government support measures have been successful in restoring confidence in financial systems around the world and in improving their resilience. These measures, together with sizeable macroeconomic policy stimuli, have set in motion a process of mutual reinforcement of financial system conditions and real economic

24 In the second quarter of 2008 the Federal Reserve System facilitated the merger of JP Morgan Chase and Bear Stearns by providing a senior loan to Maiden Lane (a bad bank in the form of a limited liability company) to fund the purchase of a portfolio of mortgage-related securities, residential and commercial mortgage loans, and associated hedges from Bear Stearns.

25 The ring-fencing arrangements specified a first loss tranche, which the banks themselves were to bear, with the government agreeing to cover 90% of any further losses. After the stress tests, Barclays was allowed to opt out, and the government entered into loss sharing arrangements with RBS and Lloyds. However, Lloyds terminated the agreement with the government before it could be implemented (see Section 4).

performance, fostering improved business cycle prospects, as well as the fading of systemic risk.

However, the various measures to support the financial sector amounted to considerable actual and contingent liabilities for governments.[26] While the governments' budget deficits are not materially affected in the short run, the eventual impact on government debt depends on the borrowing that will be needed to finance any additional recapitalisation measures and those contingent liabilities that actually materialise. It should be noted that this comes on top of the rapid rise in government deficits and debt attributable to the economic slowdown and discretionary stimulus measures. At the same time, government budgets are currently benefiting from the remuneration of guarantees and capital injections. The contingent liabilities associated with the support to the financial sector represent major risks for government deficits and/or debt in the medium term. In addition, fiscal risks in the form of rapid changes in market sentiment that could lead to less favourable refinancing costs are sizeable for those euro area countries with very large fiscal imbalances.

In addition, some of the support measures risk distorting competition (between recipient and non-recipient banks and between banks in different jurisdictions). Furthermore, the support, be it implicit or explicit, could give rise to the moral hazard risks associated with downside protection – including the possibility of excessive risk-taking.

Against this background, a debate has started on exit strategies for public support measures. This debate is currently being conducted simultaneously at the global and at the EU level. Given the highly integrated financial system in the European Union, there is agreement to coordinate exit strategies among national authorities. A coordinated approach would help to avoid adverse cross-border spillover effects and to preserve a level-playing field. However, this does not necessarily entail synchronised implementation of exits. The EU coordinated strategy is based on: (i) adequate incentives to return to a competitive market; (ii) ex-ante exchange of information between governments on the intentions to phase out; (iii) transparency towards the public and the financial sector; and (iv) an assessment of the stability of the financial system.

For some banks, especially those that have received state support, fundamental re-structuring will be needed in order to ensure their long-term viability when such support is no longer available. This may entail the shrinking of their balance sheets, through the shedding of unviable businesses, with a view to enhancing their profit-generating capacities. Indeed, such re-structuring is already under way for some large banks in the euro area.

The following sub-sections focus on specific aspects of individual measures.

EXIT FROM ENHANCED DEPOSIT INSURANCE

In the European Union, the discussion on exit from enhanced deposit guarantees revolves around a coordinated reform of deposit insurance schemes, which would in essence consist of an increase in the insurance limits (compared to the limits before the crisis), but also faster payouts in the event of insolvency. Insurance ceilings have been raised and, in a number of countries, unlimited deposit insurance has been granted. A specific deadline for ending unlimited deposit insurance has not been discussed so far. In the United States, the current deposit insurance limit of USD 250,000 per depositor will expire at the end of 2013, when it will be reduced to USD 100,000.

26 More details on this issue of budgetary effects in the euro area can be found in the article "The impact of government support to the banking sector on euro area public finances" published in the July 2009 issue of the Monthly Bulletin.

EXIT FROM GUARANTEES ON BANK BONDS

The potential for a market-based exit is built into schemes that have a fixed price for the government guarantee, insofar as improving market conditions raise the cost of issuing government-guaranteed bonds relative to non-guaranteed bonds. Charts 5 and 6 show that euro area banks have already started to exit by substituting the issuance of non-guaranteed bonds for garanteed ones. However, it may be too early to draw the general conclusion that banks have started to regain access to funding markets, as some banks may still face serious challenges.

In the United States, the Debt Guarantee Program was extended by six months until the end of October 2009. At the same time, the fees were raised for debt issued after 1 April 2009 and for debt with a maturity beyond 30 June 2012.[27] This effectively initiated the exit from the Debt Guarantee Program. The programme has been succeeded by a six-month emergency guarantee facility, which will expire at the end of April 2010. The fee for debt issued under the emergency facility amounts to at least 300 basis points, but can be raised depending on the risks associated with the issuing entity.

EXIT FROM CAPITAL INJECTIONS

In broad terms, there are two approaches for the exit from government recapitalisations. First, the government can sell its stake in the private market. Currently, the only case of this has been the sale by the Swiss government of its stake in UBS to institutional investors. Second, the bank can repay the government. There are several alternative and generally complementary options available to raise capital in order to return capital to the government. The main strategy, observed during the repayment initiatives by large banks in France and the United Kingdom, is to raise capital in private markets. This strategy has been complemented by retaining earnings, selling business units, deleveraging and converting the Tier 2-type capital of private investors into ordinary shares.

While the exit from guarantee schemes is still being discussed, the exit from recapitalisation has already started. US banks have clearly led the way by returning capital as early as late March 2009. So far they have repaid 16% of the capital they received. Initially it was mostly smaller US banks that started repaying government capital. Only after the outcome of the stress tests undertaken by the US authorities did larger banks receive permission to reimburse the US Treasury, which explains the repayment wave observed in June 2009.

In the European Union, Lloyds TSB was the first bank to issue new shares in order to be able to return capital (EUR 4.4 billion) to the government, in June 2009. This was followed by the sale of EUR 4 billion of UBS shares held by the Swiss government in August 2009. In autumn 2009 several large French banks announced their intention to repay the capital injections received from the government. These repayments amount to more than half of the total amount of public capital injected into banks in France. These events indicate that exit from government schemes is now also under way in the European Union.

Overall, recent events seem to suggest that the incentives set by governments to induce early repayment have been effective for well-performing banks. An early exit is generally possible for those banks that have been less affected by the financial crisis or that have managed to achieve a quick turnaround. Their favourable earnings facilitate the raising of new capital in the market and the retaining of earnings to repay government support. However, other banks that have received government support will find it substantially harder to reimburse the government. In fact, the incentive to repay early may prove largely ineffective for banks that cannot raise capital in private markets or retain earnings. For these banks, the options to achieve repayment are more limited and they may need to deleverage

27 See http://www.fdic.gov/regulations/resources/TLGP/faq.html.

and/or sell business units. Ultimately, repayment by these banks will need considerably more time. It should also be noted that banks that finance repayment by deleveraging may reduce their lending activities thereby contributing to possible credit constraints for the real economy. In addition, the Swiss example shows that governments can also pursue exit proactively through the sale of their stakes. However, this requires a sufficient increase in stock prices to protect the taxpayers' interest and markets that are capable of absorbing the large government stakes.

EXIT FROM ASSET SUPPORT

Most of the asset support has been granted through ad hoc measures tailored to individual institutions. Schemes are rare and have only been set up over recent months (in Ireland, Germany and the United States). The implementation of measures in support of individual institutions under these schemes is still ongoing. Normally an enrolment window is announced during which eligible financial institutions can sign up to the scheme. After the enrolment window has passed, the scheme is closed and cannot be accessed any more.

As asset support is granted for the life of the underlying assets, asset support measures are generally self-liquidating. It should be noted, however, that owing to the long maturity of the underlying assets, asset support measures will be in place for a considerable period of time.

In principle, asset support measures can be terminated prior to the maturity of the underlying assets. In the case of asset removal measures, the asset manager – be it a private investor (e.g. under the PPIP in the United States) or a public agency (e.g. the NAMA in Ireland) – can sell the assets when market prices improve. In the case of asset insurance measures, where the assets are ring-fenced and stay on the financial institution's balance sheet, the financial institution can terminate the guarantee arrangement. An early exit of this kind has not been observed so far, but the measures have only been recently introduced. What has been observed, however, is the withdrawal by some banks from measures that have been announced, but not yet implemented. In the United States, following the release of the results of the Supervisory Capital Assessment Program, Bank of America announced that it did not plan to go ahead with the asset insurance measure agreed earlier with the US Treasury, the Federal Reserve System, and the FDIC. Hence, the ring-fencing arrangement was abandoned without having been implemented, and Bank of America paid an exit fee of USD 425 billion to the authorities in September 2009, in return for the implicit protection that had already been provided since the announcement of the asset insurance agreement. In the United Kingdom, in November 2009 Lloyds exited from its March 2009 agreement with the government to share losses on a GBP 260 billion pool of assets since, owing to improved market conditions, it was able to raise enough capital to cover the potential losses on this pool of assets itself. Lloyds paid the government an exit fee of GBP 2.5 billion.

In sum, exit from asset support may be less complex than entry. However, it has not yet entered the current policy debate, as the asset support measures have only recently been introduced or are currently still being put in place.

5 CONCLUSION AND OUTLOOK

A key element of the management of the crisis has been the extensive public support measures for the financial sector. As regards the measures used, the crisis responses in the European Union have been broadly similar to those in the United States. First, EU and US governments have employed similar tools (government guarantees, capital and liquidity injections and asset protection). Second, apart from the similarity of their scope, the measures have also been similar in size. Like the European Union, the United States has relied on a mix of ad hoc measures for individual institutions and schemes

addressing the wider needs of the financial system. However, there are also important differences. A key difference has been the sizeable repayments of capital made so far by US banks. This may be partly attributed to the fact that capital injections were mandatory for large US banks, while in Europe capital support has typically been voluntary. In France, where capital injections were also mandatory, banks have also started to repay significant amounts of the capital they have received.

Within the European Union, sizeable differences in crisis responses have emerged. These differences partly reflect the magnitude of the problems faced by each banking system, the degree to which the banking systems are exposed to bad assets and, potentially, public sector budgetary restrictions, which impose constraints on commitments. More specifically, a number of European countries have set up schemes to address the problems in their financial systems, while many others have relied on ad hoc measures for individual institutions. Given the wide range of approaches in Europe, the United States naturally lies somewhere in between. A case in point is the widening of deposit insurance to USD 250,000 in the United States, which appears high by average European standards, but is dwarfed by the unlimited insurance granted by some EU countries.

For the future, a number of lessons should be drawn from the experience of the provision of public support to the financial sector. These include, first, the fact that, while the EU coordination process has worked effectively overall, there is still room for enhancing public coordination to deal with the solvency problems of cross-border financial institutions. Second, there is a need for more consistency in the tools and approaches used for crisis management and resolution. Third, there is a need to limit any moral hazard behaviour by market participants as a result of the public sector support. On all these issues, work is under way at the international and European level.

PROSPECTS FOR REAL AND FINANCIAL IMBALANCES AND A GLOBAL REBALANCING

This article aims to shed light on global real and financial imbalances, which have been at the centre of the international economic policy debate for some time now and are likely to remain so in the years to come. To that end, it pays specific attention to the link between the build-up of these imbalances in the years preceding the outbreak of the crisis and the financial crisis itself, and to the challenges and risks faced by the global economy in dealing with imbalances in the future. The article also discusses the new international policy agenda for global rebalancing launched at the Pittsburgh G20 Summit in September 2009, notably through the G20 Framework for strong, sustainable and balanced growth, and looks at why this will be important for the global economy in the future.

The article outlines three main points. First, it shows that the build-up of large global real and financial imbalances was one of the early symptoms of the crisis and also reflected common causes, in particular policies inconsistent with sustainable external positions in both deficit and surplus economies. Second, it discusses how the subsequent reduction in global current account imbalances associated with the crisis appears to be largely cyclical and may reverse as the global economic recovery gathers strength, assuming unchanged policies. Third, going forward, if global real and financial imbalances re-emerge and there is an insufficient rebalancing of global growth patterns, risks to the global economy could remain substantial unless rigorous structural policy adjustments in economies with previously large external imbalances are pursued.

In this respect, the article concludes that it is important for the main surplus and deficit economies to implement the commitments made at the Pittsburgh G20 Summit to rebalance global demand patterns and ensure a durable and orderly reduction in global imbalances in the period ahead.

1 INTRODUCTION

Global real and financial imbalances have been at the centre of the international economic policy debate for some time now and are likely to remain so in the years to come. Unsurprisingly, the global economy is characterised by cross-country differences in the savings and investment behaviour of governments, households and corporate sectors. These, by definition, are reflected on the external level in global current account and capital flow patterns, which ultimately originate from several cyclical and structural factors.

Such differences are not necessarily a cause for concern, to the extent that they are sustainable and reflect market mechanisms. On the contrary these differences become a source of concern to policy-makers and call for corrective policy actions when they are the outcome of distortions, or are assessed as entailing substantial risks to the global economy, including that of a disorderly unwinding. In this respect, the build-up of large real and financial imbalances in the years preceding the outbreak of the crisis was identified by many observers, including the ECB,[1] as a key risk weighing on the global economy.

The crisis has been associated with a narrowing in these imbalances, but this phenomenon may reverse as the crisis draws towards its close. Therefore, the underlying picture is still one of global imbalances continuing to pose significant risks to the global economy.

1 For instance, as early as December 2002 it was indicated in the Editorial of the Monthly Bulletin that "the persistence of global imbalances is a factor that weighs adversely on confidence" and, in January 2004 it was emphasised in the Editorial that "the uncertainties continue to be related to persistent external imbalances in some regions of the world and their potential repercussions on the sustainability of global economic growth" and that these imbalances should be addressed by means of sustainable macroeconomic policies and structural reforms to "foster a sound balance between savings and investment in all major partner countries, enhance the production potential in the euro area and support a further expansion in the trade of goods and services at the global level."

The purpose of this article is threefold. First, it aims to assess why the build-up in global imbalances in the past was unsustainable and why this created substantial risks to the global economy (see Section 1). Second, it attempts to show the partial and temporary nature of the narrowing in global imbalances that has occurred throughout the crisis and the prospects for their rewidening in the periods ahead (see Section 2). Third, the article reviews the international policy agenda for global rebalancing, notably under the G20 umbrella, which aims to ensure a durable and orderly correction of global imbalances, as well as a sustained global recovery (see Section 3).

2 GLOBAL IMBALANCES AND THE CRISIS

This section reviews key developments in global imbalances in the years preceding the crisis, as well as the debate surrounding the nature of the link between the build-up in global imbalances and the crisis itself.

2.1 DEVELOPMENTS IN GLOBAL IMBALANCES SINCE THE MID-1990S

In a global economy, cross-country differences in the savings and investment patterns of the private and official sectors are mirrored in external imbalances. These imbalances grow or diminish over time along with the decisions of economic agents, and may not necessarily be a source of concern for the global economy. However, when these imbalances reflect distortions or entail risks for the global economy, they are to be considered as a source of concern.

When looking at the evolution in the global current account positions of the main surplus and deficit economies over the past fifteen years, several periods indeed stand out, suggesting that the nature of the imbalances has varied, with different factors and economic settings playing a role in different periods. According to Blanchard and Milesi-Ferretti (2009),[2] the evolution in global imbalances since the mid-1990s is characterised by four main periods (see Chart 1).

Chart 1 Global current account imbalances since the mid-1990s: four key periods

(USD billions)

Source: IMF World Economic Outlook (October 2009).
Note: The vertical line marks the last official release of the data at the end of 2008. Thereafter, the chart is based on IMF staff projections.

During the first period from 1996 to 2000, global current account constellations among the main surplus and deficit economies were largely driven by differences in perceived profitability and capital reallocation. On the one hand, investment increased in some advanced economies, notably in the United States, owing to the high-tech boom and expectations of increasing productivity, leading to a widening in the current account deficit. On the other hand, investment decreased in Asia, as a result of the Asian crisis and Japan's protracted recession, which led to an increase in the current account surpluses of the economies in the region.

In the second period from 2001 to 2004, US savings declined, mainly owing to deteriorating US public savings. On the one hand, net US personal savings remained

2 O. Blanchard, G.M. Milesi-Feretti (2009), "Global Imbalances: In Midstream?" IMF Staff Position Note SPN/09/29, December 2009.

broadly stable, leading to further deterioration in the US current account deficit, despite the cyclical downturn. On the other, the picture in emerging Asia and Japan remained by and large unchanged, while oil exporters started to accumulate current account surpluses.

Developments in global current account constellations in the third period from 2005 to 2008, coincided with the period of rapidly rising financial asset valuations, higher oil prices and sustained reserve accumulation by emerging markets. With regard to the main deficit economies, the US current account deficit widened further, owing to lower private savings (with the personal savings rate decreasing to below 2%), higher financial asset and real estate prices and substantially increasing capital flows (in particular, debt flows). In 2006 the US current account deficit reached a 50-year high, at around 6% of GDP. Surpluses in emerging economies with positive current account balances increased even further, notably those of China (which exceeded 10% of GDP) and oil exporting countries. The increase in surpluses in these economies also led to sustained reserve accumulation in those countries as their exchange rate regimes did not allow for significant appreciation vis-à-vis the US dollar.

The fourth period from 2008 to today, coinciding with the financial turmoil, has been associated with a narrowing in global imbalances. This narrowing largely reflects: (i) lower commodity prices between mid-2008 and early 2009, which have led to a reduction in the current account surpluses of oil exporters and to a reduction in the oil bill paid by the main deficit economies, notably the United States; (ii) financial crisis-related factors, such as weaker US investment and private consumption, including adverse wealth effects created by asset price corrections and exceptionally high uncertainty; (iii) a major contraction in global trade flows; and (iv) China's fiscal stimulus, which contributed to reducing its current account surplus in 2009.

2.2 THE LINK BETWEEN GLOBAL IMBALANCES AND THE CRISIS

The build-up in global imbalances was identified relatively early on as posing substantial risks to the global economy. Considering developments in global current account positions relative to world GDP, the practically uninterrupted rise in the absolute size of imbalances among the main deficit and surplus economies, with the exception of the 2001-02 recession, and their peak just prior to the crisis, is particularly noteworthy (see Chart 2).[3]

Concerns emerged that these developments could lead to an abrupt and disorderly unwinding in imbalances,[4] and a consensus was reached that a policy-led adjustment was needed to avert it. The euro area remained very close to external balance over the entire period. Together with

3 In absolute terms, the current account balances of systemically-relevant economies taken together reached a peak of almost 4% of world GDP in 2007. The United States and China accounted for half thereof.

4 As mentioned earlier in the IMF's September 2005 World Economic Outlook, as well as in academic papers, see M. Obstfeld, K. Rogoff (2005), "Global Current Account Imbalances and Exchange Rate Adjustments", Brookings Papers on Economic Activity (1), 67-123.

Chart 2 Absolute current account balances

(percentage of world GDP)

Sources: IMF World Economic Outlook (October 2009) and ECB staff calculations.

other main world economies, including the United States, China, Japan and Saudi Arabia (exemplifying the oil exporters), the euro area agreed to participate in 2006-07 in a round of "multilateral consultations" under the umbrella of the IMF with the aim of agreeing on policies that would cater for an orderly unwinding of the built up imbalances, while at the same time retaining the solid rate of global economic growth witnessed during the first half of the 2000s. A common assessment of the needed corrective policy measures was reached.[5] Unfortunately, implementation of corrective policy measures did not take place sufficiently at the level of the individual countries, and global imbalances started reducing only later, during the global economic downturn in the wake of the financial crisis.[6]

Almost three years after the start of the financial turmoil, the nature of the link between the build-up in large global imbalances and the financial crisis remains heavily debated among observers. Some consider that global imbalances are unrelated to the crisis and regard regulatory and supervisory failures, as well as micro-economic factors, to be its main determinants.

Others regard global imbalances as amplifying the mechanisms that ultimately led to the crisis.[7] Allegedly, US Treasuries were widely perceived as the main store of value available to emerging markets given their financial underdevelopment, which, in conjunction with an insufficient supply of safe assets globally, pressured the US financial system to create safe assets through securitisation from increasingly riskier sources. Other views suggest that global imbalances were the main determinants of the crisis as they set the macroeconomic conditions leading to the crisis, as reflected in the large saving-investment gaps in some advanced economies, the financial flows coming from less developed economies to finance these gaps (contrary to standard economic theories), and low risk premia, resulting in a low cost of financing and a global hunt for yield.[8]

A final perspective is to regard global imbalances and the crisis as reflecting common causes, namely policies inconsistent with sustainable external positions in both deficit and surplus economies.[9] These include the lack of medium-term orientation towards stability and sustainability in macroeconomic policies, insufficient mechanisms to ensure self-discipline and early adjustment in countries with unsustainable external positions, easily available financing of external deficits owing to an unprecedented wave of financial globalisation and innovation, and an inadequate risk assessment of the distortions that were contributing to the rise in global imbalances, including rigid exchange rate regimes in some of the surplus economies.

There was not only disagreement on the link between the crisis and the correction of global imbalances, but also about the nature of a possible correction. It was indeed widely expected that the adjustment of global imbalances, if any, would come mostly from the exchange rate. In particular, model-based simulations of an

5 See "IMF's International Monetary and Financial Committee Reviews Multilateral Consultation", Press Release No 07/72, IMF, 14 April 2007.

6 An overview of the main factors and developments in global real and financial imbalances was provided by T. Bracke, M. Bussiere, M. Fidora, R. Straub (2008), "A framework for assessing global imbalances", ECB Occasional Paper No 78, January 2008.

7 Caballero et al (2008) argue that there is a tight connection between persistent global imbalances, the financial crisis, and volatile oil and asset prices, claiming that they all stem from a global environment, in which sound and liquid financial assets are in scarce supply. According to this view, the root imbalances were not global imbalances, but "a safe asset imbalance". See R. J. Caballero, E. Farhi, P.-O. Gourinchas (2008), "Financial Crash, Commodity Prices and Global Imbalances", NBER Working Paper No 14521, issued in December 2008 and R. J. Caballero (2009), "The 'Other' Imbalance and the Financial Crisis", prepared for the Paolo Baffi Lecture delivered at the Bank of Italy on 10 December 2009.

8 See R. Portes (2009), "Global Imbalances", London Business School and CEPR, February 2009.

9 M. Obstfeld and K. Rogoff (2009), "Global Imbalances and the Financial Crisis: Products of Common Causes", CEPR Discussion Papers No 7606, December 2009. See also Lorenzo Bini Smaghi (2008), "The financial crisis and global imbalances: two sides of the same coin" speech at Asia Europe Economic Forum, Beijing, 9 December 2008 available on the ECB's website (http://www.ecb.europa.eu).

"abrupt and disorderly adjustment" of global imbalances designed in the years preceding the crisis,[10] were largely based on a sudden decline in demand for US assets, a corresponding US dollar adjustment and an ultimate correction in US output and the trade balance, in line with a number of influential academic contributions.[11]

However, this line of reasoning was challenged before the crisis on several grounds. First, some argued that an adjustment in the US current account did not need to be passed through the exchange rate channel, but could also result from supply-side adjustments. For instance, this kind of adjustment could also occur if deficit economies were to produce more exportable goods.[12] The view that the exchange rate is a potent channel of adjustment was also challenged by empirical evidence. Allegedly, sizeable exchange rate movements were not a key channel of adjustment in previous historical episodes of large current account imbalances, when adjustments relied more on relative financial and real estate price changes than exchange rate changes.

In this context, when the financial crisis intensified between September 2008 and March 2009, global exchange rate movements, which were at that time largely driven by a flight to quality and liquidity to US dollar-denominated assets and significant repatriation of capital to the United States, confounded previous scenarios of adjustment in global imbalances through the exchange rate channel.

Focusing on demand-side channels, from imported goods to domestically-produced goods, recent research has found that the closing up of the US current account deficit goes hand in hand with a large exchange rate adjustment. From a longer-term perspective, based on the role of the supply side in the adjustment process (leading towards a higher production of tradables), others argue that policy measures to foster a supply-side reaction would facilitate the external adjustment by alleviating an exclusive reliance on demand and exchange rate changes, with the latter being potentially destabilising for the global financial system.[13] Sizeable exchange rate movements are considered by some as not necessarily a key element in an adjustment of today's large current account imbalances and that relative global asset price changes, in particular, could be a more potent source of adjustment.[14]

3 PROSPECTS AND CHALLENGES

Since the outbreak of the crisis, global imbalances have narrowed, but this narrowing is likely to remain transitory to the extent that it has been driven by cyclical factors that are likely to reverse from 2010 onwards. On the one hand, the US current account deficit was expected to have narrowed to -2.6% of GDP in 2009 (half of its peak in 2006) and to stabilise at around -2.7% in 2014 (see Table 1). However, even though a slight widening of the US current account deficit in the course of the recovery is expected, the extent of the widening should not be comparable to previous recessions. On the other hand, China's current account surplus was expected to have declined at the end of 2009 to about 6% of GDP (from close to 10% before the crisis) and those of the oil exporting countries to have shrunk considerably (see Table 1).

A key reason for the expected rewidening in global imbalances is that the cyclical factors

10 Presented, for instance, in the September 2005 release of the IMF World Economic Outlook.

11 M. Obstfeld, K. Rogoff (2005), "Global Current Account Imbalances and Exchange Rate Adjustments", Brookings Papers on Economic Activity (1), 67-123.

12 See M. Fidora, M. Fratzscher and C. Thimann (2007), "Home bias in global bond and equity markets: the role of real exchange rate volatility", Journal of International Money and Finance 26, June 2007, 631-55.

13 For the demand-driven channel, see M. Obstfeld and K. Rogoff (2009), "Global Imbalances and the Financial Crisis: Products of Common Causes", CEPR Discussion Papers No 7606, December 2009. For supply-side effects, see P. Engler, M. Fidora, C. Thimann (2009), "External adjustment and the US current account: how supply-side changes affect an exchange rate adjustment", Review of International Economics, Vol. 17(5), November 2009.

14 M. Fratzscher, L. Juvenal and L. Sarno (2009), "Asset prices, exchange rates and the current account", European Economic Review, December 2009.

Table 1 Current account balances in selected economies

(percentage of GDP)

	2006	2007	2008	2009 (p)	2014 (p)
World	**0.4**	**0.5**	**0.3**	**0.2**	**1.1**
Advanced economies	**-1.3**	**-0.9**	**-1.3**	**-0.7**	**-0.3**
United States	-6.0	-5.2	-4.9	-2.6	-2.7
Euro area	-0.1	0.1	-0.5	-1.0	-0.2
Japan	3.9	4.8	3.2	1.9	1.5
United Kingdom	-3.3	-2.7	-1.7	-2.0	-2.0
Canada	1.4	1.0	0.5	-2.6	0.9
EMEs and developing countries	**5.2**	**4.3**	**3.9**	**2.0**	**3.6**
Developing Asia	**6.1**	**7.0**	**5.9**	**5.0**	**5.4**
China	9.5	11.0	9.8	7.8	8.4
India	-1.1	-1.0	-2.2	-2.2	-1.8
Oil exporters	**16.3**	**12.9**	**13.3**	**4.2**	**8.0**

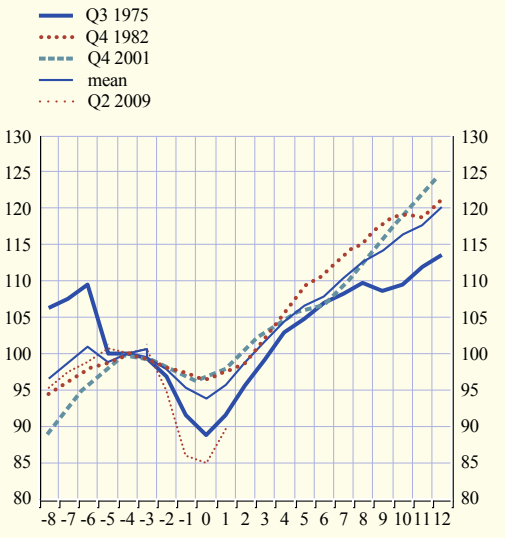
Source: IMF World Economic Outlook, October 2009.

that led to a temporary narrowing in imbalances are already reversing. These include the impact of: i) rebounding oil and commodity prices on the surplus of oil exporting countries and on the deficit of the net oil importers; ii) diminishing negative wealth effects associated with the US housing markets and global equity markets, which are likely to have a negative effect on US private savings; and iii) the resumption in global growth and trade. In particular, in the United States, which is the main deficit economy, the outlook for public and private savings remains uncertain, as does whether US private savings will continue to increase in line with the need for households and corporates to repair their balance sheets as a result of the collapse in financial and real estate asset prices. The outlook for the US economy is therefore conditional on households repairing their balance sheets and the labour market remaining weak. The increase in US private savings is expected to have negative implications for both global activity and world trade.

The resumption in global trade since summer 2009 can indeed be expected to lead to the mechanical rewidening of global imbalances, as well as current account imbalances. The contraction in global trade following the collapse of Lehman Brothers mostly reflected: (i) a significant decline in global demand and private agents' postponement of durable goods purchases in the face of unusually high uncertainty; (ii) the amplification of this shock through international supply chains; and (iii) strains in global trade financing, which further added to uncertainty. However, as historical experience suggests, the impact of these factors on trade could reverse fairly quickly as the global economic recovery gathers pace. All three major post-1945 episodes of global trade contraction were followed by swift recoveries in global trade flows (see Chart 3).

Chart 3 Evolution of global imports during major episodes of global trade contraction

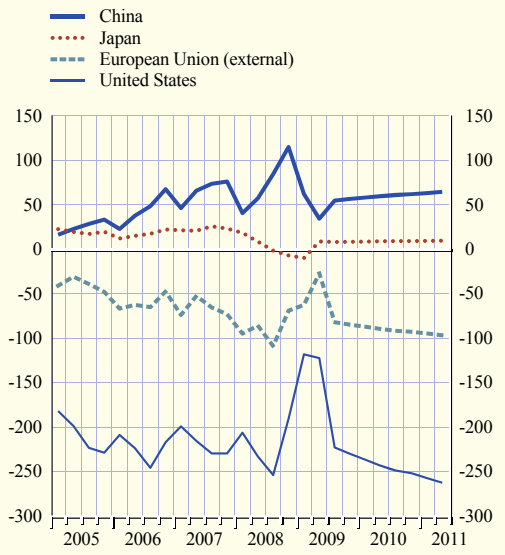
(four quarters before the trough = 100)



Sources: OECD (real monthly trade data).

Chart 4 Simulated evolution of the trade balance of the European Union and key surplus and deficit economies

(USD billions)



Sources: OECD (real monthly trade data).

Baldwin and Taglioni (2009), using the fit from these episodes to project the expected recovery in exports and imports in the two years following mid-2009, suggest that external imbalances could rewiden quickly in the main deficit and surplus economies in the absence of any major structural change or real exchange rate adjustments (see Chart 4). Declining imbalances can also be mechanically explained by the collapse in global trade, and are likely to re-emerge as world trade recovers.[15] However, trade growth is likely to be less buoyant than before 2008, and the level of world trade is not expected to reach pre-crisis levels until 2011.

Another key reason why global imbalances are likely to rewiden in the period ahead is that the main structural factors that led to the initial build-up in imbalances are likely to remain largely in place and hence will not be able to compensate for a cyclically-driven widening in imbalances. As such, structural policy adjustments are needed to ensure a durable and orderly narrowing in imbalances. These adjustments should be made as early as possible given the usual lags that are typically required to produce a tangible impact on respective current account positions.

On the side of surplus economies, limited social safety nets in emerging Asia continue to encourage domestic savings, and the financial underdevelopment of these economies remains an incentive to channel domestic savings abroad. Arguably, pervasive restrictions on private capital outflows in some economies might still reduce the scale of such domestic saving exports.

Another reason why emerging Asian economies are likely to continue to register sizeable current account surpluses in the period ahead is the preference of some of these countries for exports as a key engine of growth. Admittedly, authorities in some of these countries have become increasingly aware of the need to change the pattern of growth by reducing their dependence on the export sector and strengthening domestic demand, and are discussing reforms that would contribute in this direction. Yet, and as mentioned earlier, it takes time for this kind of a change in growth patterns to be implemented and to produce effective results.

A further aspect to consider is that, from the perspective of large emerging market reserve holders, the financial crisis could be interpreted as having vindicated the usefulness of building even larger stocks of reserves as self-insurance against the risk of future crises, although a distinction should be made between the use of these reserves to provide foreign exchange liquidity and other uses, such as providing funding for budget stimulus, which is the case in some countries. In line with this, it is worth noticing that reserve holdings by emerging economies were already higher in the third quarter of 2009 than prior to the intensification of the crisis in the third quarter

15 As pointed out by R. Baldwin and D. Taglioni (2009), "The illusion of improving global imbalances", 14 November 2009, (http://www.voxeu.org), as well as Paul Krugman's account of this paper in "World Out of Balance", The New York Times, 15 November 2009, (http://nytimes.com).

Table 2 Reserves of selected emerging markets

(USD billions)

	Q4 2008	Q1 2009	Q2 2009	Q3 2009
All emerging economies	**4,265**	**4,175**	**4,483**	**4,738**
Emerging Asia	**3,321**	**3,337**	**3,608**	**3,836**
China	1,946	1,954	2,132	2,273
India	247	241	254	264
Korea	200	206	231	249
EU neighbourhood	**536**	**458**	**491**	**500**
Russia	406	334	365	368
Latin America	**408**	**379**	**384**	**401**
Brazil	191	188	196	211

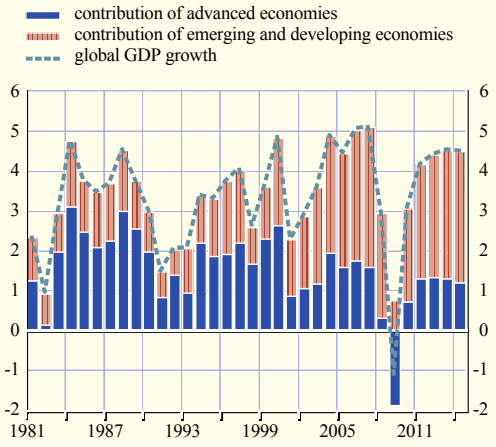
Sources: IMF International Financial Statistics and national data sources.
Notes: These figures do not capture financial assets held by non-central bank public entities, such as sovereign wealth funds, or foreign assets held by private entities. The "EU neighbourhood" encompasses Russia and the European countries of the CIS, the countries on the southern and eastern shores of the Mediterranean, the Middle East and Sub-Saharan Africa."

of 2008, although a number of these economies had to use a large share of their reserves in support of their currencies in late 2008 and early 2009 (see Table 2).

A final structural factor that would suggest that global imbalances might rewiden in the future relates to asymmetric patterns in global growth. In particular, as the crisis has abated, growth differentials between the main external surplus and deficit economies have increased, with emerging Asia leading the recovery. Chart 5 shows that emerging markets, with their export-driven growth, have gradually become an increasingly important source of global growth since the 1980s and are projected by the IMF to remain so in the years to come. This might have implications for global current account constellations given that, of all the regions, it is emerging Asia's surplus that has least corrected since the eruption of the crisis.

Chart 5 Global real output growth

(annual percentage changes; percentage points)



Sources: IMF World Economic Outlook (October 2009) and ECB staff calculations.

Going forward, re-emerging global real and financial imbalances and limited rebalancing in global growth patterns might create additional substantial risks to the global economy if corrective policy measures are not taken in time. With global recovery, on the one hand, a return to the previous high-growth scenario can be envisaged in which surpluses in emerging Asia will rise again in tandem with increasing exports. On the other hand, deficits in advanced economies may grow again, in particular if public sector deficits are not reduced decisively. Such developments would again lead to an increase in the previous imbalances, which would create further risks for the world economy. An alternative low-growth scenario, based on the assumption of lower potential growth in advanced economies coming out of the crisis would result in somewhat reduced imbalances, but also much lower global growth, as the export model of the emerging market economies would falter. Hence both the developed and emerging markets should

be interested in achieving an alternative with more growth and less imbalances. This aim is addressed in the following section.

4 INTERNATIONAL POLICY AGENDA FOR GLOBAL REBALANCING

4.1 THE G20 FRAMEWORK

To address these challenges and in order to ensure an orderly and durable reduction in global real and financial imbalances, as well as a sustained global recovery, G20 leaders decided at the Pittsburgh Summit in September 2009 to launch a "Framework for strong, sustainable and balanced growth", which includes a pledge to "promote more balanced current accounts". The G20 group, which has now designated itself as "the premier forum for international economic cooperation" aims to bring together the systemically-relevant economies of the world and to agree on policies that could help change global demand patterns and ensure strong, sustainable and balanced growth.

Specifically, G20 members with "sustained, significant external deficits" committed themselves to "undertake policies to support private savings and undertake fiscal consolidation, while maintaining open markets and strengthening export sectors", whereas those with "sustained, significant external surpluses" agreed to "strengthen domestic sources of growth". Depending on national circumstances, this could include increasing investment, reducing financial market distortions, boosting productivity in service sectors, improving social safety nets and lifting constraints on demand growth.[16] These commitments are expected to be reflected in medium-term economic policy plans prepared by the G20 members. These plans will then be assessed based on their mutual compatibility and subsequently in terms of their consistency with the overall objective of "strong, sustainable and balanced growth". The IMF and other IFIs, to the extent needed, will be involved in this assessment. The timetable for the G20 framework process comprises a number of specific steps. First, at the end of January 2010 G20 countries set out their policy frameworks and plans, which were then discussed in February with the IMF with a view to clarifying member submissions and assessing their mutual compatibility. Second, the aggregated impact of individual frameworks and policy plans at the global level will be discussed initially at the spring meeting of the G20 ministers and governors. The IMF will then produce policy scenarios for discussion by G20 leaders in June, which will lead to final refined mutual assessments and more specific policy recommendations for consideration and agreement by G20 leaders at the Seoul Summit in November 2010.

4.2 CHALLENGES RELATED TO THE IMPLEMENTATION OF THE G20 COMMITMENTS

In this context, it remains to be seen whether significant progress will be made in the main deficit and surplus economies in terms of living up to the commitments made at the Pittsburgh G20 Summit. The previous experience with the multilateral consultations on global imbalances in 2006-07, whereby the related policy commitments were not fully implemented by the economies involved, suggests that the commitment of the countries involved to deliver effectively on their pledges is key to the success of the process. The new G20 framework process is markedly different from the past multilateral consultations in the following ways: it involves all the major stakeholders, and not only selected countries or regions; it is driven at the highest level by the G20 leaders; and it is based on peer surveillance (rather than institutional surveillance), which creates leeway for peer pressure among members.

16 The framework agreed in Pittsburgh partly draws on the policies agreed upon during the round of multilateral consultations led by the IMF on the global imbalances of 2006-07 between China, the euro area, Japan, the United States and Saudi Arabia, as well as on subsequent IMF analysis (see, for example, O. Blanchard "Sustaining a Global Recovery", Finance & Development, Volume 46, Number 3, September 2009; "Beyond 2010: How will the global economy rebalance?", IMF World Economic Outlook, October 2009).

In this context, one of the main challenges that the new process will have to overcome is to ensure that international cooperation and the common drive towards making progress on policy commitments remain strong as the crisis draws to a close. In addition, it will not be easy to devise a globally consistent outlook on the basis of the individual G20 members' contributions. In this respect, the IMF will strive to identify inconsistencies in national assumptions in G20 submissions and to analyse the multilateral compatibility of country submissions.

Another key challenge is to assess how medium-term global prospects could be enhanced through additional policy actions, as well as what is required in terms of policy recommendations for groups of countries, and how the latter could be translated into country-specific measures and implemented in a sustained manner. As for the euro area's policy commitments, the best contribution they can make to an orderly reduction in global imbalances remains the same as that agreed during the multilateral consultations of 2006-07, namely to press ahead with structural reforms aimed at boosting productivity and raising potential growth. Such a contribution would be in line with the objectives of the EU's structural reform agenda, both past and future, including the Lisbon agenda and EU 2020 strategy.

5 CONCLUSION

At the current juncture, global imbalances continue to pose a key risk to global macroeconomic and financial stability. The narrowing of imbalances during the crisis has been only partial and is likely to be largely temporary, assuming no fundamental changes in policies. The stakes are high to prevent a disorderly adjustment in the future that would be costly to all economies. All economies should therefore play their part in resolving these imbalances in a manner that is compatible with a sustained global recovery. Rebalancing the global economy is challenging, not least owing to the difficulty of implementing the necessary reforms or the time it takes for needed structural measures to produce their effects. Nevertheless, a global and significant policy response is required. The commitment of G20 members to effectively deliver on their pledges will remain key to successfully ensuring an orderly unwinding of global imbalances and a truly sustainable global recovery. The international spillover of policies is growing in an increasingly globalised world. Strengthening surveillance on policies of the main surplus and deficit economies in order to foster more discipline in line with the G20 process is therefore of crucial importance.

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
2008	2.4	9.6	9.7	-	9.5	18.9	4.64	3.69
2009	9.5	4.8	3.3	-	1.6	24.7	1.22	3.76
2009 Q2	8.1	5.6	4.4	-	2.1	27.7	1.31	3.99
Q3	12.2	4.5	2.7	-	0.4	25.2	0.87	3.64
Q4	12.3	2.2	0.2	-	-0.6	20.4	0.72	3.76
2010 Q1	.	.	.	-	.	.	0.66	3.46
2009 Oct.	11.8	2.3	0.3	0.6	-0.8	23.4	0.74	3.68
Nov.	12.5	1.8	-0.3	-0.1	-0.7	19.6	0.72	3.57
Dec.	12.3	1.5	-0.3	-0.2	-0.1	12.9	0.71	3.76
2010 Jan.	11.5	1.9	0.1	-0.2	-0.6	13.0	0.68	3.66
Feb.	10.9	1.6	-0.4	.	-0.4	.	0.66	3.49
Mar.	.	.	.	.	.	.	0.64	3.46

2. Prices, output, demand and labour markets

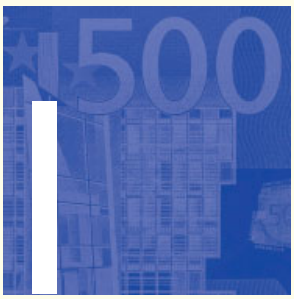
	HICP [1]	Industrial producer prices	Hourly labour costs	Real GDP	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment	Unemployment (% of labour force)
	1	2	3	4	5	6	7	8
2008	3.3	6.1	3.5	0.6	-1.7	81.8	0.7	7.5
2009	0.3	-5.1	3.3	-4.1	-14.9	71.0	-1.9	9.4
2009 Q3	-0.4	-7.8	3.0	-4.1	-14.5	70.3	-2.3	9.7
Q4	0.4	-4.6	2.2	-2.2	-7.5	71.5	-2.1	9.9
2010 Q1	.	.	.	.	.	.	.	.
2009 Oct.	-0.1	-6.6	-	-	-11.1	71.0	-	9.8
Nov.	0.5	-4.4	-	-	-6.9	-	-	9.9
Dec.	0.9	-2.9	-	-	-4.0	-	-	9.9
2010 Jan.	1.0	-1.1	-	-	1.1	72.0	-	9.9
Feb.	0.9	-0.5	-	-	.	-	-	10.0
Mar.	1.5	.	-	-	.	-	-	.

3. Balance of payments, reserve assets and exchange rates

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)				Reserve assets (end-of-period positions)	Effective exchange rate of the euro: EER-21 [5] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Direct investment	Portfolio investment		Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8
2008	-133.3	-11.4	-189.0	350.5	374.2	110.5	110.1	1.4708
2009	-49.4	36.0	-86.8	344.0	462.4	111.7	110.6	1.3948
2009 Q2	-19.5	13.1	-4.3	82.8	381.5	111.1	110.2	1.3632
Q3	-1.2	13.3	-24.3	83.4	430.9	112.1	110.9	1.4303
Q4	7.8	17.4	0.5	48.0	462.4	113.8	112.2	1.4779
2010 Q1	.	.	.	.	.	108.7	106.7	1.3829
2009 Oct.	-3.6	6.2	-2.0	17.1	437.9	114.3	112.8	1.4816
Nov.	0.5	6.0	0.7	-16.9	463.9	114.0	112.5	1.4914
Dec.	10.9	5.2	1.7	47.8	462.4	113.0	111.3	1.4614
2010 Jan.	-15.0	-7.4	-7.1	-4.2	468.7	110.8	108.9	1.4272
Feb.	.	.	.	.	492.6	108.0	105.9	1.3686
Mar.	.	.	.	.	.	107.4	105.3	1.3569

Sources: ECB, European Commission (Eurostat and Economic and Financial Affairs DG) and 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) 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

	5 March 2010	12 March 2010	19 March 2010	26 March 2010
Gold and gold receivables	266,919	266,919	266,920	266,919
Claims on non-euro area residents in foreign currency	197,509	197,208	198,025	198,591
Claims on euro area residents in foreign currency	27,755	28,287	28,375	28,461
Claims on non-euro area residents in euro	16,123	15,743	16,125	15,658
Lending to euro area credit institutions in euro	724,920	722,849	723,427	725,409
Main refinancing operations	80,455	78,402	79,032	81,062
Longer-term refinancing operations	644,378	644,314	644,314	644,314
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	59	107	52	1
Credits related to margin calls	27	26	29	33
Other claims on euro area credit institutions in euro	26,403	27,187	25,429	27,156
Securities of euro area residents in euro	336,678	338,851	340,258	342,936
Securities held for monetary policy purposes	39,625	41,543	42,442	43,548
Other securities	297,052	297,309	297,817	299,388
General government debt in euro	36,137	36,137	36,137	36,147
Other assets	257,867	253,516	255,015	253,620
Total assets	1,890,311	1,886,697	1,889,712	1,894,898

2. Liabilities

	5 March 2010	12 March 2010	19 March 2010	26 March 2010
Banknotes in circulation	788,372	788,133	787,725	791,340
Liabilities to euro area credit institutions in euro	423,724	422,963	418,218	413,837
Current accounts (covering the minimum reserve system)	163,966	262,649	223,079	199,900
Deposit facility	259,758	160,312	195,137	213,935
Fixed-term deposits	0	0	0	0
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	1	2	2	3
Other liabilities to euro area credit institutions in euro	399	2,409	589	774
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	109,542	112,946	121,602	128,247
Liabilities to non-euro area residents in euro	39,812	38,847	37,860	37,626
Liabilities to euro area residents in foreign currency	1,811	1,319	1,551	1,632
Liabilities to non-euro area residents in foreign currency	11,398	12,074	12,559	12,910
Counterpart of special drawing rights allocated by the IMF	51,249	51,249	51,249	51,249
Other liabilities	168,826	161,579	163,104	160,636
Revaluation accounts	220,213	220,213	220,213	220,213
Capital and reserves	74,965	74,965	75,043	76,433
Total liabilities	1,890,311	1,886,697	1,889,712	1,894,898

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

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), 4)]

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 [5)]	Weighted average rate	
	1	2	3	4	5	6	7	8
	Main refinancing operations							
2009 8 Dec.	55,779	111	55,779	1.00	-	-	-	8
16	52,899	125	52,899	1.00	-	-	-	7
23	58,575	109	58,575	1.00	-	-	-	7
30	78,647	132	78,647	1.00	-	-	-	7
2010 6 Jan.	54,023	100	54,023	1.00	-	-	-	7
13	60,077	102	60,077	1.00	-	-	-	7
20	58,020	101	58,020	1.00	-	-	-	7
27	63,435	83	63,435	1.00	-	-	-	7
3 Feb.	55,824	74	55,824	1.00	-	-	-	7
10	76,083	79	76,083	1.00	-	-	-	7
17	81,935	78	81,935	1.00	-	-	-	7
24	81,421	71	81,421	1.00	-	-	-	7
3 Mar.	80,455	65	80,455	1.00	-	-	-	7
10	78,402	71	78,402	1.00	-	-	-	7
17	79,032	79	79,032	1.00	-	-	-	7
24	81,062	81	81,062	1.00	-	-	-	7
31	78,266	73	78,266	1.00	-	-	-	7
7 Apr.	71,535	67	71,535	1.00	-	-	-	7
	Longer-term refinancing operations							
2009 8 Dec.	2,655	8	2,655	1.00	-	-	-	43
10	2,933	9	2,933	1.00	-	-	-	91
10	1,728	21	1,728	1.00	-	-	-	182
17	2,558	21	2,558	1.00	-	-	-	105
17 [6)]	96,937	224	96,937	.	-	-	-	371
2010 20 Jan.	5,739	7	5,739	1.00	-	-	-	21
28	3,268	22	3,268	1.00	-	-	-	91
10 Feb.	2,757	14	2,757	1.00	-	-	-	28
25	10,205	23	10,205	1.00	-	-	-	91
10 Mar.	9,315	11	9,315	1.00	-	-	-	35
1 Apr.	2,015	11	2,015	1.00	-	-	-	91
1	17,876	62	17,876	1.00	-	-	-	182

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 [5)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2009 20 Jan.	Collection of fixed-term deposits	143,835	103	140,013	-	-	2.50	2.30	2.15	1
10 Feb.	Collection of fixed-term deposits	130,435	119	129,135	-	-	2.00	1.80	1.36	1
10 Mar.	Collection of fixed-term deposits	111,502	119	110,832	-	-	2.00	1.80	1.52	1
7 Apr.	Collection of fixed-term deposits	105,486	114	103,876	-	-	1.50	1.30	1.12	1
12 May	Collection of fixed-term deposits	109,091	128	108,056	-	-	1.25	1.05	0.93	1
9 June	Collection of fixed-term deposits	91,551	101	57,912	-	-	1.00	0.80	0.77	1
7 July	Collection of fixed-term deposits	279,477	165	275,986	-	-	1.00	0.80	0.64	1
11 Aug.	Collection of fixed-term deposits	238,847	159	238,345	-	-	1.00	0.80	0.70	1
8 Sep.	Collection of fixed-term deposits	196,299	157	195,099	-	-	1.00	0.80	0.73	1
13 Oct.	Collection of fixed-term deposits	170,131	160	169,680	-	-	1.00	0.80	0.74	1
10 Nov.	Collection of fixed-term deposits	191,883	165	191,379	-	-	1.00	0.80	0.76	1
7 Dec.	Collection of fixed-term deposits	130,896	147	129,709	-	-	1.00	0.80	0.76	1
2010 19 Jan.	Collection of fixed-term deposits	259,013	188	258,907	-	-	1.00	0.80	0.75	1
9 Feb.	Collection of fixed-term deposits	270,783	187	270,566	-	-	1.00	0.80	0.76	1
9 Mar.	Collection of fixed-term deposits	295,461	193	294,486	-	-	1.00	0.80	0.76	1

Source: ECB.

1) The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
2) With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations. For split tender operations conducted before this month, see Table 2 in Section 1.3.
3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.
4) 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.
5) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
6) In the final one-year longer-term refinancing operation, which was settled on 17 December 2009, the rate at which all bids were satisfied was indexed to the average minimum bid rate in the main refinancing operations over the life of this operation.

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at: [1]	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2007	17,394.7	9,438.8	815.0	2,143.1	1,364.0	3,633.9
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009 Sep.	18,280.1	9,752.0	786.1	2,453.9	1,206.6	4,081.5
Oct.	18,260.1	9,766.9	763.3	2,420.9	1,224.8	4,084.2
Nov.	18,285.8	9,743.0	756.6	2,436.5	1,245.0	4,104.6
Dec.	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010 Jan.	18,453.6	9,829.2	765.8	2,465.6	1,225.0	4,168.0

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
2007	195.9	196.8	1.0	0.0	4.17
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2009 13 Oct.	213.7	214.7	1.1	0.0	1.00
10 Nov.	211.8	212.8	1.0	0.0	1.00
7 Dec.	210.2	211.4	1.2	0.0	1.00
2010 19 Jan.	210.1	211.2	1.2	0.0	1.00
9 Feb.	209.5	210.9	1.4	0.0	1.00
9 Mar.	210.9	211.8	1.0	0.0	1.00
13 Apr.	211.4	.	.	.	.

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
2007	327.5	173.0	278.6	0.3	0.0	0.4	2.2	644.6	61.9	-126.6	196.8	841.9
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
2009 13 Oct.	421.4	79.1	616.9	0.3	14.3	109.6	12.9	768.8	139.0	-113.1	214.7	1,093.1
10 Nov.	413.0	52.3	626.1	0.3	20.1	86.5	12.0	770.7	148.7	-118.9	212.8	1,070.0
7 Dec.	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 19 Jan.	413.0	60.6	648.4	0.4	28.4	147.0	8.1	796.8	119.8	-132.1	211.2	1,155.0
9 Feb.	425.6	59.7	662.2	0.2	33.5	168.3	13.3	783.6	122.6	-117.5	210.9	1,162.8
9 Mar.	426.9	80.5	641.1	0.9	38.0	186.4	10.5	784.6	113.2	-119.3	211.8	1,182.9

Source: ECB.

1) End of period.

2) Includes liquidity provided under the Eurosystem's covered bond purchase 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 INVESTMENT FUNDS

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
		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													
2007	2,046.2	1,031.7	17.8	0.6	1,013.3	268.6	225.1	1.9	41.6	-	17.4	395.3	15.2	318.0
2008	2,982.9	1,809.4	18.6	0.6	1,790.1	350.8	308.0	2.4	40.3	-	14.4	476.7	15.7	316.1
2009 Q3	2,746.8	1,465.9	17.6	0.7	1,447.7	408.4	336.0	3.3	69.2	-	16.1	517.5	16.6	322.2
2009 Oct.	2,693.0	1,405.3	17.6	0.7	1,387.1	410.6	333.7	3.6	73.3	-	16.0	529.4	16.6	315.0
Nov.	2,659.4	1,340.1	17.6	0.7	1,321.9	416.1	334.3	3.7	78.2	-	16.1	555.8	16.6	314.7
Dec.	2,830.4	1,483.6	17.6	0.7	1,465.3	416.9	333.6	3.7	79.6	-	16.5	555.7	16.2	341.5
2010 Jan.	2,823.5	1,473.1	17.6	0.7	1,454.7	418.9	331.5	3.8	83.6	-	16.2	563.2	16.3	335.9
Feb. (p)	2,867.0	1,487.9	17.6	0.7	1,469.6	425.8	334.0	3.9	87.9	-	16.1	585.8	16.4	335.1
	MFIs excluding the Eurosystem													
2007	29,500.2	16,893.0	954.5	10,144.3	5,794.2	3,950.6	1,197.1	1,013.2	1,740.3	93.5	1,293.8	4,878.9	205.7	2,184.7
2008	31,835.8	18,052.0	968.0	10,771.4	6,312.6	4,630.9	1,244.7	1,406.7	1,979.5	98.7	1,199.5	4,754.3	211.4	2,888.9
2009 Q3	31,278.7	17,674.5	994.7	10,768.4	5,911.4	5,115.3	1,504.5	1,492.8	2,117.9	90.6	1,222.1	4,267.4	216.3	2,692.6
2009 Oct.	31,212.0	17,658.7	1,014.3	10,722.5	5,921.9	5,101.9	1,517.6	1,490.2	2,094.1	88.7	1,224.9	4,264.0	217.1	2,656.8
Nov.	31,334.2	17,673.6	1,007.7	10,750.9	5,915.1	5,106.7	1,519.5	1,490.7	2,096.5	88.2	1,239.0	4,243.2	218.1	2,765.3
Dec.	31,147.1	17,709.1	1,002.2	10,750.3	5,956.7	5,060.1	1,482.7	1,497.9	2,079.5	85.0	1,237.2	4,264.4	219.4	2,571.9
2010 Jan.	31,387.3	17,727.0	1,013.7	10,738.9	5,974.5	5,050.7	1,496.9	1,468.0	2,085.8	86.9	1,251.8	4,392.0	218.7	2,660.2
Feb. (p)	31,500.0	17,720.8	1,009.2	10,742.4	5,969.2	5,065.0	1,521.6	1,470.4	2,072.9	85.5	1,234.5	4,428.9	217.1	2,748.2

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2007	2,046.2	697.0	714.7	23.9	19.1	671.8	-	0.1	238.0	113.9	282.5
2008	2,982.9	784.7	1,217.5	68.8	16.6	1,132.1	-	0.1	273.8	377.8	329.0
2009 Q3	2,746.8	789.7	1,149.0	138.4	23.0	987.6	-	0.1	292.7	154.1	361.1
2009 Oct.	2,693.0	794.1	1,095.2	152.8	26.0	916.4	-	0.1	297.3	144.9	361.4
Nov.	2,659.4	798.7	1,037.0	129.3	27.7	880.0	-	0.1	321.4	143.9	358.4
Dec.	2,830.4	829.2	1,159.0	102.6	22.6	1,033.7	-	0.1	321.0	140.2	380.9
2010 Jan.	2,823.5	806.2	1,189.9	116.3	23.5	1,050.0	-	0.1	328.4	133.5	365.5
Feb. (p)	2,867.0	807.0	1,189.8	107.0	23.6	1,059.1	-	0.1	344.7	138.1	387.4
	MFIs excluding the Eurosystem										
2007	29,500.2	-	15,141.9	126.9	8,927.5	6,087.5	754.1	4,630.9	1,683.6	4,538.6	2,751.1
2008	31,835.8	-	16,741.8	191.0	9,690.9	6,860.0	824.8	4,848.3	1,767.6	4,402.7	3,250.6
2009 Q3	31,278.7	-	16,348.7	157.0	9,904.2	6,287.5	831.4	4,962.5	1,886.8	4,084.7	3,164.6
2009 Oct.	31,212.0	-	16,346.2	164.9	9,898.7	6,282.7	823.8	4,929.5	1,890.5	4,084.8	3,137.1
Nov.	31,334.2	-	16,356.8	174.8	9,897.0	6,285.0	810.2	4,931.7	1,902.2	4,072.5	3,260.8
Dec.	31,147.1	-	16,468.0	144.3	10,013.8	6,310.0	732.3	4,919.5	1,915.5	4,098.6	3,013.1
2010 Jan.	31,387.3	-	16,440.0	161.1	9,961.3	6,317.6	744.8	4,975.5	1,916.8	4,220.3	3,089.9
Feb. (p)	31,500.0	-	16,437.4	168.0	9,962.4	6,307.0	732.8	4,961.8	1,912.9	4,281.4	3,173.7

Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Amounts issued by euro area residents. Amounts issued by non-euro area residents are included in external assets.
3) 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.

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2007	22,376.2	11,117.3	972.3	10,144.9	2,437.3	1,422.2	1,015.1	882.2	5,274.2	220.9	2,444.3
2008	24,108.0	11,758.6	986.6	10,772.0	2,961.8	1,552.7	1,409.1	786.1	5,231.0	227.1	3,143.3
2009 Q3	23,898.8	11,781.3	1,012.2	10,769.1	3,336.7	1,840.6	1,496.1	797.4	4,784.9	232.9	2,965.7
2009 Oct.	23,849.5	11,755.0	1,031.8	10,723.2	3,345.1	1,851.3	1,493.8	799.1	4,793.4	233.7	2,923.2
Nov.	24,001.7	11,776.8	1,025.2	10,751.5	3,348.2	1,853.8	1,494.4	811.6	4,799.1	234.7	3,031.4
Dec.	23,809.5	11,770.8	1,019.8	10,750.9	3,317.9	1,816.2	1,501.6	811.1	4,820.1	235.6	2,854.1
2010 Jan.	24,023.4	11,770.9	1,031.3	10,739.5	3,300.2	1,828.4	1,471.8	815.0	4,955.3	234.9	2,947.1
Feb. (p)	24,184.6	11,769.9	1,026.8	10,743.1	3,329.9	1,855.7	1,474.2	800.7	5,014.7	233.5	3,035.9
	Transactions										
2008	1,694.0	597.9	12.4	585.5	468.2	58.1	410.2	-56.1	-81.6	-2.2	768.9
2009	-666.8	25.6	34.3	-8.7	341.4	249.2	92.2	10.5	-454.9	7.4	-597.4
2009 Q2	-224.1	68.5	27.0	41.5	144.2	89.3	54.9	6.1	-63.0	0.6	-381.5
Q3	-154.8	-50.9	-3.9	-47.0	33.1	39.1	-6.0	0.4	-91.0	1.9	-47.9
2009 Oct.	-39.0	-18.6	19.6	-38.2	7.4	11.8	-4.4	2.9	12.9	0.8	-44.3
Nov.	153.1	26.2	-4.9	31.1	2.4	1.2	1.2	12.6	4.2	1.0	106.7
Dec.	-264.9	-7.0	-5.6	-1.4	-24.6	-34.2	9.6	-7.0	-46.9	1.0	-180.5
2010 Jan.	115.1	-20.3	11.3	-31.5	-19.9	12.9	-32.8	5.6	68.2	-0.6	82.0
Feb. (p)	103.6	-2.5	-4.7	2.2	24.4	23.7	0.7	-11.7	8.2	-1.7	86.9

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [2]	Debt securities issued [3]	Capital and reserves	External liabilities	Remaining liabilities	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2007	22,376.2	638.6	150.8	8,946.6	660.4	2,849.1	1,492.7	4,652.5	3,033.6	-48.2
2008	24,108.0	722.9	259.8	9,707.5	725.7	2,828.6	1,613.6	4,780.5	3,579.6	-110.7
2009 Q3	23,898.8	740.6	295.3	9,927.2	740.5	2,775.6	1,738.7	4,238.8	3,525.6	-83.9
2009 Oct.	23,849.5	745.5	317.7	9,924.7	734.9	2,762.2	1,745.9	4,229.7	3,498.5	-109.9
Nov.	24,001.7	750.1	304.1	9,924.6	721.8	2,757.1	1,780.2	4,216.3	3,619.2	-71.9
Dec.	23,809.5	770.0	246.8	10,036.4	647.0	2,760.5	1,793.9	4,238.9	3,394.0	-78.3
2010 Jan.	24,023.4	757.2	277.4	9,984.9	658.0	2,806.3	1,792.2	4,353.8	3,455.4	-61.7
Feb. (p)	24,184.6	759.6	275.1	9,985.9	647.3	2,801.0	1,807.6	4,419.5	3,561.2	-72.7
	Transactions									
2008	1,694.0	83.3	106.1	700.7	29.4	-30.1	138.5	91.5	601.3	-26.8
2009	-666.8	45.7	-4.4	287.6	-12.2	-53.8	137.1	-590.6	-503.4	27.1
2009 Q2	-224.1	15.0	0.5	154.1	-19.7	18.1	55.7	-165.3	-244.6	-37.9
Q3	-154.8	5.7	-45.6	-1.7	-2.4	-13.9	27.7	-118.6	-57.1	51.2
2009 Oct.	-39.0	4.8	22.3	-0.5	-4.8	-10.6	1.9	1.2	-26.6	-26.8
Nov.	153.1	4.7	-13.6	2.3	-15.0	1.1	14.4	12.3	109.6	37.2
Dec.	-264.9	19.9	-57.2	100.5	-26.2	-11.3	22.5	-102.3	-201.4	-9.4
2010 Jan.	115.1	-12.8	30.6	-59.7	10.4	30.1	-3.2	58.5	58.8	2.6
Feb. (p)	103.6	2.4	-2.3	-11.9	-10.6	-13.7	2.3	35.3	107.5	-5.4

Source: ECB.

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

2) Amounts held by euro area residents.

3) 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]

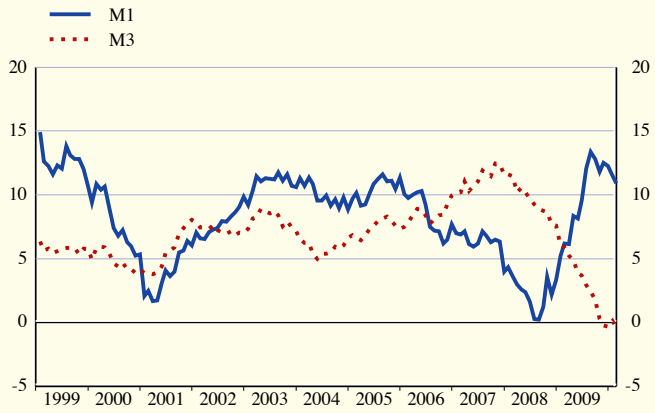
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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	Memo item: Loans adjusted for sales and securitisation [4]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2007	3,827.9	3,509.8	7,337.8	1,305.6	8,643.4	-	6,028.0	2,416.9	12,060.9	10,153.3	-	596.0
2008	3,972.9	4,036.6	8,009.5	1,376.4	9,386.0	-	6,294.5	2,563.6	12,977.1	10,775.8	-	423.4
2009 Q3	4,398.8	3,783.0	8,181.8	1,226.5	9,408.3	-	6,667.7	2,861.7	13,084.1	10,758.7	-	552.1
2009 Oct.	4,458.6	3,735.9	8,194.5	1,184.6	9,379.2	-	6,666.4	2,889.4	13,034.8	10,731.3	-	546.1
Nov.	4,454.4	3,707.6	8,162.0	1,172.0	9,334.0	-	6,727.2	2,883.0	13,056.5	10,745.2	-	561.0
Dec.	4,478.8	3,688.2	8,167.0	1,153.4	9,320.4	-	6,749.0	2,865.3	13,065.8	10,748.1	-	553.3
2010 Jan.	4,547.3	3,659.8	8,207.1	1,100.6	9,307.8	-	6,799.5	2,862.8	13,044.2	10,742.3	-	585.2
Feb. (p)	4,565.2	3,660.1	8,225.3	1,095.3	9,320.7	-	6,822.0	2,885.0	13,058.9	10,764.2	-	575.8
	Transactions											
2008	126.8	486.0	612.8	46.2	658.9	-	260.6	71.0	931.1	580.8	736.6	-174.6
2009	489.8	-368.3	121.4	-151.7	-30.3	-	414.8	288.4	86.2	-15.3	25.4	134.8
2009 Q2	128.7	-72.8	55.9	-17.8	38.1	-	131.4	108.1	58.7	10.6	30.5	103.9
Q3	149.8	-102.0	47.8	-51.2	-3.4	-	115.6	63.3	7.2	-30.8	-29.1	32.1
2009 Oct.	60.1	-46.0	14.1	-41.8	-27.8	-	-2.2	28.9	-42.7	-19.8	-15.6	-11.8
Nov.	-3.4	-27.6	-31.0	-12.9	-43.9	-	46.4	-6.0	25.1	16.7	15.4	-12.2
Dec.	21.5	-24.3	-2.8	34.0	31.2	-	10.5	-14.5	4.3	2.1	-1.8	49.1
2010 Jan.	66.4	-32.3	34.1	-52.0	-17.9	-	29.4	-1.9	-43.1	-25.9	-28.9	21.4
Feb. (p)	16.1	-6.0	10.1	-5.7	4.4	-	-3.6	18.4	14.2	20.5	17.1	-30.2
	Growth rates											
2007 Dec.	4.0	17.9	10.1	20.2	11.6	11.9	9.3	-2.6	13.2	11.2	12.1	-53.0
2008 Dec.	3.3	13.7	8.3	3.5	7.6	7.1	4.3	2.9	7.7	5.7	7.1	-174.6
2009 Sep.	12.8	-5.3	3.6	-9.0	1.8	1.5	6.6	13.5	1.4	-0.3	0.8	140.7
2009 Oct.	11.8	-7.1	2.3	-11.8	0.3	0.6	7.4	15.1	0.9	-0.8	0.2	59.7
Nov.	12.5	-8.7	1.8	-12.4	-0.3	-0.1	7.1	13.2	0.6	-0.7	0.1	46.5
Dec.	12.3	-9.1	1.5	-11.1	-0.3	-0.2	6.6	11.2	0.7	-0.1	0.2	134.8
2010 Jan.	11.5	-8.0	1.9	-10.9	0.1	-0.2	5.8	9.1	0.0	-0.6	-0.3	221.0
Feb. (p)	10.9	-8.1	1.6	-12.4	-0.4	.	5.1	8.4	0.0	-0.4	-0.1	141.7

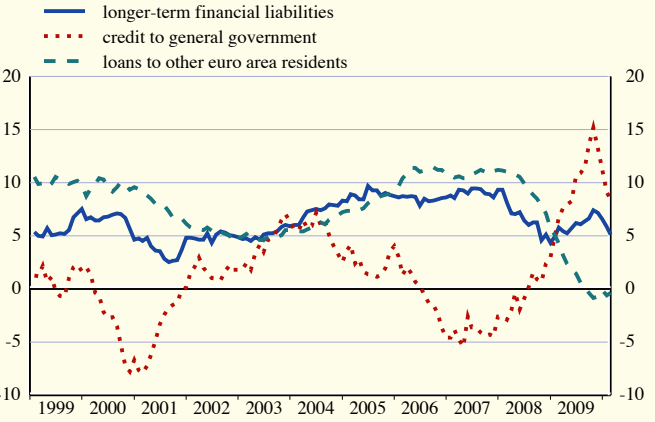
C1 Monetary aggregates [1]

(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]

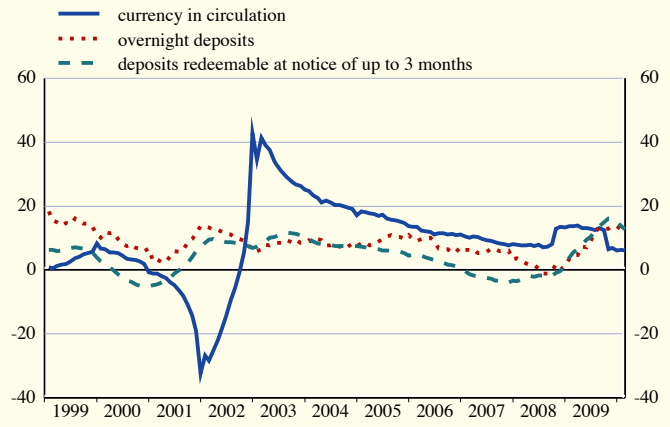
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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										
2007	625.6	3,202.4	1,969.3	1,540.5	307.6	685.9	312.2	2,549.6	119.2	1,872.6	1,486.6
2008	709.9	3,263.0	2,469.6	1,567.0	354.3	755.3	266.8	2,575.5	121.2	1,990.7	1,607.1
2009 Q3	747.4	3,651.5	2,022.9	1,760.1	326.9	750.8	148.8	2,625.8	133.0	2,175.1	1,733.7
2009 Oct.	745.2	3,713.4	1,952.5	1,783.5	300.6	744.7	139.4	2,615.3	134.1	2,174.1	1,743.0
Nov.	753.6	3,700.8	1,916.3	1,791.3	310.2	727.2	134.5	2,623.2	133.1	2,186.2	1,784.7
Dec.	754.3	3,724.5	1,885.4	1,802.8	346.8	673.9	132.7	2,642.0	131.3	2,189.1	1,786.6
2010 Jan.	761.2	3,786.1	1,843.6	1,816.3	307.4	662.9	130.3	2,698.4	131.9	2,182.3	1,786.8
Feb. [p]	765.1	3,800.2	1,831.1	1,829.0	326.2	644.2	125.0	2,687.2	131.3	2,197.8	1,805.8
	Transactions										
2008	83.3	43.4	466.0	20.0	48.0	32.9	-34.7	6.3	0.5	115.9	137.9
2009	43.0	446.8	-604.7	236.3	-7.4	-13.1	-131.3	77.5	8.7	192.2	136.4
2009 Q2	6.8	122.0	-128.2	55.4	10.9	-14.7	-14.0	15.3	4.2	45.3	66.5
Q3	13.1	136.7	-165.9	63.9	-24.3	7.4	-34.4	35.6	3.4	59.2	17.5
2009 Oct.	-2.2	62.3	-69.4	23.4	-26.3	-5.3	-10.3	-6.9	1.1	-0.4	4.1
Nov.	8.5	-11.8	-35.5	7.8	9.7	-19.4	-3.2	12.5	-1.0	13.0	21.9
Dec.	0.7	20.8	-35.7	11.4	36.4	-2.7	0.3	2.0	-1.8	-0.4	10.6
2010 Jan.	6.9	59.5	-44.8	12.5	-39.4	-11.6	-1.0	39.0	0.6	-8.9	-1.3
Feb. [p]	3.9	12.2	-18.6	12.7	18.7	-18.7	-5.7	-19.5	-0.7	10.7	5.8
	Growth rates										
2007 Dec.	8.1	3.2	41.3	-3.4	15.8	9.2	62.1	6.3	9.5	12.5	10.9
2008 Dec.	13.3	1.4	23.4	1.3	15.5	4.7	-11.6	0.3	0.4	6.2	9.4
2009 Sep.	12.5	12.8	-17.9	14.9	-3.0	3.1	-47.9	0.8	14.9	11.9	9.1
2009 Oct.	6.5	12.9	-21.4	16.1	-11.8	2.7	-50.3	3.4	14.2	12.0	7.6
Nov.	6.8	13.8	-23.9	16.1	-6.3	-0.9	-50.9	3.9	11.3	11.1	7.1
Dec.	6.1	13.6	-24.3	15.1	-2.1	-1.8	-49.4	3.0	7.1	9.6	8.4
2010 Jan.	6.2	12.6	-22.6	13.7	-5.0	-4.9	-39.4	3.9	6.1	7.1	7.2
Feb. [p]	6.0	12.0	-22.5	12.6	-1.0	-8.9	-41.6	2.7	5.9	6.7	7.0

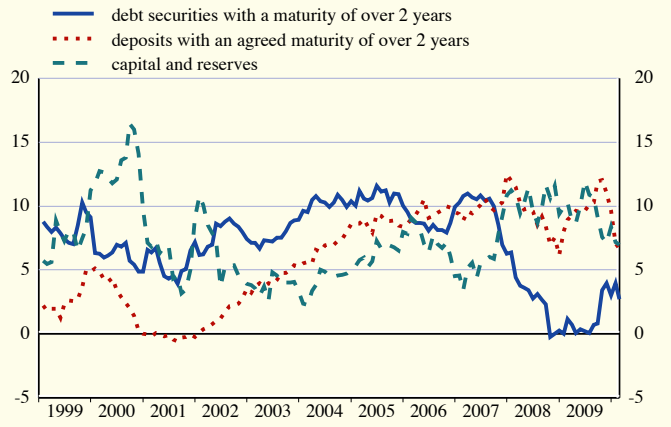
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

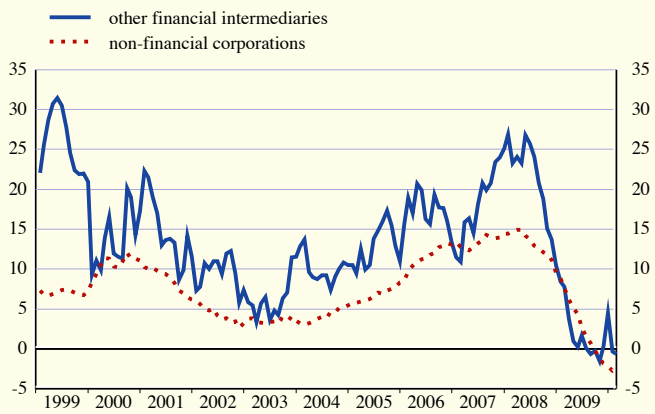
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Insurance corporations and pension funds	Other financial intermediaries [3)]	Non-financial corporations				Households [4)]			
	Total	Total	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2007	107.5	877.3	4,383.5	1,282.5	859.5	2,241.6	4,785.0	616.7	3,421.0	747.3
2008	104.2	973.2	4,821.4	1,381.4	960.7	2,479.4	4,876.9	631.0	3,482.3	763.6
2009 Q3	93.3	1,003.1	4,753.2	1,238.8	955.5	2,558.8	4,909.1	629.9	3,510.5	768.7
2009 Oct.	89.3	992.6	4,733.6	1,223.2	948.4	2,562.0	4,915.8	627.6	3,518.7	769.4
Nov.	86.3	1,005.1	4,722.5	1,211.4	940.5	2,570.6	4,931.3	628.7	3,526.2	776.4
Dec.	89.9	1,023.7	4,690.4	1,184.7	940.7	2,565.0	4,944.0	631.4	3,541.8	770.8
2010 Jan.	87.5	1,012.9	4,684.8	1,184.7	932.4	2,567.6	4,957.2	627.4	3,555.1	774.8
Feb. [p]	91.2	1,005.0	4,700.2	1,183.9	934.5	2,581.8	4,967.8	625.2	3,565.2	777.4
	Transactions									
2008	-4.4	86.7	418.6	87.0	119.8	211.9	79.9	10.4	52.2	17.2
2009	-12.9	39.5	-104.5	-187.9	-13.2	96.6	62.6	0.0	50.4	12.2
2009 Q2	1.7	36.7	-36.1	-51.0	-0.5	15.4	8.3	-4.0	6.7	5.6
Q3	-6.1	-14.1	-33.1	-43.1	-15.8	25.8	22.6	1.2	17.6	3.7
2009 Oct.	-4.0	-9.0	-14.4	-16.0	-5.4	7.0	7.7	-1.4	7.9	1.2
Nov.	-3.0	13.6	-9.4	-11.0	-6.7	8.3	15.5	0.3	7.5	7.7
Dec.	3.6	9.2	-22.7	-25.3	1.4	1.2	12.0	2.5	14.3	-4.8
2010 Jan.	-2.5	-29.6	-6.8	-0.4	-7.5	1.2	13.0	-2.7	12.4	3.3
Feb. [p]	3.7	-7.3	13.2	-1.5	1.9	12.9	10.9	-1.5	9.6	2.8
	Growth rates									
2007 Dec.	18.2	24.7	14.5	12.8	22.0	12.8	6.2	5.4	7.1	2.7
2008 Dec.	-4.1	9.9	9.5	6.8	13.9	9.4	1.7	1.7	1.5	2.3
2009 Sep.	-7.4	-0.3	-0.2	-10.3	2.0	4.6	-0.3	-1.2	-0.6	1.5
2009 Oct.	-12.7	-1.4	-1.2	-11.8	0.7	3.9	-0.1	-1.3	-0.2	1.6
Nov.	-14.2	0.3	-1.9	-12.1	-1.3	3.7	0.5	-1.0	0.3	2.5
Dec.	-12.5	4.0	-2.2	-13.6	-1.4	3.9	1.3	0.0	1.4	1.6
2010 Jan.	-9.7	-0.1	-2.7	-13.4	-3.0	3.2	1.6	-0.5	1.8	2.2
Feb. [p]	-4.8	-0.4	-2.5	-12.5	-3.2	3.2	1.8	-0.8	2.1	2.7

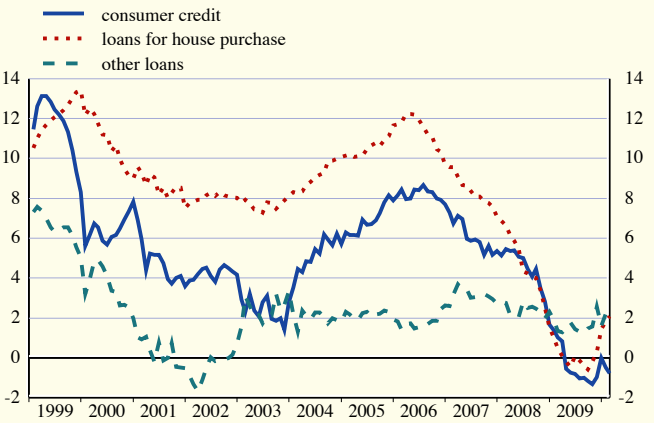
C5 Loans to other financial intermediaries and non-financial corporations [2)]

(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 investment funds.
4) 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)

2. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries [3)]				Non-financial corporations			
	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	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
	Outstanding amounts											
2008	93.0	69.3	5.7	18.0	962.1	555.0	169.0	238.0	4,828.4	1,377.6	961.4	2,489.4
2009 Q3	94.2	71.6	7.8	14.9	1,016.1	585.8	183.6	246.7	4,742.5	1,235.6	953.0	2,553.8
Q4	80.2	57.1	7.2	15.9	1,016.4	592.6	173.4	250.4	4,698.2	1,181.1	941.6	2,575.5
2009 Dec.	80.2	57.1	7.2	15.9	1,016.4	592.6	173.4	250.4	4,698.2	1,181.1	941.6	2,575.5
2010 Jan.	86.0	62.1	7.5	16.3	1,007.2	584.5	170.5	252.2	4,690.7	1,185.4	932.1	2,573.2
Feb. [p]	88.1	66.1	6.0	16.0	999.0	574.5	171.3	253.2	4,695.2	1,179.8	933.2	2,582.2
	Transactions											
2009	-11.3	-12.1	1.6	-0.7	43.2	28.6	7.6	7.0	-103.7	-187.8	-12.9	97.0
2009 Q3	-9.7	-9.9	0.4	-0.3	-8.6	-13.1	-1.2	5.8	-54.0	-59.3	-18.4	23.8
Q4	-14.0	-14.5	-0.5	1.0	-6.6	-1.7	-5.2	0.3	-28.0	-52.8	-7.3	32.1
2009 Dec.	-5.7	-6.0	-0.5	0.8	1.5	3.0	-0.8	-0.7	-13.3	-31.1	4.1	13.7
2010 Jan.	5.7	5.0	0.3	0.4	-28.0	-26.7	-3.5	2.2	-8.7	3.9	-8.8	-3.7
Feb. [p]	2.1	4.0	-1.6	-0.3	-7.5	-8.3	0.1	0.7	2.2	-6.4	0.9	7.7
	Growth rates											
2008 Dec.	-4.1	-4.3	-23.7	5.0	10.5	5.4	13.5	22.0	9.5	6.7	13.9	9.4
2009 Sep.	-7.0	-9.3	23.1	-7.0	-0.2	-4.8	7.5	6.5	-0.2	-10.2	2.0	4.6
Dec.	-12.5	-17.5	27.4	-3.8	4.5	5.1	4.4	2.9	-2.1	-13.7	-1.4	3.9
2009 Dec.	-12.5	-17.5	27.4	-3.8	4.5	5.1	4.4	2.9	-2.1	-13.7	-1.4	3.9
2010 Jan.	-9.7	-14.4	16.2	1.9	-0.3	-1.4	-3.3	4.3	-2.7	-13.4	-3.0	3.3
Feb. [p]	-5.0	-5.5	-7.8	-0.6	-0.7	-1.4	-3.9	3.4	-2.4	-12.5	-3.2	3.2

3. Loans to households [4)]

	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	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												
2008	4,887.9	633.0	138.8	196.2	298.0	3,490.3	17.2	67.5	3,405.7	764.5	155.0	90.5	519.0
2009 Q3	4,915.6	631.8	133.4	195.8	302.6	3,514.6	15.2	62.3	3,437.1	769.2	148.8	87.9	532.5
Q4	4,955.4	633.5	133.6	196.1	303.7	3,550.1	15.1	62.4	3,472.6	771.8	146.2	87.2	538.3
2009 Dec.	4,955.4	633.5	133.6	196.1	303.7	3,550.1	15.1	62.4	3,472.6	771.8	146.2	87.2	538.3
2010 Jan.	4,955.0	624.4	131.8	193.4	299.2	3,556.6	15.1	62.4	3,479.1	774.0	146.8	85.8	541.4
Feb. [p]	4,960.1	620.2	128.9	192.5	298.8	3,564.2	15.0	62.2	3,486.9	775.7	146.9	85.5	543.2
	Transactions												
2009	63.0	0.1	-3.4	-3.2	6.7	50.8	-2.3	-6.7	59.8	12.2	-8.0	-1.9	22.1
2009 Q3	25.2	-0.2	-2.4	-0.2	2.4	26.0	-0.5	-1.8	28.2	-0.5	-5.2	-0.2	4.8
Q4	40.0	1.6	0.9	0.0	0.6	33.8	-0.1	-0.1	34.1	4.6	-2.6	-0.1	7.3
2009 Dec.	16.1	4.4	2.3	0.6	1.5	18.6	0.1	0.1	18.5	-6.9	-5.2	0.0	-1.6
2010 Jan.	-0.6	-7.7	-1.4	-2.7	-3.6	5.6	0.0	0.0	5.6	1.5	0.2	-0.8	2.1
Feb. [p]	5.4	-3.5	-2.9	-0.4	-0.2	7.0	-0.1	-0.2	7.3	1.9	0.0	-0.2	2.1
	Growth rates												
2008 Dec.	1.7	1.7	0.7	-4.4	6.7	1.5	7.0	-5.2	1.7	2.3	1.7	-5.1	4.0
2009 Sep.	-0.3	-1.2	-3.3	-4.4	2.1	-0.6	-11.1	-12.6	-0.3	1.5	-3.0	-3.8	3.8
Dec.	1.3	0.0	-2.4	-1.6	2.2	1.5	-13.4	-9.8	1.8	1.6	-5.1	-2.0	4.3
2009 Dec.	1.3	0.0	-2.4	-1.6	2.2	1.5	-13.4	-9.8	1.8	1.6	-5.1	-2.0	4.3
2010 Jan.	1.6	-0.5	-1.9	-2.4	1.4	1.8	-13.7	-7.5	2.1	2.2	-3.1	-1.9	4.5
Feb. [p]	1.8	-0.8	-3.3	-2.1	1.3	2.1	-13.3	-7.2	2.3	2.7	-1.9	-1.8	4.8

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 investment funds.
4) Including non-profit institutions serving households.

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

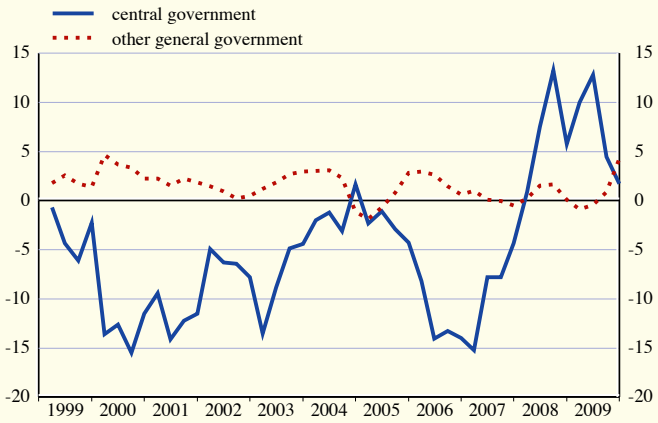
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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									
2007	954.5	213.4	217.6	494.1	29.4	3,300.2	2,344.5	955.7	59.8	895.9
2008	968.0	227.0	210.1	508.6	22.2	3,247.8	2,282.0	965.8	57.8	908.1
2009 Q1	971.0	232.9	205.6	511.5	21.0	3,057.1	2,101.0	956.1	59.2	896.9
Q2	998.5	249.3	206.5	514.1	28.6	2,949.3	1,999.7	949.6	57.2	892.3
Q3	994.7	235.9	209.7	518.3	30.7	2,808.0	1,894.0	914.0	47.7	866.2
Q4 [(p)]	1,002.2	230.9	211.0	528.0	32.3	2,829.0	1,913.5	915.5	46.5	869.0
	Transactions									
2007	-8.0	-4.5	-13.0	6.0	3.6	540.7	381.4	159.3	0.3	159.0
2008	13.2	12.3	-8.1	16.2	-7.2	-59.3	-85.8	26.4	0.3	26.1
2009 [(p)]	35.3	3.9	1.0	20.5	10.1	-383.4	-350.7	-32.7	-1.4	-31.4
2009 Q1	2.0	5.5	-4.4	2.2	-1.2	-234.0	-208.5	-25.7	0.3	-26.0
Q2	28.0	16.9	0.9	2.6	7.6	-72.1	-79.0	7.2	-1.0	8.2
Q3	-3.8	-13.3	3.2	4.2	2.1	-75.3	-69.9	-5.4	0.6	-6.0
Q4 [(p)]	9.1	-5.2	1.3	11.4	1.6	-2.0	6.7	-8.9	-1.2	-7.6
	Growth rates									
2007 Dec.	-1.0	-4.3	-5.6	1.3	13.8	18.6	18.5	18.8	0.5	20.2
2008 Dec.	1.4	5.8	-3.7	3.3	-24.5	-1.8	-3.6	2.8	0.5	3.0
2009 Mar.	1.5	10.0	-3.6	3.5	-43.5	-14.3	-16.7	-8.7	-3.6	-9.0
June	2.6	12.8	-4.1	3.9	-31.9	-13.8	-16.5	-7.5	-7.6	-7.5
Sep.	1.7	4.5	-0.2	4.4	-32.3	-18.2	-21.9	-9.4	-1.3	-9.8
Dec. [(p)]	3.6	1.7	0.5	4.0	45.4	-11.8	-15.3	-3.4	-2.8	-3.5

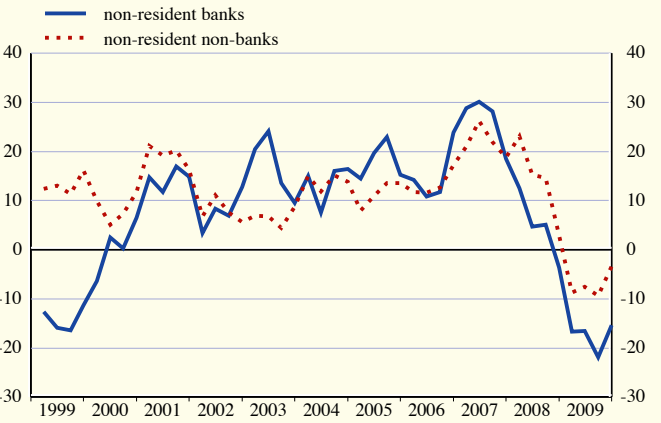
C7 Loans to government [2)]

(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.

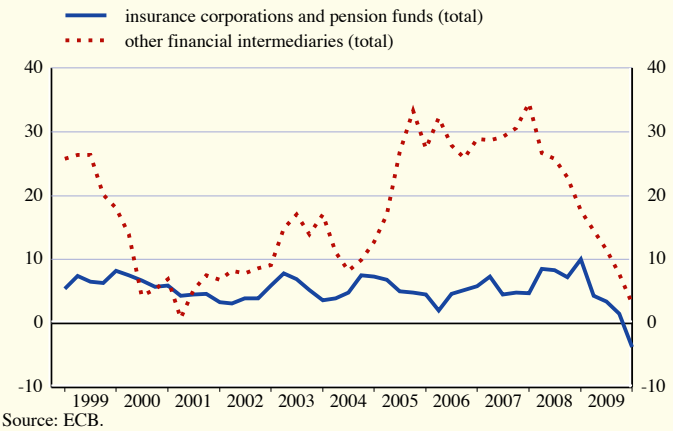
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

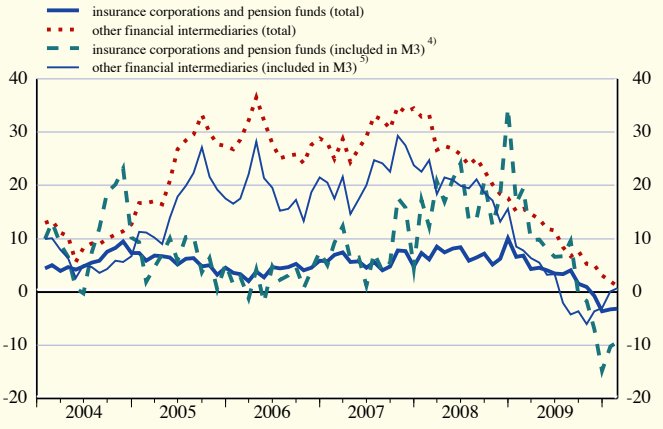
1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries [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													
2007	689.5	70.8	69.6	526.4	0.8	1.1	20.8	1,525.0	311.8	345.5	708.1	12.2	0.3	147.1
2008	761.9	84.4	114.3	537.5	1.1	1.5	23.1	1,803.5	320.2	421.0	852.9	12.3	0.1	197.0
2009 Q3	739.9	83.1	83.8	550.5	1.9	1.4	19.2	1,866.9	314.9	335.2	949.0	14.4	0.2	253.3
2009 Oct.	742.3	88.8	83.9	548.0	2.0	1.4	18.3	1,844.7	318.9	337.2	938.8	15.8	0.1	233.9
Nov.	734.5	84.6	79.1	545.7	2.0	1.4	21.6	1,850.3	325.9	332.3	938.0	16.1	0.0	237.9
Dec.	738.1	84.0	86.9	543.3	2.1	1.4	20.2	1,852.9	312.1	332.2	940.6	15.9	0.0	252.1
2010 Jan.	742.8	93.6	82.9	540.2	2.3	1.4	22.3	1,830.4	341.9	322.0	915.8	17.1	0.0	233.6
Feb. [p]	736.4	90.2	85.7	539.5	2.3	1.4	17.3	1,838.3	334.5	323.5	907.8	17.0	0.2	255.4
	Transactions													
2008	69.4	12.4	42.8	12.3	-0.3	0.1	2.2	269.3	4.5	72.2	142.3	-0.3	-0.3	51.0
2009	-27.9	-1.1	-30.5	5.6	1.0	-0.1	-2.8	56.2	5.6	-93.5	85.3	3.7	0.0	55.2
2009 Q2	-12.1	-5.4	-9.4	4.9	0.1	0.0	-2.4	61.0	19.5	-20.0	41.4	-0.2	0.0	20.4
Q3	-6.3	-1.9	-4.5	-0.1	0.1	-0.1	0.1	-21.5	-22.4	-1.5	3.6	0.4	0.1	-1.7
2009 Oct.	2.5	5.7	0.1	-2.6	0.1	0.0	-0.8	-21.2	4.3	2.4	-9.8	1.4	0.0	-19.4
Nov.	-8.1	-4.1	-4.9	-2.3	0.0	0.0	3.2	7.1	7.2	-4.4	0.0	0.3	-0.1	4.0
Dec.	0.8	-1.2	5.7	-2.4	0.1	0.0	-1.3	-3.1	-14.7	-1.7	-0.5	-0.3	0.0	14.1
2010 Jan.	4.4	9.5	-4.2	-3.1	0.2	0.0	2.1	-27.0	28.8	-11.3	-27.0	1.1	0.0	-18.6
Feb. [p]	-6.6	-3.5	2.7	-0.7	0.0	0.0	-5.0	-2.1	-8.0	-3.2	-12.7	-0.1	0.1	21.8
	Growth rates													
2007 Dec.	4.8	1.1	17.5	4.9	-25.3	-	-16.4	34.5	12.0	39.7	49.5	16.4	-	19.1
2008 Dec.	10.0	17.3	60.0	2.3	-23.4	-	10.5	17.6	1.4	21.1	20.0	-2.5	-	34.6
2009 Sep.	1.5	9.3	-8.3	2.3	55.8	-	-5.9	7.7	1.9	-25.0	21.8	24.0	-	36.3
2009 Oct.	0.9	6.3	-7.6	1.9	68.2	-	-12.7	5.3	0.4	-23.7	19.5	32.9	-	20.4
Nov.	-0.8	-0.3	-17.5	1.6	89.8	-	9.6	5.0	7.9	-24.6	15.1	37.9	-	23.1
Dec.	-3.7	-1.3	-26.5	1.0	95.8	-	-12.3	3.1	1.6	-22.0	10.0	30.0	-	28.0
2010 Jan.	-3.3	-8.0	-18.1	-0.5	89.3	-	10.8	2.0	4.1	-12.5	4.1	33.7	-	14.1
Feb. [p]	-3.2	-3.1	-14.5	-0.8	64.9	-	-18.9	1.0	2.2	-13.0	1.4	21.8	-	20.6

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) Includes investment funds.
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)]

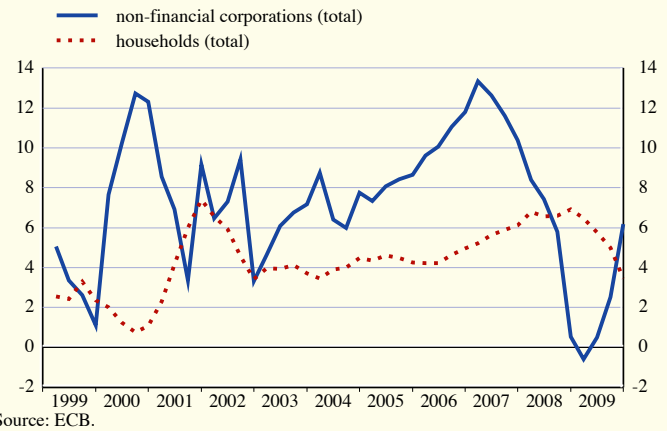
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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													
2007	1,477.2	884.0	479.4	59.5	29.3	1.4	23.7	4,989.0	1,777.4	993.3	561.5	1,458.6	111.1	87.1
2008	1,502.9	883.4	502.2	64.4	27.9	1.3	23.7	5,368.6	1,813.3	1,350.0	517.9	1,490.2	113.6	83.7
2009 Q3	1,551.4	951.6	444.6	77.9	58.3	1.5	17.4	5,500.0	2,052.9	1,084.7	561.0	1,636.9	121.4	43.2
2009 Oct.	1,561.3	963.5	442.6	78.5	60.1	1.5	15.1	5,510.8	2,084.9	1,040.3	573.8	1,648.2	123.8	39.9
Nov.	1,564.1	971.3	435.6	79.7	61.2	1.6	14.8	5,507.6	2,098.9	1,010.6	584.2	1,650.7	124.7	38.5
Dec.	1,603.7	1,001.3	434.7	80.8	68.7	1.7	16.3	5,590.2	2,155.4	988.3	605.5	1,679.9	123.7	37.3
2010 Jan.	1,548.2	964.2	418.6	81.8	68.7	1.7	13.3	5,610.4	2,173.8	954.1	615.3	1,708.0	122.2	37.0
Feb. [p]	1,536.8	954.2	415.4	83.1	70.7	1.8	11.8	5,619.5	2,176.1	936.0	632.9	1,715.1	121.6	37.7
	Transactions													
2008	7.8	-5.0	13.3	3.2	-3.4	-0.3	0.0	347.5	28.7	335.5	-43.1	28.1	1.7	-3.4
2009	93.3	114.3	-70.0	15.1	40.8	0.4	-7.4	186.9	320.3	-371.4	85.5	190.3	8.6	-46.3
2009 Q2	44.2	45.8	-16.0	1.3	11.3	0.1	1.7	59.8	110.9	-94.4	11.8	39.3	2.7	-10.6
Q3	34.6	35.7	-13.6	6.1	8.6	0.0	-2.2	-4.6	42.4	-100.0	24.8	32.9	3.1	-7.7
2009 Oct.	10.7	12.3	-1.8	0.6	1.7	0.0	-2.2	11.6	32.1	-44.1	13.1	11.3	2.5	-3.3
Nov.	3.5	8.3	-6.7	1.1	1.1	0.0	-0.3	-3.1	14.0	-29.6	10.5	2.5	0.9	-1.4
Dec.	37.8	28.9	-1.4	1.1	7.6	0.1	1.5	81.6	56.1	-22.9	21.3	29.2	-1.0	-1.1
2010 Jan.	-57.4	-38.4	-17.0	1.1	0.0	0.0	-3.0	18.8	18.7	-35.1	9.8	27.1	-1.5	-0.3
Feb. [p]	-13.1	-10.8	-4.0	1.3	2.0	0.0	-1.5	8.0	2.0	-18.7	17.6	7.0	-0.6	0.7
	Growth rates													
2007 Dec.	10.4	4.0	35.1	-11.8	-26.3	-31.6	-4.4	6.1	1.3	47.7	-7.5	-3.3	11.2	24.4
2008 Dec.	0.5	-0.6	2.8	5.3	-11.0	-16.2	0.0	6.9	1.6	33.2	-7.7	1.9	1.5	-3.9
2009 Sep.	2.5	8.3	-14.0	20.1	127.8	8.4	-30.8	5.0	15.9	-15.4	6.3	13.2	16.3	-60.1
2009 Oct.	3.7	11.9	-15.4	18.5	139.8	13.0	-47.7	4.3	17.3	-22.2	10.6	14.2	15.4	-60.6
Nov.	4.0	11.5	-15.2	20.6	134.4	19.5	-40.7	3.5	16.8	-25.5	13.4	14.0	12.2	-59.5
Dec.	6.2	12.9	-13.8	23.2	146.6	28.3	-31.2	3.5	17.5	-27.3	16.4	12.8	7.5	-55.4
2010 Jan.	5.1	10.6	-12.8	20.9	115.1	32.9	-32.7	3.2	17.0	-28.4	17.8	11.6	6.3	-51.6
Feb. [p]	5.2	11.3	-12.9	19.9	100.9	32.3	-44.9	3.2	15.6	-28.4	21.2	10.7	5.8	-46.1

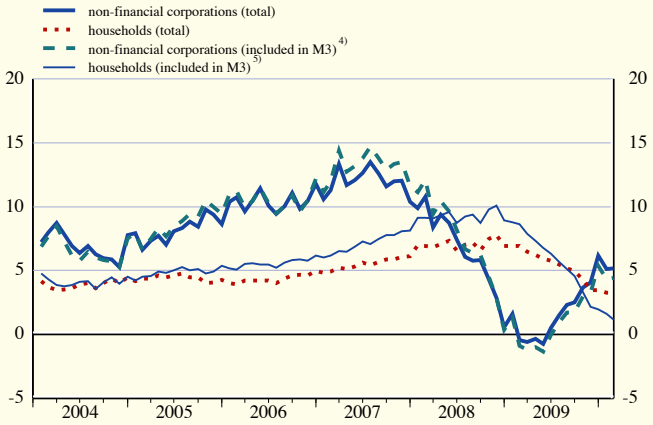
C11 Total deposits by sector [2)]

(annual growth rates)



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

(annual growth rates)



Source: ECB.

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

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

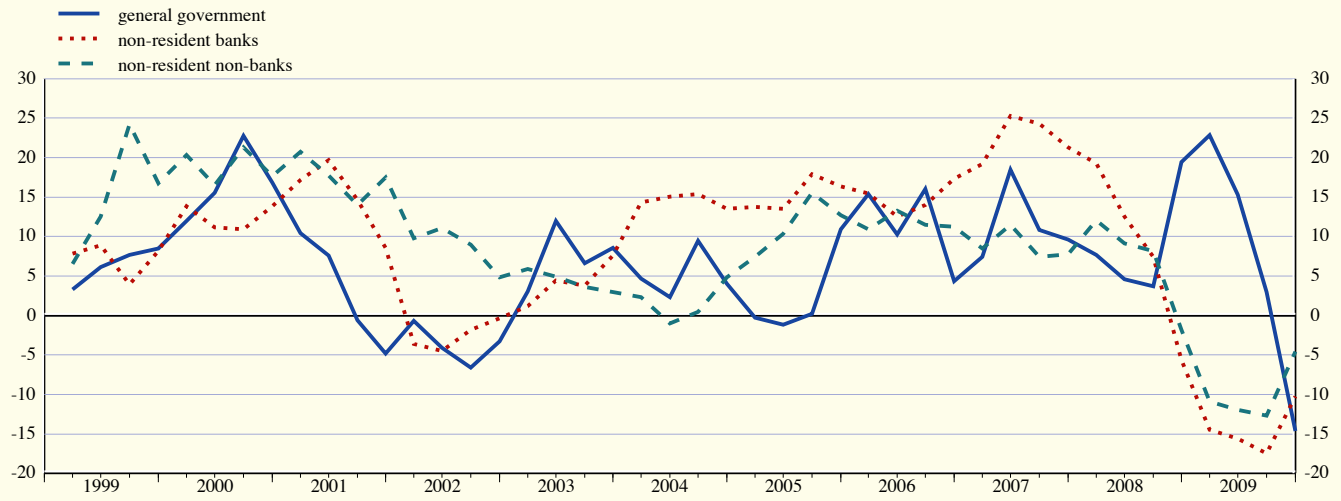
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2007	373.7	126.9	59.0	107.6	80.3	3,862.1	2,953.9	908.2	143.3	764.9
2008	445.0	191.0	52.3	115.9	85.8	3,713.9	2,816.9	897.0	65.8	831.2
2009 Q1	464.4	216.4	50.6	114.5	83.0	3,665.7	2,786.7	879.0	63.6	815.4
Q2	476.6	227.3	48.9	118.9	81.4	3,565.2	2,685.4	879.9	64.3	815.6
Q3	403.0	157.0	51.2	123.0	71.8	3,422.4	2,564.0	858.5	63.5	794.9
Q4 [p]	373.2	144.3	45.1	113.1	70.8	3,369.3	2,518.5	850.9	60.1	790.8
	Transactions									
2007	31.9	-3.1	13.6	9.8	11.6	609.4	542.6	66.8	20.2	46.6
2008	72.8	63.5	-6.5	8.7	7.1	-185.1	-167.0	-18.0	-36.9	18.9
2009 [p]	-64.8	-38.1	-7.2	-3.6	-15.4	-331.1	-289.9	-41.1	-1.3	-39.8
2009 Q1	15.7	22.5	-1.7	-2.3	-2.9	-108.9	-77.7	-31.3	-2.6	-28.7
Q2	11.8	10.9	-1.6	4.5	-2.0	-60.5	-67.6	7.1	0.9	6.1
Q3	-62.1	-58.9	2.3	4.1	-9.6	-80.1	-73.0	-7.1	-0.2	-6.9
Q4 [p]	-30.1	-12.7	-6.1	-9.9	-0.8	-81.6	-71.7	-9.8	0.6	-10.4
	Growth rates									
2007 Dec.	9.7	-2.4	29.9	10.7	16.9	17.9	21.3	7.7	15.8	6.3
2008 Dec.	19.5	49.9	-11.0	8.1	8.8	-4.7	-5.6	-1.8	-25.6	2.6
2009 Mar.	22.8	52.6	2.2	5.7	6.5	-13.6	-14.5	-10.9	-24.1	-8.8
June	15.3	43.7	-13.0	5.3	-4.9	-14.7	-15.6	-11.9	-21.9	-10.4
Sep.	2.9	18.6	-16.6	8.2	-15.4	-16.3	-17.4	-12.7	-27.0	-10.3
Dec. [p]	-14.6	-20.0	-13.7	-3.1	-17.9	-8.9	-10.3	-4.6	-2.0	-4.8

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

(annual growth rates)



Source: ECB.

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

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

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

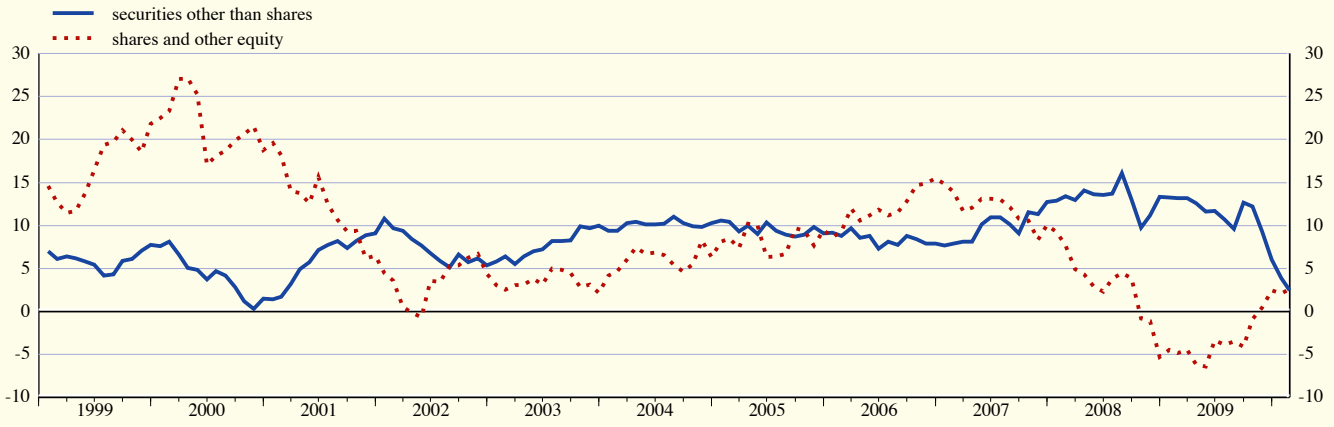
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2007	5,185.3	1,656.4	84.0	1,180.5	16.6	979.9	33.3	1,234.7	1,636.5	424.5	869.3	342.7
2008	5,858.4	1,887.1	92.4	1,225.4	19.3	1,355.5	51.2	1,227.5	1,476.9	423.2	776.3	277.4
2009 Q3	6,296.3	2,014.9	102.9	1,486.4	18.1	1,446.7	46.2	1,181.0	1,498.2	435.9	786.1	276.1
2009 Oct.	6,271.2	1,991.3	102.8	1,500.3	17.3	1,447.8	42.4	1,169.3	1,502.0	437.0	787.9	277.1
Nov.	6,256.7	1,993.5	102.9	1,503.8	15.7	1,449.0	41.7	1,149.9	1,514.9	438.6	800.4	275.9
Dec.	6,212.6	1,970.6	108.9	1,466.6	16.0	1,458.4	39.5	1,152.5	1,517.4	437.7	799.5	280.2
2010 Jan.	6,223.5	1,974.2	111.5	1,477.8	19.1	1,427.0	41.0	1,172.8	1,532.9	448.1	803.7	281.1
Feb. (p)	6,245.1	1,962.2	110.8	1,505.4	16.2	1,429.8	40.6	1,180.1	1,516.7	445.0	789.5	282.2
	Transactions											
2008	692.8	212.4	5.9	36.5	1.9	390.7	19.0	26.4	-84.2	22.9	-56.6	-50.5
2009	356.6	80.1	16.2	233.3	-3.2	102.9	-12.0	-60.8	35.9	23.3	9.8	2.8
2009 Q2	176.8	34.7	4.1	83.7	0.5	56.3	-1.6	-0.8	16.6	7.2	5.8	3.6
Q3	21.2	-4.0	-0.3	34.0	-1.8	-6.1	-0.4	-0.2	7.3	9.0	0.3	-1.9
2009 Oct.	-23.9	-22.4	0.1	14.2	-0.7	-1.4	-3.5	-10.4	6.0	1.9	2.8	1.4
Nov.	-8.5	-0.9	1.4	2.3	-1.6	1.4	-0.3	-10.8	13.9	2.4	12.6	-1.0
Dec.	-62.5	-22.3	2.6	-34.7	0.0	13.1	-3.5	-17.6	-4.5	-0.4	-7.2	3.0
2010 Jan.	-12.6	3.5	-0.5	12.4	2.5	-33.1	0.2	2.3	20.4	12.3	5.6	2.5
Feb. (p)	6.3	-13.5	-1.9	25.2	-3.3	1.8	-1.1	-0.9	-10.9	-2.2	-11.8	3.1
	Growth rates											
2007 Dec.	12.7	8.7	25.4	-6.8	10.7	50.2	33.4	17.7	10.0	13.7	6.9	13.9
2008 Dec.	13.3	12.7	8.1	3.1	9.9	40.0	57.2	2.2	-5.3	5.4	-6.7	-15.3
2009 Sep.	12.6	11.4	4.1	24.2	15.5	24.9	-4.9	-5.6	-4.1	2.6	-8.2	-2.3
2009 Oct.	12.2	8.5	5.7	26.8	-0.2	20.5	-9.3	-2.3	-0.9	6.2	-4.3	-1.9
Nov.	9.3	5.8	10.8	23.1	-3.9	14.3	-9.2	-3.3	0.4	7.4	-2.0	-3.0
Dec.	6.0	4.2	17.1	18.9	-16.1	7.6	-23.0	-5.0	2.4	5.5	1.2	1.0
2010 Jan.	3.9	1.3	12.1	15.1	-12.6	5.5	-22.8	-4.7	2.1	7.4	0.5	-1.4
Feb. (p)	2.5	-0.7	6.5	13.8	-19.2	4.0	-24.7	-5.1	2.6	7.6	0.0	2.2

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.

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

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

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

(EUR billions)

1. Write-offs/write-downs of loans to households [3)]

	Consumer credit				Lending for house purchase				Other lending			
	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	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
2007	-4.2	-1.2	-1.4	-1.6	-2.7	-0.2	-0.2	-2.3	-6.9	-0.8	-2.3	-3.7
2008	-4.6	-1.1	-1.5	-1.9	-2.7	0.0	-0.2	-2.5	-6.7	-1.2	-2.3	-3.2
2009	-7.3	-1.7	-2.2	-3.4	-3.9	0.0	-0.2	-3.6	-7.2	-1.5	-1.2	-4.5
2009 Q2	-1.5	-0.3	-0.5	-0.7	-1.0	0.0	0.0	-0.9	-1.2	-0.1	-0.2	-0.9
Q3	-1.7	-0.3	-0.5	-0.9	-0.8	0.0	0.0	-0.7	-1.6	-0.3	-0.2	-1.0
Q4	-2.3	-0.6	-0.7	-0.9	-0.9	0.0	0.0	-0.9	-2.1	-0.3	-0.6	-1.2
2009 Oct.	-0.7	-0.1	-0.3	-0.4	-0.2	0.0	0.0	-0.2	-0.4	0.0	-0.1	-0.2
Nov.	-0.4	-0.1	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.5	0.0	-0.1	-0.3
Dec.	-1.1	-0.4	-0.3	-0.4	-0.6	0.0	0.0	-0.5	-1.3	-0.2	-0.3	-0.7
2010 Jan.	-0.6	-0.4	0.0	-0.2	-0.4	0.0	0.0	-0.4	-1.1	-0.3	-0.1	-0.6
Feb. [p]	-0.4	-0.1	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.5	-0.1	-0.1	-0.3

2. Write-offs/write-downs of loans to non-financial corporations and non-euro area residents

	Non-financial corporations				Non-euro area residents		
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year
	1	2	3	4	5	6	7
2007	-12.5	-2.1	-5.4	-4.9	-5.2	-3.4	-1.8
2008	-17.8	-4.1	-9.1	-4.6	-6.6	-3.4	-3.2
2009	-30.0	-9.7	-10.2	-10.1	-6.3	-2.5	-3.8
2009 Q2	-5.9	-1.7	-2.4	-1.8	-1.1	-0.3	-0.8
Q3	-7.0	-2.2	-2.1	-2.7	-1.0	-0.5	-0.5
Q4	-9.8	-2.3	-4.0	-3.5	-1.5	-0.3	-1.2
2009 Oct.	-3.4	-0.7	-1.3	-1.4	-0.4	-0.1	-0.3
Nov.	-1.7	-0.3	-0.7	-0.6	-0.2	0.0	-0.3
Dec.	-4.8	-1.3	-2.0	-1.5	-0.9	-0.3	-0.6
2010 Jan.	-3.6	-1.2	-1.0	-1.3	-0.5	-0.3	-0.1
Feb. [p]	-1.1	-0.4	-0.6	-0.2	-0.3	0.0	-0.3

3. Revaluation of securities held by MFIs

	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
2007	-14.2	-3.3	0.1	-0.4	-0.2	-3.2	-0.6	-6.7	27.6	3.8	11.7	12.1
2008	-56.4	-8.0	0.0	5.2	0.0	-20.1	-2.2	-31.2	-60.6	-8.2	-44.1	-8.2
2009	2.7	7.5	0.2	-3.4	-0.1	-0.1	0.8	-2.3	6.3	1.6	3.0	1.7
2009 Q2	-2.4	2.0	0.1	-2.0	-0.1	-1.7	0.3	-1.0	8.2	2.3	4.7	1.3
Q3	17.3	4.6	0.1	3.6	0.0	3.4	0.2	5.3	16.0	4.9	9.2	1.9
Q4	1.9	1.3	0.1	-1.7	-0.1	1.0	0.0	1.4	-0.8	-2.2	0.7	0.7
2009 Oct.	2.4	1.6	0.0	-0.3	0.0	0.5	0.0	0.7	-2.5	-0.9	-1.2	-0.4
Nov.	2.4	1.1	0.0	1.2	0.1	-0.1	0.0	0.0	-1.0	-0.7	-0.1	-0.1
Dec.	-2.9	-1.5	0.0	-2.6	-0.1	0.6	0.0	0.6	2.7	-0.6	2.0	1.2
2010 Jan.	-0.1	-0.1	0.1	-1.2	0.0	0.4	0.1	0.5	-4.9	-1.9	-1.4	-1.6
Feb. [p]	5.8	1.0	0.0	2.4	0.1	1.0	0.0	1.4	-5.3	-0.9	-2.4	-2.0

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.

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

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

1. 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
	By euro area residents													
2007	6,087.5	92.1	7.9	4.8	0.4	1.1	1.0	9,054.4	95.8	4.2	2.2	0.4	0.1	0.5
2008	6,860.0	89.7	10.3	7.3	0.4	1.2	0.8	9,881.8	96.9	3.1	1.9	0.5	0.1	0.4
2009 Q1	6,607.9	90.9	9.1	6.3	0.3	1.2	0.7	9,989.5	96.9	3.1	1.9	0.4	0.1	0.5
Q2	6,625.7	92.2	7.8	5.1	0.3	1.1	0.8	10,145.9	97.0	3.0	1.9	0.3	0.1	0.5
Q3	6,287.5	92.4	7.6	4.8	0.4	1.1	0.8	10,061.2	97.0	3.0	1.9	0.3	0.1	0.4
Q4 [(p)]	6,310.0	93.0	7.0	4.4	0.3	1.1	0.7	10,158.0	97.0	3.0	1.9	0.2	0.1	0.4
	By non-euro area residents													
2007	2,953.9	47.0	53.0	33.5	2.9	2.4	11.0	908.2	50.1	49.9	32.9	1.6	1.8	9.9
2008	2,816.9	48.2	51.8	33.4	2.8	2.6	10.2	897.0	54.9	45.1	28.7	1.4	1.9	9.4
2009 Q1	2,786.7	47.2	52.8	34.8	2.1	2.6	10.4	879.0	52.7	47.3	31.6	1.2	1.9	8.4
Q2	2,685.4	49.0	51.0	33.2	1.6	2.6	10.7	879.9	51.9	48.1	32.5	1.8	1.8	7.8
Q3	2,564.0	49.1	50.9	34.3	1.5	2.5	9.5	858.5	54.1	45.9	30.6	1.5	1.6	7.7
Q4 [(p)]	2,518.5	49.3	50.7	34.1	1.6	2.2	9.7	850.9	53.1	46.9	31.5	1.3	1.7	7.5

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
2007	4,933.2	81.5	18.5	9.2	1.7	1.9	3.4
2008	5,111.7	83.3	16.7	8.4	2.0	1.9	2.5
2009 Q1	5,197.9	83.3	16.7	8.7	1.9	1.9	2.5
Q2	5,225.1	83.6	16.4	8.3	1.8	1.8	2.7
Q3	5,203.2	84.0	16.0	8.2	1.8	1.9	2.3
Q4 [(p)]	5,179.6	83.3	16.7	8.7	1.7	1.9	2.5

Source: ECB.

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

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

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

3. Loans

	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
	To euro area residents													
2007	5,794.2	-	-	-	-	-	-	11,098.9	96.2	3.8	1.8	0.2	0.9	0.6
2008	6,312.6	-	-	-	-	-	-	11,739.4	95.9	4.1	2.1	0.3	1.0	0.4
2009 Q1	6,128.0	-	-	-	-	-	-	11,785.6	95.9	4.1	2.1	0.3	1.0	0.5
Q2	6,216.3	-	-	-	-	-	-	11,834.4	96.1	3.9	2.0	0.2	1.0	0.5
Q3	5,911.4	-	-	-	-	-	-	11,763.1	96.2	3.8	1.9	0.2	1.0	0.4
Q4 [p]	5,956.7	-	-	-	-	-	-	11,752.5	96.2	3.8	1.9	0.2	1.0	0.4
	To non-euro area residents													
2007	2,344.5	48.2	51.8	28.8	2.3	2.4	12.7	955.7	40.9	59.1	41.2	1.2	3.7	8.2
2008	2,282.0	45.8	54.2	31.8	3.0	2.6	11.3	965.8	40.5	59.5	41.9	1.4	4.3	7.4
2009 Q1	2,101.0	44.8	55.2	31.2	2.7	3.1	12.7	956.1	38.1	61.9	44.5	1.0	4.2	7.8
Q2	1,999.7	45.2	54.8	29.6	2.8	3.2	13.5	949.6	40.2	59.8	42.6	1.1	3.9	7.6
Q3	1,894.0	45.5	54.5	29.9	2.7	3.1	12.6	914.0	40.4	59.6	41.9	1.5	3.8	7.6
Q4 [p]	1,913.5	45.9	54.1	29.5	2.5	3.0	12.6	915.5	39.9	60.1	42.0	1.5	3.7	8.1

4. Holdings of securities other than shares

	Issued by MFIs [3)]							Issued by 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
	Issued by euro area residents													
2007	1,740.3	95.2	4.8	2.4	0.3	0.3	1.5	2,210.3	97.7	2.3	1.4	0.2	0.1	0.5
2008	1,979.5	95.3	4.7	2.6	0.4	0.2	1.2	2,651.4	97.3	2.7	1.7	0.3	0.1	0.4
2009 Q1	2,085.8	95.0	5.0	2.7	0.2	0.4	1.3	2,834.2	97.5	2.5	1.7	0.2	0.1	0.4
Q2	2,123.5	95.0	5.0	2.5	0.5	0.4	1.4	2,962.4	97.7	2.3	1.5	0.2	0.1	0.3
Q3	2,117.9	95.1	4.9	2.9	0.2	0.3	1.3	2,997.4	97.9	2.1	1.4	0.2	0.1	0.4
Q4 [p]	2,079.5	94.8	5.2	3.0	0.2	0.3	1.4	2,980.6	98.1	1.9	1.2	0.2	0.1	0.3
	Issued by non-euro area residents													
2007	582.4	53.9	46.1	27.3	0.7	0.4	14.4	652.3	35.9	64.1	39.3	4.5	0.8	12.6
2008	580.7	54.1	45.9	28.6	0.9	0.5	13.3	646.8	39.0	61.0	37.1	6.4	0.8	11.0
2009 Q1	597.8	52.1	47.9	27.6	0.3	1.6	13.9	617.8	34.1	65.9	40.5	4.3	0.8	15.3
Q2	571.0	55.3	44.7	24.6	1.7	1.4	14.6	633.1	33.5	66.5	41.4	4.0	0.9	15.0
Q3	562.7	56.3	43.7	25.3	0.6	0.5	14.7	618.3	34.8	65.2	39.3	4.2	0.9	15.1
Q4 [p]	547.8	55.6	44.4	26.5	0.4	0.5	14.9	604.6	34.7	65.3	38.6	4.0	0.9	15.5

Source: ECB.

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

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

3) For non-euro area residents, the term "MFIs" refers to institutions similar to euro area MFIs.

4) Including items expressed in the national denominations of the euro.

2.9 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						
2009 July	5,013.5	371.1	1,938.0	1,441.1	652.1	209.2	402.0
Aug.	5,105.3	374.7	1,969.3	1,496.8	660.6	209.2	394.7
Sep.	5,161.5	348.9	1,998.6	1,544.8	680.3	205.1	383.9
Oct.	5,170.9	351.1	2,017.5	1,522.0	687.1	207.0	386.0
Nov.	5,235.1	340.2	2,043.3	1,560.5	692.6	207.3	391.1
Dec.	5,363.9	343.0	2,076.2	1,671.0	707.5	211.8	354.4
2010 Jan. (p)	5,396.8	344.0	2,124.6	1,633.2	709.2	214.3	371.6
	Transactions						
2009 Q2	107.1	-0.7	99.8	19.5	2.2	10.0	-23.8
Q3	171.9	-9.0	69.9	112.6	9.1	2.0	-12.7
Q4	98.5	-11.9	63.6	46.2	15.8	9.3	-24.5

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						
2009 July	5,013.5	102.8	4,553.1	3,728.6	480.0	824.5	357.6
Aug.	5,105.3	105.8	4,648.5	3,803.9	491.5	844.6	350.9
Sep.	5,161.5	96.7	4,738.3	3,875.3	513.9	862.9	326.6
Oct.	5,170.9	95.6	4,742.3	3,867.4	522.2	874.9	333.0
Nov.	5,235.1	96.3	4,802.7	3,902.3	528.1	900.4	336.1
Dec.	5,363.9	99.3	4,959.2	4,009.4	538.6	949.8	305.5
2010 Jan. (p)	5,396.8	98.2	4,980.9	4,032.3	539.0	948.6	317.6
	Transactions						
2009 Q2	107.1	0.3	93.5	75.0	20.9	18.5	13.3
Q3	171.9	0.9	185.8	99.2	16.8	86.6	-14.8
Q4	98.5	3.0	118.0	74.1	15.1	44.0	-22.6

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									
2009 June	4,280.5	1,425.5	1,077.2	1,093.3	224.5	79.3	380.6	4,212.8	67.6	1,269.1
July	4,553.1	1,494.0	1,249.6	1,111.3	227.2	78.2	392.7	4,485.3	67.8	1,285.4
Aug.	4,648.5	1,515.9	1,293.0	1,139.7	230.5	78.2	391.3	4,580.4	68.1	1,285.2
Sep.	4,738.3	1,531.4	1,344.8	1,164.8	226.8	77.4	393.1	4,670.4	67.8	1,253.0
Oct.	4,742.3	1,546.7	1,321.9	1,178.3	231.6	78.8	385.0	4,674.5	67.8	1,246.2
Nov.	4,802.7	1,560.2	1,348.7	1,194.0	234.1	78.8	387.0	4,735.1	67.6	1,223.7
Dec.	4,959.2	1,577.0	1,449.2	1,215.3	239.2	84.4	394.1	4,888.1	71.1	1,201.6
2010 Jan. (p)	4,980.9	1,609.5	1,412.2	1,229.0	243.9	90.9	395.5	4,910.0	70.9	1,215.1
	Transactions									
2009 July	131.0	41.4	84.4	0.2	1.0	-1.8	5.8	130.9	0.1	16.5
Aug.	28.5	11.6	9.9	7.5	1.7	-0.8	-1.4	28.6	-0.1	5.3
Sep.	26.3	4.4	9.9	12.9	0.0	-0.1	-0.8	25.7	0.6	-26.3
Oct.	33.1	13.2	3.9	16.4	2.8	1.2	-4.4	33.2	-0.1	-5.2
Nov.	19.7	8.6	5.4	4.0	1.2	-0.5	1.0	19.8	-0.1	-18.6
Dec.	65.2	11.0	24.5	13.4	8.5	5.0	2.9	60.3	4.9	-36.7
2010 Jan. (p)	54.6	15.7	7.5	11.1	8.3	8.0	4.0	54.6	0.0	10.1

Source: ECB.

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

2.10 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										
2009 Q1	1,710.7	1,234.0	340.9	628.6	151.6	4.1	108.7	476.7	142.4	183.5	22.6
Q2	1,872.9	1,293.8	357.9	635.7	173.2	4.0	122.9	579.1	161.9	234.6	21.8
Q3	1,998.6	1,384.6	388.6	668.9	185.9	4.9	136.2	614.0	180.2	234.4	21.8
Q4 (p)	2,076.2	1,413.0	387.6	688.9	187.0	5.5	144.0	663.2	199.0	251.9	15.9
	Transactions										
2009 Q2	99.8	32.1	3.5	10.2	11.3	-0.8	7.9	67.7	6.7	48.7	-2.6
Q3	69.9	47.6	10.6	20.9	6.1	0.3	9.7	22.2	11.2	3.5	-1.0
Q4 (p)	63.6	25.5	-2.8	19.8	0.8	0.5	7.3	38.2	17.2	15.2	-6.1

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2009 Q1	1,070.6	503.0	48.1	-	26.2	19.8	408.8	567.5	89.3	190.8	47.9
Q2	1,251.6	566.2	69.8	-	28.6	16.8	450.2	685.5	110.8	210.9	59.7
Q3	1,544.8	701.4	97.2	-	35.8	24.8	543.4	843.4	127.0	265.1	61.8
Q4 (p)	1,671.0	721.5	97.1	-	36.1	23.9	564.3	949.5	138.3	295.3	65.8
	Transactions										
2009 Q2	19.5	-4.1	1.3	-	-1.4	-3.5	-1.3	23.6	4.3	1.0	7.1
Q3	112.6	34.1	7.5	-	4.1	2.3	20.8	78.5	2.4	34.0	1.4
Q4 (p)	46.2	3.0	4.4	-	1.0	-0.6	-1.7	43.0	3.8	8.5	3.6

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2009 Q1	594.6	492.9	85.1	-	407.8	-	-	101.8	9.5	15.9	0.3
Q2	627.6	540.1	82.9	-	457.2	-	-	87.5	12.9	16.2	0.4
Q3	680.3	592.0	78.1	-	513.9	-	-	88.2	14.5	18.9	0.3
Q4 (p)	707.5	612.7	74.1	-	538.6	-	-	94.8	15.6	19.0	0.3
	Transactions										
2009 Q2	2.2	15.8	-5.1	-	20.9	-	-	-13.6	2.1	0.2	0.0
Q3	9.1	10.6	-6.2	-	16.8	-	-	-1.5	0.9	-0.3	0.0
Q4 (p)	15.8	10.6	-4.5	-	15.1	-	-	5.2	0.9	0.4	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.

EURO AREA ACCOUNTS

3.1 Integrated economic and financial accounts by institutional sector

(EUR billions)

Uses 2009 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						442.2
Trade balance [1]						-21.9
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,067.9	110.4	675.4	52.6	229.5	
Other taxes less subsidies on production	26.2	4.8	14.2	3.5	3.8	
Consumption of fixed capital	354.2	98.2	198.4	11.5	46.1	
Net operating surplus and mixed income [1]	565.1	286.6	246.3	33.8	-1.7	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						4.7
Taxes less subsidies on production						
Property income	625.3	33.7	222.3	308.2	61.2	91.2
Interest	382.6	31.4	60.6	229.4	61.1	54.0
Other property income	242.7	2.3	161.6	78.7	0.0	37.2
Net national income [1]	1,874.5	1,533.9	109.7	32.5	198.5	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	238.2	200.9	32.3	4.8	0.3	1.2
Social contributions	410.1	410.1				1.1
Social benefits other than social transfers in kind	446.4	1.4	15.8	31.1	398.0	0.8
Other current transfers	178.2	67.8	24.3	42.8	43.3	7.2
Net non-life insurance premiums	41.4	30.7	9.1	0.9	0.7	1.0
Non-life insurance claims	41.2			41.2		0.5
Other	95.6	37.1	15.2	0.7	42.6	5.6
Net disposable income [1]	1,850.5	1,386.2	62.6	42.2	359.4	
Use of income account						
Net disposable income						
Final consumption expenditure	1,774.9	1,303.9			471.0	
Individual consumption expenditure	1,589.6	1,303.9			285.7	
Collective consumption expenditure	185.3				185.3	
Adjustment for the change in the net equity of households in pension fund reserves	15.0	0.1	0.6	14.3	0.0	0.0
Net saving/current external account [1]	75.6	97.2	62.1	27.9	-111.6	4.2
Capital account						
Net saving/current external account						
Gross capital formation	434.1	139.9	225.4	11.4	57.3	
Gross fixed capital formation	443.2	138.2	236.3	11.3	57.4	
Changes in inventories and acquisitions less disposals of valuables	-9.1	1.7	-10.9	0.1	0.0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	-0.2	-2.3	0.8	0.1	1.1	0.2
Capital transfers	34.1	7.8	1.0	1.9	23.4	3.5
Capital taxes	6.7	5.5	0.2	1.0		0.0
Other capital transfers	27.4	2.4	0.8	0.9	23.4	3.5
Net lending (+)/net borrowing (-) (from capital account) [1]	-2.6	59.8	50.5	27.1	-139.9	2.6
Statistical discrepancy	0.0	-0.1	0.1	0.0	0.0	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 2009 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						420.3
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,013.5	499.9	1,134.3	101.5	277.8	
Taxes less subsidies on products	217.4					
Gross domestic product (market prices)[2]	2,230.9					
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	565.1	286.6	246.3	33.8	-1.7	
Compensation of employees	1,069.2	1,069.2				3.4
Taxes less subsidies on production	244.6				244.6	-1.0
Property income	620.9	211.8	85.6	306.8	16.8	95.6
Interest	373.1	56.8	38.6	269.2	8.5	63.5
Other property income	247.9	155.0	47.0	37.6	8.2	32.0
Net national income						
Secondary distribution of income account						
Net national income	1,874.5	1,533.9	109.7	32.5	198.5	
Current taxes on income, wealth, etc.	238.7				238.7	0.7
Social contributions	410.1	1.1	16.5	46.2	346.3	1.1
Social benefits other than social transfers in kind	444.4	444.4				2.7
Other current transfers	155.5	87.0	8.8	42.3	17.4	29.8
Net non-life insurance premiums	41.2			41.2		1.2
Non-life insurance claims	40.5	33.4	6.2	0.6	0.3	1.2
Other	73.8	53.6	2.6	0.5	17.1	27.5
Net disposable income						
Use of income account						
Net disposable income	1,850.5	1,386.2	62.6	42.2	359.4	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	15.0	15.0				0.0
Net saving/current external account						
Capital account						
Net saving/current external account	75.6	97.2	62.1	27.9	-111.6	4.2
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	354.2	98.2	198.4	11.5	46.1	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	35.6	9.9	17.2	1.0	7.5	2.0
Capital taxes	6.7				6.7	0.0
Other capital transfers	28.9	9.9	17.2	1.0	0.7	2.0
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 2009 Q3	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		17,161.2	14,660.5	32,623.9	12,177.6	6,140.3	3,367.8	15,061.3
Monetary gold and special drawing rights (SDRs)				234.0				
Currency and deposits		6,303.3	1,732.6	9,960.4	2,054.5	846.4	751.3	3,888.8
Short-term debt securities		45.1	91.8	640.7	381.3	349.5	25.2	829.3
Long-term debt securities		1,396.9	144.1	6,150.5	1,879.4	2,049.1	353.0	3,168.3
Loans		68.7	2,841.3	12,808.3	2,957.9	425.0	468.5	1,806.8
of which: Long-term		49.8	1,650.0	9,764.5	2,472.9	310.3	358.2	.
Shares and other equity		3,790.9	6,560.0	1,915.9	4,707.6	2,022.1	1,167.3	4,658.1
Quoted shares		643.9	1,090.4	488.6	1,362.5	426.0	265.1	.
Unquoted shares and other equity		1,830.6	5,131.6	1,089.1	2,767.3	434.0	773.8	.
Mutual fund shares		1,316.3	338.0	338.2	577.8	1,162.1	128.3	.
Insurance technical reserves		5,296.1	143.2	1.9	0.0	187.7	3.2	153.7
Other accounts receivable and financial derivatives		260.1	3,147.5	912.2	196.9	260.6	599.4	556.4
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		90.9	28.3	-600.0	147.5	59.1	-55.2	9.3
Monetary gold and SDRs				0.1				-0.1
Currency and deposits		-0.8	39.6	-571.6	2.2	-1.9	-70.9	-121.7
Short-term debt securities		-4.0	-8.0	-8.3	0.3	-0.8	-0.8	30.2
Long-term debt securities		8.8	-15.1	38.8	63.9	27.2	8.2	12.6
Loans		1.0	5.8	-52.1	-17.1	0.2	20.2	-23.7
of which: Long-term		0.7	-25.3	36.7	-33.0	2.4	15.8	.
Shares and other equity		22.0	60.0	-14.0	80.5	37.3	-9.7	114.4
Quoted shares		-0.6	42.5	-14.0	86.6	-74.1	2.6	.
Unquoted shares and other equity		12.1	24.6	11.7	-16.8	-0.9	-18.9	.
Mutual fund shares		10.4	-7.0	-11.6	10.6	112.4	6.6	.
Insurance technical reserves		60.5	-0.2	0.0	0.0	0.6	0.0	6.9
Other accounts receivable and financial derivatives		3.5	-53.7	7.1	17.7	-3.5	-2.2	-9.3
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		457.9	659.0	129.9	363.9	145.6	57.2	285.1
Monetary gold and SDRs				51.9				
Currency and deposits		-1.6	-12.6	-53.9	-4.6	0.6	0.7	-65.5
Short-term debt securities		0.3	6.5	-1.3	-2.3	0.4	0.0	-4.6
Long-term debt securities		28.7	20.3	31.7	38.3	32.2	2.0	-3.6
Loans		0.0	1.8	-50.9	-10.5	-0.2	-0.3	6.1
of which: Long-term		0.0	10.8	-24.2	6.4	0.3	-0.3	.
Shares and other equity		348.8	586.6	156.3	347.8	113.4	54.1	360.5
Quoted shares		90.4	124.4	64.5	246.0	51.7	36.2	.
Unquoted shares and other equity		173.7	448.7	80.2	93.9	22.5	11.1	.
Mutual fund shares		84.6	13.5	11.6	7.9	39.2	6.8	.
Insurance technical reserves		94.2	0.0	0.0	0.0	-0.5	0.0	-0.4
Other accounts receivable and financial derivatives		-12.5	56.3	-4.0	-4.8	-0.2	0.8	-7.3
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		17,710.0	15,347.8	32,153.7	12,689.0	6,345.0	3,369.8	15,355.8
Monetary gold and SDRs				285.9				
Currency and deposits		6,300.9	1,759.6	9,334.9	2,052.1	845.1	681.1	3,701.5
Short-term debt securities		41.4	90.4	631.2	379.3	349.1	24.4	854.9
Long-term debt securities		1,434.4	149.3	6,221.0	1,981.6	2,108.4	363.2	3,177.2
Loans		69.7	2,848.9	12,705.3	2,930.3	425.0	488.3	1,789.2
of which: Long-term		50.5	1,635.5	9,777.0	2,446.3	313.0	373.7	.
Shares and other equity		4,161.7	7,206.6	2,058.3	5,135.9	2,172.8	1,211.7	5,133.0
Quoted shares		733.7	1,257.3	539.2	1,695.2	403.6	303.8	.
Unquoted shares and other equity		2,016.5	5,604.9	1,180.9	2,844.4	455.6	766.1	.
Mutual fund shares		1,411.4	344.4	338.2	596.4	1,313.7	141.7	.
Insurance technical reserves		5,450.9	142.9	1.9	0.0	187.7	3.2	160.2
Other accounts receivable and financial derivatives		251.1	3,150.1	915.3	209.7	256.8	598.0	539.8
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2009 Q3	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		6,407.6	23,202.6	31,800.3	11,966.9	6,295.3	7,955.9	13,330.0
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			25.4	22,696.3	30.1	0.0	253.7	2,531.8
Short-term debt securities			293.2	727.0	75.8	9.7	1,010.9	246.3
Long-term debt securities			512.3	4,523.0	2,343.6	30.5	4,960.4	2,771.4
Loans		5,735.3	8,375.4		2,722.4	267.5	1,307.0	2,968.9
of which: Long-term		5,363.9	5,894.4		1,838.5	84.4	1,094.2	.
Shares and other equity			10,694.2	2,784.5	6,572.5	423.6	4.5	4,336.3
Quoted shares			2,802.8	450.0	113.0	141.4	0.0	.
Unquoted shares and other equity		6.3	7,891.4	1,065.6	2,338.5	281.3	4.5	.
Mutual fund shares				1,268.9	4,121.0			.
Insurance technical reserves		33.8	331.8	65.1	0.8	5,353.9	0.4	
Other accounts payable and financial derivatives		632.2	2,970.3	1,004.3	221.7	210.2	419.0	475.3
Net financial worth [1]	-1,497.3	10,753.6	-8,542.1	823.6	210.7	-155.0	-4,588.1	
Financial account, transactions in liabilities								
Total transactions in liabilities		31.2	-22.2	-645.2	166.5	58.1	84.7	6.7
Monetary gold and SDRs								
Currency and deposits			0.0	-660.7	-3.0	0.0	-5.2	-56.4
Short-term debt securities			8.1	-42.8	-1.9	-1.3	41.7	5.1
Long-term debt securities			12.3	40.2	20.2	2.2	67.9	1.3
Loans		24.3	-72.9		1.4	-7.7	6.4	-17.2
of which: Long-term		32.4	-10.1		-5.0	0.2	6.5	.
Shares and other equity			47.7	-6.6	171.7	0.2	0.8	76.7
Quoted shares			9.7	5.3	1.4	0.1	0.0	.
Unquoted shares and other equity		0.0	38.0	-3.0	-30.9	0.1	0.8	.
Mutual fund shares				-8.9	201.3			.
Insurance technical reserves		0.1	0.7	1.8	0.0	65.2	0.0	
Other accounts payable and financial derivatives		6.8	-18.1	23.0	-21.9	-0.4	-26.9	-2.8
Changes in net financial worth due to transactions [1]	-2.6	59.7	50.6	45.1	-19.1	1.0	-139.9	2.6
Other changes account, liabilities								
Total other changes in liabilities		-3.3	1,150.2	170.2	312.9	144.5	67.0	205.1
Monetary gold and SDRs								
Currency and deposits			0.0	-109.3	0.0	0.0	0.0	-27.5
Short-term debt securities			-1.9	-4.0	-1.1	0.0	-1.0	7.0
Long-term debt securities			10.5	18.8	-0.2	-0.1	75.6	45.0
Loans		-2.9	6.0		-26.6	-0.2	-0.2	-30.1
of which: Long-term		-1.9	2.9		6.3	0.0	-0.2	.
Shares and other equity			1,136.3	230.5	324.7	53.7	0.0	222.1
Quoted shares			456.6	140.2	36.8	34.6	0.0	.
Unquoted shares and other equity		0.1	679.7	97.6	55.2	19.1	0.0	.
Mutual fund shares				-7.3	232.8			.
Insurance technical reserves		0.0	0.0	0.0	0.0	93.3	0.0	
Other accounts payable and financial derivatives		-0.4	-0.8	34.3	16.1	-2.2	-7.4	-11.3
Other changes in net financial worth [1]	-28.1	461.2	-491.2	-40.3	51.0	1.1	-9.8	80.0
Closing balance sheet, liabilities								
Total liabilities		6,435.5	24,330.6	31,325.3	12,446.4	6,498.0	8,107.6	13,541.8
Monetary gold and SDRs								
Currency and deposits			25.4	21,926.3	27.1	0.0	248.5	2,447.9
Short-term debt securities			299.4	680.2	72.8	8.4	1,051.6	258.4
Long-term debt securities			535.2	4,582.0	2,363.7	32.6	5,103.9	2,817.7
Loans		5,756.6	8,308.5		2,697.2	259.6	1,313.2	2,921.5
of which: Long-term		5,394.4	5,887.2		1,839.9	84.5	1,100.5	.
Shares and other equity			11,878.2	3,008.4	7,068.9	477.5	5.3	4,635.2
Quoted shares			3,269.2	595.5	151.1	176.1	0.0	.
Unquoted shares and other equity		6.4	8,609.1	1,160.3	2,362.8	300.5	5.3	.
Mutual fund shares				1,252.7	4,555.0			.
Insurance technical reserves		33.9	332.5	66.9	0.8	5,512.4	0.4	
Other accounts payable and financial derivatives		638.6	2,951.4	1,061.6	215.9	207.5	384.7	461.2
Net financial worth [1]	-1,528.0	11,274.5	-8,982.7	828.4	242.6	-153.0	-4,737.8	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2005	2006	2007	2007 Q4-2008 Q3	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2	2008 Q4-2009 Q3
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	3,906.7	4,069.1	4,255.2	4,398.2	4,432.2	4,439.1	4,438.1	4,431.2
Other taxes less subsidies on production	129.8	128.6	136.7	135.2	131.7	129.7	123.0	119.6
Consumption of fixed capital	1,189.4	1,249.9	1,317.8	1,366.8	1,381.4	1,393.0	1,401.5	1,408.3
Net operating surplus and mixed income [1]	2,068.2	2,185.9	2,329.6	2,376.9	2,355.4	2,289.8	2,206.6	2,158.9
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,585.6	3,012.8	3,584.1	3,859.6	3,861.8	3,749.6	3,516.9	3,254.5
Interest	1,344.5	1,643.2	2,057.2	2,298.0	2,308.2	2,220.5	2,062.8	1,849.9
Other property income	1,241.1	1,369.6	1,526.9	1,561.6	1,553.7	1,529.1	1,454.1	1,404.7
Net national income [1]	6,968.7	7,321.1	7,697.3	7,818.5	7,801.2	7,718.7	7,626.4	7,566.1
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	935.9	1,028.2	1,111.8	1,142.3	1,124.2	1,112.9	1,075.1	1,044.8
Social contributions	1,477.8	1,540.5	1,596.3	1,646.3	1,661.6	1,669.6	1,670.5	1,674.3
Social benefits other than social transfers in kind	1,505.5	1,553.2	1,597.4	1,648.4	1,666.2	1,690.0	1,721.3	1,752.8
Other current transfers	712.0	723.6	753.2	782.7	790.5	784.7	775.8	765.7
Net non-life insurance premiums	179.6	179.9	184.2	188.3	189.1	186.4	182.7	178.0
Non-life insurance claims	180.5	180.2	184.1	188.7	190.2	187.4	183.4	178.5
Other	351.9	363.4	384.8	405.7	411.3	410.8	409.8	409.1
Net disposable income [1]	6,882.3	7,228.9	7,602.8	7,716.3	7,696.1	7,614.4	7,522.3	7,460.8
Use of income account								
Net disposable income								
Final consumption expenditure	6,355.0	6,631.4	6,892.3	7,117.3	7,155.1	7,165.3	7,160.8	7,156.4
Individual consumption expenditure	5,690.2	5,946.3	6,181.5	6,376.9	6,405.7	6,405.4	6,393.7	6,382.6
Collective consumption expenditure	664.8	685.1	710.8	740.3	749.4	759.9	767.1	773.8
Adjustment for the change in the net equity of households in pension fund reserves	60.8	62.9	59.8	64.5	65.3	65.3	64.7	63.0
Net saving [1]	527.6	597.7	710.6	599.1	541.0	449.1	361.5	304.4
Capital account								
Net saving								
Gross capital formation	1,716.2	1,876.5	2,021.2	2,073.7	2,065.2	1,998.6	1,900.2	1,819.5
Gross fixed capital formation	1,708.1	1,852.5	1,993.0	2,046.8	2,027.8	1,975.0	1,903.4	1,842.9
Changes in inventories and acquisitions less disposals of valuables	8.1	24.0	28.2	26.9	37.4	23.6	-3.1	-23.4
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	-0.4	-0.4	-1.1	0.2	0.7	1.1	0.7	0.4
Capital transfers	183.6	170.0	151.2	163.8	164.6	161.8	169.3	168.1
Capital taxes	24.4	22.5	24.3	24.2	23.8	23.6	28.6	29.0
Other capital transfers	159.2	147.4	126.9	139.6	140.7	138.2	140.7	139.1
Net lending (+)/net borrowing (-) (from capital account) [1]	14.3	-13.9	23.1	-94.9	-132.6	-149.1	-129.4	-98.4

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	2005	2006	2007	2007 Q4-2008 Q3	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2	2008 Q4-2009 Q3
Generation of income account								
Gross value added (basic prices)	7,294.1	7,633.5	8,039.2	8,277.2	8,300.6	8,251.6	8,169.2	8,118.1
Taxes less subsidies on products	845.2	913.8	959.4	953.6	947.2	929.6	912.0	899.6
Gross domestic product (market prices)[2]	8,139.3	8,547.3	8,998.6	9,230.8	9,247.8	9,181.3	9,081.3	9,017.7
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	2,068.2	2,185.9	2,329.6	2,376.9	2,355.4	2,289.8	2,206.6	2,158.9
Compensation of employees	3,913.9	4,076.6	4,263.3	4,406.6	4,440.6	4,447.3	4,446.3	4,439.4
Taxes less subsidies on production	988.2	1,054.0	1,103.2	1,094.8	1,084.5	1,064.9	1,042.2	1,028.6
Property income	2,584.0	3,017.4	3,585.4	3,799.8	3,782.5	3,666.3	3,448.3	3,193.7
Interest	1,319.1	1,613.7	2,016.3	2,240.7	2,250.8	2,161.2	2,004.9	1,792.3
Other property income	1,264.9	1,403.7	1,569.0	1,559.1	1,531.7	1,505.1	1,443.4	1,401.4
Net national income								
Secondary distribution of income account								
Net national income	6,968.7	7,321.1	7,697.3	7,818.5	7,801.2	7,718.7	7,626.4	7,566.1
Current taxes on income, wealth, etc.	939.5	1,032.9	1,119.2	1,150.6	1,132.5	1,121.0	1,081.6	1,050.5
Social contributions	1,477.0	1,539.8	1,595.5	1,645.8	1,661.0	1,668.8	1,669.5	1,673.4
Social benefits other than social transfers in kind	1,497.9	1,545.2	1,588.4	1,639.9	1,658.0	1,681.9	1,713.4	1,745.1
Other current transfers	630.4	635.5	661.0	681.1	685.9	681.2	674.0	663.3
Net non-life insurance premiums	180.5	180.2	184.1	188.7	190.2	187.4	183.4	178.5
Non-life insurance claims	178.3	177.1	181.5	185.5	186.5	183.7	179.9	175.2
Other	271.6	278.2	295.4	306.9	309.2	310.0	310.7	309.5
Net disposable income								
Use of income account								
Net disposable income	6,882.3	7,228.9	7,602.8	7,716.3	7,696.1	7,614.4	7,522.3	7,460.8
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61.0	63.1	60.0	64.6	65.3	65.3	64.7	63.0
Net saving								
Capital account								
Net saving	527.6	597.7	710.6	599.1	541.0	449.1	361.5	304.4
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,189.4	1,249.9	1,317.8	1,366.8	1,381.4	1,393.0	1,401.5	1,408.3
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	196.7	184.5	165.9	177.0	175.5	170.2	177.8	176.9
Capital taxes	24.4	22.5	24.3	24.2	23.8	23.6	28.6	29.0
Other capital transfers	172.3	161.9	141.6	152.7	151.6	146.7	149.2	147.9
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)

	2005	2006	2007	2007 Q4-2008 Q3	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2	2008 Q4-2009 Q3
Income, saving and changes in net worth								
Compensation of employees (+)	3,913.9	4,076.6	4,263.3	4,406.6	4,440.6	4,447.3	4,446.3	4,439.4
Gross operating surplus and mixed income (+)	1,338.0	1,414.2	1,497.8	1,544.2	1,550.3	1,543.7	1,530.7	1,519.8
Interest receivable (+)	225.5	261.7	305.1	336.3	336.7	324.2	300.7	270.0
Interest payable (-)	130.5	163.4	208.9	233.9	233.0	216.5	190.9	161.1
Other property income receivable (+)	702.8	748.3	792.9	808.4	798.8	793.2	768.7	753.9
Other property income payable (-)	9.5	9.8	9.9	9.9	9.9	10.0	10.1	10.2
Current taxes on income and wealth (-)	741.7	794.3	851.6	889.3	891.8	889.1	875.8	869.3
Net social contributions (-)	1,473.8	1,536.5	1,592.1	1,641.9	1,657.2	1,665.2	1,666.0	1,669.8
Net social benefits (+)	1,492.6	1,539.7	1,582.8	1,634.1	1,652.2	1,676.0	1,707.6	1,739.2
Net current transfers receivable (+)	66.3	66.4	68.9	69.8	71.0	72.8	76.1	79.1
= Gross disposable income	5,383.6	5,602.8	5,848.3	6,024.4	6,057.6	6,076.4	6,087.2	6,091.0
Final consumption expenditure (-)	4,690.7	4,898.2	5,088.6	5,247.2	5,261.6	5,245.2	5,221.5	5,196.7
Changes in net worth in pension funds (+)	60.6	62.7	59.5	64.1	64.9	64.8	64.3	62.6
= Gross saving	753.5	767.4	819.3	841.3	860.8	896.0	929.9	956.8
Consumption of fixed capital (-)	325.6	344.7	365.4	380.2	383.7	386.5	388.7	390.5
Net capital transfers receivable (+)	24.0	18.7	12.4	14.9	15.3	15.1	16.0	18.0
Other changes in net worth [1] (+)	480.3	508.8	72.3	-1,196.8	-1,612.1	-1,222.9	-650.1	105.5
= Changes in net worth [1]	932.2	950.1	538.6	-720.8	-1,119.6	-698.2	-92.8	689.9
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	550.4	603.2	642.4	651.9	642.3	621.7	595.4	571.1
Consumption of fixed capital (-)	325.6	344.7	365.4	380.2	383.7	386.5	388.7	390.5
Main items of financial investment (+)								
Short-term assets	206.5	305.4	424.1	428.9	435.9	381.4	283.6	194.9
Currency and deposits	246.9	284.3	349.8	392.4	437.0	397.6	335.4	257.4
Money market fund shares	-20.2	0.9	40.0	13.5	-9.1	-4.0	-24.9	-22.7
Debt securities [2]	-20.2	20.1	34.2	23.0	8.0	-12.3	-26.9	-39.8
Long-term assets	411.4	329.3	156.5	41.8	41.4	96.2	200.3	323.9
Deposits	-8.7	1.2	-26.1	-34.8	-24.7	-10.7	17.3	57.0
Debt securities	-2.4	36.2	4.5	62.3	49.0	49.6	36.6	48.8
Shares and other equity	129.9	-24.9	-87.6	-196.5	-157.6	-109.4	-30.7	28.1
Quoted and unquoted shares and other equity	63.3	-8.6	-7.9	-49.1	-11.1	7.2	37.9	49.3
Mutual fund shares	66.5	-16.3	-79.7	-147.4	-146.5	-116.5	-68.5	-21.2
Life insurance and pension fund reserves	292.6	316.8	265.7	210.8	174.7	166.7	177.1	190.0
Main items of financing (-)								
Loans	398.0	401.6	350.1	238.7	200.4	149.6	119.9	98.5
of which: From euro area MFIs	358.5	355.3	283.7	184.2	82.6	19.9	10.1	-15.8
Other changes in financial assets (+)								
Shares and other equity	425.9	469.3	53.8	-998.2	-1,352.4	-1,037.2	-601.1	-16.1
Life insurance and pension fund reserves	109.3	46.5	24.5	-183.9	-254.5	-198.1	-102.8	43.9
Remaining net flows (+)	-47.7	-57.1	-47.2	-42.5	-48.3	-26.1	40.4	61.2
= Changes in net worth [1]	932.2	950.1	538.6	-720.8	-1,119.6	-698.2	-92.8	689.9
Financial balance sheet								
Financial assets (+)								
Short-term assets	4,484.4	4,748.2	5,211.0	5,542.9	5,719.6	5,788.6	5,797.8	5,763.3
Currency and deposits	4,174.0	4,454.4	4,843.3	5,104.7	5,312.9	5,374.4	5,430.1	5,397.6
Money market fund shares	296.4	257.6	296.0	348.5	328.0	346.5	312.0	315.6
Debt securities [2]	14.0	36.1	71.6	89.7	78.6	67.7	55.8	50.2
Long-term assets	11,000.4	11,893.9	12,075.5	10,871.4	10,452.5	10,252.1	10,694.9	11,285.2
Deposits	992.7	997.0	931.3	864.6	875.9	855.5	873.3	903.3
Debt securities	1,248.0	1,289.9	1,279.2	1,306.6	1,342.4	1,353.9	1,386.3	1,425.7
Shares and other equity	4,510.5	4,994.5	4,962.3	3,823.9	3,411.3	3,208.6	3,478.9	3,846.1
Quoted and unquoted shares and other equity	3,186.5	3,594.5	3,618.4	2,766.3	2,450.5	2,283.2	2,474.6	2,750.2
Mutual fund shares	1,324.0	1,400.0	1,343.9	1,057.6	960.8	925.5	1,004.3	1,095.8
Life insurance and pension fund reserves	4,249.2	4,612.5	4,902.7	4,876.2	4,822.9	4,834.1	4,956.5	5,110.2
Remaining net assets (+)	33.5	18.2	3.5	18.2	-3.1	-23.9	-3.8	-17.4
Liabilities (-)								
Loans	4,767.9	5,181.2	5,520.2	5,667.3	5,706.7	5,698.2	5,735.3	5,756.6
of which: From euro area MFIs	4,201.0	4,553.1	4,825.5	4,938.7	4,901.1	4,878.7	4,899.0	4,916.2
= Net financial wealth	10,750.3	11,479.0	11,769.7	10,765.2	10,462.3	10,318.6	10,753.6	11,274.5

Sources: ECB and Eurostat.
1) Excluding changes in net worth which are due to other changes in non-financial assets, such as revaluations of residential property.
2) 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)

	2005	2006	2007	2007 Q4-2008 Q3	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2	2008 Q4-2009 Q3
Income and saving								
Gross value added (basic prices) (+)	4,164.2	4,372.1	4,620.7	4,756.8	4,758.7	4,702.5	4,622.1	4,568.8
Compensation of employees (-)	2,471.4	2,583.9	2,711.6	2,807.3	2,828.1	2,825.5	2,817.2	2,803.0
Other taxes less subsidies on production (-)	72.8	74.7	79.9	79.6	76.6	75.2	70.2	67.2
= Gross operating surplus (+)	1,620.0	1,713.4	1,829.2	1,869.9	1,853.9	1,801.9	1,734.8	1,698.6
Consumption of fixed capital (-)	669.8	701.4	738.4	765.2	773.7	780.5	785.0	788.6
= Net operating surplus (+)	950.3	1,012.0	1,090.8	1,104.7	1,080.2	1,021.4	949.8	910.0
Property income receivable (+)	433.5	500.3	572.4	593.4	591.5	571.3	545.1	521.9
Interest receivable	141.3	169.6	199.0	225.2	227.0	216.6	200.7	181.3
Other property income receivable	292.2	330.7	373.4	368.2	364.6	354.8	344.4	340.5
Interest and rents payable (-)	236.2	284.2	345.7	396.3	402.5	384.1	353.5	313.4
= Net entrepreneurial income (+)	1,147.5	1,228.1	1,317.5	1,301.8	1,269.3	1,208.6	1,141.3	1,118.5
Distributed income (-)	857.6	925.7	986.3	1,027.4	1,023.1	1,016.4	988.4	959.2
Taxes on income and wealth payable (-)	149.1	189.8	212.1	212.8	195.4	188.6	167.9	146.8
Social contributions receivable (+)	72.8	74.9	64.3	64.9	65.5	65.6	66.2	66.7
Social benefits payable (-)	60.7	60.6	61.7	62.7	63.0	63.0	63.2	63.3
Other net transfers (-)	61.4	65.8	55.9	58.9	59.3	59.5	60.5	62.4
= Net saving	91.5	61.1	65.7	4.8	-6.0	-53.3	-72.5	-46.6
Investment, financing and saving								
Net acquisition of non-financial assets (+)	255.1	315.1	367.1	373.7	360.2	305.4	223.3	162.6
Gross fixed capital formation (+)	915.8	990.6	1,078.9	1,114.5	1,098.7	1,063.9	1,013.5	975.8
Consumption of fixed capital (-)	669.8	701.4	738.4	765.2	773.7	780.5	785.0	788.6
Net acquisition of other non-financial assets (+)	9.1	25.9	26.6	24.4	35.3	22.0	-5.2	-24.6
Main items of financial investment (+)								
Short-term assets	128.9	159.0	156.7	86.5	41.7	-17.6	19.4	57.0
Currency and deposits	113.7	146.3	154.4	89.4	15.6	-5.3	9.8	37.2
Money market fund shares	8.3	2.5	-19.1	6.6	30.6	27.7	33.0	43.3
Debt securities [1]	6.9	10.1	21.4	-9.6	-4.5	-40.0	-23.4	-23.5
Long-term assets	400.5	525.9	718.3	677.4	671.3	671.7	555.6	429.3
Deposits	30.8	31.0	11.3	14.7	9.2	19.2	29.5	18.5
Debt securities	-34.9	4.8	-38.5	-50.6	-35.5	8.7	-39.2	-57.4
Shares and other equity	241.3	288.9	428.8	396.3	380.7	385.6	342.4	304.7
Other (mainly intercompany loans)	163.3	201.3	316.7	317.1	316.9	258.2	222.9	163.4
Remaining net assets (+)	103.0	120.8	156.3	20.6	9.1	-119.2	-99.9	-99.5
Main items of financing (-)								
Debt	454.8	741.8	808.0	791.8	729.1	560.9	409.3	220.1
of which: Loans from euro area MFIs	271.7	456.3	557.8	501.6	405.6	278.1	120.5	-26.3
of which: Debt securities	12.4	41.3	42.6	41.7	49.7	63.9	79.9	87.9
Shares and other equity	280.6	245.5	455.7	283.0	281.3	253.5	284.0	298.8
Quoted shares	104.5	41.5	70.3	-2.5	2.6	13.2	45.5	56.8
Unquoted shares and other equity	176.1	204.0	385.4	285.5	278.7	240.4	238.5	242.0
Net capital transfers receivable (-)	60.5	72.3	69.0	78.6	77.9	79.1	77.6	77.1
= Net saving	91.5	61.1	65.7	4.8	-6.0	-53.3	-72.5	-46.6
Financial balance sheet								
Financial assets								
Short-term assets	1,507.3	1,671.5	1,808.0	1,844.4	1,861.1	1,841.9	1,877.6	1,911.7
Currency and deposits	1,229.3	1,367.2	1,507.6	1,536.6	1,540.9	1,510.4	1,550.5	1,579.0
Money market fund shares	176.5	184.8	161.0	182.8	187.8	210.5	213.7	224.4
Debt securities [1]	101.5	119.5	139.4	125.0	132.4	121.0	113.4	108.3
Long-term assets	8,790.3	10,140.7	10,942.8	9,971.7	9,299.4	9,057.0	9,492.3	10,143.2
Deposits	116.5	151.6	184.2	174.9	186.5	183.6	182.1	180.6
Debt securities	283.1	287.7	238.2	168.2	192.5	173.9	122.5	131.4
Shares and other equity	6,426.6	7,562.3	8,082.9	6,951.5	6,168.2	5,880.3	6,346.3	6,982.3
Other (mainly intercompany loans)	1,964.1	2,139.1	2,437.4	2,677.1	2,752.3	2,819.2	2,841.3	2,848.9
Remaining net assets	278.2	326.9	400.4	410.7	389.4	339.3	345.8	367.0
Liabilities								
Debt	7,196.3	7,868.7	8,642.6	9,220.2	9,379.3	9,468.8	9,512.7	9,475.6
of which: Loans from euro area MFIs	3,529.2	3,984.9	4,530.9	4,863.9	4,929.5	4,911.1	4,886.3	4,810.9
of which: Debt securities	684.4	703.6	706.8	736.5	757.2	776.0	805.5	834.5
Shares and other equity	11,177.7	13,131.7	14,219.3	11,697.1	10,606.5	9,947.1	10,694.2	11,878.2
Quoted shares	3,673.4	4,438.5	4,902.6	3,385.1	2,823.8	2,480.6	2,802.8	3,269.2
Unquoted shares and other equity	7,504.3	8,693.2	9,316.7	8,312.0	7,782.7	7,466.5	7,891.4	8,609.1

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)

	2005	2006	2007	2007 Q4-2008 Q3	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2	2008 Q4-2009 Q3
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	25.5	67.5	92.2	90.7	106.7	54.9	38.6	21.1
Currency and deposits	7.2	10.6	6.4	32.4	57.0	18.2	12.5	0.0
Money market fund shares	-0.5	3.6	3.1	21.7	20.3	16.8	9.4	6.6
Debt securities [1]	18.8	53.3	82.7	36.6	29.5	19.9	16.8	14.6
Long-term assets	282.5	310.8	201.3	133.6	108.9	96.5	133.6	185.2
Deposits	17.5	72.8	49.6	6.2	2.2	9.2	9.3	17.8
Debt securities	132.1	128.9	77.5	81.2	64.1	78.9	42.0	51.8
Loans	-4.7	-2.0	-14.2	16.0	25.1	-1.5	12.1	11.6
Quoted shares	31.1	-2.7	-1.8	-10.8	-15.7	-13.2	-16.5	-85.4
Unquoted shares and other equity	18.8	27.4	27.0	27.3	28.7	22.0	14.7	1.6
Mutual fund shares	87.6	86.5	63.2	13.7	4.4	1.2	72.2	187.7
Remaining net assets (+)	-5.9	4.7	-22.7	13.6	39.0	17.5	33.0	14.2
Main items of financing (-)								
Debt securities	-0.4	5.7	3.9	5.4	9.3	9.9	7.0	7.3
Loans	10.2	43.2	3.9	-12.3	22.4	0.1	13.0	9.9
Shares and other equity	10.4	9.6	1.8	-9.4	-0.6	2.9	2.8	5.3
Insurance technical reserves	335.3	324.4	290.7	238.5	182.1	165.2	177.4	190.4
Net equity of households in life insurance and pension fund reserves	291.6	318.1	286.9	221.1	174.1	160.1	171.9	186.6
Prepayments of insurance premiums and reserves for outstanding claims	43.8	6.2	3.9	17.4	8.0	5.0	5.6	3.8
= Changes in net financial worth due to transactions	-53.5	0.0	-29.5	15.7	41.3	-9.2	5.0	7.5
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	188.8	174.5	8.7	-413.8	-542.3	-427.6	-284.9	-66.2
Other net assets	75.5	-36.3	-54.7	-15.9	23.3	-9.8	52.5	78.5
Other changes in liabilities (-)								
Shares and other equity	122.8	39.6	-36.3	-145.2	-185.6	-190.4	-124.1	-52.6
Insurance technical reserves	141.8	51.2	22.5	-186.8	-247.4	-194.9	-98.5	50.5
Net equity of households in life insurance and pension fund reserves	150.8	47.7	22.6	-179.9	-247.4	-190.7	-95.2	52.1
Prepayments of insurance premiums and reserves for outstanding claims	-9.1	3.5	0.0	-6.9	0.0	-4.2	-3.3	-1.6
= Other changes in net financial worth	-0.4	47.4	-32.2	-97.6	-86.1	-52.1	-9.9	14.4
Financial balance sheet								
Financial assets (+)								
Short-term assets	435.3	511.0	596.3	668.0	707.8	717.3	705.6	692.0
Currency and deposits	146.6	156.6	163.1	188.4	222.9	214.7	198.5	192.7
Money market fund shares	75.6	81.6	82.5	99.0	100.2	113.0	103.7	104.9
Debt securities [1]	213.1	272.7	350.6	380.6	384.6	389.6	403.5	394.4
Long-term assets	4,702.8	5,126.3	5,288.1	5,047.0	4,865.5	4,814.1	4,986.4	5,208.5
Deposits	514.8	589.9	634.3	637.6	637.4	646.3	647.9	652.4
Debt securities	1,784.6	1,855.2	1,885.3	1,965.2	1,956.6	1,992.7	1,995.1	2,063.1
Loans	413.3	407.8	395.9	414.8	421.3	420.5	425.0	425.0
Quoted shares	631.1	713.8	707.4	516.9	405.6	370.4	426.0	403.6
Unquoted shares and other equity	431.5	503.1	539.4	484.1	462.5	435.5	434.0	455.6
Mutual fund shares	927.6	1,056.4	1,125.8	1,028.5	982.1	948.7	1,058.4	1,208.8
Remaining net assets (+)	179.2	206.8	176.7	190.8	226.3	228.5	238.1	237.0
Liabilities (-)								
Debt securities	21.4	35.9	35.2	36.7	43.2	42.2	40.2	41.0
Loans	196.5	236.5	237.2	247.7	263.9	263.6	267.5	259.6
Shares and other equity	627.6	676.8	642.3	524.8	456.1	397.1	423.6	477.5
Insurance technical reserves	4,583.0	4,958.6	5,271.9	5,271.5	5,206.5	5,222.9	5,353.9	5,512.4
Net equity of households in life insurance and pension fund reserves	3,896.9	4,262.7	4,572.2	4,559.9	4,498.9	4,513.6	4,641.3	4,798.7
Prepayments of insurance premiums and reserves for outstanding claims	686.1	695.9	699.7	711.5	707.6	709.3	712.6	713.7
= Net financial wealth	-111.1	-63.7	-125.4	-174.9	-170.2	-165.9	-155.0	-153.0

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

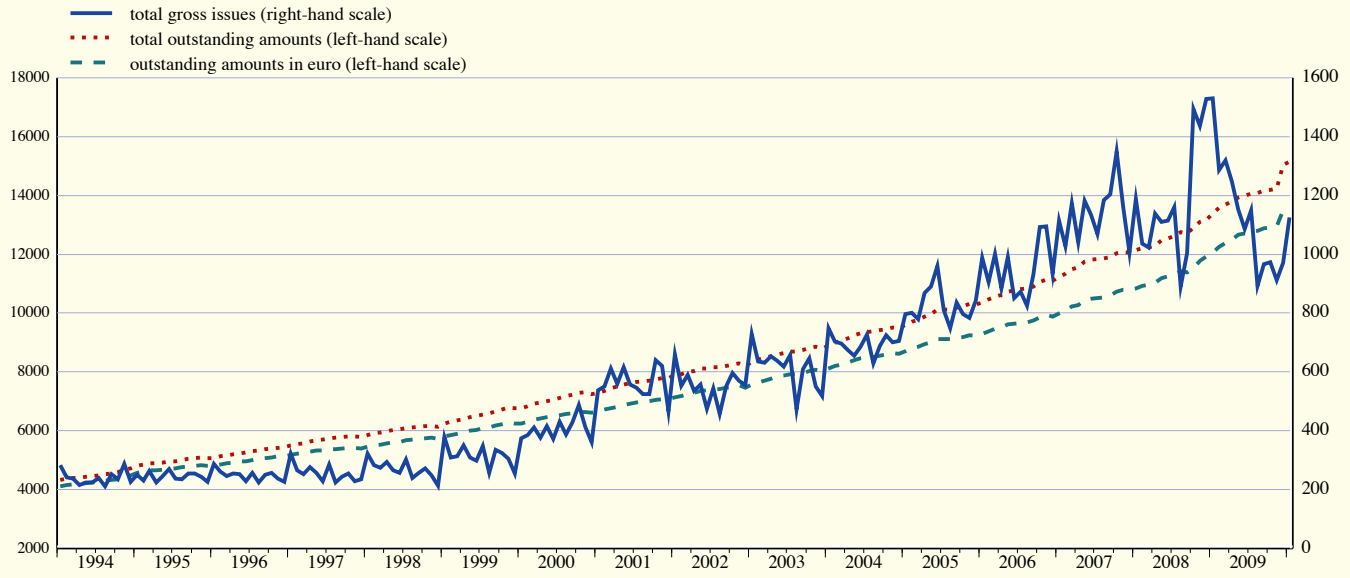
4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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											
2009 Jan.	14,243.5	1,500.6	94.0	12,061.3	1,451.4	135.7	13,376.2	1,530.1	145.1	10.1	103.1	13.0
Feb.	14,436.7	1,260.2	190.8	12,248.3	1,200.9	184.9	13,580.7	1,286.5	204.4	11.0	157.1	13.1
Mar.	14,608.7	1,318.1	170.4	12,384.4	1,229.9	134.5	13,686.2	1,318.7	149.9	11.9	134.4	15.2
Apr.	14,685.5	1,233.7	79.5	12,484.1	1,167.4	102.4	13,797.5	1,247.9	109.0	12.0	91.1	14.6
May	14,893.7	1,160.0	208.1	12,658.3	1,070.7	174.2	13,940.4	1,151.2	173.1	12.1	113.2	13.1
June	14,983.2	1,088.9	89.1	12,718.1	1,006.8	59.1	14,005.3	1,087.0	68.8	11.9	87.4	10.6
July	15,014.2	1,124.3	31.5	12,773.2	1,069.7	55.7	14,071.2	1,148.8	67.3	11.7	101.1	10.5
Aug.	15,063.3	883.2	48.1	12,803.5	827.4	29.3	14,091.8	893.4	22.6	11.0	60.7	8.9
Sep.	15,168.3	965.6	106.2	12,881.6	882.4	79.2	14,161.3	966.1	83.4	12.0	144.8	9.0
Oct.	15,160.5	950.7	-7.1	12,902.6	901.1	21.6	14,182.4	972.4	24.4	10.9	-1.3	7.5
Nov.	15,216.2	888.5	55.9	12,960.4	846.2	58.1	14,243.9	912.0	66.6	9.6	42.7	6.4
Dec.	15,756.1	935.8	-45.2	13,501.3	882.3	-44.3	15,030.9	970.7	-43.4	8.1	35.6	5.3
2010 Jan.	.	.	.	13,587.1	1,019.9	85.0	15,152.2	1,125.7	100.1	7.7	72.3	4.8
	Long-term											
2009 Jan.	12,653.3	291.6	74.1	10,590.2	276.8	88.3	11,719.1	300.3	88.9	8.1	115.4	10.5
Feb.	12,823.6	301.5	169.2	10,752.5	270.5	161.4	11,892.5	297.6	173.5	9.2	136.3	10.6
Mar.	13,003.9	319.9	150.5	10,922.7	280.3	140.4	12,027.1	301.9	141.6	10.3	138.9	13.2
Apr.	13,079.9	292.4	79.2	10,990.7	257.6	71.3	12,104.9	276.4	74.7	10.3	71.4	13.9
May	13,283.1	339.2	204.3	11,160.9	281.4	171.4	12,255.9	301.8	175.6	10.6	112.9	13.3
June	13,403.7	313.2	118.9	11,269.6	274.6	106.7	12,383.8	308.5	126.9	10.8	99.7	11.9
July	13,429.3	269.4	25.8	11,301.7	248.0	32.4	12,424.4	272.9	41.3	10.8	82.5	11.2
Aug.	13,486.2	131.6	56.7	11,343.6	109.0	41.6	12,464.7	121.9	45.8	10.5	94.0	10.3
Sep.	13,558.2	223.6	72.0	11,417.9	197.0	74.3	12,527.7	222.6	74.5	11.5	120.0	9.9
Oct.	13,617.6	244.5	57.9	11,473.3	216.1	53.8	12,579.5	235.4	55.7	11.7	52.8	9.5
Nov.	13,704.8	199.5	86.2	11,556.3	178.8	82.0	12,659.1	193.9	84.8	10.8	51.1	8.4
Dec.	14,226.0	168.6	-19.1	12,086.5	153.1	-10.1	13,412.2	166.1	-16.9	9.2	-13.1	6.2
2010 Jan.	.	.	.	12,158.2	271.4	72.2	13,516.0	302.6	88.0	9.1	130.9	6.8

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2008	13,175	5,273	1,925	701	4,937	340	1,177	816	75	100	162	24
2009	15,031	5,376	2,973	799	5,510	373	1,124	738	58	85	221	22
2009 Q1	13,686	5,396	2,032	723	5,191	343	1,378	922	78	92	250	35
Q2	14,005	5,437	2,111	757	5,348	351	1,162	749	62	90	241	20
Q3	14,161	5,431	2,135	785	5,452	358	1,003	652	43	84	212	12
Q4	15,031	5,376	2,973	799	5,510	373	952	628	49	72	182	20
2009 Oct.	14,182	5,382	2,145	794	5,498	363	972	599	44	79	229	21
Nov.	14,244	5,389	2,156	796	5,537	366	912	590	37	69	197	20
Dec.	15,031	5,376	2,973	799	5,510	373	971	695	68	69	121	18
2010 Jan.	15,152	5,425	3,002	809	5,549	368	1,126	713	73	69	258	14
	Short-term											
2008	1,591	822	62	116	566	25	961	722	27	92	101	19
2009	1,619	733	69	70	725	21	874	639	14	68	137	15
2009 Q1	1,659	839	42	98	663	18	1,078	806	17	74	154	27
Q2	1,621	785	37	85	699	16	866	631	14	69	139	13
Q3	1,634	751	31	82	752	19	797	569	10	71	139	8
Q4	1,619	733	69	70	725	21	753	550	14	60	116	13
2009 Oct.	1,603	710	35	79	760	18	737	513	14	62	134	13
Nov.	1,585	706	34	74	751	19	718	515	9	58	121	15
Dec.	1,619	733	69	70	725	21	805	621	20	59	93	12
2010 Jan.	1,636	740	69	73	741	13	823	594	20	61	143	5
	Long-term [2]											
2008	11,585	4,451	1,862	585	4,371	316	216	95	48	8	61	4
2009	13,412	4,643	2,903	729	4,784	353	250	99	44	16	84	6
2009 Q1	12,027	4,558	1,991	625	4,529	325	300	116	61	18	96	8
Q2	12,384	4,652	2,074	673	4,650	335	296	119	48	21	102	7
Q3	12,528	4,680	2,105	703	4,700	339	206	83	33	14	72	4
Q4	13,412	4,643	2,903	729	4,784	353	198	78	35	13	66	6
2009 Oct.	12,580	4,672	2,110	714	4,739	345	235	85	30	17	95	8
Nov.	12,659	4,683	2,122	721	4,786	348	194	75	28	11	76	5
Dec.	13,412	4,643	2,903	729	4,784	353	166	74	48	10	28	7
2010 Jan.	13,516	4,685	2,933	735	4,808	355	303	118	53	8	115	8
	of which: Long-term fixed rate											
2008	7,615	2,327	635	448	3,955	250	120	49	9	6	53	3
2009	8,710	2,607	897	598	4,338	271	172	60	18	16	74	4
2009 Q1	7,934	2,395	701	491	4,094	253	208	72	27	18	86	5
Q2	8,249	2,493	747	539	4,211	260	210	72	23	20	90	5
Q3	8,375	2,528	767	569	4,251	259	139	49	14	13	61	3
Q4	8,710	2,607	897	598	4,338	271	131	45	10	12	59	5
2009 Oct.	8,437	2,536	767	581	4,289	264	169	56	8	17	83	5
Nov.	8,507	2,550	774	589	4,329	265	142	47	13	11	68	2
Dec.	8,710	2,607	897	598	4,338	271	83	33	8	8	27	6
2010 Jan.	8,761	2,644	901	600	4,347	268	201	79	11	7	100	4
	of which: Long-term variable rate											
2008	3,478	1,725	1,198	127	363	64	81	36	38	1	5	1
2009	4,281	1,751	1,955	121	374	81	61	27	25	1	6	2
2009 Q1	3,586	1,758	1,264	124	369	70	75	32	34	0	5	3
Q2	3,615	1,741	1,301	124	374	74	65	30	24	1	7	2
Q3	3,612	1,726	1,312	123	372	79	49	21	18	1	7	1
Q4	4,281	1,751	1,955	121	374	81	58	26	25	1	5	2
2009 Oct.	3,600	1,711	1,317	123	369	80	57	24	21	1	8	3
Nov.	3,606	1,708	1,322	122	373	81	42	21	14	0	5	2
Dec.	4,281	1,751	1,955	121	374	81	75	34	39	1	1	0
2010 Jan.	4,324	1,754	1,978	125	382	85	83	31	39	0	8	5

Source: ECB.

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

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

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

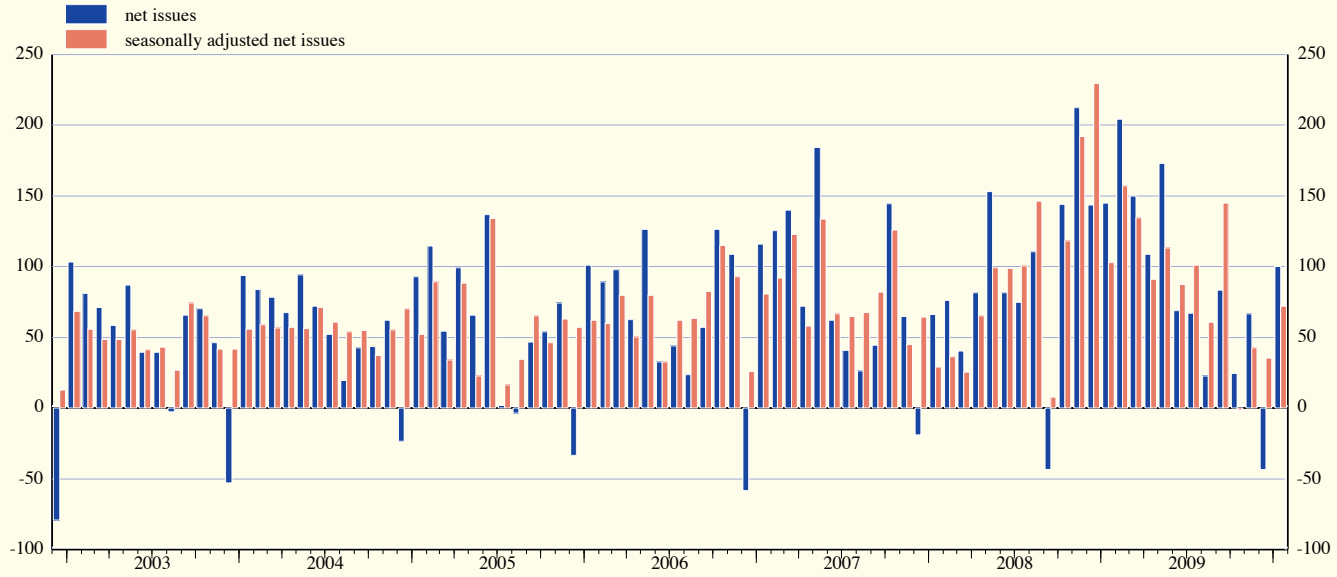
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2008	95.1	23.1	34.9	4.3	31.7	1.1	95.8	23.3	34.1	4.4	33.1	1.0
2009	89.3	9.9	22.2	8.0	46.4	2.8	89.2	9.7	21.6	7.7	47.3	2.8
2009 Q1	166.5	39.8	35.0	7.0	83.9	0.9	131.5	20.3	44.9	5.2	58.7	2.4
Q2	117.0	21.8	27.1	11.5	53.8	2.8	97.2	21.2	26.8	7.3	39.0	2.8
Q3	57.8	0.4	9.6	10.1	35.4	2.3	102.2	9.9	28.8	12.8	47.1	3.5
Q4	15.9	-22.4	17.0	3.6	12.6	5.1	25.7	-12.7	-14.1	5.6	44.4	2.5
2009 Oct.	24.4	-47.8	10.5	8.9	47.3	5.5	-1.3	-73.0	-10.4	7.0	71.3	3.9
Nov.	66.6	8.9	12.1	3.0	39.7	2.8	42.7	11.6	2.9	2.6	25.2	0.4
Dec.	-43.4	-28.4	28.4	-1.2	-49.2	7.1	35.6	23.3	-34.7	7.3	36.6	3.2
2010 Jan.	100.1	37.8	25.4	6.3	36.4	-5.7	72.3	13.8	65.8	2.4	-8.2	-1.6
	Long-term											
2008	65.7	16.2	32.8	2.8	13.3	0.6	65.0	16.3	32.0	2.9	13.2	0.5
2009	88.9	15.1	24.3	11.8	34.5	3.1	88.5	15.2	23.8	11.9	34.6	3.1
2009 Q1	134.7	25.0	41.8	12.9	52.0	3.0	130.2	16.3	51.9	14.4	44.7	2.9
Q2	125.7	36.2	28.6	15.9	41.3	3.7	94.7	25.5	27.7	12.2	25.7	3.5
Q3	53.9	12.3	11.7	11.1	17.4	1.4	98.9	22.5	31.2	12.9	29.8	2.5
Q4	41.2	-13.1	15.2	7.4	27.4	4.4	30.3	-3.5	-15.7	7.9	38.2	3.5
2009 Oct.	55.7	-6.1	5.9	11.1	39.2	5.6	52.8	-9.0	-15.3	11.2	61.4	4.4
Nov.	84.8	12.9	13.1	8.3	47.8	2.7	51.1	17.5	3.7	7.7	22.1	0.2
Dec.	-16.9	-46.2	26.5	2.7	-4.8	4.9	-13.1	-19.1	-35.5	4.7	31.1	5.7
2010 Jan.	88.0	35.4	25.8	3.3	21.6	2.0	130.9	37.8	63.6	4.5	23.4	1.7

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.

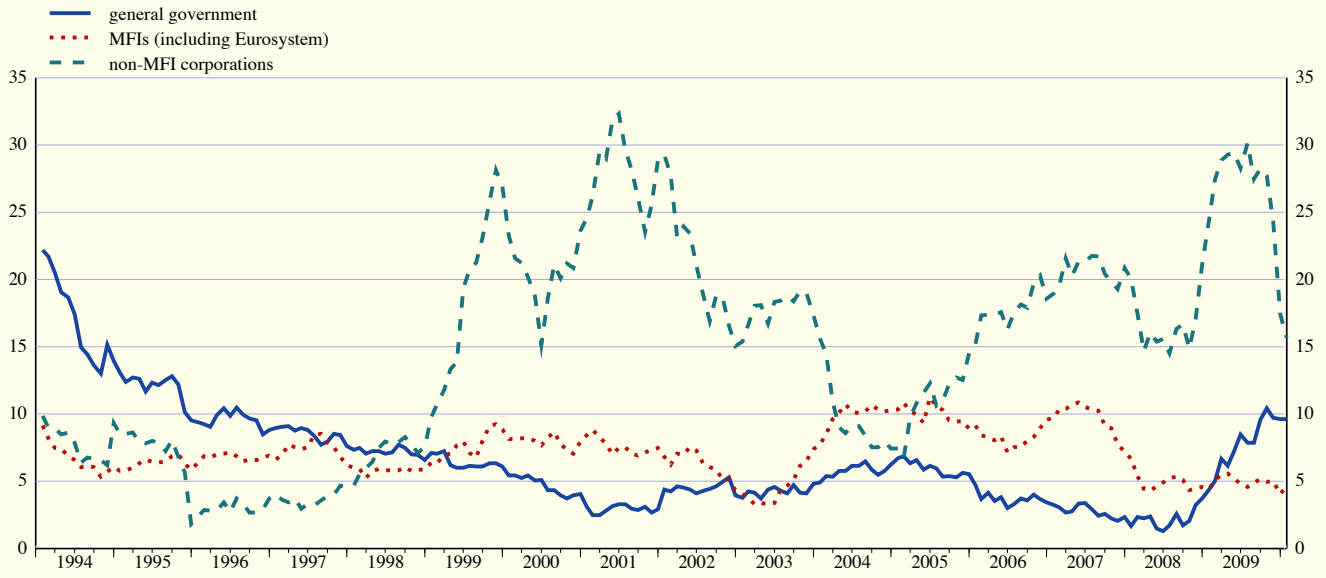
4.3 Growth rates of securities other than shares issued by euro area residents [1)]

(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											
2009 Jan.	10.1	5.3	30.0	7.2	9.6	5.5	13.0	3.6	37.9	12.4	16.0	8.6
Feb.	11.0	6.3	32.0	8.2	10.1	6.5	13.1	3.8	36.2	13.4	16.0	7.2
Mar.	11.9	6.4	33.1	9.1	11.6	7.9	15.2	4.8	38.0	13.0	19.8	10.0
Apr.	12.0	6.3	33.3	10.2	11.7	10.6	14.6	6.0	41.5	15.4	15.1	11.3
May	12.1	5.5	32.8	10.2	12.8	9.5	13.1	5.8	35.1	15.9	13.0	11.9
June	11.9	4.8	29.6	11.8	13.7	9.6	10.6	4.7	24.1	10.8	12.0	9.6
July	11.7	4.2	30.7	13.3	13.5	9.4	10.5	4.8	24.1	14.3	11.0	10.3
Aug.	11.0	3.5	26.8	12.9	13.4	9.0	8.9	3.2	18.4	12.4	10.7	10.8
Sep.	12.0	4.2	27.0	15.3	14.9	10.6	9.0	3.5	17.2	17.3	10.2	11.3
Oct.	10.9	3.0	25.8	16.2	13.6	10.4	7.5	0.1	11.9	17.2	12.1	9.4
Nov.	9.6	2.5	21.3	15.8	12.1	10.6	6.4	-0.7	9.0	15.8	11.3	9.3
Dec.	8.1	2.2	13.4	13.7	11.3	9.7	5.3	-0.3	3.5	15.3	10.7	10.4
2010 Jan.	7.7	2.2	13.3	13.2	10.2	9.1	4.8	-0.3	3.4	11.9	9.4	7.8
	Long-term											
2009 Jan.	8.1	4.4	30.6	8.3	4.4	3.4	10.5	3.0	42.2	16.1	7.1	4.2
Feb.	9.2	5.1	33.8	10.6	5.1	3.9	10.6	3.0	40.9	19.5	7.4	3.0
Mar.	10.3	5.4	34.8	13.1	6.7	5.8	13.2	3.9	42.8	21.1	11.8	7.3
Apr.	10.3	5.6	34.7	14.8	6.0	8.7	13.9	5.2	46.7	26.1	10.0	11.8
May	10.6	5.2	34.3	16.4	7.2	8.5	13.3	5.7	39.5	30.5	9.1	14.2
June	10.8	4.8	31.6	19.0	8.4	8.4	11.9	5.6	27.8	29.0	9.8	12.6
July	10.8	4.6	33.3	21.3	7.8	8.0	11.2	6.1	25.3	26.6	8.6	12.0
Aug.	10.5	4.9	29.8	20.8	7.8	8.0	10.3	6.8	19.6	22.1	8.3	13.2
Sep.	11.5	5.1	30.0	23.2	9.6	9.3	9.9	6.4	18.6	25.4	7.5	11.4
Oct.	11.7	4.9	28.6	25.3	10.4	10.4	9.5	4.7	12.7	24.6	11.0	9.0
Nov.	10.8	5.0	23.7	26.2	9.6	10.8	8.4	4.3	9.8	22.2	10.1	7.6
Dec.	9.2	4.0	15.3	24.2	9.5	11.8	6.2	2.5	3.9	19.6	9.1	10.9
2010 Jan.	9.1	4.6	13.8	21.3	9.5	11.4	6.8	3.1	3.2	16.1	10.5	10.7

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.

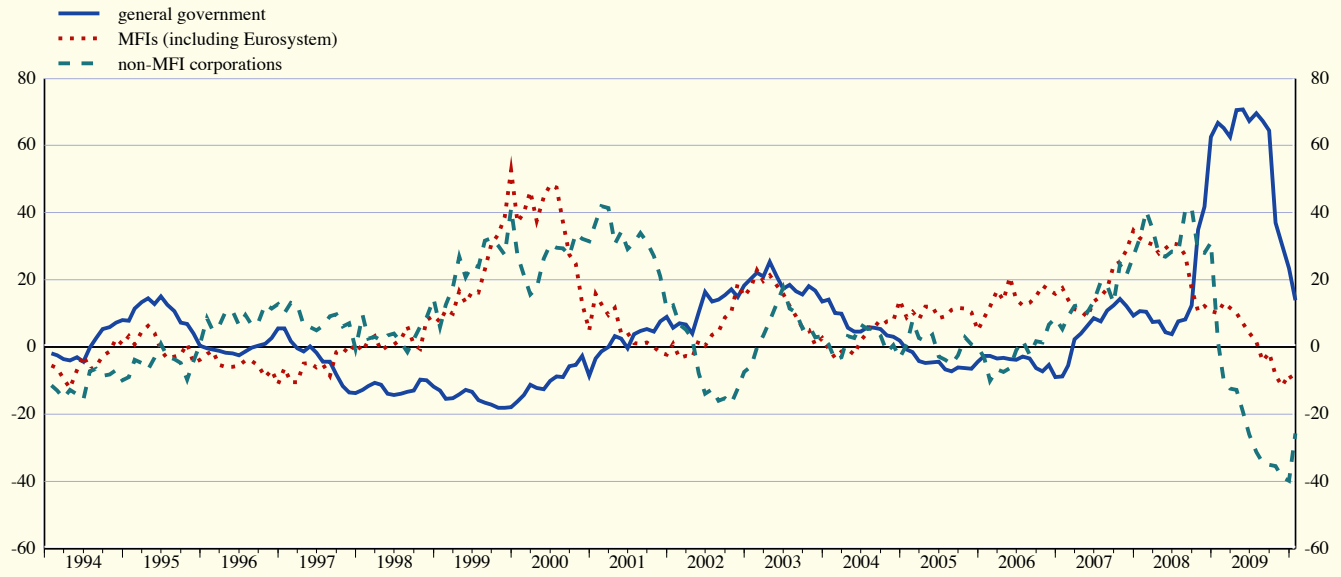
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(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											
2008	3.1	4.9	5.7	4.9	1.5	1.4	12.8	5.6	33.4	7.1	7.6	3.2
2009	9.6	7.0	20.8	24.2	8.0	4.2	12.3	2.0	37.0	-2.0	0.1	20.7
2009 Q1	6.1	4.9	12.9	12.5	5.3	1.6	15.8	5.3	44.7	0.8	0.8	11.1
Q2	9.0	6.8	20.3	21.3	7.5	4.8	14.6	3.3	44.0	-1.1	-0.6	19.9
Q3	10.6	7.2	24.6	28.4	9.0	3.9	11.6	1.0	36.5	-3.3	-1.6	25.1
Q4	12.4	8.9	25.1	34.0	10.3	6.6	7.8	-1.6	25.4	-4.4	2.0	26.2
2009 Aug.	10.5	7.4	24.6	28.2	8.7	3.5	10.6	1.0	33.9	-3.7	-3.8	25.9
Sep.	11.7	8.2	24.5	31.8	10.0	4.4	11.2	0.2	34.5	-4.8	2.9	28.2
Oct.	12.7	8.5	26.0	34.3	11.1	6.4	9.5	-1.1	31.2	-4.3	1.3	26.1
Nov.	12.5	9.4	25.5	35.3	10.1	7.1	7.0	-1.8	23.4	-4.3	1.7	25.8
Dec.	12.1	9.6	23.1	32.8	9.7	8.3	2.9	-4.0	11.7	-4.6	3.0	25.2
2010 Jan.	11.6	10.4	19.4	28.4	9.3	7.0	3.5	-3.4	10.9	-3.6	7.3	28.2
	In euro											
2008	2.9	4.7	6.1	3.0	1.7	1.3	14.3	6.6	35.1	7.2	7.9	2.0
2009	10.1	8.9	23.1	22.6	8.2	3.6	14.6	3.9	39.3	-2.6	-0.4	21.8
2009 Q1	6.5	6.1	16.3	9.8	5.6	0.9	18.7	7.9	47.7	0.7	0.9	10.9
Q2	9.6	8.7	23.3	19.5	7.7	4.2	17.3	5.3	47.0	-1.8	-0.7	21.7
Q3	11.3	9.4	26.5	27.4	9.2	3.3	13.8	2.9	38.8	-3.9	-2.4	27.4
Q4	12.9	11.2	25.8	33.5	10.4	6.1	9.3	-0.2	26.7	-5.2	0.7	26.8
2009 Aug.	11.2	9.6	26.6	27.5	9.0	2.8	12.6	2.7	36.1	-4.3	-4.9	28.3
Sep.	12.3	10.7	25.8	30.6	10.1	3.7	13.3	2.0	36.4	-5.7	1.7	30.5
Oct.	13.3	11.0	27.1	33.6	11.2	5.7	11.3	0.6	32.6	-5.3	0.0	26.9
Nov.	13.0	11.8	25.9	34.8	10.2	6.8	8.4	-0.6	24.6	-5.0	0.4	25.9
Dec.	12.3	11.0	22.8	33.3	9.8	8.0	3.8	-3.2	12.5	-5.2	1.7	25.1
2010 Jan.	11.7	11.4	19.3	29.1	9.4	6.6	4.2	-3.0	11.8	-4.1	5.9	28.3

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)

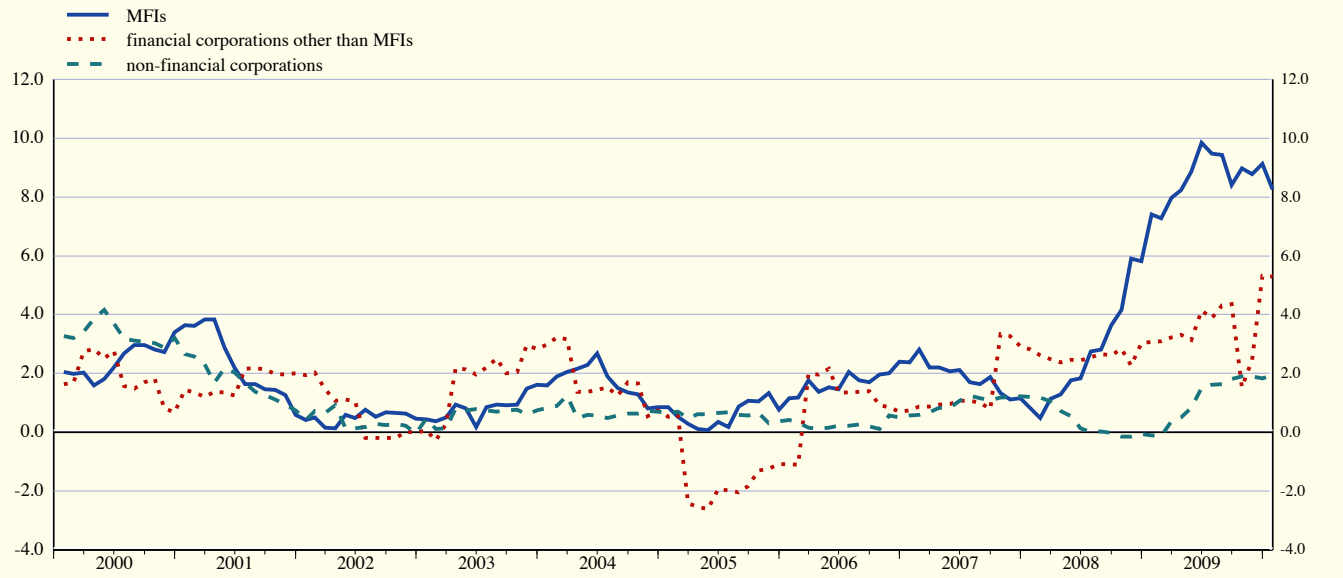
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2001 = 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
2008 Jan.	5,766.2	104.4	1.3	889.8	0.8	497.0	2.8	4,379.4	1.2
Feb.	5,820.8	104.5	1.2	860.1	0.5	492.0	2.6	4,468.7	1.2
Mar.	5,567.1	104.5	1.2	860.5	1.1	501.0	2.5	4,205.6	1.1
Apr.	5,748.0	104.4	1.0	837.2	1.3	519.1	2.4	4,391.7	0.7
May	5,729.4	104.5	0.9	771.0	1.8	496.7	2.5	4,461.7	0.6
June	5,081.0	104.5	0.6	665.3	1.8	435.5	2.4	3,980.3	0.1
July	4,972.7	104.6	0.6	691.6	2.8	427.9	2.5	3,853.2	0.0
Aug.	4,999.3	104.6	0.6	665.5	2.8	438.0	2.7	3,895.7	0.0
Sep.	4,430.0	104.7	0.7	612.2	3.6	381.8	2.6	3,436.1	0.0
Oct.	3,743.8	105.0	0.7	451.9	4.2	280.2	2.8	3,011.8	-0.1
Nov.	3,489.3	105.2	0.9	394.5	5.9	265.1	2.3	2,829.7	-0.2
Dec.	3,482.6	105.4	1.0	377.0	5.8	269.1	3.0	2,836.5	-0.1
2009 Jan.	3,300.8	105.6	1.1	342.8	7.4	258.7	3.1	2,699.3	-0.1
Feb.	2,934.9	105.6	1.1	275.0	7.3	206.0	3.1	2,453.9	-0.1
Mar.	3,018.8	106.1	1.5	314.5	8.0	223.5	3.2	2,480.8	0.4
Apr.	3,452.3	106.2	1.7	412.8	8.2	274.3	3.3	2,765.1	0.5
May	3,600.2	106.5	2.0	453.2	8.9	283.0	3.1	2,864.1	0.8
June	3,551.0	107.3	2.7	448.5	9.8	279.1	4.1	2,823.4	1.5
July	3,836.7	107.5	2.7	509.4	9.5	300.7	3.9	3,026.5	1.6
Aug.	4,034.6	107.5	2.8	572.4	9.4	321.4	4.3	3,140.9	1.6
Sep.	4,204.0	107.6	2.8	593.0	8.4	351.3	4.4	3,259.6	1.8
Oct.	4,059.1	107.8	2.7	568.1	9.0	325.9	1.5	3,165.1	1.9
Nov.	4,072.6	108.1	2.8	567.6	8.8	317.6	2.5	3,187.4	1.9
Dec.	4,417.7	108.6	3.0	572.5	9.1	345.3	5.3	3,499.8	1.8
2010 Jan.	4,253.1	108.7	3.0	522.9	8.3	338.1	5.3	3,392.0	1.9

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 [1)]

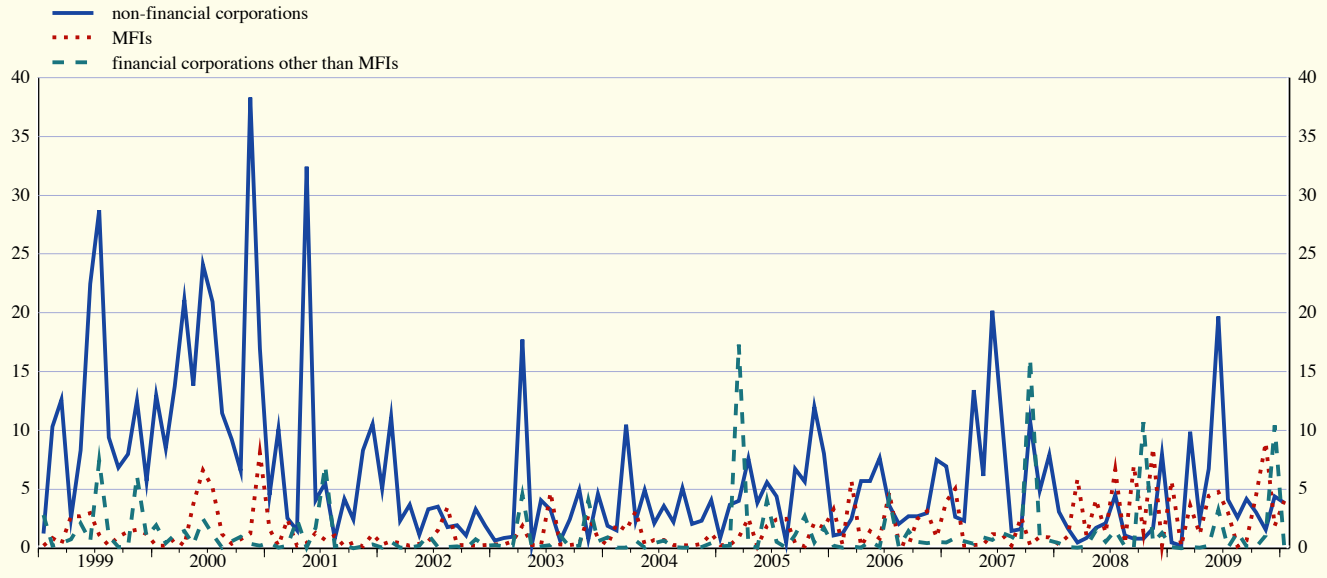
(EUR billions; market values)

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
2008 Jan.	3.6	1.4	2.3	0.1	0.0	0.1	0.4	0.7	-0.2	3.1	0.7	2.4
Feb.	2.8	1.9	0.9	1.0	0.0	1.0	0.1	0.3	-0.2	1.7	1.6	0.1
Mar.	6.4	6.0	0.3	5.9	0.0	5.9	0.0	0.5	-0.4	0.4	5.6	-5.1
Apr.	2.0	3.0	-0.9	1.1	0.0	1.1	0.1	0.5	-0.3	0.8	2.5	-1.7
May	7.3	6.0	1.4	4.1	0.1	4.1	1.5	0.3	1.2	1.7	5.6	-3.9
June	3.9	4.8	-0.9	1.3	0.0	1.3	0.5	0.1	0.4	2.1	4.7	-2.6
July	12.7	3.4	9.4	6.7	0.0	6.7	1.5	0.5	1.0	4.5	2.9	1.6
Aug.	1.5	3.0	-1.4	0.3	0.0	0.3	0.1	0.0	0.1	1.1	3.0	-1.9
Sep.	7.8	2.9	5.0	7.0	0.0	7.0	0.0	0.1	-0.1	0.8	2.8	-2.0
Oct.	12.8	0.6	12.2	1.4	0.0	1.4	10.7	0.0	10.7	0.8	0.6	0.1
Nov.	10.6	2.9	7.7	8.4	0.5	8.0	0.5	2.1	-1.6	1.7	0.3	1.4
Dec.	9.3	2.6	6.8	0.0	0.0	0.0	1.3	0.0	1.2	8.0	2.5	5.5
2009 Jan.	6.3	0.5	5.8	5.7	0.0	5.7	0.1	0.0	0.0	0.5	0.4	0.1
Feb.	0.2	0.9	-0.7	0.0	0.0	0.0	0.0	0.1	-0.1	0.2	0.8	-0.6
Mar.	13.6	0.2	13.4	3.6	0.0	3.6	0.1	0.0	0.1	9.9	0.2	9.7
Apr.	3.6	0.3	3.3	1.2	0.0	1.2	0.1	0.0	0.0	2.4	0.3	2.1
May	11.3	0.3	11.1	4.4	0.0	4.4	0.2	0.0	0.1	6.7	0.3	6.5
June	27.8	2.0	25.7	4.8	0.0	4.8	3.3	0.3	3.0	19.7	1.8	18.0
July	7.2	0.2	7.0	3.0	0.0	3.0	0.0	0.0	0.0	4.1	0.2	3.9
Aug.	3.9	3.3	0.6	0.0	0.0	0.0	1.3	0.0	1.3	2.6	3.3	-0.7
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.1	4.2	0.2	3.9
Oct.	7.6	0.3	7.4	4.5	0.0	4.5	0.1	0.0	0.1	3.0	0.2	2.8
Nov.	11.6	0.2	11.4	9.0	0.0	9.0	1.0	0.0	1.0	1.6	0.2	1.4
Dec.	16.7	0.2	16.5	1.9	0.0	1.9	10.4	0.1	10.4	4.4	0.1	4.3
2010 Jan.	7.9	0.1	7.8	4.0	0.0	4.0	0.1	0.1	0.0	3.8	0.0	3.8

C20 Gross issues of quoted shares by sector of the issuer

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



Source: ECB.

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

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 [2]	With an agreed maturity of:			Redeemable at notice of: [2], [3]		Overnight [2]	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
2009 Mar.	0.80	2.24	2.94	3.07	2.31	3.87	0.93	1.36	2.96	3.30	1.23
Apr.	0.66	2.01	2.69	2.87	2.22	3.75	0.77	1.15	2.64	3.06	1.12
May	0.61	1.89	2.39	2.71	1.99	3.62	0.73	1.08	2.38	3.11	1.02
June	0.56	1.86	2.38	2.57	1.95	3.52	0.63	1.04	2.17	2.58	0.93
July	0.52	1.86	2.41	2.61	1.86	3.38	0.57	0.82	2.41	2.93	0.68
Aug.	0.50	1.72	2.32	2.64	1.64	3.23	0.55	0.71	2.06	2.93	0.57
Sep.	0.49	1.61	2.27	2.52	1.60	3.12	0.52	0.69	2.10	2.74	0.58
Oct.	0.46	1.68	2.11	2.55	1.55	2.97	0.49	0.66	1.99	2.72	0.56
Nov.	0.46	1.67	2.23	2.56	1.52	2.76	0.48	0.70	2.11	2.92	0.58
Dec.	0.45	1.67	2.31	2.40	1.53	2.45	0.47	0.77	2.00	2.53	0.64
2010 Jan.	0.43	1.74	2.32	2.52	1.47	2.23	0.45	0.72	1.95	2.44	0.53
Feb.	0.42	1.75	2.24	2.35	1.45	2.11	0.44	0.73	2.11	2.38	0.53

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

	Bank overdrafts [2]	Consumer credit				Lending for house purchase					Other lending by initial rate fixation		
		By initial rate fixation			Annual percentage rate of charge [4]	By initial rate fixation				Annual percentage rate of charge [4]			
		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
2009 Mar.	9.94	7.51	6.51	8.31	8.05	3.65	4.34	4.61	4.72	4.38	3.83	4.72	5.05
Apr.	9.71	7.43	6.50	8.27	8.05	3.38	4.21	4.55	4.68	4.22	3.54	4.69	4.90
May	9.62	7.87	6.44	8.17	8.08	3.22	4.15	4.50	4.58	4.12	3.60	4.71	4.90
June	9.55	7.30	6.36	8.03	7.83	3.12	4.12	4.51	4.58	4.07	3.54	4.76	4.95
July	9.31	7.67	6.49	8.04	8.02	3.03	4.09	4.54	4.54	4.02	3.35	4.77	4.91
Aug.	9.26	7.96	6.54	7.96	8.17	3.00	4.10	4.54	4.45	4.06	3.21	4.74	4.82
Sep.	9.26	7.69	6.45	7.91	8.00	2.81	4.05	4.48	4.45	3.92	3.13	4.66	4.74
Oct.	9.16	7.32	6.38	7.94	7.87	2.77	4.02	4.45	4.40	3.85	3.21	4.73	4.72
Nov.	9.07	7.03	6.29	7.87	7.76	2.71	3.97	4.46	4.32	3.78	3.16	4.57	4.66
Dec.	8.99	6.42	6.26	7.56	7.43	2.71	3.96	4.42	4.26	3.81	3.08	4.40	4.35
2010 Jan.	8.94	6.83	6.42	8.04	7.86	2.71	3.94	4.38	4.26	3.79	3.13	4.45	4.46
Feb.	9.02	6.72	6.25	7.98	7.79	2.67	3.83	4.34	4.20	3.72	3.17	4.49	4.76

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

	Bank overdrafts [2]	Other loans of up to EUR 1 million by initial rate fixation			Other loans of over EUR 1 million 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 years
	1	2	3	4	5	6	7
2009 Mar.	5.08	4.03	5.06	4.74	2.85	3.22	3.87
Apr.	4.72	3.82	5.00	4.60	2.54	3.34	4.01
May	4.64	3.73	5.00	4.52	2.48	3.21	3.98
June	4.55	3.64	4.85	4.49	2.57	3.08	3.71
July	4.34	3.56	4.78	4.32	2.37	2.89	3.90
Aug.	4.24	3.42	4.67	4.24	2.31	2.80	3.83
Sep.	4.25	3.36	4.54	4.16	2.06	2.89	3.64
Oct.	4.18	3.33	4.49	4.18	2.14	2.73	3.64
Nov.	4.11	3.34	4.49	4.10	2.22	2.74	3.80
Dec.	4.05	3.28	4.22	3.96	2.19	3.15	3.58
2010 Jan.	4.05	3.25	4.20	3.99	2.01	2.88	3.65
Feb.	4.02	3.26	4.22	4.04	1.93	2.90	3.60

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, new business and outstanding amounts coincide. End of period.
3) 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.
4) The annual percentage rate of charge 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)

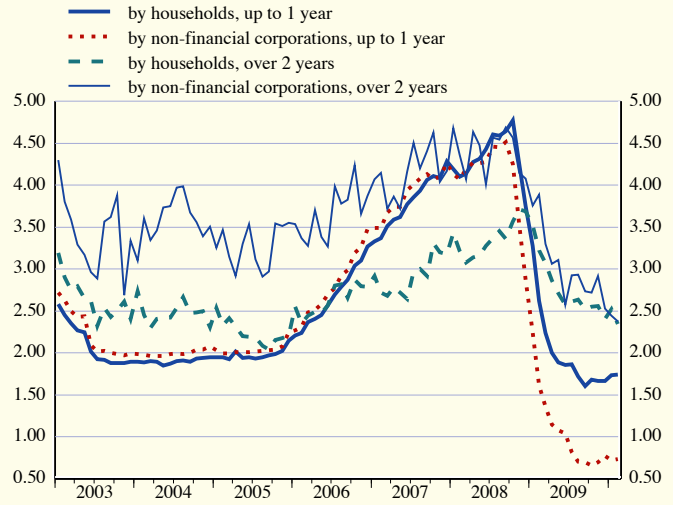
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2)]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2009 Mar.	0.80	3.78	3.06	2.31	3.87	0.93	2.80	3.87	2.29
Apr.	0.66	3.54	3.11	2.22	3.75	0.77	2.50	3.84	1.95
May	0.61	3.38	3.04	1.99	3.62	0.73	2.35	3.70	1.79
June	0.56	3.25	3.07	1.95	3.52	0.63	2.19	3.65	1.63
July	0.52	3.07	3.03	1.86	3.38	0.57	1.97	3.52	1.53
Aug.	0.50	2.94	3.01	1.64	3.23	0.55	1.89	3.39	1.53
Sep.	0.49	2.83	3.01	1.60	3.12	0.52	1.80	3.39	1.45
Oct.	0.46	2.64	2.96	1.55	2.97	0.49	1.70	3.34	1.35
Nov.	0.46	2.50	2.95	1.52	2.76	0.48	1.62	3.37	1.28
Dec.	0.45	2.39	2.92	1.53	2.45	0.47	1.70	3.29	1.21
2010 Jan.	0.43	2.20	2.80	1.47	2.23	0.45	1.45	3.23	1.20
Feb.	0.42	2.15	2.83	1.45	2.11	0.44	1.42	3.32	1.19

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
2009 Mar.	4.92	4.63	4.78	8.43	7.08	6.07	4.40	4.28	4.48
Apr.	4.70	4.49	4.65	8.19	7.00	5.92	4.10	3.97	4.25
May	4.59	4.45	4.56	8.09	6.92	5.84	4.00	3.84	4.12
June	4.50	4.40	4.46	7.97	6.91	5.79	3.91	3.72	4.00
July	4.31	4.31	4.36	7.82	6.79	5.70	3.72	3.59	3.81
Aug.	4.23	4.25	4.28	7.82	6.74	5.65	3.65	3.50	3.73
Sep.	4.18	4.26	4.25	7.80	6.72	5.64	3.62	3.43	3.68
Oct.	4.05	4.19	4.18	7.69	6.66	5.54	3.56	3.37	3.60
Nov.	4.01	4.15	4.12	7.56	6.66	5.51	3.53	3.36	3.57
Dec.	4.12	4.13	4.08	7.58	6.58	5.43	3.49	3.38	3.51
2010 Jan.	4.00	4.04	3.99	7.51	6.53	5.38	3.47	3.31	3.45
Feb.	4.06	4.11	4.03	7.50	6.63	5.42	3.45	3.33	3.48

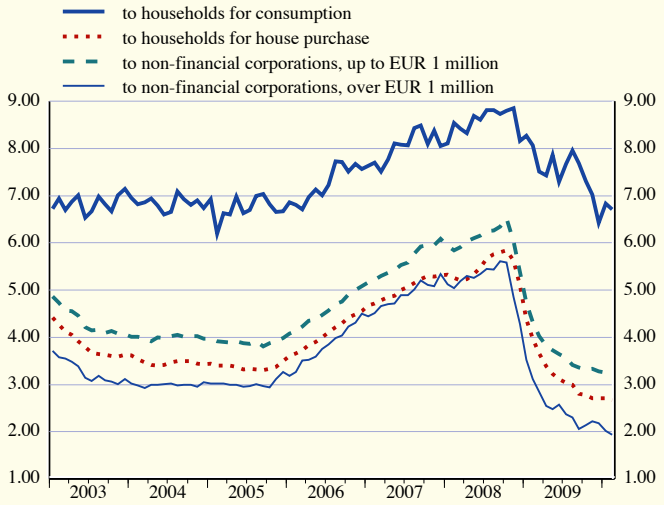
C21 New deposits with an agreed maturity

(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.

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

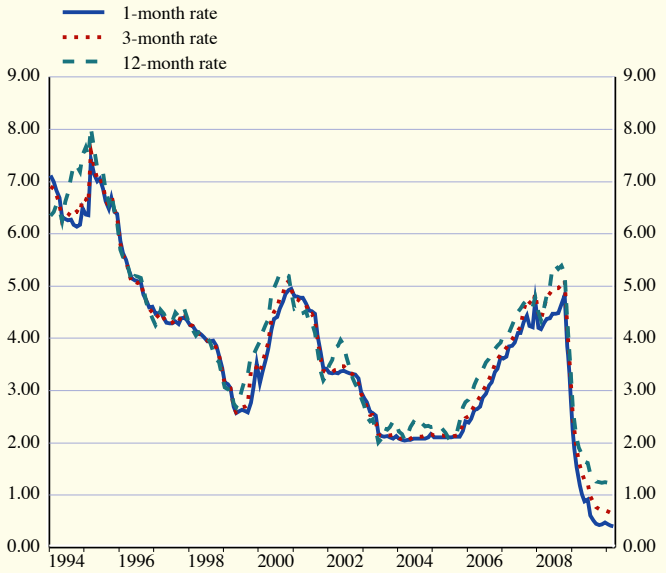
4.6 Money market interest rates

(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
2007	3.87	4.08	4.28	4.35	4.45	5.30	0.79
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2009 Q1	1.37	1.67	2.01	2.11	2.22	1.24	0.67
Q2	0.77	0.94	1.31	1.51	1.67	0.84	0.53
Q3	0.36	0.53	0.87	1.13	1.34	0.41	0.40
Q4	0.36	0.45	0.72	1.00	1.24	0.27	0.31
2010 Q1	0.34	0.42	0.66	0.96	1.22	0.26	0.25
2009 Mar.	1.06	1.27	1.64	1.77	1.91	1.27	0.62
Apr.	0.84	1.01	1.42	1.61	1.77	1.11	0.57
May	0.78	0.88	1.28	1.48	1.64	0.82	0.53
June	0.70	0.91	1.23	1.44	1.61	0.62	0.49
July	0.36	0.61	0.97	1.21	1.41	0.52	0.43
Aug.	0.35	0.51	0.86	1.12	1.33	0.42	0.40
Sep.	0.36	0.46	0.77	1.04	1.26	0.30	0.36
Oct.	0.36	0.43	0.74	1.02	1.24	0.28	0.33
Nov.	0.36	0.44	0.72	0.99	1.23	0.27	0.31
Dec.	0.35	0.48	0.71	1.00	1.24	0.25	0.28
2010 Jan.	0.34	0.44	0.68	0.98	1.23	0.25	0.26
Feb.	0.34	0.42	0.66	0.96	1.23	0.25	0.25
Mar.	0.35	0.41	0.64	0.95	1.22	0.27	0.25

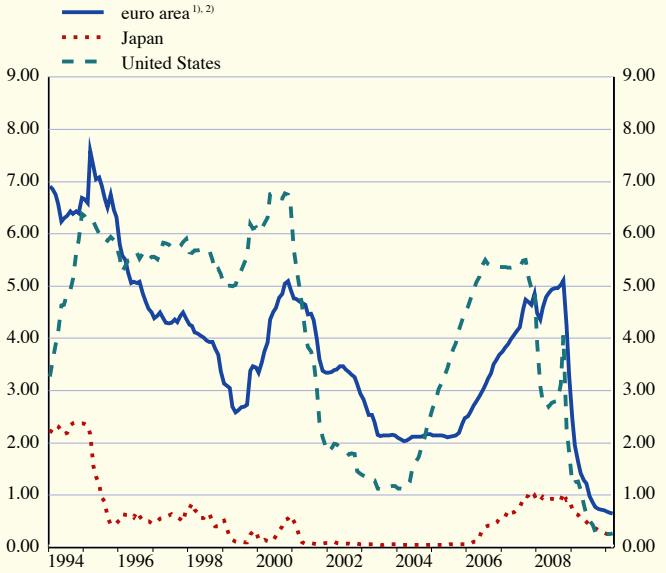
C23 Euro area money market rates [1), 2)]

(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.

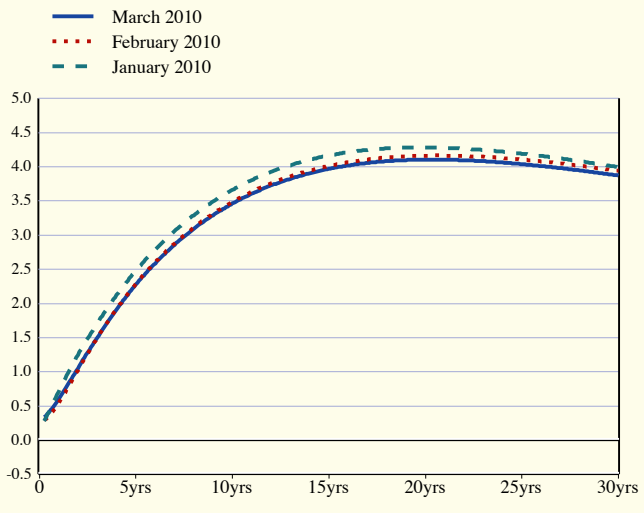
4.7 Euro area yield curves [1)]

(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
2007	3.85	4.00	4.01	4.11	4.23	4.38	0.52	0.36	4.06	4.02	4.40	4.78
2008	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2008 Q4	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009 Q1	0.78	0.88	1.46	2.70	3.23	3.77	3.00	2.31	1.41	2.58	4.24	5.19
Q2	0.62	0.90	1.50	2.85	3.42	3.99	3.37	2.49	1.47	2.67	4.54	5.42
Q3	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
Q4	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2009 Mar.	0.78	0.88	1.46	2.70	3.23	3.77	3.00	2.31	1.41	2.58	4.24	5.19
Apr.	0.74	0.96	1.53	2.72	3.25	3.79	3.05	2.26	1.52	2.58	4.24	5.19
May	0.79	0.93	1.53	3.00	3.60	4.18	3.39	2.65	1.43	2.77	4.81	5.61
June	0.62	0.90	1.50	2.85	3.42	3.99	3.37	2.49	1.47	2.67	4.54	5.42
July	0.49	0.74	1.43	2.68	3.21	3.74	3.26	2.31	1.49	2.62	4.21	5.13
Aug.	0.44	0.74	1.46	2.69	3.19	3.68	3.24	2.22	1.55	2.66	4.16	4.95
Sep.	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
Oct.	0.50	0.81	1.43	2.61	3.13	3.68	3.18	2.25	1.49	2.50	4.12	5.11
Nov.	0.44	0.80	1.34	2.49	3.01	3.57	3.13	2.23	1.38	2.32	4.00	5.04
Dec.	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 Jan.	0.28	0.71	1.25	2.48	3.06	3.66	3.38	2.42	1.28	2.25	4.15	5.23
Feb.	0.30	0.54	1.02	2.29	2.88	3.49	3.19	2.46	0.98	2.01	3.99	5.08
Mar.	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02

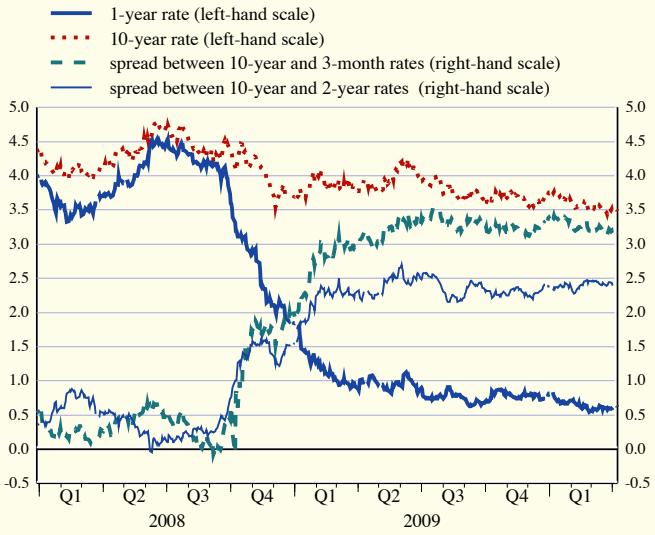
C25 Euro area spot yield curves

(percentages per annum; end of period)



C26 Euro area spot rates and spreads

(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.

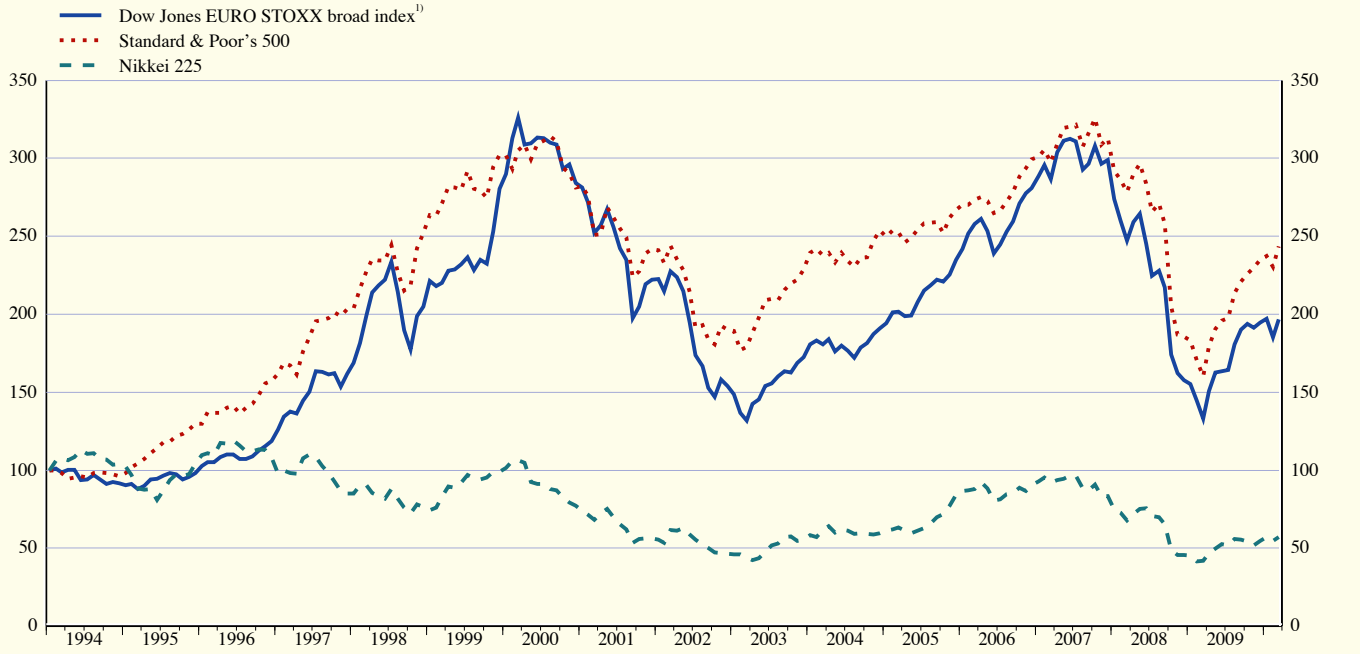
4.8 Stock market indices

(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
2007	416.4	4,315.8	543.8	235.4	366.5	449.6	408.3	488.4	383.4	561.4	492.7	519.2	1,476.5	16,984.4
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2009 Q1	200.2	2,166.4	293.6	131.6	207.9	272.5	126.3	223.0	175.7	340.6	367.2	345.7	810.1	7,968.8
Q2	220.5	2,376.6	326.9	136.6	229.5	287.3	158.6	251.0	201.1	337.7	351.5	343.8	892.0	9,274.8
Q3	247.2	2,660.6	369.0	142.0	257.1	296.8	192.7	286.0	211.3	361.1	386.0	365.1	994.2	10,117.3
Q4	268.1	2,872.7	422.1	151.5	282.8	316.9	209.7	317.7	214.1	375.3	416.5	399.3	1,088.7	9,969.2
2010 Q1	268.0	2,849.0	445.0	159.3	294.9	320.0	195.5	326.7	229.9	372.4	398.8	426.3	1,123.6	10,511.2
2009 Mar.	184.6	1,993.9	272.5	125.3	194.9	256.9	111.8	206.8	163.5	304.2	355.2	319.1	757.1	7,772.8
Apr.	209.3	2,256.3	308.4	134.6	219.0	268.1	145.0	237.9	196.0	323.2	356.8	327.7	848.5	8,755.5
May	225.7	2,426.7	331.6	140.1	233.8	296.0	164.5	259.8	203.1	346.3	348.0	346.7	901.7	9,257.7
June	226.7	2,449.0	341.0	135.3	235.9	298.3	166.8	255.5	204.3	343.8	349.6	357.0	926.1	9,810.3
July	228.0	2,462.1	337.9	134.8	243.7	288.6	170.6	256.8	198.8	334.7	364.8	352.9	934.1	9,678.3
Aug.	250.7	2,702.7	377.6	142.1	261.8	293.2	198.6	290.3	208.5	365.7	387.2	364.1	1,009.7	10,430.4
Sep.	264.0	2,827.9	393.3	149.5	266.5	308.7	210.2	312.5	227.2	384.4	407.0	378.8	1,044.6	10,302.9
Oct.	268.7	2,865.5	403.7	150.1	277.5	314.2	216.0	318.4	221.3	375.4	415.0	393.6	1,067.7	10,066.2
Nov.	265.4	2,843.8	415.4	149.5	280.0	315.3	208.7	313.6	209.9	369.8	414.5	391.5	1,088.1	9,641.0
Dec.	270.1	2,907.6	447.0	155.0	290.9	321.1	204.3	321.0	211.0	380.5	419.8	412.4	1,110.4	10,169.0
2010 Jan.	273.5	2,922.7	449.4	158.9	295.7	329.8	204.6	331.6	223.1	384.1	407.4	425.5	1,123.6	10,661.6
Feb.	257.0	2,727.5	427.9	154.3	285.3	309.8	183.9	312.3	222.7	360.9	386.8	415.0	1,089.2	10,175.1
Mar.	272.6	2,890.5	456.0	164.0	302.4	320.3	197.7	335.0	242.2	372.2	401.9	436.8	1,152.0	10,671.5

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2]	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
			Total excl. unprocessed food and energy										
% of total [3]	100.0	100.0	83.1	58.0	42.0	100.0	11.9	7.3	29.3	9.6	42.0	88.9	11.1
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006	102.2	2.2	1.5	2.3	2.0	-	-	-	-	-	-	2.1	2.5
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.3
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	1.7
2008 Q4	108.2	2.3	2.2	2.1	2.6	-0.6	0.2	0.3	0.3	-8.7	0.5	2.2	3.0
2009 Q1	107.4	1.0	1.6	0.1	2.2	-0.3	0.0	0.3	0.1	-4.9	0.4	0.7	2.9
Q2	108.3	0.2	1.5	-1.2	2.2	0.2	0.1	-0.9	0.1	0.7	0.4	0.0	1.8
Q3	108.0	-0.4	1.2	-1.9	1.8	0.2	0.3	-0.9	0.0	0.8	0.4	-0.6	1.2
Q4	108.6	0.4	1.0	-0.4	1.7	0.2	0.1	0.0	0.0	0.3	0.4	0.4	0.8
2009 Oct.	108.4	-0.1	1.0	-1.4	1.8	0.0	0.0	0.0	0.0	-0.2	0.2	-0.2	0.9
Nov.	108.5	0.5	1.0	-0.3	1.6	0.2	0.1	0.2	0.0	1.4	0.1	0.4	0.8
Dec.	108.9	0.9	1.0	0.5	1.6	0.0	0.2	-0.1	0.1	-0.5	0.1	0.9	0.8
2010 Jan.	108.1	1.0	0.9	0.7	1.4	0.2	-0.1	0.3	-0.1	2.1	0.0	1.1	0.4
Feb.	108.4	0.9	0.8	0.5	1.3	0.0	0.0	0.5	-0.1	-0.3	0.1	0.9	0.4
Mar. [4]	.	1.5	.	.	.	.	.	.	.	.	.	.	.

	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 [3]	19.2	11.9	7.3	38.9	29.3	9.6	10.2	6.0	6.6	3.3	14.8	7.1
	14	15	16	17	18	19	20	21	22	23	24	25
2006	2.4	2.1	2.8	2.3	0.6	7.7	2.5	2.1	2.5	-3.3	2.3	2.3
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2008 Q4	3.8	4.3	3.0	1.2	0.9	2.1	2.2	1.9	4.5	-2.0	3.3	2.2
2009 Q1	2.4	2.1	2.8	-1.1	0.7	-6.1	2.0	1.7	3.6	-1.7	2.7	2.1
Q2	1.0	1.1	0.8	-2.3	0.7	-10.7	2.1	1.8	3.1	-1.2	2.7	2.0
Q3	-0.1	0.6	-1.2	-2.8	0.5	-11.9	2.0	1.8	2.5	-0.6	1.8	2.1
Q4	-0.2	0.5	-1.5	-0.5	0.3	-3.2	1.9	1.7	2.5	-0.6	1.4	2.2
2009 Sep.	-0.2	0.5	-1.3	-2.6	0.5	-11.0	2.0	1.8	2.3	-0.3	1.7	2.1
Oct.	-0.4	0.3	-1.6	-2.0	0.3	-8.5	1.9	1.6	2.6	-0.3	1.6	2.1
Nov.	-0.1	0.5	-1.3	-0.4	0.2	-2.4	1.9	1.7	2.4	-0.7	1.3	2.2
Dec.	-0.2	0.7	-1.6	0.8	0.4	1.8	1.9	1.7	2.5	-0.8	1.2	2.2
2010 Jan.	-0.1	0.6	-1.3	1.1	0.1	4.0	1.9	1.7	2.6	-0.9	1.0	1.6
Feb.	-0.1	0.6	-1.2	0.8	0.0	3.1	1.9	1.6	2.2	-0.6	0.9	1.5

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) Weighting used in 2010.

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construction [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total [3]	100.0	100.0	83.0	75.8	30.1	21.9	23.7	2.7	21.0	24.2		
	1	2	3	4	5	6	7	8	9	10	11	12
2006	105.1	5.1	3.5	2.7	4.6	1.6	1.5	1.4	1.4	13.5	4.6	6.6
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.5	2.2	1.2	4.1	4.5
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.1	3.8	1.7
2009	108.6	-5.1	-5.4	-2.8	-5.3	0.4	-2.0	1.2	-2.4	-11.5	0.1	.
2008 Q4	113.7	3.4	0.7	2.4	2.5	2.5	2.0	2.6	1.9	6.4	3.4	0.7 [4]
2009 Q1	109.8	-2.0	-4.3	-1.1	-2.7	1.8	-1.0	1.8	-1.4	-4.4	2.6	-
Q2	108.3	-5.7	-6.8	-3.0	-5.8	0.7	-2.0	1.5	-2.5	-13.4	-0.2	-2.5 [4]
Q3	108.0	-7.8	-7.4	-4.1	-7.5	-0.1	-2.6	1.0	-3.1	-18.0	-1.7	-
Q4	108.4	-4.6	-3.0	-3.1	-5.0	-0.6	-2.4	0.5	-2.8	-9.5	-0.2	.
2009 Sep.	107.9	-7.6	-6.9	-4.2	-7.4	-0.4	-2.7	0.7	-3.2	-17.4	-	-
Oct.	108.2	-6.6	-5.2	-3.9	-6.5	-0.6	-2.8	0.4	-3.3	-14.3	-	-
Nov.	108.4	-4.4	-2.8	-3.0	-4.9	-0.6	-2.4	0.5	-2.7	-8.7	-	-
Dec.	108.5	-2.9	-0.8	-2.3	-3.4	-0.5	-1.9	0.5	-2.3	-5.1	-	-
2010 Jan.	109.2	-1.1	0.8	-1.1	-1.6	-0.7	-0.7	0.4	-0.8	-1.7	-	-
Feb.	109.3	-0.5	1.4	-0.6	-0.5	-0.6	-0.6	0.2	-0.7	-0.9	-	-

3. Commodity prices and gross domestic product deflators [1]

	Oil prices [5] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [6]			Use-weighted [7]			Total (s.a.; index: 2000 = 100)	Total	Domestic demand				Exports [8]	Imports [8]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consumption	Government consumption	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
2006	52.9	27.5	5.8	37.6	24.4	5.9	38.1	113.8	1.9	2.4	2.2	2.0	2.9	2.6	3.8
2007	52.8	7.5	14.3	5.0	5.1	9.4	2.7	116.5	2.4	2.3	2.3	1.7	2.7	1.6	1.4
2008	65.9	2.1	18.5	-4.3	-1.7	9.7	-8.5	119.0	2.2	2.7	2.9	2.7	2.4	2.5	3.7
2009	44.6	-18.5	-8.9	-23.2	-18.1	-11.5	-22.8	120.3	1.0	0.1	-0.1	2.0	-0.7	-3.2	-5.8
2008 Q4	43.5	-9.9	-7.2	-11.2	-14.5	-12.9	-15.8	120.0	2.3	1.5	1.9	2.0	1.8	2.0	0.0
2009 Q1	35.1	-29.2	-15.0	-36.0	-28.7	-17.7	-36.8	120.1	1.8	0.9	0.4	2.7	0.6	-2.0	-4.3
Q2	43.8	-24.5	-11.2	-31.0	-22.5	-10.0	-31.4	120.1	1.1	-0.2	-0.3	1.6	-0.8	-3.6	-6.9
Q3	48.1	-18.8	-12.7	-21.8	-18.9	-15.3	-21.5	120.3	0.9	-0.6	-0.7	2.4	-1.6	-4.4	-8.1
Q4	51.2	2.9	5.8	1.4	2.4	-0.9	4.9	120.4	0.4	0.1	0.2	1.5	-1.1	-2.8	-3.9
2009 Oct.	49.8	-7.3	-1.2	-10.2	-9.3	-10.3	-8.6	-	-	-	-	-	-	-	-
Nov.	52.1	-0.8	3.0	-2.7	-0.9	-2.9	0.6	-	-	-	-	-	-	-	-
Dec.	51.6	19.0	16.2	20.5	19.7	11.0	27.1	-	-	-	-	-	-	-	-
2010 Jan.	54.0	27.0	8.5	38.7	25.6	7.7	42.9	-	-	-	-	-	-	-	-
Feb.	54.5	25.1	5.0	38.0	24.9	7.1	42.1	-	-	-	-	-	-	-	-
Mar.	59.1	33.8	8.2	49.8	31.3	7.6	54.2	-	-	-	-	-	-	-	-

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 Financial Datastream 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) In 2005.
4) The quarterly data for the second and fourth quarters refer to biannual averages for the first and second halves of the year respectively. Since some national data are only available annually, the biannual estimate is partially derived from annual results; consequently, the accuracy of biannual data is lower than the accuracy of annual data.
5) Brent Blend (for one-month forward delivery).
6) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.
7) 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).
8) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

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

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

	Total (index: 2000 = 100)	Total	By economic activity					
			Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8
	Unit labour costs [1]							
2006	110.0	1.0	1.4	-0.5	3.4	0.6	2.2	2.0
2007	111.7	1.6	2.3	0.8	4.1	0.6	2.3	1.7
2008	115.4	3.3	-0.2	3.7	3.1	3.1	3.1	3.0
2009	119.8	3.8	0.6	9.8	1.6	4.7	1.0	2.2
2008 Q4	118.1	4.7	-0.9	9.7	3.2	5.3	2.4	2.8
2009 Q1	120.1	5.7	0.2	15.7	2.6	7.2	0.8	3.0
Q2	120.2	4.6	0.8	13.8	1.4	5.9	1.5	1.5
Q3	119.7	3.4	0.0	8.3	0.8	3.6	0.7	3.1
Q4	119.7	1.3	0.4	1.6	1.5	2.2	0.9	1.5
	Compensation per employee							
2006	114.9	2.3	3.2	3.4	3.5	1.7	2.3	1.7
2007	117.8	2.5	3.9	2.9	2.7	2.1	2.4	2.5
2008	121.6	3.2	2.8	3.0	4.5	2.7	2.4	3.7
2009	123.4	1.5	3.2	0.4	2.8	1.5	1.3	2.2
2008 Q4	122.6	2.9	1.9	2.8	4.3	2.9	1.8	3.3
2009 Q1	122.6	1.8	3.0	0.5	2.9	2.4	0.6	2.9
Q2	123.1	1.4	3.4	0.1	3.3	2.1	1.8	1.5
Q3	123.7	1.4	3.4	0.4	2.8	0.5	1.3	2.8
Q4	124.1	1.2	2.8	0.5	2.4	1.1	1.9	1.7
	Labour productivity [2]							
2006	104.5	1.3	1.8	3.9	0.1	1.1	0.1	-0.4
2007	105.5	1.0	1.6	2.1	-1.4	1.5	0.1	0.7
2008	105.3	-0.1	3.1	-0.7	1.3	-0.4	-0.7	0.7
2009	103.0	-2.2	2.5	-8.6	1.2	-3.1	0.4	0.0
2008 Q4	103.8	-1.7	2.9	-6.3	1.1	-2.3	-0.6	0.5
2009 Q1	102.0	-3.7	2.8	-13.1	0.3	-4.4	-0.3	-0.1
Q2	102.4	-3.0	2.6	-12.0	1.8	-3.5	0.3	0.0
Q3	103.4	-1.9	3.4	-7.2	2.0	-3.0	0.6	-0.2
Q4	103.7	-0.1	2.4	-1.0	0.9	-1.1	1.0	0.2

5. Hourly labour costs [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 [5]	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2006	94.3	2.3	2.3	2.2	3.4	1.3	1.8	2.3
2007	96.6	2.5	2.8	1.4	2.2	2.7	2.6	2.1
2008	100.0	3.5	3.5	3.3	3.9	4.2	3.1	3.2
2009	103.3	3.3	3.1	3.9	4.1	3.7	2.8	2.6
2008 Q4	101.8	4.5	4.3	4.9	6.2	5.1	3.4	3.6
2009 Q1	102.2	3.6	3.4	4.6	5.0	3.5	2.8	3.2
Q2	103.2	4.3	4.1	4.7	5.5	4.5	3.6	2.8
Q3	103.5	3.0	2.8	3.5	4.4	3.0	2.2	2.3
Q4	104.1	2.2	2.0	2.7	1.4	3.7	2.4	2.1

Sources: Eurostat, ECB calculations based on Eurostat data (Table 4 in Section 5.1 and column 7 in Table 5 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 value added (volumes) per person employed.
2) Value added (volumes) per person employed.
3) Hourly labour costs 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) In 2008.

5.2 Output and demand

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions; seasonally adjusted)								
2006	8,557.6	8,460.3	4,869.7	1,733.4	1,832.1	25.0	97.2	3,451.6	3,354.4
2007	9,006.7	8,865.5	5,062.1	1,803.4	1,970.7	29.4	141.2	3,733.0	3,591.8
2008	9,254.7	9,158.4	5,228.9	1,891.6	2,000.3	37.6	96.3	3,858.6	3,762.3
2009	8,975.1	8,856.6	5,170.6	1,974.5	1,771.2	-59.7	118.6	3,257.7	3,139.1
2008 Q4	2,292.1	2,273.8	1,303.6	480.3	481.1	8.8	18.2	903.6	885.4
2009 Q1	2,238.7	2,223.3	1,288.2	487.2	453.7	-5.8	15.4	808.7	793.3
Q2	2,236.0	2,206.1	1,290.7	492.2	444.7	-21.6	29.9	793.2	763.3
Q3	2,249.0	2,216.0	1,292.8	498.6	439.1	-14.5	32.9	818.0	785.1
Q4	2,251.5	2,211.2	1,298.9	496.4	433.7	-17.8	40.3	837.8	797.4
	percentage of GDP								
2009	100.0	98.7	57.6	22.0	19.7	-0.7	1.3	-	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [3])								
	quarter-on-quarter percentage changes								
2008 Q4	-1.9	-0.8	-0.6	0.6	-4.1	-	-	-7.3	-4.8
2009 Q1	-2.5	-2.3	-0.5	0.6	-5.2	-	-	-8.0	-7.6
Q2	-0.1	-0.8	0.1	0.6	-1.6	-	-	-1.1	-2.8
Q3	0.4	0.4	-0.1	0.7	-0.9	-	-	2.9	2.9
Q4	0.0	-0.2	0.0	-0.1	-1.3	-	-	1.9	1.3
	annual percentage changes								
2006	3.0	2.9	2.0	2.1	5.4	-	-	8.5	8.5
2007	2.8	2.4	1.6	2.3	4.8	-	-	6.3	5.5
2008	0.6	0.6	0.4	2.1	-0.6	-	-	1.0	1.1
2009	-4.1	-3.4	-1.1	2.3	-10.8	-	-	-12.9	-11.5
2008 Q4	-1.9	-0.5	-0.7	2.4	-6.0	-	-	-7.0	-3.8
2009 Q1	-5.0	-3.5	-1.4	2.4	-11.4	-	-	-16.1	-12.9
Q2	-4.9	-3.7	-1.0	2.3	-11.6	-	-	-16.6	-14.3
Q3	-4.1	-3.4	-1.1	2.6	-11.3	-	-	-13.2	-11.9
Q4	-2.2	-2.9	-0.6	1.8	-8.8	-	-	-4.6	-6.3
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2008 Q4	-1.9	-0.8	-0.3	0.1	-0.9	0.3	-1.2	-	-
2009 Q1	-2.5	-2.3	-0.3	0.1	-1.1	-1.0	-0.2	-	-
Q2	-0.1	-0.8	0.0	0.1	-0.3	-0.6	0.6	-	-
Q3	0.4	0.4	-0.1	0.2	-0.2	0.5	0.0	-	-
Q4	0.0	-0.2	0.0	0.0	-0.3	0.1	0.2	-	-
	contributions to annual percentage changes in GDP; percentage points								
2006	3.0	2.8	1.2	0.4	1.1	0.1	0.1	-	-
2007	2.8	2.4	0.9	0.5	1.0	0.0	0.4	-	-
2008	0.6	0.7	0.2	0.4	-0.1	0.1	0.0	-	-
2009	-4.1	-3.3	-0.6	0.4	-2.4	-0.8	-0.7	-	-
2008 Q4	-1.9	-0.5	-0.4	0.5	-1.3	0.8	-1.4	-	-
2009 Q1	-5.0	-3.5	-0.8	0.5	-2.5	-0.6	-1.6	-	-
Q2	-4.9	-3.7	-0.6	0.5	-2.5	-1.1	-1.2	-	-
Q3	-4.1	-3.4	-0.6	0.5	-2.4	-0.8	-0.7	-	-
Q4	-2.2	-2.8	-0.3	0.4	-1.9	-1.0	0.7	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

2. Value added by economic activity

	Gross value added (basic prices)							Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	
	1	2	3	4	5	6	7	8
	Current prices (EUR billions; seasonally adjusted)							
2006	7,643.7	140.8	1,563.7	477.3	1,594.2	2,136.3	1,731.4	913.9
2007	8,047.7	151.0	1,640.4	510.4	1,668.7	2,273.7	1,803.3	959.0
2008	8,309.2	145.9	1,658.7	533.9	1,724.8	2,363.7	1,882.3	945.4
2009	8,080.4	131.3	1,441.3	514.3	1,669.4	2,365.1	1,959.0	894.7
2008 Q4	2,061.7	34.6	395.5	132.0	427.7	593.6	478.3	230.4
2009 Q1	2,015.0	34.2	360.9	130.2	415.7	589.9	484.1	223.6
Q2	2,013.4	33.1	355.2	129.0	416.5	591.1	488.5	222.6
Q3	2,025.0	31.9	362.1	128.1	418.7	592.0	492.3	224.0
Q4	2,027.0	32.2	363.1	127.0	418.5	592.0	494.2	224.5
	percentage of value added							
2009	100.0	1.6	17.8	6.4	20.7	29.3	24.2	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [1])							
	quarter-on-quarter percentage changes							
2008 Q4	-1.9	0.1	-6.3	-2.0	-1.9	-0.7	0.3	-1.9
2009 Q1	-2.6	0.0	-8.0	-1.3	-3.1	-1.1	0.1	-1.7
Q2	-0.2	-0.2	-1.3	-1.0	-0.1	-0.1	0.7	0.3
Q3	0.4	0.3	2.4	-1.3	0.2	-0.3	0.2	0.8
Q4	0.0	-0.3	-0.1	-1.2	0.0	0.1	0.4	0.2
	annual percentage changes							
2006	2.9	0.0	3.6	2.8	2.7	4.1	1.4	3.3
2007	3.0	0.0	2.4	2.3	3.5	4.2	2.0	0.9
2008	0.8	1.6	-0.7	-0.8	0.9	1.5	1.6	-1.2
2009	-4.2	-0.1	-13.3	-5.8	-4.8	-1.8	1.5	-2.7
2008 Q4	-1.8	1.7	-7.5	-4.1	-2.0	-0.1	1.6	-2.4
2009 Q1	-5.1	0.3	-16.1	-6.8	-5.7	-1.7	1.3	-4.6
Q2	-5.0	0.2	-16.4	-5.9	-5.4	-2.1	1.6	-3.3
Q3	-4.3	0.3	-13.0	-5.5	-4.9	-2.1	1.4	-2.4
Q4	-2.4	-0.1	-7.2	-4.7	-3.0	-1.4	1.4	-0.3
	contributions to quarter-on-quarter percentage changes in value added; percentage points							
2008 Q4	-1.9	0.0	-1.3	-0.1	-0.4	-0.2	0.1	-
2009 Q1	-2.6	0.0	-1.5	-0.1	-0.6	-0.3	0.0	-
Q2	-0.2	0.0	-0.2	-0.1	0.0	0.0	0.2	-
Q3	0.4	0.0	0.4	-0.1	0.0	-0.1	0.1	-
Q4	0.0	0.0	0.0	-0.1	0.0	0.0	0.1	-
	contributions to annual percentage changes in value added; percentage points							
2006	2.9	0.0	0.7	0.2	0.6	1.1	0.3	-
2007	3.0	0.0	0.5	0.1	0.7	1.2	0.4	-
2008	0.8	0.0	-0.1	0.0	0.2	0.5	0.4	-
2009	-4.2	0.0	-2.8	-0.3	-1.0	-0.4	0.3	-
2008 Q4	-1.8	0.0	-1.5	-0.3	-0.4	0.0	0.4	-
2009 Q1	-5.1	0.0	-3.3	-0.4	-1.2	-0.5	0.3	-
Q2	-5.0	0.0	-3.3	-0.4	-1.1	-0.6	0.4	-
Q3	-4.3	0.0	-2.6	-0.4	-1.0	-0.6	0.3	-
Q4	-2.4	0.0	-1.4	-0.3	-0.6	-0.4	0.3	-

Sources: Eurostat and ECB calculations.

1) Annual data are not working day-adjusted.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total [1]	100.0	78.0	78.0	69.4	68.8	28.2	22.1	18.5	2.6	15.9	9.1	22.0
	1	2	3	4	5	6	7	8	9	10	11	12
2007	3.2	108.1	3.7	4.2	4.3	3.7	6.7	2.4	1.4	2.5	-0.9	1.2
2008	-2.3	106.2	-1.7	-1.8	-1.9	-3.3	-0.1	-2.0	-5.7	-1.4	0.3	-4.4
2009	-13.8	90.6	-14.9	-15.9	-16.4	-19.2	-20.9	-4.9	-17.3	-3.0	-5.9	-8.3
2009 Q1	-16.9	91.6	-18.4	-20.2	-20.6	-25.3	-24.0	-7.4	-19.8	-5.4	-4.3	-10.0
Q2	-16.7	89.2	-18.7	-19.5	-20.0	-24.2	-24.3	-5.9	-21.1	-3.3	-8.9	-7.5
Q3	-13.8	89.9	-14.5	-15.3	-15.8	-18.4	-21.1	-4.0	-18.3	-1.9	-6.3	-9.4
Q4	-7.5	91.5	-7.5	-8.0	-8.4	-6.9	-13.9	-2.5	-9.6	-1.4	-4.5	-6.6
2009 Aug.	-14.7	89.8	-15.1	-16.2	-16.1	-19.4	-22.1	-5.4	-19.4	-3.8	-6.1	-10.8
Sep.	-12.0	90.4	-12.7	-13.1	-13.7	-15.7	-18.3	-2.9	-15.5	-0.8	-7.3	-7.9
Oct.	-10.6	90.6	-11.1	-11.8	-12.3	-12.3	-17.3	-4.7	-14.0	-3.1	-5.3	-7.4
Nov.	-7.3	91.7	-6.9	-7.0	-7.4	-5.9	-12.9	-1.8	-7.8	-0.9	-5.7	-7.9
Dec.	-4.1	92.3	-4.0	-4.4	-4.8	-0.5	-11.3	-0.6	-5.8	0.1	-2.8	-3.9
2010 Jan.	-0.8	93.7	1.1	1.4	1.9	3.9	0.2	0.5	-0.2	0.7	0.0	-9.3
	month-on-month percentage changes (s.a.)											
2009 Aug.	0.0	-	0.3	0.4	1.3	7.0	1.6	0.1	1.1	-1.2	0.2	-0.1
Sep.	0.7	-	0.7	0.9	0.1	-5.5	1.6	-0.2	1.1	1.3	-1.6	-0.9
Oct.	0.1	-	0.3	-0.1	-0.2	1.2	-0.6	-1.0	0.3	-1.3	1.2	-0.4
Nov.	0.7	-	1.2	1.3	1.4	0.6	1.5	1.3	1.8	0.9	-2.6	-1.0
Dec.	0.4	-	0.6	0.1	-0.4	-1.4	-0.2	0.4	-0.5	0.6	2.7	-1.3
2010 Jan.	1.0	-	1.6	1.5	1.9	1.2	-0.5	0.4	2.7	0.1	3.2	-0.3

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

	Industrial new orders		Industrial turnover		Retail sales (excluding automotive fuel)							New passenger car registrations	
	Manufacturing [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			Total (s.a.; thousands) [3]	Total
										Textiles, clothing, footwear	Household equipment		
% of total [1]	100.0	100.0	100.0	100.0	100.0	100.0	100.0	42.9	57.1	9.9	13.9		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007	119.9	8.6	115.0	6.5	2.6	104.1	1.7	0.2	2.7	4.2	2.7	968	-0.6
2008	113.3	-5.3	116.9	1.9	1.7	103.6	-0.5	-0.6	-0.4	-1.7	-2.3	896	-7.0
2009	87.7	-22.8	95.6	-18.4	-2.6	101.4	-2.1	-1.3	-2.7	-1.1	-4.3	923	2.8
2009 Q1	83.2	-31.6	94.9	-21.6	-2.9	101.7	-3.0	-2.8	-3.1	-0.3	-6.8	833	-12.6
Q2	84.4	-30.6	94.0	-23.2	-3.0	101.5	-2.4	-1.1	-3.3	-2.1	-5.9	933	-0.3
Q3	90.9	-21.5	96.1	-18.8	-3.3	101.2	-2.3	-1.2	-3.2	-2.5	-3.7	957	9.6
Q4	92.0	-2.9	97.5	-9.2	-1.5	101.3	-0.9	-0.2	-1.3	0.5	-1.3	967	20.5
2009 Sep.	92.0	-16.4	96.3	-17.0	-3.9	100.9	-3.0	-1.5	-4.1	-4.7	-3.6	968	9.6
Oct.	90.1	-14.7	96.7	-16.5	-1.7	101.4	-0.9	-0.7	-1.2	2.6	-1.4	978	10.8
Nov.	92.6	-0.6	97.9	-6.9	-2.5	100.9	-2.0	-1.2	-2.5	-3.7	-2.4	970	34.0
Dec.	93.4	9.6	97.8	-2.8	-0.4	101.6	0.0	0.9	-0.6	1.9	-0.4	954	19.5
2010 Jan.	91.4	6.9	99.2	0.8	-0.7	101.3	-0.4	0.7	-0.8	2.0	-1.8	866	8.3
Feb.	.	.	.	.	.	.	.	.	.	.	.	890	2.9
	month-on-month percentage changes (s.a.)												
2009 Oct.	-	-2.1	-	0.4	0.5	-	0.5	0.0	0.8	2.2	0.5	-	1.0
Nov.	-	2.8	-	1.2	-0.4	-	-0.4	0.0	-0.6	-2.6	-0.6	-	-0.8
Dec.	-	0.9	-	0.0	0.8	-	0.7	0.5	0.8	2.2	0.9	-	-1.7
2010 Jan.	-	-2.2	-	1.4	-0.2	-	-0.2	-0.3	-0.1	1.1	-1.2	-	-9.2
Feb.	-	.	-	.	.	-	.	.	.	.	.	-	2.7

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

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator[2] (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation[3] (%)	Total[4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total[4]	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2006	107.2	2	0	6	13	83.2	-9	-3	-9	15	-9
2007	109.2	5	5	5	13	84.2	-5	-2	-4	5	-8
2008	93.5	-9	-15	11	-2	81.8	-18	-10	-25	24	-14
2009	80.8	-28	-56	14	-15	71.0	-25	-7	-26	56	-10
2009 Q1	71.5	-36	-56	20	-31	72.4	-33	-11	-41	64	-14
Q2	75.6	-33	-62	18	-20	69.9	-28	-9	-34	59	-11
Q3	84.1	-26	-58	12	-9	70.3	-21	-5	-20	51	-9
Q4	91.9	-19	-50	7	1	71.5	-17	-3	-11	48	-7
2010 Q1	96.5	-12	-42	2	7	.	-17	-4	-11	46	-7
2009 Oct.	89.6	-21	-53	8	-2	71.0	-18	-3	-12	48	-8
Nov.	91.9	-19	-51	7	2	-	-17	-3	-10	50	-7
Dec.	94.1	-16	-47	5	3	-	-16	-3	-10	46	-5
2010 Jan.	96.0	-14	-44	3	5	72.0	-16	-3	-9	46	-6
Feb.	95.9	-13	-42	4	7	-	-17	-4	-12	47	-7
Mar.	97.7	-10	-39	0	9	-	-17	-5	-12	46	-7

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total[4]	Order books	Employment expectations	Total[4]	Present business situation	Volume of stocks	Expected business situation	Total[4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2006	1	-4	6	1	3	14	13	18	13	18	24
2007	0	-7	7	1	5	15	13	20	16	19	24
2008	-13	-20	-6	-7	-6	17	2	2	-5	4	7
2009	-31	-40	-22	-15	-21	11	-15	-16	-22	-16	-9
2009 Q1	-31	-36	-26	-19	-21	15	-20	-24	-33	-21	-18
Q2	-33	-42	-24	-17	-23	9	-19	-22	-29	-23	-15
Q3	-31	-41	-22	-14	-19	10	-13	-12	-18	-13	-5
Q4	-28	-40	-16	-12	-19	10	-7	-4	-8	-8	3
2010 Q1	-27	-37	-17	-7	-9	8	-2	0	-4	-2	7
2009 Oct.	-29	-42	-16	-15	-24	10	-12	-7	-10	-10	0
Nov.	-26	-39	-14	-11	-19	10	-4	-4	-7	-8	4
Dec.	-28	-40	-17	-10	-15	9	-6	-3	-7	-6	5
2010 Jan.	-29	-38	-20	-5	-6	8	-2	-1	-6	-2	5
Feb.	-29	-39	-18	-9	-12	9	-5	1	-2	-3	7
Mar.	-25	-35	-14	-6	-9	9	-1	1	-3	-1	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 1990 to 2008.

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

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

5.3 Labour markets [1]

1. Employment

(annual percentage changes, unless otherwise indicated)

	Whole economy		By employment status		By economic activity					
	Total (s.a.; millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total [2]	100.0	100.0	85.2	14.8	3.9	17.1	7.5	25.7	16.0	29.9
	1	2	3	4	5	6	7	8	9	10
2006	144.166	1.6	1.8	0.8	-1.8	-0.3	2.7	1.6	4.0	1.8
2007	146.731	1.8	2.0	0.8	-1.5	0.2	3.7	2.0	4.1	1.3
2008	147.804	0.7	0.9	-0.3	-1.4	0.0	-2.1	1.3	2.2	0.9
2009	145.028	-1.9	-1.8	-2.1	-2.6	-5.2	-6.9	-1.8	-2.2	1.5
2008 Q4	147.227	-0.1	0.0	-0.8	-1.1	-1.2	-4.9	0.4	0.5	1.2
2009 Q1	146.077	-1.3	-1.1	-2.1	-2.3	-3.2	-7.1	-1.3	-1.4	1.5
Q2	145.317	-1.9	-1.9	-2.0	-2.5	-5.0	-7.4	-2.0	-2.3	1.6
Q3	144.543	-2.3	-2.3	-2.2	-3.0	-6.4	-7.5	-1.9	-2.8	1.6
Q4	144.173	-2.1	-2.0	-2.2	-2.5	-6.2	-5.6	-2.0	-2.2	1.2
	quarter-on-quarter percentage changes (s.a.)									
2008 Q4	-0.542	-0.4	-0.4	-0.3	0.0	-1.1	-2.3	-0.4	-0.5	0.6
2009 Q1	-1.150	-0.8	-0.8	-0.8	-0.8	-1.6	-2.3	-0.8	-0.9	0.2
Q2	-0.759	-0.5	-0.5	-0.5	-0.9	-1.8	-1.3	-0.5	-0.8	0.6
Q3	-0.775	-0.5	-0.5	-0.7	-1.2	-1.7	-1.7	-0.2	-0.5	0.2
Q4	-0.370	-0.3	-0.3	-0.2	0.5	-1.1	-0.4	-0.5	-0.1	0.2

2. Unemployment

(seasonally adjusted)

	Total		By age [3]				By gender [4]			
	Millions	% of labour force	Adult		Youth		Male		Female	
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force
% of total [2]	100.0		78.4		21.6		53.8		46.2	
	1	2	3	4	5	6	7	8	9	10
2006	12.877	8.3	10.053	7.3	2.824	16.4	6.390	7.5	6.487	9.4
2007	11.679	7.5	9.126	6.6	2.552	14.9	5.737	6.7	5.941	8.5
2008	11.891	7.6	9.266	6.6	2.625	15.4	5.998	6.9	5.893	8.3
2009	14.863	9.4	11.648	8.2	3.215	19.4	7.994	9.3	6.870	9.6
2008 Q4	12.660	8.0	9.841	7.0	2.819	16.6	6.552	7.6	6.108	8.6
2009 Q1	13.910	8.8	10.803	7.7	3.107	18.4	7.368	8.5	6.542	9.2
Q2	14.749	9.3	11.517	8.1	3.232	19.3	7.934	9.2	6.815	9.5
Q3	15.247	9.7	11.973	8.5	3.274	19.8	8.221	9.5	7.026	9.8
Q4	15.546	9.9	12.299	8.7	3.247	19.9	8.451	9.8	7.095	9.9
2009 Sep.	15.424	9.8	12.130	8.6	3.294	20.0	8.347	9.7	7.076	9.9
Oct.	15.519	9.8	12.237	8.7	3.282	20.0	8.409	9.8	7.110	9.9
Nov.	15.536	9.9	12.292	8.7	3.245	19.9	8.463	9.8	7.074	9.9
Dec.	15.583	9.9	12.370	8.7	3.213	19.7	8.481	9.8	7.103	9.9
2010 Jan.	15.688	9.9	12.486	8.8	3.202	19.8	8.561	9.9	7.127	9.9
Feb.	15.749	10.0	12.535	8.8	3.214	20.0	8.615	10.0	7.134	10.0

Source: Eurostat.

1) Data for employment refer to persons and are based on the ESA 95. Data for unemployment refer to persons and follow ILO recommendations.
2) In 2009.
3) Adult: 25 years of age and over; youth: below 25 years of age; rates are expressed as a percentage of the labour force for the relevant age group.
4) Rates are expressed as a percentage of the labour force for the relevant gender.

GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes			Indirect taxes		Social contributions			Sales			
				Households	Corporations		Received by EU institutions		Employers	Employees			Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000	46.5	46.2	12.6	9.6	3.0	13.9	0.6	15.8	8.2	4.8	2.2	0.3	0.3	42.6
2001	45.7	45.4	12.2	9.4	2.7	13.5	0.5	15.6	8.2	4.7	2.1	0.2	0.3	41.6
2002	45.1	44.8	11.8	9.2	2.5	13.5	0.4	15.6	8.2	4.6	2.1	0.3	0.3	41.2
2003	45.0	44.4	11.4	9.0	2.3	13.5	0.4	15.7	8.3	4.6	2.1	0.6	0.5	41.1
2004	44.5	44.0	11.3	8.7	2.5	13.5	0.3	15.5	8.2	4.5	2.1	0.5	0.4	40.7
2005	44.8	44.4	11.5	8.8	2.6	13.7	0.3	15.4	8.1	4.5	2.2	0.5	0.3	40.9
2006	45.3	45.0	12.1	8.9	3.0	13.9	0.3	15.3	8.1	4.5	2.1	0.3	0.3	41.5
2007	45.5	45.2	12.4	9.1	3.1	13.8	0.3	15.1	8.0	4.4	2.1	0.3	0.3	41.6
2008	44.9	44.7	12.2	9.3	2.7	13.3	0.3	15.3	8.1	4.4	2.1	0.2	0.3	41.0

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
2000	46.6	43.8	10.4	4.8	3.9	24.7	21.6	2.0	0.5	2.8	2.5	1.3	0.0	42.7
2001	47.6	43.7	10.3	4.8	3.8	24.8	21.7	1.9	0.5	3.9	2.5	1.4	0.0	43.8
2002	47.7	43.9	10.4	4.9	3.5	25.1	22.2	1.9	0.5	3.8	2.4	1.4	0.0	44.2
2003	48.1	44.1	10.5	5.0	3.3	25.4	22.5	1.9	0.5	3.9	2.5	1.4	0.1	44.8
2004	47.5	43.6	10.4	5.0	3.1	25.1	22.3	1.8	0.5	3.9	2.5	1.5	0.1	44.4
2005	47.4	43.5	10.4	5.0	3.0	25.0	22.3	1.7	0.5	3.9	2.5	1.4	0.0	44.4
2006	46.7	42.8	10.2	5.0	2.9	24.8	22.0	1.7	0.5	3.8	2.5	1.4	0.0	43.8
2007	46.1	42.3	10.0	5.0	3.0	24.4	21.6	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	46.9	43.0	10.1	5.1	3.0	24.8	22.0	1.6	0.4	3.9	2.5	1.3	0.0	43.9

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
2000	-0.1	-0.5	-0.1	0.1	0.5	3.8	19.7	10.4	4.8	4.9	1.8	2.2	8.2	11.6
2001	-1.9	-1.7	-0.4	-0.1	0.3	1.9	19.8	10.3	4.8	4.9	1.8	2.1	8.2	11.7
2002	-2.6	-2.1	-0.5	-0.2	0.2	0.9	20.2	10.4	4.9	5.1	1.8	2.1	8.3	12.0
2003	-3.1	-2.4	-0.5	-0.2	0.0	0.2	20.5	10.5	5.0	5.2	1.8	2.1	8.3	12.2
2004	-3.0	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.4	5.0	5.1	1.9	2.1	8.3	12.1
2005	-2.6	-2.2	-0.3	-0.2	0.2	0.4	20.4	10.4	5.0	5.1	1.9	2.2	8.2	12.3
2006	-1.3	-1.4	-0.1	-0.2	0.4	1.6	20.3	10.2	5.0	5.2	1.9	2.1	8.0	12.2
2007	-0.6	-1.2	0.0	0.0	0.5	2.4	20.0	10.0	5.0	5.2	1.9	2.1	7.9	12.1
2008	-2.0	-2.0	-0.2	-0.2	0.4	1.0	20.4	10.1	5.1	5.3	1.9	2.1	8.1	12.3

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

	BE	DE	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
2005	-2.7	-3.3	1.7	-5.2	1.0	-2.9	-4.3	-2.4	0.0	-2.9	-0.3	-1.6	-6.1	-1.4	-2.8	2.8
2006	0.3	-1.6	3.0	-2.9	2.0	-2.3	-3.3	-1.2	1.3	-2.6	0.5	-1.6	-3.9	-1.3	-3.5	4.0
2007	-0.2	0.2	0.3	-3.7	1.9	-2.7	-1.5	3.4	3.7	-2.2	0.2	-0.6	-2.6	0.0	-1.9	5.2
2008	-1.2	0.0	-7.2	-7.7	-4.1	-3.4	-2.7	0.9	2.5	-4.7	0.7	-0.4	-2.7	-1.8	-2.3	4.5

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

1) Data refer to the Euro 16. 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
1999	72.0	2.9	14.5	4.3	50.4	48.7	25.4	13.7	9.7	23.3
2000	69.2	2.7	13.2	3.7	49.6	44.0	22.1	12.3	9.6	25.2
2001	68.2	2.8	12.4	4.0	49.0	41.8	20.6	11.0	10.2	26.4
2002	68.0	2.7	11.8	4.6	48.9	40.0	19.4	10.6	10.0	28.0
2003	69.1	2.1	12.4	5.0	49.6	39.3	19.6	11.0	8.6	29.8
2004	69.5	2.2	12.0	5.0	50.3	37.5	18.5	10.7	8.3	31.9
2005	70.0	2.4	11.8	4.7	51.2	35.5	17.2	11.1	7.1	34.6
2006	68.2	2.4	11.4	4.1	50.2	33.8	17.4	9.4	7.0	34.4
2007	65.9	2.2	10.8	4.2	48.8	32.1	16.8	8.6	6.7	33.9
2008	69.3	2.3	10.9	6.7	49.4	32.5	17.2	8.2	7.1	36.8

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
	1	2	3	4	5	6	7	8	9	10	11	12	13
1999	72.0	60.5	6.0	5.1	0.4	7.3	64.6	7.0	13.5	27.8	30.6	69.9	2.0
2000	69.2	58.1	5.8	4.9	0.4	6.5	62.7	6.2	13.4	27.8	28.1	67.4	1.8
2001	68.2	57.0	6.0	4.7	0.4	7.0	61.2	5.3	13.7	26.6	27.9	66.7	1.5
2002	68.0	56.7	6.2	4.7	0.4	7.6	60.4	5.2	15.5	25.3	27.2	66.7	1.3
2003	69.1	57.0	6.5	5.0	0.6	7.8	61.3	5.0	14.9	26.0	28.2	68.1	0.9
2004	69.5	57.4	6.6	5.1	0.4	7.8	61.6	4.7	14.8	26.2	28.5	68.6	0.9
2005	70.0	57.6	6.7	5.2	0.5	7.9	62.2	4.6	14.8	25.6	29.7	69.1	1.0
2006	68.2	55.9	6.5	5.3	0.5	7.4	60.8	4.3	14.4	24.0	29.8	67.7	0.6
2007	65.9	54.0	6.2	5.2	0.5	7.4	58.5	4.3	14.2	22.7	29.1	65.4	0.5
2008	69.3	57.1	6.6	5.2	0.4	10.2	59.1	4.5	17.8	22.2	29.3	68.6	0.7

3. Euro area countries

	BE	DE	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
2005	92.1	68.0	27.6	100.0	43.0	66.4	105.8	69.1	6.1	70.2	51.8	63.9	63.6	27.0	34.2	41.8
2006	88.1	67.6	25.0	97.1	39.6	63.7	106.5	64.6	6.6	63.6	47.4	62.2	64.7	26.7	30.5	39.3
2007	84.2	65.0	25.1	95.6	36.1	63.8	103.5	58.3	6.6	62.0	45.5	59.5	63.6	23.3	29.3	35.2
2008	89.8	65.9	44.1	99.2	39.7	67.4	105.8	48.4	13.5	63.8	58.2	62.6	66.3	22.5	27.7	34.1

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

1) Data refer to the Euro 16. Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not 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
2000	1.1	1.2	0.0	-0.1	0.0	-0.5	-0.3	1.9	-2.1	-2.0	-0.6	3.2
2001	1.9	1.9	-0.1	0.1	0.2	-0.2	0.5	1.5	-0.3	-0.5	-0.8	2.2
2002	2.1	2.7	-0.5	-0.1	0.0	-0.2	0.7	1.6	-0.4	-0.5	-0.1	2.5
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.5	0.8	0.8	2.6
2004	3.1	3.2	-0.1	0.0	0.2	0.1	0.1	2.7	-0.2	-0.3	0.1	3.3
2005	3.1	3.0	0.0	0.0	0.3	0.3	-0.1	2.6	-0.7	-0.6	0.8	3.8
2006	1.5	1.4	0.1	0.0	0.2	0.2	-0.4	1.5	0.0	1.0	-1.2	1.5
2007	1.1	1.1	0.0	0.0	-0.1	-0.1	0.3	1.0	0.0	0.2	-0.3	1.1
2008	5.2	5.1	0.1	0.0	0.1	0.4	2.6	2.0	1.3	0.9	-0.2	3.8

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	Exchange rate effects	Other changes in volume	Other [9]
				Total	Currency and deposits	Loans	Securities [10]	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000	1.1	-0.1	1.0	1.0	0.7	0.1	0.2	0.0	-0.3	0.2	0.0	0.1	-0.1	0.1
2001	1.9	-1.9	0.0	-0.5	-0.6	0.1	0.1	-0.1	-0.3	0.1	-0.1	0.0	0.1	0.6
2002	2.1	-2.6	-0.5	0.1	0.1	0.0	0.0	-0.1	-0.4	0.1	-0.5	-0.1	-0.1	0.0
2003	3.1	-3.1	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.1	-3.0	0.2	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.1	-2.6	0.5	0.6	0.3	0.1	0.1	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2006	1.5	-1.3	0.2	0.3	0.3	-0.1	0.3	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.2
2007	1.1	-0.6	0.5	0.6	0.3	0.0	0.3	0.1	-0.2	0.2	0.0	0.0	0.0	-0.1
2008	5.2	-2.0	3.2	3.1	0.8	0.7	0.7	0.8	-0.1	0.7	0.1	0.0	0.0	0.0

Source: ECB.
1) Data refer to the Euro 16 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).
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
2003 Q3	42.7	42.2	10.8	12.6	15.5	1.9	0.6	0.5	0.2	39.1
Q4	49.2	48.2	13.1	14.1	16.2	2.9	0.8	1.0	0.3	43.7
2004 Q1	41.4	40.9	9.6	12.9	15.3	1.7	0.6	0.4	0.3	38.1
Q2	44.8	44.0	12.0	12.9	15.3	2.0	1.1	0.8	0.6	40.7
Q3	42.8	42.3	10.6	12.8	15.4	1.9	0.7	0.5	0.3	39.1
Q4	49.0	48.0	12.9	14.2	16.2	2.9	0.7	1.0	0.4	43.7
2005 Q1	42.0	41.5	9.9	13.0	15.3	1.7	0.6	0.5	0.3	38.5
Q2	44.4	43.8	11.7	13.2	15.1	2.0	1.1	0.6	0.3	40.2
Q3	43.4	42.7	11.0	13.0	15.2	1.9	0.7	0.7	0.3	39.5
Q4	49.0	48.3	13.4	14.2	16.1	2.9	0.8	0.7	0.3	43.9
2006 Q1	42.4	42.0	10.2	13.4	15.1	1.6	0.8	0.4	0.3	38.9
Q2	45.5	45.0	12.4	13.5	15.1	1.9	1.3	0.5	0.3	41.2
Q3	43.7	43.2	11.5	13.0	15.2	2.0	0.8	0.5	0.3	39.9
Q4	49.3	48.7	14.0	14.2	15.8	2.9	0.9	0.6	0.3	44.4
2007 Q1	42.2	41.8	10.3	13.5	14.8	1.7	0.8	0.4	0.3	38.8
Q2	45.8	45.3	12.8	13.4	15.0	1.9	1.5	0.4	0.3	41.5
Q3	43.7	43.2	12.0	12.8	14.9	1.9	0.8	0.5	0.3	40.0
Q4	49.7	49.2	14.4	14.2	15.8	3.0	0.9	0.5	0.3	44.6
2008 Q1	42.2	41.9	10.7	12.9	14.8	1.7	1.0	0.3	0.2	38.7
Q2	45.1	44.7	12.8	12.8	15.0	1.9	1.5	0.4	0.3	40.9
Q3	43.1	42.7	11.8	12.4	15.1	1.9	0.8	0.4	0.3	39.5
Q4	48.8	48.3	13.6	13.6	16.2	3.0	1.0	0.5	0.3	43.6
2009 Q1	42.3	42.1	10.5	12.5	15.5	1.8	1.0	0.2	0.2	38.7
Q2	44.6	44.0	11.7	12.5	15.6	2.0	1.5	0.6	0.5	40.2
Q3	42.5	42.2	10.7	12.4	15.6	2.0	0.8	0.3	0.3	39.0

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social benefits	Subsidies		Investment	Capital transfers		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2003 Q3	47.1	43.4	10.2	4.8	3.3	25.1	21.6	1.3	3.7	2.5	1.2	-4.4	-1.1
Q4	51.0	46.2	11.1	5.7	3.1	26.4	22.8	1.5	4.8	3.3	1.6	-1.9	1.2
2004 Q1	46.4	43.0	10.3	4.6	3.2	24.9	21.3	1.2	3.4	1.9	1.5	-5.0	-1.8
Q2	46.6	43.2	10.4	4.8	3.3	24.7	21.4	1.3	3.4	2.3	1.1	-1.8	1.5
Q3	46.1	42.7	9.9	4.7	3.1	24.9	21.5	1.3	3.4	2.4	1.0	-3.3	-0.1
Q4	50.8	45.6	11.0	5.7	2.9	26.1	22.6	1.4	5.2	3.1	2.1	-1.9	1.0
2005 Q1	46.8	43.1	10.3	4.6	3.1	25.1	21.4	1.2	3.7	1.9	1.8	-4.9	-1.7
Q2	46.1	42.7	10.2	4.9	3.2	24.4	21.3	1.1	3.4	2.3	1.1	-1.7	1.5
Q3	45.8	42.3	9.9	4.8	3.0	24.7	21.3	1.2	3.4	2.5	1.0	-2.4	0.6
Q4	50.5	45.7	11.1	5.8	2.7	26.0	22.5	1.3	4.8	3.1	1.7	-1.5	1.3
2006 Q1	45.3	42.2	10.0	4.6	2.9	24.7	21.1	1.2	3.1	1.9	1.2	-2.9	0.0
Q2	45.4	42.2	10.2	4.9	3.1	24.0	21.0	1.1	3.2	2.3	1.0	0.1	3.1
Q3	45.3	41.9	9.8	4.7	2.9	24.5	21.1	1.2	3.4	2.4	1.0	-1.6	1.3
Q4	50.3	45.0	10.7	5.7	2.7	25.8	22.2	1.4	5.3	3.2	2.2	-1.0	1.7
2007 Q1	44.3	41.2	9.8	4.5	2.9	23.9	20.5	1.2	3.2	2.0	1.2	-2.1	0.8
Q2	44.6	41.4	9.9	4.8	3.2	23.5	20.5	1.1	3.2	2.3	0.8	1.2	4.3
Q3	44.6	41.2	9.6	4.7	3.0	23.9	20.7	1.2	3.4	2.5	0.9	-0.9	2.0
Q4	50.3	45.2	10.7	5.8	2.8	26.0	22.2	1.5	5.1	3.4	1.8	-0.6	2.2
2008 Q1	44.7	41.5	9.8	4.6	2.9	24.2	20.5	1.2	3.2	2.0	1.2	-2.5	0.5
Q2	45.3	41.9	10.1	4.9	3.1	23.7	20.6	1.1	3.4	2.3	1.1	-0.2	3.0
Q3	45.4	41.9	9.7	4.8	3.0	24.4	21.2	1.2	3.5	2.5	1.1	-2.3	0.7
Q4	51.7	46.7	11.0	6.0	2.8	26.9	23.0	1.4	5.1	3.4	1.7	-3.0	-0.2
2009 Q1	48.3	44.9	10.5	5.2	2.9	26.2	22.4	1.3	3.4	2.1	1.2	-6.0	-3.1
Q2	49.8	46.0	10.9	5.5	3.1	26.5	23.0	1.3	3.9	2.7	1.2	-5.3	-2.1
Q3	48.8	45.1	10.3	5.2	2.7	26.9	23.3	1.4	3.7	2.6	1.1	-6.3	-3.5

Sources: ECB calculations based on Eurostat and national data.

1) 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
(as a percentage of GDP)

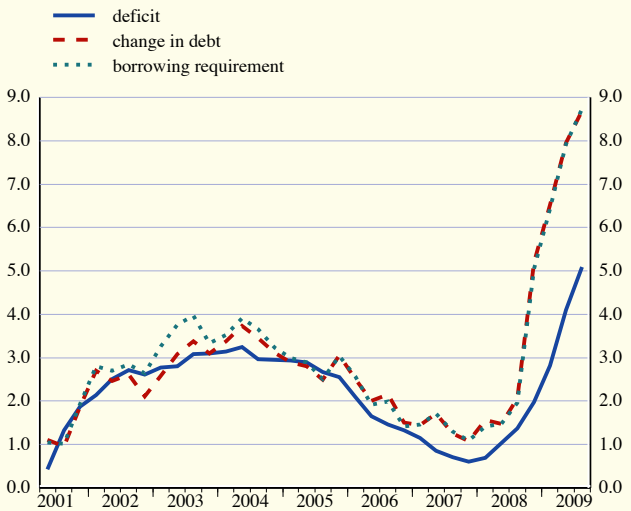
1. Euro area – Maastricht debt by financial instrument [1)]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2006 Q4	68.2	2.4	11.4	4.1	50.2
2007 Q1	68.4	2.4	11.5	4.7	49.9
Q2	68.6	2.2	11.2	5.1	50.2
Q3	67.6	2.1	11.0	5.1	49.4
Q4	65.9	2.2	10.8	4.2	48.8
2008 Q1	66.9	2.1	11.1	5.0	48.7
Q2	67.2	2.1	11.0	4.9	49.1
Q3	67.1	2.1	10.8	5.5	48.6
Q4	69.3	2.3	10.9	6.7	49.4
2009 Q1	72.7	2.3	11.0	7.9	51.6
Q2	75.9	2.4	11.5	8.4	53.6
Q3	77.6	2.3	11.6	9.2	54.5

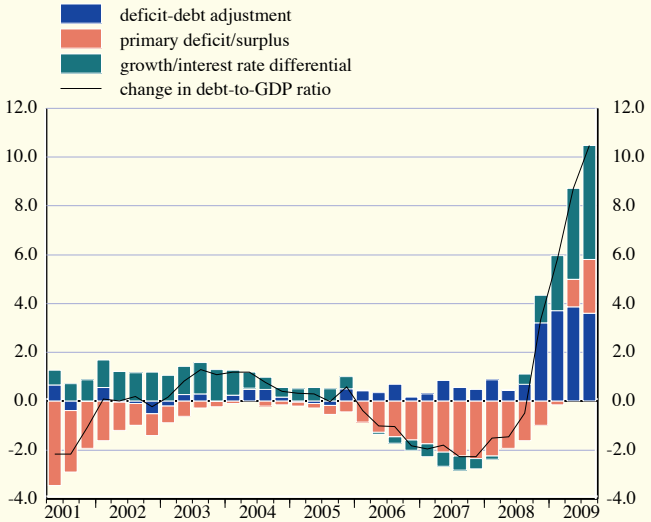
2. Euro area – deficit-debt adjustment

	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
2006 Q4	-2.9	-1.0	-3.9	-2.4	-1.5	-0.5	-0.2	-0.2	-0.2	-1.3	-2.8
2007 Q1	4.5	-2.1	2.3	2.0	1.0	0.0	0.6	0.2	-0.7	1.1	5.2
Q2	4.2	1.2	5.3	5.0	4.1	0.0	0.6	0.4	0.6	-0.3	3.5
Q3	-0.6	-0.9	-1.5	-1.5	-2.1	0.1	0.4	0.0	0.1	-0.1	-0.7
Q4	-3.4	-0.6	-4.0	-2.9	-1.9	-0.2	-0.6	-0.2	0.0	-1.1	-3.4
2008 Q1	6.3	-2.5	3.8	3.1	1.9	0.0	0.9	0.3	-0.1	0.7	6.3
Q2	3.7	-0.2	3.5	3.4	1.8	0.3	1.1	0.1	0.0	0.0	3.7
Q3	1.9	-2.3	-0.4	-0.9	-1.6	0.0	0.1	0.6	0.5	0.0	1.4
Q4	8.8	-3.0	5.9	6.5	1.1	2.6	0.8	2.0	0.1	-0.7	8.7
2009 Q1	11.9	-6.0	5.9	5.4	4.9	-0.1	-0.2	0.9	-0.3	0.7	12.2
Q2	9.4	-5.3	4.1	3.5	1.9	-0.7	1.0	1.3	-0.2	0.8	9.6
Q3	4.7	-6.3	-1.6	-2.9	-3.2	0.8	-0.1	-0.4	0.2	1.1	4.5

C28 Deficit, borrowing requirement and change in debt
(four-quarter moving sum as a percentage of GDP)



C29 Maastricht debt
(annual change in the debt-to-GDP ratio and underlying factors)



Sources: ECB calculations based on Eurostat and national data.
1) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.

7 EXTERNAL TRANSACTIONS AND POSITIONS

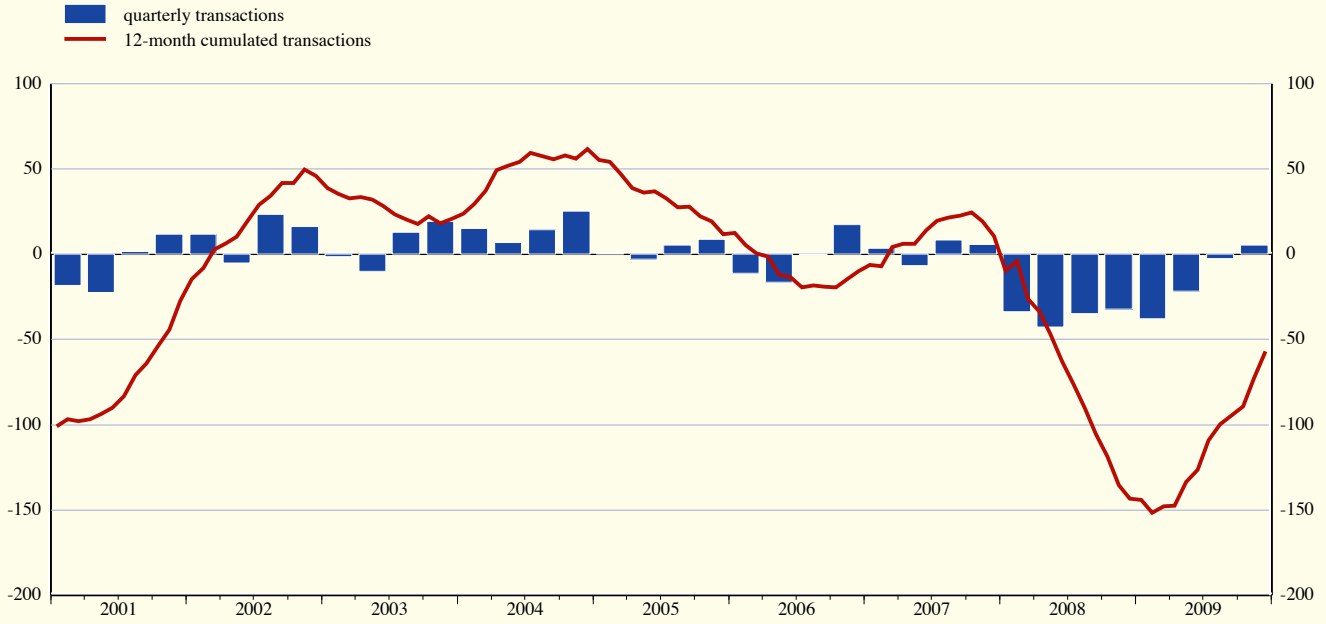
7.1 Summary balance of payments [1]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2007	10.6	46.0	48.3	2.8	-86.4	5.0	15.7	-1.2	-72.9	151.3	-64.6	-9.9	-5.1	-14.4
2008	-143.3	-11.4	40.6	-74.4	-98.1	10.0	-133.3	163.9	-189.0	350.5	-65.7	72.1	-3.9	-30.7
2009	-57.1	36.0	31.1	-32.8	-91.4	7.6	-49.4	76.2	-86.8	344.0	13.2	-196.9	2.7	-26.8
2008 Q4	-32.2	-1.9	7.1	-11.7	-25.7	1.7	-30.5	41.5	-61.1	152.7	-13.3	-36.1	-0.5	-11.0
2009 Q1	-38.0	-7.7	0.5	-2.3	-28.4	1.4	-36.6	55.8	-58.8	129.9	-5.3	-15.7	5.7	-19.1
Q2	-21.7	13.1	7.3	-25.1	-16.9	2.2	-19.5	13.9	-4.3	82.8	18.8	-81.0	-2.4	5.5
Q3	-2.7	13.3	12.8	-5.8	-22.9	1.5	-1.2	14.0	-24.3	83.4	-4.2	-41.3	0.3	-12.8
Q4	5.3	17.4	10.6	0.4	-23.2	2.5	7.8	-7.4	0.5	48.0	3.8	-59.0	-0.9	-0.4
2009 Jan.	-24.0	-10.6	0.2	-3.2	-10.4	0.2	-23.8	31.8	-22.8	-6.4	3.4	52.4	5.3	-8.0
Feb.	-5.4	-0.1	0.4	0.0	-5.6	0.5	-4.9	11.2	-11.7	67.3	-1.3	-44.3	1.2	-6.3
Mar.	-8.6	3.0	-0.2	0.9	-12.3	0.7	-7.9	12.7	-24.3	69.0	-7.3	-23.8	-0.8	-4.9
Apr.	-10.8	4.1	1.7	-7.9	-8.7	1.7	-9.1	12.4	6.6	-0.6	9.1	-2.9	0.1	-3.3
May	-13.7	2.2	3.0	-12.2	-6.7	0.3	-13.5	13.0	10.9	37.9	9.2	-42.8	-2.2	0.5
June	2.9	6.9	2.6	-5.0	-1.6	0.3	3.2	-11.5	-21.8	45.5	0.6	-35.3	-0.4	8.4
July	9.1	13.6	5.1	-2.6	-7.0	0.9	10.1	-13.0	0.9	-22.9	6.5	6.2	-3.7	3.0
Aug.	-6.0	-1.8	3.9	0.2	-8.3	0.6	-5.4	-6.0	4.8	26.5	-9.3	-28.7	0.8	11.3
Sep.	-5.9	1.4	3.8	-3.4	-7.7	0.0	-5.9	33.0	-29.9	79.8	-1.4	-18.9	3.3	-27.1
Oct.	-3.9	6.2	4.0	0.5	-14.6	0.3	-3.6	4.5	-2.0	17.1	0.9	-11.0	-0.6	-0.8
Nov.	-0.6	6.0	2.0	-1.4	-7.2	1.2	0.5	-0.6	0.7	-16.9	-0.2	15.3	0.3	0.1
Dec.	9.8	5.2	4.6	1.3	-1.3	1.1	10.9	-11.3	1.7	47.8	3.1	-63.3	-0.6	0.4
2010 Jan.	-16.7	-7.4	0.1	-0.8	-8.7	1.7	-15.0	5.6	-7.1	-4.2	5.4	10.0	1.5	9.4
	12-month cumulated transactions													
2010 Jan.	-49.8	39.3	31.0	-30.4	-89.7	9.2	-40.6	50.0	-71.1	346.3	15.3	-239.3	-1.1	-9.4

C30 B.o.p. current account balance

(EUR billions)



Source: ECB.

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

7.2 Current and capital accounts

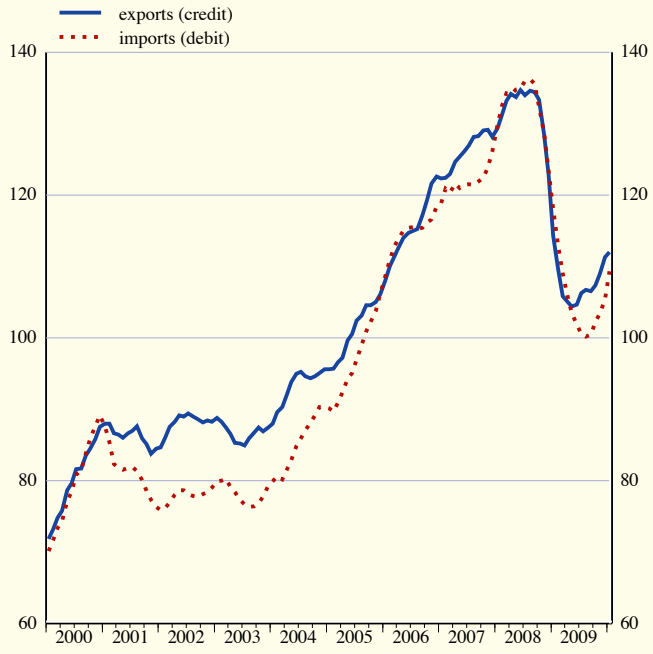
(EUR billions; transactions)

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
2007	2,697.0	2,686.3	10.6	1,516.5	1,470.5	491.8	443.5	597.4	594.7	91.3	6.4	177.7	20.6	25.7	20.7
2008	2,744.9	2,888.1	-143.3	1,581.0	1,592.4	509.9	469.2	565.1	639.6	88.8	6.7	186.9	21.4	24.2	14.2
2009	2,275.8	2,332.9	-57.1	1,288.9	1,252.9	466.3	435.2	433.9	466.7	86.7	.	178.1	.	18.4	10.7
2008 Q4	674.0	706.2	-32.2	379.5	381.3	128.0	120.9	139.6	151.3	27.0	1.8	52.7	5.6	5.3	3.7
2009 Q1	561.1	599.1	-38.0	307.8	315.6	108.8	108.3	118.8	121.1	25.7	1.4	54.1	5.0	4.1	2.7
Q2	559.5	581.1	-21.7	312.1	299.0	113.2	106.0	113.1	138.2	21.1	1.5	38.0	5.4	5.0	2.8
Q3	559.8	562.5	-2.7	322.9	309.7	124.0	111.2	98.3	104.1	14.6	1.6	37.6	5.5	3.8	2.3
Q4	595.5	590.2	5.3	346.1	328.7	120.4	109.7	103.8	103.4	25.2	.	48.4	.	5.5	3.0
2009 Nov.	191.3	192.0	-0.6	114.8	108.8	36.7	34.8	32.1	33.5	7.7	.	14.9	.	2.0	0.9
Dec.	209.4	199.6	9.8	113.8	108.5	43.4	38.8	38.7	37.4	13.5	.	14.9	.	2.4	1.3
2010 Jan.	169.5	186.3	-16.7	99.6	107.0	34.8	34.7	29.3	30.1	5.8	.	14.5	.	2.5	0.8
	Seasonally adjusted														
2008 Q4	650.5	693.2	-42.8	368.4	370.2	125.7	118.1	134.7	156.5	21.7	.	48.4	.	.	.
2009 Q1	581.5	618.9	-37.4	317.6	327.2	119.4	113.7	123.1	132.2	21.5	.	45.8	.	.	.
Q2	564.1	578.3	-14.1	314.0	305.7	115.0	109.5	111.8	117.8	23.4	.	45.2	.	.	.
Q3	555.6	559.9	-4.2	319.8	301.3	114.4	105.7	100.0	110.7	21.4	.	42.2	.	.	.
Q4	572.3	575.1	-2.8	333.9	316.2	117.4	106.4	99.5	106.6	21.6	.	45.9	.	.	.
2009 Aug.	184.5	186.5	-2.0	105.4	100.7	37.8	34.8	34.1	36.4	7.1	.	14.6	.	.	.
Sep.	183.2	189.1	-5.9	105.7	102.3	38.1	36.1	32.0	36.7	7.5	.	14.1	.	.	.
Oct.	188.4	193.0	-4.6	110.9	103.8	38.5	34.8	33.3	35.4	5.6	.	19.0	.	.	.
Nov.	191.6	192.2	-0.5	110.3	104.1	38.6	36.1	32.7	36.1	10.0	.	15.8	.	.	.
Dec.	192.3	189.9	2.3	112.6	108.3	40.2	35.4	33.4	35.1	6.0	.	11.1	.	.	.
2010 Jan.	192.6	200.7	-8.1	113.2	115.5	39.1	37.0	32.8	34.1	7.5	.	14.0	.	.	.

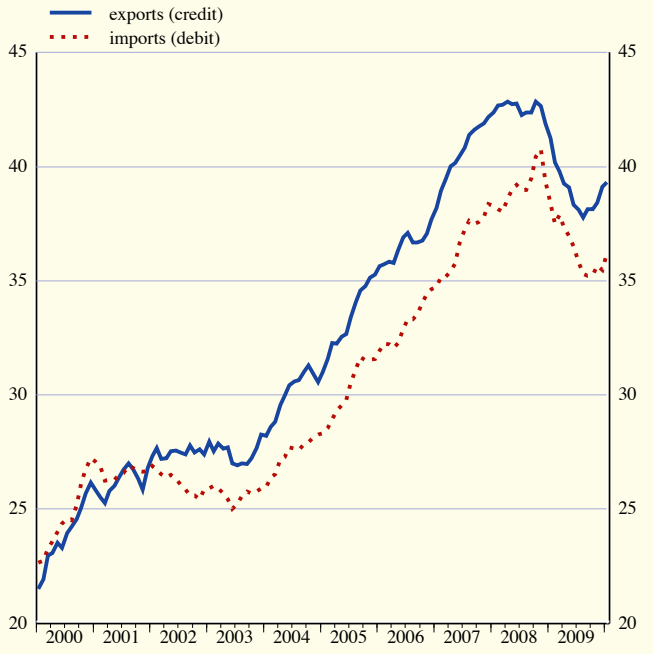
C31 B.o.p. goods

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



C32 B.o.p. services

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



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
2006	17.4	9.8	482.5	472.8	184.3	40.3	114.5	37.5	20.6	20.2	39.2	96.3	103.6	91.5	134.9	150.4
2007	18.8	10.2	578.6	584.5	208.8	72.7	139.1	46.1	26.4	24.9	45.4	113.2	118.8	110.9	179.3	196.4
2008	19.1	10.5	546.0	629.1	163.6	30.5	153.8	58.2	30.3	25.5	42.9	120.5	123.9	127.8	185.3	201.4
2008 Q3	4.6	3.1	133.5	147.8	39.0	10.7	37.7	20.3	7.1	6.2	10.2	23.2	32.1	31.0	45.1	49.8
Q4	4.9	2.7	134.7	148.6	38.4	2.9	38.4	12.8	8.7	6.4	8.3	20.2	30.8	33.6	48.4	50.0
2009 Q1	4.7	2.0	114.1	119.1	37.9	12.1	28.4	17.2	5.5	5.9	6.5	13.0	25.8	36.3	38.3	35.6
Q2	4.6	2.6	108.4	135.6	35.2	4.4	27.5	5.3	5.9	6.1	8.7	36.6	24.2	35.6	34.4	29.6
Q3	4.6	3.0	93.7	101.1	31.3	9.5	27.7	11.9	4.4	4.7	6.6	13.4	24.7	33.9	26.7	21.4

3. Geographical breakdown
(cumulated transactions)

2008 Q4 to 2009 Q3	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzerland	United States	Other
		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	16
	Credits															
Current account	2,354.4	833.8	49.3	68.5	417.2	238.8	60.0	34.4	31.3	82.6	27.8	48.8	75.7	171.6	331.1	717.4
Goods	1,322.3	441.1	29.4	41.9	188.7	181.0	0.1	18.7	16.1	65.2	20.6	29.7	55.1	84.8	160.1	430.9
Services	474.0	158.1	11.3	12.4	101.7	27.4	5.3	7.0	6.5	13.5	5.6	10.3	12.7	47.9	72.7	139.7
Income	469.7	170.3	7.9	12.7	115.1	27.4	7.2	8.5	7.9	3.6	1.5	8.5	7.5	32.3	92.7	136.9
Investment income	450.9	163.8	7.8	12.6	113.4	26.7	3.2	8.5	7.9	3.6	1.5	8.5	7.5	25.3	90.9	133.6
Current transfers	88.4	64.3	0.7	1.4	11.7	3.0	47.5	0.2	0.7	0.3	0.1	0.3	0.4	6.6	5.6	9.9
Capital account	18.2	15.5	0.0	0.0	1.0	0.1	14.3	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.5	1.6
	Debits															
Current account	2,448.9	781.7	42.5	70.8	361.0	208.1	99.3	-	26.0	-	-	87.6	-	161.8	349.5	-
Goods	1,305.5	367.8	27.3	39.1	142.2	159.3	0.0	22.2	11.2	162.3	18.5	44.3	78.8	74.4	127.2	398.7
Services	446.4	137.3	7.6	11.0	85.4	33.0	0.2	5.4	5.8	10.6	4.5	7.7	7.7	38.0	96.9	132.5
Income	514.7	166.7	6.7	19.6	121.8	11.3	7.3	-	7.3	-	-	35.1	-	43.5	119.6	-
Investment income	504.3	160.6	6.6	19.5	120.3	6.9	7.2	-	7.2	-	-	35.0	-	43.0	118.8	-
Current transfers	182.4	110.0	0.9	1.1	11.6	4.5	91.9	1.4	1.7	2.8	0.7	0.5	0.5	5.8	5.7	53.1
Capital account	11.4	2.3	0.0	0.1	1.0	0.2	1.0	0.1	0.1	0.1	0.2	0.1	0.1	0.5	0.8	7.1
	Net															
Current account	-94.6	52.0	6.9	-2.3	56.2	30.7	-39.3	-	5.2	-	-	-38.8	-	9.9	-18.5	-
Goods	16.7	73.3	2.1	2.9	46.5	21.7	0.1	-3.5	4.9	-97.1	2.1	-14.6	-23.7	10.5	32.8	32.2
Services	27.6	20.8	3.7	1.4	16.3	-5.7	5.1	1.6	0.7	2.8	1.1	2.6	5.0	9.9	-24.2	7.2
Income	-44.9	3.6	1.2	-6.9	-6.8	16.1	-0.1	-	0.6	-	-	-26.6	-	-11.3	-27.0	-
Investment income	-53.4	3.2	1.2	-7.0	-6.8	19.8	-4.0	-	0.7	-	-	-26.5	-	-17.7	-27.9	-
Current transfers	-93.9	-45.6	-0.1	0.3	0.1	-1.5	-44.4	-1.2	-1.0	-2.6	-0.6	-0.2	-0.1	0.8	-0.1	-43.3
Capital account	6.8	13.2	0.0	-0.1	0.0	0.0	13.4	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.3	-5.4

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)													
2005	10,838.5	11,554.1	-715.6	133.0	141.8	-8.8	2,790.8	2,444.3	3,887.5	5,057.8	-21.4	3,861.5	4,052.0	320.1
2006	12,384.0	13,399.8	-1,015.8	144.8	156.7	-11.9	3,153.4	2,729.4	4,372.1	5,950.0	-20.8	4,553.4	4,720.4	325.8
2007	13,906.9	15,155.8	-1,248.9	154.5	168.3	-13.9	3,572.8	3,130.7	4,631.6	6,556.5	-26.0	5,381.3	5,468.6	347.2
2008	13,312.5	14,949.2	-1,636.7	143.8	161.4	-17.7	3,744.4	3,217.0	3,763.9	6,078.6	-36.2	5,466.1	5,653.6	374.2
2009 Q2	13,314.9	14,831.4	-1,516.5	146.7	163.4	-16.7	4,011.7	3,296.7	3,896.2	6,299.9	-58.2	5,083.7	5,234.7	381.5
Q3	13,412.7	14,971.0	-1,558.2	148.9	166.2	-17.3	4,063.9	3,356.6	4,052.1	6,611.2	-60.5	4,926.4	5,003.1	430.9
	Changes to outstanding amounts													
2005	2,209.7	2,070.3	139.3	27.1	25.4	1.7	522.1	209.0	842.5	1,012.3	16.0	790.0	849.1	39.1
2006	1,545.5	1,845.7	-300.2	18.1	21.6	-3.5	362.6	285.1	484.6	892.2	0.6	691.9	668.4	5.7
2007	1,522.9	1,756.0	-233.1	16.9	19.5	-2.6	419.4	401.3	259.5	606.5	-5.2	827.9	748.1	21.4
2008	-594.4	-206.6	-387.8	-6.4	-2.2	-4.2	171.7	86.3	-867.7	-478.0	-10.2	84.8	185.1	27.0
2009 Q2	204.5	68.1	136.3	9.2	3.1	6.1	174.1	59.0	257.8	284.3	-7.5	-205.7	-275.1	-14.2
Q3	97.8	139.6	-41.8	4.4	6.3	-1.9	52.2	59.9	155.9	311.3	-2.3	-157.3	-231.6	49.4
	Transactions													
2006	1,728.3	1,719.1	9.1	20.2	20.1	0.1	417.6	257.4	519.8	708.5	0.6	788.9	753.2	1.3
2007	1,940.9	1,939.7	1.2	21.6	21.5	0.0	481.2	408.3	436.7	587.9	64.6	953.4	943.4	5.1
2008	480.6	644.5	-163.9	5.2	7.0	-1.8	326.5	137.5	-9.0	341.5	65.7	93.4	165.5	3.9
2009	-184.7	-108.5	-76.1	-2.2	-1.3	-0.9	299.7	212.8	49.2	393.1	-13.2	-517.6	-714.5	-2.7
2009 Q2	-2.1	11.8	-13.9	-0.1	0.5	-0.6	97.5	93.2	62.2	145.0	-18.8	-145.4	-226.4	2.4
Q3	-9.9	4.1	-14.0	-0.4	0.2	-0.6	59.2	35.0	42.0	125.3	4.2	-115.0	-156.3	-0.3
Q4	31.5	24.1	7.4	1.4	1.0	0.3	42.8	43.4	16.1	64.2	-3.8	-24.5	-83.4	0.9
2009 Sep.	-20.6	12.4	-33.0	.	.	.	30.2	0.3	-24.8	55.1	1.4	-24.1	-42.9	-3.3
Oct.	87.5	91.9	-4.5	.	.	.	27.9	26.0	15.7	32.8	-0.9	44.1	33.1	0.6
Nov.	28.4	27.8	0.6	.	.	.	9.0	9.7	10.9	-6.0	0.2	8.7	24.1	-0.3
Dec.	-84.3	-95.6	11.3	.	.	.	5.9	7.7	-10.5	37.3	-3.1	-77.3	-140.6	0.6
2010 Jan.	78.4	84.0	-5.6	.	.	.	5.4	-1.7	28.8	24.7	-5.4	51.0	61.0	-1.5
	Other changes													
2005	851.4	749.6	101.7	10.5	9.2	1.2	163.7	56.5	426.3	487.7	-1.4	205.7	205.4	57.1
2006	-182.7	126.6	-309.3	-2.1	1.5	-3.6	-55.0	27.7	-35.2	183.7	0.0	-97.0	-84.8	4.4
2007	-418.0	-183.7	-234.3	-4.6	-2.0	-2.6	-61.8	-7.0	-177.2	18.6	-69.8	-125.5	-195.3	16.3
2008	-1,075.0	-851.1	-223.9	-11.6	-9.2	-2.4	-154.9	-51.2	-858.7	-819.5	-75.9	-8.6	19.6	23.1
	Other changes due to exchange rate changes													
2005	394.2	245.0	149.2	4.8	3.0	1.8	89.8	5.7	158.3	101.4	.	129.2	137.9	17.0
2006	-343.3	-227.3	-116.0	-4.0	-2.7	-1.4	-72.1	-4.2	-151.7	-99.9	.	-105.7	-123.2	-13.9
2007	-533.1	-293.0	-240.1	-5.9	-3.3	-2.7	-113.3	-5.9	-221.2	-107.5	.	-185.0	-179.5	-13.7
2008	-43.6	64.7	-108.2	-0.5	0.7	-1.2	-17.3	-0.2	-1.5	47.4	.	-34.0	17.5	9.2
	Other changes due to price changes													
2005	284.5	430.3	-145.8	3.5	5.3	-1.8	45.0	40.8	199.0	389.5	-1.4	.	.	41.9
2006	288.6	298.4	-9.8	3.4	3.5	-0.1	45.4	33.5	226.0	264.9	0.0	.	.	17.1
2007	82.4	124.7	-42.4	0.9	1.4	-0.5	46.5	12.5	75.0	112.2	-69.8	.	.	30.7
2008	-1,013.8	-1,102.1	88.3	-10.9	-11.9	1.0	-155.6	-138.4	-803.6	-963.7	-75.9	.	.	21.2
	Other changes due to other adjustments													
2005	172.7	74.3	98.3	2.1	0.9	1.2	29.0	10.0	69.0	-3.1	.	76.5	67.4	-1.8
2006	-128.0	55.5	-183.5	-1.5	0.6	-2.1	-28.3	-1.6	-109.6	18.6	.	8.7	38.4	1.2
2007	32.7	-15.4	48.1	0.4	-0.2	0.5	5.0	-13.6	-31.0	13.9	.	59.5	-15.7	-0.8
2008	-17.6	186.3	-203.9	-0.2	2.0	-2.2	18.0	87.4	-53.6	96.8	.	25.4	2.1	-7.3
	Growth rates of outstanding amounts													
2005	15.2	13.4	-	.	.	.	15.2	6.8	13.1	12.1	.	18.5	19.5	-5.9
2006	16.1	14.8	-	.	.	.	15.0	10.5	13.6	13.7	.	20.5	18.7	0.3
2007	15.7	14.4	-	.	.	.	15.3	14.9	10.0	9.8	.	21.0	20.0	1.6
2008	3.4	4.3	-	.	.	.	9.2	4.4	-0.5	5.4	.	1.7	3.1	1.1
2009 Q2	-2.9	-1.5	-	.	.	.	9.4	6.1	-5.6	3.9	.	-9.0	-11.2	-1.2
Q3	-3.9	-2.8	-	.	.	.	8.2	4.8	-3.0	5.2	.	-12.6	-15.0	-0.9
Q4	-1.4	-0.7	.	.	.	.	8.0	6.7	1.3	6.5	.	-9.4	-12.5	-0.8

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

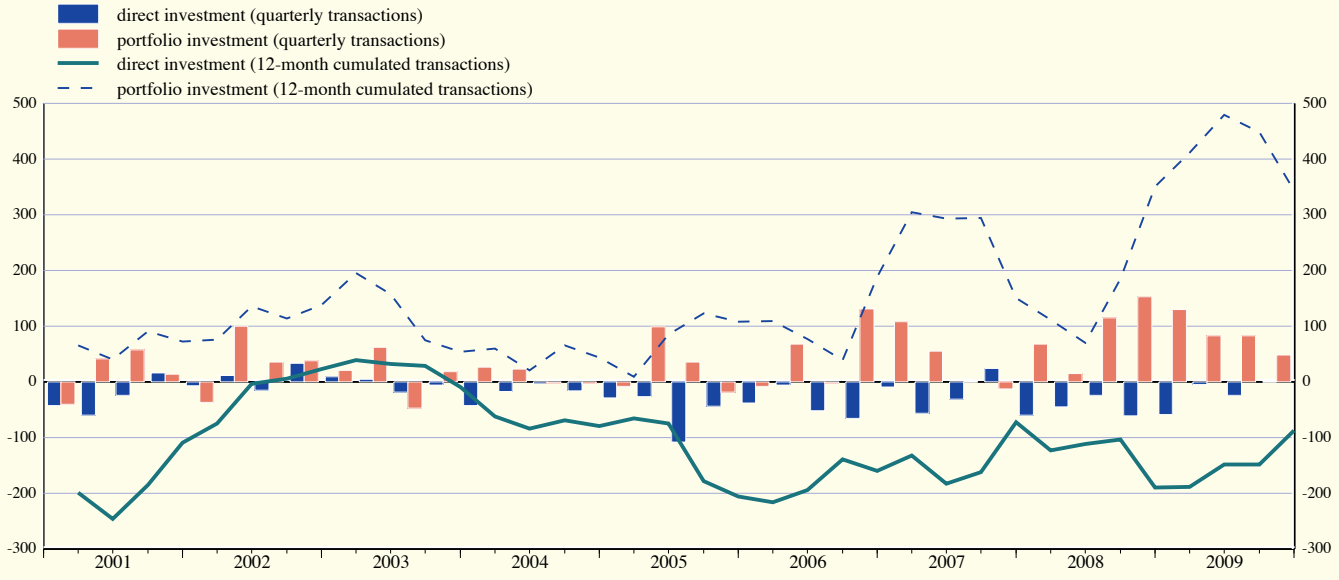
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

2. Direct investment

	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	In MFIs	In non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2007	3,572.8	2,886.7	240.8	2,645.9	686.1	6.4	679.7	3,130.7	2,401.0	69.5	2,331.5	729.8	15.4	714.4
2008	3,744.4	2,946.9	234.8	2,712.1	797.5	9.3	788.2	3,217.0	2,405.5	77.0	2,328.5	811.6	16.4	795.1
2009 Q2	4,011.7	3,147.3	265.1	2,882.2	864.4	10.4	854.0	3,296.7	2,478.5	70.7	2,407.8	818.3	16.6	801.6
Q3	4,063.9	3,177.5	262.8	2,914.7	886.4	10.4	876.1	3,356.6	2,537.7	74.5	2,463.2	819.0	15.3	803.6
	Transactions													
2008	326.5	198.1	2.2	195.9	128.4	-0.2	128.6	137.5	91.3	-1.0	92.2	46.2	1.6	44.6
2009	299.7	209.0	27.4	181.6	90.7	2.3	88.4	212.8	196.2	6.0	190.2	16.6	-0.5	17.1
2009 Q2	97.5	78.2	8.9	69.3	19.3	0.6	18.7	93.2	76.7	1.3	75.3	16.5	0.4	16.1
Q3	59.2	32.4	0.3	32.1	26.8	0.2	26.6	35.0	36.7	2.4	34.3	-1.7	-1.1	-0.6
Q4	42.8	42.8	-2.2	45.0	0.0	0.6	-0.6	43.4	38.9	1.1	37.8	4.5	0.0	4.5
2009 Sep.	30.2	15.3	-3.7	19.0	14.9	0.0	14.9	0.3	6.4	0.9	5.5	-6.1	-0.1	-6.0
Oct.	27.9	24.3	-0.6	24.9	3.6	0.3	3.3	26.0	16.6	0.3	16.3	9.4	0.1	9.3
Nov.	9.0	9.7	0.6	9.1	-0.8	0.2	-1.0	9.7	7.9	0.5	7.4	1.8	-0.1	1.9
Dec.	5.9	8.7	-2.2	10.9	-2.8	0.0	-2.8	7.7	14.4	0.4	14.0	-6.7	0.0	-6.7
2010 Jan.	5.4	7.2	-0.1	7.3	-1.8	0.0	-1.9	-1.7	4.9	0.4	4.5	-6.6	-2.2	-4.3
	Growth rates													
2007	15.3	14.6	11.3	14.9	18.5	-55.0	18.7	14.9	14.8	8.3	15.0	15.3	6.3	15.5
2008	9.2	6.9	0.8	7.5	18.8	-1.6	19.1	4.4	3.8	-1.4	4.0	6.4	9.9	6.3
2009 Q2	9.4	8.0	7.6	8.0	14.8	5.7	14.8	6.1	7.7	4.6	7.8	1.6	4.9	1.5
Q3	8.2	6.6	11.9	6.1	14.2	14.0	14.2	4.8	7.5	6.9	7.5	-2.7	-4.3	-2.7
Q4	8.0	7.1	11.7	6.6	11.3	24.4	11.2	6.7	8.2	8.4	8.2	2.0	-3.3	2.2

C33 B.o.p. net direct and portfolio investment

(EUR billions)



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)															
2007	4,631.6	1,961.8	136.7	2.8	1,825.1	44.6	2,279.7	990.2	16.4	1,289.5	17.2	390.1	297.3	34.6	92.8	0.5
2008	3,763.9	1,162.7	68.4	3.0	1,094.3	27.3	2,179.1	970.9	19.9	1,208.2	18.4	422.1	353.3	61.6	68.8	1.3
2009 Q2	3,896.2	1,216.2	66.4	3.0	1,149.8	29.2	2,251.1	929.3	17.3	1,321.8	38.7	429.0	351.3	55.3	77.7	1.5
Q3	4,052.1	1,361.9	74.6	3.1	1,287.3	31.4	2,269.9	927.4	16.8	1,342.6	37.7	420.2	341.8	45.0	78.4	1.4
	Transactions															
2008	-9.0	-101.8	-37.9	0.6	-63.9	0.1	95.4	43.9	3.3	51.5	2.6	-2.5	26.8	15.1	-29.4	0.4
2009	49.2	31.7	1.1	-0.2	30.6	.	27.3	-95.5	-2.7	122.8	.	-9.8	-4.2	-14.2	-5.6	.
2009 Q2	62.2	9.3	-0.3	0.0	9.5	0.3	32.9	-33.7	0.1	66.6	20.8	20.1	12.5	-1.8	7.5	-0.3
Q3	42.0	36.7	3.4	0.0	33.3	-0.4	27.4	-7.0	-0.5	34.4	-2.0	-22.2	-10.3	-11.8	-11.9	-0.2
Q4	16.1	23.8	3.6	-0.2	20.2	.	23.1	-5.6	0.1	28.7	.	-30.7	-28.1	-0.2	-2.6	.
2009 Sep.	-24.8	8.1	0.5	0.0	7.6	.	-22.7	-12.7	-1.1	-10.0	.	-10.2	0.8	-4.3	-11.0	.
Oct.	15.7	8.0	1.8	0.0	6.2	.	4.2	-3.9	0.6	8.1	.	3.5	2.3	3.3	1.1	.
Nov.	10.9	8.7	-0.8	-0.2	9.4	.	20.0	2.8	0.3	17.2	.	-17.8	-16.9	1.6	-0.8	.
Dec.	-10.5	7.1	2.5	0.1	4.6	.	-1.2	-4.6	-0.7	3.4	.	-16.4	-13.5	-5.1	-2.9	.
2010 Jan.	28.8	-4.0	-0.5	0.0	-3.5	.	13.7	0.3	0.3	13.4	.	19.1	9.8	4.8	9.3	.
	Growth rates															
2007	10.0	3.3	22.2	-0.5	2.0	21.3	14.0	16.7	38.9	12.0	23.3	23.1	23.7	272.7	25.8	277.4
2008	-0.5	-6.1	-29.7	24.6	-4.4	0.2	4.3	4.5	20.4	4.0	15.6	-0.5	9.1	41.9	-32.1	70.8
2009 Q2	-5.6	-8.5	-15.3	14.9	-8.1	-0.9	-3.0	-10.3	-12.8	2.9	110.0	-10.4	-7.0	-18.6	-24.2	39.2
Q3	-3.0	-3.1	-8.5	12.4	-2.8	-3.5	-2.5	-10.6	-18.6	4.0	89.3	-6.9	0.0	-30.8	-32.5	49.3
Q4	1.3	2.3	0.6	-7.1	2.4	.	1.1	-9.7	-13.3	10.0	.	-3.0	-2.2	-24.6	-7.4	.

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2007	6,556.5	3,272.5	594.6	2,677.9	3,041.1	1,143.5	1,897.6	1,118.5	243.0	141.5	101.5	76.1
2008	6,078.6	2,168.7	640.7	1,528.0	3,466.5	1,263.8	2,202.8	1,357.1	443.3	108.9	334.4	272.9
2009 Q2	6,299.9	2,282.7	679.0	1,603.7	3,511.9	1,197.2	2,314.7	1,425.6	505.3	79.2	426.1	359.3
Q3	6,611.2	2,528.8	713.7	1,815.1	3,523.8	1,179.0	2,344.8	1,448.9	558.6	78.2	480.4	421.7
	Transactions											
2008	341.5	-124.8	93.4	-218.2	250.0	31.5	218.6	199.2	216.3	-2.5	218.9	185.7
2009	393.2	95.5	-0.6	96.1	162.6	-14.9	177.5	.	135.1	25.6	109.5	.
2009 Q2	145.0	47.8	3.4	44.4	44.6	-2.2	46.8	56.8	52.6	-2.6	55.2	54.1
Q3	125.3	78.6	12.3	66.3	-12.9	-7.6	-5.3	-5.9	59.6	13.9	45.7	60.5
Q4	64.2	20.3	-11.9	32.2	40.5	5.9	34.6	.	3.4	25.7	-22.3	.
2009 Sep.	55.1	-18.1	-5.4	-12.8	44.5	-13.2	57.7	.	28.6	20.5	8.2	.
Oct.	32.8	-26.1	-0.5	-25.6	37.0	12.5	24.5	.	21.9	2.3	19.7	.
Nov.	-6.0	-3.0	-2.4	-0.6	10.4	-4.1	14.4	.	-13.3	2.1	-15.4	.
Dec.	37.3	49.4	-9.0	58.4	-6.8	-2.5	-4.4	.	-5.2	21.4	-26.7	.
2010 Jan.	24.7	17.2	-10.4	27.6	-3.7	22.7	-26.4	.	11.2	-3.9	15.0	.
	Growth rates											
2007	9.8	5.2	4.4	5.3	13.5	15.9	12.2	14.2	31.2	54.5	13.7	33.2
2008	5.4	-5.4	16.0	-10.5	8.3	2.8	11.5	17.8	88.3	-2.0	202.0	246.5
2009 Q2	3.9	-7.1	-0.4	-9.0	4.8	-4.6	10.4	17.7	99.3	-20.1	233.3	300.3
Q3	5.2	-0.6	4.2	-1.9	2.8	-5.3	7.5	12.0	67.6	-5.9	113.9	177.6
Q4	6.5	4.3	-0.1	6.1	4.7	-1.2	8.1	.	30.5	35.8	32.1	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/currency and deposits	Other assets	Total	Loans/currency and deposits	Other assets		Trade credits	Loans/currency and deposits	Currency and deposits		Trade credits	Loans/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)														
2007	5,381.3	36.9	35.6	1.4	3,354.4	3,283.2	71.2	107.8	12.7	48.8	13.7	1,882.1	196.2	1,518.5	476.5
2008	5,466.1	28.8	27.7	1.0	3,280.7	3,221.6	59.1	101.0	12.1	40.9	7.2	2,055.6	186.1	1,644.9	474.5
2009 Q2	5,083.7	27.9	27.7	0.3	2,966.4	2,930.5	35.9	103.2	12.1	42.0	11.2	1,986.1	188.9	1,559.3	414.1
Q3	4,926.4	22.8	22.5	0.3	2,823.3	2,790.0	33.2	109.1	11.9	48.4	8.6	1,971.3	190.5	1,544.3	446.2
	Transactions														
2008	93.4	-9.4	-9.4	0.0	-50.2	-65.5	15.3	-6.6	-1.1	-6.8	-5.8	159.6	2.5	97.6	-31.9
2009	-517.5	-1.6	.	.	-413.4	.	.	4.4	.	.	1.2	-106.9	.	.	-5.6
2009 Q2	-145.4	7.0	7.0	0.0	-90.0	-76.0	-13.9	-3.8	0.0	-4.5	-5.1	-58.6	5.3	-68.0	-16.7
Q3	-115.0	-6.6	-6.6	0.0	-83.5	-81.2	-2.3	-5.1	-0.3	-4.9	-3.9	-19.8	0.1	-15.8	26.1
Q4	-24.5	6.2	.	.	-3.6	.	.	6.8	.	.	1.1	-33.9	.	.	-16.1
2009 Sep.	-24.1	-1.8	.	.	-21.3	.	.	-1.9	.	.	-1.8	1.0	.	.	6.4
Oct.	44.1	1.9	.	.	13.8	.	.	-0.3	.	.	-0.5	28.7	.	.	3.7
Nov.	8.7	0.2	.	.	16.8	.	.	3.7	.	.	1.5	-11.9	.	.	-6.0
Dec.	-77.3	4.1	.	.	-34.2	.	.	3.5	.	.	0.1	-50.7	.	.	-13.8
2010 Jan.	51.0	-5.1	.	.	68.3	.	.	-4.1	.	.	-2.9	-8.1	.	.	-3.2
	Growth rates														
2007	21.0	157.3	173.7	-1.7	18.6	18.8	11.4	-6.4	-9.8	-12.4	-28.6	26.6	7.5	28.8	14.0
2008	1.7	-26.2	-26.9	5.0	-1.5	-2.0	21.6	-6.2	-8.9	-14.0	-44.4	8.6	1.2	6.5	-6.9
2009 Q2	-9.0	-28.7	-30.3	5.6	-14.1	-14.1	-17.1	-4.9	-3.3	-13.2	-35.7	0.1	-4.8	-0.8	-3.3
Q3	-12.6	-42.4	-43.8	6.0	-18.3	-18.4	-22.4	-2.3	-4.7	-6.6	-20.3	-2.6	-4.1	-2.7	3.3
Q4	-9.4	-8.1	.	.	-12.6	.	.	3.7	.	.	14.3	-5.2	.	.	-1.1

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)														
2007	5,468.6	201.7	201.4	0.2	3,935.1	3,872.6	62.5	52.3	0.0	46.9	5.4	1,279.5	156.9	1,009.7	112.8
2008	5,653.6	482.3	481.9	0.4	3,751.8	3,698.1	53.6	61.9	0.0	58.0	3.9	1,357.6	170.2	1,069.6	117.8
2009 Q2	5,234.7	313.4	308.4	5.0	3,587.6	3,551.2	36.4	58.8	0.0	55.0	3.9	1,274.9	182.3	973.2	119.4
Q3	5,003.1	264.3	263.8	0.6	3,437.7	3,401.0	36.8	59.7	0.0	55.9	3.8	1,241.3	179.1	952.9	109.4
	Transactions														
2008	165.5	280.7	280.6	0.1	-181.0	-191.9	10.9	9.5	0.0	11.0	-1.5	56.3	10.5	46.1	-0.3
2009	-714.5	-231.6	.	.	-344.1	.	.	-8.5	.	.	.	-130.2	.	.	.
2009 Q2	-226.4	-89.3	-91.1	1.8	-81.1	-69.7	-11.4	-2.4	0.0	-3.1	0.7	-53.6	4.4	-57.3	-0.7
Q3	-156.3	-43.5	-43.7	0.3	-79.1	-79.7	0.6	1.4	0.0	1.9	-0.5	-35.1	1.3	-24.6	-11.7
Q4	-83.4	-16.7	.	.	-71.3	.	.	-3.8	.	.	.	8.4	.	.	.
2009 Sep.	-42.9	-20.3	.	.	-3.5	.	.	1.2	.	.	.	-20.4	.	.	.
Oct.	33.1	-8.3	.	.	14.7	.	.	5.9	.	.	.	20.8	.	.	.
Nov.	24.1	-1.3	.	.	16.4	.	.	0.9	.	.	.	8.1	.	.	.
Dec.	-140.6	-7.1	.	.	-102.4	.	.	-10.6	.	.	.	-20.6	.	.	.
2010 Jan.	61.0	-7.5	.	.	70.1	.	.	-0.1	.	.	.	-1.6	.	.	.
	Growth rates														
2007	20.0	79.2	79.4	-6.9	18.0	18.2	9.5	-1.9	27.4	-4.1	20.7	20.7	6.8	26.2	0.5
2008	3.1	141.3	141.4	20.8	-4.6	-4.9	17.3	18.3	-20.1	23.6	-27.9	4.3	6.6	4.5	-0.8
2009 Q2	-11.2	19.1	17.3	1,123.2	-14.9	-15.1	-9.6	10.5	41.1	11.3	-1.2	-6.5	-3.5	-7.6	-1.7
Q3	-15.0	-27.7	-29.0	916.8	-16.3	-16.4	-13.4	8.1	234.7	9.4	-11.1	-8.3	-2.8	-9.3	-8.6
Q4	-12.5	-47.8	.	.	-9.1	.	.	-13.6	.	.	.	-9.5	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets

	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)																
2006	325.8	176.3	365.213	4.6	5.2	139.7	6.3	22.5	110.7	0.5	79.3	30.8	0.3	0.0	24.6	-21.5	5.6
2007	347.2	201.0	353.688	4.6	3.6	138.0	7.2	22.0	108.5	0.4	87.8	20.3	0.3	0.0	44.3	-38.5	5.3
2008	374.2	217.0	349.190	4.7	7.3	145.1	7.6	8.0	129.5	0.6	111.3	17.6	0.0	0.1	262.8	-245.7	5.5
2009 Q1	395.7	240.4	349.059	4.8	8.4	142.1	8.4	3.7	129.9	0.6	108.6	20.7	0.1	0.1	155.4	-141.4	5.6
Q2	381.5	229.8	347.546	4.2	11.3	136.2	9.5	6.6	119.9	0.5	99.3	20.0	0.2	0.0	77.6	-65.6	5.4
Q3	430.9	236.1	347.200	49.8	11.7	133.2	12.7	7.1	113.2	0.5	89.8	22.9	0.2	0.0	56.7	-42.4	50.9
2009 Dec.	462.4	266.0	347.163	50.8	10.0	135.5	12.3	8.1	115.2	-	-	-	-0.1	0.0	32.1	-24.5	51.2
2010 Jan.	468.7	268.1	347.162	52.0	10.2	138.4	10.3	10.0	118.4	-	-	-	-0.3	0.0	28.3	-20.0	52.5
Feb.	492.6	283.5	347.161	52.7	11.8	144.5	7.3	15.9	121.6	-	-	-	-0.4	0.0	28.9	-21.8	53.3
	Transactions																
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-	-
2008	3.9	-2.1	-	-0.1	3.8	2.3	5.0	-15.8	11.8	0.1	15.8	-4.1	1.3	0.1	-	-	-
2009	-2.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009 Q2	2.4	0.1	-	-0.5	3.3	-0.4	-0.4	2.9	-3.2	0.0	-2.0	-1.2	0.2	0.0	-	-	-
Q3	-0.3	-0.2	-	0.3	0.6	-1.0	2.3	0.3	-3.8	0.0	-7.0	3.2	0.2	0.0	-	-	-
Q4	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2006	0.3	-2.4	-	11.6	-49.0	7.7	-48.4	12.7	13.4	0.0	29.2	-15.3	-	-	-	-	-
2007	1.6	-1.7	-	7.3	-18.3	6.3	14.9	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.1	-1.0	-	-2.6	105.3	1.7	67.7	-69.1	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009 Q2	-1.2	-0.9	-	-6.6	174.2	-6.4	106.0	-80.7	2.1	2.6	0.0	15.5	-	-	-	-	-
Q3	-0.9	-0.9	-	-2.9	200.8	-6.2	60.3	-70.2	-2.7	1.3	-8.9	34.6	-	-	-	-	-
Q4	-0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: ECB.

7.3 Financial account

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

8. 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
2008	Outstanding amounts (international investment position)														
Direct investment	527.4	-93.0	-2.1	-30.2	-293.9	233.6	-0.3	41.1	35.2	-9.5	126.2	-68.7	-7.1	-0.2	503.3
Abroad	3,744.4	1,255.3	34.9	93.9	865.7	260.8	0.0	104.1	38.8	71.7	384.5	734.6	418.5	0.1	736.8
Equity/reinvested earnings	2,946.9	967.5	30.1	60.3	660.1	216.9	0.0	83.3	32.0	53.6	335.3	551.3	386.7	0.0	537.4
Other capital	797.5	287.9	4.8	33.6	205.7	43.8	0.0	20.7	6.9	18.1	49.2	183.4	31.9	0.0	199.4
In the euro area	3,217.0	1,348.3	37.0	124.1	1,159.7	27.1	0.3	63.0	3.6	81.2	258.3	803.3	425.6	0.3	233.4
Equity/reinvested earnings	2,405.5	1,096.8	28.3	97.4	956.9	13.9	0.2	50.6	0.8	68.7	191.1	590.8	284.1	0.1	122.5
Other capital	811.6	251.5	8.7	26.7	202.8	13.2	0.1	12.4	2.9	12.5	67.2	212.5	141.6	0.2	110.9
Portfolio investment assets	3,763.9	1,242.2	63.7	122.4	895.5	80.7	80.0	82.8	25.6	213.4	95.4	1,225.8	458.4	30.5	389.8
Equity	1,162.7	228.7	6.4	19.9	191.7	9.8	0.9	18.2	22.8	84.5	81.3	378.8	197.8	2.0	148.6
Debt instruments	2,601.3	1,013.6	57.3	102.5	703.7	71.0	79.1	64.6	2.9	128.8	14.1	847.0	260.6	28.5	241.3
Bonds and notes	2,179.1	849.1	50.3	81.5	569.1	70.3	77.8	61.6	2.3	61.7	12.6	705.4	238.2	28.4	219.9
Money market instruments	422.1	164.5	6.9	21.0	134.6	0.6	1.3	3.0	0.6	67.1	1.5	141.5	22.4	0.1	21.4
Other investment	-187.5	-91.1	51.1	28.0	-110.4	108.8	-168.6	-6.2	-16.0	-10.2	-131.2	-286.3	2.1	1.8	349.6
Assets	5,466.1	2,419.7	100.9	83.3	2,020.2	201.8	13.4	25.7	34.0	109.4	276.5	852.5	640.7	58.7	1,048.8
General government	101.0	15.0	0.7	0.4	3.6	0.7	9.7	0.0	1.8	0.2	0.1	3.4	1.4	40.1	39.1
MFIs	3,309.5	1,731.1	83.9	58.3	1,419.1	167.9	1.9	16.8	14.5	79.0	164.5	418.9	367.7	18.2	498.8
Other sectors	2,055.6	673.5	16.4	24.6	597.5	33.3	1.8	8.9	17.7	30.3	111.9	430.2	271.7	0.5	510.9
Liabilities	5,653.6	2,510.8	49.8	55.3	2,130.6	93.0	182.0	32.0	50.0	119.5	407.7	1,138.8	638.6	57.0	699.1
General government	61.9	32.5	0.0	0.1	2.5	0.0	29.7	0.0	0.0	0.6	0.5	7.0	0.3	17.7	3.3
MFIs	4,234.1	1,907.6	38.9	33.5	1,664.9	70.0	100.2	24.4	32.1	91.2	328.7	751.1	535.1	36.8	527.2
Other sectors	1,357.6	570.8	10.8	21.7	463.2	23.0	52.0	7.5	17.9	27.8	78.6	380.8	103.2	2.5	168.7
2008 Q4 to 2009 Q3	Cumulated transactions														
Direct investment	148.5	54.1	1.2	7.4	34.5	11.0	0.0	-5.0	3.7	-10.0	-21.9	34.1	66.0	0.0	27.5
Abroad	303.6	105.7	1.6	19.3	78.9	5.8	0.0	3.3	4.0	-1.3	-0.4	83.4	61.5	0.0	47.4
Equity/reinvested earnings	192.9	56.8	1.3	9.5	43.7	2.3	0.0	3.5	2.4	0.7	3.7	42.5	48.7	0.0	34.6
Other capital	110.7	48.9	0.3	9.8	35.2	3.5	0.0	-0.2	1.6	-2.0	-4.1	41.0	12.8	0.0	12.8
In the euro area	155.1	51.5	0.4	11.9	44.4	-5.2	0.0	8.3	0.3	8.7	21.5	49.3	-4.5	0.0	19.9
Equity/reinvested earnings	177.6	52.6	0.5	12.4	37.6	2.0	0.0	8.5	0.2	2.8	13.0	63.6	8.7	0.0	28.3
Other capital	-22.5	-1.0	-0.1	-0.5	6.8	-7.3	0.0	-0.1	0.1	5.9	8.5	-14.3	-13.2	0.0	-8.4
Portfolio investment assets	-133.1	41.0	5.7	11.6	7.6	-4.8	20.9	4.6	4.2	-47.0	8.2	-41.3	-113.4	-2.5	13.1
Equity	-46.2	-1.4	0.4	1.2	-2.4	-0.6	0.0	3.8	5.7	-5.7	6.6	-13.0	-49.3	0.0	7.1
Debt instruments	-86.9	42.4	5.3	10.3	10.1	-4.2	20.9	0.8	-1.5	-41.3	1.6	-28.3	-64.1	-2.5	6.0
Bonds and notes	-58.5	49.8	4.8	16.2	15.4	-4.1	17.5	-2.9	-0.8	-28.5	0.3	-28.2	-48.8	-2.9	3.6
Money market instruments	-28.4	-7.3	0.5	-5.9	-5.3	-0.1	3.5	3.7	-0.7	-12.8	1.3	-0.1	-15.3	0.4	2.4
Other investment	174.1	-220.9	1.5	-9.4	-221.7	18.8	-10.1	-3.1	5.4	68.7	85.1	49.9	82.1	18.9	88.1
Assets	-722.3	-332.5	-15.8	-13.7	-319.6	15.1	1.5	-0.8	-10.3	-9.4	-53.8	-188.1	-43.1	-4.9	-79.4
General government	-2.3	-2.4	-0.3	-0.1	-2.0	-0.3	0.2	0.0	-0.1	0.0	0.0	0.1	0.0	1.3	-1.2
MFIs	-664.4	-326.2	-14.9	-13.4	-312.9	14.5	0.6	-1.3	-12.5	-7.2	-50.2	-108.3	-47.3	-6.1	-105.3
Other sectors	-55.5	-3.9	-0.6	-0.1	-4.7	0.9	0.7	0.5	2.2	-2.2	-3.6	-79.9	4.2	0.0	27.2
Liabilities	-896.4	-111.6	-17.4	-4.3	-97.9	-3.7	11.7	2.3	-15.8	-78.0	-138.9	-238.0	-125.2	-23.8	-167.4
General government	4.3	2.2	0.0	-0.2	0.3	0.0	2.1	0.0	0.0	-0.1	0.0	0.3	0.0	2.2	-0.2
MFIs	-787.5	-95.6	-16.6	-1.4	-78.1	-0.6	1.2	1.1	-15.4	-79.6	-139.5	-142.6	-128.8	-25.9	-161.0
Other sectors	-113.2	-18.2	-0.8	-2.6	-20.2	-3.1	8.4	1.2	-0.3	1.7	0.6	-95.6	3.7	-0.1	-6.2

Source: ECB.

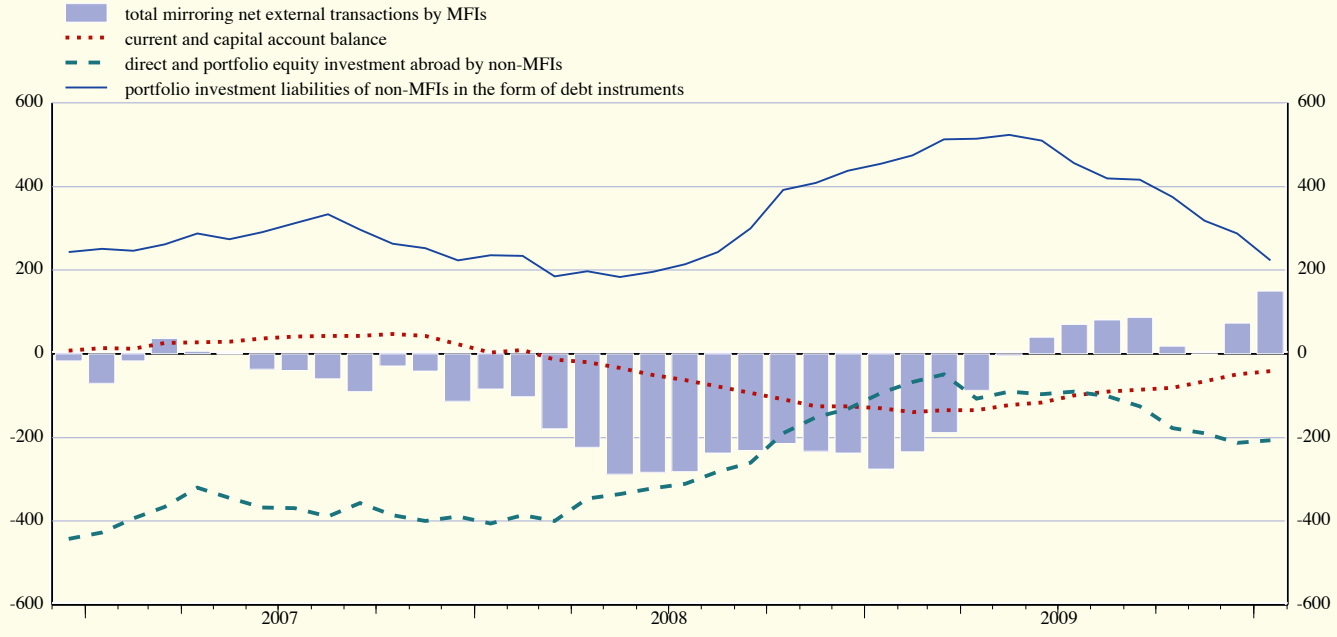
7.4 Monetary presentation of the balance of payments [1]

(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
2007	-112.5	22.8	-457.6	401.0	-38.3	-160.9	134.4	223.0	-384.8	226.8	-64.8	-14.1
2008	-237.6	-126.2	-325.0	136.6	63.8	-21.6	-218.5	438.0	-153.7	66.4	-65.6	-31.7
2009	73.4	-49.4	-270.0	207.3	-30.6	-117.2	96.1	287.0	102.5	-138.7	13.2	-26.8
2008 Q4	52.7	-28.9	-48.9	-14.7	50.0	73.2	-111.9	140.8	-18.1	34.8	-13.2	-10.4
2009 Q1	-41.7	-36.6	-78.8	40.0	32.4	5.6	-46.8	132.4	-11.8	-53.5	-5.3	-19.1
Q2	77.4	-19.5	-88.0	91.4	-9.5	-74.2	44.4	102.0	62.5	-56.0	18.8	5.5
Q3	-1.2	-1.2	-58.7	33.7	-33.3	-22.5	66.3	40.4	24.8	-33.7	-4.2	-12.8
Q4	38.9	7.8	-44.4	42.2	-20.2	-26.1	32.2	12.2	27.1	4.5	3.8	-0.4
2009 Jan.	-74.5	-23.8	-21.1	9.3	2.4	-5.6	-35.1	51.6	-3.7	-43.7	3.4	-8.0
Feb.	31.0	-4.9	-19.5	12.4	18.8	0.8	3.4	38.1	6.8	-17.3	-1.3	-6.3
Mar.	1.8	-7.9	-38.2	18.3	11.3	10.4	-15.2	42.7	-15.0	7.6	-7.3	-4.9
Apr.	21.4	-9.1	-59.8	73.2	5.2	-48.3	-24.1	48.9	-11.5	41.0	9.1	-3.3
May	5.2	-13.5	-11.3	20.9	-1.9	-33.2	28.6	30.3	86.6	-110.8	9.2	0.5
June	50.8	3.2	-16.9	-2.6	-12.9	7.4	39.9	22.7	-12.6	13.8	0.6	8.4
July	-0.1	10.1	-11.7	14.3	-14.3	-21.4	33.0	-31.3	13.0	-1.2	6.5	3.0
Aug.	19.4	-5.4	-13.2	19.9	-11.3	-22.2	46.1	5.9	10.9	-13.3	-9.3	11.3
Sep.	-20.4	-5.9	-33.9	-0.5	-7.6	21.0	-12.8	65.9	0.9	-19.2	-1.4	-27.1
Oct.	-4.7	-3.6	-28.2	25.6	-6.2	-9.2	-25.6	44.2	-28.4	26.7	0.9	-0.8
Nov.	-8.5	0.5	-8.1	9.3	-9.4	-16.4	-0.6	-0.9	8.2	9.0	-0.2	0.1
Dec.	52.0	10.9	-8.1	7.3	-4.6	-0.5	58.4	-31.0	47.2	-31.1	3.1	0.4
2010 Jan.	2.0	-15.0	-5.5	0.2	3.5	-22.7	27.6	-11.4	12.2	-1.7	5.4	9.4
	12-month cumulated transactions											
2010 Jan.	150.0	-40.6	-254.4	198.2	-29.5	-134.3	158.8	224.1	118.4	-96.6	15.3	-9.4

C34 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)												
2008	3.7	8.2	1,558.3	768.5	337.7	414.1	1,303.6	1,610.7	1,019.1	233.0	333.9	1,021.1	293.6
2009	-18.1	-22.2	1,273.3	623.2	261.5	352.4	1,047.7	1,256.0	724.4	191.3	312.8	825.1	174.2
2009 Q1	-21.1	-20.9	315.6	151.4	66.0	86.8	258.4	320.0	183.3	49.6	79.4	212.2	36.0
Q2	-23.2	-27.2	309.7	152.9	63.7	85.3	254.5	304.7	173.4	47.2	77.4	201.9	41.7
Q3	-19.3	-25.7	319.1	156.9	64.7	88.5	263.1	312.8	179.8	47.4	78.5	204.4	47.5
Q4	-8.3	-14.5	328.9	162.0	67.1	91.9	271.7	318.5	187.9	47.1	77.5	206.6	49.0
2009 Aug.	-21.0	-25.6	103.4	50.5	20.3	29.1	84.3	103.0	59.7	15.5	25.8	67.3	16.4
Sep.	-19.2	-22.6	107.2	53.1	21.8	29.3	88.6	106.4	61.4	16.2	26.6	69.4	16.0
Oct.	-16.9	-22.4	107.8	53.6	22.4	29.6	90.1	104.4	61.4	15.2	25.6	68.4	15.9
Nov.	-5.6	-13.7	109.3	53.5	21.3	31.7	89.2	105.7	62.8	15.7	25.7	68.4	16.7
Dec.	-0.4	-5.5	111.8	54.9	23.4	30.6	92.4	108.4	63.7	16.1	26.2	69.8	16.4
2010 Jan.	4.6	1.0	111.1	.	.	.	90.7	109.4	.	.	.	72.0	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2008	1.4	0.5	146.0	141.4	157.6	147.5	142.8	129.2	122.4	144.0	143.3	133.3	108.1
2009	-16.7	-14.0	121.3	118.5	120.3	126.9	114.5	111.4	103.2	117.0	133.4	108.9	97.0
2009 Q1	-21.0	-14.9	119.5	114.0	120.8	125.0	111.7	112.9	105.6	118.3	131.9	109.0	100.1
Q2	-22.0	-19.2	118.6	117.2	117.7	123.0	111.6	108.5	99.9	113.7	132.4	106.2	97.7
Q3	-17.3	-14.6	121.4	119.4	118.8	126.8	115.1	110.7	101.8	117.6	133.8	108.7	95.2
Q4	-5.9	-7.1	125.5	123.4	124.0	132.7	119.5	113.3	105.5	118.4	135.6	111.8	95.0
2009 Aug.	-19.2	-13.5	118.4	115.5	112.1	125.4	110.9	110.4	102.4	116.8	132.5	107.9	97.6
Sep.	-17.1	-12.0	122.3	120.7	119.9	127.0	116.4	112.7	103.6	120.6	136.6	111.0	93.7
Oct.	-14.3	-12.4	124.0	123.3	124.5	127.8	119.4	113.0	105.8	115.1	135.2	111.6	96.4
Nov.	-2.9	-6.1	125.4	121.8	118.8	139.1	117.9	112.5	105.1	119.5	135.0	111.4	95.0
Dec.	1.3	-2.1	127.2	125.2	128.7	131.1	121.3	114.3	105.7	120.7	136.8	112.6	93.6
2010 Jan.	.	.	.	.	.	.	.	.	.	.	.	.	.

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	32.2	46.3	17.7	3.8	99.4	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
2008	103.5	1.6	1.5	-0.4	2.4	25.2	1.5	112.7	6.5	0.2	-3.4	2.4	28.2	0.8
2009	100.9	-2.5	-4.1	0.6	0.5	-26.5	-2.5	102.2	-9.4	-5.9	-0.8	0.2	-26.5	-3.8
2009 Q2	100.9	-2.8	-3.9	1.5	0.9	-36.4	-2.7	101.5	-12.4	-6.5	0.1	1.4	-35.3	-4.2
Q3	100.9	-4.0	-6.2	0.7	0.4	-34.0	-3.8	102.3	-13.0	-7.8	-1.0	-0.3	-33.8	-5.2
Q4	100.6	-2.0	-5.2	-1.1	-0.5	6.8	-1.9	103.4	-3.2	-5.0	-2.1	-2.9	-2.9	-3.2
2009 Sep.	100.6	-4.3	-6.7	0.0	0.0	-32.7	-4.2	102.0	-11.7	-7.9	-1.3	-1.3	-30.1	-5.3
Oct.	100.4	-3.6	-6.5	-1.0	-1.1	-13.7	-3.5	102.8	-7.7	-7.2	-2.2	-3.1	-16.7	-4.9
Nov.	100.7	-2.2	-5.4	-1.6	-0.7	10.6	-2.0	103.5	-3.5	-5.5	-2.4	-3.6	-2.3	-3.6
Dec.	100.7	-0.2	-3.7	-0.6	0.3	33.1	-0.1	103.9	1.9	-2.1	-1.6	-1.9	15.1	-1.0
2010 Jan.	101.7	0.4	-1.8	-0.7	0.4	32.3	0.5	106.1	4.6	0.5	-1.2	-1.3	22.9	0.4
Feb.	102.7	1.3	-0.2	-0.1	0.5	36.5	1.4	107.3	5.5	2.0	-0.9	-1.2	25.5	1.1

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	Switzerland	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.)														
2008	1,558.3	35.2	53.9	220.4	233.7	78.6	86.7	42.7	186.3	309.5	65.7	33.7	100.1	68.1	142.9
2009	1,273.3	27.4	41.0	174.4	176.5	49.6	78.7	34.4	151.9	282.2	67.9	28.7	91.5	53.9	111.9
2008 Q3	396.5	9.0	14.0	56.1	60.2	21.0	21.8	10.8	46.8	77.2	16.0	8.2	26.6	17.6	35.4
Q4	360.2	8.0	11.5	48.5	52.4	17.9	21.0	8.4	44.0	73.5	15.6	8.1	24.9	17.2	32.8
2009 Q1	315.6	7.2	9.9	42.6	43.4	12.5	20.3	7.7	39.2	67.1	15.5	7.1	23.4	13.1	29.2
Q2	309.7	6.6	9.8	42.5	42.5	12.1	19.2	8.3	38.1	69.9	16.8	7.1	22.6	12.5	25.7
Q3	319.1	6.9	10.6	44.6	44.9	12.2	19.3	9.1	36.3	70.9	17.3	7.2	22.4	14.0	28.0
Q4	328.9	6.7	10.7	44.7	45.7	12.8	20.0	9.3	38.2	74.3	18.3	7.3	23.1	14.3	28.9
2009 Aug.	103.4	2.3	3.4	14.5	14.8	4.0	6.2	3.0	11.8	22.7	5.7	2.2	7.4	4.4	8.9
Sep.	107.2	2.3	3.6	15.2	15.2	4.1	6.4	3.0	12.1	23.5	5.8	2.4	7.5	4.7	9.5
Oct.	107.8	2.2	3.6	15.1	15.3	4.1	6.4	3.0	12.4	24.4	6.0	2.4	7.6	4.6	9.1
Nov.	109.3	2.2	3.5	14.4	15.1	4.3	6.9	3.1	12.8	24.3	6.2	2.4	7.7	4.8	10.2
Dec.	111.8	2.3	3.6	15.3	15.3	4.4	6.7	3.2	13.0	25.7	6.1	2.6	7.8	4.9	9.6
2010 Jan.	111.1	.	.	.	.	4.4	6.6	3.5	13.3	24.2	5.8	2.5	7.6	4.6	.
	Percentage share of total exports														
2009	100.0	2.2	3.2	13.7	13.9	3.9	6.2	2.7	11.9	22.2	5.3	2.3	7.2	4.2	8.8
	Imports (c.i.f.)														
2008	1,610.7	30.7	52.1	164.7	184.8	122.0	70.0	32.4	135.8	480.0	184.4	57.4	141.2	81.7	115.3
2009	1,256.0	26.3	37.6	125.2	161.3	81.4	64.8	26.2	116.3	376.1	158.6	42.9	93.5	59.2	88.0
2008 Q3	419.2	7.8	13.2	41.8	47.8	34.3	17.9	8.2	34.1	124.6	48.2	14.3	38.2	21.2	30.2
Q4	372.2	7.3	11.4	36.3	42.9	24.8	17.4	7.1	33.2	113.5	47.0	13.2	30.8	20.1	27.3
2009 Q1	320.0	6.8	9.5	31.5	38.8	17.8	16.7	6.6	31.8	97.1	41.6	11.5	23.8	14.7	24.9
Q2	304.7	6.3	8.9	30.5	38.8	18.1	16.1	6.3	30.4	92.3	39.6	10.2	23.0	14.2	19.8
Q3	312.8	6.7	9.7	31.5	41.0	21.8	16.1	6.6	26.1	93.1	38.6	10.7	22.6	14.8	22.6
Q4	318.5	6.4	9.5	31.7	42.8	23.7	16.0	6.7	28.0	93.6	38.8	10.5	24.2	15.5	20.6
2009 Aug.	103.0	2.3	3.2	10.4	13.7	6.7	5.4	2.1	8.7	30.9	12.6	3.5	7.3	4.9	7.3
Sep.	106.4	2.2	3.3	10.7	14.0	8.3	5.3	2.3	9.0	31.4	13.1	3.8	7.6	4.9	7.4
Oct.	104.4	2.2	3.1	10.7	14.3	7.8	5.2	2.3	9.1	30.9	12.6	3.5	7.3	4.9	6.5
Nov.	105.7	2.1	3.1	10.1	14.0	7.9	5.3	2.3	9.4	31.0	12.8	3.5	8.5	5.2	6.8
Dec.	108.4	2.1	3.3	10.8	14.5	7.9	5.5	2.1	9.5	31.7	13.4	3.5	8.4	5.4	7.3
2010 Jan.	109.4	.	.	.	.	8.4	5.3	2.4	9.6	33.4	12.8	3.7	8.3	5.3	.
	Percentage share of total imports														
2009	100.0	2.1	3.0	10.0	12.8	6.5	5.2	2.1	9.3	30.0	12.6	3.4	7.4	4.7	7.0
	Balance														
2008	-52.4	4.5	1.8	55.7	48.9	-43.4	16.7	10.4	50.5	-170.5	-118.8	-23.6	-41.0	-13.6	27.6
2009	17.4	1.1	3.4	49.2	15.2	-31.8	13.8	8.1	35.6	-94.0	-90.7	-14.2	-2.0	-5.3	23.9
2008 Q3	-22.7	1.2	0.8	14.3	12.4	-13.3	3.9	2.6	12.7	-47.4	-32.2	-6.1	-11.6	-3.6	5.2
Q4	-12.0	0.7	0.0	12.2	9.5	-6.9	3.6	1.4	10.8	-40.0	-31.4	-5.1	-6.0	-2.9	5.6
2009 Q1	-4.4	0.4	0.5	11.1	4.6	-5.3	3.6	1.1	7.4	-30.0	-26.1	-4.3	-0.4	-1.6	4.3
Q2	5.1	0.3	0.9	12.0	3.7	-6.0	3.1	2.0	7.7	-22.4	-22.7	-3.1	-0.3	-1.7	5.9
Q3	6.3	0.1	0.8	13.1	3.9	-9.6	3.2	2.5	10.2	-22.3	-21.4	-3.6	-0.1	-0.8	5.4
Q4	10.4	0.3	1.2	13.0	3.0	-10.9	4.0	2.6	10.3	-19.2	-20.5	-3.2	-1.1	-1.1	8.3
2009 Aug.	0.4	0.0	0.2	4.1	1.1	-2.7	0.9	0.8	3.1	-8.2	-6.9	-1.3	0.0	-0.5	1.6
Sep.	0.8	0.1	0.3	4.5	1.2	-4.2	1.1	0.8	3.1	-8.0	-7.3	-1.4	-0.1	-0.2	2.1
Oct.	3.5	0.0	0.5	4.3	1.1	-3.7	1.2	0.7	3.3	-6.5	-6.6	-1.1	0.3	-0.2	2.5
Nov.	3.6	0.1	0.4	4.3	1.1	-3.7	1.6	0.8	3.4	-6.7	-6.6	-1.2	-0.7	-0.4	3.4
Dec.	3.3	0.2	0.3	4.5	0.9	-3.6	1.2	1.1	3.6	-6.0	-7.3	-0.9	-0.7	-0.5	2.3
2010 Jan.	1.8	.	.	.	.	-4.1	1.3	1.1	3.8	-9.3	-7.0	-1.3	-0.7	-0.6	.

Source: Eurostat.

8 EXCHANGE RATES

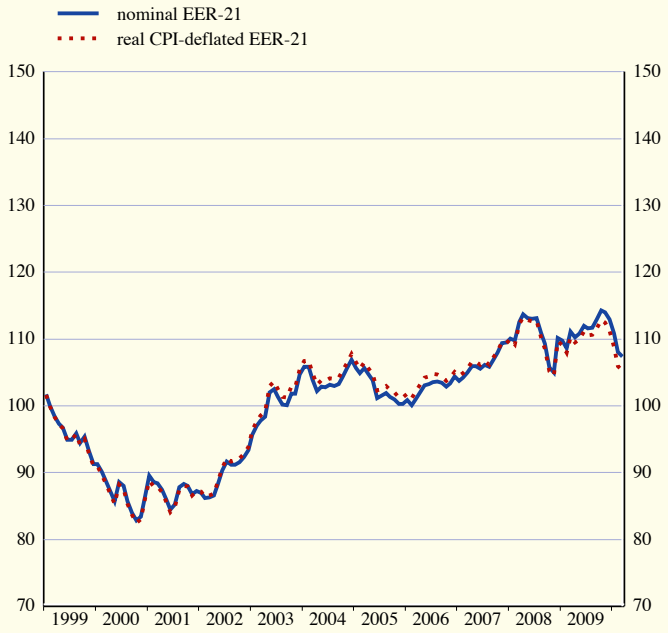
8.1 Effective exchange rates [1]

(period averages; index: 1999 Q1=100)

	EER-21						EER-41	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2007	106.3	106.8	105.2	102.7	106.9	101.0	113.0	104.2
2008	110.5	110.1	107.4	105.7	112.8	104.7	118.0	107.0
2009	111.7	110.6	105.9	106.9	119.0	106.6	120.6	107.8
2009 Q1	109.9	109.2	104.7	105.2	116.9	105.1	119.0	106.9
Q2	111.1	110.2	105.4	106.5	119.9	106.4	119.8	107.4
Q3	112.1	110.9	106.2	107.4	119.0	106.6	121.0	108.1
Q4	113.8	112.2	107.3	108.6	120.2	108.1	122.5	108.8
2010 Q1	108.7	106.7	102.2	.	.	.	116.9	103.2
2009 Mar.	111.1	110.3	105.5	-	-	-	120.4	108.1
Apr.	110.3	109.5	104.6	-	-	-	119.1	106.8
May	110.8	109.9	105.2	-	-	-	119.5	107.1
June	112.0	111.1	106.2	-	-	-	120.7	108.2
July	111.6	110.5	105.8	-	-	-	120.5	107.7
Aug.	111.7	110.6	106.0	-	-	-	120.6	107.8
Sep.	112.9	111.6	106.9	-	-	-	122.0	108.7
Oct.	114.3	112.8	108.2	-	-	-	123.0	109.5
Nov.	114.0	112.5	107.5	-	-	-	122.9	109.2
Dec.	113.0	111.3	106.1	-	-	-	121.7	107.9
2010 Jan.	110.8	108.9	104.0	-	-	-	119.1	105.4
Feb.	108.0	105.9	101.5	-	-	-	116.2	102.6
Mar.	107.4	105.3	100.9	-	-	-	115.2	101.5
	Percentage change versus previous month							
2010 Mar.	-0.6	-0.6	-0.6	-	-	-	-0.9	-1.0
	Percentage change versus previous year							
2010 Mar.	-3.3	-4.6	-4.4	-	-	-	-4.3	-6.0

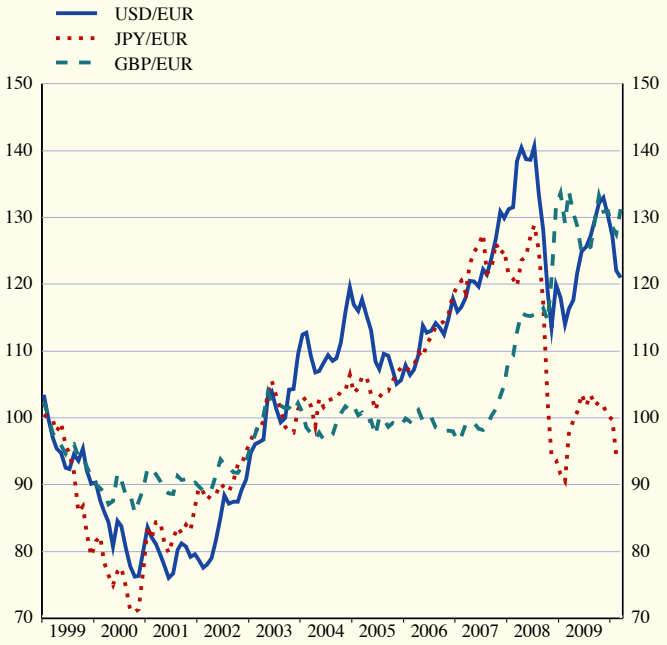
C35 Effective exchange rates

(monthly averages; index: 1999 Q1=100)



C36 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)

	Danish krone	Swedish krona	Pound sterling	US dollar	Japanese yen	Swiss franc	South Korean won	Hong Kong dollar	Singapore dollar	Canadian dollar	Norwegian krone	Australian dollar
	1	2	3	4	5	6	7	8	9	10	11	12
2007	7.4506	9.2501	0.68434	1.3705	161.25	1.6427	1,272.99	10.6912	2.0636	1.4678	8.0165	1.6348
2008	7.4560	9.6152	0.79628	1.4708	152.45	1.5874	1,606.09	11.4541	2.0762	1.5594	8.2237	1.7416
2009	7.4462	10.6191	0.89094	1.3948	130.34	1.5100	1,772.90	10.8114	2.0241	1.5850	8.7278	1.7727
2009 Q3	7.4442	10.4241	0.87161	1.4303	133.82	1.5195	1,772.14	11.0854	2.0570	1.5704	8.7397	1.7169
Q4	7.4424	10.3509	0.90483	1.4779	132.69	1.5088	1,725.91	11.4555	2.0604	1.5604	8.3932	1.6250
2010 Q1	7.4426	9.9464	0.88760	1.3829	125.48	1.4632	1,581.41	10.7364	1.9395	1.4383	8.1020	1.5293
2009 Sep.	7.4428	10.1976	0.89135	1.4562	133.14	1.5148	1,768.58	11.2858	2.0720	1.5752	8.5964	1.6903
Oct.	7.4438	10.3102	0.91557	1.4816	133.91	1.5138	1,739.94	11.4828	2.0714	1.5619	8.3596	1.6341
Nov.	7.4415	10.3331	0.89892	1.4914	132.97	1.5105	1,735.17	11.5588	2.0711	1.5805	8.4143	1.6223
Dec.	7.4419	10.4085	0.89972	1.4614	131.21	1.5021	1,703.03	11.3296	2.0392	1.5397	8.4066	1.6185
2010 Jan.	7.4424	10.1939	0.88305	1.4272	130.34	1.4765	1,624.76	11.0783	1.9930	1.4879	8.1817	1.5624
Feb.	7.4440	9.9505	0.87604	1.3686	123.46	1.4671	1,582.70	10.6305	1.9326	1.4454	8.0971	1.5434
Mar.	7.4416	9.7277	0.90160	1.3569	123.03	1.4482	1,542.59	10.5313	1.8990	1.3889	8.0369	1.4882
	Percentage change versus previous month											
2010 Mar.	0.0	-2.2	2.9	-0.9	-0.3	-1.3	-2.5	-0.9	-1.7	-3.9	-0.7	-3.6
	Percentage change versus previous year											
2010 Mar.	-0.1	-13.0	-2.0	4.0	-3.6	-4.0	-18.6	4.1	-4.8	-15.7	-9.1	-24.0

	Czech koruna	Estonian kroon	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	Bulgarian lev	New Romanian leu	Croatian kuna	New Turkish lira
	13	14	15	16	17	18	19	20	21	22
2007	27.766	15.6466	0.7001	3.4528	251.35	3.7837	1.9558	3.3353	7.3376	1.7865
2008	24.946	15.6466	0.7027	3.4528	251.51	3.5121	1.9558	3.6826	7.2239	1.9064
2009	26.435	15.6466	0.7057	3.4528	280.33	4.3276	1.9558	4.2399	7.3400	2.1631
2009 Q3	25.597	15.6466	0.7019	3.4528	271.35	4.1978	1.9558	4.2263	7.3232	2.1444
Q4	25.923	15.6466	0.7084	3.4528	270.88	4.1745	1.9558	4.2680	7.2756	2.2029
2010 Q1	25.868	15.6466	0.7087	3.4528	268.52	3.9869	1.9558	4.1135	7.2849	2.0866
2009 Sep.	25.346	15.6466	0.7039	3.4528	271.84	4.1584	1.9558	4.2420	7.3102	2.1711
Oct.	25.861	15.6466	0.7088	3.4528	268.49	4.2146	1.9558	4.2871	7.2419	2.1823
Nov.	25.812	15.6466	0.7088	3.4528	270.92	4.1646	1.9558	4.2896	7.2952	2.2262
Dec.	26.089	15.6466	0.7077	3.4528	273.22	4.1439	1.9558	4.2284	7.2907	2.2013
2010 Jan.	26.133	15.6466	0.7088	3.4528	269.43	4.0703	1.9558	4.1383	7.2938	2.1028
Feb.	25.979	15.6466	0.7090	3.4528	271.21	4.0144	1.9558	4.1196	7.3029	2.0756
Mar.	25.541	15.6466	0.7083	3.4528	265.40	3.8906	1.9558	4.0866	7.2616	2.0821
	Percentage change versus previous month									
2010 Mar.	-1.7	0.0	-0.1	0.0	-2.1	-3.1	0.0	-0.8	-0.6	0.3
	Percentage change versus previous year									
2010 Mar.	-6.2	0.0	0.0	0.0	-12.7	-15.8	0.0	-4.6	-2.4	-6.8

	Brazilian real [1]	Chinese yuan renminbi	Icelandic krona [2]	Indian rupee [3]	Indonesian rupiah	Malaysian ringgit	Mexican peso [1]	New Zealand dollar	Philippine peso	Russian rouble	South African rand	Thai baht
	23	24	25	26	27	28	29	30	31	32	33	34
2007	2.6633	10.4178	87.63	56.4186	12,528.33	4.7076	14.9743	1.8627	63.026	35.0183	9.6596	44.214
2008	2.6737	10.2236	143.83	63.6143	14,165.16	4.8893	16.2911	2.0770	65.172	36.4207	12.0590	48.475
2009	2.7674	9.5277	-	67.3611	14,443.74	4.9079	18.7989	2.2121	66.338	44.1376	11.6737	47.804
2009 Q3	2.6699	9.7702	-	69.1909	14,285.93	5.0333	18.9695	2.1232	68.815	44.7703	11.1618	48.575
Q4	2.5703	10.0905	-	68.9088	13,999.42	5.0275	19.3003	2.0297	69.080	43.5740	11.0757	49.221
2010 Q1	2.4917	9.4417	-	63.4796	12,809.32	4.6590	17.6555	1.9510	63.593	41.2697	10.3852	45.472
2009 Sep.	2.6520	9.9431	-	70.4154	14,346.84	5.0862	19.5255	2.0691	69.967	44.7624	10.9495	49.239
Oct.	2.5771	10.1152	-	69.2160	14,057.25	5.0425	19.5856	2.0065	69.419	43.6188	11.0938	49.504
Nov.	2.5777	10.1827	-	69.4421	14,115.45	5.0553	19.5478	2.0450	70.165	43.1835	11.2134	49.634
Dec.	2.5566	9.9777	-	68.0924	13,830.84	4.9859	18.7787	2.0383	67.706	43.9019	10.9261	48.544
2010 Jan.	2.5383	9.7436	-	65.5361	13,263.60	4.8170	18.2820	1.9646	65.702	42.5749	10.6492	47.150
Feb.	2.5237	9.3462	-	63.4291	12,786.05	4.6743	17.7154	1.9615	63.317	41.2845	10.4964	45.360
Mar.	2.4233	9.2623	-	61.7352	12,434.53	4.5083	17.0587	1.9301	61.999	40.1219	10.0589	44.111
	Percentage change versus previous month											
2010 Mar.	-4.0	-0.9	-	-2.7	-2.7	-3.6	-3.7	-1.6	-2.1	-2.8	-4.2	-2.8
	Percentage change versus previous year											
2010 Mar.	-19.8	3.8	-	-7.6	-19.7	-6.0	-10.8	-21.3	-1.8	-11.1	-22.5	-5.5

Source: ECB.

1) For these currencies the ECB computes and publishes euro reference exchange rates as from 1 January 2008. Previous data are indicative.
2) The most recent rate for the Icelandic krona refers to 3 December 2008.
3) For this currency the ECB computes and publishes euro reference exchange rates as from 1 January 2009. Previous data are indicative.

9 DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 In other EU Member States

(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Bulgaria	Czech Republic	Denmark	Estonia	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10	11
	HICP										
2008	12.0	6.3	3.6	10.6	15.3	11.1	6.0	4.2	7.9	3.3	3.6
2009	2.5	0.6	1.1	0.2	3.3	4.2	4.0	4.0	5.6	1.9	2.2
2009 Q3	0.8	-0.1	0.6	-0.9	1.2	2.4	4.9	4.3	5.0	1.7	1.5
Q4	0.9	0.0	0.9	-2.0	-1.3	1.2	4.9	3.8	4.5	2.3	2.1
2009 Dec.	1.6	0.5	1.2	-1.9	-1.4	1.2	5.4	3.8	4.7	2.8	2.9
2010 Jan.	1.8	0.4	1.9	-1.0	-3.3	-0.3	6.2	3.9	5.2	2.7	3.5
Feb.	1.7	0.4	1.8	-0.3	-4.3	-0.6	5.6	3.4	4.5	2.8	3.0
	General government deficit (-)/surplus (+) as a percentage of GDP										
2006	3.0	-2.6	5.2	2.3	-0.5	-0.4	-9.3	-3.6	-2.2	2.5	-2.7
2007	0.1	-0.7	4.5	2.6	-0.3	-1.0	-5.0	-1.9	-2.5	3.8	-2.7
2008	1.8	-2.1	3.4	-2.7	-4.1	-3.2	-3.8	-3.6	-5.5	2.5	-5.0
	General government gross debt as a percentage of GDP										
2006	22.7	29.4	31.3	4.5	10.7	18.0	65.6	47.7	12.4	45.9	43.2
2007	18.2	29.0	26.8	3.8	9.0	16.9	65.9	45.0	12.6	40.5	44.2
2008	14.1	30.0	33.5	4.6	19.5	15.6	72.9	47.2	13.6	38.0	52.0
	Long-term government bond yield as a percentage per annum; period average										
2009 Sep.	7.45	5.01	3.65	-	13.27	14.50	7.91	6.17	11.00	3.38	3.42
Oct.	7.08	4.50	3.60	-	13.51	14.50	7.45	6.15	9.13	3.25	3.34
Nov.	6.53	4.19	3.62	-	13.75	14.50	7.37	6.14	8.24	3.27	3.46
Dec.	6.61	3.98	3.53	-	13.75	9.10	7.69	6.22	8.66	3.24	3.60
2010 Jan.	6.65	4.28	3.57	-	13.76	8.15	7.62	6.13	9.05	3.37	4.01
Feb.	6.05	4.33	3.50	-	13.62	7.15	7.69	6.09	7.92	3.28	4.02
	3-month interest rate as a percentage per annum; period average										
2009 Sep.	5.11	1.88	1.76	5.58	11.58	7.07	8.78	4.18	9.05	0.55	0.61
Oct.	4.84	1.87	1.58	5.44	13.49	6.59	7.34	4.18	10.03	0.50	0.57
Nov.	4.80	1.80	1.56	4.54	11.87	5.39	7.56	4.19	10.19	0.48	0.61
Dec.	4.71	1.64	1.55	3.28	8.39	4.54	7.47	4.23	10.18	0.48	0.61
2010 Jan.	4.44	1.55	1.46	2.74	4.77	3.07	6.78	4.24	8.56	0.48	0.61
Feb.	4.27	1.52	1.39	2.12	3.16	2.24	6.59	4.17	6.93	0.48	0.63
	Real GDP										
2008	6.0	2.5	-0.9	-3.6	-4.6	2.8	0.6	5.0	7.3	-0.2	0.5
2009	-5.0	-4.2	-4.9	-14.1	-18.0	-15.0	-6.3	1.7	-7.1	-4.9	-4.9
2009 Q2	-4.9	-4.9	-7.0	-16.1	-17.0	-16.6	-6.8	1.5	-8.7	-5.8	-5.9
Q3	-5.4	-4.5	-5.4	-15.6	-19.2	-14.7	-7.1	1.3	-7.1	-5.4	-5.3
Q4	-5.9	-3.1	-3.0	-9.5	-17.1	-13.2	-5.3	2.8	-6.5	-1.5	-3.1
	Current and capital account balance as a percentage of GDP										
2008	-23.2	0.2	2.2	-8.4	-11.5	-10.1	-5.9	-3.9	-11.1	6.1	-1.3
2009	-8.0	0.1	4.0	7.4	11.8	7.2	1.5	0.1	-4.0	7.2	-1.1
2009 Q2	-13.1	-2.9	4.4	7.9	16.7	3.5	2.5	-0.1	-5.5	9.2	-0.7
Q3	3.0	-2.0	5.7	10.9	11.8	8.0	2.8	-0.9	-2.8	7.0	-0.8
Q4	-7.1	0.9	4.8	9.8	14.4	13.0	2.2	-1.1	-3.9	5.2	-2.7
	Gross external debt as a percentage of GDP										
2007	100.3	44.5	170.6	111.0	127.6	71.9	115.1	48.4	50.9	151.4	401.3
2008	108.4	47.6	179.0	118.5	128.5	71.6	152.4	56.7	55.8	175.3	431.4
2009 Q2	107.1	45.3	189.2	121.2	131.7	77.5	164.4	60.0	60.6	217.3	391.8
Q3	107.6	44.4	192.1	124.0	145.8	83.1	164.2	60.0	65.5	210.7	409.5
Q4	.	.	.	126.8	154.7	.	.	.	.	.	.
	Unit labour costs										
2008	16.2	5.1	6.5	14.1	21.0	9.3	4.5	6.9	.	2.8	2.8
2009	10.6	2.4	5.1	1.7	-7.1	1.2	.	.	.	4.8	4.9
2009 Q2	14.2	2.9	9.4	3.4	-2.2	10.8	-	4.0	-	6.6	6.8
Q3	10.2	1.6	4.8	1.5	-13.1	-6.5	-	4.5	-	5.0	4.5
Q4	3.7	0.8	-0.7	-7.5	-19.4	-10.3	-	.	-	0.1	4.0
	Standardised unemployment rate as a percentage of labour force (s.a.)										
2008	5.6	4.4	3.3	5.5	7.5	5.8	7.8	7.2	5.8	6.2	5.6
2009	6.8	6.7	6.0	13.8	17.2	13.7	10.0	8.2	6.9	8.3	7.6
2009 Q3	7.0	7.3	6.2	15.2	18.8	14.4	10.4	8.4	7.2	8.6	7.8
Q4	8.0	7.4	7.1	15.5	20.3	15.8	10.6	8.7	7.6	8.8	7.7
2009 Dec.	8.3	7.5	7.3	-	20.5	15.8	10.6	8.7	7.6	9.0	7.7
2010 Jan.	8.5	7.7	7.4	-	21.0	.	11.0	8.9	.	9.1	.
Feb.	8.7	7.9	7.5	-	21.7	.	11.0	9.0	.	9.0	.

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

9.2 In the United States and Japan

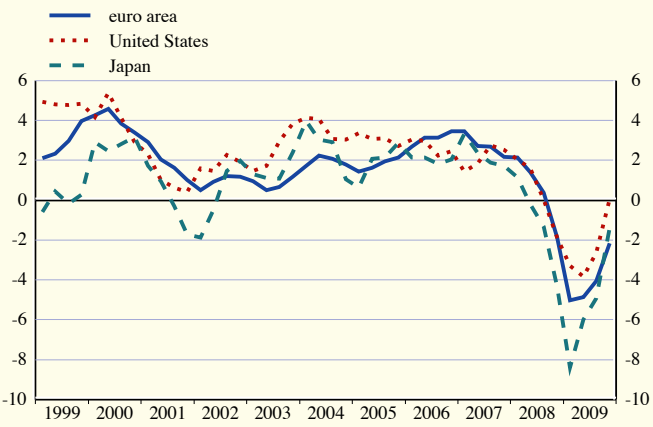
(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money [2]	3-month interbank deposit rate [3]	10-year zero coupon government bond yield; [3] end of period	Exchange rate [4] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [5] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
	United States										
2006	3.2	2.8	2.7	2.7	4.6	5.3	5.20	5.26	1.2556	-2.2	47.7
2007	2.9	2.3	2.1	1.6	4.6	6.3	5.30	4.81	1.3705	-2.8	48.3
2008	3.8	1.0	0.4	-3.1	5.8	7.1	2.93	2.70	1.4708	-6.5	56.3
2009	-0.4	-1.8	-2.4	-11.1	9.3	7.6	0.69	4.17	1.3948	.	.
2009 Q1	0.0	0.0	-3.3	-13.9	8.2	9.5	1.24	2.96	1.3029	-9.9	60.0
Q2	-1.2	0.4	-3.8	-14.6	9.3	8.6	0.84	3.95	1.3632	-11.6	62.8
Q3	-1.6	-2.7	-2.6	-10.6	9.6	7.7	0.41	3.61	1.4303	-11.4	65.8
Q4	1.4	-4.7	0.1	-4.7	10.0	4.9	0.27	4.17	1.4779	.	.
2010 Q1	.	.	.	.	9.7	.	0.26	4.01	1.3829	.	.
2009 Nov.	1.8	-	-	-4.5	10.0	5.5	0.27	3.44	1.4914	-	-
Dec.	2.7	-	-	-1.8	10.0	3.4	0.25	4.17	1.4614	-	-
2010 Jan.	2.6	-	-	2.1	9.7	1.9	0.25	3.92	1.4272	-	-
Feb.	2.1	-	-	2.0	9.7	2.1	0.25	3.89	1.3686	-	-
Mar.	.	-	-	.	9.7	.	0.27	4.01	1.3569	-	-
	Japan										
2006	0.2	-0.5	2.0	4.5	4.1	1.0	0.30	1.85	146.02	-1.6	159.9
2007	0.1	-1.0	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.3
2008	1.4	2.6	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.1	162.2
2009	-1.4	.	-5.2	-22.5	5.1	2.7	0.47	1.42	130.34	.	.
2009 Q1	-0.1	3.7	-8.4	-34.6	4.5	2.1	0.67	1.33	122.04	.	.
Q2	-1.0	1.2	-6.0	-27.9	5.1	2.6	0.53	1.41	132.59	.	.
Q3	-2.2	1.4	-4.9	-20.1	5.4	2.8	0.40	1.45	133.82	.	.
Q4	-2.0	.	-1.4	-5.4	5.2	3.3	0.31	1.42	132.69	.	.
2010 Q1	.	.	.	.	.	.	0.25	1.48	125.48	.	.
2009 Nov.	-1.9	-	-	-4.2	5.3	3.3	0.31	1.41	132.97	-	-
Dec.	-1.7	-	-	5.2	5.2	3.1	0.28	1.42	131.21	-	-
2010 Jan.	-1.3	-	-	18.7	4.9	3.0	0.26	1.42	130.34	-	-
Feb.	-1.1	-	-	31.3	.	2.7	0.25	1.43	123.46	-	-
Mar.	.	-	-	.	.	.	0.25	1.48	123.03	-	-

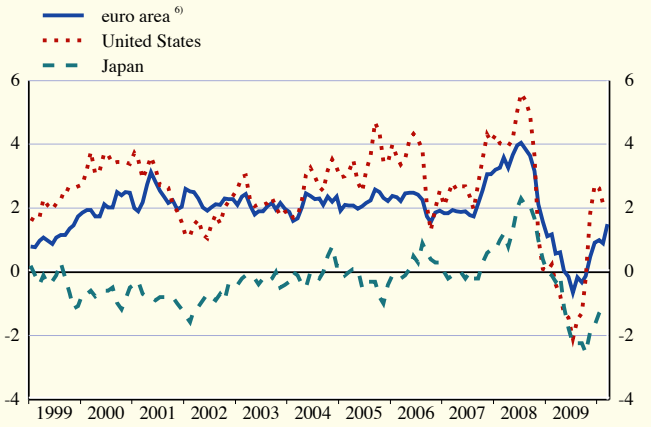
C37 Real gross domestic product

(annual percentage changes; quarterly data)



C38 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); Reuters (columns 7 and 8); ECB calculations (column 11).

1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
2) Period averages; M2 for the United States, M2+CDs for Japan.
3) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
4) For more information, see Section 8.2.
5) Gross consolidated general government debt (end of period).
6) Data refer to the changing composition of the euro area. For further information, see the General Notes.

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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:

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

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:

c) $$F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

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

d) $$F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

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:

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2006 = 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:

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

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

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in g) 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 g). For example, the month-on-month growth rate a_t^M can be calculated as:

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

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

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

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

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.

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 and 3.2 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.

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 2001) generally differs from 100, reflecting the seasonality of that month.

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 worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth). They currently exclude other changes in non-financial assets owing to the unavailability of data.

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).

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

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:

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

As a base, the index is set equal to 100 in December 2001. 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:

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

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

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:

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

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:

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

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 adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae k) and l), 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:

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

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

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 S78). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

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).

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 (see footnote 2 on page S78). The raw data for goods, services and income are preadjusted to take a working day effect into account. The working day adjustment in goods and services is corrected for national public holidays. The seasonal adjustment of these items is carried out using these preadjusted 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:

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

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 7 April 2010.

Unless otherwise indicated, all data series including observations for 2009 and beyond relate to the Euro 16 (the euro area including Slovakia) for the whole time series. For interest rates, monetary statistics and the HICP (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), statistical series refer to the changing composition of the euro area (see below for details). Where applicable, this is indicated in the tables by means of a footnote. In such cases, where underlying data are available, absolute and percentage changes for the respective year of entry into the euro area of Greece (2001), Slovenia (2007), Cyprus (2008), Malta (2008) and Slovakia (2009), calculated from bases covering the year prior to the year of entry, use a series in which the impact of these countries' joining the euro area is taken into account.

The statistical series referring to the changing composition of the euro area are based on the euro area composition at the time to which the statistics relate. Thus, data prior to 2001 refer to the Euro 11, i.e. the following 11 EU Member States: Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Data from 2001 to 2006 refer to the Euro 12, i.e. the Euro 11 plus Greece. Data for 2007 refer to the Euro 13, i.e. the Euro 12 plus Slovenia. Data for 2008 refer to the Euro 15, i.e. the Euro 13 plus Cyprus and Malta, and data as of 2009 refer to the Euro 16, i.e. the Euro 15 plus Slovakia.

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, Estonia, 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

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).

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 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 INVESTMENT FUNDS

Section 2.1 shows the aggregated balance sheet of the monetary financial institution 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 Community 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.

Sections 2.2 to 2.6 include data on transactions, which are derived as differences in outstanding amounts adjusted for reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. Section 2.7 shows selected revaluations that are used in the derivation of transactions. Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes. Section 2.8 shows a quarterly currency breakdown of selected MFI balance sheet items.

Details of 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). The publication "Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices that NCBs are recommended to follow. Since 1 January 1999, statistical information has been collected and compiled on the basis of Regulation ECB/1998/16 of 1 December 1998 concerning the consolidated balance sheet of the monetary financial institutions sector,[2] as last amended by Regulation ECB/2003/10[3].

In line with this Regulation, the balance sheet item "money market paper" has been merged with the item "debt securities" on both the assets and liabilities sides of the MFI balance sheet.

Section 2.9 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

2 OJ L 356, 30.12.1998, p. 7.
3 OJ L 250, 2.10.2003, p. 19.

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 2.10 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.

Further information on these investment fund statistics can be found in the "Manual on investment fund statistics". Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8 concerning statistics on the assets and liabilities of investment funds.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data on 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 for the 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 statistics on debt securities are estimated to cover approximately 95% of total issues by euro area residents. 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[4]. 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 hourly labour costs, GDP and expenditure components, value added by economic activity, industrial production, retail sales and passenger car registrations are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[5]. 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,[6] 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[7]. 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.

4 Svensson, L. E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", Centre for Economic Policy Research, Discussion Paper No 1051, 1994.
5 OJ L 162, 5.6.1998, p. 1.
6 OJ L 393, 30.12.2006, p. 1.
7 OJ L 155, 15.6.2007, p. 3.

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[8] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[9]. A breakdown of hourly labour costs for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95 quarterly national accounts.

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

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

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

Unemployment rates (Table 2 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[10] 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

8 OJ L 69, 13.3.2003, p. 1.
9 OJ L 169, 8.7.2003, p. 37.
10 OJ L 172, 12.7.2000, p. 3.

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[11]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[12] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[13]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

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

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

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 8 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,

11 OJ L 179, 9.7.2002, p. 1.
12 OJ L 354, 30.11.2004, p. 34.
13 OJ L 159, 20.6.2007, p. 48.

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

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. 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.

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

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

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

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-21 group of trading partners is composed of the 11 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-41 group comprises the EER-21 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 Box 5, entitled "International trade developments and revision of the effective

exchange rates of the euro", in the January 2010 issue of the Monthly Bulletin, the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

11 JANUARY AND 8 FEBRUARY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.50%, 4.50% and 2.50% respectively.

8 MARCH 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 3.75%, starting from the operation to be settled on 14 March 2007. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 4.75% and 2.75%, both with effect from 14 March 2007.

12 APRIL AND 10 MAY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

6 JUNE 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4%, starting from the operation to be settled on 13 June 2007. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5% and 3% respectively, with effect from 13 June 2007.

5 JULY, 2 AUGUST, 6 SEPTEMBER, 4 OCTOBER, 8 NOVEMBER AND 6 DECEMBER 2007, AND 10 JANUARY, 7 FEBRUARY, 6 MARCH, 10 APRIL, 8 MAY AND 5 JUNE 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.00%, 5.00% and 3.00% respectively.

3 JULY 2008

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4.25%, starting from the operation to be settled on 9 July 2008. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5.25% and 3.25% respectively, with effect from 9 July 2008.

7 AUGUST, 4 SEPTEMBER AND 2 OCTOBER 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

8 OCTOBER 2008

The Governing Council of the ECB decides to decrease the minimum bid rate on the main refinancing operations by 50 basis points to 3.75%, starting from the operations to be settled on 15 October 2008. In addition, it decides to decrease by 50 basis points the interest rates on

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2006 can be found in the ECB's Annual Report for the respective years.

both the marginal lending facility and the deposit facility, to 4.75% and 2.75% respectively, with immediate effect. Moreover, the Governing Council decides that, as from the operation settled on 15 October, the weekly main refinancing operations will be carried out through a fixed-rate tender procedure with full allotment at the interest rate on the main refinancing operation. Furthermore, as of 9 October, the ECB will reduce the corridor of standing facilities from 200 basis points to 100 basis points around the interest rate on the main refinancing operation. The two measures will remain in place for as long as needed, and at least until the end of the first maintenance period of 2009, on 20 January.

15 OCTOBER 2008

The Governing Council of the ECB decides to further expand the collateral framework and enhance the provision of liquidity. To do so, the Governing Council decides: (i) to expand the list of assets eligible as collateral in Eurosystem credit operations, with this expansion remaining in force until the end of 2009, (ii) to enhance the provision of longer-term refinancing, with effect from 30 October 2008 and until the end of the first quarter of 2009, and (iii) to provide US dollar liquidity through foreign exchange swaps.

6 NOVEMBER 2008

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 3.25%, starting from the operations to be settled on 12 November 2008. In addition, it decides to decrease by 50 basis points the interest rates on both the marginal lending facility and the deposit facility, to 3.75% and 2.75% respectively, with effect from 12 November 2008.

4 DECEMBER 2008

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations of the Eurosystem by 75 basis points to 2.50%, starting from the operations to be settled on 10 December 2008. In addition, it decides to decrease by 75 basis points the interest rates on both the marginal lending and the deposit facility to 3.00% and 2.00% respectively, with effect from 10 December 2008.

18 DECEMBER 2008

The Governing Council of the ECB decides that the main refinancing operations will continue to be carried out through a fixed rate tender procedure with full allotment beyond the maintenance period ending on 20 January 2009. This measure will be in place for as long as needed, and at least until the last allotment of the third maintenance period in 2009 on 31 March. Moreover, as of 21 January 2009, the corridor of standing facility rates, which on 9 October 2008 was reduced to 100 basis points around the prevailing interest rate of the main refinancing operation, will be be re-widened symmetrically to 200 basis points.

15 JANUARY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 2.00%, starting from the operations to be settled on 21 January 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 3.00% and 1.00% respectively, with effect from 21 January 2009, in line with the decision of 18 December 2008.

5 FEBRUARY 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.00%, 3.00% and 1.00% respectively.

5 MARCH 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 1.50%, starting from the operations to be settled on 11 March 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.50% and 0.50% respectively, with effect from 11 March 2009.

Moreover, the Governing Council decides to continue the fixed rate tender procedure with full allotment for all main refinancing operations, special-term refinancing operations and supplementary and regular longer-term refinancing operations for as long as needed, and in any case beyond the end of 2009. In addition, the Governing Council decides to continue with the current frequency and maturity profile of supplementary longer-term refinancing operations and special-term refinancing operations for as long as needed, and in any case beyond the end of 2009.

2 APRIL 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operations to be settled on 8 April 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.25% and 0.25% respectively, with effect from 8 April 2009.

7 MAY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 13 May 2009. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.75% with effect from 13 May 2009, and to leave the interest rate on the deposit facility unchanged at 0.25%. In addition, the Governing Council of the ECB decides to proceed with its enhanced credit support approach. In particular, it decides that the Eurosystem will conduct liquidity-providing longer-term refinancing operations with a maturity of one year as fixed rate tender procedure with full allotment. In addition, it decides in principle that the Eurosystem will purchase euro-denominated covered bonds issued in the euro area.

4 JUNE 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, the Governing Council of the ECB decides upon the technical modalities related to the purchase of euro-denominated covered bonds issued in the euro area decided on 7 May 2009.

2 JULY, 6 AUGUST, 3 SEPTEMBER, 8 OCTOBER, 5 NOVEMBER AND 3 DECEMBER 2009, AND 14 JANUARY, 4 FEBRUARY, 4 MARCH AND 8 APRIL 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.

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

TARGET[1] is instrumental in promoting the integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy, and furthermore contributes to the integration of the euro area financial markets. In the fourth quarter of 2009, more than 4,400 banks as well as 21 national central banks, used TARGET2 to initiate payments of their own or on their customers' behalf. Considering branches and subsidiaries, over 50,000 banks worldwide (and thus all the customers of these banks) can be addressed via TARGET2.

TARGET2 is used to make large-value and time-critical payments, such as payments to facilitate settlements in other interbank funds transfer systems (e.g. Continuous Linked Settlement or EURO1), and to settle money market, foreign exchange and securities transactions. It is also used for smaller-value customer payments. TARGET2 provides intraday finality for transactions and allows the funds credited to a participant's account to become immediately available for other payments.

PAYMENT FLOWS IN TARGET2

In the fourth quarter of 2009, TARGET2 settled 23,484,205 transactions with a total value of €137,944 billion, which corresponds to a daily average of 361,295 transactions with a value of €2,122 billion. The highest level of TARGET2 traffic during this quarter was recorded on 30 November, when 499,073 payments were processed. This corresponded to the usual peak observed on the last business day of the month.

With a market share of 61% in terms of volume and 90% in terms of value, TARGET2 maintained its dominant position in the market for large-value payment systems operating in euro. The stability of TARGET2's market share confirms the strong appetite of banks for settlement in central bank money, in particular in times of market turbulence.

The average proportion of interbank payments was 41% in terms of volume and 93% in terms of value. The average value of an interbank payment processed was €11.2 million, while that of a customer payment was €0.7 million. 65% of the payments had a value of below €50,000, while 10% had a value of above €1 million. On average, there were 272 payments with a value of above €1 billion per day.

INTRADAY PATTERN OF VOLUMES AND VALUES

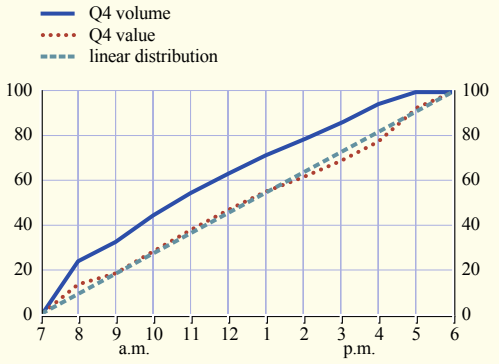
The chart shows the intraday distribution of TARGET2 traffic, i.e. the percentage of daily volumes and values processed at different times of the day. In value terms, the curve is very close to the linear distribution. This indicates that turnover is evenly spread throughout the day and that liquidity is circulating appropriately among participants, thereby ensuring the smooth settlement of TARGET2 transactions. At 1 p.m. CET 55% of the value exchanged in TARGET2 has already been settled, a figure which reaches 92% one hour before TARGET2 closes.

In volume terms, the curve is well above the linear distribution, with 71% of the volume already exchanged at 1 p.m. CET and 99.7% one hour before TARGET2 closes.

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

Intraday pattern

(percentages)



TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the fourth quarter of 2009, TARGET2 achieved 100% availability, meaning that no incident had an effect on the system's availability. Incidents considered in the calculation of TARGET2's availability are those that prevent the processing of payments for ten minutes or more. As a result of the full availability of TARGET2, 99.95% of all payments were, on average, processed in less than five minutes. The expectations set for the system were thus fully met.

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

(number of payments)

	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4
TARGET2 [1]					
Total volume	23,943,677	21,374,119	21,580,925	22,078,092	23,484,205
Daily average	374,120	339,272	348,079	334,517	361,295
EURO1 (EBA)					
Total volume	15,720,705	13,962,739	14,517,507	14,650,126	15,154,195
Daily average	245,636	221,631	234,153	221,972	233,141

1) Since January 2009 the ESCB has applied a new methodology in the collection and reporting of TARGET2 data in order to improve the quality of the information. This should be considered when comparing data from before and after the implementation date.

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

(EUR billions)

	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4
TARGET2 [1]					
Total value	186,661	142,761	138,208	132,263	137,944
Daily average	2,917	2,266	2,229	2,004	2,122
EURO1 (EBA)					
Total value	20,410	17,701	16,504	15,583	15,416
Daily average	319	281	266	236	237

1) Since January 2009 the ESCB has applied a new methodology in the collection and reporting of TARGET2 data in order to improve the quality of the information. This should be considered when comparing data from before and after the implementation date.

DOCUMENTS PUBLISHED BY THE EUROPEAN CENTRAL BANK SINCE 2009

This list is designed to inform readers about selected documents published by the European Central Bank since January 2009. For Working Papers, which as of January 2009 (from Working Paper No 989 onwards) are available online only, the list only refers to publications released between January and March 2010. As of November 2009 (from Legal Working Paper No 9 onwards) Legal Working Papers are also available online only. Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting info@ecb.europa.eu.

For a complete list of documents published by the European Central Bank and by the European Monetary Institute, please visit the ECB's website (http://www.ecb.europa.eu).

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9 "The legal duty to consult the European Central Bank – national and EU consultations" by S. E. Lambrinoc, November 2009.
10 "Withdrawal and expulsion from the EU and EMU: some reflections" by P. Athanassiou, December 2009.
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102 "Domestic financial development in emerging economies: evidence and implications" by E. Dorrucci, A. Meyer-Cirkel and D. Santabárbara, April 2009.
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104 "Fiscal policy challenges in oil-exporting countries: a review of key issues" by M. Sturm, F. Gurtner and J. González Alegre, June 2009.
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106 "Monetary policy strategy in a global environment" by P. Moutot and G. Vitale, August 2009.
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1151 "Methodological advances in the assessment of equilibrium exchange rates" by M. Bussière, M. Ca' Zorzi, A. Chudik and Alistair Dieppe, January 2010.
1152 "Government bond risk premiums in the EU revisited: the impact of the financial crisis" by L. Schuknecht, J. von Hagen and G. Wolswijk, February 2010.
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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.

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

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

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

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

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

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

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

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

Deflation: a generalised, persistent and self-reinforcing decline in a broad set of prices that results from a drop in aggregate demand and becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem which counterparties may use to make overnight deposits, remunerated at a pre-specified interest rate, at an NCB.

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 two groups of trading partners: the EER-21 (comprising the 11 non-euro area EU Member States and 10 trading partners outside the EU) and the EER-41 (composed of the EER-21 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. They comprise 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 a prime bank is willing to lend funds in euro to another prime bank, computed daily for interbank deposits with 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 that have already adopted 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.

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 specified by the central bank 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.

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).

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

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

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

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

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

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

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

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

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 payments 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.

Longer-term refinancing operations: credit operations with a maturity of more than one week that are executed by the Eurosystem in the form of reverse transactions. The regular monthly operations are conducted with a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to one year were conducted, the frequency of which varied.

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

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

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

Main refinancing operation: 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 which counterparties may use to receive overnight credit from an NCB at a pre-specified interest rate against eligible assets.

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

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

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

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

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

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

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: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as 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 over the medium term that is consistent with the maintenance of price stability. At present, the reference value for annual M3 growth is 4½%.

Reserve requirement: the minimum amount of reserves a credit institution is required to hold with the Eurosystem over a predefined 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.

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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