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EUROPEAN CENTRAL BANK

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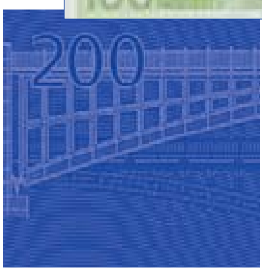
In 2011 all ECB publications feature a motif taken from the €100 banknote.



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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 7 April 2011 to increase the key ECB interest rates by 25 basis points, after maintaining them unchanged for almost two years at historically low levels. The adjustment of the current very accommodative monetary policy stance is warranted in the light of upside risks to price stability identified in the economic analysis. While the monetary analysis indicates that the underlying pace of monetary expansion is still moderate, monetary liquidity remains ample and may facilitate the accommodation of price pressures. All in all, it is essential that the recent price developments do not give rise to broad-based inflationary pressures over the medium term. The Governing Council's decision will contribute to keeping inflation expectations in the euro area firmly anchored in line with the aim of maintaining inflation rates below, but close to, 2% over the medium term. Such anchoring is a prerequisite for monetary policy to contribute to economic growth in the euro area. At the same time, interest rates across the entire maturity spectrum remain low. Thus, the stance of monetary policy remains accommodative and thereby continues to lend considerable support to economic activity and job creation. Recent economic data confirm that the underlying momentum of economic activity continues to be positive, with uncertainty remaining elevated. The Governing Council will continue to monitor very closely all developments with respect to upside risks to price stability.

As stated on previous occasions, the provision of liquidity and the allotment modes for refinancing operations will also be adjusted when appropriate, taking into account the fact that all the non-standard measures taken during the period of acute financial market tensions are, by construction, temporary in nature. Accordingly, the Governing Council will continue to monitor all developments over the period ahead very closely.

With regard to the economic analysis, following the 0.3% quarter-on-quarter increase in euro area real GDP in the fourth quarter of 2010, recent statistical releases and survey-based indicators point towards a continued positive underlying momentum of economic activity in the euro area in early 2011. Euro area exports should be supported by the ongoing recovery in the world economy. At the same time, taking into account the relatively high level of business confidence in the euro area, private sector domestic demand should increasingly contribute to economic growth, benefiting from the accommodative monetary policy stance and the measures adopted to improve the functioning of the financial system. However, the recovery in activity is expected to be dampened somewhat by the process of balance sheet adjustment in various sectors.

In the Governing Council's assessment, the risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty. On the one hand, global trade may continue to grow more rapidly than expected, thereby supporting euro area exports. Moreover, continued strong business confidence could provide more support to domestic economic activity in the euro area than currently expected. On the other hand, downside risks relate to the ongoing tensions in some segments of the financial markets that may potentially spill over to the euro area real economy. Downside risks also relate to further increases in energy prices, in particular in view of ongoing geopolitical tensions, and to protectionist pressures and the possibility of a disorderly correction of global imbalances. Finally, there are potential risks stemming from the economic impact on the euro area and elsewhere of the recent natural and nuclear disaster in Japan.

With regard to price developments, euro area annual HICP inflation was 2.6% in March 2011, according to Eurostat's flash estimate, after 2.4% in February. The increase in inflation rates in early 2011 largely reflects higher commodity prices. Pressure stemming from the sharp increases in energy and food prices is also discernible in the earlier stages of the production process. It is of paramount importance that the rise in HICP inflation does not lead to second-round effects in price and wage-setting behaviour and thereby give rise to broad-based inflationary pressures over the medium term. Inflation expectations must remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term.

Risks to the medium-term outlook for price developments remain on the upside. They relate, in particular, to higher than assumed increases in energy prices, not least owing to ongoing political tensions in North Africa and the Middle East. More generally, strong economic growth in emerging markets, supported by ample liquidity at the global level, may further fuel commodity price rises. Moreover, increases in indirect taxes and administered prices may be greater than currently assumed, owing to the need for fiscal consolidation in the coming years. Finally, risks also relate to stronger than expected domestic price pressures in the context of the ongoing recovery in activity.

Turning to the monetary analysis, the annual growth rate of M3 increased to 2.0% in February 2011, from 1.5% in January. Looking through the recent volatility in broad money growth owing to special factors, M3 growth has continued to edge up over recent months. The annual growth rate of loans to the private sector also increased further to 2.6% in February, from 2.4% in the previous month. Hence, the underlying pace of monetary expansion is gradually picking up, but remains moderate. At the same time, monetary liquidity accumulated prior to the period of financial market tensions remains ample and may facilitate the accommodation of price pressures in the euro area.

Looking at M3 components, annual M1 growth moderated further to 2.9% in February 2011, while the growth of other short-term deposits and marketable instruments increased. This rebalancing within M3 reflects the impact of the recent steepening of the yield curve on the remuneration of different monetary assets. However, this steeper yield curve also implies a dampening impact on overall M3 growth, as it reduces the attractiveness of monetary assets compared with more highly remunerated longer-term instruments outside M3.

On the counterpart side, a further rise in the annual growth rate of bank loans to the private sector in February is due in part to a further slight strengthening in the growth of loans to non-financial corporations, which rose to 0.6% in February, after 0.5% in January. The growth of loans to households was 3.0% in February, compared with 3.1% in January. Overall, in early 2011 the positive flow of lending to the non-financial private sector has become more broadly based across the household and non-financial corporation sectors.

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

To sum up, the Governing Council decided to increase the key ECB interest rates by 25 basis points. The adjustment of the current very accommodative monetary policy stance is warranted in the light of upside risks to price stability identified in the economic analysis. A cross-check with the signals from the monetary analysis indicates that while the underlying pace of monetary expansion is still moderate, monetary liquidity remains ample and may facilitate the accommodation of price pressures. All in all, it is essential that the recent price developments do not give rise to broad-based inflationary pressures over the medium term. The Governing Council's decision will contribute to keeping inflation expectations in the euro area firmly anchored in line with the aim of maintaining inflation rates below, but close to, 2% over the medium term. Such anchoring is a prerequisite for monetary policy to contribute to economic growth in the euro area. At the same time, interest rates across the entire maturity spectrum remain low. Thus, the stance of monetary policy remains accommodative and thereby continues to lend considerable support to economic activity and job creation. Recent economic data confirm that the underlying momentum of economic activity continues to be positive, with uncertainty remaining elevated. The Governing Council will continue to monitor very closely all developments with respect to upside risks to price stability.

Turning to fiscal policies, it is essential that all governments achieve the consolidation targets for 2011 that they have announced. Moreover, the announcement of fully specified consolidation measures for 2012 and beyond would help to convince the general public and market participants that the corrective policies will be sustained. Strengthened confidence in the sustainability of public finances is key, as this will reduce interest rate risk premia and improve the conditions for sound and sustainable growth.

At the same time, it is crucial that substantial and far-reaching structural reforms be urgently implemented in the euro area to strengthen its growth potential, competitiveness and flexibility. In the case of product markets, policies that enhance competition and innovation should, in particular, be further pursued to speed up restructuring and to facilitate advances in productivity. On the labour market, the priorities must be to enhance wage flexibility and incentives to work, and to remove labour market rigidities.

Finally, the Governing Council is of the view that the package of six legislative proposals on economic governance, adopted by the European Council at its summit on 24-25 March 2011, goes some way to improving economic and budgetary surveillance in the euro area. However, in the view of the Governing Council, the proposals fall short of the necessary quantum leap in the surveillance of the euro area which is needed to ensure the smooth functioning of Economic and Monetary Union. Therefore, the Governing Council, in line with the ECB's opinion of 17 February 2011 on these proposals, urges the ECOFIN Council, the European Parliament and the Commission to agree, in the context of their "trialogue", on more stringent requirements, more automaticity in the procedures and a clearer focus on the most vulnerable countries with losses in competitiveness. All this would help to ensure that the new framework is effective in the long run.

This issue of the Monthly Bulletin contains two articles. The first article discusses the risks and challenges to fiscal sustainability in the euro area. The second article describes the main results of two surveys of households and firms concerning their use of euro banknotes.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The recovery of the global economy has continued to broaden across sectors and become less reliant on public support. Survey indicators are signalling that global economic activity gained further momentum in early 2011, although differences across countries and regions with respect to their cyclical position and the speed of the recovery persist. Global inflationary pressures have been increasing amid rising oil and non-energy commodity prices. They are particularly pronounced in the fast-growing and more energy-intensive emerging economies, which are also increasingly facing capacity constraints. Overall, the global economic outlook has become more uncertain amid intensifying geopolitical turmoil in North Africa and the Middle East as well as on account of the possible repercussions of the catastrophes in Japan.

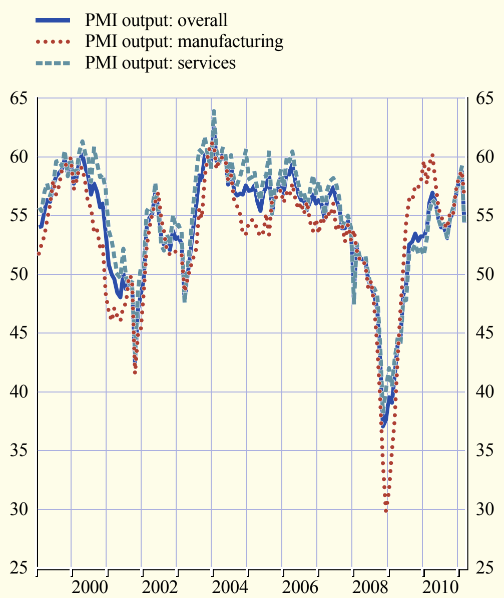
1.1 DEVELOPMENTS IN THE WORLD ECONOMY

The recovery of the global economy has continued to broaden across sectors and become less reliant on public support. At the same time, there are differences across countries and regions with respect to their cyclical position and the speed of the recovery. Many emerging economies are operating at close to full capacity and – notwithstanding the gradual withdrawal of policy stimulus measures – facing rising overheating pressures. This contrasts with advanced economies, where the need for further private balance sheet repair combined with persistently high unemployment continues to restrain the recovery. Overall, survey indicators are signalling that global economic activity gained further momentum in early 2011. In February the global composite Purchasing Managers' Index (PMI) for output increased to 59.4 from 58.3 in the month before, suggesting a solid expansion of the global economy (see Chart 1). This was accompanied by a relatively high level in the component for new orders, suggesting a rather favourable outlook. In March 2011, however, the composite PMI for output declined to 54.7, reverberating rising global economic uncertainty amid intensifying geopolitical turmoil in North Africa and the Middle East as well as the repercussions of the catastrophes in Japan.

Global inflationary pressures are also increasing amid rising oil and non-energy commodity prices feeding through the supply chain. In March the all-industry PMI for input prices remained at its highest level since August 2008, just after the previous peak in oil prices. Accordingly, in the OECD area, annual headline inflation increased to 2.4% in February 2011, from 2.2% in January (see Chart 2). Inflationary pressures continued to be particularly pronounced in the fast-growing and more energy-intensive emerging economies, which are increasingly facing capacity constraints. Excluding food and energy, inflation in the OECD area remained unchanged in February compared with the previous month, standing at 1.3%.

Chart 1 Global PMI output

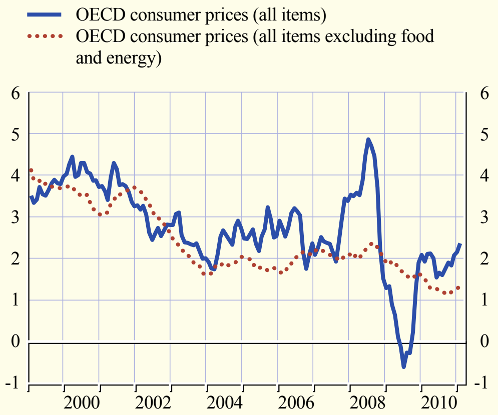
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

Chart 2 International price developments

(monthly data; annual percentage changes)



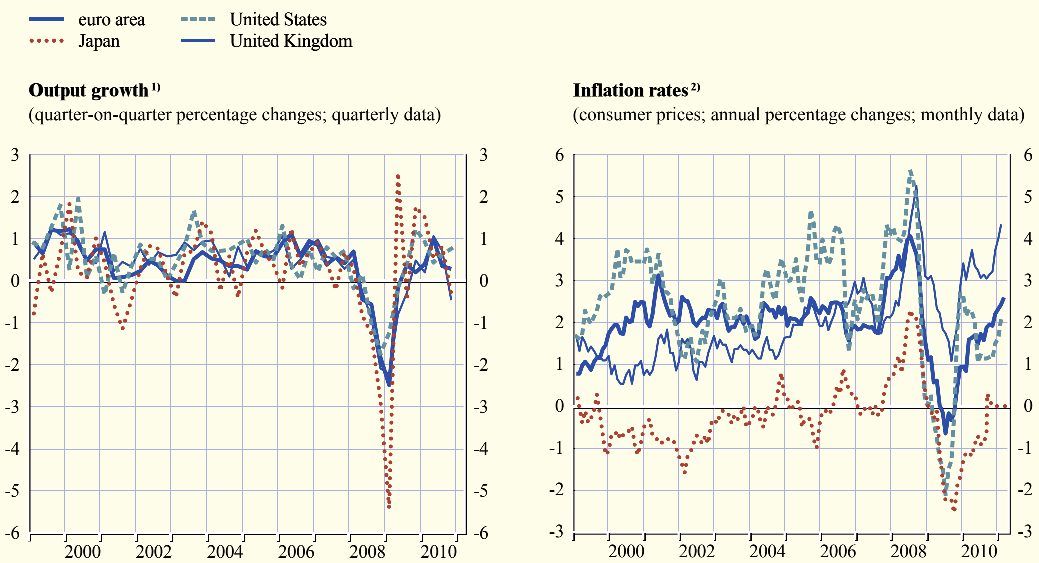
Source: OECD.

UNITED STATES

In the United States, the economy continued to recover in the final quarter of 2010. According to the third estimate by the Bureau of Economic Analysis, quarter-on-quarter real GDP growth stood at 0.8% (3.1% in annualised terms), up from 0.6% in the third quarter (see Chart 3). The acceleration reflected stronger momentum in consumer spending and investment in equipment and software, as well as a positive contribution from trade, as exports continued to grow while imports declined. By contrast, growth was hampered by a significant negative contribution from inventory accumulation. Available indicators for the start of 2011 are giving mixed signals, partly related to the effects of the severe winter, but the outlook for the near term remains favourable overall.

Annual CPI inflation increased further in February, reaching 2.1%. The increase in consumer prices mainly reflected the impact from higher energy costs and, to a lesser extent, food prices. Annual inflation, excluding food and energy, increased to 1.1% in February, although remaining close to the average of 2010. Overall, price pressures in the United States remain broadly contained in a context of substantial economic slack. On 5 March the US Federal Open Market Committee

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.

(FOMC) decided to continue expanding its holdings of securities and to maintain its target range for the federal funds rate at 0.0% to 0.25%. At the same time, the FOMC noted that the general outlook for economic conditions is such as to warrant very low levels for the federal funds rate for an extended period.

JAPAN

On 11 March 2011 north-eastern Japan was hit by a devastating earthquake followed by a tsunami, claiming many lives and seriously damaging the region's infrastructure. In addition, the nuclear power station in Fukushima was damaged. While it remains difficult to assess precisely the economic implications of the devastation, the overall impact on economic activity is likely to depend on the evolution of the nuclear calamity and on the time needed to restore production capacity and infrastructure. Before the earthquake, in the first two months of 2011, economic activity was picking up, as evidenced by high-frequency data, following a phase of deceleration in the last quarter of 2010. According to the second preliminary data release by Japan's Cabinet Office, real GDP contracted by 0.3% quarter on quarter in the fourth quarter, mostly owing to the fall in domestic demand.

Annual CPI inflation was zero in February for a third consecutive month. Annual CPI inflation excluding fresh food stood at -0.3%, whereas excluding fresh food and energy, it stood at -0.6%. Looking ahead, inflation is likely to rise, reflecting supply constraints caused by the earthquake as well as higher demand owing to reconstruction efforts.

In response to the disaster, the Bank of Japan provided additional emergency liquidity to the financial system of an unprecedented size in one-day operations during the first week following the earthquake. It also announced an increase in the amount of its asset purchase programme by about JPY 5 trillion to about JPY 40 trillion in total. On 14 March 2011 the Bank of Japan decided to leave its target for the uncollateralised overnight rate unchanged at between 0.0% and 0.1%.

UNITED KINGDOM

In the United Kingdom, the economic recovery was interrupted in the fourth quarter. According to revised estimates, real GDP decreased by 0.5% quarter on quarter in the fourth quarter of 2010 after expanding by 0.7% in the third quarter and 1.1% in the second quarter (see Chart 3). Attributed in part to bad weather in December, the decline in output over the fourth quarter was broad-based across expenditure components. House prices have continued their declining trend in recent months against the background of subdued demand in the housing market. Looking ahead, inventory adjustments, monetary stimulus, external demand and the past depreciation of the pound sterling should support economic activity. However, growth in domestic demand is expected to remain constrained by tight credit conditions, household balance sheet adjustment and substantial fiscal tightening.

Annual CPI inflation has remained elevated in recent months, increasing to 4.4% in February 2011, up from 4.0% in January, mainly reflecting the lagged effects of the depreciation of the pound sterling, higher commodity prices and the increase in the rate of VAT in January 2011. Looking ahead, these factors are likely to continue to exert upward pressure on annual CPI inflation. 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%.

CHINA

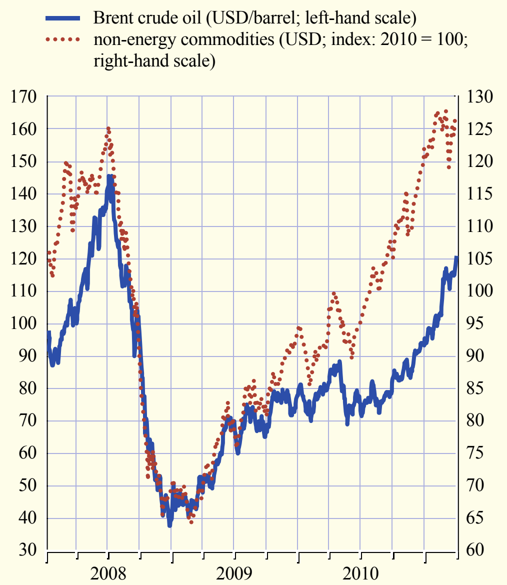
In China, short-term indicators suggest resilient growth in the first quarter of 2011, mainly driven by industrial production and investment in fixed assets. Inflationary pressures increased over the first quarter of 2011. In February annual CPI inflation was unchanged at 4.9%. While CPI inflation was mainly driven by food prices, non-food CPI inflation stood at 2.4% year on year, the fastest growth rate since 2005. PPI inflation accelerated in February, mainly owing to the rising cost of raw materials and energy. The People's Bank of China continued tightening its monetary policy in March. In order to drain excessive liquidity from the banking sector, it raised the reserve requirement ratio by another 50 basis points for the third time this year. Effective from 25 March 2011, the reserve requirement ratio in China is 20% for large banks. For the fourth time since October last year, the People's Bank of China raised the one-year benchmark lending and deposit rates by 25 basis points to 6.31% and 3.25% respectively, effective from 6 April.

1.2 COMMODITY MARKETS

Oil prices posted strong gains in March. Brent crude oil prices stood at USD 121.6 per barrel on 6 April, which is 30.5% higher than at the beginning of the year (see Chart 4). Looking ahead, market participants expect slightly lower oil prices in the medium term, with futures contracts for December 2012 trading at around USD 114.5 per barrel.

The increase in oil prices came against the background of escalating tensions in North African and Middle Eastern countries. The impact on the oil balance of the ongoing revolts in Libya has been substantial, given that the country's oil exports are virtually suspended. Saudi Arabia intervened to partially replace the lost Libyan production, but the intervention only managed to partially stabilise prices. These supply-side disruptions came against the background of very robust demand growth, both in emerging and developed economies, which makes the market balance currently very tight.

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

The prices of non-energy commodities declined slightly in March. Food prices moderated somewhat on the back of positive expectations regarding the ongoing planting season. Metal prices also declined owing to the disruptions in industrial production that followed the Tohoku earthquake. In aggregate terms, however, the price index for non-energy commodities (denominated in US dollars) remained 2.6% higher at the end of March than at the beginning of the year.

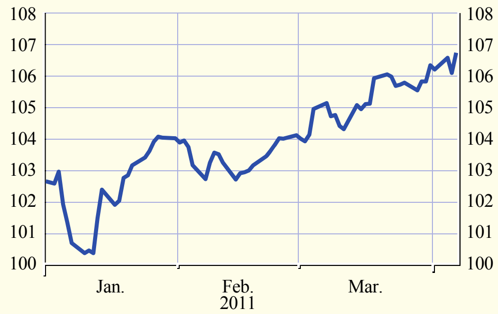
1.3 EXCHANGE RATES

In March the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, continued the appreciation that started in January 2011. As a result, on 6 April the nominal

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

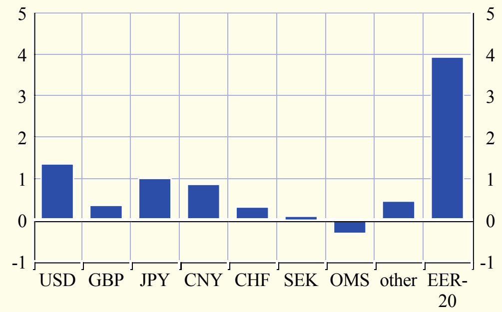
(daily data)

Index: Q1 1999 = 100



Contributions to EER-20 changes [2]

From 31 December 2010 to 6 April 2011 (percentage points)



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

effective exchange rate of the euro was 3.9% higher than at the end of December 2010 and 2% above its average level for 2010 (see Chart 5).

In bilateral terms, during the first three months of 2011, the euro appreciated against most major currencies. Between 31 December 2010 and 6 April 2011 it strengthened against the Japanese yen by 12.1%, the US dollar by 7.0%, the Swiss franc by 4.7% and the pound sterling by 1.9%. The single currency also appreciated significantly vis-à-vis some commodity currencies (Australian dollar, Canadian dollar) as well as against the major Asian currencies (see Table 1). By contrast,

Table 1 Euro exchange rate developments [1]

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

			Appreciation (+)/depreciation(-) of the euro as at 6 April 2011 since:		compared with:
	Weight in EER-20	Level on 6 April 2011	31 December 2010	1 January 2010	average for 2010
US dollar	19.4	1.43	7.0	-0.6	7.9
Pound sterling	17.8	0.878	1.9	-1.6	2.3
Chinese renminbi	13.6	9.36	6.1	-4.7	4.3
Japanese yen	8.3	121.8	12.1	-8.8	4.8
Swiss franc	6.4	1.31	4.7	-11.9	-5.1
Polish zloty	4.9	3.99	0.3	-2.9	-0.2
Swedish krona	4.9	9.01	0.5	-11.6	-5.5
Czech koruna	4.1	24.43	-2.5	-7.1	-3.4
Korean won	3.9	1,552.65	3.6	-6.6	1.4
Hungarian forint	3.1	263.24	-5.3	-2.4	-4.4
NEER [2]		106.7	3.9	-4.6	2.0

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

the euro depreciated against the Hungarian forint and the Czech koruna (by 5.3% and 2.5% respectively). The appreciation of the euro against the US dollar, combined with the corresponding strengthening against the currencies tied to the US dollar, accounted for almost 60% of the overall appreciation in effective terms (see Chart 5). In March, following the Tohoku earthquake, foreign exchange markets experienced a bout of very high volatility, culminating with the Japanese yen reaching its historical high against the US dollar on 17 March, at JPY 78.85 per US dollar. In response to these movements in the exchange rate of the yen associated with the events in Japan, and at the request of the Japanese authorities, the authorities of the United States, the United Kingdom, Canada, and the ECB joined with Japan, on 18 March 2011, in a concerted intervention in foreign exchange markets.

Between 31 December 2010 and 6 April 2011, the currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates. The Latvian lats, after having remained for many months on the weak side of the unilaterally set fluctuation band of +/-1%, also moved closer to the central rate in January and early February. Since mid-February, however, it has progressively moved back towards the weak side of the band.

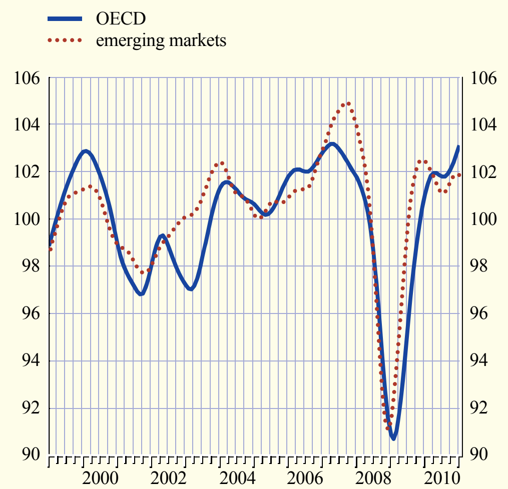
1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Looking ahead, the global economic recovery is expected to proceed along a more self-sustained path. This is in line with the latest OECD composite leading indicator for January 2011, which continued to point to economic expansion in most OECD countries (see Chart 6). However, the outlook has become more uncertain. Renewed concerns about the intensification of geopolitical turmoil in North Africa and the Middle East have clouded economic sentiment (see Box 1). A prolongation of these tensions could further tighten the oil market balance and raise energy prices with adverse repercussions on the global economy. The catastrophes in Japan are expected to have only rather contained repercussions for the global economy, unless supply-chain disruptions – which are difficult to assess based on available information – were to intensify significantly.

The risks to global activity remain broadly balanced in an environment of elevated uncertainty. On the one hand, global trade may continue to grow more rapidly than expected. On the other hand, downside risks relate to the ongoing tensions in some segments of the financial markets, further increases in energy prices, in particular in view of ongoing geopolitical tensions, protectionist pressures and the possibility of a disorderly correction of global imbalances. Finally, there are potential risks stemming from the economic impact of the recent natural and nuclear disaster in Japan.

Chart 6 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

Box 1

POLITICAL TENSIONS IN THE MIDDLE EAST AND NORTH AFRICA: ECONOMIC IMPLICATIONS FOR THE EURO AREA

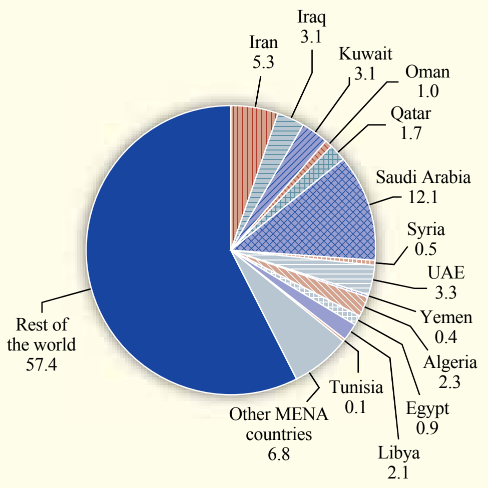
This box reviews the potential impact of recent political turmoil in several countries in the Middle East and North Africa (MENA) on the euro area economy. It presents the main channels through which the turmoil may affect the euro area and specifically considers the impact of higher oil prices on the euro area economy.

Oil prices are the key link between political developments in the MENA region and the euro area and the global economy. Brent crude oil prices have increased by more than 25% since the beginning of January 2011 – when unrest intensified in Tunisia – and have spiked in particular in the wake of turmoil in Libya. Political developments in MENA countries tend to increase the geopolitical risk premium in oil prices given the region's crucial role in global energy supply. The MENA region accounts for more than 40% of global oil production and two-thirds of global oil reserves (see Charts A and B). Furthermore, spare capacity in global oil production is concentrated in the region, with Saudi Arabia alone accounting for almost 80% of OPEC's effective spare capacity in February 2011, according to International Energy Agency estimates.[1] The region also plays an important role in global gas supply, as it accounts for around one-fifth of global gas production and holds almost half of global gas reserves.

1 See also the article entitled "Oil prices – their determinants and impact on euro area inflation and the macroeconomy", and in particular the box entitled "Saudi Arabia's oil production capacity – recent developments and prospects", *Monthly Bulletin*, ECB, August 2010. As regards Saudi Arabia's capacity to offset supply disruptions in other countries such as Libya, it has to be taken into account that Saudi oil is of a different quality to Libya's, for example, which may limit short-term substitutability in refining.

Chart A Oil production

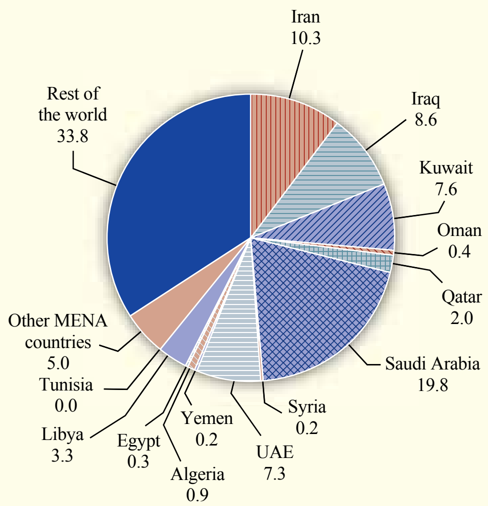
(percentage of global production, end-2009)



Sources: BP Statistical Review 2010 and ECB calculations.

Chart B Proved oil reserves

(percentage of global reserves, end-2009)

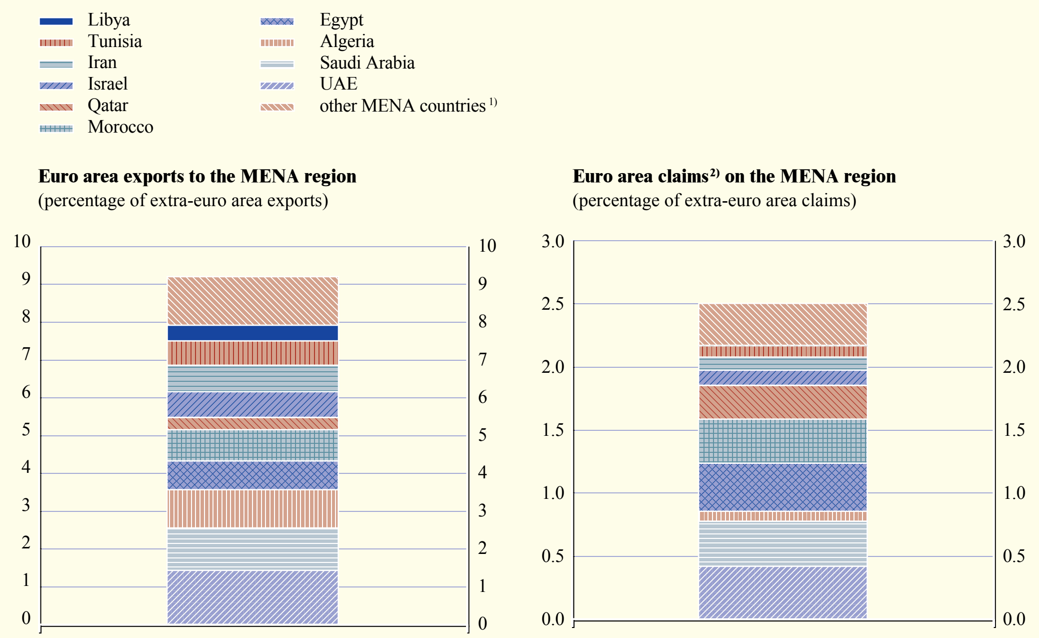


Sources: BP Statistical Review 2010 and ECB calculations.

The MENA region is also an important trading partner for the euro area. It is the recipient of around 9% of the euro area's exports. By contrast, the exposure of euro area banks to MENA countries is relatively small, with the region accounting for only 2.5% of euro area bank claims outside the euro area (see Chart C). The holdings of euro area assets by entities from MENA countries, including those by sovereign wealth funds of the region's oil exporters, represent a further financial link to the region. Potential spillovers from the turmoil in the MENA region to the euro area could also originate from a possible rise in global risk aversion, and from an increase in uncontrolled immigration. As a result of turmoil in MENA countries – some of which are important destinations for European tourists – some tourism may be redirected to southern European countries, for example. The impact of developments in the MENA region on the euro area may differ across countries, given that the trade and financial links of euro area countries with the region vary, depending mainly on geographical proximity.

What is the likely impact on economic activity and inflation in the euro area of higher oil prices? The empirical evidence from model simulations suggests that the overall effect on euro area economic activity of a 10% increase in oil prices is approximately -0.25% after three years, but exhibiting considerable variation across countries, ranging from close to zero to -0.4%. The pass-through of oil prices to consumer prices is complex and depends on many factors, including the level of oil prices, the rate of indirect taxation, sector composition of the economy, wage and price-setting institutions and the response of monetary policy. On average, a 10% increase in oil prices increases HICP in the euro area by roughly 0.2% in the first year, and

Chart C Euro area trade and bank exposure to the MENA region



Sources: BIS (consolidated banking statistics), IMF, Haver Analytics and ECB calculations.
Notes: Intra-euro area exports/foreign claims are excluded. Claims data as of the third quarter of 2010. Export data refer to 2009.
1) Other MENA countries: Bahrain, Iraq, Jordan, Kuwait, Lebanon, Mauritania, Oman and Syria.
2) Consolidated foreign claims of BIS reporting banks headquartered in the euro area, immediate borrower basis.

by 0.45% after three years.[2] It is important to remember that all model-based estimates depend on a number of simplifying assumptions. Thus, the reported estimates should be regarded as indicative rather than precise results.

In sum, political turmoil in the MENA region presents a downside risk for economic activity and an upside risk to price developments in the euro area in the short run. In the medium term, political transition in the region accompanied by economic reforms could have the potential to lift growth and enhance stability in the euro area's southern neighbourhood.

2 See Task Force of the Monetary Policy Committee of the ESCB, "Energy markets and the euro area macroeconomy", *Occasional Paper Series*, No 113, ECB, June 2010.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

The annual growth rates of both M3 and MFI loans to the private sector increased in February 2011. These increases partly reflect interbank transactions conducted via electronic trading platforms. However, looking beyond this effect, the latest data point to a continued, albeit modest, recovery in money and loan growth. They thereby confirm the assessment that underlying monetary expansion remains moderate and medium-term inflationary pressures are contained. At the same time, the unwinding of previously accumulated liquidity shows signs of deceleration. With the annual growth of loans to households stabilising, the ongoing recovery in loans to the private sector is increasingly being supported by growth in loans to non-financial corporations, which has returned to positive territory. Finally, in February MFIs' main assets increased significantly for a second consecutive month.

THE BROAD MONETARY AGGREGATE M3

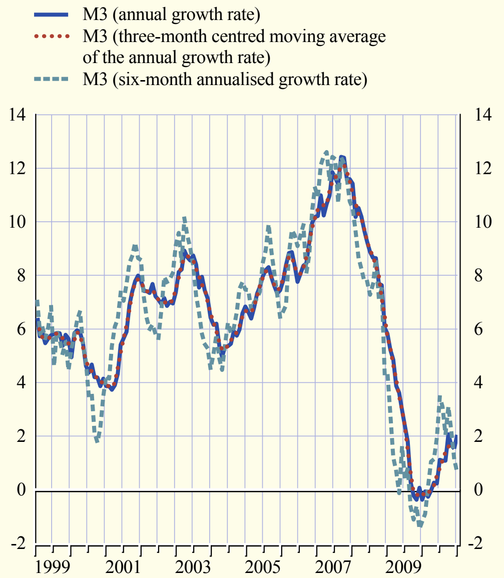
The annual growth rate of M3 increased markedly in February 2011, rising to 2.0%, up from 1.5% in January (see Chart 7). This increase was largely due to substantial inflows for repurchase agreements, which, in turn, reflected secured interbank trading activity conducted via central counterparties (CCPs) classified as non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs). When corrected for this CCP effect, month-on-month growth in M3 stood at 0.2% in February (instead of 0.5%), turning positive after marginally negative growth (of -0.1% on average) over the five previous months. Looking beyond the volatility introduced by CCP-related transactions over the past few months, the latest data point to a further gradual recovery in annual M3 growth, albeit with growth remaining at a low level and with some uncertainty surrounding the future strength of this recovery.

The more moderate recovery in M3 growth in recent months may be associated with the fact that the yield curve has steepened again since November 2010 and generally favourable developments have been observed in the prices and yields of riskier asset classes. These developments have reduced the attractiveness of holding monetary assets included in M3 relative to better remunerated longer-term assets outside M3.

On the counterpart side, the annual growth rate of loans to the private sector increased slightly further in February – reflecting, among other things, another significant monthly inflow for loans to non-financial corporations. While the annual growth rate of loans to non-financial corporations continued to strengthen and was positive for the second consecutive month, the annual growth rate of loans to households remained broadly unchanged at around 3%. However, when adjusted for the derecognition of loans, a gradual upward trend remains visible in the growth of loans to households.

Chart 7 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

February saw the main assets held by euro area MFIs increase strongly for the second month in a row, reflecting mainly an increase in loans to the euro area private sector, but also an increase in inter-MFI lending. As a result, the three-month flow turned marginally positive again, having been significantly negative over the last few months on account of assets being transferred to "bad banks".

MAIN COMPONENTS OF M3

The gap between the higher, but declining, annual growth rate of M1 and the lower, but increasing, annual growth rate of other short-term deposits and marketable instruments narrowed further in February, continuing the trend observed over the past few months.

The annual growth rate of M1 declined further to stand at 2.9% in February, down from 3.2% in January. This development mainly reflects the declining inflows observed for overnight deposits over the past year and a half. The current moderate inflows for overnight deposits are likely to result from the increased opportunity cost of holding these deposits, as the remuneration of other M3 deposits has increased in recent months. This is corroborated by the fact that these subdued developments in overnight deposits are fairly widespread across countries and sectors. This contrasts with the significant heterogeneity observed in other economic conditions in the euro area at both the sectoral and the geographical level and suggests that portfolio considerations, rather than developments in demand, are the main factor driving the continued moderation in M1 growth.

Reflecting these considerations, the annual growth rate of short-term deposits other than overnight deposits increased markedly further to stand at 1.8% in February, up from 1.1% in the previous month. However, this concealed divergent developments in its two sub-components: the annual growth rate of short-term savings deposits (i.e. deposits redeemable at notice of up to three months) declined somewhat further, while remaining significantly positive; and that of short-term time deposits (i.e. deposits with an agreed maturity of up to two years) strengthened further, while remaining moderately negative.

The annual growth rate of marketable instruments increased strongly in February, rising to -0.4%, up from -4.0% in January. However, this was attributable primarily to the large inflow observed for repurchase agreements as a result of secured interbank lending activity conducted via CCPs. When adjusted for this effect, the annual growth rate of marketable instruments remained in negative territory, although with a gradual upward trend. As regards other marketable instruments, money market fund shares/units and short-term MFI debt securities both registered small monthly outflows. Developments in short-term debt securities held by the euro area money-holding sectors mask the fact that total net issuance of such securities was relatively strong in February (as it had been in January), but was absorbed not only by MFIs themselves, but also by purchasers outside the euro area.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest monetary aggregate for which a timely sectoral breakdown is available – increased to 3.5% in February, up from 3.0% in the previous month. This was driven largely by an increase in the contribution of the OFI sector, again reflecting the strong inflow for repurchase agreements with CCPs. The contributions of households and non-financial corporations also increased slightly, rising to 0.9 and 1.2 percentage points respectively. In the case of households, these developments reflected monthly inflows for short-term time and savings deposits, while in the case of non-financial corporations, they reflected inflows for both overnight deposits and other short-term time deposits.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents was unchanged at 3.8% in February (see Table 2). This reflected somewhat weaker growth in credit to general government, which was offset by slightly stronger growth in credit to the private sector.

Within credit to general government, declines were observed in the annual growth rates of both loans granted by MFIs and securities (other than shares) purchased by MFIs. Nevertheless, growth in overall credit to general government remained at a high level, as the impact of the financing of asset transfers to "bad bank" schemes will remain visible in these annual growth rates until September 2011.

The annual growth rate of credit to the euro area private sector increased slightly to stand at 2.3% in February, up from 2.1% in January, as a result of another relatively strong monthly inflow. The bulk of that inflow was concentrated in loans to the private sector, the annual growth rate of which increased to 2.6% in February, up from 2.4% in the previous month. However, as one-third of February's monthly inflow for loans to the private sector was related to loans resulting from interbank repo transactions conducted via CCPs, this somewhat overstates the increase in loan growth.

The annual growth rate of loans to non-financial corporations strengthened further to stand at 0.6% in February, up from 0.5% in January (see Table 3). The monthly flows in these two months were solidly positive, comparable to those observed during the recovery in 2004, and in February positive flows were seen for all maturities. However, cross-country heterogeneity remained significant, in line with the uneven recovery in economic activity and the differences currently observed in the external financing needs of individual sectors and industries across the euro area.

Table 2 Summary table of monetary variables

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

	Outstanding amount as a percentage of M3 1)	Annual growth rates					
		2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Jan.	2011 Feb.
M1	**49.2**	**11.4**	**10.3**	**7.8**	**4.9**	**3.2**	**2.9**
Currency in circulation	8.4	6.2	6.4	6.5	5.6	5.4	5.1
Overnight deposits	40.8	12.5	11.2	8.1	4.8	2.8	2.4
M2 - M1 (= other short-term deposits)	39.1	-8.2	-8.0	-5.1	-1.1	1.1	1.8
Deposits with an agreed maturity of up to two years	19.0	-22.7	-21.4	-16.1	-8.7	-3.2	-1.5
Deposits redeemable at notice of up to three months	20.1	13.3	10.3	8.3	7.2	5.6	5.1
M2	**88.4**	**1.7**	**1.5**	**1.7**	**2.2**	**2.3**	**2.4**
M3 - M2 (= marketable instruments)	11.6	-11.6	-9.8	-6.5	-3.1	-4.0	-0.4
M3	**100.0**	**-0.2**	**-0.1**	**0.7**	**1.5**	**1.5**	**2.0**
Credit to euro area residents		**1.9**	**1.8**	**2.0**	**3.3**	**3.8**	**3.8**
Credit to general government		9.8	9.0	7.5	11.5	11.7	10.5
Loans to general government		3.5	6.7	6.5	15.5	18.5	17.9
Credit to the private sector		0.3	0.2	0.8	1.5	2.1	2.3
Loans to the private sector		-0.4	0.2	0.9	1.7	2.4	2.6
Loans to the private sector adjusted for sales and securitisation		-0.2	0.1	1.0	1.9	2.7	3.0
Longer-term financial liabilities (excluding capital and reserves)		**5.5**	**4.4**	**2.6**	**2.7**	**2.6**	**2.9**

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

Table 3 MFI loans to the private sector

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

	Outstanding amount as a percentage of the total[1)]	Annual growth rates					
		2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Jan.	2011 Feb.
Non-financial corporations	**42.3**	**-2.5**	**-2.2**	**-1.3**	**-0.4**	**0.5**	**0.6**
Up to one year	24.5	-12.4	-10.8	-8.3	-5.0	-1.7	-1.0
Over one and up to five years	19.1	-3.4	-4.6	-3.4	-2.1	-2.1	-2.1
Over five years	56.4	3.2	3.1	2.9	2.4	2.3	2.3
Households[2)]	**46.6**	**1.7**	**2.6**	**2.8**	**2.8**	**3.1**	**3.0**
Consumer credit[3)]	12.2	-0.7	-0.5	-0.5	-0.7	-1.0	-0.9
Lending for house purchase[3)]	71.8	2.0	3.0	3.4	3.5	3.9	3.8
Other lending	16.0	2.7	3.2	2.9	2.5	2.8	2.8
Insurance corporations and pension funds	**0.9**	**-9.3**	**-9.1**	**-0.7**	**7.6**	**7.2**	**8.7**
Other non-monetary financial intermediaries	**10.3**	**0.3**	**0.8**	**2.4**	**4.7**	**7.1**	**8.5**

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.

The annual growth rate of loans to households stood at 3.0% in February, down from 3.1% in the previous month, confirming that the recovery has levelled off at this rate of growth. Nevertheless, when account is taken of the derecognition of loans in the context of securitisation transactions, this growth rate remains on a modest upward trend.

Lending to households continued to be dominated by loans for house purchase, but monthly flows for this type of loan were moderate in January and February relative to the second half of 2010. This might, in part, be attributable to the expiry of government incentives for house purchase in one particular euro area country, which had previously triggered particularly high levels of borrowing. Consumer credit continued to contract, exhibiting both negative annual growth rates and monthly outflows. This weakness may be related to a lack of willingness to embark on purchases of “big-ticket” items amid muted growth in disposable income and high levels of household indebtedness.

Among the other counterparts of M3, the annual growth rate of MFI longer-term financial liabilities (excluding capital and reserves) increased to 2.9% in February, up from 2.6% in January, in line with the steepening of the yield curve and the associated increase in the attractiveness of longer-term instruments. This was driven by the marked strengthening of the annual growth rate of long-term MFI debt securities, following substantial monthly inflows for these instruments in January and February. The data available suggest that banks have mainly issued covered bonds in recent months, possibly reflecting investors’ perceived willingness to invest in secured debt securities in the current environment. The annual growth rate of long-term deposits declined significantly further in February as a result of the continued reduction in OFIs’ holdings of such deposits. This is likely to reflect weakness in securitisation activity, which has in the past – where securitised loans are not derecognised from MFI balance sheets – boosted inflows for this instrument. In the absence of new transactions, the amortisation of previously securitised loans would give rise to negative flows for OFIs’ longer-term bank deposits.

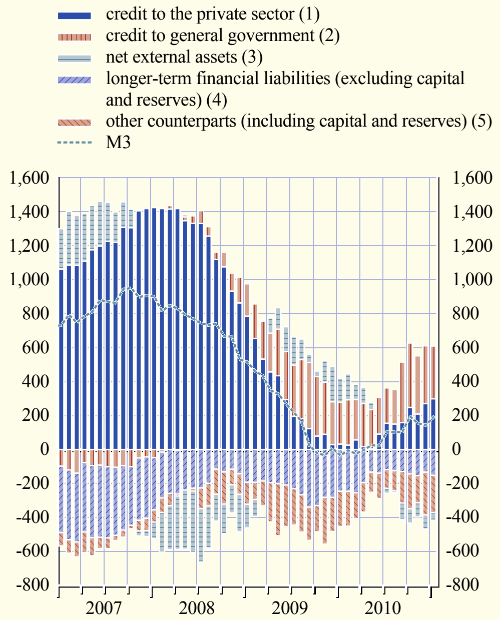
An annual outflow of €47 billion was recorded in February for MFIs’ net external asset position, compared with an outflow of €83 billion in the previous month (see Chart 8). This reflected an increase in the annual inflow for MFI loans to non-residents and a rise in the annual outflow for

MFIs' external liabilities. The outflow for external liabilities resulted from a reduction in deposits held with euro area MFIs by non-residents, which was partially offset by an increase in non-residents' holdings of money market fund shares/units.

Overall, looking beyond short-term developments, the latest monetary data continue to point to a modest recovery in euro area money and loan growth. The assessment that underlying monetary expansion is moderate and medium-term inflationary pressures stemming from monetary developments are contained still holds. However, the gradual strengthening of money and credit growth is slowing down the unwinding of previously accumulated liquidity. This, in combination with improving confidence and subsequent increases in the willingness to spend, might eventually translate into upward pressure on consumer prices.

Chart 8 Counterparts of M3

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



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

2.2 SECURITIES ISSUANCE

The annual growth of debt securities issued by euro area residents picked up slightly in January 2011, owing to expanding debt issuance on the part of both the government sector and financial corporations other than MFIs. By contrast, the annual growth rate of debt securities issued by non-financial corporations continued along the downward trend recorded over the past year, but remained at a robust level. The moderation of debt issuance by the non-financial corporate sector may partly reflect the ongoing normalisation of demand for bank loans observed over recent months. The annual growth rate of issuance of quoted shares remained broadly stable at a subdued level.

DEBT SECURITIES

In January 2011 the annual growth rate of debt securities issued by euro area residents rose slightly to 3.8%, compared with 3.6% in the previous month (see Table 4). While the pace of contraction in short-term debt securities issuance decelerated, reaching -6.1% in January, the annual growth rate of long-term debt issuance edged up from 4.9% in December 2010 to 5.0% in January 2011. The annualised and seasonally adjusted six-month growth rate of debt securities issued, which captures short-term trends better, rose to 5.2% in January 2011, from 4.5% in December 2010. This was due primarily to a sharp increase in debt issuance by MFIs, up by more than 2 percentage points from the previous month (see Chart 9). The growth of borrowing by the general government was broadly unchanged at 8.2%, thus remaining at a particularly high level. Using the same measure, issuance by non-financial corporations declined marginally to 6.4%.

Table 4 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) 2011 January	Annual growth rates [1]					
		2010 Q1	2010 Q2	2010 Q3	2010 Q4	2010 December	2011 January
Debt securities	**15,950**	**6.5**	**4.7**	**3.5**	**3.7**	**3.6**	**3.8**
MFIs	5,297	1.6	0.6	-0.5	0.0	-0.2	-0.1
Non-monetary financial corporations	3,310	7.6	3.2	1.2	1.7	2.2	2.4
Non-financial corporations	829	14.7	15.1	10.3	8.3	7.6	7.2
General government	6,514	9.9	8.3	7.6	7.5	7.4	7.5
of which:							
Central government	6,074	9.9	8.1	7.1	6.9	6.8	7.1
Other general government	440	10.5	11.4	15.3	16.2	15.9	14.0
Quoted shares	**4,758**	**2.9**	**2.5**	**1.8**	**1.7**	**1.3**	**1.3**
MFIs	514	8.3	6.6	5.2	6.6	6.5	6.2
Non-monetary financial corporations	362	5.4	5.2	4.3	3.4	0.6	1.8
Non-financial corporations	3,881	1.9	1.5	1.0	0.8	0.7	0.6

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

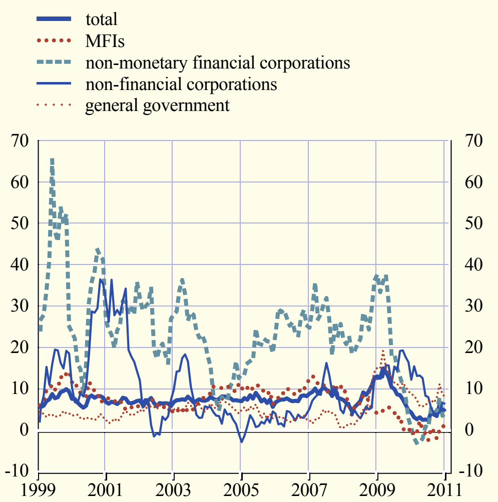
Over recent months, refinancing activity remained concentrated on issuance in the long-term segment, in particular at fixed rates. The annual rate of increase in issuance of fixed rate long-term debt securities remained broadly stable at 7.0% in January. At the same time, floating rate long-term debt securities issuance rose to around 1% in January, thus remaining in positive territory for the third successive month.

From a sectoral perspective, the annual growth of debt issuance by the general government and by financial corporations other than MFIs increased in January. The issuance activity of non-financial corporations, by contrast, declined further, continuing the downward trend recorded over the past year. The annual increase in debt securities issued by non-financial corporations in the euro area declined to 7.2% in January, down from 7.6% in the previous month. A slower pace of contraction in short-term debt securities issuance was partially offset by a decline in long-term issuance. The ongoing moderation in debt securities issuance by non-financial corporations may partly reflect the normalisation of demand for bank loans observed in recent months and the use of other alternative financing sources such as trade credit (see Box 2).

Public borrowing continued to be strong. The annual growth of debt securities issued by the general government sector remained broadly stable at 7.5% in January. The declining trend that started in September 2009 seems to have levelled off. The robust debt issuance activity on the part of the general government sector reflects the still high public sector funding needs in the euro area.

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

(six-month annualised growth rates; seasonally adjusted)

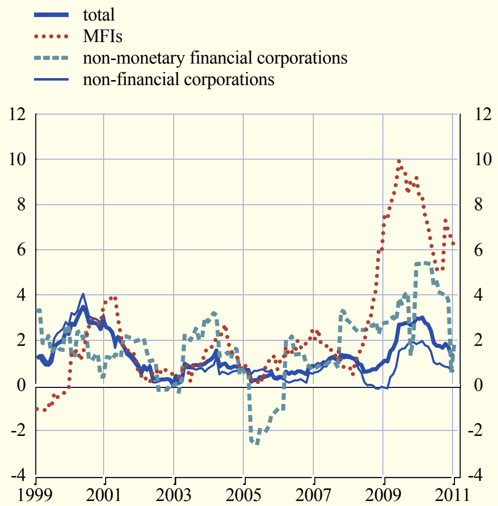


Source: ECB.

Turning to the financial sector, the annual growth rate of debt securities issued by MFIs remained broadly unchanged at just below zero in January. However, net issuance of short-term debt securities has shown some signs of recovery as it moved into positive territory in the fourth quarter of 2010, potentially reflecting a more favourable access to funding for euro area banks. Finally, the annual growth rate of debt securities issued by financial corporations other than MFIs rose from 2.2% in December 2010 to 2.4% in January 2011.

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

(annual growth rates)



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

QUOTED SHARES

The annual growth rate of quoted shares issued by euro area residents remained broadly stable at 1.3% in January, as the decline in equity issuance by MFIs was offset by the increase in that of financial corporations other than MFIs (see Chart 10). Indeed, the annual rate of growth in equity issuance by MFIs fell to 6.2% in January 2011, from 6.5% in December 2010. Equity issuance activity by MFIs remained robust, given the ongoing efforts of many euro area banks to strengthen their balance sheets by replenishing their capital bases. At the same time, the annual growth rate of quoted shares issued by financial corporations other than MFIs rose from 0.6% in December to 1.8% in January. The annual growth of quoted shares issued by non-financial declined slightly to 0.6%.

Box 2

THE USE OF TRADE CREDIT BY EURO AREA NON-FINANCIAL CORPORATIONS

Trade credit plays an important role in the external financing and cash management of firms. There are two aspects to the use of trade credit by firms, and both are interlinked with the need to finance production. For input suppliers, the firm receiving the inputs is a customer and the latter's trade credit payable with suppliers constitutes a form of borrowing; conversely, for the firm that acts as a supplier of other firms, its trade credit receivable is a proxy for how much it lends to its customers.

This box presents some stylised facts on the trade credit payable and receivable used by euro area non-financial corporations and investigates their role in the recent crisis, where it appeared to have played a buffering role at times when firms found it difficult to obtain external funding from credit institutions.

Advantages of the use of trade credit by non-financial corporations

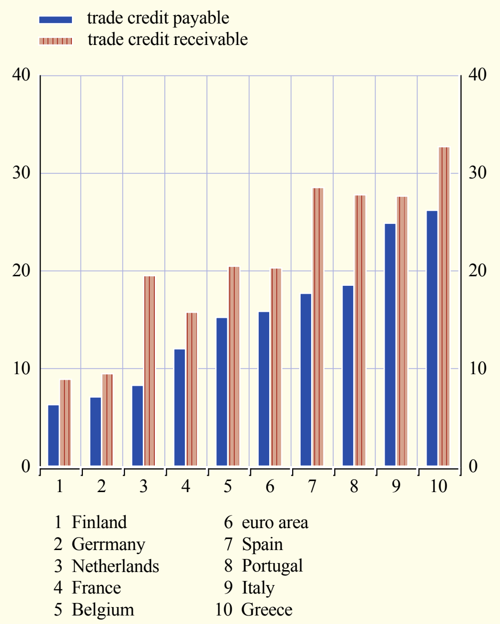
Trade credit can be seen to be equivalent, in several respects, to short-term loans provided by suppliers to their corporate customers upon an agreement to purchase their products and to settle the payment at a later stage. Such credit is created automatically whenever customers delay payment of their suppliers' bills.

Although trade credit typically proves to be more costly for the borrower than borrowing through the banking system (especially when customers do not use the discount[1] usually offered for early payment), it is nevertheless generally used by firms in the euro area. Trade credit theories relate the use of trade credit payable mainly to particular types of market imperfection, in particular to asymmetric information in markets throughout the product chain, but also to other forms of credit market friction.[2] The line of reasoning is usually as follows: some firms (typically small firms with limited collateral) are unable to obtain bank loans because it is too costly for the bank to monitor them. For suppliers of those firms, by contrast, monitoring and bargaining costs may be lower in the context of an established long-term relationship, since they frequently conduct business with the small firms and may also have the power to cut off the supply to such firms or to repossess the goods in the event of defaulted repayment. The aforementioned informational and bargaining advantages that a supplier has over a bank might provide the supplier with an opportunity to extend credit to the buyer even if that buyer does not seem creditworthy to the bank.

In practice, the use made by firms of trade credit payable and receivable differs considerably across euro area countries, sectors of activity and firm size. Chart A shows the level of trade credit across selected euro area countries for a large dataset of non-financial corporations that reported their use of trade credit receivable in the period from 1993 to 2009. For those companies in the sample, trade credit appears to be relatively more prevalent in Mediterranean countries, where it plays a role in between 20% and 30% of sales. Country differences

Chart A Average trade credit payable and receivable in the period from 1993 to 2009

(percentage of sales)



Source: Amadeus bureau van Djik Electronic Publishing and ECB calculations.
Note: Based on an unbalanced panel of 950,000 companies that report their use of trade credit payable.

1 For instance a common form of trade credit is "2/10 net 30", with "2/10" meaning that the buyer receives a discount of 2% for payment within ten days and "net 30" meaning that, in the event of the buyer not taking the 2% discount for payment within ten days, full payment is due within 30 days. The fact that the buyer prefers, in some cases, to delay payment for a further 20 days, rather than to take the 2% discount, defines an implicit annual interest rate of 43.9% (see Ng, C., Smith, J. and Smith, R.,"Evidence on the determinants of credit terms used in interfirm trade". *Journal of Finance*, Vol. 54, pp. 1109-1129, 1999.

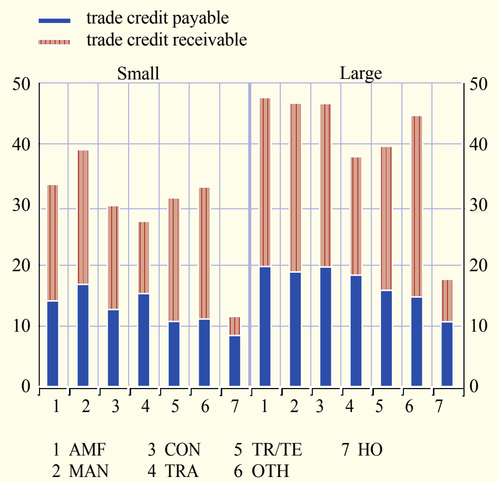
2 See Petersen, M.A. and Rajan, R.G., "Trade Credit: Theories and Evidence", *Review of Financial Studies*, Vol. 10, No 3, 1997, pp. 661-691, Guariglia, A. and Mateut, S., "Credit Channel, trade credit channel and inventory investment: Evidence from a panel of UK firms", *Journal of Banking and Finance*, Vol. 30, No 10, 2006, pp. 2835-2856, and, more recently, Klapper, L., Laeven, L. and Rajan, R., "Trade Credit Contracts", *World Bank Policy Research Working Paper*, No 5328, 2010.

may be accounted for by heterogeneous institutional structures[3] and trade credit payment conditions. Effective payment periods are longer in Spain, Portugal, Italy and Greece (ranging from 64 to 94 days for the non-financial corporations in the dataset) than in the other countries (where the average period is around 35 days), At the same time, the initial terms of payment in the former group of countries are usually longer, the availability of discounts is more limited and there are often no penalties for late payments.

Viewed in terms of firm size, trade credit is particularly important for small and medium-sized enterprises, in particular in times of financial strains, when firms find it more difficult to obtain funding from credit institutions. Nonetheless, trade credit is also widely used by large firms, but mainly as a cash management tool: by delaying payments, firms may be better able to match their cash flow to their needs (see Chart B).

Chart B Average trade credit payable and receivable across sectors and firm size in the period from 1993 to 2009

(percentage of sales)



Source Amadeus bureau van Djik Electronic Publishing and ECB calculations.
Notes: Based on an unbalanced panel of 950,000 companies that report their use of trade credit payable. AMF stands for agriculture, mining and fishing; MAN for manufacturing; CON for construction; TRA for retail and wholesale trade; TR/TE for transport and telecom; OTH for other business activities; and HO for hotels and restaurants.

In addition to taking credit from their suppliers, firms simultaneously offer trade credit to their customers. In fact, most firms have higher amounts of trade credit receivable than trade credit payable. Firms use trade credit receivable as a tool for implicit price discrimination across suppliers, in cases where it is not possible, for instance on account of legal restrictions, to discriminate directly on the basis of prices. In such cases, firms with a stronger market position may choose to make greater recourse to trade credit receivable, selling to customers on credit with a view to enhancing their competitive position in the market. Finally, firms provide more trade credit payable to customers that are in temporary distress. This also enhances their sales, since the distressed customer would otherwise no longer be able to buy their goods.[4] Another stylised fact is that trade credit is more widespread in sectors where there is a physical good involved, although it also plays a role in the provision of services (see Chart B).

Developments in trade credit during the recent crisis

Over recent years, trade credit payable and trade credit receivable of euro area non-financial corporations have moved broadly in line with the business cycle, thus confirming their typically procyclical pattern, as these developments are closely linked to the exchange of goods and services, and, hence, to economic activity (see Chart C). During the latest economic downturn, the annual growth rates of both the trade credit payable and the trade credit receivable of

3 A possible explanation for this is that trade credit should be more important than bank credit when creditor protection is weaker, because cash is easily diverted, while this is more difficult in the case of inputs, and the illiquidity of inputs facilitates trade credit (see Burkart, M. and Ellingsen, T., "In-Kind Finance: A Theory of Trade Credit", *American Economic Review*, Vol. 94, No 3, 2004, pp. 569-590). This is found to hold true for, in particular, French civil law countries.

4 See Cunat, V., "Trade Credit: Suppliers as Debt Collectors and Insurance Providers", *Review of Financial Studies*, Vol. 20, No 2, 2007, pp. 491-527.

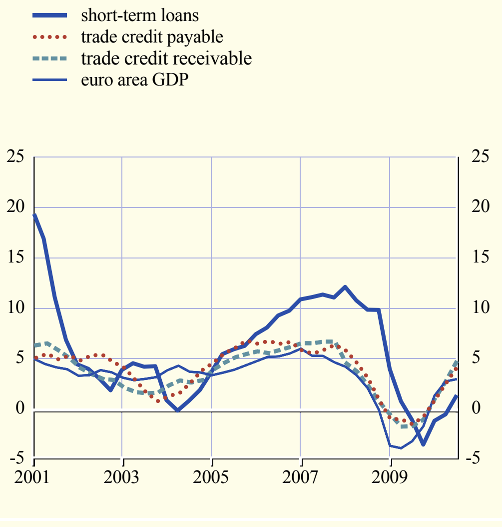
non-financial corporations in the euro area decreased considerably, from peaks of 6.4% and 6.7% respectively in the fourth quarter of 2007 to historical lows of -1.5% and -1.7% respectively in the third quarter of 2009. Trade credit payable and trade credit receivable have moved in parallel, as a large proportion of the transactions is internal to the non-financial corporation sector. The fact that the decline in the annual growth of trade credit payable between non-financial corporations has been less pronounced than that in nominal GDP growth may indicate that trade credit between companies has played a buffer role in the downturn. With respect to advances on payments, suppliers of goods and services may demand more payments on account from their buyers as they may need to finance their production process with such payments, instead of through bank loans. In this respect, trade credit payable may also serve as a substitute for unavailable (bank or other) external financing. Indeed, Chart C suggests that trade credit payable started to recover well before, and faster than, short-term loans.

A look at the evolution of trade credit payable relative to bank loans over the business cycle makes it possible to derive some additional information on firms' ability to replace bank loans with trade credit. The amount outstanding of trade credit relative to that of bank loans has diminished steadily since 2000, which may be due both to the favourable bank lending conditions prevailing between 2004 and 2006 and to the gradual implementation of the Directive 200/35/EC of the European Parliament and of the Council of 29 June 2000 on combating late payment in commercial transactions,[5] which entered into force in 2002. In the period from March 2000 to December 2009,

5 Official Journal of the European Union, L 200, 8 August 2000, pp. 35-38. The Directive imposes a fixed payment term of 30 days, unless contractually agreed otherwise, the legal rate of interest on overdue payments (which amounts to the interest rate applied by the ECB to its main refinancing operations plus 7% per annum), as well as the recovery costs.

Chart C Trade credit, short-term loans and euro area GDP

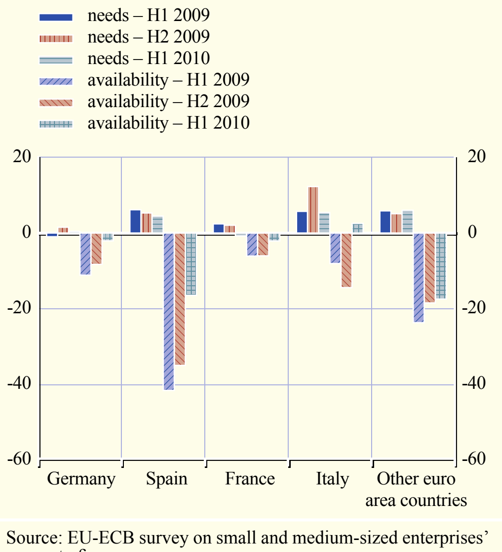
(annual percentage changes)



Sources: Eurostat and ECB.
Notes: Annual percentage changes are calculated as the four-quarter sum of transactions over the amounts outstanding four quarters earlier. Trade credit receivable and payable are estimated by the ECB on the basis of partial information. The year-on-year percentage changes in euro area GDP are expressed in seasonally adjusted current prices.

Chart D Change in small and medium-sized enterprises' trade credit needs and availability in selected euro area countries

(over the preceding six months; net percentages)



Source: EU-ECB survey on small and medium-sized enterprises' access to finance.
Note: The net percentages are defined as the difference between improved and deteriorated needs and availability over the past six months.

this ratio declined from 46% to 31%, but it subsequently started to increase, indicating that firms which were unable to obtain financing from banks have turned to their suppliers for credit. Furthermore, trade credit receivable has also increased slightly faster than trade credit payable, indicating that, in net terms, non-financial corporations are also extending credit to their customers, albeit only little. Although information is scarce, there are some indications that small and medium-sized enterprises have made increasing use of trade credit to overcome their financing difficulties since 2009. According to firms interviewed in the ECB's survey on the access to finance of small and medium-sized enterprises, their need for trade credit as a source of external finance peaked in large euro area countries in the second half of 2009, but declined thereafter as that need was compensated for by the increased availability of trade credit in the same period (see Chart D).

2.3 MONEY MARKET INTEREST RATES

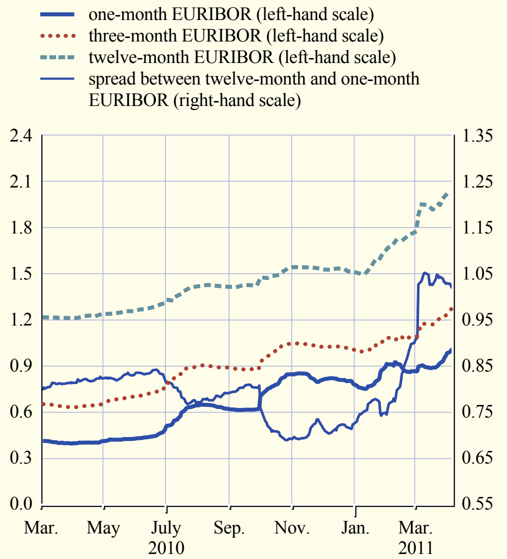
Money market interest rates increased further between early March and early April 2011, with interest rates at the twelve-month maturity reaching levels last observed in March 2009. During the third maintenance period of 2011, which began on 9 March, the EONIA was relatively stable, but remained below the fixed rate in the main refinancing operations.

Unsecured money market interest rates increased between early March and early April 2011, reflecting the upward revision of market participants' interest rate expectations following the Governing Council's meeting of 3 March and emerging upside risks to price stability. On 6 April the one-month, three-month, six-month and twelve-month EURIBOR stood at 1.01%, 1.27%, 1.58% and 2.03% respectively – i.e. around 15, 17, 20 and 26 basis points higher than the levels observed on 2 March. The spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – increased markedly, rising 11 basis points to stand at 102 basis points on 6 April (see Chart 11).

Between 2 March and 6 April the money market rate derived from the three-month EONIA swap index increased slightly more than the corresponding unsecured rate. The three-month EONIA swap rate stood at 1.04% on 6 April, 20 basis points higher than on 2 March. As a result, the spread between the unsecured three-month EURIBOR and the secured three-month EONIA swap rate decreased to 23 basis points on 6 April, 3 basis points lower than on 2 March.

Chart 11 Money market interest rates

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



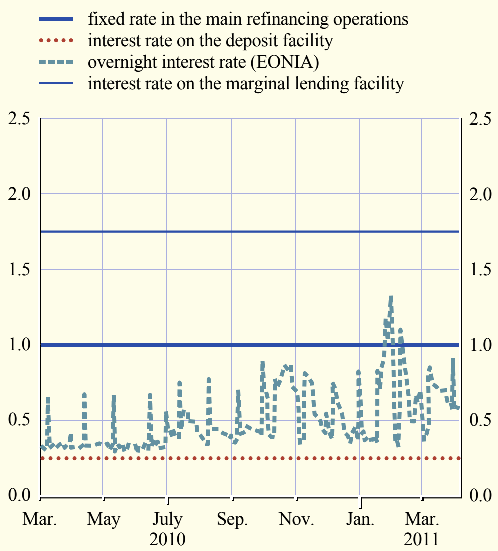
Sources: ECB and Thomson Reuters.

The interest rates implied by the prices of three-month EURIBOR futures maturing in June, September and December 2011 and

March 2012 stood at 1.53%, 1.86%, 2.13% and 2.38% respectively on 6 April, representing increases of around 8, 13, 18 and 22 basis points by comparison with the levels observed on 2 March. The larger increases at longer maturities imply a steepening of the slope of the forward curve.

Chart 12 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

The EONIA was less volatile between 2 March and 6 April than in early 2011. On 2 March, close to the end of the second maintenance period of 2011, the EONIA stood at 0.47%. The EONIA began the third maintenance period of the year at a higher level, standing at 0.84% on 9 March, before gradually moderating to stand at 0.56% on 6 April. This pattern, whereby the EONIA stands at higher levels early in the maintenance period before gradually declining towards the end of the period, is driven by market participants' desire to frontload liquidity. This pattern was more apparent than in the first two maintenance periods of 2011, which were associated with higher levels of volatility. However, the average level of the EONIA was still higher in the first three maintenance periods of the year than in the last maintenance period of 2010, owing to tighter liquidity conditions, which resulted from a decline in demand for refinancing operations coupled with continued recourse to the deposit facility. The third maintenance period of 2011 also saw this pattern being influenced by end-of-quarter effects, which led to the EONIA spiking to stand at 0.90% on 31 March (see Chart 12).

The Eurosystem conducted a number of refinancing operations between 2 March and 6 April. On 8 March the Eurosystem conducted a fine-tuning operation in which €95.8 billion was absorbed in order to counter the liquidity surplus at the end of the second maintenance period of 2011. In the main refinancing operations of the third maintenance period, which were conducted on 8, 15, 22 and 29 March and 5 April, the Eurosystem allotted €111.3 billion, €100.5 billion, €89.4 billion, €100.4 billion and €84.5 billion respectively. The Eurosystem also conducted two longer-term refinancing operations in March, both as fixed rate tender procedures with full allotment: a special-term operation on 8 March with a maturity of one maintenance period (in which €82.5 billion was allotted); and a three-month longer-term refinancing operation on 30 March (in which €129.5 billion was allotted). The Eurosystem also conducted five one-week liquidity-absorbing operations on 8, 15, 22 and 29 March and 5 April as variable rate tender procedures with a maximum bid rate of 1.00%. In the last of these operations the Eurosystem absorbed €77 billion, which corresponded to the value of purchases under the Securities Markets Programme, taking into account transactions up to and including 1 April.

In line with the relatively low levels of excess liquidity during the maintenance period beginning on 9 March, average daily recourse to the deposit facility fell further to stand at €20.4 billion in the period from 9 March to 6 April, down from the €26.9 billion observed in the previous maintenance period, which began on 9 February and ended on 8 March.

2.4 BOND MARKETS

In the course of March and early April, the yield on AAA-rated long-term euro area and US government bonds increased slightly overall. Positive economic developments in the euro area and the United States continued to support rising yields in March. However, these developments were partly countered by the ongoing tensions in northern Africa and the Middle East, and by the devastating earthquake that hit Japan in early March. These events triggered safe-haven flows and increased volatility in financial markets during March. The impact of these events, however, appears to have been short-lived, with only few traces remaining visible in yields and implied bond market volatility by early April. Intra-euro area sovereign bond yield spreads widened further for Greece and Portugal. Data on long-term break-even inflation rates in early April continue to indicate that inflation expectations remain firmly anchored.

In the course of March and early April, AAA-rated long-term euro area and US government bond yields rose by around 20 and 10 basis points respectively, both standing at 3.6% on 6 April (see Chart 13). Consequently, the nominal interest rate differential between ten-year government bond yields in the United States and those in the euro area declined slightly over the period under review, to a level close to zero. Implied bond market volatility in both the euro area and the United States declined between the end of February and early April. Implied volatility in both markets, however, remains at high levels. In Japan, ten-year government bond yields remained broadly unchanged at around 1.3% over the period under review.

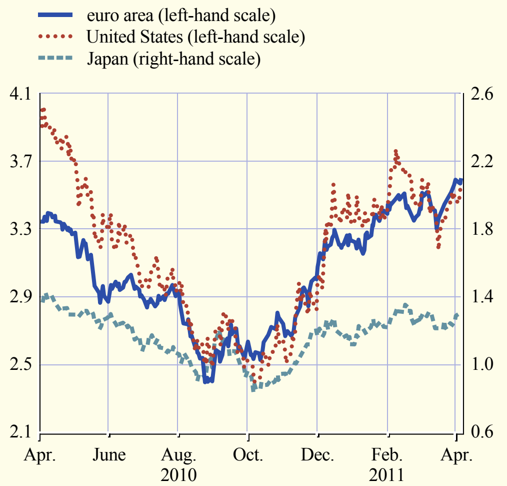
Ongoing political tensions in northern Africa and the Middle East, and the devastating earthquake in Japan in early March, triggered flight-to-safety investment flows that brought downward pressure to bear on government bond yields both in the euro area and in the United States. The upward trend in AAA-rated long-term euro area bond yields that had started in September 2010, which was driven primarily by the improving economic outlook, has consequently come to a halt. In the United States, positive economic data releases were also the main driving force behind upward movements in long-term government yields.

Volatility in euro area and US bond markets increased in early March, primarily as a result of the safe-haven flows triggered by the Japanese earthquake and concerns over a major nuclear accident. In late March and early April, previous volatility increases were reversed, and the declining trend in bond market volatility initiated in the fourth quarter of 2010 reasserted itself.

Tensions in sovereign debt markets remain significant in some countries. The sovereign debt of Portugal, Greece and Spain was downgraded by rating agencies to varying degrees in March. The spread of Greek bond

Chart 13 Long-term government bond yields

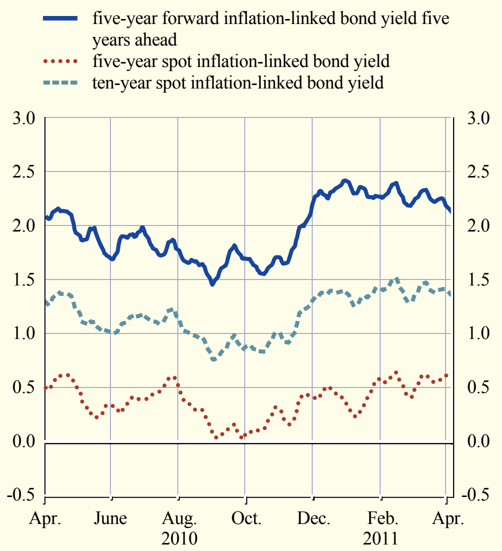
(percentages per annum; daily data)



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

Chart 14 Euro area zero coupon inflation-linked bond yields

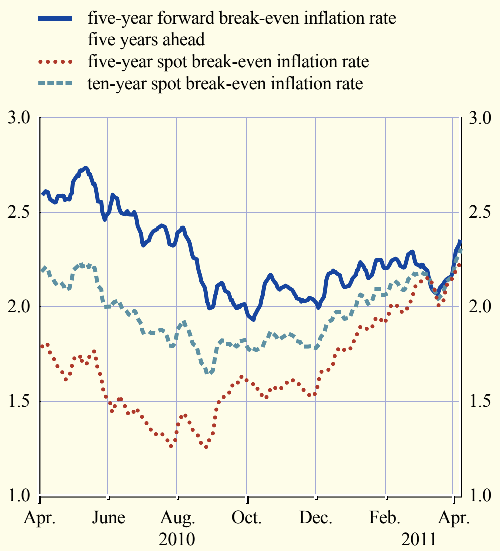
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Thomson Reuters and ECB calculations.

Chart 15 Euro area zero coupon break-even inflation rates

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



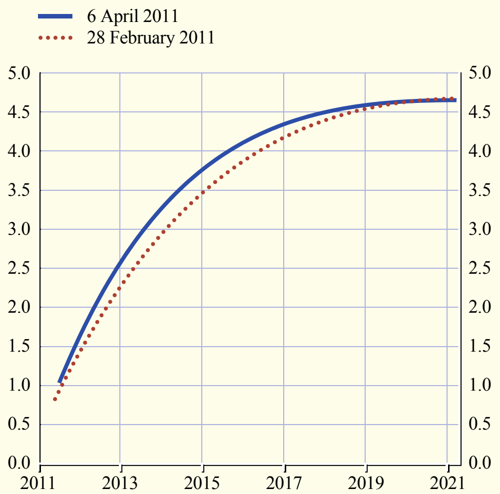
Sources: Thomson Reuters and ECB calculations.

yields vis-à-vis Germany stood at levels similar to those recorded in May 2010, when tensions in sovereign debt markets first intensified. The yield spreads of Portugal and Ireland are now well above those recorded in May 2010. Tensions reflecting market participants' uncertainty about the size and scope of the European Financial Stability Facility (EFSF) declined after the decision of the Heads of State or Government of the euro area countries in mid-March to raise the effective lending capacity of the EFSF from €250 billion to €440 billion, and to set the effective lending capacity of the future European Stability Mechanism at €500 billion. Subsequently, bond yield spreads vis-à-vis Germany narrowed for all euro area countries except Portugal and Greece. The spread of Spanish bonds vis-à-vis Germany declined in March, despite the downgrade of the sovereign debt of Spain by a credit agency.

Yields on ten-year inflation-linked euro area government bonds rose slightly over the period under review, while the real yields on corresponding five-year bonds increased by

Chart 16 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

20 basis points (see Chart 14). On 6 April, five and ten-year spot real yields were 0.7% and 1.4%. Over the period under review, implied forward break-even inflation rates (five-year forward five years ahead) in the euro area increased slightly to stand at 2.3% on 6 April (see Chart 15). This and the five-year forward five years ahead inflation swap rate, which stands at around 2.4%, indicate that market participants' inflation expectations remain firmly anchored.

The general pattern of long-term euro area bond yields can be decomposed into changes in interest rate expectations (and related risk premia) at different horizons (see Chart 16). Compared with the end of February, the term structure of short-term forward rates for maturity horizons shorter than five years have shifted upwards by around 20 basis points, reflecting revisions to short-term interest rate expectations.

Spreads on investment-grade corporate bonds issued by non-financial corporations remained broadly unchanged in March. Current spreads of bonds issued by non-financial corporations have returned close to pre-crisis levels, reflecting improvements to the economic outlook and a lower likelihood of default for corporates. This stands in contrast to conditions at the end of 2008 and early 2009 when the cost of debt financing had risen to levels well above the already high cost of financing implied by the deterioration in perceived credit risk. Spreads on investment-grade corporate bonds issued by financial corporations declined across all credit rating classes in March. The decline was highest for BBB-rated debt securities. Nonetheless, while the process of bank recapitalisation has certainly helped in reducing credit risk in the overall banking system – for example, as compared with the period of the Lehman default – the spreads remain clearly higher than the pre-crisis levels.

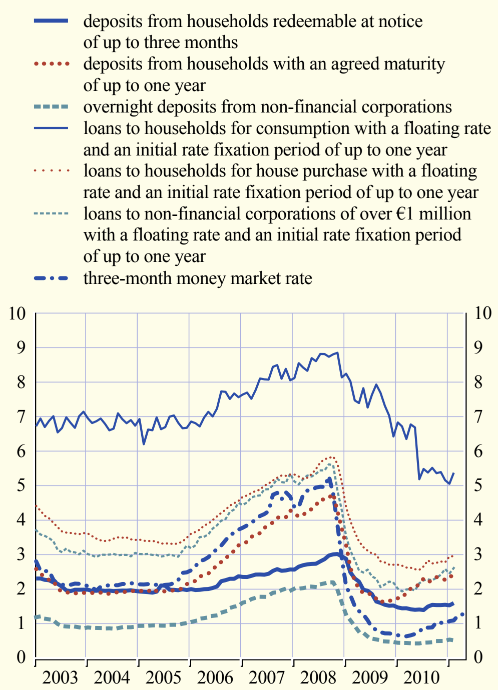
2.5 INTEREST RATES ON LOANS AND DEPOSITS

In February 2011 most MFI lending rates for non-financial corporations edged up in the case of short maturities and remained broadly unchanged or rose for long maturities. Similarly, the vast majority of MFI rates on loans to households increased somewhat. By historical standards, MFI lending rates for both households and non-financial corporations remain very low across all maturities.

In February 2011 short-term MFI interest rates on deposits remained broadly unchanged for both households and non-financial corporations. Most MFI rates on short-term loans to households for house purchase remained broadly stable or increased, while interest rates on short-term loans to non-financial corporations rose (see Chart 17). More precisely, interest rates on short-term housing loans

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

(percentages per annum; rates on new business)



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

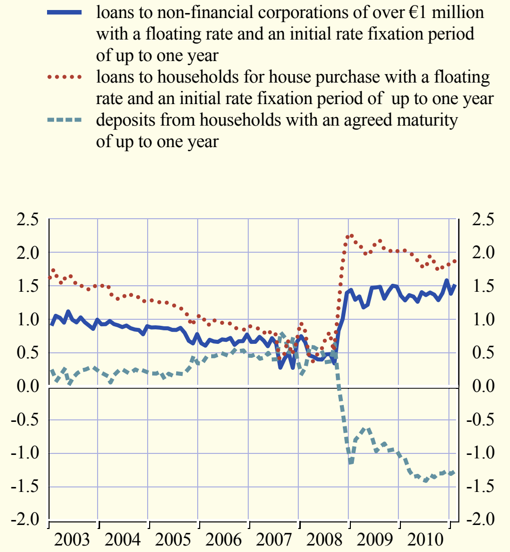
remained broadly unchanged at 3.0%, while the more volatile rates on consumer credit increased to 5.4% in February, from 5.1% in January. Average rates on overdrafts increased slightly to 8.7%. As regards non-financial corporations, banks' short-term rates on small loans (i.e. loans of up to €1 million) and on large loans (i.e. loans of more than €1 million) rose to 3.6% and 2.6% respectively. Interest rates on overdrafts remained broadly unchanged at 4.0%. With the EURIBOR increasing by 7 basis points in February 2011, the spread between short-term MFI lending rates and the three-month money market rate remained broadly unchanged in the case of loans to households for house purchase, and rose by 15 basis points in that of loans to non-financial corporations (see Chart 18).

Taking a longer-term perspective, short-term rates on both loans to households for house purchase and loans to non-financial corporations decreased by around 300 basis points between end-September 2008 (i.e. immediately prior to the beginning of the cycle of monetary policy easing) and end-February 2011. This compares with a decline of 400 basis points in the three-month EURIBOR and indicates a significant pass-through of changes in market rates to bank lending rates over this period.

Turning to longer maturities, MFI interest rates on long-term deposits either remained broadly unchanged or rose slightly for both households and non-financial corporations in February 2011. Most interest rates on longer-term loans to non-financial corporations remained broadly stable or increased. By contrast, longer-term rates on loans to households for house purchase edged up

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

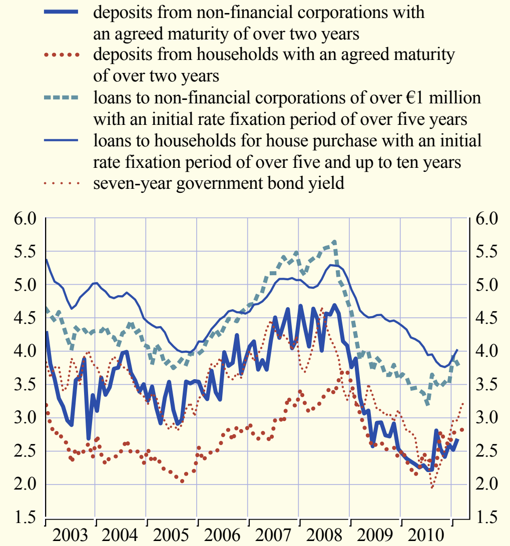
(percentage points; rates on new business)



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

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

(percentages per annum; rates on new business)



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

(see Chart 19). Specifically, the rates on loans to households for house purchase with an initial rate fixation period of over five and up to ten years increased by around 10 basis points to 4.0%, thus nevertheless remaining close to all-time lows. As regards non-financial corporations, the average rates on large-sized loans with an initial rate fixation period of over five years remained broadly unchanged at 3.8%. Similarly, average interest rates on small-sized loans with an initial rate fixation period of over five years remained broadly stable at 4.0%. The average rates on both large loans and small-sized loans with an initial rate fixation period of over one year and up to five years increased by around 20 basis points to stand at 3.3% and 4.4% respectively.

Viewed from a longer-term perspective, since 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 AAA-rated long-term government bond yields. Rates on long-term loans to households did not fall as much over this period, reflecting a more incomplete and sluggish pass-through for households. Nevertheless, until recently, interest rates on longer-term loans to households have followed a declining trend, while market interest rates have been rising. As a result, the spread of long-term rates on loans to households vis-à-vis AAA-rated long-term government bond yields has narrowed since August, standing at around 100 basis points in February. For non-financial corporations, the upward trend in long-term lending rates has recently flattened, also resulting in a narrowing of the spread vis-à-vis long-term government bond yields.

Weighted by new business volumes, average bank lending rates increased, while average rates on deposits remained broadly unchanged in February, leading to slightly improving loan-deposit margins on new loans. The margins remain at just above historically low levels. As was the case in recent months, average loan-deposit margins on outstanding amounts continued to remain broadly unchanged in February. Unchanged margins contribute positively to the net interest income and profitability of euro area banks.

2.6 EQUITY MARKETS

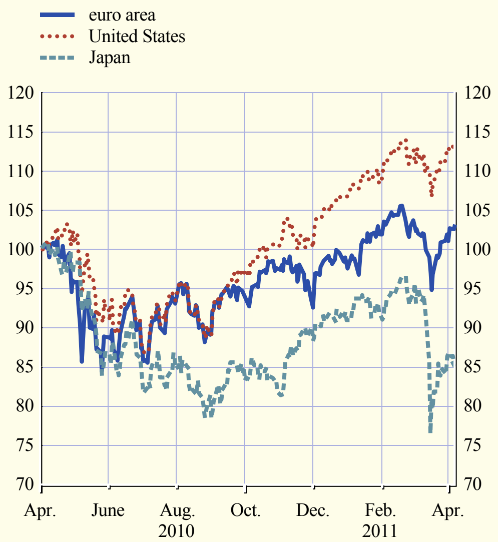
In the course of March and early April, stock prices in the euro area and the United States remained broadly unchanged. Ongoing tensions in northern Africa and the Middle East, and the devastating earthquake in Japan in early March, countered the effects of positive economic data releases and earnings announcements in March. Stock market uncertainty, as measured by implied volatility, increased sharply in the aftermath of the Japanese earthquake, but by early April, it had declined to values lower than those recorded at the end of February.

Euro area and US stock prices remained broadly unchanged in the course of March and early April. Overall, between 1 March and 6 April, euro area stock prices, as measured by the broad-based Dow Jones EURO STOXX index, declined by 0.5%, while the Standard and Poor's 500 index in the United States increased by 0.5% (see Chart 20). Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, declined by 10.0%.

The almost uninterrupted upward trend in stock prices that started in mid-2010 came to a halt in March. The economic momentum in the euro area and the United States, as reflected in economic data releases and earnings announcements, remained positive, however. In the euro area, hard economic indicators, including those related to household consumption, were predominantly better than expected, while soft indicators, e.g. confidence indicators, remain supportive. In the

Chart 20 Stock price indices

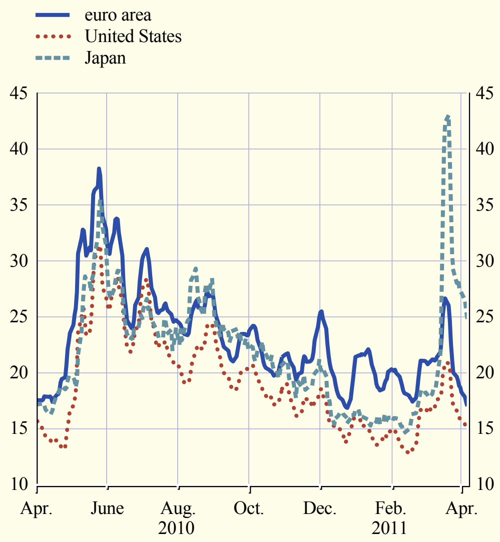
(index: 1 April 2010 = 100; daily data)



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

Chart 21 Implied stock market volatility

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



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

United States, strong employment data releases in early March prompted an upward revision to growth prospects, although data related to housing were disappointing. These generally positive developments were countered by the ongoing tensions in northern Africa and the Middle East, as well as by the devastating earthquake that caused extensive damage in Japan in early March. These events triggered safe-haven flows and an increase in volatility in equity markets. Overall, the decline in stock prices primarily reflected tensions in oil prices, uncertainties surrounding the economic damage caused by the earthquake in Japan and concerns related to a possible repatriation of Japanese financial investments worldwide. More recently, as market concerns about the situation in Japan receded somewhat, euro area and US stock prices appear to have recouped earlier losses.

In both the euro area and the United States, the level of stock market uncertainty, as measured by implied volatility, declined over the period under review (see Chart 21). In the aftermath of the Japanese earthquake, volatility increased sharply. Tensions in northern Africa and the Middle East also contributed to the increase in volatility recorded over the month. By early April, however, the sharp increase in volatility had been more than reversed.

Developments in stock price indices in the euro area in the course of March and early April have been diverse across sectors. Euro area financial stock prices fell by 2.2%, primarily as a result of the intensification of tensions in some euro area sovereign debt markets, while euro area non-financial stock prices increased slightly. Developments in US stock prices were also negative for the financial sector and positive for the non-financial sector.

Developments in both actual and expected earnings provided a generally favourable picture of the profitability of listed companies in the euro area. Furthermore, earnings announcements were mainly better than expected. The growth of actual annual earnings per share of the companies listed on the Dow Jones EURO STOXX index amounted to 33% in March, after 34% in February. Earnings-per-share growth 12 months ahead is likewise forecast to be relatively strong at 13%. At the sectoral level, the year-on-year growth of earnings per share in the financial sector remained unchanged at 25% in March, while that in the industrial sector was 28% in March, after 31% in February.

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation rose to 2.6% in March 2011, from 2.4% in February. The increase in inflation rates in early 2011 largely reflects higher commodity prices. Pressure stemming from the sharp increases in energy and food prices is also discernible in the earlier stages of the production process. Inflation expectations over the medium to longer term must remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. Risks to the medium-term outlook for price developments remain on the upside.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, euro area annual HICP inflation rose to 2.6% in March 2011, from 2.4% in February (see Table 5). The increase was somewhat larger than expected, owing mainly to developments in the energy component. The latest information from the European Commission's weekly Oil Bulletin points to a strong month-on-month increase in liquid fuel prices in March. Looking ahead, on the basis of current futures prices for oil, HICP inflation rates are expected to stay above 2% for the whole of 2011.

In February 2011, the last month for which an official breakdown is available, the annual growth rate of overall HICP inflation rose to 2.4%, from 2.3% in January (see Chart 22). This increase reflected higher annual rates of increase in all components, except non-energy industrial goods. On a month-on-month seasonally adjusted basis, overall HICP inflation increased by 0.2% in February, compared with 0.4% in the previous month.

The annual rate of change in energy prices rose further in February to 13.1%, reflecting month-on-month price increases in all items, as well as an upward base effect. In particular, the prices of liquid fuels and of fuels and lubricants for transportation were more than 30% and 15% higher respectively than in February 2010.

Table 5 Price developments

(annual percentage changes, unless otherwise indicated)

	2009	2010	2010 Oct.	2010 Nov.	2010 Dec.	2011 Jan.	2011 Feb.	2011 Mar.
HICP and its components								
Overall index [1]	0.3	1.6	1.9	1.9	2.2	2.3	2.4	*2.6*
Energy	-8.1	7.4	8.5	7.9	11.0	12.0	13.1	.
Unprocessed food	0.2	1.3	2.3	2.6	3.2	2.2	2.7	.
Processed food	1.1	0.9	1.2	1.3	1.5	1.8	2.0	.
Non-energy industrial goods	0.6	0.5	0.8	0.9	0.7	0.5	0.1	.
Services	2.0	1.4	1.4	1.3	1.3	1.5	1.6	.
Other price indicators								
Industrial producer prices	-5.1	2.9	4.3	4.5	5.4	5.9	6.6	.
Oil prices (EUR per barrel)	44.6	60.7	60.2	63.1	69.6	72.6	76.6	82.1
Non-energy commodity prices	-18.5	44.7	47.5	48.6	49.6	45.9	47.5	35.8

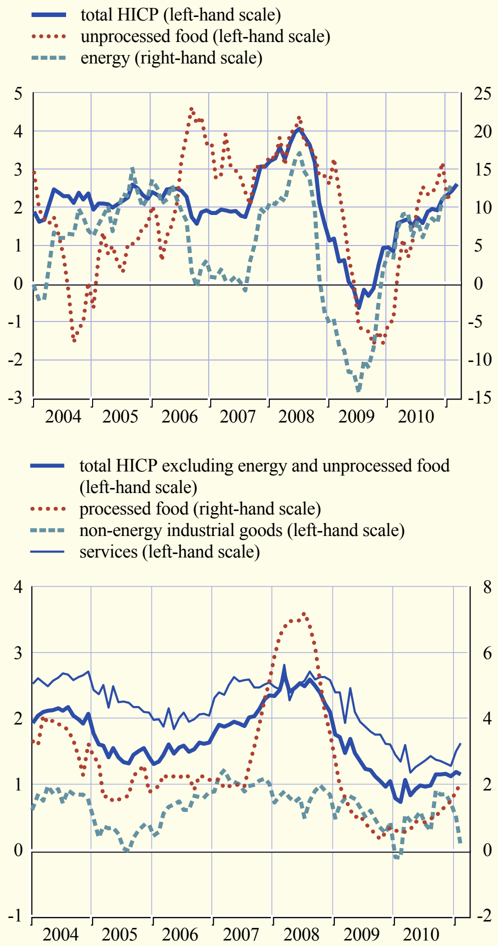
Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation in March 2011 refers to Eurostat's flash estimate.

The annual rate of change in the prices of unprocessed food rose to 2.7% in February, from 2.2% in January, driven by higher annual rates of change in the prices of meat, fish and fruit. The annual rate of change in the prices of processed food increased further to 2.0%, reflecting higher inflation rates for many items. However, despite this rise, it appears that the pass-through of higher food commodity prices to the consumer level has been moderate thus far.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation stood at 1.0% in February, close to the level observed since October 2010. Of the two components of the HICP excluding food and energy, the rate of inflation in non-energy industrial goods slowed further to 0.1% in February, from 0.5% in January. The decline in the annual inflation rate of this component reflected, inter alia, negative annual rates of change in the prices of garments and footwear stemming from later sales periods in France (compared with February 2010). In addition, owing to the new standards for the treatment of seasonal products, the annual rates of change for this component were distorted in January and February 2011. Box 3 provides a detailed insight into the methodological changes in the compilation of the HICP and their impact on recent data. Services price inflation rose to 1.6% in February 2011, reflecting higher annual rates of change in the prices of several items, in particular transport.

Chart 22 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

Box 3

METHODOLOGICAL CHANGES IN THE COMPILATION OF THE HICP AND THEIR IMPACT ON RECENT DATA

A new regulation[1] on the treatment of seasonal products in the HICP entered into force in all EU Member States with the index for January 2011. This has had a significant impact on the seasonal pattern of several national HICPs. At the euro area level, the impact on the annual rate of overall inflation was -0.1 percentage point in the first two months of 2011, but more

1 Commission Regulation (EC) No 330/2009 of 22 April 2009 laying down detailed rules for the implementation of Council Regulation (EC) No 2494/95 as regards minimum standards for the treatment of seasonal products in the Harmonised Indices of Consumer Prices (HICP).

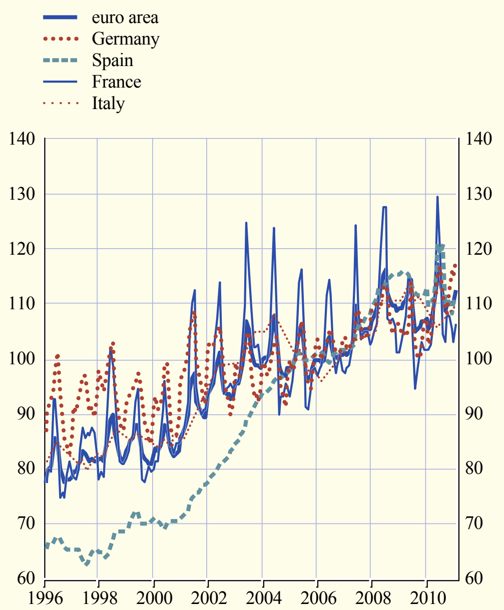
significant for the non-energy industrial goods component. This box explains the background of the methodological changes and assesses their impact on recent data.

Background

Cross-country differences in the statistical treatment of seasonal products, such as seasonal clothing and certain types of fresh food that are only available in some months of the year, have made it difficult to compare national HICPs. Although there is no indication that the former calculation methods led to any long-run bias in the HICP, the wide variety in the methods[2] applied has rendered problematic the interpretation of short-term movements in the affected euro area HICP sub-indices. For example, Chart A shows the divergence in the patterns of the sub-index for fruit, which is largely due to the use of different statistical methods (in addition to differences in national markets).

Chart A HICP sub-index for fruit in the euro area and selected countries

(index 2005 = 100)



Source: Eurostat.

The aim of the new regulation is to harmonise the statistical treatment of seasonal products by defining a restricted set of calculation methods that should produce more comparable results. It is therefore highly appreciated by the ECB.[3] The regulation encourages the use of methods that are consistent with imputing the price of out-of-season products, either from those that are in season (e.g. in the winter months changes in the price of fresh cherries may be imputed from changes in the price of apples) or from all available products in the same category (e.g. fresh fruit). The regulation applies to the sub-indices for the prices of fish, fruit, vegetables, clothing and footwear (with a combined weight of 10.5% in the euro area HICP). Although national statistical institutes may also apply the new methods to other sub-indices on a voluntary basis, no significant breaks have been observed in the sub-indices for other product groups.

Impact of the changes on national HICPs

In most euro area countries, the previously used methods were already broadly in line with those required by the regulation. Therefore, the impact of the methodological changes has been minimal. However, in Spain, Greece, Italy, Luxembourg and Portugal, whose former methods were considerably different, the regulation has brought about significant changes in the seasonal pattern of the affected indices. For all countries except Spain, the previously published HICPs have not been revised to take account of the new calculation methods; instead, indices based

2 Previously, in some countries, the approach to dealing with out-of-season products was to use the latest observed price, while in others, it was to either apply different expenditure weights for each month of the year (with much reduced or zero weights for the out-of-season months) or impute the price change from the change in prices of in-season products. In addition, Italy and Spain used to use moving averages within the sub-indices for fresh food, thereby greatly reducing the seasonal pattern in the indices.

3 See ECB Opinion (CON/2009/14).

Estimated impact of seasonal products regulation on HICP inflation [1)]

(percentage points)

	Non-energy industrial goods*		Overall HICP	
	January 2011	February 2011	January 2011	February 2011
Greece	-1.6	-4.0	-0.5	-1.0
Italy	-1.6	-1.9	-0.4	-0.4
Luxembourg	-1.1	0.2	-0.4	0.0
Portugal*	-0.9	-1.3	-0.2	-0.3
euro area	**-0.4**	**-0.5**	**-0.1**	**-0.1**

Sources: ECB estimates (denoted by *), Eurostat (all remaining figures).
1) The impacts given in the table refer to the difference between the published annual rate of change in the HICP and the estimated annual rate of change based on the former calculation methods.

on the former methods up to 2010 have been linked to indices based on the new methods from January 2011. This approach has led to distortions in the annual rates of change for 2011.[4] In the case of Spain, however, the national statistical institute has recalculated the indices for 2010 using the new methods. Consequently, the impact has been not on the annual rates of change for 2011, but on those for 2010. Even at the level of the overall index, the size of this distortion on national HICPs has been significant. For example, with regard to the Spanish HICP, the annual rate of change for March 2010 was revised from 1.5% to 2.7% and the absolute average revision to the annual rates of change in 2010 was 0.5 percentage point. The annual average rate of change for 2010 was revised from 1.8% to 2.0%, with large, partially counteracting, effects across different months of the year.

The distortions in the annual rates of change are most significant in the sub-indices for clothing and footwear. Previously, when an item was no longer available to price (such as a summer jacket in winter), the approach taken by many of the affected countries was to repeat the last available in-season price until the item became available again. This implied a zero price change during the out-of-season months. According to the new calculation methods, the change in the price of a summer jacket may be imputed from the change in the price of a winter jacket. Therefore, in months in which end-of-season sales take place, such as January and February or July and August, the new methods imply stronger declines in the index as the zero price change is replaced by an imputed price reduction. Opposite effects may be seen at the start of the new season. The table provides an overview of the impact of the new regulation on the annual rates of change in January and February 2011 for the affected countries. Thus far, the impacts have been largest in Greece and Italy.

With regard to the sub-indices for unprocessed food, the impact is more difficult to estimate, owing to the higher volatility of the series and the less stable seasonal pattern compared with that of the sub-indices for clothing and footwear. An estimate of the impact on the annual rate of change in the food component as a whole has been published for Italy and amounts to +0.3 percentage point in January and +0.4 percentage point in February 2011. Given that the statistical changes only affected the prices of unprocessed food, this implies an impact of around +0.6 percentage point to +0.8 percentage point on the annual rate of change in the prices of unprocessed food in Italy. For Spain, the impact was greater in the

4 The ECB Opinion (CON/2009/14) on the regulation requested that, in cases where the impact would be significant, national statistical institutes revise their HICPs for at least one year prior to the implementation of the regulation.

same months in 2010 and had the opposite sign (-1.0 percentage point and -1.1 percentage points respectively). The other affected countries have not yet published estimates of the impact at the component level.

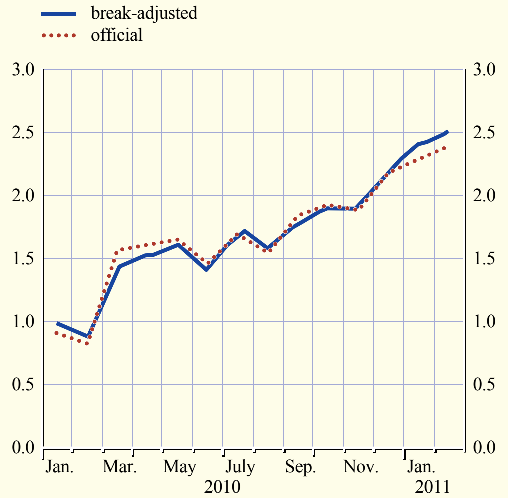
Impact of the methodological changes on the euro area HICP

At the euro area level, the fact that Spain has recalculated its indices for 2010, and other countries have not, means that the annual rates of change in the euro area average will be distorted for two consecutive years, namely 2010 and 2011. The impact on the overall euro area HICP since January 2010 has been minor (between 0.0 percentage point and 0.1 percentage point in most months), reflecting, in some cases, counteracting effects in the unprocessed food and non-energy industrial goods components. The impact on the non-energy industrial goods index has been more significant.[5] Charts B and C compare the annual rates of change in the official overall index and non-energy industrial goods component, with those in indices adjusted for the break associated with the change in methodology. In 2010 the official annual rates of change in the non-energy industrial goods component were more volatile, with negative effects in the sales periods and positive effects in other months, while the annual average was similar (0.5% in the official index, compared with 0.4 % in the break-adjusted index). For the first two months of 2011, a similar pattern has emerged, but with a higher level of intensity. The annual rate of change is estimated to be affected by -0.4 percentage point in January and by -0.5 percentage point in February.

5 The lack of available country estimates means that the impact on the euro area unprocessed food component in 2011 is difficult to estimate. However, given the counteracting (and relatively limited) impacts for Spain and Italy, it is not expected to be large at the aggregate euro area level.

Chart B Euro area overall HICP

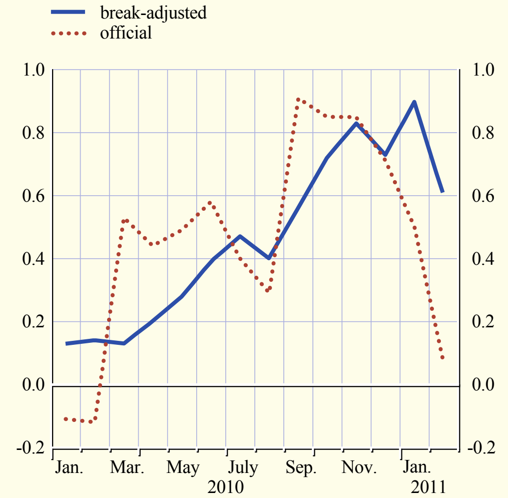
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart C Euro area HICP for non-energy industrial goods

(annual percentage changes)



Sources: Eurostat and ECB calculations.

As national statistical institutes have not yet published long series in order to estimate the new seasonal pattern, there is a degree of uncertainty in interpreting and forecasting movements in the annual rates of change in the non-energy industrial goods component and in the permanent exclusion measures of underlying inflation (such as the HICP excluding food and energy) for the rest of 2011. Furthermore, the changes in the seasonal pattern and the lack of backdata make it more challenging to assess movements in short-term inflation dynamics. However, the overall impact on the annual average HICP for 2011 is expected to be minor. From 2012 the volatility in the annual rates of change is expected to return, more or less, to its former level.

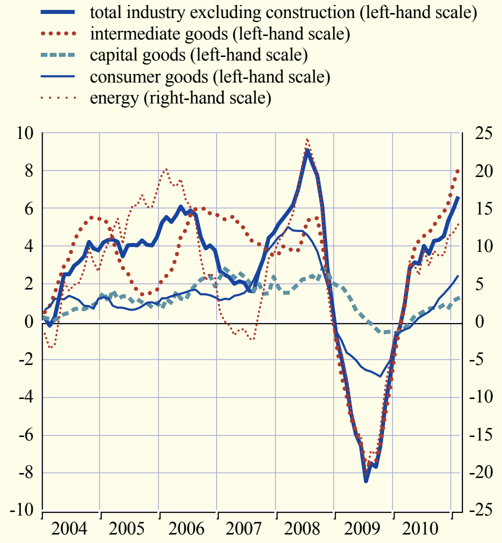
3.2 INDUSTRIAL PRODUCER PRICES

Industrial producer price inflation (excluding construction) rose further to 6.6% in February 2011, from 5.9% in January (see Table 5 and Chart 23). The annual rate of growth in February was slightly below market expectations, but nonetheless reached its highest level since September 2008. The increase in overall producer price inflation was determined mainly by the energy and the intermediate goods components. However, excluding energy, it also rose to 4.5% – its highest level since the mid-1990s – on account of higher commodity prices.

In the later stages of the production chain, the rate of change in industrial producer prices for consumer goods rose to 2.4%, driven by non-durables. The increase in non-durables inflation reflected a higher rate of inflation in producer prices for food items, which surged to 6.8% in February 2011, from 5.8% in January. Despite this further rise, the short-term dynamics are still considerably more moderate than those recorded in 2007 and thus continue to suggest an incomplete pass-through

Chart 23 Breakdown of industrial producer prices

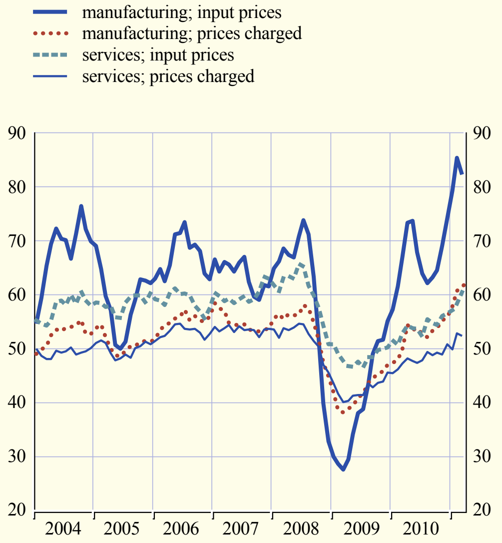
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 24 Producer input and output price surveys

(diffusion indices; monthly data)



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

of higher food commodity prices to producer prices for food items. The annual rate of change in producer prices for consumer goods excluding food and tobacco, which has leading indicator properties for the non-energy industrial goods component of the HICP, increased further to 0.7% in February. In December 2010 this component recorded – for the first time since June 2009 – a positive annual growth rate. These developments in industrial producer price inflation signal increasing domestic pipeline pressures for underlying consumer price inflation, which are adding to the external pressures that have been rising steadily, as indicated by the import prices of consumer goods excluding food and tobacco.

Up to March, survey indicators, which are indicative of PPI developments, continue to signal increasing price pressures in the production chain (see Chart 24). The Purchasing Managers' Index for March 2011 confirms the existence of price pressures in the supply chain stemming from higher commodity prices, as well as ongoing supply-chain disruptions and shortages. In the same month, in the manufacturing sector, the input price index stood at 82.2, signalling further cost increases despite declining slightly from the historical peak of 85.3 reached in February, and the selling price index reached a new historical high of 61.5, indicating that the higher input costs are now being passed on to consumers at a higher rate. In the services sector, the input price index rose to 60.4, its highest level since August 2008, while the selling price index fell slightly to 52.4, from 52.8 in February, but nevertheless continued to indicate increasing prices.

3.3 LABOUR COST INDICATORS

Developments in labour cost indicators for the fourth quarter of 2010 remained contained. Preliminary information on negotiated wages for January 2011 suggests that the pattern of moderate wage growth has by and large continued in 2011, in line with slight improvements in labour market conditions. Wage increases in 2010, and to a large extent also in 2011, were set before the recent hikes in commodity prices, which have had a direct impact on headline HICP inflation. Hence, the evidence provided by the contemporaneous data is not sufficient to assess the reaction of wages to the recent increases in HICP inflation.

The annual rate of growth in euro area negotiated wages increased slightly to 1.6% in the fourth quarter of 2010, up from 1.5% in the third quarter (see Table 6 and Chart 26). Annual hourly labour

Table 6 Labour cost indicators

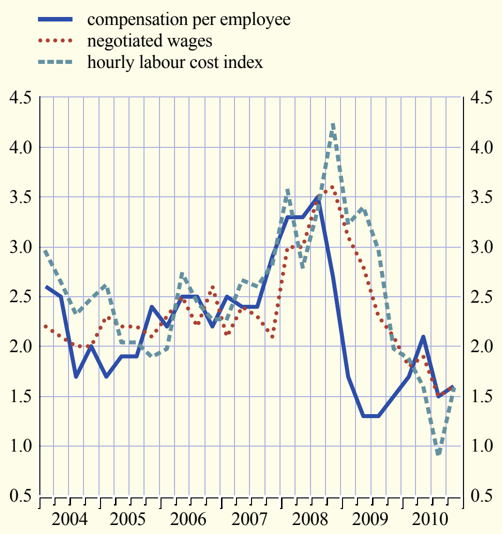
(annual percentage changes, unless otherwise indicated)

	2009	2010	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4
Negotiated wages	2.6	1.7	2.1	1.8	1.9	1.5	1.6
Hourly labour cost index	2.9	1.5	2.0	1.9	1.6	0.9	1.6
Compensation per employee	1.4	1.7	1.5	1.7	2.1	1.5	1.6
Memo items:							
Labour productivity	-2.3	2.2	0.1	2.2	2.6	2.1	1.8
Unit labour costs	3.8	-0.5	1.4	-0.5	-0.6	-0.6	-0.2

Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the Euro 17.

Chart 25 Selected labour cost indicators

(annual percentage changes; quarterly data)



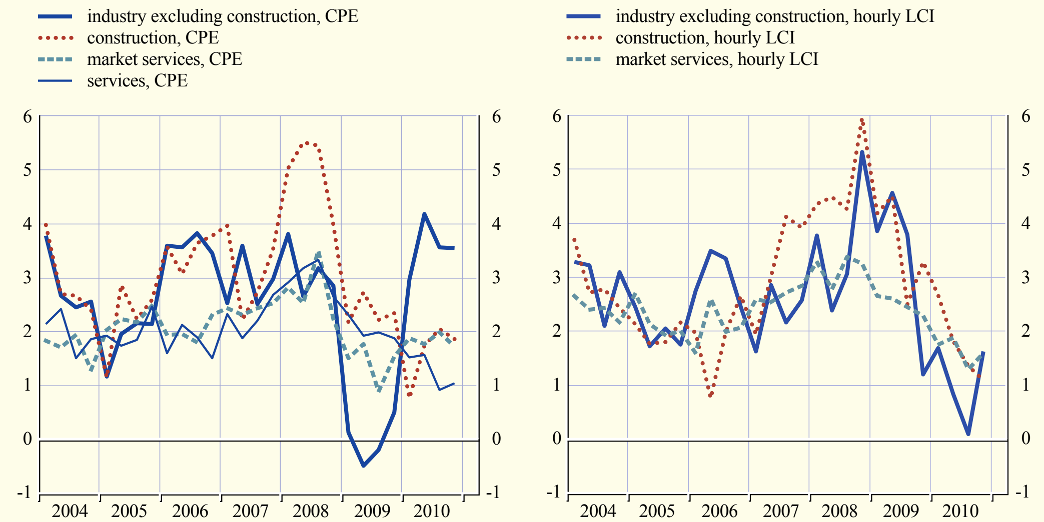
Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the Euro 17.

cost growth in the euro area rose to 1.6% in the fourth quarter of 2010, from 0.9% (revised upwards) in the third quarter. This increase was driven primarily by developments in the industrial sector, where hourly labour costs increased to 1.7% in the fourth quarter, from 0.1% in the third quarter. The annual growth rate of compensation per hour also picked up somewhat to 1.1% in the fourth quarter of 2010, from 0.6% in the third quarter. This increase was associated with the deceleration in the annual growth rate of hours worked, owing to the bad weather conditions in the last few months of 2010.

At the same time, the annual growth rate of labour productivity per person employed declined to 1.8%, from 2.1% in the third quarter. As this annual growth rate still exceeded that of compensation per employee, it resulted in a year-on-year decrease in unit labour costs of 0.2%, which is slightly less pronounced than the decline of 0.6% in the third quarter.

Chart 26 Sectoral labour cost developments

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 17. CPE stands for "compensation per employee" and LCI stands for "labour cost index".

3.4 EURO AREA RESIDENTIAL PROPERTY PRICES

According to the latest data, euro area house prices increased by 2.6% and 2.8% on an annual basis in the third and fourth quarters of 2010. For more details, see Box 4.

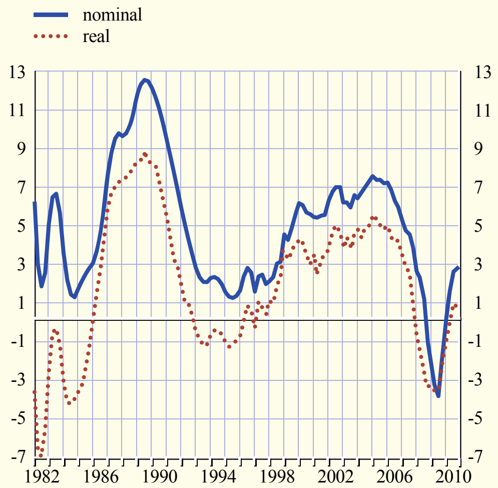
Box 4

RECENT HOUSING MARKET DEVELOPMENTS IN THE EURO AREA

Euro area residential property prices increased by an average of 5.6% per year between 1999 and 2008. These strong year-on-year price rises were then followed by a contraction in 2009 and a slight rebound in 2010. Euro area house prices increased by an average of 1.8% year on year in 2010, compared with the year-on-year contraction of 2.8% recorded in 2009. According to the latest data, euro area house prices increased by 2.6% and 2.8% year on year in the third and fourth quarters[1] of 2010 respectively (see Chart A).

Chart A Euro area residential property prices

(quarterly data; year-on-year percentage changes)



Sources: National data and ECB calculations.
Notes: Real residential property price growth is obtained by subtracting annual HICP inflation from nominal residential property price growth. See footnote 1 in the text for details of the compilation of the nominal index.

The above-mentioned aggregated euro area figures for 2010 mask divergent developments across euro area countries (see the table), with some countries – Ireland, Greece, Spain, the Netherlands and Slovakia – continuing to record declining house prices year on year in the third and fourth quarters. The largest year-on-year house price increases in the fourth quarter were seen in France and Finland. Looking at quarter-on-quarter developments in 2010, growth in residential property prices gained momentum in the second and third quarters, when house prices increased by 1.3% and 1.0% respectively. In the fourth quarter, however, prices increased more moderately, rising by 0.4%.

An asset-pricing approach to the assessment of housing market developments suggests that house prices are still relatively high compared with rents, both for the euro area as a whole and for some individual euro area countries, with the ratio of the euro area house price index to the

1 Starting with data for early 2010, the ECB has begun compiling its residential property price indicator for the euro area with a quarterly frequency. For Germany, quarterly figures are derived from annual price data (using, inter alia, early available information from big cities), while for Italy, quarterly figures are derived from biannual observations (using, inter alia, quarterly indicators). The publication in early 2011 of the corresponding annual German and biannual Italian data for 2010 did not entail significant revisions to the earlier estimated quarterly data, thereby providing evidence that the assumptions underlying the quarterly estimates for Germany and Italy were reasonable. For further details, see the box entitled "Recent housing market developments in the euro area", *Monthly Bulletin*, ECB, December 2010.

Residential property prices (nominal) in the euro area

(annual percentage changes)

	Weight (%)	2009	2010	2009 H1	2009 H2	2010 H1	2010 H2	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1
Belgium 1)	3.8	-0.4	.	-0.6	-0.1	4.9	-	0.9	-2.2	-1.4	1.2	3.8	6.0	5.6	-	.
Germany 2)	26.7	0.6	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Estonia 3)	0.2	-35.9	0.1	-37.6	-34.0	-4.5	5.1	-34.9	-40.3	-37.4	-30.5	-8.1	-0.6	6.2	4.0	.
Ireland 2)	1.8	-13.7	-15.5	-11.3	-16.1	-17.9	-12.9	-11.0	-11.6	-13.8	-18.5	-18.9	-17.0	-14.8	-10.8	.
Greece 3)	2.6	-3.7	-4.0	-2.9	-4.6	-3.2	-4.9	-3.3	-2.5	-5.1	-4.0	-1.8	-4.7	-4.1	-5.7	.
Spain 2)	11.7	-6.7	-2.0	-7.6	-5.7	-1.9	-2.0	-7.6	-7.7	-7.0	-4.4	-2.9	-0.9	-2.2	-1.9	.
France 1)	21.3	-7.1	6.3	-8.1	-6.2	3.7	9.0	-6.9	-9.3	-7.9	-4.4	1.4	6.1	8.4	9.5	.
Italy 2)	17.0	-0.4	0.1	-0.2	-0.6	-0.2	0.4	-	-	-	-	-	-	-	-	-
Cyprus 2)	0.2	-3.9	.	-4.6	-3.3	-0.8	.	-3.0	-6.1	-4.9	-1.7	0.0	-1.8	-3.7	.	.
Luxembourg 2)	0.4	.	.	-	-	-	-	-	-	-	-	-	-	-	-	-
Malta 2)	0.1	-5.0	1.1	-7.9	-2.0	2.4	-0.2	-9.9	-6.0	-2.5	-1.4	4.5	0.5	1.5	-2.0	.
Netherlands 1)	6.4	-3.3	-2.0	-1.5	-5.1	-3.2	-0.8	-0.3	-2.8	-5.1	-5.0	-4.3	-2.0	-0.6	-1.0	.
Austria 2)	3.1	3.6	5.7	4.6	2.6	5.5	5.9	4.3	4.9	3.4	1.9	5.7	5.3	5.0	6.8	3.9
Portugal 2)	1.9	0.4	1.8	1.5	-0.7	1.4	2.2	2.7	0.3	-0.8	-0.6	1.3	1.6	2.9	1.6	.
Slovenia 1)	0.4	-8.2	2.8	-8.4	-8.0	2.6	3.1	-7.1	-9.8	-10.9	-5.0	1.1	4.1	4.6	1.5	.
Slovakia 1)	0.7	-11.1	-3.9	-8.9	-13.3	-6.0	-1.7	-4.3	-13.4	-14.3	-12.3	-8.3	-3.7	-1.3	-2.1	.
Finland 1)	1.9	-0.3	8.7	-4.5	4.1	10.9	6.6	-5.5	-3.6	0.4	7.9	11.4	10.3	8.0	5.3	.
Euro area	100.0	-2.8	1.8	-2.9	-2.7	0.9	2.7	-2.4	-3.4	-3.8	-1.6	0.1	1.6	2.6	2.8	.

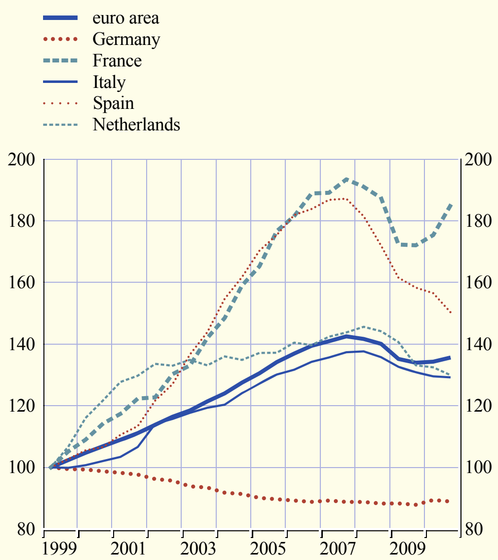
Sources: National data and ECB calculations.
Notes: Weights based on 2009 nominal GDP. The quarterly data for the euro area include estimated quarterly data for Germany and Italy obtained using supplementary quarterly information and indicators.
1) Existing residential property.
2) All residential property (i.e. new and existing residential property).
3) All flats.

rent component of the HICP index remaining somewhat elevated compared with its level a decade ago (see Chart B). At the euro area level, this ratio, after falling in 2009, showed signs of stabilisation in the first two quarters of 2010, before increasing slightly in the second half of the year.

Recent developments in euro area house prices have to be assessed against the background of subdued developments in housing supply and muted demand.[2] In the second half of 2010 housing demand conditions generally stabilised, with impediments to credit dissipating following their highs of two years ago. More specifically, an oft-cited basic measure of housing affordability, the ratio of households' nominal disposable income to the nominal house price index ("crude" affordability), albeit declining in the second half of 2010 (owing to more pronounced house price inflation), has increased overall since the end of 2007

Chart B House price/rental yield ratio in the euro area and selected euro area countries

(index: 1999 = 100; percentages; biannual data)



Sources: Eurostat and ECB calculations.

2 For a detailed analysis of indicators of housing supply and demand, see the article entitled "Assessing house price developments in the euro area", *Monthly Bulletin*, ECB, February 2006.

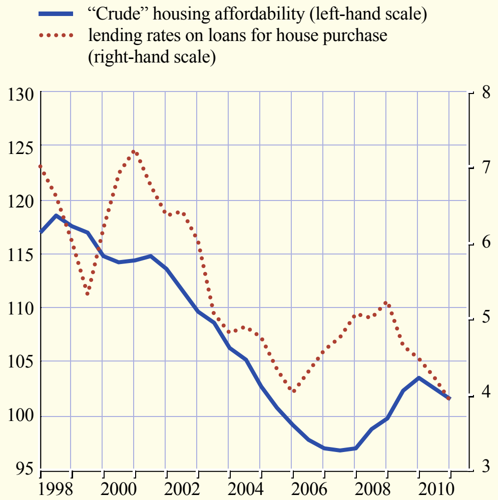
(see Chart C). However, crude housing affordability still remains around 10% below its level in 1999. Improvements in borrowing conditions continued in the second half of 2010, with a decline observed in nominal interest rates on loans to households for house purchase, helping to improve demand conditions. In addition, the latest information from the ECB's bank lending survey suggests that the net tightening of credit standards on loans to households for house purchase has declined. Reflecting these developments, the annual growth rate of euro area loans to households for house purchase has continued to steadily increase, rising from negative figures in 2009 to positive growth (of close to 4% year on year) in January 2011. While this is indicative of improving housing market prospects, the growth rate of these loans remains low compared with the peak observed in the latest house price cycle, when it stood at more than 12% in mid-2006.

On the supply side of the housing market, real housing investment declined by 0.3% year on year in the fourth quarter of 2010 (see Chart D). Looking ahead, available indicators of construction production in the euro area for the first quarter of 2011 point to moderately positive prospects for residential building activity. However, building permits, which are often used as a leading indicator of housing investment a few months ahead, indicate a slowdown in the last quarter of 2010.

All in all, developments in housing supply and demand suggest that house prices are expected to continue growing at a more moderate pace relative to the developments observed in the earlier part of the last decade, not least since residential property prices are still adjusting following earlier overvaluation in some countries.

Chart C "Crude" housing affordability and borrowing conditions

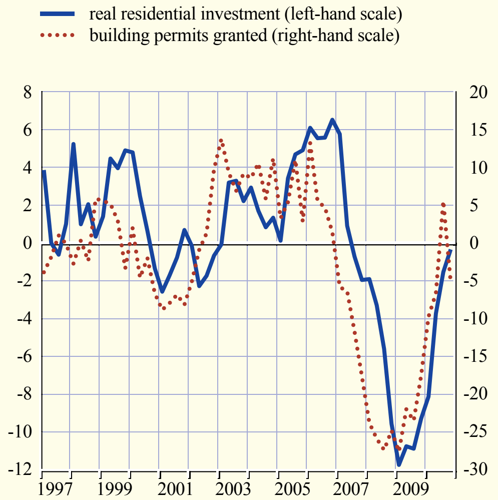
(index: 2005 = 100; percentages)



Sources: Eurostat and ECB calculations.
Notes: Euro area lending rates on loans for house purchase refer to a maturity of over five and up to ten years. "Crude" housing affordability is defined as the ratio of households' nominal disposable income to the nominal house price index.

Chart D Euro area residential investment and building permits granted

(year-on-year growth; percentages)



Sources: Eurostat and ECB calculations.

3.5 THE OUTLOOK FOR INFLATION

Looking ahead, on the basis of current futures prices for oil, HICP inflation rates are expected to stay above 2% for the whole of 2011. Pressure stemming from the sharp increases in energy and food prices is also discernible in the earlier stages of the production process. It is paramount that the rise in HICP inflation does not lead to second-round effects and thereby give rise to broad-based inflationary pressures over the medium term. Inflation expectations over the medium to longer term must remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term.

Risks to the medium-term outlook for price developments remain on the upside. They relate, in particular, to higher than assumed increases in energy prices, not least owing to ongoing political tensions in North Africa and the Middle East. More generally, strong economic growth in emerging markets, supported by ample liquidity at the global level, may further fuel commodity price rises. Moreover, increases in indirect taxes and administered prices may be greater than currently assumed, owing to the need for fiscal consolidation in the coming years. Finally, risks also relate to stronger than expected domestic price pressures in the context of the ongoing recovery in activity.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Output in the euro area has been rising since the third quarter of 2009. Following the 0.3% quarter-on-quarter increase in euro area real GDP in the fourth quarter of 2010, recent economic data and information from business surveys point towards a continued positive underlying momentum of economic activity in the euro area in early 2011.

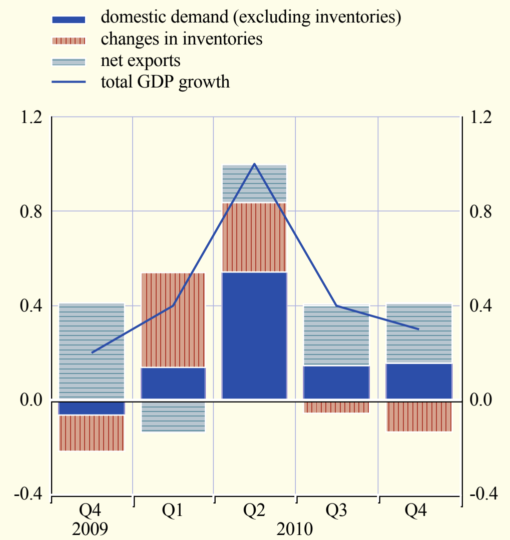
Looking ahead, euro area exports should be supported by the ongoing recovery in the world economy. At the same time, taking into account the relatively high level of business confidence in the euro area, private sector domestic demand should increasingly contribute to economic growth, benefiting from the accommodative monetary policy stance and the measures adopted to improve the functioning of the financial system. However, the recovery in activity is expected to be dampened somewhat by the process of balance sheet adjustment in various sectors. The risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty.

4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP in the euro area rose by 0.3% in the fourth quarter of 2010, following an increase of 0.4% in the third quarter (see Chart 27), the latter figure being revised up by 0.1 percentage point following Eurostat's third release of euro area national accounts. GDP growth in 2010, as a whole, has been revised up by 0.1 percentage point to 1.8%, which is slightly higher than its average increase since 1996. Box 5 briefly presents revisions to euro area GDP growth, focusing on the period of the financial crisis.

Chart 27 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 17.

Private consumption was up 0.4% quarter on quarter and 1.1% year on year in the last quarter of 2010. The annual rates of change have been rising for four consecutive quarters, which suggests that the cyclical expansion of consumer spending is continuing.

As regards the first quarter of 2011, information on private consumption points towards continued quarter-on-quarter growth in consumer spending. Retail sales, which rose by 0.2% month on month in January, displayed a slight decline of 0.1% in February. Retail sector survey data, which are available up to and including March 2011, are consistent with a positive quarterly growth rate of retail sales in the first quarter of 2011 (see Chart 28). At the same time, new passenger car registrations rose in both January and February, by 0.2% and 2.9%, respectively. According to the European Commission consumer survey, the indicators on consumer confidence and expected major purchases remained broadly stable in the first quarter of 2011. The latter indicator continued to record low levels, which suggests that consumers are still cautious when it comes to consumption of durable consumer goods.

Box 5

REVISIONS TO EURO AREA GDP GROWTH

Initial (or "flash") estimates of GDP in the euro area are released within 45 days of the reference quarter. They are followed by a sequence of later estimates, which are based on additional or more complete data sources and may also incorporate methodological improvements. Among those later estimates, this box examines (a) the third estimate, released within 100 days of the reference quarter, (b) the "annual revision", an estimate that may incorporate important new information from, in particular, annual data sources and is typically released towards the end of the subsequent year and (c) the current (i.e. the most recently available) estimate.[1]

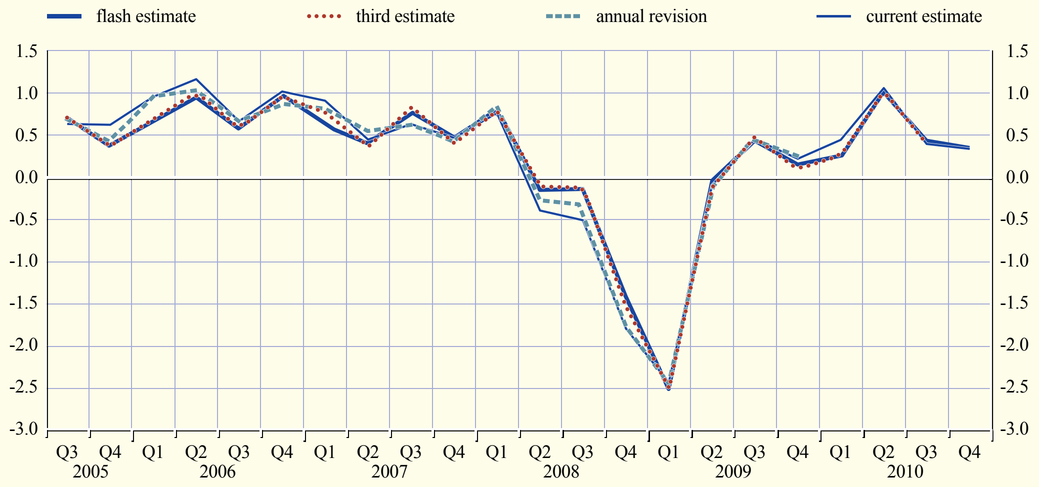
The box examines the revisions to euro area GDP volume data implied by those estimates, focusing on figures for the period of the financial crisis, as shown in Chart A. On the basis of the current estimate, the average revision to euro area GDP growth (relative to the flash estimate) was slightly larger for periods during the crisis than before and after, as shown in Chart B (left panel).[2] However, the changes in GDP were also larger during the crisis, i.e. in relation to GDP growth revisions remained equally small throughout the period under review (see Chart B, right panel).

It is also worth noting that revisions and GDP growth are positively correlated throughout the sample – when growth was negative between the second quarter of 2008 and the second

1 A more comprehensive article on revisions to euro area GDP, covering the period of relatively stable growth preceding the financial crisis, can be found in the April 2009 issue of the Monthly Bulletin.
2 The sample extends from the third quarter of 2005 to the fourth quarter of 2010. To ensure a comparable set of revisions it starts after the introduction of chain-linked volumes in national accounts.

Chart A Euro area GDP growth

(quarter-on-quarter percentage changes; seasonally and working day-adjusted)

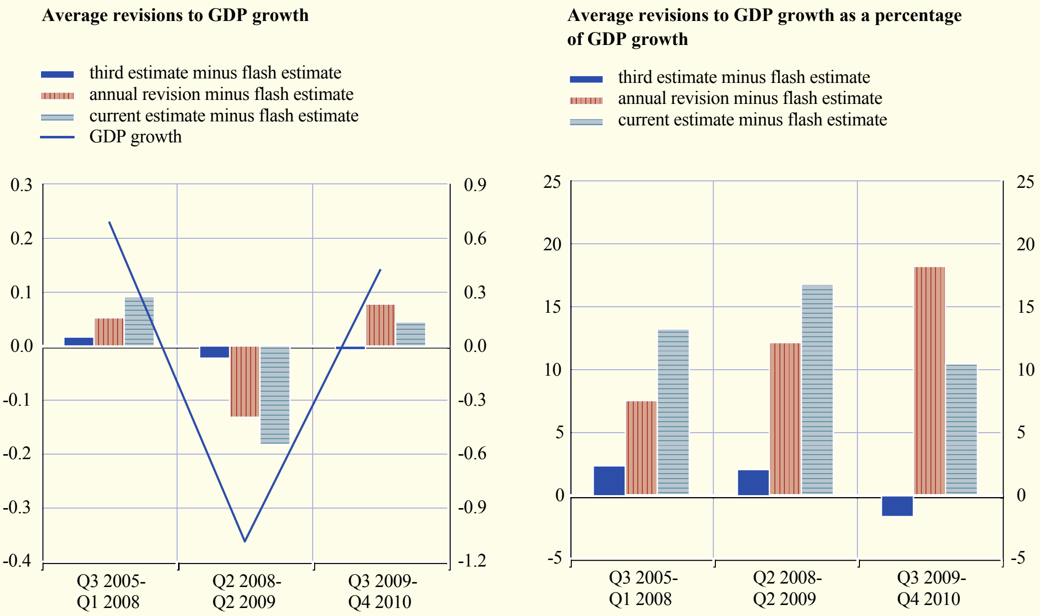


Sources: Eurostat and ECB calculations.

Chart B Average revisions to euro area GDP growth and average revisions as a percentage of euro area GDP growth

(GDP growth (right-hand scale): quarter-on-quarter percentage changes, seasonally and working day-adjusted; revisions (left-hand scale): percentage points)

(percentages)



Sources: Eurostat and ECB calculations.

quarter of 2009, for example, revisions were also negative (see Chart B, left panel). Furthermore, for data before the crisis there was a sequence of upward revisions, while for data between the second quarter of 2008 and the second quarter of 2009 there were repeated downward revisions. Such a pattern is not uncommon, as it takes time for the flow of information and statistical procedures to confirm a change in the business cycle.[3]

The role of adjustment factors

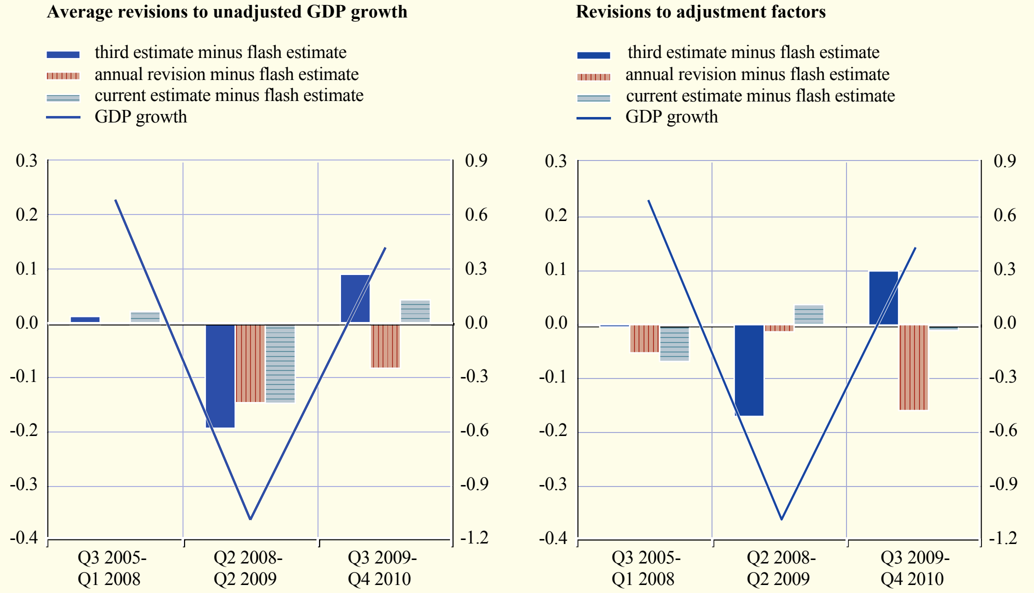
The larger changes in GDP during the crisis have made the computation of adjustment factors for seasonal and calendar effects more complex.[4] Since the second quarter of 2008, the revisions to adjustment factors have been as large as the revisions to unadjusted data. In fact, the large changes in GDP with the onset of the crisis also had an impact on seasonal adjustment for some quarters preceding the crisis, at least in revisions following the third estimate (see Chart C, right panel). Moreover, revisions to unadjusted data were large for periods during the crisis and later, as can be seen in Chart C (left panel). By contrast, the revisions to unadjusted data for the almost three years before the crisis were very small, which could be attributed to the fact that statisticians were able to base their estimates on relatively steady economic developments.

3 It is not surprising, therefore, that for the period after the crisis, for which data are less mature, this pattern is less clear. For example, the annual revision for 2010, which will include more comprehensive data sources for that year, will be available only towards the end of 2011.

4 As the adjusted country data are aggregated to form the adjusted euro area figures, the reading of the euro area data is potentially complicated by the use of different methodologies for the adjustment across the euro area countries. However, this should be mitigated by the fact that there are common rules for seasonal adjustment.

Chart C Average revisions to unadjusted euro area GDP growth and to adjustment factors

(GDP growth (right-hand scale): quarter-on-quarter percentage changes, seasonally and working day-adjusted; revisions (left-hand scale): percentage points)



Sources: Eurostat and ECB calculations.
Notes: Adjustment factors refer to seasonal and working-day adjustment. The revisions to adjusted data are equal to the revisions to unadjusted data minus the revisions to the adjustment factors.

Conclusions

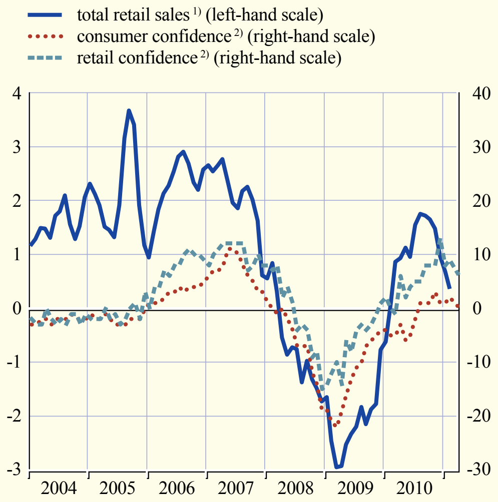
There are three conclusions from this information. First, revisions to initial estimates were equally small for periods before, during and after the crisis when measured against the corresponding GDP growth rates. This suggests that flash estimates have remained reliable. Second, the revisions to seasonal and calendar adjustment factors were much larger for periods during and after the crisis, which reflects the greater uncertainty surrounding developments during the crisis. Third, revisions appear to be positively correlated with growth rates.

Gross fixed capital formation decreased by 0.5% quarter on quarter in the fourth quarter of 2010, following a decline of 0.2% in the previous quarter. Investment was nonetheless 1.1% higher than in the fourth quarter of 2009, a rise which is explained by an unusually strong quarterly growth rate in the second quarter of 2010. Regarding the breakdown of investment in the fourth quarter of 2010, construction investment declined, in part due to unusually cold weather conditions in December, while non-construction investment increased.

Available indicators point towards more positive investment developments in the euro area in the first quarter of 2011. Construction production rose by 1.6% in January 2011 to a level 0.3% above its average reading in the fourth quarter of 2010. The latest outcome was heavily influenced by an exceptionally strong increase in German construction output, which in turn should be seen as a reversal of the weather-induced contraction in this country in December. Furthermore, the Purchasing Managers' Index (PMI) for construction in the euro area increased at its fastest rate for over four years in February. At the same time, the indicator on construction confidence, published

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

(monthly data)



Sources: European Commission Business and Consumer Surveys and Eurostat.
Note: From May 2010 onwards, European Commission business survey data refer to the NACE Rev. 2 classification.
1) Annual percentage changes; three-month moving averages; working day-adjusted. Excludes fuel.
2) Percentage balances; seasonally and mean-adjusted.

by the European Commission, displayed a slight increase between the fourth quarter of 2010 and the first quarter of 2011. Industrial production of capital goods – an indicator of future non-construction investment – was unchanged in January, but stood nonetheless 1.5% above its average level in the fourth quarter of 2010. Survey data on the non-construction industrial sector (both the PMI output index and industrial confidence from the European Commission) improved between the last quarter of 2010 and the first quarter of 2011. In addition, capacity utilisation has been rising since mid-2009, according to European Commission surveys, and stood in January at a level slightly below its long-term average.

With regard to trade flows, both export and import growth showed signs of stabilisation in the fourth quarter of 2010, growing by 1.6% and 1.0% quarter on quarter, respectively. Owing to the stronger increase in exports, net trade made a positive contribution to GDP growth of 0.3 percentage point in the fourth quarter of 2010. Recent data and surveys suggest that euro area trade continued to grow in the first quarter of 2011. As global activity continues to strengthen, a further expansion in euro area exports may be expected in the near term. The PMI of new export orders in the euro area manufacturing sector, available until March 2011, remained well above the expansion/contraction threshold of 50. It fluctuated around 58.0 in the first quarter of 2011, pointing towards robust growth in euro area exports over the same period.

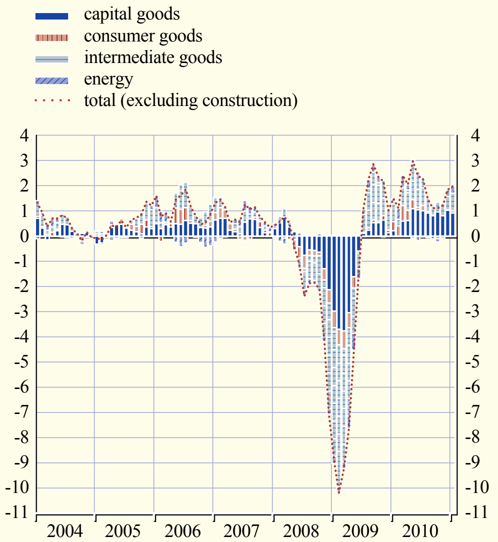
Following positive contributions in the first two quarters of 2010, changes in inventories made small negative contributions to quarter-on-quarter GDP growth in the last two quarters of the year. Anecdotal evidence suggests that developments in the final quarter of 2010 might relate to increased efforts to reduce working capital at the end of the year. Caution is warranted when interpreting quarterly developments as inventories are estimated with statistical uncertainty and prone to revisions. The average contribution in 2010 was, however, positive, which is in line with the economic recovery and expectations of further rises in demand. Looking ahead, surveys suggest positive but small movements in inventories in the first quarter of 2011. A limited build-up of inventories would be consistent with ongoing improvements in demand conditions and expectations of further price increases.

4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

Real value added increased by 0.3% quarter on quarter in the fourth quarter of 2010, i.e. in line with GDP and the same as in the previous quarter. Industrial activity (excluding construction) and services grew by 1.1% and 0.3%, respectively, while construction value added contracted by 1.2%, the latter being influenced by the unusually cold weather conditions in December 2010.

Chart 29 Industrial production growth and contributions

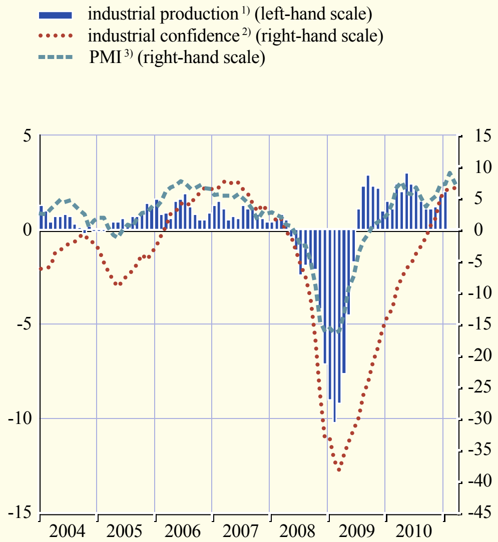
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 30 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
Notes: Survey data refer to manufacturing. From May 2010 onwards, European Commission business survey data refer to the NACE Rev. 2 classification.
1) Three-month-on-three-month percentage changes.
2) Percentage balances.
3) Purchasing Managers' Index; deviations from an index value of 50.

With regard to developments in the first quarter of 2011, industrial production (excluding construction) displayed zero growth in January 2011 (see Chart 29), nonetheless standing 0.7% above its average level in the fourth quarter of 2010. Industrial new orders (excluding heavy transport equipment) rose in January by 1.8%, thereby being 3.8% up on the fourth quarter of 2010. More timely information from surveys also suggests that the economy continued to grow, with growth possibly even accelerating, in the first quarter of 2011. Although the PMI output index for the manufacturing sector declined in March, it still averaged 57.9 in the first quarter of 2011, which compares with a reading of 55.7 in the fourth quarter of 2010 (see Chart 30). As regards the services sector, a similar picture emerges. The PMI for business activity rose in March 2011 and thereby averaged 56.6 in the first quarter of 2011, 2.3 points above its level in the previous quarter. Other business surveys, such as those of the European Commission, are broadly in line with developments in the PMI.

LABOUR MARKET

Conditions in the euro area labour markets have shown signs of improvement. Employment rose by 0.2% in the last quarter of 2010, following flat growth in the previous quarter (see Table 7). Despite positive growth rates, on average, employment was down by 0.5% for 2010 as a whole, a development that is entirely explained by carry-over effects from weak developments in 2009. Hours worked, however, rose by 0.4% in 2010. Thus, the recovery had initially a more positive effect in terms of hours worked, which should be seen as a reversal of developments during the downturn,

Table 7 Employment growth

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

	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2009	2010	2010 Q2	2010 Q3	2010 Q4	2009	2010	2010 Q2	2010 Q3	2010 Q4
Whole economy	-1.9	-0.5	0.1	0.0	0.2	-3.3	0.4	0.4	0.2	0.0
of which:										
Agriculture and fishing	-2.4	-0.6	-1.0	0.1	0.4	-2.7	-1.0	0.1	-0.1	-0.1
Industry	-5.7	-3.3	-0.2	-0.5	-0.3	-8.8	-1.3	0.6	0.2	-0.5
Excluding construction	-5.3	-3.1	-0.1	-0.3	0.0	-9.0	-0.3	0.8	0.7	0.1
Construction	-6.7	-3.7	-0.3	-1.1	-0.9	-8.3	-3.2	0.0	-0.9	-1.6
Services	-0.5	0.5	0.3	0.1	0.3	-1.3	1.0	0.4	0.3	0.2
Trade and transport	-1.8	-0.7	0.0	0.1	0.3	-2.7	0.2	0.3	0.0	-0.1
Finance and business	-2.1	1.0	0.9	0.2	0.3	-3.2	1.5	0.7	0.5	0.3
Public administration[1]	1.4	1.2	0.2	0.2	0.3	1.2	1.5	0.2	0.4	0.3

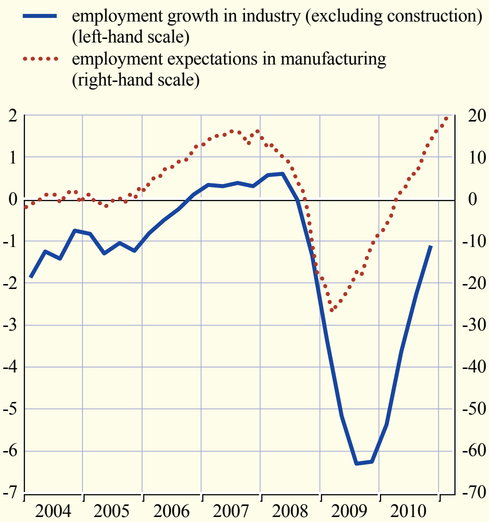
Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 17.
1) Also includes education, health and other services.

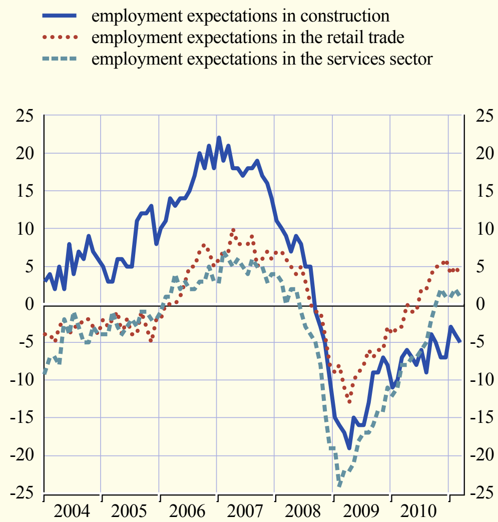
when a large part of the decline in total hours worked took place via reductions in individual work time rather than via headcount employment. For a more detailed overview of recent developments in employment and hours worked, see Box 6.

At the sectoral level, headcount employment in services and agriculture increased in the fourth quarter of 2010, while declining in industry (including construction). Growth in hours worked displayed more subdued developments than employment growth in the fourth quarter of 2010.

Chart 31 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)





Sources: Eurostat and European Commission Business and Consumer Surveys.
Notes: Data refer to the Euro 17. Percentage balances are mean-adjusted. From May 2010 onwards, European Commission business survey data refer to the NACE Rev. 2 classification.

Box 6

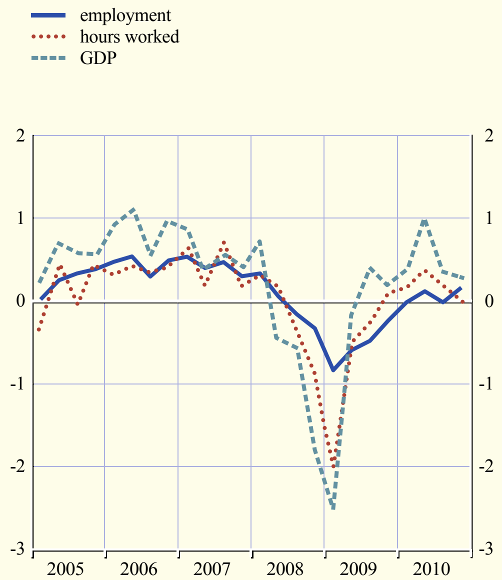
SECTORAL DEVELOPMENTS IN EMPLOYMENT AND HOURS WORKED IN THE EURO AREA

The recent recession had a major negative impact on euro area labour markets. In recent quarters, however, euro area labour markets have shown increasing signs of improvement. Following the release of national accounts data for the final quarter of 2010, this box examines recent developments in employment and hours worked at the sectoral level.

The decline in output which marked the onset of the euro area recession in the second quarter of 2008 was followed one quarter later by the first falls in euro area employment and hours worked (see Chart A). Following six consecutive quarters of contraction, euro area employment stabilised in the first quarter of 2010. Hours worked adjusted more sharply over the recession and subsequently rebounded slightly earlier, registering positive growth in the last quarter of 2009, on the back of a recovery in output one quarter earlier. However, much of the recent (and still modest) employment growth seen in the past few quarters can be attributed to a rebound in the services sector, while employment in industry and construction continued to contract throughout 2010, albeit to markedly differing extents (see Chart B).

Chart A Growth in euro area employment, hours worked and GDP

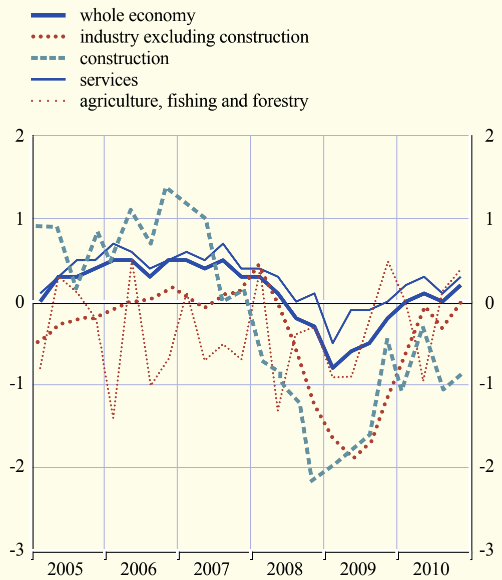
(quarter-on-quarter percentage changes)



Sources: Eurostat and ECB calculations.

Chart B Sectoral employment developments in the euro area

(quarter-on-quarter percentage changes)

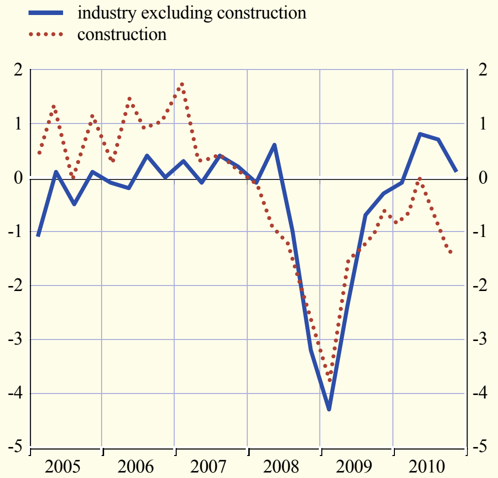


Sources: Eurostat and ECB calculations.

Developments in the industrial sectors

Chart C Growth of hours worked in euro area industry and construction

(quarter-on-quarter percentage changes)



Sources: Eurostat and ECB calculations.

The industrial sector (excluding construction) comprises manufacturing, energy and mining activities. Some employment losses over the recent downturn were to be expected as part of the ongoing secular decline in industrial employment, but the crisis considerably speeded up the rate of contraction, with quarter-on-quarter declines of close to 2.0% when the recession was at its worst. Hours worked declined more sharply still, as private sector firms in many countries took advantage of often publicly supported short-time working arrangements introduced as a means of maintaining employment during the depths of the recession.[1] As activity has rebounded, hours worked have progressively increased, registering positive quarter-on-quarter rates of growth, on average, over the course of 2010 (see Chart C). The sharp employment contractions seen in the depths of the recession also slowed considerably over the course of the year, to -0.1% quarter on quarter, in the final quarter of 2010.

The downturn in construction began rather earlier than for the economy as a whole, with job losses registered from the first quarter of 2008. Employment continued to contract in 2010, albeit at a slower rate than in 2009, the year of the sharpest decline. After 12 consecutive quarters of contraction, quarter-on-quarter developments in both employment and hours worked remain markedly negative.

Developments in the services sectors

Overall employment in the services sectors did not decline to the same extent as in the industrial sector during the recession, buoyed in large part by continuous growth in non-market services (which includes the public sector; publicly and privately provided education and health services; and individuals employed in private households).

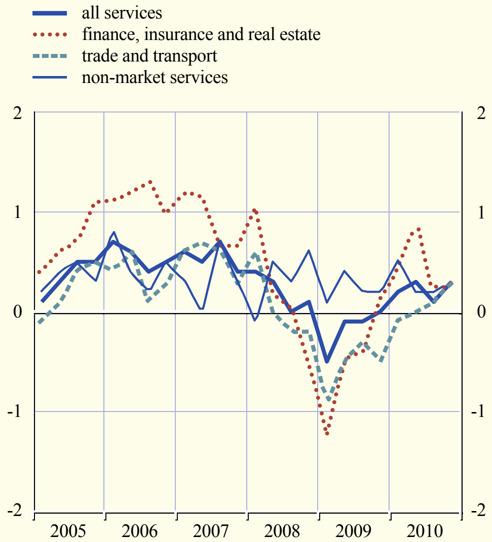
The heavy job losses suffered by the finance, insurance and real estate sector, which began in the final quarter of 2008, proved to be rather short-lived, with employment rebounding to modest positive growth one year later (see Chart D). Employment in the sector grew further throughout 2010, ending the year at levels almost identical to those of the pre-crisis peak.

In trade and transport (which includes the distributive trades of wholesaling and retailing; hotels and catering; and the transportation sub-sectors), the downturn led to rapid and sharp reductions in hours worked and employment, which intensified in the first quarter of 2009. Since then, however, employment prospects have progressively improved, with an expansion

1 For an overview of crisis measures, see the article entitled "Labour market adjustments to the recession in the euro area", *Monthly Bulletin*, ECB, July 2010.

Chart D Euro area employment growth in services

(quarter-on-quarter percentage changes)



Sources: Eurostat and ECB calculations.

of hours worked beginning in the final quarter of 2009 and a modest employment rebound in the second half of 2010.

Labour market policy priorities in the recovery period

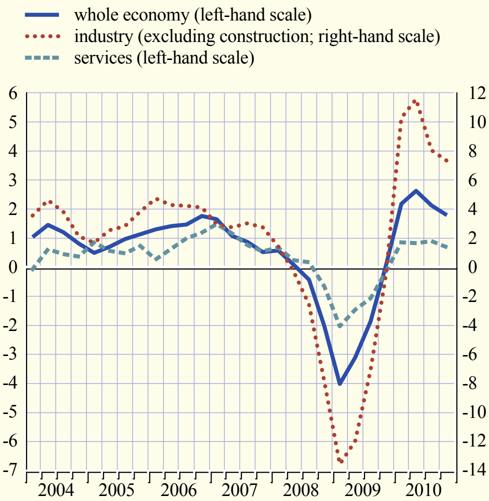
The recent recession has had a heavy impact on euro area labour markets. As employment growth is expected to pick up only gradually, it is likely that it will take some time to absorb the large numbers of workers made redundant over the course of the recession – particularly those laid off from a previously fast-growing construction sector and from some industrial branches, where the recession may have speeded up ongoing relocations of production to countries outside the euro area. Policy reforms which foster employment growth deserve high priority from euro area policy-makers at the current juncture. Among them, it is worth mentioning those reforms that help facilitate restructuring by extending flexible working contracts, so as to encourage firms to hire; reforms to wage-setting institutions, so as to ensure that local labour market conditions are adequately reflected in wage bargaining; further measures to enhance training options for displaced workers; and a timely dismantling of existing "crisis measures".

The ongoing growth in euro area output, together with the typically lagged cyclical adjustment of labour market developments, contributed to positive growth in productivity throughout 2010. In year-on-year terms, aggregate euro area productivity per person employed grew by 1.8% in the fourth quarter of 2010, while productivity per hour worked rose by 1.3% (see Chart 32). Regarding sectoral developments, productivity increased strongly in industry (excluding construction), while rising more gradually in the services sector.

More recent data on the labour market show that the unemployment rate declined to 9.9% in February from 10.0% in January, the latter figure being revised up by 0.1 percentage point (see Chart 33). Moreover, survey indicators point towards positive employment growth in the first quarter of 2011 in industry as well as services (see Chart 31), which should bode well for euro area unemployment in the months ahead.

Chart 32 Labour productivity

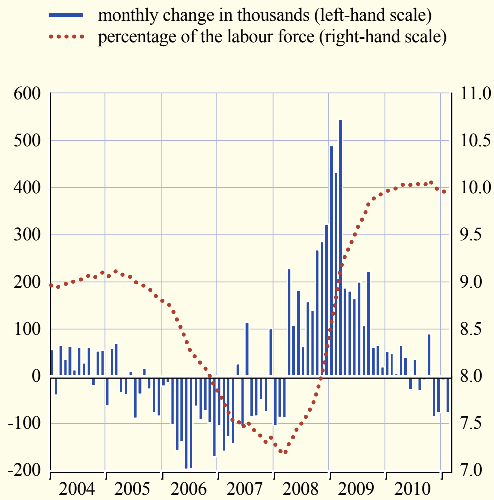
(annual percentage changes)



Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 17.

Chart 33 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

Recent statistical releases and survey-based indicators point towards a continued positive underlying momentum of economic activity in the euro area in early 2011. Looking ahead, euro area exports should be supported by the ongoing recovery in the world economy. At the same time, taking into account the relatively high level of business confidence in the euro area, private sector domestic demand should increasingly contribute to economic growth, benefiting from the accommodative monetary policy stance and the measures adopted to improve the functioning of the financial system. However, the recovery in activity is expected to be dampened somewhat by the process of balance sheet adjustment in various sectors.

The risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty. On the one hand, global trade may continue to grow more rapidly than expected, thereby supporting euro area exports. Moreover, continued strong business confidence could provide more support to domestic economic activity in the euro area than currently expected. On the other hand, downside risks relate to the ongoing tensions in some segments of the financial markets that may potentially spill over to the euro area real economy. Downside risks also relate to further increases in energy prices, in particular in view of ongoing geopolitical tensions, and to protectionist pressures and the possibility of a disorderly correction of global imbalances. Finally, there are potential risks stemming from the economic impact on the euro area and elsewhere of the recent natural and nuclear disaster in Japan.

ARTICLES

ENSURING FISCAL SUSTAINABILITY IN THE EURO AREA

The recent financial and economic crisis has led to a very considerable deterioration of fiscal positions in the euro area countries, in terms of both high budget deficits and rising government debt. Government off-balance-sheet liabilities related to support for the financial sector and the consequences of population ageing pose additional significant risks. As a consequence, safeguarding the sustainability of public finances has become one of the major challenges facing policy-makers seeking to consolidate a return to economic and financial stability and to ensure an environment conducive to output growth and price stability. A comprehensive policy response will be necessary to cope with these challenges, comprising the timely correction of excessive deficits, the reduction of government debt to more sustainable levels and a reorganisation of banks to limit the strong interlinkage between government and financial sector balance sheets. These measures need to be complemented by pension and healthcare reforms to alleviate the fiscal burden arising from population ageing and by extensive structural reforms to support potential growth and employment creation. Moreover, economic governance in Europe needs to be strengthened, notably in the euro area, while at the same time the effectiveness of budgetary institutions should be improved at the national level. In this context, effective expenditure rules are a means of promoting fiscal discipline and limiting fiscal vulnerabilities should adverse economic shocks occur in the future.

1 INTRODUCTION

The recent financial and economic crisis has put a heavy burden on public finances in euro area countries. This resulted from three main factors. First, in some countries large fiscal costs are related to capital injections for financial institutions. Second, the economic downturn had an immediate impact on tax receipts and unemployment-related spending. Third, discretionary measures adopted to compensate for declining private demand in the economy had an adverse impact on fiscal positions.[1] At the same time, the state of public finances was already weak in some countries as they entered the downturn because of the lack of progress towards sound fiscal positions in economic good times. As a consequence, government deficits and debt-to-GDP ratios have risen sharply in all euro area countries (albeit from significantly different starting positions and at a different pace). Moreover, governments have assumed substantial contingent liabilities related to the financial sector guarantee schemes. Some countries, which failed to strengthen their resilience to adverse economic shocks by adopting sound fiscal policies and structural reforms prior to the downturn, are now facing acute fiscal sustainability risks that are threatening financial stability and economic growth. As a result, financial assistance was granted to Greece and Ireland in the context of EU/IMF programmes. Country-specific macroeconomic imbalances and fiscal vulnerabilities which before the crisis were underestimated by policy-makers and financial market participants alike have now come to light as destabilising factors.

It is against this background that this article discusses the risks and challenges to fiscal sustainability in EMU. To this end, it starts with an analysis of the concept of fiscal sustainability before turning to the quantification of the accumulated risks for government financing and debt sustainability in the euro area and the scale of the resulting fiscal adjustment needs. The article goes on to provide a detailed view of the structure of government debt, which also takes into account fiscal costs and future risks deriving from government guarantees provided to the financial sector since September 2008 and the financial assistance offered to euro area countries in a crisis situation. Perceptions regarding fiscal sustainability and the resulting market valuation of government debt have direct implications for financial sector soundness. This interlinkage between government and financial sector balance sheets adds to the current fiscal challenges. These are further aggravated by the implicit government

1 For an overview, see van Riet, A. (ed.), "Euro area fiscal policies and the crisis", *Occasional Paper Series*, No 109, ECB, Frankfurt am Main, April 2010.

liabilities associated with the household sector, notably related to the ageing of the population.

The article then takes a closer look at government spending policies since the start of EMU. This analysis identifies the failure to adopt sufficiently prudent spending policies in good economic times as one of the major sources of the fiscal vulnerabilities in euro area countries, which may also have fuelled macroeconomic imbalances. In particular, quantitative simulations show that growth in government expenditure has consistently outpaced potential and long-term GDP growth in most euro area countries, and most notably in those countries which are now facing especially large imbalances. As a consequence, one can argue that budgetary positions could have been substantially more resilient had governments adopted sound expenditure policies in the years preceding the crisis. These findings highlight the need for a manageable operational framework that links fiscal surveillance to an expenditure growth rule as an effective means of promoting fiscal discipline and preventing budgetary vulnerabilities.[2] To enhance compliance with such requirements at the European level, governments should enforce the corresponding expenditure path through effective national fiscal rules.

In sum, the analysis reinforces the view that a comprehensive policy response is necessary to restore sustainability of public finances in the euro area in the aftermath of the financial and economic crisis. First, this will require the timely correction of excessive deficits in line with the provisions of the Stability and Growth Pact and, beyond this, continued consolidation efforts towards medium-term budgetary objectives with a view to reducing government debt to more sustainable levels. For some high-debt countries this may mean maintaining a sizeable budget surplus. Second, vulnerabilities in the financial sector have to be addressed, e.g. by reshaping bank balance sheets. Third, pension and healthcare reforms are required to alleviate the ageing-related fiscal burden, plus further extensive structural reforms to support potential growth and employment creation. Fourth, the effectiveness of budgetary institutions at the national level needs to be improved. Finally, a "quantum leap" in European economic governance is required, notably for the euro area, to ensure the smooth functioning and stability of EMU. Overall, budgetary surveillance and institutions at both the European and the national level should be reinforced to provide stronger incentives for fiscal discipline in the future.[3] In this context, timely and reliable statistics and a strengthening of the European Statistical System also play a crucial role.[4]

Section 2 of this article goes on to present first the concept of fiscal sustainability and then a detailed analysis of the size and structure of government debt in the euro area. Section 3 gives an overview of the main challenges for the sustainability of public finances, including those associated with off-balance-sheet liabilities. Section 4 then assesses euro area expenditure developments since the start of EMU against the benchmark of a neutral spending rule. Conclusions are drawn in Section 5.

2 THE CONCEPT OF FISCAL SUSTAINABILITY

Fiscal sustainability is defined as a government's capacity to service its debt obligations in the long term. A government that has debt outstanding therefore has to run primary surpluses[5] in the future, and these have to be large enough to accommodate the cost of servicing the government's (current and future) debt obligations.[6] In other words, fiscal sustainability requires a government to be

2 A proposal along these lines has been put forward by the European Commission in the context of the ongoing process to strengthen the EU's budgetary surveillance framework.
3 See the article entitled "The reform of economic governance in the euro area: essential elements", *Monthly Bulletin*, ECB, March 2011.
4 See the box entitled, "Statistical governance framework", *Monthly Bulletin*, ECB, March 2011.
5 The primary budget balance is defined as the overall budget balance net of interest expenditure.
6 A more precise assessment of fiscal sustainability would be based on a net debt measure, since governments may also liquidate their financial assets to repay the debt. See also Giammarioli, N. et al., "Assessing fiscal soundness: theory and practice", *Occasional Paper Series*, No 56, ECB, Frankfurt am Main, March 2007.

Table 1 The euro area government debt-to-GDP ratio: changes and underlying factors

(as a percentage of GDP)

	Average 2003-06	2007	2008	2009	2010 projected	2011 projected	2012 projected
Gross debt-to-GDP ratio	**69.3**	**66.1**	**69.8**	**79.2**	**84.2**	**86.7**	**88.0**
Change in the debt ratio	0.1	-2.3	3.6	9.4	5.1	2.4	1.3
Contribution to change:							
Primary balance (-surplus/+deficit)	**-0.6**	**-2.3**	**-1.0**	**3.4**	**3.5**	**1.6**	**0.7**
Snowball effect	**0.4**	**-0.5**	**1.4**	**5.1**	**1.1**	**0.6**	**0.4**
Interest expenditure	3.0	2.9	3.0	2.8	2.9	3.0	3.2
Growth effect	-1.3	-1.9	-0.3	3.0	-1.4	-1.2	-1.5
Inflation effect	-1.4	-1.6	-1.3	-0.7	-0.4	-1.2	-1.2
Deficit-debt adjustment	**0.3**	**0.5**	**3.2**	**0.9**	**0.5**	**0.2**	**0.1**

Sources: ESCB, European Commission's European Economic Forecast – autumn 2010.
Note: The European Commission's projections do not include the impact of the activation of the European Financial Stability Facility in the context of the financial support to Ireland.

solvent, i.e. it has to be able to repay its debt at some point in the future (see Box 1).

Gross debt accumulation is driven by three main factors: i) the government primary balance in each period; ii) the "snowball" effect, which captures the joint impact of interest payments on the outstanding stock of debt and of real GDP growth and inflation rates on the debt ratio (through the denominator); and iii) the deficit-debt adjustment,[7] which relates to those transactions or other factors that affect the outstanding stock of debt but are not recorded as part of the primary balance (e.g. acquisitions of shares in companies by the government, which are recorded as financial transactions).

On the basis of this decomposition, Table 1 shows the main drivers of the changes in the euro area gross debt-to-GDP ratio over the periods 2003-06 and 2007-12. The sharp rise in the gross debt ratio which occurred at the peak of the financial and economic crisis (i.e. 2008-10) is expected to moderate from 2011 onwards. This reflects improved economic growth prospects, reduced primary deficits and assumed smaller deficit-debt adjustments than in the past. On the other hand, interest expenditure on the existing stock of debt continues to have an impact on government gross debt accumulation.

7 Also called stock-flow adjustment.

Box 1

FACTORS DRIVING GOVERNMENT DEBT-TO-GDP RATIOS

The starting point for the assessment of fiscal sustainability is the government budget constraint:

$$b_t = \frac{1+i_t}{1+g_t} b_{t-1} - pb_t + sf_t \qquad (1)$$

where b_t is the debt-to-GDP ratio at time t, b_{t-1} is the debt-to-GDP ratio inherited from the previous period, i_t is the nominal (effective) interest rate, g_t is the nominal GDP growth rate, pb_t is the primary balance-to-GDP ratio at time t (i.e. the overall balance net of interest payments), and sf_t is the deficit-debt adjustment-to-GDP ratio, which includes those transactions or other factors that affect the outstanding stock of debt but not the primary balance (e.g. acquisitions of shares in companies by the government, which are recorded as financial transactions).

The dynamic debt accumulation equation follows from the above equation as:

$$\Delta b_t = \frac{i_t - g_t}{1 + g_t} b_{t-1} - pb_t + sf_t \qquad (2)$$

Equation (2) expresses the change in the government debt-to-GDP ratio in each period as the sum of the current primary balance (pb_t), the "snowball" effect (first term on the right-hand side), which captures the joint impact of interest payments on the accumulated stock of debt and of real GDP growth and inflation on the debt ratio (through the denominator), and the deficit-debt adjustment (sf_t).

According to equation (2), a stable or declining debt ratio (i.e. $\Delta b_t \leq 0$) requires a sufficiently large primary surplus to be generated in each period if the nominal interest rate on outstanding debt is higher than the nominal growth rate of the economy and the deficit-debt adjustment is positive.

In general, fiscal policy is deemed sustainable if a government that has debt outstanding is able to generate primary surpluses in the future which are large enough to accommodate the cost of servicing the government's (current and future) debt obligations. More formally, if equation (1) is solved forward it is possible to derive a condition for fiscal sustainability which can be expressed as:*

$$b_0 \leq \sum_{i=1}^{\infty} \rho_i (pb_i) \qquad (3)$$

assuming that the condition $\lim_{T \to \infty} \rho_T b_T \leq 0$ holds (i.e. over an infinite horizon the stock of outstanding debt tends to zero or a positive asset position is built up). b_0 is the initial debt-to-GDP ratio and $\rho_i = (1+g_i)/(1+i_i)\rho_{i-1}$ is the discount factor, which depends on the future values of the GDP growth rate and the interest rate.

* For the sake of simplicity the deficit-debt adjustment is assumed to be zero.

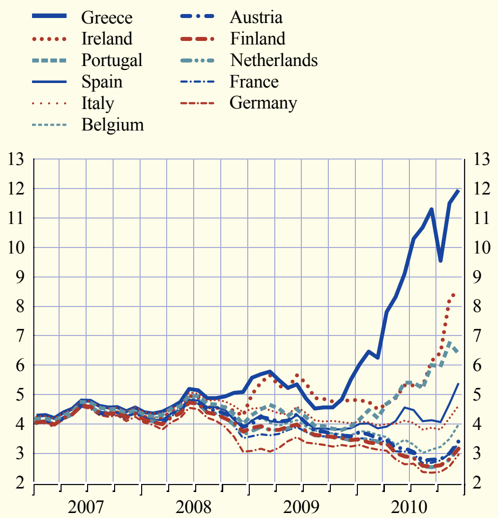
The long-term forward-looking nature of debt sustainability analysis requires an assessment of the linkages between fiscal policies, macroeconomic developments and financial sector risks. With regard to the primary balance, this relates to the willingness and ability of governments to implement consolidation plans. With regard to the macroeconomic factors, the projection of both GDP growth and interest rates needs to take the impact of fiscal policy measures into account: changes in the fiscal policy stance affect output growth and inflation.[8] Moreover, empirical evidence shows that high government debt ratios above a certain threshold have a negative impact on economic growth.[9] Regarding interest rates, the financial and economic crisis has seen a resurgence of the role of fiscal fundamentals as key determinants of sovereign bond yields. As shown in Charts 1 and 2, the countries that have experienced larger increases in spreads vis-à-vis Germany are those whose relative fiscal position has deteriorated more significantly. The emergence of significant cross-country differences during the crisis also reflects the tendency of market participants increasingly to factor in country-specific risks when pricing sovereign bonds. While strong market movements during the crisis to some extent also reflect extraordinarily great uncertainty and heightened risk aversion, it seems likely that, owing to the revival of the market mechanism and its important disciplining function for sovereign borrowers, both risk

8 See the article entitled "The effectiveness of euro area fiscal policies", *Monthly Bulletin,* ECB, July 2010.

9 See e.g. Reinhart, C.M. and Rogoff, K.S., "Growth in a Time of Debt", *American Economic Review*, Vol. 100, No 2, 2010, pp. 573-78, and Checherita, C. and Rother, P., "The impact of high and growing government debt on economic growth: an empirical investigation for the euro area", *Working Paper Series*, No 1237, ECB, Frankfurt am Main, August 2010.

Chart 1 Ten-year government bond yields of selected euro area countries

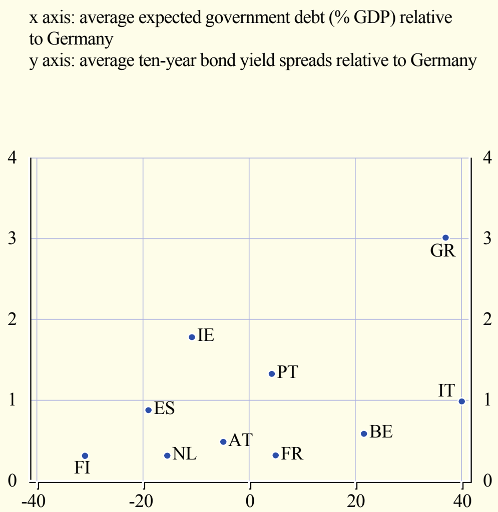
(monthly averages; percentages per annum)



Sources: Bloomberg and ECB calculations.

Chart 2 Ten-year government bond yield spreads and expected government debt-to-GDP ratio (differences relative to Germany)

(averages for 2008-10; percentage points)



Sources: European Commission, Bloomberg and ECB calculations.
Notes: For each country, the average expected government debt ratio for 2008, 2009 and 2010 is computed using vintages of the European Commission forecasts available at each point in time. Data for government bond spreads relate to the average between 1 January 2008 and 31 December 2010.

premia and spreads will remain at elevated levels compared with the pre-crisis period.

Finally, fiscal sustainability perceptions and the resulting market valuation of government debt have direct implications for financial sector soundness. Given that domestic banks and financial institutions generally hold considerable amounts of government bonds, valuation changes resulting from changes in fiscal sustainability assessments (including from credit rating agencies) can quickly erode market confidence in financial sector soundness. This is compounded if market participants perceive the scope of government support for vulnerable systemic financial institutions to be limited. Financial sector weaknesses, in turn, put additional pressure on the public sector balance sheet, inducing a vicious circle of deteriorating confidence in the soundness of both the public and the financial sectors.[10]

Conversely, ambitious and credible consolidation policies can strengthen fiscal sustainability via the same channels. They improve the primary fiscal balance and reduce debt accumulation. This helps to support real GDP growth in the long term, in particular in combination with structural reforms. Moreover, with a perceived reduction in sovereign risk, risk premia in interest rates decline, alleviating public and private sector financing burdens.[11] Finally, the recovery in government bond prices strengthens the balance sheet of bond holders, notably the domestic banking system.

This analysis implies that a full assessment of fiscal sustainability ideally requires a comprehensive approach where debt dynamics capture the feedback effects between fiscal policies, the macroeconomy and the financial sector, and where additional risks stemming from contingent liabilities, such as those related

10 See, *Financial Stability Review*, ECB, Frankfurt am Main, December 2010.

11 See e.g. Rother, P., Schuknecht, L. and Stark, J., "The benefits of fiscal consolidation in uncharted waters", *Occasional Paper Series*, No 121, ECB, Frankfurt am Main, November 2010.

to government guarantees or financial support to the banking sector, are explicitly taken into account. However, available analytical tools generally rely on a partial equilibrium approach, e.g. using exogenous assumptions for the GDP growth rate and interest rate. Among these tools, long-term simulations are commonly used to assess fiscal sustainability. Starting from the dynamic debt accumulation equation, and based on specific assumptions about the evolution of its key determinants, a pattern for the debt ratio over a certain horizon (e.g. the next 10 or 20 years) is typically obtained.[12] The information gained from the long-term simulations under unchanged fiscal policies can then be used to define synthetic sustainability indicators, which help to quantify the size of the adjustment required to reach a sustainable debt ratio at some point in the future.

In addition to the solvency dimension discussed so far, the liquidity position represents a further important aspect of fiscal sustainability. Whereas solvency is usually assessed over the medium to long term, liquidity is a measure of a government's ability to obtain liquid assets in the required currency in order to meet its short-term financing obligations denominated in that currency. The two dimensions are closely interlinked. Liquid assets can be raised in three main ways: i) by running budgetary surpluses (revenue, especially taxes, minus expenditure), ii) by borrowing funds from the capital market or iii) by selling government assets. The liquidity needs of a government depend on the maturity structure of its existing debt (e.g. the higher the share of debt maturing within the next year, the higher the short-term financing needs) and on the size of its cash deficit. In addition, a currency mismatch between government assets and liabilities may play a role. Liquidity considerations are not independent of sustainability or solvency concerns since investors may be unwilling to provide funding if they consider that a country's fiscal policy may not be sustainable. In particular, investors' worries about long-term sustainability may lead to an abrupt increase in sovereign risk premia and hamper a government's access to capital markets.

3 CHALLENGES FOR FISCAL SUSTAINABILITY IN THE EURO AREA

GENERAL GOVERNMENT DEBT

A common starting point for the assessment of sustainability risks is to examine a country's (explicit) gross debt-to-GDP ratio because high and rising government debt ratios indicate potential sustainability problems.[13] Table 2 shows the evolution of the government debt-to-GDP ratio in euro area countries. By the end of 2009, debt-to-GDP ratios in most euro area countries and the euro area as a whole exceeded the 60% threshold laid down in the Treaty on the Functioning of the European Union (the exceptions being Estonia, Spain, Cyprus, Luxembourg, Slovenia, Slovakia and Finland). Looking ahead, the picture deteriorates further as the government debt ratio for the euro area is expected to rise from 79.2% of GDP at the end of 2009 to 88.0% in 2012. Spain and Cyprus are forecast to exceed the 60% threshold as well. Moreover, Table 2 shows that for most euro area countries the accumulation of debt has to a large extent occurred since the start of the crisis, while a moderate reduction in debt was achieved in the period 1999-2007 for the euro area as a whole and in many individual euro area countries.

As mentioned in the previous section, the maturity structure of the outstanding stock of government debt securities also constitutes an important factor to be considered when

12 The use of long-term simulations in the assessment of fiscal policy sustainability has been criticised in the literature on the grounds that government debt simulations do not emerge as implications of an economic model, but are based on an accounting relation that equates current debt to past debt plus current deficits. As such, the resulting debt simulations do not provide a credible anchor which can be used to formulate expectations about fiscal policy. See Leeper, E., "Monetary Science, Fiscal Alchemy", *NBER Working Paper Series*, No 16510, National Bureau of Economic Research, 2010.

13 Gross government debt is composed of liabilities, i.e. it excludes any assets held by governments that could be used to liquidate debt (in particular those shorter-term financial assets that could quickly be mobilised to redeem government liabilities). While the average amount of financial assets held by governments in the euro area was above 30% of GDP over the period 2007-09, the ratio of financial assets to GDP differs substantially from country to country.

Table 2 Government debt in euro area countries

(as a percentage of GDP)

	1999	2007	2009	2011* (forecast)	2012 (forecast)	Debt accumulation (1999-2007)	Debt accumulation (2008-2012)
Belgium	113.7	84.2	96.2	100.5	102.1	-29.5	12.5
Germany	60.9	64.9	73.4	75.9	75.2	4.0	9.0
Estonia	6.5	3.7	7.2	9.5	11.7	-2.8	7.1
Ireland	48.5	25.0	65.5	107.0	114.3	-23.5	70.0
Greece	94.0	105.0	126.8	150.2	156.0	11.0	45.7
Spain	62.3	36.1	53.2	69.7	73.0	-26.2	33.2
France	58.8	63.8	78.1	86.8	89.8	5.0	22.3
Italy	113.7	103.6	116.0	120.2	119.9	-10.1	13.6
Cyprus	58.9	58.3	58.0	65.2	68.4	-0.6	20.1
Luxembourg	6.4	6.7	14.5	19.6	20.9	0.2	7.3
Malta	57.1	61.7	68.6	70.8	70.9	4.5	7.7
Netherlands	61.1	45.3	60.8	66.6	67.3	-15.8	9.1
Austria	67.2	59.3	67.5	72.0	73.3	-7.9	10.8
Portugal	49.6	62.7	76.1	88.8	92.4	13.2	27.1
Slovenia	-	23.4	35.4	44.8	47.6	-	25.1
Slovakia	47.8	29.6	35.4	45.1	47.4	-18.3	19.6
Finland	45.7	35.2	43.8	51.1	53.0	-10.5	18.9
Euro area	**71.9**	**66.1**	**79.2**	**86.7**	**88.0**	**-5.8**	**18.2**

Sources: ESCB, European Commission (Eurostat News Release 170/2010 of 15 November 2010; European Economic Forecast – autumn 2010).
* The European Commission's projections do not include the impact of the activation of the European Financial Stability Facility in the context of the financial support to Ireland.

assessing short-run fiscal risks. Indeed, higher shares of outstanding short-term government debt may raise refinancing risks since, all other things being equal, the government will need to roll over more maturing debt in the short run. Hence, the interest paid on the debt would be more sensitive to changes in current market interest rates and refinancing conditions would be more affected by deteriorations in the liquidity of sovereign bond markets.

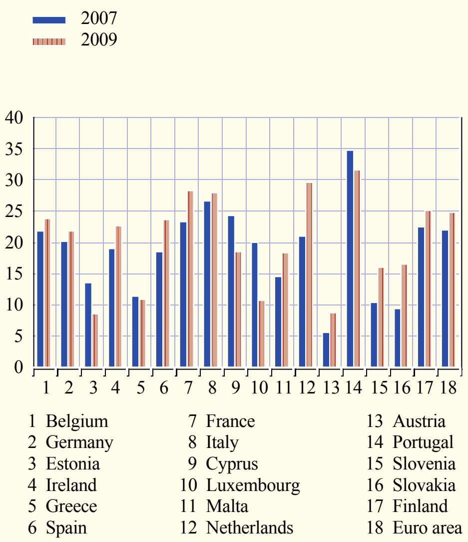
The share of government debt due to mature within a year[14] increased from 22% in 2007 to almost 25% by the end of 2009 in the euro area (see Chart 3(a)). When looking specifically at outstanding euro area government debt securities, monthly data (see Chart 3(b)) confirm the steady increase in the share of securities maturing within one year (representing about 16% of GDP by the end of December 2010 in comparison to 10% of GDP in December 2007). However, the average residual maturity of outstanding euro area government debt securities is rather stable, having declined slightly from around 6.7 to 6.4 years over the period December 2007 to December 2010. Assuming fixed-rate debt contracts,[15] this implies that it takes on average 6.4 years for the interest rate to fully affect governments' interest payments on existing government debt in the euro area, since governments on average need to roll over a fraction of about one-sixth (1/6.4, around 16%) of their existing outstanding debt annually. Short-term risks are thus fairly contained in the euro area as whole, although the situation differs among countries, ranging from an average residual maturity of 3.4 years in Cyprus, and 4.9 years in Germany to around 7.4 years in Austria, Greece and Italy.

Countries may also become more vulnerable when a significant share of government debt is held by non-residents of the country concerned. These may be more sensitive to

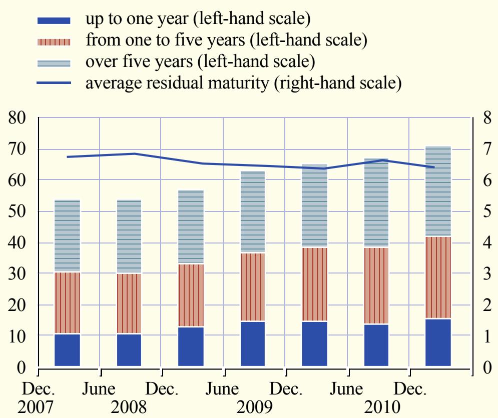
14 Residual maturity is the time from the reference date until the contractual redemption date of an instrument. Residual maturity up to one year includes short-term securities, short-term loans and currency and deposits.
15 Note that only around 6% of government debt in the euro area was subject to a variable interest rate in 2009.

Chart 3 Government debt by residual maturity

a) Share of residual maturity up to one year*
(as a percentage of total government debt)



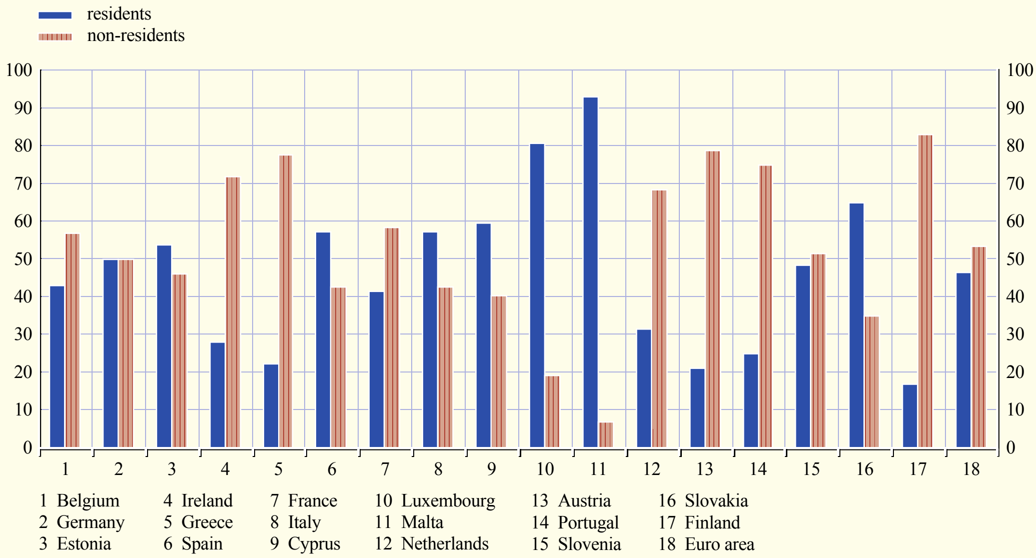
b) Outstanding amount of euro area government debt securities and residual maturity
(as a percentage of GDP; years)



Sources: ESCB – consolidated annual data for Chart 3(a), and ECB calculations – non-consolidated monthly data for Chart 3(b).
* Refers to all Maastricht government debt instruments with a residual maturity of one year or less. Coins, transferable and other deposits are included because they can be redeemed at any time.

Chart 4 Government debt in the euro area countries by holder in 2009

(as a percentage of total)



Source: ESCB.

negative economic developments because they generally receive information later or have less precise information than residents. As regards the geographical breakdown, just over half, i.e. 53.5%, of government debt in the euro area is held by non-residents[16] of the issuing country. The current figure confirms a growing trend since 1999, when the government debt held by non-residents was only 32.6%, and is the result of greater integration of financial markets in the EU. However, there are significant differences in the euro area, as government debt is still predominantly owned by residents in several countries, notably in Malta and Luxembourg. By contrast, non-residents are the main investors in government debt in Ireland, Greece, the Netherlands, Austria, Portugal and Finland (see Chart 4). Finally, the fact that government debt in the euro area is mainly denominated in euro (98.5% of the total debt at the end of 2009) limits the exposure of government debt to exchange rate movements.

CONTINGENT LIABILITIES

The previous sub-section discussed explicit government debt which is recorded in government accounts. However, to analyse fiscal sustainability, it is essential also to cover potential government liabilities the materialisation of which depends on future developments. Quantitatively, the most important item among these contingent liabilities is government support measures to the financial sector.

Over the last three years, governments have taken various measures to strengthen the financial system and reduce the systemic risks in the financial sector which emerged in the context of the global financial crisis. The direct costs are recorded in government debt (e.g. capital injections for banks for which the government had to borrow in the market) and the recovery of these costs will depend on the future value of the acquired bank assets. In addition, governments face substantial fiscal risks dependent on conditions attached to various guarantees and other off-balance-sheet items.[17] Although precise information about the magnitude of off-balance-sheet positions is rather limited and fragmented, an important part of the associated risks can be assessed by estimating the contingent liabilities stemming from government interventions since 2008 in the context of the financial crisis. These contingent liabilities typically take the form of guarantees to secure interbank lending and debt issued by special purpose entities. The fiscal risks stemming from the committed off-balance-sheet liabilities depend on the probability of the guarantees being called in and therefore being explicitly recorded in the government deficit and/or debt. This probability is linked to the default risk of the financial institutions whose assets or liabilities were guaranteed.

As illustrated in Table 3, during the period 2008-10 euro area government debt increased by more than 5% of GDP as a direct consequence of government interventions in the financial sector, while the committed contingent liabilities represent around 7.4% of GDP. The guarantees granted by euro area governments are de facto less than half of the implicit ceilings set by the governments, which for the euro area as a whole add up to 19.1% of GDP.[18] The biggest example is the contingent liabilities provided to the Irish banking sector, which still amounted to almost 98% of GDP in 2010. The associated fiscal risk has materialised over the past few years, notably in 2010, when the capital support given to the banking sector, together with other measures, amounted to 23.5% of GDP.

16 Non-resident holders may be holders of government debt anywhere outside the country of reference, i.e. in the rest of the world. In practice, most government debt held by non-residents is held by holders in the euro area.

17 See Giammarioli et al., loc. cit., for a categorisation of government liabilities by their degree of certainty (contingent versus non-contingent liabilities) and whether or not they have a legal basis (explicit versus implicit liabilities). Contingent liabilities occur when the existence of government obligations depends upon the occurrence of a particular event, such as government guarantees to secure bank liabilities in the event the debtor (bank) is unable to meet its liabilities. Implicit liabilities occur when the government obligations do not have a legal basis and arise as a consequence of expectations created by past policies and practices or pressures from interest groups, as for example in the case of accrued future pension rights.

18 In some countries, the difference between the realised and the theoretical amounts is due to the banks' unwillingness to take up the full amount of the guarantees.

Table 3 Cumulated financial sector stabilisation operations and their impact on government debt and contingent liabilities (2008-10)

(as a percentage of GDP)

	Measures with an impact on government debt				Measures with an impact on government contingent liabilities	
	Capital injections	Other measures	Total impact on government debt	*o/w redemptions*	Total contingent liabilities	Ceilling
Belgium	5.7	0.1	5.8	*2.0*	15.9	27.8
Germany	2.0	10.7	12.7	*0.0*	8.1	17.7
Estonia	0.0	0.0	0.0	*0.0*	0.0	0.0
Ireland	10.0	13.5	23.5	*0.0*	97.6	97.6
Greece	1.6	0.6	2.3	*0.0*	16.3	27.2
Spain	0.1	2.0	2.1	*0.0*	5.3	19.0
France	0.2	0.0	0.2	*0.4*	5.1	24.4
Italy	0.3	0.0	0.3	*0.0*	0.0	0.0
Cyprus	0.0	0.0	0.0	*0.0*	17.2	17.2
Luxembourg	6.2	0.0	6.2	*0.2*	0.0	0.0
Malta	0.0	0.0	0.0	*0.0*	0.0	0.0
Netherlands	7.2	2.4	9.6	*8.9*	6.7	34.1
Austria	2.2	0.1	2.2	*0.0*	8.2	18.3
Portugal	0.0	0.0	0.0	*0.0*	4.6	11.7
Slovenia	0.0	4.0	4.0	*0.0*	6.1	33.5
Slovakia	0.0	0.0	0.0	*0.0*	0.0	0.0
Finland	0.0	0.0	0.0	*0.0*	0.0	0.0
Euro area	**1.6**	**3.6**	**5.2**	**0.7**	**7.4**	**19.1**

Source: ESCB.
Notes: The cut-off date was end-February 2011. Contingent liabilities on retail bank deposits are not included.

Moreover, since May 2010, there have been additional contingent liabilities deriving from bilateral and multilateral financial support arrangements[19] for euro area countries in distress, which are subject to strong policy conditionality. The potential impact of the European Financial Stability Facility (EFSF) on government debt (and deficit) in euro area countries is substantial, given that guarantees for EFSF issuance of up to a total ceiling of €440 billion (around 4.8% of GDP at the euro area level) have been provided on a pro rata basis over three years (2010-13).[20] When the EFSF expires in mid-2013, the European Stability Mechanism (ESM) will come into place as a permanent crisis resolution mechanism.

In the cases of Ireland and Greece, support measures are already having an explicit impact on the government debt (and assets) of the contributing euro area countries. The bilateral loans provided to Greece in the framework of the joint EU/IMF support package will have an impact on government debt (and assets) of around 0.9% of GDP over the period 2010-13. With the activation of the EFSF in the context of the financial support given to Ireland a small part of this contingent liability is already becoming explicit debt (about 0.2% of GDP per contributing euro area country).[21]

19 See the box entitled "Recent developments in EU financial stability arrangements", *Monthly Bulletin*, ECB, December 2010.

20 In addition, at the EU level, a European Financial Stabilisation Mechanism (EFSM) has also been created. This is an EU support mechanism which provides credit to Member States in difficulties caused by circumstances beyond their control (based on Article 122(2) of the Treaty on the Functioning of the European Union). Provision of credit support is subject to strong policy conditionality. Under the EFSM the European Commission borrows in the market on behalf of the EU, up to an amount of €60 billion guaranteed under the EU budget. The IMF may contribute up to €30 billion.

21 According to Eurostat Decision 13/2011 of 27 January 2011, the funds raised in the framework of the EFSF – to the extent that they are passed on as loans to countries in distress – must be recorded as gross government debt of the euro area member countries participating in a support operation, in proportion to their share of the guarantee given. In parallel, the loans granted by the EFSF are considered as loans directly granted by these euro area countries, thus also increasing their financial assets. The net revenue streams (such as interest and service fees) will also affect the government balance of those countries.

IMPLICIT LIABILITIES

The population in the euro area is ageing mainly on account of increasing longevity and low birth rates. There is a growing recognition amongst policy-makers that the associated costs of ageing populations constitute a major challenge for fiscal sustainability. The fiscal impact of ageing is expected to be substantial in most euro area countries, with effects starting to become apparent as early as the end of this decade.

The future costs of population ageing can be measured using the net present value of the increase in the primary balance which will be necessary, all other things being equal, to guarantee the sustainability of public finances. It is expected that overall age-related public expenditure will increase, with pensions, health care and long-term care being the main drivers of this development.[22] The European Commission and the EU Economic Policy Committee project that population ageing will lead to an increase of up to 5.2 percentage points in public spending over the period 2010-60 (of which 2.8% will relate to pensions, 1.4% to health care and 1.4% to long-term care) if no corrective action is taken.[23] However, the variation across countries is very large (see Table 4), depending on differences in the pace and timing of ageing, specific features of national pension schemes, and the country's relative position in the pension reform process. Moreover, age-related public expenditure as a share of GDP could increase even further depending on how strongly the recent financial and economic crisis affects fiscal positions and the economic outlook in the coming decades.[24]

Table 4 Age-related government expenditure, 2007-60

(as a percentage of GDP)

	Total changes 2007-60		Total changes 2007-60
Belgium	6.9	Luxembourg	18.0
Germany	4.8	Malta	10.2
Estonia	0.4	Netherlands	9.4
Ireland	8.9	Austria	3.1
Greece	15.9	Portugal	3.4
Spain	9.0	Slovenia	12.8
France	2.7	Slovakia	5.2
Italy	1.6	Finland	6.3
Cyprus	10.8	**Euro area**	**5.2**

Sources: European Commission and Economic Policy Committee, 2009 Ageing Report.
Note: For some countries (e.g. Greece, Spain and the Netherlands) pension reforms have recently been implemented which are not reflected in the table.

IMPLICATIONS FOR FISCAL SUSTAINABILITY

The factors described above all add to the challenges policy-makers in the euro area countries will be facing in the coming decades. To obtain a broad quantification of their implications for fiscal sustainability, Chart 5 presents three stylised scenarios for the path of the euro area government debt-to-GDP ratio until 2031. The scenarios differ with respect to the assumed fiscal stance adopted by the governments, excluding the expected increase in the cost of ageing. In the "baseline" scenario (solid blue line), the primary balance is assumed to stay constant (in line with the European Commission forecast for 2011) over the period 2011-31. In the "0.5 percentage point adjustment" scenario (dashed green line), it is assumed that, starting in 2012, the primary balance improves annually by 0.5 percentage point of GDP until the overall government budget is balanced, and remains at this level thereafter. In the "1 percentage point adjustment" scenario (dotted red line), the

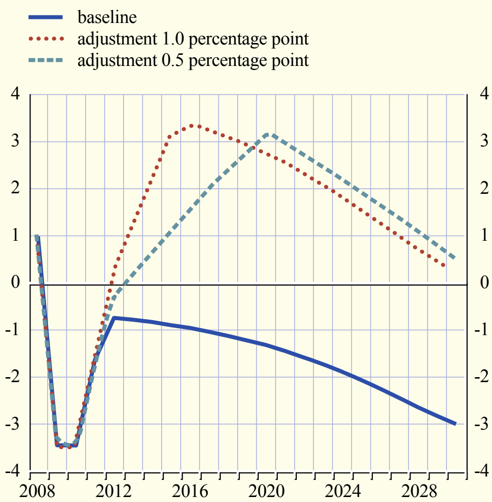
22 The calculation of the net present value of pension liabilities, as measured in national accounts, yields a result of around 330% of GDP for the euro area (at the end of 2007). This figure shows that if all pension-related implicit liabilities are taken into account, euro area government obligations would be more than four times higher than the current explicit government debt. Of this amount, government-managed defined-benefit schemes represent around 50% of GDP, while social security pension schemes account for about 280% of GDP. See *Monthly Bulletin*, ECB, January 2010, and Mink, R., Rodríguez-Vives, M., Barredo, E. and Verrinder, J., "Reflecting Pensions in National Accounts – Work of the Eurostat/ECB Task Force", paper prepared for the 30th General Conference of the International Association for Research in Income and Wealth (IARIW), Slovenia, 2008.

23 See European Commission and Economic Policy Committee, "The 2009 Ageing Report: economic and budgetary projections for the EU-27 Member States (2008-2060)", *European Economy*, No 2, Brussels, 2009.

24 See the box entitled "The 2009 Ageing Report: updated projections for age-related public expenditure", *Monthly Bulletin*, ECB, June 2009.

Chart 5 Euro area primary balance

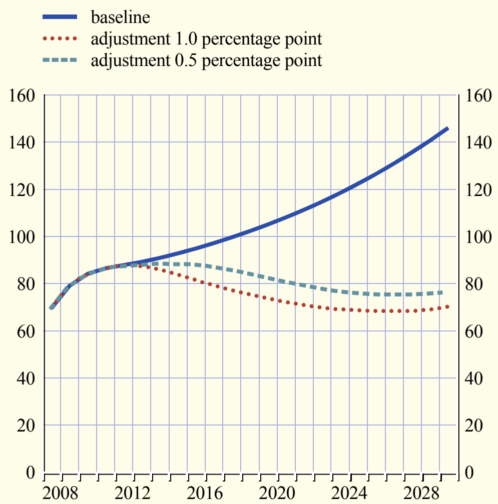
(as a percentage of GDP)



Sources: European Commission and Economic Policy Committee 2009 Ageing Report and ECB simulations.
Note: Primary balance includes the projected increase in the costs of ageing (see Table 4).

Chart 6 Euro area gross government debt

(as a percentage of GDP)



Sources: European Commission and Economic Policy Committee 2009 Ageing Report and ECB simulations.

primary balance is assumed to improve by 1 percentage point of GDP annually until the government budget is balanced and also stays at this level thereafter. The expected increase in the cost of ageing (see Table 4) is then added to each of these primary budget balance paths, thus giving rise to a (uniform) budgetary deterioration in all the scenarios.[25] Furthermore, potential real GDP growth for the euro area is assumed to be 1.2% on average over the simulation period, which is broadly in line with the latest long-term projections of the European Commission.[26] The annual inflation rate is set in accordance with the ECB objective of below but close to 2% over the whole simulation period. Moreover, it is assumed that the average effective interest rate paid on government debt gradually increases from around 3.5% in 2010 to close to 5% in 2030. The analysis is subject to a number of caveats, most notably deriving from the substantial uncertainty associated with the assumptions for growth and interest rates and the possibility that additional capital support to the financial sector might be needed if the guarantees provided by the governments were to be called in. On the other hand, changes in financial assets are not taken into account.

Chart 6 shows that the debt path is clearly not sustainable in the baseline scenario, with the debt-to-GDP ratio rising continuously. The less ambitious consolidation scenario, with an adjustment of 0.5 percentage point of GDP annually, would lead to a continuous increase of the government debt ratio until 2014 and only a gradual reduction thereafter. The debt path would not revert to a firm downward trajectory. In particular, the rising interest payments and the additional budgetary cost of ageing, the impact of which would intensify towards the end of the simulation period, would lead to a flattening out

25 See European Commission and Economic Policy Committee, loc. cit. Note that because of the considerable decline in GDP in the context of the financial and economic crisis, ageing costs may be higher relative to GDP than projected at the time the 2009 Ageing Report was prepared. Meanwhile, some countries have also undertaken pension reforms which would alleviate the projected age-related spending pressures.

26 See European Commission, European Economic Forecast – autumn 2010, *European Economy*, No 7, Brussels, 2010, pp. 48-60.

of the debt path. This pattern would hold even under the more ambitious consolidation effort of 1 percentage point of GDP, albeit at a somewhat lower level, but still above the 60% of GDP reference value for government debt.

4 EFFECTIVE GOVERNMENT EXPENDITURE RULES AS A SAFEGUARD FOR FISCAL SUSTAINABILITY

The budgetary rules of the Treaty and the Stability and Growth Pact[27] have been put in place to ensure sound and sustainable public finances in EMU. However, even before the crisis, the track record as regards compliance with these rules can only be described as mixed.[28] The considerable budgetary loosening in the context of the financial and economic crisis has now led to a situation in which most euro area member countries are subject to an excessive deficit procedure on account of deficit ratios which in many cases are significantly above the 3% reference value. The preceding analysis has highlighted the fact that debt sustainability is at serious risk in many countries. Consequently, urgent policy action is also needed with a view to strengthening budgetary rules and improving incentives for sound public finances in the future. In this context, it is important to identify the determinants of unsustainable developments in the past.

A close examination of budgetary developments over the period of EMU reveals that both the lack of progress towards sound fiscal positions in economic good times and the major fiscal deterioration during the crisis have been strongly driven by adverse primary expenditure developments in euro area countries. In fact, about three-quarters of the deterioration in the euro area general government deficit ratio between 1999 and 2010 from 1.4% to 6.3% of GDP can be attributed to the increase in the primary expenditure ratio (from 44.0% to 48.0%) over that period. Prior to the crisis, expenditure developments in some countries were driven by large windfall revenues related to asset and housing market booms which were spent rather than used to improve fiscal positions towards medium-term budgetary objectives. During the crisis, continued strong expenditure growth in the presence of a sharp contraction in economic activity led to steep increases in government expenditure ratios.

These facts suggest that expenditure policies were overly expansionary, a view which is supported by empirical evidence for the euro area. In particular, the evidence points to a pro-cyclical stance of fiscal policies in economic good times which was predominantly driven by expenditure developments.[29] This is confirmed by a recent analysis which assesses actual spending developments against the benchmark of "neutral" spending policies.[30] The latter are defined as government spending in line with the economic growth potential. Specifically, expenditure rules are constructed under the assumption that governments limit spending growth to nominal potential growth. Expenditure paths based on these rules are derived i) from real-time data (which reflect the information available to policy-makers at the time of budget preparation) and ii) from ex post data (which are more relevant for assessing fiscal sustainability from a medium to long term perspective because real-time data are frequently revised).[31]

27 The Treaty on the Functioning of the European Union states that Member States shall avoid excessive deficits which are defined in relation to reference values set at 3% of GDP for the government deficit and 60% of GDP for government debt. The Stability and Growth Pact constitutes an operational clarification of the Treaty's budgetary rules, requiring Member States to aim for sound medium-term budgetary objectives and laying down procedures for the surveillance and coordination of fiscal policies.

28 See the article entitled "Ten years of the Stability and Growth Pact", *Monthly Bulletin*, ECB, October 2008.

29 See Turrini, A., "Fiscal policy and the cycle in the euro area: The role of government revenue and expenditure", *European Economy – Economic Papers Series*, No 323, European Commission, 2008.

30 For more detailed information on the analysis see Hauptmeier, S., Sanchez Fuentes, A.J. and Schuknecht, L., "Towards expenditure rules and fiscal sanity in the euro area", *Working Paper Series*, No 1266, ECB, Frankfurt am Main, November 2010.

31 For an alternative quantification of the potential benefits of expenditure-rule-based fiscal surveillance see the annex in Larch, M., van den Noord, P. and Jonung, L., "The Stability and Growth Pact: lessons from the great recession", *European Economy – Economic Papers Series*, No 429, European Commission, 2010.

The main results of the analysis of primary government expenditure developments over the first 11 years of EMU are synthesised in Table 5, which shows deviations of actual from rule-based spending. Positive figures illustrate the degree of expansion of expenditure policies in percentage points of GDP accumulated over the periods from 1999 to 2007 and 2009 respectively, compared to a "neutral" expenditure stance. Negative figures indicate the degree of restrictiveness of policies.

When looking at expenditure policies as compared to a rule based on real-time data, the results suggest that primary expenditure developments in the euro area as a whole were somewhat restrictive between 1999 and 2007. If the crisis years 2008 and 2009 are also taken into account, the expenditure ratio was only 0.3 percentage point of GDP higher than it could have been with neutral rule-based policies. However, these results are strongly driven by Germany which, together with Austria and Finland, on average pursued restrictive policies. In contrast, the expenditure stance was on average very expansionary in the four countries that have been characterised by particularly strong macroeconomic imbalances since the start of EMU, namely Ireland, Greece, Spain and Portugal. Here, expenditure ratios would have been between 3.3 and 6.6 percentage points lower with a neutral expenditure stance. It is also noteworthy that more than half of the deviation from neutral spending had already accumulated by 2007.

However, the results for real-time rules are much more benign than those based on ex post rules. This is because all countries experienced annual and cumulative downward revisions in nominal trend growth that averaged around 4% for the euro area for the 1999-2009 period. Judged on the basis of ex post data for potential GDP growth, neutral spending policies should have resulted in primary expenditure ratios around 2 percentage points of GDP lower for the euro area aggregate. For the countries with macro imbalances, public expenditure ratios should have been between around 5-10 percentage points of GDP lower in 2009 than they actually were.

Table 5 Primary expenditure developments in selected euro area countries and the euro area

(as a percentage of GDP)

	Deviations of actual from rule-based spending [1]			
	Real time		Ex post	
	1999-2007	1999-2009	1999-2007	1999-2009
Euro area [2]	**-0.5**	**0.3**	**0.1**	**1.9**
Largest countries				
Germany	-4.0	-3.5	-2.1	-0.9
France	0.8	1.4	0.8	1.8
Italy	1.6	2.0	2.5	3.6
Countries with imbalances				
Spain	3.6	5.9	1.7	5.2
Greece	5.3	6.6	5.0	8.0
Ireland	2.5	4.2	3.9	9.5
Portugal	1.7	3.3	2.0	5.0
Other euro area (12)				
Austria	-1.6	-1.4	-2.7	-2.0
Belgium	1.8	3.6	1.5	4.3
Finland	-1.1	-0.7	-0.7	1.8
Luxembourg	0.3	1.7	-0.7	1.2
Netherlands	1.9	3.7	1.5	4.2

Source: ECB Working Paper No 1266.
Notes: Real-time rules are based on the data available at the time the budget was prepared, while ex post rules are based on the latest available data vintage. Figures are based on the methodology developed in this paper.
1) Positive figures imply that the expenditure stance was expansionary and, thus, led to a higher expenditure ratio than with a neutral expenditure policy.
2) Figures for the euro area refer to the 12 countries mentioned in the table.

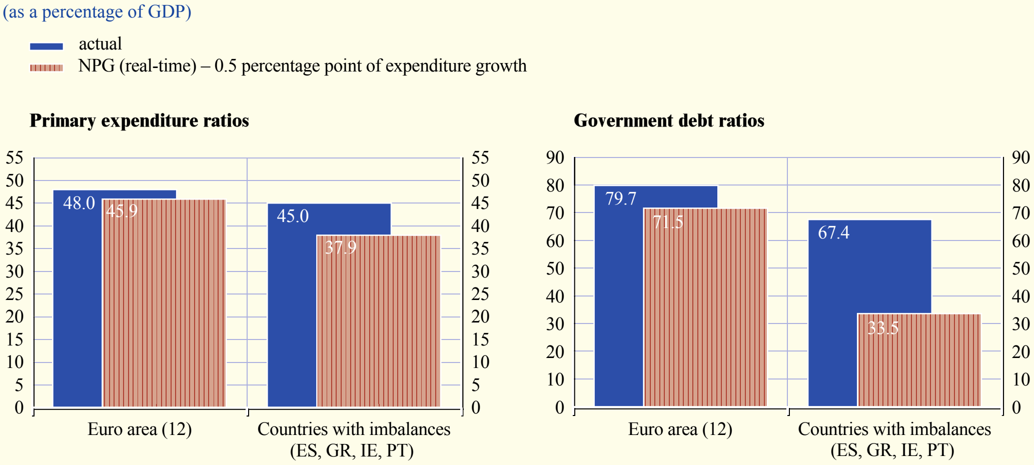
These findings hold important lessons for the design of fiscal institutions and notably expenditure policy rules in the euro area. The pursuit of neutral expenditure policies based on real-time rules would have resulted in sounder public finances. However, given that trend growth in most euro area countries was revised down significantly and consistently, these rules would not have been sufficiently restrictive from an ex post perspective. If this past pattern of forecast revisions broadly continues in the future, expenditure rules based on real-time data would need to be adjusted to give an additional margin of prudence. Operationally, the experience of downward growth revisions of almost half a percentage point of GDP per annum in the euro area suggests a downward adjustment of expenditure growth by a similar margin. A rule consistent with these considerations would be an expenditure growth rule based on real-time nominal potential growth adjusted by a 0.5 percentage point margin of prudence (hereafter referred to as NPG – 0.5 percentage point). Of course, these recommendations apply only to spending dynamics and not to the overall level of spending. In particular, in countries where government spending already exceeds sustainable levels, more ambitious rules with regard to planned expenditure growth would need to be adopted.

The left-hand panel of Chart 7 shows what following such a prudent expenditure rule would have implied for primary government expenditure in the first 11 years of EMU. Government expenditure ratios in the euro area would have been around 2 percentage points of GDP lower in 2009 (brown bar) than the actual figure of 48% of GDP (blue bar). Most notably, for the four countries with macro imbalances the application of the real-time nominal potential growth rule adjusted by a margin of prudence would – on average – have resulted in primary expenditure around 7 percentage points of GDP lower. Overall, for most countries public spending ratios would have been considerably lower in 2009 and typically not much higher than at the start of EMU.

How would this have affected government debt-to-GDP ratios in the euro area? The right-hand panel of Chart 7 compares actual debt ratios in 2009 with those that would have been recorded under the adjusted-NPG rule. The calculations of alternative government debt-to-GDP ratios are affected both directly by deviations of rule-based spending from actual spending and by the increase in the interest burden resulting from changes in the accumulation of government debt. If the prudent expenditure rule had been implemented from 1999, the debt ratio for the

Chart 7 Comparison of actual outcomes and rule-based simulation results in 2009

(as a percentage of GDP)



Source: ECB Working Paper No 1266.
Note: Figures are based on the methodology developed in this paper.

euro area would have been around 8 percentage points of GDP lower by 2009 than it actually was. Much lower expenditure ratios (and thus also deficits) would have led to an average debt of 33.5% of GDP in the four countries with macro imbalances. With such a low level of debt it is very unlikely that these countries would have experienced the sovereign debt crisis that they are currently facing.

The results described above highlight the benefits of linking fiscal surveillance to a prudent expenditure growth rule as an effective means of preventing budgetary vulnerabilities. In the context of the ongoing process to strengthen the EU fiscal framework, the European Commission has proposed complementing the surveillance tools under the preventive arm of the Stability and Growth Pact with an assessment of annual expenditure growth against a prudent medium-term GDP growth rate.[32] This could lead to more sound public finance developments in the future if the underlying growth assumptions are sufficiently prudent and provided the rules are implemented rigorously.

To enhance compliance with such requirements at the European level, governments should enforce the corresponding expenditure path through effective national fiscal rules. Indeed, empirical evidence suggests that rules to restrict government expenditure at the domestic level may be beneficial for spending discipline. A recent econometric study analyses, for selected EU countries, whether expenditure rules can induce governments to adhere to their own spending plans as defined in stability and convergence programmes. The strength of a country's expenditure rules is measured by an index constructed by the European Commission that captures all budgetary provisions that fix numerical targets or ceilings for government expenditure.[33] The study shows that governments tend to overspend relative to their plans when they are "surprised", e.g. by unexpected favourable changes in the macroeconomic environment.[34] At the same time, this pattern of spending slippage is found to be weaker in countries with strict expenditure rules. There is also empirical evidence for a positive link between expenditure deviations and surprising revenue developments which tends to be weaker in countries with tight institutional restrictions on government spending.[35]

In order to be fully effective, such spending rules need to be suitably embedded in national fiscal frameworks. In particular, they should be designed with a view to promoting compliance with commitments under the EU fiscal framework. The positive experiences, e.g. in Sweden, where strictly enforced expenditure ceilings are combined with compatible balanced-budget rules, and in the Netherlands, where there are provisions that restrict the use of windfall revenues, can serve as useful guides.

5 CONCLUSIONS

Sound and sustainable public finances constitute an important foundation for economic growth, financial stability and price stability. This view is reinforced by the ongoing disruptions in some euro area government bond markets which are related, in particular, to the severe fiscal imbalances and vulnerabilities that have accumulated in some member countries. There are significant risks to fiscal sustainability in the aftermath of the financial and economic crisis in euro area countries, as well as in other advanced economies, which call for immediate and comprehensive policy action to address these issues.

First, euro area countries need to implement ambitious consolidation strategies with a view to correcting excessive deficit positions in line

32 See the article entitled "The reform of economic governance in the euro area: essential elements", loc.cit.
33 This index is based on a survey conducted among EU Member States by the Working Group on the Quality of Public Finances attached to the Economic Policy Committee.
34 See Holm-Hadulla, F. Hauptmeier, S. and Rother, P., "The impact of numerical expenditure rules on budgetary discipline over the cycle", *Working Paper Series*, No 1169, ECB, Frankfurt am Main, April 2010.
35 See e.g. Wierts, P., "How do Expenditure Rules affect Fiscal Behaviour?", *DNB Working Paper*, No 166, De Nederlandsche Bank, Amsterdam, 2008.

with their commitments under the Stability and Growth Pact. Beyond this, consolidation efforts towards medium-term budgetary objectives are necessary to reduce government debt to more sustainable levels. For some high-debt countries this may mean maintaining a sizeable budget surplus. Second, vulnerabilities in the financial sector need to be addressed, e.g. by reshaping bank balance sheets. Third, governments need to address the ageing-related challenges via comprehensive reforms of national pension and healthcare systems. These should ensure that the budgetary effects of the imminent increase in old-age dependency ratios are mitigated. Further extensive structural reforms are also needed to support potential growth and employment creation. Fourth, reforms of national budgetary institutions are necessary to improve the incentives for fiscal discipline. In this context, the analysis presented in this article suggests that effectively limiting government spending dynamics by implementing well-designed expenditure rules would be one promising avenue that should be followed to promote sound public finances. Finally, it is crucial that the European economic governance framework is reinforced, notably for the euro area, to ensure the smooth functioning and stability of EMU.

THE USE OF EURO BANKNOTES – RESULTS OF TWO SURVEYS AMONG HOUSEHOLDS AND FIRMS

Since the euro cash changeover in 2002 there has been a strong increase in the circulation of euro banknotes. To obtain a better understanding of this continued growth in demand, the ECB carried out two surveys among the general public and non-financial companies in several euro area countries. For the first time, these surveys provide information on the use of euro banknotes by households and companies within the euro area. This article describes the main results of the surveys and gives some insight into the differences in the use of cash[1] between various euro area countries. Starting with a description of developments in the circulation of euro banknotes, this article provides an estimate of the amount of transactions in cash in the euro area, details the use of cash by households and enterprises, and considers the value of cash used as a store of value. One of the conclusions is that the value of euro cash payments remains high, compared with card payments. The results of the survey also show that cash usage varies from country to country: of the countries surveyed, Italy, Spain and Austria were among the most intensive users of banknotes, whereas France and the Netherlands were found to use banknotes the least.

1 INTRODUCTION

Since the euro cash changeover in 2002 it has become increasingly difficult to analyse and compare developments in banknote usage in the different countries of the euro area. The reason for this is that, as a result of the migration of banknotes across borders, it is no longer possible to determine the volume and value of banknotes in circulation in each country. This means that key indicators on cash usage, such as the average number of banknotes per capita or the share of banknotes in circulation as a percentage of GDP, can no longer be calculated by country in the euro area. Moreover, a comparison of countries based on the gross number of banknotes issued and returned does not help to explain differences in cash usage in the various countries, because the cash cycle is organised differently in each country. This means that basic data for analysing differences in the use of cash in the various euro area countries are no longer available, or are influenced by factors which make cross-comparisons difficult. Furthermore, standard sources from monetary and financial institutions or from payment statistics do not reveal much about the use of banknotes among the general public or non-financial companies. It is therefore not possible to calculate the value of transactions in cash or the number of banknotes in circulation used for transaction purposes.

In line with its tasks of issuing euro banknotes and ensuring the smooth operation of payment systems, the Eurosystem has an interest in knowing how euro banknotes are used and by whom. Given that the available data and information on the use of cash in the various countries only offer a limited insight into the behaviour of cash users, and given that no cross-country study on the use of cash in the euro area had hitherto been conducted, the ECB carried out two surveys in 2008 and 2009 (see Box 1) among households and small and medium-sized enterprises (SMEs).

1 The surveys only addressed the use of euro banknotes, not euro coins. In principle, "cash" refers solely to banknotes in this article.

Box 1

SET-UP OF THE ECB'S HOUSEHOLD AND COMPANY SURVEYS ON THE USE OF CASH

The ECB's *household* survey on the use of cash was conducted in eight euro area countries (Belgium, Germany, Spain, France, Italy, Luxembourg, the Netherlands and Austria) between 18 September and 31 October 2008. A total of 8,175 people (aged 15 years and over; in France, aged 18 years and over) were interviewed in person. An initial survey with several questions had been held in all the euro area countries in spring 2008. Following this, the aforementioned eight countries were selected for further, more in-depth research. Together, the NCBs in these eight countries issued 92% of all banknotes in the euro area in 2008, and their share of total euro area GDP was 91%. It should be noted that, although the second survey was held in the period in which the turmoil on the financial markets reached its peak, the survey results were probably not significantly influenced by these developments, as most of the questions were of a structural nature. Moreover, the answers to the questions asked in the autumn survey were not significantly different from those of the spring survey.

The ECB's *company* survey on the use of cash was held in the same countries (except Luxembourg) as the household survey. The survey was held by telephone in two waves among 3,052 small and medium-sized enterprises (SMEs). The sample was comprised of 40% of companies with up to nine employees and 30% each of companies with 10-49 employees and 50-249 employees. Approximately 500 companies were interviewed in Germany and France, and 400 in the other countries. The survey was held in nine different sectors (see Chart 5 in the main body of the article), whereby a few sectors which were supposed to be more cash-intensive were slightly oversampled. The first wave of interviews was held in January 2009 to test whether the targeted sectors were indeed cash-intensive as assumed, and to assess whether the number of companies targeted per sector needed to be adjusted. The second wave of interviews was held in March and April 2009.

Results for both surveys have been weighted to correct for the different sampling rates in each country and sector in order to ensure the representativeness of the results. In addition, for the company survey, companies were weighted according to their turnover so as to better represent the economic weight of the different firms. To estimate results for the whole euro area (15 or 16 countries at that time), results were extrapolated assuming that the missing countries did not systematically deviate from the surveyed countries.

The purpose of these surveys was to generate a better understanding of the use of banknotes and, in particular, to estimate the amount of transactions in cash, the motives for such transactions and the value of banknotes hoarded. Several questions related to the spending behaviour of the interviewees, the income received in cash by companies and the use of cash as a store of value. As is usual with sensitive questions, biases may be present, for example through the under-reporting of amounts. Those who refused to participate in the surveys may even have a behaviour that deviates from the average behaviour of respondents. Because of the sensitivity of the subject, it is clear that the results of the surveys should be interpreted with great care. Nevertheless, they provide a useful insight into the behaviour of households and companies in the various countries.

This article describes the main features of the surveys and highlights some of the most relevant findings. In order to put the surveys in perspective, Section 2 provides a description of developments in the circulation of euro banknotes since the euro cash changeover in 2002. Section 3 presents an estimate of the total value of all cash transactions in the euro area. Section 4 shows the results of the questions on the use of cash by households, looking particularly at how people obtain and spend their cash in relation to other means of payment. Given the strong increase in the circulation of high denominations until 2008, this section also presents the results on the use of high-denomination banknotes. Section 5 looks at whether cash usage by households in the various countries is mirrored in the way companies use cash, and looks at the sectors in which cash is used the most. Section 6 examines the use of cash as a store of value and estimates the value of euro banknotes in circulation used for this purpose, comparing this estimate with the results of the survey. Finally, Section 7 draws some general conclusions.

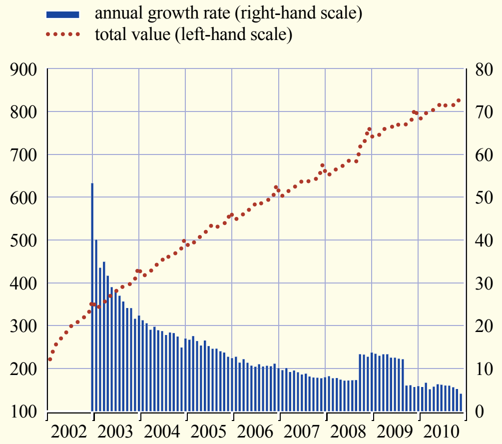
2 DEVELOPMENTS IN THE CIRCULATION OF EURO BANKNOTES

Between the end of February 2002, when the legacy currencies of the 12 countries that adopted the euro ceased to be legal tender, and the end of December 2010, the circulation of euro banknotes increased by 241%.[2] In value terms, this represents an increase from €246 billion at the end of February 2002 to €840 billion at the end of December 2010 (see Chart 1).

A noteworthy development occurred in October 2008 when there was a jump in the level of the value of euro banknotes in circulation following the collapse of Lehman Brothers. By breaking down the daily circulation of banknotes into a trend and a "Lehman Brothers" effect, an increased demand for euro banknotes with a total value of €35 billion is estimated between the end of September and the end of October 2008. Issuance data for that period show that two-thirds of this additional demand – a large part of which came from abroad – was for €500 banknotes. As banks' vault cash did not increase significantly in this period, the additional

Chart 1 Circulation of euro banknotes

(annual percentage change; EUR billions)



Source: ECB Currency Information System.

demand can be attributed fully to the store-of-value function in a period of exceptionally high uncertainty. By the end of 2009 the one-off effect of the financial crisis on banknote circulation was no longer visible in the annual growth rates, which means that there are no clear signs of a significant return of those banknotes demanded as a store of value during the height of the crisis.

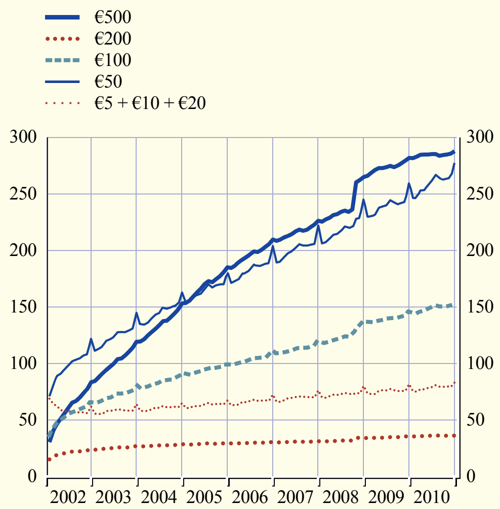
Since the euro cash changeover in 2002 the growth in circulation has mainly been accounted for by the strong increase in the circulation of the €500, €100 and €50 banknotes (see Chart 2). In 2010 only the circulation growth of the €50 and €100 banknotes stood out, with annual growth rates of 5.4% and 6.7% respectively. For that same year, the other denominations had annual growth rates of between -0.1% (€10) and 2.3% (€20).

The shares of these denominations in the value of the circulation have not changed very much since 2004: both the €50 and €500 banknotes each have a share of around one-third, and the €100 banknotes have a share of 18% of the

2 The four countries which joined the euro area between 2002 and 2010 explain only a marginal part of this increase.

Chart 2 Circulation of different denominations

(value in EUR billions)



Source: ECB Currency Information System.

circulation value. This distribution, whereby around two-thirds of the circulation value is held in the €50 and €500 denominations, is relatively close to that observed before the euro cash changeover for an equivalent value of Deutsche Mark denominations.

Previous studies have shown that only a limited part of the euro banknotes in circulation is used for transaction purposes.[3] Updating an earlier estimation from Fischer et al., the circulation of banknotes to facilitate all cash transactions in the euro area would amount to around €250 billion in 2008, or around one-third of the total value of banknotes in circulation at the end of 2008. Apart from banks' vault cash, the remainder must have been used as a store of value or held abroad (see Section 6).

3 MEASURING WHAT IS NOT RECORDED: ESTIMATING THE VALUE OF CASH PAYMENTS IN THE EURO AREA

Because, by their nature, cash payments are not recorded, only indirect methods can be used to estimate the value of all cash transactions. The two ECB surveys on the use of cash make it possible to determine an approximate range for the value of cash payments.

Based on the ECB's company survey on the use of cash (see Box 1), it is estimated that the value of transactions paid in cash in 2008 amounted to around €1,400 billion in the sectors of activity covered by the survey. As the survey did not cover all sectors (although it is understood that little cash is used in the sectors not covered by the survey) and did not include non-business transactions,[4] the total value of all cash transactions in the euro area in 2008 is probably higher than this estimate.

This estimation of the value of all cash transactions seems to be confirmed by comparisons with the value of cash withdrawals from automatic teller machines (ATMs) and withdrawals over the counter at banks. In 2008 €899 billion was withdrawn from ATMs in the euro area, according to ECB payment statistics. Based on data from the ECB's household survey on the use of cash and the ECB's payment statistics, it is estimated that the value of all over-the-counter (OTC) cash withdrawals from banks in 2008 amounted to between €900 billion and €1,200 billion. This means that the total value of cash withdrawals in 2008 would probably have been between €1,800 billion and €2,100 billion. Indeed, cash withdrawals are also made by retailers for use as change, while cash is also withdrawn for use as a store of value. On the other hand, banknotes can be used

3 See, for example, Fischer, B., Köhler, P., Seitz, F., "The demand for euro area currencies: past, present and future", *Working Paper Series*, No 330, ECB, 2004, or a recent study from the Deutsche Bundesbank entitled *Where does the cash in your wallet come from? An empirical study of the cash withdrawal behaviour of the German population at ATMs and bank counters in Germany*, 2010, available on its website (http://www.bundesbank.de).

4 For an indication of the value of non-business transactions, see the Deutsche Bundesbank study entitled *Payment behaviour in Germany. An empirical study of the selection and utilisation of payment instruments in the Federal Republic of Germany*, 2009, which is available on its website (http://www.bundesbank.de). According to this, around 8% of household cash in Germany was used for private-to-private transactions.

more than once for a transaction.[5] This is the case, for example, when a retailer offers cashback facilities[6] or fills a stand-alone ATM with cash from its tills. Nevertheless, the value of cash withdrawals for non-transaction purposes and the re-use of cash outside the banking system must be relatively small in relation to the total value of all cash withdrawals.

Compared with the total value of all electronic payments with debit and credit cards, which, according to ECB payment statistics, amounted to just below €1,000 billion in 2008, the value of all cash transactions was probably around 1.5 to 2 times the value of all electronic payments at points of sale in the euro area. This does not necessarily mean, however, that cash is the most used payment instrument at points of sale in the euro area. Contrary to electronic means of payment, the number – and consequently also the average value – of cash transactions in the euro area is unknown. Moreover, especially for high-value transactions, alternative means of payment (e.g. cheques and credit transfers) can also be used, whereas there is normally a limit on the value that can be paid by cards. For this reason, cash can also be used as an alternative for transactions with a value that exceeds the limits allowed by cards.

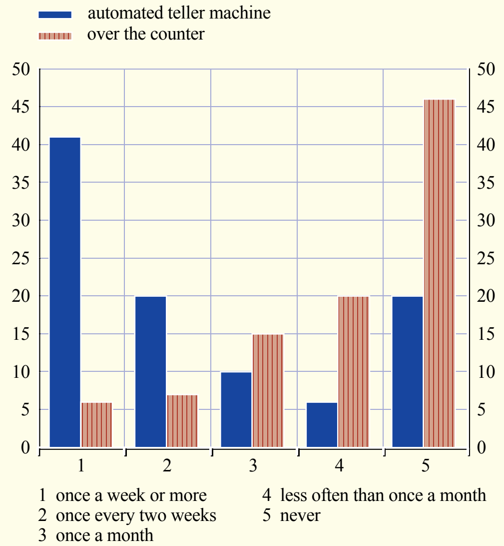
4 THE USE OF CASH BY PRIVATE HOUSEHOLDS

CASH WITHDRAWALS BY HOUSEHOLDS

The results of the ECB's household survey indicate that cash withdrawals from ATMs tend to be frequent, with 41% of respondents withdrawing cash from an ATM at least once a week, and another 20% withdrawing cash from an ATM once every two weeks (see Chart 3). Table 1 shows that, in Spain and Italy, fewer respondents than in the other surveyed countries said they used ATMs frequently. In these two countries, more than one-third of interviewees said they never use an ATM for cash withdrawals, while the corresponding share in all the other countries surveyed was somewhere between 4% (Netherlands) and 14% (Austria).

Chart 3 Share of respondents withdrawing cash from ATMs or OTC with a certain frequency

(percentages)



Source: ECB household survey on the use of cash.

Overall, on average, 20% of respondents in the countries surveyed indicated that they never use an ATM to obtain cash.

Fewer withdrawals might imply larger withdrawals in terms of value and, to a certain extent, this is indeed the case. Average amounts withdrawn from ATMs are higher in Italy than in France or the Netherlands, although the total value withdrawn per capita per year is ultimately very similar in France and Italy, whereas it is much higher in the Netherlands, Germany and Belgium.

The frequency of OTC cash withdrawals from banks is considerably lower than that of ATMs. Only 14% of the interviewees claimed to withdraw cash via this channel at least once every two weeks, and 46% of respondents indicated that they never made OTC cash withdrawals

5 In terms of cash turnover, a banknote is normally used only once, since cash received by a retailer from one customer and given back as change to another customer does not contribute to cash turnover.

6 A cashback facility is a service whereby the customer pays with a debit or credit card a higher amount to the retailer than the value of the purchase and receives the difference back in cash.

Table 1 Share of respondents withdrawing cash

(percentages)

	At least every two weeks		Never	
	ATM	OTC	ATM	OTC
Belgium	73	14	13	48
Germany	65	10	11	44
Spain	52	25	35	29
France	68	11	12	59
Italy	46	16	36	40
Luxembourg	74	16	9	34
Netherlands	75	2	4	84
Austria	65	14	14	30
Average	60	14	20	46

Source: ECB household survey on the use of cash.

Table 2 Average amount typically withdrawn for all withdrawals

(in EUR)

	ATM	OTC
Belgium	110	273
Germany	214	453
Spain	109	286
France	89	277
Italy	198	370
Luxembourg	175	661
Netherlands	91	717
Austria	170	390
Average	151	356

Source: ECB household survey on the use of cash.

(see Chart 3). Again, as Table 1 shows, there are clear differences between the various countries surveyed. In the Netherlands, only 2% of the respondents said they withdrew their cash over the counter at least once every two weeks, while in Spain a quarter of all respondents made OTC withdrawals with the same frequency.

In general, the survey indicated that the average value of an OTC withdrawal is significantly higher than that of an average ATM withdrawal, although, as Table 2 shows, there is quite a wide divergence across the various countries.

Although there seems to be a connection between the availability of ATMs[7] and the frequency of the cash withdrawals in some countries, differences in the frequency and average amounts of withdrawals in the various countries cannot be explained by the availability of ATMs alone. For example, the number of ATMs per capita in France and the Netherlands is among the lowest of all the countries surveyed, but the frequency of withdrawals in these countries is among the highest; whereas, in Spain, although the number of ATMs per capita is one of the highest of all the countries surveyed, ATM usage is below the average. One of the explanations for this could be that, in some countries, cash withdrawals from ATMs are charged when the person withdrawing the money uses a card which has been issued by an institution (or group) different to the one operating the ATM. This therefore limits the availability of ATMs from which cash can be withdrawn free of charge and increases the incentive to withdraw more money at once at machines where it can be done free of charge, or to make a withdrawal over the counter at a bank. Nevertheless, it seems that behavioural factors specific to the public of individual countries also play a role.

THE USE OF CASH FOR PURCHASES

As regards the use of cash, the results of the survey indicate that a very large proportion (87%) of small purchases (i.e. those with a value less than €20) is paid for in cash. Furthermore, cash is also the most important means of payment for purchases up to a value of €100, but not for those over €100. In general, the higher the amount of the purchase, the less likely it is that the payment will be made in cash (see Table 3). Nevertheless, 4% of respondents replied that they normally pay for purchases with a value of over €5,000 and over €10,000 in cash, and another 2% and 3% respectively said that they pay for part of these purchases in cash. Given the limitations of cards for making high-value payments and the fact that cash is the only means of payment

7 For the number of ATMs per country, see ECB payment statistics.

Table 3 Percentage of respondents always or often using cash for different kinds of purchases by country

(percentages)

	Average	BE	DE	ES	FR	IT	LU	NL	AT
Purchases less than €20 (e.g. newspapers, bread)	87	84	91	90	80	91	77	65	82
Purchases between €30 and €100 (e.g. fuel, groceries)	55	48	69	64	15	77	27	20	60
Purchases between €200 and €1,000 (e.g. clothing, furniture)	20	18	21	30	3	31	10	8	29
Purchases over €10,000 (e.g. a new car)	4	5	4	6	0	4	3	4	10

Source: ECB household survey on the use of cash.

for settling a transaction on the spot, it is likely that some high-value payments are made, at least partly, in cash. The most cash-averse countries, according to the survey, were France and the Netherlands, followed by Luxembourg. Cash purchases over €100 are most common in Italy, Spain and Austria, where almost one-third of the interviewees always or often use cash for purchases between €200 and €1,000.

THE USE OF HIGH DENOMINATIONS

The household survey also contained a question about how often people encounter €500 or €200 denomination banknotes. The results show that, although 56% of respondents have never come across a €500 banknote, and 44% of respondents have never had a €200 banknote in their possession, 25% of respondents have had either a €500 or a €200 banknote in their possession more than once per year while another 33% claimed to have come across these banknotes at a frequency of once per year or less. Table 4 shows the countries which are the most frequent users of high-denomination banknotes.

Frequent high-denomination users are most prevalent in Luxembourg, followed by Italy, Austria, Belgium and Spain. Those who never use high denominations can mainly be found in France and the Netherlands. Apart from Luxembourg, the use of high denominations in the various countries is in line with the general trends of cash usage (see Box 2 for an alternative analysis of differences between countries). Interestingly, in Luxembourg, most respondents said that they had a high-denomination banknote in their possession, although general cash usage is relatively low compared with other countries where high denominations are used more often. In all countries, the most frequent high-denomination users are likely to be male, aged between 25 and 54, and self-employed. When asked about how they obtained the high-denomination banknotes, 47% of respondents said that they withdrew them from their bank account, 18% received them as a payment for the sale of goods or services, 12% received them as part of their salary, and 10% received them as a gift.

Table 4 Share of respondents who had a €500 or €200 banknote in their possession

(percentages)

	More than once a year	Never
Belgium	35	37
Germany	22	34
Spain	33	23
France	9	72
Italy	39	31
Luxembourg	45	17
Netherlands	8	68
Austria	37	24
Average	25	41

Source: ECB household survey on the use of cash.

Box 2

A MULTIPLE FACTOR VIEW OF THE USE OF BANKNOTES ACROSS COUNTRIES

In order to make sense of the results in a summarised view, and as is customary for survey data, a multivariate analysis is helpful. Since the questionnaire used mainly categorical questions, the appropriate tool is multiple correspondence analysis (MCA).

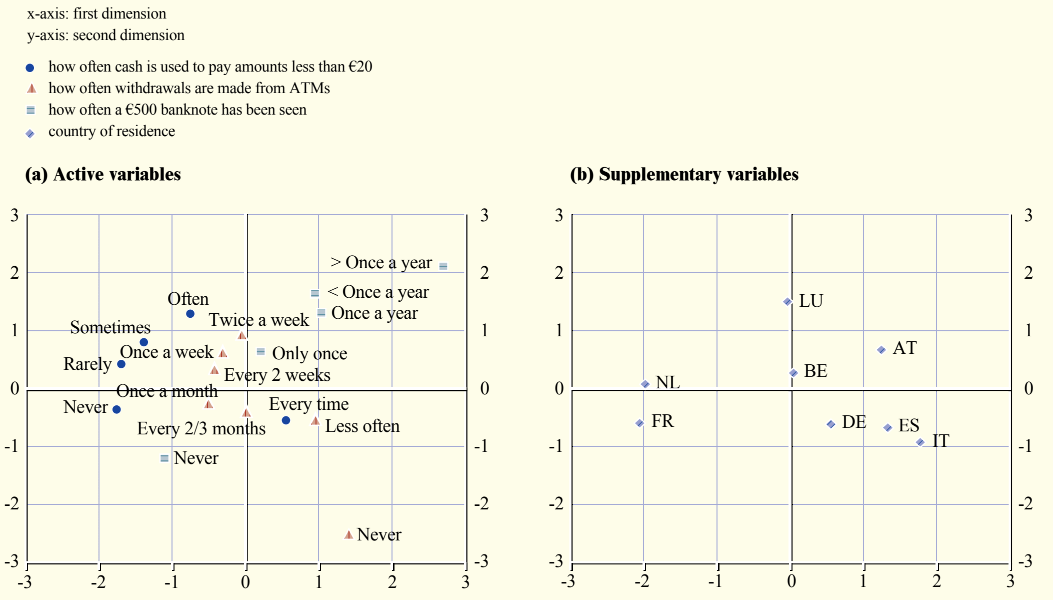
The aim of the MCA is to determine common factors behind a set of variables and to summarise relationships between them.[1] A sub-set of questions from the ECB's household survey was used, namely the questions on the use of ATMs and OTC transactions, the use of high denominations, the storing of banknotes and the purchase patterns for low-price items. Two main dimensions were identified by the MCA, together explaining 61% of the total variation in these variables.

The first dimension, with an explanatory power of 41% of total variation, mostly distinguishes between "cash-addict" and "cash-averse" answers (see the chart). All other things being equal, people who have seen a €500 banknote more often have a higher score along this axis, while those who have never seen one have a negative score. People who pay in cash for transactions between €30 and €100 have positive scores along this dimension, while those who never pay in cash are at the other extreme. On this dimension, there is a clear contrast between countries, with Italy (1.8), Spain (1.3), and Austria (1.2) at one extreme, France (-2.1) and the Netherlands (-2.0) at the other, and Belgium and Luxembourg in the middle (0.0).[2] This range of country scores,

1 Le Roux, B. and Rouanet, H., *Geometric data analysis: from correspondence analysis to structured data analysis*, Kluwer Academic Publishers, Dordrecht, The Netherlands, 2004.

2 Numbers in brackets are the coordinates of the average of the country (to be precise, the normalised coordinates of the centre of mass of the observations from each of the countries); values of -2 or 2 indicate a clear and strong separation between the categories.

Multiple correspondence analysis – first two dimensions



Source: ECB household survey on the use of cash.

from -2.1 to 1.8, is much wider than the difference in other characteristics of respondents: for example, men and women score 0.1 and -0.1 respectively, while people under 30 and over 65 are only slightly more separate, with -0.2 and 0.5 respectively. This implies that men and older people belong to the "cash-addict" category slightly more than women and younger people. Respondents with higher incomes score slightly negatively along this dimension (-0.4). In other words, along this first dimension of intensive versus non-intensive users of banknotes, country differences are much more significant than other personal characteristics.

The second dimension, which explains 20% of total variation, distinguishes between what could be called "balanced" users of cash on the positive side (e.g. respondents who often go to an ATM, but do not make purchases every time in cash, those who have also withdrawn larger-than-usual amounts over the counter and those who use cash as a store of value) and "all or nothing" users, who tend to take more extreme positions regarding cash and its use (e.g. those who never go to ATMs or have never seen a €200 banknote, but also those who always pay for their purchases in cash). People with higher incomes are ranked on the "balanced" side of this dimension (1.6 for those who earn more than €4,700 per month), whereas people with low incomes or who have self-reported financial problems have a clear negative score (-2.2 for those who earn less than €900 per month). Unemployed people, as well as the under 30s and the over 65s, are also, on average, in this "all or nothing" category. Luxembourg and Austria sit on the "balanced" side of the scale, while Italy, France, Spain and Germany lean the other way. The differences between countries are much smaller along this second dimension, Luxembourg having a score of 1.5 and Italy -0.9.

5 USE OF CASH BY COMPANIES

INCOME RECEIVED IN CASH

Given the clear differences, as detailed above, in the use of cash by households, it is reasonable to expect similar differences in the use of cash by companies, especially as regards the share of turnover in cash. And this does indeed appear to be the case. Of the companies surveyed, 62% reported that they receive some of their annual income in the form of cash. Looking closer at the distribution of cash income, it appears to be skewed towards a low proportion of total cash income: 30% of the companies surveyed receive between 1% and 20% of their income in cash. For 19% of the companies surveyed, cash is the most important part of their income, as these companies receive 50% or more of their income in cash (see Table 5). As regards the geographical distribution, the results of the household survey are again echoed in the survey of companies, with Austria, followed by Spain and Germany, having markedly more businesses that claim to receive more than 50% of their annual income as cash. France has relatively few companies receiving at least half of their turnover in cash (see Chart 4).

Looking at the sectors where cash is used most, clear differences can be observed (see Chart 5). Hotels and restaurants receive by far the

Table 5 Average proportion of annual turnover in cash in the countries surveyed

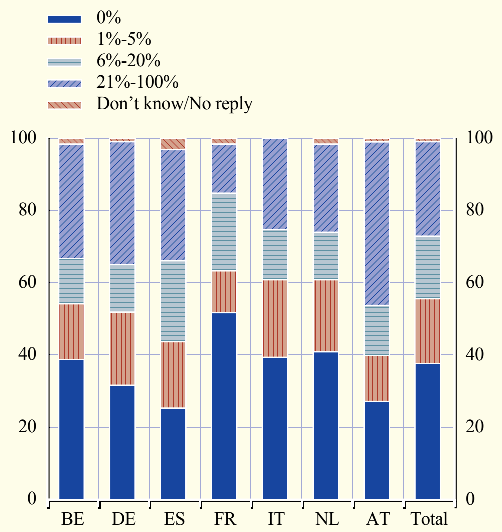
(percentages)

	Proportion of annual turnover in cash						
	0	1-5	6-19	20-49	50-79	80-100	Don't know/No reply
Share of companies	38	18	12	12	9	10	1

Source: ECB company survey on the use of cash.

Chart 4 Proportion of annual turnover in cash in the countries surveyed

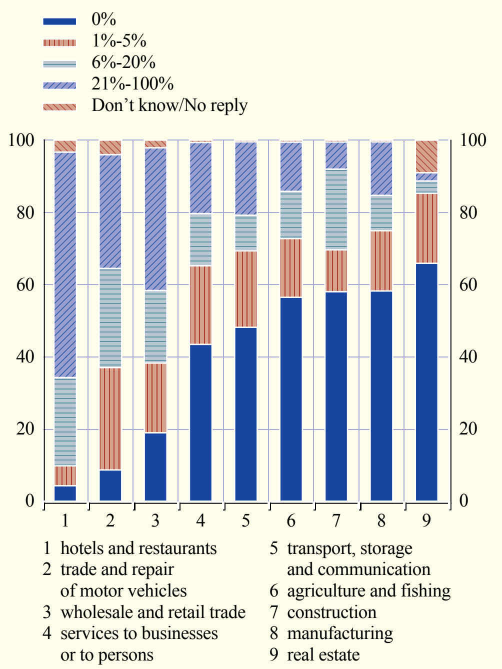
(percentages)



Source: ECB company survey on the use of cash.

Chart 5 Proportion of turnover received in cash by sector for all countries surveyed

(in percentages)



Source: ECB company survey on the use of cash.

greatest share of their annual turnover in cash; over 50% of them receive more than half of their turnover in cash. The wholesale and retail trade follows, with 28% of companies receiving more than half of their income in cash.

The distribution of cash income in the trade and repair of motor vehicles sector is similar to that for the overall wholesale and retail trade (which does not include the trade and repair of motor vehicles), even though a larger share of the motor vehicles sector seems to receive part of its income in cash. The survey data also indicate that firms with a smaller turnover receive a larger part of their turnover in cash.

Just over two-thirds of the companies deposit 70%-100% of their cash income at a bank within one month of receiving it. Of all companies that deposit part or all of their income in cash within a month, 60% do so at least once a week.

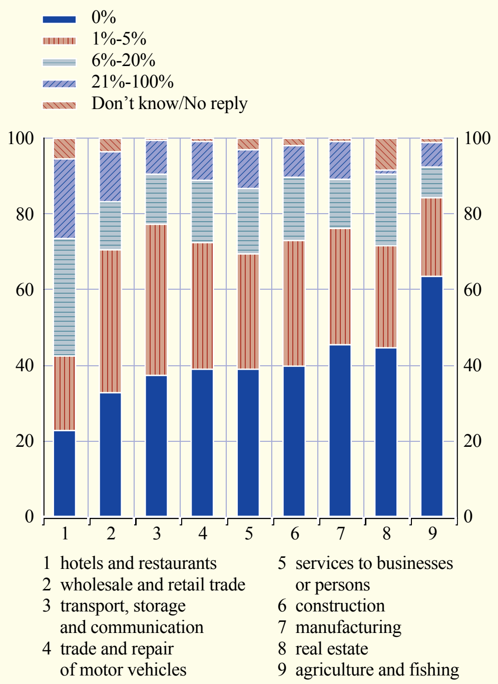
EXPENDITURE IN CASH

As regards companies' expenditure, the survey results indicate that cash payments constitute only a small part of the total expenditure of companies. In total, 38% of the companies surveyed said that they did not use cash at all for their expenditure, while another 31% claimed to pay 5% or less of their expenditure in cash. 15% of the companies spent 6%-20% in cash, and only 11% of the companies paid more than 20% of their expenses with cash. Two-thirds of the companies that pay some amount in cash said that they spend less than €1,000 in cash each month, and another 27% had monthly cash expenses of between €1,000 and €10,000. Of all the sectors surveyed, the hotel and restaurant sector had the largest share of expenses paid in cash; this sector also had the largest share of turnover in cash (see Chart 6).

Companies in Austria reported spending the largest share of their expenses in cash, with 19% of companies covering more than 20% of their monthly expenses with cash (see Chart 7). At the other extreme, only 5% of French companies used cash to cover more than 20% of

Chart 6 Proportion of expenditure in cash by sector for all countries surveyed

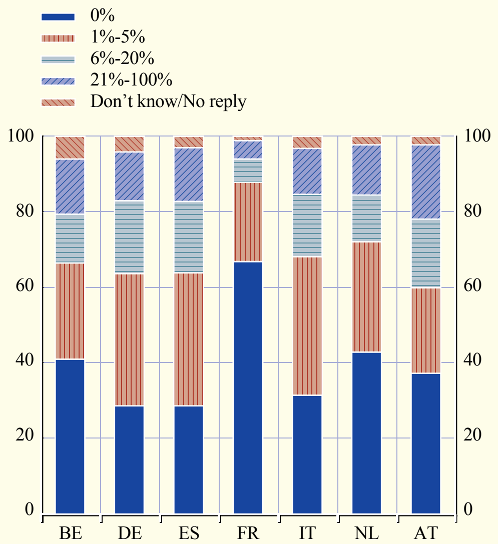
(percentages)



Source: ECB company survey on the use of cash.

Chart 7 Proportion of expenditure in cash by country

(percentages)



Source: ECB company survey on the use of cash.

their expenses, while 66% of these companies do not use cash for their expenses at all.

On the basis of the survey, and taking a number of assumptions into account, it can be estimated that companies in the euro area paid around €350 billion in cash in 2008. A certain amount of the money used for these transactions may have come from the cash the companies received from their customers.

6 THE USE OF CASH AS A STORE OF VALUE

As described in Section 2 of this article, only around one-third of the banknotes in circulation at the end of 2008 were used for transaction purposes, while the rest were either used as vault cash, a store of value in the euro area or held abroad. According to the banks' balance sheets, €60 billion was held as vault cash at the end of 2008. Furthermore, it is estimated that, at the end of 2008, between 20% and 25% of the euro banknotes in circulation were held abroad,[8] so the remaining part (between €250 billion and €300 billion) would have been used as a store of value in the euro area.

To obtain more information about the amounts held as a store of value, the survey among households also contained a specific question regarding the cash that households keep as a store of value. However, given the likelihood that not all interviewees were fully open about their cash holdings, the survey results should only be regarded as the minimum amount held as a store of value. According to the household survey, 57% of those surveyed said that they did not keep larger amounts of cash than they needed for everyday purchases. A third of all respondents who do use cash as a store of value said they stored an amount less than €1,000. Only 2.8% of respondents said that they stored between €1,000 and €5,000, and 0.5% said that they stored more than €5,000. 2.9% said that they stored cash, but did not say how much.

8 See *The international role of the euro*, 2010, available on the ECB's website (http://www.ecb.europa.eu).

In the light of these results, and making cautious assumptions, it can be said that a minimum of €75 billion was stored by households in the euro area in 2008. Based on the results of the company survey, it is estimated that companies in the euro area stored around €25 billion in 2008. This means that, based on the results of the survey, at least €100 billion was stored in cash in the euro area in 2008, which is significantly lower than the above estimate of roughly €300 billion.

Given the very small sample size of those respondents who claimed to store amounts above €5,000 and those who said they stored cash but did not say how much, caution is warranted when interpreting the survey results. This had already been reported in a similar study by the Deutsche Bundesbank.[9] Nevertheless, in line with general knowledge about the distribution of income, and more specifically of wealth, the survey results confirmed that the holding of cash is highly skewed towards a very small portion of the population holding significant amounts of cash as a store of value. But the highly skewed distribution of cash holdings, in addition to possible under-reporting, makes it difficult to make a direct estimation of the amounts held in cash.

7 CONCLUSION

Surveys carried out by the ECB among households and companies show that, in the euro area in 2008, cash was an important means of payment, and the value of cash transactions was still between 1.5 and 2 times the value of electronic payments at points of sale. Cash seems to be the most preferred means of payment for transactions below €100, but a considerable number of people (20% of respondents in the countries surveyed) usually pay with cash even for amounts up to €1,000. There are considerable differences in the behaviour of households in the various countries. In countries such as Austria, Italy and Spain, people use cash more often and pay larger amounts with cash. On the other side of the spectrum are France and the Netherlands, where cash is used the least. It is not surprising that cash is used most widely in the hotel and restaurant sector, followed by retail and wholesale trade. In these sectors, the largest share of companies' expenditure is paid in cash. Overall, however, it can be concluded that companies only pay a small share of their expenditure in cash.

Both the direct results of the survey and the indirect method of estimating the value of cash used as a store of value suggest that the amount of cash stored in the euro area is significant, compared with the value of banknotes in circulation, albeit remaining small compared with the total value of bank deposits. The opportunity costs of holding cash, which have been at an all-time low as a result of the low inflation and low interest rates since the introduction of the euro, have contributed to this phenomenon. Although the surveys were held in 2008 and 2009, there are no indications that the use of cash has changed substantially since then, but the share of total transactions made up by electronic payments has probably slightly increased over recent years due to an increase in the number of payment terminals, improvements in infrastructure, and campaigns that promote electronic payments. Looking ahead, for the medium term, it can be expected that cash will remain an important means of payment, with new means of payment having only a moderate impact.

9 See footnote 4.

EURO AREA STATISTICS

CONTENTS [1]

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

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

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

Unless otherwise indicated, all data series including observations for 2011 relate to the "Euro 17" (i.e. the euro area including Estonia) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates 1)

	M1 2)	M2 2)	M3 2), 3)	M3 2), 3) 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government 2)	Securities other than shares issued in euro by non-MFI corporations 2)	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) 4)
	1	2	3	4	5	6	7	8
2009	9.5	4.8	3.3	-	1.6	23.4	1.22	3.76
2010	8.5	1.8	0.5	-	0.6	4.2	0.81	3.36
2010 Q2	10.3	1.5	-0.1	-	0.2	4.2	0.69	3.03
Q3	7.8	1.7	0.7	-	0.9	2.1	0.87	2.67
Q4	4.9	2.2	1.5	-	1.7	2.4	1.02	3.36
2011 Q1	.	.	.	-	.	.	1.10	3.66
2010 Oct.	4.9	2.1	1.1	1.4	1.5	1.8	1.00	2.86
Nov.	4.6	2.3	2.1	1.6	2.0	3.0	1.04	3.11
Dec.	4.3	2.2	1.7	1.7	1.9	2.7	1.02	3.36
2011 Jan.	3.2	2.3	1.5	1.7	2.4	2.9	1.02	3.49
Feb.	2.9	2.4	2.0	.	2.6	.	1.09	3.49
Mar.	.	.	.	.	.	.	1.18	3.66

2. Prices, output, demand and labour markets 5)

	HICP 1)	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2009	0.3	-5.1	2.9	-4.1	-14.9	70.9	-1.9	9.5
2010	1.6	2.9	1.5	1.8	7.2	77.0	-0.5	10.0
2010 Q3	1.7	4.0	0.9	2.0	7.0	77.8	-0.2	10.0
Q4	2.0	4.7	1.6	2.0	8.0	79.3	0.2	10.0
2011 Q1	.	.	.	.	.	.	.	.
2010 Oct.	1.9	4.3	-	-	7.2	78.2	-	10.1
Nov.	1.9	4.5	-	-	7.9	-	-	10.0
Dec.	2.2	5.4	-	-	8.9	-	-	10.0
2011 Jan.	2.3	5.9	-	-	6.2	80.3	-	10.0
Feb.	2.4	6.6	-	-	.	-	-	9.9
Mar.	2.6	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 6) (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2009	-43.6	38.6	15.8	462.4	-16.4	116.1	111.7	110.6	1.3948
2010	-47.7	23.4	8.2	591.2	.	.	104.6	103.0	1.3257
2010 Q2	-18.8	3.1	24.0	583.3	-11.7	123.2	103.1	101.8	1.2708
Q3	-6.8	8.1	-16.1	552.2	-13.4	120.4	102.3	100.8	1.2910
Q4	-2.7	9.7	32.7	591.2	.	.	104.4	102.4	1.3583
2011 Q1	.	.	.	.	.	.	103.7	101.3	1.3680
2010 Oct.	-2.0	6.2	9.4	555.6	.	.	106.0	104.1	1.3898
Nov.	-4.4	0.8	46.4	597.5	.	.	104.7	102.6	1.3661
Dec.	3.7	2.6	42.2	591.2	.	.	102.6	100.5	1.3220
2011 Jan.	-19.2	-13.5	-7.1	562.3	.	.	102.4	100.2	1.3360
Feb.	.	.	.	577.1	.	.	103.4	101.1	1.3649
Mar.	.	.	.	.	.	.	105.2	102.7	1.3999

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

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	11 March 2011	18 March 2011	25 March 2011	1 April 2011
Gold and gold receivables	367,432	367,433	367,436	350,667
Claims on non-euro area residents in foreign currency	232,201	233,788	232,914	221,873
Claims on euro area residents in foreign currency	26,048	25,609	25,588	23,947
Claims on non-euro area residents in euro	18,844	20,545	20,424	20,852
Lending to euro area credit institutions in euro	454,249	443,483	435,692	424,041
Main refinancing operations	111,331	100,543	89,417	100,439
Longer-term refinancing operations	342,863	342,863	342,863	322,855
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	36	51	3,390	737
Credits related to margin calls	18	27	22	10
Other claims on euro area credit institutions in euro	50,612	48,729	45,523	42,126
Securities of euro area residents in euro	471,899	470,438	470,684	471,025
Securities held for monetary policy purposes	138,191	137,958	137,336	137,568
Other securities	333,707	332,480	333,349	333,457
General government debt in euro	34,904	34,904	34,904	34,851
Other assets	296,829	295,450	294,889	299,114
Total assets	1,953,018	1,940,378	1,928,055	1,888,496

2. Liabilities

	11 March 2011	18 March 2011	25 March 2011	1 April 2011
Banknotes in circulation	824,416	823,862	822,173	825,997
Liabilities to euro area credit institutions in euro	327,104	321,039	303,329	308,392
Current accounts (covering the minimum reserve system)	234,056	222,435	206,292	205,755
Deposit facility	15,292	20,150	19,400	26,054
Fixed-term deposits	77,500	77,500	77,500	76,500
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	256	954	138	83
Other liabilities to euro area credit institutions in euro	3,146	3,877	4,227	5,005
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	91,690	84,979	90,919	72,956
Liabilities to non-euro area residents in euro	42,441	41,790	43,273	42,297
Liabilities to euro area residents in foreign currency	2,352	2,030	1,591	1,310
Liabilities to non-euro area residents in foreign currency	16,322	15,830	15,122	14,470
Counterpart of special drawing rights allocated by the IMF	54,552	54,552	54,552	52,613
Other liabilities	179,630	181,001	181,243	179,107
Revaluation accounts	331,533	331,533	331,533	305,890
Capital and reserves	79,832	79,886	80,094	80,460
Total liabilities	1,953,018	1,940,378	1,928,055	1,888,496

Source: ECB.

1.2 Key ECB interest rates

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

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

Source: ECB.

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

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

(EUR millions; interest rates in percentages per annum)

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

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures: Fixed rate	Variable rate tender procedures: Minimum bid rate	Variable rate tender procedures: Marginal rate [4)]	Variable rate tender procedures: Weighted average rate	Running for (...) days
	1	2	3	4	5	6	7	8
Main refinancing operations								
2010 22 Dec.	193,470	160	193,470	1.00	-	-	-	7
29	227,865	233	227,865	1.00	-	-	-	7
2011 5 Jan.	195,691	179	195,691	1.00	-	-	-	7
12	180,081	169	180,081	1.00	-	-	-	7
19	176,904	171	176,904	1.00	-	-	-	7
26	165,603	209	165,603	1.00	-	-	-	7
2 Feb.	213,725	371	213,725	1.00	-	-	-	7
9	156,710	220	156,710	1.00	-	-	-	7
16	137,015	253	137,015	1.00	-	-	-	7
23	119,455	189	119,455	1.00	-	-	-	7
2 Mar.	124,442	182	124,442	1.00	-	-	-	7
9	111,331	185	111,331	1.00	-	-	-	7
16	100,543	177	100,543	1.00	-	-	-	7
23	89,417	173	89,417	1.00	-	-	-	7
30	100,439	174	100,439	1.00	-	-	-	7
6 Apr.	84,533	161	84,533	1.00	-	-	-	7
Longer-term refinancing operations								
2010 13 Oct.	52,236	34	52,236	1.00	-	-	-	28
28 [5)]	42,475	132	42,475	1.00	-	-	-	91
10 Nov.	63,618	44	63,618	1.00	-	-	-	28
25 [5)]	38,211	189	38,211	1.00	-	-	-	91
8 Dec.	68,066	56	68,066	1.00	-	-	-	42
23 [5)]	149,466	270	149,466	1.00	-	-	-	98
2011 19 Jan.	70,351	45	70,351	1.00	-	-	-	21
27 [5)]	71,143	165	71,143	.	-	-	-	91
9 Feb.	61,472	42	61,472	1.00	-	-	-	28
24 [5)]	39,755	192	39,755	.	-	-	-	91
9 Mar.	82,500	52	82,500	1.00	-	-	-	35
31 [5)]	129,458	290	129,458	.	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures: Fixed rate	Variable rate tender procedures: Minimum bid rate	Variable rate tender procedures: Maximum bid rate	Variable rate tender procedures: Marginal rate [4)]	Variable rate tender procedures: Weighted average rate	Running for (...) days
	1	2	3	4	5	6	7	8	9	10
2011 18 Jan.	Collection of fixed-term deposits	135,048	142	135,046	-	-	1.00	0.80	0.79	1
19	Collection of fixed-term deposits	103,687	62	76,500	-	-	1.00	0.80	0.69	7
26	Collection of fixed-term deposits	88,824	58	76,500	-	-	1.00	0.99	0.89	7
2 Feb.	Collection of fixed-term deposits	68,220	53	68,220	-	-	1.00	1.00	0.85	7
8	Collection of fixed-term deposits	159,714	161	158,659	-	-	1.00	0.80	0.78	1
9	Collection of fixed-term deposits	93,341	66	76,500	-	-	1.00	0.95	0.87	7
16	Collection of fixed-term deposits	102,784	73	76,500	-	-	1.00	0.80	0.71	7
23	Collection of fixed-term deposits	95,494	74	77,000	-	-	1.00	0.70	0.58	7
2 Mar.	Collection of fixed-term deposits	91,911	71	77,500	-	-	1.00	0.65	0.56	7
8	Collection of fixed-term deposits	96,572	141	95,812	-	-	1.00	0.80	0.79	1
9	Collection of fixed-term deposits	95,585	65	77,500	-	-	1.00	0.90	0.83	7
16	Collection of fixed-term deposits	119,307	74	77,500	-	-	1.00	0.69	0.66	7
23	Collection of fixed-term deposits	106,704	63	77,500	-	-	1.00	0.70	0.64	7
30	Collection of fixed-term deposits	77,320	58	76,500	-	-	1.00	1.00	0.72	7
6 Apr.	Collection of fixed-term deposits	121,130	76	77,000	-	-	1.00	0.64	0.59	7

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at: [1]	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2010 Sep.	18,836.5	9,944.2	670.0	2,566.5	1,307.2	4,348.6
Oct. [2]	18,986.4	9,901.3	658.2	2,632.7	1,399.4	4,394.9
Nov. [2]	19,190.9	9,970.1	669.9	2,715.6	1,465.9	4,369.5
Dec. [2]	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011 Jan.	19,024.1	9,840.2	651.6	2,780.6	1,395.8	4,356.0

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2010 12 Oct.	211.9	213.1	1.2	0.0	1.00
9 Nov.	214.0	215.2	1.2	0.0	1.00
7 Dec.	211.8	212.5	0.7	0.5	1.00
2011 18 Jan. [3]	210.5	212.4	1.9	0.0	1.00
8 Feb.	212.3	213.6	1.3	0.0	1.00
8 Mar.	211.6	212.9	1.3	0.0	1.00

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 [4]	Deposit facility	Other liquidity-absorbing operations [5]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2010 12 Oct.	531.3	164.5	392.6	0.7	128.3	68.8	64.8	814.1	96.4	-39.8	213.1	1,096.1
9 Nov.	511.3	183.0	340.0	0.8	124.5	41.9	68.8	813.5	92.1	-72.0	215.2	1,070.7
7 Dec.	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011 18 Jan.	527.5	197.0	316.6	0.5	140.9	66.5	73.5	833.8	81.3	-84.9	212.4	1,112.7
8 Feb.	549.7	185.4	318.2	0.1	137.2	39.2	81.3	822.0	101.2	-66.7	213.6	1,074.8
8 Mar.	550.0	134.4	321.0	7.6	137.9	26.9	80.3	820.9	89.8	-79.9	212.9	1,060.7

Source: ECB.

1) End of period.
2) Includes the reserve bases of credit institutions in Estonia. On a transitional basis, credit institutions located in the euro area may have decided to deduct from their own reserve bases any liabilities owed to credit institutions located in Estonia. As of the reserve base as at end-January 2011, the standard treatment applies (see Decision ECB/2010/18 of the ECB of 26 October 2010 on transitional provisions for the application of minimum reserves by the ECB following the introduction of the euro in Estonia).
3) Owing to the adoption of the euro by Estonia on 1 January 2011, the reserve requirement is an average - weighted by the number of calendar days - of the reserve requirements for the then 16 countries of the euro area for the period 8-31 December 2010 and the reserve requirements for the 17 countries now in the euro area for the period 1-18 January 2011.
4) Includes liquidity provided under the Eurosystem's covered bond purchase programme and the Eurosystem's securities markets programme.
5) 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 [3]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2009	2,829.9	1,475.6	19.5	0.7	1,455.4	451.7	368.3	7.5	75.9	-	16.5	556.7	8.5	321.0
2010	3,212.4	1,537.5	18.6	0.9	1,517.9	570.7	460.0	9.6	101.1	-	18.1	683.8	8.5	393.9
2010 Q3	3,024.2	1,459.0	18.5	0.9	1,439.6	554.1	443.3	9.6	101.2	-	16.7	645.9	8.7	339.8
Q4	3,212.4	1,537.5	18.6	0.9	1,517.9	570.7	460.0	9.6	101.1	-	18.1	683.8	8.5	393.9
2010 Oct.	3,028.1	1,449.8	18.5	0.9	1,430.4	559.3	448.8	9.7	100.8	-	17.0	643.6	8.7	349.7
Nov.	3,117.8	1,467.0	18.5	0.9	1,447.5	561.8	451.0	9.7	101.2	-	16.6	689.3	8.7	374.3
Dec.	3,212.4	1,537.5	18.6	0.9	1,517.9	570.7	460.0	9.6	101.1	-	18.1	683.8	8.5	393.9
2011 Jan.	3,101.7	1,446.1	18.6	1.0	1,426.6	577.4	466.4	9.7	101.3	-	18.5	657.4	8.5	393.7
Feb. (p)	3,113.6	1,418.1	18.6	0.9	1,398.5	579.5	467.3	9.9	102.3	-	19.5	674.6	8.5	413.6
	MFIs excluding the Eurosystem													
2009	31,144.9	17,702.4	1,001.7	10,783.3	5,917.5	5,060.6	1,483.2	1,497.2	2,080.2	85.1	1,235.1	4,251.7	220.7	2,589.2
2010	32,203.6	17,765.6	1,217.2	11,031.9	5,516.5	4,946.0	1,520.4	1,539.0	1,886.7	59.9	1,232.6	4,319.0	223.5	3,657.1
2010 Q3	32,086.1	17,897.6	1,073.9	10,982.5	5,841.2	5,083.5	1,566.2	1,548.1	1,969.2	62.6	1,244.1	4,387.7	220.0	3,190.6
Q4	32,203.6	17,765.6	1,217.2	11,031.9	5,516.5	4,946.0	1,520.4	1,539.0	1,886.7	59.9	1,232.6	4,319.0	223.5	3,657.1
2010 Oct.	31,861.9	17,819.0	1,153.5	10,959.3	5,706.2	5,110.5	1,665.7	1,521.9	1,922.9	61.4	1,251.6	4,331.3	220.6	3,067.6
Nov.	31,966.8	17,848.2	1,209.1	11,069.1	5,570.1	5,100.8	1,610.4	1,554.0	1,936.4	61.5	1,251.0	4,457.3	222.4	3,025.6
Dec.	32,203.6	17,765.6	1,217.2	11,031.9	5,516.5	4,946.0	1,520.4	1,539.0	1,886.7	59.9	1,232.6	4,319.0	223.5	3,657.1
2011 Jan.	32,119.8	17,809.4	1,214.8	11,062.5	5,532.1	4,960.0	1,538.9	1,526.5	1,894.6	60.6	1,250.8	4,361.7	223.7	3,453.5
Feb. (p)	32,104.5	17,817.7	1,195.7	11,115.1	5,507.0	4,974.8	1,543.2	1,533.7	1,897.8	61.9	1,243.6	4,376.2	223.7	3,406.6

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2009	2,829.9	829.3	1,192.3	102.6	22.1	1,067.6	-	0.1	320.9	140.0	347.4
2010	3,212.4	863.7	1,394.6	68.0	8.7	1,318.0	-	0.0	429.8	153.5	370.8
2010 Q3	3,024.2	837.0	1,293.8	89.2	10.6	1,194.0	-	0.0	403.6	131.1	358.7
Q4	3,212.4	863.7	1,394.6	68.0	8.7	1,318.0	-	0.0	429.8	153.5	370.8
2010 Oct.	3,028.1	838.7	1,294.5	100.6	12.6	1,181.3	-	0.0	406.2	130.7	357.9
Nov.	3,117.8	840.5	1,331.1	98.5	16.5	1,216.2	-	0.0	436.2	139.6	370.4
Dec.	3,212.4	863.7	1,394.6	68.0	8.7	1,318.0	-	0.0	429.8	153.5	370.8
2011 Jan.	3,101.7	845.4	1,334.0	113.1	9.9	1,211.1	-	0.0	398.0	153.5	370.7
Feb. (p)	3,113.6	844.4	1,327.5	96.7	10.1	1,220.6	-	0.0	416.7	158.1	367.1
	MFIs excluding the Eurosystem										
2009	31,144.9	-	16,470.9	144.1	10,044.8	6,282.0	732.6	4,908.5	1,921.2	4,097.7	3,013.9
2010	32,203.6	-	16,504.1	196.2	10,532.5	5,775.4	612.4	4,844.6	2,045.1	4,219.2	3,978.2
2010 Q3	32,086.1	-	16,617.4	176.2	10,344.5	6,096.7	652.1	4,900.4	2,016.4	4,308.9	3,590.9
Q4	32,203.6	-	16,504.1	196.2	10,532.5	5,775.4	612.4	4,844.6	2,045.1	4,219.2	3,978.2
2010 Oct.	31,861.9	-	16,570.2	243.1	10,343.0	5,984.1	635.7	4,853.5	2,027.0	4,325.1	3,450.4
Nov.	31,966.8	-	16,542.1	262.4	10,452.8	5,826.9	648.1	4,903.0	2,018.3	4,443.9	3,411.3
Dec.	32,203.6	-	16,504.1	196.2	10,532.5	5,775.4	612.4	4,844.6	2,045.1	4,219.2	3,978.2
2011 Jan.	32,119.8	-	16,480.6	203.4	10,477.0	5,800.3	603.2	4,878.2	2,061.5	4,260.8	3,835.5
Feb. (p)	32,104.5	-	16,493.7	233.1	10,511.0	5,749.7	611.7	4,898.8	2,074.2	4,252.5	3,773.5

Source: ECB.

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

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2]
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2009	23,861.8	11,805.0	1,021.1	10,783.9	3,356.2	1,851.5	1,504.6	812.1	4,808.4	229.2	2,850.8
2010	25,827.4	12,268.7	1,235.8	11,032.9	3,529.0	1,980.4	1,548.6	799.3	5,002.8	232.0	3,995.8
2010 Q3	25,183.4	12,075.9	1,092.4	10,983.4	3,567.2	2,009.4	1,557.8	797.8	5,033.6	228.7	3,480.2
Q4	25,827.4	12,268.7	1,235.8	11,032.9	3,529.0	1,980.4	1,548.6	799.3	5,002.8	232.0	3,995.8
2010 Oct.	25,154.7	12,132.2	1,172.0	10,960.2	3,646.1	2,114.4	1,531.6	804.7	4,974.9	229.4	3,367.6
Nov.	25,466.2	12,297.6	1,227.6	11,070.0	3,625.1	2,061.4	1,563.7	816.3	5,146.5	231.2	3,349.6
Dec.	25,827.4	12,268.7	1,235.8	11,032.9	3,529.0	1,980.4	1,548.6	799.3	5,002.8	232.0	3,995.8
2011 Jan.	25,702.8	12,296.9	1,233.4	11,063.4	3,541.5	2,005.3	1,536.2	815.0	5,019.1	232.2	3,798.0
Feb. (p)	25,746.9	12,330.4	1,214.3	11,116.0	3,554.1	2,010.5	1,543.6	807.4	5,050.8	232.1	3,772.1
	Transactions										
2009	-644.9	15.2	29.4	-14.2	365.1	269.8	95.3	12.6	-465.4	7.8	-581.0
2010	604.5	409.3	205.6	203.7	134.6	132.5	2.2	6.7	-110.2	2.4	152.4
2010 Q3	206.2	51.5	1.2	50.2	40.7	4.2	36.5	10.3	5.6	-1.3	99.4
Q4	-379.0	194.3	138.0	56.3	-11.5	-6.1	-5.4	11.5	-112.4	3.6	-464.3
2010 Oct.	-2.6	62.7	79.5	-16.8	82.2	107.6	-25.3	5.5	-38.3	0.7	-115.4
Nov.	150.1	146.8	54.7	92.1	-3.2	-37.7	34.5	17.1	15.6	1.8	-28.0
Dec.	-526.4	-15.2	3.8	-19.0	-90.5	-75.9	-14.6	-11.1	-89.8	1.1	-320.9
2011 Jan.	-71.7	21.0	-2.4	23.4	11.9	23.4	-11.5	13.6	86.3	0.1	-204.7
Feb. (p)	19.7	10.8	-12.5	23.3	16.7	8.6	8.1	-8.2	32.6	-0.1	-32.1

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities [2]	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2009	23,861.8	769.9	246.7	10,066.9	647.5	2,752.5	1,802.6	4,237.7	3,361.3	-23.3
2010	25,827.4	808.6	264.1	10,541.1	552.5	2,856.9	2,023.4	4,372.7	4,349.0	59.0
2010 Q3	25,183.4	786.8	265.5	10,355.1	589.5	2,830.1	1,957.0	4,440.0	3,949.6	9.8
Q4	25,827.4	808.6	264.1	10,541.1	552.5	2,856.9	2,023.4	4,372.7	4,349.0	59.0
2010 Oct.	25,154.7	789.0	343.7	10,355.6	574.3	2,829.8	1,969.3	4,455.9	3,808.3	28.8
Nov.	25,466.2	790.2	360.8	10,469.3	586.5	2,865.4	2,003.2	4,583.5	3,781.7	25.5
Dec.	25,827.4	808.6	264.1	10,541.1	552.5	2,856.9	2,023.4	4,372.7	4,349.0	59.0
2011 Jan.	25,702.8	796.2	316.4	10,486.8	542.6	2,882.2	2,005.1	4,414.4	4,206.2	52.7
Feb. (p)	25,746.9	796.3	329.8	10,521.1	549.8	2,898.7	2,035.3	4,410.6	4,140.6	64.9
	Transactions									
2009	-644.9	45.8	-4.4	289.4	-12.5	-56.4	143.2	-591.1	-505.6	46.6
2010	604.5	38.6	16.7	327.2	-96.9	38.5	110.8	-27.7	139.0	58.3
2010 Q3	206.2	1.2	-39.5	68.3	-15.6	19.6	20.5	30.6	119.2	1.9
Q4	-379.0	21.7	-1.9	151.8	-34.8	2.2	43.0	-88.0	-523.4	50.3
2010 Oct.	-2.6	2.2	78.1	-0.8	-14.9	6.6	6.8	44.2	-142.1	17.4
Nov.	150.1	1.2	17.1	73.9	12.9	-1.6	21.3	7.2	21.2	-3.1
Dec.	-526.4	18.4	-97.1	78.7	-32.8	-2.8	15.0	-139.3	-402.5	36.0
2011 Jan.	-71.7	-12.6	51.8	-57.4	-9.8	29.5	-2.7	81.3	-147.3	-4.5
Feb. (p)	19.7	0.0	13.3	15.8	4.7	19.5	17.6	11.0	-67.8	5.6

Source: ECB.

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

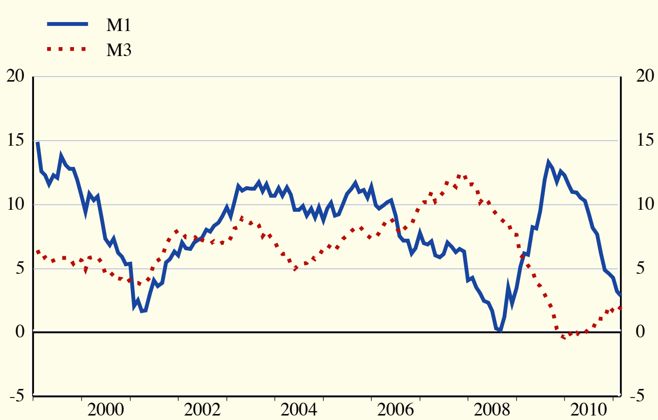
2.3 Monetary statistics [1]

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

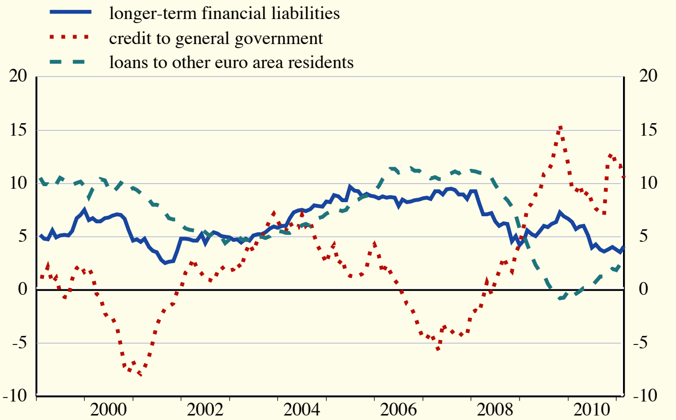
1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents			Net external assets [3]
	M2			M3-M2						Loans	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											
2009	4,502.1	3,701.6	8,203.7	1,134.3	9,338.0	-	6,764.0	2,910.8	13,104.0	10,792.3	-	552.4
2010	4,705.9	3,694.2	8,400.1	1,124.1	9,524.2	-	7,319.4	3,258.1	13,380.6	11,039.4	-	611.8
2010 Q3	4,688.4	3,687.0	8,375.5	1,121.5	9,496.9	-	7,164.5	3,099.5	13,340.9	10,967.0	-	587.8
Q4	4,705.9	3,694.2	8,400.1	1,124.1	9,524.2	-	7,319.4	3,258.1	13,380.6	11,039.4	-	611.8
2010 Nov.	4,695.2	3,707.6	8,402.8	1,135.6	9,538.3	-	7,305.3	3,293.3	13,417.5	11,051.4	-	553.9
Dec.	4,705.9	3,694.2	8,400.1	1,124.1	9,524.2	-	7,319.4	3,258.1	13,380.6	11,039.4	-	611.8
2011 Jan.	4,696.6	3,717.7	8,414.3	1,080.0	9,494.3	-	7,326.6	3,251.7	13,428.1	11,075.4	-	591.7
Feb. (p)	4,697.3	3,734.3	8,431.7	1,111.7	9,543.3	-	7,397.0	3,235.8	13,506.1	11,144.1	-	623.7
	Transactions											
2009	493.8	-368.0	125.8	-160.0	-34.2	-	422.4	307.2	90.0	-15.3	24.7	125.3
2010	192.9	-14.0	178.8	-23.9	154.9	-	260.9	342.2	209.2	202.0	247.6	-82.5
2010 Q3	35.2	53.2	88.3	-8.2	80.1	-	93.4	38.2	130.3	63.4	87.5	-30.9
Q4	17.1	4.9	22.0	-0.2	21.8	-	80.3	176.4	60.4	79.2	105.5	-36.9
2010 Nov.	-1.4	-6.8	-8.2	59.4	51.2	-	44.2	22.7	85.2	60.0	72.4	11.2
Dec.	13.9	-10.7	3.2	-10.7	-7.5	-	16.2	-34.4	-12.2	6.1	8.9	40.4
2011 Jan.	-11.8	21.5	9.7	-44.2	-34.5	-	28.2	-8.1	39.1	28.8	17.6	10.2
Feb. (p)	6.0	10.5	16.5	28.3	44.8	-	44.1	-5.8	48.6	39.3	42.9	18.1
	Growth rates											
2009	12.3	-9.0	1.6	-11.8	-0.4	-0.2	6.7	11.8	0.7	-0.1	0.2	125.3
2010	4.3	-0.4	2.2	-2.1	1.7	1.7	3.8	11.7	1.6	1.9	2.3	-82.5
2010 Q3	6.2	-2.9	2.0	-4.9	1.1	1.1	3.6	7.0	1.1	1.2	1.4	-6.6
Q4	4.3	-0.4	2.2	-2.1	1.7	1.7	3.8	11.7	1.6	1.9	2.3	-82.5
2010 Nov.	4.6	-0.5	2.3	0.3	2.1	1.6	4.0	12.9	1.9	2.0	2.3	-83.6
Dec.	4.3	-0.4	2.2	-2.1	1.7	1.7	3.8	11.7	1.6	1.9	2.3	-82.5
2011 Jan.	3.2	1.1	2.3	-4.0	1.5	1.7	3.5	11.7	2.1	2.4	2.7	-83.5
Feb. (p)	2.9	1.8	2.4	-0.4	2.0	.	4.1	10.5	2.3	2.6	3.0	-46.6

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



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



Source: ECB.

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

2.3 Monetary statistics [1]

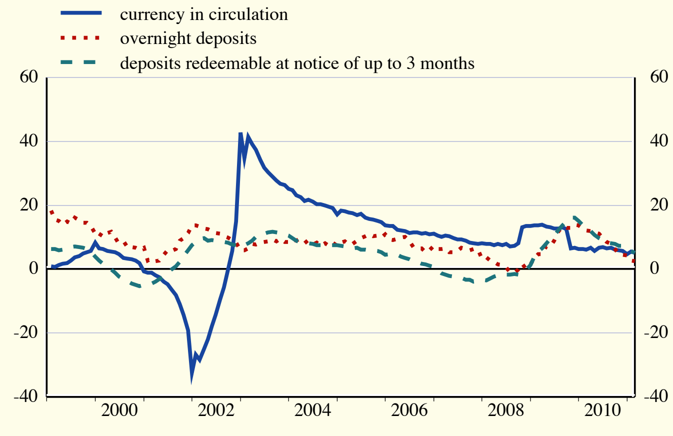
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2009	757.5	3,744.6	1,896.8	1,804.8	334.3	668.1	131.9	2,634.9	132.5	2,207.9	1,788.8
2010	793.6	3,912.2	1,785.6	1,908.7	433.1	570.2	120.7	2,752.6	118.4	2,441.9	2,006.6
2010 Q3	790.6	3,897.8	1,795.5	1,891.5	400.1	593.5	127.8	2,702.0	122.3	2,385.2	1,955.0
Q4	793.6	3,912.2	1,785.6	1,908.7	433.1	570.2	120.7	2,752.6	118.4	2,441.9	2,006.6
2010 Nov.	795.9	3,899.3	1,795.7	1,911.9	430.8	585.4	119.4	2,751.2	119.0	2,439.9	1,995.2
Dec.	793.6	3,912.2	1,785.6	1,908.7	433.1	570.2	120.7	2,752.6	118.4	2,441.9	2,006.6
2011 Jan.	802.6	3,894.1	1,807.6	1,910.1	407.2	547.2	125.6	2,763.3	118.6	2,446.3	1,998.4
Feb. (p)	804.9	3,892.5	1,816.2	1,918.2	440.1	548.0	123.5	2,782.7	119.4	2,458.4	2,036.5
					Transactions						
2009	44.3	449.4	-605.2	237.2	-12.6	-13.1	-134.3	78.2	9.0	194.0	141.2
2010	36.0	156.8	-125.7	111.6	94.5	-100.0	-18.4	58.3	-14.1	109.3	107.5
2010 Q3	7.5	27.7	10.3	42.8	6.4	-14.1	-0.6	26.2	-5.5	54.4	18.3
Q4	2.9	14.2	-12.5	17.4	28.7	-21.0	-7.9	26.7	-3.9	29.2	28.3
2010 Nov.	4.2	-5.6	-15.9	9.1	55.4	6.6	-2.6	8.6	-1.0	19.7	16.8
Dec.	-2.3	16.2	-7.9	-2.9	2.4	-13.8	0.7	7.7	-0.6	2.9	6.1
2011 Jan.	8.7	-20.5	20.9	0.6	-25.9	-23.0	4.7	15.1	0.2	5.5	7.4
Feb. (p)	2.3	3.7	8.6	1.9	33.0	-1.7	-3.0	23.4	0.7	-5.6	25.6
					Growth rates						
2009	6.2	13.6	-24.2	15.1	-3.5	-1.9	-50.2	3.0	7.3	9.7	8.7
2010	4.8	4.2	-6.6	6.2	28.1	-14.9	-13.7	2.2	-10.7	4.8	5.8
2010 Q3	6.0	6.2	-12.3	7.9	22.5	-15.2	-16.4	1.4	-8.0	4.4	6.8
Q4	4.8	4.2	-6.6	6.2	28.1	-14.9	-13.7	2.2	-10.7	4.8	5.8
2010 Nov.	5.6	4.4	-7.6	7.2	36.3	-13.2	-14.3	1.8	-11.0	4.9	7.2
Dec.	4.8	4.2	-6.6	6.2	28.1	-14.9	-13.7	2.2	-10.7	4.8	5.8
2011 Jan.	5.4	2.8	-3.2	5.6	25.4	-17.0	-10.6	1.8	-10.3	4.2	6.2
Feb. (p)	5.1	2.4	-1.5	5.1	31.3	-15.3	-8.0	3.0	-9.3	3.6	7.2

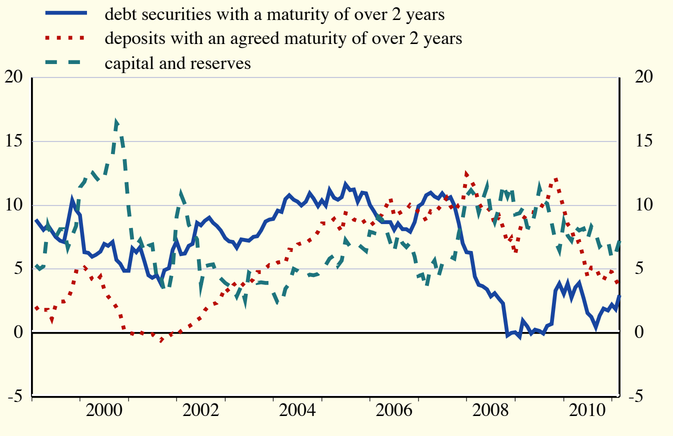
C3 Components of monetary aggregates [1]

(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.

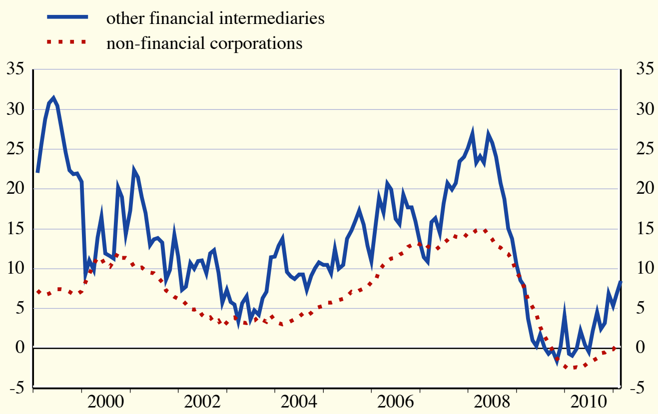
2.4 MFI loans: breakdown [1), 2)]

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

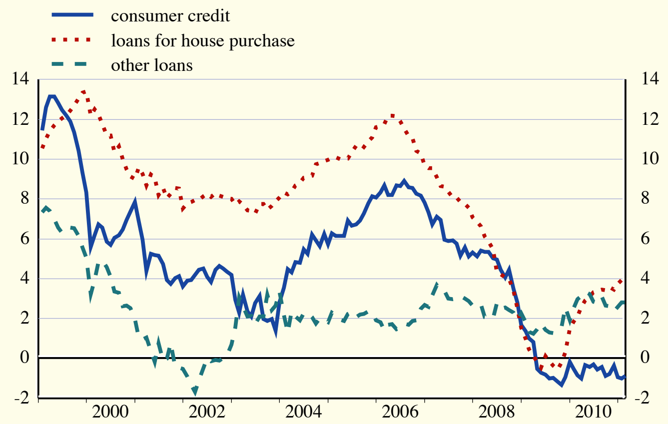
1. Loans to financial intermediaries, non-financial corporations and households

	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					
2009	88.9	1,060.4	4,690.9	1,187.7	937.6	2,565.5	4,952.0	631.1	3,546.6	774.3
2010	94.8	1,114.6	4,671.0	1,128.2	901.8	2,641.0	5,158.9	639.4	3,701.3	818.2
2010 Q3	92.5	1,070.9	4,695.8	1,134.9	922.2	2,638.7	5,107.8	640.5	3,654.0	813.4
Q4	94.8	1,114.6	4,671.0	1,128.2	901.8	2,641.0	5,158.9	639.4	3,701.3	818.2
2010 Nov.	96.3	1,112.1	4,696.8	1,136.0	909.8	2,651.0	5,146.3	641.8	3,684.9	819.6
Dec.	94.8	1,114.6	4,671.0	1,128.2	901.8	2,641.0	5,158.9	639.4	3,701.3	818.2
2011 Jan.	93.2	1,105.0	4,693.3	1,146.4	899.3	2,647.6	5,183.9	636.5	3,723.1	824.3
Feb. (p)	97.2	1,144.8	4,708.6	1,154.9	897.8	2,656.0	5,193.5	635.5	3,727.2	830.8
					Transactions					
2009	-13.7	40.6	-107.0	-181.3	-18.9	93.2	64.9	-1.2	51.4	14.7
2010	7.0	55.9	-7.6	-42.4	-22.0	56.7	146.7	-6.1	132.5	20.3
2010 Q3	4.5	18.7	14.2	1.5	1.2	11.6	26.1	-2.4	25.5	3.0
Q4	2.6	41.4	-16.0	-5.3	-15.3	4.5	51.3	-0.6	45.7	6.2
2010 Nov.	3.3	35.2	6.5	3.0	-4.0	7.5	15.0	2.2	8.0	4.8
Dec.	-1.1	3.5	-17.2	-6.6	-6.3	-4.3	21.0	-1.9	23.1	-0.2
2011 Jan.	-1.6	-8.6	18.5	17.1	-3.5	4.9	20.6	-2.0	18.0	4.6
Feb. (p)	4.0	12.8	16.0	4.7	1.1	10.2	6.5	-0.6	4.4	2.7
					Growth rates					
2009	-13.3	4.1	-2.2	-13.1	-2.0	3.7	1.3	-0.2	1.5	1.9
2010	8.0	5.1	-0.2	-3.6	-2.4	2.2	2.9	-1.0	3.7	2.6
2010 Q3	0.0	2.6	-0.6	-6.5	-2.1	2.7	2.7	-0.9	3.4	2.6
Q4	8.0	5.1	-0.2	-3.6	-2.4	2.2	2.9	-1.0	3.7	2.6
2010 Nov.	14.0	6.7	-0.2	-4.4	-1.9	2.4	2.8	-0.4	3.5	2.3
Dec.	8.0	5.1	-0.2	-3.6	-2.4	2.2	2.9	-1.0	3.7	2.6
2011 Jan.	7.2	7.1	0.5	-1.7	-2.1	2.3	3.1	-1.0	3.9	2.8
Feb. (p)	8.7	8.5	0.6	-1.0	-2.1	2.3	3.0	-0.9	3.8	2.8

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											
2010	86.0	66.6	5.2	14.3	1,107.3	589.0	206.2	312.0	4,671.0	1,121.5	901.4	2,648.1
2010 Q3	93.6	73.4	5.8	14.4	1,086.0	585.9	201.1	299.0	4,689.5	1,132.9	922.3	2,634.2
Q4	86.0	66.6	5.2	14.3	1,107.3	589.0	206.2	312.0	4,671.0	1,121.5	901.4	2,648.1
2010 Dec.	86.0	66.6	5.2	14.3	1,107.3	589.0	206.2	312.0	4,671.0	1,121.5	901.4	2,648.1
2011 Jan.	90.7	71.3	5.1	14.3	1,093.4	583.6	198.9	310.8	4,698.6	1,149.9	897.7	2,651.1
Feb. (p)	94.6	74.3	5.9	14.4	1,128.2	599.8	214.6	313.8	4,707.5	1,155.2	896.0	2,656.2
	Transactions											
2010	6.8	10.1	-1.8	-1.5	57.4	18.9	8.3	30.1	-7.9	-42.6	-22.0	56.6
2010 Q3	3.4	4.6	0.2	-1.4	22.8	5.7	3.3	13.8	-0.4	-9.7	0.3	9.0
Q4	-7.4	-6.9	-0.6	0.1	19.0	2.4	5.4	11.2	-9.8	-10.1	-15.8	16.2
2010 Dec.	-10.5	-9.9	-0.6	0.0	-18.2	-26.2	4.3	3.7	-17.5	-14.8	-6.2	3.5
2011 Jan.	4.7	4.8	-0.1	0.0	-12.8	-4.3	-7.7	-0.8	23.8	27.2	-4.7	1.3
Feb. (p)	3.9	3.0	0.9	0.0	7.9	8.3	0.8	-1.2	9.5	1.6	1.0	6.9
	Growth rates											
2010	8.4	17.5	-25.2	-9.4	5.3	3.1	4.0	10.5	-0.2	-3.6	-2.4	2.2
2010 Q3	0.3	3.9	-25.2	-3.5	2.5	1.6	-1.7	6.9	-0.6	-6.4	-2.0	2.7
Q4	8.4	17.5	-25.2	-9.4	5.3	3.1	4.0	10.5	-0.2	-3.6	-2.4	2.2
2010 Dec.	8.4	17.5	-25.2	-9.4	5.3	3.1	4.0	10.5	-0.2	-3.6	-2.4	2.2
2011 Jan.	6.8	15.9	-29.1	-11.6	7.0	7.1	2.1	9.5	0.5	-1.6	-2.1	2.3
Feb. (p)	8.7	13.5	5.3	-9.6	8.5	10.1	2.8	8.7	0.6	-0.9	-2.1	2.3

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												
2010	5,167.6	641.8	147.1	186.5	308.3	3,706.8	14.7	54.9	3,637.2	818.9	146.2	85.7	587.0
2010 Q3	5,113.4	642.5	144.3	188.3	309.9	3,657.7	14.7	58.8	3,584.3	813.2	145.3	87.0	580.9
Q4	5,167.6	641.8	147.1	186.5	308.3	3,706.8	14.7	54.9	3,637.2	818.9	146.2	85.7	587.0
2010 Dec.	5,167.6	641.8	147.1	186.5	308.3	3,706.8	14.7	54.9	3,637.2	818.9	146.2	85.7	587.0
2011 Jan.	5,179.7	633.7	142.3	184.8	306.6	3,722.7	14.4	54.8	3,653.5	823.4	147.7	85.2	590.4
Feb. (p)	5,184.8	630.2	140.3	184.0	305.9	3,725.3	14.0	55.1	3,656.2	829.2	148.7	85.7	594.9
	Transactions												
2010	147.1	-6.2	-3.3	-8.8	5.9	133.1	-0.6	-3.7	137.4	20.2	-8.7	-4.4	33.3
2010 Q3	24.5	-3.9	-3.3	-3.4	2.8	30.8	0.2	2.4	28.1	-2.4	-4.9	-0.4	2.9
Q4	54.4	-0.2	3.2	-2.5	-0.9	47.6	0.1	-2.1	49.6	7.1	0.7	-1.1	7.5
2010 Dec.	27.3	-0.7	2.1	-1.6	-1.3	30.7	0.1	-2.6	33.2	-2.7	-4.3	-0.3	1.9
2011 Jan.	7.7	-7.3	-4.2	-1.8	-1.3	12.1	-0.4	-0.2	12.6	2.9	0.6	-0.7	2.9
Feb. (p)	1.9	-3.0	-2.0	-0.9	-0.2	2.8	-0.4	0.3	2.9	2.1	-0.3	-0.3	2.7
	Growth rates												
2010	2.9	-1.0	-2.4	-4.5	2.0	3.7	-4.2	-6.2	3.9	2.6	-5.8	-5.0	6.1
2010 Q3	2.7	-0.9	-2.4	-3.7	1.7	3.4	-7.1	-5.1	3.6	2.6	-7.4	-2.9	6.4
Q4	2.9	-1.0	-2.4	-4.5	2.0	3.7	-4.2	-6.2	3.9	2.6	-5.8	-5.0	6.1
2010 Dec.	2.9	-1.0	-2.4	-4.5	2.0	3.7	-4.2	-6.2	3.9	2.6	-5.8	-5.0	6.1
2011 Jan.	3.1	-1.0	-4.1	-4.0	2.4	3.9	-6.1	-6.6	4.2	2.8	-5.5	-4.8	6.3
Feb. (p)	3.0	-0.9	-3.2	-4.2	2.4	3.8	-7.9	-5.8	4.0	2.8	-5.7	-5.1	6.4

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

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

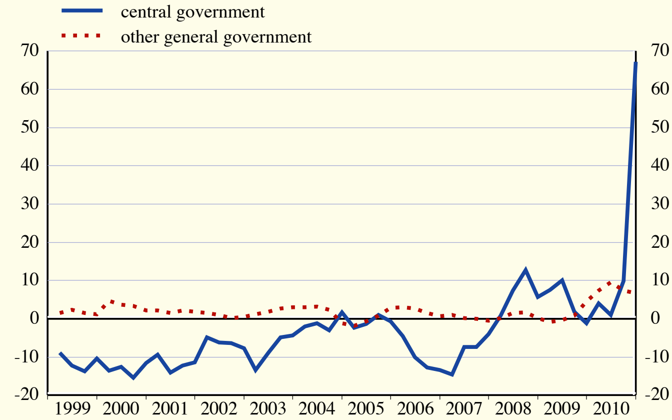
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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									
2008	973.3	232.0	209.8	509.3	22.2	3,242.4	2,278.8	963.6	57.5	906.1
2009	1,001.7	229.3	209.8	528.8	33.8	2,821.7	1,914.9	906.8	46.1	860.7
2010 Q1	1,032.5	242.3	209.0	538.9	42.2	2,949.9	1,985.1	964.8	46.8	918.0
Q2	1,073.0	255.2	225.0	547.9	44.8	3,076.0	2,074.4	1,001.6	50.9	950.7
Q3	1,073.9	262.1	223.2	544.1	44.5	2,951.7	1,995.7	956.0	51.8	904.2
Q4 (p)	1,217.2	393.2	225.2	552.9	45.8	2,961.5	2,009.3	952.2	49.5	902.7
	Transactions									
2008	13.7	12.5	-8.1	16.5	-7.2	-59.8	-86.0	26.1	0.3	25.8
2009	30.5	-2.7	0.1	21.6	11.5	-384.7	-345.5	-38.9	-1.5	-37.5
2010 Q1	30.4	12.6	-0.8	10.1	8.5	53.9	24.1	29.6	-0.6	30.2
Q2	36.7	9.2	15.9	9.0	2.6	-20.5	1.3	-22.7	-0.7	-22.0
Q3	1.5	7.7	-1.9	-3.8	-0.3	-11.0	-13.1	2.1	3.8	-1.7
Q4 (p)	137.9	126.2	2.0	8.8	1.3	-19.2	-3.7	-15.5	-2.0	-13.5
	Growth rates									
2008	1.4	5.7	-3.7	3.3	-24.4	-1.5	-3.6	2.8	0.5	3.0
2009	3.1	-1.2	0.1	4.2	51.9	-11.7	-15.1	-4.1	-3.0	-4.2
2010 Q1	6.6	4.0	1.8	5.8	101.2	-3.2	-5.4	1.7	-4.7	2.1
Q2	7.4	1.0	9.1	7.0	56.8	-1.3	-1.6	-1.4	-4.3	-1.2
Q3	8.0	9.9	6.5	5.4	45.1	0.9	1.3	-0.6	1.5	-0.8
Q4 (p)	20.6	67.1	7.3	4.6	35.7	0.5	0.5	-0.6	0.4	-0.7

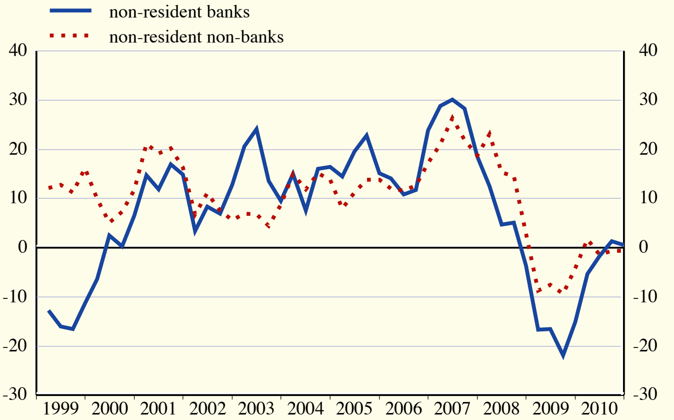
C7 Loans to government [2)]

(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.

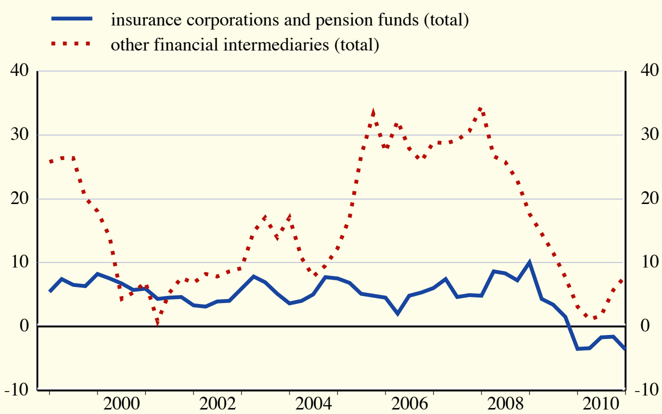
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

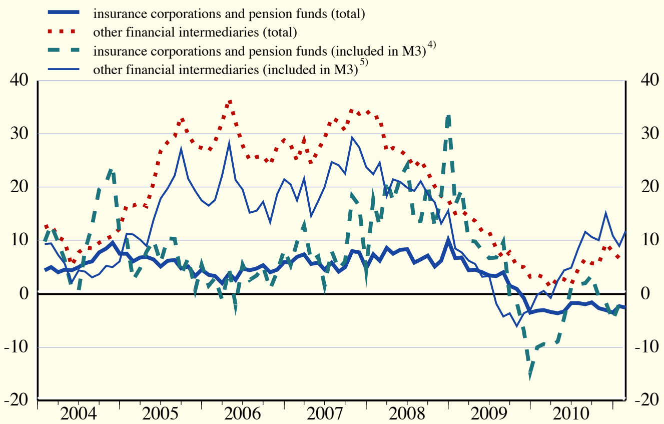
1. Deposits by financial intermediaries

	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														
2009	738.5	84.1	86.9	543.7	2.2	1.4	20.2	1,872.5	313.1	335.1	957.5	15.9	0.0	250.9
2010	716.8	84.9	79.0	528.3	2.4	0.3	21.9	2,171.1	359.9	305.3	1,137.1	8.7	0.5	359.5
2010 Q3	734.4	89.5	89.3	532.7	2.6	0.3	20.1	2,111.6	379.6	300.7	1,077.9	9.1	0.7	343.6
Q4	716.8	84.9	79.0	528.3	2.4	0.3	21.9	2,171.1	359.9	305.3	1,137.1	8.7	0.5	359.5
2010 Nov.	719.4	89.5	79.5	527.6	2.5	0.3	20.0	2,206.5	384.7	316.3	1,129.0	8.7	0.5	367.3
Dec.	716.8	84.9	79.0	528.3	2.4	0.3	21.9	2,171.1	359.9	305.3	1,137.1	8.7	0.5	359.5
2011 Jan.	730.9	97.7	80.0	527.9	2.6	0.2	22.5	2,140.0	381.7	293.4	1,129.4	8.9	0.5	326.1
Feb. (p)	721.8	90.8	78.9	528.2	2.8	0.2	20.8	2,185.1	376.6	298.0	1,132.7	11.1	0.5	366.2
Transactions														
2009	-26.8	-1.0	-30.4	6.3	1.1	-0.1	-2.7	56.8	6.8	-93.6	85.8	3.7	0.0	54.0
2010	-26.5	-3.2	-8.6	-16.6	0.2	0.0	1.6	153.9	43.3	-38.7	52.4	-7.8	0.4	104.3
2010 Q3	-5.6	-5.8	5.0	-3.4	0.3	0.0	-1.7	57.4	12.7	10.5	29.9	-0.4	0.5	4.3
Q4	-18.0	-4.7	-10.3	-4.6	-0.2	0.0	1.8	24.2	-19.7	2.4	30.3	-0.3	-0.3	11.7
2010 Nov.	-10.2	-0.2	-6.3	-2.2	0.0	0.0	-1.5	84.8	9.9	-3.2	29.6	-0.6	-0.1	49.3
Dec.	-2.3	-4.5	-0.4	0.8	-0.1	0.0	1.9	-34.9	-23.4	-11.8	7.9	0.1	-0.1	-7.6
2011 Jan.	13.8	12.8	0.6	-0.4	0.1	0.0	0.6	-26.8	22.6	-9.6	-6.5	0.1	0.0	-33.4
Feb. (p)	-9.0	-6.7	-1.1	0.4	0.1	0.0	-1.7	25.6	-3.1	2.7	-14.4	0.2	0.0	40.1
Growth rates														
2009	-3.5	-1.1	-26.4	1.2	96.8	-	-11.8	3.1	2.0	-22.0	10.0	30.0	-	27.4
2010	-3.6	-3.2	-9.8	-3.0	10.1	-	7.8	7.9	13.8	-11.4	4.8	-48.1	-	41.3
2010 Q3	-1.6	2.8	2.9	-3.4	36.0	-	6.1	5.7	19.3	-13.3	0.9	-40.9	-	35.6
Q4	-3.6	-3.2	-9.8	-3.0	10.1	-	7.8	7.9	13.8	-11.4	4.8	-48.1	-	41.3
2010 Nov.	-3.0	0.6	-2.9	-3.5	23.7	-	-7.5	9.5	16.2	-8.6	4.1	-49.6	-	52.2
Dec.	-3.6	-3.2	-9.8	-3.0	10.1	-	7.8	7.9	13.8	-11.4	4.8	-48.1	-	41.3
2011 Jan.	-2.4	-0.1	-4.7	-2.6	7.2	-	0.7	6.6	11.0	-10.7	4.1	-51.0	-	37.8
Feb. (p)	-2.6	-3.1	-8.6	-2.4	9.9	-	20.3	7.4	13.1	-9.7	3.1	-49.8	-	41.5

C9 Total deposits by sector [2)]
(annual growth rates)



C10 Total deposits and deposits included in M3 by sector [2)]
(annual growth rates)



Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) 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)

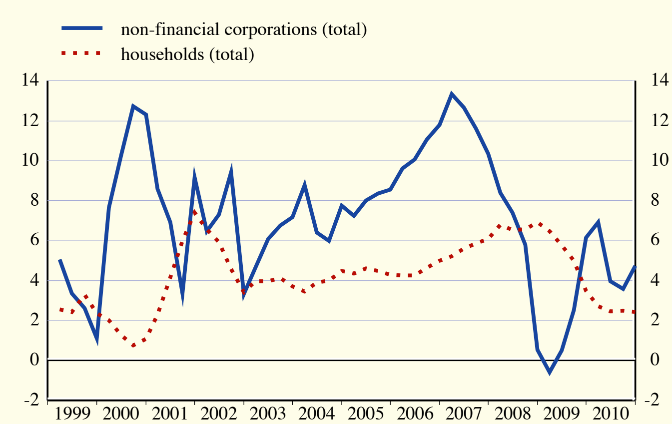
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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							
2009	1,603.1	1,001.1	434.5	80.7	68.7	1.7	16.3	5,601.8	2,157.0	996.5	607.1	1,680.2	123.7	37.3
2010	1,671.9	1,038.2	457.4	87.2	73.3	1.5	14.2	5,741.2	2,244.3	903.4	666.5	1,786.9	110.3	29.8
2010 Q3	1,602.6	992.5	434.8	86.9	74.6	2.1	11.8	5,650.8	2,202.3	897.7	652.3	1,756.3	110.8	31.4
Q4	1,671.9	1,038.2	457.4	87.2	73.3	1.5	14.2	5,741.2	2,244.3	903.4	666.5	1,786.9	110.3	29.8
2010 Nov.	1,627.2	998.6	449.2	86.9	76.6	2.0	14.0	5,659.1	2,201.9	898.3	656.2	1,762.8	110.1	29.9
Dec.	1,671.9	1,038.2	457.4	87.2	73.3	1.5	14.2	5,741.2	2,244.3	903.4	666.5	1,786.9	110.3	29.8
2011 Jan.	1,614.9	988.9	448.8	88.2	76.5	1.5	11.0	5,754.1	2,233.9	905.6	670.5	1,804.0	110.0	30.1
Feb. (p)	1,608.6	977.2	451.4	89.8	76.9	2.1	11.2	5,758.2	2,225.0	907.3	676.5	1,808.4	110.1	30.9
							Transactions							
2009	93.0	114.3	-70.1	15.1	40.8	0.4	-7.4	187.8	320.6	-371.5	85.9	190.5	8.6	-46.3
2010	75.5	38.9	22.1	8.9	7.9	-0.2	-2.1	135.0	82.1	-97.1	60.2	111.9	-14.6	-7.5
2010 Q3	29.9	-4.5	27.2	5.0	2.9	0.0	-0.7	-3.3	-23.2	-6.9	8.3	23.6	-6.0	0.9
Q4	71.8	46.0	22.8	2.4	-1.2	-0.6	2.4	89.6	41.8	5.2	13.9	30.8	-0.5	-1.6
2010 Nov.	9.1	6.4	-3.2	0.8	2.5	-0.1	2.7	-15.4	-17.0	-1.1	0.8	2.2	0.6	-0.9
Dec.	50.0	41.0	10.9	1.5	-3.2	-0.5	0.2	82.9	42.9	5.4	10.1	24.5	0.2	-0.1
2011 Jan.	-59.2	-50.9	-9.1	1.0	3.0	0.0	-3.2	9.8	-11.9	1.2	3.9	16.6	-0.3	0.3
Feb. (p)	-5.7	-8.8	2.8	1.6	-2.1	0.6	0.2	4.3	-8.9	3.4	6.0	2.9	0.1	0.8
							Growth rates							
2009	6.2	12.9	-13.9	23.1	146.6	28.3	-31.2	3.5	17.5	-27.1	16.5	12.8	7.5	-55.4
2010	4.7	3.9	5.0	11.1	11.6	-10.5	-12.8	2.4	3.8	-9.7	9.9	6.7	-11.7	-20.2
2010 Q3	3.6	4.5	-2.4	11.9	33.6	38.8	-32.3	2.5	7.0	-18.2	16.3	7.6	-9.6	-27.2
Q4	4.7	3.9	5.0	11.1	11.6	-10.5	-12.8	2.4	3.8	-9.7	9.9	6.7	-11.7	-20.2
2010 Nov.	4.0	2.8	2.2	10.6	30.9	27.5	-5.8	2.4	4.5	-12.3	12.2	7.1	-12.6	-22.2
Dec.	4.7	3.9	5.0	11.1	11.6	-10.5	-12.8	2.4	3.8	-9.7	9.9	6.7	-11.7	-20.2
2011 Jan.	4.8	2.7	7.2	11.1	16.1	-13.8	-16.2	2.2	2.4	-6.3	8.8	5.9	-10.9	-18.7
Feb. (p)	5.3	2.9	8.9	12.8	9.7	19.6	-4.1	2.3	1.9	-4.1	8.1	5.7	-10.4	-16.5

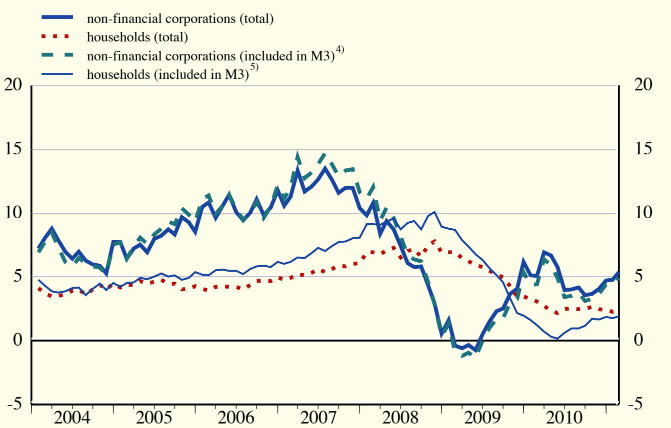
C11 Total deposits by sector 2)

(annual growth rates)



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

(annual growth rates)



Source: ECB.

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

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

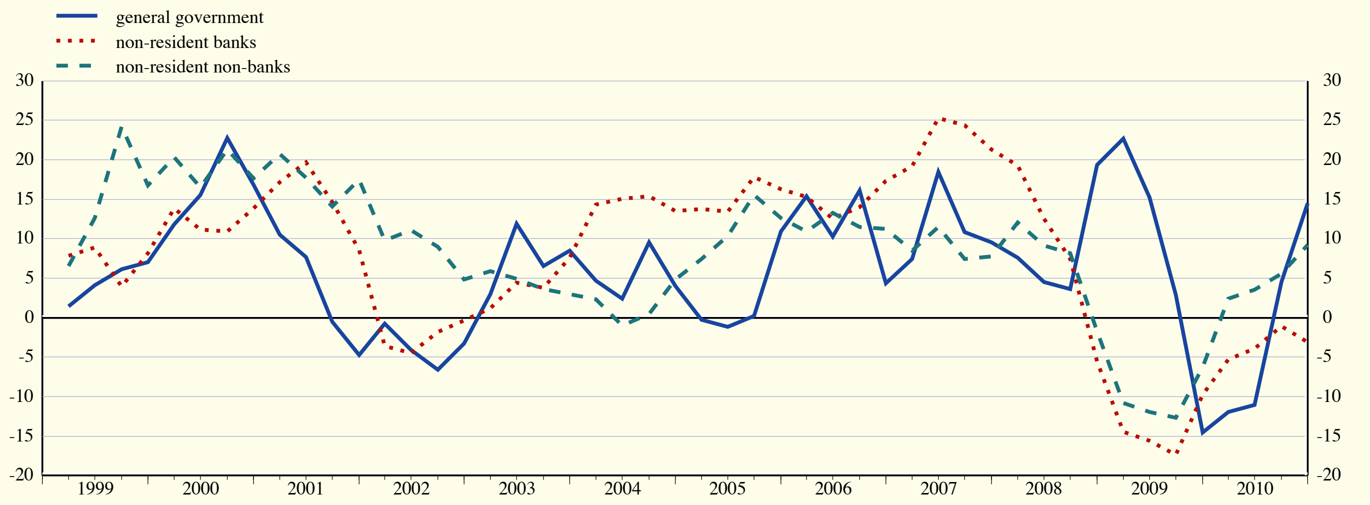
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2008	444.7	190.8	52.1	116.1	85.8	3,713.3	2,816.2	897.1	65.6	831.5
2009	373.0	144.1	43.4	114.3	71.2	3,368.7	2,532.7	836.0	56.7	779.3
2010 Q1	397.6	166.2	50.4	108.4	72.6	3,543.7	2,639.0	904.7	66.8	837.9
Q2	412.6	167.6	54.5	113.7	76.8	3,700.4	2,693.4	1,007.0	46.7	960.4
Q3	421.4	176.2	58.7	111.9	74.5	3,580.5	2,597.1	983.4	47.8	935.5
Q4 (p)	427.6	196.2	47.7	109.8	74.1	3,487.6	2,490.7	996.9	45.9	951.0
	Transactions									
2008	72.7	63.4	-6.5	8.7	7.1	-183.3	-165.8	-17.5	-36.8	19.3
2009	-64.7	-38.1	-8.7	-2.5	-15.0	-331.2	-275.4	-55.8	-4.5	-51.3
2010 (p)	53.9	51.3	4.3	-4.8	2.9	-0.2	-80.3	79.3	7.4	71.8
2010 Q1	24.6	22.1	7.0	-5.9	1.0	95.3	49.6	45.7	9.1	36.6
Q2	14.6	1.3	4.1	5.1	4.2	-9.5	-26.3	16.8	-2.3	19.1
Q3	9.2	8.5	4.3	-1.7	-1.8	17.3	5.5	11.5	3.2	8.3
Q4 (p)	5.4	19.3	-11.0	-2.2	-0.5	-103.3	-109.2	5.3	-2.5	7.8
	Growth rates									
2008	19.4	49.9	-11.0	8.1	8.8	-4.4	-5.6	-1.7	-25.6	2.7
2009	-14.6	-19.9	-16.7	-2.1	-17.4	-8.8	-9.8	-6.2	-7.0	-6.2
2010 Q1	-12.0	-17.2	-0.1	-5.4	-13.2	-3.5	-5.3	2.4	12.0	1.7
Q2	-11.0	-20.6	11.6	-4.7	-6.0	-2.0	-4.0	3.6	6.9	3.3
Q3	4.5	12.3	15.0	-9.2	4.2	0.7	-1.1	5.6	14.5	5.1
Q4 (p)	14.5	35.6	9.8	-4.2	4.1	0.3	-3.1	9.2	13.4	8.9

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

(annual growth rates)



Source: ECB.

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

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

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

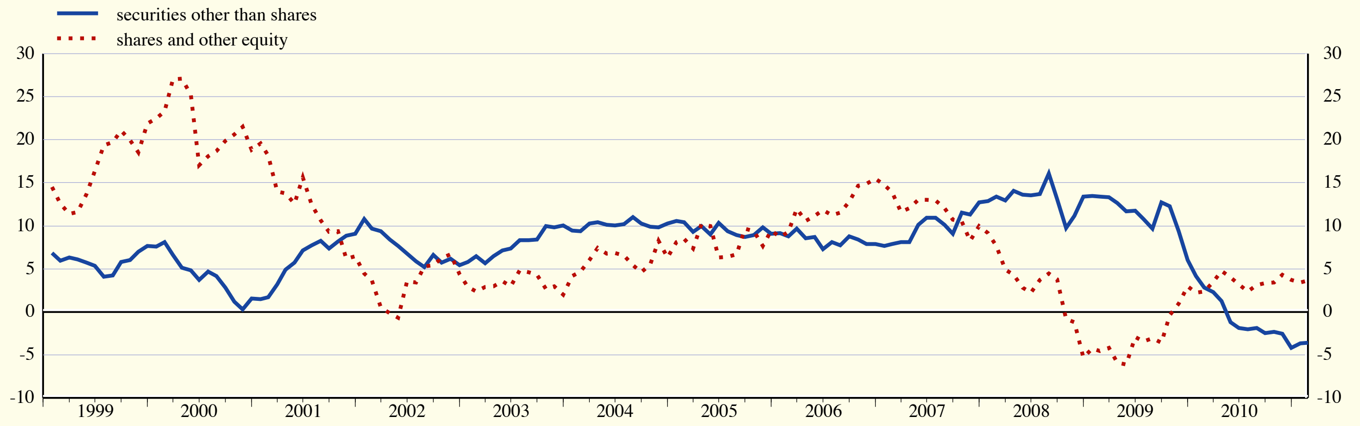
2.6 MFI holdings of securities: breakdown 1), 2)

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2009	6,207.7	1,971.1	109.1	1,467.2	16.0	1,457.8	39.4	1,147.1	1,515.3	434.6	800.5	280.2
2010	5,997.7	1,779.3	107.4	1,503.9	16.4	1,511.2	27.8	1,051.6	1,535.2	445.4	787.2	302.7
2010 Q3	6,225.3	1,863.7	105.5	1,548.5	17.7	1,517.9	30.2	1,141.8	1,535.0	458.1	786.0	290.9
Q4	5,997.7	1,779.3	107.4	1,503.9	16.4	1,511.2	27.8	1,051.6	1,535.2	445.4	787.2	302.7
2010 Nov.	6,190.1	1,820.7	115.7	1,593.3	17.1	1,526.5	27.5	1,089.2	1,554.4	446.4	804.6	303.4
Dec.	5,997.7	1,779.3	107.4	1,503.9	16.4	1,511.2	27.8	1,051.6	1,535.2	445.4	787.2	302.7
2011 Jan.	6,029.3	1,787.8	106.8	1,521.2	17.7	1,500.1	26.4	1,069.2	1,552.4	448.2	802.6	301.6
Feb. (p)	6,032.8	1,794.4	103.4	1,524.6	18.6	1,506.3	27.5	1,058.0	1,541.8	449.5	794.1	298.2
	Transactions											
2009	354.4	83.5	16.6	230.6	-3.2	103.3	-12.0	-64.5	43.2	29.1	11.8	2.3
2010	-261.7	-163.7	-7.3	42.3	-2.1	14.5	-14.6	-130.9	56.8	29.8	6.2	20.8
2010 Q3	-19.1	-46.2	-0.5	-12.8	0.1	31.3	5.2	3.8	10.1	2.2	9.9	-2.0
Q4	-200.8	-69.7	0.5	-28.5	-1.4	-2.6	-2.9	-96.1	20.9	3.9	11.4	5.6
2010 Nov.	-22.4	18.4	2.3	-47.4	1.7	35.5	-1.0	-31.9	27.8	4.2	17.0	6.6
Dec.	-167.8	-39.4	-5.7	-85.3	-0.3	-15.4	0.8	-22.5	-13.9	-1.3	-11.1	-1.5
2011 Jan.	45.6	9.9	1.5	16.3	1.6	-10.7	-0.8	27.9	13.9	2.3	13.6	-2.0
Feb. (p)	11.4	8.2	-2.8	5.7	1.0	6.3	1.6	-8.5	-12.2	0.2	-9.0	-3.4
	Growth rates											
2009	6.0	4.4	17.6	18.7	-15.8	7.6	-23.2	-5.3	2.9	7.0	1.5	0.8
2010	-4.2	-8.4	-5.8	2.8	-11.2	0.9	-35.0	-11.1	3.7	6.8	0.8	7.5
2010 Q3	-2.5	-6.9	-2.4	3.5	-15.4	2.0	-39.4	-6.5	3.4	6.3	0.5	7.1
Q4	-4.2	-8.4	-5.8	2.8	-11.2	0.9	-35.0	-11.1	3.7	6.8	0.8	7.5
2010 Nov.	-2.5	-7.3	2.0	6.2	-9.4	2.9	-42.3	-10.9	4.3	6.5	1.4	9.4
Dec.	-4.2	-8.4	-5.8	2.8	-11.2	0.9	-35.0	-11.1	3.7	6.8	0.8	7.5
2011 Jan.	-3.7	-8.1	-3.4	3.3	-15.5	0.7	-37.7	-9.1	3.4	4.4	1.9	6.3
Feb. (p)	-3.6	-7.0	-3.6	1.8	6.8	0.9	-31.8	-9.9	3.6	5.4	2.3	4.7

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
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	-7.5	-1.8	-2.3	-3.4	-4.0	-0.1	-0.2	-3.7	-7.4	-1.6	-1.3	-4.5
2010	-7.3	-2.7	-1.9	-2.6	-4.7	-0.2	-0.2	-4.3	-8.6	-1.1	-1.6	-6.0
2010 Q2	-1.6	-0.4	-0.4	-0.8	-1.1	0.0	0.0	-1.0	-1.9	-0.3	-0.4	-1.3
Q3	-1.9	-0.5	-0.5	-0.9	-0.7	0.0	0.0	-0.7	-1.2	-0.1	-0.2	-0.8
Q4	-1.8	-0.7	-0.4	-0.7	-1.8	-0.1	-0.1	-1.6	-3.2	-0.1	-0.6	-2.5
2010 Oct.	-0.4	-0.2	-0.1	-0.1	-0.7	0.0	0.0	-0.7	-0.7	-0.1	-0.1	-0.5
Nov.	-0.3	-0.1	0.0	-0.1	-0.4	0.0	0.0	-0.3	-0.7	0.1	-0.2	-0.6
Dec.	-1.2	-0.4	-0.3	-0.5	-0.8	-0.1	-0.1	-0.6	-1.7	-0.1	-0.3	-1.3
2011 Jan.	-0.4	-0.3	0.0	-0.1	-0.3	0.0	0.0	-0.3	-0.7	-0.1	-0.1	-0.5
Feb. (p)	-0.4	-0.2	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.5	0.0	-0.1	-0.4

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
2008	-17.8	-4.1	-9.1	-4.6	-6.6	-3.4	-3.2
2009	-35.4	-12.7	-12.5	-10.2	-6.9	-2.6	-4.2
2010	-60.2	-24.6	-20.4	-15.2	-3.7	-1.1	-2.6
2010 Q2	-17.8	-5.5	-6.4	-6.0	-1.0	-0.5	-0.5
Q3	-10.3	-4.0	-2.8	-3.6	-0.4	-0.3	-0.2
Q4	-20.6	-8.0	-7.3	-5.3	-1.2	0.1	-1.3
2010 Oct.	-1.8	-0.4	-0.8	-0.6	-0.2	0.0	-0.2
Nov.	-6.3	-2.0	-2.6	-1.7	-0.6	0.1	-0.7
Dec.	-12.5	-5.6	-3.9	-3.0	-0.4	0.0	-0.5
2011 Jan.	-1.6	-0.7	-0.4	-0.5	-0.2	0.0	-0.2
Feb. (p)	-1.0	-0.3	-0.3	-0.4	0.0	0.0	0.0

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
2008	-60.4	-12.0	0.0	4.5	0.0	-19.0	-2.2	-31.7	-63.6	-9.2	-46.2	-8.2
2009	4.4	8.2	0.2	-0.8	-0.1	-0.8	0.8	-3.0	1.0	-5.9	3.4	3.5
2010	-9.2	-1.8	0.0	-13.1	0.8	-0.8	-1.2	6.9	-19.8	-6.8	-9.4	-3.6
2010 Q2	-12.7	-2.6	0.4	-8.7	0.5	-4.4	0.0	2.1	-14.6	-3.3	-7.3	-4.0
Q3	17.9	3.7	-0.2	6.0	0.3	5.5	-1.4	3.9	1.7	0.1	4.1	-2.5
Q4	-28.7	-6.1	-0.5	-14.9	-0.1	-4.4	0.0	-2.8	-7.4	-2.6	-6.0	1.2
2010 Oct.	-2.0	-0.2	0.1	-1.7	0.0	-0.5	0.1	0.2	1.1	-0.5	1.9	-0.3
Nov.	-20.0	-4.2	-0.5	-10.1	-0.1	-3.9	0.0	-1.2	-6.6	-2.5	-5.0	0.9
Dec.	-6.7	-1.8	-0.1	-3.0	-0.1	0.0	-0.1	-1.7	-1.9	0.3	-2.9	0.7
2011 Jan.	-2.3	-1.5	-0.3	0.4	0.0	-0.4	0.0	-0.5	2.3	0.8	1.7	-0.3
Feb. (p)	-2.5	-0.9	0.0	-1.9	0.0	1.3	-0.4	-0.6	1.5	0.8	0.7	0.0

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							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	By euro area residents													
2008	6,852.0	89.7	10.3	7.3	0.4	1.3	0.8	9,890.2	96.9	3.1	1.9	0.5	0.1	0.4
2009	6,282.0	92.9	7.1	4.4	0.3	1.2	0.7	10,188.9	97.0	3.0	1.9	0.2	0.1	0.4
2010 Q1	6,222.1	93.0	7.0	4.1	0.3	1.2	0.8	10,201.5	97.0	3.0	2.0	0.2	0.1	0.4
Q2	6,544.4	92.4	7.6	4.5	0.3	1.3	0.9	10,468.0	97.0	3.0	2.0	0.2	0.1	0.4
Q3	6,096.7	92.5	7.5	4.5	0.3	1.2	0.8	10,520.7	97.1	2.9	1.9	0.2	0.1	0.4
Q4 (p)	5,775.4	92.9	7.1	4.1	0.3	1.3	0.8	10,728.6	97.1	2.9	1.9	0.2	0.1	0.4
	By non-euro area residents													
2008	2,816.2	48.3	51.7	33.4	2.8	2.6	10.2	897.1	54.9	45.1	28.7	1.4	1.9	9.4
2009	2,532.7	49.2	50.8	34.2	1.8	2.2	9.6	836.0	53.5	46.5	31.4	1.1	1.7	7.5
2010 Q1	2,639.0	50.1	49.9	32.9	2.2	2.2	9.4	904.7	54.9	45.1	31.9	1.1	1.3	6.1
Q2	2,693.4	52.9	47.1	30.8	2.1	1.6	9.5	1,007.0	55.1	44.9	31.8	1.1	1.4	6.5
Q3	2,597.1	51.4	48.6	32.4	2.2	1.6	9.2	983.4	57.1	42.9	30.4	1.2	1.3	5.8
Q4 (p)	2,490.7	52.1	47.9	31.8	2.2	1.8	8.6	996.9	58.6	41.4	29.5	1.2	1.4	5.1

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
2008	5,101.8	83.3	16.7	8.4	2.0	1.9	2.5
2009	5,168.3	83.3	16.7	8.8	1.6	1.9	2.5
2010 Q1	5,284.2	82.5	17.5	9.5	1.6	1.8	2.5
Q2	5,244.3	81.6	18.4	10.0	1.8	2.0	2.5
Q3	5,143.2	82.3	17.7	9.4	1.7	2.0	2.4
Q4 (p)	5,082.1	81.6	18.4	9.7	1.8	2.1	2.5

Source: ECB.

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

2.8 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													
2008	6,307.7	-	-	-	-	-	-	11,748.1	95.9	4.1	2.1	0.3	1.1	0.4
2009	5,917.5	-	-	-	-	-	-	11,784.9	96.2	3.8	1.9	0.2	1.0	0.4
2010 Q1	5,916.7	-	-	-	-	-	-	11,832.5	96.1	3.9	2.0	0.2	1.0	0.4
Q2	6,208.2	-	-	-	-	-	-	12,060.3	95.8	4.2	2.2	0.3	1.1	0.4
Q3	5,841.2	-	-	-	-	-	-	12,056.5	96.0	4.0	2.0	0.2	1.1	0.4
Q4 (p)	5,516.5	-	-	-	-	-	-	12,249.1	96.0	4.0	2.1	0.2	1.1	0.4
	To non-euro area residents													
2008	2,278.8	45.8	54.2	31.8	3.0	2.6	11.3	963.6	40.4	59.6	42.0	1.4	4.3	7.5
2009	1,914.9	45.8	54.2	29.4	2.7	2.9	12.6	906.8	40.0	60.0	42.1	1.2	3.7	8.0
2010 Q1	1,985.1	46.6	53.4	29.8	2.6	3.0	11.2	964.8	40.2	59.8	42.5	1.3	3.4	7.5
Q2	2,074.4	46.5	53.5	29.9	2.7	3.0	11.9	1,001.6	39.2	60.8	43.4	1.4	3.5	7.7
Q3	1,995.7	45.9	54.1	29.6	3.3	3.0	12.0	956.0	40.6	59.4	41.7	1.4	3.6	7.3
Q4 (p)	2,009.3	44.8	55.2	30.7	2.9	3.2	11.6	952.2	39.9	60.1	42.8	1.4	3.7	6.7

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													
2008	1,976.3	95.3	4.7	2.6	0.4	0.2	1.2	2,651.8	97.3	2.7	1.7	0.3	0.1	0.4
2009	2,080.2	94.8	5.2	3.1	0.2	0.3	1.4	2,980.4	98.1	1.9	1.2	0.2	0.1	0.3
2010 Q1	2,092.7	94.6	5.4	3.2	0.2	0.3	1.4	3,033.9	98.1	1.9	1.2	0.2	0.1	0.3
Q2	2,025.5	94.2	5.8	3.5	0.2	0.3	1.5	3,081.7	98.5	1.5	0.8	0.2	0.1	0.4
Q3	1,969.2	94.6	5.4	3.0	0.2	0.3	1.6	3,114.3	98.5	1.5	0.9	0.2	0.1	0.4
Q4 (p)	1,886.7	94.3	5.7	3.3	0.1	0.3	1.7	3,059.4	98.6	1.4	0.8	0.1	0.1	0.4
	Issued by non-euro area residents													
2008	580.3	54.1	45.9	28.6	0.9	0.5	13.3	646.2	39.0	61.0	37.1	6.4	0.8	11.1
2009	546.6	55.8	44.2	26.3	0.4	0.5	14.8	600.5	34.9	65.1	38.5	4.2	0.9	15.2
2010 Q1	561.8	55.3	44.7	28.0	0.4	0.5	14.8	611.4	32.9	67.1	39.9	4.2	0.9	14.9
Q2	559.0	53.4	46.6	27.4	0.4	0.9	15.2	640.8	28.8	71.2	43.8	4.5	0.6	15.1
Q3	535.8	52.2	47.8	27.7	0.4	0.9	16.1	606.0	29.8	70.2	42.5	4.6	0.6	15.0
Q4 (p)	535.9	51.0	49.0	26.1	0.3	0.5	17.1	515.7	32.4	67.6	41.9	3.8	0.9	13.3

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						
2010 July	5,937.5	389.3	2,289.7	1,754.6	798.4	247.9	457.7
Aug.	6,035.5	387.0	2,361.4	1,742.8	807.6	250.0	486.7
Sep.	6,098.6	375.3	2,342.0	1,794.8	825.2	245.6	515.8
Oct.	6,162.1	375.5	2,356.3	1,842.6	835.3	247.7	504.7
Nov.	6,197.8	372.4	2,372.5	1,884.8	845.2	249.2	473.6
Dec.	6,249.5	365.0	2,361.0	1,983.1	863.2	239.4	437.9
2011 Jan. (p)	6,251.9	379.3	2,342.7	1,977.6	858.5	239.1	454.9
	Transactions						
2010 Q2	5.9	21.8	6.3	-31.4	9.1	1.0	-1.0
Q3	140.9	-13.4	63.4	13.4	19.0	0.0	58.5
Q4	8.8	-6.5	50.4	51.9	15.5	-3.5	-99.1

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2010 July	5,937.5	129.0	5,398.0	4,253.9	595.8	1,144.1	410.5
Aug.	6,035.5	130.1	5,467.4	4,297.1	602.6	1,170.3	438.0
Sep.	6,098.6	126.2	5,515.3	4,342.8	625.7	1,172.5	457.1
Oct.	6,162.1	122.2	5,592.4	4,393.0	636.7	1,199.4	447.5
Nov.	6,197.8	126.3	5,640.8	4,392.6	640.8	1,248.2	430.7
Dec.	6,249.5	110.2	5,743.7	4,465.1	657.4	1,278.6	395.5
2011 Jan. (p)	6,251.9	111.4	5,733.7	4,459.6	656.5	1,274.1	406.9
	Transactions						
2010 Q2	5.9	6.5	25.7	3.0	0.6	22.7	-26.3
Q3	140.9	-6.0	78.6	56.2	22.6	22.5	68.3
Q4	8.8	-4.0	80.6	43.4	15.5	37.2	-67.8

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010 June	5,320.5	1,750.3	1,486.7	1,291.4	253.5	107.4	431.2	5,240.3	80.1	1,167.0
July	5,398.0	1,767.5	1,521.2	1,308.9	258.9	104.9	436.6	5,317.7	80.3	1,143.6
Aug.	5,467.4	1,822.6	1,510.2	1,333.3	259.6	105.2	436.5	5,387.1	80.4	1,180.6
Sep.	5,515.3	1,813.8	1,554.6	1,345.4	259.9	101.7	439.9	5,434.9	80.4	1,137.7
Oct.	5,592.4	1,825.1	1,601.0	1,362.4	260.8	102.1	441.1	5,512.5	80.0	1,125.6
Nov.	5,640.8	1,828.6	1,641.2	1,366.6	258.9	106.4	439.1	5,560.4	80.4	1,152.5
Dec.	5,743.7	1,811.9	1,716.1	1,396.6	263.2	108.2	447.7	5,661.5	82.3	1,106.6
2011 Jan. (p)	5,733.7	1,800.8	1,710.4	1,398.9	262.9	107.9	452.8	5,649.6	84.2	1,090.4
	Transactions									
2010 July	27.6	15.5	4.4	6.7	0.6	-0.4	0.8	27.5	0.1	-4.1
Aug.	30.5	17.8	2.8	10.5	0.0	-1.3	0.7	30.8	-0.3	28.1
Sep.	20.5	13.5	0.7	7.8	0.5	-1.2	-0.8	20.2	0.3	-17.8
Oct.	32.3	12.3	16.5	3.6	0.6	0.1	-0.8	33.1	-0.8	-6.5
Nov.	18.9	7.4	8.9	5.3	0.0	-0.6	-2.1	19.0	-0.2	6.0
Dec.	29.5	-5.0	13.0	13.6	2.8	2.3	2.7	28.1	1.3	-33.9
2011 Jan. (p)	16.7	-0.5	9.1	6.0	0.4	0.2	1.5	16.3	0.5	-9.5

Source: ECB.

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

2.10 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										
2010 Q1	2,215.8	1,461.0	393.3	706.2	199.2	5.9	156.4	754.8	217.8	292.2	15.6
Q2	2,271.1	1,446.9	383.2	713.4	193.0	6.0	151.3	824.2	230.2	325.2	16.6
Q3	2,342.0	1,469.3	383.6	722.0	193.3	6.4	164.0	872.7	242.2	331.0	16.4
Q4 (p)	2,361.0	1,429.5	375.4	691.6	192.3	6.0	164.2	931.4	245.8	364.7	16.1
	Transactions										
2010 Q2	6.3	-25.0	-11.8	-5.2	-3.5	0.6	-5.1	31.4	6.6	12.9	-1.4
Q3	63.4	17.9	4.0	3.4	1.9	0.0	8.7	45.5	8.7	20.2	0.3
Q4 (p)	50.4	-6.4	-2.7	-8.6	0.7	-0.2	4.3	56.8	7.8	31.0	-1.9

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010 Q1	1,819.5	751.3	95.1	-	36.2	28.3	591.6	1,068.2	148.6	329.9	75.8
Q2	1,719.0	672.4	74.3	-	34.1	24.0	539.9	1,046.6	141.6	315.1	79.0
Q3	1,794.8	713.4	79.9	-	37.4	24.3	571.6	1,081.4	154.1	314.3	67.3
Q4 (p)	1,983.1	747.1	76.2	-	39.8	25.2	605.8	1,236.0	171.4	354.2	83.8
	Transactions										
2010 Q2	-31.4	-24.2	-7.9	-	-0.6	-1.2	-14.5	-7.1	-1.8	-5.4	3.9
Q3	13.4	8.6	-0.8	-	1.1	0.2	8.0	4.8	1.9	-0.4	-8.6
Q4 (p)	51.9	3.9	4.3	-	1.9	-0.6	-1.7	48.0	5.2	6.0	6.7

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010 Q1	778.7	661.1	70.9	-	590.2	-	-	117.6	18.4	34.3	0.4
Q2	791.6	662.5	77.4	-	585.1	-	-	129.1	19.0	36.4	0.4
Q3	825.2	702.6	76.9	-	625.7	-	-	122.6	20.8	34.1	0.4
Q4 (p)	863.2	732.9	75.5	-	657.4	-	-	130.3	23.6	37.5	0.5
	Transactions										
2010 Q2	9.1	6.1	5.5	-	0.6	-	-	3.0	0.9	-0.4	-0.1
Q3	19.0	23.6	1.0	-	22.6	-	-	-4.6	1.0	-0.8	0.0
Q4 (p)	15.5	13.2	-2.3	-	15.5	-	-	2.3	0.6	1.5	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.

3 EURO AREA ACCOUNTS

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

Uses 2010 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						533
Trade balance [1]						-14
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,083	112	686	54	231	
Other taxes less subsidies on production	30	6	16	4	4	
Consumption of fixed capital	355	96	199	12	47	
Net operating surplus and mixed income [1]	586	287	264	36	-1	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						5
Taxes less subsidies on production						
Property income	614	36	223	291	65	93
Interest	360	33	59	203	65	49
Other property income	254	3	163	88	0	44
Net national income [1]	1,928	1,547	125	38	217	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	248	208	34	6	0	1
Social contributions	415	415				1
Social benefits other than social transfers in kind	454	2	17	33	403	1
Other current transfers	191	72	25	46	48	9
Net non-life insurance premiums	44	33	10	1	1	1
Non-life insurance claims	44			44		1
Other	102	39	16	1	47	7
Net disposable income [1]	1,899	1,395	77	47	380	
Use of income account						
Net disposable income						
Final consumption expenditure	1,819	1,339			480	
Individual consumption expenditure	1,632	1,340			293	
Collective consumption expenditure	187				187	
Adjustment for the change in the net equity of households in pension fund reserves	15	0	1	14	0	0
Net saving/current external account [1]	80	70	76	33	-100	21
Capital account						
Net saving/current external account						
Gross capital formation	456	142	244	11	58	
Gross fixed capital formation	445	138	238	11	58	
Changes in inventories and acquisitions less disposals of valuables	11	4	7	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-2	1	0	1	0
Capital transfers	44	9	1	3	32	4
Capital taxes	6	5	0	1		0
Other capital transfers	38	3	1	2	32	4
Net lending (+)/net borrowing (-) (from capital account) [1]	-19	29	47	40	-136	19
Statistical discrepancy	0	2	-2	0	0	0

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

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

Resources 2010 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						519
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,053	502	1,166	105	280	
Taxes less subsidies on products	236					
Gross domestic product (market prices)[2)]	2,288					
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	586	287	264	36	-1	
Compensation of employees	1,084	1,084				4
Taxes less subsidies on production	264				264	1
Property income	608	212	84	293	18	99
Interest	346	54	32	252	8	63
Other property income	262	158	53	41	10	36
Net national income						
Secondary distribution of income account						
Net national income	1,928	1,547	125	38	217	
Current taxes on income, wealth, etc.	248				248	1
Social contributions	415	1	17	48	348	1
Social benefits other than social transfers in kind	451	451				3
Other current transfers	164	91	10	45	17	36
Net non-life insurance premiums	44			44		1
Non-life insurance claims	43	35	7	1	0	1
Other	76	56	3	0	17	33
Net disposable income						
Use of income account						
Net disposable income	1,899	1,395	77	47	380	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	15	15				0
Net saving/current external account						
Capital account						
Net saving/current external account	80	70	76	33	-100	21
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	355	96	199	12	47	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	45	10	18	9	8	3
Capital taxes	6				6	0
Other capital transfers	39	10	18	9	2	3
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

(EUR billions)

Assets 2010 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		18,332	16,725	33,811	14,164	6,725	3,515	16,251
Monetary gold and special drawing rights (SDRs)				408				
Currency and deposits		6,510	1,830	10,246	2,168	862	722	3,971
Short-term debt securities		40	173	628	321	400	26	809
Long-term debt securities		1,357	220	6,461	2,299	2,181	353	3,557
Loans		69	3,104	13,070	3,795	480	496	1,816
of which: Long-term		53	1,634	10,099	2,769	350	393	.
Shares and other equity		4,192	7,367	1,967	5,341	2,343	1,289	5,447
Quoted shares		687	1,321	443	1,828	411	250	.
Unquoted shares and other equity		2,077	5,677	1,196	2,740	466	884	.
Mutual fund shares		1,428	368	327	773	1,466	154	.
Insurance technical reserves		5,676	146	2	0	216	3	189
Other accounts receivable and financial derivatives		487	3,886	1,029	240	243	626	462
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		57	197	-641	186	68	-32	94
Monetary gold and SDRs				0				0
Currency and deposits		3	23	-695	54	0	-28	12
Short-term debt securities		9	6	-1	-22	15	5	-6
Long-term debt securities		-23	-17	13	87	38	1	2
Loans		1	71	57	12	5	-10	2
of which: Long-term		1	35	68	-39	4	3	.
Shares and other equity		-4	64	10	53	7	2	69
Quoted shares		1	8	2	17	1	0	.
Unquoted shares and other equity		4	54	5	9	2	-2	.
Mutual fund shares		-9	1	3	27	4	3	.
Insurance technical reserves		58	0	0	0	1	0	1
Other accounts receivable and financial derivatives		13	50	-24	3	1	-2	13
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		173	167	-259	-7	82	29	-125
Monetary gold and SDRs				-23				
Currency and deposits		-3	-8	-113	-22	0	3	-146
Short-term debt securities		0	-8	-9	-8	2	0	-6
Long-term debt securities		14	-2	-75	-25	30	4	15
Loans		0	-17	-85	-11	-1	1	-23
of which: Long-term		0	-10	-39	-8	0	1	.
Shares and other equity		114	262	50	66	54	14	43
Quoted shares		43	63	28	65	23	11	.
Unquoted shares and other equity		44	198	19	-11	5	-2	.
Mutual fund shares		26	1	3	11	26	6	.
Insurance technical reserves		50	0	0	0	-2	0	1
Other accounts receivable and financial derivatives		-2	-59	-5	-8	-1	7	-9
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		18,562	17,089	32,912	14,343	6,875	3,511	16,221
Monetary gold and SDRs				386				
Currency and deposits		6,510	1,845	9,439	2,201	863	697	3,836
Short-term debt securities		49	171	618	291	417	31	797
Long-term debt securities		1,348	201	6,398	2,360	2,250	358	3,575
Loans		70	3,158	13,042	3,797	483	487	1,795
of which: Long-term		54	1,659	10,128	2,721	353	397	.
Shares and other equity		4,302	7,693	2,027	5,460	2,404	1,305	5,560
Quoted shares		731	1,392	473	1,910	435	261	.
Unquoted shares and other equity		2,125	5,930	1,220	2,739	473	880	.
Mutual fund shares		1,445	371	333	811	1,497	163	.
Insurance technical reserves		5,784	145	2	0	215	3	192
Other accounts receivable and financial derivatives		498	3,877	1,000	235	243	630	466
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2010 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		6,662	25,228	32,893	13,976	6,795	8,659	14,900
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			30	23,359	26	0	232	2,663
Short-term debt securities			324	715	73	12	994	280
Long-term debt securities			561	4,646	2,698	47	5,476	3,000
Loans		5,980	8,464		3,386	271	1,476	3,254
of which: Long-term		5,616	5,883		1,819	106	1,248	.
Shares and other equity		7	11,904	2,746	7,569	479	6	5,234
Quoted shares			3,316	445	178	150	0	.
Unquoted shares and other equity		7	8,588	1,134	2,266	328	6	.
Mutual fund shares				1,167	5,125			.
Insurance technical reserves		34	336	65	1	5,795	1	
Other accounts payable and financial derivatives		641	3,610	1,363	224	191	474	468
Net financial worth [1]	-943	11,670	-8,503	917	188	-71	-5,144	
Financial account, transactions in liabilities								
Total transactions in liabilities		27	151	-655	155	73	103	75
Monetary gold and SDRs								
Currency and deposits			0	-649	-2	0	28	-7
Short-term debt securities			4	-7	6	0	-7	10
Long-term debt securities			8	-30	26	-1	74	23
Loans		29	62		18	13	3	14
of which: Long-term		37	24		-15	2	20	.
Shares and other equity		0	70	10	82	0	0	38
Quoted shares			4	1	0	0	0	.
Unquoted shares and other equity		0	66	3	1	0	0	.
Mutual fund shares				6	81			.
Insurance technical reserves		0	1	0	0	59	0	
Other accounts payable and financial derivatives		-3	6	20	25	2	6	-3
Changes in net financial worth due to transactions [1]	-19	31	45	14	31	-5	-136	19
Other changes account, liabilities								
Total other changes in liabilities		2	549	-230	-77	35	43	-240
Monetary gold and SDRs								
Currency and deposits			0	-216	0	0	0	-73
Short-term debt securities			-5	-12	1	1	0	-12
Long-term debt securities			3	-5	-30	0	70	-77
Loans		-3	-36		-41	1	-1	-56
of which: Long-term		-3	-19		-31	1	-1	.
Shares and other equity		0	583	-4	29	6	0	-12
Quoted shares			222	41	3	2	0	.
Unquoted shares and other equity		0	361	-9	-57	4	0	.
Mutual fund shares				-35	83			.
Insurance technical reserves		0	0	0	0	49	0	
Other accounts payable and financial derivatives		5	4	8	-36	-21	-26	-10
Other changes in net financial worth [1]	-137	170	-382	-29	70	47	-14	115
Closing balance sheet, liabilities								
Total liabilities		6,691	25,929	32,009	14,054	6,904	8,805	14,735
Monetary gold and SDRs								
Currency and deposits			29	22,494	25	0	260	2,583
Short-term debt securities			322	695	79	13	986	278
Long-term debt securities			572	4,610	2,694	46	5,620	2,947
Loans		6,006	8,490		3,363	284	1,478	3,212
of which: Long-term		5,650	5,888		1,772	109	1,268	.
Shares and other equity		7	12,558	2,752	7,680	486	6	5,260
Quoted shares			3,542	487	181	153	0	.
Unquoted shares and other equity		7	9,015	1,128	2,210	332	6	.
Mutual fund shares				1,138	5,289			.
Insurance technical reserves		34	337	65	1	5,903	1	
Other accounts payable and financial derivatives		644	3,621	1,391	213	172	453	455
Net financial worth [1]	-1,100	11,871	-8,840	903	289	-29	-5,294	

Source: ECB.

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

Uses	2006	2007	2008	2008 Q4-2009 Q3	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,075	4,261	4,439	4,434	4,427	4,430	4,445	4,461
Other taxes less subsidies on production	127	136	132	118	113	109	108	113
Consumption of fixed capital	1,253	1,319	1,382	1,396	1,398	1,397	1,399	1,405
Net operating surplus and mixed income [1]	2,191	2,343	2,327	2,139	2,123	2,146	2,182	2,205
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,034	3,635	3,889	3,208	2,964	2,834	2,764	2,763
Interest	1,657	2,086	2,322	1,821	1,621	1,507	1,447	1,430
Other property income	1,377	1,549	1,566	1,388	1,343	1,327	1,317	1,333
Net national income [1]	7,329	7,727	7,795	7,536	7,512	7,547	7,621	7,684
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,028	1,113	1,122	1,038	1,013	1,012	1,020	1,025
Social contributions	1,542	1,599	1,668	1,676	1,677	1,682	1,688	1,695
Social benefits other than social transfers in kind	1,555	1,602	1,671	1,758	1,786	1,805	1,815	1,823
Other current transfers	723	754	788	784	784	792	794	799
Net non-life insurance premiums	180	184	188	184	183	183	182	183
Non-life insurance claims	180	184	189	185	183	183	183	183
Other	363	385	410	415	419	426	429	432
Net disposable income [1]	7,237	7,633	7,690	7,427	7,403	7,433	7,507	7,566
Use of income account								
Net disposable income								
Final consumption expenditure	6,646	6,911	7,171	7,162	7,181	7,216	7,256	7,298
Individual consumption expenditure	5,957	6,198	6,421	6,386	6,397	6,430	6,469	6,511
Collective consumption expenditure	689	713	749	775	784	786	787	788
Adjustment for the change in the net equity of households in pension fund reserves	64	65	71	67	66	65	63	63
Net saving [1]	591	722	520	265	223	217	251	267
Capital account								
Net saving								
Gross capital formation	1,879	2,030	2,039	1,787	1,710	1,688	1,724	1,754
Gross fixed capital formation	1,857	1,991	2,017	1,828	1,781	1,757	1,762	1,770
Changes in inventories and acquisitions less disposals of valuables	22	39	22	-41	-71	-70	-38	-15
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	0	-1	0	-1	1	2	1	1
Capital transfers	170	151	150	174	183	193	187	192
Capital taxes	23	24	24	29	34	34	30	29
Other capital transfers	148	126	126	145	149	158	157	163
Net lending (+)/net borrowing (-) (from capital account) [1]	-19	28	-127	-115	-81	-64	-64	-73

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

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

(EUR billions; four-quarter cumulated flows)

Resources	2006	2007	2008	2008 Q4-2009 Q3	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3
Generation of income account								
Gross value added (basic prices)	7,647	8,060	8,280	8,087	8,060	8,082	8,135	8,184
Taxes less subsidies on products	915	960	946	900	892	894	907	924
Gross domestic product (market prices)[2]	8,562	9,020	9,227	8,986	8,952	8,975	9,042	9,109
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
Net operating surplus and mixed income								
Allocation of primary income account								
Net operating surplus and mixed income	2,191	2,343	2,327	2,139	2,123	2,146	2,182	2,205
Compensation of employees	4,083	4,269	4,446	4,441	4,433	4,436	4,452	4,468
Taxes less subsidies on production	1,055	1,104	1,085	1,027	1,022	1,021	1,031	1,052
Property income	3,035	3,645	3,825	3,137	2,898	2,779	2,720	2,721
Interest	1,628	2,048	2,265	1,754	1,552	1,441	1,388	1,371
Other property income	1,407	1,597	1,560	1,383	1,345	1,337	1,331	1,350
Net national income								
Secondary distribution of income account								
Net national income	7,329	7,727	7,795	7,536	7,512	7,547	7,621	7,684
Current taxes on income, wealth, etc.	1,033	1,120	1,130	1,043	1,019	1,017	1,024	1,030
Social contributions	1,541	1,599	1,668	1,675	1,676	1,681	1,687	1,694
Social benefits other than social transfers in kind	1,547	1,593	1,663	1,750	1,779	1,797	1,807	1,815
Other current transfers	635	663	684	678	678	680	683	684
Net non-life insurance premiums	180	184	189	185	183	183	183	183
Non-life insurance claims	177	182	186	181	179	180	179	180
Other	278	296	309	312	316	318	321	322
Net disposable income								
Use of income account								
Net disposable income	7,237	7,633	7,690	7,427	7,403	7,433	7,507	7,566
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	64	65	71	67	66	65	63	63
Net saving								
Capital account								
Net saving	591	722	520	265	223	217	251	267
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,253	1,319	1,382	1,396	1,398	1,397	1,399	1,405
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	185	166	160	183	193	203	197	202
Capital taxes	23	24	24	29	34	34	30	29
Other capital transfers	162	141	136	154	159	169	167	173
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2006	2007	2008	2008 Q4-2009 Q3	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3
Income, saving and changes in net worth								
Compensation of employees (+)	4,083	4,269	4,446	4,441	4,433	4,436	4,452	4,468
Gross operating surplus and mixed income (+)	1,420	1,491	1,537	1,495	1,485	1,485	1,490	1,498
Interest receivable (+)	264	313	347	274	245	227	219	215
Interest payable (-)	167	217	243	174	148	137	132	131
Other property income receivable (+)	749	807	819	753	739	731	725	730
Other property income payable (-)	10	10	10	10	10	10	10	11
Current taxes on income and wealth (-)	794	852	891	870	860	857	857	861
Net social contributions (-)	1,538	1,595	1,664	1,671	1,672	1,677	1,683	1,690
Net social benefits (+)	1,542	1,587	1,656	1,744	1,772	1,791	1,801	1,809
Net current transfers receivable (+)	67	72	72	79	81	82	81	80
= Gross disposable income	5,616	5,866	6,069	6,059	6,065	6,070	6,085	6,107
Final consumption expenditure (-)	4,902	5,099	5,268	5,193	5,194	5,221	5,252	5,288
Changes in net worth in pension funds (+)	64	64	71	67	65	65	63	62
= Gross saving	770	825	867	928	934	912	895	879
Consumption of fixed capital (-)	342	365	381	383	383	382	382	383
Net capital transfers receivable (+)	19	12	2	15	13	11	10	9
Other changes in net worth (+)	2,614	1,485	-2,356	-1,530	-258	819	811	831
= Changes in net worth	3,061	1,958	-1,868	-970	306	1,360	1,333	1,337
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	608	644	635	569	550	539	540	542
Consumption of fixed capital (-)	342	365	381	383	383	382	382	383
Main items of financial investment (+)								
Short-term assets	321	427	452	159	-19	-100	-91	-37
Currency and deposits	285	350	438	256	120	64	63	89
Money market fund shares	1	39	-10	-20	-48	-84	-85	-96
Debt securities [1]	35	38	24	-77	-92	-80	-69	-31
Long-term assets	297	145	46	362	526	594	566	464
Deposits	2	-33	-28	56	90	117	112	89
Debt securities	31	34	45	26	22	-14	-7	-33
Shares and other equity	-25	-73	-109	87	172	220	198	144
Quoted and unquoted shares and other equity	-5	-2	21	95	99	110	102	64
Mutual fund shares	-20	-72	-130	-7	73	110	96	80
Life insurance and pension fund reserves	290	217	137	193	242	271	263	265
Main items of financing (-)								
Loans	406	373	213	102	111	130	135	136
of which: From euro area MFIs	350	283	82	-16	65	76	104	105
Other changes in assets (+)								
Non-financial assets	2,057	1,413	-913	-1,572	-745	-19	477	726
Financial assets	547	80	-1,481	9	459	846	370	144
Shares and other equity	458	81	-1,259	-132	236	493	140	23
Life insurance and pension fund reserves	60	9	-261	54	178	269	175	114
Remaining net flows (+)	-20	-12	-13	-12	29	12	-11	18
= Changes in net worth	3,061	1,958	-1,868	-970	306	1,360	1,333	1,337
Balance sheet								
Non-financial assets (+)	25,650	27,341	26,682	25,980	26,104	26,153	26,576	26,864
Financial assets (+)								
Short-term assets	4,813	5,269	5,804	5,811	5,773	5,729	5,768	5,756
Currency and deposits	4,462	4,852	5,322	5,407	5,475	5,447	5,507	5,499
Money market fund shares	255	293	324	313	244	233	215	201
Debt securities [1]	96	124	158	92	55	50	46	55
Long-term assets	11,855	12,055	10,526	11,253	11,520	11,767	11,655	11,883
Deposits	1,018	953	894	919	963	990	1,003	1,011
Debt securities	1,226	1,257	1,319	1,366	1,383	1,379	1,352	1,342
Shares and other equity	4,983	4,992	3,583	3,918	4,024	4,113	3,977	4,101
Quoted and unquoted shares and other equity	3,529	3,592	2,578	2,804	2,833	2,881	2,764	2,857
Mutual fund shares	1,453	1,400	1,005	1,114	1,192	1,232	1,213	1,245
Life insurance and pension fund reserves	4,627	4,854	4,730	5,050	5,150	5,285	5,323	5,429
Remaining net assets (+)	247	222	216	221	235	211	227	238
Liabilities (-)								
Loans	5,236	5,600	5,810	5,867	5,908	5,919	5,980	6,006
of which: From euro area MFIs	4,560	4,831	4,906	4,921	4,961	4,947	5,101	5,122
= Net worth	37,329	39,287	37,419	37,398	37,725	37,942	38,245	38,735

Sources: ECB and Eurostat.

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

3.4 Non-financial corporations

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

	2006	2007	2008	2008 Q4-2009 Q3	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3
Income and saving								
Gross value added (basic prices) (+)	4,374	4,646	4,763	4,557	4,522	4,536	4,578	4,615
Compensation of employees (-)	2,588	2,718	2,838	2,804	2,787	2,784	2,794	2,807
Other taxes less subsidies on production (-)	74	80	76	65	62	58	56	61
= Gross operating surplus (+)	1,712	1,849	1,849	1,689	1,673	1,694	1,727	1,748
Consumption of fixed capital (-)	707	741	777	786	787	786	786	789
= Net operating surplus (+)	1,007	1,108	1,068	898	883	903	936	955
Property income receivable (+)	505	597	595	501	474	468	467	470
Interest receivable	172	204	217	165	148	137	131	127
Other property income receivable	332	393	378	336	326	331	337	343
Interest and rents payable (-)	288	354	404	322	289	269	257	253
= Net entrepreneurial income (+)	1,223	1,351	1,259	1,077	1,067	1,102	1,146	1,172
Distributed income (-)	926	988	1,019	930	911	900	897	907
Taxes on income and wealth payable (-)	190	212	197	139	125	126	133	134
Social contributions receivable (+)	75	64	66	68	69	70	70	70
Social benefits payable (-)	61	62	65	66	67	67	67	67
Other net transfers (-)	65	57	60	61	62	64	65	65
= Net saving	55	95	-15	-50	-29	16	54	69
Investment, financing and saving								
Net acquisition of non-financial assets (+)	306	374	337	131	75	69	114	140
Gross fixed capital formation (+)	987	1,075	1,095	963	935	925	937	944
Consumption of fixed capital (-)	707	741	777	786	787	786	786	789
Net acquisition of other non-financial assets (+)	24	38	19	-45	-72	-69	-36	-14
Main items of financial investment (+)								
Short-term assets	158	168	65	82	109	104	46	29
Currency and deposits	146	154	15	38	90	98	58	49
Money market fund shares	2	-19	30	40	38	4	-20	-27
Debt securities [1]	10	33	21	4	-19	1	9	7
Long-term assets	477	742	701	404	193	169	289	347
Deposits	33	6	39	40	19	-11	-5	-9
Debt securities	-1	-9	-60	-45	-29	-30	16	18
Shares and other equity	285	448	348	258	94	76	56	80
Other (mainly intercompany loans)	161	297	373	152	109	134	221	258
Remaining net assets (+)	97	148	-27	-63	-35	63	4	44
Main items of financing (-)								
Debt	679	890	708	234	112	139	162	234
of which: Loans from euro area MFIs	443	539	396	-19	-113	-102	-87	-27
of which: Debt securities	38	38	55	91	84	103	81	69
Shares and other equity	231	379	308	288	178	169	154	177
Quoted shares	33	55	7	71	66	66	47	37
Unquoted shares and other equity	199	324	301	217	112	103	107	139
Net capital transfers receivable (-)	72	68	72	78	79	78	81	81
= Net saving	55	95	-15	-50	-29	16	54	69
Financial balance sheet								
Financial assets								
Short-term assets	1,674	1,826	1,904	1,972	2,011	1,989	1,984	1,997
Currency and deposits	1,367	1,507	1,537	1,580	1,634	1,604	1,610	1,626
Money market fund shares	183	159	185	222	206	198	181	181
Debt securities [1]	124	161	182	170	171	187	193	191
Long-term assets	10,072	11,041	9,429	10,261	10,488	10,793	10,709	11,069
Deposits	143	181	215	228	220	217	220	219
Debt securities	280	268	215	150	186	194	200	181
Shares and other equity	7,505	8,153	6,179	6,982	7,161	7,384	7,186	7,511
Other (mainly intercompany loans)	2,144	2,439	2,819	2,901	2,921	2,998	3,104	3,158
Remaining net assets	333	385	413	396	395	432	451	431
Liabilities								
Debt	7,880	8,696	9,427	9,518	9,519	9,610	9,684	9,721
of which: Loans from euro area MFIs	3,957	4,482	4,875	4,771	4,715	4,717	4,737	4,718
of which: Debt securities	680	683	740	819	820	874	884	894
Shares and other equity	13,172	14,368	10,773	11,957	12,265	12,485	11,904	12,558
Quoted shares	4,543	5,041	2,920	3,373	3,508	3,590	3,316	3,542
Unquoted shares and other equity	8,629	9,328	7,853	8,584	8,757	8,895	8,588	9,015

Sources: ECB and Eurostat.

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

3.5 Insurance corporations and pension funds

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

	2006	2007	2008	2008 Q4-2009 Q3	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	63	66	113	47	31	17	33	56
Currency and deposits	11	6	57	-1	-33	-21	2	6
Money market fund shares	3	2	20	6	9	1	12	11
Debt securities [1]	49	57	36	42	55	37	19	39
Long-term assets	309	165	72	140	208	274	268	265
Deposits	62	47	-3	29	19	2	-5	-4
Debt securities	117	48	6	-8	50	83	152	158
Loans	1	-15	38	28	15	13	13	18
Quoted shares	2	-1	2	-100	-88	-83	-82	-1
Unquoted shares and other equity	32	22	29	6	-3	2	5	6
Mutual fund shares	95	65	1	185	215	256	185	89
Remaining net assets (+)	14	-3	27	7	5	25	18	17
Main items of financing (-)								
Debt securities	6	3	12	10	1	0	6	4
Loans	50	-2	27	12	-25	-16	-11	12
Shares and other equity	11	3	9	5	3	3	3	5
Insurance technical reserves	318	241	139	199	272	319	300	294
Net equity of households in life insurance and pension fund reserves	301	226	117	193	257	304	291	286
Prepayments of insurance premiums and reserves for outstanding claims	17	15	22	7	14	15	10	8
= Changes in net financial worth due to transactions	1	-17	26	-33	-7	10	21	24
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	171	-2	-600	-30	232	368	183	116
Other net assets	-54	-28	46	85	59	100	126	128
Other changes in liabilities (-)								
Shares and other equity	41	-32	-195	-48	20	96	33	-16
Insurance technical reserves	54	13	-260	56	175	258	175	120
Net equity of households in life insurance and pension fund reserves	53	14	-257	61	177	262	174	118
Prepayments of insurance premiums and reserves for outstanding claims	1	-1	-3	-5	-2	-4	2	1
= Other changes in net financial worth	22	-10	-99	47	96	113	101	140
Financial balance sheet								
Financial assets (+)								
Short-term assets	501	564	680	693	720	727	747	763
Currency and deposits	157	163	224	190	195	196	206	203
Money market fund shares	80	80	98	102	99	103	108	107
Debt securities [1]	264	320	358	400	426	428	433	453
Long-term assets	5,191	5,333	4,817	5,186	5,320	5,532	5,519	5,654
Deposits	598	646	641	664	661	660	656	660
Debt securities	1,863	1,886	1,904	1,977	2,007	2,101	2,149	2,214
Loans	429	415	452	464	468	475	480	483
Quoted shares	742	718	416	411	420	435	411	435
Unquoted shares and other equity	475	514	436	461	469	476	466	473
Mutual fund shares	1,083	1,154	967	1,210	1,295	1,386	1,358	1,389
Remaining net assets (+)	185	167	233	236	228	252	267	285
Liabilities (-)								
Debt securities	36	29	47	49	53	56	59	58
Loans	256	252	281	272	254	266	271	284
Shares and other equity	688	658	471	497	495	515	479	486
Insurance technical reserves	5,015	5,269	5,147	5,490	5,594	5,748	5,795	5,903
Net equity of households in life insurance and pension fund reserves	4,309	4,548	4,409	4,738	4,843	4,990	5,033	5,142
Prepayments of insurance premiums and reserves for outstanding claims	706	720	739	752	751	759	762	761
= Net financial wealth	-117	-144	-217	-194	-128	-75	-71	-29

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

FINANCIAL MARKETS

4

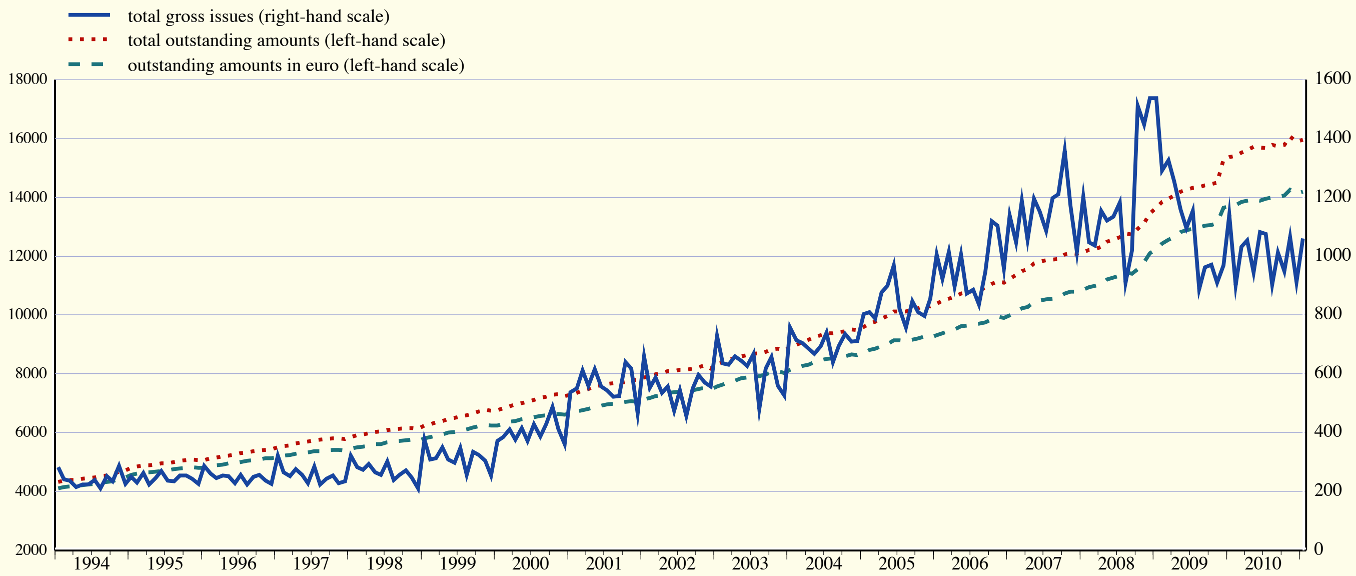
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2]	
											Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010 Jan.	15,937.6	1,091.0	40.3	13,690.2	1,028.3	42.9	15,365.7	1,140.6	66.4	7.1	61.7	4.3
Feb.	15,975.6	860.1	38.1	13,729.7	811.1	39.8	15,415.0	900.4	37.1	5.9	-9.8	3.1
Mar.	16,120.0	1,027.9	143.4	13,832.2	923.6	101.5	15,530.0	1,031.3	109.7	5.5	94.7	2.7
Apr.	16,163.2	1,003.9	45.6	13,883.7	947.9	53.5	15,613.3	1,054.4	77.1	5.2	50.1	3.1
May	16,170.8	867.5	9.2	13,920.8	839.6	38.6	15,722.3	944.1	58.7	4.3	-6.1	2.5
June	16,155.7	1,049.7	7.9	13,896.3	984.3	-1.4	15,703.3	1,081.6	-12.9	3.7	7.4	2.6
July	16,176.8	1,008.3	22.1	13,943.4	969.6	48.2	15,677.2	1,075.3	15.2	3.3	47.8	2.4
Aug.	16,241.6	840.9	65.1	14,005.5	800.6	62.4	15,783.4	902.8	82.2	3.7	143.5	4.4
Sep.	16,260.8	984.8	19.6	14,023.7	908.2	18.5	15,737.7	1,013.0	4.9	3.1	48.1	3.8
Oct.	16,269.8	887.8	11.6	14,062.7	843.0	41.6	15,777.0	949.5	53.8	3.2	25.8	3.4
Nov.	16,446.2	990.9	177.6	14,258.1	952.0	196.5	16,057.5	1,065.0	235.5	4.3	208.2	6.2
Dec.	16,296.6	873.0	-150.1	14,125.7	840.3	-132.8	15,880.6	912.3	-170.7	3.6	-121.3	4.5
2011 Jan.	.	.	.	14,198.3	946.6	71.7	15,950.5	1,060.3	88.4	3.8	97.3	5.2
	Long-term											
2010 Jan.	14,387.6	309.6	39.2	12,246.4	278.0	32.8	13,711.8	315.9	53.8	8.5	105.0	6.2
Feb.	14,444.0	212.2	56.8	12,309.4	193.7	63.4	13,785.5	211.7	62.1	7.5	13.3	4.8
Mar.	14,577.5	310.4	132.7	12,418.0	250.1	107.8	13,902.8	281.5	113.6	7.2	108.6	4.8
Apr.	14,623.8	246.8	47.3	12,465.1	223.5	47.8	13,978.5	255.3	68.4	7.1	54.5	4.6
May	14,635.1	154.4	11.8	12,498.4	148.4	33.7	14,085.5	181.7	59.6	6.0	-4.8	3.7
June	14,639.6	273.0	29.1	12,503.7	245.7	29.9	14,099.2	265.6	23.1	5.1	5.2	4.2
July	14,673.0	260.3	34.6	12,538.9	240.9	36.5	14,076.5	268.3	14.6	4.8	57.4	3.4
Aug.	14,704.4	140.8	32.1	12,570.1	127.4	32.0	14,142.3	152.8	43.6	4.7	104.6	4.8
Sep.	14,708.7	268.3	4.7	12,584.4	228.1	14.6	14,099.7	258.6	4.7	4.2	37.3	3.7
Oct.	14,747.4	222.3	38.9	12,635.0	195.5	50.8	14,156.4	232.7	66.8	4.1	59.9	3.8
Nov.	14,889.2	335.6	142.8	12,791.8	319.1	157.7	14,386.1	357.6	188.8	4.9	157.3	6.1
Dec.	14,865.9	185.5	-22.6	12,786.3	178.4	-4.8	14,349.0	192.4	-31.6	4.9	-29.6	5.6
2011 Jan.	.	.	.	12,835.7	272.5	50.8	14,394.7	313.8	65.7	5.0	120.5	6.5

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
					Total							
2009	15,277	5,376	3,213	805	5,508	374	1,126	734	62	86	221	22
2010	15,881	5,255	3,294	855	6,023	454	1,006	625	77	71	208	25
2010 Q1	15,530	5,469	3,174	844	5,654	389	1,024	642	61	74	227	20
Q2	15,703	5,454	3,211	849	5,770	418	1,027	661	62	80	198	26
Q3	15,738	5,427	3,204	848	5,822	437	997	631	75	67	197	27
Q4	15,881	5,255	3,294	855	6,023	454	976	566	109	64	208	29
2010 Oct.	15,777	5,265	3,221	854	5,995	441	950	559	76	69	216	29
Nov.	16,057	5,299	3,305	865	6,142	447	1,065	552	152	66	270	25
Dec.	15,881	5,255	3,294	855	6,023	454	912	586	100	56	137	32
2011 Jan.	15,950	5,297	3,310	829	6,074	440	1,060	622	81	64	255	39
					Short-term							
2009	1,638	733	88	72	724	21	876	635	19	69	137	15
2010	1,532	572	116	67	732	45	758	534	31	60	117	17
2010 Q1	1,627	747	80	77	706	17	754	536	28	61	120	10
Q2	1,604	734	95	73	681	21	793	570	31	67	110	16
Q3	1,638	743	94	72	692	37	770	545	29	58	118	20
Q4	1,532	572	116	67	732	45	715	484	37	53	119	22
2010 Oct.	1,621	591	101	73	817	38	717	473	36	53	132	22
Nov.	1,671	611	102	73	845	40	707	476	33	53	129	16
Dec.	1,532	572	116	67	732	45	720	504	41	52	97	27
2011 Jan.	1,556	593	118	71	739	35	746	496	29	54	136	32
					Long-term [2]							
2009	13,639	4,643	3,125	733	4,784	353	251	99	44	17	84	7
2010	14,349	4,683	3,178	788	5,291	409	248	91	46	12	91	9
2010 Q1	13,903	4,722	3,093	767	4,948	372	270	106	33	13	107	10
Q2	14,099	4,720	3,117	775	5,089	398	234	91	31	13	89	10
Q3	14,100	4,684	3,110	776	5,130	400	227	86	46	9	79	6
Q4	14,349	4,683	3,178	788	5,291	409	261	82	73	11	89	7
2010 Oct.	14,156	4,674	3,120	782	5,178	403	233	86	40	15	84	7
Nov.	14,386	4,688	3,203	792	5,297	407	358	76	119	12	141	9
Dec.	14,349	4,683	3,178	788	5,291	409	192	82	59	5	41	5
2011 Jan.	14,395	4,704	3,192	758	5,336	405	314	126	52	10	120	6
					of which: Long-term fixed rate							
2009	8,829	2,586	1,034	599	4,338	271	173	60	18	16	74	4
2010	9,503	2,659	1,103	672	4,777	292	156	50	13	10	78	5
2010 Q1	9,097	2,658	1,053	627	4,482	278	186	61	10	12	95	7
Q2	9,312	2,663	1,083	655	4,625	286	156	47	12	11	81	5
Q3	9,335	2,649	1,070	659	4,670	286	141	48	12	8	70	4
Q4	9,503	2,659	1,103	672	4,777	292	142	42	20	10	65	5
2010 Oct.	9,386	2,657	1,077	664	4,699	289	149	48	17	15	64	5
Nov.	9,524	2,679	1,108	674	4,773	290	182	49	20	11	96	6
Dec.	9,503	2,659	1,103	672	4,777	292	94	30	21	4	35	3
2011 Jan.	9,525	2,679	1,105	655	4,798	289	189	77	6	9	95	3
					of which: Long-term variable rate							
2009	4,372	1,770	2,024	123	374	81	62	28	25	1	6	2
2010	4,375	1,746	1,970	109	435	116	77	34	29	1	10	4
2010 Q1	4,341	1,775	1,961	130	382	93	70	38	20	1	7	3
Q2	4,320	1,768	1,948	110	383	110	65	37	17	1	5	6
Q3	4,323	1,755	1,961	109	386	112	73	29	33	1	6	3
Q4	4,375	1,746	1,970	109	435	116	102	33	44	0	22	2
2010 Oct.	4,328	1,739	1,964	109	402	113	74	33	21	0	17	2
Nov.	4,407	1,730	2,008	110	445	115	159	21	92	1	43	3
Dec.	4,375	1,746	1,970	109	435	116	72	46	18	0	6	2
2011 Jan.	4,383	1,744	1,977	97	451	114	99	38	40	1	18	3

Source: ECB.

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

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

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

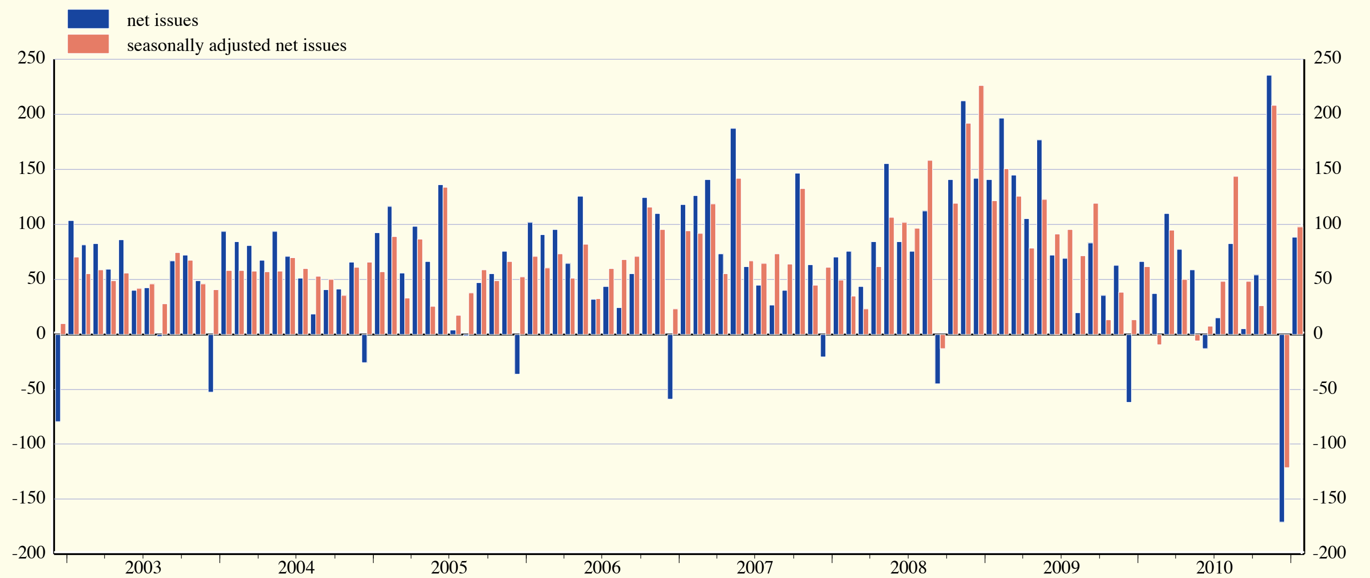
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2009	87.0	10.2	19.2	8.5	46.2	2.8	86.7	10.1	18.8	8.2	46.7	2.9
2010	46.4	-1.1	5.8	5.1	31.5	5.1	45.8	-1.3	5.8	5.1	31.6	4.7
2010 Q1	71.0	25.7	-15.7	11.5	46.4	3.1	48.9	7.4	2.0	10.4	24.6	4.5
Q2	41.0	-12.6	8.1	5.0	34.9	5.6	17.1	-15.1	2.7	0.8	23.0	5.7
Q3	34.1	2.7	1.9	2.7	20.5	6.4	79.8	12.1	25.5	5.0	29.5	7.7
Q4	39.5	-20.1	29.0	1.1	24.1	5.4	37.6	-9.8	-7.2	4.1	49.5	1.1
2010 Oct.	53.8	-26.6	19.4	7.6	48.7	4.6	25.8	-37.5	-7.9	7.6	61.7	1.9
Nov.	235.5	10.8	75.5	4.0	140.3	4.9	208.2	9.2	68.5	3.8	123.6	3.0
Dec.	-170.7	-44.4	-7.9	-8.3	-116.8	6.8	-121.3	-1.1	-82.2	0.8	-37.0	-1.7
2011 Jan.	88.4	52.4	-8.0	3.9	54.0	-13.8	97.3	43.3	24.4	0.9	32.0	-3.4
	Long-term											
2009	87.6	15.0	22.3	12.6	34.5	3.2	87.5	15.1	22.0	12.7	34.6	3.2
2010	55.6	2.0	3.5	5.5	41.5	3.1	55.7	2.0	3.5	5.5	41.6	3.1
2010 Q1	76.5	22.4	-12.9	10.0	52.8	4.3	75.6	12.6	5.2	10.7	43.0	4.2
Q2	50.4	-7.6	3.4	6.1	43.9	4.6	18.3	-17.5	-1.6	2.2	30.8	4.4
Q3	21.0	-1.4	2.1	3.0	16.3	0.9	66.4	6.3	24.3	4.9	28.6	2.3
Q4	74.7	-5.5	21.6	3.0	52.8	2.8	62.5	6.6	-14.0	4.5	64.0	1.6
2010 Oct.	66.8	-4.9	12.1	7.0	49.0	3.6	59.9	-3.7	-10.6	8.4	64.3	1.6
Nov.	188.8	-6.2	74.5	3.8	113.9	2.8	157.3	-5.4	66.0	3.3	92.2	1.2
Dec.	-31.6	-5.4	-21.7	-2.0	-4.6	2.1	-29.6	28.8	-97.5	1.7	35.4	2.0
2011 Jan.	65.7	32.8	-8.4	-1.8	47.1	-3.9	120.5	40.1	26.6	-0.7	58.1	-3.6

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

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

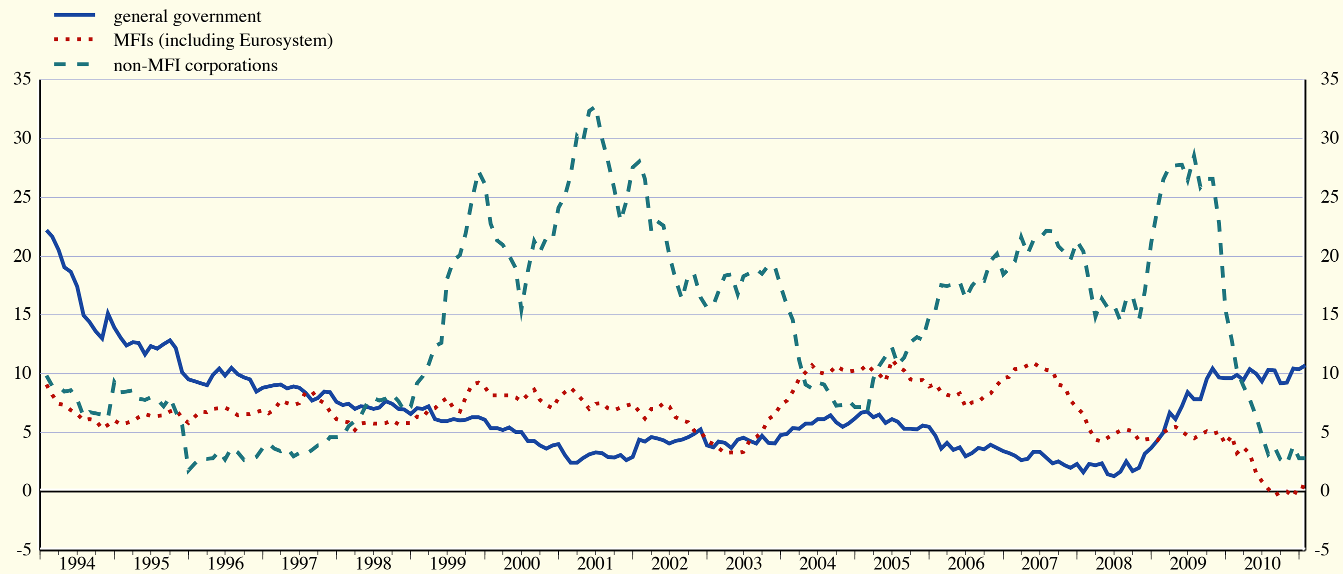


Source: ECB.
1) Monthly data on net issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.

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

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010 Jan.	7.1	2.3	9.2	13.9	10.1	9.4	4.3	0.5	0.5	12.2	8.8	8.6
Feb.	5.9	0.7	6.2	15.0	9.7	11.0	3.1	-1.3	-1.9	15.4	8.1	11.6
Mar.	5.5	1.5	4.6	16.1	8.5	11.8	2.7	-0.4	-3.2	13.1	6.9	12.4
Apr.	5.2	1.3	3.6	16.1	8.4	11.2	3.1	2.2	-3.0	13.2	5.3	12.9
May	4.3	-0.2	2.9	14.9	8.0	10.4	2.5	0.1	-2.0	12.6	5.4	11.3
June	3.7	-0.4	1.8	12.3	7.2	13.7	2.6	-0.8	0.9	8.3	5.2	16.7
July	3.3	-0.9	0.6	10.1	7.4	15.2	2.4	-2.4	0.7	8.0	6.0	22.4
Aug.	3.7	-0.3	1.7	10.2	7.2	15.4	4.4	0.6	5.4	5.3	6.4	19.9
Sep.	3.1	-0.3	1.0	8.6	6.2	16.6	3.8	-0.3	5.4	4.2	5.6	21.1
Oct.	3.2	0.1	0.7	8.4	6.2	16.0	3.4	-2.0	4.4	3.9	7.1	19.0
Nov.	4.3	0.1	2.8	8.4	7.9	16.4	6.2	0.1	7.9	4.3	10.4	21.7
Dec.	3.6	-0.3	2.2	7.5	6.8	15.9	4.5	0.2	3.5	6.6	8.3	13.0
2011 Jan.	3.8	-0.1	2.4	7.2	7.1	14.0	5.2	2.4	4.0	6.4	8.2	6.6
	Long-term											
2010 Jan.	8.5	4.7	10.1	23.0	9.5	11.6	6.2	3.6	0.8	16.5	10.4	11.1
Feb.	7.5	3.3	7.1	22.4	9.7	12.5	4.8	0.3	-1.6	19.3	10.7	11.9
Mar.	7.2	3.8	5.5	22.6	9.2	12.8	4.8	1.3	-3.0	17.0	10.6	13.8
Apr.	7.1	3.2	4.4	21.5	10.4	11.1	4.6	1.7	-2.6	15.7	9.7	12.7
May	6.0	1.6	3.3	18.5	10.1	9.0	3.7	-0.8	-2.0	12.7	9.9	9.9
June	5.1	0.9	2.0	16.0	9.1	12.9	4.2	-0.6	0.7	10.7	9.4	14.7
July	4.8	0.2	0.7	12.7	10.2	12.1	3.4	-3.1	0.8	9.0	10.1	13.1
Aug.	4.7	-0.3	1.4	12.9	10.2	11.8	4.8	-1.0	4.6	6.9	9.7	11.7
Sep.	4.2	-0.1	0.7	11.2	8.9	12.3	3.7	-1.4	4.4	5.7	7.3	10.8
Oct.	4.1	0.0	0.4	10.5	9.1	11.4	3.8	-1.7	3.5	5.6	8.5	10.0
Nov.	4.9	-0.5	2.5	9.7	10.4	11.3	6.1	-0.1	7.3	6.7	10.8	12.9
Dec.	4.9	0.5	1.4	9.0	10.4	10.3	5.6	1.7	2.0	7.5	11.3	6.1
2011 Jan.	5.0	0.3	1.5	8.3	10.9	8.6	6.5	3.8	2.2	7.5	11.7	4.3

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

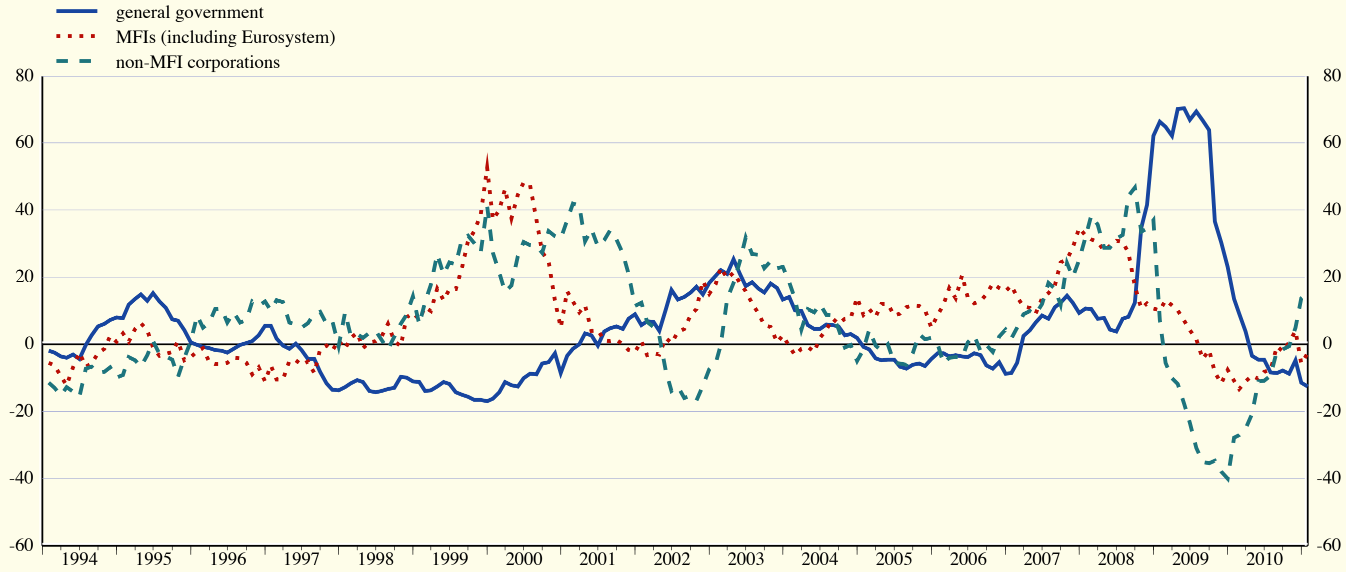


Source: ECB.
1) For details of the calculation of the growth rates, see the Technical Notes. The six-month growth rates have been annualised.

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

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2009	9.5	7.1	18.0	25.0	8.1	4.3	12.0	1.8	35.7	-1.9	0.1	20.8
2010	8.8	5.6	6.7	19.5	9.9	7.4	-0.3	-3.7	1.1	-1.2	6.8	26.1
2010 Q1	11.1	9.8	13.5	28.8	9.6	8.3	1.2	-3.9	5.8	-2.1	4.6	26.9
Q2	9.7	7.3	7.3	23.1	10.2	7.5	-1.0	-4.2	0.3	-0.4	5.5	23.4
Q3	7.5	3.1	3.4	16.1	10.1	7.2	-1.3	-3.7	-1.2	-1.7	4.8	28.5
Q4	7.0	2.7	3.3	12.3	9.7	6.8	0.1	-3.1	-0.3	-0.7	12.3	25.7
2010 Aug.	7.5	2.6	3.6	16.2	10.3	7.1	-1.1	-4.0	-0.8	-2.1	6.6	27.0
Sep.	7.0	2.8	2.2	13.7	9.7	7.8	-1.0	-3.2	-0.7	-1.1	3.3	26.3
Oct.	6.9	2.9	3.1	12.7	9.4	7.1	-0.5	-3.2	-0.8	-1.0	8.7	25.4
Nov.	7.1	2.5	3.7	11.8	10.0	6.8	0.9	-3.8	0.9	-0.4	18.6	25.3
Dec.	7.0	2.6	4.3	11.0	9.9	5.2	0.6	-1.5	-1.5	-0.3	15.9	26.7
2011 Jan.	6.9	2.3	3.4	10.1	10.3	5.1	1.0	-1.6	-0.8	-0.2	17.8	19.1
	In euro											
2009	10.1	9.0	21.4	23.3	8.2	3.7	14.3	3.9	38.2	-2.4	-0.4	21.9
2010	9.0	5.5	7.8	19.9	10.0	7.3	0.0	-3.2	0.9	-1.6	6.0	26.4
2010 Q1	11.4	10.8	14.9	29.2	9.7	8.0	1.6	-3.5	6.3	-2.4	3.2	26.9
Q2	9.9	7.4	8.3	23.5	10.2	7.2	-1.1	-3.9	-0.2	-0.5	4.1	23.4
Q3	7.9	2.7	4.5	16.4	10.3	7.2	-1.0	-3.0	-1.4	-2.5	4.1	28.6
Q4	7.2	1.6	4.4	12.8	9.9	6.9	0.4	-2.3	-0.7	-1.1	12.4	26.5
2010 Aug.	7.9	2.1	4.7	16.5	10.5	7.3	-0.8	-3.2	-1.1	-2.7	6.2	27.1
Sep.	7.3	2.0	3.5	14.4	9.9	7.9	-0.6	-2.5	-0.6	-1.6	2.9	26.1
Oct.	7.1	1.9	4.3	13.2	9.5	7.2	-0.2	-2.5	-1.0	-1.4	8.6	26.1
Nov.	7.2	1.2	4.6	12.1	10.1	6.9	1.2	-2.9	0.2	-0.8	18.8	26.4
Dec.	7.2	1.3	5.3	11.6	10.1	5.5	1.1	-0.2	-2.1	-0.7	16.2	27.7
2011 Jan.	7.1	1.0	3.7	10.6	10.5	5.3	1.5	0.0	-1.6	-0.4	18.1	19.6

C18 Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined
(annual percentage changes)



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

4.4 Quoted shares issued by euro area residents [1]

(EUR billions, unless otherwise indicated; market values)

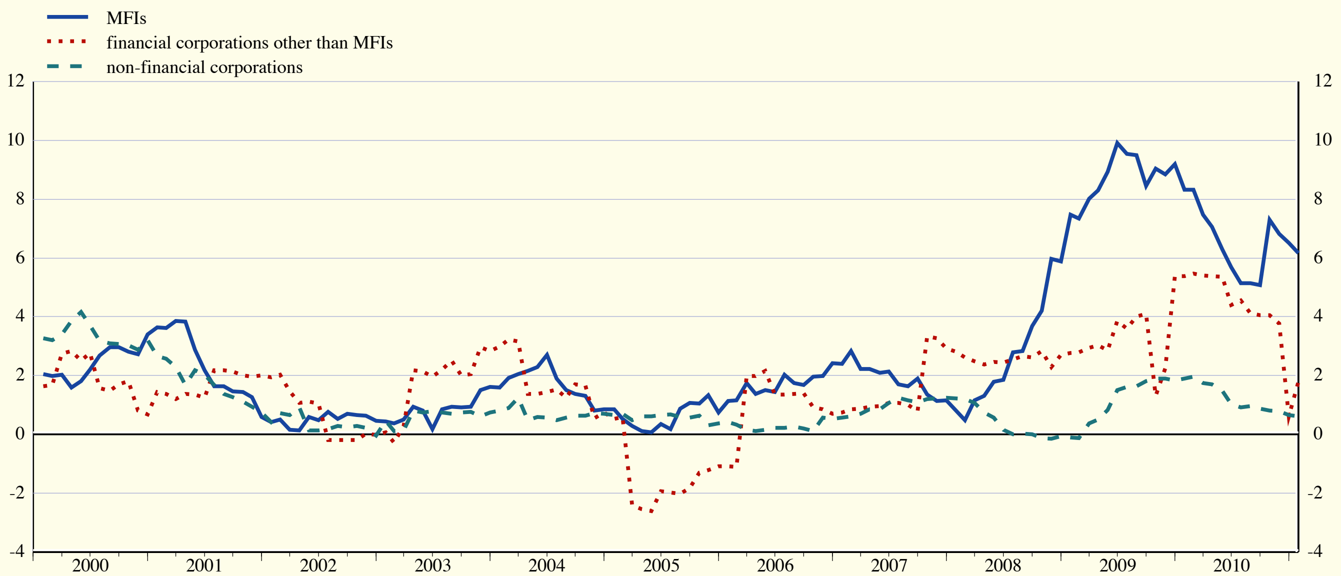
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2009 Jan.	3,314.4	100.2	1.1	340.9	7.5	259.0	2.8	2,714.5	-0.1
Feb.	2,942.9	100.1	1.1	273.8	7.4	206.3	2.8	2,462.7	-0.1
Mar.	3,027.0	100.6	1.5	313.7	8.0	223.9	2.9	2,489.4	0.4
Apr.	3,459.1	100.7	1.6	410.4	8.3	274.6	3.0	2,774.0	0.5
May	3,605.5	101.0	1.9	448.8	8.9	283.3	2.9	2,873.4	0.8
June	3,557.5	101.8	2.7	445.3	9.9	279.4	3.9	2,832.7	1.5
July	3,842.8	102.0	2.7	505.7	9.6	301.1	3.6	3,036.0	1.6
Aug.	4,041.3	102.0	2.7	568.4	9.5	321.7	4.0	3,151.1	1.6
Sep.	4,210.4	102.1	2.8	588.4	8.4	352.3	4.1	3,269.7	1.8
Oct.	4,065.1	102.3	2.7	563.3	9.0	327.0	1.3	3,174.8	1.9
Nov.	4,079.4	102.6	2.7	563.8	8.8	318.5	2.2	3,197.2	1.9
Dec.	4,411.1	103.0	3.0	566.0	9.2	349.4	5.4	3,495.7	1.8
2010 Jan.	4,243.3	103.1	2.9	516.7	8.3	339.3	5.4	3,387.4	1.9
Feb.	4,162.0	103.2	3.0	499.3	8.3	337.8	5.5	3,324.9	2.0
Mar.	4,474.9	103.4	2.8	543.6	7.5	363.8	5.4	3,567.4	1.8
Apr.	4,409.6	103.4	2.7	508.4	7.1	344.3	5.4	3,557.0	1.7
May	4,093.9	103.5	2.4	445.9	6.3	321.4	5.4	3,326.6	1.5
June	4,055.1	103.7	1.9	446.4	5.7	314.3	4.4	3,294.4	1.0
July	4,256.6	103.7	1.7	519.8	5.1	336.8	4.6	3,399.9	0.9
Aug.	4,121.7	103.8	1.7	479.3	5.1	313.2	4.1	3,329.2	1.0
Sep.	4,345.8	103.8	1.7	487.0	5.1	325.3	4.0	3,533.4	0.9
Oct.	4,531.5	104.1	1.8	514.4	7.3	332.4	4.0	3,684.7	0.8
Nov.	4,409.7	104.3	1.7	437.8	6.8	311.3	3.8	3,660.6	0.8
Dec.	4,592.3	104.3	1.3	458.4	6.5	328.3	0.6	3,805.5	0.7
2011 Jan.	4,757.6	104.5	1.3	514.3	6.2	361.9	1.8	3,881.4	0.6

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

(annual percentage changes)



Source: ECB.

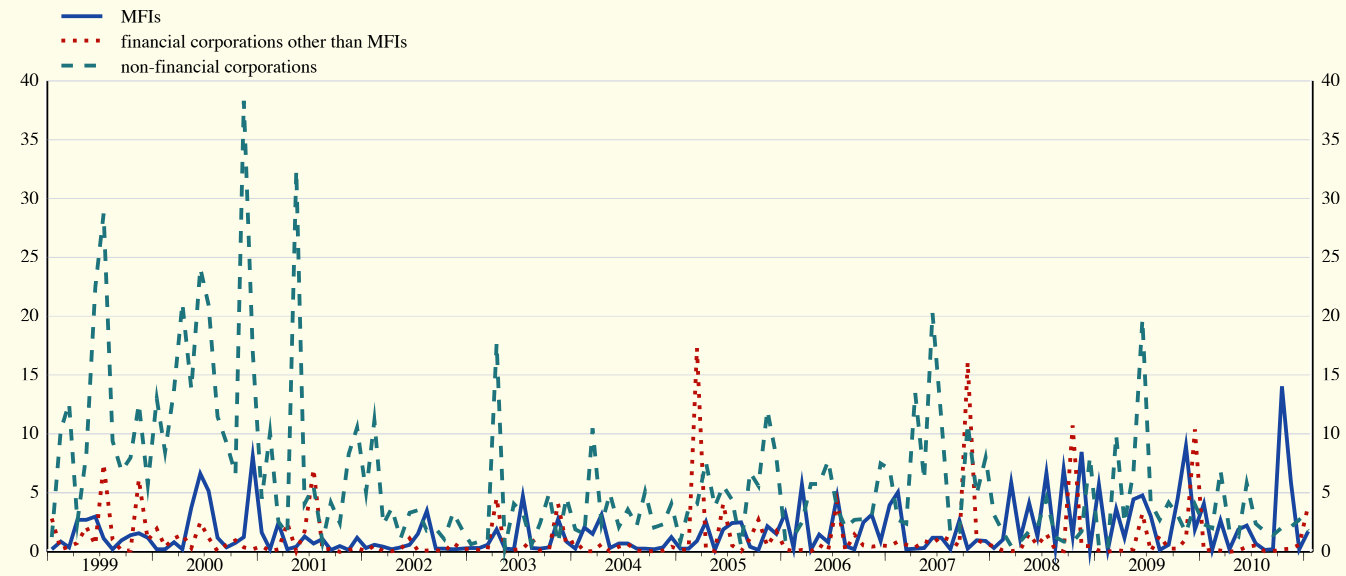
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2009 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.	13.7	0.2	13.4	3.6	0.0	3.6	0.2	0.0	0.1	9.9	0.2	9.7
Apr.	3.7	0.3	3.4	1.2	0.0	1.2	0.1	0.0	0.0	2.4	0.3	2.1
May	11.4	0.3	11.1	4.4	0.0	4.4	0.2	0.0	0.1	6.8	0.3	6.5
June	27.8	2.0	25.8	4.8	0.0	4.8	3.3	0.3	3.0	19.7	1.8	18.0
July	7.2	0.2	7.0	3.0	0.0	3.0	0.0	0.0	0.0	4.1	0.1	4.0
Aug.	4.0	3.3	0.7	0.0	0.0	0.0	1.3	0.0	1.3	2.7	3.3	-0.6
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.2	4.2	0.2	3.9
Oct.	7.8	0.3	7.5	4.5	0.0	4.5	0.2	0.0	0.2	3.1	0.2	2.8
Nov.	11.6	0.2	11.4	9.0	0.0	9.0	1.0	0.0	1.0	1.6	0.2	1.4
Dec.	16.2	0.2	16.1	1.9	0.0	1.9	10.4	0.1	10.3	4.0	0.1	3.9
2010 Jan.	6.4	0.0	6.4	4.1	0.0	4.1	0.1	0.0	0.1	2.3	0.0	2.3
Feb.	2.2	0.3	1.9	0.0	0.0	0.0	0.2	0.0	0.2	2.0	0.3	1.7
Mar.	9.6	0.6	9.0	2.6	0.0	2.6	0.1	0.0	0.1	6.9	0.6	6.3
Apr.	1.8	0.4	1.5	0.1	0.0	0.0	0.0	0.0	0.0	1.8	0.3	1.5
May	3.2	0.8	2.4	1.9	0.0	1.9	0.1	0.0	0.1	1.3	0.8	0.4
June	8.4	0.4	8.0	2.2	0.0	2.2	0.4	0.0	0.4	5.8	0.4	5.4
July	3.6	0.8	2.7	0.7	0.0	0.7	0.5	0.0	0.5	2.4	0.8	1.6
Aug.	1.8	1.2	0.6	0.0	0.0	0.0	0.0	0.0	0.0	1.7	1.2	0.6
Sep.	1.6	0.2	1.4	0.2	0.0	0.2	0.0	0.0	0.0	1.4	0.2	1.2
Oct.	16.3	1.1	15.2	14.0	0.0	14.0	0.2	0.0	0.2	2.0	1.1	1.0
Nov.	8.2	1.2	7.0	5.9	0.0	5.9	0.2	0.1	0.2	2.1	1.2	0.9
Dec.	3.5	3.4	0.1	0.2	0.0	0.2	0.6	0.3	0.3	2.7	3.1	-0.4
2011 Jan.	7.4	1.3	6.1	1.7	0.0	1.7	3.9	0.0	3.9	1.8	1.3	0.5

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight [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
2010 Mar.	0.42	1.90	2.38	2.24	1.45	2.05	0.44	0.79	2.73	2.35	0.50
Apr.	0.41	2.02	2.64	2.14	1.42	2.01	0.43	0.78	2.78	2.30	0.58
May	0.40	2.04	2.73	2.24	1.40	1.98	0.43	0.77	2.78	2.26	0.52
June	0.43	2.16	2.26	2.47	1.41	1.96	0.43	0.89	1.85	2.29	0.66
July	0.43	2.31	2.59	2.36	1.40	1.93	0.45	1.06	2.11	2.22	0.74
Aug.	0.43	2.21	2.54	2.35	1.50	1.91	0.45	1.01	2.01	2.22	0.70
Sep.	0.43	2.25	2.76	2.28	1.55	1.85	0.46	1.11	2.18	2.81	0.71
Oct.	0.43	2.35	2.75	2.80	1.54	1.82	0.50	1.18	2.36	2.53	0.94
Nov.	0.44	2.33	2.65	2.66	1.54	1.83	0.50	1.16	2.45	2.41	0.90
Dec.	0.43	2.27	2.77	2.59	1.55	1.84	0.51	1.19	2.56	2.60	1.07
2011 Jan.	0.43	2.38	2.61	2.77	1.53	1.85	0.54	1.29	2.42	2.52	1.02
Feb.	0.44	2.36	2.74	2.80	1.60	1.86	0.52	1.32	2.37	2.69	1.04

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

	Revolving loans and overdrafts, convenience and extended credit card debt [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
2010 Mar.	8.82	6.35	6.21	7.94	7.59	2.63	3.72	4.21	4.15	3.66	3.05	4.61	4.55
Apr.	8.77	6.78	6.12	7.92	7.67	2.62	3.71	4.18	4.12	3.68	3.06	4.32	4.53
May	8.77	6.69	6.14	7.84	7.62	2.58	3.64	4.14	4.01	3.58	3.09	4.45	4.50
June	8.79	5.18	6.13	7.74	7.12	2.56	3.59	4.06	3.90	3.54	3.01	4.22	4.27
July	8.73	5.48	6.22	7.77	7.32	2.66	3.60	3.94	3.84	3.64	3.15	4.29	4.27
Aug.	8.72	5.38	6.26	7.87	7.37	2.83	3.62	3.95	3.81	3.76	3.35	4.52	4.14
Sep.	8.74	5.52	6.18	7.87	7.33	2.75	3.56	3.84	3.74	3.62	3.33	4.35	4.07
Oct.	8.66	5.36	6.03	7.71	7.17	2.76	3.55	3.78	3.69	3.61	3.37	4.43	4.21
Nov.	8.61	5.39	6.08	7.64	7.17	2.80	3.53	3.76	3.70	3.65	3.55	4.37	4.17
Dec.	8.58	5.16	5.95	7.23	6.89	2.78	3.52	3.80	3.71	3.68	3.39	4.31	4.15
2011 Jan.	8.63	5.05	6.13	7.83	7.18	2.94	3.69	3.91	3.84	3.83	3.37	4.32	4.30
Feb.	8.69	5.37	6.13	7.83	7.31	2.96	3.83	4.03	3.92	3.90	3.56	4.72	4.49

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

	Revolving loans and overdrafts, convenience and extended credit card debt [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
2010 Mar.	3.98	3.24	4.21	4.00	1.99	2.54	3.44
Apr.	3.98	3.19	4.17	3.90	2.00	2.72	3.45
May	3.97	3.25	4.12	3.86	1.96	2.84	3.41
June	3.70	3.25	4.09	3.80	2.17	2.86	3.37
July	3.69	3.26	4.23	3.95	2.26	2.85	3.20
Aug.	3.75	3.38	4.14	3.85	2.28	2.91	3.65
Sep.	3.80	3.34	4.10	3.78	2.26	2.72	3.51
Oct.	3.83	3.42	4.16	3.82	2.33	2.94	3.46
Nov.	3.85	3.56	4.26	3.82	2.42	3.05	3.53
Dec.	3.86	3.50	4.18	3.86	2.59	2.82	3.51
2011 Jan.	4.00	3.46	4.15	3.86	2.45	2.95	3.93
Feb.	4.01	3.59	4.38	4.04	2.61	3.28	3.81

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

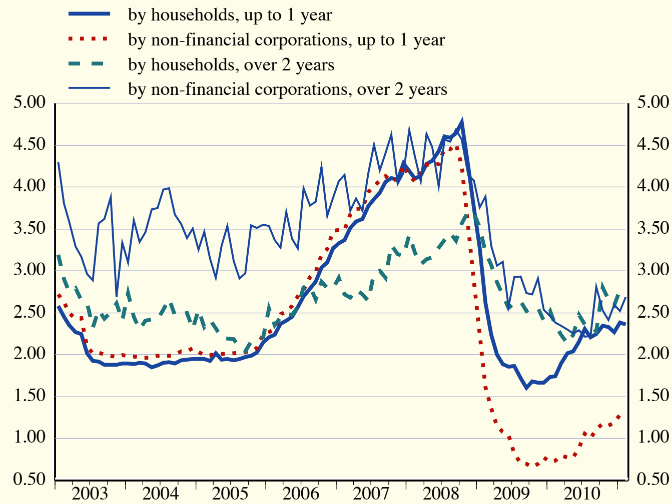
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2)]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2010 Mar.	0.42	2.12	2.74	1.45	2.05	0.44	1.38	3.26	1.16
Apr.	0.41	2.12	2.74	1.42	2.01	0.43	1.37	3.24	1.16
May	0.40	2.12	2.71	1.40	1.98	0.43	1.42	3.22	1.14
June	0.43	2.13	2.72	1.41	1.96	0.43	1.47	3.11	1.24
July	0.43	2.15	2.73	1.40	1.93	0.45	1.55	3.14	1.24
Aug.	0.43	2.17	2.72	1.50	1.91	0.45	1.57	3.11	1.25
Sep.	0.43	2.20	2.74	1.55	1.85	0.46	1.62	3.07	1.26
Oct.	0.43	2.22	2.70	1.54	1.82	0.50	1.68	3.07	1.29
Nov.	0.44	2.25	2.72	1.54	1.83	0.50	1.70	3.11	1.33
Dec.	0.43	2.28	2.70	1.55	1.84	0.51	1.76	3.08	1.50
2011 Jan.	0.43	2.31	2.71	1.53	1.85	0.54	1.78	3.07	1.55
Feb.	0.44	2.34	2.73	1.60	1.86	0.52	1.80	3.09	1.59

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2010 Mar.	3.98	4.04	3.98	7.43	6.51	5.35	3.43	3.26	3.37
Apr.	3.89	4.01	3.92	7.38	6.50	5.29	3.42	3.21	3.33
May	3.87	3.97	3.89	7.40	6.45	5.29	3.40	3.20	3.31
June	3.79	3.96	3.84	7.62	6.48	5.21	3.29	3.21	3.30
July	3.73	3.93	3.82	7.70	6.50	5.19	3.34	3.25	3.33
Aug.	3.79	3.89	3.81	7.74	6.46	5.20	3.37	3.28	3.34
Sep.	3.83	3.88	3.83	7.83	6.46	5.22	3.42	3.29	3.38
Oct.	3.80	3.86	3.83	7.80	6.45	5.20	3.48	3.34	3.38
Nov.	3.77	3.86	3.85	7.67	6.47	5.22	3.51	3.39	3.42
Dec.	3.73	3.83	3.81	7.64	6.41	5.19	3.50	3.41	3.42
2011 Jan.	3.71	3.80	3.80	7.77	6.40	5.17	3.60	3.44	3.42
Feb.	3.68	3.81	3.82	7.80	6.42	5.19	3.64	3.47	3.47

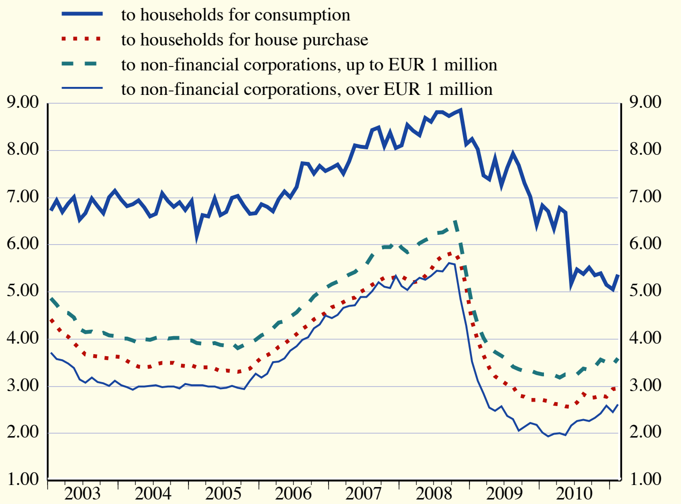
C21 New deposits with an agreed maturity

(percentages per annum excluding charges; period averages)



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

(percentages per annum excluding charges; period averages)



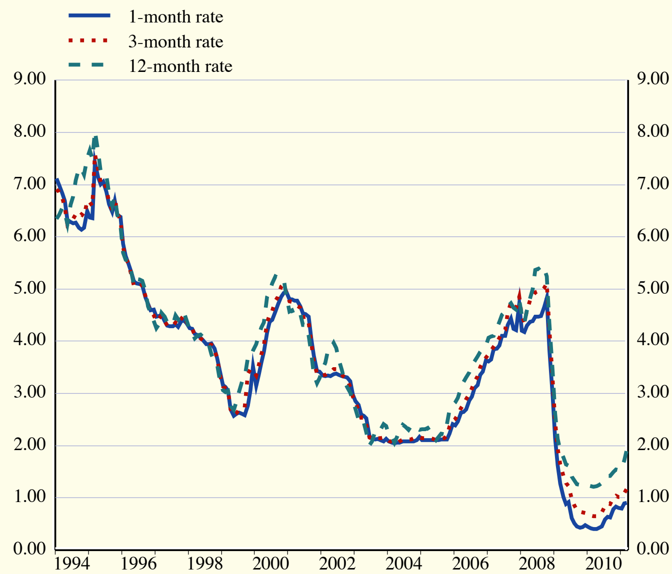
Source: ECB.

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

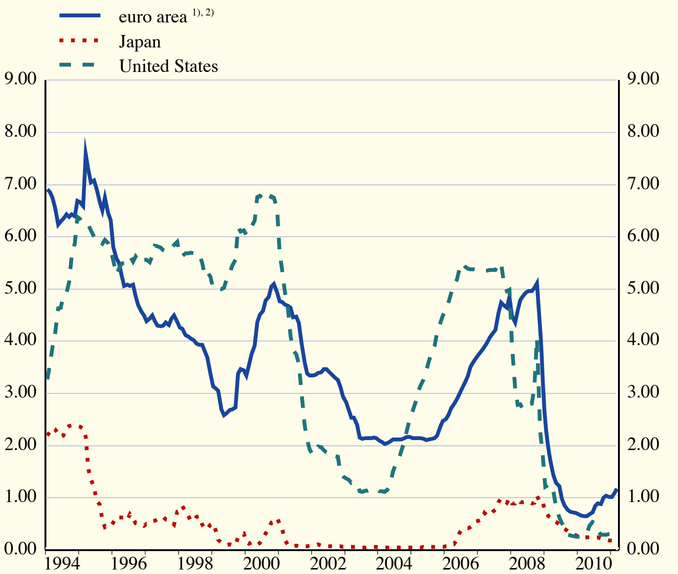
4.6 Money market interest rates
(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2010 Q1	0.34	0.42	0.66	0.96	1.22	0.26	0.25
Q2	0.35	0.43	0.69	0.98	1.25	0.44	0.24
Q3	0.45	0.61	0.87	1.13	1.40	0.39	0.24
Q4	0.59	0.81	1.02	1.25	1.52	0.29	0.19
2011 Q1	0.67	0.86	1.10	1.37	1.74	0.31	0.19
2010 Mar.	0.35	0.41	0.64	0.95	1.22	0.27	0.25
Apr.	0.35	0.40	0.64	0.96	1.23	0.31	0.24
May	0.34	0.42	0.69	0.98	1.25	0.46	0.24
June	0.35	0.45	0.73	1.01	1.28	0.54	0.24
July	0.48	0.58	0.85	1.10	1.37	0.51	0.24
Aug.	0.43	0.64	0.90	1.15	1.42	0.36	0.24
Sep.	0.45	0.62	0.88	1.14	1.42	0.29	0.22
Oct.	0.70	0.78	1.00	1.22	1.50	0.29	0.20
Nov.	0.59	0.83	1.04	1.27	1.54	0.29	0.19
Dec.	0.50	0.81	1.02	1.25	1.53	0.30	0.18
2011 Jan.	0.66	0.79	1.02	1.25	1.55	0.30	0.19
Feb.	0.71	0.89	1.09	1.35	1.71	0.31	0.19
Mar.	0.66	0.90	1.18	1.48	1.92	0.31	0.20

C23 Euro area money market rates [1), 2)]
(monthly averages; percentages per annum)



C24 3-month money market rates
(monthly averages; percentages per annum)



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

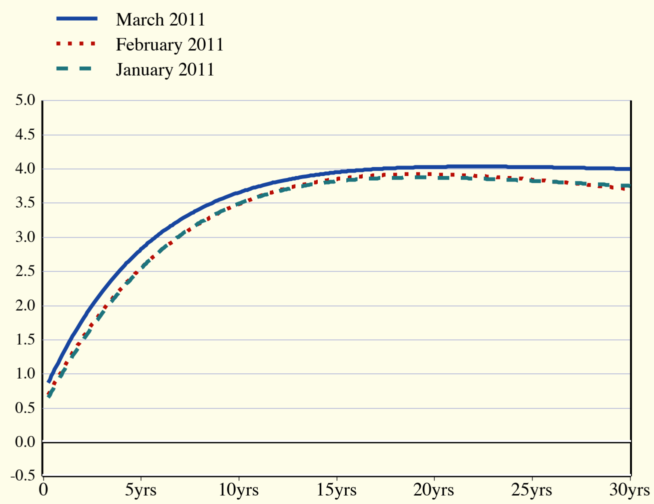
4.7 Euro area yield curves [1]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2008	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2010 Q1	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02
Q2	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
Q3	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91
Q4	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011 Q1	0.87	1.30	1.79	2.83	3.26	3.66	2.79	1.87	1.84	2.69	4.12	4.63
2010 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
Apr.	0.32	0.60	1.01	2.18	2.78	3.40	3.07	2.39	1.00	1.85	3.89	4.94
May	0.21	0.28	0.57	1.75	2.39	3.00	2.78	2.43	0.47	1.28	3.58	4.46
June	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
July	0.45	0.59	0.87	1.88	2.44	3.01	2.56	2.14	0.82	1.51	3.45	4.43
Aug.	0.43	0.45	0.62	1.47	1.97	2.48	2.05	1.85	0.55	1.09	2.87	3.70
Sep.	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91
Oct.	0.75	0.84	1.06	1.89	2.36	2.86	2.11	1.80	1.02	1.57	3.21	4.09
Nov.	0.63	0.72	0.99	2.02	2.58	3.11	2.48	2.12	0.92	1.62	3.62	4.35
Dec.	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011 Jan.	0.65	1.03	1.48	2.55	3.03	3.49	2.84	2.01	1.51	2.34	3.96	4.62
Feb.	0.69	1.08	1.53	2.55	3.02	3.49	2.80	1.96	1.56	2.37	3.91	4.67
Mar.	0.87	1.30	1.79	2.83	3.26	3.66	2.79	1.87	1.84	2.69	4.12	4.63

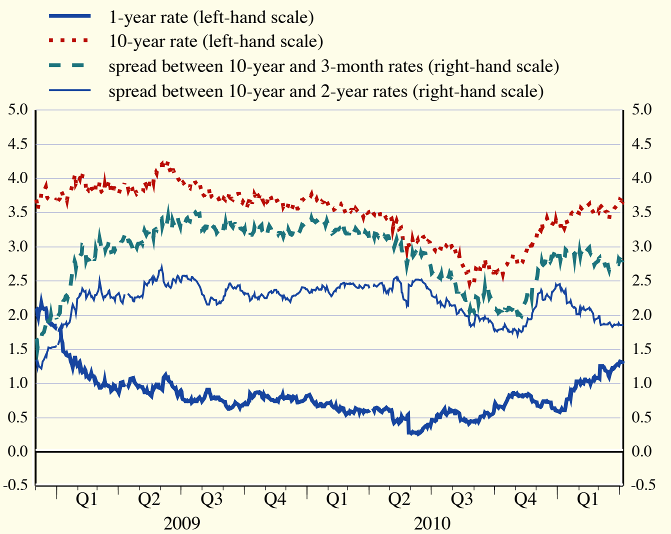
C25 Euro area spot yield curves [2]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2]

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



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

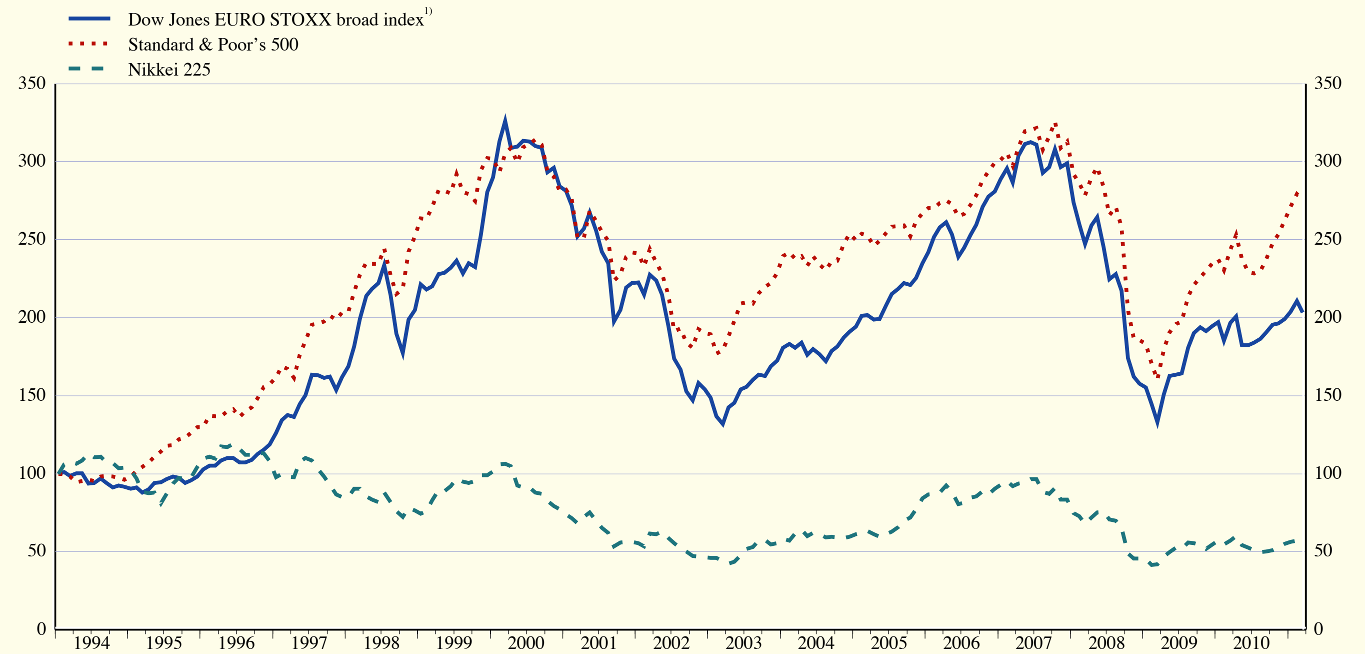
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices [1)]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2010 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
Q2	261.1	2,735.7	446.3	163.7	312.9	305.0	178.8	334.3	229.1	349.6	372.2	412.0	1,134.6	10,345.9
Q3	259.5	2,715.9	445.8	165.2	323.0	294.5	181.6	327.0	210.7	325.9	387.6	391.4	1,096.2	9,356.0
Q4	273.4	2,817.8	513.8	176.1	361.3	309.9	175.7	361.9	227.0	333.0	399.2	405.0	1,204.6	9,842.4
2011 Q1	285.5	2,932.9	532.7	175.5	366.3	341.1	185.0	388.0	249.6	347.7	396.7	415.0	1,302.5	10,285.3
2010 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
Apr.	278.6	2,937.3	470.9	171.7	313.8	328.6	199.7	349.0	248.8	378.9	396.7	430.0	1,197.3	11,139.8
May	252.7	2,642.1	431.4	159.6	305.2	295.4	170.8	324.8	221.9	341.7	360.0	401.0	1,125.1	10,104.0
June	253.2	2,641.7	438.1	160.4	319.5	292.7	167.5	330.0	218.3	330.5	361.6	406.1	1,083.4	9,786.1
July	255.1	2,669.5	435.0	160.8	320.8	289.3	178.0	324.2	212.3	320.3	369.7	389.2	1,079.8	9,456.8
Aug.	258.9	2,712.2	441.5	163.2	315.6	296.0	183.7	324.9	206.8	328.5	392.2	383.1	1,087.3	9,268.2
Sep.	264.6	2,766.1	460.9	171.6	332.4	298.4	183.0	331.9	212.9	329.0	400.9	401.8	1,122.1	9,346.7
Oct.	271.3	2,817.7	489.1	175.1	346.1	304.9	183.2	346.0	223.7	331.4	410.5	405.4	1,171.6	9,455.1
Nov.	272.2	2,809.6	509.9	176.3	359.9	307.4	174.4	358.5	222.9	335.0	403.0	405.0	1,198.9	9,797.2
Dec.	276.5	2,825.6	540.1	176.8	376.5	316.7	170.0	379.7	234.1	332.6	385.3	404.6	1,241.5	10,254.5
2011 Jan.	282.8	2,900.7	531.1	178.1	375.3	335.1	178.0	385.8	246.1	346.2	390.7	411.8	1,282.6	10,449.5
Feb.	292.3	3,015.7	540.5	179.0	369.7	348.0	193.5	393.1	257.6	359.0	402.9	418.7	1,321.1	10,622.3
Mar.	281.9	2,890.4	527.4	170.1	355.0	340.5	184.1	385.7	245.9	339.1	396.8	414.6	1,304.5	9,852.4

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2]	
	Index: 2005 = 100	Total	Total excl. unprocessed food and energy	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
% of total in 2011	100.0	100.0	82.3	58.6	41.4	100.0	11.9	7.4	28.9	10.4	41.4	88.7	11.3
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.2
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.8
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.5
2009 Q4	108.6	0.4	1.0	-0.4	1.7	0.2	0.1	0.1	-0.1	0.3	0.4	0.4	0.9
2010 Q1	108.6	1.1	0.9	0.9	1.5	0.5	0.0	1.0	0.2	3.0	0.2	1.2	0.4
Q2	110.1	1.6	0.9	1.9	1.2	0.7	0.3	0.8	0.3	3.9	0.3	1.6	1.4
Q3	109.9	1.7	1.0	2.0	1.4	0.3	0.5	0.4	0.1	0.0	0.5	1.7	2.0
Q4	110.8	2.0	1.1	2.5	1.3	0.5	0.5	0.5	0.1	2.0	0.3	2.0	2.3
2010 Oct.	110.5	1.9	1.1	2.4	1.4	0.2	0.2	0.1	0.0	0.6	0.1	1.9	2.3
Nov.	110.6	1.9	1.2	2.3	1.3	0.2	0.2	0.4	0.0	0.8	0.1	1.9	2.4
Dec.	111.3	2.2	1.1	2.9	1.3	0.3	0.3	0.4	-0.1	2.3	0.1	2.2	2.3
2011 Jan.	110.5	2.3	1.2	2.9	1.5	0.4	0.2	-0.5	-0.1	3.0	0.2	2.2	3.2
Feb.	111.0	2.4	1.1	3.0	1.6	0.2	0.3	0.8	-0.2	0.9	0.2	2.3	3.4
Mar. [3]	.	2.6	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2011	19.3	11.9	7.4	39.3	28.9	10.4	10.1	6.0	6.5	3.2	14.6	7.0
	14	15	16	17	18	19	20	21	22	23	24	25
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2009 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
2010 Q1	0.1	0.6	-0.6	1.3	0.1	4.8	1.9	1.6	2.5	-0.5	1.1	1.6
Q2	0.9	0.8	1.0	2.4	0.5	8.1	1.8	1.5	2.3	-0.9	0.8	1.5
Q3	1.5	0.9	2.3	2.2	0.5	7.3	1.8	1.6	2.5	-0.8	1.0	1.5
Q4	1.9	1.3	2.7	2.9	0.8	9.2	1.6	1.3	1.9	-0.8	1.2	1.5
2010 Sep.	1.5	1.0	2.3	2.6	0.9	7.7	1.7	1.4	2.4	-0.9	1.1	1.5
Oct.	1.6	1.2	2.3	2.7	0.8	8.5	1.6	1.3	1.9	-1.0	1.3	1.5
Nov.	1.8	1.3	2.6	2.6	0.9	7.9	1.6	1.2	2.0	-0.8	1.2	1.5
Dec.	2.1	1.5	3.2	3.2	0.7	11.0	1.7	1.3	1.7	-0.7	1.2	1.4
2011 Jan.	1.9	1.8	2.2	3.4	0.5	12.0	1.7	1.3	1.5	-0.2	1.6	1.7
Feb.	2.3	2.0	2.7	3.4	0.1	13.1	1.8	1.3	2.2	-0.4	1.6	1.9

Sources: Eurostat and ECB calculations.

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

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion[1]	Residential property prices[2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.4	2.2	1.2	4.2	4.6
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.9	1.3
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-2.8
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	1.9	1.8
2009 Q4	108.4	-4.6	-3.0	-3.1	-5.0	-0.6	-2.5	0.4	-2.8	-9.5	-0.3	-1.6
2010 Q1	109.6	-0.1	1.7	-0.5	-0.4	-0.5	-0.6	0.3	-0.7	0.3	0.2	0.1
Q2	111.5	3.0	3.8	1.6	3.6	0.2	-0.1	0.6	-0.2	7.2	2.4	1.6
Q3	112.3	4.0	3.7	2.3	4.8	0.7	0.6	1.1	0.5	8.8	2.4	2.6
Q4	113.5	4.7	4.5	3.1	5.9	0.8	1.5	1.4	1.5	9.6	2.8	2.8
2010 Sep.	112.5	4.3	4.0	2.6	5.1	0.7	0.8	1.2	0.7	9.3	-	-
Oct.	112.9	4.3	4.1	2.9	5.5	0.7	1.2	1.3	1.2	8.7	-	-
Nov.	113.3	4.5	4.3	3.1	5.8	0.9	1.5	1.5	1.4	8.8	-	-
Dec.	114.3	5.4	5.2	3.3	6.3	0.7	1.8	1.5	1.8	11.2	-	-
2011 Jan.	115.7	5.9	5.7	4.0	7.3	1.1	2.0	1.6	2.1	11.8	-	-
Feb.	116.7	6.6	6.4	4.5	8.1	1.2	2.4	1.8	2.6	12.8	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices[3] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted[4]			Use-weighted[5]			Total (s.a.; index: 2000 = 100)	Total	Domestic demand				Exports[6]	Imports[6]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2007	52.8	7.8	14.3	5.5	5.3	9.3	2.9	116.4	2.4	2.3	2.3	1.7	2.7	1.6	1.3
2008	65.9	2.0	18.4	-4.4	-1.7	9.7	-8.6	118.8	2.1	2.6	2.7	2.6	2.3	2.6	3.9
2009	44.6	-18.5	-8.9	-23.0	-18.0	-11.4	-22.8	120.0	1.0	0.0	-0.2	2.0	-0.7	-3.3	-5.9
2010	60.7	44.7	21.4	57.9	42.1	27.1	54.5	121.0	0.8	1.6	1.8	0.8	1.0	3.4	5.5
2009 Q4	51.2	3.1	5.7	1.8	2.4	-1.0	5.0	120.2	0.4	-0.1	0.1	1.2	-1.1	-2.3	-3.8
2010 Q1	56.0	29.0	7.4	42.6	27.4	7.5	46.5	120.4	0.5	1.0	1.0	1.1	-0.3	1.2	2.4
Q2	62.6	48.2	12.5	70.2	41.7	14.0	67.3	120.8	0.8	1.7	1.7	1.1	0.9	3.8	6.4
Q3	59.6	51.5	29.7	63.1	49.4	41.0	55.8	121.3	1.1	1.9	2.0	0.3	1.6	4.2	6.4
Q4	64.4	48.6	36.6	54.7	48.7	48.4	48.9	121.3	1.0	1.9	2.3	0.7	1.8	4.3	7.0
2010 Oct.	60.2	47.5	34.8	53.9	50.3	52.4	48.9	-	-	-	-	-	-	-	-
Nov.	63.1	48.6	35.3	55.5	47.3	44.4	49.5	-	-	-	-	-	-	-	-
Dec.	69.6	49.6	39.5	54.9	48.5	48.9	48.2	-	-	-	-	-	-	-	-
2011 Jan.	72.6	45.9	42.7	47.5	43.8	46.4	42.0	-	-	-	-	-	-	-	-
Feb.	76.6	47.5	50.8	45.9	45.3	51.4	40.9	-	-	-	-	-	-	-	-
Mar.	82.1	35.8	44.5	31.8	34.1	43.8	27.6	-	-	-	-	-	-	-	-

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

4. Unit labour costs, compensation per labour input and labour productivity [1)]

(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 [2)]							
2009	120.1	3.8	-2.1	9.3	1.6	5.2	0.9	2.7
2010	119.5	-0.5	.	.	.	.	.	.
2010 Q1	119.9	-0.5	0.6	-6.6	2.6	-0.5	1.2	0.9
Q2	119.6	-0.6	1.3	-6.6	2.5	-1.1	1.9	1.3
Q3	119.3	-0.6	2.7	-4.1	2.5	-1.0	2.2	-0.3
Q4	119.8	-0.2	1.2	-3.5	1.3	-0.4	1.5	0.5
	Compensation per employee							
2009	123.5	1.4	2.5	0.0	2.3	1.6	1.4	2.6
2010	125.6	1.7	.	.	.	.	.	.
2010 Q1	124.8	1.7	1.7	3.0	0.8	1.7	1.9	1.1
Q2	125.6	2.1	2.4	4.2	1.7	1.9	1.4	1.4
Q3	125.7	1.5	2.6	3.6	2.0	1.9	1.7	-0.1
Q4	126.4	1.6	2.5	3.5	1.9	1.7	1.4	0.4
	Labour productivity per person employed [3)]							
2009	102.8	-2.3	4.7	-8.5	0.7	-3.4	0.5	-0.2
2010	105.1	2.2	0.9	9.5	-0.6	2.6	-0.1	0.1
2010 Q1	104.1	2.2	1.1	10.3	-1.8	2.2	0.7	0.2
Q2	105.0	2.6	1.1	11.6	-0.7	3.0	-0.5	0.2
Q3	105.4	2.1	-0.1	8.0	-0.5	3.0	-0.5	0.2
Q4	105.5	1.8	1.3	7.3	0.5	2.1	-0.1	0.0
	Compensation per hour worked							
2009	127.9	3.1	3.8	4.4	4.7	2.7	2.6	2.8
2010	129.0	0.9	.	.	.	.	.	.
2010 Q1	128.5	0.9	2.1	0.9	0.4	0.6	1.3	0.8
Q2	129.0	1.0	0.7	0.4	1.5	0.7	1.0	1.2
Q3	128.8	0.5	-0.3	0.2	2.1	1.0	1.1	-0.4
Q4	129.8	1.1	2.6	0.8	2.0	1.7	1.1	0.3
	Hourly labour productivity [3)]							
2009	107.1	-0.9	5.1	-4.7	2.4	-2.5	1.6	0.0
2010	108.6	1.4	1.2	6.4	-1.1	1.7	-0.6	-0.2
2010 Q1	107.8	1.4	2.2	8.1	-2.5	1.0	-0.1	-0.2
Q2	108.5	1.6	1.3	7.8	-1.4	1.7	-1.0	-0.1
Q3	108.6	1.1	-0.2	4.4	-1.0	1.8	-1.1	-0.1
Q4	109.0	1.3	1.6	4.6	0.6	1.8	-0.2	-0.4

5. Labour cost indices [1), 4)]

	Total (s.a.; index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [5)]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2009	102.8	2.9	2.7	3.4	3.4	3.6	2.5	2.6
2010	104.3	1.5	1.4	1.8	1.1	1.7	1.6	1.7
2010 Q1	103.8	1.9	1.8	2.1	1.7	2.7	1.8	1.8
Q2	104.2	1.6	1.5	1.8	0.8	1.8	1.9	1.9
Q3	104.3	0.9	0.8	1.3	0.1	1.4	1.3	1.5
Q4	105.0	1.6	1.4	1.9	1.6	1.1	1.6	1.6

Sources: Eurostat, ECB calculations based on Eurostat data (Table 4 in Section 5.1) and ECB calculations (column 8 in Table 5 in Section 5.1).

1) Data refer to the Euro 17.
2) Compensation (at current prices) per employee divided by labour productivity per person employed.
3) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).
4) Hourly labour cost indices for the whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
5) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).

1. GDP and expenditure components [1)]

	GDP								
	Total	Domestic demand					External balance [2)]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [3)]	Total	Exports [2)]	Imports [2)]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions; seasonally adjusted)								
2007	9,039.0	8,906.1	5,082.6	1,808.9	1,975.1	39.6	132.9	3,745.9	3,613.0
2008	9,257.0	9,163.5	5,241.3	1,898.8	2,000.5	22.8	93.5	3,872.4	3,778.8
2009	8,967.1	8,850.2	5,173.7	1,986.3	1,762.9	-72.8	116.9	3,256.7	3,139.8
2010	9,194.6	9,073.2	5,307.8	2,016.5	1,763.2	-14.3	121.4	3,736.8	3,615.4
2009 Q4	2,251.6	2,209.0	1,299.8	498.1	430.9	-19.7	42.6	840.0	797.4
2010 Q1	2,265.5	2,236.9	1,310.2	502.0	431.7	-7.1	28.6	874.9	846.3
Q2	2,296.1	2,271.3	1,322.1	504.2	443.5	1.5	24.8	928.2	903.4
Q3	2,313.3	2,279.3	1,330.9	505.5	444.3	-1.5	34.1	955.3	921.2
Q4	2,319.6	2,285.7	1,344.6	504.8	443.6	-7.3	33.9	978.4	944.5
	percentage of GDP								
2010	100.0	98.7	57.7	21.9	19.2	-0.2	1.3	-	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [4)])								
	quarter-on-quarter percentage changes								
2009 Q4	0.2	-0.2	0.3	0.0	-1.1	-	-	2.2	1.1
2010 Q1	0.4	0.6	0.3	-0.1	-0.2	-	-	3.1	3.6
Q2	1.0	0.9	0.2	0.2	2.1	-	-	4.5	4.2
Q3	0.4	0.1	0.2	0.4	-0.2	-	-	2.1	1.5
Q4	0.3	0.0	0.4	0.1	-0.5	-	-	1.6	1.0
	annual percentage changes								
2007	2.9	2.6	1.7	2.2	4.7	-	-	6.3	5.8
2008	0.4	0.4	0.4	2.3	-0.8	-	-	0.9	0.8
2009	-4.1	-3.5	-1.1	2.5	-11.4	-	-	-13.1	-11.9
2010	1.8	1.0	0.8	0.7	-0.8	-	-	11.2	9.3
2009 Q4	-2.1	-2.7	-0.4	1.9	-9.5	-	-	-5.3	-6.9
2010 Q1	0.8	-0.4	0.4	1.1	-4.8	-	-	7.0	3.6
Q2	2.0	1.2	0.6	0.6	-0.6	-	-	12.9	11.1
Q3	2.0	1.3	1.0	0.5	0.5	-	-	12.3	10.9
Q4	2.0	1.5	1.1	0.6	1.1	-	-	11.6	10.7
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2009 Q4	0.2	-0.2	0.2	0.0	-0.2	-0.2	0.4	-	-
2010 Q1	0.4	0.5	0.2	0.0	0.0	0.4	-0.1	-	-
Q2	1.0	0.8	0.1	0.0	0.4	0.3	0.2	-	-
Q3	0.4	0.1	0.1	0.1	0.0	-0.1	0.3	-	-
Q4	0.3	0.0	0.2	0.0	-0.1	-0.1	0.3	-	-
	contributions to annual percentage changes in GDP; percentage points								
2007	2.8	2.6	1.0	0.5	1.0	0.2	0.2	-	-
2008	0.4	0.4	0.2	0.5	-0.2	-0.2	0.1	-	-
2009	-4.1	-3.5	-0.6	0.5	-2.5	-0.9	-0.7	-	-
2010	1.8	1.0	0.5	0.2	-0.2	0.5	0.8	-	-
2009 Q4	-2.1	-2.7	-0.3	0.4	-2.0	-0.8	0.6	-	-
2010 Q1	0.8	-0.4	0.3	0.2	-1.0	0.1	1.2	-	-
Q2	2.0	1.2	0.4	0.1	-0.1	0.8	0.8	-	-
Q3	2.0	1.3	0.6	0.1	0.1	0.5	0.7	-	-
Q4	2.0	1.5	0.6	0.1	0.2	0.5	0.5	-	-

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 17.
2) 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.
3) Including acquisitions less disposals of valuables.
4) Annual data are not working day-adjusted.

5.2 Output and demand

2. Value added by economic activity [1)]

	Gross value added (basic prices)							Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	
	1	2	3	4	5	6	7	8
	Current prices (EUR billions; seasonally adjusted)							
2007	8,078.2	152.6	1,653.6	512.9	1,678.3	2,277.1	1,803.7	960.8
2008	8,310.4	147.9	1,653.5	529.1	1,733.7	2,359.7	1,886.6	946.7
2009	8,074.4	133.4	1,442.6	507.0	1,670.4	2,357.9	1,963.1	892.6
2010	8,262.5	143.2	1,527.0	488.5	1,700.5	2,396.8	2,006.5	932.1
2009 Q4	2,026.3	32.9	365.7	123.7	417.9	591.7	494.2	225.4
2010 Q1	2,041.7	34.6	373.6	121.5	419.0	593.8	499.2	223.8
Q2	2,063.8	35.6	381.7	123.2	424.3	596.2	502.8	232.3
Q3	2,074.1	36.2	382.6	122.4	428.3	602.4	502.1	239.2
Q4	2,083.0	36.7	389.1	121.4	428.9	604.3	502.4	236.7
	percentage of value added							
2010	100.0	1.7	18.5	5.9	20.6	29.0	24.3	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [2)])							
	quarter-on-quarter percentage changes							
2009 Q4	0.1	-0.2	0.6	-1.8	0.2	-0.1	0.5	1.1
2010 Q1	0.7	0.8	2.7	-1.6	0.6	0.3	0.3	-2.1
Q2	0.8	-0.5	1.9	1.0	1.1	0.4	0.2	2.8
Q3	0.3	-0.5	0.3	-1.0	0.5	0.6	0.3	0.7
Q4	0.3	1.1	1.1	-1.2	0.0	0.4	0.3	-0.3
	annual percentage changes							
2007	3.1	1.4	3.2	2.4	3.7	4.0	1.7	0.9
2008	0.7	1.0	-2.1	-1.3	1.2	1.7	1.9	-1.4
2009	-4.3	2.3	-13.3	-6.0	-5.1	-1.6	1.2	-3.0
2010	1.8	0.2	6.1	-4.3	1.9	1.0	1.3	1.4
2009 Q4	-2.3	2.0	-6.7	-5.7	-3.2	-1.2	1.3	-0.1
2010 Q1	1.0	0.4	4.4	-6.7	0.7	0.3	1.5	-0.4
Q2	2.0	0.3	7.5	-4.1	2.0	0.6	1.3	2.3
Q3	1.9	-0.5	5.6	-3.4	2.4	1.1	1.3	2.5
Q4	2.2	0.8	6.1	-2.9	2.2	1.7	1.1	1.1
	contributions to quarter-on-quarter percentage changes in value added; percentage points							
2009 Q4	0.1	0.0	0.1	-0.1	0.0	0.0	0.1	-
2010 Q1	0.7	0.0	0.5	-0.1	0.1	0.1	0.1	-
Q2	0.8	0.0	0.4	0.1	0.2	0.1	0.1	-
Q3	0.3	0.0	0.0	-0.1	0.1	0.2	0.1	-
Q4	0.3	0.0	0.2	-0.1	0.0	0.1	0.1	-
	contributions to annual percentage changes in value added; percentage points							
2007	3.1	0.0	0.7	0.2	0.8	1.1	0.4	-
2008	0.7	0.0	-0.4	-0.1	0.3	0.5	0.4	-
2009	-4.3	0.0	-2.7	-0.4	-1.1	-0.5	0.3	-
2010	1.8	0.0	1.1	-0.3	0.4	0.3	0.3	-
2009 Q4	-2.3	0.0	-1.3	-0.4	-0.7	-0.3	0.3	-
2010 Q1	1.0	0.0	0.8	-0.4	0.2	0.1	0.4	-
Q2	2.0	0.0	1.3	-0.3	0.4	0.2	0.3	-
Q3	1.9	0.0	1.0	-0.2	0.5	0.3	0.3	-
Q4	2.2	0.0	1.1	-0.2	0.5	0.5	0.3	-

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 17.
2) Annual data are not working day-adjusted.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2005	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2008	-2.6	106.3	-1.8	-1.9	-2.0	-3.5	-0.2	-2.1	-5.7	-1.5	0.3	-5.5
2009	-13.8	90.5	-14.9	-15.9	-16.0	-19.2	-20.7	-5.1	-17.4	-3.1	-5.4	-8.3
2010	4.0	97.0	7.2	7.6	7.6	9.8	8.8	3.3	2.6	3.3	3.7	-7.8
2010 Q1	1.8	94.3	4.7	4.9	4.9	8.0	2.5	3.2	0.1	3.6	3.3	-10.1
Q2	6.1	96.5	9.1	9.3	9.4	13.9	9.0	3.8	5.0	3.6	5.5	-4.0
Q3	3.7	97.6	7.0	7.6	7.7	9.3	9.8	3.2	3.8	3.1	1.5	-8.1
Q4	4.4	99.4	8.0	8.4	8.5	8.2	13.6	2.9	1.8	3.0	4.5	-9.2
2010 Aug.	4.8	98.2	8.5	9.4	9.5	11.5	12.5	4.1	6.8	3.8	1.2	-8.8
Sep.	2.7	97.6	5.6	6.1	6.1	7.4	8.2	1.8	1.0	1.9	1.2	-7.9
Oct.	4.0	98.4	7.2	7.7	8.0	7.9	12.3	3.2	2.1	3.4	1.3	-7.4
Nov.	4.7	99.8	7.9	8.3	8.2	8.4	12.3	3.2	0.7	3.4	5.3	-7.0
Dec.	4.6	100.1	8.9	9.4	9.5	8.4	16.5	2.2	2.7	2.1	6.4	-13.8
2011 Jan.	3.9	100.1	6.2	8.2	8.1	9.9	12.8	0.8	3.5	0.5	-2.6	-4.8
	month-on-month percentage changes (s.a.)											
2010 Aug.	0.8	-	1.2	1.3	1.1	1.6	3.1	-0.2	1.5	-0.3	-0.2	-0.4
Sep.	-0.5	-	-0.6	-0.9	-0.5	-0.9	-0.9	-0.6	-2.1	-0.3	-1.2	-1.5
Oct.	0.5	-	0.8	1.1	1.2	0.5	1.8	0.4	0.1	0.4	1.1	-0.5
Nov.	1.1	-	1.4	1.4	0.5	1.8	1.5	0.4	0.6	0.4	1.7	-0.3
Dec.	-0.5	-	0.3	1.0	1.3	-0.9	1.5	-0.2	-0.5	-0.3	2.7	-2.0
2011 Jan.	0.5	-	0.0	0.5	0.0	2.1	0.0	-0.2	2.1	-0.3	-3.8	1.6

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

	Industrial new orders		Industrial turnover		Retail sales (excluding automotive fuel)							New passenger car registrations	
	Manufacturing[1] (current prices)		Manufacturing (current prices)		Current prices	Constant prices							
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Total (s.a.; thousands)[2]	Total
										Textiles, clothing, footwear	Household equipment		
% of total in 2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	43.0	57.0	10.1	14.3		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2008	113.0	-5.4	116.7	1.8	1.7	103.4	-0.8	-1.8	-0.1	-1.9	-1.6	891	-7.8
2009	87.5	-22.8	95.4	-18.5	-2.9	101.4	-2.0	-1.7	-2.2	-1.8	-3.9	925	3.3
2010	103.0	17.6	105.1	10.3	1.4	102.5	1.1	0.5	1.7	2.6	0.6	843	-8.6
2010 Q1	95.1	13.9	100.6	6.3	0.8	102.2	0.9	1.3	0.8	3.6	-0.4	886	7.1
Q2	102.5	22.6	104.2	12.2	1.2	102.4	1.0	0.2	1.6	-0.3	2.0	836	-13.1
Q3	105.9	16.0	106.1	10.1	2.1	102.8	1.7	0.4	2.9	5.5	1.2	797	-16.4
Q4	108.6	18.0	109.5	12.3	1.5	102.6	1.0	0.2	1.5	1.7	-0.3	851	-11.1
2010 Sep.	104.7	13.5	105.5	9.0	1.9	102.7	1.5	0.0	2.7	4.2	1.0	822	-12.4
Oct.	106.1	14.7	108.0	8.5	2.0	102.9	1.5	0.4	2.2	2.3	1.1	829	-15.3
Nov.	108.4	19.9	109.0	14.1	1.9	102.7	1.4	0.8	1.9	3.7	0.3	876	-10.0
Dec.	111.4	19.3	111.6	14.3	0.7	102.3	0.2	-0.4	0.5	-0.3	-2.0	849	-6.9
2011 Jan.	111.7	21.2	114.5	16.1	1.2	102.7	0.6	-0.9	1.5	-0.7	3.4	850	-4.3
Feb.	.	.	.	.	1.6	102.6	0.3	-0.5	0.9	.	.	875	0.1
	month-on-month percentage changes (s.a.)												
2010 Oct.	-	1.4	-	2.3	0.2	-	0.2	0.3	0.0	0.2	0.2	-	0.9
Nov.	-	2.1	-	0.9	-0.2	-	-0.2	-0.1	-0.3	-0.6	-0.4	-	5.6
Dec.	-	2.8	-	2.4	-0.2	-	-0.3	-0.3	-0.2	-0.8	-0.7	-	-3.0
2011 Jan.	-	0.3	-	2.6	0.5	-	0.4	0.0	0.5	0.7	1.9	-	0.2
Feb.	-	.	-	.	0.2	-	-0.1	0.0	-0.1	.	.	-	2.9

Sources: Eurostat, except columns 12 and 13 in Table 4 in Section 5.2 (which comprise ECB calculations based on data from the European Automobile Manufacturers' Association).

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

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

5.2 Output and demand

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

5. Business [2] and Consumer Surveys

	Economic sentiment indicator [3] (long-term average = 100)	Manufacturing industry: Industrial confidence indicator: Total [5]	Order books	Stocks of finished products	Production expectations	Capacity utilisation [4] (%)	Consumer confidence indicator: Total [5]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
	1	2	3	4	5	6	7	8	9	10	11
2007	109.4	5.8	7.2	4.4	14.6	84.8	-4.9	-2.3	-4.3	5.0	-8.0
2008	93.7	-8.4	-13.3	10.8	-1.0	82.1	-18.1	-9.9	-25.3	23.5	-13.6
2009	80.7	-28.7	-56.8	14.6	-14.8	70.9	-24.8	-7.0	-26.3	55.5	-10.3
2010	100.9	-4.6	-24.4	0.6	11.3	77.0	-14.0	-5.2	-12.2	31.0	-7.6
2010 Q1	96.4	-12.0	-41.5	2.4	8.1	74.2	-16.8	-3.7	-10.9	45.9	-6.8
Q2	99.1	-6.4	-28.6	0.5	10.1	76.7	-16.7	-6.2	-17.8	33.8	-8.9
Q3	102.3	-2.5	-18.0	0.3	10.9	77.8	-12.1	-5.5	-11.3	23.4	-8.2
Q4	105.6	2.5	-9.4	-0.8	16.2	79.3	-10.4	-5.4	-8.7	20.9	-6.6
2011 Q1	107.3	6.4	-1.4	-2.0	18.7	.	-10.6	-6.0	-9.6	19.7	-7.0
2010 Oct.	104.3	0.6	-12.3	0.4	14.6	78.2	-10.9	-5.5	-10.3	21.6	-6.1
Nov.	105.6	1.8	-10.6	-0.8	15.2	-	-9.4	-5.0	-6.7	19.8	-6.1
Dec.	106.9	5.1	-5.3	-2.0	18.7	-	-11.0	-5.8	-9.2	21.3	-7.7
2011 Jan.	106.8	6.1	-2.7	-1.9	18.9	80.3	-11.2	-6.6	-10.1	19.9	-8.2
Feb.	107.9	6.6	-1.3	-1.5	19.7	-	-10.0	-5.2	-8.6	20.2	-5.8
Mar.	107.3	6.6	-0.3	-2.5	17.6	-	-10.6	-6.3	-10.2	19.0	-7.1

	Construction confidence indicator: Total [5]	Order books	Employment expectations	Retail trade confidence indicator: Total [5]	Present business situation	Volume of stocks	Expected business situation	Services confidence indicator: Total [5]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2007	0.1	-7.6	7.8	1.1	5.1	13.2	11.4	16.1	13.3	14.6	20.4
2008	-13.4	-20.7	-6.1	-10.0	-10.6	16.0	-3.5	0.6	-3.7	0.7	4.7
2009	-32.7	-42.2	-23.2	-15.5	-21.0	9.9	-15.7	-15.5	-20.4	-17.9	-8.3
2010	-28.4	-39.6	-17.2	-4.0	-6.1	7.4	1.5	5.0	2.5	4.2	8.3
2010 Q1	-30.2	-41.3	-19.2	-8.9	-13.4	7.8	-5.5	0.0	-3.3	-3.0	6.3
Q2	-29.2	-41.3	-17.1	-5.1	-7.5	7.5	-0.5	3.9	1.6	2.8	7.3
Q3	-28.1	-39.8	-16.4	-2.8	-4.7	7.0	3.4	6.9	4.8	8.3	7.6
Q4	-26.2	-36.0	-16.3	0.8	1.3	7.4	8.5	9.0	6.8	8.4	11.9
2011 Q1	-25.1	-36.1	-14.1	-0.8	0.1	8.2	5.9	10.6	8.2	10.6	13.2
2010 Oct.	-25.3	-35.2	-15.3	-0.8	-0.3	8.6	6.6	8.0	5.3	6.8	12.0
Nov.	-26.5	-36.2	-16.7	-1.1	-3.2	7.6	7.6	9.3	6.8	9.4	11.6
Dec.	-26.7	-36.7	-16.8	4.3	7.3	5.9	11.4	9.8	8.2	9.1	12.1
2011 Jan.	-26.0	-38.9	-13.1	-0.6	0.4	6.7	4.6	9.9	8.4	9.1	12.1
Feb.	-24.2	-34.0	-14.4	-0.2	0.7	7.2	6.0	11.2	8.8	12.1	12.9
Mar.	-25.0	-35.3	-14.7	-1.5	-0.7	10.7	7.0	10.8	7.5	10.5	14.5

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

1) Difference between the percentages of respondents giving positive and negative replies.
2) From May 2010 onwards, data refer to the new version of the classification of economic activitites in the European Union ("NACE Revision 2").
3) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period 1990 to 2010.
4) 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.
5) 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), 2)]

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

1. Employment in terms of persons employed

	Whole economy	By employment status			By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total in 2009	100.0	100.0	85.4	14.6	3.8	17.1	7.5	25.5	16.1	30.0
	1	2	3	4	5	6	7	8	9	10
2008	148.606	0.8	1.0	-0.3	-1.8	-0.1	-2.0	1.2	2.2	1.2
2009	145.809	-1.9	-1.8	-2.4	-2.4	-5.3	-6.7	-1.8	-2.1	1.4
2010	145.131	-0.5	-0.4	-0.7	-0.6	-3.1	-3.7	-0.7	1.0	1.2
2010 Q1	144.957	-1.3	-1.4	-0.6	-0.8	-5.4	-5.0	-1.5	-0.4	1.3
Q2	145.128	-0.6	-0.6	-0.9	-0.8	-3.6	-3.4	-1.0	1.1	1.1
Q3	145.102	-0.2	0.0	-0.9	-0.4	-2.3	-2.9	-0.6	1.6	1.1
Q4	145.336	0.2	0.4	-0.6	-0.6	-1.1	-3.4	0.2	1.8	1.1
	quarter-on-quarter percentage changes									
2010 Q1	-0.023	0.0	-0.1	0.2	0.0	-0.7	-1.1	-0.1	0.4	0.5
Q2	0.170	0.1	0.3	-0.7	-1.0	-0.1	-0.3	0.0	0.9	0.2
Q3	-0.025	0.0	0.0	-0.4	0.1	-0.3	-1.1	0.1	0.2	0.2
Q4	0.233	0.2	0.1	0.3	0.4	0.0	-0.9	0.3	0.3	0.3

2. Employment in terms of hours worked

	Whole economy	By employment status			By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total in 2009	100.0	100.0	80.5	19.5	4.9	17.1	8.5	26.9	15.7	26.9
	1	2	3	4	5	6	7	8	9	10
2008	239,799.3	0.6	0.9	-1.0	-2.3	-0.7	-1.7	0.7	2.3	1.4
2009	231,891.6	-3.3	-3.4	-2.9	-2.7	-9.0	-8.3	-2.7	-3.2	1.2
2010	232,731.8	0.4	0.4	0.2	-1.0	-0.3	-3.2	0.2	1.5	1.5
2010 Q1	57,954.4	-0.5	-0.7	0.1	-1.8	-3.4	-4.3	-0.3	0.4	1.7
Q2	58,177.8	0.4	0.5	0.0	-1.0	-0.2	-2.8	0.2	1.6	1.3
Q3	58,303.2	0.8	1.0	0.3	-0.3	1.2	-2.4	0.5	2.2	1.3
Q4	58,296.3	0.8	0.9	0.2	-0.8	1.5	-3.4	0.4	1.9	1.5
	quarter-on-quarter percentage changes									
2010 Q1	99.7	0.2	0.2	0.2	-0.7	-0.1	-0.9	0.2	0.4	0.6
Q2	223.4	0.4	0.5	-0.1	0.1	0.8	0.0	0.3	0.7	0.2
Q3	125.4	0.2	0.3	-0.2	-0.1	0.7	-0.9	0.0	0.5	0.4
Q4	-7.0	0.0	-0.1	0.2	-0.1	0.1	-1.6	-0.1	0.3	0.3

3. Hours worked per person employed

	Whole economy	By employment status			By economic activity					
	Total (thousands)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8	9	10
2008	1.614	-0.2	0.0	-0.7	-0.5	-0.6	0.4	-0.4	0.1	0.2
2009	1.590	-1.4	-1.6	-0.5	-0.4	-4.0	-1.7	-1.0	-1.1	-0.2
2010	1.604	0.8	0.8	0.9	-0.3	2.9	0.5	0.9	0.5	0.3
2010 Q1	0.400	0.8	0.8	0.7	-1.0	2.1	0.8	1.2	0.8	0.4
Q2	0.401	1.0	1.0	0.9	-0.2	3.5	0.7	1.2	0.5	0.2
Q3	0.402	1.0	1.0	1.2	0.1	3.5	0.5	1.1	0.6	0.3
Q4	0.401	0.5	0.5	0.8	-0.2	2.6	-0.1	0.3	0.1	0.3

Source: ECB calculations based on Eurostat data.
1) Data for employment are based on the ESA 95.
2) Data refer to the Euro 17.

5.3 Labour markets

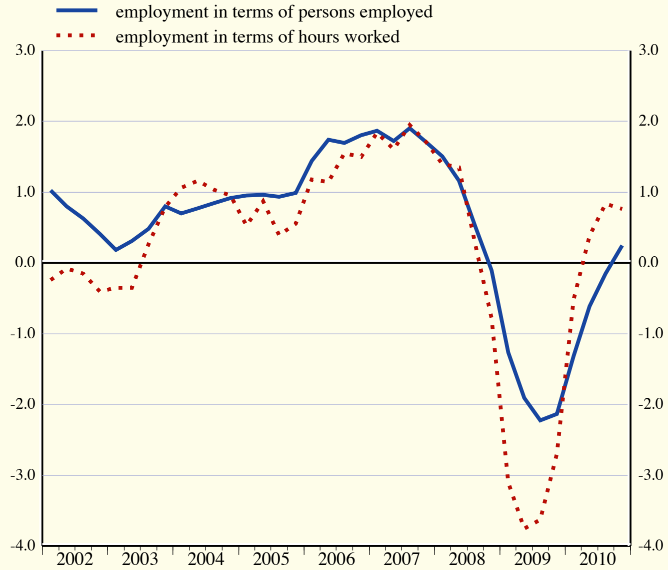
(seasonally adjusted, unless otherwise indicated)

4. Unemployment and job vacancies [1]

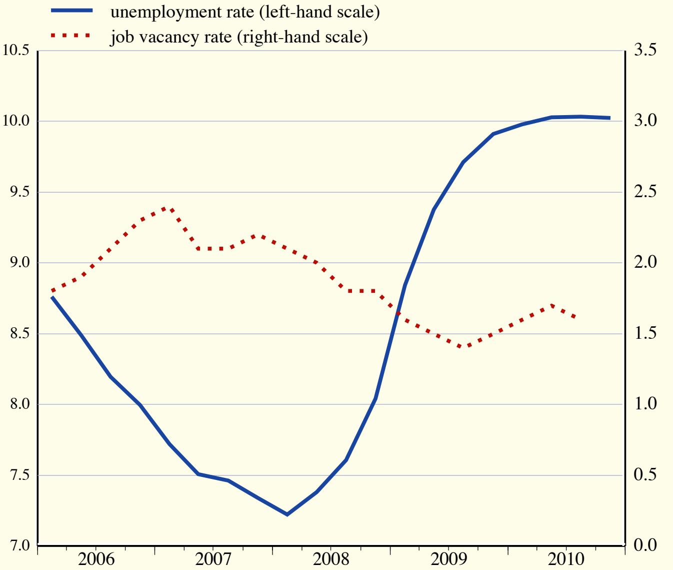
	Unemployment										Job vacancy rate [2), 3)]
	Total		By age [4)]				By gender [5)]				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2009	100.0		78.3		21.7		53.9		46.1		
	1	2	3	4	5	6	7	8	9	10	11
2007	11.733	7.5	9.165	6.6	2.569	15.0	5.770	6.7	5.963	8.5	2.2
2008	11.950	7.6	9.297	6.6	2.652	15.6	6.024	6.9	5.926	8.3	1.9
2009	14.990	9.5	11.741	8.3	3.249	19.5	8.082	9.3	6.908	9.6	1.5
2010	15.889	10.0	12.656	8.9	3.233	20.1	8.550	9.9	7.339	10.2	.
2009 Q4	15.688	9.9	12.372	8.7	3.316	20.3	8.545	9.9	7.143	10.0	1.5
2010 Q1	15.810	10.0	12.502	8.8	3.308	20.4	8.578	9.9	7.233	10.1	1.6
Q2	15.913	10.0	12.649	8.9	3.264	20.2	8.585	9.9	7.328	10.2	1.7
Q3	15.921	10.0	12.726	8.9	3.195	20.0	8.537	9.9	7.384	10.2	1.6
Q4	15.912	10.0	12.748	8.9	3.164	19.9	8.501	9.8	7.411	10.3	.
2010 Sep.	15.905	10.0	12.718	8.9	3.187	20.0	8.509	9.8	7.396	10.2	-
Oct.	15.995	10.1	12.809	9.0	3.186	20.0	8.564	9.9	7.430	10.3	-
Nov.	15.909	10.0	12.733	8.9	3.175	20.0	8.489	9.8	7.420	10.3	-
Dec.	15.832	10.0	12.702	8.9	3.130	19.8	8.450	9.8	7.382	10.2	-
2011 Jan.	15.824	10.0	12.720	8.9	3.105	19.6	8.429	9.8	7.396	10.2	-
Feb.	15.747	9.9	12.694	8.9	3.053	19.4	8.379	9.7	7.369	10.2	-

C28 Employment - persons employed and hours worked [2)]

(annual percentage changes)



C29 Unemployment and job vacancy [2), 3)] rates



Source: Eurostat.
1) Data for unemployment refer to persons and follow ILO recommendations.
2) Data refer to the Euro 17.
3) Industry, construction and services (excluding households as employers and extra-territorial organisations and bodies); non-seasonally adjusted.
4) 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.
5) Rates are expressed as a percentage of the labour force for the relevant gender.

6 GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001	45.7	45.4	12.2	9.4	2.8	13.5	0.5	15.6	8.1	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	8.1	4.6	2.1	0.3	0.3	41.1
2003	45.0	44.3	11.4	9.0	2.3	13.5	0.4	15.7	8.2	4.6	2.1	0.6	0.5	41.1
2004	44.5	44.0	11.3	8.7	2.5	13.5	0.3	15.5	8.1	4.5	2.1	0.5	0.4	40.7
2005	44.8	44.3	11.5	8.7	2.7	13.7	0.3	15.4	8.1	4.5	2.2	0.5	0.3	40.9
2006	45.3	45.0	12.1	8.9	3.0	13.8	0.3	15.3	8.0	4.5	2.1	0.3	0.3	41.4
2007	45.4	45.1	12.4	9.1	3.2	13.8	0.3	15.1	8.0	4.4	2.1	0.3	0.3	41.5
2008	45.0	44.8	12.2	9.3	2.8	13.3	0.3	15.3	8.0	4.5	2.1	0.2	0.3	41.1
2009	44.6	44.2	11.4	9.3	1.9	13.1	0.3	15.7	8.2	4.5	2.3	0.3	0.4	40.5

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure [3]
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions		Investment	Capital transfers	Paid by EU institutions	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001	47.5	43.6	10.3	4.8	3.8	24.7	21.7	1.9	0.5	3.9	2.5	1.4	0.0	43.7
2002	47.7	43.9	10.4	4.9	3.5	25.1	22.2	1.9	0.5	3.8	2.4	1.4	0.1	44.2
2003	48.1	44.1	10.5	5.0	3.3	25.4	22.5	1.9	0.5	3.9	2.5	1.4	0.1	44.8
2004	47.5	43.5	10.4	5.0	3.1	25.1	22.3	1.7	0.5	3.9	2.5	1.5	0.1	44.4
2005	47.3	43.4	10.4	5.1	3.0	25.0	22.3	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.9	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	46.0	42.2	10.0	5.0	3.0	24.3	21.6	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.0	43.2	10.1	5.1	3.0	24.9	22.0	1.6	0.4	3.8	2.6	1.3	0.0	44.0
2009	50.8	46.6	10.8	5.6	2.8	27.3	24.3	1.8	0.5	4.2	2.8	1.4	0.0	48.0

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
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	1.9	2.1	8.3	12.2
2004	-3.0	-2.5	-0.4	-0.3	0.1	0.1	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	5.1	5.1	1.9	2.2	8.2	12.3
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.2	5.0	5.2	1.9	2.1	8.1	12.2
2007	-0.7	-1.2	0.0	-0.1	0.5	2.3	20.0	10.0	5.0	5.2	1.9	2.1	7.9	12.1
2008	-2.0	-2.1	-0.2	-0.2	0.4	1.0	20.5	10.1	5.1	5.3	1.9	2.1	8.1	12.4
2009	-6.3	-5.1	-0.5	-0.3	-0.4	-3.4	22.2	10.8	5.6	5.8	2.0	2.3	8.8	13.4

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2006	0.2	-1.6	2.4	2.9	-5.7	2.0	-2.3	-3.4	-1.2	1.4	-2.7	0.5	-1.5	-4.1	-1.3	-3.2	4.0
2007	-0.3	0.3	2.5	0.0	-6.4	1.9	-2.7	-1.5	3.4	3.7	-2.3	0.2	-0.4	-2.8	0.0	-1.8	5.2
2008	-1.3	0.1	-2.8	-7.3	-9.4	-4.2	-3.3	-2.7	0.9	3.0	-4.8	0.6	-0.5	-2.9	-1.8	-2.1	4.2
2009	-6.0	-3.0	-1.7	-14.4	-15.4	-11.1	-7.5	-5.3	-6.0	-0.7	-3.8	-5.4	-3.5	-9.3	-5.8	-7.9	-2.5

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

1) Data refer to the Euro 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
2000	69.2	2.7	13.2	3.7	49.6	43.9	22.1	12.3	9.5	25.3
2001	68.2	2.8	12.4	4.0	48.9	42.1	20.7	11.0	10.4	26.1
2002	67.9	2.7	11.8	4.6	48.9	40.6	19.5	10.5	10.6	27.3
2003	69.1	2.1	12.4	5.0	49.6	39.8	19.7	11.0	9.1	29.2
2004	69.5	2.2	12.0	5.0	50.3	38.4	18.6	10.7	9.0	31.1
2005	70.3	2.4	12.1	4.7	51.1	36.5	17.4	11.1	8.0	33.8
2006	68.4	2.4	11.7	4.1	50.2	34.6	17.5	9.3	7.8	33.8
2007	66.1	2.2	11.1	4.2	48.7	32.7	16.9	8.6	7.3	33.4
2008	69.8	2.3	11.3	6.7	49.5	32.7	17.4	7.8	7.5	37.1
2009	79.2	2.4	12.3	8.6	55.9	36.8	20.2	8.9	7.7	42.4

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

	Total	Issued by: 4)				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
								Variable interest rate					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2000	69.2	58.1	5.8	4.8	0.4	6.5	62.7	6.2	13.4	27.8	28.0	67.4	1.8
2001	68.2	57.0	6.0	4.7	0.4	7.0	61.1	5.3	13.7	26.6	27.9	66.6	1.5
2002	67.9	56.6	6.2	4.7	0.4	7.6	60.3	5.2	15.5	25.3	27.2	66.7	1.3
2003	69.1	56.9	6.5	5.1	0.6	7.8	61.3	5.0	14.9	26.0	28.2	68.1	0.9
2004	69.5	57.3	6.6	5.1	0.4	7.8	61.6	4.6	14.8	26.2	28.5	68.6	0.9
2005	70.3	57.8	6.7	5.2	0.5	7.9	62.4	4.6	14.9	25.6	29.8	69.3	1.0
2006	68.4	56.1	6.5	5.3	0.5	7.4	61.0	4.4	14.4	24.1	29.9	67.9	0.6
2007	66.1	54.1	6.2	5.2	0.5	7.4	58.7	4.4	14.6	23.5	28.0	65.6	0.5
2008	69.8	57.5	6.6	5.2	0.4	10.2	59.6	4.5	17.8	23.3	28.6	68.9	0.9
2009	79.2	65.3	7.6	5.7	0.6	12.2	66.9	4.6	19.6	27.1	32.4	78.0	1.2

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2006	88.1	67.6	4.4	24.8	106.1	39.6	63.7	106.6	64.6	6.7	63.4	47.4	62.1	63.9	26.7	30.5	39.7
2007	84.2	64.9	3.7	25.0	105.0	36.1	63.8	103.6	58.3	6.7	61.7	45.3	59.3	62.7	23.4	29.6	35.2
2008	89.6	66.3	4.6	44.3	110.3	39.8	67.5	106.3	48.3	13.6	63.1	58.2	62.5	65.3	22.5	27.8	34.1
2009	96.2	73.4	7.2	65.5	126.8	53.2	78.1	116.0	58.0	14.5	68.6	60.8	67.5	76.1	35.4	35.4	43.8

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
2001	1.9	1.9	-0.1	0.1	0.2	-0.2	0.5	1.5	0.0	-0.5	-0.8	1.9
2002	2.1	2.7	-0.5	-0.1	0.0	-0.2	0.7	1.6	0.0	-0.5	-0.1	2.1
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.4	0.8	0.8	2.7
2004	3.1	3.2	-0.1	0.0	0.2	0.1	0.1	2.7	0.1	-0.3	0.1	3.0
2005	3.3	3.0	0.2	0.0	0.3	0.5	-0.1	2.6	-0.5	-0.6	0.8	3.8
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.4	1.5	-0.1	1.0	-1.2	1.7
2007	1.1	1.1	0.0	0.0	-0.1	0.0	0.3	1.0	-0.2	0.2	-0.3	1.3
2008	5.2	5.1	0.1	0.0	0.1	0.4	2.6	2.0	0.7	0.9	-0.5	4.5
2009	7.1	7.3	-0.2	0.0	0.1	0.6	1.6	4.8	3.0	2.2	0.8	4.1

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [7]	Deficit-debt adjustment [8]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [9]
				Total	Currency and deposits	Loans	Securities [10]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	3.3	-2.6	0.7	0.6	0.3	0.1	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	-0.1
2006	1.6	-1.4	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	-0.7	0.5	0.6	0.2	0.0	0.3	0.1	-0.2	0.2	0.0	0.0	0.0	-0.2
2008	5.2	-2.0	3.2	3.0	0.8	0.7	0.7	0.8	-0.1	0.5	0.1	0.0	0.0	0.1
2009	7.1	-6.3	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	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
2004 Q3	42.7	42.3	10.7	12.8	15.3	1.9	0.7	0.5	0.3	39.1
Q4	48.9	48.0	12.9	14.2	16.2	2.9	0.7	1.0	0.4	43.7
2005 Q1	42.0	41.5	10.0	13.0	15.3	1.7	0.6	0.5	0.3	38.5
Q2	44.3	43.7	11.5	13.2	15.1	2.0	1.1	0.6	0.3	40.1
Q3	43.4	42.7	11.1	13.0	15.1	1.9	0.7	0.7	0.3	39.6
Q4	49.0	48.3	13.3	14.2	16.1	3.0	0.8	0.7	0.3	43.9
2006 Q1	42.4	42.0	10.3	13.4	15.1	1.7	0.8	0.4	0.3	39.0
Q2	45.3	44.9	12.2	13.5	15.1	1.9	1.3	0.5	0.3	41.0
Q3	43.7	43.2	11.6	12.9	15.1	2.0	0.8	0.5	0.3	39.9
Q4	49.3	48.7	14.0	14.3	15.8	2.9	0.9	0.6	0.3	44.4
2007 Q1	42.2	41.8	10.2	13.5	14.8	1.7	0.9	0.4	0.3	38.7
Q2	45.5	45.1	12.7	13.5	15.0	1.8	1.4	0.4	0.3	41.4
Q3	43.5	43.1	12.1	12.8	14.8	1.9	0.8	0.5	0.3	40.0
Q4	49.7	49.1	14.4	14.1	15.7	3.0	0.9	0.6	0.3	44.6
2008 Q1	42.3	42.0	10.7	12.9	14.8	1.7	1.1	0.3	0.2	38.7
Q2	44.9	44.6	12.6	12.8	15.0	1.9	1.5	0.4	0.3	40.7
Q3	43.2	42.8	11.9	12.4	15.0	1.9	0.8	0.3	0.3	39.6
Q4	49.0	48.5	13.6	13.6	16.3	3.0	1.1	0.5	0.3	43.8
2009 Q1	42.0	41.9	10.2	12.5	15.4	1.8	1.1	0.1	0.2	38.4
Q2	44.4	43.8	11.5	12.6	15.5	2.0	1.4	0.6	0.5	40.2
Q3	42.5	42.1	10.9	12.3	15.4	2.0	0.7	0.3	0.3	38.9
Q4	48.8	48.1	12.7	13.7	16.4	3.2	1.0	0.7	0.5	43.4
2010 Q1	41.8	41.6	10.1	12.4	15.4	1.8	0.9	0.2	0.2	38.2
Q2	44.2	43.8	11.5	12.7	15.3	2.0	1.3	0.5	0.3	39.8
Q3	42.8	42.5	10.8	12.8	15.2	2.0	0.8	0.3	0.3	39.1

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2004 Q3	45.9	42.6	9.9	4.7	3.1	24.8	21.4	1.3	3.4	2.4	1.0	-3.2	-0.1
Q4	50.9	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	10.2	4.7	3.1	25.1	21.4	1.2	3.7	1.9	1.8	-4.8	-1.7
Q2	46.2	42.8	10.2	4.9	3.2	24.5	21.3	1.1	3.4	2.3	1.1	-1.8	1.3
Q3	45.7	42.2	9.9	4.8	3.0	24.6	21.3	1.2	3.4	2.5	1.0	-2.2	0.8
Q4	50.5	45.7	11.1	5.8	2.7	26.1	22.5	1.3	4.8	3.1	1.7	-1.5	1.2
2006 Q1	45.3	42.2	10.0	4.6	3.0	24.6	21.1	1.2	3.1	1.9	1.2	-2.9	0.0
Q2	45.5	42.2	10.2	4.9	3.1	24.0	21.0	1.1	3.2	2.3	1.0	-0.1	2.9
Q3	45.2	41.8	9.8	4.7	2.9	24.4	21.0	1.2	3.4	2.4	1.0	-1.5	1.4
Q4	50.4	45.0	10.7	5.8	2.7	25.9	22.2	1.4	5.3	3.2	2.2	-1.1	1.6
2007 Q1	44.3	41.1	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	0.9	4.1
Q3	44.4	41.0	9.5	4.7	2.9	23.8	20.6	1.2	3.4	2.5	0.9	-0.9	2.1
Q4	50.3	45.2	10.7	5.8	2.8	26.0	22.2	1.5	5.1	3.4	1.7	-0.7	2.1
2008 Q1	44.7	41.5	9.8	4.6	3.0	24.2	20.5	1.2	3.2	2.0	1.2	-2.4	0.6
Q2	45.3	42.0	10.1	5.0	3.2	23.7	20.7	1.1	3.3	2.3	1.0	-0.4	2.8
Q3	45.5	41.9	9.6	4.8	3.1	24.4	21.2	1.2	3.5	2.5	1.0	-2.3	0.8
Q4	52.0	47.0	11.0	6.1	2.8	27.1	23.1	1.4	5.1	3.4	1.6	-3.0	-0.3
2009 Q1	48.4	45.0	10.5	5.2	2.9	26.4	22.5	1.3	3.4	2.2	1.1	-6.4	-3.6
Q2	50.0	46.0	10.9	5.5	3.0	26.6	23.1	1.3	4.0	2.7	1.2	-5.6	-2.6
Q3	49.3	45.4	10.3	5.2	2.9	26.9	23.3	1.4	3.9	2.6	1.2	-6.8	-3.9
Q4	55.2	49.8	11.5	6.5	2.6	29.2	24.9	1.5	5.4	3.4	1.9	-6.3	-3.7
2010 Q1	49.7	46.1	10.6	5.1	2.8	27.6	23.3	1.4	3.7	2.1	1.6	-8.0	-5.2
Q2	49.0	45.5	10.7	5.4	3.0	26.4	22.9	1.3	3.5	2.5	1.2	-4.8	-1.8
Q3	48.7	44.7	10.0	5.2	2.8	26.7	23.1	1.3	4.0	2.5	1.4	-5.9	-3.1

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)

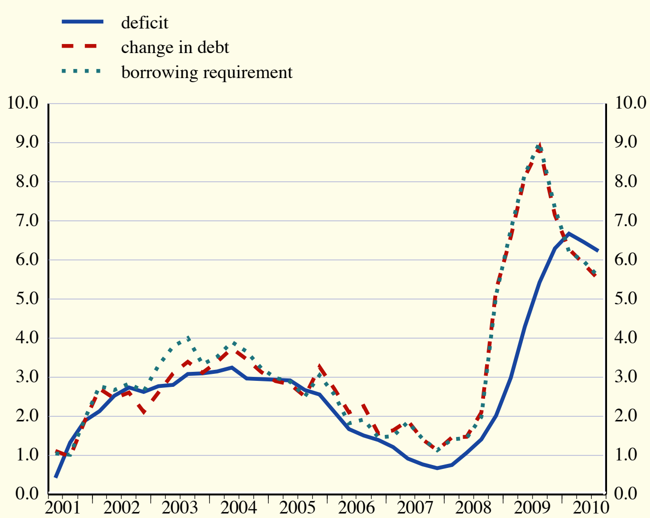
1. Euro area – Maastricht debt by financial instrument [1)]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2007 Q4	66.1	2.2	11.1	4.2	48.7
2008 Q1	67.1	2.1	11.3	5.0	48.6
Q2	67.4	2.1	11.3	4.9	49.0
Q3	67.5	2.1	11.2	5.5	48.7
Q4	69.8	2.3	11.3	6.7	49.5
2009 Q1	73.2	2.3	11.6	7.9	51.4
Q2	76.5	2.4	11.9	8.5	53.8
Q3	78.3	2.3	12.1	9.2	54.7
Q4	79.2	2.4	12.3	8.6	55.9
2010 Q1	81.0	2.4	12.5	8.4	57.7
Q2	82.5	2.4	13.2	8.1	58.8
Q3	82.7	2.3	13.2	8.2	58.9

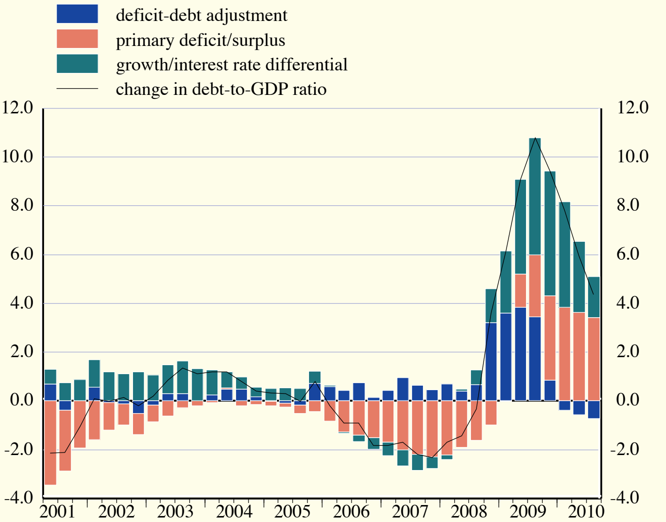
2. Euro area – deficit-debt adjustment

	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
2007 Q4	-3.3	-0.7	-4.0	-2.8	-2.1	0.0	-0.6	-0.2	0.0	-1.1	-3.3
2008 Q1	6.1	-2.4	3.7	3.1	1.9	-0.1	0.9	0.3	0.0	0.6	6.1
Q2	3.7	-0.4	3.3	3.9	1.9	0.3	1.3	0.5	0.1	-0.6	3.7
Q3	2.0	-2.3	-0.3	-0.8	-1.6	0.0	0.3	0.5	0.4	0.2	1.6
Q4	9.0	-3.0	5.9	5.8	0.8	2.5	0.5	1.9	0.0	0.1	9.0
2009 Q1	11.9	-6.4	5.4	6.7	5.2	-0.1	0.9	0.7	-1.3	0.0	13.2
Q2	9.9	-5.6	4.3	3.1	2.3	-0.6	0.2	1.2	0.5	0.6	9.3
Q3	4.8	-6.8	-2.0	-2.9	-3.2	0.7	0.0	-0.4	0.2	0.7	4.6
Q4	2.3	-6.3	-4.0	-2.5	-2.7	-0.1	0.1	0.2	-0.2	-1.3	2.5
2010 Q1	8.3	-8.0	0.3	0.8	0.8	-0.1	-0.3	0.3	-0.3	-0.2	8.6
Q2	8.3	-4.8	3.5	4.4	2.3	1.9	-0.2	0.5	0.0	-1.0	8.3
Q3	3.3	-5.9	-2.6	-2.5	-2.3	-0.3	0.0	0.1	0.2	-0.3	3.1

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



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



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

7 EXTERNAL TRANSACTIONS AND POSITIONS

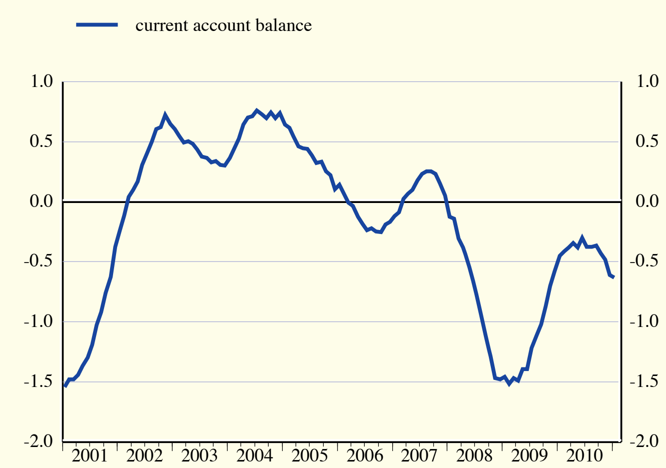
7.1 Summary balance of payments [1)]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	-136.6	-21.1	43.3	-59.5	-99.3	9.9	-126.7	127.6	-239.8	304.5	-74.9	141.2	-3.4	-1.0
2009	-50.1	38.6	33.4	-29.6	-92.4	6.5	-43.6	39.9	-74.6	263.8	51.5	-205.4	4.6	3.7
2010	-57.3	23.4	34.5	-10.6	-104.6	9.6	-47.7	56.0	-85.1	183.6	1.8	-34.2	-10.1	-8.3
2009 Q4	11.8	19.7	9.4	2.1	-19.5	1.2	13.0	-12.4	12.0	29.6	8.6	-62.6	0.0	-0.5
2010 Q1	-22.0	2.4	3.9	6.9	-35.3	2.7	-19.4	20.2	-40.0	16.7	3.9	44.2	-4.6	-0.8
Q2	-20.5	3.1	12.1	-16.8	-19.0	1.7	-18.8	21.8	-38.2	110.2	1.9	-53.1	1.0	-3.0
Q3	-8.3	8.1	14.2	0.4	-31.0	1.5	-6.8	8.5	-37.4	-10.9	0.3	61.4	-4.9	-1.7
Q4	-6.4	9.7	4.3	-1.1	-19.3	3.7	-2.7	5.5	30.5	67.6	-4.3	-86.8	-1.5	-2.8
2010 Jan.	-13.7	-7.7	0.8	1.9	-8.6	1.6	-12.1	21.4	-4.9	27.0	3.9	-6.1	1.5	-9.3
Feb.	-7.2	4.3	1.3	3.5	-16.3	0.8	-6.4	0.7	-3.2	-6.5	0.3	13.7	-3.6	5.7
Mar.	-1.1	5.8	1.9	1.5	-10.3	0.2	-0.9	-1.9	-31.8	-3.8	-0.3	36.6	-2.5	2.8
Apr.	-4.7	1.4	3.2	-1.8	-7.4	-0.6	-5.3	5.8	-17.6	53.1	-4.4	-25.2	-0.1	-0.5
May	-17.1	-1.6	3.6	-13.6	-5.5	1.8	-15.3	17.3	-6.6	63.1	0.0	-39.2	-0.1	-2.0
June	1.2	3.4	5.3	-1.4	-6.0	0.5	1.7	-1.3	-14.0	-6.0	6.4	11.3	1.1	-0.5
July	4.5	7.1	5.3	1.7	-9.7	1.6	6.1	-1.0	-3.2	-27.3	-1.5	32.2	-1.2	-5.1
Aug.	-7.5	-3.9	4.0	2.2	-10.0	0.4	-7.1	3.0	-28.4	7.9	2.5	23.5	-2.4	4.1
Sep.	-5.3	4.9	4.8	-3.6	-11.4	-0.5	-5.7	6.5	-5.7	8.6	-0.7	5.8	-1.4	-0.8
Oct.	-2.1	6.2	1.8	1.0	-11.0	0.1	-2.0	5.8	-11.7	21.1	-7.3	3.9	-0.2	-3.8
Nov.	-5.4	0.8	2.9	-2.1	-6.9	1.0	-4.4	5.0	23.5	22.9	0.4	-41.9	0.0	-0.6
Dec.	1.0	2.6	-0.4	0.1	-1.3	2.7	3.7	-5.3	18.6	23.5	2.6	-48.8	-1.3	1.6
2011 Jan.	-19.6	-13.5	1.3	0.6	-8.0	0.3	-19.2	18.0	7.6	-14.7	-2.5	33.2	-5.7	1.3
	12-month cumulated transactions													
2011 Jan.	-63.2	17.6	35.0	-11.9	-104.0	8.4	-54.8	52.5	-72.6	141.9	-4.6	5.1	-17.4	2.3
	12-month cumulated transactions as a percentage of GDP													
2011 Jan.	-0.7	0.2	0.4	-0.1	-1.1	0.1	-0.6	0.6	-0.8	1.5	0.0	0.1	-0.2	0.0

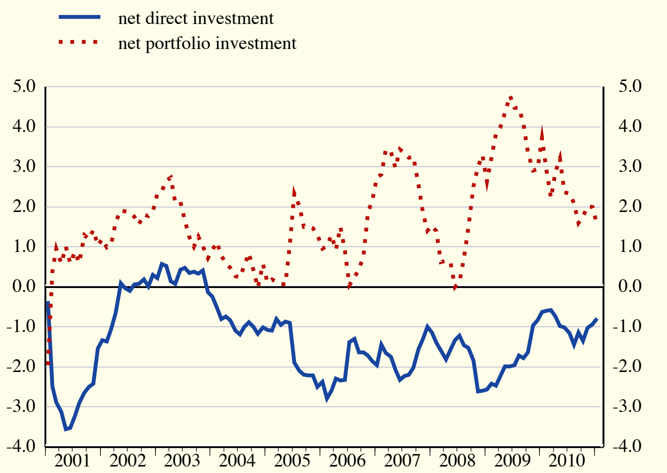
C32 Euro area b.o.p.: current account

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



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

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



Source: ECB.

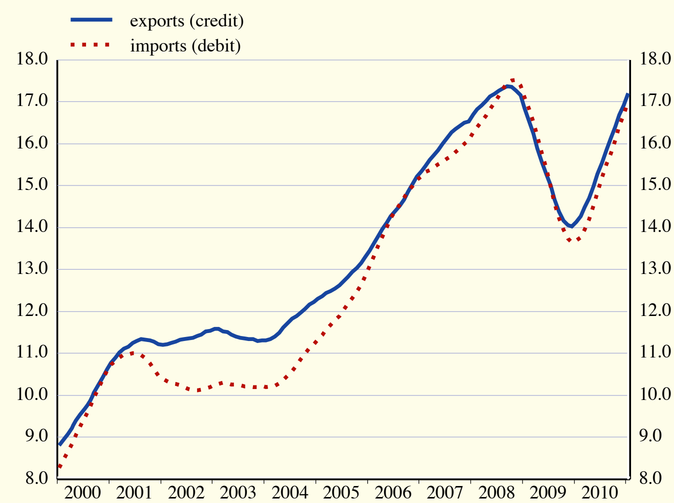
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

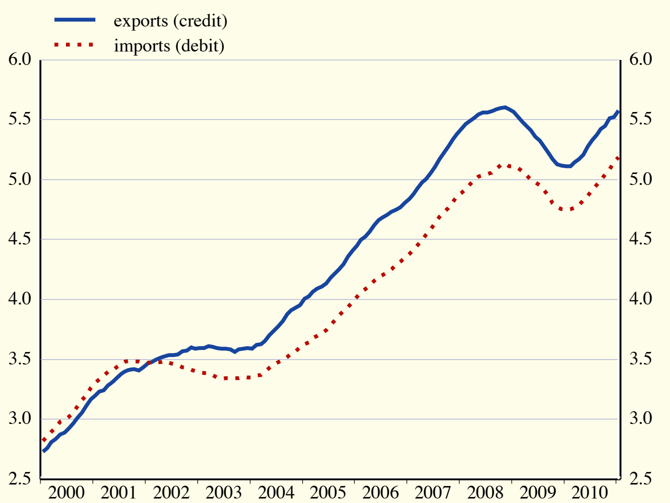
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	2,731.2	2,867.8	-136.6	1,582.1	1,603.2	514.1	470.8	546.0	605.5	89.0	6.8	188.3	21.6	24.6	14.7
2009	2,261.7	2,311.8	-50.1	1,292.7	1,254.1	470.1	436.7	405.6	435.3	93.4	6.1	185.8	22.4	20.0	13.5
2010	2,566.7	2,624.0	-57.3	1,563.6	1,540.2	509.2	474.7	411.8	422.4	82.1	.	186.8	.	22.6	13.0
2009 Q4	600.0	588.2	11.8	349.0	329.2	121.1	111.7	97.8	95.6	32.1	1.5	51.6	5.8	6.2	5.0
2010 Q1	580.8	602.8	-22.0	349.0	346.6	111.2	107.3	99.1	92.2	21.4	1.4	56.7	5.2	5.5	2.8
Q2	643.3	663.9	-20.5	387.8	384.7	128.6	116.6	108.5	125.3	18.4	1.6	37.4	5.2	4.8	3.1
Q3	660.0	668.3	-8.3	403.5	395.3	138.8	124.6	102.5	102.2	15.2	1.6	46.3	5.6	4.8	3.3
Q4	682.5	688.9	-6.4	423.3	413.6	130.5	126.2	101.7	102.7	27.2	.	46.4	.	7.5	3.8
2010 Nov.	225.1	230.5	-5.4	143.3	142.5	43.1	40.1	31.9	34.1	6.9	.	13.8	.	1.8	0.8
Dec.	236.1	235.1	1.0	137.3	134.7	45.1	45.5	38.2	38.1	15.6	.	16.8	.	4.7	2.0
2011 Jan.	208.3	227.9	-19.6	126.5	140.0	40.6	39.3	32.5	31.9	8.7	.	16.7	.	1.3	1.0
	Seasonally adjusted														
2010 Q2	642.6	649.4	-6.8	388.9	383.0	128.9	118.6	103.7	103.5	21.1	.	44.2	.	.	.
Q3	653.6	668.1	-14.4	394.3	389.1	129.0	119.1	107.1	108.9	23.2	.	51.0	.	.	.
Q4	655.4	687.9	-32.6	405.5	411.7	127.8	122.0	98.9	109.6	23.2	.	44.6	.	.	.
2010 Nov.	222.0	232.5	-10.5	136.6	140.7	45.0	40.5	33.0	37.4	7.3	.	13.9	.	.	.
Dec.	216.9	229.4	-12.5	135.1	134.9	41.1	41.7	32.8	37.0	7.9	.	15.9	.	.	.
2011 Jan.	235.7	236.4	-0.7	146.6	145.1	45.2	41.2	35.4	35.0	8.6	.	15.1	.	.	.
	12-month cumulated transactions														
2011 Jan.	2,593.7	2,651.8	-58.1	1,581.5	1,564.0	512.4	476.9	413.4	424.9	86.4	.	186.0	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2011 Jan.	28.2	28.8	-0.6	17.2	17.0	5.6	5.2	4.5	4.6	0.9	.	2.0	.	.	.

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



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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2007	18.9	11.3	585.4	587.7	212.6	71.4	138.2	43.7	28.6	26.9	45.3	113.9	118.7	110.6	180.3	198.1
2008	19.2	11.8	526.8	593.7	155.8	12.8	127.9	27.7	30.7	26.0	43.2	120.5	125.0	123.6	172.2	195.6
2009	19.2	12.9	386.4	422.4	133.9	8.4	100.9	17.7	20.4	22.3	27.3	76.8	102.2	129.0	102.6	93.4
2009 Q3	4.7	3.8	88.6	93.1	30.2	6.2	24.4	5.8	4.4	4.6	6.4	13.3	25.7	32.1	21.8	18.7
Q4	5.1	3.9	92.7	91.8	35.4	0.0	24.5	0.7	5.3	5.1	6.0	13.9	24.5	30.0	21.4	18.3
2010 Q1	4.9	2.3	94.2	90.0	39.0	-1.4	25.1	3.5	4.5	4.3	6.0	12.1	25.0	32.3	19.7	16.2
Q2	5.4	3.1	103.1	122.2	42.4	-9.8	29.1	-2.9	5.1	5.3	9.8	38.4	26.1	32.9	19.7	16.5
Q3	5.4	3.9	97.1	98.3	39.5	8.4	28.8	8.0	4.6	4.8	7.6	16.4	26.5	32.5	18.9	15.7

3. Geographical breakdown
(cumulated transactions)

2009 Q4 to 2010 Q3	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,484.1	833.8	46.6	76.2	398.7	254.1	58.2	44.7	32.4	108.8	35.2	51.9	85.2	186.6	333.8	771.7
Goods	1,489.3	477.6	29.2	49.6	200.1	198.5	0.2	25.5	17.6	89.3	26.1	33.2	62.3	94.2	176.6	486.9
Services	499.8	161.3	10.7	13.6	103.5	27.6	5.9	7.9	7.3	13.9	7.2	11.5	15.4	53.5	74.1	147.7
Income	407.9	134.1	6.0	11.7	84.3	24.7	7.5	10.8	6.6	5.2	1.8	6.6	7.1	31.1	77.7	126.8
Investment income	387.1	127.5	5.9	11.5	82.7	24.0	3.5	10.8	6.5	5.2	1.8	6.5	7.0	22.3	75.9	123.5
Current transfers	87.1	60.7	0.7	1.3	10.8	3.4	44.6	0.4	0.9	0.3	0.2	0.6	0.4	7.8	5.4	10.3
Capital account	21.3	18.1	0.0	0.0	1.0	0.4	16.6	0.1	0.0	0.0	0.0	0.0	0.1	0.4	0.4	2.1
	Debits															
Current account	2,523.2	790.3	40.9	71.7	341.7	232.3	103.6	-	27.6	-	-	89.7	-	167.8	324.3	-
Goods	1,455.8	409.0	26.8	43.5	153.8	184.9	0.0	24.0	11.9	188.1	21.8	47.7	100.0	79.9	125.6	447.9
Services	460.1	134.1	7.4	10.6	83.4	32.4	0.2	5.6	6.2	11.8	4.8	8.9	9.5	44.3	95.5	139.5
Income	415.3	130.3	6.1	16.4	91.8	10.7	5.3	-	7.5	-	-	32.7	-	36.4	96.5	-
Investment income	402.2	122.7	6.0	16.3	90.3	4.9	5.3	-	7.4	-	-	32.5	-	35.9	95.5	-
Current transfers	191.9	117.0	0.7	1.2	12.6	4.3	98.1	1.4	2.0	2.8	0.7	0.4	0.6	7.3	6.8	52.9
Capital account	14.2	2.3	0.1	0.1	0.9	0.2	0.9	0.2	0.1	0.1	0.2	0.1	0.1	0.5	1.2	9.5
	Net															
Current account	-39.1	43.5	5.6	4.5	57.0	21.8	-45.4	-	4.8	-	-	-37.8	-	18.8	9.5	-
Goods	33.5	68.6	2.5	6.1	46.3	13.5	0.2	1.5	5.7	-98.8	4.3	-14.5	-37.8	14.3	51.0	39.0
Services	39.7	27.2	3.2	3.0	20.0	-4.7	5.7	2.4	1.1	2.1	2.3	2.6	5.9	9.3	-21.3	8.1
Income	-7.4	3.9	-0.1	-4.7	-7.5	14.0	2.2	-	-0.9	-	-	-26.1	-	-5.4	-18.7	-
Investment income	-15.1	4.8	-0.1	-4.8	-7.6	19.1	-1.8	-	-0.8	-	-	-26.0	-	-13.6	-19.6	-
Current transfers	-104.9	-56.2	0.0	0.1	-1.9	-1.0	-53.5	-1.0	-1.1	-2.5	-0.5	0.2	-0.1	0.5	-1.5	-42.6
Capital account	7.1	15.9	0.0	0.0	0.1	0.2	15.7	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.8	-7.4

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)													
2006	12,384.8	13,408.0	-1,023.2	144.4	156.4	-11.9	3,153.8	2,735.1	4,372.5	5,946.8	-20.8	4,553.4	4,726.2	325.8
2007	13,992.8	15,266.8	-1,274.0	154.9	169.0	-14.1	3,726.7	3,221.9	4,631.1	6,538.1	-28.9	5,316.7	5,506.8	347.2
2008	13,331.7	14,983.0	-1,651.3	143.9	161.7	-17.8	3,889.7	3,320.2	3,727.6	5,938.3	-29.8	5,370.1	5,724.4	374.2
2009	13,733.3	15,203.2	-1,467.1	153.1	169.5	-16.4	4,262.0	3,478.6	4,226.3	6,737.2	-45.4	4,830.9	4,987.5	462.4
2010 Q2	14,948.2	16,013.3	-1,065.1	164.9	176.6	-11.7	4,541.2	3,547.7	4,622.1	7,078.7	-45.1	5,246.7	5,386.9	583.3
Q3	14,745.8	15,974.0	-1,227.8	161.4	174.8	-13.4	4,507.5	3,515.5	4,629.1	7,206.2	-52.7	5,110.0	5,252.4	552.2
	Changes to outstanding amounts													
2006	1,545.9	1,845.3	-299.4	18.0	21.5	-3.5	363.3	284.6	485.1	889.8	0.6	691.2	670.9	5.7
2007	1,608.0	1,858.8	-250.9	17.8	20.6	-2.8	572.8	486.8	258.7	591.3	-8.1	763.3	780.7	21.4
2008	-661.1	-283.8	-377.3	-7.1	-3.1	-4.1	163.0	98.3	-903.5	-599.7	-0.9	53.3	217.6	27.0
2009	401.6	220.2	184.2	4.5	2.5	2.1	372.4	158.3	498.7	798.8	-15.6	-539.2	-737.0	88.2
2010 Q2	557.3	280.1	277.1	24.2	12.2	12.0	164.5	54.8	128.2	34.4	-6.0	186.0	190.9	84.6
Q3	-202.4	-39.3	-162.7	-8.8	-1.7	-7.1	-33.8	-32.2	7.0	127.4	-7.6	-136.7	-134.5	-31.1
	Transactions													
2007	1,940.3	1,943.2	-3.0	21.5	21.5	0.0	512.9	422.5	439.5	566.3	66.9	915.8	954.4	5.1
2008	397.0	524.7	-127.6	4.3	5.7	-1.4	334.0	94.3	-15.3	289.2	74.9	0.0	141.2	3.4
2009	-222.8	-183.0	-39.9	-2.5	-2.0	-0.4	289.3	214.7	78.8	342.5	-51.5	-534.8	-740.2	-4.6
2010	319.5	330.7	-11.3	3.5	3.6	-0.1	86.4	1.3	116.5	244.4	-1.8	108.2	85.0	10.1
2010 Q2	92.5	114.3	-21.8	4.0	5.0	-0.9	63.6	25.4	-18.2	92.0	-1.9	50.0	-3.1	-1.0
Q3	64.9	73.4	-8.5	2.8	3.2	-0.4	22.9	-14.5	51.3	40.4	-0.3	-14.0	47.4	4.9
Q4	-11.7	-6.3	-5.5	-0.5	-0.3	-0.2	-38.9	-8.5	22.3	89.9	4.3	-0.8	-87.7	1.5
2010 Sep.	-8.4	-1.9	-6.5	.	.	.	5.9	0.1	14.9	23.5	0.7	-31.3	-25.5	1.4
Oct.	67.8	73.6	-5.8	.	.	.	-17.2	-28.9	45.5	66.6	7.3	32.0	35.9	0.2
Nov.	44.5	49.5	-5.0	.	.	.	-3.5	20.0	-5.2	17.8	-0.4	53.7	11.8	0.0
Dec.	-124.1	-129.4	5.3	.	.	.	-18.2	0.5	-18.1	5.5	-2.6	-86.5	-135.3	1.3
2011 Jan.	139.7	157.6	-18.0	.	.	.	26.8	34.4	39.0	24.3	2.5	65.7	98.9	5.7
	Other changes													
2006	-182.3	123.3	-305.6	-2.1	1.4	-3.6	-54.7	26.2	-35.2	183.4	0.0	-96.9	-86.3	4.4
2007	-332.3	-84.4	-247.9	-3.7	-0.9	-2.7	59.9	64.3	-180.8	25.1	-75.1	-152.6	-173.8	16.3
2008	-1,058.1	-808.5	-249.6	-11.4	-8.7	-2.7	-171.0	4.1	-888.3	-888.9	-75.8	53.4	76.4	23.7
2009	624.5	403.1	221.3	7.0	4.5	2.5	83.1	-56.3	419.9	456.3	35.9	-4.4	3.2	89.9
	Other changes due to exchange rate changes													
2006	-343.3	-228.5	-114.8	-4.0	-2.7	-1.3	-72.1	-4.2	-151.6	-101.1	.	-105.7	-123.2	-13.9
2007	-521.9	-339.5	-182.4	-5.8	-3.8	-2.0	-104.1	-17.1	-217.4	-146.9	.	-186.7	-175.5	-13.7
2008	-39.4	55.1	-94.5	-0.4	0.6	-1.0	-20.1	-9.6	6.8	47.4	.	-35.4	17.3	9.2
2009	-45.8	-49.7	3.9	-0.5	-0.6	0.0	-4.8	1.7	-28.4	-27.5	.	-10.1	-23.9	-2.5
	Other changes due to price changes													
2006	288.6	298.4	-9.8	3.4	3.5	-0.1	45.4	33.5	226.0	264.9	0.0	.	.	17.1
2007	78.7	113.4	-34.7	0.9	1.3	-0.4	45.2	5.8	77.3	107.6	-75.1	.	.	31.3
2008	-1,021.5	-1,018.4	-3.1	-11.0	-11.0	0.0	-154.5	-94.8	-812.8	-923.6	-75.8	.	.	21.5
2009	622.1	494.0	128.1	6.9	5.5	1.4	137.9	44.5	402.2	449.5	35.9	.	.	46.1
	Other changes due to other adjustments													
2006	-128.1	56.7	-184.7	-1.5	0.7	-2.2	-28.3	-1.6	-109.6	19.8	.	8.7	38.4	1.2
2007	110.8	155.1	-44.3	1.2	1.7	-0.5	119.2	76.0	-40.8	64.4	.	33.7	14.7	-1.3
2008	3.5	155.5	-152.0	0.0	1.7	-1.6	3.8	109.0	-81.8	-12.3	.	88.7	58.8	-7.1
2009	52.3	-39.6	91.9	0.6	-0.4	1.0	-48.5	-100.9	46.0	34.3	.	5.6	27.0	49.2
	Growth rates of outstanding amounts													
2006	16.1	14.8	-	.	.	.	15.1	10.6	13.6	13.7	.	20.5	18.8	0.3
2007	15.6	14.3	-	.	.	.	15.8	15.1	10.0	9.4	.	20.2	20.2	1.6
2008	2.8	3.4	-	.	.	.	9.1	2.9	-0.6	4.6	.	0.0	2.6	1.0
2009	-1.7	-1.2	-	.	.	.	7.4	6.6	2.0	5.7	.	-9.9	-12.8	-1.2
2010 Q2	2.3	2.2	-	.	.	.	5.2	3.7	3.4	5.4	.	-0.4	-2.5	0.7
Q3	2.8	2.8	-	.	.	.	4.1	2.1	3.0	4.1	.	1.8	1.5	1.7
Q4	2.3	2.2	-	.	.	.	2.0	0.0	2.6	3.5	.	2.2	1.7	1.9

Source: ECB.

1) Net financial derivatives are included in assets.

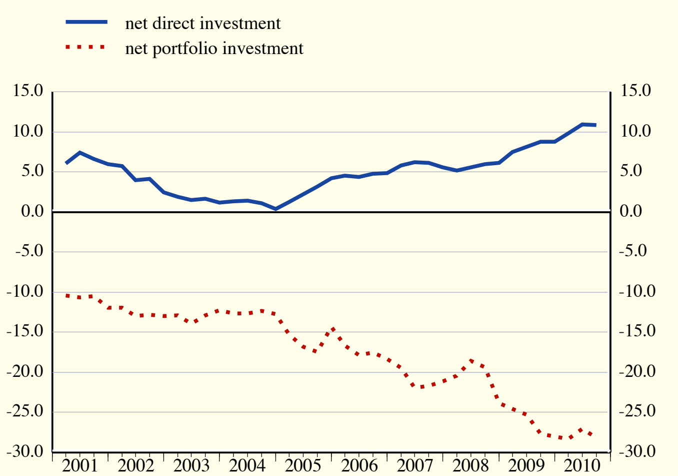
7.3 Financial account
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

2. Direct investment

	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2008	3,889.7	3,016.6	214.5	2,802.2	873.0	13.1	859.9	3,320.2	2,360.4	67.1	2,293.2	959.8	19.0	940.8
2009	4,262.0	3,291.0	228.5	3,062.4	971.1	14.7	956.4	3,478.6	2,531.3	78.2	2,453.1	947.3	18.5	928.8
2010 Q2	4,541.2	3,494.4	256.0	3,238.4	1,046.9	16.8	1,030.1	3,547.7	2,635.1	82.1	2,553.0	912.6	16.8	895.8
Q3	4,507.5	3,473.3	247.6	3,225.8	1,034.1	16.1	1,018.1	3,515.5	2,646.2	82.3	2,563.9	869.2	16.4	852.8
	Transactions													
2008	334.0	214.4	20.6	193.8	119.6	-0.3	119.9	94.3	70.8	-0.5	71.3	23.5	1.6	21.9
2009	289.3	216.3	16.2	200.1	72.9	3.5	69.4	214.7	216.1	8.3	207.9	-1.5	-0.6	-0.9
2010	86.4	-8.7	9.2	-17.9	95.1	1.3	93.9	1.3	66.0	7.9	58.1	-64.7	-5.8	-58.9
2010 Q2	63.6	16.1	-0.4	16.5	47.5	0.5	47.0	25.4	13.8	2.1	11.7	11.7	-2.4	14.0
Q3	22.9	25.3	1.3	24.1	-2.4	0.3	-2.7	-14.5	21.8	2.3	19.4	-36.2	0.0	-36.3
Q4	-38.9	-59.0	2.2	-61.2	20.1	0.3	19.8	-8.5	-30.3	1.9	-32.3	21.9	-3.3	25.1
2010 Sep.	5.9	0.3	0.3	-0.1	5.6	0.1	5.5	0.1	-8.0	1.0	-9.0	8.1	-0.1	8.2
Oct.	-17.2	-35.5	-1.6	-33.9	18.3	0.1	18.2	-28.9	-35.6	0.3	-35.9	6.7	0.3	6.4
Nov.	-3.5	-9.1	2.9	-12.1	5.6	0.1	5.5	20.0	1.2	1.0	0.2	18.8	0.1	18.7
Dec.	-18.2	-14.4	0.8	-15.2	-3.8	0.1	-3.9	0.5	4.0	0.7	3.4	-3.6	-3.6	0.0
2011 Jan.	26.8	32.8	0.3	32.5	-6.0	0.2	-6.2	34.4	6.4	0.3	6.0	28.1	4.9	23.2
	Growth rates													
2008	9.1	7.3	9.2	7.2	15.9	-1.2	16.2	2.9	3.0	-0.6	3.1	2.9	8.5	2.8
2009	7.4	7.1	7.6	7.1	8.4	27.0	8.1	6.6	9.3	12.2	9.2	-0.2	-3.1	-0.1
2010 Q2	5.2	3.9	2.3	4.1	9.7	18.6	9.6	3.7	7.4	13.1	7.3	-5.8	-18.7	-5.5
Q3	4.1	3.2	3.2	3.2	7.0	18.6	6.8	2.1	6.8	12.5	6.6	-10.0	-13.8	-10.0
Q4	2.0	-0.2	3.9	-0.6	9.8	8.5	9.9	0.0	2.6	10.1	2.4	-6.8	-30.7	-6.3

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

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



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2008	3,727.6	1,128.6	68.4	3.0	1,060.2	27.1	2,164.2	964.8	20.3	1,199.4	18.6	434.8	358.1	61.7	76.7	1.3
2009	4,226.3	1,488.7	76.2	3.4	1,412.5	34.4	2,339.5	917.5	17.1	1,422.0	36.5	398.1	327.3	44.9	70.8	2.0
2010 Q2	4,622.1	1,654.3	82.8	3.5	1,571.5	43.5	2,541.7	931.4	17.0	1,610.4	43.3	426.1	336.2	43.7	89.9	0.3
Q3	4,629.1	1,695.4	89.1	3.4	1,606.3	42.0	2,543.1	892.5	17.0	1,650.6	40.5	390.6	316.6	49.0	73.9	0.6
	Transactions															
2008	-15.3	-106.6	-36.0	0.6	-70.6	-0.1	81.2	41.0	3.2	40.2	2.6	10.1	34.9	14.9	-24.8	0.4
2009	78.8	45.5	-3.6	-0.2	49.1	1.5	24.9	-99.7	-3.6	124.7	17.5	8.3	11.6	-12.8	-3.3	0.9
2010	116.5	74.6	7.9	-0.2	66.7	.	93.5	-119.8	-7.3	213.4	.	-51.6	-63.3	-4.5	11.8	.
2010 Q2	-18.2	-8.0	-5.9	-0.2	-2.1	2.7	-4.4	-36.0	-0.7	31.6	0.0	-5.8	-17.1	-2.6	11.2	-0.3
Q3	51.3	7.7	2.0	0.0	5.7	-1.3	60.7	6.2	-0.1	54.5	-1.9	-17.0	-7.6	7.2	-9.4	0.3
Q4	22.3	38.4	2.2	0.0	36.1	.	-9.3	-93.2	-6.6	83.9	.	-6.8	-19.6	-3.2	12.8	.
2010 Sep.	14.9	14.2	6.5	0.0	7.7	.	1.7	-16.9	0.0	18.6	.	-1.0	0.9	5.1	-1.9	.
Oct.	45.5	13.4	0.8	0.0	12.6	.	24.3	-46.2	-0.5	70.6	.	7.9	1.6	-3.0	6.3	.
Nov.	-5.2	14.4	3.4	0.0	11.0	.	-17.0	-31.6	1.2	14.6	.	-2.6	-7.2	0.1	4.6	.
Dec.	-18.1	10.6	-2.0	0.1	12.5	.	-16.6	-15.3	-7.3	-1.3	.	-12.1	-13.9	-0.3	1.9	.
2011 Jan.	39.0	-6.4	-4.1	0.0	-2.3	.	37.3	31.2	0.1	6.1	.	8.0	1.6	3.1	6.4	.
	Growth rates															
2008	-0.6	-6.4	-27.8	24.6	-4.8	-0.3	3.6	4.2	20.1	3.1	15.3	2.8	11.9	41.1	-27.7	65.2
2009	2.0	3.3	-5.6	-7.2	3.8	5.4	1.1	-10.2	-17.9	10.2	93.9	1.3	2.6	-22.1	-4.5	68.2
2010 Q2	3.4	8.3	11.3	-11.0	8.1	12.3	4.2	-6.0	-10.0	11.4	-10.1	-14.8	-17.5	-34.2	-2.2	-81.2
Q3	3.0	5.1	7.6	-12.0	4.9	8.3	5.1	-4.8	-6.2	11.8	-11.7	-14.9	-17.4	-2.6	-2.0	-58.3
Q4	2.6	4.7	10.5	-5.1	4.4	.	3.9	-13.0	-41.3	14.3	.	-12.1	-18.0	-11.5	16.9	.

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2008	5,938.3	2,185.3	616.9	1,568.4	3,372.6	1,198.8	2,173.8	1,426.8	380.4	62.0	318.4	269.9
2009	6,737.2	2,751.8	686.6	2,065.1	3,460.8	1,132.1	2,328.7	1,477.1	524.6	67.7	456.9	422.3
2010 Q2	7,078.7	2,752.4	675.6	2,076.8	3,831.8	1,180.1	2,651.7	1,736.2	494.5	80.7	413.9	374.3
Q3	7,206.2	2,859.8	666.3	2,193.5	3,823.3	1,171.1	2,652.2	1,742.7	523.1	98.7	424.4	381.2
	Transactions											
2008	289.2	-100.7	84.4	-185.1	209.4	7.3	202.2	185.7	180.4	-33.3	213.8	191.1
2009	342.5	82.8	3.6	79.2	141.6	5.6	136.0	98.2	118.1	-14.9	133.1	156.7
2010	300.2	130.8	0.1	130.8	175.0	31.0	144.0	.	-5.7	46.8	-52.5	.
2010 Q2	92.0	10.9	2.1	8.8	89.3	-6.1	95.4	101.6	-8.2	-9.1	0.9	-6.3
Q3	40.4	50.4	15.1	35.3	-39.3	8.2	-47.6	-26.8	29.4	20.9	8.5	11.1
Q4	89.9	69.1	-0.5	69.5	54.5	14.2	40.3	.	-33.8	-2.0	-31.8	.
2010 Sep.	23.5	4.0	-6.6	10.6	15.4	5.6	9.8	.	4.1	12.9	-8.7	.
Oct.	66.6	50.5	6.9	43.6	12.2	4.3	7.9	.	3.9	0.1	3.9	.
Nov.	17.8	2.8	3.8	-0.9	11.1	-6.4	17.5	.	3.8	3.6	0.2	.
Dec.	5.5	15.8	-11.1	26.9	31.2	16.3	14.9	.	-41.5	-5.7	-35.8	.
2011 Jan.	24.3	7.7	0.0	7.7	0.9	33.5	-32.5	.	15.7	17.3	-1.6	.
	Growth rates											
2008	4.6	-4.2	14.9	-8.6	7.0	0.7	11.0	16.9	76.0	-24.9	210.4	260.3
2009	5.7	3.6	0.6	4.7	4.2	0.5	6.2	6.9	31.1	-32.1	41.6	58.3
2010 Q2	5.4	4.8	-2.1	7.4	5.0	1.9	6.4	12.3	13.7	73.6	4.7	9.3
Q3	4.1	3.5	-1.0	5.1	3.8	1.7	4.8	11.0	9.6	148.7	-4.1	-3.1
Q4	3.5	2.7	0.0	3.6	4.9	2.7	5.9	.	-1.1	73.2	-11.6	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2008	5,370.1	28.8	27.8	1.0	3,272.5	3,213.2	59.2	90.8	12.3	42.6	8.8	1,977.9	188.9	1,595.6	431.7
2009	4,830.9	30.2	29.8	0.4	2,835.9	2,805.4	30.5	109.2	8.4	63.6	11.4	1,855.6	192.4	1,478.8	398.1
2010 Q2	5,246.7	24.7	24.1	0.6	3,080.2	3,045.9	34.4	114.6	8.6	65.7	13.1	2,027.1	214.0	1,609.1	434.8
Q3	5,110.0	25.0	24.4	0.6	2,963.1	2,930.7	32.5	116.3	8.3	69.5	11.1	2,005.6	217.5	1,593.4	430.7
	Transactions														
2008	0.0	-9.4	-9.5	0.0	-42.7	-59.2	16.6	-5.7	-1.1	-6.0	-4.8	57.8	0.2	52.0	-62.5
2009	-534.8	0.1	0.0	0.1	-422.0	-401.5	-20.5	11.0	-0.4	9.5	1.3	-123.9	-1.5	-126.3	-55.8
2010	119.3	-5.1	.	.	21.2	.	.	39.0	.	.	4.6	64.2	.	.	9.9
2010 Q2	50.0	-3.4	-3.3	0.0	2.3	-5.1	7.4	6.4	0.0	6.1	5.8	44.6	9.6	38.2	14.3
Q3	-14.0	1.5	1.6	-0.1	-17.3	-16.0	-1.3	4.8	-0.1	4.7	-2.3	-3.0	4.1	-3.2	1.1
Q4	-0.8	3.9	.	.	-19.5	.	.	34.8	.	.	4.8	-20.0	.	.	-4.7
2010 Sep.	-31.3	0.0	.	.	-38.6	.	.	-1.9	.	.	-1.6	9.3	.	.	-3.2
Oct.	32.0	-1.8	.	.	14.4	.	.	25.9	.	.	-0.6	-6.6	.	.	16.0
Nov.	53.7	-1.0	.	.	46.6	.	.	5.1	.	.	3.7	3.1	.	.	-8.0
Dec.	-86.5	6.7	.	.	-80.4	.	.	3.8	.	.	1.7	-16.6	.	.	-12.7
2011 Jan.	65.7	-0.5	.	.	59.5	.	.	-5.5	.	.	-4.3	12.1	.	.	17.0
	Growth rates														
2008	0.0	-26.2	-26.9	1.0	-1.3	-1.8	23.5	-6.0	-8.8	-12.3	-35.2	3.2	0.1	3.5	-14.2
2009	-9.9	-0.3	-1.4	24.1	-12.8	-12.4	-36.9	11.4	-3.4	19.5	12.9	-6.3	-0.8	-8.0	-13.3
2010 Q2	-0.4	-36.5	-36.9	7.7	-1.0	-1.2	17.6	7.2	-4.1	11.4	-9.5	0.6	5.6	-0.4	-7.5
Q3	1.8	-13.4	-13.1	-24.6	1.1	0.9	21.3	10.1	-3.3	15.4	6.8	2.5	8.0	1.6	-4.4
Q4	2.2	-19.3	.	.	0.8	.	.	7.6	.	.	38.9	4.4	.	.	3.2

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2008	5,724.4	482.9	482.6	0.3	3,762.9	3,708.8	54.1	62.3	0.0	58.0	4.3	1,416.3	178.2	1,059.7	178.4
2009	4,987.5	252.0	251.6	0.4	3,398.9	3,360.4	38.6	71.6	0.0	67.3	4.4	1,264.9	175.1	911.3	178.5
2010 Q2	5,386.9	260.1	259.3	0.8	3,733.1	3,683.0	50.1	88.8	0.0	82.7	6.0	1,304.9	184.3	945.8	174.9
Q3	5,252.4	249.2	247.5	1.8	3,604.0	3,559.1	44.9	92.0	0.0	86.2	5.8	1,307.2	186.5	943.5	177.1
	Transactions														
2008	141.2	281.0	280.9	0.1	-174.8	-186.0	11.2	9.5	0.0	10.8	-1.3	25.6	9.6	16.1	-0.1
2009	-740.2	-233.1	-233.3	0.2	-353.3	-341.8	-11.4	11.8	0.0	11.7	0.0	-165.6	-2.6	-148.1	-14.9
2010	85.0	8.9	.	.	-1.4	.	.	63.1	.	.	.	14.4	.	.	.
2010 Q2	-3.1	-0.6	-0.5	0.0	-13.0	-15.2	2.2	8.3	0.0	7.4	0.9	2.1	5.4	-2.6	-0.7
Q3	47.4	-2.6	-3.6	1.0	1.3	5.6	-4.3	4.8	0.0	5.2	-0.4	43.9	0.9	32.2	10.8
Q4	-87.7	17.3	.	.	-93.3	.	.	45.5	.	.	.	-57.2	.	.	.
2010 Sep.	-25.5	1.1	.	.	-38.0	.	.	4.3	.	.	.	7.0	.	.	.
Oct.	35.9	0.5	.	.	38.5	.	.	6.9	.	.	.	-10.0	.	.	.
Nov.	11.8	4.0	.	.	18.2	.	.	15.8	.	.	.	-26.2	.	.	.
Dec.	-135.3	12.9	.	.	-150.0	.	.	22.8	.	.	.	-21.0	.	.	.
2011 Jan.	98.9	12.0	.	.	64.1	.	.	2.8	.	.	.	20.0	.	.	.
	Growth rates														
2008	2.6	141.1	141.2	.	-4.4	-4.7	17.9	18.1	.	23.0	-23.0	1.9	5.6	1.5	-0.7
2009	-12.8	-48.0	-48.1	.	-9.4	-9.2	-20.4	18.7	.	20.0	-0.1	-11.5	-1.5	-13.8	-7.9
2010 Q2	-2.5	-20.7	-20.9	.	-1.9	-2.2	22.5	11.3	.	11.2	10.6	-0.5	2.6	-0.7	-2.7
Q3	1.5	-8.2	-8.6	.	0.2	0.1	10.5	16.6	.	16.7	18.7	6.2	4.0	6.0	9.1
Q4	1.7	3.5	.	.	0.1	.	.	85.3	.	.	.	1.0	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets [1)]

	Reserve assets: Total	Reserve assets: Monetary gold: In EUR billions	Reserve assets: Monetary gold: In fine troy ounces (millions)	Reserve assets: SDR holdings	Reserve assets: Reserve position in the IMF	Reserve assets: Foreign exchange: Total	Foreign exchange: Currency and deposits: With monetary authorities and the BIS	Foreign exchange: Currency and deposits: With banks	Foreign exchange: Securities: Total	Foreign exchange: Securities: Equity	Foreign exchange: Securities: Bonds and notes	Foreign exchange: Securities: Money market instruments	Foreign exchange: Financial derivatives	Reserve assets: Other claims	Memo items: Other foreign currency assets	Memo items: Pre-determined short-term net drains on foreign currency	Memo items: SDR allo-cations
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2007	347.2	201.0	353.688	4.6	3.6	138.0	7.2	22.0	108.5	0.4	87.8	20.3	0.3	0.0	44.3	-38.5	5.3
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.1	129.5	0.6	111.3	17.6	0.0	0.0	262.8	-245.7	5.5
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010 Q2	583.3	351.9	347.156	56.3	16.3	158.8	9.2	13.0	136.8	0.6	110.8	25.5	-0.3	0.0	32.7	-24.2	56.7
Q3	552.2	332.3	346.994	53.3	15.3	151.3	7.9	15.7	127.2	0.5	106.9	19.8	0.4	0.0	26.2	-22.6	53.7
2011 Jan.	562.3	336.3	346.987	53.5	17.0	155.5	6.6	17.4	131.3	-	-	-	0.2	0.0	24.1	-27.0	53.7
Feb.	577.1	353.9	346.986	53.2	16.6	153.3	7.6	13.6	131.9	-	-	-	0.2	0.0	23.2	-24.3	53.6
	Transactions																
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-	-
2008	3.4	-2.7	-	-0.1	3.8	2.4	5.0	-15.7	11.8	0.1	15.8	-4.1	1.3	0.0	-	-	-
2009	-4.6	-2.0	-	0.5	3.4	-6.4	3.1	-1.2	-9.5	0.0	-14.1	4.6	1.2	0.0	-	-	-
2010 Q1	4.6	0.0	-	-0.2	1.8	3.1	-2.5	2.0	3.6	0.0	1.9	1.7	-0.1	0.0	-	-	-
Q2	-1.0	0.0	-	0.1	3.0	-4.0	-2.0	1.3	-3.2	0.0	0.0	-3.1	-0.1	0.0	-	-	-
Q3	4.9	0.0	-	0.0	-0.1	5.1	-0.5	3.9	1.6	0.0	5.6	-4.0	0.1	0.0	-	-	-
	Growth rates																
2007	1.6	-1.7	-	7.3	-18.3	6.3	15.0	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.0	-1.3	-	-2.5	105.6	1.7	67.7	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009	-1.2	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010 Q1	1.3	-0.5	-	-3.8	51.8	1.8	-14.0	148.3	-1.5	1.0	-5.3	15.6	-	-	-	-	-
Q2	0.7	-0.1	-	8.1	34.9	-0.7	-28.0	56.1	-1.6	-6.0	-3.6	8.1	-	-	-	-	-
Q3	1.7	0.0	-	1.0	27.8	3.2	-45.3	93.8	2.8	-6.0	9.0	-22.0	-	-	-	-	-

8. Gross external debt

	Total	By instrument: Loans, currency and deposits	By instrument: Money market instruments	By instrument: Bonds and notes	By instrument: Trade credits	By instrument: Other debt liabilities	By instrument: Direct investment: inter-company lending	By sector (excluding direct investment): General government	By sector (excluding direct investment): Eurosystem	By sector (excluding direct investment): MFIs (excluding Eurosystem)	By sector (excluding direct investment): Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2007	9,991.0	5,144.6	240.5	2,996.3	172.6	189.6	1,247.3	1,235.4	202.1	5,228.6	2,077.6
2008	10,916.9	5,309.2	380.4	3,372.6	178.2	237.0	1,439.4	1,759.0	482.9	5,023.7	2,211.8
2009	10,413.3	4,590.5	524.6	3,460.8	175.1	221.8	1,440.4	1,971.0	252.0	4,598.7	2,151.1
2010 Q1	10,799.3	4,777.5	533.1	3,682.4	177.7	240.8	1,387.8	2,088.1	251.9	4,843.1	2,228.3
Q2	11,161.8	4,970.8	494.5	3,831.8	184.3	231.8	1,448.5	2,199.2	260.1	4,993.9	2,260.0
Q3	10,987.0	4,836.3	523.1	3,823.3	186.5	229.6	1,388.3	2,215.9	249.2	4,873.8	2,259.9
	Outstanding amounts as a percentage of GDP										
2007	110.5	56.9	2.7	33.1	1.9	2.1	13.8	13.7	2.2	57.8	23.0
2008	117.9	57.4	4.1	36.4	1.9	2.6	15.5	19.0	5.2	54.3	23.9
2009	116.1	51.2	5.9	38.6	2.0	2.5	16.1	22.0	2.8	51.3	24.0
2010 Q1	120.0	53.1	5.9	40.9	2.0	2.7	15.4	23.2	2.8	53.8	24.8
Q2	123.2	54.9	5.5	42.3	2.0	2.6	16.0	24.3	2.9	55.1	25.0
Q3	120.4	53.0	5.7	41.9	2.0	2.5	15.2	24.3	2.7	53.4	24.8

Source: ECB.

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

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

9. Geographical breakdown

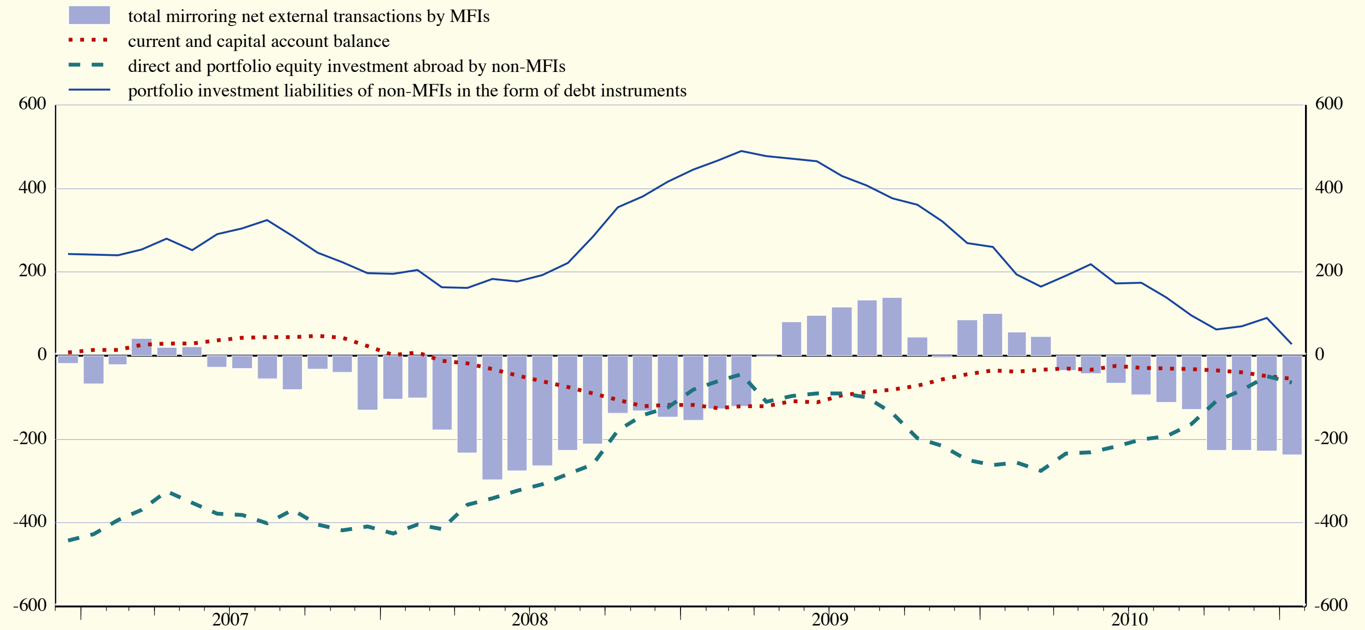
	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	Outstanding amounts (international investment position)														
Direct investment	783.5	116.5	2.3	-17.4	-125.6	257.6	-0.3	45.6	44.2	-28.9	129.7	-42.2	77.4	-0.3	441.4
Abroad	4,262.0	1,428.3	34.5	123.7	988.9	281.1	0.0	119.6	48.3	77.7	423.5	784.3	540.9	0.0	839.4
Equity/reinvested earnings	3,291.0	1,073.8	29.1	79.8	735.3	229.5	0.0	95.2	39.1	58.9	349.5	559.7	484.7	0.0	630.1
Other capital	971.1	354.5	5.3	43.9	253.7	51.6	0.0	24.4	9.1	18.8	74.1	224.6	56.2	0.0	209.3
In the euro area	3,478.6	1,311.8	32.2	141.1	1,114.5	23.6	0.3	73.9	4.1	106.6	293.9	826.4	463.5	0.4	398.0
Equity/reinvested earnings	2,531.3	1,077.5	22.7	124.7	922.7	7.2	0.3	61.0	1.1	85.5	201.0	613.4	245.4	0.2	246.4
Other capital	947.3	234.3	9.5	16.5	191.9	16.4	0.1	13.0	3.0	21.1	92.9	213.0	218.1	0.2	151.6
Portfolio investment assets	4,226.3	1,424.7	79.0	156.5	1,000.9	89.1	99.2	95.4	47.5	182.0	107.0	1,349.2	434.2	29.3	557.0
Equity	1,488.7	296.8	8.8	28.8	245.3	13.2	0.6	28.6	45.3	85.7	92.4	469.0	193.3	1.5	275.9
Debt instruments	2,737.6	1,127.9	70.2	127.7	755.6	75.9	98.5	66.8	2.2	96.2	14.6	880.2	240.8	27.8	281.1
Bonds and notes	2,339.5	979.1	62.9	108.0	635.5	74.2	98.4	63.3	1.5	38.1	10.6	739.6	225.5	27.2	254.7
Money market instruments	398.1	148.8	7.3	19.6	120.0	1.7	0.1	3.5	0.7	58.1	4.0	140.7	15.4	0.6	26.3
Other investment	-156.6	-107.3	49.4	6.8	-96.5	92.2	-159.3	0.3	-8.7	17.0	-118.6	-106.5	-12.4	14.1	165.6
Assets	4,830.9	2,246.0	108.6	85.4	1,847.6	187.9	16.5	26.8	31.6	95.0	238.8	687.3	591.7	61.3	852.4
General government	109.2	23.3	0.1	5.4	6.8	0.2	10.6	0.0	3.1	0.2	0.2	3.5	1.9	27.3	49.7
MFIs	2,866.1	1,539.2	91.0	51.0	1,240.6	154.0	2.6	15.2	9.3	64.4	125.5	353.0	329.8	20.4	409.4
Other sectors	1,855.6	683.6	17.5	28.9	600.2	33.7	3.3	11.6	19.1	30.4	113.2	330.8	260.0	13.6	393.3
Liabilities	4,987.5	2,353.3	59.2	78.5	1,944.1	95.6	175.8	26.6	40.3	78.0	357.4	793.8	604.1	47.2	686.8
General government	71.6	29.4	0.1	0.4	4.4	0.0	24.5	0.1	0.1	0.5	0.2	22.1	0.3	16.9	2.2
MFIs	3,650.9	1,746.4	47.7	44.2	1,486.4	71.6	96.6	19.4	19.1	45.6	270.3	500.3	499.4	27.6	522.9
Other sectors	1,264.9	577.5	11.4	34.0	453.3	24.0	54.8	7.1	21.2	32.0	86.9	271.4	104.5	2.6	161.8
2009 Q4 to 2010 Q3	Cumulated transactions														
Direct investment	103.6	24.2	-0.6	4.1	4.5	16.3	0.0	4.9	3.3	-2.0	7.1	34.5	11.4	-0.2	20.3
Abroad	174.0	63.2	2.3	5.9	37.3	17.6	0.0	12.3	2.6	-0.5	23.0	27.4	-4.0	0.0	50.1
Equity/reinvested earnings	105.9	37.4	1.8	3.1	18.2	14.3	0.0	10.5	0.6	0.1	4.8	38.4	-20.6	0.0	34.7
Other capital	68.0	25.8	0.5	2.8	19.2	3.3	0.0	1.8	2.0	-0.6	18.2	-11.0	16.5	0.0	15.3
In the euro area	70.3	39.0	3.0	1.8	32.9	1.3	0.0	7.4	-0.8	1.5	15.9	-7.2	-15.4	0.2	29.8
Equity/reinvested earnings	167.0	31.9	1.6	5.1	28.8	-3.5	0.0	7.5	0.3	2.2	14.5	29.8	65.2	0.2	15.5
Other capital	-96.7	7.1	1.4	-3.3	4.1	4.9	0.0	-0.1	-1.1	-0.7	1.4	-37.0	-80.7	0.0	14.3
Portfolio investment assets	127.7	14.5	-0.2	10.2	-21.1	14.3	11.4	-3.2	6.7	-3.1	3.9	3.0	-13.8	-0.7	120.4
Equity	71.1	18.7	1.5	4.9	10.6	1.6	0.2	1.2	6.7	-0.6	2.6	11.2	4.6	0.1	26.5
Debt instruments	56.5	-4.1	-1.6	5.3	-31.7	12.7	11.2	-4.5	-0.1	-2.6	1.3	-8.2	-18.5	-0.8	93.9
Bonds and notes	121.9	54.2	-1.8	8.2	24.7	11.6	11.6	-2.6	-0.2	-3.7	0.6	-0.5	-6.3	-0.7	81.2
Money market instruments	-65.4	-58.3	0.2	-2.9	-56.4	1.2	-0.4	-1.9	0.1	1.1	0.8	-7.7	-12.1	-0.1	12.7
Other investment	10.0	-41.0	-8.7	-11.7	1.4	-7.9	-14.1	-0.1	14.9	-7.0	42.9	-23.9	59.7	-7.2	-28.3
Assets	88.5	57.6	-4.7	-1.4	61.8	-0.7	2.8	-2.2	12.2	6.2	-24.1	-20.8	42.5	-4.4	21.4
General government	11.0	3.7	0.1	0.0	3.1	0.3	0.2	0.2	0.0	0.0	0.0	3.6	0.5	0.9	2.1
MFIs	28.2	35.9	-5.4	-5.1	44.6	-0.3	2.1	-1.5	9.9	6.2	-2.8	-30.6	25.9	-5.4	-9.4
Other sectors	49.3	18.1	0.6	3.7	14.1	-0.7	0.5	-0.8	2.3	0.0	-21.3	6.1	16.1	0.0	28.7
Liabilities	78.5	98.7	4.0	10.3	60.4	7.2	16.8	-2.1	-2.7	13.2	-67.0	3.1	-17.2	2.7	49.7
General government	13.1	8.6	0.0	0.0	3.1	0.0	5.6	0.1	0.0	-0.1	0.3	-3.0	0.0	7.3	-0.2
MFIs	-12.9	82.9	4.8	6.8	61.2	4.2	5.9	-1.6	-5.2	11.9	-68.8	-23.8	-21.8	-4.6	18.1
Other sectors	78.3	7.1	-0.8	3.5	-3.9	3.0	5.3	-0.6	2.4	1.4	1.5	29.9	4.6	0.1	31.8

Source: ECB.

7.4 Monetary presentation of the balance of payments [1]
(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2008	-147.0	-117.3	-314.1	92.7	70.4	-15.0	-185.3	416.7	-52.9	35.5	-74.9	-2.8
2009	85.5	-44.0	-269.5	207.0	-49.1	-121.4	79.3	269.6	113.1	-153.6	51.5	2.6
2010	-227.9	-48.5	-76.0	-1.6	-66.4	-225.2	130.9	90.7	-102.7	77.7	1.8	-8.5
2009 Q4	42.4	12.6	-46.7	56.9	-34.9	-35.6	38.8	13.0	28.3	2.0	8.6	-0.6
2010 Q1	-81.8	-19.4	-32.5	-2.8	-26.8	-40.5	17.1	25.6	-35.5	30.0	3.9	-0.8
Q2	-34.1	-18.9	-63.6	25.6	2.1	-42.9	8.9	96.5	-51.0	10.5	1.9	-3.3
Q3	-54.8	-6.9	-21.3	-16.9	-5.7	-45.1	35.3	-39.4	-1.7	48.6	0.3	-2.0
Q4	-57.2	-3.4	41.4	-7.5	-36.0	-96.7	69.6	8.0	-14.5	-11.4	-4.2	-2.4
2010 Jan.	-28.3	-12.1	-6.4	3.4	-11.7	-11.1	-2.9	29.7	-9.7	-2.0	3.9	-9.3
Feb.	-11.9	-6.5	3.7	-7.3	-1.2	-5.2	17.9	-11.1	-12.8	4.5	0.3	5.8
Mar.	-41.7	-0.8	-29.8	1.2	-13.9	-24.2	2.1	6.9	-13.0	27.5	-0.3	2.8
Apr.	-43.8	-5.3	-19.7	1.2	-3.4	-14.0	0.5	45.6	-25.0	-18.6	-4.4	-0.6
May	6.3	-15.3	-27.5	20.5	11.1	-21.8	0.0	61.6	-39.3	19.1	0.0	-2.2
June	3.3	1.7	-16.5	3.9	-5.6	-7.0	8.4	-10.8	13.3	10.0	6.4	-0.5
July	-28.4	6.1	-10.4	7.3	3.9	-28.8	-0.6	-20.2	-7.3	28.5	-1.5	-5.2
Aug.	-4.0	-7.1	-5.5	-23.4	-1.9	0.4	25.4	-20.2	13.0	8.8	2.5	4.0
Sep.	-22.4	-5.8	-5.4	-0.8	-7.7	-16.7	10.6	1.0	-7.3	11.3	-0.8	-0.7
Oct.	-83.8	-2.1	15.8	-29.8	-12.6	-76.8	43.6	11.5	-19.1	-3.0	-7.3	-3.8
Nov.	-11.1	-4.6	6.4	18.9	-11.0	-19.3	-0.9	18.0	-8.2	-10.4	0.5	-0.6
Dec.	37.7	3.3	19.2	3.4	-12.5	-0.6	26.9	-21.4	12.8	2.0	2.6	2.0
2011 Jan.	-38.0	-19.2	-26.2	29.2	2.3	-12.5	7.7	-34.1	-6.7	22.8	-2.5	1.3
	12-month cumulated transactions											
2011 Jan.	-237.7	-55.7	-95.9	24.2	-52.5	-226.6	141.5	26.8	-99.6	102.5	-4.6	2.1

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



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

7.5 Trade in goods

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

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
	Exports	Imports	Total	Intermediate	Capital	Consumption	Memo item: Manufacturing	Total	Intermediate	Capital	Consumption	Memo items: Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2009	-18.1	-21.8	1,279.8	627.9	264.4	355.5	1,063.2	1,264.4	732.9	193.8	316.7	840.8	180.9
2010	20.2	21.7	1,534.6	765.4	308.9	420.2	1,271.6	1,533.9	935.7	226.6	344.8	1,014.6	236.3
2010 Q1	12.9	9.1	353.4	176.7	69.4	98.3	292.6	350.6	208.7	52.4	82.0	232.3	53.3
Q2	22.4	26.8	380.4	190.2	76.2	103.9	316.2	383.4	233.9	56.5	85.7	253.0	60.0
Q3	22.8	25.9	397.3	197.5	80.3	108.2	329.7	396.9	242.0	59.6	88.7	264.7	59.8
Q4	22.1	25.2	403.5	201.0	83.1	109.8	333.1	402.9	251.1	58.1	88.4	264.5	63.3
2010 Aug.	29.9	32.3	132.7	66.1	26.5	35.9	109.7	134.2	81.8	20.1	29.9	89.5	20.8
Sep.	22.6	21.1	132.8	66.0	27.4	36.3	110.8	130.9	80.0	19.2	29.5	87.8	18.6
Oct.	21.1	21.7	134.2	66.7	27.8	36.2	111.4	130.5	80.1	19.3	29.5	86.9	19.7
Nov.	24.4	28.9	134.8	67.5	28.0	36.7	111.7	136.8	85.0	19.7	29.9	89.7	21.8
Dec.	20.9	24.9	134.5	66.8	27.3	36.9	110.0	135.6	85.9	19.1	29.0	87.9	21.8
2011 Jan.	27.0	29.3	139.4	.	.	.	113.2	142.7	.	.	.	89.7	21.6
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2009	-16.6	-13.8	119.6	114.8	119.0	128.0	116.0	109.5	100.9	115.7	136.4	111.0	101.4
2010	14.6	9.9	136.8	132.4	137.2	143.5	134.1	120.0	112.1	129.3	142.0	127.4	96.6
2010 Q1	11.6	4.5	129.6	126.4	124.4	138.4	126.3	116.4	107.5	123.7	140.5	121.6	95.5
Q2	16.3	13.8	135.8	132.0	134.9	142.0	133.6	120.1	112.2	129.0	141.7	127.2	96.1
Q3	15.8	11.6	139.9	134.7	142.3	145.3	137.3	121.1	112.9	132.5	142.3	129.7	96.4
Q4	14.8	9.9	142.1	136.7	147.3	148.2	139.2	122.6	115.6	131.9	143.4	131.2	98.4
2010 July	10.5	10.1	138.6	133.8	140.3	142.9	135.8	120.2	112.0	134.4	139.9	127.6	98.3
Aug.	23.0	18.4	140.8	135.1	140.8	146.9	137.7	123.3	115.0	135.4	144.2	132.3	100.3
Sep.	15.5	7.2	140.2	135.2	145.9	146.1	138.3	119.7	111.8	127.8	142.8	129.0	90.6
Oct.	13.7	6.4	142.2	136.6	148.7	146.7	139.9	119.8	111.9	130.6	143.4	129.0	95.3
Nov.	17.1	14.3	143.0	138.0	149.7	150.0	140.6	126.6	119.5	137.0	145.7	134.4	103.5
Dec.	13.5	9.0	141.0	135.6	143.6	147.8	137.1	121.5	115.5	128.0	141.3	130.3	96.4

2. Prices [2)]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3)]							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total	Intermediate goods	Capital goods	Consumer goods	Energy	Memo item: Manufacturing	Total (index: 2005 = 100)	Total	Intermediate goods	Capital goods	Consumer goods	Energy	Memo item: Manufacturing
% of total	100.0	100.0	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	102.4	-2.6	-4.0	0.5	0.5	-23.7	-2.5	100.4	-8.3	-5.0	2.6	0.9	-28.3	-2.2
2010	106.4	3.9	4.8	1.1	2.2	26.3	3.9	110.2	9.8	9.9	1.5	2.8	27.9	6.0
2010 Q2	106.7	4.3	5.4	0.9	2.4	30.9	4.3	110.8	11.0	10.9	1.6	2.3	33.1	6.7
Q3	107.1	4.6	6.7	1.6	2.8	19.6	4.4	111.4	10.8	12.0	2.9	4.1	25.9	7.3
Q4	107.5	5.0	7.1	2.0	2.9	21.5	4.9	112.8	11.6	13.5	2.3	5.4	25.6	8.0
2010 Sep.	107.2	4.9	6.9	1.8	2.9	21.7	4.7	111.3	11.2	12.4	2.9	4.7	27.1	7.6
Oct.	106.9	4.7	6.9	1.6	2.8	18.9	4.6	110.9	10.2	12.5	1.8	4.7	21.5	7.0
Nov.	107.3	4.7	7.0	1.9	2.8	18.1	4.7	112.2	10.9	13.2	2.5	5.6	23.0	7.9
Dec.	108.3	5.7	7.5	2.3	3.0	27.4	5.6	115.4	13.7	14.8	2.6	6.0	32.0	9.1
2011 Jan.	109.4	5.9	8.6	2.3	3.1	25.0	5.8	117.4	12.3	12.3	1.5	6.3	31.0	7.4
Feb.	109.7	5.4	8.5	1.9	2.6	24.5	5.3	.	.	.	-1.3	.	.	6.8

Source: Eurostat.

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

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

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

7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2009	1,279.8	27.3	41.3	174.2	173.5	50.1	78.9	34.8	152.4	284.3	68.9	28.6	92.0	54.3	116.7
2010	1,534.6	30.2	52.3	194.4	208.0	63.7	93.1	47.3	180.4	354.7	94.7	34.4	104.7	73.2	132.5
2009 Q3	322.2	6.8	10.5	44.2	43.9	12.1	19.8	9.3	36.6	71.9	17.8	7.2	22.8	14.4	29.8
Q4	329.6	6.7	10.8	44.6	45.0	12.8	19.8	9.3	37.8	74.8	18.9	7.3	23.0	14.3	30.7
2010 Q1	353.4	7.0	11.8	46.3	47.6	13.8	21.4	10.7	41.5	81.9	22.2	8.0	24.9	16.9	29.6
Q2	380.4	7.4	13.2	47.8	51.0	15.4	23.0	11.4	45.1	88.3	23.4	8.7	25.6	18.6	33.5
Q3	397.3	7.6	13.4	50.0	53.8	17.2	24.0	12.1	47.6	91.6	23.8	8.9	26.7	18.9	34.3
Q4	403.5	8.2	13.9	50.3	55.6	17.3	24.7	13.2	46.2	92.9	25.3	9.0	27.5	18.8	35.1
2010 Aug.	132.7	2.5	4.4	16.8	18.1	6.1	8.1	3.8	15.7	29.9	7.8	3.0	9.0	6.3	12.0
Sep.	132.8	2.6	4.5	16.8	18.2	5.6	8.0	4.2	16.0	31.0	8.1	3.0	9.0	6.3	10.5
Oct.	134.2	2.6	4.6	16.7	18.2	5.8	7.9	4.3	15.7	30.9	8.3	3.1	9.0	6.2	12.4
Nov.	134.8	2.6	4.6	16.9	18.4	5.9	8.2	4.5	15.5	31.4	8.6	3.0	9.2	6.6	11.1
Dec.	134.5	3.0	4.7	16.6	18.9	5.6	8.6	4.4	15.0	30.5	8.4	2.9	9.3	6.1	11.6
2011 Jan.	139.4	.	.	.	.	6.1	8.3	4.8	16.4	32.0	9.3	3.1	9.5	6.2	.
	Percentage share of total exports														
2010	100.0	2.0	3.4	12.7	13.6	4.1	6.1	3.1	11.8	23.1	6.2	2.2	6.8	4.8	8.6
	Imports (c.i.f.)														
2009	1,264.4	26.9	38.0	126.3	160.8	83.8	65.2	26.5	116.1	379.7	157.7	44.0	94.6	59.5	86.9
2010	1,533.9	27.4	47.4	147.3	196.1	107.5	74.1	30.6	128.7	487.3	208.1	50.7	116.9	74.8	95.8
2009 Q3	314.3	6.8	9.8	31.7	40.9	22.4	16.1	6.8	27.1	93.3	38.0	11.1	22.8	14.8	21.8
Q4	322.7	6.7	9.8	32.2	42.7	24.1	16.1	6.9	27.9	95.0	38.6	11.0	24.4	15.3	21.5
2010 Q1	350.6	6.5	10.3	34.8	44.9	24.7	17.1	7.3	29.3	109.5	45.9	11.7	26.7	16.5	23.0
Q2	383.4	6.8	11.8	36.4	48.5	27.5	19.5	7.6	31.7	124.2	53.5	12.6	29.3	18.1	21.9
Q3	396.9	7.0	12.5	37.7	50.3	26.7	19.1	7.6	33.9	128.3	55.4	13.4	29.0	19.4	25.6
Q4	402.9	7.0	12.7	38.4	52.4	28.6	18.4	8.2	33.9	125.3	53.3	13.0	31.8	20.8	25.4
2010 Aug.	134.2	2.3	4.3	13.0	17.0	9.0	6.4	2.6	11.3	43.4	18.6	4.4	10.0	6.4	8.6
Sep.	130.9	2.4	4.1	12.1	16.9	8.6	6.2	2.6	11.2	42.2	18.3	4.6	9.4	6.5	8.8
Oct.	130.5	2.4	4.2	12.7	17.2	9.1	6.1	2.6	11.0	41.4	18.1	4.2	9.1	7.0	7.6
Nov.	136.8	2.2	4.3	13.0	17.6	9.4	6.2	2.7	11.4	42.5	17.6	4.6	11.6	6.9	9.0
Dec.	135.6	2.4	4.3	12.6	17.6	10.0	6.2	2.8	11.5	41.4	17.6	4.2	11.1	6.8	8.7
2011 Jan.	142.7	.	.	.	.	11.0	6.3	2.9	11.7	43.1	17.6	4.4	12.0	7.1	.
	Percentage share of total imports														
2010	100.0	1.8	3.1	9.6	12.8	7.0	4.8	2.0	8.4	31.8	13.5	3.3	7.6	4.9	6.2
	Balance														
2009	15.4	0.4	3.3	47.9	12.6	-33.7	13.7	8.3	36.3	-95.3	-88.8	-15.3	-2.6	-5.2	29.8
2010	0.8	2.8	4.9	47.1	12.0	-43.8	18.9	16.7	51.7	-132.6	-113.4	-16.2	-12.2	-1.5	36.7
2009 Q3	7.9	0.0	0.7	12.5	3.1	-10.3	3.7	2.6	9.4	-21.4	-20.2	-4.0	0.0	-0.4	7.9
Q4	6.9	0.0	0.9	12.4	2.4	-11.3	3.7	2.4	9.9	-20.2	-19.7	-3.7	-1.4	-1.0	9.2
2010 Q1	2.8	0.5	1.5	11.5	2.7	-11.0	4.3	3.4	12.2	-27.6	-23.8	-3.8	-1.8	0.3	6.7
Q2	-3.0	0.6	1.3	11.4	2.5	-12.1	3.4	3.9	13.5	-36.0	-30.1	-4.0	-3.7	0.5	11.6
Q3	0.3	0.6	0.9	12.3	3.5	-9.5	5.0	4.4	13.7	-36.6	-31.6	-4.5	-2.3	-0.5	8.7
Q4	0.7	1.2	1.1	11.9	3.2	-11.3	6.3	5.0	12.3	-32.4	-28.0	-4.0	-4.3	-1.9	9.7
2010 Aug.	-1.5	0.2	0.1	3.8	1.1	-2.9	1.7	1.3	4.5	-13.5	-10.8	-1.5	-1.0	-0.1	3.3
Sep.	1.9	0.2	0.5	4.7	1.3	-3.0	1.9	1.6	4.8	-11.2	-10.3	-1.6	-0.4	-0.2	1.7
Oct.	3.7	0.2	0.4	4.0	1.0	-3.4	1.8	1.7	4.7	-10.5	-9.8	-1.1	-0.1	-0.8	4.7
Nov.	-2.0	0.3	0.3	3.9	0.9	-3.5	2.1	1.7	4.1	-11.1	-8.9	-1.6	-2.4	-0.4	2.0
Dec.	-1.1	0.6	0.4	4.0	1.3	-4.4	2.4	1.5	3.5	-10.9	-9.2	-1.3	-1.8	-0.8	3.0
2011 Jan.	-3.3	.	.	.	.	-4.9	2.0	1.9	4.7	-11.1	-8.2	-1.3	-2.6	-1.0	.

Source: Eurostat.

EXCHANGE RATES

8

8.1 Effective exchange rates [1)]

(period averages; index: 1999 Q1=100)

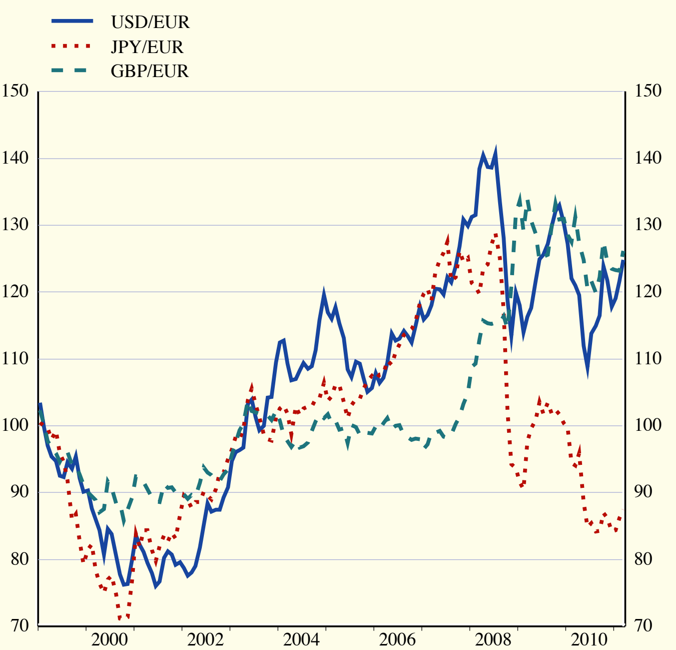
	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2008	110.4	109.9	107.6	105.0	115.2	104.3	117.9	107.1
2009	111.7	110.6	104.9	106.0	120.6	105.9	120.6	108.0
2010	104.6	103.0	98.8	98.4	109.8	98.2	112.3	99.3
2010 Q1	108.7	107.0	102.2	102.2	114.5	102.5	116.9	103.5
Q2	103.1	101.8	97.4	97.2	108.7	97.0	110.4	97.9
Q3	102.3	100.8	96.9	96.4	107.1	95.7	109.8	97.2
Q4	104.4	102.4	98.6	97.8	108.8	97.6	112.1	98.6
2011 Q1	103.7	101.3	98.0	.	.	.	111.6	97.7
2010 Mar.	107.4	105.8	101.0	-	-	-	115.2	102.2
Apr.	106.1	104.6	100.0	-	-	-	113.5	100.6
May	102.8	101.4	97.0	-	-	-	109.9	97.5
June	100.6	99.4	95.2	-	-	-	107.7	95.6
July	102.5	101.1	97.0	-	-	-	109.9	97.5
Aug.	102.1	100.6	96.6	-	-	-	109.5	97.0
Sep.	102.5	100.8	97.1	-	-	-	110.0	97.2
Oct.	106.0	104.1	100.4	-	-	-	113.8	100.3
Nov.	104.7	102.6	98.9	-	-	-	112.5	98.9
Dec.	102.6	100.5	96.7	-	-	-	110.1	96.7
2011 Jan.	102.4	100.2	96.7	-	-	-	110.1	96.6
Feb.	103.4	101.1	97.7	-	-	-	111.4	97.5
Mar.	105.2	102.7	99.6	-	-	-	113.2	99.0
	Percentage change versus previous month							
2011 Mar.	1.7	1.6	1.9	-	-	-	1.6	1.5
	Percentage change versus previous year							
2011 Mar.	-2.1	-3.0	-1.4	-	-	-	-1.8	-3.2

C39 Effective exchange rates

(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2008	1.9558	24.946	7.4560	0.7027	3.4528	251.51	3.5121	3.6826	9.6152	0.79628	7.2239	1.9064
2009	1.9558	26.435	7.4462	0.7057	3.4528	280.33	4.3276	4.2399	10.6191	0.89094	7.3400	2.1631
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2010 Q3	1.9558	24.928	7.4498	0.7089	3.4528	282.44	4.0087	4.2553	9.3804	0.83305	7.2532	1.9560
Q4	1.9558	24.789	7.4547	0.7095	3.4528	275.77	3.9666	4.2888	9.2139	0.85944	7.3683	1.9897
2011 Q1	1.9558	24.375	7.4550	0.7049	3.4528	272.43	3.9460	4.2212	8.8642	0.85386	7.4018	2.1591
2010 Sep.	1.9558	24.651	7.4476	0.7091	3.4528	282.10	3.9548	4.2655	9.2241	0.83987	7.2874	1.9528
Oct.	1.9558	24.531	7.4567	0.7094	3.4528	274.01	3.9496	4.2787	9.2794	0.87638	7.3277	1.9800
Nov.	1.9558	24.633	7.4547	0.7094	3.4528	275.51	3.9520	4.2940	9.3166	0.85510	7.3830	1.9717
Dec.	1.9558	25.174	7.4528	0.7096	3.4528	277.62	3.9962	4.2929	9.0559	0.84813	7.3913	2.0159
2011 Jan.	1.9558	24.449	7.4518	0.7034	3.4528	275.33	3.8896	4.2624	8.9122	0.84712	7.4008	2.0919
Feb.	1.9558	24.277	7.4555	0.7037	3.4528	271.15	3.9264	4.2457	8.7882	0.84635	7.4149	2.1702
Mar.	1.9558	24.393	7.4574	0.7072	3.4528	270.89	4.0145	4.1621	8.8864	0.86653	7.3915	2.2108
	Percentage change versus previous month											
2011 Mar.	0.0	0.5	0.0	0.5	0.0	-0.1	2.2	-2.0	1.1	2.4	-0.3	1.9
	Percentage change versus previous year											
2011 Mar.	0.0	-4.5	0.2	-0.1	0.0	2.1	3.2	1.8	-8.6	-3.9	1.8	6.2

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Icelandic krona [1)]	Indian rupee [2)]	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22	23
2008	1.7416	2.6737	1.5594	10.2236	11.4541	143.83	63.6143	14,165.16	5.2561	152.45	4.8893
2009	1.7727	2.7674	1.5850	9.5277	10.8114	-	67.3611	14,443.74	5.4668	130.34	4.9079
2010	1.4423	2.3314	1.3651	8.9712	10.2994	-	60.5878	12,041.70	4.9457	116.24	4.2668
2010 Q3	1.4289	2.2589	1.3416	8.7388	10.0324	-	59.9818	11,612.07	4.8978	110.68	4.0716
Q4	1.3747	2.3037	1.3757	9.0405	10.5441	-	60.9153	12,178.16	4.9154	112.10	4.2304
2011 Q1	1.3614	2.2799	1.3484	9.0028	10.6535	-	61.9255	12,171.85	4.9247	112.57	4.1668
2010 Sep.	1.3943	2.2476	1.3515	8.8104	10.1470	-	60.0771	11,716.16	4.8792	110.26	4.0570
Oct.	1.4164	2.3378	1.4152	9.2665	10.7835	-	61.7399	12,407.16	5.0192	113.67	4.3092
Nov.	1.3813	2.3391	1.3831	9.0895	10.5941	-	61.4539	12,224.00	4.9770	112.69	4.2588
Dec.	1.3304	2.2387	1.3327	8.7873	10.2776	-	59.6472	11,925.21	4.7618	110.11	4.1313
2011 Jan.	1.3417	2.2371	1.3277	8.8154	10.3945	-	60.7161	12,077.47	4.7909	110.38	4.0895
Feb.	1.3543	2.2765	1.3484	8.9842	10.6312	-	62.0142	12,165.92	4.9939	112.77	4.1541
Mar.	1.3854	2.3220	1.3672	9.1902	10.9093	-	62.9526	12,263.18	4.9867	114.40	4.2483
	Percentage change versus previous month										
2011 Mar.	2.3	2.0	1.4	2.3	2.6	-	1.5	0.8	-0.1	1.4	2.3
	Percentage change versus previous year										
2011 Mar.	-6.9	-4.2	-1.6	-0.8	3.6	-	2.0	-1.4	-1.8	-7.0	-5.8

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	24	25	26	27	28	29	30	31	32	33	34
2008	16.2911	2.0770	8.2237	65.172	36.4207	2.0762	12.0590	1,606.09	1.5874	48.475	1.4708
2009	18.7989	2.2121	8.7278	66.338	44.1376	2.0241	11.6737	1,772.90	1.5100	47.804	1.3948
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257
2010 Q3	16.5210	1.7979	7.9561	58.363	39.5260	1.7503	9.4593	1,526.12	1.3321	40.825	1.2910
Q4	16.8206	1.7915	8.0499	59.240	41.7192	1.7693	9.3785	1,538.70	1.3225	40.728	1.3583
2011 Q1	16.5007	1.8107	7.8236	59.876	39.9976	1.7467	9.5875	1,530.79	1.2871	41.771	1.3680
2010 Sep.	16.7361	1.7955	7.9156	57.772	40.2564	1.7439	9.3236	1,517.10	1.3089	40.264	1.3067
Oct.	17.2845	1.8498	8.1110	60.285	42.1471	1.8116	9.6165	1,560.30	1.3452	41.636	1.3898
Nov.	16.8386	1.7703	8.1463	59.485	42.3360	1.7739	9.5320	1,544.16	1.3442	40.826	1.3661
Dec.	16.3797	1.7587	7.9020	58.050	40.7385	1.7262	9.0143	1,513.74	1.2811	39.805	1.3220
2011 Jan.	16.1926	1.7435	7.8199	59.089	40.2557	1.7193	9.2652	1,495.50	1.2779	40.827	1.3360
Feb.	16.4727	1.7925	7.8206	59.558	39.9469	1.7421	9.8126	1,524.99	1.2974	41.918	1.3649
Mar.	16.8063	1.8877	7.8295	60.870	39.8061	1.7757	9.6862	1,568.05	1.2867	42.506	1.3999
	Percentage change versus previous month										
2011 Mar.	2.0	5.3	0.1	2.2	-0.4	1.9	-1.3	2.8	-0.8	1.4	2.6
	Percentage change versus previous year										
2011 Mar.	-1.5	-2.2	-2.6	-1.8	-0.8	-6.5	-3.7	1.7	-11.2	-3.6	3.2

Source: ECB.

1) The most recent rate for the Icelandic krona refers to 3 December 2008.

2) For this currency the ECB computes and publishes euro reference exchange rates as from 1 January 2009. Previous data are indicative.

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2009	2.5	0.6	1.1	3.3	4.2	4.0	4.0	5.6	1.9	2.2
2010	3.0	1.2	2.2	-1.2	1.2	4.7	2.7	6.1	1.9	3.3
2010 Q3	3.3	1.6	2.3	-0.3	1.8	3.6	2.1	7.5	1.3	3.1
Q4	4.0	2.0	2.5	1.7	2.9	4.3	2.7	7.8	1.8	3.4
2010 Dec.	4.4	2.3	2.8	2.4	3.6	4.6	2.9	7.9	2.1	3.7
2011 Jan.	4.3	1.9	2.6	3.5	2.8	4.0	3.5	7.0	1.4	4.0
Feb.	4.6	1.9	2.6	3.8	3.0	4.2	3.3	7.6	1.2	4.4
	General government deficit (-)/surplus (+) as a percentage of GDP									
2007	1.1	-0.7	4.8	-0.3	-1.0	-5.0	-1.9	-2.6	3.6	-2.7
2008	1.7	-2.7	3.4	-4.2	-3.3	-3.7	-3.7	-5.7	2.2	-5.0
2009	-4.7	-5.8	-2.7	-10.2	-9.2	-4.4	-7.2	-8.6	-0.9	-11.4
	General government gross debt as a percentage of GDP									
2007	17.2	29.0	27.4	9.0	16.9	66.1	45.0	12.6	40.0	44.5
2008	13.7	30.0	34.2	19.7	15.6	72.3	47.1	13.4	38.2	52.1
2009	14.7	35.3	41.4	36.7	29.5	78.4	50.9	23.9	41.9	68.2
	Long-term government bond yield as a percentage per annum; period average									
2010 Sep.	5.90	3.34	2.40	9.97	5.15	7.04	5.49	7.14	2.53	2.84
Oct.	5.82	3.43	2.46	9.24	5.15	6.87	5.53	7.02	2.64	2.80
Nov.	5.74	3.59	2.65	8.99	5.15	7.38	5.82	7.04	2.86	3.03
Dec.	5.76	3.89	3.01	7.55	5.15	7.92	5.98	7.09	3.21	3.34
2011 Jan.	5.56	3.98	3.05	5.38	5.15	7.70	6.26	6.66	3.28	3.82
Feb.	5.48	4.05	3.23	6.17	5.15	7.39	6.26	7.03	3.41	4.00
	3-month interest rate as a percentage per annum; period average									
2010 Sep.	3.94	1.22	1.15	1.19	1.65	6.41	3.82	6.48	1.16	0.73
Oct.	3.99	1.20	1.19	1.22	1.61	5.90	3.83	6.44	1.37	0.74
Nov.	3.99	1.22	1.24	0.95	1.59	5.87	3.86	6.35	1.59	0.74
Dec.	3.93	1.22	1.21	0.83	1.56	6.17	3.92	6.00	1.86	0.75
2011 Jan.	3.91	1.20	1.22	0.85	1.36	6.13	4.01	5.03	2.02	0.77
Feb.	3.88	1.21	1.24	0.89	1.40	6.93	4.11	5.49	2.20	0.80
	Real GDP									
2009	-5.5	-4.1	-5.2	-18.0	-14.7	-6.7	1.7	-7.1	-5.3	-4.9
2010	0.2	2.3	2.1	-0.3	1.3	1.2	3.8	-1.3	5.5	1.3
2010 Q2	-0.3	2.3	2.6	-2.8	1.2	0.8	3.7	-0.4	4.4	1.5
Q3	0.5	2.7	3.7	2.6	1.6	2.2	4.6	-2.2	6.8	2.5
Q4	2.8	2.6	2.9	3.6	4.6	2.3	3.9	-0.6	7.2	1.5
	Current and capital account balance as a percentage of GDP									
2009	-7.6	-2.0	3.5	11.0	7.7	1.5	-0.5	-3.6	6.9	-1.5
2010	-0.2	-2.9	5.5	5.5	4.5	3.9	-1.6	-3.9	6.2	-2.3
2010 Q2	-4.6	-2.6	5.2	7.3	7.6	4.2	-0.9	-7.3	6.2	-1.7
Q3	15.4	-8.2	7.2	3.2	0.0	3.6	-2.8	-1.3	5.9	-2.3
Q4	-6.8	-1.4	6.5	0.8	7.2	3.2	-2.4	-2.1	5.8	-2.4
	Gross external debt as a percentage of GDP									
2008	104.9	.	177.7	129.2	71.3	122.3	57.0	56.0	203.2	441.4
2009	107.9	53.2	189.8	156.3	87.2	141.5	59.6	69.0	204.8	416.6
2010 Q2	107.2	55.1	202.1	164.9	90.2	152.8	63.2	76.4	213.2	427.4
Q3	103.6	55.7	200.9	162.5	89.2	141.9	66.2	74.8	198.6	430.4
Q4	101.8	57.4	191.8	165.2	86.1	140.7	65.5	75.8	191.9	420.8
	Unit labour costs									
2009	12.7	3.5	4.7	-7.0	-2.8	1.9	1.6	-1.3	4.8	5.8
2010	0.8	-0.2	-1.5	-10.6	-7.5	-1.1	.	0.8	-1.6	.
2010 Q2	-0.7	-0.3	-2.1	-13.1	-9.0	-2.6	5.9	6.6	-1.7	1.6
Q3	-2.0	1.4	-2.6	-7.2	-5.6	-0.7	4.8	-2.7	-2.6	1.3
Q4	-1.9	1.0	-1.2	1.4	-3.2	-1.9	.	-3.9	-1.6	0.9
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2009	6.9	6.7	6.0	17.2	13.7	10.0	8.2	6.9	8.3	7.6
2010	10.2	7.3	7.4	18.7	17.8	11.1	9.6	7.3	8.4	7.8
2010 Q3	10.2	7.1	7.4	18.2	18.3	11.1	9.6	7.3	8.3	7.7
Q4	11.3	7.1	7.7	17.3	17.4	11.1	9.7	7.4	7.9	7.8
2010 Dec.	11.5	7.2	7.7	17.3	17.4	11.3	9.7	7.4	7.8	7.9
2011 Jan.	11.6	7.1	7.9	.	.	12.1	9.7	.	7.8	.
Feb.	11.6	7.0	7.9	.	.	12.0	9.7	.	7.6	.

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

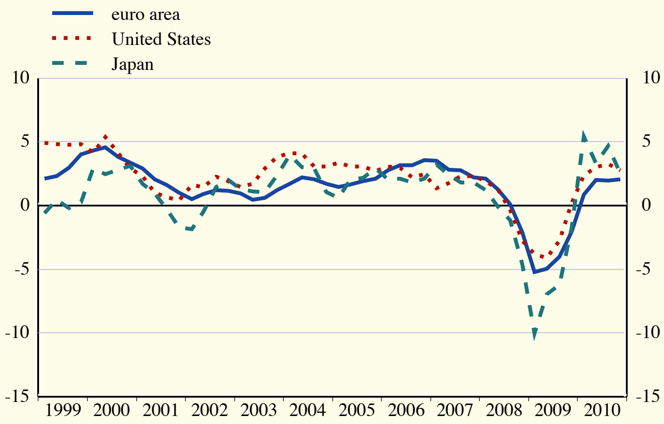
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money [2]	3-month interbank deposit rate [3]	10-year zero coupon government bond yield; [3] end of period	Exchange rate [4] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [5] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2007	2.9	2.4	1.9	3.1	4.6	6.3	5.30	4.81	1.3705	-2.9	48.4
2008	3.8	2.2	0.0	-4.7	5.8	7.1	2.93	2.70	1.4708	-6.3	56.7
2009	-0.4	-1.6	-2.6	-13.5	9.3	7.9	0.69	4.17	1.3948	-11.3	68.6
2010	1.6	-1.5	2.9	5.9	9.6	2.3	0.34	3.57	1.3257	.	.
2010 Q1	2.4	-2.8	2.4	2.2	9.7	1.9	0.26	4.01	1.3829	-10.7	71.7
Q2	1.8	-1.9	3.0	7.5	9.6	1.7	0.44	3.13	1.2708	-11.1	73.3
Q3	1.2	-1.0	3.2	7.2	9.6	2.6	0.39	2.69	1.2910	-10.4	75.3
Q4	1.3	-0.1	2.8	6.8	9.6	3.2	0.29	3.57	1.3583	.	.
2011 Q1	.	.	.	.	8.9	.	0.31	3.76	1.3680	.	.
2010 Nov.	1.1	-	-	6.2	9.8	3.2	0.29	3.12	1.3661	-	-
Dec.	1.5	-	-	7.2	9.4	3.4	0.30	3.57	1.3220	-	-
2011 Jan.	1.6	-	-	6.8	9.0	4.3	0.30	3.68	1.3360	-	-
Feb.	2.1	-	-	7.4	8.9	4.1	0.31	3.73	1.3649	-	-
Mar.	.	-	-	.	8.8	.	0.31	3.76	1.3999	-	-
					Japan						
2007	0.1	-2.3	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.2
2008	1.4	1.7	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.2	162.0
2009	-1.4	1.3	-6.3	-21.9	5.1	2.7	0.47	1.42	130.34	-8.7	180.4
2010	-0.7	.	4.0	16.0	5.1	2.8	0.23	1.18	116.24	.	.
2010 Q1	-1.2	-4.5	5.4	27.6	5.0	2.8	0.25	1.48	125.48	.	.
Q2	-0.9	-2.1	3.3	21.0	5.1	2.9	0.24	1.18	117.15	.	.
Q3	-0.8	-3.3	4.7	13.6	5.0	2.8	0.24	1.03	110.68	.	.
Q4	0.1	.	2.5	5.0	5.0	2.6	0.19	1.18	112.10	.	.
2011 Q1	.	.	.	.	.	.	0.19	1.33	112.57	.	.
2010 Nov.	0.1	-	-	5.8	5.1	2.6	0.19	1.27	112.69	-	-
Dec.	0.0	-	-	4.9	4.9	2.4	0.18	1.18	110.11	-	-
2011 Jan.	0.0	-	-	3.5	4.9	2.3	0.19	1.29	110.38	-	-
Feb.	0.0	-	-	2.8	4.6	2.4	0.19	1.35	112.77	-	-
Mar.	.	-	-	.	.	.	0.20	1.33	114.40	-	-

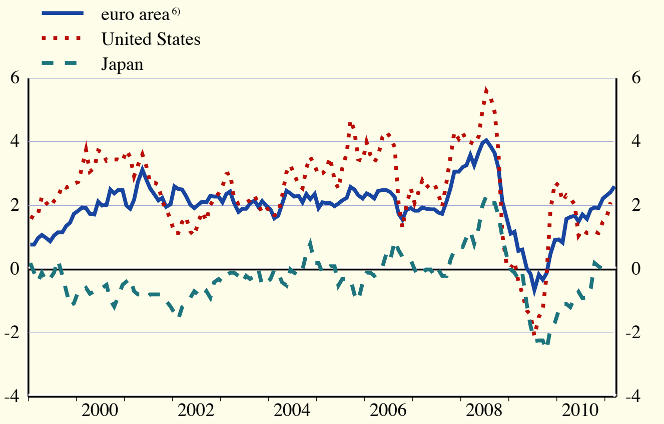
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

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

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

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

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

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

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

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

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

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

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, 3.2 and 3.3 are computed as follows.

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

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

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

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

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

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

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

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

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

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

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

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

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).

goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are pre-adjusted in order to take into account significant working day effects. The working day adjustment for goods and services takes account of national public holidays. The seasonal adjustment of these items is carried out using these pre-adjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

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

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 6 April 2011.

Unless otherwise indicated, all data series including observations for 2011 relate to the "Euro 17" (i.e. the euro area including Estonia) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Finally, Estonia joined in 2011, bringing the number of euro area countries to 17.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 17 (i.e. aggregating the data of all 17 countries currently in the euro area) for all years, despite the fact that the euro area has only had this composition since 1 January 2011. Unless otherwise indicated, the ECB's Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as monetary aggregates and their counterparts, annual rates of change are compiled from chain-linked indices, with joining countries' series linked to the euro area series in the December index. Thus, if a country joins the euro area in January of a given year, annual rates of change relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. Percentage changes are calculated on the basis of a chain-linked index, taking account of the changing composition of the euro area. Absolute changes for monetary aggregates and their counterparts (transactions) refer to the composition of the euro area at the time to which the statistics relate.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data[1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual

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).

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 various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2].

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 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 at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates

2 OJ L 15, 20.01.2009, p.14.

into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/ net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[3]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

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

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[4]. 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,[5] 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[6]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[7] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[8]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Tables 1, 2 and 3 in Section 5.3) are derived from the ESA 95 quarterly national accounts.

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

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor

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

vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

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

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

GOVERNMENT FINANCE

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

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[9] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[10]. 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)[11] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[12]. 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),

9 OJ L 172, 12.7.2000, p. 3.
10 OJ L 179, 9.7.2002, p. 1.
11 OJ L 354, 30.11.2004, p. 34.
12 OJ L 159, 20.6.2007, p. 48.

the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

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

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

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, with the exception of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

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

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

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

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

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

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

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

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

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

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.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2008 can be found in the ECB's Annual Report for the respective years.

2 JULY, 6 AUGUST, 3 SEPTEMBER, 8 OCTOBER AND 5 NOVEMBER 2009

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

3 DECEMBER 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 13 April 2010.

14 JANUARY AND 4 FEBRUARY 2010

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

4 MARCH 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010.

8 APRIL AND 6 MAY 2010

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

10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations in May and June 2010.

10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

8 JULY AND 5 AUGUST 2010

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

2 SEPTEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

7 OCTOBER AND 4 NOVEMBER 2010

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

2 DECEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

13 JANUARY AND 3 FEBRUARY 2011

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

3 MARCH 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

7 APRIL 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

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

STATUTORY PUBLICATIONS

– Annual Report
– Convergence Report
– Monthly Bulletin

RESEARCH PAPERS

– Legal Working Paper Series
– Occasional Paper Series
– Research Bulletin
– Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

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

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

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

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GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deflation: a generalised, persistent and self-reinforcing decline in a broad set of prices that results from a drop in aggregate demand and becomes entrenched in expectations.

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

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

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

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the 10 non-euro area EU Member States and 10 trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

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

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

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

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

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

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

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

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

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

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

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

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

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. In some cases, an FVC simply holds the securitised assets and issues the securities through another entity, often an FVC itself.

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

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

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

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

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

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

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

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

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

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

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

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

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

Insurance corporations and pension funds: a sector defined in the ESA 95 as comprising all financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

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

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

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

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

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

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

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

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

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

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

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

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

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

Volatility: the degree of fluctuation in a given variable.

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

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

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

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